



Tourism sector

Recovery intact

Key message

Although recovery in tourist arrivals and hotel room rates hasn't been as robust as expected, we stand by our view that hotel operators in Taiwan will benefit from increasing inbound tourists and peak season for large functions in 4Q23F. In fact, we believe recovery of the tourism industry will most likely extend to 2024F as international travel is buoyant. Also, relaxation of entry for Chinese visitors is a potential catalyst that could drive a share re-rating among hospitality businesses. We maintain Outperform on Formosa International Hotel (FIH; 2707 TT, NT\$218.0, OP), My Humble House (MHH; 2739 TT, NT\$41.3, OP) and FDC International Hotels (2748 TT, NT\$73.3, OP) with a respective updated target price of NT\$285, NT\$54 and NT\$96, on 2024F PE of 20x, 16x and 20x, versus a historical band of 8-40x.

Event

Although recovery in tourist arrivals and hotel room rates hasn't been as robust as expected, we stand by our view that hotel operators in Taiwan will benefit from increasing inbound tourists and peak season for large functions in 4Q23F. In fact, we believe recovery of the tourism industry will most likely extend to 2024F as international travel is buoyant. Also, relaxation of entry for Chinese visitors is a potential catalyst that could drive a share re-rating among hospitality businesses.

Impact

Sector to pick up steam in 4Q23F. Taiwan saw tourist arrivals increase 42% QoQ to only half of pre-pandemic levels in 2Q23; thus, national and Taipei City average hotel room rates fell a respective 7% and 2% QoQ, suggesting recovery hasn't been as strong as expected. However, as the number of inbound international flights increases, and as large conventions and banquets are being held again, we expect hotel operators to capitalize on favorable seasonality in 4Q23F. Specifically, we estimate the occupancy rates of hotels operated by Formosa International Hotel (FIH; 2707 TT, NT\$218.0, OP), My Humble House (MHH; 2739 TT, NT\$41.3, OP) and FDC International Hotels (2748 TT, NT\$73.3, OP) in urban areas will rise 3-5ppts QoQ, while room rates may pick up 4-5% QoQ and 48-67% YoY in 4Q23F. Coupled with the resumption of seminars, conventions, weddings and corporate year-end banquets, we expect increasing accommodation and catering demand to drive further sales and margin growth for local hotel operators in 4Q23F.

Recovery may extend to 2024F. Based on latest earnings results, international hotel operators such as Marriot (US), Hilton (US) and IHG (UK) reported 4-7% YoY growth in revenue per available room (RevPAR) in the US/ North America market, which were also above 2Q19 levels by 4-9%, as demand for traveling and accommodation continues to grow at a steady pace almost two years after economic re-opening. Many hotel operators have recently revised up full-year financial guidance, which management attributes to robust travel demand. We believe Taiwanese hotel operators will be able to replicate the success story of international peers, and enjoy share price gains underpinned by robust RevPAR. Shares of FIH, MHH and FDC International Hotels have pulled back a respective 27%, 41% and 22% over the past three months as the recovery in tourist arrivals after border re-opening has been milder than expected. That said, considering that monthly tourist arrivals are only about 50% of 2019 levels, we think industry recovery will be more sustainable, with RevPAR reaching 2019 levels by 1Q24F and with momentum likely to extend to 2024F.

Stocks for Action

We revise down 2023F earnings of FIH, MHH and FDC International Hotels by 13%, 14% and 22%, respectively, reflecting milder-than-expected room rate upticks. However, we believe operations will grow QoQ in 4Q23F on the back of increasing tourist arrivals and peak season for large functions. Solid RevPAR growth and share price rallies of international peers on top of the fact that recent tourist arrivals are only about 50% of pre-pandemic levels also suggest that recovery momentum will most likely extend to 2024F, driving 21%, 21% and 59% earnings growth for FIH, MHH and FDC International Hotels, respectively. As such, we maintain our positive view on local hotel operators, and reiterate Outperform on FIH, MHH and FDC International Hotels with a respective updated target price of NT\$285, NT\$54 and NT\$96, on 2024F PE of 20x, 16x and 20x, versus a historical band of 8-40x. Currently, we prefer FIH and FDC International Hotels over MHH, as the latter is more focused on resort-type

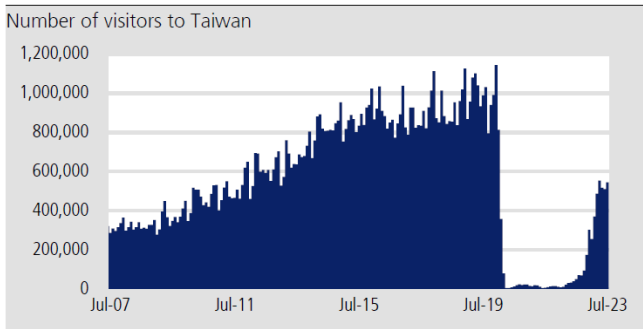
hotels, which are more affected by waning domestic travel demand as a result of the resumption of international travel.

Risks

Pandemic resurgence; slower-than-expected recovery of air passenger traffic.

