4 NOVEMBER 2024

EQUITY RESEARCH - COMPANY REPORT

FINANSIA
FSS INTERNATIONAL INVESTMENT ADVISORY

S HOTELS AND RESORTS SHR TB

THAILAND / TOURISM & LEISURE

Turning the tide

- คาดว่า SHR จะขาดทุนปกติลดลงเหลือ 46 ลบ. ใน 3Q24 (เทียบกับที่เคยขาดทุนปกติ 81 ลบ. ใน 2Q24) โดยมีปัจจัยผลักดันจากผลประกอบการที่ดีขึ้นของโรงแรมในฟิจิและสหราชอาณาจักร (UK)
- คาดผลประกอบการจะพลิกเป็นกำไรใน 4Q24 โดยมีปัจจัยผลักดันจากผลขาดทุนที่ลดลงของ SO/ Maldives และ High season ของโรงแรมในไทยและมัลดีฟส์
- คงคำแนะนำซื้อที่ราคาเป้าหมาย 3.8 บาท (DCF)

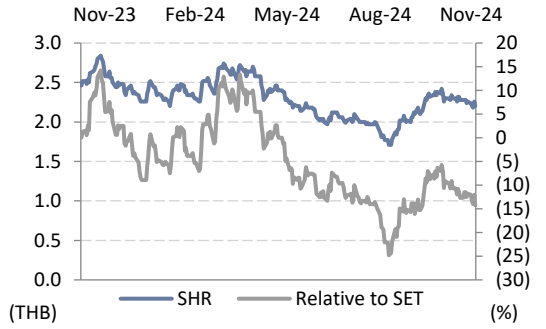
BUY

UNCHANGED

TARGET PRICE	THB3.80
CLOSE	THB2.20
UP/DOWNSIDE	+72.7%
PRIOR TP	THB3.80
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+24.6%

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	9,701	10,442	10,942	11,226
Net profit	87	150	367	518
EPS (THB)	0.02	0.04	0.10	0.14
vs Consensus (%)	-	(32.2)	(11.5)	(1.4)
EBITDA	2,226	2,596	2,781	2,835
Recurring net profit	80	150	367	518
Core EPS (THB)	0.02	0.04	0.10	0.14
Chg. In EPS est. (%)	-	(44.7)	(19.6)	(8.5)
EPS growth (%)	nm	87.8	145.0	40.9
Core P/E (x)	99.1	52.7	21.5	15.3
Dividend yield (%)	-	0.8	1.9	2.6
EV/EBITDA (x)	10.6	8.8	7.9	7.4
Price/book (x)	0.5	0.5	0.5	0.5
Net debt/Equity (%)	98.2	92.7	85.5	77.9
ROE (%)	0.5	0.9	2.2	3.1



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(9.1)	10.6	(6.8)
Relative to country (%)	(9.1)	(0.1)	(12.1)

Mkt cap (USD m)	233
3m avg. daily turnover (USD m)	0.4
Free float (%)	33
Major shareholder	S Hotels and Resorts Inter (49%)
12m high/low (THB)	2.84/1.70
Issued shares (m)	3,593.64

Sources: Bloomberg consensus; FSSIA estimates

คาด RevPAR รวมจะโต 14-16% y-y และ 5-6% q-q ใน 3Q24

เราคาดว่า RevPAR ของโรงแรมในมัลดีฟส์ (ไม่รวม SO/ Maldives) จะโต 8-10% y-y ใน 3Q24 ใกล้เคียงกับค่าเฉลี่ยอุตสาหกรรมหลังตัวเลขนักท่องเที่ยวที่เดินทางเข้ามัลดีฟส์กระโดดเพิ่ม 10% y-y โดยมีปัจจัยผลักดันจากตัวเลขการเข้าพัก (OCC rate) ที่สูงขึ้นจากสัดส่วนผู้เข้าพักที่ดีขึ้น RevPAR ของโรงแรม Outrigger น่าจะกระโดดเพิ่ม 48-50% y-y จาก Outrigger Fiji ที่โตดีและโรงแรมในมอริเชียสที่กลับมาเปิดให้บริการใหม่ นอกจากนี้ RevPAR ของโรงแรมใน UK ก็น่าจะสูงขึ้น 5-6% y-y จากค่าห้องรายวันเฉลี่ย (ADR) ที่สูงขึ้น ในด้านลบ RevPAR ของโรงแรมในไทยน่าจะทรงตัว y-y โดยมีปัจจัยกดดันจากการปิดปรับปรุง SAii Laguna Phuket เป็นบางส่วน

ผลขาดทุนปกติน่าจะลดลง q-q ใน 3Q24

ใน 3Q24 เราคาดว่ารายได้จะโต 7% y-y EBITDA margin น่าจะลดลง y-y เป็น 24% (เทียบกับ 26% ใน 3Q23) ส่วนมากจากค่าธรรมเนียมการบริหารที่สูงขึ้นของโรงแรม Outrigger และโรงแรมใน UK และผลขาดทุน 25-30 ลบ. จากสัญญา Interest Rate Swap อย่างไรก็ดีตัวเลขน่าจะปรับตัวดีขึ้นเมื่อเทียบกับ 22% ใน 2Q24 SHR น่าจะบันทึกส่วนแบ่งผลขาดทุนจาก SO/ Maldives เป็นจำนวน 60 ลบ. ค่อนข้างใกล้เคียงกับผลขาดทุนใน 2Q24 จาก RevPAR ที่ลดลง 20% q-q และการประหยัดต้นทุนได้ดีขึ้น ดังนั้นเราจึงคาดว่า SHR จะขาดทุนปกติ 46 ลบ. ใน 3Q24 (เทียบกับที่เคยขาดทุน 10 ลบ. ใน 3Q23 และ 81 ลบ. ใน 2Q24) ถ้าไม่รวม SO/ Maldives ผลประกอบการน่าจะพลิกเป็นกำไรใน 3Q24

