

# ASSET WORLD CORP

THAILAND / TOURISM & LEISURE

## AWC TB

**BUY**  
UNCHANGED

## Luxury segment to drive 2H22

- Operations to significantly improve in 2H22, led by the hotel business which captures high-spending tourists.
- Retail business should recover, driven by a lower discount rate for rental fees; expect core profit to turn profitable by 4Q22.
- Maintain BUY; roll forward DCF valuation to 2023.

TARGET PRICE	THB6.50
CLOSE	THB5.70
UP/DOWNSIDE	+14.0%
PRIOR TP	THB6.00
CHANGE IN TP	+8.3%
TP vs CONSENSUS	+19.7%

### KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Revenue	4,245	8,823	16,428	22,384
Net profit	861	3,405	3,086	4,553
EPS (THB)	0.03	0.11	0.10	0.14
vs Consensus (%)	-	nm	108.3	35.9
EBITDA	55	2,567	5,674	7,984
Core net profit	(2,248)	(295)	2,086	3,553
Core EPS (THB)	(0.07)	(0.01)	0.07	0.11
Chg. In EPS est. (%)	nm	nm	0.0	0.0
EPS growth (%)	nm	nm	nm	70.3
Core P/E (x)	(81.1)	(619.0)	87.4	51.3
Dividend yield (%)	0.2	-	0.5	0.8
EV/EBITDA (x)	4,241.0	92.2	41.5	30.0
Price/book (x)	2.3	2.2	2.1	2.0
Net debt/Equity (%)	62.4	65.8	62.2	63.7
ROE (%)	(3.0)	(0.4)	2.5	4.1

### RevPAR to almost reach pre-Covid level by 4Q22

We expect AWC to capture the strong recovery of Thailand's tourism industry in 2H22. High-spending tourists should be the first group to recover, and AWC should be a prime beneficiary given that most of its hotels cater to the upscale and luxury segments. The RevPAR of AWC's hotels recovered to c52% of the pre-Covid level in 2Q22. The recovery rate was faster than the Thai hotel industry's average which recovered to 33% of the pre-Covid level in 2Q22. We expect AWC's RevPAR recovery rate to accelerate to 68-92% of pre-Covid in 2H22, driven by a higher ADR from leisure tourists and the recovery of MICE activities.

### Asiatique's operations should significantly improve in 4Q22

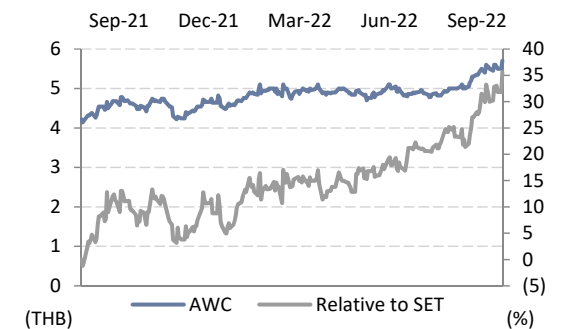
Retail and commercial business revenue recovered to 67% of the pre-Covid level in 2Q22. The key drag was Asiatique (38% OCC rate in 2Q22). The recovery of international tourists and the partnership between AWC and Disney to add more attractions to Asiatique by end-2022 should improve Asiatique's OCC and rental rates. For the community shopping malls and markets segment, we expect AWC to continue to reduce the discount rental rate. Overall, we estimate retail and commercial revenue to recover to 70-80% of the pre-Covid level in 2H22.

### Expect core operations to turn profitable by 4Q22

We expect AWC's core profit to turn positive in 4Q22, the high tourism season in Thailand. We also expect AWC to enter a harvesting period with strong earnings growth over 2023-25 as 72% of AWC's assets are ramping up, repositioning and under development. Those assets should generate strong EBITDA along with Thailand's tourism recovery.

### Revise down core profit, but revise up net profit in 2022

We revise down our 2022 core profit estimate of THB0.3b to a core loss of THB0.3b due to the slower-than-expected recovery of tourist arrivals in 1H22. However, we revise up our 2022 net profit estimate from THB1.3b to THB3.4b due to a higher-than-expected gain on changes in the fair value of investment properties. We maintain our 2023-24 earnings forecasts. We also roll forward our DCF valuation to 2023 and derive a new TP of THB6.5/shr. A possible upside is the new JV business model for investing in high-potential hospitality projects (more details on Pg.3).



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	14.0	12.9	34.4
Relative to country (%)	11.7	13.7	35.6
Mkt cap (USD m)	5,000		
3m avg. daily turnover (USD m)	6.1		
Free float (%)	25		
Major shareholder	TCC Business Management (47%)		
12m high/low (THB)	5.70/4.12		
Issued shares (m)	32,000.00		

Sources: Bloomberg consensus; FSSIA estimates



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## Investment thesis

AWC plans to aggressively expand its hotel portfolio from 17 hotels to 31 hotels by 2027 and expand its commercial property assets with a net leasable area (NLA) of 427k sqm to 560k sqm by 2027.

AWC has a strong balance sheet with an IBD/E of only 0.8x as of 2Q22, with ample room for M&A deals. AWC also has a competitive advantage, as it has a grant of rights (GOR) agreement with its major shareholder, Thai Charoen Corporation Group (TCC, not listed). Under the GOR, AWC has the right of first offer on assets that TCC plans to sell, and the right of first refusal on assets when any third party makes an offer.

Most of AWC's assets are classified as freehold, with about half of its asset value in land located in prime areas across Thailand. We believe those assets will likely appreciate in the future, which should support its balance sheet's gearing ratio for expansion projects.

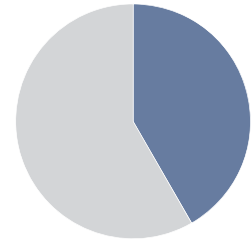
## Company profile

AWC is the pure-play leader in the Thai hospitality and commercial property business.

