

CHAROEN POKPHAND FOODS

THAILAND / FOOD & BEVERAGE

CPF TB

HOLD

UNCHANGED

TARGET PRICE	THB22.00
CLOSE	THB20.10
UP/DOWNSIDE	+9.5%
PRIOR TP	THB22.30
CHANGE IN TP	-1.3%
TP vs CONSENSUS	-4.7%

ราคาเนื้อสัตว์ยังต่ำกว่าต้นทุนเลี้ยง

- ราคาเนื้อสัตว์ที่อ่อนแอจะกดดัน 3Q23 ให้ขาดทุนมากขึ้น และแนวโน้ม 4Q23 น่าจะยังขาดทุนต่อเป็นไตรมาสที่ 4 ติดต่อกัน
- ปรับลดผลการดำเนินงาน 2023 พลิกเป็นขาดทุน และคาดคงจ่ายปันผลสำหรับปีนี้
- ปรับใช้ราคาเป้าหมายปี 2024 และยังคงติดตามราคาเนื้อสัตว์ใกล้ชิดต่อไป

ราคาเนื้อสัตว์อ่อนแอกดดันผลการดำเนินงาน 3Q23 ขาดทุนหนักขึ้น

ขาด 3Q23 ยังขาดทุนต่อเนื่องราว -4.8 พันลบ. ขาดทุนมากขึ้นจาก -3.8 พันลบ. ใน 2Q23 และพลิกจากกำไร 5.1 พันลบ. ใน 3Q22 แม้ปกติเป็น High Season แต่ราคาเนื้อสัตว์โดยรวมปรับลดลง โดยเฉพาะราคาในประเทศ หมูไทย -6% q-q, -38% y-y, ไก่ไทย -5.3% q-q, -12% y-y ส่วนราคาหมูต่างประเทศโดยรวมฟื้น q-q ได้ แต่ลดลงพอควร y-y ส่วนใหญ่มาจากเหตุผลคล้ายกันคือ Oversupply และ Weak demand ขณะที่ราคาวัตถุดิบยังปรับลงช้า เพราะมีสต็อกราคาสูงใช้อยู่ จึงคาดการณ์ได้รวมและอัตรากำไรขั้นต้น 3Q23 จะอ่อนแอทั้ง q-q และ y-y

แนวโน้ม 4Q23 น่าจะยังขาดทุนต่อเป็นไตรมาสที่ 4 ติดต่อกัน

แนวโน้ม 4Q23 น่าจะขาดทุนต่อเป็นไตรมาสที่ 4 ติดต่อกัน แม้จะเริ่มรับรู้ต้นทุนวัตถุดิบที่ถูกลงราว 5%-8% q-q แต่ราคาเนื้อสัตว์ยังอ่อนแอ และราคาหมูต่างประเทศเริ่มปรับลงทั้งเวียดนาม กัมพูชา และจีน โดยเฉพาะหมูจีนที่ยังเป็นระดับราคาต่ำกว่าต้นทุนการเลี้ยง และคาดบริษัทรวมทั้ง CTI และ Hylife น่าจะยังขาดทุนต่อเช่นเดียวกัน เบื้องต้นจึงคาดว่า 4Q23 จะขาดทุนลดลงเป็น -2.5 พันลบ. เท่ากับว่าปี 2023 จะขาดทุนทุกไตรมาส

ปรับลดผลการดำเนินงานทั้งปี 2023 เป็นขาดทุน

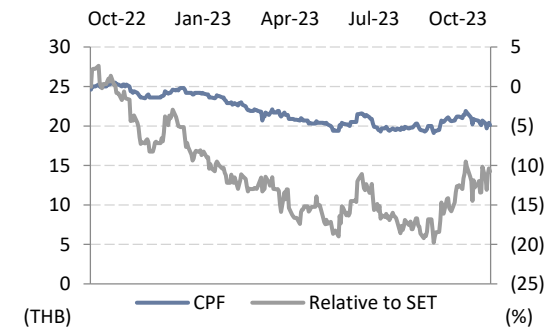
จากสถานการณ์ราคาเนื้อสัตว์ที่ฟื้นช้ากว่าคาด เราปรับลดผลการดำเนินงานปี 2023 ลงเป็นขาดทุน -1.47 หมื่นลบ. ส่วนขาดทุนสุทธิคาดอยู่ที่ -8.9 พันลบ. พลิกจากกำไร 1.39 หมื่นลบ. ในปี 2022 แต่ยังคงคาดหวัง Demand ในปี 2024 กลับมาฟื้น และช่วยหนุนให้ราคาเนื้อสัตว์ขยับขึ้นเหนือต้นทุนการเลี้ยงได้อีกครั้ง โดยคาดปี 2024 พลิกมีกำไรสุทธิ 1.11 หมื่นลบ. ส่วนสงครามในอิสราเอล ไม่มีผลกระทบทางตรงต่อ CPF แต่หากส่งผลให้ราคาน้ำมันปรับตัวสูงขึ้นในระยะถัดไป อาจกระทบทางอ้อมต่อผู้ประกอบการได้

ปรับใช้ราคาเป้าหมายปี 2024 ยังต้องติดตามราคาเนื้อสัตว์ใกล้ชิด

เราปรับใช้ราคาเป้าหมายปี 2024 ที่ 22 บาท (อิง PE เดิม 17x) แม้มองว่าจะผ่านจุดแคสสุดในปี 2023 แล้ว แต่ราคาหุ้นมี Upside เพียง 11% ขณะที่คาดจะคงจ่ายปันผลในปี 2023 และยังคงต้องติดตามการเคลื่อนไหวของราคาเนื้อสัตว์ต่อไป จึงแนะนำเพียง ถือ

