

ASSET WORLD CORP
THAILAND / PROPERTY DEVELOPMENT

AWC TB

BUY

UNCHANGED

ปลดล็อกมูลค่าสินทรัพย์

- กำไรที่ทำสถิติสูงสุดใหม่และขนาดสินทรัพย์ที่เพิ่มขึ้น 37% เทียบกับระดับก่อนโควิด น่าจะช่วยผลักดันราคาหุ้นให้สูงเกินราคา IPO ที่ 6 บาท
- EBITDA yield มีโอกาสปรับขึ้นจาก 3% สู่เป้าหมายที่ 10% เนื่องจากมีสินทรัพย์เพียง 3% ที่โตเต็มที่แล้ว
- คงแนะนำซื้อที่ราคาเป้าหมายปี 2023 ที่ 6.8 บาท (DCF)

TARGET PRICE	THB6.80
CLOSE	THB5.25
UP/DOWNSIDE	+29.5%
PRIOR TP	THB6.80
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+11.9%

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	9,508	15,152	18,890	20,538
Net profit	3,854	4,607	6,185	6,601
EPS (THB)	0.12	0.14	0.19	0.21
vs Consensus (%)	-	164.2	84.5	56.7
EBITDA	2,750	5,561	7,681	8,562
Core net profit	(49)	2,107	3,685	4,101
Core EPS (THB)	0.00	0.07	0.12	0.13
Chg. In EPS est. (%)	nm	0.0	0.0	nm
EPS growth (%)	nm	nm	74.9	11.3
Core P/E (x)	(3,401.5)	79.7	45.6	41.0
Dividend yield (%)	0.6	0.5	0.9	1.0
EV/EBITDA (x)	83.5	41.5	30.1	26.8
Price/book (x)	2.0	1.9	1.8	1.7
Net debt/Equity (%)	74.3	72.5	68.9	63.5
ROE (%)	(0.1)	2.5	4.1	4.3

กำไรปกติ 1Q23 ทำสถิติสูงสุดใหม่; โมเมนตัมน่าจะดีต่อเนื่อง

AWC รายงานกำไรปกติ 1Q23 ทำสถิติสูงสุดใหม่ที่ 0.4 พัน ลบ. สูงกว่าใน 1Q19 ถึง 68% แม้ว่าตัวเลขนักท่องเที่ยวที่เดินทางเข้าประเทศไทยจะฟื้นตัวเป็นเพียง 60% ของระดับก่อนโควิด โดยมีปัจจัยผลักดันสำคัญอยู่ที่ค่าห้องรายวันเฉลี่ย (ADR) ที่ 6,100 บาทซึ่งสูงกว่าในปี 2019 อยู่ 30% และช่วยผลักดัน EBITDA margin ในธุรกิจโรงแรมให้กลับสู่ระดับก่อนโควิดที่ 40% โมเมนตัมน่าจะเร่งตัวขึ้นในช่วง 2H23 จากการฟื้นตัวของตัวเลขนักท่องเที่ยวจีน AWC ระบุว่าอุปทานห้องพักโรงแรมของบริษัท อยู่ประมาณ 3% ในตลาดโรงแรมหรู ในขณะที่อุปสงค์ของนักท่องเที่ยวสำหรับโรงแรมของบริษัท อยู่ที่ 13% ดังจะเห็นได้จาก The RevPAR index (RGI) ของโรงแรมของบริษัท ซึ่งสูงกว่ากลุ่มโรงแรมในระดับเดียวกัน อเช่น RGI ที่ 201 สำหรับ Bangkok Marriot Hotel The Surawongse และ RGI ที่ 136 สำหรับ Banyan Tree Krabi (ฐาน RGI อยู่ที่ 100)

มูลค่าสินทรัพย์สูงขึ้นและกำไรปกติดีขึ้นเมื่อเทียบกับระดับก่อนโควิด

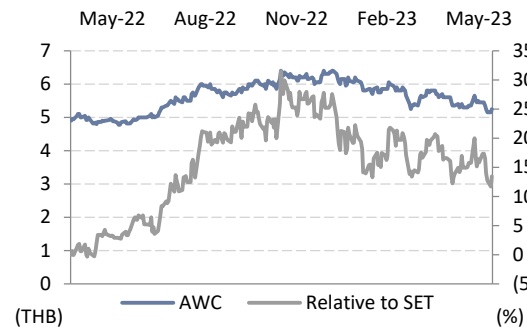
เราเชื่อว่าราคาหุ้นของ AWC มีโอกาสสูงที่จะปรับขึ้นและสูงกว่าราคา IPO ที่ 6 บาท/หุ้นโดยมีสมมติฐานจาก 1) ประมาณการกำไรปกติปี 2023 ที่สูงกว่าในปี 2019; 2) มูลค่าสินทรัพย์ดำเนินงานที่เพิ่มขึ้น 37% จาก 83.3 พัน ลบ. ในปี 2019 เป็น 119.9 พัน ลบ. ในปี 2023 พร้อมห้องพักโรงแรมที่เพิ่มขึ้น 76% (6,306 ในปี 2023 เทียบกับ 3,432 ในปี 2019) และพื้นที่เช่าสุทธิ (NLA) ที่เพิ่มขึ้น 35% (603k ตรม. ในปี 2023 เทียบกับ 448k ในปี 2019); และ 3) โรงแรมที่อยู่ระหว่างดำเนินการที่มากถึง 20 โครงการ (เทียบกับ 18 โครงการในปี 2022) อันมีกำหนดเปิดให้บริการในช่วงปี 2023-2030

