



# The Erawan Group

(ERW.BK/ERW TB)

## Outperform • Maintained

Price as of 10 Apr 2023	4.86
12M target price (Bt/shr)	6.30
Unchanged/Revised up(down)(%)	Unchanged
Upside/downside (%)	29.6

### Key messages

ราคา ERW จะรายงานกำไรปกติใน 1Q66F ที่ 230 ล้านบาท (พลิกขึ้นจากขาดทุนสุทธิใน 1Q65 และ +9% QoQ) หากไม่รวมโรงแรมกลุ่ม budget ราคาตัว RevPar ของ ERW จะเป็นบวกอยู่ที่ 2,611 บาท (+370% YoY และ +6% QoQ) หนุนจากการกลับมาของนักท่องเที่ยวต่างชาติ ทั้งนี้เรามองว่า ERW ยังมีปัจจัยเชิงบวกในอนาคต เราจึงคงคำแนะนำซื้อ ราคาเป้าหมายเดิมที่ 6.30 บาท โดยที่เรายังคงเลือก ERW เป็นหนึ่งในหุ้นเด่นของเราในกลุ่มโรงแรม

### Trading data

Mkt cap (Btbn/US\$m)	22.1/553		
Outstanding shares (mn)	4,532		
Foreign ownership (mn)	371		
3M avg. daily trading (mn)	16		
52-week trading range (Bt)	3.40 – 5.30		
Performance (%)	3M	6M	12M
Absolute	6.1	14.7	38.3
Relative	13.0	12.7	46.0

### Quarterly EPS

EPS	Q1	Q2	Q3	Q4
2020	(0.02)	(0.14)	(0.11)	(0.10)
2021	(0.11)	(0.15)	(0.14)	(0.05)
2022	(0.07)	(0.03)	(0.00)	0.05

### Share price chart



Source: SET

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## ประมาณการ 1Q66F : ยังมีโมเมนตัมเป็นบวกต่อเนื่อง

### Event

ประมาณการ 1Q66F

### Impact

ลดกำไรปกติ 1Q66F ที่ 230 ล้านบาท

ราคา ERW จะรายงานกำไรปกติที่ 230 ล้านบาทใน 1Q66F (พลิกกลับจากขาดทุนปกติที่ 315 ล้านบาทใน 1Q65 และ +9% QoQ) ในภาพรวม ราคาขายได้หลักจากธุรกิจโรงแรมยังแข็งแกร่ง โดยทำระดับสูงสุดในรอบหลายไตรมาสอยู่ที่ 1.8 พันล้านบาท (+197% YoY และ +7% QoQ) และภาค EBIT margin จะขยับขึ้นอีก 0.9ppts QoQ เป็น 20.3% จากการประหยัดต่อขนาดมากขึ้น

### RevPar จะทำระดับสูงสุดในรอบหลายไตรมาส

หากไม่รวมโรงแรมกลุ่ม budget ราคาตัว RevPar ของ ERW จะทำสถิติสูงสุดในรอบหลายไตรมาสอยู่ที่ 2,611 บาท (+370% YoY และ +6% QoQ) จาก i) occupancy rate เพิ่มขึ้นแข็งแกร่งเป็น 84% (จาก 82% ใน 4Q65) และ ii) ARR เพิ่มขึ้นเป็น 3,109 บาท (+71% YoY และ +3% QoQ) ทั้งนี้ราคาตัว RevPar ของโรงแรมในกลุ่มระดับบน (luxury segment) จะแผ่วลงราว 3% QoQ (แต่ยังคงพุ่งขึ้น 245% YoY) เป็นเพราะมีจำนวนลูกค้าจากธุรกิจ MICE (การจัดประชุม สมมนา) ลดลง ขณะที่ RevPar ใน segment อื่น (Figure 6) คาดยังเติบโตเป็นบวกได้ทั้ง YoY และ QoQ ด้วยอานิสงส์จากการกลับมาของนักท่องเที่ยวต่างชาติ (Figure 7)

### ตลาดคาดมีโอกาสปรับประมาณการกำไรของ ERW ขึ้น

หากประมาณการกำไร 1Q66F ของเราเป็นตามคาด จะคิดเป็น 46% ของประมาณของตลาด เราจึงคาดว่าตลาดมีโอกาสปรับประมาณการกำไรของ ERW ขึ้นอีก ทั้งนี้ ปัจจุบันประมาณการกำไรสุทธิเพิ่มปี 2566F ของเรายังสูงกว่า Bloomberg consensus อยู่ราว 13%

### Valuation & Action

ราคา ERW จะเป็นหนึ่งในกิจการที่ได้อานิสงส์เต็มที่จากการฟื้นตัวของอุตสาหกรรมท่องเที่ยวภายในประเทศและการกลับมาของนักท่องเที่ยวจีน ขณะที่ เรามองว่านักวิเคราะห์ในตลาดอาจมีการปรับเพิ่มประมาณการกำไรขึ้นอีก เราจึงคงคำแนะนำซื้อ ราคาเป้าหมายที่ 6.30 บาท อิงจาก EV/EBITDA ที่ 2566F ที่ 19.3x เท่ากับค่าเฉลี่ยระยะยาว +2.0 S.D.

