

Financial Highlights

- OSP reported Q2'21 sales at THB 6,913 million, +17.0% YoY and +2.0% QoQ, driven by 9.3% YoY growth in domestic beverages and the outstanding 75.7% YoY growth in international business. Despite the COVID-19 resurgence in key markets and the challenging situation overseas, 1H'21 revenue from sales grew 8.7% YoY to THB 13,689 million.
- Q2'21 net profit* increased by 1.9% YoY to THB 820 million, with net profit* margin of 11.9%, -170 bps YoY. Underlying performance improved, if excluding THB 135 million dividend received from investment in other company last year, indicating a stronger and well-managed operation compared to the first wave of COVID-19 in 2020. 1H'21 net profit* was at THB 1,824 million, +5.4% YoY, with net profit* margin of 13.3%, -40 bps YoY.
- Gross margin expanded +270 bps YoY and +280 bps QoQ to 36.3%, exceeded average gross margin of 2020. The key factors included the resumption of glass furnace operation after a scheduled major maintenance, higher sales contribution of our Myanmar business at improved gross margin, better channel mix, along with the Fit Fast Firm projects to offset the rise in commodity prices.
- Our balance sheet remained strong with interest bearing debt to equity ratio at 0.06x, which will enable us to capture inorganic growth and partnership opportunities.
- OSP continued its strong number 1 market position in Q2'21 with market share of 54.8% in energy drinks market and 37.0% in functional drinks market. Our core brands, M-150 and C-Vitt, showed strong momentum of market share gain in Q2'21. Both markets showed a good recovery after the previous wave but started to be softened after the latest COVID-19 resurgence from Delta variant in Thailand.
- The Board of Directors approved the interim dividend payment of THB 0.45 per share, approximately 74% payout ratio of the consolidated net profit to be paid on 10 September 2021.

*Net Profit = Net Profit attributable to owners of the parent

Financial Performance for Q2'21 and 1H'21

Consolidated Income Statement Summary

Unit: THB million	Q2'21	Q2'20	%YoY	1H'21	1H'20	%YoY
Total revenues	6,964	6,114	13.9%	14,086	13,020	8.2%
Total revenues from sales	6,913	5,909	17.0%	13,689	12,596	8.7%
Beverages	5,938	5,006	18.6%	11,739	10,630	10.4%
Personal Care	481	539	-10.6%	982	1,156	-15.1%
Others	494	364	35.4%	968	810	19.4%
Total other income	51	205	-75.2%	397	424	-6.4%
Gross profit	2,509	1,983	26.5%	4,775	4,350	9.8%
SG&A	1,612	1,340	20.3%	3,120	2,878	8.4%
Selling and distribution expenses	1,154	930	24.1%	2,207	1,980	11.5%
Administrative expenses	458	410	11.8%	913	898	1.7%
EBIT	1,013	913	11.0%	2,191	2,024	8.3%
EBITDA	1,379	1,210	14.0%	2,905	2,603	11.6%
Profit for the period	799	787	1.5%	1,786	1,702	4.9%
Profit attributable to owners of the parent	820	804	1.9%	1,824	1,730	5.4%
Key Ratios (%)						
Gross profit margin	36.3%	33.6%	2.7%	34.9%	34.5%	0.4%
SG&A to net sales ratio	23.3%	22.7%	0.6%	22.8%	22.8%	0.0%
EBIT margin	14.7%	15.5%	-0.8%	16.0%	16.1%	-0.1%
EBITDA margin	19.9%	20.5%	-0.6%	21.2%	20.7%	0.5%
Net profit margin for the period	11.6%	13.3%	-1.7%	13.0%	13.5%	-0.5%
Net profit margin attributable to the owners of the parent	11.9%	13.6%	-1.7%	13.3%	13.7%	-0.4%

Financial Performance Summary for Q2'21 vs Q2'20

OSP continued to deliver strong quarterly result despite challenging circumstances from the COVID-19 resurgence in all key markets. OSP has strengthened precautionary measures, revisited our plan and strategy, and reactivated crisis management team to ensure the overall employees' health, safety and wellbeing, and the continuity of business operations as our top priorities. OSP continued to build new fundamentals by developing future skills, capabilities, and ecosystems and be ready to grow at a faster pace post-COVID-19. OSP continued to provide helping hands through donating necessary medical equipment for COVID-19, volunteering and delivering beverages, personal care products and financial supports to our surrounding communities and society.

