

Asset World Corporation (AWC TB)

Expect Robust Core Earnings Supported By Recovery In Chinese Tourist Arrivals In 1Q26

Highlights

- We expect AWC to report strong core earnings of Bt750m (+3.0% yoy, +12.2% qoq) for 1Q26.
- The hotel performance continues to improve thanks to the strong Chinese tourist recovery in 1Q26.
- We remain optimistic on AWC, supported by intensifying Chinese tourist recovery. Maintain BUY with a target price of Bt3.00.

Analysis

1Q26 Earnings Preview

Year to 31 Dec (Btm)	1Q25	4Q25	1Q26F	yoy (%)	qoq (%)	2025	2026F	yoy (%)
Total Revenue	4,633	4,968	5,119	10.5	3.0	17,356	21,219	22.3
Gross profit	2,623	2,613	2,848	8.6	9.0	9,029	11,420	26.5
SG&A	1,262	1,333	1,486	17.8	11.5	4,921	5,946	20.8
Operating EBITDA	1,845	1,887	1,969	6.7	4.4	6,345	7,774	22.5
Core profit	728	668	750	3.0	12.2	1,842	2,693	46.2
Net profit	1,969	1,866	1,883	(4.4)	0.9	6,388	6,665	4.3
EPS (Bt)	0.06	0.06	0.06	(4.4)	0.9	0.20	0.21	4.3
(%)	1Q25	4Q25	1Q26F	yoy (ppts)	qoq (ppts)	2025	2026F	yoy (ppt)
Gross margin	56.6	52.6	55.6	(1.0)	3.0	52.0	53.8	1.8
SG&A to sales	27.2	26.8	29.0	1.8	2.2	28.4	28.0	(0.3)
EBITDA margin	39.8	38.0	38.5	(1.4)	0.5	36.6	36.6	0.1
Core profit margin	15.7	13.4	14.6	(1.1)	1.2	10.6	12.7	2.1

Source: AWC, UOB Kay Hian

- Expect robust core earnings growth in 1Q26.** Asset World Corporation (AWC) is expected to report a core profit of Bt750m (+3.0% yoy, +12.2% qoq) for 1Q26. Total revenue should be at Bt3.98b (+10.5% yoy, +3.0% qoq) with the hotel segment's revenue expected to show strong growth of 10.4% yoy and the retail business' revenue to rise 15.7% yoy. The overall RevPar should still decline by 1% yoy mainly from the ramping up of new hotels, Melia Pattaya and Pattaya Marriott. If we exclude the new hotels, the overall RevPar should be at 3% yoy growth. The hotel performance should be strong across all segments, mainly due to the recovery in Chinese tourist arrivals in 1Q26. In 1Q26, AWC should see an increase of 20% yoy in revenue from Chinese guests. Interest expense should decline yoy and qoq due to cheaper cost of debt from refinancing. The EBITDA margins should decline slightly yoy.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	15,902	17,356	21,219	23,590	26,368
EBITDA	5,689	6,345	7,823	8,718	9,492
Operating profit	3,806	4,107	5,685	6,480	6,992
Net profit (rep./act.)	5,850	6,388	6,665	7,260	7,869
Net profit (adj.)	1,697	1,842	2,693	3,288	3,922
EPS (Bt)	0.1	0.1	0.1	0.1	0.1
PE (x)	39.6	36.5	25.0	20.4	16.8
P/B (x)	0.7	0.7	0.7	0.6	0.6
EV/EBITDA (x)	27.2	24.4	19.9	17.6	15.7
Dividend yield (%)	3.6	3.8	4.0	4.3	4.8
Net margin (%)	36.8	36.8	31.4	30.8	30.7
Net debt/(cash) to equity (%)	84.5	93.8	87.9	80.2	71.7
Interest cover (x)	3.0	3.3	3.2	3.6	4.1
ROE (%)	6.5	6.8	6.8	7.1	7.6
Consensus net profit (Btm)	-	-	4,405	4,640	5,277
UOBKH/Consensus (x)	-	-	0.61	0.71	0.76

Source: AWC, Bloomberg, UOB Kay Hian

BUY (Maintained)

Share Price	Bt2.10
Target Price	Bt3.00
Upside	+42.9%

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Stock Data

GICS sector	Consumer Discretionary
Bloomberg ticker:	AWC TB
Shares issued (m):	32,013.0
Market cap (Btm):	67,255.7
Market cap (US\$m):	2,065.5
3-mth avg daily t'over (US\$m):	4.8

Price Performance (%)

52-week high/low	Bt2.80/Bt1.55			
1mth	3mth	6mth	1yr	YTD
(2.8)	(4.5)	(4.5)	(7.1)	(0.9)