### Risks

จำนวนนักท่องเที่ยวต่างชาติต่ำกว่าที่คาดไว้

### Key financials and valuations

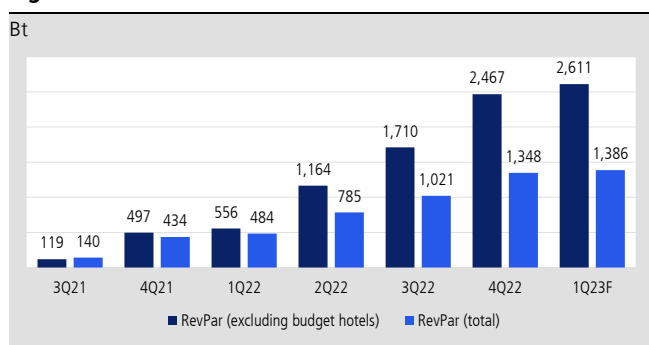
	Dec - 20A	Dec - 21A	Dec - 22A	Dec - 23F	Dec - 24F
Revenue (Btmn)	2,306	1,485	4,629	6,314	6,733
Gross Profit (Btmn)	(171)	(734)	1,475	2,681	2,956
SG&A (Btmn)	1,005	915	1,377	1,591	1,683
Net Profit (Btmn)	(1,715)	(2,050)	(224)	560	657
Normalized Profit (Btmn)	(1,585)	(2,025)	(266)	560	657
EPS (Bt)	(0.38)	(0.45)	(0.05)	0.12	0.14
Normalized EPS (Bt)	(0.35)	(0.45)	(0.06)	0.12	0.14
DPS (Bt)	0.00	0.00	0.00	0.00	0.00
EPS Growth (%)	N.A.	(19.5)	89.1	N.A.	17.2
Normalized EPS Growth	N.A.	(27.7)	86.9	N.A.	17.2
P/E (X)	N.A.	N.A.	N.A.	39.1	33.4
P/B (X)	4.2	2.3	3.5	3.3	2.6
EV/EBITDA (X)	(257.6)	(42.7)	32.3	15.7	13.7
Net Debt to Equity (%)	375.9	226.0	220.8	187.7	124.7
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0
Return on Average Equity (%)	(43.7)	(34.0)	(3.9)	8.4	7.8

Source: Company data, KGI Securities Research

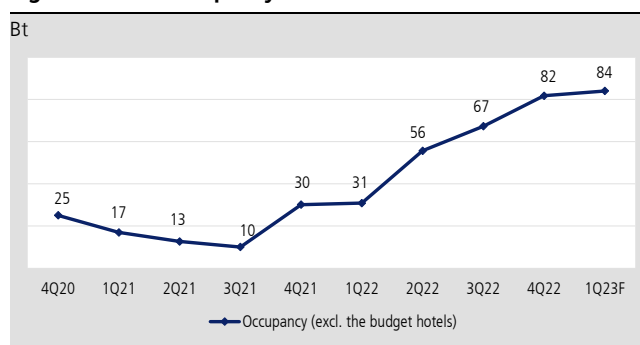
**Figure 1: ERW's 1Q23F earnings preview**

Bt mn	1Q23F	1Q22	YoY (%)	4Q22	QoQ (%)	2022	2021	YoY (%)
<b>Revenue</b>	<b>1,848</b>	<b>638</b>	<b>189.6</b>	<b>1,733</b>	<b>6.7</b>	<b>4,629</b>	<b>1,485</b>	<b>211.6</b>
Revenue from hotel business	1,832	617	196.8	1,717	6.7	4,564	1,415	222.6
Rental and service income	16	21	(23.3)	16	2.6	65	71	(8.2)
Gross Profit	846	20	4,122.2	759	11.4	1,475	(734)	
SG&A	477	255	87.0	450	6.0	1,377	915	50.6
Operating EBIT	375	(227)		336	11.7	149	(1,573)	
Operating EBITDA	600	(14)		559	7.4	1,021	(637)	
<b>Normalized profit</b>	<b>230</b>	<b>(315)</b>		<b>212</b>	<b>8.5</b>	<b>(266)</b>	<b>(2,025)</b>	<b>86.9</b>
Percent	1Q23F	1Q22	YoY (ppts)	4Q22	QoQ (ppts)	2022	2021	YoY (ppts)
Gross margin	45.8	3.1	42.6	43.8	1.9	31.9	(49.4)	81.3
EBIT margin	20.3	(35.6)	55.9	19.4	0.9	3.2	(105.9)	109.1
SG&A/sales	25.8	39.9	(14.1)	26.0	(0.2)	29.8	61.6	(31.8)
Key stats	1Q23F	1Q22	YoY (%)	4Q22	QoQ (%)			
No. of rooms	10,573	9,930	6.5	10,188	3.8			
Occupancy (%) - excluding the budget hotels	84	31	+53ppts	82	+2ppts			
ARR (Bt) - excluding the budget hotels	3,109	1,815	71.3	3,017	3.0			
RevPar (Bt) - excluding the budget hotels	2,611	556	369.6	2,467	5.8			

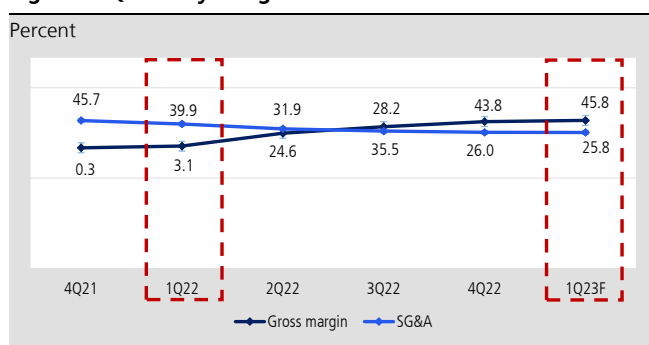
Source: Company data, KGI Securities Research

**Figure 2: RevPar momentum**


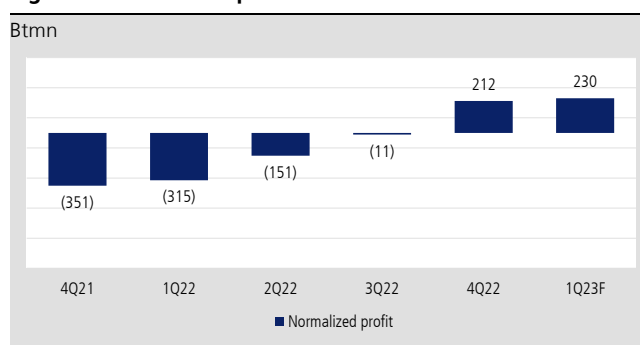
Source: Company data, KGI Securities Research

