

CHAROEN POKPHAND FOODS

THAILAND / FOOD & BEVERAGE

CPF TB

BUY

FROM HOLD

TARGET PRICE	THB22.00
CLOSE	THB18.40
UP/DOWNSIDE	+19.6%
PRIOR TP	THB22.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	-2.5%

เริ่มขายธุรกิจที่มีผลขาดทุน

- ขายเงินลงทุนธุรกิจไถ่ในจีน เพราะเป็นธุรกิจที่ขาดทุน และช่วยลด D/E ratio ได้เล็กน้อย หลังจากนั้นคาด CPF ยังมีแผนลดหรือขายธุรกิจอื่น ๆ ที่ขาดทุนออกไปอีก
- 4Q23 จะพลิกมีกำไรสุทธิได้เร็วกว่าคาด จากกำไรทางบัญชีของดีลขายธุรกิจไถ่ในจีน
- ปรับคำแนะนำขึ้นเป็น ชื้อ ด้วยเป้าเดิม 22 บาท หลังราคาหุ้นร่วง 16% ใน 3 เดือน

ขายเงินลงทุนธุรกิจไถ่ครบวงจรในจีน

CPF แจ้งตลาดฯ ว่าบริษัทย่อย CP Food ขายเงินลงทุนในธุรกิจไถ่ครบวงจรในประเทศจีนจำนวน 4 บริษัท ให้กับ CP Group ด้วยมูลค่า RMB432 ล้าน หรือ รว 2.15 พันลบ. ประกอบด้วยมูลค่าเงินลงทุน และหนี้เงินกู้ยืมที่ CPP ให้ 4 บริษัทดังกล่าวไว้ โดยมีวัตถุประสงค์เพื่อ 1) ไม่ต้องรับรู้ผลขาดทุนของธุรกิจไถ่ในจีนอีก 2) CPP ได้รับชำระคืนเงินกู้ยืมจาก 4 บริษัทดังกล่าว และ 3) ช่วยให้ระดับหนี้สินลดลง และทำให้ D/E ratio ลดลง คาดธุรกรรมจะแล้วเสร็จใน 4Q23 นี้

มองบวกต่อดีลนี้ เพราะหยุดรับรู้ขาดทุน และช่วยลด D/E ratio เล็กน้อย

เรามองบวกต่อธุรกรรมครั้งนี้ เนื่องจากธุรกิจไถ่ในจีนมีผลขาดทุนปี 2022 และ 9M23 เท่ากับ -2.05 พันลบ. และ -1.26 พันลบ. ตามลำดับ (CPF ถือหุ้นทางอ้อมผ่าน CPP สัดส่วน 76%) คิดเป็นสัดส่วนราว 8% ของ Core loss งวด 9M23 ของ CPF และธุรกิจไถ่ในจีนมีหนี้สินสิ้น 9M23 อยู่ราว 1.54 หมื่นลบ. คิดเป็น 3% ของหนี้ทั้งหมด CPF ภายหลังจากธุรกรรมแล้วเสร็จใน 4Q23 จะช่วยให้ CPF ไม่ต้องรับรู้ขาดทุนจาก 4 บริษัทนี้ อีก และช่วยลดแรงกดดันด้านสภาพคล่องของ CPF ได้เล็กน้อย จากสิ้น 9M23 ที่มีสัดส่วน Net IBD/E ratio 1.7x (Covenant ไม่เกิน 2x)

