

Osotspa Public Co. Ltd. (OSP TB) - SELL, Price Bt15.0, TP Bt12.0**Results Comment**

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Decent 1Q25, in line

- Net earnings were Bt1.3bn. Excluding gain from asset sales, normalized earnings of Bt970m grew by 17% y-y and 58% from the low season in 4Q24.
- Decent earnings were driven mainly by abnormally strong overseas energy drink sales, growing by 22% y-y, driven by very strong Myanmar business. We believe OSP gained market share in Myanmar as its key competitor faced stricter import restrictions. The temporary monopoly situation also helped OSP raise selling prices while selling more volume.
- Domestic beverage fell by 16% y-y. Despite some small market share loss, OSP's average selling price fell after it launched new, cheaper products to prevent further share erosion.
- Personal care grew by 10% y-y, thanks to successful new product launches.
- EBIT margin rose to 15.5% from 11.7% last year. The key growth driver, international beverage business, generates higher margins by nature, as selling expenses are mostly borne by distributors, unlike the domestic beverage business.
- We expect 1Q25 to be the peak quarter for OSP, followed by the weaker season for the high-margin Myanmar business. There are also risks from further pricing pressure for domestic energy drink business, while OSP's key rival in Myanmar are planning price cuts to gain back market share.
- Maintain SELL

Income Statement (consolidated)						Income Statement 3M as					
Yr-end Dec (Bt m)	1Q24	2Q24	3Q24	4Q24	1Q25	(Bt m)	q-q%	y-y%	% 2025F	2025F	2026F
Revenue	7,260	7,345	6,043	6,422	6,831	Revenue	6	(6)	25	27,482	28,866
Gross profit	2,647	2,804	2,180	2,472	2,752	Gross profit	11	4	27	10,126	10,337
SG&A	1,797	1,765	1,572	1,818	1,692	SG&A	(7)	(6)	23	7,241	7,385
Operating profit	851	1,039	608	654	1,059	Operating profit	62	25	37	2,885	2,952
EBITDA	1,208	1,399	967	1,012	1,411	EBITDA	39	17	33	4,300	4,412
Other income	68	29	119	94	74	Other income	(22)	9	29	256	261
Other expense	0	0	0	0	0	Other expense					
Interest expense	29	26	27	35	36	Interest expense	1	22	51	69	37
Profit before tax	889	1,042	700	713	1,097	Profit before tax	54	23	36	3,072	3,176
Income tax	82	143	59	114	99	Income tax	(13)	21	21	461	476
Equity & invest. income	59	59	49	40	37	Equity & invest. income	(8)	(37)	17	217	222
Minority interests	(37)	(40)	(18)	(25)	(66)	Minority interests	na	na	na	(113)	(113)
Extraordinary items	0	(315)	(1,033)	(48)	295	Extraordinary items	na	na	na	na	na
Net profit	828	604	(361)	567	1,265	Net profit	123	53	47	2,715	2,808
Normalized profit	828	919	672	615	970	Normalized profit	58	17	36	2,715	2,808
EPS (Bt)	0.28	0.20	(0.12)	0.19	0.42	EPS (Bt)	123	53	47	0.90	0.93
Normalized EPS (Bt)	0.28	0.31	0.22	0.20	0.32	Normalized EPS (Bt)	58	17	36	0.90	0.93

Balance Sheet (consolidated)						Financial Ratios (%)					
Yr-end Dec (Bt m)	1Q24	2Q24	3Q24	4Q24	1Q25		1Q24	2Q24	3Q24	4Q24	1Q25
Cash & ST investment	1,287	1,881	1,755	2,190	2,543	Sales grow th	10.9	9.5	(3.7)	(1.7)	(5.9)
A/C receivable	5,101	4,828	4,142	4,993	5,601	Operating profit grow th	76.1	67.6	2.0	22.2	24.6
Inventory	3,451	3,246	3,672	3,696	3,608	EBITDA grow th	39.4	40.8	(0.0)	12.1	16.8
Other current assets	17	41	312	313	16	Norm profit grow th	6.5	67.3	19.5	3.8	17.1
Investment	1,271	830	657	695	733	Norm EPS grow th	6.5	67.3	19.5	3.8	17.1
Fixed assets	13,012	13,041	12,667	12,426	12,169	Gross margin	36.5	38.2	36.1	38.5	40.3
Other assets	800	764	789	821	823	Operating margin	11.7	14.1	10.1	10.2	15.5
Total assets	24,938	24,630	23,994	25,135	25,492	EBITDA margin	16.6	19.0	16.0	15.8	20.7
S-T debt	1,218	1,526	3,246	1,895	710	Norm net margin	11.4	12.5	11.1	9.6	14.2
A/C payable	4,870	4,976	4,642	6,059	6,267	D/E (x)	0.1	0.1	0.2	0.1	0.1
Other current liabilities	363	284	228	240	306	Net D/E (x)	0.0	(0.0)	0.1	0.0	(0.1)
L-T debt	226	170	96	358	322	Interest coverage (x)	41.4	53.2	36.1	28.7	39.7
Other liabilities	764	830	831	791	786	Interest rate	6.1	6.7	4.3	5.0	8.7
Minority interest	234	276	262	299	364	Effective tax rate	9.2	13.7	8.5	15.9	9.0
Shareholders' equity	17,264	16,569	14,687	15,493	16,736	ROA	13.4	14.8	11.1	10.0	15.3
Working capital	3,682	3,098	3,171	2,631	2,941	ROE	19.7	21.7	17.2	16.3	24.1
Total debt	1,444	1,696	3,342	2,253	1,032						
Net debt	158	(186)	1,587	63	(1,511)						

Sources: Company data, Thanachart estimates

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