

**RELATIVE VALUATION OF OISHI GROUP PUBLIC COMPANY  
LIMITED**



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entitled  
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LIMITED**

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**RELATIVE VALUATION OF OISHI GROUP PUBLIC COMPANY LIMITED**

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**ABSTRACT**

This thematic paper aims to value Oishi Group Public Company Limited's stock price by applying the relative valuation method. I applied Trailing and Forward Price-to-Earning (PE), Price-to-Book Value (PBV), Enterprise Value-to-Earnings before Interest, Taxes, Depreciation, and Amortization (EV/EBITDA) multiples to determine the share price of Oishi. As a result, on 7 July 2021, Oishi's share price for the year ended 2021 is estimated to be 43.32 Baht per share by using the average of all target prices from each band. It is higher than the current price on the same date, 41.75 Baht, by 3.8%.

Recommendation criteria are 10% higher from current price will be BUY, and 10% downside will be SELL. The target price, 43.32 positions within the BUY and SELL range. Moreover, Oishi's performed well and could sustain a strong market position in the Ready-to-Drink tea sector in Thailand during the Covid-19 outbreak. So, we need to review whether Oishi could carry on this sustainability. Thus, we issued a "HOLD" recommendation.

**KEY WORDS: OISHI/ RELATIVE VALUATION/ FOOD/ BEVERAGE/  
MULTIPLES**

77 pages

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## LIST OF ABBREVIATIONS

1Q	First Quarter
1Q 2020	First Quarter of 2020
1Q 2021	First Quarter of 2021
ASEAN-5	Indonesia, Malaysia, The Philippines, Singapore and Thailand
ASEAN	Association of Southeast Asian Nations
BOD	Board of Directors
BV	Book Value
BVPS	Book Value Per Share
CAGR	Compound Annual Growth Rate
CAPEX	Capital Expenditure
CAPM	Capital Asset Pricing Model
COGS	Costs of Goods Sold
Covid-19	Coronavirus Disease 2019
CG	Corporate Governance
Oishi / The company	Oishi Group Public Company Limited
DCF	Discounted Cash Flow
EBITDA	Earnings Before Interest, Taxes, Depreciation, and Amortization
EBIT	Earnings Before Interest and Taxes
EPS	Earnings per share
EU	European Union
EV	Enterprise Value
EV/EBITDA	Enterprise Value-to-Earnings Before Interest, Taxes, Depreciation, and Amortization
FCF	Free Cash Flow
FMI	The Food Marketing Institute

## LIST OF ABBREVIATIONS (cont.)

GDP	Gross Domestic Product
GR	Growth Rate
HTC	Haad Thip Public Company Limited
Ichitan	Ichitan Group Public Company Limited
IMF	International Monetary Fund
IOD	Institute of Directors Association
MN	Million
NHB	Naturally Healthy Beverages
NI	Net Income
R&D	Research and Development
P/BV	Price-to-Book Value Ratio
PCL	Public Company Limited
P/E	Price-to-Earnings Ratio
PR	Public Relations
PV	Present Value
Rf	Risk Free Rate
ROA	Return on Assets
ROE	Return on Equity
RTD	Ready-to-drink
SAPPE	Sappe Public Company Limited
SD	Standard Deviation
SET	Stock Exchange of Thailand
SG&A	Selling, General and Administrative Expenses
SSB	Sugar-Sweetened Beverage
SSS	Same-Store Sales
TFMAMA	Thai President Foods Public Company Limited
TFRS	Thai Financial Reporting Standards
ThaiBev	Thai Beverage Public Company Limited
THB	Thai Baht

**LIST OF ABBREVIATIONS (cont.)**

TIPCO	Tipco Foods Public Company Limited
TV	Television
WACC	Weighted Average Cost of Capital
YoY	Year-Over-Year



## **CHAPTER I**

### **INTRODUCTION**

Oishi Group Public Company Limited (Oishi/ the company) is a subsidiary of Thai Beverage Public Company Limited (ThaiBev) and was listed on the Stock Exchange of Thailand (SET) in August 2004. The company was established in 1999 and is situated in Bangkok, Thailand. Oishi operates Japanese restaurants throughout Thailand and around the world through its subsidiaries. Oishi operates in two segments: Food and Beverage. The company also sells ramen, snack, frozen meals, ready-to-cook, ready-to-eat items, green tea, fruit juice flavored drinks, herbal drinks, and drinking water, besides food and beverage products under the Oishi brand.

Oishi is a mid-market capital stock with a market value of 15.7 billion baht. ThaiBev, which is Oishi's largest shareholder, has the majority of 79.66% of the company's paid-up capital. Furthermore, Oishi's dividend payout is roughly 55% to 65%. Due to high cash-generating capabilities and liquidity, it will reach 77% in 2021, with a dividend policy of not less than 40% (Oishi, 2021).

The company's total sales and service revenue were 11,007 million Thai Baht in 2020, down 19.2% from 13,631 million THB in 2019, due to the Covid-19 pandemic, particularly lockdown regulations. As a result, the ratio of beverage sales and services to food sales and services fell to 55:45 from 48:52 in the previous year. In addition, the ratio of domestic to international revenue is roughly 90:10 (Oishi, 2021).

According to the sales projections, it is assumed to increase by 0.8% of the compound annual growth rate (CAGR) from 2021 to 2024, primarily due to increased domestic and international sales. After 2024, we estimate that the company's sales will rise at a constant rate of 2.95% per year, based on Oishi's historical sales revenue performance.

This paper aims to estimate the stock price of Oishi for the years 2021 and 2022, using the relative valuation, including the study of financial and business performance. So, first of all, there will be an introduction of Oishi with its product portfolio and operational activities. Secondly, the analysis of the country's economy,

industry in which Oishi is operating, and comparable competitors to apply in relative valuation will be described. Next, historical financial statements analysis is conducting, and besides critical statements, projections are carried out. Following is the valuation of Oishi and the potential risks and downside possibilities that may affect the recommendation. Finally, the conclusion part will summarize all analysis and valuation results.

We recommend the "HOLD" for Oishi's stock with a target price of 43.32 Baht through relative valuation, representing a 3.8% upside from the closing price of 41.75 Baht on July 7, 2021.

**Table 1.1 Market Profile and Recommendation**

Data Date July 7, 2021	
<b>Recommendation</b>	HOLD
<b>Target Price</b>	THB 43.32
<b>Closing Price</b>	THB 41.75
<b>Upside / Downside</b>	3.80%
<b>52-Week Range</b>	37.75 - 50.50
<b>Dividend Yield</b>	2.97%
<b>Share Outstanding</b>	375 MN
<b>Market Capitalisation</b>	15,656.25 MN
<b>P/E</b>	21.43
<b>EPS</b>	THB 1.88
<b>Dividend Per Share</b>	THB 1.24



Source: S&P Capital IQ. (2021)



## **CHAPTER II**

### **BUSINESS DESCRIPTION**

#### **2.1 Introduction to Oishi**

Oishi is regarded as one of the largest Thai Conglomerates operating Japanese restaurants and distributing Green Tea Beverages. Oishi has had a strong market position and significant market share in the food and beverages industry for 20 years.

Oishi was established in 1999 and ran a Japanese restaurant operation under the "Oishi" brand name in Thailand. In 2004, Oishi was listed on SET with the registered capital of THB 375 million, in the name of ticker OISHI. Started in 2007, Oishi introduced non-alcoholic beverages. After two years of being a listed company, ThaiBev became the major shareholder with 79.66% in 2008. In 2019, Oishi Delivery Company Limited was set up to meet customers' lifestyles and demands with delivery and online services.

Oishi is operating businesses and exporting its products worldwide. The company established Oishi International Holdings Limited in Hong Kong in 2012 to support international expansion. Further, in 2014, more subsidiaries were founded in Thailand, Singapore, Myanmar, and Vietnam to expand their presence. Later, Oishi set up not only subsidiaries but also business operations that were generated in foreign markets.

Remarkably, in February 2020, the company changed Par Value to THB 1/share from an initial of THB 2/share, which will be effective onwards. Currently, the shares outstanding of Oishi is 375 million shares in total. The company has achieved Thailand's Most Social Award 2020 and Thailand's Most Admired Brand 2020. Also, Oishi has been appraised as "A+" for the credit rating by Tris Rating Co., Ltd. The rating reflects Oishi's strong position in the market as a well-recognized brand and healthy finance. As for the outlook, Oishi is expected to be stable and will be able to sustain its

position in both the ready-to-drink (RTD) tea market and restaurant businesses (Oishi, 2021).

Oishi's RTD tea sustains the number one market share among competitors in 2020 during the Covid-19 pandemic, though sales were lower than in 2019 (**Figure 2.1**). As a market leader, the Oishi beverage sector has held a strong position as number one in Cambodia, Laos, and Myanmar, although the Covid-19 situation affected exporting (Oishi, April 8, 2021).



**Figure 2.1 Oishi and Competitors' Market Share of Ready-to-Drink Tea in 2020**

Source: Oishi. (2021). *Annual Report 2020*

### 2.1.1 Current Financial Highlights

According to Management Discussion and Analysis, quarter 1 of 2021 (1Q 2021) ended on March 31 (Oishi, 2021). Due to the Covid-19 pandemic, total sales and service revenue are down compared to the previous year, resulting in decreased export sales and fewer dine-in customers at the restaurant business. However, because the corporation can control expenses well, there is less influence on the total profit margin. In 2020, the net profit margin is 9.2%, up from 9.0% in 2019 (**Table 2.1**). Besides, thanks to solid operating results and debt-free operations, Oishi's financial situation remained strong enough to fund future investment (no interest-bearing debt on the balance sheet).

**Table 2.1 Financial Ratios of Oishi**

(THB mn)	Year			Quarter		
Financial Ratios	2019	2020	% Change	1Q20	1Q21	%Change
Gross Margin (%)	35.3%	32.9%	-6.8%	35.5%	33.1%	-6.8%
EBITDA Margin (%)	16.1%	16.7%	3.7%	17.5%	17.8%	1.7%
Net Margin (%)	9.0%	9.2%	2.2%	10.6%	8.4%	-20.8%
Current Ratio (x)	2.0	2.1	5.0%			
D/E Ratios (x)	0.0	0.0	0.0			
Cash and Cash Equivale	1,127	1,700	50.8%			

Source: Oishi. (2021). *Analyst Meeting 2020*

### 2.1.2 Vision and Mission Statements of Oishi

The vision Statement of Oishi Group is "to be the leader and innovator of the Japanese food and beverage business for the quality of life and wellness of consumers and create sustainable business growth" (Oishi, 2021).

Oishi set up mission statements for various aspects of operations, such as the choice of raw materials, production processes, quality of products, etc.

1. "Maintain the quality of production and service of the restaurant, bakery, and health beverage businesses, as well as maintaining the popularity of 'Oishi' products among the customers, and give priority to the standards of the product manufacturing and operation.
2. Select quality raw materials that bring the highest customer satisfaction in order to be well recognized in both local and overseas markets.
3. Continuously improve the production process by using modern technology as well as the research and development of products.
4. Increase production efficiency and the Company's competitiveness, in terms of prices and quality, against the local and overseas market competitors. This will help contribute to Thai economic growth.
5. Conduct business in accordance with good governance principles while considering all stakeholders' benefits in order to create sustainable business growth." (Oishi, 2021)

### 2.1.3 Products Portfolio of Oishi

Oishi is operating a business under two main segments: Japanese food and beverages. Under the food sector, the company operates Japanese-style restaurants. It distributes ready-to-eat and ready-to-cook packaged food with the support of its subsidiaries through Thailand and other operating countries. Oishi has opened over 268 restaurants covering throughout Bangkok, regarded as tourist areas and provincial areas. As an overseas outlet store, one branch of Shabushi has been operated in Myanmar with a supporting subsidiary, Oishi Myanmar Ltd. Most outlets take place at the frequently visited malls. Since various Japanese restaurants are operated in many reachable areas, the company wants to cover nearly all target groups of customers for this business segment (Oishi, 2021).



**Figure 2.2 Various Types of Japanese Restaurants Operating Under "Oishi"**

Source: Oishi. (2021). *Annual Report 2020*

Another segment under food business Oishi operates is the production and distribution of Japanese style ready-to-cook (frozen) and ready-to-eat (chilled) products. Both product types are targeted at those who prefer convenience with limited time but concern about quality and value for money. Convenience stores and supermarkets play the distribution medium for those products in Bangkok and provincial areas, especially 7-Eleven stores. Oishi distributes packaged food to foreign markets to expand its



international presence and maintain its original customer base with the help of local and overseas subsidiaries in Myanmar, Singapore, Hong Kong, and Vietnam (Oishi, 2021).



**Figure 2.3 Various Products of Packaged Food Distributing Under "Oishi"**

Source: Oishi. (2021). *Annual Report 2020*

Under the beverage sector, Oishi produces and distributes Japanese green tea with various flavors and different bottle sizes for diverse consumer segments. There are three different beverage brands under the "Oishi" name: OISHI GREEN TEA, OISHI GOLD, and OISHI CHAKULZA. The company focuses on young generations like teenagers, college students, and working-age consumers who are careful of health and modern. As the most contributor of overall revenue for recent years, Oishi has been distributing more than 80% of beverages through a strong distributor, ThaiBev and Sermasuk Public Company Limited, domestically and internationally to maximize the coverage efficiently (Oishi, 2021).



**Figure 2.4 Brands of Ready-to-Drink Green Tea Beverages of Oishi**

Source: Oishi. (2021). *Annual Report 2020*

Another product and service line that Oishi has recently introduced and operated is called Oishi Delivery, together with one of the subsidiaries of Oishi, Oishi Delivery Co., Ltd., in 2019. The company established its delivery service; meanwhile, Oishi serves online orders through Grab Food, Food Panda, and Line Man within Bangkok, also available in other districts. The purpose is to serve Oishi Group restaurants' healthy and fresh menu at any time conveniently by targeting the young generation consumers, especially health lovers. Moreover, Oishi has started one brand of Oishi To Go and one Oishi Food Truck for consumers to serve delicious and healthy dishes conveniently (Oishi, 2021).

## 2.2 Revenue Structure

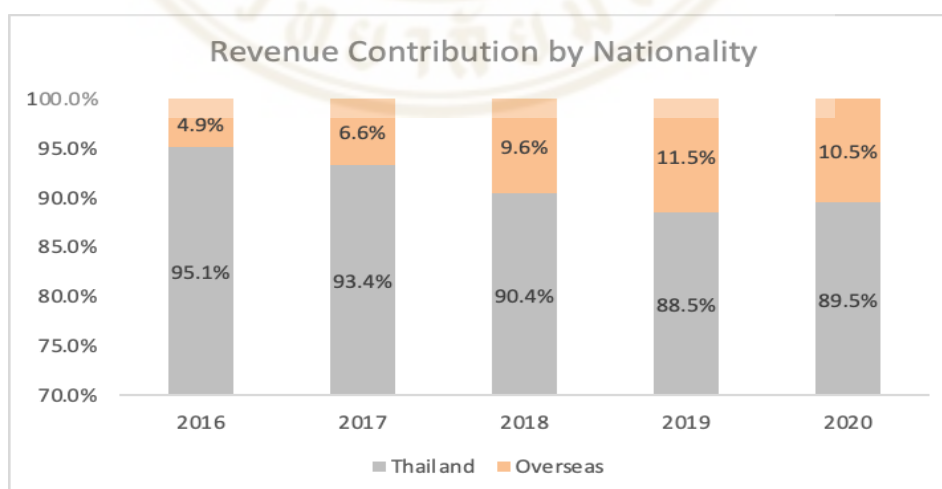
The beverage and food businesses generated roughly 56% and 44% of Oishi's sales in 2020, respectively (**Table 2.2**), with the food business sales consisting of restaurant and packaged food sales. For 2020, overall sales from two segments were 11,366 million THB, down from 13,757 million THB in 2019. This decrement is primarily due to a drop in sales from the food business due to the impact of Covid-19.

**Table 2.2 Revenue Structure**

		Consolidated Financial Statements					
		2020 (as of September 30, 2020)		2019 (as of September 30, 2019)		2018 (as of 30 September 2019)	
Income by business type	Operated by	Million Baht	%	Million Baht	%	Million Baht	%
Beverage business	The Company and Oishi Trading Co., Ltd	6,340	56%	6,602	48%	6,927	51%
Food and restaurant business	The Company, Oishi Ramen Co.,Ltd., Oishi Food Services Co., Ltd. and Oishi Myanmar Limited	5,026	44%	7,155	52%	6,653	49%
<b>Total</b>		<b>11,366</b>	<b>100</b>	<b>13,757</b>	<b>100</b>	<b>13,580</b>	<b>100%</b>

Source: Oishi. (2021). *Annual Report 2020*

In Thailand and other countries where Oishi's Japanese restaurants are opening had to follow government regulations to prevent the spread rate of Covid-19 like social distancing and awareness of health and safety. Besides, since the beginning of 2019, the sales contribution from the overseas market has increased by slightly more than 10% over the previous year (**Figure 2.5**). The sales distribution between domestic and overseas is around 90:10.

**Figure 2.5 Revenue Contribution by Nationality (% of total revenue)**

Source: Refinitiv (2021), Oishi. (2021). *Annual Report 2020*



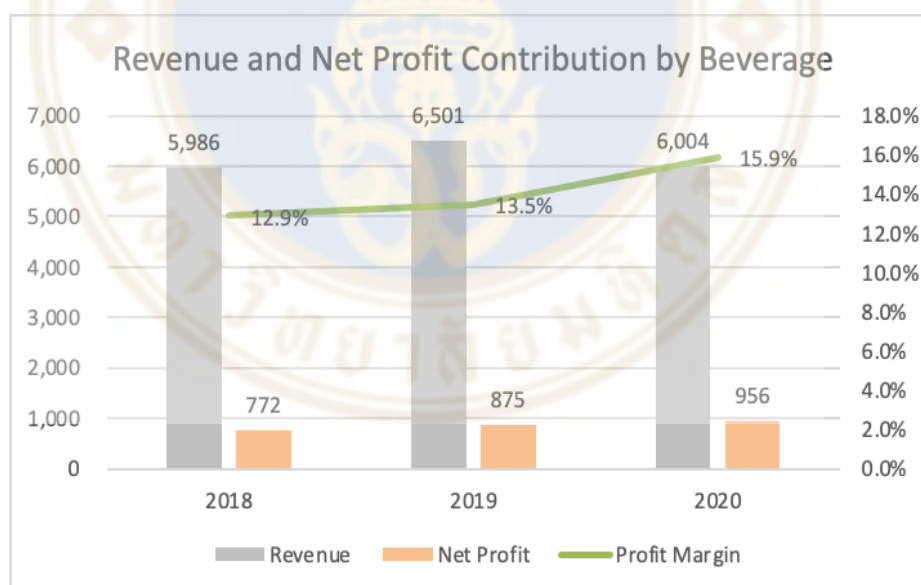
## 2.2.1 Sources of Revenue

### 2.2.1.1 Revenue Contribution by Beverage Business

The beverages produced and sold by the company and Oishi Trading Co., Ltd. include Oishi Green Tea, Oishi Gold, Oishi Black Tea, Oishi Chakulza, and Jubjai.

The sales from beverage and service in 2020 were 6,004 million THB, down 497 million THB or 7.6% from the previous year. The decline in beverage sales is primarily due to a loss in exports and order delays caused by the COVID-19 outbreak in crucial export countries like Cambodia and Myanmar.

Domestic sales increased thanks to the launch of "Oishi Plus C" and a summer campaign that has helped expand young customers' base through online channels. In addition, the company efficiently managed to control and reduce packaging costs and facility renovation costs. As a result, in 2020, the net profit increase (excluding extraordinary items) increased by 9.3% for one year (**Figure 2.6**).



