

# THE ERAWAN GROUP

  
 THAILAND / TOURISM & LEISURE

## ERW TB

# BUY

UNCHANGED

## Checking into earnings recovery

- ERW's outlook for luxury-to-economy hotels improves, while Hop Inn remains healthy on solid demand and expansion.
- Expect core profit growth of 13% in 2026 and 11% in 2027 (2025: -15%).
- Undemanding valuation (<-2.0SD), maintain BUY.

TARGET PRICE	THB3.20
CLOSE	THB2.44
UP/DOWNSIDE	+31.1%
PRIOR TP	THB4.60
CHANGE IN TP	-30.4%
TP vs CONSENSUS	-1.6%

### KEY STOCK DATA

YE Dec (THB m)	2024	2025E	2026E	2027E
Revenue	7,872	7,812	8,319	8,939
Net profit	1,281	766	864	958
EPS (THB)	0.26	0.16	0.18	0.20
vs Consensus (%)	-	(4.2)	(1.1)	3.1
EBITDA	2,599	2,509	2,747	2,987
Recurring net profit	906	766	864	958
Core EPS (THB)	0.19	0.16	0.18	0.20
Chg. In EPS est. (%)	-	(16.9)	(12.9)	(16.0)
EPS growth (%)	26.0	(15.5)	12.8	10.9
Core P/E (x)	13.2	15.6	13.8	12.4
Dividend yield (%)	3.7	2.9	2.9	3.2
EV/EBITDA (x)	9.9	10.1	9.3	8.5
Price/book (x)	1.4	1.3	1.2	1.2
Net debt/Equity (%)	137.8	128.8	124.3	115.4
ROE (%)	12.0	8.6	9.3	9.7

### An improving outlook for luxury-to-economy hotels

We expect international arrivals to grow 6% to 35m in 2026, including a gradual rebound in Chinese visitors, to drive 4% RevPAR growth for ERW's luxury-to-economy hotels. GHEB, contributing c20% of group revenue, faces lease renewal delays, but THB500m renovations in 2026-27 should limit revenue impact to <3% and deliver c2% earnings upside for every 5% ADR uplift from 2028 onward. Meanwhile, two new dual-hotel projects in Bangkok should strengthen ERW's mid-scale expansion and add 3-4% earnings upside each from 2030.

### Hop Inn budget hotels remain a key growth pillar

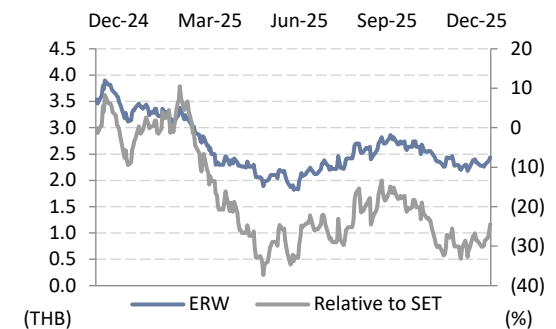
ERW's Hop Inn budget hotel segment is expected to deliver a strong 15% revenue CAGR over 2025-27, driven by resilient demand (Thai domestic travel growing 3-4% p.a.) and aggressive expansion in Thailand and selected Asian markets. We assume nine new Hop Inn openings per year in 2026-27, lifting the segment's revenue mix to 29% by 2027 (from 21% in 2024). Over the longer term, asset-light expansion through budget hotel management contracts and franchising could further enhance recurring income visibility.

### Double-digit core profit growth to resume in 2026-27

Post forecast cuts, we expect core profit to decline 15% y-y to THB766m in 2025, before rebounding 13% y-y to THB864m in 2026 and accelerating 11% y-y to THB958m in 2027, surpassing 2024 levels. We forecast 4Q25 core profit of THB282m (+271% q-q, -24% y-y), reflecting seasonal recovery. Ongoing optimisation of ERW's debt structure, with a higher proportion of fixed-rate borrowings, should help lower the average cost of fund from c4% and reduce finance costs, providing additional earnings support from 2026.

### Keep BUY on undemanding valuation

Our DCF-derived TP is lowered to THB3.20 (from THB4.60), based on 8.9% WACC and 3% terminal growth. The new TP implies 18x 2026E P/E, or -1.5SD below the 10-year average, versus the current undemanding 14x (<-2.0SD). This supports our BUY call on an earnings recovery from 2026 and continued Hop Inn growth. With this report, we transfer the coverage of ERW to Vatcharut Vacharawongsith.



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	6.1	(14.1)	(34.4)
Relative to country (%)	8.0	(10.7)	(27.2)
Mkt cap (USD m)	378		
3m avg. daily turnover (USD m)	1.1		
Free float (%)	63		
Major shareholder	Chottanavat (16%)		
12m high/low (THB)	3.96/1.79		
Issued shares (m)	4,886.93		

Sources: Bloomberg consensus; FSSIA estimates



#### Vatcharut Vacharawongsith

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### Investment thesis

ERW is an asset-heavy business. It owns all of its hotels and has no asset-light model. Thus, it should be one of the stocks that benefits the most from the recovery of international tourist arrivals.

ERW recently opened four Hop Inn projects in Japan. It should become a new growth driver for ERW over the next five years.

ERW plans to expand its Hop Inn portfolio from 58 hotels in 2023 to more than 150 hotels by 2030, including 105 in Thailand, 14 in the Philippines, 15 in Japan, and the remaining in potential countries such as Singapore, Malaysia, Vietnam, Indonesia, South Korea, and Australia.

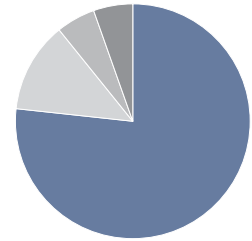
### Company profile

ERW is a hotel operator and developer with a focus on Thailand and ASEAN.

[www.theerawan.com](http://www.theerawan.com)

### Principal activities (revenue, 2024)

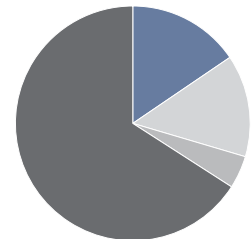
- Non-Hop Inn hotel - 76.7 %
- Hop Inn Thailand - 12.5 %
- Hop Inn Philippines - 5.4 %
- Others - 5.4 %



Source: The Erawan Group

### Major shareholders

- Chottanavat - 15.5 %
- Mid-Siam Capital Limited - 14.1 %
- Theerachai Keeratitechakorn - 4.5 %
- Others - 65.9 %



Source: The Erawan Group

### Catalysts

Key potential growth drivers include 1) a faster OCC ramp-up rate following a tourism recovery; 2) improving demand from Chinese tourists; and 3) a recovery in domestic business activities.

### 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 2026	4Q25 results announcement

### Key assumptions

	2025E	2026E	2027E
Number of hotels (no.)	103	112	121
Number of rooms (no.)	11,959	12,812	13,665
<b>Non-Hop Inn</b>			
Occupancy rate (OCC %)	79	80	81
RevPAR growth (y-y %)	(5)	4	6
<b>Thailand Hop Inn</b>			
Occupancy rate (OCC %)	80	81	82
RevPAR growth (y-y %)	3	4	4

Source: FSSIA estimates

### Earnings sensitivity

- For every 1% increase in OCC, we project a 2025 profit increase of 7%, and vice versa, all else being equal.
- For every 1% increase in EBITDA margin, we project a 2025 profit increase of 9%, and vice versa, all else being equal.

Source: FSSIA estimates

## Checking into earnings recovery

### Improving Thailand tourism ahead

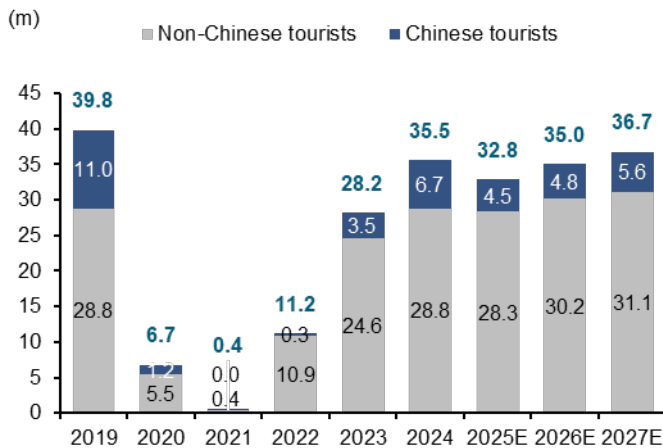
We forecast foreign tourist arrivals to Thailand at 32.8m in 2025 (-7% y-y), a modest 2% downgrade from our previous 33.4m estimate, mainly reflecting a slower-than-expected recovery in Chinese arrivals and short-term disruptions from flooding in southern Thailand in Nov, which affected Malaysian travel. We estimate Chinese visitors at 4.5m (-33% y-y) and non-China arrivals at 28.3m (-2% y-y). For Dec 2025, we expect international arrivals of 3.2m (+11% m-m, -11% y-y) and 4Q25 arrivals of 8.7m (+17% q-q, -8% y-y).

