

Thailand

ADD (no change)

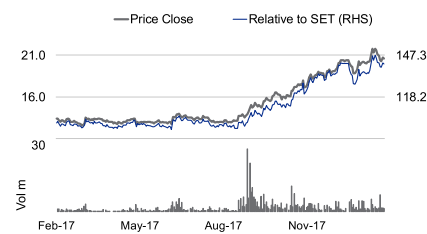
Consensus ratings*: Buy 4 Hold 1 Sell 0

Current price:	THB20.60
Target price:	THB23.50
Previous target:	THB20.00
Up/downside:	14.1%
CGS-CIMB / Consensus:	8.2%
Reuters:	SPA.BK
Bloomberg:	SPA TB
Market cap:	US\$369.2m
	THB11,742m
Average daily turnover:	US\$1.19m
	THB38.44m
Current shares o/s:	570.0m
Free float:	31.3%

*Source: Bloomberg

Key changes in this note

- FY17F EPS decreased by 3.4%.
- FY18F EPS increased by 3.4%.
- FY19F EPS increased by 1.8%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	9.6	17.7	56.1
Relative (%)	10.1	12.8	43.3

Major shareholders

	% held
Mr. Wiboon Utsahajit	12.3
Mr. Prasert Jiravansthit	12.3
Mrs. Pranee Suphawatanakiat	10.1

Analyst(s)



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Siam Wellness Group

4Q17F preview: net profit likely hit a new record high

- We forecast 4Q17F core net profit of THB49m (+42% yoy, +12% qoq) due to strong SSSG and contribution from the 10 new branches opened in the last 12 months.
- We project robust SSSG of 8.5-12.0% in FY17-19F on the back of robust Thailand tourism industry, rising average selling prices (ASP) and new services offered by SPA.
- We raise FY18-19F EPS by 1.8-3.4% to reflect earnings contribution from overseas.
- We see high potential upside to SPA's FY18-19F earnings from its existing and future franchise agreements in major provinces in China.
- Maintain Add with higher DCF-based target price of THB23.50.

4Q17F: A new record high for quarterly net profit

We estimate that SPA delivered 42% yoy and 12% qoq growth in 4Q17F core net profit to THB49m, a new record high for quarterly net profit, driven by: 1) strong SSSG of 12%, and 2) contribution from 10 new branches opened in the last 12 months (3 branches in 4Q17F). Robust yoy net profit growth was likely aided by the low base in 4Q16 (mourning period for the late King) and the government's crackdown on Chinese zero-dollar tours.

Strong tourist arrival growth in Thailand to support SSSG

We project SSSG of 8.5-12% for SPA in FY17-19F thanks to: 1) 10-15% ASP hikes for services at the RarinJinda and Baan Suan Massage outlets in FY18F (our estimates), 2) higher ASPs for spa products, 3) new services offered, such as nail spa, and 4) Thailand's booming tourism industry. We expect tourist arrivals in Thailand to rise 9% in 2018F and 10% in 2019F, following the 8.6% growth in 2017.

Moving into new market – Cambodia

In Jan 2018, SPA announced that it had signed a franchise agreement in Cambodia. The company plans to allow its Cambodian franchisee to use the "Let's Relax" brand in three existing branches in Phnom Penh by 2Q18F. We view Cambodia as a market with high growth potential that offers significant business opportunities for SPA because of its geographical proximity, similar lifestyle to Thailand and growing tourism industry. In 11M17, Cambodia's tourist arrivals were up by 11% yoy, higher than Thailand's 8%.

Strong potential upside from China market

SPA sealed two franchise agreements (Tianjin and Qingdao) in China in FY17. The first flagship outlet in each province is due to be opened in 2Q18F. In the long term, we see potential upside from SPA's existing and potential new franchise agreements in other major provinces of China, as its "Let's Relax" brand is well-recognised in the country. Furthermore, most spas in China offer traditional Chinese massage therapy vs. SPA's premium Thai spa services.

Revise up forecasts to reflect the recent franchise agreements

Although we revised down FY17F EPS by 3.4% to reflect likely lower-than-expected 4Q17F results, we raise FY18-19F EPS by 1.8-3.4% to reflect earnings contribution from overseas franchises. In line with company guidance, we assume that one new branch will be opened p.a. in Tianjin and Qingdao over FY19-21F and in Cambodia over FY19-20F, resulting in five SPA branches in each location (16 overseas branches) by end-2021F.

Maintain Add

Maintain Add with a higher DCF-based TP of THB23.50 as we expect strong earnings growth and potential upside from China and Cambodia franchises in the long term. Our TP implies 39.6x FY19F P/E (+0.5 s.d. above historical 5-year average of 35x). We think the above-historical average target P/E is justified by our strong EPS CAGR projection of 34% for FY17-19F (above 24% average for the Thai tourism sector). Risks are lower SSSG, slower-than-expected branch expansion and slowdown in Thai tourism industry.

