BUY (Unchanged) | TP: Bt 47.00 (Unchanged) | 24 SEPTEMBER 2024

Change in Numbers | Upside : 19.0%

Central Plaza Hotel (CENTEL TB)

Strongest growth hotel play

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We reaffirm our BUY on CENTEL as the strongest EPS growth pick in the sector, with a 26% EPS CAGR in 2024-26F. Concerns over the high costs of its Japan hotels, the higher lease costs of a Hua Hin hotel, and pre-opening losses at two new Maldives hotels are also old news.

Thanachart Securities

Strongest earnings growth outlook; BUY

We maintain our BUY on CENTEL with a DCF-based 12-month TP (rolled over to a 2025F base year) of Bt47.0. ***First*****,** CENTEL offers the strongest EPS CAGR of 26% in 2024-26F vs. 18% for Minor International (MINT TB, Bt28.50, BUY) and 12% for The Erawan Group (ERW TB, Bt4.34, BUY). This is after our 4% p.a. earnings cuts in 2024-26F to reflect its weaker-than-expected food business. ***Second*****,** many concerns are now in the rearview mirror. Despite a higher cost base, its Japan hotel that opened in July 2023 is now making a profit in some quarters. Losses from two new Maldives hotels due to be opened in 4Q24 and 1Q25 and the closure of a hotel in Hua Hin for renovation starting from 2Q25 are also old news. ***Third***, two hotels in Pattaya and Phuket are set to resume operations in November-December after closing for renovation in 3Q23. ***Lastly***, after its 31% share price fall from 2023's peak, we see CENTEL as inexpensive, trading at a 28.6x PE multiple in 2025F against its strong EPS growth.

A strong industry

Hotels contributed 45% of CENTEL's total revenue in 1H24 (72/15/13% from Thailand, the Maldives, and Japan). Tourist arrivals grew 31% y-y in 8M24 to 23.6m people, making our 25% growth estimate to 35m in 2024F look highly achievable. 8M24 tourists were at 89% of 8M19's level. Concerns have eased over the slow return of Chinese tourists. In 8M24, Chinese arrivals were back to 62% of the pre-COVID peak vs. only 32% in 2023. Tourists from other countries mostly exceeded the 2019 level. We estimate tourist arrivals of 35/40/43m in 2024-26F. We see CENTEL's average occupancy rate rising to 73/76/78% in 2024-26F and its average room rate growth at 14/4/3% in those years.

Soft food business

Due to slower consumption growth in Thailand, CENTEL's food same-store sales growth (SSSG) in July-August 2024 was flat y-y after 2% y-y growth in 1H24. However, we expect the momentum to improve from 4Q24F, supported by government economic stimulus and rising tourists. We estimate SSSG to be 2% p.a. in 2024-26F and net new store openings of 20/38/26 stores in 2024-26F. We project its food business' gross margin to improve slightly from 45.8% in 2023 to 46.1/46.3/46.5% in 2024-26F from managed marketing expenses, cost controls, and scale effects.

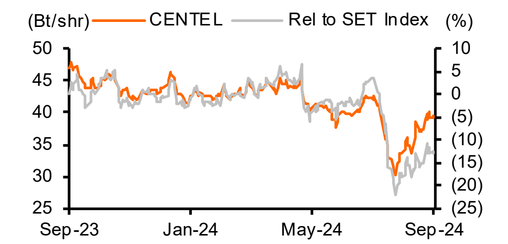
Two hotels to resume operations soon

Since 3Q23, Centara Karon Resort Phuket (CKR) has fully closed and Centara Grand Mirage Beach Resort Pattaya (CMBR) has partially closed for renovation. The hotels' revenue contribution stood at c.14% of total hotel revenue in 2019. CKR and CMBR resuming operations from late November to early December 2024 should be a catalyst for CENTEL's earnings and share price.

COMPANY VALUATION

Y/E Dec (Bt m)	2023A	2024F	2025F	2026F
Sales	21,558	23,771	26,278	27,469
Net profit	1,248	1,326	1,864	2,249
Consensus NP	—	1,543	1,903	2,239
Diff frm cons (%)	—	*(14.1)*	*(2.0)*	*0.4*
Norm profit	1,120	1,471	1,864	2,249
Prev. Norm profit	—	1,536	1,949	2,349
Chg frm prev (%)	—	*(4.3)*	*(4.4)*	*(4.2)*
Norm EPS (Bt)	0.8	1.1	1.4	1.7
Norm EPS grw (%)	181.4	31.3	26.8	20.6
Norm PE (x)	47.6	36.3	28.6	23.7
EV/EBITDA (x)	13.6	12.6	11.1	10.6
P/BV (x)	2.7	2.6	2.5	2.3
Div yield (%)	1.1	1.1	1.6	1.9
ROE (%)	5.9	7.3	8.9	10.1
Net D/E (%)	54.5	80.8	88.2	88.0

PRICE PERFORMANCE



COMPANY INFORMATION

Price *as of* 24-Sep-24 (Bt)	39.50
Market Cap (US$ m)	1,622.7
Listed Shares (m shares)	1,350.0
Free Float (%)	72.0
Avg Daily Turnover (US$ m)	3.3
12M Price H/L (Bt)	48.00/30.25
Sector	Tourism
Major Shareholder	Chirathivat family 61.5%

Sources: Bloomberg, Company data, Thanachart estimates

ESG Summary Report P10

Strongest growth outlook; BUY

Maintaining our BUY

We maintain our BUY rating on Central Plaza Hotel (CENTEL) with an unchanged DCF-based 12-month TP (rolled over to a 2025F base year) of Bt47.0/share.