Looking ahead, we maintain our 2026–27 arrival forecasts at 35.0m (+6% y-y) and 36.7m (+5% y-y), respectively. Growth should be driven primarily by non-China markets, including Europe, the US, the Middle East and South Asia, while Chinese arrivals are expected to recover gradually to 4.8m in 2026 (+6% y-y) and 5.6m in 2027 (+18% y-y). We also expect potential spill-over demand from China-Japan geopolitical tensions to support inbound travel to Thailand from early 2026.

Despite intensifying competition from Vietnam, we believe Thailand retains structural advantages from its diversified tourism offerings, including wellness, MICE and higher-end leisure segments, as well as a higher spending per head, which should continue to differentiate Thailand and support long-term growth. Thailand also remains a core destination for major source markets such as Malaysia, India, Russia and Europe.

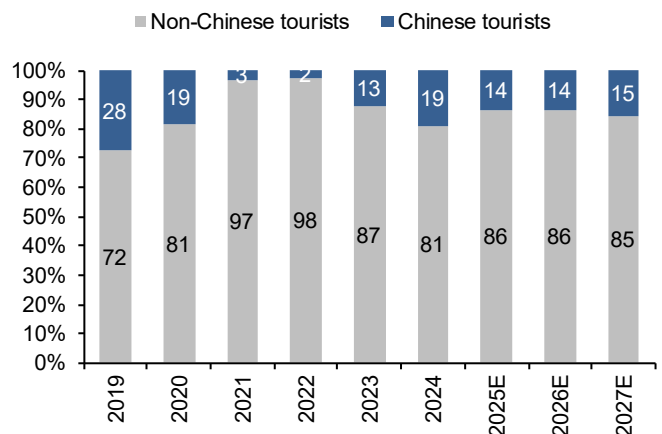
Domestic tourism serves as an important demand buffer. Thai travel returned to pre-Covid levels in 2023 and continues to grow, supported by a shift toward more frequent short trips and government stimulus measures, including tax deductions and co-payment schemes. These measures typically uplift average hotel occupancy by c1-2 ppts during implementation periods. We expect domestic trips to grow 3-4% per year, reaching 202m trips in 2025 and 210-215m trips in 2026–27, which is supportive for ERW, given its high exposure to Thai guests of c25% of revenue, thanks to its diversified portfolio spanning luxury-to-economy hotels and the nationwide Hop Inn network.

Exhibit 1: Thailand tourist arrivals by nationality, yearly



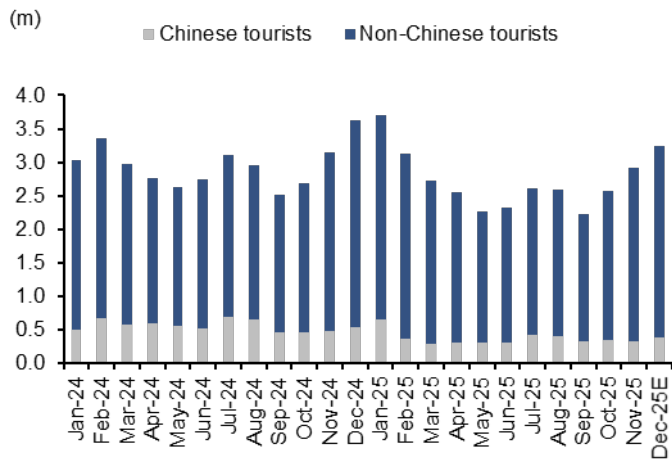
Sources: Ministry of Tourism and Sports (MOTS); FSSIA estimates

Exhibit 2: Thailand tourist arrivals, mix



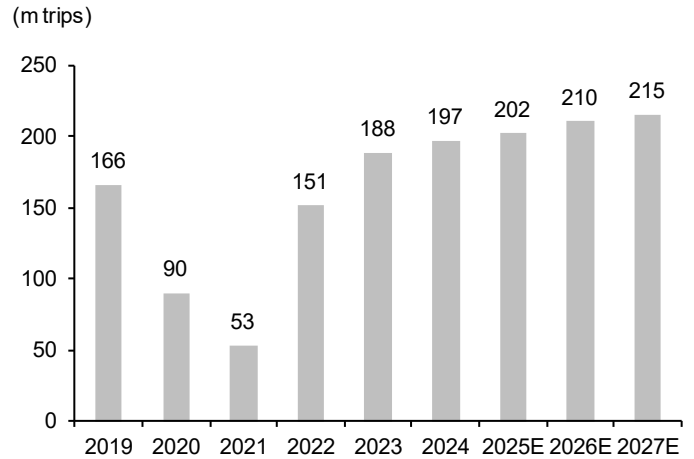
Sources: MOTS; FSSIA estimates

**Exhibit 3: Thailand tourist arrivals by nationality, monthly**



Sources: MOTS; FSSIA estimates

**Exhibit 4: Thailand domestic tourists, yearly**



Sources: MOTS; FSSIA estimates

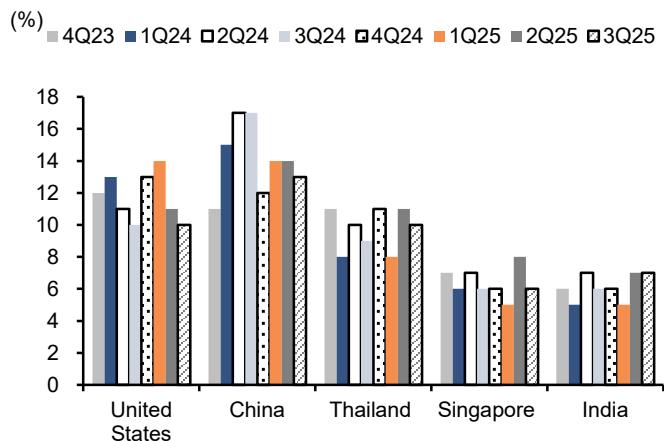
**Pure hotel operator with diversified segmental portfolio**

We see ERW’s key strength in its position as a pure hotel operator with a well-diversified portfolio spanning luxury to economy segments, supported by a clear growth strategy in the budget segment, which remains well positioned to capture an uptrend in travel demand. We are positive on the recovery of ERW’s luxury-to-economy portfolio, underpinned by management’s strategy to broaden the guest mix and reduce reliance on Chinese tourists by targeting alternative source markets. This should help mitigate the pressure on occupancy rates (OCC) and average daily rates (ADR) from weaker Chinese arrivals.

From an operational perspective, we expect ERW’s earnings momentum to continue improving on a q-q basis in 4Q25–1Q26. While y-y growth in the non-Hop Inn segment may be challenging due to a softer Chinese customer base, we expect this headwind to gradually ease as demand from other source markets builds, in line with the company’s proactive and diversified marketing strategy.

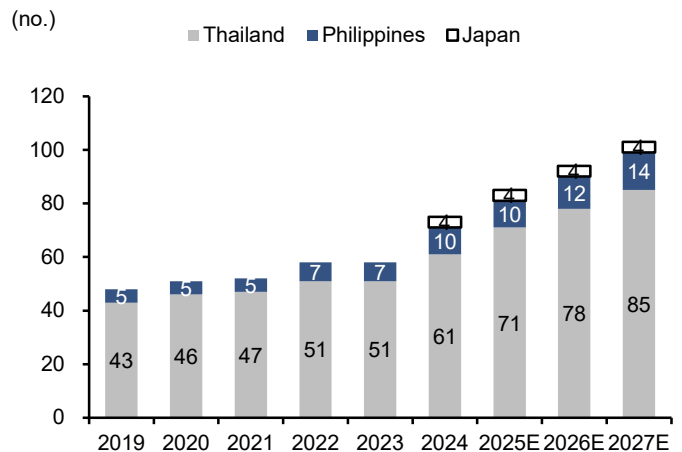
Domestic tourism continues to serve as a key earnings stabiliser. ERW derived 24% of revenue from Thai customers in 9M25, comprising 7% from the non-Hop Inn portfolio and 17% from Hop Inn, highlighting the benefits of its extensive footprint across major cities and secondary destinations. This diversified exposure enhances earnings resilience and provides downside protection amid volatility in international travel demand.

**Exhibit 5: ERW’s room revenue mix for luxury-to-economy hotels in Thailand by nationality, quarterly**



Sources: ERW; FSSIA’s compilation

**Exhibit 6: Number of Hop Inn hotels by destination**



Sources: ERW; FSSIA estimates

## Hop Inn: A scalable growth platform

We are positive on ERW's Hop Inn business, supported by strong earnings visibility and a structurally low-cost operating model. Key strengths include: 1) an attractive pricing proposition, with an average ADR in Thailand of cTHB700/night, roughly half the economy hotel average; 2) standardised room formats with essential amenities, which enhance operating efficiency; 3) economies of scale from an expanding domestic and overseas footprint, strengthening brand recognition and procurement leverage; and 4) a low fixed-cost structure, driven by lean staffing and limited services. As a result, each property typically breaks even at the EBITDA level at c40% occupancy and turns net profit positive at c55-60% occupancy, and delivers attractive EBITDA margins of 40–45%, positioning Hop Inn as Thailand's largest and the outperforming budget hotel operator.

