

BUY (Maintain)
TP upside (downside) +38.1%
Close Feb 21, 2025

Price	5.65
12M Target	7.80

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ID 129319

Yuanta ESG Rating	A
Bloomberg code	SPA TB
Market cap (THBmn)	7,246.12
Corporate Gov.Rating	-
6M avg. daily turnover (THBmn)	28.63
Outstanding shares (mn)	1,282.50
Free float (%)	57.74%
Major shareholders (%)	
MR. WIBOON UTSAHAJIT	11.27
MR. PRASERT JIRAVANSTIT	9.72
MRS. PRANEE SUPHAWATANAKIAT	8.01

Financial outlook (THBmn)

Year to Dec	2023A	2024A	2025F	2026F
Revenue	1,446	1,629	1,976	2,195
EBITDA	601	657	781	890
Core Profit	262	309	373	439
Net Profit	332	309	373	439
Core EPS	0.31	0.24	0.29	0.34
Core EPS Growth (%)	n.a.	(21.5)	20.6	17.8
DPS	0.01	0.10	0.12	0.14
Core P/E (x)	18.4	23.4	19.4	16.5
P/BV	5.4	6.3	5.1	4.2
Div Yield (%)	0.2	1.8	2.1	2.4
Net gearing (%)	Net cash	9.6	Net cash	Net cash
ROE (%)	45.2	30.0	28.9	27.8

Source: Company, Yuanta Research

Valuation Methodology

P/E: 27x (-1.5SD to its five-year pre-Covid-19 average).

Siam Wellness Group (SPA TB)

Norm profit rose YoY as expected in 4Q24

Earnings results

- ▶ SPA posted 4Q24 normalized (norm) profit at THB92mn (US\$2.7mn), a seasonal gain of 12% QoQ. Meanwhile, on a YoY comparison, a net increase of eight branches resulted in sufficient operating profit growth to offset tax payments at normal rates. As a result, norm profit soared 14% YoY.
- ▶ Norm profit in 4Q24 was close to our and Street expectations. Although revenue missed our estimate, exercising tax privileges due to losses during the Covid-19 period helped to bring its profit in line with our expectation.
- ▶ Spa service revenue was THB398mn (-0.1% QoQ, +11% YoY), up YoY in step with tourism growth. International tourist arrivals in 4Q24 rose +10% QoQ and +17% YoY, which drove its U-rate up to 82%. Additionally, branch numbers increased by eight stores compared to the result in 4Q23. Hence, at end 2024, there were a total of 80 branches. Revenue stabilized QoQ in spite of high season as many branches in Chiang Mai were closed as a result of floods early in the quarter.
- ▶ Product sales revenue was THB31mn (+17% QoQ, +17% YoY).
- ▶ GPM stood at 33.4% (+61bps QoQ, +216bps YoY), nearing our estimate and improving YoY on greater economies of scale alongside revenue growth.
- ▶ SG&A expenses registered THB47mn (+0.3% QoQ, +17% YoY), picking up YoY in tandem with revenue growth and branch expansion.
- ▶ In 2024, norm profit landed at THB309mn (+18% YoY), close to our projection.
- ▶ SPA declared a 2024 DPS of THB0.10, implying a dividend yield of 1.8%, which will have its XD on April 23.

Our take

- ▶ In 1Q25, we project norm profit will advance QoQ and YoY due to the ongoing high season and the full-quarter recognition of positive outcomes from the aggressive branch expansion in 2H24.
- ▶ For 2025 growth, we project norm profit of THB373mn (+21% YoY) and expect revenue of THB2.0bn (+20% YoY), close to the company's target. Revenue growth will be fueled by 1) an expected rise in international arrivals in 2025 to 39mn (+10% YoY); and 2) the opening of an additional six branches, some of which will expectedly be owned by it and some managed by it for hotels. The latter option will require small capital and result in a shorter payback period for its EBITDA than the former option.
- ▶ We retain our BUY rating but cut our TP to THB7.80 (US\$0.23), which offers a generous upside of +38.1% and is based on a trimmed P/E Multiple from 34x to 27x, which is -1.5SD to its historical five-normal-year average, to price in heightened risk and volatility in the market.
- ▶ Currently, SPA trades at a P/E in 2025 of 19x, below -2SD to its pre-Covid-19 average. As earnings soared YoY again in 4Q24, and are inclined to jump YoY steadily in 2025, its share price may rebound.