ผลประกอบการน่าจะพลิกเป็นกำไรใน 4Q24 และ 1Q25

เราเชื่อว่าผลประกอบการ 4Q24 จะพลิกเป็นกำไร การปิดปรับปรุง SAii Laguna Phuket ก้าวหน้าเร็วกว่าที่คาดโดยเสร็จไปแล้ว 50 ห้อง จาก 173 ห้องที่ปิดปรับปรุงและกำหนดเสร็จใน ธ.ค. 24 (โรงแรมมีทั้งหมด 255 ห้อง) และมัลดีฟส์กำลังเข้าสู่ High season ของการท่องเที่ยว โดยเราคาดว่า OCC rate ของ SO/ Maldives จะปรับตัวดีขึ้นเป็น 55-60% (เทียบกับ 40% ใน 3Q24) ซึ่งจะทำให้ขาดทุนปกติลดลงเหลือ 20-30 ลบ. นอกจากนี้ค่าใช้จ่ายดอกเบี้ยยังลดลงมาตั้งแต่ 3Q24 จากการปรับลดอัตราดอกเบี้ยนโยบาย ดังนั้นเราจึงคาดว่ากำไรปกติ 4Q24 จะกระโดดเพิ่มมากกว่า 100 ลบ. และโตต่อเนื่องใน 1Q25

ซื้อขายโดยมี Valuation ในระดับที่ต่ำมาก

เราปรับลดประมาณการกำไรปกติปี 2024-26 ของเราลง 9-45% เพื่อสะท้อนผลประกอบการที่เร่งตัวขึ้นช้ากว่าคาดของ SO/ Maldives นอกจากนี้เรายังปรับประมาณการเป็นปี 2025 ที่ราคาเป้าหมาย 3.8 บาท (DCF) SHR มีการซื้อขายโดยมี Valuation ในระดับที่ต่ำมากที่ 0.5x 2025E P/BV และ 8x 2025E EV/EBITDA (เทียบกับค่าเฉลี่ยของกลุ่มฯ ที่ 1.5x และ 13x)

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บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 4 พฤศจิกายน 2024

Investment thesis

SHR raised THB7.5b from its THB5.20/shr IPO in Nov-19. However, its share price is still below its IPO price due mainly to a loss from the new Maldives hotel (SO/ Maldives) and the renovation of its major hotel (SAii Laguna Phuket).

We expect SHR's core profit to jump in 2025, driven by a recovery of its Maldives hotels since the Maldives government targets tourist arrivals of 2.5m in 2025 (vs 1.7m in 2019 and 1.9m in 2023). In addition, the reopening of Outrigger Mauritius and the completed renovation of SAii Laguna Phuket should improve SHR's profit margin.

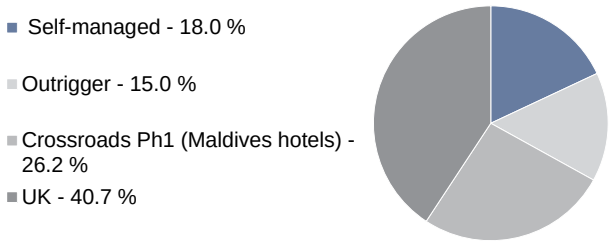
SHR's share price is attractive as it trades at a lower P/BV than its peers. Also, it has a potential upside from M&A deals, given its strong balance sheet with only 0.7x IBD/E as of 2Q24.

Company profile

SHR is the holding company of all of the resorts and hotels under the Singha Estate (S TB, not rated) group.

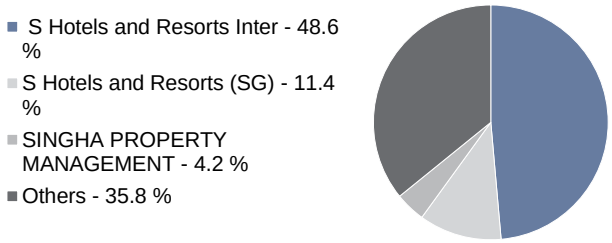
www.shotelsresorts.com

Principal activities (revenue, 2023)



Source: S Hotels and Resorts

Major shareholders



Source: S Hotels and Resorts

Catalysts

Key potential growth drivers include 1) a faster OCC ramp-up rate following a global tourism recovery; 2) an uplift and renovation program to increase the ADR; and 3) M&A deals.

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
Nov 2024	3Q24 results announcement

Key assumptions

	2024E (%)	2025E (%)	2026E (%)
Self-Managed - Number of rooms (no.)	604	604	604
Self-Managed - Occupancy rate (OCC)	67.0	70.0	70.5
Self-Managed - RevPAR growth	6.7	10.7	2.7
Project Crossroads - Number of rooms (no.)	376	376	376
Project Crossroads - Occupancy rate (OCC)	72.0	74.0	75.0
Project Crossroads - RevPAR growth	13.6	6.9	3.4
UK - Number of rooms (no.)	2,527	2,442	2,442
UK - Occupancy rate (OCC)	67.0	67.5	68.0
UK - RevPAR growth	3.1	4.8	2.8

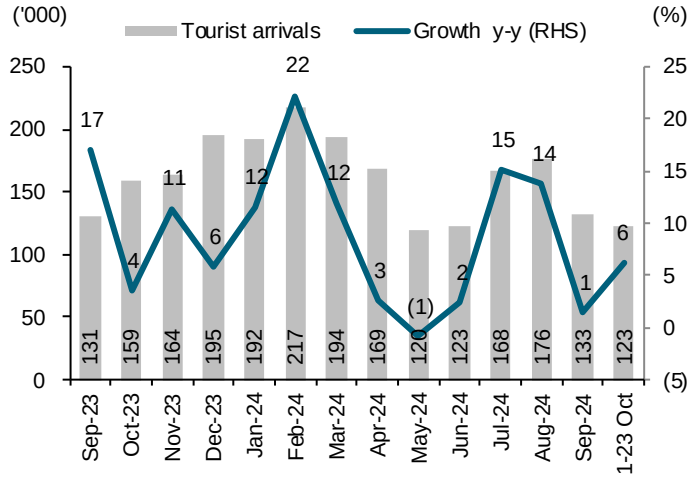
Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in OCC rate, we project a 2025 profit increase of 20%, and vice versa, all else being equal.
- For every 1% increase in EBITDA margin, we project a 2025 profit increase of 26%, and vice versa, all else being equal.

