

Hotel Sector – Overweight

News update

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Impact from the Iran–Israel War

- **MINT and CENTEL's hotels in Middle East have been hit.**
 - **Thailand hotel operations remain unaffected.**
 - **CENTEL has the highest earnings exposure to Middle East.**
 - **ERW has the lowest risk to Middle East.**
- Due to the ongoing conflict between Israel and Iran, we have observed a negative impact on hotel operations in the Middle East, as tourist arrivals to the region have declined. MINT currently manages 25 hotels in the Middle East, while CENTEL holds a joint venture (40% stake) hotel in Dubai, UAE. Revenue from MINT's Middle East hotels contributes approximately 2-3% of the company's total hotel revenue. Meanwhile, CENTEL's JV hotel contributes around 8% of its 2024 earnings through equity income and management fees. ERW does not have any hotels located in the Middle East.
- For hotels located in other regions — including properties in Thailand operated by CENTEL, ERW, and MINT — there has been no impact from booking cancellations thus far. In terms of revenue contribution from Middle Eastern tourists, CENTEL derives approximately 1% of its total revenue, ERW 5–7%, and MINT around 6%.
- Nonetheless, if the conflict in the Middle East escalates further, it could potentially affect the number of visitors not only from the region but also from Europe.
- This issue poses a negative factor for the hotel sector. However, we believe that stock prices in this sector have largely corrected and already reflect concerns over the slowing trend of international tourist arrivals. We continue to maintain MINT as our top pick in the hotel sector.

Ex 1: Hotel Sector Valuations

	Rating	Current price (Bt)	Target price (Bt)	Upside/ (Downside) (%)	Market cap (Bt m)	Norm EPS growth		Norm PE		Yield	
						2025F (%)	2026F (%)	2025F (x)	2026F (x)	2025F (%)	2026F (%)
CENTEL	BUY	21.90	37.00	68.9	30,510	(4.0)	14.7	17.7	15.5	2.5	2.9
ERW	BUY	1.83	3.30	80.3	8,943	(14.0)	18.5	11.1	9.4	3.1	3.7
MINT	BUY	22.00	36.00	63.6	125,873	1.1	19.5	18.5	15.5	3.0	3.6

Sources: Bloomberg; Thanachart estimates

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