

CHAROEN POKPHAND FOODS  
THAILAND / FOOD & BEVERAGE

## CPF TB

HOLD

## จับตาดูราคาเนื้อสัตว์

- ราคาเนื้อสัตว์ที่ลดลงจะกดดันกำไรปกติปี 2023 ซึ่งเราคาดว่าลดลง 27% y-y
- คาดผลขาดทุนสุทธิใน 1Q23 ผลประกอบการดังกล่าวอาจเป็นจุดต่ำสุดของปีถ้าราคาเนื้อสัตว์ฟื้นตัวตั้งแต่ 2Q23 เป็นต้นไปตามมุมมองของผู้บริหาร
- เราแนะนำถือที่ราคาเป้าหมาย 22.3 บาท สำหรับนักลงทุนระยะสั้นเราแนะนำให้กลับเข้ามาลงทุนเมื่อราคาเนื้อสัตว์เริ่มปรับขึ้น

TARGET PRICE	THB22.30
CLOSE	THB20.40
UP/DOWNSIDE	+9.3%
TP vs CONSENSUS	-14.2%

## KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	614,197	588,459	617,258	649,666
Net profit	13,970	11,295	11,145	12,753
EPS (THB)	1.76	1.31	1.29	1.48
vs Consensus (%)	-	1.9	(18.1)	(21.8)
EBITDA	63,057	55,693	57,826	59,908
Core net profit	8,623	6,295	7,645	9,753
Core EPS (THB)	1.09	0.73	0.89	1.13
EPS growth (%)	130.6	(32.7)	21.4	27.6

## คาดผลประกอบการจะพลิกเป็นขาดทุนใน 1Q23

เราคาดผลขาดทุนสุทธิ 1Q23 ที่ 348 ลบ. จากที่เคยมีกำไร 1.8 พัน ลบ. ใน 4Q22 และ 2.8 พัน ลบ. ใน 1Q22 ราคาเนื้อสัตว์ปรับตัวลดลงโดยราคาเฉลี่ยในประเทศใน 1Q23 สำหรับหมูอยู่ที่ 88 บาท/กก. (-13.4% q-q, -6.7% y-y) และสำหรับไก่อยู่ที่ 40.4 บาท/กก. (-9.5% q-q, +2.8% y-y) จากการนำเข้าหมูผิดกฎหมายซึ่งทำให้อุปทานเพิ่มชั่วคราว ราคาหมูของเวียดนามใน 1Q23 ลดลง 3.5% q-q และ y-y มาอยู่ที่ VND50,970/กก. ในขณะที่ราคาหมูในจีนลดลงแรงถึง 35% q-q มาอยู่ที่ RMB15.11/กก. นอกจากนี้ต้นทุนวัตถุดิบยังมีแนวโน้มทรงตัวในระดับสูงโดยราคาข้าวโพดและกากถั่วเหลืองเฉลี่ยใน 1Q23 อยู่ที่ 13.2 บาท/กก. (+5.5% q-q, +14.6% y-y) และ 23.5 บาท/กก. (+2.3% q-q, +10% y-y)

## ราคาเนื้อสัตว์ที่ลดลงจะกดดันกำไรปี 2023

ผู้บริหารตั้งเป้าปี 2023 ประกอบด้วย 1) การเติบโตของรายได้รวมที่ 10-15% y-y; 2) อัตรากำไรขั้นต้นที่กว่า 13.3%; และ 3) การฟื้นตัวของธุรกิจในกลุ่มพลา อินเดีย ตุรกีและสหรัฐฯ โดยเฉพาะอย่างยิ่ง Bellisio และ Hylife สมมติฐานราคาเนื้อสัตว์ในปี 2023 ของเรต่ำกว่าในปีที่แล้วประกอบด้วย: 1) ราคาหมูในประเทศที่ 85 บาท/กก. (-14.3% y-y) และราคาไก่ที่ 40 บาท/กก. (-6.5% y-y); และ 2) ราคาหมูในเวียดนามที่ VND50,000/กก. (-10.6% y-y) และราคาหมูในจีนที่ RMB15/กก. (-19.5% y-y) จากสมมติฐานดังกล่าวรายได้รวมในปี 2023 น่าจะลดลง 4.2% y-y เราคาดว่าส่วนแบ่งกำไรจะโต 60.5% เป็น 6 พัน ลบ. จาก 3.7 พัน ลบ. ในปี 2022 จากกำไรที่เพิ่มขึ้นของ CPALL และส่วนแบ่งผลขาดทุนที่ลดลงของ Hylife ในภาพรวมเราคาดว่ากำไรปกติของ CPF ในปี 2023 จะอยู่ที่ 6.3 พัน ลบ. (-27% y-y) และกำไรสุทธิที่ 11.3 พัน ลบ. (-19.1% y-y)

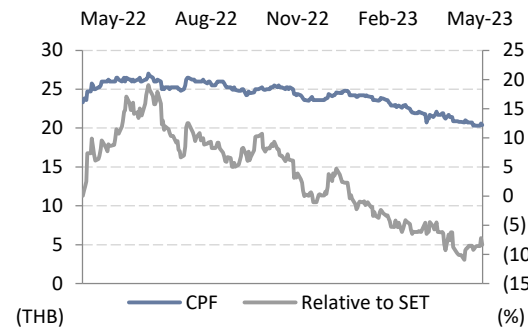
## 1Q23 จะเป็นจุดต่ำสุด: คาดผลประกอบการจะฟื้นตัวในช่วง 2H23

เราคิดว่าภาระดำเนินงานของ CPF ใน 1Q23 จะเป็นจุดต่ำสุดและคาดว่าผลประกอบการจะฟื้นตัวตั้งแต่ในช่วง 2H23 เป็นต้นไป ผู้บริหารตั้งสมมติฐานว่าราคาหมูในประเทศจะปรับขึ้นตั้งแต่เดือน เม.ย. เป็นต้นไปโดยจะได้ปัจจัยหนุนจาก 1) การปราบปรามการนำเข้าหมูผิดกฎหมายของรัฐบาล; 2) โรค ASF ที่บรรเทาลงในอัตราที่ช้าลงจากสภาวะอากาศที่ร้อนผิดปกติ; และ 3) การบริโภคเนื้อสัตว์ที่เพิ่มขึ้นตามการฟื้นตัวของการท่องเที่ยวและฤดูกาลส่งออก นอกจากนี้ CPF ยังวางแผนแยกบริษัทย่อย กล่าวคือ CPF Global Food Solution Plc. (CPFGS) เราคาดว่า CPFGS จะจดทะเบียนหุ้นที่จะเสนอขายให้แก่บุคคลทั่วไปเป็นครั้งแรกใน SET ภายในปี 2023

## ขาดปัจจัยบวกในระยะสั้น แต่ให้จับตาดูราคาเนื้อสัตว์

เราเริ่ม CPF ด้วยคำแนะนำถือที่ราคาเป้าหมาย 22.3 บาท (17x ของค่า 2023E P/E) ราคาหุ้นได้ปรับตัวลดลงไปแล้ว 16% ตั้งแต่ต้นปี 2023 ซึ่งสะท้อนความกังวลของนักลงทุนเกี่ยวกับราคาหมูและไก่ เราเห็นว่า CPF ขาดปัจจัยบวกในระยะสั้นและคาดว่ากำไรจะอ่อนแอใน 1Q23 สำหรับนักลงทุนระยะสั้นเราแนะนำให้กลับเข้ามาลงทุนเมื่อราคาเนื้อสัตว์เริ่มปรับขึ้น

Core P/E (x)	18.8	27.9	23.0	18.0
Dividend yield (%)	3.7	3.2	3.2	3.6
EV/EBITDA (x)	10.9	12.6	12.2	11.7
Price/book (x)	0.6	0.7	0.7	0.7
Net debt/Equity (%)	160.9	150.8	144.2	140.8
ROE (%)	3.6	2.4	3.0	3.8



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(6.0)	(14.3)	(15.7)
Relative to country (%)	(1.9)	(5.6)	(9.2)
Mkt cap (USD m)	5,012		
3m avg. daily turnover (USD m)	11.0		
Free float (%)	46		
Major shareholder	Charoen Pokphand Group (37%)		
12m high/low (THB)	27.00/20.20		
Issued shares (m)	8,611.24		

Sources: Bloomberg consensus; FSSIA estimates



Sureeporn Teewasuwet

sureeporn.t@fssia.com  
+66 2646 9972

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บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 8 พฤษภาคม 2023

## Investment thesis

CPF operates an integrated agro-industrial and food business under its vision of being a “Kitchen of the World”. The company has production bases, investments and joint ventures in 17 countries as of 2022. We like its goal to leverage its expertise in the modern agro-industrial business and make investments in various countries. The company has strong brand recognition under the CP brand.

However, investors should closely monitor the meat and raw material prices, as the prices are highly volatile and could negatively affect CPF’s operations both domestically and overseas.

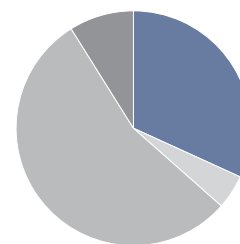
## Company profile

CPF was established in 1978 and listed on the Stock Exchange of Thailand in 1987. CPF operates a vertically integrated agro-industrial and food business, including livestock and aquaculture such as swine, broilers, layers, ducks, shrimp and fish. The businesses are divided into three segments, namely Feed, Farm and Food. In 2022, the company’s revenue contributions from Feed, Farm, and Food were 24%/55%/21%, respectively.