[assetworldcorp-th.com](http://assetworldcorp-th.com)

## Principal activities (revenue, 2021)

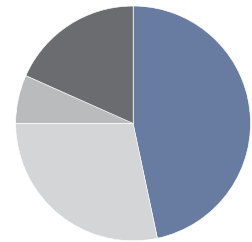
- Hotel revenue - 41.7 %
- Retail and office revenue - 58.3 %



Source: Asset World Corp

## Major shareholders

- TCC Business Management - 46.7 %
- TCC Group International Limited - 28.3 %
- Bank of Singapore Limited - THB SEG AC - 6.7 %
- Others - 18.3 %



Source: Asset World Corp

## Catalysts

Key growth drivers include 1) a faster OCC ramp-up rate following a global tourism recovery; 2) improving consumption and economic growth resulting in a strong retail business; and 3) the relaxation of travel restriction between countries

## Risks to our call

Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.

## Event calendar

Date	Event
Nov 2022	3Q22 results announcement

## Key assumptions

	2022E	2023E	2024E
Hotel - Number of rooms (no.)	5,525	6,724	8,822
Hotel - Occupancy rate (OCC %)	43	65	69.5
Hotel - RevPAR growth (%)	176	94	11.8
Retail - NLA ('000 sqm)	191.6	211.6	211.6
Retail - Occupancy rate (OCC %)	59	63	64.0
Retail - Rental rate growth (%)	64	55	2.2
Office - NLA ('000 sqm)	270.6	270.6	270.6
Office - Occupancy rate (OCC %)	75.0	76.0	77.0
Office - Rental rate growth (%)	1.0	2.0	2.0

Source: FSSIA estimates

## Earnings sensitivity

- For every 1% increase in hotel OCC, we project a 2023 profit increase of 4%, and vice versa, all else being equal.
- For every 1% increase in retail OCC, we project a 2023 profit increase of 5%, and vice versa, all else being equal.

Source: FSSIA estimates

## Setting up an investment vehicle to develop hospitality project

AWC has recently establish an investment vehicle under JV agreement (AWC holds 51% and investors hold 49%) with a capital increase plan of THB10.8b. The JV will invest in high-potential hospitality projects in Thailand's key tourist destinations. We expect to see the first acquisition project by the end of this year.

Under this business model, AWC would acquire assets that have uplifting and rebranding potential. It may take up to 5-8 years for the assets to ramp up before AWC can divest them to realise capital gains. In addition, AWC would receive acquisition and management fees for the assets. We estimate that AWC will book management fees which will become new recurring income of up to THB200m per year, which should almost flow directly to its bottom line.

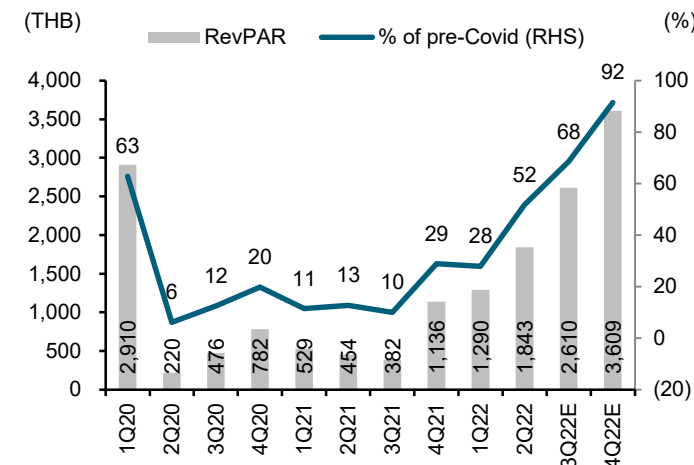
We have not yet incorporated this JV into our forecast. However, we see an upside from this business model as AWC may adapt this business model and partner with other potential investors in the future.

## Hotel business: strong recovery momentum expected in 2H22

We expect the hotel business' OCC rate to improve to c50-65% in 2H22, led by the pent-up demand from international tourists, though it should still be below the 74% average in 2019. With more demand, we expect AWC to raise its average daily rate (ADR) to exceed the pre-Covid level following the global hotel industry trend in which ADR is likely to surpass the pre-Covid level. As a result, we expect RevPAR to almost reach the pre-Covid level by 4Q22.

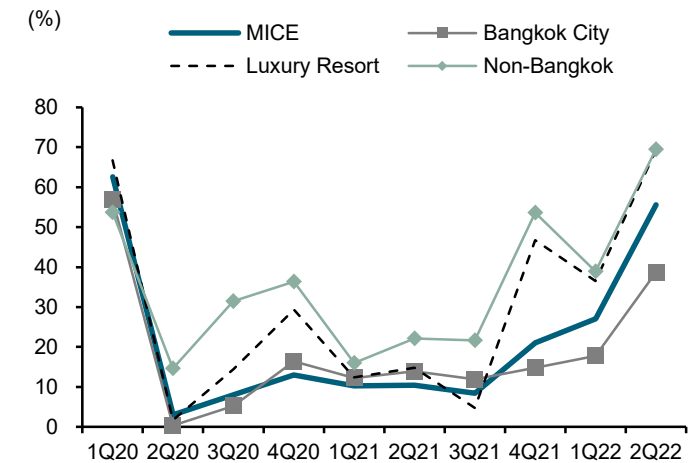
Another key driver would be the recovery of business traveller numbers and meetings, incentives, conferences and exhibition (MICE) activities. The recovery rate of AWC's hotels under the MICE segment was slower, compared to hotels in tourist destination areas. We expect to see more MICE activities in 2H22 such as Apex meetings in 4Q22.

Exhibit 1: RevPAR trend, quarterly



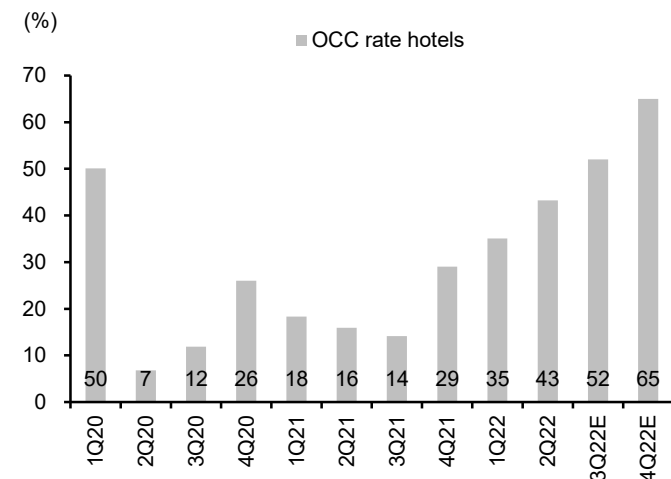
Sources: AWC; FSSIA estimates

Exhibit 2: RevPAR breakdown by segment (% of pre-Covid)