**Figure 3: Total occupancy momentum**


Source: Company data, KGI Securities Research

**Figure 4: Quarterly margins**


Source: Company data, KGI Securities Research

**Figure 5: Normalized profit momentum**


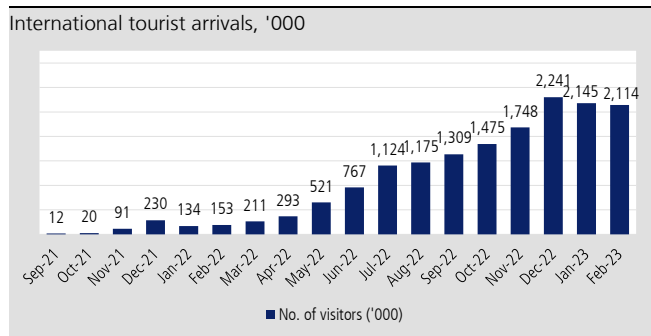
Source: Company data, KGI Securities Research

**Figure 6: Breakdown of hotel performances by segment**

	1Q23F	1Q22	YoY (ppts)	4Q22	QoQ (ppts)
<b>Occupancy (%)</b>					
Luxury	80	42	38	86	(6)
Midscale hotel & resort	84	32	52	78	6
Economy hotel & resort	86	26	60	83	3
<b>Total (excl. budget hotels)</b>	<b>84</b>	<b>31</b>	<b>53</b>	<b>82</b>	<b>2</b>
<b>ARR (Bt/night)</b>					
			<b>Chg (%)</b>		<b>Chg (%)</b>
Luxury	6,470	3,568	81	6,221	4
Midscale hotel & resort	3,253	1,648	97	3,012	8
Economy hotel & resort	1,408	895	57	1,367	3
<b>Total (excl. budget hotels)</b>	<b>3,109</b>	<b>1,815</b>	<b>71</b>	<b>3,017</b>	<b>3</b>
<b>RevPar (Bt/night)</b>					
			<b>Chg (%)</b>		<b>Chg (%)</b>
Luxury	5,176	1,500	245	5,330	(3)
Midscale hotel & resort	2,732	526	419	2,347	16
Economy hotel & resort	1,211	229	429	1,140	6
<b>Total (excl. budget hotels)</b>	<b>2,611</b>	<b>556</b>	<b>370</b>	<b>2,467</b>	<b>6</b>

Source: KGI Securities Research

**Figure 7: Monthly international tourist arrivals (actual)**



Source: TAT, KGI Securities Research

**Figure 8: Yearly international tourist arrivals**



Source: TAT, KGI Securities Research

**Figure 9: Quarterly tourist arrivals forecast for 2023F**

	1Q23F	2Q23F	3Q23F	4Q23F	Total
<b>Number of tourist arrivals (mn)</b>	<b>6.4</b>	<b>6.2</b>	<b>7.2</b>	<b>8.2</b>	<b>28.0</b>
Portion to pre-COVID level (%)	59	69	74	79	70
Average no. of tourist arrivals per day	71,111	68,132	78,261	89,130	76,712

Source: KGI Securities Research

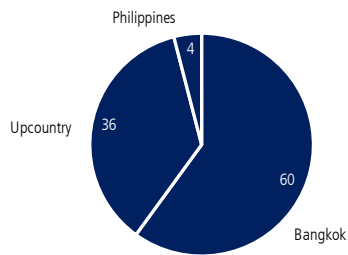
**Figure 10: Company profile**

The Erawan Group (ERW) is a market leader in the non-luxury hotel segment with around 45% of its total revenue coming from the segment. Apart from being a non-luxury hotel leader, around 65% of its revenues comes from hotels in Bangkok and the rest from upcountry.