**Figure 2.6 Revenue and Net Profit Contribution by Beverage Business Segment**

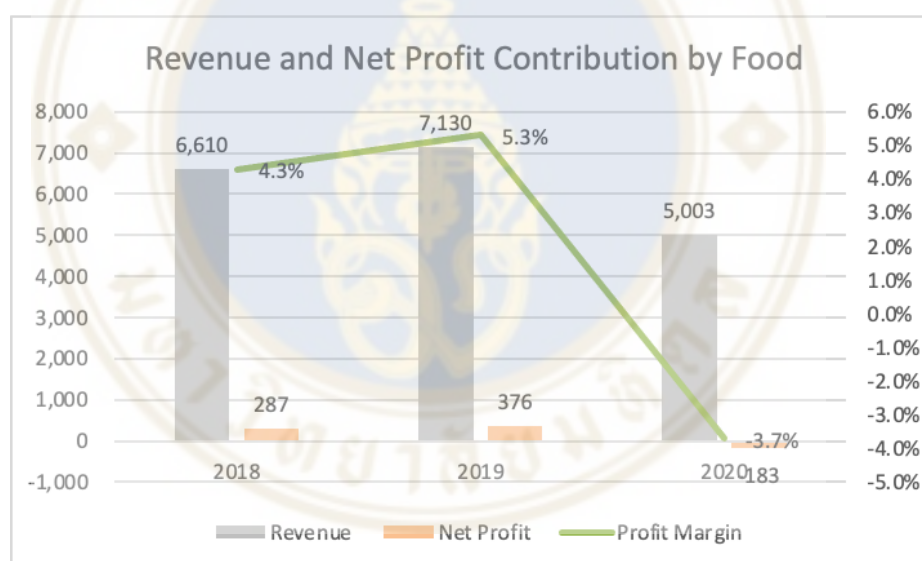
Source: Oishi. (April 8, 2021). *Analyst Meeting of 1Q21*

### 2.2.1.2 Revenue Contribution by Food Business

The food business is run by Oishi Ramen Co., Ltd, Oishi Food Services Co., Ltd, and Oishi Myanmar Limited, including restaurants and packaged

food. It operates Japanese restaurants and a snack shop under Oishi Grand, Oishi Japanese Buffet, Nikuya, Shabushi, Oishi Ramen, Oishi Delivery, Kazokutel, and Kakashi.

In 2020, food sales totaled 5,003 million THB, a significant decrease of 7,130 million THB (42.5%) from the previous year (**Figure 2.7**). Due to the government initiatives to contain the pandemic, such as a social distancing policy limiting the number of customers who attend and a shorter operational period for restaurants. The Company then developed the new Oishi-to-go model, which offered a variety of menu options for takeout. The growing number of outlets that may offer delivery channels presented appealing promotional campaigns that helped mitigate decreasing dine-in sales. Furthermore, TFRS 16 resulted in higher costs, hurting the food business the most (Oishi, April 8, 2021).



**Figure 2.7 Revenue and Net Profit Contribution by Food Business Segment**

Source: Oishi. (April 8, 2021). *Analyst Meeting of 1Q21*

### 2.3 Oishi's Strategies

Oishi has set up key business strategies which are the main contributor to the whole company, including all food and beverage businesses' success in 7 different perspectives.

**Brands** – Oishi focuses mainly on product quality to build up and strengthen the brand image to recognize consumers who are health conscious and love Japanese-style dining. Additionally, the company is determined to fulfil and meet consumers' lifestyles with healthy, fresh, various, and nutritious menus in innovative ways related to products, activities, and campaigns in reaching out to the new generation of consumers.

**Growth** – the company sticks to the growth of its business sectors. Its growth strategy mainly aims to drive sales growth, operating performance, and innovations in both the food and beverage businesses in domestic and international markets.

**Diversity** – Oishi aims to serve and fulfil the demands of all consumer groups in alignments by offering many ranges of products and services. The company continues to expand its businesses overseas to diversify revenue streams. With the collaborations of professional teams and subsidiaries, Oishi aims to enter high potential markets, domestically and internationally.

**Reach** – the company's major distributors and subsidiaries are the primary support of the firm distribution strategy for Oishi products. Working together with a skillful marketing team results in the broad coverage of products to consumers.

**Professionalism** – the company has a professional build-up strategy to reinforce professional teams and collaborations through developed human resources functions and a good working environment.

**Customer Analysis Strategy & Continuous Marketing Strategy** – company performs marketing activities to learn customers' perspectives about the products to maintain and implement public relations consistently (PR) strategy in several media like television (TV), radio, and printing. Now additionally, it focuses on the new online digital media.

**Efficient Cost Management Strategy** – throughout efficient raw material cost management and good relationship and negotiation skills with suppliers, the company maintains production costs, business performances, and product quality. Moreover, the result contributes to the company get savings from the economy of scale.

Oishi has set up new strategic priorities for 2021 for each business line, restaurant, beverage, and packaged food (**Figure 2.8**).



**Figure 2.8 Oishi Group's Strategic Priorities for FY2021**

Source: Oishi. (April 8, 2021). *Analyst Meeting 2020*

Oishi commits itself to the environment, economy, and society to bring up better and positive developments as an international corporation. Oishi has set up its standards and responsibility for the external environment in which it operates and profits. Oishi is aiming to sustain their success through maintaining and caring for the environment. So, the company wants to use eco-friendly packages for reuse. Besides, Oishi has set up good terms of waste management to reduce waste efficiently in the production and raw material procurement processes. Economically, Oishi wants to sustain it by providing innovative and healthy products and services. Finally, Oishi provides many scholarship programs for the entire society and implements and leads environmental projects. During this critical and sensitive Covid-19 situation, the company takes care of employee's health (Oishi, April 8, 2021).

### 2.3.1 SWOT Analysis of Oishi

Through studying Oishi's operations, we learned its core strengths and the weaknesses and external impacts. The following is a summary of Oishi's SWOT analysis. The detailed and complete analysis is provided in **Appendix A**.

## 2.4 Management and Corporate Governance

In 2020, according to the report from the Thai Institute of Directors Association, Oishi had scored 92 in corporate governance scores, higher than the average scores of listed companies, 83 (**Figure 2.9**).

Good Corporate Governance Scores									
	Oishi Group							★ 2020	Listed co Avg 2020
	2014	2015	2016	2017	2018	2019	2020		
Rights of Shareholders	89	94	95	95	95	95	95	94	
Equitable Treatment of Shareholders	96	98	99	99	99	99	99	94	
Role of Stakeholders	76	80	79	91	92	93	97	83	
Disclosure and Transparency	84	87	89	93	96	96	97	87	
Board Responsibilities	70	76	81	81	85	84	85	76	
<b>Total score</b>	<b>78</b>	<b>84</b>	<b>86</b>	<b>88</b>	<b>91</b>	<b>91</b>	<b>92</b>	<b>83</b>	

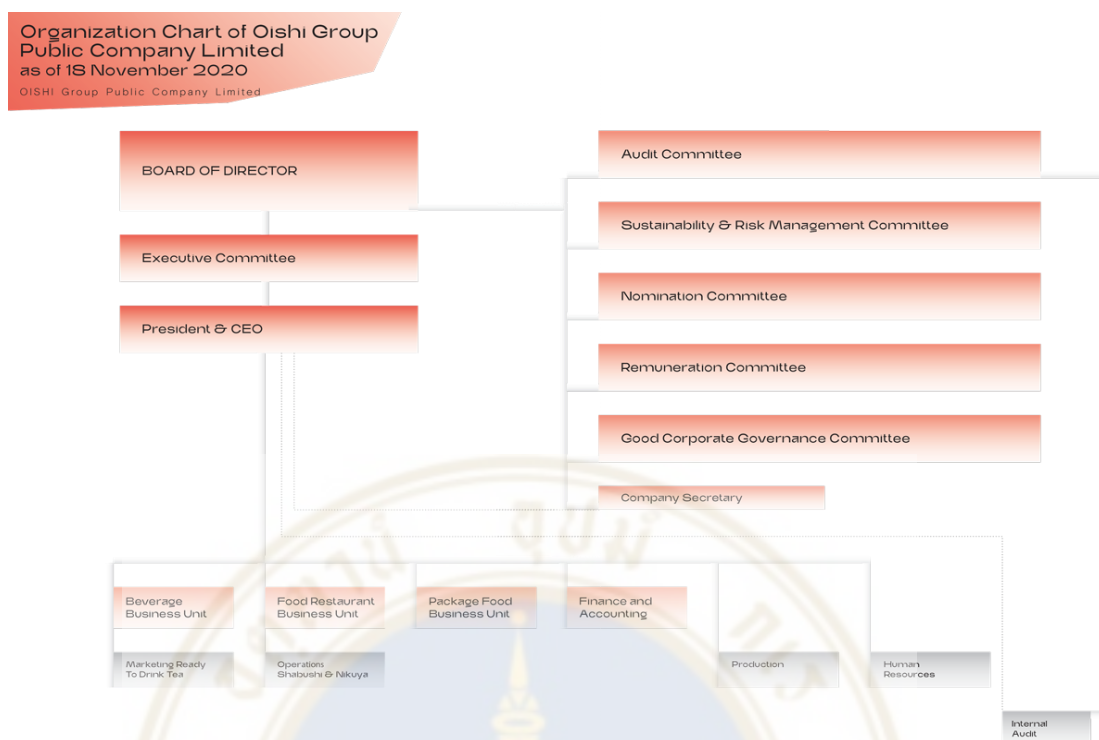
**Figure 2.9 Corporate Governance Scores of Oishi**

Source: Oishi. (April 8, 2021). *Analyst Meeting 2020*

The company has seven committees, according to the Securities and Exchange Commission's notification dated November 18, 2020 (Oishi, 2021), including the Board of Directors (BOD), Executive Committee, Audit Committee, Sustainability and Risk Management Committee, and Good Corporate Governance (CG) Committee (**Figure 2.10**). President & Chief Executive Officer, Executive Vice President, Senior Vice President, and Vice President are the company's executives.

Oishi's BOD recognizes the necessity of conducting business transparently and honestly. The BOD has established its CG policies following the SET principles to ensure transparency and build confidence among shareholders, investors, and other related parties, intending to raise its CG to parity with other leading companies. By 2020, Oishi is recognized as an excellent CG business by the Thai Institute of Directors Association, supporting the SET (Oishi's CG score from SET is 5).





**Figure 2.10 Organization Chart of Oishi Group Public Company Limited**

Source: Oishi. (2021). *Annual Report 2020*

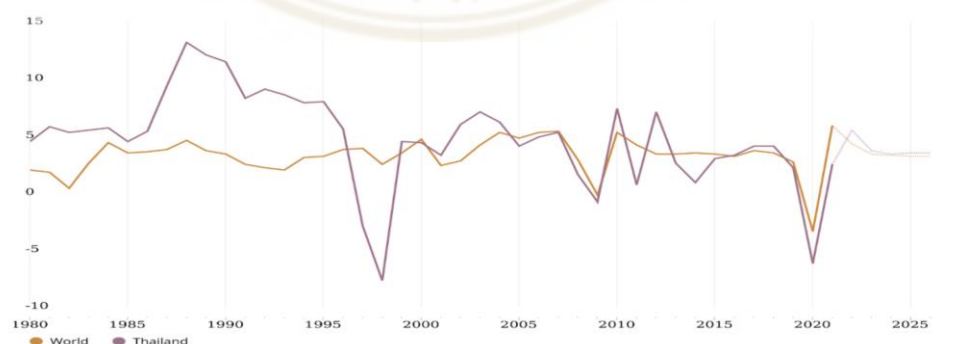
## CHAPTER III

### ANALYSIS OF MACROECONOMY, INDUSTRY, AND COMPETITORS

#### 3.1 Thailand's Macroeconomic Outlook

##### 3.1.1 The GDP of World and Country

Thailand has made significant economic and social progress over the past decades, thanks to a robust policy framework, a welcoming business environment, and a focus on citizens' well-being. There would positively impact Thailand's real gross domestic product (GDP) growth under the Thailand 4.0 strategy. According to the Ministry of Commerce, Thailand 4.0 aims to encourage and support creativity, innovation, research and development (R&D), higher technologies, and green technology. However, beginning early 2020, the global outbreak Covid-19 has had a significant impact on the economy. According to the World Economy Outlook, global real GDP growth was -3.3 % in 2020 and 6 % in 2021, reported by the International Monetary Fund (IMF). In contrast, Thailand's real GDP growth would be 2.6 % in 2021 (Figure 3.1).



Annual Percent Change	2019	2020	2021 (F)	2022 (F)	2023 (F)	2024 (F)	2025 (F)
World	2.8	-3.3	6	4.4	3.5	3.4	3.3
Thailand	2.3	-6.1	2.6	5.6	3.8	3.5	3.6

**Figure 3.1 The World and Thailand's Real GDP growth (Annual % change)**

Source: IMF World Economic Outlook. (April 2021)



### 3.1.2 Economic Glance and Outlook

Currently, the economic recovery would be slow, and achieving high-income country status will necessitate more policy reforms to increase productivity and build human capital. Due to tourism being one of the significant contributors to Thailand's GDP, the pandemic's lengthy duration and impact on the tourism sector remains a significant downside risk. Many countries have been put on lockdown, and international travel has been limited and controlled indefinitely, negatively impacting Thailand's tourism economy. As a result, Thailand's economy has suffered a more significant decline than that of other countries. Furthermore, Thailand's exporting sector is another critical economic sector affected by the epidemic, creating worldwide supply chain delays and major commercial disruptions.

The economy is projected to rebound in 2022, when most people have been vaccinated against Covid-19, after falling sharply in the previous two years. Exports should gain from a rebound in key international markets. Moreover, the ASEAN market plays an essential role in Oishi's overseas operations. The company strives to consistently improve its export business across ASEAN markets to achieve higher sales performance in Cambodia, Laos, and Myanmar.

### 3.1.3 Thailand's Population Trend and Consumer Expenditure

According to the Trade Markets report (2021), Thailand is Southeast Asia's second-largest economy after Indonesia. Its upper-middle-income position serves as an economic anchor for its growing neighbor countries. Rising wages in the country instill hope in the population and drive consumer demand for a wide range of goods. Consumers have been spending more on experiences, such as dining out and travelling, as their incomes have increased. Thai consumers have a penchant for overindulging and making impulse purchases, according to the Statistics report value of household consumption expenditure in Thailand in 2019 (**Appendix E**). We calculated the proportion of consumption expenditure by product category in total expenditure. They consume many foods and non-alcoholic beverages, restaurants, hotels, and transportation, accounting for 23.0%, 18.4%, and 13.8% of all purchases, respectively (**Table 3.1**).

**Table 3.1 Individual Consumption Expenditure of Thailand**

Consumption Expenditure By Product Category	% of Total Expenditure
Food and non-alcoholic beverages	23.0%
Restaurants and hotels	18.4%
Transport	13.8%
Miscellaneous goods and services	12.6%
Housing, water, electricity, gas and other fuels	8.7%
Recreation and culture	5.5%
Health	4.5%
Clothing and footwear	4.1%
Furnishings, household equipment and routine maintenance of the house	4.1%
Alcoholic beverages, tobacco and narcotics	3.0%
Communication	2.0%
Education	0.2%

On the other hand, according to the Department of Economic and Social Affairs studies, 58% of the Thai population is between 25 and 69 years old (United Nations Population, 2021). Moreover, the younger generation is more interested in leading a healthy lifestyle; thus, they spend much money on healthier food and supplement products. Consumer confidence has been improving in Thailand due to social media and ongoing economic progress, which has promoted more spending.

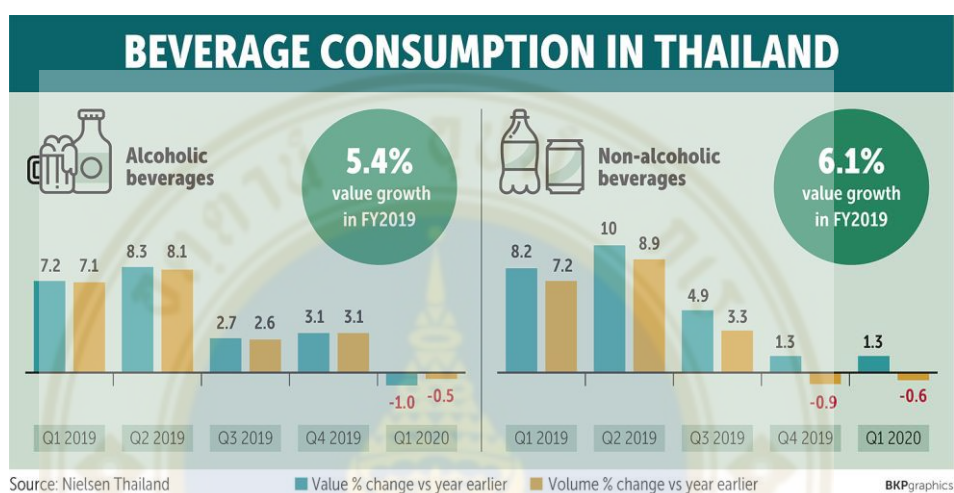
## 3.2 Analysis of Food and Beverage Industry

### 3.2.1 Industry Pattern

The industry where Oishi has been operating, the food and beverage industry, can be mentioned as an Oligopoly market, where firmly positioned firms to dominate with significant barriers. The dominated firms are making profits and creating value through product differentiation since commodity products are mostly look-alike also, the basic needs of consumers. Products are differentiated and upgraded to match most consumers' tastes, seasonal needs, and changing lifestyles. So, R&D plays a vital role in continuously studying the market, competitors, and consumers' behavior. Here, massive advertising and marketing are the most helpful tools to build up the firms' and product's position and value. Because of the nature of the industry, competition is intense, so it is essential to be in touch and communicate with both loyal and potential consumers with a vast network of distribution.

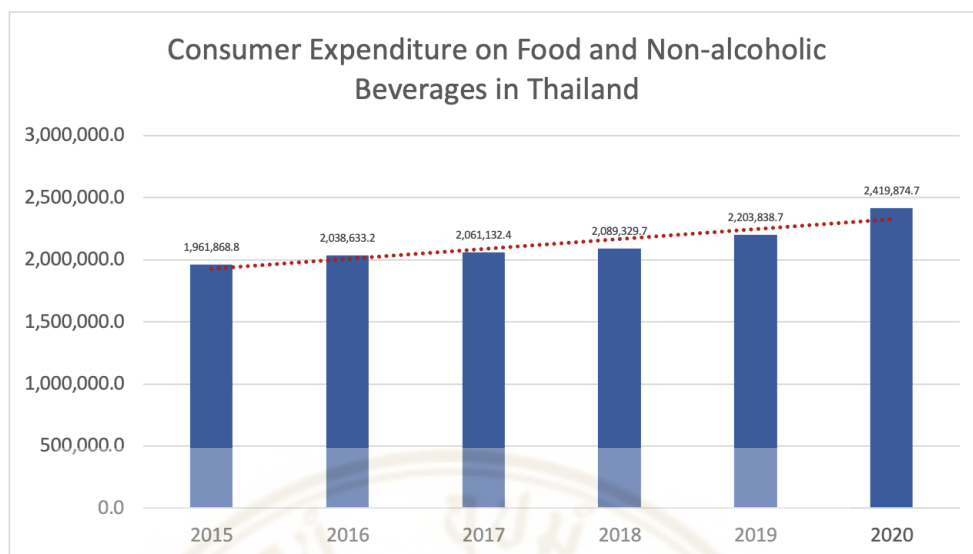
### 3.2.2 Consumption or Demand

When considering the consumption or demand, the focus will be only on food and the non-alcoholic sector. During the outbreak of the Covid-19, the sales of non-alcoholic drinks suffered decreased sales volume and value in 2020 due to the distribution issue and more health awareness. However, the non-alcoholic beverages sector has seen a better situation than alcoholic drinks (**Figure 3.2**).



