

CENTRAL PLAZA HOTEL

THAILAND / TOURISM & LEISURE

CENTEL TB

BUY

UNCHANGED

TARGET PRICE	THB48.00
CLOSE	THB29.50
UP/DOWNSIDE	+62.7%
PRIOR TP	THB48.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+13.0%

Investment to start bearing fruit in 2025

- Expect core profit to grow by 28% y-y to THB380m in 4Q24 thanks to improved performance at the hotel business.
- Despite losses from two new Maldives hotels, we expect core profit to grow by 10% to THB1.8b in 2025.
- Maintain BUY with DCF-derived TP of THB48/shr.

Expect 4Q24 hotel business profit to jump 40% y-y to THB240m

We expect the RevPAR of Thai hotels to grow 9% y-y in 4Q24, driven by 13% y-y growth for Bangkok hotels. Meanwhile, the RevPAR of upcountry hotels should grow by 7% y-y. Excluding the renovation of two hotels, its RevPAR would increase 19% y-y. The RevPAR of the Osaka hotel should jump 17% y-y, while the Dubai hotel's RevPAR should grow by 1% y-y. On a negative note, the RevPAR of existing Maldives hotels should fall 24% y-y due to a lower OCC rate. Including the new Maldives hotel, it would drop by 41% y-y. Notably, we estimate that CENTEL will book pre-operating expenses and a loss of cTHB100m from its new Maldives hotel this quarter. Hence, we estimate a 4Q24 hotel business core profit of THB240m (+40% y-y from THB172m in 4Q23).

Expect 4Q24 food business profit to grow by 12% y-y to THB140m

We expect 4Q24 SSS to be flat y-y and food business revenue to grow by 3% y-y. Also, the EBITDA margin should improve to 20% (vs 16% in 4Q23) after CENTEL closed some loss-making outlets in 2Q24. Thus, we estimate the food business' profit should increase to THB140m (vs THB125m in 4Q23). However, CENTEL may book provision expenses from Café Amazon – Vietnam this quarter, but we have not factored this one-off item in our 4Q24 preview. Net-net, we expect CENTEL's 4Q24 core profit to grow by 28% y-y to THB380m.

The 2025 outlook is more positive than anticipated

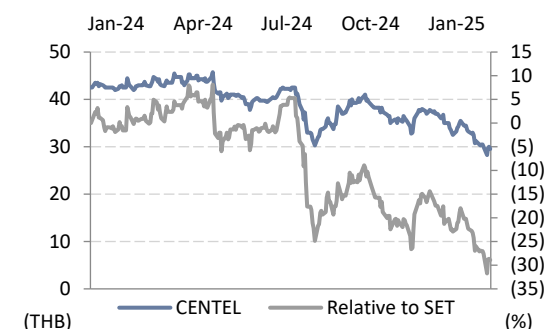
We expect CENTEL's core profit to grow by 10% in 2025, driven by a net positive impact of cTHB100-120m from the renovation programs (completed renovations of Mirage Pattaya and Karon should more than offset impacts from the upcoming renovations in Krabi and Hua Hin), THB40-50m higher profit from its Osaka hotel and organic growth. These factors should more than compensate THB30-60m larger losses from the two new Maldives hotels.

Revise up earnings forecast with a better outlook

We raised our 2024-25E core profit by 3-5% to reflect lower-than-expected Maldives pre-operating expenses in 2024 and a net positive impact from the renovation programs in 2025. CENTEL trades at attractive valuations of 22x 2025E P/E, lower than its five-year average of 34.5x.

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	21,558	23,101	25,386	27,574
Net profit	1,248	1,612	1,780	2,102
EPS (THB)	0.92	1.19	1.32	1.56
vs Consensus (%)	-	7.1	0.6	(1.0)
EBITDA	4,608	5,158	5,751	6,322
Recurring net profit	1,120	1,612	1,780	2,102
Core EPS (THB)	0.83	1.19	1.32	1.56
Chg. In EPS est. (%)	-	5.2	2.5	0.0
EPS growth (%)	181.4	44.0	10.4	18.1
Core P/E (x)	35.6	24.7	22.4	18.9
Dividend yield (%)	-	1.6	1.8	2.1
EV/EBITDA (x)	14.1	13.2	12.5	11.6
Price/book (x)	2.0	1.9	1.8	1.7
Net debt/Equity (%)	122.8	128.9	138.6	136.2
ROE (%)	5.9	7.9	8.1	9.1



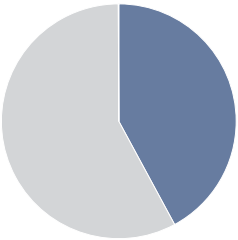
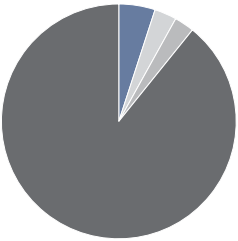
Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(11.3)	(19.2)	(28.9)
Relative to country (%)	(8.5)	(11.6)	(28.3)
Mkt cap (USD m)	1,171		
3m avg. daily turnover (USD m)	3.0		
Free float (%)	72		
Major shareholder	Tiang Chirathivat Real Estate (5%)		
12m high/low (THB)	46.50/28.00		
Issued shares (m)	1,350.00		

Sources: Bloomberg consensus; FSSIA estimates



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<div><div>Investment thesis</div><p>CENTEL is in an expansion mode. They have opened two new Maldives hotels in 4Q24 and 1Q25. In addition, they recently completed renovating their two hotels in 2024 (Pattaya and Phuket) and plan to renovate another two hotels in 2025 (Krabi and Hua Hin).</p><p>CENTEL should benefit from the recovery in Chinese tourist arrivals, given that they accounted for 12% and 15% of room night bookings for its Thai and Maldives hotels in 2019, respectively.</p><p>We expect strong earnings growth in 2025-26, driven by the improving performance of its new hotels in the Maldives and Osaka and higher ADR of its renovated hotels in Pattaya and Phuket.</p></div> <div><div>Company profile</div><p>CENTEL owns and operates 18 hotels in Thailand and the Maldives, and more than 1,000 restaurant outlets in Thailand.</p><p>www.centarahotelsresorts.com</p></div>	<div><div>Principal activities (revenue, 2023)</div><div><div><div>■ Hotel revenue - 42.1 %</div><div>■ F&B revenue - 57.8 %</div><div>■ Rental income - 0.1 %</div></div></div><div><div>Source: Central Plaza Hotel</div></div><div><div>Major shareholders</div><div><div><div>■ Tiang Chirathivat Real Estate - 5.0 %</div><div>■ Niti Osathanugrah - 3.1 %</div><div>■ Thai NVDR - 2.7 %</div><div>■ Others - 89.2 %</div></div></div><div><div>Source: Central Plaza Hotel</div></div></div></div>
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Catalysts

Key potential growth drivers include 1) a faster OCC ramp-up rate following a recovery in global tourism; 2) improving consumption and economic growth resulting in strong SSSG; and 3) a recovery in Chinese tourist arrivals.