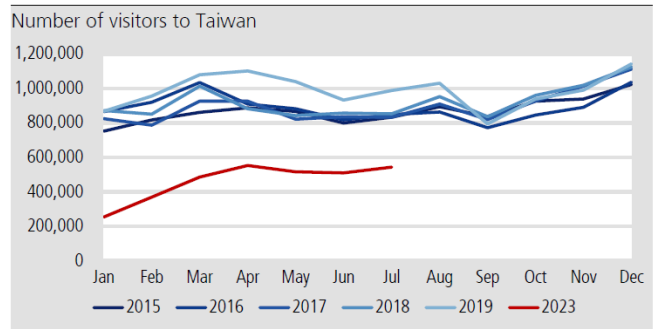
Glimmer of hope in border opening to Chinese visitors. Visitors from China represented a large part (up to 40%) of tourist arrivals to Taiwan between 2010-19; however, due to rising tensions between China and Taiwan, and the outbreak of the COVID-19 pandemic, the number of Chinese tourists arriving in Taiwan has plunged to 26k per month, accounting for 5% of total arrivals. Taiwan recently announced that it intends to relax travel restrictions against Chinese group visitors with a maximum arrival quota of 2,000 people per day. While the policy also requires the good will of the Chinese government to be able to proceed, which we do not expect to happen before Taiwan’s presidential election in 2024, we note that it’s a positive sign that cross-strait travel bans could be over. Our back-of-the-envelope estimate is that the daily arrival of 2,000 Chinese group visitors will boost the hotel occupancy rate by 4-5ppts, assuming each visitor stays for six days, and if the number of Chinese visitors recovers fully to the 2019 level, the overall hotel occupancy rate in Taiwan will climb 18ppts, creating revenue of NT\$7.2bn for hotels. As such, we see further border relaxation or full opening to Chinese visitors as an enormous business opportunity for Taiwanese hotel operators, which, should it come to pass, will boost the valuations of hotel stocks.

Figure 1: Tourist arrivals are rising moderately



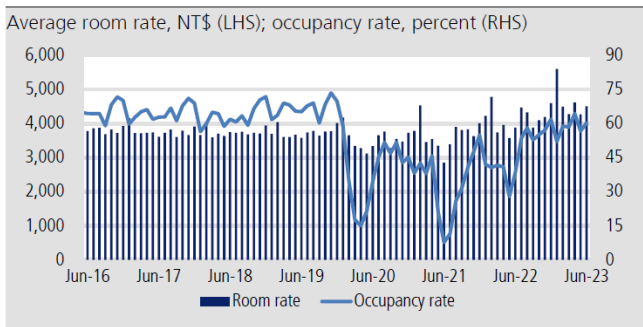
Source: Tourism Bureau, MOTC; KGI Research

Figure 2: 4Q is peak season for inbound travel to Taiwan



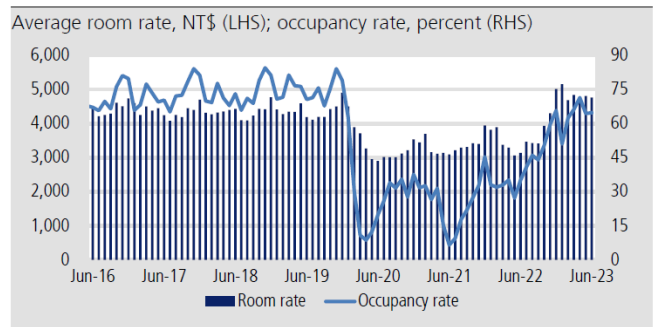
Source: Tourism Bureau, MOTC; KGI Research

Figure 3: Taiwan hotel room rate versus occupancy rate



Source: Tourism Bureau, MOTC; KGI Research

Figure 4: Taipei hotel room rate versus occupancy rate



Source: Tourism Bureau, MOTC; KGI Research

Figure 5: FIH – Breakdown of 2Q23 results and 3Q23 forecast revisions versus consensus

NT\$m	2Q23						3Q23F							
	Actual	KGI forecast	Diff. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)
Sales	1,599	1,697	(5.8)	(8.1)	53.4	1,643	(2.7)	1,663	1,833	(9.3)	4.0	12.9	1,777	(6.4)
Gross profit	586	664	(11.7)	(10.1)	120.8	630	(7.0)	652	784	(16.8)	11.2	23.6	709	(8.0)
Operating profit	426	499	(14.7)	(13.4)	288.8	456	(6.6)	489	611	(20.0)	14.8	38.2	517	(5.5)
Pretax Income	474	504	(6.1)	(2.5)	192.1	480	(1.3)	494	616	(19.8)	4.3	35.5	529	(6.6)
Net income	344	373	(7.9)	(5.0)	289.9	365	(5.8)	360	450	(20.1)	4.8	36.6	399	(9.7)
EPS (NT\$)	2.70	2.93	(7.9)	(5.0)	289.9	2.86	(5.8)	2.83	3.54	(20.1)	4.8	36.6	3.13	(9.7)
Gross margin (%)	36.7	39.1	(2.5) ppts	(0.8) ppts	11.2 ppts	38.4	(1.7) ppts	39.2	42.8	(3.5) ppts	2.6 ppts	3.4 ppts	39.9	(0.7) ppts
OP margin (%)	26.6	29.4	(2.8) ppts	(1.7) ppts	16.1 ppts	27.7	(1.1) ppts	29.4	33.4	(3.9) ppts	2.8 ppts	5.4 ppts	29.1	0.3 ppts
Net margin (%)	21.5	22.0	(0.5) ppts	0.7 ppts	13.0 ppts	22.2	(0.7) ppts	21.7	24.6	(2.9) ppts	0.2 ppts	3.8 ppts	22.4	(0.8) ppts

