

DUSIT THANI DUSIT TB  
THAILAND / TOURISM & LEISUREBUY  
UNCHANGED

## รายงานผลประกอบการ 2Q23

DUSIT ขาดทุนปกติลดลง y-y มาอยู่ที่ 218 ลบ. ใน 2Q23

TARGET PRICE	THB18.00
CLOSE	THB10.90
UP/DOWNSIDE	+65.1%
TP vs CONSENSUS	+13.4%

## Highlights

- DUSIT ขาดทุนปกติ 218 ลบ. ใน 2Q23 (เทียบกับขาดทุนปกติ 292 ลบ. ใน 2Q22) จากผลประกอบการที่ดีขึ้นในธุรกิจโรงแรม อย่างไรก็ตามกำไรประกอบการพลิกเป็นขาดทุนจากที่เคยมีกำไรปกติ 8 ลบ. ใน 1Q23 จากผลของฤดูกาลท่องเที่ยวที่เป็น low season
- เมื่อรวมกำไรจากอัตราแลกเปลี่ยน 32 ลบ. ผลขาดทุนสุทธิอยู่ที่ 186 ลบ.

## Hotel business

- รายได้จากธุรกิจโรงแรมโต 31% y-y รายได้จากโรงแรมที่บริษัท เป็นเจ้าของโต 22% โดยได้ปัจจัยผลักดันส่วนมากจากโรงแรมในไทยโดยเฉพาะอย่างยิ่งโรงแรมในภูเก็ตและพัทยา RevPAR โต 25% y-y พร้อมอัตราการเข้าพัก (OCC rate) ที่ 66% (เทียบกับ 58% ใน 2Q22) นอกจากนี้รายได้จากการบริหารโรงแรมยังกระโดดเพิ่ม 96% y-y จากโรงแรมที่บริษัท บริหารในต่างประเทศโดยเฉพาะอย่างยิ่งในตะวันออกกลาง
- ใน 2Q23 EBITDA margin ในธุรกิจโรงแรมค่อนข้างทรงตัว y-y ที่ 17%

## Other business

- ธุรกิจการศึกษามีรายได้ลดลง 5% y-y ใน 2Q23 จากส่วนแบ่งกำไรที่ลดลงของ Le Cordon Blue หลังตัวเลขนักเรียนลดลงและส่วนแบ่งผลขาดทุนจาก The Food Education ซึ่งเปิดในเดือน ม.ค. 23 ธุรกิจการศึกษามันท์ EBITDA loss อยู่ที่ 3 ลบ. (เทียบกับผลขาดทุน 10 ลบ. ใน 2Q22)
- รายได้จากธุรกิจอาหารกระโดดเพิ่ม 67% y-y จาก Bonjour Bakery และรายได้ที่สูงขึ้นจาก Epicure Catering ตามตัวเลขนักเรียนที่เพิ่มขึ้น ธุรกิจอาหารมันท์ EBITDA profit อยู่ที่ 24 ลบ. (เทียบกับที่เคยขาดทุน 4 ลบ. ใน 2Q22)
- DUSIT มันท์รายได้จากธุรกิจอสังหาริมทรัพย์จำนวน 20 ลบ. ใน 2Q23 จากส่วนแบ่งกำไรของโครงการ The Hampton (กิจการร่วมค้ากับ Origin Property (ORI TB, BUY))

## Overall

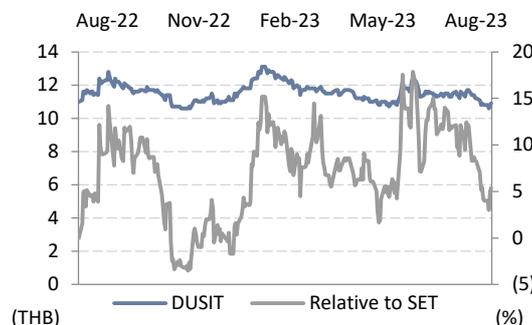
- EBITDA โตเป็น 108 ลบ. ใน 2Q23 (เทียบกับ 20 ลบ. ใน 2Q22) พร้อม EBITDA margin ที่ 9% (เทียบกับ 2% ใน 2Q23) ส่วนมากจากธุรกิจโรงแรมที่ปรับตัวดีขึ้น

