

# Thailand Hotel Sector

## Growth resumption

Sector Valuation			Current	Target	Norm EPS grw		Norm PE		EV/EBITDA		Div yield	
	BBG		price	price	2025F	2026F	2025F	2026F	2025F	2026F	2025F	2026F
Company	Code	Rec.	(Bt)	(Bt)	(%)	(%)	(x)	(x)	(x)	(x)	(%)	(%)
Central Plaza Hotel	CENTEL TB	BUY	32.50	38.00	(15.3)	13.5	27.6	24.3	11.2	10.9	1.6	1.9
The Erawan Group	ERW TB	BUY	2.82	3.60	(12.7)	18.0	16.9	14.3	9.0	8.4	2.1	2.4
Minor Int'l	MINT TB	BUY	23.80	37.00	11.4	16.3	18.1	15.6	5.8	5.5	3.2	3.7

Source: Thanachart estimates, Based on 19 September 2025 closing prices

After suffering a Chinese tourist base adjustment this year, we expect the Thai hotel sector to resume its growth path at a 14% EPS CAGR over 2026-28F, driven by falling interest rates, normalized revenue growth, and margin expansion. Stay OVERWEIGHT.

### Back to double-digit growth; OVERWEIGHT

We maintain our OVERWEIGHT stance on the Thai hotel sector. **First**, tourist arrivals have likely bottomed out and are beginning to recover. **Second**, after modest EPS growth of 2% in 2025F due to a Chinese tourist base adjustment, we expect sector growth to resume at a 14% EPS CAGR over 2026-28F. **Third**, expansions and renovations continue to support long-term growth without weakening balance sheets, and we expect the sector's net D/E to be 0.6x in 2028F from 0.8x in 2024. **Lastly**, the sector's valuation has significantly de-rated to 16.1x PE in 2026F vs. 34.1/24.5x in 2023-24. Meanwhile, EV/EBITDA of 6.3x in 2026F is also below the 8.2/7.2x recorded in 2023-24.

### Tourist arrivals likely hit bottom, recovery beginning

Tourist arrivals declined by 7% y-y in 8M25. However, we believe the sector already reached its bottom in 2Q25 and is stabilizing in 3Q25F ahead of the high season in 4Q25 and 1Q26. Due to the weak 8M25 numbers, we trim our tourist arrival estimates by 1-2% p.a. to 33.2/34.2/35.2/36.3m for 2025-28F. That said, we anticipate only a limited impact on RevPAR in the luxury beachfront segment, which remains relatively resilient, mainly due to its ability to maintain the average room rate (ARR).

### 14% three-year EPS CAGR

Our 14/13/14% EPS growth estimates for the sector over 2026-28F are underpinned by three key drivers. 1) Interest expense is falling due to the declining interest rate trend, both domestically and globally, and falling debt levels. 2) We expect a steady top-line growth of 5% p.a., fueled by hotel expansion, organic growth of tourist arrivals, and organic improvement in the ARR. 3) We expect gross margin to rise to 44.6/45.0/45.2% in 2026-28F, from 44.4% in 2025F, and operating margin to widen to 11.6/12.0/12.3% in 2026-28F, from 11.5% in 2025F, driven by economies of scale, cost control, and reduced losses from newly opened hotels.

### MINT remains our top sector pick

We maintain our BUY ratings on all three hotel stocks under coverage, with MINT as our top pick, followed by CENTEL and ERW. MINT's 2026-28F EPS CAGR is 16%, close to CENTEL's 18%, but MINT trades at more attractive valuations (15.6x PE, 5.5x EV/EBITDA vs. CENTEL's 24.3x, 10.9x). ERW offers lower growth (11% EPS CAGR) with valuations of 14.3x PE and 8.4x EV/EBITDA.

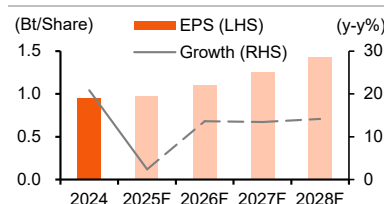


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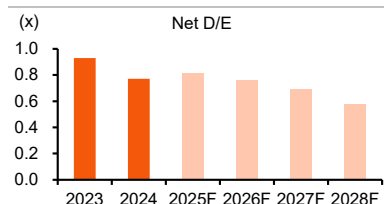
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### Double Digit EPS Growth Resumes



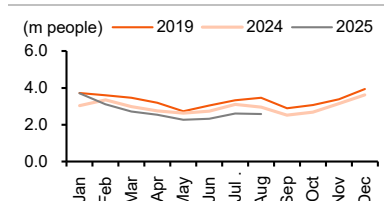
Sources: Company data, Thanachart estimates

### Healthier Financial Status



Sources: Company data, Thanachart estimates

### # Of International Tourists



Source: Ministry of Tourism and Sports

## Back to double-digit growth mode; OVERWEIGHT

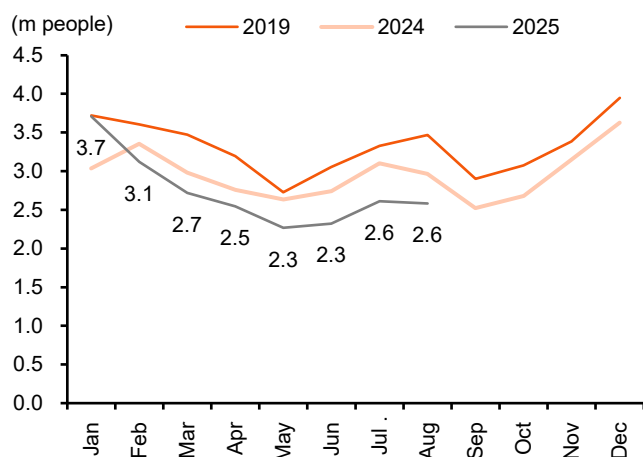
**Maintaining our  
OVERWEIGHT stance...**

We maintain our OVERWEIGHT stance on the Thai hotel sector, underpinned by a compelling combination of a cyclical recovery, earnings growth potential, balance sheet resilience, and a valuation de-rating.

### 1) Tourism recovery underway

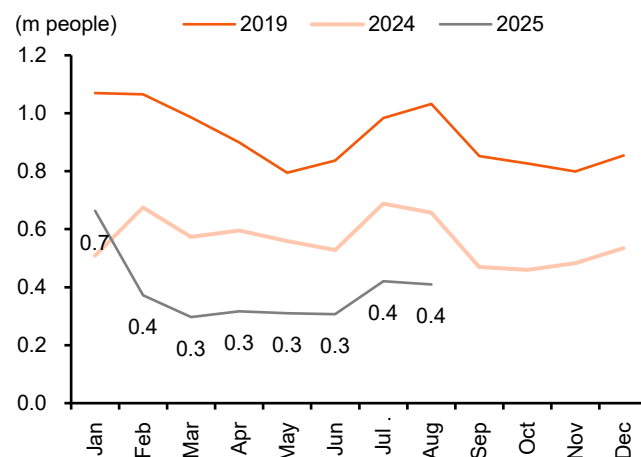
**First, tourism recovery underway:** International tourist arrivals have likely bottomed, and we expect the number to recover. The worst appears to be over after a Chinese tourist base adjustment. Notably, the pace of return has been bolstered by a resurgence in key source markets, with Chinese tourist inflows showing early signs of stabilization.

**Ex 1: Number Of International Tourists**



Source: Ministry of Tourism & Sports

**Ex 2: Number Of Chinese Tourists**

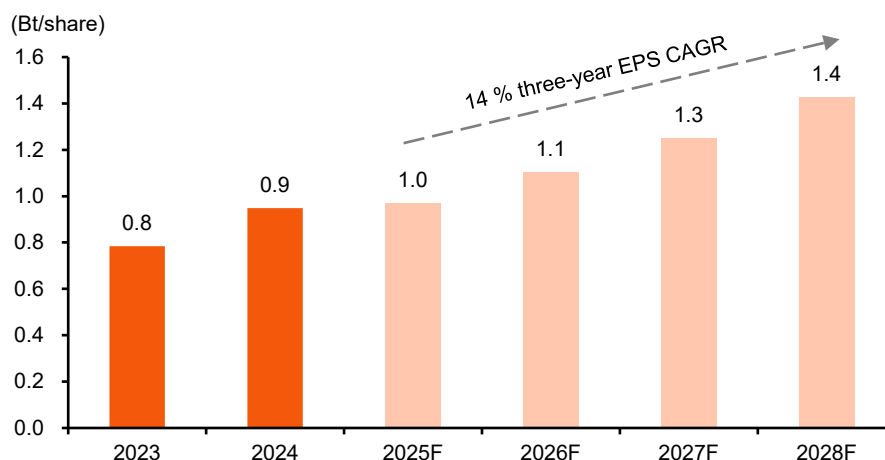


Source: Ministry of Tourism & Sports

### 2) EPS growth to reaccelerate post- 2025F

**Second, EPS growth to reaccelerate post-2025F:** While we estimate modest 2% y-y growth in the sector EPS for 2025F, mainly reflecting a recalibration of the Chinese tourist base, the outlook for 2026-28F appears much more robust. We project a 14% three-year EPS CAGR over this period, driven by the addition of new hotels and capacity expansion, higher occupancy rates, improved average room rates (ARR), and operating leverage, as well as a decline in interest expense.

**Ex 3: Sector's EPS Growth**

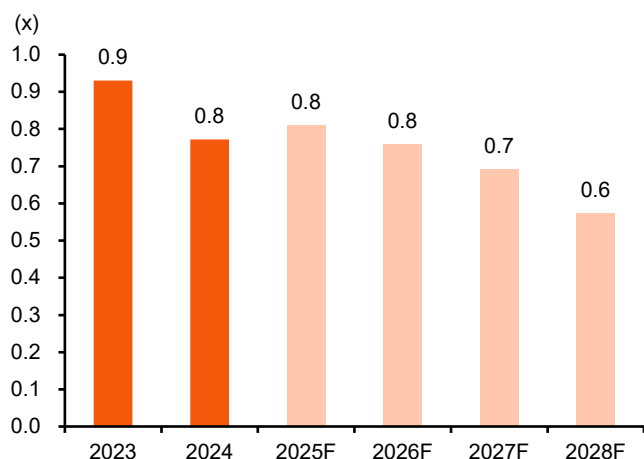


Sources: Company data, Thanachart estimates

### 3) Capex not at the expense of financial health

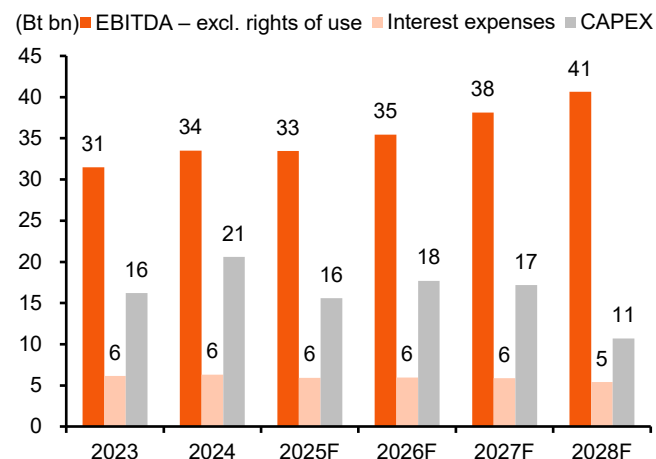
**Third, capex for growth, not at the expense of financial health:** Hotel operators continue to invest in strategic renovations and portfolio expansions to enhance competitiveness and capture future demand. Importantly, this growth is being undertaken with financial discipline. We expect sector net D/E to decline from 0.8x in 2024 to 0.6x in 2028F, reflecting strong cash flow generation and prudent capital management. This balance sheet strength provides both downside protection and flexibility for further investment. Besides renovating and expanding existing hotels and constructing new ones, CENTEL, ERW, and MINT are seeking opportunities to acquire existing hotels in high-potential markets.

**Ex 4: Sector's Net D/E Ratio**



Sources: Company data, Thanachart estimates

**Ex 5: Sector's EBITDA\* Vs. Capex**



Sources: Company data, Thanachart estimates

Note: \* EBITDA excludes rights of use (ROU)

**Ex 6: Hotels' Expansion And Renovation Plans Over 2025-28**

Companies	Projects		# Of room increase / (decrease)	Renovation period / Opening date
	New owned/leased hotels	Existing hotels		
CENTEL		<ul style="list-style-type: none"> <li>Renovation of Centara Grand Beach Resort &amp; Villas Hua Hin</li> </ul>		Partial closure from April 2025 to 1Q27
		<ul style="list-style-type: none"> <li>Expansion of Centara Grand Beach Resort &amp; Villas Hua Hin</li> </ul>	200	Opening in 2Q27
		<ul style="list-style-type: none"> <li>Renovation of Centara Grand Beach Resort &amp; Villas Krabi (upgrade to Reserve brand)</li> </ul>	(72)	Fully closure from mid-May 2025 to late 2027
		<ul style="list-style-type: none"> <li>Expansion of Centara Reserve Samui</li> </ul>	50	Opening in 2028
		<ul style="list-style-type: none"> <li>Expansion of Centara Mirage Beach Resort Dubai</li> </ul>	100-150	Opening in 2028-29
ERW	<ul style="list-style-type: none"> <li>Construction of 8-10 new HOP INN hotels per year in Thailand</li> </ul>		600-800 rooms p.a.	Opening in 2025-28
	<ul style="list-style-type: none"> <li>Construction of a midscale combo concept with two brands</li> </ul>		449	Opening in 2029
		<ul style="list-style-type: none"> <li>Renovation of The Naka Island, a Luxury Collection Resort &amp; Spa, Phuket</li> </ul>		Partial closure from 2Q-3Q25
		<ul style="list-style-type: none"> <li>Renovation of Grand Hyatt Erawan</li> </ul>		Partial closure from 2Q26 to 3Q27

Sources: Company data, Thanachart estimates

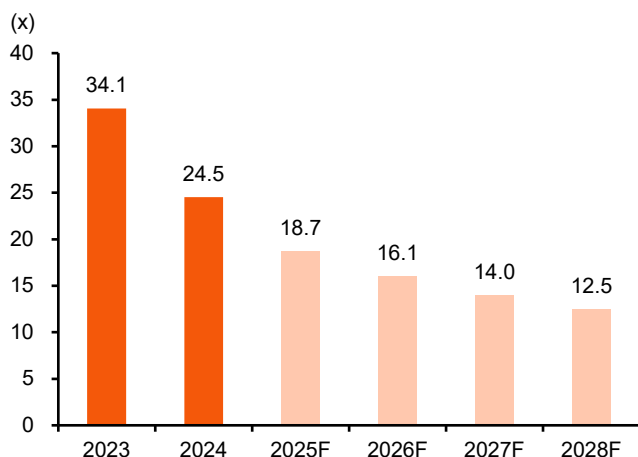
**Ex 6: Hotels' Expansions And Renovations Plans In 2025-28 (Con't)**

Companies	Projects		# Of room increase (decrease)	Renovation period/ Opening date
	New owned/leased hotels	Existing hotels		
MINT	▪ Construction of new hotels in high-potential countries		1,300	2025
	▪ Construction of new hotels in high-potential countries		300	2026
	▪ Construction of new hotels in high-potential countries		350	2027
		▪ Renovation of key hotels in Thailand		From 2Q25- November 2025
		▪ Renovation of existing hotels in overseas markets (upgrade brands)		2025-28

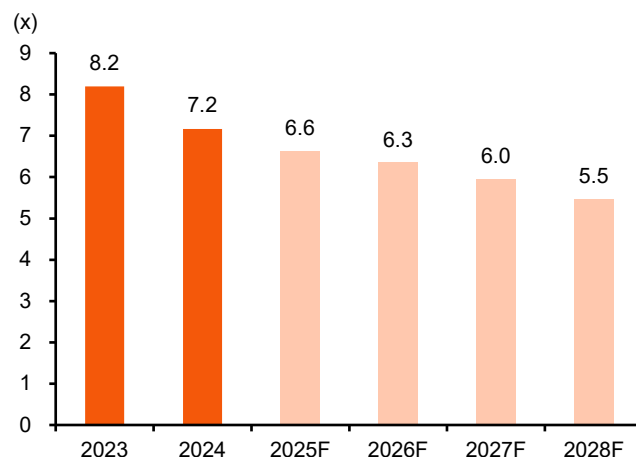
Sources: Company data, Thanachart compilation

**4) Attractive valuation in our view, after de-rating**

**Fourth, attractive valuation after sharp de-rating:** The sector's valuation has corrected significantly, offering a more favorable entry point. The sector is now trading at 16.1x PE in 2026F, a significant discount compared to 34.1x in 2023 and 24.5x in 2024. On an EV/EBITDA basis, its 2026F multiple of 6.3x also stands well below the 8.2x and 7.2x levels seen in 2023 and 2024, respectively. We view this de-rating as overdone, given the improving fundamentals, and we believe the risk-reward has become increasingly attractive.

**Ex 7: Sector's PE**

Sources: Company data, Bloomberg, Thanachart estimates

**Ex 8: Sector's EV/EBITDA**

Sources: Company data, Bloomberg, Thanachart estimates

Tourist arrivals likely hit bottom, recovery beginning

Fewer Chinese tourists  
hit international tourist  
arrivals in 8M25

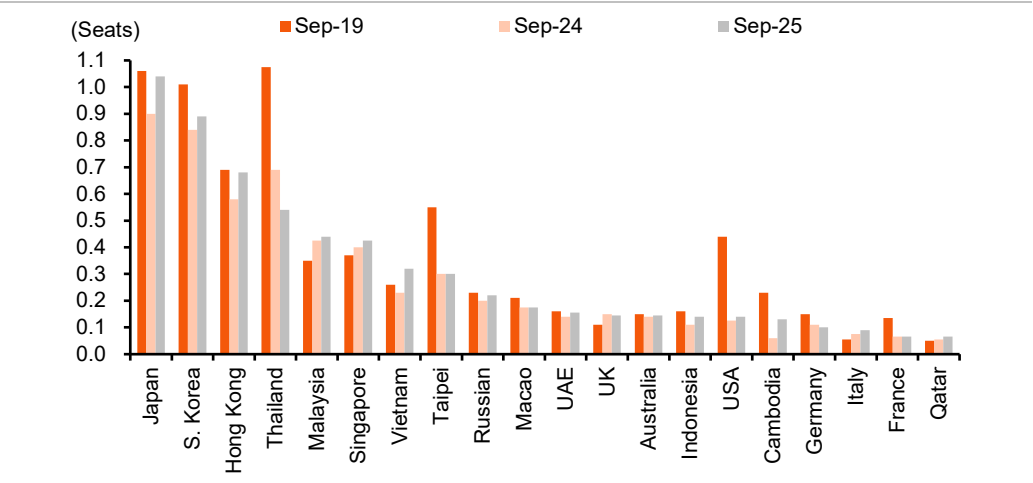
International tourist arrivals started to decline in February this year, and this caused the total number of international tourists to fall by 7% y-y in 8M25 to 21.9m people. The key drop has mainly been seen in the number of Chinese tourists, which declined by 35% y-y in 8M25 to 3.1m people. Chinese tourist numbers in 8M25 stood at around 40% of the 2019 level. This trend was in line with China’s international airline capacity. According to OAG, in September 2025, China’s international airline capacity was about 49% of the level in September 2019, representing a y-y decline of approximately 22%.

Ex 9: Number Of International Tourists Visiting Thailand

	Total	Top five countries				
		China	Malaysia	Korea	Russia	India
2019	39,873,534	10,997,372	4,217,698	1,891,054	1,483,495	1,995,534
2023	28,150,016	3,521,095	4,626,422	1,660,042	1,482,611	1,628,542
2024	35,545,025	6,733,162	4,952,078	1,868,945	1,745,327	2,129,149
% 2024 to 2019	89%	61%	117%	99%	118%	107%
8M24	23,567,850	4,785,096	3,269,575	1,249,044	1,082,784	1,364,502
8M25	21,879,476	3,096,017	3,049,961	1,036,361	1,195,430	1,563,806
% y-y growth	-7%	-35%	-7%	-17%	10%	15%
8M19	26,563,001	7,665,901	2,629,253	1,253,912	918,618	1,315,220
8M25	21,879,476	3,096,017	3,049,961	1,036,361	1,195,430	1,563,806
% 8M25 to 8M19	82%	40%	116%	83%	130%	119%

Source: Ministry of Tourism and Sports

Ex 10: Distribution Of China’s Int’l Airline Capacity By Market And Territory (By Seats)



Source: OAG

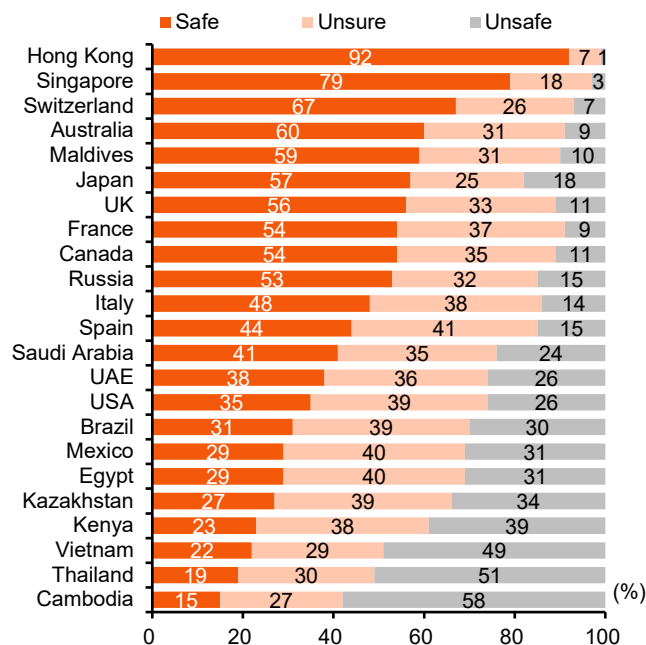
Key negative impacts on  
Thai tourism

Key factors that have been hurting Thai tourism are as follows:

**First,** Chinese tourists have had growing concerns about safety and security following the kidnapping of Chinese actor Wang Xing in Thailand in early January this year. According to Dragon Trail’s data about Chinese travelers’ safety perceptions of Thailand, the proportion of Chinese tourists who feel Thailand is unsafe increased to 51% in April 2025, up from 37% in August 2024.

