

ASSET WORLD CORP

THAILAND / PROPERTY DEVELOPMENT

AWC TB

BUY

UNCHANGED

TARGET PRICE	THB5.20
CLOSE	THB3.66
UP/DOWNSIDE	+42.1%
PRIOR TP	THB5.50
CHANGE IN TP	-5.5%
TP vs CONSENSUS	+14.2%

Riding the strong RevPAR wave

- Expect RevPAR to grow by 15-20% y-y in 4Q24, driven by strong OCC rate, leading 4Q24 core profit to grow by 15-20% y-y.
- Hotel room inventory to increase by 13% in 2025 thanks to four new hotels; Asiatique's performance should improve in 2025.
- Maintain BUY with a DCF-based TP of THB5.2/shr.

Positive feedback from Opportunity Day meeting

We attended the Opportunity Day on 3 Dec and have positive feedback. AWC reported a strong core profit of THB288m in 3Q24 (+128% y-y), driven by RevPAR growth of 7% y-y. We believe the strong RevPAR growth momentum should continue in the high tourism season in 4Q24. We estimate the OCC rate to improve to 73-75% (vs 65% in 4Q23) and ADR to increase by 3-5% y-y, leading to RevPAR growth of 15-20% y-y. Thus, our preliminary forecast for 4Q24 is for core profit to grow by 15-20% y-y to THB550m-580m.

Expect core profit to surge by 30% y-y in 2025

We expect revenue to jump by 22% in 2025, driven by a 13% increase in room inventory to 7,052 rooms following the opening of the new hotels: Meliá Pattaya City (Dec-24), Pattaya Marriott (1Q25), Fairmont Bangkok Sukhumvit (2Q25) and Kimpton Hua Hin (2025). For the retail business, we expect Asiatique's performance to improve thanks to the Okura Cruise, scheduled to operate in Dec-24, and a new attraction with a global partner, scheduled to open in 2025. Overall, we expect core profit to surge by 30% y-y to THB2.2b.

EBITDA yield continues to improve along with larger asset size

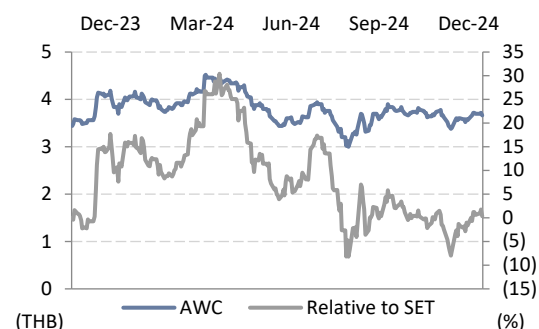
The EBITDA yield of AWC's total assets has continued to improve after the end of the Covid pandemic from 2.7% in 2022 to 4.3% in 9M24. This converts to 4.9% in 2019. AWC continues to push the majority of its assets from the ramp-up stage (50% of total asset) to the BAU stage (23% of total assets), which has an EBITDA yield threshold of 6.7%. The long-term target of the EBITDA yield is 8-10%. In addition, the total assets currently worth THB154.6b as of 3Q24 will continue to increase, with a medium-term investment target of THB22.2b and a long-term target of THB43.0b.

Revising down core profit

We revise down our 2024-26E core profit by 13-22% to reflect the latest ramp-up pace. We also roll forward our DCF valuation base to 2025 and derive a new TP of THB5.2/shr. AWC trades at a 52x 2025E core profit P/E (vs peers' average of 27x). Including an estimated fair value gain of THB3.0b in 2025, it would come down to only 22x P/E.

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	13,702	15,877	19,445	27,287
Net profit	5,038	5,421	5,235	5,303
EPS (THB)	0.16	0.17	0.16	0.17
vs Consensus (%)	-	157.6	88.2	38.2
EBITDA	4,813	5,721	7,056	8,850
Recurring net profit	1,134	1,721	2,235	2,803
Core EPS (THB)	0.04	0.05	0.07	0.09
Chg. In EPS est. (%)	0.0	(21.4)	(14.6)	(13.0)
EPS growth (%)	nm	51.7	29.9	25.4
Core P/E (x)	103.3	68.1	52.4	41.8
Dividend yield (%)	1.4	0.6	0.8	1.0
EV/EBITDA (x)	38.9	35.7	31.1	26.3
Price/book (x)	1.3	1.3	1.2	1.2
Net debt/Equity (%)	80.4	95.1	106.9	115.7
ROE (%)	1.3	1.9	2.4	2.9



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	6.4	0.5	3.4
Relative to country (%)	6.8	(0.7)	(1.3)
Mkt cap (USD m)	3,462		
3m avg. daily turnover (USD m)	6.8		
Free float (%)	25		
Major shareholder	TCC Business Management (45%)		
12m high/low (THB)	4.58/2.88		
Issued shares (m)	32,004.96		

Sources: Bloomberg consensus; FSSIA estimates



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Investment thesis

AWC plans to aggressively expand its hotel portfolio from 18 hotels in 2022 to 38 hotels by 2031 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 3Q24, with ample room for M&A deals. It also has a competitive advantage since 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 the value of those assets will likely appreciate in the future, which should support its balance sheet's gearing ratio for expansion projects.

