Central Plaza Hotel (CENTEL TB)

A Brilliant Earnings Outlook For 2H26

Highlights

- We attended CENTEL's analyst meeting to review its 2Q26 results and the tone was very positive.
- Cost of debt continues to decline from refinancing, which is a strong catalyst for CENTEL's earnings.
- Earnings outlook remains brilliant as hotel bookings are strong and the performance of food business is robust. CENTEL remains our top pick in the hotel sector, Maintain BUY with a target price of Bt50.00 (previously Bt45.00)

Analysis

- **Strong positive tone during analyst meeting.** We attended Central Plaza Hotel's (CENTEL) analyst meeting to review its 2Q26 results and the tone was very positive.
- **Strong forward bookings from 3Q26 onwards.** Bangkok will host Gastech, a major global event, in Sep 26, attracting around 50,000 participants from 150 countries. We expect hotels to benefit from strong event-driven demand, with some visitors potentially extending their stays beyond the event. Based on current bookings, Bangkok hotels are expected to deliver robust mid-single-digit yoy RevPar growth in 3Q26. Upcountry hotels should also benefit from short-haul substitution as Chinese arrivals continue to recover strongly, with the Thailand portfolio expected to achieve high-teens RevPar growth. Meanwhile, Maldives RevPar growth should remain strong at high-teens yoy, while improving occupancy of Centara Dubai should support a return to net profit breakeven. If we exclude Dubai and a new hotel in Japan, the overall portfolio RevPar in 3Q26 is expected to show a robust mid-teens growth yoy.
- **Robust food performance in Jul 26 despite pressure.** Thais Help Thais Plus (60/40 copayment scheme), the 2026 domestic consumption stimulus scheme, is a key pressure point for the food business from Jun to Sep 26. This campaign diverts consumer demand away from large businesses as only small businesses are eligible. CENTEL's food business performance in Jun 26 was decent, with same-store sales growth (SSSG) remaining flat, a clear improvement from the previous similar campaign, when SSSG contracted sharply. The performance in Jul 26 is even more encouraging, with a 3% SSSG. This was mainly due to active promotions and launch of new products, which was successful in attracting customers. CENTEL will maintain this strategy for the rest of 2H26.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	23,950	25,051	28,056	30,542	34,712
EBITDA	6,100	6,727	7,423	7,956	8,725
Operating profit	2,810	3,146	3,467	3,814	4,425
Net profit (rep./act.)	1,753	1,993	3,668	2,523	3,010
Net profit (adj.)	1,753	1,993	2,246	2,523	3,010
EPS (Bt)	1.3	1.5	1.7	1.9	2.2
PE (x)	31.6	27.8	24.6	21.9	18.4
P/B (x)	2.7	2.5	2.2	2.1	2.0
EV/EBITDA (x)	13.4	12.2	11.0	10.3	9.4
Dividend yield (%)	1.4	1.6	3.0	2.1	2.5
Net margin (%)	7.3	8.0	13.1	8.3	8.7
Net debt/(cash) to equity (%)	137.7	128.7	103.0	103.3	95.0
Interest cover (x)	8.0	7.4	11.1	10.0	11.2
ROE (%)	8.7	9.2	15.4	9.9	11.2
Consensus net profit (Btm)	-	-	2,450	2,380	2,582
UOBKH/Consensus (x)	-	-	0.92	1.06	1.17

Source: Central Plaza Hotel, Bloomberg, UOB Kay Hian

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BUY (Maintained)

Share Price	Bt41.00
Target Price	Bt50.00
Upside	+22.0%
Previous TP	Bt45.00

Stock Data

Sector	Consumer Discretionary
Bloomberg ticker	CENTEL TB
Shares issued (m)	1,350.0
Market cap (Btm)	55,350.0
Market cap (US$m)	1,670.6
3-mth avg daily t'over (US$m)	5.6

Price Performance (%)

52-week high/low				Bt41.50/Bt25.50
1mth	3mth	6mth	1yr	YTD
12.3	34.4	13.9	46.4	19.7

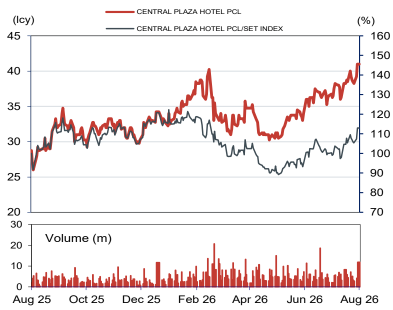
Major Shareholders (%)

Chirathivat Family	64.0
Local Investors	26.0

Balance Sheet Metrics

FY26 NAV/Share (Bt)	18.66
FY26 Net Debt/ Share (Bt)	19.22

Price Chart



Source: Bloomberg

Company Description

CENTEL is a leading hotel operator both in Thailand and overseas, as well as in the quick service restaurant industry in Thailand. CENTEL is part of the Central Group.