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 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.

Date	Event
Feb 2025	4Q24 results announcement

	2024E	2025E	2026E
	(%)	(%)	(%)
Owned & leased hotels			
- Number of owned hotel rooms (no.)	5,566	5,853	5,853
- Occupancy rate (OCC)	68.6	68.8	69.5
- RevPAR growth	8	13	5
Food business			
- Number of outlets (no.)	1,560	1,638	1,716
- Same-Store Sales Growth (SSSG)	1	2	2
- Total System Sales Growth (TSSG)	4	7	7

Source: FSSIA estimates

- Earnings sensitivity
- For every 1% increase in OCC, we project 2025 profit growth of 2%, and vice versa, all else being equal.
 - For every 1% increase in SSSG, we project 2025 profit growth of 2%, and vice versa, all else being equal.

Source: FSSIA estimates

Forecast and TP revisions

We raised our core profit estimate by 5% in 2024 to reflect lower-than-expected Maldives pre-operating expenses. We also increased our 2025E profit by 3% as we believe reopening the two hotels in late 2024 (Mirage Pattaya and Karon) after completed renovation should more than offset impacts from the upcoming renovations of its two hotels in 2025 (Krabi and Hua Hin). However, we maintain our 2026 forecast and DCF-TP of THB48/shr.

According to our new forecast, we project hotel revenue (excluding JV) to grow by 14% in 2025 and hotel profit to surge by 10% to THB1.2b from THB1.1m in 2024, led by a cTHB100-120m net positive impact from the renovation programs, THB40-50m higher profit from the Osaka hotel and 60-80m organic growth. They should more than offset a THB30-60m larger loss from the two new Maldives hotels (USD 3.2M loss in 2024E vs USD4-5m loss in 2025E).

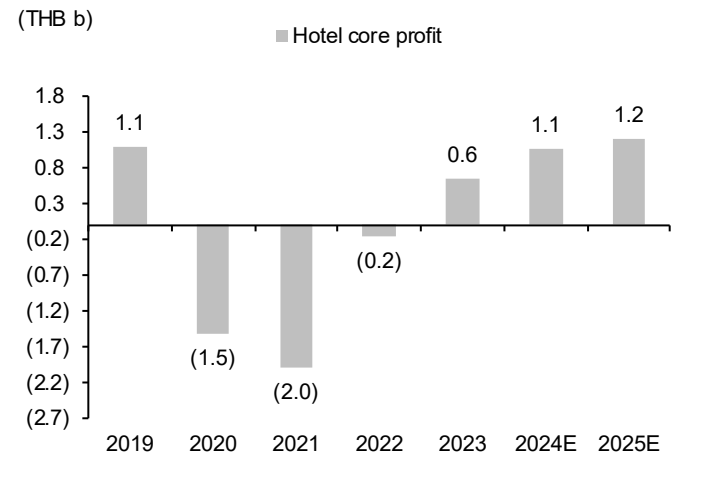
We also expect food revenue (excluding JV) to grow by 7% and EBITDA margin to improve to 20% (vs 19% in 2024), driven by a higher profit margin from JV restaurants, leading food core profit to grow by 6% to THB572m from THB542m in 2024E.

Exhibit 1: Forecast revisions

	Current			Previous			Change		
	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
OCC (%)	68.6	68.8	69.5	72.0	71.3	72.0	(3.4)	(2.5)	(2.5)
RevPar (THB)	3,612	4,079	4,265	3,631	4,115	4,302	(0.5)	(0.9)	(0.9)
SSSG (%)	1.0	2.0	2.0	2.0	2.0	2.0	(1.0)	0.0	0.0
TSSG (%)	4.0	7.0	6.8	6.0	6.0	5.8	(2.0)	1.0	0.9
Total revenue (THB b)	23.1	25.4	27.6	23.9	25.9	28.1	(3.2)	(2.2)	(2.0)
EBITDA margin (%)	22.3	22.7	22.9	21.1	21.3	22.3	1.2	1.4	0.6
Core profit (THB m)	1,612	1,780	2,102	1,533	1,736	2,102	5.2	2.5	0.0

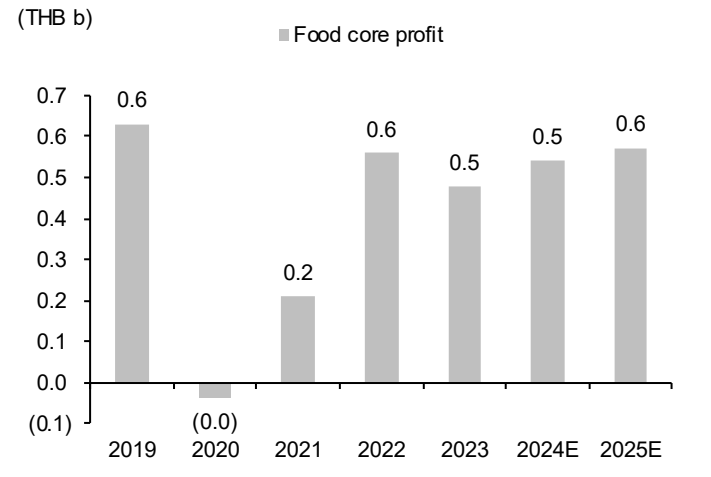
Note: Change of items in percentage terms are represented in ppt change
Source: FSSIA estimates

