

# ASSET WORLD CORP

THAILAND / PROPERTY DEVELOPMENT

## AWC TB

# BUY

UNCHANGED

TARGET PRICE	THB5.50
CLOSE	THB3.80
UP/DOWNSIDE	+44.7%
PRIOR TP	THB6.80
CHANGE IN TP	-19.1%
TP vs CONSENSUS	+1.0%

## Assets are entering harvesting cycle

- Core profit to significantly improve in 4Q23, premised on high tourism season and absence of Disney100 Village one-off expense.
- Asset size is currently 52% above pre-Covid, while share price is far below IPO; EBITDA yield and margin to improve from 2024.
- Maintain BUY with a lower 2024 DCF-based TP of THB5.5/shr.

### Quarterly core profit has already hit the bottom in 2Q-3Q23

AWC's share price has fallen by 26% over the past six months mainly due to concerns over slow core profit growth of THB81m-126m in 2Q-3Q23. We believe this is due to Thailand's tourism low season and higher marketing expenses related to Disney100 Village, which ended in July. We expect strong earnings growth to resume in 4Q23-1Q24, the high tourism season. RevPAR and revenue of the hotel business should significantly improve and lead to strong EBITDA growth premised on EBITDA flow-through of 50-60%.

### Asset size has the potential to grow 68% to THB246b by 2028

AWC's operating asset size has jumped by 52% from THB83b in 2019 to THB126b in 3Q23, vs its share price which is currently 37% below its IPO price of THB6.0/shr. AWC recently opened Intercontinental Chiang Mai Mae Ping, Marriott Chiang Mai and Ininside by Melia Bangkok in 2023. It plans to open Marriott Jomtien by the end of this year and Fairmont Bangkok, Vignette Collection, the Lasalle expansion phase and Lannatique in 2024. Overall, management expects the asset size to grow by THB100b (or THB20b per year) to THB246b by 2028.

### Expect EBITDA yield to improve from 3.8% to more than 10%

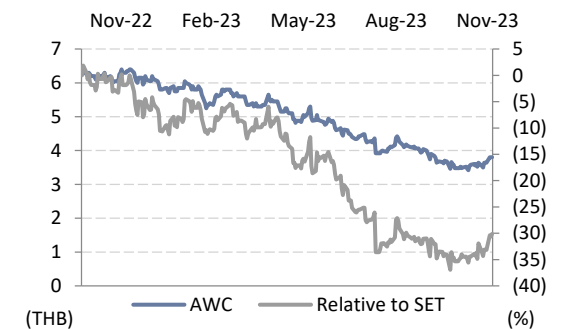
We believe AWC will enter a growth cycle next year. Currently, 89% of its assets are in the ramping up, re-positioning and development phases. Thus, its EBITDA yield was pressured to only 3.8% in Sep-23. AWC expects those assets to significantly improve and drive its EBITDA yield to 8% as per its mid-term target and to more than 10% as per its long-term target. This implies an EBITDA margin increase from 32% in 2023E to 46% in the long term. Note, we forecast its EBITDA margin to improve to 41% in 2027, leading to core profit growth of 55% over 2023-27E.

### Cut core profit; share price already reflects negative news

We cut 2023-25E core profit by 25-49% to reflect the lower-than-expected 2Q-3Q23 earnings, and derive a new 2024 DCF-based TP of THB5.5/shr. We believe operations have passed the bottom. A share price catalyst would be an earnings recovery in 4Q23. AWC trades at 44x 2024E core profit P/E (vs peers' average of 29x). Including an estimated fair value gain of THB2.5b in 2024, it would come down to only 23x P/E.

### KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	9,508	14,570	18,334	19,941
Net profit	3,854	5,086	5,271	5,442
EPS (THB)	0.12	0.16	0.16	0.17
vs Consensus (%)	-	220.0	73.9	46.6
EBITDA	2,750	4,702	7,141	7,966
Recurring net profit	(49)	1,086	2,771	2,942
Core EPS (THB)	0.00	0.03	0.09	0.09
Chg. In EPS est. (%)	nm	(48.5)	(24.8)	(28.2)
EPS growth (%)	nm	nm	155.1	6.2
Core P/E (x)	(2,462.0)	112.0	43.9	41.3
Dividend yield (%)	0.8	0.4	0.9	1.0
EV/EBITDA (x)	66.6	39.4	27.4	25.9
Price/book (x)	1.5	1.4	1.3	1.3
Net debt/Equity (%)	74.3	73.1	80.6	88.2
ROE (%)	(0.1)	1.3	3.1	3.1



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	9.2	(6.4)	(40.6)
Relative to country (%)	8.1	2.3	(32.2)
Mkt cap (USD m)	3,453		
3m avg. daily turnover (USD m)	7.1		
Free float (%)	25		
Major shareholder	TCC Business Management (45%)		
12m high/low (THB)	6.55/3.40		
Issued shares (m)	32,000.77		

Sources: Bloomberg consensus; FSSIA estimates



**Teerapol Udomvej, CFA**

Fundamental Investment Analyst on Securities; License no. 080523  
teerapol.udo@fssia.com, +66 2646 9969

## 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 0.8x as of 3Q23, 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.

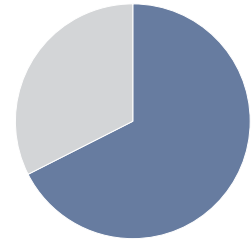
## Company profile

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

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

## Principal activities (revenue, 2022)

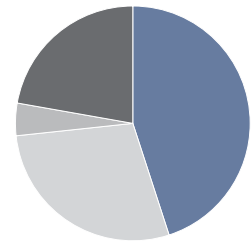
- Hotel revenue - 67.5 %
- Retail and office revenue - 32.5 %



Source: Asset World Corp

## Major shareholders

- TCC Business Management - 45.0 %
- TCC Group International Limited - 28.3 %
- NOMURA SINGAPORE LIMITED - 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) pent-up demand from 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
Feb 2024	4Q23 results announcement

## Key assumptions

	2023E	2024E	2025E
Hotel - Number of rooms (no.)	6,034	6,999	7,233
Hotel - Occupancy rate (OCC %)	65.9	70.0	71.5
Hotel - RevPAR growth (%)	48.5	9.5	5.8
Retail - NLA ('000 sqm)	332.025	377.6	377.6
Retail - Occupancy rate (OCC %)	36.4	57.5	58.6
Retail - Rental rate growth (%)	(8.7)	14.8	7.4
Office - NLA ('000 sqm)	270.6	270.6	270.6
Office - Occupancy rate (OCC %)	69.0	70.0	70.5
Office - Rental rate growth (%)	3.0	2.0	2.0

Source: FSSIA estimates

## Earnings sensitivity

- For every 1% increase in hotel OCC, we project a 2024 profit increase of 4%, and vice versa, all else being equal.
- For every 1% increase in retail OCC, we project a 2024 profit increase of 5%, and vice versa, all else being equal.

