

Hotel Sector

Overweight Maintained

We expect normalized profit of tourism stocks under our coverage to turnaround to Bt518mn in 2Q22F, improving from a normalized loss of Bt4.2bn in 1Q22. Central Plaza Hotel (CENTEL.BK/CENTEL TB)* and Minor International (MINT.BK/MINT TB)* are expected to report turnaround results, while S Hotels and Resorts (SHR.BK/SHR TB), The Erawan Group (ERW.BK/ERW TB), Siam Wellness Group (SPA.BK/SPA TB) are expected to show narrowed normalized losses. Looking ahead, we foresee continued improvement in global tourism sentiment in 3Q22, which should pave the way for promising earnings growth both YoY and QoQ. We re-iterate an Overweight rating on the sector with our top-buys SHR (OP, TP Bt6.00), MINT (OP, TP: Bt44.00), and ERW (OP, TP: Bt4.70).

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To report turnaround results

Event

Sector update.

Impact

Expect earnings to turnaround to Bt518mn in 2Q22F

We expect the sector's 2Q22F combined normalized profit to be Bt518mn, improving from a normalized loss of Bt4.2bn in 1Q22 and a normalized loss of Bt5.2bn in 2Q21. The broad-based recovery is expected to be backed by: i) improving COVID-19 situation across destinations, ii) recovery of Thailand's tourist arrivals, and iii) hotels in Europe entering the high season.

Earnings of Central Plaza Hotel (CENTEL.BK/CENTEL TB)* and Minor International (MINT.BK/MINT TB)* are expected to return to black, partly supported by their profitable food businesses and MINT's strong hotel performance in Europe.

S Hotels & Resort (SHR.BK/SHR TB)'s 2Q22 bottom-line is expected to see a thin loss amid a strong QoQ rebound in RevPar in all destinations except Maldives (UK, Thailand, Fiji, and Mauritius). The Erawan Group (ERW.BK/ERW TB) and Siam Wellness Group (SPA.BK/SPA TB) earnings are also expected to remain in the red, but are well set to see strong recoveries both YoY and QoQ amid improving domestic tourism.

The number of tourist arrivals saw a rebound in May 2022

After Thailand lifted the RT-PCR testing requirement in May 2022, the number of tourist arrivals saw meaningful signs of recovery, hitting a record high since the emergence of COVID-19 at 521,410 persons (up substantially YoY and 78% MoM).

Expect continued earnings growth in 3Q22

We foresee continued improvement in global tourism sentiment in 3Q22, which should pave the way for earnings growth both YoY and QoQ in 3Q22. Although there was poorer sentiment for the global economic outlook, we believe our tourist arrival forecast of 8mn in 2022F is still achievable given: i) recovery ramping up from low base, ii) strong pent-up demand, and iii) recovery in Saudi Arabian tourists cushioning against downside risks.

Maintain Overweight rating

We maintain an Overweight rating on Thailand's hotel sector. Our current top picks are SHR (OP, TP Bt6.00), MINT (OP, TP: Bt44.00), and ERW (OP, TP: Bt4.70).

Risks

Prolonged COVID-19 outbreak and political turmoil.

Peers comparison

Company	Rating	Target Price (Bt)	Mkt Price (Bt)	Upside (%)	Mkt Cap (Btmn)	Net Profit (Btmn)				PE (x)			EV/EBITDA (x)			EPS Growth (%)		
						2020	2021	2022F	2023F	2021	2022F	2023F	2021	2022F	2023F	2021	2022F	2023F
CENTEL*	N	46.00	44.00	4.5	59,400	-2,864	-1,840	600	1,831	N.A.	99.1	32.4	31.2	16.1	11.2	37.5	N.A.	205.5
ERW	OP	4.70	3.96	18.7	17,945	-1,715	-2,050	-607	387	N.A.	N.A.	46.4	(43.0)	37.9	14.8	(19.5)	70.4	N.A.
MINT*	OP	44.00	34.00	29.4	157,046	-21,407	-13,167	1,819	4,725	N.A.	86.3	33.2	16.6	9.9	8.5	38.5	N.A.	159.7
SHR	OP	6.00	4.42	35.7	15,884	-2,371	-1,234	50	340	N.A.	316.2	46.8	51.8	16.8	14.3	47.9	N.A.	576.2
SPA	OP	9.40	8.65	8.7	4,888	-209	-287	-80	175	N.A.	N.A.	42.4	66.9	35.5	13.1	(37.1)	72.1	N.A.
Sector				19.4	255,163	-28,567	-18,578	1,782	7,457	N.A.	N.A.	N.A.	19.0	14.2	10.0	N.A.	N.A.	N.A.

Source: KGI Securities Research

Sector earnings to turnaround in 2Q22

We expect tourism stocks under our coverage to report a combined 2Q22F normalized profit of Bt518mn, reversing from a normalized loss of Bt4.2bn in 1Q22 and a normalized loss of Bt5.2bn in 2Q21. The strong recovery should be driven by: i) improving COVID-19 situation across destinations (Figure 12), ii) recovery in Thailand's tourist arrivals (Figure 9), and iii) hotels in Europe entering the high season.

For hotel business, average RevPar in 2Q22F is expected to hit a 2-year high at Bt2,128 (+268% YoY, +42% QoQ). Meanwhile, MINT's restaurant business is expected to underperform CENTEL's (Figure 3) amid a poor performance from its China hub.

Both CENTEL and MINT's earnings are expected to show turnarounds in 2Q22. CENTEL's earnings should be driven by a strong recovery in hotel business in Thailand and its resilient food business (SSSG: +20% YoY). For MINT, the turnaround would be driven by hotels in Europe, which achieved occupancy of 68% compared with MINT's non-Europe hotels' averaging 52% in 2Q22F.

SHR's 2Q22 bottom-line is expected to see a thin loss while profitability should partly be hampered by Maldives entering the low season, while SHR's hotels in other destinations (UK, Thailand, Fiji, and Mauritius) are expected to deliver strong recoveries. ERW and SPA's earnings are also expected to remain in the red, but with more meaningful signs of recovery.

Figure 1: 2Q22F earnings preview

Total revenue	2Q22F	2Q21	1Q22	YoY change (%)	QoQ change (%)
CENTEL	4,236	2,563	3,681	65.3	15.1
ERW	1,011	262	638	285.1	58.3
MINT	28,137	13,673	19,688	105.8	42.9
SHR	2,052	803	1,690	155.5	21.4
SPA	95	22	110	327.2	(13.7)
Total	35,530	17,324	25,808	105.1	37.7

EBIT	2Q22F	2Q21	1Q22	YoY change (%)	QoQ change (%)
CENTEL	275	(501)	184		49.7
ERW	(104)	(473)	(227)	78.0	54.1
MINT	2,708	(2,122)	(1,928)		
SHR	150	(396)	(23)		
SPA	(29)	(79)	(40)	62.9	27.0
Total	3,001	(3,572)	(2,034)	N.A.	N.A.

Normalized profit	2Q22F	2Q21	1Q22	YoY change (%)	QoQ change (%)
CENTEL	80	(651)	(44)		
ERW	(200)	(559)	(315)	64.3	36.5
MINT	700	(3,395)	(3,582)		
SHR	(25)	(549)	(204)	95.4	87.7
SPA	(38)	(87)	(53)	56.1	28.7
Total	518	(5,242)	(4,198)	N.A.	N.A.

Source: KGI Securities Research

Figure 2: RevPar performance comparison

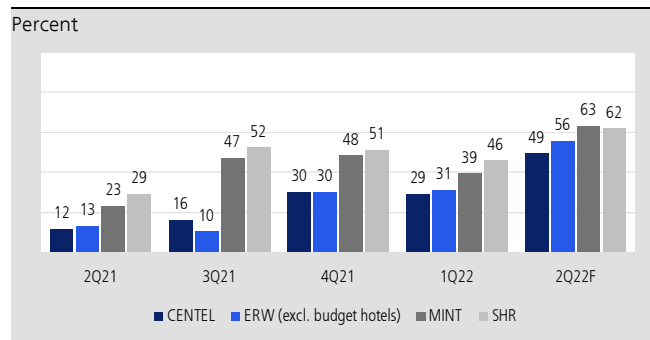
RevPar (Bt)	2Q22F	2Q21	1Q22	YoY change (%)	QoQ change (%)
CENTEL	2,165	381	1,650	468.4	31.2
ERW	770	181	484	324.7	59.1
MINT	2,701	739	1,460	265.5	85.0
SHR	2,874	1,013	2,417	183.7	18.9
Average	2,128	579	1,503	267.7	41.6

Source: KGI Securities Research

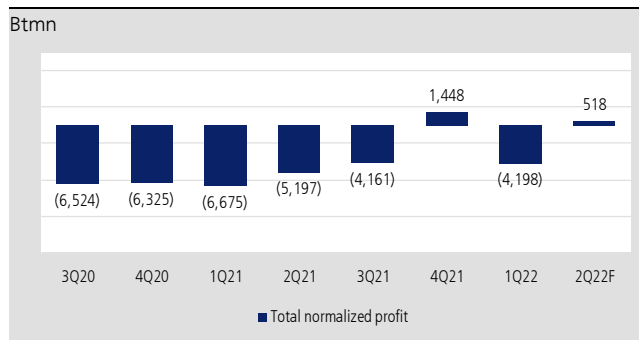
Figure 3: SSSG performance comparison

SSSG (%)	2Q22F	1Q22	4Q21	3Q21
CENTEL	20.0	10.0	(2.0)	(30.0)
MINT	4.8	4.2	(1.7)	(7.2)

Source: KGI Securities Research

Figure 4: Occupancy of stocks under our coverage


Source: Company data, KGI Securities Research

Figure 5: Momentum of combined normalized profit


Source: Company data, KGI Securities Research

Industry outlook

Meaningful signs of recovery in May 2022

Following Thailand lifting the RT-PCR testing requirement in May 2022, the number of tourist arrivals saw meaningful signs of recovery, hitting a record high since the emergence of COVID-19 to 521,410 persons (up substantially YoY, +78% MoM).

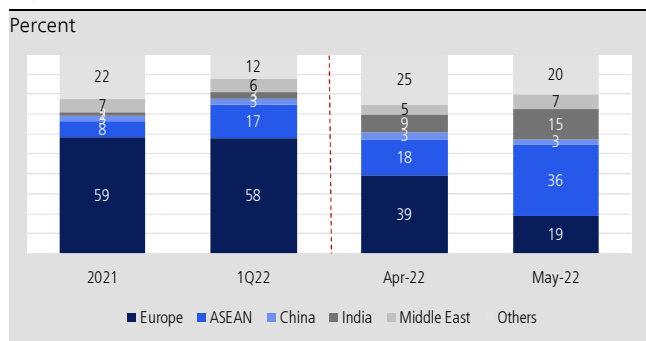
Key highlights include: i) tourists from ASEAN and China started to come back in May 2022 (Figure 6), ii) there was strong pent-up demand from Indian tourist of 78,286 persons in May 2022, back to 45% of the pre-COVID level, ii) Saudi Arabian tourists hit a multi-year high at 12,987 persons (compared with 529 persons in May 2019 and 30,003 persons in full-year 2019), following the improving relationship between Thailand and Saudi Arabia since January 2022.

We re-iterate our positive view on the return of Saudi Arabian tourists given: i) total outbound tourist market was sizable compared with other Middle Eastern countries, suggesting room for growth, and ii) pre-pandemic spending per head of Saudi Arabian tourists was favorable at Bt107,328 per person per trip, higher than other Middle East countries averaging around Bt80,000 per person per trip.

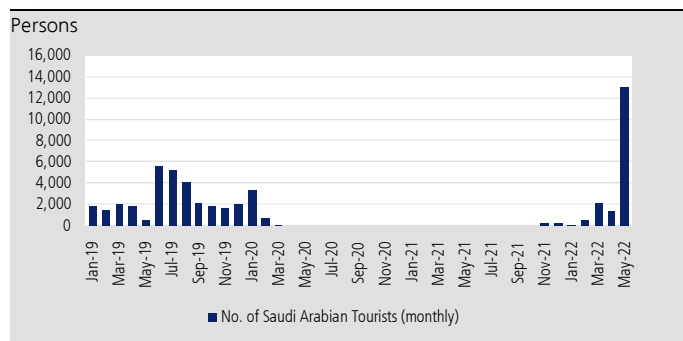
Figure 6: Tourist arrivals breakdown (persons)

	May-22	May-21	YoY change (%)	5M22	5M21	YoY change (%)
East Asia	235,391	2,113	11,040	407,354	9,903	4,013
China	14,930	505	2,856	37,396	2,668	1,302
Europe	98,146	2,140	4,486	502,082	15,333	3,175
Russia	7,116	213	3,241	63,158	1,472	4,191
The Americas	32,355	1,346	2,304	95,565	5,608	1,604
South Asia	91,837	96	95,564	152,161	884	17,113
India	78,286	18	434,822	122,463	309	39,532
Middle East	39,018	162	23,985	86,755	1,481	5,758
Saudi Arabia	12,987	0	.N.A.	17,094	12	142,350
Grand Total	521,410	6,052	8,515	1,312,453	34,753	3,677

Source: TAT, KGI Securities Research

Figure 7: Tourist arrivals breakdown (percent)


Source: TAT, KGI Securities Research

Figure 8: The number of Saudi Arabian tourists


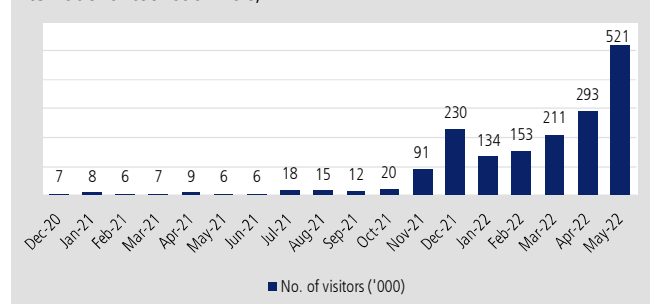
Source: TAT, KGI Securities Research

Re-iterate our tourist arrival forecasts at 8mn in 2022F

With the proven track record in May 2022, we re-iterate our tourist arrival forecast at 8mn in 2022F. Although there was poorer sentiment for the global economic outlook, we believe our tourist arrival forecast is still on track supported by: i) recovery ramping up from low base, ii) pent-up demand after Thailand's easing of COVID-19 restrictions (e.g. lifting the RT-PCR testing requirement beginning in May 2022, and the removal of Thailand Pass registration scheme effective from July 1, 2022), iii) recovery in Saudi Arabian tourist to cushion against downside risks, and iv) continued improving COVID-19 situation (Figure 12).

Figure 9: Monthly international tourist arrivals (actual)

International tourist arrivals, '000



Source: TAT, KGI Securities Research

Figure 10: Yearly international tourist arrivals

International tourist arrivals, mn



Source: TAT, KGI Securities Research

Figure 11: Quarterly tourist arrivals forecast for 2022F

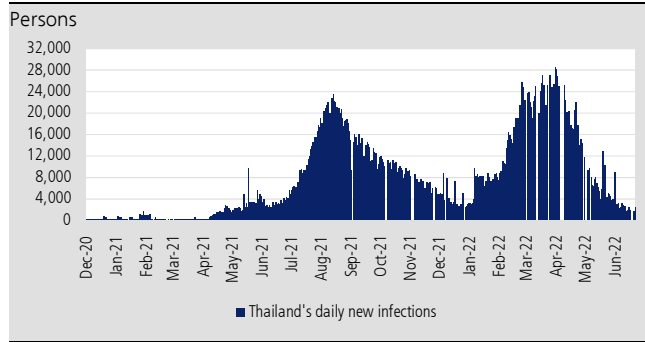
	1Q22	2Q22F	3Q22F	4Q22F	Total
The number of tourist arrivals (mn)	0.5	1.4	2.4	3.6	8.0
Average no. of tourist arrivals per day	5,187	15,779	26,349	39,305	21,813

Source: KGI Securities Research

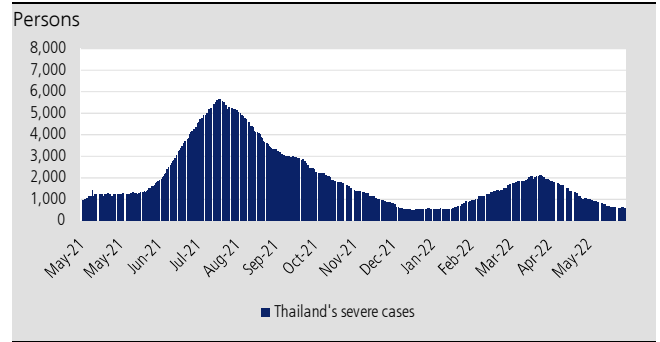
Figure 12: Average daily infections in key countries (as of June 24, 2022)

	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22
Thailand	10,285	6,795	3,470	7,243	15,856	24,671	20,192	6,347	2,367
China	48	72	130	158	167	3,331	19,444	2,341	176
USA	83,685	86,137	199,597	651,575	146,566	34,266	41,371	95,842	106,403
United Kingdom	41,885	39,510	86,440	118,136	56,398	73,515	29,888	8,934	10,786
France	5,417	17,002	72,240	296,077	99,249	93,956	101,040	30,127	38,186
Germany	11,071	41,309	42,374	85,971	176,056	213,290	115,090	50,038	52,061
Spain	1,735	5,101	37,688	118,274	36,295	17,122	12,928	14,426	13,684
Italy	3,320	8,553	35,391	156,691	64,276	59,984	60,695	30,910	25,615
Maldives	94	134	131	1,393	1,118	220	72	30	30
World	420,606	522,059	825,785	2,909,521	2,075,615	1,657,774	836,793	522,465	517,169

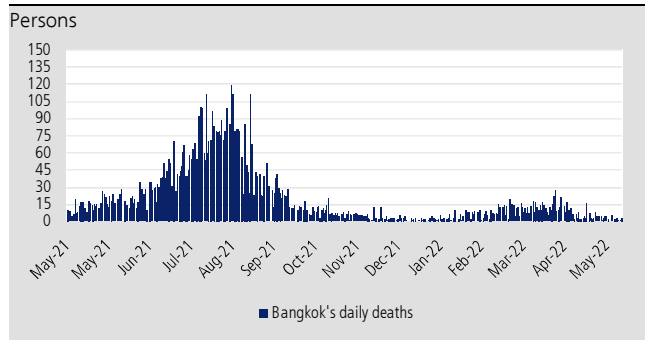
Source: Our World in Data, KGI Securities Research

Figure 13: Thailand's daily new infections


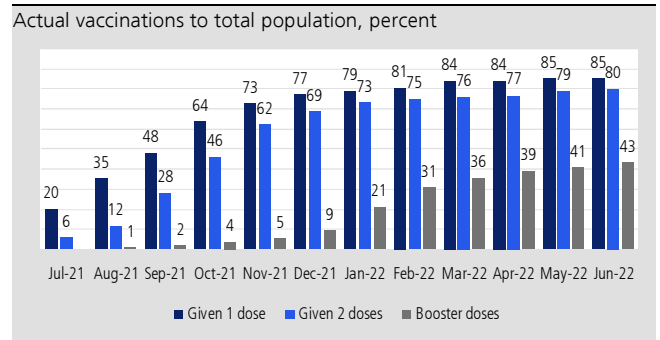
Source: DDC, KGI Securities Research

Figure 14: Thailand's accumulated severe cases


Source: DDC, KGI Securities Research

Figure 15: Bangkok's daily deaths


Source: DDC, KGI Securities Research

Figure 16: Pace of vaccinations (monthly)


Source: KGI Securities Research



Central Plaza Hotel

(CENTEL.BK/CENTEL TB)*

Neutral • Maintained

Price as of 30 Jun 2022	44.00
12M target price (Bt/shr)	46.00
Unchanged/Revised up(down)(%)	Unchanged
Upside/downside (%)	4.5

Key messages

We expect CENTEL to report 2Q22F earnings of Bt80mn, backed by the improving COVID-19 situation and recovery in international tourist arrivals. For hotel business, RevPar is expected to rebound 468% YoY and 31% QoQ propelled by the strong recovery in hotels in Thailand. Meanwhile, same-store-sales (SSS) for food business is expected to see strong growth of 20% YoY. With limited upside to our target price and ongoing sentiment pressure from cost inflation, we maintain a Neutral rating with a target price of Bt46.00.

Trading data

Mkt cap (Btbn/US\$mn)	59.7/1,493
Outstanding shares (mn)	1,350
Foreign ownership (mn)	142
3M avg. daily trading (mn)	4
52-week trading range (Bt)	27.0/46.5
Performance (%)	3M 6M 12M
Absolute	9.9 41.6 33.1
Relative	18.8 49.2 34.9

Quarterly EPS

EPS	Q1	Q2	Q3	Q4
2020	(0.03)	(0.34)	(0.66)	(1.01)
2021	(0.35)	(0.45)	(0.60)	0.11
2022	(0.03)			

Share price chart



Source: SET

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2Q22F earnings preview: Back in black

Event

2Q22F earnings preview.

Impact

Earnings back to profitable in 2Q22F

We expect CENTEL to report a 2Q22F normalized profit of Bt80mn, turning from normalized losses of Bt651mn in 2Q21 and Bt44mn in 1Q22. Overall, the improving COVID-19 situation in Thailand and recovery in international tourist arrivals have resulted in growth in both hotel and restaurant business. Hence, we expect total revenue to jump 65% YoY and 15% QoQ to Bt4.2bn in 2Q22F. At the same time, EBIT margin is expected to recover to 6.5% (+26.1ppts YoY, +1.5ppts QoQ), driven by hotel gross margin improving to 23.2% (+4.5ppts QoQ). However, gross margin from restaurant business is expected to be 45.2% (-0.6ppts QoQ), pressured by cost inflation.

RevPar (Bt) to rebound 468% YoY and 31% QoQ

RevPar (Bt) is expected to come in at Bt2,165 (+468% YoY, +31% QoQ) due mainly to stronger occupancy at 49% in 2Q22F (compared with 29% in 1Q22). Meanwhile, ARR is expected to fall 22% QoQ to Bt4,407 temporarily pressured by Maldives entering the low season. In terms of locations, occupancy for hotels in Maldives is expected to soften from 86% in 1Q22 to 72% in 2Q22F, while hotel occupancies in both Bangkok and upcountry are expected to see strong improvements and reach 54% and 45%, respectively (Figure 4).

SSSG to grow 20% YoY

CENTEL's 2Q22F same-store-sales (SSS) are expected to see strong growth of 20% YoY on low base effect (Figure 3). With continued branch expansion, we expect restaurant revenue to increase 24% YoY and 9% QoQ to Bt2.8bn.

