

# OSOTSPA OSP TB

THAILAND / FOOD & BEVERAGE

**BUY**  
 UNCHANGED

## The next divestment may hurt 2H24

TARGET PRICE	THB28.00
CLOSE	THB22.40
UP/DOWNSIDE	+25.0%
TP vs CONSENSUS	-1.9%

### In the news

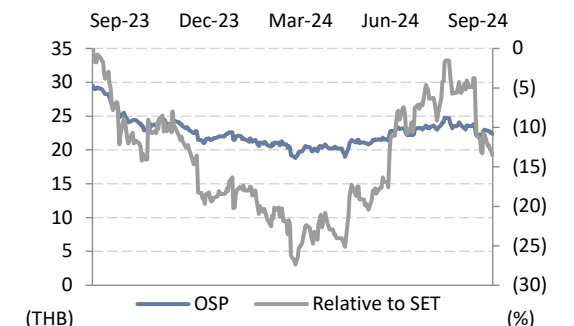
- OSP has announced to the market that it has decided to divest its investment in two Myanmar companies: Myanmar Golden Eagle – MEG (OSP holds a 35% stake) – and Myanmar Golden Glass – MGG (OSP holds a 51.84% stake). These companies are collectively referred to as MGE Group, which is involved in the manufacturing and distribution of glass bottles in Myanmar.
- OSP invested in MGE Group during 2019-20, with an initial investment value of THB234m. The company has now disclosed that its subsidiary has guaranteed a loan for MGE Group amounting to USD35.8m (or cTHB1.2b) and MMK15.5b (or cTHB252m). The total debt responsibility for which OSP is liable is cTHB1.45b. Currently, the remaining investment value in MGE Group is approximately THB136m.
- The entire investment will be sold to Marlarmyaing Plc. (which is engaged in the retail and wholesale of agricultural products, fertilizers, and other investments in Myanmar) for MMK50b or THB800m. The transaction is expected to be completed within 2024, subject to two conditions: 1) at the time of the share transfer, MGE Group must have no outstanding loan liabilities; and 2) the sale must be approved by the relevant government authorities.

### Comments

- We expect OSP's 2H24 performance to be affected by the loss from the sale of the MGE Group investment. OSP has not yet disclosed the size of this transaction. Currently, we anticipate a potential loss of no less than THB780m, equivalent to one quarter's profit for OSP or c26% of the annual profit. There is also a possibility that no dividend will be paid for 2H24 (1H24 DPS was at THB0.3).
- Meanwhile, the core business, which is the beverage production facility in Myanmar that has been generating steady revenue and profit for the company, remains operational. This transaction will not affect the beverage plant in Myanmar in any way.
- We have a positive view for 2025 after the divestment of non-core and unprofitable businesses. Over the past five years, MGE has consistently reported losses, while MGG had profits in 2021-22 but incurred a loss of THB46m in 2023 (OSP's share of the loss was THB25m, accounting for 1% of the total net profit). The high investment costs and debt load were significant. Once the deal is finalized, OSP will not have to account for losses from MGE Group starting from 2025.
- Our 2024E core profit remains unchanged at THB2.96b (+36% y-y), but we are likely to revisit our estimates pending further clarity. We maintain our TP at THB28.

### KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	26,062	28,760	30,378	31,976
Net profit	2,402	2,962	3,204	3,473
EPS (THB)	0.80	0.99	1.07	1.16
vs Consensus (%)	-	(0.2)	(2.2)	(0.1)
EBITDA	4,137	5,211	5,565	5,925
Recurring net profit	2,175	2,962	3,204	3,473
Core EPS (THB)	0.72	0.99	1.07	1.16
EPS growth (%)	13.7	36.2	8.2	8.4
Core P/E (x)	30.9	22.7	21.0	19.4
Dividend yield (%)	7.4	4.0	4.3	4.6
EV/EBITDA (x)	16.6	12.8	12.0	11.2
Price/book (x)	4.1	3.9	3.8	3.7
Net debt/Equity (%)	8.2	(3.8)	(4.3)	(5.3)
ROE (%)	12.5	17.6	18.3	19.4