Source: Company data

**Figure 12: Hotel revenue breakdown by location (2019)**

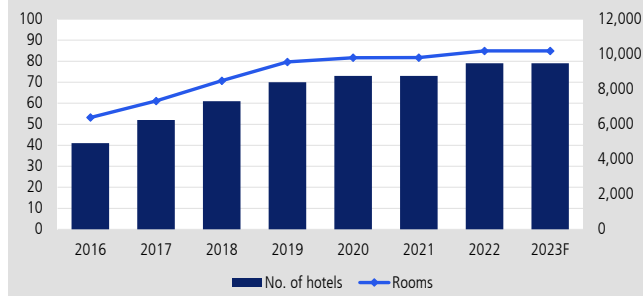
Percent



Source: Company data, KGI Securities Research

**Figure 14: Number of hotels and rooms**

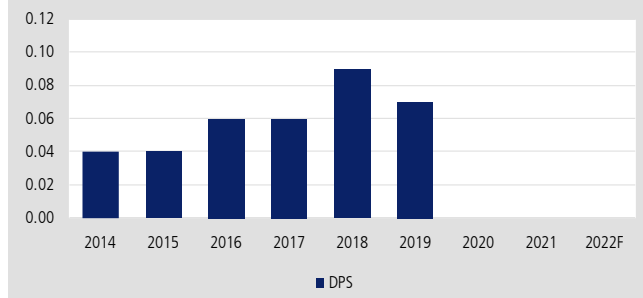
Number



Source: Company data, KGI Securities Research

**Figure 16: DPS**

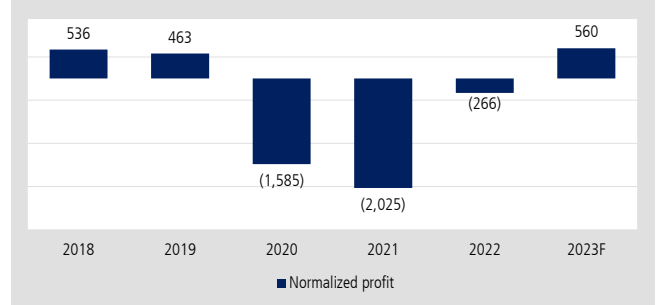
Bt/share



Source: Company data, KGI Securities Research

**Figure 11: Earnings forecast**

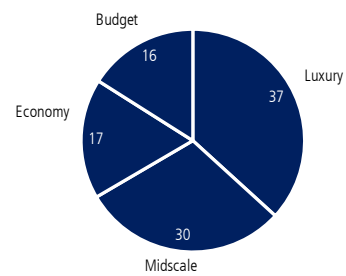
Btmn



Source: Company data, KGI Securities Research

**Figure 13: EBITDA breakdown by segment (2019)**

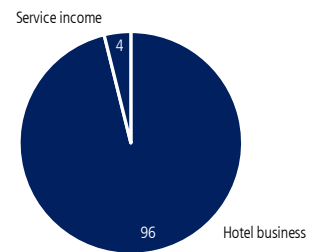
Percent



Source: Company data, KGI Securities Research

**Figure 15: Total revenue breakdown (2019)**

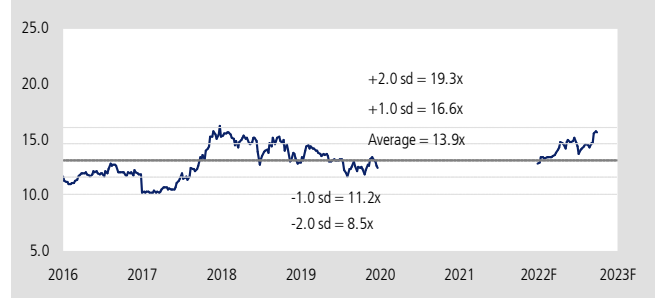
Percent



Source: Company data, KGI Securities Research

**Figure 17: EV/EBITDA**

Times



Source: Company data, KGI Securities Research

**Quarterly Income Statement**

	Mar-19A	Jun-19A	Sep-19A	Dec-19A	Mar-20A	Jun-20A	Sep-20A	Dec-20A	Mar-21A	Jun-21A	Sep-21A	Dec-21A	Mar-22A	Jun-22A	Sep-22A	Dec-22A
<b>Income Statement (Bt mn)</b>																
<b>Revenue</b>	<b>1,758</b>	<b>1,396</b>	<b>1,498</b>	<b>1,727</b>	<b>1,211</b>	<b>79</b>	<b>427</b>	<b>589</b>	<b>378</b>	<b>262</b>	<b>226</b>	<b>619</b>	<b>638</b>	<b>974</b>	<b>1,283</b>	<b>1,733</b>
Cost of Goods Sold	(740)	(709)	(725)	(726)	(589)	(143)	(342)	(390)	(315)	(285)	(287)	(398)	(405)	(520)	(607)	(750)
<b>Gross Profit</b>	<b>812</b>	<b>480</b>	<b>567</b>	<b>790</b>	<b>358</b>	<b>(327)</b>	<b>(173)</b>	<b>(29)</b>	<b>(180)</b>	<b>(267)</b>	<b>(289)</b>	<b>2</b>	<b>20</b>	<b>239</b>	<b>456</b>	<b>759</b>
Operating Expense	(423)	(374)	(396)	(439)	(343)	(190)	(267)	(206)	(208)	(213)	(211)	(283)	(255)	(311)	(362)	(450)
Other incomes	17	18	12	13	12	5	10	15	12	7	27	30	8	12	6	27
<b>Operating Profit</b>	<b>406</b>	<b>123</b>	<b>183</b>	<b>364</b>	<b>27</b>	<b>(511)</b>	<b>(429)</b>	<b>(219)</b>	<b>-376</b>	<b>-473</b>	<b>-472</b>	<b>-251</b>	<b>-227</b>	<b>-60</b>	<b>100</b>	<b>336</b>
Depreciation of fixed asset	(206)	(207)	(206)	(211)	(263)	(263)	(258)	(228)	(243)	(244)	(229)	(220)	(213)	(215)	(220)	(223)
<b>Operating EBITDA</b>	<b>612</b>	<b>330</b>	<b>388</b>	<b>575</b>	<b>291</b>	<b>(249)</b>	<b>(171)</b>	<b>8</b>	<b>(133)</b>	<b>(229)</b>	<b>(244)</b>	<b>(32)</b>	<b>(14)</b>	<b>155</b>	<b>320</b>	<b>559</b>
<b>Non-Operating Income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Interest Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Non-op Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Non-Operating Expense</b>	<b>(93)</b>	<b>(97)</b>	<b>(98)</b>	<b>(113)</b>	<b>(136)</b>	<b>(146)</b>	<b>(116)</b>	<b>(156)</b>	<b>(135)</b>	<b>(139)</b>	<b>(123)</b>	<b>(115)</b>	<b>(108)</b>	<b>(102)</b>	<b>(110)</b>	<b>(109)</b>
Interest Expense	(96)	(100)	(102)	(104)	(139)	(135)	(120)	(143)	(138)	(136)	(126)	(121)	(112)	(111)	(114)	(122)
Other Non-op Expense	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Equity Income/(Loss)	3	2	3	(8)	3	(11)	3	(14)	3	(3)	3	5	3	9	3	13
<b>Pre-tax profit</b>	<b>314</b>	<b>26</b>	<b>84</b>	<b>252</b>	<b>(109)</b>	<b>(658)</b>	<b>(546)</b>	<b>(376)</b>	<b>(511)</b>	<b>(612)</b>	<b>(595)</b>	<b>(367)</b>	<b>(335)</b>	<b>(162)</b>	<b>(10)</b>	<b>227</b>
Current Taxation	(61)	(10)	(28)	(55)	1	8	11	20	(2)	25	(73)	4	8	7	5	6
Minorities	(17)	(5)	(14)	(21)	5	24	21	13	21	27	45	12	12	4	(6)	(21)
Extraordinary items	0	(18)	0	0	0	0	0	(130)	0	(130)	0	105	2	12	(0)	28
<b>Net Profit</b>	<b>235</b>	<b>(7)</b>	<b>43</b>	<b>176</b>	<b>(103)</b>	<b>(625)</b>	<b>(514)</b>	<b>(474)</b>	<b>(492)</b>	<b>(690)</b>	<b>(623)</b>	<b>(246)</b>	<b>(313)</b>	<b>(139)</b>	<b>(12)</b>	<b>240</b>
<b>Normalized Profit</b>	<b>235</b>	<b>11</b>	<b>43</b>	<b>176</b>	<b>(103)</b>	<b>(625)</b>	<b>(514)</b>	<b>(344)</b>	<b>(492)</b>	<b>(559)</b>	<b>(623)</b>	<b>(351)</b>	<b>(315)</b>	<b>(151)</b>	<b>(11)</b>	<b>212</b>
EPS (Bt)	0.05	(0.00)	0.01	0.04	(0.02)	(0.14)	(0.11)	(0.10)	(0.11)	(0.15)	(0.14)	(0.05)	(0.07)	(0.03)	(0.00)	0.05
Normalized EPS (Bt)	0.05	0.00	0.01	0.04	(0.02)	(0.14)	(0.11)	(0.08)	(0.11)	(0.12)	(0.14)	(0.08)	(0.07)	(0.03)	(0.00)	0.05
<b>Margins</b>																
Gross profit margin	46.2	34.4	37.9	45.8	29.6	(411.4)	(40.5)	(4.9)	(47.8)	(101.7)	(127.6)	0.3	3.1	24.6	35.5	43.8
Operating EBIT margin	23.1	8.8	12.2	21.1	2.2	(644.1)	(100.5)	(37.3)	(99.6)	(180.3)	(208.5)	(40.6)	(35.6)	(6.1)	7.8	19.4
Operating EBITDA margin	34.8	23.7	25.9	33.3	24.0	(313.3)	(40.1)	1.4	(35.2)	(87.2)	(107.5)	(5.1)	(2.1)	16.0	25.0	32.3
Net profit margin	13.3	(0.5)	2.8	10.2	(8.5)	(787.2)	(120.3)	(80.5)	(130.3)	(262.8)	(275.0)	(39.7)	(49.1)	(14.3)	(0.9)	13.8
<b>Growth (YoY)</b>																
Revenue growth	(1.0)	3.5	4.8	1.3	(31.1)	(94.3)	(71.5)	(65.9)	(68.8)	230.5	(47.0)	5.2	143.2	330.3	107.3	171.4
Operating EBIT growth	(14.5)	(10.4)	14.8	4.3	N.A.	N.A.	N.A.	N.A.	(1,486.0)	(7.5)	10.0	14.6	(52.0)	(87.4)	(139.9)	(247.8)
Operating EBITDA growth	(7.0)	1.5	10.1	2.6	(52.5)	N.A.	N.A.	N.A.	(145.8)	(8.0)	42.2	(482.5)	(94.0)	(163.8)	(1,106.4)	(4,189.2)
Net profit growth	(17.9)	(124.6)	2.9	(2.3)	N.A.	N.A.	N.A.	N.A.	379.9	10.3	21.2	(48.1)	(54.6)	(77.7)	(95.3)	(176.5)
Normalized profit growth	(17.9)	(64.4)	2.9	(2.3)	N.A.	N.A.	N.A.	N.A.	380.1	(10.5)	21.2	2.0	(43.7)	(75.7)	(96.8)	(167.3)

