Asset World Corporation (AWC TB)

Expect YOY Growth In Core Earnings In 2Q26 On Continuous Chinese Arrivals Recovery

BUY (Maintained)

Share Price	Bt3.02
Target Price	Bt3.70
Upside	+22.5%
Previous TP	Bt3.00

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Highlights

- We expect AWC to report core earnings of Bt202m (+11.0% yoy, -72.3% qoq) for 2Q26, supported by a continuous recovery of Chinese tourists.
- All hotel segments are showing strong yoy growth in RevPar, from the low base last year and as Chinese guests return.
- We remain optimistic about AWC's growth prospects in 2H26, supported by several large events across Thailand. Maintain BUY with a target price of Bt3.70 (previously Bt3.00).

2Q26 Earnings Preview

Year to 31 Dec (Btm)	2Q25	1Q26	2Q26F	yoy (%)	qoq (%)	1H25	1H26F	yoy (%)
Total Revenue	3,674	5,202	3,881	5.6	(25.4)	8,308	9,082	9.3
Operating EBITDA	1,170	1,932	1,254	7.2	(35.1)	3,015	3,186	5.7
Core profit	182	731	202	11.0	(72.3)	910	933	2.5
Net profit	1,404	1,986	1,446	3.0	(27.2)	3,374	3,433	1.7
EPS (Bt)	0.04	0.06	0.05	3.0	(27.2)	0.11	0.11	1.7
(%)	2Q25	1Q26	2Q26F	yoy (ppt)	qoq (ppt)	1H25	1H26F	yoy (ppt)
Gross margin	48.1	56.7	48.6	0.5	(8.1)	52.8	53.3	0.4
SG&A to sales	30.3	30.9	31.5	1.2	0.6	28.6	31.1	2.5
EBITDA margin	31.8	37.1	32.3	0.5	(4.8)	36.3	35.1	(1.2)
Core profit margin	5.0	14.0	5.2	0.3	(8.8)	11.0	10.3	(0.7)

Source: AWC, UOB Kay Hian

Analysis

- **Expect strong core earnings growth in 2Q26.** Asset World Corporation (AWC) is expected to report a core profit of Bt202m (+11.0% yoy, -72.3% qoq) for 2Q26. Core earnings in 2Q26 are expected to drop due to seasonality effect but still able to show yoy growth with the support from hotel segment revenue, which is projected to grow 6.3% yoy and the retail business' revenue, which could rise 13.8% yoy. The supporting factors for the hotel business are the overall RevPar increase of 3% yoy, driven by contributions from all hotel segments and the recovery of Chinese arrivals. If we exclude the new hotels, the overall RevPar could show a 6% yoy growth. AWC should see an increase of 30% yoy in revenue from Chinese guests. Meanwhile, the retail business revenue growth should be supported by the continuously strong performance of Jurassic World. Interest expense is likely to drop yoy and qoq due to cheaper cost of debt from refinancing. EBITDA margins should expand 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)	55.8	51.4	35.2	28.8	23.7
P/B (x)	1.0	1.0	0.9	0.9	0.9
EV/EBITDA (x)	32.1	28.8	23.4	20.7	18.5
Dividend yield (%)	2.5	2.7	2.8	3.1	3.4
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)	-	-	4,714	4,502	5,017
UOBKH/Consensus (x)	-	-	0.57	0.73	0.80

Source: AWC, Bloomberg, UOB Kay Hian

Stock Data

GICS sector	Consumer Discretionary
Bloomberg ticker:	AWC TB
Shares issued (m):	32,026.5
Market cap (Btm):	94,798.6
Market cap (US$m):	2,835.2
3-mth avg daily t'over (US$m):	5.1

Price Performance (%)

52-week high/low: Bt3.06/Bt1.90

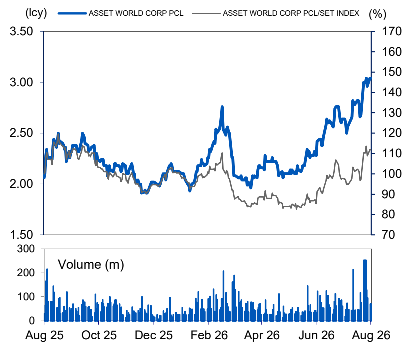
1mth	3mth	6mth	1yr	YTD
13.8	41.0	35.8	45.1	39.6

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.

