

OSOTSPA OSP TB

THAILAND / FOOD & BEVERAGE

BUY

UNCHANGED

คง Momentum การเติบโตที่ดี

- ผู้บริหารตั้งเป้าการเติบโตของรายได้ปี 2024 ไว้ที่ 5% y-y และการเติบโตในรอบ 5 ปีไว้ที่ 9% CAGR เป็น 40 พัน ลบ. ซึ่งรวมถึงการซื้อและควบรวมกิจการต่าง ๆ
- เราคาดว่ากำไรปกติ 1Q24 จะโต q-q และ y-y เป็น 600-650 ลบ.
- คงคำแนะนำซื้อที่ราคาเป้าหมายเดิมที่ 24.5 บาท

TARGET PRICE	THB24.50
CLOSE	THB20.20
UP/DOWNSIDE	+21.3%
PRIOR TP	THB24.50
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	-8.6%

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	26,062	27,219	28,680	30,114
Net profit	2,402	2,623	2,771	2,979
EPS (THB)	0.80	0.87	0.92	0.99
vs Consensus (%)	-	(4.6)	(8.2)	(7.1)
EBITDA	4,137	4,725	4,938	5,222
Recurring net profit	2,175	2,623	2,771	2,979
Core EPS (THB)	0.72	0.87	0.92	0.99
Chg. In EPS est. (%)	-	(0.1)	(0.6)	(0.6)
EPS growth (%)	13.7	20.6	5.6	7.5
Core P/E (x)	27.9	23.1	21.9	20.4
Dividend yield (%)	8.2	3.9	4.1	4.4
EV/EBITDA (x)	15.0	12.7	12.1	11.4
Price/book (x)	3.7	3.5	3.4	3.4
Net debt/Equity (%)	8.2	(4.6)	(4.9)	(5.7)
ROE (%)	12.5	15.6	15.9	16.8

มุมมองเชิงบวกจากที่ประชุมนักวิเคราะห์

เรามีมุมมองเป็นบวกเล็กน้อยต่อการประชุมนักวิเคราะห์ของบริษัทฯ ผู้บริหารตั้งเป้าการเติบโตของรายได้ปี 2024 ไว้ที่ 5% y-y และการเติบโตในรอบ 5 ปีไว้ที่ 9% CAGR เป็น 40 พัน ลบ. เพิ่มขึ้นจาก 26 พัน ลบ. ในปี 2023 ในขณะที่ตั้งเป้าการเติบโตของรายได้ปี 2024 ไว้ที่ 5% y-y โดยน่าจะได้ปัจจัยหนุนจากประมาณการเติบโตของยอดขายเครื่องดื่มในประเทศในอัตราหนึ่งหลักของ C-Vitt ในอัตราสองหลักและของธุรกิจต่างประเทศในอัตราสองหลัก ในช่วง 2 เดือนของปีนี้ ตลาดเครื่องดื่มซูก้าลงในประเทศโต 3% y-y ในขณะที่ OSP โตเร็วกว่าตลาด ผู้บริหารตั้งเป้าเพิ่มส่วนแบ่งตลาด 2% จาก 45.9% ใน 4Q23 เป็น 47.9% ใน 4Q24 จากการขยายช่องทางการจัดจำหน่ายโดยเฉพาะอย่างยิ่งในช่องทางการค้าแบบดั้งเดิมและร้านอาหาร

เป้าการเติบโตของรายได้ในรอบ 5 ปีที่ 9% CAGR รวมการซื้อและควบรวมกิจการ

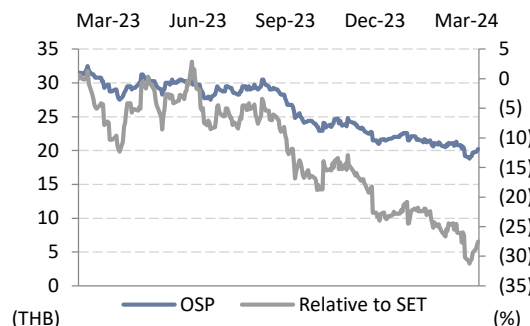
บริษัทฯ ตั้งเป้าการเติบโตของรายได้ในรอบ 5 ปีอยู่ที่ 9% CAGR ส่วนมากจากยอดขายเครื่องดื่มในประเทศที่คาดว่าจะโต 7% CAGR ผลลัพธ์ของใช้ส่วนตัวที่คาดว่าจะโต 10% CAGR และธุรกิจต่างประเทศที่คาดว่าจะโต 2x ผู้บริหารตั้งเป้าเพิ่มสัดส่วนรายได้ต่างประเทศจาก 18% ของรายได้รวมในปี 2023 เป็น 22% ในปี 2028 โดยจะมุ่งเน้นไปที่การเติบโตในพม่า ลาว อินโดนีเซียและเวียดนาม ในปี 2028 บริษัทฯ ตั้งเป้ารายได้ที่ 40 พัน ลบ. รวมการควบรวมและซื้อกิจการ ปัจจุบันผู้บริหารกำลังพิจารณาซื้อและควบรวมกิจการหลายรายการทั้งในและต่างประเทศโดยมีเป้าหมายอยู่ที่ธุรกิจที่ OSP มีความคุ้นเคยและยั่งยืน รวมถึงมีระดับการประเมินมูลค่าที่เหมาะสม