Source: KGI Securities Research

**Balance Sheet**

As of 31 Dec (Bt mn)	2020	2021	2022	2023F	2024F
<b>Total Assets</b>	<b>21,215</b>	<b>22,450</b>	<b>21,712</b>	<b>22,873</b>	<b>23,818</b>
<b>Current Assets</b>	<b>1,962</b>	<b>2,655</b>	<b>2,026</b>	<b>2,212</b>	<b>3,254</b>
Cash & ST Investment	1,623	1,242	1,532	1,519	2,516
Inventories	46	39	43	57	61
Account Receivable	77	100	160	256	273
Others	48	78	114	158	168
<b>Non-current Assets</b>	<b>19,253</b>	<b>19,795</b>	<b>19,685</b>	<b>20,662</b>	<b>20,564</b>
LT Investment	373	242	268	439	462
Net fixed Assets	13,867	19,409	19,285	20,046	19,914
Others	158	144	132	177	189
<b>Total Liabilities</b>	<b>17,286</b>	<b>16,427</b>	<b>15,990</b>	<b>16,221</b>	<b>15,368</b>
<b>Current Liabilities</b>	<b>2,812</b>	<b>1,489</b>	<b>1,762</b>	<b>1,595</b>	<b>1,650</b>
Account Payable	145	143	235	268	284
ST Borrowing	2,209	868	853	484	473
Others	458	478	675	843	893
<b>Long-term Liabilities</b>	<b>14,474</b>	<b>14,938</b>	<b>14,229</b>	<b>14,626</b>	<b>13,718</b>
Long-term Debts	10,551	10,356	9,665	9,887	8,945
Others	218	273	289	477	510
<b>Shareholders' Equity</b>	<b>3,929</b>	<b>6,023</b>	<b>5,722</b>	<b>6,653</b>	<b>8,450</b>
Common Stock	2,518	4,532	4,532	4,532	4,891
Capital Surplus	910	910	910	910	1,629
Retained Earnings	519	(1,488)	(1,525)	(965)	(308)
Preferred Stock	0	0	0	0	0