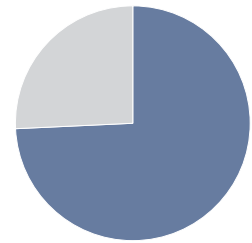
Company profile

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

assetworldcorp-th.com

Principal activities (revenue, 2023)

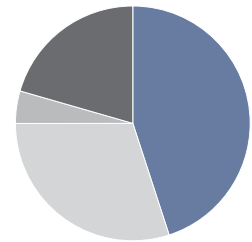
- Hotel revenue - 74.3 %
- Retail and office revenue - 25.7 %



Source: Asset World Corp

Major shareholders

- TCC Business Management - 45.0 %
- TCC Retail - 30.0 %
- NOMURA SINGAPORE LIMITED - 4.5 %
- Others - 20.5 %



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 2025	4Q24 results announcement

Key assumptions

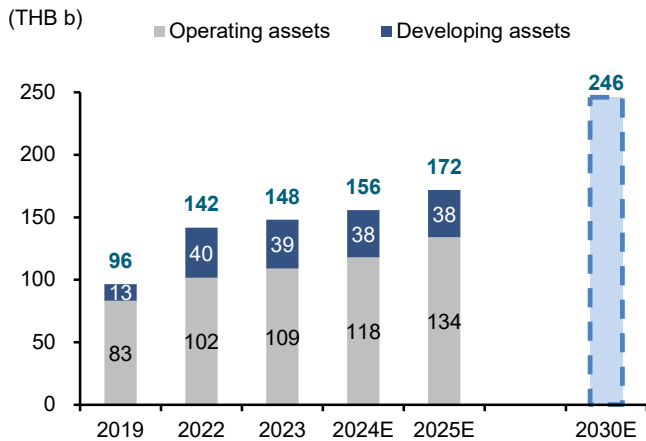
	2024E	2025E	2026E
Hotel - Number of rooms (no.)	6,263	7,052	8,952
Hotel - Occupancy rate (OCC %)	69.1	71.3	71.0
Hotel - RevPAR growth (%)	12.2	9.0	17.6
Retail - NLA ('000 sqm)	377.6	377.6	377.6
Retail - Occupancy rate (OCC %)	32.9	59.0	65.7
Retail - Rental rate growth (%)	(19.2)	6.9	9.8
Office - NLA ('000 sqm)	270.6	270.6	270.6
Office - Occupancy rate (OCC %)	66.0	66.5	67.0
Office - Rental rate growth (%)	1.0	3.0	3.0

Source: FSSIA estimates

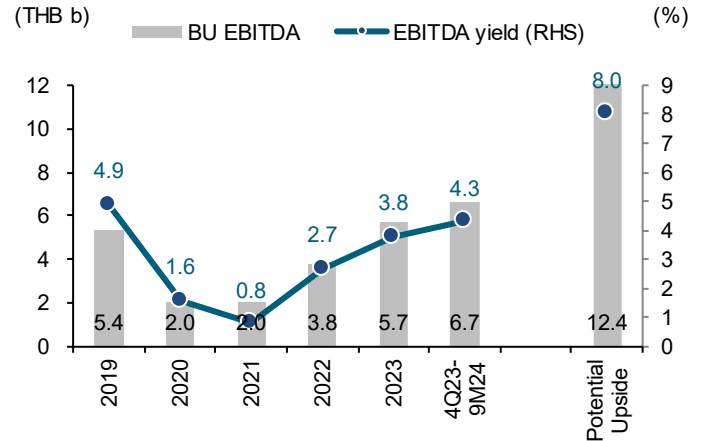
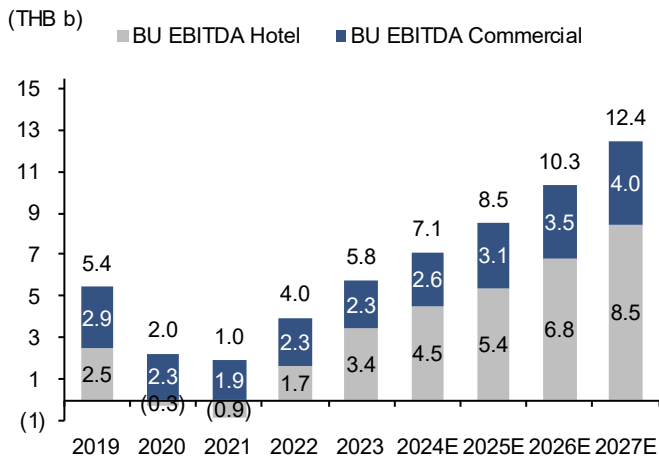
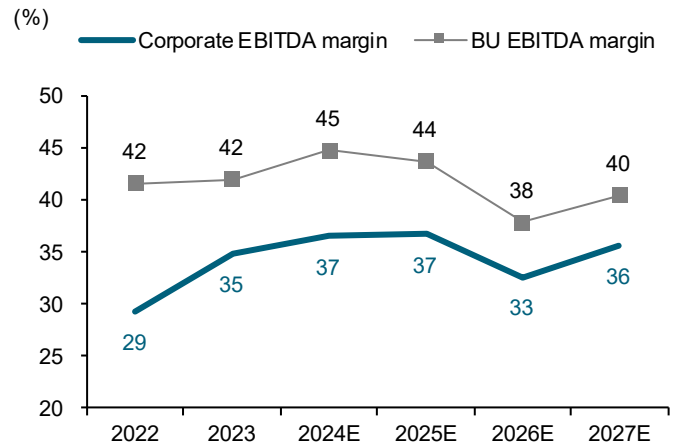
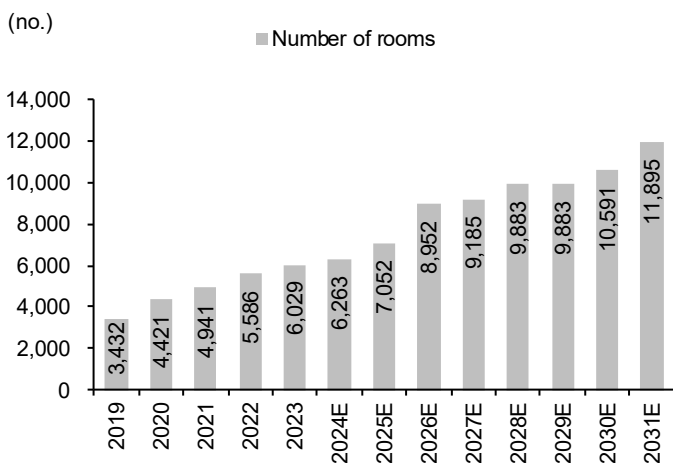
Earnings sensitivity