## Outlook

- เราคาดว่าผลประกอบการโดยรวมจะปรับตัวดีขึ้นใน 3Q23 และคาดว่าจะพลิกเป็นกำไรได้ใน 4Q23 ซึ่งเป็นฤดูที่ดีสำหรับการท่องเที่ยวในประเทศไทยและมัลดีฟส์

## KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	4,084	5,987	6,711	27,822
Net profit	(501)	51	245	2,475
EPS (THB)	(0.59)	0.06	0.29	2.91
vs Consensus (%)	-	(10.4)	(32.6)	0.9
EBITDA	(138)	684	1,018	4,682
Recurring net profit	(766)	51	245	2,475
Core EPS (THB)	(0.90)	0.06	0.29	2.91
EPS growth (%)	nm	nm	378.4	911.7
Core P/E (x)	(12.1)	181.2	37.9	3.7
Dividend yield (%)	-	0.4	1.8	18.7
EV/EBITDA (x)	(153.5)	40.7	31.5	4.7
Price/book (x)	2.2	2.2	2.1	1.4
Net debt/Equity (%)	217.7	215.7	202.3	123.4
ROE (%)	(20.7)	1.2	5.7	44.7



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(6.0)	0.9	(5.2)
Relative to country (%)	(6.0)	0.5	1.7
Mkt cap (USD m)			262
3m avg. daily turnover (USD m)			0.3
Free float (%)			27
Major shareholder	Chanat family account (50%)		
12m high/low (THB)	13.20/10.30		
Issued shares (m)	850.00		

Sources: Bloomberg consensus; FSSIA estimates



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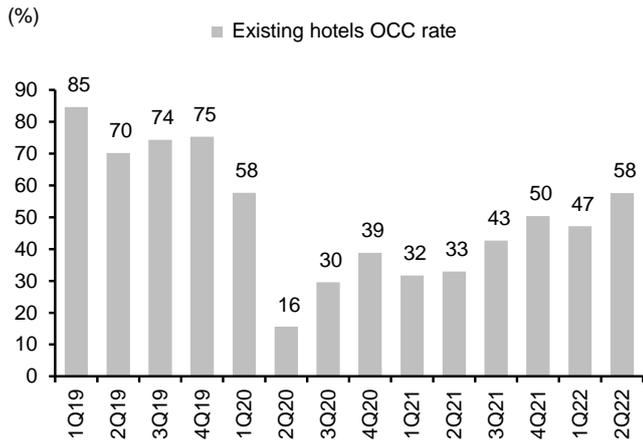
บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 18 สิงหาคม 2023