OSP reported total revenue of THB 6,964 million, +13.9% YoY, amid the resurgence of COVID-19 and challenging situation overseas. Revenue from sales were at THB 6,913 million, +17.0% YoY and +2.0% QoQ, driven by solid beverage performance in domestic and international markets, offset a decline in personal care segment.

Beverage Segment

OSP reported total beverage revenue of THB 5,938 million, achieving double-digit growth of 18.6% YoY amid COVID-19 pandemic and challenging situations overseas. The overall international beverage showed a solid sales growth of 76.4% YoY. All key international markets posted double-digit growth YoY, reflecting our strong brands, successful route-to-market execution and skilled local teams to serve market demand. In addition, the strong domestic beverage sales of THB 4,710 million, +9.3% YoY growth, were underpinned by our operational excellence on sales and distribution, trusted brand, and product innovation.

Domestic energy drinks market resumed its growth in Q2'21, despite ongoing COVID-19 outbreak. A quick rebound after COVID-19 recovery since Mar'21 proved market resilience, while OSP continued to outperform the domestic energy drinks market with strong number 1 market share at 54.8% with the core M-150 gaining 60 bps from the previous quarter. Strong flagship brand, M-150, new product launch of Lipo Fine to expand into new segment, and herbal variant of Som In-Sum Plus led the growth in domestic energy drinks segment.

Functional drinks markets displayed the same recovery trend as domestic energy drinks market. Vitamin C subsegment showed accelerated growth again after slowing down in Q1'21, while non-vitamin C declined. OSP is a leader in the overall functional drinks market with market share of 37.0% (+210 bps from Q1'21), driven by C-Vitt. The solid C-Vitt sales momentum was driven by both strong core variant and product innovation with added benefits including C-Vitt Plus Collagen and C-Vitt Plus Fiber, together with new format C-Vitt Big Pack in 1-litre aseptic format to cover more drinking occasions and boost in-home consumption at affordable price. Moreover, OSP continued to leverage our strong distribution network to increase market penetration in traditional trade channel. Furthermore, Calpis Lacto introduced a new refreshing flavor, Calpis Lacto Soda Setouchi Yuzu and Honey, creating excitement in the market. In this quarter, Yanhee vitamin B water distribution started to contribute to the overall growth of OSP's functional drinks portfolio.

Personal Care Segment

The COVID-19 pandemic resulted in the scenario of work from home, wearing mask and physical distancing, thus impacted the overall beauty and skin care industry, as well as our personal care segment. Total personal care revenues declined 10.6% YoY to THB 481 million from the recurrence of COVID-19 causing a cautious on consumer discretionary expenditures and less footfall traffic in modern trade channels. However, personal hygiene category performed better than beauty category. Some categories in baby care portfolio, such as moisturizer and liquid soap, showed a solid growth and improving market share trend.

Others Segment

Overall others segment revenues increased 35.4% YoY to THB 494 million, driven by an increase in OEM of glass bottles. This helped maximize the utilization of our manufacturing facilities and leverage fixed operating costs.

Gross margin expanded by 270 bps YoY to 36.3%, bounced back to the pre-maintenance level in Q4'20, after the glass furnace resumed its operation in Q2'21 after a schedule major maintenance. With our expertise, production efficiency, and economies of scale, the additional packaging costs incurred from purchasing glass bottles from third-party suppliers in previous quarter can be significantly reduced. Moreover, the margin expansion was also contributed by higher revenue contribution from Myanmar at almost doubled gross margin driven by our new beverage filling facility. Controlled spending with better channel mix, together with other Fit Fast Firm projects, helped mitigate the impact of rising commodity prices and yield further cost savings, driving overall gross margin expansion.

Selling and administrative expenses (SG&A) spending was at 23.3% of sales, an increase of 60 bps YoY, from sales activation for domestic and international markets, marketing activities to support new product launches, freight cost increase for exports, and impact from foreign exchange fluctuation.

