

OSOTSPA PCL OSP TB
THAILAND / FOOD & BEVERAGE

BUY

ปีแห่งการทวงส่วนแบ่งตลาด

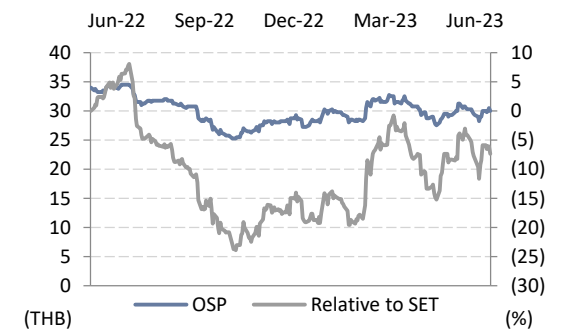
- OSP ตั้งเป้าทวงส่วนแบ่งตลาดให้ได้อย่างน้อย 2% ของส่วนแบ่งตลาดของบริษัทฯ ภายใน 4Q23 ซึ่งน่าจะทำให้ส่วนแบ่งตลาดของบริษัทฯ สูงขึ้นกว่า 47.3% ใน 4Q22
- ปริมาณขายที่สูงขึ้นและต้นทุนค่าพลังงานที่ลดลงน่าจะช่วยหนุนให้อัตรากำไรขั้นต้นดีขึ้นในปี 2023
- เริ่มด้วยคำแนะนำซื้อที่ราคาเป้าหมาย 33 บาท

TARGET PRICE	THB33.00
CLOSE	THB30.00
UP/DOWNSIDE	+10.0%
TP vs CONSENSUS	+4.1%

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	27,266	28,491	30,707	32,258
Net profit	1,934	2,458	2,918	3,206
EPS (THB)	0.64	0.82	0.97	1.07
vs Consensus (%)	-	(10.3)	(10.0)	(10.6)
EBITDA	3,664	4,454	5,044	5,440
Core net profit	1,934	2,458	2,918	3,206
Core EPS (THB)	0.64	0.82	0.97	1.07
EPS growth (%)	(40.6)	27.1	18.7	9.9

Core P/E (x)	46.6	36.7	30.9	28.1
Dividend yield (%)	3.0	2.5	2.9	3.2
EV/EBITDA (x)	24.8	20.4	18.0	16.7
Price/book (x)	4.9	4.9	4.7	4.6
Net debt/Equity (%)	4.3	4.5	3.4	3.2
ROE (%)	10.1	13.4	15.6	16.6



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	0.0	(8.4)	(11.8)
Relative to country (%)	0.6	(4.9)	(6.9)
Mkt cap (USD m)	2,603		
3m avg. daily turnover (USD m)	7.9		
Free float (%)	52		
Major shareholder	Osathanugrah Family (39%)		
12m high/low (THB)	35.25/24.80		
Issued shares (m)	3,003.75		

Sources: Bloomberg consensus; FSSIA estimates

ปีแห่งการทวงส่วนแบ่งตลาด

ในปี 2022 OSP เป็นบริษัทแรกที่เปิดตัวสินค้า M-150 ใหม่ในราคาที่สูงขึ้นเป็น 12 บาทเพื่อสู้กับผลกระทบของเงินเฟ้อซึ่งทำให้ OSP สูญเสียส่วนแบ่งตลาดไปส่วนหนึ่งโดยลดลงเหลือ 49.5% ในปี 2022 จาก 54.6% ในปี 2021 อย่างไรก็ตาม OSP ได้แบ่งตัวออกเป็น 2 ระดับตามโครงสร้างราคามากยิ่งขึ้นนับตั้งแต่บัดนั้น ปัจจุบันสินค้าที่มีราคา 12-15 บาทมีมูลค่าคิดเป็น 47% ของมูลค่าตลาด (เพิ่มขึ้นจาก 17% ก่อนหน้า) เราคาดว่าส่วนแบ่งตลาดของผู้เล่นใหญ่ 3 อันดับแรกจะเปลี่ยนแปลงตั้งแต่ 2Q23 เป็นต้นไป OSP ตั้งเป้าทวงคืนส่วนแบ่งตลาดอย่างน้อย 2% ของส่วนแบ่งตลาดของบริษัทฯ ภายใน 4Q23 ซึ่งน่าจะทำให้ส่วนแบ่งตลาดของบริษัทฯ สูงขึ้นกว่า 47.3% ใน 4Q22

การปรับปรุงประสิทธิภาพเริ่มเห็นผล

เราประทับใจกับอัตรากำไรของ OSP ใน 1Q23 ซึ่งเพิ่มขึ้นมากเป็น 33.4% (เทียบกับ 29.9% ใน 4Q22 และ 31.7% ใน 1Q22) จาก 1) ประสิทธิภาพการผลิตที่ดีขึ้นของโรงงานผลิตเครื่องดื่มและแก้ว; และ 2) ต้นทุนก๊าซธรรมชาติที่ลดลงซึ่งช่วยชดเชยต้นทุนค่าไฟฟ้าที่ปรับขึ้นได้บางส่วน โดยเฉพาะอย่างยิ่งบริษัทฯ ได้ปรับปรุงประสิทธิภาพการผลิตของเตาผลิตแก้วในปัจจุบันและปิดสายการผลิตแก้วไป 1 สายซึ่งทำให้ได้ผลตอบแทนที่สูงขึ้นและการใช้พลังงานที่ลดลง OSP มุ่งเน้นในด้านประสิทธิภาพของต้นทุนอย่างต่อเนื่องผ่านโครงการ Fast Forward 10x ซึ่งตั้งเป้าประหยัดต้นทุน 5 พัน ลบ. ภายใน 5-7 ปี (2022-28)

คาดการณ์กำไรปี 2023 จะกลับมาโตตามแผน

เราคาดว่ากำไรปี 2023 ไร่ที่ 2.5 พัน ลบ. (+27% y-y) ซึ่งยังไม่รวมเงินปันผล 306 ลบ. จาก Unicharm แม้เราจะคาดว่ากำไรอาจต่ำกว่าระดับก่อนโควิด เรายังมีมุมมองเชิงบวกเกี่ยวกับกำไรของ OSP ซึ่งน่าจะกลับมาโตตามแผน เราคิดว่า OSP อาจจะมีกำไรสุทธิต่อหุ้นที่เพิ่มขึ้นได้จากตัวเลขที่ดีใน 1Q23 และราคาก๊าซธรรมชาติที่ลดลง (1H23TD -7% h-h) อย่างไรก็ตามกำไรที่แท้จริงจะขึ้นอยู่กับกำไรปี 2023 โตเพียง 4.5% y-y ซึ่งต่ำกว่าเป้าโตเป็นเลข 2 หลักของ OSP

เริ่มด้วยคำแนะนำซื้อที่ราคาเป้าหมาย 33 บาท

เราเริ่ม OSP ด้วยคำแนะนำซื้อที่ราคาเป้าหมาย 33 บาทซึ่งคิดเป็น 40x ของค่า 2023E P/E (+0.5 SD) เรายังมีมุมมองเชิงบวกเกี่ยวกับอัตรากำไรขั้นต้นของ OSP ที่จะปรับตัวดีขึ้นในปี 2023 หลังบริษัทฯ รายงานอัตรากำไรขั้นต้นที่สูงกว่าคาดใน 1Q23 ถ้า OSP สามารถทวงส่วนแบ่งตลาดเครื่องดื่มชูกำลังได้มากกว่าคาด ปัจจัยดังกล่าวจะเป็น Upside ให้แก่ประมาณการรายได้ปี 2023 ของเรา



Sureeporn Teewasuwet

sureeporn.t@fssia.com
+66 2646 9972

PREPARED BY FSS INTERNATIONAL INVESTMENT ADVISORY SECURITIES CO LTD (FSSIA). ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES CAN BE FOUND AT THE END OF THIS REPORT

บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 9 มิถุนายน 2023

Investment thesis

OSP is a company with a very long history of over 132 years. We are impressed with OSP's growth over the last century via innovative products that have evolved according to changing consumer needs, organisational advancements, and marketing breakthroughs. We think OSP conducts its business with good governance and responsibility to all stakeholders.

The company has continued to focus on cost efficiency via its Fast Forward 10x program, whose five pillars for transformation are: cost, process, function, hybrid workforce, and assets. It targets THB5b in cost savings in 5-7 years (2022-28).

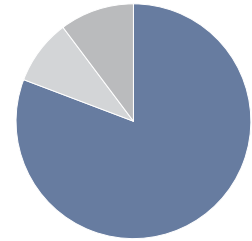
Company profile

Osotspa was established in 1891 as a pharmaceutical company. It is now one of the largest consumer product companies in Thailand. Revenue is derived from beverages (81% of sales), personal care (9% of sales) and others (10%). About 17% of its sales come from overseas markets, such as Myanmar, Laos and Cambodia, nearly all of which are from the energy drinks segment. It was listed in October 2018.

www.osotspa.com

Principal activities (revenue, 2022)

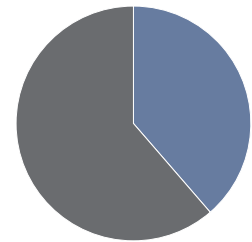
- Beverage - 80.8 %
- Personal care - 9.0 %
- Other (OEM) - 10.2 %



Source: Osotspa PCL

Major shareholders

- Osathanugrah Family - 38.7 %
- Others - 61.4 %



Source: Osotspa PCL

Catalysts

Potential catalysts for OSP's earnings growth in 2023 are 1) revenue growth driven by sales volumes; 2) gaining more domestic energy drink market share; 3) declining energy costs; 4) successfully improving its production efficiency; and 5) the success of new product launches.