- For every 1% increase in hotel OCC, we project a 2025 profit increase of 4%, and vice versa, all else being equal.
- For every 1% increase in retail OCC, we project a 2025 profit increase of 5%, and vice versa, all else being equal.

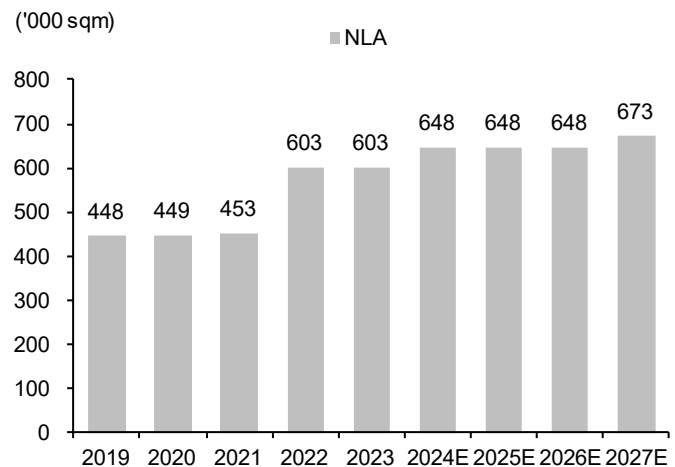
Source: FSSIA estimates

Exhibit 1: AWC's asset size

Sources: AWC; FSSIA estimates

Exhibit 2: BU EBITDA and EBITDA yield (rate of return)Note: BU EBITDA (business unit EBITDA) is EBITDA before corporate expenses
Sources: AWC; FSSIA estimates**Exhibit 3: BU EBITDA forecast**Note: BU EBITDA (business unit EBITDA) is EBITDA before corporate expenses
Sources: AWC; FSSIA estimates**Exhibit 4: Corporate EBITDA margin**Note: Includes corporate expenses
Sources: AWC; FSSIA estimates**Exhibit 5: Hotel room expansion pipeline**

Sources: AWC; FSSIA estimates

Exhibit 6: NLA of retail and commercial expansion

Sources: AWC; FSSIA estimates

Exhibit 7: Hotel projects in pipeline

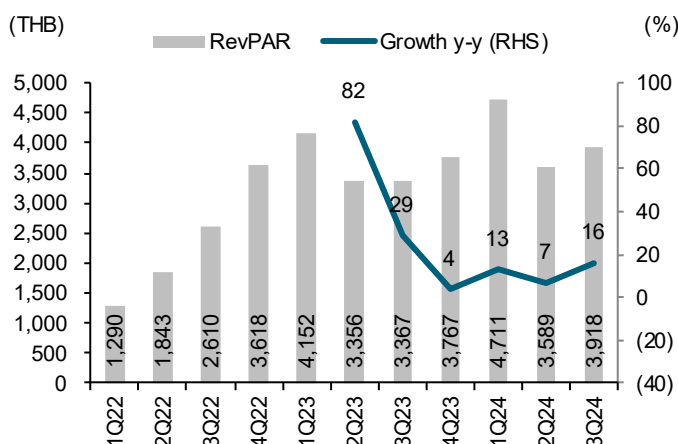
	Segment	Location	No. of room	COD
Hotels				
Fairmont Bangkok Sukhumvit	MICE	Bangkok	344	2Q25
Pattaya Marriott Resort & Spa at Jomtien Beach	Non-Bangkok	Pattaya	289	1Q25
Meliá Pattaya City	Non-Bangkok	Pattaya	234	4Q24
Kimpton Hua Hin Resort Beach Club	Resort	Hua-Hin	156	2025
The Plaza Athenee Nobu Hotel and Spa Bangkok	Bangkok city	Bangkok	12	2026
The Imperial Golden Triangle Chiang Rai	Non-Bangkok	Chiang Rai	97	2026
Nobu Bangkok (O.P. Place + Swan Hotel)	TBC	Bangkok	74	2026
Songwad	TBC	Bangkok	89	2026
The Lhong 1919 Riverside Heritage Destination	TBC	Bangkok	86	2027
Banyan Tree Jomtien Pattaya	Resort	Pattaya	147	2027
Weng Nakorn Kasem	Bangkok city	Bangkok	528	2030
Paradisus Jomtien Resort	Non-Bangkok	Pattaya	698	2028
Aquatique				
JW Marriott The Pattaya Beach Resort & Spa	Non-Bangkok	Pattaya	398	2026
Pattaya Marriott Marquis Hotel	Non-Bangkok	Pattaya	900	2026
Autograph Collection Hotels	Non-Bangkok	Pattaya	306	2026
Asiatique				
Asiatique Bangkok, Autograph Collection	Bangkok city	Bangkok	180	2030
JW Marriott Marquis Hotel Asiatique Bangkok	MICE	Bangkok	1,000	2031
A Ritz-Carlton Reserve Hotel at Asiatique	MICE	Bangkok	304	2031
Total Number of Rooms			5,842	