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	614,197	588,459	617,258	649,666
Net profit	13,970	(8,886)	11,159	12,050
EPS (THB)	1.76	(1.03)	1.30	1.40
vs Consensus (%)	-	nm	29.5	2.9
EBITDA	63,057	46,505	60,604	64,220
Recurring net profit	8,623	(14,759)	7,659	12,050
Core EPS (THB)	1.09	(1.71)	0.89	1.40
Chg. In EPS est. (%)	-	nm	0.2	23.6
EPS growth (%)	130.6	nm	nm	57.3
Core P/E (x)	18.5	(11.7)	22.6	14.4
Dividend yield (%)	3.7	-	3.2	3.5
EV/EBITDA (x)	10.9	15.1	11.6	11.0
Price/book (x)	0.6	0.7	0.7	0.7
Net debt/Equity (%)	160.9	160.4	152.4	152.8
ROE (%)	3.6	(5.9)	3.2	5.1



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(5.2)	3.1	(18.0)
Relative to country (%)	2.0	6.8	(9.9)
Mkt cap (USD m)	4,477		
3m avg. daily turnover (USD m)	8.0		
Free float (%)	46		
Major shareholder	Charoen Pokphand Group (37%)		
12m high/low (THB)	25.50/19.10		
Issued shares (m)	8,611.24		

Sources: Bloomberg consensus; FSSIA estimates



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Investment thesis

CPF ดำเนินธุรกิจเกษตรอุตสาหกรรมและอาหารครบวงจร โดยมีวิสัยทัศน์เป็น ครวัของโลกร ที่มีการเติบโตอย่างยั่งยืน และมีฐานการผลิตผ่านการลงทุนและร่วมลงทุนใน 17 ประเทศทั่วโลก และมีการส่งออกกระจายไปมากกว่า 40 ประเทศทั่วโลก อย่างไรก็ตาม ด้วยลักษณะการดำเนินธุรกิจที่ครอบคลุมตั้งแต่ต้นน้ำ โดยเฉพาะธุรกิจฟาร์ม ซึ่งมีความผันผวนตามการเปลี่ยนแปลงของราคาเนื้อสัตว์ และราคาวัตถุดิบ ทำให้ผลประกอบการในแต่ละปีมีความผันผวนค่อนข้างมาก ดังเช่นในปี 2023 ที่เรคาดจะพลิกเป็นขาดทุนสูง ตามการปรับลงของราคาเนื้อสัตว์ แต่ก็คาดว่าจะกลับมาทำกำไรอีกครั้งในปี 2024 เมื่อราคาเนื้อสัตว์ปรับตัวดีขึ้น

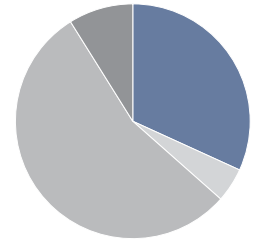
Company profile

CPF ก่อตั้งขึ้นในปี 1978 และจดทะเบียนเข้าในตลาดหลักทรัพย์ปี 1987 โดยเป็นผู้ดำเนินธุรกิจอุตสาหกรรมการเกษตรอย่างครบวงจร ตั้งแต่ต้นน้ำจนถึงปลายน้ำ และครอบคลุมการเลี้ยงสัตว์ปีกและสัตว์น้ำ ได้แก่ สุกร ไก่เนื้อ ไก่ไข่ เป็ด กุ้งขาว และปลา โดยสิ้นปี 2022 บริษัทมีสัดส่วนรายได้จาก 3 ธุรกิจหลักแบ่งเป็น Feed, Farm และ Food สัดส่วน 24%/55%/21% ของรายได้รวม ตามลำดับ

www.cpfworldwide.com

Principal activities (revenue, 2022)

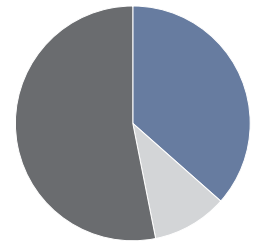
- Thailand livestock - 31.8 %
- Thailand aquatic - 4.7 %
- Overseas livestock - 54.6 %
- Overseas aquatic - 8.9 %



Source: Charoen Pokphand Foods

Major shareholders

- Charoen Pokphand Group - 36.5 %
- UBS AG London Branch - 10.4 %
- Others - 53.1 %



Source: Charoen Pokphand Foods

Catalysts

ปัจจัยหนุนการเติบโตในปี 2024 คือ 1) การเติบโตของปริมาณขาย เมื่อความต้องการบริโภคปรับตัวสูงขึ้น 2) ราคาเนื้อสัตว์ปรับตัวสูงขึ้น 3) ต้นทุนวัตถุดิบอาหารสัตว์ทรงตัวถึงอ่อนตัวลง และ 4) บริษัทร่วมและบริษัทย่อยในต่างประเทศมีผลประกอบการฟื้นตัวดีกว่าคาด

Risks to our call

ความเสี่ยง 1) กำลังซื้อชะลอตัว 2) ราคาเนื้อสัตว์ฟื้นตัวช้ากว่าคาด 3) ต้นทุนวัตถุดิบปรับตัวสูงขึ้น 4) ค่าเงินบาทแข็งค่า และ 5) การปรับขึ้นค่าแรงขั้นต่ำ และการขาดแคลนแรงงาน

Event calendar

Date	Event
November 2023	3Q23 results announcement 3Q23 analyst meeting

Key assumptions

	2023E	2024E	2025E
Broiler price-TH (THB)	40.0	41.0	42.0
Swine price-TH (THB)	75.5	80.0	80.0
Swine price-VN (VND)	54,700	54,000	54,000
Total revenue growth (%)	(4.2)	4.9	5.3
Gross margin (%)	10.7	12.5	12.7
SG&A to sales (%)	9.1	9.0	9.0

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in 2023 revenue, we estimate net profit to rise by 4%, and vice versa, all else being equal.
- For every 0.1% increase in 2023 GPM, we estimate net profit to rise by 3.5%, and vice versa, all else being equal.
- For every 0.1% increase in 2023 SG&A to sales, we estimate net profit to fall by 4.4%, and vice versa, all else being equal.

