

12 JULY 2021

THAILAND / CONSUMER STAPLES

CHAROEN POKPHAND FOODS

BUY

UNCHANGED

CPF TB

TARGET PRICE	THB34.00
CLOSE	THB26.25
UP/DOWNSIDE	+29.5%
PRIOR TP	THB42.00
CHANGE IN TP	-19.0%
TP vs CONSENSUS	-9.4%

แนวโน้มชะลอในระยะสั้น

แนวโน้มระยะสั้นสะดุดจากราคาหมูในภูมิภาคที่ลดลง

หลัง CPF รายงานผลการดำเนินงานที่ดีใน 1Q21 ในระยะสั้นแนวโน้มของบริษัท อาจสะดุดได้จาก 1) ความต้องการบริโภคที่ลดลงในเอเชียจากปัญหาการระบาด Covid รอบใหม่; 2) ราคาหมูที่ลดลงในจีน ไทย และเวียดนาม; และ 3) รายได้จากการลงทุนที่ลดลงจาก CP All (CPALL TB, BUY, TP THB80) และ Lotus ใน 2Q21 กำไรของบริษัท อาจเป็นจุดต่ำสุดของปีนี้ แต่เรายังคาดว่ากำไรจะฟื้นตัวใน 3Q21 เนื่องจาก 3Q เป็นฤดูกาลส่งออก

คาดการณ์กำไรจากการดำเนินงาน 2Q21 อยู่ที่ 4.8 พัน ลบ.

เราคาดว่ากำไรจากการดำเนินงานของ CPF จะลดลง 32% q-q แต่เพิ่มขึ้น 12% y-y เป็น 4.8 พัน ลบ. ใน 2Q21 ตัวเลขจะลดลง q-q จากราคาหมูที่ลดลงในภูมิภาค โดยราคาหมูในไทยและเวียดนามลดลง 4% และ 13% q-q เป็น 76.7 บาท/กก. และ VND68,200/กก. (เทียบกับ 80 บาท/กก. และ VND78,176/กก. ใน 1Q21) ตามความต้องการบริโภคที่ลดลงจากปัญหาการแพร่ระบาด Covid รอบใหม่ในภูมิภาคและปัญหาอุปทานเกินดุลชั่วคราว (เนื่องจากปัญหาการแพร่ระบาดโรค ASF รอบใหม่ทำให้เกษตรกรเร่งส่งหมูเข้าสู่ตลาด) เป็นหลัก ในขณะที่ราคาหมูเฉลี่ยในจีนลดลงสู่ระดับปัจจุบันที่ประมาณ RMB15/กก. ทำให้ราคาเฉลี่ยอยู่ที่ RMB19/กก. ใน 2Q21 เทียบกับ RMB30/กก. ใน 1Q21 ราคาข้าวโพดและกากถั่วเหลืองที่อยู่ในระดับสูงน่าจะเพิ่มต้นทุนการผลิตรวมอีก 3-5%

กำไรจะฟื้นตัวใน 3Q21

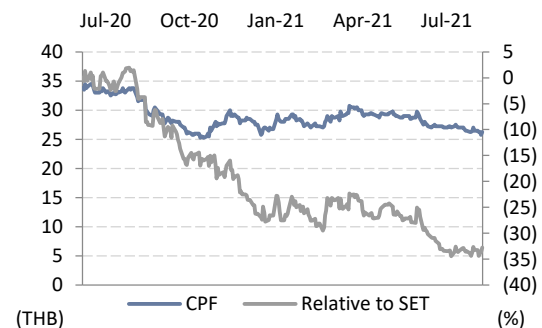
เราคาดว่าแนวโน้ม 3Q21 จะฟื้นตัวตามฤดูกาลส่งออกและการฟื้นตัวของราคาหมู ราคาหมูในจีนปรับตัวลดลงจากประมาณ RMB30/กก. ใน 1Q21 เป็นประมาณ RMB15/กก. ซึ่งเป็นจุดคุ้มทุน ราคาที่ลดลงดังกล่าวเกิดจากการเพิ่มการผลิตของผู้ประกอบการหลักและปัญหาการแพร่ระบาด ASF รอบใหม่ ซึ่งทำให้เกษตรกรเร่งผลัดกันหมูเข้าสู่ตลาด ดังนั้นเราจึงคาดว่าราคาหมูจะฟื้นตัวเป็น RMB18-20/กก. ใน 2H21 เทียบกับต้นทุนการผลิตของเกษตรกรที่ประมาณ 20RMB/กก. เราเห็นแนวโน้มราคาที่คล้าย ๆ กันในไทยและเวียดนาม ซึ่งลดลงชั่วคราวใน 2Q21 แต่ยังคงอยู่ในระดับที่มีกำไรที่ 72 บาท/กก. และ VND62,000/กก.