4Q23 อาจพลิกมีกำไรได้เร็วกว่าคาด

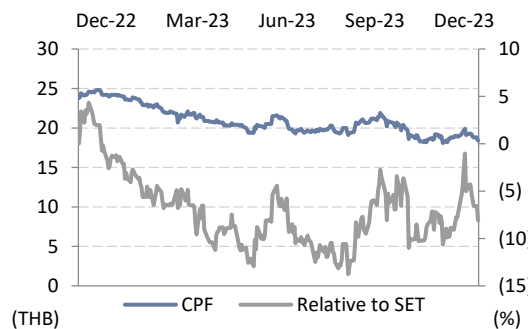
ระยะสั้น 4Q23 เบื้องต้นเรายังคาด CPF จะมีผลการดำเนินงานหลักขาดทุน แต่คาดจะขาดทุนน้อยลงจาก 3Q23 จากราคาหมูทยอยฟื้นตัว หลังสถานการณ์หมูเถื่อนได้รับการดูแลจากภาครัฐมากขึ้น และคาดจะรับรู้กำไรทางบัญชีจากการขายธุรกิจไถ่ในจีนราว 2-3 พันลบ. ซึ่งอาจทำให้บริษัทพลิกมีกำไรสุทธิใน 4Q23 เป็นครั้งแรกในรอบ 4 ไตรมาส และคาดผลการดำเนินงานหลักจะพลิกเป็นกำไรใน 1Q24 จากต้นทุนวัตถุดิบที่ลดลง และคาดการณ์หมูยืนเหนือต้นทุนการเลี้ยงได้ดีขึ้น รวมถึงไม่ต้องรับรู้ขาดทุนธุรกิจไถ่ในจีนอีก

ปรับคำแนะนำขึ้นเป็น ชื้อ คาดยังมีแผนขายธุรกิจขาดทุนออกไปอีก

เราคาดว่า CPF ยังมีการพิจารณาทยอยลดหรือขายธุรกิจอื่น ๆ ที่ขาดทุนออกไปอีก เพื่อสร้างความแข็งแกร่งให้กับผลประกอบการมากขึ้น และเพิ่มสภาพคล่องให้กิจการมากขึ้น ทั้งนี้ด้วยราคาหุ้นที่ปรับลง 16% ในช่วง 3 เดือนที่ผ่านมา ขณะที่ธุรกิจเริ่มฟื้นตัวมีกำไร โดยเราคาดว่าปี 2024 จะพลิกมีกำไรสุทธิราว 1.1 หมื่นลบ. จากที่ขาดทุนในปี 2023 เราจึงปรับคำแนะนำขึ้นเป็น ชื้อ จากเดิม คือ ด้วยราคาเป้าหมายเดิมที่ 22 บาท (PE 17x)

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	614,197	588,459	617,258	649,666
Net profit	13,970	(8,886)	11,159	12,050
EPS (THB)	1.76	(1.03)	1.30	1.40
vs Consensus (%)	-	nm	54.4	9.7
EBITDA	63,057	46,505	60,604	64,220
Recurring net profit	8,623	(14,759)	7,659	12,050
Core EPS (THB)	1.09	(1.71)	0.89	1.40
Chg. In EPS est. (%)	-	nm	-	-
EPS growth (%)	130.6	nm	nm	57.3
Core P/E (x)	16.9	(10.7)	20.7	13.1
Dividend yield (%)	4.1	-	3.5	3.8
EV/EBITDA (x)	10.7	14.8	11.4	10.8
Price/book (x)	0.6	0.7	0.7	0.7
Net debt/Equity (%)	160.9	160.4	152.4	152.8
ROE (%)	3.6	(5.9)	3.2	5.1



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	1.7	(14.0)	(22.0)
Relative to country (%)	2.8	(3.6)	(7.9)
Mkt cap (USD m)	4,255		
3m avg. daily turnover (USD m)	10.0		
Free float (%)	46		
Major shareholder	Charoen Pokphand Group (37%)		
12m high/low (THB)	25.00/18.00		
Issued shares (m)	8,611.24		

Sources: Bloomberg consensus; FSSIA estimates


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Investment thesis

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

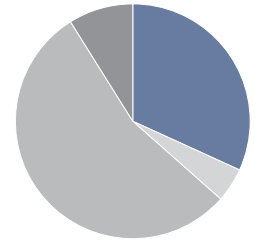
Company profile

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

www.cpfworldwide.com

Principal activities (revenue, 2022)

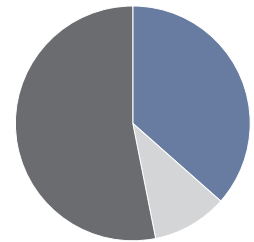
- Thailand livestock - 31.8 %
- Thailand aquatic - 4.7 %
- Overseas livestock - 54.6 %
- Overseas aquatic - 8.9 %