Valuation & action

Looking ahead, we expect earnings in 3Q22F to continue to show better growth both YoY and QoQ led by the business operation in Thailand. Although the recovery momentum is expected to be promising, we believe positives have partially been priced in. We maintain a rating of Neutral with a target price of Bt46.00, based on 14.6x 2023F EV/EBITDA or +1.0SD to its long-term mean.

Risks

Sluggish recovery in SSSG and lower-than-expected of tourist arrivals.

Key financials and valuations

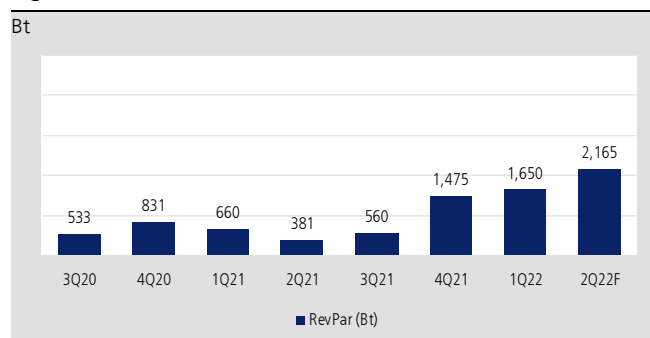
Year end Dec 31	Dec - 19A	Dec - 20A	Dec - 21A	Dec - 22F	Dec - 23F
Revenue (Btmn)	20,737	12,907	11,211	17,140	21,317
Gross Profit (Btmn)	8,549	4,070	3,598	6,858	8,797
SG&A (Btmn)	6,770	5,831	5,075	5,708	6,203
Net Profit (Btmn)	1,744	(2,775)	(1,733)	600	1,831
Normalized Profit (Btmn)	1,722	(1,550)	(1,778)	600	1,831
EPS (Bt)	1.29	(2.06)	(1.28)	0.44	1.36
Normalized EPS (Bt)	1.28	(1.15)	(1.32)	0.44	1.36
DPS (Bt)	0.55	0.00	0.00	0.00	0.00
EPS Growth (%)	(19.9)	N.A.	37.5	N.A.	205.5
Normalized EPS Growth	(21.1)	N.A.	(14.7)	N.A.	205.5
P/E (X)	19.3	(19.7)	(31.5)	91.2	29.9
P/B (X)	2.4	3.1	2.3	2.9	2.6
EV/EBITDA (X)	9.3	26.1	31.2	15.1	10.5
Net Debt to Equity (%)	41.6	177.3	106.8	103.7	91.6
Dividend Yield (%)	2.2	0.0	0.0	0.0	0.0
Return on Average Equity (%)	12.3	(27.2)	(9.4)	3.1	8.7

Source: Company data, KGI Securities Research

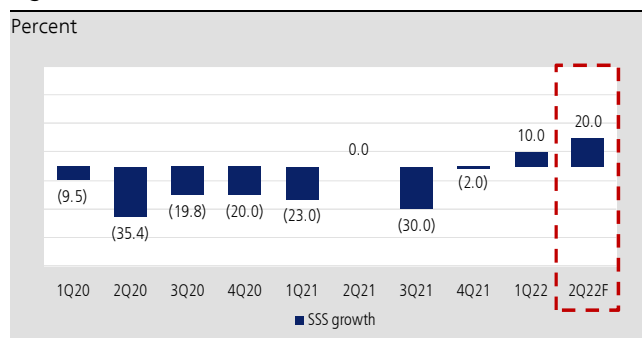
Figure 1: CENTEL's 2Q22F earnings preview

Bt mn	2Q22F	2Q21	YoY (%)	1Q22	QoQ (%)	3M22	3M21	YoY (%)
Revenue	4,236	2,563	65.3	3,681	15.1	3,681	2,682	37.3
Revenues from hotel operations	1,397	266	425.4	1,065	31.1	1,065	442	140.8
Revenues from food and beverage	2,839	2,297	23.6	2,616	8.5	2,616	2,240	16.8
Gross Profit	1,607	714	125.1	1,396	15.1	1,396	869	60.6
SG&A	(1,483)	(1,297)	14.3	(1,413)	4.9	(1,413)	(1,276)	(10.7)
Operating EBIT	275	(501)		184	49.7	184	(316)	158.2
Operating EBITDA	1,045	315	232.2	951	9.9	951	495	92.3
Net Profit	80	(606)		(44)		(44)	(476)	90.8
Normalized profit	80	(651)		(44)		(44)	(476)	90.8
Percent	2Q22F	2Q21	YoY (ppts)	1Q22	QoQ (ppts)	3M22	3M21	YoY (ppts)
Total gross margin	37.9	27.9	10.1	37.9	0.0	37.9	32.4	5.5
Hotel gross margin	23.2	(113.5)	136.7	18.7	4.5	18.7	(29.2)	47.8
Food gross margin	45.2	44.2	1.0	45.8	(0.6)	45.8	44.6	1.2
EBIT margin	6.5	(19.6)	26.1	5.0	1.5	5.0	(11.8)	16.8
SG&A/sales	35.0	50.6	(15.6)	38.4	(3.4)	38.4	47.6	(9.2)
Key performance drivers	2Q22F	2Q21	YoY (%)	1Q22	QoQ (%)			
Hotel rooms (owned hotels)	4,444	4,463	(0.4)	4,444	-			
Occupancy (%)	49	12	+38ppts	29	+20ppts			
ARR (Bt/night)	4,407	3,214	37.1	5,639	(21.8)			
RevPar (Bt/night)	2,165	381	468.4	1,650	31.2			

Source: Company data, KGI Securities Research

Figure 2: RevPar momentum


Source: Company data, KGI Securities Research

Figure 3: SSSG momentum


Source: Company data, KGI Securities Research

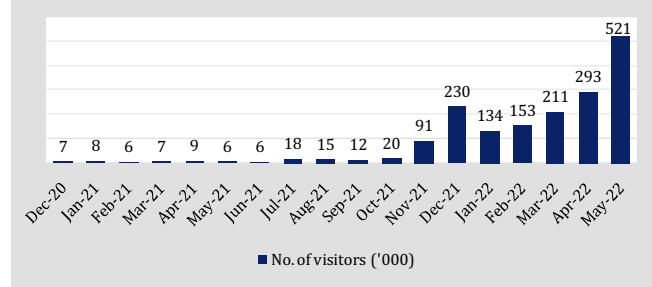
Figure 4: Hotel performance

	2Q22F	2Q21	YoY (ppts)	1Q22	QoQ (ppts)
Occupancy (%)					
Bangkok	54.0	17.0	37.0	31.0	23.0
Upcountry	45.0	8.0	37.0	24.0	21.0
Maldives	72.0	25.0	47.0	86.0	(14.0)
Average	49.1	11.6	37.6	29.0	20.1
ARR (Bt/night)			Chg (%)		Chg (%)
Bangkok	2,950	1,351	118.4	2,496	18.2
Upcountry	3,850	3,285	17.2	3,879	(0.7)
Maldives	14,000	9,446	48.2	17,016	(17.7)
Average	4,407	3,214	37.1	5,639	(21.8)
RevPar (Bt/night)			Chg (%)		Chg (%)
Bangkok	1,593	227	601.8	764	108.5
Upcountry	1,733	274	532.3	923	87.7
Maldives	10,080	2,320	334.5	14,559	(30.8)
Average	2,165	381	468.4	1,650	31.2

Source: Company data, KGI Securities Research

Figure 5: Thailand's tourist arrivals

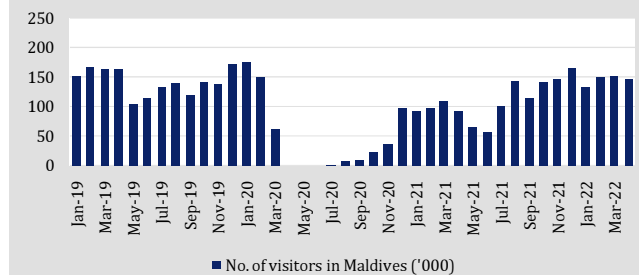
International tourist arrivals, '000



Source: TAT, KGI Securities Research

Figure 6: Maldives' tourist arrivals

The number of international arrivals in Maldives, thousands



Source: Company data, KGI Securities Research

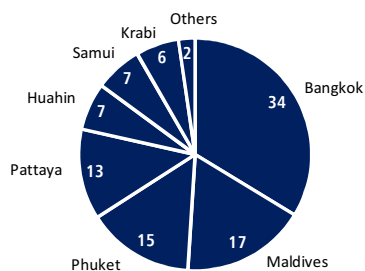
Figure 7: Company profile

Central Plaza Hotel (CENTEL) operates and manages a chain of hotels and resorts across Thailand and abroad. Their hotel in Thailand are located in major tourist destinations such as Bangkok, Hua Hin, Krabi, Pattaya, Samui, Koh Chang, Phuket, Rayong, Trat, Hat Yai, Chiang Mai, Mae Sot, Khon Kaen and Udon. CENTEL also has expertise in beachfront hotel management. The company is also a pioneer in quick service restaurants (QSR) in Thailand, owning more than 12 food franchise brands.

Source: Company data

Figure 9: Hotel revenue breakdown by locations (2019)

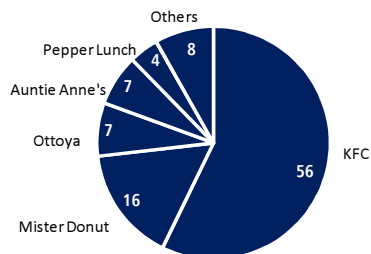
Percent



Source: Company data, KGI Securities Research

Figure 11: Restaurant revenue breakdown by brands (2019)

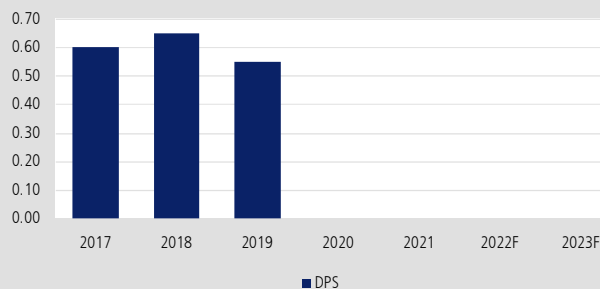
Percent



Source: Company data, KGI Securities Research

Figure 13: DPS

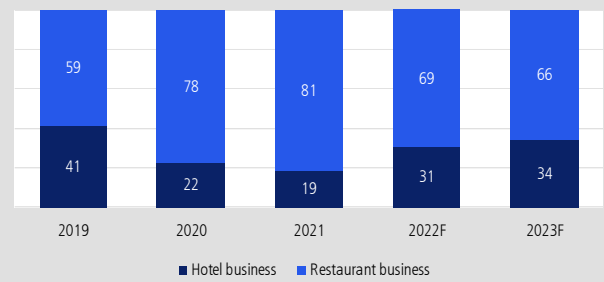
Bt/share



Source: KGI Securities Research

Figure 8: Total revenue breakdown

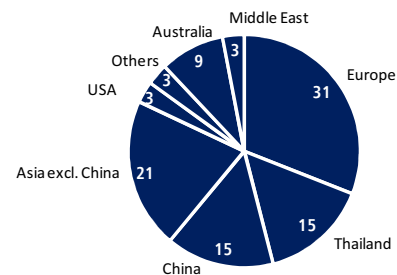
Percent



Source: Company data, KGI Securities Research

Figure 10: Hotel feeder markets (2019)

Percent



Source: Company data, KGI Securities Research

Figure 12: Number of owned hotels

Number of owned hotels



Source: Company data, KGI Securities Research

Figure 14: Forward EV/EBITDA (2023F)

Times



Source: KGI Securities Research

Quarterly Income Statement

	Jun-18A	Sep-18A	Dec-18A	Mar-19A	Jun-19A	Sep-19A	Dec-19A	Mar-20A	Jun-20A	Sep-20A	Dec-20A	Mar-21A	Jun-21A	Sep-21A	Dec-21A	Mar-22A
Income Statement (Bt mn)																
Revenue	5,085	5,244	5,411	5,540	5,116	4,877	5,204	4,501	2,245	2,997	3,164	2,682	2,563	2,310	3,656	3,681
Cost of Goods Sold	(3,042)	(3,102)	(3,212)	(3,059)	(3,099)	(3,037)	(2,993)	(2,722)	(1,669)	(2,203)	(2,243)	(1,813)	(1,849)	(1,758)	(2,194)	(2,285)
Gross Profit	2,043	2,142	2,199	2,481	2,017	1,840	2,211	1,779	576	794	921	869	714	553	1,462	1,396
Operating Expense	(1,660)	(1,649)	(1,626)	(1,605)	(1,742)	(1,640)	(1,783)	(1,725)	(1,085)	(1,667)	(1,354)	(1,276)	(1,297)	(1,256)	(1,246)	(1,413)
Other incomes	106	77	107	123	109	88	153	78	66	43	66	73	54	86	59	170
Operating Profit	489	570	680	999	384	287	581	132	-443	-830	-367	-335	-529	-617	276	154
Depreciation of fixed asset	(507)	(612)	(526)	(510)	(516)	(530)	(481)	(854)	(852)	(864)	(850)	(810)	(816)	(847)	(694)	(767)
Operating EBITDA	996	1,182	1,206	1,509	900	817	1,062	986	410	34	484	476	287	230	970	921
Non-Operating Income	0	0	0	0	0	0	0	22	25	21	21	19	27	28	33	30
Interest Income	0	0	0	0	0	0	0	22	25	21	21	19	27	28	33	30
Other Non-op Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Non-Operating Expense	(45)	(40)	(55)	(46)	(50)	(44)	(45)	(164)	(138)	(214)	(174)	(174)	(185)	(231)	(192)	(172)
Interest Expense	(52)	(54)	(49)	(54)	(57)	(52)	(51)	(171)	(143)	(191)	(164)	(165)	(172)	(214)	(167)	(172)
Other Non-op Expense	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Equity Income/(Loss)	7	14	(6)	8	7	8	6	7	5	(23)	(10)	(9)	(13)	(17)	(25)	0
Pre-tax profit	444	530	624	954	334	244	536	(10)	(555)	(1,023)	(520)	(490)	(686)	(820)	116	11
Current Taxation	(68)	(79)	(110)	(159)	(44)	(29)	(49)	(13)	39	67	343	9	7	(12)	74	(35)
Minorities	(4)	(9)	(30)	(49)	0	(0)	(16)	(22)	51	58	35	5	28	29	(38)	(21)
Extraordinary items	0	0	(4)	81	(58)	0	0	0	0	0	(1,225)	0	45	0	0	0
Net Profit	372	442	481	826	232	215	471	(45)	(465)	(897)	(1,367)	(476)	(606)	(803)	152	(44)
Normalized Profit	372	442	485	745	291	215	471	(45)	(751)	(570)	(387)	(476)	(651)	(803)	152	(44)
EPS (Bt)	0.28	0.33	0.36	0.61	0.17	0.16	0.35	(0.03)	(0.34)	(0.66)	(1.01)	(0.35)	(0.45)	(0.60)	0.11	(0.03)
Normalized EPS (Bt)	0.28	0.33	0.36	0.55	0.22	0.16	0.35	(0.03)	(0.34)	(0.66)	(0.11)	(0.35)	(0.48)	(0.60)	0.11	(0.03)
Margins																
Gross profit margin	40.2	40.8	40.6	44.8	39.4	37.7	42.5	39.5	25.7	26.5	29.1	32.4	27.9	23.9	40.0	37.9
Operating EBIT margin	9.6	10.9	12.6	18.0	7.5	5.9	11.2	2.9	(19.7)	(27.7)	(11.6)	(12.5)	(20.6)	(26.7)	7.5	4.2
Operating EBITDA margin	19.6	22.5	22.3	27.2	17.6	16.8	20.4	21.9	18.2	1.1	15.3	17.7	11.2	9.9	26.5	25.0
Net profit margin	7.3	8.4	8.9	14.9	4.5	4.4	9.0	(1.0)	(20.7)	(29.9)	(43.2)	(17.7)	(23.7)	(34.8)	4.2	(1.2)
Growth (YoY)																
Revenue growth	7.5	9.0	4.2	(1.7)	0.6	(7.0)	(3.8)	(18.8)	(56.1)	(38.5)	(39.2)	(40.4)	14.1	(22.9)	15.6	37.3
Operating EBIT growth	4.9	9.8	(3.4)	(12.9)	(21.4)	(49.6)	(14.5)	(86.8)	(215.2)	(388.8)	(163.1)	(353.9)	19.4	(25.6)	(175.2)	(145.8)
Operating EBITDA growth	7.9	10.8	2.7	(2.4)	(9.7)	(30.9)	(11.9)	(34.7)	(54.5)	(95.8)	(54.5)	(51.8)	(29.9)	573.7	100.6	93.7
Net profit growth	(6.7)	19.9	9.0	(6.5)	(37.5)	(51.3)	(2.1)	(105.5)	(300.3)	(517.4)	(390.3)	954.4	30.3	(10.5)	(111.1)	(90.8)
Normalized profit growth	(6.7)	19.9	(4.2)	(15.6)	(21.8)	(51.3)	(2.9)	(106.1)	(358.7)	(365.3)	(182.2)	954.4	(13.3)	40.8	(139.3)	(90.8)

Source: KGI Securities Research

Balance Sheet

As of 31 Dec (Bt mn)	2019	2020	2021	2022F	2023F
Total Assets	27,590	35,350	48,593	48,108	50,486
Current Assets	4,661	4,406	5,732	4,716	5,347
Cash & ST Investment	2,024	2,734	3,354	2,148	2,450
Inventories	871	782	748	894	1,043
Account Receivable	765	514	801	745	927
Others	1,002	286	328	429	426
Non-current Assets	22,928	30,944	42,860	43,392	45,139
LT Investment	1,584	2,917	4,091	3,692	3,712
Net fixed Assets	17,997	17,368	29,875	31,985	33,712
Others	3,347	1,908	2,256	1,715	1,715
Total Liabilities	13,446	25,135	30,161	28,989	29,438
Current Liabilities	5,129	7,798	9,664	9,444	10,189
Account Payable	2,649	1,873	2,669	2,938	3,577
ST Borrowing	2,113	3,749	5,136	4,419	4,461
Others	367	244	281	288	351
Long-term Liabilities	8,317	17,337	20,497	19,545	19,250
Long-term Debts	5,751	7,740	10,587	10,301	9,980
Others	2,566	707	2,930	2,244	2,269
Shareholders' Equity	14,144	10,216	18,432	19,119	21,048
Common Stock	1,350	1,350	1,350	1,350	1,350
Capital Surplus	970	970	970	970	970
Retained Earnings	11,318	7,541	5,808	6,407	8,239
Preferred Stock					

Source: KGI Securities Research

Key Ratios

Year to 31 Dec	2019	2020	2021	2022F	2023F
Growth (%YoY)					
Sales	(3.0)	(37.8)	(13.1)	52.9	24.4
OP	(22.0)	(166.9)	(20.1)	(223.1)	102.1
EBITDA	(13.0)	(55.4)	2.6	151.1	42.5
NP	(19.9)	N.A.	37.5	N.A.	205.5
Normalized Profit	(21.1)	N.A.	(14.7)	N.A.	205.5
EPS	(19.9)	N.A.	37.5	N.A.	205.5
Normalized EPS	(21.1)	N.A.	(14.7)	N.A.	205.5
Profitability (%)					
Gross Margin	41.2	31.5	32.1	40.0	41.3
Operating Margin	10.9	(11.7)	(10.7)	8.7	14.1
EBITDA Margin	20.7	14.8	17.5	28.7	32.9
Net Margin	8.4	(21.5)	(15.5)	3.5	8.6
ROAA	6.3	(7.9)	(3.6)	1.2	3.6
ROAE	12.3	(27.2)	(9.4)	3.1	8.7
Stability					
Gross Debt/Equity (%)	1.0	2.5	1.7	1.5	1.4
Net Debt/Equity (%)	0.4	1.8	1.1	1.0	0.9
Interest Coverage (x)	10.5	(2.3)	(1.7)	1.9	3.9
Interest & ST Debt Coverage (x)	1.0	(0.3)	(0.2)	0.3	0.6
Cash Flow Interest Coverage (x)	17.6	5.4	1.5	5.6	8.1
Cash Flow/Interest & ST Debt (x)	1.6	0.8	0.2	0.9	1.2
Current Ratio (x)	0.9	0.6	0.6	0.5	0.5
Quick Ratio (x)	0.7	0.5	0.5	0.4	0.4
Net Debt (Bt mn)	5,693.5	17,588.1	19,310.3	19,425.2	18,844.1
Per Share Data (Bt)					
EPS	1.3	(2.1)	(1.3)	0.4	1.4
Normalized EPS	1.3	(1.1)	(1.3)	0.4	1.4
CFPS	2.8	2.7	0.8	3.3	4.7
BVPS	10.5	7.6	13.7	14.2	15.6
SPS	15.4	9.6	8.3	12.7	15.8
EBITDA/Share	3.2	1.4	1.5	3.6	5.2
DPS	0.6	0.0	0.0	0.0	0.0
Activity					
Asset Turnover (x)	0.8	0.4	0.2	0.4	0.4
Days Receivables	13.5	14.5	26.1	15.9	15.9
Days Inventory	26.1	32.3	35.8	31.7	30.4
Days Payable	79.3	77.4	128.0	104.3	104.3
Cash Cycle	(39.8)	(30.5)	(66.0)	(56.7)	(58.0)

Source: KGI Securities Research

Profit & Loss

Year to Dec 31 (Bt mn)	2019	2020	2021	2022F	2023F
Revenue	20,737	12,907	11,211	17,140	21,317
Cost of Goods Sold	(12,189)	(8,837)	(7,613)	(10,282)	(12,520)
Gross Profit	8,549	4,070	3,598	6,858	8,797
Operating Expenses	(6,770)	(5,831)	(5,075)	(5,708)	(6,203)
Other Incomes	473	253	272	332	403
Operating Profit	2,252	(1,507)	(1,205)	1,483	2,996
Depreciation of fixed assets	(2,037)	(3,421)	(3,167)	(3,445)	(4,027)
Operating EBITDA	4,289	1,914	1,963	4,927	7,024
Non-Operating Income	0	89	107	0	0
Interest Income	0	89	107	0	0
Other Non-op Income	0	0	0	0	0
Non-Operating Expense	(214)	(669)	(718)	(794)	(777)
Interest Expense	(214)	(669)	(718)	(794)	(777)
Other Non-op Expense	0	0	0	0	0
Equity Income/(Loss)	29	(21)	(64)	11	20
Pretax Profit	2,090	(3,333)	(1,835)	700	2,239
Current Taxation	(281)	435	78	(69)	(311)
Minorities	(65)	123	24	(32)	(97)
Extraordinaries items	23	(1,225)	45	0	0
Net Profit	1,744	(2,775)	(1,733)	600	1,831
Normalized Profit	1,722	(1,550)	(1,778)	600	1,831
EPS (Bt)	1.29	(2.06)	(1.28)	0.44	1.36
Normalized EPS (Bt)	1.28	(1.15)	(1.32)	0.44	1.36