Source: KGI Securities Research

**Key Ratios**

Year to 31 Dec	2020	2021	2022	2023F	2024F
<b>Growth (%YoY)</b>					
Sales	(64.5)	(35.1)	222.6	36.5	6.5
OP	(208.0)	37.8	(109.3)	678.5	16.0
EBITDA	(106.4)	426.3	(260.2)	115.1	8.0
NP	N.A.	(19.5)	89.1	N.A.	0.0
Normalized Profit	N.A.	(27.7)	86.9	N.A.	0.0
EPS	N.A.	(19.5)	89.1	N.A.	0.0
Normalized EPS	N.A.	(27.7)	86.9	N.A.	0.0
<b>Profitability (%)</b>					
Gross Margin	(7.4)	(49.4)	31.9	42.5	43.9
Operating Margin	(49.6)	(106.1)	3.2	18.1	19.7
EBITDA Margin	(5.3)	(42.9)	22.1	34.8	35.2
Net Margin	(74.4)	(138.0)	(4.8)	8.9	9.8
ROAA	(8.1)	(9.1)	(1.0)	2.4	2.8
ROAE	(43.7)	(34.0)	(3.9)	8.4	7.8
<b>Stability</b>					
Gross Debt/Equity (%)	440.0	272.8	279.5	243.8	181.9
Net Debt/Equity (%)	375.9	226.0	220.8	187.7	124.7
Interest Coverage (x)	(2.1)	(3.0)	0.3	2.2	2.6
Interest & ST Debt Coverage (x)	(0.4)	(1.1)	0.1	1.1	1.3
Cash Flow Interest Coverage (x)	(2.0)	(4.3)	3.9	3.2	3.4
Cash Flow/Interest & ST Debt (x)	(0.4)	(1.6)	1.4	1.6	1.8
Current Ratio (x)	0.7	1.8	1.2	1.4	2.0
Quick Ratio (x)	0.7	1.8	1.1	1.4	1.9
Net Debt (Bt mn)	14,769.1	13,612.3	12,632.9	12,485.9	10,537.2
<b>Per Share Data (Bt)</b>					
EPS	(0.4)	(0.5)	(0.0)	0.1	0.1
Normalized EPS	(0.3)	(0.4)	(0.1)	0.1	0.1
CFPS	(0.2)	(0.5)	0.4	0.4	0.4
BVPS	0.9	1.3	1.3	1.5	1.9
SPS	0.5	0.3	1.0	1.4	1.5
EBITDA/Share	(0.0)	(0.1)	0.2	0.5	0.5
DPS	0.0	0.0	0.0	0.0	0.0
<b>Activity</b>					
Asset Turnover (x)	-0.1	-0.1	-0.2	-0.3	-0.3
Days Receivables	-12.1	-24.5	-12.6	-14.8	-14.8
Days Inventory	-11.5	-11.2	-7.0	-8.1	-8.1
Days Payable	-36.1	-40.6	-37.5	-37.9	-37.9
Cash Cycle	12.4	4.8	18.0	15.0	15.0

Source: KGI Securities Research

**Profit & Loss**

Year to Dec 31 (Btmn)	2020	2021	2022	2023F	2024F
<b>Revenue</b>	<b>2,306</b>	<b>1,485</b>	<b>4,629</b>	<b>6,314</b>	<b>6,733</b>
Cost of Goods Sold	(1,465)	(1,284)	(2,282)	(2,580)	(2,732)
<b>Gross Profit</b>	<b>(171)</b>	<b>(734)</b>	<b>1,475</b>	<b>2,681</b>	<b>2,956</b>
Operating Expenses	(1,005)	(915)	(1,377)	(1,591)	(1,683)
Other Incomes	32	73	49	51	51
<b>Operating Profit</b>	<b>(1,143)</b>	<b>(1,576)</b>	<b>146</b>	<b>1,140</b>	<b>1,323</b>
Depreciation of fixed assets	(1,012)	(936)	(872)	(1,053)	(1,045)
<b>Operating EBITDA</b>	<b>(121)</b>	<b>(637)</b>	<b>1,021</b>	<b>2,196</b>	<b>2,372</b>
<b>Non-Operating Income</b>	<b>10</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
Interest Income	10	3	3	3	3
Other Non-op Income	0	0	0	0	0
<b>Non-Operating Expense</b>	<b>(536)</b>	<b>(521)</b>	<b>(458)</b>	<b>(512)</b>	<b>(519)</b>
Interest Expense	(536)	(521)	(458)	(512)	(519)
Other Non-op Expense					
<b>Equity Income/(Loss)</b>	<b>(18)</b>	<b>9</b>	<b>29</b>	<b>32</b>	<b>32</b>
<b>Pretax Profit</b>	<b>(1,818)</b>	<b>(2,110)</b>	<b>(239)</b>	<b>663</b>	<b>840</b>
Current Taxation	39	(46)	26	(63)	(121)
Minorities	63	105	(11)	(40)	(62)
Extraordinary items	(130)	(25)	41	0	0
<b>Net Profit</b>	<b>(1,715)</b>	<b>(2,050)</b>	<b>(224)</b>	<b>560</b>	<b>657</b>
<b>Normalized Profit</b>	<b>(1,585)</b>	<b>(2,025)</b>	<b>(266)</b>	<b>560</b>	<b>657</b>
EPS (Bt)	(0.38)	(0.45)	(0.05)	0.12	0.14
Normalized EPS (Bt)	(0.35)	(0.45)	(0.06)	0.12	0.14

Source: KGI Securities Research

**Cash Flow**

Year to 31 Dec (Bt mn)	2020	2021	2022	2023F	2024F
<b>Operating Cash Flow</b>	<b>(1,048)</b>	<b>(2,260)</b>	<b>1,793</b>	<b>1,626</b>	<b>1,752</b>
Net Profit	(1,715)	(2,050)	(224)	560	657
Depreciation & Amortization	1,012	936	872	1,053	1,045
Change in Working Capital	(430)	(1,056)	1,205	4	20
Others					
<b>Investment Cash Flow</b>	<b>(4,230)</b>	<b>(837)</b>	<b>(719)</b>	<b>(1,820)</b>	<b>(893)</b>
Net CAPEX	769	(6,465)	(715)	(1,845)	(921)
Change in LT Investment	(4,838)	4,963	14	(124)	14
Change in Other Assets	(195)	657	(26)	178	22
<b>Free Cash Flow</b>	<b>(5,278)</b>	<b>(3,097)</b>	<b>1,075</b>	<b>(194)</b>	<b>859</b>
<b>Financing Cash Flow</b>	<b>5,932</b>	<b>2,716</b>	<b>(785)</b>	<b>182</b>	<b>138</b>
Change in Share Capital	0	2,014	0	0	1,079
Net Change in Debt	6,166	(1,533)	(697)	(149)	(941)
Change in Other LT Liab.	(58)	2,236	(88)	331	0
<b>Net Cash Flow</b>	<b>654</b>	<b>(380)</b>	<b>290</b>	<b>(13)</b>	<b>997</b>

