

BUY (From Unchanged)
Change in Numbers

TP: Bt 59.00 (From: Bt 64.00)
Upside : 32.6% **13 JULY 2023**

Small Cap Research

Central Plaza Hotel (CENTEL TB)

Risk from wage hikes

Given the new government's potential wage hike policy, we conservatively factor this risk into CENTEL's numbers. Together with the higher lease cost for a key resort, we cut CENTEL's earnings by 6-8% in 2023-25F. However, we reaffirm BUY as we still expect CENTEL to deliver very strong earnings growth of 336/30/14% in 2023-25F.



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Factoring in wage hikes

Due to the good possibility of the to-be-set-up government's wage hike policy being implemented, we conservatively factor a 10% p.a. hike in 2024-25F into our forecast numbers for CENTEL. Together with higher lease expenses for the lease contract renewal of Centara Grand Beach Resort & Villas Hua Hin starting from mid-May 2023, we cut our earnings estimates for CENTEL by 6-8% in 2023-25F. Our DCF-based TP 12-month (2023F base year) falls to Bt59 from Bt64. However, we maintain our BUY call and still like CENTEL as a quality tourism play in the middle of a steep turnaround cycle with 336/30/14% EPS growth in 2023-25F. Its share price is already 23% down from this year's peak.

2023F earnings to reach 2019's level

We estimate CENTEL's earnings this year to revert to 2019's level of Bt1.7bn. This is despite our tourist arrivals estimate of 28m people vs. 40m in 2019. CENTEL's occupancy rate (OR) is still below 2019's level but its average room rate (ARR) has surpassed it. We estimate an OR of 72/76/78% in 2023-25F vs. 75% in 2019 and ARR of Bt5,185/5,567/6,087 in 2023-25F vs. Bt4,477 in 2019. On the food business side, while sales per store aren't back to 2019's level, store expansions are driving this year's sales above 2019's. We project food same-store-sales growth (SSSG) of 7/4/2% in 2023-25F and store expansions of 9/5/3% to 1,746 in 2025F vs. 1,064 stores in 2019. We estimate CENTEL's gross margin at 43.1/44.5/45.9% in 2023-25F vs. 41.2% in 2019 on cost control and operating leverage benefits.

A strong low season in 2Q23F

We estimate CENTEL's 2Q23F normalized profit at Bt288m, up from the Bt22m profit in 2Q22 but down 54% q-q. The strong y-y earnings growth is from both the hotel and food businesses. The q-q drop is due to the hotel business' low season. We estimate CENTEL's OR at 65% in 2Q23F vs. 46% in 2Q22 and 77% in 1Q23. ARR in 2Q23F was Bt4,314/night, up 2% y-y but down 17% q-q. RevPar grew 44% y-y but fell 31% q-q to Bt2,792/night. We estimate food's SSSG at 4% in 2Q23F.

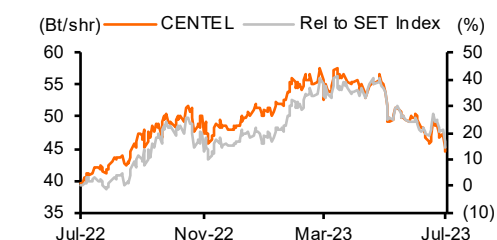
Risk looks low from new investments

CENTEL opened Centara Grand Osaka early this month. Two other resorts in the Maldives – Centara Mirage and Centara Grand – are due to open in 4Q24 and 1Q25. CENTEL is deciding whether to build a new Centara Reserve in the Maldives. Total capex spending for its new investments (not including Centara Reserve) and renovations of its hotel and food businesses is estimated at Bt4.5/6.0/4.0bn in 2023-25F. We estimate CENTEL's gross interest-bearing debt to equity (GIBD/E) at 0.8/0.9/0.7x in 2023-25F vs. its debt covenant of 2.0x.

COMPANY VALUATION

Y/E Dec (Bt m)	2022A	2023F	2024F	2025F
Sales	17,502	22,671	25,339	28,058
Net profit	398	1,735	2,260	2,579
Consensus NP	—	1,790	2,486	2,871
Diff frm cons (%)	—	(3.0)	(9.1)	(10.2)
Norm profit	398	1,735	2,260	2,579
Prev. Norm profit	—	1,838	2,461	2,792
Chg frm prev (%)	—	(5.6)	(8.2)	(7.6)
Norm EPS (Bt)	0.3	1.3	1.7	1.9
Norm EPS grw (%)	na	335.9	30.2	14.1
Norm PE (x)	150.9	34.6	26.6	23.3
EV/EBITDA (x)	19.2	16.8	14.1	12.2
P/BV (x)	3.2	3.0	2.8	2.6
Div yield (%)	0.0	0.6	1.1	1.7
ROE (%)	2.2	9.0	10.8	11.4
Net D/E (%)	61.4	71.5	78.6	71.7

PRICE PERFORMANCE



COMPANY INFORMATION

Price as of 13-Jul-23 (Bt)	44.50
Market Cap (US\$ m)	1,737.2
Listed Shares (m shares)	1,350.0
Free Float (%)	76.3
Avg Daily Turnover (US\$ m)	5.0
12M Price H/L (Bt)	57.50/39.75
Sector	Tourism
Major Shareholder	Chirathivat family 62%

Sources: Bloomberg, Company data, Thanachart estimates

ESG Summary Report P9

Factoring in wage hikes

We cut our earnings by 6-8% in 2023-25F

We cut our earnings estimates for Central Plaza Hotel Pcl (CENTEL) by 6-8% in 2023-25F to reflect our key gross margin assumption changes. With regard to the good possibility of the to-be-set-up government's wage hike policy being enacted, we see this likely hurting CENTEL's food business. Normally, total labor costs account for 19-20% of CENTEL's food revenue. We, therefore, decide to conservatively factor a 10% p.a. hike in 2024-25F into our forecast numbers for CENTEL.

