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### KEY HIGHLIGHTS

#### Update

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Leave it all behind.	

### KEY INDICES

Symbol	Close	Chg	%Chg
SET	1,442.63	(7.49)	(0.52)
SET50	931.56	(4.39)	(0.47)
Value (Btm) - SET	45,485		
<b>Top 5 Sector</b>			
BANK	390.60	1.74	0.45
PETRO	589.42	(4.91)	(0.83)
PROP	203.65	0.29	0.14
ENERG	18,355.09	(233.60)	(1.26)
ICT	201.74	(1.83)	(0.90)

Source: Bloomberg

### TOP VOLUME

Symbol	Close (Baht)	+/-(% Chg)	5-day ADT (BTm)
DELTA	163.50	(0.91)	2,408.6
GULF	61.00	(5.43)	1,739.1
BH	207.00	(1.43)	2,285.1
CCET	9.20	12.88	1,478.7
CPALL	63.75	(1.16)	2,166.1

### TOP GAINERS

Symbol	Close (Baht)	+/-(% Chg)	5-day ADT (BTm)
CPR	4.06	17.34	5.5
CCET	9.20	12.88	1,478.7
EASON	1.14	11.76	2.7
EE	0.20	11.11	0.5
GRAND	0.10	11.11	0.3

### TOP LOSERS

Symbol	Close (Baht)	+/-(% Chg)	5-day ADT (BTm)
MORE	0.03	(25.00)	1.0
TWZ	0.03	(25.00)	0.2
PPM	1.55	(23.27)	0.7
SABUY	0.50	(16.67)	19.6
SDC	0.06	(14.29)	4.7

\*ADT: Average daily turnover

### KEY STATISTICS

Commodity	Current Price	%Chg		
		1m	3M	YTD
Brent crude*	71.0	(2.3)	(8.7)	(4.9)
Dubai crude*	71.9	(2.6)	(10.2)	(6.1)
Baltic Dry Index	1,785.0	13.3	5.6	(14.8)
Gold Spot***	2,576.6	(5.3)	2.7	24.9

\*(US\$/bbl), \*\*\* (US\$/toz)

### FOREIGN PORTFOLIO INVESTMENT IN EQUITIES (THAILAND)

Day (Mil US\$)	MTD Net (Mil US\$)	YTD Net (Mil US\$)	YTD Net YoY%
(27.9)	(300.4)	(3,726.4)	345.4

Source: Bloomberg

Foreign Exchange Rate - THB/US\$ (onshore) = 34.73

Interest Rate (%) - TH 1-day RP = 2.50

Thai Lending Rate (%)\* - MLR = 7.10

COMPANY UPDATE

**Banpu (BANPU TB)**

Supply Issues Resolved In The Short Term, But Long-Term Needs To Be Monitored Closely

The coal sector is beginning to stabilise as regional demand remains robust. The gas business continues to face challenges due to high inventory levels, leading us to expect a decline in gas selling prices during the winter season. However, we are still cautious about investing in the coal and gas businesses, as supply issues could once again pressure selling prices. Maintain HOLD. Target price: Bt5.10.

WHAT'S NEW

- The tone during BANPU's analyst meeting was neutral.
- The coal market is starting to stabilise.** We expect high calorific value (HCV) coal prices to remain stable yoy in 2025, supported by limitations on HCV coal exports from Australia, while demand from key markets such as Japan, Korea, and Taiwan remains stable. In the low calorific value (LCV) coal market, new supply from Indonesia continues to grow steadily. Despite robust demand from China and India, the marginally higher growth in supply compared with demand is expected to put downward pressure on LCV coal prices in 2025.
- Gas price trends are still concerning.** Henry Hub gas prices continued to decline mom in October and November, even as the winter season approached. ASPs in 4Q24 dropped to US\$1.74/metric million British thermal unit (MMBTU), down 15% qoq and 35% yoy, driven by high inventory levels. We anticipate a recovery in gas selling prices in 2025, supported by ongoing reductions in US gas production. Notably, the Henry Hub price ytd is US\$2.02/MMBTU, the lowest level since 1997. Baker Hughes reported a 29% drop in the number of operating gas rigs in 3Q24 compared with end-23, with projections indicating that this lower level will persist into 2025, potentially reducing US gas inventories. Additionally, we expect US policies to support fossil fuel production and exports after the election to drive infrastructure development, particularly export ports, which will further accelerate the easing of inventory issue, bolstering the recovery of US gas selling prices. However, we remain cautious about US gas supply dynamics. While supportive policies may stimulate production, any significant increase in domestic output could once again exert downward pressure on selling prices in the future.
- BKV's growth will be evident from 2025 onwards.** BKV Corporation's (in which BANPU holds a 76% stake) growth is expected to accelerate after its IPO. This growth will be driven by BKV's planned projects and M&As, supported by its ability to secure its own funding to enhance business operations. In 2026, BKV will start production of its new carbon capture, utilisation, and storage (CCUS) project with a capacity of 45,000 tonnes (BKV currently has a total CCUS capacity of 260,000 tonnes per year). Additionally, BKV has 4-5 projects in the final investment decision (FID), ready to proceed with construction. For 2025, BANPU is projected to receive a contribution of Bt60m-65m from BKV (based on an assumed 50% utilisation rate).

KEY FINANCIALS

Year to 31 Dec (Btm)	2022	2023	2024F	2025F	2026F
Net turnover	272,270	179,619	191,555	195,844	191,340
EBITDA	130,186	42,277	36,674	41,158	37,756
Operating profit	107,979	22,386	17,865	23,318	20,779
Net profit (rep./act.)	40,519	5,434	3,517	5,948	6,437
Net profit (adj.)	75,921	6,935	3,901	5,948	6,437
EPS (Bt)	9.0	0.7	0.4	0.6	0.6
PE (x)	0.6	8.1	14.4	9.4	8.7
P/B (x)	0.3	0.3	0.3	0.3	0.3
EV/EBITDA (x)	1.1	4.3	4.1	3.3	3.2
Dividend yield (%)	21.4	8.0	5.4	5.4	5.8
Net margin (%)	14.9	3.0	1.8	3.0	3.4
Net debt/(cash) to equity (%)	76.5	92.1	69.5	58.2	47.6
Interest cover (x)	13.9	3.2	2.6	3.0	3.0
ROE (%)	30.5	3.9	2.4	4.0	4.2
Consensus net profit	-	-	5,068	6,488	7,319
UOBKH/Consensus (x)	-	-	0.69	0.92	0.88

Source: Banpu, Bloomberg, UOB Kay Hian

HOLD

(Maintained)

Share Price	Bt5.60
Target Price	Bt5.10
Upside	-8.9%
(Previous TP)	Bt5.60)

COMPANY DESCRIPTION

A regional coal producer with mines in four countries, namely Indonesia (ITMG), Australia (Centennial), Mongolia (Hunnu), and China, commanding total equity reserves of 713mt. Banpu Power (78.7% owned by Banpu) also has power generation capacity (equity basis).

STOCK DATA

GICS sector	Energy
Bloomberg ticker:	BANPU TB
Shares issued (m):	10,018.9
Market cap (Btm):	46,087.0
Market cap (US\$m):	1,306.5
3-mth avg daily t'over (US\$m):	12.6

Price Performance (%)

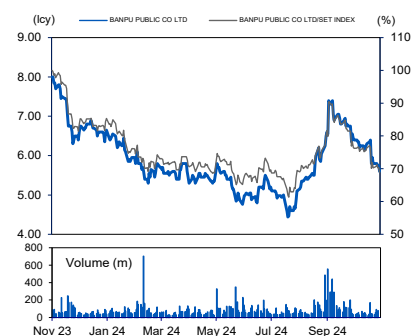
52-week high/low	Bt9.25/Bt4.44			
<b>1mth</b>	<b>3mth</b>	<b>6mth</b>	<b>1yr</b>	<b>YTD</b>
(16.4)	(15.6)	(21.4)	(50.8)	(32.4)

Major Shareholders

	%
Vongkusolkij family	17.0
NVDR	16.0
State Street Bank Europe Ltd.	6.7

FY24 NAV/Share (Bt)	18.63
FY24 Net Debt/Share (Bt)	11.31

PRICE CHART



Source: Bloomberg

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### STOCK IMPACT

• **We expect 4Q24 net profit to recover qoq and yoy.** The recovery of the coal business's gross profit margin is a key positive factor, driven by improved ASP and reduced production costs, particularly through the implementation of a cost reduction plan focused on lowering the stripping ratio of coal operations. Positive signs of this recovery were evident in 3Q24. BANPU's cost reduction initiatives are expected to have a significant impact on performance in 4Q24 and throughout 2025. Additionally, the depreciation of the Thai baht in 4Q24 will help mitigate foreign exchange losses, which were a significant issue in 3Q24.