ERW targets 150 Hop Inn properties (c14,000 rooms) across Asia-Pacific by 2030, up from 85 hotels (7,796 rooms) in three countries as of 4Q25. We see ample runway for further domestic expansion across Bangkok, major tourist destinations and secondary cities, where Hop Inn already operates in 45 provinces. With a relatively small average size of c79 rooms per property, ERW can scale up within the same province without meaningful cannibalisation. Overseas expansion also aligns with the group's long-term growth strategy. The recent establishment of a subsidiary in South Korea, while still lacking a defined rollout timeline, represents potential upside to our forecasts, given the country's 16.4m foreign arrivals in 2024, a government target of 30m by 2030, and supportive tourism policies. We believe new overseas properties can reach profitability by the second year of operations.

We assume nine new Hop Inn openings per year in 2026-27, driving a 15% 3-year CAGR in budget hotel revenue over 2025-27 and increasing the segment's revenue contribution to 28% by 2027 (from 21% in 2024). Over the longer term, ERW's plan to list Hop Inn by 2027 should unlock value from this high-quality, scalable platform and provide further upside to ERW's valuation. In addition, we expect potential from asset-light expansions, including hotel management contracts and franchising, which could further enhance recurring income, returns on capital and earnings resilience.

### Exhibit 7: Hop Inn presence across 45 of 77 Thai provinces

North	Hotels	Central	Hotels	Northeast	Hotels	South	Hotels	East	Hotels	West	Hotels
Lampang	2	Nakhonsawan	1	Nongkhai	1	Trang	1	Sakaeo	1	Kanchanaburi	2
Phitsanulok	2	Lopburi	1	Mukdahan	1	Nakhonsithammarat	1	Chanthaburi	1	Tak	2
Chiangmai	4	Bangkok	5	Udonthani	1	Suratthani	1	Rayong	2	Prachuabkirikhan	2
Chiangrai	3	Nakhonpathom	1	Ubonratchathani	1	Krabi	2	Chonburi	3	Ratchaburi	1
Phetchabun	1	Ayutthaya	1	Nakhonratchasima	2	Songkhla	2				
Nan	1	Suphanburi	1	Khonkaen	4	Phuket	2				
Phayao	1	Saraburi	1	Roiet	1	Ranong	1				
Phrae	1			Sakonnakhon	1	Chumphon	1				
				Buriram	1						
				Surin	1						
				Chaiyaphum	1						
				Mahasarakam	1						
				Nakhonphanom	1						
				Loei	1						
<b>Total</b>	<b>15</b>		<b>11</b>		<b>18</b>		<b>11</b>		<b>7</b>		<b>7</b>

Sources: ERW; FSSIA's compilation

## Grand Hyatt Erawan Bangkok's lease renewal overhang, renovation upside

ERW holds a 73.6% stake in Grand Hyatt Erawan Bangkok (GHEB), which contributes c20% of group revenue. While the company has exercised its right to extend the existing lease by another 20 years, the renewal process with the state-enterprise counterparty has been delayed due to pending government procedures, with the recent transition of government posing further timing risk. ERW has initiated legal proceedings to protect its contractual rights, while hotel operations continue as normal.

ERW plans to renovate GHEB in 2Q26-3Q26 and during the 2027 low season, with total capex of THB500m. We estimate the disruption to be manageable, with the revenue impact limited to <3% of ERW's full-year revenue in 2026-27, which is already embedded in our forecasts. Despite limited near-term clarity on the lease, we remain constructive, as the post-renovation upside should offset the higher land rent over time.

Our sensitivity analysis assumes an average land rent of THB85m p.a., versus THB14m p.a. under the previous contract. Every THB10m increase in annual rent would reduce 2026-27 normalised profit by c1%, while every 5% uplift in ADR would lift normalised profit by c2%. We expect profitability to inflect more meaningfully once the renovated hotel contributes a full year in 2028.

Competitively, GHEB is well positioned in Bangkok's prime Ratchaprasong luxury market. The renovation should help reset its positioning, support a stronger ADR and RevPAR profile versus key peers, and boost long-term competitiveness, especially in corporate, MICE and high-spending international segments.

## New dual-hotel projects to anchor ERW's next growth cycle

ERW has secured a c2-rai long-term land lease near Phrom Phong BTS station, covering 60 years with a nominal lease value of THB6.14b (1 Dec 2028 - 30 Nov 2088). The group plans to develop a cTHB2b dual-hotel project with 449 rooms, targeting the mid-scale segment with expected ADR of THB3,500-4,000/night. Construction is scheduled to start in late 2026 and complete in 2029, funded by c70% bank loans and the balance from internal cash flows. Located in one of Bangkok's prime shopping and tourism areas, we expect the project to replicate the success of ERW's nearby Ibis-Mercure Sukhumvit 24, delivering EBITDA margins of 35-40% at maturity. As depreciation and interest expenses will be capitalised during construction, we expect no earnings impact prior to opening. Supported by THB1.02b cash and 1.1x IBD/E (excluding leases) in 3Q25 (well below the 2.0x covenant), we estimate this project to add 3-4% upside to 2030-35 earnings and c2% to our DCF-based TP.

In addition, ERW plans to enter into another 2-rai long-term lease near Asoke BTS/MRT stations in Dec 2025, with a 30+30-year term starting in Aug 2029. The project carries a total investment of THB9.31b, comprising cTHB2b construction and cTHB7b land lease payments. We expect a dual-brand, mid-scale hotel configuration, similar to the Sukhumvit 26 project, benefiting from strong, year-round demand drivers in the area. While this project has not yet been incorporated into our forecasts, we believe it should deliver similar core profit and valuation upside to ERW's 2031-35 outlook.

**Exhibit 8: ERW's new dual-hotel project at Soi Sukhumvit 26 in Bangkok**

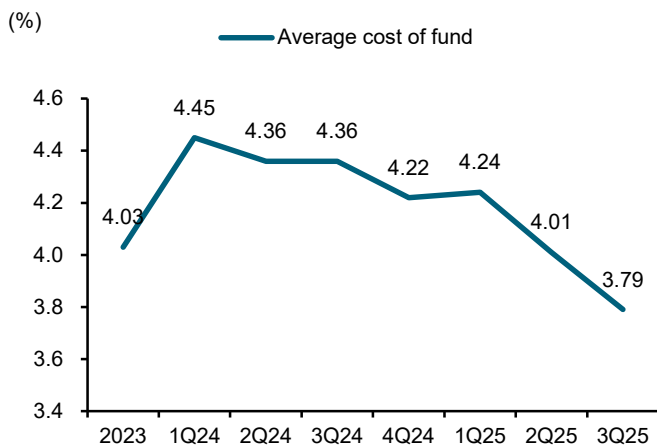


Source: ERW

**Lowering finance costs**

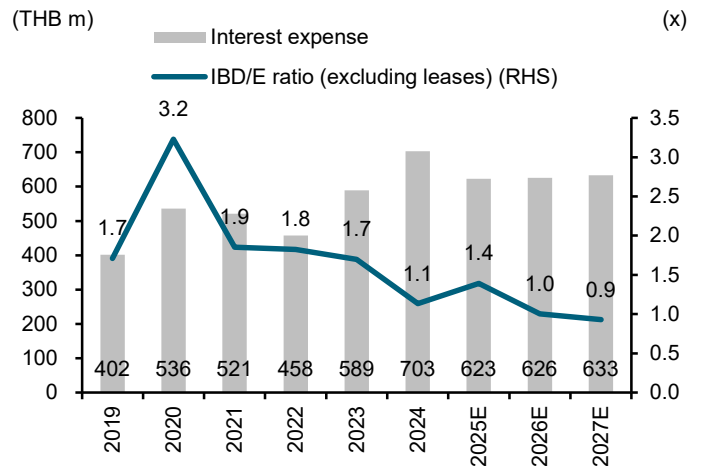
ERW is in the process of optimising its debt structure by increasing the proportion of fixed-rate borrowings from the current structure, which is 100% floating-rate. This should help lower its average cost of fund from c4% currently, and reduce interest expense over the medium to long term. However, we expect a minimal one-off prepayment cost of cTHB5m to be booked in 4Q25, with the benefits starting to materialise from 1Q26 onward. We forecast interest expense to decline by 11% y-y to THB602m in 2025, and conservatively assume it to remain broadly flat in 2026-27.