ขาดปัจจัยบวกระยะสั้น

เราปรับลดประมาณการกำไรปี 2021-23 ลง 12.8-16.6% เพื่อสะท้อนราคาหมูที่ลดลงในภูมิภาคและรายได้การลงทุนที่ลดลงจาก CPALL และ Lotus เราคงคำแนะนำซื้อหลังปรับราคาเป้าหมายลงเหลือ 34 บาทจากการประเมินมูลค่าที่อยู่ในระดับต่ำ ปัจจุบันราคาหุ้นคิดเป็น 10x ของค่า 2022E P/E เทียบกับค่าเฉลี่ยย้อนหลัง 5 ปีที่ 12.7x ในระยะสั้นบรรยากาศการซื้อขายอาจได้แรงกดดันจากแนวโน้มที่อ่อนแอใน 2Q21 ดังนั้นเราจึงชอบ Asian Sea Corporation (ASIAN TB, BUY, TP THB21.8) มากกว่า CPF ในอีก 3 เดือนข้างหน้า

KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Revenue	589,713	484,334	508,243	528,876
Net profit	26,022	21,563	22,513	23,839
EPS (THB)	3.02	2.50	2.61	2.77
vs Consensus (%)	-	(10.6)	(8.6)	(7.8)
EBITDA	77,907	57,066	58,513	59,535
Core net profit	24,537	21,563	22,513	23,839
Core EPS (THB)	2.85	2.50	2.61	2.77
Chg. In EPS est. (%)	-	(16.6)	(15.0)	(12.8)
EPS growth (%)	152.8	(12.1)	4.4	5.9
Core P/E (x)	9.2	10.5	10.0	9.5
Dividend yield (%)	3.8	4.9	5.0	5.3
EV/EBITDA (x)	8.6	13.5	15.3	17.0
Price/book (x)	1.3	1.2	1.1	1.1
Net debt/Equity (%)	136.4	160.2	188.4	211.2
ROE (%)	13.6	10.9	10.8	10.9



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(3.7)	(11.0)	(18.0)
Relative to country (%)	0.9	(10.2)	(27.8)
Mkt cap (USD m)	6,779		
3m avg. daily turnover (USD m)	32.1		
Free float (%)	47		
Major shareholder	Charoen Pokphand Group (53%)		
12m high/low (THB)	35.25/25.00		
Issued shares (m)	8,611.20		

Sources: Bloomberg consensus; FSSIA estimates



Karun Intrachai

 karun.int@fssia.com
 +66 2611 3555

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

บทความวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 12 กรกฎาคม 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 above 45% 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.

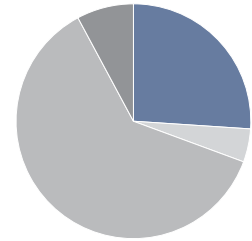
Company profile

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

Principal activities (revenue, 2020)

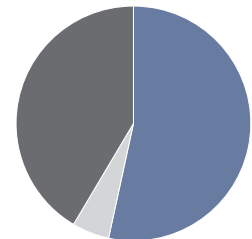
- Thailand livestock - 26.0 %
- Thailand aqua - 4.6 %
- Overseas livestock - 61.5 %
- Overseas aqua - 7.8 %



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 downside 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
August 2021	2Q21 results announcement

Key assumptions

		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	16.1	16.0	15.7
	- Thailand aqua	12.0	12.5	12.5
	- Overseas livestock	18.5	17.8	17.5
	- Overseas aqua	15.0	15.0	15.0
SG&A to sales		10.1	10.0	10.0

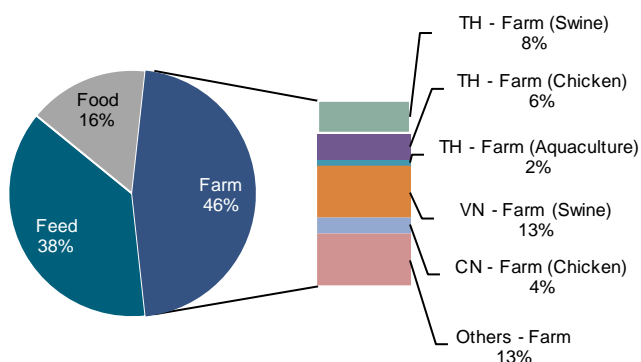
Source: FSSIA estimates

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.