Financial Summary

	Dec-15A	Dec-16A	Dec-17F	Dec-18F	Dec-19F
Revenue (THBm)	533	725	958	1,282	1,617
Operating EBITDA (THBm)	163.5	206.8	278.5	382.8	487.0
Net Profit (THBm)	106.5	141.0	178.9	268.9	338.3
Core EPS (THB)	0.19	0.25	0.31	0.47	0.59
Core EPS Growth	220%	32%	27%	50%	26%
FD Core P/E (x)	110.3	83.3	65.6	43.7	34.7
DPS (THB)	0.10	0.10	0.13	0.19	0.24
Dividend Yield	0.49%	0.49%	0.61%	0.92%	1.15%
EV/EBITDA (x)	71.28	57.02	42.61	30.96	24.19
P/FCFE (x)	181.5	NA	NA	131.5	64.6
Net Gearing	(15.6%)	7.7%	16.8%	12.2%	3.3%
P/BV (x)	21.16	18.38	15.55	12.81	10.49
ROE	20.5%	23.6%	25.7%	32.2%	33.2%
% Change In Core EPS Estimates			(3.43%)	3.36%	1.78%
CIMB/consensus EPS (x)			1.00	0.99	0.95

SOURCE: COMPANY DATA, CGS-CIMB FORECASTS

4Q17F preview: net profit likely hit a new record high

4Q17F results preview

Net profit in 4Q17F likely reached a new record high ➤

We expect 4Q17F sales grew 40% yoy, thanks to: 1) robust same-store sales growth (SSSG) of 12%, and 2) contribution from the 10 new branches that were opened over the last 12 months. In 4Q17, SPA opened three new outlets, comprising: 1) two “Let’s Relax” branches in Chiang Mai and Phuket, and 2) one Baan Suan Massage branch in Bangkok. In our view, the robust sales growth yoy in 4Q17F was likely supported by the low base in 4Q16 (mourning period for the late King and the government’s crackdown on Chinese zero-dollar tours).

We project that gross margin (GPM) normalised at 35% in 4Q17F from 34% in 3Q17 and 29.8% in 4Q16, when SPA faced margin pressure from elevated branch renovation expenses and lower consumer spending (mourning period and government clampdown on cheap Chinese tours).

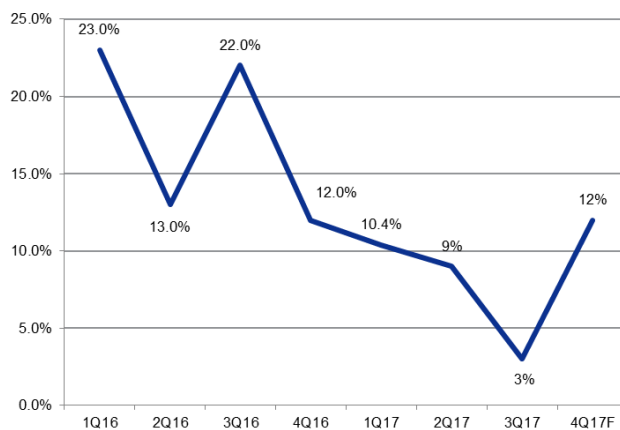
As such, we estimate SPA delivered 42% yoy and 12% qoq growth in 4Q17F core net profit to THB49m, a new record high for quarterly net profit.

Figure 1: 4Q17 results preview

FYE Dec (THB m)	4Q17F	4Q16	%yoy	3Q17	%qoq	FY16	FY17F	%yoy	
			chg		chg		Prev.	Prev.	Comment
Revenue	266	190	40%	243	9%	739	973	32%	Increased due to positive SSSG and expanded branches
Operating costs	189	143	33%	174	9%	485	623	29%	
EBITDA	77	48	60%	70	10%	254	350	38%	
EBITDA margin (%)	29%	25%		29%		34%	36%	0%	
Depn & amort.	20	16	24%	19	3%	144	206	43%	
EBIT	57	32	78%	51	12%	165	219	32%	
Interest expense	2	1	86%	2	-11%	2	6	257%	
Interest & invt inc	0	0	0%	0	0%	0	0	0%	
Exceptionals	0	0	0%	0	0%	0	0	0%	
Pretax profit	59	33	78%	53	11%	164	213	30%	
Tax	-10	0	-4774%	-8	18%	23	34	50%	
Tax rate (%)	17%	1%		16%		14%	16%		
Minority interests	0	0	0%	0	0%	0	0	0%	
Net profit	49	35	42%	44	12%	141	179	27%	
Core net profit	49	35	42%	44	12%	141	179	27%	
EPS (THB)	0.09	0.06	42%	0.08	12%	0.25	0.31	27%	
Core EPS (THB)	0.09	0.06	42%	0.08	12%	0.25	0.31	27%	Increased due to positive SSSG and expanded branches