Exhibit 2: Hotel core profit forecast



Sources: CENTEL; FSSIA estimates

Exhibit 3: Food core profit forecast

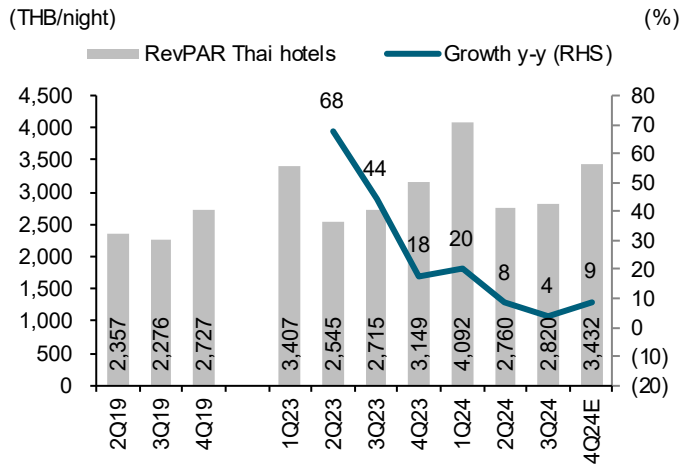


Sources: CENTEL; FSSIA estimates

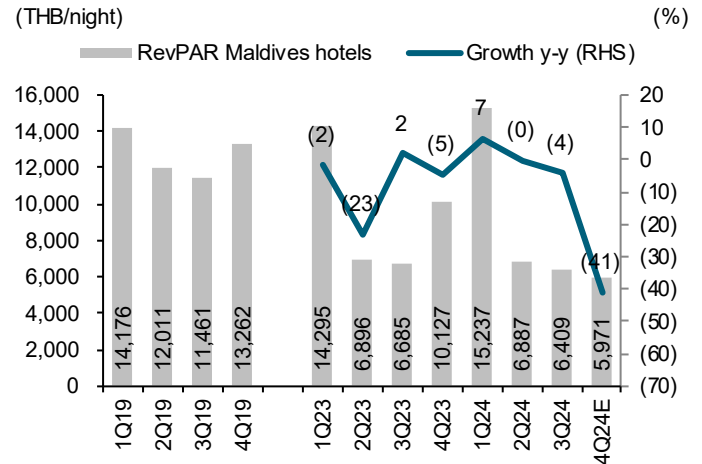
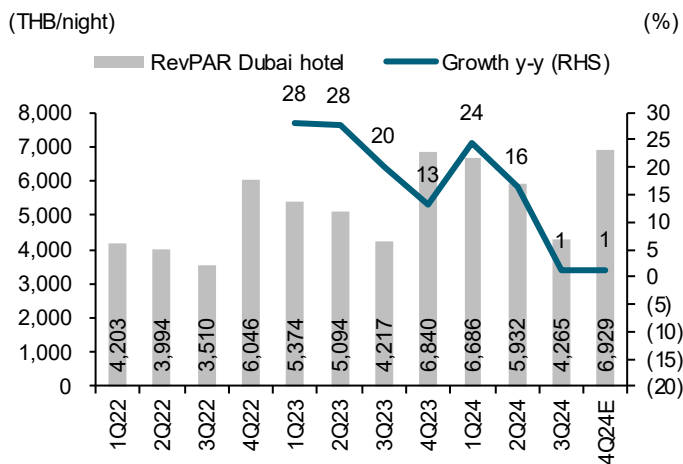
Exhibit 4: CENTEL – 4Q24 results preview

	4Q23	1Q24	2Q24	3Q24	4Q24E	----- Change -----		2024E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(y-y %)
Sales	5,755	6,104	5,536	5,402	5,999	11	4	23,101	7
- Hotel operations	2,520	3,003	2,185	2,233	2,699	21	7	10,138	11
- Food and beverage	3,235	3,101	3,351	3,169	3,300	4	2	12,964	4
COGS (Incl. depreciation)	(3,397)	(3,335)	(3,276)	(3,258)	(3,552)	9	5	(13,443)	7
Gross profit	2,358	2,769	2,260	2,144	2,447	14	4	9,659	8
SG&A	(1,912)	(1,893)	(2,006)	(1,841)	(2,025)	10	6	(7,772)	6
Operating profit	446	875	254	303	421	39	(6)	1,886	19
Net other income	179	218	228	138	186	35	4	777	10
Interest income	84	68	83	62	62	0	(26)	277	(3)
Interest expense	(268)	(259)	(259)	(264)	(272)	3	1	(1,058)	5
Pretax profit	441	901	305	239	398	67	(10)	1,882	20
Income Tax	(156)	(117)	(56)	(81)	(46)	(43)	(71)	(333)	(12)
Share profit from associates	(20)	7	7	7	7	0	(134)	57	(192)
Share profit from JV	30	(6)	13	(14)	42	(401)	41		
Minority interest	2	(30)	43	13	(20)	(259)	(937)	6	(174)
Core profit	297	755	313	163	380	133	28	1,612	44
Extraordinaries, GW & FX	128		(145)					0	(100)
Reported net profit	425	755	168	163	380	133	(10)	1,612	29
Shares out (end Q, m)	1,350	1,350	1,350	1,350	1,350	0	0	1,350	0
Pre-ex EPS	0.22	0.56	0.23	0.12	0.28	133	28	1.19	44
EPS	0.31	0.56	0.12	0.12	0.28	133	(10)	1.19	29
COGS Excl. depreciation	(2,739)	(2,581)	(2,468)	(2,405)	(2,674)	11	(2)	(10,171)	6
Depreciation	(757)	(754)	(808)	(853)	(878)	3	16	(3,271)	8
EBITDA	1,362	1,855	1,297	1,300	1,492	15	10	5,158	12
Key ratios	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(ppt)
Gross margin	41	45	41	40	41	1	(0)	42	0
SG&A/Revenue	33	31	36	34	34	(0)	1	34	(1)
Hotel EBITDA margin	34	42	31	27	30	4	(4)	33	0
Food EBITDA margin	16	17	18	22	20	(1)	4	19	2
Total EBITDA margin	25	30	24	24	26	2	1	22	1
Net profit margin	7	12	3	3	6	3	(1)	7	1
Operating stats									
Hotel									
OCC - Maldives (%)	72	92	59	64	45				
OCC - Thailand (%)	70	76	68	66	69				
OCC - Dubai (%)	82	90	83	87	81				
OCC - Japan (%)	77	67	88	78	80				
ARR - Maldives (THB)	14,030	16,640	11,717	10,051	13,124				
ARR - Thailand (THB)	4,509	5,408	4,088	4,280	4,978				
ARR - Dubai (THB)	8,322	7,441	7,119	4,877	8,521				
ARR - Japan (THB)	7,094	7,045	7,166	7,096	7,956				
RevPAR - Maldives (THB)	10,127	15,237	6,887	6,409	5,971				
RevPAR - Thailand (THB)	3,149	4,092	2,760	2,820	3,432				
RevPAR - Dubai (THB)	6,840	6,686	5,932	4,265	6,929				
RevPAR - Japan (THB)	5,457	4,740	6,284	5,549	6,338				
Food									
SSSG (y-y %)	2	1	2	2	0				
TSSG (y-y %)	5	3	6	4	2				