- **Lower interest expense from refinancing.** Interest expense in 2Q26 dropped 4.0% qoq and 12.4% yoy despite a higher amount of outstanding loan due to the lower cost of debt from refinancing. For 6M26, CENTEL's cost of debt was 2.9% down significantly from the average cost of 3.4% in 2025. By the end of Sep 26, CENTEL aims to refinance another Bt2.5b loan, which will result in cost of debt being reduced from around 3.0% to around 2.0%. This will provide additional interest savings of around Bt16m per year. Management insists that there will be no prepayment fees incurred from the refinancing. We see this declining cost of debt as a positive catalyst for CENTEL's earnings going forward.
- **Targets to maintain margins in 2H26 for both businesses.** CENTEL's overall EBITDA margin in 2H25 is considered high at 29.6%. Management targets to maintain this high EBITDA margin in 2H26 despite several headwinds. The biggest headwind is rising costs in CENTEL's food business caused by the war. According to management, some plastic costs have softened and CENTEL has placed some orders which will reduce the impact of the rising plastic costs. CENTEL is also closely monitoring the margins of food brands that are conducting promotions. Once the margins are affected by the promotions, CENTEL will switch to a different promotional bundle.

Earnings Revision

- **We revise up our 2026-28 net profit forecasts.** We revise our 2026-28 net profit forecasts up by 83.2%, 12.0%, and 0.2% respectively to reflect the stronger-than-expected performance in 1H26 and take into account the lower interest costs and stronger margins outlook.

Earnings Revision

	--------------- 2026F ---------------			--------------- 2027F ---------------			--------------- 2028F ---------------		
(Btm)	New	Old	% chg	New	Old	% chg	New	Old	% chg
Total revenue	27,107	28,678	-5.5%	29,574	30,790	-4.0%	33,550	34,821	-3.6%
Operating EBITDA	7,423	7,387	0.5%	7,956	7,936	0.3%	8,725	9,132	-4.5%
Core profit	2,246	2,002	12.2%	2,523	2,253	12.0%	3,010	3,005	0.2%
Net profit	3,668	2,002	83.2%	2,523	2,253	12.0%	3,010	3,005	0.2%
Margin	New	Old	ppt chg	New	Old	ppt chg	New	Old	ppt chg
Gross margin	41.8%	41.6%	0.22	41.9%	41.8%	0.16	42.0%	41.8%	0.18
SG&A to sales	32.5%	32.9%	-0.41	32.3%	32.6%	-0.29	32.3%	31.3%	0.99
EBITDA margin	27.4%	25.8%	1.63	26.9%	25.8%	1.13	26.0%	26.2%	-0.22

Source: CENTEL, UOB Kay Hian

Valuation/Recommendation

- **Maintain BUY with a target price of Bt50.00.** Our valuation is rolled over to 2027 EV/EBITDA multiple of 12x, around its five-year historical mean trading level. CENTEL remains our top pick in the sector due to: a) the strong hotel bookings in 3Q26, b) lower cost of debt from refinancing, and c) strong performance from the food business despite headwinds.

Environment, Social, Governance (ESG) Updates

Environmental

- Pledged to achieve net zero emissions by 2050.
- Targeting 20% reduction in greenhouse gas emissions by 2029.
- To eliminate single-use plastics by 2025.

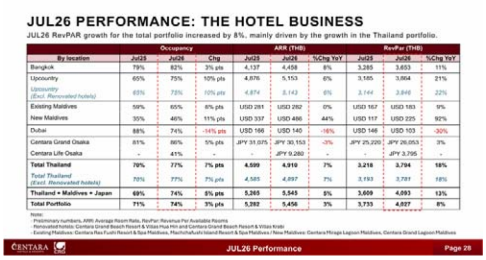
Social

- Conducts human rights assessment of the company, covering the hotel and food businesses.

Governance

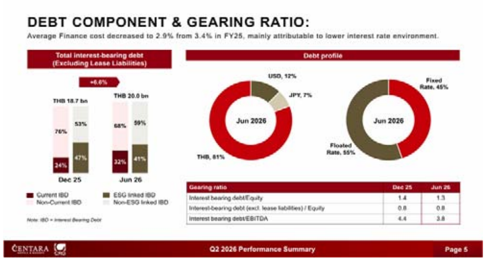
- Risk and governance management committee meets every three months.
- Strictly adheres to requirements and regulations, conducting business with transparency and accountability.

