Asset World Corp. Pcl (AWC TB) - HOLD, Price Bt3.02, TP Bt2.10

Results Comment

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Decent 2Q26 earnings in line

- AWC posted 2Q26 normalized earnings of Bt232m, up 11% y-y but down 70% q-q, in line with our expectations. The y-y earnings growth was driven by higher hotel and commercial revenues from RevPAR growth and business expansion. The q-q decline was due to seasonal effects. Including a Bt1.2bn gain from changes in the fair value of investment properties, AWC reported a net profit of Bt1.5bn in 2Q26.
- 1H26 earnings accounted for 46% of our full-year forecast. We expect earnings to be stronger in 2H26F than in 1H26, supported by the high tourism season and several major events. We therefore believe our 13% y-y earnings growth forecast this year remains intact.
- Even though we like AWC's business model, given its high proportion of freehold assets and diversified portfolio across hotels, retail malls, and office buildings, our HOLD rating reflects its continued low-return profile, with ROA and ROE at just 1% and 2%. The stock trades at around 1.0x P/BV.
- AWC's total sales rose 6% y-y in 2Q26 driven by;
  1) 7% y-y hotel revenue growth (71% of total), supported by 3% y-y RevPAR growth, mainly from the Bangkok city hotel, luxury resort, and other non-Bangkok hotel segments, and 4% y-y room number growth.
  2) 11% y-y growth in retail and commercial revenue (27% of total), driven by higher occupancy and average rental rates in the tourist lifestyle destination and community market segments.
- Despite a stable gross margin of 48% in 2Q26 vs. 2Q25, SG&A expenses rose 13% y-y, driven mainly by higher marketing, personnel, and utility costs.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	**2Q25**	**3Q25**	**4Q25**	**1Q26**	**2Q26**
Revenue	3,674	4,080	4,968	5,202	3,879
Gross profit	**1,768**	**2,025**	**2,613**	**2,951**	**1,865**
SG&A	1,113	1,214	1,333	1,605	1,253
Operating profit	655	812	1,280	1,346	611
EBITDA	**1,185**	**1,393**	**1,908**	**1,952**	**1,225**
Other income	41	45	38	53	77
Other expense	0	0	0	0	0
Interest expense	498	511	504	428	414
Profit before tax	**198**	**345**	**813**	**970**	**274**
Income tax	(10)	51	121	203	42
Equity & invest. income	1	(0)	2	2	(0)
Minority interests	0	0	0	0	0
Extraordinary items	1,196	854	1,172	1,217	1,236
Net profit	**1,404**	**1,148**	**1,866**	**1,986**	**1,468**
Normalized profit	**208**	**294**	**694**	**769**	**232**
EPS (Bt)	0.04	0.04	0.06	0.06	0.05
Normalized EPS (Bt)	0.01	0.01	0.02	0.02	0.01

Income Statement			**6M as**		
(Bt m)	**q-q%**	**y-y%**	**% 2026F**	**2026F**	**2027F**
Revenue	(25)	6	49	18,693	20,380
Gross profit	**(37)**	**5**	**49**	**9,746**	**10,635**
SG&A	(22)	13	56	5,141	5,502
Operating profit	(55)	(7)	42	4,605	5,133
EBITDA	**(37)**	**3**	**44**	**7,222**	**8,252**
Other income	47	87	82	158	156
Other expense					
Interest expense	(3)	(17)	39	2,153	2,486
Profit before tax	**(72)**	**38**	**48**	**2,610**	**2,804**
Income tax	(79)	na	59	418	477
Equity & invest. income					
Minority interests					
Extraordinary items	2	3	na	0	0
Net profit	**(26)**	**5**	**158**	**2,192**	**2,327**
Normalized profit	**(70)**	**11**	**46**	**2,192**	**2,327**
EPS (Bt)	(26)	5	158	0.07	0.07
Normalized EPS (Bt)	(70)	11	46	0.07	0.07

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	**2Q25**	**3Q25**	**4Q25**	**1Q26**	**2Q26**
Cash & ST investment	363	265	379	281	312
A/C receivable	1,622	1,831	1,962	1,657	1,651
Inventory	98	102	119	109	112
Other current assets	546	508	225	351	462
Investment	3,781	3,781	3,734	3,745	3,732
Fixed assets	189,165	191,530	194,117	100,051	198,423
Other assets	3,247	3,335	3,662	99,655	3,646
Total assets	**198,820**	**201,351**	**204,197**	**205,849**	**208,338**
S-T debt	35,328	35,053	41,423	41,065	21,395
A/C payable	2,826	3,020	3,563	2,898	2,633
Other current liabilities	770	753	736	634	585
L-T debt	49,631	50,640	44,053	44,068	67,257
Other liabilities	17,854	18,137	18,682	19,366	19,917
Minority interest	0	0	0	0	0
Shareholders' equity	**92,411**	**93,748**	**95,739**	**97,819**	**96,550**
Working capital	(1,107)	(1,087)	(1,482)	(1,131)	(870)
Total debt	84,959	85,693	85,476	85,133	88,652
Net debt	**84,596**	**85,428**	**85,098**	**84,851**	**88,340**

Financial Ratios					
(%)	**2Q25**	**3Q25**	**4Q25**	**1Q26**	**2Q26**
Sales growth	5.6	8.4	12.8	12.3	5.6
Operating profit growth	(2.4)	12.1	12.8	(1.1)	(6.7)
EBITDA growth	4.8	16.3	17.1	5.0	3.4
Norm profit growth	2.4	2.0	0.9	2.8	11.4
Norm EPS growth	2.4	1.9	0.9	2.8	11.4
Gross margin	48.1	49.6	52.6	56.7	48.1
Operating margin	17.8	19.9	25.8	25.9	15.8
EBITDA margin	32.3	34.1	38.4	37.5	31.6
Norm net margin	5.7	7.2	14.0	14.8	6.0
D/E (x)	0.9	0.9	0.9	0.9	0.9
Net D/E (x)	0.9	0.9	0.9	0.9	0.9
Interest coverage (x)	2.4	2.7	3.8	4.6	3.0
Interest rate	2.4	2.4	2.4	2.0	1.9
Effective tax rate	(4.8)	14.8	14.8	20.9	15.2
ROA	0.4	0.6	1.4	1.5	0.4
ROE	0.9	1.3	2.9	3.2	1.0

Sources: Company data, ttb wealth estimates

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