EBITDA มีโอกาสปรับขึ้น 4 เท่าจากสินทรัพย์ในปัจจุบัน

สินทรัพย์ของ AWC สร้าง EBITDA ได้ 3.8 พัน ลบ. ในปี 2022 คิดเป็น EBITDA yield ที่ 2.7% ตัวเลขดังกล่าวยังถือว่าต่ำเนื่องจากมีเพียง 3% ของสินทรัพย์รวมที่จัดเป็นสินทรัพย์ที่โตเต็มที่แล้ว ในขณะที่ส่วนที่เหลือกำลังโตขึ้น ปรับตำแหน่งและอยู่ระหว่างการพัฒนา จากเป้าหมายระยะยาวของ AWC ในการเพิ่มผลตอบแทนในรูปของ EBITDA เป็นอัตรา 2 หลักและฐานสินทรัพย์ปัจจุบันที่ 142 พัน ลบ. (สินทรัพย์ดำเนินงาน 120 พัน ลบ. และสินทรัพย์ระหว่างพัฒนา 23 พัน ลบ.) ตัวเลขดังกล่าวคำนวณได้ว่า EBITDA อาจขึ้นไปที่ระดับ 14.2 พัน ลบ. ซึ่งเกือบเท่ากับ 4x ของ EBITDA ในปัจจุบัน

ระดับการประเมินมูลค่าไม่แพงเหมือนที่ตลาดมอง

เราคาดกำไรปกติปี 2023 ที่ 2.1 พัน ลบ. (เทียบกับ 1 พัน ลบ. ในปี 2019) AWC มีการซื้อขายที่ 46x ของค่า 2024E core profit P/E ซึ่งดูเหมือนว่าจะแพง อย่างไรก็ตามถ้าเรารวมมูลค่าธุรกรรมที่จะเพิ่ม 4 พันล้านบาทต่อปี (บันทึกมาต่อเนื่องใน 5 ไตรมาสที่ผ่านมา) ระดับการประเมินมูลค่าน่าจะลดลงเหลือเพียง 22x ของค่า P/E เทียบกับค่าเฉลี่ยของกลุ่มที่ 30x



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(1.9)	(13.2)	7.6
Relative to country (%)	(0.4)	(7.6)	14.0
Mkt cap (USD m)	4,838		
3m avg. daily turnover (USD m)	6.3		
Free float (%)	25		
Major shareholder	TCC Business Management (45%)		
12m high/low (THB)	6.55/4.74		
Issued shares (m)	32,000.77		

Sources: Bloomberg consensus; FSSIA estimates



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PREPARED BY FSS INTERNATIONAL INVESTMENT ADVISORY SECURITIES CO LTD (FSSIA). ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES CAN BE FOUND AT THE END OF THIS REPORT

บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 24 พฤษภาคม 2023

Investment thesis

AWC plans to aggressively expand its hotel portfolio from 18 hotels in 2022 to 37 hotels by 2027 and expand its commercial property assets with a net leasable area (NLA) of 427k sqm to 673k sqm by 2027.

AWC has a strong balance sheet with an IBD/E of only 0.7x as of 2022, 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.

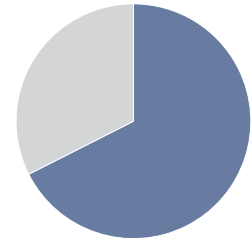
Company profile

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

assetworldcorp-th.com

Principal activities (revenue, 2022)

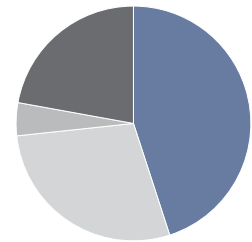
- Hotel revenue - 67.5 %
- Retail and office revenue - 32.5 %



Source: Asset World Corp

Major shareholders

- TCC Business Management - 45.0 %
- TCC Group International Limited - 28.3 %
- Thai NVDR - 4.5 %
- Others - 22.2 %



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 pent-up demand of Chinese tourists

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
Aug 2023	2Q23 results announcement

Key assumptions

	2023E	2024E	2025E
Hotel - Number of rooms (no.)	6,036	6,999	7,233
Hotel - Occupancy rate (OCC %)	67.1	71.1	72.5
Hotel - RevPAR growth (%)	52.5	9.1	5.7
Retail - NLA ('000 sqm)	332.025	377.6	377.6
Retail - Occupancy rate (OCC %)	43.5	57.8	59.0
Retail - Rental rate growth (%)	(6.5)	15.0	7.5
Office - NLA ('000 sqm)	270.6	270.6	270.6
Office - Occupancy rate (OCC %)	71.0	72.0	72.5
Office - Rental rate growth (%)	5.0	2.0	2.0

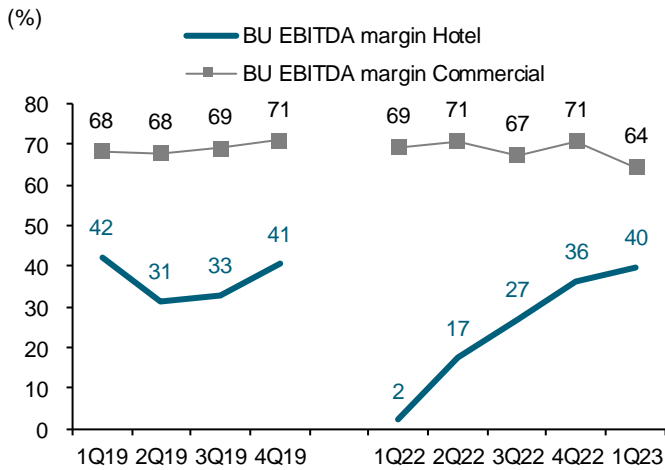
Source: FSSIA estimates

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.

