

PLEASE CLICK ON THE PAGE NUMBER TO MOVE TO THE RELEVANT PAGE.

KEY HIGHLIGHTS

Results

SCGP (SCGP TB/BUY/Bt34.50/Target: Bt50.00)

Page 2

3Q23: Net profit in line with our expectations.

Update

Central Plaza Hotel (CENTEL TB/BUY/Bt43.75/Target: Bt52.00)

Page 5

Earnings bottom out; expect hotels in upcountry Thailand to outperform. Upgrade to BUY.

KEY INDICES

Symbol	Close	Chg	%Chg
SET	1,391.03	(8.32)	(0.59)
SET50	857.99	(5.94)	(0.69)
Value (Btm) - SET	47,273		
Top 5 Sector			
BANK	376.97	(9.14)	(2.37)
PETRO	662.64	2.68	0.41
PROP	223.03	(0.46)	(0.21)
ENERG	20,157.57	(63.60)	(0.31)
ICT	150.83	(1.97)	(1.29)

Source: Bloomberg

TOP VOLUME

Symbol	Close (Baht)	+/-(% Chg)	5-day ADT (BTm)
SCB	96.00	(3.76)	2,312.8
KBANK	130.50	1.16	1,845.2
BBL	161.50	(3.29)	1,268.0
AOT	65.75	(1.50)	1,283.3
PTTEP	169.50	(2.31)	2,348.3

TOP GAINERS

Symbol	Close (Baht)	+/-(% Chg)	5-day ADT (BTm)
BTW	0.40	8.11	3.2
SSC	33.00	6.45	0.1
SSP	6.25	5.93	13.9
GTV	0.18	5.88	2.3
KUMWEL	1.85	4.52	0.3

TOP LOSERS

Symbol	Close (Baht)	+/-(% Chg)	5-day ADT (BTm)
QLT	2.06	(29.93)	14.7
MIPF	10.00	(28.06)	0.0
JCKH	0.03	(25.00)	0.6
UMS	0.65	(17.72)	0.0
CMO	1.19	(16.78)	8.8

*ADT: Average daily turnover

KEY STATISTICS

Commodity	Current Price	%Chg		
		1m	3M	YTD
Brent crude*	88.1	(4.1)	7.0	7.9
Dubai crude*	96.0	1.5	17.5	22.0
Baltic Dry Index	2,017.0	25.0	109.7	33.1
Gold Spot***	1,974.2	3.0	0.5	8.2

*(US\$/bbl), *** (US\$/toz)

FOREIGN PORTFOLIO INVESTMENT IN EQUITIES (THAILAND)

Day (Mil US\$)	MTD Net (Mil US\$)	YTD Net (Mil US\$)	YTD Net YoY%
(39.9)	(313.6)	(4,840.2)	(8,049.5)

Source: Bloomberg

Foreign Exchange Rate - THB/US\$ (onshore) = 36.14

Interest Rate (%) - TH 1-day RP = 1.50

Thai Lending Rate (%) - MLR = 7.10

COMPANY RESULTS

SCGP (SCGP TB)

3Q23: Net Profit In Line With Our Expectations

SCGP's 3Q23 net profit decreased both qoq and yoy, in line with our expectations. This decline can be attributed to a reduction in ASP and increased maintenance costs. However, production costs fell, allowing for a stable and high gross profit margin. We have adjusted our net profit forecasts for 2023-24 downwards. We maintain a positive outlook on 4Q23 net profit, and expect it to increase qoq and yoy due to seasonal demand. Maintain BUY. Target price: Bt50.00.

3Q23 RESULTS

Year to 31 Dec	3Q22 (Btm)	2Q23 (Btm)	3Q23 (Btm)	% chg yoy	% chg qoq	9M22	9M23	% chg yoy
Revenue	37,943	32,216	31,573	-17%	-2%	112,559	97,517	-13%
EBITDA	4,826	4,405	3,994	-17%	-9%	14,313	12,484	-13%
Operating Profit	2,348	2,112	1,784	-24%	-16%	7,124	5,624	-21%
Interest expenses	404	510	496			1,001	1,503	
Norm. Income	1,532	1,370	1,413	-8%	3%	5,160	3,966	-23%
Net Income	1,837	1,485	1,324	-28%	-11%	5,351	4,030	-25%
EPS	0.43	0.73	0.65	52%	-11%	1.25	1.66	33%
Financial ratio (%)								
Gross Profit Margin	17%	18%	18%			17%	18%	
EBITDA Margin	13%	14%	13%			13%	13%	
SG&A Exp. / Sales	11%	12%	12%			11%	12%	
Net profit margin	5%	5%	4%			5%	4%	

