EQUITY RESEARCH - COMPANY REPORT

THE ERAWAN GROUP

THAILAND / TOURISM & LEISURE

ปัจจัยกดดันจากแนวโน้มปัญหาการต่อสัญญาเช่า

- คาดว่าค่าเช่าสัญญาอายุ 20 ปีของ Grand Hyatt Erawan จะอยู่ที่ไม่เกิน 100-150 ลบ./ ปีในกรณีฐานและอาจเกิน 200 ลบ./ปี ในกรณีที่เลวร้ายที่สุดซึ่งอาจทำให้ต้องปรับปรุง โรงแรมใหม่
- คาดกำไรปกติจะโต 7% y-y เป็น 120 ลบ.
- คงคำแนะนำซื้อที่ราคาเป้าหมาย 6.5 บาท (DCF)

ค่าเช่าปัจจุบันสูงกว่าเดิม 6x

ตลาดมีความกังวลหลักอยู่ที่ค่าเช่าที่อาจปรับขึ้นของ Grand Hyatt Erawan ซึ่ง ERW ถือหุ้น 74% และ The Syndicate of Thai Hotels & Tourists Enterprises (Sahathai) ถือหุ้นอยู่ 24% สัญญาเช่าอันมีอายุ 30 ปีกับ Sahathai สิ้นสุดไปในเดือน ก.ค. 2021 ERW ได้เจรจาต่อสัญญา อีก 20 ปีและจ่ายค่าเช่าอันมีสัญญาเป็นแบบปีต่อปีในปัจจุบันโดยมีค่าเช่าล่าสุดอยู่ที่ 80-90 ลบ. ในปี 2024 เมื่อดูจากงบการเงินของ Sahathai ค่าเช่าในปัจจุบันสูงกว่า 14 ลบ. ในปี 2021 ที่อยู่ ภายใต้สัญญาอายุ 30 ปีอย่างมีนัยสำคัญ ค่าเช่าที่สูงขึ้นได้ทำให้กำไรของ Grand Hyatt Erawan ลดลงเหลือ 65 ลบ. ในปี 2023 (เทียบกับ 217 ลบ. ในปี 2019)

้ค่าเช่าที่ดินอาจแตะระดับ 200-250 ลบ./ปีในกรณีที่เลวร้ายที่สุด

เราเชื่อว่าอัตราค่าเช่าใหม่ในสัญญาอายุ 20 ปีน่าจะอยู่ที่ไม่เกิน 100-150 ลบ./ปี มิฉะนั้นปัจจัย ดังกล่าวอาจกดดันกำไรของโรงแรมและทำให้ต้องปรับปรุงใหม่เป็นการใหญ่เพื่อเพิ่มค่าห้อง รายวันเฉลี่ย (ADR) อย่างไรก็ดีเรายังไม่ตัดความเป็นไปได้ที่ค่าเช่าใหม่เฉลี่ยอาจเกิน 200 ลบ./ ปีเมื่อเทียบกับค่าเช่าในทำเลใจกลางเมืองอื่นอาทิเช่น 1) Block A Siam Square (โรงหนังสกา ล่าเดิม) ซึ่ง CPN เช่าเฉลี่ย 28 ลบ./ไร่/ปี และ 2) ที่ดินบนถนนหลังสวนที่ BDMS เช่าเฉลี่ย 23 ลบ./ไร่/ปี ซึ่งสะท้อนว่าค่าเช่าของ Grand Hyatt Erawan (10 ไร่) อาจจะอยู่ที่ 230-280 ลบ./ปี และหากคำนวนด้วยมูลค่ายุติธรรมของ Grand Hyatt Erawan (รวมที่ดิน) ที่ 13.4พัน ลบ. (จาก ข้อมูลของ Sahathai) และผลตอบแทนจากการปล่อยเช่า (Rental yield) ที่ 2% เราจะได้ค่าเช่า อยู่ที่ 270 ลบ./ปี

คาด RevPAR จะโต 4-5% y-y ใน 2Q24

นอกจากความกังวลดังกล่าวแล้ว เราคาดว่ากำไรปกติ 2Q24 จะโต 7% y-y เป็น 120 ลบ. จาก อัตราการเติบโตของ RevPAR ที่ 4-5% สำหรับโรงแรมที่ไม่ใช่ Hop Inn และโรงแรม Hop Inn ในประเทศไทยและฟิลิปปินส์ นอกจากนี้โรงแรม Hop Inn ในญี่ปุ่นยังน่าจะถึงจุดคุ้มทุนในไตร มาสนี้ (ดูรายละเอียดเพิ่มเติมในหน้า 4)

รอความชัดเจนเกี่ยวกับสัญญาเช่าก่อนสะสมเพิ่ม

ERW มีการซื้อขายในระดับการประเมินมูลค่าที่น่าสนใจที่ 24x 2024E P/E (เทียบกับค่าเฉลี่ย 5 ปีย้อนหลังที่ 35x) เราแนะนำให้นักลงทุนรอข้อมูลเพิ่มเติมเกี่ยวกับการต่อสัญญาเช่าอีก 20 ปี ก่อนสะสมหุ้นเพิ่ม ทั้งนี้เราสมมติให้ค่าเช่าอยู่ที่ 80-100 ลบ./ปีในปัจจุบัน ดังนั้นค่าเช่าที่สูงกว่า ระดับดังกล่าวย่อมหมายถึง Downside ต่อประมาณการของเรา

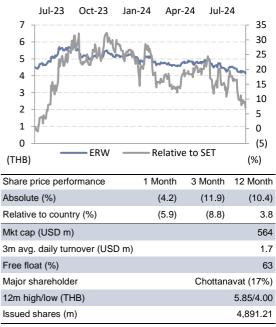


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KEY STOCK DATA

ERW TB

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	6,986	8,021	8,441	8,985
Net profit	743	846	922	996
EPS (THB)	0.15	0.17	0.19	0.20
vs Consensus (%)	-	(4.5)	(3.6)	(3.8)
EBITDA	2,114	2,543	2,785	3,037
Recurring net profit	719	846	922	996
Core EPS (THB)	0.15	0.17	0.19	0.20
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	nm	17.7	8.9	8.1
Core P/E (x)	28.2	23.9	22.0	20.3
Dividend yield (%)	-	1.7	1.8	2.0
EV/EBITDA (x)	15.6	13.9	12.6	11.2
Price/book (x)	3.0	2.5	2.3	2.1
Net debt/Equity (%)	221.8	181.3	166.0	144.7
ROE (%)	12.0	11.6	10.8	10.9



Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากตันฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 18 กรกฎาคม 2024



Investment thesis

ERW is an asset-heavy business. It owns all of its hotels and has no asset-light model. Thus, it should be one of the stocks that benefits the most from the recovery of international tourist arrivals.

ERW recently announced four Hop Inn projects in Japan. It should become a new growth driver for ERW over the next five years.

ERW plans to expand its Hop Inn portfolio from 58 hotels in 2023 to more than 150 hotels by 2030, including 105 in Thailand, 14 in the Philippines,15 in Japan, and the remaining in potential countries such as Singapore, Malaysia, Vietnam, Indonesia, South Korea, and Australia.