Source: AWC

Recap: 3Q24 results review

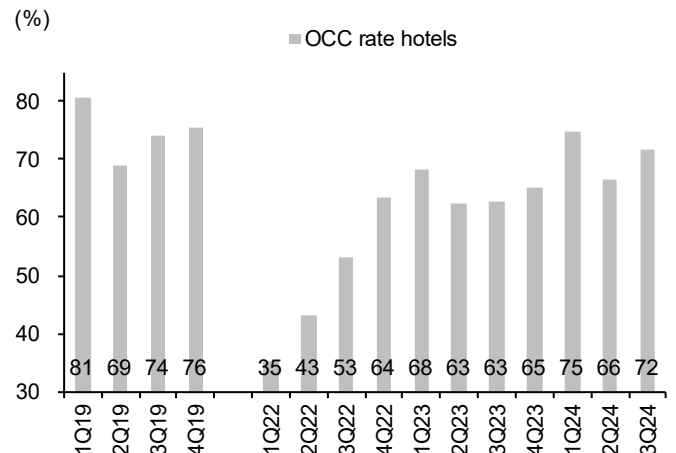
- AWC reported a 3Q24 core profit of THB288m (+128% y-y, +42% q-q), driven by the strong hotel business.
- Including a THB0.9b gain on changes in the fair value of investment properties, AWC booked a net profit of THB1.1b (flat y-y, -9% q-q).
- Hospitality business: Hotel revenue grew by 19% y-y in 3Q24. RevPAR grew by 16% y-y with an OCC rate of 72% (63% in 3Q23). MICE hotels were the key driver in this quarter, with revenue growth of 26% y-y and the strong performance of Bangkok Marriott Hotel The Surawongse.
- Retail and commercial business: Revenue grew by 1% y-y in 3Q24, led by revenue from community shopping malls (+5% y-y). Office building revenue grew by 1% y-y.
- EBITDA of the operating assets (BU EBITDA) improved to THB1.6b (vs THB1.3b in 3Q23), consisting of THB1.0b for the hotel business, THB0.2b for the retail business and THB0.4b for office properties.
- The EBITDA margin of the hotel business improved to 34% (vs 29% in 3Q23), while the EBITDA margin of the retail and commercial business also improved to 68% (vs 66% in 3Q23).
- Including corporate expenses, group EBITDA improved to THB1.2b in 3Q24 from THB1.0b in 3Q23, with an EBITDA margin of 33% (vs 31% in 3Q23).

