Asset World Corporation (AWC TB)

Expect Outstanding Earnings In 3Q26

Highlights

- AWC is expected to report a robust 3Q26 core profit of Bt448m (up from Bt265m in 3Q25 and Bt177m in 2Q26).
- RevPar growth in 3Q26 is expected to be strong across all hotel segments, boosted by traffic from large events and Chinese arrival recovery.
- We expect to see the strong hotel performance to continue into 4Q26 as there are large events being held in Bangkok and Pattaya. AWC remains our top pick, maintain BUY with a target price of Bt3.90 (previously Bt3.70).

3Q26 Earnings Preview

Year to 31 Dec (Btm)	3Q25	2Q26	3Q26F	yoy (%)	qoq (%)	9M25	9M26F	yoy (%)
Hotel sales	2,806	2,748	3,271	16.6	19.0	8,969	10,073	12.3
Retail sales	1,091	1,060	1,093	0.2	3.1	2,978	3,234	8.6
Total Revenue	4,080	3,879	4,435	8.7	14.3	12,388	13,516	9.1
Operating EBITDA	1,376	1,203	1,581	15.0	31.5	4,390	4,716	7.4
Core profit	265	177	448	69.4	153.7	1,174	1,355	15.4
Net profit	1,148	1,468	1,372	19.5	(6.6)	4,522	4,827	6.7
EPS (Bt)	0.04	0.05	0.04	19.5	(6.6)	0.14	0.15	6.7
(%)	**2Q25**	**1Q26**	**2Q26F**	**yoy (ppt)**	**qoq (ppt)**	**9M25**	**9M26F**	**yoy (ppt)**
Gross margin	49.6	48.1	50.2	0.6	2.1	51.8	52.1	0.3
SG&A to sales	29.7	32.3	28.1	(1.6)	(4.2)	29.0	30.4	1.4
EBITDA margin	33.7	31.0	35.7	1.9	4.6	35.4	34.9	(0.5)
Core profit margin	6.5	4.6	10.1	3.6	5.6	9.5	10.0	0.5

Source: AWC, UOB Kay Hian

Analysis

- **Expect outstanding core earnings growth in 3Q26.** Asset World Corporation (AWC) is expected to report a robust 3Q26 core profit of Bt448m (up from Bt265m in 3Q25 and Bt177m in 2Q26). Total revenue should be at Bt4.44b (+8.7% yoy, +14.3% qoq) with the hotel segment's revenue expected to show strong growth of 16.6% yoy. This is attributable to the overall RevPar, which is expected to surge by 25% yoy, supported by all hotel segments, contributed by the recovery of Chinese arrivals. The RevPar growth yoy for MICE hotels, Bangkok City, luxury resorts, and non-Bangkok hotels is expected to go up massively by 23%, 17%, 21%, and 35% respectively. This is expected to be a result of the increase in Chinese visitors' revenue of 46% yoy in 3Q26. Interest expense should drop yoy but go up qoq due to increasing loan amounts. The EBITDA margins should expand yoy, supported by margin expansion of both hotel and retail businesses.

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)	61.1	56.3	38.5	31.5	26.0
P/B (x)	1.1	1.1	1.0	1.0	0.9
EV/EBITDA (x)	33.7	30.2	24.5	21.7	19.4
Dividend yield (%)	2.3	2.5	2.6	2.8	3.1
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)	-	-	5,537	6,080	5,488
UOBKH/Consensus (x)	-	-	0.49	0.54	0.73

Source: AWC, Bloomberg, UOB Kay Hian

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BUY (Maintained)

Share Price	Bt3.24
Target Price	Bt3.90
Upside	+20.4%
Previous TP	Bt3.70

Stock Data

Sector	Consumer Discretionary
Bloomberg ticker	AWC TB
Shares issued (m)	32,026.5
Market cap (Btm)	103,766.0
Market cap (US$m)	3,076.7
3-mth avg daily t'over (US$m)	6.1

Price Performance (%)

52-week high/low				Bt3.34/Bt1.90
1mth	3mth	6mth	1yr	YTD
3.2	9.5	54.3	47.3	52.8

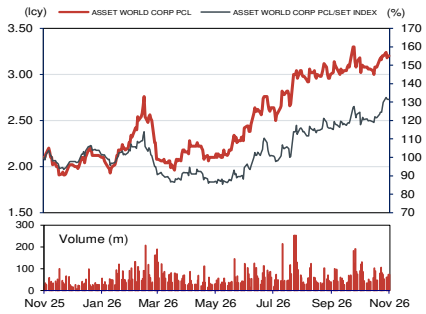
Major Shareholders (%)

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.