Risk

- ▶ Key risks are: potentially below-estimate tourist arrivals, especially foreigners; Covid-19 resurgence; and global recession.

Figure 1: Quarterly earnings results

Unit: (THB mn)	4Q24	3Q24	% QoQ	4Q23	% YoY	2024	2023	% YoY
Core revenue	429	425	1.0%	386	11.1%	1,629	1,446	12.7%
Cost of goods sold	(286)	(286)	0.0%	(265)	7.6%	(1,101)	(1,010)	9.0%
Gross Profit	143	139	2.8%	120	18.8%	528	436	21.1%
SG&A	(47)	(47)	0.3%	(41)	16.7%	(171)	(139)	23.3%
Operating Profit	95	92	4.2%	80	19.9%	357	297	20.1%
D&A	57	67	-15.1%	65	-12.7%	256	276	-7.1%
Operating EBITDA	152	159	-4.0%	145	5.2%	613	573	7.0%
Other incomes (expenses)	12	18	-32.9%	14	-16.5%	44	27	61.4%
Finance cost	(8)	(8)	0.2%	(9)	-9.8%	(32)	(46)	-31.4%
Pre-tax Profit	99	101	-2.0%	85	16.9%	369	278	32.7%
Income tax	(8)	(20)	-61.7%	56	n.a.	(60)	55	n.a.
Minority Interest	(0)	(0)	-40.5%	(0)	133.3%	(0)	(0)	53.7%
Net Profit	92	82	12.4%	140	-34.4%	309	332	-7.0%
Extra	-	-	n.a.	59	n.a.	-	70	n.a.
Core Profit	92	82	12.4%	81	13.7%	309	262	17.8%
Core EPS (Bt)	0.07	0.06	12.4%	0.06	13.7%	0.24	0.31	-21.5%
Margins (%)			Dif QoQ		Dif YoY			Dif YoY
Gross profit margin	33.4	32.7	0.61	31.2	2.16	32.4	30.2	2.26
Operating margin	22.3	21.6	0.68	20.6	1.63	21.9	20.6	1.36
EBITDA margin	35.6	37.4	(1.82)	37.5	(1.98)	37.7	39.6	(1.99)
Core profit margin	21.4	19.2	2.18	20.9	0.50	19.0	18.1	0.83




Source: Company, Yuanta Research

Figure 2: Actual results versus Yuanta estimates






Unit: (THB mn)	Actual	Yuanta Estimate	Actual vs Estimate
Core revenue	429	463	-7.4%
Cost of goods sold	(286)	(308)	-7.3%
Gross Profit	143	155	-7.5%
SG&A	(47)	(49)	-3.2%
Operating Profit	95	106	-9.5%
D&A	57	67	-15.0%
Operating EBITDA	152	173	-11.7%
Other incomes (expenses)	12	15	-21.3%
Finance cost	(8)	(8)	0.2%
Pre-tax Profit	99	113	-11.8%
Income tax	(8)	(22)	-65.9%
Minority Interest	(0)	0	n.a.
Net Profit	92	91	1.4%
Extra	-	-	n.a.
Core Profit	92	91	1.4%
Core EPS (Bt)	0.07	0.07	1.4%
Margins (%)			
Gross profit margin	33.4	33.4	(0.05)
Operating margin	22.3	22.8	(0.53)
EBITDA margin	35.6	37.3	(1.73)
Core profit margin	21.4	19.6	1.85