### EARNINGS REVISION/RISK

• **Cut 2024-25 net profit forecasts.** We cut our 2024-25 net profit forecasts by 47% and 31%, respectively, as we assume lower sales volume and ASP for both the coal and gas businesses. We now expect 2024 net profit to be Bt3.5b, down 35% yoy, and 2025 net profit to be Bt6.0b, up 71% yoy.

### KEY ASSUMPTION

	2024F			2025F		
	Old	New	%Chg.	Old	New	%Chg.
SG&A/Sales	10%	11%		10%	11%	
<b>Coal Business</b>						
<b>Indonesia Mines</b>						
Sales Volume (mTons)	26.1	24.8	-5%	26.0	25.0	-4%
Average selling price (US\$/Ton)	105	95	-10%	100	90	-10%
Average cost of sales (US\$/Ton)	60	58	-3%	55	55	0%
<b>Australia Mines</b>						
Sales Volume (mTons)	8.8	8.1	-8%	8.8	8.1	-8%
Average selling price (AUD\$/Ton)	180	170	-6%	180	170	-6%
Average cost of sales (AUD\$/Ton)	165	160	-3%	160	160	0%
<b>Gas Business</b>						
Sales Volume (Bcf)	332	300	-10%	335	300	-10%
Average selling price (US\$/Mcf)	2.3	2.0	-13%	2.5	2.2	-12%
Average cost of sales (US\$/Mcf)	1.5	1.4	-5%	1.5	1.5	0%
<b>Earnings Forecast</b>						
Core Profit	6,644	3,901	-41%	8,765	6,011	-31%
Net Profit	6,644	3,517	-47%	8,765	6,011	-31%

Source: Banpu, Bloomberg, UOB Kay Hian

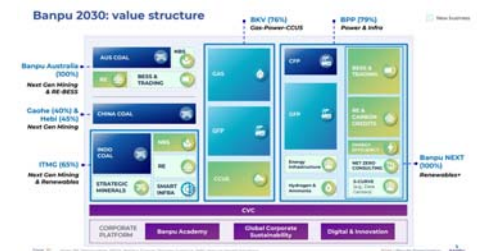
### VALUATION/RECOMMENDATION

• **Maintain HOLD with a lower target price of Bt5.10**, based on a coal regional core PE mean of 8.5x. We remain cautious about investing in the coal and gas businesses, although in the short term we are starting to see positive signs in the coal business due to the high season and a slightly positive outlook from the US election results. However, in the long term, we remain concerned about the increase in supply from the US fossil fuel policy and Indonesia's accelerated coal production.

### ENVIRONMENTAL, SOCIAL, GOVERNANCE (ESG)

<b>CG Report: 5</b>
<b>SET ESG Rating: AAA</b>
<ul style="list-style-type: none"> <li>• <b>Environmental</b> <ul style="list-style-type: none"> <li>- Greener &amp; smarter strategies to respond to climate change, including reducing greenhouse gas emissions. Investing in renewable energy and cleaner fuels by increasing renewable energy capacity to more than 1.1 gigawatts by 2025 and reducing greenhouse gas emissions by 7% compared with business as usual for the mining business and 20% for the electricity business.</li> </ul> </li> <li>• <b>Social</b> <ul style="list-style-type: none"> <li>- Initiatives focusing on community relations and development include: a) promoting and enhancing communities neighbouring mines in Indonesia, b) developing communities surrounding solar power plants in China, c) managing community relations for its subsidiary in Australia, and d) formulating community relation plans for business operations in Vietnam and the US.</li> </ul> </li> <li>• <b>Governance</b> <ul style="list-style-type: none"> <li>- Addressing sustainable corporate governance encompasses business ethics, partner and contractor management, business continuity management, and the oversight of data privacy and cybersecurity concerns.</li> <li>- To enhance ESG responsibility within the supply chain, the company has integrated it into supplier management processes. It utilises the ESG Audit Performance system to evaluate potential business partners and contractors prior to procurement, as well as to assess existing partners.</li> </ul> </li> </ul>

### VALUE STRUCTURE (2030)



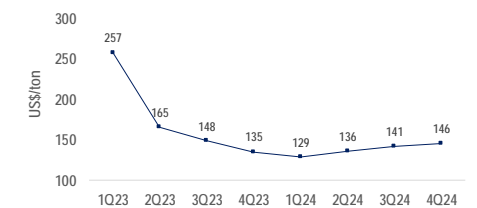
Source: Banpu, UOB Kay Hian

### GLOBAL THERMAL COAL MARKET



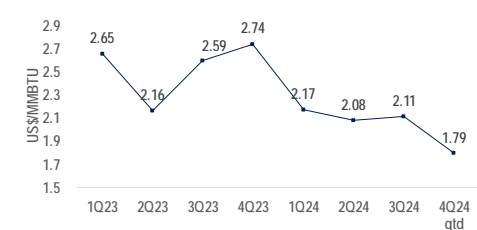
Source: Banpu, UOB Kay Hian

### THE NEWCASTLE EXPORT INDEX



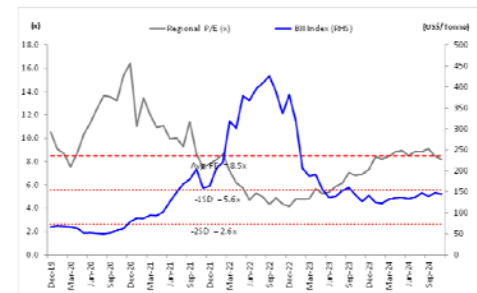
Source: Banpu, UOB Kay Hian

### HENRY HUB GAS PRICES



Source: Banpu, UOB Kay Hian

### REGIONAL PE MEAN AND BJI INDEX



Source: Banpu, Bloomberg, UOB Kay Hian

### PROFIT & LOSS

Year to 31 Dec (Btm)	2023	2024F	2025F	2026F
<b>Net turnover</b>	<b>179,619</b>	<b>191,555</b>	<b>195,844</b>	<b>191,340</b>
EBITDA	42,277	36,674	41,158	37,756
Deprec. & amort.	19,891	18,809	17,840	16,977
EBIT	22,386	17,865	23,318	20,779
Associate contributions	9,297	8,058	7,786	7,684
Net interest income/(expense)	-13,387	-14,087	-13,747	-12,397
<b>Pre-tax profit</b>	<b>18,296</b>	<b>11,837</b>	<b>17,358</b>	<b>16,066</b>
Tax	-4,032	-3,436	-5,207	-4,820
Minorities	-7,328	-4,500	-6,202	-4,809
<b>Net profit</b>	<b>5,434</b>	<b>3,517</b>	<b>5,948</b>	<b>6,437</b>
Net profit (adj.)	6,935	3,901	5,948	6,437

