

BUY (Unchanged)

Change in Numbers

TP: Bt 4.50

Upside : 46.1%

(From: Bt 6.00)

3 FEBRUARY 2026

Small Cap Research

# Siam Wellness Group Pcl (SPA TB)

## Earnings turnaround



SPA's earnings fell sharply in 2025F due to rising costs from branch expansion amid a drop in tourist arrivals. With recovering tourist arrivals from a low base, we expect normalizing branch utilization to drive 17/22% EPS growth in 2026-27F, and we reaffirm our BUY call.

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### End of a setback; BUY

SPA's earnings faced a setback last year, when weak tourist arrivals coincided with its aggressive expansion of 10 new Let's Relax branches to 68 outlets. Utilization fell to 74% in 2025F from 82% in 2024, reducing margins due to operating deleveraging. However, we expect an earnings turnaround of 17/22% in 2026-27F and reaffirm our BUY rating on SPA. **First**, we expect tourist arrivals to resume 3-4% growth from a low base. **Second**, based on our assumptions of utilization recovering to 78/80%, we estimate SPA's operating margin to improve to 18% in 2027F from 15% in 2025F. **Lastly**, at 18x 2026F PE vs. a 21% EPS CAGR over 2026-28F, SPA looks inexpensive to us.

### Adjusting well to weak Chinese arrivals

SPA was previously heavily exposed to Chinese tourists. In 2019, before COVID-19, foreign customers accounted for 75% of its revenue base, with Chinese tourists contributing 55%. However, following its success in growing Thai customer base, the foreign mix declined to 50%, while Chinese exposure fell to below one-third. We expect this ratio to stabilize, as we believe Chinese tourist arrivals have reached a new normalized base following a sharp 34% decline in 2025F. Supported by its market share gain from branch expansion, SPA's revenue fell only 2% in 2025F against a 7% decline in the country's total tourist arrivals.

### Slower expansion, rising utilization

SPA opened 10 Let's Relax branches in 2025F, including five branches and one new onsen facility launched in late 4Q25, which have yet to fully ramp up. Based on the company's target of only five new branches in 2026F, we project a recovery of utilization at its Let's Relax shops to 78/80% in 2026-27F, from 74% in 2025F, to drive a rebound in its operating margin to 18% in 2027F from 15% in 2025F, despite near-term losses from its mega wellness project.

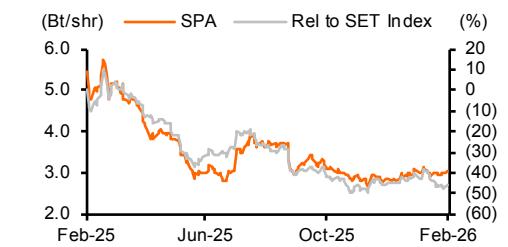
### Wellness project due to open in 1Q27

SPA announced last year an investment in a wellness project in Pattaya, which is scheduled for commercialization in 1Q27, offering integrated wellness facilities and accommodation, including its well-known massage and onsen services. We estimate Bt30/16m loss contributions during construction and the first year of operation in 2026-27F, before turning profitable with a Bt12m net profit in 2028F. Over the long term, we expect Bt40m in annual profit from the project, implying an attractive 17% EIRR on the Bt520m total investment cost under a 30-year land rental contract.

### COMPANY VALUATION

Y/E Dec (Bt m)	2024A	2025F	2026F	2027F
Sales	1,629	1,591	1,720	1,991
Net profit	309	191	224	274
Consensus NP	—	182	217	255
Diff frm cons (%)	—	5.5	3.4	7.3
Norm profit	314	191	224	274
Prev. Norm profit	—	216	257	287
Chg frm prev (%)	—	(11.3)	(12.9)	(4.5)
Norm EPS (Bt)	0.2	0.1	0.2	0.2
Norm EPS grw (%)	(21.8)	(39.0)	16.9	22.3
Norm PE (x)	12.6	20.6	17.7	14.4
EV/EBITDA (x)	6.3	7.7	6.7	6.1
P/BV (x)	3.3	3.1	2.8	2.5
Div yield (%)	3.2	1.9	2.3	2.8
ROE (%)	29.9	15.4	16.5	18.1
Net D/E (%)	(4.8)	10.7	0.5	12.1

### PRICE PERFORMANCE



### COMPANY INFORMATION

Price as of 3-Feb-26 (Bt)	3.08
Market Cap (US\$ m)	125.3
Listed Shares (m shares)	1,282.5
Free Float (%)	57.4
Avg Daily Turnover (US\$ m)	0.2
12M Price H/L (Bt)	5.75/2.66
Sector	Tourism
Major Shareholder	Jiravanstit family 14.53%

Sources: Bloomberg, Company data, Thanachart estimates

ESG Summary Report ..... P8

## End of a setback

We reaffirm our **BUY** on SPA into its earnings turnaround

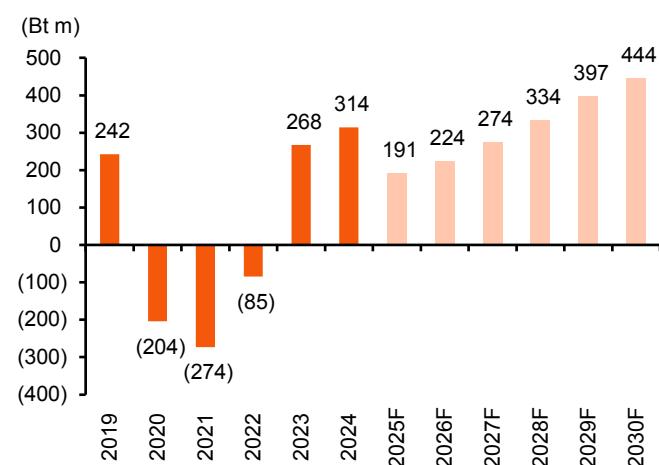
We reaffirm our **BUY** rating on Siam Wellness Group Pcl (SPA TB) as an earnings turnaround play. We estimate a 21% EPS CAGR over 2026-28F, following a sharp 39% drop last year when its aggressive branch expansion coincided with a decline in Chinese tourist arrivals, who represent its key customer base, resulting in significant operating deleveraging.

