

01 January 2025

## Company Note

Rating

**BUY**

(Unchanged)

Company

# Siam Wellness Group

Bloomberg SET Exchange Sector  
SPA TB SPA SET Tourism & Leisure

## Core earnings poised to hit another record high

**12mth price target (THB) 10.50**

Current price (30/12/2024)	6.75
Upside/Downside	55.56%
CG rating	na.
ESG rating	n/a
Thai CAC	n/a

### Share summary

Issue shares :	(m shrs)	1,282
Market capitalization:	(THB bn)	8.7
	(USDbn)	na.
Avg. Daily Turnover:	(THBm)	25
	(USDm)	na.
Foreign Limit/Actual	(%)	49/10
Free Float:	(%)	57
NVDR:	(%)	2

### Share price / rel. to SET



Source: Bloomberg Finance LP

Performance (%)	1m	3m	12m
SPA	-6.2	-6.9	-41.8
SET	-1.9	-3.4	na.

### Major Shareholders

	%
Mr.Wiboon Utsahajit	11.27
Mr.Prasert Jiravanstit	9.72
Mrs.Pranee Suphawanakiat	8.01

Source: SET

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### Strong earnings momentum to continue through 2025F

We project SPA's core profit for 4Q24F at Bt95m (+15% YoY, 9% QoQ), another record quarterly high, as foreign tourist arrivals hit their stride in the peak season. The company opened one new branch during the quarter and was supported by full recognition of the six branches opened in 3Q24. Net profit should fall 32% YoY due to the huge Bt55m tax benefit recognized in 4Q23. Note that we expect other income to fall to a normal level of Bt10m from Bt18m in 3Q24 when there was recognition of an expired service voucher.

### 4Q24F core profit projected at Bt95m, up 15% QoQ as sales peak

We expect revenue to climb 14% QoQ to Bt484m in 4Q, backed by a strong staff u-rate of 80-85%. Performance should be supported by a new branch openings (bringing total to 78 branches): Let's Relax Charoen Nakhon (opposite Icon Siam) on 29 Nov (over 1,000 sqm compared to typical branch size of 500-600 sqm). Support should also come from steady inflows of Chinese, EU, India, and Middle-East tourists. Hence, GPM should stay high at 32.9% vs. 32.7% in 3Q24. With OPEX to remain low at 10.5% to sales, EBIT should increase by 5% QoQ to Bt120m.

### We expect 1Q25F to remain strong with 2025F earnings to grow 15% YoY

Earnings are expected to reach a record high in 1Q25F on the back of i) strong tailwinds from tourist arrivals (TAT currently projects 2025 tourist arrivals at 39-40m, up 10% from 2024F; while specifically targeting Chinese tourist growth of 29% YoY to 9m, ii) 6 additional branches, and iii) some price adjustments in selected categories. We project an upbeat 15% YoY earnings growth for 2025F to Bt360m.

### We base our TP on DCF

We maintain our BUY rating with a TP of Bt10.5. Our TP is based on the DCF method (WACC of 7.4% with terminal growth of 2.5%). Key risks include: i) fewer tourist arrivals, ii) political disruptions, and iii) tourism-impacting events.

### Forecasts and ratios

Year Ended December 31	2022	2023	2024E	2025E	2026E
Sales (THBm)	711	1,446	1,685	1,877	2,081
EBITDA (THBm)	275	581	703	706	727
Net profit (THBm)	-88	332	314	361	403
Net Profit (% chg from prev)	nm. %	nm. %	nm. %	nm. %	nm. %
EPS (THB)	-0.10	0.39	0.25	0.28	0.31
EPS (% YoY)	-69.3	-477.3	-36.9	15.0	11.6
EPS vs Cons (%)	nm	nm	nm	nm	nm
PER (X)	-85.1	30.2	27.6	24.0	21.5
Yield (%)	0.0	2.3	1.5	1.7	1.9
P/BV (X)	10.1	6.4	6.5	5.6	4.8
EV/EBITDA (X)	26.8	16.8	na.	10.6	9.8
ROE (%)	-14.8	45.2	28.3	25.1	23.9

