

25 MARCH 2021

THAILAND / CONSUMER STAPLES

## CHAROEN POKPHAND FOODS

**BUY**  
 UNCHANGED

## CPF TB

TARGET PRICE	THB42.00
CLOSE	THB29.00
UP/DOWNSIDE	+44.8%
PRIOR TP	THB37.00
CHANGE IN TP	+13.5%
TP vs CONSENSUS	+9.8%

## Still fine with high swine

## ราคาหุ้นยังไม่ได้สะท้อนธุรกิจหมูที่ดี

เราเชื่อว่าราคาหุ้นของ CPF ในปัจจุบันยังไม่ได้สะท้อนการดำเนินงานที่ดีในปี 2021-22E จากราคาหมูที่อยู่ในระดับสูงในภูมิภาค ประกอบด้วย ประเทศไทย จีน และเวียดนาม รวมถึงส่วนแบ่งกำไรที่ดีจากธุรกิจหมูในจีน โดยราคาหุ้นของ CPF ปรับตัวสูงขึ้นเพียง 14% นับตั้งแต่จุดเริ่มของวงจรราคาหมูขาขึ้นในเดือน มี.ค. 18 ซึ่งทำให้กำไรจากการดำเนินงานโตในอัตราสูงถึง 746% จาก 2.9 พัน ลบ. ในปี 2018 ราคาหุ้นในปัจจุบันแสดงให้เห็นว่าธุรกิจหลักของ CPF มีการซื้อขายที่ 1.7x ของค่า 2021E P/E ซึ่งต่ำกว่าค่าเฉลี่ยในกลุ่มฯ ที่ 9.6x อยู่มาก

## อุปทานในภูมิภาคขาดแคลนต่อเนื่อง

ราคาหมูในจีนลดลงประมาณ 8% YTD เหลือประมาณ RMB29-30/กก. เราเชื่อว่าราคาที่ลดลงดังกล่าวเกิดขึ้นจาก 2 ปัจจัยหลัก ประกอบด้วย: 1) อุปทานหมูที่กำลังเพิ่มขึ้นในจีนจากการขยายกำลังการผลิตของฟาร์มปิดของบริษัท โดยกระทรวงเกษตรของสหรัฐฯ (USDA) คาดว่าการผลิตหมูของจีนจะโตในอัตรา 14% y-y แต่ยังคงต่ำกว่าระดับก่อนเกิดโรค African Swine Flu (ASF) ที่ประมาณ 20% ในปี 2018; และ 2) การแพร่ระบาดของโรค ASF ครั้งใหม่ซึ่งทำให้เกษตรกรเร่งฆ่าหมูเพื่อส่งสินค้าเข้าสู่ตลาด อย่างไรก็ตาม จากข้อมูลใน the PigProgress นักวิทยาศาสตร์ของจีนได้ยืนยันแล้วว่าโรค ASF มีการกลายพันธุ์เล็กน้อยในจีน ทำให้เราเชื่อว่าการขาดแคลนอุปทานในภูมิภาคจะต่อเนื่องไปใน 2021

## กำไรสุทธิเพิ่มจากการซื้อธุรกิจหมูในจีน

การดำเนินงานของบริษัทฯ ในจีนได้กลายเป็นปัจจัยหนุนการเติบโตสำคัญสำหรับ CPF หลังการซื้อธุรกิจหมูเสร็จสิ้นในเดือน ธ.ค. 20 ซึ่งอาจคิดเป็น 25% ของกำไรสุทธิของบริษัทฯ ในปี 2021E เราคาดว่า

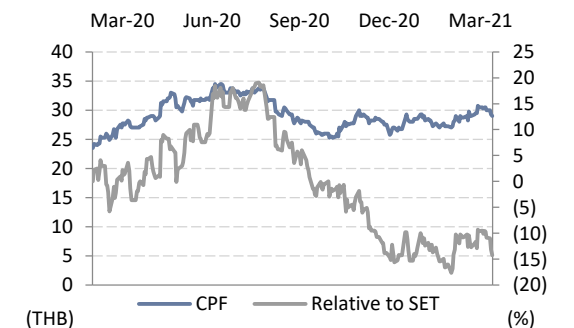
ธุรกิจอาหารสัตว์จะรายงานกำไรสุทธิทรงตัวที่ 0.8-0.9 พัน ลบ. ในปี 2021-23 ในขณะที่ธุรกิจหมูอาจให้กำไรสุทธิ 5.7-6.1 พัน ลบ. ในปี 2021-23E จาก 1) ราคาหมูเฉลี่ยในจีนที่ RMB25-30/กก.; และ 2) กำลังการผลิตที่สูงขึ้น 33-56% จากหมู 4.5 ล้านตัวเป็น 6-7 ล้านตัวภายในสิ้นปีนี้ และเพิ่มเป็น 12 ล้านตัวภายในปี 2023

## คงคำแนะนำซื้อหลังปรับราคาเป้าหมายขึ้นเป็น 42 บาท

เราปรับเพิ่มกำไรจากการดำเนินงานในปี 2021/2022E อีก 12%/11% หลังรวมส่วนแบ่งกำไรจาก Lotus และปรับสมมติฐานของเราให้แม่นยำมากขึ้น ราคาเป้าหมายใหม่ของเราที่ 42 บาทสะท้อนการปรับเพิ่มประมาณการกำไรและราคาเป้าหมายที่สูงขึ้นของ CP All (CPALL TB, BUY, TP THB86) ราคาเป้าหมายของเราประกอบด้วยมูลค่า 17 บาทต่อหุ้นจากธุรกิจหลักของบริษัทฯ (ค่า 2021E P/E ที่ 7x) และ 25 บาทต่อหุ้นสำหรับหุ้น 34% ใน CPALL ซึ่งคิดจากราคาเป้าหมายของเราที่ 86 บาท

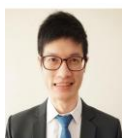
## KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Revenue	589,713	484,334	508,243	528,876
Net profit	26,022	25,855	26,493	27,340
EPS (THB)	3.02	3.00	3.08	3.17
vs Consensus (%)	-	10.3	9.9	23.7
EBITDA	77,907	58,653	59,381	60,553
Core net profit	24,537	25,855	26,493	27,340
Core EPS (THB)	2.85	3.00	3.08	3.17
Chg. In EPS est. (%)	nm	10.2	9.6	nm
EPS growth (%)	152.8	5.4	2.5	3.2
Core P/E (x)	10.2	9.7	9.4	9.1
Dividend yield (%)	3.4	5.3	5.3	5.5
EV/EBITDA (x)	8.9	13.5	15.4	17.1
Price/book (x)	1.4	1.3	1.2	1.2
Net debt/Equity (%)	136.4	158.3	184.5	205.7
ROE (%)	13.6	13.0	12.5	12.2



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	0.9	7.4	28.9
Relative to country (%)	(4.2)	(0.8)	(15.2)
Mkt cap (USD m)	7,870		
3m avg. daily turnover (USD m)	48.7		
Free float (%)	47		
Major shareholder	Charoen Pokphand Group (53%)		
12m high/low (THB)	35.25/22.00		
Issued shares (m)	8,611.20		

Sources: Bloomberg consensus; FSSIA estimates



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PREPARED BY FSS INTERNATIONAL INVESTMENT ADVISORY SECURITIES CO LTD (FSSIA). ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES CAN BE FOUND AT THE END OF THIS REPORT

บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 25 มีนาคม 2021

## Investment thesis

CPF's farm business is cyclical in nature compared to its feed and food business which has a stable margin. Its farm business contributed 47% of its sales in 2020, rising from 41% in 2018, driven by the leap in the region's pork prices, especially in China and Vietnam.