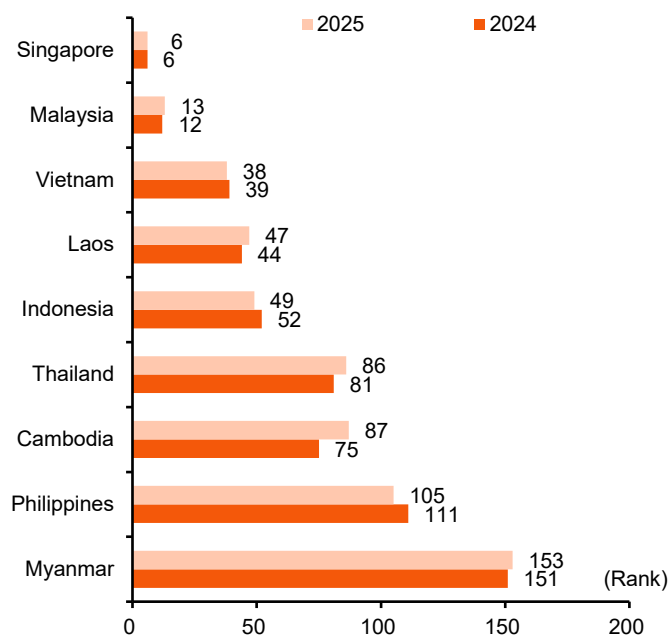
Meanwhile, Thailand and Cambodia's cross-border dispute has also raised some concerns among international tourists. According to the annual report published by the Institute for Economics & Peace (IEP) – which evaluates 163 countries and territories, covering 99.7% of the global population – Thailand's Global Peace Index (GPI) ranking fell to 86th place in 2025, dropping five positions compared to the previous year.

**Ex 11: Safety Perceptions Among Chinese Travelers**



Source: Dragon Trail Chinese Traveler Sentiment Report, April 2025

**Ex 12: ASEAN Peace Rankings In The Global Market**

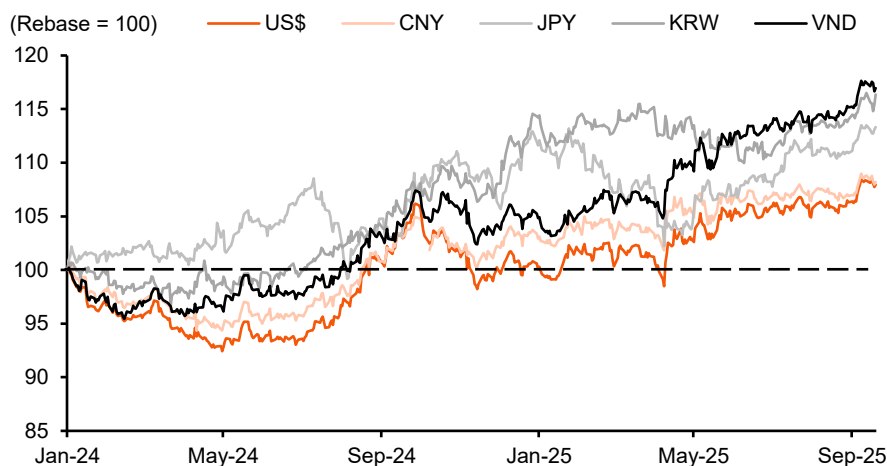


Source: Institute for Economics & Peace

**Second**, rising competition among countries in Asian and the Chinese government's policy to promote its domestic tourism industry.

**Third**, the strengthening of the baht, especially against the US dollar, Chinese yuan, Japanese yen, South Korean won, and Vietnamese dong, is undermining Thailand's competitiveness in tourism.

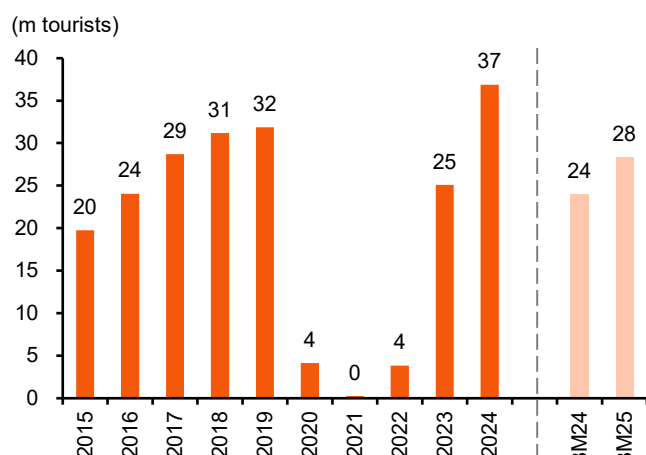
**Ex 13: Rebased Thai Baht Against US\$, Yuan, Yen, Won, And Dong**



Source: Bloomberg

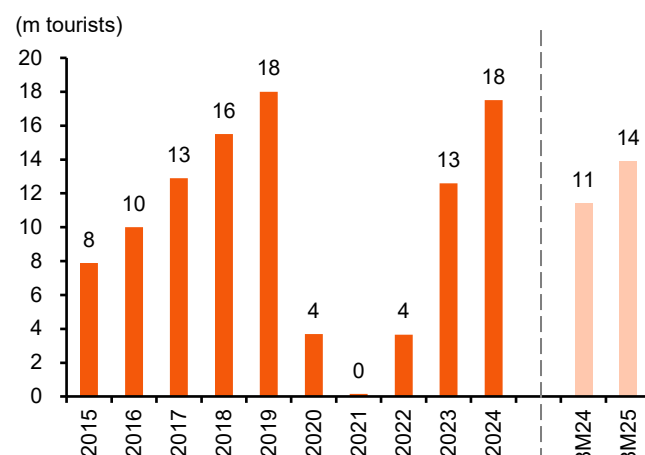
The strong baht has reduced Thailand's competitiveness compared to China, Japan, and Vietnam. We have observed that Thailand is losing market share to Japan in the higher-tier segment and to Vietnam in the lower-tier segment. In 8M25, the 35% y-y decline in Chinese tourist numbers contributed to a 7% y-y drop in Thailand's total tourist arrivals. In contrast, Japan and Vietnam saw y-y growth in tourist arrivals of 18% and 22% in 8M25, respectively.

**Ex 14: Japan's Tourist Arrivals**



Source: Japan National Tourism Organization

**Ex 15: Vietnam's Tourist Arrivals**



Source: Vietnam National Authority of Tourism

**Fourth**, emerging travel spots, such as Vietnam, are attracting tourists with fresh experiences and more affordable costs than those found in Thailand.

#### ***What's next for Thai tourism?***

As the number of Chinese tourists to Thailand undergoes a structural adjustment, we are seeing a new composition of international visitors. There is strong demand from the Middle East, South Asia, Europe, and Oceania. Tourist arrivals from the Middle East have surged to 167% of the 8M19 level. Meanwhile, arrivals from South Asia, Europe, and Oceania have risen to 117%, 115%, and 101% of their respective 8M19 levels. In contrast, North Asia tourist arrivals have only returned to 52% of the 8M19 level, mainly due to the slow return of Chinese tourists.

**Ex 16: Tourist Arrival Breakdown By Region**

By Regions	ASEAN	N. Asia	S. Asia	Middle East	Europe	Americas	Oceania	Africa	Total
2019	10,693,823	16,639,800	2,397,407	702,595	6,720,249	1,634,979	886,337	198,344	39,873,534
2023	9,822,280	7,577,650	1,948,026	869,159	5,745,194	1,287,461	778,179	122,067	28,150,016
2024	10,660,779	11,706,765	2,510,376	1,088,974	7,057,019	1,477,077	877,736	166,987	35,545,713
% 2024 to 2019	100%	70%	105%	155%	105%	90%	99%	84%	89%
8M19	6,889,245	11,444,434	1,572,608	488,088	4,395,494	1,065,753	586,886	120,493	26,563,001
8M25	6,458,834	6,002,507	1,842,403	816,525	5,048,812	1,000,682	594,577	115,133	21,879,473
% 8M25 to 8M19	94%	52%	117%	167%	115%	94%	101%	96%	82%

Source: Ministry of Tourism and Sports

**Ex 17: Top Five Country Contributions**

	China	Malaysia	Korea	Russia	India
2019	28%	11%	5%	4%	5%
2023	13%	16%	6%	5%	6%
2024	19%	14%	5%	5%	6%
8M25	14%	14%	5%	5%	7%

Source: Ministry of Tourism and Sports

**Ex 18: Contribution Of International Tourists Breakdown By Region**

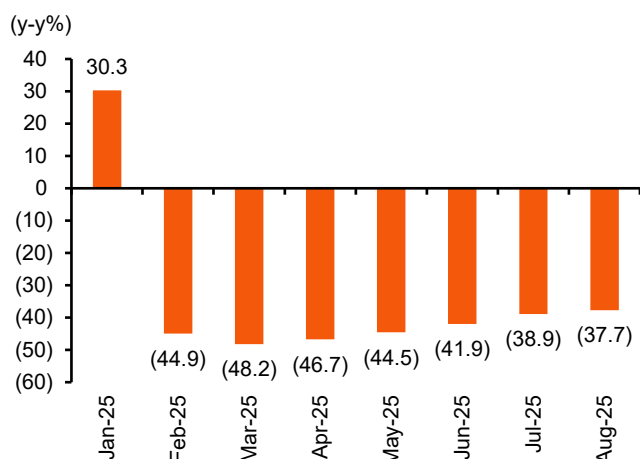
	By Regions							
	ASEAN	N. Asia	S. Asia	Middle East	Europe	Americas	Oceania	Africa
2019	27%	42%	6%	2%	17%	4%	2%	0%
2023	35%	27%	7%	3%	20%	5%	3%	0%
2024	30%	33%	7%	3%	20%	4%	2%	0%
8M25	30%	27%	8%	4%	23%	5%	3%	1%

Source: Ministry of Tourism and Sports

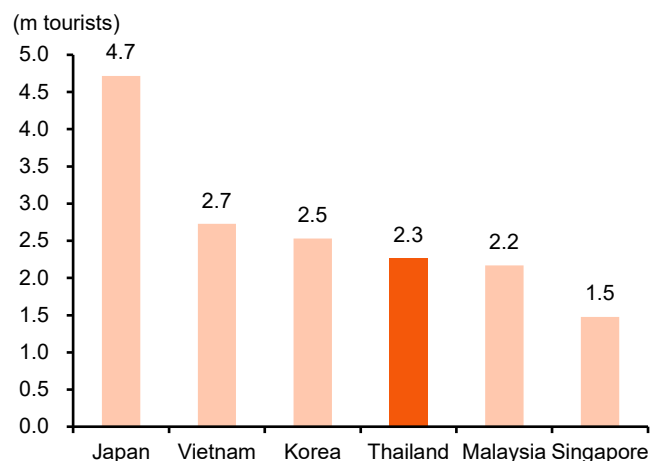
**Sector bottomed in 2Q25;  
we expect a recovery in  
4Q25-1Q26F**

We believe that the sector has already bottomed in 2Q25 and is now entering a period of stabilization. Early signs in 3Q25F suggest that the downtrend has leveled off, setting the stage for a stronger recovery into the high season in 4Q25 and 1Q26, traditionally the most lucrative periods for Thai hospitality.

Although the number of Chinese tourists has declined compared to last year, the rate of decline has continued to slow month by month. Thailand also remained among the top five outbound destinations for Chinese tourists, ranking behind Japan, Vietnam, and South Korea in 6M25. Meanwhile, strong demand from other markets, including India, Russia, Europe, Oceania, and the Middle East, also continues. According to Airports of Thailand (AOT), the percentage change in international flight volumes has begun to stabilize.

**Ex 19: % Decrease In Chinese Tourists Has Declined**

Source: Ministry of Tourism and Sports

**Ex 20: Chinese Tourist Arrivals in Each Country In 6M25**

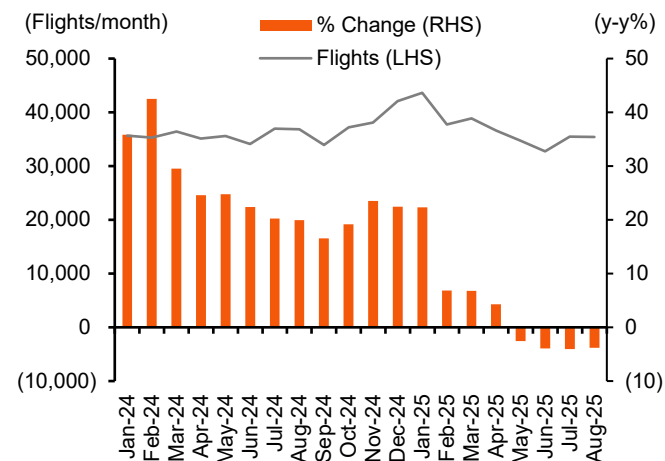
Source: Thanachart Compilation

We also believe that Thailand remains a destination of interest for international tourists. According to Travel + Leisure's World's Best Awards 2025, Chiang Mai and Bangkok were ranked No.1 and No.3, respectively, among the top 15 best cities in Asia for 2025.



In addition, according to hotels.com's data on the average price of 5-star hotels in 2025, the average prices in cities like Pattaya and Bangkok remain competitive compared to other major cities in global markets.

Ex 21: AOT's International Flights



Source: AOT

Ex 22: Travel+Leisure's Top 15 Best Cities In Asia For 2025



Source: Travel + Leisure

Ex 23: Average Hotel Price For 5-Star Hotels In Key Cities In 2025



Source: hotel.com

Although weak YTD figures have led us to slightly revise down our full-year tourist arrival forecasts by approximately 1-2% p.a., we continue to expect a gradual recovery in international tourists. We now project tourist arrivals to reach 33.2/34.2/35.2/36.3m in 2025-28F, compared to our previous forecasts of 33.8/34.6/ 35.6/36.8m, respectively.

**We assume an organic rebound in international tourists over 2026-28F**

Amid the slowing global economy, particularly in China, we have adopted a more conservative outlook, assuming only an organic rebound in international tourist arrivals to Thailand. We estimate a 6.5% y-y contraction in 2025F due to the Chinese tourist base adjustment, followed by a modest recovery of approximately 3% p.a. over 2026-28F. This aligns with the IMF's latest global GDP growth projections of 3.0/3.2/3.2% for 2026-28, respectively, which suggest a steady but moderate pace of global economic expansion.

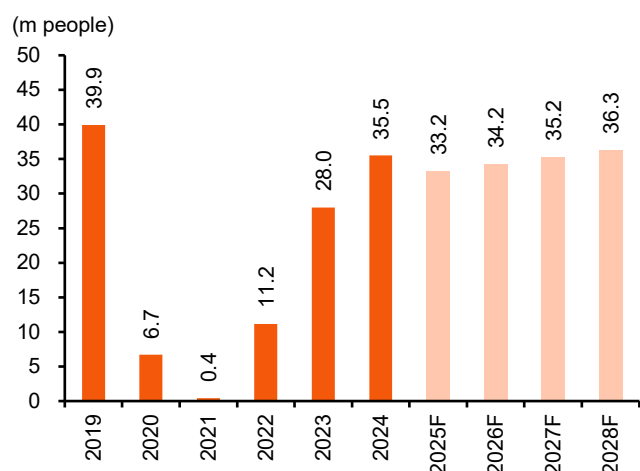
**Domestic tourists provide some support for Thai tourism**

Along with the organic growth in international tourist arrivals, we also estimate the number of domestic Thai tourists will increase by approximately 3% p.a. in 2025-28F. This would result in total domestic visits rising from 270m in 2024 to 278/286/295/304m in 2025-28.

During 8M25, the number of Thai tourists reached 184m, representing a 3.7% y-y increase and 4.6% growth compared to 8M19. We expect the government's stimulus package for domestic tourism – the “Teaw Thai Khon La Khrueng” travel scheme, running from 1 July to 31 October 2025 – to provide a boost to domestic travel activity. Each traveler is entitled to a maximum of 5 so-called rights (or 5 nights) under the travel subsidy programme, which can be used on both weekdays (Monday–Friday) and weekends or public holidays. The subsidy applies to hotel stays with a maximum rate of Bt3,000/room/night. The government offers different subsidy rates based on city type and travel period to promote travel, especially to less-visited areas. For secondary cities (55 provinces), the government covers 50% of the cost, while for major cities (22 provinces), it covers 40%. Similarly, weekday travel is subsidized at 50%, while weekend and public holiday stays receive a 40% subsidy. A total of 500,000 rights are available, with an overall budget allocation of Bt1.75bn.

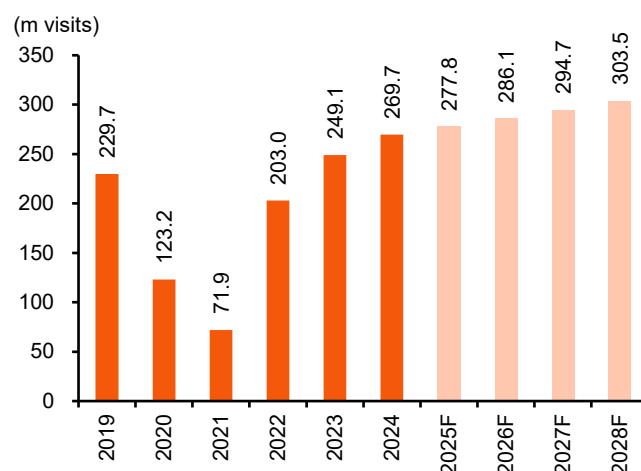
Recently, the TAT announced that it is preparing to launch a new initiative called “Tour Thai Khon La Khrueng.” The proposed scheme may draw on remaining funds from the current “Teaw Thai Khon La Khrueng” program, if available. The TAT plans to submit the proposal to the government promptly, with the aim of rolling it out before the end of the year. Meanwhile, the new government is also considering a new domestic tourism stimulus program later this year.

**Ex 24: Number Of International Tourists**



Sources: Ministry of Tourism and Sports, Thanachart estimates

**Ex 25: Number Of Thai Tourists**



Sources: Ministry of Tourism and Sports, Thanachart estimates

**Luxury beachfront hotels show stronger ARR resilience**

Due to the adjusted base of international tourist arrivals this year, the ARR of hotels in Thailand has been hit. However, the impact varies in extent across different segments. The luxury beachfront hotel segment has demonstrated greater resilience in ARR compared to inland hotels or those in the 3- to 4-star category. Hotels that have undergone renovations also demonstrated stronger pricing power. This is evident from the performance of CENTEL and MINT in Thailand, whose ARR remained stable or even increased in 2Q25, although international tourists declined y-y in 2Q25.

**Five-star and branded hotels experienced smaller declines in ARR**

This trend is not unique to Thailand. Across Asia, the hotel industry has shown a similar pattern: five-star and branded hotels experienced smaller declines in ARR. This segment benefits from sustained demand by high-spending tourists and a consumer preference for high-standard accommodation.

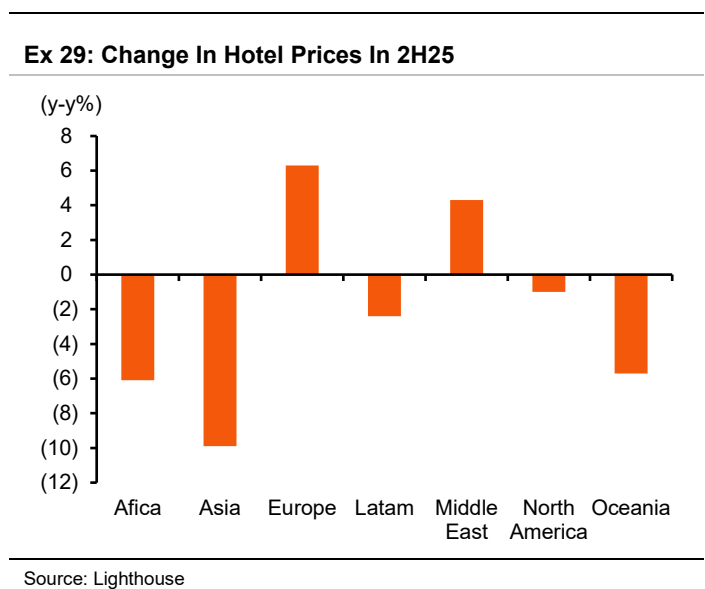
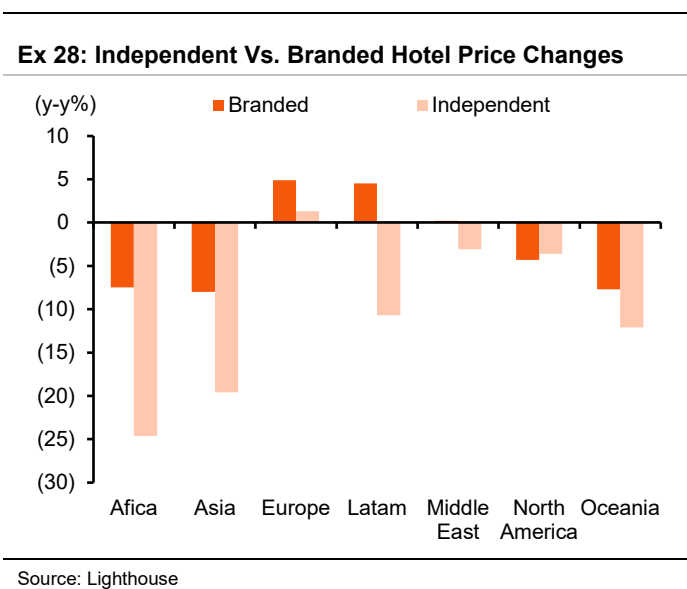
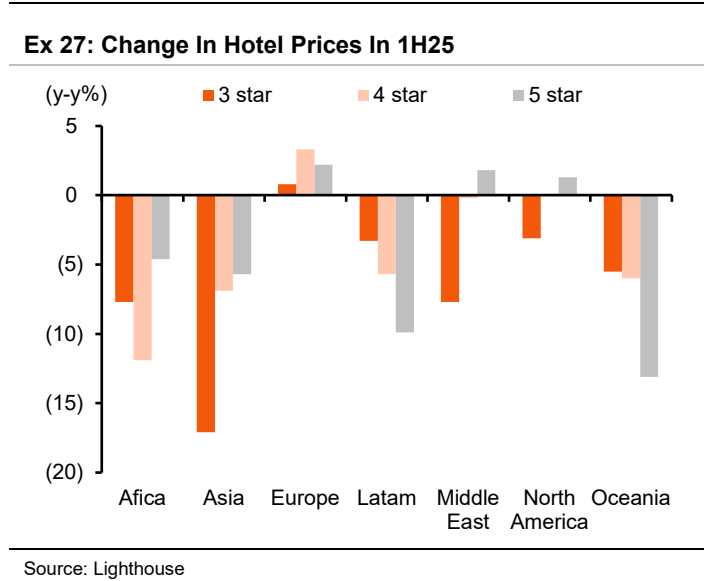
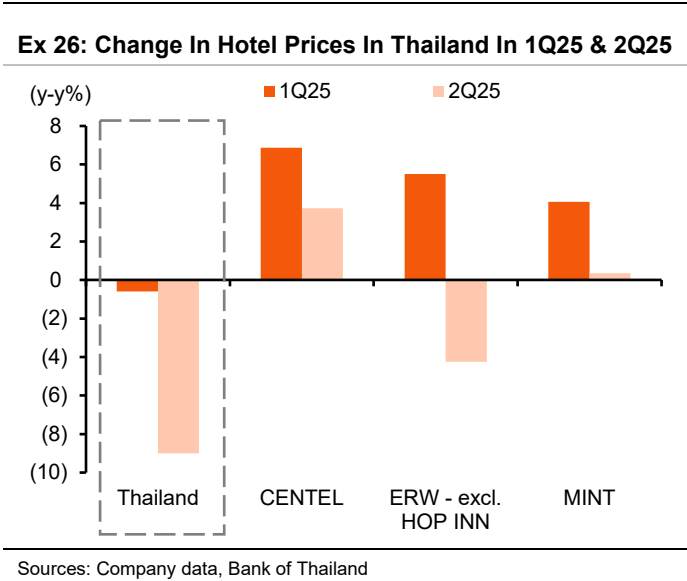
Europe remains a standout region for hotel room rate growth

According to data from Lighthouse, Europe remains a standout region for hotel room rate growth in 2025. Its resilience is driven by its reputation for safety, stability, and cultural richness, which continues to attract strong demand amid global uncertainties. Europe's compact geography offers diverse travel experiences – from Mediterranean beaches to Alpine peaks – supported by a well-connected transportation network.