Source: KGI Securities Research

Cash Flow

Year to 31 Dec (Bt mn)	2019	2020	2021	2022F	2023F
Operating Cash Flow	3,759	3,588	1,077	4,481	6,310
Net Profit	1,744	(2,775)	(1,733)	600	1,831
Depreciation & Amortization	2,037	3,421	3,167	3,445	4,027
Change in Working Capital	(36)	1,908	(245)	416	374
Others					
Investment Cash Flow	(2,573)	(14,542)	(12,880)	(4,651)	(5,728)
Net CAPEX	(1,988)	(2,270)	(15,901)	(5,236)	(5,754)
Change in LT Investment	(482)	(10,075)	873	1,057	0
Change in Other Assets	(103)	(2,196)	2,148	(472)	26
Free Cash Flow	1,186	(10,953)	(11,803)	(171)	581
Financing Cash Flow	(444)	11,574	12,316	(1,035)	(279)
Change in Share Capital	0	0	0	0	0
Net Change in Debt	641	12,605	2,343	(1,091)	(279)
Change in Other LT Liab.	(208)	(1,030)	9,974	56	0
Net Cash Flow	742	621	514	(1,206)	302

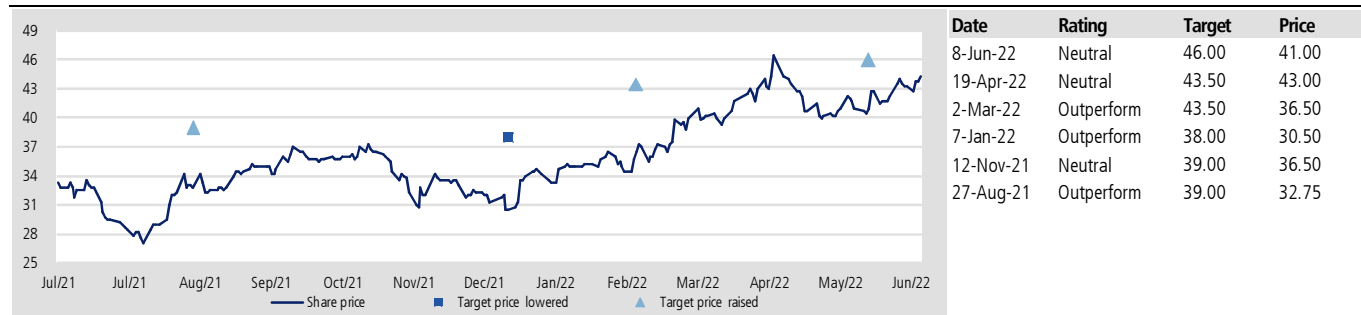
Source: KGI Securities Research

Rates of Return on Invested Capital

Year	1-	COGS Revenue	+	Depreciation Revenue	+	Operating Exp. Revenue	=	Operating Margin
2019		58.8%		9.8%		32.6%		-1.2%
2020		68.5%		26.5%		45.2%		-40.1%
2021		67.9%		28.3%		45.3%		-41.4%
2022F		60.0%		20.1%		33.3%		-13.4%
Year	1/	Working Capital Revenue	+	Net PPE Revenue	+	Other Assets Revenue	=	Capital Turnover
2019		0.0		0.9		0.5		0.8
2020		(0.3)		1.3		1.4		0.4
2021		(0.4)		2.7		1.7		0.3
2022F		(0.3)		1.9		0.9		0.4
Year		Operating Margin	x	Capital Turnover	x	Cash Tax Rate	=	After-tax Return on Inv. Capital
2019		-1.2%		0.8		16.3%		-0.2%
2020		-40.1%		0.4		16.3%		-2.6%
2021		-41.4%		0.3		16.3%		-1.7%
2022F		-13.4%		0.4		16.3%		-0.9%

Source: KGI Securities Research

Central Plaza Hotel - Recommendation & target price history



Source: KGI Securities Research



The Erawan Group

(ERW.BK/ERW TB)

Outperform • Maintained

Price as of 30 Jun 2022	3.96
12M target price (Bt/shr)	4.70
Unchanged/Revised up(down)(%)	Unchanged
Upside/downside (%)	17.4

Key messages

Excluding extraordinary items, ERW's 2Q22F normalized loss is expected to narrow to Bt200mn (+64% YoY, +37% QoQ). Key supports would be RevPar reaching a 2-year high at Bt770 (+325% YoY, +59% QoQ) amid improving tourism sentiment and recovery in international tourist arrivals. Looking ahead, we expect earnings in 2H22F to continue to gain momentum. We maintain a rating of Outperform with a target price of Bt4.70.

Trading data

Mkt cap (Btbn/US\$mn)	17.8/446
Outstanding shares (mn)	4,532
Foreign ownership (mn)	371
3M avg. daily trading (mn)	14
52-week trading range (Bt)	2.60 – 4.00
Performance (%)	3M 6M 12M
Absolute	18.7 31.3 36.8
Relative	28.3 38.4 38.6

Quarterly EPS

EPS	Q1	Q2	Q3	Q4
2020	(0.02)	(0.14)	(0.11)	(0.10)
2021	(0.11)	(0.15)	(0.14)	(0.05)
2022	(0.07)			

Share price chart



Source: SET

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2Q22F earnings preview: Expect a narrow loss

Event

2Q22F earnings preview.

Impact

Expect an improving 2Q22F normalized loss of Bt200mn

We expect ERW to report a 2Q22F net loss of Bt150mn (+78% YoY, +52% QoQ), partly boosted by gain on sale of assets of Bt50mn coming from divestment transactions of Ibis Kata, Huahin, and Ibis Styles Krabi Ao Nang.

Excluding one-off items, 2Q22F normalized loss is expected to narrow to Bt200mn (+64% YoY, +37% QoQ) supported by more confidence in domestic travel and strong recovery in international tourist arrivals since May 2022. Overall, we expect total revenue to come in at Bt1bn (+285% YoY, +58% QoQ), while EBIT margin is expected to improve to -10.3% (+170ppts YoY, +25.3ppts QoQ) amid better economies of scale.

RevPar to reach multi-quarter high

Total RevPar is expected to reach its highest level since the emergence of COVID-19 at Bt770 (+325% YoY, +59% QoQ), resulting from i) occupancy rate of 65% (1Q22 was at 49%), and ii) ARR improving to Bt1,189 (+33% YoY, +19% QoQ) due to a more favorable revenue mix. In terms of locations, hotel performance in Bangkok is expected to outperform in 2Q22, partly backed by its strategic location attracting international tourists with expected occupancy of more than 60% in 2Q22F (compared with occupancy of hotels upcountry at 40-50%).

Opening one new hotel in 2Q22

ERW resumed its investment cycle in 2H21. So far, two Hop Inn hotels were added in 1Q22, while ERW opened another new hotel in 2Q22, Hop Inn Mahasarakham (61 rooms).

Valuation & Action

ERW will be a key beneficiary from the strong recovery in Thailand's tourism, while earnings are set to gain further positive improvement both YoY and QoQ in 3Q22. We maintain a rating of Outperform with a target price of Bt4.70, based on 16.5x 2023F EV/EBITDA or +1.0SD to its long-term mean.

Risks

Fewer than expected tourist arrivals.

Key financials and valuations

	Dec - 19A	Dec - 20A	Dec - 21A	Dec - 22F	Dec - 23F
Revenue (Btmn)	6,379	2,306	1,485	3,126	4,896
Gross Profit (Btmn)	2,650	(171)	(734)	758	2,095
SG&A (Btmn)	1,633	1,005	915	1,054	1,102
Net Profit (Btmn)	446	(1,715)	(2,050)	(607)	387
Normalized Profit (Btmn)	463	(1,585)	(2,021)	(607)	387
EPS (Bt)	0.10	(0.38)	(0.45)	(0.13)	0.09
Normalized EPS (Bt)	0.10	(0.35)	(0.45)	(0.13)	0.09
DPS (Bt)	0.07	0.00	0.00	0.00	0.00
EPS Growth (%)	(16.9)	N.A.	(19.5)	70.4	N.A.
Normalized EPS Growth	(13.6)	N.A.	(27.5)	69.9	N.A.
P/E (X)	64.1	(9.5)	(6.6)	(28.2)	44.3
P/B (X)	4.8	4.2	2.3	3.2	2.9
EV/EBITDA (X)	19.9	(257.6)	(43.0)	36.9	14.4
Net Debt to Equity (%)	154.7	375.9	226.0	258.9	233.1
Dividend Yield (%)	1.1	0.0	0.0	0.0	0.0
Return on Average Equity (%)	7.5	(43.7)	(34.0)	(11.2)	6.6

Source: Company data, KGI Securities Research

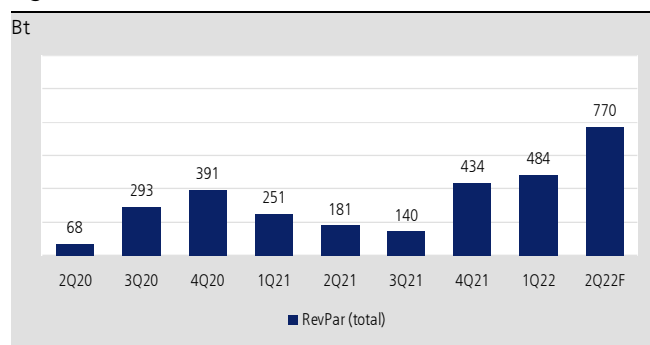
*The Company may be issuer of Derivative Warrants on these securities.

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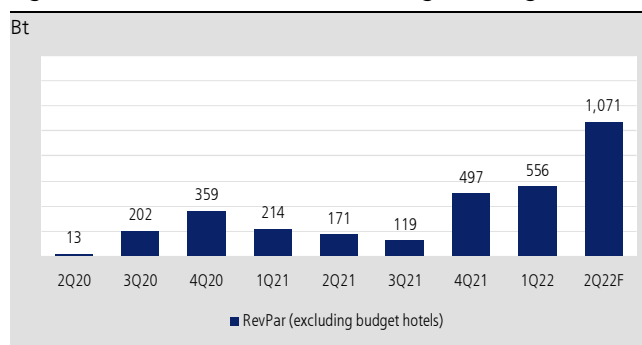
Figure 1: ERW's 2Q22F earnings preview

Bt mn	2Q22F	2Q21	YoY (%)	1Q22	QoQ (%)	3M22	3M21	YoY (%)
Revenue	1,011	262	285.1	638	58.3	638	378	69.0
Revenue from hotel business	989	251	293.8	617	60.2	617	354	74.3
Rental and service income	22	11	90.6	21	3.1	21	23	(10.9)
Gross Profit	182	(267)	168.3	20		20	(180)	N.A.
SG&A	297	213	39.4	255	16.5	255	208	22.5
Operating EBIT	(104)	(473)	78.0	(227)	54.1	(227)	(376)	39.6
Operating EBITDA	111	(229)		(14)	910.2	(14)	(133)	N.A.
Net Profit	(150)	(690)	78.3	(313)	52.1	(313)	(492)	36.4
Normalized profit	(200)	(559)	64.3	(315)	36.5	(315)	(492)	36.0
Percent	2Q22F	2Q21	YoY (ppts)	1Q22	QoQ (ppts)	3M22	3M21	YoY (ppts)
Gross margin	18.0	(101.7)	119.7	3.1	14.9	3.1	(47.8)	50.9
EBIT margin	(10.3)	(180.3)	170.0	(35.6)	25.3	(35.6)	(99.6)	64.0
SG&A/sales	29.4	81.2	(51.8)	39.9	(10.5)	39.9	55.1	(15.2)
Key stats	2Q22F	2Q21	YoY (%)	1Q22	QoQ (%)			
No. of rooms	9,991	9,863	1.3	9,930	0.6			
Occupancy (%)	65	20	+45ppts	49	+16ppts			
ARR (Bt)	1,189	894	33	998	19			
RevPar (Bt)	770	181	325	484	59			

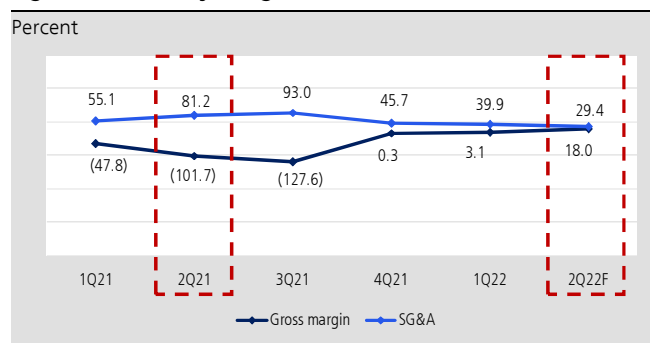
Source: Company data, KGI Securities Research

Figure 2: Total RevPar momentum


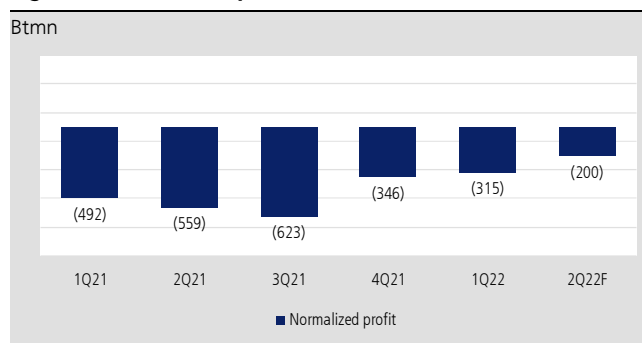
Source: Company data, KGI Securities Research

Figure 3: RevPar momentum (excluding the budget hotels)


Source: Company data, KGI Securities Research

Figure 4: Quarterly margins


Source: Company data, KGI Securities Research

Figure 5: Normalized profit momentum


Source: Company data, KGI Securities Research

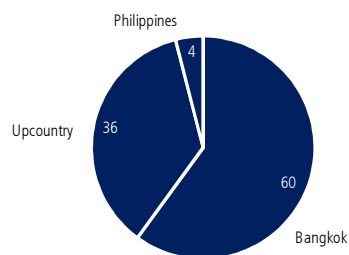
Figure 6: Company profile

The Erawan Group (ERW) is a market leader in the non-luxury hotel segment with around 45% of its total revenue coming from the segment. Apart from being a non-luxury hotel leader, around 65% of its revenues comes from hotels in Bangkok and the rest from upcountry.

Source: Company data

Figure 8: Hotel revenue breakdown by location (2019)

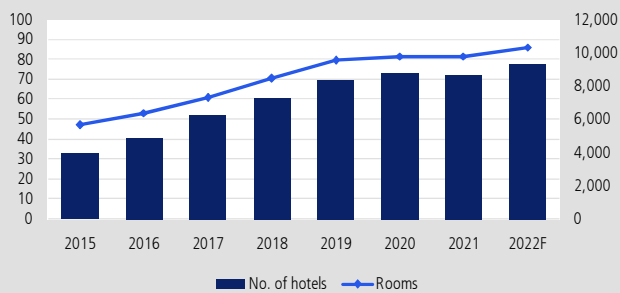
Percent



Source: Company data, KGI Securities Research

Figure 10: Number of hotels and rooms

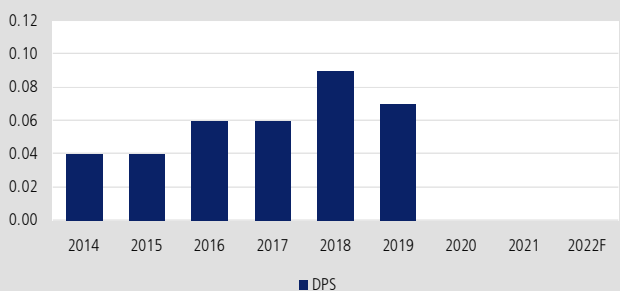
Number



Source: Company data, KGI Securities Research

Figure 12: DPS

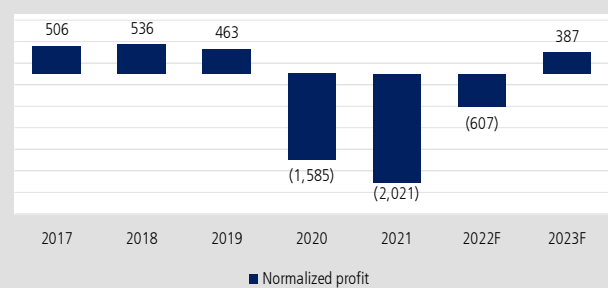
Bt/share



Source: Company data, KGI Securities Research

Figure 7: Earnings forecast

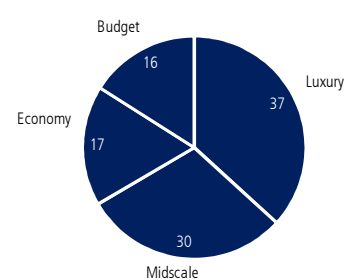
Btmn



Source: Company data, KGI Securities Research

Figure 9: EBITDA breakdown by segment (2019)

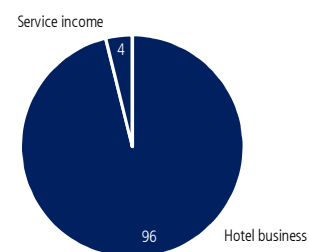
Percent



Source: Company data, KGI Securities Research

Figure 11: Total revenue breakdown (2019)

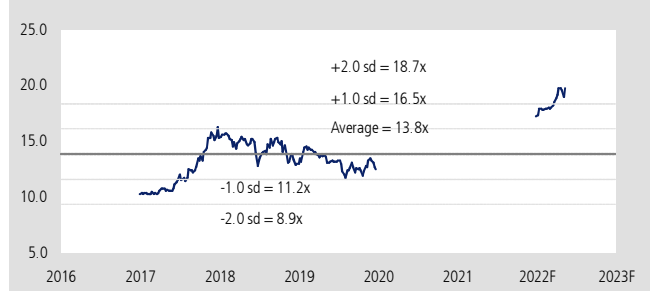
Percent



Source: Company data, KGI Securities Research

Figure 13: EV/EBITDA

Times



Source: Company data, KGI Securities Research

Quarterly Income Statement

	Sep-18A	Dec-18A	Mar-19A	Jun-19A	Sep-19A	Dec-19A	Mar-20A	Jun-20A	Sep-20A	Dec-20A	Mar-21A	Jun-21A	Sep-21A	Dec-21A	Mar-22A
Income Statement (Bt mn)															
Revenue	1,429	1,705	1,758	1,396	1,498	1,727	1,211	79	427	589	378	262	226	619	638
Cost of Goods Sold	-689	-746	-740	-709	-725	-726	-589	-143	-342	-390	-315	-285	-287	-398	-405
Gross Profit	547	748	812	480	567	790	358	-327	-173	-29	-180	-267	-289	2	20
Operating Expense	-400	-411	-423	-374	-396	-439	-343	-190	-267	-206	-208	-213	-211	-283	-255
Other incomes	12	13	17	18	12	13	12	5	10	15	12	7	27	34	8
Operating Profit	159	349	406	123	183	364	27	-511	-429	-219	-376	-473	-472	-247	-227
Depreciation of fixed asset	-194	-211	-206	-207	-206	-211	-263	-263	-258	-228	-243	-244	-229	-220	-213
Operating EBITDA	353	561	612	330	388	575	291	-249	-171	8	-133	-229	-244	-28	-14
Non-Operating Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Non-op Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Non-Operating Expense	-86	-96	-93	-97	-98	-113	-136	-146	-116	-156	-135	-139	-123	-115	-108
Interest Expense	-91	-99	-96	-100	-102	-104	-139	-135	-120	-143	-138	-136	-126	-121	-112
Other Non-op Expense	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Equity Income/(Loss)	5	2	3	2	3	-8	3	-11	3	-14	3	-3	3	5	3
Pre-tax profit	73	253	314	26	84	252	-109	-658	-546	-376	-511	-612	-595	-363	-335
Current Taxation	-22	-54	-61	-10	-28	-55	1	8	11	20	-2	25	-73	4	8
Minorities	-10	-20	-17	-5	-14	-21	5	24	21	13	21	27	45	12	12
Extraordinary items	0	0	0	-18	0	0	0	0	0	-130	0	-130	0	101	2
Net Profit	41	180	235	-7	43	176	-103	-625	-514	-474	-492	-690	-623	-246	-313
Normalized Profit	41	180	235	11	43	176	-103	-625	-514	-344	-492	-559	-623	-346	-315
EPS (Bt)	0.01	0.04	0.05	-0.00	0.01	0.04	-0.02	-0.14	-0.11	-0.10	-0.11	-0.15	-0.14	-0.05	-0.07
Normalized EPS (Bt)	0.01	0.04	0.05	0.00	0.01	0.04	-0.02	-0.14	-0.11	-0.08	-0.11	-0.12	-0.14	-0.08	-0.07
Margins															
Gross profit margin	38.2	43.9	46.2	34.4	37.9	45.8	29.6	(411.4)	(40.5)	(4.9)	(47.8)	(101.7)	(127.6)	0.3	3.1
Operating EBIT margin	11.1	20.5	23.1	8.8	12.2	21.1	2.2	(644.1)	(100.5)	(37.3)	(99.6)	(180.3)	(208.5)	(40.0)	(35.6)
Operating EBITDA margin	24.7	32.9	34.8	23.7	25.9	33.3	24.0	(313.3)	(40.1)	1.4	(35.2)	(87.2)	(107.5)	(4.5)	(2.1)
Net profit margin	2.9	10.5	13.3	(0.5)	2.8	10.2	(8.5)	(787.2)	(120.3)	(80.5)	(130.3)	(262.8)	(275.0)	(39.7)	(49.1)
Growth (YoY)															
Revenue growth	(1.3)	7.7	(1.0)	3.5	4.8	1.3	(31.1)	(94.3)	(71.5)	(65.9)	(68.8)	230.5	(47.0)	5.2	143.2
Operating EBIT growth	(32.3)	9.7	(14.5)	(10.4)	14.8	4.3	N.A.	N.A.	N.A.	N.A.	(1,486.0)	(7.5)	10.0	12.8	(52.0)
Operating EBITDA growth	(16.5)	10.6	(7.0)	1.5	10.1	2.6	(52.5)	N.A.	N.A.	N.A.	(145.8)	(8.0)	42.2	(433.7)	(94.0)
Net profit growth	(47.8)	11.5	(17.9)	(124.6)	2.9	(2.3)	N.A.	N.A.	N.A.	N.A.	379.9	10.3	21.2	(48.1)	(54.6)
Normalized profit growth	(47.8)	11.5	(17.9)	(64.4)	2.9	(2.3)	N.A.	N.A.	N.A.	N.A.	380.1	(10.5)	21.2	0.8	(43.7)