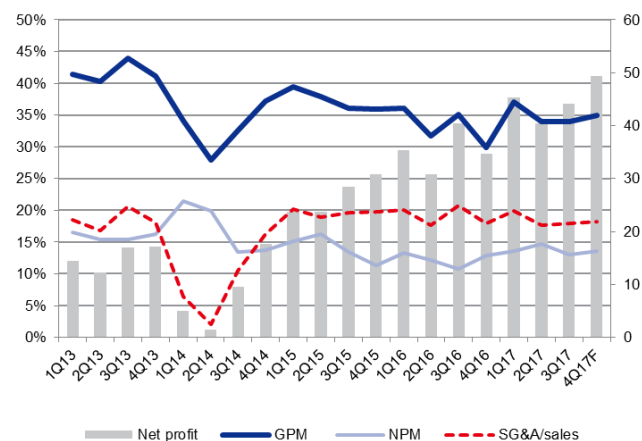
SOURCE: CGS-CIMB RESEARCH, COMPANY

Figure 2: SPA's SSSG (% yoy) by quarter



SOURCE: CGS-CIMB RESEARCH, COMPANY

Figure 3: SPA's profitability by quarter



SOURCE: CGS-CIMB RESEARCH, COMPANY

Thailand's tourism industry is booming

Tourist arrivals to rise 9% in FY18F ➤

We estimate Thailand tourist arrival growth of 9% in 2018F and 10% in 2019F, following the 8.6% growth in 2017 (according to the Ministry of Tourism and Sports). Russian and Chinese tourists are likely to be the key drivers of the Thailand tourism sector in 2018F, in our view.

Given that around 75% of SPA's customers in 9M17 were foreigners, we believe SPA is one of the best proxies for the strong tourism sector in Thailand.

Figure 4: Thailand tourist arrivals (number of visitors)

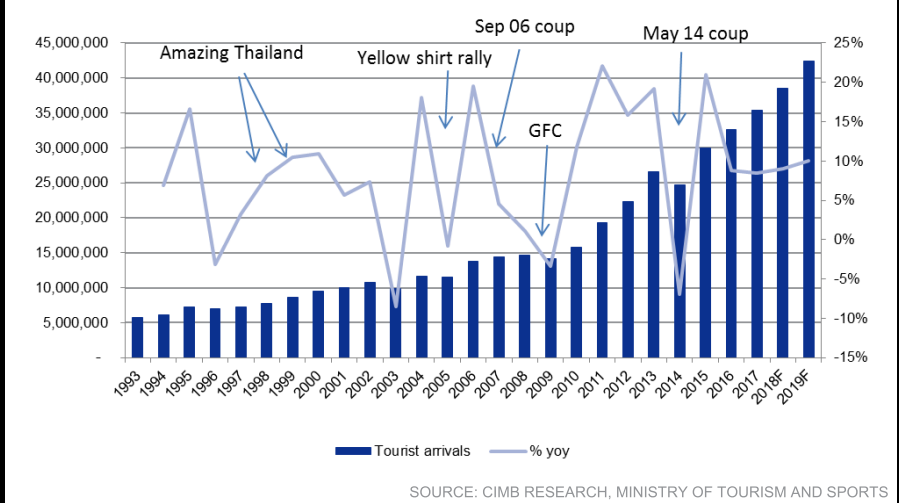


Figure 5: SPA's customer breakdown by nationality (9M17)

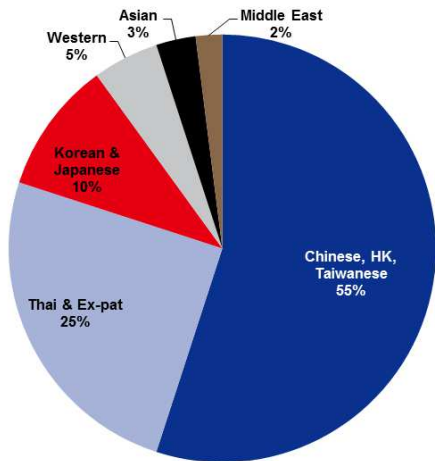


Figure 6: Thailand tourist arrivals breakdown (2017)

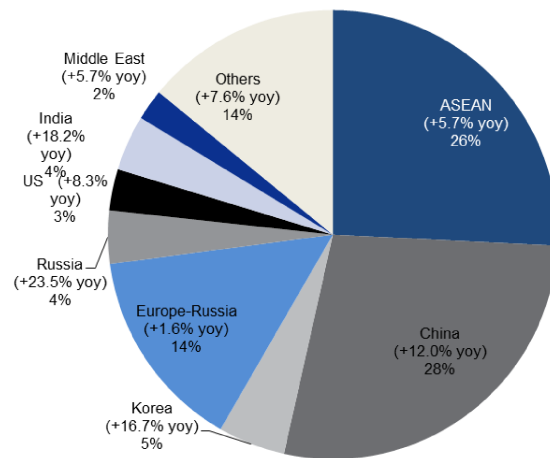
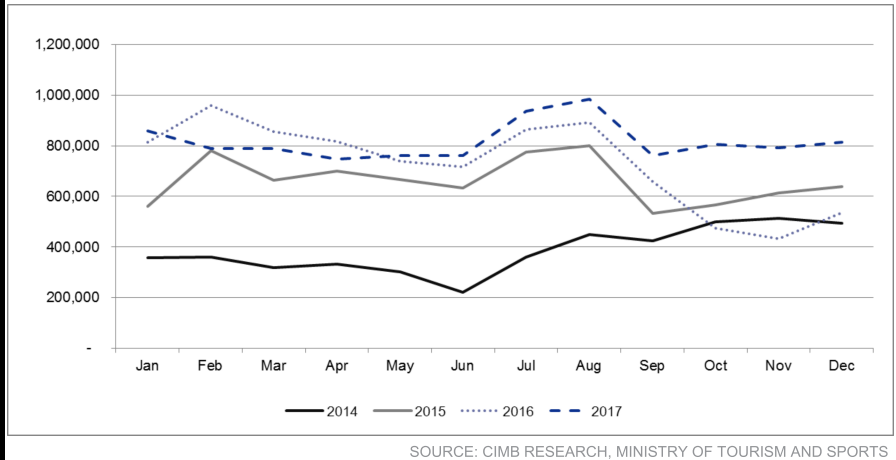