Source: SCGP, UOB Kay Hian

RESULTS

• **SCGP's reported 3Q23 net profit decreased both qoq and yoy.** SCGP reported a 3Q23 net profit of Bt1.3b, in line with our expectations, down 11% qoq and 28% yoy. Adverse influences impacting the operational outcomes stem from reduced average selling prices (ASP) across both the Integrated Packaging Business (IPB) and Fibrous Business (FB). Consequently, the ASP of products for 3Q23 stood at Bt23.4/kg, down 3% qoq and 16% yoy. Additionally, operating expenses escalated due to the planned major annual maintenance in the FB, amounting to Bt110m. Nonetheless, production costs continued to fall due to lower recycled paper and coal prices. Consequently, SCGP maintained a gross profit margin (GPM) of 18%, (vs 17% in 3Q22 and 2Q23). Sales remained stable both qoq and yoy, totalling 1.35m tonnes. 9M23 net profit amounted to Bt4.0b, a 25% yoy decrease.

KEY FINANCIALS

Year to 31 Dec (Btm)	2021	2022	2023F	2024F	2025F
Net turnover	124,223	146,068	135,815	142,903	156,459
EBITDA	20,833	19,259	21,194	22,870	22,635
Operating profit	12,518	9,560	9,173	10,584	11,429
Net profit (rep./act.)	8,294	5,801	5,546	6,504	7,104
Net profit (adj.)	7,977	5,658	5,546	6,504	7,104
EPS (Bt)	1.9	1.3	1.3	1.5	1.7
PE (x)	18.6	26.2	26.7	22.8	20.8
P/B (x)	2.6	2.5	2.4	2.2	2.1
EV/EBITDA (x)	7.9	8.6	7.8	7.2	7.3
Dividend yield (%)	1.9	1.7	1.6	2.0	2.1
Net margin (%)	6.7	4.0	4.1	4.6	4.5
Net debt/(cash) to equity (%)	33.4	40.2	27.3	26.2	25.5
Interest cover (x)	17.7	13.1	13.9	13.2	13.0
Consensus net profit	-	-	5,966	7,208	8,393
UOBKH/Consensus (x)	-	-	0.93	0.90	0.85

Source: SCGP, Bloomberg, UOB Kay Hian

BUY

(Maintained)

Share Price	Bt34.50
Target Price	Bt50.00
Upside	+44.9%
(Previously	Bt59.00)

COMPANY DESCRIPTION

SCGP is Holding Company, operating core business as an integrated packaging solutions provider, which is organized into three main businesses: Integrated Packaging Business, Fibrous Business, and Recycling Business.

STOCK DATA

GICS sector	Materials
Bloomberg ticker:	SCGP TB
Shares issued (m):	4,292.9
Market cap (Btm):	148,105.7
Market cap (US\$m):	4,094.8
3-mth avg daily t'over (US\$m):	12.7

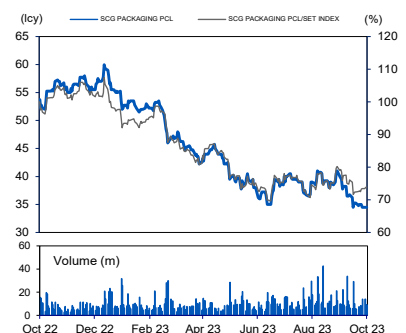
Price Performance (%)

52-week high/low	Bt60.00/Bt34.50			
1mth	3mth	6mth	1yr	YTD
(15.9)	(10.4)	(18.8)	(34.6)	(39.5)

Major Shareholders

	%
-	-
-	-
-	-
FY23 NAV/Share (Bt)	14.61
FY23 Net Debt/Share (Bt)	3.99

PRICE CHART



Source: Bloomberg

ANALYST(S)

