

# CHAROEN POKPHAND FOODS

THAILAND / FOOD &amp; BEVERAGE

## CPF TB

# HOLD

UNCHANGED

## Lower meat prices dragged 1Q23

- CPF's 1Q23 operations turned loss-making, below our expectation.
- Expect both meat prices and earnings to recover in 2H23.
- Maintain our 2023 forecast of an earnings slowdown and our HOLD call.

TARGET PRICE	THB22.30
CLOSE	THB20.40
UP/DOWNSIDE	+9.3%
TP vs CONSENSUS	-13.7%

### 1Q23 operations turned loss-making

CPF booked a 1Q23 net loss of THB2.7b from a profit of THB1.8b in 4Q22 and THB2.8b in 1Q22. Excluding a gain from the sale of investments worth THB851m, an FX gain of THB28m, and a biological loss of THB41m, the company's core operations posted a loss of THB3.6b (vs a profit of THB1.3b in 4Q22 and THB235m in 1Q22). The main reasons for the poor earnings in 1Q23 were 1) the plunging meat prices in both domestic and overseas markets (China and Vietnam); 2) high raw material costs; and 3) losses contributed from associates and subsidiary companies.

### Loss from China pressured CPF's 1Q23 revenue

Total revenue dropped by 9.6% q-q in 1Q23 due to the tumbling meat prices, with the average 1Q23 domestic swine price at THB88 per kg (-13.4% q-q, -6.7% y-y) and the broiler price at THB40.4 per kg (-9.5% q-q, +2.8% y-y). Illegal pork imports caused a temporary increase in supply. Vietnam's 1Q23 swine price dropped by 4.6% q-q and y-y to VND50k per kg, and China's swine price declined sharply by 35% q-q to RMB15.11 per kg. Raw material costs remained high, and CPF's 1Q23 gross margin decreased to 10.8% from 11% in 4Q22 and 12.8% in 1Q22. In addition, 1Q23 sharing from associates turned to a loss of THB1.1b, down from a profit of THB2.6b in 4Q22, due to a higher loss contribution from its business in China (CTI). Aside from that, we expect Hylife and Bellisio might generate a smaller loss contribution in 1Q23.

### Expect a recovery in both meat prices and earnings in 2H23

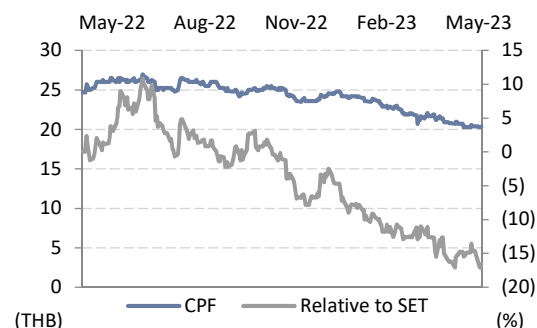
We expect 2Q23 operations to turn profitable, but still sharply drop y-y from the high base in 2Q22. However, we are taking a wait-and-see approach regarding higher meat prices in 2H23, in line with management's view. The company assumes that the government should resolve the illegal pork import situation and expects a higher level of meat consumption via the high export season and the tourism recovery.

### Maintain our forecast and target price

We maintain our 2023E net profit at THB11.3b (-19% y-y) and core profit at THB6.3b (-27% y-y). We maintain our HOLD call and TP of THB22.3, based on 17x 2023E P/E.

### 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 (%)	-	4.0	(16.6)	(19.3)
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
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 (%)	(2.4)	(10.9)	(14.3)
Relative to country (%)	(0.5)	(5.4)	(11.8)
Mkt cap (USD m)	5,058		
3m avg. daily turnover (USD m)	10.7		
Free float (%)	46		
Major shareholder	Charoen Pokphand Group (37%)		
12m high/low (THB)	27.00/20.00		
Issued shares (m)	8,611.24		