Japan exhibits a strong pricing performance

Meanwhile, average hotel rates in Asia have generally declined, with the exception of Japan. Japan continues to exhibit strong pricing performance, supported by its safe-haven status, favorable currency dynamics, and increasing international demand.

As a result, MINT, with its strong presence in Europe, and CENTEL and ERW, with hotel operations in Japan, look well-positioned to benefit from these trends.



## 14% three-year EPS CAGR

*Sector's earnings growth resumes a double-digit rate in 2026-28F*

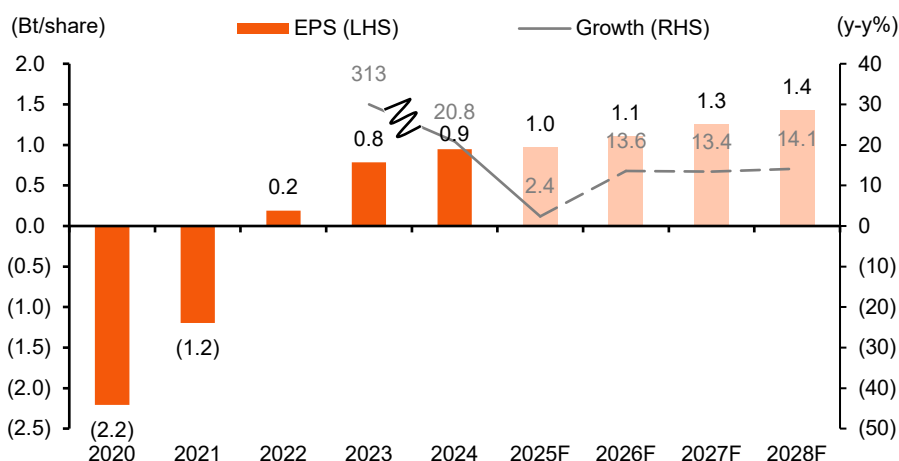
The sector's earnings turned positive in 2022 after posting losses during the COVID crisis in 2020-21. We observed a strong earnings recovery in 2023-24, driven by a robust rebound in international tourists, particularly from China, who are a key driver of international arrivals to Thailand.

However, since February this year, Thailand has experienced a decline in Chinese tourist arrivals due to safety concerns. This has negatively impacted the earnings of Thai hotel operators, and we estimate only 2% EPS growth for the sector in 2025F.

*Key factors to support growth in 2026-28F*

Looking ahead, we estimate the sector's earnings growth will resume at a double-digit rate in 2026-28F, with projected EPS growth of 14/13/14% in 2026-28F, respectively. The key factors supporting this growth are as follows.

**Ex 30: Resumption Of Double-Digit EPS Growth**



Sources: Company data, Thanachart estimates

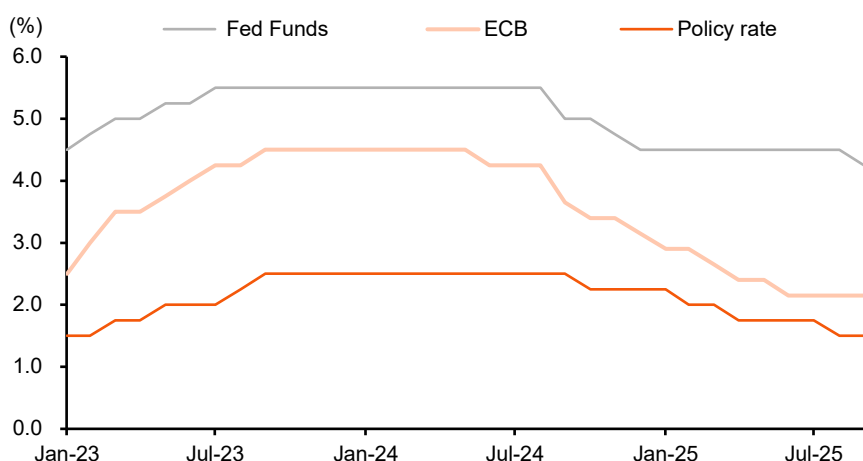
### 1) Declining interest expenses

**First, declining interest expenses:** We estimate the Thai hotel sector's interest expenses reached a peak in 2024 at Bt14bn and should continue to decline to Bt9bn in 2028F. This expectation is driven by two reinforcing trends:

- **Falling interest rates:** Both domestic and global monetary policy cycles are becoming more accommodative, leading to lower borrowing costs across the sector. In Thailand, the Monetary Policy Committee (MPC) of the Bank of Thailand cut the policy interest rate by 0.25% to 2.25% in October 2024. So far this year, the MPC has already cut the rate three times, resulting in a total reduction of 0.75% to 1.5%. Our house view is for the MPC to cut the rate by another 0.25% by the end of this year, bringing it to 1.25%, followed by a further 0.25% cut in February 2026, lowering it to 1.0%.

Meanwhile, the US Federal Funds Rate was cut from 5.5% in December 2023 to 4.5% in December 2024 and to 4.25% in September 2025. The market expects the rate to come down further to 3.75% by the end of this year, with an additional 0.25% cut to 3.5% projected in 2026. Similarly, the European Central Bank (ECB) reduced its key interest rate from 4.5% in December 2023 to 3.15% in December 2024, with a further decline to 2.15% as of now.

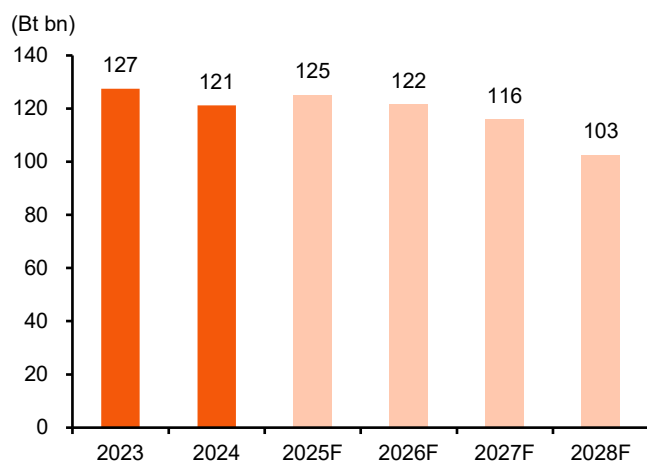
Ex 31: Falling Interest Rate Trend



Source: Trading economies

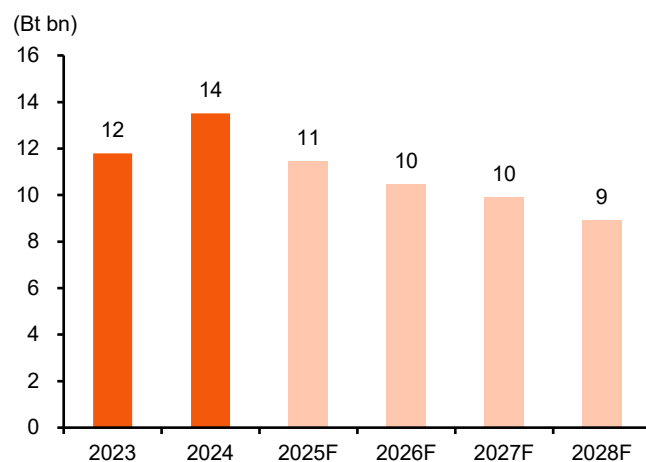
- **Deleveraging:** Despite planning new expansions and renovations, we see the hotel sector's interest-bearing debt continuing to decline from Bt125bn in 2025F to Bt103bn in 2028F, contributing to lower interest expenses even in a stable rate environment. Together, these factors will likely support the expansion of net profit margin and contribute directly to EPS growth.

Ex 32: Interest-Bearing Debt



Sources: Company data, Thanachart estimates

Ex 33: Interest Expenses



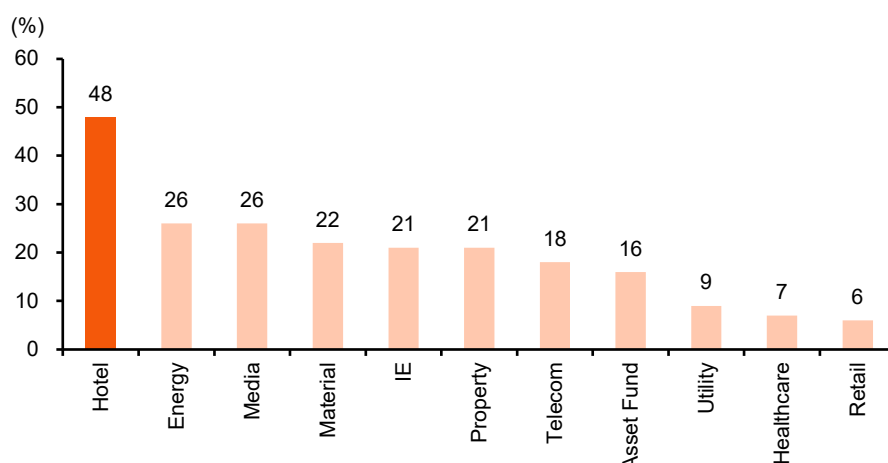
Sources: Company data, Thanachart estimates

**Thai hotel sector leads in gains from falling interest rates**

Based on our analysis, the Thai hotel sector is poised to be the primary beneficiary of the anticipated downtrend in interest rates, outperforming all other sectors under our coverage in terms of positive earnings impact. This stems largely from the sector's relatively high leverage and capital-intensive nature, which makes it particularly sensitive to changes in borrowing costs.

We estimate that approximately 48% of the sector's projected earnings growth for the 2026-28F period will be directly attributable to reduced interest expenses. This improvement will likely stem from hotels refinancing existing debt at lower rates, benefiting from decreased interest payments on floating-rate borrowings, and reducing interest-bearing debt through repayments.

Ex 34: % Of Earnings Growth Contribution From Falling Interest Expenses \*



Source: Thanachart estimates

Note: \* Average in 2026-28F

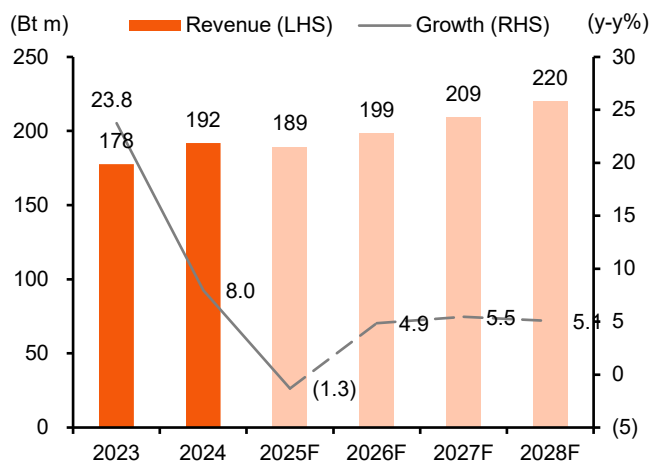
Food and Transportation sectors have negative earnings growth

## 2) Steady revenue growth

**Second, steady revenue growth:** After forecasting a 1% revenue contraction in 2025, driven by a decline in international tourist numbers (impacting occupancy rates) and the appreciation of the baht (leading to translation losses), we project sector revenue to grow at a stable pace of around 5% p.a. in 2026-28F, supported by three key topline drivers:

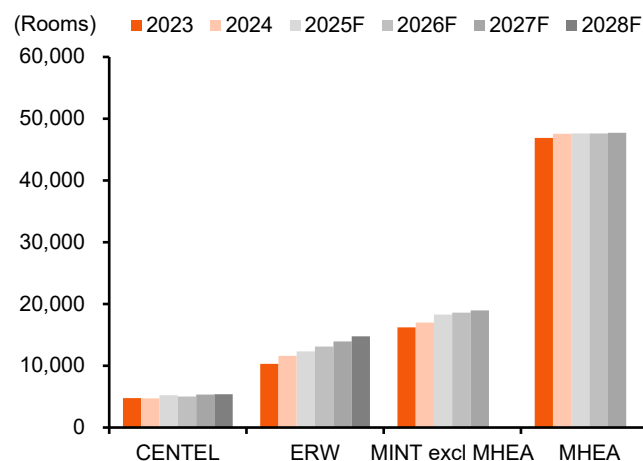
- Hotel network expansion, including new property openings and portfolio upgrades to higher segments, should increase room supply and ARR. We estimate that the total number of rooms across the three hotels under our coverage will expand by 1-2% p.a. during 2026-28F.
- Organic growth in international tourist arrivals to Thailand, following a stabilization in Chinese tourist numbers, should support higher hotel occupancy rates. We estimate that hotel operators' occupancy rates will increase by 2-3% p.a. over 2026-28F.
- Organic improvement in ARR, driven by increased demand, an improved customer mix, and enhanced service offerings. We estimate that hotel operators' ARR will grow by 2-3% p.a. over 2026-28F.

Ex 35: Revenue And Growth



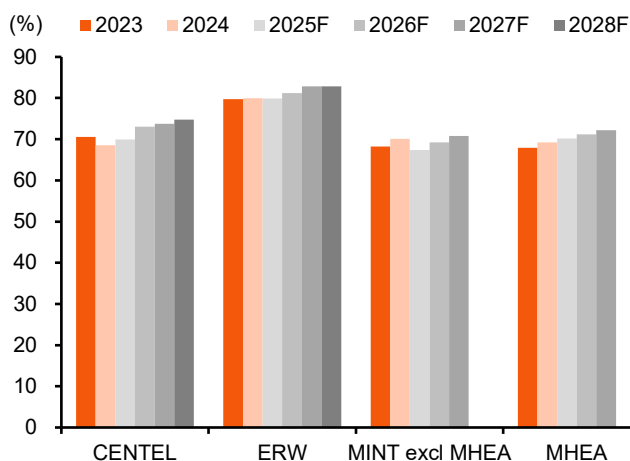
Sources: Company data, Thanachart estimates

Ex 36: Number Of Hotel Rooms



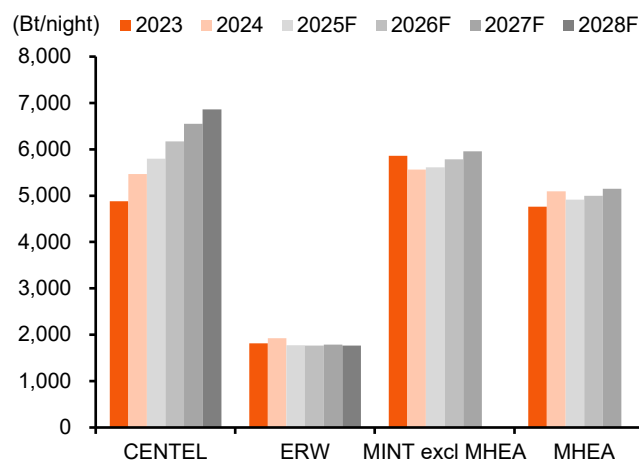
Sources: Company data, Thanachart estimates

Ex 37: Occupancy Rate



Sources: Company data, Thanachart estimates

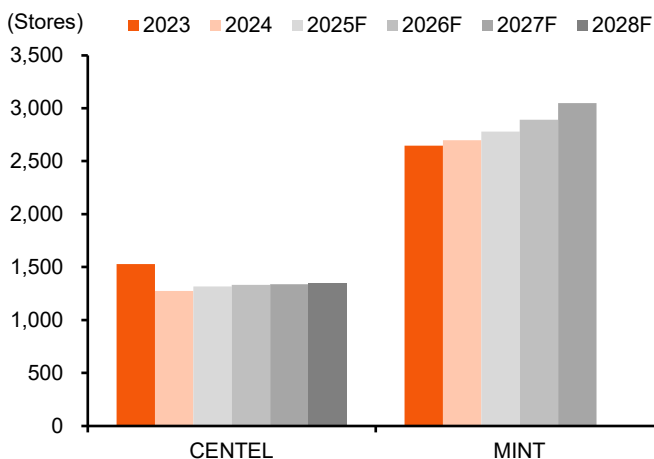
Ex 38: ARR



Sources: Company data, Thanachart estimates

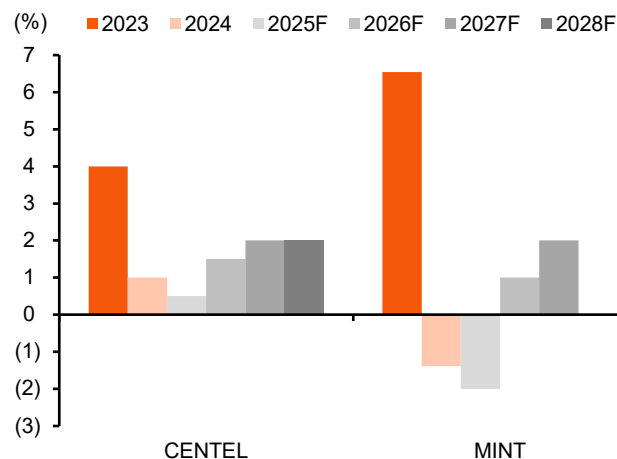
Besides a hotel business improvement, we also expect CENTEL and MINT's food businesses to progress on the back of higher consumption and the improvement in the tourism industry. Note that CENTEL and MINT's revenue contributions from their food businesses stood at 53% and 20%, respectively, in 1H25. We estimate MINT's SSSG to increase by 1/2/2% in 2026-28F vs. -2% in 2025F, with CENTEL's SSSG at 1.5/2/2% in 2026-28F vs. 0.5% in 2025F. Meanwhile, we project MINT and CENTEL's total food outlets to expand by 3-5% and 1-3% in 2025-28F, respectively.

Ex 39: Store Expansions



Sources: Company data, Thanachart estimates

Ex 40: SSSG



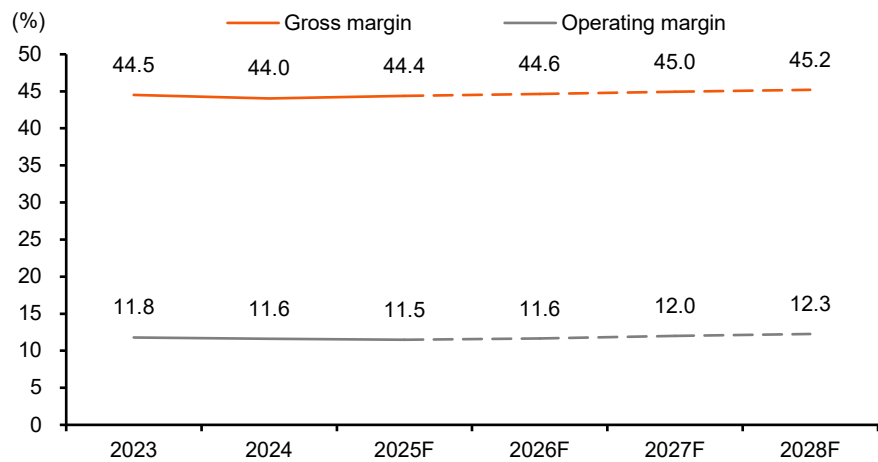
Sources: Company data, Thanachart estimates

3) Gradual margin expansion

**Third, gradual margin expansion:** We project gross margin to rise to 44.6/ 45.0/45.2% in 2026-28F, from 44.4% in 2025F, and operating margin to expand to 11.6/12.0/12.3% in 2026-28F, from 11.5% in 2025F, driven by the following factors.

- Economies of scale as occupancy rates rise and fixed costs are spread over higher revenue volumes.
- Ongoing cost discipline and operational efficiencies, including better energy use, labor optimization, and procurement savings.
- Reduced ramp-up losses from newly opened hotels, which tend to weigh on margins in their early stages but become accretive as occupancy stabilizes.

Ex 41: Gross Margin And Operating Margin



Sources: Company data, Thanachart estimates



## MINT remains our top sector pick

*We maintain our **BUY** calls on all three stocks*

*MINT is our top sector pick, followed by CENTEL and ERW*

We maintain our BUY ratings on all three hotel stocks under our coverage – MINT, CENTEL, and ERW – reflecting the improving outlook for the Thai hotel sector amid the ongoing global recovery and strong domestic travel demand.

### Top pick: MINT – Resilient

We reaffirm MINT as our top pick among the three stocks we cover. While its projected three-year EPS CAGR over 2026-28F is 16%, only slightly below CENTEL's 18%, MINT's valuation remains significantly more attractive, trading at just 15.6x PE and 5.5x EV/EBITDA in 2026F. This suggests a more favorable risk-reward profile for investors, especially considering MINT's well-diversified global portfolio and active cost-optimization efforts. Its ROE is also the highest in the hotel sector, projected at 11.3% in 2026F and rising to 13.3% in 2028F. Furthermore, we expect its financial position to be the strongest in the sector, with its net D/E ratio falling to 0.5x in 2028F from 0.8x in both 2024 and 2025F.