Note that CENTEL recently announced that the leasehold contract for Centara Grand Beach Resort & Villas Hua Hin, which expired on 15 May 2023, has just been renewed. Centara Hua Hin Beach Resort Co., Ltd., CENTEL's 89%-owned subsidiary, signed two subleasing contracts with SRT Asset Co., Ltd. (SRTA), consisting of 1) a four-year sublease development agreement and 2) the 30-year sublease agreement for its full operation. In the previous temporary leasehold agreement, CENTEL paid lease expenses of Bt4.5m per month to SRTA. The company has not announced the new lease payment rate for the new contract. We assume new lease expenses of Bt24m per month compared to our previous assumption of Bt9m per month.

Ex 1: Changes In Our Key Assumptions And Earnings Revisions

	2019	2020	2021	2022	2023F	2024F	2025F
Gross margin (%)							
- New	41.2	31.5	32.1	40.0	43.1	44.5	45.9
- Old					43.6	45.4	46.9
- Change (ppt)					(0.5)	(0.9)	(1.0)
Normalized profit (Bt m)							
- New	1,722	(1,550)	(1,733)	398	1,735	2,260	2,579
- Old					1,838	2,461	2,792
- Change (%)					(5.6)	(8.2)	(7.6)

Sources: Company data, Thanachart estimates

Our TP is cut to Bt59.0

After our earnings cuts, our DCF-based 12-month TP (2023F base year) is revised down to Bt59.0/share from Bt64.0. However, we maintain our BUY rating on shares of CENTEL as we see it as a quality tourism play in the middle of a steep turnaround cycle with 336/30/14% EPS growth in 2023-25F. Its share price is 23% down from this year's peak.

Ex 2: 12-month DCF-based TP Calculation Using A Base Year of 2023F

(Bt m)	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	Terminal Value
EBITDA excl. depre from right of use	3,838	4,736	5,607	6,275	6,761	7,119	7,449	7,778	8,108	8,443	8,789	9,137	—
Free cash flow	(766)	(1,933)	1,700	2,285	3,737	4,857	5,750	6,319	6,929	7,242	7,564	7,891	150,440
PV of free cash flow	(764)	(1,698)	1,391	1,748	2,675	3,251	3,599	3,700	3,659	3,562	3,466	3,368	64,205
Risk-free rate (%)	2.5												
Market risk premium (%)	8.0												
Beta	1.0												
WACC (%)	6.7												
Terminal growth (%)	2.0												
Enterprise value - add investments	92,161												
Net debt (2022)	11,603												
Minority interest	373												
Equity value	80,185												
# of shares	1,350												
Target price/share (Bt)	59.00												

Sources: Company data, Thanachart estimates

2023F earnings to reach 2019's level

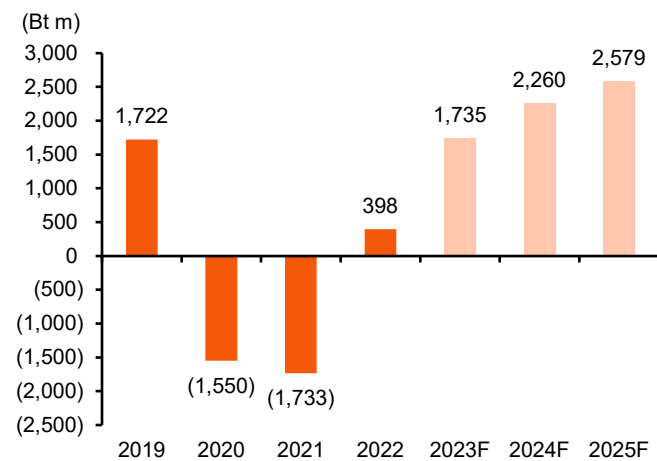
We forecast CENTEL's earnings this year to go back to 2019 level

We forecast CENTEL's earnings this year to revert to 2019's level of Bt1.7bn, supported by an improving top line and gross margin expansion.