Source: KGI Securities Research

Balance Sheet

As of 31 Dec (Bt mn)	2019	2020	2021	2022F	2023F
Total Assets	17,834	21,215	22,450	21,481	21,997
Current Assets	1,456	1,962	2,655	1,484	1,851
Cash & ST Investment	969	1,623	1,242	1,130	1,407
Inventories	52	46	39	33	39
Account Receivable	185	77	100	101	159
Others	102	48	78	50	78
Non-current Assets	16,378	19,253	19,795	19,997	20,145
LT Investment	365	373	242	376	376
Net fixed Assets	14,442	13,867	19,409	19,463	19,612
Others	1,571	158	144	158	158
Total Liabilities	11,893	17,286	16,427	16,079	16,167
Current Liabilities	3,360	2,812	1,489	1,297	1,293
Account Payable	234	145	143	114	152
ST Borrowing	2,038	2,209	868	698	498
Others	1,088	458	478	485	643
Long-term Liabilities	8,533	14,474	14,938	14,782	14,874
Long-term Debts	8,125	10,551	10,356	10,786	10,866
Others	407	218	273	291	303
Shareholders' Equity	5,941	3,929	6,023	5,402	5,830
Common Stock	2,518	2,518	4,532	4,532	4,532
Capital Surplus	910	910	910	910	910
Retained Earnings	2,499	519	(1,488)	(2,095)	(1,708)
Preferred Stock	0	0	0	0	0

Source: KGI Securities Research

Key Ratios

Year to 31 Dec	2019	2020	2021	2022F	2023F
Growth (%YoY)					
Sales	2.1	(64.5)	(35.1)	110.1	58.3
OP	(4.9)	(208.0)	37.5	(85.8)	(570.7)
EBITDA	0.5	(106.4)	422.9	(232.8)	152.9
NP	(16.9)	N.A.	(19.5)	70.4	N.A.
Normalized Profit	(13.6)	N.A.	(27.5)	69.9	N.A.
EPS	(16.9)	N.A.	(19.5)	70.4	N.A.
Normalized EPS	(13.6)	N.A.	(27.5)	69.9	N.A.
Profitability (%)					
Gross Margin	41.5	(7.4)	(49.4)	24.2	42.8
Operating Margin	16.6	(49.6)	(105.8)	(7.2)	21.5
EBITDA Margin	29.9	(5.3)	(42.6)	26.9	43.4
Net Margin	7.0	(74.4)	(138.0)	(19.4)	7.9
ROAA	2.5	(8.1)	(9.1)	(2.8)	1.8
ROAE	7.5	(43.7)	(34.0)	(11.2)	6.6
Stability					
Gross Debt/Equity (%)	200.2	440.0	272.8	297.7	277.3
Net Debt/Equity (%)	154.7	375.9	226.0	258.9	233.1
Interest Coverage (x)	2.7	(2.1)	(3.0)	(0.4)	1.9
Interest & ST Debt Coverage (x)	0.4	(0.4)	(1.1)	(0.2)	1.0
Cash Flow Interest Coverage (x)	3.5	(2.0)	(4.3)	2.6	2.9
Cash Flow/Interest & ST Debt (x)	0.6	(0.4)	(1.6)	1.1	1.5
Current Ratio (x)	0.4	0.7	1.8	1.1	1.4
Quick Ratio (x)	0.4	0.7	1.8	1.1	1.4
Net Debt (Bt mn)	9,193.1	14,769.1	13,612.3	13,984.9	13,589.5
Per Share Data (Bt)					
EPS	0.1	(0.4)	(0.5)	(0.1)	0.1
Normalized EPS	0.1	(0.3)	(0.4)	(0.1)	0.1
CFPS	0.3	(0.2)	(0.5)	0.3	0.3
BVPS	1.3	0.9	1.3	1.2	1.3
SPS	1.4	0.5	0.3	0.7	1.1
EBITDA/Share	0.4	(0.0)	(0.1)	0.2	0.5
DPS	0.1	0.0	0.0	0.0	0.0
Activity					
Asset Turnover (x)	-0.4	-0.1	-0.1	-0.1	-0.2
Days Receivables	-10.6	-12.1	-24.5	-11.8	-11.8
Days Inventory	-6.6	-11.5	-11.2	-9.1	-8.1
Days Payable	-29.5	-36.1	-40.6	-31.9	-31.9
Cash Cycle	12.3	12.4	4.8	11.0	12.0

Source: KGI Securities Research

Profit & Loss

Year to Dec 31 (Btmn)	2019	2020	2021	2022F	2023F
Revenue	6,379	2,306	1,485	3,126	4,896
Cost of Goods Sold	(2,900)	(1,465)	(1,284)	(1,309)	(1,736)
Gross Profit	2,650	(171)	(734)	758	2,095
Operating Expenses	(1,633)	(1,005)	(915)	(1,054)	(1,102)
Other Incomes	42	32	77	72	59
Operating Profit	1,059	(1,143)	(1,572)	(224)	1,052
Depreciation of fixed assets	(830)	(1,012)	(936)	(1,059)	(1,065)
Operating EBITDA	1,906	(121)	(633)	841	2,126
Non-Operating Income	18	10	3	5	8
Interest Income	18	10	3	5	8
Other Non-op Income	0	0	0	0	0
Non-Operating Expense	(402)	(536)	(521)	(547)	(555)
Interest Expense	(402)	(536)	(521)	(547)	(555)
Other Non-op Expense					
Equity Income/(Loss)	0	(18)	9	12	13
Pretax Profit	657	(1,818)	(2,110)	(753)	519
Current Taxation	(155)	39	(46)	76	(91)
Minorities	(57)	63	105	69	(41)
Extraordinaries items	(18)	(130)	(29)	0	0
Net Profit	446	(1,715)	(2,050)	(607)	387
Normalized Profit	463	(1,585)	(2,021)	(607)	387
EPS (Bt)	0.10	(0.38)	(0.45)	(0.13)	0.09
Normalized EPS (Bt)	0.10	(0.35)	(0.45)	(0.13)	0.09

Source: KGI Securities Research

Cash Flow

Year to 31 Dec (Bt mn)	2019	2020	2021	2022F	2023F
Operating Cash Flow	1,424	(1,048)	(2,256)	1,410	1,584
Net Profit	446	(1,715)	(2,050)	(607)	387
Depreciation & Amortization	830	1,012	936	1,059	1,065
Change in Working Capital	74	(430)	(1,056)	1,039	104
Others					
Investment Cash Flow	(1,841)	(4,230)	(841)	(1,848)	(1,200)
Net CAPEX	(1,808)	769	(6,469)	(1,151)	(1,214)
Change in LT Investment	(1)	(4,838)	4,963	(90)	13
Change in Other Assets	(5)	(195)	657	(599)	0
Free Cash Flow	(418)	(5,278)	(3,097)	(439)	384
Financing Cash Flow	335	5,932	2,716	327	(107)
Change in Share Capital	48	0	2,014	0	0
Net Change in Debt	605	6,166	(1,533)	272	(107)
Change in Other LT Liab.	(92)	(58)	2,236	55	0
Net Cash Flow	(82)	654	(380)	(112)	276

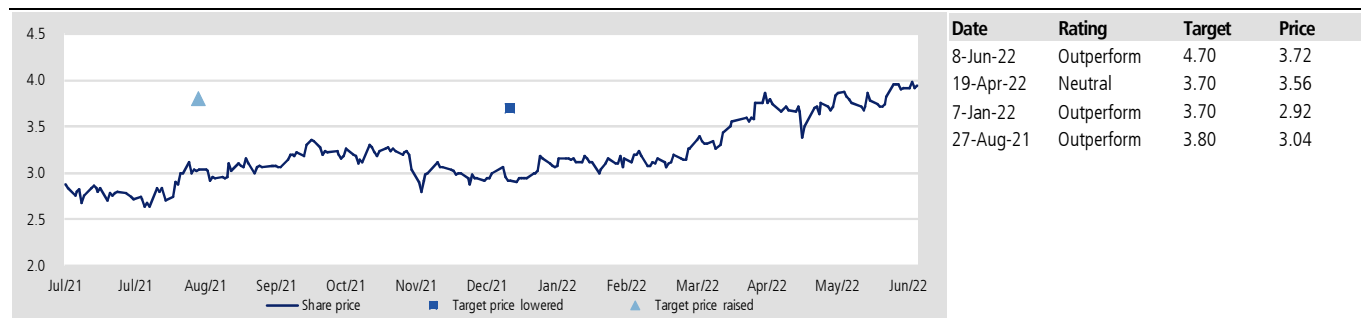
Source: KGI Securities Research

Rates of Return on Invested Capital

Year	1-	COGS Revenue	+	Depreciation Revenue	+	Operating Exp. Revenue	=	Operating Margin
2019		45.5%		13.0%		25.6%		15.9%
2020		63.5%		43.9%		43.6%		-51.0%
2021		86.4%		63.0%		61.6%		-111.0%
2022F		41.9%		33.9%		33.7%		-9.5%
Year	1/	Working Capital Revenue	+	Net PPE Revenue	+	Other Assets Revenue	=	Capital Turnover
2019		(0.3)		2.3		0.5		0.4
2020		(0.4)		6.0		3.2		0.1
2021		0.8		13.1		2.0		0.1
2022F		0.1		6.2		0.6		0.1
Year		Operating Margin	x	Capital Turnover	x	Cash Tax Rate	=	After-tax Return on Inv. Capital
2019		15.9%		0.4		23.3%		1.5%
2020		-51.0%		0.1		2.2%		-0.1%
2021		-111.0%		0.1		-2.2%		0.2%
2022F		-9.5%		0.1		10.2%		-0.1%

Source: KGI Securities Research

The Erawan Group – Recommendation & target price history



Source: KGI Securities Research



Minor International

(MINT.BK/MINT TB)*

Outperform • Maintained

Price as of 30 Jun 2022	34.00
12M target price (Bt/shr)	44.00
Unchanged/Revised up(down)(%)	Unchanged
Upside/downside (%)	29.3

Key messages

We expect MINT to report a 2Q22F normalized profit of Bt700mn, reversing from normalized losses of Bt3.6bn in 1Q22 and Bt3.4bn in 2Q21. Both hotel and restaurant businesses are expected to recover, and we expect RevPar to jump 266% YoY and 85% QoQ and SSSG to come in at +5% YoY led by its Thailand hub. We re-iterate our long-term positive view backed by the recovery in its hotel performance and bottoming out of its restaurant performance in China. We maintain a rating of Outperform with a target price of Bt44.00.

Trading data

Mkt cap (BtBn/US\$mn)	179/4,469
Outstanding shares (mn)	5,257
Foreign ownership (mn)	1,450
3M avg. daily trading (mn)	19
52-week trading range (Bt)	27.30 – 36.00
Performance (%)	3M 6M 12M
Absolute	0.0 18.3 12.4
Relative	8.1 24.7 13.9

Quarterly EPS

EPS	Q1	Q2	Q3	Q4
2020	(0.38)	(1.83)	(1.21)	(1.21)
2021	(1.57)	(0.85)	(0.09)	(0.34)
2022	(0.82)			

Share price chart



Source: SET

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2Q22F earnings preview: Earnings to turnaround

Event

2Q22F earnings preview.

Impact

Expect a turnaround to a normalized profit of Bt700mn

We expect MINT to report a 2Q22F normalized profit of Bt700mn, reversing from normalized losses of Bt3.6bn in 1Q22 and Bt3.4bn in 2Q21. The strong growth YoY and QoQ should be backed by improving tourism sentiment across destinations and hotels in Europe entering the high season. Overall, we expect total revenue in 2Q22F to jump 106% YoY and 43% QoQ to Bt28.1bn due mainly to ramping up in the performance of hotel business, while the overall EBIT margin is expected to be in positive territory at 9.6% (+19.4ppts QoQ) amid better economies of scale.

Hotel: RevPar to jump 266% YoY and 85% QoQ

RevPar in 2Q22F is expected to hit a multi-quarter high at Bt2,701 (+266% YoY, +85% QoQ), resulting from: i) higher occupancy at 63% (1Q22 was at 39%), and ii) strong ARR growth of 32% YoY and 16% QoQ. Amid the improving global COVID-19 situation, we expect to see a strong recovery across destinations especially hotels in Europe, which are expected to see occupancy outperform other destinations at 68% in 2Q22F, while RevPar is expected to have reached the pre-pandemic level since May 2022.

Restaurant: SSSG to inch up 5% YoY

Same-store-sales growth (SSSG) is expected to inch up 5% YoY in 2Q22F (Figure 6), boosted by the performance of its Thailand hub, which should achieve SSSG of 18% YoY in 2Q22F. Meanwhile, restaurants in China are expected to be hit hard by China's zero-COVID policy resulting in expected SSSG of -50% YoY in 2Q22F (e.g. China imposed a 2-month lockdown of Shanghai during 2Q22). With China's daily new infections improving (Figure 8) and its loosening of some COVID-19 restrictions since June 2022, we expect the performance of its restaurant business in China to have bottomed out.

Valuation & action

Looking ahead, we expect 3Q22F earnings to continue to gain positive momentum both YoY and QoQ supported by: i) continued high season of hotel operations in Europe, ii) occupancy rate ramping up for other destinations, and iii) bottoming out of restaurant performance in China. We maintain a rating of Outperform with a target price of Bt44.00, based on 18.1x 2023F EV/EBITDA or +0.5SD to its long-term mean.

Risks

Political turmoil, longer-than-expected COVID-19 outbreak.

Key financials and valuations

	Dec - 19A	Dec - 20A	Dec - 21A	Dec - 22F	Dec - 23F
Revenue (Btmn)	119,023	55,954	69,481	99,412	115,698
Gross Profit (Btmn)	53,829	8,700	22,064	42,513	50,441
SG&A (Btmn)	47,327	26,534	33,300	36,484	41,420
Net Profit (Btmn)	10,698	(21,407)	(13,167)	1,819	4,725
Normalized Profit (Btmn)	7,059	(19,394)	(9,315)	1,819	4,725
EPS (Bt)	2.32	(4.63)	(2.85)	0.39	1.02
Normalized EPS (Bt)	1.53	(4.20)	(2.02)	0.39	1.02
DPS (Bt)	0.00	0.00	0.00	0.00	0.00
EPS Growth (%)	96.5	N.A.	38.5	N.A.	159.7
Normalized EPS Growth	18.5	N.A.	52.0	N.A.	159.7
P/E (X)	15.5	(5.6)	(10.1)	86.3	33.2
P/B (X)	1.9	1.6	1.7	1.9	1.8
EV/EBITDA (X)	12.6	78.9	16.6	9.9	8.5
Net Debt to Equity (%)	115.3	144.3	134.3	141.1	122.5
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0
Return on Average Equity (%)	12.5	(28.0)	(16.6)	2.2	5.4

Source: Company data, KGI Securities Research

*The Company may be issuer of Derivative Warrants on these securities.

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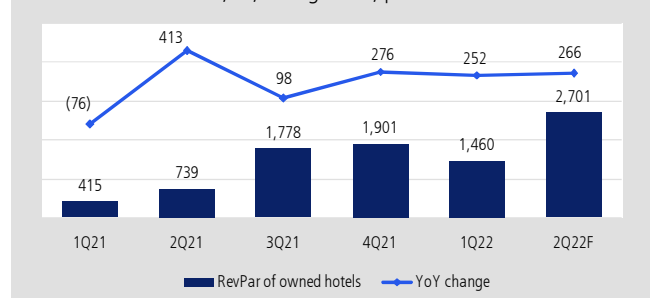
Figure 1: MINT's 2Q22F earnings preview

Bt mn	2Q22F	2Q21	YoY (%)	1Q22	QoQ (%)	3M22	3M21	YoY (%)
Total revenue	28,137	13,673	105.8	19,688	42.9	19,688	12,047	63.4
Revenues from hotel and related services	21,613	7,390	192.5	12,469	73.3	12,469	4,915	153.7
Revenues from mixed use operations	594	767	(22.6)	540	10.0	540	1,446	(62.7)
Sales of food and beverage	5,361	4,964	8.0	6,139	(12.7)	6,139	4,943	24.2
Sales from distribution and manufacturing	569	552	3.0	541	5.2	541	742	(27.1)
Gross Profit	11,458	3,089	270.9	6,098	87.9	6,098	1,991	206.2
SG&A	(9,651)	(7,631)	26.5	(8,906)	8.4	(8,906)	(6,839)	(30.2)
Operating EBIT	2,708	(2,122)		(1,928)		(1,928)	(4,241)	54.6
Operating EBITDA	7,428	2,940	152.7	2,763	168.9	2,763	559	393.8
Net Profit	700	(3,924)		(3,794)		(3,794)	(7,250)	47.7
Normalized profit	700	(3,395)		(3,582)		(3,582)	(5,211)	31.3
Percent	2Q22F	2Q21	YoY (ppts)	1Q22	QoQ (ppts)	3M22	3M21	YoY (ppts)
Total gross margin	40.7	22.6	18.1	31.0	9.8	31.0	16.5	14.4
EBIT margin	9.6	(15.5)	25.1	(9.8)	19.4	(9.8)	(35.2)	25.4
SG&A/sales	34.3	55.8	(21.5)	45.2	(10.9)	45.2	56.8	(11.5)
Key performance drivers (owned hotels)	2Q22F	2Q21	YoY (%)	1Q22	QoQ (%)			
Hotel rooms	55,119	54,537	1.1	54,573	1.0			
Occupancy (%)	63	23	+40.2ppts	39	+24.2ppts			
ARR (Bt/night)	4,274	3,238	32.0	3,700	15.5			
RevPar (Bt/night) - owned hotels	2,701	739	266	1,460	85.0			

Source: Company data, KGI Securities Research

Figure 2: Total owned hotels' RevPar growth

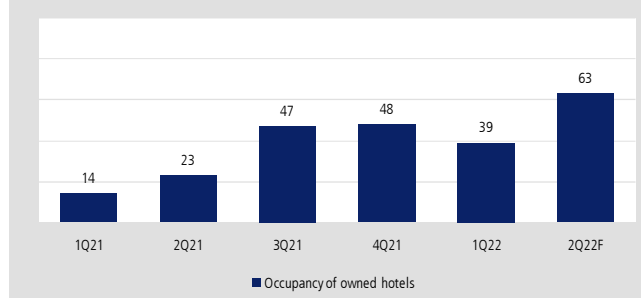
RevPar of owned hotels, Bt; YoY growth, percent



Source: Company data, KGI Securities Research

Figure 3: Occupancy of total owned hotels

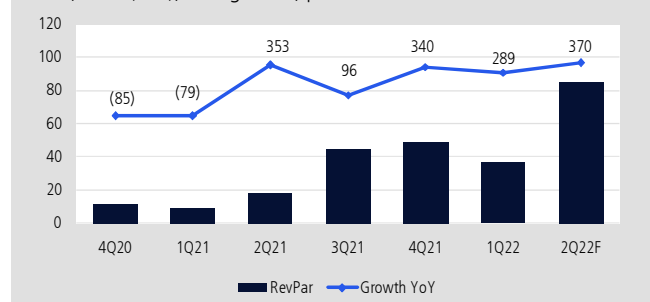
Percent



Source: Company data, KGI Securities Research

Figure 4: NHH's organic RevPar growth

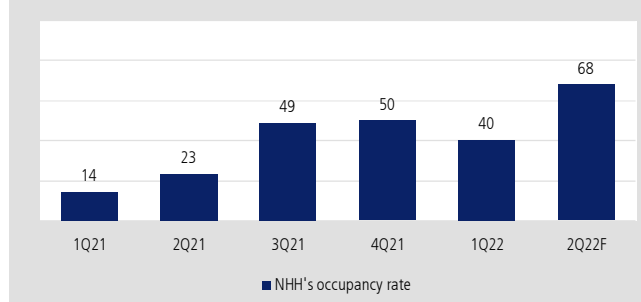
RevPar, euro (LHS); YoY growth, percent



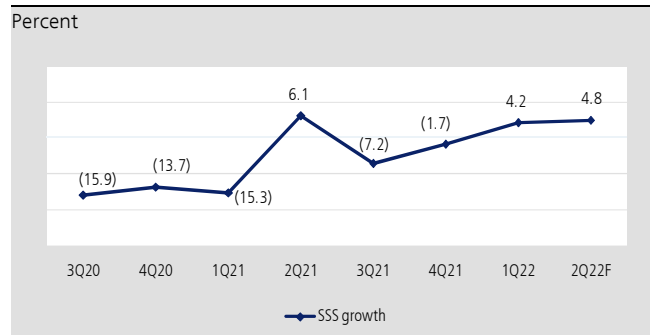
Source: Company data, KGI Securities Research

Figure 5: Occupancy of NHH

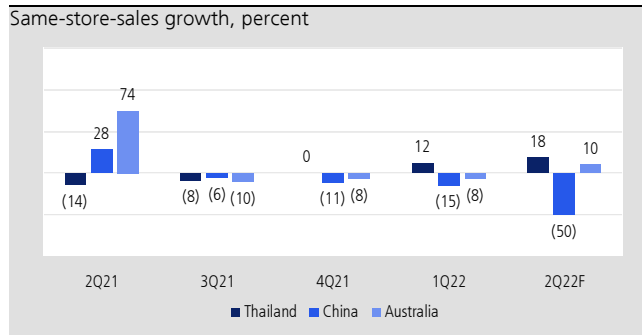
Percent



Source: Company data, KGI Securities Research

Figure 6: SSSG


Source: Company data, KGI Securities Research

Figure 7: SSSG breakdown by country


Source: Company data, KGI Securities Research

Figure 8: Average daily infections in key countries (as of June 24, 2022)

	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22
Thailand	10,285	6,795	3,470	7,243	15,856	24,671	20,192	6,347	2,367
China	48	72	130	158	167	3,331	19,444	2,341	176
USA	83,685	86,137	199,597	651,575	146,566	34,266	41,371	95,842	106,403
United Kingdom	41,885	39,510	86,440	118,136	56,398	73,515	29,888	8,934	10,786
France	5,417	17,002	72,240	296,077	99,249	93,956	101,040	30,127	38,186
Germany	11,071	41,309	42,374	85,971	176,056	213,290	115,090	50,038	52,061
Spain	1,735	5,101	37,688	118,274	36,295	17,122	12,928	14,426	13,684
Italy	3,320	8,553	35,391	156,691	64,276	59,984	60,695	30,910	25,615
Maldives	94	134	131	1,393	1,118	220	72	30	30
World	420,606	522,059	825,785	2,909,521	2,075,615	1,657,774	836,793	522,465	517,169

Source: Our World in Data, KGI Securities Research

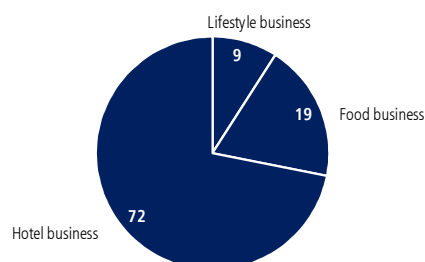
Figure 9: Company profile

Minor International (MINT) is a global hotel operator and its recent acquisition of NH Hotel has changed its growth profile. NHH contributes 70% of hotel revenue, while other overseas hotels represent 15% and Thailand 15%. MINT also operates a portfolio of QSR with more than 2,250 outlets across the region; 65% of its food revenue comes from Thailand, 14% from China, 10% from Australia, and 11% from others.