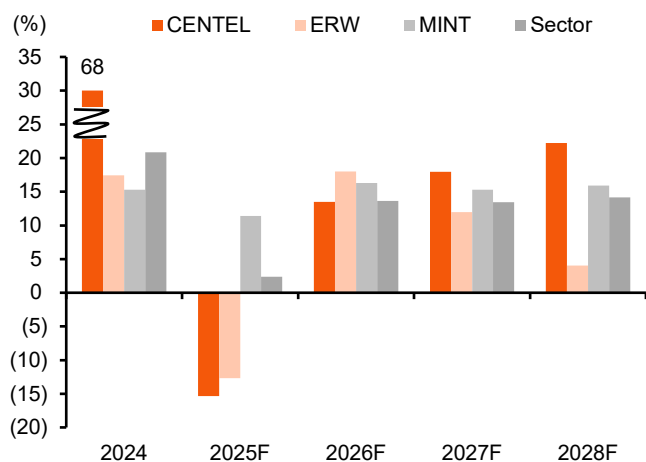
### CENTEL – Recovery in sight

We estimate CENTEL to deliver the highest three-year EPS CAGR of 18% over the 2026-28F period, supported by strong recovery momentum in both its hotel and food businesses. However, much of this growth appears to be already priced in, as the stock trades at 24.3x PE and 10.9x EV/EBITDA in 2026F, the highest valuation among the three stocks we cover. That said, we do not believe CENTEL's valuation is fully stretched. Compared to its hotel peers, we believe CENTEL deserves to trade at a premium, given its simpler business model relative to MINT. Additionally, unlike ERW, CENTEL does not face overhang concerns related to hotel lease contract renewals. In contrast, ERW still faces uncertainty regarding the renewal of the lease for its core asset, the Grand Hyatt Erawan.

### ERW – The worst is likely over

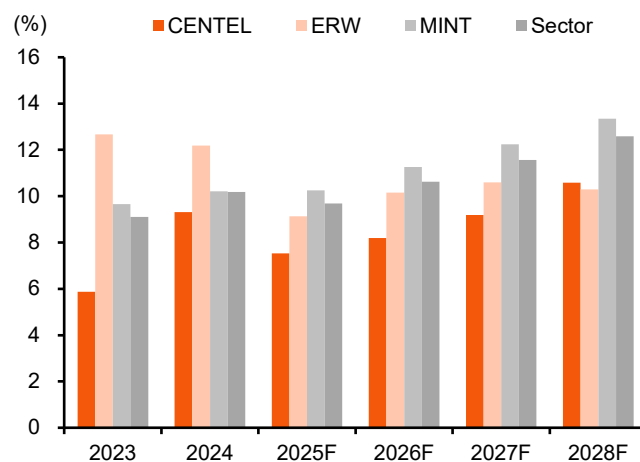
ERW offers the lowest growth profile, with a projected three-year EPS CAGR of 11%. However, its valuation metrics – 14.3x PE and 8.4x EV/EBITDA in 2026F – remain attractive, especially when compared to the 18/12% EPS growth expected in 2026–27F, driven by operational improvements and hotel expansion. ERW's strategic focus on the higher-return, non-luxury segment supports portfolio diversification without overburdening its balance sheet, as we project its net D/E to decline from 1.0x in 2024 to 0.7x by 2028F.

Ex 42: EPS Growth Comparison



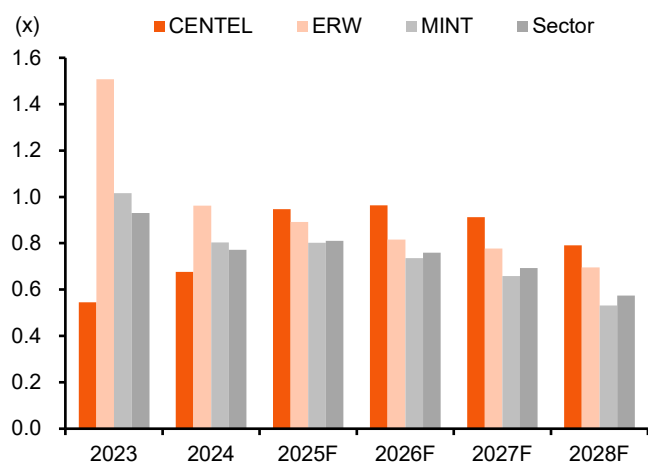
Sources: Company data, Thanachart estimates

Ex 43: ROE Comparison



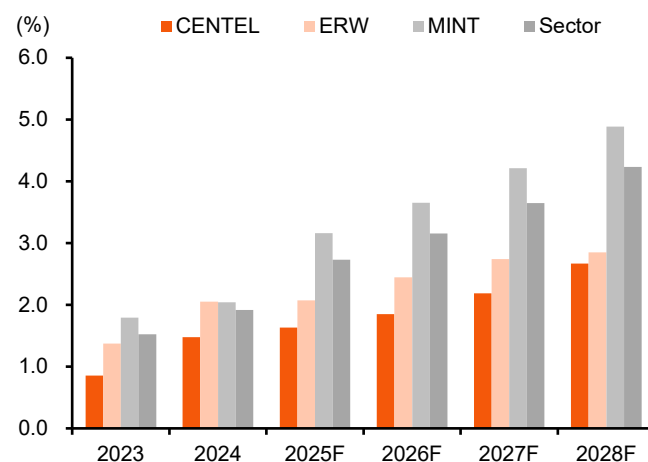
Sources: Company data, Thanachart estimates

Ex 44: Net Debt-To-Equity Ratios



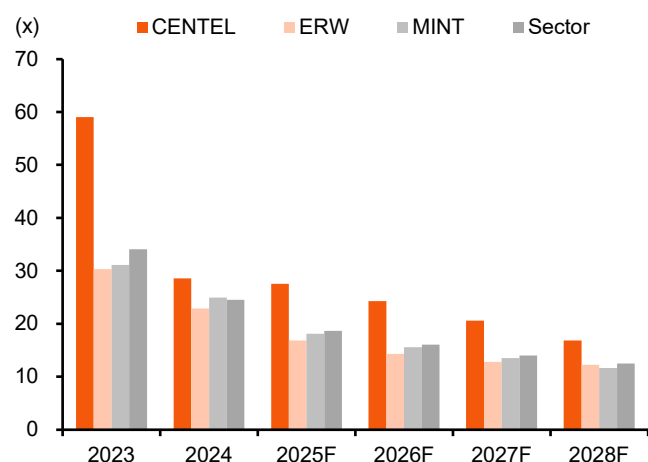
Sources: Company data, Thanachart estimates

Ex 45: Dividend Yields



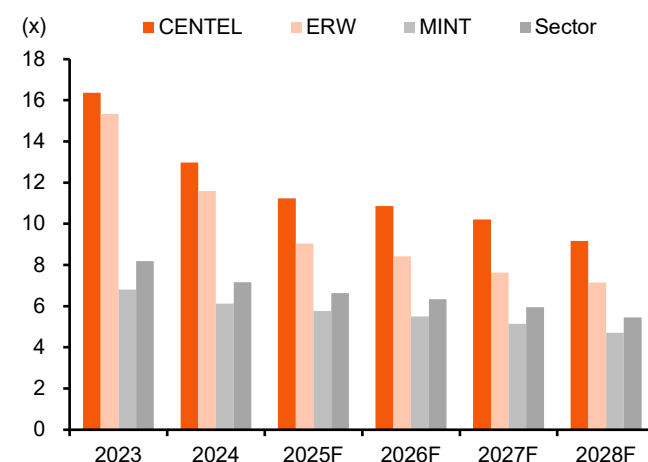
Sources: Company data, Thanachart estimates

Ex 46: PE Comparison



Sources: Company data, Thanachart estimates

Ex 47: EV/EBITDA Comparison



Sources: Company data, Thanachart estimates

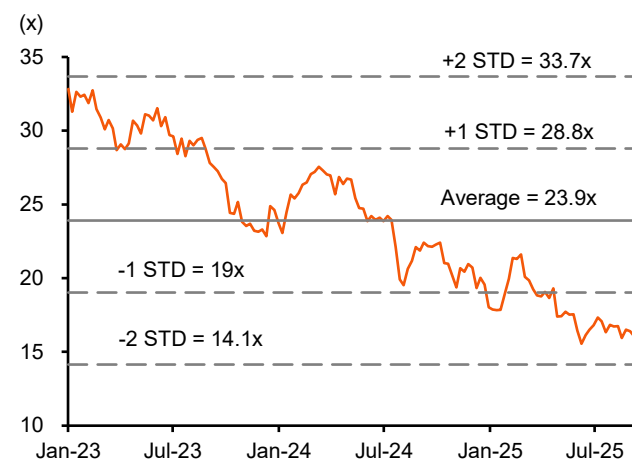
Ex 48: MINT (Market cap: US\$4,239m; TP: Bt37.0; BUY)

Y/E Dec (Bt m)	2024A	2025F	2026F	2027F
Sales	160,976	157,523	164,768	173,255
Net profit	7,750	9,188	10,358	11,683
Norm profit	8,390	9,146	10,358	11,683
Norm EPS (Bt)	1.2	1.3	1.5	1.8
Norm EPS growth (%)	15.3	11.4	16.3	15.3
Norm PE (x)	20.2	18.1	15.6	13.5
EV/EBITDA (x)	5.3	5.8	5.5	5.1
P/BV (x)	1.5	1.5	1.4	1.4
Div yield (%)	2.5	3.2	3.7	4.2
ROE (%)	10.2	10.3	11.3	12.2
Net D/E (%)	80.3	80.2	73.6	65.9

Sources: Company data, Bloomberg, Thanachart estimates

Note: Based on -- 19 September 2025 closing prices

Ex 49: MINT – PE Band



Sources: Bloomberg, Thanachart estimates

**Ex 50: CENTEL (Market cap: US\$1,378m; TP: Bt38.0; BUY)**

Y/E Dec (Bt m)	2024A	2025F	2026F	2027F
Sales	23,049	24,111	25,588	27,170
Net profit	1,753	1,592	1,807	2,131
Norm profit	1,881	1,592	1,807	2,131
Norm EPS (Bt)	1.4	1.2	1.3	1.6
Norm EPS growth (%)	67.9	(15.3)	13.5	17.9
Norm PE (x)	23.3	27.6	24.3	20.6
EV/EBITDA (x)	11.1	11.2	10.9	10.2
P/BV (x)	2.1	2.0	1.9	1.8
Div yield (%)	1.8	1.6	1.9	2.2
ROE (%)	9.3	7.5	8.2	9.2
Net D/E (%)	67.6	94.7	96.3	91.2

Sources: Company data, Bloomberg, Thanachart estimates

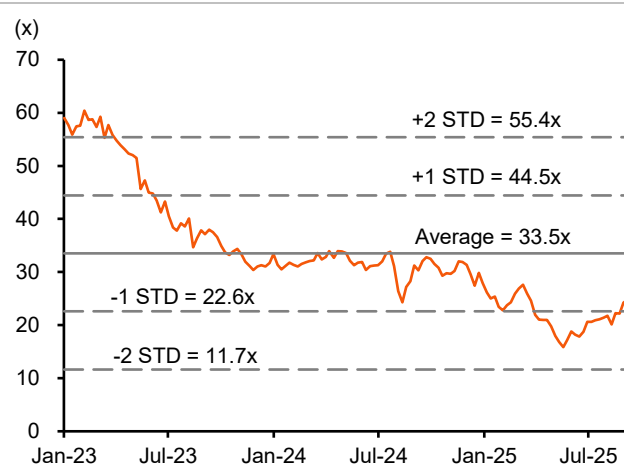
Note: Based on -- 19 September 2025 closing prices

**Ex 52: ERW (Market cap: US\$433m; TP: Bt3.6; BUY)**

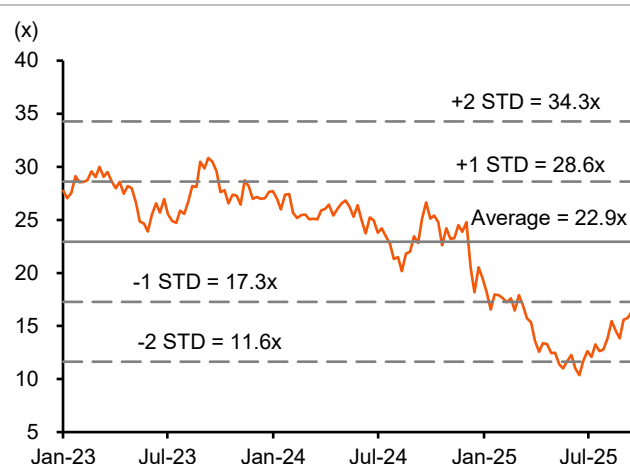
Y/E Dec (Bt m)	2024A	2025F	2026F	2027F
Sales	7,872	7,766	8,260	9,053
Net profit	1,281	817	963	1,079
Norm profit	917	817	963	1,079
Norm EPS (Bt)	0.2	0.2	0.2	0.2
Norm EPS growth (%)	17.4	(12.7)	18.0	12.0
Norm PE (x)	14.7	16.9	14.3	12.8
EV/EBITDA (x)	8.7	9.0	8.4	7.6
P/BV (x)	1.6	1.5	1.4	1.3
Div yield (%)	3.2	2.1	2.4	2.7
ROE (%)	12.2	9.1	10.2	10.6
Net D/E (%)	96.3	89.2	81.6	77.7

Sources: Company data, Bloomberg, Thanachart estimates

Note: Based on -- 19 September 2025 closing prices

**Ex 51: CENTEL – PE Band**

Sources: Bloomberg, Thanachart estimates

**Ex 53: ERW – PE Band**

Sources: Bloomberg, Thanachart estimates

## Risks

The key downside risks to our OVERWEIGHT sector call are as follows:

- 1) If travel demand among Thai and international tourists resumes at a weaker rate than our expectation presently, this would cause lower numbers of Thai and international tourist arrivals.
- 2) If competition in the global and Thai tourism sector is above our current expectations, this would lead to negative impacts regarding the ability to raise average room rates.
- 3) If consumption in Thailand and overseas markets, mainly in Australia, China, and Singapore, is weaker than our expectations presently, this would cause lower SSSG in the food business in those countries.
- 4) If competition in quick-service restaurants (QSR) in Thailand and overseas markets is above our current expectations, this would lead to downside risks to our SSSG assumptions.
- 5) If there is less investment in new greenfield/brownfield hotels or food projects than our current expectations, this would pose downside risks to our earnings forecasts.

## Ex 54: Sector Valuation Comparison

		CENTEL	ERW	MINT	Sector
Rating		BUY	BUY	BUY	Overweight
Target price	Thanachart	38.00	3.60	37.00	
	Consensus	34.34	3.26	34.55	
Consensus rec.	Buy	17.0	20.0	23.0	
	Hold	6.0	4.0	4.0	
	Sell	0.0	0.0	0.0	
Market cap. (US\$ m)		1,378	433	4,239	
Sales (Bt m)	2024A	23,049	7,872	160,976	191,897
	2025F	24,111	7,766	157,523	189,400
	2026F	25,588	8,260	164,768	198,617
	2027F	27,170	9,053	173,255	209,478
Norm profits (Bt m)	2024A	1,881	917	8,390	11,188
	2025F	1,592	817	9,146	11,555
	2026F	1,807	963	10,358	13,129
	2027F	2,131	1,079	11,683	14,893
Sales growth (%)	2024A	6.9	12.7	7.9	8.0
	2025F	4.6	(1.3)	(2.1)	(1.3)
	2026F	6.1	6.4	4.6	4.9
	2027F	6.2	9.6	5.2	5.5
Norm EPS growth (%)	2024A	67.9	17.4	15.3	20.8
	2025F	(15.3)	(12.7)	11.4	2.4
	2026F	13.5	18.0	16.3	13.6
	2027F	17.9	12.0	15.3	13.4
Gross margin (%)	2024A	41.8	58.4	43.7	44.0
	2025F	42.9	57.7	44.0	44.4
	2026F	43.3	57.9	44.2	44.6
	2027F	44.0	58.0	44.4	45.0
SG&A/Sales (%)	2024A	33.3	38.0	32.0	32.4
	2025F	35.3	38.5	32.3	32.9
	2026F	35.1	38.9	32.4	33.0
	2027F	34.9	37.9	32.4	32.9
Norm profit margin (%)	2024A	8.2	11.6	5.2	5.8
	2025F	6.6	10.5	5.8	6.1
	2026F	7.1	11.7	6.3	6.6
	2027F	7.8	11.9	6.7	7.1
ROE (%)	2024A	9.3	12.2	10.2	10.2
	2025F	7.5	9.1	10.3	9.7
	2026F	8.2	10.2	11.3	10.6
	2027F	9.2	10.6	12.2	11.6
Norm PE (x)	2024A	23.3	14.7	20.2	24.5
	2025F	27.6	16.9	18.1	18.7
	2026F	24.3	14.3	15.6	16.1
	2027F	20.6	12.8	13.5	14.0
Dividend yield (%)	2024A	1.8	3.2	2.5	1.9
	2025F	1.6	2.1	3.2	2.7
	2026F	1.9	2.4	3.7	3.2
	2027F	2.2	2.7	4.2	3.6
Net D/E (x)	2024A	0.7	1.0	0.8	0.8
	2025F	0.9	0.9	0.8	0.8
	2026F	1.0	0.8	0.7	0.8
	2027F	0.9	0.8	0.7	0.7

Source: Companies, Thanachart estimates

Note: Based on 19 September 2025 closing prices

## Valuation Comparison

### Ex 55: Valuation Comparison With Regional Peers

Name	BBG code	Country	EPS growth		— PE —		— P/BV —		EV/EBITDA		— Div yield—	
			25F (%)	26F (%)	25F (x)	26F (x)	25F (x)	26F (x)	25F (x)	26F (x)	25F (%)	26F (%)
Accor SA	AC FP	France	(13.8)	20.9	19.5	16.1	2.1	2.2	11.5	10.6	3.2	3.6
Indian Hotels	IH IN	India	(11.3)	21.8	65.2	53.6	10.0	8.6	39.8	32.6	0.3	0.3
Resorttrust	4681 JP	Japan	(7.5)	9.2	20.7	18.9	2.7	2.5	10.8	10.0	1.6	1.8
Hotel Shilla	008770 KS	S. Korea	na	na	118.5	26.4	1.7	1.6	17.1	12.0	0.3	0.4
Minor Hotels Europe & Americas	NHH SM	Spain	(34.2)	0.0	20.3	20.3	2.3	2.1	7.5	7.3	0.0	na
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	(5.3)	16.3	107.0	92.0	3.1	3.1	15.7	14.9	0.5	0.5
InterContinental Hotels	IHG US	US	35.3	12.6	22.4	19.9	na	na	16.2	14.9	1.7	1.9
Marriott International	MAR US	US	20.7	11.9	26.2	23.4	na	na	16.2	15.2	1.0	1.1
Hilton Worldwide Holdings	HLT US	US	29.4	12.5	33.2	29.5	na	na	19.9	18.5	0.2	0.2
Asset World Corp	AWC TB	Thailand	(59.5)	27.0	32.4	25.5	0.8	0.8	24.1	20.3	1.9	1.9
Central Plaza Hotel *	CENTEL TB	Thailand	(15.3)	13.5	27.6	24.3	2.0	1.9	11.2	10.9	1.6	1.9
Erawan Group *	ERW TB	Thailand	(12.7)	18.0	16.9	14.3	1.5	1.4	9.0	8.4	2.1	2.4
Minor International *	MINT TB	Thailand	11.4	16.3	18.1	15.6	1.5	1.4	5.8	5.5	3.2	3.7
<b>Average</b>			<b>(5.2)</b>	<b>15.0</b>	<b>40.6</b>	<b>29.2</b>	<b>2.8</b>	<b>2.6</b>	<b>15.8</b>	<b>13.9</b>	<b>1.4</b>	<b>1.6</b>

Sources: Company data, Thanachart estimates

Note: \* Thanachart estimates, using normalized EPS

Based on 19 September 2025 closing prices

## STOCK PERFORMANCE

	Absolute (%)				Rel SET (%)			
	1M	3M	12M	YTD	1M	3M	12M	YTD
SET Index	4.6	21.0	(11.1)	(7.7)	—	—	—	—
HOTEL	6.3	19.6	(18.6)	(9.2)	1.7	(1.3)	(7.5)	(1.5)
CENTEL	16.1	51.2	(18.8)	(5.8)	11.5	30.2	(7.6)	1.9
ERW	8.5	54.9	(35.3)	(26.2)	3.9	34.0	(24.2)	(18.5)
MINT	(1.2)	6.7	(17.9)	(8.5)	(5.9)	(14.2)	(6.8)	(0.8)

Source: Bloomberg

## SECTOR - SWOT ANALYSIS

**S — Strength**

- Thailand being a value-for-money tourist destination
- Geographical center of Southeast Asia
- Good infrastructure and public transport
- High service quality and standards

**O — Opportunity**

- The growing ASEAN Economic Community market
- High travelling demand during normal situations
- Weakening baht
- Pick-up in global economic performance

**W — Weakness**

- Seasonal impacts
- Thailand's upscale hotel oversupply
- High investment requirements

**T — Threat**

- Natural disasters and disease outbreaks
- Political turmoil
- Rising cost of labor and skilled-labor shortages
- Baht appreciation

## REGIONAL COMPARISON

Market/Company	EPS growth		— PE —		— P/BV —		— EV/EBITDA —		— Div. Yield —	
	25F	26F	25F	26F	25F	26F	25F	26F	25F	26F
France	(13.8)	20.9	19.5	16.1	2.1	2.2	11.5	10.6	3.2	3.6
India	(11.3)	21.8	65.2	53.6	10.0	8.6	39.8	32.6	0.3	0.3
Japan	(7.5)	9.2	20.7	18.9	2.7	2.5	10.8	10.0	1.6	1.8
S. Korea	na	na	118.5	26.4	1.7	1.6	17.1	12.0	0.3	0.4
Spain	(34.2)	0.0	20.3	20.3	2.3	2.1	7.5	7.3	0.0	na
Hong Kong	(5.3)	16.3	107.0	92.0	3.1	3.1	15.7	14.9	0.5	0.5
US	28.5	12.3	27.2	24.3	na	na	17.4	16.2	1.0	1.1
Thailand	(5.5)	15.9	20.9	18.1	1.7	1.6	8.7	8.3	2.3	2.7
<b>Average</b>	<b>(5.2)</b>	<b>15.0</b>	<b>40.6</b>	<b>29.2</b>	<b>2.8</b>	<b>2.6</b>	<b>15.8</b>	<b>13.9</b>	<b>1.4</b>	<b>1.6</b>
CENTEL TB	(15.3)	13.5	27.6	24.3	2.0	1.9	11.2	10.9	1.6	1.9
ERW TB	(12.7)	18.0	16.9	14.3	1.5	1.4	9.0	8.4	2.1	2.4
MINT TB	11.4	16.3	18.1	15.6	1.5	1.4	5.8	5.5	3.2	3.7
<b>Average *- Thailand</b>	<b>(5.5)</b>	<b>15.9</b>	<b>20.9</b>	<b>18.1</b>	<b>1.7</b>	<b>1.6</b>	<b>8.7</b>	<b>8.3</b>	<b>2.3</b>	<b>2.7</b>

Sources: Bloomberg Consensus

Note: \* Thanachart estimate – using normalized EPS

**BUY** (Unchanged)  
Change in Numbers

**TP: Bt 38.00**  
Upside : 16.9%

(From: Bt 35.00)

**22 SEPTEMBER 2025**

# Central Plaza Hotel Pcl (CENTEL TB)

## Recovery in sight

We believe 2Q25 results marked the bottom for CENTEL and see its turnaround starting from 3Q25F. We estimate an 18% EPS CAGR for its new earnings growth cycle over 2026-28F with growth from both its hotel and food businesses. Reaffirm BUY with a new TP of Bt38.0.