Tanaporn Visaruthaphong

+662 659 8305

tanaporn@uobkayhian.co.th

Benjaphol Suthwanish

+662 659 8301

benjaphol@uobkayhian.co.th

KEY PERFORMANCE

	3Q22	2Q23	3Q23	% chg yoy	% chg qoq	9M22	9M23	% chg yoy
Sales Volume (mTons)	1.36	1.34	1.35	-0.7%	0.9%	4.45	4.09	-8.0%
Spread (US\$/Ton) - Testliner - AOCC	280	239	203	-27.5%	-15.1%	260	229	-12.1%
Average selling Price (US\$/Ton)	27.9	24.1	23.4	-16.2%	-2.9%	25	24	-6.2%
Coal Price (US\$/Tons)	120	87	72	-40.0%	-17.2%	128	86	-32.7%

Source: SCGP, UOB Kay Hian

• **IPB's net profit continued to increase both qoq and yoy.** The IPB reported a total EBITDA of Bt1.4b, stable qoq but declining by 7% yoy. Total revenue decreased both qoq and yoy, primarily attributed to lower sales prices of packaging paper, particularly in Indonesia, where intense price competition is prevalent. Despite this, total sales increased by 2% qoq. Production costs for both recovered paper (RCP) and fuel costs continued to decrease, resulting in the IPB Business achieving an EBITDA margin of 15.4%, (vs 13.4% in 3Q22 and 15.0% in 2Q23). Furthermore, the IPB secured a net profit of Bt1.4b, up 11% qoq and 8% yoy.

• **Sales in FB declined while expenses increased.** The total income declined 4% both qoq and yoy due to a decrease in selling prices, in line with the global market. Additionally, sales decreased because SCGP had to temporarily halt machinery for annual maintenance, resulting in increased expenses of approximately Bt110m in 3Q23. This situation led to the FB having an EBITDA margin of 13.0% (vs 18.7% in 3Q22 and 16.1% in 2Q23). In contrast, the FB remained profitable, with a net profit of Bt228m, down 46% qoq and 60% yoy.

STOCK IMPACT

• **The recovery in regional demand is expected to support 4Q23 net profit, enabling it to rebound both qoq and yoy.** We anticipate that in 4Q23, sales volume and ASP will increase in response to seasonal demand. This growth is expected especially in the consumer packaging group, encompassing both fibre and polymer packaging, particularly in the food and beverage product category, as well as consumer products in the region. The recovery of the tourism sector is also expected to contribute to this trend. Furthermore, total sales will benefit from the absence of production capacity shutdowns and maintenance expenses, as experienced in 3Q23. As an initial projection, we expect the 4Q23 net profit to range from Bt1.45b to Bt1.50b, increasing both qoq and yoy.

• **Total sales in 2023 could fall short of SCGP's sales target.** Previously, SCGP had initially set a total sales target of Bt160b for 2023. However, due to a slower-than-expected demand recovery and intense price competition in Indonesia, it is now anticipated that total sales for 2023 will not meet the sales target. Nevertheless, the recovery of total income is being bolstered by robust regional demand. As a result, SCGP remains optimistic that total revenue in 2024 will bounce back, approaching the 2022 figure of Bt146b.

EARNINGS REVISION/RISK

• **We have revised our net profit projections for 2023 and 2024,** lowering them by 14% and 15% respectively. Our forecast for total sales and ASP in 2023-24 has been revised. As a result, we anticipate a net profit of Bt5.5b for 2023, down 4.4% yoy, and a net profit of Bt6.5b for 2024, up 17% yoy. We anticipate that the total revenue for 2023 will amount to Bt136b and reach Bt143b for 2024. Notably, the net profit for 9M23 is expected to make up 73% of the total net profit estimate for 2023.

VALUATION/RECOMMENDATION

• **We maintain BUY with a new target price of Bt50.00 (previously: Bt59.00),** based on SCGP's forward PE of 33x.