Source: FSSIA estimates

Exhibit 1: Asset rate of return

Unit: THB m

ASSETS	ASSET VALUE			RATE OF RETURN FROM OPERATING PERFORMANCE AS AT 30 SEP 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 30 SEP 23 (PAST 12 MONTHS)	RATE OF RETURN FROM FINANCIAL STATEMENT FOR 2022
	NET OPERATING PROFIT	AMOUNT	%					
ASSET IN BUSINESS AS MATURE PERIOD (MATURE)	1,626	16,000	10.9%	10.2%	13.3%	8.3%	13.2%	26.6%
ASSET IN INITIAL PERIOD (RAMP UP)	3,440	74,873	51.2%	4.6%	3.8%	5.8%	7.6%	7.9%
ASSET UNDER REPOSITIONING (REPOSITIONING)	537	17,029	11.6%	3.2%	1.2%	6.0%	9.3%	4.7%
ASSET UNDER DEVELOPMENT (DEVELOPMENT)	(80)	38,439	26.3%	-0.2%	0.0%	-1.4%	2.8%	0.0%
<b>GRAND TOTAL</b>	<b>5,522</b>	<b>146,341</b>	<b>100.0%</b>	<b>3.8%</b>	<b>2.7%</b>	<b>5.6%</b>	<b>7.2%</b>	<b>6.2%</b>

Source: AWC

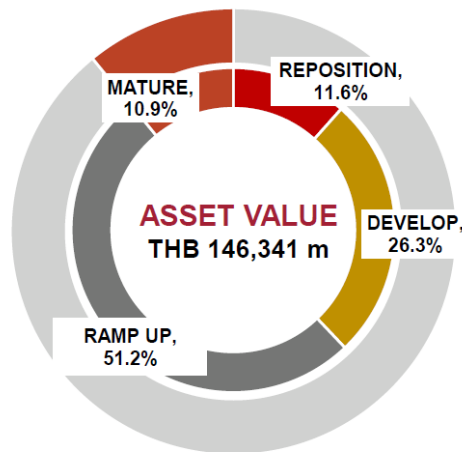
Exhibit 2: Asset breakdown

MATURE ASSETS

- LASALLE'S AVENUE PHASE 1
- ATHENEE TOWER BUILDING
- THE ATHENEE HOTEL BANGKOK
- THE OKURA PRESTIGE BANGKOK HOTEL
- HUA HIN MARRIOTT RESORT AND SPA
- MELIA KOH SAMUI

RAMP UP ASSETS

- HILTON SUKHUMVIT
- VANA BELLE A LUXURY KOH SAMUI
- BANYAN TREE SAMUI
- MARRIOTT MARQUIS QUEEN'S PARK
- BANGKOK MARRIOTT HOTEL THE SURAWONGSE
- PHUKET MARRIOTT RESORT & SPA, NAI YANG BEACH
- DOUBLETREE BY HILTON SUKHUMVIT
- BANYAN TREE KRABI
- COURTYARD BY MARRIOTT PHUKET TOWN
- MELIA CHIANG MAI
- LÉ MÉRIDIEN BANGKOK HOTEL
- INTERCONTINENTAL CHIANG MAI THE MAE PING
- INNSIDE BANGKOK SUKHUMVIT
- EMPIRE TOWER BUILDING
- 208 WIRELESS ROAD BUILDING
- INTERLINK TOWER BANKNA
- GATEWAY AT BANGSUE
- LASALLE'S AVENUE PHASE 2
- ASIATIQUE THE RIVERFRONT
- TORYOD ONLINE



REPOSITIONING ASSETS

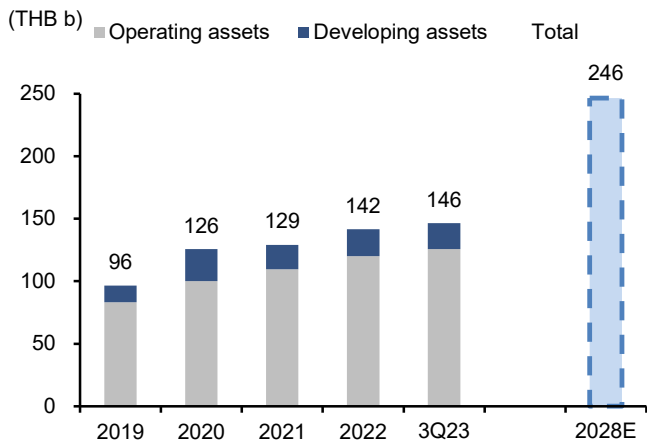
- LE MÉRIDIEN CHIANG MAI
- HOLIDAY INN EXPRESS SATHORN
- WESTIN SIRAY BAY RESORT AND SPA PHUKET
- SHERATON SAMUI
- PANTIP PLAZA IN CHIANGMAI
- PANTIP PLAZA AT NGAMWONGWAN
- GATEWAY EKAMAI

DEVELOPING ASSETS

- EMPIRE TOWER ROOFTOP
- THE RITZ-CARLTON BANGKOK, THE RIVERSIDE
- GRAND MERCURE BANGKOK WINDSOR
- DUSITD2 CHIANG MAI
- A RITZ-CARLTON RESERVE HOTEL AT ASIATIQUE
- IMPERIAL GOLDEN TRIANGLE
- PATTAYA MARRIOTT RESORT & SPA AT JOMTIEN BEACH
- HUAHIN BEACHFRONT
- VIGNETTE COLLECTION HOTEL
- BANYAN TREE JOMTIEN PATTAYA
- PATTAYA MARRIOTT MARQUIS HOTEL
- JW MARRIOTT MARQUIS HOTEL ASIATIQUE BANGKOK
- EAC PROJECT
- SONGWAD
- SWAN
- TAWANNA BANGKAPI
- COMMUNITY MARKET BANGKAPI
- AEC TRADE CENTER
- AEC TRADE CENTER – PANTIP WHOLESALE DESTINATION

