Osotspa (OSP TB)

2Q26 Results Preview: Expect Record-High Gross Profit Margins

BUY (Maintained)	
Share Price	Bt17.40
Target Price	Bt20.50
Upside	17.82%
Previous TP	Bt19.00

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Highlights

- OSP is expected to report a net profit of Bt1,049m for 2Q26 (+4% yoy, but -9% qoq). The yoy increase is anticipated to be driven by gross margin expansion.
- 2H26 earnings could decline hoh due to seasonality but increase yoy, as lower Myanmar sales should be offset by the benefits of lean cost restructuring. In addition, with raw material cost pressures easing, we expect OSP to deliver further gross margin expansion and stronger profitability.
- Maintain BUY with a higher target price Bt20.50.

Analysis

2Q26 Results Preview

Year to 31 Dec (Btm)	2Q26F	2Q25	1Q26	yoy(%)	qoq(%)
Sales	6,181	6,807	6,345	-9.2%	-2.6%
Gross Profit	2,633	2,854	2,697	-7.7%	-2.4%
SG&A	(1,415)	(1,660)	(1,389)	-14.8%	1.9%
EBIT	1,279	1,242	1,386	3.0%	-7.7%
Net Profit	1,049	1,010	1,157	3.9%	-9.3%
Core Profit	1,049	1,010	1,157	3.9%	-9.3%
EPS (Bt)	0.35	0.34	0.39	3.9%	-9.3%
Gross Margin (%)	42.6%	41.9%	42.5%	0.7%	0.1%
%SG&A/revenue	22.9%	24.4%	21.9%	-1.5%	1.0%
Net Margin (%)	17.0%	14.8%	18.2%	2.1%	-1.3%

Source: Osotspa, UOB Kay Hian

- **Expect 2Q26 earnings to rise yoy.** Osotspa (OSP) is projected to report a net profit of Bt1,049m for 2Q26 (+4% yoy, but -9% qoq). The yoy increase is anticipated to be driven by gross margin expansion.
- **Top-line could decline, mainly dragged by weaker Myanmar sales.** Sales are forecast at Bt6,181m (-9.2% yoy, -2.6% qoq). Domestic sales are anticipated to improve yoy and qoq, supported by a recovery in energy drink sales, which are projected at Bt4,077m (+10% yoy, +3% qoq). Personal care sales are also expected to grow to Bt686m (+7% yoy, and +10% qoq) However, the yoy and qoq decline in total sales is likely to be driven by weaker international energy drink sales, projected at Bt1,046m (-48% yoy, -25% qoq), due to regulatory changes related to raw material import licences in Myanmar.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	27,069.5	25,560.9	24,095.4	24,844.3	25,631.7
EBITDA	4,950.5	5,685.4	6,005.5	6,140.6	6,318.5
Operating profit	3,462.4	4,184.2	4,629.0	4,833.3	5,048.0
Net profit (rep./act.)	1,638.1	3,666.6	3,725.8	3,886.6	4,055.4
Net profit (adj.)	3,035.5	3,501.6	3,725.8	3,886.6	4,055.4
EPS	1.0	1.2	1.2	1.3	1.4
PE (x)	13.8	11.9	11.2	10.7	10.3
P/B (x)	2.7	2.5	2.3	2.1	2.0
EV/EBITDA (x)	8.5	6.9	6.3	5.9	5.5
Dividend yield (%)	4.3	5.8	5.8	6.1	6.4
Net margin (%)	6.0	14.3	15.5	15.6	15.8
Net debt/(cash) to equity(%)	0.4	(17.7)	(25.8)	(33.3)	(39.8)
Interest cover (x)	42.1	52.0	145.9	152.2	159.2
ROE (%)	9.3	20.0	19.6	19.7	19.8
Consensus net profit	n.a	n.a	3,661.3	3,829.0	3,962.0
UOBKH/Consensus (x)	n.a	n.a	1.0	1.0	1.0

Source: Osotspa, Bloomberg, UOB Kay Hian

Stock Data

GICS sector	Consumer Staples
Bloomberg ticker:	OSP TB
Shares issued (m):	3,003.8
Market cap (Bt$m):	51,964.9
Market cap (US$m):	1,545.2
3-mth avg daily t'over (US$m):	5.3

Price Performance (%)

