

15 AUGUST 2024

EQUITY RESEARCH - COMPANY REPORT

CHAROEN POKPHAND FOODS

THAILAND / FOOD & BEVERAGE

Expect 3Q24 to continue to accelerate

- 2Q24 profit rebounded strongly due to the recovery in meat prices and good growth in associate companies.
- Expect 3Q24 profit to continue to accelerate as swine prices in China reach a two-year high.
- Maintain BUY call with the same TP of THB28.

Impressive 2Q24 profit exceeded our estimate by 232%

CPF posted an impressive net profit of THB6.92b (+6x q-q, turning from a loss of THB792m in 2Q23). Excluding extra items such as a bio gain of THB1.4b, FX gain of THB135m, and impairment of assets in India totaling THB232m, its core profit was THB5.6b (+16x q-q, turning from a loss of THB3.8b in 2Q23) – a 13-quarter high.

The recovery of meat prices and profit sharing

The strong performance came from the recovery in meat prices for Thai, Vietnamese, and Chinese swine, alongside a reduction in raw material costs, leading to a significant increase in the 2Q24 gross margin to 15.4% from 12% in 1Q24 and 11% in 2Q23. Share of profits from associates surged to a new high of THB3.4b, up 87% q-q and turning from a loss in 2Q23, driven by profits from CPALL, CTI (swine business in China), and Hylife (swine business in Canada).

Positive feedback from analyst meeting

Management provided a positive outlook for meat price trends in 2H24, supported by ongoing issues with African Swine Fever (ASF) in several countries, particularly in China, where swine prices have risen to RMB21/kg, reaching a two-year high. As a result, the average price for 3QTD stands at RMB19.4/kg (+18% q-q, +20% y-y). Similarly, Thai swine prices have increased to THB72-73/kg from THB69.3/kg in 2Q24. Although swine prices in Vietnam have softened to VND65,000/kg from VND70,000/kg in the previous month, they remain high q-q and are above the breakeven cost of VND44,000/kg. Meanwhile, raw material prices remain low, especially soybean prices which have decreased significantly.

Maintain BUY call with the same TP of THB28

CPF's 1H24 net profit equaled THB8b and the 1H24 core profit was THB6b, accounting for 45% of our full-year estimate. We anticipate that 3Q24 core profit will accelerate, potentially reaching THB7b-8b, and we believe that 2H24 profit will be brighter than in 1H24. We maintain our target price at THB28. CPF announced a 1H24 DPS of THB0.45, implying a dividend yield of 1.9%.

FSSIA ESG rating



CPF TB

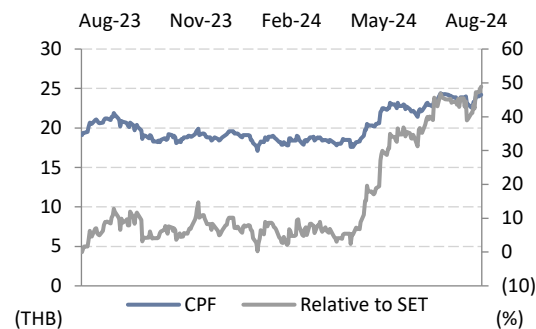
BUY

UNCHANGED

TARGET PRICE	THB28.00
CLOSE	THB24.20
UP/DOWNSIDE	+15.7%
PRIOR TP	THB28.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+1.2%

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	585,844	599,211	627,513	652,922
Net profit	(5,207)	14,112	16,780	19,676
EPS (THB)	(0.62)	1.68	1.99	2.34
vs Consensus (%)	-	24.4	27.9	27.5
EBITDA	31,556	54,284	57,242	60,114
Recurring net profit	(22,000)	13,362	16,780	19,676
Core EPS (THB)	(2.61)	1.59	1.99	2.34
Chg. In EPS est. (%)	nm	-	-	-
EPS growth (%)	nm	nm	25.6	17.3
Core P/E (x)	(9.3)	15.2	12.1	10.3
Dividend yield (%)	-	2.8	4.1	4.8
EV/EBITDA (x)	23.3	13.6	12.9	12.3
Price/book (x)	0.9	0.8	0.8	0.8
Net debt/Equity (%)	170.8	149.9	143.9	137.2
ROE (%)	(8.9)	5.5	6.7	7.6



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(0.4)	10.0	21.0
Relative to country (%)	2.6	17.1	43.7
Mkt cap (USD m)	5,714		
3m avg. daily turnover (USD m)	17.4		
Free float (%)	46		
Major shareholder	Charoen Pokphand Group (37%)		
12m high/low (THB)	24.40/17.00		
Issued shares (m)	8,413.57		

Sources: Bloomberg consensus; FSSIA estimates



Sureeporn Teewasuwet

Fundamental Investment Analyst on Securities; License no. 040694
sureeporn.t@fssia.com, +66 2646 9972

Investment thesis

CPF operates an integrated agro-industrial and food business under its “Kitchen of the World” vision for sustainable growth. The company owns production bases through investments and joint ventures in 17 countries and exports to over 40 countries. Since CPF starts from upstream, especially farming, which is highly volatile in line with meat prices and feed costs, its annual performance sharply fluctuates. We expect that CPF’s performance will turn profitable in 2024 after meat prices improve.