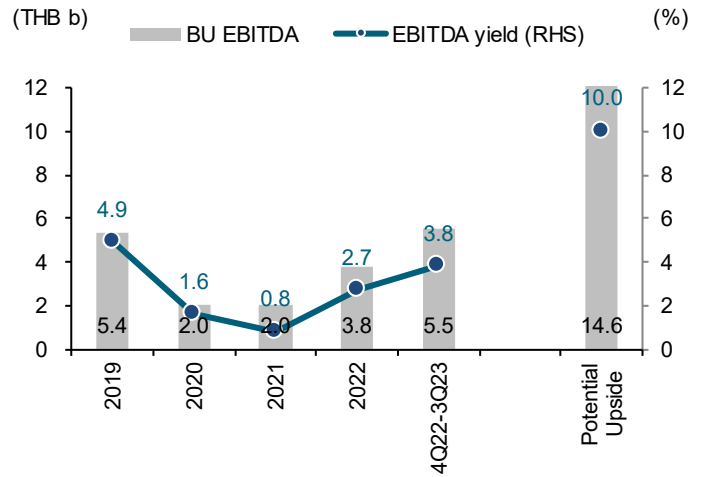
Source: AWC

**Exhibit 3: AWC's asset size**



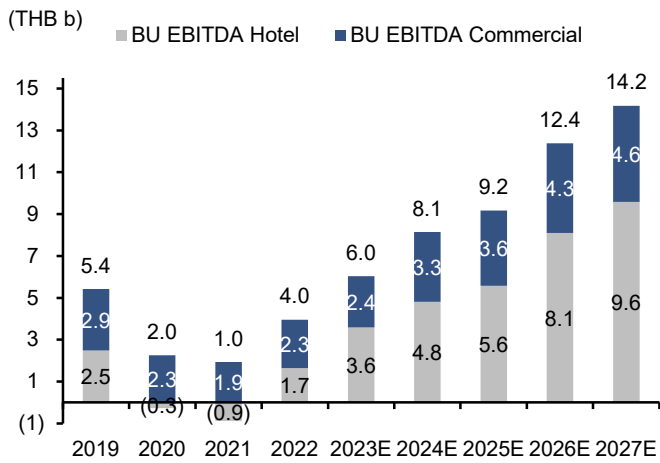
Sources: AWC; FSSIA estimates

**Exhibit 4: BU EBITDA and EBITDA yield (rate of return)**



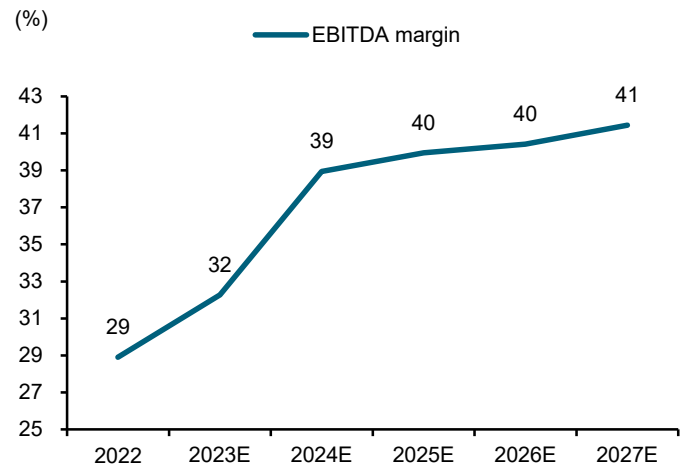
Note: BU EBITDA (business unit EBITDA) is EBITDA before corporate expenses  
Sources: AWC; FSSIA estimates

**Exhibit 5: BU EBITDA forecast**



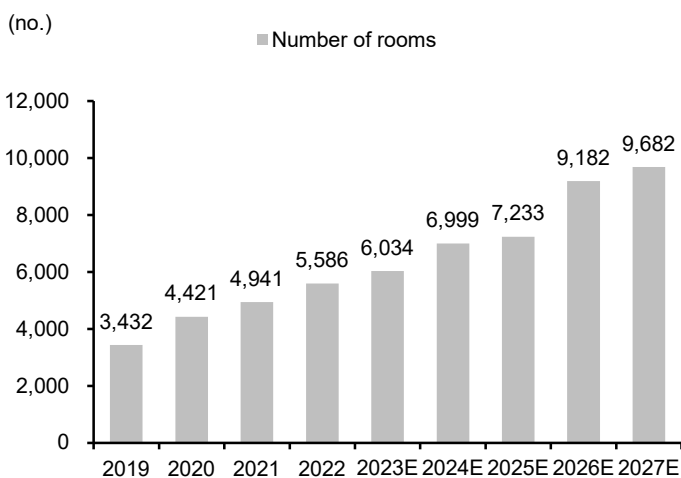
Note: BU EBITDA (business unit EBITDA) is EBITDA before corporate expenses  
Sources: AWC; FSSIA estimates

**Exhibit 6: Corporate EBITDA margin**



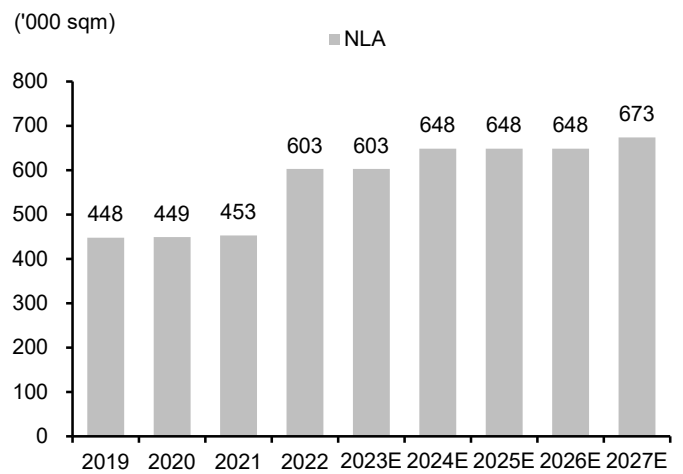
Note: Includes corporate expenses  
Sources: AWC; FSSIA estimates

**Exhibit 7: Hotel room expansion pipeline**



Sources: AWC; FSSIA estimates

**Exhibit 8: NLA of retail and commercial expansion**



Sources: AWC; FSSIA estimates

## Recap: 3Q23 results review

AWC reported a 3Q23 core profit of THB126m. The performance improved compared to the THB81m core profit in 2Q23, but was still below the pre-Covid level (3Q19) of THB186m. Including a THB1.0b gain on changes in the fair value of investment properties, AWC booked a 3Q23 net profit of THB1.1b.

**Hospitality business:** Hotel revenue grew 5% q-q in 3Q23 thanks to higher F&B revenue. RevPAR was relatively flat q-q at THB3,367, with an OCC rate of 63%. Note that RevPAR grew by 29% y-y and exceeded the pre-Covid level. Bangkok city hotels were key drivers in this quarter with revenue growth of 59% y-y.

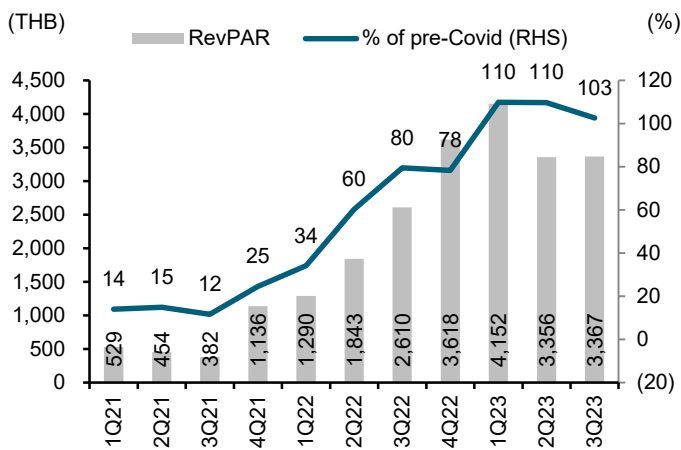
**Retail and commercial business:** Revenue fell by 2% q-q in 3Q23. Tourist lifestyle revenue dropped by 8% q-q due to the end of Disney100 Village activity at Asiatique.

EBITDA of operating assets (BU EBITDA) improved to THB1.3b in 3Q23 (vs THB1.2b in 2Q23), consisting of THB0.7b for the hotel business, THB0.2b for the retail business and THB0.4b for office properties.

The EBITDA margin of the hotel business was relatively flat q-q at 29%, while the EBITDA margin of the retail and commercial business improved to 66% (vs 55% in 2Q23) due to lower marketing expenses from Disney100 Village.

