

BUY (Unchanged)

Change in Numbers

TP: Bt 19.60

(From: Bt 19.30)

23 JANUARY 2026

Upside : 16.0%

Osotspa Pcl (OSP TB)

4Q25F likely a beat

We expect OSP to report better-than-expected 4Q25F earnings due to its cost-saving efforts, and we raise our 2025-27F estimates by about 3% p.a. We maintain our BUY call on OSP for its strong cash flow that we expect to sustain high dividend yields of 6.8-7.2% in 2026-27F.



PATTADOL BUNNAK

662-779-9119

pattadol.bun@thanachartsec.co.th

Sustainable high-yield play; BUY

We maintain our BUY call on OSP with a DCF-based 12-month TP (2026F base year) of Bt19.6 (from Bt19.3). *First*, OSP is likely to report normalized earnings of Bt700m in 4Q25F, up 14% y-y and flat q-q. That is better than our earlier expectation due to cost-saving efforts. Therefore, we raise our earnings estimates by 2-3% p.a. in 2025-27F. *Second*, its market share stabilized in 2025F after three years of decline from 54.6% to 43.0%. *Third*, we like OSP's new business direction of less aggressive expansion into new businesses. *Lastly*, OSP isn't an earnings growth play in our view, with only 11/2/7% EPS growth in 2025-27F, but is a strong free cash flow (FCF) company with 9.0/9.3% FCF yields that support our 6.8/7.2% dividend yields in 2026-27F.

Better-than-expected 4Q25F

We expect OSP to report normalized earnings of Bt700m, up 14% y-y and flat q-q, beating our earlier expectation due to cost savings and a still-limited impact on its Myanmar business after its rival, Carabao Group Pcl (CBG, Bt43, BUY), opened its energy drinks factory in the quarter. While the cost-saving benefits continue, we remain cautious on the Myanmar outlook and maintain our estimates of -10/7% growth in Myanmar sales in 2026-27F. We expect OSP to book combined one-time expense items of Bt60m in 4Q25F, leading to bottom-line earnings of Bt640m. The one-time expenses likely include layoffs and machinery write-offs from merging its two beverage factories into a single location to cut costs.

Myanmar holding up well

CBG opened its energy drinks factory in Myanmar in 4Q25. This is to replace its energy drinks exports, which face import curbs by the Myanmar government. The new factory helped CBG to resume sales in Myanmar with about 20% y-y growth in 4Q25F from a low base. We earlier expected OSP's Myanmar sales to fall, but they were flat in 4Q25F. However, as it is still the first quarter of the factory's opening, we maintain our cautious view on OSP and assume its market share will fall in 2026F. Note that due to tighter import curbs in Myanmar, CBG's exports to Myanmar fell by more than 50% in 2022-25F while OSP, which has a local factory in Myanmar, saw sales grow about 30%.

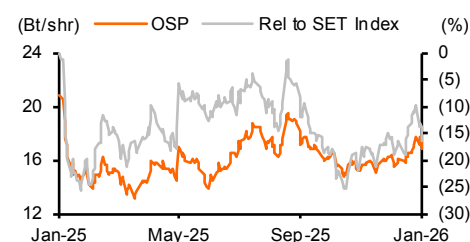
New business direction works well

There have been management changes at OSP, as well as a business direction shift from aggressive product launches to a focus on existing product lines and cost control. Its energy drinks market share has stabilized at 43.0% in 2025F after three years of decline from 54.6% in 2021. The fall was due to a 20% product price increase. In 2025, OSP reduced its product price in certain areas, and its market share stabilized.

COMPANY VALUATION

Y/E Dec (Bt m)	2024A	2025F	2026F	2027F
Sales	27,069	25,636	25,746	26,952
Net profit	1,638	3,671	3,435	3,660
Consensus NP	—	3,593	3,607	3,798
Diff frm cons (%)	—	(6.1)	(4.8)	(3.6)
Norm profit	3,035	3,374	3,435	3,660
Prev. Norm profit	—	3,299	3,343	3,592
Chg frm prev (%)	—	2.3	2.8	1.9
Norm EPS (Bt)	1.0	1.1	1.1	1.2
Norm EPS grw (%)	26.3	11.2	1.8	6.5
Norm PE (x)	16.7	15.0	14.8	13.9
EV/EBITDA (x)	11.1	9.4	9.3	8.7
P/BV (x)	3.3	3.1	3.1	3.1
Div yield (%)	3.6	7.2	6.8	7.2
ROE (%)	19.1	21.1	21.0	22.4
Net D/E (%)	0.4	(9.2)	(15.0)	(21.6)

PRICE PERFORMANCE



COMPANY INFORMATION

Price as of 23-Jan-26 (Bt)	16.90
Market Cap (US\$ m)	1,627.3
Listed Shares (m shares)	3,003.8
Free Float (%)	52.2
Avg Daily Turnover (US\$ m)	5.1
12M Price H/L (Bt)	20.80/13.20
Sector	Food
Major Shareholder	Osathanugrah family 44.8%

Sources: Bloomberg, Company data, Thanachart estimates

Reaffirming BUY

We reaffirm our BUY rating on OSP

We reaffirm our BUY recommendation on Osotspa Pcl (OSP TB) with a new DCF-based 12-month TP (2026F base year) of Bt19.6/share (from Bt19.3).

