

**DISCOUNTED CASH FLOW VALUATION OF
THE ERAWAN GROUP PUBLIC COMPANY LIMITED**



**A THEMATIC PAPER SUBMITTED IN PARTIAL FULFILLMENT
OF THE REQUIREMENTS FOR
THE DEGREE OF MASTER OF MANAGEMENT
COLLEGE OF MANAGEMENT
MAHIDOL UNIVERSITY
2016**

COPYRIGHT OF MAHIDOL UNIVERSITY

Thematic paper
entitled
**DISCOUNTED CASH FLOW VALUATION OF
THE ERAWAN GROUP PUBLIC COMPANY LIMITED**

was submitted to the College of Management, Mahidol University
for the degree of Master of Management

on
December 22, 2016



.....
Mr. Poranai Intachote
Candidate

.....
Asst. Prof. Nareerat Taechapiroontong,
Ph.D.
Advisor

.....
Asst. Prof. Piyapas Tharavaniij,
Ph.D.
Chairperson

.....
Duangporn Arbhasil,
Ph.D.
Dean
College of Management
Mahidol University

.....
Vasan Siraprapasiri,
M.Sc.
Committee member

ACKNOWLEDGEMENTS

To accomplish the success of this thematic paper, I would first like to thank my thematic advisors Ajarn Vasan Siraprapasiri, Ajarn Piyapas Tharavanij and Ajarn Nareerat Taechapiroontong for keeping the door open whenever I ran into any trouble spots or had any questions about my research or writing. He / She consistently allowed this paper to be my own work, but steered me in the right direction in order of the accomplishment of this paper.

I would also like to thank the expert partner, Ms. Chattitcha Sukpornsinchai, who was involved in the relative valuation and the supports for the information about The Erawan Group Public Company Limited. Without their passionate participations and inputs, the discount cashflow valuation could not have been successfully conducted.

Last but not least, I must express my very profound gratitude to MMCF program of College of Management / Mahidol University for designing such a magnificent corporate finance program which effectively provides me the Fundamental knowledge in financial management through the process of researching and writing this thesis. This accomplishment would not have been possible without them. Thank you.

Poranai Intachote

**DISCOUNTED CASH FLOW VALUATION OF
THE ERAWAN GROUP PUBLIC COMPANY LIMITED**

PORANAI INTACHOTE 5849089

M.M.

THESIS ADVISORY COMMITTEE: ASST. PROF. NAREERAT
TAECHAPIROONTONG, Ph.D., ASST. PROF. PIYAPAS THARAVANIJ, Ph.D.,
VASAN SIRAPRAPASIRI, M.Sc.

ABSTRACT

This thematic paper is a production of studying valuation and applying in the practical stock of The Erawan Group Public Company Limited (ERW) which I decided on applying the concept of discount cash flow valuation (DCF valuation). According to the ERW's business strategy, we estimated that company will open 56 new hotels within 2021 which ERW will have hotels in the portfolio up to 95 hotels to serve all market segmentations (from luxury/5-stars hotel to budget hotel). In addition, ERW believes that "HOP Inn" will be the flag ship for the company to diversify revenue concentration on luxury hotels and high competitions in hotel industry to turn its performance to positive by know-how from the hotel chain managements.

In addition, the company is likely to be relied on long - term debts with stable financial structure. Under the organic growth, ERW has potential to grow its business from expanding new hotels to penetrate into the new market segment. While FCFF is likely a mechanism to reflect the value of the company based upon the time value of money, DCF valuation looks forward to the future growth as well as long term perspective. As our team's estimate, the target price would be anticipated to THB 6.44 where the target price is considered "overvalued" by the DCF valuation when compares to the stock price as of December 8, 2016 at 4.62 THB. Therefore, I recommend "BUY".

KEY WORDS: ERW/ HOP Inn / DCF valuation // Thailand 4.0 / The Millennial

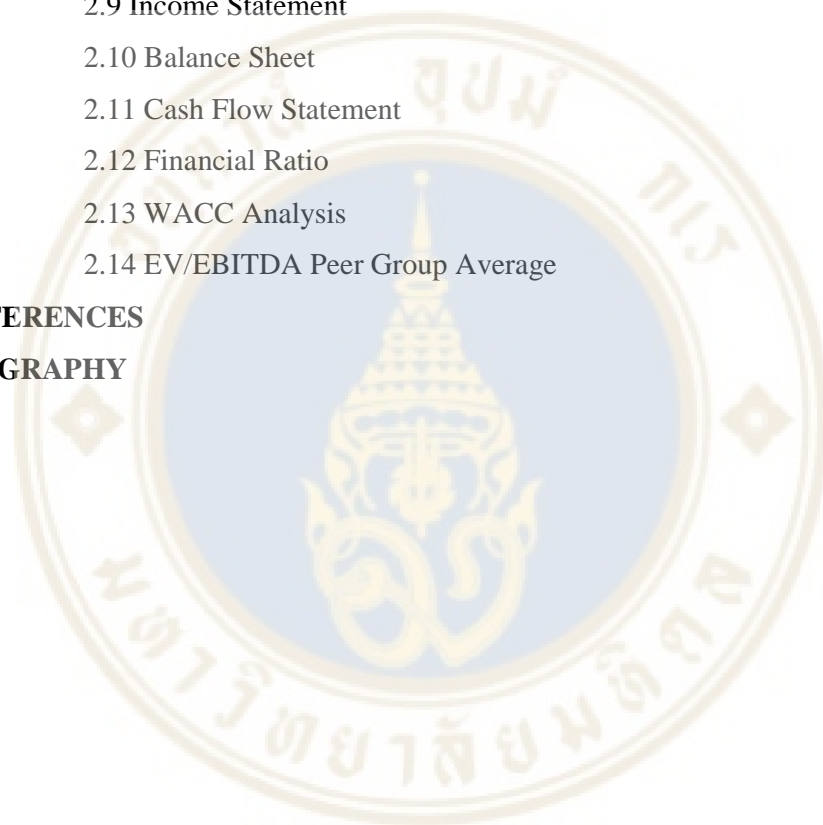
67 pages

CONTENTS

	Page
ACKNOWLEDGEMENTS	ii
ABSTRACT	iii
LIST OF TABLES	vi
LIST OF FIGURES	vii
LIST OF ABBREVIATIONS	ix
CHAPTER I VALUATION	1
1.1 Highlights	1
1.2 Business Description	3
1.3 Macro-Economic Analysis	7
1.4 Industry Analysis	9
1.5 Competition Analysis	12
1.6 Investment Summary	15
1.7 Valuation	17
1.8 Financial Statement Analysis	20
1.9 Additional Upside Possibilities	30
1.10 Investment Risks	31
1.11 Sensitivity Analysis	35
1.12 Basis of the Corporate Governance Principal	37
CHAPTER II DATA	44
2.1 Company's Information	44
2.2 Company's Business Structure	50
2.3 Operation Structure	51
2.4 Major Shareholders and Free Float	52
2.5 Management and Organization Chart	53
2.6 Corporate Governance (CG)	54
2.7 SWOT Analysis	56

CONTENTS (cont.)

	Page
2.8 Porter's five forces Analysis	60
2.9 Income Statement	62
2.10 Balance Sheet	63
2.11 Cash Flow Statement	63
2.12 Financial Ratio	64
2.13 WACC Analysis	65
2.14 EV/EBITDA Peer Group Average	65
REFERENCES	66
BIOGRAPHY	67



LIST OF TABLES

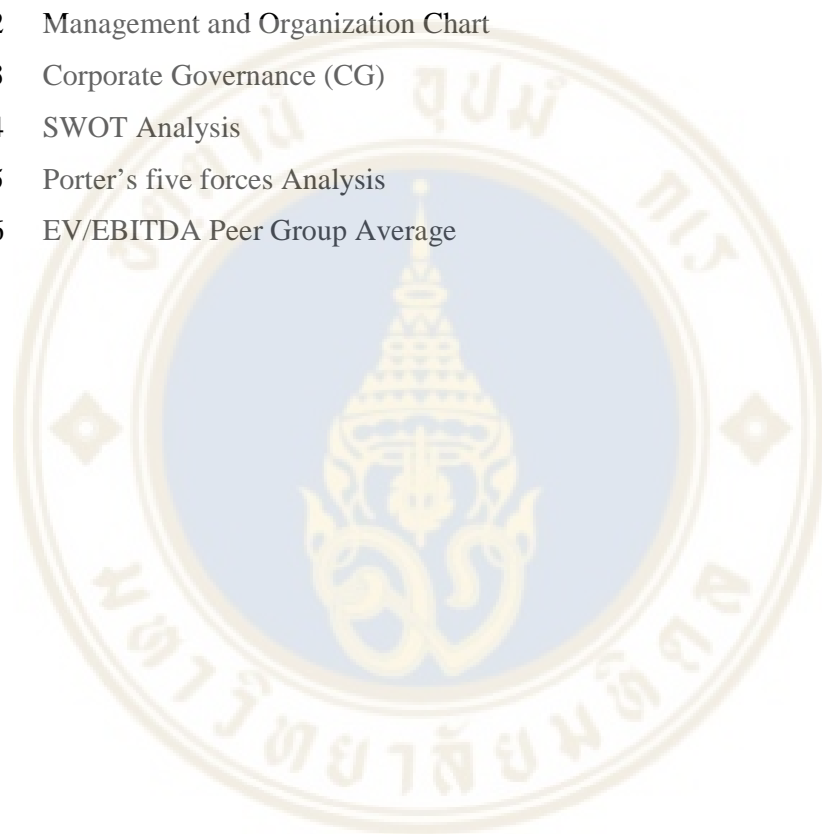
Table	Page
1.1 Financial Ratios Summary	1
1.2 Market Profile	2
1.3 Operating Income by Segment	3
1.4 Hotel Statistics	5
1.5 The world travel and tourism GDP Growth	9
1.6 Thailand Hotel Market Share by Keys	12
1.7 Hotel Statistics Comparison	14
1.8 Discounted Cash Flow Calculation	18
1.9 WACC Estimation	20
1.10 Peers Comparison	21
1.11 CAGR (2013-2015)	27
1.12 Risk rating Matrix	35
1.13 Sensitivity Analysis (Change in sales scenario)	36
1.14 Sensitivity Analysis (Change in COGS scenario)	36
2.1 Shareholder Structure	52
2.2 Major Shareholder	53
2.3 Income Statement	62
2.4 Summary of Balance Sheet	63
2.5 Summary of Cash Flow Statement	63
2.6 Financial Ratios	64
2.7 WACC Analysis	65

LIST OF FIGURES

Figure	Page
1.1 ERW Stock Pricing	2
1.2 ERW Hotels Location	4
1.3 Hotel Contribution by Segment 3Q16	6
1.4 Thailand Age Pyramid in 2015	8
1.5 Thailand VS ASEAN Hotel Performance	10
1.6 Thailand International Visitor Arrivals	11
1.7 2015 Market Shares by Revenue	13
1.8 2015 EBITDA Margins (Hotel Segment)	13
1.9 2017 Government Projects	16
1.10 10Y historical PROPCON and TOURISM Price Index	17
1.11 5Y historical ERW and Events impacted on price	17
1.12 ERW Revenue breakdown	21
1.13 ERW – CENTEL – Mint Revenue Breakdown 2015	22
1.14 ERW – CENTEL – Mint Profitability Ratio (2013-2015)	23
1.15 ERW – CENTEL – Mint Financial Statement of Position Analysis (2013-2015)	24
1.16 Compared D/E Ratio (2013-2015)	24
1.17 Revenue Tendency	25
1.18 COGS Common Size	26
1.19 SG&A Expenses Common Size	27
1.20 Assets Common Size	28
1.21 Liabilities & Equity Common Size	28
1.22 ROA Comparison	29
1.23 ROE Comparison	30
1.24 CSR-in-process	43

LIST OF FIGURES (cont.)

Figure	Page
2.1 ERW Business Structure	50
2.2 Management and Organization Chart	54
2.3 Corporate Governance (CG)	55
2.4 SWOT Analysis	56
2.5 Porter's five forces Analysis	60
2.6 EV/EBITDA Peer Group Average	65



LIST OF ABBREVIATIONS

AEC	ASEAN Economic Community
AML	Anti-Money Laundering
ARR	Average Room Rate
BOI	Thailand Board of Investment
BOT	Bank of Thailand
CAC	The Collective Action Coalition
CAGR	Compound Annual Growth Rate
CAPEX	Capital Expenditure
CAPM	Capital Asset Pricing Model
CBD	Central Business District
CDD	Customer Due Diligence
CENTEL	Central Plaza Hotel Public Company Limited
CFT	Counter Financing of Terrorism
CG	Corporate Governance
COGS	Cost of Goods Sold
CSR	Corporate Social Responsibility
DCF	Discounted Cash Flow Valuation
D/E ratio	Debt-to-equity ratio
D _{Payback}	Discounted Payback Period
EBITDA	Earnings before interest, taxes, depreciation, and Amortization
ERW	The Erawan Group Public Company Limited
ERWPF	Erawan Hotel Growth Property Fund
Eurozone	a geographic and economic region that consists of all the European Union countries that have fully incorporated the euro as their national currency
EV	Enterprise Value
EV/EBITDA	Enterprise value/EBITDA

LIST OF ABBREVIATIONS (cont.)

FCFF	Free Cash Flow to Firm
FY	Fiscal year
Gen Y	Generation Y
GDP	Gross domestic product
IMF	International Monetary Fund
IOD	The Thai Institute of Directors
IRR	Internal Rate of Return
KYC	The Know Your Customer
MDC	Management Development and Compensation Committee
METV	Multiple Entry Tourist Visa
MINT	Minor International Public Company Limited
MIRR	Modified Internal Rate of Return
MLR	Minimum Loan Rate
NCG	The Nominating and Corporate Governance Committee
NPV	Net Present Value
OCED	The Organisation for Economic Co-operation and Development
Prob	Probability
PROPCON Price Index	Property & Construction Price Index
RevPAR	Revenue per available room
Rf	Risk Free Rate
ROA	Return on Assets
ROE	Return on Equity
RTD	Ready-to-drink
SD	Standard Deviation
SEC	The Stock Exchange of Thailand and Exchange Commission
SET	Stock Exchange of Thailand

LIST OF ABBREVIATIONS (cont.)

SG&A	Selling, General and Administrative
TAT	Tourism Authority of Thailand
UGC	User – Generated Content
U.S.	United States of America
WACC	Weighted Average Cost of Capital
WTTC	World Travel & Council
YoY	Year over year
YTD	Year to date



CHAPTER I VALUATION

1.1 Highlights

Date: Dec 8, 2016

Ticker: SET: ERW Recommendation: BUY

Price: THB 4.62 Price Target: THB 6.44

Table 1.1: Financial Ratios Summary

FY ending Dec	2014	2015	2016F	2017F	2018F	2019F
Growth Rate						
Sales (%)	(9.7)	23.8	6.4	14.9	12.8	17.6
Net profit (%)	(111.9)	(277.3)	34.4	72.6	39.6	30.2
EPS (%)	(111.6)	(276.9)	34.2	72.6	39.6	30.2
Normalized profit (%)	(206.1)	(244.5)	36.7	72.6	39.6	30.2
Normalized EPS (%)	(203.5)	(244.1)	36.6	72.6	39.6	30.2
Dividend payout ratio (%)	(89.1)	50.5	50.5	50.5	50.5	50.5
Operating performance						
Gross margin (%)	47.9	52.2	54.1	54.1	54.4	54.5
Operating margin (%)	3.7	12.4	15.8	17.1	18.1	18.8
EBITDA margin (%)	19.6	26.1	29.8	29.6	29.8	29.8
Net margin (%)	(3.6)	4.0	5.4	7.8	9.5	10.5
D/E (incl. minor) (x)	1.8	1.7	1.9	1.6	1.6	1.7
Net D/E (incl. minor) (x)	1.6	1.5	1.7	1.6	1.5	1.6
Interest coverage - EBIT (x)	0.4	1.7	1.6	2.1	2.6	2.9
Interest coverage - EBITDA (x)	2.3	3.5	3.0	3.7	4.3	4.6
ROA - using norm profit (%)	(1.0)	1.3	1.8	3.2	4.4	5.3
ROE - using norm profit (%)	(2.8)	4.2	5.6	9.2	12.1	14.7



Figure 1.1: ERW Stock Pricing

Table 1.2: Market Profile

Market Profile	
52 Week High (THB)	5.30
52 Week Low (THB)	3.72
Beta	0.69
Free Float (%)	44.57
Issued Shares (m)	2,498
Market Capitalisation (THB)	11,542
Dividend Yield (%)	0.87

1.1.1 BUY Recommendation, 2017 Expected the Growth as ERW

Strategy:

According to management, the forecast for ERW is following the guidance of hotel expansion plan, 95 hotels within 2020. In 2017 hotel in pipeline such as 7 HOP Inn hotels in Thailand and 1 HOP Inn hotel in Philippines, I forecast the earnings growth in 2017 at 73%, in 2018 at 40%, and in 2019 at 30%. The main drivers are the revenues expansion as its hotels continue to build up, strong growth momentum of global travel trend and continued growth of international tourist arrivals to Thailand. We recommended BUY rating with DCF based TP of THB 6.44 (WACC 8.69% and Long Term Growth of 4.00%).