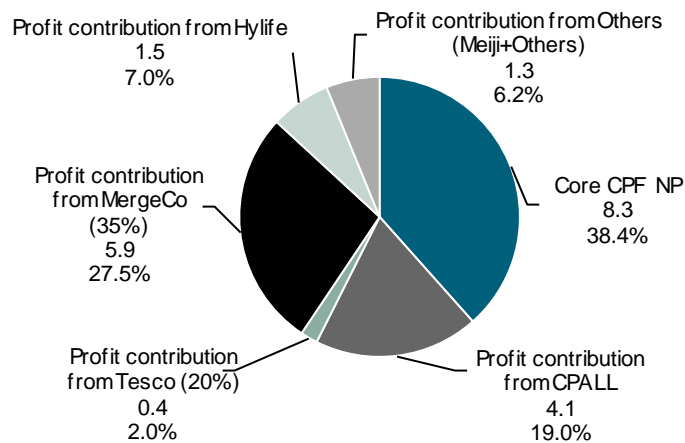
Source: FSSIA estimates

Exhibit 1: Farm business contributed 46% of total sales as of 2020



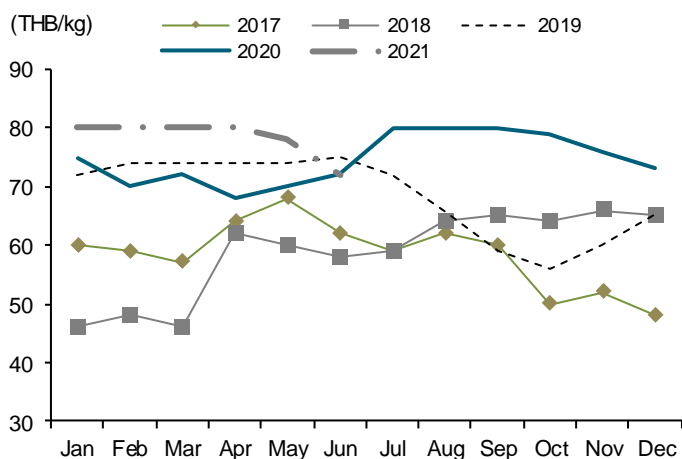
Sources: CPF; FSSIA estimates

Exhibit 2: Breakdown of net profit contributions (THB b) as of 2020



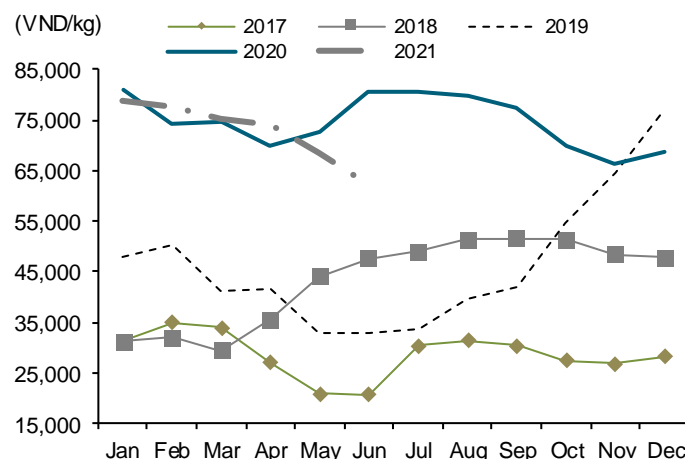
Sources: CPF; FSSIA estimates

Exhibit 3: Swine price in Thailand



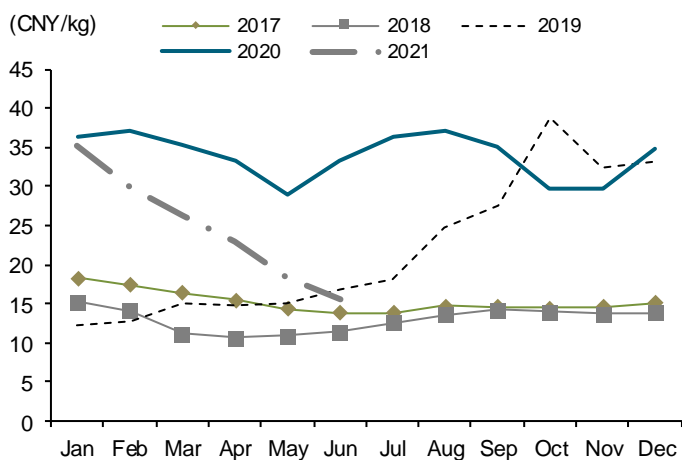
Sources: CPF; FSSIA's compilation

Exhibit 4: Swine price in Vietnam



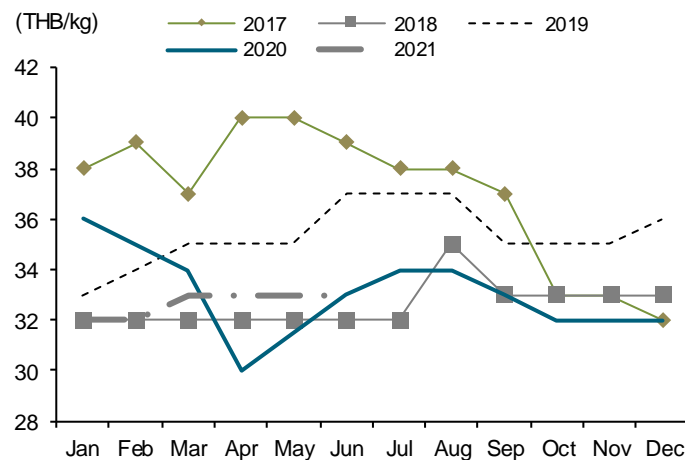
Sources: CPF; FSSIA's compilation

Exhibit 5: Swine price in China



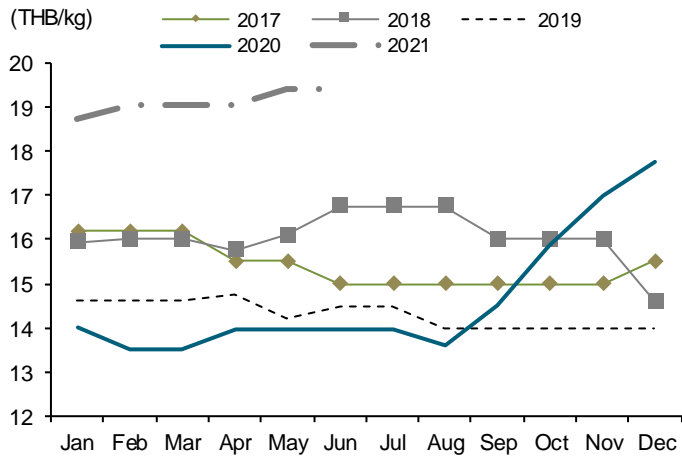
Source: pig333

Exhibit 6: Chicken price in Thailand



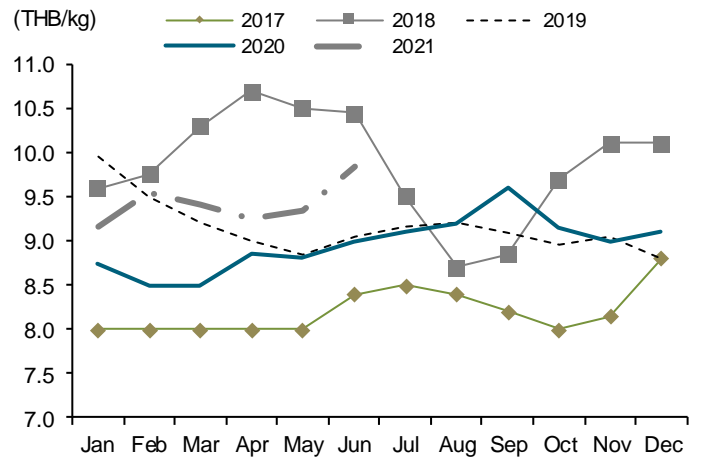
Sources: CPF; FSSIA's compilation

Exhibit 7: Soybean meal price



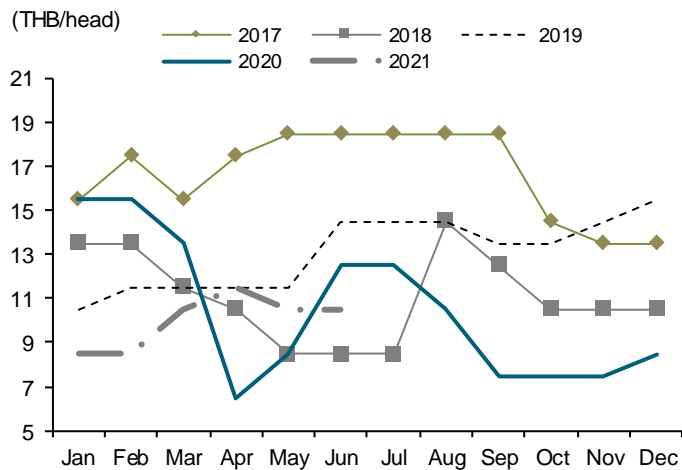
Sources: CPF; FSSIA's compilation

Exhibit 8: Corn price



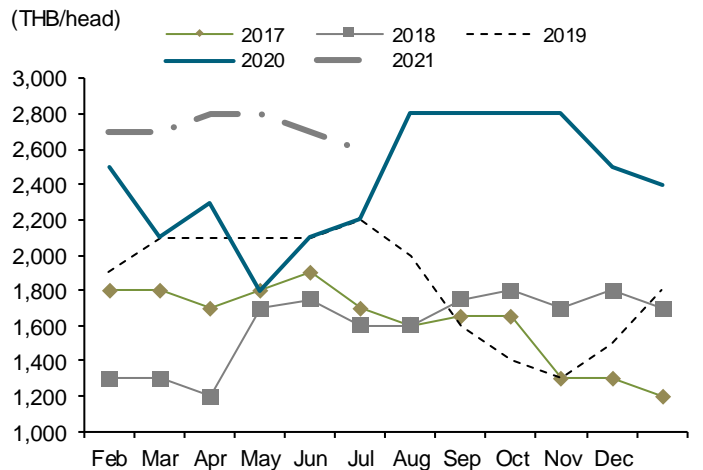
Sources: CPF; FSSIA's compilation

Exhibit 9: Day old chick price



Sources: CPF; FSSIA's compilation

Exhibit 10: Piglet price



Sources: CPF; FSSIA's compilation

Exhibit 11: 2Q21E results preview

	2Q20	3Q20	4Q20	1Q21	2Q21E	Change			2021E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	%21E	(THB m)	(y-y%)
Sales	143,805	157,805	149,968	119,346	115,766	(3)	(19)	24	484,334	(18)
Gross profit	26,064	30,141	25,706	23,791	21,069	(11)	(19)	26	82,464	(23)
Operating costs	(13,626)	(15,695)	(14,399)	(11,684)	(11,252)	(4)	(17)	(23)	48,918	(15)
Operating profit	12,438	14,446	11,307	12,107	9,817	(19)	(21)	29	33,546	(32)
