

Financial Highlights

- OSP demonstrated strong market leadership position in Q3'21 with energy drinks market share at 54.5% and all-time high functional drinks market share at 39.8% (driven by C-Vitt) amid market contraction from COVID-19 pandemic control measures including strict lockdowns and travel restrictions.
- In the face of COVID-19 pandemic resurgence in many of our markets, OSP reported Q3'21 revenue from sales at THB 6,121 million, decrease 7.3% when compared to Q3'20, which was the recovery period after the first wave of the pandemic last year. Domestic beverage businesses outperformed market performance, while our international beverages grew 16.4% YoY, driven by sales in non-CLMV markets. We stepped up to work closely with our customers for direct-to-store delivery where needed to ensure our product availability. 9M'21 revenue from sales at THB 19,810 million, +3.2% YoY.
- Q3'21 gross margin was at 33.5%, -200 bps YoY, due to product mix from higher contribution of C-Vitt, production volume deleverage, and commodity price increase from global shortage and weakened foreign exchange rate, which were partially offset by Fit Fast Firm initiatives.
- Total impact of foreign exchange loss in Q3'21 was THB 92 million, mainly from weakened Myanmar Kyat (MMK). For 9M'21, total impact of foreign exchange loss was THB 177 million, of which 119 million was unrealized exchange loss.
- Share of profit of associates and joint venture declined mainly due to share of loss from the glass business joint ventures (JV) in Myanmar resulting mainly from mark-to-market loss of US dollar loan of THB 47 million in Q3'21 and THB 75 million in 9M'21. This JV will benefit from a natural hedge once the operation starts as its net earnings (revenues and some expenses) are linked to the US dollar.
- OSP reported Q3'21 net profit* of THB 580 million, -37.2% YoY with net profit* margin of 9.5%, -450 bps YoY. The effective indirect cost and expense management during the period could not fully offset the weakened sales, global surge in freight costs, and adverse foreign exchange impact. Q3'21 net profit excluding the foreign exchange impact was THB 708 million, equal to net profit margin of 11.6%. 9M'21 net profit* at THB 2,404 million, -9.4% YoY, with net profit* margin of 12.1%, -170 bps YoY. 9M'21 net profit excluding the foreign exchange impact was THB 2,656 million, equal to net profit margin of 13.4%.
- Our balance sheet remained strong with interest bearing debt to equity ratio at 0.08x, which will enable us to capture inorganic growth and partnership opportunities.

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

Financial Performance for Q3'21 and 9M'21

Consolidated Income Statement Summary

Unit: THB million	Q3'21	Q3'20	%YoY	9M'21	9M'20	%YoY
Total revenues	6,182	6,677	-7.4%	20,267	19,696	2.9%
Total revenues from sales	6,121	6,601	-7.3%	19,810	19,197	3.2%
Beverages	5,220	5,648	-7.6%	16,959	16,278	4.2%
Personal Care	446	621	-28.1%	1,428	1,777	-19.6%
Others	455	332	37.3%	1,423	1,142	24.6%
Total other income	61	76	-20.1%	457	499	-8.5%
Gross profit	2,052	2,344	-12.5%	6,827	6,695	2.0%
SG&A	1,441	1,433	0.6%	4,561	4,310	5.8%
Selling and distribution expenses	996	980	1.7%	3,203	2,959	8.2%
Administrative expenses	445	453	-1.8%	1,358	1,351	0.5%
EBIT	706	1,097	-35.7%	2,897	3,121	-7.2%
EBITDA	1,093	1,441	-24.2%	3,998	4,043	-1.1%
Profit for the period	562	902	-37.7%	2,347	2,604	-9.8%
Profit attributable to owners of the parent	580	923	-37.2%	2,404	2,654	-9.4%
Key Ratios (%)						
Gross profit margin	33.5%	35.5%	-2.0%	34.5%	34.9%	-0.4%
SG&A to net sales ratio	23.5%	21.7%	1.8%	23.0%	22.5%	0.5%
EBIT margin	11.5%	16.6%	-5.1%	14.6%	16.3%	-1.7%
EBITDA margin	17.9%	21.8%	-3.9%	20.2%	21.1%	-0.9%
Net profit margin for the period	9.2%	13.7%	-4.5%	11.8%	13.6%	-1.8%
Net profit margin attributable to the owners of the parent	9.5%	14.0%	-4.5%	12.1%	13.8%	-1.7%