Ex 1: Our Assumptions

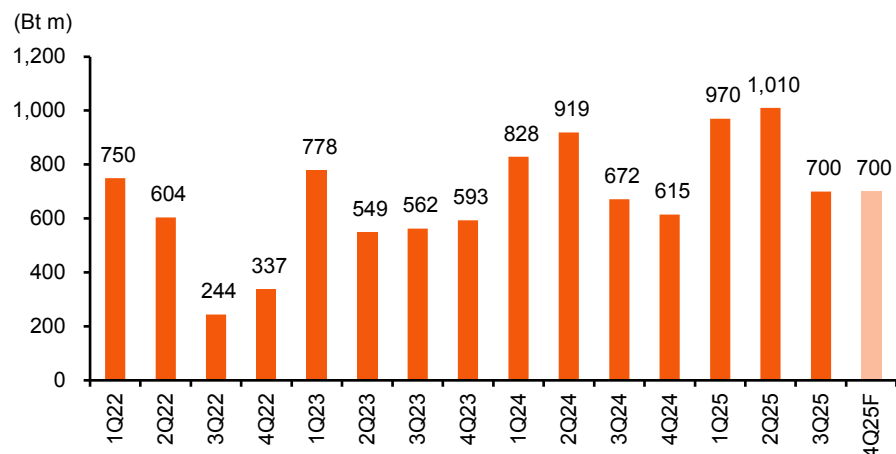
	2021	2022	2023	2024	2025F	2026F	2027F
Total sales (% growth)	4.6	1.9	(4.4)	3.9	(5.3)	0.4	4.7
Domestic energy drinks	(0.8)	(8.9)	2.2	(4.4)	(7.0)	4.1	4.0
Other domestic drinks	17.2	2.3	(32.4)	9.3	4.0	3.7	4.5
Myanmar and other energy drink exports	16.8	8.4	3.3	29.6	5.5	(10.0)	7.0
Personal care products	(16.5)	17.2	11.0	12.8	(0.2)	4.0	4.0
Others	27.1	43.2	(12.4)	(13.7)	(39.0)	4.0	4.0
Gross margin (%)	34.5	30.6	34.5	37.3	39.8	39.7	39.7
Net margin (%)	12.6	7.1	9.2	11.2	13.2	13.3	13.6

Sources: Company data, Thanachart estimates

4Q25F likely a beat

First, 4Q25F likely a beat: We expect OSP to report normalized earnings of Bt700m, up 14% y-y and flat q-q. This would exceed our earlier expectation, mainly due to stronger-than-anticipated cost savings and a still-limited impact from Myanmar, despite Carabao Group Pcl (CBG, BUY, Bt43) opening its energy drinks factory during the quarter.

Ex 2: Quarterly Earnings Trend

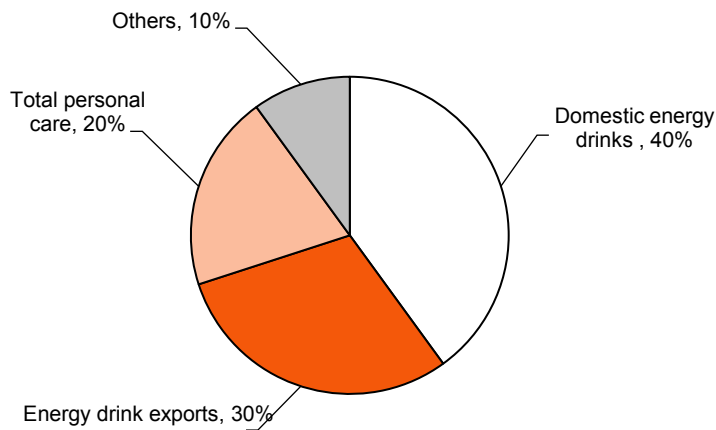


Sources: Company data, Thanachart estimates

Cost savings are coming from areas of successful R&D efforts to reduce the use of cullet in glass bottles and steel in aluminum cans; supply chain restructuring that enables lower raw material costs; the locking in of some raw materials at lower prices; and reduced marketing expenses as OSP has scaled back aggressive new product launches amid a stagnant beverage industry.

On the revenue side, we expect sales to be flat. We expect the key Myanmar market to remain flat, which is better than our earlier expectation, given the still-mild impact from CBG’s factory opening in Myanmar, aimed at bypassing import restrictions on energy drink exports from Thailand. We estimate domestic energy drink sales to grow by 3%, in line with normalized industry-average growth, as OSP has stopped losing market share. Its market share stabilized at around 43.0% in 2025F, after falling from 54.6% in 2021 following its price increase from Bt10/bottle to Bt12/bottle. We expect personal care sales to be flat amid soft consumption.

Ex 3: OSP’s EBIT Breakdown



Sources: Company data, Thanachart estimates

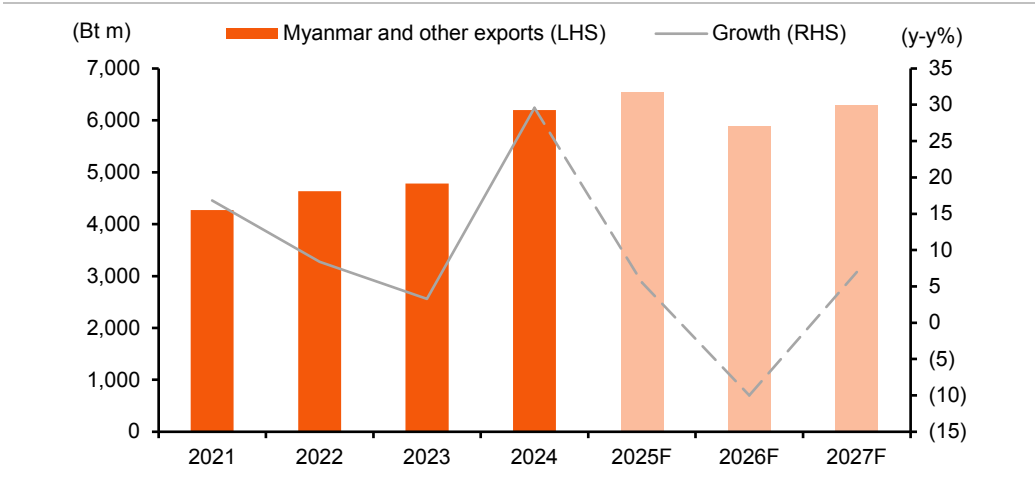
We recap that, earlier this year, OSP reintroduced its Bt10/bottle product while keeping its Bt12/bottle offering on shelves, helping stabilize its market share throughout the year. OSP’s market share stood at 43.0% in 2025F vs. 54.6% in 2021 before it raised its selling price to Bt12/share.

Less-than-expected pressure in Myanmar so far

Second, Myanmar is still holding up well. CBG reopened its energy drinks factory in Myanmar in 4Q25, and with the absence of import restrictions, its sales rose 20% y-y. CBG had been the second-largest energy drink player in Myanmar before facing import curbs in 2021, which led to sales declining by more than 50% p.a. in 2022-25F. In contrast, OSP — supported by its local manufacturing base in Myanmar — recorded sales growth of about 30% p.a. over the same period.