Risks to our call

Downside risks to our P/E-based TP include 1) a slower-than-expected consumption recovery; 2) higher-than-expected competition; 3) high volatility in energy costs; and 4) changing legal policies both in Thailand and Myanmar.

Event calendar

Date	Event
August 2023	2Q23 results announcement

Key assumptions

	2023E	2024E	2025E
Beverage revenue growth (%)	2.5	7.4	4.6
Personal care revenue growth (%)	10.0	8.0	5.0
Total revenue growth (%)	4.5	7.8	5.1
Gross margin (%)	33.0	33.5	34.0
SG&A to sales (%)	24.0	23.5	23.5

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in revenue, we estimate 2023 net profit to rise by 1.2%, and vice versa, all else being equal.
- For every 0.2% increase in GPM, we estimate 2023 net profit to rise by 2.0%, and vice versa, all else being equal.
- For every 0.2% increase in SG&A, we estimate 2023 net profit to fall by 1.9%, and vice versa, all else being equal.

Source: FSSIA estimates

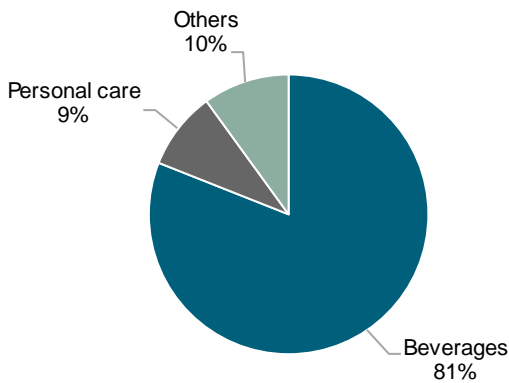
Century-old history

OSP was established in 1891 as a pharmacy named “Teck Heng Yoo”, which was well known among Thai people for a long time. The name of the company was later changed to “Osotspa Company Limited”.

The company produces and distributes non-alcoholic beverages, including energy drinks (e.g. M-150, Lipovitan-D, Shark, Chalarm, and Som In-Sum), functional drinks (e.g. C-vitt, Calpis, and Peptein), and personal care products (e.g. Baby Mild and Twelve Plus). Moreover, OSP provides original equipment manufacturing (OEM) and distribution services for brand owners.

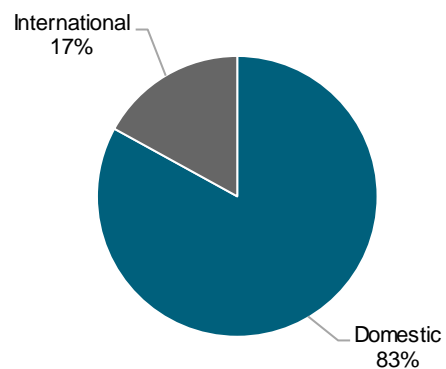
In 2022, OSP earned 81% of its revenue from beverage sales, 9% from sales of personal care products, and 10% from other businesses. Besides domestic revenue, OSP also exports its products. In this regard, 17% of its revenue came from export sales of beverages, while 0.8% was from export sales of personal care products in 2022. Myanmar, Laos, and Cambodia are the primary international markets, while Indonesia and Vietnam are secondary markets.

Exhibit 1: Revenue breakdown by product in 2022



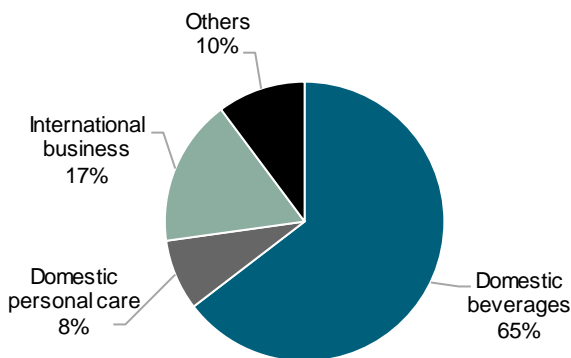
Source: OSP

Exhibit 2: Revenue breakdown by destination in 2022



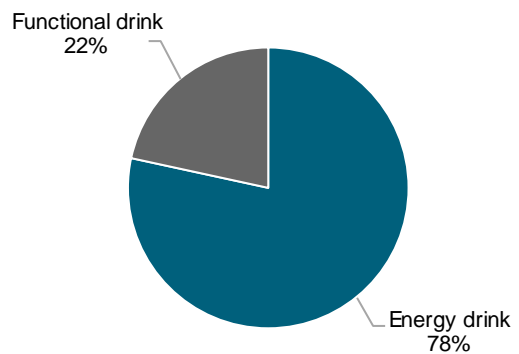
Source: OSP

Exhibit 3: Revenue breakdown by segment in 2022



Source: OSP

Exhibit 4: Beverage revenue breakdown in 2022



Source: OSP

OSP manages its operations in three main business segments as follows:

1. **Beverages** – Full portfolio of energy drinks, sport drinks, and functional drinks with established market-leading positions through innovation and strong brands in each product category.
2. **Personal care** – Strong pillar of growth offering baby care, women’s beauty care, and male grooming products.
3. **Others** – There are two main businesses: 1) healthcare and confectionery; and 2) OEM – OSP provides OEM services for glass packaging and personal care products to fully utilise its production capacity.

Exhibit 5: Beverage brands



Source: OSP

Exhibit 6: Beverage products



Source: OSP

Exhibit 7: Personal care brands



Source: OSP

Exhibit 8: Personal care products



Source: OSP

Exhibit 9: Other brands



Source: OSP

Exhibit 10: Other products

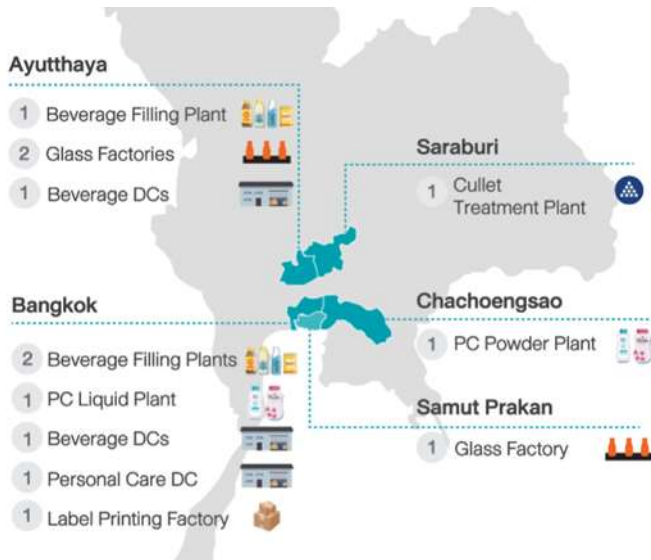


Source: OSP

Production facilities and capacities

Currently, OSP's main production base is in Thailand (i.e. Ayutthaya, Bangkok, Saraburi, Chachoengsao, and Samutprakarn), comprising 3 beverage filling plants with a capacity of 3,618m bottles/yr and 122m cans/yr, 2 personal care plants, 3 glass factories, 1 cullet treatment plant, 3 distribution centres, and 1 label printing factory. Aside from that, it has 1 glass factory in Myanmar under Osotspa Myanmar Co., Ltd (not listed), a joint venture in which OSP holds an 85% share and Loi Hein Co., Ltd (Myanmar) holds a 15% share.

Exhibit 11: Factory locations



Source: OSP

Exhibit 12: Factory types



Source: OSP

A year to regain market share

In 2022, OSP was the first mover in the energy drink market to relaunch its M-150 product with double the vitamin B12 at a higher price of THB12. The company is offering value-added energy drinks at a higher average selling price (ASP) from the old energy drinks at THB10, mainly to counter the effects of inflation. As a result, OSP has lost some market share, plunging to 49.5% in 2022 from 54.6% in 2021. However, the market has since separated itself into a more proportional two-tier pricing structure, with products priced at THB12-15 currently accounting for 47% of the total market value, up from 17% previously. This shift indicates consumers are willing to pay more for added value, in line with OSP's objective.

At the beginning of 2023, the third player in the energy drink market, Krating Daeng decided to increase the ASP of its classic flavour to THB12 from THB10 by launching a new value-added energy drink product. We expect to see a change in market share among the top three players from 2Q23 onward. Meanwhile, OSP aims to regain at least 2% of its market share in 4Q23, which would be higher than its 47.3% share in 4Q22. The company is still focused on two-tier pricing to serve a wider range of consumers and provide options to suit various needs. However, OSP intends to balance its portfolio by limiting the revenue proportion of the THB10 segment to not over 30% of its total energy drink portfolio, from 20% in 2022.

