



บริษัท สยามเวลเนสกรุ๊ป จำกัด (มหาชน) (สำนักงานใหญ่) เลขประจำตัวผู้เสียภาษีอากร **0107557000144**
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SWG 010/2562

22 February 2019

Subject: Management Discussion and Analysis of Siam Wellness Group Public Company Limited for the 12 months period ended 31 December 2018 and to explain the causes of performance that is changed more than 20% from the same period last year

To: President
The Stock Exchange of Thailand

SIAM WELLNESS GROUP PUBLIC COMPANY LIMITED (“The Company”) would like to give details of the Management Discussion and Analysis of the financial statements of the Company and subsidiaries for the 12 months period (“12M18”) ended 31 December 2018 and to explicate the causes of performance that has changed more than 20% from the same period last year. The Company and subsidiaries have the total revenue of 1,152.49 million baht, an increase of 190.10 million baht from the same period last year (or an increase of 19.75%). The net profit is 205.60 million baht, an increase of 30.43 million baht from the same period last year (or an increase of 17.37%). Net profit is accounted as 18.13% of sales and services’ revenue. This is the result of the continuous expansion of the Thai tourism industry, additional business unit and expansion of franchise overseas. The increase in sales comes from both same store sales and expansion stores sales growth, in which the number of branches has gradually increase from 41 branches in 2017 to 55 branches in 2018 (49 branches domestically and 6 branches overseas) with details as followed.

Revenue

The Company and subsidiaries had total revenue in 2018 of 1,152.49 million baht, an increase of 190.10 million baht from the same period last year (or an increase of 19.75%). The big proportion of revenue comes from the spa business, which accounted to 88% of the total revenue. There are 15 expansion stores composed of 7 Let’s Relax, 2 Stretch me by Let’s Relax, 1 Face Care by Let’s Relax and 5 overseas branches (2 in China – Tianjin and Qingdao and 3 in Cambodia – Phnom Penh). This results in significant increase in Sales.



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Cost of Sales and Services

In 2018, the Company and subsidiaries had the cost of sales and services of 750.13 million baht, accounting for 66.13% of sales and services' revenue. This is an increase of 130.57 million baht from the same period last year (or an increase of 21.08%). The increase is caused by the expansion of 10 new spa branches domestically in 2018 as well as additional cost of sales and services of the existing branches, both fixed and variable costs such as staff costs, salary, rents, depreciation and raw material costs, etc.

Selling and Administrative Expenses

In 2018, the Company and subsidiaries had the selling and administrative expenses of 152.48 million baht, accounted to 13.44% of the revenue from sales and services. This is an increase of 22.14 million baht from the same period last year (or an increase of 16.98%). This is mainly from the adjustment of salary and increasing headcount of the Head Office staff to support branches expansion as well as the rental and depreciation of the Head Office.

Net Profit

In 2018, the Company and subsidiaries had the net profit of 205.60 million baht or accounted 18.13% of the revenue from sales and services. The net profit of the Company and subsidiaries increase 30.43 million baht from the same period last year (or an increase of 17.37%) compared to the same period last year. The revenue from sale and service have increased as a result of the continuous growth in the Tourism industry, additional business unit and expansion of franchise overseas which results in the increase in revenue in both Bangkok and Upcountry branches, yet the variable and fixed costs of sales and services as well as selling and administrative also increase which results from increase in number of branches. However, the cost of sales and services grow slightly less than the revenue from sales and services. Thus, results in the increase in Net Profit.

Please be informed accordingly,

Yours sincerely,

(Mr.Wiboon Utsahajit / Mr.Prasert Jiravanstit)

Siam Wellness Group Public Company Limited