Company profile

ERW is a hotel operator and developer with a focus on Thailand and ASEAN.

www.theerawan.com

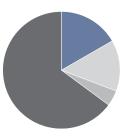
Principal activities (revenue, 2023)

- Non-Hop Inn hotel 79.5 %
- Hop Inn Thailand 12.1 %
- Hop Inn Philippines 7.1 %
- Others 1.2 %

Source: The Erawan Group

Major shareholders

- Chottanavat 16.7 %
- Mid-Siam Capital Limited 14.1 %
- ES 2014 4.3 %
- Others 64.9 %



Source: The Erawan Group

Catalysts

Key potential growth drivers include 1) a faster OCC rampup rate following a global tourism recovery; 2) strong pentup demand from Chinese tourists; and 3) a recovery in domestic business activities.

Risks to our call

Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.

Event calendar

 Date
 Event

 Aug 2024
 2Q24 results announcement

Key assumptions

	2024E	2025E	2026E
Number of hotels (no.)	90	96	103
Number of rooms (no.)	11,286	11,902	12,455
All hotels excl. Hop Inn			
Occupancy rate (OCC %)	83	84	85
RevPAR growth (y-y %)	6	3	5
Thailand Hop Inn			
Occupancy rate (OCC %)	82	83	84
RevPAR growth (y-y %)	6	3	4

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in OCC, we project a 2024 profit increase of 7%, and vice versa, all else being equal.
- For every 1% increase in EBITDA margin, we project a 2024 profit increase of 9%, and vice versa, all else being equal.

Source: FSSIA estimates



Exhibit 1: Lease payment of Grand Hyatt Erawan's land

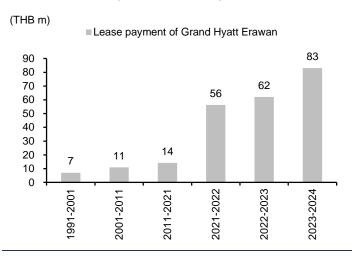
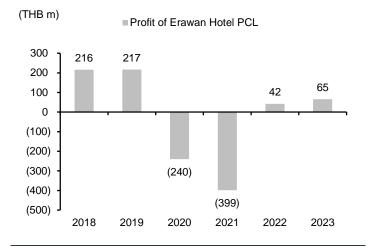


Exhibit 2: Grand Hyatt Erawan profit



Note: 1) Each period starts in July; 2) there is additional lease payment totaling THB48m in Source: ERW the 2021-2023 period. Sources: Sahathai

Exhibit 3: Example of lease payments in prime areas of Bangkok

Land	Lessor	Lessee	Area	Total lease value	Term	Average lease value
			(rai)	(THB b)	(year)	(THBm/rai/year)
Block A Siam Square	PMCU	CPN	7.0	5.9	30	28
Silver Wellness project	Crown Property Bureau	BDMS	13.2	9.1	30	23
Dusit Central Park	Crown Property Bureau	DUSIT	23.5	7.3	60	5
Grand Hyatt Erawan	Sahathai	ERW	10.0	N/A	N/A	N/A

Source: FSSIA compilation

2Q24 results preview

We expect non-Hop Inn RevPAR to grow by 5% y-y in 2Q24, driven by the luxury and economy segments. However, RevPAR of the midscale segment should slightly decline y-y from the partial renovation of Holiday Inn Pattaya. Thailand and Philippine Hop Inn RevPAR should grow by 4-5% y-y.

For Japan Hop Inn, we expect the OCC rate to ramp up to 72-74% in 2Q24, with an ADR of THB3,100-3,300 thanks to the high tourism season. This should lead Japan Hop Inn to break even in this quarter.

Overall, we forecast revenue to grow by 10% y-y and the EBITDA margin to improve to 30% (vs 29% in 2Q23), leading the 2Q24 core profit (excluding share income from ERWPF) to grow by 7% y-y to THB120m (vs THB112m). In addition, ERW will book a one-off gain of around THB200m related to ERW's purchase of two hotels from ERWPF. Therefore, we estimate a net profit of THB320m in 2Q24.

Exhibit 4: RevPAR non-Hop Inn hotels, quarterly

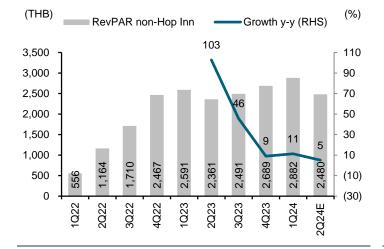
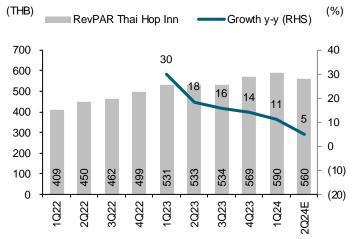
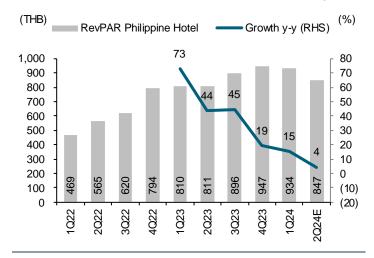


Exhibit 5: RevPAR Thai Hop Inn hotels, quarterly



Sources: ERW; FSSIA estimates

Exhibit 6: RevPAR Philippine Hop Inn hotels, quarterly



Sources: ERW; FSSIA estimates

Sources: ERW; FSSIA estimates

Exhibit 7: Core profit, quarterly

(THB m) Core profit 350 289 300 235 224 250 214 176 200 148 133 150 120 100 43 50 11 0 2Q24E 2Q19 4Q19 1Q24 3Q19 1<u>0</u>19 3Q23 4Q23 1Q23 2Q23