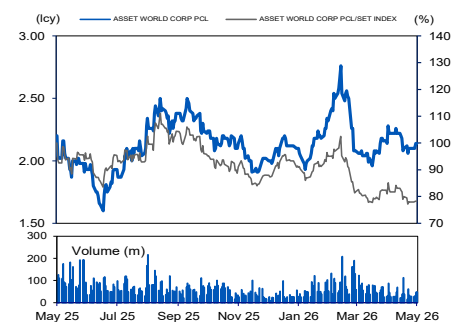
Major Shareholders

	%
TCC Business Management Company	45.0
TCC Retail Co. Ltd.	30.0

Balance Sheet Metrics

FY26 NAV/Share (Bt)	3.12
FY26 Net Debt/ Share (Bt)	2.74

Price Chart



Source: Bloomberg

Company Description

Asset World Corp Public Company focuses on real estate development and investment services. The company offers property management. Asset World Corp serves customers in Thailand.

Statistics Preview

Hotel stats	1Q25	4Q25	1Q26F	yoy chg	qoq chg
Occ (%) - Avg	75%	71%	78%	3.1 ppt	7.0 ppt
ADR - Avg	6,663	5,879	6,330	-5.0%	7.7%
RevPar - Avg	4,992	4,199	4,937	-1.1%	17.6%
Number of room keys	6,545	6,836	6,836	4.4%	0.0%
Retail and Office stats	1Q25	4Q25	1Q26F	yoy chg	qoq chg
Occ (%) - Avg	69%	69%	69%	0.0 ppt	0.0 ppt
Rental rate - Avg	822	829	815	-0.9%	-1.7%

Source: AWC, UOB Kay Hian

- 2Q26 outlook remains challenging.** War-related disruptions have driven up airfares and weakened long-haul demand in accommodation, weighing on Thailand's tourism outlook. Based on our channel check, on-the-book reservations for 2Q26 are currently indicating a 2% increase yoy in room revenue. AWC is expected to see a 5% yoy decline in room revenue in May 26, and growth in Apr and Jun 26. This translates into a 4-5% decline in RevPar yoy in 2Q26 based on the current reservations. We see this as understandable given the current outlook and we could still see improvement to the RevPar in 2Q26 once new bookings are made, especially given the current strong momentum in Chinese arrivals.
- Managing Middle East tensions.** According to management, AWC is closely monitoring the potential impact from ongoing tensions in the Middle East. However, the contribution from Middle Eastern guests accounts for only around 2% of AWC's top-line, which is relatively insignificant and should not materially affect earnings. The largest revenue contribution within this segment comes from Israel, representing about 4% of AWC's room revenue, which increased following last year's escalation between Iran and Israel. In response, AWC is proactively offering long-stay packages to Middle Eastern guests to accommodate extended stays in Thailand, helping to further mitigate any potential impact from the situation.

Valuation/Recommendation

- Maintain BUY with a target price of Bt3.00.** Our valuation is based on 2026 earnings and based on the three-year historical average EV/EBITDA multiple of 21.0x. We remain optimistic on AWC due to: a) the strong performance from the retail business which continues to support AWC's earnings during the war, and b) the strong recovery in Chinese arrivals which continues to intensify and could improve the outlook in 2Q26.

Environment, Social, Governance (ESG) Updates

Environmental

- Sustainable building design & operations:** AWC integrates energy-efficient and eco-friendly designs in its hotels, retail spaces, and office buildings.
- Carbon neutrality goal:** Aiming to reduce greenhouse gas emissions in line with Thailand's sustainability targets.

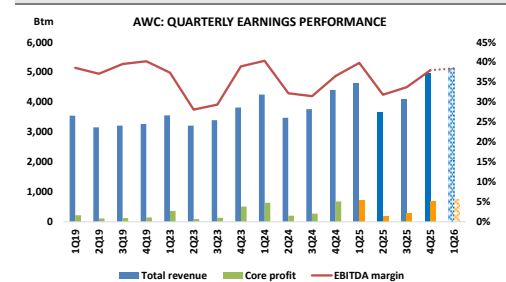
Social

- Community engagement:** Supporting local communities through CSR projects, education initiatives, and tourism development.

Governance

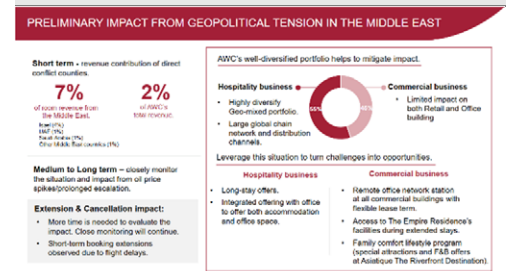
- Strong corporate governance:** Adopting transparent management policies to ensure ethical business practices.
- Risk management:** Robust frameworks to mitigate financial, operational, and environmental risks.

