Central Plaza Hotel (CENTEL TB) - BUY, Price Bt34.50, TP Bt40

Results Comment

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Turned profit in 4Q21, beat expectation

- CENTEL reported Bt152m norm profit in 4Q21 vs. Bt803m norm loss in 3Q21 and Bt178m norm loss in 4Q20. This was better than ours and the market's expectation due to its stronger-than-expected food business.
- The company's improving earnings resulted from improving operations both in hotel and food businesses due to the easing of lockdown, domestic tourism stimulus package and country's reopening.
- Hotel business made Bt32m loss in 4Q21 vs. Bt786m loss in 3Q21 and Bt1.4bn loss in 4Q20. Its hotel revenue increased by 56% y-y and 173% q-q to Bt999m in 4Q21. RevPar in 4Q21 was at Bt1,475/night, up by 77% y-y and 163% q-q. Average occupancy rate was at 30% in 4Q21 vs. 16% in 3Q21 and 27% in 4Q20. ARR in 4Q21 was at Bt4,943/room/night, up 59% y-y and 41% q-q.
- CENTEL's food business made Bt184m profit in 4Q21 up from Bt49m profit in 4Q20 and Bt18m loss in 3Q21. Food business' revenue increased by 5% y-y and 37% q-q to Bt2.7bn in 4Q21. Food's SSSG in 4Q21 at -2% vs. -30% in 3Q21 and -20.0% in 4Q20. # of food outlets increased to 1,389 in 4Q21, up 210 outlets from 4Q20 and 119 outlets from 3Q21.
- Including 4Q21 results, CENTEL reported Bt1.7bn norm loss in 2021 vs. Bt1.6bn loss in 2020. We expect CENTEL's earnings momentum to improve in 2022F due to improving Thai and international tourists and rising domestic consumption. We see an upside to our numbers. We maintain BUY on CENTEL.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21
Revenue	3,160	2,682	2,566	2,310	3,653
Gross profit	**918**	**869**	**717**	**553**	**1,459**
SG&A	1,390	1,276	1,297	1,256	1,246
Operating profit	(472)	(407)	(580)	(703)	214
EBITDA	**378**	**403**	**236**	**143**	**908**
Other income	90	92	123	114	95
Other expense	0	0	0	0	0
Interest expense	164	165	172	214	167
Profit before tax	**(546)**	**(481)**	**(628)**	**(803)**	**142**
Income tax	(343)	(9)	(7)	12	(74)
Equity & invest. income	(10)	(9)	(13)	(17)	(25)
Minority interests	35	5	28	29	(38)
Extraordinary items	(1,189)	0	0	0	0
Net profit	**(1,367)**	**(476)**	**(606)**	**(803)**	**152**
Normalized profit	**(178)**	**(476)**	**(606)**	**(803)**	**152**
EPS (Bt)	(1.01)	(0.35)	(0.45)	(0.60)	0.11
Normalized EPS (Bt)	(0.13)	(0.35)	(0.45)	(0.60)	0.11

Income Statement			12M as		
(Bt m)	q-q%	y-y%	% 2021F	2021A	2022F
Revenue	58	16	108	11,211	13,917
Gross profit	**164**	**59**	**112**	**3,598**	**5,448**
SG&A	(1)	(10)	99	5,075	5,455
Operating profit	na	na	na	(1,477)	(8)
EBITDA	**533**	**140**	**113**	**1,690**	**3,436**
Other income	(16)	5	104	424	462
Other expense			na	0	0
Interest expense	(22)	2	106	718	677
Profit before tax	**na**	**na**	**na**	**(1,771)**	**(223)**
Income tax	na	na	na	(78)	0
Equity & invest. income	na	na	na	(64)	(36)
Minority interests	na	na	24	24	50
Extraordinary items			na	0	0
Net profit	**na**	**na**	**na**	**(1,733)**	**(208)**
Normalized profit	**na**	**na**	**na**	**(1,733)**	**(208)**
EPS (Bt)	na	na	na	(1.28)	(0.15)
Normalized EPS (Bt)	na	na	na	(1.28)	(0.15)

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21
Cash & ST investment	2,824	2,778	3,021	3,326	3,855
A/C receivable	514	548	618	637	801
Inventory	782	724	709	693	748
Other current assets	286	335	359	361	328
Investment	513	510	507	504	500
Fixed assets	17,368	17,616	29,809	29,895	29,875
Other assets	13,063	13,096	12,660	12,466	12,484
Total assets	**35,350**	**35,606**	**47,682**	**47,880**	**48,593**
S-T debt	3,749	3,745	2,658	3,650	5,136
A/C payable	1,873	1,710	2,025	2,232	2,669
Other current liabilities	2,176	2,302	1,885	1,913	1,859
L-T debt	7,740	8,698	11,000	11,041	10,587
Other liabilities	9,597	9,282	11,135	10,740	9,910
Minority interest	293	329	351	324	355
Shareholders' equity	**9,923**	**9,541**	**18,629**	**17,980**	**18,076**
Working capital	(577)	(438)	(698)	(902)	(1,120)
Total debt	11,488	12,442	13,658	14,692	15,723
Net debt	**8,665**	**9,665**	**10,636**	**11,366**	**11,868**

Financial Ratios					
(%)	4Q20	1Q21	2Q21	3Q21	4Q21
Sales growth	(39.3)	(40.4)	14.1	(22.9)	15.6
Operating profit growth	na	na	na	na	na
EBITDA growth	(59.6)	(57.3)	(32.0)	na	140.1
Norm profit growth	na	na	na	na	na
Norm EPS growth	na	na	na	na	na
Gross margin	29.0	32.4	27.9	23.9	39.9
Operating margin	(14.9)	(15.2)	(22.6)	(30.4)	5.8
EBITDA margin	12.0	15.0	9.2	6.2	24.9
Norm net margin	(5.6)	(17.7)	(23.6)	(34.8)	4.2
D/E (x)	1.2	1.3	0.7	0.8	0.9
Net D/E (x)	0.9	1.0	0.6	0.6	0.7
Interest coverage (x)	2.3	2.4	1.4	0.7	5.4
Interest rate	7.1	5.5	5.3	6.0	4.4
Effective tax rate	62.8	2.0	1.1	(1.5)	(51.9)
ROA	(2.0)	(5.4)	(5.8)	(6.7)	1.3
ROE	(6.7)	(19.6)	(17.2)	(17.6)	3.4

Sources: Company data, Thanachart estimates

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