**Figure 3.2 Beverage Consumption in Thailand**

The consumers' expenditure on food and non-alcoholic drinks from 2015 to 2020 has a slightly upward trend, which means some market opportunities are underlying to be explored and exploited (**Figure 3.3**). Firms have to make sure that they possess competitive advantages against strong peers because of less price sensitivity of consumers due to the product's nature and various choices.



**Figure 3.3 Consumer Expenditure on Food and Non-alcoholic Beverages in Thailand**

Source: Euromonitor. (2021)

Among the soft drink categories under non-alcoholic beverages, carbonated drinks dominated most market shares in 2019, followed by drinking water (**Figure 3.4**). In 2020, during the Covid-19, all those drinks had suffered a decrease in sales. The reason is the weak distribution channels.



**Figure 3.4 Soft Drink Market of Thailand, 2019**

### **3.2.3 Role of Advertising and Distribution**

Knowing that marketing and advertising are practical and valuable for firms in the food and beverage industry, the utilization trend of those tools also needs to be studied. Both advertising and marketing campaigns were not staying at the same place. They kept changing according to the social standards and usage of technologies. Earlier, companies advertised in traditional ways through printed media, radio, and TV. Then, as the numbers of internet and social media users increase in Thailand, they exploit advantages by using the internet effectively to communicate with consumers constantly with online and digital marketing through mainly utilized social applications like Facebook, Instagram, and LINE. Thanks to social media applications, many famous bloggers have evolved to provide information and recommendations for specific areas such as electronics, hotels, beauty services, and restaurants or foods. Some restaurants and food services are working together with famous and reliable food bloggers also with social influencers as a tool for advertising.

When it comes to the distribution or supply chain part, most companies work together with reliable national distributors to reach out to almost every part of the domestic country when expanding business internationally. At least, firms establish subsidiaries to focus only on distribution. For example, the distribution network of Oishi for almost all product types depends upon ThaiBev.

### **3.2.4 Covid-19 Changing Consumer Behavior**

#### **3.2.4.1 Healthy and Well-being Trend to Meet Consumer**

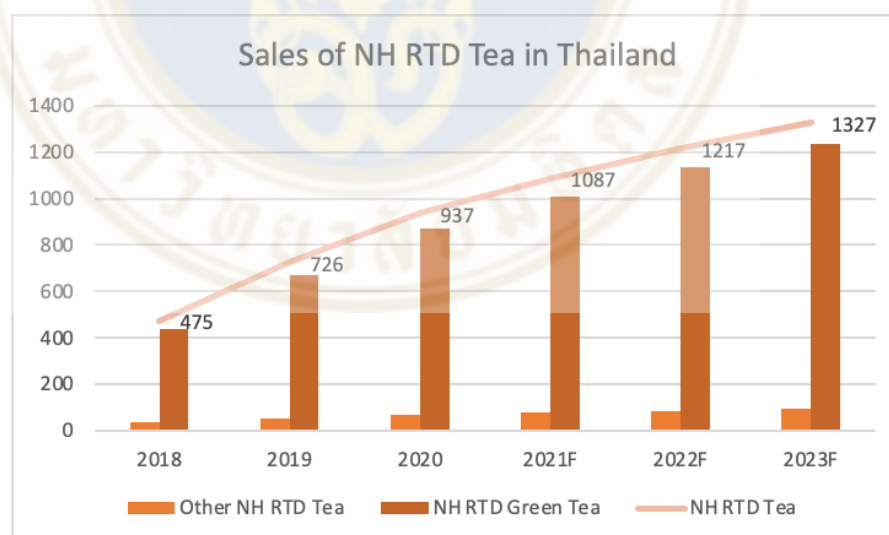
Needs

The Food Marketing Institute (FMI, 2021) report stated that the Covid-19 pandemic had highlighted growing consumer interest in health and well-being and a new focus on the scientific connection between nutrient-rich foods and improved health. Increasingly, consumers are opting into buying foods and beverages that have specific healthy ingredients. On the other hand, together with the emerging healthy trend in Thailand, Thai food products have received much attention in foreign countries. Especially, operators in the ASEAN food and beverage industry are moving and growing continuously, following health care. According to this fact, food and beverages



are not just things to sustain life but more important in nutrition, such as having health benefits, convenience, and fast food.

Thailand's consumption lives have changed dramatically because of the Covid-19 pandemic. Consumers shifted their spending on more natural products and drinks due to the increased emphasis on health and immunity and the increased time spent at home. As a result, natural flavors, such as those created with fruit's natural sweetness rather than artificial ones, are more likely to be preferred by consumers. Therefore, domestic companies are well-represented in Naturally Healthy Beverages (NHB) in Thailand, and they have an advantage over international competitors due to their better understanding of local consumer preferences. Leading brands such as Oishi Gold Gyokuro No Sugar by Oishi Group PCL and the release of Shizuoka Tencha Gyokuro by Ichitan Group PCL (Ichitan) are good examples. According to the report, namely NHB in Thailand, naturally healthy RTD tea is expected to increase at a 25 % retail current value CAGR from 2018 to 2020 and a 10 % retail volume CAGR during the forecast period, resulting in 1.327 billion THB in sales by 2023 (**Figure 3.5**).



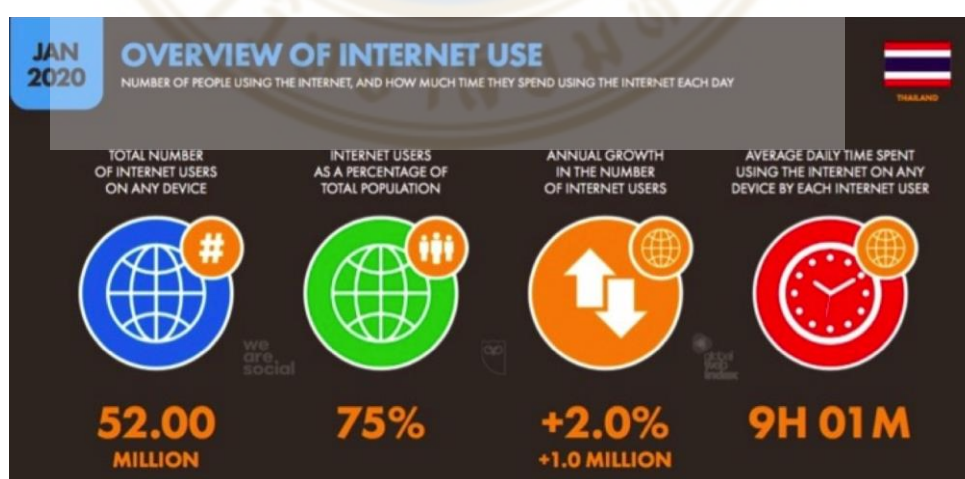
**Figure 3.5 Sales of Naturally Healthy RTD Tea in Thailand (THB Million)**

Source: Euromonitor. (January 2021)

### 3.2.4.2 Online Food Delivery New Normal Market

Since the COVID-19 outbreak, people's food-purchasing habits had shifted more to online when individuals avoided going out and isolated themselves. Food delivery applications that allow for home delivery transactions have become more popular than ordering online and picking up at the restaurant (Limsarun et al., 2021). The Covid-19 pandemic triggered an exponential growth rate (GR) of food delivery platforms in 2020, resulting in a 78-84 % increase in transactions, reaching 66-68 million compared to the previous year (Kasikorn Research Center, 2020). Currently, Line Man, GrabFood, Get, and FoodPanda is Thailand's four most extensive online food delivery services.

Besides, according to We Are Social and Hootsuite report Digital 2020, Thailand has 52 million internet users who spend about nine hours per day on mobile internet, which is higher than any other Southeast Asian country (**Figure 3.6**) (We are social and Hootsuite, 2020). Thailand's online meal delivery sector is one of Southeast Asia's fastest-growing online food delivery markets. Furthermore, consumers, particularly time-conscious office employees and middle-class groups in Bangkok, increasingly rely on meal delivery services (Sukanya & Russell, 2020). Thailand's changing lifestyles and the growing use of the internet and cellphones are some of the market's leading drivers.



**Figure 3.6 Overview of Internet Use in Thailand**

Source: We are social and Hootsuite. (2020). *Digital Report 2020*



### 3.2.5 Sugar Tax Pushes Innovation

Thailand has had a sugar-sweetened beverage (SSB) excise tax in place since September 2017. However, there are still doubts about how individual-level SSB consumption has changed after the tax was established. A nutrients study found that consumption of several taxed SSBs increased on average, and a significant change in consumption was for non-zero percentage sugar tea (500mL, bottle) (13.8 %). Green tea drinks have the least amount of sugar compared to other drinks and are consequently the least affected by tax (Phulkerd et al., 2020). As a result, RTD tea companies like Oishi were more likely to bear the tax burden in order to keep their product prices stable, allowing green tea companies to gain market share among middle-and low-income consumers in the first phase of excise tax on sugar drinks (Sept 16, 2017 - Sept 30, 2019).

As the second part of the excise tax on sugary drinks takes effect on October 1, 2019, Thailand's beverage sector wants to become more innovative with products and services by the forces of an increase in the sugar tax rate (**Figure 3.7**). In the year 2020, there was a rush of new product development in the category of NHBs. Two factors triggered this: first, the new sugary beverage excise tax, which went into force in October 2019, and second, a shift in consumer drinking patterns as the COVID-19 pandemic focused on health and well-being. As a result of these factors, innovations in unsweetened choices have emerged. Therefore, consumers are becoming more aware of the damaging effects of the high sugar tax and the increased focus on health, immunity, and nutrition brought on by the COVID-19 epidemic.

<b>NEW SUGARY DRINKS TAX</b>		
<i>Effective from Oct 1, 2019 – Sept 30, 2021</i>		
	<b>New rates</b>	<b>Current rates</b>
<6 grammes	<b>0</b>	<b>0</b>
6-<8 grammes	<b>10</b> satang	<b>10</b> satang
8-<10 grammes	<b>30</b> satang	<b>30</b> satang
10-<14 grammes	<b>1</b> baht 	<b>50</b> satang
14-<18 grammes	<b>3</b> baht 	<b>1</b> baht 
≥18 grammes	<b>5</b> baht 	<b>1</b> baht 

Unit: Sugar content/100ml



**Figure 3.7 Thailand's Sugar Tax Rate of Second Phase**

### 3.2.6 Oishi within the Food and Beverage Industry during the Covid-19 Outbreak

According to the analyst meeting of Oishi for the financial year 2020, food and beverage businesses' sales impacted the Covid-19 outbreak. However, Oishi could sustain its significant and robust market position as the market leader in the beverage sector and is one of the major players in the food sector (Oishi, February 10, 2021). Due to the type of industry, companies within the food and beverage industry must continuously study the market situation and economy. Oishi's most flexible and appropriate strategies support Oishi to be successful in surviving during a problematic situation. For example, thanks to the government's taxation on sugar level and consequences of the Covid-19, people got more attention on healthy lifestyle and realized the importance of healthy food and diet. Under these consumer behavioral changes, Oishi implemented new innovative premium drinks produced more naturally with less sugar. According to the analyst meeting on June 9, 2021, Oishi recently introduced new product categories focused on health and functional RTD green tea, like Oishi Gold Wakoucha and Oishi Gold Genmaicha. At Oishi's restaurants, the menus are updated every 2 to 3 months to meet consumers' demands and the promise to provide healthy and fresh meals (Oishi, June 9, 2021).

Besides, to get in touch with consumers, Oishi has made good use of all communicating channels and online marketing campaigns, including influencer

marketing in introducing new products. Oishi is very well known of the industry situation and what areas need to be exploited. When consumers were afraid of going outside and working from home, Oishi expanded the online delivery service through its delivery channel and delivery partners. In the food sector, Oishi provides campaigns at stores and on delivery. Oishi realizes the importance of R&D and invested a lot in that area to fulfil consumers' demands, create differentiation, increase its competitiveness, and reach out to more consumers.

### 3.3 Oishi and Peers in the Competitive Market

To analyze the competition state of Oishi, Porter's Five Forces model is conducted, generally including all perspectives from the food and beverage sectors.

#### 3.3.1 Porter's Five Forces

**High competition in the industry:** although Oishi has various business sectors, they are not much different from competitors. There are few competitors around Oishi's market position, but each has a relatively strong capability of operations and marketing. Moreover, Oishi has to compete against solid and same-sized peers in each product line, Japanese restaurant, packaged food, and RTD tea products. In the middle of the intense competition, Oishi has an advantage in stores or restaurant locations and distribution network with the support of Thailand's largest distributor, ThaiBev.

**The medium potential of new entrants:** when considering all business lines of Oishi, it seems like the threat of new competitors is not very low because newcomers will be there at any time separately. Due to demand and popularity, sales figures of restaurants, besides, with the advanced technology and machines, newcomers can enter the market with fewer assets at first but with mass interest in marketing and public promotions. Still, they need more expenditure for R&D and distribution channels.

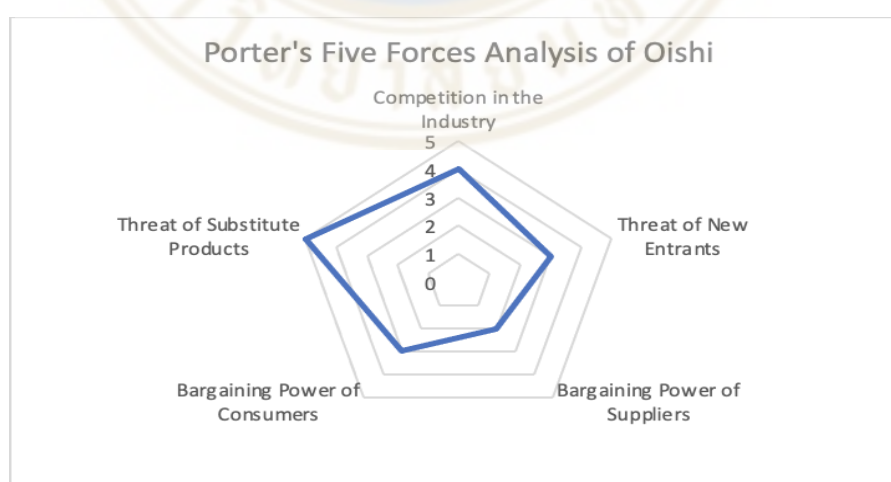
**Low bargaining power of suppliers:** Oishi mainly focuses on product quality as the critical factor to fight against competitors. So, premium qualified raw materials are required for the restaurants and beverages and packaged foods. Oishi needs to have qualified and trustworthy suppliers to prevent the material shortage and disadvantage in pricing. Because of those factors, Oishi has a policy not to depend upon

only one or very few competitors and always continue looking for qualified suppliers with medium to long contracts. As for the suppliers' side, they may not want to lose customers like Oishi, who frequently orders large quantities, would affect their sales and income.

**Medium bargaining power of consumers:** according to Oishi's target group of customers, middle and high income, who are less price-sensitive and want to be offered value of money products with essential qualities, it seems Oishi's consumers have not so much power but not that very low. It tends to assume that due to Oishi's capabilities like being flexible, fulfilling market and consumer behavior changes with healthy and fresh materials, updated and innovative services, and usage of advanced technology.

**Very High threat of substitute products:** for each product line of Oishi has a higher chance to face the substitute products' threat. For example, RTD tea beverages can be substituted by instant coffee or fruit juice and ice cream. Other convenient delivered meals can replace packaged foods due to easy online service and delivery. For the Japanese-style restaurants, other small, medium, and only online service ones and take-away service counters can be its threat (Oishi, 2021).

The following diagram (**Figure 3.8**) is provided to access Porter's Five Forces analysis of Oishi easily and visually.



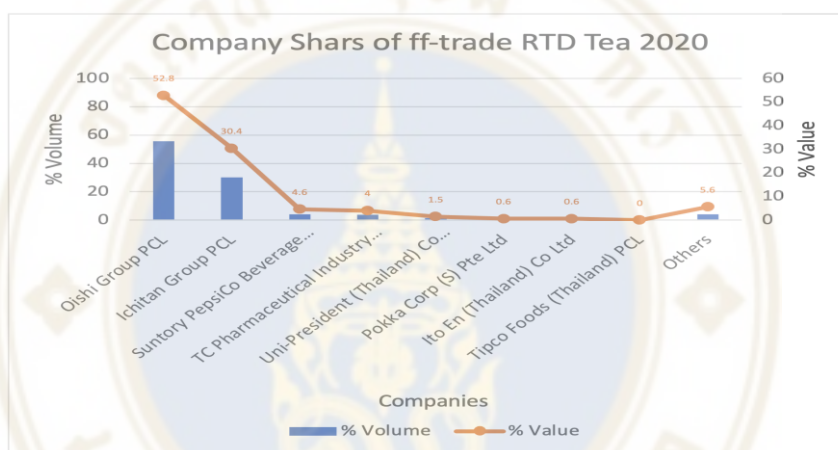
**Figure 3.8 Porter's Five Forces Analysis of Oishi**

### 3.3.2 A Suitable Benchmark for Oishi

As a conglomerate, Oishi currently operates three primary business segments, Japanese-style restaurants, packaged foods, and beverages. So, when determining the competitors of Oishi, it is required to identify potential ones for each business segment.

#### 3.3.2.1 Beverage Business

Oishi is positioned as the market leader in RTD tea sales, in both volume and value in Thailand among its competitors, according to data from Euromonitor (**Figure 3.9**).



**Figure 3.9 Company Shares of Off-trade RTD Tea in Volume & Value**

Source: Euromonitor. (2021)

Among all those competitors, the most threatening competitors to Oishi are Ichitan Group PCL and Tipco Foods PCL in terms of sales and due to the nature of business and product types for the beverage sector. Other competitors significantly influence Oishi in terms of products and marketing strategies as customers have comprehensive alternatives within the same store. Oishi has to be ahead of its competitors since it contributes significantly to its yearly revenue.

**Ichitan Group PCL**, founded in 2010, is headquartered in Bangkok, Thailand manufactures and distributes RTD green tea drinks, herbal drinks, juice mixed with jelly, and energy drinks. It also suffered the impact of the economic downturn and decreased sales due to the Covid-19 outbreak. Ichitan has focused on



functional soft drinks and expansion export operations to hedge and diversify the risks and losses. In 2020, Ichitan followed Oishi's position as a second market leader in the RTD tea industry (Euromonitor, 2021).

**Tipco Foods PCL (TIPCO)** was founded in 1976 in Bangkok, Thailand, producing processed fruit products, fruit juices, and RTD beverages. Mostly, its core products are made through fruit and plant-based, herbal. Within the juice sector under the soft drink industry, TIPCO is standing at a third market position (Euromonitor, 2021), which threatens the Oishi group since consumers' health awareness is increasing.

**Sappe PCL (SAPPE)** manufactures and distributes healthy food and beverage products together with its subsidiaries within Thailand and internationally. It was founded in May 1988 in Sapanan General Food Company Limited later changed its name to SAPPE in 2013. SAPPE's main products are coconut-based food and drink, fruit-flavored drinks, functional drinks, RTD vegetable and fruit juices, and chewy jellies. On top of that, recently, SAPPE has introduced a very new functional drink targeted female customer. Compares to Oishi's products, SAPPE's goods are threatening alternative ones to RTD tea.