Sources: Bloomberg consensus; FSSIA estimates


**Sureeporn Teewasuwet**

 sureeporn.t@fssia.com  
 +66 2646 9972

## Exhibit 1: 1Q23 earnings results

	1Q22	2Q22	3Q22	4Q22	1Q23	----- Change -----	
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)
Sales	138,887	155,996	160,266	159,048	143,781	(9.6)	3.5
Cost of sales	121,096	133,372	136,287	141,569	128,202	(9.4)	5.9
Gross profit	17,791	22,624	23,979	17,479	15,579	(10.9)	(12.4)
SG&A	12,124	13,564	14,385	14,928	12,787	(14.3)	5.5
Operating profit	6,179	10,257	10,564	3,849	3,663	(4.8)	(40.7)
Interest expense	4,469	4,360	5,494	6,035	6,068	0.6	35.8
Tax expense	1,158	3,522	2,020	(698)	429	(161.5)	(62.9)
Profit (loss) sharing	(336)	(793)	2,294	2,580	(1,088)	nm	nm
Biological gain (loss)	1,098	729	(886)	469	(41)	nm	nm
Other gain (loss)	1,509	1,953	421	52	879	1588.7	(41.8)
Reported net profit	2,842	4,208	5,108	1,812	(2,725)	nm	nm
Core profit	235	1,526	5,572	1,290	(3,563)	nm	(1619.1)
<b>Key ratios (%)</b>						<b>(ppt)</b>	<b>(ppt)</b>
Gross margin	12.8	14.5	15.0	11.0	10.8	(0.2)	(2.0)
SG&A to sales	8.7	8.7	9.0	9.4	8.9	(0.5)	0.2
Operating margin	4.4	6.6	6.6	2.4	2.5	0.1	(1.9)
Net margin	2.0	2.7	3.2	1.1	(1.9)	(3.0)	(3.9)
Core margin	0.2	1.0	3.5	0.8	(2.5)	(3.3)	(2.6)
<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

Source: CPF

## 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
<b>Per share (THB)</b>					
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
<b>Balance Sheet (THB m) Year Ending Dec</b>					
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					
<b>Per share (THB)</b>					
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
<b>Financial strength</b>					
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
<b>Valuation</b>					
<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 **Environmental**, and **Social** issues, by managing business with transparency in **Governance**. The THSI serves as another choice for investors who desire to adopt a responsible investment approach, according to the SET.

Annually, the SET will announce the voluntary participation of the company candidates which pass the preemptive criteria, and whose two key crucial conditions are met, i.e. no irregular trading of the board members and executives and a free float of >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: **Economic** (CG, risk management, customer relation management, supply chain management, and innovation); **Environmental** (environmental management, eco-efficiency, and climate risk); **Social** (human rights, talent attraction, operational health & safety, community development, and stakeholder engagement); and the incorporation of ESG in business operations.

To be approved for THSI inclusion, verified data must be scored at a 50% minimum for each indicator, unless the company is a part of the Dow Jones Sustainability 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

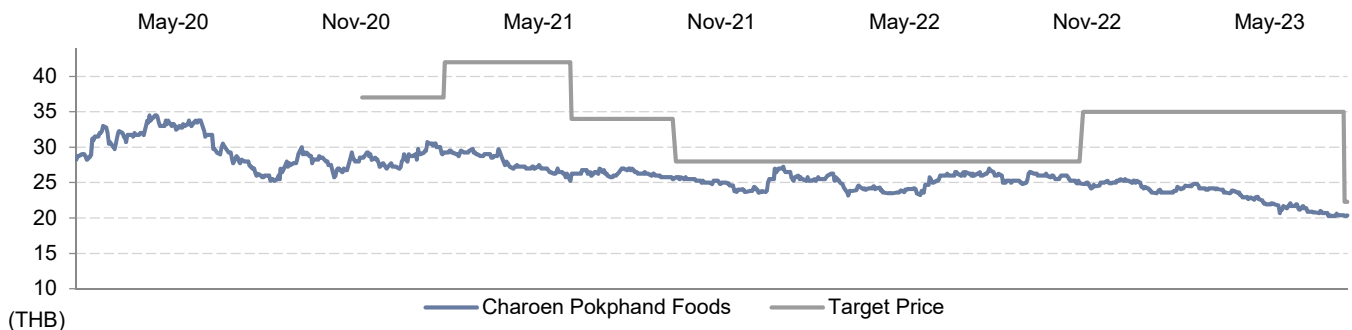
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### History of change in investment rating and/or target price

#### Charoen Pokphand Foods (CPF TB)



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

Sureporn Teewasuwet started covering this stock from 8-May-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 and upside risks to our P/E-based TP include 1) a slower or faster-than-expected consumption recovery; 2) high or low volatility in meat and raw material prices; 3) a stronger or weaker THB than expected; and 4) a minimum wage increase or decrease and labour shortage or oversupply.

Source: FSSIA estimates

### Additional Disclosures

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

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 11-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.