1.1.2 With Fundamental, Operating Figures are Strong:

The group's RevPAR increased 5% YoY in 2015 mainly due to occupancy rate expansion of 9% YoY. Room revenue in Bangkok/upcountry increased 24% and 52% YoY in 2015. ERW expects the overall revenue to grow around 15% in 2016.

1.1.3 Expected to Continue the Profitability:

We forecasted recurring net profit for 2016 at THB 266 million. This is the 2 profitable consecutive years since 2012. The growth will be driven by: 1) Continuous RevPAR growth in all segments, 2) Rising profit contribution from HOP Inn, 3) Upcountry hotels recovery, 4) Margin expansion, and 5) Lower finance cost.

1.2 Business Description

The Erawan Group Public Company Limited (ERW) is a leading hospitality investment company in Thailand, formerly known as Amarin Plaza Public Company Limited. The company was established in 1982 by three groups of major shareholders, the Vongkusolkit family, the Wattanavekin family and the Janewattanawit family. ERW listed on the Stock Exchange of Thailand in 1994. Nowadays ERW has 17 subsidiaries, both of domestic and international. The ERW and its subsidiaries have businesses in hotel operation and rental properties. In 2015, the revenue structure of ERW is mostly generated from hotel business, which is 97% of total income and other 3% of total income generated from rental business. About the core business, hotel investment and operation, ERW has three types of asset management structures;

Table 1.3: Operating Income by Segment

	FY15
	Contribution
Luxury	53%
Midscale	24%
Economy	18%
Budget	2%
Rental	3%

Source: Company Data



Source: Company Data

Figure 1.2: ERW Hotels Location

1.2.1 Hotels managed under Hotel Management Agreement:

The partnership under agreement namely Hyatt Hotels Corporation, Marriot Worldwide Corporation, InterContinental Hotel Group and Starwood Hotels & Resorts worldwide, Inc. The hotels under this structure are such as Grand Hyatt Erawan, JW Marriott Hotel Bangkok, and Renaissance Koh Samui Resort & Spa. ERW selects those professional management companies to operate luxury hotels. Customer targets are high-income people, foreigners and management on business trip (luxury segment).

1.2.2 Hotels managed by ERW under the Franchise Agreement:

With AccorHotels franchise agreement, ERW has right to use brands Mercure and ibis to operate the midscale hotel and economy hotel. In 2015, ERW has 10 hotels under ibis brand and 2 hotels under Mercure brand which all of them are located on the Thailand's key destinations. The customer targets are medium-income

people, travelers, lovers, family and the high level officers on business trip (midscale and economy segment).

1.2.3 Hotels managed by ERW with own brand.

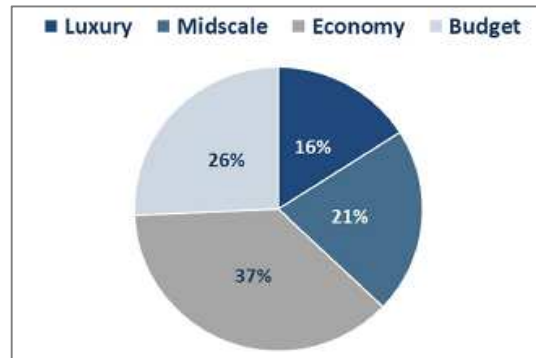
The Hotel brand is HOP Inn. Since 2014, ERW has developed HOP Inn brand to fulfil the lower-bound segment, budget. The concepts are based on necessity and requirements of main target group of customers, medium to low income people, millennial and officers on business trip. The hotel emphasizes on cleanness, convenience and low room price per night.

ERW diversifies their hotel portfolio to cover all target segments, currently ERW has 38 hotels which are across Thailand's key destinations (Figure 2). In the portfolio by segment, ERW has 4 luxury hotels, 4 midscale hotels, 10 economy hotels and 20 budget hotels, all are contributed 6,059 rooms in total. In 3Q16, lasted performance data shows total group occupancy rate is 81% increased by 10% YoY and RevPAR is THB 1,550 growth at 2% YoY. The segment that generates the most revenue for ERW is Economy segment. The lower are budget, midscale and luxury segment respectively.

Table 1.4: Hotel Statistics

<i>Total Group</i>	1Q16	2Q16	3Q16	YoY
Occupancy	83%	78%	81%	▲10%
ARR	2,326	1,870	1,916	▼10%
RevPAR	1,924	1,462	1,550	▲2%

Source: Company Data



Source: Company Data

Figure 1.3: Hotel Contribution by Segment 3Q16

1.2.4 Other businesses, Rental property

ERW invests in upscale shopping center named Erawan Bangkok. It is located on Ratchaprasong Intersection, the heart of Bangkok CBD. And another business is Property management, Ploenchit Center. ERW is employed for 14 years management by Prime Office Leasehold Property Fund, the owner of Ploenchit Center.

1.2.5 The ERAWAN Group's strategy

Hotel Growth Strategy: ERW is in Phase 3 Master Plan (2016-2020), ERW plans to have 95 hotels in 2020 which are 25 Luxury/Midscale/Economy hotels, 50 HOP Inn Thailand and 20 HOP Inn Philippines. In 2017 hotels in pipeline are 7 Hop-Inn hotels in Thailand and one HOP-Inn hotel In Philippines. For 2018 to 2020, ERW plans to increase more 21 Hop-inn in Thailand and 18 Hop-inn hotels in Philippines. Other hotel segments, ERW plans to increase more 7 hotels as 4 hotels in Bangkok within 2019 and 3 hotels in upcountry.

Return Enhancing Strategy: ERW has continuous improvement of operating assets and optimize return through “Asset Monetization Program”

Sustainable Platform Strategy: To ensure stability and sustainable growth of organization ERW develops systems, human capitals, core competencies, information database for decision making and core corporate culture.

1.3 Macro-Economic Analysis

1.3.1 Global GDP growth at 3.4% while Thailand remains at 3.2%

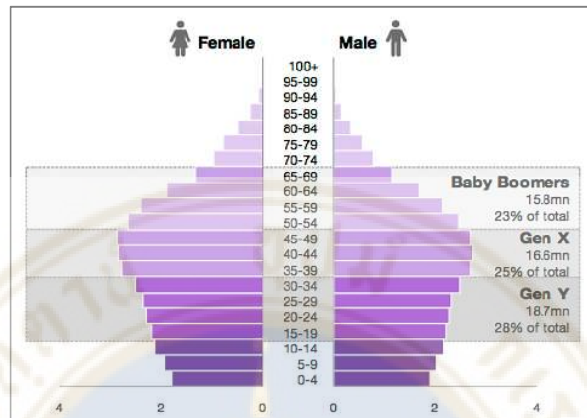
In 2017, IMF forecasted world GDP growth at 3.4% increase from 2016 at 3.1%. This forecast is based on the assumption of a changing policy mix under a new administration in the United States and other uncertainties notably Brexit, commodities prices and outlook of emerging markets and developing economies. IMF revised up GDP growth especially for China due to the expectations of continued policy support, but revised down for other large economies namely India, Brazil, and Mexico according to the weaker-than-projected private investment and its slowdown in consumptions. For Thailand, BOT forecasted GDP growth as 3.2% for 2017, unchanged from 2016. The number is forecasted by the expectations of less export, but increasing government spending which is the public disbursement for infrastructure and many mega projects and the continuous growth of Thai travel and tourism sector.

1.3.2 World Travel Trend Changing - The Millennial Travel

Nowadays, the largest generation in the world is called Millennial, most people known as Generation Y. They are the people who were born between the years 1980 and 2000 and have grown up completely surrounded by and adapting to high-technology gadgets, and an encompassing feeling of being plugged in 24/7. In Thailand, there has 18.7 million Millennials which is the largest group in Thai population as well. By habit, those Millennials prefer to travel with learning something new. Social media plays a pivotal role in how the millennial traveler makes their decisions. The facts about millennial travel are

- 1) 85% of them check multiple sites before booking their travel to get the best deal possible,
- 2) 46% book travel through a smartphone or tablet,
- 3) 60% will upgrade their travel experience by purchasing in-flight wi-fi, early deplaning, etc,
- 4) They will post their experiences on social media, and
- 5) 68% will remain loyal to a program that offers them the most rewards.

Hotel brands or any travel' related brands need to embrace the power of UGC (user-generated content) over traditional advertisements if they are to connect with this generation.



Source: Capturing Thai Gen Y Consume, SCBEIC report

Figure 1.4: Thailand Age Pyramid in 2015

1.3.3 New Economic Model - Thailand 4.0

Thailand's current prime minister Prayut Chan-O-Cha launched new economic model named "Thailand 4.0". The aim is to pull Thailand out of the middle-income-trap and develop it as high-income country. While Thailand 1.0, 2.0 and 3.0 emphasized on agricultural development, upgrading low income households reach middle income and the growth of industrial industry, respectively, Thailand 4.0 emphasizes on creating creativity and innovation through the application of technology and becomes Smart Thailand. Thailand 4.0 has three elements, 1) become a high-income nation through developing as the knowledge-based economy, 2) move toward an inclusive society and 3) focus on a sustainable growth and development. The example from this project is the government's e-wallet platform, "Promtpay".

Table 1.5: The world travel and tourism GDP growth

	2016	2017	2016-2020
GDP			
March 2016	2.8%	3.1%	2.9%
July 2016	2.3%	2.6%	2.6%
Direct Travel & Tourism GDP			
March 2016	3.3%	4.2%	4.0%
July 2016	3.1%	3.6%	3.7%

Source: Oxford Economics, WTTC

1.3.4 Global Travel and Tourism sector growth is better than the world GDP

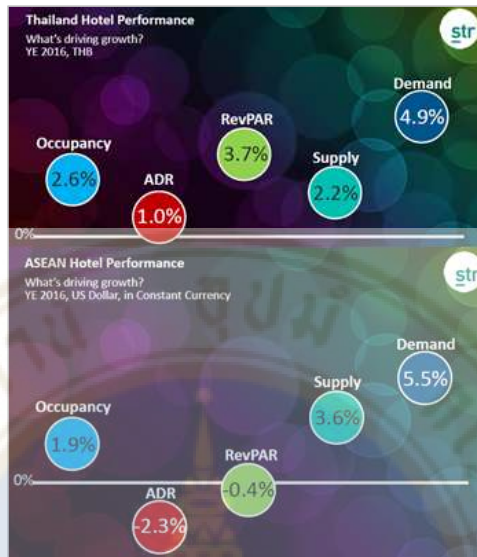
World Travel & Council (WTTC) and its partner, Oxford Economics, forecasted the world direct travel and tourism GDP growth at 3.1% in 2016 which is better than world GDP growth at 2.3%. Travel and Tourism is one of the world's largest sectors, supporting 284 million jobs and generating 9.8% of global GDP. Emerging regions, particularly in Asia, are the top of direct travel and tourism GDP growth. For Thailand, WTTC forecasted Thailand's direct travel and tourism GDP growth at 4.3% in 2016 and 6.6% in average 2016-2020.

1.4 Industry Analysis: Thailand's Tourism Industry Remains Strong in line with Global

1.4.1 Thailand Hotel Performance has significant Growth compared to ASEAN market

There are three elements in the key performance metrics which are general used for evaluating hotel performance, 1) occupancy rate, 2) ARR and 3) ReVPAR. On Dec 2016, STRglobal shows Thailand Hotel Performance increases across the three key performance metrics. The occupancy rate increase 2.6% to 75.4%, ARR increases 1.0% to THB 3,617.26 and RevPAR increases 3.7% to THB 2,729.03. Stable supply growth 2.2% coupled with rising demand 4.9% drove performance in the market while ASEAN

Hotel Performance, occupancy rate growth 1.9% less than Thailand performance, ARR drops 2.3% and RevPAR decreases by 0.4%.

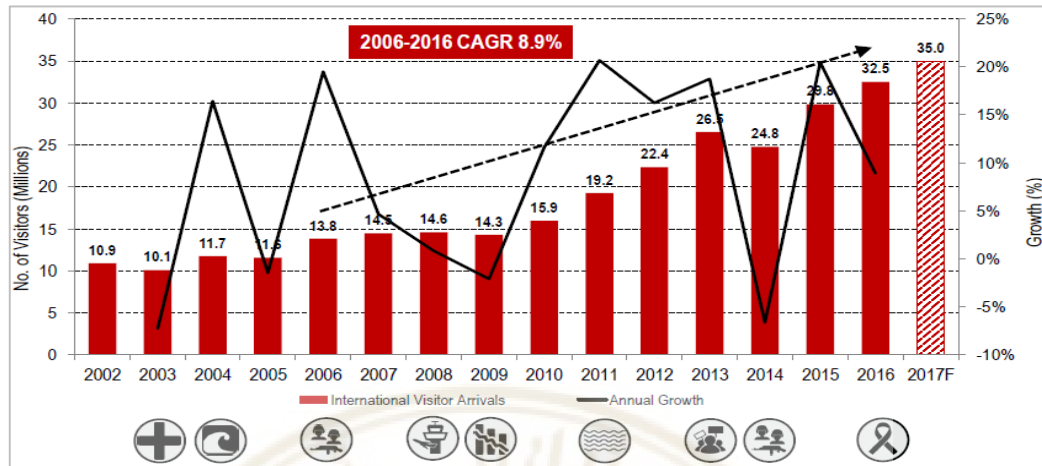


Source: STRglobal

Figure 1.5: Thailand VS ASEAN Hotel Performance

1.4.2 Number of International tourist arrivals Reaffirmed strong fundamental of Thailand's Tourism Industry

The International arrivals to Thailand from 2005 to 2015 show the continued uptrend, in line with the expected number of arrivals in 2016. In 2016, YTD International tourist arrivals equal to 24.82 million which increased 12% YoY (see the below table). The expected number for total year is about 32-34 million. The most visitors by country are China, Malaysia and South Korea respectively. Average trip expenditure for each foreign tourist is THB 5,290 per person. It's not only the momentum of International tourists are strong but domestic tourism is also. For 2015, domestic tourism enjoyed steady growth over the year, 5% increased from 2014 and TAT expected the growth at 4% for 2016. The total revenue from tourism industry for 2016 is forecasted at 2.58 billion baht, international tourists at 1.72 trillion baht and local tourists at 0.86 trillion baht.



Source: JLL Research

Figure 1.6: Thailand International Visitor Arrivals

1.4.3 20% contributed to Thailand's GDP: The Reasons why

Government provide continuous supports

Due to the Tourism Industry has played the important role of Thai economy, 20% of the country GDP, Thai government do has the activities to support this industry. There are both of direct and indirect policies from government. For direct policies, namely in 2016 the government announced Multiple Entry Tourist Visa (METV) for foreign visitors, tax rebate policy for local tourist, and more public holidays to persuade Thai people enjoy domestic travel. Government also request the Tourist Authority of Thailand (TAT) creates the marketing plan. TAT also plans to shift its strategy to promoting quality tourism and boosting total tourism expenditures rather than solely increasing the quantity of visitors. For indirect policy, there have the establishment of Special Economic Zones by the Board of Investment (BOI), Budget disbursements for 2017 to develop more infrastructures such as high speed railway, air and marine transports, including telecommunication, and cooperation from both private and public sectors. Those indirect policies will further stimulate domestic tourism as well.

1.5 Competition Analysis: Smaller than Competitors but Higher Growth with Profitability

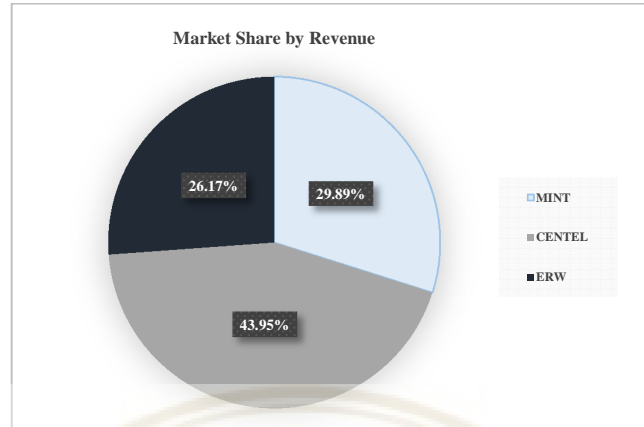
1.5.1 Not No.1 in Thailand currently but keep watching on ERW

While ERW purely plays in hotel investment and operating business, MINT and CENTEL which are the main competitors have only 50% of income distributed from hotel. Both of ERW's main competitors have other businesses in various countries for generating income such as retails, foods and restaurants. MINT and CENTEL widely diversified their company's portfolio. Hence, when compared ERW to its competitors in financial ratio, ERW cannot beat its peers. Contrast to the big picture, we found the strengths in Hotel business of ERW. 3Q2016 Market share by hotel rooms in Thailand shows ERW market share is 1.14% higher than MINT at 0.70% while market share by revenue of its peer, ERW is slightly drop. About profitability, compared only in hotel segment, ERW EBITDA Margin is 29% higher than MINT and CENTEL at 23.8% and 18.3% respectively.