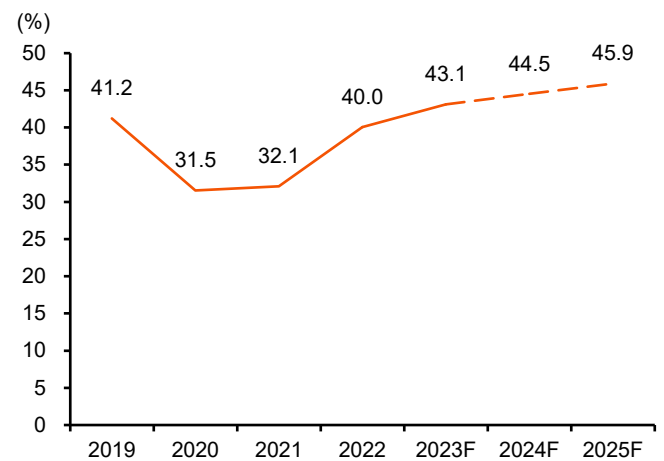
For its hotel business, we estimate tourist arrivals of 28m people this year vs. 40m in 2019. We forecast CENTEL's occupancy rate (OR) to still be below 2019's level, but its average room rate (ARR) has surpassed 2019's. We estimate an OR of 72/76/78% in 2023-25F vs. 75% in 2019 and ARRs of Bt5,185/5,567/6,087 in 2023-25F vs. Bt4,477 in 2019. Note that the increase in ARRs is driven by rising demand at existing hotels and a rising revenue mix from two new hotels in the Maldives, which are scheduled to open in 2024-25.

On the food business side, while sales per store have not returned to their 2019 level, new store openings are driving this year's sales to check in above 2019. We estimate food same-store-sales growth (SSSG) of 7/4/2% in 2023-25F and store expansions of 9/5/3% to 1,746 stores in 2025F vs. 1,064 stores in 2019.

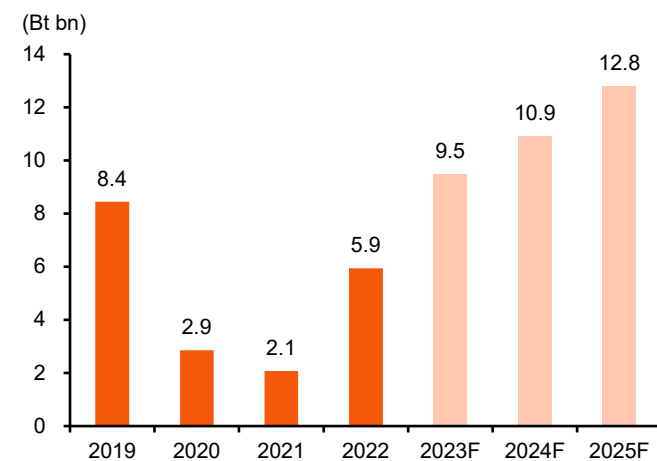
Thanks to CENTEL's top line rising by 29.5/11.8/10.7% in 2023-25F and its cost controls, we estimate its gross margin at 43.1/44.5/45.9% in 2023-25F vs. 41.2% in 2019.

Ex 3: Earnings Turnaround

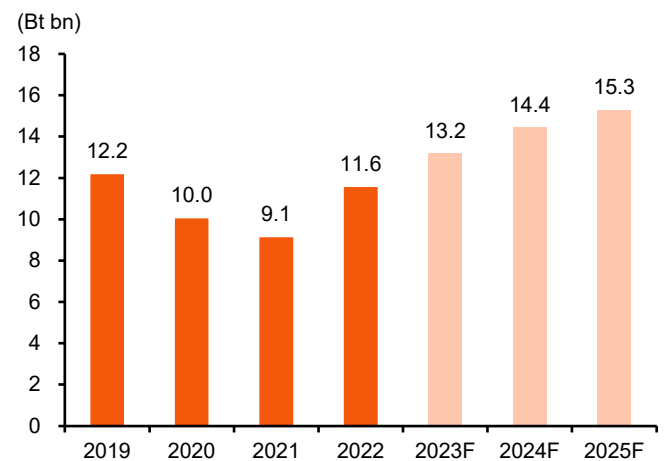
Sources: Company data, Thanachart estimates

Ex 4: Gross Margin

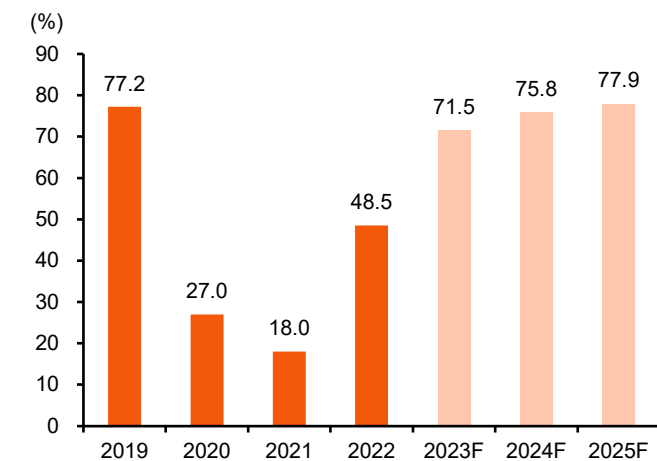
Sources: Company data, Thanachart estimates

Ex 5: Hotel Business' Revenue

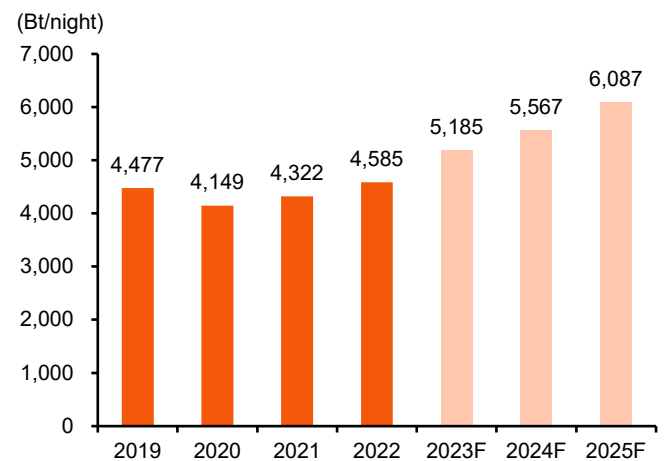
Sources: Company data, Thanachart estimates

