

28 February 2023

Result Review

Rating

BUY

(Upgraded from Hold)

Company

Siam Wellness Group

Bloomberg SET Exchange Sector
SPA TB SPA MAI Services

Upside reopens - upgrade to BUY

Earnings beat on stronger-than-expected top line

SPA reported a 4Q22 net profit of Bt13.6m, well above our estimate of Bt8m and Bloomberg consensus of Bt9m, mainly from higher-than-expected revenue of Bt273m (+253% YoY, +39% QoQ), a 12-quarter high. This brought full year revenue to Bt721m, up 312% YoY (SSG of 267% YoY) and shrunk 2022's net loss to Bt88m. Revenue from Let's Relax grew 250% YoY in 2022, while Baan Suan rose 18% YoY. Full year revenue from branches in Bangkok and the upcountry recovered at +188% and 90% YoY, respectively.

New customer groups push 4Q22 revenue up to Bt273m

New customer groups catalyzed 4Q performance, including those from the Middle East, Europe, and India. The spa business still contributed the biggest portion of revenue at 83% of total, while spa products contributed 8% and Hotel & Restaurants 5%. Meanwhile, gross profit was Bt60m (vs. Bt54m estimate), up 116% QoQ, with well controlled opex (increased only 5% QoQ). Hence, EBIT was Bt28m, flipped from -Bt2m in 3Q22.

Total network stood at 70 total branches

SPA maintained its no. of branches at 70 in 4Q22, though it did open replacement properties for 6 branches to increase efficiency and because some contracts were not renewed by the landlord. Note that overseas branches were reduced to 2 branches, one in China and one in Myanmar (from 5 branches in 2021) following closure of all 3 branches in Cambodia.

We base our TP on DCF

We upgrade our rating to BUY with an unchanged TP of Bt12.5. We base our TP on the DCF method (WACC of 7.8% with terminal growth of 2.5%).

12mth price target (THB)	12.50
Current price (27/02/2023)	11.20
Upside/Downside	12%
CG rating	4
ESG rating	ESG100
Thai CAC	n/a

Share summary		
Issue shares:	(m shrs)	855.0
Market capitalization:	(THB bn)	9.6
	(USDbn)	0.3
Avg. Daily Turnover:	(THBm)	28.8
	(USDm)	0.8
Foreign Limit/Actual	(%)	49/3
Free Float:	(%)	56.3
NVDR:	(%)	27

Financial	Summary

Year	2021	2022	2023F	2024F
Net Profit (Bt,m)	(287)	(88)	220	262
EPS (Bt)	(0.34)	(0.10)	0.26	0.31
EPS Growth (%)	n.a.	n.a.	n.a.	19.1
PER (x)	n.a.	n.a.	43.6	36.6
PBV (x)	10.4	14.1	12.8	10.4
Div Yield (%)	n.a.	n.a.	0.9	1.1

Source: TISCO Research Estimates

Figure 1. Earnings review 4Q22

Bt,m	4Q22	4Q21	YoY	3Q22	QoQ
Sale revenue	273	77	253.0%	196	39.4%
Cost of sales and services	213	90	136.9%	168	26.6%
Gross Profit	60	-12	n.a.	28	116.6%
S&A Expenses	34	27	27.4%	33	5.4%
EBIT	28	n.a.	-177.7%	-2	n.a.
EBITDA	110	44	148.7%	77	42.1%
Interest expense	15	11	43.0%	14	13.0%
Net Profit Bef Extra	14	-46	n.a.	-15	n.a.
Net Profit	14	-46	n.a.	-15	n.a.
EPS (Bt)	0.02	-0.05	n.a.	-0.02	n.a.
Gross margin	22.1%	-16.0%		14.3%	
SG&A to sales	12.6%	34.8%		16.6%	
EBIT margin	10.3%	-46.9%		-1.3%	
Net margin	5.0%	-59.4%		-7.7%	

Source: Company data, TISCO Research estimates

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	Score Range	Level	Description
	90 - 100	5	Excellent
	80 - 89	4	Very Good
บรรษัทภิบาลแห่งชาติ National CG Committee	70 - 79	3	Good
	60 - 69	2	Satisfactory
Corporate Governance Report	50 - 59	1	Pass
of Thai Listed Companies 2022	< 50	n.a.	n.a.
		N/R	Does not appear in the CGR report

Anti-Corruption Progress Indicator: Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of October 27, 2022) are categorised into: Certified: Companies certified by CAC. Declared: Companies that have declared their intention to join CAC. Ensure its compliance by parent company The company declares that its parent company is under the Bribery Act or other similar laws that required parent company to be responsible for bribery act of its overseas subsidiaries. Such responsibilities shall include the establishment of policy, practices and investigation and ensure that its subsidiaries regularly comply with the policy and practices. n.a. Not intention to join CAC./no policy

Disclaime

The disclosure of the Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of October 27, 2022)

Since this survey or assessment result is only the survey or assessment result as of the date appearing in the survey or assessment result only, it may be changed after that date or when there is any change to the relevant information. Nevertheless, TISCO Securities Company Limited does not confirm, verify, or certify the accuracy and completeness of the survey or assessment result.

ESG Rating

The Thaipat ESG Index is designed to represent the performance of the selected Thai listed companies that are constituents of the ESG100 Universe, the 100 outstanding performers in terms of Environmental, Social and Governance (ESG) listed in Thai stock market (Both SET and mai), assessed by ESG Rating company, a whole subsidiary of Thaipat Institute.

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