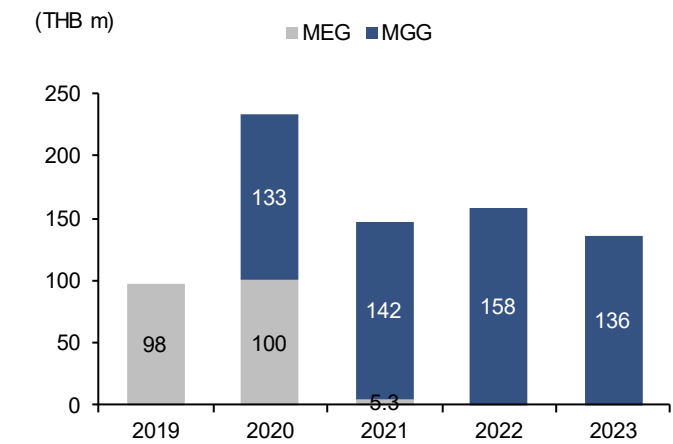
Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(5.5)	(1.8)	(26.6)
Relative to country (%)	(9.0)	(2.3)	(14.8)
Mkt cap (USD m)	1,986		
3m avg. daily turnover (USD m)	8.7		
Free float (%)	52		
Major shareholder	Osathanugrah Family (39%)		
12m high/low (THB)	30.75/18.30		
Issued shares (m)	3,003.75		

Sources: Bloomberg consensus; FSSIA estimates


**Sureeporn Teewasuwet**

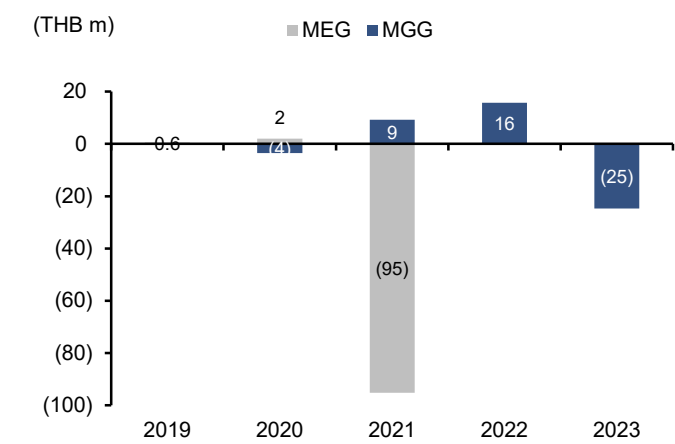
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Exhibit 1: Equity value of MGE Group



Sources: OSP, FSSIA's compilation

Exhibit 2: Profit/(-)loss sharing from MGE Group



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	28,760	30,378	31,976
Cost of goods sold	(18,915)	(17,059)	(18,407)	(19,351)	(20,305)
<b>Gross profit</b>	<b>8,350</b>	<b>9,003</b>	<b>10,354</b>	<b>11,027</b>	<b>11,671</b>
Other operating income	196	197	201	213	224
Operating costs	(6,500)	(6,610)	(7,075)	(7,473)	(7,834)
<b>Operating EBITDA</b>	<b>3,644</b>	<b>4,137</b>	<b>5,211</b>	<b>5,565</b>	<b>5,925</b>
Depreciation	(1,598)	(1,548)	(1,731)	(1,798)	(1,864)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>2,047</b>	<b>2,589</b>	<b>3,480</b>	<b>3,767</b>	<b>4,061</b>
Net financing costs	(89)	(108)	(107)	(102)	(100)
Associates	315	146	230	258	288
Recurring non-operating income	315	146	230	258	288
Non-recurring items	20	227	0	0	0
<b>Profit before tax</b>	<b>2,293</b>	<b>2,854</b>	<b>3,603</b>	<b>3,923</b>	<b>4,249</b>
Tax	(369)	(431)	(540)	(628)	(680)
<b>Profit after tax</b>	<b>1,924</b>	<b>2,423</b>	<b>3,062</b>	<b>3,295</b>	<b>3,569</b>
Minority interests	10	(21)	(101)	(91)	(96)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>1,934</b>	<b>2,402</b>	<b>2,962</b>	<b>3,204</b>	<b>3,473</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(20)</b>	<b>(227)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>1,914</b>	<b>2,175</b>	<b>2,962</b>	<b>3,204</b>	<b>3,473</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.64	0.72	0.99	1.07	1.16
Reported EPS	0.64	0.80	0.99	1.07	1.16
DPS	0.90	1.65	0.89	0.96	1.04
Diluted shares (used to calculate per share data)	3,004	3,004	3,004	3,004	3,004
<b>Growth</b>					
Revenue (%)	1.9	(4.4)	10.4	5.6	5.3
Operating EBITDA (%)	(29.9)	13.5	26.0	6.8	6.5
Operating EBIT (%)	(44.4)	26.5	34.4	8.2	7.8
Recurring EPS (%)	(41.2)	13.7	36.2	8.2	8.4
Reported EPS (%)	(40.6)	24.2	23.3	8.2	8.4
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	30.6	34.5	36.0	36.3	36.5
Gross margin exc. depreciation (%)	36.5	40.5	42.0	42.2	42.3
Operating EBITDA margin (%)	13.4	15.9	18.1	18.3	18.5
Operating EBIT margin (%)	7.5	9.9	12.1	12.4	12.7
Net margin (%)	7.0	8.3	10.3	10.5	10.9
Effective tax rate (%)	16.1	15.1	15.0	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	34.5	39.4	43.6
Inventory days	61.2	79.7	70.0	59.2	59.1
Debtor days	51.6	59.1	53.9	50.6	50.6
Creditor days	50.7	54.0	47.7	48.4	48.4
Operating ROIC (%)	10.6	12.6	16.7	18.2	19.1
ROIC (%)	9.5	11.1	16.1	18.0	19.2
ROE (%)	10.0	12.5	17.6	18.3	19.4
ROA (%)	7.4	8.9	12.7	13.6	14.5