Ex 6: Food Business' Revenue

Sources: Company data, Thanachart estimates

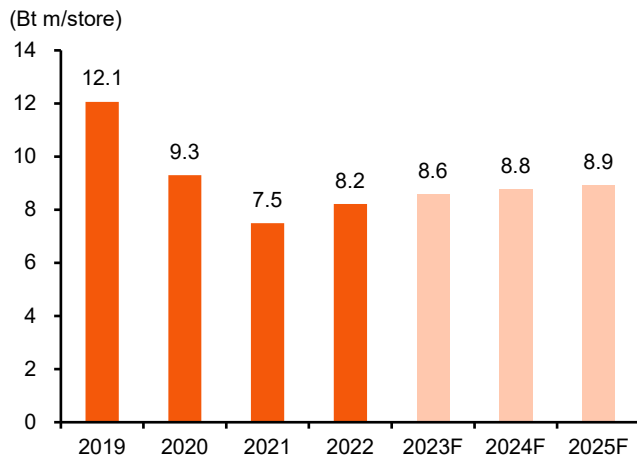
Ex 7: CENTEL's Occupancy Rate

Sources: Company data, Thanachart estimates

Ex 8: CENTEL's Average Room Rate

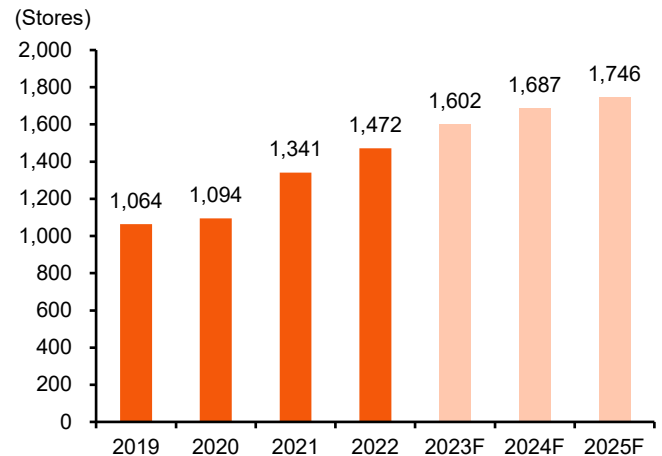
Sources: Company data, Thanachart estimates

Ex 9: Sales Per Store



Sources: Company data, Thanachart estimates

Ex 10: Number Of Food Outlets



Sources: Company data, Thanachart estimates

A strong low season in 2Q23F

We estimate CENTEL's 2Q23F normalized profit at Bt288m

We estimate CENTEL's 2Q23F normalized profit at Bt288m, up from the Bt22m profit in 2Q22 but down 54% q-q. The strong y-y earnings growth is a result of both the hotel and food businesses. We estimate revenue from the hotel and food businesses to grow by 46% y-y and 8% y-y, respectively. The q-q drop is due to the low season for the hotel business. We estimate hotel revenue to decline by 25% q-q to Bt1.9bn in 2Q23. Meanwhile, we expect revenue from its food business to grow by 3% q-q to Bt3.1bn in 2Q23F.

We estimate CENTEL's OR at 65% in 2Q23F vs. 46% in 2Q22 and 77% in 1Q23. ARR in 2Q23F was Bt4,314/night, up 2% y-y but down 17% q-q. RevPar grew by 44% y-y but fell 31% q-q to Bt2,792/night. We project food's SSSG at 4% in 2Q23F.

Ex 11: 2Q23F Occupancy Rate, Average Room Rate, RevPar, And SSSG

	2Q22	1Q23	2Q23F	% Change y-y	% Change q-q
Occupancy rate (%)					
Thailand	45	76	65	20 ppt	-11 ppt
Maldives	66	89	56	-10 ppt	-33 ppt
Total portfolio	46	77	65	19 ppt	-12 ppt
Average room rate (Bt/room/night)					
Thailand	3,410	4,461	3,901	14%	-13%
Maldives	13,647	16,151	12,361	-9%	-23%
Total portfolio	4,244	5,223	4,314	2%	-17%
RevPar (Bt/room/night)					
Thailand	1,519	3,407	2,545	68%	-25%
Maldives	8,969	14,295	6,896	-23%	-52%
Total portfolio	1,942	4,025	2,792	44%	-31%
Food's SSSG	19	8	4		