Figure 7: Chinese tourist arrivals in Thailand showed positive growth yoy in May 2017



Becoming a regional spa brand

As of Dec 2017, SPA operated a single branch in Kunming, China through a franchise agreement. In Dec 2017-Jan 2018, it sealed two franchise deals that cover the cities of Tianjin and Qingdao. The first flagship outlets in the two cities are slated for opening by 2Q18F. In addition, SPA announced a franchise agreement in Cambodia and expects to open three branches in the country by 2Q18F.

Although the current earnings contribution from franchise is small as a percentage of group earnings, we see potential upside from SPA’s venture into the China and Cambodia, Laos, Myanmar and Vietnam (CLMV) markets via franchise agreement, JV or greenfield investments in future, given its strong balance sheet and branding.

Management plans to open 4-5 branches in Tianjin and Qingdao by end-2021F, which is in line with our forecast of five branches each in those cities by 2021F.

Figure 8: No. of international branches based on our forecast

	2017F	2018F	2019F	2020F	2021F
China	1	5	7	9	11
Kunming	1	1	1	1	1
Qingdao		2	3	4	5
Tianjin		2	3	4	5
Cambodia		3	4	5	5
Total overseas branches	1	8	11	14	16

SOURCE: CGS-CIMB RESEARCH, COMPANY

Another step into China market >

SPA reported in Jan 2018 that it has entered into a franchise agreement with Qingdao St. Mortiz Health Management Co Ltd (Unlisted) for the usage of the “Let’s Relax” brand in China. The franchisee will be authorised to use the “Let’s Relax” brand in Qingdao province, China for a period of five years, with an option to renew for another five years. The franchisee will pay SPA two types of fee, comprising: 1) a lump-sum franchise fee that is a fixed amount, and 2) a monthly franchise fee that is calculated as a percentage of monthly gross operating revenue. The first “Let’s Relax” outlet in Qingdao is scheduled to open in 2Q18F.

We believe there is significant opportunities for the spa business in Qingdao, as it is one of China’s most important coastal cities and top tourist destinations. Qingdao is well known for its European architecture, attractive coastal landscapes and local folklore that make it an ideal tourist destination for both domestic and international travelers. In the longer term, we are positive on the franchise agreement, as we believe the “Let’s Relax” brand is already well-recognised by the Chinese (55% of SPA’s customers in 9M17 were Chinese).

In summary, we estimate Kunming, Tianjin and Qingdao will have one SPA outlet each by 2Q18F, operated by franchisees. We view this as another step for SPA in its attempt to penetrate the Chinese market. We believe SPA may sign more agreements with local partners in other major provinces in China in the future.

Moving into new market – Cambodia ▶

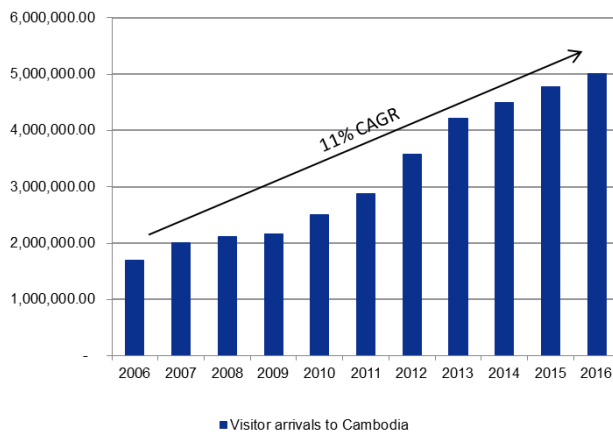
In Jan 2018, SPA announced that it had signed a franchise agreement in Cambodia. The franchisee will be authorised to use the “Let’s Relax” brand in Phnom Penh special administrative region for five years (2018-22F). The franchisee plans to apply the “Let’s Relax” brand to three of its existing branches in Phnom Penh by 2Q18F. Management expects SPA to benefit from the franchisee’s local market expertise and existing customer base, while the franchisee would benefit from SPA’s business know-how and strong branding.

We foresee limited impact on SPA’s earnings from the Cambodian agreement in the short term. However, we view Cambodia as a market with high growth potential that offers significant business opportunities for SPA because of its geographical proximity, similar lifestyle to Thailand and growing tourism industry.

In 2016, the European Council on Tourism and Trade (EECT) chose Cambodia as “World’s Best Tourism Destination” and awarded the country the “Favourite Cultural Destination” distinction. The Cambodian government expects to attract around 7m foreign tourists by 2020F (growth of 9% p.a. in 2017-20F), generating estimated revenue of around US\$5bn in that year.