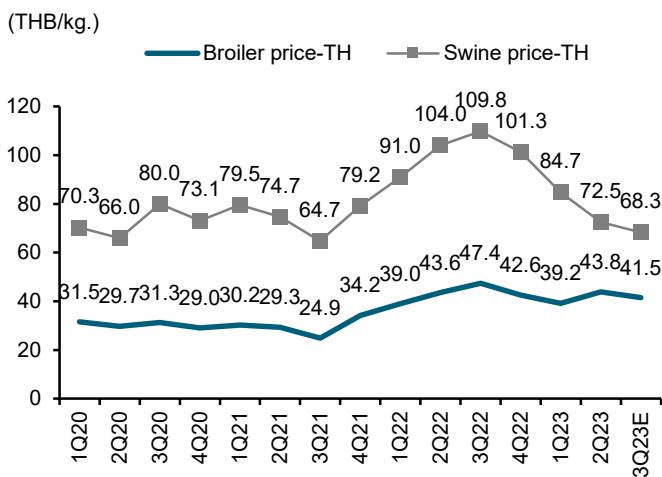
Source: FSSIA estimates

Exhibit 1: 3Q23 earnings preview

	3Q22	4Q22	1Q23	2Q23	3Q23E	Change		9M22	9M23E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)
Sales	160,266	159,048	143,781	150,246	147,241	(2.0)	(8.1)	455,149	441,268	(3.0)
Cost of sales	136,287	141,569	128,202	133,750	132,517	(0.9)	(2.8)	390,755	394,470	1.0
Gross profit	23,979	17,479	15,579	16,496	14,724	(10.7)	(38.6)	64,394	46,798	(27.3)
SG&A	14,385	14,928	12,787	13,868	13,546	(2.3)	(5.8)	40,073	40,201	0.3
Operating profit	10,564	3,849	3,663	3,607	2,128	(41.0)	(79.9)	27,001	9,398	(65.2)
Interest expense	5,494	6,035	6,068	6,157	6,187	0.5	12.6	14,323	18,413	28.5
Tax expense	2,020	(698)	429	123	150	21.7	(92.6)	6,701	702	(89.5)
Profit (loss) sharing	2,294	2,580	(1,088)	(893)	(400)	nm	nm	1,165	(2,381)	nm
Biological gain (loss)	(886)	469	(41)	1,616	(500)	nm	nm	942	1,074	14.1
Other gain (loss)	421	52	879	1,419	1,500	5.7	255.9	3,884	3,798	(2.2)
Reported net profit	5,108	1,812	(2,725)	(792)	(3,844)	nm	nm	12,158	(7,361)	nm
Core profit	5,572	1,290	(3,563)	(3,827)	(4,844)	nm	nm	7,332	(12,234)	nm
Key Ratios (%)						(ppt)	(ppt)			
Gross margin	15.0	11.0	10.8	11.0	10.0	(1.0)	(5.0)	14.1	10.6	(3.5)
SG&A to sales	9.0	9.4	8.9	9.2	9.2	(0.0)	0.2	8.8	9.1	0.3
Operating margin	6.6	2.4	2.5	2.4	1.4	(1.0)	(5.1)	5.9	2.1	(3.8)
Net margin	3.2	1.1	(1.9)	(0.5)	(2.6)	(2.1)	(5.8)	2.7	(1.7)	(4.3)
Core margin	3.5	0.8	(2.5)	(2.5)	(3.3)	(0.7)	(6.8)	1.6	(2.8)	(4.4)
Operating statistics (THB/kg)										
Broiler price-TH	47.4	42.6	39.2	43.8	41.5	(5.3)	(12.4)	43.3	41.5	(4.2)
Swine price-TH	109.8	101.3	84.7	72.5	68.3	(5.9)	(37.8)	101.6	75.2	(26.0)
Shrimp price 70 unit -TH	145.0	141.7	155.0	123.3	112.5	(8.8)	(22.4)	154.2	130.3	(15.5)
Corn price-TH	12.1	12.6	13.3	12.9	11.7	(9.3)	(3.7)	12.2	12.6	3.3
Soybean meal price-TH	23.1	23.3	24.0	23.4	21.2	(9.3)	(8.1)	22.5	22.9	1.5
Swine price-VN (VND/kg.)	62,760	52,819	50,045	55,095	57,713	4.8	(8.0)	56,985	54,284	(4.7)
Swine price-CH (RMB/kg.)	22.5	24.6	15.2	14.4	16.3	12.8	(27.8)	17.0	15.3	(10.0)