### CASH FLOW

Year to 31 Dec (Btm)	2023	2024F	2025F	2026F
<b>Operating</b>	<b>4,139</b>	<b>56,100</b>	<b>30,638</b>	<b>27,683</b>
Pre-tax profit	18,296	11,837	17,358	16,066
Tax	-4,032	-3,436	-5,207	-4,820
Deprec. & amort.	19,891	18,809	17,840	16,977
Working capital changes	-11,745	22,328	585	-604
Other operating cashflows	-18,271	6,563	63	63
<b>Investing</b>	<b>-31,908</b>	<b>-19,229</b>	<b>-12,076</b>	<b>-7,820</b>
Investments	-28,968	-13,500	-10,000	-10,000
Others	-2,940	-5,729	-2,076	2,180
<b>Financing</b>	<b>8,752</b>	<b>-59,675</b>	<b>-18,006</b>	<b>-18,006</b>
Dividend payments	-8,449	-4,509	-3,006	-3,006
Proceeds from borrowings	17,201	-55,166	-15,000	-15,000
<b>Net cash inflow (outflow)</b>	<b>-19,018</b>	<b>-22,803</b>	<b>556</b>	<b>1,857</b>
Beginning cash & cash equivalent	74,448	53,900	31,097	31,653
Changes due to forex impact	-1,530	0	0	0
<b>Ending cash &amp; cash equivalent</b>	<b>53,900</b>	<b>31,097</b>	<b>31,653</b>	<b>33,511</b>

### BALANCE SHEET

Year to 31 Dec (Btm)	2023	2024F	2025F	2026F
<b>Fixed assets</b>	<b>157,487</b>	<b>152,179</b>	<b>144,339</b>	<b>137,362</b>
Other LT assets	182,174	165,952	168,096	165,844
Cash/ST investment	53,900	31,097	31,653	33,511
Other current assets	51,351	39,294	39,659	39,261
<b>Total assets</b>	<b>444,913</b>	<b>388,522</b>	<b>383,748</b>	<b>375,977</b>
ST debt	55,166	15,000	15,000	15,000
Other current liabilities	39,267	49,538	50,488	49,486
LT debt	160,240	145,240	130,240	115,240
Other LT liabilities	25,016	3,065	3,134	3,061
Shareholders' equity	175,372	185,827	195,035	203,339
<b>Total liabilities &amp; equity</b>	<b>444,913</b>	<b>388,522</b>	<b>383,748</b>	<b>375,977</b>

### KEY METRICS

Year to 31 Dec (%)	2023	2024F	2025F	2026F
<b>Profitability</b>				
EBITDA margin	23.5	19.1	21.0	19.7
Pre-tax margin	10.2	6.2	8.9	8.4
Net margin	3.0	1.8	3.0	3.4
ROA	1.6	1.1	1.9	2.1
ROE	3.9	2.4	4.0	4.2
<b>Growth</b>				
Turnover	-34.0	6.6	2.2	-2.3
EBITDA	-73.6	-15.4	11.1	-8.3
Pre-tax profit	-83.5	-35.3	46.6	-7.4
Net profit	-86.6	-35.3	69.1	8.2
Net profit (adj.)	-90.9	-43.8	52.5	8.2
EPS	-92.3	-43.8	52.5	8.2
<b>Leverage</b>				
Debt to total capital	65.2	45.6	39.3	33.7
Debt to equity	122.8	86.2	74.5	64.1
Net debt/(cash) to equity	92.1	69.5	58.2	47.6
Interest cover (x)	3.2	2.6	3.0	3.0

### COMPANY UPDATE

## Land and Houses (LH TB)

Extra Gains To Boost Bottom Line In 4Q24; Residential Segment's Outlook Remains Challenging

We expect extra gains from asset divestment to drive 4Q24 earnings growth, marking the quarterly peak for the year. While 4Q24 presales may improve from a low base, the residential segment remains under pressure due to a low backlog and weak gross margins. Concerns also linger over dividend payment capacity amid cash flow management and vulnerable performances. Maintain HOLD with a target price of Bt6.00.

### WHAT'S NEW

• **Analyst meeting after 3Q24 results.** We attended Land and Houses' (LH) analyst meeting to review its 3Q24 results and update its business outlook. The tone of the meeting was negative, as challenges persist in the residential segment, while contributions from the rental business and equity income remain insufficient to offset the decrease in revenue from the residential business.

### STOCK IMPACT

• **Expect 4Q24 presales to improve from a low base and new launches.** LH achieved presales of Bt14.7b for 9M24 (+2% yoy), accounting for only 47% of its full-year target. Despite improved condo presales, 9M24 presales in the low-rise segment saw a 13% decrease from the previous year, reflecting weaker demand due to challenging economic conditions and increased competition in the residential market. In 4Q24, presales are expected to improve from a low base, supported by new project launches valued at Bt12.3b. Key projects include Nantawan Pool Villa Rama 9 - New Krungthep Krittha and Mantana 100+ Rama 2 – Bangkhuntian.

• **Asset divestment to boost bottom line in 4Q24.** Although we expect normalised profit to remain vulnerable in 4Q24, net profit is likely to reach the highest quarterly level this year, driven by extra gains from asset divestment. In 4Q24, LH divested Terminal 21 Pattaya shopping mall to LH Shopping Centers Leasehold Real Estate Investment, with a transaction value of Bt5.7b. We expect LH to book extra gain of Bt1.5b-1.6b in 4Q24.

• **Announced interim dividend despite lower payout ratio.** LH announced an interim dividend of Bt0.15 per share from its operations for Jan-Sep 24 (ex-dividend date: 28 Nov 24). This dividend reflects a payout ratio of 62%, which is below the historical average. The reduced payout ratio is due to weak performance and the company's focus on cash flow management.

### KEY FINANCIALS

Year to 31 Dec (Btm)	2022	2023	2024F	2025F	2026F
Net turnover	35,597	26,745	25,291	28,555	32,403
EBITDA	8,501	5,295	3,994	5,465	6,576
Operating profit	6,834	3,418	2,147	3,482	4,559
Net profit (rep./act.)	8,313	7,482	5,010	5,275	6,193
Net profit (adj.)	8,063	5,288	3,728	5,275	6,193
EPS (Bt)	0.7	0.4	0.3	0.4	0.5
PE (x)	7.8	11.9	16.8	11.9	10.1
P/B (x)	1.2	1.2	1.2	1.2	1.2
EV/EBITDA (x)	14.0	22.4	29.7	21.7	18.1
Dividend yield (%)	11.4	9.5	6.4	6.7	7.9
Net margin (%)	23.4	28.0	19.8	18.5	19.1
Net debt/(cash) to equity (%)	96.6	109.9	107.4	106.5	103.3
Interest cover (x)	8.3	3.5	2.0	2.6	3.1
ROE (%)	16.4	14.5	9.7	10.1	11.6
Consensus net profit	-	-	5,694	5,940	6,193
UOBKH/Consensus (x)	-	-	0.65	0.89	1.00

Source: Land and Houses, Bloomberg, UOB Kay Hian

## HOLD

(Maintained)

Share Price	Bt5.25
Target Price	Bt6.00
Upside	+14.3%

### COMPANY DESCRIPTION

LH is the leading property developer in Thailand. The company develops residential projects ranging from single detached houses, townhouses and condominiums. Another source of income is rental income from its serviced apartments and rental properties.

