

Hotel Sector – Overweight**Earnings Preview**

Siriporn Arunothai | Email: Siriporn.aru@thanachartsec.co.th

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 - Drivers were improving Occupancy rate and ARR.
 - Earnings turnaround momentum still continues in 2023F.
 - We maintain BUY on ERW, CENTEL and MINT.
- We estimate the hotel sector's earnings turning around nicely in 4Q22 at Bt2.6bn, up 74% y-y and 33% q-q due to improving operation in all hotel operators both in hotel and food businesses.

Ex 1: 4Q22F Earnings Estimates

	Normalized profit (Bt m)			12M as % 2022F	— Change (%)—		Positive / Negative factors	Tentative date for results announcement
	4Q21	3Q22	4Q22F		Y-Y	Q-Q		
CENTEL	152	(78)	324	100.0	112.6	n.a.	Improving occupancy rate and ARR in hotel business, 12% SSSG and 18% TSSG in food business	27-Feb-23
ERW	(346)	(11)	46	n.a.	n.a.	n.a.	Improving occupancy rate and ARR in hotel business	21-Feb-23
MINT	1,657	2,010	2,182	112.4	31.7	8.6	Improving occupancy rate and ARR in hotel business, 5% SSSG and 20% TSSG in food business	24-Feb-23
Sum	1,463	1,921	2,552	n.a.	74.4	32.9		

Sources: Company data; Thanachart estimates

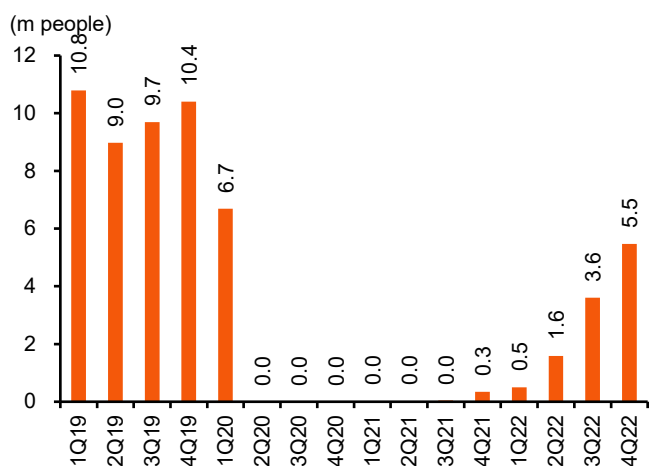
- **CENTEL:** We estimate CENTEL's earnings to turn profit at Bt324m in 4Q22, driven by improving operation both in hotel and food businesses, mainly in Thailand. RevPar was at Bt3,119/room/night, up 111% y-y and 45% q-q. It was accounted for 92% of 4Q19's level. Meanwhile, CENTEL's food business is also expected to improve y-y and q-q. Its total system sales (TSS) grew by 18% y-y in 4Q22F.
- **ERW:** We estimate ERW to turn profit at Bt46m in 4Q22 vs. Bt346m loss in 4Q21 and Bt11m loss in 3Q22. The turnaround operation was mainly due to improving operations both of non-Hop Inn hotels in Thailand and Hop Inn Hotels in Thailand and the Philippines from a rising occupancy rate and ARR. RevPar of non-Hop Inn hotels in Thailand was at Bt2,400/room/night, up 383% y-y and 40% q-q. It surpassed 4Q19's level by 16%. RevPar of Hop Inn hotels in Thailand was at Bt512/room/night, surpassing 4Q19's level by 10%. RevPar of Hop Inn hotels in Philippines was at Bt745/room/night, accounting for 88% of 4Q19's level.
- **MINT:** We estimate MINT's earnings at Bt2.2bn, up 32% y-y and 9% q-q. RevPar of hotel operation in Thailand in 4Q22 was already back to 4Q19's level. Meanwhile, hotels' 4Q22 RevPar in Europe, Maldives and Australia surpassed its pre-COVID level by 10%, 30%+ and 35%, respectively. Meanwhile, TSSG for the whole portfolio of food business was at 20% y-y in 4Q22F.
- Looking into 2023F, we expect all hotels' operation to turnaround strongly, driven by rising international tourists and China's reopening. We maintain BUY on ERW, CENTEL and MINT. Meanwhile, ERW is our top sector pick.

Ex 2: Hotel Sector Valuations

	Rating	Current	Target	Upside/	Market	Norm EPS growth		Norm PE		Yield	
		price	price	(Downside)		cap	2022F	2023F	2022F	2023F	2022F
		(Bt)	(Bt)	(%)	(Bt m)	(%)	(%)	(x)	(x)	(%)	(%)
CENTEL	BUY	52.00	59.00	13.5	70,200	na	634.1	313.2	42.7	0.0	0.5
ERW	BUY	4.84	5.50	13.6	22,023	na	na	na	74.8	0.0	0.3
MINT	BUY	33.75	36.00	6.7	179,351	na	na	na	48.0	0.0	0.4

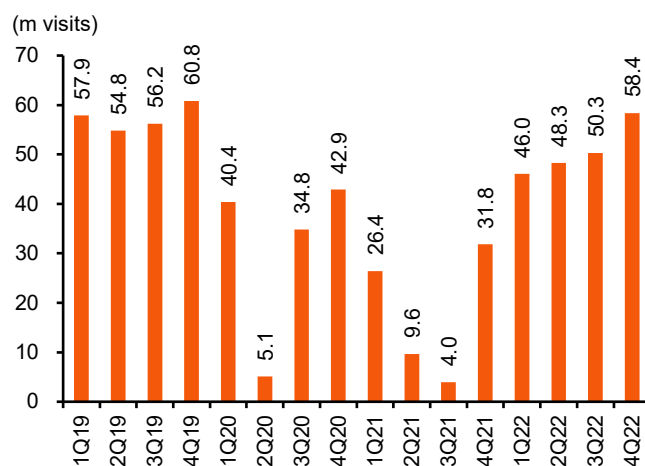
Sources: Bloomberg; Thanachart estimates

Ex 3: International Tourists Visiting Thailand



Source: TAT

Ex 4: # Of Trips By Thai Tourists



Source: TAT

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