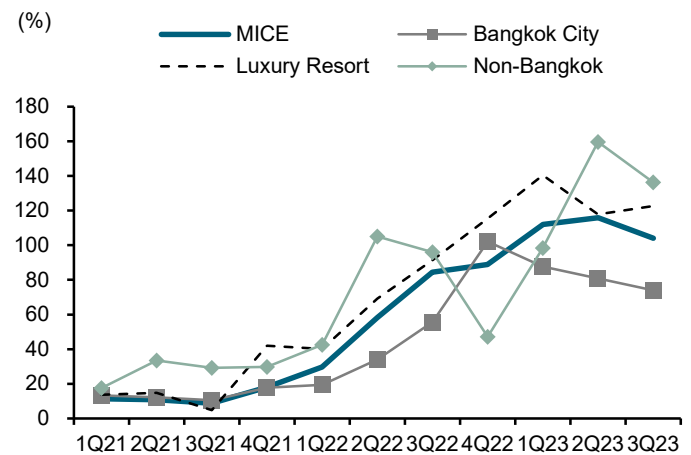
Including corporate expenses, group EBITDA improved from THB0.9b in 2Q23 to THB1.0b in 3Q23, with an EBITDA margin of 30% (vs 29% in 2Q23).

**Exhibit 9: RevPAR trend, quarterly**



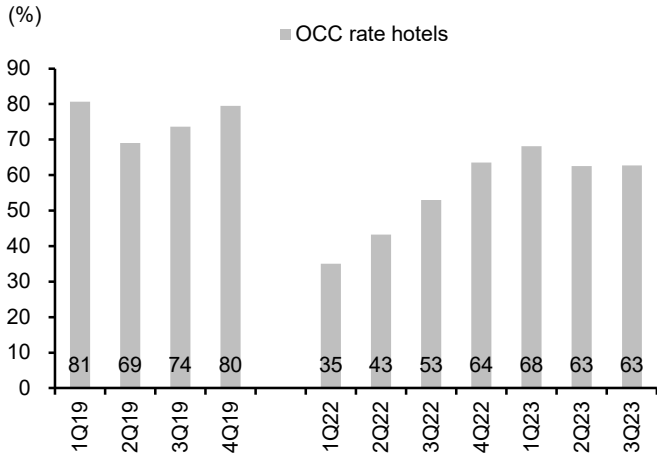
Sources: AWC; FSSIA's compilation

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



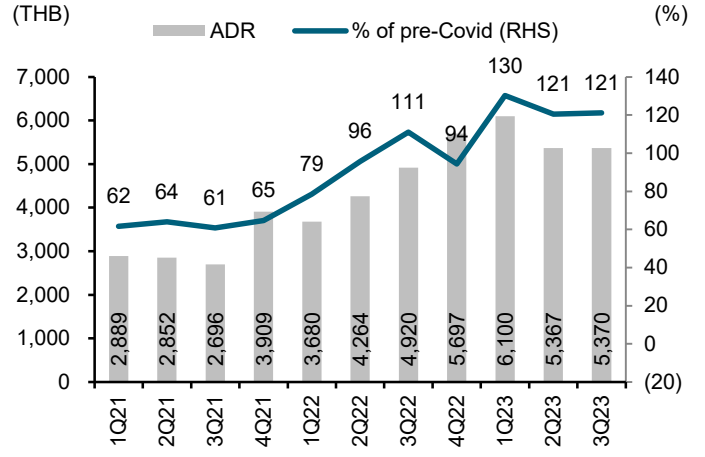
Source: AWC

**Exhibit 11: OCC rate trend, quarterly**



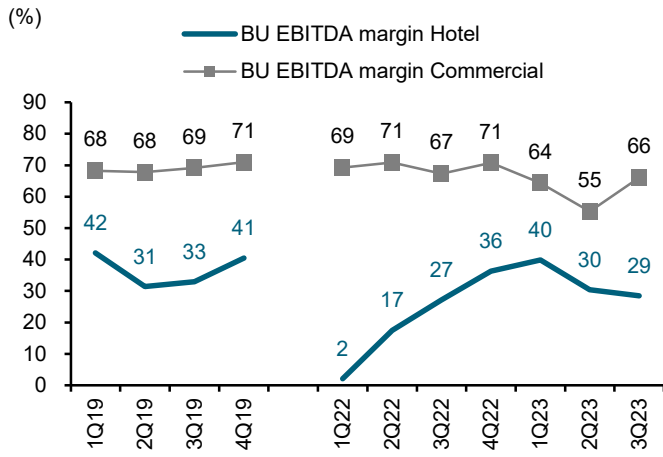
Sources: AWC; FSSIA's compilation

**Exhibit 12: ADR trend, quarterly**



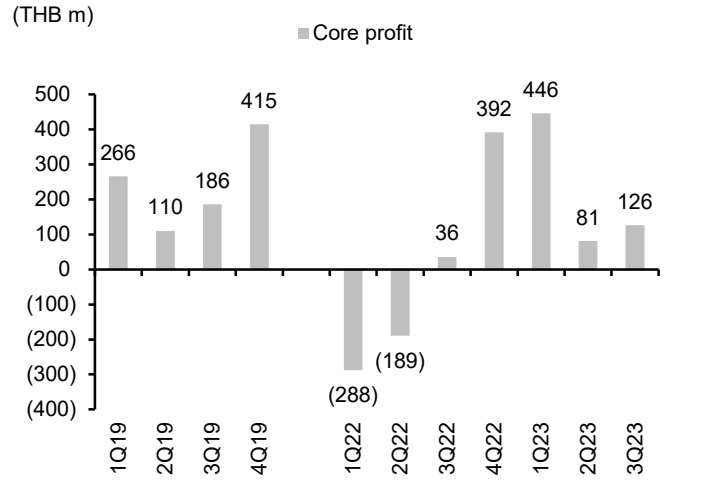
Sources: AWC; FSSIA's compilation

**Exhibit 13: EBITDA margin**



Sources: AWC; FSSIA's compilation

**Exhibit 14: Core profit, quarterly**



Sources: AWC; FSSIA's compilation

## Exhibit 15: 3Q23 results review

	3Q22	4Q22	1Q23	2Q23	3Q23	Change		2023E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)
<b>Sales</b>	<b>2,475</b>	<b>3,450</b>	<b>3,547</b>	<b>3,186</b>	<b>3,267</b>	<b>3</b>	<b>32</b>	<b>14,570</b>
- Hotel	1,762	2,465	2,715	2,269	2,373	5	35	10,711
- Commercial	713	985	832	917	894	(2)	25	3,858
COGS (Incl. depreciation)	(1,341)	(1,586)	(1,554)	(1,630)	(1,601)	(2)	19	(8,455)
<b>Gross profit</b>	<b>1,134</b>	<b>1,864</b>	<b>1,994</b>	<b>1,556</b>	<b>1,665</b>	<b>7</b>	<b>47</b>	<b>6,115</b>
SG&A	(818)	(1,039)	(1,064)	(1,080)	(1,128)	4	38	(3,205)
Net management income	1	5	1	7	45			7
<b>Operating profit</b>	<b>317</b>	<b>830</b>	<b>930</b>	<b>482</b>	<b>582</b>	<b>21</b>	<b>84</b>	<b>2,917</b>
Other income	9	36	12	9	7	(19)	(20)	73
Interest income	0	0	0	1	1	(27)	1,822	2
Interest expenses	(336)	(375)	(377)	(398)	(435)	10	29	(1,682)
<b>Pretax profit</b>	<b>(11)</b>	<b>492</b>	<b>566</b>	<b>95</b>	<b>155</b>	<b>63</b>	<b>1,539</b>	<b>1,309</b>
Income Tax	47	(100)	(120)	(14)	(19)	42	(141)	(223)
Associates	0	0	0	0	(9)			
Minority interest	0	0	0					
<b>Core profit</b>	<b>36</b>	<b>392</b>	<b>446</b>	<b>81</b>	<b>126</b>	<b>56</b>	<b>252</b>	<b>1,086</b>
Extraordinaries, GW & FX	991	1,014	976	1,041	1,010	(3)	2	4,000
<b>Reported net profit</b>	<b>1,026</b>	<b>1,406</b>	<b>1,422</b>	<b>1,122</b>	<b>1,136</b>	<b>1</b>	<b>11</b>	<b>5,086</b>
Shares out (end Q, m)	32,000	32,000	32,000	32,000	32,000	0	0	32,001
<b>Core EPS (THB)</b>	<b>0.00</b>	<b>0.01</b>	<b>0.01</b>	<b>0.00</b>	<b>0.00</b>	<b>56</b>	<b>252</b>	<b>0.03</b>
<b>EPS (THB)</b>	<b>0.03</b>	<b>0.04</b>	<b>0.04</b>	<b>0.04</b>	<b>0.04</b>	<b>1</b>	<b>11</b>	<b>0.16</b>
COGS (Excl. depreciation)	(928)	(1,176)	(1,144)	(1,197)	(1,174)	(2)	27	(6,742)
Depreciation	(413)	(410)	(410)	(433)	(427)	(1)	3	(1,713)