Source: KGI Securities Research

**Rates of Return on Invested Capital**

Year	1-	COGS Revenue	+	Depreciation Revenue	+	Operating Exp. Revenue	=	Operating Margin
2019		45.5%		13.0%		25.6%		15.9%
2020		63.5%		43.9%		43.6%		-51.0%
2021		86.4%		63.0%		61.6%		-111.0%
2022		49.3%		18.8%		29.8%		2.1%
2023F		40.9%		16.7%		25.2%		17.3%
Year	1/	Working Capital Revenue	+	Net PPE Revenue	+	Other Assets Revenue	=	Capital Turnover
2019		(0.3)		2.3		0.5		0.4
2020		(0.4)		6.0		3.2		0.1
2021		0.8		13.1		2.0		0.1
2022		0.1		4.2		0.5		0.2
2023F		0.1		3.2		0.4		0.3
Year		Operating Margin	x	Capital Turnover	x	Cash Tax Rate	=	After-tax Return on Inv. Capital
2019		15.9%		0.4		23.3%		1.5%
2020		-51.0%		0.1		2.2%		-0.1%
2021		-111.0%		0.1		-2.2%		0.2%
2022		2.1%		0.2		10.7%		0.0%
2023F		17.3%		0.3		9.5%		0.4%

Source: KGI Securities Research

**The Erawan Group – Recommendation & target price history**



Date	Rating	Target	Price
23-Feb-23	Outperform	6.30	5.05
10-Jan-23	Outperform	5.50	4.56
18-Oct-22	Outperform	5.10	4.30
5-Sep-22	Outperform	5.00	3.72
8-Jun-22	Outperform	4.70	3.72
19-Apr-22	Neutral	3.70	3.56

Source: KGI Securities Research

# Corporate Governance Report of Thai Listed Companies

**Companies with Excellent CG Scoring**

Stock	Company name	Stock	Company name	Stock	Company name
AAV	ASIA AVIATION	EGCO	ELECTRICITY GENERATING	PTTEP	PTT EXPLORATION AND PRODUCTION
ADVANC	ADVANCED INFO SERVICE	GFPT	GFPT	PTTGC	PTT GLOBAL CHEMICAL
AMA	AMA MARINE	GGC	GLOBAL GREEN CHEMICALS	PYLON	PYLON
AMATA	AMATA CORPORATION	GPSC	GLOBAL POWER SYNERGY	QH	QUALITY HOUSES
ANAN	ANANDA DEVELOPMENT	HANA	HANA MICROELECTRONICS	RATCH	RATCHABURI ELECTRICITY GENERATING HOLDING
AOT	AIRPORTS OF THAILAND	HMPRO	HOME PRODUCT CENTER	RS	RS
AP	ASIAN PROPERTY DEVELOPMENT	INTUCH	SHIN CORPORATION	SCB	THE SIAM COMMERCIAL BANK
BANPU	BANPU	IRPC	IRPC	SCC	THE SIAM CEMENT
BCP	THE BANGCHAK PETROLEUM	IVL	INDORAMA VENTURES	SCCC	SIAM CITY CEMENT
BCPG	BCPG	KBANK	KASIKORNBANK	SEAFECO	SEAFECO
BDMS	BANGKOK DUSIT MEDICAL SERVICES	KCE	KCE ELECTRONICS	SMPC	SAHAMITR PRESSURE CONTAINER
BEC	BEC WORLD	KKP	KIATNAKIN BANK	SPALI	SUPALAI
BEM	BANGKOK EXPRESSWAY AND METRO	KTB	KRUNG THAI BANK	SPRC	STAR PETROLEUM REFINING
BGRIM	B.GRIMM POWER	KTC	KRUNGTHAI CARD	SVI	SVI
BPP	BANPU POWER	LH	LAND AND HOUSES	TACC	T.A.C. CONSUMER
BTS	BTS GROUP HOLDINGS	LPN	L.P.N. DEVELOPMENT	TCAP	THANACHART CAPITAL
CENDEL	CENTRAL PLAZA HOTEL	MAKRO	SIAM MAKRO	THCOM	THAI COM
CK	CH. KARNCHANG	MBK	MBK	TISCO	TISCO FINANCIAL GROUP
CKP	CK POWER	MINT	MINOR INTERNATIONAL	TOP	THAI OIL
CPALL	CP ALL	MTC	MUANGTHAI CAPITAL	TRUE	TRUE CORPORATION
CPF	CHAROEN POKPHAND FOODS	PLANB	PLAN B MEDIA	TTB	TMBTHANACHART BANK
CPN	CENTRAL PATTANA	PSH	PRUKSA HOLDING	VGI	VGI GLOBAL MEDIA
DELTA	DELTA ELECTRONICS (THAILAND)	PTG	PTG ENERGY	WHA	WHA CORPORATION
DTAC	TOTAL ACCESS COMMUNICATION	PTT	PTT	WHAUP	

**Companies with Very Good CG Scoring**

Stock	Company name	Stock	Company name	Stock	Company name
BAM	BANGKOK COMMERCIAL ASSET MANAGEMENT	GULF	GULF ENERGY DEVELOPMENT	SAPPE	SAPPE
BBL	BANGKOK BANK	JMT	JMT NETWORK SERVICES	SAWAD	SRI SAWAD POWER 1979
CBG	CARABAO GROUP	LPH	LADPRAO GENERAL HOSPITAL	SINGER	SINGER THAILAND
CHG	CHULARAT HOSPITAL	M	MK RESTAURANT GROUP	SPA	SIAM WELLNESS GROUP
COM7	COM7	MAJOR	MAJOR CINEPLEX GROUP	TFG	THAIFOODS GROUP
DOHOME	DOHOME	MEGA	MEGA LIFESCIENCES	TKN	TAOKAENOI FOOD & MARKETING
ERW	THE ERAWAN GROUP	NETBAY	NETBAY	ZEN	ZEN CORPORATION GROUP
GLOBAL	SIAM GLOBAL HOUSE	OSP	OSOTSPA		

**Companies with Good CG Scoring**

Stock	Company name	Stock	Company name	Stock	Company name
BCH	BANGKOK CHAIN HOSPITAL	ESSO	ESSO (THAILAND)	SF	SIAM FUTURE DEVELOPMENT
BH	BUMRUNGRAD HOSPITAL	HUMAN	HUMANICA	SISB	SISB
EKH	EKACHAI MEDICAL CARE	RBF	R&B FOOD SUPPLY	TPCH	TPC POWER HOLDING

**Companies classified Not in the three highest score groups**

Stock	Company name	Stock	Company name	Stock	Company name
IIG	I&I GROUP	OR	PTT OIL AND RETAIL BUSINESS	STGT	SRI TRANG GLOVES (THAILAND)
KEX	KERRY EXPRESS (THAILAND)	STEC	SINO-THAI ENGINEERING AND CONSTRUCTION		

Source: www.thai-iod.com

**Disclaimer:** The disclosure of the survey result of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an assessment of operation and is not based on inside information. The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date or when there is any change to the relevant information. Nevertheless, KGI Securities (Thailand) Public Company Limited (KGI) does not confirm, verify, or certify the accuracy and completeness of such survey result.



