

OSOTSPA OSP TB

THAILAND / FOOD & BEVERAGE

BUY

UNCHANGED

TARGET PRICE	THB24.50
CLOSE	THB20.60
UP/DOWNSIDE	+18.9%
PRIOR TP	THB24.50
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	-9.1%

4Q23 results at first glance

4Q23 core profit was good

Highlights

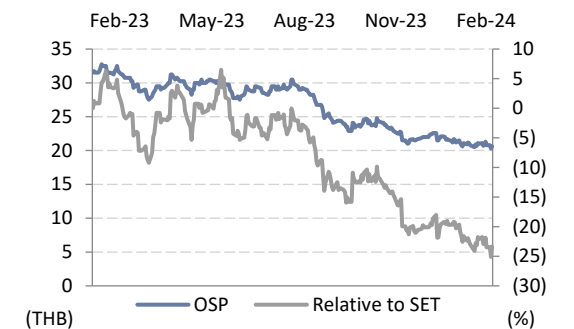
- OSP posted a 4Q23 net profit of THB433m (-33% q-q, +29% y-y). Excluding one-time expenses of THB159m from the discontinuation of its glass factory in Samut Prakarn, its normalized profit was equal to THB592m (+5.3% q-q, +87% y-y), missing our estimate by 7% but in line with Bloomberg's consensus estimate.
- Total revenue grew by 4% q-q and 1.5% y-y in 4Q23, thanks to international revenue growth at 22% q-q and 11% y-y, while its domestic revenue was flat both q-q and y-y. Beverage revenue increased by 4.4% q-q and 6.8% y-y, supported by higher revenue from Myanmar. Personal care revenue rose by 11% q-q, due to the high season in Thailand.
- In addition, OSP's 4Q23 energy drink market share was 45.9%, down from 46.5% in 3Q23. Ending 2023, its market share was 46.6%, decreasing from 49.5% in 2022.
- The 4Q23 gross margin increased to 35.5% from 35.4% in 3Q23 and 29.9% in 4Q22 – the fifth consecutive gain, and its 10-quarter peak. Its 2023 gross margin was high at 34.5%, up from 30.6% in 2022. This mainly came from 1) the price hike last year; 2) increased production efficiency; 3) the discontinuation of an unprofitable unit; and 4) benefits from lower gas and electricity costs.
- OSP's 2023 net profit equaled THB2.4b (+24% y-y). Excluding one-time expenses and the dividend from Unicharm, its normalized profit grew by 14% y-y to THB2.18b.

Outlook

- We have positive view on OSP's 1Q24 outlook, supported by the high season in both Thailand and Myanmar. However, we retain our cautious view on domestic purchasing power and higher competition from the new player – ICHI TB.
- The company announced a 2H23 DPS of THB0.45, implying a dividend yield of 2.2.

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	26,062	27,362	28,851	30,294
Net profit	2,402	2,626	2,788	2,998
EPS (THB)	0.80	0.87	0.93	1.00
vs Consensus (%)	-	5.1	1.2	284.6
EBITDA	4,137	4,727	4,957	5,242
Recurring net profit	2,175	2,626	2,788	2,998
Core EPS (THB)	0.72	0.87	0.93	1.00
Chg. In EPS est. (%)	nm	0.0	0.0	nm
EPS growth (%)	13.7	20.7	6.2	7.5
Core P/E (x)	28.4	23.6	22.2	20.6
Dividend yield (%)	8.0	3.8	4.1	4.4
EV/EBITDA (x)	15.3	12.9	12.3	11.6
Price/book (x)	3.8	3.6	3.5	3.5
Net debt/Equity (%)	8.2	(4.5)	(4.8)	(5.6)
ROE (%)	12.5	15.6	16.0	16.9



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(2.8)	(12.0)	(34.4)
Relative to country (%)	(3.8)	(10.7)	(22.9)
Mkt cap (USD m)	1,716		
3m avg. daily turnover (USD m)	6.2		
Free float (%)	52		
Major shareholder	Osathanugrah Family (39%)		
12m high/low (THB)	32.11/19.70		
Issued shares (m)	3,003.75		