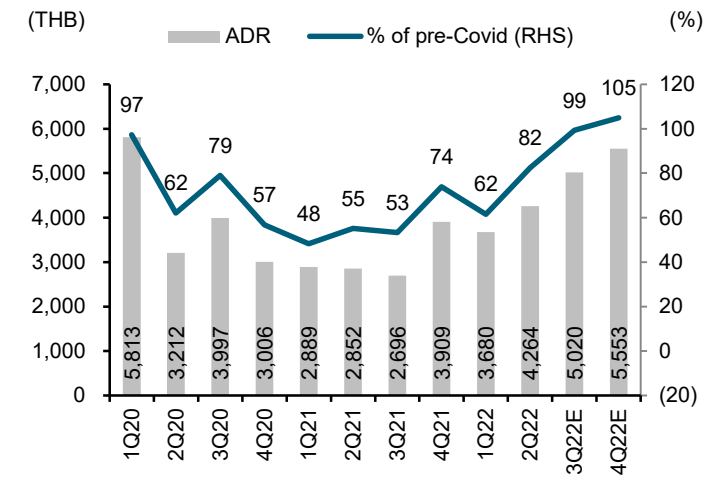
Source: AWC

Exhibit 3: OCC rate trend, quarterly



Sources: AWC; FSSIA estimates

Exhibit 4: ADR trend, quarterly

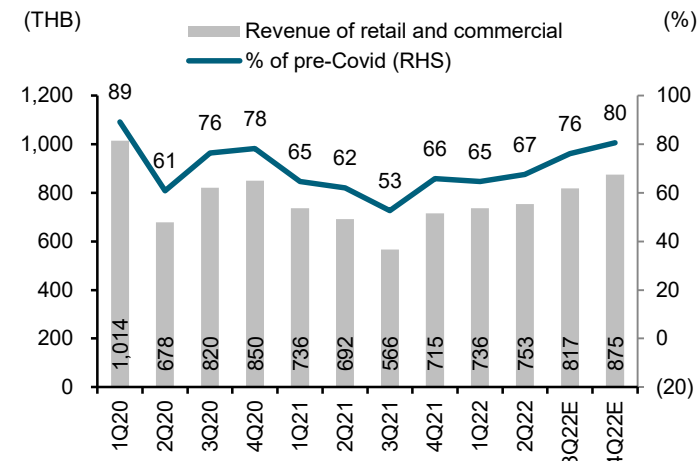


Sources: AWC; FSSIA estimates

## Retail and commercial business: improving rental rate in 2H22

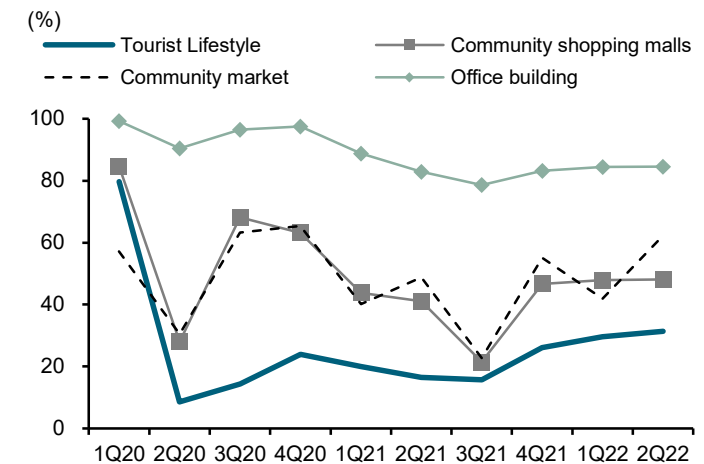
Retail and commercial business revenue recovered to 67% of the pre-Covid level in 2Q22. The key drag was the tourist lifestyle segment (Asiatique) and community shopping malls and markets, while the office building business had a limited impact from the Covid pandemic. We expect an improvement in 2H22. Asiatique should recover in line with the number of tourist arrivals. In addition, we expect the collaboration between Disney and AWC to bring attractions and experience to Asiatique in Dec-22, which should boost both domestic and international demand. Overall, we estimate retail and commercial business revenue to recover to 70-80% of the pre-Covid level in 2H22.