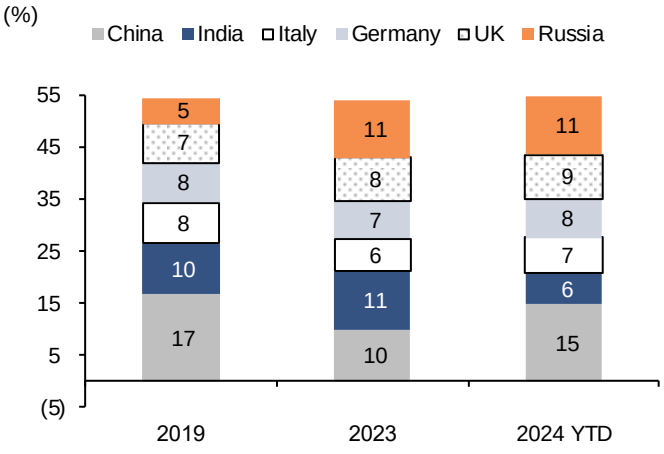
Source: FSSIA estimates

Exhibit 1: Maldives industry – monthly tourist arrivals



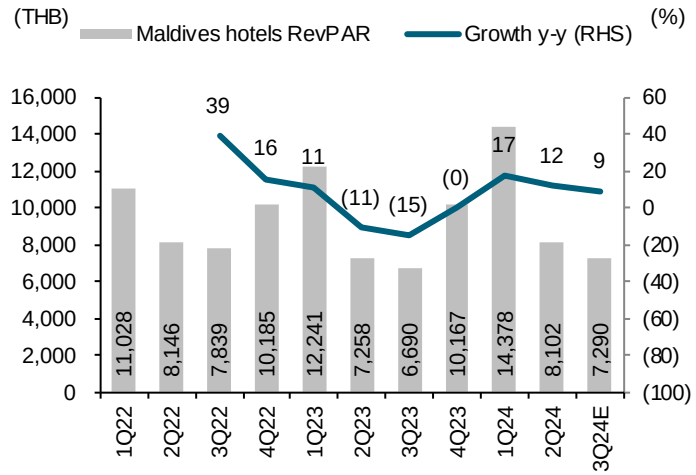
Sources: Ministry of Tourism, Republic of Maldives

Exhibit 2: Maldives industry – tourist arrival breakdown



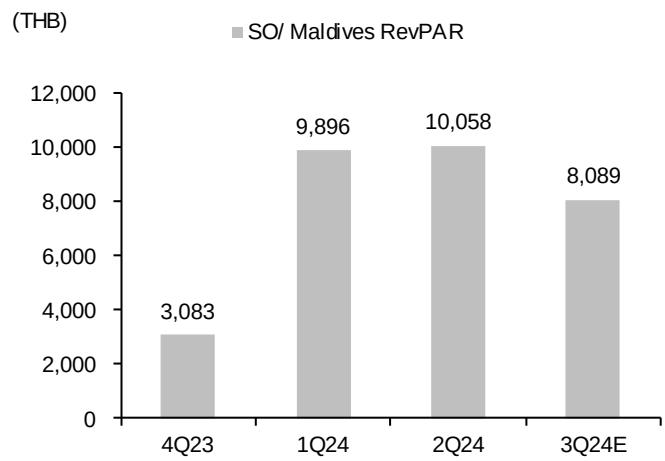
Sources: Ministry of Tourism, Republic of Maldives

Exhibit 3: SHR's Crossroads (Maldives) hotels RevPAR



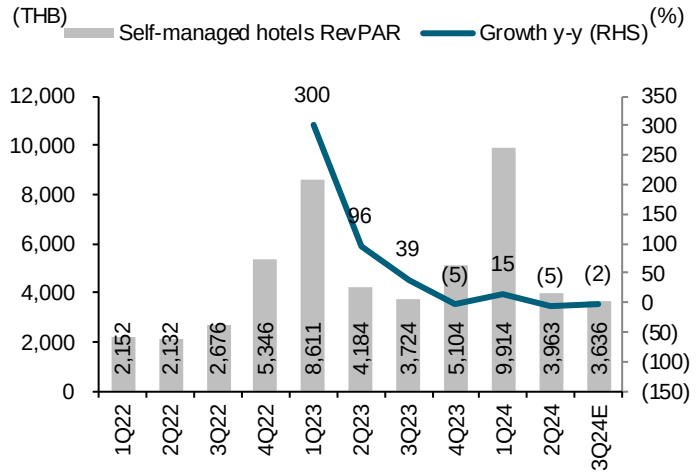
Note: Excludes SO/ Maldives
Sources: SHR; FSSIA estimates