Table 1.6: Thailand Hotel Market Share by Keys

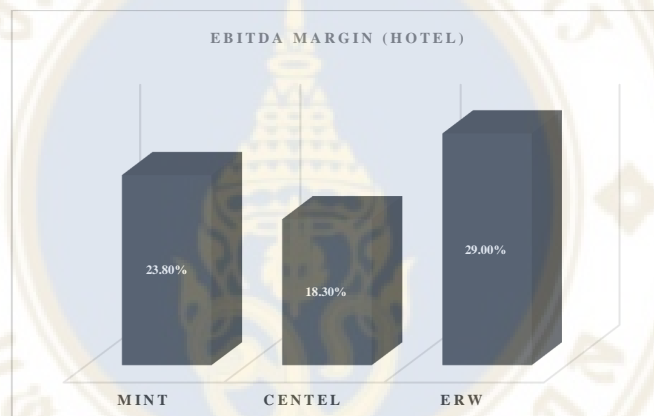
(3Q2016)	Keys	Market share
Total in Thailand	532,944	
ERW	6,059	1.14%
CENTEL	7,059	1.32%
MINT	3,728	0.70%

Source: TAT and Company data



Source: Company data

Figure 1.7: 2015 Market Shares by Revenue



Source: Company data

Figure 1.8: 2015 EBITDA Margins (Hotel Segment)

1.5.2 ERW's Operating figures are stronger than its peers

Stronger Occupancy rate:

In 3Q2016, the overall occupancy rate of ERW is 81.0%, up 14.1% YoY. Excluding the budget hotel segment which is at the beginning stage of the operation, the occupancy rate is 84.0%, up 13.5% YoY. CENTEL and MINT which are the ERW's competitors, have the occupancy rate of 83.2% and 70.0%, respectively. ERW has the stronger occupancy rate than its peers.

Negative number of ARR does not matter:

In addition to rising contribution from Budget segment (Hop Inn), the total group's average room rate (ARR) dropped 10.4% YoY. The ARR of total group excluding budget segment fell 1.3% YoY due to the changing revenue mix. The economy segment contributed to a room rate contraction of 10% YoY in 3Q2016 while the luxury and midscale segments ARR growth was 1% and 3% YoY, consequently.

RevPAR growth outperforming:

With a strong occupancy rate expansion, ERW's total RevPAR in 3Q2016 increased 1.6% YoY while ERW exclude Budget's RevPAR highly growth at 11.7% YoY. To compare with its peers, CENTEL's RevPAR growth is 6.3% YoY and MINT's RevPAR growth is only 3.1% YoY. It is quite obvious that ERW's operating figures are outstanding than its peers.

Table 1.7: Hotel Statistics Comparison

	3Q2016							
	Rooms	YoY	Occupancy	YoY	ARR	YoY	RevPAR	YoY
CENTEL	7,566	-2.0%	83.2%	4.4%	4,208	1.9%	3,500	6.3%
ERW	6,059	12.9%	81.0%	14.1%	1,916	-10.4%	1,550	1.6%
ERW (Ex. Budget)	4,501	0.0%	84.0%	13.5%	2,323	-1.3%	1,954	11.7%
MINT	19,512	14.3%	70.0%	1.4%	5,410	0.8%	3,793	3.1%
TH Hotel Performance			74.5%	2.6%	3,617	1.0%	2,729	3.7%

Source: Company data and STRglobal

1.5.3 Budget Segment the New Opportunity of ERW

While its competitors, CENTEL focuses on the economy segment and MINT focuses on the upscale segment and hotels expansion in abroad, ERW continues on their plan to invest in Budget hotels "Hop Inn". The opportunities from budget hotel expansion of ERW are the lower investment budget and higher EBITDA margin when compared to other segments. The EBITDA margin of Budget is around 55% while Luxury, midscale and economy are 35%, 40% and 45%, respectively. Moreover, HOP Inn is the brand which is owned by ERW, there have no more license expense or management expense. ERW also expand its own brand to ASEAN which is in Philippines.

1.6 Investment Summary

1.6.1 A value stock with diversification and expansion growth

According to our analysis and assumptions, we expected upside gain of ERW at 39%, the target price for 2016F of THB 6.44. Target Price is forecasted by DCF method. We used the 5-year cash flow projection, 2.5% GDP growth plus 1.5% of inflation as a terminal growth at 4%, Capital expenditure of THB 8.1 million yearly during 2017-2021, and WACC at 8.69%. We are positive in ERW growth and expansion strategy. Moreover with supports by global and domestic travel momentum. Our recommendation is strongly BUY.

1.6.2 Diversified Portfolio, Expected Higher EBITDA Margin

As we mentioned above (Business Description part), ERW has 38 hotels under 10 brands diversified in 4 segments, luxury, midscale, economy, and budget. The expansion plan is not only with its owned brand hotel, HOP Inn, but also expands in the midscale and economy segment. In 2010, the revenue from Luxury segment contributed approximately 70% of ERW portfolio. From our team's estimate, in 2021, the revenue from Luxury segment will decline to 40%-45% of total portfolio. The diversification is more advantage to ERW due to the EBITDA margin of Budget hotel is 50%-55% which is higher than Luxury hotel at 35%.

1.6.3 HOP Inn Growth together with Millennial Travel and AEC

HOP INN hotels are in Budget segment which the price per room is lower when compared to other. Target customer for HOP Inn such as millennial travelers who are young and consider about local travelling, the officers who go upcountry for business trip, and domestic travelers who search for a small hotel with standard quality. In 3Q2016 ERW has 20 HOP Inn hotels with 1,558 room contributions covered in 20 provinces around Thailand. The HOP Inn hotels are most located in the provinces, namely Nongkhai, Mukdahan, Kanchanaburi, and Undonthani, which benefit from AEC as well. As the management plan, there are 50 HOP Inn hotels in Thailand and 20 HOP Inn hotels in Philippines within 2020. From our cash flow projection, the revenue will be increased at least THB 200 million per year.

1.6.4 Government Disbursement in infrastructure always supports Tourism industry.

In 2017, government disbursement for investment projects is approximately THB 477,519 million, namely investment in 4 high speed rails and Suvarnabhumi airport phase 2. Tourism industry will flourish as the volume of tourists and business travelers rises. Main tourism provinces such as Chiang Mai and Surat Thani can expect a surge of visitors, thanks to more convenient transportation. To track the relationship between government disbursement and tourism industry, our team used 10Y historical PROPCON Price index and Tourism Price index. The movement of Tourism price index is in line with the movement of PROPCON index. We strongly believed that government disbursement in 2017 will be a benefit for ERW.



Source: SCBEIC

Figure 1.9: 2017 Government Projects



Source: Thailand Stock of Exchange

Figure 1.10: 10Y historical PROPCON and TOURISM Price Index



Source: Thailand Stock of Exchange, Team’s analysis

Figure 1.11: 5Y historical ERW and Events impacted on price

1.7 Valuation: Multiple Valuation Model

1.7.1 Valuation of ERW derives from Discounted Cash flow Model and Multiple Methods

By using Discounted Cash Flow valuation (DCF), we are confident that this technique is appropriated to estimate the ERW’s stock price. In order to demonstrate the potential growth during economic downturn with respective the market.

Discounted Cash flow Valuation: Free Cash Flow to Firm (FCFF):

This model is suitable for ERW as the company relies on Long term debts with stable financial structure. Under the organic growth, ERW has potential to grow its business from expanding new hotels to penetrate into the new market segment. While FCFF is likely a mechanism to reflect the value of the company based upon the time value of money, DCF valuation looks forward to the future growth as well as long term perspective. As our team's estimate, the target price would be anticipated to THB 6.44. (See more detail as the below table)

Table 1.8: Discounted Cash Flow Calculation

(Bt m)	2016F	2017F	2018F	2019F	2020F	2021F
EBIT (Operating profit)	885	1,097	1,310	1,603	1,927	2,262
Taxes on EBIT	(76)	(125)	(172)	(223)	(298)	(360)
NOPAT	809	972	1,137	1,380	1,630	1,902
Add Depreciation	779	803	847	932	1,035	1,120
' +/- Change in net working capital	(9)	(2)	(3)	(3)	(3)	(3)
Investment in fixed asset	(601)	(436)	(1,548)	(2,304)	(2,304)	(1,512)
	-	-	-	-	-	-
Free cash flow	979	1,337	433	6	358	1,507
Terminal Value						33,420
Summary of Free Cash flow	979	1,337	433	6	358	34,928
EV	24,883					
Net Debts	8,792					
Value of Equity	16,092					
Share Outstanding	2,498					
Share price	6.44					

Source: Team's estimates

1.7.2 The elements of DCF valuation

The elements of DCF valuation are included 1) 5-year cash flow projection, 2) Terminal value, 3) Capital expenditure and 4) Weighted average cost of capital (WACC).

1) The 5-year cash flow projection

Increasing revenues from hotel operations: according to the ERW's business strategy, we estimated that company will open 56 new hotels within 2021 which ERW will have hotels in the portfolio up to 95 hotels to serve all market segmentations (from luxury/5-

stars hotel to budget hotel). In addition, ERW believes that “HOP Inn” will be the flagship for the company to diversify revenue concentration on luxury hotels and high competitions in hotel industry to turn its performance to positive by know-how from the hotel chain managements.

Stability growth of COGS and SG&A: COGS and SG&A are considered as fixed cost for hotel business which ERW is able to maintain both expenses for 46%- 48% and 36%-37% of sales respectively. Also, this can be proven a manageable skill of ERW to control operating expenses efficiency according to opening more budget hotels that have lower cost and expenses.

Maintain profitability margin: ERW earns EBITDA margin at 26.1% in 2015, while net profit remains at 4%. We are confident in ERW’s business strategy and tourist industry in Thailand continues to grow due to low cost of living. This will be an opportunity for hotel operator to recover from global economic recession.

2) Terminal value

Since ERW tends to go along with the movement of economy, we decided to compute the enterprise value by selecting GDP growth (2.5%) plus targeting inflation (1.5%) as a terminal growth (equal to 4.0%). Therefore, ERW operates HOP Inn in Philippines; we estimate the room rate to be in line with GDP growth of each country to increase hotel price level.

3) Capital expenditure (CAPEX)

We forecast that ERW would require CAPEX to invest in the new hotels both domestic and internationals about THB 8.1 billion during 2017-2021. Sources of fund mainly come from debt financing. After investment successful, ERW will have totally 95 hotels with 11,294 rooms available for sale.

4) Weighted average cost of capital (WACC)

Cost of capital is calculated by the CAPM model, given the 10-year government bond at 2.86% as risk-free rate, the expected market return at 8.60% based on total equity risk

premium - Aswath Damodaran (July 2016) and the levered beta at 1.00 to dominate WACC at 8.69% (Table 1.8).

Table 1.9: WACC Estimation

Description	Implied rate	Remark
Rf	2.86%	Thai Government Bond 10-yrs
Market Risk Premium	8.60%	Total Equity Risk Premium - Aswath Damodaran (July 2016)
Cost of Debt	5.65%	
Debt to Total Assets	39.90%	Debt = 9,803 MB, Market Value of Equity = 14,768
Tax rate	20.00%	
Beta	1.00	From Bloomberg
Cost of Equity	11.46%	
Wacc	8.69%	

Source: Team's estimates

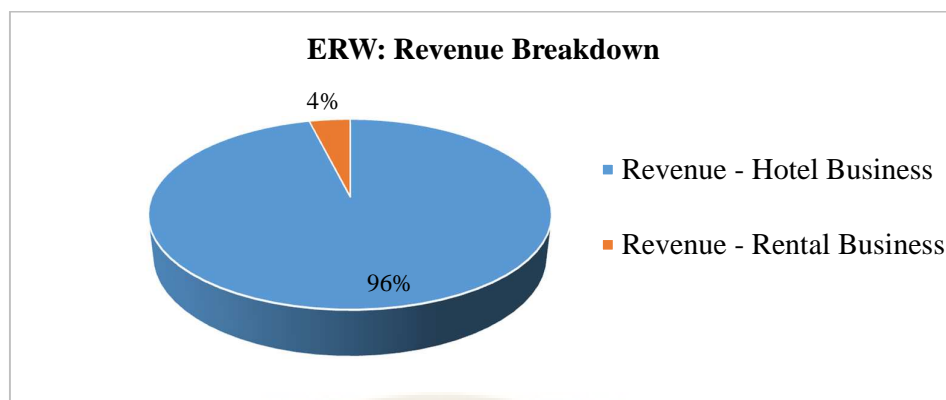
In conclusion

Based on ERW's business strategy including sales growth, high amount of investment cost and high volatility in net profit, we believed that FCFF valuation appropriately reflects the real value of the company. The target price of ERW would be at THB 6.44 per share, or 39% upside from the current price, and our recommendation on ERW is BUY.

1.8 Financial Analysis

Key Highlights

Number of tourist arrivals in 4Q15 recorded at 7.8 million, a 4 percent increase from 4Q14 and 11 percent increase from 4Q13. Together with the strong growth in 9M15, number of tourist arrivals for FY15 recorded at 29.9 million, a 20 percent increase from FY14 and 12 percent increase from FY13 and recorded a five years CAGR at 14 percent which reaffirmed the strong fundamental of Thailand tourism industry.



Source: Company Data

Figure 1.12: ERW Revenue breakdown

Common size analysis: Income statement

1.8.1 Turnaround from net loss in 2014 to net profit in 2015

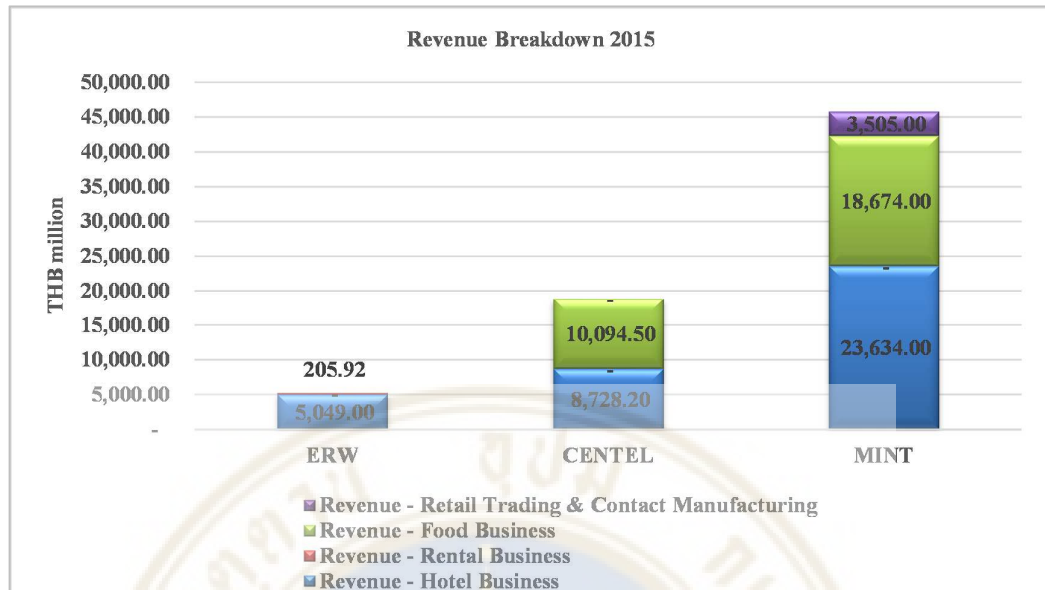
ERW continued to develop more hotels under our own brand “HOP Inn” in 2015. ERW opened 4 HOP Inn hotels at Nakhonsrithammarat, Suratthani, Trang and Krabi in Q4/2015 as such at the end of 2015 which there are 15 HOP Inn hotels in its portfolio. In total, ERW has 33 hotels with 5,676 rooms in operation, increasing from 28 hotels with 5,289 rooms as of 2014 which cover all segments from luxury to budget segment across Thailand’s key destinations.

Table 1.10: Peers Comparison

12-month period	ERW			Centel			Mint			Industry			
	FY13	FY14	FY15	FY13	FY14	FY15	FY13	FY14	FY15	FY13	FY14	FY15	
No of rooms	Owned hotels	3,885	5,289	5,676	3,812	3,812	3,812	3,649	5,094	7,572	540,088	550,627	650,643
	Managed hotels	-	-	-	4,364	4,208	3,908	9,151	9,627	10,142	-	-	-
	Total hotel rooms	3,885	5,289	5,676	8,176	8,020	7,720	12,800	14,721	17,714	540,088	550,627	650,643
Occupancy	79%	65%	73%	80%	75%	81%	70%	66%	68%	65%	56%	62%	
ARR	2,447	2,467	2,282	4,370	4,855	4,809	5,573	6,110	5,830	1,942	1,981	2,065	
RevPAR	1,939	1,593	1,675	3,486	3,632	3,872	3,901	4,024	3,964	1,260	1,101	1,274	

Source: SETTERADRE

Organically, revenues mainly derive from hotel and service business representing at 96% of total revenues, while the remaining of 4% is contributed by rental business. Furthermore, Cost of goods sold from hotel and service business is likely to take the majority role at 96% of the total cost of goods sold.