Exhibit 8: RevPAR trend, quarterly



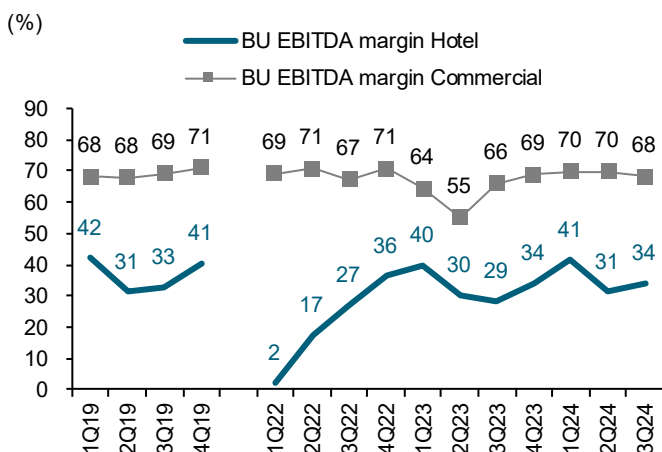
Sources: AWC; FSSIA's compilation

Exhibit 9: OCC rate trend, quarterly



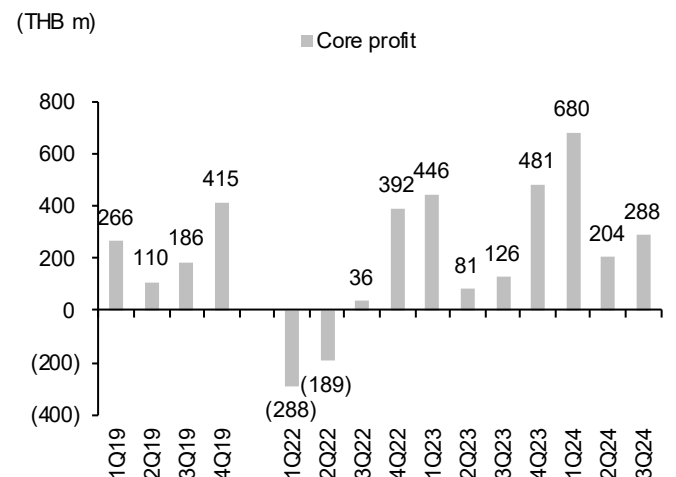
Source: AWC; FSSIA's compilation

Exhibit 10: EBITDA margins



Sources: AWC; FSSIA's compilation

Exhibit 11: Core profit, quarterly



Sources: AWC; FSSIA's compilation

Exhibit 12: AWC – 3Q24 results review

	3Q23	4Q23	1Q24	2Q24	3Q24	----- Change -----		2023	2024E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)
Sales	3,267	3,702	4,194	3,448	3,736	8	14	13,702	15,877	16
- Hotel	2,373	2,818	3,317	2,572	2,830	10	19	10,175	12,268	21
- Commercial	894	884	877	876	906	3	1	3,526	3,609	2
COGS (Incl. depreciation)	(1,601)	(1,723)	(1,738)	(1,654)	(1,765)	7	10	(6,509)	(7,423)	14
Gross Profit	1,665	1,978	2,457	1,794	1,970	10	18	7,193	8,455	18
SG&A	(1,128)	(975)	(1,188)	(1,127)	(1,270)	13	13	(4,247)	(4,906)	16
Net management income	45	49	7	5	23	413	(48)	102	195	90
Operating Profit	582	1,053	1,276	671	724	8	24	3,048	3,743	23
Other income	7	19	32	54	12	(78)	69	47	117	150
Interest income	1	2	1	2	1	(71)	(27)	4	5	18
Interest expenses	(435)	(476)	(471)	(484)	(488)	1	12	(1,686)	(1,935)	15
Pretax profit	155	598	838	243	249	2	61	1,413	1,930	37
Income Tax	(19)	(90)	(202)	(40)	25	(162)	(231)	(243)	(290)	19
Associates	(9)	(26)	44	1	15	1,692	(262)	(35)	80	(326)
Minority interest										
Core profit	126	481	680	204	288	42	128	1,134	1,721	52
Extraordinaries, GW & FX	1,010	877	925	1,044	850	(19)	(16)	3,904	3,700	(5)
Reported net profit	1,136	1,358	1,605	1,247	1,139	(9)	0	5,038	5,421	8
Shares out (end Q, m)	32,000	32,000	32,000	32,000	32,000	0	0	32,002	32,005	0
Core EPS (THB)	0.00	0.02	0.02	0.01	0.01			0.04	0.05	52
EPS (THB)	0.04	0.04	0.05	0.04	0.04			0.16	0.17	8
COGS (Excl. depreciation)	(1,174)	(1,276)	(1,284)	(1,193)	(1,291)	8	10	(4,791)	(5,562)	16
Depreciation	(427)	(448)	(454)	(461)	(474)	3	11	(1,718)	(1,861)	8
EBITDA	1,008	1,493	1,806	1,187	1,224	3	21	4,813	5,721	19
Key ratios	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(%)	(ppt)
Gross margin	51	53	59	52	53	1	2	52	53	1
SG&A/Revenue	35	26	28	33	34	1	(1)	31	31	(0)
EBITDA margin	31	40	43	34	33	(1)	2	35	36	1
Hotel	29	34	41	31	34					
Retail	52	58	61	60	59					
Office	76	77	75	76	75					
Net profit margin	35	37	38	36	30	(6)	(4)	37	34	(3)
Operating stats										
Hotel										
OCC (%)	63	65	75	66	72					
ADR (THB)	5,370	5,773	6,298	5,409	5,467					
RevPar (THB)	3,367	3,767	4,711	3,589	3,918					
RevPAR growth y-y (%)	29	4	13	7	16					
Retail										
OCC (%)	67	68	67	66	66					
Rental rate (THB)	778	789	800	806	814					

Sources: AWC; FSSIA estimates

Exhibit 13: Forecast revisions

	----- Current -----			----- Previous -----			----- Change -----		
	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
Hotel - OCC (%)	69.1	71.3	71.0	65.2	72.6	71.6	4.0	(1.3)	(0.6)
Hotel - RevPar (THB)	4,049	4,413	5,188	3,837	4,467	5,304	5.5	(1.2)	(2.2)
Retail - OCC (%)	32.9	59.0	65.7	51.6	60.0	67.1	(18.7)	(1.0)	(1.4)
Retail - Rental rate (THB/sqm/month)	596	638	700	609	651	720	(2.1)	(2.0)	(2.8)
Office - OCC (%)	66.0	66.5	67.0	69.0	69.5	70.0	(3.0)	(3.0)	(3.0)
Office - Rental rate (THB/sqm/month)	812	836	861	828	853	879	(1.9)	(1.9)	(1.9)
Revenue (THB b)	15.9	19.4	27.3	16.7	19.5	27.8	(5.1)	(0.4)	(1.8)
EBITDA margin (%)	36.5	36.7	32.6	38.8	39.6	34.1	(2.3)	(2.8)	(1.5)
Core earnings (THB m)	1,721	2,235	2,803	2,193	2,621	3,227	(21.5)	(14.7)	(13.1)

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

Source: FSSIA estimates

Exhibit 14: 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		44.0	1.4	WACC 7.8%, risk-free rate 3%, risk premium 8%	
Terminal value		223.9	7.0	Terminal growth 2.5%	
Cash & liquid assets		0.3	0.0	At end-2025E	
Investments		1.4	0.0	At end-2025E	
Debt		(102.8)	(3.2)	At end-2025E	
Minorities		0.0	0.0	At end-2025E	
Residual ordinary equity		166.8	5.2		