**Exhibit 9: Average cost of fund, quarterly**



Sources: ERW; FSSIA's compilation

**Exhibit 10: Interest expense and IBD/E ratio (excluding leases)**



Sources: ERW; FSSIA estimates

## 4Q25 earnings preview

We expect 4Q25 core profit of THB282m (+271% q-q, -24% y-y). The strong q-q rebound should be driven by seasonality, while y-y performance will be pressured by the absence of Chinese guests, particularly at non-Hop Inn hotels, albeit with a smaller y-y decline than in 3Q25. We estimate total revenue of THB2.16b (+21% q-q, -3% y-y), comprising 73% from luxury-to-economy hotels (+23% q-q, -7% y-y) and 25% from Hop Inn (+14% q-q, +11% y-y). We forecast an EBITDA margin of 35.4% (+7.3ppt q-q, -2.4ppt y-y).

For the luxury-to-economy segment, we expect RevPAR to grow 27% q-q, but decline 7% y-y, due to a 3ppt y-y drop in occupancy and a 4% y-y decline in ADR. Occupancy averaged 81% in Oct-Nov 2025 and is expected to rise to 83% in Dec, supported by the high season for Western European, Russian, US and Indian travellers, as well as domestic tourism stimulus measures. These factors should help offset the still-weak Chinese segment, where momentum is improving gradually, with the y-y contraction narrowing. Meanwhile, Hop Inn operations should be resilient, supported by solid domestic demand and the opening of ten new hotels in Thailand, providing an additional topline growth driver.

### Exhibit 11: ERW – 4Q25 results preview

	4Q24	1Q25	2Q25	3Q25	4Q25E	----- Change -----		2024	2025E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)
Sales	2,215	2,127	1,744	1,783	2,158	21	(3)	7,872	7,812	(1)
- Non-Hop Inn	1,695	1,625	1,226	1,281	1,571	23	(7)	6,038	5,703	(6)
- Hop Inn	482	468	484	468	535	14	11	1,686	1,955	16
COGS (Incl. depreciation)	(1,123)	(1,088)	(1,049)	(1,064)	(1,133)	6	1	(4,271)	(4,334)	1
Gross Profit	1,092	1,039	694	719	1,026	43	(6)	3,601	3,478	(3)
SG&A	(526)	(515)	(466)	(485)	(547)	13	4	(1,997)	(2,013)	1
Operating Profit	566	524	228	233	479	105	(15)	1,604	1,465	(9)
Other income	13	9	10	6	17	190	35	44	41	(7)
Interest	(171)	(160)	(157)	(154)	(153)	(1)	(11)	(703)	(623)	(11)
Pretax profit	408	373	81	86	343	301	(16)	946	883	(7)
Income Tax	(22)	(11)	(12)	(6)	(50)	682	123	(9)	(79)	817
Minority interest	(16)	(17)	(7)	(3)	(11)	238	(34)	(32)	(38)	20
Core profit	370	345	62	76	282	271	(24)	906	766	(15)
Extraordinaries, GW & FX	8	0	1	(19)	0			375	0	
Reported net profit	378	345	63	57	282	399	(25)	1,281	766	(40)
Shares out (end Q, m)	4,887	4,887	4,887	4,887	4,887	0	0	4,887	4,887	0
Core EPS	0.08	0.07	0.01	0.02	0.06	271	(24)	0.19	0.16	(15)
EPS	0.08	0.07	0.01	0.01	0.06	399	(25)	0.26	0.16	(40)
COGS (Excl. depreciation)	(860)	(837)	(793)	(801)	(859)	7	(0)	(3,276)	(3,290)	0
Depreciation	(262)	(251)	(256)	(263)	(274)	4	4	(995)	(1,044)	5
EBITDA	841	785	494	502	769	53	(9)	2,644	2,550	(4)
<b>Key ratios</b>	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(%)	(ppt)
Gross margin	49	49	40	40	48	7	(2)	46	45	(1)
SG&A/Revenue	24	24	27	27	25	(2)	2	25	26	0
EBITDA margin	38	37	28	28	35	7	(2)	33	32	(1)
Net profit margin	17	16	4	3	13	10	(4)	16	10	(6)
<b>Operating stats</b>										
<b>Non-Hop Inn</b>										
OCC (%)	85	83	72	76						
OCC growth (y-y %)	2	(1)	(8)	(3)						
RevPAR (THB)	3,048	2,975	2,152	2,238						
RevPAR growth (y-y %)	13	3	(14)	(10)						
<b>Hop Inn revenue growth (y-y)</b>										
Total Hop Inn	56	26	16	13						
Thailand Hop Inn	24	15	14	19						
Philippine Hop Inn	26	21	13	8						
Japan Hop Inn		114	26	(3)						

Sources: ERW; FSSIA estimates

## Earnings growth to re-accelerate from 2026

We revise down our core profit forecasts by 17% in 2025, 13% in 2026 and 16% in 2027, mainly reflecting a 5-6% cut to revenue alongside a 7-8% reduction in our average RevPAR assumptions for the luxury-to-economy portfolio over the period. We also trim EBITDA margin assumptions by 1.0ppt in 2025 and 0.3ppt in 2026-27, while fine-tuning interest expense to reflect a lower cost of debt and revised capex assumptions.

As a result, we expect core profit to decline 15% y-y to THB766m in 2025, before rebounding 13% y-y to THB864m in 2026 and accelerating 11% y-y to THB958m in 2027, surpassing 2024 levels. Total revenue is forecast to dip 1% in 2025, before expanding 6-7% over 2026-27.

Management guides for 4-6% revenue growth in the luxury-to-economy segment in 2026, in line with industry recovery, supported by: 1) a gradual recovery in Asian demand (China, Taiwan, Hong Kong and Singapore); 2) low base effects, particularly in 2Q-3Q; and 3) an improving MICE outlook, with large-scale events such as the IMF-World Bank Meetings in Oct. Revenue from Hop Inn is expected to continue growing at >20%. Conservatively, we assume organic revenue growth of 4-5% p.a. for luxury-to-economy hotels and 14% p.a. for Hop Inn over 2026-27, driven mainly by business expansion.

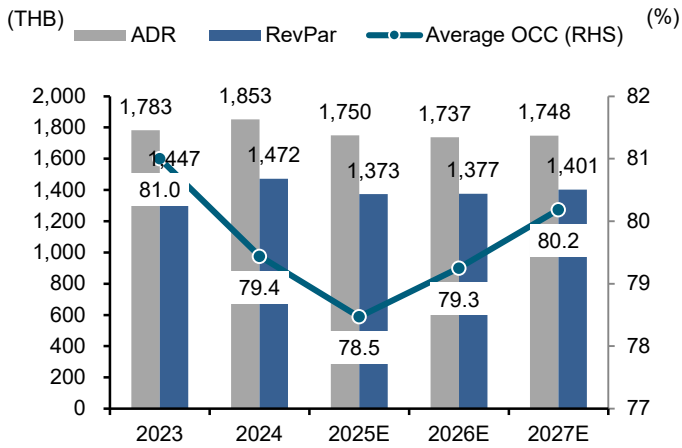
With a better tourism backdrop from both international and domestic markets, we expect RevPAR for luxury-to-economy hotels to improve from -5% in 2025 to +4-6% in 2026-27. At the group level, RevPAR is forecast to fall 7% y-y in 2025, before turning to 0-2% growth in 2026-27. Improving operating leverage and a higher contribution from Hop Inn should support EBITDA margin expansion by 0.9ppt in 2026 and 0.4ppt in 2027.

### Exhibit 12: Forecast revisions

	Current			Previous			Change (%)		
	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E
Non- Hop Inn : OCC (%)	79.4	80.0	81.0	81.6	82.0	82.8	(2.2)	(2.0)	(1.8)
Non-Hop Inn : RevPAR (THB)	2,552	2,652	2,799	2,771	2,865	2,996	(7.9)	(7.4)	(6.6)
Thailand Hop Inn : OCC (%)	80.0	81.0	82.0	79.5	79.5	79.5	0.5	1.5	2.5
Thailand Hop Inn : RevPAR (THB)	598	624	651	594	612	631	0.6	1.9	3.1
Revenue (THB m)	7,812	8,319	8,939	8,354	8,844	9,431	(6.5)	(5.9)	(5.2)
EBITDA margin (%)	32.1	33.0	33.4	33.1	33.3	33.7	(1.0)	(0.3)	(0.3)
Interest expense (THB m)	623	626	633	678	642	618	(8.2)	(2.5)	2.4
Capex (THB m)	926	1,890	1,616	940	1,090	751	(1.5)	73.4	115.3
Pre-tax profit (THB m)	883	1,066	1,255	1,066	1,261	1,483	(17.2)	(15.5)	(15.4)
Income tax (THB m)	79	160	251	107	227	297	(25.5)	(29.6)	(15.4)
Core earnings (THB m)	766	864	958	922	992	1,140	(16.9)	(12.9)	(16.0)