**Haad Thip PCL (HTC)** was founded in 1969 in the name of Nakhon Thip Company Limited. The company was listed on SET in 1988 and changed its name to the current one. It is one of the well-known and market dominator brands in the beverage sector as a granted franchise by the Coca-Cola Company (USA). Products manufactured and distributed by this business are sparkling beverages, non-carbonated beverages, and drinking water can be the potential substitute brand for Oishi.

### 3.3.2.2 Restaurant

For the restaurant business sector, Oishi's competitors will be ones running Japanese-style restaurants. Moreover, indirect competition states are needed to be aware. So that, as potential competitors of Oishi, **Wow Factor PCL** has chosen. The business has been operating in the food and beverage sector by running many restaurants. It is managing different diversified restaurants: Japanese-style, European-style, pastry business, and also pizza, DOMINO's PIZZA. Under Japanese-style restaurants, they are operating affordable and premium shabu buffet restaurants. Besides, other types of restaurants are challenging alternatives to Oishi's operated restaurants.



### 3.3.2.3 Package Food

The most visible and apparent packaged food brand among counters in 7-Eleven stores and other convenient stores and supermarkets is **NSL Foods PCL**, founded in 2003 in Nonthaburi, Thailand. It operates under the packaged foods and meats producer industry, and the most familiar products would be hot sandwiches, chilled bakery, and microwavable chilled packaged foods. Among the most convenient stores, another prominent ready-to-eat package food brand is **Thai President Foods PCL (TFMAMA)**, whose well-known product is MAMA instant noodles. The company was established in February 1972 as a joint venture with a company from Taiwan. This firm produces, exports, and imports instant noodles, bread, biscuits as well as beverages.



## **CHAPTER IV**

### **OISHI'S FINANCIAL STATEMENT ANALYSIS**

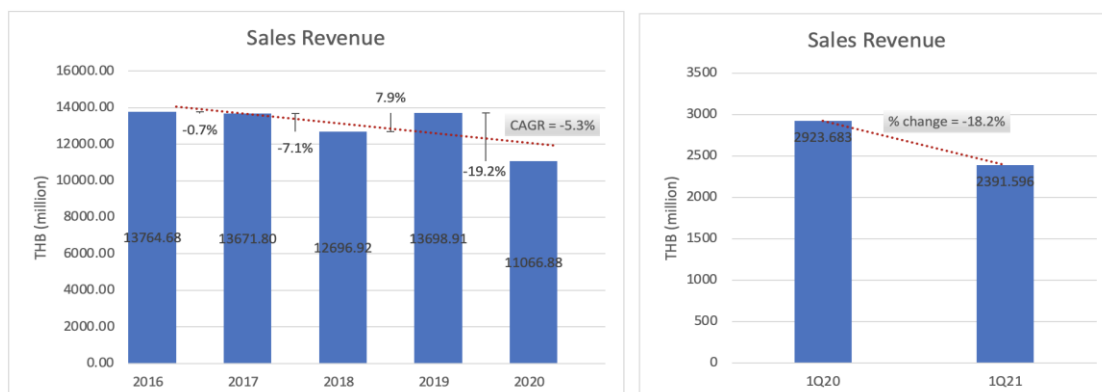
#### **4.1 Study of Historical Financial Data**

In this part, the study and analysis of Oishi's past financial performances will be explained, including essential figures from the income statement, free cash flow, and some financial ratios. After that, the projected statements of Oishi will be explained with key assumptions which will be utilized in the DCF and relative valuations.

##### **4.1.1 Sales**

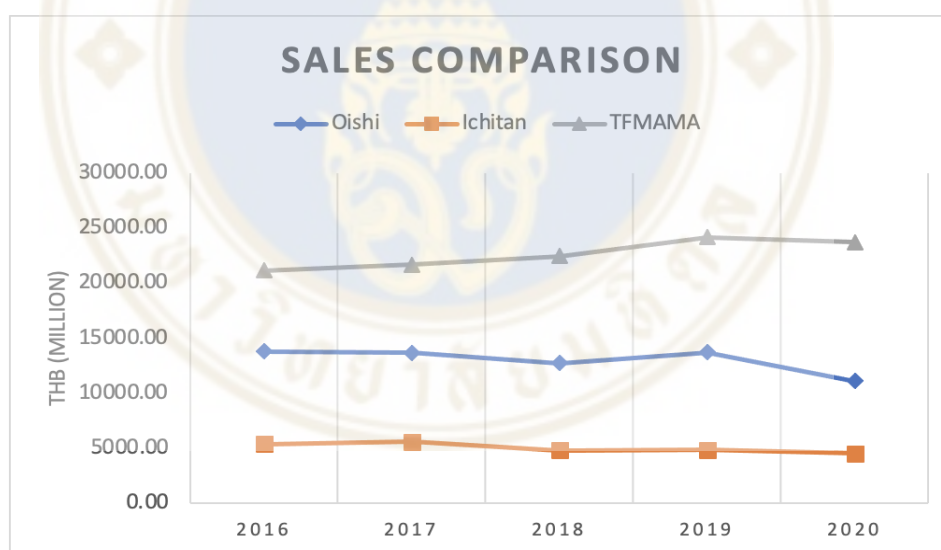
The sales of Oishi for the five years (2016-2020) have a decrease CAGR of 5.3%, 2018 and 2020 had lower sales (**Figure 4.1**). According to the management discussion of 2018, the sales decreased due to the lower sales of 15% in the beverage segment, while the food segment had only a 1.7% increment through the expansion of new restaurants (Oishi, 2021). The sales figure in 2018 was also affected by the sugar tax exercise. In 2019, there was the highest sales figure among five years because of the introduction of new beverages and the establishment of the Oishi Delivery operation. Oishi had the lowest sales figure in 2020 due to the impact of Covid-19 outbreak.

When comparing quarterly data, the first-quarter sales in 2021 have decreased by 18.2% than in 2020. Oishi suffered from dine-in restaurants' closure and distraction in the distribution of beverages, besides the export postponements to the critical countries due to the Covid-19 (Oishi, 2021).



**Figure 4.1 Oishi's Sales**

When comparing the sales of Oishi with its competitors like Ichitan and TFMAMA (Figure 4.2), which are operating in the food and beverage industry with dominant positions, Oishi has a good sales figure. In contrast, TFMAMA has an immense number of sales among the three companies.

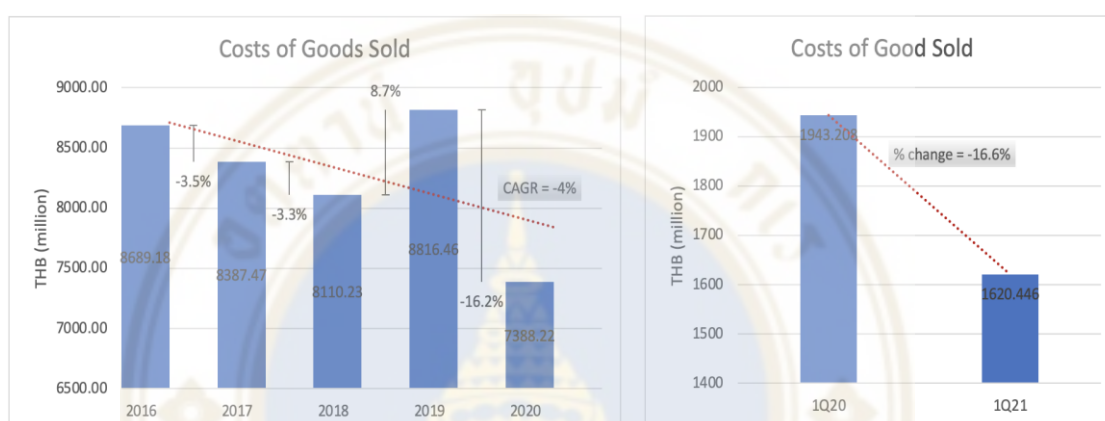


**Figure 4.2 Sales Comparison of Oishi, Ichitan, and TFMAMA**

#### 4.1.2 Costs of Goods Sold (COGS)

Oishi's COGS have been decreasing steadily during the past five years (2016-2020), except in 2019 (Figure 4.3). During those years before 2019, Oishi managed operational activities effectively and efficiently and reduced raw materials and packaging (Oishi, 2021). Since sales have increased in 2019 due to product and business

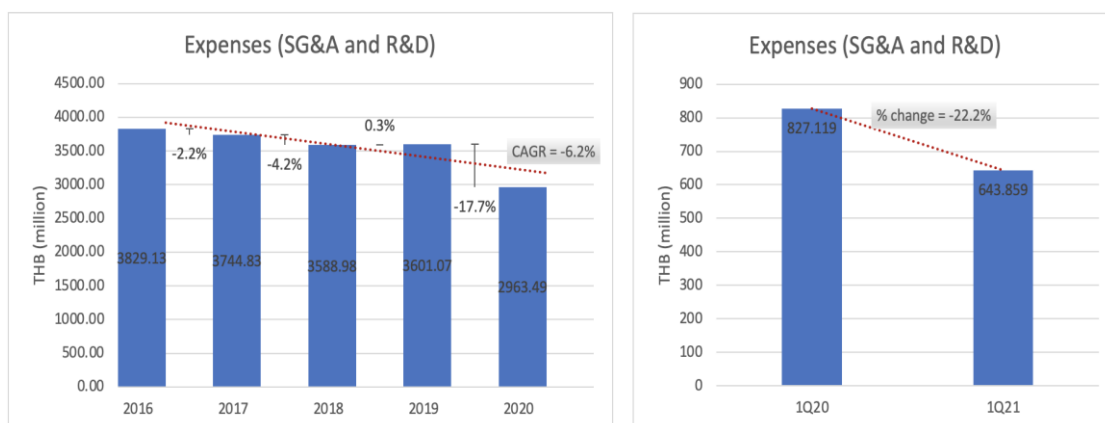
extensions and resumption of UHT OEM operation after the fire incident in 2017, Oishi had utilized the highest costs in managing and supporting those activities. Still, the year 2020 had the lowest COGS by the lowest sales. Moreover, 1Q 2021 also had lower costs than in 1Q 2020, decreased by 16.6%. While both economy and company's growth were stagnant, Oishi's effective management of raw materials procurement, waste management in restaurants, lower operation costs, and packaging costs contributed to the decreased sales in 2020 during slow sales rates during the Covid-19.



**Figure 4.3 Oishi's COGS**

#### 4.1.3 Expenses

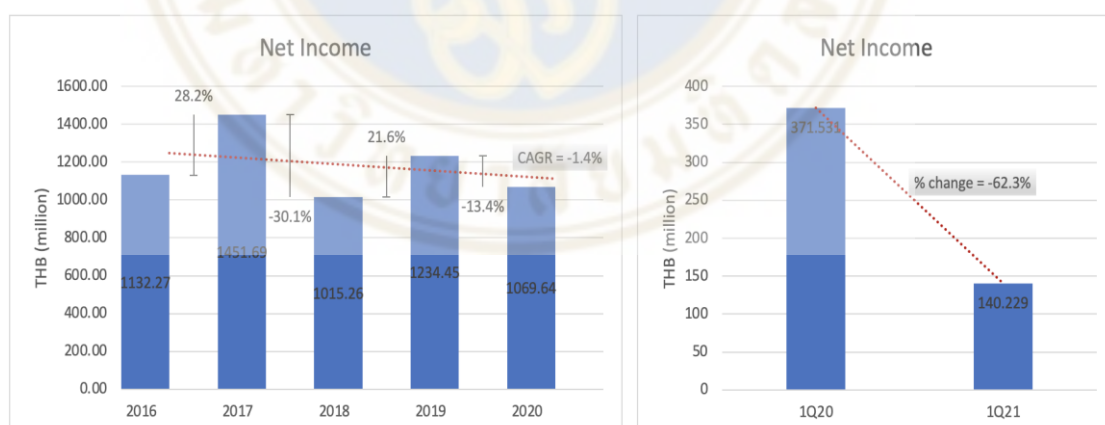
Oishi's Selling and Administrative (SG&A) expenses decreased since 2016 thanks to well-managed and effective expenses controlled in both food and beverages segments (Figure 4.4). There was a slightly increased expense in 2019 due to the higher admin expenses with the business growth. Compared to the 1Q 2020, 1Q 2021's expenses were lower by 22.2%. The reduction was supported by effective marketing and advertising costs control, negotiation with the landlord about the rental expenses. Moreover, the company managed to control expenses at the restaurants with modifications to take away and home delivery services (Oishi, 2021).



**Figure 4.4 Expenses of Oishi**

#### 4.1.4 Net Income (NI)

Throughout the five years (2016-2020), the NI of Oishi was not stable yet; it had the least alteration amount with a decreased CAGR of 1.4%. Oishi had the lowest NI in 2018, and the cause was mainly from the decreased sales in the beverage segment with slightly increased sales in the food business. The year 2020 was also one of the years with lower NI due to the consequences of the Covid-19 impact. In the 1Q 2021's NI decreased by 62.3% compared to the same quarter in 2020 (**Figure 4.5**).



**Figure 4.5 Oishi's NI**

Afterwards, sales contribution rates to the NI of Oishi compared to Ichitan and TFMAMA are discovered (**Table 4.1**). From 2016 to 2020, Oishi spent over half of the sales—the lowest amount among the three companies, on COGS. However, Oishi's sales spending on expenses is the largest, with overall nearly 27%, while Ichitan and

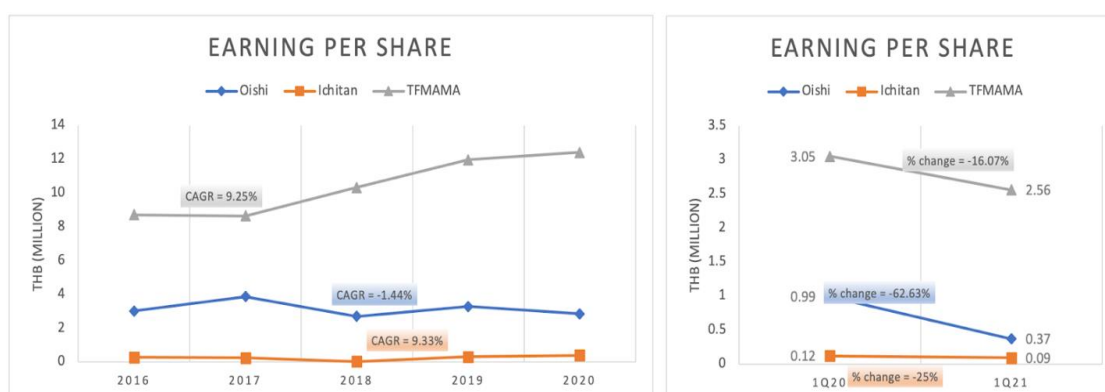
TFMAMA spent around 15% approximately. Though TFMAMA had the highest sales amount compared to Oishi and Ichitan, the contribution to NI is very low, even 0% roughly. For Oishi, on average, around 9% of sales contributed to NI—the highest contribution among the two comparable firms. Due to all those considerations, Oishi can handle well-managed operational activities with effective cost control to attain higher profitability.

**Table 4.1 Peers Analysis - Oishi, Ichitan, and TFMAMA**

	Oishi					Ichitan					TFMAMA				
	2016	2017	2018	2019	2020	2016	2017	2018	2019	2020	2016	2017	2018	2019	2020
<b>Sales</b>	13764.68	13671.80	12696.92	13698.91	11066.88	5360.48	5586.44	4804.28	4809.86	4517.77	21143.70	21632.70	22436.90	24145.70	23707.10
<b>COGS</b>	8689.18	8387.47	8110.23	8816.46	7388.22	3943.94	4202.99	4020.07	3805.68	3503.66	13,968.8	14,354.6	14,528.3	15,300.6	14,850.0
<b>Gross Profit</b>	5075.50	5284.33	4586.69	4882.45	3678.65	1416.54	1383.44	784.21	1004.19	1014.11	7,174.9	7,278.1	7,908.6	8,845.1	8,857.1
	36.9%	38.7%	36.1%	35.6%	33.2%	26.4%	24.8%	16.3%	20.9%	22.4%	33.9%	33.6%	35.2%	36.6%	37.4%
<b>Expenses</b>	3829.13	3744.83	3588.98	3601.07	2963.49	877.36	856.30	649.60	566.58	458.17	3433.4	3611.5	3627.8	3830.9	3611.1
	27.8%	27.4%	28.3%	26.3%	26.8%	16.4%	15.3%	13.5%	11.8%	10.1%	16.2%	16.7%	16.2%	15.9%	15.2%
<b>Net Income</b>	1132.27	1451.69	1015.26	1234.45	1069.64	368.48	315.09	43.84	407.45	515.53	2,871.20	2,853.50	3,404.40	3,943.10	4,090.00
	8.2%	10.6%	8.0%	9.0%	9.7%	6.9%	5.6%	0.9%	8.5%	11.4%	0.0%	0.0%	0.0%	0.0%	0.0%

#### 4.1.5 Earnings Per Share (EPS)

As seen in **Figure 4.6**, compared to Oishi, Ichitan and TFMAMA's EPS have steadily grown over the last five years, with a CAGR of 9.33% and 9.25%, respectively. Except for 2018, Ichitan's EPS had been on the rise, rising to 0.4 by 2020, with a positive CAGR of 13.62%. However, Oishi, Ichitan, and TFMAMA's EPS fell to 0.37, 0.09, and 2.56 in 1Q 2021. It was when the Covid-19 pandemic began, and companies suffered a significant drop in sales and NI due to the ongoing shutdown. Despite this, Oishi's EPS outperformed its competitors throughout its five years.

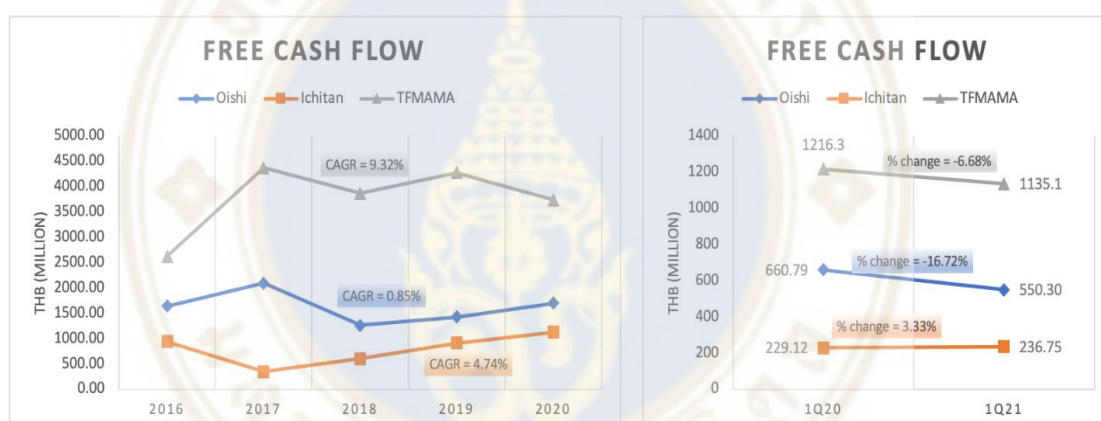


**Figure 4.6 Peers Analysis - EPS**



#### 4.1.6 Free Cash Flow (FCF)

The **Figure 4.7** shows the historical FCF of Oishi and its competitors over the last five years, and the formula of FCF is equal to EBIT after Tax plus Depreciation plus Working Capital Change minus CAPEX. Oishi's FCF trend was fluctuating with a CAGR of 0.85%. In 2018, it dropped dramatically due to higher tax expenses from other receivables insurance reimbursement for fire incidents in 2017. The FCF of Ichitan had grown gradually during 2016-2020 as well. On the contrary, TFMAMA's EPS had a dropping trend but still had a higher free cash flow than Oishi and Ichitan since its depreciation contributed when COVID-19 impacted its NI in 2020. On the other hand, Ichitan's free cash flow increased by 3.33% in 1Q 2021 compared to the same period in 2020, whereas its competitors showed a drop because of decreasing NI.