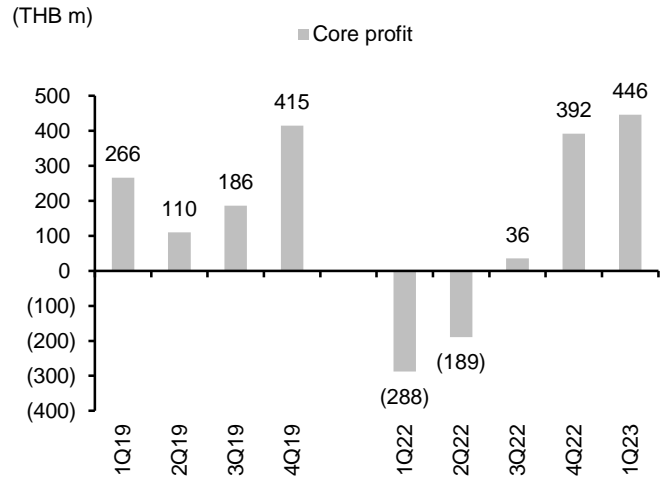
Source: FSSIA estimates

Exhibit 1: EBITDA margin



Sources: AWC; FSSIA's compilation

Exhibit 2: Core profit, quarterly



Sources: AWC; FSSIA's compilation

Exhibit 3: Asset rate of return

ASSETS ¹	ASSET VALUE			RATE OF RETURN FROM OPERATING PERFORMANCE AS AT 31 MAR 23 (PAST 12 MONTHS)	RATE OF RETURN FROM OPERATING PERFORMANCE FOR 2022	RATE OF RETURN FROM OPERATING PERFORMANCE FOR 2019	RATE OF RETURN FROM FINANCIAL STATEMENT AS AT 31 MAR 23 (PAST 12 MONTHS)	RATE OF RETURN FROM FINANCIAL STATEMENT FOR 2022
	NET OPERATING PROFIT	AMOUNT	%					
ASSET IN BUSINESS AS MATURE PERIOD (MATURE)	463	3,503	2.5%	13.2%	13.3%	8.3%	27.5%	26.6%
ASSET IN INITIAL PERIOD (RAMP UP)	3,767	73,794	51.8%	5.1%	3.8%	5.8%	8.9%	7.9%
ASSET UNDER REPOSITIONING (REPOSITIONING)	690	42,562	29.9%	1.6%	1.2%	6.0%	5.5%	4.7%
ASSET UNDER DEVELOPMENT (DEVELOPMENT)	(27)	22,611	15.9%	-0.1%	0.0%	-1.4%	-0.1%	0.0%
GRAND TOTAL	4,893	142,471	100.0%	3.4%	2.7%	5.6%	6.9%	6.2%

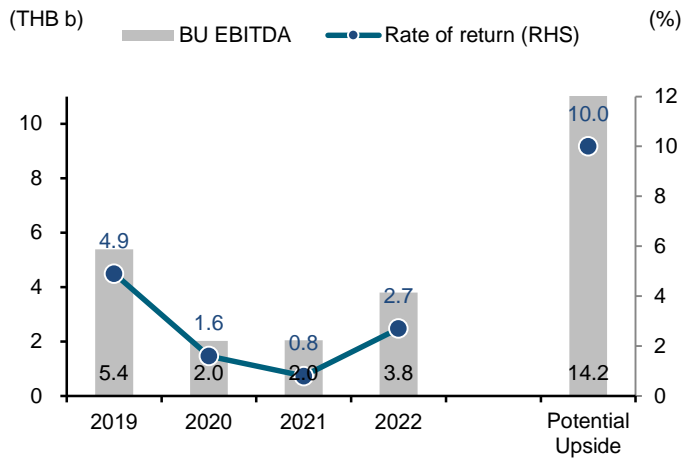
Source: AWC

Exhibit 4: Asset breakdown



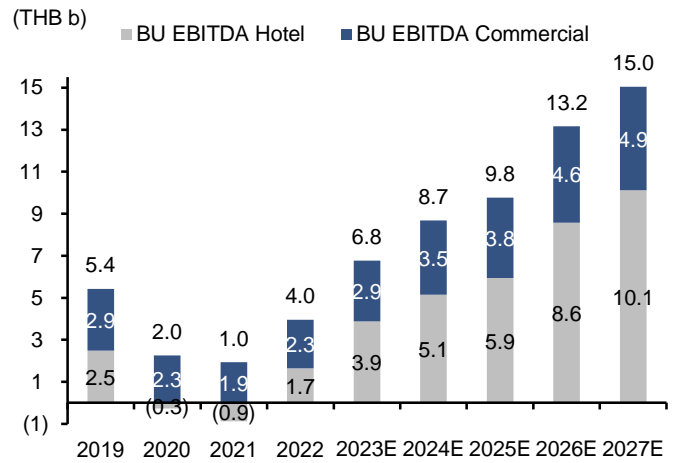
Source: AWC

Exhibit 5: BU EBITDA and rate of return



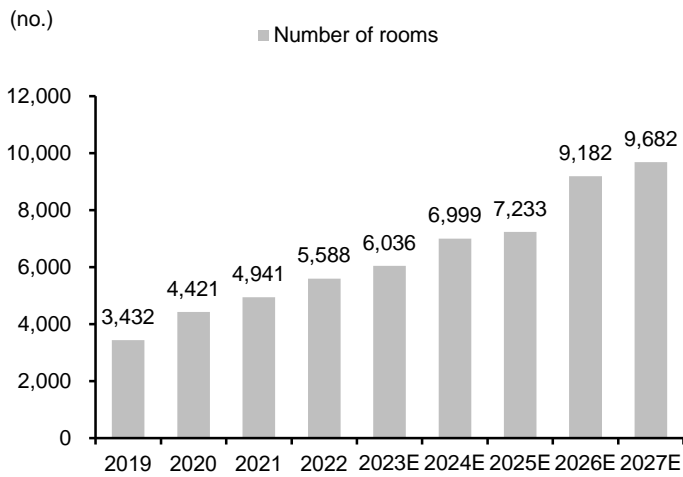
Note: BU EBITDA (business unit EBITDA) is EBITDA before corporate expenses
Sources: AWC; FSSIA estimates

Exhibit 6: BU EBITDA forecast



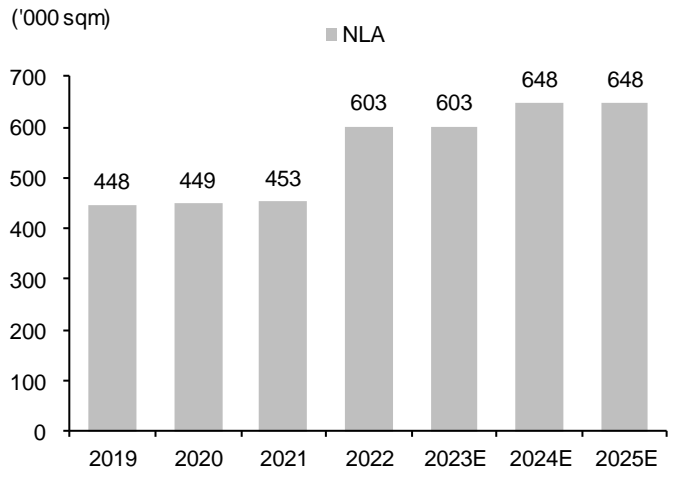
Note: BU EBITDA (business unit EBITDA) is EBITDA before corporate expenses
Sources: AWC; FSSIA estimates