- **First**, we believe SPA represents one of the key beneficiaries in a normalization of the Thai tourism industry. Our house view assumes that the country's foreign tourist arrivals recover to 3-4% organic growth in 2026-28F, following a 7% decline in 2025F.
- **Second**, supported by stabilizing foreign tourist numbers, including its key Chinese customer base, we project utilization at its flagship Let's Relax branches to rebound to 78/80/82% in 2026-28F, after it dropped to only 74% in 2025F when SPA opened 10 new Let's Relax branches amid the weakness in foreign tourist arrivals.
- **Lastly**, SPA does not look expensive to us, trading at 18x 2026F PE against its earnings turnaround outlook with a 20% long-term ROE. Its balance sheet remains strong, and we project a peak net D/E ratio of only 0.1x in 2027F, when the investment cost of the wellness project is fully realized.

Lower TP to Bt4.5 after earnings cuts

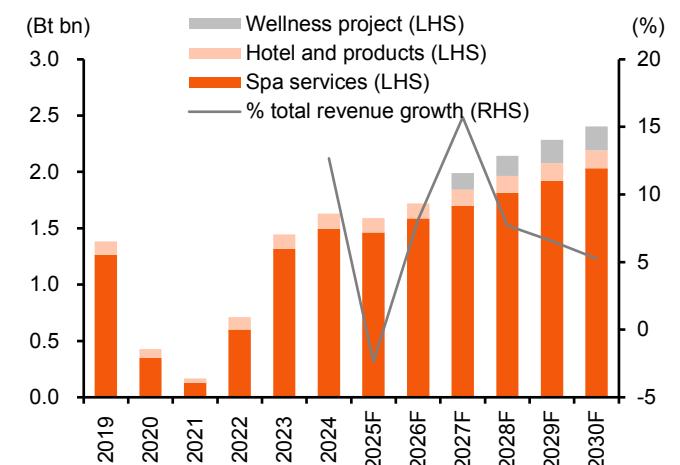
Following our 11/13% earnings cuts in 2025-26F, mainly to reflect the weaker-than-expected number of foreign tourists arriving in Thailand last year and the larger-than-expected losses during the development stage of its wellness destination project, we lower our 12-month DCF-based TP (2026F base year) for SPA to Bt4.5/share (from Bt6.0).

**Ex 1: Earnings Turning Around From Last Year's Setback**



Sources: Company data, Thanachart estimates

**Ex 2: Revenue Growth Resumption As Tourism Stabilizes**



Sources: Company data, Thanachart estimates

## Earnings turnaround drivers

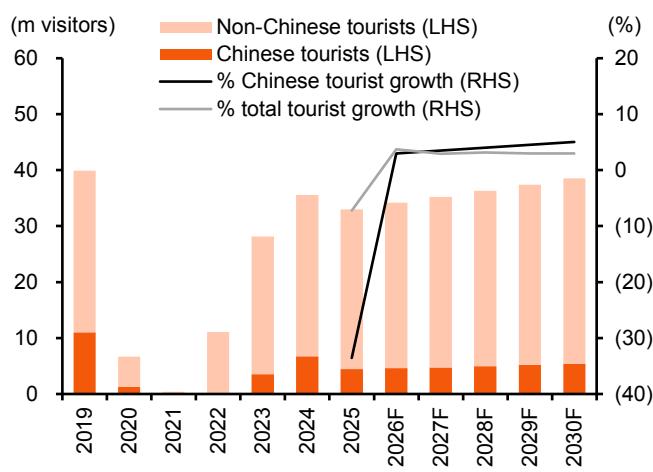
We foresee three positive factors driving an earnings turnaround for SPA

1) Recovering foreign tourist arrivals from an already low base

We expect SPA's earnings to turn around with 17/22/22% growth in 2026-28F, following a 39% decline in 2025F, driven by three key factors: 1) revenue growth resumption from stabilizing foreign tourist arrivals, 2) improving profitability from operating leverage benefits as revenue from its prior branch expansion gradually ramps up, and 3) emerging profit contribution from its new flagship wellness destination project.

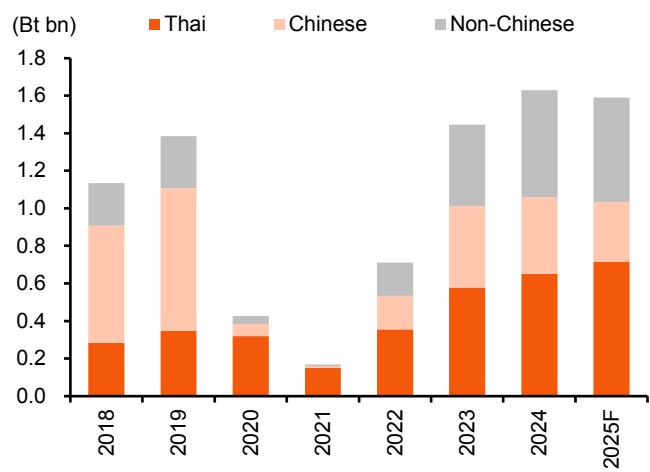
1) **Recovering foreign tourist numbers:** We assume foreign tourist arrivals to Thailand recover to an organic growth pace of 3-4% in 2026-28F, which we see as conservative given the already low base of 33.0m foreign visitors in 2025F (vs. 39.9m pre-COVID in 2019), especially for 4.5m Chinese tourists (vs. 11.0m). We expect SPA to directly benefit from this recovery as it should support demand for its spa services. After a 13% decline in same-store sales growth (SSSG) in 2025F due to weak tourist arrivals, we estimate SSSG to rebound to 2-3% p.a. over 2026-28F, as we expect the resumption of foreign tourist arrivals to fill up weekday traffic for its massage outlets.