Sources: Bloomberg consensus; FSSIA estimates



Sureeporn Teewasuwet

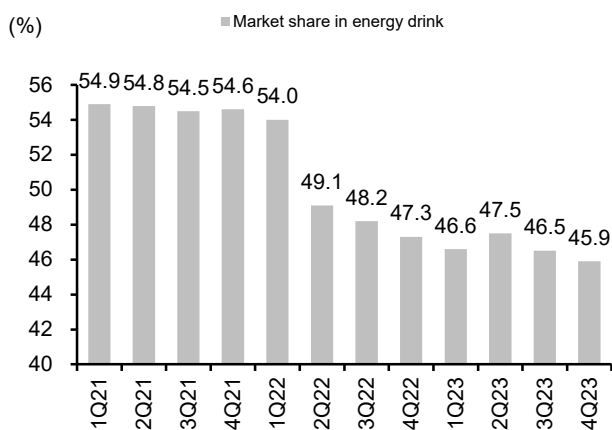
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Exhibit 1: OSP - 4Q23 results summary

	4Q22	1Q23	2Q23	3Q23	4Q23	----- Change -----		2022	2023	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)
Sales	6,432	6,545	6,709	6,277	6,530	4.0	1.5	27,266	26,062	(4.4)
Cost of sales	4,509	4,360	4,428	4,058	4,213	3.8	(6.5)	18,915	17,059	(9.8)
Gross profit	1,924	2,186	2,281	2,220	2,317	4.4	20.4	8,350	9,003	7.8
SG&A	1,638	1,703	1,661	1,624	1,623	(0.1)	(0.9)	6,500	6,610	1.7
Operating profit	304	524	678	633	754	19.1	148.2	2,047	2,589	26.5
Interest expense	24	24	24	26	34	28.1	40.9	89	108	21.3
Tax expense	15	54	110	96	171	78.4	1054.8	369	431	16.7
Profit (loss) sharing	62	39	13	51	43	(16.3)	(31.8)	252	230	(8.7)
Reported net profit	337	778	549	642	433	(32.6)	28.6	1,934	2,402	24.2
Core profit	317	472	549	562	592	5.3	86.9	1,914	2,175	13.7
Key ratios (%)						(ppt)	(ppt)	(ppt)		
Gross margin	29.9	33.4	34.0	35.4	35.5	0.1	5.6	30.6	34.5	3.9
SG&A to sales	25.5	26.0	24.8	25.9	24.9	(1.0)	(0.6)	23.8	25.4	1.5
Operating margin	4.7	8.0	10.1	10.1	11.5	1.5	6.8	7.5	9.9	2.4
Net margin	5.2	11.9	8.2	10.2	6.6	(3.6)	1.4	5.0	3.9	(1.0)
Core margin	4.9	7.2	8.2	9.0	9.1	0.1	4.1	7.1	9.2	2.1
Operating statistics (THB m)										
Beverage sales	4,953	5,279	5,488	5,071	5,292	4.4	6.8	22,020	21,130	(4.0)
Personal care	706	556	566	647	717	10.8	1.6	2,452	2,486	1.4
Other	773	710	656	559	521	(6.9)	(32.6)	2,794	2,446	(12.5)
Domestic	5,448	4,992	5,268	5,383	5,440	1.1	(0.1)	22,634	21,083	(6.9)
Overseas	984	1,553	1,441	894	1,090	21.8	10.8	4,632	4,979	7.5
Energy drink market share (%)	47.3	46.6	47.5	46.5	45.9	(1.0)	(1.7)	49.5	46.6	(2.9)
Functional drink market share (%)	42.7	40.4	42.1	43.7	40.3	1.6	0.1	42.7	41.6	(1.1)

