Asset World Corporation (AWC TB)

Outlook Remains Robust Throughout The High Travel Season

Highlights

- We attended AWC's analyst meeting, and the tone was positive. We also visited the newly opened Fairmont Sukhumvit.
- We see the active repositioning and redevelopment of properties as a key strength of AWC, with massive earnings upside from rising ADR.
- Bookings in 4Q26-1Q27 remain strong, with no indication of any slowdown in Chinese guest arrivals. This implies a strong earnings outlook. AWC remains our top pick in the hotel sector. Maintain BUY with a target price of Bt3.90.

Analysis

- **Positive tone during analyst meeting.** We attended Asset World Corporation's (AWC) analyst meeting to review its 3Q26 results, and the tone during the meeting was positive.
- **Strong booking momentum continuing in 4Q26, to extend into 1H27.** The strong 25.4% yoy RevPar growth in 3Q26 has continued into 4Q26, with RevPar expected to grow at a high single-digit rate yoy. The RevPar growth in Oct 26 was even stronger at +28% yoy, but this should soften in Nov 26 mainly due to the rebranding of DoubleTree by Hilton Sukhumvit to Melia and the rebranding of Westin Phuket to Ritz-Carlton. We expect the hotel segment's performance in 4Q26 to be supported by several major events, including the IMF–World Bank Group Annual Meetings and Tomorrowland Pattaya, with AWC a key beneficiary of the latter. In addition, hotels in Bangkok, Chiang Mai, and Krabi are expected to show strong room revenue growths of 35%, 29%, and 20% yoy respectively in 4Q26. These positive trends will extend into 1H27, with forward bookings showing a 21% yoy growth in room revenue.
- **Site visit to Fairmont Sukhumvit.** We visited Fairmont Sukhumvit, one of AWC's key projects, which offers 416 luxury-tier rooms. Following its opening in Aug 26, occupancy ramped up quickly, reaching 80% occupancy after the first phase opening of 280 rooms. South Korean guests were the highest contributors. AWC plans to start operating Fairmont with full inventory opening of Fairmont in 1Q27. Fairmont is expected to contribute around 8-9% of AWC's top-line in 2027.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	15,902.3	17,356.2	21,219.0	23,590.1	26,368.1
EBITDA	5,688.5	6,344.9	7,800.2	8,822.8	9,886.7
Operating profit	3,805.7	4,107.4	5,662.5	6,422.2	7,386.1
Net profit (rep./act.)	5,850.3	6,388.0	6,665.1	7,260.4	8,090.0
Net profit (adj.)	1,696.8	1,842.4	2,693.0	3,288.2	3,991.3
EPS (Bt)	0.1	0.1	0.1	0.1	0.1
PE (x)	58.1	53.5	36.6	30.0	24.7
P/B (x)	1.1	1.0	1.0	0.9	0.9
EV/EBITDA (x)	32.8	29.4	23.9	21.1	18.8
Dividend yield (%)	2.4	2.6	2.7	2.9	3.3
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)	-	-	5,814	6,080	5,505
UOBKH/Consensus (x)	-	-	0.46	0.54	0.73

Source: AWC, Bloomberg, UOB Kay Hian

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BUY (Maintained)

Share Price	Bt3.08
Target Price	Bt3.90
Upside	+26.6%

Stock Data

Sector	Consumer Discretionary
Bloomberg ticker	AWC TB
Shares issued (m)	32,026.5
Market cap (Btm)	98,641.8
Market cap (US$m)	2,903.8
3-mth avg daily t'over (US$m)	6.4

Price Performance (%)

52-week high/low				Bt3.34/Bt1.90
1mth	3mth	6mth	1yr	YTD
0.7	1.3	45.3	51.0	45.3

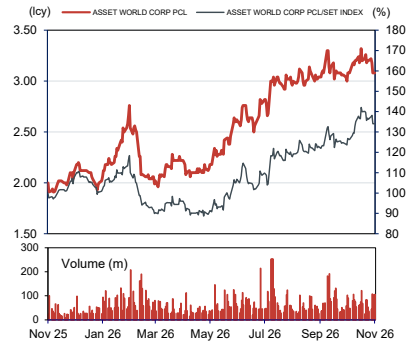
Major Shareholders (%)