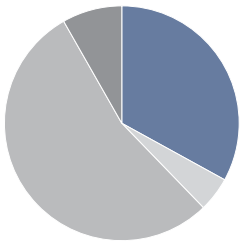
Company profile

Established in 1978 and listed on the Stock Exchange of Thailand in 1987, CPF operates a vertically integrated agro-industrial and food business, from upstream to downstream, covering livestock and aquaculture such as swine, broilers, layers, ducks, shrimp, and fish. As of end-2023, CPF generated revenue from three units, namely Feed, Farm, and Food, with a revenue mix of 23.4%/54.3%/22.3%, respectively.

www.cpfworldwide.com

Principal activities (revenue, 2023)

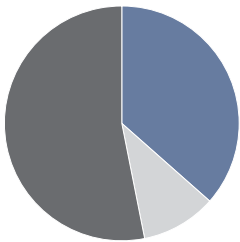
- Thailand livestock - 33.0 %
- Thailand aquatic - 4.8 %
- Overseas livestock - 54.0 %
- Overseas aquatic - 8.2 %



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

Potential drivers for CPF’s earnings growth in 2024 are 1) sales volume growth after demand increases; 2) higher meat prices; 3) flat or declining feed costs; and 4) a better-than-expected recovery of overseas associates and subsidiaries.

Risks to our call

Downside risks to our P/E-based TP include 1) slow purchasing power; 2) a slower-than-expected meat price recovery; 3) higher feed costs; 4) baht strength; and 5) a minimum wage increase and labor shortages.

Event calendar

Date	Event
November 2024	3Q24 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)	55,000	55,000	55,000
Total revenue growth (%)	2.3	4.7	4.0
Gross margin (%)	12.8	12.9	13.0
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.