- **Interest rate downtrend to boost earnings.** Despite an increase in outstanding loans, AWC's interest expense is expected to decline by 17.6% yoy in 3Q26, reflecting the benefit of refinancing at lower interest rates. Its cost of debt fell significantly to 2.46% in 2Q26 from an average of 3.35% in 2Q25. As AWC has completed the refinancing of most of its debt, further interest savings are expected throughout the year. Management also confirmed that no prepayment fees were incurred, as most refinancing activities were carried out close to the original debt maturity dates. We view the lower cost of debt as a strong tailwind for AWC's earnings in 2H26, supporting further declines in interest expense both qoq and yoy. Meanwhile, AWC's debt-to-equity ratio remains relatively low at 0.92x, with management targeting a long-term reduction to 0.60x.
- **Strong bookings momentum continues in 4Q26.** We expect the positive impact from the Gastech event to be one of the vital factors contributing to the robust hotel performance expected in 3Q26. From our channel check, the current bookings in 4Q26 remain very strong and are now showing 20% yoy room revenue growth. Like Gastech, we expect the 4Q26 hotel performance to be supported by several large events such as IMF–World Bank Group Annual Meetings and Tomorrowland Pattaya. We view AWC as a key beneficiary of Tomorrowland Pattaya in 4Q26, with JW Marriott Pattaya and Melia Pattaya already recording a combined 283% yoy increase in room revenue in 2H26. In addition, hotels in Bangkok, Chiang Mai, Pattaya, and Krabi are expected to show strong room revenue growth in 4Q26 of 39%, 31%, 30%, and 20% yoy, respectively. These positive trends reinforce our optimistic outlook for AWC's growth prospects in 4Q26.
- **Chinese tourists remain a key growth driver, with arrivals continuing to recover strongly.** Following a 33.4% yoy decline in 2025, Chinese tourist arrivals have rebounded since early-26, rising 10% yoy on a YTD basis and signalling sustained recovery momentum. With long-haul travel demand still subdued, the Chinese tourists, as a key short-haul market, are playing an important role in supporting hotel operators' performance, particularly at upcountry hotels in 3Q26. AWC's room revenue from Chinese guests is expected to rise by a robust 30-40% yoy in 9M26, making Chinese guests the company's largest revenue contributor once again.

Valuation/Recommendation

- **Maintain BUY with a target price of Bt3.90 (previously Bt3.70).** Our valuation is based on 2027 earnings and 1SD above the three-year historical average EV/EBITDA multiple of 24.2x. We maintain our optimistic view with AWC due to: a) several major events expected to boost hotel traffic; b) a strong recovery in Chinese tourist arrivals, AWC's largest revenue contributor; and c) sustained strength in forward bookings, underpinning a positive outlook.

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.

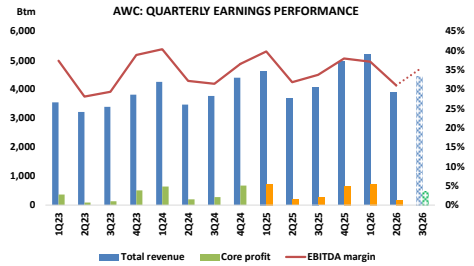
Social

- 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



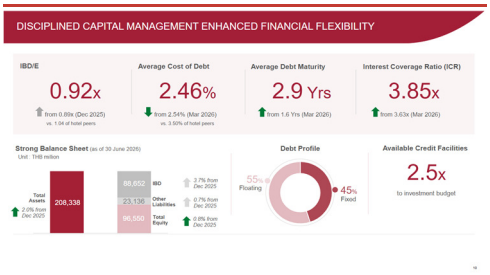
Source: AWC, UOB Kay Hian

Forward Bookings For 2H26



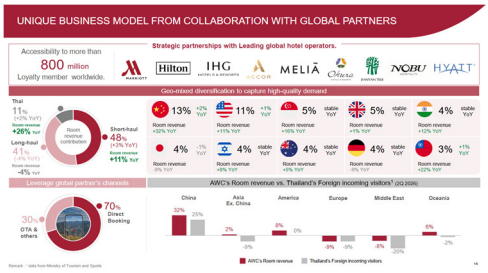
Source: AWC

Debt Profile



Source: AWC

Market Source



Source: AWC

No. Of Chinese Arrivals vs Non-Chinese

1 Jan - 31 Oct	2025	2026	yoy growth
No. arrival ex. Chinese	22,857,228	21,410,854	-6%
No. of Chinese	3,856,480	4,244,376	10%

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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