Exhibit 13: M-150's (OSP) price increased in 2022



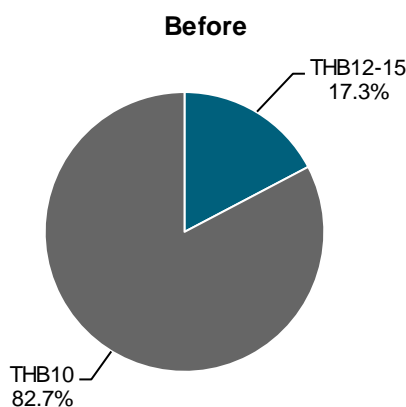
Source: OSP

Exhibit 14: Krating Daeng's price increased in 2023



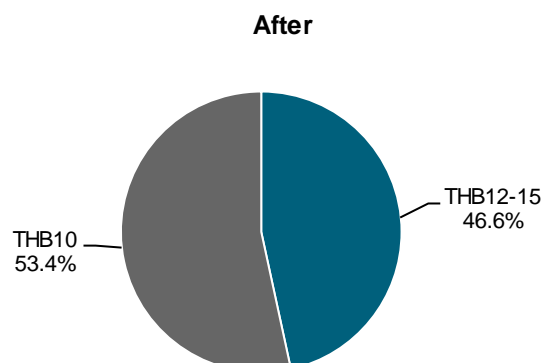
Sources: Google; FSSIA's compilation

Exhibit 15: Energy drink market price proportion in 2021-22



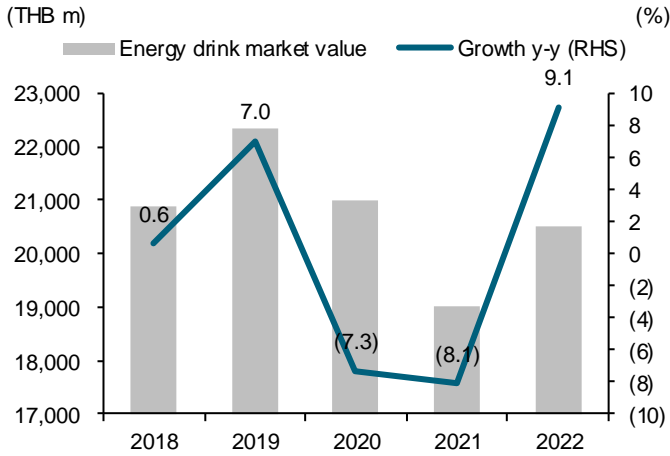
Source: OSP

Exhibit 16: Energy drink market price proportion in 2023



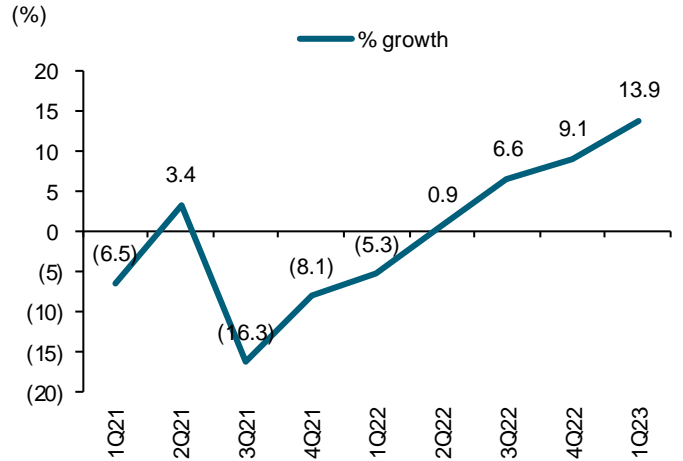
Source: OSP

Exhibit 17: Energy drink yearly market value



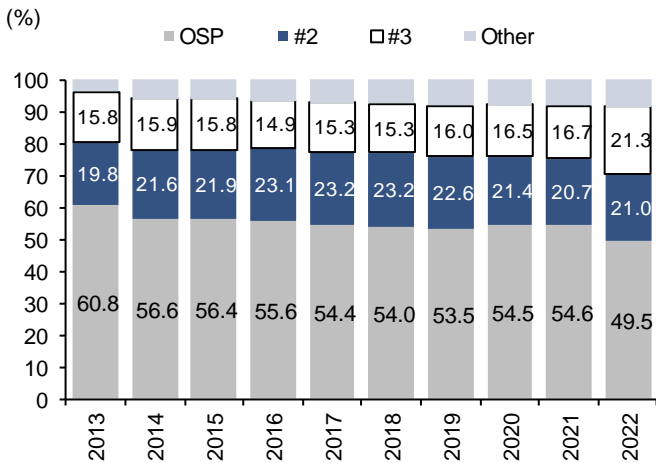
Sources: OSP, FSSIA's compilation

Exhibit 18: Quarterly (MAT TY) energy drink market value growth



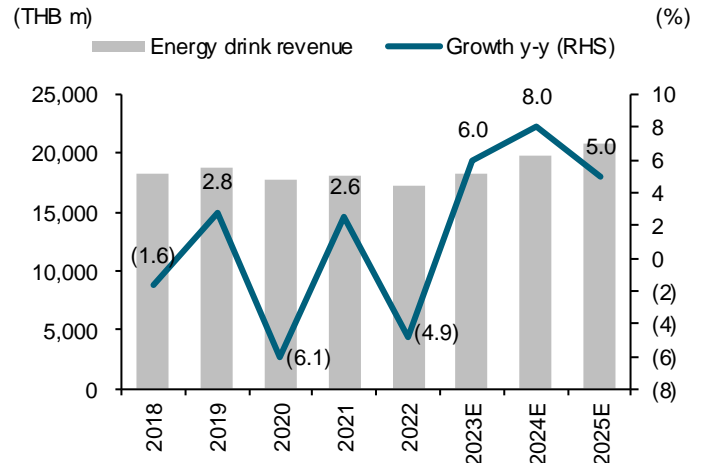
Sources: OSP, FSSIA's compilation

Exhibit 19: Energy drink market share



Sources: OSP, CBG, FSSIA's compilation

Exhibit 20: OSP's energy drink revenue and growth



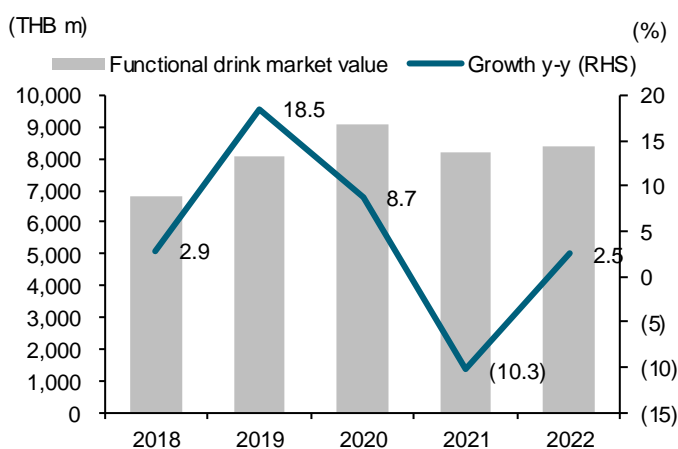
Sources: OSP, FSSIA's compilation

Functional drink revenue to drop this year after Covid-19 easing

Through its joint venture with House Foods Corporation (Japan), OSP has offered functional drinks under the C-vitt brand since 2012. The company celebrated its 10-year anniversary last year. C-vitt achieved a significant milestone in 2022 as the market leader in both vitamin C and functional drink markets in Thailand. To elaborate, C-vitt had the number one vitamin C drink market share at 65.7% and 42.7% in the functional drink market. In 2022, C-vitt revenue was equal to THB4b, which solidly grew at a 41% CAGR from THB1b in 2018.

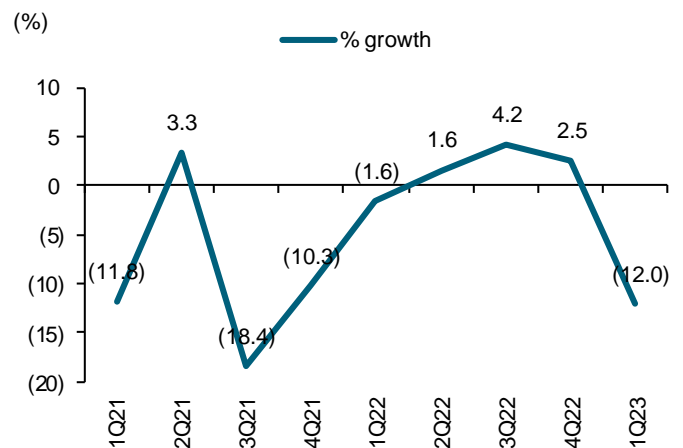
However, the functional drink market value in 1Q23 dropped by 12% y-y due to the easing of Covid-19. Even still, OSP has maintained its number one position in the market with a share of 40.4%, while its 1Q23 functional drink revenue sharply dropped by 41% y-y. We assume functional drink revenue will decrease in y-y terms in every quarter of this year, mainly due to the high base in 2022. Revenue should then return to growth in 2024.

