

CHAROEN POKPHAND FOODS

THAILAND / FOOD & BEVERAGE

CPF TB

HOLD

UNCHANGED

เริ่มขายธุรกิจที่ไม่กำไร คาดหวังมีกำไรปี 2024

- มองบวกต่อการขายธุรกิจที่ไม่กำไรอย่างไก่จีน ส่วนหมูจีนขายออกไปเพียง 20% ที่เป็นฟาร์มเก่า
- แต่ 1Q24 อาจยังขาดทุน เพราะยังเหลือหมูจีน 80% และหมูไทยยังฟื้นช้า
- คงเป้าเดิม 20 บาท แนะนำเพียงถือ รอการฟื้นตัวให้พลิกมีกำไรอีกครั้ง

มองผ่านผลการดำเนินงานแยสุดในปี 2023

ผลการดำเนินงานหลัก 4Q23 ขาดทุนหนักขึ้นราว -1 หมื่นลบ. จาก -3.7 พันลบ. ใน 3Q23 จาการาคาเนื้อสัตว์ปรับตัวลงทั้งในไทย เวียดนาม จีน และกัมพูชา ขณะที่ต้นทุนวัตถุดิบยังปรับลงช้า ทำให้อัตรากำไรขั้นต้นเหลือ 9.2% จาก 10.8% ใน 3Q23 แต่พลิกมีกำไรสุทธิ 121 ลบ. ใน 4Q23 โดยมีกำไรทางบัญชีก่อนใหญ่จากการขายธุรกิจไก่ในจีน (มีกำไร 2.67 พันลบ.) และบริษัทเปิดเผยในที่ประชุมนักวิเคราะห์ว่ามีการขายธุรกิจหมูในจีน (ภายใต้บริษัทร่วม CTI) ออกไป 20% (มีกำไร 5.4 พันลบ.) ทำให้ 4Q23 พลิกมีกำไรสุทธิได้เล็กน้อย จบปี 2023 ขาดทุนสุทธิ -5.2 พันลบ. และมองเป็นผลการดำเนินงานแยสุดแล้ว

ปี 2024 เน้นจัดการสินทรัพย์ให้มีประสิทธิภาพมากขึ้น

บริษัทตั้งเป้ารายได้ปี 2024 โต 5-7% y-y และอัตรากำไรขั้นต้นให้กลับไปใกล้เคียงปี 2022 ที่ราว 13.3% (ดีขึ้นจาก 10% ในปี 2023) ภายหลังเริ่มมีการขายบางธุรกิจที่ไม่กำไรออกไปในปี 2023 บริษัทยังเน้นการจัดการสินทรัพย์ให้มีประสิทธิภาพมากขึ้น เพื่อเพิ่มสภาพคล่อง เรามองว่ามีโอกาสเห็นการขายสินทรัพย์ที่ไม่ได้ใช้งานหรือไม่ทำกำไรออกไปอีกในปี 2024 และบริษัทลดแผนการใช้ Capex ปี 2024 ลง 30% เป็น 2 หมื่นลบ. ส่วนการขยายกำลังการผลิตในปีก่อนยังเพียงพอรองรับการเติบโตในปีนี้ ทั้งนี้ผู้บริหารให้วราคาราเนื้อสัตว์ยังทรงตัวถึงขึ้นเล็กน้อยใน 1H24 ก่อนที่จะขยับขึ้นได้ดีใน 2H24 เมื่อเริ่มเห็นผลการขอความร่วมมือลดปริมาณการเลี้ยงหมูขุนราว 5 พันตัว/วัน เป็นเวลา 90 วัน แต่ต้นทุนการเลี้ยงจะทยอยลดลงหลังตามราคาข้าวโพดและกากถั่วเหลืองที่ปรับลง

คาด 1Q24 จะขาดทุนน้อยลง และลุ้นพลิกมีกำไรในไตรมาสถัดไป

ปัจจัยหนุนให้กำไรปี 2024 ฟื้นตัวคือ 1) มีการขายธุรกิจหมูจีนที่ขาดทุนออกไป 20% ซึ่งเป็นฟาร์มเก่า 2) ธุรกิจไก่พื้นทวีตทั้งการส่งออกดีขึ้น และราคาไก่พื้นสู่ระดับที่มีกำไร 3) ต้นทุนการเลี้ยงทยอยปรับลดลง และ 4) ธุรกิจในประเทศดีขึ้นเช่น เวียดนามมีกำไรแล้ว รวมถึง Hylife พลิกมีกำไรอีกครั้ง หลังปรับโครงสร้างแล้วเสร็จ แต่ที่ยังคาดว่า 1Q24 จะยังขาดทุนอยู่ (ถือว่าฟื้นช้ากว่าเดิมที่เคยคาด) คือ ยังเหลือฟาร์มหมูในจีนอีก 80% ซึ่งมีต้นทุนการเลี้ยง 17 หยวนต่อกก. ขณะที่ราคาขายปัจจุบันอยู่ที่ 13-14 หยวนต่อกก. ยังต้องใช้เวลา กอปรกับหมูไทย แม้ฟื้นตัว แต่ยังอยู่ในโซนขาดทุน อาจต้องรอในช่วง 2H24

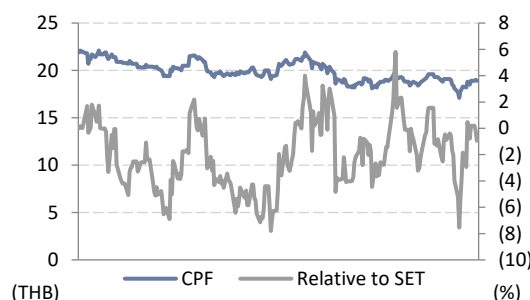
คงคำแนะนำ ถือ รอผลการดำเนินงานพลิกมีกำไรอีกครั้ง