Source: Company, Yuanta Research

Corporate Governance Report Rating (CG Score) (As of 28 October 2024)

															
AAV	ASK	BLA	CPALL	EGCO	HARN	JTS	MAJOR	NSL	PPP	S&J	SELIC	SPI	TEGH	TNL	TVDH
ABM	ASP	BPP	CPAXT	EPG	HENG	K	MALEE	NTSC	PPS	SA	SENA	SPRC	TFG	TOA	TVO
ACE	ASW	BR	CPF	ERW	HMPRO	KBANK	MBK	NVD	PR9	SAAM	SENX	SR	TFMAMA	TOG	TVT
ACG	AURA	BRI	CPL	ETC	HPT	KCC	MC	NWR	PRG	SABINA	SGC	SSC	TGE	TOP	TWPC
ADVANC	AWC	BRR	CPN	ETE	HTC	KCE	M-CHAI	NYT	PRIME	SAK	SGF	SSF	TGH	TPAC	UAC
AE	B	BSRC	CPW	FLOYD	ICC	KCG	MCOT	OCC	PRM	SAMART	SGP	SSP	THANA	TPBI	UBE
AF	BAFS	BTG	CRC	FN	ICHI	KEX	MFC	OR	PRTR	SAMTEL	SHR	SSSC	THANI	TIPL	UBIS
AGE	BAM	BTS	CRD	FPI	III	KKP	MFEC	ORI	PSH	SAT	SICT	STA	THCOM	TIPIP	UKEM
AH	BANPU	BTW	CREDIT	FPT	ILINK	KSL	MINT	OSP	PSL	SAV	SIRI	STECON	THG	TPS	UPF
AIT	BAY	BWG	CSC	FVC	ILM	KTB	MODERN	PAP	PTT	SAWAD	SIS	STGT	THIP	TQM	UPOIC
AJ	BBGI	CBG	CV	GABLE	IND	KTC	MONO	PB	PTTEP	SC	SITHAI	STI	THRE	TQR	UV
AKP	BBL	CENTEL	DCC	GC	INET	KTMS	MOONG	PCC	PTTGC	SCAP	SJWD	SUC	THREL	TRP	VARO
AKR	BCH	CFRESH	DDD	GCAP	INSET	KUMWEL	MOSHI	PCSGH	Q-CON	SCB	SKE	SUN	TIPH	TRUBB	VGI
ALLA	BCP	CHASE	DELTA	GFC	INTUCH	LALIN	MSC	PDJ	QH	SCC	SKR	SUTHA	TISCO	TRUE	VIH
ALT	BCPG	CHEWA	DEMCO	GFPT	IP	LANNA	MST	PEER	QTC	SCCC	SM	SVI	TK	TRV	WACOAL
AMA	BDMS	CHOW	DITTO	GGC	IRC	LH	MTC	PG	RATCH	SCG	SMPC	SYMC	TKS	TSC	WGE
AMARIN	BEC	CIMBT	DMT	GLAND	IRPC	LHFG	MTI	PHOL	RBF	SCGD	SNC	SYNEX	TKT	TSTE	WHA
AMATA	BEM	CIVIL	DOHOME	GLOBAL	IT	LIT	MVP	PIMO	RPC	SCGP	SNNP	SYNTEC	TLI	TSTH	WHAUP
AMATAV	BEYOND	CK	DRT	GPSC	ITC	LOXLEY	NCH	PLANB	RPH	SCM	SNP	TASCO	TM	TTA	WICE
ANAN	BGC	CKP	DUSIT	GRAMMY	ITEL	LPN	NER	PLAT	RS	SCN	SO	TBN	TMILL	TTB	WINMED
AOT	BGRIM	CNT	EASTW	GULF	ITTHI	LRH	NKI	PLUS	RT	SDC	SONIC	TCAP	TMT	TTCL	WINNER
AP	BJC	COLOR	ECF	GUNKUL	IVL	LST	NOBLE	PM	RWI	SEAFCO	SPALI	TCMC	TNDT	TTW	ZEN
ASIMAR	BKIH	COM7	ECL	HANA	JAS	M	NRF	PORT	S	SEAOIL	SPC	TEAMG	TNITY	TU	
															
