Osotspa Pcl (OSP TB) - SELL

Earnings Preview

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Stable earnings base in 2Q26F

- **We expect Bt1.06bn profit in 2Q26F, +5% y-y but -8% q-q**
- **Cost efficiency drives y-y growth**
- **Myanmar hiccup is the key drag**
- **Elevated material and packaging costs yet to fully hit**

We expect OSP to report Bt1.06bn normalized profit in 2Q26F, up 5% y-y but down 8% q-q. The y-y growth is mainly supported by cost savings and improved plant efficiency, following a year of production restructuring involving some plant closures, while the q-q decline is pressured by a production hiccup in Myanmar caused by strict import restrictions. Profitability is largely stable, the as impact of elevated material and packing costs has yet to fully hit, while OSP also cuts marketing spending to offset higher logistic costs.

- We estimate total revenue to decline 10% y-y and 3% q-q, mainly on weaker energy drink sales in Myanmar, pressured by the weak Myanmar Kyat and import restrictions limiting amount ingredient shipments from Thailand, thus production disruption in Myanmar plants even as demand in the country remains relative stable.

- Other beverage segments show strong improvements. Domestic energy drink sales are expanding on the success of OSP's premiumization strategy and a boost from the government "Co-payment" spending stimulus scheme. Functional drink sales growth is supported by sustained industry's growth, led by vitamin drinks and its newly formulated "Peptein" brand.

- Together with management's guidance of double-digit growth in other export markets of Laos and Indonesia, we estimate 10% y-y and 2% q-q growth in domestic beverage sales to Bt4.0bn but a 48% y-y and 25% decline in energy drink exports to Bt1.1bn in 2Q26F.

- We forecast personal care product sales of Bt780m in 2Q26F, up 8% y-y and 9% q-q, driven by higher sales of the premium "Ultra Mild" product line, and the government stimulus scheme covering spending on consumer staples.

- We expect gross margin to improve y-y, but stay flat q-q, to 42.5% in 2Q26F (from 41.9% in 2Q25 and 42.5% in 1Q26), since ongoing cost savings and better production efficiency offset negative impact of higher raw material and packing costs. These cost pressures have yet to be fully felt this quarter as OSP can still utilize lower-priced inventories procured before the Middle East conflict.

- We expect SG&A expenses to decline 16% y-y to Bt1.4bn on marketing cost savings and the cost-cutting measures implemented over the past year, but to edge up 1% q-q as the savings are offset by higher logistics costs amid elevated oil prices post the Middle East conflicts. This translates to a 22.9% SG&A-to-sales ratio in 2Q26F, from 24.4% in 2Q25 and 21.9% in 1Q26.

Key Valuations

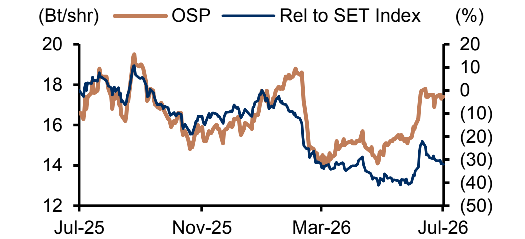
Y/E Dec (Bt m)	2025A	2026F	2027F	2028F
Revenue	25,561	25,315	26,095	26,682
Net profit	3,667	3,450	3,555	3,651
Norm net profit	3,372	3,450	3,555	3,651
Norm EPS (Bt)	1.1	1.1	1.2	1.2
Norm EPS gr (%)	11.1	2.3	3.0	2.7
Norm PE (x)	15.5	15.1	14.7	14.3
EV/EBITDA (x)	9.4	8.8	8.0	7.4
P/BV (x)	3.1	2.9	2.7	2.6
Div. yield (%)	4.6	4.3	4.8	5.2
ROE (%)	20.8	19.8	19.1	18.5
Net D/E (%)	(17.2)	(26.4)	(34.4)	(42.0)

Source: ttb wealth estimates

Stock Data

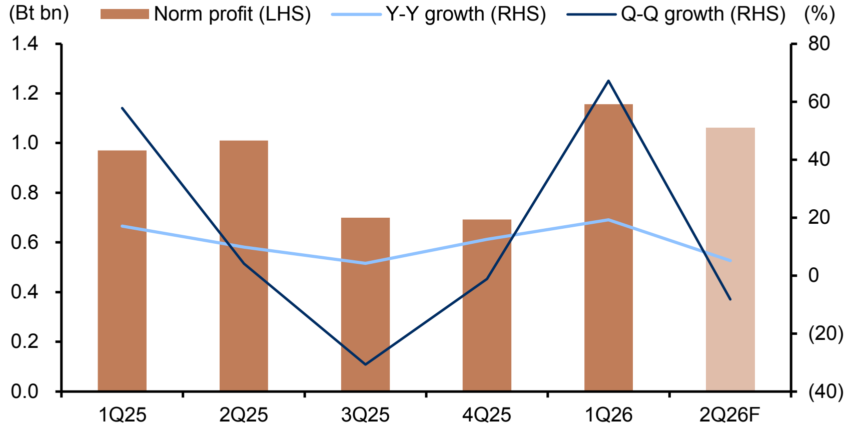
Closing price (Bt)	17.4
Target price (Bt)	16.0
Market cap (US$ m)	1,554.9
Avg daily turnover (US$ m)	5.6
12M H/L price (Bt)	19.5/14.0

Price Performance



Source: Bloomberg

Ex 1: 2Q26F Earnings Preview



Sources: Company data, ttb wealth estimates

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