**Figure 4.7 Peers Analysis - FCF**

#### 4.1.7 DuPont Analysis

Under the DuPont analysis, ROE equals Net Profit Margin multiplied by Asset Turnover multiplied by Equity Multiplier. **The Table 4.2** shows the ROE of Oishi, Ichitan, and TFMAMA by Dupont analysis for the last three years (2018-2020). ROE of Oishi has dropped because of the equity multiplier decrease over the years, yet the net profit margin has grown slightly, showing that Oishi management was doing well. ROE of Ichitan was up because of a higher net profit margin, which was achieved through efficient operations and lower finance costs. However, compared to Oishi and Ichitan, the ROE of TFMAMA dropped, particularly in 2020, due to a considerable decrease in its net profit margin. For asset turnover, three companies were steady, and

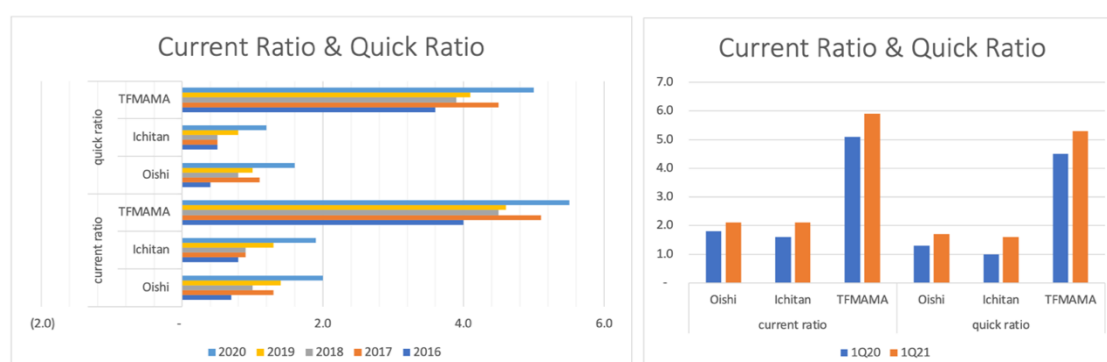
Oishi was higher, implying that Oishi can produce sales from its assets more effectively than Ichitan and TFMAMA. However, it fell slightly to 1.3 times from 1.5 times the previous year.

**Table 4.2 DuPont Analysis of ROE**

Dupont Analysis	Oishi			Ichitan			TFMAMA		
	2018	2019	2020	2018	2019	2020	2018	2019	2020
Net Profit Margin (%)	8.0%	9.0%	9.7%	0.9%	8.5%	11.4%	15.2%	16.3%	7.3%
Asset Turnover	1.3	1.5	1.3	0.6	0.6	0.6	0.7	0.7	0.7
Equity Multiplier	1.67	1.43	1.25	1.41	1.31	1.21	1.15	1.14	1.13
Dupont Analysis (ROE)	17.4%	19.3%	15.8%	0.8%	6.7%	8.3%	12.2%	13.0%	5.8%

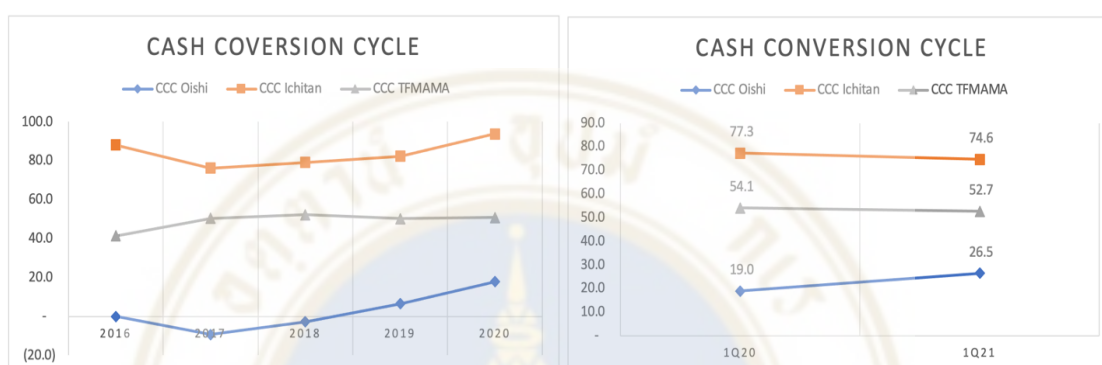
#### 4.1.8 Liquidity Ratio Analysis

The current ratio of Oishi, Ichitan, and TFMAMA during the last five years and the 1Qs of 2020 and 2021 are shown in **Figure 4.8**. Compared with the current ratio of Oishi and Ichitan, TFMAMA is higher than the others indicating that TFMAMA had a stronger liquidity position than them. On the other hand, the quick ratio removes inventory and other current assets and is tighter for assets converted to cash in a short period. Also, TFMAMA had a more excellent quick ratio than Oishi and Ichitan, meaning that it could use liquidity assets to cover short-term debt and obligations more quickly and easily. Besides, the three companies had higher current and quick ratios in the quarter of 2021 than in the same period of 2020 as the Covid-19 started to epidemic, demonstrating that they sought to react and adapt well throughout this challenging moment.



**Figure 4.8 Peers Analysis - Current Ratio & Quick Ratio**

From **Figure 4.9**, another short-term liquidity ratio (Cash Conversion Cycle) can be observed. Oishi had a better and lower cash conversion cycle than peers, implying that it could rapidly make the cash of investment and return. Conversely, Ichitan and TFMAMA's cash conversion cycle was positive, and Ichitan is higher than TFMAMA, meaning that it required longer to convert its inventory or other resources into cash flow.



**Figure 4.9 Peers Analysis - Cash Conversion Cycle**

## 4.2 Projections of Oishi's Financial Statement

### 4.2.1 Domestic Sales Revenue

Starting from 2016, the domestic sales of Oishi are the main dominator of all sales, nearly 85% each year (Refinitiv & Oishi, 2021). So, as the first step to forecast Oishi's sales for the next three years from 2021 to 2024, the assumptions for domestic beverage sales of Oishi will be determined by using two approaches, the forecasted domestic RTD tea industry growth, and estimated per capita consumption. We focus mainly on the RTD tea segment since it is the leading business operation in earning profits as part of the beverage business. The consumption expenditure of Thailand is a pivotal driver to calculate the forecasted average RTD tea industry size (Appendix F-6).

First and foremost, the value of consumption expenditure for Thailand (**Table 4.3**) is calculated using the percentage of consumption expenditure as Thailand's nominal GDP to start the first approach. According to Euromonitor, Thailand's future

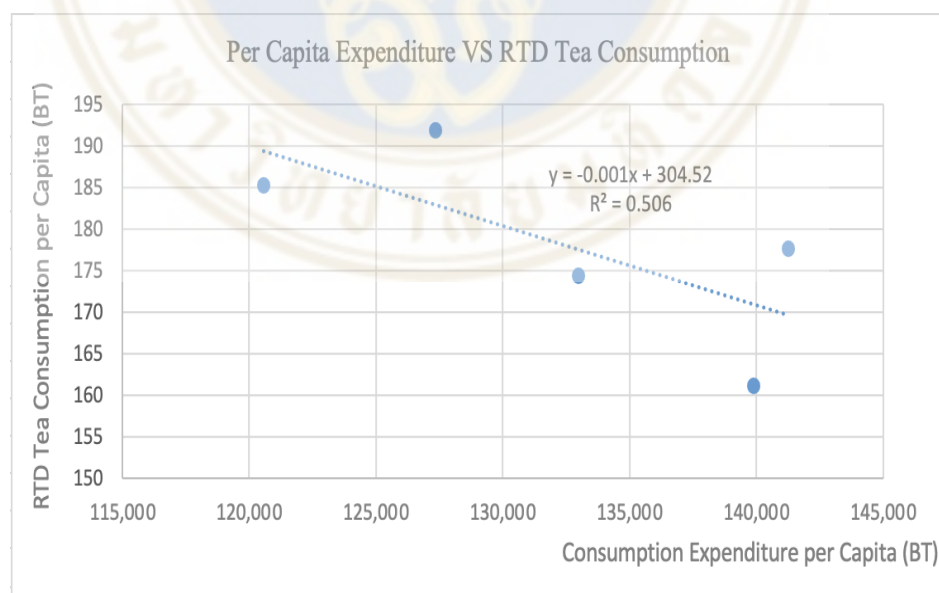
nominal GDP (2021-2024) is forecasted to be growing at a slow pace. The same will be for future expenditure (Euromonitor, 2021) (Appendix F-5).

**Table 4.3 Calculation of Thailand's Consumption Expenditure in Thai Baht**

	2016	2017	2018	2019	2020	Last 3Y CAGR (2017-2020)	2021F	2022F	2023F	2024F
Normal GDP (BT BN)	14,590	15,489	16,369	16,898	15,698	0.45%	16,923	18,109	19,195	20,304
Historic and Forecasted YoY Growth (%)		6.2%	5.7%	3.2%	-7.1%		7.8%	7.0%	6.0%	5.8%
Consumption Expenditure as % of GDP	57%	57%	56%	58%	62%		60%	59%	58%	58%
<b>Consumption Expenditure (BT BN)</b>	<b>8,316.492</b>	<b>8,813</b>	<b>9,232</b>	<b>9,835</b>	<b>9,764</b>		<b>10,103</b>	<b>10,594</b>	<b>11,210</b>	<b>11,837</b>

Source: Euromonitor. (2021), Own Calculation

Next, per capita consumption is used to calculate the forecasted industry size. The population data of Thailand is collected from UN Data. Then, the yearly expenditure is divided by the respective population numbers. Since the calculated number is for all expenditures, but the focus is mainly on the RTD tea industry, we tried to calculate the expenditure for the specific industry in the same method as all expenditure values. After that, the relationship between overall consumption expenditure per capita and only for the RTD tea industry was found through the linear regression formula from the below scatter plot (**Figure 4.10**).



**Figure 4.10 Relationship between Per Capital Expenditure and RTD Tea Consumption**

According to the equation, **RTD tea Consumption per Capita = -0.001 (Consumption Expenditure per Capita) + 304.52**, and the excellent correlation of those two factors, the forecasted consumption expenditure per capita from 2021 to 2024 is calculated. Lastly, the forecasted RTD tea industry size is calculated with a -5.1% CAGR (**Table 4.4**). Eventually, Oishi's forecasted domestic sales can be computed using the average industry sizes from two approaches with estimated domestic volume share, 48%.

When estimating Oishi's RTD tea beverages' domestic sales volume share, the previous domestic market shares are reviewed firstly through yearly annual reports that Oishi had published. In 2020, Oishi's domestic sales were 48% regardless of the Covid-19 situation (Oishi, 2021). So, we assume that shortly, Oishi's domestic shares of RTD tea would be at the same level as in 2020, at least for 2021 and later years. However, there was a decline in the RTD tea industry's value for the 1Q ended in March 2021 by -13.5%, a fact we cannot leave out for the consideration for the sales forecast for the whole year (Oishi, February 10, 2021) (Appendix G). After all, the expected domestic sales of RTD tea from 2021 to 2024 are obtained with a CAGR of -6.7%.

**Table 4.4 Forecasted Domestic Beverage Business Sales Revenue of Oishi**

Domestic Beverage Sales Forecast	2016	2017	2018	2019	2020	Last 3Y CAGR (2017-2020)	2021F	2022F	2023F	2024F	Next 3Y CAGR (2021-2024)
<b>RTD Tea Industry Size (BT MN)</b>	12,774	13,279	12,107	12,370	11,249	-5.4%	9,447	8,906	8,270	7,674	-6.7%
YoY Growth (%)		3.9%	-8.8%	2.2%	-9.1%		-16.0%	-5.7%	-7.1%	-7.2%	
Domestic Volume Share (%)	43%	46%	45%	45%	48%		48%	48%	48%	48%	
RTD Tea sales (BT MN)	5,493	6,108	5,448	5,567	5,400	-4.0%	4,535	4,275	3,969	3,683	-6.7%
YoY Growth (%)		11.2%	-10.8%	2.2%	-3.0%		-16.0%	-5.7%	-7.1%	-7.2%	
<b>Approach 1: Relative Growth</b>											
Consumption Expenditure (BT BN)	8,316	8,813	9,232	9,835	9,764	3.5%	10,103	10,594	11,210	11,837	5.4%
YoY Growth (%)		6.0%	4.8%	6.5%	-0.7%		3.5%	4.9%	5.8%	5.6%	
<b>RTD Tea CAGR / Consumption Expenditure CAGR</b>						(1.55)					
RTD Tea Growth							(0.05)	(0.08)	(0.09)	(0.09)	
RTD Tea Industry Size (BT MN)						-13.5%	9,208	8,516	7,749	7,078	-8.4%
Expected YoY Growth (%)							-18.1%	-7.5%	-9.0%	-8.7%	
<b>Approach 2: Per Capita Consumption</b>											
Population (MN)	68.97	69.21	69.43	69.63	69.80	0.3%	69.95	70.08	70.18	70.27	0.1%
Consumption Expenditure Per Capita (BT)	120,580	127,338	132,972	141,250	139,890	3.2%	144,430	151,170	159,727	168,461	5.3%
RDT Tea Consumption Per Capita (BT)	185	192	174	178	161	-5.6%	160	153	145	136	
						-13.5%	138	133	125	118	-5.3%
RTD Tea Industry Size (BT MN)							9,687	9,296	8,790	8,270	-5.1%
Expected YoY Growth (%)							-13.9%	-4.0%	-5.4%	-5.9%	

We mainly focus on the restaurants' segment to forecast the food business sales since it is one of the principal business operations in earning profits. The forecasted sales values are calculated by averaging the forecasted sales values of two approaches, expected sales growth with changes in the number of restaurants and the same-store-sales growth (SSS) (**Table 4.5**). The number of outlets that Oishi has been running and the sales revenue of the food business are observed from Oishi's yearly annual reports.



Changes in the number of outlets are computed which contributes to getting the average number of stores that Oishi would run in the future. Then, with that average number, expected numbers of outlets for forecasted years are derived. The same to calculate the average sales made from each restaurant. Finally, the expected sales are calculated by multiplying the average revenues with the expected outlet's numbers. Additionally, the percentage changes in sales of 1Q 2021 compares to 2020s, -18.2%, is considered in calculation of the expected sales.

As for the second approach, the year-over-year sales GR is calculated and then averaged from 2016 to 2020 to estimate the coming year's sales by assuming like no changes in the numbers of outlets. Only for the year 2021, we used -18.2% as SSS growth. Then, as the final step, the sales values are calculated by applying the average values of two approaches to obtain Oishi's food business's forecasted domestic sales revenue.

**Table 4.5 Forecasted Domestic Food Business Sales Revenue of Oishi**

Domestic Food Business Forecast	2016	2017	2018	2019	2020	Last 3Y CAGR (2017-2020)	Average (2017-2020)	2021F	2022F	2023F	2024F	Next 3Y CAGR (2021-2024)
Total Food Sales (BTMN)	4,449	6,660	6,835	6,609	4,772	-10.5%		4,715	4,891	5,073	5,260	3.7%
Expected YoY Growth (%)								-1.2%	3.7%	3.7%	3.7%	
Number of Restaurant	239	238	250	264	268							
Approach 1: Increase in Outlets												
New Outlets		-1	12	14	4		7.25					
Average Sales per Stores (BTMN)	18.62	27.98	27.34	25.03	17.81		24.54					
Forecasted New Outlets								275	283	290	297	
Total Outlets Sales (BTMN)							-18.2%					
Expected YoY Growth (%)							20.07	5.525	5.671	5.816	5.962	2.6%
Approach 2: SSS Growth								15.8%	2.6%	2.6%	2.5%	
Same-Store-Sales Growth		49.7%	2.6%	-3.3%	-27.8%		5.3%					
Total Stores Sales							-18.2%	3,904	4,111	4,329	4,559	5.3%

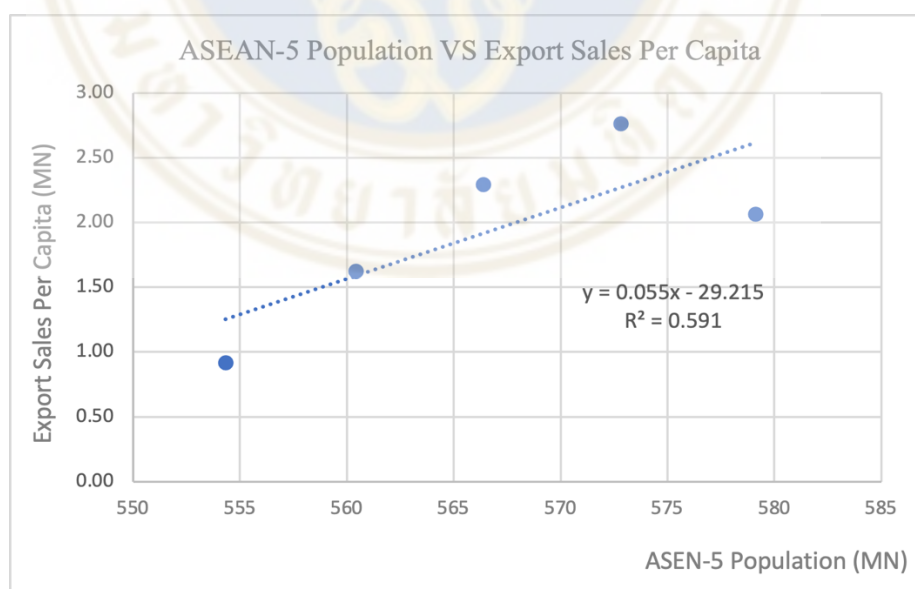
#### 4.2.2 Overseas Sales Revenue

Though Oishi operates restaurants and businesses in other countries, in ASEAN and EU, the overseas sales contribution is very low for the last 4-year period (2016-2020) (Refinitiv & Oishi, 2021). Among those shares, ASEAN countries play an essential contributor to Oishi's food and beverage export sales. So, to forecast the export sales revenue of Oishi, the growth of export sales per capita of ASEAN-5 is used as a critical driver (**Table 4.6**). The population data of both historical and forecasted are collected from IMF, while export sales for the past years are from the annual reports of Oishi. Then, the export sales of each year are divided by the population of ASEAN-5 to get the per capita values.

**Table 4.6 Forecasted Oversea or Export Sales Revenue of Oishi**

Export Business Forecast	2016	2017	2018	2019	2020	Last 3Y CAGR (2017-2020)	2021F	2022F	2023F	2024F	Next 3Y CAGR (2021-2024)
<b>Total Export Sales (BTMN)</b>	507	909	1,297	1,582	1,194	9.52%	1,451	1,640	1,798	1,973	10.78%
<i>YoY Growth (%)</i>		79%	43%	22%	-25%		22%	13%	10%	10%	
<b>Approach 1: ASEN-5 Population</b>											
ASEN-5 Population (MN)	554	560	566	573	579		584	591	596	601	0.96%
Export Sales Per Capita (MN)	0.91	1.62	2.29	2.76	2.06	8.33%	2.92	3.27	3.55	3.86	9.73%
						-15%	2.48	2.78	3.02	3.28	
Export Sales (BTMN)							1,451	1,640	1,798	1,973	10.78%

Based on those data, we tried to obtain the relationship between the ASEAN-5 population and export sales per capita with the help of a linear regression model (**Figure 4.11**). According to the regression formula with an acceptable amount of correlation, **Export Sales per Capita = 0.055 (ASEAN-5 Population) - 29.215**, the forecasted values for export sales per capita for the year 2021-2024 are calculated with 9.73% CAGR. The impact of Covid-19 on Oishi's net export to foreign markets has decreased by 15% when comparing with 1Q 2021 (Oishi, February 10, 2021). So, extended export sales per capita for coming years are obtained by multiplying with the decreased percentage. Finally, the projected export sales of Oishi (2021-2024) are computed with a CAGR of 10.78%.