2S	APURE	BBIK	CH	DTCENT	GIFT	KGI	MEGA	PATO	PSP	SAPPE	STANLY	TCC	TPCH	UP	
AAI	ARIP	BC	CI	EVER	GPI	KJL	METCO	PDG	PSTC	SECURE	STPI	TEKA	TPCS	UREKA	
ADB	ARROW	BE8	CIG	FE	HUMAN	KTIS	MICRO	PJW	PT	SFLEX	SUPER	TFM	TPLAS	VCOM	
AEONTS	ASIAN	BH	CM	FORTH	IFS	KUN	NC	POLY	PTECH	SFT	SUSCO	TITLE	TPOLY	VIBHA	
AHC	ATP30	BIZ	COCOCO	FSMART	INSURE	L&E	NCAP	PQS	PYLON	SINO	SVOA	TKN	TRT	VRANDA	
AIRA	AUCT	BOL	COMAN	FSX	JCK	LHK	NCL	PREB	QLT	SMT	SVT	TMD	TURTLE	WARRIX	
APCO	AYUD	BSBM	CPI	FTI	JDF	MATCH	NDR	PROUD	RABBIT	SPCG	TACC	TNR	TVH	WIN	
APCS	BA	BTC	CSS	GEL	JMART	MBAX	ONEE	PSG	RCL	SPVI	TAE	TPA	UBA	WP	
															
A5	ASIA	CEN	CPANEL	EFORL	GYT	JPARK	KK	MK	PHG	READY	SE-ED	SPG	TC	UOBKH	ZAA
ADD	ASN	CGH	CSP	EKH	ICN	JR	KWC	NAM	PIN	ROCTEC	SINGER	SST	TFI	VL	
AIE	BIG	CHARAN	DEXON	ESTAR	IIG	JSP	LDC	NOVA	PRAPAT	SABUY	SISB	STC	TMC	WAVE	
ALUCON	BIOTEC	CHAYO	DOD	ETL	IMH	JUBILE	LEO	NTV	PRI	SALEE	SKN	STOWER	TMI	WFX	
AMC	BIS	CHIC	DPAIN	FNS	IRCP	KBS	MCA	NV	PRIN	SAMCO	SKY	STP	TNP	WIK	
AMR	BJCHI	CHOTI	DV8	GBX	J	KCAR	META	OGC	PROEN	SANKO	SMD	SVR	TOPP	XO	
ARIN	BLC	CITY	EASON	GENCO	JCKH	KIAT	MGC	PACO	PROS	SCI	SMIT	SWC	TRU	XPG	
ASEFA	BVG	CMC	EE	GTB	JMT	KISS	MITSIB	PANEL	PTC	SE	SORKON	TAKUNI	UEC	YUASA	

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Score	Rang Number of Logo	Description
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80 - 89		Very Good
70 - 79		Good
60 - 69		Satisfactory
50 - 59		Pass
Less than 50	No logo given	N/A

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- (1) (BUY) Return may exceed 15% over the next 12 months (including dividends)
- (2) (TRADING) Return may range between -10% to +15% over the next 3 months (including dividends)
- (3) (SELL) Return may be lower than -10% over the next 12 months (including dividends)
- (4) (Not Rated) Stock is not within research coverage

Opinions or recommendations contained herein are in the form of technical ratings and fundamental ratings. Fundamental ratings may differ from technical ratings. Investors are advised to review the information in this report carefully before making investment decisions

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Khaemmachart Jermthong	Support			
Thanavich Onsomkij	Support			