### STOCK DATA

GICS sector	Real Estate
Bloomberg ticker:	LH TB
Shares issued (m):	11,949.7
Market cap (Btm):	62,736.0
Market cap (US\$m):	1,801.1
3-mth avg daily t'over (US\$m):	9.0

### Price Performance (%)

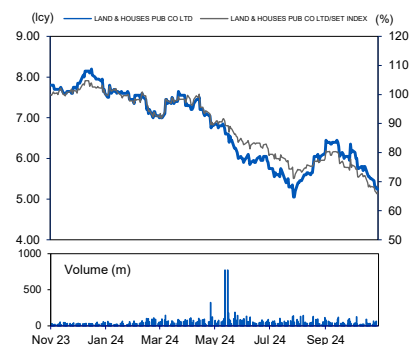
52-week high/low	Bt8.20/Bt4.86			
<b>1mth</b>	<b>3mth</b>	<b>6mth</b>	<b>1yr</b>	<b>YTD</b>
(14.6)	1.0	(22.8)	(31.4)	(35.6)

### Major Shareholders

	%
Mr. Anant Asavabhokhin	23.9
Thai NVDR Company Limited	11.8
Mayland Co.,Ltd.	5.7

FY24 NAV/Share (Bt)	4.31
FY24 Net Debt/Share (Bt)	4.63

### PRICE CHART



Source: Bloomberg

### ANALYST(S)

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### 3Q24 RESULTS

Year to 31 Dec (Btm)	3Q23	2Q24	3Q24	yoy %	qoq %	9M23	9M24	yoy %
Sales and services	6,423	6,600	5,809	(9.6)	(12.0)	20,018	19,075	(4.7)
Operating EBIT	767	656	410	(46.5)	(37.5)	2,623	1,786	(31.9)
Equity income	805	843	811	0.7	(3.8)	2,470	2,490	0.8
Core profit	268	113	(124)	(146.3)	(209.9)	1,174	156	(86.8)
Normal profit	1,226	1,065	859	(30.0)	(19.4)	4,160	3,118	(25.0)
Net profit	1,185	1,017	650	(45.2)	(36.1)	3,989	2,898	(27.4)
Percent	3Q23	2Q24	3Q24	yoy ppt	qoq ppt	9M23	9M24	yoy %
Gross margin	29.5	28.4	26.1	(3.4)	(2.3)	30.5	28.1	(2.4)
SG&A to sales	17.5	18.5	19.0	1.5	0.5	3.2	3.0	(0.1)
EBIT margin	11.9	9.9	7.1	(4.9)	(2.9)	13.1	9.4	(3.7)
Net margin	18.5	15.4	11.2	(7.3)	(4.2)	19.9	15.2	(4.7)

Source: Land and Houses, UOB Kay Hian

- Disappointing results in 3Q24.** LH reported a net profit of Bt650m in 3Q24 (-45% yoy, -36% qoq), 29% below our estimate. Excluding non-recurring items (forex loss), normalised profit was Bt859m (-30% yoy, -19% qoq), which was 7% below our expectation, reflecting lower-than-expected revenue and gross margin.
- In 3Q24, revenue from ownership transfers came in at Bt3.4b, down 23% yoy and 21% qoq, due to fewer presales in the low-rise segment as well as low condo backlogs. In contrast, revenue from rental properties reached Bt2.37b, increasing 20% yoy and 6% qoq, driven by new properties and improved hotel performances in both domestic markets and the US. Overall gross margin declined to 26.1%, down from 29.5% in 3Q23 and 28.4% in 2Q24. The decrease was due to reduced transfers and high fixed costs. Additionally, the company sold single-detached houses with furniture during the quarter, which yielded lower gross margins. It booked a share profit from investments of Bt811m (+1% yoy, -4% qoq). The qoq drop was due to a weaker performance at Home Product Center.

### EARNINGS REVISION/RISK

- Risks.** a) Lower-than-expected presales, transfers and gross margins, b) tightening bank policy, and c) slower-than-expected economic recovery.

### VALUATION/RECOMMENDATION

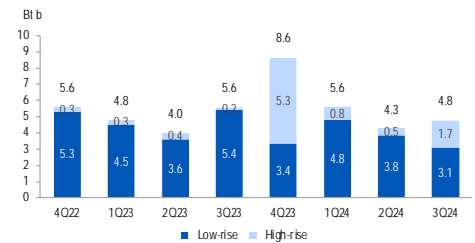
- Maintain HOLD with a target price of Bt6.00.** Our SOTP-based target price values: a) the core business at Bt1.30/share, based on 13x 2025F PE, or its mean historical PE, and b) affiliated companies at Bt4.70/share. While 4Q24 earnings may expand from extra gains, the residential segment faces challenges through 1H25 due to market share losses, increased competition and low backlogs. Additionally, we expect LH to reduce project launches in 2025 as management focuses on inventory reduction and cash flow management, highlighting pressure on dividend payments.

### ENVIRONMENTAL, SOCIAL, GOVERNANCE (ESG)

<b>CG Report: 5</b> <b>SET ESG Rating: A</b>
<b>Environmental</b>
<ul style="list-style-type: none"> <li>LH successfully extended the scope for GHG emission management and reduced GHG emissions by 15.52 tonnes of carbon dioxide equivalent through energy-saving tools, renewable energy, and electric scooters, which helped save energy costs.</li> </ul>
<b>Social</b>
<ul style="list-style-type: none"> <li>The company is committed to improving the quality of life and being responsible for all stakeholders. LH conducted safety supervision for employees and engaged in a charity project that donates proceeds to patients in need.</li> </ul>
<b>Governance</b>
<ul style="list-style-type: none"> <li>LH announced its plan to combat corruption by partnering with the Thai private sector and revising its complaint management process. It also emphasises supply chain management to mitigate risks from suppliers.</li> </ul>

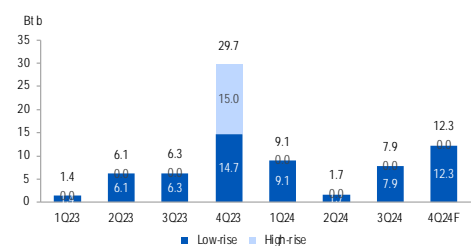
Source: LH, UOB Kay Hian

### QUARTERLY PRESALES



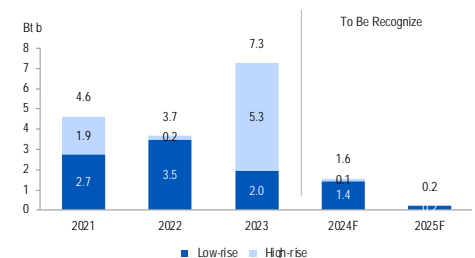
Source: LH, UOB Kay Hian

### QUARTERLY PRESALES



Source: LH, UOB Kay Hian

### BACKLOG AS OF 30 SEP 24



Source: LH, UOB Kay Hian

### PE BAND



Source: Bloomberg, UOB Kay Hian

### PROFIT & LOSS

Year to 31 Dec (Btm)	2023	2024F	2025F	2026F
Net turnover	26,745	25,291	28,555	32,403
EBITDA	5,295	3,994	5,465	6,576
Deprec. & amort.	1,878	1,847	1,983	2,017
EBIT	3,418	2,147	3,482	4,559
Total other non-operating income	3,068	2,017	850	850
Associate contributions	3,300	3,320	3,486	3,591
Net interest income/(expense)	(1,500)	(2,032)	(2,076)	(2,134)
<b>Pre-tax profit</b>	<b>8,286</b>	<b>5,452</b>	<b>5,743</b>	<b>6,865</b>
Tax	(791)	(426)	(451)	(655)
Minorities	(13)	(16)	(17)	(17)
<b>Net profit</b>	<b>7,482</b>	<b>5,010</b>	<b>5,275</b>	<b>6,193</b>
Net profit (adj.)	5,288	3,728	5,275	6,193