คาดการณ์กำไรปกติปี 2024 จะโต 21%

เราคาดว่ากำไรปกติ 1Q24 จะโต q-q และ y-y อยู่ที่ราว 600-650 ลบ. อย่างไรก็ตามกำไรสุทธิน่าจะปรับตัวลดลง y-y เนื่องจากไม่มีเงินปันผลของ Unicharm เหมือนใน 1Q23 เราคงประมาณการกำไรปกติปี 2024 ไว้ที่ 2.62 พัน ลบ. (+21% y-y) โดยมีสมมติฐานจากการเติบโตของรายได้รวมที่ 4.4% y-y และอัตรากำไรขั้นต้นที่สูงขึ้น 30bps เป็น 34.8% สมมติฐานของเรา Conservative กว่าเป้าหมายการของผู้บริหาร เราคาดว่ารายได้จากเครื่องดื่มซูก้าลงในและต่างประเทศจะโต 3% และ 5% ในปี 2024 ตามลำดับ

คงคำแนะนำซื้อที่ราคาเป้าหมายเดิมที่ 24.5 บาท

แม้เราจะคิดว่าราคาหุ้นของ OSP ขาดปัจจัยบวกในระยะสั้น เรายังคงคำแนะนำซื้อที่ราคาเป้าหมายเดิมที่ 24.5 บาท ถึง 28x ของค่า 2024E P/E (-1.0 SD) เนื่องจากกำไรได้ผ่านจุดต่ำสุดไปแล้วและราคาเป้าหมายของเรามี Upside อยู่ 21%



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(3.3)	(3.8)	(36.1)
Relative to country (%)	(2.8)	(5.7)	(27.4)
Mkt cap (USD m)	1,698		
3m avg. daily turnover (USD m)	7.4		
Free float (%)	52		
Major shareholder	Osathanugrah Family (39%)		
12m high/low (THB)	31.87/18.30		
Issued shares (m)	3,003.75		

Sources: Bloomberg consensus; FSSIA estimates



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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, organizational 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).

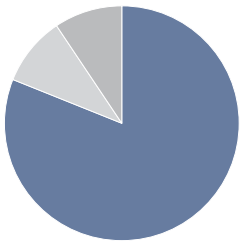
Company profile

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 18% 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, 2023)

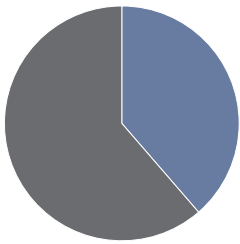
- Beverage - 81.1 %
- Personal care - 9.5 %
- Other (OEM) - 9.4 %



Source: Osotspa

Major shareholders

- Osathanugrah Family - 38.7 %
- Others - 61.4 %



Source: Osotspa

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
May 2024	1Q24 results announcement

Key assumptions

	2024E	2025E	2026E
Beverage revenue growth (%)	5.8	5.5	5.0
Personal care revenue growth (%)	4.5	3.0	5.0
Total revenue growth (%)	4.4	5.4	5.0
Gross margin (%)	34.8	34.8	35.0
SG&A to sales (%)	24.5	24.5	24.5

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in revenue, we estimate 2024 net profit to rise by 1.2%, and vice versa, all else being equal.
- For every 0.2% increase in GPM, we estimate 2024 net profit to rise by 2.0%, and vice versa, all else being equal.
- For every 0.2% increase in SG&A, we estimate 2024 net profit to fall by 1.9%, and vice versa, all else being equal.