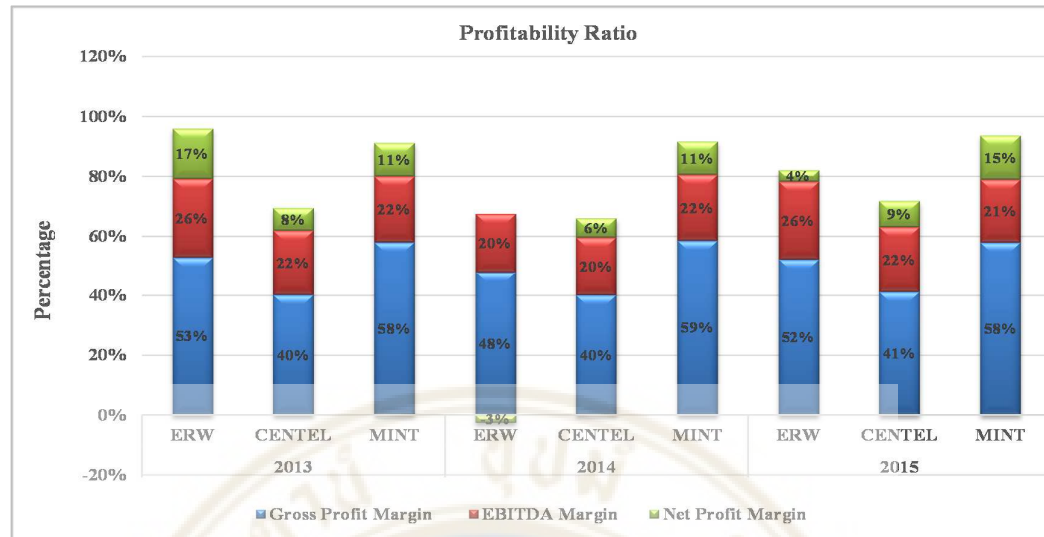


Source: Company Data

Figure 1.13: ERW – CENTEL - MINT Revenue Breakdown 2015

For FY15, ERW also recorded total operating income at THB 5,255 million, a 24 percent increase from FY14. Revenue from hotel operations grew 25 percent and rental and service income grew 7 percent from the same period last year. The company generated an EBITDA of THB 1,528 million, a 57 percent increase from FY14 and net profit of THB 198 million in FY15 compared to net loss at THB 112 million in FY14.

Even though, ERW generated lower revenues proportion than its peers. ERW still earned net profit considering in 2015 with EBITDA margin and profit margin 26% and 4% respectively which were in line with comparable companies.



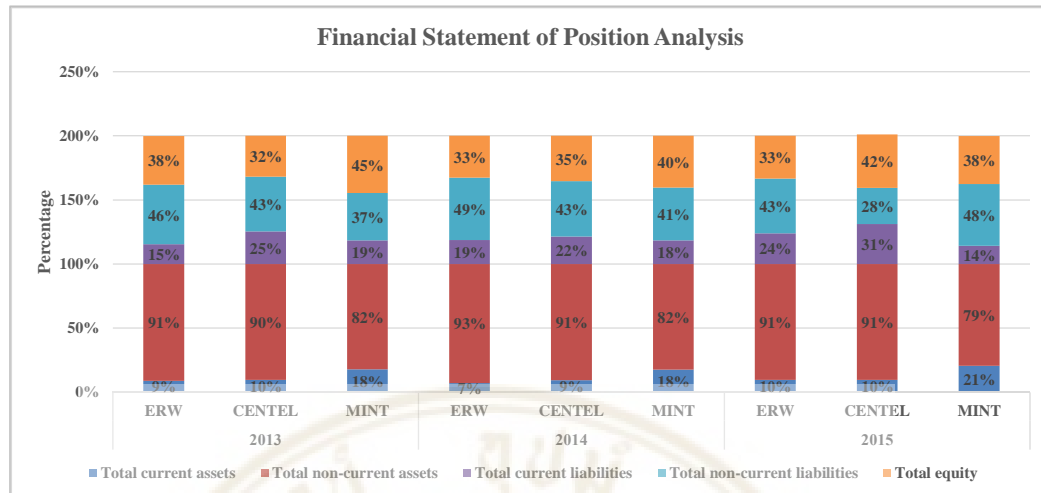
Source: SETSMART

Figure 1.14: ERW – CENTEL - MINT Profitability Ratio (2013-2015)

Common size analysis: Balance sheet

1.8.2 No concerns about mismatch funding even low liquidity with current ratio < 1.00x

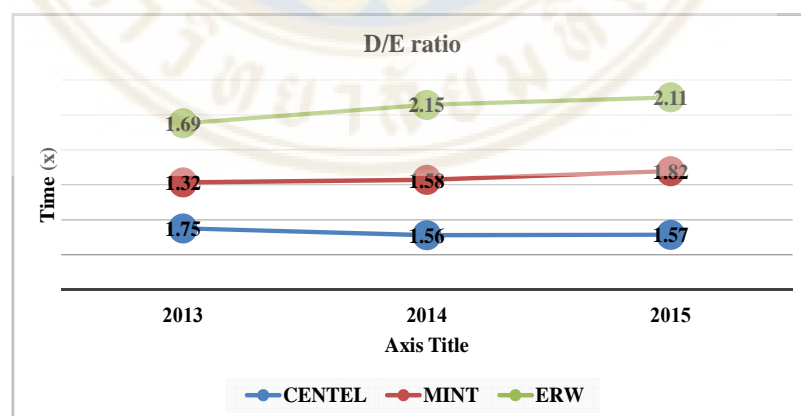
At the end of 2015, total assets were recorded at THB 14,820 million greater than THB 14,516 million in 2014. This was mainly due to investing in HOP Inn in 2015. Total liabilities were recorded at THB 9,903 million in 2015 slightly increased by 1.2% YOY (2014: THB 9,783 million). Shareholder's equity was recorded at THB 4,917 million in 2015 slightly increased from THB 4,734 million in 2014 or 3.9% YOY because of the back of additional net profit generated in 2015. Moreover, the company's source of funds in 2015 mainly came from both S/T and L/T debt financing at 67% and equity 33% accordingly.



Source: SETSMART

Figure 1.15: ERW – CENTEL - MINT Financial Statement of Position Analysis (2013-2015)

In addition, ERW illustrated the financial discipline in order to control capital structure to be not aggressive given debt-to-equity ratio at 2.11x in 2015. This was mainly due to ERW liked to issue debt instruments to finance the overall operations and growth, however, its D/E ratio was a little bit higher than peers which lied in the range of 1.32x to 1.82x for 2013 – 2015.



Source: SETSMART

Figure 1.16: Compared D/E Ratio (2013-2015)

Cash flow and Debt Serviceability:

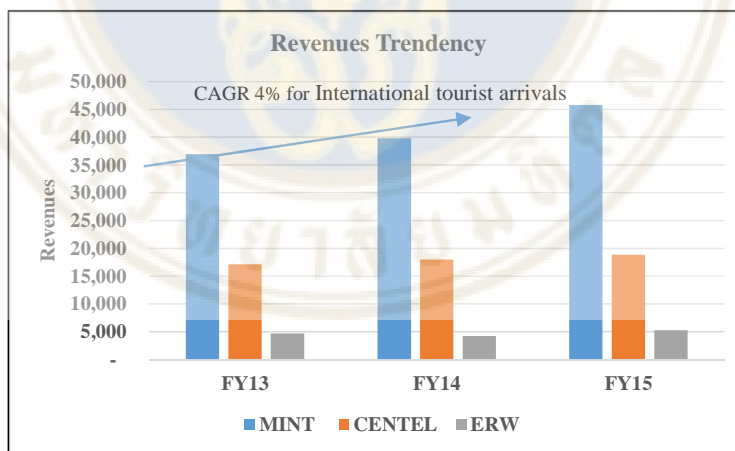
1.8.3 Cash flow from operations and bank loans used to finance in expanding the new hotels

ERW generated cash flow from operation of THB 860 million in 2015 mainly from a better performance which cash flow from operations that was adequate to service debt obligations and capital expenditure. ERW used both cash flow from operations together with L/T bank loans to finance the investment project. At the end of the 3rd quarter, cash on hand was recorded at THB 1,011 million. Cash conversion cycle stayed at negative 28 days in 2015 compared to negative 45 days in 2014. This was because working capital was essentially supported by account payables.

Trend Analysis

1.8.4 Trend Analysis: Income Statement

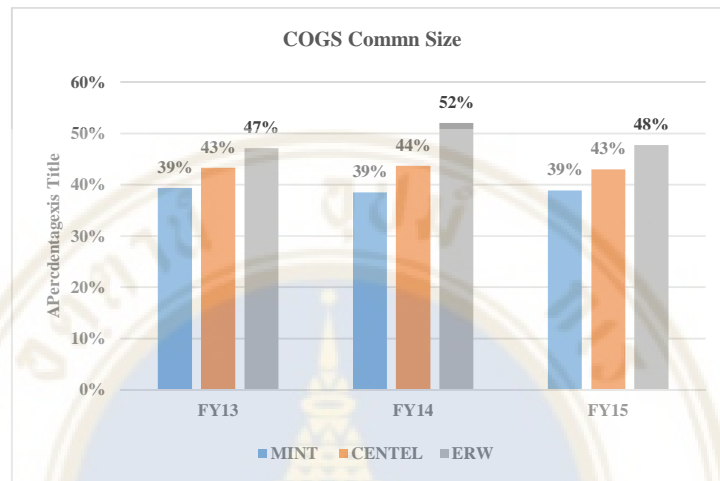
Over three historical year, ERW had CAGR growth of 4% which made sense with the increase of international tourist arrivals of 9%. Since the political instability affected the hospitality industry as a whole. Peer companies including CENTEL (3%) and MINT (7%) also confronted with slow growth similarly to ERW.



Source: Team's estimate

Figure 1.17: Revenue Tendency

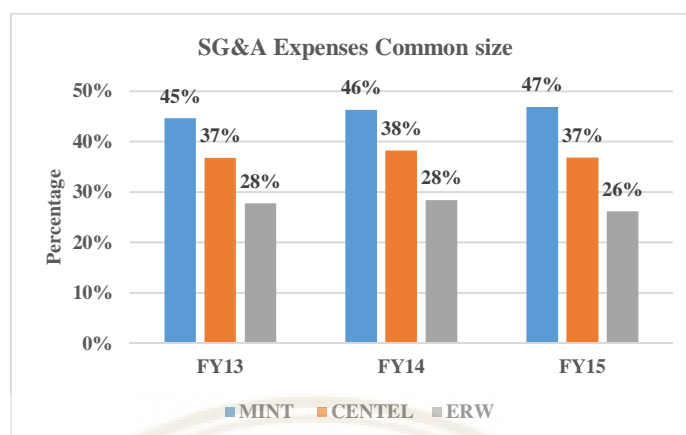
COGS remain stable at around 48% considering as fixed cost. This is likely to be the same as its peers. However, in comparison, MINT and CENTEL have lower COGS at 39% and 44% respectively. It defines that both peer companies have done well in managing on their costs.



Source: SETSMART

Figure 1.18: COGS Common Size

SG&A is also one of the important expense except from operation. From the figure below, ERW enables to better control SG&A than its peers. This is resulted by a significant amounts of salary & wages where ERW mainly operates hotel business in Thailand and it has a smaller size of business, whereas those peers expanded business activities in aboard with having the bigger business size. So, that is why MINT and CENTEL will have higher SG&A than ERW.



Source: SETSMART

Figure 1.19: SG&A Expenses Common Size

For net profit, ERW has CAGR growth on net profit margin at negative 39% compare to MINT and CENTEL at -9% and -5% respectively. This caused by 2 factors including 1) sales of 2 hotels (IBIS Pathong and IBIS Pattaya) to Erawan Hotel Growth Property Fund (ERWPF) in 2013 and political unrest in Thailand for 2014. Those factors led ERW's net profit margin to be significant fluctuation.

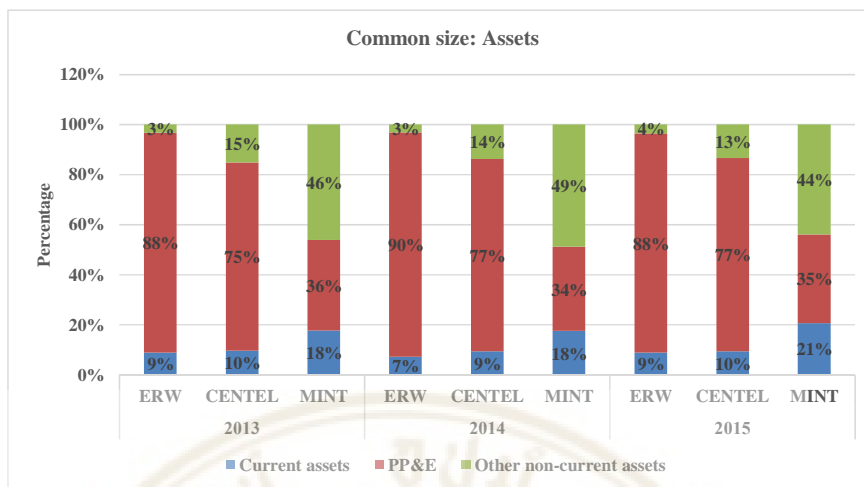
Table 1.11: CAGR (2013-2015)

Company	FY13	FY14	FY15	CAGR FY13-15
MINT	11%	11%	15%	10%
CENTEL	8%	6%	9%	5%
ERW	17%	-3%	4%	-39%

Source: SETSMART and Team's estimation

1.8.5 Trend Analysis: Balance Sheet

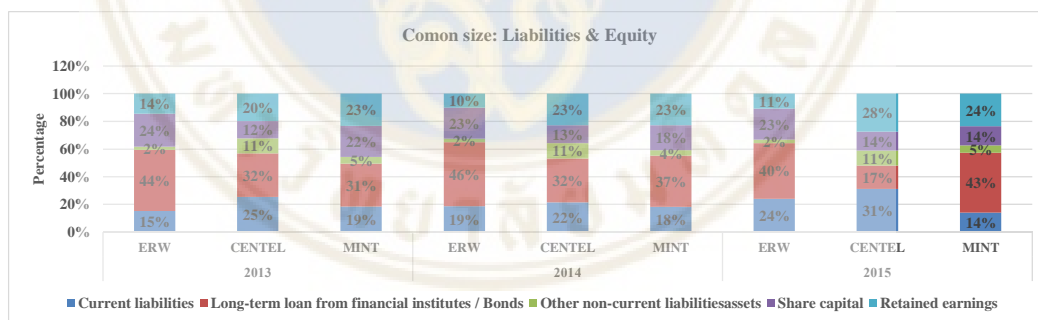
In relation to the nature of hospitality business, the majority of ERW's asset included property, plant and equipment representing 88% of total assets and ERW keeps expanding its new hotels by hotel construction both domestic and overseas. Significantly, in year 2014, ERW spent a huge amount of money to invest in the new 12 hotels in Thailand. Hence, this brought net PP&E to reach up to THB 13,015 million or 90% of total assets.



Source: SETSMART

Figure 1.20: Assets Common Size

In the liability and equity sides, ERW tended to use debt financing rather than equity utilization. Based on the figure below, the major proportion comes from the L/T debt financing at 40% of balance sheet in 2015, while equity acts as a secondary sources of fund that is contributed to 34% in 2015.



Source: SETSMART

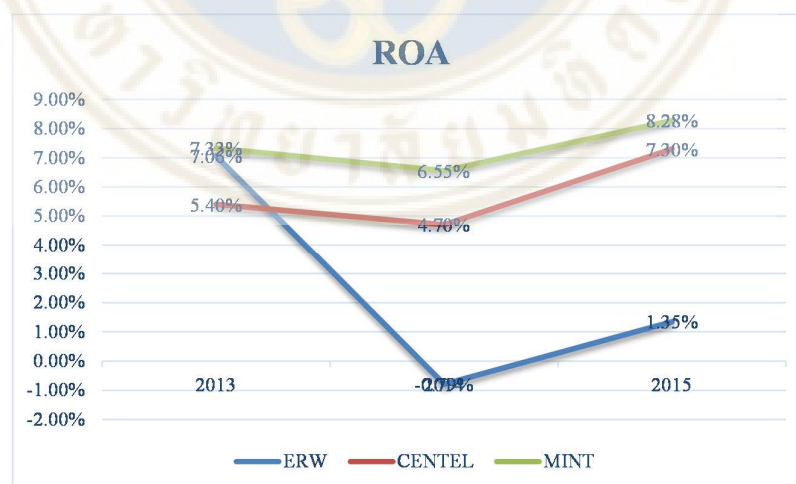
Figure 1.21: Liabilities & Equity Common Size

Financial Ratio: Return

1.8.6 Return on Assets (ROA)

Return on assets (ROA) for the three consecutive years (2013 – 2015) lied on 7.06%, -0.79% and 1.35% respectively. There was a significant change in 2014 due to political instability condition in 2014 which caused ROA to extremely drop to -0.79%. Similarly to what happened to CENTEL and MINT in 2014. In 2015, ROA turned positive at 1.35% in 2015, however, its ROA stood out in the low level compared to peers. It can be caused by lower net profit margin (3.8%) and lower assets turnover (35.5%), while those 2 competitors could contribute higher profitability and assets turnover ratios (CENTEL: net profit margin 8.9% and assets turnover 76.8% and MINT: net profit margin 16.6% and assets turnover 44.3%).