Statistics Preview

Hotel stats	2Q25	1Q26	2Q26F	yoy chg	qoq chg
Occ (%) - Avg	60%	78%	61%	0.8 ppt	-17.2 ppt
ADR - Avg	5,125	6,330	5,207	1.6%	-17.7%
RevPar - Avg	3,075	4,937	3,166	3.0%	-35.9%
Number of room keys	6,836	6,834	6,834	0.0%	0.0%
Retail and Office stats	**2Q25**	**1Q26**	**2Q26F**	**yoy chg**	**qoq chg**
Occ (%) - Avg	66%	69%	68%	2.0 ppt	-1.0 ppt
Rental rate - Avg	838	815	805	-3.9%	-1.2%

Source: AWC, UOB Kay Hian

- **Robust outlook awaits in 2H26.** We expect to see robust earnings outlook for AWC in 2H26, supported by several large events such as Gastech, IMF-World Bank Group Annual Meetings, and Tomorrowland Pattaya. Hence, the hotels are expected to benefit from strong demand from event participants, who may extend their stays beyond the event schedule. We see AWC as one of the prime beneficiaries of Tomorrowland Pattaya in 4Q26 as JW Marriott Pattaya and Melia Pattaya show robust bookings during the period. Meanwhile, based on the latest bookings in 3Q26, hotel revenue is likely to show a robust 24% yoy growth. Hotels in Bangkok, Chiang Mai, Samui, and Krabi are all showing a very strong 20-30% yoy growth in RevPar. Hence, we remain optimistic about AWC's growth prospects in 2H26.
- **Chinese arrivals remain a key factor and continue to recover strongly.** After declining 33.4% yoy in 2025, Chinese tourist arrivals continued to rebound in early-26. Ytd, Chinese arrivals have risen 14% yoy, reflecting continued strong recovery momentum. With long-haul travel demand remaining soft, we believe Chinese tourists, as a key short-haul market, will be an important driver for hotel operators' performance, especially for upcountry hotels in 3Q26.

Valuation/Recommendation

- **Maintain BUY with a target price of Bt3.70.** Our valuation is rolled over to 2027 earnings and based on 1SD above the three-year historical average EV/EBITDA multiple of 24.0x. We are optimistic about AWC's earnings outlook in 2H26 and add AWC as one of our sector top picks along with CENTEL due to: a) several large events that will give AWC's hotels a traffic boost, b) the strong recovery in Chinese arrivals, and c) robust forward bookings.

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.

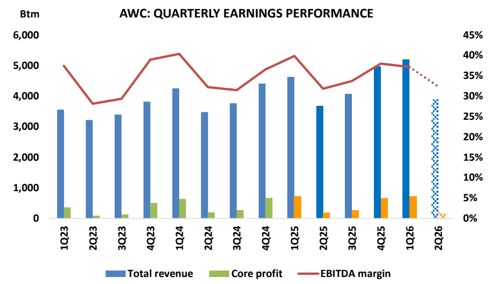
Social

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

Governance

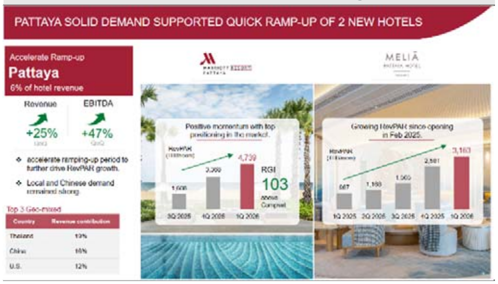
- **Strong corporate governance.** Adopting transparent management policies to ensure ethical business practices.
- **Risk management.** Robust frameworks to mitigate financial, operational, and environmental risks.

Quarterly Performance



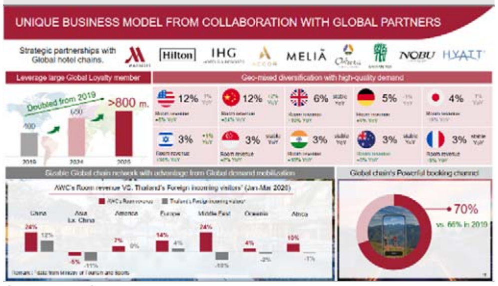
Source: AWC, UOB Kay Hian

Performance Of Hotels In Pattaya



Source: AWC

Source Market



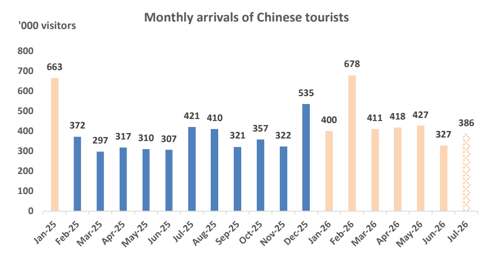
Source: AWC

No. Of Chinese Arrivals Vs Non-Chinese

1 Jan - 25 Jul	2025	2026	yoy growth
No. arrival ex Chinese	16,190,932	14,971,299	-8%
No. of Chinese	2,610,466	2,971,632	14%

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

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

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

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