

Siam Wellness Group (SPA TB) - BUY, Price Bt7.40, TP Bt10.00

Results Comment

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Better-than-expected 3Q21

- SPA reported normalized loss, excluding Bt9m provisions expense, at Bt71m in 3Q21. This improved in both y-y and q-q basis and was better than our expectation, backed by a strong cost control during period of restricted shop openings.
- Total revenues fell sharply 83% y-y and 41% q-q to only Bt13m in 3Q21, since all its spa shops were forced to temporarily close throughout the quarter following government's measures to prevent Covid-19 (except only three shops in Phuket).
- From a slim revenue base, SPA also made a gross loss at Bt43m in 3Q21. The loss was lower q-q as SPA could manage cost better during the lockdown, but it was worse than the same period last year when it shops could operate services.
- Total SG&A expense was also lower 37% y-y and 10% q-q to Bt19m in 3Q21 on aggressive cost cuts during the quarter and lower selling expenses.
- We believe the worse is over for SPA as its shops are now back in operation from easing Covid-19 lockdown measure since 1 October. Return of foreign tourists is its key catalyst. We maintain BUY.

Income Statement						Income Statement					
(consolidated)						9M as					
Yr-end Dec (Bt m)	3Q20	4Q20	1Q21	2Q21	3Q21	(Bt m)	q-q%	y-y%	% 2021F	2021F	2022F
Revenue	76	81	55	22	13	Revenue	(41)	(83)	49	186	589
Gross profit	(22)	(45)	(43)	(53)	(43)	Gross profit	na	na	na	(167)	91
SG&A	30	31	25	21	19	SG&A	(10)	(37)	58	113	135
Operating profit	(52)	(77)	(69)	(74)	(62)	Operating profit	na	na	na	(280)	(43)
EBITDA	24	(1)	13	9	21	EBITDA	141	(15)	92	46	271
Other income	1	2	1	1	2	Other income	47	245	108	4	10
Other expense						Other expense			na		
Interest expense	3	5	11	11	11	Interest expense	(4)	302	67	50	26
Profit before tax	(54)	(79)	(78)	(84)	(71)	Profit before tax	na	na	na	(325)	(60)
Income tax	1	(1)	(2)	(3)	(0)	Income tax	na	na	na		
Equity & invest. income						Equity & invest. income			na		
Minority interests			0		0	Minority interests			na		
Extraordinary items				(6)	(7)	Extraordinary items	na		na		
Net profit	(55)	(78)	(76)	(87)	(78)	Net profit	na	na	na	(325)	(60)
Normalized profit	(55)	(78)	(76)	(81)	(71)	Normalized profit	na	na	na	(325)	(60)
EPS (Bt)	(0.06)	(0.09)	(0.09)	(0.10)	(0.09)	EPS (Bt)	na	na	na	(0.38)	(0.07)
Normalized EPS (Bt)	(0.06)	(0.09)	(0.09)	(0.09)	(0.08)	Normalized EPS (Bt)	na	na	na	(0.38)	(0.07)
Balance Sheet						Financial Ratios					
(consolidated)						(%)					
Yr-end Dec (Bt m)	3Q20	4Q20	1Q21	2Q21	3Q21		3Q20	4Q20	1Q21	2Q21	3Q21
Cash & ST investment	82	115	166	114	116	Sales grow th	(79.3)	(75.9)	(76.9)	(29.4)	(82.9)
A/C receivable	18	22	21	8	7	Operating profit grow th	na	na	na	na	na
Inventory	45	9	9	9	9	EBITDA grow th	(78.2)	na	(83.1)	(47.4)	(15.4)
Other current assets	62	86	78	77	72	Norm profit grow th	na	na	na	na	na
Investment						Norm EPS grow th	na	na	na	na	na
Fixed assets	1,077	1,075	1,042	1,016	976	Gross margin	(28.3)	(55.5)	(78.6)	(236.4)	(327.8)
Other assets	1,209	1,326	1,275	1,224	1,134	Operating margin	(68.1)	(94.2)	(124.7)	(332.1)	(474.6)
Total assets	2,493	2,632	2,591	2,449	2,315	EBITDA margin	31.9	(1.3)	23.6	38.5	158.0
S-T debt	78	103	307	49	85	Norm net margin	(72.1)	(95.7)	(138.1)	(364.0)	(541.9)
A/C payable	54	45	41	37	37	D/E (x)	0.3	0.4	0.6	0.6	0.8
Other current liabilities	192	213	220	220	218	Net D/E (x)	0.2	0.3	0.4	0.5	0.6
L-T debt	228	288	167	422	416	Interest coverage (x)	8.9	(0.2)	1.2	0.8	1.9
Other liabilities	959	1,078	1,028	979	893	Interest rate	3.3	5.3	10.2	9.6	9.0
Minority interest	0	0	0	0	0	Effective tax rate	(1.5)	1.9	3.0	3.6	0.5
Shareholders' equity	983	905	829	742	664	ROA	(8.6)	(12.2)	(11.6)	(12.8)	(11.9)
Working capital	9	(13)	(11)	(20)	(21)	ROE	(21.8)	(33.0)	(35.1)	(41.2)	(40.2)
Total debt	306	391	473	470	502						
Net debt	224	277	307	356	385						

Sources: Company data, Thanachart estimates

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