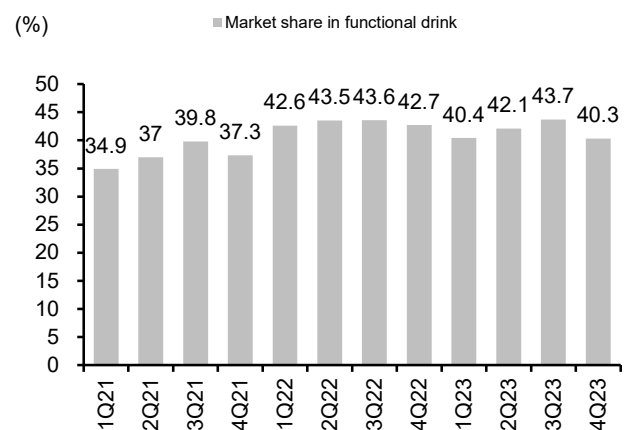
Sources: OSP; FSSIA estimates

Exhibit 2: OSP's market share in energy drinks



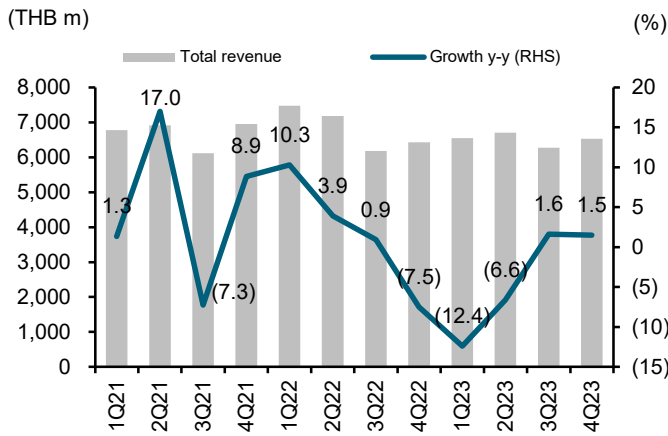
Sources: OSP, FSSIA's compilation

Exhibit 3: OSP's market share in functional drinks



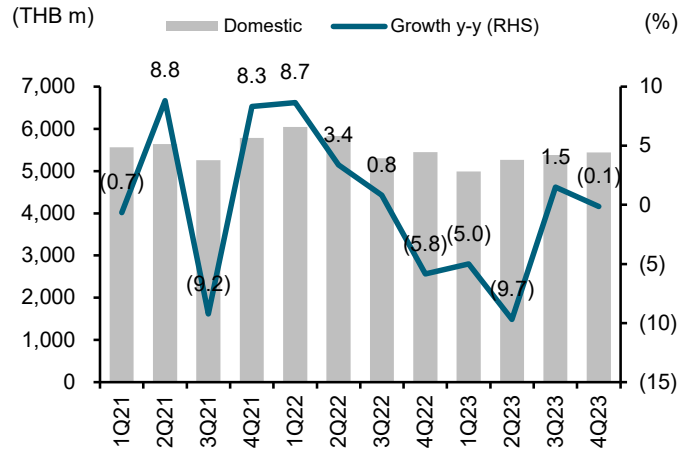
Sources: OSP, FSSIA's compilation

Exhibit 4: Total revenue and growth



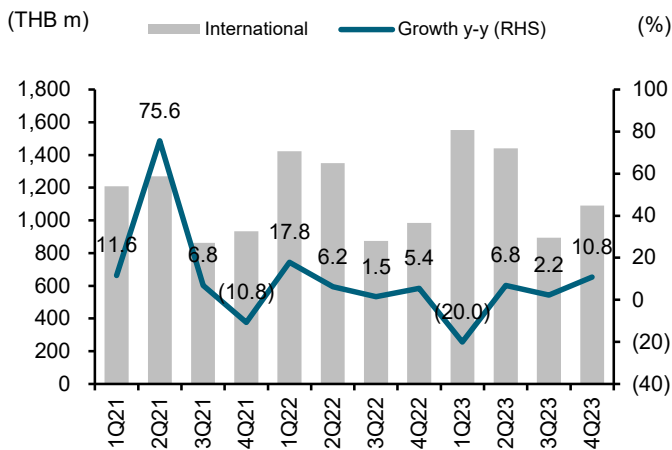
Sources: OSP, FSSIA's compilation

Exhibit 5: Domestic revenue and growth



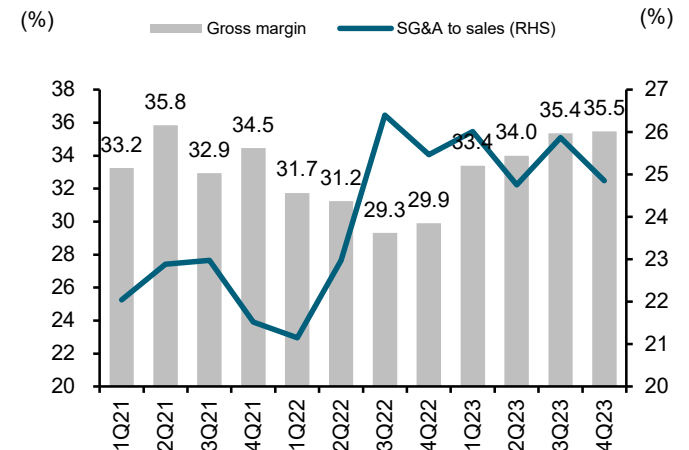
Sources: OSP, FSSIA's compilation

Exhibit 6: International revenue and growth



Sources: OSP, FSSIA's compilation

Exhibit 7: Gross margin and SG&A to sales



Sources: OSP, FSSIA's compilation

Financial Statements

Osotspa

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	27,266	26,062	27,362	28,851	30,294
Cost of goods sold	(18,915)	(17,059)	(17,840)	(18,811)	(19,691)
Gross profit	8,350	9,003	9,522	10,040	10,603
Other operating income	196	197	178	188	197
Operating costs	(6,500)	(6,610)	(6,704)	(7,069)	(7,422)
Operating EBITDA	3,644	4,137	4,727	4,957	5,242
Depreciation	(1,598)	(1,548)	(1,731)	(1,798)	(1,864)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	2,047	2,589	2,996	3,159	3,378
Net financing costs	(89)	(108)	(102)	(99)	(96)
Associates	315	146	219	245	273
Recurring non-operating income	315	146	219	245	273
Non-recurring items	20	227	0	0	0
Profit before tax	2,293	2,854	3,113	3,306	3,554
Tax	(369)	(431)	(498)	(529)	(569)
Profit after tax	1,924	2,423	2,615	2,777	2,985
Minority interests	10	(21)	11	12	12
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
Reported net profit	1,934	2,402	2,626	2,788	2,998
Non-recurring items & goodwill (net)	(20)	(227)	0	0	0
Recurring net profit	1,914	2,175	2,626	2,788	2,998
Per share (THB)					
Recurring EPS *	0.64	0.72	0.87	0.93	1.00
Reported EPS	0.64	0.80	0.87	0.93	1.00
DPS	0.90	1.65	0.79	0.84	0.90
Diluted shares (used to calculate per share data)	3,004	3,004	3,004	3,004	3,004
Growth					
Revenue (%)	1.9	(4.4)	5.0	5.4	5.0
Operating EBITDA (%)	(29.9)	13.5	14.3	4.9	5.8