Sources: Company data, Thanachart estimates

Risk looks low from new investments

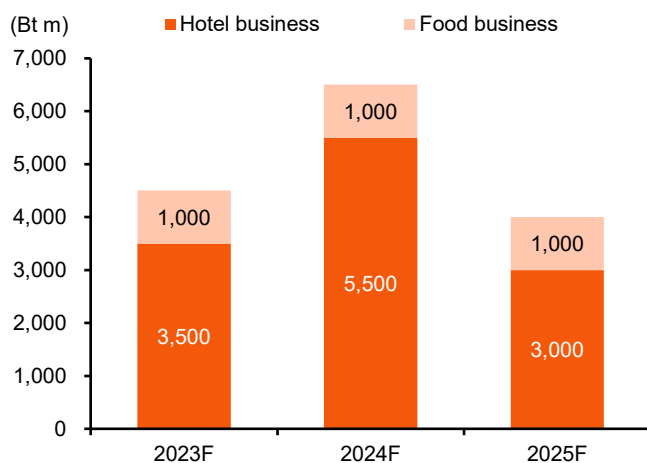
*Including new capex in
2023-25F, we estimate
CENTEL's GIBD/E at 0.7-0.9x*

CENTEL opened Centara Grand Osaka early this month. Other two resorts in the Maldives – Centara Mirage (upscale level) with 145 rooms and Centara Grand (upper upscale level) with 142 rooms – are scheduled to open in 4Q24 and 1Q25, respectively. Besides these two new hotels, CENTEL is considering whether to build a new Centara Reserve (luxury level) with 60-80 rooms in the Maldives.

Total capex spending for its new investments (not yet including the Centara Reserve in the Maldives) and renovations of its hotel business is targeted at Bt3.5/5.5/3bn in 2023-25F. Meanwhile, management plans to spend c. Bt1bn each in 2023-25 on food outlet expansion. Note that the capex figure does not yet include any new M&As.

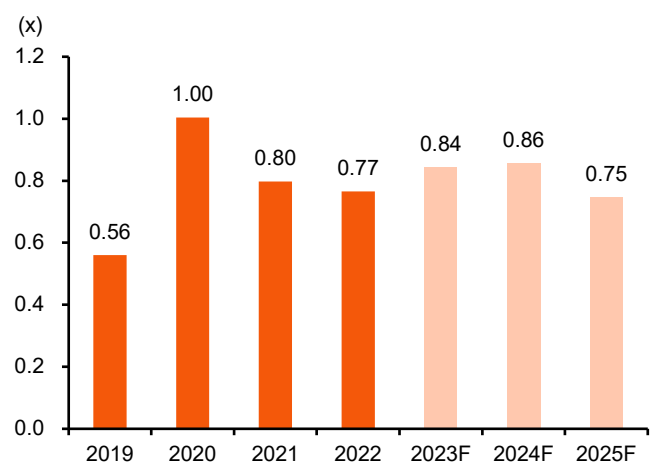
We factor the investment capex for its hotel and food businesses into our projections, and we estimate CENTEL's gross interest-bearing debt to equity (GIBD/E) at 0.8/0.9/0.7x in 2023-25F vs. its debt covenant of 2.0x.

Ex 12: CENTEL's Capex



Source: Thanachart estimates

Ex 13: Gross Interest-Bearing Debt To Equity



Sources: Company data, Thanachart estimates

Valuation Comparison

Ex 14: Valuation Comparison With Regional Peers

Name	BBG code	Country	EPS growth		— PE —		— P/BV —		EV/EBITDA		— Div yield—	
			23F	24F	23F	24F	23F	24F	23F	24F	23F	24F
			(%)	(%)	(x)	(x)	(x)	(x)	(x)	(x)	(%)	(%)
Accor SA	AC FP	France	11.2	15.3	19.9	17.3	1.7	1.7	11.6	10.6	2.9	3.1
Indian Hotels	IH IN	India	(8.2)	35.0	59.8	44.3	7.0	6.1	32.0	27.2	0.2	0.4
Resorttrust	4681 JP	Japan	(15.2)	(13.0)	15.8	18.2	2.0	1.8	10.9	8.4	2.1	2.3
Hotel Shilla	008770 KS	S. Korea	na	39.7	21.0	15.0	4.3	3.4	12.2	9.7	0.3	0.4
NH Hotel Group	NHH SM	Spain	15.2	na	16.4	11.6	1.9	1.7	7.3	6.7	1.2	3.1
Shanghai Jin Jiang Capital	2006 HK	Hong Kong	na	na	na	na	na	na	na	na	na	na
Hongkong & Shanghai	45 HK	Hong Kong	na	na	na	na	na	na	na	na	na	na
Shangri-La Asia	69 HK	Hong Kong	na	71.4	223.9	130.6	7.2	6.9	16.8	13.6	0.1	0.3
InterContinental Hotels	IHG US	US	na	13.8	19.9	17.5	na	na	13.4	12.4	2.3	2.6
Marriott International	MAR US	US	14.4	9.5	22.8	20.9	na	na	15.1	14.4	0.9	1.0
Hilton Worldwide Holdings	HLT US	US	29.0	12.5	25.7	22.8	na	na	16.3	15.3	0.4	0.5
Asset World Corp	AWC TB	Thailand	na	90.9	80.7	42.3	1.7	1.6	36.7	25.8	0.4	0.7
Central Plaza Hotel	CENTEL TB*	Thailand	335.9	30.2	34.6	26.6	3.0	2.8	16.8	14.1	0.6	1.1
Erawan Group	ERW TB*	Thailand	na	29.0	36.8	28.5	3.3	2.7	14.8	12.3	0.6	1.1
Minor International	MINT TB*	Thailand	512.0	47.2	45.6	31.0	2.2	2.0	8.9	8.4	0.6	1.0
Average			111.8	31.8	47.9	32.8	3.4	3.1	16.4	13.8	1.0	1.3

Sources: Company data, Thanachart estimates

Note: * Thanachart estimates, using normalized EPS

Based on 13 Jul 23 closing prices

COMPANY DESCRIPTION

Central Plaza Hotel Plc (CENTEL) owns and operates hotels in Thailand and abroad with its owned brands – Centara Grand, Centara, Centra, and COSI. CENTEL also manages hotels across Thailand and abroad. The company runs restaurant franchises, including key brands such as KFC, Mister Donut, Auntie Anne's, and Ootoya.