EBITDA	739	1,276	1,353	924	1,017	10	38	4,702
<b>Key ratios</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>	<b>(%)</b>
Gross margin	46	54	56	49	51	2	5	42
SG&A/Revenue	33	30	30	34	35	1	2	22
EBITDA margin	30	37	38	29	31	2	1	32
Net profit margin	41	41	40	35	35	(0)	(7)	35
<b>Operating stats</b>								
<b>MICE</b>								
OCC (%)	54	67	67	64				
ADR (THB)	4,886	5,630	5,689	5,342				
RevPar (THB)	2,658	3,744	3,786	3,401				
<b>Bangkok City</b>								
OCC (%)	59	72	72	70				
ADR (THB)	3,160	3,936	4,208	3,937				
RevPar (THB)	1,848	2,823	3,021	2,762				
<b>Luxury Resorts</b>								
OCC (%)	60	66	79	65				
ADR (THB)	15,466	16,079	19,983	17,062				
RevPar (THB)	9,199	10,611	15,760	11,102				
<b>Non-Bangkok</b>								
OCC (%)	47	55	67	57				
ADR (THB)	4,303	5,043	5,546	4,616				
RevPar (THB)	2,041	2,762	3,704	2,648				
<b>Tourist Lifestyle</b>								
OCC (%)	39	37	45	66				
Rental rate (THB)	773	1,157	1,343	1,264				
<b>Community Shopping Malls</b>								
OCC (%)	66	65	65	65				
Rental rate (THB)	614	589	622	643				
<b>Community Market</b>								
OCC (%)	40	40	40	40				
Rental rate (THB)	703	701	708	629				
<b>Commercial (Office)</b>								
OCC (%)	70	69	69	69				
Rental rate (THB)	769	815	817	817				

Sources: AWC; FSSIA estimates



## Exhibit 16: Forecast revisions

	Current			Previous			Change		
	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E
Hotel - OCC (%)	65.9	70.0	71.5	67.1	71.1	72.5	(1.2)	(1.1)	(1.0)
Hotel - RevPar (THB)	3,478	3,810	4,031	3,572	3,896	4,118	(2.6)	(2.2)	(2.1)
Retail - OCC (%)	36.4	57.5	58.6	43.5	57.8	59.0	(7.0)	(0.4)	(0.4)
Retail - Rental rate (THB/sqm/month)	590	677	727	604	695	747	(2.4)	(2.6)	(2.6)
Office - OCC (%)	69.0	70.0	70.5	71.0	72.0	72.5	(2.0)	(2.0)	(2.0)
Office - Rental rate (THB/sqm/month)	803	819	836	819	835	852	(1.9)	(1.9)	(1.9)
Revenue (THB b)	14.6	18.3	19.9	15.2	18.9	20.5	(3.8)	(2.9)	(2.9)
EBITDA margin (%)	32.3	38.9	39.9	36.7	40.7	41.7	(4.4)	(1.7)	(1.7)
Core earnings (THB m)	1,086	2,771	2,942	2,107	3,685	4,101	(48.5)	(24.8)	(28.2)

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

Source: FSSIA estimates

## Exhibit 17: DCF valuation

Cost of equity assumptions	(%)	Cost of debt assumptions	(%)
Risk-free rate	3.0	Pre-tax cost of debt	3.8
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	7.8		

DCF valuation estimate	(THB b)	(THB/share)	Comments
NPV	35.9	1.1	WACC 7.8%, risk-free rate 3%, risk premium 8%
Terminal value	214.2	6.7	Terminal growth 2.5%
Cash & liquid assets	1.9	0.1	At end-2023E
Investments	0.0	0.0	At end-2023E
Debt	(75.9)	(2.4)	At end-2023E
Minorities	0.0	0.0	At end-2023E
<b>Residual ordinary equity</b>	<b>176.2</b>	<b>5.5</b>	

