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KEY HIGHLIGHTS

Initiate Coverage

Bangkok Commercial Asset Management

(BAM TB/BUY/Bt8.05/Target: Bt9.50)

Thailand's largest asset management company, with growth fuelled by strong partnerships.

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Update

STECON Group (STECON TB/BUY/Bt6.40/Target: Bt9.00)

Earnings forecast to rise sharply in 2Q25, driven by one-off items.

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The Erawan Group (ERW TB/HOLD/Bt2.46/Target: Bt2.50)

Expect weak earnings in 2Q25, no improvement in outlook. Downgrade to HOLD.

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KEY INDICES

Symbol	Close	Chg	%Chg
SET	1,242.35	(1.79)	(0.14)
SET50	814.78	(0.62)	(0.08)
Value (Btm) - SET	50,575		
Top 5 Sector			
BANK	409.34	2.55	0.63
PETRO	535.79	(0.87)	(0.16)
PROP	149.80	(1.46)	(0.97)
ENERG	16,753.58	(25.76)	(0.15)
ICT	183.77	0.88	0.48

Source: Bloomberg

TOP VOLUME

Symbol	Close (Baht)	+/-(% Chg)	5-day ADT (BTm)
PTT	33.25	0.76	3,469.4
DELTA	146.00	1.39	2,549.0
BH	170.00	4.94	1,368.9
BDMS	21.50	(0.92)	1,378.2
SCC	201.00	(2.90)	1,208.0

TOP GAINERS

Symbol	Close (Baht)	+/-(% Chg)	5-day ADT (BTm)
GLORY	1.05	31.25	1.1
EMC	0.05	25.00	0.1
SPACK	1.52	23.58	0.7
RP	1.09	22.47	2.3
UP	25.50	20.85	0.0

TOP LOSERS

Symbol	Close (Baht)	+/-(% Chg)	5-day ADT (BTm)
GRAND	0.03	(25.00)	0.0
KC	0.03	(25.00)	0.0
TVDH	0.07	(22.22)	0.1
B	0.04	(20.00)	0.0
CHO	0.05	(16.67)	0.0

*ADT: Average daily turnover

KEY STATISTICS

Commodity	Current Price	%Chg		
		1m	3M	YTD
Brent crude*	71.7	8.3	17.0	(0.9)
Dubai crude*	72.3	10.2	16.5	(3.7)
Baltic Dry Index	2,003.0	34.5	44.5	100.9
Gold Spot***	3,290.2	(1.5)	1.6	25.4

*(US\$/bbl), *** (US\$/toz)

FOREIGN PORTFOLIO INVESTMENT IN EQUITIES (THAILAND)

Day (Mil US\$)	MTD Net (Mil US\$)	YTD Net (Mil US\$)	YTD Net YoY%
17.0	499.3	(1,837.4)	2,479.0

Source: Bloomberg

Foreign Exchange Rate - THB/US\$ (onshore) = 32.76

Interest Rate (%) - TH Policy Rate = 1.75

Thai Lending Rate (%)* - MLR = 6.75

INITIATE COVERAGE

Bangkok Commercial Asset Management (BAM TB)

Thailand's Largest Asset Management Company, With Growth Fuelled By Strong Partnerships

We initiate coverage on BAM with a BUY recommendation and target price of Bt9.50. We forecast net profit increasing from Bt1.57b in 2024 to Bt2.04b in 2025, up more than 30% yoy. The big yoy jump in 2025 net profit is mostly attributed to: a) a major NPL debtor's repayment of Bt2.8b as part of a debt restructuring agreement, and b) BAM's sale of a big chunk of NPAs. BAM has set its 2025 collection target at Bt17.8b and is confident it can achieve the target.

INTIATE COVERAGE

- We initiate coverage on Bangkok Commercial Asset Management (BAM TB) with a BUY recommendation and target price of Bt9.50.
- The largest AMC in Thailand with huge opportunities for portfolio growth.** Bangkok Commercial Asset Management's (BAM) strategic financial position is undeniable, underscored by its substantial portfolio of Bt123b in 1Q25, comprising Bt85b in non-performing loans (NPL) and Bt38b in non-performing assets (NPA). This is further highlighted by its 45% market share in 2024, with assets totalling Bt138.8b and dominating the asset management company (AMC) industry's Bt304b total asset size. BAM's leading asset size is a clear indicator of its unparalleled capacity for aggressive growth and its strong financial health, which enable it to consistently acquire NPLs and NPAs and solidify its market leadership.
- Undervalued stock with potential for valuation upgrade.** We firmly believe the stock is significantly undervalued. It trades at a mere 0.5x 2026F P/B, which is not only below -1SD to its five-year mean but also the lowest among its peers. To put this in perspective, the sector's average P/B stands at a robust 1.5x. Adding to our conviction is a consistent uptrend in BAM's earnings forecasts and target price. We anticipate this trend continuing, leading to further upgrades in BAM's target price that will undoubtedly boost its share price.
- High dividend play with a good investment prospects.** We consider BAM a compelling dividend play, characterised by its stable and high dividend payouts and yields. In 2024, BAM distributed a 72% dividend payout, translating to a 5.7% p.a. dividend yield and lower than the 80% payout in 2023. Management has guided bigger dividend payouts in the future. This proactive strategy is designed to enhance ROE and deliver superior returns to both shareholders and investors.