Exhibit 7: Hotel room expansion pipeline



Sources: AWC; FSSIA estimates

Exhibit 8: NLA of retail and commercial expansion



Sources: AWC; FSSIA estimates

Recap: 1Q23 results review

AWC reported a 1Q23 core profit of THB446m, beating the Bloomberg consensus estimate by 7% mainly due to higher-than-expected RevPAR for the hotel business. Including a THB1.0b gain on changes in the fair value of investment properties, AWC booked a net profit of THB1.4b.

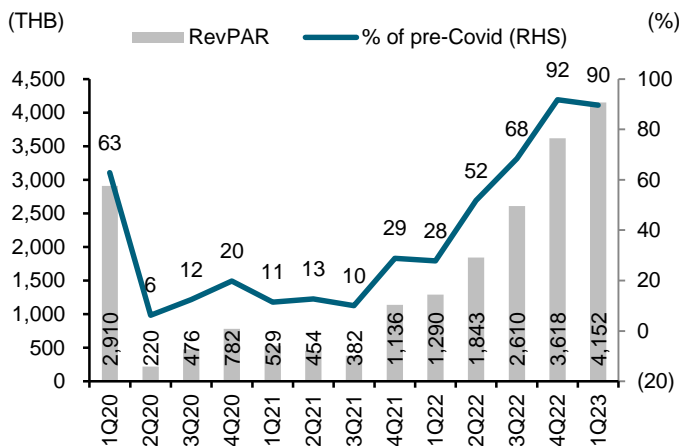
Hospitality business: Hotel revenue grew 10% q-q in 1Q23 as RevPAR increased by 15% q-q to THB4,152, exceeding the pre-Covid level by 17%. The OCC rate was 68% (vs 64% in 4Q22) and the average daily rate (ADR) was THB6,100 (vs THB5,697 in 4Q22). Luxury resorts and non-Bangkok hotels were key drivers in this quarter, with revenue growth of 25% q-q and 42% q-q, respectively.

Retail and commercial business: Revenue grew by 1% q-q in 1Q23. Tourist lifestyle revenue grew by 61% q-q. However, it was offset by 3% q-q lower revenue for the commercial business (office building).

EBITDA of operating assets (BU EBITDA) improved from THB1.5b in 4Q22 to THB1.6b in 1Q23, consisting of THB1.1b for the hotel business, THB0.2b for retail and THB0.4b for office properties. The hotel business' EBITDA margin improved to 40% (vs 36% in 4Q22) and the retail and commercial business' EBITDA margin declined to 64% (vs 71% in 4Q22).

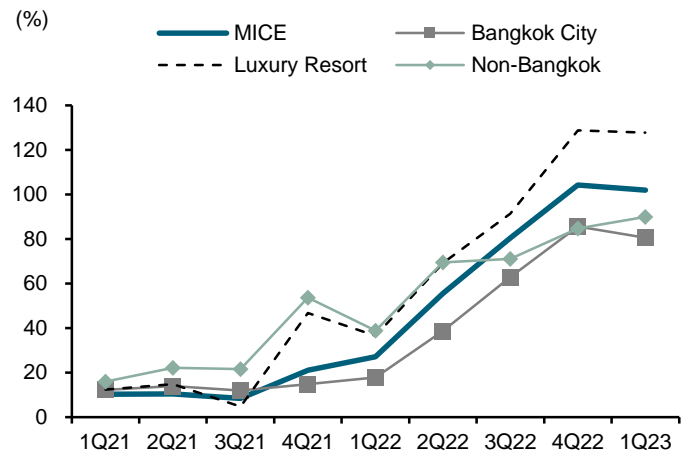
Including corporate expenses, group EBITDA improved from THB1.2b in 4Q22 to THB1.4b in 1Q23, with an EBITDA margin of 38% (vs 35% in 4Q22).

Exhibit 9: RevPAR trend, quarterly



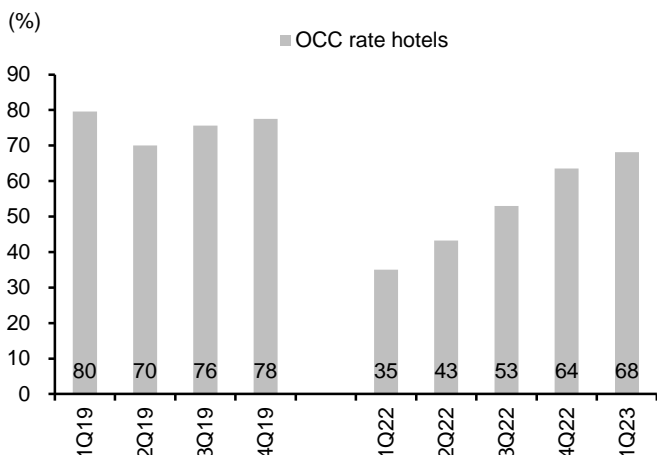
Sources: AWC; FSSIA's compilation

Exhibit 10: RevPAR breakdown by segment (% of pre-Covid)



