Central Plaza Hotel (CENTEL TB)

Expect Robust 3Q26 Earnings Supported By Strong RevPar Growth

Highlights

- We attended CENTEL's analyst meeting to review its 3Q26 results and the tone was 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 the food business is robust. CENTEL remains our top pick of the hotel sector. Maintain BUY with a target price of Bt58.00 (previously Bt45.00).

Analysis

- **Positive tone from analyst meeting.** We attended Central Plaza Hotel's (CENTEL) analyst meeting to review its 3Q26 results and the tone was positive.
- **Early picture of 2027 growth.** Management provided an early picture of the 2027 growth guideline, with two hotels reopening after major renovations, Centara Reserve Krabi planned to reopen in Mar 27 and Centara Grand Huahin planned to reopen in Sep 27 and expected to become the key growth contributors. The hotel business aims primarily to achieve mid- to high single-digit growth yoy in RevPar, while the food business aims to achieve same-store-sales-growth (SSSG) of mid-single-digit. The growth of the hotel business will be mainly driven by the uplift of average daily room rate (ADR) at Centara Reserve Krabi and further ramp up of occupancy rate at two new hotels at the Maldives.
- **Bookings in 4Q26 remains strong.** The hotel performance in Oct 26 remains at a healthy level. Hotels in Bangkok and the Maldives are showing strong RevPar growth yoy, which offset the soft performance of the upcountry and Japan hotels. Excluding Dubai and the new hotel in Japan, the Oct 26 portfolio RevPar has shown 2% yoy growth. Based on the current bookings, we could see the momentum of RevPar growth strengthen in the festive period of Nov-Dec 26. RevPar growth in Nov 26 and Dec 26 is expected to show mid-single-digit and high-teens growth yoy. Hotels in Bangkok should benefit from high demand during the festive period and the Tomorrowland Pattaya should provide a traffic boost to upcountry hotels in Pattaya. If we exclude Dubai and a new hotel in Japan, the overall portfolio RevPar in 4Q26 is expected to show high single-digit growth yoy.

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)	34.7	30.5	27.0	24.1	20.2
P/B (x)	2.9	2.7	2.4	2.3	2.2
EV/EBITDA (x)	14.3	13.0	11.8	11.0	10.0
Dividend yield (%)	1.3	1.5	2.7	1.9	2.3
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)	-	-	2,854	2,558	2,798
UOBKH/Consensus (x)	-	-	0.79	0.99	1.08

Source: Central Plaza Hotel, Bloomberg, UOB Kay Hian

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BUY (Maintained)

Share Price	Bt45.00
Target Price	Bt58.00
Upside	+28.9%

Stock Data

Sector	Consumer Discretionary
Bloomberg ticker	CENTEL TB
Shares issued (m)	1,350.0
Market cap (Btm)	60,750.0
Market cap (US$m)	1,792.6
3-mth avg daily t'over (US$m)	3.5

Price Performance (%)

52-week high/low				Bt47.50/Bt29.50
1mth	3mth	6mth	1yr	YTD
2.3	9.8	44.0	38.5	31.4

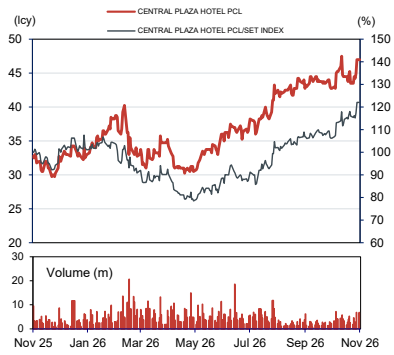
Major Shareholders (%)

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.