In 11M17, the highest number of tourist arrivals in Cambodia came from China (22% of total tourist arrivals), followed by Vietnam (14.8%) and South Korea (6.3%). The number of Chinese tourist arrivals in Cambodia rose 28% from 844,164 in 11M16 to 1,077,708 in 11M17. Given that the “Let’s Relax” brand is already well-recognised by Chinese and South Korean tourists, we believe SPA’s entry into the growing Cambodian market presents a good opportunity for the company to expand earnings.

Figure 9: International tourist arrivals in Cambodia (2006-16)



SOURCE: CIMB RESEARCH, MINISTRY OF TOURISM (MOT) CAMBODIA

Figure 10: Cambodia tourist arrivals and % yoy growth, by country of residence (11M17)

	11M17	% of total	11M16	%yoy
Total	4,900,271	100.0%	4,400,178	11.4%
China	1,077,708	22.0%	844,164	27.7%
Vietnam	723,581	14.8%	736,519	-1.8%
Thailand	320,940	6.5%	333,703	-3.8%
South Korea	308,448	6.3%	289,420	6.6%
US	219,295	4.5%	181,504	20.8%
UK	172,724	3.5%	153,202	12.7%
France	156,937	3.2%	128,056	22.6%
Malaysia	152,077	3.1%	152,543	-0.3%
Australia	76,699	1.6%	230,635	-66.7%
Taiwan	43,745	0.9%	46,685	-6.3%

SOURCE: CIMB RESEARCH, MOT CAMBODIA

Valuation and recommendation

Reiterate Add >

Although we trim our FY17F EPS by 3.4% to reflect the likely lower-than-expected 4Q17F results, we revise up FY18-19F EPS by 1.8-3.4% to reflect potential earnings contribution from new branches in China and Cambodia.

We maintain our forecast of 10 new outlets p.a. in Thailand (five standalone “Let’s Relax” spas, three “Let’s Relax” spas in hotels, and two “Baan Suan Massage” outlets) in FY17-19F. This is in line with the company’s guidance of 10 new domestic outlets per year.

For overseas branches, we revise up the number of international branches to reflect the recent franchise agreements in Qingdao and Cambodia.

Figure 11: Earnings revisions

	FY17F			FY18F			FY19F		
	Old	New	%chg	Old	New	%chg	Old	New	%chg
Sales (THBm)	973	958	-1.5%	1,294	1,282	-1.0%	1,629	1,617	-0.7%
Total revenue (THBm)	988	973	-1.5%	1,314	1,321	0.5%	1,644	1,649	0.3%
Net profit (THBm)	185	179	-3.4%	260	269	3.4%	332	338	1.9%
EPS (THB)	0.33	0.31	-3.4%	0.46	0.47	3.4%	0.58	0.59	1.9%
			%pt			%pt			%pt
Revenue growth (%)	34.2%	32.1%	(2.1)	32.9%	33.8%	0.86	25.9%	26.2%	0.3
Gross margins (%)	35.4%	35.0%	(0.4)	36.4%	36.0%	(0.44)	37.3%	37.3%	0.0
SG&A-to-sales (%)	13.7%	13.7%	-	13.2%	13.2%	-	13.0%	13.0%	-
Net margins (%)	19.0%	18.7%	(0.3)	20.1%	21.0%	0.89	20.2%	21.6%	1.4
Key assumption			%pt			%pt			%pt
SSSG %	10.5%	8.5%	(2.0)	12%	12%	-	10%	10%	-
			%chg			%chg			%chg
No. of branches - domestic	40	40	0%	50	43	-14%	60	50	-17%
No. of branches - overseas	1	1	0%	2	8	300%	2	11	450%

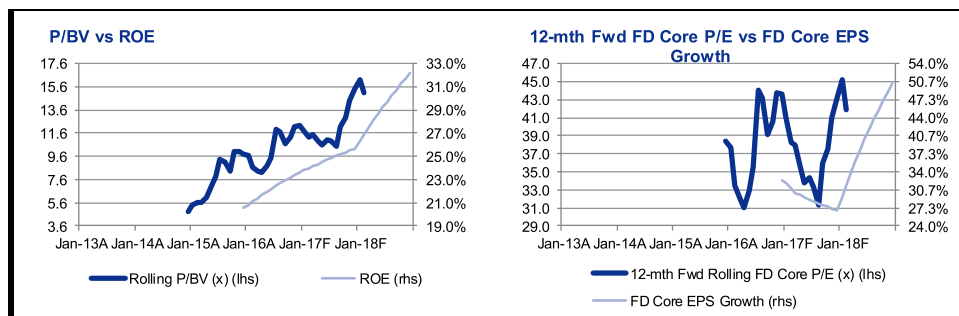
SOURCE: CGS-CIMB RESEARCH, COMPANY

Our target price implies 39.6x FY19F P/E (0.5 s.d. above the historical 5-year average of 35x). We believe the above-historical average target P/E is justified by our strong EPS CAGR projection of 34% for FY17-19F (above the 24% average of the Thailand tourism sector).