Source: Charoen Pokphand Foods

Major shareholders

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



Source: Charoen Pokphand Foods

Catalysts

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

Risks to our call

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

Event calendar

Date	Event
March 2024	2023 results announcement 4Q23 Analyst meeting

Key assumptions

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

Source: FSSIA estimates

Earnings sensitivity

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

Source: FSSIA estimates

Exhibit 1: Key financial information for 4 integrated broiler companies in China**1) C.P. Food (Hengshui) Co., Ltd.**

Unit : Million	For the Year ended December 31,						For the period ended	
	2020		2021		2022		September 30, 2023	
	RMB	Baht	RMB	Baht	RMB	Baht	RMB	Baht
Revenues	166	827	324	1,614	672	3,348	673	3,353
Gross Profit	6	30	(16)	(80)	(198)	(986)	(111)	(553)
Net Profit	(32)	(159)	(59)	(294)	(217)	(1,081)	(178)	(887)
Total Assets	824	4,105	1,270	6,327	1,488	7,413	1,430	7,124
Total Liabilities	617	3,074	1,121	5,585	1,556	7,752	1,676	8,350
Total Equities	207	1,031	149	742	(68)	(339)	(246)	(1,226)

2) C.P. Food (Nantong) Co., Ltd.

Unit : Million	For the Year ended December 31,						For the period ended	
	2020		2021		2022		September 30, 2023	
	RMB	Baht	RMB	Baht	RMB	Baht	RMB	Baht
Revenues	212	1,056	215	1,071	308	1,534	208	1,036
Gross Profit	(26)	(130)	(26)	(130)	(44)	(219)	(16)	(80)
Net Profit	(63)	(314)	(52)	(259)	(73)	(364)	(37)	(184)
Total Assets	373	1,858	554	2,760	361	1,799	315	1,569
Total Liabilities	462	2,302	695	3,463	575	2,865	566	2,820
Total Equities	(89)	(443)	(141)	(702)	(214)	(1,066)	(251)	(1,251)

3) C.P. Food (Kaifeng) Co., Ltd.

Unit : Million	For the Year ended December 31,						For the period ended	
	2020		2021		2022		September 30, 2023	
	RMB	Baht	RMB	Baht	RMB	Baht	RMB	Baht
Revenues	137	683	304	1,515	350	1,744	340	1,694
Gross Profit	4	20	(48)	(239)	10	50	14	70
Net Profit	(26)	(130)	(87)	(433)	(31)	(154)	(10)	(50)
Total Assets	34	169	99	493	163	812	121	603
Total Liabilities	86	428	193	962	289	1,440	257	1,280
Total Equities	(52)	(259)	(94)	(468)	(126)	(628)	(136)	(678)

4) C.P. Food (Zhanjiang) Co., Ltd.

Unit : Million	For the Year ended December 31,						For the period ended	
	2020		2021		2022		September 30, 2023	
	RMB	Baht	RMB	Baht	RMB	Baht	RMB	Baht
Revenues	516	2,571	544	2,710	560	2,790	450	2,242
Gross Profit	(13)	(65)	(43)	(214)	(63)	(314)	(12)	(60)
Net Profit	(34)	(169)	(74)	(369)	(91)	(453)	(28)	(139)
Total Assets	406	2,023	409	2,038	446	2,222	429	2,137
Total Liabilities	403	2,008	460	2,292	588	2,929	598	2,979
Total Equities	3	15	(51)	(254)	(142)	(707)	(169)	(842)

Source: Financial information included in the consolidated financial statements of CPF

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

Sources: Charoen Pokphand Foods; FSSIA estimates

Financial Statements

Charoen Pokphand Foods

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

Per share (THB)

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

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

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

Per share (THB)