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

## Principal activities (revenue, 2022)

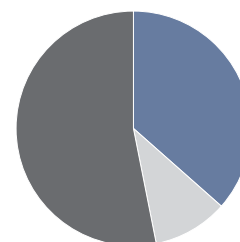
- Thailand livestock - 31.8 %
- Thailand aquatic - 4.7 %
- Overseas livestock - 54.6 %
- Overseas aquatic - 8.9 %



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

Potential catalysts for CPF’s earnings growth in 2023 are 1) revenue growth driven by sales volume; 2) higher-than-expected meat prices; 3) declining raw material costs; and 4) a higher-than-expected overseas business recovery.

## Risks to our call

Downside risks to our P/E-based TP include 1) a slower-than-expected consumption recovery; 2) high volatility in meat and raw material prices; 3) a stronger THB than expected; and 4) a minimum wage increase and labour shortage.

## Event calendar

Date	Event
11 May 2023	1Q23 results announcement
12 May 2023	Analyst meeting

## Key assumptions

	2023E	2024E	2025E
Broiler price-TH (THB)	40.0	41.0	42.0
Swine price-TH (THB)	85.0	85.0	88.0
Swine price-VN (VND)	50,000	52,000	52,500
Total revenue growth (%)	(4.2)	4.9	5.3
Gross margin (%)	12.3	12.5	12.5
SG&A to sales (%)	9.2	9.3	9.3

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



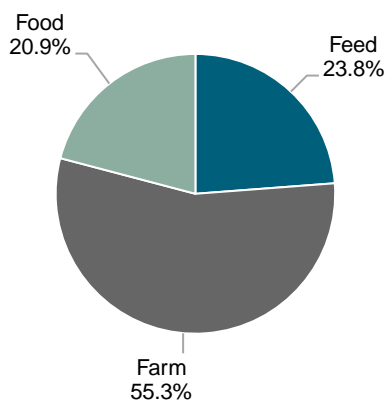
## CPF is a leading agro-industrial operator in Thailand

CPF was established in 1978 and listed on the Stock Exchange of Thailand in 1987. CPF operates a vertically integrated agro-industrial and food business, including livestock and aquaculture such as swine, broilers, layers, ducks, shrimp and fish. The businesses are divided into three segments, namely Feed, Farm and Food. In 2022, the company's revenue contributions from Feed, Farm, and Food were 24%/55%/21%, respectively.

In terms of product segment, livestock and aquaculture were the major revenue contributors at 86% and 14% of total revenue in 2022, respectively.

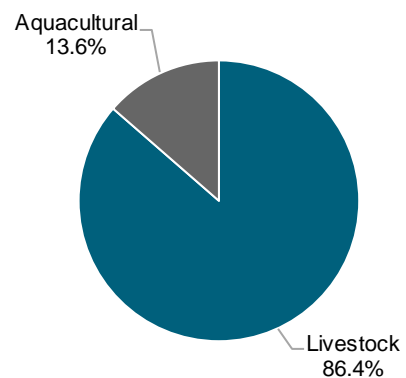
In terms of destination, the company has expanded into the overseas market in over 17 countries and exports products to more than 50 countries. CPF's overseas revenue in 2022 accounted for 64% of total revenue, followed by domestic (31%), and export (5%). Vietnam is the main area of overseas exposure, accounting for 21% of total sales. Even though China revenue only accounted for 6% of total revenue in 2022, CPF has invested in a 26.69% stake in Chia Tai Investment as an associate company, and hence recognises a share of profit and loss from Chia Tai Investment in China.

**Exhibit 1: Revenue breakdown by business segment in 2022**



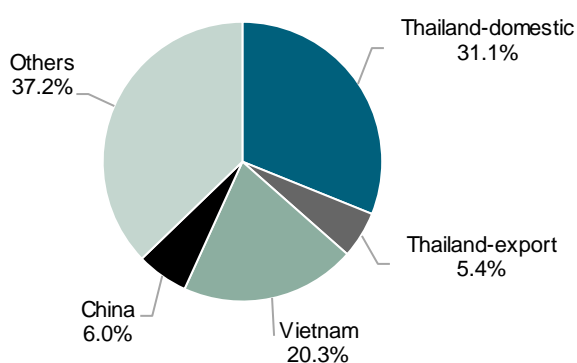
Sources: CPF; FSSIA's compilation

**Exhibit 2: Revenue breakdown by animal type in 2022**



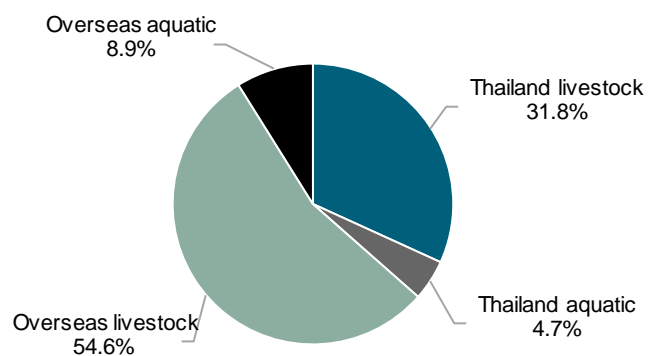
Sources: CPF; FSSIA's compilation

**Exhibit 3: Revenue breakdown by destination in 2022**



Sources: CPF; FSSIA's compilation

**Exhibit 4: Revenue breakdown by destination in 2022**



Sources: CPF; FSSIA's compilation

## Exhibit 5: CPF's operation in each country



Source: CPF

Its operations can be divided into three business segments as follows:

1. **Feed business** – CPF's main products are swine feed, chicken feed, and other animal feed. Animal feed is the starting point of the meat production chain, and the production of quality foods. The company operates animal feed businesses in 11 countries around the world, which are Thailand, Vietnam, Taiwan, Russia, India, Cambodia, Turkey, the Philippines, Malaysia, Laos, and Canada.
2. **Farm and processing business** – CPF's farm and processing business comprises breeding, farming and primary processing. The core products are animal breeds, live animals, primary processed meat and layer eggs. The core species are pigs, broiler chickens, layer chickens, ducks and shrimp. The company operates farm and processing businesses in 14 countries, which include Thailand, China, Taiwan, Vietnam, the USA, Russia, India, Cambodia, Turkey, the Philippines, Malaysia, Laos, Sri Lanka, and Poland.
3. **Food business** – CPF has developed semi-cooked and cooked products as well as ready-to-eat meals by utilising its own meat products as a key raw material for production. The company's food products are sold under the CP brand. Customers have a wide range of channels to conveniently access products, including traditional trade (wet markets), modern trade, food services, and the company's own distribution channels (restaurants and food courts).

## 2022 net profit saw moderate growth

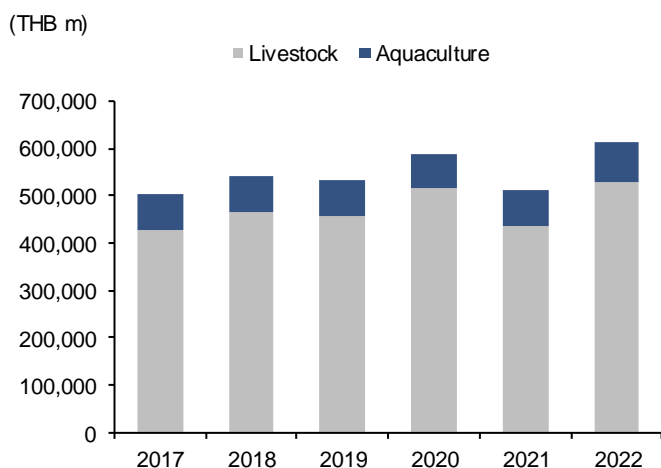
CPF reported a 2022 net profit of THB14b (+7.2% y-y). Excluding extra items, its core profit was equal to THB8.6b (+130% y-y) from the low base in 2021. Overall, the domestic meat price rose sharply y-y due to the African Swine Fever (ASF) outbreak and higher demand after Covid-19 eased. In particular, the average 2022 domestic swine and broiler prices were THB99 per kg (+31.3% y-y), and THB42.8 per kg (+33.2% y-y), respectively.

For the overseas side, Vietnam's 2022 swine price was VND55,944 per kg (-6.4% y-y) due to slower consumption. China's swine price rose by 15% y-y to RMB18.64 per kg, mainly from a consumption recovery after the country's reopening.

Raw material prices in 2022 increased and stabilised at a high level compared to the previous year. To elaborate, the average corn and soybean meal prices were THB12.3 per kg (+23.5% y-y) and THB22.5 per kg (+17.3% y-y), respectively. Despite the higher corn and soybean prices, a higher meat price and weaker THB were able to offset the increase, resulting in CPF's 2022 gross margin rising to 13.3% from 12.9% in 2021.