Sources: ERW; FSSIA estimates

Exhibit 8: ERW – 2Q24 results preview

	2Q23	3Q23	4Q23	1Q24	2Q24E	Chan	ge	2024E	Change	
	(THB m)	(q-q %)	(y-y %)	(THB m)	(y-y %)					
Sales	1,623	1,736	1,874	1,974	1,789	(9)	10	8,021	15	
- Thailand non-Hop Inn	1,282	1,378	1,496	1,535	1,341	(13)	5			
- Hop Inn Thailand	208	210	217	233	226	(3)	9			
- Hop Inn Phil	117	123	135	134	112	(16)	(4)			
- Hop Inn Japan				37	78	112				
- Rental	17	25	25	34	32	(6)	88			
COGS (Incl. depreciation)	(948)	(990)	(1,004)	(1,029)	(998)	(3)	5	(4,372)	11	
Gross Profit	675	746	870	945	791	(16)	17	3,649	20	
SG&A	(441)	(454)	(509)	(492)	(503)	2	14	(2,085)	13	
Operating Profit	234	292	361	453	288	(36)	23	1,563	29	
Other income	18	7	13	16	16	0	(16)	58	(2)	
Interest	(143)	(150)	(161)	(171)	(178)	4	24	(690)	17	
Pretax profit	109	149	213	297	125	(58)	15	931	36	
Income Tax	5	3	2	(0)	0			(28)	(269)	
Associates	21	3	9	3	0	(100)	(100)	0	(100)	
Minority interest	(2)	(7)	(10)	(11)	(5)	(56)	162	(57)	232	
Core profit	133	148	214	289	120	(58)	(10)	846	18	
Extraordinaries, GW & FX	9	0	(0)	128	200			0	(100)	
Reported net profit	142	148	214	417	320	(23)	126	846	14	
Shares out (end Q, m)	4,532	4,532	4,532	4,532	4,532	0	0	4,891	0	
Core EPS	0.03	0.03	0.05	0.06	0.03	(58)	(10)	0.17	18	
EPS	0.03	0.03	0.05	0.09	0.07	(23)	126	0.17	14	
COGS (Excl. depreciation)	(727)	(757)	(776)	(794)	(758)	(5)	4	(3,393)	12	
Depreciation	(222)	(233)	(229)	(236)	(241)	2	8	(979)	9	
EBITDA	474	532	602	704	544	(23)	15	2,601	20	
Key ratios	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(ppt)	
Gross margin	42	43	46	48	44	(4)	3	45	2	
SG&A/Revenue	27	26	27	25	28	3	1	26	(0)	
EBITDA margin	29	31	32	35	30	(5)	1	32	1	
Net profit margin	9	9	11	21	18	(3)	9	11	(0)	
Operating stats										
Non-Hop Inn										
OCC (%)	80	82	83	84	80					
OCC growth (y-y %)	25	15	1	0	0					
RevPAR (THB)	2,361	2,491	2,689	2,882	2,480					
RevPAR growth (y-y %)	103	46	9	11	0					
Thailand Hop Inn										
OCC (%)	81	81	83	82	80					
OCC growth (y-y %)	8	7	5	1	0					
RevPAR (THB)	533	534	569	590	560					
RevPAR growth (y-y %)	18	16	14	11	0					
Philippines Hop Inn										
OCC (%)	74	79	80	79	77					
OCC growth (y-y %)	16	20	6	5	0					
	811	896	947	934	847					
RevPAR (THB)	011	030	347	334	047					

Sources: ERW; FSSIA estimates



Exhibit 9: DCF valuation

	(0.1)		(0))
Cost of equity assumptions	(%)	Cost of debt assumptions	(%)
Risk-free rate	3.0	Pre-tax cost of debt	3.5
Market risk premium	8.0	Marginal tax rate	20.0
Stock beta	1.2		
Cost of equity, Ke	12.6	Net cost of debt, Kd	3.2
Weight applied	55.0	Weight applied	45.0
WACC	8.2		

DCF valuation estimate	(THB b)	(THB/share)	Comments
NPV	13.7	2.8	WACC 8.2%, risk-free rate 3%, risk premium 8%
Terminal value	29.5	6.0	Terminal growth 2.5%
Cash & liquid assets	2.6	0.5	At end-2024E
Investments	0.1	0.0	At end-2024E
Debt	(14.2)	(2.9)	At end-2024E
Minorities	(0.0)	(0.0)	At end-2024E
Residual ordinary equity	31.7	6.5	

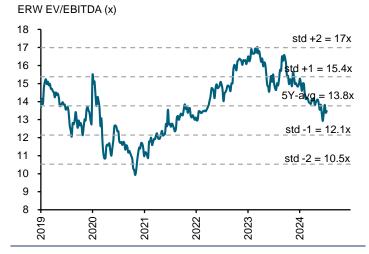
Source: FSSIA estimates

Exhibit 10: Historical P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 11: Historical EV/EBITDA band



Sources: Bloomberg; FSSIA estimates

Exhibit 12: Peer comparisons as of 17 July 2024

Company	BBG	Rec	\$	Share price	e	Market		PE		R(DE	PE	3V	EV/ EBITDA	
			Current	Target	Upside	сар	24E	25E	26E	24E	25E	24E	25E	24E	25E
			(LCY)	(LCY)	(%)	(USD m)	(x)	(x)	(x)	(%)	(%)	(x)	(x)	(x)	(x)
Thailand															
Asset World Corp	AWC TB	BUY	3.90	5.50	41	3,478	56.9	47.6	38.7	2.4	2.8	1.4	1.3	32.5	29.4
Minor International	MINT TB	BUY	29.50	44.00	49	4,661	20.5	18.3	16.5	10.7	11.3	2.2	2.0	7.9	7.1
Central Plaza Hotel	CENTEL TB	BUY	42.25	50.00	18	1,589	37.2	29.8	25.4	7.5	8.8	2.7	2.5	16.2	14.9
Erawan Group	ERW TB	BUY	4.14	6.50	57	564	23.9	22.0	20.3	11.6	10.8	2.5	2.3	13.9	12.6
S Hotels & Resorts	SHR TB	BUY	2.00	3.80	90	200	26.5	15.7	12.7	1.7	2.8	0.4	0.4	8.3	7.5
Dusit Thani	DUSIT TB	BUY	10.40	15.00	44	246	165.0	8.1	5.5	1.5	24.8	2.5	1.7	44.8	10.5
Bound and Beyond	BEYOND TB	BUY	9.05	20.00	121	73	26.7	12.2	10.1	1.6	3.4	0.4	0.4	8.9	7.3
Thailand average						10,811	51.0	22.0	18.5	5.3	9.2	1.7	1.5	18.9	12.8
Regional															
BTG Hotels Group	600258 CH	n/a	12.75	n/a	n/a	1,962	18.2	15.5	13.9	7.2	7.8	1.3	1.2	8.7	8.1
SH Jinjiang Intl Hotels	900934 CH	n/a	1.50	n/a	n/a	3,227	10.4	8.2	7.2	6.5	8.1	0.7	0.7	11.4	10.0
Huangshan Tourism Dev.	900942 CH	n/a	0.74	n/a	n/a	951	10.4	8.5	7.8	8.5	9.6	0.9	0.8	9.8	7.1
Genting Bhd	GENT MK	n/a	4.81	n/a	n/a	3,962	18.0	10.3	8.8	3.9	5.0	0.6	0.5	6.4	5.8
Huazhu Group	HTHT US	n/a	31.35	n/a	n/a	9,994	18.2	16.5	14.2	34.4	29.9	5.4	4.7	10.9	10.1
Indian Hotels	IH IN	n/a	586.85	n/a	n/a	9,906	89.8	64.0	50.0	12.6	14.8	10.5	9.1	47.1	38.0
Lemon Tree Hotels	LEMONTRE IN	n/a	145.63	n/a	n/a	1,367	99.2	83.1	42.3	12.3	14.6	12.5	11.6	33.2	27.4
Lippo Karawaci	LPKR IJ	n/a	63.00	n/a	n/a	276	n/a	9.0	3.3	n/a	3.2	n/a	0.3	n/a	5.9
Regional average						31,644	37.8	26.9	18.4	12.2	11.6	4.6	3.6	18.2	14.1
Global															
NH Hotel Group	NHH SM	n/a	4.18	n/a	n/a	1,983	17.0	12.5	11.8	12.9	14.4	1.9	1.7	7.2	6.6
Melia Hotels International	MEL SM	n/a	7.27	n/a	n/a	1,739	15.6	12.5	11.6	21.4	20.5	3.1	2.5	8.8	8.1
Intercontinental Hotels G.	IHG LN	n/a	8,392	n/a	n/a	17,256	28.5	24.8	21.8	(34.6)	(32.9)	n/a	n/a	18.0	16.5
Whitbread	WTB LN	n/a	2,927	n/a	n/a	6,854	20.7	13.4	13.8	6.8	10.6	1.4	1.4	11.5	9.3
Accor	ACRFF US	n/a	42.00	n/a	n/a	10,232	21.3	16.7	14.9	11.3	12.6	1.9	2.0	11.9	10.7
Choice Hotels	CHH US	n/a	130.53	n/a	n/a	6,287	21.6	20.1	19.3	242.2	481.9	69.6	93.4	14.8	13.8
Hilton Worldwide Holdings	HLT US	n/a	219.79	n/a	n/a	54,958	36.0	31.1	26.8	(95.3)	(58.6)	n/a	n/a	20.9	18.7
Hyatt Hotels Corp	H US	n/a	157.15	n/a	n/a	15,901	70.9	40.3	36.2	6.1	12.9	4.6	4.1	17.8	15.5
Marriott International	MAR US	n/a	247.55	n/a	n/a	70,706	28.8	26.1	22.9	(914.9)	(235.3)	n/a	n/a	18.0	16.5
Global average						185,916	28.9	21.9	19.9	(82.7)	25.1	13.7	17.5	14.3	12.8
Overall average						228,371	38.3	23.6	19.0	(27.0)	16.0	6.3	6.9	16.9	13.2