**SIRIPORN ARUNOTHAI**  
662-779-9119  
siriporn.aru@thanachartsec.co.th

### 2Q25 likely marked the bottom; BUY

The report is part of Hotel Sector – **Growth resumption**, dated 22 September 2025. We reaffirm our BUY rating on CENTEL. **First**, we see 2Q25 as the bottom, with a recovery likely from 3Q25F as losses from its new Maldives hotels ease. **Second**, we estimate EPS growth at an 18% CAGR over 2026-28F, driven by both its hotel and food segments. **Third**, we believe CENTEL still deserves a valuation premium over Minor International (MINT TB, Bt23.80, BUY) due to its simpler business model, with 87% of 1H25 revenue from domestic operations. In this report, we raise our 2028-36F earnings by 2–6%, factoring in hotel expansion and the elimination of losses from a 5-star Maldives project, which is scheduled to be closed by late 2027. Our DCF-based 12-month TP (2026F base year) is raised to Bt38.0 from Bt35.0.

### Peaked losses from the Maldives

In 1H25, CENTEL's 4-star Centara Mirage Lagoon Maldives (opened in November 2024) and 5-star Centara Grand Lagoon Maldives (opened in April 2025) reported an average occupancy rate (OR) of 20%. Its other two existing hotels in the Maldives also had a low OR of 64% in 1H25 due to market oversupply, airport expansion delays, and a Chinese tourism slowdown. CENTEL's Maldives hotels incurred combined losses of Bt230m in 1H25. Management believes 2Q25 marked the bottom of operations, and it has started to see an improvement from 3Q25.

### Thai and Japanese hotels doing well

The hotel business in Thailand and Japan contributed 40% of its total 1H25 revenue. Although Thai hotels were hit by a slowdown in Chinese tourists, the reopening of two renovated hotels in Pattaya and Phuket helped offset the weakness. The OR in Thailand stayed flat y-y at 72%, while the average room rate (ARR) rose 6% y-y, driving a 7% y-y RevPAR increase. In Japan, OR was flat y-y at 77%, while ARR grew 18% y-y, resulting in a 17% y-y increase in RevPAR. We estimate RevPAR growth in Thailand of 5/2/6/11% over 2025-28F, with slower growth in 2026F due to renovations in Hua Hin and Krabi. In Japan, we project RevPAR growth of 20/2/2/2% over the same period.

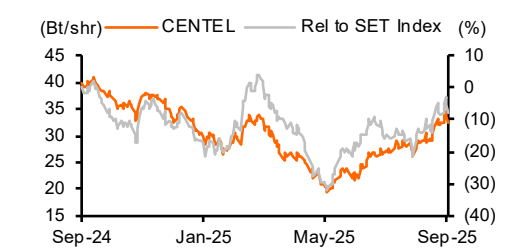
### Strong food business operations

The food business contributed 53% of 1H25 revenue. Despite a 1% y-y drop in same-store sales growth (SSSG) for company-owned brands, food business earnings grew 35% y-y. That was due to better margins given lower food, utility, and rent costs. There were also closures of weak-performing outlets. Within its food business, CENTEL holds a 51% stake in The Food Selection Group (FSG), a JV that operates several restaurant brands, including Shinkanzen. FSG is doing well, and we project its profit contribution (Bt127m in 2024) to grow by 18% p.a. in 2025-27F.

### COMPANY VALUATION

Y/E Dec (Bt m)	2024A	2025F	2026F	2027F
Sales	23,049	24,111	25,588	27,170
Net profit	1,753	1,592	1,807	2,131
Consensus NP	—	1,674	1,912	2,304
Diff frm cons (%)	—	(4.9)	(5.5)	(7.5)
Norm profit	1,881	1,592	1,807	2,131
Prev. Norm profit	—	1,592	1,807	2,130
Chg frm prev (%)	—	0.0	0.0	0.1
Norm EPS (Bt)	1.4	1.2	1.3	1.6
Norm EPS grw (%)	67.9	(15.3)	13.5	17.9
Norm PE (x)	23.3	27.6	24.3	20.6
EV/EBITDA (x)	11.1	11.2	10.9	10.2
P/BV (x)	2.1	2.0	1.9	1.8
Div yield (%)	1.8	1.6	1.9	2.2
ROE (%)	9.3	7.5	8.2	9.2
Net D/E (%)	67.6	94.7	96.3	91.2

### PRICE PERFORMANCE



### COMPANY INFORMATION

Price as of 19-Sep-25 (Bt)	32.50
Market Cap (US\$ m)	1,378.3
Listed Shares (m shares)	1,350.0
Free Float (%)	72.0
Avg Daily Turnover (US\$ m)	3.7
12M Price H/L (Bt)	41.00/19.50
Sector	Tourism
Major Shareholder	Chirathivat family 62%

Sources: Bloomberg, Company data, Thanachart estimates



## Details of our earnings hikes

**We are raising our earnings by 2-6% in 2028-36F to reflect its expansion plans**

We have raised our earnings estimates for Central Plaza Hotel Pcl (CENTEL TB) by 2-6% for 2028-36F to reflect our key assumption changes, as shown in Exhibit 1. The main reasons supporting these revised assumptions are as follows:

**First**, given that CENTEL's management plans to close its 5-star Machchafushi Island Resort & Spa Maldives due to continued losses and the upcoming expiry of the lease contract in October 2027, we have excluded this hotel from CENTEL's portfolio starting from November 2027. The property comprises a total of 112 rooms.

**Second**, with strong tourist flows at CENTEL's luxury Centara Reserve Samui, the company plans to expand the hotel by adding 50 rooms to the current 184-room inventory. Construction is scheduled for 2026–27, with operations targeted to begin in 2028.

**Third**, CENTEL also plans to expand the number of rooms at the 4-star Centara Mirage Beach Resort Dubai in the UAE by 100–150 rooms, up from the current 607 rooms. The new rooms are scheduled to open between 2028 and 2029. CENTEL holds a 40% stake in the property and recognizes its earnings contribution through equity income.

### Ex 1: Changes In Our Key Assumptions And Earnings Revisions

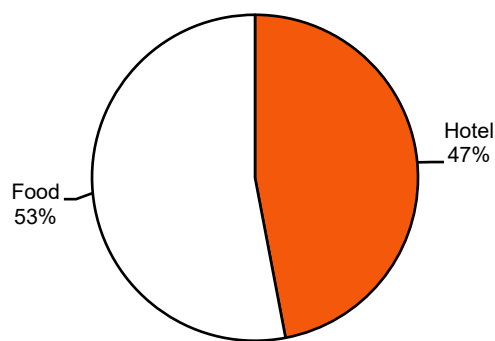
	2023	2024	2025F	2026F	2027F	2028F
<b># of rooms (owned &amp; leased)</b>						
- New	4,745	4,686	5,209	5,004	5,330	5,362
- Old			5,209	5,004	5,349	5,424
- Change (%)			—	—	(0.3)	(1.1)
<b>Occupancy rate (%)</b>						
- New	70.5	68.5	69.9	73.0	73.7	74.8
- Old			69.9	73.0	73.7	75.1
- Change (ppt)			—	—	0.0	(0.3)
<b>ARR (Bt/room/night)</b>						
- New	4,877	5,465	5,797	6,170	6,550	6,863
- Old			5,797	6,170	6,573	7,001
- Change (%)			—	—	(0.4)	(2.0)
<b>Hotel business' gross margin (%)</b>						
- New	34.4	37.2	39.3	40.3	41.6	42.8
- Old			39.3	40.3	41.5	42.1
- Change (ppt)			—	—	0.1	0.7
<b># food stores (owned + JVs)</b>						
- New	1,529	1,275	1,316	1,332	1,339	1,346
- Old			1,316	1,332	1,339	1,346
- Change (%)			—	—	—	—
<b>% SSSG</b>						
- New	4.0	1.0	0.5	1.5	2.0	2.0
- Old			0.5	1.5	2.0	2.0
- Change (ppt)			—	—	—	—

Sources: Company data, Thanachart estimates

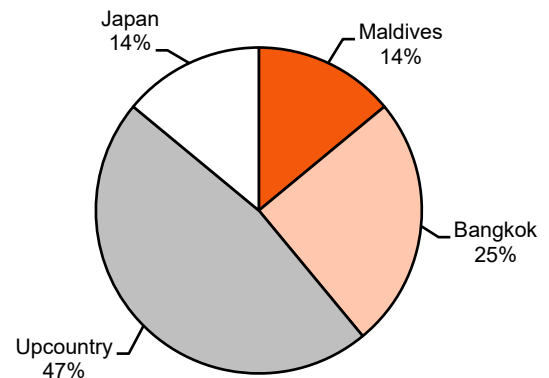
**Ex 1: Changes In Our Key Assumptions And Earnings Revisions (Con't)**

	2023	2024	2025F	2026F	2027F	2028F
<b>Food business' gross margin (%)</b>						
- New	45.8	45.3	45.9	46.1	46.3	46.4
- Old			45.9	46.1	46.3	46.4
- Change (ppt)			—	—	—	—
<b>Equity income (Bt m)</b>						
- New	(62)	136	289	339	376	419
- Old			289	339	376	408
- Change (%)			—	—	—	2.7
<b>Normalized profit (Bt m)</b>						
- New	1,120	1,881	1,592	1,807	2,131	2,605
- Old			1,592	1,807	2,130	2,546
- Change (%)			—	—	0.1	2.3

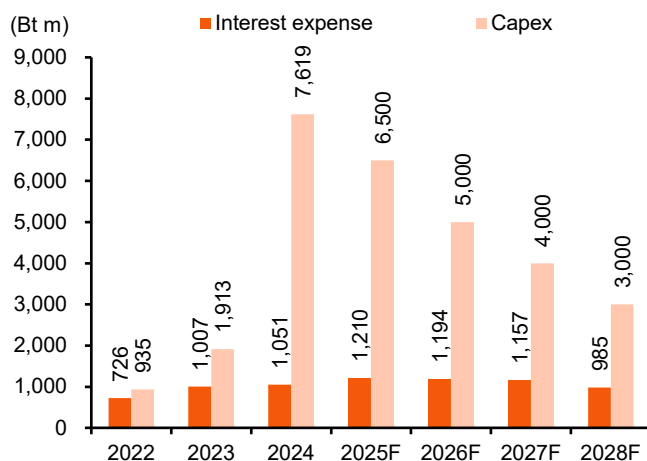
Sources: Company data, Thanachart estimates

**Ex 2: Revenue Breakdown By Business In 1H25**

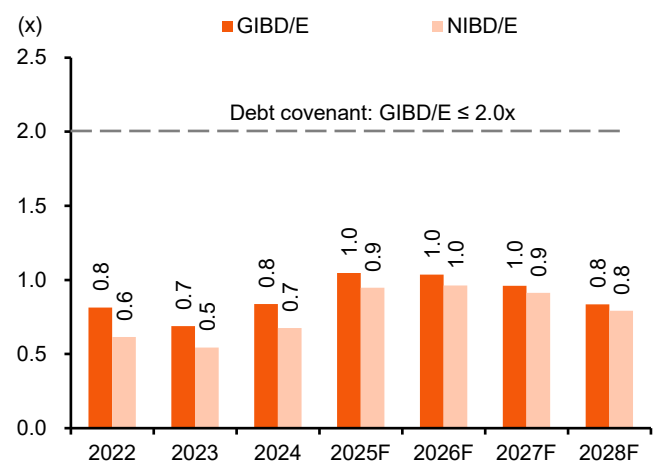
Source: Company data

**Ex 3: Hotel Revenue Breakdown By Location In 1H25**

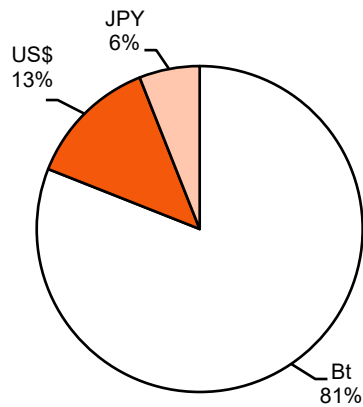
Source: Company data

**Ex 4: EBITDA And Capex**

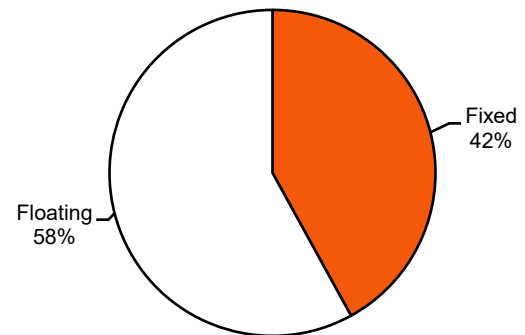
Sources: Company data, Thanachart estimates

**Ex 5: Gross And Net Interest-Bearing Debt To Equity**

Sources: Company data, Thanachart estimates

**Ex 6: Debt Breakdown By Currency At End 2Q25**

Source: Company data

**Ex 7: Debt Breakdown By Interest Rate At End 2Q25**

Source: Company data

**Ex 8: 12-month DCF-based TP Calculation Using A Base Year of 2026F**

(Bt m)	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F	2036F	Terminal Value
EBITDA excl. depre from right of use	4,575	5,102	5,792	6,246	6,640	7,020	7,367	7,720	8,082	8,450	8,846	—
Free cash flow	(41)	1,534	3,307	3,876	4,527	4,963	5,346	5,680	6,020	6,367	5,740	101,021
PV of free cash flow	(41)	1,320	2,640	2,871	3,110	3,163	3,160	3,115	3,063	3,005	2,513	44,219
Risk-free rate (%)	2.5											
Market risk premium (%)	8.0											
Beta	1.0											
WACC (%)	7.8											
Terminal growth (%)	2.0											
Enterprise value - add investments	72,138											
Net debt (2025F)	20,586											
Minority interest	182											
Equity value	51,370											
# of shares (m)	1,350											
<b>Target price/share (Bt)</b>	<b>38.00</b>											

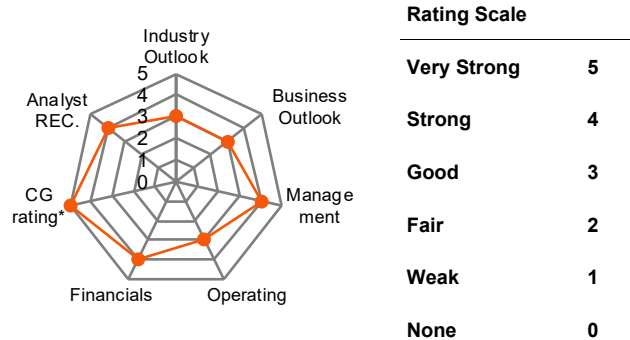
Sources: Company data, Thanachart estimates

## 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



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.

**W — Weakness**

- Heavy exposure to Thailand's tourism industry.
- 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)	34.34	38.00	11%
Net profit 25F (Bt m)	1,674	1,592	-5%
Net profit 26F (Bt m)	1,912	1,807	-5%
Consensus REC	BUY: 17	HOLD: 6	SELL: 0

## HOW ARE WE DIFFERENT FROM THE STREET?

- Our 2025-26F earnings estimates are below the Street's, which we believe reflects our more conservative view on the performance of CENTEL's Maldives hotel operations. However, our DCF-based TP is higher, likely driven by our more bullish outlook on CENTEL's long-term growth trajectory and the rollover of our base year to 2026F.

Sources: Bloomberg consensus, Thanachart estimates

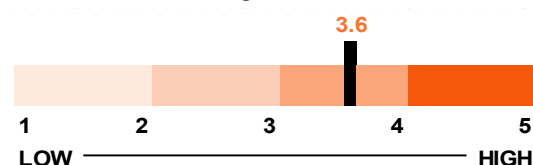
## RISKS TO OUR INVESTMENT CASE

- 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 another 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 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. Our ESG score of 3.6 is relatively high and above the sector average of 3.4. We assign the highest score for S, followed by E and G.

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	AAA	-	A	69.96	69.63	67.00	-	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)

Note: Please see third party on "terms of use" in the following back page.

## Factors

## Our Comments

## ENVIRONMENT

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

- We assign an E score of 3.6, above its peers' average of 3.5, due to its clear plan for managing environmental issues. CENTEL also has a clear target to achieve net-zero emissions by 2050.
- 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.
- 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 at 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

- We assign an S score of 3.9 to CENTEL, which is higher than its E and G scores.
- CENTEL has many hotel and food services brands to serve various customer segments. Its signature "Centara" hotel brand is strong with a good track record of operations.
- CENTEL adheres to laws and regulations on health and workplace safety for staff and customers. It undergoes regular reviews and assessments to ensure safety and health aspects, i.e., workplace accidents and illnesses resulting from improper work procedures.
- It has the "Training Needs Analysis Metric" to analyze training needs. A personnel training and development roadmap is prepared for employees at all levels.
- It supports 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

- We assign a G score of 3.4 vs. the sector average of 3.3.
- CENTEL does not have an ideal board structure, with a board chairman who is not independent. Also, only four of the 12 directors are independent (below the ideal ratio of 2/3). Four of the directors are female.
- CENTEL has all key committees, i.e., remuneration, audit, and risk management. It emphasizes risk management for stable operations and sustainable growth.
- CENTEL applies digital solutions in its hotel business to enhance service efficiency and adopts new technology in its food business, such as delivery robots and an e-coupon system.
- CENTEL has a high level of business sustainability via its strong brands that are also being leveraged for expansion into high-growth markets such as Dubai and Japan, and its hotel management business both in Thailand and abroad.

Sources: Thanachart, Company data

## INCOME STATEMENT

2025F earnings mainly hit  
by losses from new  
hotels in the Maldives

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Sales	21,558	23,049	24,111	25,588	27,170
Cost of sales	12,883	13,424	13,769	14,502	15,224
<b>Gross profit</b>	<b>8,675</b>	<b>9,624</b>	<b>10,342</b>	<b>11,086</b>	<b>11,946</b>
% gross margin	40.2%	41.8%	42.9%	43.3%	44.0%
Selling & administration expenses	7,090	7,676	8,499	8,969	9,469
<b>Operating profit</b>	<b>1,585</b>	<b>1,948</b>	<b>1,843</b>	<b>2,117</b>	<b>2,477</b>
% operating margin	7.4%	8.5%	7.6%	8.3%	9.1%
Depreciation & amortization	3,122	3,291	3,896	3,943	3,975
<b>EBITDA</b>	<b>4,707</b>	<b>5,239</b>	<b>5,739</b>	<b>6,060</b>	<b>6,452</b>
% EBITDA margin	21.8%	22.7%	23.8%	23.7%	23.7%
Non-operating income	990	1,190	1,102	1,144	1,187
Non-operating expenses	0	0	0	0	0
Interest expense	(1,007)	(1,051)	(1,210)	(1,194)	(1,157)
<b>Pre-tax profit</b>	<b>1,568</b>	<b>2,088</b>	<b>1,735</b>	<b>2,067</b>	<b>2,507</b>
Income tax	377	399	486	579	702
<b>After-tax profit</b>	<b>1,190</b>	<b>1,689</b>	<b>1,249</b>	<b>1,488</b>	<b>1,805</b>
% net margin	5.5%	7.3%	5.2%	5.8%	6.6%
Shares in affiliates' Earnings	(62)	136	289	339	376
Minority interests	(8)	57	54	(20)	(50)
Extraordinary items	128	(128)	0	0	0
<b>NET PROFIT</b>	<b>1,248</b>	<b>1,753</b>	<b>1,592</b>	<b>1,807</b>	<b>2,131</b>
<b>Normalized profit</b>	<b>1,120</b>	<b>1,881</b>	<b>1,592</b>	<b>1,807</b>	<b>2,131</b>
EPS (Bt)	0.9	1.3	1.2	1.3	1.6
Normalized EPS (Bt)	0.8	1.4	1.2	1.3	1.6

## BALANCE SHEET

CENTEL opened one  
hotel in the Maldives in  
2024 and another in 2025

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
<b>ASSETS:</b>					
Current assets:	5,365	6,145	5,414	5,105	4,805
Cash & cash equivalent	2,853	3,392	2,150	1,650	1,150
Account receivables	1,196	1,208	1,651	1,753	1,861
Inventories	982	905	943	993	1,043
Others	334	641	669	709	752
Investments & loans	4,539	4,608	4,608	4,608	4,608
Net fixed assets	29,505	35,528	39,753	42,295	43,671
Other assets	14,794	14,480	12,916	11,489	10,199
<b>Total assets</b>	<b>54,204</b>	<b>60,761</b>	<b>62,691</b>	<b>63,498</b>	<b>63,284</b>
<b>LIABILITIES:</b>					
Current liabilities:	10,594	10,636	15,928	16,411	16,264
Account payables	3,445	4,423	3,772	3,973	4,171
Bank overdraft & ST loans	940	2,046	3,410	3,541	3,469
Current LT debt	4,596	1,761	6,764	7,023	6,881
Others current liabilities	1,614	2,406	1,981	1,873	1,743
<b>Total LT debt</b>	<b>8,229</b>	<b>13,749</b>	<b>12,562</b>	<b>13,044</b>	<b>12,778</b>
Others LT liabilities	15,362	15,425	12,470	11,250	10,153
<b>Total liabilities</b>	<b>34,186</b>	<b>39,811</b>	<b>40,959</b>	<b>40,704</b>	<b>39,195</b>
Minority interest	343	236	182	202	252
Preferred 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	9,914	9,767	9,767	9,767	9,767
<b>Retained earnings</b>	<b>7,441</b>	<b>8,627</b>	<b>9,463</b>	<b>10,505</b>	<b>11,750</b>
Shareholders' equity	19,675	20,714	21,550	22,592	23,837
<b>Liabilities &amp; equity</b>	<b>54,204</b>	<b>60,761</b>	<b>62,691</b>	<b>63,498</b>	<b>63,284</b>