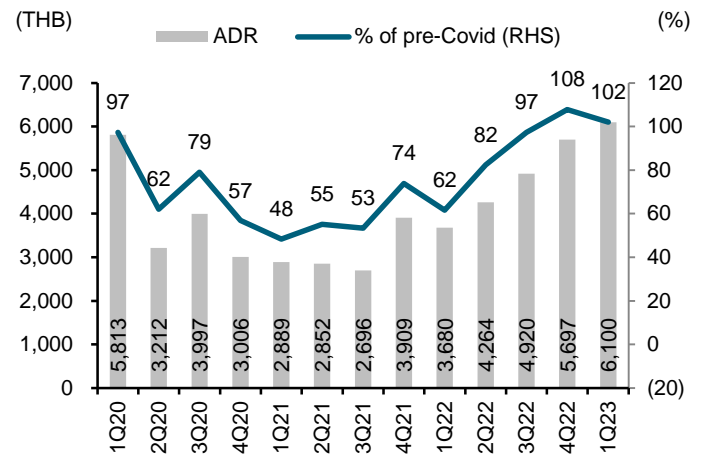
Source: AWC

Exhibit 11: OCC rate trend, quarterly



Sources: AWC; FSSIA's compilation

Exhibit 12: ADR trend, quarterly



Sources: AWC; FSSIA's compilation

Exhibit 13: 1Q23 results review

	1Q22	2Q22	3Q22	4Q22	1Q23	----- Change -----		2023E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)
Sales	1,600	1,982	2,475	3,450	3,547	3	122	15,152
- Hotel	914	1,280	1,762	2,465	2,715	10	197	11,067
- Commercial	686	702	713	985	832	(16)	21	4,084
COGS (Incl. depreciation)	(1,069)	(1,186)	(1,341)	(1,586)	(1,554)	(2)	45	(8,039)
Gross profit	532	796	1,134	1,864	1,994	7	275	7,113
SG&A	(658)	(740)	(818)	(1,039)	(1,064)	2	62	(3,333)
Net management income	1	1	1	5	1	(84)	(9)	7
Operating profit	(125)	57	317	830	930	12	844	3,787
Other income	12	14	9	36	12	(66)	1	73
Interest income	0	0	0	0	0	(61)	1,214	2
Interest expenses	(251)	(264)	(336)	(375)	(377)	1	50	(1,493)
Pretax profit	(364)	(193)	(11)	492	566	15	255	2,368
Income Tax	76	4	47	(100)	(120)	20	(257)	(260)
Associates	0	0	0	0	0			
Minority interest	0	0	0	0	0			
Core profit	(288)	(189)	36	392	446	14	255	2,107
Extraordinaries, GW & FX	933	966	991	1,014	976	(4)	5	2,500
Reported net profit	645	776	1,026	1,406	1,422	1	120	4,607
Shares out (end Q, m)	32,000	32,000	32,000	32,000	32,000	0	0	32,001
Core EPS (THB)	(0.01)	(0.01)	0.00	0.01	0.01	14	(255)	0.07
EPS (THB)	0.02	0.02	0.03	0.04	0.04	1	120	0.14
COGS (Excl. depreciation)	(670)	(771)	(928)	(1,176)	(1,144)	(3)	71	(6,337)
Depreciation	(399)	(415)	(413)	(410)	(410)	0	3	(1,702)
EBITDA	286	486	739	1,276	1,353	6	373	5,561
Key ratios	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)
Gross margin	33	40	46	54	56	2	23	47
SG&A/Revenue	41	37	33	30	30	(0)	(11)	22
EBITDA margin	18	24	30	37	38	1	20	37
Net profit margin	40	39	41	41	40	(1)	(0)	30
Operating stats								
MICE								
OCC (%)	32	42	54	67				
ADR (THB)	3,156	4,048	4,886	5,630				
RevPar (THB)	1,006	1,705	2,658	3,744				
Bangkok City								
OCC (%)	35	48	59	72				
ADR (THB)	1,914	2,450	3,160	3,936				
RevPar (THB)	668	1,163	1,848	2,823				
Luxury Resorts								
OCC (%)	34	48	60	66				
ADR (THB)	13,212	13,611	15,466	16,079				
RevPar (THB)	4,503	6,518	9,199	10,611				
Non-Bangkok								
OCC (%)	40	42	47	55				
ADR (THB)	3,980	4,173	4,303	5,043				
RevPar (THB)	1,602	1,742	2,041	2,762				
Tourist Lifestyle								
OCC (%)	35	38	39	37				
Rental rate (THB)	562	538	773	1,157				
Community Shopping Malls								
OCC (%)	61	61	66	65				
Rental rate (THB)	571	578	614	589				
Community Market								
OCC (%)	40	39	40	40				
Rental rate (THB)	675	690	703	701				
Commercial (Office)								
OCC (%)	71	71	70	69				

Rental rate (THB)	764	770	769	815			
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Sources: AWC; FSSIA estimates

Exhibit 14: Forecast revisions

	Current			Previous		Change	
	2023E	2024E	2025E	2023E	2024E	2023E	2024E
Hotel - OCC (%)	67.1	71.1	72.5	66.5	67.6	0.6	3.4
Hotel - RevPar (THB)	3,572	3,896	4,118	3,262	3,457	9.5	12.7
Retail - OCC (%)	43.5	57.8	59.0	50.0	53.3	(6.5)	4.5
Retail - Rental rate (THB/sqm/month)	604	695	747	740	809	(18.4)	(14.1)
Office - OCC (%)	71.0	72.0	72.5	71.0	72.0	0.0	0.0
Office - Rental rate (THB/sqm/month)	819	835	852	762	762	7.5	9.7
Revenue (THB b)	15.2	18.9	20.5	14.5	21.9	4.4	(13.7)
EBITDA margin (%)	36.7	40.7	41.7	37.9	35.8	(1.2)	4.9
Core earnings (THB m)	2,107	3,685	4,101	2,107	3,685	(0.0)	0.0

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

Source: FSSIA estimates

Exhibit 15: 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	61.2	1.9	WACC 7.4%, risk-free rate 3%, risk premium 8%
Terminal value	217.6	6.8	Terminal growth 2.5%
Cash & liquid assets	1.2	0.0	At end-2023E
Investments	0.0	0.0	At end-2023E
Debt	(63.9)	(2.0)	At end-2023E
Minorities	0.0	0.0	At end-2023E
Residual ordinary equity	216.2	6.8	