While OSP’s performance in 4Q25 remains resilient, we maintain our cautious stance and assume some market share loss in 2026–27F. We estimate OSP’s Myanmar sales growth at -10/+7% in 2026–27F, vs. market growth of 5–7% p.a. We view this as a good case for OSP, given OSP’s already larger sales base as the second-largest competitor, CBG, re-enters the market.

Ex 4: Our Myanmar Assumptions For OSP



Sources: Company data, Thanachart estimates

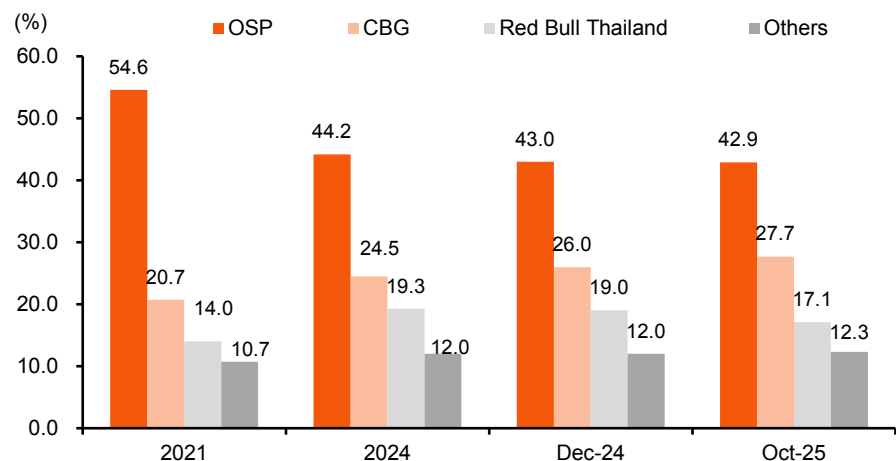
Competition-wise, CBG positions its products at lower price points than OSP’s flagship Shark brand, which targets higher-end consumers. However, we do not expect OSP to lose much market share, as it also offers M-150, a lower-tier product that is likely priced below CBG’s offerings. OSP has operated a tiered pricing strategy since last year, and there is no evidence of net-negative product cannibalization.

Note that energy drinks in Myanmar are consumed more like carbonated soft drinks, unlike Thailand, where they are primarily functional energy products for laborers. This results in different segmentation dynamics. From a profitability standpoint, M-150 has a much lower cost structure than Shark (e.g., no aggressive promotional rewards), and despite its lower selling price, the absolute profit per unit is only slightly below Shark’s.

OSP’s new strategy

Third, the new strategy works well: Following management changes, OSP has shifted its strategy from aggressive product launches to a sharper focus on existing product lines and cost control. This helped stabilize its energy drink market share at 43.0% in 2025F, after three consecutive years of decline from 54.6% in 2021.

The refocus on existing products has been effective. OSP has carefully refined its Bt12/bottle energy drink — improving taste, aroma, and packaging — to reinforce its premium positioning and justify pricing above the market average of Bt10/bottle. At the same time, the reintroduction of the Bt10/bottle product was carried out in a controlled manner, preserving the original M-150 perception and competitiveness with other brands at the same price point, while showing the clear inferiority of the Bt12/bottle M-150. This helped prevent product cannibalization.

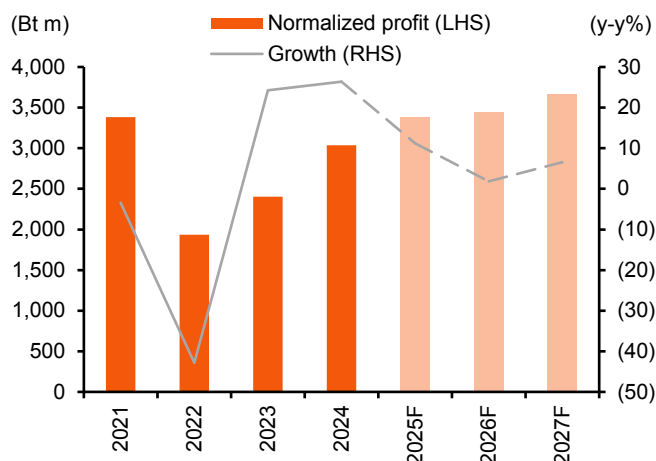
Ex 5: Domestic Energy Drink Market Share Trend

Sources: Company data, Thanachart estimates

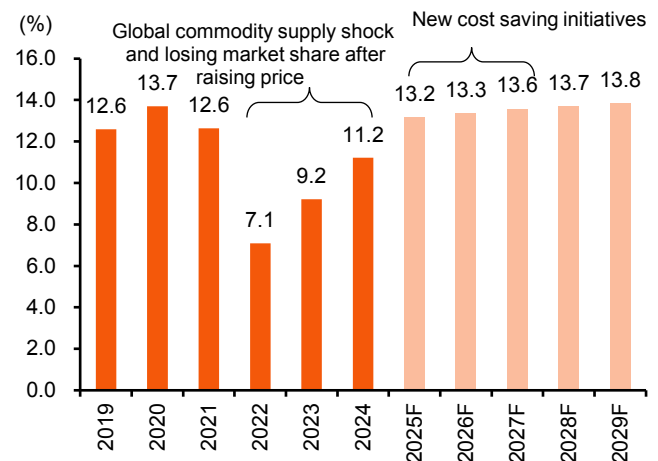
Note 1: Other energy drinks are: higher-end energy drinks for non-blue-collar workers, herb-based energy drinks, and hangover relief drinks, whose performance is not influenced by the main energy drink products

Note 2: Market share used as of October 2025, as November and December 2025 needs recalibration

Cost controls have been implemented consistently across supply chain restructuring, improved raw material contract management, product reformulation, and more efficient, lower-cost marketing spending.

