Siam Wellness Group (SPA TB) - BUY, Price Bt3.24, TP Bt4.50

Results Comment

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Decent 2Q26 profit, in-line

- SPA reported Bt39m net profit in 2Q26, up 9% y-y but down 30% q-q. The y-y growth was driven by stronger number of Chinese tourists and branch expansion, while the drop q-q was from a low season of Thai tourism and higher fixed costs from new opening branches where utilization rates remained low.
- Revenue rose 19% y-y to Bt431m in 2Q26, supported mainly by 17% higher number Chinese tourists, which is SPA's key customer base, in Thailand despite flattish overall foreign tourist arrivals this quarter. The revenue dropped 11% q-q, pressured by a low season of Thai tourism and early rainfalls.
- Gross profit grew only 8% y-y, and fell 26% q-q, to Bt97m in 2Q26 as gross margin dropped to 22.5% from 27.3% in 1Q26 and 24.8% in 2Q25, pressure by higher fixed costs from branch expansion to 94 domestic branches (+15% y-y and 2% q-q), while utilization weakened during the low season.
- SG&A expense looks well under control at Bt49m in 2Q26. It rose 13% y-y, which we see justified by its business expansion pace, but declined 14% q-q as the company reduced marketing spending during the low season.
- Despite SPA's 1H26 net profit made up only 42% of our full-year forecast, we maintain our numbers since we expect the earnings to be stronger in 2H26F when the stronger tourism season leads to higher utilization for SPA's message shops, particularly the new opening branches.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	**2Q25**	**3Q25**	**4Q25**	**1Q26**	**2Q26**
Revenue	362	407	473	483	431
Gross profit	**90**	**107**	**124**	**132**	**97**
SG&A	43	48	50	57	49
Operating profit	47	59	74	75	48
EBITDA	**77**	**91**	**106**	**108**	**83**
Other income	5	7	4	4	10
Other expense					
Interest expense	8	9	10	10	10
Profit before tax	**44**	**57**	**68**	**69**	**47**
Income tax	8	11	13	13	8
Equity & invest. income					
Minority interests		(0)	(0)	(0)	(0)
Extraordinary items					
Net profit	**36**	**46**	**56**	**56**	**39**
Normalized profit	**36**	**46**	**56**	**56**	**39**
EPS (Bt)	0.03	0.04	0.04	0.04	0.03
Normalized EPS (Bt)	0.03	0.04	0.04	0.04	0.03

Income Statement			6M as		
(Bt m)	**q-q%**	**y-y%**	**% 2026F**	**2026F**	**2027F**
Revenue	(11)	19	53	1,720	1,991
Gross profit	**(26)**	**8**	**46**	**500**	**580**
SG&A	(14)	13	52	203	221
Operating profit	(36)	3	42	297	359
EBITDA	**(23)**	**7**	**32**	**591**	**674**
Other income	159	82	48	28	32
Other expense			na		
Interest expense	5	36	47	44	47
Profit before tax	**(31)**	**7**	**41**	**281**	**344**
Income tax	(38)	(3)	38	56	69
Equity & invest. income			na	(1)	(2)
Minority interests	na		na	(0)	(0)
Extraordinary items			na		
Net profit	**(30)**	**9**	**42**	**224**	**274**
Normalized profit	**(30)**	**9**	**42**	**224**	**274**
EPS (Bt)	(30)	9	42	0.17	0.21
Normalized EPS (Bt)	(30)	9	42	0.17	0.21

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	**2Q25**	**3Q25**	**4Q25**	**1Q26**	**2Q26**
Cash & ST investment	123	101	156	221	194
A/C receivable	21	22	32	30	25
Inventory	48	44	50	55	60
Other current assets	42	54	27	23	18
Investment					
Fixed assets	1,223	1,262	1,348	1,346	1,346
Other assets	676	971	993	1,038	995
Total assets	**2,132**	**2,456**	**2,606**	**2,713**	**2,639**
S-T debt	14	30	30	30	46
A/C payable	102	118	142	144	131
Other current liabilities	218	222	221	245	224
L-T debt	195	274	266	259	332
Other liabilities	447	609	664	697	656
Minority interest	0	0	0	0	0
Shareholders' equity	**1,157**	**1,203**	**1,283**	**1,338**	**1,250**
Working capital	(33)	(51)	(61)	(59)	(45)
Total debt	209	304	296	289	379
Net debt	**86**	**203**	**141**	**68**	**184**

Financial Ratios					
(%)	**2Q25**	**3Q25**	**4Q25**	**1Q26**	**2Q26**
Sales growth	(5.3)	(4.0)	10.3	26.8	19.0
Operating profit growth	(37.3)	(38.5)	(22.5)	20.1	3.4
EBITDA growth	(24.7)	(26.7)	(12.9)	17.4	7.3
Norm profit growth	(41.9)	(46.8)	(39.4)	9.1	9.4
Norm EPS growth	(41.9)	(46.8)	(39.4)	9.1	9.4
Gross margin	24.8	26.3	26.2	27.3	22.5
Operating margin	12.9	14.6	15.7	15.6	11.2
EBITDA margin	21.4	22.4	22.5	22.3	19.3
Norm net margin	9.9	11.3	11.8	11.6	9.1
D/E (x)	0.2	0.3	0.2	0.2	0.3
Net D/E (x)	0.1	0.2	0.1	0.1	0.1
Interest coverage (x)	10.1	10.3	10.6	10.8	7.9
Interest rate	20.0	13.9	13.4	13.7	12.5
Effective tax rate	19.1	19.4	18.6	19.0	17.3
ROA	6.7	8.0	8.8	8.4	5.9
ROE	11.9	15.6	17.9	17.0	12.1

Sources: Company data, ttb wealth estimates

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