Exhibit 4: SHR's SO/ Maldives RevPAR



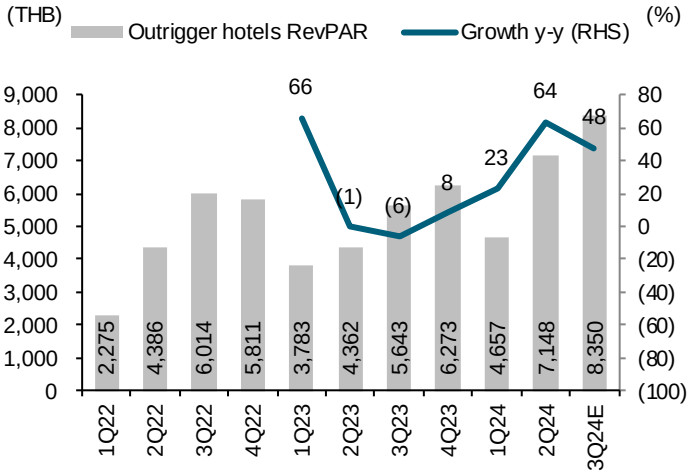
Sources: SHR; FSSIA estimates

Exhibit 5: SHR's self-managed (Thailand) hotels RevPAR



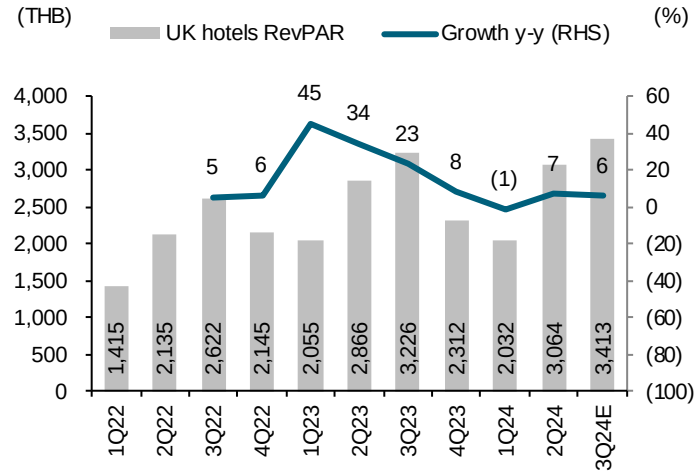
Sources: SHR; FSSIA estimates

Exhibit 6: Outrigger (Mauritius, Fiji) hotels RevPAR



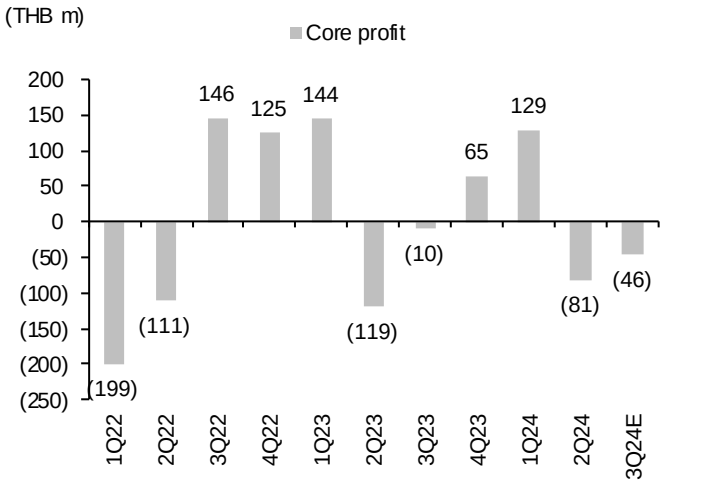
Sources: SHR; FSSIA estimates

Exhibit 7: SHR's UK hotels RevPAR



Sources: SHR; FSSIA estimates

Exhibit 8: Core profit



Sources: SHR; FSSIA estimates

Exhibit 9: SHR – 3Q24 results preview

	3Q23	4Q23	1Q24	2Q24	3Q24E	---------- Change --------		2023	2024E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)
Sales	**2,401**	**2,479**	**2,743**	**2,469**	**2,575**	***4***	***7***	**9,701**	**10,442**	***8***
- Self-Managed Hotels	320	423	739	342	308	*(10)*	*(4)*			
- Outrigger Hotels	402	419	353	534	611	*14*	*52*			
- Project Crossroads Hotels	519	693	911	570	523	*(8)*	*1*			
- UK	1,161	943	739	1,023	1,133	*11*	*(2)*			
COGS (Incl. depreciation)	(1,548)	(1,462)	(1,633)	(1,657)	(1,627)	*(2)*	*5*	(6,213)	(6,492)	*4*
Gross profit	**853**	**1,017**	**1,109**	**812**	**948**	***17***	***11***	**3,488**	**3,951**	***13***
SG&A	(597)	(675)	(687)	(597)	(651)	*9*	*9*	(2,419)	(2,589)	*7*
Operating profit	**256**	**343**	**422**	**214**	**296**	***38***	***16***	**1,068**	**1,362**	***27***
Other income	91	36	59	70	42	*(40)*	*(54)*	205	212	*3*
- Interest income from JV	(3)	(1)	(0)	2		*(100)*	*(100)*			
- Other income	95	37	59	69	42	*(39)*	*(56)*	205	212	*3*
Interest expense	(304)	(299)	(298)	(294)	(284)	*(3)*	*(6)*	(1,124)	(1,150)	*2*
Pretax profit	**44**	**79**	**183**	**(10)**	**54**	***(657)***	***23***	**150**	**424**	***182***
Income Tax	(42)	51	9	(6)	(40)	*544*	*(4)*	18	(58)	*(423)*
Associates	(12)	(66)	(63)	(66)	(60)	*(8)*	*386*	(88)	(215)	*144*
Minority interest	0	0	0	0				0	0	
Core profit	**(10)**	**65**	**129**	**(81)**	**(46)**	***(44)***	***(350)***	**80**	**150**	***88***
Extraordinaries, GW & FX	25	(1)	(17)	10				7	0	
Net unrealized (loss)/gain on FX	25	(11)	(17)	(5)				(4)	0	
Non-recurring items	0.3	10	(0)	15				11		
Reported net profit	**15**	**64**	**112**	**(72)**	**(46)**	***(36)***	***(405)***	**87**	**150**	***73***
Shares out (end Q, m)	3,594	3,594	3,594	3,594	3,594	*0*	*0*	3,594	3,594	*0*
Core EPS	**(0.00)**	**0.02**	**0.04**	**(0.02)**	**(0.01)**	***(44)***	***350***	**0.02**	**0.04**	***88***
EPS	**0.00**	**0.02**	**0.03**	**(0.02)**	**(0.01)**	***(36)***	***(405)***	**0.02**	**0.04**	***73***
COGS (Excl. depreciation)	(1,248)	(1,179)	(1,298)	(1,323)	(1,293)	*(2)*	*4*	(5,056)	(5,258)	*4*
Depreciation	(301)	(283)	(335)	(335)	(335)	*0*	*11*	(1,158)	(1,234)	*7*
EBITDA	636	596	753	554	613	*11*	*(4)*	2,343	2,592	*11*
Key ratios	**(%)**	**(%)**	**(%)**	**(%)**	**(%)**	***(ppt)***	***(ppt)***	**(%)**	**(%)**	***(ppt)***
Gross margin	36	41	40	33	37	*(4)*	*1*	36	38	*2*
SG&A/Revenue	25	27	25	24	25	*(1)*	*0*	25	25	*(0)*
EBITDA margin	26	24	27	22	24	*(1)*	*(3)*	24	25	*1*
Net profit margin	1	3	4	(3)	(2)	*(1)*	*(2)*	1	1	*1*
Operating stats										
Self-Managed Hotels										
OCC (%)	59.2	56.6	88.5	56.5						
ADR (THB)	6,344	9,012	11,200	7,017						
RevPAR (THB)	3,724	5,104	9,914	3,963						
Outrigger Hotels										
OCC (%)	43.3	61.6	54.2	72.4						
ADR (THB)	13,024	10,176	8,590	9,877						
RevPAR (THB)	5,643	6,273	4,657	7,148						
Project Crossroads Hotels										
OCC (%)	63.2	68.0	88.9	60.7						
ADR (THB)	10,584	14,947	16,175	13,338						
RevPAR (THB)	6,690	10,167	14,378	8,102						
UK Hotels										
OCC (%)	76.1	62.2	59.1	70.4						
ADR (THB)	4,237	3,716	3,439	4,352						
RevPAR (THB)	3,226	2,312	2,032	3,064						