\* Pre exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2022	2023	2024E	2025E	2026E
Beverage	22,020	21,130	23,844	25,216	26,556
Personal care	2,452	2,486	2,548	2,676	2,809
Other (OEM)	2,794	2,446	2,368	2,486	2,611

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	2,962	3,204	3,473
Depreciation	1,598	1,548	1,731	1,798	1,864
Associates & minorities	(343)	48	(334)	(246)	(273)
Other non-cash items	-	-	0	0	0
Change in working capital	(923)	(1,072)	1,072	(342)	(353)
<b>Cash flow from operations</b>	<b>2,245</b>	<b>2,699</b>	<b>5,430</b>	<b>4,414</b>	<b>4,712</b>
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	536	576
<b>Cash flow from investing</b>	<b>(915)</b>	<b>(362)</b>	<b>(1,177)</b>	<b>(1,487)</b>	<b>(1,447)</b>
Dividends paid	(3,130)	(2,585)	(2,665)	(2,884)	(3,126)
Equity finance	0	0	0	0	0
Debt finance	548	892	(1,294)	(118)	(86)
Other financing cash flows	(156)	(392)	429	53	53
<b>Cash flow from financing</b>	<b>(2,737)</b>	<b>(2,084)</b>	<b>(3,531)</b>	<b>(2,948)</b>	<b>(3,159)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>(1,407)</b>	<b>253</b>	<b>722</b>	<b>(21)</b>	<b>106</b>
Free cash flow to firm (FCFF)	1,419.55	2,444.79	4,360.68	3,029.28	3,364.72
Free cash flow to equity (FCFE)	1,723.44	2,837.30	3,387.70	2,862.43	3,231.62
<b>Per share (THB)</b>					
FCFF per share	0.47	0.81	1.45	1.01	1.12
FCFE per share	0.57	0.94	1.13	0.95	1.08
Recurring cash flow per share	1.05	1.26	1.45	1.58	1.69
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)
<b>Tangible fixed assets (net)</b>	<b>13,480</b>	<b>13,815</b>	<b>14,084</b>	<b>14,286</b>	<b>14,422</b>
<b>Intangible fixed assets (net)</b>	<b>359</b>	<b>267</b>	<b>267</b>	<b>267</b>	<b>267</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	3,805	1,387	1,000	800	600
Cash & equivalents	1,087	1,339	2,061	2,040	2,146
A/C receivable	4,051	4,390	4,103	4,325	4,545
Inventories	3,147	3,627	2,774	2,916	3,060
Other current assets	16	21	29	152	288
<b>Current assets</b>	<b>8,301</b>	<b>9,376</b>	<b>8,967</b>	<b>9,433</b>	<b>10,039</b>
Other assets	209	352	230	152	64
<b>Total assets</b>	<b>26,154</b>	<b>25,198</b>	<b>24,548</b>	<b>24,939</b>	<b>25,392</b>
Common equity	18,464	16,326	17,365	17,686	18,033
Minorities etc.	(9)	184	80	92	107
<b>Total shareholders' equity</b>	<b>18,455</b>	<b>16,510</b>	<b>17,445</b>	<b>17,778</b>	<b>18,140</b>
Long term debt	723	520	470	420	370
Other long-term liabilities	912	520	949	1,002	1,055
<b>Long-term liabilities</b>	<b>1,635</b>	<b>1,040</b>	<b>1,419</b>	<b>1,422</b>	<b>1,425</b>
A/C payable	4,787	4,467	4,645	4,761	4,879
Short term debt	1,161	2,168	924	856	820
Other current liabilities	116	216	115	122	128
<b>Current liabilities</b>	<b>6,064</b>	<b>6,852</b>	<b>5,684</b>	<b>5,739</b>	<b>5,827</b>
<b>Total liabilities and shareholders' equity</b>	<b>26,154</b>	<b>24,402</b>	<b>24,548</b>	<b>24,939</b>	<b>25,392</b>
Net working capital	2,311	3,354	2,145	2,510	2,886
Invested capital	20,164	19,175	17,727	18,016	18,239
* Includes convertibles and preferred stock which is being treated as debt					
<b>Per share (THB)</b>					
Book value per share	6.15	5.44	5.78	5.89	6.00
Tangible book value per share	6.03	5.35	5.69	5.80	5.91
<b>Financial strength</b>					
Net debt/equity (%)	4.3	8.2	(3.8)	(4.3)	(5.3)
Net debt/total assets (%)	3.0	5.4	(2.7)	(3.1)	(3.8)
Current ratio (x)	1.4	1.4	1.6	1.6	1.7
CF interest cover (x)	20.4	27.3	32.5	29.0	33.4
Valuation	2022	2023	2024E	2025E	2026E
<b>Recurring P/E (x) *</b>	<b>35.2</b>	<b>30.9</b>	<b>22.7</b>	<b>21.0</b>	<b>19.4</b>
<b>Recurring P/E @ target price (x) *</b>	<b>43.9</b>	<b>38.7</b>	<b>28.4</b>	<b>26.2</b>	<b>24.2</b>
Reported P/E (x)	34.8	28.0	22.7	21.0	19.4
Dividend yield (%)	4.0	7.4	4.0	4.3	4.6
Price/book (x)	3.6	4.1	3.9	3.8	3.7
Price/tangible book (x)	3.7	4.2	3.9	3.9	3.8
EV/EBITDA (x) **	18.7	16.6	12.8	12.0	11.2
EV/EBITDA @ target price (x) **	23.3	20.7	16.0	15.0	14.1
EV/invested capital (x)	3.4	3.6	3.8	3.7	3.6
* 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