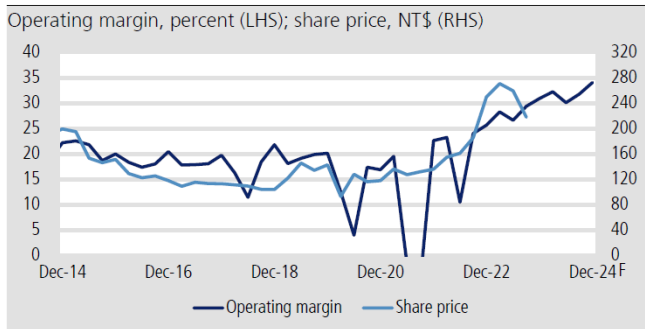
Source: Bloomberg; KGI Research

Figure 6: FIH - Breakdown of 2023-25 forecast revisions versus consensus

NT\$m	2023F						2024F						2025F					
	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)
Sales	6,856	7,245	(5.4)	22.5	7,061	(2.9)	7,424	7,949	(6.6)	8.3	7,611	(2.5)	8,043	8,426	(4.5)	8.3	8,160	(1.4)
Gross profit	2,637	2,984	(11.6)	41.4	2,756	(4.3)	3,077	3,590	(14.3)	16.7	3,124	(1.5)	3,479	3,863	(9.9)	13.1	3,668	(5.1)
Operating profit	1,981	2,311	(14.3)	62.3	2,037	(2.7)	2,386	2,889	(17.4)	20.4	2,381	0.2	2,749	3,139	(12.4)	15.2	2,885	(4.7)
Pretax profit	2,043	2,331	(12.3)	56.7	2,082	(1.8)	2,433	2,936	(17.1)	19.1	2,453	(0.8)	2,812	3,203	(12.2)	15.6	2,945	(4.5)
Net profit	1,500	1,718	(12.7)	66.1	1,571	(4.5)	1,814	2,182	(16.9)	21.0	1,864	(2.7)	2,094	2,370	(11.7)	15.4	2,260	(7.3)
EPS (NT\$)	11.77	13.49	(12.7)	66.1	12.33	(4.5)	14.24	17.13	(16.9)	21.0	14.63	(2.7)	16.43	18.60	(11.7)	15.4	17.74	(7.3)
Gross margin (%)	38.5	41.2	(2.7) ppts	5.1 ppts	39.0	(0.6) ppts	41.5	45.2	(3.7) ppts	3.0 ppts	41.1	0.4 ppts	43.3	45.8	(2.6) ppts	1.8 ppts	45.0	(1.7) ppts
OP margin (%)	28.9	31.9	(3.0) ppts	7.1 ppts	28.8	0.1 ppts	32.1	36.3	(4.2) ppts	3.2 ppts	31.3	0.9 ppts	34.2	37.3	(3.1) ppts	2.0 ppts	35.3	(1.2) ppts
Net margin (%)	21.9	23.7	(1.8) ppts	5.7 ppts	22.2	(0.4) ppts	24.4	27.5	(3.0) ppts	2.6 ppts	24.5	(0.1) ppts	26.0	28.1	(2.1) ppts	1.6 ppts	27.7	(1.7) ppts

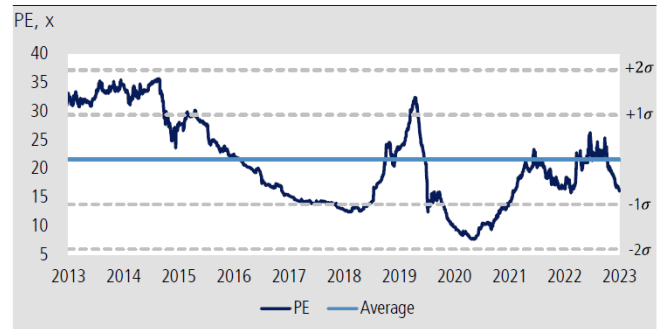
Source: Bloomberg; KGI Research

Figure 7: A rebound in operating margin bodes well for share performance



Source: TEJ; KGI Research

Figure 8: FIH's PE below average



Source: TEJ; KGI Research

Figure 9: MHH - Breakdown of 2Q23 results and 3Q23 forecast revisions versus consensus

NT\$m	2023								3Q23F							
	Actual	KGI forecast	Diff. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)		
Sales	1,107	1,122	(1.4)	(7.4)	110.9	1,082	2.4	1,125	1,158	(2.8)	1.6	25.5	1,106	1.8		
Gross profit	410	394	3.9	(10.4)	-	399	2.6	411	409	0.6	0.4	66.8	410	0.4		
Operating profit	84	80	4.6	(41.7)	-	92	(9.0)	90	85	5.8	8.0	-	97	(6.8)		
Pretax Income	45	30	48.8	(55.0)	-	45	0.5	41	36	13.7	(9.9)	-	50	(18.5)		
Net income	39	24	60.6	(52.4)	-	36	8.5	32	29	10.9	(18.6)	-	41	(21.5)		
EPS (NT\$)	0.43	0.27	60.6	(52.0)	-	0.37	16.2	0.35	0.31	10.9	(19.3)	-	0.41	(15.3)		
Gross margin (%)	37.0	35.1	1.9 ppts	(1.3) ppts	40.3 ppts	36.9	0.1 ppts	36.5	35.3	1.3 ppts	(0.5) ppts	9.0 ppts	37.1	(0.5) ppts		
OP margin (%)	7.6	7.1	0.4 ppts	(4.5) ppts	67.1 ppts	8.5	(0.9) ppts	8.0	7.4	0.7 ppts	0.5 ppts	13.6 ppts	8.8	(0.7) ppts		
Net margin (%)	3.5	2.2	1.4 ppts	(3.3) ppts	60.7 ppts	3.3	0.2 ppts	2.8	2.5	0.3 ppts	(0.7) ppts	12.4 ppts	3.7	(0.8) ppts		

