

## Hotel

Bullish On The Brilliant Outlook

### Highlights

- All flights have resumed, while fuel prices have stabilised following a period of volatility, supporting the return of long-haul tourists to Thailand.
- Based on arrival figures for Jul-Aug 26, we note a return in tourists, especially those from Europe and the US. All operators are expected to record robust yoy RevPAR growth, ranging from the mid-single digits to the mid-teens.
- Maintain OVERWEIGHT. For the hotel sector, our top picks are CENTEL, AWC and ERW. For the aviation sector, our top pick is AOT.

### Analysis

- What's new?** The situation in the Middle East has calmed down but is not over yet. This has resulted in jet fuel prices stabilising following the volatility seen in 2Q26, albeit at still-elevated levels. Airlines' 3Q26 earnings are expected to improve qoq, as fuel costs, a major cost component, are likely to decline qoq. Hence, airfares have normalised, with airline earnings expected to be driven by passenger volume. Although airline earnings should remain under pressure from high fuel prices, the volume-driven method is beneficial to hotel and airport business. We note that long-haul tourists are returning, with Jul-Aug 26 arrival figures showing yoy growth for both tourists from Europe and the US.
- Our take.** Currently, US and Iran are more engaged with economic sanctions and the situation has remained quite stable for months. Assuming that there is no further conflict escalation that hampers travel, we expect the tourism business to be strong in 2H26 and even 1Q27. 3Q is usually a quarter that tourist arrivals pick up, which should result in a clear qoq improvement in 3Q26. This will be supported by large events such as GasTech, a major global event, in Sep 26, which will attract around 50,000 participants from 150 countries. The normalisation of airfares also serves as a key supporting factor for hotel earnings, as airfare prices started to decline in Jul 26. The return of tourists due to cheaper airfare is positive for both the hotel and airport businesses. Hotel forward bookings are also reflecting a strong RevPar growth.
- All hotel operators saw upwards momentum in RevPar in Jul 26. In addition, forward bookings in Aug-Sep 26 are also showing strong growth yoy. The key contributing regions should be Bangkok, upcountry and the Maldives. Hotel operators are expected to record robust yoy RevPAR growth, ranging from the mid-single digits to the mid-teens. Most hotel operators are not concerned about rising costs as fuel prices have stabilised. Moreover, most of them will receive an earnings boost from lower cost of debt. Hence, we expect most operators to report yoy growth in 3Q26 earnings. Assuming the war ends soon, we expect the tourism sector's earnings outlook to remain robust from now till end-1Q27.

### Peer Comparison

| Ticker    | Rec  | Price<br>28 Aug 26<br>(Bt) | Target<br>Price<br>(Bt) | Upside<br>To TP<br>(%) | Net Profit<br>2026F<br>(Btm) | 2027F<br>(Bt m) | PE<br>2026F<br>(x) | 2027F<br>(x) | Net EPS<br>Growth<br>2026F (%) | Yield<br>2026F<br>(%) | ROE<br>2026F<br>(%) | Market<br>Cap.<br>(US\$m) | Price/<br>NAV ps<br>(x) |
|-----------|------|----------------------------|-------------------------|------------------------|------------------------------|-----------------|--------------------|--------------|--------------------------------|-----------------------|---------------------|---------------------------|-------------------------|
| AOT TB    | BUY  | 63.25                      | 85.00                   | 34.4                   | 19,368                       | 28,956          | 46.7               | 31.2         | 6.9                            | 1.3                   | 14.1                | 27,053                    | 6.5                     |
| BA TB     | SELL | 19.40                      | 11.70                   | (39.7)                 | 2,121                        | 4,021           | 19.2               | 10.1         | (40.2)                         | 3.6                   | 16.2                | 1,220                     | 3.2                     |
| THAI TB   | BUY  | 5.85                       | 6.80                    | 16.2                   | 18,781                       | 24,069          | 8.8                | 6.9          | (39.2)                         | 2.8                   | 22.8                | 4,957                     | 1.9                     |
| AWC TB    | BUY  | 3.12                       | 3.70                    | 18.6                   | 6,665                        | 7,260           | 15.0               | 13.8         | 4.3                            | 2.7                   | 6.8                 | 2,992                     | 1.0                     |
| CENTEL TB | BUY  | 42.50                      | 50.00                   | 17.6                   | 3,668                        | 2,523           | 15.6               | 22.7         | 84.1                           | 2.9                   | 15.2                | 1,718                     | 2.3                     |
| ERW TB    | BUY  | 3.72                       | 4.40                    | 18.3                   | 903                          | 972             | 20.1               | 18.7         | 7.7                            | 2.2                   | 9.5                 | 544                       | 2.0                     |
| MINT TB   | HOLD | 22.20                      | 24.00                   | 8.1                    | 9,633                        | 10,315          | 13.8               | 12.9         | 1.1                            | 3.2                   | 9.5                 | 3,769                     | 1.3                     |
| Avg       |      |                            |                         |                        | 61,140                       | 78,115          | 23.1               | 18.1         | (13.7)                         | 1.9                   | 14.2                | 42,253                    | 4.8                     |