★★★★

Exhibit 3: FSSIA ESG score implication

61.48 /100

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 4: ESG – peer comparison

	FSSIA	Domestic ratings						Global ratings					Bloomberg		
	ESG score	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; FSSIA's compilation

Exhibit 5: 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 6: 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	—
<b>Social</b>					
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
<b>Governance</b>					
<b>Board size</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>17</b>	<b>17</b>
<b>No. of independent directors (ID)</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>6</b>	<b>6</b>
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
<b>No. of executives / company managers</b>	<b>6</b>	<b>13</b>	<b>5</b>	<b>5</b>	<b>5</b>
No. of female executives	2	5	2	2	2
Executive share ownership guidelines	No	No	No	No	No
<b>Size of audit committee</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
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
<b>Size of compensation committee</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
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
<b>Size of nomination committee</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
No. of nomination committee meetings	8	9	11	15	6
Nomination meeting attendance %	100	100	100	100	100
<b>Sustainability governance</b>					
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 ( <a href="#">DJSI</a> ) 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 ( <a href="#">THSI</a> ) by The Stock Exchange of Thailand ( <a href="#">SET</a> )	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 <a href="#">THSI inclusion</a> , 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. <a href="#">SETTHSI Index</a> 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.																				
<b>CG Score</b> 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%).																				
<b>AGM level</b> 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&amp;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.																				
<a href="#">Thai CAC</a> 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.																				
<a href="#">Morningstar Sustainabilitys</a>	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 &amp; 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+										
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<a href="#">ESG Book</a>	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.																				
<a href="#">MSCI</a>	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><b>AAA</b></td><td>8.571-10.000</td><td rowspan="3"><b>Leader:</b></td><td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td></tr><tr><td><b>AA</b></td><td>7.143-8.570</td></tr><tr><td><b>A</b></td><td>5.714-7.142</td></tr><tr><td><b>BBB</b></td><td>4.286-5.713</td><td rowspan="3"><b>Average:</b></td><td rowspan="3">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td></tr><tr><td><b>BB</b></td><td>2.857-4.285</td></tr><tr><td><b>B</b></td><td>1.429-2.856</td></tr><tr><td><b>CCC</b></td><td>0.000-1.428</td><td><b>Laggard:</b></td><td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td></tr></table>		<b>AAA</b>	8.571-10.000	<b>Leader:</b>	leading its industry in managing the most significant ESG risks and opportunities	<b>AA</b>	7.143-8.570	<b>A</b>	5.714-7.142	<b>BBB</b>	4.286-5.713	<b>Average:</b>	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	<b>BB</b>	2.857-4.285	<b>B</b>	1.429-2.856	<b>CCC</b>	0.000-1.428	<b>Laggard:</b>	lagging its industry based on its high exposure and failure to manage significant ESG risks
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<a href="#">Moody's ESG solutions</a>	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.																					
<a href="#">Refinitiv ESG rating</a>	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; &gt;25 to 50 = satisfactory; &gt;50 to 75 = good; and &gt;75 to 100 = excellent.)</i>																					
<a href="#">S&amp;P Global</a>	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.																					
<b>Bloomberg</b>	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

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.

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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
15-Nov-2021	BUY	42.00	20-Oct-2023	BUY	28.50	17-Jul-2024	BUY	28.00
09-Jun-2023	BUY	33.00	29-Jan-2024	BUY	24.50			

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 22.40	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 30-Aug-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.