Exhibit 21: Yearly functional drink market value



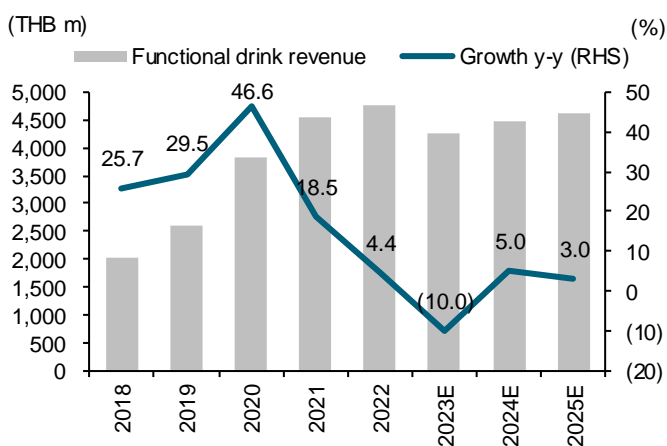
Sources: OSP, FSSIA's compilation

Exhibit 22: Quarterly (MAT TY) functional drink market value growth



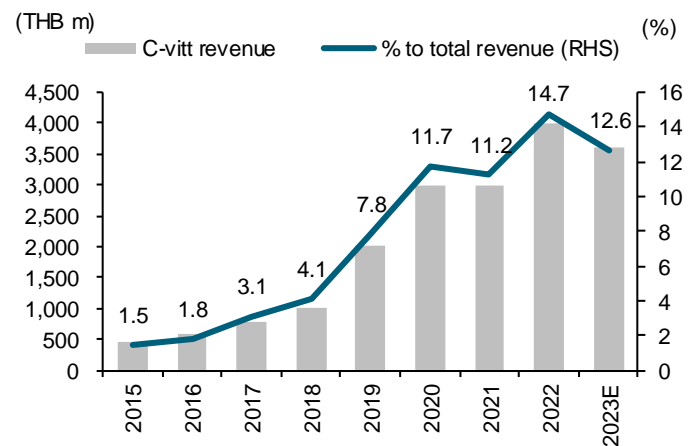
Sources: OSP, FSSIA's compilation

Exhibit 23: Yearly functional drink revenue and growth



Sources: OSP, FSSIA estimates

Exhibit 24: C-vitt revenue



Sources: OSP, FSSIA estimates

Efficiency improvement bearing fruit

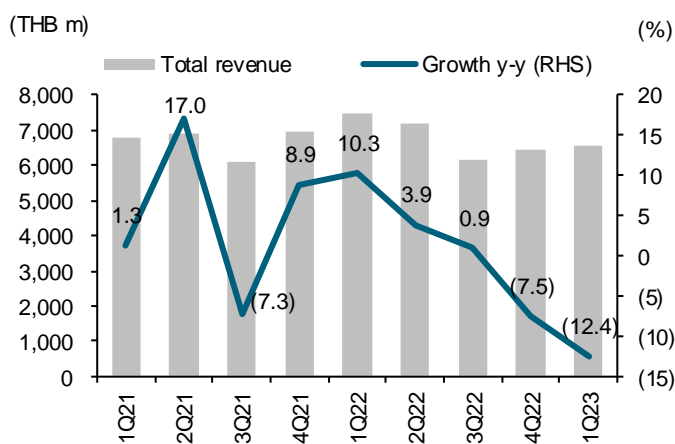
OSP reported a 1Q23 net profit of THB778m (+131% q-q, +3.8% y-y). Excluding a dividend from Unicharm of THB306m, the company's core profit was equal to THB472m (+40% q-q, -37% y-y), in line with our estimate.

Total revenue dropped by 12.4% y-y due to the high base last year before the increase in selling prices. Meanwhile, its revenue grew by 1.8% q-q, mainly from Myanmar's revenue recovery in line with the seasonality.

We are impressed by OSP's 1Q23 gross margin, which sharply rose to 33.4% (vs 29.9% in 4Q22 and 31.7% in 1Q22), thanks to 1) improved production efficiency at its beverage and glass factories; and 2) declining natural gas costs, which partly offset the electricity cost hike. In particular, the company has improved the production efficiency of its existing glass furnaces and shut down one glass production line, resulting in a higher yield and lower energy consumption.

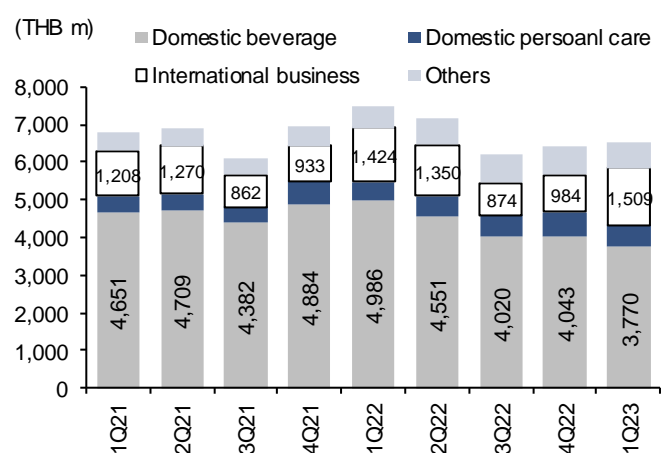
The company has continued to focus on cost efficiency via its Fast Forward 10x program, whose five pillars for transformation are: cost, process, function, hybrid workforce, and assets. It targets THB5b in cost savings in 5-7 years (2022-28).

Exhibit 25: Quarterly total revenue and growth



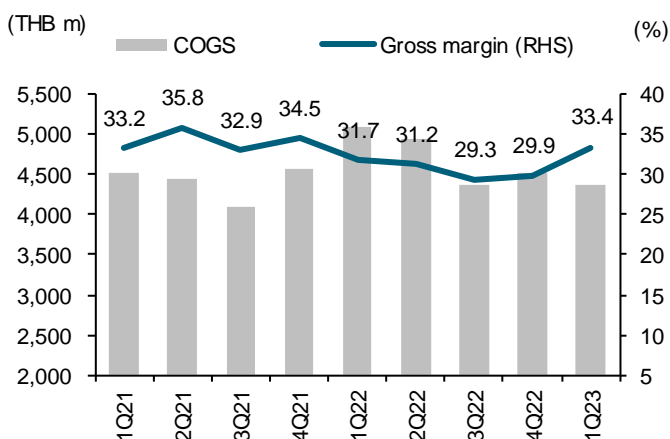
Sources: OSP, FSSIA's compilation

Exhibit 26: Quarterly revenue breakdown by segment



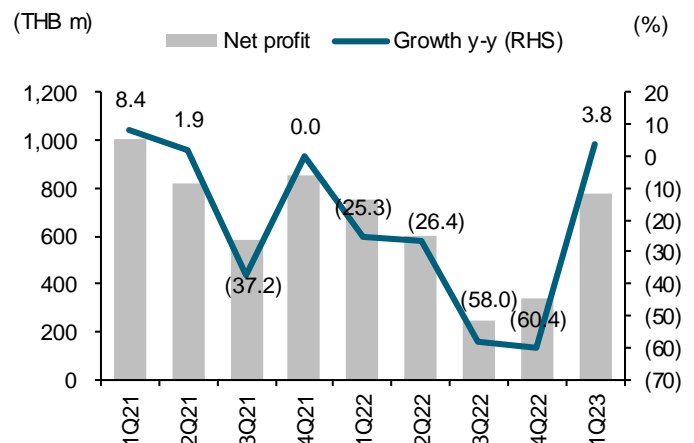
Sources: OSP, FSSIA's compilation

Exhibit 27: Quarterly gross margin



Sources: OSP, FSSIA's compilation

Exhibit 28: Quarterly net profit and growth



Sources: OSP, FSSIA's compilation

Keep an eye on new investments

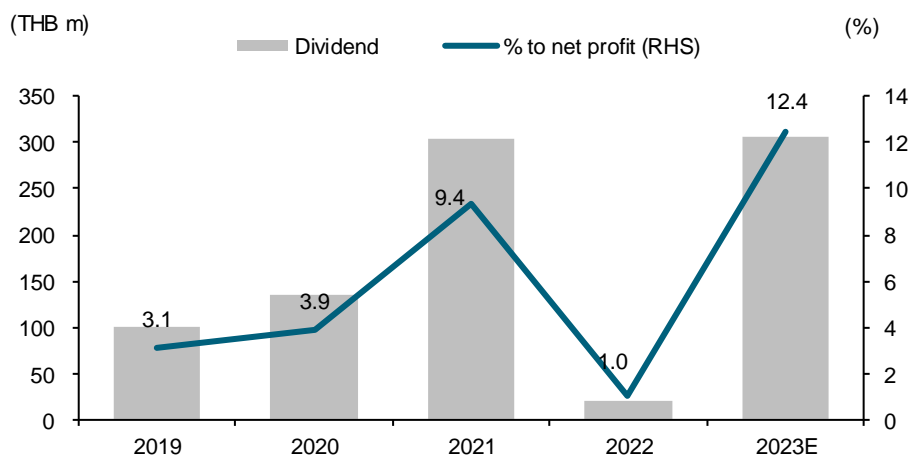
OSP announced the divestment of its 5.85% minority share in Uni.Charm (Thailand) Co., Ltd. (Unicharm) to Unicharm Corporation Co., Ltd for a total amount of THB3b. OSP's objective for this transaction is to focus on its core business expansion strategy with controlling stakes, primarily in beverages, personal care, and businesses where it can leverage its competitive advantages.

We expect a gain from this divestment of around THB2b-2.5b, based on a cost value of less than THB1b. The company would book this gain in equity, which might not affect its profit-and-loss statement.

In the past, the company received dividends from Unicharm of THB100m-300m per year, accounting for 3-9% of total net profit. We think it was a good investment with a solid annual return.

We expect OSP to reinvest in potential M&A within this year, in line with management's message from the previous analyst meeting.

Exhibit 29: Dividends from Unicharm



Sources: OSP, FSSIA's compilation

Expect profit growth to get back on track

Management targets 2023 revenue growth in the double digits and aims for a gross margin increase q-q in every quarter this year. We think OSP might achieve its gross margin target because of the good start in 1Q23, and it is still focusing on its Fast Forward 10x program to deliver gross savings of around THB929m in 2023. However, its revenue growth target is challenging, in our view. Our two main reasons are: 1) 1Q23 revenue dropped by 12.4% y-y; and 2) we expect 2023 functional drink revenue to decrease by at least a double-digit rate. Meanwhile, we have to monitor the market share improvement in the remainder of the year.

We expect its 2023 gross margin to rise to 33% from 30.6% in 2022, supported by 1) higher sales volumes for both beverages and personal care; 2) changing product mix, as the functional drink's gross margin is lower than energy drink's; 3) declining natural gas prices; and 4) cost savings from Fast Forward 10x. To elaborate, the 1H23TD average natural gas (pool price) was equal to THB456 per MMBtu, dropping by 7% from 2H22. The price in April declined to THB430 per MMBtu, below the average 2022 price of THB444 per MMBtu.