Sources: SHR; FSSIA estimates

Exhibit 10: Forecast revisions

	Current			Previous			Change		
	2024E (THB)	2025E (THB)	2026E (THB)	2024E (THB)	2025E (THB)	2026E (THB)	2024E (%)	2025E (%)	2026E (%)
Self-managed - OCC rate (%)	67.0	70.0	70.5	63.6	66.6	67.1	3.4	3.4	3.4
Self-managed - RevPAR	5,750	6,368	6,541	5,407	5,831	5,993	6.3	9.2	9.2
Outrigger - OCC rate (%)	69.0	69.5	70.0	71.0	71.5	72.0	(2.0)	(2.0)	(2.0)
Outrigger - RevPAR	6,696	7,014	7,206	5,957	6,179	6,347	12.4	13.5	13.5
Project Crossroads - OCC rate (%)	72.0	74.0	75.0	73.0	74.0	75.0	(1.0)	-	-
Project Crossroads - RevPAR	10,081	10,775	11,139	11,097	11,699	12,094	(9.2)	(7.9)	(7.9)
UK -OCC rate (%)	67	68	68	70	71	71	(3.0)	(3.0)	(3.0)
UK -RevPAR	2,698	2,827	2,905	2,740	2,843	2,920	(1.5)	(0.5)	(0.5)
So/ Maldives - OCC rate (%)	50	65	70	50	65	70	-	-	-
So/ Maldives - RevPAR	10,800	15,015	17,464	11,250	15,925	18,008	(4.0)	(5.7)	(3.0)
Revenue (THB b)	10.4	10.9	11.2	10.7	11.2	11.5	(2.5)	(2.2)	(2.2)
EBITDA margin (%)	24.9	25.4	25.3	24.9	25.2	25.5	(0.0)	0.2	(0.2)
Share income of SO/ Maldives (THB m)	(224)	(145)	(27)	(157)	(67)	1	nm	nm	nm
Core earnings (THB m)	150	367	518	271	457	566	(44.7)	(19.6)	(8.5)

Note: Change in % terms is represented in ppt change
Source: FSSIA estimates

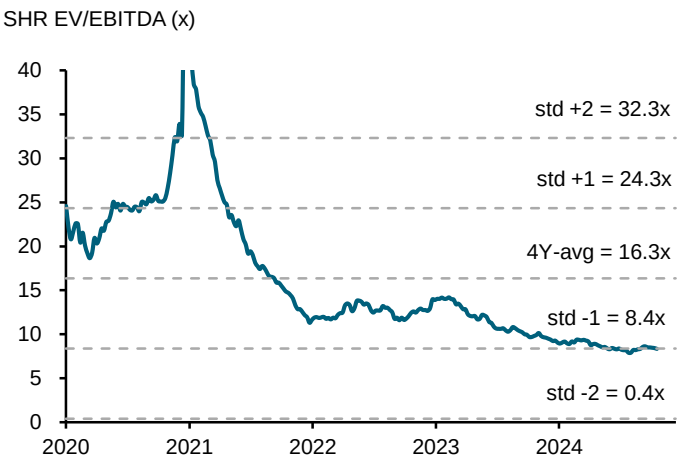
Exhibit 11: DCF valuation

Cost of equity assumptions	(%)	Cost of debt assumptions	(%)
Risk-free rate	3.0	Pre-tax cost of debt	4.0
Market risk premium	8.0	Marginal tax rate	20.0
Stock beta	1.3		
Cost of equity, Ke	13.2	Net cost of debt, Kd	3.2
Weight applied	60.0	Weight applied	40.0
WACC	9.2		

DCF valuation estimate	(THB b)	(THB/share)	Comments
NPV	13.4	3.7	WACC 9.2%, risk-free rate 3%, risk premium 8%
Terminal value	13.8	3.9	Terminal growth 2.5%
Cash & liquid assets	3.5	1.0	At end-2025E
Investments	0.8	0.2	At end-2025E
Debt	(17.6)	(4.9)	At end-2025E
Minorities	0.0	0.0	At end-2025E
Residual ordinary equity	**13.8**	**3.8**	