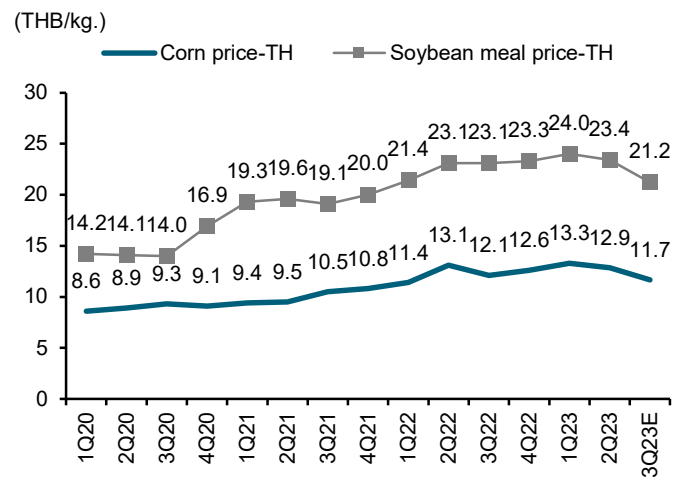
Sources: CPF, FSSIA estimates

Exhibit 2: Domestic swine and chicken prices



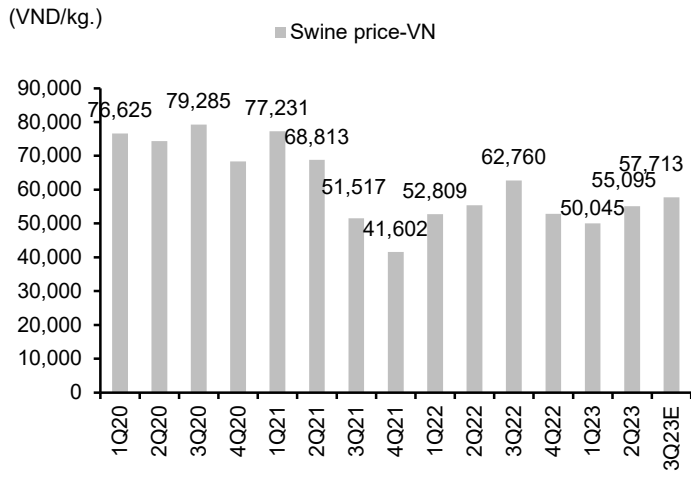
Sources: CPF, FSSIA estimates

Exhibit 3: Corn and soybean meal prices



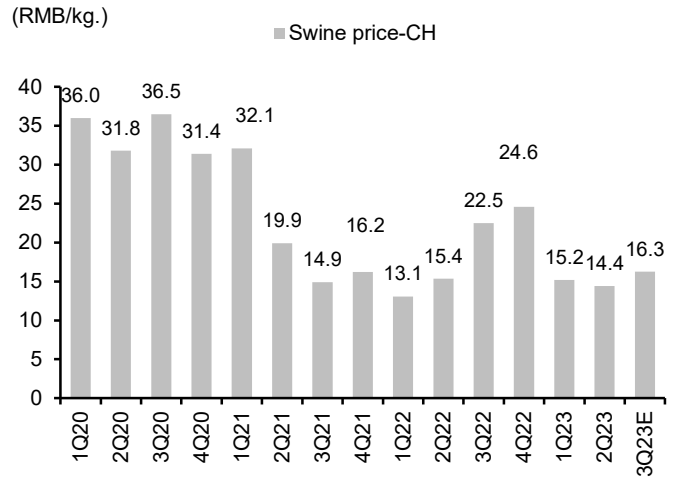
Sources: CPF, FSSIA estimates

Exhibit 4: Vietnam's swine price



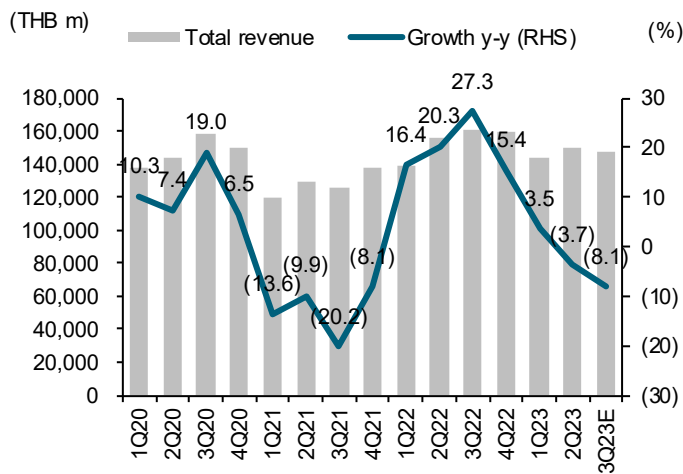
Sources: CPF; FSSIA estimates

Exhibit 5: China's swine price



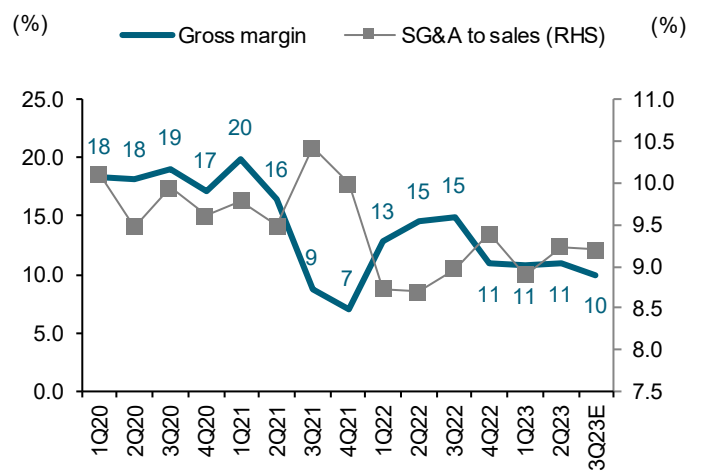
Sources: CPF; FSSIA estimates

Exhibit 6: Quarterly total revenue and growth



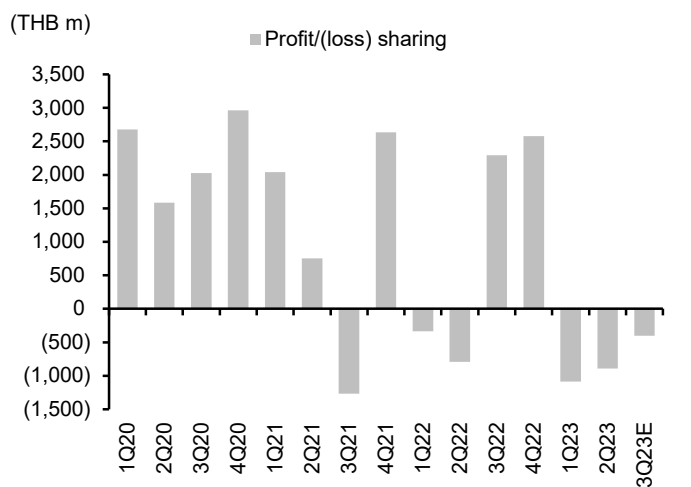
Sources: CPF; FSSIA estimates

Exhibit 7: Quarterly gross margin and SG&A to sales



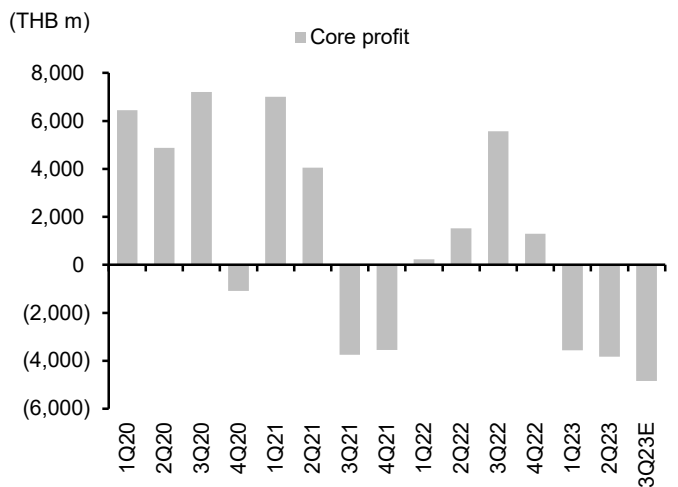
Sources: CPF; FSSIA estimates

Exhibit 8: Quarterly profit/loss (-) sharing



Sources: CPF; FSSIA estimates

Exhibit 9: Quarterly core operation



Sources: CPF; FSSIA estimates

Exhibit 10: Key assumptions for CPF

	Current			Previous			Change		
	2023E (THB m)	2024E (THB m)	2025E (THB m)	2023E (THB m)	2024E (THB m)	2025E (THB m)	2023E (%)	2024E (%)	2025E (%)
Total revenue	588,459	617,258	649,666	588,459	617,258	649,666	0.0	0.0	0.0
Cost of sales	525,736	540,246	567,381	515,955	540,246	568,444	1.9	0.0	(0.2)
Gross profit	62,723	77,012	82,285	72,504	77,012	81,222	(13.5)	0.0	1.3
SG&A expenses	53,726	55,553	58,470	54,138	57,405	60,419	(0.8)	(3.2)	(3.2)