**Exhibit 5: Revenue trend of retail and commercial business, quarterly**



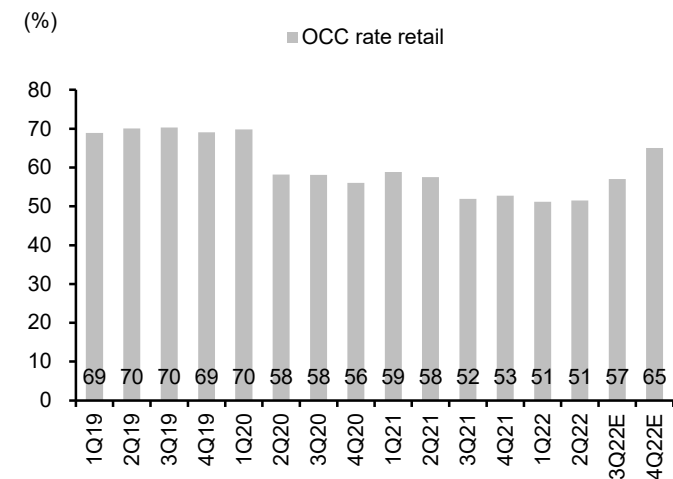
Sources: AWC; FSSIA estimates

**Exhibit 6: Revenue by segment (% of pre-Covid)**



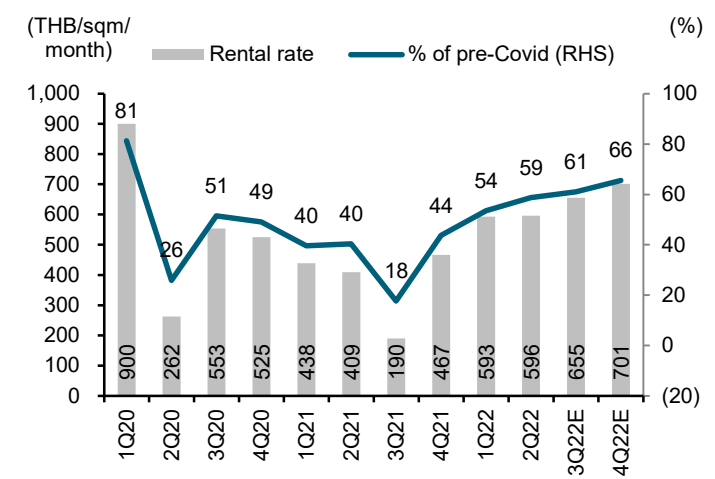
Sources: AWC; FSSIA estimates

**Exhibit 7: OCC rate of retail business, quarterly**



Sources: AWC; FSSIA estimates

**Exhibit 8: Rental rate of retail business, quarterly**



Sources: AWC; FSSIA estimates

## Exhibit 9: Forecast revisions

	Current			Previous			Change		
	2022E	2023E	2024E	2022E	2023E	2024E	2022E	2023E	2024E
Hotel - OCC (%)	42.8	64.7	69.5	42.8	70.3	70.0	0.0	(5.5)	(0.5)
Hotel - RevPar (THB)	1,797	3,492	3,906	1,797	3,539	3,736	0.0	(1.3)	4.6
Retail - OCC (%)	58.9	63.2	64.0	52.7	60.3	62.6	6.2	2.9	1.4
Retail - Rental rate (THB/sqm/month)	615	952	973	679	789	838	(9.4)	20.7	16.1
Office - OCC (%)	75.0	76.0	77.0	75.0	76.0	77.0	0.0	0.0	0.0
Office - Rental rate (THB/sqm/month)	719	734	748	719	734	748	0.0	0.0	0.0
Revenue (THB b)	8.8	16.4	22.4	9.4	17.0	22.0	(6.0)	(3.3)	1.7
EBITDA margin (%)	29.1	34.5	35.7	33.5	35.8	37.2	(4.4)	(1.3)	(1.5)
Core earnings (THB m)	(295)	2,086	3,553	292	2,086	3,552	(200.9)	0.0	0.0

Note: Change of items in % terms are represented in ppt

Source: FSSIA estimates

## Exhibit 10: DCF valuation

Cost of equity assumptions		(%)	Cost of debt assumptions		(%)
Risk-free rate		3.0	Pre-tax cost of debt		2.6
Market risk premium		8.0	Marginal tax rate		20.0
Stock beta		1.0			
Cost of equity, Ke		11.0	Net cost of debt, Kd		2.1
Weight applied		60.0	Weight applied		40.0
WACC		7.4			

DCF valuation estimate	(THB b)	(THB/share)	Comments
NPV	61.0	1.9	WACC 7.4%, risk-free rate 3%, risk premium 8%
Terminal value	198.9	6.2	Terminal growth 2.5%
Cash & liquid assets	2.4	0.1	At end-2023E
Investments	0.0	0.0	At end-2023E
Debt	(55.5)	(1.7)	At end-2023E
Minorities	0.0	0.0	At end-2023E
<b>Residual ordinary equity</b>	<b>206.8</b>	<b>6.5</b>	

Source: FSSIA estimates

## Exhibit 11: Peers comparison as of 6 Sep-22

Company	BBG	Rec	Share price			Market Cap	PE		ROE		PBV		EV/ EBITDA	
			Current	Target	Upside		22E	23E	22E	23E	22E	23E	22E	23E
			(LCY)	(LCY)	(%)	(USD m)	(x)	(x)	(%)	(%)	(x)	(x)	(x)	(x)
<b>Thailand</b>														
Asset World Corp	AWC TB	BUY	5.70	6.50	14	5,000	(619.0)	87.4	(0.4)	2.5	2.2	2.1	92.2	41.5
Minor International	MINT TB	BUY	30.50	43.00	41	4,410	165.1	27.7	1.6	9.5	2.3	2.7	14.0	11.4
Central Plaza Hotel	CENTEL TB	BUY	45.50	49.00	8	1,684	103.9	29.7	3.2	10.5	3.3	3.0	19.0	12.7
Erawan Group	ERW TB	BUY	3.74	4.50	20	465	(25.9)	41.5	(11.5)	7.3	3.2	2.9	47.5	14.9
S Hotels & Resorts	SHR TB	BUY	3.90	5.20	33	384	120.3	27.4	0.7	3.2	0.9	0.9	13.5	9.7
Dusit Thani	DUSIT TB	BUY	12.40	18.00	45	289	(15.7)	97.0	(22.3)	3.9	3.8	3.7	167.4	32.9
<b>Thailand average</b>						<b>12,231</b>	<b>(45.2)</b>	<b>51.8</b>	<b>(4.8)</b>	<b>6.2</b>	<b>2.6</b>	<b>2.6</b>	<b>58.9</b>	<b>20.5</b>
<b>Regional</b>														
Btg Hotels Group	600258 CH	n/a	20.85	n/a	n/a	3,327	344.7	24.8	0.3	7.5	2.1	1.9	27.1	14.0
Sh Jinjiang Intl Hotels	900934 CH	n/a	1.98	n/a	n/a	7,611	45.0	8.4	2.4	9.6	0.9	0.8	31.2	16.7
Huangshan Tourism Develop	900942 CH	n/a	0.76	n/a	n/a	937	63.1	13.1	0.6	6.4	0.9	0.8	24.2	9.3
Genting Bhd	GENT MK	n/a	4.55	n/a	n/a	3,899	22.5	11.9	2.5	4.6	0.5	0.5	8.2	6.8
Greentree Hospitality	GHG US	n/a	4.04	n/a	n/a	416	17.3	8.8	8.7	15.2	1.5	1.3	8.5	4.4
Huazhu Group	HTHT US	n/a	33.76	n/a	n/a	10,865	n/a	37.1	(0.2)	17.4	6.7	6.2	56.0	17.1
Indian Hotels	IH IN	n/a	305.15	n/a	n/a	5,503	n/a	57.7	(4.5)	10.3	7.4	5.7	86.4	30.1
Lemon Tree Hotels	LEMONTRE IN	n/a	73.25	n/a	n/a	746	n/a	87.6	(6.2)	8.1	7.0	6.7	53.9	22.4
Lippo Karawaci	LPKR IJ	n/a	119.00	n/a	n/a	551	225.7	21.9	0.2	1.8	0.4	0.4	9.3	8.1
<b>Regional average</b>						<b>33,856</b>	<b>119.7</b>	<b>30.1</b>	<b>0.4</b>	<b>9.0</b>	<b>3.0</b>	<b>2.7</b>	<b>33.9</b>	<b>14.3</b>
<b>Overall average</b>						<b>46,087</b>	<b>37.2</b>	<b>38.8</b>	<b>(1.7)</b>	<b>7.9</b>	<b>2.9</b>	<b>2.6</b>	<b>43.9</b>	<b>16.8</b>