Source: Company data

Figure 10: Total revenue breakdown by business (2019)

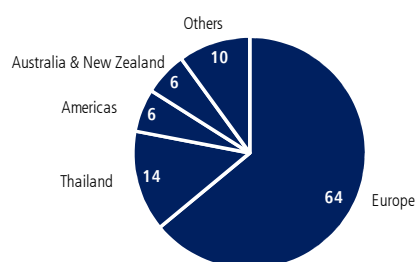
Percent



Source: Company data, KGI Securities Research

Figure 11: Hotel revenue breakdown by geography

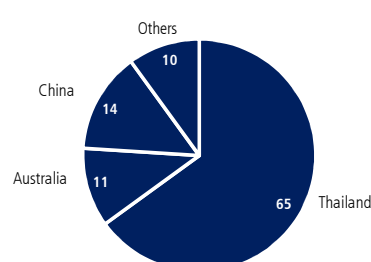
Percent



Source: Company data, KGI Securities Research

Figure 12: Food revenue breakdown by geography

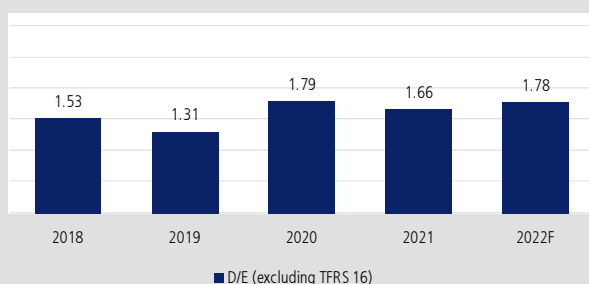
Percent



Source: Company data, KGI Securities Research

Figure 13: D/E

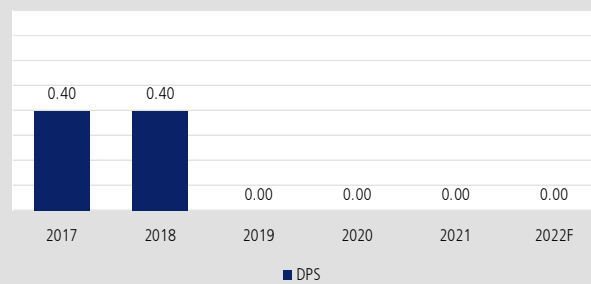
Times



Source: Company data, KGI Securities Research

Figure 14: DPS

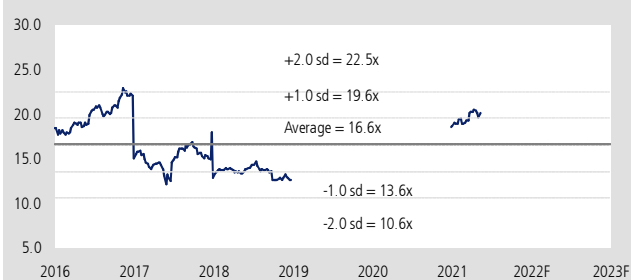
Bt



Source: Company data, KGI Securities Research

Figure 15: EV/EBITDA

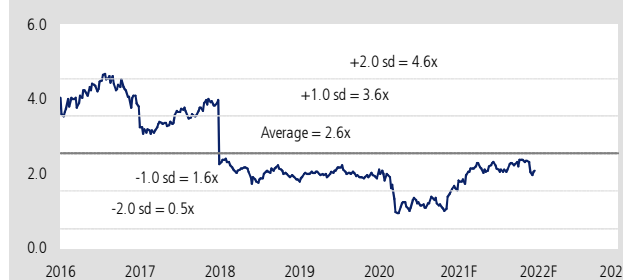
Times



Source: KGI Securities Research

Figure 16: PBV

Times



Source: KGI Securities Research

Quarterly Income Statement

	Jun-18A	Sep-18A	Dec-18A	Mar-19A	Jun-19A	Sep-19	Dec-19A	Mar-20A	Jun-20A	Sep-20A	Dec-20A	Mar-21A	Jun-21A	Sep-21A	Dec-21A	Mar-22A
Income Statement (Bt mn)																
Revenue	13,767	15,056	30,778	27,795	30,737	28,755	31,736	21,842	6,466	14,471	13,174	12,047	13,673	19,446	24,315	19,688
Cost of Goods Sold	(5,964)	(6,316)	(13,994)	(15,606)	(16,356)	(16,072)	(17,160)	(14,543)	(7,956)	(12,884)	(11,870)	(10,056)	(10,584)	(12,816)	(13,962)	(13,591)
Gross Profit	7,803	8,739	16,784	12,189	14,380	12,683	14,576	7,299	(1,490)	1,587	1,304	1,991	3,089	6,630	10,353	6,098
Operating Expense	(7,188)	(7,511)	(13,537)	(11,429)	(11,435)	(12,132)	(12,329)	(9,754)	(5,431)	(5,467)	(5,881)	(6,839)	(7,631)	(7,685)	(11,145)	(8,906)
Other Incomes	603	515	724	955	893	2,258	1,570	449	416	480	694	469	2,249	265	2,770	730
Operating Profit	1,218	1,743	3,970	1,715	3,838	2,809	3,816	-2,007	-6,506	-3,401	-3,883	-4,379	-2,292	-790	1,978	-2,079
Depreciation of fixed asset	(1,132)	(1,121)	(2,366)	(2,267)	(2,286)	(2,239)	(2,122)	(4,887)	(4,881)	(4,911)	(3,562)	(4,801)	(5,063)	(5,069)	(5,009)	(4,690)
Operating EBITDA	2,845	3,072	6,577	4,111	6,279	5,195	6,232	3,045	(1,474)	1,615	(164)	559	2,940	4,409	7,185	2,763
Non-Operating Income	495	208	241	128	155	148	293	165	151	104	157	138	170	130	197	151
Interest Income	123	123	241	128	155	148	291	164	151	104	157	138	170	130	197	151
Other Non-op Income	372	84	(0)	0	0	0	2	1	0	0	(0)	0	0	0	1	0
Non-Operating Expense	(418)	(583)	(1,182)	(830)	(1,084)	(979)	(361)	(1,851)	(2,254)	(2,485)	(1,326)	(2,031)	(2,384)	(2,379)	(1,534)	(2,001)
Interest Expense	(493)	(694)	(1,259)	(1,032)	(1,069)	(951)	(1,029)	(1,808)	(1,912)	(2,334)	(1,398)	(1,995)	(2,265)	(2,294)	(1,564)	(2,056)
Other Non-op Expense	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Equity Income/(Loss)	75	111	77	202	(15)	(28)	669	(43)	(342)	(151)	72	(36)	(119)	(84)	30	55
Pre-tax profit	1,295	1,367	3,030	1,013	2,908	1,977	3,749	(3,693)	(8,609)	(5,782)	(5,052)	(6,272)	(4,506)	(3,039)	642	(3,929)
Current Taxation	(196)	(284)	(748)	(318)	(674)	(569)	(732)	337	974	705	429	512	847	556	936	73
Minorities	(14)	(63)	(148)	(63)	(134)	8	(108)	182	472	288	353	549	264	116	79	274
Extraordinary items	121	0	(633)	(50)	(314)	3,144	859	1,399	(1,285)	(807)	(1,321)	(2,039)	(529)	1,931	(3,215)	(212)
Net Profit	1,205	1,020	1,500	583	1,786	4,560	3,768	(1,774)	(8,448)	(5,595)	(5,591)	(7,250)	(3,924)	(436)	(1,557)	(3,794)
Normalized Profit	1,084	1,020	2,133	633	2,100	1,416	2,909	(3,173)	(7,163)	(4,789)	(4,270)	(5,211)	(3,395)	(2,367)	1,657	(3,582)
EPS (Bt)	0.26	0.22	0.32	0.13	0.39	0.99	0.82	(0.38)	(1.83)	(1.21)	(1.21)	(1.57)	(0.85)	(0.09)	(0.34)	(0.82)
Normalized EPS (Bt)	0.23	0.22	0.46	0.14	0.45	0.31	0.63	(0.69)	(1.55)	(1.04)	(0.92)	(1.13)	(0.74)	(0.51)	0.36	(0.78)
Margins																
Gross profit margin	56.7	58.0	54.5	43.9	46.8	44.1	45.9	33.4	(23.0)	11.0	9.9	16.5	22.6	34.1	42.6	31.0
Operating EBIT margin	8.8	11.6	12.9	6.2	12.5	9.8	12.0	(9.2)	(100.6)	(23.5)	(29.5)	(36.3)	(16.8)	(4.1)	8.1	(10.6)
Operating EBITDA margin	20.7	20.4	21.4	14.8	20.4	18.1	19.6	13.9	(22.8)	11.2	(1.2)	4.6	21.5	22.7	29.5	14.0
Net profit margin	8.8	6.8	4.9	2.1	5.8	15.9	11.9	(8.1)	(130.6)	(38.7)	(42.4)	(60.2)	(28.7)	(2.2)	(6.4)	(19.3)
Growth (YoY)																
Revenue growth	9.9	9.7	118.2	81.2	123.3	91.0	3.1	(21.4)	(79.0)	(49.7)	(58.5)	(44.8)	111.5	34.4	84.6	63.4
Operating EBIT growth	27.0	6.4	151.6	(13.8)	215.1	61.2	(3.9)	(217.0)	(269.5)	(221.1)	(201.7)	118.2	(64.8)	(76.8)	(151.0)	(52.5)
Operating EBITDA growth	37.2	8.2	134.2	27.9	120.7	69.1	(5.2)	(25.9)	(123.5)	(68.9)	(102.6)	(81.6)	(299.5)	173.0	(4,478.2)	393.8
Net profit growth	63.6	(10.8)	(6.9)	(66.1)	48.2	347.2	151.2	(404.1)	(573.0)	(222.7)	(248.4)	308.8	(53.6)	(92.2)	(72.1)	(47.7)
Normalized profit growth	47.2	(10.8)	32.4	(63.2)	93.7	38.9	36.4	(601.2)	(441.1)	(438.1)	(246.8)	64.2	(52.6)	(50.6)	(138.8)	(31.3)

Source: Company data, KGI Securities Research

Balance Sheet

As of 31 Dec (Bt mn)	2019	2020	2021	2022F	2023F
Total Assets	254,184	362,327	369,633	382,256	380,051
Current Assets	38,599	52,064	48,827	47,974	46,563
Cash & ST Investment	13,331	26,188	25,097	23,740	22,236
Inventories	1,428	1,958	1,568	1,662	1,662
Account Receivable	15,554	12,286	14,638	15,294	15,426
Others	5,575	9,771	5,598	5,141	4,545
Non-current Assets	215,585	310,262	320,806	334,282	333,488
LT Investment	19,184	19,576	19,712	21,115	21,604
Net fixed Assets	123,129	122,718	130,050	140,061	137,359
Others	73,272	78,331	84,174	83,470	84,889
Total Liabilities	168,316	286,003	290,140	299,540	292,282
Current Liabilities	35,592	41,238	58,058	57,513	59,010
Account Payable	20,036	15,310	18,394	20,711	23,140
ST Borrowing	9,971	6,442	17,396	16,780	15,034
Others	5,584	5,658	8,304	6,023	6,837
Long-term Liabilities	132,724	244,765	232,082	242,027	233,272
Long-term Debts	102,402	129,897	114,483	123,668	114,708
Others	30,322	29,556	35,005	33,046	33,252
Shareholders' Equity	85,868	76,324	79,492	82,716	87,769
Common Stock	4,619	5,182	5,214	5,182	5,597
Capital Surplus	15,018	24,196	24,893	24,196	33,882
Retained Earnings	41,401	15,676	(130)	854	5,578
Preferred Stock	0	0	0	0	0

Source: KGI Securities Research

Key Ratios

Year to 31 Dec	2019	2020	2021	2022F	2023F
Growth (%YoY)					
Sales	58.8	(53.0)	24.2	43.1	16.4
OP	36.5	(229.7)	(65.3)	(264.4)	34.8
EBITDA	38.9	(86.1)	399.5	91.6	12.1
NP	96.5	(300.1)	(38.5)	(113.8)	159.7
Normalized Profit	18.5	N.A.	52.0	N.A.	159.7
EPS	96.5	N.A.	38.5	N.A.	159.7
Normalized EPS	18.5	(374.7)	(52.0)	(119.5)	159.7
Profitability (%)					
Gross Margin	45.2	15.5	31.8	42.8	43.6
Operating Margin	10.2	(28.2)	(7.9)	9.1	10.5
EBITDA Margin	18.3	5.4	21.7	29.1	28.0
Net Margin	9.0	(38.3)	(18.9)	1.8	4.1
ROAA	4.2	(5.9)	(3.6)	0.5	1.2
ROAE	12.5	(28.0)	(16.6)	2.2	5.4
Stability					
Gross Debt/Equity (%)	196.0	374.7	365.0	362.1	333.0
Net Debt/Equity (%)	115.3	144.3	134.3	141.1	122.5
Interest Coverage (x)	3.2	(2.0)	(0.6)	1.2	1.6
Interest & ST Debt Coverage (x)	0.9	(1.1)	(0.2)	0.4	0.6
Cash Flow Interest Coverage (x)	3.8	0.9	2.2	2.4	3.4
Cash Flow/Interest & ST Debt (x)	1.1	0.5	0.7	0.8	1.2
Current Ratio (x)	1.1	1.3	0.8	0.8	0.8
Quick Ratio (x)	1.0	1.2	0.8	0.8	0.7
Net Debt (Bt mn)	99,042.5	110,150.8	106,782.7	116,707.8	107,505.2
Per Share Data (Bt)					
EPS	2.3	(4.6)	(2.9)	0.4	1.0
Normalized EPS	1.5	(4.2)	(2.0)	0.4	1.0
CFPS	3.3	1.4	3.9	4.4	5.9
BVPS	18.6	16.5	17.2	17.9	19.0
SPS	25.8	12.1	15.0	21.5	25.0
EBITDA/Share	4.7	0.7	3.3	6.3	7.0
DPS	0.0	0.0	0.0	0.0	0.0
Activity					
Asset Turnover (x)	0.5	0.2	0.2	0.3	0.3
Days Receivables	47.7	80.1	76.9	56.2	48.7
Days Inventory	23.2	28.4	26.9	24.3	24.3
Days Payable	112.2	118.3	141.6	132.9	129.4
Cash Cycle	-41.4	-9.7	-37.8	-52.4	-56.4

Source: KGI Securities Research

Profit & Loss

Year to Dec 31 (Bt mn)	2019	2020	2021	2022F	2023F
Revenue	119,023	55,954	69,481	99,412	115,698
Cost of Goods Sold	(65,194)	(47,254)	(47,417)	(56,899)	(65,258)
Gross Profit	53,829	8,700	22,064	42,513	50,441
Operating Expenses	(47,327)	(26,534)	(33,300)	(36,484)	(41,420)
Other Incomes	5,676	2,038	5,753	2,982	3,124
Operating Profit	12,178	(15,796)	(5,483)	9,011	12,145
Depreciation of fixed assets	(8,914)	(18,241)	(19,942)	(18,980)	(19,318)
Operating EBITDA	21,816	3,022	15,094	28,916	32,423
Non-Operating Income	724	577	634	925	961
Interest Income	722	576	634	895	926
Other Non-op Income	2	1	1	30	35
Non-Operating Expense	(4,081)	(7,452)	(8,118)	(8,287)	(8,044)
Interest Expense	(4,081)	(7,452)	(8,118)	(8,287)	(8,044)
Other Non-op Expense	0	0	0	0	0
Equity Income/(Loss)	828	(464)	(209)	331	397
Pretax Profit	13,287	(25,149)	(17,026)	1,980	5,458
Current Taxation	(2,293)	2,445	2,851	(82)	(506)
Minorities	(296)	1,296	1,009	(78)	(228)
Extraordinary items	3,639	(2,013)	(3,852)	0	0
Net Profit	10,698	(21,407)	(13,167)	1,819	4,725
Normalized Profit	7,059	(19,394)	(9,315)	1,819	4,725
EPS (Bt)	2.32	(4.63)	(2.85)	0.39	1.02
Normalized EPS (Bt)	1.53	(4.20)	(2.02)	0.39	1.02

Source: KGI Securities Research

Cash Flow

Year to 31 Dec (Bt mn)	2019	2020	2021	2022F	2023F
Operating Cash Flow	15,345	6,582	17,840	20,114	27,023
Net Profit	10,698	(21,407)	(13,167)	1,819	4,725
Depreciation & Amortization	8,914	18,241	19,942	18,980	19,318
Change in Working Capital	(97)	8,567	8,013	(433)	3,150
Others					
Investment Cash Flow	7,947	(116,161)	(29,097)	(34,084)	(17,921)
Net CAPEX	8,242	(27,458)	(36,798)	(28,223)	(18,035)
Change in LT Investment	2,181	(91,785)	2,814	(2,691)	397
Change in Other Assets	(861)	3,847	(562)	(1,211)	(489)
Free Cash Flow	23,292	(109,580)	(11,257)	(13,970)	9,102
Financing Cash Flow	(22,721)	122,437	10,166	12,613	(10,606)
Change in Share Capital	4	9,741	728	(728)	10,101
Net Change in Debt	(14,521)	109,278	(7,178)	11,287	(10,707)
Change in Other LT Liab.	(6,357)	3,419	16,615	2,054	(10,000)
Net Cash Flow	571	12,857	(1,092)	(1,356)	(1,504)

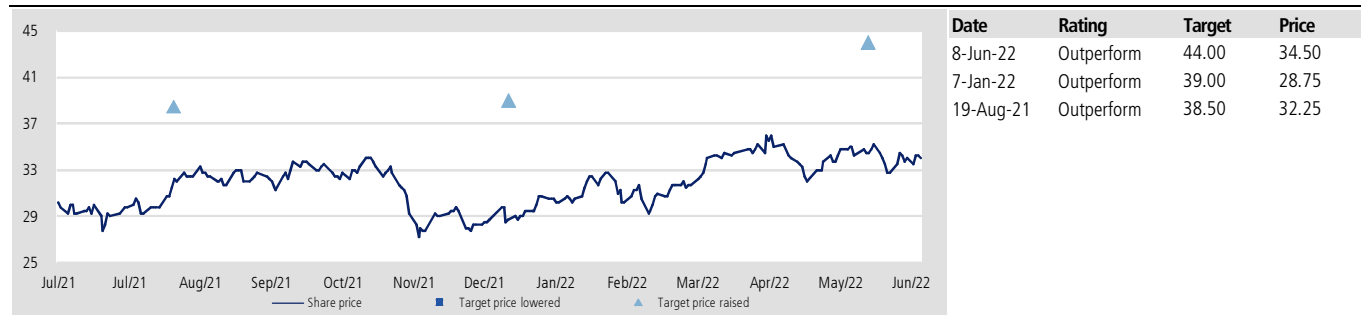
Source: KGI Securities Research

Rates of Return on Invested Capital

Year	1- $\frac{\text{COGS}}{\text{Revenue}}$	+ $\frac{\text{Depreciation}}{\text{Revenue}}$	+ $\frac{\text{Operating Exp.}}{\text{Revenue}}$	= $\frac{\text{Operating Margin}}{\text{Revenue}}$
2019	54.8%	7.5%	39.8%	-2.0%
2020	84.5%	32.6%	47.4%	-64.5%
2021	68.2%	28.7%	47.9%	-44.9%
2022F	57.2%	19.1%	36.7%	-13.0%
Year	1/ $\frac{\text{Working Capital}}{\text{Revenue}}$	+ $\frac{\text{Net PPE}}{\text{Revenue}}$	+ $\frac{\text{Other Assets}}{\text{Revenue}}$	= $\frac{\text{Capital Turnover}}{\text{Revenue}}$
2019	0.0	1.0	0.9	0.5
2020	0.2	0.9	0.9	0.5
2021	(0.1)	0.9	0.9	0.6
2022F	(0.1)	1.3	2.6	0.3
Year	$\frac{\text{Operating Margin}}{\text{Revenue}}$	x $\frac{\text{Capital Turnover}}{\text{Revenue}}$	x $\frac{\text{Cash Tax Rate}}{\text{Revenue}}$	= $\frac{\text{After-tax Return on Inv. Capital}}{\text{Revenue}}$
2019	-2.0%	0.5	17.3%	-0.2%
2020	-64.5%	0.5	9.7%	-3.1%
2021	-44.9%	0.6	16.7%	-4.6%
2022F	-13.0%	0.3	20.6%	-0.7%

Source: KGI Securities Research

Minor International – Recommendation & target price history



Source: KGI Securities Research



S Hotels & Resorts

(SHR.BK/SHR TB)

Outperform • Maintained

Price as of 30 Jun 2022	4.42
12M target price (Bt/shr)	6.00
Unchanged/Revised up(down)(%)	Unchanged
Upside/downside (%)	35.8

Key messages

We expect SHR to report a 2Q22F normalized loss of Bt25mn, improving from a normalized loss of Bt204mn in 1Q22. Key supports would be improving hotel performance across most destinations, resulting in a 2-year high RevPar of Bt2,874 (+184% YoY, +19% QoQ). Looking ahead, we expect SHR's earnings to turnaround in 3Q22 backed by improved RevPar QoQ across destinations. SHR remains one of our top picks for Thailand's hotel sector. We re-iterate a rating of Outperform with a target price of Bt6.00.