Click [here](#) for Blue Top dated 31 Jul 25

KEY FINANCIALS

Year to 31 Dec (Btm)	2023	2024	2025F	2026F	2027F
Net interest income	6,269	6,967	7,891	8,423	9,602
Non-interest income	2,827	2,584	2,246	2,306	2,313
Net profit (rep./act.)	1,534	1,573	2,042	2,194	2,473
Net profit (adj.)	1,534	1,573	2,042	2,194	2,473
EPS (Bt)	0.5	0.5	0.6	0.7	0.8
PE (x)	17.0	16.5	12.7	11.9	10.5
P/B (x)	0.6	0.6	0.6	0.6	0.6
Dividend yield (%)	4.7	4.4	6.0	6.2	7.0
Net int margin (%)	0.0	0.0	0.0	0.0	0.0
Cost/income (%)	33.3	30.5	30.2	30.5	30.7
Loan loss cover (%)	0.0	0.0	0.0	0.0	0.0
Consensus net profit	-	-	2,620	1,933	2,120
UOBKH/Consensus (x)	-	-	0.78	1.14	1.17

Source: Bangkok Commercial Asset Management, Bloomberg, UOB Kay Hian

BUY

Share Price	Bt8.05
Target Price	Bt9.50
Upside	+18.0%

COMPANY DESCRIPTION

Thailand's largest asset management company established with the core mission of managing the non-performing loans of financial institutions in the country. Also manages non-performing assets.

STOCK DATA

GICS sector	Financials
Bloomberg ticker:	BAM TB
Shares issued (m):	3,232.0
Market cap (Btm):	26,017.9
Market cap (US\$m):	794.9
3-mth avg daily t'over (US\$m):	3.5

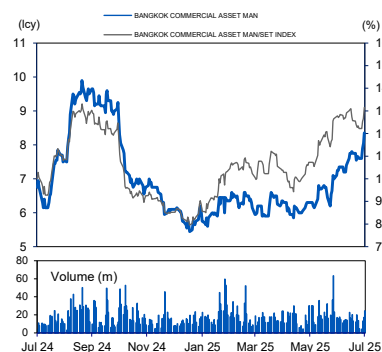
Price Performance (%)

52-week high/low			Bt10.20/Bt5.35	
1mth	3mth	6mth	1yr	YTD
15.0	28.8	38.8	18.4	32.0

Major Shareholders

	%
FIDF Funds	45.79
Thai NVDR	2.99
South East Asia UK (Type C) Nominees	2.22
FY23 NAV/Share (Bt)	13.98

PRICE CHART



Source: Bloomberg

ANALYST(S)

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STOCK IMPACT

- **Expect 2025 earnings to jump 30% yoy.** We forecast net profit increasing from Bt1.57b in 2024 to Bt2.04b in 2025, up more than 30% yoy. The huge yoy jump is due to:
 - a) A major NPL debtor's repayment of Bt2.8b from as part of a debt restructuring agreement. The repayment accounts for 2.02% of BAM's total assets reported in the financial statements as of 1Q25. Income from this transaction will be recognised in 2Q25.
 - b) Sale of 50 parcels of vacant land in Mueang Chiang Mai District, Chiang Mai Province with a total land area of around 26 rais to a third party not affiliated with BAM for Bt1.45b, representing 1.04% of the total assets reported in the financial statements as of 1Q25. Income from this transaction will be recognised in 2Q25.
- **Anticipate 2Q25 earnings to be record high for past 14 quarters.** BAM will recognise two activities in its income statement in 2Q25, namely: a) the major NPL debtor's repayment of Bt2.8b, and b) BAM's sale of 50 land parcels valued at Bt1.45b. BAM has guided a collection of Bt10b and net profit of Bt1.5b-1.6b for 1H25. As a result, we estimate the total collection in 2Q25 at Bt7.1b. However, we expect 2Q25 net profit to come in at Bt888m, 45% below company guidance. Our net profit forecast for 2Q25 will be a record high for quarterly earnings in the past 14 quarters.

2Q25 RESULTS PREVIEW

Year to 31 Dec (Btm)	2Q25F	1Q25	2Q24	qoq chg (%)	yoy chg (%)
Total Cash Collection (NPLs+NPAs)	7,086	3,192	3,945	122.0	79.6
Cash Collection (NPLs)	4,052	1,955	1,973	107.3	105.4
Cash Collection (NPAs)	3,033	1,237	1,973	145.3	53.8
Interest Income - Collected	801	727	733	10.1	9.2
Interest Income - Accrued	1,061	1,140	1,128	(6.9)	(5.9)
Net Interest Income	2,391	1,706	1,775	40.2	34.7
Non-Interest Income	623	459	816	35.8	(23.6)
Provision Expenses	(1,050)	(1,267)	(1,296)	(17.1)	(19.0)
Total Operating Expenses	(883)	(635)	(730)	39.2	21.0
Net income	888	217	456	309.7	94.7
EPS (Bt)	0.27	0.07	0.14	309.7	94.7
Ratio (%)					
Cash collection to total port (%)	19.4	8.8	11.1	1063bp	827bp
Gain on loans purchased Loans % Cash Collection	31.9	31.4	35.0	1ppt	-3ppt
NPA margin (%)	19.2	31.7	40.2	-12ppt	-21ppt
Credit Cost (bp)	482	579	582	-97bp	-99bp
Cost to income (%)	29.2	29.2	28.2	0bp	104bp

Source: BAM, UOB Kay Hian

EARNINGS REVISION/RISK

- No earnings revision.

VALUATION/RECOMMENDATION

- **Initiate coverage with BUY and a target price of Bt9.50.** We use the Gordon Growth Model (cost of equity: 12.0%, long-term growth: 3%). This implies 2026F PE of 14.0x, and 2026F P/B of 0.67x, which is below -0.5SD to its five-year mean.

SHARE PRICE CATALYST

- Increase in dividend payout ratio.

ENVIRONMENTAL, SOCIAL, GOVERNANCE (ESG)

CG Report: 5

SET ESG Rating: AA

• Environmental

- BAM commits to environmental management.