The African swine fever (ASF) outbreak that caused a pig supply shortage could be an opportunity for companies like CPF that have commercial and closed farms to gain more market share from backyard pig farms. CPF plans to increase its pig production in Vietnam by 8-10% to c7.7m pigs in 2021, and plans to increase its production in China to 12m pigs by 2023, from 4.5m pigs in 2020.

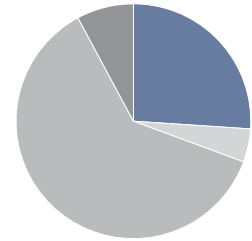
## Company profile

CPF is a world leader in food production with an integrated business covering feed, farm and food. It has a strategy to be a "Kitchen of the World" and has operations in fifteen countries around the world.

[www.cpfworldwide.com](http://www.cpfworldwide.com)

## Principal activities (revenue, 2020)

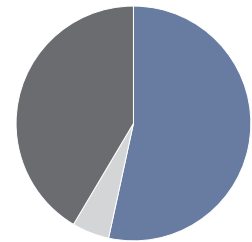
- Thailand livestock - 26.0 %
- Thailand aqua - 4.6 %
- Overseas livestock - 61.5 %
- Overseas aqua - 7.8 %



Source: Charoen Pokphand Foods

## Major shareholders

- Charoen Pokphand Group - 53.4 %
- Thai NVDR - 5.1 %
- Others - 41.5 %



Source: Charoen Pokphand Foods

## Catalysts

Potential share price catalysts for CPF include: 1) a stronger-than-expected swine and chicken price in Thailand, China, and Vietnam; and 2) M&A and joint investment opportunities.

## Risks to our call

The key risks to our SoTP-based target price are the volatile pork prices in both Thailand and Vietnam which could hurt revenues and the company's gross margin.

## Event calendar

Date	Event
May 2021	1Q21 results announcement

## Key assumptions

CPF		2021E	2022E	2023E
		(%)	(%)	(%)
Sales growth	- Thailand livestock	3.0	4.0	3.0
	- Thailand aqua	1.0	2.0	3.0
	- Overseas livestock	(30.0)	6.0	5.0
	- Overseas aqua	(3.0)	4.0	3.0
Gross margin	- Thailand livestock	16.3	16.2	15.8
	- Thailand aqua	12.0	12.5	12.5
	- Overseas livestock	19.0	18.0	17.8
	- Overseas aqua	15.0	15.0	15.0
SG&A to sales		10.1	10.0	10.0

Source: FSSIA estimates

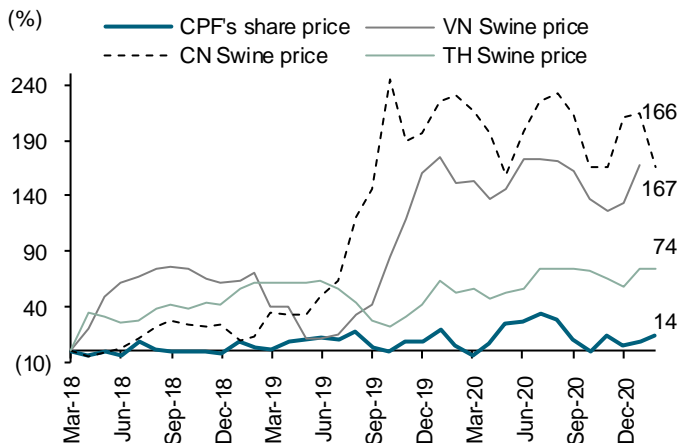
## Earnings sensitivity

- For every 1% increase in sales growth, we estimate 2021 EPS would rise 1.3%, and vice versa, all else being equal.
- For every 1% increase in GPM, we estimate 2021 EPS would rise 18%, and vice versa, all else being equal.
- For every 1% increase in SG&A to sales, we estimate 2021 EPS would fall 17%, and vice versa, all else being equal.