Sources: Company data, Thanachart estimates

## CASH FLOW STATEMENT

Sustainable cash inflow streams

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Earnings before tax	1,568	2,088	1,735	2,067	2,507
Tax paid	(403)	(302)	(527)	(545)	(706)
Depreciation & amortization	3,122	3,291	3,896	3,943	3,975
Chg In working capital	59	1,043	(1,133)	50	40
Chg In other CA & CL / minorities	(190)	477	(124)	158	207
<b>Cash flow from operations</b>	<b>4,156</b>	<b>6,597</b>	<b>3,847</b>	<b>5,672</b>	<b>6,023</b>
Capex	(1,913)	(7,619)	(6,500)	(5,000)	(4,000)
Right of use	(7,877)	(1,698)	0	0	0
ST loans & investments	0	(4)	0	0	0
LT loans & investments	26	(68)	0	0	0
Adj for asset revaluation	(78)	(147)	0	0	0
Chg In other assets & liabilities	6,393	253	(3,013)	(1,279)	(1,157)
<b>Cash flow from investments</b>	<b>(3,450)</b>	<b>(9,283)</b>	<b>(9,513)</b>	<b>(6,279)</b>	<b>(5,157)</b>
Debt financing	(1,630)	3,792	5,180	872	(480)
Capital increase	0	0	0	0	0
Dividends paid	0	(567)	(757)	(765)	(886)
Warrants & other surplus	(13)	0	0	0	0
<b>Cash flow from financing</b>	<b>(1,643)</b>	<b>3,225</b>	<b>4,424</b>	<b>107</b>	<b>(1,366)</b>
<b>Free cash flow</b>	<b>2,242</b>	<b>(1,022)</b>	<b>(2,653)</b>	<b>672</b>	<b>2,023</b>

## VALUATION

Not yet fully valued, in our view

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Normalized PE (x)	39.17	23.3	27.6	24.3	20.6
Normalized PE - at target price (x)	45.80	27.3	32.2	28.4	24.1
PE (x)	35.15	25.0	27.6	24.3	20.6
PE - at target price (x)	41.10	29.3	32.2	28.4	24.1
EV/EBITDA (x)	11.6	11.1	11.2	10.9	10.2
EV/EBITDA - at target price (x)	13.2	12.5	12.5	12.1	11.4
P/BV (x)	2.2	2.1	2.0	1.9	1.8
P/BV - at target price (x)	2.6	2.5	2.4	2.3	2.2
P/CFO (x)	10.6	6.7	11.4	7.7	7.3
Price/sales (x)	2.0	1.9	1.8	1.7	1.6
Dividend yield (%)	1.3	1.8	1.6	1.9	2.2
FCF Yield (%)	5.1	(2.3)	(6.0)	1.5	4.6
<b>(Bt)</b>					
Normalized EPS	0.8	1.4	1.2	1.3	1.6
EPS	0.9	1.3	1.2	1.3	1.6
DPS	0.4	0.6	0.5	0.6	0.7
BV/share	14.6	15.3	16.0	16.7	17.7
CFO/share	3.1	4.9	2.8	4.2	4.5
FCF/share	1.7	(0.8)	(2.0)	0.5	1.5

Sources: Company data, Thanachart estimates

## FINANCIAL RATIOS

FY ending Dec	2023A	2024A	2025F	2026F	2027F
<b>Growth Rate</b>					
Sales (%)	23.2	6.9	4.6	6.1	6.2
Net profit (%)	213.5	40.5	(9.2)	13.5	17.9
EPS (%)	213.5	40.5	(9.2)	13.5	17.9
Normalized profit (%)	181.4	67.9	(15.3)	13.5	17.9
Normalized EPS (%)	181.4	67.9	(15.3)	13.5	17.9
Dividend payout ratio (%)	45.4	45.4	45.0	45.0	45.0
<b>Operating performance</b>					
Gross margin (%)	40.2	41.8	42.9	43.3	44.0
Operating margin (%)	7.4	8.5	7.6	8.3	9.1
EBITDA margin (%)	21.8	22.7	23.8	23.7	23.7
Net margin (%)	5.5	7.3	5.2	5.8	6.6
D/E (incl. minor) (x)	0.7	0.8	1.0	1.0	1.0
Net D/E (incl. minor) (x)	0.5	0.7	0.9	1.0	0.9
Interest coverage - EBIT (x)	1.57	1.85	1.5	1.8	2.1
Interest coverage - EBITDA (x)	4.7	5.0	4.7	5.1	5.6
ROA - using norm profit (%)	2.2	3.3	2.6	2.9	3.4
ROE - using norm profit (%)	5.9	9.3	7.5	8.2	9.2
<b>DuPont</b>					
ROE - using after tax profit (%)	6.2	8.4	5.9	6.7	7.8
- asset turnover (x)	0.4	0.4	0.4	0.4	0.4
- operating margin (%)	11.9	13.6	12.2	12.7	13.5
- leverage (x)	2.7	2.8	2.9	2.9	2.7
- interest burden (%)	60.9	66.5	58.9	63.4	68.4
- tax burden (%)	75.9	80.9	72.0	72.0	72.0
WACC (%)	7.8	7.8	7.8	7.8	7.8
ROIC (%)	4.0	5.2	3.8	3.6	4.0
NOPAT (Bt m)	1,204	1,576	1,327	1,524	1,784
invested capital (Bt m)	30,586	34,879	42,136	44,550	45,816

Sources: Company data, Thanachart estimates



**BUY** (Unchanged)  
Change in Numbers

**TP: Bt 3.60**  
Upside : 27.7%

(From: Bt 3.30)  
**22 SEPTEMBER 2025**

Small Cap Research

# The Erawan Group Pcl (ERW TB)

## The worst is likely over

We believe the worst is over for ERW as weak Chinese tourist arrivals are stabilizing. We estimate an earnings turnaround of 18/12% in 2026-27F from hotel expansion, rising margins, and falling interest expenses. We maintain our BUY call on ERW.



**SIRIPORN ARUNOTHAI**  
662-779-9119  
siriporn.aru@thanachartsec.co.th

### Growth resumes, inexpensive; BUY

The report is part of Hotel Sector – **Growth resumption**, dated 22 September 2025. We maintain our BUY rating on ERW. **First**, despite a likely 13% EPS drop in 2025F due to weak tourist arrivals, we estimate a strong rebound with 18/12% growth in 2026-27F, led by operational improvements and hotel expansion. **Second**, we also like ERW's strategy of targeting higher-return, non-luxury segments to diversify its customer base and portfolio. **Third**, we do not expect expansion to strain ERW's balance sheet, with its net D/E falling from 1.0x in 2024 to 0.7x by 2028F. **Lastly**, its valuation still looks attractive at 14.3x 2026F PE vs. 18% EPS growth. In this report, we lift our 2025-28F earnings by 1-3% to reflect new expansion. Our DCF-based 12-month TP, rolled forward to a 2026F base year, rises to Bt3.6 (from Bt3.3).

### Earnings turnaround

Key drivers for our 18/12/4% EPS growth estimates in 2026-28F are 1) revenue growth from existing hotels and new hotels opening between 2025-28F; 2) gross margin expansion to 57.9/58.0/58.1% in 2026-28F from 57.7% in 2025F due to economies of scale; and 3) declining interest expenses due to the falling interest rate trend in 2025-27F and a falling debt level in 2028F. All of ERW's debts are floating-rate loans. We expect slow EPS growth in 2027-28F due to ERW resuming corporate income tax payments in mid-2027.

### Mitigating soft Chinese tourist arrivals

Chinese tourists accounted for 15% of ERW's total revenue in 2024. Due to weak Chinese tourist arrivals to Thailand, falling 35% y-y in 8M25, ERW is diversifying its customer base by targeting more tourists from the Middle East, the US, Europe, and India. ERW is also expanding its new HOP INN hotels, which target more local travelers, across the APAC region to stabilize revenue. Domestic tourism has remained resilient, driving strong demand for its HOP INN budget hotels. In 1H25, HOP INN properties contributed 26% of ERW's revenue. We project its RevPar growth of -8/+1/+3/-1% in 2025-28F. Slow RevPAR growth is driven by a rising mix of low-ARR HOP INN hotels.

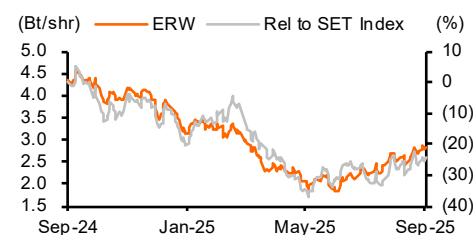
### New investments and renovations

ERW targets to open 10 HOP INNs in 2025 and 8-10 HOP INNs p.a. in 2026-28 in Thailand, as part of its plan to reach a total of 150 HOP INNs by 2030 and beyond, up from 75 in 2024. ERW also plans to build a midscale combo concept (two brands in the same building) at Soi Sukhumvit 26, with a total of 449 rooms, set to open in 2029. The company intends to renovate two luxury hotels: the Grand Hyatt Erawan, in phases over 1.5 years starting in early 2Q26, and The Naka Island, a Luxury Collection Resort & Spa in Phuket via partial closure from 2Q-3Q25.

### COMPANY VALUATION

Y/E Dec (Bt m)	2024A	2025F	2026F	2027F
Sales	7,872	7,766	8,260	9,053
Net profit	1,281	817	963	1,079
Consensus NP	—	851	920	994
Diff frm cons (%)	—	(4.0)	4.7	8.5
Norm profit	917	817	963	1,079
Prev. Norm profit	—	805	954	1,063
Chg frm prev (%)	—	1.5	1.0	1.5
Norm EPS (Bt)	0.2	0.2	0.2	0.2
Norm EPS grw (%)	17.4	(12.7)	18.0	12.0
Norm PE (x)	14.7	16.9	14.3	12.8
EV/EBITDA (x)	8.7	9.0	8.4	7.6
P/BV (x)	1.6	1.5	1.4	1.3
Div yield (%)	3.2	2.1	2.4	2.7
ROE (%)	12.2	9.1	10.2	10.6
Net D/E (%)	96.3	89.2	81.6	77.7

### PRICE PERFORMANCE



### COMPANY INFORMATION

Price as of 19-Sep-25 (Bt)	2.82
Market Cap (US\$ m)	432.9
Listed Shares (m shares)	4,886.9
Free Float (%)	64.3
Avg Daily Turnover (US\$ m)	2.2
12M Price H/L (Bt)	4.58/1.82
Sector	Tourism
Major Shareholder	Vongkusolkrit & Wattanavekin
	Group 55%

Sources: Bloomberg, Company data, Thanachart estimates

## Details of our earnings hikes

**We lift our earnings by 1-3% in 2025-28F to reflect new expansions**

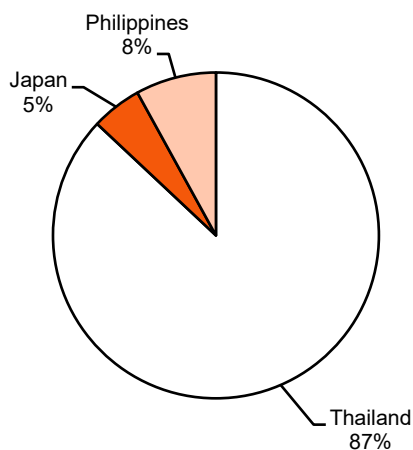
We fine-tune up our earnings estimates for The Erawan Group (ERW) by 1-3% in 2025-28F to reflect our key assumption changes, as shown in Exhibit 1. Given ERW's target to open 8-10 HOP-INN hotels in Thailand each year, we raise our assumptions for its number of hotel rooms from 2026-28F. We also raise our capex projections to support the expansion.

### Ex 1: Changes In Our Key Assumptions And Earnings Revisions

	2023	2024	2025F	2026F	2027F	2028F
<b># of rooms</b>						
- New	10,323	11,578	12,331	13,096	13,933	14,739
- Old			12,331	12,306	12,353	12,369
- Change (%)			-	6.4	12.8	19.2
<b>Occupancy rate (%)</b>						
- New	79.7	79.9	79.9	81.2	82.8	82.8
- Old			79.9	81.4	83.3	83.3
- Change (ppt)			0.1	(0.2)	(0.5)	(0.5)
<b>ARR (Bt/room/night)</b>						
- New	1,812	1,922	1,774	1,768	1,783	1,764
- Old			1,772	1,796	1,865	1,905
- Change (%)			0.1	(1.5)	(4.4)	(7.4)
<b>Capex (Bt m)</b>						
- New	2,270	3,709	2,100	1,700	2,200	1,700
- Old			3,000	1,000	1,000	1,000
- Change (%)			(30.0)	70.0	120.0	70.0
<b>Normalized profit (Bt m)</b>						
- New	762	917	817	963	1,079	1,123
- Old			805	954	1,063	1,093
- Change (%)			1.5	1.0	1.5	2.7

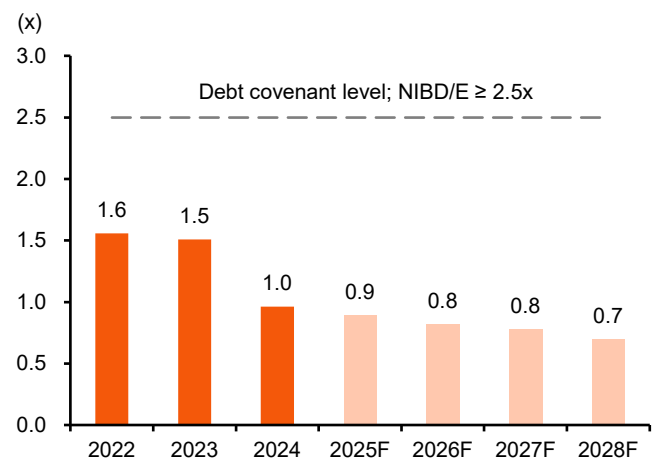
Sources: Company data, Thanachart estimates

### Ex 2: Hotel Revenue Breakdown By Location In 1H25

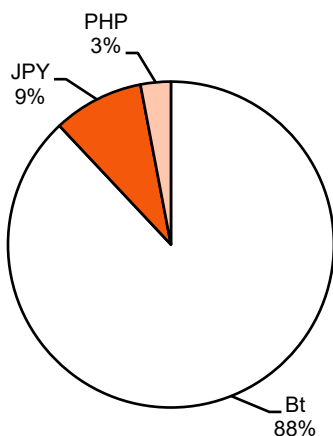


Source: Company data

### Ex 3: Net Interest-Bearing Debt To Equity

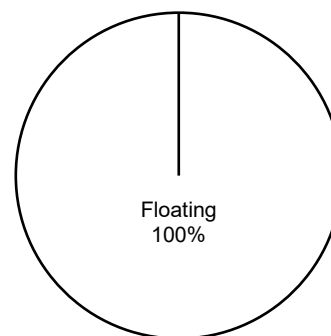


Sources: Company data, Thanachart estimates

**Ex 4: Interest-Bearing Debt Breakdown By Currency \***

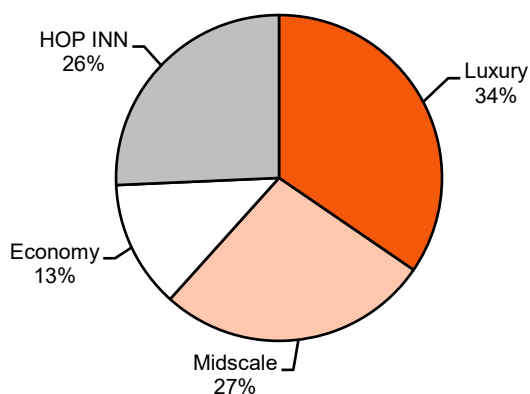
Source: Company data

Note: \* At end-2Q25

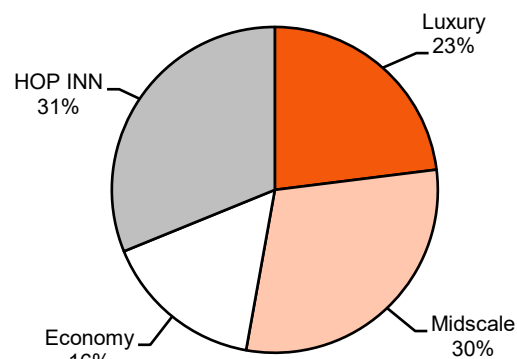
**Ex 5: Interest-Bearing Debt Breakdown By Interest Rate \***

Source: Company data

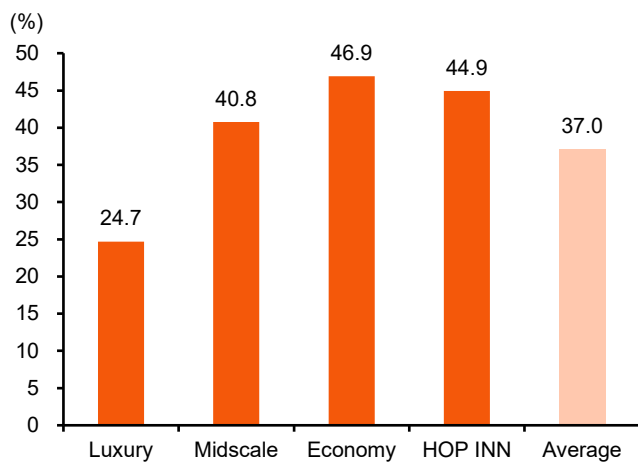
Note: \* At end-2Q25

**Ex 6: Hotel Revenue Breakdown By Segmentation In 1H25**

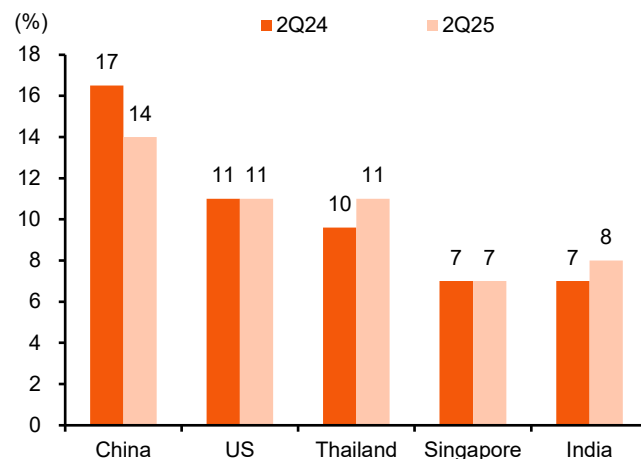
Source: Company data

**Ex 7: Hotel EBITDA Breakdown By Segmentation In 1H25**

Source: Company data

**Ex 8: EBITDA Margin In Each Segment In 1H25**

Source: Company data

**Ex 9: ERW's Customer Breakdown By Country \***

Source: Company data

Note: \* Thailand portfolio, excluding budget segment (HOP INN)

**Ex 10: 12-month DCF-based TP Calculation Using A Base Year of 2026F**

(Bt m)												Terminal
	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F	2036F	Value
EBITDA excl. depre from right of use	2,675	2,978	3,129	3,211	3,441	3,593	3,735	3,859	3,972	4,084	4,205	—
Free cash flow	752	375	900	2,402	2,759	2,887	3,004	3,107	3,199	3,291	3,091	39,431
PV of free cash flow	750	310	676	1,641	1,714	1,630	1,542	1,449	1,357	1,269	1,083	13,821
Risk-free rate (%)	2.5											
Market risk premium (%)	8.0											
Beta	1.3											
WACC (%)	10.0											
Terminal growth (%)	2.0											
Enterprise value - add investments	27,242											
Net debt (2025F)	8,915											
Minority interest	834											
Equity value	17,494											
# of shares	4,887											
<b>Target price/share (Bt)</b>	<b>3.60</b>											

Sources: Company data, Thanachart estimates

## COMPANY DESCRIPTION

The Erawan Group Public Co., Ltd. (ERW) was established on 29 December 1982. ERW's core businesses involve investing in, developing, and managing a diversified portfolio of hotel properties and segments (luxury, mid-scale, economy, and budget) across Thailand. It is also investing in the budget segment in the Philippines and Japan. As of the end of 2Q25, ERW owned 99 hotels and retail rental space.

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 connected with strong hotel chains, i.e., Hyatt, Marriott, Novotel, Holiday Inn, and Mercure, as ERW's business allies in Thailand
- Strategically located assets in top Thai tourist destinations

## O — Opportunity

- Focuses on high-growth segments: mid-scale and economy and budget hotels (owned brand: HOP INN)
- Potential expansion in ASEAN

## W — Weakness

- Hotel footprint remains concentrated in Bangkok, Thailand
- Luxury hotel oversupply in Thailand

## T — Threat

- Fierce competition among hotel operators
- Political unrest, natural disasters, and pandemics

## CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	3.26	3.60	11%
Net profit 25F (Bt m)	851	817	-4%
Net profit 26F (Bt m)	920	963	5%
Consensus REC	BUY: 20	HOLD: 4	SELL: 0

## HOW ARE WE DIFFERENT FROM THE STREET?

- Our 2026F earnings and TP are above the Street's numbers, likely due to our more bullish view on ERW's new hotel expansion program and the rollover of our base year TP to 2026F. However, we have a more conservative view on 2025F earnings due to weak international tourist arrivals.

## RISKS TO OUR INVESTMENT CASE

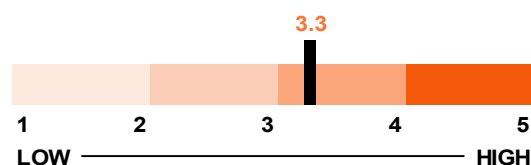
- Thailand's political situation and the return of COVID-19 are the key downside risks to our call.
- A slower-than-expected recovery in Thai and international tourist demand is a secondary downside risk.
- More intense competition in Thai and global tourism would also result in downside risk to our numbers.
- If its operating costs increase by more than our current expectation, this would lead to downside risk to our numbers.