Operating EBITDA	19,328	21,459	18,863	18,875	16,667	(12)	(14)	29	57,066	(27)
Other income/exp	912	906	2,202	741	712	(4)	(22)	16	4,338	1
Interest expense	(4,491)	(4,186)	(4,476)	(4,098)	(4,123)	1	(8)	24	(17,500)	4
Profit before tax	8,859	11,166	9,034	8,750	6,406	(27)	(28)	31	20,385	(45)
Tax	2,919	2,998	3,088	2,117	1,601	(24)	(45)	39	4,077	(63)
Equity income	1,583	2,028	2,963	2,043	1,245	(39)	(21)	9	13,276	43
Minority interests	(3,244)	(3,070)	(2,082)	(1,673)	(1,254)	(25)	(61)	16	(8,021)	(26)
Non-recurring items	1,750	349	(417)	(58)	0	(100)	(100)	n/a	0	(100)
Reported net profit	6,029	7,474	6,409	6,945	4,795	(31)	(20)	22	21,563	(17)
Recurring profit	4,279	7,125	6,826	7,003	4,795	(32)	12	22	21,563	(12)
EPS (THB)	0.70	0.87	0.74	0.81	0.56	(31)	(20)	22	2.50	(17)
Recurring EPS (THB)	0.50	0.83	0.79	0.81	0.56	(32)	12	22	2.50	(12)
Key Ratios	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)		(%)	(ppt)
Gross margin	18.1	19.1	17.1	19.9	18.2	(1.7)	0.1		17.0	(1.2)
Operating margin	8.6	9.2	7.5	10.1	8.5	(1.7)	(0.2)		6.9	(1.5)
EBITDA margin	13.4	13.6	12.6	15.8	14.4	(1.4)	1.0		11.8	(1.4)
SG&A / Sales	9.5	9.9	9.6	9.8	9.7	(0.1)	0.2		(10.1)	(0.3)
Effective tax rate	33.0	26.9	34.2	24.2	25.0				20.0	
Interest coverage (EBITDA)	430	513	421	461	404				326	
Key operating stat										
Swine price TH (THB/kg.)	66.0	80.0	73.1	80.0	76.7	(4)	16			
Chicken price TH (THB/kg.)	29.7	31.3	29.0	32.0	33.0	3	11			
Swine price VN (VND/kg.)	74,360	79,285	68,344	78,176	68,200	(13)	(8)			
Swine price CN (RMB/kg.)	31.8	36.2	31.4	30.4	19.0	(38)	(40)			