Quarterly Performance



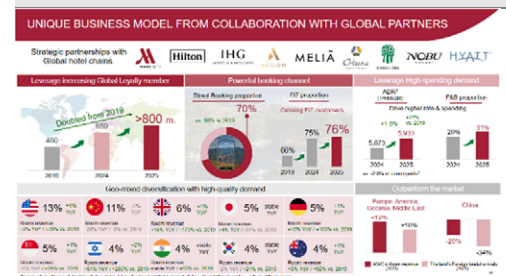
Source: AWC, UOB Kay Hian

Mitigation Measures For Middle East Tensions



Source: AWC

AWC'S Source Market



Source: AWC

No. Of Chinese Arrivals Vs Non-Chinese

	1 Jan - 3 May	2025	2026	yoy growth
No. arrival ex Chinese		10,666,113	9,994,718	-6%
No. of Chinese		1,691,880	1,971,673	17%

Source: Ministry of Tourism and Sports, UOB Kay Hian

Monthly Chinese Arrivals



Source: Ministry of Tourism and Sports, UOB Kay Hian

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	17,356	21,219	23,590	26,368
EBITDA	6,345	7,822	8,718	9,492
Deprec. & amort.	2,238	2,138	2,238	2,501
EBIT	4,107	5,685	6,480	6,992
Total other non-operating income	5,679	5,092	5,107	5,123
Associate contributions	2	0	0	0
Net interest income/(expense)	(1,945)	(2,267)	(2,327)	(2,090)
Pre-tax profit	7,844	8,510	9,259	10,025
Tax	(1,456)	(1,702)	(1,852)	(2,005)
Minorities	0	(143)	(147)	(152)
Net profit	6,388	6,665	7,260	7,869
Net profit (adj.)	1,842	2,693	3,288	3,922

Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	8,190	8,283	9,676	10,859
Pre-tax profit	7,844	8,331	9,076	10,025
Tax	(1,456)	(1,666)	(1,815)	(2,005)
Deprec. & amort.	2,238	2,301	2,401	2,501
Working capital changes	(537)	(202)	28	334
Non-cash items	142	(603)	(13)	4
Other operating cashflows	(38)	122	0	0
Investing	(18,077)	(3,441)	(3,067)	(2,864)
Capex (growth)	(17,581)	(1,238)	(4,088)	(4,052)
Investment	4,344	4,344	4,344	4,344
Others	(4,840)	(6,547)	(3,323)	(3,156)
Financing	9,801	(3,349)	(4,480)	(6,769)
Dividend payments	(2,400)	(2,560)	(2,609)	(2,845)
Proceeds from borrowings	12,188	(789)	(1,871)	(3,924)
Loan repayment	0	0	0	0
Others/interest paid	13	0	0	0
Net cash inflow (outflow)	(85)	1,493	2,129	1,226
Beginning cash & cash equivalent	472	387	1,879	4,008
Ending cash & cash equivalent	387	1,879	4,008	5,234

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Fixed assets	194,638	193,576	195,263	196,814
Other LT assets	6,874	5,664	5,829	6,030
Cash/ST investment	386	1,879	4,008	5,234
Other current assets	2,299	2,143	2,429	2,698
Total assets	204,197	203,262	207,530	210,776
ST debt	41,497	38,708	34,837	28,913
Other current liabilities	4,226	3,265	3,566	4,173
LT debt	48,713	50,713	52,713	54,713
Other LT liabilities	14,022	10,610	11,795	13,184
Shareholders' equity	95,739	99,675	104,179	109,203
Minority interest	0	291	438	589
Total liabilities & equity	204,197	203,262	207,529	210,775

Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	36.6	36.6	36.3	36.0
Pre-tax margin	45.2	39.3	38.5	38.0
Net margin	36.8	30.7	30.2	29.8
ROA	3.3	3.2	3.5	3.8
ROE	6.8	6.7	7.0	7.4
Growth				
Turnover	9.1	22.3	11.2	11.8
EBITDA	11.5	22.5	10.1	10.9
Pre-tax profit	10.3	6.2	8.9	10.5
Net profit	9.2	2.1	9.1	10.6
Net profit (adj.)	8.6	46.2	22.1	19.3
EPS	8.6	46.2	22.1	19.3
Leverage				
Debt to total capital	48.5	47.2	45.6	43.2
Debt to equity	94.2	89.7	84.0	76.6
Net debt/(cash) to equity	93.8	87.8	80.2	71.8
Interest cover (x)	3.3	3.5	3.9	4.5

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