**Figure 4.11 Relationship between ASEAN-5 and Export Sales of Oishi**

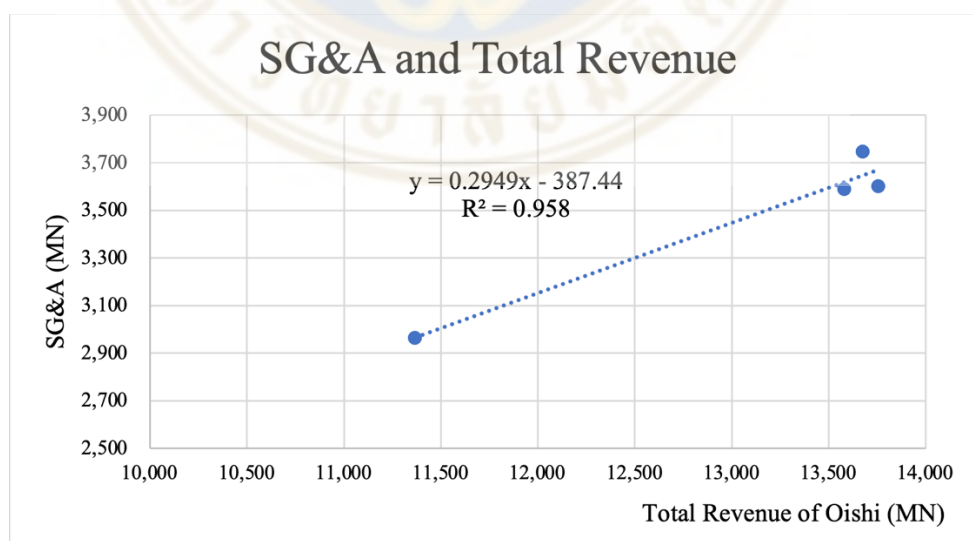
After forecasting both domestic and overseas sales for all business segments of Oishi, together with those forecasted sales values, the total forecasted sales revenue of Oishi is estimated by adding all those values with a CAGR of 0.7% (**Table 4.7**). Average sales values are used for calculating the expected domestic sales, but only one approach is applied for the overseas sales.

**Table 4.7 Forecasted Total Sales Revenue of Oishi**

Total Sales Forecast (BAHT MILLION)	2016	2017	2018	2019	2020	Last 3Y CAGR (2017-2020)	2021F	2022F	2023F	2024F	Next 3Y CAGR (2021-2024)	Note
<b>Domestic</b>												
Beverage	5,493	6,108	5,448	5,567	5,400	-4.0%	4,535	4,275	3,969	3,683	-6.7%	Approach 1&2
Food	4,449	6,660	6,835	6,609	4,772	-10.5%	4,715	4,891	5,073	5,260	3.7%	Approach 1&2
Overseas	507	909	1,297	1,582	1,194	9.5%	1,451	1,640	1,798	1,973	10.8%	Approach 1
<b>Total Sales</b>	10,449	13,677	13,580	13,757	11,366	-6.0%	10,701	10,806	10,840	10,917	0.7%	

### 4.2.3 SG&A

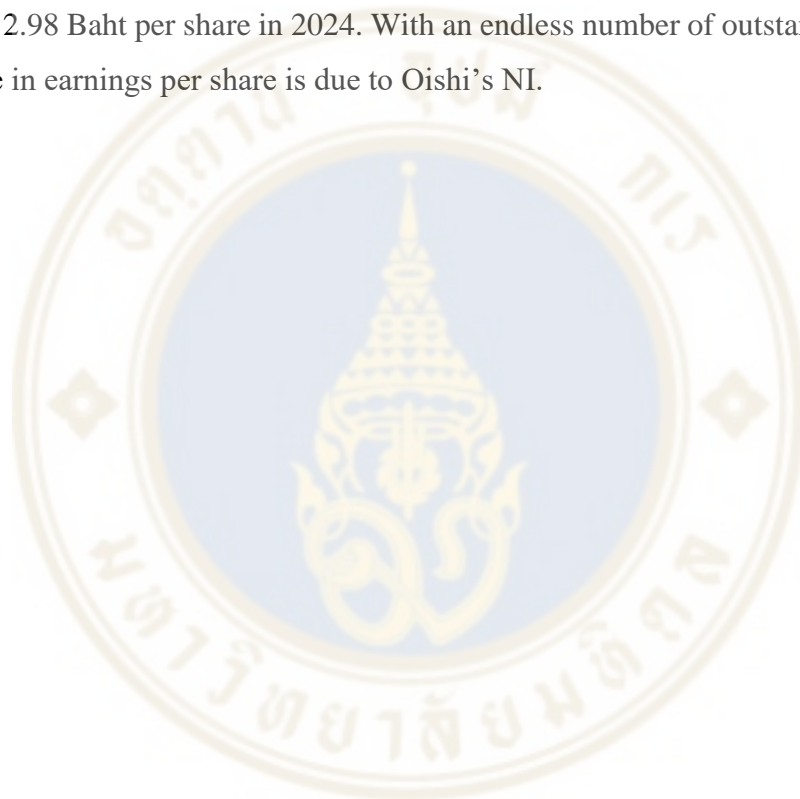
When forecasting Oishi's forecasted SG&A expenses, we tried to search the relationship between SG&A and total sales. According to the management discussion of Oishi, at times when sales had increased, Oishi spent more on the selling expenses also in the marketing and advertising fields. The same for the admin costs, too, when the business is expended. That is why we use the linear regression method to calculate estimated SG&A (**Figure 4.12**).



**Figure 4.12 Relationship between SG&A and Total Sales**



The earnings per share calculations for the last four years and the next four years were based on the profit for the year attributable to ordinary shareholders of the company and the number of ordinary shares outstanding during the year. The shareholders authorized a reduction in the par value of the company's shares from the initial value of 2 THB per share to 1 THB per share. As a result, the number of ordinary shares issued will increase from 187,50 million to 375,00 million. Oishi's registered and paid-up capital will remain at Baht 375,00 million (Oishi, 2021). Oishi's EPS is expected to increase by 0.76% CAGR from 2021-2024, from 2.95 Baht per share in 2021 to 2.98 Baht per share in 2024. With an endless number of outstanding shares, the increase in earnings per share is due to Oishi's NI.





## CHAPTER V

### VALUATION OF OISHI

#### 5.1 Relative Valuation

Under this chapter, Oishi's share price will be valued and estimated the target prices for the years ended of 2021 and 2022 step by step. First of all, both historical and forward multiple bands will be introduced together with analysis, followed by comparing Oishi's performance with chosen peers' benchmark. Following is the forecasting of Oishi stock's target prices based on different multiples. Next, valuation recommendations will be proposed with the assessment of the possible risk.

##### 5.1.1 Historical Multiple Bands

The most practical and applied market assumptions method is the relative valuation method to determine a stock's value, whether over or undervalued. In this section, Oishi's stock will be valued based on the historical and forward multiples.

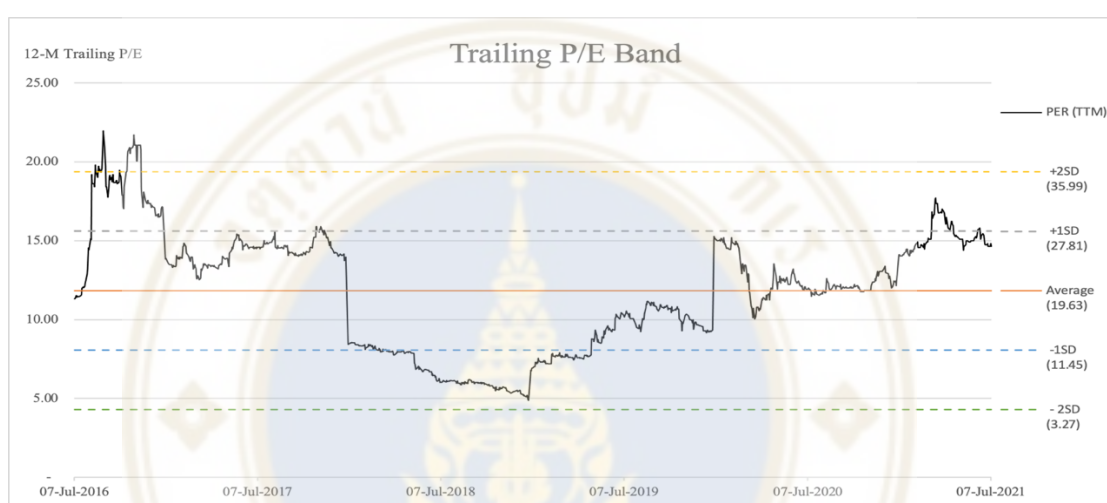
1. Trailing and Forward EPS
2. Trailing and Forward BV
3. Trailing and Forward EBITDA with financial data from 7 July 2016 to 7 July 2021.

The trailing value is based on the current price and recent last 12 months' actual data, while the forward is based on the current price with forecasted next 12 months.

##### 5.1.1.1 Price-to-Earnings (P/E) Bands

The current trailing P/E on 7th July 2021 was 14.65, higher than the average and between the +1SD band (**Figure 5.1**). Before 2017 July, the trailing P/E of Oishi fluctuated over the average band, but for nearly a year and a half from July 2017, the trailing P/E was facing a downside figure. One of the reasons is the fire incident at ultra-heat-treatment (UHT) production line at the Navanakorn Industrial Estate plant in Pathum Thani province. The fire occurrence did not impact on overall

production and distribution of products. Luckily, Oishi got insurance to cover up losses due to fire incident in 2018. This situation might increase the investors' worries, and the stock price was the lowest since 2016. The trailing P/E band recovered and presenting an upward trend from approximately July 2019 till 7th July 2021. There was a dropped in P/E in 2020 due to the Covid-19 situations, and prices were distracted. Though, after a while, investors' willingness increased again today, and relating to itself, Oishi's stock price is overvalued.



**Figure 5.1 Trailing P/E Band of Oishi**

The forward P/E on 7th July 2021's 14.01 was around and closed to the average value (**Figure 5.2**). Since the forward P/E is based on the forecasted earnings on the current price, uncertain future expectations and the company's capabilities are considered. Consequently, the projected earnings may be higher sometimes than the trailing earnings due to the optimistic assumptions. Thus, the forecasted earnings or NI per share for 2021 and 2022 are used from the Pro-forma statement, 2.95 and 2.98, respectively. The forward P/E decreased in 2020 as the same in the trailing band because of the Covid-19 situation. From July 2020, the forward band was stable between the average and -1SD range until 7 July 2021. Afterwards, the forward multiple was higher than the average line for a while, and then it was wavering around the average.

Moreover, comparing to itself, the recent forward P/E band has a slightly upward trend regardless of the abnormally high values in history. In

conclusion, the forward P/E of Oishi on 7<sup>th</sup> July 2021 is around average, not over, or undervalued. So, Oishi stock is traded fairly.



**Figure 5.2 Forward P/E Band of Oishi**

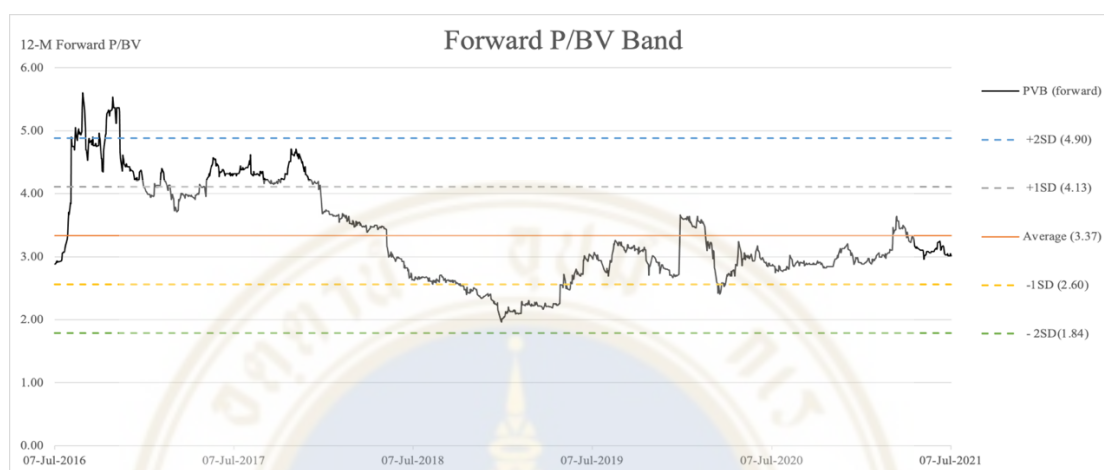
#### 5.1.1.2 Price-to-Book Value (P/BV) Bands

The trailing P/BV on 7 July 2021 was 2.25, lower than the average and a little bit below the -1SD range (**Figure 5.3**). Started from mid-2021, the trailing P/BV band was stable below the average and around the -1SD line since Oishi tried to reduce the amount of debt. Also, the stock price decreased due to the Covid-19 and still being around that price, the trailing P/BV band of Oishi shows the stock price compares to itself is undervalued.



**Figure 5.3 Trailing P/BV Band of Oishi**

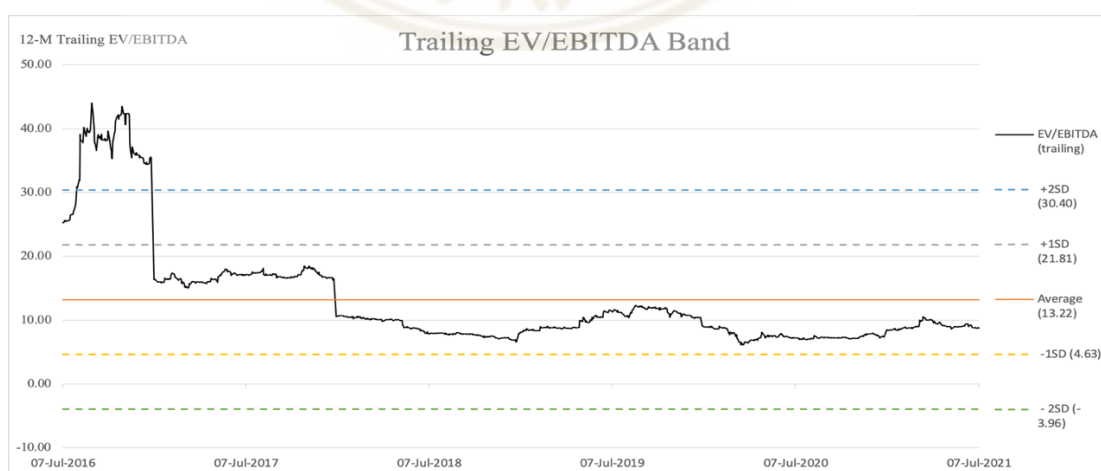
The current forward P/BV band on 7th July 2021 was 3.01, below the average but still above the -1SD band (**Figure 5.4**). Since later Oishi was trying to reduce its debt level with lower stock prices mainly due to the Covid-19 compared to historical ones, compares to itself, Oishi's stock price is undervalued.



**Figure 5.4 Forward P/BV Band of Oishi**

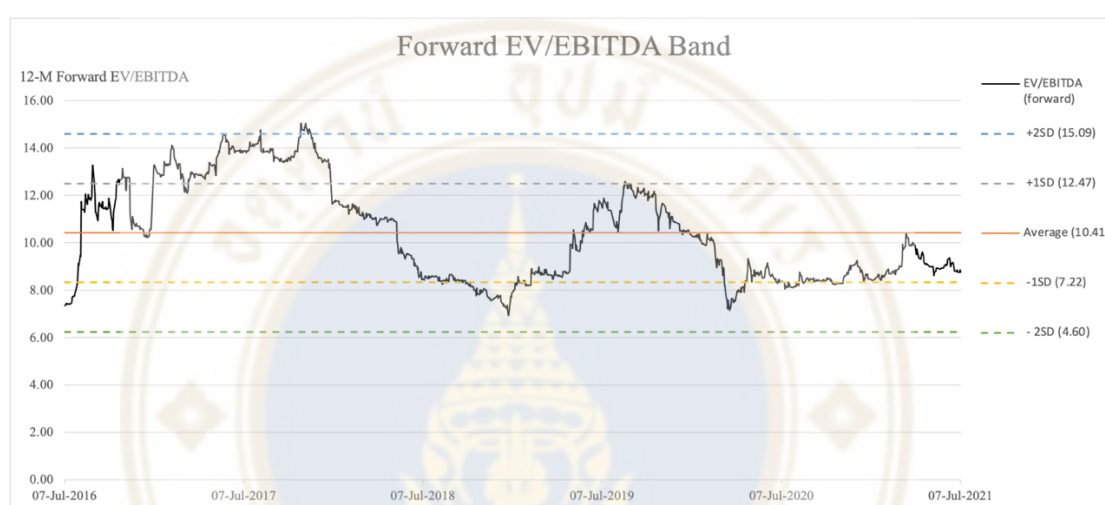
### 5.1.1.3 Enterprise Value-to-EBITDA (EV/EBITDA) Bands

The trailing EV/EBITDA on 7<sup>th</sup> July 2021 was 8.76, below average, still above the -1SD band (**Figure 5.5**). Oishi's trailing band of EV/EBITDA was very stable and undervalued when analyzing the historical trend since a drop in the middle of 2017.



**Figure 5.5 Trailing EV/EBITDA Band of Oishi**

On 7<sup>th</sup> July 2021, the forward EV/EBITDA was 8.75, which was above the -1SD line and below average is undervalued. Since around 7<sup>th</sup> July 2020, the band was between average and -1SD (**Figure 5.6**). Around the time Covid-19 has started, both trailing and forward bands were downsized as the lowest compared to last year due to the lower share prices. The trailing and forward EV/EBITDA bands, 8.76 and 8.75, are under the average bands. So, Oishi's price is being undervalued in terms of both trailing and forward EV/EBITDA.



**Figure 5.6 Forward EV/EBITDA Band of Oishi**

### 5.1.2 Oishi's Performance Compared to Peers'

Peer companies of Oishi are chosen in order to value the stock price of Oishi relating to those peers' multiples except Wow Factor PCL and NSL Foods PCL. All those peer companies are picked out as a comparable benchmark based on the same business profile characteristics of Oishi; they are operating in Thailand with the same business line and providing almost the same products and services. Moreover, when considered by the financial profile, those companies have the same earning abilities with stable positive incomes and cash flows.

Since the selected peers of Oishi have been introduced, **Table (5.1)** is presented to explore peers' performances and compare with Oishi's performance.