Source: FSSIA estimates

Exhibit 1: 1Q24 earnings preview

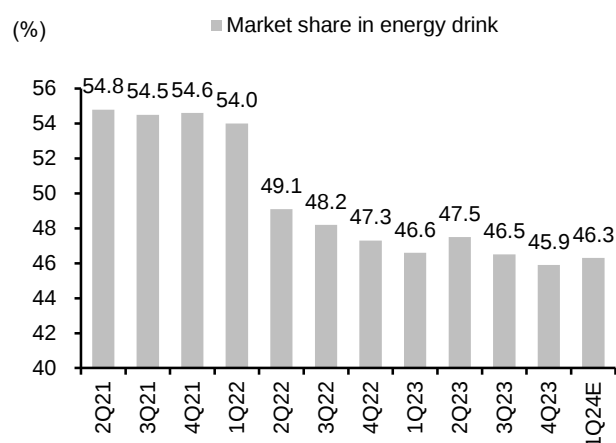
	1Q23	2Q23	3Q23	4Q23	1Q24E	Change	
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)
Sales	6,545	6,709	6,277	6,530	6,715	2.8	2.6
Cost of sales	4,360	4,428	4,058	4,213	4,365	3.6	0.1
Gross profit	2,186	2,281	2,220	2,317	2,350	1.5	7.5
SG&A	1,703	1,661	1,624	1,623	1,679	3.5	(1.4)
Operating profit	524	678	633	754	717	(4.9)	36.7
Interest expense	24	24	26	34	34	0.8	42.3
Tax expense	54	110	96	171	120	(30.1)	121.8
Profit (loss) sharing	39	13	51	43	65	52.7	68.0
Reported net profit	778	549	642	433	625	44.4	(19.7)
Core profit	472	549	562	592	625	5.6	32.4

Key ratios (%)						(ppt)	(ppt)
Gross margin	33.4	34.0	35.4	35.5	35.0	(0.5)	1.6
SG&A to sales	26.0	24.8	25.9	24.9	25.0	0.1	(1.0)
Operating margin	8.0	10.1	10.1	11.5	10.7	(0.9)	2.7
Net margin	11.9	8.2	10.2	6.6	9.3	2.7	(2.6)
Core margin	7.2	8.2	9.0	9.1	9.3	0.2	2.1

Operating statistics (THB m)							
Beverage sales	5,279	5,488	5,071	5,292	5,543	4.7	5.0
Personal care	556	566	647	717	667	(7.0)	20.0
Other	710	656	559	521	505	(3.0)	(28.8)
Domestic	4,992	5,268	5,383	5,440	5,491	0.9	10.0
Overseas	1,553	1,441	894	1,090	1,224	12.3	(21.2)
Energy drink market share (%)	46.6	47.5	46.5	45.9	46.3	0.4	(0.3)
Functional drink market share (%)	40.4	42.1	43.7	40.3	42.0	1.7	1.6