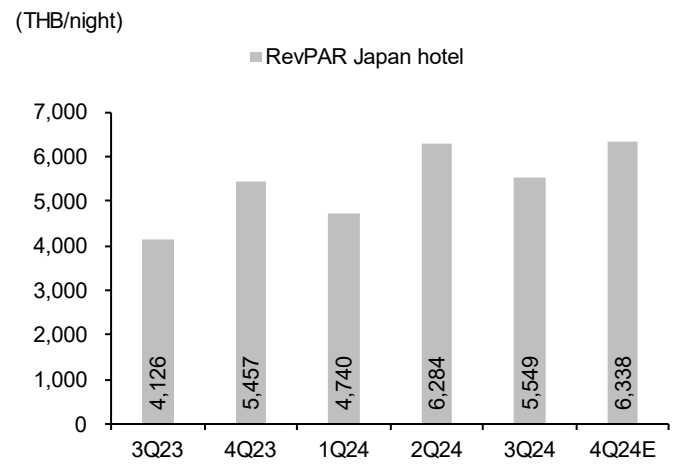
Sources: CENTEL; FSSIA estimates

Exhibit 5: CENTEL's Thai hotels RevPAR

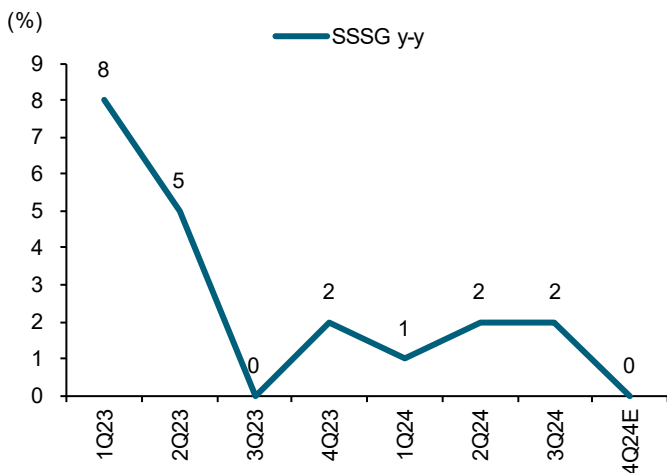
Sources: CENTEL; FSSIA estimates

Exhibit 6: CENTEL's Maldives hotels RevPARNote: RevPAR excludes F&B revenue since 1Q21; New Maldives hotels opened in 4Q24
Sources: CENTEL; FSSIA estimates**Exhibit 7: CENTEL's Dubai hotel RevPAR**