## Exhibit 1: DUSIT - 2Q23 operations summary

FY ending Dec	2Q22	3Q22	4Q22	1Q23	2Q23	----- Change -----		2023E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)
Sales	881	1,002	1,344	1,472	1,121	(24)	27	5,987
COGS (incl depreciation)	(646)	(722)	(864)	(897)	(772)	(14)	19	(3,611)
<b>Gross profit</b>	<b>234</b>	<b>280</b>	<b>480</b>	<b>575</b>	<b>349</b>	<b>(39)</b>	<b>49</b>	<b>2,376</b>
SG&A	(574)	(582)	(647)	(685)	(688)	1	20	(2,651)
<b>Operating profit</b>	<b>(340)</b>	<b>(302)</b>	<b>(167)</b>	<b>(110)</b>	<b>(340)</b>	<b>209</b>	<b>0</b>	<b>(275)</b>
Dividend income	0	0	0	0	0	n/a	n/a	0
Management service income	37	81	247	160	120	(25)	223	520
Interest income	3	3	4	5	7	54	158	21
Realised income from deferred rental revenue	6	6	7	7	7	1	8	26
Other income	69	95	1	44	61	39	(11)	264
Interest expenses	(123)	(124)	(122)	(124)	(126)	1	2	(517)
<b>Pretax profit</b>	<b>(348)</b>	<b>(241)</b>	<b>(30)</b>	<b>(18)</b>	<b>(270)</b>	<b>1,361</b>	<b>22</b>	<b>38</b>
Income Tax	23	22	(11)	1	12	902	(48)	0
Associates	15	16	19	28	33	17	123	60
Minority interest	18	23	(12)	(3)	8	(386)	(57)	(47)
<b>Core profit</b>	<b>(292)</b>	<b>(180)</b>	<b>(34)</b>	<b>8</b>	<b>(218)</b>	<b>(2,850)</b>	<b>25</b>	<b>51</b>
Extraordinaries, GW & FX	34	19	81	1	32	4,424	(7)	0
- Gain on sale of other long term investments	0	0	0	0	0			
- Gain on measurement of other financial assets	(3)	1	1	1	0			
- Others	37	18	79	0	32			
<b>Reported net profit</b>	<b>(258)</b>	<b>(161)</b>	<b>46</b>	<b>9</b>	<b>(186)</b>	<b>(2,255)</b>	<b>28</b>	<b>51</b>
Outstanding shares (m)	850	850	850	850	850	0	0	850
<b>Core EPS (THB)</b>	<b>(0.34)</b>	<b>(0.21)</b>	<b>(0.04)</b>	<b>0.01</b>	<b>(0.26)</b>	<b>(2,850)</b>	<b>25</b>	<b>0.06</b>
<b>EPS (THB)</b>	<b>(0.30)</b>	<b>(0.19)</b>	<b>0.05</b>	<b>0.01</b>	<b>(0.22)</b>	<b>(2,255)</b>	<b>28</b>	<b>0.06</b>
COGS excl. depreciation	(417)	(483)	(631)	(678)	(553)	(18)	33	(2,652)
Depreciation	(230)	(239)	(234)	(219)	(219)	(0)	(5)	(959)
EBITDA	20	138	345	353	108	(70)	438	1,574
<b>Key ratios</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>	<b>(%)</b>
Gross margin	27	28	36	39	31	(8)	5	40
SG&A/Revenue	65	58	48	47	61	15	(4)	44
EBITDA margin	2	13	26	23	9	(14)	7	25
Net profit margin	(29)	(16)	3	1	(17)	(17)	13	1
<b>Operating stats</b>								
Hotel revenue growth y-y (%)	112	107	69	88	31			
Education revenue growth y-y (%)	57	(73)	72	(6)	(5)			
Foods revenue growth y-y (%)	211	3,867	382	116	67			
Occupancy (%)	58	62	69	75	66			
ADR (THB/night)	3,041	3,057	3,989	4,413	3,311			
RevPar (THB/night)	1,751	1,885	2,753	3,289	2,187			