Sources: Bloomberg; FSSIA estimates

## Financial Statements

### Asset World Corp

Profit and Loss (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Revenue	5,983	4,245	8,823	16,428	22,384
Cost of goods sold	(2,531)	(1,980)	(3,973)	(7,241)	(9,603)
<b>Gross profit</b>	<b>3,453</b>	<b>2,265</b>	<b>4,850</b>	<b>9,186</b>	<b>12,781</b>
Other operating income	125	94	99	102	105
Operating costs	(2,416)	(2,304)	(2,382)	(3,614)	(4,902)
<b>Operating EBITDA</b>	<b>1,162</b>	<b>55</b>	<b>2,567</b>	<b>5,674</b>	<b>7,984</b>
Depreciation	(2,323)	(1,605)	(1,787)	(1,941)	(2,225)
Goodwill amortisation	-	-	-	-	-
<b>Operating EBIT</b>	<b>(1,161)</b>	<b>(1,551)</b>	<b>779</b>	<b>3,733</b>	<b>5,759</b>
Net financing costs	(1,140)	(1,180)	(1,184)	(1,246)	(1,318)
Associates	0	0	0	0	0
Recurring non-operating income	0	0	0	0	0
Non-recurring items	0	3,109	3,700	1,000	1,000
<b>Profit before tax</b>	<b>(2,301)</b>	<b>379</b>	<b>3,295</b>	<b>3,488</b>	<b>5,441</b>
Tax	420	483	110	(402)	(888)
<b>Profit after tax</b>	<b>(1,881)</b>	<b>861</b>	<b>3,405</b>	<b>3,086</b>	<b>4,553</b>
Minority interests	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>(1,881)</b>	<b>861</b>	<b>3,405</b>	<b>3,086</b>	<b>4,553</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>0</b>	<b>(3,109)</b>	<b>(3,700)</b>	<b>(1,000)</b>	<b>(1,000)</b>
<b>Recurring net profit</b>	<b>(1,881)</b>	<b>(2,248)</b>	<b>(295)</b>	<b>2,086</b>	<b>3,553</b>
<b>Per share (THB)</b>					
Recurring EPS *	(0.06)	(0.07)	(0.01)	0.07	0.11
Reported EPS	(0.06)	0.03	0.11	0.10	0.14
DPS	0.00	0.01	0.00	0.03	0.04
Diluted shares (used to calculate per share data)	32,000	32,000	32,000	32,000	32,000
<b>Growth</b>					
Revenue (%)	(53.6)	(29.1)	107.8	86.2	36.3
Operating EBITDA (%)	(78.1)	(95.3)	4,595.6	121.1	40.7
Operating EBIT (%)	nm	nm	nm	379.1	54.3
Recurring EPS (%)	nm	nm	nm	nm	70.3
Reported EPS (%)	nm	nm	295.3	(9.4)	47.5
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	18.9	15.5	34.7	44.1	47.2
Gross margin of key business (%)	18.9	15.5	34.7	44.1	47.2
Operating EBITDA margin (%)	19.4	1.3	29.1	34.5	35.7
Operating EBIT margin (%)	(19.4)	(36.5)	8.8	22.7	25.7
Net margin (%)	(31.4)	(53.0)	(3.3)	12.7	15.9
Effective tax rate (%)	18.2	17.7	18.5	16.2	20.0
Dividend payout on recurring profit (%)	-	(15.3)	-	40.0	40.0
Interest cover (X)	(1.0)	(1.3)	0.7	3.0	4.4
Inventory days	7.4	8.8	6.4	6.6	7.5
Debtor days	55.5	60.0	24.2	11.1	8.1
Creditor days	290.0	285.4	214.2	221.4	250.7
Operating ROIC (%)	(0.8)	(1.0)	0.5	2.2	3.1
ROIC (%)	(0.8)	(1.0)	0.5	2.1	3.1
ROE (%)	(2.3)	(3.0)	(0.4)	2.5	4.1
ROA (%)	(0.7)	(1.0)	0.5	2.0	2.9

\* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2020	2021	2022E	2023E	2024E
Hotel revenue	2,867	1,770	5,642	11,939	17,546
Retail and office revenue	3,116	2,475	3,182	4,489	4,838