Sources: Bloomberg; FSSIA estimates

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The Erawan Group

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	4,629	6,986	8,021	8,441	8,985
Cost of goods sold	(3,154)	(3,936)	(4,372)	(4,587)	(4,810)
Gross profit	1,475	3,051	3,649	3,854	4,175
Other operating income	-	-	-	-	
Operating costs	(1,377)	(1,838)	(2,085)	(2,152)	(2,264
Operating EBITDA	969	2,114	2,543	2,785	3,037
Depreciation	(872)	(901)	(979)	(1,084)	(1,126
Goodwill amortisation	-	-	-	-	
Operating EBIT	97	1,213	1,563	1,701	1,911
Net financing costs	(455)	(582)	(685)	(685)	(638
Associates	29	36	0	0	(
Recurring non-operating income	66	89	53	54	55
Non-recurring items	54	23	0	0	(
Profit before tax	(239)	743	931	1,070	1,328
Tax	26	17	(28)	(86)	(266
Profit after tax	(213)	760	903	985	1,062
Minority interests	(11)	(17)	(57)	(63)	(66)
Preferred dividends	-	-	-	-	
Other items	-	-	-	-	
Reported net profit	(224)	743	846	922	996
Non-recurring items & goodwill (net)	(54)	(23)	0	0	(
Recurring net profit	(278)	719	846	922	99
Per share (THB)					
Recurring EPS *	(0.06)	0.15	0.17	0.19	0.20
Reported EPS	(0.05)	0.15	0.17	0.19	0.20
DPS	0.00	0.00	0.07	0.08	0.08
Diluted shares (used to calculate per share data)	4,891	4,891	4,891	4,891	4,89
Growth					
Revenue (%)	211.6	50.9	14.8	5.2	6.4
Operating EBITDA (%)	nm	118.1	20.3	9.6	9.0
Operating EBIT (%)	nm	1,148.7	28.9	8.8	12.3
Recurring EPS (%)	nm	nm	17.7	8.9	8.1
Reported EPS (%)	nm	nm	13.9	8.9	8.1
Operating performance					
Gross margin inc. depreciation (%)	31.9	43.7	45.5	45.7	46.5
Gross margin exc. depreciation (%)	50.7	56.6	57.7	58.5	59.0
Operating EBITDA margin (%)	20.9	30.3	31.7	33.0	33.8
Operating EBIT margin (%)	2.1	17.4	19.5	20.2	21.3
Net margin (%)	(6.0)	10.3	10.6	10.9	11.1
Effective tax rate (%)	8.0	(2.4)	3.0	8.0	20.0
Dividend payout on recurring profit (%)	-	-	40.0	40.0	40.0
Interest cover (X)	0.4	2.2	2.4	2.6	3.1
Inventory days	6.6	5.6	5.6	5.8	5.7
Debtor days	10.2	8.6	7.7	7.3	6.9
Creditor days	30.2	27.7	25.8	26.9	26.0
Operating ROIC (%)	0.5	6.2	6.8	6.5	6.4
ROIC (%)	0.8	6.6	6.9	6.6	6.5
ROE (%)	(4.7)	12.0	11.6	10.8	10.9
ROA (%)	(4.7)	5.9	6.1	5.9	5.9
* Pre-exceptional, pre-goodwill and fully diluted	0.7	5.5	0.1	5.5	0.5
Revenue by Division (THB m)		2022	20245	20255	20205
	2022	2023	2024E	2025E	20268
Non-Hop Inn hotel	3,600	5,557	6,025	6,095	6,379
Hop Inn Thailand	646	845	969	1,094	1,238
Hop Inn Philippines	318	499	578	730	82
Others	65	85	449	523	543

Sources: The Erawan Group; FSSIA estimates

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The Erawan Group

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
ecurring net profit	(278)	719	846	922	996
epreciation	872	901	979	1,084	1,126
ssociates & minorities	-	-	-	-	
ther non-cash items	193	46	22	27	30
hange in working capital	1,207	(21)	78	30	41
ash flow from operations	1,994	1,645	1,925	2,062	2,193
apex - maintenance	(722)	(2,988)	(3,854)	(1,364)	(774)
Capex - new investment	-	-	-	-	
let acquisitions & disposals	(15)	(21)	0	0	C
Other investments (net)	- (707)	-	(2.05.4)	-	(774)
cash flow from investing	(737)	(3,009)	(3,854)	(1,364)	(774)
Dividends paid	0	0	0	(338)	(369)
quity finance		0	1,079	0	(500)
Debt finance Dther financing cash flows	(692) (274)	1,114 (65)	2,303 (57)	(2,000) (62)	(500) (66)
Cash flow from financing	(967)	1,049	3,325	(02)	(934)
Non-recurring cash flows	(307)	1,045	5,525	(2,401)	(334)
Other adjustments	0	0	0	0	C
let other adjustments	Ő	Ő	ŏ	ŏ	0
Novement in cash	290	(315)	1,396	(1,703)	485
Free cash flow to firm (FCFF)	1,714.43	(775.02)	(1,239.01)	1,395.11	2,061.68
ree cash flow to equity (FCFE)	289.75	(315.13)	316.83	(1,364.42)	854.01
		((,,	_0
er share (THB)					
CFF per share	0.35	(0.16)	(0.25)	0.29	0.42
CFE per share	0.06	(0.06)	0.06	(0.28)	0.17
Recurring cash flow per share	0.16	0.34	0.38	0.42	0.44
Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
angible fixed assets (gross)	26,373	29,277	33,167	34,567	35,376
angible fixed assets (gross) .ess: Accumulated depreciation	(7,089)	(7,881)	(8,861)	(9,945)	35,376 (11,071)
angible fixed assets (net)	(7,089) 19,285	21,396		(9,943) 24,622	
ntangible fixed assets (net)	19,205	21,390	24,306 0	24,022	24,306 (
.ong-term financial assets		-	-		
nvest. in associates & subsidiaries	63	83	83	83	83
Cash & equivalents	1,532	1,217	2,612	910	1,395
VC receivable	160	170	170	170	1,000
nventories	43	49	55	57	59
Dther current assets	291	450	517	544	579
Current assets	2,026	1,885	3,354	1,680	2,203
Other assets	338	310	310	310	310
Fotal assets	21,712	23,675	28,054	26,696	26,902
Common equity	5,698	6,330	8,255	8,838	9,465
Ainorities etc.	23	40	41	41	42
fotal shareholders' equity	5,722	6,370	8,295	8,879	9,507
ong term debt	13,935	14,528	16,831	14,831	14,331
Other long-term liabilities	846	895	895	895	895
.ong-term liabilities	14,781	15,423	17,726	15,726	15,226
VC payable	235	227	254	262	275
Short term debt	300	820	820	820	820
Other current liabilities	675	835	959	1,009	1,074
Current liabilities	1,209	1,882	2,032	2,091	2,169
fotal liabilities and shareholders' equity	21,712	23,675	28,054	26,696	26,902
let working capital	(415)	(393)	(471)	(501)	(541)
nvested capital	19,271	21,396	24,229	24,515	24,158
Includes convertibles and preferred stock which is being	ng treated as debt				
er share (THB)					
look value per share	1.26	1.40	1.69	1.81	1.94
angible book value per share	1.26	1.40	1.69	1.81	1.94
inancial strength	1.20	1.40	1.09	1.01	1.94
5	200.0	004.0	404.0	166.0	A A A -
let debt/equity (%)	222.0	221.8	181.3	166.0	144.7
let debt/total assets (%)	58.5	59.7	53.6	55.2	51.1
Current ratio (x)	1.7	1.0 0.5	1.7	0.8	1.(
CF interest cover (x)	1.6	0.5	1.5	(1.0)	2.3
aluation	2022	2023	2024E	2025E	2026E
ecurring P/E (x) *	(72.8)	28.2	23.9	22.0	20.3
ecurring P/E @ target price (x) *	(114.3)	44.2	37.6	34.5	31.9
Reported P/E (x)	(90.3)	27.3	23.9	22.0	20.3
Dividend yield (%)	-	-	1.7	1.8	2.0
Price/book (x)	3.3	3.0	2.5	2.3	2.1
Price/tangible book (x)	3.3	3.0	2.5	2.3	2.1
	32.5	15.6	13.9	12.6	11.2
EV/EBITDA (x) **					
V/EBITDA @ target price (x) **	43.5	20.6	18.4	16.7	15.0