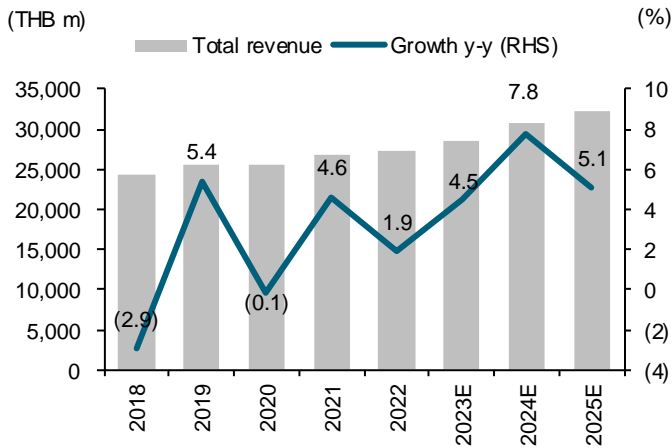
Therefore, we project a 2023 core profit of THB2.5b (+27% y-y), which excludes a THB306m dividend from Unicharm. Even though our expected profit might be below the pre-Covid level, we have a positive view on OSP's profit growth, which should be back on track.

Exhibit 30: Key assumptions for OSP

	Actual				Forecast			Growth		
	2022	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E
	(THB m)	(THB m)	(THB m)	(THB m)	(%)	(%)	(%)	(%)	(%)	(%)
Total revenue	27,266	28,491	30,707	32,258	4.5	7.8	5.1			
Costs	18,915	19,089	20,420	21,290	0.9	7.0	4.3			
Gross profit	8,350	9,402	10,287	10,968	12.6	9.4	6.6			
SG&A expense	6,500	6,838	7,216	7,581	5.2	5.5	5.1			
Interest expense	89	104	100	99	17.2	(4.2)	(0.9)			
Profit sharing	315	228	246	258	(27.6)	7.8	5.1			
Reported net profit	1,934	2,458	2,918	3,206	27.1	18.7	9.9			
Core profit	1,934	2,458	2,918	3,206	27.1	18.7	9.9			
Key ratios (%)										
Total revenue growth	1.9	4.5	7.8	5.1						
Net profit growth	(40.6)	27.1	18.7	9.9						
Core profit growth	(40.6)	27.1	18.7	9.9						
Operating statistics (THB m)										
Beverage revenue	22,020	22,581	24,260	25,383	2.5	7.4	4.6			
Personal care revenue	2,452	2,697	2,912	3,058	10.0	8.0	5.0			
Others revenue	2,794	3,213	3,535	3,817	15.0	10.0	8.0			

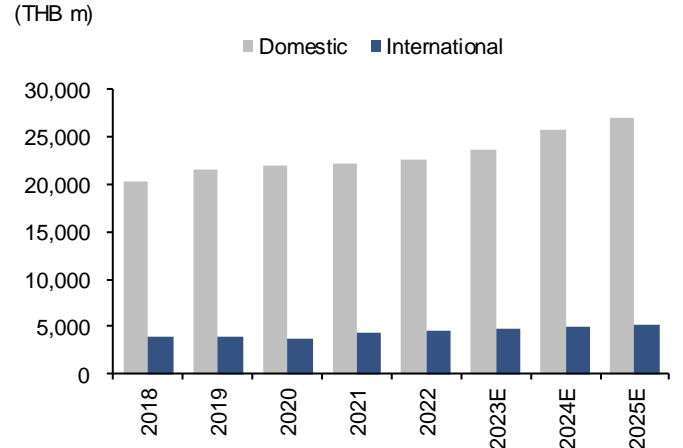
Source: FSSIA estimates

Exhibit 31: Yearly total revenue and growth



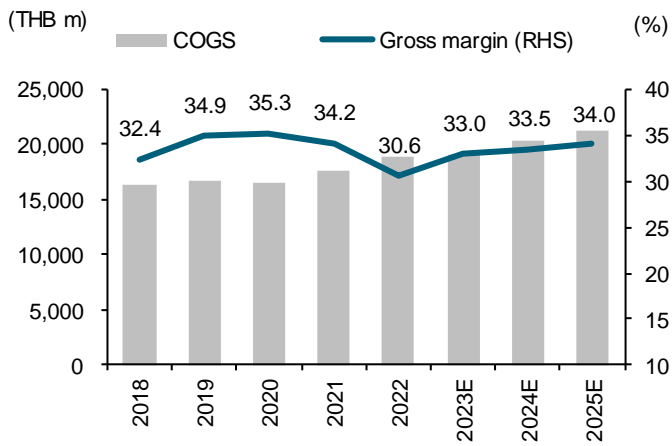
Sources: OSP, FSSIA estimates

Exhibit 32: Yearly revenue breakdown by destination



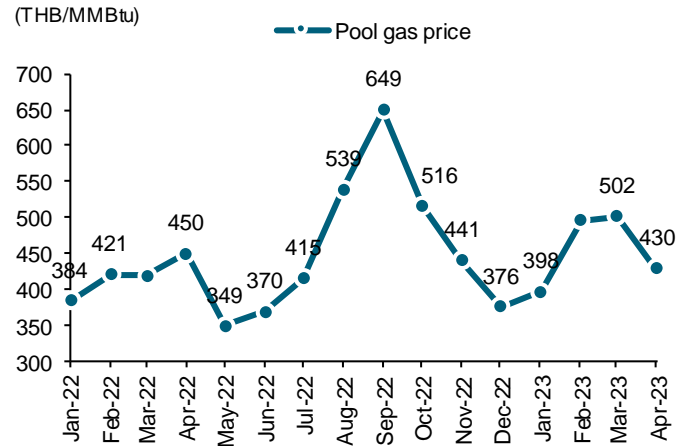
Sources: OSP, FSSIA estimates

Exhibit 33: Yearly gross margin



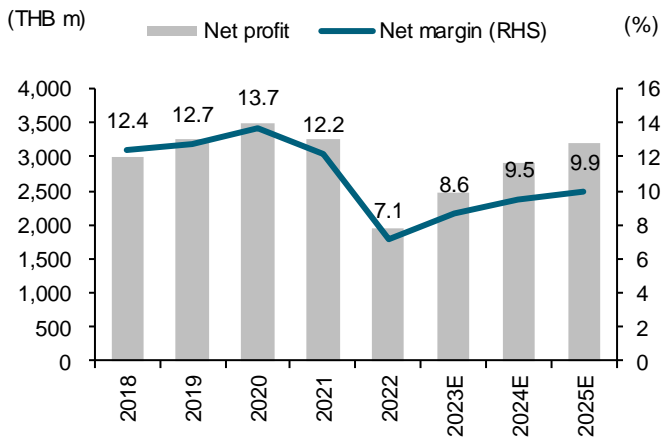
Sources: OSP, FSSIA estimates

Exhibit 34: Declining natural gas prices



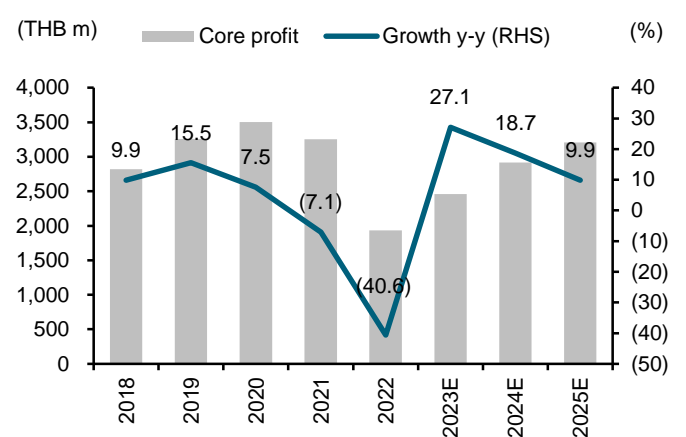
Source: Energy Policy and Planning Office (EPPO)

Exhibit 35: Yearly net profit and margin



Sources: OSP, FSSIA estimates

Exhibit 36: Yearly core profit and growth



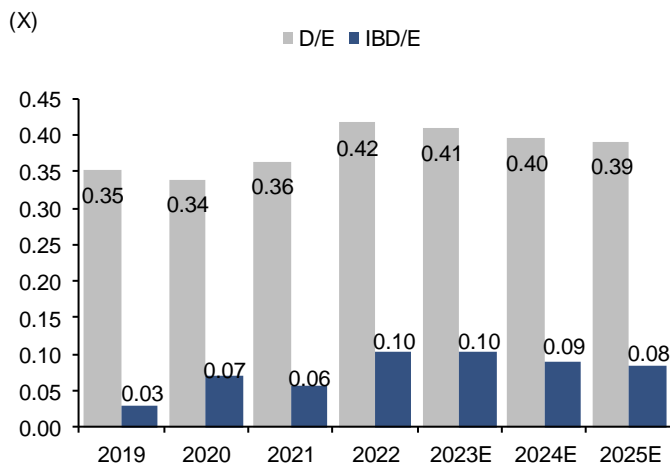
Sources: OSP, FSSIA estimates

Reinitiate coverage with BUY recommendation

We reinitiate coverage of OSP with a BUY recommendation and a TP of THB33, based on 40x 2023E P/E (+0.5 SD). We have a positive view on its gross margin improvement this year, after the company posted a stronger-than-expected gross margin in 1Q23. Meanwhile, we will have to monitor the changing market share in the energy drink segment. If OSP can gain more market share than its target, it will be an upside to our 2023 revenue forecast.