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

Financial strength

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

Valuation	2021	2022	2023E	2024E	2025E
Recurring P/E (x) *	39.0	16.9	(10.7)	20.7	13.1
Recurring P/E @ target price (x) *	46.7	20.2	(12.8)	24.7	15.7
Reported P/E (x)	11.3	10.5	(17.8)	14.2	13.1
Dividend yield (%)	3.5	4.1	-	3.5	3.8
Price/book (x)	0.7	0.6	0.7	0.7	0.7
Price/tangible book (x)	1.0	0.8	0.9	1.0	1.0
EV/EBITDA (x) **	13.3	10.7	14.8	11.4	10.8
EV/EBITDA @ target price (x) **	13.9	11.1	15.5	11.9	11.3
EV/invested capital (x)	0.9	0.8	0.9	0.9	0.9

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

Sources: Charoen Pokphand Foods; FSSIA estimates

Charoen Pokphand Foods PCL (CPF TB)

FSSIA ESG rating

78.94 /100
Exhibit 2: FSSIA ESG score implication

Rating	Score	Implication
★★★★★	>79-100	Leading its industry peers in managing the most significant ESG risks which not only better cost efficiency but also lead to higher profitability.
★★★★★	>59-79	A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.
★★★	>39-59	Relevant ESG materiality matrix has been constructively addressed, well-managed and incorporated into day-to-day operations, in which targets and achievements are evaluated annually.
★★	>19-39	Relevant ESG materiality matrix has been identified with key management in charge for progress to be followed up on and to provide intensive disclosure. Most targets are conventional and achievable.
★	1-19	The company has adopted the United Nations Sustainable Development Goals (UN SDGs), established sustainability management guidelines and fully complies with regulations or ESG suggested guidance from related organizations such as the SET and SEC.

Sources: FSSIA estimates

Exhibit 3: ESG – peer comparison

	FSSIA ESG score	Domestic ratings						Global ratings						Bloomberg	
		DJSI	SET THSI	THSI	CG score	AGM level	Thai CAC	Morningstar ESG risk	ESG Book	MSCI	Moody's	Refinitiv	S&P Global	ESG score	Disclosure score
SET100	69.20	5.34	4.40	4.40	4.76	4.65	3.84	Medium	51.76	BBB	20.87	58.72	63.91	3.72	28.17
Coverage	67.12	5.11	4.15	4.17	4.83	4.71	3.53	Medium	52.04	BB	16.97	56.85	62.09	3.40	31.94
BTG	8.00	--	--	--	--	--	Declared	--	--	--	--	--	--	--	--
CPF	78.94	Y	Y	Y	5.00	5.00	Certified	High	50.25	BBB	43.00	70.21	85.00	4.08	62.09
GFPT	53.67	--	Y	Y	5.00	5.00	Certified	High	56.79	--	--	61.87	19.00	--	54.18
TU	68.12	Y	--	--	5.00	5.00	Certified	High	44.49	A	35.00	66.15	87.00	2.99	--
TFG	33.01	--	--	Y	4.00	5.00	Certified	High	--	--	--	42.11	--	--	--

Sources: [SETTRADE.com](https://www.settrade.com); FSSIA's compilation
Exhibit 4: ESG score by Bloomberg

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
ESG financial materiality scores - ESG score	2.23	2.57	2.01	2.32	4.20	3.82	4.28	4.08
BESG environmental pillar score	2.50	2.50	1.35	1.44	5.60	4.55	5.50	4.49
BESG social pillar score	0.91	1.77	1.49	2.38	3.05	2.82	3.14	3.29
BESG governance pillar score	3.49	3.59	3.67	3.65	3.68	3.94	3.97	4.36
ESG disclosure score	51.20	51.20	46.05	46.05	55.11	52.85	54.23	62.09
Environmental disclosure score	35.00	35.00	17.97	17.97	41.53	38.15	38.15	51.98
Social disclosure score	31.11	31.11	32.68	32.68	36.31	32.92	37.06	44.32
Governance disclosure score	87.36	87.36	87.36	87.36	87.36	87.36	87.36	89.86
Environmental								
Emissions reduction initiatives	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Climate change policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Climate change opportunities discussed	No	No	No	No	No	No	No	No
Risks of climate change discussed	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
GHG scope 1	220	240	—	—	250	238	222	288
GHG scope 2 location-based	660	670	—	—	590	647	641	1,154
GHG Scope 3	—	—	—	—	—	3,565	4,132	4,412
Carbon per unit of production	—	—	—	—	—	—	—	—
Biodiversity policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Energy efficiency policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Total energy consumption	2,883	2,664	—	—	3,072	2,296	2,284	4,881
Renewable energy use	678	550	—	—	800	—	—	1,503
Electricity used	1,133	1,211	—	—	—	1,353	1,395	2,243
Fuel used - natural gas	—	—	—	—	36,310	1,315,790	1,221,200	1,503,630

Sources: Bloomberg; FSSIA's compilation

Exhibit 5: ESG score by Bloomberg (cont.)

