

## Money Talk

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### Global Premium Hotels (GPHL SP) Highlights from 1H12 results briefing

Not Rated --%  
Price/Target \$S\$0.24/ \$S\$--  
Mkt. Cap/F. Float \$S\$252m/ 47%

#### Fundamental View

##### Valuation

- Global Premium Hotels (GPH) is currently trading at a 20% discount to its NAV/share of 30.7 cents and 6.0x 2011 PE. As it intends to pay out at least 80% of its net profit as dividends, management guided that the yield including the 0.2 cents payout this quarter could be as high as 6-7%.
- GPH's profitability is largely dependent on the Singapore tourism sector, ie higher hotel room bookings. According to STB, visitor arrivals in 2012 are expected to increase to 13.5-14.5m in 2012 (2011: 13.2m) on the back of new attractions including Gardens by the Bay, River Safari, and Marine Life Park.

##### Financial highlights

- GPH reported 1H12 net profit of S\$10.0m (-7.1% yoy) as higher financing costs offset higher revenue and gross profit. Revenue rose 19.6% yoy to S\$30.1m as the group started operations in Parc Sovereign, Fragrance Hotel-Elegance and Fragrance Hotel-Riverside. Parc Sovereign and Fragrance Hotel-Riverside contributed S\$1.8m and S\$2.4m to the increase in revenue respectively.
- Average occupancy rate surged 10.5ppt to 90.7% in 1H12 with revenue per available room (RevPAR) increasing 9.9% yoy to S\$92.3 on higher demand for the group's hotels. However, average room rate fell marginally by 2.8% to S\$101.8 as the group received less walk-in customers than on-line bookings and corporate partners. In general, walk-ins are charged 10-20% higher than advanced bookings.
- Finance cost jumped 64.5% yoy to S\$2.4m as the group drew down S\$343.5m in term loans to partially repay Fragrance Group for the hotel properties during the restructuring exercise. Interest rates are expected to stay at about 2-3% p.a.
- To expand its hotel chain, GPH intends to develop a hotel by acquiring Fragrance Heritage Pte Ltd (FHPL) for S\$25.1m with a further estimated development cost of S\$30.0m. FHPL owns a site at 165/167 Tyrwhitt Road and a new mid-tier hotel, if approved, will boost GPH's existing hotel portfolio by another 250-270 rooms, or 14.4-15.5%. GPH also plans to spend S\$3m to renovate Fragrance Hotel-Ruby in 3Q12 which will be closed till completion by 4Q12.

#### Technical View



The stock has recently launched its ipo on 26 April 12. The stock appears to be moving sideways with immediate support and resistance at S\$0.235 and S\$0.265 respectively.

#### Financials

Year to 31 Dec (\$m)	2009	2010	2011	2Q11	2Q12
Net Turnover	34.6	44.2	53.1	13.6	15.2
Gross Profit	29.7	39.1	46.8	12.0	13.2
EBITDA	21.0	28.9	34.1	9.1	7.7
EBIT	19.3	26.8	30.8	8.5	6.6
PATMI	13.5	19.9	22.6	6.4	3.6
EPS (cts)	2.46	3.61	4.11	0.61	0.34
P/E (x)	9.8	6.6	5.8	9.84	17.65
P/B (x)	0.5	0.3	0.2	-	0.8
Dividend Yield (%)	-	-	-	-	-
PATMI Margin (%)	39.1	44.9	42.6	47.0	23.7
Net Gearing (%)	55.1	31.0	20.3	-	123.5
Interest cover (x)	6.1	8.9	10.7	11.03	3.76
ROE (%)	5.8	5.2	4.1	-	-

Source: GPH, Bloomberg, UOB Kay Hian.

#### Background

Global Premium Hotels operates one of Singapore's largest chains of hotels with 23 hotels - 22 under the Fragrance brand and one under the Parc Sovereign brand. The group has 1,738 economy-tier and mid-tier rooms in Singapore.

#### Peer Comparison

Company	Cur	Price	Market Cap (m)	2011 PE (X)	2011 PB (X)
AMARA HLDGS LTD	SGD	0.365	211	7.3	0.9
BANYAN TREE HOLD	SGD	0.560	426	119.1	0.8
FRAGRANCE GROUP	SGD	0.510	1714	26.8	2.2
GUTHRIE GTS LTD	SGD	0.585	631	2.9	0.6
HOTEL GRAND CENT	SGD	0.780	444	13.0	0.6
HOTEL PROPERTIES	SGD	2.310	1169	13.9	0.8
HOTEL ROYAL LTD	SGD	2.480	208	36.0	0.6
MANDARIN ORIENTL	USD	1.400	1401	25.2	1.5
FAR EAST ORCHARD	SGD	2.240	845	5.9	0.7
ROXY-PACIFIC	SGD	0.460	439	8.5	2.0
UNITED INDL CORP	SGD	2.560	3528	22.5	0.8
<b>Average</b>				<b>22.9</b>	<b>1.1</b>
GLOBAL PREMIUM	SGD	0.240	252	5.8	0.2

Source: Bloomberg, UOB Kay Hian

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