Sources: Bloomberg consensus, Thanachart estimates

Source: Thanachart

ERW is a hotel operator in Thailand with brands including Hyatt, Marriott, Holiday Inn, Mercure, Novotel, and Ibis. It also has its “HOP INN” owned brand in the budget hotel segment. Our ESG score for ERW is 3.3, which is slightly below the sector’s average of 3.4. We assign the highest score to S, followed by E and G.

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)
ERW	-	-	-	-	-	66.15	30.00	-	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)  
Note: Please see third party on “terms of use” in the following back page.

Factors	Our Comments
<b>ENVIRONMENT</b> <ul style="list-style-type: none"> <li>Environmental Policies &amp; Guidelines</li> <li>Energy Management</li> <li>Carbon Management</li> <li>Water Management</li> <li>Waste Management</li> </ul>	<ul style="list-style-type: none"> <li>We assign an E score of 3.3, which is below its peer average of 3.5, due to its less defined plans for managing environmental issues compared to its peers. ERW targets net-zero GHG emissions by 2065.</li> <li>ERW targets an increase in the ratio of renewable energy to more than 50% by 2027. By 2027, all hotels (100%) managed by ERW are scheduled to offer services that help reduce energy consumption and compensate for carbon.</li> <li>ERW minimizes water consumption within the group by campaigning for guests to reduce their use of laundry water, raising awareness among staff, installing aerators to reduce water flow from faucets, and constructing wastewater systems, among other measures.</li> <li>ERW aims to reduce landfill and food waste by 50% by 2027 through the 4R principles of Reduce, Reuse, Recycle, and Recover.</li> </ul>
<b>SOCIAL</b> <ul style="list-style-type: none"> <li>Human Rights</li> <li>Staff Management</li> <li>Health &amp; Safety</li> <li>Product Safety &amp; Quality</li> <li>Social Responsibility</li> </ul>	<ul style="list-style-type: none"> <li>We assign an S score of 3.4 to ERW, which is higher than its E and G scores.</li> <li>ERW's human rights policy cites employment based on fair and reasonable wages, fair rights and benefits, and fair working hours. No staff members below the age of 18 are hired. There is no discrimination regarding the place of birth, race, gender, age, skin color, religion, or disability.</li> <li>ERW has a culture of job rotations, job transfers, or promotions to other positions based on what's appropriate for upskilling and advancing employees' career paths.</li> <li>The Corporate Hybrid Learning Center, both onsite and online, has been conducted to maximize learning efficiency.</li> <li>ERW collaborates with business partners, networks, and government agencies to strengthen communities, such as HOP INN capacity-building for its hotel personnel project, Ban Laem Happy Home, Happy Stay, etc.</li> </ul>
<b>GOVERNANCE &amp; SUSTAINABILITY</b> <ul style="list-style-type: none"> <li>Board</li> <li>Ethics &amp; Transparency</li> <li>Business Sustainability</li> <li>Risk Management</li> <li>Innovation</li> </ul>	<ul style="list-style-type: none"> <li>We assign a G score of 3.3, which is in line with the sector average.</li> <li>ERW does not have an ideal board structure, as the board chairman is not independent. Also, only four of the 12 directors are independent (below the ideal ratio of 2/3). Four of the directors are female.</li> <li>ERW has all key committees, i.e., remuneration, audit, and risk management. It emphasizes risk management for stable operations and sustainable growth.</li> <li>ERW has a working team to initiate projects related to technology and innovations. Studies have been conducted to introduce new techniques such as contactless check-in and check-out, the use of smartphones to replace key cards or mobile keys, and e-payment, among others.</li> </ul>

Sources: Thanachart, Company data

## INCOME STATEMENT

*Falling Chinese tourist numbers hit 2025F earnings*

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Sales	6,986	7,872	7,766	8,260	9,053
Cost of sales	3,035	3,276	3,287	3,480	3,801
<b>Gross profit</b>	<b>3,952</b>	<b>4,596</b>	<b>4,479</b>	<b>4,780</b>	<b>5,252</b>
% gross margin	56.6%	58.4%	57.7%	57.9%	58.0%
Selling & administration expenses	2,720	2,992	2,992	3,214	3,435
<b>Operating profit</b>	<b>1,232</b>	<b>1,604</b>	<b>1,487</b>	<b>1,566</b>	<b>1,816</b>
% operating margin	17.6%	20.4%	19.1%	19.0%	20.1%
Depreciation & amortization	901	995	1,023	1,109	1,161
<b>EBITDA</b>	<b>2,133</b>	<b>2,599</b>	<b>2,510</b>	<b>2,675</b>	<b>2,978</b>
% EBITDA margin	30.5%	33.0%	32.3%	32.4%	32.9%
Non-operating income	60	52	47	43	46
Non-operating expenses	23	0	1	0	0
Interest expense	(589)	(703)	(621)	(535)	(529)
<b>Pre-tax profit</b>	<b>726</b>	<b>954</b>	<b>914</b>	<b>1,074</b>	<b>1,333</b>
Income tax	(17)	9	44	54	192
<b>After-tax profit</b>	<b>742</b>	<b>946</b>	<b>870</b>	<b>1,020</b>	<b>1,141</b>
% net margin	10.6%	12.0%	11.2%	12.4%	12.6%
Shares in affiliates' Earnings	36	3	0	0	0
Minority interests	(17)	(32)	(54)	(57)	(62)
Extraordinary items	(19)	364	0	0	0
<b>NET PROFIT</b>	<b>743</b>	<b>1,281</b>	<b>817</b>	<b>963</b>	<b>1,079</b>
<b>Normalized profit</b>	<b>762</b>	<b>917</b>	<b>817</b>	<b>963</b>	<b>1,079</b>
EPS (Bt)	0.2	0.3	0.2	0.2	0.2
Normalized EPS (Bt)	0.2	0.2	0.2	0.2	0.2

## BALANCE SHEET

*Plans to build 8-10 HOP INN hotels in 2025*

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
<b>ASSETS:</b>					
Current assets:	1,885	2,180	1,796	1,829	1,874
Cash & cash equivalent	1,217	1,612	1,200	1,200	1,200
Account receivables	170	222	234	249	273
Inventories	49	43	45	48	52
Others	450	302	317	333	349
Investments & loans	83	0	0	0	0
Net fixed assets	16,185	18,900	19,977	20,568	21,607
Other assets	5,521	5,166	5,238	5,311	5,385
<b>Total assets</b>	<b>23,675</b>	<b>26,246</b>	<b>27,012</b>	<b>27,709</b>	<b>28,867</b>
<b>LIABILITIES:</b>					
Current liabilities:	3,058	2,981	2,462	2,518	2,615
Account payables	227	266	270	286	312
Bank overdraft & ST loans	820	685	506	497	506
Current LT debt	932	1,067	480	472	481
Others current liabilities	1,079	963	1,205	1,264	1,315
<b>Total LT debt</b>	<b>9,067</b>	<b>8,999</b>	<b>9,128</b>	<b>8,966</b>	<b>9,142</b>
Others LT liabilities	5,180	4,775	5,422	5,516	5,618
<b>Total liabilities</b>	<b>17,305</b>	<b>16,754</b>	<b>17,012</b>	<b>17,001</b>	<b>17,375</b>
Minority interest	40	780	834	890	953
Preferreds shares	0	0	0	0	0
Paid-up capital	4,532	4,887	4,887	4,887	4,887
Share premium	910	1,621	1,621	1,621	1,621
Warrants	0	0	0	0	0
Surplus	1,718	2,092	2,092	2,092	2,092
<b>Retained earnings</b>	<b>(830)</b>	<b>112</b>	<b>566</b>	<b>1,218</b>	<b>1,939</b>
Shareholders' equity	6,330	8,712	9,166	9,818	10,539
<b>Liabilities &amp; equity</b>	<b>23,675</b>	<b>26,246</b>	<b>27,012</b>	<b>27,709</b>	<b>28,867</b>

Sources: Company data, Thanachart estimates

**CASH FLOW STATEMENT***Strong cash flow from operations*

<b>FY ending Dec (Bt m)</b>	<b>2023A</b>	<b>2024A</b>	<b>2025F</b>	<b>2026F</b>	<b>2027F</b>
Earnings before tax	726	954	914	1,074	1,333
Tax paid	27	20	(58)	(45)	(193)
Depreciation & amortization	901	995	1,023	1,109	1,161
Chg In working capital	(23)	(7)	(10)	(2)	(2)
Chg In other CA & CL / minorities	203	714	241	6	7
<b>Cash flow from operations</b>	<b>1,833</b>	<b>2,675</b>	<b>2,111</b>	<b>2,142</b>	<b>2,308</b>
Capex	(2,270)	(3,709)	(2,100)	(1,700)	(2,200)
Right of use	(741)	481	(50)	(50)	(50)
ST loans & investments	0	0	0	0	0
LT loans & investments	(21)	83	0	0	0
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	624	(168)	626	99	105
<b>Cash flow from investments</b>	<b>(2,408)</b>	<b>(3,313)</b>	<b>(1,524)</b>	<b>(1,651)</b>	<b>(2,145)</b>
Debt financing	372	(69)	(636)	(179)	194
Capital increase	0	1,066	(0)	0	0
Dividends paid	0	(317)	(363)	(312)	(357)
Warrants & other surplus	(112)	353	0	0	0
<b>Cash flow from financing</b>	<b>260</b>	<b>1,033</b>	<b>(999)</b>	<b>(491)</b>	<b>(163)</b>
<b>Free cash flow</b>	<b>(437)</b>	<b>(1,034)</b>	<b>11</b>	<b>442</b>	<b>108</b>

**VALUATION***Inexpensive valuation, in our view*

<b>FY ending Dec</b>	<b>2023A</b>	<b>2024A</b>	<b>2025F</b>	<b>2026F</b>	<b>2027F</b>
Normalized PE (x)	17.3	14.7	16.9	14.3	12.8
Normalized PE - at target price (x)	22.1	18.8	21.5	18.3	16.3
PE (x)	17.7	10.5	16.9	14.3	12.8
PE - at target price (x)	22.7	13.5	21.5	18.3	16.3
EV/EBITDA (x)	10.7	8.7	9.0	8.4	7.6
EV/EBITDA - at target price (x)	12.4	10.2	10.6	9.8	8.9
P/BV (x)	2.1	1.6	1.5	1.4	1.3
P/BV - at target price (x)	2.7	2.0	1.9	1.8	1.7
P/CFO (x)	7.2	5.0	6.5	6.4	6.0
Price/sales (x)	2.0	1.8	1.8	1.7	1.5
Dividend yield (%)	2.4	3.2	2.1	2.4	2.7
FCF Yield (%)	(3.3)	(7.7)	0.1	3.2	0.8
<b>(Bt)</b>					
Normalized EPS	0.2	0.2	0.2	0.2	0.2
EPS	0.2	0.3	0.2	0.2	0.2
DPS	0.1	0.1	0.1	0.1	0.1
BV/share	1.4	1.8	1.9	2.0	2.2
CFO/share	0.4	0.6	0.4	0.4	0.5
FCF/share	(0.1)	(0.2)	0.0	0.1	0.0

Sources: Company data, Thanachart estimates



## FINANCIAL RATIOS

FY ending Dec	2023A	2024A	2025F	2026F	2027F
<b>Growth Rate</b>					
Sales (%)	50.9	12.7	(1.3)	6.4	9.6
Net profit (%)	na	72.5	(36.2)	18.0	12.0
EPS (%)	na	68.2	(37.5)	18.0	12.0
Normalized profit (%)	na	20.4	(10.9)	18.0	12.0
Normalized EPS (%)	na	17.4	(12.7)	18.0	12.0
Dividend payout ratio (%)	42.7	34.3	35.0	35.0	35.0
<b>Operating performance</b>					
Gross margin (%)	56.6	58.4	57.7	57.9	58.0
Operating margin (%)	17.6	20.4	19.1	19.0	20.1
EBITDA margin (%)	30.5	33.0	32.3	32.4	32.9
Net margin (%)	10.6	12.0	11.2	12.4	12.6
D/E (incl. minor) (x)	1.7	1.1	1.0	0.9	0.9
Net D/E (incl. minor) (x)	1.5	1.0	0.9	0.8	0.8
Interest coverage - EBIT (x)	2.1	2.3	2.4	2.9	3.4
Interest coverage - EBITDA (x)	3.6	3.7	4.0	5.0	5.6
ROA - using norm profit (%)	3.4	3.7	3.1	3.5	3.8
ROE - using norm profit (%)	12.7	12.2	9.1	10.2	10.6
<b>DuPont</b>					
ROE - using after tax profit (%)	12.3	12.6	9.7	10.8	11.2
- asset turnover (x)	0.3	0.3	0.3	0.3	0.3
- operating margin (%)	18.8	21.0	19.8	19.5	20.6
- leverage (x)	3.8	3.3	3.0	2.9	2.8
- interest burden (%)	55.2	57.6	59.5	66.7	71.6
- tax burden (%)	102.3	99.1	95.2	95.0	85.6
WACC (%)	10.0	10.0	10.0	10.0	10.0
ROIC (%)	8.6	10.0	7.9	8.2	8.4
NOPAT (Bt m)	1,260	1,590	1,416	1,488	1,555
invested capital (Bt m)	15,932	17,850	18,080	18,553	19,469

Sources: Company data, Thanachart estimates

Low risk of financial  
stress

**BUY** (Unchanged)

Change in Numbers

TP: Bt 37.00 (Unchanged)

Upside : 55.5%

22 SEPTEMBER 2025

# Minor International Pcl (MINT TB)

## Resilient

MINT's earnings appear to be resilient amid weak tourism at home and the global slowdown. With a 16% EPS CAGR over 2026-28F while trading at PE of 15.6x in 2026F, we reaffirm our BUY rating on MINT as our top sector pick with an unchanged TP of Bt37.0.



SIRIPORN ARUNOTHAI

662-779-9119

siriporn.aru@thanachartsec.co.th

### Resilient operations; BUY

The report is a part of Hotel Sector – **Growth resumption**, dated 22 September 2025. MINT is our top hotel sector BUY with a DCF-based 12-month TP (2026F base year) of Bt37.0. **First**, MINT is a beneficiary of falling interest rates at home and abroad with 48% of its total debt on floating rates. **Second**, MINT is still expanding its hotel portfolio, and this is a growth driver. **Third**, its average room rate is holding up well despite weak domestic tourism and the risk of a global slowdown. **Fourth**, we estimate its three-year EPS CAGR at 16% over 2026-28F after 11% EPS growth in 2025F. **Lastly**, MINT is inexpensive, in our view, trading at 15.6x 2026F PE vs. a 16% EPS CAGR over 2026-28F and regional peers' 16-30x. We adjust our 2025-36F earnings by 0.4-1% p.a. due to its rising stake in Minor Hotels Europe & Americas.

### Falling interest rate beneficiary

MINT had total interest-bearing debt of Bt99bn in 2Q25, comprising 33% Thai baht loans and 67% foreign currency loans. Some 48% of the total debt comprises floating rate loans which should benefit from both the falling interest rate trend at home and overseas. We estimate MINT's interest expenses, which peaked at Bt11.8bn in 2024, to fall to Bt9.6/8.8/8.2/7.4bn over 2025-28F. Also, due to its strategy of an asset-light model, asset rotation, and debt repayment, we estimate MINT's net D/E ratio to decline from 0.8x in 2024 to 0.80/0.74/0.66/0.53x over 2025-28F.

### Still in expansion mode

MINT plans to add 46,289 hotel keys (a 57% increase from 2Q25) and 1,455 food outlets (55%) by 2027. Some 79% of those hotel openings and 72% of food outlet expansions are under an asset-light model of hotel management contracts and food franchising. The expansions would mainly use its well-established hotel brands (Anantara, Tivoli, Avani, etc.) and food brands (Dairy Queen, GAGA, Bonchon, etc.) to expand in high-potential markets such as China, Japan, India, and Indonesia. The capex budget of Bt11bn p.a. over 2025-27 is to be funded by internal cash flow. We estimate EBITDA ex-right of use of Bt27bn-30bn p.a. for the same period.

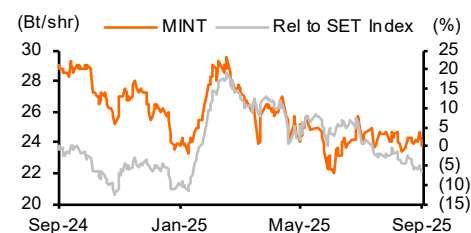
### Average room rate holding up well

Despite market concerns about a potential average room rate (ARR) decline from a high base due to weak tourism in Thailand and the risk of a global economic slowdown, MINT's ARR in local currency terms remained resilient in 1H25. ARR rose 3% y-y for Minor Hotels Europe & Americas (MHEA), increased 14% in Thailand, dipped 1% y-y in Australia, and fell 11% in the Maldives. We estimate MHEA's ARR to rise 2-3% p.a. and ARR for Minor Hotels, excluding MHEA, to grow by 1-3% p.a. over 2025-27F. We project RevPAR to increase 3-4% p.a. for MHEA, and change by -3/+6/+5% for the rest of the portfolio over the same period.

### COMPANY VALUATION

Y/E Dec (Bt m)	2024A	2025F	2026F	2027F
Sales	160,976	157,523	164,768	173,255
Net profit	7,750	9,188	10,358	11,683
Consensus NP	—	9,094	9,981	11,394
Diff frm cons (%)	—	1.0	3.8	2.5
Norm profit	8,390	9,146	10,358	11,683
Prev. Norm profit	—	9,111	10,252	11,575
Chg frm prev (%)	—	0.4	1.0	0.9
Norm EPS (Bt)	1.2	1.3	1.5	1.8
Norm EPS grw (%)	15.3	11.4	16.3	15.3
Norm PE (x)	20.2	18.1	15.6	13.5
EV/EBITDA (x)	5.3	5.8	5.5	5.1
P/BV (x)	1.5	1.5	1.4	1.4
Div yield (%)	2.5	3.2	3.7	4.2
ROE (%)	10.2	10.3	11.3	12.2
Net D/E (%)	80.3	80.2	73.6	65.9

### PRICE PERFORMANCE



### COMPANY INFORMATION

Price as of 19-Sep-25 (Bt)	23.80
Market Cap (US\$ m)	4,239.2
Listed Shares (m shares)	5,670.0
Free Float (%)	59.5
Avg Daily Turnover (US\$ m)	13.1
12M Price H/L (Bt)	29.50/22.00
Sector	Tourism
Major Shareholder Group of Mr. William Heinecke	30%

Sources: Bloomberg, Company data, Thanachart estimates

ESG Summary Report ..... P46



Details of our earnings revisions

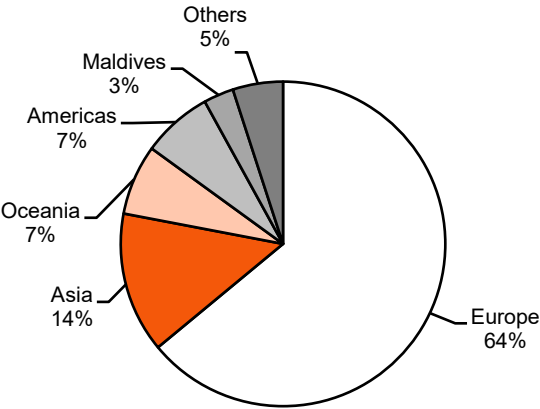
We adjust our earnings by 0.4-1% in 2025-36F

We fine-tune our earnings estimates by 0.4–1% p.a. for 2025-36F to reflect the acquisition of a higher number of shares in Minor Hotels Europe & Americas (MHEA). Previously, MINT held a 95.9% stake in MHEA. Following the completion of the tender offer, MINT now holds a 99.5% stake.

Initially, we assumed MINT would acquire an additional 8.7m shares (equivalent to a 2% stake). However, after the deal's completion, MINT had acquired 15.7m shares, representing a 3.6% stake, raising its total ownership to 99.5%.

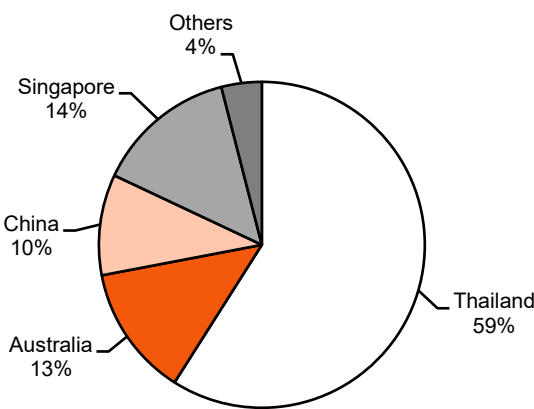
As a result of the higher number of acquired shares, we have raised our investment cost estimate from EUR85m to EUR95m and fine-tune our earnings projections by 0.4-1% p.a. for 2025-36F.