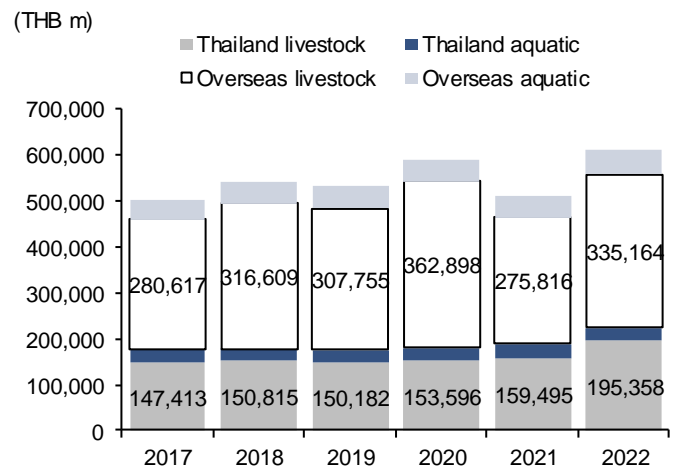
In addition, the overall performance from overseas subsidiaries and associate companies were strong in many countries. Nevertheless, there were two companies that contributed a loss: 1) Bellisio in the USA faced US inflation and high competition in the ready-to-eat market; and 2) Hylife in Canada turned loss-making in 2022 due to a declining swine price in USD and the weaker YEN.

**Exhibit 6: Revenue breakdown by animal type**



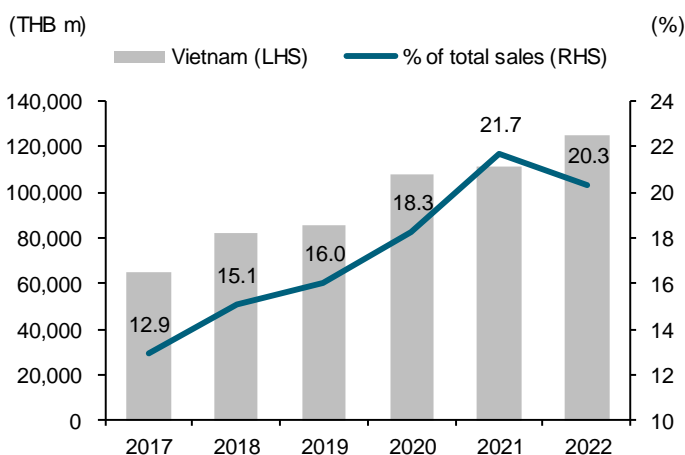
Sources: CPF; FSSIA's compilation

**Exhibit 7: Revenue breakdown by destination**



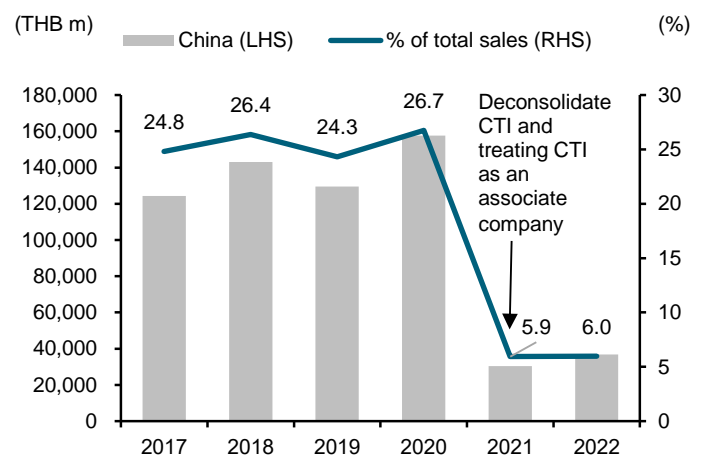
Sources: CPF; FSSIA's compilation

**Exhibit 8: Revenue from Vietnam**



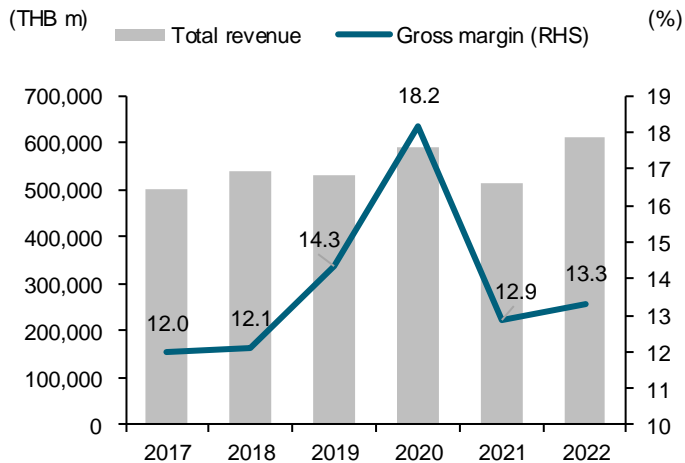
Sources: CPF; FSSIA's compilation

**Exhibit 9: Revenue from China**



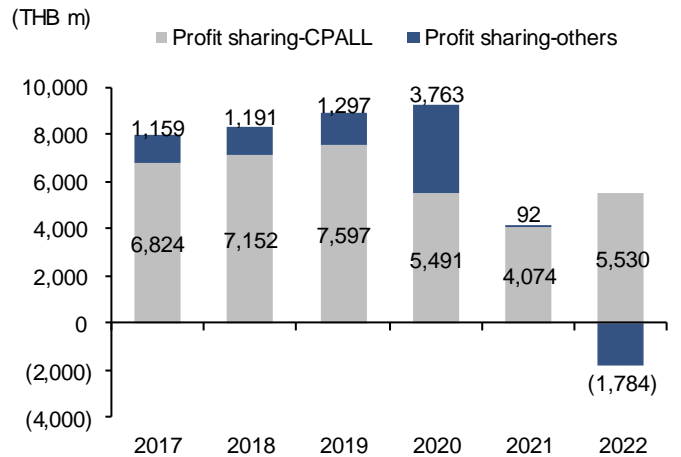
\*CTI = Chia Tai Investment  
Sources: CPF; FSSIA's compilation