Source: FSSIA estimates

Exhibit 16: Peers comparison as of 23 May 2023

Company	BBG	Rec	Share price			Market Cap	PE			ROE		PBV		EV/EBITDA	
			Current (LCY)	Target (LCY)	Upside (%)		23E (x)	24E (x)	25E (x)	23E (%)	24E (%)	23E (x)	24E (x)	23E (x)	24E (x)
Thailand															
Asset World Corp	AWC TB	BUY	5.25	6.80	30	4,838	79.7	45.6	41.0	2.5	4.1	1.9	1.8	41.5	30.1
Minor International	MINT TB	BUY	33.75	40.00	19	5,291	35.3	27.6	24.3	7.0	9.2	2.2	2.9	10.9	11.0
Central Plaza Hotel	CENTEL TB	BUY	50.00	58.00	16	1,944	31.6	25.7	24.0	10.9	12.2	3.3	3.0	15.1	13.0
Erawan Group	ERW TB	BUY	4.44	5.50	24	579	37.8	35.5	30.6	8.9	8.8	3.2	2.8	16.0	14.8
S Hotels & Resorts	SHR TB	BUY	3.50	5.30	51	362	27.4	18.6	16.1	2.8	4.1	0.8	0.7	8.6	7.5
Dusit Thani	DUSIT TB	BUY	11.00	18.00	64	269	182.9	38.2	3.8	1.2	5.7	2.2	2.1	40.8	31.6
Bound and Beyond	BEYOND TB	BUY	14.30	24.00	68	119	56.7	17.3	13.7	1.3	4.0	0.7	0.7	12.2	9.2
Thailand average						13,403	64.5	29.8	21.9	5.0	6.9	2.0	2.0	20.7	16.7
Regional															
Bitg Hotels Group	600258 CH	n/a	20.07	n/a	n/a	3,182	27.2	19.3	16.3	7.4	9.7	2.0	1.8	11.7	10.0
Sh Jinjiang Intl Hotels	900934 CH	n/a	1.86	n/a	n/a	6,387	8.9	6.3	5.4	8.7	11.3	0.8	0.7	15.1	11.8
Huangshan Tourism Develop	900942 CH	n/a	0.77	n/a	n/a	1,071	13.6	10.4	9.1	6.7	8.2	0.9	0.9	11.2	9.6
Genting Bhd	GENT MK	n/a	4.43	n/a	n/a	3,682	13.3	10.8	9.1	3.9	5.1	0.5	0.5	6.6	6.0
Greentree Hospitality	GHG US	n/a	4.37	n/a	n/a	447	10.3	7.0	6.6	19.1	25.0	1.7	1.4	5.1	4.1
Huazhu Group	HTHT US	n/a	39.94	n/a	n/a	12,729	33.4	25.4	26.2	25.4	25.7	9.0	7.0	17.9	14.0
Indian Hotels	IH IN	n/a	371.00	n/a	n/a	6,443	57.9	42.9	36.3	12.6	14.1	6.8	5.9	31.0	26.3

Lemon Tree Hotels	LEMONTRE IN	n/a	94.55	n/a	n/a	896	64.3	47.6	28.4	13.0	15.2	7.5	6.5	23.4	19.6
Lippo Karawaci	LPKR IJ	n/a	94.00	n/a	n/a	447	3.0	5.9	4.2	16.5	9.6	0.4	0.4	8.3	7.6
Regional average						35,282	25.8	19.5	15.7	11.4	12.8	3.3	2.8	14.5	12.1
Overall average						48,685	42.7	24.0	18.4	8.8	10.4	2.7	2.5	17.2	14.1

Sources: Bloomberg; FSSIA estimates

Financial Statements

Asset World Corp

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	4,245	9,508	15,152	18,890	20,538
Cost of goods sold	(1,980)	(3,582)	(6,337)	(7,155)	(7,584)
Gross profit	2,265	5,926	8,815	11,735	12,954
Other operating income	94	77	80	83	86
Operating costs	(2,304)	(3,254)	(3,333)	(4,137)	(4,477)
Operating EBITDA	55	2,750	5,561	7,681	8,562
Depreciation	(1,605)	(1,600)	(1,702)	(1,791)	(1,862)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	(1,551)	1,150	3,859	5,890	6,700
Net financing costs	(1,180)	(1,225)	(1,492)	(1,551)	(1,574)
Associates	0	(1)	(1)	(1)	(1)
Recurring non-operating income	0	(1)	(1)	(1)	(1)
Non-recurring items	3,109	3,903	2,500	2,500	2,500
Profit before tax	379	3,827	4,867	6,838	7,626
Tax	483	27	(260)	(653)	(1,025)
Profit after tax	861	3,854	4,607	6,185	6,601
Minority interests	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	861	3,854	4,607	6,185	6,601
Non-recurring items & goodwill (net)	(3,109)	(3,903)	(2,500)	(2,500)	(2,500)
Recurring net profit	(2,248)	(49)	2,107	3,685	4,101
Per share (THB)					
Recurring EPS *	(0.07)	0.00	0.07	0.12	0.13
Reported EPS	0.03	0.12	0.14	0.19	0.21
DPS	0.01	0.03	0.03	0.05	0.05
Diluted shares (used to calculate per share data)	32,000	32,001	32,001	32,001	32,001
Growth					
Revenue (%)	(29.1)	124.0	59.4	24.7	8.7
Operating EBITDA (%)	(95.3)	4,930.5	102.3	38.1	11.5
Operating EBIT (%)	nm	nm	235.7	52.6	13.8
Recurring EPS (%)	nm	nm	nm	74.9	11.3
Reported EPS (%)	nm	347.3	19.5	34.3	6.7
Operating performance					
Gross margin inc. depreciation (%)	15.5	45.5	46.9	52.6	54.0
Gross margin of key business (%)	15.5	45.5	46.9	52.6	54.0
Operating EBITDA margin (%)	1.3	28.9	36.7	40.7	41.7
Operating EBIT margin (%)	(36.5)	12.1	25.5	31.2	32.6
Net margin (%)	(53.0)	(0.5)	13.9	19.5	20.0
Effective tax rate (%)	17.7	35.5	11.0	15.1	20.0
Dividend payout on recurring profit (%)	(15.3)	(2,073.3)	40.0	40.0	40.0
Interest cover (X)	(1.3)	0.9	2.6	3.8	4.3
Inventory days	8.8	5.4	4.8	5.8	5.9
Debtor days	60.0	29.4	20.7	16.6	15.3
Creditor days	285.4	182.3	161.7	194.8	200.8
Operating ROIC (%)	(1.0)	0.5	2.2	3.1	3.3
ROIC (%)	(1.0)	0.5	2.2	3.1	3.2
ROE (%)	(3.0)	(0.1)	2.5	4.1	4.3
ROA (%)	(1.0)	0.5	2.1	3.0	3.1
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Hotel revenue	1,770	6,422	11,067	13,914	15,231
Retail and office revenue	2,475	3,086	4,084	4,976	5,307

