

Siam Wellness Group (SPA TB) - BUY, Price Bt3.72, TP Bt6.00**Results Comment**

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

Weaker-than-expected 2Q25 profit

- SPA reported Bt36m net profit in 2Q25, down 42% y-y and 30% q-q, below our expectation but in line with the market's forecasts. The weakness was mainly due to a sharp decline in Chinese tourists, which are SPA's key customer base.
- Total revenue declined 5% y-y and 5% q-q to Bt362m in 2Q25, pressured by a fall in number of Chinese tourists in Thailand to only 0.93m this quarter (-45% y-y and -30% q-q). This led to a same-store sales growth (SSSG) contraction of 17% in 2Q25, vs. -13% in 1Q25 and +4% in 2Q24.
- Gross profit dropped 22% y-y and 18% q-q to Bt90m in 2Q25, reflecting the softer revenues and higher fixed costs from its branch expansion, which SPA's total domestic branches rose to 80 branches this quarter, from 70 branches in 2Q24.
- SG&A expense was well managed at Bt43m this quarter, up 7% y-y from higher marketing costs and business expansion. It fell 9% q-q, in line with the weaker revenues.
- EBITDA also declined 18% y-y and 11% q-q to Bt116m this quarter, following the revenue drop.
- Despite weakened operations, SPA's balance sheet remains healthy at 0.1x net D/E in 2Q25, a slight increase from -0.1x in 1Q25 due to increased borrowings for branch expansion capex.
- As SPA's 1H25 profit accounting for just 30% of our full-year forecast while we yet see a significant recovery in Chinese tourist inflows, we see downside risks to our earnings estimates and valuations.