Source: Bloomberg, UOB Kay Hian

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## OVERWEIGHT (Maintained)

### Segmental Rating

| Segment | Rating                  |
|---------|-------------------------|
| Hotel   | OVERWEIGHT (Maintained) |

Source: Bloomberg, UOB Kay Hian

### Sector Picks

| Company                 | Ticker    | Rec | Share Price<br>(Bt) | Target Price<br>(Bt) |
|-------------------------|-----------|-----|---------------------|----------------------|
| Airports of Thailand    | AOT TB    | BUY | 63.25               | 85.00                |
| Asset World Corporation | AWC TB    | BUY | 3.08                | 3.70                 |
| Central Plaza Hotel     | CENTEL TB | BUY | 42.25               | 50.00                |
| The Erawan Group        | ERW TB    | BUY | 3.68                | 4.40                 |

Source: Bloomberg, UOB Kay Hian

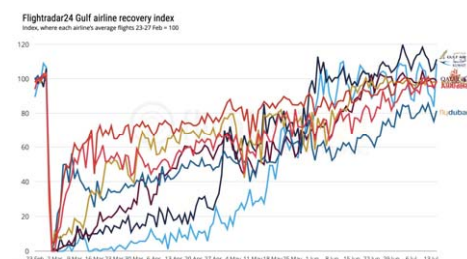
Thursday, 03 September 2026

- Flight frequencies exceeded pre-war levels during the peak season for Middle Eastern tourists.** The situation in the Middle East has not concluded, but Middle Eastern airlines have resumed all of their flights on all routes, including from Europe to Thailand. Flight capacity in the Middle East has recovered to above-normal levels as we enter 3Q26, the peak season for Middle Eastern tourists. In Jul 26, long-haul travellers from both Europe and the US resumed yoy growth, following declines in Mar-Jun 26, particularly among European travellers. We note that the yoy growth momentum continued into Aug 26 as well, which is a promising sign. We are also seeing airfare normalising, encouraging tourist returns to Thailand. This will be beneficial to both hotel operators and airlines as they will see a recovery in tourist volume.
- Fuel prices have stabilised.** Every airline in Thailand had increased their ticket price by 15-20% to partially offset the surge in oil prices. In Jun 26, jet fuel prices dipped, allowing airlines to increase their hedging positions for fuel usage in 2H26. Jet fuel prices remain around US\$150 per barrel, which is lower than that in 2Q26. This allowed the airlines to decrease their ticket prices, which would boost travel demand and hence cabin factor. Although airline margins will remain under pressure from jet fuel prices which remain high, we still expect airlines' 3Q26 earnings to improve qoq on the back of gradual margin improvement. Fuel prices remain high; hence, airlines will continue to suffer as the war still does not appear to be concluding soon. However, we still see Thai Airways' (THAI) current valuation of 9.0x PE as an attractive entry point for a company supported by strong long-term fundamental factors such as fleet additions.
- Robust RevPar growth in 3Q26.** Although the growth magnitude may vary for each hotel operator, the latest bookings in 3Q26 are robust and exhibit strong yoy growth in RevPar. The situation has stabilised, flights are all operating normally, and long-haul demand is returning. Airfare have started to normalise, bringing tourist traffic back. Chinese tourist arrivals continue to be strong, with ytd number of arrivals now exceeding last year's by 16%. Chinese tourists will remain key contributors of all operators' earnings for the rest of 2H26. We expect AWC and CENTEL to report high single-digit to mid-teens yoy growth in RevPar in 3Q26, supported by large events such as Gastech, IMF World Bank meeting, and Tomorrowland.
- Interest expense to decline and margins to improve in 2H26.** Our top picks - CENTEL, AWC and ERW - are all enjoying a declining interest rate trend from continuous refinancing. These operators will have significantly lower interest costs and hence lower interest expenses for 2H26. There should be no more prepayment expenses in the upcoming refinances, which will support 2H26 earnings. Moreover, hotel operators are targeting to either maintain or improve their margins yoy in 2H26. The rise in fuel costs has subsided, indirectly halting the increase in other costs such as plastic and packaging. As we see strict cost control measures being continuously implemented by the operators, we believe that the target to improve margin is realistic and achievable.
- Impact from Thais Help Thais Plus remains manageable.** The government stimulus programme Thais Help Thais Plus (THTP) copayment scheme will last from Jun-Sep 26. Under the scheme, the government subsidises 60% of eligible spending while consumers pay the remaining 40%. We previously expected this campaign to dampen purchase demand for MINT's and CENTEL's food businesses. However, both companies' food businesses are doing fine thus far. In Jul 26, same-store-sales growth (SSSG) for both CENTEL and MINT are strongly positive despite the pressure from THTP. The key strategy of these players is to launch specialty menu to attract purchase demand, especially during the last weeks of the month when the THTP monthly quota runs out.