Sources: The Erawan Group; FSSIA estimates



The Erawan Group PCL (ERW TB)



 $\star \star \star$

39.65 /100

Exhibit 13: FSSIA ESG score implication

Rating	Score	Implication
****	>79-100	Leading its industry peers in managing the most significant ESG risks which not only better cost efficiency but also lead to higher profitability.
****	>59-79	A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.
***	>39-59	Relevant ESG materiality matrix has been constructively addressed, well-managed and incorporated into day-to-day operations, in which targets and achievements are evaluated annually.
**	>19-39	Relevant ESG materiality matrix has been identified with key management in charge for progress to be followed up on and to provide intensive disclosure. Most targets are conventional and achievable.
*	1-19	The company has adopted the United Nations Sustainable Development Goals (UN SDGs), established sustainability management guidelines and fully complies with regulations or ESG suggested guidance from related organizations such as the SET and SEC.

Sources: FSSIA estimates

Exhibit 14: ESG – peer comparison

	FSSIA		Domestic ratings							Glo	bal ratings	;		Bloomberg	
	ESG score	DJSI	SET THSI	THSI	CG score	AGM level	Thai CAC	Morningstar ESG risk	ESG Book	MSCI	Moody's	Refinitiv	S&P Global	ESG score	Disclosure score
SET100	69.20	5.34	4.40	4.40	4.76	4.65	3.84	Medium	51.76	BBB	20.87	58.72	63.91	3.72	28.17
Coverage	67.12	5.11	4.15	4.17	4.83	4.71	3.53	Medium	52.04	BB	16.97	56.85	62.09	3.40	31.94
BEYOND	24.98				5.00	5.00	Certified		39.83					-	
CENTEL	62.78		Y	Y	5.00	5.00	Certified	Medium	57.54			71.56	48.00	2.93	54.19
DUSIT	24.81				5.00	4.00	Certified		46.50						
ERW	39.65				4.00	4.00	Certified		54.22			51.15	21.00	3.90	
MINT	84.43	Y	Y	Y	5.00	4.00	Certified	Medium	57.57	AA	37.00	91.18	69.00	5.00	
SHR	25.00		Y	Y	5.00	5.00									

Sources: <u>SETTRADE.com</u>; FSSIA's compilation

Exhibit 15: ESG score by Bloomberg

FY ending Dec 31	FY 2019	FY 2020	FY 2021	FY 2022
ESG financial materiality scores - ESG score	—	—	3.67	3.90
BESG environmental pillar score	_	—	3.30	—
BESG social pillar score	_	_	3.36	—
BESG governance pillar score	_	_	4.54	—
ESG disclosure score	_	_	43.34	_
Environmental disclosure score	-	—	16.40	—
Social disclosure score	_	_	29.87	—
Governance disclosure score	—	_	83.59	_
Environmental				
Emissions reduction initiatives	No	No	Yes	Yes
Climate change policy	No	No	Yes	Yes
Climate change opportunities discussed	No	No	No	No
Risks of climate change discussed	No	No	Yes	Yes
GHG scope 1	_	_	8	10
GHG scope 2 location-based	_	_	34	32
GHG Scope 3	_	_	0	_
Carbon per unit of production	—	_	_	_
Biodiversity policy	No	No	Yes	Yes
Energy efficiency policy	No	No	Yes	Yes
Total energy consumption	—	_	56,530	_
Renewable energy use	—	—	—	—
Electricity used	—	—	56,530	—
Fuel used - natural gas	_	_	_	_

Sources: Bloomberg; FSSIA's compilation

Exhibit 16: ESG score by Bloomberg (cont.)