52-week high/low: Bt19.5/Bt14.0

1mth	3mth	6mth	1yr	YTD
8.8	14.6	(2.3)	4.2	7.4

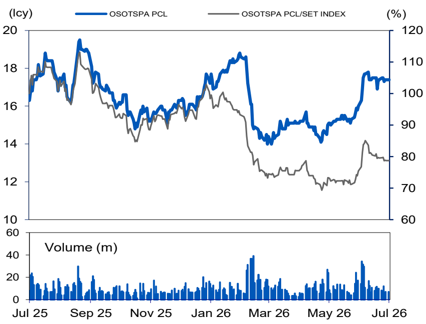
Major Shareholders

	%
Mr. Niti Osathanugrah	24.07
Bank Julius Baer & Co., Ltd, Singapore	8.69
Thai NVDR Company Limited	4.26

Balance Sheet Metrics

FY26 NAV/Share (Bt)	6.0
FY26 Net Debt/Share (Bt)	(1.5)

Price Chart



Source: Bloomberg

Company Description

Osotspa's core business is divided into three segments: a) beverages, b) personal care, and c) healthcare and confectionery. In addition, Osotspa engages in non-core businesses such as providing OEM services for contract products and packaging manufacturing.

- **Record-high margins expected in 2Q26.** 2Q26 gross profit margin is projected at 42.6%, up from 41.9% in 2Q25 and 42.5% in 1Q26. The improvement will be mainly driven by raw material cost lock-ins and benefits from cost restructuring. Meanwhile, the SG&A-to-sales ratio is forecast at 22.9%, down yoy from 24.4% due to the lean cost structuring, but up qoq from 21.9% as a result of the cost increase from the Middle East impact.
- **Raw material cost pressures are easing, monitoring the recovery in Myanmar sales.** We expect 2H26 earnings to decline hoh due to seasonality but increase yoy, as the lower Myanmar sales should be offset by improved cost control and domestic sales. We expect domestic sales to improve in 2H26, supported by the Thai Chuay Thai Plus co-payment scheme, which should benefit domestic beverage and personal care sales through the traditional trade channel. In addition, current aluminium prices declined to US$3,150/tonne, dropping 18% from the peak level of US$3,855/tonne in the beginning of Jun 26 following the easing of Middle East tensions. As a result, this should allow OSP to capture greater benefits from its cost restructuring initiatives, supporting higher gross margins, and lower SG&A-expenses. Meanwhile, management indicated that the situation of import licences in Myanmar has improved. However, this remains a key factor to monitor.

Valuation/Recommendation

- **Maintain BUY with a higher target price of Bt20.50** (previously Bt19.00). Using the PE valuation method, we value OSP at -1SD to its five-year PE band, implying a multiple of 18x.

Earnings Revision/Risk

- We raise our 2026-27 earnings forecasts by 9-10%, driven by stronger-than-expected gross profit margins and lower-than-expected SG&A-to-sales, supported by the company's cost restructuring and lean cost management.

Share Price Catalyst

- Lower costs of raw materials such as sugar, natural gas, and aluminium coil.
- Government stimulus measures to support domestic consumption.
- Easing of the import licence issue in Myanmar.

Environmental, Social, Governance (ESG)

CG Report: 5
SET ESG Rating: AA

Environmental

- OSP embeds packaging sustainability in its environmental strategy through its "Zero Packaging Waste" ambition, focusing on circular packaging design and eco-friendly materials while setting KPIs to monitor and engage business partners on environmental performance.

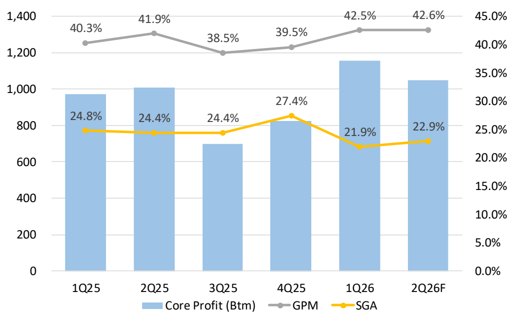
Social

- OSP supports local communities through charitable donations, community engagement, and commercial initiatives to enhance quality of life and enable sustainable business growth.

Governance

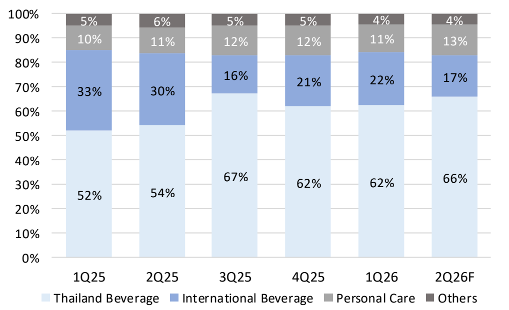
- The company aims to conduct its business with transparency and fairness, while continuously improving operational efficiency to ensure long-term business sustainability.