The Company reported profit for the period of THB 799 million, +1.5% YoY. The profit attributable to owners of the parent was THB 820 million, +1.9% YoY.

Financial Performance Summary for 1H'21 vs. 1H'20

OSP reported total revenue from sales of THB 13,689 million, +8.7% YoY, although COVID-19 pandemic caused a decline in economic activity, employment and consumption, creating a challenging operating situation. The growth was mainly driven by international business (+37.2% YoY) contributed by double-digit growth in all key countries and solid domestic beverage sales from both energy and functional drinks. This could showcase our strong execution and resilience in both domestic and international markets despite the disruptive COVID-19 impact and the challenging situation overseas.

Beverage Segment

Total beverage revenues increased by 10.4% YoY to THB 11,739 million in 1H'21, amid COVID-19 pandemic and challenging situations overseas. International beverage sales delivered 37.4% growth YoY, reflecting our strong brands, successful route-to-market execution, and skilled local teams to serve market demand. Domestic beverage sales grew by 5.2% YoY to THB 9,360 million, driven by core energy drinks and C-Vitt.

1H'21 energy drinks market declined from the impact of COVID-19 resurgence. However, a rebound in during Q2'21 showed the high potential of market resilience. OSP continued its strong leadership and outperformed the overall market, gaining market share 30 bps from 2020, driven by core M-150 and Som In-Sum.

1H'21 functional drinks market weakened mainly due to a decline in convenient store channel, which was a key channel for the category, impacted from lockdown measures and government stimulus measures. However, vitamin C subsegment continued its double-digit growth. OSP is a leader in the overall functional drink market, driven by C-Vitt that gain market share 40 bps from 2020. The solid C-Vitt sales momentum was driven by both strong core variant and product innovation with added benefits including C-Vitt Plus Collagen and C-Vitt Plus Fiber, together with new format C-Vitt Big Pack in 1-litre aseptic format to cover more drinking occasions and boost in-home consumption at affordable price. OSP continued to leverage our strong distribution network to increase market penetration in the traditional trade channel.

Personal Care Segment

The COVID-19 resurgence caused more cautious consumer spending patterns on discretionary categories and less footfall traffic in modern trade, which was the core channel for this segment. Total personal care revenues declined 15.1% YoY to THB 982 million with uneven impact as personal hygiene and baby category declined at a less extent compared to beauty care category.

Others Segment

Overall others segment revenues grew 19.4% YoY to THB 968 million, driven by an increase in OEM of glass bottles. This helped maximize the utilization of our manufacturing facilities and leverage fixed operating costs.

1H'21 gross profit was at THB 4,775 million, +9.8% YoY and gross margin was at 34.9%, +40 bps YoY. OSP continued to show margin improvement YoY from the margin expansion in Q2'21 after the glass furnace resumed its operation, offsetting the drop in margin in Q1'21 from additional costs of purchase glass bottles from third-party suppliers and fixed cost deleverage as a result of a schedule glass furnace maintenance. Gross margin improvement was also driven by improved production efficiency and economies of scale in both domestic and overseas facilities. Fit Fast Firm project continued to deliver cost savings to mitigate the impact of commodity price fluctuations and expected to deliver THB 1,000 million savings in 2021.

Selling and administrative expenses (SG&A) to total revenue from sales were at 22.8%, flat YoY. Given the prolonged COVID-19 crisis, OSP ensured to prudently controlled and managed the overall spending in response to rapidly changing business environment.

The Company reported profit for the period of THB 1,786 million (+4.9% YoY) and the profit attributable to owners of the parent was THB 1,824 million (+5.4% YoY).

