

**Asset World Corp. Pcl (AWC TB) - HOLD, Price Bt2.10, TP Bt2.10****Results Comment**

Saksid Phadthanarak | Email: saksid.pha@ttbwealth.co.th

**Slightly below-expected 1Q26 earnings**

- AWC posted 1Q26 normalized earnings of Bt769m, up 3% y-y and 11% q-q, slightly below our expectations. The 3% y-y earnings growth was mainly driven by revenue growth from capacity expansion, while the 11% q-q earnings growth was driven by seasonal factors. Including a Bt1.2bn gain from changes in the fair value of investment properties, the company reported a net profit of Bt2bn, up 1% y-y.
- We expect weak tourist arrivals due to the Middle East conflict and low tourism season to weigh on AWC's 2Q26F earnings. However, we expect tourist arrivals to recover later this year as the conflict subsides, and thus maintain our moderate earnings growth forecast, supported by ongoing capacity expansion.
- We maintain our HOLD rating on AWC. Despite its sizable asset base, the company remains in a low-return cycle with 1% ROA and 2% ROE. This low return is reflected in the share price, which trades at 0.7x P/BV.
- AWC's total sales rose 12% y-y in 1Q26. Hotel revenue (78% of total) increased 13% y-y, supported by three new hotels, Meliá Pattaya Hotel, Pattaya Marriott Resort, and Jubilee Prestige Hotel, despite a 1% y-y decline in average RevPAR. Retail and commercial revenue (21%) grew 16% y-y, mainly driven by the openings of Jurassic World and SkyFlyers at Asiatique The Riverfront.
- Even though its gross margin remained stable at 57% in 1Q26 versus 1Q25, SG&A expenses rose 27% y-y, likely driven mainly by expenses related to the new assets.

Income Statement						Income Statement					
(consolidated)						3M as					
Yr-end Dec (Bt m)	1Q25	2Q25	3Q25	4Q25	1Q26	(Bt m)	q-q%	y-y%	% 2026F	2026F	2027F
Revenue	4,633	3,674	4,080	4,968	5,202	Revenue	5	12	28	18,693	20,380
<b>Gross profit</b>	<b>2,623</b>	<b>1,768</b>	<b>2,025</b>	<b>2,613</b>	<b>2,951</b>	<b>Gross profit</b>	<b>13</b>	<b>13</b>	<b>30</b>	<b>9,746</b>	<b>10,635</b>
SG&A	1,262	1,113	1,214	1,333	1,605	SG&A	20	27	31	5,141	5,502
Operating profit	1,361	655	812	1,280	1,346	Operating profit	5	(1)	29	4,605	5,133
<b>EBITDA</b>	<b>1,859</b>	<b>1,185</b>	<b>1,393</b>	<b>1,908</b>	<b>1,952</b>	<b>EBITDA</b>	<b>2</b>	<b>5</b>	<b>27</b>	<b>7,222</b>	<b>8,252</b>
Other income	30	41	45	38	53	Other income	40	75	33	158	156
Other expense	0	0	0	0	0	Other expense					
Interest expense	461	498	511	504	428	Interest expense	(15)	(7)	20	2,153	2,486
<b>Profit before tax</b>	<b>931</b>	<b>198</b>	<b>345</b>	<b>813</b>	<b>970</b>	<b>Profit before tax</b>	<b>19</b>	<b>4</b>	<b>37</b>	<b>2,610</b>	<b>2,804</b>
Income tax	183	(10)	51	121	203	Income tax	68	11	49	418	477
Equity & invest. income	0	1	(0)	2	2	Equity & invest. income	(2)	346	na	0	0
Minority interests	0	0	0	0	0	Minority interests					
Extraordinary items	1,221	1,196	854	1,172	1,217	Extraordinary items	4	(0)	na	0	0
<b>Net profit</b>	<b>1,969</b>	<b>1,404</b>	<b>1,148</b>	<b>1,866</b>	<b>1,986</b>	<b>Net profit</b>	<b>6</b>	<b>1</b>	<b>91</b>	<b>2,192</b>	<b>2,327</b>
<b>Normalized profit</b>	<b>748</b>	<b>208</b>	<b>294</b>	<b>694</b>	<b>769</b>	<b>Normalized profit</b>	<b>11</b>	<b>3</b>	<b>35</b>	<b>2,192</b>	<b>2,327</b>
EPS (Bt)	0.06	0.04	0.04	0.06	0.06	EPS (Bt)	6	1	91	0.07	0.07
Normalized EPS (Bt)	0.02	0.01	0.01	0.02	0.02	Normalized EPS (Bt)	11	3	35	0.07	0.07

  

Balance Sheet						Financial Ratios					
(consolidated)						3M as					
Yr-end Dec (Bt m)	1Q25	2Q25	3Q25	4Q25	1Q26	(%)	1Q25	2Q25	3Q25	4Q25	1Q26
Cash & ST investment	427	363	265	379	281	Sales grow th	8.9	5.6	8.4	12.8	12.3
A/C receivable	1,465	1,622	1,831	1,962	1,657	Operating profit grow th	6.6	(2.4)	12.1	12.8	(1.1)
Inventory	95	98	102	119	109	EBITDA grow th	7.4	4.8	16.3	17.1	5.0
Other current assets	536	546	508	225	351	Norm profit grow th	9.9	2.4	2.0	0.9	2.8
Investment	3,818	3,781	3,781	3,734	3,745	Norm EPS grow th	9.8	2.4	1.9	0.9	2.8
Fixed assets	186,447	189,165	191,530	194,117	100,051	Gross margin	56.6	48.1	49.6	52.6	56.7
Other assets	3,224	3,247	3,335	3,662	99,655	Operating margin	29.4	17.8	19.9	25.8	25.9
<b>Total assets</b>	<b>196,011</b>	<b>198,820</b>	<b>201,351</b>	<b>204,197</b>	<b>205,849</b>	EBITDA margin	40.1	32.3	34.1	38.4	37.5
S-T debt	39,709	35,328	35,053	41,423	41,065	Norm net margin	16.1	5.7	7.2	14.0	14.8
A/C payable	3,240	2,826	3,020	3,563	2,898	D/E (x)	0.9	0.9	0.9	0.9	0.9
Other current liabilities	620	770	753	736	634	Net D/E (x)	0.9	0.9	0.9	0.9	0.9
L-T debt	41,430	49,631	50,640	44,053	44,068	Interest coverage (x)	4.0	2.4	2.7	3.8	4.6
Other liabilities	17,466	17,854	18,137	18,682	19,366	Interest rate	2.4	2.4	2.4	2.4	2.0
Minority interest	0	0	0	0	0	Effective tax rate	19.7	(4.8)	14.8	14.8	20.9
<b>Shareholders' equity</b>	<b>93,546</b>	<b>92,411</b>	<b>93,748</b>	<b>95,739</b>	<b>97,819</b>	ROA	1.6	0.4	0.6	1.4	1.5
Working capital	(1,681)	(1,107)	(1,087)	(1,482)	(1,131)	ROE	3.2	0.9	1.3	2.9	3.2
Total debt	81,139	84,959	85,693	85,476	85,133						
<b>Net debt</b>	<b>80,712</b>	<b>84,596</b>	<b>85,428</b>	<b>85,098</b>	<b>84,851</b>						

Sources: Company data, ttb wealth estimates

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