Ex 1: Hotel Revenue Breakdown By Region In 1H25



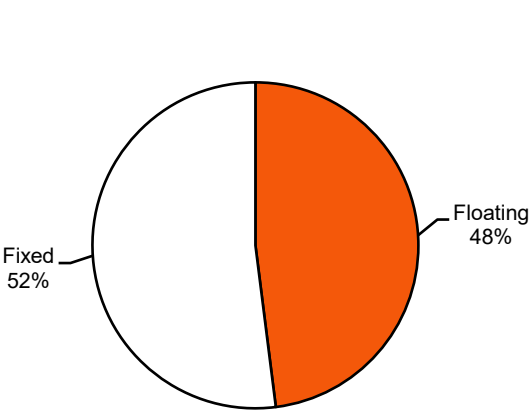
Source: Company data

Ex 2: Food Revenue Breakdown By Region In 1H25



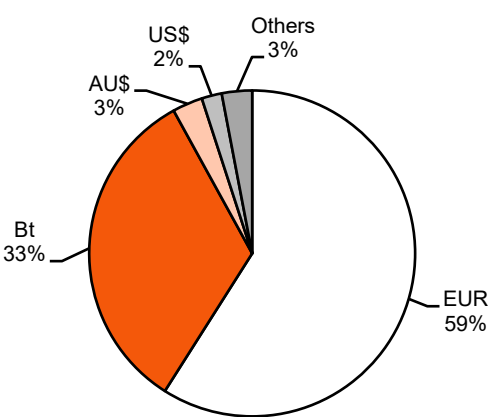
Source: Company data

Ex 3: Interest-Bearing Debt Breakdown By Interest Rate\*



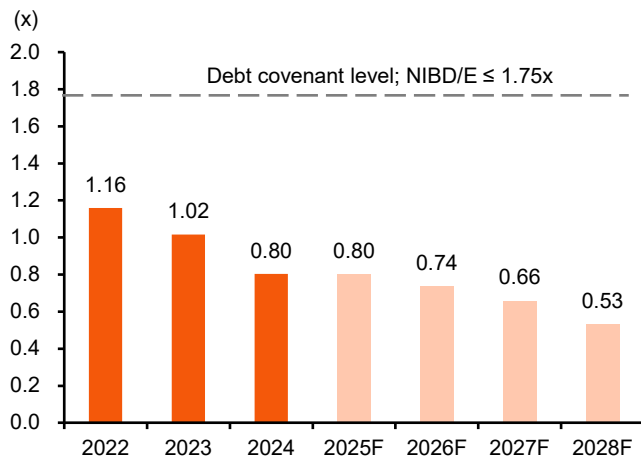
Source: Company data  
Note: \* At end-2Q25

Ex 4: Interest-Bearing Debt Breakdown By Currency\*



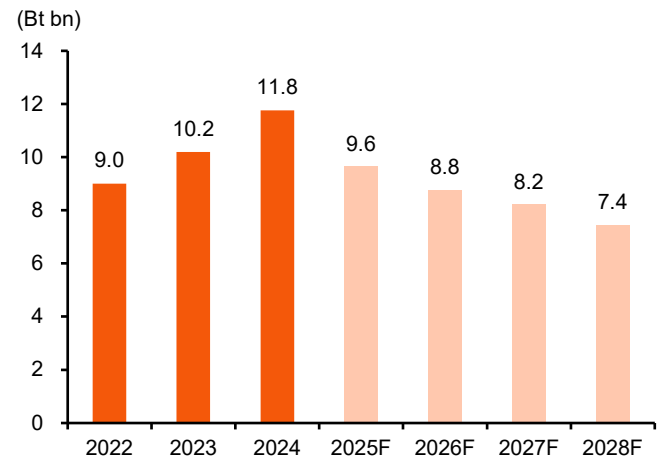
Source: Company data  
Note: \* At end-2Q25

## Ex 5: Net Debt-To-Equity Ratio



Sources: Company data, Thanachart estimates

## Ex 6: Falling Interest Expenses



Sources: Company data, Thanachart estimates

## Ex 7: 12-month DCF-based TP Calculation Using A Base Year of 2026F

(Bt m)	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F	2036F	Terminal Value
EBITDA excl. depre from right of use	28,199	30,025	31,711	32,605	33,250	33,928	34,642	35,389	36,176	37,003	37,872	—
Free cash flow	13,566	14,911	21,297	22,951	23,439	23,943	24,469	25,019	25,594	26,197	26,829	376,715
PV of free cash flow	13,529	12,493	16,326	16,102	15,050	14,070	13,157	12,312	11,527	10,799	10,119	142,083
Risk-free rate (%)	2.5											
Market risk premium (%)	8.0											
Beta	1.2											
WACC (%)	9.3											
Terminal growth (%)	2.0											
Enterprise value - add investments	306,430											
Net debt (2025F)	82,344											
Minority interest	12,109											
Equity value	211,978											
# of shares*	5,670											
Target price/share (Bt)	37.00											

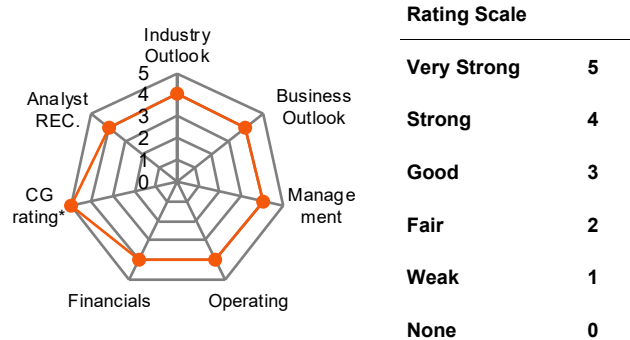
Sources: Company data, Thanachart estimates

## COMPANY DESCRIPTION

Minor International Pcl (MINT) owns and operates hotels and restaurants in Thailand and abroad. The company is engaged in the international hospitality business, encompassing hotels and resorts, spas, restaurant franchises, residences, mixed-use projects, lifestyle brand distributors, and contract manufacturing.

Source: Thanachart

## COMPANY RATING



Source: Thanachart; \*CG Rating

## THANACHART'S SWOT ANALYSIS

**S — Strength**

- Well-received owned hotel brands, i.e., Anantara, Oaks, Avani, Tivoli, NH Hotels, etc.
- MINT's restaurant brands are the leaders in each category
- Geographical diversification across its hotel and food portfolio footprint

**O — Opportunity**

- Strategic investments and acquisitions around the world
- Development of residential projects

**W — Weakness**

- High interest-bearing debt after its major acquisition in 2018
- Luxury hotel oversupply in Thailand

**T — Threat**

- Fierce competition among hotel operators leading to obstacles in unlocking its profitability
- Competition among restaurant operators both at home and abroad
- COVID-19 pandemic

## CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	34.55	37.00	7%
Net profit 25F (Bt m)	9,094	9,188	1%
Net profit 26F (Bt m)	9,981	10,358	4%
Consensus REC	BUY: 23	HOLD: 4	SELL: 0

## HOW ARE WE DIFFERENT FROM THE STREET?

- Our earnings and TP forecasts are above the Street's, which we believe reflects our more bullish view on MINT's gross margin improvements and debt management, along with the rollover of our base year TP to 2026F.

Sources: Bloomberg consensus, Thanachart estimates

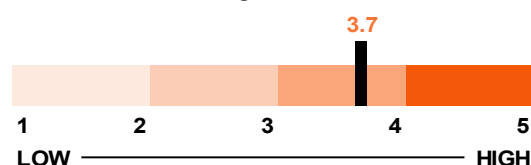
## RISKS TO OUR INVESTMENT CASE

- The NH acquisition represents a significant part of MINT's performance. A decline in NH and MINT's operations would be the key downside risk to our call.
- Events that would impact Thailand's and the global political situation, along with natural disasters and pandemics, represent a secondary downside risk to our call.
- Slower domestic and global economic, tourism, and consumption growth would also present downside risks.
- Fiercer competition in the hotel and food businesses would lead to downside risks to our earnings and our call.

Source: Thanachart

MINT runs hotel, food, and lifestyle businesses in various countries worldwide. It assigns high importance to ESG issues, and its ESG report clearly explains its targets and plans. Our ESG score of 3.7 is relatively high and above the sector average of 3.4. We assign the highest score for S, followed by E and G.

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)
MINT	YES	AA	-	AA	66.89	88.81	69.00	41.0	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)

Note: Please see third party on "terms of use" in the following back page.

## Factors

## Our Comments

## ENVIRONMENT

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

- MINT's environment score is high at 3.9, above its peers' average of 3.5, due to its clear plan for managing environmental issues. MINT also has a clear target to achieve net-zero emissions by 2050.
- MINT targets to reduce greenhouse gas emissions in Scope 1 and Scope 2 by 42% by the year 2030, compared to the base year of 2023.
- MINT targets to reduce greenhouse gas emissions in Scope 3 by 25% by the year 2030, compared to the base year of 2023.
- MINT's environmental goals to translate its dedication to its net-zero commitment by 2050: 1) a 15% reduction in the energy intensity of its hotels by 2025 from 2019's level, 2) a 15% reduction in CO2 emissions by 2025 from 2019's level, 3) a 10% reduction in the water intensity of its hotels by 2025 from 2022's level and 4) a 50% reduction in the rate of organic waste sent to landfill by hotels by 2030, compared to 2021.

## SOCIAL

- Human Rights
- Staff Management
- Health & Safety
- Product Safety & Quality
- Social Responsibility

- We assign the highest social score of 4.1 to MINT compared to its peers. This is due to MINT's strong service network. MINT has a global presence spanning 66 countries, with 562 hotels and serviced suites, 2,699 restaurant outlets, and 267 retail points of sale at the end of 2024.
- MINT has set six social goals: 1) 50% internal promotion of management levels, 2) 60% of Minor Corporate University (MCU) program graduates return to work with Minor by 2025, 3) 3m people developed and supported by 2030, 4) zero annual work-related fatalities among employees, 5) a group-wide Net Promoter Score (NPS) of 62 by 2025, and 6) by 2024, all Minor Food brands should offer at least one new sustainable or healthy menu.

GOVERNANCE &  
SUSTAINABILITY

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

- We assign MINT a governance score of 3.4, which is lower than its environmental and social scores. While we believe MINT's expansion strategy supports sustainable medium-to long-term growth, we note that the number of directors is relatively small given the company's large business scale.
- MINT does not have an ideal board structure, as the board chairman is not independent. Also, only four of the 10 directors are independent (below the ideal ratio of 2/3). Two of the directors are female.
- MINT has all key committees, i.e., remuneration, audit, and risk management. It emphasizes risk management for stable operations and sustainable growth.
- MINT is committed to complying with the General Data Protection Regulation (GDPR) requirements, Personal Data Protection Act (PDPA), and other data privacy regulations. It also has its Data Protection Executive Committee (DPEC) to achieve and maintain this compliance.

Sources: Company data, Thanachart

## INCOME STATEMENT

*Hotel and food  
businesses drive revenue  
growth over 2025-27F*

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Sales	149,196	160,976	157,523	164,768	173,255
Cost of sales	82,728	90,703	88,266	91,965	96,285
<b>Gross profit</b>	<b>66,468</b>	<b>70,273</b>	<b>69,257</b>	<b>72,803</b>	<b>76,971</b>
% gross margin	44.6%	43.7%	44.0%	44.2%	44.4%
Selling & administration expenses	48,326	51,546	50,843	53,364	56,112
<b>Operating profit</b>	<b>18,142</b>	<b>18,728</b>	<b>18,414</b>	<b>19,439</b>	<b>20,859</b>
% operating margin	12.2%	11.6%	11.7%	11.8%	12.0%
Depreciation & amortization	20,400	21,448	19,242	19,366	19,520
<b>EBITDA</b>	<b>38,542</b>	<b>40,176</b>	<b>37,656</b>	<b>38,806</b>	<b>40,379</b>
% EBITDA margin	25.8%	25.0%	23.9%	23.6%	23.3%
Non-operating income	3,296	4,010	3,327	3,143	3,052
Non-operating expenses	(556)	(651)	0	0	0
Interest expense	(10,193)	(11,755)	(9,635)	(8,753)	(8,204)
<b>Pre-tax profit</b>	<b>10,689</b>	<b>10,332</b>	<b>12,106</b>	<b>13,829</b>	<b>15,707</b>
Income tax	3,456	2,136	3,390	4,149	4,712
<b>After-tax profit</b>	<b>7,233</b>	<b>8,196</b>	<b>8,717</b>	<b>9,680</b>	<b>10,995</b>
% net margin	4.8%	5.1%	5.5%	5.9%	6.3%
Shares in affiliates' Earnings	581	1,047	1,235	1,273	1,311
Minority interests	(681)	(853)	(806)	(595)	(622)
Extraordinary items	(1,725)	(640)	42	0	0
<b>NET PROFIT</b>	<b>5,407</b>	<b>7,750</b>	<b>9,188</b>	<b>10,358</b>	<b>11,683</b>
<b>Normalized profit</b>	<b>7,132</b>	<b>8,390</b>	<b>9,146</b>	<b>10,358</b>	<b>11,683</b>
EPS (Bt)	0.7	1.1	1.3	1.5	1.8
Normalized EPS (Bt)	1.0	1.2	1.3	1.5	1.8

## BALANCE SHEET

*More new hotels and food  
outlets in its portfolio  
over 2025-27*

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
<b>ASSETS:</b>					
Current assets:	42,576	41,288	37,132	38,364	39,807
Cash & cash equivalent	14,260	13,319	10,000	10,000	10,000
Account receivables	18,487	13,970	17,263	18,057	18,987
Inventories	3,820	3,918	3,869	4,031	4,221
Others	6,008	10,081	6,000	6,276	6,599
Investments & loans	16,846	20,129	23,737	23,737	23,737
Net fixed assets	125,996	126,626	125,199	127,440	129,274
Other assets	173,778	158,803	149,389	140,195	131,266
<b>Total assets</b>	<b>359,196</b>	<b>346,845</b>	<b>335,457</b>	<b>329,735</b>	<b>324,083</b>
<b>LIABILITIES:</b>					
Current liabilities:	66,395	61,762	58,855	58,309	58,010
Account payables	24,953	24,415	24,183	25,196	26,379
Bank overdraft & ST loans	2,100	107	0	0	0
Current LT debt	14,936	13,869	13,852	13,236	12,431
Others current liabilities	24,406	23,372	20,821	19,877	19,200
<b>Total LT debt</b>	<b>85,879</b>	<b>78,955</b>	<b>78,492</b>	<b>75,006</b>	<b>70,442</b>
Others LT liabilities	119,627	106,991	95,494	90,132	85,028
<b>Total liabilities</b>	<b>271,901</b>	<b>247,708</b>	<b>232,841</b>	<b>223,447</b>	<b>213,480</b>
Minority interest	10,657	11,303	12,109	12,704	13,326
Preferreds shares	0	0	0	0	0
Paid-up capital	5,596	5,670	5,670	5,670	5,670
Share premium	33,880	36,105	36,105	36,105	36,105
Warrants	0	0	0	0	0
Surplus	35,158	41,318	41,318	41,318	41,318
<b>Retained earnings</b>	<b>2,003</b>	<b>4,740</b>	<b>7,413</b>	<b>10,492</b>	<b>14,184</b>
Shareholders' equity	76,637	87,834	90,506	93,585	97,277
<b>Liabilities &amp; equity</b>	<b>359,196</b>	<b>346,845</b>	<b>335,457</b>	<b>329,735</b>	<b>324,083</b>

Sources: Company data, Thanachart estimates

## CASH FLOW STATEMENT

*Sustainable cash flow  
from operations*

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Earnings before tax	10,689	10,332	12,106	13,829	15,707
Tax paid	(2,887)	(2,534)	(3,154)	(4,209)	(4,551)
Depreciation & amortization	20,400	21,448	19,242	19,366	19,520
Chg In working capital	1,800	3,881	(3,476)	57	64
Chg In other CA & CL / minorities	(359)	(3,758)	2,529	112	149
<b>Cash flow from operations</b>	<b>29,644</b>	<b>29,369</b>	<b>27,247</b>	<b>29,157</b>	<b>30,889</b>
Capex	(12,040)	(9,270)	(7,000)	(11,000)	(11,000)
Right of use	(16,234)	(3,195)	(3,000)	(3,000)	(3,000)
ST loans & investments	0	0	0	0	0
LT loans & investments	(597)	(3,283)	(3,608)	0	0
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	6,102	(8,024)	(9,856)	(3,775)	(3,529)
<b>Cash flow from investments</b>	<b>(22,769)</b>	<b>(23,771)</b>	<b>(23,464)</b>	<b>(17,775)</b>	<b>(17,529)</b>
Debt financing	(15,752)	(9,985)	(587)	(4,102)	(5,369)
Capital increase	7,894	2,300	0	0	0
Dividends paid	(4,281)	(4,957)	(6,516)	(7,280)	(7,991)
Warrants & other surplus	(3,441)	6,104	0	0	0
<b>Cash flow from financing</b>	<b>(15,582)</b>	<b>(6,539)</b>	<b>(7,102)</b>	<b>(11,382)</b>	<b>(13,360)</b>
<b>Free cash flow</b>	<b>17,604</b>	<b>20,099</b>	<b>20,247</b>	<b>18,157</b>	<b>19,889</b>

## VALUATION

*Inexpensive valuation, in  
our view*

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Normalized PE (x)	23.3	20.2	18.1	15.6	13.5
Normalized PE - at target price (x)	36.2	31.4	28.2	24.3	21.0
PE (x)	33.74	22.4	18.0	15.6	13.5
PE - at target price (x)	52.45	34.8	28.0	24.3	21.0
EV/EBITDA (x)	5.7	5.3	5.8	5.5	5.1
EV/EBITDA - at target price (x)	7.5	7.2	7.8	7.4	7.0
P/BV (x)	1.7	1.5	1.5	1.4	1.4
P/BV - at target price (x)	2.7	2.4	2.3	2.2	2.2
P/CFO (x)	4.4	4.6	5.0	4.6	4.4
Price/sales (x)	0.9	0.8	0.9	0.8	0.8
Dividend yield (%)	2.4	2.5	3.2	3.7	4.2
FCF Yield (%)	13.5	14.9	15.0	13.5	14.7
<b>(Bt)</b>					
Normalized EPS	1.0	1.2	1.3	1.5	1.8
EPS	0.7	1.1	1.3	1.5	1.8
DPS	0.6	0.6	0.8	0.9	1.0
BV/share	13.7	15.5	16.0	16.5	17.2
CFO/share	5.4	5.2	4.8	5.1	5.4
FCF/share	3.2	3.6	3.6	3.2	3.5

Sources: Company data, Thanachart estimates



## FINANCIAL RATIOS

*Sustainable EPS growth  
over 2025-27F*

FY ending Dec	2023A	2024A	2025F	2026F	2027F
<b>Growth Rate</b>					
Sales (%)	22.8	7.9	(2.1)	4.6	5.2
Net profit (%)	26.2	43.3	18.6	12.7	12.8
EPS (%)	30.2	50.9	23.9	15.6	15.3
Normalized profit (%)	253.2	17.6	9.0	13.3	12.8
Normalized EPS (%)	790.9	15.3	11.4	16.3	15.3
Dividend payout ratio (%)	82.7	56.5	57.0	57.0	57.0
<b>Operating performance</b>					
Gross margin (%)	44.6	43.7	44.0	44.2	44.4
Operating margin (%)	12.2	11.6	11.7	11.8	12.0
EBITDA margin (%)	25.8	25.0	23.9	23.6	23.3
Net margin (%)	4.8	5.1	5.5	5.9	6.3
D/E (incl. minor) (x)	1.2	0.9	0.9	0.8	0.7
Net D/E (incl. minor) (x)	1.0	0.8	0.8	0.7	0.7
Interest coverage - EBIT (x)	1.78	1.59	1.9	2.2	2.5
Interest coverage - EBITDA (x)	3.8	3.4	3.9	4.4	4.9
ROA - using norm profit (%)	2.0	2.4	2.7	3.1	3.6
ROE - using norm profit (%)	9.7	10.2	10.3	11.3	12.2
<b>DuPont</b>					
ROE - using after tax profit (%)	9.8	10.0	9.8	10.5	11.5
- asset turnover (x)	0.4	0.5	0.5	0.5	0.5
- operating margin (%)	14.0	13.7	13.8	13.7	13.8
- leverage (x)	4.9	4.3	3.8	3.6	3.4
- interest burden (%)	51.2	46.8	55.7	61.2	65.7
- tax burden (%)	67.7	79.3	72.0	70.0	70.0
WACC (%)	9.3	9.3	9.3	9.3	9.3
ROIC (%)	7.4	9.0	7.9	7.9	8.5
NOPAT (Bt m)	12,276	14,856	13,258	13,608	14,601
invested capital (Bt m)	165,293	167,445	172,850	171,827	170,150

Sources: Company data, Thanachart estimates

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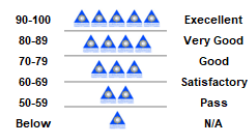
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### Thanachart Securities Pcl.

Research Team

18 Floor, MBK Tower

444 Phayathai Road, Pathumwan Road, Bangkok 10330

Tel: 662 - 779-9119

Email: [thanachart.res@thanachartsec.co.th](mailto:thanachart.res@thanachartsec.co.th)

#### Pimpaka Nichgaroon, CFA

Head of Research, Strategy  
[pimpaka.nic@thanachartsec.co.th](mailto:pimpaka.nic@thanachartsec.co.th)

#### Nuttapop Prasitsuksant

Telecom, Utilities  
[nuttapop.pra@thanachartsec.co.th](mailto:nuttapop.pra@thanachartsec.co.th)

#### Rata Limsuthiwanpoom

Auto, Industrial Estate, Media, Prop. Fund  
[rata.lim@thanachartsec.co.th](mailto:rata.lim@thanachartsec.co.th)

#### Siriporn Arunothai

Small Cap, Healthcare, Hotel  
[siriporn.aru@thanachartsec.co.th](mailto:siriporn.aru@thanachartsec.co.th)

#### Sittichet Rungrassameephath

Analyst, Retail Market Strategy  
[sittichet.run@thanachartsec.co.th](mailto:sittichet.run@thanachartsec.co.th)

#### Adisak Phupiphathirungul, CFA

Retail Market Strategy  
[adisak.phu@thanachartsec.co.th](mailto:adisak.phu@thanachartsec.co.th)

#### Pattadol Bunnak

Electronics, Food & Beverage, Shipping  
[pattadol.bun@thanachartsec.co.th](mailto:pattadol.bun@thanachartsec.co.th)

#### Rawisara Suwanumphai

Bank, Finance  
[rawisara.suw@thanachartsec.co.th](mailto:rawisara.suw@thanachartsec.co.th)

#### Yupapan Polpornprasert

Energy, Petrochemical  
[yupapan.pol@thanachartsec.co.th](mailto:yupapan.pol@thanachartsec.co.th)

#### Thaloengsak Kucharoenpaisan

Analyst, Retail Market Strategy  
[thaloengsak.kuc@thanachartsec.co.th](mailto:thaloengsak.kuc@thanachartsec.co.th)

#### Pattarawan Wangmingmat

Senior Technical Analyst  
[pattarawan.wan@thanachartsec.co.th](mailto:pattarawan.wan@thanachartsec.co.th)

#### Phannarai Tiypittayarut

Property, Retail  
[phannarai.von@thanachartsec.co.th](mailto:phannarai.von@thanachartsec.co.th)

#### Saksid Phadthanarak

Construction, Transportation  
[saksid.pha@thanachartsec.co.th](mailto:saksid.pha@thanachartsec.co.th)

#### Witchanan Tambamroong

Technical Analyst  
[witchanan.tam@thanachartsec.co.th](mailto:witchanan.tam@thanachartsec.co.th)

#### Nariporn Klangpremchitt, CISA

Analyst, Retail Market Strategy  
[nariporn.kla@thanachartsec.co.th](mailto:nariporn.kla@thanachartsec.co.th)