Dividend

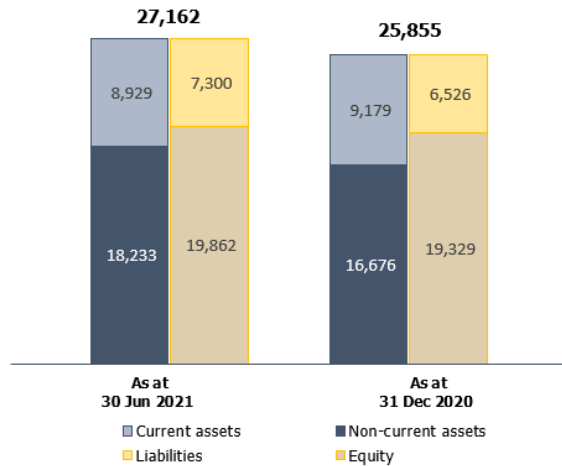
OSP has a dividend payout policy to shareholders of at least 60% of consolidated net profit after deducting the legal reserve.

On 11 August 2021, the Board of Directors approved an interim dividend payment of THB 0.45 per share (THB 1,352 million) from the Company's 1H'21 operating results. The interim dividend is payable on 10 September 2021 (record date on 25 August 2021) and is translated to dividend payout ratio at approximately 74% of the consolidated net profit, aligned with the dividend payout policy of at least 60%.

Financial Position

Balance Sheet

Unit: THB million



Balance Sheet Breakdown

ASSETS (THB million)	As at 30 Jun 2021	As at 31 Dec 2020
Cash and cash equivalents	2,958	2,531
Trade and other receivables	3,726	3,505
Inventories	2,229	2,077
Other current financial assets	-	1,000
Other current assets	16	66
Total Current Assets	8,929	9,179
Net PP&E	13,162	12,358
Other non-current financial assets and long-term investments	3,691	2,782
Other assets	1,380	1,536
Total Non-Current Assets	18,233	16,676
Total Assets	27,162	25,855

LIABILITIES and EQUITY (THB million)	As at 30 Jun 2021	As at 31 Dec 2020
Trade and other payables	4,836	4,094
Long-term loans	596	917
Other liabilities	1,868	1,515
Total Liabilities	7,300	6,526
Issued and paid-up share capital	3,004	3,004
Share Premium	11,848	11,848
Retained earnings	3,517	3,645
Other components of equity	1,453	727
Non-Controlling Interest	40	105
Total Equity	19,862	19,329
Total Liabilities & Equity	27,162	25,855

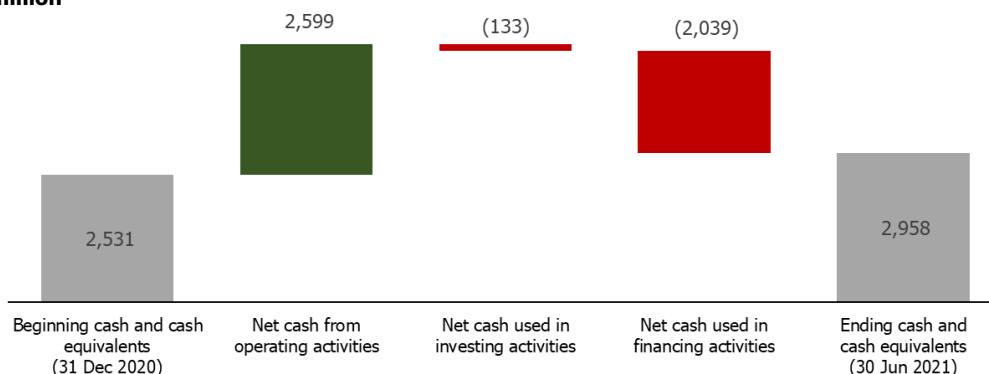
As of 30 June 2021, the Company had total assets of THB 27,162 million, an increase of THB 1,307 million (or +5.1%) from 31 December 2020 from the fair value adjustment of non-marketable equity securities under other non-current financial assets, the expansion and improvement of beverage and glass factories, and increase in cash and cash equivalent generated from positive cash flows from operations.

As of 30 June 2021, the Company had total liabilities of THB 7,300 million, an increase of THB 774 million (or +11.9%) from 31 December 2020 primarily from trade accounts payable and other payables aligned with business growth.

As of 30 June 2021, the Company had total equity of THB 19,862 million, an increase of THB 533 million (or +2.8%) from 31 December 2020, mainly from the increase in other components of equity as a result of gain on measurement of financial assets of THB 865 million, offsetting with the impact from currency translation. The decrease in retained earnings of THB 128 million accounted for the final dividend of 2020 at the total amount of THB 1,952 million, offsetting with profit for the period.

