

OSOTSPA OSP TB

THAILAND / FOOD & BEVERAGE

BUY

UNCHANGED

TARGET PRICE	THB24.00
CLOSE	THB18.90
UP/DOWNSIDE	+27.0%
PRIOR TP	THB28.00
CHANGE IN TP	-14.3%
TP vs CONSENSUS	-5.9%

Focused on regaining market share

- OSP aims to regain market share closer to 50% in 2025 with THB10 energy drinks.
- We are concerned about cannibalization and higher competition within the industry.
- Cut 2025E core profit and lower TP to THB24.

Lost market share and higher expenses in 4Q24

We expect a 4Q24 net profit of THB567m. Excluding an impairment of investments in Europe totaling cTHB50m, its core profit would be THB617m (-8% q-q, +4% y-y). This is because OSP's market share in the value energy drink segment for 4Q24 dropped to 45% from 45.4% in 3Q24. As a result, we assume domestic energy drink revenue to decline y-y, in contrast to the market value still being able to grow. We project 4Q24 SG&A to sales to rise q-q and y-y, due to marketing and advertising, along with FX losses from operations in Myanmar.

Aiming to regain market share with THB10 energy drink

OSP's 2024 market share has decreased to 45.8% from 46.6% in 2023. The company plans to regain market share in 2025, aiming to bring it closer to 50% through campaigns celebrating its 40th anniversary starting in February, such as launching M-150 (yellow cap) at THB10 for the same size and flavor to target the traditional trade market. There will also be marketing for other products and the hiring of a new presenter.

Expect higher competition in 2025

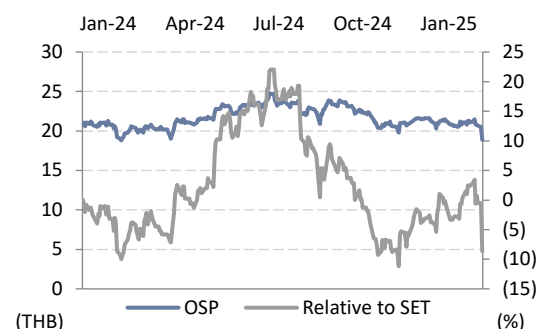
We are concerned about the strategy of reintroducing the THB10 energy drink, as it could lead to cannibalization of the existing products, M-Yellow (gold cap) at THB12 and M-Blue (THB10). If sales volumes do not increase as planned, it may result in revenue growth falling short of expectations. OSP forecasts the energy drink market to grow 2-3% y-y in 2025 (down from +6% y-y in 2024). We expect competition to intensify in 2025 as both OSP and CBG move forward with the THB10 pricing strategy, which may lead to higher expenses for both.

Closely monitor market share and the competition

We have reduced our 2025E core profit by 4% to THB3b (flat y-y), to reflect the price cut and a projected increase in SG&A to sales by 60bps to 25.2% due to the intensified competition. As a result, we have lowered the target P/E to 23x (-1.5 SD) and set a new TP of THB24. Given the stock's significant recent decline, there is still an upside of 27%, so we maintain a BUY rating. However, we will continue to closely monitor the market share and competition within the industry.

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	26,062	27,193	28,725	29,695
Net profit	2,402	1,639	3,069	3,174
EPS (THB)	0.80	0.55	1.02	1.06
vs Consensus (%)	-	(25.3)	(6.1)	(6.8)
EBITDA	4,137	5,098	5,359	5,549
Recurring net profit	2,175	3,042	3,069	3,174
Core EPS (THB)	0.72	1.01	1.02	1.06
Chg. In EPS est. (%)	-	2.7	(4.2)	(8.6)
EPS growth (%)	13.7	39.8	0.9	3.4
Core P/E (x)	26.1	18.7	18.5	17.9
Dividend yield (%)	8.7	2.6	4.9	5.0
EV/EBITDA (x)	14.1	11.0	10.5	10.1
Price/book (x)	3.5	3.4	3.4	3.3
Net debt/Equity (%)	8.2	(4.2)	(4.1)	(4.7)
ROE (%)	12.5	18.6	18.5	18.7



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(10.8)	(7.4)	(10.8)
Relative to country (%)	(7.2)	0.0	(9.4)
Mkt cap (USD m)	1,676		
3m avg. daily turnover (USD m)	4.7		
Free float (%)	52		
Major shareholder	Osathanugrah Family (39%)		
12m high/low (THB)	25.00/18.30		
Issued shares (m)	3,003.75		

Sources: Bloomberg consensus; FSSIA estimates


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Investment thesis

OSP has 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).