• Social

- BAM commits to mitigating potential social impacts.

• Governance

- BAM commits to conducting its business with integrity and a fairness framework.

GGM ASSUMPTIONS

Rf	1.49%
MRP	11.00%
Beta	1.24
Cost of Equity	12.0%
Long-term growth rate	3.0%
Dividend payout ratio	73.0%

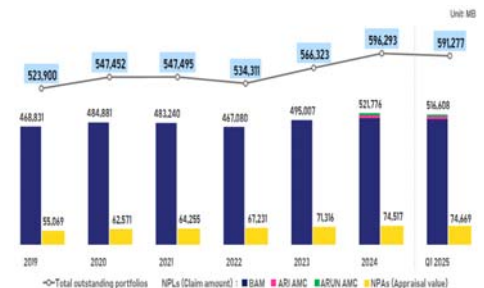
Source: Bloomberg, ThaiBMA, UOB Kay Hian

2025 FINANCIAL TARGETS

	1Q25 Actual	2025 Targets	2024 Actual
Total Collection	Bt3.19b	Bt17.8b	Bt17.8b
NPLs collection	Bt1.96b	Bt10.8b	Bt10.8b
NPAs collection	Bt1.24b	Bt7b	Bt7b

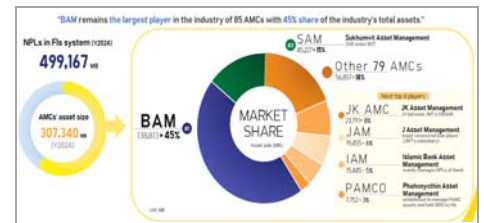
Source: BAM, UOB Kay Hian

OUTSTANDING PORTFO



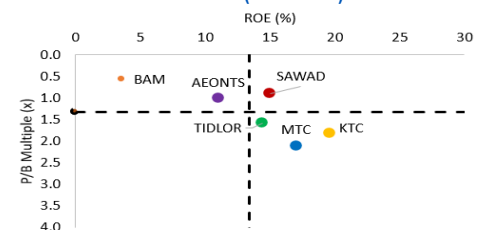
Source: BAM, UOB Kay Hian

MARKET SHARE OF THAILAND'S DISTRESSED AMC INDUSTRY



Source: BAM, UOB Kay Hian

INDUSTRY - ROE VS P/B (TRAILING)



Source: Respective companies, UOB Kay Hian

P/B BAND



Source: BAM, UOB Kay Hian

PROFIT & LOSS

Year to 31 Dec (Btm)	2024	2025F	2026F	2027F
Interest income	10,199	11,036	11,397	12,466
Interest expense	(3,231)	(3,145)	(2,974)	(2,864)
Net interest income	6,967	7,891	8,423	9,602
Fees & commissions	2,584	2,246	2,306	2,313
Other income	0	0	0	0
Non-interest income	2,584	2,246	2,306	2,313
Total income	9,551	10,137	10,728	11,915
Staff costs	(1,438)	(1,541)	(1,612)	(1,820)
Other operating expense	(1,476)	(1,523)	(1,656)	(1,841)
Pre-provision profit	6,637	7,074	7,460	8,254
Loan loss provision	(4,717)	(4,556)	(4,757)	(5,210)
Other provisions	0	0	0	0
Associated companies	0	0	0	0
Other non-operating income	0	0	0	0
Pre-tax profit	1,920	2,518	2,703	3,044
Tax	(347)	(476)	(509)	(571)
Minorities	0	0	0	0
Net profit	1,573	2,042	2,194	2,473
Net profit (adj.)	1,573	2,042	2,194	2,473

OPERATING RATIOS

Year to 31 Dec (Btm)	2024	2025F	2026F	2027F
Capital Adequacy				
Total assets/equity (x)	3.2	3.1	3.1	3.1
Tangible assets/tangible common equity (x)	3.2	3.1	3.1	3.2
Asset Quality				
NPL ratio	0.0	0.0	0.0	0.0
Loan loss coverage	0.0	0.0	0.0	0.0
Loan loss reserve/gross loans	27.7	31.0	33.2	35.3
Increase in NPLs	n.a.	n.a.	n.a.	n.a.
Credit cost (bp)	533	520	541	578
Liquidity				
Loan/deposit ratio	1.1	1.2	1.2	1.2
Liquid assets/short-term liabilities	0.0	0.0	0.0	0.0
Liquid assets/total assets	1.2	0.9	0.9	0.8

BALANCE SHEET

Year to 31 Dec (Btm)	2024	2025F	2026F	2027F
Cash with central bank	1,750	1,265	1,216	1,238
Govt treasury bills & securities	0	0	0	0
Interbank loans	0	0	0	0
Customer loans	78,041	76,712	78,648	81,012
Investment securities	736	727	727	727
Derivative receivables	0	0	0	0
Associates & JVs	0	0	0	0
Fixed assets (incl. prop.)	38,771	39,912	41,164	42,498
Other assets	21,337	21,054	21,321	21,711
Total assets	140,635	139,669	143,076	147,185
Interbank deposits	0	0	0	0
Customer deposits	0	0	0	0
Derivative payables	0	0	0	0
Debt equivalents	93,912	91,778	94,409	97,538
Other liabilities	2,498	2,721	2,813	2,877
Total liabilities	96,410	94,499	97,221	100,415
Shareholders' funds	44,225	45,170	45,855	46,770
Minority interest - accumulated	0	0	0	0
Total equity & liabilities	140,635	139,669	143,076	147,185