Source: FSSIA estimates

**Exhibit 13: Group operating statistics, yearly**



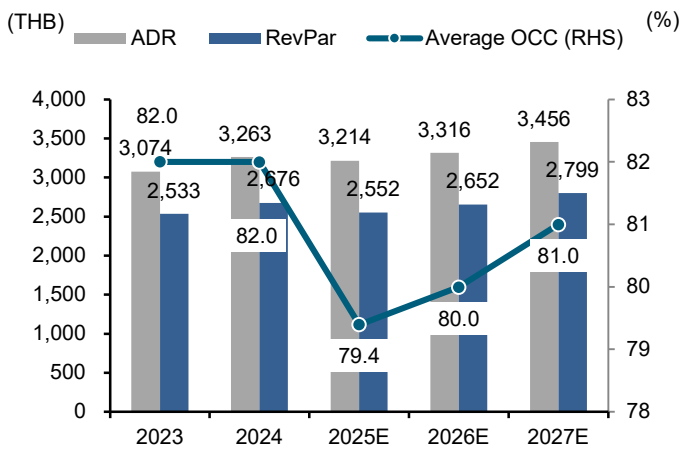
Sources: ERW; FSSIA estimates

**Exhibit 14: Group RevPAR growth, yearly**



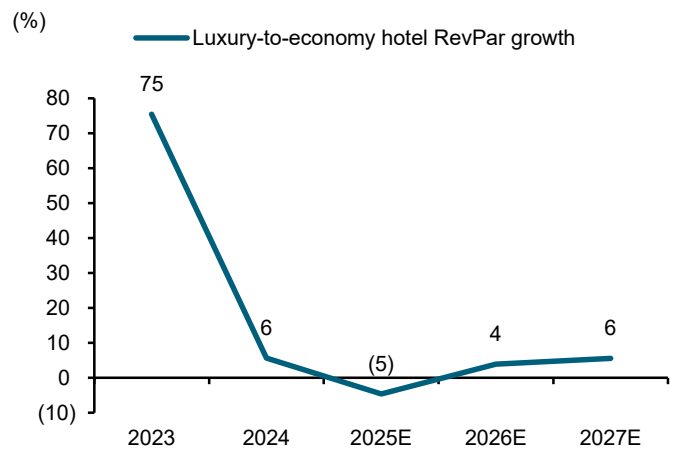
Sources: ERW; FSSIA estimates

**Exhibit 15: Luxury-to-economy hotel operating statistics**



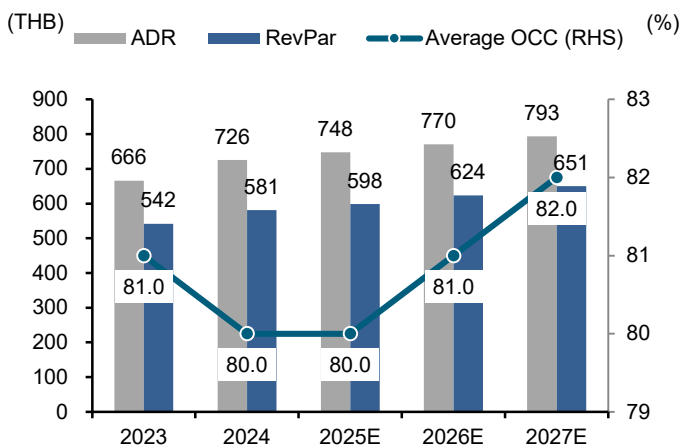
Sources: ERW; FSSIA estimates

**Exhibit 16: Luxury-to-economy hotel RevPAR growth**



Sources: ERW; FSSIA estimates

**Exhibit 17: Hop Inn Thailand operating statistics**



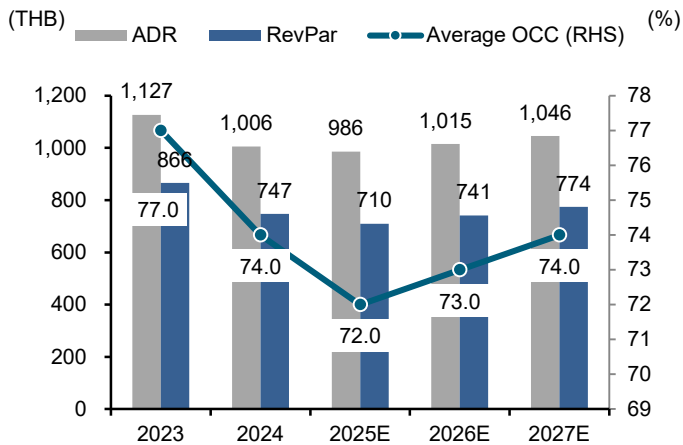
Sources: ERW; FSSIA estimates

**Exhibit 18: Hop Inn Thailand RevPAR growth**



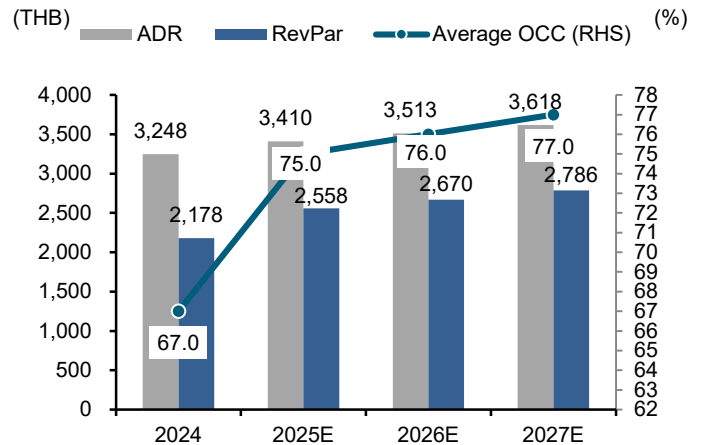
Sources: ERW; FSSIA estimates

**Exhibit 19: Hop Inn Philippines operating statistics**



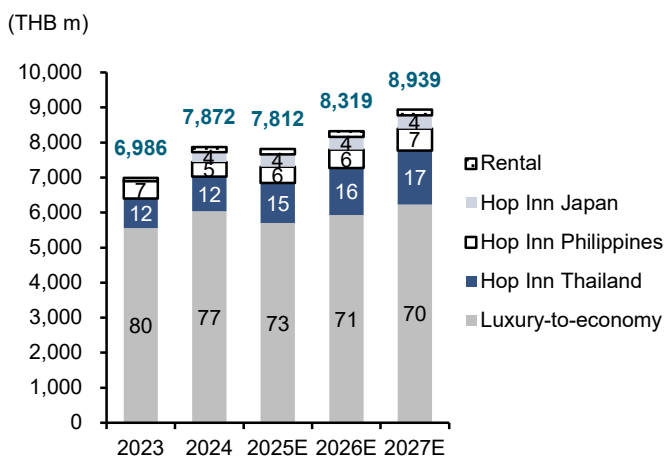
Sources: ERW; FSSIA estimates

**Exhibit 20: Hop Inn Japan operating statistics**



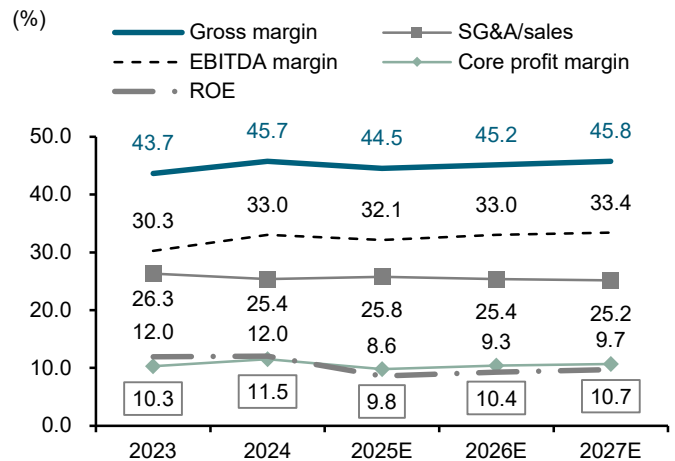
Sources: ERW; FSSIA estimates

**Exhibit 21: Revenue breakdown by segment, yearly**



Sources: ERW; FSSIA estimates

**Exhibit 22: Profit margins and ROE, yearly**



Sources: ERW; FSSIA estimates

**Maintain our Buy call**

We value ERW using a DCF methodology based on a 10-year explicit forecast period. Our model assumes a revenue CAGR of 5.1% over 2026-35, supported by growth across both the luxury-to-economy hotel segment (+4.3% CAGR) and the Hop Inn budget hotel segment (+7.2% CAGR), together with continued network expansion. Over the forecast period, we assume an average EBITDA margin of 33.4% (vs 32.1% in 2025), reflecting improving operating leverage, and average annual capex of THB1.2b.

We apply a WACC of 8.9%, based on a 3% risk-free rate and an 8.5% market risk premium, and assume a terminal growth rate of 3%, which we view as reasonable for Thailand’s long-term sustainable tourism demand.