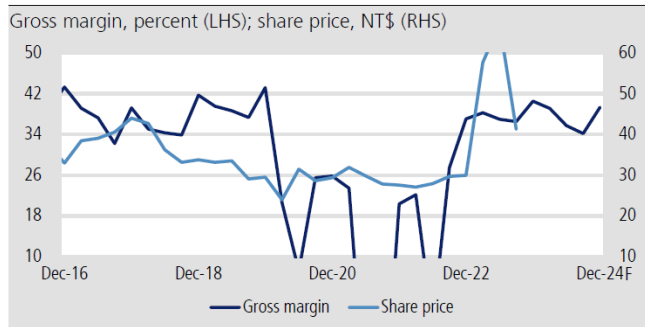
Source: Bloomberg; KGI Research

Figure 10: MHH - Breakdown of 2023-25 forecast revisions versus consensus

NT\$m	2023F						2024F						2025F			
	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	YoY (%)
Sales	4,772	4,861	(1.8)	39.5	4,741	0.7	5,212	5,427	(4.0)	9.2	5,222	(0.2)	5,461	5,694	(4.1)	4.8
Gross profit	1,823	1,790	1.8	114.5	1,811	0.7	1,941	2,030	(4.4)	6.5	2,044	(5.0)	2,044	2,151	(5.0)	5.3
Operating profit	520	499	4.2	-	518	0.5	584	617	(5.3)	12.4	614	(4.8)	677	726	(6.8)	15.8
Pretax profit	321	301	6.9	-	340	(5.3)	399	431	(7.6)	24.0	442	(9.8)	506	555	(8.8)	26.9
Net profit	258	301	(14.2)	-	306	(15.6)	311	431	(27.9)	20.5	397	(21.6)	395	555	(28.9)	26.9
EPS (NT\$)	2.82	3.28	(14.2)	-	2.86	(1.5)	3.40	4.71	(27.9)	20.5	3.62	(6.1)	4.31	6.06	(28.9)	26.9
Gross margin (%)	38.2	36.8	1.4 ppts	13.4 ppts	38.2	0.0 ppts	37.2	37.4	(0.2) ppts	(1.0) ppts	39.2	(1.9) ppts	37.4	37.8	(0.4) ppts	0.2 ppts
OP margin (%)	10.9	10.3	0.6 ppts	17.6 ppts	10.9	(0.0) ppts	11.2	11.4	(0.2) ppts	0.3 ppts	11.8	(0.5) ppts	12.4	12.7	(0.4) ppts	1.2 ppts
Net margin (%)	5.4	6.2	(0.8) ppts	15.3 ppts	6.4	(1.0) ppts	6.0	7.9	(2.0) ppts	0.6 ppts	7.6	(1.6) ppts	7.2	9.7	(2.5) ppts	1.3 ppts

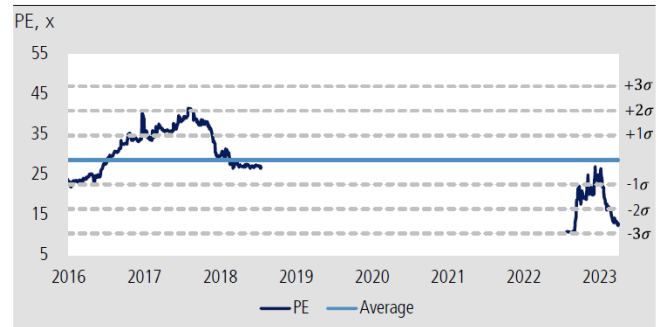
Source: Bloomberg; KGI Research

Figure 11: Gross margin growth will push up shares



Source: TEJ; KGI Research

Figure 12: MHH's PE at the low end



Source: TEJ; KGI Research

Figure 13: FDC International Hotels - Breakdown of 2Q23 results and 3Q23 forecast revisions versus consensus

NT\$m	2Q23								3Q23F							
	Actual	KGI forecast	Diff. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	QoQ (%)	YoY (%)	Consensus	Diff. (%)		
Sales	483	541	(10.9)	(22.5)	43.2	535	(9.7)	544	589	(7.6)	12.7	6.8	618	(12.0)		
Gross profit	130	180	(27.7)	(39.9)	179.5	177	(26.3)	186	232	(19.7)	42.9	15.9	221	(15.7)		
Operating profit	29	77	(62.7)	(72.5)	-	76	(61.9)	83	123	(32.5)	186.9	46.4	113	(26.7)		
Pretax income	49	77	(36.9)	(53.4)	-	73	(32.9)	83	123	(32.7)	69.5	49.4	116	(29.0)		
Net income	36	61	(40.6)	(56.3)	-	58	(37.2)	66	98	(32.7)	80.1	48.9	93	(29.5)		
EPS (NT\$)	0.35	0.60	(40.6)	(58.9)	-	0.57	(37.3)	0.64	0.95	(32.7)	80.1	30.9	0.89	(27.9)		
Gross margin (%)	27.0	33.3	(6.3) ppts	(7.8) ppts	13.2 ppts	33.1	(6.1) ppts	34.3	39.4	(5.1) ppts	7.2 ppts	2.7 ppts	35.8	(1.5) ppts		
OP margin (%)	6.0	14.3	(8.3) ppts	(10.9) ppts	15.3 ppts	14.2	(8.2) ppts	15.3	20.9	(5.6) ppts	9.3 ppts	4.1 ppts	18.3	(3.1) ppts		
Net margin (%)	7.5	11.3	(3.8) ppts	(5.8) ppts	16.9 ppts	10.9	(3.3) ppts	12.1	16.6	(4.5) ppts	4.5 ppts	3.4 ppts	15.0	(3.0) ppts		