Maxim dustion policyNoNoYesYHaxim dustion policy————Total washe—————Washe encycled—————Washe encycled—————Environmental supply chinin managementNoNoNoNoNoNoWater consumption————1.1Secial————1.1—Consumer dist policyNoNoNoNoNoNoConsumer dist policyNoNoNoNoNoNoNoConsumer dist policyNo <th>FY ending Dec 31</th> <th>FY 2019</th> <th>FY 2020</th> <th>FY 2021</th> <th>FY 2022</th>	FY ending Dec 31	FY 2019	FY 2020	FY 2021	FY 2022
Hazardoz watel — — — Total wate — — — Wate recycled — — — Wate recycled No No No Wate consumption — — — Sold — — — 1.1 Sold No No No No Consigned and recal ploip No No No No Pold against child labor No No No No Pold against child labor No No No No Consigned ploip No No No No Pold against child inder on oblop No No No	Fuel used - crude oil/diesel	No	No	No	No
Task regula————Wase regula————Environmental supply chain managementNoNoNoNoWase rolation———1.1Wase rolation———1.1SocialNoNoNoNoSocialNoNoNoNoConsumer data protection policyNoNoNoGually assumace and recall policyNoNoNoGually assumace and recall policyNoNoNoEqual poportunity policyNoNoNoEqual poportunity policyNoNoNoPet dashed in workforce———Pet dashed in workforce———Pet dashed in workforce———Tatal necondation collect rate - employees———Tatal recondation collect rate - employees——— <t< td=""><td></td><td>No</td><td>No</td><td>Yes</td><td>Yes</td></t<>		No	No	Yes	Yes
Water percent	Hazardous waste	-	—	—	0
Water sent 10 indfilisEnvironmental supply chain managementNoNoNoWater consumption11SocialNoNoNoNoParting and internal fully assurance and reading on the sent to an infinite participNoNoNoConsume data protection policyNoNoNoNoConsume data protection policyNoNoNoNoEqual poputative protection policyNoNoNoNoNoEqual poputative policyNoNoNoNoNoNoEquation in workforceTotal model policyInternal policyNoNoNoNoNoNoHoutin and safety policyNoNoNoNoNoLost time indicitor rate - employeesTotal recordable incident rate - employeesTotal recordable incident rate - employeesEnvironmentation policyNoNoNoNoNoSocial supply chain managementNoNoNo<	Total waste	-	—	—	0
Environmendal supply chain managementNoNoNoNoWater poloryNoNoNo1.1Social1.1SocialNoNoNoNoQuality assumes can are call poloryNoNoNoNoConsumer data protection poloryNoNoNoNoEqual appet truty poloryNoNoNoNoConsumer data protection poloryNoNoNoNoEqual appet truty poloryNoNoNoNoPed woman in vortforcaPed woman in vortforcaPed woman in vortforcaPed woman in vortforcaTotal accordable indeet rate - employeesTotal accordable indeet rate - employeesTotal accordable indeet rate - employeesTotal horse patter but fut - employees rationTotal horse patter fut fut - employeesTotal horse patter fut fut - employeesNo. of non-exceltre effectors (D)<	-	_	_	_	_
Water consumptionNoNoYesYSocial1,1Human rights policyNoNoNoYesYPolicy against child laborNoNoNoNoQuality assurance and reacil policyNoNoNoNoQuality assurance and reacil policyNoNoNoNoConsumer data protection policyNoNoNoNoEqual poportunity policyNoNoNoYesYesPet disabled in vorkforce6Pet disabled in vorkforcePet disabled in vorkforce0-Total recordable incident rate - employeesTotal recordable incident rate - employees <td< td=""><td>Waste sent to landfills</td><td>_</td><td>_</td><td>_</td><td>0</td></td<>	Waste sent to landfills	_	_	_	0
Water onsumption1,1SocialNoNoNoNoNoPolicy against child laborNoNoNoNoConsumer data protection policyNoNoNoNoConsumer data protection policyNoNoNoNoConsumer data protection policyNoNoNoNoConsumer data protection policyNoNoNoNoCall doptication policyNoNoNoNoPatt owners in workforcePatt disabled in workforcePatt disabled in workforceCall discover discover discoverNoNoYesYesAnti-tabley ethics policyNoNoNoCall discover discoverTatal accordable incident rate - employeesTatal hous ageines to firm - employees trainingTatal hous ageines to firm - employee trainingConstrained rate on polyce training	Environmental supply chain management	No	No	No	No
Social No No No No Yes Y Human sight solution cold policy No	Water policy	No	No	Yes	Yes
Heam rights policy No No No No No Policy against child labor No No No No Consumer data protection policy No No No No Consumer data protection policy No No No No Gender pay gap breakout No No No Yes Pet uronen in vorkforce — — — 4 Business ethics policy No No Yes Y Anti-bridey relics policy No No Yes Y Health and safety policy No No Yes Y Lost time incident rate - employees — — — — Training policy No No No No Yes Training policy No No No Yes Yes Training policy No No No Yes Yes Social supply chain management — 1 101 Yes	Water consumption	_	_	_	1,187
Policy spansa that laborNoNoNoQuality assume and recall policyNoNoNoConsumer data protection policyNoNoNoEqual popurative policyNoNoNoEqual popurative policyNoNoNoPert dasable in workforce4Business ethics policyNoNoYesYHeath and safety policyNoNoYesYHeath and safety policyNoNoYesYLost time incident rate - employeesTotal recordible incident rate - employeesTraining policyNoNoNoYesYNo thore prove polyeesTotal recordible incident rate - employeesTotal recordible incident rate - employeesTotal recordible incident rate - employeesSocial supply chain managementNo thore of employee trainingTotal boars spent by firm - employee training					
Quality seturance and recall policyNoNoNoConsumer data protection policyNoNoNoNoGender pay gap breakoutNoNoNoYetGender pay gap breakoutNoNoNoNoPet uomen in workforce4Pet uomen in workforceYetBusiness ethics policyNoNoYetsYetAnti-fohtery ethics policyNoNoYetsYetLott tim in cincler rate - employeesTotal recordable inclent rate - employeesSocial stopy by thim managementNoNoNoYetSocial stopy by thim managementNo. of independent directors (D)44No. of independent directors on board99Company conducts board evaluationsNoNoNoYetNo. of independent directors (D)-1112-No. of independent directors on board-133-Direct share ownership guidelinesNoNoNoNo. of independent directors (D)-3 </td <td>Human rights policy</td> <td>No</td> <td>No</td> <td>Yes</td> <td>Yes</td>	Human rights policy	No	No	Yes	Yes
Consumer data protection policyNoNoNoEqual opportunity policyNoNoNoSender pay age breakoutNoNoNoPet disable in workforce——46Pet disable in workforceMoNoYesYesPet disable in workforceMoNoYesYesAnti-bribey ethics policyNoNoYesYesAnti-bribey ethics policyNoNoYesYesLost time incident rate employees————Total recordable incident rate employees————Total recordable incident rate employees————Total recordable incident rate employees————Total recordable incident rate employees————Total incordable incident rate employees————Total incordable incident rate employees————Nomer on board—————No of independent directors (D)——1111INo. of independent directors (D)——33=No. of ind	Policy against child labor	No	No	No	No
