

COMPANY RESULTS

Central Plaza Hotel (CENTEL TB)

3Q24: Better-than-expected Earnings

CENTEL reported a net profit of Bt163m (+128.5% yoy, +121.1% qoq) for 3Q24, which is above our estimates but in line with the consensus. Total revenue came in at Bt5.4b (+3.7% yoy, -2.4% qoq), mainly driven by the strong Revpar growth from hotels in Bangkok. The outlook in 4Q24 remains challenging, and we would wait for a clearer turning point. Maintain SELL. Target price: Bt47.00.

3Q24 RESULTS

Year to 31 Dec (Btm)	3Q23	2Q24	3Q24	yoy (%)	qoq (%)
Hotel revenue	2,154	2,181	2,229	3.5	2.2
Food revenue	3,054	3,351	3,169	3.8	(5.4)
Total revenue	5,208	5,532	5,398	3.7	(2.4)
Gross profit	2,088	2,257	2,141	2.5	(5.1)
SG&A	1,853	2,055	1,841	(0.7)	(10.4)
Core profit	71	168	163	128.5	(2.6)
Net profit	74	168	163	121.1	(2.6)
(%)	3Q23	2Q24	3Q24	yoy (ppts)	qoq (ppts)
Gross margin	40.1	40.8	39.7	(0.4)	(1.1)
SG&A to sales	35.6	37.2	34.1	(1.5)	(3.0)
EBITDA margin	22.1	22.4	23.9	1.8	1.5
Net profit margin	1.4	3.0	3.0	1.6	(0.0)

Source: CENTEL, UOB Kay Hian

RESULTS

• **Better-than-expected earnings in 3Q24.** Central Plaza Hotel (CENTEL) reported a net profit of Bt163m (+128.5% yoy, +121.1% qoq) for 3Q24, which is above our expectations but in line with consensus'. The reason for our miss is mainly due to the uncertain method of realising the closure of Brown Café in 3Q24 and the fluctuating effective tax rate. Total revenue was Bt5.4b (+3.7% yoy, -2.4% qoq), mainly contributed by strong Revpar growth of 15% yoy in Bangkok and the Revpar growth of 34% yoy in Japan from the low base last year. Revpar in the Maldives is still facing a decline of 4% yoy from the weak outlook and the Central Grand Mirage renovation also caused Revpar for upcountry to fall by 3% yoy. The food revenue came in at Bt3.2b (+3.8% yoy, -5.4% qoq), with the top four brands (especially Mister Donut) being the main drivers.

KEY FINANCIALS

Year to 31 Dec (Btm)	2022	2023	2024F	2025F	2026F
Net turnover	18,036.3	22,261.4	25,377.7	27,790.7	26,912.5
EBITDA	4,184.3	5,515.6	6,610.2	7,195.0	7,660.3
Operating profit	1,051.7	2,394.0	3,100.8	3,443.6	3,704.1
Net profit (rep./act.)	398.1	1,248.1	1,443.3	1,670.0	1,916.1
Net profit (adj.)	398.1	1,248.1	1,443.3	1,670.0	1,916.1
EPS (Bt)	0.3	0.9	1.1	1.2	1.4
PE (x)	111.9	35.7	30.9	26.7	23.3
P/B (x)	2.4	2.3	2.2	2.0	1.9
EV/EBITDA (x)	16.9	12.8	10.7	9.8	9.2
Dividend yield (%)	0.0	1.3	1.3	1.5	1.7
Net margin (%)	2.2	5.6	5.7	6.0	7.1
Net debt/(cash) to equity (%)	104.4	124.9	124.2	118.1	115.7
Interest cover (x)	7.7	7.6	6.2	6.6	6.7
ROE (%)	2.2	6.5	7.2	7.9	8.5
Consensus net profit (Btm)	-	-	1,487	1,798	2,059
UOBKH/Consensus (x)	-	-	0.97	0.93	0.93

Source: Central Plaza Hotel, Bloomberg, UOB Kay Hian

n.m. : not meaningful; negative P/E, EV/EBITDA reflected as "n.m."

SELL

(Maintained)

Share Price	Bt33.00
Target Price	Bt47.00
Upside	+42.4%

COMPANY DESCRIPTION

CENTEL is a leading hotel operator both in Thailand and overseas, as well as in the quick service restaurant industry in Thailand. CENTEL is part of the Central Group.