เราคาดกำไรปี 2024 ไว้ตามเดิมที่ระดับ 1 หมื่นลบ. แต่ปรับกำไรปี 2025-26 ขึ้น 9-19% โดยปรับลดขาดทุนธุรกิจไก่และหมูจีนหลังขายธุรกิจออกไป แต่ในปี 2024 ผลบวกนี้ได้ถูกหักล้างด้วยหมูไทยที่ฟื้นช้า แต่คาดจะฟื้นดีขึ้นใน 2H24 จึงเป็นบวกต่อการกำไรปี 2025-26 ดังนั้นจึงยังคงราคาเป้าหมายปี 2024 ตามเดิมที่ 20 บาท (อิง PE เดิม 17x) ด้วย Upside จำกัด คงคำแนะนำ ถือ ทั้งนี้ CPF งดจ่ายปันผลในปี 2023 และมีสัดส่วน D/E และ Net IBD/E ratio สิ้นปี 2023 สูงขึ้นเป็น 2.52x และ 1.59x ตามลำดับ

TARGET PRICE	THB20.00
CLOSE	THB18.50
UP/DOWNSIDE	+8.1%
PRIOR TP	THB20.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	-9.4%

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	585,844	599,211	627,513	652,922
Net profit	(5,207)	10,082	11,557	13,253
EPS (THB)	(0.62)	1.20	1.37	1.58
vs Consensus (%)	-	nm	72.5	33.6
EBITDA	31,556	50,089	53,477	55,544
Recurring net profit	(22,000)	8,282	11,557	13,253
Core EPS (THB)	(2.61)	0.98	1.37	1.58
Chg. In EPS est. (%)	nm	30.1	11.3	nm
EPS growth (%)	nm	nm	39.5	14.7
Core P/E (x)	(7.1)	18.8	13.5	11.7
Dividend yield (%)	-	3.2	3.7	4.3
EV/EBITDA (x)	21.8	13.8	13.0	12.6
Price/book (x)	0.7	0.6	0.6	0.6
Net debt/Equity (%)	170.8	152.4	147.7	142.5
ROE (%)	(8.9)	3.4	4.7	5.3



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	0.0	(3.1)	(15.9)
Relative to country (%)	0.0	(2.2)	(0.4)
Mkt cap (USD m)	4,246		
3m avg. daily turnover (USD m)	8.7		
Free float (%)	46		
Major shareholder	Charoen Pokphand Group (37%)		
12m high/low (THB)	22.40/17.00		
Issued shares (m)	8,413.57		

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 ที่ราคาจะพลิกเป็นขาดทุนสูง ตามการปรับลงของราคาเนื้อสัตว์ แต่ก็คาดว่าจะกลับมาทำกำไรอีกครั้งในปี 2024 เมื่อราคาเนื้อสัตว์ปรับตัวดีขึ้น

Company profile

CPF ก่อตั้งขึ้นในปี 1978 และจดทะเบียนเข้าในตลาดหลักทรัพย์ปี 1987 โดยเป็นผู้ดำเนินธุรกิจอุตสาหกรรมการเกษตรอย่างครบวงจร ตั้งแต่ต้นน้ำจนถึงปลายน้ำ และครอบคลุมการเลี้ยงสัตว์บกและสัตว์น้ำ ได้แก่ สุกร ไก่เนื้อ ไก่ไข่ เป็ด กุ้งขาว และปลา โดยสิ้นปี 2022 บริษัทมีสัดส่วนรายได้จาก 3 ธุรกิจหลักแบ่งเป็น Feed, Farm และ Food สัดส่วน 23%/54%/23% ของรายได้รวม ตามลำดับ

www.cpfworldwide.com

Principal activities (revenue, 2023)

■ Thailand livestock - 33.0 %

■ Thailand aquatic - 4.8 %

■ Overseas livestock - 54.0 %

■ Overseas aquatic - 8.2 %

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
May 2024	1Q24 results announcement

Key assumptions

	2024E	2025E	2026E
Broiler price-TH (THB)	41.0	42.0	43.0
Swine price-TH (THB)	72.0	72.0	72.0
Swine price-VN (VND)	52,000	52,000	52,000
Total revenue growth (%)	2.3	4.7	4.0
Gross margin (%)	12.1	12.3	12.3
SG&A to sales (%)	8.9	8.9	8.9

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in 2024 revenue, we estimate net profit to rise by 4%, and vice versa, all else being equal.
- For every 0.1% increase in 2024 GPM, we estimate net profit to rise by 3.5%, and vice versa, all else being equal.
- For every 0.1% increase in 2024 SG&A to sales, we estimate net profit to fall by 4.4%, and vice versa, all else being equal.