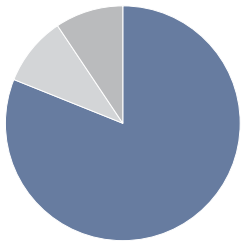
Company profile

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 17% of its sales come from overseas markets, such as Myanmar, Laos and Cambodia, nearly all of which are from the energy drinks segment. It was listed in October 2018.

www.osotspa.com

Principal activities (revenue, 2023)

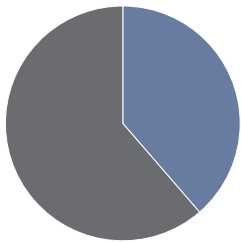
- Beverage - 81.1 %
- Personal care - 9.5 %
- Other (OEM) - 9.4 %



Source: Osotspa

Major shareholders

- Osathanugrah Family - 38.7 %
- Others - 61.4 %



Source: Osotspa

Catalysts

Potential catalysts for OSP’s earnings growth in 2025 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
February 2025	4Q24 results announcement

Key assumptions

	2024E	2025E	2026E
Beverage revenue growth (%)	4.2	5.8	3.0
Personal care revenue growth (%)	12.8	5.0	5.0
Total revenue growth (%)	4.3	5.6	3.4
Gross margin (%)	37.2	37.0	37.0
SG&A to sales (%)	25.4	25.2	25.2

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in revenue, we estimate 2025 net profit to rise by 1.2%, and vice versa, all else being equal.
- For every 0.2% increase in GPM, we estimate 2025 net profit to rise by 2.0%, and vice versa, all else being equal.
- For every 0.2% increase in SG&A, we estimate 2025 net profit to fall by 1.9%, and vice versa, all else being equal.

Source: FSSIA estimates

Exhibit 1: OSP – 4Q24 earnings preview

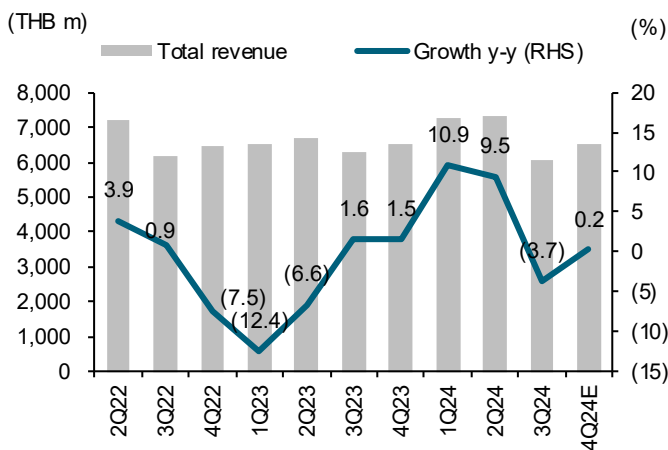
	4Q23	1Q24	2Q24	3Q24	4Q24E	Change		2023	2024E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)
Sales	6,530	7,260	7,345	6,043	6,545	8.3	0.2	26,062	27,193	4.3
Cost of sales	4,213	4,613	4,541	3,863	4,058	5.1	(3.7)	17,059	17,074	0.1
Gross profit	2,317	2,647	2,804	2,180	2,487	14.1	7.4	9,003	10,118	12.4
SG&A	1,623	1,797	1,761	1,572	1,767	12.4	8.9	6,610	6,896	4.3
Operating profit	754	918	1,073	727	765	5.3	1.5	2,589	3,483	34.5
Interest expense	34	29	26	27	27	0.8	(19.9)	108	109	1.5
Tax expense	171	82	143	59	133	122.9	(22.5)	431	417	(3.2)
Profit (loss) sharing	43	59	59	49	42	(15.1)	(1.4)	230	179	(22.3)
Reported net profit	433	828	604	(361)	567	nm	31.1	2,402	1,639	(31.7)
Core profit	592	828	923	672	617	(8.1)	4.3	2,175	3,042	39.8

Key ratios (%)						(ppt)	(ppt)			(ppt)
Gross margin	35.5	36.5	38.2	36.1	38.0	1.9	2.5	34.5	37.2	2.7
SG&A to sales	24.9	24.7	24.0	26.0	27.0	1.0	2.1	25.4	25.4	(0.0)
Operating margin	11.5	12.6	14.6	12.0	11.7	(0.3)	0.1	9.9	12.8	2.9
Net margin	6.6	11.4	8.2	(6.0)	8.7	14.6	2.0	3.9	2.5	(1.4)
Core margin	9.1	11.4	12.6	11.1	9.4	(1.7)	0.4	9.2	6.0	(3.2)

Operating statistics (THB m)										
Beverage sales	5,292	6,077	6,104	4,639	5,205	12.2	(1.6)	21,130	22,025	4.2
Personal care	717	604	715	702	783	11.5	9.1	2,486	2,803	12.8
Other	521	579	527	702	557	(20.6)	7.0	2,446	2,365	(3.3)
Domestic	5,440	5,357	5,425	4,928	4,962	0.7	(8.8)	21,083	20,472	(2.9)
Overseas	1,090	1,903	1,920	1,115	1,583	42.0	45.3	4,979	6,721	35.0
Energy drink's market share (%)	45.9	46.4	46.4	45.4	45.0	(0.4)	(0.9)	46.6	45.8	(0.8)