Source: FSSIA estimates

Exhibit 12: Historical EV/EBITDA band



Sources: Bloomberg; FSSIA estimates

Exhibit 13: Historical P/BV band

Sources: Bloomberg; FSSIA estimates

Exhibit 14: Peer comparisons as of 1 Nov 2024

Company	BBG	Rec	Share price			Market	PE			ROE		PBV		EV/ EBITDA	
			Current	Target	Upside	cap	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	3.74	5.50	*47*	3,531	54.6	45.8	37.2	2.4	2.8	1.3	1.2	31.7	28.7
Minor International	MINT TB	BUY	27.25	45.00	*65*	4,558	18.9	16.9	15.2	10.7	11.3	2.0	1.8	7.6	6.9
Central Plaza Hotel	CENTEL TB	BUY	35.75	48.00	*34*	1,424	31.5	27.8	23.0	7.5	8.0	2.3	2.2	15.2	14.3
Erawan Group	ERW TB	BUY	4.10	6.50	*59*	591	23.7	22.4	20.7	11.6	10.5	2.4	2.3	13.8	12.6
S Hotels & Resorts	SHR TB	BUY	2.20	3.80	*73*	233	52.7	21.5	15.3	0.9	2.2	0.5	0.5	8.8	7.9
Dusit Thani	DUSIT TB	BUY	11.00	15.00	*36*	276	(172.1)	12.5	5.3	(1.6)	18.7	2.8	2.0	84.5	14.1
Bound and Beyond	BEYOND TB	BUY	8.90	18.00	*102*	76	34.4	13.2	10.0	1.2	3.1	0.4	0.4	9.2	7.5
Thailand average						**10,689**	**6.3**	**22.9**	**18.1**	**4.7**	**8.1**	**1.7**	**1.5**	**24.4**	**13.1**
Regional															
BTG Hotels Group	600258 CH	n/a	13.97	n/a	*n/a*	2,190	17.9	16.2	14.3	7.5	7.8	1.3	1.2	9.9	8.7
SH Jinjiang Intl Hotels	900934 CH	n/a	1.50	n/a	*n/a*	3,646	8.1	7.7	6.6	8.0	8.2	0.7	0.6	10.1	10.3
Huangshan Tourism Dev.	900942 CH	n/a	0.74	n/a	*n/a*	971	10.0	8.8	8.1	8.2	8.7	0.8	0.8	7.7	7.2
Genting Bhd	GENT MK	n/a	3.94	n/a	*n/a*	3,465	9.0	7.7	7.0	5.0	5.5	0.4	0.4	5.6	5.3
Huazhu Group	HTHT US	n/a	36.69	n/a	*n/a*	11,696	20.5	17.5	15.2	30.1	30.0	6.0	5.7	11.7	10.5
Indian Hotels	IH IN	n/a	676.70	n/a	*n/a*	11,455	74.4	59.5	48.6	14.8	15.6	10.5	8.9	44.1	36.7
Lemon Tree Hotels	LEMONTRE IN	n/a	117.75	n/a	*n/a*	1,109	67.8	44.4	30.8	14.6	18.3	9.5	6.7	23.4	18.9
Lippo Karawaci	LPKR IJ	n/a	120.00	n/a	*n/a*	541	0.8	10.7	10.2	3.2	8.1	n/a	n/a	4.8	n/a
Regional average						**35,074**	**26.1**	**21.6**	**17.6**	**11.4**	**12.8**	**4.2**	**3.5**	**14.7**	**13.9**
Global															
NH Hotel Group	NHH SM	n/a	4.23	n/a	*n/a*	2,002	12.5	11.1	10.9	14.6	13.1	1.7	1.5	6.5	6.4
Melia Hotels International	MEL SM	n/a	6.83	n/a	*n/a*	1,633	11.6	10.6	10.2	21.0	19.4	2.4	2.1	7.8	7.6
Intercontinental Hotels G.	IHG LN	n/a	8,562	n/a	*n/a*	17,542	25.8	22.8	20.1	(32.7)	(33.5)	n/a	n/a	17.0	15.8
Whitbread	WTB LN	n/a	3,013	n/a	*n/a*	6,960	13.9	14.5	13.0	10.6	10.9	1.5	1.6	9.5	9.5
Accor	ACRFF US	n/a	46.00	n/a	*n/a*	11,209	19.1	16.9	15.0	12.3	13.8	2.2	2.2	12.1	11.1
Choice Hotels	CHH US	n/a	139.51	n/a	*n/a*	6,587	21.7	20.6	19.5	825.0	239.9	n/a	46.3	14.2	13.9
Hilton Worldwide Holdings	HLT US	n/a	234.85	n/a	*n/a*	57,252	33.3	29.5	25.4	(56.0)	(43.3)	n/a	n/a	19.7	18.2
Hyatt Hotels Corp	H US	n/a	145.45	n/a	*n/a*	13,730	37.3	36.9	29.2	17.0	12.7	4.1	4.3	14.0	13.1
Marriott International	MAR US	n/a	260.02	n/a	*n/a*	73,202	27.8	24.5	21.8	(196.0)	(97.5)	n/a	n/a	17.2	16.1
Global average						**190,116**	**22.5**	**20.8**	**18.3**	**68.4**	**15.1**	**2.4**	**9.7**	**13.1**	**12.4**
Overall average						**235,878**	**19.0**	**21.7**	**18.0**	**30.8**	**12.3**	**2.8**	**4.6**	**16.9**	**13.1**