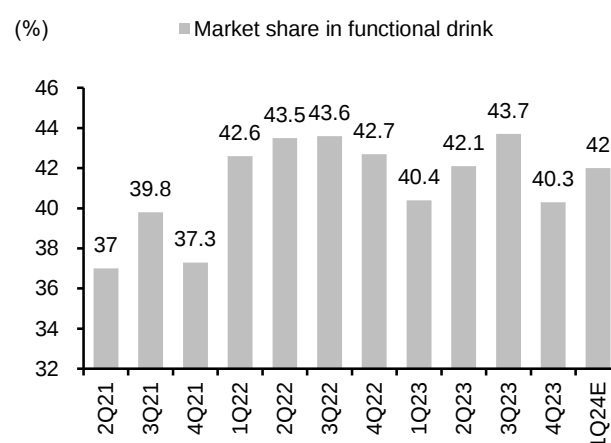
Sources: OSP; FSSIA estimates

Exhibit 2: OSP's energy drink market share

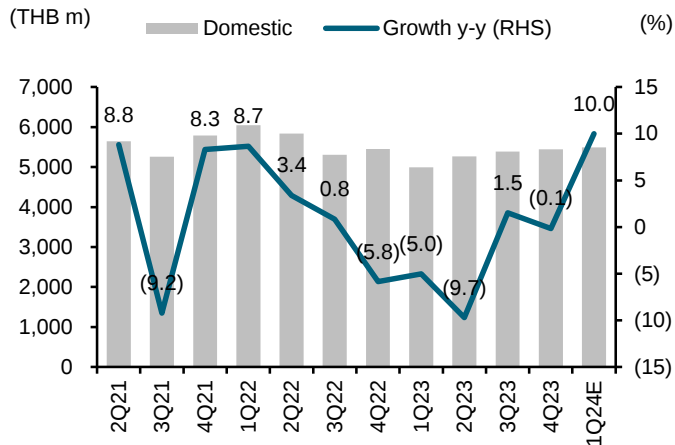


Sources: OSP, FSSIA estimates

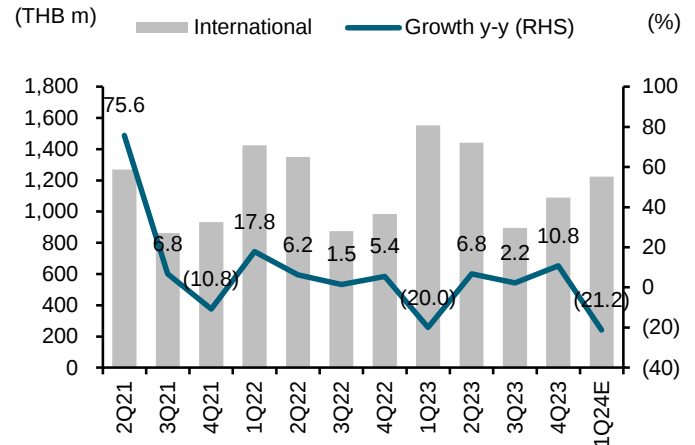
Exhibit 3: OSP's functional drink market share