Source: FSSIA estimates

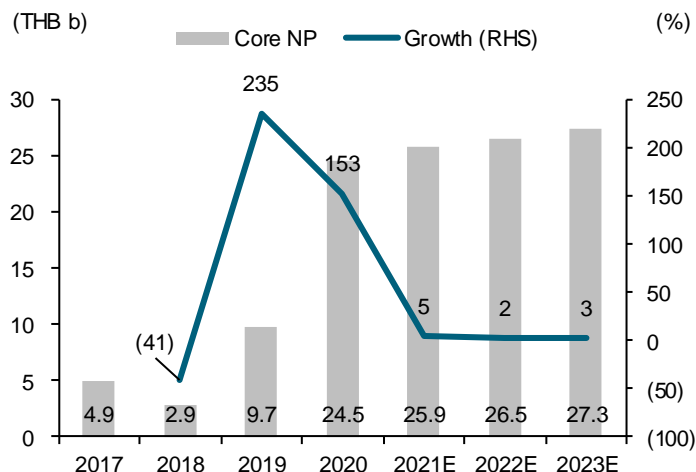


**Exhibit 1: Share price has yet to reflect the leap in swine price**



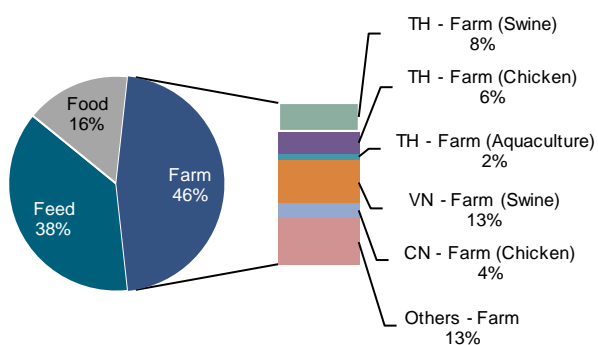
Sources: FSSIA's compilation

**Exhibit 2: Solid core profit growth since the swine upcycle**



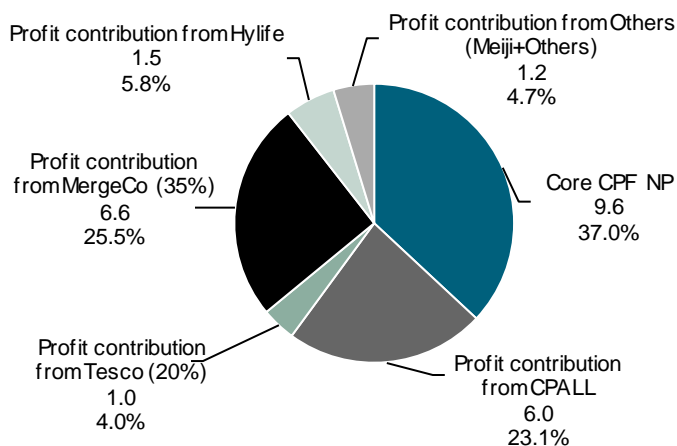
Sources: CPF; FSSIA's compilation

**Exhibit 3: Farm business contributed 47% of total sales as of 2020**



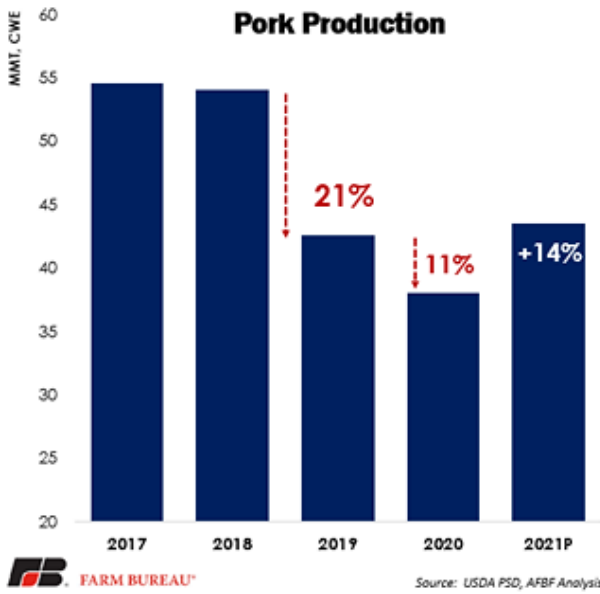
Sources: CPF; FSSIA estimates

**Exhibit 4: Breakdown of net profit contributions (THB b)**



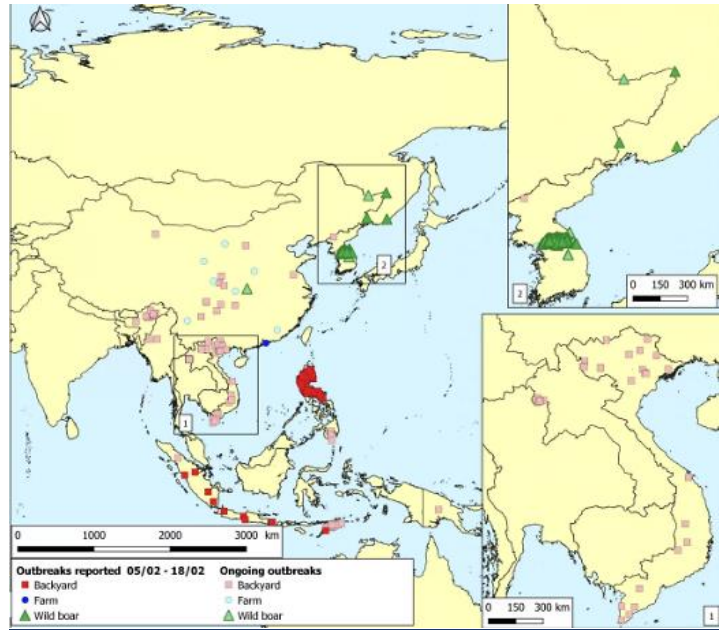
Sources: CPF; FSSIA estimates

Exhibit 5: China swine production to start recovering in 2021



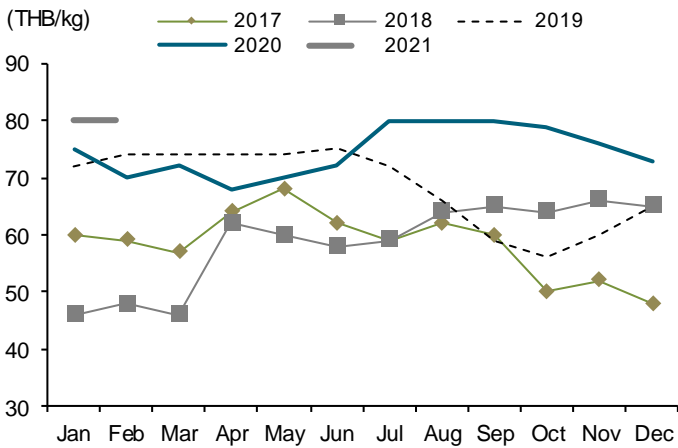
Source: [American Farm Bureau Federation](#)

Exhibit 6: Situational update of ASF in Asia and the Pacific in Feb-21



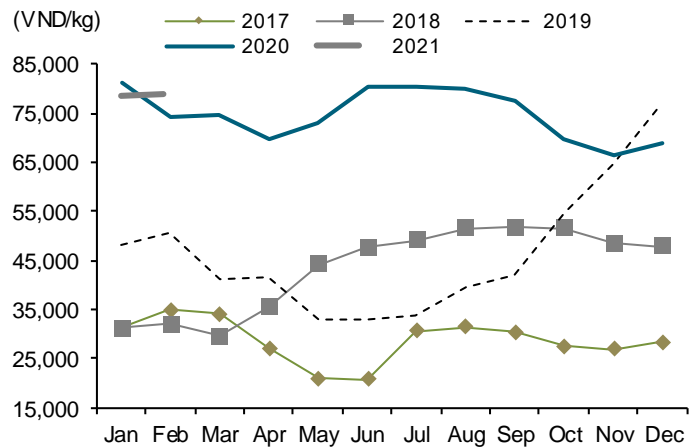
Sources: World Animal Health Information and Analysis Department, [OIE](#)