1) Offers the strongest EPS CAGR of 26% in 2024-26F

First, CENTEL offers the strongest EPS CAGR of 26% in 2024-26F vs. 18% for Minor International (MINT TB, Bt28.50, BUY) and 12% for The Erawan Group (ERW TB, BUY, Bt4.34). This is after our 4% p.a. earnings cuts in 2024-26F to reflect a weaker-than-expected performance of its food business. In this report, we lower our assumptions for the number of food stores, same-store sales growth (SSSG), and the gross margin for its food business. Details are shown in Exhibit 1.

Ex 1: Changes In Our Key Assumptions And Earnings Revisions

	2022	2023	2024F	2025F	2026F
# food stores (owned + JVs)					
- New	1,513	1,529	1,520	1,540	1,553
- Old			1,603	1,653	1,677
- Change (%)			*(5.2)*	*(6.8)*	*(7.4)*
% SSSG					
- New	20.0	4.0	2.0	2.0	2.0
- Old			3.0	2.0	2.0
- Change (ppt)			*(1.0)*	-	-
Food business' gross margin (%)					
- New	46.2	45.8	46.1	46.3	46.5
- Old			46.4	46.8	47.1
- Change (ppt)			*(0.3)*	*(0.5)*	*(0.6)*
Norm profit (Bt m)					
- New	398	1,120	1,471	1,864	2,249
- Old			1,536	1,949	2,349
- Change (%)			*(4.3)*	*(4.4)*	*(4.2)*

Sources: Company data, Thanachart estimates

2) Rising costs from new hotels and impact from a hotel closure are old news

Second, many concerns are now in the rearview mirror. Despite a higher cost base, Centara Grand Osaka in Japan, which opened on 1 July 2023, is now making a profit in some quarters, and we expect its bottom line to reach the break-even level this year. Losses from two new hotels in the Maldives that are scheduled to open in 4Q24 and 1Q25 of around Bt200-250m and the negative impact of the closure of a hotel in Hua Hin for renovation starting from 2Q25 are also old news, in our view.

3) Two hotels in Pattaya and Phuket to resume operations in 4Q24

Third, Centara Grand Mirage Beach Resort Pattaya and Centara Karon Phuket hotels look set to resume operations in late November to early December this year. They have been closed for renovation since 3Q23.

4) Deserves to trade at a rich valuation, in our view

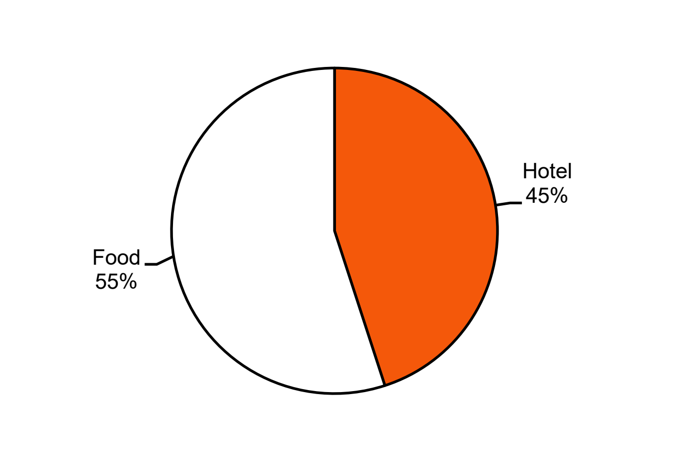
Lastly, after the 31% drop in CENTEL's share price from its peak in 2023, we see its valuation as inexpensive, trading at a 28.6x PE multiple in 2025F against its strong EPS growth of 27% in that year.

A strong industry

Strong international tourists

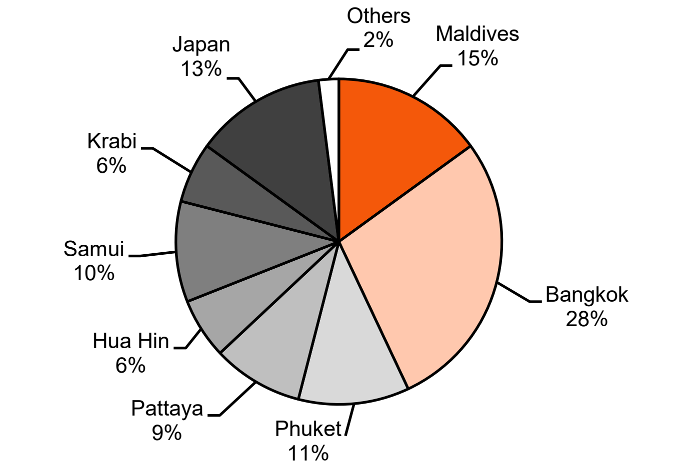
Hotels contributed 45% of CENTEL's total revenue in 1H24, of which 72/15/13% was contributed by its operations in Thailand, the Maldives, and Japan, respectively. The number of international tourists visiting Thailand grew by 31% y-y in 8M24 to 23.6m people, making our growth estimate of 25% y-y to 35m in 2024F look highly achievable. The number of international tourists in 8M24 stood at 89% of 8M19's level. Concerns over the slow return of Chinese tourists have eased. In 8M24, Chinese arrivals were back at 62% of the pre-COVID peak vs. only 32% in 2023. Tourist arrivals from other countries were mostly above 2019's level. Tourists from the Middle East, ASEAN, South Asia, and Europe in 8M24 came to 149/104/102/101% of 8M19's level.