Sources: Bloomberg; FSSIA estimates

Financial Statements

S Hotels and Resorts

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	8,693	9,701	10,442	10,942	11,226
Cost of goods sold	(5,807)	(6,213)	(6,492)	(6,726)	(6,888)
Gross profit	**2,885**	**3,488**	**3,951**	**4,216**	**4,338**
Other operating income	-	-	-	-	-
Operating costs	(2,142)	(2,419)	(2,589)	(2,692)	(2,786)
Operating EBITDA	**1,859**	**2,226**	**2,596**	**2,781**	**2,835**
Depreciation	(1,116)	(1,158)	(1,234)	(1,258)	(1,283)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	**743**	**1,068**	**1,362**	**1,524**	**1,552**
Net financing costs	(842)	(1,124)	(1,150)	(1,137)	(1,105)
Associates	(21)	(88)	(215)	(136)	(17)
Recurring non-operating income	73	117	(4)	80	204
Non-recurring items	53	7	0	0	0
Profit before tax	**27**	**69**	**208**	**467**	**651**
Tax	(13)	18	(58)	(99)	(134)
Profit after tax	**14**	**87**	**150**	**367**	**518**
Minority interests	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	**14**	**87**	**150**	**367**	**518**
Non-recurring items & goodwill (net)	**(53)**	**(7)**	**0**	**0**	**0**
Recurring net profit	**(39)**	**80**	**150**	**367**	**518**
Per share (THB)					
Recurring EPS *	(0.01)	0.02	0.04	0.10	0.14
Reported EPS	0.00	0.02	0.04	0.10	0.14
DPS	0.00	0.00	0.02	0.04	0.06
Diluted shares (used to calculate per share data)	3,594	3,594	3,594	3,594	3,594
Growth					
Revenue (%)	92.6	11.6	7.6	4.8	2.6
Operating EBITDA (%)	411.7	19.7	16.6	7.2	1.9
Operating EBIT (%)	nm	43.8	27.5	11.9	1.9
Recurring EPS (%)	nm	nm	87.8	145.0	40.9
Reported EPS (%)	nm	502.2	73.1	145.0	40.9
Operating performance					
Gross margin inc. depreciation (%)	33.2	36.0	37.8	38.5	38.6
Gross margin exc. depreciation (%)	46.0	47.9	49.6	50.0	50.1
Operating EBITDA margin (%)	21.4	22.9	24.9	25.4	25.3
Operating EBIT margin (%)	8.5	11.0	13.0	13.9	13.8
Net margin (%)	(0.4)	0.8	1.4	3.4	4.6
Effective tax rate (%)	(289.8)	(12.1)	13.8	16.5	20.0
Dividend payout on recurring profit (%)	-	-	40.0	40.0	40.0
Interest cover (X)	1.0	1.1	1.2	1.4	1.6
Inventory days	16.6	16.6	16.4	16.4	16.5
Debtor days	18.7	19.5	19.3	19.6	20.4
Creditor days	130.1	121.9	118.0	118.0	118.9
Operating ROIC (%)	9.7	4.0	3.9	4.3	4.3
ROIC (%)	9.7	4.1	3.5	4.1	4.4
ROE (%)	(0.2)	0.5	0.9	2.2	3.1
ROA (%)	8.8	3.6	3.0	3.5	3.7

* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2022	2023	2024E	2025E	2026E
Self-managed	1,098	1,749	1,914	2,120	2,170
Outrigger	1,486	1,457	1,976	2,133	2,185
Crossroads Ph1 (Maldives hotels)	2,445	2,545	2,795	2,884	2,973
UK	3,664	3,951	3,758	3,805	3,897

Sources: S Hotels and Resorts; FSSIA estimates

Financial Statements

S Hotels and Resorts

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	(39)	80	150	367	518
Depreciation	1,116	1,158	1,234	1,258	1,283
Associates & minorities	-	-	-	-	-
Other non-cash items	109	409	(8)	(8)	(8)
Change in working capital	1,052	370	(12)	0	(13)
Cash flow from operations	**2,238**	**2,017**	**1,364**	**1,617**	**1,780**
Capex - maintenance	(116)	(3,077)	(619)	(649)	(666)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	(277)	(60)	0	0	0
Other investments (net)	-	-	-	-	-
Cash flow from investing	**(393)**	**(3,137)**	**(619)**	**(649)**	**(666)**
Dividends paid	0	0	0	(60)	(147)
Equity finance	0	(461)	0	0	0
Debt finance	(1,418)	1,337	(400)	0	(1,000)
Other financing cash flows	139	(19)	0	0	0
Cash flow from financing	**(1,280)**	**857**	**(400)**	**(60)**	**(1,147)**
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	**0**	**0**	**0**	**0**	**0**
Movement in cash	**566**	**(263)**	**345**	**908**	**(33)**
Free cash flow to firm (FCFF)	2,686.85	3.35	1,895.18	2,105.17	2,218.71
Free cash flow to equity (FCFE)	565.63	198.21	345.15	968.15	**114.19**
Per share (THB)					
FCFF per share	0.75	0.00	0.53	0.59	0.62
FCFE per share	0.16	0.06	0.10	0.27	0.03
Recurring cash flow per share	0.33	0.46	0.38	0.45	0.50