Operating profit	13,298	26,396	29,012	22,485	23,619	24,701	(40.9)	11.8	17.5
Interest expense	24,331	24,117	24,143	21,002	20,600	20,499	15.9	17.1	17.8
Profit (loss) sharing	(2681)	6,037	8,584	6,011	7,737	9,360	(144.6)	(22.0)	(8.3)
Reported net profit	(8886)	11,159	12,050	11,295	11,145	12,753	(178.7)	0.1	(5.5)
Core profit	(14759)	7,659	12,050	6,295	7,645	9,753	(334.4)	0.2	23.6
Key ratios (%)									
Total revenue growth	(4.2)	4.9	5.3	(4.2)	4.9	5.3			
Net profit growth	(163.6)	(225.6)	8.0	(19.1)	(1.3)	14.4			
Core profit growth	(271.2)	(151.9)	57.3	(27.0)	21.4	27.6			
Gross margin	10.7	12.5	12.7	12.3	12.5	12.5	(1.7)	0.0	0.2
SG&A to sales	9.1	9.0	9.0	9.2	9.3	9.3	(0.1)	(0.3)	(0.3)
Operating margin	2.3	4.3	4.5	3.8	3.8	3.8	(1.6)	0.5	0.7
Net margin	(1.5)	1.8	1.9	1.9	1.8	2.0	(3.4)	0.0	(0.1)
Core margin	(2.5)	1.2	1.9	1.1	1.2	1.5	(3.6)	0.0	0.4
Key assumptions									
Broiler price-TH (THB/kg.)	40.0	41.0	42.0	40.0	41.0	42.0	0.0	0.0	0.0
Swine price-TH (THB/kg.)	75.5	80.0	80.0	85.0	85.0	88.0	(11.2)	(5.9)	(9.1)
Shrimp price-70 unit (THB/kg.)	127.0	145.0	145.0	150.0	145.0	145.0	(15.3)	0.0	0.0
Corn price-TH (THB/kg.)	12.2	11.5	11.0	12.0	11.0	10.0	1.7	4.5	10.0
Soybean meal price-TH (THB/kg.)	22.0	21.0	20.0	22.0	20.0	19.0	0.0	5.0	5.3
Swine price-VN (VND)	54,700	54,000	54,000	50,000	52,000	52,500	9.4	3.8	2.9
Swine price-CH (RMB)	15.0	17.0	18.0	15.0	17.0	18.0	0.0	0.0	0.0