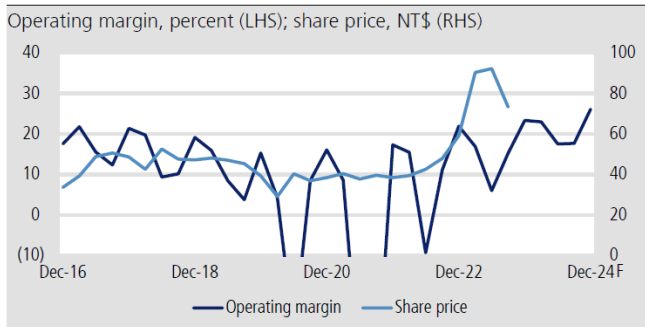
Source: Bloomberg; KGI Research

Figure 14: FDC International Hotels - Breakdown of 2023-25 forecast revisions versus consensus

NT\$m	2023F						2024F						2025F					
	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)	Revision	Previous	Chg. (%)	YoY (%)	Consensus	Diff. (%)
Sales	2,410	2,550	(5.5)	16.2	2,524	(4.5)	2,841	3,066	(7.3)	17.9	3,063	(7.2)	3,122	3,307	(5.6)	9.9	3,376	(7.5)
Gross profit	829	943	(12.1)	28.9	892	(7.0)	1,099	1,220	(9.9)	32.6	1,137	(3.3)	1,280	1,354	(5.5)	16.5	1,328	(3.6)
Operating profit	395	500	(21.1)	52.1	458	(13.9)	613	711	(13.8)	55.3	652	(6.0)	768	821	(6.5)	25.3	761	0.5
Pretax profit	393	499	(21.2)	56.9	472	(16.8)	618	717	(13.8)	57.4	655	(5.6)	781	836	(6.6)	26.3	776	0.7
Net profit	310	397	(21.8)	55.4	377	(17.8)	492	570	(13.8)	58.5	523	(6.0)	621	664	(6.6)	26.3	618	0.5
EPS (NT\$)	3.06	3.91	(21.8)	39.1	3.64	(16.0)	4.79	5.56	(13.8)	56.6	4.98	(3.8)	6.05	6.48	(6.6)	26.3	6.03	0.5
Gross margin (%)	34.4	37.0	(2.6) ppts	3.4 ppts	35.3	(0.9) ppts	38.7	39.8	(1.1) ppts	4.3 ppts	37.1	1.6 ppts	41.0	40.9	0.1 ppts	2.3 ppts	39.4	1.7 ppt
OP margin (%)	16.4	19.6	(3.2) ppts	3.9 ppts	18.2	(1.8) ppts	21.6	23.2	(1.6) ppts	5.2 ppts	21.3	0.3 ppts	24.6	24.8	(0.3) ppts	3.0 ppts	22.5	2.0 ppt
Net margin (%)	12.9	15.5	(2.7) ppts	3.2 ppts	14.9	(2.1) ppts	17.3	18.6	(1.3) ppts	4.4 ppts	17.1	0.2 ppts	19.9	20.1	(0.2) ppts	2.6 ppts	18.3	1.6 ppt

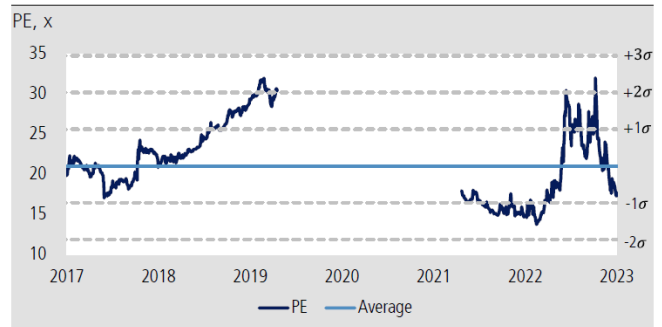
Source: Bloomberg; KGI Research

Figure 15: Operating margin growth will drive share upticks



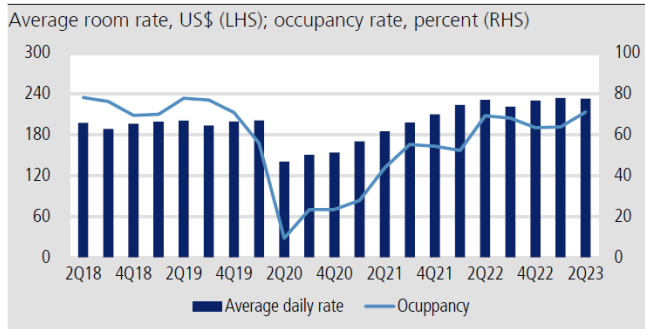
Source: TEJ; KGI Research

Figure 16: FDC's PE in the mid-to-low end of trading range



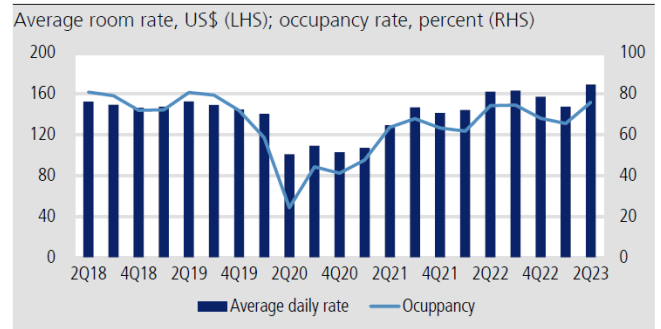
Source: TEJ; KGI Research

Figure 17: Marriot's average room rate in North America has surpassed pre-pandemic level