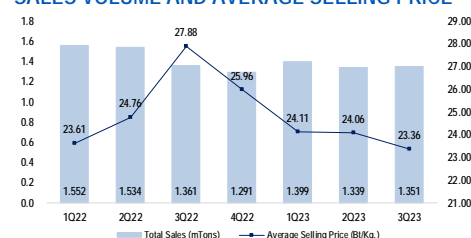
• We maintain an optimistic outlook on SCGP for several reasons. Firstly, we anticipate a return to qoq and yoy net profit growth in 4Q23, and further expect a 17% yoy increase in net profit for 2024. This is driven by SCGP's advantageous business structure as an IPB and its expansion through mergers and partnerships (M&P) both domestically and internationally to enhance its competitive capabilities. This is particularly notable in regions with high growth potential like Thailand and Vietnam. Secondly, the stock price in 2023 has experienced a decline of over 40% ytd, presenting a current upside potential of more than 45%, making it an attractive valuation prospect.

KEY ASSUMPTION

	--- 2023 ---		%Chg.	--- 2024 ---		%Chg.
	Old	New		Old	New	
Total Sales (m. tons)	5.8	5.4	-7%	6.2	5.8	-6%
Average Selling Price (Bt/Kg.)	25.6	23.6	-8%	26.6	25.0	-6%
Net Profit (MB)	6,448	5,546	-14%	7,689	6,504	-15%

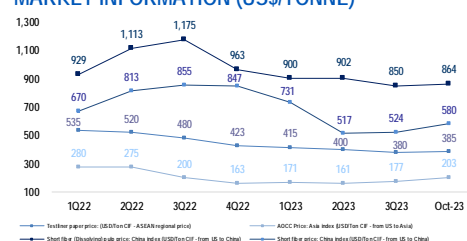
Source: SCGP and UOB Kay Hian

SALES VOLUME AND AVERAGE SELLING PRICE



Source: SCGP and UOB Kay Hian

MARKET INFORMATION (US\$/TONNE)



Source: SCGP and UOB Kay Hian

COAL MARKET PRICE (ICI3*: US\$/TONNE)



*Indonesian Coal Price Index (ICI3 - FOB Indonesian port)

Source: SCGP, Bloomberg and UOB Kay Hian

FORWARD PE



Source: Bloomberg and UOB Kay Hian

PROFIT & LOSS

Year to 31 Dec (Btm)	2022	2023F	2024F	2025F
Net turnover	146,068	135,815	142,903	156,459
EBITDA	19,259	21,194	22,870	22,635
Deprec. & amort.	9,699	12,021	12,286	11,206
EBIT	9,560	9,173	10,584	11,429
Associate contributions	55	50	50	50
Net interest income/(expense)	(1,468)	(1,523)	(1,726)	(1,748)
Pre-tax profit	8,289	7,700	8,908	9,731
Tax	(1,550)	(1,309)	(1,514)	(1,654)
Minorities	(939)	(845)	(889)	(973)
Net profit	5,801	5,546	6,504	7,104
Net profit (adj.)	5,658	5,546	6,504	7,104

CASH FLOW

Year to 31 Dec (Btm)	2022	2023F	2024F	2025F
Operating	17,234	31,052	20,683	19,512
Pre-tax profit	8,289	7,700	8,908	9,731
Tax	(1,550)	(1,309)	(1,514)	(1,654)
Deprec. & amort.	9,699	12,021	12,286	11,206
Working capital changes	(326)	12,640	1,003	229
Other operating cashflows	1,122	0	0	0
Investing	(3,119)	(20,413)	(16,145)	(4,707)
Investments	(6,862)	(22,644)	(14,603)	(1,757)
Others	3,742	2,231	(1,542)	(2,950)
Financing	(11,602)	(5,889)	(6,900)	(17,394)
Dividend payments	(3,612)	(2,576)	(2,400)	(2,894)
Issue of shares	0	0	0	0
Proceeds from borrowings	(7,990)	(3,313)	(4,500)	(14,500)
Net cash inflow (outflow)	2,513	4,750	(2,363)	(2,589)
Beginning cash & cash equivalent	7,310	9,966	14,716	12,353
Changes due to forex impact	143	0	0	0
Ending cash & cash equivalent	9,966	14,716	12,353	9,764