Ex 6: Earnings Resumptions

Sources: Company data, Thanachart estimates

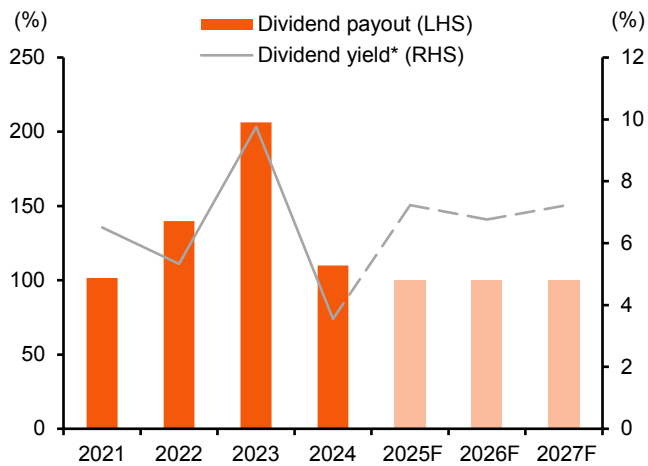
Ex 7: Net Margin Expansion

Sources: Company data, Thanachart estimates

A high-yield play

Fourth, it is a high-yield play to us: OSP is not a growth stock in our view, with EPS growth of only 11/1/2% in 2025–27F. However, it offers an attractive free cash flow profile, with FCF yields of 9.0/9.3 supporting dividend yields of 6.8/7.2% in 2026–27F, assuming a 100% payout ratio. While OSP's stated minimum payout ratio is 60%, it paid out 110-206% in 2022–24.

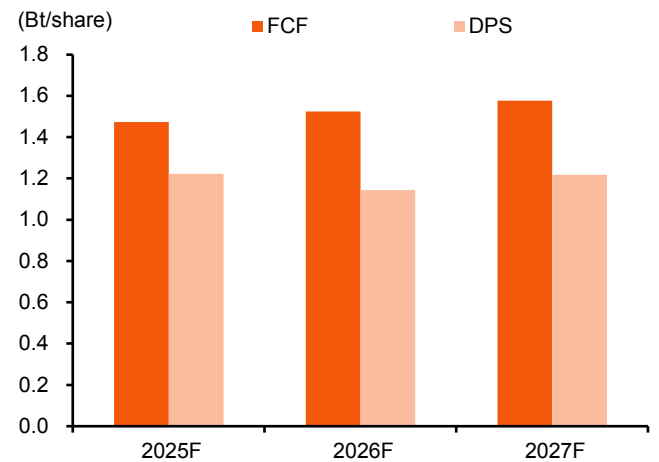
Ex 8: Dividend Payout Vs. Yield



Sources: Company data, Thanachart estimates

Note:* Based on a share price of Bt16.9

Ex 9: High Yields Supported By FCF



Sources: Company data, Thanachart estimates

Ex 10: Earnings Revisions

	2022	2023	2024	2025F	2026F	2027F
Sales (Bt m)						
New	27,266	26,062	27,069	25,636	25,746	26,952
Old				25,813	25,933	27,146
Change (%)				(0.7)	(0.7)	(0.7)
Gross margin (%)						
New	30.6	34.5	37.3	39.8	39.7	39.7
Old				39.0	39.0	39.2
Change (ppt)				0.8	0.7	0.5
SG&A to sales (%)						
New	23.8	26.0	25.7	24.9	25.0	25.0
Old				24.9	25.2	24.9
Change (ppt)				(0.0)	(0.2)	0.1
Normalized profit (Bt m)						
New	1,934	2,402	3,035	3,374	3,435	3,660
Old				3,299	3,343	3,592
Change (%)				2.3	2.8	1.9

Sources: Company data, Thanachart estimates

Ex 11: 12-month DCF-based TP Calculation Using A Base Year Of 2026F

(Bt m)	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F	2036F	Terminal Value
EBITDA	5,207	5,405	5,670	5,921	6,149	6,381	6,623	6,876	7,144	7,390	7,674	—
Free cash flow	4,673	4,769	4,877	5,105	5,508	5,713	5,927	6,150	6,188	6,627	5,538	67,589
PV of free cash flow	4,660	3,917	3,629	3,442	3,365	3,163	2,972	2,795	2,548	2,473	1,872	22,845
Risk-free rate (%)	2.5											
Market risk premium (%)	8.0											
Beta	1.0											
WACC (%)	10.4											
Terminal growth (%)	2.0											
Enterprise value - add investments	57,681											
Net debt (2025F)	(1,532)											
Minority interest	299											
Equity value	58,913											
# of shares (m)	3,004											
Equity value/share (Bt)	19.6											

Sources: Company data, Thanachart estimates

Valuation Comparison**Ex 12: Valuation Comparison With Regional Peers**

Name	BBG code	Country	EPS growth		— PE —		— P/BV —		EV/EBITDA		— Div yield—	
			25F	26F	25F	26F	25F	26F	25F	26F	25F	26F
			(%)	(%)	(x)	(x)	(x)	(x)	(x)	(x)	(%)	(%)
<u>Beverage</u>												
Suntory Beverage & Food	2587 JP	Japan	(6.1)	9.3	17.5	16.1	1.2	1.2	6.4	6.0	2.4	2.7
Coca-Cola	KO US	US	3.8	7.8	24.1	22.3	10.8	9.7	21.2	19.6	2.8	3.0
PepsiCo	PEP US	US	(0.6)	5.4	17.8	16.9	9.7	8.6	13.2	12.4	3.9	4.1
Carabao Group PCL*	CBG TB	Thailand	1.8	(5.6)	15.3	16.2	2.9	2.7	10.2	10.3	3.4	3.5
Osotspa PCL*	OSP TB	Thailand	11.2	1.8	15.0	14.8	3.1	3.1	9.4	9.3	7.2	6.8
Sappe PCL*	SAPPE TB	Thailand	(34.2)	4.9	11.5	11.0	2.0	1.8	6.8	6.6	4.3	4.6
<u>Supply Chain Management</u>												
Indofood CBP Sukses	ICBP IJ	Indonesia	31.9	10.7	10.3	9.3	1.9	1.6	7.6	7.1	3.5	4.3
<u>Personal Care</u>												
Johnson & Johnson	JNJ US	US	6.9	7.6	19.0	17.6	6.0	5.3	14.7	13.8	2.5	2.6
Colgate-Palmolive	CL US	US	1.5	5.1	23.5	22.3	81.2	73.3	15.5	14.5	2.4	2.5
Procter & Gamble	PG US	US	2.2	4.3	21.5	20.6	6.5	6.1	15.6	15.0	2.9	3.0
Unilever	UL US	US	na	3.6	18.4	17.7	6.0	5.7	12.4	12.7	3.3	3.4
Average			1.8	5.0	17.6	16.8	11.9	10.8	12.1	11.6	3.5	3.7