Sources: Asset World Corp; FSSIA estimates



## Financial Statements

### Asset World Corp

Cash Flow (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Recurring net profit	(1,881)	(2,248)	(295)	2,086	3,553
Depreciation	2,323	1,605	1,787	1,941	2,225
Associates & minorities	-	-	-	-	-
Other non-cash items	(815)	11,462	3,600	900	900
Change in working capital	(503)	179	1,931	2,881	2,107
<b>Cash flow from operations</b>	<b>(876)</b>	<b>10,999</b>	<b>7,023</b>	<b>7,807</b>	<b>8,784</b>
Capex - maintenance	(4,362)	(15,760)	(11,416)	(6,787)	(11,581)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	0	0	0	0	0
Other investments (net)	-	-	-	-	-
<b>Cash flow from investing</b>	<b>(4,362)</b>	<b>(15,760)</b>	<b>(11,416)</b>	<b>(6,787)</b>	<b>(11,581)</b>
Dividends paid	(400)	0	(344)	0	(834)
Equity finance	(7,978)	9	0	0	0
Debt finance	8,440	4,372	8,000	(2,000)	3,000
Other financing cash flows	(9,265)	279	0	0	0
<b>Cash flow from financing</b>	<b>(9,204)</b>	<b>4,660</b>	<b>7,656</b>	<b>(2,000)</b>	<b>2,166</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>(14,442)</b>	<b>(101)</b>	<b>3,263</b>	<b>(980)</b>	<b>(631)</b>
Free cash flow to firm (FCFF)	(4,094.95)	(3,580.50)	(3,208.79)	2,276.47	(1,470.87)
Free cash flow to equity (FCFE)	(6,063.68)	(110.54)	3,606.91	(979.83)	203.81
<b>Per share (THB)</b>					
FCFF per share	(0.13)	(0.11)	(0.10)	0.07	(0.05)
FCFE per share	(0.19)	0.00	0.11	(0.03)	0.01
Recurring cash flow per share	(0.01)	0.34	0.16	0.15	0.21
Balance Sheet (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Tangible fixed assets (gross)	133,144	145,402	153,218	159,106	169,787
Less: Accumulated depreciation	(11,466)	(9,406)	(7,493)	(8,434)	(9,659)
<b>Tangible fixed assets (net)</b>	<b>121,678</b>	<b>135,996</b>	<b>145,725</b>	<b>150,672</b>	<b>160,128</b>
<b>Intangible fixed assets (net)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	0	0	0	0	0
Cash & equivalents	230	128	3,391	2,411	1,780
A/C receivable	722	674	498	498	498
Inventories	49	46	93	170	225
Other current assets	52	56	117	218	297
<b>Current assets</b>	<b>1,052</b>	<b>905</b>	<b>4,099</b>	<b>3,296</b>	<b>2,800</b>
Other assets	1,736	1,996	1,996	1,996	1,996
<b>Total assets</b>	<b>124,467</b>	<b>138,897</b>	<b>151,820</b>	<b>155,965</b>	<b>164,925</b>
Common equity	71,186	79,207	82,268	85,354	89,072
Minorities etc.	0	0	0	0	0
<b>Total shareholders' equity</b>	<b>71,186</b>	<b>79,207</b>	<b>82,268</b>	<b>85,354</b>	<b>89,072</b>
Long term debt	43,633	45,717	53,717	51,717	54,717
Other long-term liabilities	6,427	8,332	8,332	8,332	8,332
<b>Long-term liabilities</b>	<b>50,060</b>	<b>54,049</b>	<b>62,049</b>	<b>60,049</b>	<b>63,049</b>
A/C payable	1,546	1,551	3,112	5,672	7,521
Short term debt	1,525	3,812	3,812	3,812	3,812
Other current liabilities	150	279	579	1,079	1,470
<b>Current liabilities</b>	<b>3,221</b>	<b>5,641</b>	<b>7,503</b>	<b>10,562</b>	<b>12,803</b>
<b>Total liabilities and shareholders' equity</b>	<b>124,467</b>	<b>138,897</b>	<b>151,820</b>	<b>155,965</b>	<b>164,925</b>
Net working capital	(873)	(1,053)	(2,984)	(5,865)	(7,971)
Invested capital	122,541	136,940	144,738	146,804	154,153
* Includes convertibles and preferred stock which is being treated as debt					
<b>Per share (THB)</b>					
Book value per share	2.22	2.48	2.57	2.67	2.78
Tangible book value per share	2.22	2.48	2.57	2.67	2.78
<b>Financial strength</b>					
Net debt/equity (%)	63.1	62.4	65.8	62.2	63.7
Net debt/total assets (%)	36.1	35.6	35.7	34.1	34.4
Current ratio (x)	0.3	0.2	0.5	0.3	0.2
CF interest cover (x)	(4.3)	0.9	4.0	0.2	1.2
Valuation	2020	2021	2022E	2023E	2024E
<b>Recurring P/E (x) *</b>	<b>(97.0)</b>	<b>(81.1)</b>	<b>(619.0)</b>	<b>87.4</b>	<b>51.3</b>
<b>Recurring P/E @ target price (x) *</b>	<b>(110.6)</b>	<b>(92.5)</b>	<b>(705.8)</b>	<b>99.7</b>	<b>58.5</b>
Reported P/E (x)	(97.0)	211.7	53.6	59.1	40.1
Dividend yield (%)	-	0.2	-	0.5	0.8
Price/book (x)	2.6	2.3	2.2	2.1	2.0
Price/tangible book (x)	2.6	2.3	2.2	2.1	2.0
EV/EBITDA (x) **	195.7	4,241.0	92.2	41.5	30.0
EV/EBITDA @ target price (x) **	217.7	4,709.3	102.1	46.0	33.2
EV/invested capital (x)	1.9	1.7	1.6	1.6	1.6
* Pre-exceptional, pre-goodwill and fully diluted    ** EBITDA includes associate income and recurring non-operating income					