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	36,291	41,369	41,996	42,652	43,326
Less: Accumulated depreciation	(7,323)	(10,474)	(11,708)	(12,966)	(14,248)
Tangible fixed assets (net)	**28,968**	**30,895**	**30,288**	**29,687**	**29,078**
Intangible fixed assets (net)	**1,630**	**1,628**	**1,628**	**1,628**	**1,628**
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	704	764	764	764	764
Cash & equivalents	2,479	2,216	2,561	3,470	3,437
A/C receivable	501	535	570	608	646
Inventories	229	231	240	250	256
Other current assets	1,324	790	850	891	914
Current assets	**4,533**	**3,772**	**4,222**	**5,218**	**5,253**
Other assets	615	664	664	664	664
Total assets	**36,450**	**37,723**	**37,566**	**37,961**	**37,386**
Common equity	16,019	16,091	16,241	16,548	16,919
Minorities etc.	0	0	0	0	0
Total shareholders' equity	**16,019**	**16,091**	**16,241**	**16,548**	**16,919**
Long term debt	16,674	18,012	17,612	17,612	16,612
Other long-term liabilities	1,612	1,604	1,604	1,604	1,604
Long-term liabilities	**18,286**	**19,616**	**19,216**	**19,216**	**18,216**
A/C payable	1,711	1,667	1,734	1,803	1,848
Short term debt	0	0	0	0	0
Other current liabilities	433	349	376	394	404
Current liabilities	**2,144**	**2,016**	**2,109**	**2,197**	**2,252**
Total liabilities and shareholders' equity	**36,450**	**37,723**	**37,566**	**37,961**	**37,386**
Net working capital	(90)	(461)	(449)	(448)	(436)
Invested capital	31,826	33,490	32,895	32,294	31,698
* Includes convertibles and preferred stock which is being treated as debt					
Per share (THB)					
Book value per share	4.46	4.48	4.52	4.60	4.71
Tangible book value per share	4.00	4.02	4.07	4.15	4.26
Financial strength					
Net debt/equity (%)	88.6	98.2	92.7	85.5	77.9
Net debt/total assets (%)	38.9	41.9	40.1	37.3	35.2
Current ratio (x)	2.1	1.9	2.0	2.4	2.3
CF interest cover (x)	1.7	1.2	1.3	1.9	1.1

Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	**(203.1)**	**99.1**	**52.7**	**21.5**	**15.3**
Recurring P/E @ target price (x) *	**(350.9)**	**171.1**	**91.1**	**37.2**	**26.4**
Reported P/E (x)	549.7	91.3	52.7	21.5	15.3
Dividend yield (%)	-	-	0.8	1.9	2.6
Price/book (x)	0.5	0.5	0.5	0.5	0.5
Price/tangible book (x)	0.5	0.5	0.5	0.5	0.5
EV/EBITDA (x) **	11.9	10.6	8.8	7.9	7.4
EV/EBITDA @ target price (x) **	15.0	13.2	11.1	10.0	9.5
EV/invested capital (x)	0.7	0.7	0.7	0.7	0.7

* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income

Sources: S Hotels and Resorts; FSSIA estimates

S HOTELS AND RESORTS PCL (SHR TB)

FSSIA ESG rating

★★

Exhibit 15: FSSIA ESG score implication

25.0 /100

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 16: ESG – peer comparison

	FSSIA	Domestic ratings						Global 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: SETTRADE.com; * FSSIA estimate; FSSIA's compilation

Exhibit 17: ESG disclosure from the company's one report

FY ending Dec 31	FY 2022
Environmental	
Climate change policy	Yes
Climate change opportunities discussed	--
GHG scope 2 location-based policy	Yes
Biodiversity policy	Yes
Energy efficiency policy	Yes
Electricity used	Yes
Fuel used - crude oil/diesel	--
Waste reduction policy	Yes
Water policy	Yes
Water consumption	Yes
Social	
Human rights policy	Yes
Policy against child labor	Yes
Quality assurance and recall policy	Yes
Consumer data protection policy	Yes
Equal opportunity policy	Yes
Gender pay gap breakout	--
Pct women in workforce	33.8
Business ethics policy	Yes
Anti-bribery ethics policy	Yes
Health and safety policy	Yes
Lost time incident rate - employees	--
Training policy	Yes
Fair remuneration policy	Yes
Number of employees - CSR	Yes
Total hours spent by firm - employee training	1700
Social supply chain management	Yes

FY ending Dec 31	FY 2022
Governance	
Board size / Independent directors (ID) / Female	**9 / 5 / 1**
No. of board meetings for the year / % attendance	8 / 97.22
Company conducts board evaluations	Yes
Number of non-executive directors on board	7
Director share ownership guidelines	No
Board age limit	No
Age of the youngest / oldest director	53 / 69
Number of executives / female	6 / 3
Executive share ownership guidelines	No
Size of audit committee / ID	**3 / 3**
Audit committee meetings	4
Audit committee meeting attendance (%)	100
Size of compensation committee / ID	**3 / 3**
Number of compensation committee meetings	4
Compensation committee meeting attendance (%)	100
Size of nomination committee / ID	**3 /** 3
Number of nomination committee meetings	4
Nomination committee meeting attendance (%)	100
Board compensation (THB m)	10.33
Executive compensation (THB m)	53.96
Auditor fee (THB m)	2.2
(PricewaterhouseCoopers ABAS Limited)	
Total employee (no.)	**2663**
Employee compensation (THB m)	1379.4
Sustainability governance	
Verification type	--
Board duration (years)	3

Source: FSSIA's compilation

Disclaimer for ESG scoring

ESG score	Methodology	Rating
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	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 (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for **THSI inclusion**, 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. **SETTHSI Index** 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)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).
AGM level By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). (*The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)*	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. *(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)*	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.
Morningstar Sustainalytics	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. *Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.*	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: 0-10 / Low: 10-20 / Medium: 20-30 / High: 30-40 / Severe: 40+
ESG Book	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.
MSCI	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. AAA 8.571-10.000 / AA 7.143-8.570 / A 5.714-7.142 / BBB 4.286-5.713 / BB 2.857-4.285 / B 1.429-2.856 / CCC 0.000-1.428 **Leader:** leading its industry in managing the most significant ESG risks and opportunities **Average:** a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers **Laggard:** lagging its industry based on its high exposure and failure to manage significant ESG risks	
Moody's ESG solutions	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.	
Refinitiv ESG rating	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. *(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)*	
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.	
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.

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

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Company	Ticker	Price	Rating	Valuation & Risks
S Hotels and Resorts	SHR TB	THB 2.20	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 3.74	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 27.25	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 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 35.75	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.
The Erawan Group	ERW TB	THB 4.10	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 11.00	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.
Bound and Beyond	BEYOND TB	THB 8.90	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.

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 01-Nov-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.