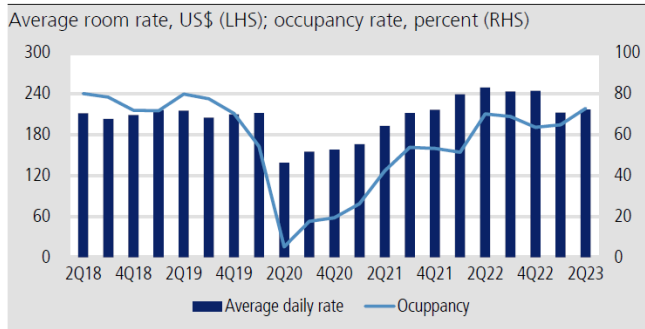
Source: Company data; KGI Research

Figure 18: Hilton's average room rate in North America hit a record high



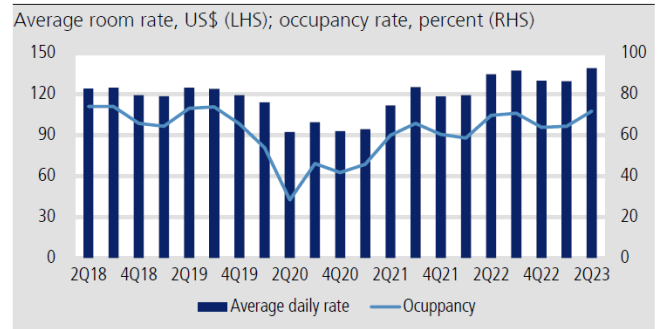
Source: Company data; KGI Research

Figure 19: Hyatt's occupancy rate in Americas on the rise



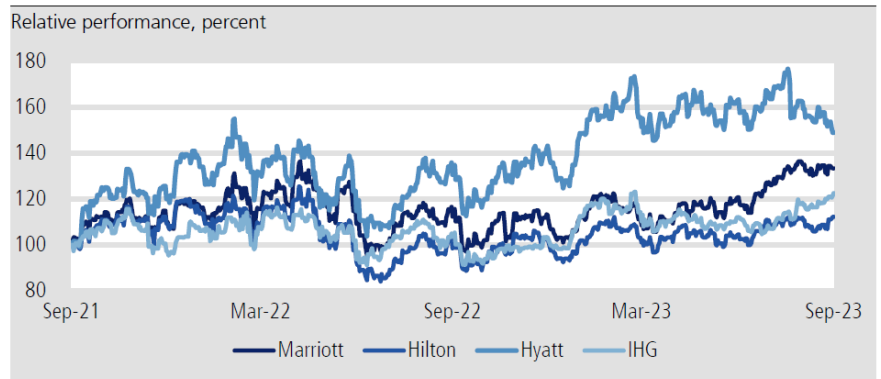
Source: Company data; KGI Research

Figure 20: IHG's room rate in Americas beyond 2019 level



Source: Company data; KGI Research

Figure 21: International peers have seen share prices pick up after re-opening



Source: Bloomberg; KGI Research

Figure 22: Number of Chinese visitors to Taiwan declined markedly after 2019



Source: Tourism Bureau, MOTC; KGI Research

Figure 23: China was the primary source of foreign visitors to Taiwan before the COVID-19 pandemic



Source: Tourism Bureau, MOTC; KGI Research

Formosa Intl Hotels (2707 TT)

Income statement

	Quarterly								Annually		
	Mar-23A	Jun-23A	Sep-23F	Dec-23F	Mar-24F	Jun-24F	Sep-24F	Dec-24F	Dec-23F	Dec-24F	Dec-25F
Income statement (NT\$m)											
Revenue	1,739	1,599	1,663	1,856	1,919	1,707	1,792	2,006	6,856	7,424	8,043
Cost of goods sold	(1,087)	(1,013)	(1,011)	(1,109)	(1,121)	(1,026)	(1,056)	(1,144)	(4,219)	(4,347)	(4,563)
Gross profit	652	586	652	747	798	681	736	862	2,637	3,077	3,479
Operating expenses	(160)	(160)	(163)	(173)	(178)	(167)	(167)	(179)	(655)	(691)	(731)
Operating profit	492	426	489	574	619	514	570	684	1,981	2,386	2,749
Depreciation of fixed assets	(150)	(148)	(235)	(405)	(240)	(240)	(240)	(240)	(939)	(959)	(980)
Amortisation of intangible assets	-	-	-	-	-	-	-	-	-	-	-
EBITDA	642	574	724	980	859	754	809	923	2,920	3,345	3,728
Interest income	9	22	14	20	21	21	21	21	65	85	102
Investment income	3	4	3	4	3	3	3	3	14	14	14
Other non-op income	3	7	8	10	8	8	8	8	28	30	30
Non-operating income	16	33	25	33	32	32	32	32	107	129	146
Interest expense	(13)	(13)	(15)	(18)	(16)	(16)	(16)	(16)	(59)	(62)	(62)
Investment loss	-	-	-	-	-	-	-	-	-	-	-
Other non-op expenses	(9)	28	(5)	0	(5)	(5)	(5)	(5)	15	(20)	(20)
Non-operating expenses	(22)	15	(20)	(18)	(21)	(21)	(21)	(21)	(45)	(82)	(82)
Pre-tax profit	486	474	494	590	631	526	581	695	2,043	2,433	2,812
Current taxation	(99)	(101)	(104)	(124)	(132)	(110)	(122)	(146)	(427)	(511)	(591)
Minorities	(26)	(29)	(30)	(32)	(26)	(20)	(30)	(32)	(117)	(108)	(128)
Normalised net profit	362	344	360	434	472	395	429	517	1,500	1,814	2,094
Extraordinary items	(0)	(0)	-	0	-	-	-	-	-	-	-
Net profit	362	344	360	434	472	395	429	517	1,500	1,814	2,094
EPS (NT\$)	2.84	2.70	2.83	3.41	3.71	3.10	3.37	4.06	11.77	14.24	16.43
Margins (%)											
Gross profit margin	37.5	36.7	39.2	40.2	41.6	39.9	41.1	43.0	38.5	41.5	43.3
Operating margin	28.3	26.6	29.4	30.9	32.3	30.1	31.8	34.1	28.9	32.1	34.2
EBITDA margin	36.9	35.9	43.5	52.8	44.8	44.2	45.2	46.0	42.6	45.1	46.4
Pretax profit margin	27.9	29.6	29.7	31.8	32.9	30.8	32.4	34.7	29.8	32.8	35.0
Net profit margin	20.8	21.5	21.7	23.4	24.6	23.2	24.0	25.8	21.9	24.4	26.0
Sequential growth (%)											
Revenue growth	4.6	(8.1)	4.0	11.6	3.4	(11.1)	5.0	11.9			
Gross profit growth	10.6	(10.1)	11.2	14.5	6.8	(14.6)	8.1	17.1			
Operating profit growth	15.3	(13.4)	14.8	17.4	7.8	(17.0)	10.8	20.0			
EBITDA growth	12.4	(10.6)	26.0	35.4	(12.3)	(12.2)	7.4	14.1			
Pretax profit growth	12.3	(2.5)	4.3	19.5	7.0	(16.7)	10.6	19.6			
Net profit growth	20.7	(5.0)	4.8	20.5	8.8	(16.3)	8.6	20.5			
YoY growth (%)											
Revenue growth	22.4	53.4	12.9	11.7	10.4	6.8	7.8	8.1	22.5	8.3	8.3
Gross profit growth	35.0	120.8	23.6	26.8	22.4	16.2	12.9	15.4	41.4	16.7	13.1
Operating profit growth	48.8	288.8	38.2	34.5	25.8	20.7	16.5	19.0	62.3	20.4	15.2
EBITDA growth	32.4	119.2	46.9	71.5	33.7	31.2	11.8	(5.7)	61.2	14.6	11.4
Pretax profit growth	41.0	192.1	35.5	36.3	29.8	11.0	17.7	17.9	56.7	19.1	15.6
Net profit growth	43.8	289.9	36.6	44.8	30.6	15.0	19.2	19.2	66.1	21.0	15.4