Ex 3: We Expect Organic Growth In Tourist Arrivals



Sources: Tourism Authority of Thailand (TAT), Thanachart estimates

Ex 4: SPA Has Been Less Reliant On Chinese Tourists



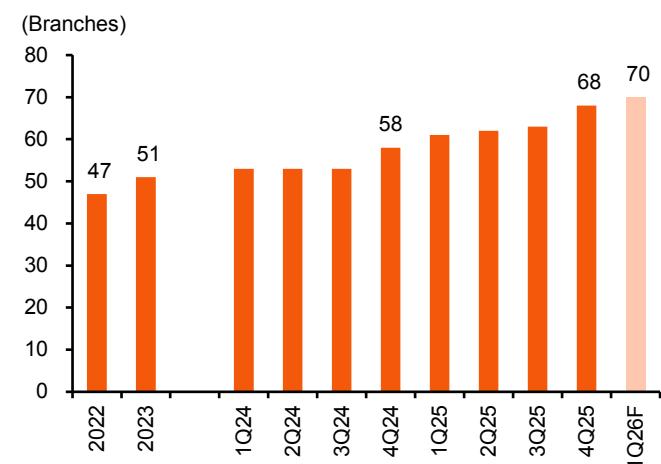
Sources: Company data; Thanachart estimates

Note: Revenue breakdown by nationalities

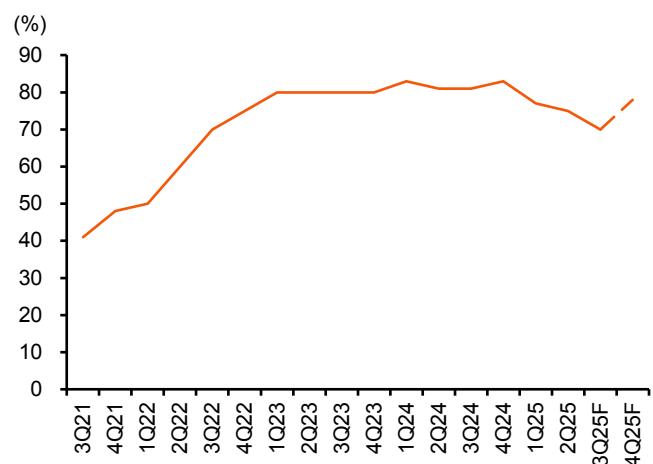
2) Improving operating leverage benefits as new branches ramp up

2) **Ramping-up of revenue from new branches in prime locations:** We estimate SPA's spa service revenue to grow 9/7/7% in 2026-28F, outpacing the broad-based recovery in Thai tourism, supported by benefits from its aggressive branch expansion over the past two years. SPA opened seven and 10 Let's Relax branches in 2024-25, after limited expansion post-COVID with only six new branches added over 2021-23. However, because the accelerated expansion faced a headwind from weak foreign tourist arrivals, utilization at its Let's Relax shops fell to 74% in 2025F, down from the usual 80-85% range. This hurt SPA's profitability with its EBITDA and operating margins declining to 33% and 15% in 2025F, from 38% and 22% in 2024, respectively.

Given that five of the 10 new branches opened late last year are in prime Bangkok locations, we expect a swift ramp-up pace as demand from foreign tourists recovers. Our forecasts assume overall utilization at Let's Relax branches improves to 78% and 80% in 2026-27F, helping lift its EBITDA and operating margins back to 34% and 18% in 2027F. This already factors in SPA's plan to open five additional branches in 2026, which we expect to create only a limited margin drag given their smaller shop-in-hotel format.

**Ex 5: Aggressive Let's Relax Expansion**

Sources: Company data; Thanachart estimates

**Ex 6: Utilization Dropped Amid Weak Tourism In 2025F**

Sources: Company data; Thanachart estimates

3) **Falling losses at the wellness project, before turning profits in 2028F**

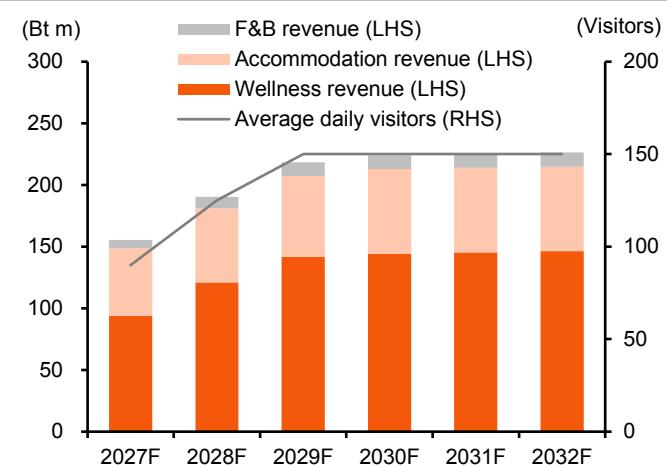
3) **Mega wellness project commercializing in 1Q27:** SPA is maintaining its target to launch its new flagship beachfront wellness destination in Pattaya by 1Q27. The project, announced in September 2025, involves a Bt520m investment (Bt170m for the upfront land lease and Bt350m for construction and renovation), offering integrated wellness facilities such as fitness, yoga, Thai boxing, anti-aging treatments, and holistic health services, alongside SPA's core massage and onsen offerings.

We estimate the project will incur Bt10/30/16m in losses over 2025-27F during its development stage and that it will ramp up gradually in its first year of operation. This assumes an average of 90 daily visitors to its wellness facilities in 2027F, vs. our estimate of a 110-visitor breakeven level. As we project the traffic to ramp up to 125 and 150 visitors per day in 2028-29F, along with declining marketing costs after the early promotion and advertisement phase, we expect the project to turn profitable with Bt12m and Bt34m net profit in 2028-29F, before stabilizing with Bt40m in annual profit over the long run. Based on a 30-year project life, in line with the land lease contract, we estimate a 17% EIRR from SPA's first meaningful investment beyond its core massage business.