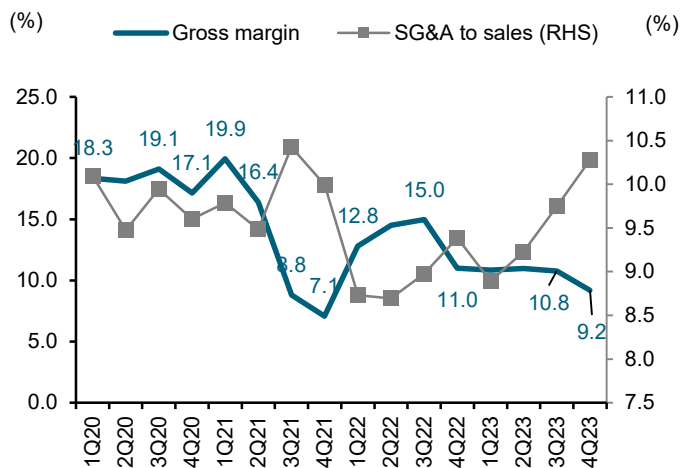
Source: FSSIA estimates

Exhibit 1: CPF - 4Q23 earnings results

	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	----- Change -----	
	(THB m)	(THB m)	(THB m)	(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	150,246	144,498	147,319	2.0	(7.4)
Cost of sales	121,096	133,372	136,287	141,569	128,202	133,750	128,940	133,750	3.7	(5.5)
Gross profit	17,791	22,624	23,979	17,479	15,579	16,496	15,558	13,569	(12.8)	(22.4)
SG&A	12,124	13,564	14,385	14,928	12,787	13,868	14,079	15,141	7.5	1.4
Operating profit	6,179	10,257	10,564	3,849	3,663	3,607	2,364	(3,200)	(235.3)	(183.1)
Interest expense	4,469	4,360	5,494	6,035	6,068	6,157	6,377	6,903	8.2	14.4
Tax expense	1,158	3,522	2,020	(698)	429	123	(115)	163	(241.5)	(123.4)
Profit (loss) sharing	(336)	(793)	2,294	2,580	(1,088)	(893)	528	643	21.8	(75.1)
Biological gain (loss)	1,098	729	(886)	469	(41)	1,616	319	(1,169)	(466.2)	(349.3)
Other gain (loss)	1,509	1,953	421	52	879	1,419	1,603	5,062	215.8	9625.8
Reported net profit	2,842	4,208	5,108	1,812	(2,725)	(792)	(1,811)	121	nm	nm
Core profit	235	1,526	5,572	1,290	(3,563)	(3,827)	(3,733)	(10,877)	nm	nm
Key Ratios (%)									(ppt)	(ppt)
Gross margin	12.8	14.5	15.0	11.0	10.8	11.0	10.8	9.2	(0.2)	(4.2)
SG&A to sales	8.7	8.7	9.0	9.4	8.9	9.2	9.7	10.3	0.5	0.8
Operating margin	4.4	6.6	6.6	2.4	2.5	2.4	1.6	(2.2)	(0.8)	(5.0)
Net margin	2.0	2.7	3.2	1.1	(1.9)	(0.5)	(1.3)	0.1	(0.7)	(4.4)
Core margin	0.2	1.0	3.5	0.8	(2.5)	(2.5)	(2.6)	(7.4)	(0.0)	(6.1)
Operating statistics (THB/kg)										
Broiler price-TH	39.0	43.6	47.4	42.6	39.2	43.8	36.6	37.9	(16.4)	(22.8)
Swine price-TH	91.0	104.0	109.8	101.3	84.7	72.5	62.7	62.3	(13.5)	(42.9)
Shrimp price 70 unit -TH	174.3	143.3	145.0	141.7	155.0	124.7	124.3	136.0	(0.3)	(14.3)
Corn price-TH	11.4	13.1	12.1	12.6	13.3	12.9	11.7	10.4	(9.3)	(3.7)
Soybean meal price-TH	21.4	23.1	23.1	23.3	24.0	23.4	21.5	22.0	(8.1)	(6.9)
Swine price-VN (VND/kg.)	52,809	55,387	62,760	52,819	50,045	55,095	57,023	47,082	3.5	(9.1)
Swine price-CH (RMB/kg.)	13.1	15.4	22.5	24.6	15.2	14.4	16.1	15.3	11.8	(28.5)