### CASH FLOW

Year to 31 Dec (Btm)	2023	2024F	2025F	2026F
<b>Operating (BTm)</b>	<b>(90)</b>	<b>8,914</b>	<b>6,830</b>	<b>5,380</b>
Pre-tax profit	8,286	5,452	5,743	6,865
Tax	(791)	(426)	(451)	(655)
Deprec. & amort.	1,878	1,847	1,983	2,017
Working capital changes	(8,081)	3,262	(2,240)	(3,136)
Non-cash items	(1,381)	278	296	289
Other operating cashflows	3,300	3,320	3,486	3,591
<b>Investing</b>	<b>834</b>	<b>(4,130)</b>	<b>(2,037)</b>	<b>(746)</b>
Capex (growth)	(625)	(1,051)	(2,252)	(1,052)
Investments	(2,375)	172	(349)	(359)
Others	3,834	(3,251)	564	665
<b>Financing</b>	<b>(1,233)</b>	<b>(5,049)</b>	<b>(4,080)</b>	<b>(4,541)</b>
Dividend payments	(6,572)	(4,991)	(4,114)	(4,587)
Issue of shares	0	0	0	0
Proceeds from borrowings	6,314	0	0	0
Others/interest paid	(975)	0	0	0
<b>Net cash inflow (outflow)</b>	<b>(489)</b>	<b>1,292</b>	<b>(821)</b>	<b>47</b>
<b>Beginning cash &amp; cash equivalent</b>	<b>4,826</b>	<b>4,337</b>	<b>5,629</b>	<b>4,808</b>
<b>Ending cash &amp; cash equivalent</b>	<b>4,337</b>	<b>5,629</b>	<b>4,808</b>	<b>4,855</b>

### BALANCE SHEET

Year to 31 Dec (Btm)	2023	2024F	2025F	2026F
Fixed assets	37,186	36,390	36,659	35,694
Other LT assets	31,582	31,205	32,041	32,974
Cash/ST investment	4,337	5,629	4,808	4,855
Other current assets	58,815	54,818	57,625	61,489
<b>Total assets</b>	<b>131,920</b>	<b>128,042</b>	<b>131,133</b>	<b>135,012</b>
ST debt	22,493	19,693	17,593	7,293
Other current liabilities	7,137	6,681	7,544	8,560
LT debt	38,458	41,258	43,358	53,658
Other LT liabilities	11,599	8,143	9,194	10,433
Shareholders' equity	51,513	51,531	52,692	54,298
Minority interest	720	736	753	770
<b>Total liabilities &amp; equity</b>	<b>131,920</b>	<b>128,042</b>	<b>131,133</b>	<b>135,012</b>

### KEY METRICS

Year to 31 Dec (%)	2023	2024F	2025F	2026F
<b>Profitability</b>				
EBITDA margin	19.8	15.8	19.1	20.3
Pre-tax margin	31.0	21.6	20.1	21.2
Net margin	28.0	19.8	18.5	19.1
ROA	5.8	3.9	4.1	4.7
ROE	14.5	9.7	10.1	11.6
<b>Growth</b>				
Turnover	(24.9)	(5.4)	12.9	13.5
EBITDA	(37.7)	(24.6)	36.8	20.3
Pre-tax profit	(15.7)	(34.2)	5.3	19.5
Net profit	(10.0)	(33.0)	5.3	17.4
Net profit (adj.)	(34.4)	(29.5)	41.5	17.4
EPS	(34.4)	(29.5)	41.5	17.4
<b>Leverage</b>				
Debt to total capital	53.9	53.8	53.3	52.5
Debt to equity	118.3	118.3	115.7	112.3
Net debt/(cash) to equity	109.9	107.4	106.5	103.3
Interest cover (x)	3.5	2.0	2.6	3.1

COMPANY UPDATE

**PTT Global Chemical (PTTGC TB)**

4Q24 Performance Recovers, But Net Loss Remains

PTTGC officially announced the termination of PTTAC. 4Q24 will still incur a termination cost of Bt3.0b-4.0b. Additionally, a new ethane sales agreement has been finalised, resulting in a 3% increase in feedstock costs and rise in ethane volume. 4Q24 performance is still projected to show a net loss due to the termination expense of Vencorex and PTTAC and a fall in petrochemical spreads. Maintain HOLD. Target price: Bt24.50. We suggest switching to BCP and IVL.

WHAT'S NEW

- The tone during PTT Global Chemical's (PTTGC) analyst meeting was neutral.
- Latest ethane contracts will secure additional ethane feedstock.** Under the latest ethane sales agreement with PTT, PTTGC will receive 1.9m tonnes of ethane feedstock, (vs. our estimate of 1.7m tonnes). However, this benefit will be offset by a 3% increase in ethane feedstock costs. As a result, the proportion of ethane in PTTGC's production mix is expected to rise from 32-33% in 2024 to 35-36% in 2025. PTTGC still has the capacity to handle up to 2.5m tonnes of ethane as feedstock, enabling it to utilise additional ethane without requiring further investment. However, if a decision on the finalisation of single pool gas pricing regulation is reached in the future, the ethane sales agreement between PTT and PTTGC may be subject to review. Note: PTTGC is expected to be affected by the Single Pool Gas Policy, with an impact of approximately Bt200m in 2024.
- PTTAC termination announcement.** In 3Q24, PTTGC recorded an impairment loss of Bt8.94b for PTT Asahi (PTTAC). PTTGC recently announced to the Stock Exchange of Thailand that PTTAC's operations will cease starting 1 Jan 25. PTTGC expects to complete the entire termination process by 2028. In 4Q24, approximately Bt3.0b will be allocated for termination expense, which we have included in our estimates.
- Extra gain from sale of Vencorex assets from 2025 onwards.** In 3Q24, PTTGC recorded an impairment loss of Bt7.96b for Vencorex, along with a termination expense of Bt614m. Based on channel check with PTTGC, the termination expense is expected to slightly exceed the previous estimate of Bt1.0b (included in our projections). We anticipate additional termination expense of no more than Bt500m, with the remaining costs to be recognised in 4Q24. PTTGC plans to gradually sell Vencorex's assets in France, the US, and Thailand, with proceeds expected to be recognised as extra gains starting from 2025.

KEY FINANCIALS

Year to 31 Dec (Btm)	2022	2023	2024F	2025F	2026F
Net turnover	683,954	621,631	605,256	640,510	694,729
EBITDA	74,068	40,442	29,424	48,146	52,589
Operating profit	46,506	11,955	-26	20,794	27,240
Net profit (rep./act.)	-8,752	999	-22,761	10,220	15,643
Net profit (adj.)	41,323	-1,368	-6,636	10,220	15,643
EPS (Bt)	9.2	-0.3	-1.5	2.3	3.5
PE (x)	2.6	-79.4	-16.4	10.6	6.9
P/B (x)	0.3	0.3	0.4	0.3	0.3
EV/EBITDA (x)	4.8	7.8	10.8	6.2	5.4
Dividend yield (%)	4.1	3.1	3.1	4.1	5.2
Net margin (%)	-1.3	0.2	-3.8	1.6	2.3
Net debt/(cash) to equity (%)	73.0	62.0	67.8	60.9	54.0
Interest cover (x)	7.5	3.5	2.6	4.5	5.0
ROE (%)	-2.8	0.3	-7.6	3.4	5.1
Consensus net profit	-	-	-18,514	7,953	11,779
UOBKH/Consensus (x)	-	-	n.m.	1.29	1.33

Source: PTT Global Chemical, Bloomberg, UOB Kay Hian  
n.m. : not meaningful; negative P/E, EV/EBITDA reflected as "n.m."

HOLD

(Maintained)

Share Price	Bt24.10
Target Price	Bt24.50
Upside	+1.7%

COMPANY DESCRIPTION

PTT Global Chemical is a fully integrated petrochemical and chemical company. The company's products are derived from its main product, olefins, namely ethylene and propylene.

STOCK DATA

GICS sector	Materials
Bloomberg ticker:	PTTGC TB
Shares issued (m):	4,508.8
Market cap (Btm):	113,848.4
Market cap (US\$m):	3,324.9
3-mth avg daily t'over (US\$m):	14.0

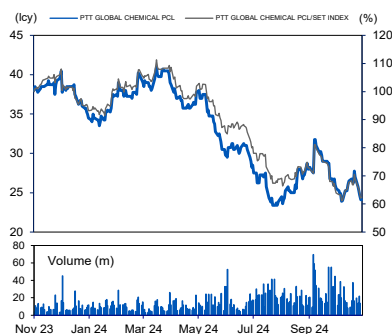
Price Performance (%)

52-week high/low	Bt41.00/Bt23.40			
<b>1mth</b>	<b>3mth</b>	<b>6mth</b>	<b>1yr</b>	<b>YTD</b>
(3.8)	(31.8)	(33.6)	(29.9)	(34.4)

Major Shareholders

	%
PTT	48.9
NDVR	6.1
-	-
FY24 NAV/Share (Bt)	68.94
FY24 Net Debt/Share (Bt)	45.61

PRICE CHART



Source: Bloomberg

ANALYST(S)

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• **No loss from both Vencorex and PTTAC in 2025.** Following the discontinuation of Vencorex and PTTAC, no EBITDA or net loss are anticipated from these entities in 2025. Instead, we project an incremental net profit increase of Bt5.0b in 2025. These positive impacts have already been factored into our estimates.