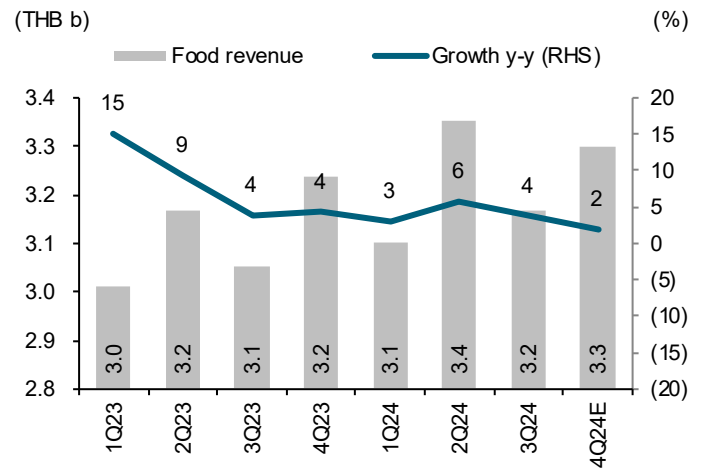
Sources: CENTEL; FSSIA estimates

Exhibit 8: CENTEL's Japan hotel RevPAR

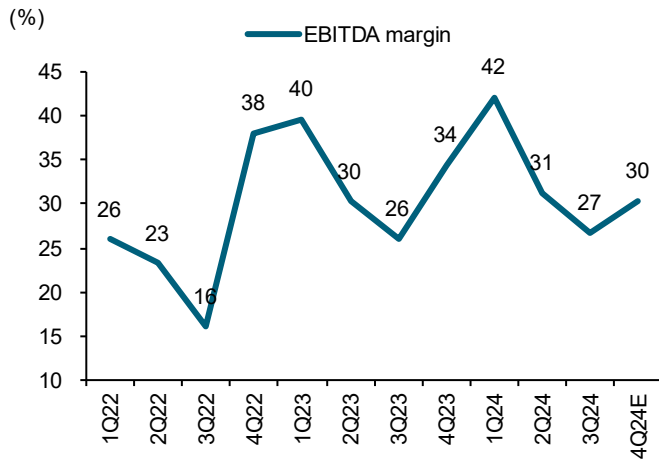
Sources: CENTEL; FSSIA estimates

Exhibit 9: SSSG

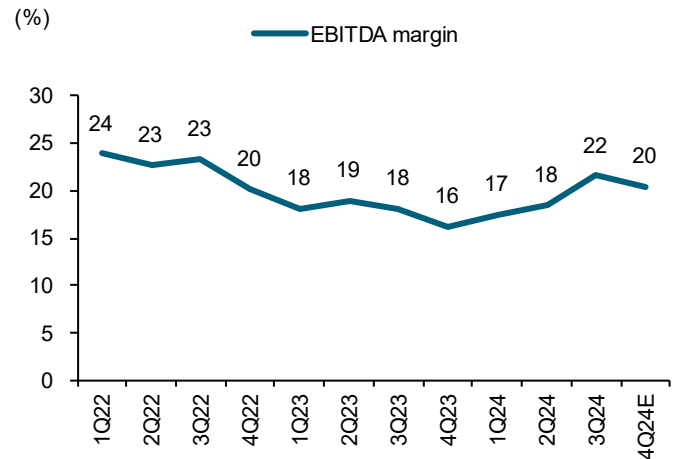
Sources: CENTEL; FSSIA estimates

Exhibit 10: Food business revenue

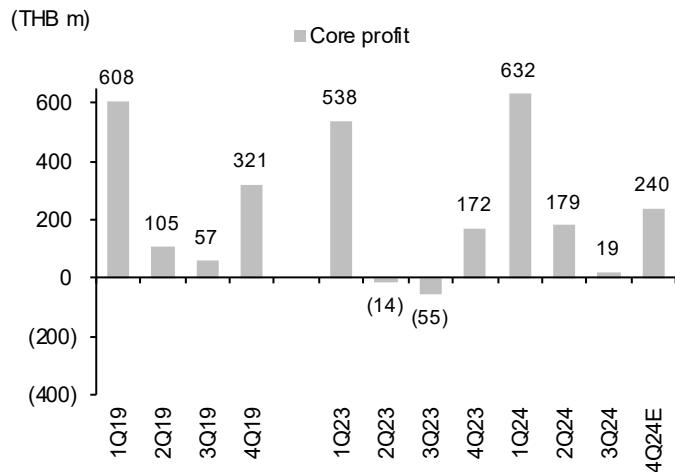
Sources: CENTEL; FSSIA estimates

Exhibit 11: EBITDA margin of hotel business

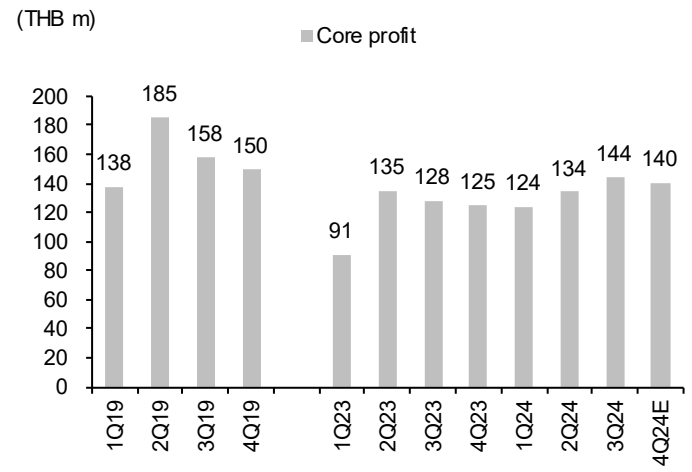
Sources: CENTEL; FSSIA estimates

Exhibit 12: EBITDA margin of food business

Sources: CENTEL; FSSIA estimates

Exhibit 13: Hotel business core profit, quarterly

Sources: CENTEL; FSSIA estimates

Exhibit 14: Food business core profit, quarterly

Sources: CENTEL; FSSIA estimates

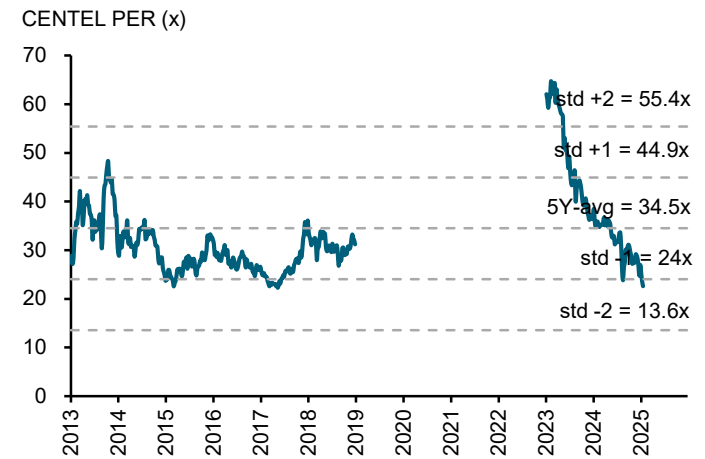
Exhibit 15: DCF valuation

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		1.1			
Cost of equity, Ke		11.8	Net cost of debt, Kd		2.8
Weight applied		60.0	Weight applied		40.0
WACC		8.2			

DCF valuation estimate	(THB b)	(THB/share)	Comments
NPV	33.2	24.6	WACC 8.2%, risk-free rate 3%, risk premium 8%
Terminal value	59.0	43.7	Terminal growth 2.5%
Cash & liquid assets	3.2	2.4	At end-2025E
Investments	4.5	3.4	At end-2025E
Debt	(34.8)	(25.8)	At end-2025E
Minorities	(0.3)	(0.3)	At end-2025E
Residual ordinary equity	64.8	48.0	

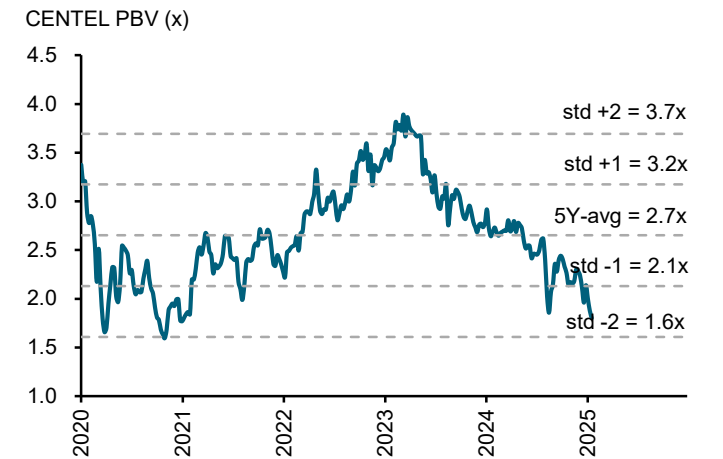
Source: FSSIA estimates

Exhibit 16: Historical P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 17: Historical P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 18: Peer comparisons as of 23 January 2025