**Table 5.1 Oishi's Key Ratios Compares to Peers**

source: SET SMART, S&amp;P MI as of 7 July 2021

Ticker	Company Name	3M/2021 (Jan - Mar)			Dividend Yield (TTM)	Payout Ratio (TTM)	EPS Growth (2016-2020)	Beta
		Net Profit Margin (%)	Total Debt to Equity	ROE (%)				
<b>OISHI</b>	<b>Oishi Group Public Company Limited</b>	<b>7.18%</b>	<b>0.27</b>	<b>10.24%</b>	<b>2.97%</b>	<b>0.66</b>	<b>-11%</b>	<b>0.93</b>
SAPPE	Sappe Public Company Limited	11.01%	0.24	14.44%	3.62%	0.81	-1%	0.92
HTC	Haad Thip Public Company Limited	9.06%	0.58	18.45%	5.43%	0.64	26%	0.32
ICHI	Ichitan Group Public Company Limited	9.43%	0.15	7.48%	4.39%	1.36	11%	1.32
W	Wow Factor Public Company Limited	-63.01%	0.41	-32.60%	-	-	-49%	1.94
TIPCO	Tipco Foods Public Company Limited	7.15%	0.51	20.49%	10.11%	0.55	-18%	1.7
TFMAMA	Thai President Foods Public Company Limited	18.37%	0.12	15.33%	2.47%	0.4	11%	0.09
	<b>Peer Maximum</b>	18.37%	0.58	20.49%	10.11%	1.36	26.06%	1.94
	<b>Peer Average</b>	-1.33%	0.34	7.27%	5.20%	0.75	-3%	1.05
	<b>Peer Minimum</b>	-63.01%	0.12	-32.60%	2.47%	0.4	-49.00%	0.09

First and foremost, on the date of 7<sup>th</sup> July 2021, there are three companies whose betas are over one while others' including Oishi' are below one. Among all companies, TFMAMA has the lowest beta, only 0.09, while W, TIPCO, and ICHI have the highest values of 1.94, 1.7, and 1.32. Oishi and SAPPE have not different betas, below one. When comparing the payout ratio on the same date, Oishi has paid out only 0.66 per share, lower than the average value of peers. ICHI has paid out the highest value, 1.36 per share; TIPCO and TFMAMA delivered the lowest amount. Surprisingly, W could not support dividends for the last 12 months period.

As for the dividend yield, when considering the last 12-month period, Oishi and TFMAMA have the lowest yields with 2.97% and 2.47%, respectively. TIPCO and HTC have higher yields with the rate of 10.74% and 5.43%. Most companies' CAGR of EPS (2016-2020) is negative because of the Covid-19 predominantly. However, HTC, ICHI, and TFMAMA have positive EPS growth. Among those companies, W has the lowest negative EPS growth with -49% because the company could not profit in recent years (Refinitiv, 2021).

Comparing some financial data of 1Q 2021, Oishi and TIPCO have close percentages for net profit margin, and for ROE, Oishi and ICHI were the lowest while TIPCO and HTC were first. ICHI and TFMAMA have the lowest ratios regarding the total debt to equity, while HTC has the highest.

It is not easy to compare Oishi with each of peers' ratios and to make a significant and influential comparison, average, minimum, and maximum values of peers' ratios have been calculated. Oishi's performance ratios are wavering around the peers' average. To conclude, Oishi can provide adequate returns as well as high profitability with low volatility.

### 5.1.3 Oishi's Multiples compare to Peers'

In this section, Oishi's all multiples will be compared with peers' benchmarks. The current multiples are included as to determine whether the target company (Oishi) is currently traded relatively in the market compared to its comparable companies and to support the acknowledgement assumptions derived from trailing and forward bands. By comparing with the peers' group median multiples as a benchmark excluding the target company, the target's stock price can be determined, whether it is valued relatively in the market. Notably, the median value of benchmark multiples is preferred over the average—which can be affected by the abnormal outliers when computing different prices with various multiples of Oishi. All peers' multiples are collected on the same period range of 7th July 2016 to 7th July 2021.

**Table 5.2 Oishi and Comparable Peers Benchmark's Multiples**

source: SETTRADE, SET SMART, TEAM ANALYSIS

Ticker	Company Name	Market Capital			P/E Band			P/BV Band			EV/EBITDA			
		Market Capital (M.Baht) (7 July, 2021)	Closed Price (7 July, 2021)	No. of Shares	Trailing	Current	Forward	Trailing	Current	Forward	Trailing	Current	Forward	
<b>OISHI</b>	<b>Oishi Group Public Company Limited</b>	<b>15,656,250,000</b>	<b>41.75</b>	<b>375,000,000</b>	<b>14.65</b>	<b>21.43</b>	<b>14.01</b>	<b>2.30</b>	<b>2.24</b>	<b>3.01</b>	<b>8.76</b>	<b>10.66</b>	<b>8.75</b>	
SAPPE	Sappe Public Company Limited	7,958,253,680	26.00	306,086,680	20.72	18.91	18.55	2.98	3.03	2.82	9.97	11.80	11.75	
HTC	Haad Thip Public Company Limited	7,335,058,250	36.50	200,960,500	12.82	11.70	11.87	1.95	1.93	1.89	7.33	8.57	6.94	
ICHI	Ichitan Group Public Company Limited	15,470,000,000	11.90	1,300,000,000	23.59	29.54	18.83	2.31	2.46	2.25	10.98	3.38	9.20	
TIPCO	Tipco Foods Public Company Limited	4,439,732,688	9.20	482,579,640	6.45	6.49	1.07	1.06	1.02	1.68	30.11	5.71	15.45	
TFMAMA	Thai President Foods Public Company Limited	62,808,614,667	190.50	329,704,014	16.20	17.27	17.30	2.40	2.34	1.70	9.40	11.06	9.61	
					Peer High	23.59	29.54	18.83	2.98	3.03	2.82	30.11	11.80	15.45
					Peer Median	16.20	17.27	17.30	2.31	2.34	1.89	9.97	8.57	9.61
					Peer Average	15.96	16.78	13.52	2.14	2.16	2.07	13.56	8.10	10.59
					Peer Low	6.45	6.49	1.07	1.06	1.02	1.68	7.33	3.38	6.94

From **Table (5.2)**, Oishi's multiples, including trailing, forward, and current, are around average and median values; however, they do not exceed peers' high or below the lowest. The cheapest or the most undervalued stock among peers and target company is HTC, while SAPPE and ICHI are the most expensive. Astonishingly, OISHI has a relatively fair market value compared to the benchmark according to multiples.

### 5.1.4 Target Price from Multiples

The peers' benchmark's median values of multiples will be multiplied by the forecasted corresponding performance indicators from the Pro-forma statement of Oishi to get the target prices (**Table 5.3**).

**Table 5.3 Oishi's Performance Indicators**

	1Q 2021A	2021F	2022F
<b>EPS</b>	0.37	2.95	2.98
<b>BVPS</b>	18.61	13.73	13.86
<b>EBITDA (million)</b>	307.3	1980.78	1996.42
<b>No. of Shares (million)</b>	375	375	375

The calculation of target prices through P/E and P/BV is straightforward. The median trailing and forward P/E of benchmarks for 2021 and 2022, 16.20 and 17.30, multiply with the forecasted Pro-forma EPS of 2.95 and 2.98. The same calculation method for the target prices from P/BV, median multiples of 2.31 and 2.25 multiply with book values per share of 13.73 and 13.86, respectively. However, when calculating the estimated price from the EV/EBITDA multiple, we must divide indicator amounts by the number of shares to attain per-share values. All prices from six different multiples are presented in **Table (5.4)** below.

**Table 5.4 Oishi's Target Prices from Different Multiples by Relative Valuation**

	P/E Band		P/BV Band		EV/EBITDA		Average
	Trailing	Forward	Trailing	Forward	Trailing	Forward	
Multiples	16.20	17.30	2.31	1.89	9.97	9.61	
Target Prices for 2021	47.79	51.04	31.72	25.95	52.66	50.78	43.32
Target Prices for 2022	48.28	51.55	32.02	26.20	53.08	51.18	43.72

After computing different prices for 2021 and 2022, we average all prices for each year. So, the target prices based on all multiples for 2021 is 43.32 THB and 43.72 THB for 2022. The current stock price on 7th July 2021 was 41.75. When comparing the current prices with 2021 and 2022's prices, OISHI has been traded in the market cheaper recently.

## 5.2 Sensitivity Analysis and Scenario Analysis

Sensitivity analysis will be carried out to examine changes in Oishi's target prices according to relevant variables. All multiples, including trailing and forward, have an impact on prices. So that, we would like to see the changes of average values

of prices when peers benchmark multiples are shifted. First, we took median multiples of the benchmark to determine the average values (43.32 for 2021 and 43.72 for 2022) and estimated prices. Additionally, we will consider the highest and lowest multiples values to perform sensitivity analysis to check how much the average values would be changed.

**Table 5.5 Estimated Target Prices for Various Ranges of Peers' Benchmark Multiples**

		P/E		P/BV		EV/EBITDA		
		Trailing	Forward	Trailing	Forward	Trailing	Forward	
MULTIPLES	max	23.59	18.83	2.98	2.82	30.11	15.45	Average
	median	16.20	17.30	2.31	1.89	9.97	9.61	
	min	6.45	1.07	1.06	1.68	7.33	6.94	
TARGET PRICES 2021	max	69.59	55.55	40.92	38.72	159.04	81.61	<b>74.24</b>
	median	47.79	51.04	31.72	25.95	52.66	50.78	43.32
	min	19.03	3.16	14.55	23.07	38.72	36.66	<b>22.53</b>
TARGET PRICES 2022	max	70.30	56.11	41.30	39.09	160.30	82.25	<b>74.89</b>
	median	48.28	51.55	32.02	26.20	53.08	51.18	43.72
	min	19.22	3.19	14.69	23.28	39.02	36.95	<b>22.73</b>

In **Table (5.5)**, the average prices are calculated by multiplying multiples by Oishi's performance indicators for 2021 and 2022. Oishi's highest prices can be around 74 and 75 roughly, while the lowest values can be between 22 and 23 approximately using maximum and minimum multiples.

The changes cannot be only for the peers' multiples, but also Oishi's capabilities and economic situations may not be consistent as estimated. So, as for the worst case, we should consider the condition if the Covid-19 situation will not be recovered after 2021 as analysts and we demanded. The best case is the opposite state of the worst. We will try scenario analysis by applying -10% decrement in Oishi's 2021 and 2022 indicators and +10% improvements with the median multiples.

**Table 5.6 Different Target Prices for The Best (+10%) and Worst (-10%) Cases**

<b>-10%</b>	<b>2021F</b>	<b>2022F</b>	<b>10%</b>	<b>2021F</b>	<b>2022F</b>
<b>EPS</b>	2.66	2.68	<b>EPS</b>	3.25	3.28
<b>BVPS</b>	12.36	12.47	<b>BVPS</b>	15.10	15.25
<b>EBITDA (million)</b>	1782.70	1796.78	<b>EBITDA (million)</b>	2178.86	2196.06
<b>Relative Valuation</b>			<b>Relative Valuation</b>		
<b>Trailing P/E</b>	43.01	43.45	<b>Trailing P/E</b>	52.57	53.10
<b>Forward P/E</b>	45.93	46.40	<b>Forward P/E</b>	56.14	56.71
<b>Trailing P/BV</b>	28.54	28.81	<b>Trailing P/BV</b>	34.89	35.22
<b>Forward P/BV</b>	23.35	23.58	<b>Forward P/BV</b>	28.54	28.81
<b>Trailing EV/EBITDA</b>	47.40	47.77	<b>Trailing EV/EBITDA</b>	57.93	58.39
<b>Forward EV/EBITDA</b>	45.71	46.07	<b>Forward EV/EBITDA</b>	55.86	56.30
<b>Target Prices Average</b>	38.99	39.35	<b>Target Prices Average</b>	47.66	48.09

From **Table (5.6)**, if Oishi faces an economic downturn, the target prices for 2021 and 2022 will be 38.99 and 39.35, respectively. Compares to the current price on 7<sup>th</sup> July (41.75), those prices are lower by 6% approximately. However, Oishi's target prices can be higher than the current one by around 14% when the Covid-19 situation improves and businesses can operate as usual, to 47.66 and 48.09.

**Table 5.7 Oishi's Price Ranges from Sensitivity and Scenario Analysis**

	<b>2021</b>	<b>2022</b>
<b>Highest Prices</b>	74.24	74.89
<b>Lowest Prices</b>	22.53	22.73

Price ranges according to the changes of variables like multiples and Oishi's performance indicators are shown in **Table 5.7**. In 2021, the company's stock price can reach up to 74.24 at most and 74.89 in 2022. As for the lowest ones, prices can be 22.53 in 2021 and 22.73 for 2022.

## **5.3 Investment Risks and Downside Possibilities**

### **5.3.1 Financial Risks**

Oishi intends to develop its export operations across the ASEAN region in order to boost sales in Cambodia, Laos, and Myanmar. In Myanmar, Oishi's subsidiary



currently operates one Shabushi restaurant in Yangon. Foreign currency can have a minor impact on revenues and operating costs. Approximately 10% of total sales revenue is currently produced outside of the overseas market. Oishi is subject to **foreign currency risk** of purchases and sales of goods denominated in foreign currencies (Oishi, 2021). However, there are no substantial concentrations of foreign currency risk.

The company can expose to **interest rate risk** from its borrowing. Therefore, the risk is that future market interest rates will affect the company's operations and cash flow because loan interest rates are mainly fixed. However, the company's interest-bearing debt is around 5%. The loan amount is small compared to the company's equity, and the policy interest rate is reduced. As a result, the company will have a lower interest rate risk, which will help its debt financing.

**The low free float** of the company's securities poses a risk of transaction liquidity on SET. The company has a free float of 20.34 % as of December 14, 2020, resulting in relatively low liquidity transactions of the securities listed on SET (Oishi, 2021). Shareholders may face the danger of not selling the company's stock at the desired price right away.

### 5.3.2 Market Risks

Consumer confidence and consumption levels may be affected by **economic threats**. Due to the unpredictability and uncertainty of the economy, business operations may see an increase in raw material costs, labor costs, and other expenses. Challenges such as the Covid-19 pandemic, a significant drop in tourism, or an economic slowdown caused by the temporary closure of enterprises have had a cascading effect on consumer employment and purchasing power, causing people to be more cautious with their purchases. The drop in beverage income was attributable primarily to a decrease in export sales and order delays caused by the Covid-19 in the overseas market. Furthermore, consumers are more cautious and attentive to their spending than ever before, resulting in a decline in the number of customers at restaurants and the amount of money spent on each service.

The beverage industry has significant **risk in competition**, and new high-potential entrepreneurs with aggressive marketing strategies have always sought to break into the market. However, Oishi has increased its competitiveness through its

brands and product image via excellent advertising, marketing, and promotional operations. Due to the growing popularity of Japanese cuisine in Thailand, numerous new Japanese restaurant operators appear regularly for the food business. Several competitors open stores with the same menu and close. On the other hand, Oishi has procedures to compete on product quality, advertising, and promotional activities without decreasing prices, giving it a competitive advantage.

The Covid-19 pandemic would hasten tendencies that were previously thought to take years to develop. The internet has become an essential infrastructure that can be accessed anytime and from any location, making life easier. Covid-19 **changes consumer behavior** toward more internet-based purchases. Even after Covid-19, online purchase habits will undoubtedly persist. Customers are seeking faster and more convenient services so that, small and medium service providers are growing in popularity. People, on the other hand, are increasingly concerned about their health and cleanliness. Following the Covid-19 trends, a new normalized social responsibility standard and a more accessible medical and public health system will emerge. Importantly, all businesses are responsible for providing and fulfilling consumers' demands as trendy, including Oishi.

### 5.3.3 Operational Risks

For the food business, **the location of the store** is critical while the competition is intense. It is vital to get the most convenient and crowded place with a medium-to-long-term contract with a trustworthy landlord when expanding the business. There are some likelihoods that when the contract is close to expiring, OISHI might not rent the current operating place, or the landlord increases the rent. Both risks have a moderate impact on OISHI's expenses and can affect the lower in making sales.

As fresh and good quality raw materials contribute essentially to OISHI's success, OISHI has to maintain the relationship with the current suppliers as there are fewer qualified suppliers in the market, the riskier for the company to get influenced by the **suppliers' power** through fluctuation in the procurement costs, which will affect higher production costs. However, OISHI has planned out very well by acquiring many suppliers and always searching for qualified suppliers.

### 5.3.4 Political Risks

For OISHI, the import and export regulations and consumer-centered regulations have to be considered when considering the regulations. For example, when the government exercised the sugar tax, other additional expenses relating to the production and as well as in the product development process are costed to Oishi in order to adjust the taxable sugar level. The same goes for the import or export regulations. It is essential to study the regulations and laws regarding import and export that would impact sales, NI, and EPS then, finally, the share price.

All the described risks are summarized using the risk assessment matrix with two factors: probability and impact of risks (Figure 5.7).



**Figure 5.7 Risk Assessment Matrix Relating to Oishi**

Source: Oishi. (2021). *Annual Report 2020*

### 5.4 Valuation Recommendation

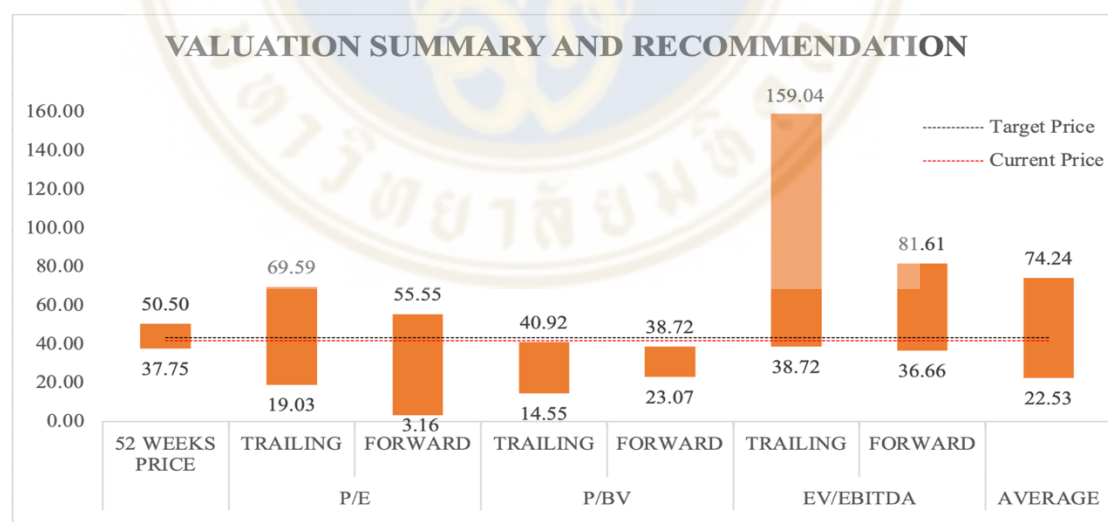
As for the recommendation, there are mainly three criteria, to hold, sell, or buy. If target price is over 10% upside from current one, the recommendation will be to BUY. The stock will be suggested to HOLD if only target price is between 10% up and down from current price. As the last alternative, the asset has to SELL on condition that

target price is lower than 10% downside from current. In **Table 5.8**, all criteria to recommend are described including the values of prices according to each suggestion. Notably, target price for 2020 is 43.32, which positions between 10% up and down range.

**Table 5.8 Recommendation Criteria**

Criteria		Recommendation
Target Price > Current Price * (1+10%)	45.93	BUY
Current Price * (1-10%) > Target Price > Current Price * (1+10%)	37.58 > 43.32 > 45.93	HOLD
Target Price > Current Price * (1-10%)	37.58	SELL

After the valuation analysis with all risk and possibilities are assessed, we use the football field as a way to check whether the target price is reasonable, over or undervalued. The current price of Oishi on 7<sup>th</sup> July 2021 is 41.75 and the target price for 2021 is 43.32, which are traded fairly in the market (**Figure 5.8**). The estimated price also lies among most of the benchmark's multiples. Also, the 52-week price range represents that Oishi has been traded fairly.