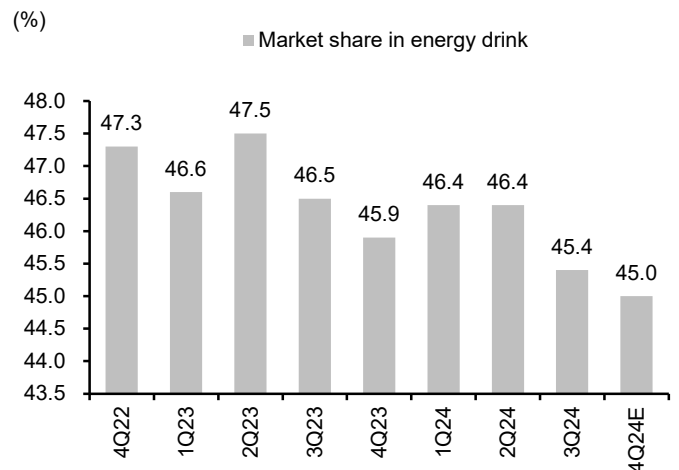
Sources: OSP, FSSIA estimates

Exhibit 2: Quarterly total revenue and growth

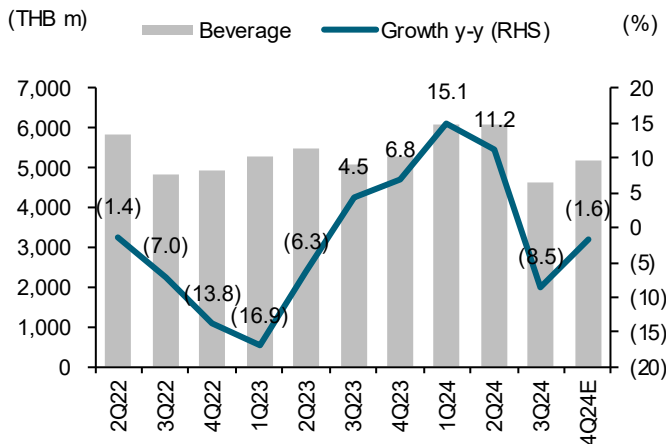


Sources: OSP, FSSIA estimates

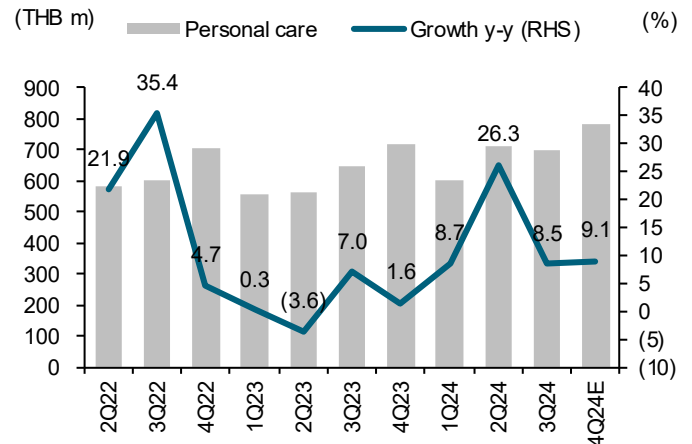
Exhibit 3: Quarterly energy drink market share