As a consequence, ERW emphasizes on budget hotel segment especially HOP Inn which contributes lower profit margin in terms of quality (RevPar / room rate). The other factor defines as lower assets turnover, therefore, ERW has been spending capital budget in hotel investment since 2014. To expand business operation especially HOP Inn, according to Phase 3 Master Plan (2016-2020), ERW will continue its investment focusing in Thailand with additional expansion to ASEAN countries where it sees good growth potential.



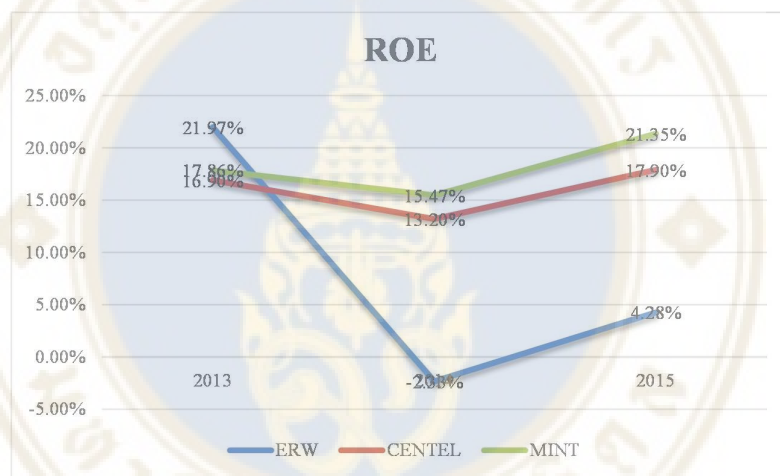
Source: Companies' information

Figure 1.22: ROA Comparison

1.8.7 Return on Equity (ROE)

ROE was dramatically dropped from 22.0% to -2.3% in year 2014 and then it rebounded to 4.3% in 2015. This was mainly due to political instability condition in Thailand during 2014.

When comparing ROE to comparable companies, it figured out that ERW tended to generate low ROE than peers. Even the company enabled to produce higher equity multiplier anticipated to 301.4% compared to CENTEL and MINT (246.1% and 266.6% respectively), however, it was a consequence of lower net profit margin (3.8%) and lower assets turnover (35.5%) resulted to ERW to create the lowest ROE among its peers.



Source: Companies' information

Figure 1.23: ROE Comparison

1.9 Additional Upside Possibilities

ERW plans to launch Budget Hotel “HOP Inn” for Thailand and ASEAN

ERW has been aggressively expanding over the past 11 years. From the success of ibis portfolio, ERW has identified another untapped market in Thailand to pursue, a budget hotel for both domestic and international business stays where demand has continuously been rising with ARR of only 500 – 700 baht for domestic guests and 1,300 baht for international guests. ERW has created its own brand “Hop Inn” for a network

of quality budget hotels. The market segment the group intends to penetrate into is the travelers for regular business such as salespersons or for personal agenda. With almost 2 years for studying to understand the demand-supply situation as well as searching for the opportunity. ERW strongly believe that HOP Inn will meet all basic needs of the guests while maintaining very competitive price. At the average ARR of 600 baht for clean and comfortable room, the investment cost per room had to be within the range of 700,000 – 800,000 baht including land, there have been totally 20 locations in Thailand. Moreover, ERW expects to open 57 new hotels which are equal to 95 hotels in their portfolio by 2020. In addition to our conservative scenario, we estimate that ERW will potentially launch 20 new hotels within 2020 based on information from IR that includes 4 midscale and luxury hotels in Bangkok, 7-8 HOP Inn in Thailand, and 8 HOP Inn in overseas. However, towards the business expansion inside and outside of Thailand, we still believe that with the positive factors as ERW's flagship will be sustainable their hotel operations and business growth in terms of increasing in the number of tourist arrivals with low investment cost per room.

1.10 Investment Risks

1.10.1 Macro-Economic risks:

1.10.1.1 External Risk Factors Impacting Company's Assets and Business Operations: Unpredictable and uncontrollable external risk factors such as natural disaster, terrorism or political unrest, these external risk factors are considered as a serious impact that would have negative impacts on company's properties and business operations. These external risk factors may also lead to a sudden dropping in the number of international tourist arrival, which affects directly to company's hotel revenue and net income significantly. However, the company has set an international accepted crisis management standard procedures based on level of situations to reduce such adverse impacts. For example, crisis management during political unrest or demonstrations, which are implemented including increased security guards on duty, restricted access to and from properties, setup barriers within vicinity, retained extra supplies, and prepared evacuation plans in accordance with international standard.

Furthermore, all hotel properties of the company are covered under all-risk, business interruption, and terrorism insurances to cover the damages should they have direct impact to any of the properties.

In addition, these external risk factors might also cause a sudden drop in number of international tourist arrival, which will have a direct impact on hotel revenue and net income.

Nevertheless, precedent events have exposed a pattern that these material impacts are short-lived, around 3 - 9 months, depending on severity. Since ERW's hotels are managed by international hotel operators, who are professional, possess flexible and responsive systems and can capitalize on their experiences in dealing with any extraordinary circumstances from across the globe, the company's business performances are more irrepressible to such external factors. Sales and marketing activities are flexible and can be promptly adjusted according to market condition, while proactive extensive cost management policies can be implemented to reduce impacts to the company's net income.

1.10.1.2 Risk from Declining Demand and Increasing Supply:

The unbalanced situation of supply and demand could be a cause of an intense competition in the hotel market, which may affect the company's income and operating profit. ERW has mitigated this unbalanced demand-supply risk effectively by diversifying hotels and resorts portfolio into luxury, mid-scale, economy, and budget segments in various tourist destinations and business district areas. Moreover, the company carefully selects different highly-experienced hotel management operators and develops competent hotel operations team to manage its properties based on their strong market segments. Such hotel operators and hotel operations team can provide competitive advantage over other hotels such as extensive sales and marketing network, worldwide customer base, and proactive crisis management under unanticipated situations. We have always been proactive in introducing and re-establishing hotels' competitive strengths as well as reinforcing hotels to manage their operating expenses effectively and efficiently on an on-going basis.

1.10.2 Operation Risks:

1.10.2.1 Risk of dependency on third-party hotel management companies: International hotel operators are carefully selected and hired to utilize their reputations, experiences and expertise in managing and administering our hotels. These third-party hotel operators include Hyatt International, Marriott International, InterContinental Hotels Group, and Starwood Hotels & Resorts Worldwide, which are amongst the World's largest with proven track records, established systems, worldwide reputations, and strong financial positions.

However, there is a risk that operators' capabilities to compete may decline and adversely affect the hotels' performance during the long-term management agreements contracted periods. Therefore, all hotel management agreements with third-party hotel operators include termination for non-performance clause, which allows the company to terminate the contract and appoint another international hotel operator to take over the management of the property, in case that the existing operator is not able to manage the hotel to reach expected performance level.

Additionally, the company has also developed skilful and experienced hotel operations team to operate properties under franchise agreement as well as company's owned brand to further mitigate the third-party dependency risk.

1.10.2.2 Human Resources Risk: Loss of executive management or key personnel of the company is also considered a risk for the company. However, human resources development and management is one of the key priorities of the company. Over the past years, the company has recruited employees and managements in rapid growth departments and provides continuous training and development to existing employees. More importantly, the company has implemented a 3-layer succession plan from President down to Vice President Level which supervised by the Management Development and Compensation Committee ("MDC") and Executive Vice President of each department respectively. In addition, with a professionally run structure, the company operates under an efficient system and do not rely on sole capability or decision-making of a single individual. Authority has been decentralized to various level employees under the supervision of the Board of Directors. These structures of management will help reduce risk from loss of key personnel.

In addition, key corporate cultures including “Team spirit” and “With integrity”, will also attract capable professionals with integrity to join the company. Lastly, competitive compensation and benefits, bonus scheme which links to corporate strategy map as well as long term stock option plan for executive management and employees also creates commitment and loyalty to employees which will help them to work more efficiently. This compensation structure will also help to retain quality employees with the company.

1.10.2.3 Risk from International Investment: Its business strategy to invest internationally exposed the company to additional threats such as exchange rate volatility, fluctuation in investment value, lack of knowledge in laws and regulations related to hotel operations, as well as licenses and permits application. In order to diminish the above mentioned risks, the company carefully monitors international investments. Local experts are also employed as to share know how in running business in foreign countries.

1.10.2.4 Interest rate risk: Interest rate risk, which is a result of changes of market rates in the future, will impact on operating results and cash flow. For the purpose of interest rate risk mitigation, the Company previously converted a portion of long term loan from floating rates into fixed rates. However, as of 31 December 2015, this conversion had expired and all of our long term loans were subject to floating interest rates, most of which apply a Minimum Lending Rate (MLR) and a 6-month Fixed Deposit Rate. ERW believes that the hedging expense is uneconomical compare to benefit. The company is monitoring the interest rate trend closely and will arrange risk prevention measures when there is a good balance between cost of fund and risk prevention.

Table 1.12: Risk Rating Matrix

			Consequences					
			1	2	3	4	5	
			Insignificant	Negligible	Moderate	Extensive	Significant	
Likelihood	Chance	Probability						
	Is expected to occur in most circumstances	> 95%	Almost certain			Human Resources Risk		Risk from Declining Demand and Increasing Supply
	Will probably occur in most circumstances	> 65%	Likely					
	Might occur at some time	> 35%	Possible			Risk from International Investment		
	Could occur at some time	< 35%	Unlikely			Risk of dependency on third-party hotel management		
May occur only in exceptional circumstances	< 5%	Rare		Interest rate risk			External Risk Factors Impacting Company's Assets and Business Operations	

1.11 Sensitivity Analysis

We have conducted a sensitivity analysis by separating into two sets of scenarios. In order of changing some significant variables, we decided to predict the outcome of a decision making based on ERW's project investment for the next 5 years and how changes in one variable including sales growth and COGS can impact the target price. As a results, when ERW may be likely to deal with market risk leading to the company to be unable to increase its selling prices or the room rates would have to be lowered due to oversupply and high competition. This could lead ERW to create lower boundaries of IRR which under-prices the stock prices to THB 3.05 per share and THB 0.28 per share respectively.

While, COGS is still considered as s significant factor that can create a negative impact to the company's performance. For example, if COGS increase by 5%, NPV would be

negative at THB 1.02 million with IRR 6.4%. Consequently, its stock price also drops rapidly to THB 3.97 per share.

Table 1.13: Sensitivity analysis (Change in sales scenario)

Scenario Summary		Base scenario	Bad scenario	Worst scenario
Probability		50%	25%	25%
Changing Cells:				
Total Sales - Projection for 2017 - 2025		95,211	74,498	58,776
- % Room rate increase		3% - 5%	-	(3%) - (5%)
COGS - Hotel Business		54.1%	54.1%	54.1%
Result Cells:				
NPV		838	(1,867)	(3,959)
IRR		10.5%	4.1%	-2.4%
MIRR		9.9%	5.6%	0.9%
Payback		6.6	7.9	Payback > Life
DPayback		8.4	Payback > Life	Payback > Life
Stock Price		6.44	3.05	0.28
E(NPV)		(1,037)		
SD(NPV)		-		
Prob(NPV<0)		50%		

Table 1.14: Sensitivity analysis (Change in COGS scenario)

Scenario Summary		Best scenario	Base scenario	Worst scenario
Probability		25%	50%	25%
Changing Cells:				
Total Sales - Projection for 2017 - 2025		95,211	95,211	95,211
COGS - Hotel Business		42.0%	45.9%	49.4%
Result Cells:				
NPV		2,529	838	(1,023)
IRR		14.0%	10.5%	6.4%
MIRR		12.0%	9.9%	7.1%
Payback		6.1	6.6	7.4
DPayback		7.5	8.4	Payback > Life
Stock Price		8.68	6.44	3.97
E(NPV)		795		
SD(NPV)		3.03		
Prob(NPV<0)		25%		

1.12 Basis of the Corporate Governance Principle

ERW manages business on the basis of the corporate governance principle. The Company have formulated an anti-corruption policy against all forms of corruption likely to emerge from our operation and contacts with stakeholders which directors, the management and employees of the Company, its subsidiaries and associated firms are required to strictly comply with.

1.12.1 Corruption as defined by the anti-corruption policy

Corruption means bribing, using a title, responsibility and/or information derived from work performed for the company to do anything to render benefit to one's self, his/her alliance and/or other parties in order to directly and indirectly acquire assets or any other profit not appropriate for the business or any illegitimate interest for oneself including any action found conflicting with the Company's Code of Conduct unless the laws, rules, announcements, regulations and local customs or business practice have allowed so. Corruption is possibly expressed through the following four forms.

1.12.1.1 Political assistance: financial support or donation of items and/or participation in activities or the Company's support for employees to attend political events

1.12.1.2 Charity donation

1.12.1.2.1 A charity activity has to be proven that it actually exists; that actions have been made to successfully realize the purpose of the project and that it is set up for the real benefit of the society.

1.12.1.2.2 A charity donation has to be proven that it has nothing to do with a reciprocal return with anyone or any organization except an action to honour the donor as normally practiced such as displaying our logo, mentioning our name at the event or in a PR media.

1.12.1.3 Sponsorships:

1.12.1.3.1 A project has to be proven that the person soliciting for sponsorship has actually run the project; that his action is to realize the project's purpose; and that the project is created for the real benefit of the society.

1.12.1.3.2 It has to be proven that sponsorship or any other profit computable in a monetary value such as gift of accommodation and food has nothing to do with a reciprocal return with anyone or any organization unless it is an announcement to honour the person as normally practiced in the business.

1.12.1.4 As for expenses relating to gifts: hospitality and others, their policies, criteria, review process and control procedures as well as assessment of approval criteria will be in line with the CSR regulations.

1.12.2 Whistle blowing and controlling measurement

1.12.2.1 Fact-finding process: Erawan has set up a grievance filing channel on its website, through the annual report under the topic of corporate governance statement and also through Code of Conduct. Its fast and systematic fact-finding process refers to the following:

1.12.2.1.1 Sufficiency and clarity-details

1.12.2.1.2 Materiality

1.12.2.1.3 Protection for the whistle-blower or the person filing a grievance

1.12.2.1.4 Not to reveal information of the whistle-blower or the person filing a grievance

1.12.2.2 Fair treatment process: the Disciplinary Action Committee will review the case on a fair basis and will protect the whistle-blower or the person filing grievance, the person handling the grievance, the person subject to such

grievance and parties involving in the fact finding and reporting process. Information will be kept confidential and only be revealed when necessary while we will take into consideration safety and damage of the whistle-blower or the person filing grievance, the person subject to such grievance or those cooperating in the fact-finding process, source of information or other related persons where everyone will sign a pledge together.

1.12.2.3 Reporting process: ERW has stipulated the following as a framework:

1.12.2.3.1 To the President if it's about general management and the matter is under the President's supervision

1.12.2.3.2 To the Audit Committee if it's related to the corporate governance policy and/or if it's an intended violation of one's duty and responsibility with serious effect;

1.12.2.3.3 To the Board of Directors after the Audit Committee's decision that it's appropriate that the matter be reported thereto for its acknowledgement and/or for action relating to the supervision policy; and/or if the matter is having an effect to senior executives.

1.12.2.4. Disciplinary action and reporting:

1.12.2.4.1 Disciplinary action shall be in line with the Employee's Disciplinary Action Regulations issued by the Company and/or relevant laws.

1.12.2.4.2 In case the Company can contact the whistle-blower or the person filing the grievance, it will report the person in writing.

1.12.2.4.3 Related supervisors are required to monitor improvement actions, if any, and report their line supervisors.

To ensure that the Erawan Group Public Company Limited and its subsidiaries (the Company”) comply with the laws on anti-money laundering (AML) and international criteria on anti-money laundering and counter financing of terrorism (AML/CFT). This also include supervisee employees to effectively comply the with the AML/CFT policy.

- The AML/CFT Policy
- The Know Your Customers (KYC) Policy
- The Risk Management Policy against Customer’s Money Laundering Practices
- Ongoing Customer Due Diligence (CDD) Practices
- Supervision for AML/CFT compliance among employees

1.12.3 Corporate Governance Policy

The ERW Group is managed on the principle of good corporate governance.

Good Corporate Governance can be divided into eight areas as follows:

1.13.3.1 Code of Conduct: based on our motto of “Success with Integrity”. The updated Code of Conduct has been distributed to executive officers and staff for implementation to ensure their success with integrity and also to promote our corporate culture and ethical performances.

1.13.3.2 Qualifications, Structure, Duties and Responsibilities of the Board and the Management: The Board consists of Chairman of the Board, who is an independent Director and different person from the President where their roles, authority and responsibilities are clearly separated to maintain balance between managing and supervising the company. In addition, there are five other independent directors, six non-executive directors and two executive directors. The total number is 13.

The Board also has a policy to promote rotation among directors to sit at different committees for appropriate timeframe and on appropriate occasions.

Chairman of a committee has a duty to submit a clear-cut policy of his committee to the Board.

1.13.3.3 Qualification of Directors: The Board of Directors, as a result, shall consist of the following:

1.13.3.3.1 Independent Directors, Non-Executive Directors and Executive Directors where the number of independent directors shall be no less than one-third of the entire board members.

1.13.3.3.2 Chairman of the Board and all members of the Audit Committee shall be independent directors where at least one director shall be knowledgeable in accounting and finance.