Corn price (THB/kg.)	8.9	9.3	9.1	9.4	9.5					
Soymeal price (THB/kg.)	14.1	14.0	17.0	19.0	19.3					

Source: FSSIA estimates

Exhibit 12: Revised assumptions

	Current			Previous			Change		
	2021E	2022E	2023E	2021E	2022E	2023E	2021E	2022E	2023E
Revenue (THB m)	484,334	508,243	528,876	484,334	508,243	528,876	0.0	0.0	0.0
Sales growth (%)									
- Thailand livestock	3.0	4.0	3.0	3.0	4.0	3.0	0.0	0.0	0.0
- Thailand aqua	1.0	2.0	3.0	1.0	2.0	3.0	0.0	0.0	0.0
- Overseas livestock	(30.0)	6.0	5.0	(30.0)	6.0	5.0	0.0	0.0	0.0
- Overseas aqua	(3.0)	4.0	3.0	(3.0)	4.0	3.0	0.0	0.0	0.0
Gross margin (%)									
- Thailand livestock	16.1	16.0	15.7	16.3	16.2	15.8	(0.2)	(0.2)	(0.1)
- Thailand aqua	12.0	12.5	12.5	12.0	12.5	12.5	0.0	0.0	0.0
- Overseas livestock	18.5	17.8	17.5	19.0	18.0	17.8	(0.5)	(0.2)	(0.3)
- Overseas aqua	15.0	15.0	15.0	15.0	15.0	15.0	0.0	0.0	0.0
SG&A to sales (%)	10.1	10.0	10.0	10.1	10.0	10.0	0.0	0.0	0.0
Core profit (THB m)	21,563	22,513	23,839	25,855	26,493	27,340	(16.6)	(15.0)	(12.8)

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

Source: FSSIA estimates

Exhibit 13: SoTP valuation

SoTP valuation	(THB b)
CPF net profit	21.6
Profit contribution from CPALL	4.1
CPF profit after excluding profit contribution from CPALL	17.5
CPF's no. of shares (m)	8,413.6
CPF's EPS (THB)	2.1
P/E of CPF's business (x)	5.0
Value of CPF only	10.4
CPALL target price (THB/share)	80.0
CPALL's no. of shares (m)	8,983.0
CPALL market cap	718.6
CPF holding of CPALL (%)	34.0
Value of holding CPALL	23.3
CPF target price (THB)	34.0