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

- **Lower interest rates drive earnings growth.** Despite an increase in outstanding loans, AWC's interest expense declined by 17.2% yoy in 3Q26, reflecting the benefits of refinancing at lower rates. Its cost of debt dropped significantly to 2.46% in 2Q26 from an average of 3.35% in 2Q25. With most of its debt refinancing now completed, further interest savings are expected throughout the year. Management also confirmed that no prepayment fees were incurred, as most refinancing activities were conducted close to the original debt maturity dates. We view the lower cost of debt as a key earnings tailwind in 4Q26, driving further reductions in interest expense both qoq and yoy. Meanwhile, AWC's debt-to-equity ratio remains relatively low at 0.92x, with management aiming to gradually reduce it to 0.60x over the long term.
- **Active repositioning and rebranding.** AWC updated that it has reached an agreement with IHG Hotels to reposition the 184-room Holiday Inn Express Sathorn as a premium lifestyle hotel under the Ruby brand. Holiday Inn Express has historically operated in the lower ADR tier, at Bt3,000-4,000, and the rebranding is expected to double the property's ADR. The capex for this repositioning project will be around Bt100m. In addition, several other repositioning projects are scheduled for completion in 2027, including the conversion of DoubleTree by Hilton Sukhumvit to the Melia brand and Westin Phuket to the Ritz-Carlton brand. This will follow the success of Melia Pattaya, which has performed well following its redevelopment from Grand Sole Pattaya, a property initially acquired by AWC.
- **Chinese tourists remain a key growth driver, despite the slowdown in arrivals.** Chinese tourist arrivals have increased 12% yoy ytd, which signals a sustained recovery momentum. Despite the recent slowdown, the arrivals remain at an elevated level and AWC's Chinese tourist revenue in 3Q26 has shown a robust 46% yoy growth. Tourists from China, a key short-haul source market, are playing an important role in supporting hotel operators' performance, particularly at upcountry and MICE hotels. This makes Chinese guests the company's largest revenue contributor once again. We see no signs of a slowdown in bookings from Chinese tourists, with hotels in key Chinese visitor destinations, including MICE hotels in Chiang Mai and Pattaya, continuing to enjoy strong bookings through the end of 1Q27.

Valuation/Recommendation

- **Maintain BUY with a target price of Bt3.90.** Our valuation is based on 2027 earnings and based on 1SD above the three-year historical average EV/EBITDA multiple of 24.2x. We maintain our optimistic view on AWC, supported by: () several major events expected to boost hotel demand; b) a sustained recovery in Chinese tourist arrivals; and c) continued growth in forward bookings through 4Q26–1Q27.

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

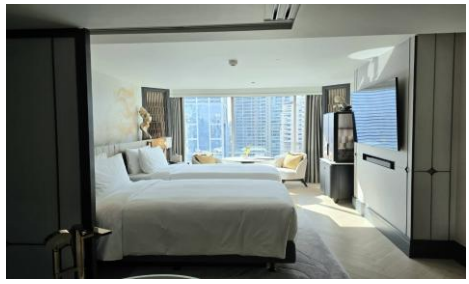
- Strong corporate governance: Adopting transparent management policies to ensure ethical business practices.
- Risk management: Robust frameworks to mitigate financial, operational, and environmental risks.

