

**Central Plaza Hotel (CENTEL TB) - BUY**

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

**Analyst Meeting****Guidance is still in line with our expectations**

- **4Q24 earnings will hit by pre-operating costs.**
- **Performance in 2025 is expected to grow strongly y-y ...**
- **.. driver is mainly from hotel business.**
- **Maintain BUY on CENTEL.**

After attending CENTEL's analyst meeting last Friday, we see that management's guidance on the company's hotel and food business performance is still in line with our expectations. Due to pre-operating costs from the two new hotels in the Maldives, we expect weak y-y earnings in 4Q24, but still anticipate q-q growth. Meanwhile, earnings momentum is expected to show strong growth next year. The benefits from the reopening of two hotels in Thailand, along with the improving operations of the existing hotels in both Thailand and Japan, as well as the cost-saving program, are anticipated to more than offset the negative impacts from the renovation of two hotels in Thailand and losses from the two new hotels in the Maldives. We maintain our earnings projections and reaffirm our BUY rating on CENTEL.

**Hotel business**

- Management targets an occupancy rate (OR) of 70-73% and a RevPAR of Bt4,000-4,300 in 2024. This remains unchanged from the previous target.
- Hotel RevPAR for the entire portfolio in Thailand, Japan, and the Maldives in October 2024 still grew 4% y-y, mainly driven by an increase in ARR.
- CENTEL will fully close Centara Grand Resort Krabi for renovation starting in mid-2Q25 and partially close Centara Grand Beach Resort Hua Hin starting in 2Q25.
- Pre-operating expenses in the Maldives have been revised down from Bt200-250m to Bt150-200m this year. Bt11m has already been booked in 3Q24, with the remainder to be booked in 4Q24.
- Management expects revenue and profit in 2025 to be much stronger than in 2024. Despite a loss contribution from two new hotels in the Maldives (US\$2m) and some negative impact from two hotel renovations, rising revenue from the reopening of Centara Grand Mirage Pattaya and Centara Karon Resort Phuket later this year, improved operations at existing hotels in Thailand and Osaka (with the World Expo in Osaka in 2025), and falling costs after the cost restructuring program will more than offset these negative impacts next year.

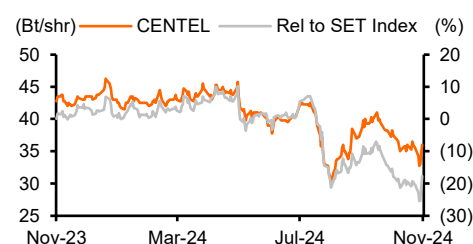
**Key Valuations**

Y/E Dec (Bt m)	2023A	2024F	2025F	2026F
Revenue	21,558	23,771	26,278	27,469
Net profit	1,248	1,326	1,864	2,249
Norm net profit	1,120	1,471	1,864	2,249
Norm EPS (Bt)	0.8	1.1	1.4	1.7
Norm EPS gr (%)	181.4	31.3	26.8	20.6
Norm PE (x)	43.4	33.0	26.1	21.6
EV/EBITDA (x)	12.6	11.8	10.3	9.9
P/BV (x)	2.5	2.4	2.3	2.1
Div. yield (%)	1.2	1.2	1.7	2.1
ROE (%)	5.9	7.3	8.9	10.1
Net D/E (%)	54.5	80.8	88.2	88.0

Source: Thanachart estimates

**Stock Data**

Closing price (Bt)	36.0
Target price (Bt)	47.0
Market cap (US\$ m)	1,395.7
Avg daily turnover (US\$ m)	3.3
12M H/L price (Bt)	46.25/30.25

**Price Performance**

Source: Bloomberg

**Food business**

- Management has set the company's same-store-sales growth (SSSG) at 1-3% (unchanged), total-system-sales growth (TSSG) at 4-6% (unchanged), and plans to close 0 to 20 food outlets (compared to previous target of increasing 30-50 outlets) in 2024. CENTEL aims to close non-profitable brands and outlets, being cautious about outlet expansion by focusing on high-margin brands.
- Food SSSG and TSSG (excluding JV) in October 2024 were -2% and -2%, respectively.
- The strong margin trend in 3Q24 continues into 4Q24. Food costs may improve slightly next year, but not significantly.
- For 2025, management expects organic growth in SSSG. They also anticipate adding more new franchise brands and may pursue brand acquisitions.