BALANCE SHEET

Year to 31 Dec (Btm)	2022	2023F	2024F	2025F
Fixed assets	94,585	105,208	107,525	98,076
Other LT assets	42,540	39,679	41,657	45,440
Cash/ST investment	9,966	14,716	12,353	9,764
Other current assets	50,189	35,828	35,752	37,275
Total assets	197,280	195,431	197,287	190,555
ST debt	2,158	2,000	2,000	2,000
Other current liabilities	31,321	28,445	26,873	16,124
LT debt	31,856	29,856	27,856	25,856
Other LT liabilities	8,979	8,348	8,784	9,617
Shareholders' equity	59,769	62,739	66,844	71,053
Total liabilities & equity	197,280	195,431	197,287	190,555

KEY METRICS

Year to 31 Dec (%)	2022	2023F	2024F	2025F
Profitability				
EBITDA margin	13.2	15.6	16.0	14.5
Pre-tax margin	5.7	5.7	6.2	6.2
Net margin	4.0	4.1	4.6	4.5
Net profit (adj.)	(29.1)	(2.0)	17.3	9.2
Leverage				
Debt to total capital	21.7	20.1	18.5	16.9
Debt to equity	56.9	50.8	44.7	39.2
Net debt/(cash) to equity	40.2	27.3	26.2	25.5
Interest cover (x)	13.1	13.9	13.2	13.0

COMPANY UPDATE

Central Plaza Hotel (CENTEL TB)

Earnings Bottom Out; Expect Hotels In Upcountry Thailand To Outperform

3Q23 earnings should come in at Bt132m (+2,127% yoy, +47% qoq), driven by RevPar growing 38% yoy and 6% qoq, 3% above pre-COVID-19 levels. Looking ahead, hotels in upcountry Thailand will outperform in 4Q23 and 1Q24, benefitting from seasonal factors and changes in the mix of tourist nationalities. We believe the stock price has limited downside risk due to expectations of a strong earnings performance in the next two quarters. Upgrade to BUY. Target price: Bt52.00.

3Q23 EARNINGS PREVIEW

Year to 31 Dec (Btm)	3Q22	2Q23	3Q23F	yoy (%)	qoq (%)
Hotel revenue	1,489	1,892	2,006	34.7	6.0
Food revenue	2,941	3,166	3,150	7.1	(0.5)
Total revenue	4,430	5,057	5,156	16.4	1.9
Gross profit	1,760	2,012	2,109	19.8	4.8
SG&A	1,605	1,800	1,814	13.0	0.8
Operating EBIT	254	327	395	55.8	20.9
Operating EBITDA	1,047	1,096	1,215	16.1	10.9
Core profit	6	90	132	2,126.8	46.5
Net profit	(78)	121	132	269.4	9.6
(%)	3Q22	2Q23	3Q23F	yoy (ppts)	qoq (ppts)
Gross margin	39.7	39.8	40.9	1.2	1.1
SG&A to sales	36.2	35.6	35.2	(1.1)	(0.4)
EBIT margin	5.7	6.5	7.7	1.9	1.2
EBITDA margin	23.6	21.7	23.6	0.0	1.9
Core profit margin	0.1	1.8	2.6	2.4	0.8
Net profit margin	(1.8)	2.4	2.6	4.3	0.2

Source: CENTEL, UOB Kay Hian

WHAT'S NEW

- Improvement in 3Q23 earnings.** We expect Central Plaza Hotel (CENTEL) to report 3Q23 earnings at Bt132m, (+2,127% yoy, +47% qoq). The substantial yoy earnings growth is primarily attributed to the robust hotel performance, thanks to the easing of COVID-19 restrictions and improved travel mobility. Additionally, the expected qoq earnings growth should be driven by: a) an increase in international tourists visiting Thailand, resulting in a strong hotel performance, especially in Bangkok; and b) the impressive performance of a new hotel in Japan; therefore, hotel operation should reach breakeven in 3Q23.