Rebranding And Repositioning Pipeline



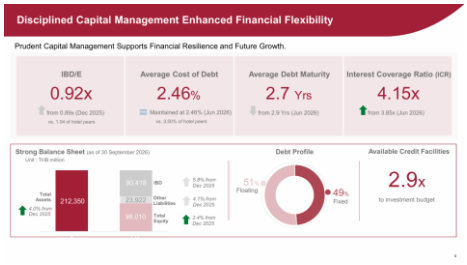
Source: AWC

Fairmont Sukhumvit Twin Room



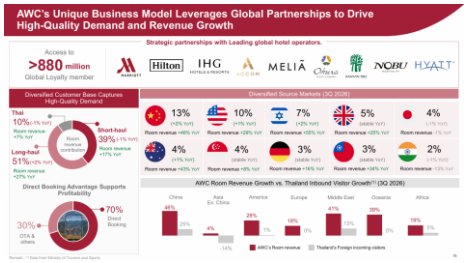
Source: AWC, UOB Kay Hian

Debt Profile



Source: AWC

Market Source



Source: AWC

No. of Chinese arrivals vs non-Chinese

1 Jan - 14 Nov	2025	2026	yoy growth
No. arrival ex. Chinese	24,178,982	22,405,996	-7%
No. of Chinese	3,921,561	4,385,062	12%

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	7,800	8,823	9,887
Deprec. & amort.	2,238	2,138	2,401	2,501
EBIT	4,107	5,662	6,422	7,386
Total other non-op. income	5,679	5,092	5,107	5,123
Associate contributions	2	0	0	0
Net interest income/(expense)	(1,945)	(2,424)	(2,453)	(2,397)
Pre-tax profit	**7,844**	**8,331**	**9,076**	**10,112**
Tax	(1,456)	(1,666)	(1,815)	(2,022)
Minorities	0	0	0	0
Net profit	6,388	6,665	7,260	8,090
Net profit (adj.)	**1,842**	**2,693**	**3,288**	**3,991**

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Fixed assets	194,638	193,583	195,271	196,822
Other LT assets	6,874	5,664	5,829	6,030
Cash/ST investment	386	5,553	10,645	13,636
Other current assets	2,299	2,143	2,429	2,698
Total assets	**204,197**	**206,943**	**214,174**	**219,186**
ST debt	41,497	42,537	41,687	37,518
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	99,818	104,412	109,598
Minority interest	0	0	0	0
Total liabilities & equity	**204,197**	**206,943**	**214,173**	**219,186**

Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	**8,190**	**7,972**	**9,676**	**10,928**
Pre-tax profit	7,844	8,331	9,076	10,112
Tax	(1,456)	(1,666)	(1,815)	(2,022)
Deprec. & amort.	2,238	2,138	2,401	2,501
Working capital changes	(537)	(202)	28	334
Non-cash items	142	(603)	(13)	4
Other operating cashflows	(38)	(26)	0	0
Investing	**(18,077)**	**(3,286)**	**(3,067)**	**(2,864)**
Capex (growth)	(17,581)	(1,083)	(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**	**480**	**(1,517)**	**(5,073)**
Dividend payments	(2,400)	(2,560)	(2,666)	(2,904)
Proceeds from borrowings	12,188	3,040	1,149	(2,169)
Loan repayment	0	0	0	0
Others/interest paid	13	0	0	0
Net cash inflow (outflow)	**(85)**	**5,167**	**5,091**	**2,992**
Beginning cash & cash equivalent	**472**	**387**	**5,553**	**10,645**
Ending cash & cash equivalent	**387**	**5,553**	**10,645**	**13,636**

Key Metric

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	36.6	36.8	37.4	37.5
Pre-tax margin	45.2	39.3	38.5	38.4
Net margin	36.8	31.4	30.8	30.7
ROA	3.3	3.2	3.4	3.7
ROE	6.8	6.8	7.1	7.6
Growth (% yoy)				
Turnover	9.1	22.3	11.2	11.8
EBITDA	11.5	22.9	13.1	12.1
Pre-tax profit	10.3	6.2	8.9	11.4
Net profit	9.2	4.3	8.9	11.4
Net profit (adj.)	8.6	46.2	22.1	21.4
EPS	8.6	46.2	22.1	21.4
Leverage				
Debt to total capital	48.5	48.3	47.5	45.7
Debt to equity	94.2	93.4	90.4	84.2
Net debt/(cash) to equity	93.8	87.9	80.2	71.7
Interest cover (x)	3.3	3.2	3.6	4.1

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