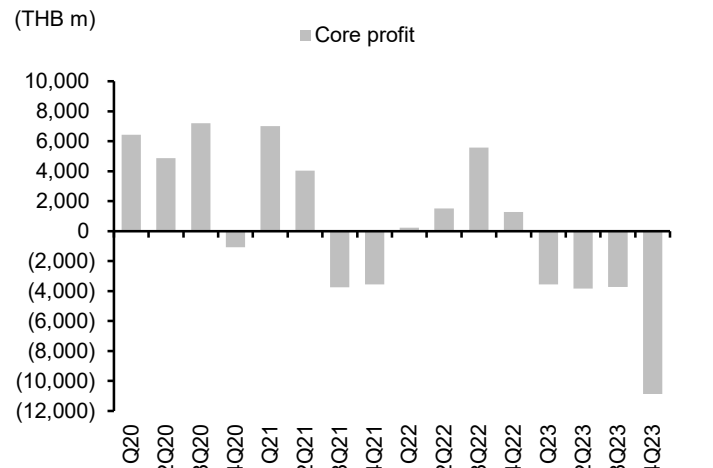
Source: CPF

Exhibit 2: Quarterly gross margin and SG&A to sales



Sources: CPF, FSSIA's compilation

Exhibit 3: Quarterly core profit



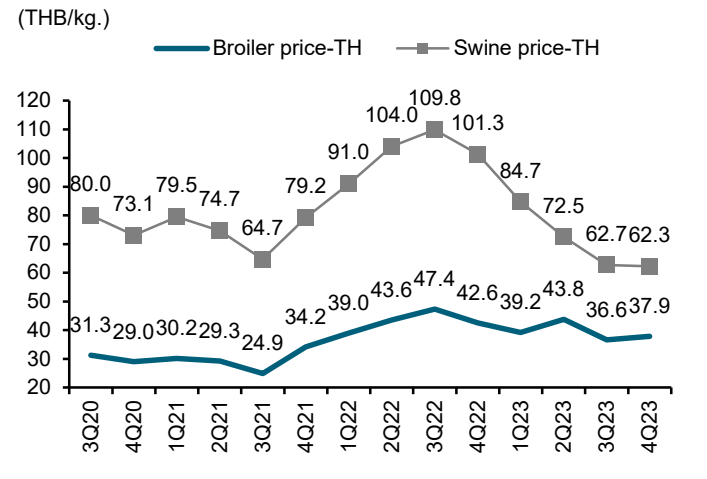
Sources: CPF, FSSIA's compilation

Exhibit 4: Changes in key assumptions for CPF

	Current			Previous			Change		
	2024E (THB m)	2025E (THB m)	2026E (THB m)	2024E (THB m)	2025E (THB m)	2026E (THB m)	2024E (%)	2025E (%)	2026E (%)
Total revenue	599,211	627,513	652,922	599,984	627,254	664,906	(0.1)	0.0	(1.8)
Cost of sales	526,706	550,329	572,613	526,186	549,474	581,793	0.1	0.2	(1.6)
Gross profit	72,505	77,184	80,309	73,798	77,779	83,113	(1.8)	(0.8)	(3.4)
SG&A expenses	53,330	55,849	58,110	53,399	55,826	59,177	(0.1)	0.0	(1.8)
Operating profit	23,968	26,356	27,423	25,199	26,972	29,256	(4.9)	(2.3)	(6.3)
Interest expense	24,633	24,988	25,212	25,122	25,149	25,814	(1.9)	(0.6)	(2.3)
Profit (loss) sharing	8,378	9,957	10,861	6,037	8,584	11,130	38.8	16.0	(2.4)
Reported net profit	10,082	11,557	13,253	10,013	10,623	11,107	0.7	8.8	19.3
Key ratios (%)									
Total revenue growth	2.3	4.7	4.0	3.7	4.5	4.7			
Net profit growth	nm	14.6	14.7	nm	6.1	4.6			
Gross margin	12.1	12.3	12.3	12.3	12.4	12.5	(0.2)	(0.1)	(0.2)
SG&A to sales	8.9	8.9	8.9	8.9	8.9	8.9	0.0	0.0	0.0
Operating margin	4.0	4.2	4.2	4.2	4.3	4.4	(0.2)	(0.1)	(0.2)
Net margin	1.7	1.8	2.0	1.7	1.7	1.7	(0.0)	0.1	0.4
Key assumptions									
Price									
Broiler price-TH (THB/kg.)	41.0	42.0	43.0	41.0	42.0	43.0	0.0	0.0	0.0
Swine price-TH (THB/kg.)	72.0	72.0	72.0	72.0	72.0	72.0	0.0	0.0	0.0
Shrimp price-70 unit (THB/kg.)	145.0	145.0	145.0	145.0	145.0	145.0	0.0	0.0	0.0
Corn price-TH (THB/kg.)	10.0	10.0	10.0	10.5	10.0	10.0	(4.8)	0.0	0.0
Soybean meal price-TH (THB/kg.)	20.5	20.0	19.0	21.0	20.0	19.0	(2.4)	0.0	0.0
Swine price-VN (VND)	52,000	52,000	52,000	52,000	52,000	52,000	0.0	0.0	0.0
Swine price-CH (RMB)	16.0	17.0	18.0	16.0	17.0	18.0	0.0	0.0	0.0