Following our earnings forecast revisions, we lower our DCF-based target price to THB3.20 (from THB4.60), implying an equity value of THB15.6b. Our new TP implies 18x 2026E P/E and 10x 2026E EV/EBITDA, or -1.5SD and -2.0SD below ERW’s 10-year historical averages, respectively. In comparison, the stock is currently trading at an undemanding 14x 2026E P/E and 9x 2026E EV/EBITDA.

We maintain our BUY recommendation, supported by an improving earnings outlook from 2026 onward, driven by a recovery in tourism demand and potential additional tourism stimulus measures from the Thai government, which could act as catalysts. As a pure hotel operator, ERW is well positioned to benefit from a gradual recovery in the tourism cycle. Over the longer term, management’s plan to spin off the Hop Inn budget hotel business, tentatively in 2027, could provide further upside to earnings and valuation.

Key risks to our forecasts include: 1) weaker-than-expected tourist arrivals, which could pressure occupancy rates, ADR and margins; 2) delays in new hotel openings; 3) intensifying competition within the hotel sector; and 4) unforeseen events such as natural disasters, political unrest or geopolitical tensions.

**Exhibit 23: DCF valuation**

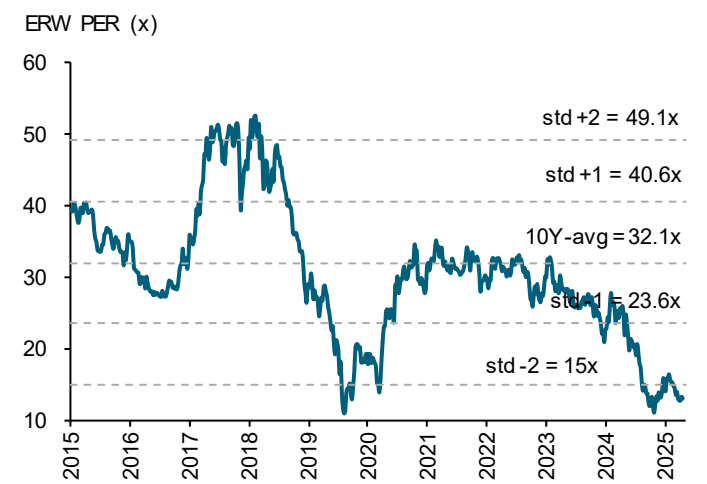
Cost of equity assumptions		(%)	Cost of debt assumptions		(%)
Risk-free rate		3.0	Pretax cost of debt		4.0
Market risk premium		8.5	Marginal tax rate		20.0
Stock beta		1.2			
Cost of equity, Ke		13.6	Net cost of debt, Kd		3.2
Weight applied		55.0	Weight applied		45.0
WACC		8.9			

DCF valuation estimate	(THB m)
NPV	8,642
Terminal value	16,466
Cash & liquid assets	1,036
Investments	0
Debt	(9,735)
Minorities	(788)
Residual ordinary equity	15,622
No. of shares (m)	4,887
<b>Equity value per share (THB)</b>	<b>3.20</b>

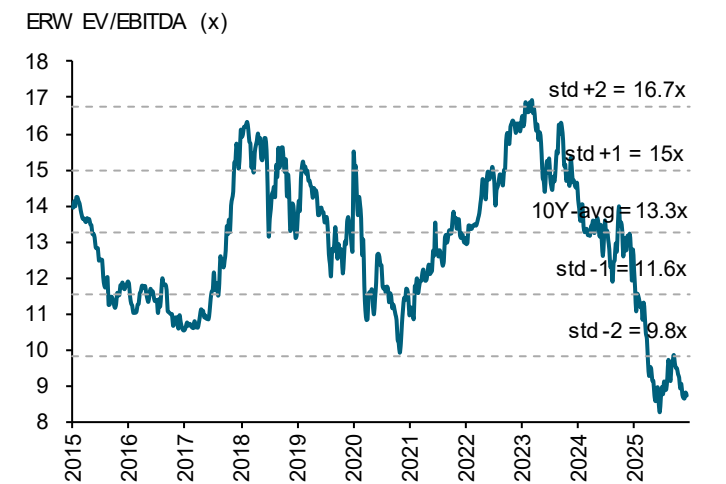
Source: FSSIA estimates

**Exhibit 24: Prospective P/E band**



Sources: Bloomberg consensus; FSSIA estimates

**Exhibit 25: Prospective EV/EBITDA band**



Sources: Bloomberg consensus; FSSIA estimates

## Exhibit 26: Peer comparisons as of 17 December 2025

Company	BBG	Rec	Share price			Market Cap (USD m)	PE		ROE		PBV		- EV/ EBITDA -	
			Current (LCY)	Target (LCY)	Upside (%)		25E (x)	26E (x)	25E (%)	26E (%)	25E (x)	26E (x)	25E (x)	26E (x)
<b>Thailand</b>														
Erawan Group*	ERW TB	BUY	2.44	3.20	31	378	15.6	13.8	8.6	9.3	1.3	1.2	10.1	9.3
Asset World Corp	AWC TB	n/a	2.10	n/a	n/a	2,133	29.2	21.6	3.6	4.0	0.7	0.7	23.6	19.8
Minor International	MINT TB	n/a	23.90	n/a	n/a	4,297	16.1	14.1	9.5	10.1	1.4	1.4	8.1	7.9
Central Plaza Hotel	CENDEL TB	n/a	32.50	n/a	n/a	1,392	25.7	21.7	8.0	8.9	2.0	1.9	10.9	10.2
S Hotels & Resorts	SHR TB	n/a	1.63	n/a	n/a	186	12.3	10.7	3.1	3.4	0.4	0.4	4.1	3.9
<b>Thailand average</b>						<b>8,387</b>	<b>19.8</b>	<b>16.4</b>	<b>6.6</b>	<b>7.1</b>	<b>1.2</b>	<b>1.1</b>	<b>11.3</b>	<b>10.2</b>
<b>Regional</b>														
BTG Hotels Group	600258 CH	n/a	16.63	n/a	n/a	2,636	21.8	19.2	7.1	7.5	1.5	1.4	10.1	9.7
SH Jinjiang Intl Hotels	900934 CH	n/a	1.35	n/a	n/a	3,462	11.0	8.8	5.8	7.1	0.6	0.6	13.6	12.1
Huangshan Tourism Develop	900942 CH	n/a	0.71	n/a	n/a	982	11.3	10.1	6.6	7.0	0.7	0.7	7.3	6.9
Genting Bhd	GENT MK	n/a	3.06	n/a	n/a	2,882	14.8	12.2	2.1	2.8	0.4	0.4	6.2	5.9
Huazhu Group	HTHT US	n/a	47.80	n/a	n/a	14,672	23.1	20.0	32.9	33.7	7.0	6.0	12.9	11.6
Indian Hotels	IH IN	n/a	725.25	n/a	n/a	11,232	49.6	41.8	16.4	17.0	8.0	6.9	31.0	26.4
Lemon Tree Hotels	LEMONTRE IN	n/a	161.55	n/a	n/a	1,391	46.5	34.7	19.7	21.7	8.0	6.5	20.7	17.7
Lippo Karawaci	LPKR IJ	n/a	86.00	n/a	n/a	365	14.3	7.2	1.3	2.2	0.2	0.2	8.9	7.4
<b>Regional average</b>						<b>37,623</b>	<b>24.0</b>	<b>19.3</b>	<b>11.5</b>	<b>12.4</b>	<b>3.3</b>	<b>2.8</b>	<b>13.8</b>	<b>12.2</b>
<b>Global</b>														
Melia Hotels International	MEL SM	n/a	7.59	n/a	n/a	1,944	10.9	10.8	17.9	16.0	1.9	1.7	7.6	7.4
Intercontinental Hotels Group	IHG LN	n/a	10,375	n/a	n/a	20,914	27.5	24.3	(30.2)	(31.3)	n/a	n/a	18.2	17.0
Whitbread	WTB LN	n/a	2,416	n/a	n/a	5,483	12.4	11.9	10.5	10.7	1.3	1.2	8.7	8.4
Accor	ACRFF US	n/a	54.65	n/a	n/a	13,389	21.0	18.0	11.8	13.6	2.4	2.5	12.5	11.5
Choice Hotels	CHH US	n/a	92.89	n/a	n/a	4,298	13.3	13.2	559.1	150.4	24.3	11.7	9.9	9.7
Hilton Worldwide Holdings	HLT US	n/a	285.83	n/a	n/a	66,437	35.4	31.3	(43.7)	(39.5)	n/a	n/a	20.8	19.3
Hyatt Hotels Corp	H US	n/a	162.69	n/a	n/a	15,450	112.0	44.4	4.6	11.2	4.4	4.0	18.1	16.4
Marriott International	MAR US	n/a	305.97	n/a	n/a	82,108	30.4	27.0	(82.2)	(86.5)	n/a	n/a	18.1	17.1
<b>Global average</b>						<b>210,024</b>	<b>32.9</b>	<b>22.6</b>	<b>56.0</b>	<b>5.6</b>	<b>6.9</b>	<b>4.2</b>	<b>14.2</b>	<b>13.4</b>
<b>Overall average</b>						<b>256,034</b>	<b>26.4</b>	<b>19.9</b>	<b>27.3</b>	<b>8.5</b>	<b>3.7</b>	<b>2.7</b>	<b>13.4</b>	<b>12.2</b>

