

Osotspa Pcl (OSP TB) - BUY

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Earnings Preview**Good 2Q25F insight**

- **2Q25F likely beat**
 - **Not aggressive in domestic energy drink**
 - **More cost savings**
 - **7.4/6.9% yield. BUY**
- OSP's 2Q25F will likely come in at Bt950m, growing 3% y-y but falling 2% from the high-season 1Q25. Earnings will likely beat our previous estimates by 5% due to cost-saving strategies. We are positive on the results. OSP has been aware of the sluggish economy in Thailand and is turning its focus toward cost savings to preserve profit levels.
 - The key domestic energy drink segment will likely fall by 10% y-y after an 18% decline in 1Q25. The business likely improved 8% q-q. OSP has anticipated the annualized drop due to the lower average selling price, as it earlier this year relaunched the Bt10/bottle energy drink within its key Bt12/bottle portfolio. The smaller y-y drop and quarterly improvement came as OSP's market share stopped falling and started to improve slightly from the lowest level seen in December last year.
 - We believe OSP's strategy to only protect market share rather than aggressively gain more has resulted in limited competition in the industry.
 - The Myanmar energy drink business likely grew 10% y-y, though it fell 10% q-q amid the low season impact. The improvement y-y is due to OSP continuing to benefit from the ban on imports of competing products from Thailand.
 - EBIT margin likely came in at 14%, flat y-y but down from 16% q-q. The flat margin despite the lower selling price of domestic energy drinks came as OSP further cut marketing spending in Thailand and successfully secured lower raw material prices, e.g., cullet, aluminum, and sweeteners. The margin decline from 1Q25 reflects lower Myanmar sales. The Myanmar energy drink segment usually generates a higher margin due to local distributors sharing the selling expenses.
 - Looking forward, OSP plans to reduce marketing expenses further as it foresees weaker consumption trends while competition from local players remains limited.
 - We reaffirm BUY on OSP for its high dividend yield of 7.4/6.9% in 2025–26F.

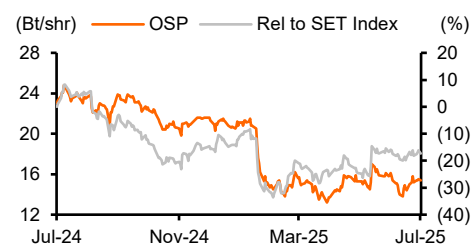
Key Valuations

Y/E Dec (Bt m)	2024A	2025F	2026F	2027F
Revenue	27,069	25,699	26,322	26,997
Net profit	1,638	3,413	3,212	3,273
Norm net profit	3,035	3,116	3,212	3,273
Norm EPS (Bt)	1.0	1.0	1.1	1.1
Norm EPS gr (%)	26.3	2.7	3.1	1.9
Norm PE (x)	15.2	14.8	14.4	14.1
EV/EBITDA (x)	10.1	9.7	9.4	9.0
P/BV (x)	3.0	2.8	2.9	2.9
Div. yield (%)	3.9	7.4	6.9	7.1
ROE (%)	19.1	19.6	19.8	20.2
Net D/E (%)	0.4	(6.0)	(11.2)	(17.7)

Source: Thanachart estimates

Stock Data

Closing price (Bt)	15.40
Target price (Bt)	16.30
Market cap (US\$ m)	1,425
Avg daily turnover (US\$ m)	6.7
12M H/L price (Bt)	24.80/13.20

Price Performance

Source: Bloomberg

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