Safe Fertility Group (SAFE TB) - BUY, Price Bt7.2, TP Bt8.6

Results Comment

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3Q25 earnings confirmed uptrend

- SAFE reported net profit of Bt35m in 3Q25 up 16% y-y and 3% q-q. This was in line with our and the Street's earnings forecast.
- The y-y earnings growth was driven by an improving gross margin, while the slight q-q increase was due to higher revenue and falling SG&A expenses.
- SAFE's revenue declined 7% y-y but grew 3% q-q to Bt178m in 3Q25. The y-y revenue drop was due to falling revenue from infertility treatment, genetic testing and anti-aging businesses. Meanwhile, q-q revenue growth was supported by higher revenue from those three businesses.
- Gross margin was at 54.9% in 3Q25, up from 52.0% in 3Q24, driven by rising income per number of OPU cycles and improved cost control. However, this was down from 57.0% in 2Q25. Operating margin rose to 21.9% in 3Q25, up from 19.9% in 3Q24 and 21.7% in 2Q25.
- 9M25 earnings accounted for 77% of our full-year earnings forecast. Looking ahead to 4Q25F and 2026F, we expect y-y earnings growth to continue, supported by improvements in the infertility treatment and genetic testing businesses. This will be driven by an increase in partner agents and enhanced marketing efforts both domestically and internationally. We maintain our BUY rating on SAFE.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	3Q24	4Q24	1Q25	2Q25	3Q25
Revenue	193	172	176	173	178
Gross profit	**100**	**92**	**99**	**99**	**98**
SG&A	62	64	62	61	59
Operating profit	38	28	37	38	39
EBITDA	**54**	**43**	**49**	**49**	**50**
Other income	2	5	3	5	5
Other expense	(0)	1	(0)	(0)	(0)
Interest expense	1	1	1	1	1
Profit before tax	**39**	**32**	**39**	**42**	**43**
Income tax	11	8	8	10	9
Equity & invest. income	0	0	0	0	0
Minority interests	1	1	0	1	1
Extraordinary items	1	(1)	0	1	(0)
Net profit	**30**	**24**	**32**	**34**	**35**
Normalized profit	**29**	**24**	**32**	**33**	**35**
EPS (Bt)	0.10	0.08	0.11	0.11	0.11
Normalized EPS (Bt)	0.10	0.08	0.10	0.11	0.12

Income Statement			9M as		
(Bt m)	q-q%	y-y%	% 2025F	2025F	2026F
Revenue	3	(7)	73	721	788
Gross profit	**(1)**	**(2)**	**74**	**402**	**441**
SG&A	(4)	(5)	73	249	266
Operating profit	4	2	74	153	175
EBITDA	**3**	**(7)**	**74**	**202**	**222**
Other income	(6)	175	79	16	18
Other expense	na	na	na	0	0
Interest expense	(0)	(4)	63	4	5
Profit before tax	**3**	**10**	**75**	**165**	**188**
Income tax	(5)	(15)	73	36	40
Equity & invest. income				0	0
Minority interests	22	34	100	2	2
Extraordinary items	na	na		0	0
Net profit	**3**	**16**	**77**	**131**	**150**
Normalized profit	**6**	**20**	**76**	**131**	**150**
EPS (Bt)	3	16	77	0.43	0.49
Normalized EPS (Bt)	6	20	76	0.43	0.49

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	3Q24	4Q24	1Q25	2Q25	3Q25
Cash & ST investment	1,364	1,091	1,131	322	368
A/C receivable	29	28	27	24	25
Inventory	37	46	37	41	46
Other current assets	236	537	540	1,193	1,197
Investment	0	0	0	0	0
Fixed assets	150	144	137	131	126
Other assets	164	161	156	152	148
Total assets	**1,981**	**2,007**	**2,028**	**1,862**	**1,909**
S-T debt	0	0	0	0	0
A/C payable	86	82	66	67	91
Other current liabilities	22	31	39	31	22
L-T debt	0	0	0	0	0
Other liabilities	105	104	101	98	96
Minority interest	14	13	13	12	11
Shareholders' equity	**1,754**	**1,777**	**1,809**	**1,654**	**1,689**
Working capital	(19)	(8)	(2)	(2)	(20)
Total debt	0	0	0	0	0
Net debt	**(1,364)**	**(1,091)**	**(1,131)**	**(322)**	**(368)**

Financial Ratios					
(%)	3Q24	4Q24	1Q25	2Q25	3Q25
Sales growth	(13.5)	(21.8)	(30.0)	(19.2)	(7.5)
Operating profit growth	(46.8)	(47.3)	(56.0)	(30.4)	1.6
EBITDA growth	(37.5)	(36.8)	(50.4)	(29.4)	(7.1)
Norm profit growth	(52.0)	(53.8)	(52.6)	(29.2)	19.9
Norm EPS growth	(55.6)	(53.8)	(52.6)	(29.2)	19.9
Gross margin	52.0	53.4	56.5	57.0	54.9
Operating margin	19.9	16.4	21.0	21.7	21.9
EBITDA margin	28.2	25.1	28.0	28.3	28.3
Norm net margin	15.2	14.1	18.0	19.1	19.7
D/E (x)	-	-	-	-	-
Net D/E (x)	(0.8)	(0.6)	(0.6)	(0.2)	(0.2)
Interest coverage (x)	59.9	46.4	54.1	56.6	58.1
Interest rate	na	na	na	na	na
Effective tax rate	27.3	26.0	20.2	22.9	21.0
ROA	5.9	4.9	6.3	6.8	7.4
ROE	6.7	5.5	7.1	7.6	8.4

Sources: Company data, Thanachart estimates

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