Sources: Bloomberg, Thanachart estimates

Note: * Thanachart estimates, using normalized EPS

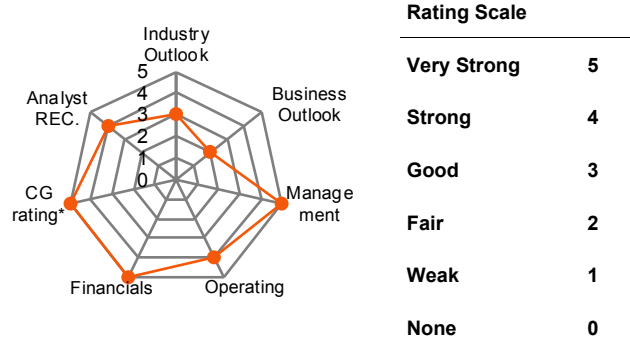
Based on 23 January 2026 closing prices

COMPANY DESCRIPTION

Osotspa Public Company Limited (OSP) produces and distributes non-alcoholic beverages. The company offers energy drinks and other beverages, including ready-to-drink coffee, sports drinks, and functional drinks. Osotspa also provides personal care products in the baby care and women's beauty product categories. The company also has an OEM business. OSP sells its products in Thailand and abroad.

Source: Thanachart

COMPANY RATING



Source: Thanachart; *CG Rating

THANACHART'S SWOT ANALYSIS

S — Strength

- Solid brands in the domestic energy drink and personal care product markets.
- Strong and experienced management team.
- Very healthy balance sheet.

O — Opportunity

- Overseas expansion.
- Mergers and acquisitions.
- Health-consciousness trend emerging in Thailand.

W — Weakness

- The energy-drink and personal-care markets are saturated with only low organic growth.
- Limited pricing power despite market leadership position.
- High dependency on mature energy drink product limits growth potential despite successful new product launches.

T — Threat

- Pricing competition in an oligopolistic energy drink industry can trigger rival responses.
- Fierce competition drives product taste improvement, but any misstep risks negative taste changes or higher sugar tax expenses.
- The re-intensifying competition in the Myanmar market as competitors return to the territory.

CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	19.28	19.60	2%
Net profit 25F (Bt m)	3,593	3,374	-6%
Net profit 26F (Bt m)	3,607	3,435	-5%
Consensus REC	BUY: 21	HOLD: 3	SELL: 2

HOW ARE WE DIFFERENT FROM THE STREET?

- Our long-term earnings are lower than the Bloomberg consensus numbers, which we attribute to us having a more bearish view of OSP's new product launch strategy and competition in Myanmar.

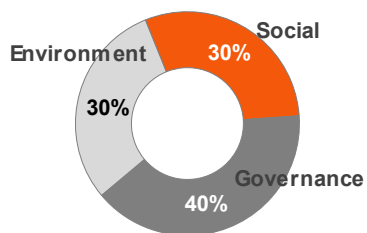
Sources: Bloomberg consensus, Thanachart estimates

RISKS TO OUR INVESTMENT CASE

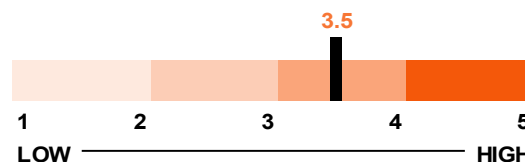
- Weaker-than-expected growth of the company's domestic energy drinks and personal care product businesses is the key downside risk to our call.
- Lower-than-expected market share gains in the domestic energy drink business would also pose a downside risk to our earnings.
- Slower-than-expected expansion into new business lines poses a potential secondary downside risk to our earnings.

Source: Thanachart

ESG Weighting



Thanachart ESG Rating



	SET ESG Index	SET ESG (BBB-AAA)	DJSI Index	Thanachart ESG Rating (1.0-5.0)	MSCI (CCC-AAA)	ESG Book (0-100)	CG Rating (0-5)
OSP	YES	AAA	-	3.5	0	65.13	5.0

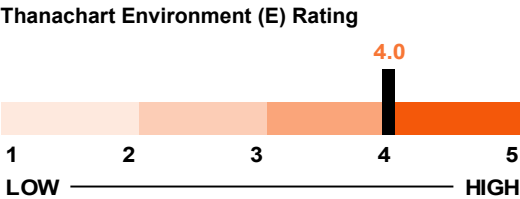
Sources: SETTRADE, SET ESG Index, SET ESG Rating, The Dow Jones Industrial Average (DJSI), MSCI ESG Research LLC, ESG Book, Refinitiv ESG Information, S&P Global Market Intelligence, Moody's ESG Solutions, Thai IOD (CG rating)
Note: Please see third party on "terms of use" toward the back of this report.



ESG Summary

- OSP is the largest energy drink producer in Thailand and Myanmar. It is also a leading producer of personal care products. It sells its products locally and exports to regional markets. Most of its factories are in Thailand, while it has one factory in Myanmar.
- We assign OSP a decent ESG score of 3.4, above the average 3.2 for the food sector. We see OSP as a decent ESG play with room for improvement on scoring. While Environment and Social can be improved through R&D to streamline operations and reduce costs, the current moderate Governance score could improve significantly if its new business direction is proven to deliver returns in the longer term.
- OSP's Environmental (E) score is strong at 4.0. OSP has clear targets and good progress in implementation. It has many initiatives in its operations to boost operational efficiency, which, in turn, help reduce energy consumption and waste while improving financial performance. Examples are thinner glass bottles and canned energy drinks.
- OSP's Social (S) score is good at 3.7. OSP does well in this pillar across stakeholders of employees, communities, the supply chain, and customers. Its Social practices also improve financial performance. OSP runs its factories well and produces good-quality products with decent customer satisfaction.
- We assign only a moderate Governance (G) score of 2.8. This reflects a non-ideal board structure and some past low-return investments. However, given its shift in business direction toward its existing business, this score could improve in the future.

We assign a strong 4.0 Environmental score to OSP, above the sector average and the Thai market as a whole. OSP has set clear plans and targets and has exceeded them in many areas. Actions also benefit its operating and financial performance.