**Exhibit 10: Total revenue and gross margin**



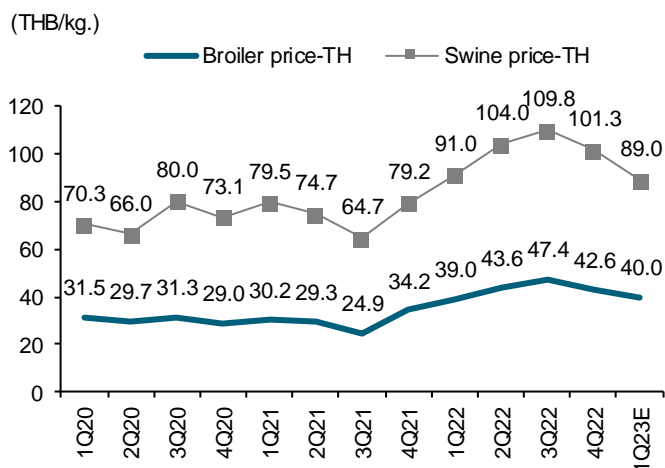
Sources: CPF; FSSIA's compilation

**Exhibit 11: Profit sharing from associate companies**



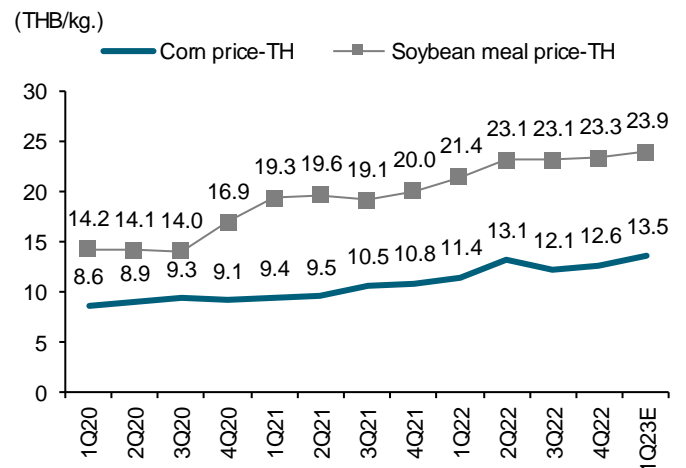
Sources: CPF; FSSIA's compilation

**Exhibit 12: Domestic swine and chicken prices**



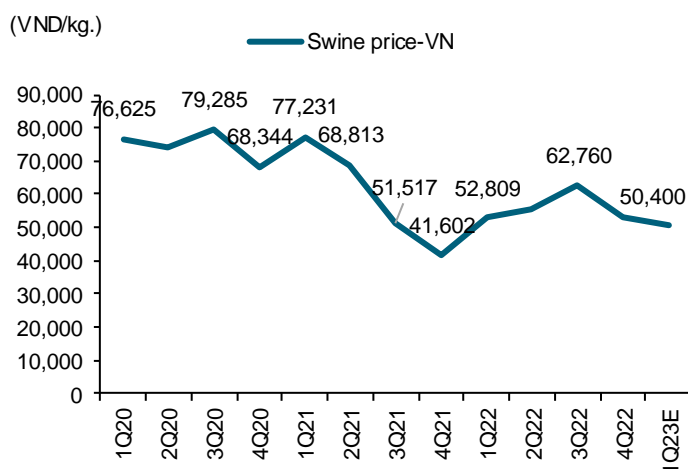
Sources: CPF; FSSIA's estimate

**Exhibit 13: Corn and soybean meal prices**



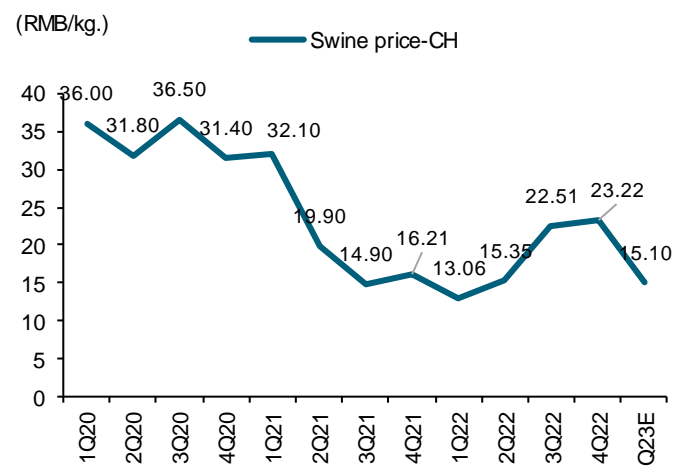
Sources: CPF; FSSIA's estimate

**Exhibit 14: Vietnam's swine price**



Sources: CPF; FSSIA's estimate

**Exhibit 15: China's swine price**



Sources: CPF; FSSIA's estimate

## Expect bottom line turn to a loss in 1Q23

We forecast CPF's 1Q23 bottom line to turn to a loss of THB348m from a net profit of THB1.8b and THB2.8b in 4Q22 and 1Q22, respectively. Domestic and overseas meat prices have dropped sharply, with the average 1Q23 domestic swine and broiler prices at THB88 per kg (-13.4% q-q, -6.7% y-y) and THB40.4 per kg (-9.5% q-q, +2.8% y-y), respectively. The main reason was illegal pork imports, which caused a temporary increase in supply. Besides this, Vietnam's 1QTD swine price dropped by 3.5% q-q and y-y to VND50,970 per kg, and China's swine price also declined sharply by 35% q-q to RMB15.11 per kg. Hence, we think a biological asset revaluation will turn to a loss in 1Q23. However, we think CPF's 1Q23 operations will be the bottom, and we expect to see a profit recovery in 2H23 onward.

### Exhibit 16: 1Q23 earnings preview

	1Q22	2Q22	3Q22	4Q22	1Q23E	Change	
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)
Sales	138,887	155,996	160,266	159,048	146,324	(8.0)	5.4
Cost of sales	121,096	133,372	136,287	141,569	132,424	(6.5)	9.4
Gross profit	17,791	22,624	23,979	17,479	13,901	(20.5)	(21.9)
SG&A	12,124	13,564	14,385	14,928	12,730	(14.7)	5.0
Operating profit	6,179	10,257	10,564	3,849	2,671	(30.6)	(56.8)
Interest expense	4,469	4,360	5,494	6,035	6,000	(0.6)	34.3
Tax expense	1,158	3,522	2,020	(698)	159	(122.8)	(86.3)
Profit (loss) sharing	(336)	(793)	2,294	2,580	1,500	(41.9)	(545.9)
Biological gain (loss)	1,098	729	(886)	469	(800)	nm	nm
Other gain (loss)	1,509	1,953	421	52	1,200	2205.6	(20.5)
Reported net profit	2,842	4,208	5,108	1,812	(348)	nm	nm
Core profit	235	1,526	5,572	1,290	(1,548)	nm	(760.2)
<b>Key ratios (%)</b>						<b>(ppt)</b>	<b>(ppt)</b>
Gross margin	12.8	14.5	15.0	11.0	9.5	(1.5)	(3.3)
SG&A to sales	8.7	8.7	9.0	9.4	8.7	(0.7)	(0.0)
Operating margin	4.4	6.6	6.6	2.4	1.8	(0.6)	(2.6)
Net margin	2.0	2.7	3.2	1.1	(0.2)	(1.4)	(2.3)
Core margin	0.2	1.0	3.5	0.8	(1.1)	(1.9)	(1.2)
<b>Operating statistics</b>							
Broiler price-TH (THB/kg)	39.0	43.6	47.4	42.6	40.0	(6.1)	2.6
Swine price-TH (THB/kg)	91.0	104.0	109.8	101.3	89.0	(12.1)	(2.2)
Shrimp price-70 unit (THB/kg)	174.3	143.3	145.0	141.7	155.0	9.4	(11.1)
Corn price-TH (THB/kg)	11.4	13.1	12.1	12.6	13.5	7.1	18.4
Soybean meal price-TH (THB/kg)	21.4	23.1	23.1	23.3	23.9	2.6	11.7
Swine price-VN (VND/kg)	52,809	55,387	62,760	52,819	50,400	(4.6)	(4.6)
Swine price-CH (RMB/kg)	13.1	15.4	22.5	23.2	15.1	(35.0)	15.6

Sources: CPF, FSSIA estimates



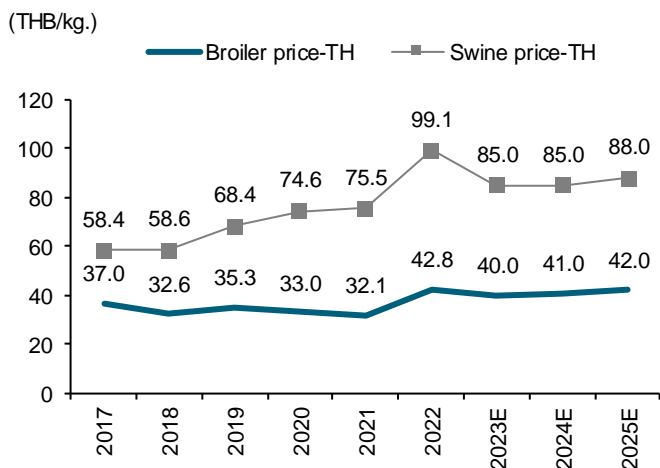
## Declining meat prices to pressure 2023 earnings

Management has set 2023 targets which include 1) total revenue growth at 10-15% y-y; 2) a gross margin not lower than the previous year at 13.3%; and 3) a recovery for the Cambodia, India, Turkey and USA businesses, especially Bellisio and Hylife.

Aside from that, management assumes that the domestic swine price will increase from April 2023 onward, supported by 1) the government’s crackdown on illegal pork imports; 2) ASF easing at a slower-than-expected rate due to the hotter weather than usual; and 3) higher meat consumption driven by a tourism recovery. For China’s swine price, management guides for a swine price recovery in 2H23, after a consumption recovery.

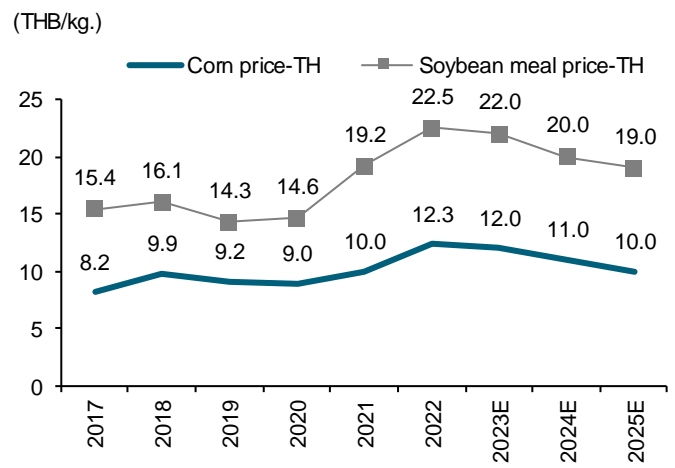
Our meat price assumptions in 2023 are lower than last year, which include 1) a domestic swine price at THB85 per kg (-14.3% y-y) and chicken price at THB40 per kg (-6.5% y-y); and 2) a Vietnam swine price at VND50,000 per kg (-10.6% y-y) and China swine price at RMB15 per kg (-19.5% y-y). Hence, we estimate 2023 revenue from Thai and overseas livestock to drop by around 7.5% y-y and 4.1% y-y, respectively. However, we think its aquaculture business will grow by 3.1% y-y in 2023, representing growth for three consecutive years. Shrimp demand should increase in line with a consumption and tourism recovery, leading to a high shrimp price.