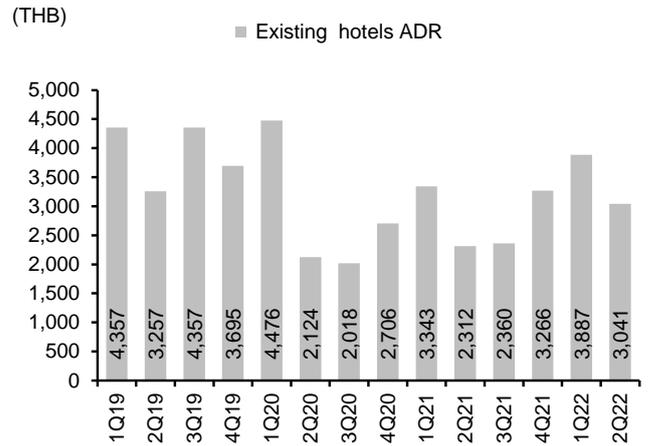
Sources: DUSIT; FSSIA estimates

**Exhibit 2: Existing owned hotels OCC rate**



Source: DUSIT

**Exhibit 3: Existing owned hotels ADR**



Source: DUSIT

## Financial Statements

Dusit Thani

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	2,194	4,084	5,987	6,711	27,822
Cost of goods sold	(2,044)	(2,851)	(3,611)	(3,958)	(19,303)
<b>Gross profit</b>	<b>151</b>	<b>1,233</b>	<b>2,376</b>	<b>2,753</b>	<b>8,519</b>
Other operating income	-	-	-	-	-
Operating costs	(1,825)	(2,305)	(2,651)	(2,886)	(5,155)
<b>Operating EBITDA</b>	<b>(734)</b>	<b>(138)</b>	<b>684</b>	<b>1,018</b>	<b>4,682</b>
Depreciation	(940)	(934)	(959)	(1,152)	(1,318)
Goodwill amortisation	-	-	-	-	-
<b>Operating EBIT</b>	<b>(1,674)</b>	<b>(1,072)</b>	<b>(275)</b>	<b>(134)</b>	<b>3,364</b>
Net financing costs	(459)	(481)	(496)	(513)	(450)
Associates	16	67	60	63	112
Recurring non-operating income	456	706	869	938	1,074
Non-recurring items	677	264	0	0	0
<b>Profit before tax</b>	<b>(1,000)</b>	<b>(583)</b>	<b>98</b>	<b>292</b>	<b>3,989</b>
Tax	(24)	36	0	0	(582)
<b>Profit after tax</b>	<b>(1,024)</b>	<b>(547)</b>	<b>98</b>	<b>292</b>	<b>3,407</b>
Minority interests	79	46	(47)	(47)	(933)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>(945)</b>	<b>(501)</b>	<b>51</b>	<b>245</b>	<b>2,475</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(677)</b>	<b>(264)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>(1,622)</b>	<b>(766)</b>	<b>51</b>	<b>245</b>	<b>2,475</b>
<b>Per share (THB)</b>					
Recurring EPS *	(1.91)	(0.90)	0.06	0.29	2.91
Reported EPS	(1.11)	(0.59)	0.06	0.29	2.91
DPS	0.00	0.00	0.04	0.20	2.04
Diluted shares (used to calculate per share data)	850	850	850	850	850
<b>Growth</b>					
Revenue (%)	(3.4)	86.1	46.6	12.1	314.6
Operating EBITDA (%)	nm	nm	nm	48.9	359.8
Operating EBIT (%)	nm	nm	nm	nm	nm
Recurring EPS (%)	nm	nm	nm	378.4	911.7
Reported EPS (%)	nm	nm	nm	378.4	911.7
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	6.9	30.2	39.7	41.0	30.6
Gross margin exc. depreciation (%)	49.7	53.1	55.7	58.2	35.4
Operating EBITDA margin (%)	(33.4)	(3.4)	11.4	15.2	16.8
Operating EBIT margin (%)	(76.3)	(26.3)	(4.6)	(2.0)	12.1
Net margin (%)	(73.9)	(18.8)	0.9	3.6	8.9
Effective tax rate (%)	(1.4)	3.9	0.0	0.0	15.0
Dividend payout on recurring profit (%)	-	-	70.0	70.0	70.0
Interest cover (X)	(2.7)	(0.8)	1.2	1.6	9.9
Inventory days	20.7	16.5	372.6	914.1	122.5
Debtor days	90.8	43.4	32.5	29.0	7.0
Creditor days	414.8	289.9	228.3	186.5	30.0
Operating ROIC (%)	(10.5)	(6.1)	(1.4)	(0.5)	12.2
ROIC (%)	(6.0)	(1.6)	2.4	2.6	12.9
ROE (%)	(43.1)	(20.7)	1.2	5.7	44.7
ROA (%)	(5.3)	(1.4)	2.1	2.4	11.3
* Pre exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Hotel revenue	1,145	2,563	3,719	4,591	19,403
Others	1,049	1,520	2,267	2,120	8,420