KEY METRICS

Year to 31 Dec (Btm)	2024	2025F	2026F	2027F
Growth				
Net interest income, yoy chg	11.1	13.3	6.7	14.0
Fees & commissions, yoy chg	(8.6)	(13.1)	2.6	0.3
Pre-provision profit, yoy chg	9.4	6.6	5.5	10.6
Net profit, yoy chg	2.5	29.8	7.4	12.7
Net profit (adj.), yoy chg	2.5	29.8	7.4	12.7
Customer loans, yoy chg	(0.8)	(1.7)	2.5	3.0
Profitability				
Net interest margin	0.0	0.0	0.0	0.0
Cost/income ratio	30.5	30.2	30.5	30.7
Adjusted ROA	1.2	1.5	1.6	1.8
Reported ROE	3.6	4.6	4.9	5.5
Adjusted ROE	3.6	4.6	4.9	5.5
Valuation				
P/BV (x)	0.6	0.6	0.6	0.6
P/NTA (x)	18.5	18.7	18.2	17.7
Adjusted P/E (x)	16.5	12.7	11.9	10.5
Dividend Yield	4.4	6.0	6.2	7.0
Payout ratio	72	76	73	73

COMPANY UPDATE

Stecon Group (STECON TB)

Earnings Forecast to Rise Sharply In 2Q25, Driven by One-Off Items

STECON is expected to post a net profit of Bt508m, increasing significantly yoy and qoq, driven by one-off items from an insurance claim related to the Bueng Nong Bon tunnel project. We are positive on the earnings outlook for 2Q25 and foresee potential upside risks to our current forecasts. In addition, STECON remains on track to achieve the full-year new order target. Maintain BUY. Target price: Bt9.00.

2Q25 RESULTS PREVIEW

Year to 31 Dec (Btm)	2Q24	1Q25	2Q25F	yoy %	qoq %
Revenue	8,457	6,526	9,060	7.1	38.8
Dividend income	203	222	0	(100.0)	(100.0)
Operating EBIT	197	513	859	336.0	67.6
Equity income	-166	-136	-138	16.9	(1.4)
Core profit	139	273	235	68.6	(13.9)
Net profit	25	342	508	1,912.8	48.9
Percent	2Q24	1Q25	2Q25F	yoy ppt	qoq ppt
Gross margin	2.8	7.6	12.5	9.7	4.9
SG&A to sales	2.9	3.2	3.0	0.1	(0.2)
EBIT margin	2.3	7.9	9.5	7.2	1.6
Net margin	0.3	5.2	5.6	5.3	0.4

Source: STECON, UOB Kay Hian

WHAT'S NEW

- **Earnings to surge from one-off items in 2Q25.** We expect Stecon Group (STECON) to report a net profit of Bt508m in 2Q25, marking a significant increase both yoy and qoq, mainly driven by one-off items from an insurance claim related to the Bueng Nong Bon tunnel project. The core profit is estimated at Bt235m (+69% yoy, -14% qoq).

STOCK IMPACT

- **Revenue is expected to improve yoy and qoq in 2Q25,** driven by construction progress from ongoing projects and newly signed contracts, including seven solar power projects, Bangkok Mall, South Purple Line and data centre projects. Excluding one-off items of Bt480m related to the Bueng Nong Bon tunnel project, the gross margin for construction is expected to remain healthy at around 7%, driven by a favourable revenue mix and cost controls, which is in line with the management target. Meanwhile, we estimate equity income at Bt138m.

KEY FINANCIALS

Year to 31 Dec (Btm)	2023	2024	2025F	2026F	2027F
Net turnover	29,598	30,005	32,013	33,601	34,537
EBITDA	1,419	(5)	2,261	2,342	2,393
Operating profit	614	(761)	1,478	1,551	1,594
Net profit (rep./act.)	528	(2,357)	926	1,143	1,179
Net profit (adj.)	509	(1,486)	926	1,143	1,179
EPS (Bt)	0.3	(1.0)	0.6	0.7	0.8
PE (x)	19.2	n.a.	10.5	8.5	8.3
P/B (x)	0.6	0.6	0.6	0.5	0.5
EV/EBITDA (x)	11.4	n.a.	7.2	6.9	6.8
Dividend yield (%)	4.7	0.0	4.7	4.7	4.7
Net margin (%)	1.8	(7.9)	2.9	3.4	3.4
Net debt/(cash) to equity (%)	3.7	28.3	35.5	32.2	26.2
Interest cover (x)	1,308.5	(0.0)	9.6	9.9	10.1
ROE (%)	2.8	(13.4)	5.3	6.4	6.4
Consensus net profit	-	-	885	1,128	1,115
UOBKH/Consensus (x)	-	-	1.05	1.01	1.06

Source: Sino-Thai Engineering & Construction, Bloomberg, UOB Kay Hian

BUY

(Maintained)

Share Price	Bt6.40
Target Price	Bt9.00
Upside	+40.6%

COMPANY DESCRIPTION

STECON operates as a holding company with core businesses in construction contracting, utilities and power, and logistics and transportation.