Equal popurationally policyNoNoYesYesGender pay gap breakoutPet wornen in workdrotePet disabled in workdrorePet disabled in workdroreBusiness ethics policyNoNoYesYesYesAnthorbery ethics policyNoNoYesYesLost time incident rate - employeesTraining policyNoNoYesYesNumber of employeesNumber of employeesSocial supply chain managementNo. of unone no boardYesYesNo. of unone no boardYesYesYesNo. of unone executives from on boardYesYesYesNo. of unone executives from on boardYesYesAge of the young stiffectorYesYesNo. of ordene executivesYesYesSocial supply chain managementYesYes	Quality assurance and recall policy	No	No	No	No
Gender pay gap brackoutNoNoNoPct deabled workdorce———56Pct deabled workdorceNoNoYesYesBusiness ethics policyNoNoYesYesAnti-brikey priving workdorce———YesLost time incident rate - employees————Training policyNoNoYesYesYesPair renumeration policyNoNoNoNoYesPair renumeration policy work policy————3.0003.7Employee turnover pol———3.0003.7Total hoors spent by firm employee training———3.0003.7Social supply chain managementNoNoNoNoYesNo. of nonexecutive directors (D)—4444No. of none-executive directors on board——991Compary conducts board duration (years)—10101Dead duration (years)—3311Dead duration (years)—33311No. of formeles executives from management—33311No. of none-executive directors (D)——3331111111111111111111 <t< td=""><td>Consumer data protection policy</td><td>No</td><td>No</td><td>No</td><td>No</td></t<>	Consumer data protection policy	No	No	No	No
Pct disabled in workforce — — — 56 Pct disabled in workforce — — — 4 Business ethics policy No No Yes Yes Ant-hohbery ethics policy No No Yes Yes Lost time incident rate - employees — — — — Training policy No No No No No Fair renumeration policy No No No No No Social supply chain management — — — 3.000 Xo Social supply chain management — — — 4 4 No. of nodependent directors (D) — — 1 1 1 No. of nodependent directors on bard — — 9 9 1 Company conducts bard evaluations Mo No No No No No No. of node-executive directors on bard — 100 98 9 9	Equal opportunity policy	No	No	Yes	Yes
Pct disabled in workforce4Business shits policyNoNoYesYesAnti-hicky pricitis policyNoNoYesYesLost time incident rate - employeesTraining policyNoNoYesYesFair remuncation policy incident rate - employeesTraining policyNoNoYesYesPair remuncation policy incident rate - employees3.000Number of employees - CSR3.0003.7Employee tumover pct3.0003.7Total hours spent by fim - employee training8.29.0Social supply chain managementNoNoNoYesBoard directors (ID)4444No. of non-executive directors on board999Company conducts board evaluationsNoYesYesYesNo. of obard meeting attendance pct331Board duration (years)331Director share ownership guidelines331No. of the accutives331Size of compansation committee111No. of time accutives331Size of compansation committee331No. of tilo compensation committee1 <td< td=""><td>Gender pay gap breakout</td><td>No</td><td>No</td><td>No</td><td>No</td></td<>	Gender pay gap breakout	No	No	No	No
Business ethics policyNoNoYesYesAnti-habery striks policyNoNoYesYesYesLost time incident rate - employees–––0Total recordable incident rate - employees–MoNoYesYesFair remuneration policyNoNoNoYesYesYesNumber of employees–––0YesYesYesFair remuneration policyNoNoNoNoYesYesYesYesNumber of employees–––25Total recordable incident rate - employee training––410Yes	Pct women in workforce	_	_	56	56
Anti-bribery ethics policyNoYesYesYesHealth and safety policyNoNoYesYesLost time includen trate - employees————Training policyNoNoNoYesYesFair remuneration policyNoNoNoNoNoNumber of employees - CSR———3.003.7Employee turnover pct———2.5101,0Social supply chain managementNoNoNoNoYesCovernance——11111111No. of independent directors (ID)—444101,0No. of vomen on board—999100,0100,0100,0Company conducts board evaluationsNoNoNoNoNo100,0100,0100,0100,0No. of load meeting attendance pct——33100,0 <td>Pct disabled in workforce</td> <td>_</td> <td>—</td> <td>4</td> <td>11</td>	Pct disabled in workforce	_	—	4	11
Health and safety policyNoNoYesYesLast line incident rate - employees————Total recordshe incident rate - employeesNoNoNoYesYesFair renumeration policyNoNoNoNoYesYesFair renumeration policyNoNoNoNoYesYesSumber of employees - CSR———3,0003,37101,00Social supply chain managementNoNoNoYesYesBoard size—1111YesYesYesNo. of independent directors (ID)——444No. of none-executive directors no board—999Company conducts board evaluationsNoYesYesYesNo. of board meetings for the year—111112YesBoard meeting stor the year—1009899Board duration (years)—7699Director share ownership guidelinesNoNoNoYesNo. of Inde executives / company managers—769No. of Ion audit committee—3339Size of compansation committee—100100111No. of Ion audit committee—100100111No. of Ion audit committee—10010011Size of compansation c	Business ethics policy	No	No	Yes	Yes
Lost time incident rate - employeesTatining policyNoNoYesYFair remuneration policyNoNoYesYFair remuneration policyNoNoNoS.7Sumber of employees - CSR25-Total hours spent by firm - employee training88.371101.0Social supply chain managementNoNoNoYBoard size-111111YNo. of independent directors (ID)-444No. of non-executive directors on board-99YCompany conducts board evaluationsNoYesYYNo. of and-executive directors on board-1112YBoard meeting attendance pct-33YYNo. of spectation (years)-3839YYNo of descutives / company conducts board evaluations-3839YYNo. of independent (years)-3839YYY	Anti-bribery ethics policy	No	Yes	Yes	Yes
Total recordable incident rate - employees0Training policyNoNoNoNumber of employees - CSR3,0003,7Employee turnover pct88,37160,0003,7Total hours spent by firm - employee training88,37160,00099Social supply chain managementNo <td>Health and safety policy</td> <td>No</td> <td>No</td> <td>Yes</td> <td>Yes</td>	Health and safety policy	No	No	Yes	Yes
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Governance Board size - 11 11 No. of independent directors (ID) - 4 4 No. of none-acculive directors on board - 2 2 No. of none-acculive directors on board - 9 9 Company conducts board evaluations No Yes Yes Yes No. of board meetings for the year - 11 12 12 Board duration (years) - 3 3 3 Director share ownership guidelines No No No Aege of the youngest director - 68 69 No. of fexecutives / company managers - 7 6 6 0 0 No. of fexecutives share ownership guidelines No No No Size of audit committee - 3 3 No. of fexecutives / company managers - 7 6 0 1 1 No. of fexecutives / company managers - 3 3 3 3 3 3 3 3 3 3 3 3 3 3	Total hours spent by firm - employee training	_	_	88,371	101,024
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Nomination meeting attendance % - 100 100 1		-			3
-	-	—			2
Sustainability governance	-	_	100	100	100
Verification type No No No					No