Financial Performance Summary for Q3'21 vs Q3'20

Amid COVID-19 resurgence in domestic and regional markets, OSP continued to strengthen precautionary measures with employees' health and safety as priority, improve way of working using digital transformation, and leverage our distribution network. OSP has been building new fundamentals by developing future skills, capabilities, and ecosystems to accelerate our long-term sustainable growth. OSP continued to provide helping hands during COVID-19 through donating necessary medical equipment, volunteering, and delivering beverages, personal care products and financial supports to our surrounding communities and society.

OSP reported total revenue of THB 6,182 million, a decrease of 7.4% YoY, impacted by COVID-19 full-stream lockdown in both domestic and regional markets together with the impact of foreign currency translation. Revenue from sales was at THB 6,121 million, decreased by 7.3% when compared to the same period last year where the market moved towards post-lockdown recovery. However, when compared to Q2'20 during the first wave of COVID-19, revenue from sales grew by 3.6% from both domestic and international beverages. To look ahead beyond the pandemic, the similar recovery pattern is anticipated after reopening.

Beverage Segment

OSP reported total beverage revenue of THB 5,220 million, a decline of 7.6% YoY. The 16.4% YoY growth of international beverages was offset by the 11.1% YoY decline in domestic beverage sales impacted by COVID-19 lockdown. The international beverage sales continued to show solid growth through strong route-to-market execution despite uncontrollable negative factors, including COVID-19 resurgence in all regional markets, the border closure and challenging situation in Myanmar, and currency fluctuation. Domestic beverage sales declined but at a lesser extent compared to the overall market. COVID-19 lockdown impacted consumer spending, sales activities, and distribution disruption. OSP operated direct-to-store distribution model to ensure availability of our products in the market. Compared to the first wave of COVID-19 in Q2'20, domestic beverage sales continued to show growth given the high base of C-Vitt during Q2'20 – Q3'20 after the capacity expansion and increased penetration, indicating a stronger and well-managed underlying operation. As the pandemic control measures were gradually eased, outbreak situation improved and government stimulus packages were accelerated, the sales and market recovery were expected in Q4'21 onwards.

Given the COVID-19 pandemic control measures on strict lockdowns and travel restriction, Q3'21 energy drinks market contracted by -16.3% YoY. OSP demonstrated strong market leadership position in Q3'21 maintaining number 1 market share of 54.5% in energy drinks market, driven by our flagship M-150 gained 60 bps YoY. Despite having supply disruption, our agility to operate direct-to-store distribution model gave us competitive edge to fulfill demand.

Even though Q3'21 functional drinks market declined 18.4% YoY, the vitamin C subsegment continued to grow at 6.1% YoY. OSP using C-Vitt as a spearhead driving the overall growth and reached the all-time high market share of 39.8% (+310 bps YoY) in the total functional drinks market. Towards COVID-19 recovery, OSP expanded the distribution of C-Vitt 1-litre big pack in 7-Eleven, relaunched Calpis Lacto Soda with Peach Sakura flavor limited edition, and introduced Slimma in a jelly pack format. In addition, OSP continued to leverage its strong distribution network to distribute Yanhee vitamin B water, which could successfully gain and reclaim its market leader position in flavored water category.

Personal Care Segment

The COVID-19 pandemic resulted in the scenario of work from home, less traffic in modern trade channels, and more cautious on consumer discretionary expenditures. All these factors continued to put pressure on beauty and skincare industry, as well as our personal care segment. Total personal care revenues declined 28.1% YoY to THB 446 million. However, baby care portfolio performed better than beauty category and gradually improving aligned with the health and hygiene trend.