Sources: Asset World Corp; FSSIA estimates



## Corporate Governance report of Thai listed companies 2021

EXCELLENT LEVEL – Score range 90-100										
AAV	BCPG	CPALL	GCAP	K	MSC	PLANET	SAMART	SPI	THRE	TVD
ADVANC	BDMG	CPF	GFPT	KBANK	MST	PLAT	SAMTEL	SPRC	THREL	TVI
AF	BEM	CPI	GGC	KCE	MTC	PORT	SAT	SPVI	TIPCO	TVO
AH	BGC	CPN	GLAND	KKP	MVP	PPS	SC	SSSC	TISCO	TWPC
AIRA	BGRIM	CRC	GLOBAL	KSL	NCL	PR9	SCB	SST	TK	U
AKP	BIZ	CSS	GPI	KTB	NEP	PREB	SCC	STA	TKT	UAC
AKR	BKI	DDD	GPSC	KTC	NER	PRG	SCCC	STEC	TMT	UBIS
ALT	BOL	DELTA	GRAMMY	LALIN	NKI	PRM	SCG	STI	TNDT	UV
AMA	BPP	DEMCO	GULF	LANNA	NOBLE	PROUD	SCGP	SUN	TNITY	VGI
AMATA	BRR	DRT	GUNKUL	LH	NSI	PSH	SCM	SUSCO	TOA	VIH
AMATAV	BTS	DTAC	HANA	LHFG	NVD	PSL	SDC	SUTHA	TOP	WACOAL
ANAN	BTW	DUSIT	HARN	LIT	NWR	PTG	SEAFECO	SVI	TPBI	WAVE
AOT	BWG	EA	HMPRO	LPN	NYT	PTT	SEAOL	SYMC	TQM	WHA
AP	CENEL	EASTW	ICC	MACO	OISHI	PTTEP	SE-ED	SYNTEC	TRC	WHAUP
ARIP	CFRESH	ECF	ICHI	MAJOR	OR	PTTGC	SELIC	TACC	TRU	WICE
ARROW	CHEWA	ECL	III	MAKRO	ORI	PYLON	SENA	TASCO	TRUE	WINNER
ASP	CHO	EE	ILINK	MALEE	OSP	Q-CON	SHR	TCAP	TSC	ZEN
AUCT	CIMBT	EGCO	ILM	MBK	OTO	QH	SIRI	TEAMG	TSR	
AWC	CK	EPG	INTUCH	MC	PAP	QTC	SIS	TFMAMA	TSTE	
AYUD	CKP	ETC	IP	MCOT	PCSGH	RATCH	SITHAI	TGH	TSTH	
BAFS	CM	FPI	IRPC	METCO	PDG	RS	SMK	THANA	TTA	
BANPU	CNT	FPT	ITEL	MFEC	PDJ	S	SMPC	THANI	TTB	
BAY	COM7	FSMART	IVL	MINT	PG	S & J	SNC	THCOM	TTCL	
BBL	COMAN	GBX	JSP	MONO	PHOL	SAAM	SONIC	THG	TTW	
BCP	COTTO	GC	JWD	MOONG	PLANB	SABINA	SPALI	THIP	TU	
VERY GOOD LEVEL – Score range 80-89										
2S	ASIMAR	CHOW	FLOYD	IT	LOXLEY	OCC	RPC	SKY	TCC	TVT
7UP	ASK	CI	FN	ITD	LRH	OGC	RT	SLP	TCMC	TWP
ABICO	ASN	CIG	FNS	J	LST	PATO	RWI	SMIT	TEAM	UEC
ABM	ATP30	CMC	FORTH	JAS	M	PB	S11	SMT	TFG	UMI
ACE	B	COLOR	FSS	JCK	MATCH	PICO	SA	SNP	TFI	UOBKH
ACG	BA	CPL	FTE	JCKH	MBAX	PIMO	SAK	SO	TIGER	UP
ADB	BAM	CPW	FVC	JMART	MEGA	PJW	SALEE	SORKON	TITLE	UPF
AEONTS	BC	CRD	GEL	JMT	META	PL	SAMCO	SPA	TKN	UPOIC
AGE	BCH	CSC	GENCO	KBS	MFC	PM	SANKO	SPC	TKS	UTP
AHC	BEC	CSP	GJS	KCAR	MGT	PMTA	SAPPE	SPCG	TM	VCOM
AIT	BEYOND	CWT	GYT	KEX	MICRO	PPP	SAWAD	SR	TMC	VL
ALL	BFIT	DCC	HEMP	KGI	MILL	PPPM	SCI	SRICHA	TMD	VPO
ALLA	BJC	DCON	HPT	KIAT	MTSIB	PRIME	SCN	SSC	TMI	VRANDA
ALUCON	BJCHI	DHOUSE	HTC	KISS	MK	PRIN	SCP	SSF	TMILL	WGE
AMANAH	BLA	DOD	HYDRO	KOOL	MODERN	PRINC	SE	STANLY	TNL	WIJK
AMARIN	BR	DOHOME	ICN	KTIS	MTI	PSG	SFLEX	STGT	TNP	WP
APCO	BROOK	DV8	IFS	KUMWEL	NBC	PSTC	SFP	STOWER	TOG	XO
APCS	CBG	EASON	IMH	KUN	NCAP	PT	SFT	STPI	TPA	XPG
APURE	CEN	EFORL	IND	KWC	NCH	QLT	SGF	SUC	TPAC	YUASA
AQUA	CGH	ERW	INET	KWM	NETBAY	RBF	SIAM	SWC	TPCS	
ASAP	CHARAN	ESSO	INSET	L&E	CHAX	RCL	SINGER	SYNEX	TPS	
ASEFA	CHAYO	ESTAR	INSURE	LDC	NINE	RICHY	SKE	TAE	TRITN	
ASIA	CHG	ETE	IRC	LEO	NRF	RML	SKN	TAKUNI	TRT	
ASIAN	CHOTI	FE	IRCP	LHK	NTV	ROJNA	SKR	TBSP	TSE	
GOOD LEVEL – Score range 70-79										
A	BGT	CITY	GIFT	JTS	MDX	PK	SGP	SUPER	TQR	YGG
AI	BH	CMAN	GLOCON	JUBILE	MJD	PLE	SICT	SVOA	TTI	ZIGA
AIE	BIG	CMO	GREEN	KASET	MORE	PPM	SIMAT	TC	TYCN	
AJ	BLAND	CMR	GSC	KCM	MUD	PRAKIT	SISB	TCCC	UKEM	
ALPHAX	BM	CPT	GTB	KK	NC	PRAPAT	SK	THMUI	UMS	
AMC	BROCK	CRANE	HTECH	KKC	NDR	PRECHA	SMART	TNH	UNIQ	
APP	BSBM	CSR	HUMAN	KWI	NFC	PTL	SOLAR	TNR	UPA	
AQ	BSM	D	IHL	KYE	NNCL	RJH	SPACK	TOPP	UREKA	
ARIN	BTNC	EKH	IIG	LEE	NOVA	RP	SPG	TPCH	VIBHA	
AS	BYD	EMC	INGRS	LPH	NPK	RPH	SQ	TPIPL	W	
AU	CAZ	EP	INOX	MATI	NUSA	RSP	SSP	TIPIPP	WIN	
B52	CCP	F&D	JAK	M-CHAI	PAF	SABUY	STARK	TPLAS	WORK	
BEAUTY	CGD	FMT	JR	MCS	PF	SF	STC	TPOLY	WPH	

**Disclaimer:**

The disclosure of the survey results of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey results may be changed after that date. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such survey results.

