



บริษัท สยามเวลเนสกรุ๊ป จำกัด (มหาชน) ทะเบียนเลขที่ 0107557000144  
483 ซอยสุทธิพร ถนนประชาสงเคราะห์ แขวงดินแดง เขตดินแดง กรุงเทพฯ 10400  
SIAM WELLNESS GROUP PUBLIC COMPANY LIMITED  
483 Soi Suthiporn, Prachasongkroh Road, DinDaeng, Bangkok 10400 THAILAND  
Tel: +662 641 6619 Fax: +662 641 6621  
www.siamwellnessgroup.com

SWG 046/2558

November 9, 2015

**Subject:** Management Discussion and Analysis of Siam Wellness Group Public Company Limited for the third quarter and 9 months period, ended of 30 September 2015 and to explain the causes of performance that is changed more than 20% from the same period last year.

**To:** President,

The Stock Exchange of Thailand

SIAM WELLNESS GROUP PUBLIC COMPANY LIMITED ("The Company") would like to give details of the Management Discussion and Analysis of the financial statements of the Company and subsidiaries for the third quarter ("3Q15") and 9 months period ("9M15"), ended of 30 September 2015 and to explicate the causes of performance that has changed more than 20% from the same period last year. The Company and subsidiaries have the total revenue of 144.52 million baht, an increase of 54.70 million baht from the same period last year (or an increase of 60.90%). The net profit is 28.44 million baht, an increase of 18.98 million baht from the same period last year (or an increase of 200.63%). Net profit is accounted as 20.32% of sales and services' revenue. The political unrest situation in 2014 affects the performance of the first 3 quarters of 2014, yet the situation improves in the fourth quarter. This results in the Company's Actual Performance for 2014 to be lower than the Company's anticipated target. The stable political environment continues in the first 9 months of this year, which results in significant increase in revenue as a result of branch expansion between 4Q14 and 3Q15. As of 9M15, the Company has a total of 19 branches, an increase of 7 branches from the same period last year. This is explained in details below.

## Revenue

The Company and subsidiaries have the total revenue of 144.52 million baht, an increase of 54.70 million baht from the same period last year (or an increase of 60.90%). The main source of revenue is from the spa business, which contributes 83.77% of total revenue. The revenue growth is mainly from the organic growth (branch expansion) with the total of 3 new branches, which are RarinJinda Wellness Spa Ploenchit, Let's Relax Ekkamai and Let's Relax Thapae, as well as the rebranded the RarinJinda Wellness Spa Phuket to Let's Relax Patong 3<sup>rd</sup> Street and expanded service area in Let's Relax Siam Square One which satisfy customer's requirement. In addition, in August, the Company acquired Baan Suan Massage, which has total of 4 branches located in Nonthaburi, Ramintra and Ramkamhaeng and Charoennakorn area. Although there was a bomb in the middle of Ratchaprasong Junction in the middle of August 2015, which has affected the mentality of the foreign travelers, the Company can still have a revenue growth compared to the same period last year. In terms of the Hotel and Restaurant business, the Company expanded one branch in Chiang Mai under the name "D Bistro" in Chiang Mai Walking Street. The overall growth of revenue of hotel and restaurant business is mainly from the increase in numbers of Chinese Tourists and an increase in direct flight to Chiang Mai. In terms of the Spa product business, the main revenue is from the sale through the spa's branches. This still has revenue growth from expansion stores and same store sales growth.

## Cost of Sales and Services

In the 3Q15, the Company and subsidiaries had the cost of sales and services of 89.43million baht, accounting for to 61.88% of sales and services'revenue. This is an increase of 29.44 million baht from the same quarter of the previous year (or an increase of 49.07%). The increase is a reflection of the increase in revenue. The main variable cost of sales and services are therapist cost and the main fixed cost of sales and services are the rental and service cost and the depreciation cost.

### Selling and Administrative Expenses

In the 3Q15, the Company and subsidiaries had the selling and administrative expenses of 18.78 million baht, accounted to 12.99% of the revenue from sales and services. This is an increase of 2.18 million baht from the same period last year (or an increase of 13.13%). The main selling and administrative expense is the labor cost and cost associated with sales (Credit Card Fees). For the 9M15, there was increase of only 2.58 million baht or an increase of 4.83%. Moreover, the Company has extra expenses related to the M&A such as appraisal fees and legal fees.

### Net Profit

In the 3Q15, the Company and subsidiaries had the net profit of 28.44 million baht or accounted 20.32% of the revenue from sales and services. The net profit of the Company and subsidiaries increased 18.98 million baht (or an increase of 200.63%) compared to the same period last year. This is the result from the increase in revenue from sales and services of the new branches located in Bangkok and the provinces as well as from the new Baan Suan Massage branches (M&A in August 2015). The overall tourism situation in 2015 is better than in 2014, which were affected by the political unrest. The overall revenue increases significantly compared to the same period last year. Although, the cost of sales and services and selling and administrative expenses increased, the increase is partly from the increase in variable costs related to the increase in sales and from other expenses related to the branch expansion and staff. Thus, costs increased by less than the growth rate of revenue resulting in an increase in net profit of the Company and subsidiaries.

Please be informed accordingly,

Yours sincerely,



*Wiboon Utsahajit / Prasert Jiravanstit*  
 Wiboon Utsahajit / Prasert Jiravanstit

(Mr.Wiboon Utsahajit / Mr.Prasert Jiravanstit)

Siam Wellness Group Public Co.,Ltd