Others Segment

Overall others segment revenues increased 37.3% YoY to THB 455 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 decreased by 200 bps YoY to 33.5%. The key factors included the product mix from higher contribution of C-Vitt, production volume deleverage, and commodity price increase from global shortage and weakened foreign exchange rate. The cost increase could partially be mitigated through controlled spending and cost savings from Fit Fast Firm initiatives.

Selling and administrative expenses (SG&A) spending was at 23.5% of sales, an increase of 180 bps YoY, from sales activation for domestic and international markets, the global surge in freight costs, and the impact of currency fluctuation. Total impact of foreign exchange loss included in SG&A was THB 92 million, mainly from weakened Myanmar Kyat (MMK). Excluding currency impact, the SG&A to total revenue from sales would be 22.0% of sales, reflecting our actions to prudently controlled and managed the overall spending in response to rapidly changing business environment.

During the quarter, share of profit of associates and joint venture declined mainly due to share of loss from the glass business joint ventures (JV) in Myanmar resulting mainly from mark-to-market loss of US dollar loan of THB 47 million. This JV will benefit from a natural hedge once the operation starts as its net earnings (revenues and some expenses) are linked to the US dollar.

With currency fluctuation impact, the Company reported profit attributable to owners of the parent for the period of THB 580 million, -37.2% YoY with net profit margin of 9.5%, -450 bps YoY. Q3'21 net profit excluding the foreign exchange impact was THB 708 million, equal to net profit margin of 11.6%.

Financial Performance Summary for 9M'21 vs. 9M'20

OSP reported total revenue from sales of THB 19,810 million, +3.2% YoY, driven by strong performance of international businesses, showing in both beverage and other segments. Our international business showed impressive growth of 27.9% YoY from double-digit growth in all key countries, despite COVID-19 resurgence in all regional markets, currency fluctuation, and global shipping container shortage.

Beverage Segment

Total beverage revenues increased by 4.2% YoY to THB 16,959 million, amid COVID-19 pandemic and challenging situations overseas. International beverage sales delivered 31.2% growth YoY with double-digit growth in all key countries, reflecting our strong brands, successful route-to-market execution, and skilled local teams to serve market demand. Domestic beverage sales were driven by growth on functional drinks portfolio driven by both C-Vitt and Yanhee vitamin B water distribution offset with the softened energy drinks sales.

9M'21 energy drinks market declined 6.7% YoY from the intensified COVID-19 resurgence in Q3'21. OSP continued its strong leadership and outperformed the overall market, gaining 20 bps from the year 2020, driven by M-150, Lipo, and Som In-Sum. After several waves of COVID-19, the market became resilient and always show a recovery sign after the easing of lockdown measures.

The same to functional drinks market, OSP's 9M'21 market share increased 90 bps from last year. After expanding distribution to the traditional trade channel, C-Vitt continued its sales growth, drove overall vitamin C subsegment growth and achieved its all-time high market share in Q3'21. In addition, the Yanhee vitamin B water distribution provided additional growth through leveraging our strong distribution network.

Personal Care Segment

The beauty and skincare industry, as well as personal care category, were hit by the COVID-19 resurgence and its pandemic control measures. Total personal care revenues declined 19.6% YoY to THB 1,428 million, reflecting more cautious consumer spending patterns on discretionary categories, less footfall traffic in modern trade, and the shift in consumer behavior more towards personal hygiene products. Personal hygiene and baby category declined at a less extent compared to beauty care category. OSP continues to explore untapped market potential and foster new opportunities through innovation responding to consumer trend and be ready for the recovery post-pandemic period.

Others Segment

Overall others segment revenues grew 24.6% YoY to THB 1,423 million, driven by an increase in OEM of glass bottles. This helped maximize the utilization of our manufacturing facilities and leverage fixed operating costs.