Sources: Dusit Thani; FSSIA estimates

## Financial Statements

Dusit Thani

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	(1,622)	(766)	51	245	2,475
Depreciation	940	934	959	1,152	1,318
Associates & minorities	-	-	-	-	-
Other non-cash items	1,639	1,505	47	47	933
Change in working capital	(165)	583	(5,435)	(3,244)	7,974
<b>Cash flow from operations</b>	<b>793</b>	<b>2,257</b>	<b>(4,378)</b>	<b>(1,801)</b>	<b>12,698</b>
Capex - maintenance	(1,543)	(2,094)	(1,943)	(1,945)	(1,033)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	(71)	91	(294)	(441)	(441)
Other investments (net)	-	-	-	-	-
<b>Cash flow from investing</b>	<b>(1,613)</b>	<b>(2,003)</b>	<b>(2,237)</b>	<b>(2,386)</b>	<b>(1,474)</b>
Dividends paid	(9)	(24)	0	(36)	(171)
Equity finance	0	0	0	0	0
Debt finance	672	(1,127)	2,500	3,000	(7,000)
Other financing cash flows	(52)	1,830	2,061	1,545	(3,555)
<b>Cash flow from financing</b>	<b>610</b>	<b>679</b>	<b>4,561</b>	<b>4,509</b>	<b>(10,726)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>(210)</b>	<b>933</b>	<b>(2,054)</b>	<b>322</b>	<b>498</b>
Free cash flow to firm (FCFF)	(351.20)	745.94	(6,097.45)	(3,673.22)	11,678.04
Free cash flow to equity (FCFE)	(200.88)	956.34	(2,054.31)	358.14	669.65

### Per share (THB)

FCFF per share	(0.41)	0.88	(7.17)	(4.32)	13.74
FCFE per share	(0.24)	1.13	(2.42)	0.42	0.79
Recurring cash flow per share	1.13	1.97	1.24	1.70	5.56

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	22,008	23,625	25,568	27,513	28,546
Less: Accumulated depreciation	(5,147)	(5,604)	(6,563)	(7,715)	(9,033)
<b>Tangible fixed assets (net)</b>	<b>16,861</b>	<b>18,021</b>	<b>19,005</b>	<b>19,798</b>	<b>19,514</b>
<b>Intangible fixed assets (net)</b>	<b>652</b>	<b>971</b>	<b>971</b>	<b>971</b>	<b>971</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	1,851	1,761	2,055	2,496	2,937
Cash & equivalents	1,210	2,143	89	411	909
A/C receivable	438	534	534	534	534
Inventories	65	109	5,306	8,751	3,325
Other current assets	490	614	806	774	803
<b>Current assets</b>	<b>2,203</b>	<b>3,399</b>	<b>6,734</b>	<b>10,470</b>	<b>5,571</b>
Other assets	2,217	2,077	2,077	2,077	2,077
<b>Total assets</b>	<b>23,784</b>	<b>26,229</b>	<b>30,842</b>	<b>35,812</b>	<b>31,070</b>
Common equity	3,287	4,121	4,173	4,381	6,685
Minorities etc.	607	923	3,031	4,623	2,001
<b>Total shareholders' equity</b>	<b>3,895</b>	<b>5,045</b>	<b>7,203</b>	<b>9,004</b>	<b>8,686</b>
Long term debt	12,970	11,999	14,499	17,499	10,499
Other long-term liabilities	4,317	5,892	5,892	5,892	5,892
<b>Long-term liabilities</b>	<b>17,287</b>	<b>17,891</b>	<b>20,391</b>	<b>23,391</b>	<b>16,391</b>
A/C payable	1,121	1,924	1,394	1,475	1,478
Short term debt	1,281	1,125	1,125	1,125	1,125
Other current liabilities	201	245	729	818	3,390
<b>Current liabilities</b>	<b>2,603</b>	<b>3,294</b>	<b>3,248</b>	<b>3,417</b>	<b>5,993</b>
<b>Total liabilities and shareholders' equity</b>	<b>23,784</b>	<b>26,229</b>	<b>30,842</b>	<b>35,812</b>	<b>31,070</b>
Net working capital	(330)	(913)	4,522	7,766	(207)
Invested capital	21,252	21,917	28,630	33,109	25,292

\* Includes convertibles and preferred stock which is being treated as debt

### Per share (THB)

Book value per share	3.87	4.85	4.91	5.15	7.86
Tangible book value per share	3.10	3.71	3.77	4.01	6.72