Figure 12: Sector comparison

Company	Bloomberg Ticker	Recom.	Price (local curr)	Target Price (local curr)	Market (US\$ m)	P/E (x)			3-year EPS CAGR (%)	P/BV (x)		Recurring		EV/EBITDA		Dividend	
						FY17F	FY18F	FY19F		FY17F	FY18F	FY17F	FY18F	FY17F	FY18F	FY17F	FY18F
Tourism																	
Central Plaza Hotel	CENTEL TB	Add	50	60	2,123	32.4	28.4	24.5	18.2%	5.84	5.23	18.2%	19.2%	15.0	12.8	1.2%	1.4%
Minor International	MINT TB	Add	42.5	52.5	6,173	32.6	27.7	23.5	24.1%	3.97	3.62	13.0%	13.5%	26.9	22.6	0.9%	1.1%
Erawan Group PCL	ERW TB	NR	8.65	NR	680	32.9	37.1	32.6	26.1%	4.09	3.79	9.9%	10.6%	17.0	15.1	0.9%	1.1%
Siam Wellness Group	SPA TB	Add	20.6	23.5	369	65.6	43.7	34.7	34.0%	15.55	12.81	25.7%	32.2%	42.6	31.0	0.6%	0.9%
Tourism Average					9,344	33.2	28.8	24.5	24.2%	4.12	3.97	3.1%	3.6%	22.2	18.8	1.0%	1.1%

SOURCE: CGS-CIMB RESEARCH, COMPANY

BY THE NUMBERS

Profit & Loss

(THBm)	Dec-15A	Dec-16A	Dec-17F	Dec-18F	Dec-19F
Total Net Revenues	533.2	725.2	958.1	1,281.5	1,617.2
Gross Profit	237.3	295.8	409.8	552.0	700.5
Operating EBITDA	163.5	206.8	278.5	382.8	487.0
Depreciation And Amortisation	(39.0)	(55.3)	(74.7)	(91.1)	(104.9)
Operating EBIT	124.5	151.5	203.8	291.7	382.1
Financial Income/(Expense)	(1.2)	(1.6)	(5.6)	(6.8)	(6.2)
Pretax Income/(Loss) from Assoc.	0.0	0.0	0.0	0.0	0.0
Non-Operating Income/(Expense)	10.3	13.9	15.0	39.1	31.6
Profit Before Tax (pre-EI)	133.6	163.8	213.2	324.0	407.5
Exceptional Items					
Pre-tax Profit	133.6	163.8	213.2	324.0	407.5
Taxation	(27.1)	(22.9)	(34.3)	(55.1)	(69.3)
Exceptional Income - post-tax					
Profit After Tax	106.5	141.0	178.9	268.9	338.3
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	106.5	141.0	178.9	268.9	338.3
Recurring Net Profit	106.5	141.0	178.9	268.9	338.3
Fully Diluted Recurring Net Profit	106.5	141.0	178.9	268.9	338.3

Cash Flow

(THBm)	Dec-15A	Dec-16A	Dec-17F	Dec-18F	Dec-19F
EBITDA	163.5	206.8	278.5	382.8	487.0
Cash Flow from Inv. & Assoc.					
Change In Working Capital	(3.8)	20.4	0.4	14.0	14.4
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	116.6	3.2	0.0	0.0	0.0
Net Interest (Paid)/Received	(1.2)	(1.6)	(5.6)	(6.8)	(6.2)
Tax Paid	(27.1)	(22.9)	(34.3)	(55.1)	(69.3)
Cashflow From Operations	248.0	206.0	239.0	335.0	426.0
Capex	(159.5)	(274.2)	(250.0)	(230.0)	(230.0)
Disposals Of FAs/subsidiaries	(41.0)	(16.7)	(18.6)	(16.8)	(13.6)
Acq. Of Subsidiaries/investments	73.8	8.2	(4.1)	2.0	(1.0)
Other Investing Cashflow	(56.5)	6.8	1.7	(0.9)	0.4
Cash Flow From Investing	(183.3)	(275.9)	(271.0)	(245.6)	(244.2)
Debt Raised/(repaid)					
Proceeds From Issue Of Shares	0.0	0.0	0.0	0.0	0.0
Shares Repurchased					
Dividends Paid	(42.8)	(57.0)	(71.6)	(107.6)	(135.3)
Preferred Dividends					
Other Financing Cashflow	(65.7)	99.5	80.2	(20.1)	(10.0)
Cash Flow From Financing	(108.5)	42.5	8.6	(127.7)	(145.3)
Total Cash Generated	(43.8)	(27.4)	(23.3)	(38.4)	36.5
Free Cashflow To Equity	64.7	(69.9)	(31.9)	89.3	181.8
Free Cashflow To Firm	65.9	(68.3)	(26.3)	96.1	188.0