STOCK DATA

GICS sector	Industrials
Bloomberg ticker:	STECON TB
Shares issued (m):	1,516.5
Market cap (Btm):	9,613.3
Market cap (US\$m):	294.3
3-mth avg daily t'over (US\$m):	1.4

Price Performance (%)

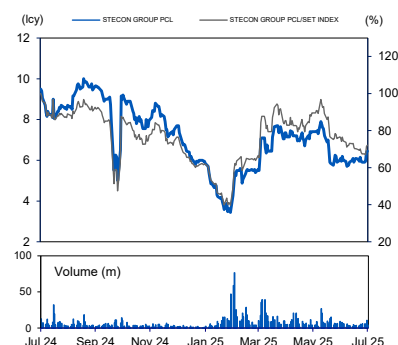
52-week high/low			Bt10.20/Bt3.38	
1mth	3mth	6mth	1yr	YTD
6.7	(12.9)	6.7	(31.2)	(16.9)

Major Shareholders

	%
C.T.Venture Company Limited	19.3
UBS AG SINGAPORE BRANCH	10.6
P.P. GLOBAL WEALTH	5.08

FY25 NAV/Share (Bt)	11.38
FY25 Net Cash/Share (Bt)	4.04

PRICE CHART



Source: Bloomberg

ANALYST(S)

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- **STECON still on track to achieve its new order target.** We expect STECON to report new orders of approximately Bt26b in 1H25, achieving 52% of its full-year target of Bt50b. The majority of these orders during 1H25 stem from private sector projects worth Bt16b and the Clean Fuel Project (CFP) valued at Bt7.4b. In addition, the Intercity Motorway No. 7 (M7) contract, awarded to STECON, is expected to be signed in Aug 25. In 2H25, the company remains focused on securing both public and private sector contracts, including solar power and railway projects.

EARNINGS REVISION/RISK

- None.
- Risks: Lower-than-expected margins, construction delays.

VALUATION/RECOMMENDATION

- **Maintain BUY with a target price of Bt9.00.** The target price is based on a forward P/B multiple of 0.8x or -1SD from its five-year mean. We are positive about the earnings outlook for 2Q25. If our forecasts prove accurate, this will present upside risk to our full-year earnings estimates. Additionally, we continue to favour STECON, which remains on track to achieve its full-year new order target, outperforming its peers in this regard.

SHARE PRICE CATALYST

- New project bidding and additional backlog from winning new projects.
- Potential upside: Potential cessation of losses from the Yellow and Pink Line projects.
- Progress on mega projects by government.

ENVIRONMENTAL, SOCIAL, GOVERNANCE (ESG)

CG Report: 5

SET ESG Rating: AA

• Environmental

- STECON follows environmental laws and regulations. The company prioritises reducing greenhouse gas emissions and using sustainable environmental technology. STECON also trains its employees to participate in environmental operations and conservation.

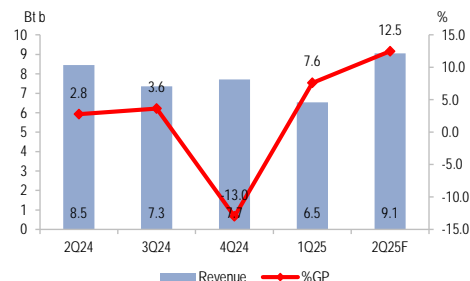
• Social

- STECON is committed to social responsibility. The company supports education, disaster relief, community engagement, and environmental conservation.

• Governance

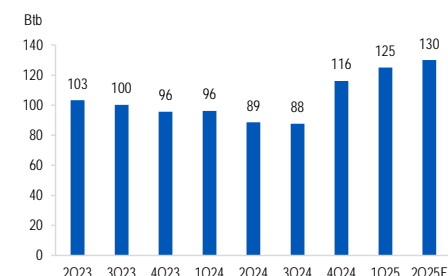
- STECON focuses on enterprise risk management to integrate risk management into strategic planning. STECON follows Thai and international standards for risk management in governance, strategy, performance, review, and information communication.

REVENUE AND GROSS PROFIT MARGIN



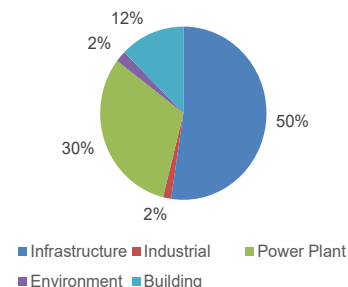
Source: STECON, UOB Kay Hian

STECON BACKLOG



Source: STECON, UOB Kay Hian

STECON BACKLOG BY TYPE OF WORK (2Q25F)



Source: STECON, UOB Kay Hian

P/B BAND



Source: Bloomberg, UOB Kay Hian

PROFIT & LOSS

Year to 31 Dec (Btm)	2024	2025F	2026F	2027F
Net turnover	30,005	32,013	33,601	34,537
EBITDA	(5)	2,261	2,342	2,393
Deprec. & amort.	755	783	791	799
EBIT	(761)	1,478	1,551	1,594
Total other non-operating income	(986)	100	100	100
Associate contributions	(584)	(204)	(50)	(50)
Net interest income/(expense)	(125)	(236)	(236)	(236)
Pre-tax profit	(2,456)	1,137	1,365	1,408
Tax	68	(201)	(212)	(219)
Minorities	31	(10)	(10)	(10)
Net profit	(2,357)	926	1,143	1,179
Net profit (adj.)	(1,486)	926	1,143	1,179

BALANCE SHEET

Year to 31 Dec (Btm)	2024	2025F	2026F	2027F
Fixed assets	10,292	11,157	11,314	11,475
Other LT assets	21,143	22,047	23,807	30,069
Cash/ST investment	2,591	2,189	2,468	3,439
Other current assets	17,490	18,661	18,706	18,790
Total assets	51,516	54,054	56,295	63,773
ST debt	6,908	7,908	7,908	7,908
Other current liabilities	23,247	24,803	25,877	32,729
LT debt	610	438	438	438
Other LT liabilities	2,908	3,103	3,382	3,476
Shareholders' equity	17,411	17,360	18,237	18,759
Minority interest	432	442	452	462
Total liabilities & equity	51,516	54,054	56,295	63,773