**Exhibit 17: Yearly domestic swine and chicken prices**



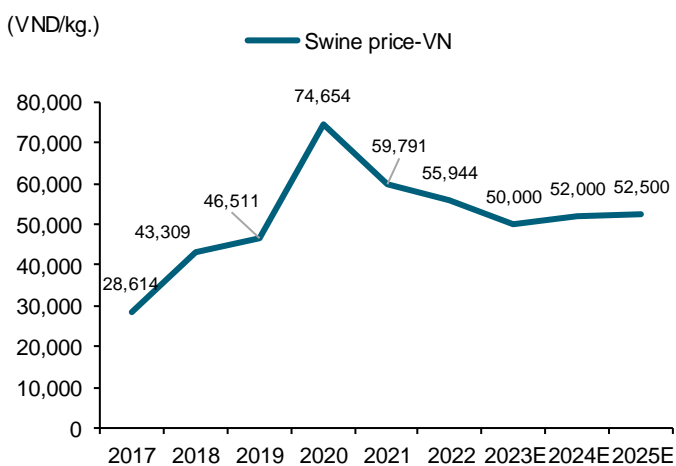
Sources: CPF, FSSIA estimates

**Exhibit 18: Yearly corn and soybean meal prices**



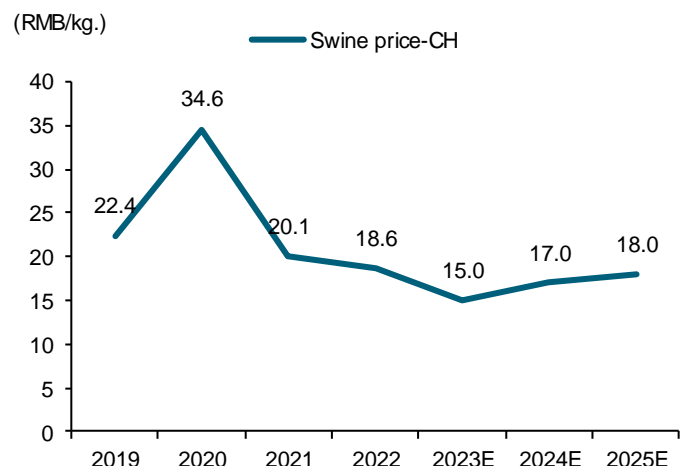
Sources: CPF, FSSIA estimates

**Exhibit 19: Yearly Vietnam swine prices**



Sources: CPF, FSSIA estimates

**Exhibit 20: Yearly China swine prices**

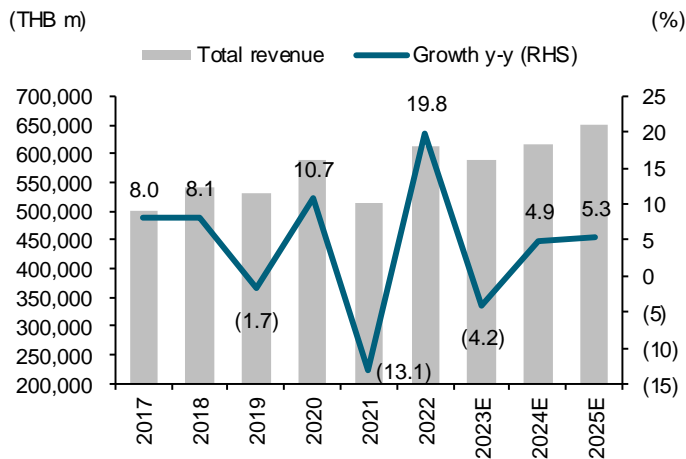


Sources: CPF, FSSIA estimates

Currently, raw material costs are likely to maintain at their high prices, with the average 1Q23 corn and soybean meal prices equal to THB13.2 per kg (+5.5% q-q, +14.6% y-y) and THB23.5 per kg (+2.3% q-q, +10% y-y), respectively. However, we believe corn and soybean costs will slightly decline in 2H23 due to higher production levels.

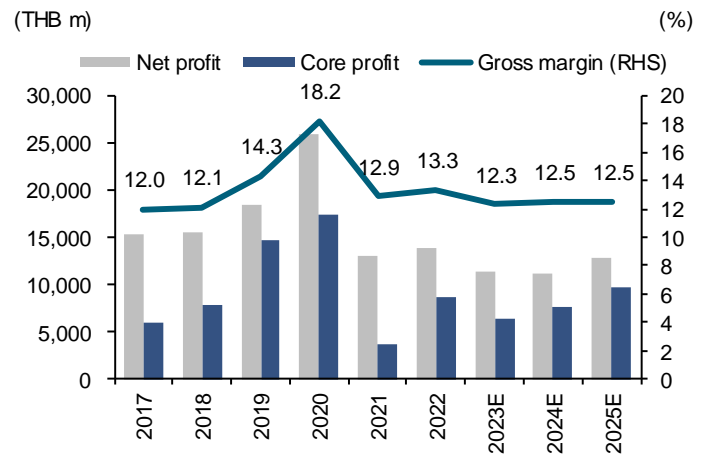
On the other hand, we expect CPF's profit sharing from associated companies to grow by 60.5% to THB6b in 2023 from THB3.7b in 2022, due to profit growth from CP All (CPALL TB, BUY, TP THB72) and a declining loss contribution from Hylife. Overall, we project CPF to have a 2023 core profit of THB6.3b (-27% y-y). Including gains from investments, we estimate its net profit would be THB11.3b (-19.1% y-y).

**Exhibit 21: Yearly total revenue**



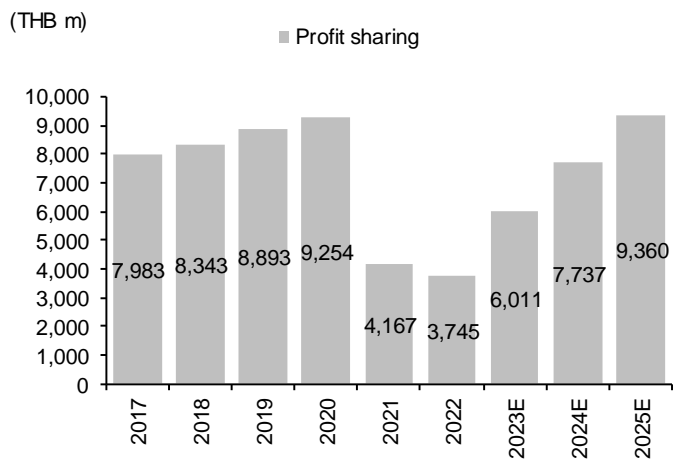
Source: FSSIA estimates

**Exhibit 22: Yearly gross margin and profit**



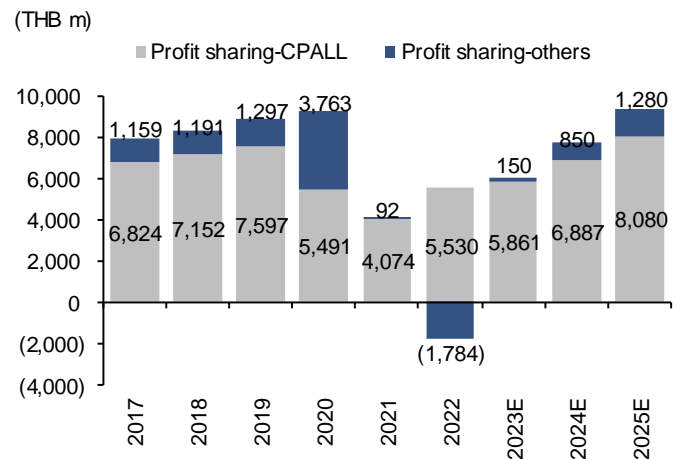
Source: FSSIA estimates

**Exhibit 23: Yearly profit sharing**



Source: FSSIA estimates

**Exhibit 24: Profit sharing breakdown**



Source: FSSIA estimates

## Exhibit 25: Key assumptions for CPF

Assumptions	Actual	Forecast			Growth		
	2022	2023E	2024E	2025E	2023E	2024E	2025E
	(THB m)	(THB m)	(THB m)	(THB m)	(%)	(%)	(%)
Total revenue	614,197	588,459	617,258	649,666	(4.2)	4.9	5.3
Cost of sales	532,324	515,955	540,246	568,444	(3.1)	4.7	5.2
Gross profit	81,873	72,504	77,012	81,222	(11.4)	6.2	5.5
SG&A expenses	55,001	54,138	57,405	60,419	(1.6)	6.0	5.3
Operating profit	30,850	22,485	23,619	24,701	(27.1)	5.0	4.6
Interest expense	20,358	21,002	20,600	20,499	3.2	(1.9)	(0.5)
Profit (loss) sharing	3,745	6,011	7,737	9,360	60.5	28.7	21.0
Reported net profit	13,970	11,295	11,145	12,753	(19.1)	(1.3)	14.4
Core profit	8,623	6,295	7,645	9,753	(27.0)	21.4	27.6
<b>Key ratios (%)</b>							
Gross margin	13.3	12.3	12.5	12.5	(1.0)	0.2	0.0
SG&A to sales	9.0	9.2	9.3	9.3	0.2	0.1	0.0
Operating margin	5.0	3.8	3.8	3.8	(1.2)	0.0	(0.0)
Net margin	2.3	1.9	1.8	2.0	(0.4)	(0.1)	0.2
Core margin	1.4	1.1	1.2	1.5	(0.3)	0.2	0.3
<b>Key assumptions</b>							
<b>Revenue breakdown (THB m)</b>							
Thailand livestock	195,358	180,706	189,109	199,361	(7.5)	4.7	5.4
Thailand aquatic	28,998	29,926	31,422	33,150	3.2	5.0	5.5
Overseas livestock	335,164	321,510	337,586	354,465	(4.1)	5.0	5.0
Overseas aquatic	54,677	56,317	59,142	62,690	3.0	5.0	6.0
<b>Price</b>							
Broiler price-TH (THB/kg)	42.8	40.0	41.0	42.0	(6.5)	2.5	2.4
Swine price-TH (THB/kg)	99.1	85.0	85.0	88.0	(14.3)	0.0	3.5
Shrimp price-70 unit (THB/kg)	151.0	150.0	145.0	145.0	(0.7)	(3.3)	0.0
Corn price-TH (THB/kg)	12.3	12.0	11.0	10.0	(2.5)	(8.3)	(9.1)
Soybean meal price-TH (THB/kg)	22.5	22.0	20.0	19.0	(2.1)	(9.1)	(5.0)
Swine price-VN (VND/kg)	55,944	50,000	52,000	52,500	(10.6)	4.0	1.0
Swine price-CH (RMB/kg)	18.6	15.0	17.0	18.0	(19.5)	13.3	5.9

Source: FSSIA estimates

## Announced a spin-off of the food retail business

The board of directors of CPF has a resolution to approve the plan of CPF Global Food Solution Plc. (CPFGS), the company's subsidiary, to issue and offer the initial public offering of CPFGS and the listing of its shares to the Stock Exchange of Thailand in the food sector.

