

Siam Wellness Group (SPA TB) - BUY, Price Bt6.65, TP Bt10.00

Results Comment

Nuttapop Prasitsuksant, | Email: nuttapop.pra@thanachartsec.co.th

Lower loss in 4Q21

- SPA reported Bt46m loss in 4Q21, improved y-y and q-q. The result beat our expectation due to its stronger-than-expected revenue recovery post Covid lockdown. For full-year basis, SPA booked Bt274m normalized loss in 2021, larger loss than in 2020 given more impacts from country's Covid lockdown, while there were still some tourists in Thailand during 1Q20.
- Revenue increased by nearly 500% q-q since there was nearly a full quarter of Covid-19 lockdown in 3Q21. However, it was still 5% lower y-y, also related to impacts from lockdown.
- However, due to much better cost control by the company to alleviate lockdown impacts, operating profit improved to Bt39m loss in 4Q21, versus Bt62m in 3Q21 and Bt77m loss in 4Q20.
- EBITDA remained positive at Bt41m in 4Q21, which implies strong EBITDA margin at 53.0%.
- Despite some impacts from Omicron variant in 1Q22F, we expect recovery trend continues for SPA as Thai people looks to adapt to live more normal life with Covid, thus more traffic to SPA's shops. We believe the worst is over and maintain BUY.

Income Statement					
(consolidated)					
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21
Revenue	81	55	22	13	77
Gross profit	(45)	(43)	(53)	(43)	(12)
SG&A	31	25	21	19	27
Operating profit	(77)	(69)	(74)	(62)	(39)
EBITDA	(1)	13	9	21	41
Other income	2	1	1	2	3
Other expense					
Interest expense	5	11	11	11	11
Profit before tax	(79)	(78)	(84)	(71)	(47)
Income tax	(1)	(2)	(3)	(0)	(1)
Equity & invest. income					
Minority interests	0	0		0	(0)
Extraordinary items			(6)	(7)	
Net profit	(78)	(76)	(87)	(78)	(46)
Normalized profit	(78)	(76)	(81)	(71)	(46)
EPS (Bt)	(0.09)	(0.09)	(0.10)	(0.09)	(0.05)
Normalized EPS (Bt)	(0.09)	(0.09)	(0.09)	(0.08)	(0.05)

Balance Sheet					
(consolidated)					
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21
Cash & ST investment	115	166	114	116	110
A/C receivable	22	21	8	7	15
Inventory	40	35	33	31	28
Other current assets	55	52	53	51	50
Investment					
Fixed assets	1,075	1,042	1,016	976	947
Other assets	1,326	1,275	1,224	1,134	1,108
Total assets	2,632	2,591	2,449	2,315	2,258
S-T debt	103	307	49	85	114
A/C payable	45	41	37	37	37
Other current liabilities	213	220	220	218	223
L-T debt	288	167	422	416	407
Other liabilities	1,078	1,028	979	893	858
Minority interest	0	0	0	0	0
Shareholders' equity	905	829	742	664	618
Working capital	17	15	4	(0)	6
Total debt	391	473	470	502	522
Net debt	277	307	356	385	412

Income Statement					
12M as					
(Bt m)	q-q%	y-y%	% 2021F	2021A	2022F
Revenue	493	(5)	118	168	500
Gross profit	na	na	na	(151)	16
SG&A	41	(14)	95	93	118
Operating profit	na	na	na	(244)	(102)
EBITDA	99	na	218	83	211
Other income	66	63	218	7	9
Other expense			na		
Interest expense	(2)	135	90	44	26
Profit before tax	na	na	na	(280)	(119)
Income tax	na	na	na	(7)	
Equity & invest. income			na		
Minority interests	na	na	na	0	
Extraordinary items			na	(13)	
Net profit	na	na	na	(287)	(119)
Normalized profit	na	na	na	(274)	(119)
EPS (Bt)	na	na	na	(0.34)	(0.14)
Normalized EPS (Bt)	na	na	na	(0.32)	(0.14)

Financial Ratios					
(%)	4Q20	1Q21	2Q21	3Q21	4Q21
Sales growth	(75.9)	(76.9)	(29.4)	(82.9)	(4.9)
Operating profit growth	na	na	na	na	na
EBITDA growth	na	(83.1)	(47.4)	(15.4)	na
Norm profit growth	na	na	na	na	na
Norm EPS growth	na	na	na	na	na
Gross margin	(55.5)	(78.6)	(236.4)	(327.8)	(16.0)
Operating margin	(94.2)	(124.7)	(332.1)	(474.6)	(50.9)
EBITDA margin	(1.3)	23.6	38.5	158.0	53.0
Norm net margin	(95.7)	(138.1)	(364.0)	(541.9)	(59.5)
D/E (x)	0.4	0.6	0.6	0.8	0.8
Net D/E (x)	0.3	0.4	0.5	0.6	0.7
Interest coverage (x)	(0.2)	1.2	0.8	1.9	3.8
Interest rate	5.3	10.2	9.6	9.0	8.4
Effective tax rate	1.9	3.0	3.6	0.5	2.4
ROA	(12.2)	(11.6)	(12.8)	(11.9)	(8.0)
ROE	(33.0)	(35.1)	(41.2)	(40.2)	(28.7)

Sources: Company data, Thanachart estimates

General Disclaimers And Disclosures:

This report is prepared and issued by Thanachart Securities Public Company Limited (TNS) as a resource only for clients of TNS, Thanachart Capital Public Company Limited (TCAP) and its group companies. Copyright © Thanachart Securities Public Company Limited. All rights reserved. The report may not be reproduced in whole or in part or delivered to other persons without our written consent.