### Financial strength

Net debt/equity (%)	334.8	217.7	215.7	202.3	123.4
Net debt/total assets (%)	54.8	41.9	50.4	50.9	34.5
Current ratio (x)	0.8	1.0	2.1	3.1	0.9
CF interest cover (x)	0.6	3.0	(3.1)	1.7	2.5

Valuation	2021	2022	2023E	2024E	2025E
<b>Recurring P/E (x) *</b>	<b>(5.7)</b>	<b>(12.1)</b>	<b>181.2</b>	<b>37.9</b>	<b>3.7</b>
<b>Recurring P/E @ target price (x) *</b>	<b>(9.4)</b>	<b>(20.0)</b>	<b>299.3</b>	<b>62.6</b>	<b>6.2</b>
Reported P/E (x)	(9.8)	(18.5)	181.2	37.9	3.7
Dividend yield (%)	-	-	0.4	1.8	18.7
Price/book (x)	2.8	2.2	2.2	2.1	1.4
Price/tangible book (x)	3.5	2.9	2.9	2.7	1.6
EV/EBITDA (x) **	(31.2)	(153.5)	40.7	31.5	4.7
EV/EBITDA @ target price (x) **	(39.4)	(197.3)	49.5	37.5	6.0
EV/invested capital (x)	1.1	1.0	1.0	1.0	0.9

\* Pre-exceptional, pre-goodwill and fully diluted \*\* EBITDA includes associate income and recurring non-operating income

Sources: Dusit Thani; FSSIA estimates

## Public disclosures related to sustainable development evaluation of Thai listed companies

**Rating** regarding the sustainable development of Thai listed companies, both on the SET and MAI, are publicly available on the website of the Securities and Exchange Commission of Thailand (SEC). Currently, ratings available are 1) "**CG Score**" by the Thai Institute of Directors Association (Thai IOD); 2) "**AGM Checklist**" by the Thai Investors Association (TIA), a "**CAC certified member**" of the Thai Private Sector Collective Action Against Corruption (CAC); and 3) "**Sustainability Investment List (THSI)**" by the Stock Exchange of Thailand. The ratings are updated on an annual basis. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such ratings.

### CG Score by the Thai Institute of Directors Association (Thai IOD)<sup>1</sup>

The **CG Score** indicates corporate governance (CG) strength in the sustainable development of Thai listed companies. Annually, the Thai IOD, with support from the Stock Exchange of Thailand (SET), surveys and assesses the CG practices of companies and publishes the results on the [Thai IOD website](#) in a bid to promote and enhance the CG of Thai listed companies in order to promote compliance with international standards for better investment decisions. The results are from the perspective of a third party, not an evaluation of operations, as of the date appearing in the report, and may be changed after that date.

The **five underlying categories and weighting** used for the CG scoring in 2022 include the rights of shareholders and equitable treatment of shareholders (weight 25% combined), the role of stakeholders (25%), disclosure and transparency (15%), and board responsibilities (35%).

The CGR report rates CG in six categories: 5 for Excellent (score range 90-100), 4 for Very Good (score range 80-89), 3 for Good (Score range 70-79), 2 for Fair (score range 60-69), 1 for Pass (score range 60-69), and not rated (score below 50).

### Corporate Governance Report 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 companies listed on the Stock Exchange of Thailand and the Market of Alternative Investment disclosed to the public and able to be accessed by a general public investor at [Thai IOD website](#). The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the data appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. **FSSIA** does not confirm nor certify the accuracy of such survey result.

### AGM Checklist by the Thai Investors Association (TIA)<sup>2</sup>

The "**AGM Checklist**" quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and the extent to which information is sufficiently disclosed and the level of its transparency. All the considered factors form important elements of two out of five the CG components. Annually, the TIA, with support from the SEC, leads the project to evaluate the quality of Annual General Meetings of Shareholders (AGMs) and to rate quality of the meetings.

The **Checklist** contains the minimum requirements under law that companies must comply with, or best practices according to international CG guidance. Representatives of the TIA will attend the meetings and perform the evaluation. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating of how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.