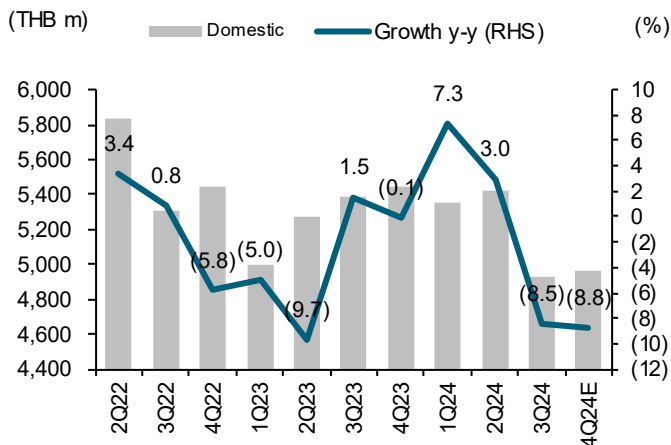
Sources: OSP, FSSIA estimates

Exhibit 4: Quarterly beverage revenue and growth

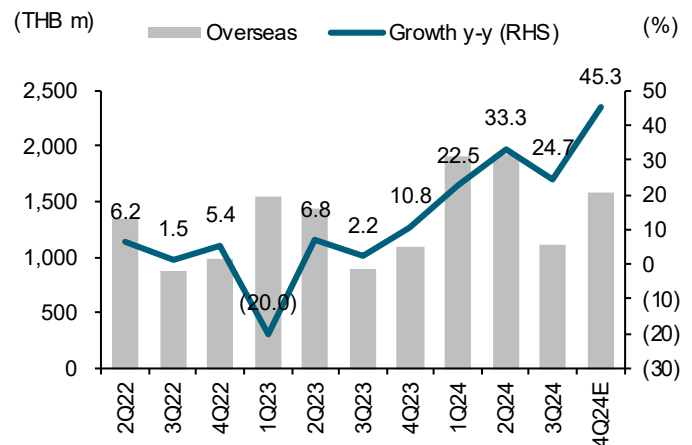
Sources: OSP, FSSIA estimates

Exhibit 5: Quarterly personal care revenue and growth

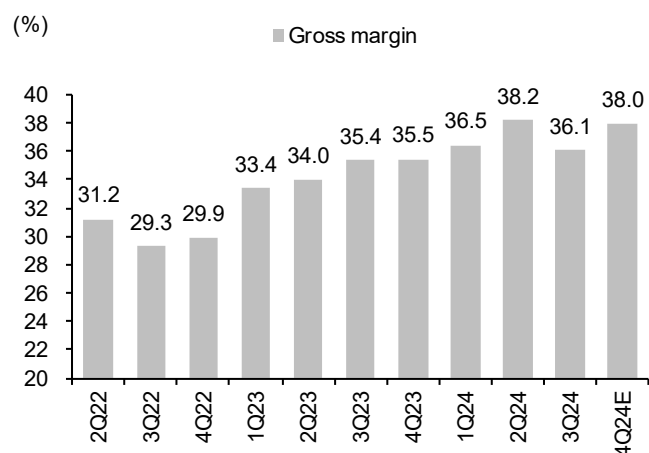
Sources: OSP, FSSIA estimates

Exhibit 6: Quarterly domestic revenue and growth

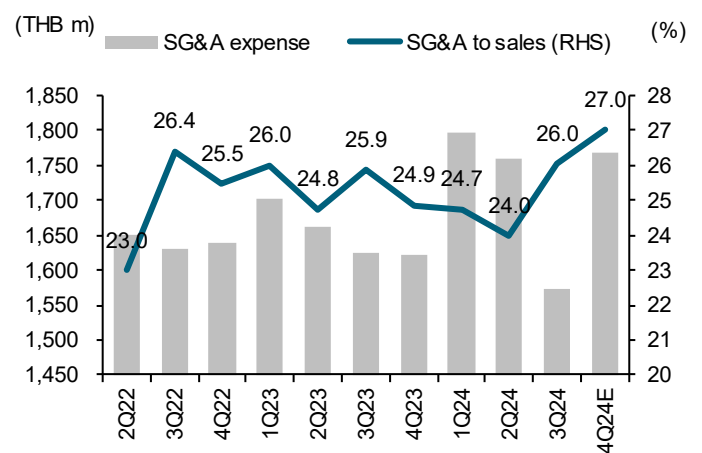
Sources: OSP, FSSIA estimates

Exhibit 7: Quarterly overseas revenue and growth

Sources: OSP, FSSIA estimates

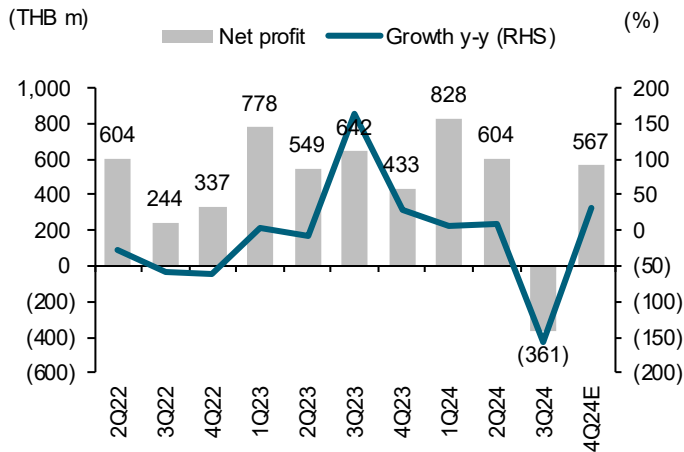
Exhibit 8: Quarterly gross margin

Sources: OSP, FSSIA estimates

Exhibit 9: Quarterly SG&A to sales

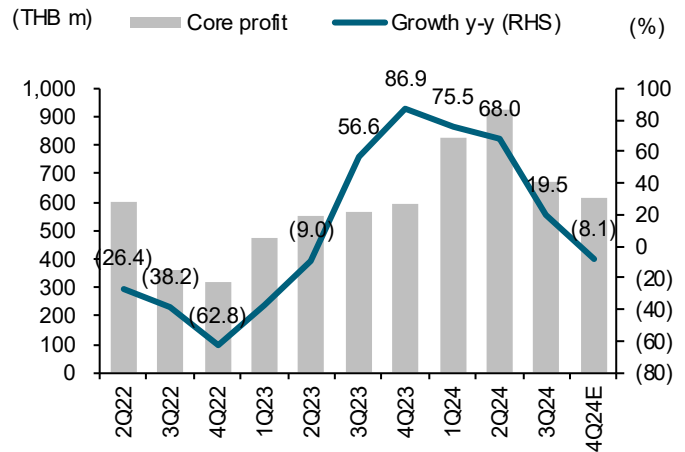
Sources: OSP, FSSIA estimates

Exhibit 10: Quarterly net profit



Sources: OSP, FSSIA estimates

Exhibit 11: Quarterly core profit

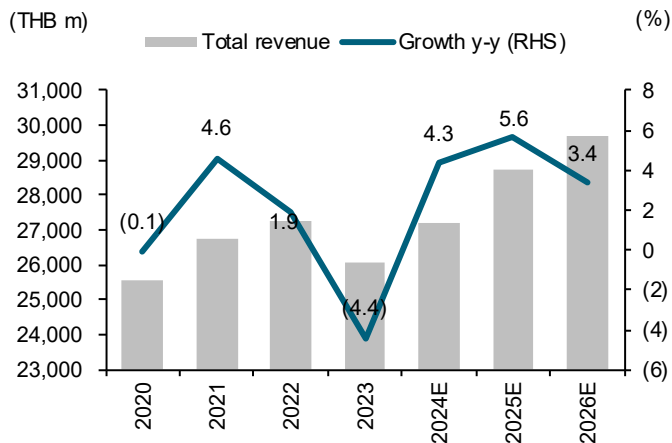


Sources: OSP, FSSIA estimates

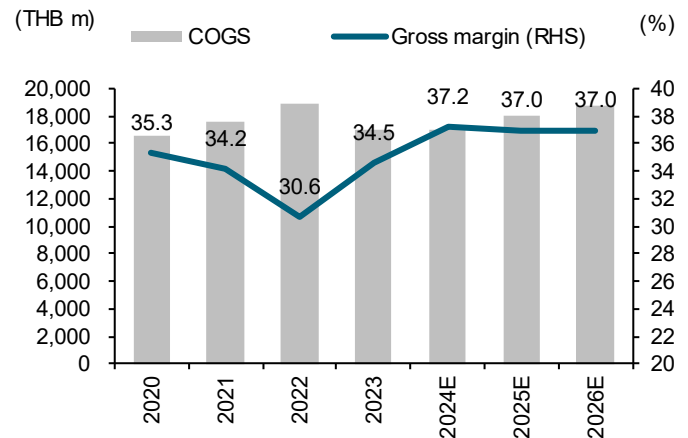
Exhibit 12: Key assumptions for OSP

	Current			Previous			Change		
	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(%)	(%)	(%)
Total revenue	27,193	28,725	29,695	28,760	30,378	31,976	(5.5)	(5.4)	(7.1)