**Figure 5.8 Valuation Summary**

When comparing with the analysts estimated prices, our target price derived from relative valuation (43.32) closes to the price with HOLD suggestion moreover, it

is lower than the average range. So that, the validity of the target price has a significant amount.

**Table 5.9 Target Prices from Analysts**

No.	Broker	EPS (Baht)				P/E	P/BV	DIV (%)	Target	Rec
		2021F	%Change	2022F	%Change	2021F	2021F	2021F	Price	
1	FSS	1.91	-33.0	3.11	62.8	22.0	2.2	2.4	53.00	Buy
2	CGS	2.00	-33.3	2.00	-	21.0	-	2.6	42.20	Hold
<b>Average</b>		<b>1.96</b>	<b>-33.2</b>	<b>2.55</b>	<b>62.8</b>	<b>21.5</b>	<b>2.2</b>	<b>2.5</b>	<b>47.60</b>	
<b>High</b>		<b>2.00</b>	<b>-33.0</b>	<b>3.11</b>	<b>62.8</b>	<b>22.0</b>	<b>2.2</b>	<b>2.6</b>	<b>53.00</b>	
<b>Low</b>		<b>1.91</b>	<b>-33.3</b>	<b>2.00</b>	<b>62.8</b>	<b>21.0</b>	<b>2.2</b>	<b>2.4</b>	<b>42.20</b>	
<b>Median</b>		<b>1.96</b>	<b>-33.2</b>	<b>2.55</b>	<b>62.8</b>	<b>21.5</b>	<b>2.2</b>	<b>2.5</b>	<b>47.60</b>	

Source: SETTRADE

As we have chosen the average value of all multiples to estimate OISHI's target price, OISHI's target price for 2021 is 43.32, higher than the price on 7th July 2021 41.75 by 3.8%. Due to the Covid-19, the sales figure in 2020 decreased with some distraction to distribution channels and lockdown regulations. However, Oishi can be able to maintain the net profit with not much downside rate especially due to the good control of costs and expenses. When looking for the company's operational ability, Oishi could operate with very low debt effectively and efficiently. Before the third wave of the Covid-19, market analysts forecasted that the beverage industry, the main contributor to the sales and net profit of Oishi, might be able to recover at a steady rate. Besides, within at least two years, the market situation and operational efficiency is forecasted to be at the same level as before.

**Table 5.10 Valuation Recommendation**

HOLD	
Share Price (7th July 2021)	41.75
Target Price	43.32
Upside / Downside	3.8%

To be concluded, we can see Oishi's sustainable market position in both domestic and international markets during the pandemic. As well, Oishi's strategic and



operational response to the market and consumers' behavior changes contribute to the stable earnings. After all, by considering all valuation analysis, risk and possibilities assessments, plus recommendation criteria, we would like to issue "HOLD" recommendation regarding to Oishi stock.



## **CHAPTER VI**

### **CONCLUSION**

This paper aims to acquire Oishi Group Public Company Limited's (OISHI) stock value in 2021 and 2022 through the relative valuation method by studying and assessing the historical trading data, forecasting prospects, and applying relative peers' valuations. Compared with the peers' multiples to value Oishi's stock, trailing and forward P/E, P/BV, and EV/EBITDA multiples are the leading multiples. In contrast, we selected the comparable peer companies based on the financial and business profile compared to the data of Oishi. The median multiples of peers' benchmark are multiplied by forecasted earnings, EBITDA, and book value per share (BVPS) of Oishi to estimate the target company's stock price (Oishi). Then, the average value of all estimated prices is chosen to present as the target prices of Oishi for 2021 and 2022, 43.32 and 43.72.

The estimated price for 2021 (43.32) compared to the current price of 41.75 on 7th July 2021 is higher, meaning that the current price is cheaper but not much. As Oishi's estimated stock price for the year-end of 2021 is higher moderate amount with relatively low risks assessment, the recommendation for Oishi stock is to "HOLD".

As the "triggers for the reassessment," we would recommend to re-assess once the Covid-19 situation is recovering and the whole country's economy has recovered and operating as regular again. Due to the ever-changing market situation with the peers' strategies and improvements, the future financial data relating to their performances are predicted to be changed. In turn, the multiples of each selected comparable company will be higher or lower. Besides, it will be better to assess this valuation with comparable foreign companies since only Thailand-based multinational companies were selected. When valuing with the foreign companies, there will be a higher chance to know more about the position of Oishi around the international market position.

The "limitation" of this paper is that some of the forward peers' multiples are very limited to collect and analyze. Together with the limited providing data through the respective annual reports, the future estimated price is forecasted. Furthermore, there

is another standard limitation when determining the target company's stock price compares to peers' multiples, a limitation to attain the most suitable comparable companies. In this paper, ICHI, TIPCO, HTC, SAPPE and TFMAMA are selected to estimate the stock price of OISHI. Some of them have nearly identical market capital, while some are different but with close GRs. In conclusion, the forecasted amounts and forward multiples are based on past financial data. No future qualitative factors such as management or organization's strategy are not included nor forecasted.



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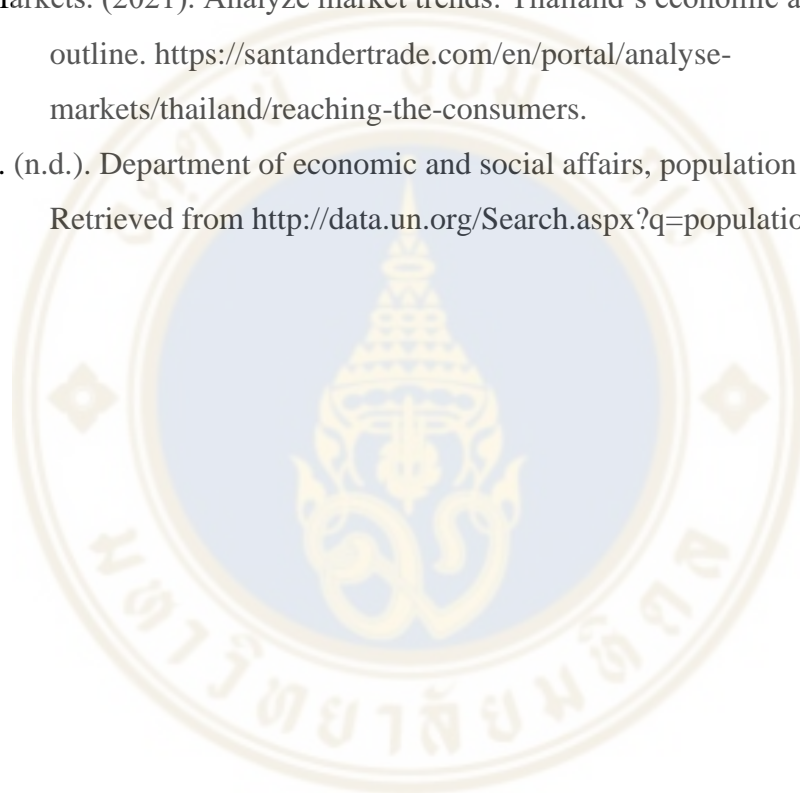
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## **Appendix A: SWOT Analysis of Oishi**

### Strengths

- Good brand reputation: Thailand's Most Admired Brand 2020, Oishi, has been awarded for the ninth year in a row as the most trusted and admired brand in the RTD tea category (Annual Report of Oishi Group Public Company Limited, 2020).
- Outstanding customer satisfaction and experience: Customer satisfaction for food business can be described using four critical metrics detailed from the feedback below: 91% for ambient of atmosphere and facilities, 92% customer service, 87% for quality of food, and 91% for delivery service.
- Nationwide distribution network: Thai Beverage Public Company Limited (ThaiBev) is Thailand's largest distributor of both alcoholic and non-alcoholic beverages. ThaiBev, as Oishi's largest stakeholder and a key strategic partner for Oishi, guaranteed the company's distribution network is solid and steady.
- Strong Financial Position: Oishi has a strong balance sheet, and sufficient cash flow from zero debt status is regarded as solid leaving room for future finance and investment. At the same time, the company payout ratio has remained higher than the dividend payout policy, at 40%, during the challenging period.
- R&D: Focus on new product development across all categories and continue developing and launching healthy packaged foods.

### Weaknesses

- Raw materials and production costs: Other than RTD tea products, the sales volume of other items is deemed low compared to the market size, resulting in a high production cost due to the manufacturing plants not being used to their maximum potential.
- The supplier relationship: Due to the necessity to make only high-quality products made of premium materials, there is no policy to purchase raw

materials from specific suppliers, resulting in a material scarcity or a price bargaining disadvantage.

### Threats

- Very competitive: The food and beverage industry is highly competitive, and there have always been new high-potential competitors looking to break into the market with effective marketing strategies.
- Sugar excise tax: Because ready-to-drink is one of the beverage goods subject to excise tax, company owners have to alter the product's selling price and continually explore new sugar-free products.
- Natural disasters: The COVID-19 outbreak has significantly impacted all businesses and industries, particularly the food and beverage industry. Chain effects caused by challenges such as a significant drop in tourism and an economic slowdown resulting from the lockdown have affected customers' purchasing power.

### Opportunities

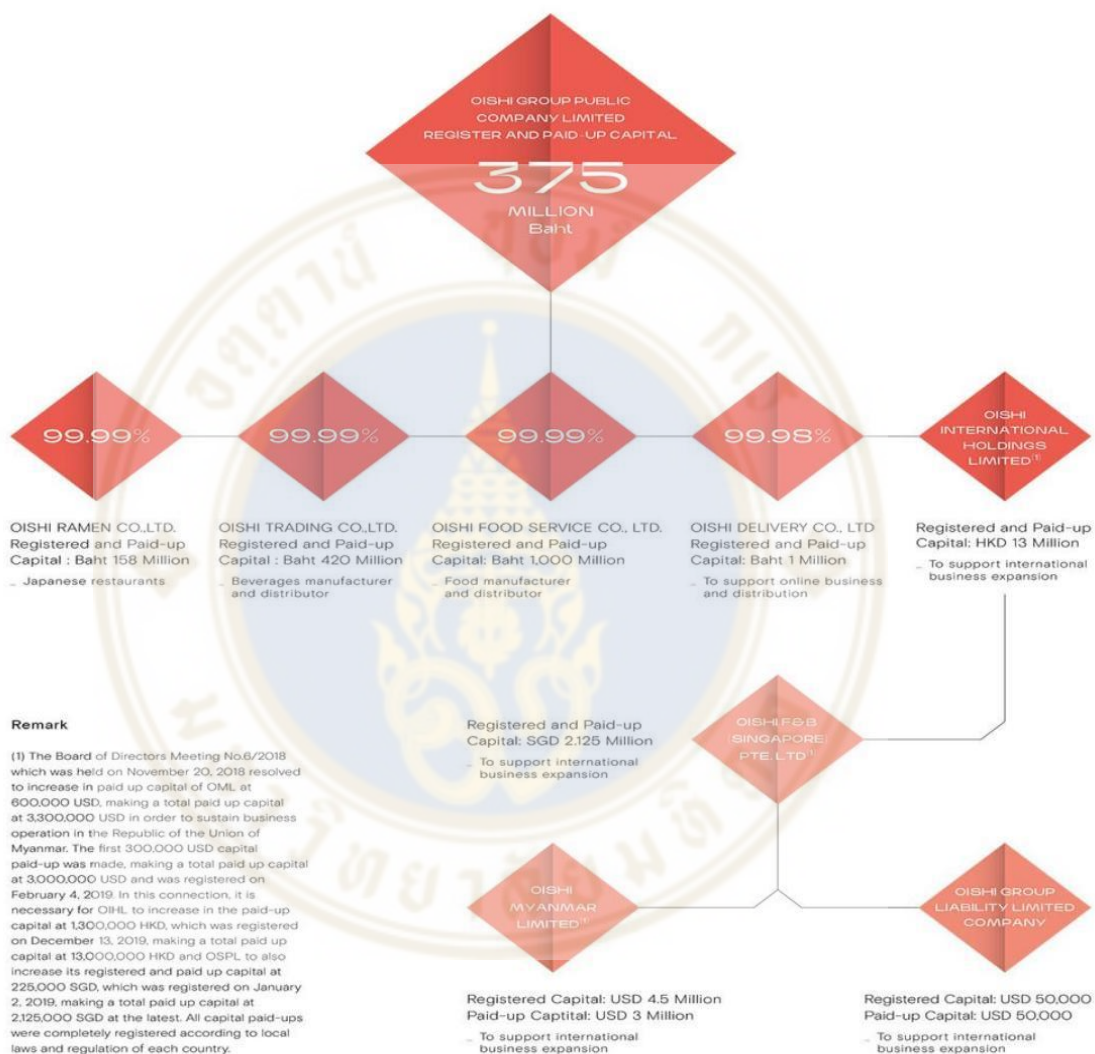
- International market expansion: Oishi currently holds the number one market share in the beverage business in Cambodia, Laos, and Myanmar, indicating that there are still prospective markets in Asia such as China, currently with a stable growth economic environment. The well-recognized product quality and current market situation hold potential to expand into the European countries too.
- Advanced technology and digital platform: With the growing expansion of the delivery channel, which is becoming increasingly active in the lifestyle of metropolitan consumers, advanced technology and digital platforms are becoming more critical. Customers will be able to communicate with these more directly as a result of this.
- New lifestyle and health awareness: People are becoming more health-conscious regarding food and beverages, and healthier cuisines and teas are becoming more tempting to customers.



## Appendix B: Group Structure of Oishi

### OISHI GROUP STRUCTURE

As at November 18, 2020



## Appendix C: Corporate Governance Scores of Oishi in 2020

AGM Quality Score								
	2014	2015	2016	2017	2018	2019	2020	Listed co Avg 2019
Oishi Group	97	100	99.25	100	99	100	98.5	93.95



## Appendix D: Shareholder Structure of Oishi

**Figure D-1 Oishi major shareholders**

Ref	Shareholders' name	Shares	%
1.	Thai Beverage Public Company Limited	298,720,398	79.66
2.	UOB KAY HIAN PRIVATE LIMITED	18,000,000	4.80
3.	DBS BANK LTD.	17,910,200	4.78
4.	Mr. Thaweechat Jurangkool	15,789,400	4.21
5.	BANK OF SINGAPORE LIMITED-THB SEG AC	9,357,400	2.50
6.	Mr. Ayuth Charnsethikul	1,960,000	0.52
7.	Mrs. Hatairat Jurangkool	1,234,200	0.33
8.	Thai NVDR Company Limited	1,201,418	0.32
9.	Ms. Orapan Assamongkol	986,400	0.26
10.	Mrs. Nipaporn Siripong	847,300	0.23
11.	Free Float shareholders	8,993,284	2.39
	<b>Total</b>	<b>375,000,000</b>	<b>100</b>

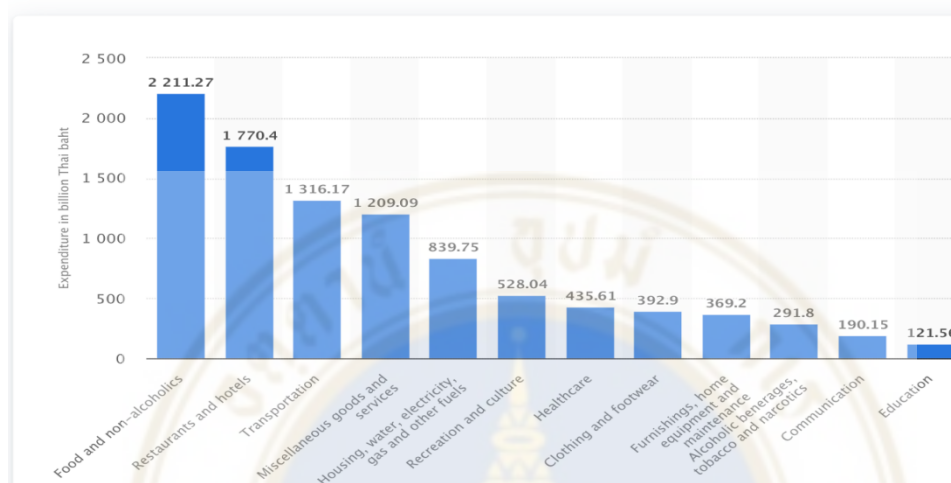
**Figure D-2 ThaiBev major shareholders**

Ref	Shareholders' name	Shares	%
1.	The Central Depository (Pte) Limited	12,305,567,766	48.99
2.	Siriwana Company Limited	11,368,060,000	45.27
3.	Mr. Thanapa Sirivadhanabhakdi	107,000,000	0.43
4.	Mrs. Thapanee Techajareonvikul	107,000,000	0.43
5.	Mr. Panote Sirivadhanabhakdi	107,000,000	0.43
6.	Mrs. Wallapa Traisorat	107,000,000	0.43
7.	Mr. Natthavat Tejapaibul	92,377,500	0.37
8.	Mrs. Atinant Bijananda	88,660,756	0.35
9.	Mrs. Chompoonuch Tejapaibul	70,000,000	0.28
10.	Mrs. Varang Chaiyawan	65,650,500	0.26

Source: Oishi Annual Report (2020)

## Appendix E: Value of household consumption expenditure in Thailand in 2019, by category

(in billion Thai baht)



Source: Statistics (2021)

## Appendix F: Macroeconomic of Thailand

### Figure F-1 Food and beverage service industry growth

Market Sizes | Historical/Forecast | Period growth

Geography	Category	Data Type	Unit	2010 - 2020 %	2010 - 2020 CAGR %	2010 - 2020 Absolute
Thailand	Food and Beverage Services	Establishments	outlet	37.6	3.2	48,897.0

### Figure F-2 Historical GDP growth

Economies and Consumers Annual Data | Historical | Period growth

Geography	Category	Data Type	Unit	Current Constant	2010 - 2020 %	2010 - 2020 CAGR %	2010 - 2020 Absolute
Thailand	GDP	Socio-economic indicators	THB million	Current Prices	45.2	3.8	4,890,141.0

### Figure F-3 Forecasts GDP growth

Economies and Consumers Annual Data | Forecast | Period growth

Categories	Geography	Data Type	Unit	Current Constant	2021 - 2024 %	2021 - 2024 CAGR %	2021 - 2024 Absolute
GDP	Thailand	Socio-economic indicators	THB million	Current Prices	20.0	6.3	3,380,699.8

### Figure F-4 Thailand's GDP

Economies and Consumers Annual Data | Historical/Forecast

Geography	Category	Data Type	Unit	Current Constant	2016	2017	2018	2019	2020	2021	2022	2023	2024
Thailand	GDP	Socio-economic indicators	THB million	Current Prices	14,590,337.0	15,488,664.0	16,368,705.0	16,898,086.0	15,698,286.0	16,923,013.2	18,108,877.3	19,195,368.9	20,303,713.0

### Figure F-5 Consumer Expenditure as of % GDP

Economies and Consumers Annual Data | Historical/Forecast

Geography	Category	Data Type	Unit	Current Constant	2016	2017	2018	2019	2020	2021	2022	2023	2024
Thailand	Consumer Expenditure as % of GDP	Socio-economic indicators	% of total GDP	-	57.0	56.9	56.4	58.2	62.2	59.7	58.5	58.4	58.3

Source: Euromonitor. (2021)



## Appendix G: Market Share of RTD (%) in Thailand

Beverage: Oishi Sustains Number 1 Market Share in RTD Tea with Incremental Gap from Major Competitor



 Thailand – % Market share of Ready-to-Drink Tea (RTD Tea) by Value

Moving Average 12 months (MAT) Mar-21's Value = THB 10,533 mn

Value	% YoY
	MAT- Mar21
RTD Tea	-13.5%
Oishi Corp.	- 7.1%
Second Player	-14.5%