Exhibit 7: Swine price in Thailand



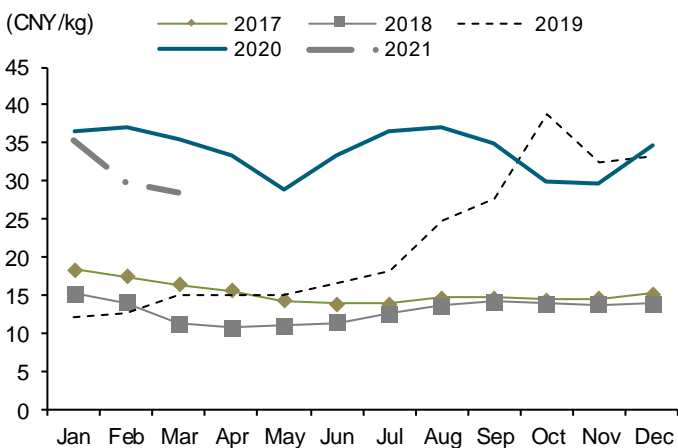
Sources: CPF; FSSIA's compilation

Exhibit 8: Swine price in Vietnam



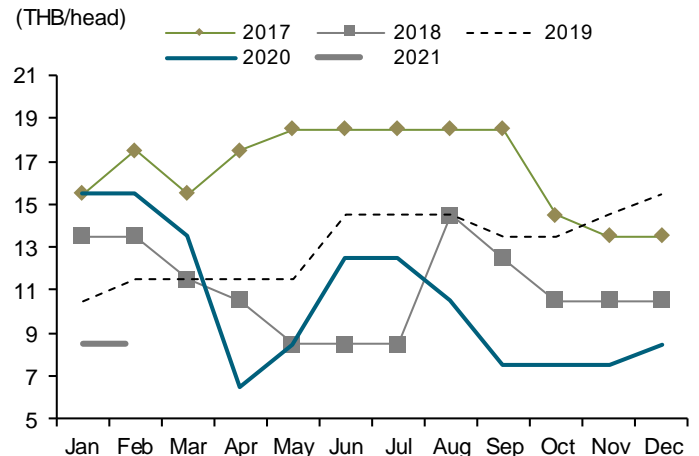
Sources: CPF; FSSIA's compilation

Exhibit 9: Swine price in China



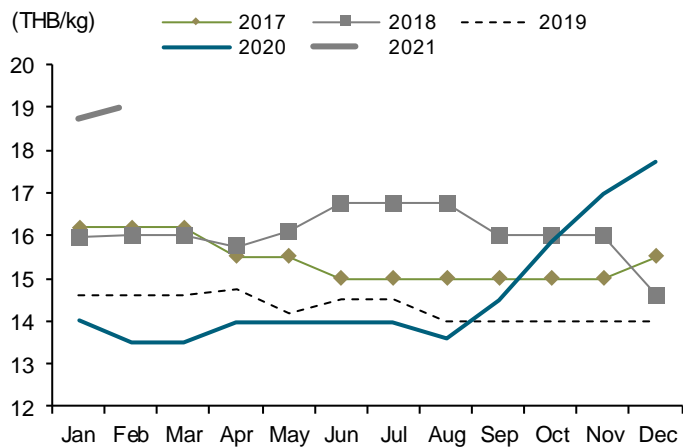
Source: [pig333](#)

Exhibit 10: Chicken price in Thailand



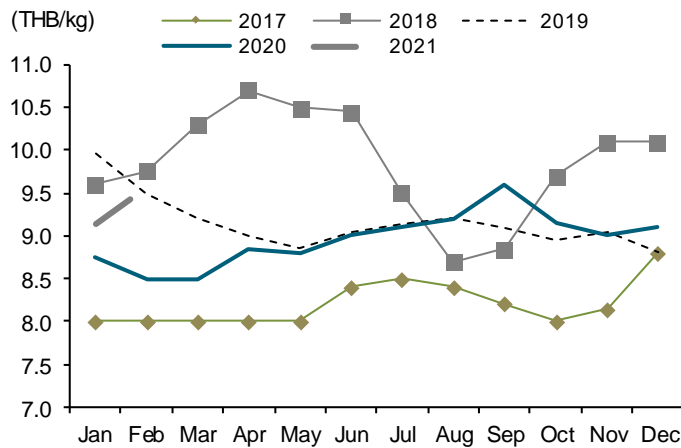
Sources: CPF; FSSIA's compilation

**Exhibit 11: Soybean meal price**



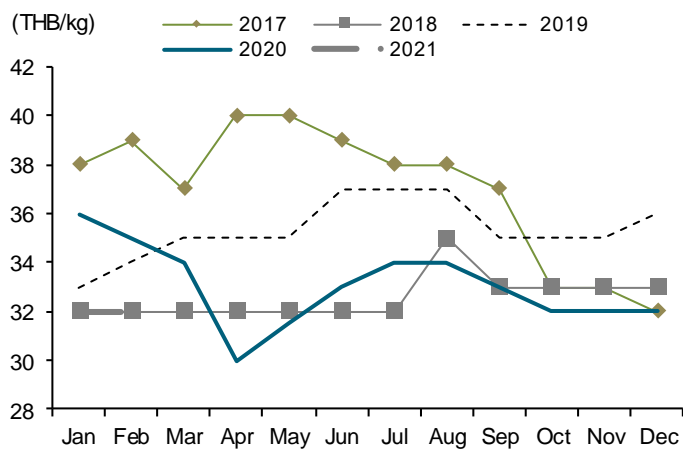
Sources: CPF; FSSIA's compilation

**Exhibit 12: Corn price**



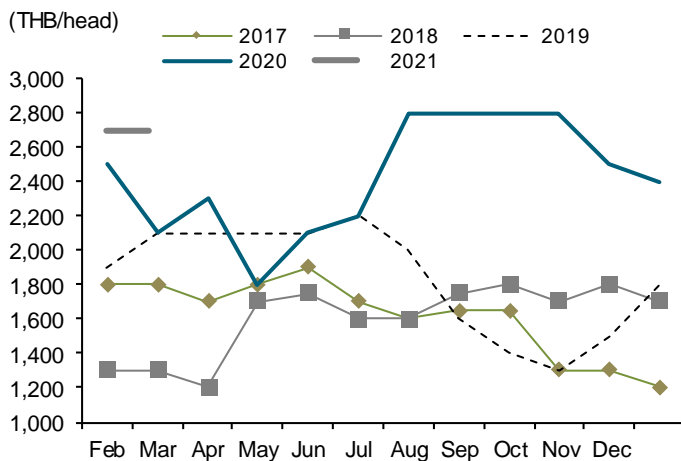
Sources: CPF; FSSIA's compilation

**Exhibit 13: Day old chick price**



Sources: CPF; FSSIA's compilation

**Exhibit 14: Piglet price**



Sources: CPF; FSSIA's compilation

**Exhibit 15: Revised assumptions**

	Current			Previous			Change		
	2021E	2022E	2023E	2021E	2022E	2023E	2021E	2022E	2023E
Revenue (THB m)	158,204	164,532	169,468	156,189	163,999	172,199	1.3	0.3	(1.6)
Sales growth (%)									
- Thailand livestock	3.0	4.0	3.0	-	5.0	3.0	3.0	(1.0)	0.0
- Thailand aqua	1.0	2.0	3.0	5.0	5.0	3.0	(4.0)	(3.0)	0.0
- Overseas livestock	(30.0)	6.0	5.0	(22.0)	6.0	5.0	(8.0)	0.0	0.0
- Overseas aqua	(3.0)	4.0	3.0	4.0	5.0	3.0	(7.0)	(1.0)	0.0
Gross margin (%)									
- Thailand livestock	16.3	16.2	15.8	15.5	15.7	15.8	0.8	0.5	0.0
- Thailand aqua	12.0	12.5	12.5	13.0	13.2	12.5	(1.0)	(0.7)	0.0
- Overseas livestock	19.0	18.0	17.8	18.0	17.5	17.8	1.0	0.5	0.0
- Overseas aqua	15.0	15.0	15.0	16.2	16.2	15.0	(1.2)	(1.2)	0.0
SG&A to sales (%)	10.1	10.0	10.0	10.7	10.6	10.0	(0.6)	(0.6)	0.0
Core profit (THB m)	25,855	26,493	27,340	23,041	23,878	27,340	12.2	11.0	0.0