Source: FSSIA estimates

Financial Statements

Charoen Pokphand Foods

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	512,704	614,197	588,459	617,258	649,666
Cost of goods sold	(446,815)	(532,324)	(525,736)	(540,246)	(567,381)
Gross profit	65,890	81,873	62,723	77,012	82,285
Other operating income	4,137	3,978	4,302	4,938	5,197
Operating costs	(50,880)	(55,001)	(53,726)	(55,553)	(58,470)
Operating EBITDA	48,077	63,057	46,505	60,604	64,220
Depreciation	(28,931)	(32,207)	(33,207)	(34,207)	(35,207)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	19,146	30,850	13,298	26,396	29,012
Net financing costs	(15,853)	(19,515)	(23,256)	(23,060)	(23,038)
Associates	4,167	3,745	(2,681)	6,037	8,584
Recurring non-operating income	4,167	3,745	(2,681)	6,037	8,584
Non-recurring items	9,273	5,347	5,872	3,500	0
Profit before tax	16,732	20,427	(6,766)	12,874	14,558
Tax	(2,654)	(6,003)	(885)	(1,406)	(2,184)
Profit after tax	14,079	14,424	(7,650)	11,468	12,375
Minority interests	(1,050)	(454)	(1,236)	(309)	(325)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
Reported net profit	13,028	13,970	(8,886)	11,159	12,050
Non-recurring items & goodwill (net)	(9,273)	(5,347)	(5,872)	(3,500)	0
Recurring net profit	3,756	8,623	(14,759)	7,659	12,050
Per share (THB)					
Recurring EPS *	0.47	1.09	(1.71)	0.89	1.40
Reported EPS	1.63	1.76	(1.03)	1.30	1.40
DPS	0.65	0.75	0.00	0.65	0.70
Diluted shares (used to calculate per share data)	7,970	7,936	8,611	8,611	8,611
Growth					
Revenue (%)	(13.1)	19.8	(4.2)	4.9	5.3
Operating EBITDA (%)	(41.0)	31.2	(26.2)	30.3	6.0
Operating EBIT (%)	(64.0)	61.1	(56.9)	98.5	9.9
Recurring EPS (%)	(76.5)	130.6	nm	nm	57.3
Reported EPS (%)	(45.9)	7.7	nm	nm	8.0
Operating performance					
Gross margin inc. depreciation (%)	12.9	13.3	10.7	12.5	12.7
Gross margin exc. depreciation (%)	18.5	18.6	16.3	18.0	18.1
Operating EBITDA margin (%)	9.4	10.3	7.9	9.8	9.9
Operating EBIT margin (%)	3.7	5.0	2.3	4.3	4.5
Net margin (%)	0.7	1.4	(2.5)	1.2	1.9
Effective tax rate (%)	15.9	29.4	(13.1)	10.9	15.0
Dividend payout on recurring profit (%)	137.9	69.0	-	72.8	50.0
Interest cover (X)	1.5	1.8	0.5	1.4	1.6
Inventory days	54.8	57.1	62.8	63.2	62.4
Debtor days	24.4	24.3	28.1	28.7	28.7
Creditor days	33.5	34.8	37.6	36.9	36.4
Operating ROIC (%)	4.5	6.2	2.5	5.1	5.8
ROIC (%)	2.7	3.6	1.1	3.3	3.8
ROE (%)	1.8	3.6	(5.9)	3.2	5.1
ROA (%)	2.2	2.8	0.6	2.9	3.4
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Thailand livestock	159,495	195,358	180,706	189,109	199,361
Thailand aquatic	29,696	28,998	29,926	31,422	33,150
Overseas livestock	275,816	335,164	321,510	337,586	354,465
Overseas aquatic	47,697	54,677	56,317	59,142	62,690

Sources: Charoen Pokphand Foods; FSSIA estimates

Financial Statements

Charoen Pokphand Foods

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	3,756	8,623	(14,759)	7,659	12,050
Depreciation	28,931	32,207	33,207	34,207	35,207
Associates & minorities	-	-	-	-	-
Other non-cash items	(4,741)	(30,593)	13,715	8,569	(5,050)
Change in working capital	(28,575)	(11,702)	731	(4,897)	(6,251)
Cash flow from operations	(629)	(1,465)	32,895	45,537	35,956
Capex - maintenance	(47,587)	(51,354)	(23,405)	(30,000)	(30,000)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	(6,758)	(1,758)	0	0	0
Other investments (net)	(3,736)	(5,173)	6,161	348	(1,296)
Cash flow from investing	(58,082)	(58,285)	(17,243)	(29,652)	(31,296)
Dividends paid	(4,158)	(5,808)	0	(5,580)	(6,025)
Equity finance	(1,335)	(818)	0	0	0
Debt finance	47,700	55,491	(6,215)	(9,800)	541
Other financing cash flows	(1,735)	6,821	(10,432)	864	972
Cash flow from financing	40,472	55,686	(16,646)	(14,516)	(4,512)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	(18,238)	(4,065)	(994)	1,370	148
Free cash flow to firm (FCFF)	(42,114.37)	(39,392.75)	39,982.72	40,002.49	28,802.37
Free cash flow to equity (FCFE)	(12,745.29)	2,561.44	(994.68)	6,949.49	6,172.69

Per share (THB)

FCFF per share	(4.89)	(4.57)	4.64	4.65	3.34
FCFE per share	(1.48)	0.30	(0.12)	0.81	0.72
Recurring cash flow per share	3.51	1.29	3.74	5.86	4.90

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	292,447	344,753	332,545	319,338	305,131
Less: Accumulated depreciation	(28,931)	(32,207)	(33,207)	(34,207)	(35,207)
Tangible fixed assets (net)	263,516	312,545	299,338	285,131	269,924
Intangible fixed assets (net)	74,466	76,224	76,224	76,224	76,224
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	265,911	272,055	269,374	275,411	283,995
Cash & equivalents	40,280	36,215	35,221	36,591	36,738
A/C receivable	38,471	43,221	47,399	49,719	52,329
Inventories	73,431	83,080	86,422	88,808	93,268
Other current assets	64,368	70,703	58,846	61,726	64,967
Current assets	216,550	233,219	227,888	236,843	247,302
Other assets	24,801	32,944	31,438	32,590	33,887
Total assets	845,244	926,987	904,263	906,200	911,332
Common equity	217,302	256,053	243,728	239,307	235,332
Minorities etc.	72,050	43,791	53,751	66,357	69,891
Total shareholders' equity	289,352	299,844	297,479	305,664	305,223
Long term debt	330,701	332,081	329,581	327,081	329,781
Other long-term liabilities	21,264	28,085	17,654	18,518	19,490
Long-term liabilities	351,965	360,166	347,234	345,598	349,271
A/C payable	44,372	50,964	50,413	51,804	54,406
Short term debt	132,460	186,478	182,656	175,356	173,197
Other current liabilities	27,096	29,536	26,481	27,777	29,235
Current liabilities	203,928	266,978	259,550	254,937	256,838
Total liabilities and shareholders' equity	845,244	926,987	904,263	906,200	911,332
Net working capital	104,802	116,505	115,774	120,671	126,923
Invested capital	733,497	810,273	792,149	790,028	790,952