Source: FSSIA estimates

Exhibit 15: Peer comparisons as of 12 Dec 2024

Company	BBG	Rec	----- Share price -----			Market cap (USD m)	----- PE -----			----- ROE -----		---- PBV ----		EV/ EBITDA	
			Current	Target	Upside		24E	25E	26E	24E	25E	24E	25E	24E	25E
			(LCY)	(LCY)	(%)		(x)	(x)	(x)	(%)	(%)	(x)	(x)	(x)	(x)
Thailand															
Asset World Corp	AWC TB	BUY	3.66	5.20	42	3,462	68.1	52.4	41.8	1.9	2.4	1.3	1.2	35.7	31.1
Minor International	MINT TB	BUY	27.25	45.00	65	4,567	18.9	16.9	15.2	10.7	11.3	2.0	1.8	7.6	6.9
Central Plaza Hotel	CENTEL TB	BUY	35.00	48.00	37	1,397	30.8	27.2	22.5	7.5	8.0	2.2	2.1	15.0	14.1
Erawan Group	ERW TB	BUY	4.00	6.00	50	578	24.5	22.5	20.8	10.3	9.1	2.1	2.0	13.5	12.4
S Hotels & Resorts	SHR TB	BUY	2.42	3.80	57	257	58.0	23.7	16.8	0.9	2.2	0.5	0.5	9.1	8.2
Dusit Thani	DUSIT TB	BUY	10.70	15.00	40	269	(48.5)	34.4	5.3	(5.7)	8.1	2.9	2.7	58.3	28.0
Bound and Beyond	BEYOND TB	BUY	8.75	18.00	106	75	33.9	13.0	9.9	1.2	3.1	0.4	0.4	9.1	7.4
Thailand average						10,604	26.5	27.2	18.9	3.8	6.3	1.6	1.5	21.2	15.4
Regional															
Btg Hotels Group	600258 CH	n/a	15.98	n/a	n/a	2,454	21.1	18.9	16.5	7.3	7.7	1.5	1.4	9.9	9.5
Sh Jinjiang Intl Hotels	900934 CH	n/a	1.57	n/a	n/a	3,810	9.8	9.3	7.9	7.0	7.3	0.7	0.7	10.8	10.5
Huangshan Tourism Dev.	900942 CH	n/a	0.78	n/a	n/a	1,042	11.9	10.4	9.6	7.4	8.0	0.9	0.8	8.8	8.3
Genting Bhd	GENT MK	n/a	3.59	n/a	n/a	3,115	8.6	7.6	6.9	4.7	5.1	0.4	0.4	5.4	5.1
Huazhu Group	HTHT US	n/a	34.01	n/a	n/a	10,842	20.0	17.1	14.9	28.6	29.0	6.6	5.7	11.6	10.3
Indian Hotels	IH IN	n/a	836.70	n/a	n/a	14,034	91.9	71.6	57.4	14.8	15.9	13.0	10.8	53.5	42.9
Lemon Tree Hotels	LEMONTRE IN	n/a	146.66	n/a	n/a	1,369	84.5	59.6	40.3	14.6	17.3	11.8	8.4	26.9	22.5
Lippo Karawaci	LPKR IJ	n/a	108.00	n/a	n/a	480	0.8	9.8	9.0	3.2	8.1	0.3	0.3	3.1	n/a
Regional average						37,145	31.1	25.5	20.3	11.0	12.3	4.4	3.6	16.2	15.6
Global															
Nh Hotel Group	NHH SM	n/a	4.49	n/a	n/a	2,087	12.6	11.5	10.8	14.9	10.5	1.9	1.5	6.5	6.2
Melia Hotels International	MEL SM	n/a	7.40	n/a	n/a	1,724	12.5	11.7	10.8	22.3	19.0	2.6	2.2	8.1	7.9
Intercontinental Hotels G.	IHG LN	n/a	9,918	n/a	n/a	20,093	29.3	25.4	22.4	(32.4)	(32.9)	n/a	n/a	19.2	17.6
Whitbread	WTB LN	n/a	2,925	n/a	n/a	6,544	13.4	14.3	13.1	10.6	10.7	1.4	1.5	9.3	9.3
Accor	ACRFF US	n/a	48.09	n/a	n/a	11,718	20.6	18.3	16.1	12.3	13.9	2.4	2.3	12.9	11.8
Choice Hotels	CHH US	n/a	145.59	n/a	n/a	6,829	21.7	20.7	19.4	376.2	462.3	n/a	45.7	14.5	14.3
Hilton Worldwide Holdings	HLT US	n/a	256.95	n/a	n/a	62,639	36.5	32.3	27.9	(54.5)	(41.5)	n/a	n/a	21.3	19.7
Hyatt Hotels Corp	H US	n/a	161.41	n/a	n/a	15,236	41.4	42.0	33.0	10.3	12.1	4.5	4.6	15.4	14.5
Marriott International	MAR US	n/a	291.73	n/a	n/a	81,070	31.5	27.5	24.3	(163.8)	(115.3)	n/a	n/a	19.1	17.6
Global average						207,941	24.4	22.6	19.7	21.8	37.6	2.5	9.6	14.0	13.2
Overall average						255,690	27.2	24.9	19.7	12.9	20.1	3.0	4.6	16.8	14.6