Operating EBIT (%)	(44.4)	26.5	15.7	5.4	6.9
Recurring EPS (%)	(41.2)	13.7	20.7	6.2	7.5
Reported EPS (%)	(40.6)	24.2	9.3	6.2	7.5
Operating performance					
Gross margin inc. depreciation (%)	30.6	34.5	34.8	34.8	35.0
Gross margin exc. depreciation (%)	36.5	40.5	41.1	41.0	41.2
Operating EBITDA margin (%)	13.4	15.9	17.3	17.2	17.3
Operating EBIT margin (%)	7.5	9.9	11.0	11.0	11.2
Net margin (%)	7.0	8.3	9.6	9.7	9.9
Effective tax rate (%)	16.1	15.1	16.0	16.0	16.0
Dividend payout on recurring profit (%)	141.3	227.8	90.0	90.0	90.0
Interest cover (X)	26.6	25.4	31.6	34.5	37.9
Inventory days	61.2	79.7	71.5	59.2	59.4
Debtor days	51.6	59.1	55.5	51.0	51.1
Creditor days	50.7	54.0	48.6	48.5	48.6
Operating ROIC (%)	10.6	12.6	14.4	15.5	16.1
ROIC (%)	9.5	11.1	14.0	15.4	16.3
ROE (%)	10.0	12.5	15.6	16.0	16.9
ROA (%)	7.4	8.9	10.9	11.6	12.3
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Beverage	22,020	21,130	22,600	23,858	25,051
Personal care	2,452	2,486	2,561	2,637	2,769
Other (OEM)	2,794	2,446	2,202	2,356	2,473

Sources: Osotspa; FSSIA estimates

Financial Statements

Osotspa

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	1,914	2,175	2,626	2,788	2,998
Depreciation	1,598	1,548	1,731	1,798	1,864
Associates & minorities	(343)	48	(323)	(233)	0
Other non-cash items	-	-	0	0	0
Change in working capital	(923)	(1,072)	1,255	(321)	0
Cash flow from operations	2,245	2,699	5,289	4,032	4,862
Capex - maintenance	(1,461)	(2,833)	(2,184)	(2,023)	0
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	546	2,740	739	520	0
Cash flow from investing	(915)	(93)	(1,445)	(1,503)	0
Dividends paid	(3,130)	(2,585)	(2,363)	(2,510)	0
Equity finance	0	0	0	0	0
Debt finance	548	892	(1,294)	(118)	0
Other financing cash flows	(156)	(392)	383	49	0
Cash flow from financing	(2,737)	(2,084)	(3,275)	(2,578)	0
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	269	0	0
Net other adjustments	0	(269)	269	0	(4,785)
Movement in cash	(1,407)	252	838	(50)	77
Free cash flow to firm (FCFF)	1,419.55	2,713.51	3,945.70	2,627.31	4,958.30
Free cash flow to equity (FCFE)	1,723.44	2,837.02	3,201.22	2,459.87	77.03