### STOCK IMPACT

- **Expect 4Q24 to still see a loss.** We expect a net loss for PTTGC in 4Q24, though it will likely be smaller than the loss in 3Q24, as there will be no significant impairment losses. However, termination expenses for both Vencorex and PTTAC, amounting to Bt3.0b-Bt4.0b, will still weigh on results. Extraordinary items, such as stock gains, are expected to be offset by forex losses. Also, core operations are projected to remain in deficit, partly due to the continued decline in petrochemical spreads in both the aromatics and olefins businesses.
- **Maintain 2024 estimates.** We maintain our 2024 forecasts of a net loss of Bt22.8b, despite additional challenges. These include termination expenses for Vencorex, which are not expected to exceed Bt500m, and the impact of increased ethane costs amounting to Bt200m. Together, these factors are projected to affect 2024 performance estimate by approximately 2%.

### EARNINGS REVISION/RISK

- **Earnings revision.** None.

### VALUATION/RECOMMENDATION

- **Maintain HOLD with a target price of Bt24.50,** based on 0.41x 2025F P/B at -2SD. While the current share price is trading below 2025F P/B at -2SD, PTTGC faces short-term pressures on its stock due to its expected net loss in 4Q24. This is largely driven by continued weakness in the petrochemical business and the recognition of impairment losses. We are still cautious on the petrochemical sector and suggest switching to leading stocks within the oil & gas sector; we prefer Bangchak Corporation (BCP TB/Target: Bt45.00), and Indorama Ventures (IVL TB/Target: Bt32.0).

### ENVIRONMENTAL, SOCIAL, GOVERNANCE (ESG)

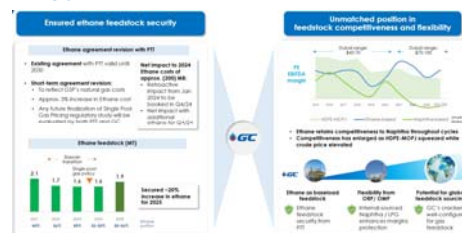
<b>CG Report: 5</b>
<b>SET ESG Rating: AAA</b>
<ul style="list-style-type: none"> <li>• <b>Environmental</b> <ul style="list-style-type: none"> <li>- Conducts business operations with efficient use of resources in accordance with the circular economy approach through good cooperation with partners and in tandem with continued decarbonisation in order to achieve its goal of cutting greenhouse gas emissions to net zero by 2050.</li> </ul> </li> <li>• <b>Social</b> <ul style="list-style-type: none"> <li>- Creates value for society, promotes social enterprises to generate revenue that will improve the nation's economy, reduces inequality, and supports the safety, good education, health, and wellbeing of communities and society as a whole.</li> </ul> </li> <li>• <b>Governance</b> <ul style="list-style-type: none"> <li>- Be a transparent, verifiable organisation with a focus on the creation of innovative, environmentally-friendly chemicals for a low-carbon business.</li> </ul> </li> </ul>

### PTTAC: PROCESS AND STAKEHOLDER MANAGEMENT



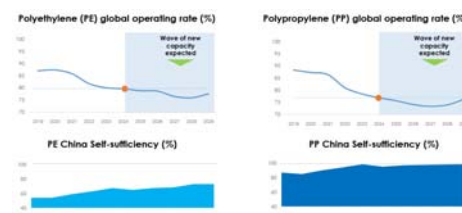
Source: PTT Global Chemical, UOB Kay Hian

### OLEFINS COMPETITIVENESS DIFFERENTIATES PTTGC



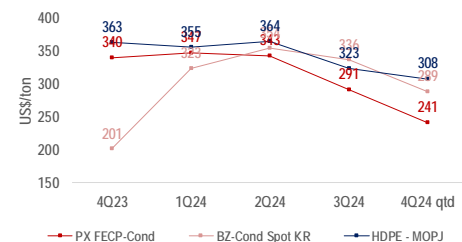
Source: PTT Global Chemical, UOB Kay Hian

### INDUSTRY LANDSCAPE REMAINS CHALLENGED



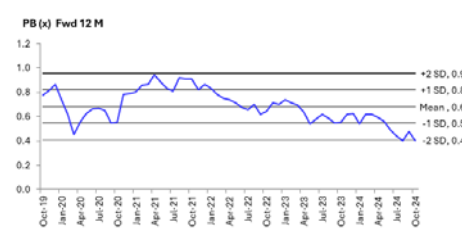
Source: PTT Global Chemical, UOB Kay Hian

### PETROCHEMICAL SPREAD



Source: PTT Global Chemical, UOB Kay Hian

### P/B



Source: PTT Global Chemical, UOB Kay Hian

### PROFIT & LOSS

Year to 31 Dec (Btm)	2023	2024F	2025F	2026F
Net turnover	621,631	605,256	640,510	694,729
EBITDA	40,442	29,424	48,146	52,589
Deprec. & amort.	28,487	29,450	27,352	25,348
EBIT	11,955	-26	20,794	27,240
Associate contributions	-387	-550	3,350	3,350
Net interest income/(expense)	-11,718	-11,183	-10,802	-10,470
Pre-tax profit	-150	-11,759	13,342	20,121
Tax	-1,352	5,577	-2,668	-4,024
Minorities	134	-454	-454	-454
Net profit	999	-22,761	10,220	15,643
Net profit (adj.)	-1,368	-6,636	10,220	15,643

### CASH FLOW

Year to 31 Dec (Btm)	2023	2024F	2025F	2026F
Operating	48,224	16,757	36,563	39,295
Pre-tax profit	-150	-11,759	13,342	20,121
Tax	-1,352	5,577	-2,668	-4,024
Deprec. & amort.	28,487	29,450	27,352	25,348
Working capital changes	-1,616	-10,386	-21,463	-22,150
Other operating cashflows	22,855	3,875	20,000	20,000
Investing	-12,148	-6,103	-16,057	-19,021
Investments	-19,586	-9,660	-8,400	-7,245
Others	7,438	3,557	-7,657	-11,776
Financing	-25,123	-12,961	-10,758	-11,885
Dividend payments	-1,269	-3,382	-3,382	-4,509
Proceeds from borrowings	-23,854	-9,580	-7,376	-7,376
Net cash inflow (outflow)	10,953	-2,308	9,747	8,389
Beginning cash & cash equivalent	34,870	37,319	35,011	44,758
Changes due to forex impact	426	0	0	0
Ending cash & cash equivalent	46,249	35,011	44,758	53,147

### BALANCE SHEET

Year to 31 Dec (Btm)	2023	2024F	2025F	2026F
Fixed assets	285,860	266,070	247,118	229,014
Other LT assets	246,272	241,312	251,990	268,411
Cash/ST investment	46,249	35,011	44,758	53,147
Other current assets	140,625	138,018	143,878	155,504
<b>Total assets</b>	<b>719,005</b>	<b>680,411</b>	<b>687,744</b>	<b>706,077</b>
ST debt	9,580	7,376	7,376	7,376
Other current liabilities	116,262	114,340	118,736	128,213
LT debt	243,725	236,348	228,972	221,595
Other LT liabilities	53,258	51,855	54,875	59,520
Shareholders' equity	333,903	307,760	314,599	325,733
<b>Total liabilities &amp; equity</b>	<b>719,005</b>	<b>680,411</b>	<b>687,744</b>	<b>706,077</b>