Cost of sales	17,074	18,097	18,708	18,407	19,351	20,305	(7.2)	(6.5)	(7.9)
Gross profit	10,118	10,628	10,987	10,354	11,027	11,671	(2.3)	(3.6)	(5.9)
SG&A expenses	6,896	7,239	7,483	7,075	7,473	7,834	(2.5)	(3.1)	(4.5)
Operating profit	3,483	3,677	3,801	3,480	3,767	4,061	0.1	(2.4)	(6.4)
Interest expense	109	102	103	107	102	100	1.7	0.0	3.6
Profit sharing	210	233	241	230	258	288	(8.8)	(9.9)	(16.4)
Reported net profit	1,639	3,069	3,174	1,843	3,204	3,473	(11.0)	(4.2)	(8.6)
Core profit	3,042	3,069	3,174	2,962	3,204	3,473	2.7	(4.2)	(8.6)
Key ratios (%)									
Total revenue growth	4.3	5.6	3.4	10.4	5.6	5.3			
Net profit growth	(31.7)	87.2	3.4	(23.3)	73.9	8.4			
Core profit growth	39.8	0.9	3.4	36.2	8.2	8.4			
Gross margin	37.2	37.0	37.0	36.0	36.3	36.5	1.2	0.7	0.5
SG&A to sales	25.4	25.2	25.2	24.6	24.6	24.5	0.8	0.6	0.7
Net margin	6.0	10.7	10.7	6.4	10.5	10.9	(0.4)	0.1	(0.2)
Core margin	11.2	10.7	10.7	10.3	10.5	10.9	0.9	0.1	(0.2)
Operating statistics (THB m)									
Beverage revenue	22,025	23,299	23,998	23,844	25,216	26,556	(7.6)	(7.6)	(9.6)
Personal care revenue	2,803	2,943	3,091	2,548	2,676	2,809	10.0	10.0	10.0
Others revenue	2,365	2,483	2,607	2,368	2,486	2,611	(0.1)	(0.1)	(0.1)