Company	BBG	Rec	Share price			Market cap	PE			ROE		PBV		EV/ EBITDA	
			Current	Target	Upside		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	3.08	5.20	69	2,898	57.3	44.1	35.2	1.9	2.4	1.1	1.0	32.4	28.5
Minor International	MINT TB	BUY	23.80	45.00	89	3,968	16.5	14.8	13.3	10.7	11.3	1.7	1.6	7.2	6.4
Central Plaza Hotel	CENTEL TB	BUY	29.50	48.00	63	1,171	24.7	22.4	18.9	7.9	8.1	1.9	1.8	13.2	12.5
Erawan Group	ERW TB	BUY	3.34	6.20	86	480	19.0	17.4	16.3	11.0	9.8	1.8	1.6	11.9	10.8
S Hotels & Resorts	SHR TB	BUY	2.06	3.80	84	218	43.4	19.6	14.3	1.1	2.3	0.5	0.4	8.4	7.6
Dusit Thani	DUSIT TB	BUY	10.50	15.00	43	262	(47.6)	33.8	5.2	(5.7)	8.1	2.9	2.6	57.9	27.9
Bound and Beyond	BEYOND TB	BUY	7.90	18.00	128	67	30.6	11.7	8.9	1.2	3.1	0.4	0.4	8.8	7.2
Thailand average						9,064	20.6	23.4	16.0	4.0	6.4	1.4	1.4	20.0	14.4
Regional															
BTG Hotels Group	600258 CH	n/a	13.16	n/a	n/a	2,038	17.6	16.0	13.9	7.2	7.6	1.3	1.2	8.6	8.3
SH Jinjiang Intl Hotels	900934 CH	n/a	1.49	n/a	n/a	3,587	9.5	8.8	7.4	7.1	7.4	0.7	0.6	10.5	10.1
Huangshan Tourism Dev.	900942 CH	n/a	0.76	n/a	n/a	938	11.6	10.2	9.4	7.4	8.0	0.9	0.8	7.7	7.3
Genting Bhd	GENT MK	n/a	3.60	n/a	n/a	3,137	8.8	7.8	7.0	4.7	5.1	0.4	0.4	5.4	5.2
Huazhu Group	HTHT US	n/a	31.89	n/a	n/a	10,166	18.7	16.2	14.2	28.6	28.8	5.2	4.5	10.9	9.7
Indian Hotels	IH IN	n/a	775.10	n/a	n/a	12,816	85.5	65.6	52.4	14.8	16.1	12.1	10.0	49.7	39.6
Lemon Tree Hotels	LEMONTRE IN	n/a	137.67	n/a	n/a	1,256	78.9	56.1	38.6	14.6	16.9	11.0	7.9	25.4	21.2
Lippo Karawaci	LPKR IJ	n/a	94.00	n/a	n/a	407	0.7	8.4	7.7	3.2	8.1	0.2	0.2	2.9	n/a
Regional average						34,344	28.9	23.6	18.8	11.0	12.3	4.0	3.2	15.1	14.5
Global															
NH Hotel Group	NHH SM	n/a	6.29	n/a	n/a	2,860	17.0	15.5	14.6	15.3	10.2	2.5	2.0	7.8	7.5
Melia Hotels International	MEL SM	n/a	7.12	n/a	n/a	1,638	11.9	11.1	10.3	20.6	18.0	2.5	2.1	7.9	7.8
Intercontinental Hotels G.	IHG LN	n/a	10,625	n/a	n/a	20,831	30.4	26.1	23.2	(32.6)	(32.9)	n/a	n/a	19.8	18.1
Whitbread	WTB LN	n/a	2,846	n/a	n/a	6,212	13.1	14.0	13.0	10.6	10.6	1.4	1.5	9.2	9.2
Accor	ACRFF US	n/a	47.97	n/a	n/a	11,688	20.6	18.3	16.2	12.3	13.8	2.4	2.4	12.9	11.8
Choice Hotels	CHH US	n/a	145.68	n/a	n/a	6,833	21.4	20.8	19.7	(640.0)	(60.5)	n/a	50.4	14.4	14.3
Hilton Worldwide Holdings	HLT US	n/a	250.11	n/a	n/a	60,972	35.4	31.3	27.0	(57.4)	(41.8)	n/a	n/a	20.8	19.2
Hyatt Hotels Corp	H US	n/a	155.53	n/a	n/a	14,681	40.2	41.1	32.5	10.3	12.1	4.3	4.4	14.9	14.1
Marriott International	MAR US	n/a	285.07	n/a	n/a	79,219	30.8	26.9	23.9	(168.4)	(127.0)	n/a	n/a	18.7	17.3
Global average						204,934	24.5	22.8	20.0	(92.1)	(21.9)	2.6	10.5	14.0	13.3
Overall average						248,343	24.8	23.2	18.5	(29.7)	(2.3)	2.8	4.7	16.1	14.0

Sources: Bloomberg; FSSIA estimates

Financial Statements

Central Plaza Hotel

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	17,502	21,558	23,101	25,386	27,574
Cost of goods sold	(10,494)	(12,612)	(13,443)	(14,612)	(15,663)
Gross profit	7,008	8,946	9,659	10,774	11,911
Other operating income	-	-	-	-	-
Operating costs	(6,400)	(7,361)	(7,772)	(8,515)	(9,222)
Operating EBITDA	3,741	4,608	5,158	5,751	6,322
Depreciation	(3,133)	(3,023)	(3,271)	(3,493)	(3,633)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	608	1,585	1,886	2,258	2,689
Net financing costs	(547)	(721)	(781)	(956)	(1,074)
Associates	(44)	(62)	57	105	168
Recurring non-operating income	491	642	834	911	1,029
Non-recurring items	0	128	0	0	0
Profit before tax	552	1,633	1,940	2,213	2,645
Tax	(138)	(377)	(333)	(404)	(495)
Profit after tax	414	1,256	1,606	1,810	2,149
Minority interests	(16)	(8)	6	(30)	(47)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	398	1,248	1,612	1,780	2,102
Non-recurring items & goodwill (net)	0	(128)	0	0	0
Recurring net profit	398	1,120	1,612	1,780	2,102
Per share (THB)					
Recurring EPS *	0.29	0.83	1.19	1.32	1.56
Reported EPS	0.29	0.92	1.19	1.32	1.56
DPS	0.00	0.00	0.48	0.53	0.62
Diluted shares (used to calculate per share data)	1,350	1,350	1,350	1,350	1,350
Growth					
Revenue (%)	56.1	23.2	7.2	9.9	8.6
Operating EBITDA (%)	121.3	23.2	11.9	11.5	9.9
Operating EBIT (%)	nm	160.6	19.0	19.7	19.1
Recurring EPS (%)	nm	181.4	44.0	10.4	18.1
Reported EPS (%)	nm	213.5	29.2	10.4	18.1
Operating performance					
Gross margin inc. depreciation (%)	40.0	41.5	41.8	42.4	43.2
Gross margin exc. depreciation (%)	57.9	55.5	56.0	56.2	56.4
Operating EBITDA margin (%)	21.4	21.4	22.3	22.7	22.9
Operating EBIT margin (%)	3.5	7.4	8.2	8.9	9.8
Net margin (%)	2.3	5.2	7.0	7.0	7.6
Effective tax rate (%)	23.1	24.1	17.7	19.2	20.0
Dividend payout on recurring profit (%)	-	-	40.0	40.0	40.0
Interest cover (X)	2.0	3.1	3.5	3.3	3.5
Inventory days	43.9	38.2	36.3	35.8	36.0
Debtor days	21.2	23.2	26.5	28.8	31.3
Creditor days	152.0	131.4	127.4	125.6	126.2
Operating ROIC (%)	1.3	3.2	3.6	3.8	4.2
ROIC (%)	2.0	3.8	4.5	4.6	5.1
ROE (%)	2.2	5.9	7.9	8.1	9.1
ROA (%)	1.7	3.3	4.0	4.2	4.5

* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2022	2023	2024E	2025E	2026E
Hotel revenue	5,935	9,078	10,123	11,500	12,750
F&B revenue	11,553	12,465	12,964	13,871	14,809
Rental income	14	14	14	14	14

Sources: Central Plaza Hotel; FSSIA estimates

Financial Statements

Central Plaza Hotel

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	398	1,120	1,612	1,780	2,102
Depreciation	3,133	3,023	3,271	3,493	3,633
Associates & minorities	-	-	-	-	-
Other non-cash items	(248)	246	(6)	30	47
Change in working capital	54	70	(178)	(122)	(160)
Cash flow from operations	3,336	4,458	4,700	5,181	5,622
Capex - maintenance	(1,201)	(9,611)	(8,000)	(8,200)	(6,200)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	(644)	26	0	0	0
Other investments (net)	-	-	-	-	-
Cash flow from investing	(1,845)	(9,585)	(8,000)	(8,200)	(6,200)
Dividends paid	0	0	0	(645)	(712)
Equity finance	0	0	0	0	0
Debt finance	(1,754)	4,625	3,000	4,700	700
Other financing cash flows	45	(116)	9	(27)	(44)
Cash flow from financing	(1,709)	4,509	3,009	4,028	(56)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	(218)	(618)	(291)	1,009	(634)
Free cash flow to firm (FCFF)	2,217.57	(4,119.59)	(2,241.70)	(1,818.64)	722.88
Free cash flow to equity (FCFE)	(217.80)	(617.73)	(290.67)	1,653.98	78.23

Per share (THB)

FCFF per share	1.64	(3.05)	(1.66)	(1.35)	0.54
FCFE per share	(0.16)	(0.46)	(0.22)	1.23	0.06
Recurring cash flow per share	2.43	3.25	3.61	3.93	4.28

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	59,125	65,721	73,721	81,921	88,121
Less: Accumulated depreciation	(24,314)	(24,244)	(27,515)	(31,008)	(34,641)
Tangible fixed assets (net)	34,811	41,477	46,206	50,913	53,480
Intangible fixed assets (net)	360	360	360	360	360
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	4,565	4,539	4,539	4,539	4,539
Cash & equivalents	3,137	2,519	2,228	3,237	2,604
A/C receivable	1,227	1,519	1,831	2,175	2,548
Inventories	1,024	982	1,042	1,139	1,232
Other current assets	927	668	716	787	854
Current assets	6,315	5,688	5,818	7,338	7,238
Other assets	2,115	2,138	2,138	2,138	2,138
Total assets	48,166	54,204	59,062	65,289	67,756
Common equity	18,518	19,675	21,288	22,422	23,812
Minorities etc.	373	343	346	350	353
Total shareholders' equity	18,891	20,018	21,634	22,772	24,166
Long term debt	21,671	26,178	29,178	33,878	34,578
Other long-term liabilities	2,952	3,176	3,176	3,176	3,176
Long-term liabilities	24,623	29,354	32,354	37,054	37,754
A/C payable	3,460	3,445	3,655	3,995	4,322
Short term debt	809	928	928	928	928
Other current liabilities	383	459	492	540	587
Current liabilities	4,652	4,832	5,074	5,463	5,837
Total liabilities and shareholders' equity	48,166	54,204	59,062	65,289	67,756
Net working capital	(665)	(735)	(557)	(435)	(274)
Invested capital	41,186	47,781	52,687	57,516	60,244

* Includes convertibles and preferred stock which is being treated as debt

Per share (THB)

Book value per share	13.72	14.57	15.77	16.61	17.64
Tangible book value per share	13.45	14.31	15.50	16.34	17.37

Financial strength

Net debt/equity (%)	102.4	122.8	128.9	138.6	136.2
Net debt/total assets (%)	40.2	45.4	47.2	48.4	48.6
Current ratio (x)	1.4	1.2	1.1	1.3	1.2
CF interest cover (x)	0.6	0.1	0.6	2.7	1.1

Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	100.0	35.6	24.7	22.4	18.9
Recurring P/E @ target price (x) *	162.8	57.9	40.2	36.4	30.8
Reported P/E (x)	100.0	31.9	24.7	22.4	18.9
Dividend yield (%)	-	-	1.6	1.8	2.1
Price/book (x)	2.2	2.0	1.9	1.8	1.7
Price/tangible book (x)	2.2	2.1	1.9	1.8	1.7
EV/EBITDA (x) **	15.9	14.1	13.2	12.5	11.6
EV/EBITDA @ target price (x) **	22.6	19.5	18.0	16.8	15.5
EV/invested capital (x)	1.4	1.4	1.3	1.2	1.2

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

Sources: Central Plaza Hotel; FSSIA estimates

Central Plaza Hotel PCL (CENTEL TB)

FSSIA ESG rating



62.78 /100

Exhibit 19: 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 20: ESG – peer comparison

	FSSIA ESG score	Domestic ratings						Global ratings						Bloomberg	
		DJSI	SET ESG	SET ESG Rating	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](https://www.settrade.com); FSSIA's compilation