Sources: Bloomberg consensus; FSSIA estimates\*

## Financial Statements

The Erawan Group

Profit and Loss (THB m) Year Ending Dec	2023	2024	2025E	2026E	2027E
Revenue	6,986	7,872	7,812	8,319	8,939
Cost of goods sold	(3,936)	(4,271)	(4,334)	(4,562)	(4,849)
<b>Gross profit</b>	<b>3,051</b>	<b>3,601</b>	<b>3,478</b>	<b>3,757</b>	<b>4,090</b>
Other operating income	-	-	-	-	-
Operating costs	(1,838)	(1,997)	(2,013)	(2,110)	(2,250)
<b>Operating EBITDA</b>	<b>2,114</b>	<b>2,599</b>	<b>2,509</b>	<b>2,747</b>	<b>2,987</b>
Depreciation	(901)	(995)	(1,044)	(1,100)	(1,147)
Goodwill amortisation	-	-	-	-	-
<b>Operating EBIT</b>	<b>1,213</b>	<b>1,604</b>	<b>1,465</b>	<b>1,647</b>	<b>1,840</b>
Net financing costs	(582)	(695)	(613)	(620)	(625)
Associates	36	0	0	0	0
Recurring non-operating income	89	37	32	39	39
Non-recurring items	23	375	0	0	0
<b>Profit before tax</b>	<b>743</b>	<b>1,321</b>	<b>883</b>	<b>1,066</b>	<b>1,255</b>
Tax	17	(9)	(79)	(160)	(251)
<b>Profit after tax</b>	<b>760</b>	<b>1,313</b>	<b>804</b>	<b>906</b>	<b>1,004</b>
Minority interests	(17)	(32)	(38)	(42)	(46)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>743</b>	<b>1,281</b>	<b>766</b>	<b>864</b>	<b>958</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(23)</b>	<b>(375)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>719</b>	<b>906</b>	<b>766</b>	<b>864</b>	<b>958</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.15	0.19	0.16	0.18	0.20
Reported EPS	0.15	0.26	0.16	0.18	0.20
DPS	0.07	0.09	0.07	0.07	0.08
Diluted shares (used to calculate per share data)	4,887	4,887	4,887	4,887	4,887
<b>Growth</b>					
Revenue (%)	50.9	12.7	(0.8)	6.5	7.5
Operating EBITDA (%)	118.1	23.0	(3.5)	9.5	8.8
Operating EBIT (%)	1,148.7	32.3	(8.7)	12.4	11.8
Recurring EPS (%)	nm	26.0	(15.5)	12.8	10.9
Reported EPS (%)	nm	72.5	(40.2)	12.8	10.9
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	43.7	45.7	44.5	45.2	45.8
Gross margin exc. depreciation (%)	56.6	58.4	57.9	58.4	58.6
Operating EBITDA margin (%)	30.3	33.0	32.1	33.0	33.4
Operating EBIT margin (%)	17.4	20.4	18.7	19.8	20.6
Net margin (%)	10.3	11.5	9.8	10.4	10.7
Effective tax rate (%)	(2.4)	0.9	9.0	15.0	20.0
Dividend payout on recurring profit (%)	47.6	48.6	45.0	40.0	40.0
Interest cover (X)	2.2	2.4	2.4	2.7	3.0
Inventory days	5.6	5.1	4.8	4.7	4.6
Debtor days	8.6	9.1	10.4	9.8	9.1
Creditor days	27.7	27.5	29.6	28.9	28.7
Operating ROIC (%)	6.2	7.2	5.8	6.0	6.2
ROIC (%)	6.6	7.3	5.8	6.0	6.2
ROE (%)	12.0	12.0	8.6	9.3	9.7
ROA (%)	5.9	6.5	5.3	5.5	5.6
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Non-Hop Inn hotel	5,557	6,039	5,703	5,928	6,231
Hop Inn Thailand	845	983	1,146	1,348	1,537
Hop Inn Philippines	499	424	461	522	630
Others	85	426	501	521	542

Sources: The Erawan Group; FSSIA estimates

## Financial Statements

### The Erawan Group

Cash Flow (THB m) Year Ending Dec	2023	2024	2025E	2026E	2027E
Recurring net profit	719	906	766	864	958
Depreciation	901	995	1,044	1,100	1,147
Associates & minorities	-	-	-	-	-
Other non-cash items	46	205	14	32	36
Change in working capital	(21)	241	(4)	53	66
<b>Cash flow from operations</b>	<b>1,645</b>	<b>2,347</b>	<b>1,820</b>	<b>2,049</b>	<b>2,208</b>
Capex - maintenance	(2,988)	(3,206)	(926)	(1,890)	(1,616)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	(21)	83	0	0	0
Other investments (net)	-	-	-	-	-
<b>Cash flow from investing</b>	<b>(3,009)</b>	<b>(3,122)</b>	<b>(926)</b>	<b>(1,890)</b>	<b>(1,616)</b>
Dividends paid	0	(317)	(440)	(345)	(346)
Equity finance	0	1,066	0	0	0
Debt finance	1,114	(660)	(1,000)	500	(200)
Other financing cash flows	(65)	1,082	(30)	(34)	(38)
<b>Cash flow from financing</b>	<b>1,049</b>	<b>1,171</b>	<b>(1,470)</b>	<b>121</b>	<b>(584)</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>(315)</b>	<b>395</b>	<b>(576)</b>	<b>280</b>	<b>8</b>
Free cash flow to firm (FCFF)	(775.02)	(73.06)	1,516.72	784.15	1,224.18
Free cash flow to equity (FCFE)	(315.13)	(353.42)	(136.34)	624.31	353.38

#### Per share (THB)

FCFF per share	(0.16)	(0.01)	0.31	0.16	0.25
FCFE per share	(0.06)	(0.07)	(0.03)	0.13	0.07
Recurring cash flow per share	0.34	0.43	0.37	0.41	0.44

Balance Sheet (THB m) Year Ending Dec	2023	2024	2025E	2026E	2027E
Tangible fixed assets (gross)	29,277	31,951	32,901	34,801	36,427
Less: Accumulated depreciation	(7,881)	(8,322)	(9,366)	(10,467)	(11,614)
<b>Tangible fixed assets (net)</b>	<b>21,396</b>	<b>23,629</b>	<b>23,535</b>	<b>24,335</b>	<b>24,813</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	83	0	0	0	0
Cash & equivalents	1,217	1,612	1,036	1,316	1,324
A/C receivable	170	222	222	222	222
Inventories	49	43	43	45	48
Other current assets	450	302	300	319	343
<b>Current assets</b>	<b>1,885</b>	<b>2,180</b>	<b>1,601</b>	<b>1,903</b>	<b>1,937</b>
Other assets	310	437	437	437	437
<b>Total assets</b>	<b>23,675</b>	<b>26,246</b>	<b>25,573</b>	<b>26,675</b>	<b>27,188</b>
Common equity	6,330	8,712	9,038	9,557	10,169
Minorities etc.	40	780	788	796	804
<b>Total shareholders' equity</b>	<b>6,370</b>	<b>9,492</b>	<b>9,825</b>	<b>10,353</b>	<b>10,973</b>
Long term debt	14,528	14,003	13,003	13,503	13,303
Other long-term liabilities	895	865	865	865	865
<b>Long-term liabilities</b>	<b>15,423</b>	<b>14,868</b>	<b>13,868</b>	<b>14,368</b>	<b>14,168</b>
A/C payable	227	266	267	281	301
Short term debt	820	685	685	685	685
Other current liabilities	835	936	928	989	1,062
<b>Current liabilities</b>	<b>1,882</b>	<b>1,887</b>	<b>1,880</b>	<b>1,955</b>	<b>2,048</b>
<b>Total liabilities and shareholders' equity</b>	<b>23,675</b>	<b>26,246</b>	<b>25,573</b>	<b>26,675</b>	<b>27,188</b>
Net working capital	(393)	(634)	(630)	(683)	(749)
Invested capital	21,396	23,432	23,342	24,089	24,502

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

#### Per share (THB)

Book value per share	1.40	1.78	1.85	1.96	2.08
Tangible book value per share	1.40	1.78	1.85	1.96	2.08

#### Financial strength

Net debt/equity (%)	221.8	137.8	128.8	124.3	115.4
Net debt/total assets (%)	59.7	49.8	49.5	48.3	46.6
Current ratio (x)	1.0	1.2	0.9	1.0	0.9
CF interest cover (x)	0.5	0.5	0.8	2.0	1.6