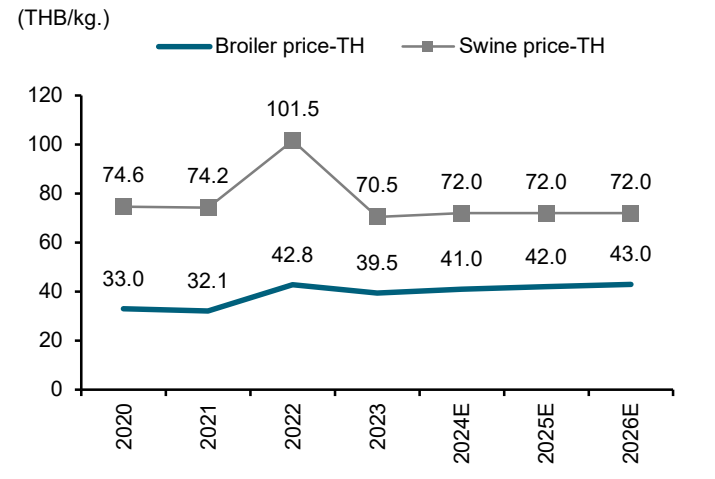
Source: FSSIA estimates

Exhibit 5: Quarterly domestic meat prices

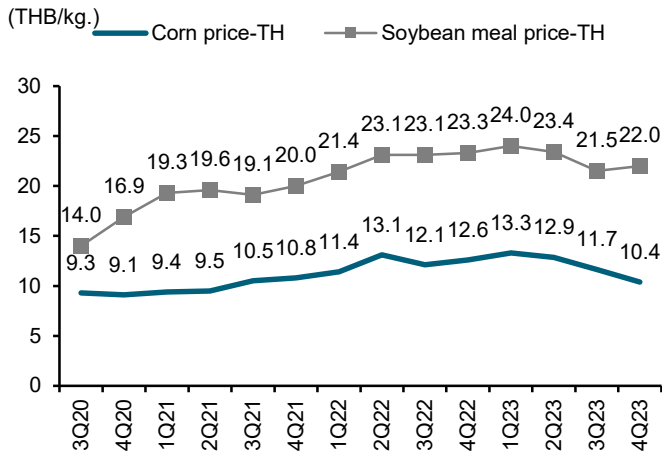


Source: CPF

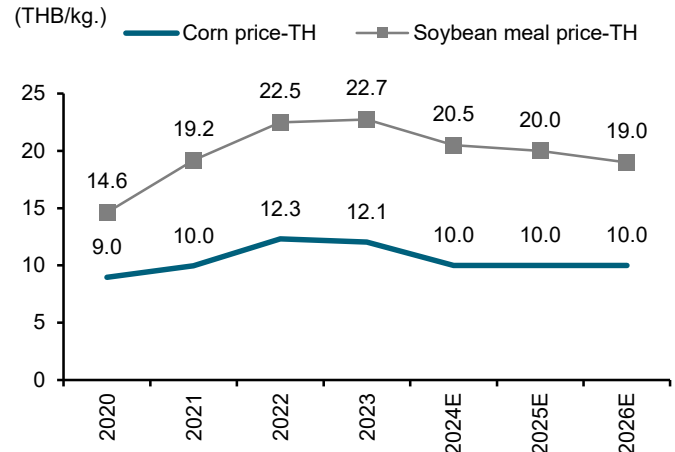
Exhibit 6: Yearly domestic meat prices



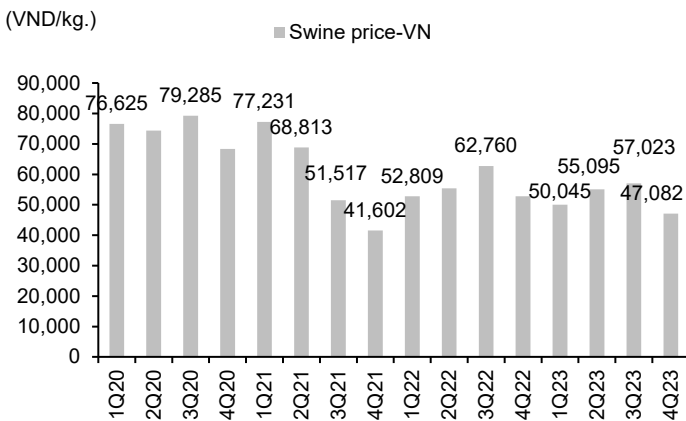
Sources: CPF, FSSIA estimates

Exhibit 7: Quarterly domestic meat prices

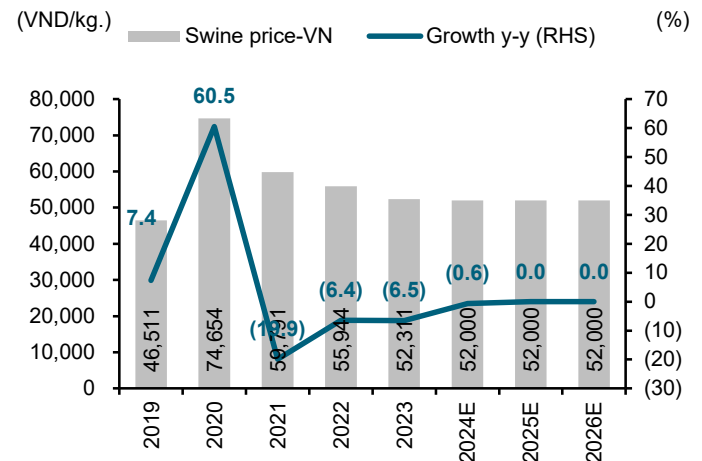
Source: CPF

Exhibit 8: Yearly domestic raw material prices

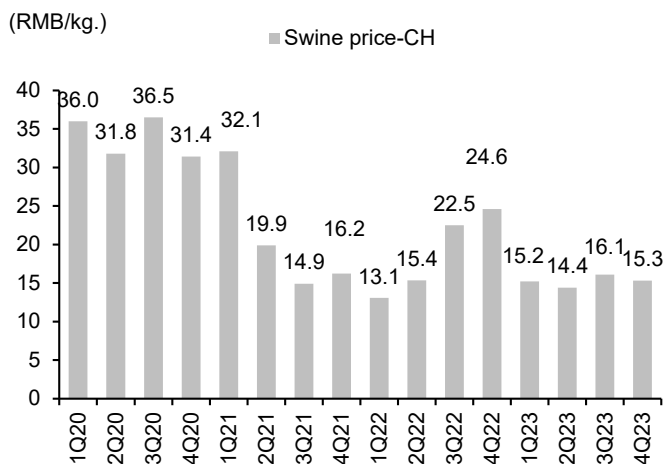
Sources: CPF, FSSIA estimates

Exhibit 9: Quarterly Vietnam's swine price

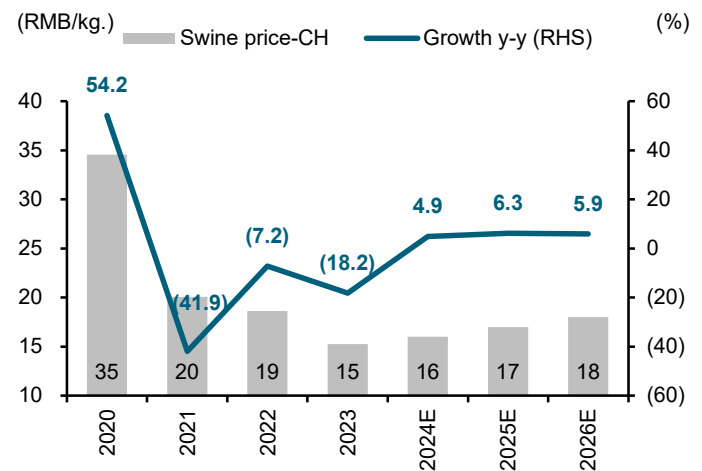
Source: CPF

Exhibit 10: Yearly Vietnam's swine price

Sources: CPF, FSSIA estimates

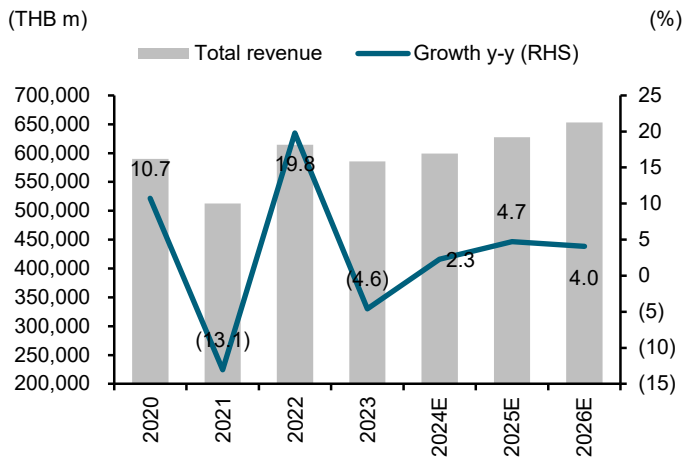
Exhibit 11: Quarterly China's swine price