## Valuation/Recommendation

- Maintain OVERWEIGHT.** For the hotel sector, our top picks are Central Plaza Hotel (CENTEL TB/BUY/Target: Bt50.00), Asset World Corporation

## Middle Eastern Flight Recovery



Source: Flightradar24

## Jet fuel price trend



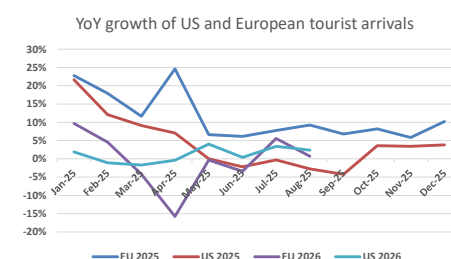
Source: S&amp;P Global Energy Platts

## Ytd Chinese Arrivals

| 1 Jan-31 Aug       | 2025       | 2026       | yoy growth |
|--------------------|------------|------------|------------|
| No arrival Chinese | 18,783,459 | 17,631,594 | -6%        |
| No of Chinese      | 3,096,017  | 3,586,856  | 16%        |

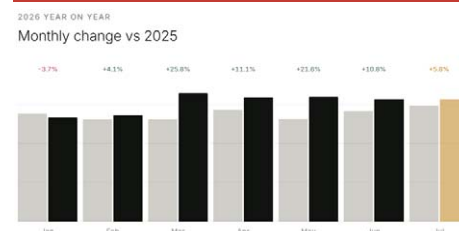
Source: Ministry of Tourism and Sports, UOB Kay Hian

## Growth Of Arrivals From US And Europe



Source: Ministry of Tourism and Sports, UOB Kay Hian

## Airfare Monthly Prices in 2025 vs 2026



Source: Official Airline Guide (OAG)

(AWC TB/BUY/Target: Bt3.70), and The Erawan Group (ERW TB/BUY/Target: Bt4.40). For the aviation sector, our top pick is Airports of Thailand (AOT TB/BUY/Target: Bt85.00).

### Central Plaza Hotel (CENTEL TB/BUY/Target: Bt50.00)

- **Strong forward bookings from 3Q26 onwards.** Gastech in Sep 26 should drive strong demand, supporting mid-single-digit yoy RevPar growth of Bangkok hotels in 3Q26. Thailand's upcountry portfolio should benefit from Chinese arrivals and short-haul substitution, with high-teens RevPar growth, while the Maldives should maintain high-teens growth. Improving Centara Dubai occupancy should support breakeven, with overall portfolio RevPar excluding Dubai and the new Japan hotel expected to grow mid-teens yoy.
- **Robust food performance in Jul 26 despite pressure.** The THTP scheme weighed on food demand from Jun-Sep 26, but CENTEL's SSSG improved from flat in Jun to +3% in Jul 26, supported by promotions and new product launches. We expect this strategy to support food sales throughout 2H26.