CPFGS is a subsidiary of CPF and CP Merchandise (CPM, non-listed) at 56% and 44% shareholding, respectively. CPM is a subsidiary of CPF, which holds a 100% stake.

CPFGS plans to offer IPO shares not exceeding 500.01 million shares with a par value of THB0.5 per share, which includes:

1. CPFGS plans to offer and sell newly issued shares not exceeding 66.7 million shares.
2. The company plans to offer and sell ordinary shares held in CPF for IPO not exceeding 316.655 million shares.
3. The company plans to offer and sell ordinary shares held in CPM for IPO not exceeding 116.655 million shares.

The total number of IPO shares will equal 30% of the total issued shares in CPFGS after the IPO. Therefore, CPF and CPM will continue to be major shareholders with controlling power in CPFGS representing approximately 70% of total issued shares in CPFGS. Aside from that, the company has proposed pre-emptive rights for CPFGS's IPO shares to the existing shareholders of CPF, the proportion of which will be announced later.

CPFGS is one of the leading global food solution providers and the exclusive distributor for CPF in Thailand for fresh meat products and processed food products, and the exclusive exporter for fresh meat and processed food products. In addition, CPFGS distributes products sourced from third-party suppliers and is the flagship company of CPF for the restaurant business in Thailand as well as a pet snack manufacturing and distribution business both domestically and internationally.

We have a neutral view on this deal. The objectives of the spin-off are to 1) unlock the value of the retail food business, which has good profitability and low volatility in earnings; and 2) we think CPF will receive the most money from the IPO proceeds and has a plan to pay off debt. However, we expect CPF's 2024 profit to have a net negative impact from the dilution effect. CPFGS reported 2022 total revenue of THB172b and a net profit of THB6.2b, which accounted for 28% of CPF's revenue and 44% of CPF's net profit.

### Exhibit 26: CPFGS information

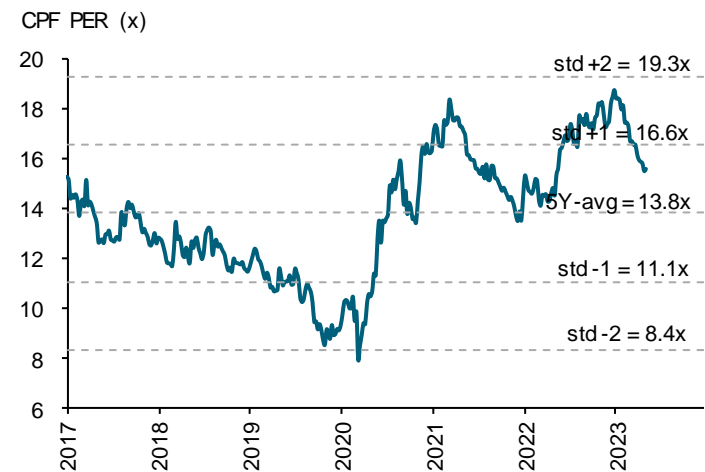
Sales by destination		2022	2020			2021			2022		
	(%)		(THB m)	(THB m)	(THB m)						
Domestic	62.3	Sales	122,660	138,858	171,938						
Overseas	37.7	Net profit	1,272	2,646	6,173						
Sales by country/region		2022	2020			2021			2022		
Thailand	62.3	GM (%)	8.5	9.1	9.9						
Europe	22.7	NPM (%)	1.0	1.9	3.6						
Asia	9.4	ROE (%)	37.4	39.6	83.6						
America	5.0	ROA (%)	4.1	8.0	15.9						
Others	0.6	D/E (x)	3.87	4.04	4.33						
Sales by product		2022	Sales by channel (%)			2022			2022		
Meat	57.8	B2B2C	64.1								
Processed food	33.8	B2B	32.0								
Restaurants	3.9	B2C	3.9								
Pet food	1.2										
Others	3.3										

Source: CPFGS's filing

## Valuation

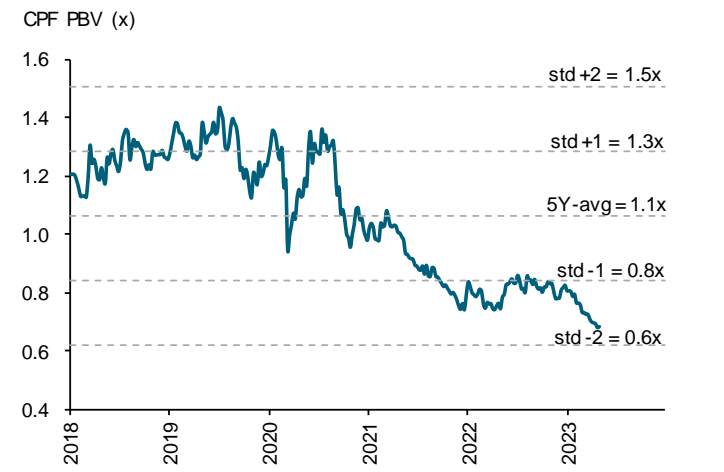
We reinitiate coverage of CPF with a HOLD recommendation and a TP of THB22.3, based on 17x 2023E P/E, implied from -0.75 SD of its five-year historical average. CPF's share price has fallen 16% in 2023 YTD, reflecting investors' concerns over the swine and chicken prices, which might have already passed their peak in 2022. However, we see no positive catalyst for its share price in the short term, and we expect poor earnings in 1Q23. For short-term investors, we recommend re-entering for trading when the meat prices start to rise again.

**Exhibit 27: Historical P/E band**



Sources: Bloomberg, FSSIA estimates

**Exhibit 28: Historical P/BV band**



Sources: Bloomberg, FSSIA estimates

**Exhibit 29: Peers comparison as of 3 May 2023**

Company	BBG	Rec	Share price			Market Cap (USD m)	PE		ROE		PBV		EV/EBITDA	
			Current (LCY)	Target (LCY)	Upside (%)		23E (x)	24E (x)	23E (%)	24E (%)	23E (x)	24E (x)	23E (x)	24E (x)
<b>Thailand</b>														
Thaifoods Group	TFG TB	HOLD	4.76	5.20	9	791	11.0	9.9	16.3	16.5	1.7	1.6	6.2	5.6
GFPT	GFPT TB	BUY	10.50	12.40	18	387	10.2	9.0	7.6	8.2	0.8	0.7	6.9	6.2
Charoen Pokphand Foods	CPF TB	HOLD	20.40	22.30	9	5,012	15.6	15.8	2.4	3.0	0.7	0.7	12.6	12.2
Betagro	BTG TB	BUY	22.40	25.30	13	1,273	15.0	12.8	8.1	9.3	1.4	1.4	7.4	6.4
<b>Average</b>						<b>7,462</b>	<b>12.9</b>	<b>11.9</b>	<b>8.6</b>	<b>9.2</b>	<b>1.1</b>	<b>1.1</b>	<b>8.3</b>	<b>7.6</b>