Ex 2: CENTEL's Revenue Breakdown By Business In 1H24



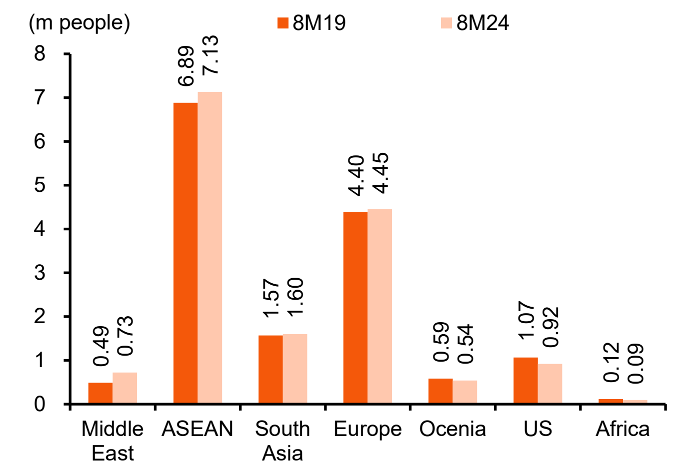
Source: Company data

Ex 3: Hotel Revenue Breakdown By Location In 1H24



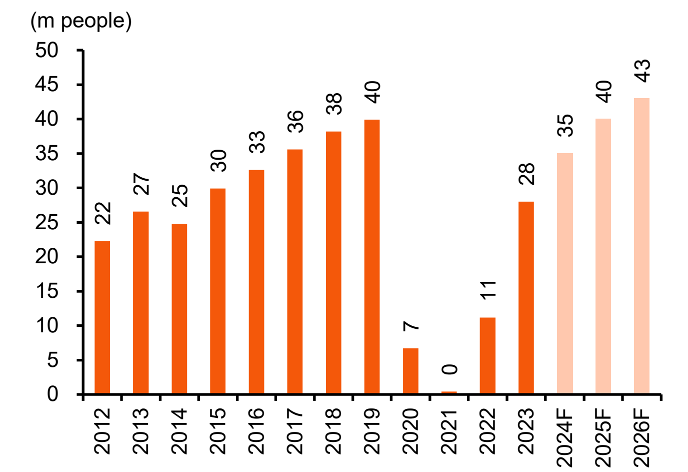
Source: Company data

Ex 4: Tourists Visiting Thailand VS. 2019 Level



Source: Ministry of Tourism & Sports

Ex 5: Number Of International Tourists

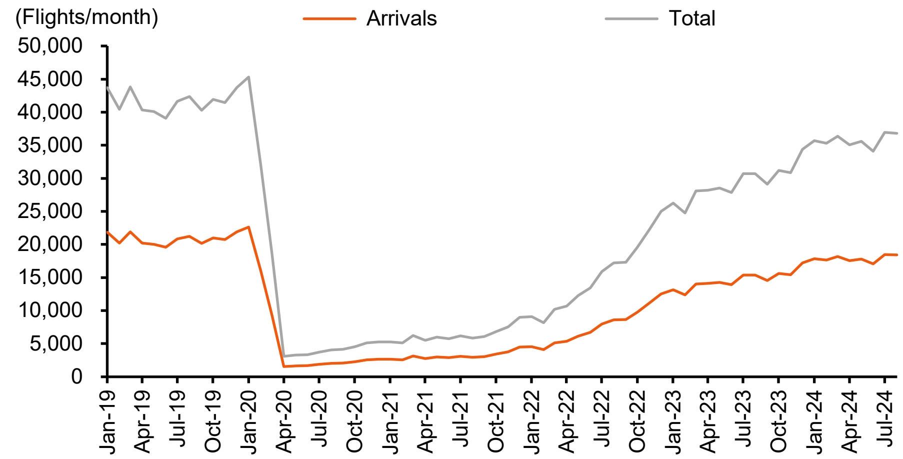


Sources: Ministry of Tourism & Sports, Thanachart estimates

Our forecast of 35m tourists should be achievable this year

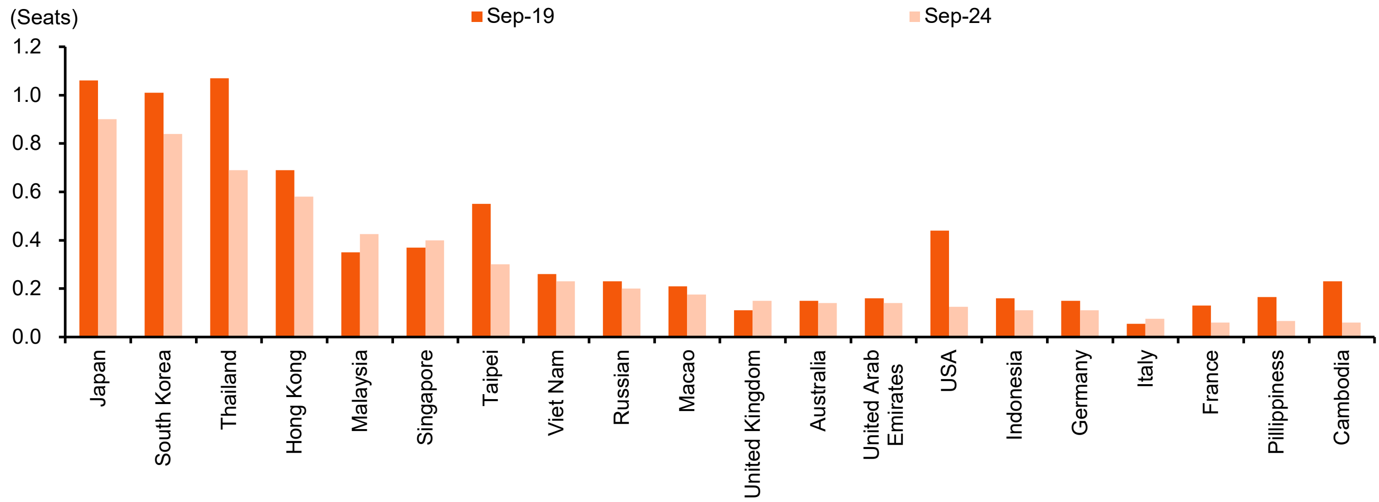
The number of international tourists in 8M24 accounted for 67% of our full-year forecast for 2024. We maintain our tourist arrival estimates of 35/40/43m in 2024-26F. This expectation is supported by the Thai government's policy of giving visa exemptions to citizens of 93 countries to stay in Thailand for up to 60 days and the increase in international flights between Thailand and other countries, such as India and those in the Middle East.