Source: Company data, TISCO estimates

Figure 1. Earnings preview 4Q24F

Bt,m	4Q24F	4Q23	YoY	3Q24	QoQ
Sale revenue	484	386	25.5%	425	14.1%
Cost of sales and services	325	265	22.4%	286	13.8%
Gross Profit	159	120	32.4%	139	14.6%
S&A Expenses	51	43	17.6%	42	20.5%
<b>EBIT</b>	<b>120</b>	<b>91</b>	<b>32.8%</b>	<b>114</b>	<b>5.3%</b>
<b>EBITDA</b>	<b>189</b>	<b>156</b>	<b>21.6%</b>	<b>181</b>	<b>4.4%</b>
Interest expense	9	9	-1.9%	8	9.0%
Net Profit before Tax	112	82	36.6%	106	5.0%
<b>Net Profit Bef Extra</b>	<b>95</b>	<b>82</b>	<b>15.1%</b>	<b>87</b>	<b>9.3%</b>
<b>Net Profit</b>	<b>95</b>	<b>140</b>	<b>-32.1%</b>	<b>82</b>	<b>16.0%</b>
<b>EPS (Bt)</b>	<b>0.11</b>	<b>0.10</b>	<b>-32.1%</b>	<b>0.10</b>	<b>9.3%</b>
Gross margin	32.9%	31.2%		32.7%	
SG&A to sales	10.5%	11.3%		10.0%	
EBIT margin	24.8%	23.5%		26.9%	
Net margin	19.6%	36.3%		19.2%	

Source: TISCO Research estimates

**Siam Wellness Group**
**Rating : BUY**

<b>Bloomberg:</b>	<b>SPA TB</b>	<b>Target price (THB)</b>	<b>10.50</b>	<b>Market Capitalization</b>	
		<b>Current Price (THB)</b>	<b>6.75</b>	<b>THBbn</b>	<b>8.7</b>
		<b>52-week Range</b>	<b>5.9-9.87</b>	<b>USDbn</b>	<b>na.</b>

**Fiscal year end 31-Dec**

	2022	2023	2024E	2025E	2026E
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**Financial Summary**

EPS (THB)	-0.10	0.39	0.25	0.28	0.31
DPS (THB)	0.00	0.16	0.10	0.11	0.13
BVPS (THB)	0.67	1.05	1.03	1.21	1.42
Weighted average shares (m)	855	855	1,282	1,282	1,282
Average market cap (THBm)	7,492	10,019	8,657	8,657	8,657
Enterprise value (THBm)	9,157	10,838	8,864	8,486	8,115

**Valuation Metrics**

P/E (x)	-85.1	30.2	27.6	24.0	21.5
P/BV (x)	10.1	6.4	6.5	5.6	4.8
FCF Yield (%)	0.0	0.0	0.1	0.1	0.1
Dividend Yield (%)	0.0	2.3	1.5	1.7	1.9
EV/Sales (x)	10.4	6.7	na.	4.0	3.4
EV/EBITDA (x)	26.8	16.8	na.	10.6	9.8
EV/EBIT (x)	-157.8	34.9	na.	17.7	15.3

**Income Statement (THBm)**

Sales revenue	711	1,446	1,685	1,877	2,081
Gross profit	80	436	545	615	682
EBITDA	275	581	703	706	727
Depreciation	312	276	287	252	223
Amortisation	0	0	0	0	0
EBIT	-47	279	371	422	467
Net interest income/(expense)	2	2	7	7	7
Associates/affiliates	0	-1	1	3	5
Exceptionals/extraordinaries	0	18	0	0	0
Other pre-tax income/(expense)	9	25	37	22	25
Profit before tax	-87	259	383	441	492
Income tax expense	1	-55	69	79	89
Minorities	0	0	0	0	0
Other post-tax income/(expense)	0	0	0	0	0
Net profit	-88	332	314	361	403

**Cash Flow (THBm)**

Cash flow from operations	335	549	626	621	636
Net Capex	-395	-58	-100	-100	-100
Free cash flow	-60	491	526	521	536
Equity raised/(bought back)	0	0	5	10	11
Dividends paid	0	0	0	-126	-145
Net inc/(dec) in borrowings	131	-798	-5	-31	-27
Other investing/financing cash flows	0	0	0	0	0
Net cash flow	40	67	536	365	364
Change in working capital	111	12	24	8	9

**Balance Sheet (THBm)**

Cash and other liquid assets	185	252	884	1,249	1,613
Tangible fixed assets	1,031	954	827	726	645
Goodwill/intangible assets	5	6	7	8	9
Associates/investments	0	0	0	0	0
Other assets	971	471	410	360	318
Total assets	2,419	1,973	2,414	2,636	2,887
Interest bearing debt	1,034	444	439	435	432
Other liabilities	6	5	5	6	6
Total liabilities	1,850	1,072	1,091	1,078	1,071
Shareholders' equity	569	901	1,322	1,558	1,817
Minorities	0	0	0	0	0
Total shareholders' equity	569	901	1,322	1,558	1,817
Net debt	1,665	820	207	-171	-542