Source: Thanachart

COMPANY RATING



Rating Scale

Very Strong	5
Strong	4
Good	3
Fair	2
Weak	1
None	0

Source: Thanachart; *CG Rating

THANACHART'S SWOT ANALYSIS

S — Strength

- Well-received owned hotel brands in Thailand such as Centara Grand, Centara, and COSI.
- Well-balanced risk profile of hotel and food businesses.
- Strong financial position.

O — Opportunity

- Strategic investments and acquisitions locally and globally.
- Robust growth in the booming tourism and consumption areas, particularly in Thailand and some high-growth tourist destinations globally.

W — Weakness

- Heavy exposure to Thailand's tourism industry.
- Thailand's upscale hotel oversupply.
- Dependent on domestic consumption.

T — Threat

- Fierce competition among hotel operators leading to obstacles in unlocking its profitability.
- Competition among restaurant operators.
- Natural disasters and disease outbreaks.

CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	58.16	59.00	1%
Net profit 23F (Bt m)	1,790	1,735	-3%
Net profit 24F (Bt m)	2,486	2,260	-9%
Consensus REC	BUY: 9	HOLD: 10	SELL: 2

HOW ARE WE DIFFERENT FROM THE STREET?

- Our 2023-24F earnings estimates are below the Bloomberg consensus numbers, which we attribute to us having a more conservative view of its hotel margin in the short term. However, we believe we have a more aggressive view on the Thai hotel industry over the longer term, so our TP is in line with the Street.

Sources: Bloomberg consensus, Thanachart estimates

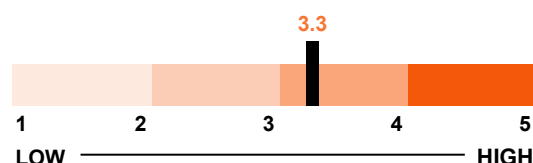
RISKS TO OUR INVESTMENT CASE

- Thailand's political situation and natural disasters are the key downside risks to our call.
- A slower-than-expected Thai and international tourist demand recovery is the key downside risk to our numbers.
- Weaker-than-expected domestic and global economic prospects and consumption growth present a secondary downside risk to our numbers.
- More intense competition in Thai and global tourism would also have a negative impact on our numbers.

Source: Thanachart

CENTEL operates a hotel business under its brands Centara Grand, Centara, and COSI. It also runs a food business, which includes the KFC, Mister Donut, Auntie Anne's, and Ootoya brand franchises. We assign CENTEL a good ESG score of 3.3 as it has a reasonable focus on ESG issues with targets for improvement. However, we still see room for it to do better.

Thanachart ESG Rating



	SETTHSI Index	THSI Index	DJSI Index	MSCI (CCC-AAA)	Arabesque S-Ray (0-100)	Refinitiv (0-100)	S&P Global (0-100)	Moody's (0-100)	CG Rating (0-5)
CENTEL	YES	YES	-	-	57.59	77.43	48.00	-	5.0

Sources: SETTRADE, SETTHSI Index, Thailand Sustainability Investment (THSI), The Dow Jones Industrial Average (DJSI), MSCI ESG Research LLC, Arabesque S-Ray®, Refinitiv ESG Information, S&P Global Market Intelligence, Moody's ESG Solutions, Thai IOD (CG rating)

Note: Please see third party on "terms of use" toward the back of this report.

Factors	Our Comments
ENVIRONMENT - Environmental Policies & Guidelines - Energy Management - Carbon Management - Water Management - Waste Management	- CENTEL operates a total of 5,051 hotel rooms, with its main exposure in Thailand. Overseas exposure is in the Maldives. Some 64% of its revenue in 2022 came from its food business. - CENTEL recently announced a renewed commitment to environmental sustainability with its 10-year (2020-2029) roadmap of reducing greenhouse gas (GHG) emissions by 20% from 2019. It has targeted to reduce greenhouse gas emissions by 50% compared to 2019 in 2030 and committed to achieving net zero by 2050. - To achieve these goals, CENTEL is implementing solar-power projects, installing sub-metering systems for water and electrical management, planting 200,000 trees to absorb carbon dioxide, and carrying out other special projects. - By 2025, it aims to have 100% of properties certified to international sustainability standards and to eliminate single-use plastic items from its entire guest journeys.
SOCIAL - Human Rights - Staff Management - Health & Safety - Product Safety & Quality - Social Responsibility	- CENTEL adheres to human rights principles that respect human dignity and equality. Its principles comply with related laws and the United Nations Guiding Principles on Business and Human Rights. - It fully adheres to laws and regulations regarding occupational health and workplace safety for staff and customers. It has regular reviews and assessments for safety and health aspects, such as workplace accidents and sickness caused by improper work procedures. - CENTEL donated pillowcases and food to communities during the COVID-19 pandemic. It also provides scholarships to bilateral exchange students and employs people with disabilities, etc.
GOVERNANCE & SUSTAINABILITY - Board - Ethics & Transparency - Business Sustainability - Risk Management - Innovation	- CENTEL has 14 members on its board of directors (BOD), five of whom are female. The board members have diverse skills, experience, and abilities. - CENTEL promotes knowledge development among staff by providing in-house training in the hotel and food business. It also provides external training to exchange ideas and experiences regarding sustainable development. - CENTEL focuses on risk management to ensure steady business operations and sustainable growth. - CENTEL's hotel business has focused on applying digital solutions to offer services to customers to improve customer service efficiency such as digital guest solutions and a pre check-in service mobile system, etc. For its food business, CENTEL has adopted new technology such as QR ordering, food delivery robots, and an e-coupon system, etc.