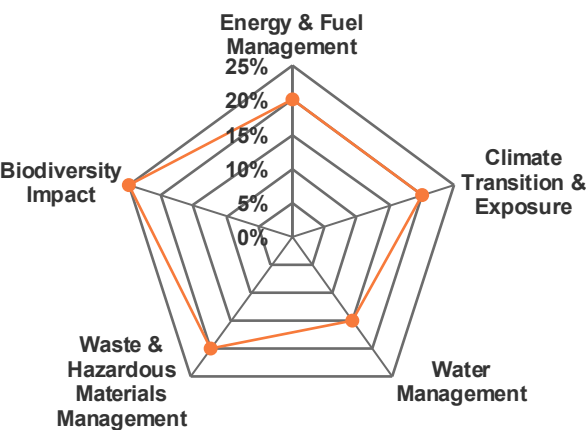
ENVIRONMENT

Our Comments

- Energy & Fuel Management
- Climate Transition & Exposure
- Water Management
- Waste & Hazardous Materials Management
- Biodiversity Impact

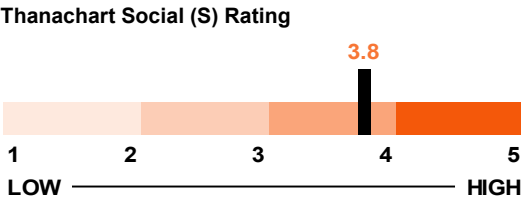
- We assign a strong Environmental (E) score of 4.0 to OSP, above the industry average of 3.4 and the Thai market. OSP operates a manufacturing business with environmental impacts, but it has set targets, implemented action plans, and linked these efforts to financial performance.
- **Environmental areas:** OSP set a carbon neutrality target by 2050 with clear plans to achieve that. It has beaten its own targets in many areas. For example, it set a GHG emission target of a 15% reduction from 2022 by 2025 but it already achieved a 31% reduction in 2024. It set a target to reduce energy intensity by 6% by 2025 but it achieved 18% in 2024. It set a product reuse target of 10% by 2025 but it achieved 65% from 2024. Its 100% target to use recycled packaging by 2023 has nearly been achieved at 98% since 2024. Scope 1 and 2 emissions fell by 32 % in 2024 from the base line in 2022 (vs. the target to reduce them by 15% by 2025).
- **Financial benefits:** Environmental management practices have resulted in cost savings and net margin expansion. GHG reductions were achieved through changes in packaging materials (e.g., recycled plastic replacing PVC) and manufacturing processes, such as lightweight bottle design to reduce cullet usage and the use of recyclable plastic (PCB resin) instead of conventional plastic. OSP also uses treatment equipment to clean cutlets for reuse. Lower energy and water consumption and the usage of renewable energy from solar rooftops also reduced utility costs. Transportation changes, such as shifting from liquid to powder formats, reduced shipment weight and transportation costs.
- **Limited Scope 3 control:** Scope 3 emissions, mainly from the supply chain, still increased by 18% in 2024, although OSP applies supplier selection criteria covering financial factors, such as credit terms, and environmental factors, including compliance with environmental standards and material specifications.

SCALE WEIGHTING



Sources: Thanachart, Company data

We assign a good 3.8 Social score to OSP, above the sector average. OSP adopts a broad stakeholder approach, focusing on improving employee well-being and on managing the supply chain to reduce costs. It has strong business operations with good product quality and customer satisfaction.



SOCIAL

Our Comments

- Human Rights & Community Relations
- Access & Affordability
- Customer Welfare
- Product Quality & Safety
- Fair Product Marketing & Labelling
- Social Supply Chain Management
- Labor Relations
- Fair Labor Practices
- Health, Safety & Well-being
- Diversity & Inclusion
- Recruitment, Development & Retention

SCALE WEIGHTING

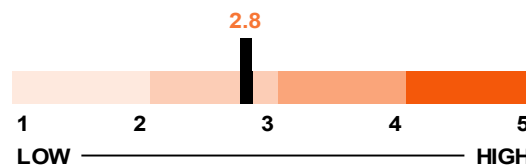


- We assign a good Social (S) score of 3.8 to OSP, above the industry average of 3.4. OSP manages the Social pillar well across stakeholders, including employees, communities, the supply chain, and customers.
- **Human capital:** OSP meets the average requirement in this area. In 2024, OSP increased employee training by 53% to an average of 29 hours per year. Training covered safety and performance-related areas. Compensation structures include provident funds and insurance. Career development frameworks are in place. Project responsibilities are assigned to employees with defined KPIs.
- **Supply chain with financial benefits:** In 2025, OSP restructured its supplier system. It adopted a more aggressive approach in negotiating lower sourcing prices and improved credit terms with larger suppliers, while providing more supportive terms to smaller suppliers. The number of small-scale suppliers increased to over 500 from around 400. Support included tools and training, as well as shorter payment periods, reduced from 60 days to 30 days. Overall, OSP's average credit term across all suppliers increased to 130 days in 9M25 from 92 days in 2022.
- **Product quality with financial benefits:** OSP has many well-recognized brands of its products that have good perceptions regarding quality. The reduction of sugar content in its beverage products in recent years is positive for health and at the same time save costs. Sugar has been replaced with health-approved sweeteners (e.g., Sucralose). Sweeteners are less volatile and cost less than sugar.
- **Operations:** OSP runs over 11 factories and there haven't been any major incidents during the past 10 years. Given the aging nature of these facilities, there is upside potential to scoring if OSP can improve its operational efficiency.
- **Limited social donations:** OSP's donation programs cover education, medical facilities, sports, and charitable activities. Total donations amounted to Bt27m in 2024, or 0.076% of revenue.

Sources: Thanachart, Company data

We assign a moderate 2.8 Governance score to OSP, below the sector average. While there has been no misconduct, past business investments that incurred losses or low returns weigh down the score, as does a heavy reliance on the energy drink segment. The area of improvement yet to be seen is the longer-term results of its recent business direction change.