Ex 6: International Aircraft Movements In Thailand Accounted For 87% Of 2019's Level



Source: AOT

Ex 7: Recovery of China's Top 20 International Markets Since 2019 (by seats)



Source: OAG

Government plans to bring back "We Travel Together" to stimulate Thai tourists

The New Minister of Tourism and Sports also plans to bring back the "We Travel Together" co-payment scheme that was previously implemented to revive the industry after the COVID-19 outbreak. The scheme offers up to a 40% subsidy on room rates, airfares, and restaurants at domestic establishments for Thai travelers. This should also help to support hotels' operations. In 7M24, the number of visits by Thai people came to 158m, up 11% y-y, and above 7M19's level by 21%. We estimate that the number of Thai tourist visits will increase to 271/285/294m in 2024-26F.

CENTEL's operation in July-August 2024

CENTEL's average occupancy rate (OR) in July-August 2024 in Thailand declined by 3ppt. y-y to 69% due to the closure of Centara Grand Mirage Beach Resort Pattaya. Meanwhile, the average room rate (ARR) in Thailand in July-August 2024 grew by 9% y-y. Thanks to rising ARR, CENTEL's RevPar in Thailand grew by 5% y-y.

CENTEL's average OR in July-August 2024 for its total portfolio (Thailand + Maldives + Japan) declined by 1ppt. y-y to 70% due to the closure of the Centara Grand Mirage Beach Resort Pattaya. Meanwhile, the average OR in the Maldives and Japan increased by 1ppt y-y and 15ppt y-y to 69% and 80%, respectively. The rising ARR in all regions caused CENTEL's ARR for its total portfolio to increase by 12% y-y. As a result of rising ARR, the total portfolio's RevPar thus grew by 10% in July-August 2024.

Note that the strong RevPar growth in Japan from the same period last year was due to the low base in 3Q23 because Centara Grand Osaka was opened on 1 July 2023. The rising RevPar in the Maldives was mainly driven by 5-star hotels.

Our forecasts for CENTEL's average OR and ARR

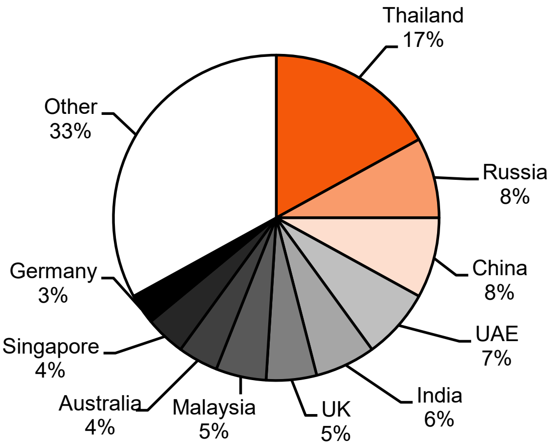
We estimate CENTEL's average OR to increase 73/76/78% in 2024-26F and its ARR to grow by 14/4/3% in those years.

Ex 8: CENTEL's Operating Statistics

By region	3Q23	2Q24	July-August 2023	July-August 2024	% Change (y-y)	% Change (q-q)
Average OR						
Thailand	68%	68%	72%	69%	-3%	1%
Maldives	70%	59%	68%	69%	1%	10%
Japan	67%	88%	65%	80%	15%	-8%
Total portfolio	**68%**	**69%**	**71%**	**70%**	**-1%**	**1%**
ARR (Bt/night)						
Thailand	3,984	4,088	4,192	4,573	9%	12%
Maldives	9,558	11,717	9,597	10,545	10%	-10%
Japan	6,176	7,166	6,306	7,200	14%	0%
Total portfolio	**4,529**	**4,874**	**4,683**	**5,226**	**12%**	**7%**
RevPar (Bt/night)						
Thailand	2,715	2,760	3,015	3,153	5%	14%
Maldives	6,685	6,887	6,551	7,306	12%	6%
Japan	4,126	6,284	4,103	5,735	40%	-9%
Total portfolio	**3,084**	**3,378**	**3,323**	**3,667**	**10%**	**9%**

Source: Company data

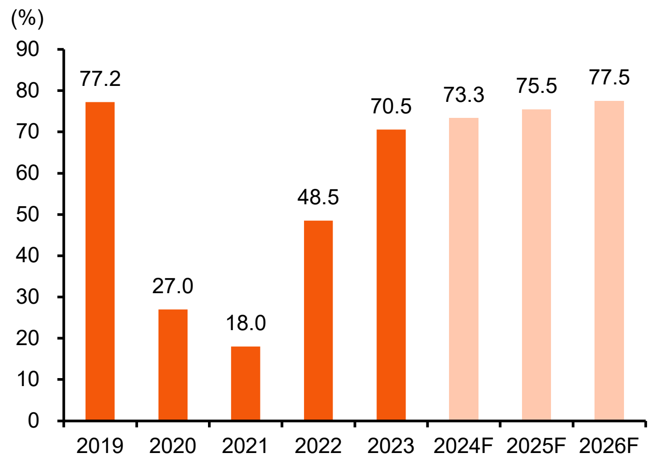
Ex 9: CENTEL's Room Night Breakdown By Nationality*



