The Erawan Group Pcl (ERW TB) - BUY

Analyst Meeting

Siriporn Arunothai | Email: Siriporn.aru@ttbwealth.co.th

Slightly positive view from meeting

- **International tourists to recover in 2H26.**
- **RevPAR in July 2026 grew 5% y-y.**
- **New hotel expansion continues.**
- **Funding costs continue to decline in 2H26.**

Following yesterday's analyst meeting, we have a slightly positive view. Although management revised down its 2026 revenue growth target due to the Iran war impact since 1Q26, it expects international tourist arrivals to recover in 2H26. This should support occupancy in 2H26. Meanwhile, ARR is expected to improve, driven by events in Thailand and higher rates following hotel renovations. We see good business momentum continuing in 2H26 and maintain BUY.

- ERW revised down its 2026 revenue growth guidance to 6% (5% for 3–5-star hotels and 10% for HOP INN) from 9% (7% for 3–5-star hotels and 14% for HOP INN) previously, due to the war impact since 1Q26, which has affected long-haul tourist arrivals.
- In 3Q26, total room revenue is expected to grow 7% y-y (vs. 6% in 1H26), while group RevPAR is expected to grow 2% y-y (OR flat, ARR +1%). RevPAR for 3–5-star hotels is expected to grow 5% y-y (OR flat, ARR +5%), while HOP INN's RevPAR is expected to grow 1% y-y (OR +1ppt, ARR flat).
- RevPAR in July 2026 for the whole portfolio grew 5% y-y. RevPAR for 3–5-star hotels grew 8% y-y, while HOP INN's RevPAR grew 6% y-y.
- ERW expects tourist recovery in 2H26 and to maintain its 2H26 EBITDA margin at the 1H26 level.
- ERW will open six new HOP INN hotels in 2H26, following three openings in 1H26.
- The renewal of the long-term lease agreement for Grand Hyatt Erawan (GHE) remains under negotiation. Renovation of GHE started in May 2026 and is expected to be completed in 2Q27, with a budget of Bt500m.
- There will be no more loan prepayment fees in 2H26, while funding costs are expected to continue declining.
- We expect good y-y earnings growth momentum in 2H26. Given the recent share price rally and limited 4% upside to our TP, we recommend BUY on weakness.

Key Valuations

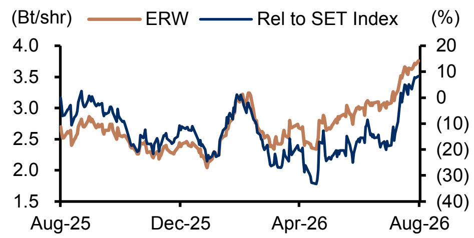
Y/E Dec (Bt m)	2025A	2026F	2027F	2028F
Revenue	7,905	8,287	8,856	9,479
Net profit	838	934	1,008	1,132
Norm net profit	838	934	1,008	1,132
Norm EPS (Bt)	0.2	0.2	0.2	0.2
Norm EPS gr (%)	(9.6)	11.5	7.9	12.2
Norm PE (x)	21.9	19.7	18.2	16.2
EV/EBITDA (x)	10.5	10.4	9.8	9.3
P/BV (x)	2.0	1.9	1.8	1.7
Div. yield (%)	1.9	2.0	2.2	2.5
ROE (%)	9.5	10.1	10.2	10.8
Net D/E (%)	91.2	99.5	104.4	103.5

Source: ttb wealth estimates

Stock Data

Closing price (Bt)	3.76
Target price (Bt)	3.90
Market cap (US$ m)	556.7
Avg daily turnover (US$ m)	2.9
12M H/L price (Bt)	3.72/2.04

Price Performance



Source: Bloomberg

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