* Includes convertibles and preferred stock which is being treated as debt

Per share (THB)

Book value per share	27.27	32.26	28.30	27.79	27.33
Tangible book value per share	17.92	22.66	19.45	18.94	18.48

Financial strength

Net debt/equity (%)	146.1	160.9	160.4	152.4	152.8
Net debt/total assets (%)	50.0	52.0	52.8	51.4	51.2
Current ratio (x)	1.1	0.9	0.9	0.9	1.0
CF interest cover (x)	0.2	1.1	1.0	1.3	1.3

Valuation	2021	2022	2023E	2024E	2025E
Recurring P/E (x) *	42.7	18.5	(11.7)	22.6	14.4
Recurring P/E @ target price (x) *	46.7	20.2	(12.8)	24.7	15.7
Reported P/E (x)	12.3	11.4	(19.5)	15.5	14.4
Dividend yield (%)	3.2	3.7	-	3.2	3.5
Price/book (x)	0.7	0.6	0.7	0.7	0.7
Price/tangible book (x)	1.1	0.9	1.0	1.1	1.1
EV/EBITDA (x) **	13.6	10.9	15.1	11.6	11.0
EV/EBITDA @ target price (x) **	13.9	11.1	15.5	11.9	11.3
EV/invested capital (x)	0.9	0.8	0.9	0.9	0.9

* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income

Sources: Charoen Pokphand Foods; FSSIA estimates

Public disclosures related to sustainable development evaluation of Thai listed companies

Rating regarding the sustainable development of Thai listed companies, both on the SET and MAI, are publicly available on the website of the Securities and Exchange Commission of Thailand (SEC). Currently, ratings available are 1) "**CG Score**" by the Thai Institute of Directors Association (Thai IOD); 2) "**AGM Checklist**" by the Thai Investors Association (TIA), a "**CAC certified member**" of the Thai Private Sector Collective Action Against Corruption (CAC); and 3) "**Sustainability Investment List (THSI)**" by the Stock Exchange of Thailand. The ratings are updated on an annual basis. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such ratings.

CG Score by the Thai Institute of Directors Association (Thai IOD)¹

The **CG Score** indicates corporate governance (CG) strength in the sustainable development of Thai listed companies. Annually, the Thai IOD, with support from the Stock Exchange of Thailand (SET), surveys and assesses the CG practices of companies and publishes the results on the [Thai IOD website](#) in a bid to promote and enhance the CG of Thai listed companies in order to promote compliance with international standards for better investment decisions. The results are from the perspective of a third party, not an evaluation of operations, as of the date appearing in the report, and may be changed after that date.

The **five underlying categories and weighting** used for the CG scoring in 2022 include the rights of shareholders and equitable treatment of shareholders (weight 25% combined), the role of stakeholders (25%), disclosure and transparency (15%), and board responsibilities (35%).

The CGR report rates CG in six categories: 5 for Excellent (score range 90-100), 4 for Very Good (score range 80-89), 3 for Good (Score range 70-79), 2 for Fair (score range 60-69), 1 for Pass (score range 60-69), and not rated (score below 50).

Corporate Governance Report Disclaimer

The disclosure of the survey result of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of companies listed on the Stock Exchange of Thailand and the Market of Alternative Investment disclosed to the public and able to be accessed by a general public investor at [Thai IOD website](#). The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the data appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. FSSIA does not confirm nor certify the accuracy of such survey result.

AGM Checklist by the Thai Investors Association (TIA)²

The "**AGM Checklist**" quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and the extent to which information is sufficiently disclosed and the level of its transparency. All the considered factors form important elements of two out of five the CG components. Annually, the TIA, with support from the SEC, leads the project to evaluate the quality of Annual General Meetings of Shareholders (AGMs) and to rate quality of the meetings.

The **Checklist** contains the minimum requirements under law that companies must comply with, or best practices according to international CG guidance. Representatives of the TIA will attend the meetings and perform the evaluation. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating of how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.

The results are classified into four categories: 5 for Excellent (score 100), 4 for Very Good (score 90-99), 3 for Fair (score 80-89), and not rated (score below 79).

CAC certified member by the Thai Private Sector Collective Action Against Corruption (CAC)³

A **CAC certified member** is a listed company whose Checklist satisfies the CAC Certification's criteria and is approved by the CAC Council. The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. Note that the CAC does not certify the behaviour of the employees nor whether the companies have engaged in bribery, and Certification is good for three years.

Companies deciding to become a CAC certified member **start with** by submitting a Declaration of Intent signed by the Chairman of the Board to kick off the 18-month deadline for companies to submit the CAC Checklist for Certification. The 18-month provision is for risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.

The checklist document will be reviewed by the CAC Certification Committee for adequate information and evidence. It is worth noting that the committee consists of nine professionals in business law, corporate governance, internal audit, financial audit and experienced representatives from certified members.

A passed Checklist will move on to the **CAC Council** for granting certification approvals. The CAC Council consists of twelve prominent individuals who are highly respected in professionalism and ethical achievements. Among them are former ministers, a former central bank governor, the former head of the Thai Listed Companies Association, Chairman of Anti-Corruption Organizations (Thailand), Chairman of Thai Institute of Directors, and reputable academic scholars.

Sustainability Investment (THSI)⁴ by the Stock Exchange of Thailand (SET)

Thailand Sustainability Investment (**THSI**) quantifies responsibility in **Environmental**, and **Social** issues, by managing business with transparency in **Governance**. The THSI serves as another choice for investors who desire to adopt a responsible investment approach, according to the SET.