Sources: Thanachart, Company data

INCOME STATEMENT

*Hotel and food
businesses set to drive
the top line in 2023-25F*

FY ending Dec (Bt m)	2021A	2022A	2023F	2024F	2025F
Sales	11,211	17,502	22,671	25,339	28,058
Cost of sales	7,613	10,494	12,899	14,059	15,175
Gross profit	3,598	7,008	9,772	11,280	12,883
% gross margin	32.1%	40.0%	43.1%	44.5%	45.9%
Selling & administration expenses	5,075	6,400	7,640	8,489	9,399
Operating profit	(1,477)	608	2,131	2,791	3,484
% operating margin	-13.2%	3.5%	9.4%	11.0%	12.4%
Depreciation & amortization	3,167	3,133	2,322	2,708	2,887
EBITDA	1,690	3,741	4,454	5,499	6,370
% EBITDA margin	15.1%	21.4%	19.6%	21.7%	22.7%
Non-operating income	424	714	818	816	819
Non-operating expenses	0	0	0	0	0
Interest expense	(718)	(726)	(773)	(902)	(949)
Pre-tax profit	(1,771)	596	2,177	2,705	3,354
Income tax	(78)	138	218	325	671
After-tax profit	(1,693)	458	1,959	2,380	2,683
% net margin	-15.1%	2.6%	8.6%	9.4%	9.6%
Shares in affiliates' Earnings	(64)	(44)	(84)	53	101
Minority interests	24	(16)	(140)	(173)	(206)
Extraordinary items	0	0	0	0	0
NET PROFIT	(1,733)	398	1,735	2,260	2,579
Normalized profit	(1,733)	398	1,735	2,260	2,579
EPS (Bt)	(1.3)	0.3	1.3	1.7	1.9
Normalized EPS (Bt)	(1.3)	0.3	1.3	1.7	1.9

BALANCE SHEET

*Focusing more on the
hotel management
business*

FY ending Dec (Bt m)	2021A	2022A	2023F	2024F	2025F
ASSETS:					
Current assets:	5,732	6,315	6,482	5,316	4,357
Cash & cash equivalent	3,855	3,791	3,654	2,654	1,654
Account receivables	801	1,227	1,242	1,041	1,153
Inventories	748	1,024	1,237	1,233	1,123
Others	328	273	349	388	428
Investments & loans	500	486	486	486	486
Net fixed assets	29,875	29,215	32,009	36,564	38,440
Other assets	12,484	12,150	17,614	17,037	16,465
Total assets	48,593	48,166	56,591	59,403	59,750
LIABILITIES:					
Current liabilities:	9,664	11,167	10,254	10,184	10,015
Account payables	2,669	3,460	3,534	3,082	3,326
Bank overdraft & ST loans	1,970	818	976	1,081	1,020
Current LT debt	3,114	5,221	3,480	3,854	3,634
Others current liabilities	1,911	1,668	2,263	2,167	2,036
Total LT debt	10,587	9,355	13,920	15,416	14,534
Others LT liabilities	9,910	8,753	11,825	11,290	10,758
Total liabilities	30,161	29,275	35,999	36,890	35,307
Minority interest	355	373	513	686	892
Preferreds shares	0	0	0	0	0
Paid-up capital	1,350	1,350	1,350	1,350	1,350
Share premium	970	970	970	970	970
Warrants	0	0	0	0	0
Surplus	9,949	9,992	9,992	9,992	9,992
Retained earnings	5,808	6,206	7,768	9,515	11,239
Shareholders' equity	18,076	18,518	20,080	21,827	23,551
Liabilities & equity	48,593	48,166	56,591	59,403	59,750