\* CGR scoring should be considered with news regarding wrong doing of the company or director or executive of the company such unfair practice on securities trading, fraud, and corruption SEC imposed a civil sanction against insider trading of director and executive

Sources: Thai Institute of Directors Association (IOD); FSSIA's compilation; data as of 26 October 2021

## Anti-corruption Progress Indicator

CERTIFIED										
2S	BCH	CPALL	GC	K	MFC	PE	QLT	SNP	THCOM	TU
7UP	BCP	CPF	GCAP	KASET	MFEC	PG	QTC	SORKON	THIP	TVD
ADVANC	BCPG	CPI	GEL	KBANK	MILL	PHOL	RATCH	SPACK	THRE	TVI
AF	BE8	CPN	GFPT	KBS	MINT	PK	RML	SPALI	THREL	TVO
AI	BEYOND	CSC	GGC	KCAR	MONO	PL	RWI	SPC	TIDLOR	TWPC
AIE	BGC	DCC	GJS	KCE	MOONG	PLANB	S & J	SPI	TIPCO	U
AIRA	BGRIM	DELTA	GPI	KGI	MSC	PLANET	SAAM	SPRC	TISCO	UBE
AKP	BJCHI	DEMCO	GPSC	KKP	MST	PLAT	SABINA	SRICHA	TKS	UBIS
ALPHAX	BKI	DIMET	GSTEEL	KSL	MTC	PM	SAPPE	SSF	TKT	UEC
AMA	BLA	DRT	GUNKUL	KTB	MTI	PPP	SAT	SSP	TMD	UKEM
AMANAHA	BPP	DTAC	HANA	KTC	NBC	PPPM	SC	SSSC	TMILL	UOBKH
AMATA	BROOK	DUSIT	HARN	KWC	NEP	PPS	SCB	SST	TMT	UPF
AMATAV	BRR	EA	HEMP	KWI	NINE	PR9	SCC	STA	TNITY	UV
AP	BSBM	EASTW	HENG	L&E	NKI	PREB	SCCC	STOWER	TNL	VGI
APCS	BTS	ECL	HMPRO	LANNA	NMG	PRG	SCG	SUSCO	TNP	VIH
AQUA	BWG	EGCO	HTC	LH	NNCL	PRINC	SCN	SVI	TNR	WACOAL
ARROW	CEN	EP	ICC	LHFG	NOBLE	PRM	SEAOL	SYMC	TOG	WHA
AS	CENTEL	EPG	ICHI	LHK	NOK	PROS	SE-ED	SYNTEC	TOP	WHAUP
ASIAN	CFRESH	ERW	IFEC	LPN	NSI	PSH	SELIC	TAE	TOPP	WICE
ASK	CGH	ESTAR	IFS	LRH	NWR	PSL	SENA	TAKUNI	TPA	WIJK
ASP	CHEWA	ETE	ILINK	M	OCC	PSTC	SGP	TASCO	TPP	XO
AWC	CHOTI	FE	INET	MAKRO	OGC	PT	SINGER	TBSP	TRU	ZEN
AYUD	CHOW	FNS	INSURE	MALEE	ORI	PTG	SIRI	TCAP	TRUE	
B	CIG	FPI	INTUCH	MATCH	PAP	PTT	SITHAI	TCMC	TSC	
BAFS	CIMBT	FPT	IRC	MBAX	PATO	PTTEP	SKR	TFG	TSTE	
BAM	CM	FSMART	IRPC	MBK	PB	PTTGC	SMIT	TFI	TSTH	
BANPU	CMC	FSS	ITEL	MC	PCSGH	PYLON	SMK	TFMAMA	TTA	
BAY	COM7	FTE	IVL	MCOT	PDG	Q-CON	SMPC	TGH	TTB	
BBL	COTTO	GBX	JKN	META	PDJ	QH	SNC	THANI	TTCL	
DECLARED										
AJ	CHG	DDD	ETC	JR	MAJOR	NUSA	RS	SSS	TQM	YUASA
ALT	CPL	DHOUSE	FLOYD	JTS	NCAP	NYT	SAK	STECH	TSI	ZIGA
APCO	CPR	DOHOME	GULF	KEX	NCL	OR	SCGP	STGT	VARO	
B52	CPW	ECF	III	KUMWEL	NOVA	PIMO	SCM	TKN	VCOM	
BEC	CRC	EKH	INOX	LDC	NRF	PLE	SIS	TMI	VIBHA	

Level	
Certified	This level indicates practical participation with thoroughly examination in relation to the recommended procedures from the audit committee or the SEC's certified auditor, being a certified member of Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) or already passed examination to ensure independence from external parties.
Declared	This level indicates determination to participate in the Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC)

**Disclaimer:**

The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by Thaipat Institute, is made in order to comply with the policy and sustainable development plan for the listed companies of the Office of the Securities and Exchange Commission. Thaipat Institute made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of Thaipat Institute that is a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, FSS International Investment Advisory Company Limited does not confirm, verify, or certify the accuracy and completeness of the assessment results.

Note: Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of 26 October 2021) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

Sources: The Securities and Exchange Commission, Thailand; \* FSSIA's compilation

## GENERAL DISCLAIMER

### ANALYST(S) CERTIFICATION

Teerapol Udomvej, CFA FSS International Investment Advisory Securities Co., Ltd

The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

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Company	Ticker	Price	Rating	Valuation & Risks
Asset World Corp	AWC TB	THB 5.70	BUY	Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.
Minor International	MINT TB	THB 30.50	BUY	Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply and higher competition in the F&B business, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.
Central Plaza Hotel	CENTEL TB	THB 45.50	BUY	Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply and higher competition in the F&B business, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.
The Erawan Group	ERW TB	THB 3.74	BUY	Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.
S Hotels and Resorts	SHR TB	THB 3.90	BUY	Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.
Dusit Thani	DUSIT TB	THB 12.40	BUY	Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.

Source: FSSIA estimates

### Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited

FSSIA may incorporate the recommendations and target prices of companies currently covered by FSS Research into equity research reports, denoted by an 'FSS' before the recommendation. FSS Research is part of Finansia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 06-Sep-2022 unless otherwise stated.

## RECOMMENDATION STRUCTURE

### Stock ratings

Stock ratings are based on absolute upside or downside, which we define as (target price\* - current price) / current price.

BUY (B). The upside is 10% or more.

HOLD (H). The upside or downside is less than 10%.

REDUCE (R). The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

\* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

## Industry Recommendations

**Overweight.** The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

**Neutral.** The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

**Underweight.** The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

## Country (Strategy) Recommendations

**Overweight (O).** Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

**Neutral (N).** Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

**Underweight (U).** Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.