

Central Plaza Hotel (CENTEL TB) - BUY, Price Bt34.75, TP Bt47.00**Results Comment**

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Good 3Q24 results, beat expectation

- CENTEL made a normalized profit of Bt163m in 3Q24, up 121% y-y but down 48% q-q. This was above ours and the consensus' earnings preview due to its stronger-than-expected operation from hotel business on the cost side.
- The y-y earnings growth was mainly driven by improving operations both in hotel and food businesses. The drop in q-q earnings was due to rising pre-operating expenses for a hotel that reopened in Phuket, as well as for two new hotels in the Maldives. Note that CENTEL will reopen Centara Karon Resort Phuket in late November this year and will open one hotel in Maldives in November 2024, followed by another hotel in the Maldives in February 2025.
- Hotel business made B19m profit in 3Q24 vs. Bt55m loss in 3Q23 and Bt179m profit in 2Q24. Its hotel revenue grew 4% y-y and 2% q-q to Bt2.2bn in 3Q24.
- CENTEL's occupancy rate (OR) was at 67% in 3Q24 vs. 68% in 3Q23 and 69% in 2Q24. The average room rate (ARR) in 4Q23 was Bt4,944/night, up 9% y-y and 1% q-q. RevPar grew 8% y-y but declined 2% q-q to Bt3,319/night.
- Hotel's EBITDA margin was at 27% in 3Q24, up from 26% in 3Q23, but down from 29% in 2Q24 due to rising pre-operating costs as we mentioned earlier.
- CENTEL's food business made Bt144m profit in 3Q24, up 12.5% y-y and 7.5% q-q. Food business' revenue increased by 4% y-y but declined by 5% q-q to Bt3.2bn in 3Q24. Food's SSSG in 3Q24 was at 2%. Food's EBITDA margin increased to 22% in 3Q24 from 18% both in 3Q23 and 2Q24 due to improving margin in key food brands and closing non-profitable outlets.
- 9M24 earnings accounted for 84% of our full-year earnings forecast. We see some upside to our numbers. Maintain BUY.

Income Statement		(consolidated)				
Yr-end Dec (Bt m)	3Q23	4Q23	1Q24	2Q24	3Q24	
Revenue	5,212	5,755	6,104	5,536	5,402	
Gross profit	2,050	2,301	2,769	2,260	2,144	
SG&A	1,809	1,854	1,893	2,016	1,841	
Operating profit	241	446	875	244	303	
EBITDA	1,016	1,302	1,630	1,051	1,155	
Other income	204	263	286	311	200	
Other expense	0	0	0	0	0	
Interest expense	280	268	259	259	264	
Profit before tax	164	441	901	295	239	
Income tax	56	156	117	46	81	
Equity & invest. income	(55)	9	1	20	(7)	
Minority interests	20	2	(30)	43	13	
Extraordinary items	0	128	0	(145)	0	
Net profit	74	425	755	168	163	
Normalized profit	74	297	755	313	163	
EPS (Bt)	0.05	0.31	0.56	0.12	0.12	
Normalized EPS (Bt)	0.05	0.22	0.56	0.23	0.12	

Balance Sheet		(consolidated)				
Yr-end Dec (Bt m)	3Q23	4Q23	1Q24	2Q24	3Q24	
Cash & ST investment	2,661	2,853	2,160	2,707	2,462	
A/C receivable	829	1,196	1,316	935	861	
Inventory	995	982	833	781	850	
Other current assets	258	334	363	460	543	
Investment	475	445	441	438	434	
Fixed assets	29,450	29,505	30,461	32,313	33,126	
Other assets	19,024	18,889	18,891	18,624	18,260	
Total assets	53,694	54,204	54,465	56,258	56,537	
S-T debt	3,711	5,536	4,653	3,351	3,390	
A/C payable	2,677	3,445	2,946	3,423	3,500	
Other current liabilities	1,474	1,614	1,777	1,925	2,150	
L-T debt	10,163	8,229	8,364	11,558	12,457	
Other liabilities	15,664	15,362	15,551	15,191	15,120	
Minority interest	355	343	382	340	263	
Shareholders' equity	19,651	19,675	20,792	20,471	19,656	
Working capital	(852)	(1,267)	(797)	(1,706)	(1,789)	
Total debt	13,874	13,764	13,017	14,909	15,847	
Net debt	11,213	10,911	10,857	12,202	13,385	

Income Statement		9M as				
(Bt m)	q-q%	y-y%	% 2024F	2024F	2025F	
Revenue	(2)	4	72	23,771	26,278	
Gross profit	(5)	5	72	9,933	11,275	
SG&A	(9)	2	73	7,888	8,680	
Operating profit	24	26	70	2,045	2,595	
EBITDA	10	14	69	5,554	6,571	
Other income	(36)	(2)	72	1,101	1,140	
Other expense				0	0	
Interest expense	2	(6)	63	1,241	1,349	
Profit before tax	(19)	45	75	1,905	2,387	
Income tax	75	46	56	438	549	
Equity & invest. income	na	na	125	11	57	
Minority interests	(71)	(37)	(324)	(8)	(30)	
Extraordinary items			na	(145)	0	
Net profit	(3)	121	82	1,326	1,864	
Normalized profit	(48)	121	84	1,471	1,864	
EPS (Bt)	(3)	121	82	0.98	1.38	
Normalized EPS (Bt)	(48)	121	84	1.09	1.38	

Financial Ratios						
(%)	3Q23	4Q23	1Q24	2Q24	3Q24	
Sales growth	17.6	10.8	10.4	9.4	3.7	
Operating profit growth	345.5	(13.6)	35.9	(4.1)	25.8	
EBITDA growth	20.0	1.7	19.4	2.8	13.7	
Norm profit growth	na	(40.4)	20.1	159.1	121.1	
Norm EPS growth	na	(40.4)	20.1	159.1	121.1	
Gross margin	39.3	40.0	45.4	40.8	39.7	
Operating margin	4.6	7.8	14.3	4.4	5.6	
EBITDA margin	19.5	22.6	26.7	19.0	21.4	
Norm net margin	1.4	5.2	12.4	5.6	3.0	
D/E (x)	0.7	0.7	0.6	0.7	0.8	
Net D/E (x)	0.6	0.5	0.5	0.6	0.7	
Interest coverage (x)	3.6	4.9	6.3	4.1	4.4	
Interest rate	7.7	7.8	7.8	7.4	6.9	
Effective tax rate	33.8	35.5	13.0	15.7	34.0	
ROA	0.5	2.2	5.6	2.3	1.2	
ROE	1.5	6.0	14.9	6.1	3.3	

Sources: Company data, Thanachart estimates

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