1.13.3.4 Rules and Responsibility of the Board of Directors and the Management: The Board of Directors determines policies and practices for the management, which include important tasks of an executive. In addition, the Board also allows the management to formulate a management policy based on the Company's objectives and missions, which will be subject to the Board's approval.

The Board of Directors also sets to have its Independent Directors meeting every year so that all directors meet the management.

1.13.3.5 Board of Directors' Meeting: The meeting dates during an entire year would be communicated to directors and other relevant parties in advance.

In 2015, the ERW Group organized 5 the Board of Directors' meetings, 4 the Audit Committee's meetings, 5 the Strategic and Investment Committee's meetings, 3 the Nominating and Corporate Governance Committee's meetings and 3 the Management Development and Compensation Committee's meetings.

1.13.3.6 Evaluation of the Board's Performances: To be in compliance with the principle of good corporate governance by listed companies, the

Board of Directors and sub-committees are having a self-evaluation at least once a year so that they could review and improve their own conduct. The evaluation is based on the latest forms developed by the Corporate Governance for Capital Market Department of the Stock Exchange of Thailand (SET) released in February 2015,

How to read scores: Scores from 1 to 5 are given for statistical analysis. For each score, here is its meaning:

1 = Not agreeing. Need urgent improvement. Please provide recommendations.

2 = There is room for improvement. Please provide recommendations.

3 = Appropriate

4 = Very appropriate

5 = extremely appropriate

1.13.3.7 Nomination of Directors and Executives: This refers to a process to initially check a nominee's qualifications to ensure that are in compliance with director's qualifications; a selection and courting process of a nominee to be director; a nomination process to the Board or shareholders and a reviewing process of director being re-nominated. Furthermore, the selection was independently conducted without being subject to anyone's influence.

The Board designated the Management Development and Compensation Committee to recruit and formulate a succession plan of management's highest executives, to ensure continued performances and to avoid business disruption.

1.13.3.8 Corporate Social Responsibility (CSR): Known internally as the "CSR-in-process", the mechanism refers to their responsibilities to all stakeholders; namely, shareholders, employees and families, customers, suppliers, creditors, competitors, public sector, the communities, the society and the environment.

In addition, the Board of Directors has also set aside budget to conduct corporate contribution activities (CSR-after-process). The project is called "The ERAWAN for Society and the Environment" which involves annual activity programs on a continuous basis for the benefit of communities and the society at large.



Source: Company Data

Figure 1.24: CSR-in-process

CHAPTER II

DATA

2.1 Company's Information

2.1.1 History of the Erawan Group Public Company Limited

1982: The Erawan Group Public Company Limited was established on 29th December 1982 as formerly name, **Amarin Plaza Public Company Limited**. The company had registered capital of 1 million baht. The three groups of major shareholders are the Vongkusolkit family, the Wattanavekin family and the Janewattanawit family. The first stage of business is Property development (rental offices and properties).

1985: **Amarin Plaza** was opened in 1985. It is a shopping mall located in the center of Bangkok's Ratchaprasong shopping district. There have five floors of shops in categories such as fashion, furniture, jewelry, electronics, and Thai handicrafts. The shopping mall also contains restaurants and a spa.



1988: **Amarin Plaza PCL** was registered on Stock Exchange of Thailand

1991: The Company started in the hospitality business, opened the first hotel named “**Grand Hyatt Erawan Bangkok**”. The hotel is the five stars hotel which is the location is next to the Amarin Plaza. The hotel is managed under Hotel

Management Agreement with Hyatt Hotels Corporation, one of the best hotel operators in the world.

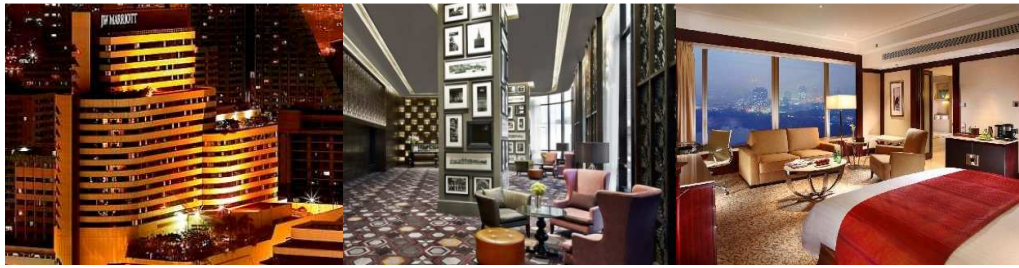


1994: The Company was converted into a Public Company.

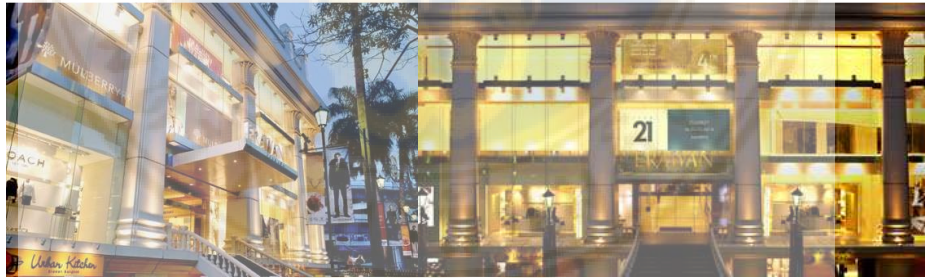
1996: **Ploenchit Center** was opened. It is a 26-storey modern office building with retail shops and international restaurants. There is the rental properties business of Amarin Plaza PCL.



1997: The second hotel named “**JW Marriott Hotel Bangkok**” was opened. There is also the five stars hotel owned by Amarin Plaza PCL but managed under hotel management agreement with the leading global hotel operator, Marriott International Inc. There is the luxury hotel in Bangkok which offers guests a fantastic central location close to business and entertainment centres, embassies, the convention centre, shopping districts and the BTS Sky Train.



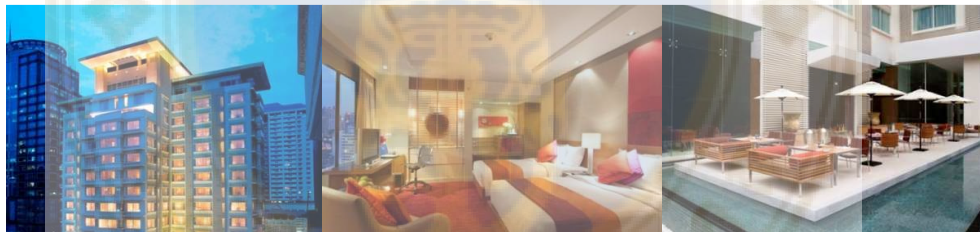
2004: Amarin Plaza Public Company Limited (AMARIN) was changed the name to The Erawan Group Public Company Limited (ERAWAN) and the Stock Exchange of Thailand changed the sector of ERAWAN to TOURISM due to more than 70% of total income were from hospitalities business. Furthermore, The Erawan Group PCL built up new upscale shopping center named “**The Erawan Bangkok**”. The Erawan Bangkok is the 13,000 square meter shopping center located in the center of Bangkok’s business and commercial district. There are the five storeys feature trendy fashions and accessories, furniture, wellness facilities and a wide selection of international cuisine.



2005: The first hotel outside Bangkok was opened, “Renaissance Koh Samui Resort & Spa”. Renaissance Koh Samui is a luxury hotel managed under hotel management agreement with Marriott International Inc. There is the perfect place for a vacation getaway, destination wedding or executive meeting retreat. This five stars resort features 45 deluxe rooms with private whirlpool and spacious terrace and 33 pool villas with private plunge pool.



2007: The Erawan group sold 100% shares of Amarin Plaza shopping center to Gaysorn holding and expanded over the hospitalities business. The first midscale hotel, “Courtyard by Marriot Bangkok hotel”, was opened. The hotel is also managed under hotel management agreement with Marriott International Inc. This hotel segment targets on travelers of business purposes and medium to high income people. The hotel was developed from apartment located on Rajdamri road. The hotel features trendy rooms with high-speed wireless Internet and flat-screen TV.



2008: The Erawan Group has entered into franchise agreement with Accor to have a right to use brands “ibis” to operate the owned properties. The strength of ibis standard which guarantees to its customers for the main hotel services 24/7 such as reception, hot and cold snacks, Bar, and 15 minutes service guarantee. The Erawan Group started to open 4 economy hotels under this brand which are located on Phuket Patong, Pattaya, Bangkok Sathorn, and Samui Bophut.



The Erawan group also opened the luxury hotel in Phuket named “**Six Senses Sanctuary Phuket**”



2009: The Erawan group opened **Holiday Inn** Pattaya and 2 ibis Hotels in Bangkok Nana and Phuket Kata. The Holiday Inn is in the midscale hotel segment. The hotel features ocean views from all 567 guest rooms and suites. Customer target are couples, friends and families.

2010: **The Erawan group changed the trading name, ERAWAN to ERW and opened ibis Bangkok Riverside.**

2011: The Six Senses Sanctuary Phuket was rebranded to **The Naka Island, a Luxury Collection Resort & Spa, Phuket.**



Ploenchit Center was sold into Prime Office Leasehold Property Fund but the “Erawan Growth Management Co.,Ltd”, the subsidiary of the Erawan group, was hired to continue to manage this property.

2012: Economy hotels were expanded. The Erawan Group opened Mercure Bangkok Siam which is conveniently located in the heart of Bangkok’s shopping district and steps away from the National Stadium BTS Station and. Mercure Bangkok Siam features 189 superior, privilege and suite rooms, customer target are medium income people. In 2012 the Erawan group also opened 2 ibis Hotels, Ibis Hua Hin and Ibis Bangkok Siam.

2013: The Erawan group divested ibis Phuket Patong and ibis Pattaya to “**Erawan Hotel Growth Property Fund**” which is the Erawan’s Subsidiary and the property fund hired the Erawan Growth Management Co.,Ltd, another subsidiary of Erawan, to manage those properties.

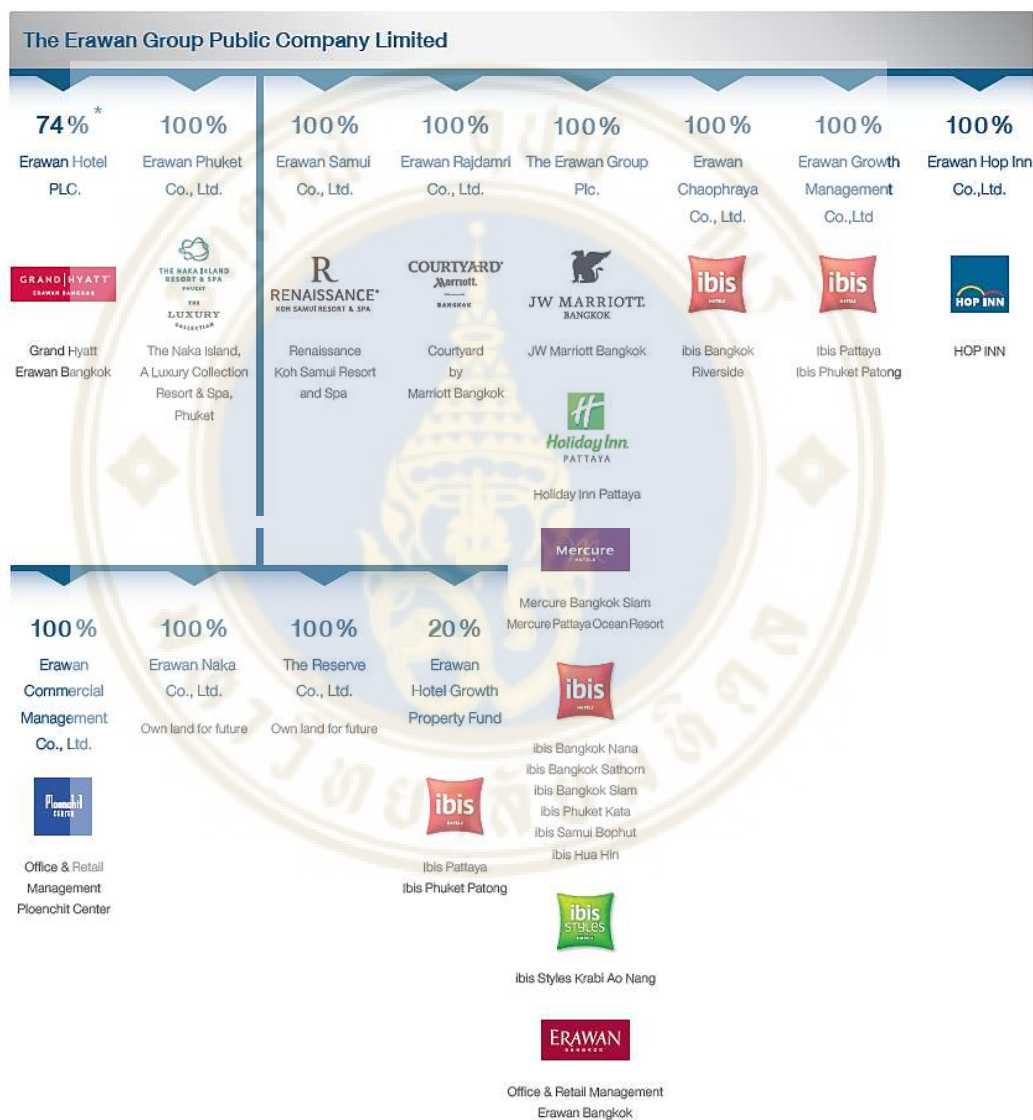
2014: Holiday Inn Pattaya Executive Tower, Mercure Pattaya Ocean Resort, and Ibis Styles Krabi Ao Nang were opened.

The Erawan group had new investment project, hotels in Budget Segment under brand “HOP Inn” hotel. This segment is positioning lower than Economy segment, daily room rate is cheaper and the cost of construction is lower. All of the HOP Inn hotels are owned and managed by the Erawan group. In 2014, 10 HOP Inn Hotels across Thailand were opened.



2015: The Erawan continued to expand budget hotels, there were 5 HOP Inn hotels opened in 2015.

2.2 Company's Business Structure



* The Government hold 26% of shares via the Syndicate of Thai Hotels & Tourist Enterprise Limited and also the landlord

As of 31 December 2015

Source: Company Annual Report

Figure 2.1: ERW Business Structure

2.3 Operation Structure

There are 3 types of asset management structure in the hotel operation

2.3.1 Hotels managed under Hotel Management Agreement

The Company selects only well-known international hotel management companies to operate our properties. The selection criteria are based on the reputation, experience, global network and operation system of hotel operators as well as the appropriateness to our properties.

Hotel Operators	HYATT	Marriott	IHG International Hotel Group	starwood Hotels and Resorts
Luxury	GRAND HYATT FRAMER BANGKOK	JW MARRIOTT. BANGKOK RENAISSANCE* SON SAWEE RESORT & SPA		THE NAGA ISLAND RESORT & SPA PHUET THE LUXURY COLLECTIVE
Midscale		COURTYARD Marriott BANGKOK	H Holiday Inn PATTAYA	

2.3.2 Hotels managed by Erawan under the Franchise Agreement

The Erawan Group has entered into franchise agreement with Accor to have a right to use brands Mercure and Ibis to operate our properties. The Company also applies the selection criteria that the selected brands are best fitted to our properties.



2.3.3 Hotels managed by Erawan with own brand

The Erawan Group has developed its own brand, HOP Inn, by focusing on necessity and requirements of main target group of customers.