### KEY METRICS

Year to 31 Dec (%)	2023	2024F	2025F	2026F
<b>Profitability</b>				
EBITDA margin	6.5	5.5	7.5	7.6
Pre-tax margin	0.0	-1.3	2.1	2.9
Net margin	0.2	-3.2	1.6	2.3
ROA	0.2	n.a.	1.5	2.2
ROE	0.3	n.a.	3.3	4.8
<b>Growth</b>				
Turnover	-9.1	-2.6	5.8	8.5
EBITDA	-45.4	-27.2	63.6	9.2
Pre-tax profit	n.a.	n.a.	n.a.	50.8
Net profit	n.a.	n.a.	n.a.	53.1
Net profit (adj.)	n.a.	n.a.	n.a.	53.1
EPS	-103.3	n.a.	n.a.	53.1
<b>Leverage</b>				
Debt to total capital	85.5	90.1	85.1	79.1
Debt to equity	75.9	79.2	75.1	70.3
Net debt/(cash) to equity	62.0	67.8	60.9	54.0
Interest cover (x)	3.5	2.6	4.5	5.0

### COMPANY UPDATE

## The Erawan Group (ERW TB)

Leave It All Behind

We attended ERW's analyst meeting to review its 3Q24 results, and the tone during the meeting was positive. The results were weak due to several pressure factors during the quarter. We are positive as the outlook for hotels during the festive weeks in 4Q24 is promising and ERW's fundamentals remain strong in the long term. Maintain BUY. Target price: Bt6.60.

### WHAT'S NEW

- Tone of analyst meeting was positive despite weak earnings in 3Q24.** We attended The Erawan Group's (ERW) analyst meeting to review its 3Q24 results, and the tone was positive despite the weak earnings reported. The weak earnings was understandable given the accumulation of several pressure factors during the quarter; the outlook for 4Q24 is promising and recovery is attainable.
- Lease update.** ERW has once again given a firm commitment to continuing their operations at the Grand Hyatt despite the ongoing negotiation of the lease extension. The contract of the original 30-year lease has a clause to prevent other parties from intervening and renting the land instead of ERW. Currently, ERW and the landlord are in the Public Private Partnership (PPP) process. ERW is currently paying a higher rate than the rate stated in the 30-year contract. It intends to pay the current lease rate for the 20-year extension and also pay increased rates that are in line with the market practice (typically raised every three years). The timeline for the final agreement with the landlord is still unclear as The Syndicate of Thai Hotels and Tourists Enterprises Limited is a state enterprise, which means processes will require quite a lot of time to complete. Any change of personnel in the involving parties will cause further delays to the PPP process as the new staff will need time to understand and re-familiarise themselves with the transaction and details.
- Hotels performance in the Philippines weakened due to gambling ban.** In Jul 24, the president of the Philippines announced a ban on gambling and forced all casinos to close down by the end of this year. This ban has significantly hurt ERW's hotel performance as Chinese tourists are gone and are unlikely to return since their main purpose for visiting the Philippines was for gambling. If we exclude the performance of the newly-opened hotels in 2024, the occupancy rate of the Hop Inn hotels in the Philippines dropped by 5% yoy and resulted in a 3% yoy drop in Revpar. ERW is currently seeking solutions by diversifying its guest mix and compensate the absence of their top guests (from China).

### KEY FINANCIALS

Year to 31 Dec (Btm)	2022	2023	2024F	2025F	2026F
Net turnover	4,714.6	7,039.5	8,124.3	8,623.2	8,891.0
EBITDA	1,055.0	2,166.6	2,498.3	2,744.3	2,926.2
Operating profit	183.1	1,265.6	1,454.9	1,601.0	1,703.0
Net profit (rep./act.)	(224.2)	742.7	1,205.5	923.5	966.6
Net profit (adj.)	(224.2)	742.7	1,205.5	923.5	966.6
EPS (Bt)	(0.0)	0.2	0.2	0.2	0.2
PE (x)	n.a.	24.3	15.9	20.8	19.8
P/B (x)	3.1	2.8	2.5	2.3	2.2
EV/EBITDA (x)	30.8	15.0	13.0	11.8	11.1
Dividend yield (%)	0.0	1.8	2.0	2.2	2.3
Net margin (%)	(4.8)	10.5	14.8	10.7	10.9
Net debt/(cash) to equity (%)	221.7	219.4	172.9	160.6	160.5
Interest cover (x)	2.3	3.7	4.4	4.9	5.3
ROE (%)	(3.8)	12.3	17.3	11.7	11.4
Consensus net profit	-	-	1,016	909	992
UOBKH/Consensus (x)	-	-	1.19	1.02	0.97

Source: The Erawan Group, Bloomberg, UOB Kay Hian

## BUY

(Maintained)

Share Price	Bt3.92
Target Price	Bt6.60
Upside	+68.4%
(Previous TP)	Bt6.50

### COMPANY DESCRIPTION

The Erawan Group is a leading hotel investment company in Thailand. Its hotel portfolio ranges from luxury to mid-scale and economy across Thailand's major tourist destinations.

### STOCK DATA

GICS sector	Consumer Discretionary
Bloomberg ticker:	ERW TB
Shares issued (m):	4,886.9
Market cap (Btm):	19,156.8
Market cap (US\$m):	547.4
3-mth avg daily t'over (US\$m):	2.2

### Price Performance (%)

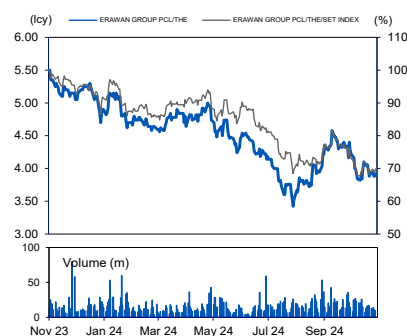
52-week high/low	Bt5.55/Bt3.40			
<b>1mth</b>	<b>3mth</b>	<b>6mth</b>	<b>1yr</b>	<b>YTD</b>
(9.7)	10.7	(21.0)	(23.9)	(25.3)

### Major Shareholders

	%
Wattanavekin family	28.2
Vongkusolkit family	28.4
-	-

FY24 NAV/Share (Bt)	1.56
FY24 Net Debt/Share (Bt)	2.70

### PRICE CHART



Source: Bloomberg

### ANALYST(S)

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**ASSISTANT ANALYST(S)**  
**Nonpawit Vathanadachakul**

### STOCK IMPACT

• **Weak earnings in 3Q24 is understandable.** ERW reported a net profit of Bt124m (-18.6% yoy, -17.8% qoq) for 3Q24, which is in line with our and consensus estimates. The main reasons for the weak earnings are: a) the Grand Hyatt incident which affected occupancy rate until the end of Oct 24, b) the renovation of Holiday Inn Pattaya which lasted the whole quarter, c) the slow ramp-up of the new hotel in the Philippines and the impact of gambling ban, d) the flood in the northern provinces of Thailand, and e) the strengthening of the Thai baht in Sep 24. Considering all the factors mentioned above, the weak earnings are entirely understandable.