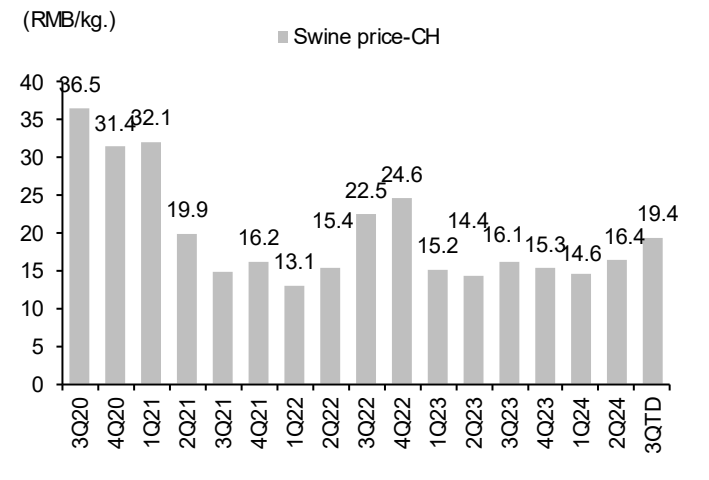
Source: FSSIA estimates

Exhibit 1: CPF – 2Q24 earnings results

	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	----- Change -----		2024E	Change	1H24	% 1H24
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(y-y%)	(THB m)	to 2024E
Sales	143,781	150,246	144,498	147,319	140,037	149,498	6.8	(0.5)	599,211	2.3	289,535	48.3
Cost of sales	129,191	133,750	128,940	133,750	123,228	126,484	2.6	(5.4)	522,512	(0.4)	249,712	47.8
Gross profit	14,590	16,496	15,558	13,569	16,809	23,013	36.9	39.5	76,699	25.3	39,823	51.9
SG&A	11,798	13,868	14,079	15,141	12,178	12,760	4.8	(8.0)	53,330	(4.6)	24,937	46.8
Operating profit	3,663	3,607	2,364	(3,200)	5,297	10,953	106.8	203.6	28,163	337.6	16,250	57.7
Interest expense	6,068	6,157	6,377	6,903	6,182	6,276	1.5	1.9	24,633	(3.4)	12,457	50.6
Tax expense	429	123	(115)	163	550	2,046	271.7	1559.7	716	19.3	2,596	362.7
Profit (loss) sharing	(1,088)	(893)	528	643	1,792	3,352	87.1	nm	9,530	nm	5,144	54.0
Biological gain (loss)	(41)	1,616	319	(1,169)	464	1,427	207.3	(11.7)	750	3.6	1,892	252.2
Other gain (loss)	879	1,419	1,603	5,062	330	135	nm	nm	0	(100.0)	465	nm
Reported net profit	(2,725)	(792)	(1,811)	121	1,152	6,924	501.0	nm	14,112	nm	8,076	57.2
Core profit	(3,562)	(3,827)	(3,733)	(10,877)	358	5,595	1464.1	nm	13,362	nm	5,952	44.5
Key ratios (%)							(ppt)	(ppt)				
Gross margin	10.1	11.0	10.8	9.2	12.0	15.4	3.4	4.4	12.8	2.4	13.8	
SG&A to sales	8.2	9.2	9.7	10.3	8.7	8.5	(0.2)	(0.7)	8.9	(0.6)	8.6	
Operating margin	2.5	2.4	1.6	(2.2)	3.8	7.3	3.5	4.9	4.7	3.6	5.6	
Net margin	(1.9)	(0.5)	(1.3)	0.1	0.8	4.6	3.8	5.2	2.4	3.2	2.8	
Core margin	(2.5)	(2.5)	(2.6)	(7.4)	0.3	3.7	3.5	6.3	2.2	6.0	2.1	
Operating statistics (THB/kg)												
Broiler price-TH	39.2	43.8	36.6	37.9	40.8	44.0	7.8	0.5	41.0	3.9	42.4	
Swine price-TH	84.7	72.5	62.7	62.3	66.3	69.3	4.5	(4.4)	72.0	2.1	67.8	
Shrimp price 70 unit -TH	165.0	124.7	124.3	136.0	129.0	121.7	(5.7)	(2.4)	145.0	5.8	125.3	
Corn price-TH	13.3	12.9	11.7	10.4	10.4	10.9	5.1	(14.9)	10.0	(17.0)	10.7	
Soybean meal price-TH	24.0	23.4	21.5	22.0	22.2	21.3	(4.0)	(9.1)	20.5	(9.8)	21.7	
Swine price-VN (VND/kg.)	50,045	55,095	57,023	47,082	53,400	64,055	20.0	16.3	55,000	5.1	58,728	
Swine price-CH (RMB/kg.)	15.2	14.4	16.1	15.3	14.6	16.4	12.6	14.2	16.0	4.9	15.5	