Source: CPF

Exhibit 12: Yearly China's swine price

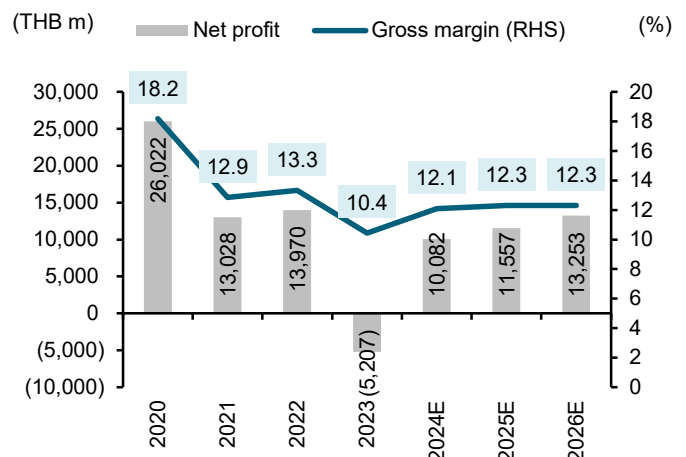
Sources: CPF, FSSIA estimates

Exhibit 13: Yearly total revenue and growth



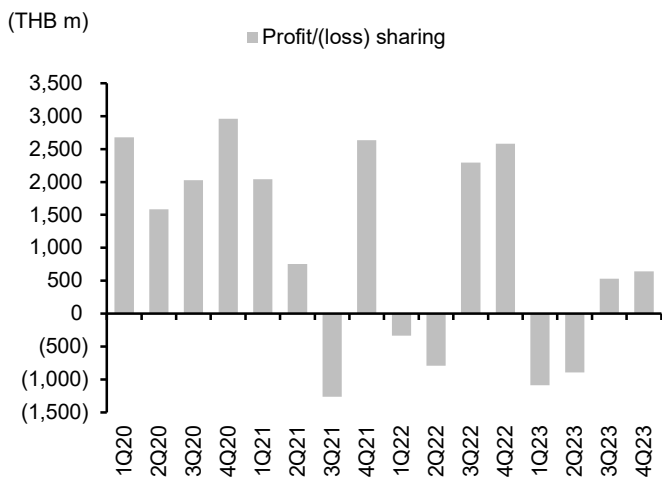
Sources: Name of source

Exhibit 14: Yearly net profit and gross margin



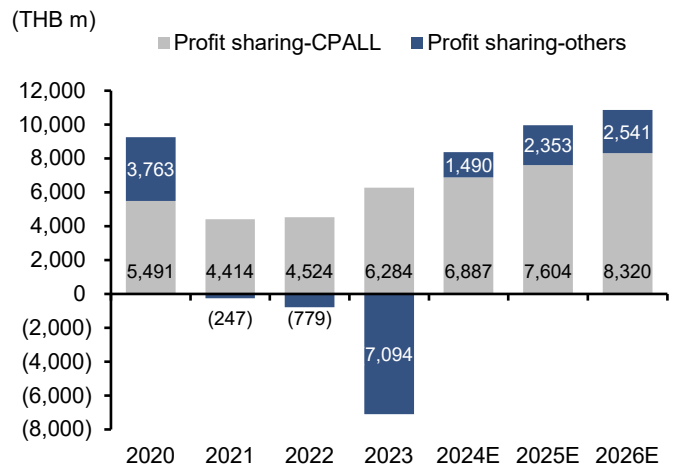
Sources: Name of source

Exhibit 15: Quarterly profit/(loss) sharing



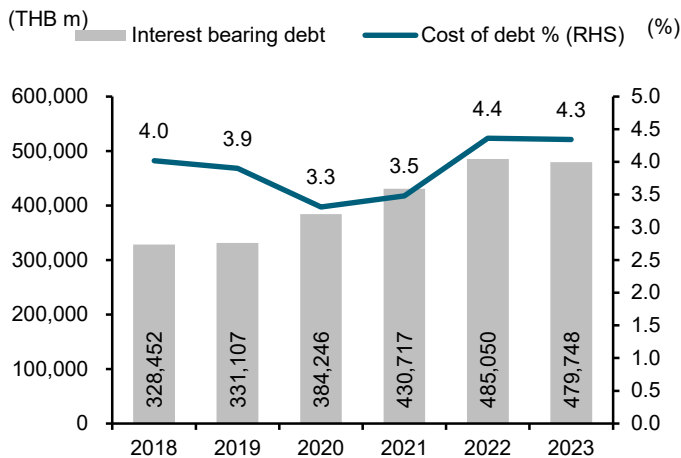
Sources: CPF

Exhibit 16: Yearly profit/(loss) sharing



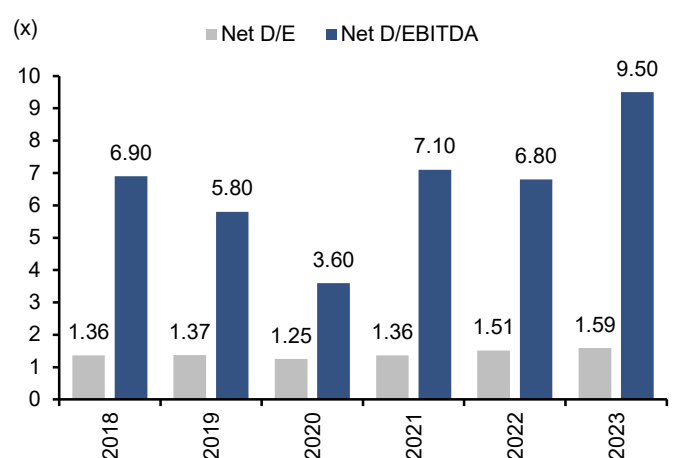
Sources: CPF, FSSIA estimates

Exhibit 17: Interest-bearing debt and cost of debt



Source: CPF

Exhibit 18: Net D/E and Net IBD/E ratio



Source: CPF

Financial Statements

Charoen Pokphand Foods

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	614,197	585,844	599,211	627,513	652,922
Cost of goods sold	(532,324)	(524,643)	(526,706)	(550,329)	(572,613)
Gross profit	81,873	61,201	72,505	77,184	80,309
Other operating income	3,978	1,110	4,794	5,020	5,223
Operating costs	(55,001)	(55,875)	(53,330)	(55,849)	(58,110)
Operating EBITDA	63,057	31,556	50,089	53,477	55,544
Depreciation	(32,207)	(25,121)	(26,121)	(27,121)	(28,121)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	30,850	6,435	23,968	26,356	27,423
Net financing costs	(19,515)	(24,348)	(23,376)	(23,883)	(24,059)
Associates	3,745	(810)	8,378	9,957	10,861
Recurring non-operating income	3,745	(810)	8,378	9,957	10,861
Non-recurring items	5,347	16,792	1,800	0	0
Profit before tax	20,427	(1,931)	10,770	12,429	14,225
Tax	(6,003)	(600)	(448)	(621)	(711)
Profit after tax	14,424	(2,531)	10,321	11,808	13,514