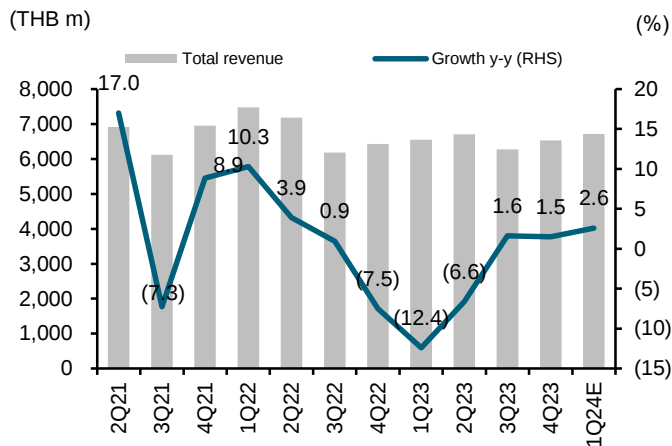
Sources: OSP, FSSIA estimates

Exhibit 4: Quarterly domestic revenue and growth

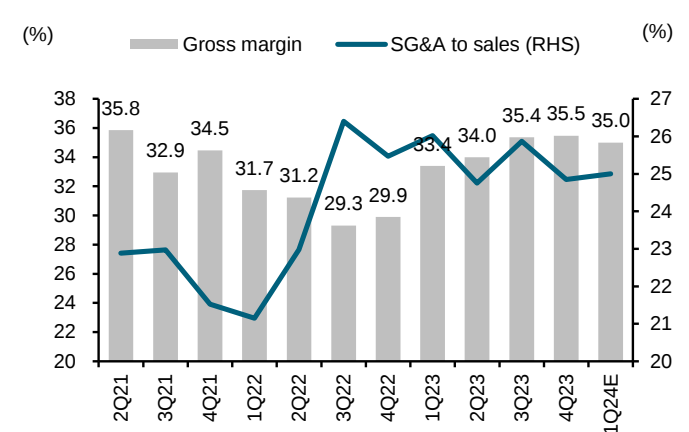
Sources: OSP, FSSIA estimates

Exhibit 5: Quarterly international revenue and growth

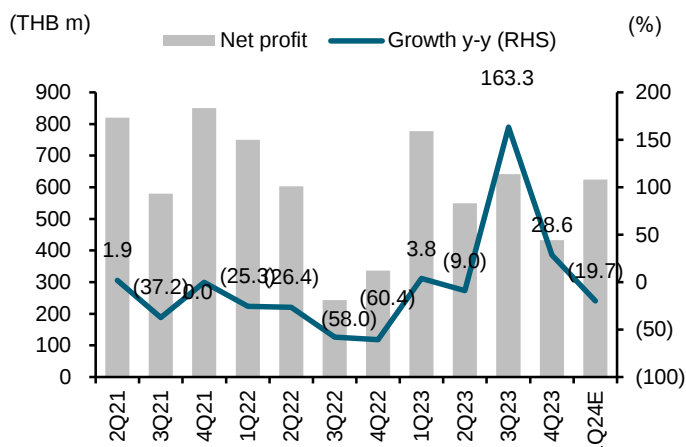
Sources: OSP, FSSIA estimates

Exhibit 6: Quarterly total revenue and growth

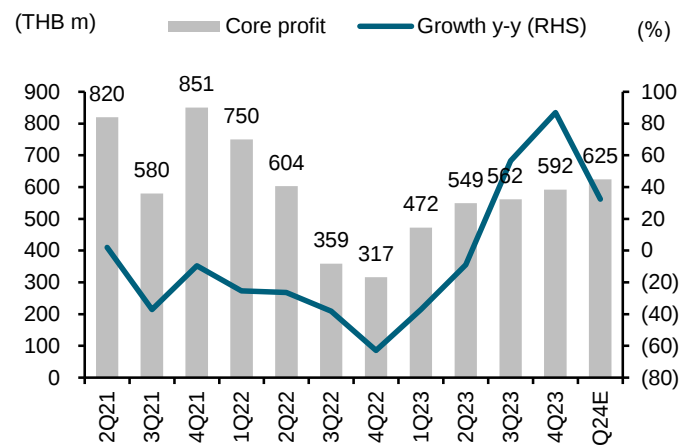
Sources: OSP, FSSIA estimates

Exhibit 7: Quarterly gross margin and SG&A to sales

Sources: OSP, FSSIA estimates

Exhibit 8: Quarterly net profit and growth

Sources: OSP, FSSIA estimates

Exhibit 9: Quarterly core profit and growth

Sources: OSP, FSSIA estimates

Exhibit 10: Key assumptions for OSP

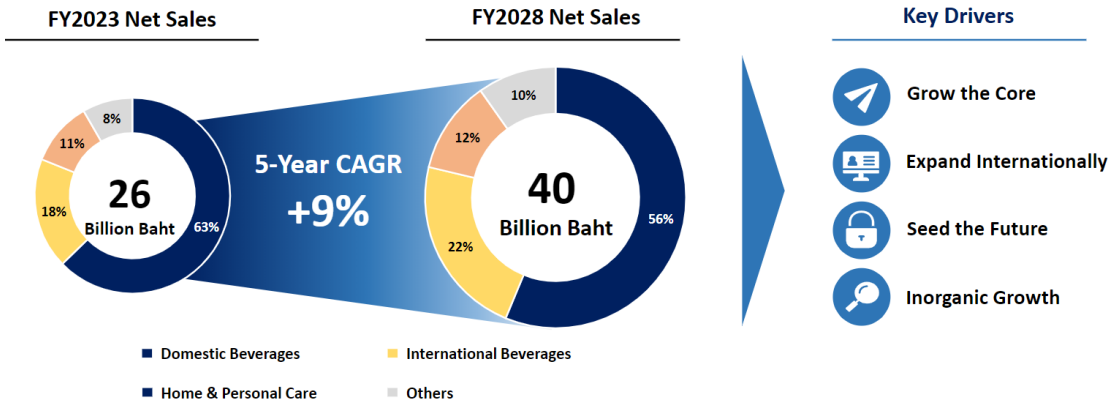
	Actual	Forecast				Growth		
	2023 (THB m)	2024E (THB m)	2025E (THB m)	2026E (THB m)		2024E (%)	2025E (%)	2026E (%)
Total revenue	26,062	27,219	28,680	30,114		4.4	5.4	5.0