Valuation	2023	2024	2025E	2026E	2027E
<b>Recurring P/E (x) *</b>	<b>16.6</b>	<b>13.2</b>	<b>15.6</b>	<b>13.8</b>	<b>12.4</b>
<b>Recurring P/E @ target price (x) *</b>	<b>21.7</b>	<b>17.3</b>	<b>20.4</b>	<b>18.1</b>	<b>16.3</b>
Reported P/E (x)	16.1	9.3	15.6	13.8	12.4
Dividend yield (%)	2.9	3.7	2.9	2.9	3.2
Price/book (x)	1.7	1.4	1.3	1.2	1.2
Price/tangible book (x)	1.7	1.4	1.3	1.2	1.2
EV/EBITDA (x) **	11.9	9.9	10.1	9.3	8.5
EV/EBITDA @ target price (x) **	13.6	11.3	11.6	10.7	9.7
EV/invested capital (x)	1.2	1.1	1.1	1.1	1.0

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

Sources: The Erawan Group; FSSIA estimates

# The Erawan Group PCL (ERW TB)

**FSSIA ESG rating**

★ ★ ★

**39.65 /100**

## Exhibit 27: 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.
★★★★★	>59-79	A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.
★★★	<b>&gt;39-59</b>	<b>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.</b>
★★	>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 28: ESG – peer comparison

	FSSIA ESG score	Domestic ratings						Global ratings						Bloomberg	
		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
BEYOND	24.98	--	--	--	5.00	5.00	Certified	--	39.83	--	--	--	--	--	--
CENDEL	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	--
SHR	25.00	--	Y	Y	5.00	5.00	--	--	--	--	--	--	--	--	--

Sources: SETTRADE.com; FSSIA's compilation

## Exhibit 29: 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>—</b>	<b>—</b>	<b>3.67</b>	<b>3.90</b>
BESG environmental pillar score	—	—	3.30	—
BESG social pillar score	—	—	3.36	—
BESG governance pillar score	—	—	4.54	—
<b>ESG disclosure score</b>	<b>—</b>	<b>—</b>	<b>43.34</b>	<b>—</b>
Environmental disclosure score	—	—	16.40	—
Social disclosure score	—	—	29.87	—
Governance disclosure score	—	—	83.59	—
<b>Environmental</b>				
Emissions reduction initiatives	No	No	Yes	Yes
Climate change policy	No	No	Yes	Yes
Climate change opportunities discussed	No	No	No	No
Risks of climate change discussed	No	No	Yes	Yes
GHG scope 1	—	—	8	10
GHG scope 2 location-based	—	—	34	32
GHG Scope 3	—	—	0	—
Carbon per unit of production	—	—	—	—
Biodiversity policy	No	No	Yes	Yes
Energy efficiency policy	No	No	Yes	Yes
Total energy consumption	—	—	56,530	—
Renewable energy use	—	—	—	—
Electricity used	—	—	56,530	—
Fuel used - natural gas	—	—	—	—

Sources: Bloomberg; FSSIA's compilation

**Exhibit 30: 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	No	Yes	Yes
Hazardous waste	—	—	—	0
Total waste	—	—	—	0
Waste recycled	—	—	—	—
Waste sent to landfills	—	—	—	0
Environmental supply chain management	No	No	No	No
Water policy	No	No	Yes	Yes
Water consumption	—	—	—	1,187
<b>Social</b>				
Human rights policy	No	No	Yes	Yes
Policy against child labor	No	No	No	No
Quality assurance and recall policy	No	No	No	No
Consumer data protection policy	No	No	No	No
Equal opportunity policy	No	No	Yes	Yes
Gender pay gap breakout	No	No	No	No
Pct women in workforce	—	—	56	56
Pct disabled in workforce	—	—	4	11
Business ethics policy	No	No	Yes	Yes
Anti-bribery ethics policy	No	Yes	Yes	Yes
Health and safety policy	No	No	Yes	Yes
Lost time incident rate - employees	—	—	—	—
Total recordable incident rate - employees	—	—	0	—
Training policy	No	No	Yes	Yes
Fair remuneration policy	No	No	No	No
Number of employees – CSR	—	—	3,000	3,721
Employee turnover pct	—	—	25	—
Total hours spent by firm - employee training	—	—	88,371	101,024
Social supply chain management	No	No	No	Yes
<b>Governance</b>				
<b>Board size</b>	—	<b>11</b>	<b>11</b>	<b>11</b>
<b>No. of independent directors (ID)</b>	—	<b>4</b>	<b>4</b>	<b>4</b>
No. of women on board	—	2	2	2
No. of non-executive directors on board	—	9	9	9
Company conducts board evaluations	No	Yes	Yes	Yes
No. of board meetings for the year	—	11	12	13
Board meeting attendance pct	—	100	98	95
Board duration (years)	—	3	3	3
Director share ownership guidelines	No	No	No	No
Age of the youngest director	—	38	39	40
Age of the oldest director	—	68	69	70
<b>No. of executives / company managers</b>	—	<b>7</b>	<b>6</b>	<b>6</b>
No. of female executives	—	2	2	2
Executive share ownership guidelines	No	No	No	No
<b>Size of audit committee</b>	—	<b>3</b>	<b>3</b>	<b>3</b>
No. of ID on audit committee	—	3	3	3
Audit committee meetings	—	4	6	8
Audit meeting attendance %	—	100	100	100
<b>Size of compensation committee</b>	—	<b>3</b>	<b>3</b>	<b>3</b>
No. of ID on compensation committee	—	1	1	1
No. of compensation committee meetings	—	2	3	3
Compensation meeting attendance %	—	100	89	89
<b>Size of nomination committee</b>	—	<b>3</b>	<b>3</b>	<b>3</b>
No. of nomination committee meetings	—	2	2	2
Nomination meeting attendance %	—	100	100	100
<b>Sustainability governance</b>				
Verification type	No	No	No	No

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 <b>SETESG 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>SETESG Index</b> 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&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.																			
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 Sustainalytics	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-top: 10px;"> <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+									
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 border="1" style="margin-top: 10px;"> <tbody> <tr> <td><b>AAA</b></td> <td>8.571-10.000</td> <td rowspan="3"><b>Leader:</b></td> <td rowspan="3">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> </tr> <tr> <td><b>A</b></td> <td>5.714-7.142</td> </tr> <tr> <td><b>BBB</b></td> <td>4.286-5.713</td> <td rowspan="3"><b>Average:</b></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><b>BB</b></td> <td>2.857-4.285</td> </tr> <tr> <td><b>B</b></td> <td>1.429-2.856</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> </tbody> </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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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; &gt;25 to 50 = satisfactory; &gt;50 to 75 = good; and &gt;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) "SETESG". 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

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Finansia Syrus Securities Public Company Limited and FSS International Investment Advisory Securities Company Limited are subsidiaries of Finansia X Public Company Limited, with shared directors or executives.

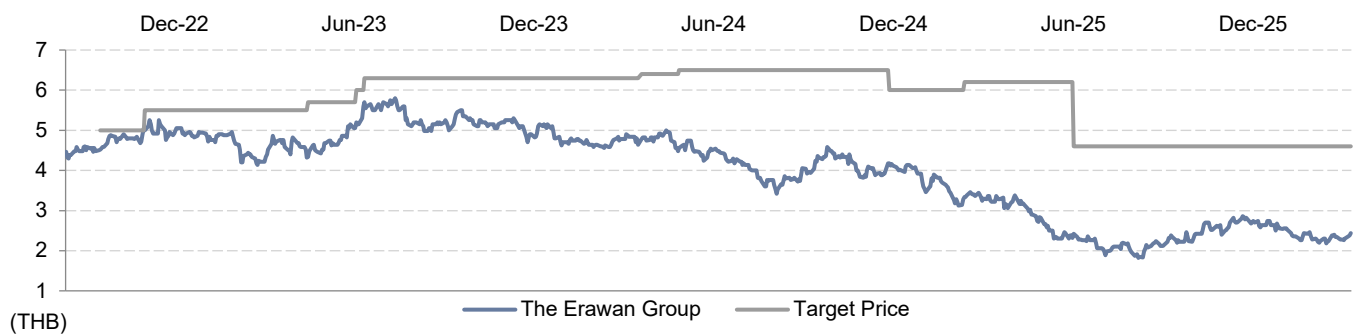
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### History of change in investment rating and/or target price

#### The Erawan Group (ERW TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
16-Jan-2023	BUY	5.00	29-Aug-2023	BUY	6.30	21-Jan-2025	BUY	6.20
23-Feb-2023	BUY	5.50	19-Apr-2024	BUY	6.40	24-Apr-2025	BUY	4.60
12-Jul-2023	BUY	5.70	23-May-2024	BUY	6.50			
22-Aug-2023	BUY	6.00	18-Nov-2024	BUY	6.00			

Vatcharut Vacharawongsith started covering this stock from 18-Dec-2025

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
The Erawan Group	ERW TB	THB 2.44	BUY	Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.

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 17-Dec-2025 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.