CASH FLOW

Year to 31 Dec (Btm)	2024	2025F	2026F	2027F
Operating	(1,494)	2,004	2,773	8,556
Pre-tax profit	(2,456)	1,137	1,365	1,408
Tax	68	(201)	(212)	(219)
Deprec. & amort.	755	783	791	799
Working capital changes	(249)	(347)	513	297
Non-cash items	332	732	516	6,471
Other operating cashflows	(529)	(304)	(250)	(250)
Investing	(4,884)	(2,358)	(2,428)	(7,128)
Capex (growth)	(1,372)	(1,648)	(947)	(960)
Investments	(3,078)	(791)	(3,210)	(6,252)
Others	(434)	81	1,729	84
Financing	4,720	(49)	(65)	(458)
Dividend payments	(229)	(229)	(458)	(458)
Proceeds from borrowings	2,617	828	0	0
Others/interest paid	2,332	(648)	392	0
Net cash inflow (outflow)	(1,658)	(402)	279	971
Beginning cash & cash equivalent	4,249	2,591	2,189	2,468
Ending cash & cash equivalent	2,591	2,189	2,468	3,439

KEY METRICS

Year to 31 Dec (%)	2024	2025F	2026F	2027F
Profitability				
EBITDA margin	(0.0)	7.1	7.0	6.9
Pre-tax margin	(8.2)	3.6	4.1	4.1
Net margin	(7.9)	2.9	3.4	3.4
ROA	(4.8)	1.8	2.1	2.0
ROE	(13.4)	5.3	6.4	6.4
Growth				
Turnover	1.4	6.7	5.0	2.8
EBITDA	n.a.	n.a.	3.6	2.2
Pre-tax profit	n.a.	n.a.	20.0	3.2
Net profit	n.a.	n.a.	23.4	3.2
Net profit (adj.)	n.a.	n.a.	23.4	3.2
EPS	n.a.	n.a.	23.4	3.2
Leverage				
Debt to total capital	29.6	31.9	30.9	30.3
Debt to equity	43.2	48.1	45.8	44.5
Net debt/(cash) to equity	28.3	35.5	32.2	26.2
Interest cover (x)	(0.0)	9.6	9.9	10.1

COMPANY UPDATE

The Erawan Group (ERW TB)

Expect Weak Earnings In 2Q25, No Improvement In Outlook

ERW is expected to report a weak net profit of Bt45m (-70.0% yoy, -86.9% qoq) in 2Q25. The top-line is expected to contract yoy mainly due to a substantial yoy drop in occupancy in both luxury and economy hotels caused by the decline in Chinese visitor numbers. We expect to see further downward revision of ERW's 2025 growth targets and no immediate signs of an improvement in outlook. Downgrade to HOLD. Target price: Bt2.50.

WHAT'S NEW

2Q25 EARNINGS PREVIEW

Year to 31 Dec (Btm)	2Q24	1Q25	2Q25F	yoy (%)	qoq (%)
Total revenue	1,834	2,127	1,750	(4.6)	(17.7)
Gross profit	782	1,039	707	(9.6)	(31.9)
SG&A	488	515	501	2.6	(2.6)
Operating EBITDA	543	783	474	(12.7)	(39.5)
Core profit	151	345	45	(70.0)	(86.9)
Net profit	361	345	45	(87.4)	(86.9)
(%)	2Q24	1Q25	2Q25F	yoy (ppts)	qoq (ppts)
Gross margin	42.7	48.8	40.4	(2.2)	(8.4)
SG&A to sales	26.6	24.2	28.6	2.0	4.4
EBITDA margin	29.6	36.8	27.1	(2.5)	(9.7)
Recurring profit margin	8.3	16.2	2.6	(5.7)	(13.6)
Net profit margin	19.7	16.2	2.6	(17.1)	(13.6)

Source: ERW, UOB Kay Hian

- Expect weak earnings in 2Q25.** We expect The Erawan Group (ERW) to report a weak net profit of Bt45m (-70.0% yoy, -86.9% qoq) in 2Q25. Top-line should come in at Bt1.75b (-4.6% yoy, -17.7% qoq), with the contraction mainly due to a substantial yoy drop in occupancy in both luxury and economy hotels caused by the decline in Chinese visitor numbers. As a result, the total hotel portfolio's RevPar should drop by 13% yoy in 2Q25. Meanwhile, Hop Inn should report a 15% yoy growth in revenue due to new openings and decent RevPar growth. Interest expense should be flat qoq due to the increase in debt caused by from new Hop Inn openings. Tax expense is expected to increase yoy as ERW is having less tax benefits as compared with during the COVID-19 period. We expect EBITDA margin to drop substantially yoy due to weak performance in the luxury hotel segment.

KEY FINANCIALS

Year to 31 Dec (Btm)	2023	2024	2025F	2026F	2027F
Net turnover	7,039.5	7,917.3	8,127.1	8,782.0	9,447.1
EBITDA	2,166.6	2,644.3	2,605.8	2,873.8	3,100.9
Operating profit	1,265.6	1,649.5	1,448.0	1,621.7	1,765.1
Net profit (rep./act.)	742.7	1,151.4	794.1	903.1	971.6
Net profit (adj.)	687.4	913.8	764.1	873.1	940.7
EPS (Bt)	0.1	0.2	0.2	0.2	0.2
PE (x)	16.5	13.2	15.7	13.8	12.8
P/B (x)	1.8	1.4	1.4	1.3	1.2
EV/EBITDA (x)	11.9	9.7	9.9	9.0	8.3
Dividend yield (%)	2.8	3.7	3.0	3.4	3.6
Net margin (%)	10.5	14.5	9.8	10.3	10.3
Net debt/(cash) to equity (%)	219.4	149.8	159.6	158.8	154.0
Interest cover (x)	3.7	3.8	4.6	5.2	5.8
ROE (%)	12.3	15.3	9.2	10.3	10.4
Consensus net profit	-	-	875	910	1,003
UOBKH/Consensus (x)	-	-	0.87	0.96	0.94

Source: The Erawan Group, Bloomberg, UOB Kay Hian

HOLD

(Downgraded)

Share Price	Bt2.46
Target Price	Bt2.50
Upside	+1.6%

COMPANY DESCRIPTION

The Erawan Group is a leading hotel investment company in Thailand. Its hotel portfolio ranges from luxury to mid-scale and economy across Thailand's major tourist destinations.