### 3Q24 RESULTS

Year to 31 Dec (Btm)	3Q23	2Q24	3Q24	yoy (%)	qoq (%)
Total revenue	1,736	1,834	1,849	6.5	0.8
Gross profit	746	782	782	4.8	(0.1)
SG&A	454	488	490	8.0	0.4
Operating EBITDA	531	543	552	4.0	1.7
Core profit	153	151	124	(18.6)	(17.8)
Net profit	148	361	124	(16.1)	(65.6)
(%)	3Q23	2Q24	3Q24	yoy (ppts)	qoq (ppts)
Gross margin	43.0	42.7	42.3	(0.7)	(0.4)
SG&A to sales	26.2	26.6	26.5	0.4	(0.1)
EBITDA margin	30.6	29.6	29.9	(0.7)	0.3
Recurring profit margin	8.8	8.3	6.7	(2.1)	(1.5)
Net profit margin	8.5	19.7	6.7	(1.8)	(13.0)

Source: ERW, UOB Kay Hian

• **Bright 4Q24 awaits.** Despite the soft occupancy rate during the Golden Week in Oct 24, Grand Hyatt is now back to its best shape with an occupancy rate of 80% in Nov 24. There are many city events, strong demand from corporates, and strong MICE demand. The pace of booking for the festive period in Dec 24 is also picking up very fast. Holiday Inn Pattaya is operating with its full room inventory in 4Q24 with an uplifted ADR of at least 10% from the renovation. The qtd statistics for most of its hotels are also promising. The current cost of debt stood at 4.4% in 3Q24, and is expected to drop from Nov 24 onwards as a result of the rate cut in Oct 24. We are optimistic and look forward to seeing an improved performance in 4Q24.

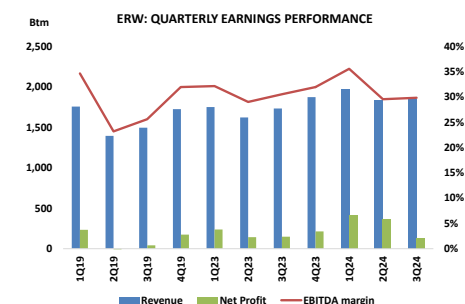
### VALUATION/RECOMMENDATION

• **Maintain BUY with a target price of Bt6.60.** Our valuation is based on 2025 EV/EBITDA multiple to 17x, 1SD above its historical trading levels. ERW's current share price appears to have already accounted for the negatives from 3Q24. We see this as an attractive buying opportunity, with ERW poised to benefit from the upcoming peak travel season in Nov and Dec 24. Additionally, the downward trend in interest rates is likely to support ERW's growth in the near future.

### ENVIRONMENTAL, SOCIAL, GOVERNANCE (ESG)

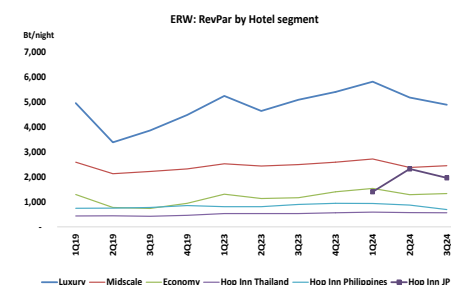
<b>CG Report: 5</b>
<b>SET ESG Rating: A</b>
<ul style="list-style-type: none"> <li>• <b>Environmental</b> <ul style="list-style-type: none"> <li>- <b>Prioritising effective and balanced use of resources</b> as well as taking into account the reduction of greenhouse gas generation, including management of ecosystems and biodiversity.</li> </ul> </li> <li>• <b>Social</b> <ul style="list-style-type: none"> <li>- <b>Respecting human rights</b> based on the principles of international criteria, equality, fairness, and non-discrimination.</li> <li>- <b>Focusing on enhancing quality of life and potential of employees</b> by promoting a volunteering spirit to cultivate social and environmental responsibility.</li> </ul> </li> <li>• <b>Governance</b> <ul style="list-style-type: none"> <li>- <b>Board gender diversity.</b> Male to female ratio of 3:1.</li> <li>- <b>Board balance and composition.</b> Four board members are independent directors, amounting to 33% of the board members.</li> </ul> </li> </ul>

### QUARTERLY EARNINGS PERFORMANCE



Source: ERW, UOB Kay Hian

### REVPAR PERFORMANCE



Source: ERW, UOB Kay Hian

### LEASE EXTENSION OF THE GRAND HYATT



Source: ERW, UOB Kay Hian

### PROFIT & LOSS

Year to 31 Dec (Btm)	2023	2024F	2025F	2026F
Net turnover	7,039	8,124	8,623	8,891
EBITDA	2,167	2,498	2,744	2,926
Deprec. & amort.	901	1,043	1,143	1,223
EBIT	1,266	1,455	1,601	1,703
Total other non-operating income	23	364	0	0
Associate contributions	36	30	30	30
Net interest income/(expense)	(582)	(564)	(565)	(554)
<b>Pre-tax profit</b>	<b>743</b>	<b>1,285</b>	<b>1,066</b>	<b>1,179</b>
Tax	17	(45)	(104)	(172)
Minorities	(17)	(35)	(38)	(40)
<b>Net profit</b>	<b>743</b>	<b>1,205</b>	<b>923</b>	<b>967</b>
Net profit (adj.)	743	1,205	923	967

### CASH FLOW

Year to 31 Dec (Btm)	2023	2024F	2025F	2026F
<b>Operating</b>	<b>1,767</b>	<b>1,950</b>	<b>2,275</b>	<b>2,158</b>
Pre-tax profit	743	1,285	1,066	1,179
Tax	17	(45)	(104)	(172)
Deprec. & amort.	901	1,043	1,143	1,223
Working capital changes	(23)	(17)	32	(17)
Non-cash items	176	47	138	(55)
Other operating cashflows	(47)	0	0	0
<b>Investing</b>	<b>(2,957)</b>	<b>(3,121)</b>	<b>(1,834)</b>	<b>(2,616)</b>
Capex (growth)	(3,004)	(3,000)	(2,200)	(2,400)
Investments	(21)	(12)	(12)	(12)
Others	68	(109)	378	(204)
<b>Financing</b>	<b>875</b>	<b>1,683</b>	<b>(324)</b>	<b>(660)</b>
Dividend payments	0	(317)	(379)	(416)
Issue of shares	0	0	0	0
Proceeds from borrowings	939	2,000	55	(245)
Others/interest paid	(65)	0	0	0
<b>Net cash inflow (outflow)</b>	<b>(315)</b>	<b>512</b>	<b>117</b>	<b>(1,119)</b>
Beginning cash & cash equivalent	1,532	2,982	3,494	3,611
Ending cash & cash equivalent	1,217	3,494	3,611	2,492

### BALANCE SHEET

Year to 31 Dec (Btm)	2023	2024F	2025F	2026F
Fixed assets	21,423	21,316	22,373	23,549
Other LT assets	367	486	582	583
Cash/ST investment	1,217	3,494	3,611	2,492
Other current assets	669	629	745	709
<b>Total assets</b>	<b>23,675</b>	<b>25,925</b>	<b>27,310</b>	<b>27,334</b>
ST debt	1,752	795	795	795
Other current liabilities	1,306	1,089	1,375	1,267
LT debt	13,352	15,910	15,965	15,720
Other LT liabilities	895	403	865	650
Shareholders' equity	6,330	7,640	8,185	8,736
Minority interest	40	86	125	165
<b>Total liabilities &amp; equity</b>	<b>23,675</b>	<b>25,925</b>	<b>27,310</b>	<b>27,334</b>

### KEY METRICS

Year to 31 Dec (%)	2023	2024F	2025F	2026F
<b>Profitability</b>				
EBITDA margin	30.8	30.8	31.8	32.9
Pre-tax margin	10.6	15.8	12.4	13.3
Net margin	10.5	14.8	10.7	10.9
ROA	3.3	4.9	3.5	3.5
ROE	12.3	17.3	11.7	11.4
<b>Growth</b>				
Turnover	49.3	15.4	6.1	3.1
EBITDA	105.4	15.3	9.8	6.6
Pre-tax profit	n.a.	72.9	(17.1)	10.7
Net profit	n.a.	62.3	(23.4)	4.7
Net profit (adj.)	n.a.	62.3	(23.4)	4.7
EPS	n.a.	52.8	(23.4)	4.7
<b>Leverage</b>				
Debt to total capital	70.3	68.4	66.9	65.0
Debt to equity	238.6	218.6	204.8	189.0
Net debt/(cash) to equity	219.4	172.9	160.6	160.5
Interest cover (x)	3.7	4.4	4.9	5.3

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