The results are classified into four categories: 5 for Excellent (score 100), 4 for Very Good (score 90-99), 3 for Fair (score 80-89), and not rated (score below 79).

### CAC certified member by the Thai Private Sector Collective Action Against Corruption (CAC)<sup>3</sup>

A **CAC certified member** is a listed company whose Checklist satisfies the CAC Certification's criteria and is approved by the CAC Council. The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. Note that the CAC does not certify the behaviour of the employees nor whether the companies have engaged in bribery, and Certification is good for three years.

Companies deciding to become a CAC certified member **start with** by submitting a Declaration of Intent signed by the Chairman of the Board to kick off the 18-month deadline for companies to submit the CAC Checklist for Certification. The 18-month provision is for risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.

The checklist document will be reviewed by the CAC Certification Committee for adequate information and evidence. It is worth noting that the committee consists of nine professionals in business law, corporate governance, internal audit, financial audit and experienced representatives from certified members.

A passed Checklist will move on to the **CAC Council** for granting certification approvals. The CAC Council consists of twelve prominent individuals who are highly respected in professionalism and ethical achievements. Among them are former ministers, a former central bank governor, the former head of the Thai Listed Companies Association, Chairman of Anti-Corruption Organizations (Thailand), Chairman of Thai Institute of Directors, and reputable academic scholars.

### Sustainability Investment (THSI)<sup>4</sup> by the Stock Exchange of Thailand (SET)

Thailand Sustainability Investment (**THSI**) quantifies responsibility in **Environmental**, and **Social** issues, by managing business with transparency in **Governance**. The THSI serves as another choice for investors who desire to adopt a responsible investment approach, according to the SET.

Annually, the SET will announce the voluntary participation of the company candidates which pass the preemptive criteria, and whose two key crucial conditions are met, i.e. no irregular trading of the board members and executives and a free float of >150 by the number of shareholders, and combined holding must >15% of paid-up capital. Some key disqualifying criteria include a CG score of below 70%; independent directors and free float violation; executives' wrongdoing related to CG, social and environmental impacts, equity in negative territory, and earnings in the red for more than three years in the last five years. To become eligible for THSI, the candidate must pass three indicators in data declaration: **Economic** (CG, risk management, customer relation management, supply chain management, and innovation); **Environmental** (environmental management, eco-efficiency, and climate risk); **Social** (human rights, talent attraction, operational health & safety, community development, and stakeholder engagement); and the incorporation of ESG in business operations.

To be approved for THSI inclusion, verified data must be scored at a 50% minimum for each indicator, unless the company is a part of the Dow Jones Sustainability Indices<sup>5</sup> (DJSI) during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality.

Note that, from the **THSI list**, the SET further developed a sustainability **SETTHSI Index** in June 2018 from selected THSI companies whose 1) market capitalisation > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.

Sources: [SEC](#); [Thai IOD](#); [Thai CAC](#); [SET](#); FSSIA's compilation

#### Disclaimer:

<sup>1</sup> Thai Institute of Directors Association ([Thai IOD](#)) was established in December 1999 and is a membership organisation that strives to promote professionalism in directorship. The Thai IOD offers directors certification and professional development courses, provides a variety of seminars, forums and networking events, and conducts research on board governance issues and practices. Membership comprises board members from companies ranging from large publicly listed companies to small private firms.

<sup>2</sup> Thai Investors Association ([TIA](#)) was established in 1983 with a mission to promote investment knowledge and to protect the investment rights of Thai investors. In 2002, the association was appointed by the Securities and Exchange Commission (SEC) to represent individual shareholders. To obtain information for evaluation, the association recruits volunteer investors to join AGMs and score the meetings. Weightings for each meeting are at a 45:45:10 ratio. They have been applied since 2017 and subject to change.