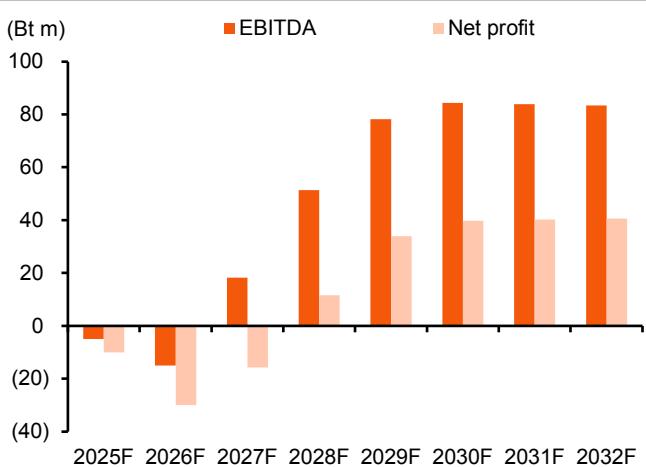
**Ex 7: Our Key Financial Assumptions For SPA's Wellness Destination Project**

	2025F	2026F	2027F	2028F	2029F	2030F
<b>Key assumptions</b>						
Average daily day-pass visitors	-	-	90	125	150	150
Occupancy rate	0%	0%	50%	55%	60%	65%
<b>Key financial numbers</b>						
<b>Revenue</b>	-	-	155	190	218	224
- Wellness services	-	-	94	121	142	144
- Accommodation service	-	-	55	60	66	68
- Food and beverage	-	-	7	9	11	11
<b>EBITDA</b>	(5)	(15)	18	51	78	84
<b>Net profit</b>	(10)	(30)	(16)	12	34	40

Source: Thanachart estimates

**Ex 8: Ramping-Up Of Revenue From Wellness Project**

Source: Thanachart estimates

**Ex 9: We Estimate It To Turn Profitable In 2028F**

Source: Thanachart estimates

**Ex 10: 12-month DCF-based TP Calculation, Using A Base Year Of 2026F**

(Bt m)	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F	2036F	Terminal value
EBITDA excl. depre from rights of use	433	511	597	668	723	771	809	818	825	833	840	—
Free cash flow	259	(36)	401	460	507	548	582	650	660	670	679	8,732
PV of free cash flow	236	(30)	301	315	316	310	300	305	281	260	240	3,079
Risk-free rate (%)	2.5											
Market risk premium (%)	8.0											
Beta	1.2											
WACC (%)	9.9											
Terminal growth (%)	2.0											
Enterprise value - add investments	5,912											
Net debt (2025F)	138											
Minority interest	0											
Equity value	5,774											
# of shares (m)	1,282											
<b>Target price/share (Bt)</b>	<b>4.50</b>											

Sources: Company data, Thanachart estimates

## Valuation Comparison

**Ex 11: Valuation Comparison With Regional Peers**

Name	BBG Code	Market	EPS growth		— PE —		— P/BV —		EV/EBITDA		Div Yield	
			25F	26F	(%)	(%)	25F	26F	(%)	(%)	25F	(%)
Accor SA	AC FP	France	(14.7)	18.2	22.1	18.7	2.4	2.6	12.1	11.2	2.9	3.2
Indian Hotels Co Ltd/The	IH IN	India	(11.3)	17.1	57.3	49.0	8.8	7.6	35.2	29.8	0.4	0.4
Hotel Shilla Co Ltd	008770 KS	S. Korea	na	na	na	19.3	1.6	1.5	19.1	11.2	0.4	0.5
Resorttrust Inc	4681 JP	Japan	(7.5)	11.3	20.0	18.0	2.6	2.4	10.3	9.4	1.7	1.9
QB Net Holdings Co Ltd	6571 JT	Japan	7.5	26.2	16.5	13.1	1.2	1.2	12.8	10.2	2.5	2.9
Beauty Farm Medical & Health	2373 HK	Hong Kong	38.3	27.9	18.8	14.7	5.4	4.3	6.4	5.3	2.4	3.1
Shangri-La Asia Ltd	69 HK	Hong Kong	(20.7)	13.9	133.9	117.6	5.8	5.8	15.8	15.1	0.5	0.5
Hyatt Hotels Corp	H US	USA	na	155.7	110.7	43.3	3.9	4.0	17.6	16.0	0.4	0.5
InterContinental Hotels Group	IHG US	USA	33.8	13.6	27.2	24.0	na	na	18.8	17.4	1.4	1.6
Marriott International Inc/MD	MAR US	USA	20.7	13.3	31.6	27.9	na	na	18.8	17.7	0.8	0.8
Hilton Worldwide Holdings Inc	HLT US	USA	30.0	13.5	37.6	33.1	na	na	21.9	20.3	0.2	0.2
OneSpaWorld Holdings Ltd	OSW US	USA	44.9	12.6	19.9	17.7	na	na	17.2	15.6	0.8	1.0
European Wax Center Inc	EWCZ US	USA	170.9	9.4	6.9	6.3	2.2	2.2	7.6	7.5	0.0	0.0
Asset World Corp.	AWC TB*	Thailand	10.9	8.1	35.1	32.4	0.8	0.8	25.2	24.0	3.4	1.2
Central Plaza Hotel	CENTEL TB*	Thailand	(10.5)	15.8	29.3	25.3	2.3	2.2	12.7	12.5	1.5	1.8
Erawan Group	ERW TB*	Thailand	(15.1)	17.0	16.6	14.2	1.4	1.3	8.9	8.5	2.1	2.5
Minor International	MINT TB*	Thailand	13.0	15.7	18.7	16.2	1.6	1.5	6.1	5.8	2.9	3.5
Siam Wellness Group	SPA TB*	Thailand	(39.0)	16.9	20.6	17.7	3.1	2.8	7.7	6.7	1.9	2.3
<b>Average</b>			<b>15.7</b>	<b>23.9</b>	<b>36.6</b>	<b>28.2</b>	<b>3.1</b>	<b>2.9</b>	<b>15.2</b>	<b>13.6</b>	<b>1.5</b>	<b>1.5</b>