Sources: Company data, Thanachart estimates

Note: * In 2Q24

Ex 10: CENTEL's Average OR



Sources: Company data, Thanachart estimates

Soft food business

Flat SSSG y-y in July-August 2024

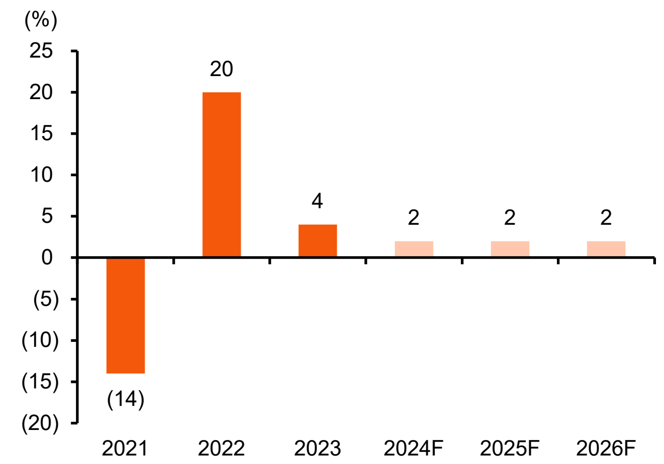
Due to slower consumption growth in Thailand, CENTEL's food same-store sales growth (SSSG) in July-August 2024 was flat y-y after 2% y-y growth in 1H24. CENTEL has seen a strong improvement in SSSG for its Mister Donut brand so far this year due to last year's low base effect and the popularity of its new products (e.g., White Pon De Ring). Meanwhile, the SSSG of other key brands has not been stable and has depended on their sales promotions and campaigns.

We expect its food business momentum to improve from 4Q24F

We expect CENTEL's food business momentum to improve from 4Q24F, supported by government stimulus and rising tourist arrivals. CENTEL itself has also continued to launch new products and offer sales promotions such as Kumamoto Rice Flour Donuts under the Mister Donut brand.

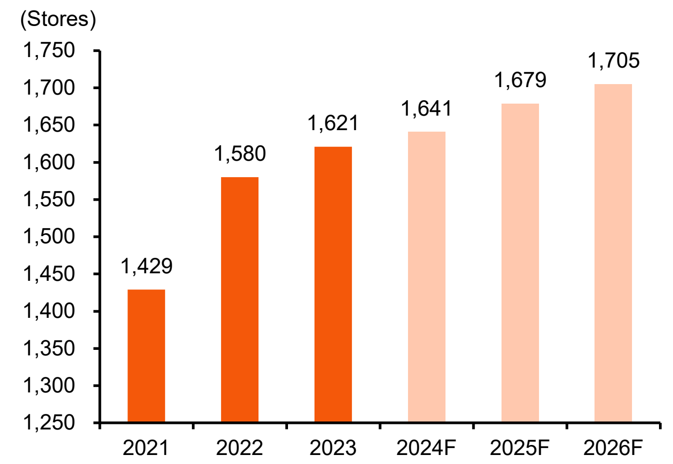
We estimate CENTEL's SSSG at 2% p.a. in 2024-26F and net new store openings of 20/38/26 in 2024-26F. We project its food business' gross margin to improve slightly from 45.8% in 2023 to 46.1/46.3/46.5% in 2024-26F due to managed marketing expenses, cost controls, and scale effects. Meanwhile, raw materials costs look set to be flat h-h in 2H24F.

Ex 11: Food Business' SSSG



Sources: Company data, Thanachart estimates

Ex 12: Total Food Outlets (Owned+JVs)



Sources: Company data, Thanachart estimates

Ex 13: White Pon De Ring

Source: Company data

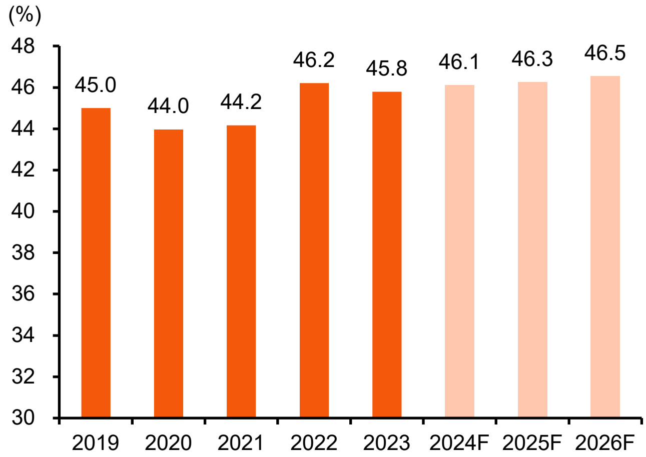
Ex 14: Kumamoto Rice Flour Donuts

Source: Company data

Ex 15: Mister Donut's New Promotion

Source: Company data

Ex 16: Food Business' Gross Margin



Sources: Company data, Thanachart estimates

Two hotels to resume operations soon

CKR and CMBR due to open in late November to early December 2024

Since 3Q23, Centara Karon Resort Phuket (CKR) has been fully closed, and Centara Grand Mirage Beach Resort Pattaya (CMBR) has been partially closed for renovation. Revenue contribution from both hotels totaled around 14% of total hotel revenue in 2019. The resumption of CKR and CMBR's operations from late November to early December 2024 should catalyze CENTEL's earnings and share price. Note that after the renovation, the number of rooms in CKR will increase from 335 to 379. Meanwhile, CMBR's guest rooms will remain unchanged at 553. Given that CKR has fully closed, CENTEL will thus incur pre-opening expenses for its reopening of Bt25m-30m to be recognized in 3Q24.

CHBR plans to start renovating in April 2025

For Centara Grand Beach Resort & Villas Hua Hin (CHBR), CENTEL plans to renovate the hotel in April next year. CHBR has a total of 251 rooms – 201 hotel rooms and 50 villas. The hotel rooms will be partially closed and renovated phase by phase. The renovation is targeted to finish in May 2027. The 50 villas will fully close and open in 1Q27. Besides renovating existing rooms and villas, CENTEL plans to construct a new building in the same area with 200 rooms. The new building is scheduled to open in 1Q27.