Sources: Asset World Corp; FSSIA estimates

Financial Statements

Asset World Corp

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	(2,248)	(49)	2,107	3,685	4,101
Depreciation	1,605	1,600	1,702	1,791	1,862
Associates & minorities	-	-	-	-	-
Other non-cash items	11,462	4,368	2,359	2,359	2,359
Change in working capital	179	173	1,583	496	256
Cash flow from operations	10,999	6,091	7,751	8,331	8,578
Capex - maintenance	(15,760)	(18,066)	(7,814)	(8,026)	(5,440)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	0	0	0	0	0
Other investments (net)	-	-	-	-	-
Cash flow from investing	(15,760)	(18,066)	(7,814)	(8,026)	(5,440)
Dividends paid	0	(344)	(1,024)	(843)	(1,474)
Equity finance	9	11	0	0	0
Debt finance	4,372	12,327	2,000	3,000	0
Other financing cash flows	279	132	0	0	0
Cash flow from financing	4,660	12,126	976	2,157	(1,474)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	(101)	151	913	2,463	1,664
Free cash flow to firm (FCFF)	(3,580.50)	(10,748.79)	1,430.70	1,863.65	4,735.42
Free cash flow to equity (FCFE)	(110.54)	484.10	1,937.33	3,305.28	3,138.05

Per share (THB)

FCFF per share	(0.11)	(0.34)	0.04	0.06	0.15
FCFE per share	0.00	0.02	0.06	0.10	0.10
Recurring cash flow per share	0.34	0.18	0.19	0.24	0.26

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	145,402	163,586	169,040	174,707	177,788
Less: Accumulated depreciation	(9,406)	(11,003)	(10,204)	(9,496)	(8,858)
Tangible fixed assets (net)	135,996	152,583	158,836	165,211	168,930
Intangible fixed assets (net)	0	0	0	0	0
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	0	0	0	0	0
Cash & equivalents	128	279	1,193	3,655	5,319
A/C receivable	674	860	860	860	860
Inventories	46	60	106	120	127
Other current assets	56	82	131	163	177
Current assets	905	1,281	2,289	4,797	6,483
Other assets	1,996	2,590	2,590	2,590	2,590
Total assets	138,897	156,454	163,715	172,599	178,003
Common equity	79,207	82,860	86,442	91,785	96,911
Minorities etc.	0	0	0	0	0
Total shareholders' equity	79,207	82,860	86,442	91,785	96,911
Long term debt	45,717	56,306	58,306	61,306	61,306
Other long-term liabilities	8,332	9,511	9,511	9,511	9,511
Long-term liabilities	54,049	65,817	67,817	70,817	70,817
A/C payable	1,551	2,027	3,587	4,050	4,293
Short term debt	3,812	5,550	5,550	5,550	5,550
Other current liabilities	279	200	318	397	431
Current liabilities	5,641	7,777	9,455	9,997	10,274
Total liabilities and shareholders' equity	138,897	156,454	163,715	172,599	178,003
Net working capital	(1,053)	(1,225)	(2,809)	(3,304)	(3,560)
Invested capital	136,940	153,948	158,617	164,497	167,960

* Includes convertibles and preferred stock which is being treated as debt

Per share (THB)

Book value per share	2.48	2.59	2.70	2.87	3.03
Tangible book value per share	2.48	2.59	2.70	2.87	3.03

Financial strength

Net debt/equity (%)	62.4	74.3	72.5	68.9	63.5
Net debt/total assets (%)	35.6	39.4	38.3	36.6	34.6
Current ratio (x)	0.2	0.2	0.2	0.5	0.6
CF interest cover (x)	0.9	1.4	2.3	3.1	3.0

Valuation	2021	2022	2023E	2024E	2025E
Recurring P/E (x) *	(74.7)	(3,401.5)	79.7	45.6	41.0
Recurring P/E @ target price (x) *	(96.8)	(4,405.8)	103.3	59.0	53.1
Reported P/E (x)	195.0	43.6	36.5	27.2	25.5
Dividend yield (%)	0.2	0.6	0.5	0.9	1.0
Price/book (x)	2.1	2.0	1.9	1.8	1.7
Price/tangible book (x)	2.1	2.0	1.9	1.8	1.7
EV/EBITDA (x) **	3,977.5	83.5	41.5	30.1	26.8
EV/EBITDA @ target price (x) **	4,885.0	101.5	50.4	36.6	32.6
EV/invested capital (x)	1.6	1.5	1.5	1.4	1.4

* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income

Sources: Asset World Corp; FSSIA estimates

Public disclosures related to sustainable development evaluation of Thai listed companies

Rating regarding the sustainable development of Thai listed companies, both on the SET and MAI, are publicly available on the website of the Securities and Exchange Commission of Thailand (SEC). Currently, ratings available are 1) "**CG Score**" by the Thai Institute of Directors Association (Thai IOD); 2) "**AGM Checklist**" by the Thai Investors Association (TIA), a "**CAC certified member**" of the Thai Private Sector Collective Action Against Corruption (CAC); and 3) **Sustainability Investment List (THSI)** by the Stock Exchange of Thailand. The ratings are updated on an annual basis. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such ratings.

CG Score by the Thai Institute of Directors Association (Thai IOD)¹

The **CG Score** indicates corporate governance (CG) strength in the sustainable development of Thai listed companies. Annually, the Thai IOD, with support from the Stock Exchange of Thailand (SET), surveys and assesses the CG practices of companies and publishes the results on the [Thai IOD website](#) in a bid to promote and enhance the CG of Thai listed companies in order to promote compliance with international standards for better investment decisions. The results are from the perspective of a third party, not an evaluation of operations, as of the date appearing in the report, and may be changed after that date.