SOURCE: CGS-CIMB RESEARCH, COMPANY DATA

BY THE NUMBERS... cont'd
Balance Sheet

(THBm)	Dec-15A	Dec-16A	Dec-17F	Dec-18F	Dec-19F
Total Cash And Equivalents	86.5	50.9	52.8	47.8	113.1
Total Debtors	4.1	8.6	8.4	11.2	14.2
Inventories	13.8	20.2	19.5	26.0	32.6
Total Other Current Assets	9.2	8.4	11.0	14.8	18.6
Total Current Assets	113.6	88.1	91.8	99.8	178.6
Fixed Assets	480.0	698.9	893.6	1,048.9	1,187.8
Total Investments	0.0	0.0	0.0	0.0	0.0
Intangible Assets	25.4	28.1	26.7	27.4	27.1
Total Other Non-Current Assets	36.0	50.0	50.5	50.2	50.4
Total Non-current Assets	541.4	777.0	970.8	1,126.5	1,265.2
Short-term Debt	0.0	0.0	0.0	0.0	0.0
Current Portion of Long-Term Debt	0.0	20.0	20.0	10.0	10.0
Total Creditors	39.1	70.4	69.9	93.0	116.9
Other Current Liabilities	36.3	30.0	31.7	31.1	31.7
Total Current Liabilities	75.4	120.4	121.7	134.1	158.6
Total Long-term Debt	0.0	80.0	160.0	150.0	140.0
Hybrid Debt - Debt Component	0.0	0.0	0.0	0.0	0.0
Total Other Non-Current Liabilities	10.9	11.4	10.9	11.1	11.0
Total Non-current Liabilities	10.9	91.4	170.9	161.1	151.0
Total Provisions	13.8	14.4	15.0	14.7	14.9
Total Liabilities	100.1	226.2	307.6	309.9	324.4
Shareholders' Equity	554.9	638.9	755.0	916.4	1,119.3
Minority Interests					
Total Equity	554.9	638.9	755.0	916.4	1,119.3

Key Ratios

	Dec-15A	Dec-16A	Dec-17F	Dec-18F	Dec-19F
Revenue Growth	57.6%	36.0%	32.1%	33.8%	26.2%
Operating EBITDA Growth	139%	26%	35%	37%	27%
Operating EBITDA Margin	30.7%	28.5%	29.1%	29.9%	30.1%
Net Cash Per Share (THB)	0.15	-0.09	-0.22	-0.20	-0.06
BVPS (THB)	0.97	1.12	1.32	1.61	1.96
Gross Interest Cover	106.2	96.7	36.4	42.9	61.6
Effective Tax Rate	20.3%	14.0%	16.1%	17.0%	17.0%
Net Dividend Payout Ratio	40.1%	40.4%	40.0%	40.0%	40.0%
Accounts Receivables Days	4.29	3.20	3.24	2.79	2.86
Inventory Days	13.14	14.51	13.23	11.39	11.67
Accounts Payables Days	49.40	46.68	46.70	40.77	41.80
ROIC (%)	28.1%	26.4%	24.0%	26.7%	30.1%
ROCE (%)	22.3%	22.9%	23.9%	28.6%	32.2%
Return On Average Assets	17.1%	18.7%	19.0%	24.0%	25.7%

Key Drivers

(THBm)	Dec-15A	Dec-16A	Dec-17F	Dec-18F	Dec-19F
No. of stores (Thailand)	21	30	40	50	60
No. of stores (Overseas)	-	1	1	8	11
SSSG (%)	46.0%	28.0%	8.5%	12.0%	10.0%
GPM (%)	37.2%	33.2%	35.0%	36.0%	36.8%
NPM (%)	20.0%	19.4%	18.7%	21.0%	20.9%

SOURCE: CGS-CIMB RESEARCH, COMPANY DATA

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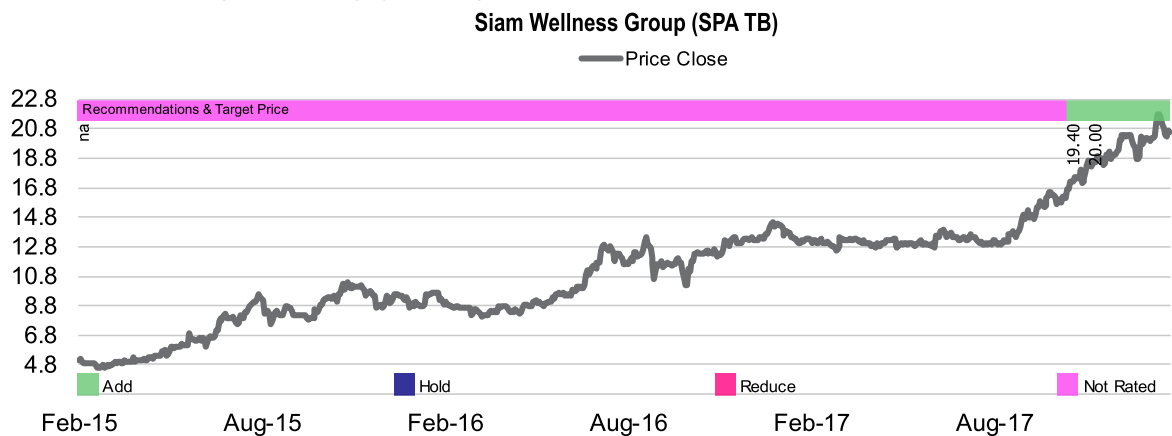
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Reduce	9.0%	0.7%

Spitzer Chart for stock being researched (2 year data)



Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2017, Anti-Corruption 2017

AAV – Very Good, n/a, **ADVANC** – Excellent, Certified, **AEONTS** – Good, n/a, **AMATA** – Very Good, n/a, **ANAN** – Excellent, n/a, **AOT** – Excellent, Declared, **AP** – Excellent, Declared, **ASK** – Very Good, Declared, **ASP** – Very Good, Certified, **BANPU** – Excellent, Certified, **BAY** – Excellent, Certified, **BBL** – Very Good, Certified, **BCH** – Good, Declared, **BGP** – Excellent, Certified, **BPCG** – Very Good, n/a, **BEM** – Very Good, n/a, **BDMS** – Very Good, n/a, **BEAUTY** – Good, n/a, **BEC** – Very Good, n/a, **BGRIM** – not available, n/a, **BH** – Good, n/a, **BJC** – Very Good, Declared, **BJCHI** – Very Good, Declared, **BLA** – Very Good, Certified, **BPP** – Good, n/a, **BR** – Good, Declared, **BTS** – Excellent, Certified, **CBG** – Good, n/a, **CCET** – Good, n/a, **CENTEL** – Very Good, Certified, **CHG** – Very Good, Declared, **CK** – Excellent, n/a, **COL** – Very Good, Declared, **CPALL** – not available, Declared, **CPF** – Excellent, Declared, **CPN** – Excellent, Certified, **DELTA** – Excellent, n/a, **DEMCO** – Excellent, Certified, **DIF** – not available, n/a, **DTAC** – Excellent, Certified, **EA** – Very Good, n/a, **ECL** – Very Good, Certified, **EGCO** – Excellent, Certified, **EPG** – Very Good, n/a, **GFPT** – Excellent, Declared, **GGC** – not available, Declared, **GLOBAL** – Very Good, Declared, **GLOW** – Very Good, Certified, **GPSC** – Excellent, Declared, **GRAMMY** – Excellent, n/a, **GUNKUL** – Excellent, Declared, **HANA** – Excellent, Certified, **HMPRO** – Excellent, Certified, **ICHI** – Excellent, n/a, **III** – not available, n/a, **INTUCH** – Excellent, Certified, **IRPC** – Excellent, Certified, **ITD** – Very Good, n/a, **IVL** – Excellent, Certified, **JAS** – not available, Declared, **JASIF** – not available, n/a, **JUBILE** – Good, Declared, **KAMART** – not available, n/a, **KBANK** – Excellent, Certified, **KCE** – Excellent, Certified, **KGI** – Very Good, Certified, **KKP** – Excellent, Certified, **KSL** – Very Good, Certified, **KTB** – Excellent, Certified, **KTC** – Excellent, Certified, **LH** – Very Good, n/a, **LPN** – Excellent, Certified, **M** – Very Good, n/a, **MACO** – Very Good, n/a, **MAJOR** – Very Good, n/a, **MAKRO** – Very Good, Declared, **MALEE** – Very Good, n/a, **MBKET** – Very Good, Certified, **MC** – Very Good, Declared, **MCOT** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** – Excellent, Certified, **MTLS** – Very Good, Declared, **NYT** – Excellent, n/a, **OISHI** – Very Good, n/a, **PLANB** – Excellent, Declared, **PLAT** – Very Good, Certified, **PSH** – Excellent, Certified, **PSL** – Excellent, Certified, **PTT** – Excellent, Certified, **PTTEP** – Excellent, Certified, **PTTGC** – Excellent, Certified, **QH** – Excellent, Certified, **RATCH** – Excellent, Certified, **ROBINS** – Excellent, Certified, **RS** – Very Good, n/a, **SAMART** – Excellent, n/a, **SAPPE** – Good, n/a, **SAT** – Excellent, Certified, **SAWAD** – Very Good, n/a, **SC** – Excellent, Declared, **SCB** – Excellent, Certified, **SCBLIF** – not available, n/a, **SCC** – Excellent, Certified, **SCN** – Very Good, Declared, **SCCC** – Excellent, Declared, **SIM** – Excellent, n/a, **SIRI** – Very Good, Declared, **SPA** – Good, n/a, **SPALI** – Excellent, n/a, **SPRC** – Excellent, Declared, **STA** – Very Good, Declared, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **TASCO** – Very Good, n/a, **TCAP** – Excellent, Certified, **THAI** – Very Good, n/a, **THANI** – Very Good, Certified, **THCOM** – Excellent, Certified, **THRE** – Very Good, Certified, **THREL** – Excellent, Certified, **TICON** – Very Good, Declared, **TIPCO** – Very Good, Certified, **TISCO** – Excellent, Certified, **TK** – Very Good, n/a, **TKN** – Very Good, Declared, **TMB** – Excellent, Certified, **TNR** – Good, n/a, **TOP** – Excellent, Certified, **TPCH** – Good, n/a, **TPIPP** – not available, n/a, **TRUE** – Excellent, Declared, **TTW** – Very Good, n/a, **TU** – Excellent, Declared, **TVO** – Excellent, Declared, **UNIQ** – not available, Declared, **VGI** – Excellent, Declared, **WHA** – not available, Declared, **WHART** – not available, n/a, **WORK** – not available, n/a.

Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of October 28, 2016) are categorized into:

- Companies that have declared their intention to join CAC, and
- Companies certified by CAC

Recommendation Framework	
Stock Ratings	Definition:
Add	The stock's total return is expected to exceed 10% over the next 12 months.
Hold	The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
Reduce	The stock's total return is expected to fall below 0% or more over the next 12 months.
<i>The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.</i>	
Sector Ratings	Definition:
Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.
Country Ratings	Definition:
Overweight	An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
Neutral	A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
Underweight	An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.