Source: FSSIA estimates

## Exhibit 18: Peers comparison as of 22 Nov 2023

Company	BBG	Rec	Share price			Market Cap	PE			ROE		PBV		EV/EBITDA	
			Current	Target	Upside		23E	24E	25E	23E	24E	23E	24E	23E	24E
			(LCY)	(LCY)	(%)	(USD m)	(x)	(x)	(x)	(%)	(%)	(x)	(x)	(x)	(x)
<b>Thailand</b>															
Asset World Corp	AWC TB	BUY	3.80	5.50	45	3,453	112.0	43.9	41.3	1.3	3.1	1.4	1.3	39.4	27.4
Minor International	MINT TB	BUY	28.00	43.00	54	4,449	24.9	21.9	19.7	8.2	9.5	1.8	2.4	9.6	9.7
Central Plaza Hotel	CENTEL TB	BUY	43.75	53.00	21	1,677	43.0	29.9	26.4	7.2	9.6	3.0	2.8	17.3	15.5
Erawan Group	ERW TB	BUY	5.35	6.30	18	688	37.6	35.9	30.4	10.7	10.2	3.8	3.3	17.4	16.1
S Hotels & Resorts	SHR TB	BUY	2.76	4.40	59	282	204.0	24.6	18.3	0.3	2.5	0.6	0.6	9.3	7.5
Dusit Thani	DUSIT TB	BUY	7.60	18.00	137	183	126.4	26.4	2.6	1.2	5.7	1.5	1.5	36.6	28.8
Bound and Beyond	BEYOND TB	BUY	11.40	24.00	111	94	(29.4)	17.2	12.3	(1.9)	3.1	0.5	0.5	14.5	8.9
<b>Thailand average</b>						<b>10,826</b>	<b>74.1</b>	<b>28.6</b>	<b>21.6</b>	<b>3.8</b>	<b>6.2</b>	<b>1.8</b>	<b>1.8</b>	<b>20.6</b>	<b>16.3</b>
<b>Regional</b>															
Bitg Hotels Group	600258 CH	n/a	16.45	n/a	n/a	2,574	23.6	18.2	15.1	7.2	8.5	1.6	1.5	9.4	8.5
Sh Jinjiang Intl Hotels	900934 CH	n/a	1.50	n/a	n/a	4,435	9.3	6.6	5.2	7.2	9.3	0.7	0.6	12.4	10.2
Huangshan Tourism Develop	900942 CH	n/a	0.72	n/a	n/a	983	9.6	7.9	7.2	8.9	9.6	0.8	0.8	8.4	7.2
Genting Bhd	GENT MK	n/a	4.36	n/a	n/a	3,586	16.6	11.1	9.5	3.3	4.6	0.5	0.5	6.5	5.8
Huazhu Group	HTHT US	n/a	36.88	n/a	n/a	11,756	23.5	21.0	17.5	31.2	25.7	7.7	5.9	13.5	11.9
Indian Hotels	IH IN	n/a	417.00	n/a	n/a	7,187	65.1	47.8	38.7	12.6	14.4	7.6	6.6	34.7	28.7
Lemon Tree Hotels	LEMONTRE IN	n/a	115.60	n/a	n/a	1,098	79.5	55.2	33.0	12.3	16.4	10.0	9.2	28.0	22.4
Lippo Karawaci	LPKR IJ	n/a	86.00	n/a	n/a	392	17.7	5.0	4.3	2.3	6.6	0.4	0.3	8.5	8.1
<b>Regional average</b>						<b>32,012</b>	<b>30.6</b>	<b>21.6</b>	<b>16.3</b>	<b>10.6</b>	<b>11.9</b>	<b>3.7</b>	<b>3.2</b>	<b>15.2</b>	<b>12.8</b>
<b>Overall average</b>						<b>42,838</b>	<b>50.9</b>	<b>24.8</b>	<b>18.8</b>	<b>7.5</b>	<b>9.3</b>	<b>2.8</b>	<b>2.5</b>	<b>17.7</b>	<b>14.4</b>

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	14,570	18,334	19,941
Cost of goods sold	(3,585)	(5,182)	(8,455)	(9,140)	(9,810)
<b>Gross profit</b>	<b>660</b>	<b>4,326</b>	<b>6,115</b>	<b>9,195</b>	<b>10,132</b>
Other operating income	94	77	80	83	86
Operating costs	(2,304)	(3,254)	(3,205)	(4,015)	(4,347)
<b>Operating EBITDA</b>	<b>55</b>	<b>2,750</b>	<b>4,702</b>	<b>7,141</b>	<b>7,966</b>
Depreciation	(1,605)	(1,600)	(1,713)	(1,879)	(2,096)
Goodwill amortisation	-	-	-	-	-
<b>Operating EBIT</b>	<b>(1,551)</b>	<b>1,150</b>	<b>2,989</b>	<b>5,262</b>	<b>5,870</b>
Net financing costs	(1,180)	(1,225)	(1,680)	(1,883)	(2,192)
Associates	0	(1)	(1)	(1)	(1)
Recurring non-operating income	0	(1)	(1)	(1)	(1)
Non-recurring items	3,109	3,903	4,000	2,500	2,500
<b>Profit before tax</b>	<b>379</b>	<b>3,827</b>	<b>5,309</b>	<b>5,879</b>	<b>6,178</b>
Tax	483	27	(223)	(608)	(736)
<b>Profit after tax</b>	<b>861</b>	<b>3,854</b>	<b>5,086</b>	<b>5,271</b>	<b>5,442</b>
Minority interests	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>861</b>	<b>3,854</b>	<b>5,086</b>	<b>5,271</b>	<b>5,442</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(3,109)</b>	<b>(3,903)</b>	<b>(4,000)</b>	<b>(2,500)</b>	<b>(2,500)</b>
<b>Recurring net profit</b>	<b>(2,248)</b>	<b>(49)</b>	<b>1,086</b>	<b>2,771</b>	<b>2,942</b>
<b>Per share (THB)</b>					
Recurring EPS *	(0.07)	0.00	0.03	0.09	0.09
Reported EPS	0.03	0.12	0.16	0.16	0.17
DPS	0.01	0.03	0.01	0.03	0.04
Diluted shares (used to calculate per share data)	32,000	32,001	32,001	32,001	32,001
<b>Growth</b>					
Revenue (%)	(29.1)	124.0	53.2	25.8	8.8
Operating EBITDA (%)	(95.3)	4,930.5	71.0	51.9	11.6
Operating EBIT (%)	nm	nm	160.0	76.0	11.6
Recurring EPS (%)	nm	nm	nm	155.1	6.2
Reported EPS (%)	nm	347.3	32.0	3.6	3.3
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	15.5	45.5	42.0	50.2	50.8
Gross margin exc. depreciation (%)	53.4	62.3	53.7	60.4	61.3
Operating EBITDA margin (%)	1.3	28.9	32.3	38.9	39.9
Operating EBIT margin (%)	(36.5)	12.1	20.5	28.7	29.4
Net margin (%)	(53.0)	(0.5)	7.5	15.1	14.8
Effective tax rate (%)	17.7	35.5	17.0	18.0	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	1.8	2.8	2.7
Inventory days	8.8	5.4	4.7	5.9	5.9
Debtor days	60.0	29.4	21.5	17.1	15.7
Creditor days	285.4	182.3	158.2	199.2	200.5
Operating ROIC (%)	(1.0)	0.5	1.6	2.6	2.6
ROIC (%)	(1.0)	0.5	1.6	2.6	2.6
ROE (%)	(3.0)	(0.1)	1.3	3.1	3.1
ROA (%)	(1.0)	0.5	1.5	2.5	2.5
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Hotel revenue	1,770	6,422	10,711	13,560	14,856
Retail and office revenue	2,475	3,086	3,858	4,774	5,086

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)	1,086	2,771	2,942
Depreciation	1,605	1,600	1,713	1,879	2,096
Associates & minorities	-	-	-	-	-
Other non-cash items	11,462	4,368	3,859	2,359	2,359
Change in working capital	179	173	1,799	331	269
<b>Cash flow from operations</b>	<b>10,999</b>	<b>6,091</b>	<b>8,457</b>	<b>7,340</b>	<b>7,666</b>
Capex - maintenance	(15,760)	(18,066)	(9,359)	(17,359)	(17,359)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	0	0	0	0	0
Other investments (net)	-	-	-	-	-
<b>Cash flow from investing</b>	<b>(15,760)</b>	<b>(18,066)</b>	<b>(9,359)</b>	<b>(17,359)</b>	<b>(17,359)</b>
Dividends paid	0	(344)	(1,024)	(434)	(1,108)
Equity finance	9	11	0	0	0
Debt finance	4,372	12,327	2,000	12,000	10,000
Other financing cash flows	279	132	0	0	0
<b>Cash flow from financing</b>	<b>4,660</b>	<b>12,126</b>	<b>976</b>	<b>11,566</b>	<b>8,892</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>(101)</b>	<b>151</b>	<b>73</b>	<b>1,546</b>	<b>(801)</b>
Free cash flow to firm (FCFF)	(3,580.50)	(10,748.79)	779.45	(8,134.16)	(7,489.10)
Free cash flow to equity (FCFE)	(110.54)	484.10	1,097.51	1,980.90	306.96