Ex 17: 12-month DCF-based TP Calculation Using A Base Year of 2025F

(Bt m)	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F	Terminal Value
EBITDA excl. depre from right of use	4,777	5,338	5,742	6,179	6,553	6,924	7,293	7,657	8,017	8,360	8,712	—
Free cash flow	(1,397)	286	2,919	3,984	4,825	5,310	5,662	6,012	6,358	6,694	7,031	122,926
PV of free cash flow	(1,393)	248	2,358	2,996	3,379	3,463	3,340	3,287	3,224	3,148	3,066	53,608

Risk-free rate (%)	3.0
Market risk premium (%)	8.0
Beta	1.0
WACC (%)	7.4
Terminal growth (%)	2.0
Enterprise value - add investments	80,725
Net debt (2024F)	16,785
Minority interest	351
Equity value	63,590
# of shares (m)	1,350
Target price/share (Bt)	**47.00**

Sources: Company data, Thanachart estimates

Valuation Comparison

Ex 18: Valuation Comparison With Regional Peers

Name	BBG code	Country	EPS growth 24F (%)	EPS growth 25F (%)	PE 24F (x)	PE 25F (x)	P/BV 24F (x)	P/BV 25F (x)	EV/EBITDA 24F (x)	EV/EBITDA 25F (x)	Div yield 24F (%)	Div yield 25F (%)
Accor SA	AC FP	France	(7.4)	12.8	17.9	15.9	2.1	2.1	11.5	10.6	3.1	3.4
Indian Hotels	IH IN	India	2.7	25.0	78.2	62.6	11.1	9.3	46.4	38.7	0.2	0.3
Resorttrust	4681 JP	Japan	(4.8)	11.6	20.4	18.3	2.5	2.2	10.1	9.4	1.8	2.0
Hotel Shilla	008770 KS	S. Korea	(18.7)	66.8	24.7	14.8	2.7	2.3	13.3	10.6	0.5	0.6
NH Hotel Group	NHH SM	Spain	14.3	13.7	12.1	10.7	1.6	1.4	6.4	6.3	2.6	2.8
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	(30.4)	36.1	139.4	102.4	3.4	5.8	15.4	13.5	0.4	0.4
InterContinental Hotels	IHG US	US	na	14.5	24.1	21.0	na	na	16.9	15.6	1.6	2.0
Marriott International	MAR US	US	(8.5)	13.7	25.8	22.7	na	na	16.2	15.1	1.0	1.1
Hilton Worldwide Holdings	HLT US	US	61.0	15.5	32.0	27.7	na	na	19.1	17.6	0.3	0.3
Asset World Corp	AWC TB	Thailand	(50.4)	23.1	49.0	39.8	1.4	1.3	30.0	25.5	0.9	1.0
Central Plaza Hotel	CENTEL TB*	Thailand	31.3	26.8	36.3	28.6	2.6	2.5	12.6	11.1	1.1	1.6
Erawan Group	ERW TB*	Thailand	10.3	11.6	24.2	21.6	2.7	2.5	11.9	10.7	2.2	1.8
Minor International	MINT TB*	Thailand	14.2	19.4	24.4	20.5	2.0	1.9	6.3	5.9	2.0	2.0
Average			**1.1**	**22.4**	**39.1**	**31.3**	**3.2**	**3.1**	**16.6**	**14.7**	**1.4**	**1.5**

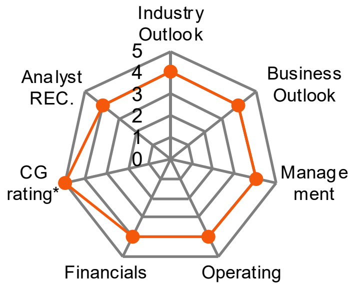
Sources: Company data, Thanachart estimates
Note: * Thanachart estimates, using normalized EPS
Based on 24 September 24 closing prices

COMPANY DESCRIPTION

Central Plaza Hotel Pcl (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.

W — Weakness

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

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.

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)	44.17	47.00	6%
Net profit 24F (Bt m)	1,543	1,326	-14%
Net profit 25F (Bt m)	1,903	1,864	-2%
Consensus REC	**BUY: 14**	**HOLD: 7**	**SELL: 1**

HOW ARE WE DIFFERENT FROM THE STREET?

- Our earnings are below the Street's, which we attribute to our being more conservative on its hotel and food businesses' revenue growth. However, our TP is higher, likely because we have rolled over our base year to 2025F.

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 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

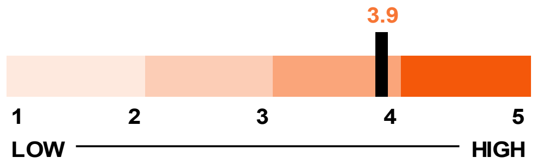
Central Plaza Hotel Public Co. Ltd.

Sector: Services | Hotel

ESG & Sustainability Report

CENTEL operates a hotel business under the Centara Grand, Centara, and COSI brands. 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 3.9 as it has a reasonable focus on ESG issues and targets improvement. However, we still see room for it to do better.

Thanachart ESG Rating



	SET ESG Index	SET ESG (BBB-AAA)	DJSI Index	MSCI (CCC-AAA)	ESG Book (0-100)	Refinitiv (0-100)	S&P Global (0-100)	Moody's (0-100)	CG Rating (0-5)
CENTEL	YES	YES	-	A	65.62	71.00	60.00	-	5.0

Sources: SETTRADE, SET ESG Index, SET ESG Rating, The Dow Jones Industrial Average (DJSI), MSCI ESG Research LLC, ESG Book, Refinitiv ESG Information, S&P Global Market Intelligence, Moody's ESG Solutions, Thai IOD (CG rating)
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Factors	Our Comments

ENVIRONMENT

- **Environmental Policies & Guidelines**
- **Energy Management**
- **Carbon Management**
- **Water Management**
- **Waste Management**

- CENTEL operated 5,566 hotel rooms in 2023, with its main exposure to Thailand. Overseas exposure is in the Maldives. Some 58% of its revenue in 2023 came from its food business.
- CENTEL recently announced a renewed commitment to environmental sustainability with its 10-year (2020-29) roadmap of reducing greenhouse gas (scope 1 and 2) emissions by 20% from 2019. It has committed to achieving net zero by 2050.
- To achieve these goals, CENTEL is implementing solar-power projects, installing a room control unit system, a smart motion detection system, and a room flex system manager and dashboard.
- By 2025, it aims to have 100% of properties certified to international sustainability standards and to eliminate single-use plastic items from its guest journeys entirely.

