



Dusit Thani PCL

DUSIT TB Outperform

Target Price Bt 13.87

Price (31/01/2022) Bt 9.70

Upside % 42.94

Valuation SOTP

Sector Tourism & Leisure

Market Cap Btm 8,245

30-day avg turnover Btm 1.26

No. of shares on issue m 850

CG Scoring Excellent

Anti-Corruption Indicator Certified

Investment fundamentals

Year end Dec 31 2020A 2021E 2022E 2023E

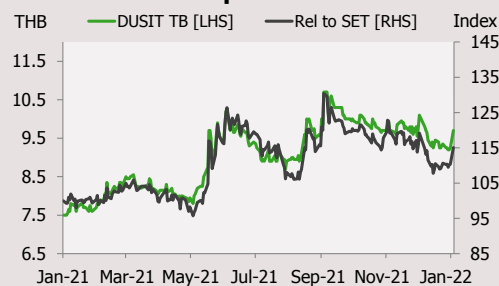
Company Financials

Revenue (Btmn)	2,272	2,082	3,588	4,958
Core profit (Btmn)	-1,691	-1,659	-824	53
Net profit (Btmn)	-1,011	-923	-584	53
Net EPS (Bt)	-1.19	-1.09	-0.69	0.06
DPS (Bt)	0.00	0.00	0.00	0.00
BVPS (Bt)	4.08	2.38	1.57	1.65
Net EPS growth (%)	-415.77	8.73	36.73	109.01
ROA (%)	-5.82	-4.83	-3.23	0.28
ROE (%)	-24.68	-33.60	-34.77	3.85
Net D/E (x)	3.04	4.70	6.65	6.25

Valuation

P/E (x)	-5.72	-8.93	-14.12	156.69
P/BV (x)	1.67	4.07	6.18	5.88
EV/EBITDA (x)	-35.77	-46	60	17
Dividend yield (%)	0.00	0.00	0.00	0.00

DUSIT TB rel SET performance



Source: Bloomberg (All figures in THB unless noted.)

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Hotel operations to remain strong

- Expect DUSIT to report a 4Q21 core loss of Bt319mn, a lower loss compared to a loss of Bt430mn in 3Q21 and Bt432mn in 4Q20.
- Estimate 4Q21 RevPar of Bt1,708 comprising OCR of 50.2% (+7.5 ppt QoQ) and ADR of 3,402 (+44% QoQ).
- Reiterate our Outperform rating and TP of Bt13.87, and maintain our positive view of DUSIT given its higher OCR vs. its peer average.

Investment Highlights

- **Expect a lower core loss QoQ in 4Q21.** We expect DUSIT to report a 4Q21 core loss of Bt319mn, a lower loss compared to a loss of Bt430mn in 3Q21 and Bt432mn in 4Q20. We expect the lower loss QoQ and YoY will be due mainly to a strong recovery of both domestic overseas hotel operations but partly offset by a slow recovery of the education and food businesses.
- **RevPar to improve on strong OCR and ADR.** We estimate 4Q21 RevPar of Bt1,708, an increase of 70% QoQ and 63% YoY. We expect the occupancy rate (OCR) to come in at 50.2% comprising a domestic OCR of 38%, and expect an OCR of 85% for hotels in the Philippines and 83% for hotels in the Maldives. We expect a 4Q21 average daily rate (ADR) of 3,402, an increase of 44% QoQ and 26% YoY, due to strong operating performances of every regions.
- **Expect a higher loss in 1Q22.** We expect DUSIT to report a higher loss in 1Q22 due to the negative impact of the Omicron outbreak, which should result in a lower OCR for domestic hotels. We expect higher food revenue to partly offset lower hotel revenue during the period. Note that we expect hotels in the Maldives to maintain a strong performance in 1Q22 as it suffered a less severe impact from the COVID-19 pandemic.
- **Dusit Central Park expected to launch in 2H23.** The company expects to reopen the Dusit Thani Bangkok along with retail & office space in 4Q23, while the residential project is expected to be completed in 2024 and 2025, respectively. Note that our assumption is for the Dusit Thani Bangkok to reopen in the beginning of 2024.

