Osotspa Public Co. Ltd. (OSP TB) - SELL, Price Bt17.5, TP Bt16.0

Results Comment

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Decent 2Q26 profit, in-line

- OSP reported Bt1.10bn net profit in 2Q26, up 9% y-y but down 5% q-q. The y-y growth was driven by cost savings following the success in its cost transformation campaign over the past year, while the q-q contraction was mainly due to a hiccup of its ingredient exports to Myanmar.
- Total revenue fell 10% y-y and 4% q-q to Bt6.12bn in 2Q26, pressured mainly by the weakened Myanmar Kyatt and a hiccup on exports of raw materials for a local production in Myanmar, thus a 13% y-y and 16% q-q decline in international beverage sales to Bt1.17bn this quarter.
- Domestic beverage sales rose 6% y-y to Bt3.9bn in 2Q26, driven mainly by strong growth in functional beverage segment alongside the industry's growth. It declined 1% q-q given a temporary logistics issue early the quarter when Thailand faced a diesel shortage situation.
- Gross profit declined only 8% y-y and 3% q-q to Bt2.62bn, thanks to cost saving benefits which led to higher gross margin to 42.8% this quarter, from 42.5% in 1Q26 and 41.9% in 2Q25, despite softened revenue base.
- SG&A expense dropped 17% y-y and 1% q-q as OSP cut down marketing spending and product discounts to offset softened sales volume.
- OSP announces Bt0.45/share interim dividend, implying a 60% payout from its 1H26 net profit. An indicated XD date is 27 August with a dividend payment date on 10 September 2026.
- We maintain our earnings forecast despite OSP's 1H26 profit already made up 65% of our full-year projections. This is since we see 2H26F as a usual low season for OSP's sales while the negative impacts from elevated raw material prices should fully hit its margin in 3Q26F.

Income Statement					(consolidated)
Yr-end Dec (Bt m)	2Q25	3Q25	4Q25	1Q26	2Q26
Revenue	6,807	5,604	6,319	6,345	6,115
Gross profit	**2,854**	**2,157**	**2,499**	**2,697**	**2,617**
SG&A	1,660	1,367	1,732	1,389	1,377
Operating profit	1,193	790	766	1,308	1,241
EBITDA	**1,547**	**1,146**	**1,124**	**1,621**	**1,558**
Other income	49	60	63	79	78
Other expense	0	0	0	0	0
Interest expense	28	24	21	11	10
Profit before tax	**1,214**	**826**	**808**	**1,375**	**1,308**
Income tax	182	130	121	223	221
Equity & invest. income	33	32	44	45	44
Minority interests	(55)	(28)	(38)	(40)	(31)
Extraordinary items	0	(0)	0	0	0
Net profit	**1,010**	**700**	**692**	**1,157**	**1,100**
Normalized profit	**1,010**	**700**	**692**	**1,157**	**1,100**
EPS (Bt)	0.34	0.23	0.23	0.39	0.37
Normalized EPS (Bt)	0.34	0.23	0.23	0.39	0.37

Income Statement			6M as		
(Bt m)	q-q%	y-y%	% 2026F	2026F	2027F
Revenue	(4)	(10)	49	25,315	26,095
Gross profit	**(3)**	**(8)**	**53**	**9,943**	**10,345**
SG&A	(1)	(17)	46	6,016	6,161
Operating profit	(5)	4	65	3,927	4,185
EBITDA	**(4)**	**1**	**59**	**5,366**	**5,661**
Other income	(1)	61	62	253	261
Other expense			na	0	0
Interest expense	(8)	(64)	30	73	59
Profit before tax	**(5)**	**8**	**65**	**4,108**	**4,387**
Income tax	(1)	22	72	616	790
Equity & invest. income	(2)	34	59	150	155
Minority interests	na	na	na	(191)	(197)
Extraordinary items			na	0	0
Net profit	**(5)**	**9**	**65**	**3,450**	**3,555**
Normalized profit	**(5)**	**9**	**65**	**3,450**	**3,555**
EPS (Bt)	(5)	9	65	1.15	1.18
Normalized EPS (Bt)	(5)	9	65	1.15	1.18

Balance Sheet					(consolidated)
Yr-end Dec (Bt m)	2Q25	3Q25	4Q25	1Q26	2Q26
Cash & ST investment	2,540	2,780	3,321	4,237	4,899
A/C receivable	4,880	4,702	4,571	4,683	4,341
Inventory	3,183	2,955	2,608	1,907	1,900
Other current assets	636	742	1,239	953	1,053
Investment	570	597	641	685	595
Fixed assets	11,996	11,791	11,471	10,819	10,553
Other assets	774	752	733	698	699
Total assets	**24,579**	**24,319**	**24,584**	**23,981**	**24,042**
S-T debt	149	848	114	65	66
A/C payable	5,916	5,595	5,902	5,619	5,697
Other current liabilities	278	261	353	511	576
L-T debt	309	255	219	114	99
Other liabilities	783	725	665	666	670
Minority interest	405	431	459	347	384
Shareholders' equity	**16,739**	**16,203**	**16,871**	**16,659**	**16,550**
Working capital	2,147	2,062	1,277	971	544
Total debt	458	1,103	333	179	165
Net debt	**(2,082)**	**(1,677)**	**(2,988)**	**(4,058)**	**(4,734)**

Financial Ratios					
(%)	2Q25	3Q25	4Q25	1Q26	2Q26
Sales growth	(7.3)	(7.3)	(1.6)	(7.1)	(10.2)
Operating profit growth	14.8	30.0	17.2	23.4	3.9
EBITDA growth	10.5	18.5	11.1	14.9	0.8
Norm profit growth	9.8	4.2	12.5	19.3	8.9
Norm EPS growth	9.8	4.2	12.5	19.3	8.9
Gross margin	41.9	38.5	39.5	42.5	42.8
Operating margin	17.5	14.1	12.1	20.6	20.3
EBITDA margin	22.7	20.5	17.8	25.5	25.5
Norm net margin	14.8	12.5	10.9	18.2	18.0
D/E (x)	0.0	0.1	0.0	0.0	0.0
Net D/E (x)	(0.1)	(0.1)	(0.2)	(0.2)	(0.3)
Interest coverage (x)	54.3	47.9	52.5	144.7	150.6
Interest rate	15.3	12.3	11.9	17.5	24.1
Effective tax rate	15.0	15.8	15.0	16.2	16.9
ROA	16.1	11.5	11.3	19.1	18.3
ROE	24.1	17.0	16.7	27.6	26.5

Sources: Company data, ttb wealth estimates

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