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 has created a "Training Needs Analysis Metric" to analyze training needs. A personnel training and development roadmap is prepared for employees at all levels.
- CENTEL has prioritized supporting the development of potential and the creation of a good quality of life for people in communities and society in every location where it operates.

GOVERNANCE & SUSTAINABILITY

- **Board**
- **Ethics & Transparency**
- **Business Sustainability**
- **Risk Management**
- **Innovation**

- CENTEL has 12 members on its board of directors (BOD), four of whom are female. The board members have diverse skills, experience, and abilities.
- CENTEL has prepared the ethics standards for directors, executives, and employees, following the guidelines of the Central Group.
- CENTEL is committed to conducting business transparently, honestly, strictly adhering to the law, and fighting corruption.
- 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. CENTEL has adopted new technology for its food business, such as QR ordering, food delivery robots, and an e-coupon system.

Sources: Thanachart, Company data

Hotel and food businesses drive revenue growth

INCOME STATEMENT

FY ending Dec (Bt m)	2022A	2023A	2024F	2025F	2026F
Sales	17,502	21,558	23,771	26,278	27,469
Cost of sales	10,494	12,711	13,838	15,003	15,479
Gross profit	**7,008**	**8,847**	**9,933**	**11,275**	**11,990**
% gross margin	40.0%	41.0%	41.8%	42.9%	43.7%
Selling & administration expenses	6,400	7,262	7,888	8,680	9,033
Operating profit	**608**	**1,585**	**2,045**	**2,595**	**2,958**
% operating margin	3.5%	7.4%	8.6%	9.9%	10.8%
Depreciation & amortization	3,133	3,122	3,509	3,976	4,011
EBITDA	**3,741**	**4,707**	**5,554**	**6,571**	**6,969**
% EBITDA margin	21.4%	21.8%	23.4%	25.0%	25.4%
Non-operating income	714	990	1,101	1,140	1,245
Non-operating expenses	0	0	0	0	0
Interest expense	(726)	(1,007)	(1,241)	(1,349)	(1,339)
Pre-tax profit	**596**	**1,568**	**1,905**	**2,387**	**2,864**
Income tax	138	377	438	549	659
After-tax profit	**458**	**1,190**	**1,467**	**1,838**	**2,206**
% net margin	2.6%	5.5%	6.2%	7.0%	8.0%
Shares in affiliates' Earnings	(44)	(62)	11	57	104
Minority interests	(16)	(8)	(8)	(30)	(60)
Extraordinary items	0	128	(145)	0	0
NET PROFIT	**398**	**1,248**	**1,326**	**1,864**	**2,249**
Normalized profit	**398**	**1,120**	**1,471**	**1,864**	**2,249**
EPS (Bt)	0.3	0.9	1.0	1.4	1.7
Normalized EPS (Bt)	0.3	0.8	1.1	1.4	1.7

More new hotels in its portfolio in 2024-25

BALANCE SHEET

FY ending Dec (Bt m)	2022A	2023A	2024F	2025F	2026F
ASSETS:					
Current assets:	6,315	5,688	5,206	5,004	4,640
Cash & cash equivalent	3,791	2,853	2,150	1,650	1,150
Account receivables	1,227	1,519	1,628	1,800	1,881
Inventories	1,024	982	1,062	1,151	1,187
Others	273	334	367	404	421
Investments & loans	4,565	4,539	4,539	4,539	4,539
Net fixed assets	29,215	29,505	34,773	38,591	41,210
Other assets	8,071	14,471	15,751	14,016	12,446
Total assets	**48,166**	**54,204**	**60,270**	**62,151**	**62,836**
LIABILITIES:					
Current liabilities:	11,167	10,594	13,294	14,223	14,448
Account payables	3,460	3,445	3,791	4,110	4,241
Bank overdraft & ST loans	818	940	1,293	1,434	1,480
Current LT debt	5,221	4,596	6,175	6,851	7,072
Others current liabilities	1,668	1,614	2,035	1,827	1,655
Total LT debt	**9,355**	**8,229**	**11,467**	**12,723**	**13,133**
Others LT liabilities	8,753	15,362	14,739	13,259	11,925
Total liabilities	**29,275**	**34,186**	**39,500**	**40,204**	**39,506**
Minority interest	373	343	351	381	441
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	9,992	9,914	9,914	9,914	9,914
Retained earnings	**6,206**	**7,441**	**8,185**	**9,331**	**10,655**
Shareholders' equity	18,518	19,675	20,419	21,566	22,889
Liabilities & equity	**48,166**	**54,204**	**60,270**	**62,151**	**62,836**