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Fuel used - crude oil/diesel	No	No	No	No	No	No	No	No
Waste reduction policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Hazardous waste	1	1	—	—	—	1	1	1
Total waste	440	440	—	—	920	463	456	636
Waste recycled	—	—	—	—	27	—	—	42
Waste sent to landfills	—	—	—	—	—	—	—	74
Environmental supply chain management	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Water policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Water consumption	—	—	—	—	—	6,670	6,033	106,500
Social								
Human rights policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Policy against child labor	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Quality assurance and recall policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Consumer data protection policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Equal opportunity policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Gender pay gap breakout	No	No	No	No	No	No	No	No
Pct women in workforce	59	51	51	52	52	42	44	45
Pct disabled in workforce	—	—	1	1	1	—	1	0
Business ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Anti-bribery ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Health and safety policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Lost time incident rate - employees	—	—	—	—	0	0	0	1
Total recordable incident rate - employees	—	—	—	—	—	—	—	—
Training policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fair remuneration policy	No	No	No	No	No	No	No	No
Number of employees – CSR	78,993	66,087	71,131	72,319	73,941	71,318	128,548	135,284
Employee turnover pct	30	19	18	20	34	—	13	11
Total hours spent by firm - employee training	1,125,050	985,230	1,138,100	1,012,470	887,292	2,781,400	1,331,690	1,772,550
Social supply chain management	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Governance								
Board size	15	15	15	15	15	15	15	15
No. of independent directors (ID)	5	5	5	5	5	5	6	5
No. of women on board	1	2	2	2	2	2	2	2
No. of non-executive directors on board	10	10	10	10	9	9	9	10
Company conducts board evaluations	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
No. of board meetings for the year	10	11	9	7	7	13	11	9
Board meeting attendance pct	93	96	87	96	94	96	99	99
Board duration (years)	3	3	3	3	3	3	3	3
Director share ownership guidelines	No	No	No	No	No	No	No	No
Age of the youngest director	65	61	62	63	58	53	53	53
Age of the oldest director	80	80	82	83	81	82	76	76
No. of executives / company managers	13	14	17	7	11	9	21	27
No. of female executives	2	2	2	1	2	2	2	6
Executive share ownership guidelines	No	No	No	No	No	No	No	No
Size of audit committee	5	4	4	4	4	4	4	4
No. of ID on audit committee	5	4	4	4	4	4	4	4
Audit committee meetings	9	10	8	9	9	10	11	8
Audit meeting attendance %	93	95	91	94	100	98	100	100
Size of compensation committee	3	3	3	3	4	4	4	4
No. of ID on compensation committee	2	2	2	2	2	2	2	2
No. of compensation committee meetings	1	3	2	2	2	3	3	3
Compensation meeting attendance %	100	100	100	100	100	92	100	100
Size of nomination committee	3	3	3	3	4	4	4	4
No. of nomination committee meetings	1	3	2	2	2	3	3	3
Nomination meeting attendance %	100	100	100	100	100	92	100	100
Sustainability governance								
Verification type	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Sources: Bloomberg; FSSIA's compilation