#### Per share (THB)

FCFF per share	(0.11)	(0.34)	0.02	(0.25)	(0.23)
FCFE per share	0.00	0.02	0.03	0.06	0.01
Recurring cash flow per share	0.34	0.18	0.21	0.22	0.23

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	145,402	163,586	169,086	184,086	199,086
Less: Accumulated depreciation	(9,406)	(11,003)	(8,716)	(8,094)	(7,690)
<b>Tangible fixed assets (net)</b>	<b>135,996</b>	<b>152,583</b>	<b>160,370</b>	<b>175,991</b>	<b>191,395</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	128	279	353	1,899	1,098
A/C receivable	674	860	860	860	860
Inventories	46	60	113	121	129
Other current assets	56	82	126	158	172
<b>Current assets</b>	<b>905</b>	<b>1,281</b>	<b>1,451</b>	<b>3,039</b>	<b>2,259</b>
Other assets	1,996	2,590	2,590	2,590	2,590
<b>Total assets</b>	<b>138,897</b>	<b>156,454</b>	<b>164,411</b>	<b>181,620</b>	<b>196,244</b>
Common equity	79,207	82,860	86,922	91,758	96,092
Minorities etc.	0	0	0	0	0
<b>Total shareholders' equity</b>	<b>79,207</b>	<b>82,860</b>	<b>86,922</b>	<b>91,758</b>	<b>96,092</b>
Long term debt	45,717	56,306	58,306	70,306	80,306
Other long-term liabilities	8,332	9,511	9,511	9,511	9,511
<b>Long-term liabilities</b>	<b>54,049</b>	<b>65,817</b>	<b>67,817</b>	<b>79,817</b>	<b>89,817</b>
A/C payable	1,551	2,027	3,816	4,110	4,366
Short term debt	3,812	5,550	5,550	5,550	5,550
Other current liabilities	279	200	306	385	419
<b>Current liabilities</b>	<b>5,641</b>	<b>7,777</b>	<b>9,672</b>	<b>10,045</b>	<b>10,335</b>
<b>Total liabilities and shareholders' equity</b>	<b>138,897</b>	<b>156,454</b>	<b>164,411</b>	<b>181,620</b>	<b>196,244</b>
Net working capital	(1,053)	(1,225)	(3,024)	(3,356)	(3,624)
Invested capital	136,940	153,948	159,936	175,226	190,361

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

#### Per share (THB)

Book value per share	2.48	2.59	2.72	2.87	3.00
Tangible book value per share	2.48	2.59	2.72	2.87	3.00

#### Financial strength

Net debt/equity (%)	62.4	74.3	73.1	80.6	88.2
Net debt/total assets (%)	35.6	39.4	38.6	40.7	43.2
Current ratio (x)	0.2	0.2	0.2	0.3	0.2
CF interest cover (x)	0.9	1.4	1.7	2.1	1.1

Valuation	2021	2022	2023E	2024E	2025E
<b>Recurring P/E (x) *</b>	<b>(54.1)</b>	<b>(2,462.0)</b>	<b>112.0</b>	<b>43.9</b>	<b>41.3</b>
<b>Recurring P/E @ target price (x) *</b>	<b>(78.3)</b>	<b>(3,563.5)</b>	<b>162.1</b>	<b>63.5</b>	<b>59.8</b>
Reported P/E (x)	141.2	31.6	23.9	23.1	22.3
Dividend yield (%)	0.3	0.8	0.4	0.9	1.0
Price/book (x)	1.5	1.5	1.4	1.3	1.3
Price/tangible book (x)	1.5	1.5	1.4	1.3	1.3
EV/EBITDA (x) **	3,128.6	66.6	39.4	27.4	25.9
EV/EBITDA @ target price (x) **	4,123.9	86.4	50.9	35.0	32.7
EV/invested capital (x)	1.2	1.2	1.2	1.1	1.1

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

Sources: Asset World Corp; FSSIA estimates

# Asset World Corp PCL (AWC TB)

**FSSIA ESG rating**

★ ★ ★ ★

**71.74 /100**

## Exhibit 19: FSSIA ESG score implication

Rating	Score	Implication
★★★★★	>79-100	Leading its industry peers in managing the most significant ESG risks which not only better cost efficiency but also lead to higher profitability.
★★★★★	<b>&gt;59-79</b>	<b>A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.</b>
★★★★	>39-59	Relevant ESG materiality matrix has been constructively addressed, well-managed and incorporated into day-to-day operations, in which targets and achievements are evaluated annually.
★★★	>19-39	Relevant ESG materiality matrix has been identified with key management in charge for progress to be followed up on and to provide intensive disclosure. Most targets are conventional and achievable.
★	1-19	The company has adopted the United Nations Sustainable Development Goals (UN SDGs), established sustainability management guidelines and fully complies with regulations or ESG suggested guidance from related organizations such as the SET and SEC.

Sources: FSSIA estimates

## Exhibit 20: ESG – peer comparison

	FSSIA ESG score	Domestic ratings						Global ratings					--- Bloomberg ---		
		DJSI	SET THSI	THSI	CG score	AGM level	Thai CAC	Morningstar ESG risk	ESG Book	MSCI	Moody's	Refinitiv	S&P Global	ESG score	Disclosure score
SET100	69.20	5.34	4.40	4.40	4.76	4.65	3.84	Medium	51.76	BBB	20.87	58.72	63.91	3.72	28.17
Coverage	67.12	5.11	4.15	4.17	4.83	4.71	3.53	Medium	52.04	BB	16.97	56.85	62.09	3.40	31.94
AWC	71.74	--	Y	Y	5.00	5.00	Certified	Low	55.63	AA	--	69.90	73.00	2.11	60.03
CENTEL	62.78	--	Y	Y	5.00	5.00	Certified	Medium	57.54	--	--	71.56	48.00	2.93	54.19
DUSIT	24.81	--	--	--	5.00	4.00	Certified	--	46.50	--	--	--	--	--	--
ERW	39.65	--	--	--	4.00	4.00	Certified	--	54.22	--	--	51.15	21.00	3.90	--
MINT	84.43	Y	Y	Y	5.00	4.00	Certified	Medium	57.57	AA	37.00	91.18	69.00	5.00	--