Sources: Company data, Thanachart estimates

CASH FLOW STATEMENT

Improving cash flow from operations

FY ending Dec (Bt m)	2021A	2022A	2023F	2024F	2025F
Earnings before tax	(1,771)	596	2,177	2,705	3,354
Tax paid	94	(61)	(234)	(291)	(672)
Depreciation & amortization	3,167	3,133	2,322	2,708	2,887
Chg In working capital	543	88	(154)	(247)	243
Chg In other CA & CL / minorities	(301)	(292)	451	(116)	(68)
Cash flow from operations	1,732	3,464	4,563	4,758	5,743
Capex	(13,950)	(935)	(4,500)	(6,500)	(4,000)
Right of use	281	(328)	(5,900)	(0)	0
ST loans & investments	0	(15)	0	0	0
LT loans & investments	13	14	0	0	0
Adj for asset revaluation	9,887	44	0	0	0
Chg In other assets & liabilities	(1,114)	(2,031)	2,891	(721)	(724)
Cash flow from investments	(4,884)	(3,252)	(7,509)	(7,221)	(4,724)
Debt financing	4,182	(277)	2,983	1,975	(1,165)
Capital increase	0	0	0	0	0
Dividends paid	0	0	(174)	(512)	(855)
Warrants & other surplus	0	0	0	0	0
Cash flow from financing	4,182	(277)	2,809	1,463	(2,020)
Free cash flow	(12,218)	2,529	63	(1,742)	1,743

VALUATION

We believe CENTEL deserves a re-rating due to its strong earnings turnaround

FY ending Dec	2021A	2022A	2023F	2024F	2025F
Normalized PE (x)	na	150.9	34.6	26.6	23.3
Normalized PE - at target price (x)	na	200.1	45.9	35.2	30.9
PE (x)	na	150.9	34.6	26.6	23.3
PE - at target price (x)	na	200.1	45.9	35.2	30.9
EV/EBITDA (x)	42.5	19.2	16.8	14.1	12.2
EV/EBITDA - at target price (x)	54.1	24.4	21.2	17.7	15.3
P/BV (x)	3.3	3.2	3.0	2.8	2.6
P/BV - at target price (x)	4.4	4.3	4.0	3.6	3.4
P/CFO (x)	34.7	17.3	13.2	12.6	10.5
Price/sales (x)	5.4	3.4	2.6	2.4	2.1
Dividend yield (%)	0.0	0.0	0.6	1.1	1.7
FCF Yield (%)	(20.3)	4.2	0.1	(2.9)	2.9
(Bt)					
Normalized EPS	(1.3)	0.3	1.3	1.7	1.9
EPS	(1.3)	0.3	1.3	1.7	1.9
DPS	0.0	0.0	0.3	0.5	0.8
BV/share	13.4	13.7	14.9	16.2	17.4
CFO/share	1.3	2.6	3.4	3.5	4.3
FCF/share	(9.1)	1.9	0.0	(1.3)	1.3

Sources: Company data, Thanachart estimates

FINANCIAL RATIOS

*Strongest financial status
in the hotel sector*

FY ending Dec	2021A	2022A	2023F	2024F	2025F
Growth Rate					
Sales (%)	(13.1)	56.1	29.5	11.8	10.7
Net profit (%)	na	na	335.9	30.2	14.1
EPS (%)	na	na	335.9	30.2	14.1
Normalized profit (%)	na	na	335.9	30.2	14.1
Normalized EPS (%)	na	na	335.9	30.2	14.1
Dividend payout ratio (%)	0.0	0.0	20.0	30.0	40.0
Operating performance					
Gross margin (%)	32.1	40.0	43.1	44.5	45.9
Operating margin (%)	(13.2)	3.5	9.4	11.0	12.4
EBITDA margin (%)	15.1	21.4	19.6	21.7	22.7
Net margin (%)	(15.1)	2.6	8.6	9.4	9.6
D/E (incl. minor) (x)	0.9	0.8	0.9	0.9	0.8
Net D/E (incl. minor) (x)	0.6	0.6	0.7	0.8	0.7
Interest coverage - EBIT (x)	na	0.84	2.8	3.1	3.7
Interest coverage - EBITDA (x)	2.4	5.2	5.8	6.1	6.7
ROA - using norm profit (%)	na	0.8	3.3	3.9	4.3
ROE - using norm profit (%)	na	2.2	9.0	10.8	11.4
DuPont					
ROE - using after tax profit (%)	na	2.5	10.2	11.4	11.8
- asset turnover (x)	0.3	0.4	0.4	0.4	0.5
- operating margin (%)	na	7.6	13.0	14.2	15.3
- leverage (x)	3.0	2.6	2.7	2.8	2.6
- interest burden (%)	168.2	45.1	73.8	75.0	77.9
- tax burden (%)	na	76.9	90.0	88.0	80.0
WACC (%)	6.7	6.7	6.7	6.7	6.9
ROIC (%)	(7.9)	1.6	6.4	7.1	7.1
NOPAT (Bt m)	(1,477)	468	1,918	2,456	2,787
invested capital (Bt m)	29,892	30,122	34,803	39,525	41,084

Sources: Company data, Thanachart estimates

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ESG risk combines the concepts of management and exposure to arrive at an absolute assessment of ESG risk. We identify five categories of ESG risk severity that could impact a company's enterprise value

Moody's ESG Solutions

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Recommendations are based on absolute upside or downside, which is the difference between the target price and the current market price. If the upside is 10% or more, the recommendation is BUY. If the downside is 10% or more, the recommendation is SELL. For stocks where the upside or downside is less than 10%, the recommendation is HOLD. Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on the market price and the formal recommendation.

For sectors, an "Overweight" sector weighting is used when we have BUYs on majority of the stocks under our coverage by market cap. "Underweight" is used when we have SELLs on majority of the stocks we cover by market cap. "Neutral" is used when there are relatively equal weightings of BUYs and SELLs.

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