Sources: Bloomberg, FSSIA estimate

## 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	(417,884)	(500,117)	(482,748)	(506,039)	(533,237)
<b>Gross profit</b>	<b>94,820</b>	<b>114,080</b>	<b>105,712</b>	<b>111,219</b>	<b>116,429</b>
Other operating income	4,137	3,978	4,119	4,012	3,898
Operating costs	(50,880)	(55,001)	(54,138)	(57,405)	(60,419)
<b>Operating EBITDA</b>	<b>48,077</b>	<b>63,057</b>	<b>55,693</b>	<b>57,826</b>	<b>59,908</b>
Depreciation	(28,931)	(32,207)	(33,207)	(34,207)	(35,207)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>19,146</b>	<b>30,850</b>	<b>22,485</b>	<b>23,619</b>	<b>24,701</b>
Net financing costs	(15,853)	(19,515)	(20,052)	(19,543)	(19,394)
Associates	4,167	3,745	6,011	7,737	9,360
Recurring non-operating income	4,167	3,745	6,011	7,737	9,360
Non-recurring items	9,273	5,347	5,000	3,500	3,000
<b>Profit before tax</b>	<b>16,732</b>	<b>20,427</b>	<b>13,445</b>	<b>15,313</b>	<b>17,666</b>
Tax	(2,654)	(6,003)	(1,267)	(2,008)	(2,640)
<b>Profit after tax</b>	<b>14,079</b>	<b>14,424</b>	<b>12,178</b>	<b>13,305</b>	<b>15,026</b>
Minority interests	(1,050)	(454)	(883)	(2,160)	(2,274)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>13,028</b>	<b>13,970</b>	<b>11,295</b>	<b>11,145</b>	<b>12,753</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(9,273)</b>	<b>(5,347)</b>	<b>(5,000)</b>	<b>(3,500)</b>	<b>(3,000)</b>
<b>Recurring net profit</b>	<b>3,756</b>	<b>8,623</b>	<b>6,295</b>	<b>7,645</b>	<b>9,753</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.47	1.09	0.73	0.89	1.13
Reported EPS	1.63	1.76	1.31	1.29	1.48
DPS	0.65	0.75	0.66	0.65	0.74
Diluted shares (used to calculate per share data)	7,970	7,936	8,611	8,611	8,611
<b>Growth</b>					
Revenue (%)	(13.1)	19.8	(4.2)	4.9	5.3
Operating EBITDA (%)	(41.0)	31.2	(11.7)	3.8	3.6
Operating EBIT (%)	(64.0)	61.1	(27.1)	5.0	4.6
Recurring EPS (%)	(76.5)	130.6	(32.7)	21.4	27.6
Reported EPS (%)	(45.9)	7.7	(25.5)	(1.3)	14.4
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	12.9	13.3	12.3	12.5	12.5
Gross margin of key business (%)	-	-	-	-	-
Operating EBITDA margin (%)	9.4	10.3	9.5	9.4	9.2
Operating EBIT margin (%)	3.7	5.0	3.8	3.8	3.8
Net margin (%)	0.7	1.4	1.1	1.2	1.5
Effective tax rate (%)	15.9	29.4	9.4	13.1	14.9
Dividend payout on recurring profit (%)	137.9	69.0	89.7	72.9	65.4
Interest cover (X)	1.5	1.8	1.4	1.6	1.8
Inventory days	54.8	57.1	63.5	62.6	62.4
Debtor days	24.4	24.3	28.1	28.7	28.7
Creditor days	33.5	34.8	38.0	36.5	36.4
Operating ROIC (%)	4.5	6.2	4.3	4.6	4.9
ROIC (%)	2.7	3.6	2.8	3.1	3.4
ROE (%)	1.8	3.6	2.4	3.0	3.8
ROA (%)	2.2	2.8	2.5	2.8	3.0
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
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	6,295	7,645	9,753
Depreciation	28,931	32,207	33,207	34,207	35,207
Associates & minorities	-	-	-	-	-
Other non-cash items	(4,741)	(30,593)	3,949	4,869	(5,826)
Change in working capital	(28,575)	(11,702)	1,401	(5,567)	(6,324)
<b>Cash flow from operations</b>	<b>(629)</b>	<b>(1,465)</b>	<b>44,853</b>	<b>41,153</b>	<b>32,810</b>
Capex - maintenance	(47,587)	(51,354)	(23,405)	(30,000)	(25,000)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	(6,758)	(1,758)	0	0	0
Other investments (net)	(3,736)	(5,173)	6,471	2,348	1,704
<b>Cash flow from investing</b>	<b>(58,082)</b>	<b>(58,285)</b>	<b>(16,934)</b>	<b>(27,652)</b>	<b>(23,296)</b>
Dividends paid	(4,158)	(5,808)	(5,648)	(5,572)	(6,376)
Equity finance	(1,335)	(818)	0	0	0
Debt finance	47,700	55,491	(6,322)	(9,800)	(2,459)
Other financing cash flows	(1,735)	6,821	(10,432)	864	972
<b>Cash flow from financing</b>	<b>40,472</b>	<b>55,686</b>	<b>(22,401)</b>	<b>(14,508)</b>	<b>(7,863)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>(18,238)</b>	<b>(4,065)</b>	<b>5,518</b>	<b>(1,007)</b>	<b>1,650</b>
Free cash flow to firm (FCFF)	(42,114.37)	(39,392.75)	48,920.69	34,100.92	30,012.60
Free cash flow to equity (FCFE)	(12,745.29)	2,561.44	11,165.00	4,564.97	8,026.76

#### Per share (THB)

FCFF per share	(4.89)	(4.57)	5.68	3.96	3.49
FCFE per share	(1.48)	0.30	1.30	0.53	0.93
Recurring cash flow per share	3.51	1.29	5.05	5.43	4.54

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)
<b>Tangible fixed assets (net)</b>	<b>263,516</b>	<b>312,545</b>	<b>299,338</b>	<b>285,131</b>	<b>269,924</b>
<b>Intangible fixed assets (net)</b>	<b>74,466</b>	<b>76,224</b>	<b>76,224</b>	<b>76,224</b>	<b>76,224</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	265,911	272,055	278,066	285,803	295,163
Cash & equivalents	40,280	36,215	41,733	40,725	42,376
A/C receivable	38,471	43,221	47,399	49,719	52,329
Inventories	73,431	83,080	84,815	88,808	93,443
Other current assets	64,368	70,703	58,846	61,726	64,967
<b>Current assets</b>	<b>216,550</b>	<b>233,219</b>	<b>232,792</b>	<b>240,978</b>	<b>253,115</b>
Other assets	24,801	32,944	31,438	32,590	33,887
<b>Total assets</b>	<b>845,244</b>	<b>926,987</b>	<b>917,859</b>	<b>920,726</b>	<b>928,312</b>
Common equity	217,302	256,053	258,262	253,834	255,210
Minorities etc.	72,050	43,791	53,751	66,357	69,891
<b>Total shareholders' equity</b>	<b>289,352</b>	<b>299,844</b>	<b>312,013</b>	<b>320,191</b>	<b>325,101</b>
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
<b>Long-term liabilities</b>	<b>351,965</b>	<b>360,166</b>	<b>347,234</b>	<b>345,598</b>	<b>349,271</b>
A/C payable	44,372	50,964	49,475	51,804	54,508
Short term debt	132,460	186,478	182,656	175,356	170,197
Other current liabilities	27,096	29,536	26,481	27,777	29,235
<b>Current liabilities</b>	<b>203,928</b>	<b>266,978</b>	<b>258,612</b>	<b>254,937</b>	<b>253,940</b>
<b>Total liabilities and shareholders' equity</b>	<b>845,244</b>	<b>926,987</b>	<b>917,859</b>	<b>920,726</b>	<b>928,312</b>
Net working capital	104,802	116,505	115,104	120,671	126,995
Invested capital	733,497	810,273	800,170	800,420	802,193

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

#### Per share (THB)

Book value per share	27.27	32.26	29.99	29.48	29.64
Tangible book value per share	17.92	22.66	21.14	20.63	20.79

#### Financial strength

Net debt/equity (%)	146.1	160.9	150.8	144.2	140.8
Net debt/total assets (%)	50.0	52.0	51.3	50.1	49.3
Current ratio (x)	1.1	0.9	0.9	0.9	1.0
CF interest cover (x)	0.2	1.1	1.6	1.2	1.4

Valuation	2021	2022	2023E	2024E	2025E
<b>Recurring P/E (x) *</b>	<b>43.3</b>	<b>18.8</b>	<b>27.9</b>	<b>23.0</b>	<b>18.0</b>
<b>Recurring P/E @ target price (x) *</b>	<b>47.3</b>	<b>20.5</b>	<b>30.5</b>	<b>25.1</b>	<b>19.7</b>
Reported P/E (x)	12.5	11.6	15.6	15.8	13.8
Dividend yield (%)	3.2	3.7	3.2	3.2	3.6
Price/book (x)	0.7	0.6	0.7	0.7	0.7
Price/tangible book (x)	1.1	0.9	1.0	1.0	1.0
EV/EBITDA (x) **	13.7	10.9	12.6	12.2	11.7
EV/EBITDA @ target price (x) **	14.0	11.2	12.9	12.5	12.0
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)<sup>1</sup>

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).

### AGM Checklist by the Thai Investors Association (TIA)<sup>2</sup>

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)<sup>3</sup>

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)<sup>4</sup> by the Stock Exchange of Thailand (SET)

Thailand Sustainability Investment (**THSI**) quantifies responsibility in **E**nvironmental, and **S**ocial issues, by managing business with transparency in **G**overnance. 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 >150 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: **E**conomic (CG, risk management, customer relation management, supply chain management, and innovation); **E**nvironmental (environmental management, eco-efficiency, and climate risk); **S**ocial (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 Indices<sup>5</sup> (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:

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> 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.

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

<sup>5</sup> 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

Sureporn Teewasuwet FSS International Investment Advisory Securities Co., Ltd

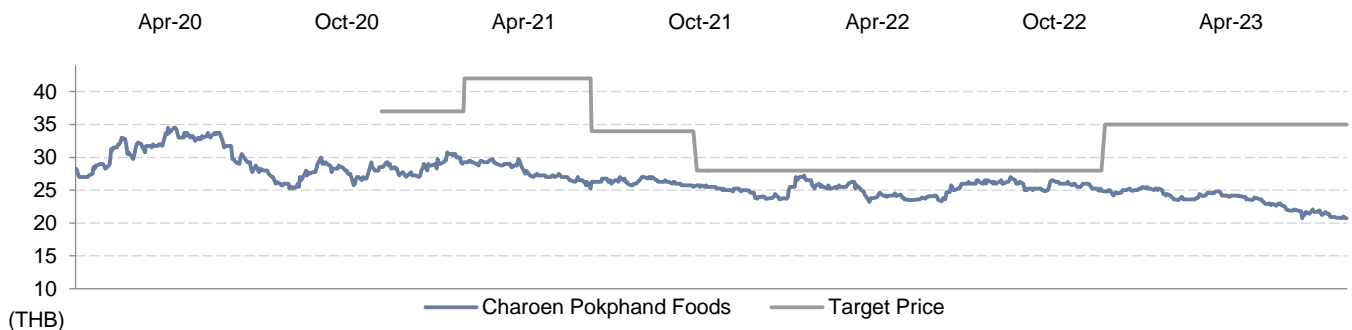
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

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.