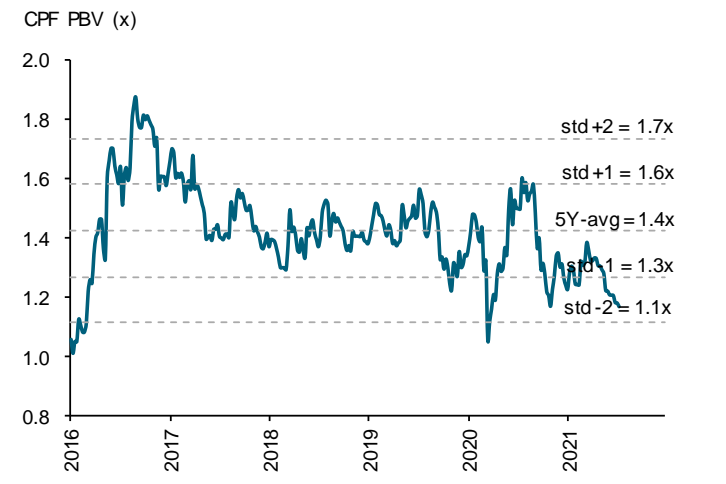
Source: FSSIA estimates

Exhibit 14: Rolling one-year forward P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 15: Rolling one-year forward P/BV band



Sources: Bloomberg; 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)	(378,350)	(398,905)	(416,453)
Gross profit	99,340	135,572	105,984	109,337	112,423
Other operating income	0	0	0	0	0
Operating costs	(54,819)	(57,665)	(48,918)	(50,824)	(52,888)
Operating EBITDA	44,521	77,907	57,066	58,513	59,535
Depreciation	(23,036)	(28,328)	(23,520)	(24,611)	(25,552)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	21,485	49,578	33,546	33,902	33,983
Net financing costs	(12,747)	(16,047)	(16,730)	(17,059)	(17,415)
Associates	8,893	9,254	13,276	14,573	16,434
Recurring non-operating income	12,057	12,787	16,844	18,175	20,071
Non-recurring items	8,743	1,485	0	0	0
Profit before tax	29,539	47,803	33,661	35,019	36,639
Tax	(5,446)	(11,001)	(4,077)	(4,089)	(4,041)
Profit after tax	24,093	36,802	29,584	30,930	32,598
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
Reported net profit	18,451	26,022	21,563	22,513	23,839
Non-recurring items & goodwill (net)	(8,743)	(1,485)	0	0	0
Recurring net profit	9,708	24,537	21,563	22,513	23,839
Per share (THB)					
Recurring EPS *	1.13	2.85	2.50	2.61	2.77
Reported EPS	2.14	3.02	2.50	2.61	2.77
DPS	0.70	1.00	1.29	1.31	1.38
Diluted shares (used to calculate per share data)	8,611	8,611	8,611	8,611	8,611
Growth					
Revenue (%)	(1.7)	10.7	(17.9)	4.9	4.1
Operating EBITDA (%)	21.5	75.0	(26.8)	2.5	1.7
Operating EBIT (%)	51.1	130.8	(32.3)	1.1	0.2
Recurring EPS (%)	234.9	152.8	(12.1)	4.4	5.9
Reported EPS (%)	18.8	41.0	(17.1)	4.4	5.9
Operating performance					
Gross margin inc. depreciation (%)	14.3	18.2	17.0	16.7	16.4
Gross margin of key business (%)	-	-	-	-	-
Operating EBITDA margin (%)	8.4	13.2	11.8	11.5	11.3
Operating EBIT margin (%)	4.0	8.4	6.9	6.7	6.4
Net margin (%)	1.8	4.2	4.5	4.4	4.5
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	3.0	3.1	3.1
Inventory days	50.8	45.5	51.1	50.5	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	9.6	9.3	9.0
ROIC (%)	3.4	7.4	5.8	5.1	4.5
ROE (%)	5.8	13.6	10.9	10.8	10.9
ROA (%)	3.5	6.7	5.3	4.8	4.4
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
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	21,563	22,513	23,839
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	1,660	(5,047)	(2,864)
Cash flow from operations	37,181	80,186	53,710	50,864	55,234
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
Cash flow from investing	(24,038)	(136,024)	(134,638)	(155,649)	(155,748)
Dividends paid	(6,028)	(8,611)	(11,080)	(11,256)	(11,920)
Equity finance	(10,254)	5,513	0	0	0
Debt finance	3,612	82,443	93,148	117,787	109,438
Other financing cash flows	0	0	0	0	0
Cash flow from financing	(12,670)	79,345	82,068	106,531	97,518
Non-recurring cash flows	(10)	994	0	0	0
Other adjustments	0	0	0	0	0
Net other adjustments	(10)	994	0	0	0
Movement in cash	463	24,501	1,141	1,745	(2,996)
Free cash flow to firm (FCFF)	26,927.67	(39,020.51)	(63,427.60)	(86,956.31)	(82,328.72)
Free cash flow to equity (FCFE)	16,744.30	27,598.83	12,220.64	13,001.72	8,923.48