Disclaimer for ESG scoring

ESG score	Methodology	Rating																			
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																			
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for THSI inclusion , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. SETTHSI Index is extended from the THSI companies whose 1) market capitalization > 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.																			
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (50-59), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																			
AGM level By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating 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.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																			
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																			
Morningstar Sustainability	The Sustainability's ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table border="1" style="margin-top: 10px;"> <thead> <tr> <th>NEGL</th> <th>Low</th> <th>Medium</th> <th>High</th> <th>Severe</th> </tr> </thead> <tbody> <tr> <td>0-10</td> <td>10-20</td> <td>20-30</td> <td>30-40</td> <td>40+</td> </tr> </tbody> </table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+									
NEGL	Low	Medium	High	Severe																	
0-10	10-20	20-30	30-40	40+																	
ESG Book	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.																			
MSCI	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. <table border="1" style="margin-top: 10px;"> <tbody> <tr> <td>AAA</td> <td>8.571-10.000</td> <td rowspan="3">Leader:</td> <td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td>AA</td> <td>7.143-8.570</td> </tr> <tr> <td>A</td> <td>5.714-7.142</td> </tr> <tr> <td>BBB</td> <td>4.286-5.713</td> <td rowspan="3">Average:</td> <td rowspan="3">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td>BB</td> <td>2.857-4.285</td> </tr> <tr> <td>B</td> <td>1.429-2.856</td> </tr> <tr> <td>CCC</td> <td>0.000-1.428</td> <td>Laggard:</td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </tbody> </table>	AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities	AA	7.143-8.570	A	5.714-7.142	BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	BB	2.857-4.285	B	1.429-2.856	CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks
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Moody's ESG solutions	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.																				
Refinitiv ESG rating	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)</i>																				
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																				
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																			
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																			

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"; 2) "AGM Level"; 3) "Thai CAC"; and 4) THSI. The ratings are updated on an annual basis. FSSIA does not confirm nor certify the accuracy of such ratings.

Source: FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Sureporn Teewasuwet FSS International Investment Advisory Securities Co., Ltd

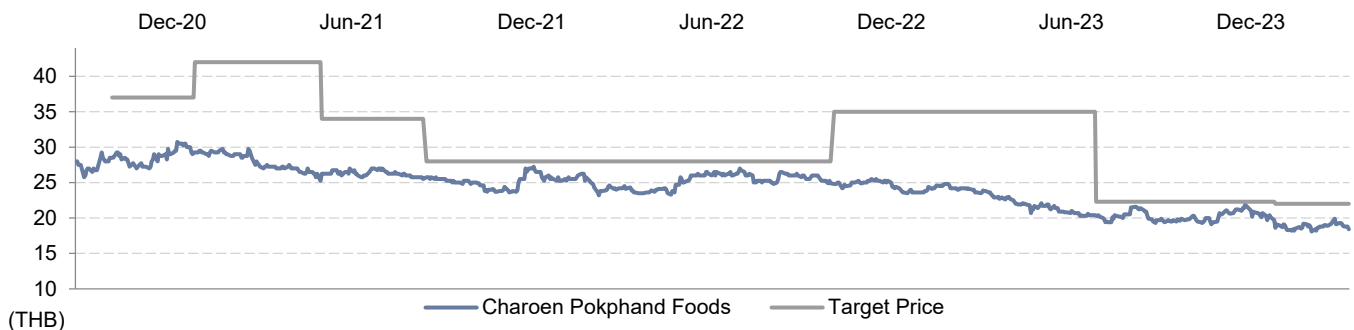
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History of change in investment rating and/or target price

Charoen Pokphand Foods (CPF TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
13-Jan-2021	BUY	37.00	08-Oct-2021	HOLD	28.00	09-Oct-2023	HOLD	22.00
25-Mar-2021	BUY	42.00	23-Sep-2022	BUY	35.00			
12-Jul-2021	BUY	34.00	08-May-2023	HOLD	22.30			

Sureporn Teewasuwet started covering this stock from 08-May-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Charoen Pokphand Foods	CPF TB	THB 18.40	BUY	ความเสี่ยง 1) กำลังซื้อชะลอตัว 2) ราคาเนื้อสัตว์ฟื้นตัวช้ากว่าคาด 3) ต้นทุนวัตถุดิบปรับตัวสูงขึ้น 4) ค่าเงินบาทแข็งค่า และ 5) การปรับขึ้นค่าแรงขั้นต่ำ และการขาดแคลนแรงงาน

Source: FSSIA estimates

Additional Disclosures

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

All share prices are as at market close on 12-Dec-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.