Trading data

Mkt cap (Btmn/US\$mn)	16,100/402		
Outstanding shares (mn)	3,594		
Foreign ownership (mn)	225		
3M avg. daily trading (mn)	30		
52-week trading range (Bt)	3.0/4.7		
Performance (%)	3M	6M	12M
Absolute	23.8	49.3	32.5
Relative	33.8	57.3	34.2

Quarterly EPS

EPS	Q1	Q2	Q3	Q4
2020	0.07	(0.23)	(0.17)	(0.33)
2021	(0.09)	(0.16)	(0.08)	(0.02)
2022	(0.06)			

Share price chart



Source: SET

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2Q22F earnings preview: Expect a thin loss

Event

2Q22F earnings preview.

Impact

Expect a thin normalized loss of Bt25mn

We expect SHR to report a normalized loss of Bt25mn, improving from normalized losses of Bt204mn in 1Q22 and Bt549mn in 2Q21. The strong growth YoY and QoQ would be backed by improving hotel performance across most destinations, especially Thailand, UK, Fiji, and Mauritius. Hence, we expect hotel revenue to hit a multi-quarter high at Bt2.1bn (+155% YoY, +21% QoQ). Meanwhile, hotel gross margin is expected to improve 28.3ppts YoY and 5.0ppts QoQ to 30.5% amid better economies of scale.

RevPar to jump 184% YoY and 19% QoQ

We expect total RevPar to hit a 2-year high of Bt2,874 (+184% YoY, +19% QoQ), resulting from: i) occupancy of 62% (1Q22 was at 46%), and ii) ARR growth at -12% QoQ, partly pressured by the low season for hotel in Maldives. Overall, occupancy of hotels across destinations except Maldives saw strong growth YoY and QoQ, backed by continued loosening of COVID-19 restrictions and improving tourism sentiment. Occupancy rates at hotels in the UK are expected to see a QoQ rebound in 2Q22F to 62% (1Q22 was at 46%) amid entering the high season. Meanwhile, occupancy rates of hotels in Maldives should temporarily soften QoQ to 65% in 2Q22F (1Q22 was at 74%).

Valuation & action

Looking ahead, we expect SHR's earnings to turnaround in 3Q22 backed by improved RevPar QoQ across destinations (e.g. UK, Maldives, and Thailand) as well as ramping up profitability. The company remains one of our top picks for Thailand's hotel sector amid its well-balanced revenue portfolio and resilient strategic hotel locations. We re-iterate a rating of Outperform with a target price of Bt6.00, based on 14.9x 2023F EV/EBITDA or +0.5 S.D. to its long-term mean.

Risks

Longer-than-expected COVID-19 outbreak.

Key financials and valuations

Year end Dec 31	Dec - 19A	Dec - 20A	Dec - 21A	Dec - 22F	Dec - 23F
Revenue (Btmn)	3,818	1,563	4,512	7,357	8,652
Gross Profit (Btmn)	1,328	-105	916	2,602	3,210
SG&A (Btmn)	1,450	2,372	1,764	2,067	2,466
Net Profit (Btmn)	(467)	(2,371)	(1,234)	50	340
Normalized Profit (Btmn)	(98)	(1,808)	(1,229)	50	340
EPS (Bt)	(0.13)	(0.66)	(0.34)	0.01	0.09
Normalized EPS (Bt)	(0.03)	(0.50)	(0.34)	0.01	0.09
DPS (Bt)	0.00	0.00	0.00	0.00	0.00
EPS Growth (%)	N.A.	(407.8)	47.9	N.A.	576.2
Normalized EPS Growth	N.A.	(1,738.5)	32.0	N.A.	576.2
P/E (X)	(24.3)	(6.9)	(13.3)	327.6	48.4
P/B (X)	0.6	0.6	0.7	1.1	1.1
EV/EBITDA (X)	20.7	(19.0)	51.8	17.1	14.5
Net Debt to Equity (%)	23.7	45.5	101.3	102.5	94.7
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0
Return on Average Equity (%)	(0.5)	(11.5)	(7.7)	0.3	2.2

Source: Company data, KGI Securities Research

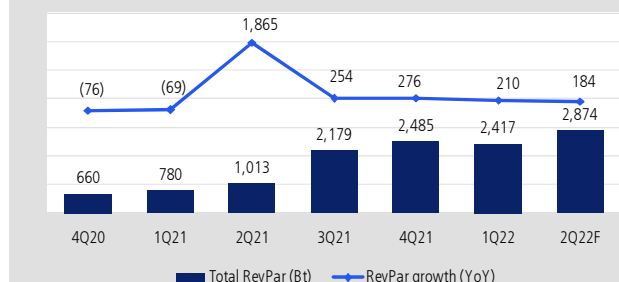
Figure 1: SHR's 2Q22F earnings preview

Bt mn	2Q22F	2Q21	YoY (%)	1Q22	QoQ (%)	3M22	3M21	YoY (%)
Revenue	2,052	803	155.5	1,690	21.4	1,690	544	210.7
Revenues from hotel operations	2,052	803	155.5	1,690	21.4	1,690	544	210.7
Gross Profit	626	18	3,454.2	431	45.3	431	(22)	
SG&A	(490)	(449)	(9.3)	(464)	(5.6)	(464)	(299)	(55.2)
Operating EBIT	150	(396)		(23)		(23)	(173)	86.6
Operating EBITDA	440	(57)		265	66.2	265	74	255.9
Net Profit	(25)	(571)	95.6	(204)	87.7	(204)	(311)	34.4
Normalized profit	(25)	(549)	95.4	(204)	87.7	(204)	(421)	51.5
Percent	2Q22F	2Q21	YoY (ppts)	1Q22	QoQ (ppts)	3M22	3M21	YoY (ppts)
Gross margin	30.5	2.2	28.3	25.5	5.0	25.5	(4.1)	29.6
EBIT margin	7.3	(49.3)	56.7	(1.4)	8.7	(1.4)	(31.8)	30.4
SG&A/sales	23.9	55.9	(32.0)	27.5	(3.6)	27.5	55.0	(27.5)
Key performance drivers	2Q22F	2Q21	YoY (%)	1Q22	QoQ (%)			
Hotel rooms (owned hotels)	4,522	4,574	(1.1)	4,522	-			
Occupancy (%)	62	29	+33ppts	46	+16ppts			
ARR (Bt/night)	4,667	3,495	33.5	5,277	(11.6)			
RevPar (Bt/night)	2,874	1,013	183.7	2,417	18.9			

Source: Company data, KGI Securities Research

Figure 2: RevPar momentum

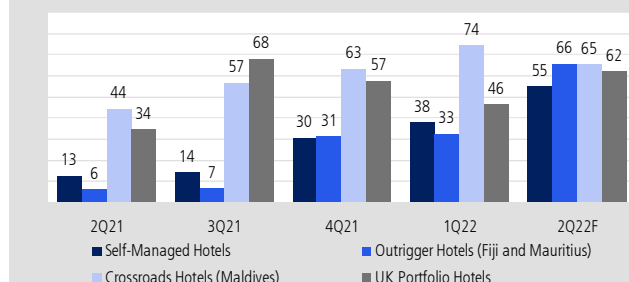
RevPar, Bt; YoY growth, percent



Source: Company data, KGI Securities Research

Figure 3: Occupancy trend

Percent



Source: Company data, KGI Securities Research

Figure 4: Breakdown of hotel performances by destination

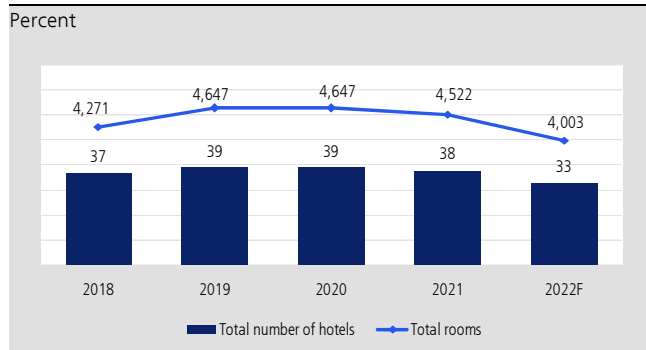
	2Q22F	2Q21	YoY (ppts)	1Q22	QoQ (ppts)
Occupancy (%)					
Self-Managed Hotels	54.8	12.6	42.2	37.7	17.1
Outrigger Hotels	65.8	5.9	59.9	32.7	33.1
Crossroads Phase 1 Hotels	65.3	44.4	20.9	74.3	(9.0)
UK Portfolio Hotels	61.9	34.4	27.5	46.2	15.7
Average	61.6	29.0	32.6	45.8	15.8
ARR (Bt/night)					
			Chg (%)		Chg (%)
Self-Managed Hotels	4,505	2,949	52.8	5,708	(21.1)
Outrigger Hotels	7,088	2,383	197.4	6,965	1.8
Crossroads Phase 1 Hotels	11,903	8,088	47.2	14,843	(19.8)
UK Portfolio Hotels	3,309	2,837	16.6	3,065	8.0
Average	4,667	3,495	33.5	5,277	(11.6)
RevPar (Bt/night)					
			Chg (%)		Chg (%)
Self-Managed Hotels	2,469	372	564.4	2,152	14.7
Outrigger Hotels	4,664	141	3217.2	2,275	105.0
Crossroads Phase 1 Hotels	7,773	3,589	116.6	11,028	(29.5)
UK Portfolio Hotels	2,048	977	109.6	1,415	44.8
Average	2,874	1,013	183.7	2,417	18.9

Source: Company data, KGI Securities Research

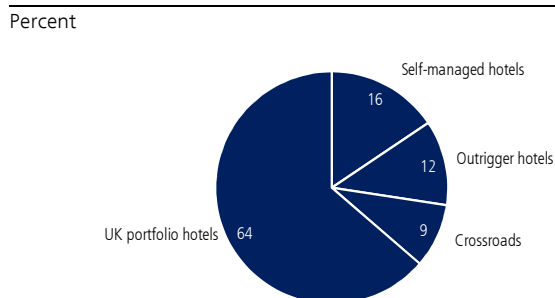
Figure 5: Company profile

S Hotels and Resorts (SHR), a subsidiary of SET-listed Singha Estate (S), operates and invests a chain of hotels and resorts across five key destinations - Thailand, Maldives, United Kingdom, Fiji, and Mauritius.

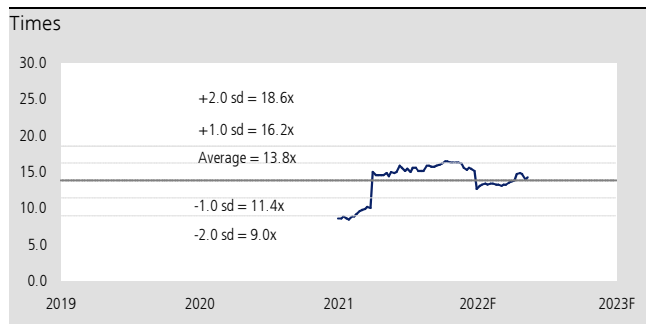
Source: Company data

Figure 7: Number of hotels and rooms


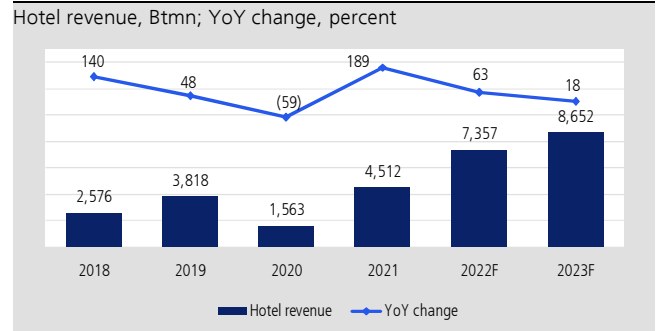
Source: Company data, KGI Securities Research

Figure 9: Rooms breakdown by management platform


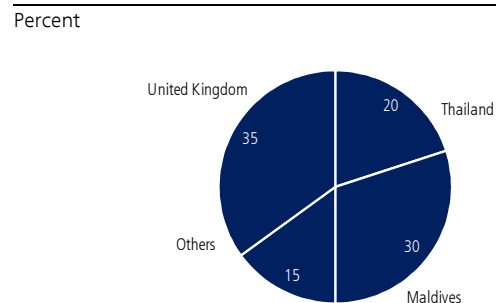
Source: Company data, KGI Securities Research

Figure 11: Forward EV/EBITDA


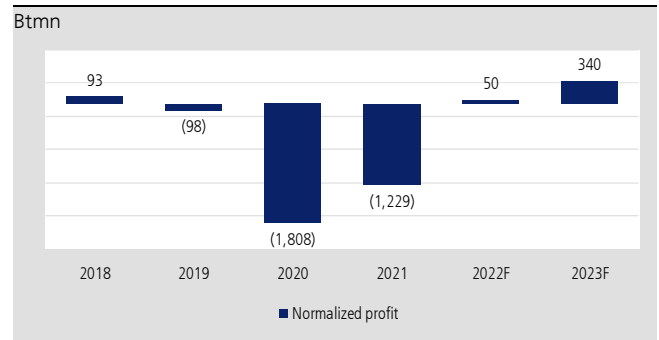
Source: KGI Securities Research

Figure 6: Revenue outlook


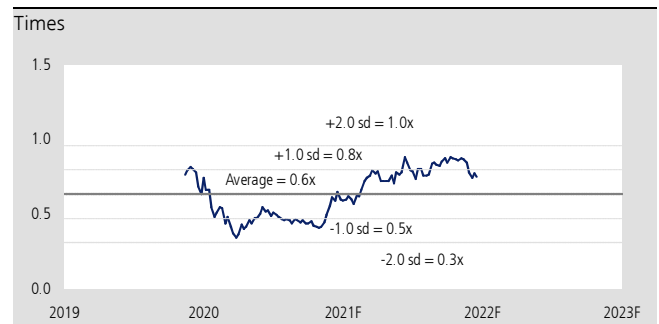
Source: Company data, KGI Securities Research

Figure 8: Hotel revenue breakdown by destinations


Source: Company data, KGI Securities Research

Figure 10: Earnings momentum


Source: Company data, KGI Securities Research

Figure 12: P/BV


Source: KGI Securities Research

Quarterly Income Statement

	Jun-18A	Sep-18A	Dec-18A	Mar-19A	Jun-19A	Sep-19A	Dec-19A	Mar-20A	Jun-20A	Sep-20A	Dec-20A	Mar-21A	Jun-21A	Sep-21A	Dec-21A	Mar-22A
Income Statement (Bt mn)																
Revenue	335	875	985	974	778	888	1,178	1,145	7	114	297	544	803	1,422	1,744	1,690
Cost of Goods Sold	(234)	(530)	(549)	(550)	(538)	(595)	(808)	(764)	(21)	(382)	(501)	(566)	(786)	(1,019)	(1,226)	(1,259)
Gross Profit	101	345	436	424	240	293	370	380	(14)	(268)	(204)	(22)	18	403	518	431
Operating Expense	(119)	(273)	(442)	(305)	(362)	(377)	(406)	(443)	(697)	(282)	(950)	(299)	(449)	(489)	(526)	(464)
Other incomes	39	369	37	36	48	64	52	473	58	46	75	148	35	12	(18)	10
Operating Profit	21	441	31	155	-74	-21	17	411	-653	-503	-1,080	-173	-396	-74	-26	-23
Depreciation of fixed asset	(54)	(129)	(146)	(146)	(146)	(145)	(239)	(237)	(246)	(235)	(268)	(247)	(340)	(337)	(265)	(288)
Operating EBITDA	75	570	177	301	73	124	256	648	(407)	(269)	(811)	74	(57)	263	238	265
Non-Operating Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Non-op Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Non-Operating Expense	(37)	(55)	(102)	(188)	(67)	(61)	(88)	(212)	(144)	(90)	(104)	(137)	(188)	(196)	(175)	(185)
Interest Expense	(43)	(113)	(111)	(113)	(92)	(109)	(110)	(101)	(96)	(91)	(90)	(131)	(192)	(194)	(176)	(176)
Other Non-op Expense	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Equity Income/(Loss)	6	58	10	(75)	25	49	22	(111)	(48)	1	(15)	(6)	3	(1)	1	(9)
Pre-tax profit	(15)	385	(71)	(33)	(141)	(81)	(71)	199	(797)	(593)	(1,184)	(310)	(584)	(270)	(201)	(208)
Current Taxation	(8)	(56)	56	(12)	(15)	(17)	(96)	36	(14)	(7)	(11)	(1)	13	(12)	131	4
Minorities	4	(151)	9	0	0	0	0	0	0	0	0	0	0	0	0	0
Extraordinary items	0	0	0	(82)	29	(90)	(226)	394	(24)	(3)	(929)	110	(22)	9	(101)	0
Net Profit	(20)	178	(5)	(127)	(127)	(188)	(393)	629	(834)	(603)	(2,125)	(201)	(594)	(273)	(171)	(204)
Normalized Profit	(20)	178	(5)	(45)	(157)	(98)	(167)	235	(811)	(600)	(1,195)	(311)	(571)	(282)	(70)	(204)
EPS (Bt)	(0.01)	0.05	(0.00)	0.01	(0.05)	(0.00)	0.02	(0.04)	(0.22)	(0.17)	(0.07)	(0.12)	(0.15)	(0.08)	0.01	(0.06)
Normalized EPS (Bt)	(0.01)	0.05	(0.00)	(0.01)	(0.04)	(0.03)	(0.05)	0.07	(0.23)	(0.17)	(0.33)	(0.09)	(0.16)	(0.08)	(0.02)	(0.06)
Margins																
Gross profit margin	30.1	39.4	44.3	43.6	30.9	33.0	31.4	33.2	(212.8)	(235.0)	(68.5)	(4.1)	2.2	28.3	29.7	25.5
Operating EBIT margin	6.4	50.4	3.2	15.9	(9.5)	(2.3)	1.4	35.9	(9,772.4)	(441.5)	(363.2)	(31.8)	(49.3)	(5.2)	(1.5)	(1.4)
Operating EBITDA margin	22.4	65.1	17.9	31.0	9.3	13.9	21.7	56.6	(6,096.8)	(235.7)	(272.9)	13.7	(7.1)	18.5	13.7	15.7
Net profit margin	(5.9)	20.4	(0.5)	(13.1)	(16.4)	(21.2)	(33.3)	54.9	(12,492.1)	(528.6)	(714.8)	(37.0)	(73.9)	(19.2)	(9.8)	(12.1)
Growth (YoY)																
Revenue growth				155.9	132.2	1.5	19.6	17.6	(99.1)	(87.2)	(74.8)	(52.5)	11,923.1	1,146.8	486.7	210.7
Operating EBIT growth				(22.7)	(443.7)	(104.7)	(45.4)	165.0	783.8	2,319.5	(6,457.5)	(142.1)	(39.3)	(85.2)	(97.6)	(86.6)
Operating EBITDA growth				18.5	(3.4)	(78.3)	44.6	115.0	(660.9)	(317.2)	(417.5)	(88.5)	(86.1)	(197.9)	(129.4)	255.9
Net profit growth				(262.1)	549.4	(205.4)	7,344.8	(593.4)	555.4	220.6	441.2	(132.0)	(28.9)	(54.7)	(91.9)	1.5
Normalized profit growth				(157.7)	698.3	(155.0)	3,066.6	(618.4)	418.0	511.8	615.9	(232.3)	(29.5)	(53.0)	(94.1)	(34.4)

Source: KGI Securities Research

Balance Sheet

As of 31 Dec (Bt mn)	2019	2020	2021	2022F	2023F
Total Assets	29,162	27,117	37,214	36,326	36,235
Current Assets	5,127	3,638	4,723	4,002	4,290
Cash & ST Investment	3,592	2,493	1,914	2,037	2,109
Inventories	303	176	198	414	453
Account Receivable	288	52	387	263	309
Others	945	824	316	1,195	1,325
Non-current Assets	24,035	23,479	32,491	32,324	31,945
LT Investment	2,364	2,786	1,320	1,309	1,318
Net fixed Assets	18,769	19,289	29,068	28,829	28,416
Others	2,866	1,147	1,773	1,823	1,849
Total Liabilities	11,239	11,441	21,332	21,251	20,820
Current Liabilities	2,907	3,719	6,922	6,840	6,957
Account Payable	1,714	587	1,635	1,902	2,177
ST Borrowing	849	3,049	5,071	4,247	4,011
Others	339	40	106	368	433
Long-term Liabilities	8,332	7,722	14,410	14,410	13,864
Long-term Debts	7,465	5,724	9,140	8,991	8,441
Others	866	854	1,392	872	876
Shareholders' Equity	17,923	15,676	15,882	15,075	15,415
Common Stock	17,968	17,968	17,968	17,968	17,968
Capital Surplus	3,335	3,335	3,335	3,335	3,335
Retained Earnings	(111)	(2,480)	(3,717)	(3,667)	(3,327)
Preferred Stock					

Source: KGI Securities Research

Key Ratios

Year to 31 Dec	2019	2020	2021	2022F	2023F
Growth (%YoY)					
Sales	48.2	(59.1)	188.7	63.0	17.6
OP	(88.8)	(2,458.3)	(63.3)	(201.6)	35.8
EBITDA	(30.0)	(211.4)	(161.9)	260.0	14.4
NP	(301.2)	407.8	(47.9)	(104.1)	576.2
Normalized Profit	N.A.	(1,738.5)	32.0	N.A.	576.2
EPS	(301.2)	407.8	(47.9)	(104.1)	576.2
Normalized EPS	N.A.	(1,738.5)	32.0	N.A.	576.2
Profitability (%)					
Gross Margin	34.8	(6.7)	20.3	35.4	37.1
Operating Margin	2.0	(116.8)	(14.8)	9.3	10.7
EBITDA Margin	19.7	(53.7)	11.5	25.4	24.7
Net Margin	(12.2)	(151.7)	(27.4)	0.7	3.9
ROAA	(1.6)	(8.7)	(3.3)	0.1	0.9
ROAE	(0.5)	(11.5)	(7.7)	0.3	2.2
Stability					
Gross Debt/Equity (%)	0.6	0.7	1.3	1.4	1.4
Net Debt/Equity (%)	0.2	0.5	1.0	1.0	0.9
Interest Coverage (x)	0.2	(4.8)	(1.0)	1.1	1.6
Interest & ST Debt Coverage (x)	0.1	(0.5)	(0.1)	0.1	0.2
Cash Flow Interest Coverage (x)	2.6	(3.3)	(1.0)	2.9	0.8
Cash Flow/Interest & ST Debt (x)	0.9	(0.4)	(0.1)	0.4	0.1
Current Ratio (x)	1.8	1.0	0.7	0.6	0.6
Quick Ratio (x)	1.7	0.9	0.7	0.5	0.6
Net Debt (Bt mn)	4,255.9	7,133.6	16,090.1	15,455.2	14,596.1
Per Share Data (Bt)					
EPS	(0.1)	(0.7)	(0.3)	0.0	0.1
Normalized EPS	(0.0)	(0.5)	(0.3)	0.0	0.1
CFPS	0.3	(0.4)	(0.2)	0.5	0.1
BVPS	5.0	4.4	4.4	4.2	4.3
SPS	1.1	0.4	1.3	2.0	2.4
EBITDA/Share	0.2	(0.2)	0.1	0.5	0.6
DPS	0.0	0.0	0.0	0.0	0.0
Activity					
Asset Turnover (x)	0.1	0.1	0.1	0.2	0.2
Days Receivables	27.5	12.2	31.3	13.0	13.0
Days Inventory	44.3	38.5	20.1	31.7	30.4
Days Payable	251.2	128.5	165.9	146.0	146.0
Cash Cycle	(179.4)	(77.8)	(114.5)	(101.2)	(102.5)