9M'21 gross profit was at THB 6,827 million, +2.0% YoY and gross margin was at 34.5%, -40 bps YoY. Gross margin was pressured by a scheduled glass furnace maintenance in Q1'21 that resulted in additional packaging cost to purchase glass bottles from third-party suppliers, product mix of higher contribution from C-Vitt, and production volume deleverage due to COVID-19 resurgence in Q3'21. Commodity price increase from global shortage and weakened foreign exchange rate could partly be offset by the cost savings through Fit Fast Firm projects to deliver THB 1,000 million savings in 2021.

Selling and administrative expenses (SG&A) spending was at 23.0% of sales, an increase of 50 bps YoY, including foreign exchange loss of THB 177 million, mainly from weakened Myanmar Kyat (MMK). At the end of Q3'21, the outstanding unrealized exchange loss was THB 119 million, mainly from Myanmar business. Excluding such currency impact, SG&A spending would have been 22.1% of sales, reflecting our actions to prudently controlled and managed the overall spending in response to rapidly changing business environment.

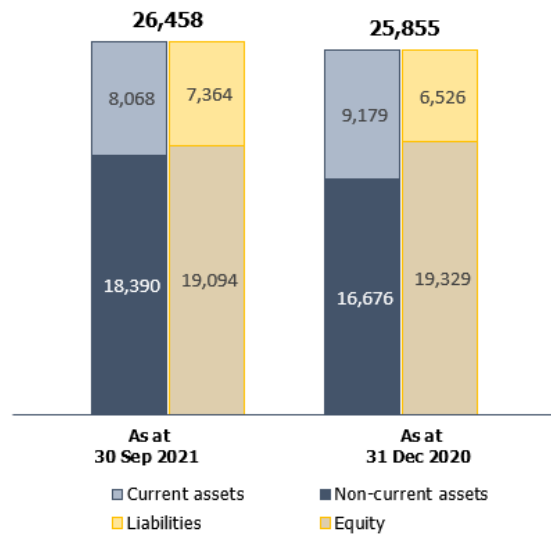
Share of profit of associates and joint venture was negatively affected by THB 75 million mark-to-market loss of US dollar loan of the glass business joint ventures (JV) in Myanmar. This JV will benefit from a natural hedge once the operation starts as its net earnings (revenues and some expenses) are linked to the US dollar.

With currency fluctuation impact, the Company reported profit attributable to owners of the parent for the period of THB 2,404 million, -9.4% YoY with net profit margin of 12.1%, -170 bps YoY. 9M'21 net profit excluding the foreign exchange impact was THB 2,656 million, equal to net profit margin of 13.4%.

Financial Position

Balance Sheet

Unit: THB million



Balance Sheet Breakdown

ASSETS (THB million)	As at 30 Sep 2021	As at 31 Dec 2020
Cash and cash equivalents	1,979	2,531
Trade and other receivables	3,525	3,505
Inventories	2,549	2,077
Other current financial assets	-	1,000
Other current assets	15	66
Total Current Assets	8,068	9,179
Net PP&E	13,391	12,358
Other non-current financial assets and long-term investments	3,723	2,782
Other assets	1,276	1,536
Total Non-Current Assets	18,390	16,676
Total Assets	26,458	25,855
LIABILITIES and EQUITY (THB million)	As at 30 Sep 2021	As at 31 Dec 2020
Trade and other payables	4,604	4,094
Loans from financial institutions	1,226	917
Other liabilities	1,534	1,515
Total Liabilities	7,364	6,526
Issued and paid-up share capital	3,004	3,004
Share Premium	11,848	11,848
Retained earnings	2,745	3,645
Other components of equity	1,484	727
Non-Controlling Interest	13	105
Total Equity	19,094	19,329
Total Liabilities & Equity	26,458	25,855

