

Hotel Sector – Neutral

News update

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Thailand to allow tourists from 46 countries

- **46 countries are permitted to enter Thailand.**
 - **It's good news for hotel sector.**
 - **But short-term driver is still from Thai tourists.**
 - **We maintain BUY on MINT and CENTEL.**
- Thailand will open the country to visitors from 46 countries instead of only 10 Covid-19 low-risk countries announced earlier, starting from 1 November 2021. The list of countries is Australia, Austria, Bahrain, Belgium, Bhutan, Brunei, Bulgaria, Cambodia, Canada, Chile, China, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Latvia, Lithuania, Malaysia, Malta, Netherlands, New Zealand, Norway, Poland, Portugal, Qatar, Saudi Arabia, Singapore, Slovenia, South Korea, Spain, Sweden, Switzerland, UAE, UK, US and Hong Kong.
 - Seven conditions for visitors from 46 low-risk countries who can enter Thailand without quarantine are shown in the exhibit 1.

Ex 1: Scheme For Entering Thailand (By Air Travel), Effective 1 November 2021

	Exemption from quarantine	Sandbox program*	Alternative Quarantine
Eligible countries	Only eligible countries Note: Must reside in the eligible countries for at least 21 consecutive days	All countries	All countries
Quarantine	No quarantine Note: Must wait for RT-PCR test results at the hotel for 1 night or until receive negative results	Travel restricted in Sandbox area for 7 days Note: Must wait for RT-PCR test results at the designated hotel before travelling	Quarantine at the AQ hotel for 10 days
Vaccination	Fully vaccinated (at least 14 days prior to travelling)	Fully vaccinated (at least 14 days prior to travelling)	No required
Accommodation requirements	1 night reservation at SHA+ or AQ hotel Note: Payment confirmation required	7 nights reservation at SHA+ hotel in Sandbox area Note: Payment confirmation required	10 nights reservation at an AQ hotel Note: Payment confirmation required
Medical insurance (Not required for Thai nationals)	Medical insurance with minimum coverage of US\$50,000	Medical insurance with minimum coverage of US\$50,000	Medical insurance with minimum coverage of US\$50,000
COVID-19 test results before departure	Have a RT-PCR COVID-19 test results issued within 72 hours before travelling	Have a RT-PCR COVID-19 test results issued within 72 hours before travelling	Have a RT-PCR COVID-19 test results issued within 72 hours before travelling Note: Not required for Thai nationals
COVID-19 tests in Thailand (Travelers are responsible for test fees which is included in hotel reservation)	One RT-PCR COVID-19 test on arrival date	Two RT-PCR COVID-19 tests on arrival date and Day 6 or 7 of stay	Two RT-PCR COVID-19 tests on arrival date and Day 8 or 9 of stay

Sources: Department of Consular Affairs, Ministry of Foreign Affairs of Thailand

Note: * For Sanbox program, must arrive through the international airports at Suvarnabhumi, Don Mueang, Chiang Mai, Phuket, Samui, U-Tapao and Burirum (Chartered flights only)

- This is good news for hotel sector. With Thailand's reopening strategy, we expect to have more flows of foreign tourists visiting Thailand. This will help to add revenue and earnings to hotel operators (MINT, ERW, CENTEL).
- However, we still expect key driver for Thai tourism in this year still comes from domestic travelers more than international tourists. We expect to see more international tourists in mid next year.
- We still concern about rising new COVID cases after we reopen the country. Presently, number of new COVID cases (from RT-PCR + ATK) is still c. 10,000 cases/day and percentage of Thai people who already got two doses of COVID-19 vaccines are c. 40%. Thailand's vaccination rate is still low compared to other developed countries that are still facing with high new COVID cases.
- For hotel sector, we choose MINT as our top pick due to strong turnaround of its hotel and food businesses in overseas. Its hotel portfolio in Thailand is also expected to enjoy strong recovery of domestic travelling turnaround due to its hotels in Thailand located in upcountry c. 60%. Valuation is also cheaper than peers. CENTEL is also a BUY due to strong turnaround of its hotels in Maldives. Its hotel and food businesses in Thailand also enjoy domestic tourism recovery.

Ex 2: Hotel Sector Valuations

	Rating	Current price (Bt)	Target price (Bt)	Upside/ (Downside) (%)	Market cap (Bt m)	Norm EPS growth		Norm PE		Yield	
						2021F (%)	2022F (%)	2021F (x)	2022F (x)	2021F (%)	2022F (%)
CENTEL	BUY	35.75	40.0	11.9	48,263	na	na	na	na	—	—
ERW	SELL	3.22	2.7	(16.1)	14,592	na	na	na	na	—	—
MINT	BUY	33.50	39.0	16.4	174,168	na	na	na	767.2	—	0.03

Sources: Bloomberg; Thanachart estimates

- This government's policy also benefits to private hospitals that focus in providing healthcare services to international patients such as BDMS, BH and PR9.
- Meanwhile, the remaining high COVID-19 cases still add revenue to hospitals those focus in COVID services although it is not as high as it was in 3Q21. We also see rising non-COVID 19 patients in all healthcare schemes (cash, social security and universal coverage) due to pent-up healthcare demands.
- For healthcare sector, BDMS and CHG are our top two picks. We see both stocks have a good balance to enjoy both COVID and non-COVID revenue. CHG's valuation is also cheap.

Ex 3: Healthcare Sector Valuations

	Rating	Current price (Bt)	Target price (Bt)	Upside/ (Downside) (%)	Market cap (Bt m)	Norm EPS growth		Norm PE		Yield	
						2021F (%)	2022F (%)	2021F (x)	2022F (x)	2021F (%)	2022F (%)
BCH	BUY	20.60	30.00	45.6	52,618	150.3	(32.9)	16.7	24.9	3.3	2.2
BDMS	BUY	23.50	27.00	14.9	368,694	15.6	16.1	53.5	46.1	1.0	1.2
BH	HOLD	142.50	136.00	(4.6)	113,626	(20.0)	69.0	118.0	69.8	2.1	2.1
CHG	BUY	3.78	4.80	27.0	42,680	176.2	(34.9)	17.2	26.4	4.1	2.7
LPH	HOLD	5.85	6.50	11.1	4,212	49.6	(13.0)	19.7	22.7	4.1	3.5
PR9	BUY	11.50	11.60	0.9	8,807	3.9	20.0	43.1	35.9	1.0	1.3
RJH	BUY	35.00	42.00	20.0	9,975	76.6	(21.5)	16.0	20.4	5.0	3.9
RPH	BUY	6.15	7.20	17.1	3,358	13.0	18.2	31.7	26.8	2.4	2.8
THG	SELL	33.25	26.00	(21.8)	28,232	na	(5.6)	59.8	63.3	1.1	1.1

Sources: Bloomberg; Thanachart estimates

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