The **five underlying categories and weighting** used for the CG scoring in 2022 include the rights of shareholders and equitable treatment of shareholders (weight 25% combined), the role of stakeholders (25%), disclosure and transparency (15%), and board responsibilities (35%).

The CGR report rates CG in six categories: 5 for Excellent (score range 90-100), 4 for Very Good (score range 80-89), 3 for Good (Score range 70-79), 2 for Fair (score range 60-69), 1 for Pass (score range 60-69), and not rated (score below 50).

AGM Checklist by the Thai Investors Association (TIA)²

The "**AGM Checklist**" quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and the extent to which information is sufficiently disclosed and the level of its transparency. All the considered factors form important elements of two out of five the CG components. Annually, the TIA, with support from the SEC, leads the project to evaluate the quality of Annual General Meetings of Shareholders (AGMs) and to rate quality of the meetings.

The **Checklist** contains the minimum requirements under law that companies must comply with, or best practices according to international CG guidance. Representatives of the TIA will attend the meetings and perform the evaluation. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating of how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.

The results are classified into four categories: 5 for Excellent (score 100), 4 for Very Good (score 90-99), 3 for Fair (score 80-89), and not rated (score below 79).

CAC certified member by the Thai Private Sector Collective Action Against Corruption (CAC)³

A **CAC certified member** is a listed company whose Checklist satisfies the CAC Certification's criteria and is approved by the CAC Council. The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. Note that the CAC does not certify the behaviour of the employees nor whether the companies have engaged in bribery, and Certification is good for three years.

Companies deciding to become a CAC certified member **start with** by submitting a Declaration of Intent signed by the Chairman of the Board to kick off the 18-month deadline for companies to submit the CAC Checklist for Certification. The 18-month provision is for risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.

The checklist document will be reviewed by the CAC Certification Committee for adequate information and evidence. It is worth noting that the committee consists of nine professionals in business law, corporate governance, internal audit, financial audit and experienced representatives from certified members.

A passed Checklist will move on to the **CAC Council** for granting certification approvals. The CAC Council consists of twelve prominent individuals who are highly respected in professionalism and ethical achievements. Among them are former ministers, a former central bank governor, the former head of the Thai Listed Companies Association, Chairman of Anti-Corruption Organizations (Thailand), Chairman of Thai Institute of Directors, and reputable academic scholars.

Sustainability Investment (THSI)⁴ by the Stock Exchange of Thailand (SET)

Thailand Sustainability Investment (**THSI**) quantifies responsibility in **E**nvironmental, and **S**ocial issues, by managing business with transparency in **G**overnance. The THSI serves as another choice for investors who desire to adopt a responsible investment approach, according to the SET.

Annually, the SET will announce the voluntary participation of the company candidates which pass the preemptive criteria, and whose two key crucial conditions are met, i.e. no irregular trading of the board members and executives and a free float of >150 by the number of shareholders, and combined holding must >15% of paid-up capital. Some key disqualifying criteria include a CG score of below 70%; independent directors and free float violation; executives' wrongdoing related to CG, social and environmental impacts, equity in negative territory, and earnings in the red for more than three years in the last five years. To become eligible for THSI, the candidate must pass three indicators in data declaration: **E**conomic (CG, risk management, customer relation management, supply chain management, and innovation); **E**nvironmental (environmental management, eco-efficiency, and climate risk); **S**ocial (human rights, talent attraction, operational health & safety, community development, and stakeholder engagement); and the incorporation of ESG in business operations.

To be approved for THSI inclusion, verified data must be scored at a 50% minimum for each indicator, unless the company is a part of the Dow Jones Sustainability Indices⁵ (DJSI) during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality.

Note that, from the **THSI list**, the SET further developed a sustainability **SETTHSI Index** in June 2018 from selected THSI companies whose 1) market capitalisation > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.

Sources: [SEC](#); [Thai IOD](#); [Thai CAC](#); [SET](#); FSSIA's compilation

Disclaimer:

¹ Thai Institute of Directors Association ([Thai IOD](#)) was established in December 1999 and is a membership organisation that strives to promote professionalism in directorship. The Thai IOD offers directors certification and professional development courses, provides a variety of seminars, forums and networking events, and conducts research on board governance issues and practices. Membership comprises board members from companies ranging from large publicly listed companies to small private firms.

² Thai Investors Association ([TIA](#)) was established in 1983 with a mission to promote investment knowledge and to protect the investment rights of Thai investors. In 2002, the association was appointed by the Securities and Exchange Commission (SEC) to represent individual shareholders. To obtain information for evaluation, the association recruits volunteer investors to join AGMs and score the meetings. Weightings for each meeting are at a 45:45:10 ratio. They have been applied since 2017 and subject to change.

³ Thai Private Sector Collective Action against Corruption ([CAC](#)) was founded in 2010 and is 100% privately funded. It is an initiative by the Thai private sector to take part in tackling corruption problems via collective action. The CAC promotes the implementation of effective anti-corruption policies in order to create a transparent business ecosystem by developing a unique certification program for large/medium/small companies to apply for and to control corruption risk systematically and efficiently. The CAC's operations are sponsored by the US-based Center for Private Enterprise (CIPE) and the UK Prosperity Fund.

⁴ Sustainability Investment List ([THSI](#)), created by the Stock Exchange of Thailand in 2015, comprises the listed companies that conduct sustainable business operations.

⁵ Dow Jones Sustainability Indices – [Wikipedia](#) – Launched in 1999, DJSI evaluates the sustainability performance of companies based on corporate economic, environmental, and social performance.

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ANALYST(S) CERTIFICATION

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

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Company	Ticker	Price	Rating	Valuation & Risks
Asset World Corp	AWC TB	THB 5.25	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 33.75	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	CEN TEL TB	THB 50.00	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 4.44	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 3.50	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, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.
Dusit Thani	DUSIT TB	THB 11.00	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.
Bound and Beyond	BEYOND TB	THB 14.30	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 23-May-2023 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

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

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.