Annually, the SET will announce the voluntary participation of the company candidates which pass the preemptive criteria, and whose two key crucial conditions are met, i.e. no irregular trading of the board members and executives and a free float of >15% by the number of shareholders, and combined holding must >15% of paid-up capital. Some key disqualifying criteria include a CG score of below 70%; independent directors and free float violation; executives' wrongdoing related to CG, social and environmental impacts, equity in negative territory, and earnings in the red for more than three years in the last five years. To become eligible for THSI, the candidate must pass three indicators in data declaration: **Economic** (CG, risk management, customer relation management, supply chain management, and innovation); **Environmental** (environmental management, eco-efficiency, and climate risk); **Social** (human rights, talent attraction, operational health & safety, community development, and stakeholder engagement); and the incorporation of ESG in business operations.

To be approved for THSI inclusion, verified data must be scored at a 50% minimum for each indicator, unless the company is a part of the Dow Jones Sustainability Indices⁵ (DJSI) during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality.

Note that, from the **THSI list**, the SET further developed a sustainability **SETTHSI Index** in June 2018 from selected THSI companies whose 1) market capitalisation > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.

Sources: [SEC](#); [Thai IOD](#); [Thai CAC](#); [SET](#); FSSIA's compilation

Disclaimer:

¹ Thai Institute of Directors Association ([Thai IOD](#)) was established in December 1999 and is a membership organisation that strives to promote professionalism in directorship. The Thai IOD offers directors certification and professional development courses, provides a variety of seminars, forums and networking events, and conducts research on board governance issues and practices. Membership comprises board members from companies ranging from large publicly listed companies to small private firms.

² Thai Investors Association ([TIA](#)) was established in 1983 with a mission to promote investment knowledge and to protect the investment rights of Thai investors. In 2002, the association was appointed by the Securities and Exchange Commission (SEC) to represent individual shareholders. To obtain information for evaluation, the association recruits volunteer investors to join AGMs and score the meetings. Weightings for each meeting are at a 45:45:10 ratio. They have been applied since 2017 and subject to change.

³ Thai Private Sector Collective Action against Corruption ([CAC](#)) was founded in 2010 and is 100% privately funded. It is an initiative by the Thai private sector to take part in tackling corruption problems via collective action. The CAC promotes the implementation of effective anti-corruption policies in order to create a transparent business ecosystem by developing a unique certification program for large/medium/small companies to apply for and to control corruption risk systematically and efficiently. The CAC's operations are sponsored by the US-based Center for Private Enterprise (CIPE) and the UK Prosperity Fund.

⁴ Sustainability Investment List ([THSI](#)), created by the Stock Exchange of Thailand in 2015, comprises the listed companies that conduct sustainable business operations.

⁵ Dow Jones Sustainability Indices – [Wikipedia](#) – Launched in 1999, DJSI evaluates the sustainability performance of companies based on corporate economic, environmental, and social performance.

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Sureeporn Teewasuwet FSS International Investment Advisory Securities Co., Ltd

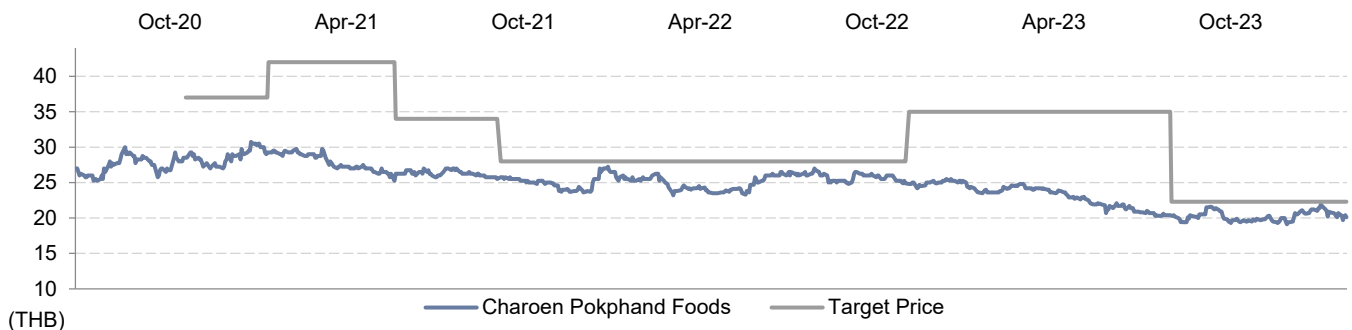
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

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History of change in investment rating and/or target price

Charoen Pokphand Foods (CPF TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
13-Jan-2021	BUY	37.00	12-Jul-2021	BUY	34.00	23-Sep-2022	BUY	35.00
25-Mar-2021	BUY	42.00	08-Oct-2021	HOLD	28.00	08-May-2023	HOLD	22.30

Sureeporn Teewasuwet started covering this stock from 13-Jan-2021

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Charoen Pokphand Foods	CPF TB	THB 20.10	HOLD	Downside and upside risks to our P/E-based TP include 1) a slower or faster-than-expected consumption recovery; 2) high or low volatility in meat and raw material prices; 3) a stronger or weaker THB than expected; and 4) a minimum wage increase or decrease and labour shortage or oversupply.

Source: FSSIA estimates

Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited.

All share prices are as at market close on 06-Oct-2023 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as $(\text{target price}^* - \text{current price}) / \text{current price}$.

BUY (B). The upside is 10% or more.

HOLD (H). The upside or downside is less than 10%.

REDUCE (R). The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Industry Recommendations

Overweight. The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

Neutral. The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

Underweight. The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

Country (Strategy) Recommendations

Overweight (O). Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral (N). Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight (U). Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.