<sup>3</sup> Thai Private Sector Collective Action against Corruption ([CAC](#)) was founded in 2010 and is 100% privately funded. It is an initiative by the Thai private sector to take part in tackling corruption problems via collective action. The CAC promotes the implementation of effective anti-corruption policies in order to create a transparent business ecosystem by developing a unique certification program for large/medium/small companies to apply for and to control corruption risk systematically and efficiently. The CAC's operations are sponsored by the US-based Center for Private Enterprise (CIPE) and the UK Prosperity Fund.

<sup>4</sup> Sustainability Investment List ([THSI](#)), created by the Stock Exchange of Thailand in 2015, comprises the listed companies that conduct sustainable business operations.

<sup>5</sup> Dow Jones Sustainability Indices – [Wikipedia](#) – Launched in 1999, DJSI evaluates the sustainability performance of companies based on corporate economic, environmental, and social performance.

**GENERAL DISCLAIMER**

**ANALYST(S) CERTIFICATION**

Teerapol Udomvej, CFA FSS International Investment Advisory Securities Co., Ltd

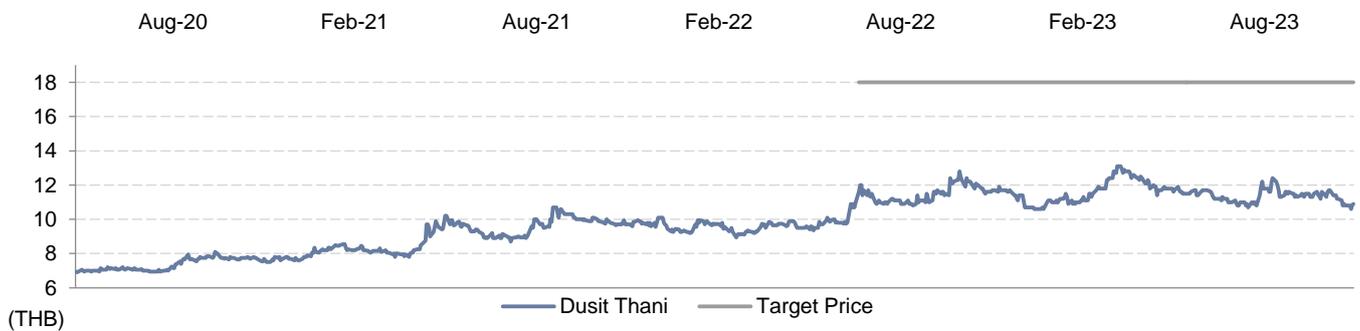
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

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**History of change in investment rating and/or target price**

**Dusit Thani (DUSIT TB)**



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
17-Jun-2022	BUY	18.00	-	-	-	-	-	-

Teerapol Udomvej, CFA started covering this stock from 17-Jun-2022

Price and TP are in local currency

Source: FSSIA estimates

**Origin Property (ORI TB)**



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
27-Mar-2023	BUY	13.90	-	-	-	-	-	-

Thanyatorn Songwutti started covering this stock from 27-Mar-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Dusit Thani	DUSIT TB	THB 10.90	BUY	Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.
Origin Property	ORI TB	THB 10.20	BUY	Downside risks to our SoTP-based TP include 1) a slower-than-expected economic recovery; 2) weaker-than-expected presales; 3) a high cancellation rate of presales and rejections from banks; 4) delays in construction and/or a labour shortage; 5) intense competition and an increase in raw material costs; and 6) lower-than-expected performance for its subsidiaries.

Source: FSSIA estimates

### Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited

FSSIA may incorporate the recommendations and target prices of companies currently covered by FSS Research into equity research reports, denoted by an 'FSS' before the recommendation. FSS Research is part of Finansia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 17-Aug-2023 unless otherwise stated.

## RECOMMENDATION STRUCTURE

### Stock ratings

Stock ratings are based on absolute upside or downside, which we define as  $(\text{target price}^* - \text{current price}) / \text{current price}$ .

BUY (B). The upside is 10% or more.

HOLD (H). The upside or downside is less than 10%.

REDUCE (R). The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

\* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

### Industry Recommendations

**Overweight.** The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

**Neutral.** The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

**Underweight.** The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

### Country (Strategy) Recommendations

**Overweight (O).** Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

**Neutral (N).** Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

**Underweight (U).** Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.