Sources: Company data, Thanachart estimates

Note: \* Thanachart estimates, using normalized EPS

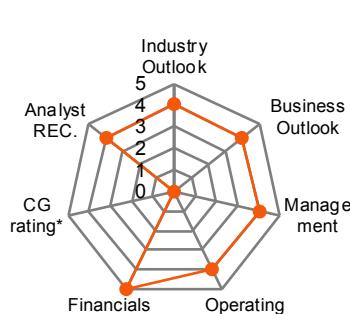
Based on 3 February 2026 closing prices

## COMPANY DESCRIPTION

Siam Wellness Group Pcl (SPA) runs wellness spas and other related businesses, with four main operations: 1) Spa and massage services: under the brands "Let's Relax", "Rarinjinda", "Baan Suan", "Stretch Me", and "Dr. Spiller Pure Skin Care". 2) Hotel & Restaurants: a boutique resort hotel under the name "Rarin-Jinda Wellness Resort" and "Deck One" restaurant in Chiang Mai, and "OHB" cafés in selected spa shops. 3) Spa-related products: under the "RLR" brand. 4) Traditional Thai massage school: a training facility for spa therapists to support its business expansion. SPA is developing a wellness destination in Pattaya to drive new S-curve growth in 2027.

Source: Thanachart

## COMPANY RATING



## Rating Scale

Excellent	5
Good	4
Fair	3
Weak	2
Very Weak	1
None	0

Source: Thanachart; \* No CG Rating

## THANACHART'S SWOT ANALYSIS

## S — Strength

- Strong brand recognition, especially among Chinese and other Asian tourists.
- Its own upstream business helps provide sufficient therapists and products for rapid expansion.

## O — Opportunity

- Gaining market share from smaller local players via organic and inorganic expansion.
- Adding more wellness services and new treatments as bundled packages to increase ticket size.
- Expansion of its business overseas.

## W — Weakness

- Relies heavily on branch expansion to grow, due to limited capacity of service hours per shop.
- Highly dependent on tourist traffic

## T — Threat

- Extraordinary and uncontrollable events, i.e., geopolitical disturbances, natural disasters, etc. could disrupt its operations and decrease tourist traffic.
- Large network but only a small management team

## CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	4.50	4.50	0%
Net profit 25F (Bt m)	182	191	6%
Net profit 26F (Bt m)	217	224	3%
Consensus REC	BUY: 8	HOLD: 1	SELL: 1

## HOW ARE WE DIFFERENT FROM THE STREET?

- Our 2025-26F earnings estimates are 6% and 3% higher than the Bloomberg consensus' numbers, likely since we assume lower losses from SPA's mega wellness project during its early years.
- However, our TP is relatively in line with the Street's.

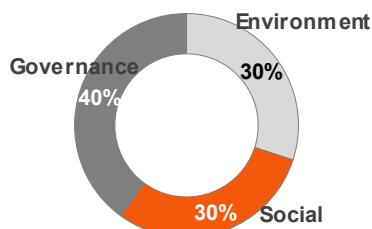
## RISKS TO OUR INVESTMENT CASE

- A larger-than-expected impact from a tourism slowdown in Thailand would be the key downside risk to our numbers.
- A slower-than-expected pace of branch expansion represents another downside risk to our earnings forecasts.
- Any events escalating a downturn in Thailand's tourism industry, e.g., involving politics, the global economy, or natural disasters, would be negative for our numbers.

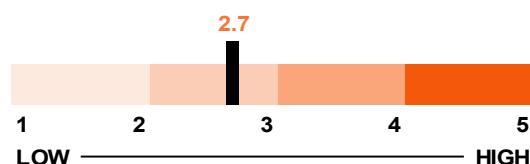
Sources: Bloomberg consensus, Thanachart estimates

Source: Thanachart

## ESG Weighting



## Thanachart ESG Rating



	SET ESG Index	SET ESG (BBB-AAA)	DJSI Index	Thanachart ESG Rating (1.0-5.0)	MSCI (CCC-AAA)	ESG Book (0-100)	CG Rating (0-5)
SPA	-	-	-	2.72	-	-	4.0

Sources: SETTRADE, SET ESG Index, SET ESG Rating, The Dow Jones Industrial Average (DJSI), MSCI ESG Research LLC, ESG Book, Thai IOD (CG rating)

Note: Please see third party on "terms of use" toward the back of this report.



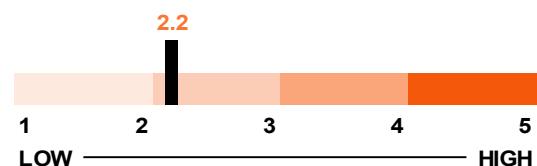
## ESG Summary

- Siam Wellness Group (SPA) is one of Thailand's leading wellness service operators, with 85 branches across five brands as of 2025. Its flagship brand, Let's Relax, is well recognized among foreign tourists, with Chinese visitors accounting for over 50% of the company's revenue base.
- We assign SPA a below-average ESG score of 2.7, reflecting structural limitations commonly seen among small-sized corporates in formalizing ESG frameworks. Despite a strong Social (S) performance, we believe SPA continues to face challenges in strengthening its Environmental (E) and Governance (G) pillars.
- We assign SPA a low 2.0 E score as we see significant room for improvement in water and waste management practices. SPA's core operations of spa services are water-intensive, driven by hygiene requirements, while service delivery also relies on single-use disposable materials. The company still provides limited disclosure on mitigation policies or efficiency initiatives at this stage.
- We assign SPA a decent S score of 3.5, reflecting the company's strong track record in health-critical services, with minimal serious incident reports or complaints. We are also impressed with SPA's respect for customer privacy, including religious considerations. In addition, SPA provides appropriate compensation, sufficient rest periods, and good accommodation support for its therapists, in our view.
- We assign a moderate 2.6 G score for SPA, mainly due to its weak board composition, with a non-independent chairwoman, while independent directors account for less than half of the board. SPA has a strong business model with strong, high-quality brand recognition, but its business is highly cyclical and heavily exposed to Thailand's tourism industry, which is sensitive.

Sector: MAI | Services

We assign SPA a low E score of 2.2. Despite low carbon emissions, the business is resource-intensive in water usage and consumables, which in turn leads to meaningful waste generation. We see limited formal environmental policies, targets, and disclosures to mitigate these impacts.