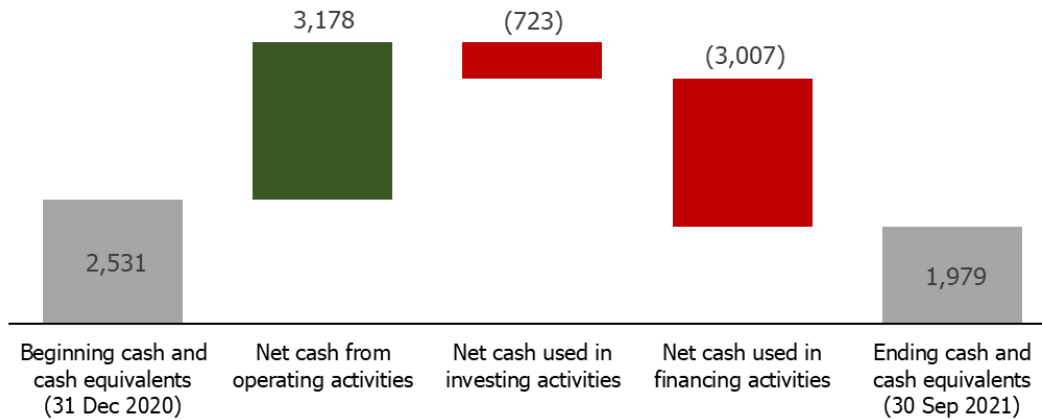
As of 30 September 2021, the Company had total assets of THB 26,458 million, an increase of THB 603 million (or +2.3%) from 31 December 2020 from the expansion and improvement of beverage and glass factories and the fair value adjustment of non-marketable equity securities under other non-current financial assets offsetting with the reduction in deposit at financial institution.

As of 30 September 2021, the Company had total liabilities of THB 7,364 million, an increase of THB 838 million (or +12.8%) from 31 December 2020 primarily from trade accounts payable and other payables and loan from financial institutions to support future business growth.

As of 30 September 2021, the Company had total equity of THB 19,094 million, a decrease of THB 235 million (or -1.2%) 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 900 million accounted for the 2020 final dividend and 2021 interim dividend at the total amount of THB 3,304 million, offsetting with profit for the period.

Cash Flows

Unit: THB million



As of 30 September 2021, the Company had cash and cash equivalents of THB 1,979 million, decreased by THB 552 million from 31 December 2020. The Company had positive cash flows from operating activities of THB 3,178 million. Net cash flows used in investing activities of THB 723 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 3,007 million was mainly due to the 2020 final dividend and 2021 interim dividend paid to OSP shareholders offset with the net increase in loan from financial institutions for working capital management.

Financial Ratio Analysis

	Q3'21	Q3'20	9M'21	9M'20
Liquidity Ratios				
Current ratio (times)	1.4	2.0	1.4	2.0
Number of days of inventory	53	49	48	43
Collection period (days)	43	40	39	43
Accounts payable (days)	48	47	41	47
Profitability Ratios				
Gross profit margin (%)	33.5	35.5	34.5	34.9
EBITDA margin (%)	17.9	21.8	20.2	21.1
Net profit margin for the period (%)	9.2	13.7	11.8	13.6
Net profit margin attributable to owners of the parent (%)	9.5	14.0	12.1	13.8
Return on equity (%) - trailing	16.9	18.9	16.9	18.9
Return on assets (%) - trailing	12.2	14.1	12.2	14.1
Other Ratios				
Total debt to equity (times)	0.4	0.4	0.4	0.4

Q3'21 gross profit margin decreased by 200 bps YoY to 33.5%. The key factors included the product mix from higher contribution of C-Vitt, production volume deleverage, and commodity price increase from global shortage and weakened foreign exchange rate. The cost increase could partially be mitigated through controlled spending and cost savings from Fit Fast Firm initiatives.

Q3'21 net profit margin attributable to owners of the parent was at 9.5%, decreased 450 bps YoY. The effective indirect cost and expense management during the period could not fully offset the weakened sales, global surge in freight costs, and adverse foreign exchange impact. Q3'21 net profit excluding the foreign exchange impact was THB 708 million, equal to net profit margin of 11.6%.

Q3'21 cash cycle (Number of days of inventory + Collection period – Accounts payable days) of 48 days, increased from Q3'20. The increase from inventory level was to prepare for market recovery and mitigate commodity price increase. OSP closely monitored credit risk exposure. As a result, the average collection period in Q3'21 was at 43 days, slightly increased 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 1.4 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 / (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.