Energy Drink Sector – Neutral

News update

Pattadol Bunnak | Email: pattadol.bun@thanachartsec.co.th

OSP to beat, CBG to miss

- **Same story, different exposure.**
- **OSP: more exposure to resilient domestic energy drinks.**
- **CBG: more exposure to weak exports.**
- **BUY OSP on pullback, downside on CBG.**

We preview 3Q25F earnings for two energy drink stocks under our coverage. We expect OSP's earnings to beat our expectations, while CBG will likely miss. The domestic energy drink market remains resilient for both companies, and OSP has larger exposure there. Both companies face export hiccups, but CBG will likely see a larger drop.

OSP

- We expect OSP's 3Q25F earnings of Bt690m, up 3% y-y. A 32% q-q fall is due to seasonal weakness in 3Q from the rainy season in key export markets like Myanmar.
- OSP's estimated EBIT breakdown is about 45% domestic beverages, 40% energy drink export, and 15% others. Its largest domestic energy drink business likely grew by mid-single digits y-y and q-q. OSP likely sees y-y growth after three consecutive quarters of decline, as the relaunch of its Bt10/bottle energy drink into the Bt12/bottle portfolio helped stabilize market share without triggering intense price competition.
- OSP's margins are also likely to expand. Without being aggressive in competition, OSP has been able to cut marketing expenses. The company is also focusing on reducing production costs.
- The weak area is exports, both energy drinks and personal care, which are likely down by the early-teen level y-y. The quarterly drop is due to seasonal impact as mentioned earlier. In the key Myanmar market, OSP's distributor delayed orders in July and August amid weak consumption. However, orders resumed in September. There were also hiccups in small markets like Cambodia amid conflict with Thailand and social unrest in Indonesia. That said, the weakness is more than offset by decent domestic performance and cost savings.

CBG

- We expect CBG's earnings of Bt640m to fall 14% y-y and 20% q-q. Earnings will likely miss our expectations as weak Cambodia sales offset domestic strength.
- CBG's estimated EBIT breakdown is about 36% domestic energy drinks, 49% export and 15% 3rd-party product distribution and bottle OEM. Domestic energy drink sales likely continue to grow at a teen-level rate as CBG, the only player selling at Bt10/bottle, continues to gain market share mainly from Red Bull Thailand, the only player selling key energy drink products at Bt12/bottle. Spirit distribution and bottle OEM likely remain growing at the teen level, supported by CBG's customers' continued market share gains. Like OSP, CBG has also cut selling expenses in the now less aggressive energy drink market.
- However, CBG's energy drink exports likely fell at a high double-digit rate due to the Thailand–Cambodia conflict, which hit demand for its products harder than expected. CBG is the largest energy drink player in Cambodia with about 70% market share, so the impact is greater than for OSP.

In all, we reaffirm BUY on OSP. Its share price has fallen 18% from its peak this year as the market worried about potential 3Q25 weakness amid domestic energy drink competition. We see likely upbeat 3Q25 results as a share price catalyst. Over the long term, we view OSP as a stable growth company offering an attractive 7% dividend yield in 2025–26F.

We see downside for CBG as Cambodia's difficulties are likely more severe than expected.

General Disclaimers And Disclosures:

This report is prepared and issued by Thanachart Securities Public Company Limited (TNS) which is owned 99.97% by TMBThanachart Bank Public Company Limited (TTB) as a resource only for clients of TNS, TMBThanachart Bank Public Company Limited (TTB) and its group companies.

This report is prepared by analysts who are employed by the research department of TNS. While the information is from sources believed to be reliable, neither the information nor the forecasts shall be taken as a representation or warranty for which TNS or TTB or its group companies or any of their employees incur any responsibility. This report is provided to you for informational purposes only and it is not, and is not to be construed as, an offer or an invitation to make an offer to sell or buy any securities. Neither TNS, TTB nor its group companies accept any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

The information and opinions contained herein have been compiled or arrived at from sources believed reliable. However, TNS, TTB and its group companies make no representation or warranty, express or implied, as to their accuracy or completeness. Expressions of opinion herein are subject to change without notice. The use of any information, forecasts and opinions contained in this report shall be at the sole discretion and risk of the user.

TNS, TTB and its group companies perform and seek to perform business with companies covered in this report. TNS, TTB, its group companies, their employees and directors may have positions and financial interest in securities mentioned in this report. TNS, TTB or its group companies may from time to time perform investment banking or other services for, or solicit investment banking or other business from, any entity mentioned in this report. Therefore, investors should be aware of conflict of interest that may affect the objectivity of this report.

Disclosure of Interest of Thanachart Securities

Investment Banking Relationship

Within the preceding 12 months, Thanachart Securities has lead-managed public offerings and/or secondary offerings (excluding straight bonds) of the securities of the following companies:

Note: Thanachart Securities Public Company Limited (TNS) acts as an underwriter of “Debentures of Banpu Public Co. Ltd. No. 2/2025 (B.E. 2568) tranche 1-3”, therefore investors need to be aware that there could be conflicts of interest in this research.

Note: Thanachart Securities Public Company Limited (TNS) acts as an underwriter of “Debentures of Gulf Development Public Co. Ltd. No. 1/2025 (B.E. 2568) tranche 1-4”, therefore investors need to be aware that there could be conflicts of interest in this research.