KEY FINANCIALS

Year to 31 Dec (Btm)	2021	2022	2023F	2024F	2025F
Net turnover	11,528.5	18,036.3	22,506.6	25,292.6	28,123.5
EBITDA	2,007.7	4,184.3	5,753.8	6,775.5	7,536.6
Operating profit	(1,159.8)	1,051.7	2,440.8	3,266.1	3,785.2
Net profit (rep./act.)	(1,733.2)	398.1	1,335.2	1,965.0	2,328.6
Net profit (adj.)	(1,733.2)	398.1	1,335.2	1,965.0	2,328.6
EPS (Bt)	(1.3)	0.3	1.0	1.5	1.7
PE (x)	n.m.	153.5	45.8	31.1	26.2
P/B (x)	3.4	3.3	3.1	2.9	2.7
EV/EBITDA (x)	42.8	20.5	14.9	12.7	11.4
Dividend yield (%)	0.0	0.0	0.9	1.3	1.5
Net margin (%)	(15.0)	2.2	5.9	7.8	8.3
Net debt/(cash) to equity (%)	115.5	104.4	122.7	118.2	108.1
Interest cover (x)	3.3	7.7	6.8	7.4	7.7
ROE (%)	n.a.	2.2	7.0	9.6	10.6
Consensus net profit	-	-	1,487	2,137	2,552
UOBKH/Consensus (x)	-	-	0.90	0.92	0.91

Source: Central Plaza Hotel, Bloomberg, UOB Kay Hian
n.m.: not meaningful; negative P/E, EV/EBITDA reflected as "n.m."

BUY

(Upgraded)

Share Price	Bt43.75
Target Price	Bt52.00
Upside	+18.9%
(Previous TP)	Bt50.00)

COMPANY DESCRIPTION

CENTEL is a leading hotel operator both in Thailand and overseas, as well as in the quick service restaurant industry in Thailand. CENTEL is part of the Central Group.

STOCK DATA

GICS sector	Consumer Discretionary
Bloomberg ticker:	CENTEL TB
Shares issued (m):	1,350.0
Market cap (Btm):	61,087.5
Market cap (US\$m):	1,683.2
3-mth avg daily t'over (US\$m):	7.1

Price Performance (%)

52-week high/low	Bt57.50/Bt41.00				
1mth	3mth	6mth	1yr	YTD	
(6.2)	(0.5)	(17.4)	(8.6)	(10.0)	

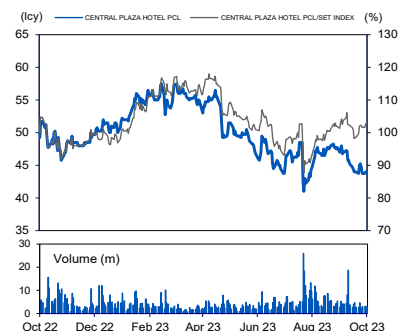
Major Shareholders

	%
Chirathivat Family	64.0
Local Investors	26.0
Foreign Investors	10.0

FY23 NAV/Share (Bt) 14.71

FY23 Net Debt/Share (Bt) 18.05

PRICE CHART



Source: Bloomberg

ANALYST(S)

Kochakorn Sutaruksanon
+662 090 8303
kochakorn@uobkayhian.co.th

• **The key driver comes from hotel operations.** We expect total sales will reach Bt5.2b (+16% yoy, +2% qoq), primarily driven by the hotel operation. Hotel sales are expected to show yoy and qoq growth, reaching Bt2.0b (+35% yoy, +6% qoq). Despite the weak hotel performance in Maldives (accounting for 18% of hotel revenue contribution in 1H23), this is offset by improved hotel performance in Thailand, especially in Bangkok. Additionally, the performance of a new hotel in Japan (opened on 1 Jul 23) has been impressive, with an occupancy rate of 67% (vs typical occupancy rate of 80-85%). Therefore, RevPar of the hotel portfolio should increase by 38% yoy and 6% qoq, 3% above pre-COVID-19 levels. Meanwhile, food sales are projected to increase slightly yoy and remain flat qoq, reaching Bt3.2b (+7% yoy, 0% qoq). We expect the same-store-sales growth (SSSG) to remain flat yoy and the total same-store-sales growth (TSSG) to rise marginally by 3% yoy.