STOCK DATA

GICS sector	Consumer Discretionary
Bloomberg ticker:	CENTEL TB
Shares issued (m):	1,350.0
Market cap (Btm):	44,550.0
Market cap (US\$m):	1,277.2
3-mth avg daily t'over (US\$m):	3.7

Price Performance (%)

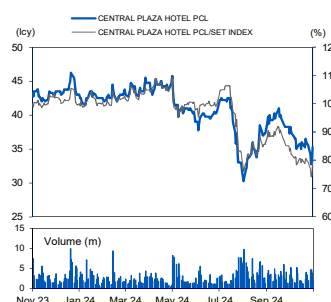
52-week high/low Bt47.00/Bt29.25

1mth	3mth	6mth	1yr	YTD
(13.7)	0.8	(25.8)	(25.0)	(24.6)

Major Shareholders

	%
Chirathivat Family	64.0
Local Investors	26.0
Foreign Investors	10.0
FY24 NAV/Share (Bt)	15.32
FY24 Net Debt/Share (Bt)	19.03

PRICE CHART



Source: Bloomberg

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KEY STATISTICS

Hotel Stats	3Q23	2Q24	3Q24	yoy (%)	qoq (%)
RevPar - Bangkok	2,940	3,144	3,388	15.2	7.8
RevPar - Upcountry	2,605	2,569	2,535	(2.7)	(1.3)
RevPar - Maldives	6,685	6,887	6,409	(4.1)	(6.9)
RevPar - Japan	4,126	6,284	5,549	34.5	(11.7)
RevPar - Average	3,096	3,378	3,319	7.2	(1.7)
Number of key rooms	4,623	4,624	4,624	0.0	0.0
Food Stats	3Q23	2Q24	3Q24	yoy (%)	qoq (%)
SSSG (%)	0.0%	2.0%	2.0%	2.0 ppt	0.0 ppt
Number of outlets*	1,399	1,403	1,396	(0.2)	(0.5)

Source: CENTEL, UOB Kay Hian

* Coffee Arigato and Mister Donut outlets consolidated in 3Q24.

STOCK IMPACT

- Update on pre-opening expenses.** Initially, management anticipated pre-opening expenses of around Bt250m for two new hotels in the Maldives in 2H24. This estimate has since been revised down to Bt150m-200m. CENTEL previously expected to book Bt80m of these expenses in 3Q24, but recent guidance now indicates only Bt10m will be booked in the quarter. This adjustment should boost 3Q24 earnings, while 4Q24 earnings will likely be impacted as the remaining Bt140-190m in expenses will be recognised solely in that quarter. Additionally, CENTEL will incur: a) lease expenses for both new hotels once operational, and b) a reopening cost of Bt25m for the Centara Karon Resort Phuket.
- Subdued growth outlook for 4Q24.** CENTEL plans to consolidate reporting for its coffee shops with Mister Donut outlets, reducing the total number of outlets reported. Management also intends to lower its guidance for new outlet expansion in 2024, citing weak consumption. This cautious expansion approach includes the closure of underperforming brands, such as Brown Café, which could result in a Bt20m expense in 3Q24. In the hotel sector, Golden Week performance was weak in Thailand but stable in Japan. Room bookings in October were also underwhelming, leaving expectations for improvement to the festive period in late-December.

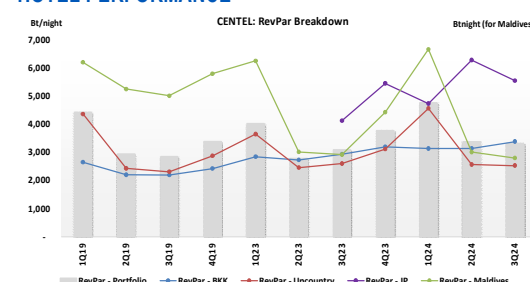
VALUATION/RECOMMENDATION

- Maintain SELL with a target price of Bt47.00.** Our valuation is based on the 2025 EV/EBITDA multiple of 13x. At its current share price, there is an upside. The outlook in 4Q24 remains challenging, and we would wait for a clearer turning point. We maintain a SELL recommendation, with a possible reassessment once: a) the majority of pre-opening expenses have been reflected in earnings, and b) renovation efforts progress faster than anticipated.

ENVIRONMENTAL, SOCIAL, GOVERNANCE (ESG)

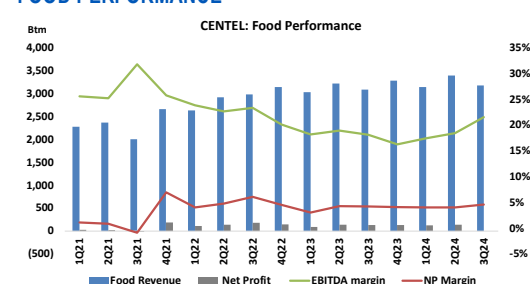
CG Report: 5
SET ESG Rating: A
<ul style="list-style-type: none"> Environmental <ul style="list-style-type: none"> - Pledged net zero emissions by 2050. - Targeting 20% reduction in greenhouse gas emissions by 2029. - Eliminate single-use plastics by 2025. Social <ul style="list-style-type: none"> - Conduct human rights assessment of the company, covering the hotel and food businesses. Governance <ul style="list-style-type: none"> - Risk and governance management committee meets every three months. - Strictly adheres to requirements and regulations, conducting business with transparency and accountability.