2.4 Major Shareholders and Free Float

As of 31 December 2015, the company's paid up capital is Baht 2,494,864,025 divided into 2,494,864,025 ordinary shares at par value 1 Baht per share. Top ten shareholders holding the highest number of shares are as follows:

Table 2.1: Shareholder Structure

Shareholder's name	Number of shares	% of total shares
1. Mr. Sukakam Wattanavekin	376,300,267	15.08%
2. City Holding Co.,Ltd.	203,481,318	8.16%
3. Mrs. Vansamorn Wannamethee	149,618,113	6.00%
4. Mid-Siam Capital Co.,Ltd.	144,488,645	5.79%
5. PAN ASIA ASSETS LIMITED	73,000,000	2.93%
6. N.C.B.TRUST LIMITED-NORGES BANK 11	71,886,200	2.88%
7. Mr. Supol Wattanavekin	64,568,807	2.59%
8. UBS AG SINGAPORE BRANCH	60,000,000	2.40%
9. Ms. Thitinant Wattanavekin	43,520,400	1.74%
10. MP Particle Board Co.,Ltd.	42,933,675	1.72%
Total top ten shareholders holding	1,229,797,445	49.29%

Table 2.2: Major Shareholder

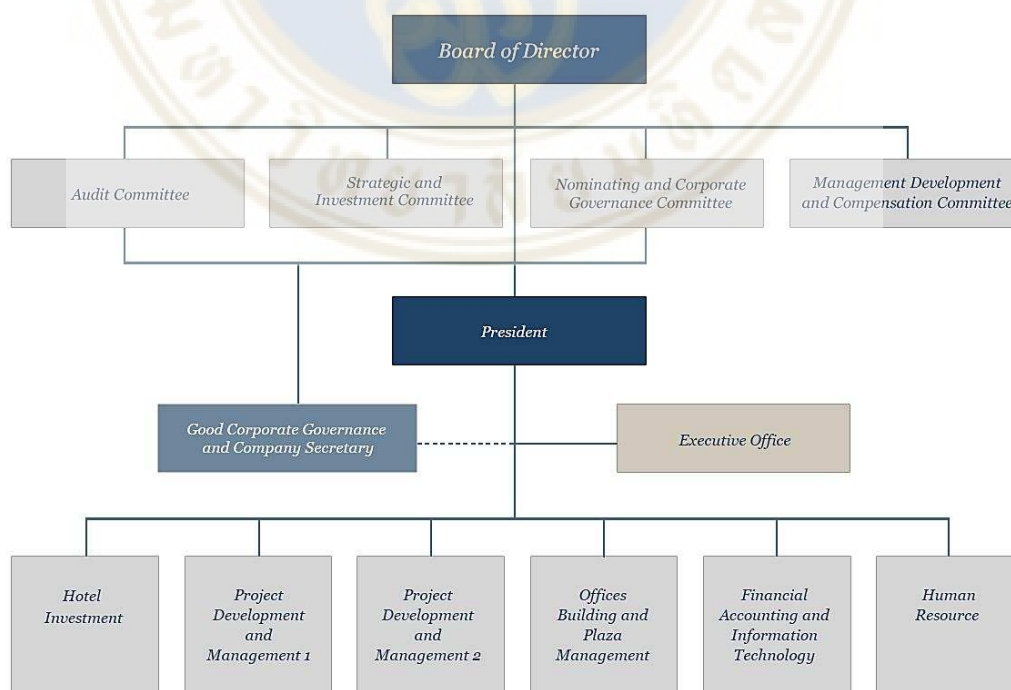
Shareholder's name	Number of shares	% of total shares
Vongkusolkit Group	811,446,455	32.53%
Wattanavekin Group	712,245,640	28.55%
Thai Institution Investor and Foreign Institution Investor	539,341,885	24.00%
Company's executives and employees	12,143,906	0.49%
Minor Shareholders	419,686,139	16.84%
Total	2,494,864,025	100.00%

Source: Company Annual Report

Free Float As of 9 March 2016

Minor Shareholders (Free float)	9,074
% Shares in Minor Shareholders (% Free float)	44.57

Source: The Stock Exchange of Thailand

2.5 Management and Organization Chart

1. Mr. Prakit Pradipasen	Chairman of the Board and Independent Director
2. Mr. Sansern Wongcha-um	Independent Director
3. Assoc. Prof. Manop Bongsadadt	Independent Director
4. Mr. Dej Bulsuk	Independent Director
5. Mr. Ekasith Jotikasthira	Independent Director
6. Mr. Banyong Pongpanich	Director
7. Mr. Vitoon Vongkusolkit ¹	Director
8. Mr. Supol Wattanavekin	Director
9. Mr. Chanin Vongkusolkit	Director
10. Mrs. Panida Thepkanjana ²	Director
11. Mr. Gavin Vongkusolkit	Director
12. Mrs. Kamonwan Wipulakorn	President
13. Mr. Petch Krainukul	Senior Executive Vice President
14. Mrs. Vansamorn Wannamethee ³	Member of Sub-Committee
15. Mr. Nattapong Vongkusolkit	Member of Sub-Committee
16. Miss Kanyarat Krisnathevin	Executive Vice President
17. Mr. Apichan Mapaisansin	Executive Vice President
18. Mr. Navarat Tamsuwan	Executive Vice President

As of 31 December 2015

Source: Company Annual Report

Figure 2.2: Management and Organization Chart

2.6 Corporate Governance (CG)



Source: SEC, Company Annual Report

Figure 2.3: Corporate Governance (CG)

The Erawan Group is the one of companies with “Very Good” CG Scoring which is ranked by Corporate Governance Report of Thai Listed Companies, the Thai Institute of Directors (IOD) in collaboration with the Stock Exchange of Thailand and Exchange Commission (SEC, Thailand).

The Erawan Group is managed on the principle of good corporate governance. The business is run in compliance with the laws and on the basis of the Business Code of Conduct where information is disclosed in a transparent and straightforward manner. There have also put in place efficient auditing mechanisms. The Erawan Group operates the business by taking into consideration responsibility in every aspect to shareholders and stakeholders, the structure of the Board of Directors, supervision mechanisms and efficient management responsibility. Aside from complying with the OCED’s best practices and ASEAN CG Scorecard, The Erawan Group also implement other best practices normally practiced overseas; for example, The Erawan Group have set up four sub-committees to help supervising each task or the fact that our board consists of as much as 38.46 percent of Independent Directors out of

the entire board. With regard to corporate governance, The Erawan Group has set up the Nominating and Corporate Governance Committee (NCG) to regularly review and update corporate governance policies and practices so the company will continue to have up-to date criteria that it can be actually implemented. To comply with the policy, the President has been directed to promote corporate governance among staff of all levels.

The Erawan Group has signed the Collective Action Coalition (CAC), a movement established by the Thai private sector against corruption and certifies that the company to declaration on anti-corruption by putting in place good business principles and control against briber. (Full Member of the CAC) and got a level 4 “Certified” Anti-Corruption Progress Indicator Completed. Project Sustainable Development by Thaipat Institute and the Securities and Exchange Commission (SEC).

The Erawan Group also ensure that staff understands the concept of Corporate Social Responsibility (CSR) where business is run by properly taking into consideration the interest of all stakeholders whether they are employees and family, customers, suppliers/creditors, competitors, public sector, society and environment. The Erawan Group regularly conducts an opinion survey of stakeholders.

Results of the survey are used to improve business efficiency and to be one of the factors evaluating our staff performances annually.

2.7 SWOT Analysis

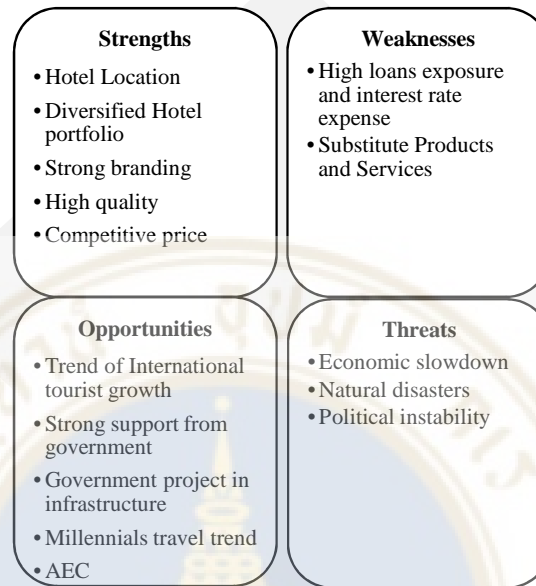


Figure 2.4: SWOT Analysis

2.7.1 Internal Factors: Strengths

2.7.1.1 Hotel Location

At the present, ERW has 38 hotels in the portfolio. The location of each hotels are covered all Thailand's key destinations, more than 20 provinces namely Bangkok, Phuket, Huahin and Pattaya. In Bangkok, ERW hotel and upscale shopping centre is situated in the heart of Bangkok CBD.

2.7.1.2 Diversified Hotel portfolio

ERW has diversified hotel portfolio from luxury to midscale, economy, and budget segment. There have 4 hotels in luxury segment, 4 hotels in midscale segment, 10 hotels in economy segment and 20 hotels in budget segment. ERW also plans to open 7 new hotels in 2017.

2.7.1.3 Strong branding

Currently half of hotels in ERW's portfolio are under the hotel agreement partnership with world-class hotel operators including Hyatt, Marriott, Accor, IHG and Starwood. By another half are ERW owned brand hotel, HOP Inn.

2.7.1.4 High quality

Since the hotels are under the hotel agreement, the hotel qualities are the one of requirements. The professional operators manage the hotel with the global standardization. HOP Inn hotels are also, ERW created this brand to offer hotels with consistent quality and standards based on the brand's four pillars: Cleanliness, Convenience, Comfort and Safety.

2.7.1.5 Competitive price

All room rates in all segments are competitive. The price relies on market average price which are higher and lower as seasoning. Hotel segment is the criteria for grouping room prices.

2.7.2 Internal Factors: Weaknesses

2.7.2.1 High loans exposure and interest rate expense

Due to the huge capital requirement for each hotel investment, ERW has large amount of debts and interest expense. By the way, ERW controls debt by D/E ratio which is not over 2 times and follow up interest coverage ratio closely.

2.7.2.2 Substitute Products and Services

According to the standards of hotels under brand management and customer price sensitivity, as the room price changes in order to higher than other hotel room rates, the customers book the room in other hotels instead easily.

2.7.3 External Factors: Opportunities

2.7.3.1 Trend of International tourist growth

In 2016, International tourist arrivals grew in all key source markets with another record high. The momentum continues with the strong growth in

2017. WTTC forecasted Thailand's direct travel and tourism GDP growth at 6.6% in average 2016-2020.

2.7.3.2 Strong support from government

According to the tourism industry has played important role in Thailand, Thai government does has the activities to support this industry such as tax rebate policy when travel in domestic and additional long holidays announcement.

2.7.3.3 Government project in infrastructure

The one of the budget disbursements for 2017 is to develop more infrastructures such as railway, air and marine transport, and telecommunication. Those infrastructures will be benefits to the travel and tourism sector as well.

2.7.3.4 Millennial travel trend

Millennial are people who were born between the years 1980 and 2000. There are 79 million, the largest generation nowadays. The Millennial traveller prefers to travel to learn something new. They are the new target for marketers.

2.7.3.5 AEC

The great trade and business connection through 10 ASEAN countries, this is the opportunity for the hotels which are suitable for both of leisure and business trip especially for the hotels located on Thailand's key destinations.

2.7.4 External Factors: Threats

2.7.4.1 Economic slowdown

In 2017, the concerns are the weaker-than-expected recovery of developed countries such as U.S., Eurozone, and Japan, Trump's policies and China debt. Provided the situations are happened, it will affect directly to Thailand's import and indirectly to tourism industry.

2.7.4.2 Natural disasters

As Flood in 2011 and Tsunami in 2004, both of events hurt tourist and travel industry. Hotel advance reservation were cancelled, some hotels stopped operating and overall revenues were not achieved its year target.

2.7.4.3 Political instability

The political upheaval usually impacts on confidences of international tourist. There is the negative effect for tourism industry.

2.8 Porter's five forces Analysis

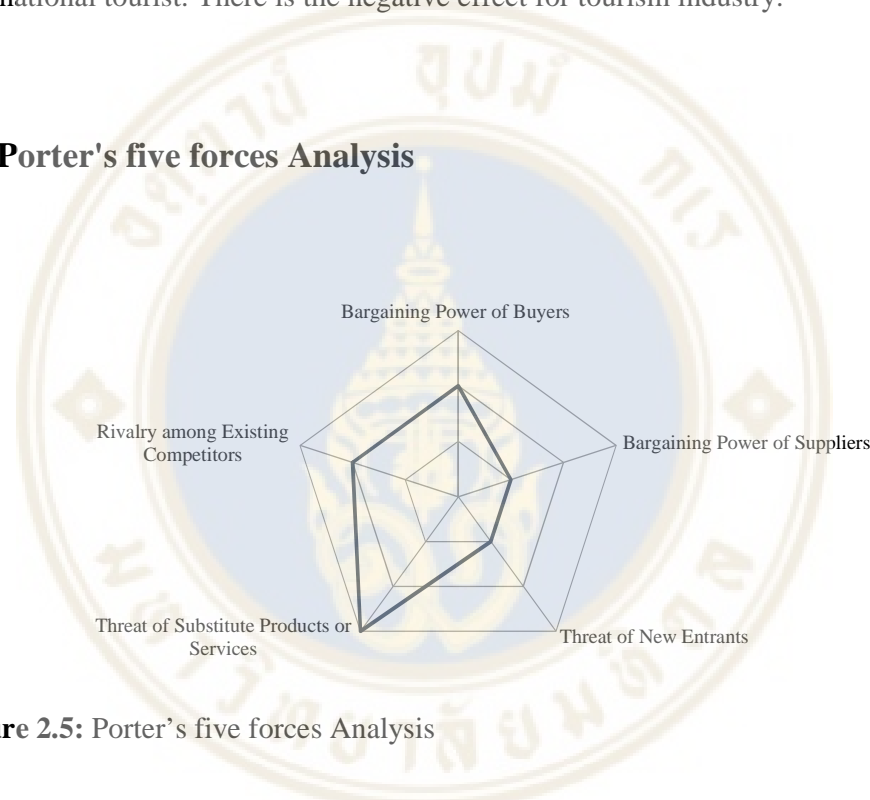


Figure 2.5: Porter's five forces Analysis

2.8.1 Bargaining Power of Buyers (Moderate) – Favourable to ERW

Due to ERW and other big players in the market, namely CENTEL and MINT (competitors) have the same standardized criteria to set price for each hotel segment, the room prices for the same hotel level are quite similar. Price depends on various factors such as the total cost of hotel, bargaining leverage, seasoning demand, differential advantage of the hotel and availability of existing rooms in other same level hotels. Customer could not set the price by themselves and usually could not ask for more discounts. For the luxury segment, customers are less price sensitivity due to the royalty and differential advantages which contrast to other segment such as economy,

customers can switch the booking easily. Hence, for bargaining power of buyers, we score it as moderate.

2.8.2 Bargaining Power of Suppliers (High) – Most Favourable to ERW

Suppliers of shortage raw materials, differential components, skilled labour, and services of expertise to the company can be a source of power over the company, but not for ERW. There are not much specific materials needed for ERW. Moreover ERW takes advantage from economies of scale due to there is the one of leading hotel investment companies in Thailand. ERW also has the bargaining power over the suppliers such as the contractors for built up new hotel projects, farmers or merchants for food ingredients in the hotel restaurants, and security companies for the security system of the hotels. Therefore, we score bargaining power of suppliers as low. It is the most favourable to ERW.

2.8.3 Threat of New Entrants (Low) – Most Favourable to ERW

We rate the threat of new entrants as high. In addition to the hotel industry required the huge capital for each hotel investment. There is the threat for small new comers. But about the threat for the big one, the new comers will face the threat as economy of scale. The existing hotel operators and investment companies take benefits from higher discount from suppliers and overall total cost. Furthermore, many customers have loyalty to the existing hotel brands. The new entrants do need more marketing costs, product differentiates and also promotions to persuade them.

2.8.4 Threat of Substitute Products or Services (High) – Least favourable to ERW

Even through many customers have brand royalty, many one do not. There is availability of close substitute of hotel market in Thailand. The hotels under brand management are quite the same standard. Furthermore all customers for each hotel segments excluding luxury segment, most of them are sensitive to the change in price. Provided the room price of the hotel they search is higher than the average prices in the market, customers prefer to book other hotels instead. Accordingly we score the threat of substitute products or service of ERW as low. It is least favourable to ERW.

2.8.5 Rivalry among Existing Competitors (Moderate) – Favourable to ERW

Although the rivalry among existing competitors in this industry is high but the experiences and abilities of management team of ERW are the key factors which keep ERW in the competitive position. To rank by asset size, ERW is smaller than its competitors namely CENTEL and MINT. In contrast ERW growth is higher. ERW has the competitive strategy as expansion its owned brand hotels which are in the budget segment, the segment with highest EBITDA margin, while other players focus on others and investment in abroad. For this reason, we rank the favourable to ERW.

Overall from Porter's five forces analysis, we conclude that ERW is the competitive hotel investment and operating company in Thailand. There has the bargaining power over its suppliers and by the business nature that is quite hard for new entrants. About the bargaining power over customers and rivalry among existing competitors, ERW are moderate and finally, the only weakness for ERW is threat of substitute products or services.