| Income Statement | | | | | | Income Statement | | | | | |
|-----------------------------|--------------|--------------|--------------|--------------|--------------|--------------------------|-------------|-------------|-----------|------------|------------|
| (consolidated) | | | | | | 6M as | | | | | |
| Yr-end Dec (Bt m) | 2Q24 | 3Q24 | 4Q24 | 1Q25 | 2Q25 | (Bt m) | q-q% | y-y% | % 2025F | 2025F | 2026F |
| Revenue | 382 | 425 | 429 | 381 | 362 | Revenue | (5) | (5) | 46 | 1,616 | 1,693 |
| Gross profit | 114 | 139 | 143 | 110 | 90 | Gross profit | (18) | (22) | 39 | 517 | 549 |
| SG&A | 40 | 42 | 47 | 47 | 43 | SG&A | (9) | 7 | 56 | 161 | 163 |
| Operating profit | 74 | 97 | 95 | 63 | 47 | Operating profit | (25) | (37) | 31 | 356 | 387 |
| EBITDA | 141 | 164 | 152 | 129 | 116 | EBITDA | (11) | (18) | 41 | 597 | 620 |
| Other income | 9 | 18 | 12 | 8 | 5 | Other income | (35) | (44) | 38 | 35 | 37 |
| Other expense | | | | | | Other expense | | | | | |
| Interest expense | 8 | 8 | 8 | 7 | 8 | Interest expense | 5 | 2 | 61 | 24 | 21 |
| Profit before tax | 76 | 106 | 99 | 63 | 44 | Profit before tax | (30) | (42) | 29 | 366 | 403 |
| Income tax | 14 | 20 | 8 | 12 | 8 | Income tax | (30) | (42) | 28 | 73 | 81 |
| Equity & invest. income | (0) | | 0 | | | Equity & invest. income | | | | (1) | (1) |
| Minority interests | | (0) | (0) | (0) | | Minority interests | | | na | (0) | (0) |
| Extraordinary items | | (5) | | | | Extraordinary items | | | | | |
| Net profit | 62 | 82 | 92 | 51 | 36 | Net profit | (30) | (42) | 30 | 292 | 321 |
| Normalized profit | 62 | 87 | 92 | 51 | 36 | Normalized profit | (30) | (42) | 30 | 292 | 321 |
| EPS (Bt) | 0.05 | 0.06 | 0.07 | 0.04 | 0.03 | EPS (Bt) | (30) | (42) | 30 | 0.23 | 0.25 |
| Normalized EPS (Bt) | 0.05 | 0.07 | 0.07 | 0.04 | 0.03 | Normalized EPS (Bt) | (30) | (42) | 30 | 0.23 | 0.25 |
| Balance Sheet | | | | | | Financial Ratios | | | | | |
| (consolidated) | | | | | | (%) | | | | | |
| Yr-end Dec (Bt m) | 2Q24 | 3Q24 | 4Q24 | 1Q25 | 2Q25 | | 2Q24 | 3Q24 | 4Q24 | 1Q25 | 2Q25 |
| Cash & ST investment | 262 | 260 | 158 | 183 | 123 | Sales grow th | 7.3 | 10.6 | 11.1 | (3.3) | (5.3) |
| A/C receivable | 29 | 25 | 33 | 26 | 21 | Operating profit grow th | 6.8 | 11.6 | 19.9 | (34.5) | (37.3) |
| Inventory | 47 | 49 | 49 | 49 | 48 | EBITDA grow th | 0.8 | 6.2 | 6.1 | (20.0) | (17.8) |
| Other current assets | 41 | 49 | 42 | 40 | 42 | Norm profit grow th | 2.5 | 6.4 | 9.9 | (30.9) | (41.9) |
| Investment | 4 | 4 | | | | Norm EPS grow th | (31.7) | (29.1) | (26.7) | (53.9) | (41.9) |
| Fixed assets | 926 | 987 | 1,175 | 1,202 | 1,223 | Gross margin | 29.9 | 32.7 | 33.4 | 28.9 | 24.8 |
| Other assets | 614 | 697 | 679 | 663 | 676 | Operating margin | 19.5 | 22.8 | 22.3 | 16.4 | 12.9 |
| Total assets | 1,923 | 2,071 | 2,136 | 2,162 | 2,132 | EBITDA margin | 36.8 | 38.6 | 35.6 | 34.0 | 31.9 |
| S-T debt | 41 | 27 | | | 14 | Norm net margin | 16.1 | 20.4 | 21.4 | 13.4 | 9.9 |
| A/C payable | 94 | 124 | 134 | 126 | 102 | D/E (x) | 0.2 | 0.1 | 0.1 | 0.1 | 0.2 |
| Other current liabilities | 203 | 206 | 210 | 215 | 218 | Net D/E (x) | (0.1) | (0.1) | (0.0) | (0.1) | 0.1 |
| L-T debt | 150 | 100 | 100 | 100 | 195 | Interest coverage (x) | 18.6 | 20.7 | 19.2 | 17.6 | 15.0 |
| Other liabilities | 409 | 508 | 493 | 472 | 447 | Interest rate | 15.3 | 19.9 | 28.0 | 29.4 | 20.0 |
| Minority interest | 0 | 0 | 0 | 0 | 0 | Effective tax rate | 18.9 | 18.5 | 7.6 | 19.2 | 19.1 |
| Shareholders' equity | 1,025 | 1,107 | 1,198 | 1,250 | 1,157 | ROA | 12.9 | 17.4 | 17.5 | 9.5 | 6.7 |
| Working capital | (18) | (50) | (52) | (51) | (33) | ROE | 24.7 | 32.5 | 31.9 | 16.7 | 11.9 |
| Total debt | 192 | 127 | 100 | 100 | 209 | | | | | | |
| Net debt | (70) | (133) | (58) | (83) | 86 | | | | | | |

Sources: Company data, Thanachart estimates

General Disclaimers And Disclosures:

This report is prepared and issued by Thanachart Securities Public Company Limited (TNS) which is owned 99.97% by TMBThanachart Bank Public Company Limited (TTB) as a resource only for clients of TNS, TMBThanachart Bank Public Company Limited (TTB) 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 TTB 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, TTB 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, TTB 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, TTB and its group companies perform and seek to perform business with companies covered in this report. TNS, TTB, its group companies, their employees and directors may have positions and financial interest in securities mentioned in this report. TNS, TTB 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.

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:

Note: Thanachart Securities Public Company Limited (TNS) acts as an underwriter of “Debentures of Srisawad Corporation Public Co. Ltd. No. 2/2025 (B.E. 2568) tranche 1-4 which its maturity at 2027-28, 2530, 2532 (B.E. 2570-71, 2573, 2575)”, therefore investors need to be aware that there could be conflicts of interest in this research.