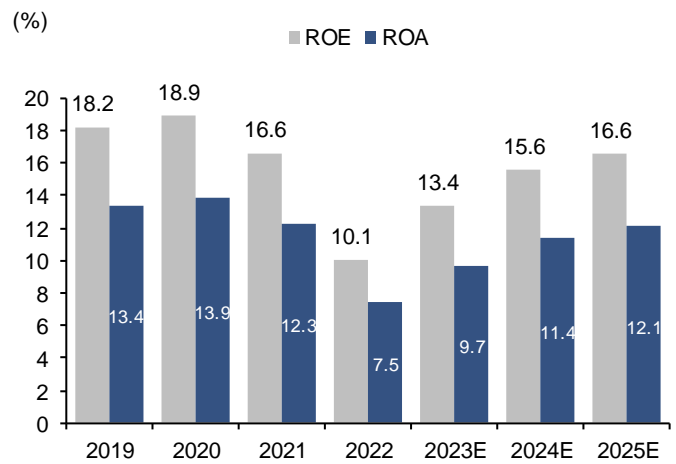
Aside from that, we are satisfied with its strong balance sheet. The company has a low interest bearing debt. As of December 2022, its D/E and IBD/E ratios were only at 0.42x and 0.10x, respectively. We expect its 2023-24 ROE to increase to 13.4% and 15.6%, respectively, from 10.1% in 2022.

Exhibit 37: D/E ratio vs IBD/E ratio



Sources: OSP, FSSIA estimates

Exhibit 38: ROE vs ROA



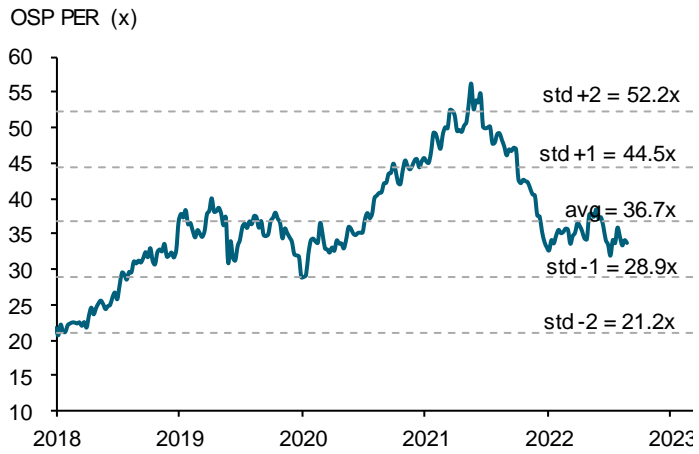
Sources: OSP, FSSIA estimates

Exhibit 39: Peers comparison as of 9 June 2023

Company	BBG	Rec	Share price			Market Cap	PE		ROE		PBV		EV/EBITDA	
			Current (LCY)	Target (LCY)	Upside (%)		23E (x)	24E (x)	23E (%)	24E (%)	23E (x)	24E (x)	23E (x)	24E (x)
Thailand														
Osotspa	OSP TB	BUY	30.00	33.00	10	2,603	36.7	30.9	13.4	15.6	4.9	4.7	20.4	18.0
TAC Consumer	TACC TB	BUY	5.05	7.20	43	89	14.0	11.6	28.3	33.1	3.9	3.8	7.9	6.6
Sappe	SAPPE TB	BUY	86.50	88.00	2	770	24.6	22.2	32.3	33.2	7.7	7.1	16.4	14.8
Ichitan Group	ICHI TB	BUY	15.20	15.70	3	571	24.3	22.1	13.2	14.5	3.2	3.2	12.3	11.6
Carabao Group	CBG TB	n/a	65.00	n/a	n/a	1,878	32.4	26.0	18.1	21.2	5.8	5.3	21.6	18.6
Thailand average						5,911	26.4	22.5	21.0	23.5	5.1	4.8	15.7	13.9
Regional														
Tata Consumer Products	TATACONS IN	n/a	807.10	n/a	n/a	9,023	65.6	51.9	7.4	8.5	4.7	4.4	39.4	32.7
Eastroc Beverage Group	605499 CH	n/a	161.64	n/a	n/a	9,066	34.4	27.1	29.0	29.1	9.9	7.9	24.5	19.7
Cheng Du Lolo	000848 CH	n/a	8.90	n/a	n/a	1,314	13.3	11.6	21.9	21.3	3.0	2.5	6.5	5.5
Nongfu Spring	9633 HK	n/a	42.70	n/a	n/a	61,269	45.5	39.1	36.0	36.4	15.7	13.5	29.0	24.9
Monster Beverage Corp	MNST US	n/a	57.53	n/a	n/a	60,217	37.3	32.2	21.9	22.6	7.7	6.8	26.6	22.9
PepsiCo Inc	PEP US	n/a	182.10	n/a	n/a	250,878	24.9	22.9	54.2	52.3	13.0	11.4	17.6	16.2
Coca-Cola Co/The	KO US	n/a	60.37	n/a	n/a	261,075	23.2	21.5	42.7	41.0	9.3	8.3	20.0	18.7
National Beverage Corp	FIZZ US	n/a	47.50	n/a	n/a	4,434	31.1	27.9	47.6	37.0	11.6	8.0	20.9	18.9
Dutch Bros Inc	BROS US	n/a	30.24	n/a	n/a	4,954	315.0	106.1	(1.7)	87.0	32.5	25.8	43.4	30.9
Celsius Holdings Inc	CELH US	n/a	141.00	n/a	n/a	10,827	95.5	60.7	115.2	81.7	80.8	40.5	56.9	37.4
Regional average						673,058	68.6	40.1	37.4	41.7	18.8	12.9	28.5	22.8
Total average						678,969	54.5	34.2	32.0	35.6	14.2	10.2	24.2	19.8

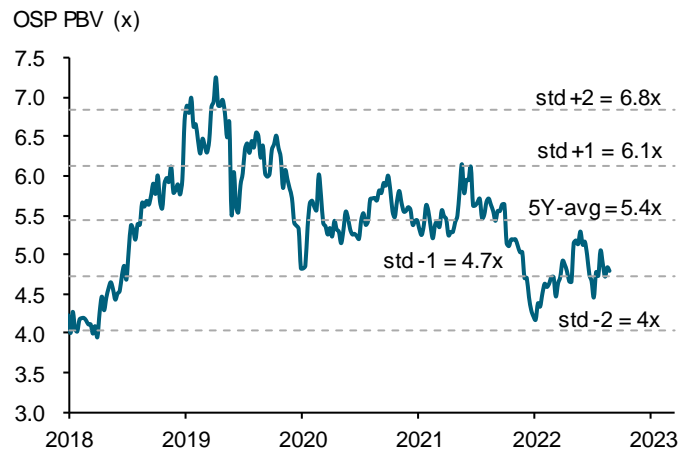
Sources: Bloomberg, FSSIA estimates

Exhibit 40: Historical P/E band



Sources: Bloomberg, FSSIA estimates

Exhibit 41: Historical P/BV band



Sources: Bloomberg, FSSIA estimates

Financial Statements

Osotspa PCL

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	26,762	27,266	28,491	30,707	32,258
Cost of goods sold	(17,619)	(18,915)	(19,089)	(20,420)	(21,290)
Gross profit	9,143	8,350	9,402	10,287	10,968
Other operating income	516	216	225	243	255
Operating costs	(5,978)	(6,500)	(6,838)	(7,216)	(7,581)
Operating EBITDA	5,199	3,664	4,454	5,044	5,440
Depreciation	(1,518)	(1,598)	(1,664)	(1,731)	(1,798)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	3,681	2,067	2,789	3,313	3,642
Net financing costs	(96)	(89)	(104)	(100)	(99)
Associates	263	315	228	246	258
Recurring non-operating income	263	315	228	246	258
Non-recurring items	0	0	0	0	0
Profit before tax	3,849	2,293	2,913	3,459	3,801
Tax	(664)	(369)	(466)	(553)	(608)
Profit after tax	3,185	1,924	2,447	2,906	3,193
Minority interests	70	10	11	12	13
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
Reported net profit	3,255	1,934	2,458	2,918	3,206
Non-recurring items & goodwill (net)	-	-	-	-	-
Recurring net profit	3,255	1,934	2,458	2,918	3,206
Per share (THB)					
Recurring EPS *	1.08	0.64	0.82	0.97	1.07
Reported EPS	1.08	0.64	0.82	0.97	1.07
DPS	1.10	0.90	0.74	0.87	0.96
Diluted shares (used to calculate per share data)	3,004	3,004	3,004	3,004	3,004
Growth					
Revenue (%)	4.6	1.9	4.5	7.8	5.1
Operating EBITDA (%)	1.0	(29.5)	21.5	13.3	7.8
Operating EBIT (%)	(4.8)	(43.9)	35.0	18.8	9.9
Recurring EPS (%)	(7.1)	(40.6)	27.1	18.7	9.9
Reported EPS (%)	(7.1)	(40.6)	27.1	18.7	9.9
Operating performance					
Gross margin inc. depreciation (%)	34.2	30.6	33.0	33.5	34.0
Gross margin exc. depreciation (%)	39.8	36.5	38.8	39.1	39.6
Operating EBITDA margin (%)	19.4	13.4	15.6	16.4	16.9
Operating EBIT margin (%)	13.8	7.6	9.8	10.8	11.3
Net margin (%)	12.2	7.1	8.6	9.5	9.9
Effective tax rate (%)	17.3	16.1	16.0	16.0	16.0
Dividend payout on recurring profit (%)	101.5	139.8	90.0	90.0	90.0
Interest cover (X)	41.3	26.8	29.0	35.7	39.5
Inventory days	53.7	61.2	60.3	52.9	53.5
Debtor days	48.9	51.6	51.2	49.2	50.4
Creditor days	46.7	50.7	50.8	47.6	48.1
Operating ROIC (%)	20.2	10.7	14.2	16.6	17.5
ROIC (%)	16.8	9.6	12.0	14.0	14.8
ROE (%)	16.6	10.1	13.4	15.6	16.6
ROA (%)	12.3	7.5	9.7	11.4	12.1
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
	2021	2022	2023E	2024E	2025E
Beverage	22,709	22,020	22,581	24,260	25,383
Personal care	2,102	2,452	2,697	2,912	3,058
Other (OEM)	1,952	2,794	3,213	3,535	3,817