Costs	17,059	17,747	18,699	19,574		4.0	5.4	4.7
Gross profit	9,003	9,472	9,981	10,540		5.2	5.4	5.6
SG&A expense	6,610	6,669	7,027	7,378		0.9	5.4	5.0
Interest expense	108	102	99	96		(5.5)	(3.1)	(2.4)
Profit sharing	146	218	244	271		49.6	12.0	11.2
Reported net profit	2,402	2,623	2,771	2,979		9.2	5.6	7.5
Core profit	2,175	2,623	2,771	2,979		20.6	5.6	7.5

Key ratios (%)								
Total revenue growth	(4.4)	4.4	5.4	5.0				
Net profit growth	24.2	9.2	5.6	7.5				
Core profit growth	13.7	20.6	5.6	7.5				
Gross margin	34.5	34.8	34.8	35.0	0.3	0.0	0.2	
SG&A to sales	25.4	24.5	24.5	24.5	(0.9)	0.0	0.0	
Net margin	9.2	9.6	9.7	9.9	0.4	0.0	0.2	
Core margin	8.3	9.6	9.7	9.9	1.3	0.0	0.2	

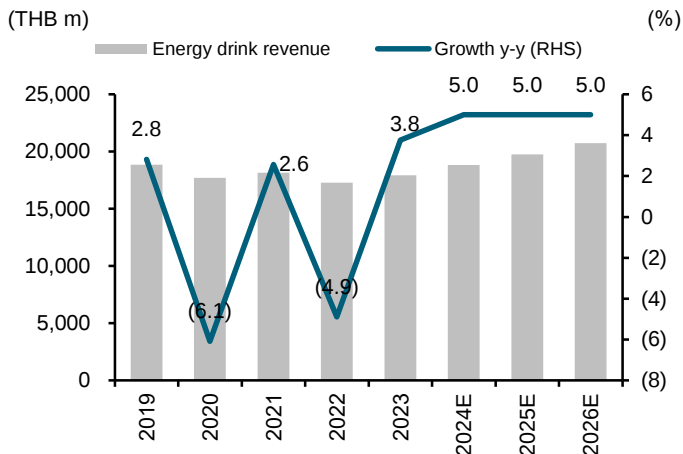
Operating statistics (THB m)								
Beverage revenue	21,130	22,347	23,570	24,748	5.8	5.5	5.0	
Personal care revenue	2,486	2,598	2,676	2,810	4.5	3.0	5.0	
Others revenue	2,446	2,275	2,434	2,556	(7.0)	7.0	5.0	