Sources: Bloomberg; FSSIA estimates

Financial Statements

Asset World Corp

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	9,508	13,702	15,877	19,445	27,287
Cost of goods sold	(5,182)	(6,509)	(7,423)	(8,813)	(12,774)
Gross profit	4,326	7,193	8,455	10,632	14,513
Other operating income	77	149	311	321	330
Operating costs	(3,254)	(4,247)	(4,906)	(5,989)	(8,376)
Operating EBITDA	2,787	4,813	5,721	7,056	8,850
Depreciation	(1,637)	(1,718)	(1,861)	(2,092)	(2,383)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	1,150	3,095	3,860	4,964	6,467
Net financing costs	(1,225)	(1,682)	(1,930)	(2,340)	(3,077)
Associates	(1)	(35)	80	83	57
Recurring non-operating income	(1)	(35)	80	83	57
Non-recurring items	3,903	3,904	3,700	3,000	2,500
Profit before tax	3,827	5,281	5,710	5,707	5,947
Tax	27	(243)	(290)	(472)	(644)
Profit after tax	3,854	5,038	5,421	5,235	5,303
Minority interests	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	3,854	5,038	5,421	5,235	5,303
Non-recurring items & goodwill (net)	(3,903)	(3,904)	(3,700)	(3,000)	(2,500)
Recurring net profit	(49)	1,134	1,721	2,235	2,803
Per share (THB)					
Recurring EPS *	0.00	0.04	0.05	0.07	0.09
Reported EPS	0.12	0.16	0.17	0.16	0.17
DPS	0.03	0.05	0.02	0.03	0.04
Diluted shares (used to calculate per share data)	32,001	32,002	32,005	32,005	32,005
Growth					
Revenue (%)	124.0	44.1	15.9	22.5	40.3
Operating EBITDA (%)	4,998.9	72.7	18.9	23.3	25.4
Operating EBIT (%)	nm	169.2	24.7	28.6	30.3
Recurring EPS (%)	nm	nm	51.7	29.9	25.4
Reported EPS (%)	347.3	30.7	7.6	(3.4)	1.3
Operating performance					
Gross margin inc. depreciation (%)	45.5	52.5	53.2	54.7	53.2
Gross margin exc. depreciation (%)	62.7	65.0	65.0	65.4	61.9
Operating EBITDA margin (%)	29.3	35.1	36.0	36.3	32.4
Operating EBIT margin (%)	12.1	22.6	24.3	25.5	23.7
Net margin (%)	(0.5)	8.3	10.8	11.5	10.3
Effective tax rate (%)	35.5	17.2	15.0	18.0	19.0
Dividend payout on recurring profit (%)	(2,073.3)	141.1	40.0	40.0	40.0
Interest cover (X)	0.9	1.8	2.0	2.2	2.1
Inventory days	5.5	5.1	5.3	5.2	4.7
Debtor days	29.4	24.4	22.3	18.2	13.0
Creditor days	184.2	183.0	197.0	193.4	174.3
Operating ROIC (%)	0.5	1.6	1.9	2.1	2.4
ROIC (%)	0.5	1.6	1.9	2.1	2.4
ROE (%)	(0.1)	1.3	1.9	2.4	2.9
ROA (%)	0.5	1.5	1.8	2.0	2.4

* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2022	2023	2024E	2025E	2026E
Hotel revenue	6,422	10,175	12,268	15,026	22,110
Retail and office revenue	3,086	3,526	3,609	4,419	5,177

Sources: Asset World Corp; FSSIA estimates

Financial Statements

Asset World Corp

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	(49)	1,134	1,721	2,235	2,803
Depreciation	1,637	1,718	1,861	2,092	2,383
Associates & minorities	-	-	-	-	-
Other non-cash items	4,368	5,171	3,581	2,881	2,381
Change in working capital	173	788	480	727	2,231
Cash flow from operations	6,129	8,811	7,642	7,934	9,798
Capex - maintenance	(18,104)	(15,673)	(22,581)	(22,881)	(22,381)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	0	(1,390)	0	0	0
Other investments (net)	-	-	-	-	-
Cash flow from investing	(18,104)	(17,063)	(22,581)	(22,881)	(22,381)
Dividends paid	(344)	(1,024)	(1,600)	(688)	(894)
Equity finance	11	17	3	0	0
Debt finance	12,327	8,969	17,000	15,000	15,000
Other financing cash flows	132	519	0	0	0
Cash flow from financing	12,126	8,481	15,403	14,312	14,106
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	151	230	464	(635)	1,523
Free cash flow to firm (FCFF)	(10,748.79)	(6,565.16)	(13,003.69)	(12,596.95)	(9,502.81)
Free cash flow to equity (FCFE)	484.10	1,237.13	2,061.02	53.37	2,417.00

Per share (THB)

FCFF per share	(0.34)	(0.21)	(0.41)	(0.39)	(0.30)
FCFE per share	0.02	0.04	0.06	0.00	0.08
Recurring cash flow per share	0.19	0.25	0.22	0.23	0.24

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	163,586	179,445	198,445	218,445	238,445
Less: Accumulated depreciation	(11,003)	(12,777)	(10,938)	(10,030)	(9,913)
Tangible fixed assets (net)	152,583	166,667	187,507	208,415	228,532
Intangible fixed assets (net)	0	0	0	0	0
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	0	1,390	1,390	1,390	1,390
Cash & equivalents	279	509	973	338	1,861
A/C receivable	860	971	971	971	971
Inventories	60	74	86	104	161
Other current assets	82	159	184	226	317
Current assets	1,281	1,713	2,214	1,638	3,309
Other assets	2,590	2,667	2,667	2,667	2,667
Total assets	156,454	172,437	193,777	214,110	235,898
Common equity	82,860	87,476	91,299	95,846	100,254
Minorities etc.	0	0	0	0	0
Total shareholders' equity	82,860	87,476	91,299	95,846	100,254
Long term debt	56,306	64,505	81,505	96,505	111,505
Other long-term liabilities	9,511	10,919	10,919	10,919	10,919
Long-term liabilities	65,817	75,424	92,424	107,424	122,424
A/C payable	2,027	2,778	3,225	3,897	6,025
Short term debt	5,550	6,320	6,320	6,320	6,320
Other current liabilities	200	439	509	623	875
Current liabilities	7,777	9,537	10,054	10,840	13,219
Total liabilities and shareholders' equity	156,454	172,437	193,777	214,110	235,898
Net working capital	(1,225)	(2,013)	(2,493)	(3,220)	(5,451)
Invested capital	153,948	168,711	189,071	209,252	227,138