Sources: [SETTRADE.com](http://SETTRADE.com); FSSIA's compilation

## Exhibit 21: ESG score by Bloomberg

FY ending Dec 31	FY 2019	FY 2020	FY 2021	FY 2022
<b>ESG financial materiality scores - ESG score</b>	<b>1.85</b>	<b>1.81</b>	<b>2.01</b>	<b>2.11</b>
BESG environmental pillar score	0.25	0.60	0.76	0.84
BESG social pillar score	7.50	2.56	2.54	3.03
BESG governance pillar score	3.16	3.65	3.96	3.97
<b>ESG disclosure score</b>	<b>47.54</b>	<b>56.11</b>	<b>56.98</b>	<b>60.03</b>
Environmental disclosure score	33.89	42.13	44.10	46.93
Social disclosure score	45.10	51.30	39.36	45.71
Governance disclosure score	63.58	74.83	87.36	87.36
<b>Environmental</b>				
Emissions reduction initiatives	No	No	No	No
Climate change policy	No	Yes	Yes	Yes
Climate change opportunities discussed	No	No	No	No
Risks of climate change discussed	No	Yes	Yes	Yes
GHG scope 1	7	9	10	9
GHG scope 2 location-based	111	91	70	84
GHG Scope 3	—	—	—	48
Carbon per unit of production	—	—	—	—
Biodiversity policy	No	Yes	Yes	Yes
Energy efficiency policy	No	No	No	No
Total energy consumption	241	189	344	404
Renewable energy use	—	0	0	1
Electricity used	231	186	189	208
Fuel used - natural gas	—	—	—	—

Sources: Bloomberg; FSSIA's compilation

**Exhibit 22: ESG score by Bloomberg (cont.)**

<b>FY ending Dec 31</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>
Fuel used - crude oil/diesel	No	No	No	No
Waste reduction policy	No	Yes	Yes	Yes
Hazardous waste	—	—	0	0
Total waste	8	8	11	12
Waste recycled	0	0	0	1
Waste sent to landfills	—	7	8	10
Environmental supply chain management	No	No	No	No
Water policy	No	Yes	Yes	Yes
Water consumption	2,440	1,968	1,968,460	939,337
<b>Social</b>				
Human rights policy	Yes	Yes	Yes	Yes
Policy against child labor	No	No	No	No
Quality assurance and recall policy	Yes	Yes	Yes	Yes
Consumer data protection policy	No	Yes	Yes	Yes
Equal opportunity policy	Yes	Yes	Yes	Yes
Gender pay gap breakout	No	No	No	Yes
Pct women in workforce	50	48	48	49
Pct disabled in workforce	—	—	—	1
Business ethics policy	Yes	Yes	Yes	Yes
Anti-bribery ethics policy	Yes	Yes	Yes	Yes
Health and safety policy	Yes	Yes	Yes	Yes
Lost time incident rate - employees	3	3	2	2
Total recordable incident rate - employees	—	—	—	2
Training policy	Yes	Yes	Yes	Yes
Fair remuneration policy	No	No	No	No
Number of employees – CSR	4,829	5,143	5,589	5,343
Employee turnover pct	25	27	19	36
Total hours spent by firm - employee training	201,997	208,308	225,164	283,179
Social supply chain management	No	Yes	Yes	Yes
<b>Governance</b>				
<b>Board size</b>	<b>14</b>	<b>15</b>	<b>15</b>	<b>15</b>
<b>No. of independent directors (ID)</b>	<b>7</b>	<b>8</b>	<b>8</b>	<b>8</b>
No. of women on board	3	3	3	3
No. of non-executive directors on board	13	14	14	14
Company conducts board evaluations	Yes	Yes	Yes	Yes
No. of board meetings for the year	7	10	10	8
Board meeting attendance pct	94	99	99	100
Board duration (years)	—	—	3	3
Director share ownership guidelines	No	No	No	No
Age of the youngest director	—	47	47	48
Age of the oldest director	—	78	78	79
<b>No. of executives / company managers</b>	<b>11</b>	<b>14</b>	<b>10</b>	<b>13</b>
No. of female executives	4	6	4	4
Executive share ownership guidelines	No	No	No	No
<b>Size of audit committee</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
No. of ID on audit committee	3	3	3	3
Audit committee meetings	8	6	5	5
Audit meeting attendance %	100	100	93	100
<b>Size of compensation committee</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
No. of ID on compensation committee	2	2	2	2
No. of compensation committee meetings	8	6	8	7
Compensation meeting attendance %	100	100	100	100
<b>Size of nomination committee</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
No. of nomination committee meetings	8	6	8	7
Nomination meeting attendance %	100	100	100	100
<b>Sustainability governance</b>				
Verification type	No	Yes	Yes	Yes

Sources: Bloomberg; FSSIA's compilation

Disclaimer for ESG scoring

ESG score	Methodology	Rating																											
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																											
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for <b>THSI inclusion</b> , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. <b>SETTHSI Index</b> is extended from the THSI companies whose 1) market capitalization > 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.																											
<b>CG Score</b> by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																											
<b>AGM level</b> By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&amp;A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																											
<b>Thai CAC</b> By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																											
<b>Morningstar Sustainalytics</b>	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality &amp; peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>NEGL</th> <th>Low</th> <th>Medium</th> <th>High</th> <th>Severe</th> </tr> </thead> <tbody> <tr> <td>0-10</td> <td>10-20</td> <td>20-30</td> <td>30-40</td> <td>40+</td> </tr> </tbody> </table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+																	
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<b>ESG Book</b>	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.																											
<b>MSCI</b>	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. <table border="0" style="margin-left: 20px;"> <tr> <td><b>AAA</b></td> <td>8.571-10.000</td> <td><b>Leader:</b></td> <td>leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td><b>AA</b></td> <td>7.143-8.570</td> <td></td> <td></td> </tr> <tr> <td><b>A</b></td> <td>5.714-7.142</td> <td></td> <td></td> </tr> <tr> <td><b>BBB</b></td> <td>4.286-5.713</td> <td><b>Average:</b></td> <td>a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td><b>BB</b></td> <td>2.857-4.285</td> <td></td> <td></td> </tr> <tr> <td><b>B</b></td> <td>1.429-2.856</td> <td></td> <td></td> </tr> <tr> <td><b>CCC</b></td> <td>0.000-1.428</td> <td><b>Laggard:</b></td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </table>	<b>AAA</b>	8.571-10.000	<b>Leader:</b>	leading its industry in managing the most significant ESG risks and opportunities	<b>AA</b>	7.143-8.570			<b>A</b>	5.714-7.142			<b>BBB</b>	4.286-5.713	<b>Average:</b>	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	<b>BB</b>	2.857-4.285			<b>B</b>	1.429-2.856			<b>CCC</b>	0.000-1.428	<b>Laggard:</b>	lagging its industry based on its high exposure and failure to manage significant ESG risks
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<b>Moody's ESG solutions</b>	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.																												
<b>Refinitiv ESG rating</b>	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; &gt;25 to 50 = satisfactory; &gt;50 to 75 = good; and &gt;75 to 100 = excellent.)</i>																												
<b>S&amp;P Global</b>	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																												
<b>Bloomberg</b>	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																											
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																											

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"; 2) "AGM Level"; 3) "Thai CAC"; and 4) THSI. The ratings are updated on an annual basis. FSSIA does not confirm nor certify the accuracy of such ratings.

Source: 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 3.80	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 28.00	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.
Central Plaza Hotel	CENTEL TB	THB 43.75	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.
The Erawan Group	ERW TB	THB 5.35	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 2.76	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 7.60	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 11.40	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.

All share prices are as at market close on 22-Nov-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.