Minority interests	(454)	(2,676)	(240)	(251)	(261)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
Reported net profit	13,970	(5,207)	10,082	11,557	13,253
Non-recurring items & goodwill (net)	(5,347)	(16,792)	(1,800)	0	0
Recurring net profit	8,623	(22,000)	8,282	11,557	13,253
Per share (THB)					
Recurring EPS *	1.09	(2.61)	0.98	1.37	1.58
Reported EPS	1.76	(0.62)	1.20	1.37	1.58
DPS	0.75	0.00	0.60	0.69	0.79
Diluted shares (used to calculate per share data)	7,936	8,414	8,414	8,414	8,414
Growth					
Revenue (%)	19.8	(4.6)	2.3	4.7	4.0
Operating EBITDA (%)	31.2	(50.0)	58.7	6.8	3.9
Operating EBIT (%)	61.1	(79.1)	272.5	10.0	4.0
Recurring EPS (%)	130.6	nm	nm	39.5	14.7
Reported EPS (%)	7.7	nm	nm	14.6	14.7
Operating performance					
Gross margin inc. depreciation (%)	13.3	10.4	12.1	12.3	12.3
Gross margin exc. depreciation (%)	18.6	14.7	16.5	16.6	16.6
Operating EBITDA margin (%)	10.3	5.4	8.4	8.5	8.5
Operating EBIT margin (%)	5.0	1.1	4.0	4.2	4.2
Net margin (%)	1.4	(3.8)	1.4	1.8	2.0
Effective tax rate (%)	29.4	-31.1	4.2	5.0	5.0
Dividend payout on recurring profit (%)	69.0	-	60.9	50.0	50.0
Interest cover (X)	1.8	0.2	1.4	1.5	1.6
Inventory days	57.1	55.7	56.9	61.8	61.9
Debtor days	24.3	26.7	27.6	28.7	28.8
Creditor days	34.8	32.0	31.7	36.0	36.1
Operating ROIC (%)	6.2	1.2	4.6	5.1	5.4
ROIC (%)	3.6	0.6	3.2	3.6	3.8
ROE (%)	3.6	(8.9)	3.4	4.7	5.3
ROA (%)	2.8	0.0	3.1	3.4	3.6
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Thailand livestock	195,358	193,310	202,299	213,266	226,471
Thailand aquatic	28,998	27,945	29,342	30,956	32,813
Overseas livestock	335,164	316,296	316,855	329,533	336,125
Overseas aquatic	54,677	48,293	50,715	53,758	57,513