Thanachart Environment (E) Rating



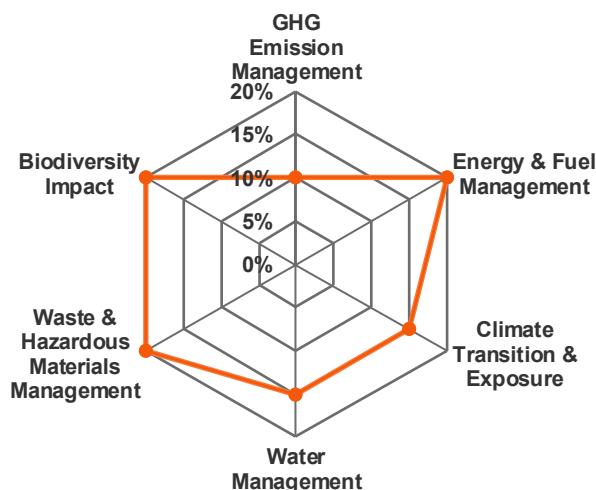
## ENVIRONMENT

## Our Comments

- GHG Emission Management
- Energy & Fuel Management
- Climate Transition & Exposure
- Water Management
- Waste & Hazardous Materials Management
- Biodiversity Impact

- We assign a low E score of 2.2 to SPA, primarily due to its limited environmental management framework with weak targets and limited disclosure, particularly when benchmarked against larger service-sector peers.
- Water consumption represents a key environmental risk, given SPA's high hygiene requirements across its service offerings. Despite this structural exposure, we see no clear water-efficiency targets or monitoring metrics, which limits visibility for the company's mitigation efforts.
- Waste generation is another environmental concern in our view, especially from the use of single-use disposable items during spa services, such as linens, treatment materials, and hygiene-related packaging. We also see limited evidence of SPA's waste reduction, recycling, or circular-use initiatives.
- SPA's energy and electricity consumption profile is moderate, but remains material due to air conditioning, water heating, and its extended operating hours. We note that structural constraints on renewable energy adoption, given its shop-in-mall and shop-in-hotel operating model.
- Environmental disclosures in SPA's reporting remain largely qualitative, with no quantified emissions data, environmental KPIs, or clearly defined long-term targets. We acknowledge that SPA's smaller scale and focus on service quality may partly explain its limited environmental initiatives.

## SCALE WEIGHTING

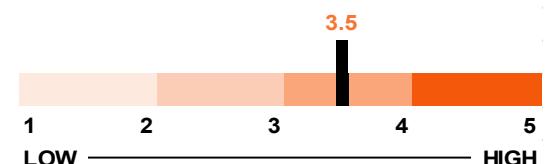


Sources: Thanachart, Company data

Sector: MAI | Services

We assign SPA a solid S score of 3.5, which we view as the company's strongest ESG pillar. This reflects SPA's long-standing track record in health-critical wellness services, strong service standards, a customer-centric operating model, and strong support for staff compensation and accommodation.

Thanachart Social (S) Rating



## SOCIAL

## Our Comments

- Human Rights & Community Relations
- Customer Welfare
- Data Security & Customer Privacy
- Product Quality & Safety
- Operational Risk Management
- Health, Safety & Well-being
- Diversity & Inclusion
- Recruitment, Development & Retention

- We assign SPA an S score of 3.5, reflecting decent practices in most key areas of customers, communities, staff, and operations. SPA has a strong operational track record with minimal serious incident reports or material customer complaints in its core businesses of health, wellness, and preventive care.
- As a leading wellness service provider with heavy exposure to foreign tourists, SPA places a strong emphasis on service standards, hygiene protocols, and therapist professionalism, which are essential to maintaining brand trust and repeat visits. We view this focus as a key contributor to SPA's reputation, particularly under its flagship Let's Relax brand.
- Customer dignity, privacy, and cultural sensitivity are integral to SPA's service delivery. The company explicitly respects personal privacy and religious beliefs during treatments, which we view as increasingly important given SPA's diverse international customer base. This strengthens its social license to operate, particularly in tourism-driven locations.
- Human capital management is another key social strength for SPA. The company operates its own wellness academy, which provides structured theoretical and practical training for therapists and is certified by Thailand's Ministry of Education. We view this as an important differentiator, supporting service consistency, employee skill development, and long-term talent retention in a labor-intensive business.
- SPA demonstrates a people-centric employment model, offering appropriate compensation, structured working hours with sufficient rest periods, and accommodation support for its therapists. Given the physically demanding nature of spa services, we view these practices as important in supporting employee well-being and reducing staff turnover.

## SCALE WEIGHTING

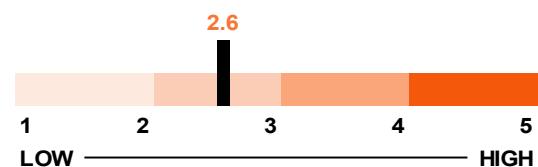


Sources: Thanachart, Company data

Sector: MAI | Services

We assign SPA a moderate G score of 2.6. While the company demonstrates adequate operational oversight and a sound business model, its board structure is not ideal due to a non-independent chairperson.

Thanachart Governance (G) Rating



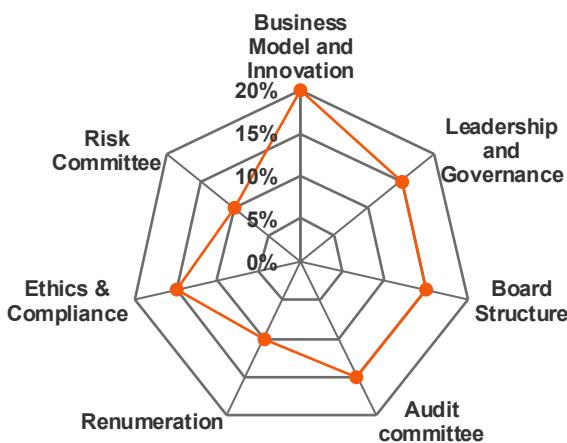
## GOVERNANCE &amp; SUSTAINABILITY

## Our Comments

- Business Model and Innovation
- Leadership and Governance
- Board Structure
- Audit committee
- Renumeration
- Ethics & Compliance
- Risk Committee