Cash Flows

Unit: THB million



As of 30 June 2021, the Company had cash and cash equivalents of THB 2,958 million, increased by THB 427 million from 31 December 2020. The Company had positive cash flows from operating activities of THB 2,599 million. Net cash flows used in investing activities of THB 133 million was mainly due to the expansion and improvement of beverage and glass factories, offsetting with the reduction in deposit at financial institution and dividend received. Cash outflows from financing activities of THB 2,039 million was mainly due to the 2020 final dividend paid to OSP shareholders in May'21 and repayment of long-term loan in Myanmar.

Financial Ratio Analysis

	Q2'21	Q2'20	1H'21	1H'20
Liquidity Ratios				
Current ratio (times)	1.6	1.7	1.6	1.7
Number of days of inventory	44	48	43	41
Collection period (days)	47	53	45	49
Accounts payable (days)	47	57	41	50
Profitability Ratios				
Gross profit margin (%)	36.3	33.6	34.9	34.5
EBITDA margin (%)	19.9	20.5	21.2	20.7
Net profit margin for the period (%)	11.6	13.3	13.0	13.5
Net profit margin attributable to owners of the parent (%)	11.9	13.6	13.3	13.7
Return on equity (%) - trailing	18.2	18.2	18.2	18.2
Return on assets (%) - trailing	13.0	13.5	13.0	13.5
Other Ratios				
Total debt to equity (times)	0.4	0.4	0.4	0.4

Q2'21 gross profit margin increased by 270 bps YoY to 36.3%, exceeded average gross margin of 2020. The key factors included the resumption of glass furnace operation after a schedule major maintenance, higher sales contribution of our Myanmar business at improved gross margin, controlled spending with better channel mix, along with cost savings from Fit Fast Firm projects to mitigate the impact of rising commodity prices.

Q2'21 net profit margin attributable to owners of the parent was at 11.9%, decreased 170 bps YoY. If excluding dividend received from investment in other company at the amount of THB 135 million last year, net profit margin improved, indicating a stronger and well-managed operation compared to the first wave of COVID-19 last year.

Q2'21 cash cycle (Number of days of inventory + Collection period – Accounts payable days) of 44 days, flat from Q2'20. Under the COVID-19 situation, OSP closely monitored credit risk exposure. As a result, the average collection period in Q2'21 was at 47 days, decreased from the same period last year. This was within the company's established credit term ranging from 14 days to 100 days. Current ratio was favorable at 1.6 times, showing strong liquidity position and financial strength. Debt to equity ratio was at 0.4 times.

APPENDIX: Ratios & Formulas

Liquidity Ratios

Current ratio (times) = Total current assets / Total current liabilities

Number of days of inventory = Average inventory / (Cost of sales of goods / Number of days in the period¹)

Collection period (days) = Average trade account receivables before allowance for expected credit loss / (Total revenue from sales / Number of days in the period¹)

Accounts payable (days) = Average account payables / (Cost of sales of goods / Number of days in the period¹)

Profitability Ratios

Gross profit margin (%) = (Total revenues from sales – Total cost of sales of goods) / Total revenues from sales

SG&A to sales ratio (%) = (Selling and distribution expenses + Administrative expenses) / Total revenues from sales

EBIT margin (%) = (Profit before income tax expense + Finance Cost) / Total revenues from sales

EBITDA margin (%) = (Profit before income tax expense + Finance Cost + Depreciation and Amortization) / Total revenues from sales

Net profit margin for the period (%) = Net Profit for the period / Total revenues from sales

Net profit margin attributable to the owners of the parent (%) = Net Profit attributable to owners of the parent / Total revenues from sales

Return on equity (%) = Profit for the period / Average total equity

Return on assets (%) = Profit for the period / Average total assets

Other Ratios

Debt to equity (times) = Total liabilities / Total equity

¹ Number of days in the period is defined as 360 days in a year. For example, 90 days and 180 days should be used for quarterly and half-year ratio analyses, respectively.