Note: Change of items in percentage terms are represented in ppt change  
 Source: FSSIA estimates

**Exhibit 16: SoTP valuation**

SoTP valuation	(THB b)
CPF net profit	26
Profit contribution from CPALL	6
CPF profit after excluding profit contribution from CPALL	20
CPF's no. of shares (m)	8,414
CPF's EPS (THB)	2.4
P/E of CPF's business (x)	7
<b>Value of CPF only</b>	<b>17</b>
CPALL target price (THB/share)	86
CPALL's no. of shares (m)	8,983
CPALL market cap	773
CPF holding of CPALL (%)	34
<b>Value of holding CPALL</b>	<b>25</b>
<b>CPF target price (THB)</b>	<b>42</b>

Sources: FSSIA estimates

## Financial Statements

Charoen Pokphand Foods

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Revenue	532,573	589,713	484,334	508,243	528,876
Cost of goods sold	(433,233)	(454,141)	(376,763)	(398,038)	(415,435)
<b>Gross profit</b>	<b>99,340</b>	<b>135,572</b>	<b>107,570</b>	<b>110,205</b>	<b>113,440</b>
Other operating income	0	0	0	0	0
Operating costs	(54,819)	(57,665)	(48,918)	(50,824)	(52,888)
<b>Operating EBITDA</b>	<b>44,521</b>	<b>77,907</b>	<b>58,653</b>	<b>59,381</b>	<b>60,553</b>
Depreciation	(23,036)	(28,328)	(23,520)	(24,611)	(25,552)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>21,485</b>	<b>49,578</b>	<b>35,133</b>	<b>34,770</b>	<b>35,001</b>
Net financing costs	(12,747)	(16,047)	(16,730)	(17,059)	(17,415)
Associates	8,893	9,254	16,299	17,859	19,120
Recurring non operating income	12,057	12,787	19,867	21,461	22,757
Non recurring items	8,743	1,485	0	0	0
<b>Profit before tax</b>	<b>29,539</b>	<b>47,803</b>	<b>38,270</b>	<b>39,173</b>	<b>40,343</b>
Tax	(5,446)	(11,001)	(4,394)	(4,263)	(4,245)
<b>Profit after tax</b>	<b>24,093</b>	<b>36,802</b>	<b>33,876</b>	<b>34,910</b>	<b>36,098</b>
Minority interests	(5,642)	(10,780)	(8,021)	(8,417)	(8,759)
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
<b>Reported net profit</b>	<b>18,451</b>	<b>26,022</b>	<b>25,855</b>	<b>26,493</b>	<b>27,340</b>
<b>Non recurring items &amp; goodwill (net)</b>	<b>(8,743)</b>	<b>(1,485)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>9,708</b>	<b>24,537</b>	<b>25,855</b>	<b>26,493</b>	<b>27,340</b>
<b>Per share (THB)</b>					
Recurring EPS *	1.13	2.85	3.00	3.08	3.17
Reported EPS	2.14	3.02	3.00	3.08	3.17
DPS	0.70	1.00	1.54	1.54	1.59
Diluted shares (used to calculate per share data)	8,611	8,611	8,611	8,611	8,611
<b>Growth</b>					
Revenue (%)	(1.7)	10.7	(17.9)	4.9	4.1
Operating EBITDA (%)	21.5	75.0	(24.7)	1.2	2.0
Operating EBIT (%)	51.1	130.8	(29.1)	(1.0)	0.7
Recurring EPS (%)	234.9	152.8	5.4	2.5	3.2
Reported EPS (%)	18.8	41.0	(0.6)	2.5	3.2
<b>Operating performance</b>					
Gross margin inc depreciation (%)	14.3	18.2	17.4	16.8	16.6
Gross margin of key business (%)	-	-	-	-	-
Operating EBITDA margin (%)	8.4	13.2	12.1	11.7	11.4
Operating EBIT margin (%)	4.0	8.4	7.3	6.8	6.6
Net margin (%)	1.8	4.2	5.3	5.2	5.2
Effective tax rate (%)	45.8	29.7	20.0	20.0	20.0
Dividend payout on recurring profit (%)	62.1	35.1	51.4	50.0	50.0
Interest cover (X)	2.6	3.9	3.3	3.3	3.3
Inventory days	50.8	45.5	51.2	50.4	50.7
Debtor days	25.3	19.5	22.6	22.2	22.3
Creditor days	28.5	25.9	29.3	26.6	26.8
Operating ROIC (%)	4.1	12.5	10.0	9.6	9.3
ROIC (%)	3.4	7.4	6.3	5.5	4.8
ROE (%)	5.8	13.6	13.0	12.5	12.2
ROA (%)	3.5	6.7	5.8	5.2	4.7
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue By Division (THB m)</b>					
Thailand livestock	150,182	153,596	158,204	164,532	169,468
Thailand aqua	25,784	26,974	27,244	27,789	28,622
Overseas livestock	307,755	362,898	254,029	269,270	282,734
Overseas aqua	48,852	46,245	44,858	46,652	48,052

Sources: Charoen Pokphand Foods; FSSIA estimates



## Financial Statements

Charoen Pokphand Foods

Cash Flow (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Recurring net profit	9,708	24,537	25,855	26,493	27,340
Depreciation	23,036	28,328	23,520	24,611	25,552
Associates & minorities	(8,170)	8,865	0	0	0
Other non-cash items	5,642	10,780	6,967	8,787	8,707
Change in working capital	6,965	7,675	1,760	(5,092)	(2,855)
<b>Cash flow from operations</b>	<b>37,181</b>	<b>80,186</b>	<b>58,103</b>	<b>54,799</b>	<b>58,744</b>
Capex - maintenance	(25,266)	(31,036)	(30,209)	(30,813)	(31,430)
Capex - new investment	0	0	0	0	0
Net acquisitions & disposals	1,228	(104,988)	(104,428)	(124,836)	(124,318)
Other investments (net)	0	0	0	0	0
<b>Cash flow from investing</b>	<b>(24,038)</b>	<b>(136,024)</b>	<b>(134,638)</b>	<b>(155,649)</b>	<b>(155,748)</b>
Dividends paid	(6,028)	(8,611)	(13,286)	(13,247)	(13,670)
Equity finance	(10,254)	5,513	0	0	0
Debt finance	3,612	82,443	90,961	115,842	107,678
Other financing cash flows	0	0	0	0	0
<b>Cash flow from Financing</b>	<b>(12,670)</b>	<b>79,345</b>	<b>77,676</b>	<b>102,596</b>	<b>94,008</b>
Non-recurring cash flows	(10)	994	0	0	0
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>(10)</b>	<b>994</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>463</b>	<b>24,501</b>	<b>1,141</b>	<b>1,745</b>	<b>(2,996)</b>
Free cash flow to firm (FCFF)	26,927.67	(39,020.51)	(59,035.04)	(83,021.43)	(78,818.70)
Free cash flow to equity (FCFE)	16,744.30	27,598.83	14,426.28	14,991.86	10,673.75