HOTEL PERFORMANCE



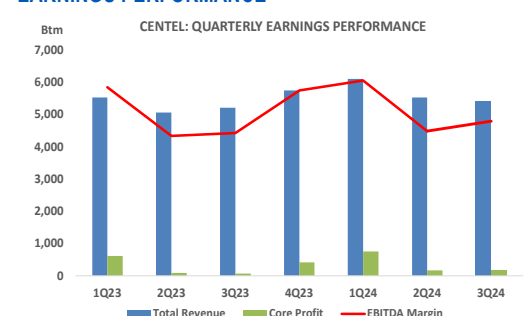
Source: CENTEL, UOB Kay Hian

FOOD PERFORMANCE



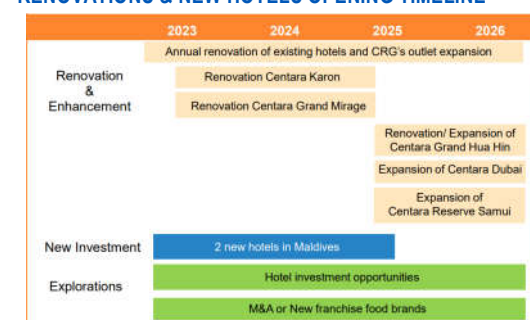
Source: CENTEL, UOB Kay Hian

EARNINGS PERFORMANCE



Source: CENTEL, UOB Kay Hian

RENOVATIONS & NEW HOTELS OPENING TIMELINE



Source: CENTEL, UOB Kay Hian

PROFIT & LOSS

Year to 31 Dec (Btm)	2023	2024F	2025F	2026F
Net turnover	22,261	25,378	27,791	26,913
EBITDA	5,516	6,610	7,195	7,660
Deprec. & amort.	3,122	3,509	3,751	3,956
EBIT	2,394	3,101	3,444	3,704
Total other non-operating income	0	0	0	0
Associate contributions	(62)	(150)	(150)	(155)
Net interest income/(expense)	(721)	(1,059)	(1,094)	(1,144)
Pre-tax profit	1,690	1,892	2,200	2,405
Tax	(434)	(408)	(470)	(410)
Minorities	(8)	(40)	(60)	(80)
Net profit	1,248	1,443	1,670	1,916
Net profit (adj.)	1,248	1,443	1,670	1,916

CASH FLOW

Year to 31 Dec (Btm)	2023	2024F	2025F	2026F
Operating (BTm)	4,397	4,872	5,713	5,894
Pre-tax profit (BTm)	1,690	1,892	2,200	2,405
Tax (BTm)	(434)	(408)	(470)	(410)
Deprec. & amort. (BTm)	3,122	3,509	3,751	3,956
Working capital changes (BTm)	(265)	(68)	371	(138)
Non-cash items (BTm)	335	(52)	(139)	80
Other operating cashflows (BTm)	(51)	0	0	0
Investing (BTm)	(9,562)	(5,612)	(5,153)	(6,197)
Capex (growth) (BTm)	(9,857)	(5,659)	(5,754)	(6,036)
Investments (BTm)	36	60	60	62
Others (BTm)	259	(13)	540	(223)
Financing (BTm)	4,547	892	633	616
Dividend payments (BTm)	0	(483)	(577)	(651)
Issue of shares (BTm)	0	0	0	0
Proceeds from borrowings (BTm)	4,625	1,375	1,210	1,268
Others/interest paid (BTm)	(78)	0	0	0
Net cash inflow (outflow) (BTm)	(618)	152	1,193	313
Beginning cash & cash equivalent (BTm)	3,152	2,137	2,289	3,481
Ending cash & cash equivalent (BTm)	2,534	2,289	3,481	3,795

BALANCE SHEET

Year to 31 Dec (Btm)	2023	2024F	2025F	2026F
Fixed assets	42,603	44,681	46,684	48,763
Other LT assets	5,913	6,070	6,216	6,050
Cash/ST investment	2,534	2,289	3,481	3,795
Other current assets	3,154	3,078	3,885	3,435
Total assets	54,204	56,118	60,266	62,042
ST debt	6,690	5,210	5,210	5,210
Other current liabilities	3,904	3,817	4,856	4,347
LT debt	20,415	22,772	23,982	25,250
Other LT liabilities	3,176	3,202	3,948	3,620
Shareholders' equity	19,675	20,686	21,779	23,044
Minority interest	343	432	492	571
Total liabilities & equity	54,204	56,119	60,266	62,042

KEY METRICS

Year to 31 Dec (%)	2023	2024F	2025F	2026F
Profitability				
EBITDA margin	24.8	26.0	25.9	28.5
Pre-tax margin	7.6	7.5	7.9	8.9
Net margin	5.6	5.7	6.0	7.1
ROA	2.4	2.6	2.9	3.1
ROE	6.5	7.2	7.9	8.5
Growth				
Turnover	23.4	14.0	9.5	(3.2)
EBITDA	31.8	19.8	8.8	6.5
Pre-tax profit	206.1	11.9	16.3	9.3
Net profit	213.5	15.6	15.7	14.7
Net profit (adj.)	213.5	15.6	15.7	14.7
EPS	213.5	15.6	15.7	14.7
Leverage				
Debt to total capital	57.5	57.0	56.7	56.3
Debt to equity	137.8	135.3	134.0	132.2
Net debt/(cash) to equity	124.9	124.2	118.1	115.7
Interest cover (x)	7.6	6.2	6.6	6.7

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