Valuation and Recommendation

- We reiterate our Outperform rating on DUSIT and target price of Bt13.87. We maintain our positive view of DUSIT given that its domestic OCR is higher than its peer average, while overseas operations in both the Maldives and Philippines perform well. We also expect a recovery of the education and food businesses in 1Q21, which should partly offset lower hotel revenue.
- Our end-202 target price of Bt13.87 is derived from the SOTP methodology. We use the EV/EBITDA approach to value DUSIT's core business (Bt8.22) and thus apply an EV/EBITDA of 12.72x, which is 1SD below the average five-year Bloomberg consensus 12-month forward EV/EBITDA of its Asian peers. We value the Dusit Central Park project at Bt5.65 based on the NAV methodology.



Fig 1 4Q21 performance preview

	4Q20	1Q21	2Q21	3Q21	4Q21E	%YoY	%QoQ	2021E	% change	2022E	
Financials											
Sales (Btmn)	684	641	376	436	629	-8.0	44.4	2,082	72.4	3,588	
EBITDA (Btmn)	-76	-7	-170	-144	-143	-87.5	0.8	-464	178.0	362	
Operating profit (Btmn)	-306	-240	-406	-377	-297	2.9	21.4	-1,320	62.3	-498	
Core profit (Btmn)	-432	-366	-544	-430	-319	26.1	25.8	-1,659	50.3	-824	
Net profit (Btmn)	-134	74	-376	-302	-319	-138.9	-5.6	-923	36.7	-584	
Net EPS (Bt)	-0.16	0.09	-0.44	-0.36	-0.38	-138.9	-5.6	-1.09	36.7	-0.69	
Performance Drivers											
RevPar (Bt)	1,051	1,060	763	1,007	1,708	62.5	69.6	1,018	79.6	1,828	
Average daily rate (Bt)	2,706	3,343	2,312	2,360	3,402	25.7	44.2	2,951	18.0	3,483	
Occupancy rate (%)	38.8	31.7	33.0	42.7	50.2	11.4	7.5	34.5	18.0	52.5	
						Change		2021E	Change		2022E
Gross margin (%)	5.5	20.6	-6.9	-24.2	24.1	18.6	48.3	0.1	31.6	31.7	
EBITDA margin (%)	-11.1	-1.1	-45.2	-33.1	-22.7	-11.6	10.4	-0.2	-13.7	-13.9	
Optg. margin (%)	-44.7	-37.5	-107.8	-86.6	-47.2	-2.5	39.5	-0.6	10.7	10.1	
ROE (%)	-15.4	6.8	-37.9	-33.2	-35.1	-19.7	-1.9	-0.3	-4.2	-4.5	