2.9 Income Statement

Table 2.3: Summary of Income Statement

(consolidated)	2,011	2,012	2,013	2,014	2,015	2016F	2017F	2018F	2019F	2020F	2021F	2022F	2023F	2024F	2025F
<i>(Btm)</i>															
Sales	3,756	4,302	4,702	4,245	5,255	5,593	6,425	7,247	8,519	9,982	11,426	11,990	12,605	13,185	13,833
Cost of sales	1,790	1,966	2,215	2,210	2,510	2,566	2,948	3,305	3,878	4,545	5,203	5,460	5,739	6,003	6,298
Gross profit	1,966	2,336	2,487	2,036	2,744	3,027	3,476	3,942	4,641	5,437	6,223	6,531	6,865	7,181	7,534
% gross margin	52.3%	54.3%	52.9%	47.9%	52.2%	54.1%	54.1%	54.4%	54.5%	54.5%	54.5%	54.5%	54.5%	54.5%	54.5%
Selling & administration expenses	1,707	1,775	1,913	1,877	2,091	2,142	2,379	2,632	3,039	3,510	3,961	4,147	4,327	4,491	4,680
Operating profit	259	561	574	158	653	885	1,097	1,310	1,603	1,927	2,262	2,383	2,538	2,690	2,855
% operating margin	7%	13%	12%	4%	12%	16%	17%	18%	19%	19%	20%	20%	20%	20%	21%
Depreciation & amortization	646	641	665	672	717	779	803	847	932	1,035	1,120	1,165	1,187	1,209	1,232
EBITDA	904	1,202	1,239	830	1,371	1,664	1,900	2,156	2,535	2,963	3,382	3,548	3,725	3,899	4,086
% EBITDA margin	24%	28%	26%	20%	26%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%
Non-operating income	65	57	26	66	42	46	49	52	61	191	218	229	241	253	268
Non-operating expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest expense	(407)	(393)	(368)	(360)	(387)	(552)	(519)	(501)	(551)	(630)	(681)	(641)	(545)	(464)	(395)
Pre-tax profit	(83)	225	231	(135)	309	379	627	861	1,113	1,489	1,800	1,972	2,233	2,478	2,727
Income tax	53	111	91	19	99	76	125	172	223	298	360	394	447	496	545
After-tax profit	(137)	113	141	(154)	210	303	502	689	890	1,191	1,440	1,577	1,787	1,983	2,182
% net margin	-4%	3%	3%	-4%	4%	5%	8%	10%	10%	12%	13%	13%	14%	15%	16%
Shares in affiliates' Earnings	-	-	16	21	19	-	-	-	-	-	-	-	-	-	-
Minority interests	(39)	(60)	(30)	(1)	(35)	(37)	(43)	(48)	(56)	(66)	(76)	(79)	(84)	(87)	(92)
Extraordinary items	667	5	810	23	3	-	-	-	-	-	-	-	-	-	-
NET PROFIT	491	58	937	(112)	198	266	459	641	834	1,125	1,364	1,498	1,703	1,895	2,090

Source: Team's estimates and Company Data

2.10 Balance Sheet

Table 2.4: Summary of Balance Sheet

(consolidated)	2,011	2,012	2,013	2,014	2,015	2016F	2017F	2018F	2019F	2020F	2021F	2022F	2023F	2024F	2025F
<i>(Btm)</i>															
ASSETS:															
Current assets:	771	819	1,227	1,047	1,409	1,432	683	744	840	949	1,058	1,100	1,146	1,490	2,038
Cash & cash equivalent	450	410	827	676	1,011	1,011	200	200	200	200	200	200	200	200	500
Account receivables	134	195	209	212	202	215	247	279	328	384	439	461	485	507	532
Inventories	53	49	52	55	62	63	72	81	95	111	127	134	141	147	154
Others	134	165	139	103	134	142	164	184	217	254	291	305	321	336	352
Investments & loans	3	2	165	163	163	163	163	163	163	163	163	163	163	163	163
Net fixed assets	9,494	10,122	10,558	11,603	11,632	11,454	11,087	11,788	13,159	14,428	14,820	14,155	13,468	12,758	12,026
Other assets	1,970	1,897	1,766	1,704	1,616	1,720	1,976	2,229	2,620	3,070	3,514	3,688	3,877	4,055	4,254
Total assets	12,238	12,840	13,715	14,517	14,820	14,768	13,909	14,924	16,782	18,610	19,554	19,105	18,653	18,466	18,482
LIABILITIES:															
Current liabilities:	1,445	2,020	2,116	2,716	3,558	2,576	2,517	2,766	3,196	3,701	4,032	3,870	3,751	3,665	3,619
Account payables	175	228	244	254	261	267	307	344	404	473	542	568	598	625	656
Bank overdraft & ST loans	76	262	-	689	1,337	-	-	-	-	-	-	-	-	-	-
Current LT debt	697	820	1,004	1,032	1,281	1,460	1,307	1,362	1,571	1,782	1,844	1,570	1,336	1,137	968
Others current liabilities	497	710	868	741	679	849	903	1,059	1,221	1,445	1,646	1,731	1,818	1,903	1,996
Total LT debt	6,728	6,794	6,028	6,721	5,985	8,343	7,472	7,787	8,980	10,187	10,541	8,971	7,636	6,498	5,531
Others LT liabilities	295	338	342	346	360	383	440	496	583	683	782	820	862	902	946
Total liabilities	8,468	9,152	8,486	9,783	9,903	9,675	8,507	9,120	10,470	11,611	11,754	10,460	9,039	7,787	6,637
Minority interest	181	194	194	180	214	251	294	342	398	465	540	620	703	791	883
Preferred shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Paid-up capital	2,245	2,245	2,475	2,479	2,498	2,498	2,498	2,498	2,498	2,498	2,498	2,498	2,498	2,498	2,498
Share premium	358	360	776	787	836	836	836	836	836	836	836	836	836	836	836
Warrants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus	4	10	12	3	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)
Retained earnings	981	879	1,773	1,286	1,375	1,514	1,780	2,134	2,586	3,206	3,932	4,698	5,583	6,560	7,634
Shareholders' equity	3,589	3,494	5,035	4,554	4,703	4,842	5,108	5,461	5,914	6,534	7,260	8,026	8,911	9,888	10,962
Liabilities & equity	12,238	12,840	13,715	14,517	14,820	14,768	13,909	14,924	16,782	18,610	19,554	19,105	18,653	18,466	18,482

Source: Team's estimates and Company Data

2.11 Cash Flow Statement

Table 2.5: Summary of Cash Flow Statement

(consolidated)	2,011	2,012	2,013	2,014	2,015	2016F	2017F	2018F	2019F	2020F	2021F	2022F	2023F	2024F	2025F
<i>(Btm)</i>															
Earnings before tax	(83)	225	231	(135)	309	379	627	861	1,113	1,489	1,800	1,972	2,233	2,478	2,727
Tax paid	(53)	(111)	(91)	(19)	(99)	(76)	(125)	(172)	(223)	(298)	(360)	(394)	(447)	(496)	(545)
Depreciation & amortization	646	641	665	672	717	779	803	847	932	1,035	1,120	1,165	1,187	1,209	1,232
Chg In working capital	(3)	(3)	(1)	3	11	(9)	(2)	(3)	(3)	(3)	(3)	(1)	(1)	(1)	(1)
Chg In other CA & CL / minorities	93	140	165	(89)	(78)	156	27	131	124	180	157	65	65	65	72
Cash flow from operations	599	891	969	431	860	1,230	1,330	1,663	1,944	2,403	2,714	2,806	3,038	3,256	3,484
Capex	13	(1,270)	(1,101)	(1,717)	(746)	(601)	(436)	(1,548)	(2,304)	(2,304)	(1,512)	(500)	(500)	(500)	(500)
ST loans & investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
LT loans & investments	0	1	(163)	2	0	-	-	-	-	-	-	-	-	-	-
Adj for asset revaluation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Chg In other assets & liabilities	748	110	946	89	106	(75)	(194)	(192)	(299)	(343)	(338)	(129)	(141)	(134)	(151)
Cash flow from investments	761	(1,159)	(318)	(1,627)	(640)	(676)	(630)	(1,739)	(2,602)	(2,647)	(1,850)	(629)	(641)	(634)	(651)
Debt financing	(1,096)	380	(839)	1,413	165	1,199	(1,024)	370	1,402	1,418	416	(1,844)	(1,570)	(1,336)	(1,137)
Capital increase	-	2	646	15	69	(0)	-	-	-	-	-	-	-	-	-
Dividends paid	(180)	(180)	(42)	(99)	(100)	(117)	(183)	(278)	(372)	(495)	(628)	(723)	(808)	(909)	(1,006)
Warrants & other surplus	146	25	2	(285)	(19)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)
Cash flow from financing	(1,130)	228	(234)	1,044	115	1,073	(1,216)	83	1,020	914	(222)	(2,577)	(2,388)	(2,254)	(2,153)
Free cash flow	612	(379)	(132)	(1,286)	114	629	893	115	(360)	100	1,202	2,306	2,538	2,756	2,984

Source: Team's estimates and Company Data

2.12 Financial Ratio

Table 2.6: Summary of Financial Ratio

FY ending Dec	2014	2015	2016F	2017F	2018F	2019F	2020F	2021F	2022F	2023F	2024F	2025F
Normalized PE (x)	na	59.3	43.4	25.1	18.0	13.8	10.3	8.5	7.7	6.8	6.1	5.5
Normalized PE - at target price (x)	na	82.6	60.5	35.1	25.1	19.3	14.3	11.8	10.7	9.4	8.5	7.7
PE (x)	na	58.3	43.4	25.1	18.0	13.8	10.3	8.5	7.7	6.8	6.1	5.5
PE - at target price (x)	na	81.2	60.5	35.1	25.1	19.3	14.3	11.8	10.7	9.4	8.5	7.7
EV/EBITDA (x)	23.2	13.9	12.2	10.6	9.5	8.6	7.9	7.0	6.2	5.5	4.8	4.2
EV/EBITDA - at target price (x)	28.7	17.3	15.0	13.0	11.6	10.4	9.4	8.4	7.4	6.7	6.0	5.3
P/BV (x)	2.5	2.5	2.4	2.3	2.1	2.0	1.8	1.6	1.4	1.3	1.2	1.1
P/BV - at target price (x)	3.5	3.4	3.3	3.2	2.9	2.7	2.5	2.2	2.0	1.8	1.6	1.5
P/CFO (x)	26.7	13.4	9.4	8.7	6.9	5.9	4.8	4.3	4.1	3.8	3.5	3.3
Price/sales (x)	2.7	2.2	2.1	1.8	1.6	1.4	1.2	1.0	1.0	0.9	0.9	0.8
Dividend yield (%)	0.9	0.9	1.2	2.0	2.8	3.6	4.9	6.0	6.6	7.5	8.3	9.1
FCF Yield (%)	(11.2)	1.0	5.5	7.7	1.0	(3.1)	0.9	10.4	20.0	22.0	23.9	25.9
(B1)												
Normalized EPS	(0.1)	0.1	0.1	0.2	0.3	0.3	0.5	0.5	0.6	0.7	0.8	0.8
EPS	(0.0)	0.1	0.1	0.2	0.3	0.3	0.5	0.5	0.6	0.7	0.8	0.8
DPS	0.0	0.0	0.1	0.1	0.1	0.2	0.2	0.3	0.3	0.3	0.4	0.4
BV/share	1.8	1.9	1.9	2.0	2.2	2.4	2.6	2.9	3.2	3.6	4.0	4.4
CFO/share	0.2	0.3	0.5	0.5	0.7	0.8	1.0	1.1	1.1	1.2	1.3	1.4
FCF/share	(0.5)	0.0	0.3	0.4	0.0	(0.1)	0.0	0.5	0.9	1.0	1.1	1.2
FY ending Dec	2014	2015	2016F	2017F	2018F	2019F	2020F	2021F	2022F	2023F	2024F	2025F
Growth Rate												
Sales (%)	(9.7)	23.8	6.4	14.9	12.8	17.6	17.2	14.5	4.9	5.1	4.6	4.9
Net profit (%)	(111.9)	(277.3)	34.4	72.6	39.6	30.2	34.9	21.3	9.8	13.7	11.3	10.3
EPS (%)	(111.6)	(276.9)	34.2	72.6	39.6	30.2	34.9	21.3	9.8	13.7	11.3	10.3
Normalized profit (%)	(206.1)	(244.5)	36.7	72.6	39.6	30.2	34.9	21.3	9.8	13.7	11.3	10.3
Normalized EPS (%)	(203.5)	(244.1)	36.6	72.6	39.6	30.2	34.9	21.3	9.8	13.7	11.3	10.3
Dividend payout ratio (%)	(89.1)	50.5	50.5	50.5	50.5	50.5	50.5	50.5	50.5	50.5	50.5	50.5
Operating performance												
Gross margin (%)	47.9	52.2	54.1	54.1	54.4	54.5	54.5	54.5	54.5	54.5	54.5	54.5
Operating margin (%)	3.7	12.4	15.8	17.1	18.1	18.8	19.3	19.8	19.9	20.1	20.4	20.6
EBITDA margin (%)	19.6	26.1	29.8	29.6	29.8	29.8	29.7	29.6	29.6	29.6	29.6	29.5
Net margin (%)	(3.6)	4.0	5.4	7.8	9.5	10.5	11.9	12.6	13.2	14.2	15.0	15.8
D/E (incl. minor) (x)	1.8	1.7	1.9	1.6	1.6	1.7	1.7	1.6	1.2	0.9	0.7	0.5
Net D/E (incl. minor) (x)	1.6	1.5	1.7	1.6	1.5	1.6	1.7	1.6	1.2	0.9	0.7	0.5
Interest coverage - EBIT (x)	0.4	1.7	1.6	2.1	2.6	2.9	3.1	3.3	3.7	4.7	5.8	7.2
Interest coverage - EBITDA (x)	2.3	3.5	3.0	3.7	4.3	4.6	4.7	5.0	5.5	6.8	8.4	10.3
ROA - using norm profit (%)	(1.0)	1.3	1.8	3.2	4.4	5.3	6.4	7.1	7.7	9.0	10.2	11.3
ROE - using norm profit (%)	(2.8)	4.2	5.6	9.2	12.1	14.7	18.1	19.8	19.6	20.1	20.2	20.0
DuPont												
ROE - using after tax profit (%)	(3.2)	4.5	6.4	10.1	13.0	15.7	19.1	20.9	20.6	21.1	21.1	20.9
- asset turnover (x)	0.3	0.4	0.4	0.4	0.5	0.5	0.6	0.6	0.6	0.7	0.7	0.7
- operating margin (%)	5.3	13.2	16.6	17.8	18.8	19.5	21.2	21.7	21.8	22.0	22.3	22.6
- leverage (x)	2.9	3.2	3.1	2.9	2.7	2.8	2.8	2.8	2.5	2.2	2.0	1.8

Source: Team's estimates and Company Data

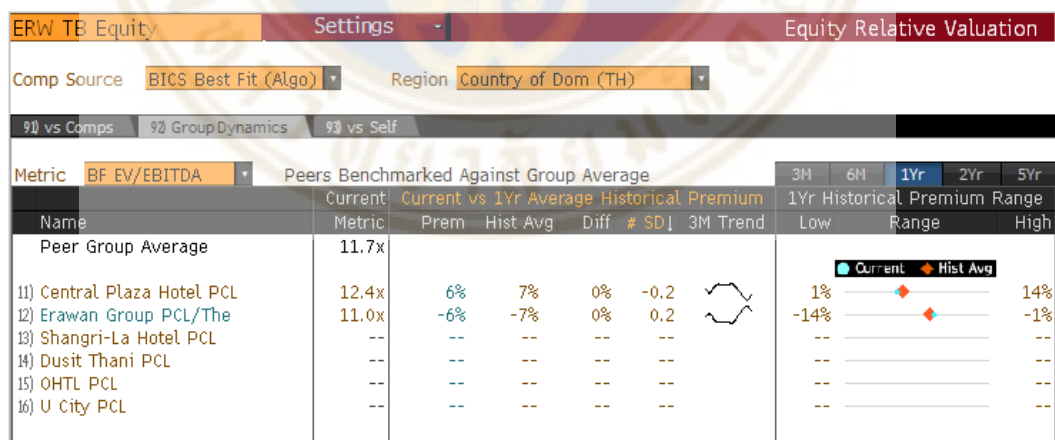
2.13 WACC Analysis

Table 2.7: WACC Analysis

Rf	2.86%
Market Risk Premium	8.60%
Cost of Debt	5.65%
Debt to Total Assets	39.90%
Tax rate	20.00%
Beta	1.00
Cost of Equity	11.5%
WACC	8.69%

Description	Implied rate	Remark
Rf	2.86%	Thai Government Bond 10-yrs
Market Risk Premium	8.60%	Total Equity Risk Premium - Aswath Damodaran (July 2016)
Cost of Debt	5.65%	
Debt to Total Assets	39.90%	Debt = 9,803 MB, Market Value of Equity = 14,768
Tax rate	20.00%	
Beta	1.00	From Bloomberg
Cost of Equity	11.46%	
WACC	8.69%	

2.14 EV/EBITDA Peer Group Average



Source: Bloomberg

Figure 2.6: EV/EBITDA Peer Group Average

REFERENCES

- The Erawan Group Public Company Limited [homepage on the internet]
Available from: <http://www.theerawan.com>
- Bank of Thailand [homepage on the internet]
Available from: <https://www.bot.or.th/English/Pages/default.aspx>
- Thai Bond Market Association [homepage on the internet]
Available from: <http://www.thaibma.or.th>
- SET [homepage on the internet]
Available from: <http://www.set.or.th>
- SETSMART -SET Market Analysis and Reporting Tool [homepage on the internet]
Available from: <http://www.setsmart.com>
- Settrade [homepage on the internet]
Available from: <http://portal.settrade.com>
- SET – Opportunity Day [homepage on the internet]
Available from: <http://www.dcs-digital.com/setweb/>
- SCBEIC Report [homepage on the internet]
Available from: <https://www.scbeic.com/en/home>
- WTTC - Economic Research [homepage on the internet]
Available from: <https://www.wttc.org/research/economic-research>
- Oxford Economics - Travel & tourism data and forecasts [homepage on the internet]
Available from: <https://www.oxfordeconomics.com/tourism>
- STR Global – Hotel Data Worldwide [homepage on the internet]
Available from: <http://www.strglobal.com>
- JLL Thailand Research - Asia Pacific Hotel Investment Highlights [homepage on the internet]
Available from: <http://www.jll.co.th/thailand/en-gb/research/109/asia-pacific-hotel-investment-highlights-h1-2016>
- NSO – Hotel Survey in Thailand [homepage on the internet]
Available from: <http://service.nso.go.th/nso/web/survey/surbus4-4-2.html#>