- We assign SPA a 2.6 G score, reflecting a balance between its decent business model with innovative service additions and non-ideal board composition.
- On the positive side, SPA has a strong business model in our view, having strong, well-recognized brands with high-quality services. It also adapts and innovates itself to stay as a leader and improve service offerings. An offset factor in this business sustainability area is the cyclical nature of its business to uncontrollable factors of diseases and epidemics, the global economy, political unrest, etc.
- One factor to monitor in the business sustainability topic is its large-scale investment in a wellness destination project, which represents a strategic departure from its traditional asset-light spa operating model. While the project remains aligned with wellness-related services, its scale, capital intensity, and execution complexity introduces new risks that will likely require disciplined governance oversight and careful capital management.
- Overall risk management practices are generally adequate for the nature and scale of SPA's operations. Its key business risks include demand cyclicity from tourism, labor availability, and service quality control, and brand reputation, which remain well managed, in our view.
- SPA maintains basic governance disclosure and compliance practices, including board committees and internal controls, which are broadly in line with expectations for a company of its size. However, we see room for improvement in governance transparency and board effectiveness, particularly given that the board remains largely composed of representatives of major shareholders.
- SPA has a weak board structure in our view, with a non-independent chairperson. Independent directors also comprise less than half of its total board members, which is below the ideal ratio of two-thirds.

## SCALE WEIGHTING



Sources: Thanachart, Company data

## INCOME STATEMENT

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Sales	1,446	1,629	1,591	1,720	1,991
Cost of sales	1,010	1,101	1,151	1,220	1,411
<b>Gross profit</b>	<b>436</b>	<b>528</b>	<b>440</b>	<b>500</b>	<b>580</b>
% gross margin	30.2%	32.4%	27.7%	29.1%	29.1%
Selling & administration expenses	147	166	188	203	221
<b>Operating profit</b>	<b>289</b>	<b>362</b>	<b>252</b>	<b>297</b>	<b>359</b>
% operating margin	20.0%	22.2%	15.8%	17.3%	18.0%
Depreciation & amortization	275	256	280	294	315
<b>EBITDA</b>	<b>564</b>	<b>618</b>	<b>532</b>	<b>591</b>	<b>674</b>
% EBITDA margin	39.0%	38.0%	33.4%	34.3%	33.9%
Non-operating income	27	44	26	28	32
Non-operating expenses	0	0	0	0	0
Interest expense	(46)	(32)	(37)	(44)	(47)
<b>Pre-tax profit</b>	<b>270</b>	<b>374</b>	<b>241</b>	<b>281</b>	<b>344</b>
Income tax	1	60	48	56	69
<b>After-tax profit</b>	<b>269</b>	<b>315</b>	<b>193</b>	<b>225</b>	<b>275</b>
% net margin	18.6%	19.3%	12.1%	13.1%	13.8%
Shares in affiliates' Earnings	(1)	(1)	(1)	(1)	(2)
Minority interests	(0)	(0)	(0)	(0)	(0)
Extraordinary items	64	(5)	0	0	0
<b>NET PROFIT</b>	<b>332</b>	<b>309</b>	<b>191</b>	<b>224</b>	<b>274</b>
<b>Normalized profit</b>	<b>268</b>	<b>314</b>	<b>191</b>	<b>224</b>	<b>274</b>
EPS (Bt)	0.4	0.2	0.1	0.2	0.2
Normalized EPS (Bt)	0.3	0.2	0.1	0.2	0.2

## BALANCE SHEET

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
<b>ASSETS:</b>					
Current assets:					
Cash & cash equivalent	363	282	201	258	325
Account receivables	252	158	100	150	200
Inventories	30	33	33	35	41
Others	43	49	47	50	58
Investments & loans	38	42	21	23	27
Net fixed assets	0	0	0	0	0
Other assets	954	1,175	1,436	1,445	1,811
<b>Total assets</b>	<b>1,973</b>	<b>2,136</b>	<b>2,395</b>	<b>2,561</b>	<b>2,987</b>
<b>LIABILITIES:</b>					
Current liabilities:					
Account payables	376	345	382	408	455
Bank overdraft & ST loans	124	134	142	150	174
Current LT debt	0	0	0	0	0
Others current liabilities	43	0	24	16	39
<b>Total LT debt</b>	<b>271</b>	<b>100</b>	<b>214</b>	<b>142</b>	<b>354</b>
Others LT liabilities	209	210	216	242	242
<b>Total liabilities</b>	<b>1,072</b>	<b>938</b>	<b>1,108</b>	<b>1,132</b>	<b>1,384</b>
Minority interest	425	493	512	583	576
Preferreds shares	0	0	0	0	0
Paid-up capital	0	0	0	0	0
Share premium	214	321	321	321	321
Warrants	279	279	279	279	279
Surplus	0	0	0	0	0
<b>Retained earnings</b>	<b>329</b>	<b>520</b>	<b>609</b>	<b>750</b>	<b>924</b>
Shareholders' equity	901	1,198	1,287	1,428	1,602
<b>Liabilities &amp; equity</b>	<b>1,973</b>	<b>2,136</b>	<b>2,395</b>	<b>2,561</b>	<b>2,987</b>