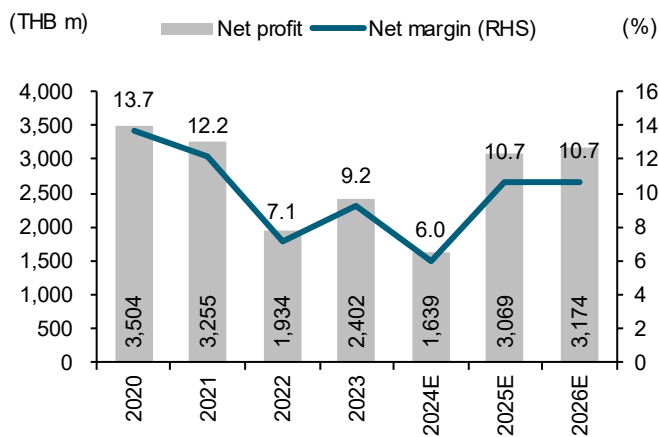
Source: FSSIA estimates

Exhibit 13: Yearly total revenue and growth

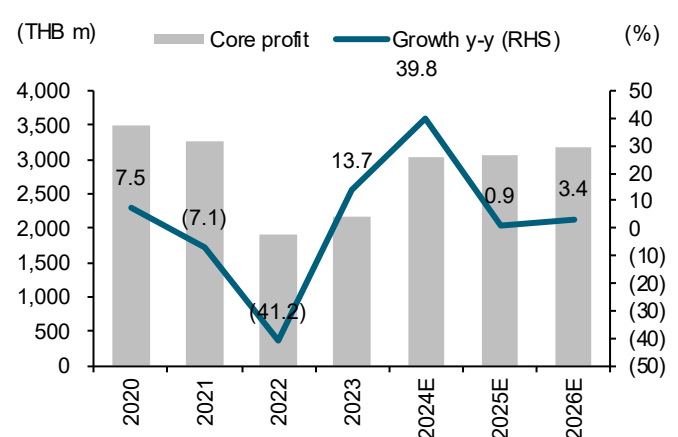
Sources: OSP, FSSIA estimates

Exhibit 14: Yearly gross margin

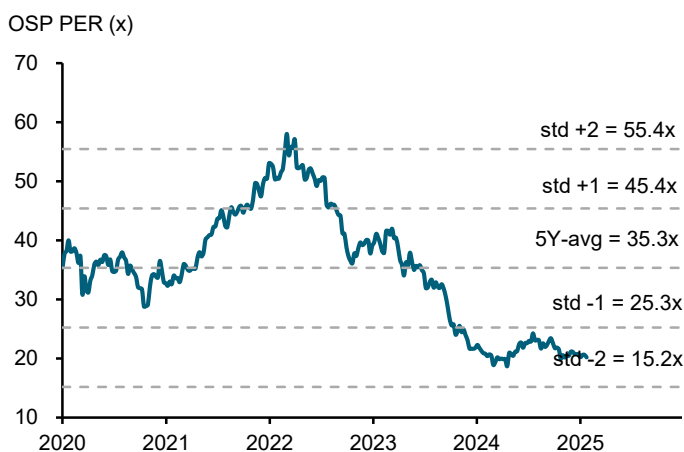
Sources: OSP, FSSIA estimates

Exhibit 15: Yearly net profit and margin

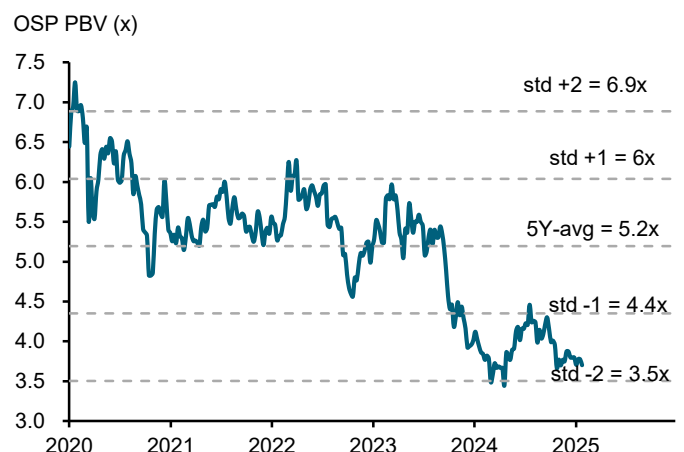
Sources: OSP, FSSIA estimates

Exhibit 16: Yearly core profit and growth

Sources: OSP, FSSIA estimates

Exhibit 17: Historical P/E band

Sources: Bloomberg, FSSIA's compilation

Exhibit 18: Historical P/BV band

Sources: Bloomberg, FSSIA's compilation

Financial Statements

Osotspa

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	27,266	26,062	27,193	28,725	29,695
Cost of goods sold	(18,915)	(17,059)	(17,074)	(18,097)	(18,708)
Gross profit	8,350	9,003	10,118	10,628	10,987
Other operating income	196	197	261	287	297
Operating costs	(6,500)	(6,610)	(6,896)	(7,239)	(7,483)
Operating EBITDA	3,644	4,137	5,098	5,359	5,549
Depreciation	(1,598)	(1,548)	(1,615)	(1,682)	(1,748)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	2,047	2,589	3,483	3,677	3,801
Net financing costs	(89)	(108)	(109)	(102)	(103)
Associates	315	146	210	233	241
Recurring non-operating income	315	146	210	233	241
Non-recurring items	20	227	(1,402)	0	0
Profit before tax	2,293	2,854	2,181	3,807	3,938
Tax	(369)	(431)	(417)	(609)	(630)
Profit after tax	1,924	2,423	1,765	3,198	3,308
Minority interests	10	(21)	(125)	(129)	(134)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