Per share (THB)	2022	2023	2024E	2025E	2026E
FCFF per share	0.47	0.90	1.31	0.87	1.65
FCFE per share	0.57	0.94	1.07	0.82	0.03
Recurring cash flow per share	1.05	1.26	1.34	1.45	1.62

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	27,369	28,114	30,114	32,114	34,114
Less: Accumulated depreciation	(13,889)	(14,299)	(16,030)	(17,828)	(19,692)
Tangible fixed assets (net)	13,480	13,815	14,084	14,286	14,422
Intangible fixed assets (net)	359	267	267	267	267
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	3,805	1,387	1,000	800	600
Cash & equivalents	1,087	1,339	2,177	2,127	2,204
A/C receivable	4,051	4,390	3,930	4,137	4,338
Inventories	3,147	3,627	2,688	2,835	2,967
Other current assets	16	21	27	144	273
Current assets	8,301	9,376	8,823	9,243	9,781
Other assets	209	352	219	144	61
Total assets	26,154	25,198	24,393	24,741	25,131
Common equity	18,464	16,326	17,332	17,611	17,910
Minorities etc.	(9)	184	80	92	107
Total shareholders' equity	18,455	16,510	17,412	17,703	18,017
Long term debt	723	520	470	420	370
Other long-term liabilities	912	520	903	952	1,000
Long-term liabilities	1,635	1,040	1,373	1,372	1,370
A/C payable	4,787	4,467	4,575	4,695	4,803
Short term debt	1,161	2,168	924	856	820
Other current liabilities	116	216	109	115	121
Current liabilities	6,064	6,852	5,608	5,666	5,744
Total liabilities and shareholders' equity	26,154	24,402	24,393	24,741	25,131
Net working capital	2,311	3,354	1,962	2,306	2,653
Invested capital	20,164	19,175	17,532	17,804	18,003

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

Per share (THB)	2022	2023	2024E	2025E	2026E
Book value per share	6.15	5.44	5.77	5.86	5.96
Tangible book value per share	6.03	5.35	5.68	5.77	5.87

Financial strength	2022	2023	2024E	2025E	2026E
Net debt/equity (%)	4.3	8.2	(4.5)	(4.8)	(5.6)
Net debt/total assets (%)	3.0	5.4	(3.2)	(3.4)	(4.0)
Current ratio (x)	1.4	1.4	1.6	1.6	1.7
CF interest cover (x)	20.4	27.3	32.5	26.0	1.8

Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	32.3	28.4	23.6	22.2	20.6
Recurring P/E @ target price (x) *	38.5	33.8	28.0	26.4	24.6
Reported P/E (x)	32.0	25.8	23.6	22.2	20.6
Dividend yield (%)	4.4	8.0	3.8	4.1	4.4
Price/book (x)	3.4	3.8	3.6	3.5	3.5
Price/tangible book (x)	3.4	3.9	3.6	3.6	3.5
EV/EBITDA (x) **	17.2	15.3	12.9	12.3	11.6
EV/EBITDA @ target price (x) **	20.4	18.2	15.4	14.7	13.9
EV/invested capital (x)	3.1	3.3	3.5	3.4	3.4

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

Sources: Osotspa; FSSIA estimates

Osotspa PCL (OSP TB)

FSSIA ESG rating



61.48 /100

Exhibit 8: FSSIA ESG score implication

Rating	Score	Implication
★★★★★	>79-100	Leading its industry peers in managing the most significant ESG risks which not only better cost efficiency but also lead to higher profitability.
★★★★★	>59-79	A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.
★★★	>39-59	Relevant ESG materiality matrix has been constructively addressed, well-managed and incorporated into day-to-day operations, in which targets and achievements are evaluated annually.
★★	>19-39	Relevant ESG materiality matrix has been identified with key management in charge for progress to be followed up on and to provide intensive disclosure. Most targets are conventional and achievable.
★	1-19	The company has adopted the United Nations Sustainable Development Goals (UN SDGs), established sustainability management guidelines and fully complies with regulations or ESG suggested guidance from related organizations such as the SET and SEC.