Exhibit 21: ESG score by Bloomberg

FY ending Dec 31	FY 2019	FY 2020	FY 2021	FY 2022
ESG financial materiality scores - ESG score	—	—	2.48	2.93
BESG environmental pillar score	—	—	2.28	2.32
BESG social pillar score	—	—	1.94	2.61
BESG governance pillar score	—	—	3.83	4.69
ESG disclosure score	43.86	52.49	53.62	54.19
Environmental disclosure score	35.52	43.73	43.73	45.45
Social disclosure score	27.39	32.53	35.91	35.91
Governance disclosure score	68.57	81.10	81.10	81.10
Environmental				
Emissions reduction initiatives	Yes	Yes	Yes	Yes
Climate change policy	Yes	Yes	Yes	Yes
Climate change opportunities discussed	No	No	No	No
Risks of climate change discussed	Yes	Yes	Yes	Yes
GHG scope 1	27	23	15	35
GHG scope 2 location-based	41	25	19	51
GHG Scope 3	7	4	3	11
Carbon per unit of production	—	—	—	—
Biodiversity policy	No	Yes	Yes	Yes
Energy efficiency policy	Yes	Yes	Yes	Yes
Total energy consumption	157	354	403	207
Renewable energy use	27	178	394	1
Electricity used	—	135	119	113
Fuel used - natural gas	—	—	—	—

Sources: Bloomberg; FSSIA's compilation

Exhibit 22: ESG score by Bloomberg (cont.)

FY ending Dec 31	FY 2019	FY 2020	FY 2021	FY 2022
Fuel used - crude oil/diesel	No	No	No	No
Waste reduction policy	Yes	Yes	Yes	Yes
Hazardous waste	0	0	0	0
Total waste	5	2	2	6
Waste recycled	—	1	1	2
Waste sent to landfills	—	1	1	4
Environmental supply chain management	Yes	Yes	Yes	Yes
Water policy	Yes	Yes	Yes	Yes
Water consumption	—	—	—	—
Social				
Human rights policy	Yes	Yes	Yes	Yes
Policy against child labor	Yes	Yes	Yes	Yes
Quality assurance and recall policy	No	No	No	No
Consumer data protection policy	Yes	Yes	Yes	Yes
Equal opportunity policy	Yes	Yes	Yes	Yes
Gender pay gap breakout	Yes	Yes	Yes	Yes
Pct women in workforce	61	59	64	63
Pct disabled in workforce	2	3	1	1
Business ethics policy	Yes	Yes	Yes	Yes
Anti-bribery ethics policy	Yes	Yes	Yes	Yes
Health and safety policy	Yes	Yes	Yes	Yes
Lost time incident rate - employees	—	—	0	0
Total recordable incident rate - employees	0	1	1	1
Training policy	Yes	Yes	Yes	Yes
Fair remuneration policy	No	No	No	No
Number of employees – CSR	18,280	8,591	13,087	15,007
Employee turnover pct	—	22	13	31
Total hours spent by firm - employee training	253,372	76,888	186,523	277,319
Social supply chain management	Yes	Yes	Yes	Yes
Governance				
Board size	11	13	13	12
No. of independent directors (ID)	5	5	5	4
No. of women on board	1	3	3	4
No. of non-executive directors on board	10	7	7	10
Company conducts board evaluations	Yes	Yes	Yes	Yes
No. of board meetings for the year	4	5	5	4
Board meeting attendance pct	98	97	100	100
Board duration (years)	—	3	3	3
Director share ownership guidelines	No	No	No	No
Age of the youngest director	54	55	56	57
Age of the oldest director	80	81	81	80
No. of executives / company managers	1	11	12	7
No. of female executives	0	3	3	2
Executive share ownership guidelines	No	No	No	No
Size of audit committee	3	4	3	3
No. of ID on audit committee	3	4	3	3
Audit committee meetings	8	7	8	8
Audit meeting attendance %	96	100	100	100
Size of compensation committee	4	5	4	4
No. of ID on compensation committee	2	3	2	2
No. of compensation committee meetings	3	2	3	3
Compensation meeting attendance %	100	100	92	100
Size of nomination committee	4	5	4	4
No. of nomination committee meetings	3	2	3	3
Nomination meeting attendance %	100	100	92	100
Sustainability governance				
Verification type	No	No	No	No

Sources: Bloomberg; 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.																			
SET ESG Ratings List (SETESG) by The Stock Exchange of Thailand (SET)	SET ESG 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 SETESG 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. SETESG Index is extended from the SET ESG Ratings 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%). <i>(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.)</i>	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. <i>(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.)</i>	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 Sustainabilitys	The Sustainabilitys' 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. <i>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.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table><tr><th>NEGL</th><th>Low</th><th>Medium</th><th>High</th><th>Severe</th></tr><tr><td>0-10</td><td>10-20</td><td>20-30</td><td>30-40</td><td>40+</td></tr></table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+									
NEGL	Low	Medium	High	Severe																	
0-10	10-20	20-30	30-40	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. <table><tr><td>AAA</td><td>8.571-10.000</td><td rowspan="3">Leader:</td><td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td></tr><tr><td>AA</td><td>7.143-8.570</td></tr><tr><td>A</td><td>5.714-7.142</td></tr><tr><td>BBB</td><td>4.286-5.713</td><td rowspan="3">Average:</td><td rowspan="3">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td></tr><tr><td>BB</td><td>2.857-4.285</td></tr><tr><td>B</td><td>1.429-2.856</td></tr><tr><td>CCC</td><td>0.000-1.428</td><td>Laggard:</td><td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td></tr></table>	AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities	AA	7.143-8.570	A	5.714-7.142	BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	BB	2.857-4.285	B	1.429-2.856	CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks
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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. <i>(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)</i>																				
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

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

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

The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

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Company	Ticker	Price	Rating	Valuation & Risks
Central Plaza Hotel	CENTEL 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 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.
Asset World Corp	AWC TB	THB 3.08	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 23.80	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.
The Erawan Group	ERW TB	THB 3.34	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.
S Hotels and Resorts	SHR TB	THB 2.06	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 10.50	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, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.
Bound and Beyond	BEYOND TB	THB 7.90	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 23-Jan-2025 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as $(\text{target price}^* - \text{current price}) / \text{current price}$.

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.