Thanachart Governance (G) Rating



GOVERNANCE & SUSTAINABILITY

Our Comments

- Business Model and Innovation
- Leadership and Governance
- Board Structure
- Audit committee
- Remuneration
- Ethics & Compliance
- Risk Committee

- We assign OSP a moderate Governance (G) score of 2.8, below the sector average of 2.9. This reflects weak scores for business sustainability and risk management, and a non-ideal board structure. However, we see potential upside to our score if the recent business direction change proves to be a long-term benefit to shareholders.
- **Business sustainability and risk management:** While OSP is a well-established company with high-quality products and good brand loyalty, we see high business concentration risk. Energy drinks account about 70% of its total sales. While the industry is saturated in Thailand, competition is rising in Myanmar.
- A past practice that weighs down the overall scoring was its product price increase in 2022 and price cuts in certain selling locations in 2025 that resulted in uncertainty in business direction. The end result was a drop in market share from the peak of 54.6% in 2021 to 43.0% at the end of 2024, before it stabilized in 2025.
- Also, past practices that weigh down the scoring were investments in new businesses that generated low returns or losses. This resulted in OSP having to record impairments of these assets.
- There is potential upside to the G score. There has been a business direction change by being more conservative in business expansions and focusing more on cost savings and existing businesses. We will wait to see the sustainability of the new direction that we expect to benefit stakeholders over the longer term.
- **Board structure and committees:** OSP's board structure is decent with areas for improvement. The board chairman is an independent director. Eight of 17 board members are independent, which is above the minimum ratio of 1/3 but still below the ideal ratio of 2/3. Female representation stands at 29% (5/17 directors), relatively in line with the 30% guideline. OSP has all the necessary committees, including audit, remuneration, nomination, governance, sustainability, and investment and risk-management committees.

SCALE WEIGHTING



Sources: Thanachart, Company data

INCOME STATEMENT

Limited earnings growth
but high dividend yields

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Sales	26,062	27,069	25,636	25,746	26,952
Cost of sales	17,059	16,966	15,444	15,525	16,252
Gross profit	9,003	10,103	10,192	10,221	10,700
% gross margin	34.5%	37.3%	39.8%	39.7%	39.7%
Selling & administration expenses	6,769	6,952	6,385	6,436	6,738
Operating profit	2,233	3,151	3,807	3,785	3,962
% operating margin	8.6%	11.6%	14.9%	14.7%	14.7%
Depreciation & amortization	1,498	1,435	1,402	1,423	1,443
EBITDA	3,731	4,586	5,210	5,207	5,405
% EBITDA margin	14.3%	16.9%	20.3%	20.2%	20.1%
Non-operating income	582	310	244	249	253
Non-operating expenses	0	0	0	0	0
Interest expense	(108)	(118)	(135)	(47)	(4)
Pre-tax profit	2,708	3,344	3,916	3,986	4,212
Income tax	431	398	534	544	548
After-tax profit	2,278	2,946	3,382	3,442	3,664
% net margin	8.7%	10.9%	13.2%	13.4%	13.6%
Shares in affiliates' Earnings	146	208	142	142	145
Minority interests	(21)	(120)	(150)	(150)	(150)
Extraordinary items	0	(1,396)	297	0	0
NET PROFIT	2,402	1,638	3,671	3,435	3,660
Normalized profit	2,402	3,035	3,374	3,435	3,660
EPS (Bt)	0.8	0.5	1.2	1.1	1.2
Normalized EPS (Bt)	0.8	1.0	1.1	1.1	1.2

BALANCE SHEET

Robust balance sheet

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
ASSETS:					
Current assets:	9,376	11,192	11,130	10,969	12,461
Cash & cash equivalent	1,339	2,190	2,800	2,600	3,700
Account receivables	4,390	4,993	4,776	4,796	5,021
Inventories	3,627	3,696	3,258	3,275	3,429
Others	21	313	296	297	311
Investments & loans	1,207	695	695	695	695
Net fixed assets	13,020	12,426	11,424	10,401	9,359
Other assets	799	821	903	948	996
Total assets	24,402	25,135	24,152	23,014	23,511
LIABILITIES:					
Current liabilities:	6,852	8,193	6,740	5,756	5,978
Account payables	4,467	6,059	5,500	5,529	5,788
Bank overdraft & ST loans	1,903	1,665	937	63	15
Current LT debt	187	230	129	9	2
Others current liabilities	294	240	174	155	172
Total LT debt	267	358	202	14	3
Others LT liabilities	773	791	484	486	509
Total liabilities	7,892	9,343	7,426	6,256	6,490
Minority interest	184	299	299	449	599
Preferreds shares	0	0	0	0	0
Paid-up capital	3,004	3,004	3,004	3,004	3,004
Share premium	0	0	0	0	0
Warrants	0	0	0	0	0
Surplus	11,104	10,886	10,886	10,886	10,886
Retained earnings	2,218	1,602	2,537	2,419	2,531
Shareholders' equity	16,326	15,493	16,427	16,309	16,421
Liabilities & equity	24,402	25,135	24,152	23,014	23,511

Sources: Company data, Thanachart estimates

CASH FLOW STATEMENT

Strong cash flows support dividends

Completed its capex cycle

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Earnings before tax	2,708	3,344	3,916	3,986	4,212
Tax paid	(325)	(489)	(493)	(567)	(529)
Depreciation & amortization	1,498	1,435	1,402	1,423	1,443
Chg In working capital	(1,138)	918	97	(9)	(119)
Chg In other CA & CL / minorities	327	(3)	(99)	145	130
Cash flow from operations	3,069	5,205	4,823	4,978	5,137
Capex	(1,038)	(842)	(400)	(400)	(400)
Right of use	0	0	0	0	0
ST loans & investments	0	0	0	0	0
LT loans & investments	2,418	511	0	0	0
Adj for asset revaluation	(10)	(186)	0	0	0
Chg In other assets & liabilities	(506)	(1,448)	(91)	(43)	(25)
Cash flow from investments	864	(1,965)	(491)	(443)	(425)
Debt financing	850	(104)	(985)	(1,183)	(65)
Capital increase	0	0	0	0	0
Dividends paid	(4,956)	(2,253)	(2,737)	(3,553)	(3,547)
Warrants & other surplus	426	(32)	0	0	0
Cash flow from financing	(3,681)	(2,389)	(3,722)	(4,736)	(3,612)
Free cash flow	2,031	4,363	4,423	4,578	4,737