Sources: Bloomberg; FSSIA's compilation

Disclaimer for ESG scoring

ESG score	Methodolog	у			Rating				
The Dow Jones Sustainability Indices (<u>DJSI</u>) By S&P Global	process bas from the anr Only the top inclusion.	ed on the com nual S&P Glob -ranked comp	transparent, rules-based npanies' Total Sustainabi al Corporate Sustainabil anies within each industr	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.					
Sustainability Investment List (<u>THSI</u>) by The Stock Exchange of Thailand (<u>SET</u>)	managing bu Candidates 1) no irregul float of >150 up capital. S 70%; 2) inde wrongdoing	usiness with tr must pass the ar trading of th shareholders ome key disq ependent direc related to CG	ility in Environmental and ansparency in Governan e preemptive criteria, with he board members and e s, and combined holding i ualifying criteria include: ctors and free float violati , social & environmental earnings in red for > 3 year	To be eligible for <u>THSI inclusion</u> , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. <u>SETTHSI Index</u> is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.					
CG Score by Thai Institute of Directors Association (Thai IOD)	annually by Thailand (SE	the Thai IOD,	h in sustainable develop with support from the Sto ts are from the perspecti s.	ock Exchange of	Good (80-89), 3 and not rated for equitable treatm	for Good (70 r scores below ent of shareh 5%); 4) disclos	ories: 5 for Excell -79), 2 for Fair (6 w 50. Weightings olders (weight 2 sure & transpare	60-69), 1 for P include: 1) th 5% combined)	ass (60-69), e rights; 2) and ; 3) the role of
AGM level By Thai Investors Association (TIA) with support from the SEC	treatment ar transparent out of five th criteria cove date (45%), <i>circulation of s</i> <i>exercised. The</i> <i>and verifiability</i>	e incorporated and sufficientl e CG compor r AGM proced and after the sufficient informate e second assess y; and 3) openno	which shareholders' right: d into business operation y disclosed. All form impu- tents to be evaluated anr dures before the meeting meeting (10%). (The first a tion for voting; and 2) facilita ses 1) the ease of attending n sess for Q&A. The third involve tes, resolutions and voting re	s and information is ortant elements of two nually. The assessment (45%), at the meeting ssesses 1) advance ting how voting rights can be neetings; 2) transparency as the meeting minutes that			four categories: (80-89), and not		
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	establishme policies. The (Companies d Declaration of Certification, ii managers and	nt of key contr eciding to becore Intent to kick of including risk asso employees, ess	Checklist include corrupti rols, and the monitoring a is good for three years. <i>me a CAC certified member s</i> <i>f an 18-month deadline to sui</i> <i>sessment, in place of policy a</i> <i>tablishment of whistleblowing</i> <i>II stakeholders.</i>)	and developing of tart by submitting a bmit the CAC Checklist for nd control, training of	passed Checkli	st will move fo e members ar	ed by a committe r granting certific re twelve highly r chievements.	cation by the C	AC Council
<u>Morningstar</u> Sustainalytics	based on an risk is unma regulatory filing	lytics' ESG risk rating provides an overall company score assessment of how much of a company's exposure to ESG aged. Sources to be reviewed include corporate publications and s, news and other media, NGO reports/websites, multi-sector		A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. NEGL Low Medium High Severe					
	information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.				0-10	Low 10-20	20-30	High 30-40	Severe 40+
ESG Book	positioned to the principle helps explain over-weighti	o outperform o of financial m n future risk-a	sustainable companies th over the long term. The m ateriality including inform djusted performance. Ma ith higher materiality and erly basis.	ethodology considers nation that significantly teriality is applied by	The total ESG s	core is calculateriality-base	ated as a weight d weights. The s dicating better p	ed sum of the core is scaled	features
<u>MSCI</u>				anagement of financially their exposure to ESG ris					ethodology to
	AAA	8.571-10.00	0 Leader:	leading its industry in m	anaging the most si	nificant ESG ris	ks and opportunitie	s	
	AA	7.143-8.57		0 ,	0.0				
	Α	5.714-7.14			al track record of ma	naging the most	significant ESG ris	ks and opportur	ities relative to
	BPD	1 200 5 74	Augraga	a mixed or unexception					
	BBB	4.286-5.71	6	a mixed or unexception					
	вв	2.857-4.28	5						
			5 6 Laggard:			ire and failure to	o manage significan	t ESG risks	
Moody's ESG solutions	BB B CCC Moody's ass believes that	2.857-4.28 1.429-2.85 0.000-1.42 esses the deg t a company in	5 6 3 gree to which companies	industry peers lagging its industry base take into account ESG of to its business model and	d on its high exposi	finition and in	nplementation of	their strategy	
	BB B CCC Moody's ass believes that create sustant Designed to based on put	2.857-4.285 1.429-2.856 0.000-1.420 tesses the dea t a company in inable value f transparently blicly availabl	Laggard: Base Laggard: Base Laggard: The companies of shareholders over the and objectively measure e and auditable data. The	industry peers lagging its industry base take into account ESG of to its business model and	d on its high exposi ojectives in the di I relatively outper G performance, c 100 on relative Es	efinition and in forming its pe commitment an SG performan	nplementation of ers is better posi nd effectiveness ce and insufficier	their strategy tioned to mitig across 10 ma nt degree of tr	in themes,
solutions Refinitiv ESG	BB B CCC Moody's ass believes that create susta Designed to based on pur reporting mat	2.857-4.28 1.429-2.85 0.000-1.42 esses the deg inable value f transparently blicly availabl tterial ESG da	Laggard: Laggard: gree to which companies ntegrating ESG factors in or shareholders over the and objectively measure e and auditable data. The ta publicly. <i>(Score ratings a</i> ore is a relative score measure)	industry peers lagging its industry base take into account ESG of to its business model and medium to long term. a company's relative ES e score ranges from 0 to	d on its high expose ojectives in the de d relatively outper G performance, c 100 on relative E = satisfactory; >50 to prmance on and	efinition and in forming its pe commitment al SG performan 0 75 = good; and nanagement d	nplementation of ers is better posi- nd effectiveness ce and insufficier / >75 to 100 = exce	their strategy itioned to mition across 10 ma nt degree of tr <i>llent.</i>)	ate risks and in themes, ansparency in
solutions Refinitiv ESG rating	BB B CCC Moody's ass believes that create susta Designed to based on pur reporting mat	2.857-4.28 1.429-2.85 0.000-1.42 esses the deg inable value f transparently blicly availabl tterial ESG da	Laggard: Laggard: gree to which companies ntegrating ESG factors in or shareholders over the and objectively measure e and auditable data. The ta publicly. (Score ratings a re is a relative score mea- nin the same industry class Bloomberg score evalue score is based on Bloo	industry peers lagging its industry base take into account ESG of to its business model and medium to long term. a company's relative ES a score ranges from 0 to are 0 to 25 = poor; >25 to 50 asuring a company's perfection	d on its high exposed of the determinant of the det	efinition and in forming its pe commitment al SG performan 75 = good; and management (- ental, Social a The score is a	nplementation of ers is better posi- nd effectiveness ce and insufficiei / >75 to 100 = exce of ESG risks, opp and Governance weighted gener	their strategy tioned to mitig across 10 ma nt degree of tr <i>llent.</i>) portunities, an (ESG) perforn alized mean (ate risks and in themes, ansparency in d impacts mance. The power mean)

Rating regarding the sustainable development of Thai listed companies, both on the SET and MAI, are publicly available on the website of the Securities and Exchange Commission of Thailand (SEC). Currently, ratings available are 1) "CG Score"; 2) "AGM Level"; 3) "Thai CAC"; and 4) THSI. The ratings are updated on an annual basis. FSSIA does not confirm nor certify the accuracy of such ratings. Source: FSSIA's compilation

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ANALYST(S) CERTIFICATION

Teerapol Udomvej, CFA FSS International Investment Advisory Securities Co., Ltd

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Company	Ticker	Price	Rating	Valuation & Risks
The Erawan Group	ERW TB	THB 4.14	BUY	Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.
Asset World Corp	AWC TB	THB 3.90	BUY	Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.
Minor International	MINT TB	THB 29.50	BUY	Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply and higher competition in the F&B business, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.
Central Plaza Hotel	CENTEL TB	THB 42.25	BUY	Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply and more intense competition in the F&B business, which may result in price competition; and 3) a slower-than-expected recovery of international tourist numbers.
S Hotels and Resorts	SHR TB	THB 2.00	BUY	Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.
Dusit Thani	DUSIT TB	THB 10.40	BUY	Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.
Bound and Beyond	BEYOND TB	THB 9.05	BUY	Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.

Source: FSSIA estimates

Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited.

All share prices are as at market close on 17-Jul-2024 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / current price.

BUY (B). The upside is 10% or more.

HOLD (H). The upside or downside is less than 10%.

REDUCE (R). The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Industry Recommendations

Overweight. The analyst expects the fundamental conditions of the sector to be positive over the next 12 months. **Neutral.** The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months. **Underweight.** The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

Country (Strategy) Recommendations

Overweight (O). Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral (N). Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight (U). Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.