Source: Company data, KGI Research estimates

My Humble House (2739 TT)

Income statement

	Quarterly								Annually		
	Mar-23A	Jun-23A	Sep-23F	Dec-23F	Mar-24F	Jun-24F	Sep-24F	Dec-24F	Dec-23F	Dec-24F	Dec-25F
Income statement (NT\$m)											
Revenue	1,195	1,107	1,125	1,345	1,366	1,225	1,196	1,425	4,772	5,212	5,461
Cost of goods sold	(738)	(698)	(714)	(800)	(832)	(787)	(787)	(864)	(2,949)	(3,270)	(3,417)
Gross profit	457	410	411	545	534	438	409	560	1,823	1,941	2,044
Operating expenses	(314)	(326)	(321)	(343)	(348)	(331)	(329)	(349)	(1,303)	(1,357)	(1,367)
Operating profit	144	84	90	202	186	107	80	211	520	584	677
Depreciation of fixed assets	(302)	(303)	(344)	(426)	(346)	(346)	(346)	(346)	(1,374)	(1,385)	(1,396)
Amortisation of intangible assets	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(3)	(3)	(3)
EBITDA	446	387	435	629	533	454	427	558	1,897	1,973	2,076
Interest income	1	1	1	2	3	3	3	3	5	12	18
Investment income	1	4	2	1	5	4	4	5	7	16	25
Other non-op income	7	8	3	(7)	3	3	3	3	10	10	10
Non-operating income	9	12	6	(4)	10	9	9	10	22	38	53
Interest expense	(51)	(50)	(55)	(65)	(56)	(56)	(56)	(56)	(221)	(223)	(224)
Investment loss	-	-	-	-	-	-	-	-	-	-	-
Other non-op expenses	(1)	(0)	-	1	-	-	-	-	-	-	-
Non-operating expenses	(52)	(50)	(55)	(64)	(56)	(56)	(56)	(56)	(221)	(223)	(224)
Pre-tax profit	100	45	41	135	140	60	33	165	321	399	506
Current taxation	(19)	(6)	(9)	(30)	(31)	(13)	(7)	(36)	(63)	(88)	(111)
Minorities	-	-	-	-	-	-	-	-	-	-	-
Normalised net profit	82	39	32	105	109	47	26	129	258	311	395
Extraordinary items	0	0	-	(0)	-	-	-	-	-	-	-
Net profit	82	39	32	105	109	47	26	129	258	311	395
EPS (NT\$)	0.90	0.43	0.35	1.15	1.19	0.51	0.28	1.41	2.82	3.40	4.31
Margins (%)											
Gross profit margin	38.3	37.0	36.5	40.5	39.1	35.7	34.2	39.3	38.2	37.2	37.4
Operating margin	12.0	7.6	8.0	15.0	13.6	8.7	6.7	14.8	10.9	11.2	12.4
EBITDA margin	37.4	35.0	38.6	46.7	39.0	37.1	35.7	39.2	39.8	37.8	38.0
Pretax profit margin	8.4	4.1	3.6	10.0	10.3	4.9	2.8	11.6	6.7	7.6	9.3
Net profit margin	6.9	3.5	2.8	7.8	8.0	3.8	2.1	9.1	5.4	6.0	7.2
Sequential growth (%)											
Revenue growth	0.5	(7.4)	1.6	19.5	1.6	(10.4)	(2.3)	19.1			
Gross profit growth	3.7	(10.4)	0.4	32.6	(2.0)	(18.1)	(6.6)	37.1			
Operating profit growth	40.8	(41.7)	8.0	123.7	(8.0)	(42.5)	(25.4)	164.7			
EBITDA growth	9.8	(13.2)	12.2	44.6	(15.2)	(14.8)	(6.0)	30.8			
Pretax profit growth	91.0	(55.0)	(9.9)	231.1	3.9	(57.1)	(45.2)	402.4			
Net profit growth	94.4	(52.4)	(18.6)	231.1	3.9	(57.1)	(45.2)	402.4			
YoY growth (%)											
Revenue growth	47.3	110.9	25.5	13.1	14.3	10.6	6.3	5.9	39.5	9.2	4.8
Gross profit growth	153.8		66.8	23.6	16.9	6.9	(0.6)	2.8	114.5	6.5	5.3
Operating profit growth	375.3			98.3	29.5	27.8	(11.7)	4.5		12.4	15.8
EBITDA growth	39.8		82.9	54.6	19.4	17.2	(1.8)	(11.2)	98.3	4.0	5.3
Pretax profit growth				156.4	39.4	32.8	(19.2)	22.7		24.0	26.9
Net profit growth	1258.9			149.5	33.4	20.0	(19.2)	22.7		20.5	26.9