Per share (THB)

FCFF per share	3.13	(4.53)	(7.37)	(10.10)	(9.56)
FCFE per share	1.94	3.20	1.42	1.51	1.04
Recurring cash flow per share	3.51	8.42	6.04	6.49	6.75

Balance Sheet (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Tangible fixed assets (gross)	298,549	296,172	326,381	357,195	388,624
Less: Accumulated depreciation	(101,119)	(96,034)	(118,134)	(141,326)	(165,459)
Tangible fixed assets (net)	197,430	200,138	208,247	215,869	223,166
Intangible fixed assets (net)	0	0	0	0	0
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	53,715	56,609	59,080
Other current assets	51,046	54,585	44,831	47,044	48,953
Current assets	178,646	194,670	187,801	196,140	198,808
Other assets	127,292	116,587	95,753	100,480	104,559
Total assets	634,051	761,719	861,768	1,002,098	1,135,784
Common equity	168,275	191,937	202,419	213,676	225,595
Minorities etc.	50,597	70,242	78,263	86,680	95,438
Total shareholders' equity	218,872	262,179	280,682	300,356	321,034
Long term debt	196,495	271,889	332,814	409,855	481,435
Other long-term liabilities	20,972	23,505	19,305	20,258	21,080
Long-term liabilities	217,467	295,394	352,119	430,113	502,515
A/C payable	32,184	32,312	28,347	29,874	31,178
Short term debt	136,750	143,799	176,022	216,768	254,626
Other current liabilities	28,777	28,035	24,598	24,987	26,431
Current liabilities	197,711	204,147	228,967	271,629	312,235
Total liabilities and shareholders' equity	634,051	761,719	861,768	1,002,098	1,135,784
Net working capital	84,189	76,325	75,719	80,396	83,312
Invested capital	539,593	643,375	749,686	886,354	1,020,288

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

Per share (THB)

Book value per share	17.80	20.55	21.76	23.07	24.46
Tangible book value per share	17.80	20.55	21.76	23.07	24.46

Financial strength

Net debt/equity (%)	137.0	136.4	160.2	188.4	211.2
Net debt/total assets (%)	47.3	47.0	52.2	56.5	59.7
Current ratio (x)	0.9	1.0	0.8	0.7	0.6
CF interest cover (x)	2.3	2.7	1.7	1.8	1.5

Valuation	2019	2020	2021E	2022E	2023E
Recurring P/E (x) *	23.3	9.2	10.5	10.0	9.5
Recurring P/E @ target price (x) *	30.2	11.9	13.6	13.0	12.3
Reported P/E (x)	12.3	8.7	10.5	10.0	9.5
Dividend yield (%)	2.7	3.8	4.9	5.0	5.3
Price/book (x)	1.5	1.3	1.2	1.1	1.1
Price/tangible book (x)	1.5	1.3	1.2	1.1	1.1
EV/EBITDA (x) **	13.3	8.6	13.5	15.3	17.0
EV/EBITDA @ target price (x) **	14.8	9.4	14.6	16.4	18.2
EV/invested capital (x)	1.1	1.0	1.0	1.0	1.0

* Pre-exceptional, pre-goodwill and 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	PG	PHOL	PLANB
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

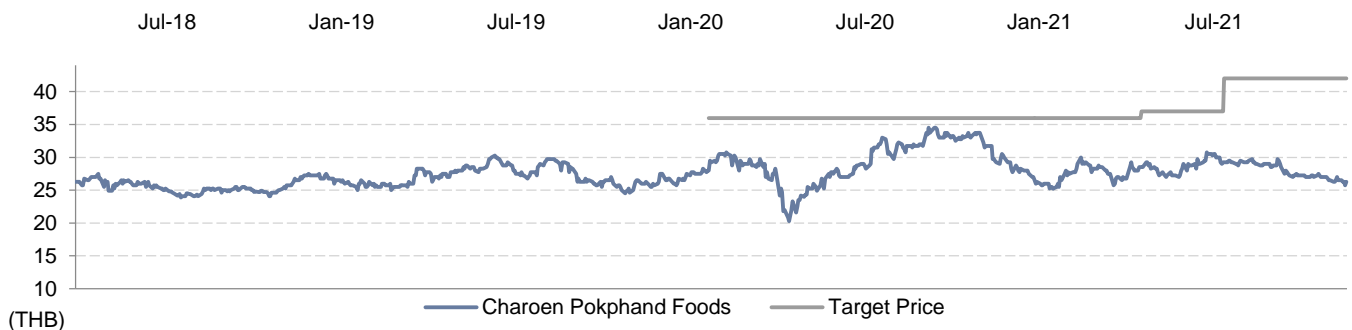
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

This report has been prepared by FSS International Investment Advisory Company Limited (FSSIA). The information herein has been obtained from sources believed to be reliable and accurate; however FSS makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. FSS has no intention to solicit investors to buy or sell any security in this report. In addition, FSS does not guarantee returns nor price of the securities described in the report nor accept any liability for any loss or damage of any kind arising out of the use of such information or opinions in this report. Investors should study this report carefully in making investment decisions. All rights are reserved.