Sources: Osotspa PCL; FSSIA estimates

Financial Statements

Osotspa PCL

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	3,255	1,934	2,458	2,918	3,206
Depreciation	1,518	1,598	1,664	1,731	1,798
Associates & minorities	(349)	(343)	(169)	(216)	(238)
Other non-cash items	0	0	0	0	0
Change in working capital	(65)	(923)	275	(285)	(328)
Cash flow from operations	4,359	2,265	4,228	4,149	4,438
Capex - maintenance	(1,855)	(1,461)	(2,201)	(1,632)	(1,823)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	(489)	526	209	228	246
Cash flow from investing	(2,344)	(935)	(1,992)	(1,404)	(1,577)
Dividends paid	(3,304)	(3,130)	(2,213)	(2,626)	(2,885)
Equity finance	0	0	0	0	0
Debt finance	11	548	(11)	(173)	(37)
Other financing cash flows	241	(156)	(57)	66	47
Cash flow from financing	(3,052)	(2,737)	(2,281)	(2,733)	(2,876)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	(1,037)	(1,407)	(45)	12	(15)
Free cash flow to firm (FCFF)	2,110.59	1,419.55	2,340.35	2,844.36	2,959.47
Free cash flow to equity (FCFE)	2,266.57	1,723.44	2,168.09	2,638.13	2,870.24

Per share (THB)

FCFF per share	0.70	0.47	0.78	0.95	0.99
FCFE per share	0.75	0.57	0.72	0.88	0.96
Recurring cash flow per share	1.47	1.06	1.32	1.48	1.59

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	26,379	27,369	29,369	31,369	33,369
Less: Accumulated depreciation	(12,648)	(13,889)	(15,554)	(17,285)	(19,082)
Tangible fixed assets (net)	13,730	13,480	13,815	14,084	14,286
Intangible fixed assets (net)	396	359	359	359	359
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	4,001	3,805	3,805	3,805	3,805
Cash & equivalents	2,493	1,087	1,042	1,054	1,039
A/C receivable	3,660	4,051	3,938	4,343	4,557
Inventories	2,658	3,147	2,615	2,797	2,916
Other current assets	16	16	28	31	161
Current assets	8,827	8,301	7,623	8,225	8,674
Other assets	188	209	228	246	258
Total assets	27,142	26,154	25,830	26,719	27,382
Common equity	19,884	18,464	18,298	19,089	19,610
Minorities etc.	19	(9)	50	80	100
Total shareholders' equity	19,904	18,455	18,348	19,169	19,710
Long term debt	641	723	673	623	573
Other long-term liabilities	1,068	912	855	921	968
Long-term liabilities	1,708	1,635	1,527	1,544	1,540
A/C payable	4,822	4,787	4,642	4,806	4,913
Short term debt	469	1,161	1,200	1,077	1,090
Other current liabilities	238	116	114	123	129
Current liabilities	5,530	6,064	5,956	6,006	6,132
Total liabilities and shareholders' equity	27,142	26,154	25,830	26,719	27,382
Net working capital	1,274	2,311	1,825	2,242	2,593
Invested capital	19,588	20,164	20,033	20,736	21,301

* Includes convertibles and preferred stock which is being treated as debt

Per share (THB)

Book value per share	6.62	6.15	6.09	6.36	6.53
Tangible book value per share	6.49	6.03	5.97	6.24	6.41

Financial strength

Net debt/equity (%)	(6.9)	4.3	4.5	3.4	3.2
Net debt/total assets (%)	(5.1)	3.0	3.2	2.4	2.3
Current ratio (x)	1.6	1.4	1.3	1.4	1.4
CF interest cover (x)	24.7	20.4	21.8	27.5	30.1

Valuation	2021	2022	2023E	2024E	2025E
Recurring P/E (x) *	27.7	46.6	36.7	30.9	28.1
Recurring P/E @ target price (x) *	30.5	51.3	40.3	34.0	30.9
Reported P/E (x)	27.7	46.6	36.7	30.9	28.1
Dividend yield (%)	3.7	3.0	2.5	2.9	3.2
Price/book (x)	4.5	4.9	4.9	4.7	4.6
Price/tangible book (x)	4.6	5.0	5.0	4.8	4.7
EV/EBITDA (x) **	17.1	24.8	20.4	18.0	16.7
EV/EBITDA @ target price (x) **	18.8	27.3	22.5	19.8	18.4
EV/invested capital (x)	4.5	4.5	4.5	4.4	4.3

* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income

Sources: Osotspa PCL; FSSIA estimates

Public disclosures related to sustainable development evaluation of Thai listed companies

[Rating](#) regarding the sustainable development of Thai listed companies, both on the SET and MAI, are publicly available on the website of the Securities and Exchange Commission of Thailand (SEC). Currently, ratings available are 1) "**CG Score**" by the Thai Institute of Directors Association (Thai IOD); 2) "**AGM Checklist**" by the Thai Investors Association (TIA), a "**CAC certified member**" of the Thai Private Sector Collective Action Against Corruption (CAC); and 3) **Sustainability Investment List (THSI)** by the Stock Exchange of Thailand. The ratings are updated on an annual basis. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such ratings.

CG Score by the Thai Institute of Directors Association (Thai IOD)¹

The [CG Score](#) indicates corporate governance (CG) strength in the sustainable development of Thai listed companies. Annually, the Thai IOD, with support from the Stock Exchange of Thailand (SET), surveys and assesses the CG practices of companies and publishes the results on the [Thai IOD website](#) in a bid to promote and enhance the CG of Thai listed companies in order to promote compliance with international standards for better investment decisions. The results are from the perspective of a third party, not an evaluation of operations, as of the date appearing in the report, and may be changed after that date.

The [five underlying categories and weighting](#) used for the CG scoring in 2022 include the rights of shareholders and equitable treatment of shareholders (weight 25% combined), the role of stakeholders (25%), disclosure and transparency (15%), and board responsibilities (35%).

The CGR report rates CG in six categories: 5 for Excellent (score range 90-100), 4 for Very Good (score range 80-89), 3 for Good (Score range 70-79), 2 for Fair (score range 60-69), 1 for Pass (score range 60-69), and not rated (score below 50).

AGM Checklist by the Thai Investors Association (TIA)²

The "[AGM Checklist](#)" quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and the extent to which information is sufficiently disclosed and the level of its transparency. All the considered factors form important elements of two out of five the CG components. Annually, the TIA, with support from the SEC, leads the project to evaluate the quality of Annual General Meetings of Shareholders (AGMs) and to rate quality of the meetings.

The [Checklist](#) contains the minimum requirements under law that companies must comply with, or best practices according to international CG guidance. Representatives of the TIA will attend the meetings and perform the evaluation. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating of how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.

The results are classified into four categories: 5 for Excellent (score 100), 4 for Very Good (score 90-99), 3 for Fair (score 80-89), and not rated (score below 79).

CAC certified member by the Thai Private Sector Collective Action Against Corruption (CAC)³

A [CAC certified member](#) is a listed company whose Checklist satisfies the CAC Certification's criteria and is approved by the CAC Council. The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. Note that the CAC does not certify the behaviour of the employees nor whether the companies have engaged in bribery, and Certification is good for three years.

Companies deciding to become a CAC certified member [start with](#) by submitting a Declaration of Intent signed by the Chairman of the Board to kick off the 18-month deadline for companies to submit the CAC Checklist for Certification. The 18-month provision is for risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.

The checklist document will be reviewed by the CAC Certification Committee for adequate information and evidence. It is worth noting that the committee consists of nine professionals in business law, corporate governance, internal audit, financial audit and experienced representatives from certified members.

A passed Checklist will move on to the [CAC Council](#) for granting certification approvals. The CAC Council consists of twelve prominent individuals who are highly respected in professionalism and ethical achievements. Among them are former ministers, a former central bank governor, the former head of the Thai Listed Companies Association, Chairman of Anti-Corruption Organizations (Thailand), Chairman of Thai Institute of Directors, and reputable academic scholars.

Sustainability Investment (THSI)⁴ by the Stock Exchange of Thailand (SET)

Thailand Sustainability Investment ([THSI](#)) quantifies responsibility in [Environmental](#), and [Social](#) issues, by managing business with transparency in [Governance](#). The THSI serves as another choice for investors who desire to adopt a responsible investment approach, according to the SET.

Annually, the SET will announce the voluntary participation of the company candidates which pass the preemptive criteria, and whose two key crucial conditions are met, i.e. no irregular trading of the board members and executives and a free float of >150 by the number of shareholders, and combined holding must >15% of paid-up capital. Some key disqualifying criteria include a CG score of below 70%; independent directors and free float violation; executives' wrongdoing related to CG, social and environmental impacts, equity in negative territory, and earnings in the red for more than three years in the last five years. To become eligible for THSI, the candidate must pass three indicators in data declaration: [Economic](#) (CG, risk management, customer relation management, supply chain management, and innovation); [Environmental](#) (environmental management, eco-efficiency, and climate risk); [Social](#) (human rights, talent attraction, operational health & safety, community development, and stakeholder engagement); and the incorporation of ESG in business operations.

To be approved for THSI inclusion, verified data must be scored at a 50% minimum for each indicator, unless the company is a part of the Dow Jones Sustainability Indices⁵ (DJSI) during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality.

Note that, from the [THSI list](#), the SET further developed a sustainability [SETTHSI Index](#) in June 2018 from selected THSI companies whose 1) market capitalisation > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.