STOCK DATA

GICS sector	Consumer Discretionary
Bloomberg ticker:	ERW TB
Shares issued (m):	4,886.9
Market cap (Btm):	12,021.8
Market cap (US\$m):	367.3
3-mth avg daily t'over (US\$m):	1.8

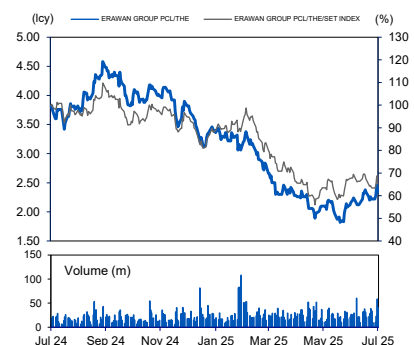
Price Performance (%)

52-week high/low			Bt4.58/Bt1.79	
1mth	3mth	6mth	1yr	YTD
18.3	7.9	(28.9)	(38.5)	(35.6)

Major Shareholders

	%
Wattanavekin family	28.2
Vongkusolkrit family	28.4
FY25 NAV/Share (Bt)	1.74
FY25 Net Debt/Share (Bt)	2.78

PRICE CHART



Source: Bloomberg

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2Q25 STATISTICS PREVIEW

Occupancy (%)	2Q24	1Q25	2Q25F	yoy (pts)	qoq (pts)
Average excl budget hotel	80%	83%	72%	(8.3)	(11.2)
Average incl budget	79%	80%	74%	(5.4)	(6.0)
ARR (Bt/night)				yoy (%)	qoq (%)
Average excl budget	3,140	3,555	3,012	(4.1)	(15.3)
Average incl budget	1,834	1,992	1,706	(7.0)	(14.4)
RevPar (Bt/night)				yoy (%)	qoq (%)
Average excl budget	2,515	2,964	2,173	(13.6)	(26.7)
Average incl budget	1,454	1,593	1,267	(12.9)	(20.5)

Source: ERW, UOB Kay Hian

STOCK IMPACT

- **Expect a further downward revision to 2025 guidance.** Previously, ERW revised down its expected revenue growth for 2025 to 6.0-8.0% yoy due to declining Chinese tourist numbers and the earthquake in late-Mar 25. We expect a further downward revision in the next analyst meeting as the hotel performance remains weak, and there are no signs of recovery in Chinese visitor numbers. Chinese tourists still remain one of the largest contributors of ERW (13-15% of ERW's top-line), but the recovery pace is slow. The upcoming renovation of the Grand Hyatt in 4Q25 will further soften ERW's top-line growth in 2H25.
- **Chinese tourist arrivals have improved but still lag last year's levels.** Recent data indicates a steady improvement in Chinese arrivals, which is an encouraging sign. Nonetheless, we remain cautious and are not ready to take a positive stance on Thailand's tourism just yet. The current average stands at 14,662 Chinese visitors per day, which is still 35% lower than the same period last year (22,625 per day). This recovery momentum is and we believe there needs to be a stronger rebound in Chinese tourist arrivals before ERW's room prices can be raised.

EARNINGS REVISION/RISK

- **Cut 2025-27 earnings.** We revise 2025/26/27 earnings down by 6%, 11%, and 9% respectively to reflect the slow recovery outlook expected in 2H25.

EARNINGS REVISION

	2025F			2026F			2027F		
(Bt m)	New	Old	% chg	New	Old	% chg	New	Old	% chg
Total revenue	8,069	8,249	-2.2%	8,721	9,123	-4.4%	9,383	9,777	-4.0%
Operating EBITDA	2,606	2,663	-2.2%	2,874	3,005	-4.4%	3,101	3,230	-4.0%
Net profit	794	844	-5.9%	903	1,010	-10.6%	972	1,071	-9.3%
Margin	New	Old	ppt chg	New	Old	ppt chg	New	Old	ppt chg
Net profit margin	10.3%	10.7%	-0.40	10.8%	11.5%	-0.75	10.8%	11.4%	-0.62

Source: UOB Kay Hian

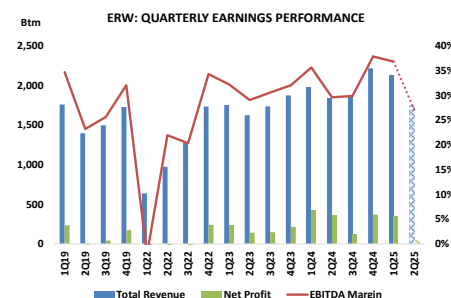
VALUATION/RECOMMENDATION

- **Downgrade to HOLD with a target price of Bt2.50.** Our valuation is based on an EV/EBITDA multiplier of 10x, around 1SD below its historical trading levels. We are less optimistic on ERW's outlook in 2H25 as the recovery in Chinese tourist arrivals has been slow and the upcoming renovation of the Grand Hyatt will further exacerbate ERW's revenue growth.