Source: FSSIA estimates

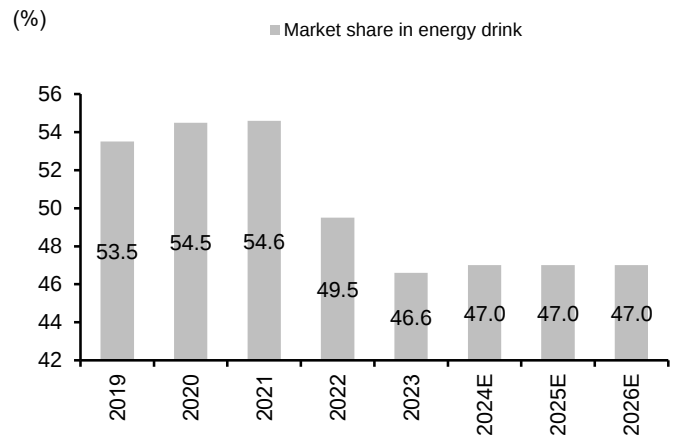
Exhibit 11: 5-year revenue target



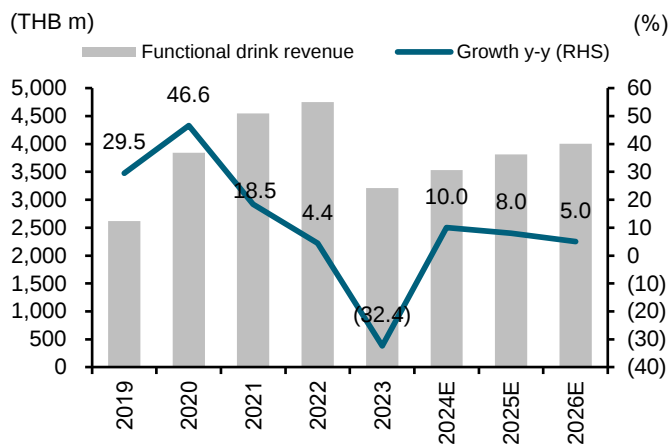
Source: OSP

Exhibit 12: Yearly energy drink revenue and growth

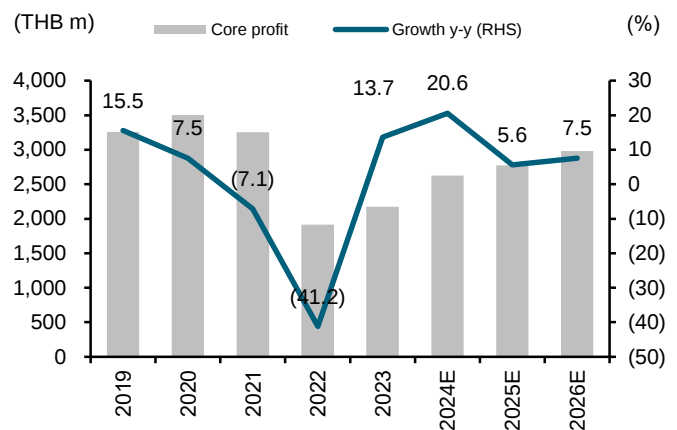
Sources: OSP, FSSIA estimates

Exhibit 13: Yearly energy drink market share

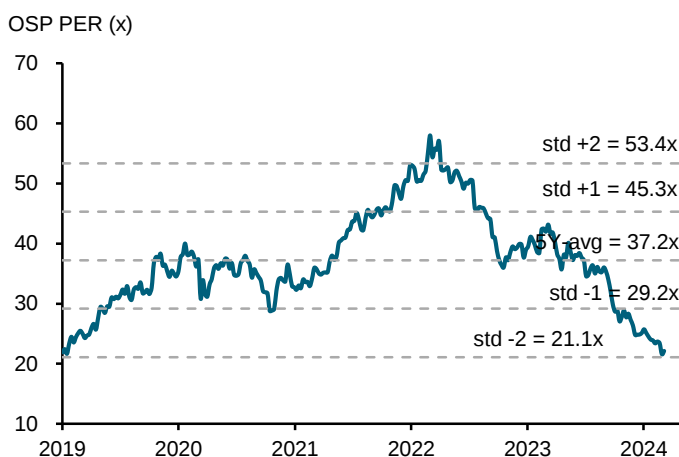
Sources: OSP, FSSIA estimates

Exhibit 14: Yearly functional drink revenue

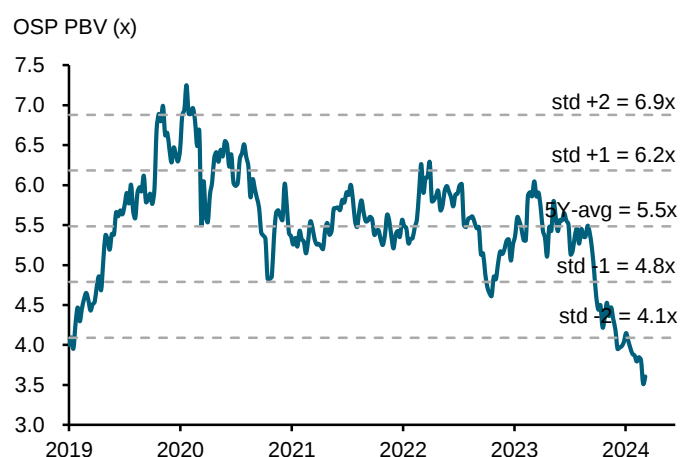
Sources: OSP, FSSIA estimates

Exhibit 15: Yearly core profit and growth

Sources: OSP, FSSIA estimates

Exhibit 16: Historical P/E band

Sources: Bloomberg, FSSIA estimates

Exhibit 17: Historical P/BV band

Sources: Bloomberg, FSSIA estimates

Financial Statements

Osotspa

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	27,266	26,062	27,219	28,680	30,114
Cost of goods sold	(18,915)	(17,059)	(17,747)	(18,699)	(19,574)
Gross profit	8,350	9,003	9,472	9,981	10,540
Other operating income	196	197	191	186	196
Operating costs	(6,500)	(6,610)	(6,669)	(7,027)	(7,378)
Operating EBITDA	3,644	4,137	4,725	4,938	5,222
Depreciation	(1,598)	(1,548)	(1,731)	(1,798)	(1,864)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	2,047	2,589	2,994	3,140	3,358
Net financing costs	(89)	(108)	(102)	(99)	(96)
Associates	315	146	218	244	271
Recurring non-operating income	315	146	218	244	271
Non-recurring items	20	227	0	0	0
Profit before tax	2,293	2,854	3,110	3,286	3,532
Tax	(369)	(431)	(498)	(526)	(565)
Profit after tax	1,924	2,423	2,613	2,760	2,967
Minority interests	10	(21)	11	11	12
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
Reported net profit	1,934	2,402	2,623	2,771	2,979
Non-recurring items & goodwill (net)	(20)	(227)	0	0	0
Recurring net profit	1,914	2,175	2,623	2,771	2,979
Per share (THB)					
Recurring EPS *	0.64	0.72	0.87	0.92	0.99
Reported EPS	0.64	0.80	0.87	0.92	0.99
DPS	0.90	1.65	0.79	0.83	0.89
Diluted shares (used to calculate per share data)	3,004	3,004	3,004	3,004	3,004
Growth					
Revenue (%)	1.9	(4.4)	4.4	5.4	5.0
Operating EBITDA (%)	(29.9)	13.5	14.2	4.5	5.7
Operating EBIT (%)	(44.4)	26.5	15.7	4.9	6.9
Recurring EPS (%)	(41.2)	13.7	20.6	5.6	7.5
Reported EPS (%)	(40.6)	24.2	9.2	5.6	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	41.2	41.1	41.2
Operating EBITDA margin (%)	13.4	15.9	17.4	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	34.3	37.7
Inventory days	61.2	79.7	71.8	59.3	59.4
Debtor days	51.6	59.1	55.7	51.1	51.1
Creditor days	50.7	54.0	48.8	48.5	48.6
Operating ROIC (%)	10.6	12.6	14.4	15.4	16.0
ROIC (%)	9.5	11.1	14.0	15.3	16.2
ROE (%)	10.0	12.5	15.6	15.9	16.8
ROA (%)	7.4	8.9	10.9	11.6	12.2

* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2022	2023	2024E	2025E	2026E
Beverage	22,020	21,130	22,347	23,570	24,748
Personal care	2,452	2,486	2,598	2,676	2,810
Other (OEM)	2,794	2,446	2,275	2,434	2,556