KEY STATISTICS

Hotel Stats	3Q19	3Q22	4Q22	1Q23	2Q23	3Q23	yoy chg	qoq chg	To 2019
Occ (%) - BKK	78.3%	66.0%	71.0%	73.0%	72.0%	77.0%	11.0 ppt	5.0 ppt	-1.3 ppt
Occ (%) - Upcountry	72.6%	46.0%	64.0%	78.0%	62.0%	64.0%	18.0 ppt	2.0 ppt	-8.6 ppt
Occ (%) - Maldives	77.0%	52.0%	68.0%	89.0%	56.0%	70.0%	18.0 ppt	14.0 ppt	-7.0 ppt
Occ (%) - Japan						67.0%			
Occ (%) - Avg	74.7%	55.0%	66.3%	77.2%	64.6%	68.3%	13.3 ppt	3.7 ppt	-6.4 ppt
ADR - BKK	2,811	3,559	4,028	3,882	3,791	3,832	7.7%	1.1%	36.3%
ADR - Upcountry	3,190	3,646	4,065	4,703	3,957	4,074	11.7%	3.0%	27.7%
ADR - Maldives	14,880	12,627	15,634	16,151	12,361	9,558	-24.3%	-22.7%	-35.8%
ADR - Japan						6,582			
ADR - Avg	3,825	4,122	4,728	5,223	4,314	4,330	5.0%	0.4%	113.2%
RevPar - BKK	2,200	2,331	2,844	2,849	2,733	2,951	26.6%	8.0%	134.1%
RevPar - Upcountry	2,317	1,684	2,595	3,654	2,462	2,607	54.8%	5.9%	112.5%
RevPar - Maldives	11,461	6,556	10,615	14,295	6,896	6,691	2.1%	-3.0%	58.4%
RevPar - Japan						4,410			
RevPar - Avg	2,858	2,148	3,122	4,025	2,792	2,956	37.6%	5.9%	103.4%
Food Stats	3Q19	3Q22	4Q22	1Q23	2Q23	3Q23	yoy chg	qoq chg	
SSSG (%)	-8%	43%	12%	8%	5%	0%	-43.0 ppt	-5.0 ppt	
TSSG (%)	-1.0%	51.0%	18.0%	15.0%	10.0%	3.0%	-48.0 ppt	-7.0 ppt	
No. of outlets	1,029	1,439	1,472	1,599	1,590	1,590	10.5%	0.0%	

Source: CENTEL, UOB Kay Hian

STOCK IMPACT

• **Increasing popularity of hotels in upcountry Thailand during 4Q23 and 1Q24.** According to the Ministry of Tourism and Sports in Thailand, the recovery rate of foreign visitors in Bangkok slightly declined from 7% above pre-COVID-19 levels in 2Q23 to 5% below pre-COVID-19 levels in Jul and Aug 23. On the other hand, the recovery rate of foreign visitors in upcountry Thailand continued to rise, from 21% below pre-COVID-19 levels in 2Q23 to just 6% below pre-COVID-19 levels in Jul and Aug 23. This can be attributed to the seasonal impact and the change in the mix of tourist nationalities. Therefore, it is likely that foreign tourists will choose to travel in upcountry Thailand during 4Q23 and 1Q24, resulting in outperformance for hotels in upcountry.

EARNINGS REVISION/RISK

• **None**

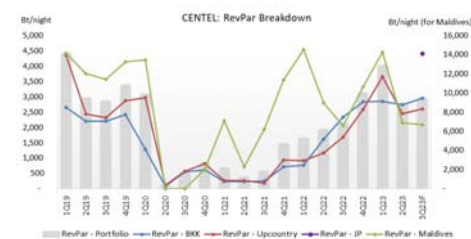
VALUATION/RECOMMENDATION

• **Upgrade to BUY with a higher target price of Bt52.00.** We roll over our target price to 2024 and de-rate the EV/EBITDA multiple to 14x, or at mean historical trading levels, to reflect the slower growth rate due to the high base (2023 earnings growth: +235% yoy, 2024 earnings growth +47% yoy). Stock price declined by 22% after we downgraded the recommendation. We believe the stock price has already factored in the negatives, and therefore, the downside risk is limited. Furthermore, we believe its earnings already reached its bottom in 2Q23 and are likely to outperform in 4Q23 and 1Q24, thanks to seasonal impacts and the increasing popularity of hotels in upcountry.

SHARE PRICE CATALYST

• Weak performance of hotels in Maldives; the end of the travel revenge trend, sluggish travel demand from China; and the Israel-Hamas conflict.