### General Disclaimers And Disclosures:

This report is prepared and issued by Thanachart Securities Public Company Limited (TNS) as a resource only for clients of TNS, Thanachart Capital Public Company Limited (TCAP) and its group companies. Copyright © Thanachart Securities Public Company Limited. All rights reserved. The report may not be reproduced in whole or in part or delivered to other persons without our written consent.

This report is prepared by analysts who are employed by the research department of TNS. While the information is from sources believed to be reliable, neither the information nor the forecasts shall be taken as a representation or warranty for which TNS or TCAP or its group companies or any of their employees incur any responsibility. This report is provided to you for informational purposes only and it is not, and is not to be construed as, an offer or an invitation to make an offer to sell or buy any securities. Neither TNS, TCAP nor its group companies accept any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

The information and opinions contained herein have been compiled or arrived at from sources believed reliable. However, TNS, TCAP and its group companies make no representation or warranty, express or implied, as to their accuracy or completeness. Expressions of opinion herein are subject to change without notice. The use of any information, forecasts and opinions contained in this report shall be at the sole discretion and risk of the user.

TNS, TCAP and its group companies perform and seek to perform business with companies covered in this report. TNS, TCAP, its group companies, their employees and directors may have positions and financial interest in securities mentioned in this report. TNS, TCAP or its group companies may from time to time perform investment banking or other services for, or solicit investment banking or other business from, any entity mentioned in this report. Therefore, investors should be aware of conflict of interest that may affect the objectivity of this report.

Note: Thanachart Securities Public Company Limited act as a Market Maker and Derivative Warrants Issuer. At present, TNS has issued Derivative Warrants underlying securities before making investment decisions.

**Note:** Thanachart Capital Pcl (TCAP) holds an 89.96% of Thanachart Securities (TNS). TCAP holds a 100% of Thanachart SPV1 Co. Ltd. TCAP and Thanachart SPV1 combinedly hold a 60% stake in THANI.

**Note:** Thanachart Capital Public Company Limited (TCAP), TMBThanachart Bank Public Company Limited (TTB), are related companies to Thanachart Securities Public Company Limited (TNS). Thanachart Securities Pcl is a subsidiary of Thanachart Capital Pcl (TCAP) which holds 24.35% of the shareholding in TMBThanachart Bank Pcl.

**Note:** Thanachart Capital Public Company Limited (TCAP), Ratchthani Leasing Public Company Limited (THANI), MBK PUBLIC COMPANY LIMITED (MBK) and PATUM RICE MILL AND GRANARY PUBLIC COMPANY LIMITED (PRG ) are related companies to Thanachart Securities Public Company Limited (TNS) . Since TNS covers those securities in research report, consequently TNS incurs conflicts of interest.

**Note:** Thanachart Securities Public Company Limited (TNS) acts as an underwriter of “Debentures of Srisawad Corporation Public Company Limited (SAWAD) No. 4/2024 (B.E. 2567) tranche 1-3 which its maturity at 2027-29 (B.E. 2570-72), therefore investors need to be aware that there could be conflicts of interest in this research.

**Note:** Thanachart Securities Public Company Limited (TNS) acts as an underwriter of “Debentures of MUANGTHAI CAPITAL PUBLIC COMPANY LIMITED No. 7/2024 (B.E. 2567) tranche 1-3 which its maturity at 2026-28 (B.E. 2569-71)”, therefore investors need to be aware that there could be conflicts of interest in this research.

### Disclosure of Interest of Thanachart Securities

#### Investment Banking Relationship

Within the preceding 12 months, Thanachart Securities has lead-managed public offerings and/or secondary offerings (excluding straight bonds) of the securities of the following companies: Euroasia Total Logistics Pcl (ETL TB).