Source: Company data, KS Research


Year-end 31 Dec

Income Statement (Btmn)	2019A	2020A	2021E	2022E	2023E	Cashflow (Btmn)	2019A	2020A	2021E	2022E	2023E
Revenue	4,193	2,272	2,082	3,588	4,958	Net profit	606	-1,050	-987	-616	55
Cost of sales and services	-3,087	-2,138	-1,929	-2,452	-2,837	Depreciation & amortization	461	853	856	860	864
Gross Profit	1,105	134	152	1,136	2,121	Change in working capital	273	1,060	-510	115	103
SG&A	-2,086	-1,812	-1,847	-1,957	-2,095	Others	-890	-134	1,375	-1,503	-1,583
Other income	596	291	375	323	347	CF from operation activities	450	729	735	-1,144	-561
EBIT	912	-630	-518	-163	481	Capital expenditure	-1,655	-1,597	-1,574	-76	-79
EBITDA	76	-534	-464	362	1,237	Investment in subs and affiliates	0	0	0	0	0
Interest expense	-118	-421	-435	-436	-427	Others	876	-1,018	1,510	89	185
Equity earnings	-4	61	66	78	89	CF from investing activities	-779	-2,615	-64	12	106
EBT	795	-1,051	-954	-599	54	Cash dividend	-481	-245	0	0	0
Income tax	-189	1	-34	-17	1	Net proceeds from debt	2,474	745	534	428	-154
NPAT	606	-1,050	-987	-616	55	Capital raising	0	0	0	0	0
Minority Interest	-285	39	64	32	-2	Others	-118	140	-1,352	837	759
Core Profit	-938	-1,691	-1,659	-824	53	CF from financing activities	1,875	640	-818	1,266	606
Extraordinary items	1,259	680	720	240	0	Net change in cash	1,545	-1,246	-147	134	150
FX gain (loss)	0	0	17	0	0	Key Statistics & Ratios					
Reported net profit	320	-1,011	-923	-584	53	Per share (Bt)					
Balance Sheet (Btmn)						Reported EPS	0.38	-1.19	-1.09	-0.69	0.06
Cash & equivalents	2,600	1,420	1,274	1,407	1,558	Core EPS	-1.10	-1.99	-1.95	-0.97	0.06
ST investments	933	0	0	0	0	DPS	0.17	0.00	0.00	0.00	0.00
Accounts receivable	1,465	653	196	338	467	BV	5.56	4.08	2.38	1.57	1.65
Inventories	69	61	33	57	78	EV	12.77	22.48	25.10	25.48	25.10
Other current assets	221	403	415	427	440	Free Cash Flow	-1.42	-1.02	-0.99	-1.44	-0.75
Total current assets	5,288	2,538	1,918	2,230	2,543	Valuation analysis					
Investment in subs & others	1,814	1,588	1,588	1,588	1,588	Reported P/E (x)	25.75	-5.72	-8.93	-14.12	156.69
Fixed assets-net	3,475	4,849	4,417	3,983	3,547	Core P/E (x)	-8.79	-3.42	-4.97	-10.01	156.69
Other assets	3,660	12,886	11,102	11,307	11,615	P/BV (x)	1.74	1.67	4.07	6.18	5.88
Total assets	14,237	21,861	19,024	19,107	19,294	EV/EBITDA (x)	142.74	-35.77	-46	60	17
Short-term debt	1,858	3,727	2,873	2,954	2,957	Price/Cash flow (x)	18.32	7.93	11.22	-7.21	-14.69
Accounts payable	1,380	1,388	405	698	964	Dividend yield (%)	1.75	0.00	0.00	0.00	0.00
Other current liabilities	511	224	181	186	192	Profitability ratios					
Total current liabilities	3,749	5,339	3,458	3,838	4,113	Gross margin (%)	26.36	5.88	7.32	31.66	42.78
Long-term debt	3,108	10,334	10,868	11,271	11,092	EBITDA margin (%)	1.81	-23.52	-22.29	10.09	24.95
Other liabilities	1,475	2,028	2,048	2,070	2,092	EBIT margin (%)	21.76	-27.73	-24.90	-4.55	9.69
Total liabilities	8,333	17,701	16,374	17,179	17,296	Net profit margin (%)	14.44	-46.23	-47.43	-17.16	1.10
Paid-up capital	850	850	850	850	850	ROA (%)	4.69	-5.82	-4.83	-3.23	0.28
Share premium	1,643	1,643	1,643	1,643	1,643	ROE (%)	6.60	-24.68	-33.60	-34.77	3.85
Reserves & others, net	336	391	405	419	434	Liquidity ratios					
Retained earnings	1,896	585	-874	-1,578	-1,525	Current ratio (x)	1.41	0.48	0.55	0.58	0.62
Minority interests	1,179	690	626	594	596	Quick ratio (x)	1.33	0.39	0.43	0.45	0.49
Total shareholders' equity	5,904	4,160	2,650	1,928	1,998	Leverage Ratios					
Total equity & liabilities	14,237	21,861	19,024	19,107	19,294	Liabilities/Equity ratio (x)	1.41	4.26	6.18	8.91	8.66
Key Assumptions						Net debt/EBITDA (x)	18.84	-23.66	-26.87	35.41	10.10
RevPar (Bt)	2,685	1,143	1,018	1,828	2,633	Net debt/equity (x)	0.24	3.04	4.70	6.65	6.25
ADR (Bt)	3,610	3,208	2,951	3,483	3,657	Int. coverage ratio (x)	7.76	-1.50	-1.19	-0.37	1.13
Occupancy rate (%)	74.4	35.6	34.5	52.5	72.0	Growth					
						Revenue (%)	-9.50	-45.81	-8.38	72.38	38.17
						EBITDA (%)	-85.85	-802	13.16	178.01	241.81
						Reported net profit (%)	10.5	-415.77	8.73	36.73	109.01
						Reported EPS (%)	10.5	-415.77	8.73	36.73	109.01
						Core profit (%)	-1,214	-80.18	1.86	50.35	106.39
						Core EPS (%)	-1,214	-80.18	1.86	50.35	106.39

Source: Company, KS estimates



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