### Per share (THB)

FCFF per share	3.13	(4.53)	(6.86)	(9.64)	(9.15)
FCFE per share	1.94	3.20	1.68	1.74	1.24
Recurring cash flow per share	3.51	8.42	6.54	6.96	7.15

Balance Sheet (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Tangible fixed asset (gross)	298,549	296,172	326,381	357,195	388,624
Less: Accumulated depreciation	(101,119)	(96,034)	(118,134)	(141,326)	(165,459)
<b>Tangible fixed assets (Net)</b>	<b>197,430</b>	<b>200,138</b>	<b>208,247</b>	<b>215,869</b>	<b>223,166</b>
<b>Intangible fixed assets (Net)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Long-term financial assets	0	0	0	0	0
Invest. In associates & subsidiaries	130,682	250,324	369,966	489,609	609,251
Cash & equivalents	33,496	57,997	59,138	60,883	57,887
A/C receivable	33,118	29,952	30,118	31,605	32,888
Inventories	60,987	52,136	53,503	56,493	58,944
Other current assets	51,046	54,585	44,831	47,044	48,953
<b>Current assets</b>	<b>178,646</b>	<b>194,670</b>	<b>187,589</b>	<b>196,024</b>	<b>198,672</b>
Other assets	127,292	116,587	95,753	100,480	104,559
<b>Total assets</b>	<b>634,051</b>	<b>761,719</b>	<b>861,556</b>	<b>1,001,982</b>	<b>1,135,648</b>
Common equity	168,275	191,937	204,506	217,753	231,423
Minorities etc.	50,597	70,242	78,263	86,680	95,438
<b>Total Shareholders' equity</b>	<b>218,872</b>	<b>262,179</b>	<b>282,769</b>	<b>304,433</b>	<b>326,861</b>
Long term debt	196,495	271,889	331,384	407,153	477,581
Other long-term liabilities	20,972	23,505	19,305	20,258	21,080
<b>Long-term liabilities</b>	<b>217,467</b>	<b>295,394</b>	<b>350,689</b>	<b>427,410</b>	<b>498,662</b>
A/C payable	32,184	32,312	28,235	29,813	31,106
Short term debt	136,750	143,799	175,265	215,339	252,588
Other current liabilities	28,777	28,035	24,598	24,987	26,431
<b>Current liabilities</b>	<b>197,711</b>	<b>204,147</b>	<b>228,099</b>	<b>270,139</b>	<b>310,125</b>
<b>Total liabilities and shareholders' equity</b>	<b>634,051</b>	<b>761,719</b>	<b>861,556</b>	<b>1,001,982</b>	<b>1,135,648</b>
Net working capital	84,189	76,325	75,619	80,341	83,248
Invested capital	539,593	643,375	749,585	886,299	1,020,224

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

### Per share (THB)

Book value per share	17.80	20.55	22.01	23.55	25.13
Tangible book value per share	17.80	20.55	22.01	23.55	25.13

### Financial strength

Net debt/Equity (%)	137.0	136.4	158.3	184.5	205.7
Net debt/total assets (%)	47.3	47.0	51.9	56.0	59.2
Current ratio (x)	0.9	1.0	0.8	0.7	0.6
CF interest cover (x)	2.3	2.7	1.9	1.9	1.6

Valuation	2019	2020	2021E	2022E	2023E
<b>Recurring P/E (x) *</b>	<b>25.7</b>	<b>10.2</b>	<b>9.7</b>	<b>9.4</b>	<b>9.1</b>
<b>Recurring P/E @ target price (x) *</b>	<b>37.3</b>	<b>14.7</b>	<b>14.0</b>	<b>13.7</b>	<b>13.2</b>
Reported P/E (x)	13.5	9.6	9.7	9.4	9.1
Dividend yield (%)	2.4	3.4	5.3	5.3	5.5
Price/book (x)	1.6	1.4	1.3	1.2	1.2
Price/tangible book (x)	1.6	1.4	1.3	1.2	1.2
EV/EBITDA (x) **	13.8	8.9	13.5	15.4	17.1
EV/EBITDA @ target price (x) **	16.3	10.3	15.4	17.3	18.9
EV/invested capital (x)	1.1	1.1	1.1	1.0	1.0

\* Pre-exceptional &amp; pre-goodwill are fully diluted \*\* EBITDA includes associate income and recurring non operating income

Sources: Charoen Pokphand Foods; FSSIA estimates

## Corporate Governance report of Thai listed companies 2020

EXCELLENT LEVEL										
AAV	ADVANC	AF	AIRA	AKP	AKR	ALT	AMA	AMATA	AMATAV	ANAN
AOT	AP	ARIP	ARROW	ASP	BAFS	BANPU	BAY	BCP	BCPG	BDMS
BEC	BEM	BGRIM	BIZ	BKI	BLA	BOL	BPP	BRR	BTS	BWG
CENTEL	CFRESH	CHEWA	CHO	CIMBT	CK	CKP	CM	CNT	COL	COMAN
COTTO	CPALL	CPF	CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC
DV8	EA	EASTW	ECF	ECL	EGCO	EPG	ETE	FNS	FPI	FPT
FSMART	GBX	GC	GCAP	GEL	GFPT	GGC	GPSC	GRAMMY	GUNKUL	HANA
HARN	HMPRO	ICC	ICI	III	ILINK	INTUCH	IRPC	IVL	JKN	JSP
JWD	K	KBANK	KCE	KKP	KSL	KTB	KTC	LANNA	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	METCO	MFEC	MINT
MONO	MOONG	MSC	MTC	NCH	NCL	NEP	NKI	NOBLE	NSI	NVD
NYT	OISHI	ORI	OTO	PAP	PAP	PCSGH	PDJ	PHOL	PLANB	PLANET
PLAT	PORT	PPS	PR9	PREB	PRG	PRM	PSH	PSL	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QTC	RATCH	RS	S	S & J	SAAM
SABINA	SAMART	SAMTEL	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SDC
SEAFCO	SEAOIL	SE-ED	SELIC	SENA	SIRI	SIS	SITHAI	SMK	SMPC	SNC
SONIC	SORKON	SPALI	SPI	SPRC	SPVI	SSSC	SST	STA	SUSCO	SUTHA
SVI	SYMC	SYNTEC	TACC	TASCO	TCAP	TFMAMA	THANA	THANI	THCOM	THG
THIP	THRE	THREL	TIP	TIPCO	TISCO	TK	TKT	TMB	TMILL	TNDT
TNL	TOA	TOP	TPBI	TQM	TRC	TSC	TSR	TSTE	TSTH	TTA
TTCL	TTW	TU	TVD	TVI	TVO	TWPC	U	UAC	UBIS	UV
VGI	VIH	WACOAL	WAVE	WHA	WHAUP	WICE	WINNER	TRUE		