This report is prepared by analysts who are employed by the research department of TNS. While the information is from sources believed to be reliable, neither the information nor the forecasts shall be taken as a representation or warranty for which TNS or TCAP or its group companies or any of their employees incur any responsibility. This report is provided to you for informational purposes only and it is not, and is not to be construed as, an offer or an invitation to make an offer to sell or buy any securities. Neither TNS, TCAP nor its group companies accept any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

The information and opinions contained herein have been compiled or arrived at from sources believed reliable. However, TNS, TCAP and its group companies make no representation or warranty, express or implied, as to their accuracy or completeness. Expressions of opinion herein are subject to change without notice. The use of any information, forecasts and opinions contained in this report shall be at the sole discretion and risk of the user.

TNS, TCAP and its group companies perform and seek to perform business with companies covered in this report. TNS, TCAP, its group companies, their employees and directors may have positions and financial interest in securities mentioned in this report. TNS, TCAP or its group companies may from time to time perform investment banking or other services for, or solicit investment banking or other business from, any entity mentioned in this report. Therefore, investors should be aware of conflict of interest that may affect the objectivity of this report.

Note: Thanachart Securities Public Company Limited act as a Market Maker and Derivative Warrants Issuer. At present, TNS has issued 83 Derivative Warrants which are ADVA16C2203A, AMAT16C2206A, AOT16C2204A, AOT16C2206A, BAM16C2206A, BAM16C2204A, BANP16C2205A, BANP16C2204A, BBL16C2203A, BBL16C2204A, BCH16C2203A, BEC16C2204A, BGRI16C2203A, BGRI16C2205A, BLA16C2205A, CBG16C2204A, CBG16C2205A, COM716C2203A, COM716C2205A, CPAL16C2203A, CPAL16C2204A, CPF16C2205A, CRC16C2204A, DELT16C2203A, DTAC16C2203A, EA16C2206A, EA16C2203A, EA16C2205A, GLOB16C2203A, GPSC16C2206A, GPSC16C2203A, GPSC16C2205A, GULF16C2203A, GULF16C2205A, GUNK16C2206A, GUNK16C2203A, GUNK16C2205A, HANA16C2204A, HANA16C2205A, INTU16C2205A, IRPC16C2205A, IVL16C2203A, IVL16C2206A, JMAR16C2206A, JMAR16C2205A, JMT16C2203A, JMT16C2205A, KBAN16C2206A, KBAN16C2204A, KCE16C2204A, KCE16C2205A, KCE16C2205B, MINT16C2203A, MINT16C2204A, MTC16C2204A, OR16C2203A, OR16C2205A, PTG16C2203A, PTL16C2202B, PTT16C2203A, PTT16C2205A, PTTE16C2203A, RCL16C2205A, RS16C2205A, S5016P2206B, S5016C2203A, S5016C2203B, S5016C2206A, S5016P2203A, S5016P2203B, S5016P2206A, SAWA16C2204A, SAWA16C2205A, SCC16C2204A, STA16C2203A, STEC16C2204A, SYNE16C2206A, TOP16C2206A, TRUE16C2205B, TRUE16C2205A, TRUE16C2203A, TRUE16C2203B, TU16C2204A, WHA16C2204A (underlying securities are ADVANC, AMATA, AOT, BAM, BANPU, BBL, BCH, BEC, BGRIM, BLA, CBG, COM7, CPALL, CPF, CRC, DELTA, DTAC, EA, GLOBAL, GPSC, GULF, GUNKUL, HANA, INTUCH, IRPC, IVL, JMART, JMT, KBANK, KCE, MINT, MTC, OR, PTG, PTL, PTT, PTTEP, RCL, RS, SAWAD, SCC, SYNTEC, SET50, STA, STEC, TOP, TU, WHA, TRUE). Since TNS covers those underlying securities in research report, consequently TNS incurs conflicts of interest. Moreover, Investors are advised to carefully review the details and information in the prospectus before making investment decisions.

Note: Thanachart Securities has an indirect financial interest in Ratchthani Leasing Pcl (THANI). Thanachart Securities Pcl is a subsidiary of Thanachart Capital Pcl (TCAP) which holds more than 56% of the shareholding in Ratchthani Leasing Pcl (THANI).

Note: Thanachart Capital Public Company Limited (TCAP), TMBThanachart Bank Public Company Limited (TTB), are related companies to Thanachart Securities Public Company Limited (TNS). Thanachart Securities Pcl is a subsidiary of Thanachart Capital Pcl (TCAP) which holds 21.2% of the shareholding in TMBThanachart Bank Pcl.

Thanachart Capital Public Company Limited (TCAP), Ratchthani Leasing Public Company Limited (THANI), TMB Public Company Limited, MBK PUBLIC COMPANY LIMITED (MBK) and PATUM RICE MILL AND GRANARY PUBLIC COMPANY LIMITED (PRG) are related companies to Thanachart Securities Public Company Limited (TNS) . Since TNS covers those securities in research report, consequently TNS incurs conflicts of interest.

Disclosure of Interest of Thanachart Securities

Investment Banking Relationship

Within the preceding 12 months, Thanachart Securities has lead-managed public offerings and/or secondary offerings (excluding straight bonds) of the securities of the following companies: Saksiam Leasing Pcl. (SAK TB), SCG Packaging Pcl (SCGP TB)