- **Promising outlook for the food business in 4Q26.** The "Thais Help Thais Plus" (60/40) scheme, has been a key headwind for CENTEL's food business. However, the spending quota of the scheme during Oct-Nov 26 should have already ran out. The SSSG in Oct 26 surged by mid-single digit, which is considered very promising. The same momentum persists into the first 10 days in Nov 26, with the food business having also shown SSSG of mid-single digit. This is a great indicator for a strong 4Q26 outlook of food business during the festive period. CENTEL usually launch new premium-priced festive menus during this high demand period. CENTEL should be able to maintain the margins of food business if the sales are still going well as planned. Hence, we expect to see good performance from food business in 4Q26.
- **Declining interest expenses from refinancing to boost 4Q26 earnings.** CENTEL's interest expenses declined by 2.7% qoq and 12.2% yoy in 3Q26, despite a higher outstanding loan balance, reflecting a lower cost of debt following refinancing. For 9M26, its cost of debt stood at 2.9%, down significantly from the 2025 average of 3.4%. At the end of Sep 26, CENTEL refinanced an additional Bt2.5b loan, reducing its borrowing cost from around 3.0% to 2.0% and generating annual interest savings of approximately Bt16m. Management confirmed that no prepayment fees would be incurred. CENTEL had also issued new bond tranches amounting to Bt2.6b, which are expected to provide additional annual interest savings of Bt24m. These savings will take effect from 4Q26 onwards, and we view the declining cost of debt as a positive catalyst for CENTEL's future earnings. Meanwhile for 2027, management expects the debt cost to remain flattish at 2.8-2.9%.
- **Expect some pre-opening expenses and write-offs in 4Q26-1Q27.** As the Centara Reserve Krabi will reopen in Mar 27, there will be some pre-opening expenses of Bt40m incurred throughout 4Q26-1Q27. Moreover, in 4Q26, there will be an impairment of some assets of around Bt120m-130m at the Centara Reserve Samui prior to its reopening. We see this as a normal capex cycle of the hotel business and these items do not impact our earnings forecast.

Valuation/Recommendation

- **Maintain BUY with a target price of Bt58.00.** Our valuation is based on 2027 EV/EBITDA multiple of 13x, 1SD above its five-year historical mean trading level. CENTEL remains one of our top picks in the sector due to: a) the hotel bookings in 4Q26 continuing to strengthen, b) the food business gaining momentum over the festive period in 4Q26, and c) the cost of debt trending downwards.

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.

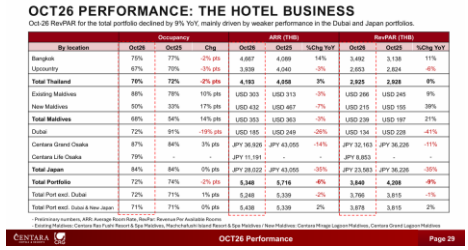
Social

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

Governance

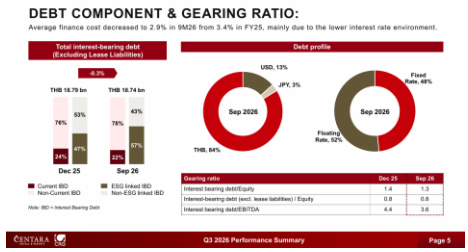
- Risk and governance management committee meets every three months.
- Strictly adheres to requirements and regulations, conducting business with transparency and accountability.

Oct 26 Performance



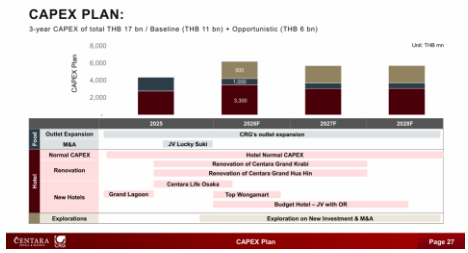
Source: CENTEL

Debt Profile



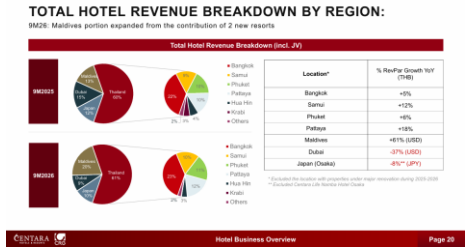
Source: CENTEL

Expansion Timeline



Source: CENTEL

Hotel Revenue Breakdown By Region



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

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