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

Per share (THB)

Book value per share	2.59	2.73	2.85	2.99	3.13
Tangible book value per share	2.59	2.73	2.85	2.99	3.13

Financial strength

Net debt/equity (%)	74.3	80.4	95.1	106.9	115.7
Net debt/total assets (%)	39.4	40.8	44.8	47.9	49.2
Current ratio (x)	0.2	0.2	0.2	0.2	0.3
CF interest cover (x)	1.4	1.7	2.1	1.0	1.8

Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	(2,371.3)	103.3	68.1	52.4	41.8
Recurring P/E @ target price (x) *	(3,369.1)	146.7	96.7	74.5	59.4
Reported P/E (x)	30.4	23.2	21.6	22.4	22.1
Dividend yield (%)	0.9	1.4	0.6	0.8	1.0
Price/book (x)	1.4	1.3	1.3	1.2	1.2
Price/tangible book (x)	1.4	1.3	1.3	1.2	1.2
EV/EBITDA (x) **	64.1	38.9	35.7	31.1	26.3
EV/EBITDA @ target price (x) **	81.8	49.2	44.3	38.1	31.9
EV/invested capital (x)	1.2	1.1	1.1	1.0	1.0

* 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

★★★★

Exhibit 16: FSSIA ESG score implication

71.74 /100

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.
★★★★	>59-79	A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.
★★★	>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 17: ESG – peer comparison

	FSSIA	Domestic ratings						Global ratings						Bloomberg	
	ESG score	DJSI	SET ESG	SET ESG Rating	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](#); FSSIA's compilation

Exhibit 18: ESG score by Bloomberg

FY ending Dec 31	FY 2019	FY 2020	FY 2021	FY 2022
ESG financial materiality scores - ESG score	1.85	1.81	2.01	2.11
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
ESG disclosure score	47.54	56.11	56.98	60.03
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
Environmental				
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 19: ESG score by Bloomberg (cont.)

FY ending Dec 31	FY 2019	FY 2020	FY 2021	FY 2022
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
Social				
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
Governance				
Board size	14	15	15	15
No. of independent directors (ID)	7	8	8	8
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
No. of executives / company managers	11	14	10	13
No. of female executives	4	6	4	4
Executive share ownership guidelines	No	No	No	No
Size of audit committee	3	3	3	3
No. of ID on audit committee	3	3	3	3
Audit committee meetings	8	6	5	5
Audit meeting attendance %	100	100	93	100
Size of compensation committee	3	3	3	3
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
Size of nomination committee	3	3	3	3
No. of nomination committee meetings	8	6	8	7
Nomination meeting attendance %	100	100	100	100
Sustainability governance				
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.																				
SET ESG Ratings List (SETESG) by The Stock Exchange of Thailand (SET)	SET ESG 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 SETESG inclusion , 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. SETESG Index is extended from the SET ESG Ratings 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.																				
CG Score 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%).																				
AGM level 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&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.																				
Thai CAC 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.																				
Morningstar Sustainabilitys	The Sustainabilitys' 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 & 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><tr><th>NEGL</th><th>Low</th><th>Medium</th><th>High</th><th>Severe</th></tr><tr><td>0-10</td><td>10-20</td><td>20-30</td><td>30-40</td><td>40+</td></tr></table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+										
NEGL	Low	Medium	High	Severe																		
0-10	10-20	20-30	30-40	40+																		
ESG Book	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.																				
MSCI	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><tr><td>AAA</td><td>8.571-10.000</td><td rowspan="3">Leader:</td><td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td></tr><tr><td>AA</td><td>7.143-8.570</td></tr><tr><td>A</td><td>5.714-7.142</td></tr><tr><td>BBB</td><td>4.286-5.713</td><td rowspan="3">Average:</td><td rowspan="3">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td></tr><tr><td>BB</td><td>2.857-4.285</td></tr><tr><td>B</td><td>1.429-2.856</td></tr><tr><td>CCC</td><td>0.000-1.428</td><td>Laggard:</td><td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td></tr></table>		AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities	AA	7.143-8.570	A	5.714-7.142	BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	BB	2.857-4.285	B	1.429-2.856	CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks
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CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks																			
Moody's ESG solutions	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.																					
Refinitiv ESG rating	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; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)</i>																					
S&P Global	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.																					
Bloomberg	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

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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 3.66	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 27.25	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 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 35.00	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 more intense competition in the F&B business, which may result in price competition; and 3) a slower-than-expected recovery of international tourist numbers.
The Erawan Group	ERW TB	THB 4.00	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.
S Hotels and Resorts	SHR TB	THB 2.42	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 10.70	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.
Bound and Beyond	BEYOND TB	THB 8.75	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, 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 12-Dec-2024 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.