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	2,623	2,771	2,979
Depreciation	1,598	1,548	1,731	1,798	1,864
Associates & minorities	(343)	48	(322)	(232)	(256)
Other non-cash items	-	-	0	0	0
Change in working capital	(923)	(1,072)	1,275	(316)	(323)
Cash flow from operations	2,245	2,699	5,307	4,021	4,265
Capex - maintenance	(1,461)	(3,102)	(1,915)	(2,023)	(2,023)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	546	2,740	739	518	554
Cash flow from investing	(915)	(362)	(1,177)	(1,505)	(1,469)
Dividends paid	(3,130)	(2,585)	(2,361)	(2,494)	(2,681)
Equity finance	0	0	0	0	0
Debt finance	548	892	(1,294)	(118)	(86)
Other financing cash flows	(156)	(392)	378	48	47
Cash flow from financing	(2,737)	(2,084)	(3,277)	(2,564)	(2,720)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	(1,407)	253	853	(48)	76
Free cash flow to firm (FCFF)	1,419.55	2,444.79	4,232.57	2,614.63	2,892.52
Free cash flow to equity (FCFE)	1,723.44	2,837.30	3,214.39	2,446.24	2,757.58
Per share (THB)					
FCFF per share	0.47	0.81	1.41	0.87	0.96
FCFE per share	0.57	0.94	1.07	0.81	0.92
Recurring cash flow per share	1.05	1.26	1.34	1.44	1.53
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	2,193	2,145	2,221
A/C receivable	4,051	4,390	3,913	4,116	4,316
Inventories	3,147	3,627	2,674	2,818	2,950
Other current assets	16	21	27	143	271
Current assets	8,301	9,376	8,807	9,222	9,757
Other assets	209	352	218	143	60
Total assets	26,154	25,198	24,376	24,718	25,106
Common equity	18,464	16,326	17,331	17,609	17,907
Minorities etc.	(9)	184	80	92	107
Total shareholders' equity	18,455	16,510	17,411	17,701	18,014
Long term debt	723	520	470	420	370
Other long-term liabilities	912	520	898	946	994
Long-term liabilities	1,635	1,040	1,368	1,366	1,364
A/C payable	4,787	4,467	4,563	4,681	4,789
Short term debt	1,161	2,168	924	856	820
Other current liabilities	116	216	109	115	120
Current liabilities	6,064	6,852	5,596	5,651	5,729
Total liabilities and shareholders' equity	26,154	24,402	24,376	24,718	25,106
Net working capital	2,311	3,354	1,942	2,282	2,627
Invested capital	20,164	19,175	17,511	17,778	17,977
* Includes convertibles and preferred stock which is being treated as debt					
Per share (THB)					
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					
Net debt/equity (%)	4.3	8.2	(4.6)	(4.9)	(5.7)
Net debt/total assets (%)	3.0	5.4	(3.3)	(3.5)	(4.1)
Current ratio (x)	1.4	1.4	1.6	1.6	1.7
CF interest cover (x)	20.4	27.3	32.6	25.8	29.6
Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	31.7	27.9	23.1	21.9	20.4
Recurring P/E @ target price (x) *	38.5	33.8	28.1	26.6	24.7
Reported P/E (x)	31.4	25.3	23.1	21.9	20.4
Dividend yield (%)	4.5	8.2	3.9	4.1	4.4
Price/book (x)	3.3	3.7	3.5	3.4	3.4
Price/tangible book (x)	3.4	3.8	3.6	3.5	3.4
EV/EBITDA (x) **	16.9	15.0	12.7	12.1	11.4
EV/EBITDA @ target price (x) **	20.4	18.2	15.4	14.7	13.9
EV/invested capital (x)	3.0	3.2	3.4	3.4	3.3
* 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 18: 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 19: 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 20: 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 21: 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 Sustainabilitys	The Sustainabilitys' 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><tr><th>NEGL</th><th>Low</th><th>Medium</th><th>High</th><th>Severe</th></tr><tr><td>0-10</td><td>10-20</td><td>20-30</td><td>30-40</td><td>40+</td></tr></table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+										
NEGL	Low	Medium	High	Severe																		
0-10	10-20	20-30	30-40	40+																		
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><tr><td>AAA</td><td>8.571-10.000</td><td rowspan="3">Leader:</td><td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td></tr><tr><td>AA</td><td>7.143-8.570</td></tr><tr><td>A</td><td>5.714-7.142</td></tr><tr><td>BBB</td><td>4.286-5.713</td><td rowspan="2">Average:</td><td rowspan="2">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></tr><tr><td>B</td><td>1.429-2.856</td><td rowspan="2">Laggard:</td><td rowspan="2">lagging its industry based on its high exposure and failure to manage significant ESG risks</td></tr><tr><td>CCC</td><td>0.000-1.428</td></tr></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	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks	CCC	0.000-1.428
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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

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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			

Sureeporn 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 20.20	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 13-Mar-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.