Reported net profit	1,934	2,402	1,639	3,069	3,174
Non-recurring items & goodwill (net)	(20)	(227)	1,402	0	0
Recurring net profit	1,914	2,175	3,042	3,069	3,174
Per share (THB)					
Recurring EPS *	0.64	0.72	1.01	1.02	1.06
Reported EPS	0.64	0.80	0.55	1.02	1.06
DPS	0.90	1.65	0.50	0.92	0.95
Diluted shares (used to calculate per share data)	3,004	3,004	3,004	3,004	3,004
Growth					
Revenue (%)	1.9	(4.4)	4.3	5.6	3.4
Operating EBITDA (%)	(29.9)	13.5	23.2	5.1	3.6
Operating EBIT (%)	(44.4)	26.5	34.5	5.6	3.4
Recurring EPS (%)	(41.2)	13.7	39.8	0.9	3.4
Reported EPS (%)	(40.6)	24.2	(31.7)	87.2	3.4
Operating performance					
Gross margin inc. depreciation (%)	30.6	34.5	37.2	37.0	37.0
Gross margin exc. depreciation (%)	36.5	40.5	43.1	42.9	42.9
Operating EBITDA margin (%)	13.4	15.9	18.7	18.7	18.7
Operating EBIT margin (%)	7.5	9.9	12.8	12.8	12.8
Net margin (%)	7.0	8.3	11.2	10.7	10.7
Effective tax rate (%)	16.1	15.1	19.1	16.0	16.0
Dividend payout on recurring profit (%)	141.3	227.8	49.0	90.0	90.0
Interest cover (X)	26.6	25.4	33.8	38.2	39.1
Inventory days	61.2	79.7	73.2	58.9	59.7
Debtor days	51.6	59.1	55.7	51.0	51.5
Creditor days	50.7	54.0	49.5	48.2	48.8
Operating ROIC (%)	10.6	12.9	17.6	18.8	18.7
ROIC (%)	9.5	11.4	16.8	18.4	18.7
ROE (%)	10.0	12.5	18.6	18.5	18.7
ROA (%)	7.4	9.0	13.6	13.8	14.1

* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2022	2023	2024E	2025E	2026E
Beverage	22,020	21,130	22,025	23,299	23,998
Personal care	2,452	2,486	2,803	2,943	3,091
Other (OEM)	2,794	2,446	2,365	2,483	2,607