VERY GOOD LEVEL										
2S	ABM	ACE	ACG	ADB	AEC	AEONTS	AGE	AH	AHC	AIT
ALLA	AMANAHA	AMARIN	APCO	APCS	APURE	AQUA	ASAP	ASEFA	ASIA	ASIAN
ASIMAR	ASK	ASN	ATP30	AUCT	AWC	AYUD	B	BA	BAM	BBL
BFIT	BGC	BJC	BJCHI	BROOK	BTW	CBG	CEN	CGH	CHARAN	CHAYO
CHG	CHOTI	CHOW	CI	CIG	CMC	COLOR	COM7	CPL	CRC	CRD
CSC	CSP	CWT	DCC	DCON	DDD	DOD	DOHOME	EASON	EE	ERW
ESTAR	FE	FLOYD	FN	FORTH	FSS	FTE	FVC	GENCO	GJS	GL
GLAND	GLOBAL	GLOCON	GPI	GULF	GYT	HPT	HTC	ICN	IFS	ILM
IMH	INET	INSURE	IRC	IRCP	IT	ITD	ITEL	J	JAS	JCK
JCKH	JMART	JMT	KBS	KCAR	KGI	KIAT	KOOL	KTIS	KWC	KWM
L&E	LALIN	LDC	LHK	LOXLEY	LPH	LRH	LST	M	MACO	MAJOR
MBAX	MEGA	META	MFC	MGT	MILL	MITSIB	MK	MODERN	MTI	MVP
NETBAY	NEX	NINE	NTV	NWR	OCC	OGC	OSP	PATO	PB	PDG
PDI	PICO	PIMO	PJW	PL	PM	PPP	PRIN	PRINC	PSTC	PT
QLT	RCL	RICHY	RML	RPC	RWI	S11	SALEE	SAMCO	SANKO	SAPPE
SAWAD	SCI	SCP	SE	SEG	SFP	SGF	SHR	SIAM	SINGER	SKE
SKR	SKY	SMIT	SMT	SNP	SPA	SPC	SPCG	SR	SRICHA	SSC
SSF	STANLY	STI	STPI	SUC	SUN	SYNEX	T	TAE	TAKUNI	TBSP
TCC	TCMC	TEAM	TEAMG	TFG	TIGER	TITLE	TKN	TKS	TM	TMC
TMD	TMI	TMT	TNITY	TNP	TNR	TOG	TPA	TPAC	TPCORP	TPOLY
TPS	TRITN	TRT	TRU	TSE	TVT	TWP	UEC	UMI	UOBKH	UP
UPF	UPOIC	UT	UTP	UWC	VL	VNT	VPO	WIJK	WP	XO
YUASA	ZEN	ZIGA	ZMICO							

GOOD LEVEL										
7UP	A	ABICO	AJ	ALL	ALUCON	AMC	APP	ARIN	AS	AU
B52	BC	BCH	BEAUTY	BGT	BH	BIG	BKD	BLAND	BM	BR
BROCK	BSBM	BSM	BTNC	CAZ	CCP	CGD	CITY	CMAN	CMO	CMR
CPT	CPW	CRANE	CSR	D	EKH	EP	ESSO	FMT	GIFT	GREEN
GSC	GTB	HTECH	HUMAN	IHL	INOX	INSET	IP	JTS	JUBILE	KASET
KCM	KKC	KUMWEL	KUN	KWG	KYE	LEE	MATCH	MATI	M-CHAI	MCS
MDX	MJD	MM	MORE	NC	NDR	NER	NFC	NNCL	NPK	NUSA
OCEAN	PAF	PF	PK	PLE	PMTA	POST	PPM	PRAKIT	PRECHA	PRIME
PROUD	PTL	RBF	RCI	RJH	ROJNA	RP	RPH	RSP	SF	SFLEX
SGP	SISB	SKN	SLP	SMART	SOLAR	SPG	SQ	SSP	STARK	STC
SUPER	SVOA	TC	TCCC	THMUI	TIW	TNH	TOPP	TPCH	TIPIP	TPLAS
TTI	TYCN	UKEM	UMS	VCOM	VRANDA	WIN	WORK	WPH		

## Description

## Score Range

Excellent

90-100

Very Good

80-89

Good

70-79

## Disclaimer:

The disclosure of the survey results 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 a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. 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 date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey results may be changed after that date. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such survey results.

\* CGR scoring should be considered with news regarding wrong doing of the company or director or executive of the company such unfair practice on securities trading, fraud, and corruption SEC imposed a civil sanction against insider trading of director and executive; \*\* delisted

Source: Thai Institute of Directors Association (IOD); FSSIA's compilation

## Anti-corruption Progress Indicator 2020

CERTIFIED										
2S	ADVANC	AI	AIE	AIRA	AKP	AMA	AMANAHA	AP	AQUA	ARROW
ASK	ASP	AYUD	B	BAFS	BANPU	BAY	BBL	BCH	BCP	BCPG
BGC	BGRIM	BJCHI	BKI	BLA	BPP	BROOK	BRR	BSBM	BTS	BWG
CEN	CENTEL	CFRESH	CGH	CHEWA	CHOTI	CHOW	CIG	CIMBT	CM	CMC
COL	COM7	CPALL	CPF	CPI	CPN	CSC	DCC	DELTA	DEMCO	DIMET
DRT	DTAC	DTC	EASTW	ECL	EGCO	FE	FNS	FPI	FPT	FSS
FTE	GBX	GC	GCAP	GEL	GFPT	GGC	GJS	GPSC	GSTEEL	GUNKUL
HANA	HARN	HMPRO	HTC	ICC	ICHI	IFS	INET	INSURE	INTUCH	IRPC
ITEL	IVL	K	KASET	KBANK	KBS	KCAR	KCE	KGI	KKP	KSL
KTB	KTC	KWC	L&E	LANNA	LHFG	LHK	LPN	LRH	M	MAKRO
MALEE	MBAX	MBK	MBKET	MC	MCOT	MFC	MFEC	MINT	MONO	MOONG
MPG	MSC	MTC	MTI	NBC	NEP	NINE	NKI	NMG	NNCL	NSI
NWR	OCC	OCEAN	OGC	ORI	PAP	PATO	PB	PCSGH	PDG	PDI
PDJ	PE	PG	PHOL	PL	PLANB	PLANET	PLAT	PM	PPP	PPPM
PPS	PREB	PRG	PRINC	PRM	PSH	PSL	PSTC	PT	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QLT	QTC	RATCH	RML	RWI	S & J
SABINA	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SEAOIL	SE-ED	SELIC
SENA	SGP	SIRI	SITHAI	SMIT	SMK	SMPC	SNC	SNP	SORKON	SPACK
SPC	SPI	SPRC	SRICHA	SSF	SSSC	SST	STA	SUSCO	SVI	SYNTEC
TAE	TAKUNI	TASCO	TBSP	TCAP	TCMC	TFG	TFI	TFMAMA	THANI	THCOM
THIP	THRE	THREL	TIP	TIPCO	TISCO	TKT	TMB	TMD	TMILL	TMT
TNITY	TNL	TNP	TNR	TOG	TOP	TPA	TPCORP	TPP	TRU	TSC
TSTH	TTCL	TU	TVD	TVI	TVO	TWPC	U	UBIS	UEC	UKEM
UOBKH	UWC	VGI	VIH	VNT	WACOAL	WHA	WHAUP	WICE	WIJK	XO
ZEN	TRUE									