ENVIRONMENTAL, SOCIAL, GOVERNANCE (ESG)

CG Report: 5
SET ESG Rating: A
• Environmental
- Prioritising effective and balanced use of resources as well as taking into account the reduction of greenhouse gas generation, including management of ecosystems and biodiversity.
• Social
- Respecting human rights based on the principles of international criteria, equality, fairness, and non-discrimination.
- Focusing on enhancing quality of life and potential of employees by promoting a volunteering spirit to cultivate social and environmental responsibility.
• Governance
- Board gender diversity. Male to female ratio of 3:1.
- Board balance and composition. Four board members are independent directors, amounting to 33% of the board members.

QUARTERLY EARNINGS PERFORMANCE



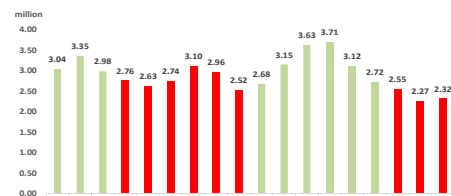
Source: ERW, UOB Kay Hian

TOURIST ARRIVALS EXCLUDING CHINESE

1 Jan - 27 Jul	2024	2025	yoy growth
No. arrival ex. Chinese	16,115,046	16,348,126	1%
No. of Chinese	4,026,394	2,635,810	-35%

Source: Ministry of Tourism and Sports, UOB Kay Hian

MONTHLY CHINESE TOURIST ARRIVALS



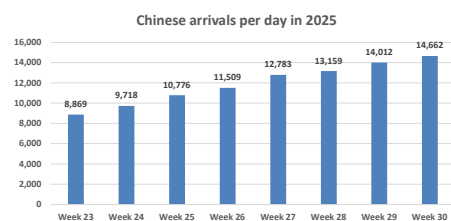
Source: Ministry of Tourism and Sports, UOB Kay Hian

ERW'S 2025 GUIDANCE

2025 ERAWAN Guidance			Key Operating Strategies
	Previous	Current	
Group	10%	6-8%	Expand Footprint
Economy to Luxury	5-7%	3-5%	Diversify Portfolio
Budget	23%	23%	Optimize Pricing
			Enhance Costs Efficiency

Source: ERW, UOB Kay Hian

2025 CHINESE ARRIVAL PACE



Source: Ministry of Tourism and Sports, UOB Kay Hian

PROFIT & LOSS

Year to 31 Dec (Btm)	2024	2025F	2026F	2027F
Net turnover	7,917	8,127	8,782	9,447
EBITDA	2,644	2,606	2,874	3,101
Deprec. & amort.	995	1,158	1,252	1,336
EBIT	1,650	1,448	1,622	1,765
Total other non-operating income	0	0	0	0
Associate contributions	238	30	30	31
Net interest income/(expense)	(695)	(562)	(550)	(539)
Pre-tax profit	1,192	916	1,101	1,257
Tax	(9)	(89)	(161)	(245)
Minorities	(32)	(33)	(38)	(40)
Net profit	1,151	794	903	972
Net profit (adj.)	914	764	873	941

BALANCE SHEET

Year to 31 Dec (Btm)	2024	2025F	2026F	2027F
Fixed assets	23,658	23,158	24,306	25,418
Other LT assets	408	471	495	540
Cash/ST investment	1,612	3,159	2,110	1,430
Other current assets	567	702	700	767
Total assets	26,246	27,489	27,612	28,155
ST debt	1,752	790	790	790
Other current liabilities	1,229	1,295	1,252	1,373
LT debt	12,909	15,965	15,720	15,475
Other LT liabilities	865	815	642	703
Shareholders' equity	8,712	8,521	9,066	9,632
Minority interest	780	104	141	182
Total liabilities & equity	26,246	27,490	27,612	28,155

CASH FLOW

Year to 31 Dec (Btm)	2024	2025F	2026F	2027F
Operating	3,017	2,046	2,150	2,403
Pre-tax profit	1,192	916	1,101	1,257
Tax	(9)	(89)	(161)	(245)
Deprec. & amort.	995	1,158	1,252	1,336
Working capital changes	(238)	(30)	(30)	(31)
Non-cash items	(7)	7	(16)	(1)
Other operating cashflows	32	(75)	(26)	56
Investing	1,052	159	30	31
Capex (growth)	(3,431)	(2,035)	(2,596)	(2,433)
Investments	(3,230)	(1,923)	(2,400)	(2,448)
Others	0	12	24	37
Financing	(202)	(125)	(221)	(21)
Dividend payments	681	1,665	(602)	(651)
Issue of shares	(316)	(440)	(357)	(406)
Proceeds from borrowings	(443)	2,094	(245)	(244)
Others/interest paid	1,441	11	0	0
Net cash inflow (outflow)	266	1,676	(1,048)	(680)
Beginning cash & cash equivalent	1,217	1,483	3,159	2,110
Ending cash & cash equivalent	1,483	3,159	2,110	1,430

KEY METRICS

Year to 31 Dec (%)	2024	2025F	2026F	2027F
Profitability				
EBITDA margin	33.4	32.1	32.7	32.8
Pre-tax margin	15.1	11.3	12.5	13.3
Net margin	14.5	9.8	10.3	10.3
ROA	4.6	3.0	3.3	3.5
ROE	15.3	9.2	10.3	10.4
Growth				
Turnover	12.5	2.6	8.1	7.6
EBITDA	22.0	(1.5)	10.3	7.9
Pre-tax profit	60.3	(23.2)	20.3	14.2
Net profit	55.0	(31.0)	13.7	7.6
Net profit (adj.)	32.9	(16.4)	14.3	7.7
EPS	25.3	(16.5)	14.3	7.7
Leverage				
Debt to total capital	60.7	66.0	64.2	62.4
Debt to equity	168.3	196.6	182.1	168.9
Net debt/(cash) to equity	149.8	159.6	158.8	154.0
Interest cover (x)	3.8	4.6	5.2	5.8

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