## Anti-corruption Progress Indicator

### Level 5: Extended

Stock	Company name	Stock	Company name	Stock	Company name
ADVANC	ADVANCED INFO SERVICE	GLOBAL	SIAM GLOBAL HOUSE	QH	QUALITY HOUSES
ANAN	ANANDA DEVELOPMENT	GPSC	GLOBAL POWER SYNERGY	RATCH	RATCHABURI ELECTRICITY GENERATING HOLDING
BBL	BANGKOK BANK	HMPRO	HOME PRODUCT CENTER	ROBINS	ROBINSON DEPARTMENT STORE
BCH	BANGKOK CHAIN HOSPITAL	IRPC	IRPC	SCC	THE SIAM CEMENT
BDMS	BANGKOK DUSIT MEDICAL SERVICES	KBANK	KASIKORNBANK	SIRI	SANSIRI
BIGC	BIG C SUPERCENTER	KCE	KCE ELECTRONICS	SPALI	SUPALAI
CK	CH. KARNCHANG	KKP	KIATNAKIN BANK	STEC	SINO-THAI ENGINEERING AND CONSTRUCTION
DCC	DYNASTY CERAMIC	KTB	KRUNG THAI BANK	TCAP	THANACHART CAPITAL
DELTA	DELTA ELECTRONICS (THAILAND)	LPH	LADPRAO GENERAL HOSPITAL	TISCO	TISCO FINANCIAL GROUP
DRT	DIAMOND ROOFING TILES	PACE	PACE DEVELOPMENT CORPORATION	TMT	THAI METAL TRADE
EGCO	ELECTRICITY GENERATING	PTT	PTT	TOP	THAI OIL
GFPT	GFPT	PTTGC	PTT GLOBAL CHEMICAL		

### Level 4: Certified

Stock	Company name	Stock	Company name	Stock	Company name
AAV	ASIA AVIATION	ERW	THE ERAWAN GROUP	SAPPE	SAPPE
AP	ASIAN PROPERTY DEVELOPMENT	GLOW	GLOW ENERGY	SAWAD	SRISAWAD POWER 1979
BA	BANGKOK AIRWAYS	GUNKUL	GUNKUL ENGINEERING	SCB	THE SIAM COMMERCIAL BANK
BANPU	BANPU	ILINK	INTERLINK COMMUNICATION	SCN	SCAN INTER
BCP	THE BANGCHAK PETROLEUM	KTC	KRUNGTHAI CARD	SEAFCO	SEAFCO
BH	BUMRUNGRAD HOSPITAL	LH	LAND AND HOUSES	SVI	SVI
BJCHI	BJC HEAVY INDUSTRIES	LPN	L.P.N. DEVELOPMENT	TASCO	TIPCO ASPHALT
CBG	CARABAO GROUP	MAKRO	SIAM MAKRO	TKN	TAOKAENOI FOOD & MARKETING
CENTEL	CENTRAL PLAZA HOTEL	MALEE	MALEE SAMPRAN	TMB	TMB BANK
CHG	CHULARAT HOSPITAL	MINT	MINOR INTERNATIONAL	TRT	TIRATHAI
CKP	CK POWER	MODERN	MODERNFORM GROUP	TRUE	TRUE CORPORATION
CPF	CHAROEN POKPHAND FOODS	NOK	NOK AIRLINES	TVO	THAI VEGETABLE OIL
CPN	CENTRAL PATTANA	PTTEP	PTT EXPLORATION AND PRODUCTION		
DTAC	TOTAL ACCESS COMMUNICATION	PYLON	PYLON		

### Level 3: Established

Stock	Company name	Stock	Company name	Stock	Company name
BEM	BANGKOK EXPRESSWAY AND METRO	MTLS	MUANGTHAI LEASING	SPRC	STAR PETROLEUM REFINING
CPALL	CP ALL	SCI	SCI ELECTRIC		

### No progress

Stock	Company name	Stock	Company name	Stock	Company name
AOT	AIRPORTS OF THAILAND	BPP	BANPU POWER	FN	FN FACTORY OUTLET
BPCG	BPCG	BTS	BTS GROUP HOLDINGS	TPCH	TPC POWER HOLDING

Source: [www.cgthailand.org](http://www.cgthailand.org)

**Disclaimer:** The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by the relevant institution as disclosed by the Office of the Securities and Exchange Commission, is made in order to comply with the policy and sustainable development plan for the listed companies. The relevant institution made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, KGI Securities (Thailand) Public Company Limited (KGI) does not confirm, verify, or certify the accuracy and completeness of the assessment result.

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**KGI's Ratings**

<b>Rating</b>	<b>Definition</b>
Outperform (OP)	The stock's excess return over the next twelve months is ranked in the top 40% of KGI's coverage universe in the related market (e.g. Taiwan)..
Neutral (N)	The stock's excess return over the next twelve months is ranked in the range between the top 40% and the bottom 40% of KGI's coverage universe in the related market (e.g. Taiwan)
Under perform (U)	The stock's excess return over the next twelve months is ranked in the bottom 40% of KGI's coverage universe in the related market (e.g. Taiwan).
Not Rated (NR)	The stock is not rated by KGI.
Restricted (R)	KGI policy and/or applicable law regulations preclude certain types of communications, including an investment recommendation, during the course of KGI's engagement in an investment banking transaction and in certain other circumstances.  Excess return = 12M target price/current price-
Note	When an analyst publishes a new report on a covered stock, we rank the stock's excess return with those of other stocks in KGI's coverage universe in the related market. We will assign a rating based on its ranking. If an analyst does not publish a new report on a covered stock, its rating will not be changed automatically.

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