Sources: Company data, Thanachart estimates

Sustainable cash inflow streams

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2022A	2023A	2024F	2025F	2026F
Earnings before tax	596	1,568	1,905	2,387	2,864
Tax paid	(61)	(403)	(405)	(553)	(647)
Depreciation & amortization	3,133	3,122	3,509	3,976	4,011
Chg In w orking capital	88	(265)	158	58	12
Chg In other CA & CL / minorities	(292)	(190)	367	(185)	(98)
Cash flow from operations	**3,464**	**3,832**	**5,534**	**5,684**	**6,143**
Capex	(935)	(1,913)	(7,000)	(6,000)	(5,000)
Right of use	(328)	(7,877)	(3,000)	0	0
ST loans & investments	(15)	0	0	0	0
LT loans & investments	(4,064)	26	0	0	0
Adj for asset revaluation	44	(78)	0	0	0
Chg In other assets & liabilities	2,048	6,716	(825)	(1,539)	(1,394)
Cash flow from investments	**(3,252)**	**(3,127)**	**(10,825)**	**(7,539)**	**(6,394)**
Debt financing	(277)	(1,630)	5,170	2,073	677
Capital increase	0	0	0	0	0
Dividends paid	0	0	(582)	(718)	(926)
Warrants & other surplus	0	(13)	0	0	0
Cash flow from financing	**(277)**	**(1,643)**	**4,589**	**1,355**	**(248)**
Free cash flow	**2,529**	**1,919**	**(1,466)**	**(316)**	**1,143**

Deserves to trade at high PE due to its strong EPS growth, in our view

VALUATION

FY ending Dec	2022A	2023A	2024F	2025F	2026F
Normalized PE (x)	133.95	47.6	36.3	28.6	23.7
Normalized PE - at target price (x)	159.39	56.6	43.1	34.0	28.2
PE (x)	133.95	42.7	40.2	28.6	23.7
PE - at target price (x)	159.39	50.8	47.9	34.0	28.2
EV/EBITDA (x)	17.4	13.6	12.6	11.1	10.6
EV/EBITDA - at target price (x)	20.1	15.8	14.4	12.6	12.1
P/BV (x)	2.9	2.7	2.6	2.5	2.3
P/BV - at target price (x)	3.4	3.2	3.1	2.9	2.8
P/CFO (x)	15.4	13.9	9.6	9.4	8.7
Price/sales (x)	3.0	2.5	2.2	2.0	1.9
Dividend yield (%)	0.0	1.1	1.1	1.6	1.9
FCF Yield (%)	4.7	3.6	(2.7)	(0.6)	2.1
(Bt)					
Normalized EPS	0.3	0.8	1.1	1.4	1.7
EPS	0.3	0.9	1.0	1.4	1.7
DPS	0.0	0.4	0.4	0.6	0.7
BV/share	13.7	14.6	15.1	16.0	17.0
CFO/share	2.6	2.8	4.1	4.2	4.6
FCF/share	1.9	1.4	(1.1)	(0.2)	0.8

Sources: Company data, Thanachart estimates

Strong financial status

FINANCIAL RATIOS

FY ending Dec	2022A	2023A	2024F	2025F	2026F
Growth Rate					
Sales (%)	56.1	23.2	10.3	10.5	4.5
Net profit (%)	na	213.5	6.2	40.6	20.6
EPS (%)	na	213.5	6.2	40.6	20.6
Normalized profit (%)	na	181.4	31.3	26.8	20.6
Normalized EPS (%)	na	181.4	31.3	26.8	20.6
Dividend payout ratio (%)	0.0	45.4	45.0	45.0	45.0
Operating performance					
Gross margin (%)	40.0	41.0	41.8	42.9	43.7
Operating margin (%)	3.5	7.4	8.6	9.9	10.8
EBITDA margin (%)	21.4	21.8	23.4	25.0	25.4
Net margin (%)	2.6	5.5	6.2	7.0	8.0
D/E (incl. minor) (x)	0.8	0.7	0.9	1.0	0.9
Net D/E (incl. minor) (x)	0.6	0.5	0.8	0.9	0.9
Interest coverage - EBIT (x)	0.84	1.57	1.6	1.9	2.2
Interest coverage - EBITDA (x)	5.2	4.7	4.5	4.9	5.2
ROA - using norm profit (%)	0.8	2.2	2.6	3.0	3.6
ROE - using norm profit (%)	2.2	5.9	7.3	8.9	10.1
DuPont					
ROE - using after tax profit (%)	2.5	6.2	7.3	8.8	9.9
- asset turnover (x)	0.4	0.4	0.4	0.4	0.4
- operating margin (%)	7.6	11.9	13.2	14.2	15.3
- leverage (x)	2.6	2.7	2.9	2.9	2.8
- interest burden (%)	45.1	60.9	60.6	63.9	68.2
- tax burden (%)	76.9	75.9	77.0	77.0	77.0
WACC (%)	6.9	6.9	6.9	7.4	7.4
ROIC (%)	1.6	4.0	5.1	5.4	5.6
NOPAT (Bt m)	468	1,204	1,575	1,998	2,277
invested capital (Bt m)	30,122	30,586	37,204	40,923	43,424

Sources: Company data, Thanachart estimates

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Currently, long-term investment guidelines abroad are beginning to focus on investing in companies that have sustainable business practices. which considers environmental, social and governance factors (Environmental, Social and Governance or ESG) of the company in making investment decisions along with analyzing the company's financial data.

Stock Exchange Has prepared the results of evaluating sustainable stocks which are stocks of listed companies (SETESG Rating) as an alternative for investors who want to invest in stocks of listed companies that are outstanding in ESG, including to support listed companies with operations. sustainable business Taking into account all stakeholders in both social and environmental aspects. There is a management process to create sustainability for the organization, such as risk management. Supply chain management and innovation development. Therefore, the SETESG index was created to be an index that reflects the price movement of a group of securities. of companies with sustainable business operations that meet the required size and liquidity criteria

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Score range	Description
CCC - B	**LAGGARD:** A company lagging its industry based on its high exposure and failure to manage significant ESG risks
BB - BBB - A	**AVERAGE :** A company with a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers
AA - AAA	**LEADER:** A company leading its industry in managing the most significant ESG risks and opportunities

The Dow Jones Sustainability Indices (DJSI)
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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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90-100	△△△△△	Execellent
80-89	△△△△	Very Good
70-79	△△△	Good
60-69	△△	Satisfactory
50-59	△	Pass
Below		N/A

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