Source: KGI Securities Research

Profit & Loss

Year to Dec 31 (Bt mn)	2019	2020	2021	2022F	2023F
Revenue	3,818	1,563	4,512	7,357	8,652
Cost of Goods Sold	(2,490)	(1,668)	(3,596)	(4,756)	(5,442)
Gross Profit	1,328	(105)	916	2,602	3,210
Operating Expenses	(1,450)	(2,372)	(1,764)	(2,067)	(2,466)
Other Incomes	200	653	177	146	180
Operating Profit	77	(1,825)	(670)	681	924
Depreciation of fixed assets	(676)	(986)	(1,189)	(1,188)	(1,214)
Operating EBITDA	753	(839)	519	1,868	2,138
Non-Operating Income	0	0	0	0	0
Interest Income	0	0	0	0	0
Other Non-op Income	0	0	0	0	0
Non-Operating Expense	(425)	(377)	(693)	(630)	(576)
Interest Expense	(425)	(377)	(693)	(630)	(576)
Other Non-op Expense	0	0	0	0	0
Equity Income/(Loss)	20	(172)	(3)	2	9
Pretax Profit	(327)	(2,374)	(1,366)	53	357
Current Taxation	(140)	4	131	(3)	(17)
Minorities	0	0	0	0	0
Extraordinaries items	(369)	(562)	(5)	0	0
Net Profit	(467)	(2,371)	(1,234)	50	340
Normalized Profit	(98)	(1,808)	(1,229)	50	340
EPS (Bt)	(0.13)	(0.66)	(0.34)	0.01	0.09
Normalized EPS (Bt)	(0.03)	(0.50)	(0.34)	0.01	0.09

Source: KGI Securities Research

Cash Flow

Year to 31 Dec (Bt mn)	2019	2020	2021	2022F	2023F
Operating Cash Flow	1,106	(1,263)	(721)	1,842	468
Net Profit	(467)	(2,371)	(1,234)	50	340
Depreciation & Amortization	676	986	1,189	1,188	1,214
Change in Working Capital	549	(1,175)	(688)	1,794	137
Others					
Investment Cash Flow	(3,631)	(1,176)	(9,671)	(351)	392
Net CAPEX	(3,829)	(587)	(11,678)	179	388
Change in LT Investment	69	(577)	1,559	13	(0)
Change in Other Assets	129	(13)	448	(542)	4
Free Cash Flow	(2,525)	(2,439)	(10,392)	1,492	859
Financing Cash Flow	4,223	1,903	9,818	(1,369)	(786)
Change in Share Capital	7,267	0	0	0	0
Net Change in Debt	(2,183)	1,779	8,378	(512)	(786)
Change in Other LT Liab.	(861)	124	1,440	(857)	0
Net Cash Flow	1,699	(537)	(574)	123	73

Source: KGI Securities Research

Rates of Return on Invested Capital

Year	1-	COGS Revenue	+	Depreciation Revenue	+	Operating Exp. Revenue	=	Operating Margin
2019		65.2%		17.7%		38.0%		-20.9%
2020		106.7%		63.1%		151.8%		-221.6%
2021		79.7%		26.3%		39.1%		-45.1%
2022F		64.6%		16.1%		28.1%		-8.9%
Year	1/	Working Capital Revenue	+	Net PPE Revenue	+	Other Assets Revenue	=	Capital Turnover
2019		0.0		4.9		2.7		0.1
2020		(0.1)		12.3		5.0		0.1
2021		(0.5)		6.4		1.8		0.1
2022F		0.0		3.9		1.0		0.2
Year		Operating Margin	x	Capital Turnover	x	Cash Tax Rate	=	After-tax Return on Inv. Capital
2019		-20.9%		0.1		-42.8%		1.2%
2020		-221.6%		0.1		0.2%		0.0%
2021		-45.1%		0.1		9.6%		-0.6%
2022F		-8.9%		0.2		4.8%		-0.1%

Source: KGI Securities Research

S Hotels and Resorts - Recommendation & target price history



Source: KGI Securities Research



Siam Wellness Group

(SPA.BK/SPA TB)

Outperform • Maintained

Price as of 30 Jun 2022	8.65
12M target price (Bt/shr)	9.40
Unchanged/Revised up(down)(%)	Unchanged
Upside/downside (%)	8.2

Key messages

We expect SPA to report a 2Q22F net loss of Bt38mn (+56% YoY, +34% QoQ). Key supports would be i) increasing traffic for spa services amid the improving COVID-19 situation in Thailand, and ii) additional re-opening of branches to 90% of total in 2Q22, from 80% in 1Q22. With recovery ahead especially in 2H22, we re-iterate a rating of Outperform with a target price of Bt9.40.

Trading data

Mkt cap (Btbrv/US\$mn)	7.6/189
Outstanding shares (mn)	855
Foreign ownership (mn)	10
3M avg. daily trading (mn)	5
52-week trading range (Bt)	6.30 – 8.90
Performance (%)	3M 6M 12M
Absolute	20.4 31.1 15.7
Relative	30.2 38.1 17.2

Quarterly EPS

EPS	Q1	Q2	Q3	Q4
2020	0.01	(0.09)	(0.06)	(0.09)
2021	(0.09)	(0.10)	(0.09)	(0.05)
2022	(0.07)			

Share price chart



Source: SET

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2Q22F earnings preview: Better recovery momentum

Event

2Q22F earnings preview.

Impact

2Q22F net loss to improve to Bt38mn

We expect SPA to report a 2Q22F net loss of Bt38mn (+56% YoY, +34% QoQ). Earnings momentum is expected to see a strong growth both YoY and QoQ amid the improving COVID-19 situation in Thailand and recovery in tourist arrivals, especially during May-June 2022. At the same time, guidance suggests more revenue contribution from international tourists for spa branches in Bangkok and Phuket paving the way for more positive sentiment ahead in 2H22. Note that around 90% of the company's spa branches were operating at the end of 2Q22, up from around 80% in 1Q22.

Total revenue in 2Q22F is expected to come in at Bt95mn (+327% YoY, -14% QoQ), comprised to: i) revenue from spa business of Bt83mn (+456% YoY, +20% QoQ), and ii) revenue from product sales of Bt12mn (+64% YoY, -71% QoQ). Revenue from spa business is expected to see improvement both YoY and QoQ, in line with increasing customer traffic and additional re-opening of spa branches. On the other hand, revenue from product sales is expected to drop QoQ due to lower sales from COVID-19 Antigen Test Kits (ATKs). In terms of profitability, EBIT margin is expected to see a marginal improvement of 5.6ppts QoQ to 30.7% amid better economies of scale.

Earnings momentum to accelerate in 2H22

In 2Q22, profitability is expected to be temporarily pressured by landlords giving lower rental discounts and the company recruiting more staff. Looking ahead, we expect earnings momentum and concrete benefits from economies of scale to be seen from 2H22 amid strong growth in international tourist arrivals. We also expect SPA to receive limited negative impact from inflation as there is no significant concerns about wage hikes and labor shortage going forward.

Valuation & action

With the earnings outlook to see a continued recovery, especially in 2H22, we re-iterate a rating of Outperform with a target price of Bt9.40, based on 45.8x PE or +0.5SD to its long-term mean.

Risks

Prolonged COVID-19 outbreak.

Key financials and valuations

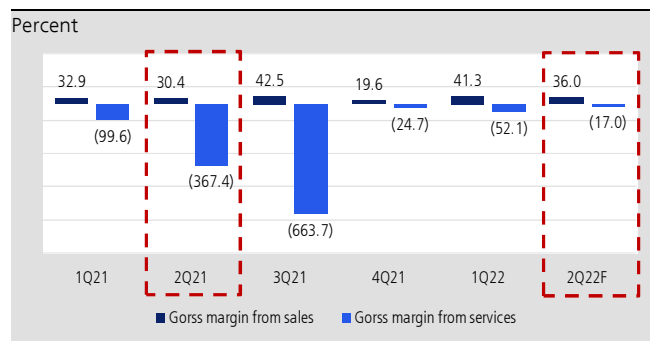
	Dec - 19A	Dec - 20A	Dec - 21A	Dec - 22F	Dec - 23F
Revenue (Btmn)	1,384	427	168	439	907
Gross Profit (Btmn)	441	(80)	(151)	66	353
SG&A (Btmn)	163	119	108	112	122
Net Profit (Btmn)	245	(209)	(287)	(80)	175
Normalized Profit (Btmn)	245	(209)	(287)	(80)	175
EPS (Bt)	0.3	(0.2)	(0.3)	(0.1)	0.2
Normalized EPS (Bt)	0.3	(0.2)	(0.3)	(0.1)	0.2
DPS (Bt)	0.0	0.0	0.0	0.0	0.0
EPS Growth (%)	19.4	N.A.	(37.1)	72.1	N.A.
Normalized EPS Growth	19.4	N.A.	(37.1)	72.1	N.A.
P/E (X)	33.7	(28.4)	(20.1)	(86.7)	39.7
P/B (X)	7.3	6.6	9.3	12.9	9.7
EV/EBITDA (X)	13.4	313.2	66.9	33.7	12.4
Net Debt to Equity (%)	14.6	43.2	84.3	107.8	55.6
Dividend Yield (%)	0.3	0.0	0.0	0.0	0.0
Return on Average Equity (%)	21.7	(23.1)	(46.4)	(14.8)	24.5

Source: Company data, KGI Securities Research

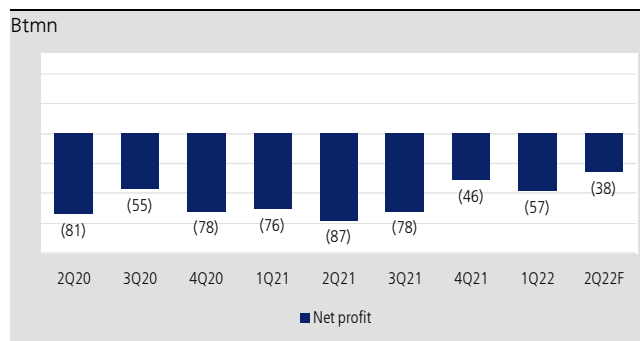
Figure 1: SPA's 2Q22F earnings preview

Bt mn	2Q22F	2Q21	YoY (%)	1Q22	QoQ (%)	3M22	3M21	YoY (%)
Total revenue	95	22	327.2	110	(13.7)	110	55	100.0
Revenue from sales	12	7	64.1	41	(70.7)	41	9	369.5
Revenue from services	83	15	456.4	69	20.0	69	46.3	49.2
Total gross Profit	(10)	(53)	81.4	(19)	48.9	(19)	(43)	55.7
SG&A	22	27	(20.2)	25	(12.6)	25	25	2.0
Operating EBIT	(29)	(79)	62.9	(40)	27.0	(40)	(67)	40.8
Net Profit	(38)	(87)	56.1	(57)	33.7	(57)	(76)	24.4
Percent	2Q22F	2Q21	YoY (ppts)	1Q22	QoQ (ppts)	3M22	3M21	YoY (ppts)
Total gross margin	(10.3)	(236.4)	226.1	(17.4)	7.1	(17.4)	(78.6)	61.2
Gross margin from sales	36.0	30.4	5.6	41.3	(5.3)	41.3	32.9	8.4
Gross margin from services	(17.0)	(367.4)	350.4	(52.1)	35.1	(52.1)	(99.6)	47.4
EBIT margin	(30.7)	(353.6)	322.9	(36.2)	5.6	(36.2)	(122.4)	86.2
SG&A/sales	22.9	122.7	(99.8)	22.6	0.3	22.6	46.1	(23.5)

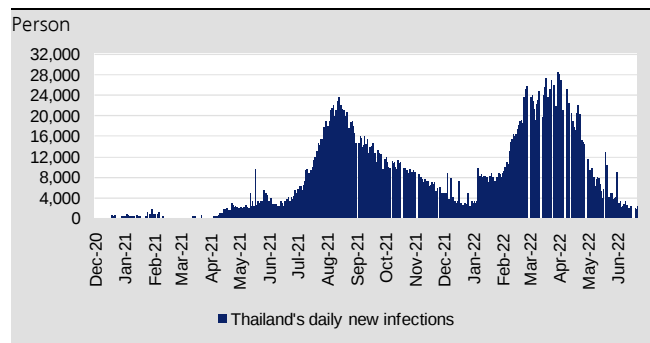
Source: Company data, KGI Securities Research

Figure 2: Quarterly margins


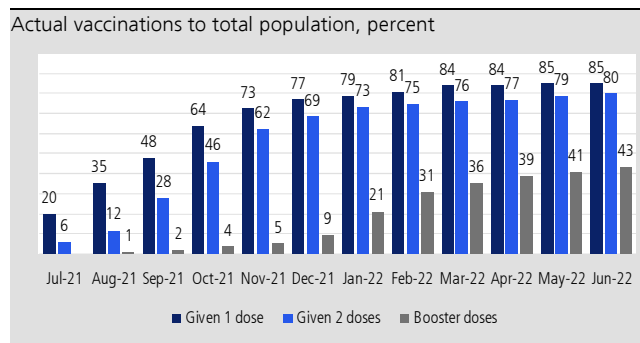
Source: Company data, KGI Securities Research

Figure 3: Quarterly net profit momentum


Source: Company data, KGI Securities Research

Figure 4: Thailand's daily infections


Source: Our World in Data, KGI Securities Research

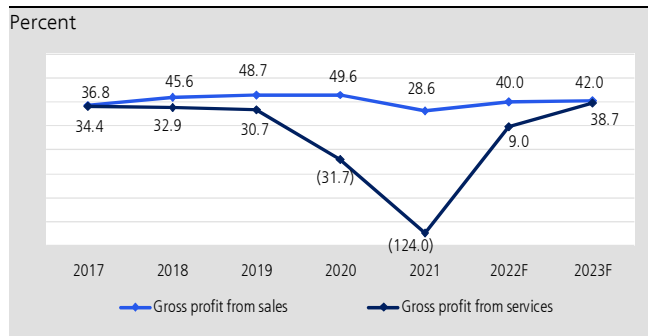
Figure 5: The pace of vaccinations (monthly)


Source: Our World in Data, KGI Securities Research

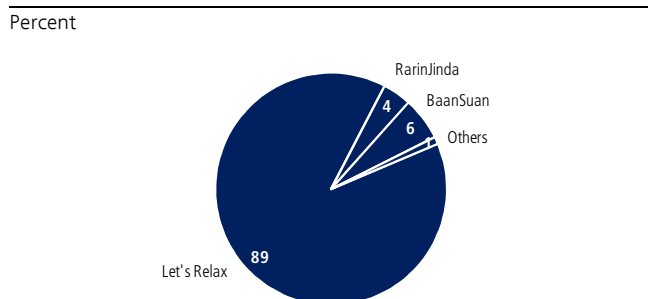
Figure 6: Company profile

Siam Wellness Group Plc. (SPA) is one of the largest spa operators in Thailand which has operated health spa, spa-related products, and hospitality businesses. For the spa business, there are five main brands including i) RarinJinda Wellness Spa (5-star spa service), ii) Let's Relax (4-star spa service), iii) Baan Suan Massage (3-star spa service), iv) Stretch Me (stretching studio), and v) Face Care by Let's Relax (facial spa).

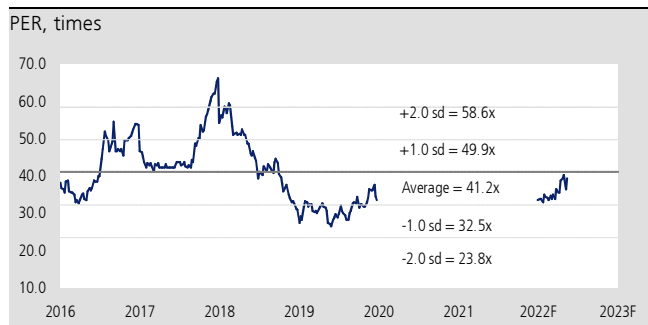
Source: Company data

Figure 8: Margins


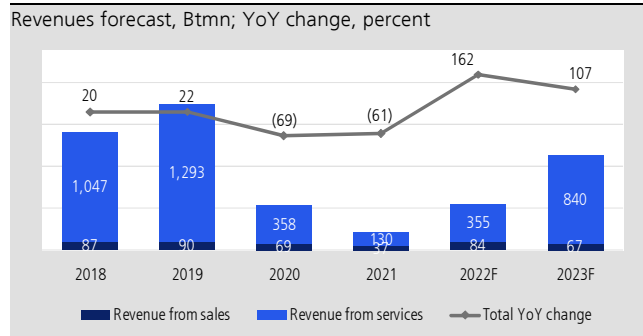
Source: Company data, KGI Securities Research

Figure 10: Spa revenue breakdown by brands (pre-COVID-19)


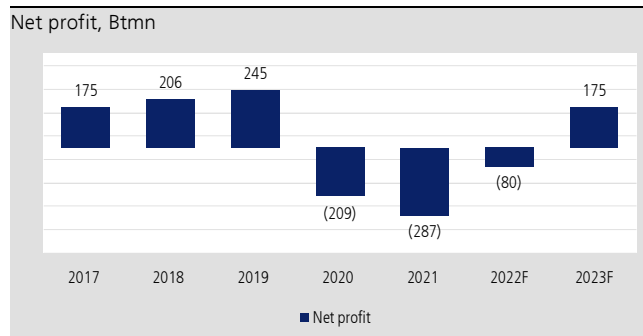
Source: Company data, KGI Securities Research

Figure 12: Company trading PER


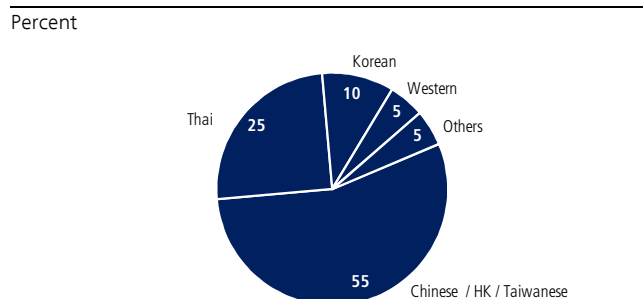
Source: KGI Securities Research

Figure 7: Revenue forecast


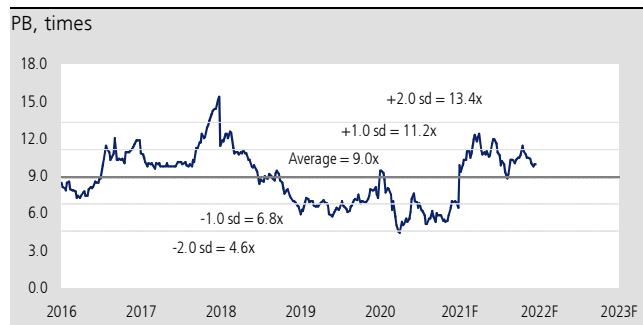
Source: Company data, KGI Securities Research

Figure 9: Net profit


Source: Company data, KGI Securities Research

Figure 11: Spa revenue breakdown by customers (pre-COVID-19)