Sources: Charoen Pokphand Foods; FSSIA estimates

Financial Statements

Charoen Pokphand Foods

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	8,623	(22,000)	8,282	11,557	13,253
Depreciation	32,207	25,121	26,121	27,121	28,121
Associates & minorities	-	-	-	-	-
Other non-cash items	(30,593)	3,360	12,863	(6,423)	(7,327)
Change in working capital	(11,702)	(3,219)	2,427	(5,454)	(4,971)
Cash flow from operations	(1,465)	3,262	49,692	26,801	29,076
Capex - maintenance	(51,354)	(17,771)	(21,683)	(20,000)	(20,000)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	(1,758)	2,796	0	0	0
Other investments (net)	(5,173)	8,051	865	(1,132)	(1,016)
Cash flow from investing	(58,285)	(6,924)	(20,818)	(21,132)	(21,016)
Dividends paid	(5,808)	(13,027)	(5,041)	(5,778)	(6,626)
Equity finance	(818)	1,371	0	1	0
Debt finance	55,491	(2,424)	(22,450)	(2,700)	(5,120)
Other financing cash flows	6,821	9,783	(7,960)	849	762
Cash flow from financing	55,686	(4,298)	(35,451)	(7,628)	(10,984)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	(4,065)	(7,960)	(6,577)	(1,959)	(2,925)
Free cash flow to firm (FCFF)	(39,392.75)	21,844.06	53,507.01	30,656.85	33,271.38
Free cash flow to equity (FCFE)	2,561.44	3,696.24	(1,536.23)	3,817.87	3,701.93
Per share (THB)					
FCFF per share	(4.68)	2.60	6.36	3.64	3.95
FCFE per share	0.30	0.44	(0.18)	0.45	0.44
Recurring cash flow per share	1.29	0.77	5.62	3.83	4.05
Balance Sheet (THB m) Year Ending Dec					
	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	344,753	325,762	320,641	314,520	307,399
Less: Accumulated depreciation	(32,207)	(25,121)	(26,121)	(27,121)	(28,121)
Tangible fixed assets (net)	312,545	300,641	294,520	287,399	279,278
Intangible fixed assets (net)	76,224	73,428	73,428	73,428	73,428
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	272,055	272,548	280,926	290,882	301,744
Cash & equivalents	36,215	28,255	21,677	19,718	16,794
A/C receivable	43,221	42,351	48,265	50,545	52,592
Inventories	83,080	69,508	86,582	90,465	94,128
Other current assets	70,703	69,002	59,921	62,751	65,292
Current assets	233,219	209,116	216,446	223,479	228,805
Other assets	32,944	31,485	31,868	33,001	34,017
Total assets	926,987	887,218	897,188	908,189	917,272
Common equity	256,053	239,416	242,723	248,502	255,128
Minorities etc.	43,791	45,617	66,357	69,891	73,425
Total shareholders' equity	299,844	285,033	309,080	318,393	328,553
Long term debt	332,081	316,785	314,285	316,985	314,485
Other long-term liabilities	28,085	25,936	17,976	18,825	19,588
Long-term liabilities	360,166	342,722	332,262	335,811	334,073
A/C payable	50,964	36,527	50,506	52,771	54,908
Short term debt	186,478	198,326	178,376	172,976	170,356
Other current liabilities	29,536	24,610	26,964	28,238	29,382
Current liabilities	266,978	259,463	255,847	253,985	254,646
Total liabilities and shareholders' equity	926,987	887,218	897,188	908,189	917,272
Net working capital	116,505	119,724	117,298	122,752	127,722
Invested capital	810,273	797,826	798,040	807,462	816,189
* Includes convertibles and preferred stock which is being treated as debt					
Per share (THB)					
Book value per share	32.26	28.46	28.85	29.54	30.32
Tangible book value per share	22.66	19.73	20.12	20.81	21.60
Financial strength					
Net debt/equity (%)	160.9	170.8	152.4	147.7	142.5
Net debt/total assets (%)	52.0	54.9	52.5	51.8	51.0
Current ratio (x)	0.9	0.8	0.8	0.9	0.9
CF interest cover (x)	1.1	1.2	0.9	1.2	1.2
Valuation					
	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	17.0	(7.1)	18.8	13.5	11.7
Recurring P/E @ target price (x) *	18.4	(7.6)	20.3	14.6	12.7
Reported P/E (x)	10.5	(29.9)	15.4	13.5	11.7
Dividend yield (%)	4.1	-	3.2	3.7	4.3
Price/book (x)	0.6	0.7	0.6	0.6	0.6
Price/tangible book (x)	0.8	0.9	0.9	0.9	0.9
EV/EBITDA (x) **	10.7	21.8	13.8	13.0	12.6
EV/EBITDA @ target price (x) **	10.9	22.2	14.1	13.2	12.8
EV/invested capital (x)	0.8	0.9	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



Exhibit 19: FSSIA ESG score implication

78.94 /100

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 20: 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://settrade.com); FSSIA's compilation

Exhibit 21: 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 22: 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 (60-69), 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 Sustainalytics' 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><tr><th>NEGL</th><th>Low</th><th>Medium</th><th>High</th><th>Severe</th></tr><tr><td>0-10</td><td>10-20</td><td>20-30</td><td>30-40</td><td>40+</td></tr></table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+										
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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><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></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

Sureeporn Teewasuwet FSS International Investment Advisory Securities Co., Ltd

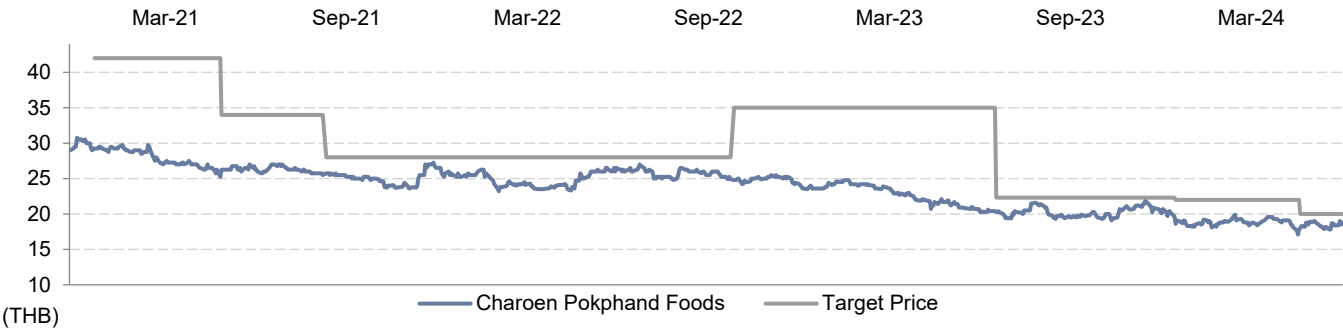
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

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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
25-Mar-2021	BUY	42.00	23-Sep-2022	BUY	35.00	13-Dec-2023	BUY	22.00
12-Jul-2021	BUY	34.00	08-May-2023	HOLD	22.30	24-Jan-2024	HOLD	20.00
08-Oct-2021	HOLD	28.00	09-Oct-2023	HOLD	22.00			

Sureeporn 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 18.50	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.

All share prices are as at market close on 01-Mar-2024 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.