Sources: Company data, Thanachart estimates

We expect an earnings turnaround after a tourism hiccup in 2025F

Very healthy balance sheet despite heavy investment factored in

## CASH FLOW STATEMENT

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Earnings before tax	270	374	241	281	344
Tax paid	(3)	(59)	(48)	(56)	(69)
Depreciation & amortization	275	256	280	294	315
Chg In working capital	25	1	10	3	10
Chg In other CA & CL / minorities	(39)	(9)	5	23	(5)
<b>Cash flow from operations</b>	<b>528</b>	<b>563</b>	<b>488</b>	<b>545</b>	<b>595</b>
<i>Its huge wellness project investment should turn profitable in 2028F</i>					
Capex	(45)	(333)	(383)	(145)	(518)
Right of use	347	(209)	(250)	(250)	(150)
ST loans & investments	(17)	6	20	0	0
LT loans & investments	0	0	0	0	0
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	(447)	104	31	64	(14)
<b>Cash flow from investments</b>	<b>(163)</b>	<b>(432)</b>	<b>(581)</b>	<b>(331)</b>	<b>(682)</b>
Debt financing	(298)	(214)	138	(81)	236
Capital increase	0	107	0	0	0
Dividends paid	(0)	(12)	(102)	(83)	(100)
Warrants & other surplus	0	(107)	0	0	0
<b>Cash flow from financing</b>	<b>(298)</b>	<b>(226)</b>	<b>36</b>	<b>(164)</b>	<b>136</b>
<b>Free cash flow</b>	<b>483</b>	<b>230</b>	<b>105</b>	<b>400</b>	<b>78</b>

## VALUATION

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Normalized PE (x)	9.8	12.6	20.6	17.7	14.4
Normalized PE - at target price (x)	14.4	18.4	30.1	25.8	21.1
PE (x)	7.9	12.8	20.6	17.7	14.4
PE - at target price (x)	11.6	18.7	30.1	25.8	21.1
EV/EBITDA (x)	4.8	6.3	7.7	6.7	6.1
EV/EBITDA - at target price (x)	6.9	9.2	11.1	9.8	8.8
P/BV (x)	2.9	3.3	3.1	2.8	2.5
P/BV - at target price (x)	4.3	4.8	4.5	4.0	3.6
P/CFO (x)	5.0	7.0	8.1	7.3	6.6
Price/sales (x)	2.7	2.4	2.5	2.3	2.0
Dividend yield (%)	4.5	3.2	1.9	2.3	2.8
FCF Yield (%)	18.3	5.8	2.7	10.1	2.0
<b>(Bt)</b>					
Normalized EPS	0.3	0.2	0.1	0.2	0.2
EPS	0.4	0.2	0.1	0.2	0.2
DPS	0.1	0.1	0.1	0.1	0.1
BV/share	1.1	0.9	1.0	1.1	1.2
CFO/share	0.6	0.4	0.4	0.4	0.5
FCF/share	0.6	0.2	0.1	0.3	0.1

Sources: Company data, Thanachart estimates

*Undemanding valuation to us, given its earnings turnaround story*

FINANCIAL RATIOS		2023A	2024A	2025F	2026F	2027F
FY ending Dec						
<b>Growth Rate</b>						
Sales (%)	103.3	12.7	(2.4)	8.2	15.7	
Net profit (%)	na	(6.9)	(38.1)	16.9	22.3	
EPS (%)	na	(37.9)	(38.1)	16.9	22.3	
Normalized profit (%)	na	17.4	(39.0)	16.9	22.3	
Normalized EPS (%)	na	(21.8)	(39.0)	16.9	22.3	
Dividend payout ratio (%)	35.8	41.5	40.0	40.0	40.0	
<b>Operating performance</b>						
Gross margin (%)	30.2	32.4	27.7	29.1	29.1	
Operating margin (%)	20.0	22.2	15.8	17.3	18.0	
EBITDA margin (%)	39.0	38.0	33.4	34.3	33.9	
Net margin (%)	18.6	19.3	12.1	13.1	13.8	
D/E (incl. minor) (x)	0.3	0.1	0.2	0.1	0.2	
Net D/E (incl. minor) (x)	0.1	(0.0)	0.1	0.0	0.1	
Interest coverage - EBIT (x)	6.3	11.5	6.81	6.83	7.6	
Interest coverage - EBITDA (x)	12.2	19.6	14.4	13.6	14.2	
ROA - using norm profit (%)	12.2	15.3	8.5	9.0	9.9	
ROE - using norm profit (%)	36.4	29.9	15.4	16.5	18.1	
<b>High-profitability company with an asset- light business model</b>						
<b>DuPont</b>						
ROE - using after tax profit (%)	36.6	30.0	15.5	16.6	18.2	
- asset turnover (x)	0.7	0.8	0.7	0.7	0.7	
- operating margin (%)	21.9	24.9	17.5	18.9	19.7	
- leverage (x)	3.0	2.0	1.8	1.8	1.8	
- interest burden (%)	85.4	92.2	86.7	86.6	87.9	
- tax burden (%)	99.5	84.1	80.0	80.0	80.0	
WACC (%)	9.9	9.9	9.9	9.9	9.9	
ROIC (%)	28.9	31.6	17.6	16.7	20.0	
NOPAT (Bt m)	288	305	201	238	287	
invested capital (Bt m)	963	1,141	1,426	1,436	1,796	

Sources: Company data, Thanachart estimates

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Currently, long-term investment guidelines abroad are beginning to focus on investing in companies that have sustainable business practices. which considers environmental, social and governance factors (Environmental, Social and Governance or ESG) of the company in making investment decisions along with analyzing the company's financial data.

Stock Exchange Has prepared the results of evaluating sustainable stocks which are stocks of listed companies (SETESG Rating) as an alternative for investors who want to invest in stocks of listed companies that are outstanding in ESG, including to support listed companies with operations. sustainable business Taking into account all stakeholders in both social and environmental aspects. There is a management process to create sustainability for the organization, such as risk management. Supply chain management and innovation development. Therefore, the SETESG index was created to be an index that reflects the price movement of a group of securities. of companies with sustainable business operations that meet the required size and liquidity criteria

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90-100		Excellent
80-89		Very Good
70-79		Good
60-69		Satisfactory
50-59		Pass
Below		N/A

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Recommendations are based on absolute upside or downside, which is the difference between the target price and the current market price. If the upside is 10% or more, the recommendation is BUY. If the downside is 10% or more, the recommendation is SELL. For stocks where the upside or downside is less than 10%, the recommendation is HOLD. Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on the market price and the formal recommendation.

For sectors, an “Overweight” sector weighting is used when we have BUYS on majority of the stocks under our coverage by market cap. “Underweight” is used when we have SELLS on majority of the stocks we cover by market cap. “Neutral” is used when there are relatively equal weightings of BUYS and SELLS.

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