Sources: FSSIA estimates

Exhibit 9: ESG – peer comparison

	FSSIA ESG score	Domestic ratings					Global ratings						Bloomberg		
		DJSI	SET THSI	THSI	CG score	AGM level	Thai CAC	Morningstar ESG risk	ESG Book	MSCI	Moody's	Refinitiv	S&P Global	ESG score	Disclosure score
SET100	69.20	5.34	4.40	4.40	4.76	4.65	3.84	Medium	51.76	BBB	20.87	58.72	63.91	3.72	28.17
Coverage	67.12	5.11	4.15	4.17	4.83	4.71	3.53	Medium	52.04	BB	16.97	56.85	62.09	3.40	31.94
CBG	51.54	--	Y	Y	4.00	4.00	Declared	High	59.58	B	--	33.28	56.00	2.12	--
ICHI	43.67	--	Y	Y	5.00	5.00	Certified	High	61.36	--	--	--	18.00	--	--
OSP	61.48	--	Y	Y	5.00	4.00	Declared	Medium	68.64	BBB	--	63.08	51.00	3.00	63.65
SAPPE	35.25	--	Y	Y	4.00	5.00	Certified	Medium	--	--	--	--	--	--	--
TACC	15.00	--	--	--	5.00	5.00	--	--	--	--	--	--	--	--	--

Sources: [SETTRADE.com](https://www.settrade.com); FSSIA's compilation

Exhibit 10: ESG score by Bloomberg

FY ending Dec 31	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
ESG financial materiality scores - ESG score	1.58	2.89	2.91	3.18	3.00
BESG environmental pillar score	0.67	2.96	2.83	3.25	3.18
BESG social pillar score	0.84	1.57	1.78	1.76	1.77
BESG governance pillar score	4.15	4.38	4.36	4.77	4.18
ESG disclosure score	40.25	52.25	60.06	64.77	63.65
Environmental disclosure score	13.38	36.18	50.56	51.40	48.02
Social disclosure score	26.69	39.36	48.46	55.47	55.47
Governance disclosure score	80.52	81.10	81.10	87.36	87.36
Environmental					
Emissions reduction initiatives	No	Yes	Yes	Yes	Yes
Climate change policy	No	Yes	Yes	Yes	Yes
Climate change opportunities discussed	No	No	No	No	No
Risks of climate change discussed	No	No	No	No	No
GHG scope 1	—	125	151	157	141
GHG scope 2 location-based	—	90	91	85	95
GHG Scope 3	—	—	—	—	—
Carbon per unit of production	0	0	0	0	0
Biodiversity policy	No	No	No	Yes	Yes
Energy efficiency policy	Yes	Yes	Yes	Yes	Yes
Total energy consumption	—	839	913	922	917
Renewable energy use	28	50	32	36	40
Electricity used	—	148	158	170	187
Fuel used - natural gas	—	60,675	67,626	70,172	68,074

Sources: Bloomberg; FSSIA's compilation

Exhibit 11: ESG score by Bloomberg (cont.)