Source: Company data, KGI Securities Research

Figure 13: Company trading PB


Source: KGI Securities Research

Quarterly Income Statement

	Sep-18A	Dec-18A	Mar-19A	Jun-19A	Sep-19A	Dec-19A	Mar-20A	Jun-20A	Sep-20A	Dec-20A	Mar-21A	Jun-21A	Sep-21A	Dec-21A	Mar-22A
Income Statement (Bt mn)															
Revenue	288	303	341	337	368	338	238	31	76	81	55	22	13	77	110
Cost of Goods Sold	(191)	(209)	(231)	(240)	(245)	(227)	(201)	(82)	(98)	(127)	(98)	(75)	(56)	(90)	(129)
Gross Profit	97	93	110	98	122	111	37	(50)	(22)	(45)	(43)	(53)	(43)	(12)	(19)
Operating Expense	(37)	(41)	(42)	(46)	(42)	(33)	(30)	(27)	(30)	(31)	(25)	(27)	(28)	(27)	(25)
Other incomes	0	0	4	5	4	(14)	5	0	0	(5)	0	0	0	0	0
Operating Profit	60	52	72	57	84	64	12	(77)	(52)	(82)	-69	-80	-71	-39	(44)
Depreciation of fixed asset	(24)	(27)	(31)	(28)	(32)	(27)	(70)	(53)	(35)	(48)	(82)	(82)	(82)	(80)	(76)
Operating EBITDA	88	85	103	85	116	111	82	(23)	(16)	(27)	14	4	13	44	36
Non-Operating Income	0	0	0	0	0	(0)	1	1	0	(2)	1	1	0	(2)	0
Interest Income	0	0	0	0	0	(0)	1	1	0	(2)	1	1	0	(2)	0
Other Non-op Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Non-Operating Expense	(2)	(2)	(2)	(3)	(3)	(2)	(9)	(6)	(3)	(5)	(11)	(11)	(11)	(11)	(10)
Interest Expense	(2)	(2)	(2)	(3)	(3)	(2)	(9)	(6)	(3)	(5)	(11)	(11)	(11)	(11)	(10)
Other Non-op Expense	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Equity Income/(Loss)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Pre-tax profit	61	56	70	55	81	81	4	(82)	(54)	(79)	(78)	(90)	(80)	(47)	(50)
Current Taxation	(9)	(7)	(11)	(7)	(13)	(10)	0	1	(1)	1	2	3	2	1	(3)
Minorities	0	(0)	(0)	(0)	2	(2)	0	0	0	0	0	0	0	(0)	0
Extraordinary items	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(4)
Net Profit	52	49	59	47	70	69	4	(81)	(55)	(78)	(76)	(87)	(78)	(46)	(57)
Normalized Profit	52	49	59	47	70	69	4	(81)	(55)	(78)	(76)	(87)	(78)	(46)	(53)
EPS (Bt)	0.06	0.06	0.07	0.06	0.08	0.08	0.01	(0.09)	(0.06)	(0.09)	(0.09)	(0.10)	(0.09)	(0.05)	(0.07)
Normalized EPS (Bt)	0.06	0.06	0.07	0.06	0.08	0.08	0.01	(0.09)	(0.06)	(0.09)	(0.09)	(0.10)	(0.09)	(0.05)	(0.06)
Margins															
Gross profit margin	33.7	30.8	32.3	29.0	33.3	32.9	15.6	(159.3)	(28.3)	(55.5)	(78.6)	(236.4)	(327.8)	(16.0)	(17.4)
Operating EBIT margin	20.9	17.1	21.3	17.0	22.9	19.1	5.0	(243.5)	(68.1)	(100.5)	(124.7)	(359.1)	(543.6)	(50.9)	(40.0)
Operating EBITDA margin	30.4	28.2	30.4	25.3	31.5	32.9	34.7	(73.3)	(21.2)	(32.6)	25.8	17.1	102.9	57.0	32.6
Net profit margin	18.1	16.2	17.3	14.0	19.0	20.5	1.8	(256.1)	(72.1)	(95.7)	(138.1)	(391.0)	(597.1)	(59.5)	(52.2)
Growth (YoY)															
Revenue growth	18.2	18.5	22.0	27.5	27.8	11.6	(30.2)	(90.7)	(79.3)	(75.9)	(76.9)	(29.4)	(82.9)	(4.9)	100.0
Operating EBIT growth	18.4	1.8	7.7	9.7	40.1	24.1	(83.5)	(233.5)	(161.6)	(226.9)	(674.8)	4.1	36.5	(51.9)	(35.9)
Operating EBITDA growth	17.7	12.9	3.6	4.0	32.3	30.1	(20.3)	(127.1)	(113.9)	(123.9)	(82.8)	(116.4)	(183.1)	(265.9)	151.8
Net profit growth	17.9	7.7	5.2	(2.4)	34.8	40.8	(92.6)	(270.8)	(178.5)	(212.6)	(1,847.2)	7.7	41.7	(40.9)	(24.4)
Normalized profit growth	17.9	7.7	5.2	(2.4)	34.8	40.8	(92.6)	(270.8)	(178.5)	(212.6)	(1,847.2)	7.7	41.7	(40.9)	(29.7)

Source: Company data, KGI Securities Research

Balance Sheet

As of 31 Dec (Bt mn)	2019	2020	2021	2022F	2023F
Total Assets	1,516	2,632	2,258	2,242	2,295
Current Assets	289	231	203	227	300
Cash & ST Investment	126	115	110	91	143
Inventories	40	40	28	63	49
Account Receivable	37	22	15	13	20
Others	47	45	41	48	62
Non-current Assets	1,227	2,401	2,055	2,016	1,995
LT Investment	24	42	40	38	38
Net fixed Assets	1,083	1,075	947	924	903
Others	120	1,284	1,068	1,053	1,054
Total Liabilities	384	1,727	1,639	1,704	1,582
Current Liabilities	245	361	374	439	440
Account Payable	97	45	37	42	62
ST Borrowing	85	103	114	178	122
Others	63	213	223	219	257
Long-term Liabilities	139	1,366	1,265	1,265	1,141
Long-term Debts	80	288	407	403	275
Others	59	1,078	858	862	867
Shareholders' Equity	1,132	905	618	539	713
Common Stock	143	214	214	214	214
Capital Surplus	279	279	279	279	279
Retained Earnings	666	368	81	2	176
Preferred Stock					

Source: KGI Securities Research

Key Ratios

Year to 31 Dec	2019	2020	2021	2022F	2023F
Growth (%YoY)					
Sales	22.0	(69.1)	(60.7)	162.0	106.6
OP	20.3	(171.2)	30.3	(82.2)	(603.8)
EBITDA	20.2	(96.0)	351.7	131.7	160.5
NP	19.4	N.A.	(37.1)	72.1	N.A.
Normalized Profit	19.4	N.A.	(37.1)	72.1	N.A.
EPS	19.4	N.A.	(37.1)	72.1	N.A.
Normalized EPS	19.4	N.A.	(37.1)	72.1	N.A.
Profitability (%)					
Gross Margin	31.9	(18.7)	(90.0)	14.9	38.9
Operating Margin	20.1	(46.5)	(154.3)	(10.5)	25.5
EBITDA Margin	30.0	3.9	45.0	39.8	50.2
Net Margin	17.7	(49.0)	(171.1)	(18.2)	19.2
ROAA	16.2	(7.9)	(12.7)	(3.6)	7.6
ROAE	21.7	(23.1)	(46.4)	(14.8)	24.5
Stability					
Gross Debt/Equity (%)	33.9	190.8	265.1	316.3	221.8
Net Debt/Equity (%)	14.6	43.2	84.3	107.8	55.6
Interest Coverage (x)	28.4	(8.8)	(5.7)	(0.9)	6.2
Interest & ST Debt Coverage (x)	3.1	(1.5)	(1.6)	(0.2)	1.5
Cash Flow Interest Coverage (x)	23.8	10.0	1.5	2.1	10.8
Cash Flow/Interest & ST Debt (x)	2.6	1.7	0.4	0.4	2.6
Current Ratio (x)	1.2	0.6	0.5	0.5	0.7
Quick Ratio (x)	1.0	0.5	0.5	0.4	0.6
Net Debt (Bt mn)	112.8	1,305.3	1,234.4	1,312.7	1,075.6
Per Share Data (Bt)					
EPS	0.3	(0.2)	(0.3)	(0.1)	0.2
Normalized EPS	0.3	(0.2)	(0.3)	(0.1)	0.2
CFPS	0.3	0.3	0.1	0.1	0.5
BVPS	1.3	1.1	0.7	0.6	0.8
SPS	1.6	0.5	0.2	0.5	1.1
EBITDA/Share	0.5	0.0	0.1	0.2	0.5
DPS	0.0	0.0	0.0	0.0	0.0
Activity					
Asset Turnover (x)	0.9	0.2	0.1	0.2	0.4
Days Receivables	9.8	18.6	33.2	10.4	8.1
Days Inventory	15.5	29.0	31.9	61.5	32.1
Days Payable	37.5	32.2	42.4	40.6	40.6
Cash Cycle	(12.2)	15.5	22.7	31.4	(0.3)

Source: KGI Securities Research

Profit & Loss

Year to Dec 31 (Btmn)	2019	2020	2021	2022F	2023F
Revenue	1,384	427	168	439	907
Cost of Goods Sold	(943)	(507)	(319)	(374)	(554)
Gross Profit	441	(80)	(151)	66	353
Operating Expenses	(163)	(119)	(108)	(112)	(122)
Other Incomes	0	0	0	0	0
Operating Profit	279	(198)	(259)	(46)	232
Depreciation of fixed assets	(118)	(206)	(327)	(214)	(213)
Operating EBITDA	416	17	75	175	456
Non-Operating Income	0	0	0	0	0
Interest Income	0	0	0	0	0
Other Non-op Income	0	0	0	0	0
Non-Operating Expense	(10)	(21)	(44)	(45)	(39)
Interest Expense	(10)	(21)	(44)	(45)	(39)
Other Non-op Expense	0	0	0	0	0
Equity Income/(Loss)	0	0	0	0	0
Pretax Profit	288	(211)	(295)	(84)	203
Current Taxation	(42)	2	9	4	(28)
Minorities	1	0	(0)	(0)	0
Extraordinaries items	0	0	0	0	0
Net Profit	245	(209)	(287)	(80)	175
Normalized Profit	245	(209)	(287)	(80)	175
EPS (Bt)	0.29	(0.24)	(0.34)	(0.09)	0.20
Normalized EPS (Bt)	0.29	(0.24)	(0.34)	(0.09)	0.20

Source: KGI Securities Research

Cash Flow

Year to 31 Dec (Bt mn)	2019	2020	2021	2022F	2023F
Operating Cash Flow	249	215	66	92	425
Net Profit	245	(209)	(287)	(80)	175
Depreciation & Amortization	118	206	327	214	213
Change in Working Capital	(114)	217	26	(42)	37
Others					
Investment Cash Flow	(141)	(1,390)	5	(171)	(188)
Net CAPEX	(136)	(191)	(207)	(181)	(192)
Change in LT Investment	(15)	(1,187)	230	2	0
Change in Other Assets	(0)	(2)	(4)	4	0
Free Cash Flow	108	(1,175)	71	(78)	238
Financing Cash Flow	(135)	1,237	(76)	59	(185)
Change in Share Capital	0	71	0	0	0
Net Change in Debt	(51)	1,254	(76)	59	(184)
Change in Other LT Liab.	(1)	(0)	(0)	0	(0)
Net Cash Flow	(27)	62	(5)	(19)	53

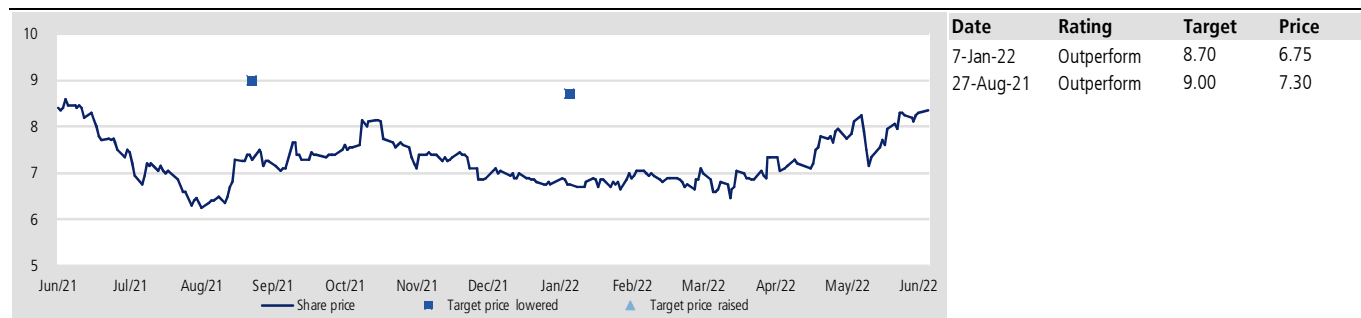
Source: KGI Securities Research

Rates of Return on Invested Capital

Year	1-	COGS	+	Depreciation	+	Operating Exp.	=	Operating
		Revenue		Revenue		Revenue		Margin
2019		68.1%		8.5%		11.7%		11.6%
2020		118.7%		48.3%		27.8%		-94.8%
2021		190.0%		194.9%		64.3%		-349.2%
2022F		85.1%		48.8%		25.4%		-59.3%
Year	1/	Working Capital	+	Net PPE	+	Other Assets	=	Capital
		Revenue		Revenue		Revenue		Turnover
2019		0.0		0.8		0.3		0.9
2020		(0.3)		2.5		3.6		0.2
2021		(1.0)		5.6		7.8		0.1
2022F		(0.5)		2.1		3.0		0.2
Year		Operating	x	Capital	x	Cash	=	After-tax Return
		Margin		Turnover		Tax Rate		on Inv. Capital
2019		11.6%		0.9		14.5%		1.5%
2020		-94.8%		0.2		1.0%		-0.2%
2021		-349.2%		0.1		3.0%		-0.8%
2022F		-59.3%		0.2		5.0%		-0.6%

Source: KGI Securities Research

Siam Wellness Group – Recommendation & target price history



Source: KGI Securities Research

Corporate Governance Report of Thai Listed Companies



Companies with Excellent CG Scoring

Stock	Company name	Stock	Company name	Stock	Company name
AAV	ASIA AVIATION	EGCO	ELECTRICITY GENERATING	PTTEP	PTT EXPLORATION AND PRODUCTION
ADVANC	ADVANCED INFO SERVICE	GFPT	GFPT	PTTGC	PTT GLOBAL CHEMICAL
AMA	AMA MARINE	GGC	GLOBAL GREEN CHEMICALS	PYLON	PYLON
AMATA	AMATA CORPORATION	GPSC	GLOBAL POWER SYNERGY	QH	QUALITY HOUSES
ANAN	ANANDA DEVELOPMENT	HANA	HANA MICROELECTRONICS	RATCH	RATCHABURI ELECTRICITY GENERATING HOLDING
AOT	AIRPORTS OF THAILAND	HMPRO	HOME PRODUCT CENTER	RS	RS
AP	ASIAN PROPERTY DEVELOPMENT	INTUCH	SHIN CORPORATION	SCB	THE SIAM COMMERCIAL BANK
BANPU	BANPU	IRPC	IRPC	SCC	THE SIAM CEMENT
BCP	THE BANGCHAK PETROLEUM	IVL	INDORAMA VENTURES	SCCC	SIAM CITY CEMENT
BCPG	BCPG	KBANK	KASIKORNBANK	SEAFCO	SEAFCO
BDMS	BANGKOK DUSIT MEDICAL SERVICES	KCE	KCE ELECTRONICS	SMPC	SAHAMITR PRESSURE CONTAINER
BEC	BEC WORLD	KKP	KIATNAKIN BANK	SPALI	SUPALAI
BEM	BANGKOK EXPRESSWAY AND METRO	KTB	KRUNG THAI BANK	SPRC	STAR PETROLEUM REFINING
BGRIM	B. GRIMM POWER	KTC	KRUNGTHAI CARD	SVI	SVI
BPP	BANPU POWER	LH	LAND AND HOUSES	TACC	T.A.C. CONSUMER
BTS	BTS GROUP HOLDINGS	LPN	L.P.N. DEVELOPMENT	TCAP	THANACHART CAPITAL
CENTEL	CENTRAL PLAZA HOTEL	MAKRO	SIAM MAKRO	THCOM	THAI COM
CK	CH. KARNCHANG	MBK	MBK	TISCO	TISCO FINANCIAL GROUP
CKP	CK POWER	MINT	MINOR INTERNATIONAL	TOP	THAI OIL
CPALL	CP ALL	MTC	MUANGTHAI CAPITAL	TRUE	TRUE CORPORATION
CPF	CHAROEN POKPHAND FOODS	PLANB	PLAN B MEDIA	TTB	TMBTHANACHART BANK
CPN	CENTRAL PATTANA	PSH	PRUKSA HOLDING	VGI	VGI GLOBAL MEDIA
DELTA	DELTA ELECTRONICS (THAILAND)	PTG	PTG ENERGY	WHA	WHA CORPORATION
DTAC	TOTAL ACCESS COMMUNICATION	PTT	PTT	WHAUP	



Companies with Very Good CG Scoring

Stock	Company name	Stock	Company name	Stock	Company name
BAM	BANGKOK COMMERCIAL ASSET MANAGEMENT	GULF	GULF ENERGY DEVELOPMENT	SAPPE	SAPPE
BBL	BANGKOK BANK	JMT	JMT NETWORK SERVICES	SAWAD	SRI SAWAD POWER 1979
CBG	CARABAO GROUP	LPH	LADPRAO GENERAL HOSPITAL	SINGER	SINGER THAILAND
CHG	CHULARAT HOSPITAL	M	MK RESTAURANT GROUP	SPA	SIAM WELLNESS GROUP
COM7	COM7	MAJOR	MAJOR CINEPLEX GROUP	TFG	THAIFOODS GROUP
DOHOME	DOHOME	MEGA	MEGA LIFESCIENCES	TKN	TAOKAENOI FOOD & MARKETING
ERW	THE ERWAN GROUP	NETBAY	NETBAY	ZEN	ZEN CORPORATION GROUP
GLOBAL	SIAM GLOBAL HOUSE	OSP	OSOTSPA		



Companies with Good CG Scoring

Stock	Company name	Stock	Company name	Stock	Company name
BCH	BANGKOK CHAIN HOSPITAL	ESSO	ESSO (THAILAND)	SF	SIAM FUTURE DEVELOPMENT
BH	BUMRUNGRAD HOSPITAL	HUMAN	HUMANICA	SISB	SISB
EKH	EKACHAI MEDICAL CARE	RBF	R&B FOOD SUPPLY	TPCH	TPC POWER HOLDING

Companies classified Not in the three highest score groups

Stock	Company name	Stock	Company name	Stock	Company name
IIG	I&I GROUP	OR	PTT OIL AND RETAIL BUSINESS	STGT	SRI TRANG GLOVES (THAILAND)
KEX	KERRY EXPRESS (THAILAND)	STEC	SINO-THAI ENGINEERING AND CONSTRUCTION		

Source: www.thai-iod.com

Disclaimer: The disclosure of the survey result of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an assessment of operation and is not based on inside information. The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date or when there is any change to the relevant information. Nevertheless, KGI Securities (Thailand) Public Company Limited (KGI) does not confirm, verify, or certify the accuracy and completeness of such survey result.

Anti-corruption Progress Indicator

Level 5: Extended

Stock	Company name	Stock	Company name	Stock	Company name
ADVANC	ADVANCED INFO SERVICE	GLOBAL	SIAM GLOBAL HOUSE	QH	QUALITY HOUSES
ANAN	ANANDA DEVELOPMENT	GPSC	GLOBAL POWER SYNERGY	RATCH	RATCHABURI ELECTRICITY GENERATING HOLDING
BBL	BANGKOK BANK	HMPRO	HOME PRODUCT CENTER	ROBINS	ROBINSON DEPARTMENT STORE
BCH	BANGKOK CHAIN HOSPITAL	IRPC	IRPC	SCC	THE SIAM CEMENT
BDMS	BANGKOK DUSIT MEDICAL SERVICES	KBANK	KASIKORNBANK	SIRI	SANSIRI
BIGC	BIG C SUPERCENTER	KCE	KCE ELECTRONICS	SPALI	SUPALAI
CK	CH. KARNCHANG	KKP	KIATNAKIN BANK	STEC	SINO-THAI ENGINEERING AND CONSTRUCTION
DCC	DYNASTY CERAMIC	KTB	KRUNG THAI BANK	TCAP	THANACHART CAPITAL
DELTA	DELTA ELECTRONICS (THAILAND)	LPH	LADPRAO GENERAL HOSPITAL	TISCO	TISCO FINANCIAL GROUP
DRT	DIAMOND ROOFING TILES	PACE	PACE DEVELOPMENT CORPORATION	TMT	THAI METAL TRADE
EGCO	ELECTRICITY GENERATING	PTT	PTT	TOP	THAI OIL
GFPT	GFPT	PTTGC	PTT GLOBAL CHEMICAL		

Level 4: Certified

Stock	Company name	Stock	Company name	Stock	Company name
AAV	ASIA AVIATION	ERW	THE ERWAN GROUP	SAPPE	SAPPE
AP	ASIAN PROPERTY DEVELOPMENT	GLOW	GLOW ENERGY	SAWAD	SIRISAWAD POWER 1979
BA	BANGKOK AIRWAYS	GUNKUL	GUNKUL ENGINEERING	SCB	THE SIAM COMMERCIAL BANK
BANPU	BANPU	ILINK	INTERLINK COMMUNICATION	SCN	SCAN INTER
BCP	THE BANGCHAK PETROLEUM	KTC	KRUNGTHAI CARD	SEAFCO	SEAFCO
BH	BUMRUNGRAD HOSPITAL	LH	LAND AND HOUSES	SVI	SVI
BJCHI	BJC HEAVY INDUSTRIES	LPN	L.P.N. DEVELOPMENT	TASCO	TIPCO ASPHALT
CBG	CARABAO GROUP	MAKRO	SIAM MAKRO	TKN	TAOKAENOI FOOD & MARKETING
CENTEL	CENTRAL PLAZA HOTEL	MALEE	MALEE SAMPRAN	TMB	TMB BANK
CHG	CHULARAT HOSPITAL	MINT	MINOR INTERNATIONAL	TRT	TIRATHAI
CKP	CK POWER	MODERN	MODERNFORM GROUP	TRUE	TRUE CORPORATION
CPF	CHAROEN POKPHAND FOODS	NOK	NOK AIRLINES	TVO	THAI VEGETABLE OIL
CPN	CENTRAL PATTANA	PTTEP	PTT EXPLORATION AND PRODUCTION		
DTAC	TOTAL ACCESS COMMUNICATION	PYLON	PYLON		

Level 3: Established

Stock	Company name	Stock	Company name	Stock	Company name
BEM	BANGKOK EXPRESSWAY AND METRO	MTLS	MUANGTHAI LEASING	SPRC	STAR PETROLEUM REFINING
CPALL	CP ALL	SCI	SCI ELECTRIC		

No progress

Stock	Company name	Stock	Company name	Stock	Company name
AOT	AIRPORTS OF THAILAND	BPP	BANPU POWER	FN	FN FACTORY OUTLET
BCPG	BCPG	BTS	BTS GROUP HOLDINGS	TPCH	TPC POWER HOLDING

Source: www.cgthailand.org

Disclaimer: The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by the relevant institution as disclosed by the Office of the Securities and Exchange Commission, is made in order to comply with the policy and sustainable development plan for the listed companies. The relevant institution made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, KGI Securities (Thailand) Public Company Limited (KGI) does not confirm, verify, or certify the accuracy and completeness of the assessment result.

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Rating	Definition
Outperform (OP)	The stock's excess return over the next twelve months is ranked in the top 40% of KGI's coverage universe in the related market (e.g. Taiwan)..
Neutral (N)	The stock's excess return over the next twelve months is ranked in the range between the top 40% and the bottom 40% of KGI's coverage universe in the related market (e.g. Taiwan)
Under perform (U)	The stock's excess return over the next twelve months is ranked in the bottom 40% of KGI's coverage universe in the related market (e.g. Taiwan).
Not Rated (NR)	The stock is not rated by KGI.
Restricted (R)	KGI policy and/or applicable law regulations preclude certain types of communications, including an investment recommendation, during the course of KGI's engagement in an investment banking transaction and in certain other circumstances. <i>Excess return = 12M target price/current price-</i>
Note	When an analyst publishes a new report on a covered stock, we rank the stock's excess return with those of other stocks in KGI's coverage universe in the related market. We will assign a rating based on its ranking. If an analyst does not publish a new report on a covered stock, its rating will not be changed automatically.

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