**Key Company Metrics**

Sales growth (%)	324.4	103.3	16.5	11.4	10.9
EPS growth (%)	-69.3	-477.3	-36.9	15.0	11.6
EBITDA Margin (%)	38.7	40.2	41.7	37.6	34.9
EBIT Margin (%)	-6.6	19.3	22.0	22.5	22.5
Payout ratio (%)	0.0	40.0	40.0	40.0	40.0
ROE (%)	-14.8	45.2	28.3	25.1	23.9
Capex/sales (%)	55.5	4.0	5.9	5.3	4.8
Capex/depreciation (x)	1.3	0.2	0.3	0.4	0.4
Net debt/equity (x)	2.9	0.9	0.2	0.0	0.0
Net interest cover (x)	29.8	-133.2	-52.9	-60.2	-66.8

Source: Company data, TISCO estimates

**Company profile**

SPA operates the business of wellness spa and other related businesses. There are four main business operations: 1.Spa: The spa business under the brands "Let's Relax" "Rarinjinda Wellness Spa" and "Baansuan Massage". 2.Hotel and Restaurant: A boutique hotel resort in Chiang Mai under the name "Rarinjinda Wellness Spa Resort" and a restaurant under the name "Deck 1" and "D Bistro". 3.Sale of Spa Products: Distributes and sells spa related products under the brand "Blooming". 4.School of Traditional Thai Massage: Operates a school of traditional Thai massage under the name "Blooming Thai Massage School" to train therapist staff in massage and spa services to support SPA's business expansion.

**Valuation**

We based our target price on a DCF approach (WACC 7.4%, Terminal growth 2.5%) with the underlying assumption of Risk-free 3.1%, Risk premium 6.4%.

**Risk**

Key downside risks: i) Lower no.of tourist arrival ii)Political disruptions iii)tourism-impacting events.

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ESG Disclosure Score		
	2020	2021
<b>Overall ESG Disclosure Score</b>	<b>n.a.</b>	<b>n.a.</b>
<b>Environment</b>	<b>n.a.</b>	<b>n.a.</b>
GHG Scope 1 (thousands of metric tonnes)	n.a.	n.a.
GHG Scope 2 Location-based (thousands of metric tonnes)	n.a.	n.a.
GHG Scope 3 (thousands of metric tonnes)	n.a.	n.a.
Electricity used (thousands of megawatt hours)	n.a.	n.a.
Total waste (thousands of metric tonnes)	n.a.	n.a.
Water consumption (thousands of cubic meters)	n.a.	n.a.
<b>Social</b>	<b>n.a.</b>	<b>n.a.</b>
Pct Women in Workforce (%)	n.a.	n.a.
Lost Time Incident Rate - Employees (per 100 employees)	n.a.	n.a.
Number of Employees - CSR (number of people)	n.a.	n.a.
Employees Turnover Pct (%)	n.a.	n.a.
Total Hours Spent by Firm - Employee Training (hours)	n.a.	n.a.
<b>Governance</b>	<b>n.a.</b>	<b>n.a.</b>
Size of the Board	n.a.	n.a.
Number of Non-executive Directors on Board	n.a.	n.a.
Number of Board Meetings for the Year	n.a.	n.a.
Board Mtg Attendance (%)	n.a.	n.a.
Number of Female Executives	n.a.	n.a.
Number of Women on Board	n.a.	n.a.

*Disclaimer: Bloomberg ESG Disclosure Scores rate companies on their level of disclosure of ESG data Bloomberg offers four disclosure scores, for overall ESG, as well as Environmental, Social, and Governance such as energy consumption, board composition, and workforce accidents.*

*To review the fully transparent methodology, calculation of disclosure scores for any company and compare a company's scores vs. its peers, see ESG Disclosure Score Model in Bloomberg.*

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 <b>Corporate Governance Report of Thai Listed Companies 2023</b>	Score Range	Level	Description
	90 - 100	5	Excellent
	80 - 89	4	Very Good
	70 - 79	3	Good
	60 - 69	2	Satisfactory
	50 - 59	1	Pass
< 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 31, 2023) are categorized into :

Certified :	Companies certified by CAC.
Declared :	Companies that have declared their intention to join CAC.
Ensure its compliance by parent company	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

### Disclaimer

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 31, 2023)

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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