Jul 26 Hotel Performance



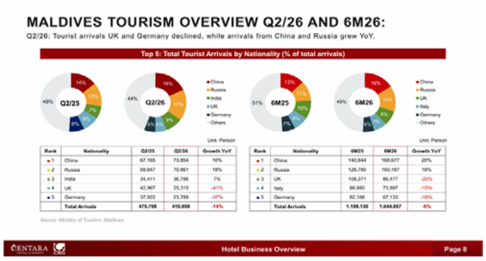
Source: CENTEL

CENTEL'S Debt Profile



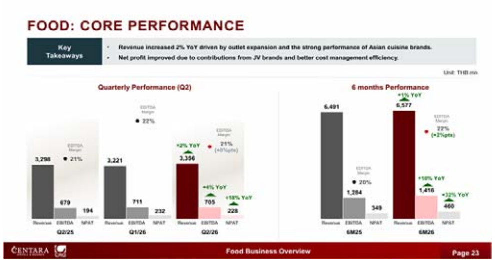
Source: CENTEL

Substitute Market For Maldives



Source: CENTEL

Food Business Performance



Source: CENTEL

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	25,051	28,056	30,542	34,712
EBITDA	6,727	7,423	7,956	8,725
Deprec. & amort.	3,580	3,956	4,141	4,300
EBIT	3,146	3,467	3,814	4,425
Total other non-op. income	0	1,778	0	0
Associate contributions	243	161	210	221
Net interest income/(expense)	(909)	(670)	(792)	(780)
Pre-tax profit	2,481	4,736	3,233	3,865
Tax	(517)	(915)	(605)	(729)
Minorities	29	(153)	(105)	(125)
Net profit	1,993	3,668	2,523	3,010
Net profit (adj.)	1,993	2,246	2,523	3,010

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Fixed assets	49,382	48,709	50,783	52,883
Other LT assets	7,354	7,692	7,913	8,222
Cash/ST investment	2,964	2,965	3,250	5,391
Other current assets	3,029	3,569	3,949	4,575
Total assets	62,728	62,935	65,894	71,071
ST debt	6,090	5,117	5,117	5,617
Other current liabilities	4,707	4,517	4,944	5,745
LT debt	25,708	23,800	25,041	26,283
Other LT liabilities	3,608	3,761	4,091	4,735
Shareholders' equity	22,408	25,184	26,041	27,905
Minority interest	207	556	661	786
Total liabilities & equity	62,728	62,935	65,894	71,071

Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	5,372	7,257	6,816	7,611
Pre-tax profit	2,481	4,736	3,233	3,865
Tax	(517)	(915)	(605)	(729)
Deprec. & amort.	3,580	3,956	4,141	4,300
Associates	(211)	(579)	110	277
Working capital changes	40	(152)	(63)	(102)
Non-cash items	242	371	210	221
Other operating cashflows	(5,394)	(3,469)	(6,105)	(6,066)
Investing	(4,357)	(3,284)	(6,214)	(6,400)
Capex (growth)	6,243	6,307	6,391	6,480
Investment	(7,280)	(6,492)	(6,282)	(6,145)
Others	309	(3,787)	(426)	596
Financing	(797)	(906)	(1,667)	(1,146)
Dividend payments	607	(2,882)	1,241	1,743
Proceeds from borrowings	498	0	0	0
Others/interest paid	287	1	285	2,141
Net cash inflow (outflow)	2,677	2,964	2,965	3,250
Beginning cash & cash equiv.	2,964	2,965	3,250	5,391
Ending cash & cash equiv.	5,372	7,257	6,816	7,611

Key Metric

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	26.9	26.5	26.0	25.1
Pre-tax margin	9.9	16.9	10.6	11.1
Net margin	8.0	13.1	8.3	8.7
ROA	3.2	5.8	3.9	4.4
ROE	9.2	15.4	9.9	11.2
Growth (% yoy)				
Turnover	4.6	12.0	8.9	13.7
EBITDA	10.3	10.4	7.2	9.7
Pre-tax profit	13.6	90.9	(31.7)	19.6
Net profit	13.7	84.1	(31.2)	19.3
Net profit (adj.)	13.7	12.7	12.3	19.3
EPS	13.7	12.7	12.3	19.3
Leverage				
Debt to total capital	58.4	52.9	53.0	52.6
Debt to equity	141.9	114.8	115.8	114.3
Net debt/(cash) to equity	128.7	103.0	103.3	95.0
Interest cover (x)	7.4	11.1	10.0	11.2