Sources: [SEC](#); [Thai IOD](#); [Thai CAC](#); [SET](#); FSSIA's compilation

Disclaimer:

¹ Thai Institute of Directors Association ([Thai IOD](#)) was established in December 1999 and is a membership organisation that strives to promote professionalism in directorship. The Thai IOD offers directors certification and professional development courses, provides a variety of seminars, forums and networking events, and conducts research on board governance issues and practices. Membership comprises board members from companies ranging from large publicly listed companies to small private firms.

² Thai Investors Association ([TIA](#)) was established in 1983 with a mission to promote investment knowledge and to protect the investment rights of Thai investors. In 2002, the association was appointed by the Securities and Exchange Commission (SEC) to represent individual shareholders. To obtain information for evaluation, the association recruits volunteer investors to join AGMs and score the meetings. Weightings for each meeting are at a 45:45:10 ratio. They have been applied since 2017 and subject to change.

³ Thai Private Sector Collective Action against Corruption ([CAC](#)) was founded in 2010 and is 100% privately funded. It is an initiative by the Thai private sector to take part in tackling corruption problems via collective action. The CAC promotes the implementation of effective anti-corruption policies in order to create a transparent business ecosystem by developing a unique certification program for large/medium/small companies to apply for and to control corruption risk systematically and efficiently. The CAC's operations are sponsored by the US-based Center for Private Enterprise (CIPE) and the UK Prosperity Fund.

⁴ Sustainability Investment List ([THSI](#)), created by the Stock Exchange of Thailand in 2015, comprises the listed companies that conduct sustainable business operations.

⁵ Dow Jones Sustainability Indices – [Wikipedia](#) – Launched in 1999, DJSI evaluates the sustainability performance of companies based on corporate economic, environmental, and social performance.

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Sureeporn Teewasuwet FSS International Investment Advisory Securities Co., Ltd

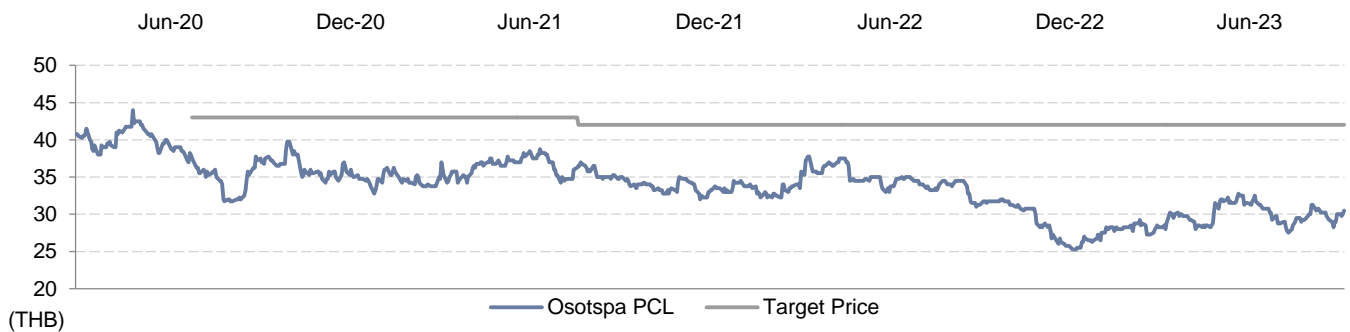
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

This report has been prepared by FSS International Investment Advisory Company Limited (FSSIA). The information herein has been obtained from sources believed to be reliable and accurate; however FSS makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. FSS has no intention to solicit investors to buy or sell any security in this report. In addition, FSS does not guarantee returns nor price of the securities described in the report nor accept any liability for any loss or damage of any kind arising out of the use of such information or opinions in this report. Investors should study this report carefully in making investment decisions. All rights are reserved.

This report may not be reproduced, distributed or published by any person in any manner for any purpose without permission of FSSIA. Investment in securities has risks. Investors are advised to consider carefully before making investment decisions.

History of change in investment rating and/or target price

Osotspa PCL (OSP TB)



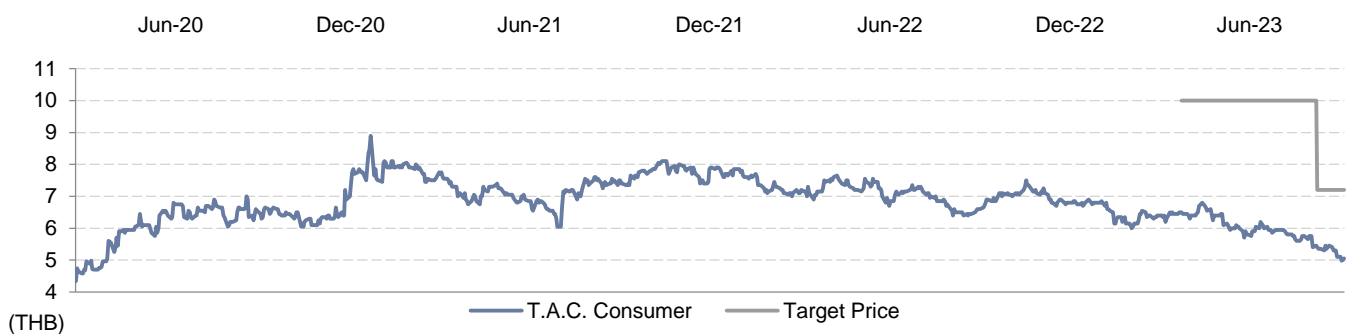
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
17-Sep-2020	BUY	43.00	16-Aug-2021	BUY	42.00	-	-	-

Sureeporn Teewasuwet started covering this stock from 09-Jun-2023

Price and TP are in local currency

Source: FSSIA estimates

T.A.C. Consumer (TACC TB)

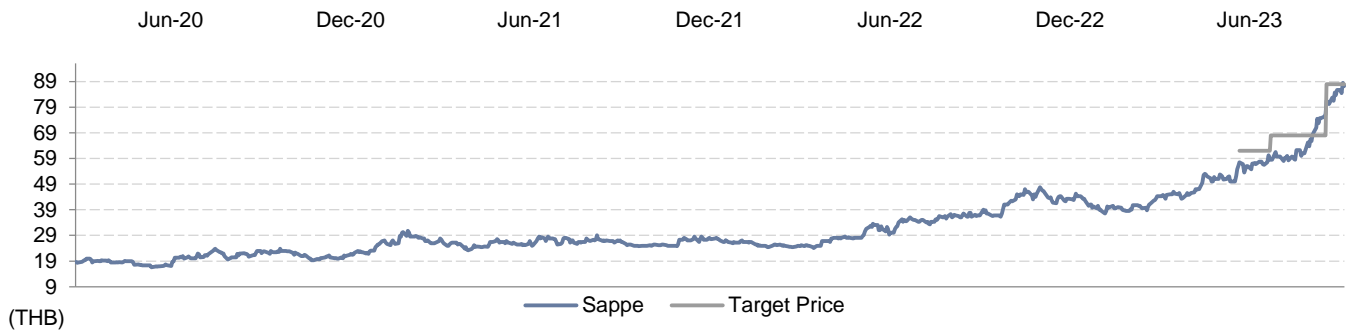


Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
18-Jan-2023	BUY	10.00	15-May-2023	BUY	7.20	-	-	-

Sureeporn Teewasuwet started covering this stock from 18-Jan-2023

Price and TP are in local currency

Source: FSSIA estimates

Sappe (SAPPE TB)

Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
09-Mar-2023	BUY	62.00	05-Apr-2023	BUY	68.00	23-May-2023	BUY	88.00

Sureeporn Teewasuwet started covering this stock from 09-Mar-2023

Price and TP are in local currency

Source: FSSIA estimates

Ichitan Group (ICHI TB)

Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
21-Mar-2023	BUY	14.00	17-May-2023	BUY	15.70	-	-	-

Sureeporn Teewasuwet started covering this stock from 21-Mar-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Osotspa PCL	OSP TB	THB 30.00	BUY	Downside risks to our P/E-based TP include 1) a slower-than-expected consumption recovery; 2) higher-than-expected competition; 3) high volatility in energy costs; and 4) changing legal policies both in Thailand and Myanmar.
T.A.C. Consumer	TACC TB	THB 5.05	BUY	Downside risks to our P/E-based TP include 1) a slower-than-expected recovery in consumption; 2) the high volatility of raw material prices; 3) rain and cold weather lasting longer than expected; and 4) changing consumer demand and lifestyles.
Sappe	SAPPE TB	THB 86.50	BUY	Downside risks to our P/E-based TP include 1) a slower-than-expected recovery in consumption; 2) high volatility in packaging costs; 3) a stronger-than-expected THB; and 4) increased competition and government policy changes such as excise taxes for sugary drinks.
Ichitan Group	ICHI TB	THB 15.20	BUY	Downside risks to our P/E-based TP would be 1) a slower-than-expected recovery in consumption; 2) high volatility in packaging costs; and 3) increased competition and government policy changes such as excise taxes for sugary drinks.

Source: FSSIA estimates

Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited

FSSIA may incorporate the recommendations and target prices of companies currently covered by FSS Research into equity research reports, denoted by an 'FSS' before the recommendation. FSS Research is part of Finansia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 09-Jun-2023 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as $(\text{target price}^* - \text{current price}) / \text{current price}$.

BUY (B). The upside is 10% or more.

HOLD (H). The upside or downside is less than 10%.

REDUCE (R). The downside is 10% or more.

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 market price and the formal recommendation.

* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Industry Recommendations

Overweight. The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

Neutral. The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

Underweight. The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

Country (Strategy) Recommendations

Overweight (O). Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral (N). Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight (U). Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.