### Asset World Corporation (AWC TB/BUY/Target: Bt3.70)

- **Robust hotel bookings in 2H26.** AWC's 2H26 room revenue is expected to rise 30% yoy based on current bookings, driven by major events including Gastech, IMF–World Bank meetings, and Tomorrowland Pattaya. JW Marriott Pattaya and Melia Pattaya saw combined room revenue surge 283% yoy, while Bangkok, Chiang Mai, Samui, and Krabi grew 45%, 39%, 10%, and 12%, respectively. We remain positive on AWC's 2H26 growth outlook.
- **Targeting better margins in 2H26.** AWC aims to exceed its already-high 36.1% EBITDA margin in 2H25, supported by stronger MICE demand and higher-spending Chinese individual travellers. A large MICE group from Spain booked 200 rooms in Jul 26, while the return of Chinese individual travellers should further boost food and beverage revenue.

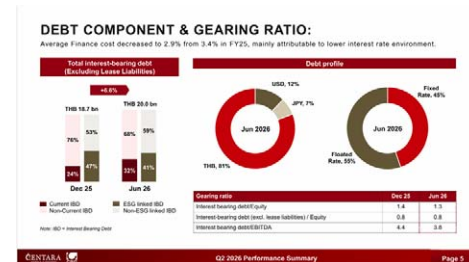
### The Erawan Group (ERW TB/BUY/Target: Bt4.40)

- **Renovation impact remains manageable.** ERW's Bt500m renovation is on track for completion by 4Q27, with the ballroom already completed and room renovations strategically paused during peak periods. We expect limited earnings disruption, while Naka Phuket's reopening in 3Q26 should further support the luxury portfolio.
- **Declining interest costs to support earnings.** ERW's refinancing should make the 2Q26 prepayment fee the last major expense, allowing it to fully benefit from lower interest costs of 2.9% by end-2Q26. With IBD/E at 1.2x, we see declining interest costs as a key earnings catalyst in 2H26.

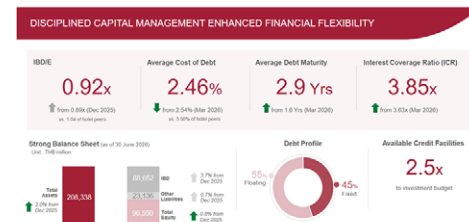
### Airports of Thailand (AOT TB/BUY/Target: Bt85.00)

- **Positive momentum in passenger numbers.** AOT targets 128.5m passengers in 2027, up 2% yoy. Passenger traffic is recovering, with Aug 26 arrivals up 2.2% yoy and foreign passengers up 3.7%, a sharp improvement from Jun-Jul declines of 8% and 4%. Lower jet fuel prices should support airfare normalisation, while major 2H26 events should boost tourist arrivals. We remain positive on AOT's earnings outlook from 4QFY26 to 1QFY27.
- **Bringing back inbound duty-free shops.** AOT is considering reinstating inbound duty-free shops following passenger requests, but details and timing remain subject to discussions with officials and King Power. The concession model may differ from the previous area-based structure, while KPD continues to pay concession fees on time and ahead of schedule.

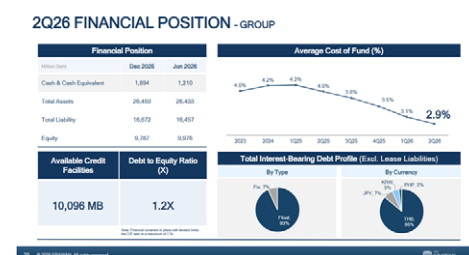
### Centel's Debt Profile



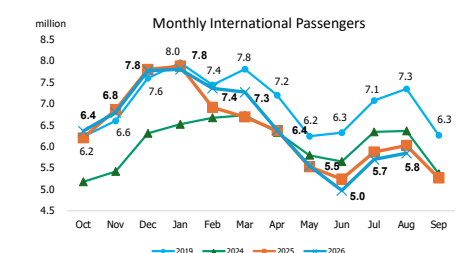
### AWC's Debt Profile



### ERW's Debt Profile



### AOT's Monthly International Pax



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