Source: Company data, KGI Research estimates

FDC International Hotels (2748 TT)

Income statement	Quarterly								Annually		
	Mar-23A	Jun-23A	Sep-23F	Dec-23F	Mar-24F	Jun-24F	Sep-24F	Dec-24F	Dec-23F	Dec-24F	Dec-25F
Income statement (NT\$m)											
Revenue	623	483	544	760	747	619	622	853	2,410	2,841	3,122
Cost of goods sold	(406)	(352)	(358)	(465)	(445)	(399)	(400)	(498)	(1,581)	(1,742)	(1,842)
Gross profit	217	130	186	295	303	220	222	355	829	1,099	1,280
Operating expenses	(112)	(101)	(103)	(118)	(131)	(111)	(112)	(132)	(434)	(486)	(513)
Operating profit	105	29	83	177	172	108	110	223	395	613	768
Depreciation of fixed assets	(78)	(78)	(107)	(165)	(108)	(108)	(108)	(108)	(426)	(430)	(434)
Amortisation of intangible assets	-	-	-	-	-	-	-	-	-	-	-
EBITDA	183	107	190	342	279	216	217	330	821	1,043	1,201
Interest income	8	10	7	2	9	9	9	9	27	37	47
Investment income	-	-	-	-	-	-	-	-	-	-	-
Other non-op income	3	3	3	2	3	3	3	3	10	10	10
Non-operating income	11	13	9	4	12	12	12	12	37	47	57
Interest expense	(8)	(6)	(9)	(14)	(10)	(10)	(10)	(10)	(37)	(40)	(42)
Investment loss	-	-	-	-	-	-	-	-	-	-	-
Other non-op expenses	(4)	13	(1)	(10)	(1)	(1)	(1)	(1)	(2)	(2)	(2)
Non-operating expenses	(11)	7	(10)	(24)	(10)	(10)	(10)	(10)	(39)	(42)	(44)
Pre-tax profit	104	49	83	157	173	110	111	224	393	618	781
Current taxation	(21)	(12)	(17)	(32)	(35)	(23)	(23)	(46)	(83)	(127)	(160)
Minorities	-	-	-	-	-	-	-	-	-	-	-
Normalised net profit	83	36	66	125	138	87	88	178	310	492	621
Extraordinary items	(0)	0	-	(0)	-	-	-	-	-	-	-
Net profit	83	36	66	125	138	87	88	178	310	492	621
EPS (NT\$)	0.86	0.35	0.64	1.21	1.34	0.85	0.86	1.73	3.06	4.79	6.05
Margins (%)											
Gross profit margin	34.8	27.0	34.3	38.8	40.5	35.5	35.7	41.6	34.4	38.7	41.0
Operating margin	16.9	6.0	15.3	23.3	23.0	17.5	17.7	26.1	16.4	21.6	24.6
EBITDA margin	29.3	22.1	34.9	45.0	37.4	34.9	35.0	38.7	34.1	36.7	38.5
Pretax profit margin	16.8	10.1	15.2	20.7	23.2	17.8	17.9	26.3	16.3	21.8	25.0
Net profit margin	13.4	7.5	12.1	16.4	18.4	14.1	14.2	20.9	12.9	17.3	19.9
Sequential growth (%)											
Revenue growth	(8.9)	(22.5)	12.7	39.8	(1.7)	(17.2)	0.5	37.2			
Gross profit growth	(15.9)	(39.9)	42.9	58.5	2.5	(27.4)	0.9	60.1			
Operating profit growth	(29.8)	(72.5)	186.9	113.8	(3.2)	(36.9)	1.3	102.8			
EBITDA growth	(19.5)	(41.6)	77.7	80.3	(18.3)	(22.7)	0.6	51.9			
Pretax profit growth	(30.3)	(53.4)	69.5	90.3	10.2	(36.6)	1.3	101.5			
Net profit growth	(30.2)	(56.3)	80.1	90.3	10.2	(36.6)	1.3	101.5			
YoY growth (%)											
Revenue growth	14.4	43.2	6.8	11.2	20.0	28.2	14.3	12.2	16.2	17.9	9.9
Gross profit growth	22.2	179.5	15.9	14.5	39.5	68.6	19.0	20.2	28.9	32.6	16.5
Operating profit growth	25.0		46.4	18.4	63.2	274.9	32.3	25.5	52.1	55.3	25.3
EBITDA growth	12.8	132.1	41.4	50.5	52.8	102.4	14.7	(3.4)	44.2	27.0	15.2
Pretax profit growth	24.9		49.4	4.8	65.7	125.6	34.8	42.7	56.9	57.4	26.3
Net profit growth	23.1		48.9	4.7	65.3	139.7	34.8	42.7	55.4	58.5	26.3

Source: Company data, KGI Research estimates

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