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### History of change in investment rating and/or target price

#### Charoen Pokphand Foods (CPF TB)



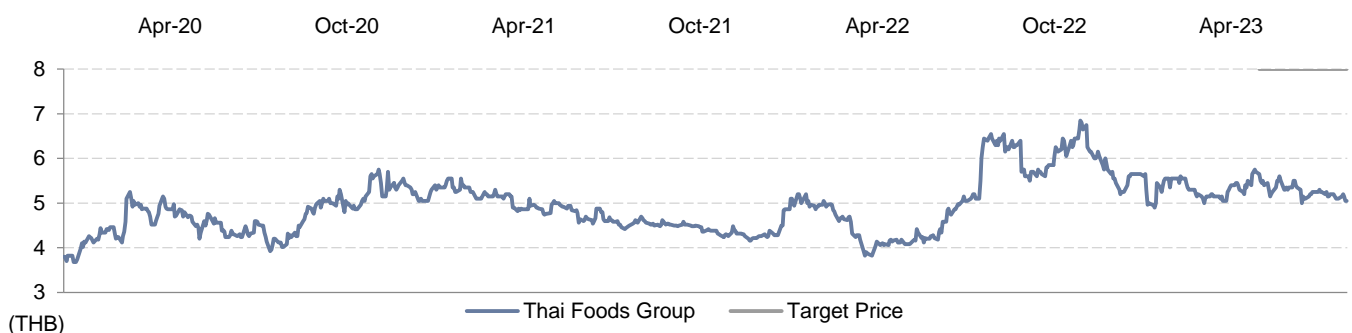
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
13-Jan-2021	BUY	37.00	12-Jul-2021	BUY	34.00	23-Sep-2022	BUY	35.00
25-Mar-2021	BUY	42.00	08-Oct-2021	HOLD	28.00			

Sureporn Teewasuwet started covering this stock from 8-May-2023

Price and TP are in local currency

Source: FSSIA estimates

#### Thai Foods Group (TFG TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
03-Feb-2023	BUY	8.00	-	-	-	-	-	-

Sureporn Teewasuwet started covering this stock from 03-Feb-2023

Price and TP are in local currency

Source: FSSIA estimates

**GFPT (GFPT TB)**



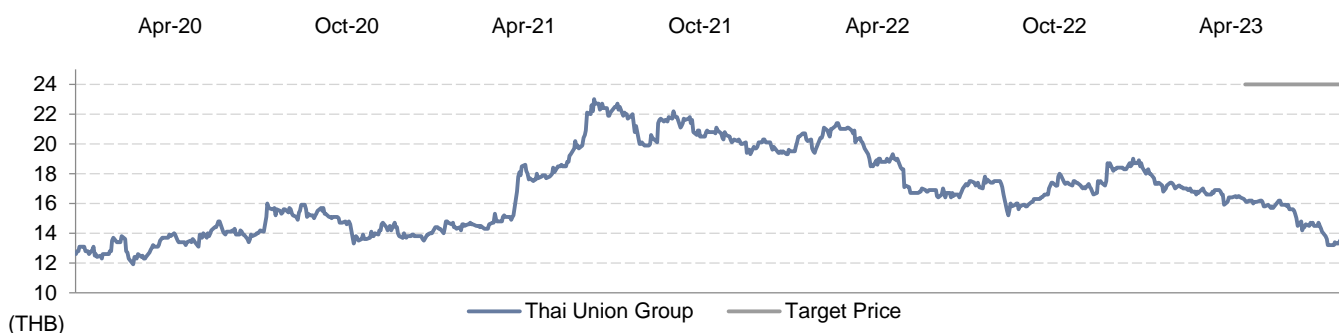
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
03-Feb-2023	BUY	18.00	-	-	-	-	-	-

Sureporn Teewasuwet started covering this stock from 03-Feb-2023

Price and TP are in local currency

Source: FSSIA estimates

**Thai Union Group (TU TB)**



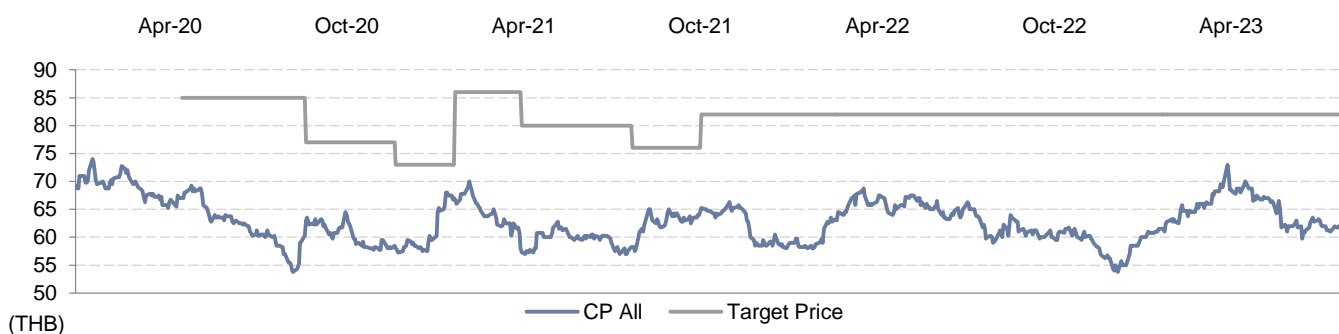
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
23-Jan-2023	BUY	24.00	-	-	-	-	-	-

Sureporn Teewasuwet started covering this stock from 23-Jan-2023

Price and TP are in local currency

Source: FSSIA estimates

**CP All (CPALL TB)**



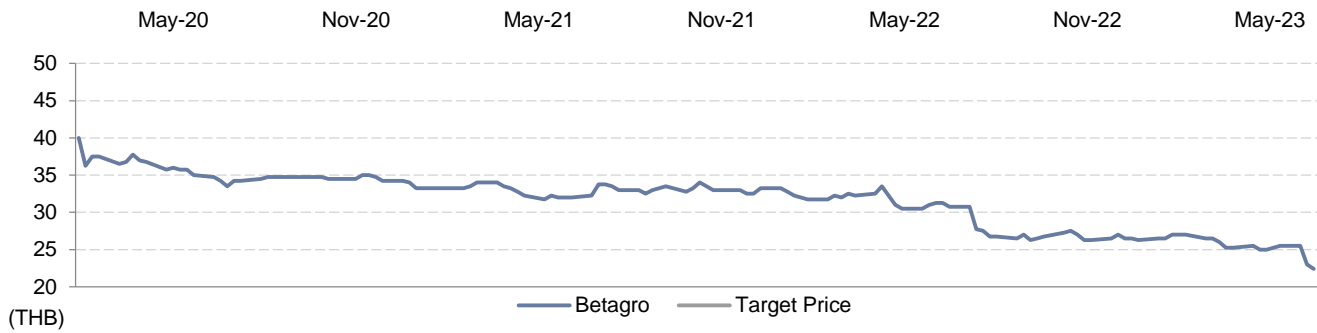
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
24-Jul-2020	BUY	85.00	17-Mar-2021	BUY	86.00	14-Oct-2021	BUY	82.00
09-Nov-2020	BUY	77.00	13-May-2021	BUY	80.00			
25-Jan-2021	BUY	73.00	16-Aug-2021	BUY	76.00			

Jitra Amornthum started covering this stock from 26-Apr-2023

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
24-Jul-2020	BUY	85.00	17-Mar-2021	BUY	86.00	14-Oct-2021	BUY	82.00
09-Nov-2020	BUY	77.00	13-May-2021	BUY	80.00			
25-Jan-2021	BUY	73.00	16-Aug-2021	BUY	76.00			

Jitra Amornthum started covering this stock from 26-Apr-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Charoen Pokphand Foods	CPF TB	THB 20.40	HOLD	Downside risks to our P/E-based TP 1) a slower-than-expected consumption recovery; 2) high volatility in meat price and raw material prices; 3) THB stronger than expected; and 4) minimum wage increase and labour shortage.
Thai Foods Group	TFG TB	THB 4.76	HOLD	Downside risks to our PE-based TP are 1) a slower-than-expected consumption recovery; 2) high volatility in meat and raw material prices; 3) a stronger THB than expected; and 4) a minimum wage increase and/or a labour shortage.
GFPT	GFPT TB	THB 10.50	BUY	Downside risks to our P/E-based TP include 1) a slower-than-expected consumption recovery; 2) high volatility in chicken and raw material prices; 3) a stronger THB than expected; and 4) a minimum wage increase and/or a labour shortage.
Thai Union Group	TU TB	THB 13.60	BUY	Downside risks to our SoTP-based TP include 1) a stronger-than-expected THB against the USD; 2) the high volatility of raw material prices; 3) labour shortages; and 4) tariff and non-tariff barriers in international trade.
CP All	CPALL TB	THB 64.25	BUY	The key downside risks to our DCF-derived TP are: 1) the lower-than-expected impact from SSSG of the convenience store business; 2) the lower-than-expected performance of Makro; and 3) the slow recovery of tourist numbers and private consumption.
Betagro	BTG TB	THB 22.40	BUY	Downside risks to our P/E-based TP include 1) a slower-than-expected consumption recovery; 2) a potential rise in meat and raw material prices; and 3) a stronger-than-expected THB-USD exchange rate.

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 Finasia 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 Finasia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 3-May-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.