DECLARED										
7UP	ABICO	AF	ALT	AMARIN	AMATA	AMATAV	ANAN	APURE	B52	BKD
BM	BROCK	BUI	CHO	CI	COTTO	DDD	EA	EFORL	EP	ERW
ESTAR	ETE	EVER	FSMART	GPI	ILINK	IRC	J	JKN	JMART	JMT
JSP	JTS	KWG	LDC	MAJOR	META	NCL	NOBLE	NOK	PK	PLE
ROJNA	SAAM	SAPPE	SCI	SE	SHANG	SINGER	SKR	SPALI	SSP	STANLY
SUPER	SYNEX	THAI	TKS	TOPP	TRITN	TTA	UPF	UV	WIN	ZIGA

Level	
Certified	This level indicates practical participation with thoroughly examination in relation to the recommended procedures from the audit committee or the SEC's certified auditor, being a certified member of Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) or already passed examination to ensure independence from external parties.
Declared	This level indicates determination to participate in the Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC)

**Disclaimer:**

The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by Thaipat Institute, is made in order to comply with the policy and sustainable development plan for the listed companies of the Office of the Securities and Exchange Commission. Thaipat Institute made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of Thaipat Institute that is a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, FSS International Investment Advisory Company Limited does not confirm, verify, or certify the accuracy and completeness of the assessment results.

Note: Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of June 24, 2019) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

Source: The Securities and Exchange Commission, Thailand; \* FSSIA's compilation

## GENERAL DISCLAIMER

### ANALYST(S) CERTIFICATION

Karun Intrachai FSS International Investment Advisory Securities Co., Ltd

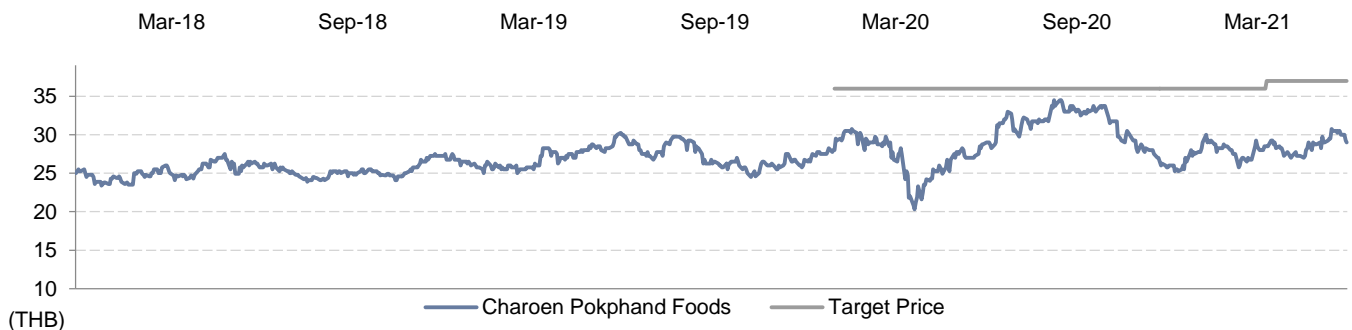
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) 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)



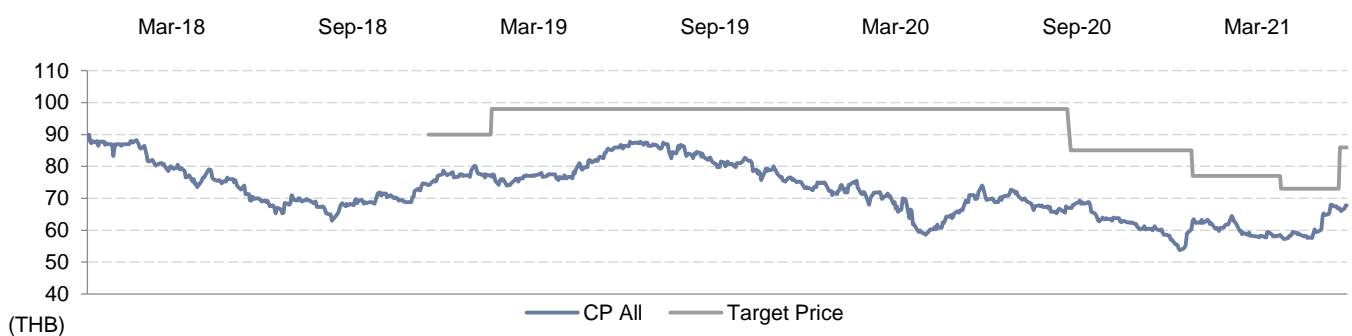
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
08-Jan-2020	BUY	36.00	02-Apr-2020	BUY	36.00	13-Jan-2021	BUY	37.00

Karun Intrachai started covering this stock from 13-Jan-2021

Price and TP are in local currency

Source: FSSIA estimates

#### CP All (CPALL TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
16-Jan-2019	BUY	90.00	13-Aug-2020	BUY	85.00	25-Jan-2021	BUY	73.00
12-Mar-2019	BUY	98.00	19-Oct-2020	BUY	85.00	23-Feb-2021	BUY	73.00
02-Apr-2020	BUY	98.00	09-Nov-2020	BUY	77.00	17-Mar-2021	BUY	86.00
24-Jul-2020	BUY	85.00	13-Nov-2020	BUY	77.00			

Karun Intrachai started covering this stock from 24-Jul-2020

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Charoen Pokphand Foods	CPF TB	THB 29.00	BUY	The key risks to our SoTP-based target price are the volatile pork prices in both Thailand and Vietnam which could hurt revenues and the company's gross margin.
CP All	CPALL TB	THB 67.75	BUY	The key downside risks to our DCF-derived TP are: 1) the higher-than-expected impact from a loss of service income from the convenience store business; 2) the worse-than-expected overseas performance of Makro; and 3) the slow recovery of tourist numbers.

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

FSSIA may incorporate the recommendations and target prices of companies currently covered by FSS Research into equity research reports, denoted by an 'FSS' before the recommendation. FSS Research is part of Finansia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 24-Mar-2021 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.