Core Earnings And Growth



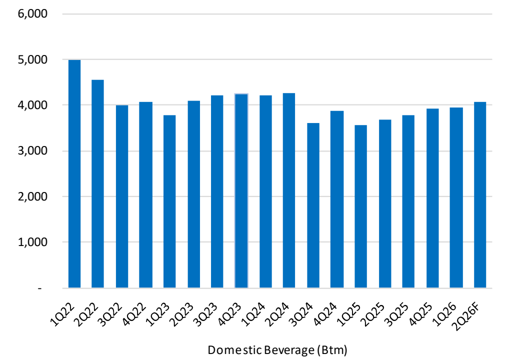
Source: OSP, UOB Kay Hian

Sales By Product



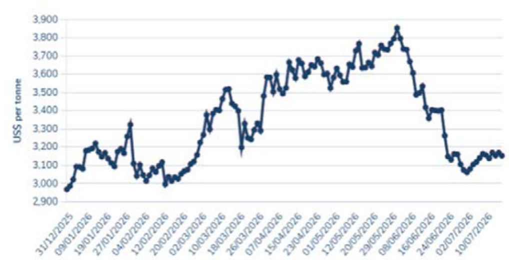
Source: OSP, UOB Kay Hian

Domestic Beverage Sales



Source: OSP, UOB Kay Hian

Aluminium Prices



Source: LME

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	25,561	24,095	24,844	25,632
EBITDA	5,685	6,006	6,141	6,319
Deprec. & amort.	1,501	1,377	1,307	1,270
EBIT	4,184	4,629	4,833	5,048
Total other non-operating income	0	0	0	0
Associate contributions	146	166	166	166
Net interest income/(expense)	(109)	(41)	(40)	(40)
Pre-tax profit	4,221	4,754	4,959	5,174
Tax	(532)	(832)	(868)	(906)
Minorities	(187)	(196)	(205)	(213)
Net profit	3,667	3,726	3,887	4,055
Net profit (adj.)	3,502	3,726	3,887	4,055

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Fixed assets	11,471	10,895	10,587	10,317
Other LT assets	1,373	1,385	1,397	1,410
Cash/ST investment	3,321	5,020	6,826	8,659
Other current assets	8,419	8,708	8,992	9,290
Total assets	24,584	26,008	27,802	29,675
ST debt	114	103	92	83
Other current liabilities	6,255	6,180	6,376	6,581
LT debt	219	219	219	219
Other LT liabilities	204	204	204	204
Shareholders' equity	16,871	18,175	19,567	21,020
Minority interest	459	655	860	1,073
Total liabilities & equity	24,584	26,011	27,808	29,684

Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	6,193	4,945	5,322	5,457
Pre-tax profit	4,386	4,754	4,959	5,174
Tax	(532)	(832)	(868)	(906)
Deprec. & amort.	1,501	1,377	1,307	1,270
Associates	0	0	0	0
Working capital changes	1,405	(345)	(68)	(73)
Non-cash items	(159)	(8)	(9)	(9)
Other operating cashflows	(409)	0	0	0
Investing	(1,267)	(812)	(1,012)	(1,012)
Capex (growth)	(764)	(812)	(1,012)	(1,012)
Capex (maintenance)	0	0	0	0
Investments	(1,260)	0	0	0
Proceeds from sale of assets	445	0	0	0
Others	312	0	0	0
Financing	(4,205)	(2,434)	(2,505)	(2,612)
Dividend payments	(2,102)	(2,422)	(2,494)	(2,602)
Issue of shares	0	0	0	0
Proceeds from borrowings	(1,665)	(11)	(10)	(9)
Loan repayment	(330)	0	0	0
Others/interest paid	(109)	0	0	0
Net cash inflow (outflow)	720	1,699	1,805	1,833
Beginning cash & cash equivalent	2,190	3,321	5,020	6,826
Changes due to forex impact	0	0	0	0
Ending cash & cash equivalent	2,910	5,020	6,826	8,659

Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	22.2	24.9	24.7	24.6
Pre-tax margin	16.5	19.7	20.0	20.2
Net margin	14.3	15.5	15.6	15.8
ROA	14.2	14.0	14.2	14.3
ROE	20.0	19.6	19.7	19.8
Growth				
Turnover	(5.6)	(5.7)	3.1	3.2
EBITDA	14.8	5.6	2.2	2.9
Pre-tax profit	18.8	12.6	4.3	4.3
Net profit	123.8	1.6	4.3	4.3
Net profit (adj.)	15.4	6.4	4.3	4.3
EPS	15.4	6.4	4.3	4.3
Leverage				
Debt to total capital	1.9	1.7	1.5	1.4
Debt to equity	2.0	1.8	1.6	1.4
Net debt/(cash) to equity	(17.7)	(25.8)	(33.3)	(39.8)
Interest cover	52.0	145.9	152.2	159.2