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	3,042	3,069	3,174
Depreciation	1,598	1,548	1,615	1,682	1,748
Associates & minorities	(343)	48	(244)	(211)	(224)
Other non-cash items	-	-	1,402	0	0
Change in working capital	(923)	(1,072)	1,297	(327)	(256)
Cash flow from operations	2,245	2,699	7,112	4,213	4,443
Capex - maintenance	(1,461)	(3,102)	(1,870)	(2,023)	(2,023)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	546	2,740	(671)	507	525
Cash flow from investing	(915)	(362)	(2,541)	(1,516)	(1,498)
Dividends paid	(3,130)	(2,585)	(1,492)	(2,762)	(2,857)
Equity finance	0	0	0	0	0
Debt finance	548	892	(1,294)	(118)	(86)
Other financing cash flows	(156)	(392)	377	51	32
Cash flow from financing	(2,737)	(2,084)	(2,409)	(2,829)	(2,911)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	(1,402)	0	0
Movement in cash	(1,407)	253	759	(133)	34
Free cash flow to firm (FCFF)	1,419.55	2,444.79	4,679.94	2,798.52	3,048.36
Free cash flow to equity (FCFE)	1,723.44	2,837.30	2,251.35	2,628.85	2,890.99
Per share (THB)					
FCFF per share	0.47	0.81	1.56	0.93	1.01
FCFE per share	0.57	0.94	0.75	0.88	0.96
Recurring cash flow per share	1.05	1.26	1.94	1.51	1.56
Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	27,369	28,149	30,149	32,149	34,149
Less: Accumulated depreciation	(13,889)	(15,130)	(16,745)	(18,427)	(20,175)
Tangible fixed assets (net)	13,480	13,019	13,404	13,723	13,974
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	2,098	1,965	1,999
A/C receivable	4,051	4,390	3,910	4,121	4,264
Inventories	3,147	3,627	2,573	2,727	2,819
Other current assets	16	21	27	144	267
Current assets	8,301	9,376	8,608	8,957	9,350
Other assets	209	352	218	144	59
Total assets	26,154	24,402	23,497	23,891	24,251
Common equity	18,464	16,326	16,467	16,774	17,091
Minorities etc.	(9)	184	150	172	189
Total shareholders' equity	18,455	16,510	16,617	16,946	17,280
Long term debt	723	520	470	420	370
Other long-term liabilities	912	520	897	948	980
Long-term liabilities	1,635	1,040	1,367	1,368	1,350
A/C payable	4,787	4,467	4,480	4,606	4,682
Short term debt	1,161	2,168	924	856	820
Other current liabilities	116	216	109	115	119
Current liabilities	6,064	6,852	5,513	5,577	5,621
Total liabilities and shareholders' equity	26,154	24,402	23,497	23,891	24,251
Net working capital	2,311	3,354	1,920	2,271	2,550
Invested capital	20,164	18,379	16,810	17,204	17,451
* Includes convertibles and preferred stock which is being treated as debt					
Per share (THB)					
Book value per share	6.15	5.44	5.48	5.58	5.69
Tangible book value per share	6.03	5.35	5.39	5.50	5.60
Financial strength					
Net debt/equity (%)	4.3	8.2	(4.2)	(4.1)	(4.7)
Net debt/total assets (%)	3.0	5.5	(3.0)	(2.9)	(3.3)
Current ratio (x)	1.4	1.4	1.6	1.6	1.7
CF interest cover (x)	20.4	27.3	21.6	26.7	29.0
Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	29.7	26.1	18.7	18.5	17.9
Recurring P/E @ target price (x) *	37.7	33.1	23.7	23.5	22.7
Reported P/E (x)	29.4	23.6	34.6	18.5	17.9
Dividend yield (%)	4.8	8.7	2.6	4.9	5.0
Price/book (x)	3.1	3.5	3.4	3.4	3.3
Price/tangible book (x)	3.1	3.5	3.5	3.4	3.4
EV/EBITDA (x) **	15.8	14.1	11.0	10.5	10.1
EV/EBITDA @ target price (x) **	20.0	17.8	14.0	13.4	12.9
EV/invested capital (x)	2.9	3.2	3.3	3.3	3.2
* 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 19: 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 20: ESG – peer comparison

	FSSIA ESG score	Domestic ratings						Global ratings					Bloomberg		
		DJSI	SET ESG	SET ESG Rating	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 21: 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 22: 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.																			
SET ESG Ratings List (SETESG) by The Stock Exchange of Thailand (SET)	SET ESG 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 SETESG 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. SETESG Index is extended from the SET ESG Ratings 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="3">Average:</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>BB</td><td>2.857-4.285</td></tr><tr><td>B</td><td>1.429-2.856</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></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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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																		
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

Sureeporn Teewasuwet FSS International Investment Advisory Securities Co., Ltd

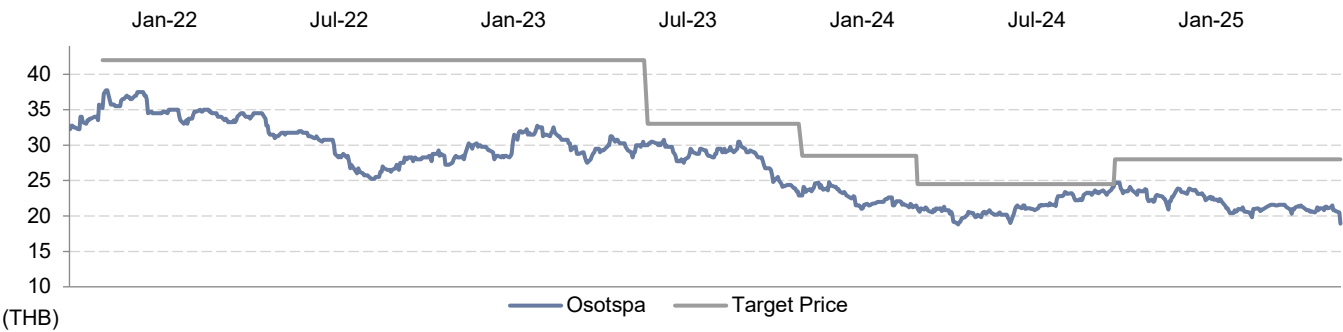
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) 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
25-Feb-2022	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 18.90	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-Jan-2025 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.