FY ending Dec 31	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Fuel used - crude oil/diesel	No	No	No	No	No
Waste reduction policy	Yes	Yes	Yes	Yes	Yes
Hazardous waste	—	0	1	1	1
Total waste	—	8	13	11	12
Waste recycled	—	—	—	—	—
Waste sent to landfills	—	—	—	—	—
Environmental supply chain management	No	No	Yes	Yes	Yes
Water policy	Yes	Yes	Yes	Yes	Yes
Water consumption	3,031	3,109	3,077	3,117	—
Social					
Human rights policy	Yes	Yes	Yes	Yes	Yes
Policy against child labor	Yes	Yes	Yes	Yes	Yes
Quality assurance and recall policy	No	Yes	Yes	Yes	Yes
Consumer data protection policy	Yes	Yes	Yes	Yes	Yes
Equal opportunity policy	Yes	Yes	Yes	Yes	Yes
Gender pay gap breakout	No	No	No	No	No
Pct women in workforce	—	—	42	43	57
Pct disabled in workforce	—	—	—	—	—
Business ethics policy	Yes	Yes	Yes	Yes	Yes
Anti-bribery ethics policy	Yes	Yes	Yes	Yes	Yes
Health and safety policy	Yes	Yes	Yes	Yes	Yes
Lost time incident rate - employees	0	0	0	0	0
Total recordable incident rate - employees	—	0	0	1	0
Training policy	Yes	Yes	Yes	Yes	Yes
Fair remuneration policy	No	No	No	No	No
Number of employees – CSR	3,656	3,590	3,792	3,620	3,542
Employee turnover pct	—	—	9	14	19
Total hours spent by firm - employee training	—	30,731	36,451	40,333	57,881
Social supply chain management	No	No	Yes	Yes	Yes
Governance					
Board size	15	15	15	17	17
No. of independent directors (ID)	5	5	5	6	6
No. of women on board	4	4	5	5	5
No. of non-executive directors on board	11	11	10	12	12
Company conducts board evaluations	No	Yes	Yes	Yes	Yes
No. of board meetings for the year	12	12	13	12	13
Board meeting attendance pct	89	91	89	99	94
Board duration (years)	3	3	3	3	3
Director share ownership guidelines	No	No	No	No	No
Age of the youngest director	45	46	47	48	34
Age of the oldest director	86	87	88	89	90
No. of executives / company managers	6	13	5	5	5
No. of female executives	2	5	2	2	2
Executive share ownership guidelines	No	No	No	No	No
Size of audit committee	3	3	3	3	3
No. of ID on audit committee	3	3	3	3	3
Audit committee meetings	10	8	9	8	8
Audit meeting attendance %	97	100	100	100	96
Size of compensation committee	3	3	3	3	3
No. of ID on compensation committee	2	2	2	2	2
No. of compensation committee meetings	8	9	11	15	6
Compensation meeting attendance %	100	100	100	100	100
Size of nomination committee	3	3	3	3	3
No. of nomination committee meetings	8	9	11	15	6
Nomination meeting attendance %	100	100	100	100	100
Sustainability governance					
Verification type	No	No	No	No	No

Sources: Bloomberg; FSSIA's compilation

Disclaimer for ESG scoring

ESG score	Methodology	Rating																												
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																												
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for THSI inclusion , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. SETTHSI Index is extended from the THSI companies whose 1) market capitalization > 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.																												
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																												
AGM level By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating 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.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																												
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																												
Morningstar Sustainalytics	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>NEGL</th> <th>Low</th> <th>Medium</th> <th>High</th> <th>Severe</th> </tr> </thead> <tbody> <tr> <td>0-10</td> <td>10-20</td> <td>20-30</td> <td>30-40</td> <td>40+</td> </tr> </tbody> </table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+																		
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ESG Book	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.																												
MSCI	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. <table border="1" style="margin-left: auto; margin-right: auto;"> <tbody> <tr> <td>AAA</td> <td>8.571-10.000</td> <td>Leader:</td> <td>leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td>AA</td> <td>7.143-8.570</td> <td></td> <td></td> </tr> <tr> <td>A</td> <td>5.714-7.142</td> <td></td> <td></td> </tr> <tr> <td>BBB</td> <td>4.286-5.713</td> <td>Average:</td> <td>a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td>BB</td> <td>2.857-4.285</td> <td></td> <td></td> </tr> <tr> <td>B</td> <td>1.429-2.856</td> <td></td> <td></td> </tr> <tr> <td>CCC</td> <td>0.000-1.428</td> <td>Laggard:</td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </tbody> </table>	AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities	AA	7.143-8.570			A	5.714-7.142			BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	BB	2.857-4.285			B	1.429-2.856			CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks	
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Moody's ESG solutions	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.																													
Refinitiv ESG rating	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)</i>																													
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																													
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																												
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																												

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**"; 2) "**AGM Level**"; 3) "**Thai CAC**"; and 4) **THSI**. The ratings are updated on an annual basis. FSSIA does not confirm nor certify the accuracy of such ratings.

Source: FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Sureporn Teewasuwet FSS International Investment Advisory Securities Co., Ltd

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History of change in investment rating and/or target price

Osotspa (OSP TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
25-Mar-2021	BUY	43.00	09-Jun-2023	BUY	33.00	29-Jan-2024	BUY	24.50
16-Aug-2021	BUY	42.00	20-Oct-2023	BUY	28.50			

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

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Osotspa	OSP TB	THB 20.60	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.

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.

All share prices are as at market close on 28-Feb-2024 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.