This report may not be reproduced, distributed or published by any person in any manner for any purpose without permission of FSSIA. Investment in securities has risks. Investors are advised to consider carefully before making investment decisions.

History of change in investment rating and/or target price

Charoen Pokphand Foods (CPF TB)



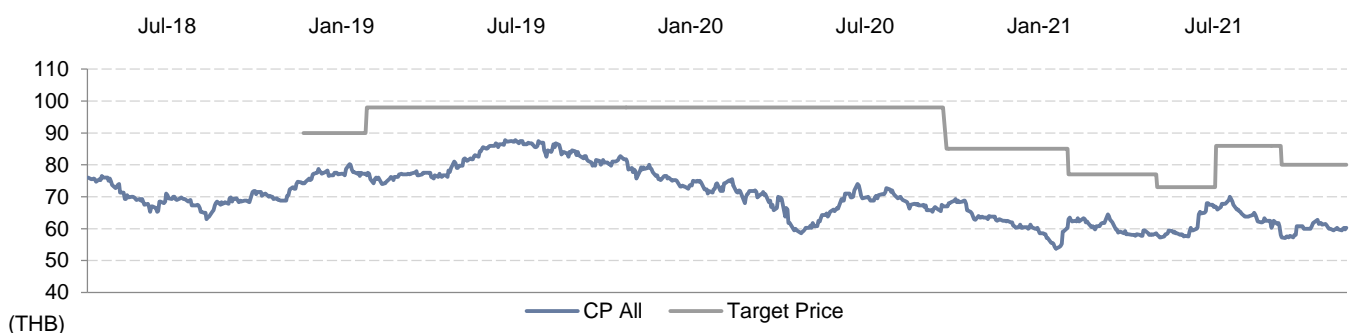
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
08-Jan-2020	BUY	36.00	13-Jan-2021	BUY	37.00	-	-	-
02-Apr-2020	BUY	36.00	25-Mar-2021	BUY	42.00			

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

Price and TP are in local currency

Source: FSSIA estimates

CP All (CPALL TB)



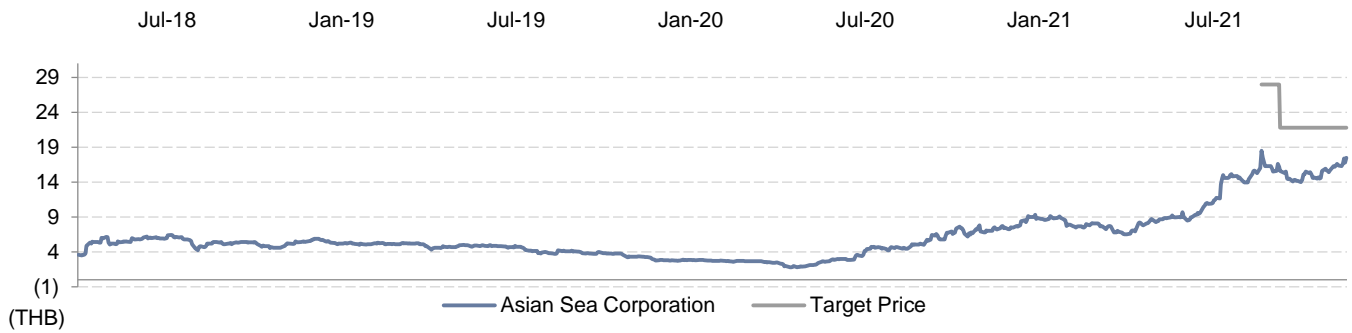
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
16-Jan-2019	BUY	90.00	19-Oct-2020	BUY	85.00	17-Mar-2021	BUY	86.00
12-Mar-2019	BUY	98.00	09-Nov-2020	BUY	77.00	17-Mar-2021	BUY	86.00
02-Apr-2020	BUY	98.00	13-Nov-2020	BUY	77.00	13-May-2021	BUY	80.00
24-Jul-2020	BUY	85.00	25-Jan-2021	BUY	73.00			
13-Aug-2020	BUY	85.00	23-Feb-2021	BUY	73.00			

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

Price and TP are in local currency

Source: FSSIA estimates

Asian Sea Corporation (ASIAN TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
26-Apr-2021	BUY	28.00	12-May-2021	BUY	21.80	-	-	-

Karun Intrachai started covering this stock from 26-Apr-2021

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Charoen Pokphand Foods	CPF TB	THB 26.25	BUY	The key downside 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 60.25	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.
Asian Sea Corporation	ASIAN TB	THB 17.50	BUY	Downside risks are 1) a stronger-than-expected THB against USD; and 2) the high volatility of raw material prices, such as tuna and squid prices, which could hurt the company's GPM.

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 09-Jul-2021 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / 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.