REVPAR PERFORMANCE



Source: CENTEL, UOB Kay Hian

REVENUE BREAKDOWN



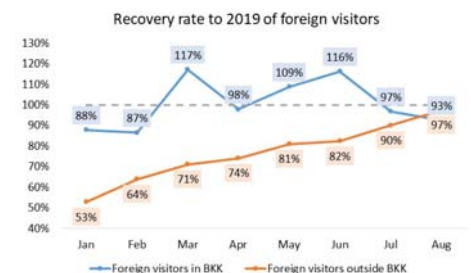
Source: CENTEL, UOB Kay Hian

EARNINGS PERFORMANCE



Source: CENTEL, UOB Kay Hian

FOREIGN VISITOR'S RECOVERY RATE



Source: MOTs, UOB Kay Hian

PROFIT & LOSS

Year to 31 Dec (Btm)	2022	2023F	2024F	2025F
Net turnover	18,036	22,507	25,293	28,123
EBITDA	4,184	5,754	6,776	7,537
Deprec. & amort.	3,133	3,313	3,509	3,751
EBIT	1,052	2,441	3,266	3,785
Total other non-operating income	0	0	0	0
Associate contributions	(44)	40	70	72
Net interest income/(expense)	(547)	(851)	(913)	(983)
Pre-tax profit	552	1,629	2,423	2,874
Tax	(138)	(238)	(377)	(448)
Minorities	(16)	(56)	(82)	(97)
Net profit	398	1,335	1,965	2,329
Net profit (adj.)	398	1,335	1,965	2,329

CASH FLOW

Year to 31 Dec (Btm)	2022	2023F	2024F	2025F
Operating	3,602	4,882	5,439	6,463
Pre-tax profit	552	1,629	2,423	2,874
Tax	(138)	(238)	(377)	(448)
Deprec. & amort.	3,133	3,313	3,509	3,751
Working capital changes	88	91	(63)	388
Non-cash items	(34)	88	(54)	(102)
Other operating cashflows	1	(1)	0	0
Investing	(2,101)	(9,917)	(5,692)	(5,192)
Capex (growth)	(1,274)	(9,977)	(5,659)	(5,754)
Investments	(815)	(16)	(28)	(29)
Others	(12)	76	(5)	591
Financing	(1,719)	4,126	841	424
Dividend payments	0	0	(534)	(786)
Issue of shares	0	0	0	0
Proceeds from borrowings	(1,762)	4,126	1,375	1,210
Others/interest paid	44	0	0	0
Net cash inflow (outflow)	(218)	(909)	588	1,695
Beginning cash & cash equivalent	3,370	3,152	2,243	2,831
Ending cash & cash equivalent	3,152	2,243	2,831	4,527

BALANCE SHEET

Year to 31 Dec (Btm)	2022	2023F	2024F	2025F
Fixed assets	35,867	42,531	44,681	46,684
Other LT assets	5,984	6,056	6,219	6,571
Cash/ST investment	3,152	2,243	2,831	4,527
Other current assets	3,163	2,776	3,091	3,744
Total assets	48,166	53,607	56,823	61,525
ST debt	7,325	5,210	5,210	5,210
Other current liabilities	3,843	3,635	3,833	4,771
LT debt	15,156	21,397	22,772	23,982
Other LT liabilities	2,952	3,084	3,215	4,129
Shareholders' equity	18,518	19,853	21,284	22,827
Minority interest	373	427	509	606
Total liabilities & equity	48,166	53,607	56,823	61,525

KEY METRICS

Year to 31 Dec (%)	2022	2023F	2024F	2025F
Profitability				
EBITDA margin	23.2	25.6	26.8	26.8
Pre-tax margin	3.1	7.2	9.6	10.2
Net margin	2.2	5.9	7.8	8.3
ROA	0.8	2.6	3.6	3.9
ROE	2.2	7.0	9.6	10.6
Growth				
Turnover	56.4	24.8	12.4	11.2
EBITDA	108.4	37.5	17.8	11.2
Pre-tax profit	n.a.	195.0	48.7	18.6
Net profit	n.a.	235.4	47.2	18.5
Net profit (adj.)	n.a.	235.4	47.2	18.5
EPS	n.a.	235.4	47.2	18.5
Leverage				
Debt to total capital	54.3	56.7	56.2	55.5
Debt to equity	121.4	134.0	131.5	127.9
Net debt/(cash) to equity	104.4	122.7	118.2	108.1
Interest cover (x)	7.7	6.8	7.4	7.7

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