VALUATION

Sustainable high dividend yields support valuation, in our view

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Normalized PE (x)	21.1	16.7	15.0	14.8	13.9
Normalized PE - at target price (x)	24.5	19.4	17.4	17.1	16.1
PE (x)	21.1	31.0	13.8	14.8	13.9
PE - at target price (x)	24.5	35.9	16.0	17.1	16.1
EV/EBITDA (x)	13.9	11.1	9.4	9.3	8.7
EV/EBITDA - at target price (x)	16.1	12.9	11.0	10.8	10.2
P/BV (x)	3.1	3.3	3.1	3.1	3.1
P/BV - at target price (x)	3.6	3.8	3.6	3.6	3.6
P/CFO (x)	16.5	9.8	10.5	10.2	9.9
Price/sales (x)	1.9	1.9	2.0	2.0	1.9
Dividend yield (%)	9.8	3.6	7.2	6.8	7.2
FCF Yield (%)	4.0	8.6	8.7	9.0	9.3
(Bt)					
Normalized EPS	0.8	1.0	1.1	1.1	1.2
EPS	0.8	0.5	1.2	1.1	1.2
DPS	1.7	0.6	1.2	1.1	1.2
BV/share	5.4	5.2	5.5	5.4	5.5
CFO/share	1.0	1.7	1.6	1.7	1.7
FCF/share	0.7	1.5	1.5	1.5	1.6

Sources: Company data, Thanachart estimates

FINANCIAL RATIOS

*EPS growth trend doesn't
look exciting*

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Growth Rate					
Sales (%)	(4.4)	3.9	(5.3)	0.4	4.7
Net profit (%)	24.2	(31.8)	124.1	(6.4)	6.5
EPS (%)	24.2	(31.8)	124.1	(6.4)	6.5
Normalized profit (%)	24.2	26.3	11.2	1.8	6.5
Normalized EPS (%)	24.2	26.3	11.2	1.8	6.5
Dividend payout ratio (%)	206.3	110.0	100.0	100.0	100.0
Operating performance					
Gross margin (%)	34.5	37.3	39.8	39.7	39.7
Operating margin (%)	8.6	11.6	14.9	14.7	14.7
EBITDA margin (%)	14.3	16.9	20.3	20.2	20.1
Net margin (%)	8.7	10.9	13.2	13.4	13.6
D/E (incl. minor) (x)	0.1	0.1	0.1	0.0	0.0
Net D/E (incl. minor) (x)	0.1	0.0	(0.1)	(0.2)	(0.2)
Interest coverage - EBIT (x)	20.7	26.8	28.2	80.7	na
Interest coverage - EBITDA (x)	34.6	39.0	38.6	111.1	na
ROA - using norm profit (%)	9.5	12.3	13.7	14.6	15.7
ROE - using norm profit (%)	13.8	19.1	21.1	21.0	22.4
DuPont					
ROE - using after tax profit (%)	13.1	18.5	21.2	21.0	22.4
- asset turnover (x)	1.0	1.1	1.0	1.1	1.2
- operating margin (%)	10.8	12.8	15.8	15.7	15.6
- leverage (x)	1.5	1.6	1.5	1.4	1.4
- interest burden (%)	96.2	96.6	96.7	98.8	99.9
- tax burden (%)	84.1	88.1	86.4	86.4	87.0
WACC (%)	10.4	10.4	10.4	10.4	10.4
ROIC (%)	9.9	16.0	21.1	21.9	25.0
NOPAT (Bt m)	1,878	2,776	3,288	3,268	3,447
invested capital (Bt m)	17,344	15,556	14,895	13,794	12,742

Sources: Company data, Thanachart estimates

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ESG risk combines the concepts of management and exposure to arrive at an absolute assessment of ESG risk. We identify five categories of ESG risk severity that could impact a company's enterprise value

Moody's ESG Solutions

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90-100	▲▲▲▲▲	Excellent
80-89	▲▲▲▲	Very Good
70-79	▲▲▲	Good
60-69	▲▲	Satisfactory
50-59	▲	Pass
Below		N/A

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Recommendations are based on absolute upside or downside, which is the difference between the target price and the current market price. If the upside is 10% or more, the recommendation is BUY. If the downside is 10% or more, the recommendation is SELL. For stocks where the upside or downside is less than 10%, the recommendation is HOLD. Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on the market price and the formal recommendation.

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Thanachart Securities Pcl.

Research Team

18 Floor, MBK Tower

444 Phayathai Road, Pathumwan Road, Bangkok 10330

Tel: 662 - 779-9119

Email: thanachart.res@thanachartsec.co.th

Pimpaka Nichgaroon, CFA

Head of Research, Strategy
pimpaka.nic@thanachartsec.co.th

Nuttapop Prasitsuksant

Telecom, Utilities
nuttapop.pra@thanachartsec.co.th

Rata Limsuthiwanpoom

Auto, Industrial Estate, Media, Prop. Fund
rata.lim@thanachartsec.co.th

Siriporn Arunothai

Small Cap, Healthcare, Hotel
siriporn.aru@thanachartsec.co.th

Sittichet Rungrassameephat

Analyst, Retail Market Strategy
sittichet.run@thanachartsec.co.th

Adisak Phupiphatirungul, CFA

Retail Market Strategy
adisak.phu@thanachartsec.co.th

Pattadol Bunnak

Electronics, Food & Beverage, Shipping
pattadol.bun@thanachartsec.co.th

Rawisara Suwanumphai

Bank, Finance
rawisara.suw@thanachartsec.co.th

Yupapan Polpornprasert

Energy, Petrochemical
yupapan.pol@thanachartsec.co.th

Thaloengsak Kucharoenpaisan

Analyst, Retail Market Strategy
thaloengsak.kuc@thanachartsec.co.th

Pattarawan Wangmingmat

Senior Technical Analyst
pattarawan.wan@thanachartsec.co.th

Phannarai Tiypittayarut

Property, Retail
phannarai.von@thanachartsec.co.th

Saksid Phadthananarak

Construction, Transportation
saksid.pha@thanachartsec.co.th

Witchanan Tambamroong

Technical Analyst
witchanan.tam@thanachartsec.co.th

Nariporn Klangpremchitt, CISA

Analyst, Retail Market Strategy
nariporn.kla@thanachartsec.co.th