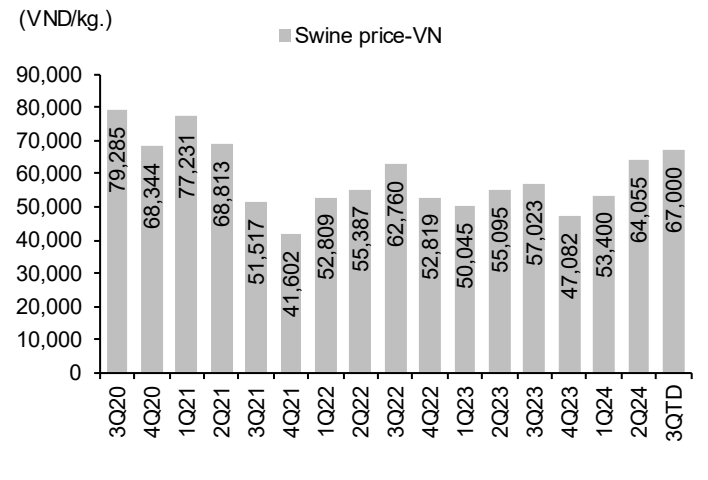
Sources: CPF, FSSIA's compilation

Exhibit 2: China swine price

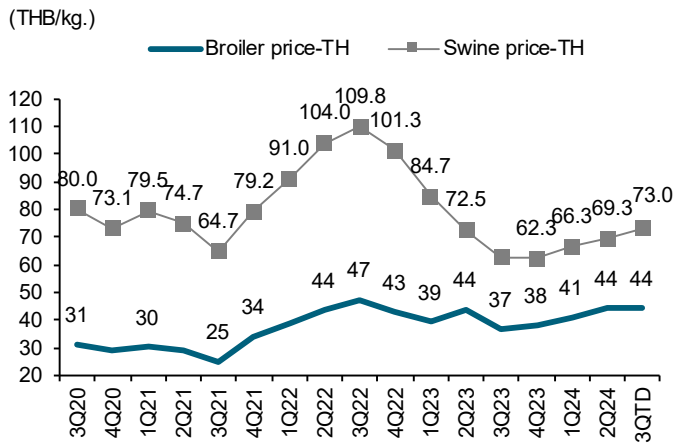


Sources: Bloomberg, CPF, FSSIA's compilation

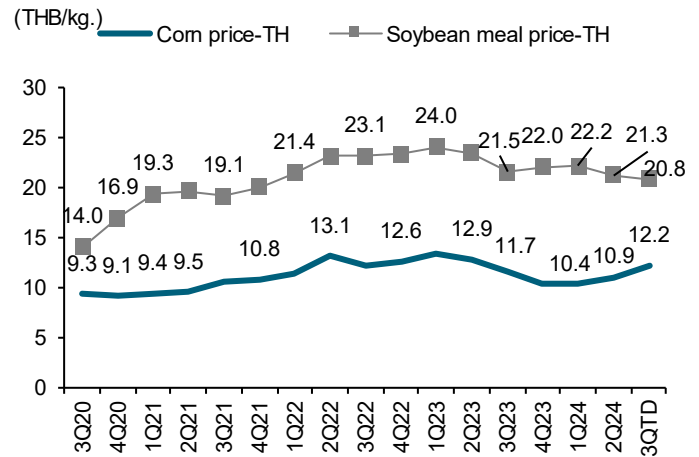
Exhibit 3: Vietnam swine price



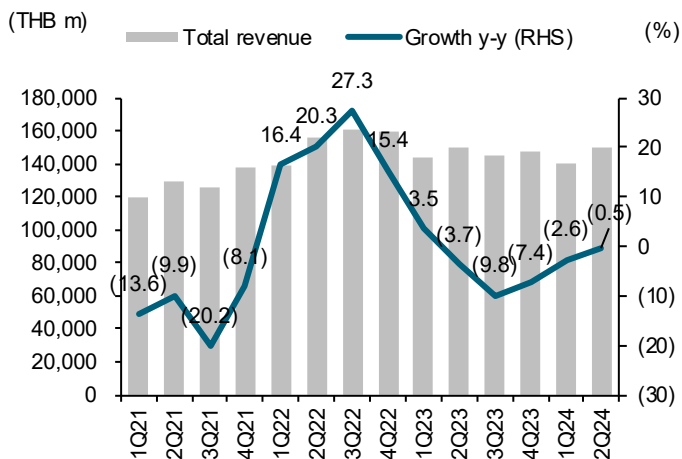
Source: CPF, FSSIA's compilation

Exhibit 4: Domestic meat prices

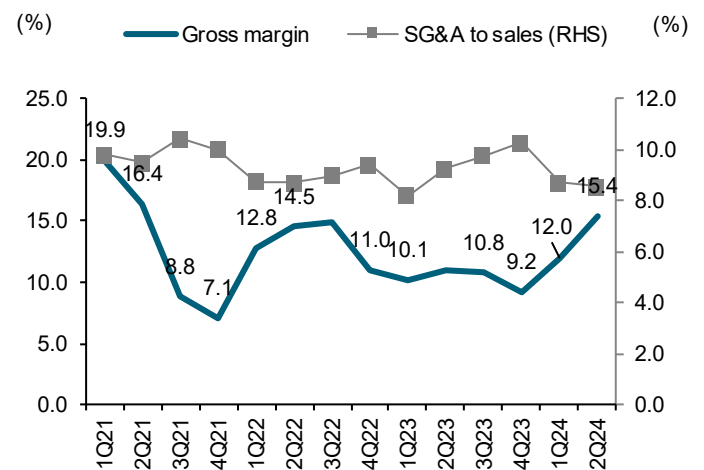
Source: CPF, FSSIA's compilation

Exhibit 5: Raw material prices

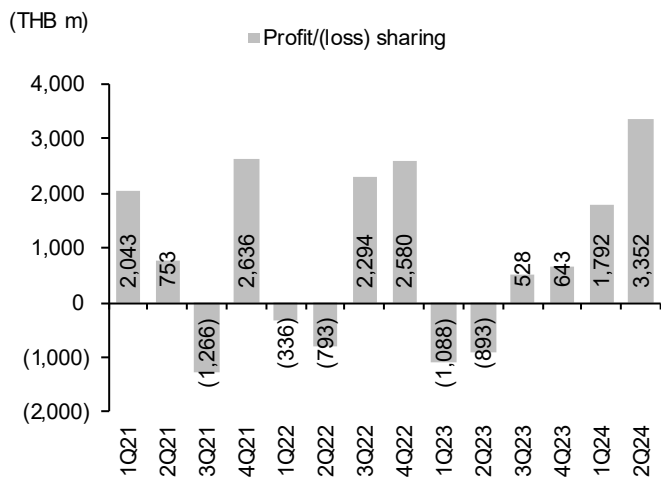
Source: CPF, FSSIA's compilation

Exhibit 6: Quarterly total revenue and growth

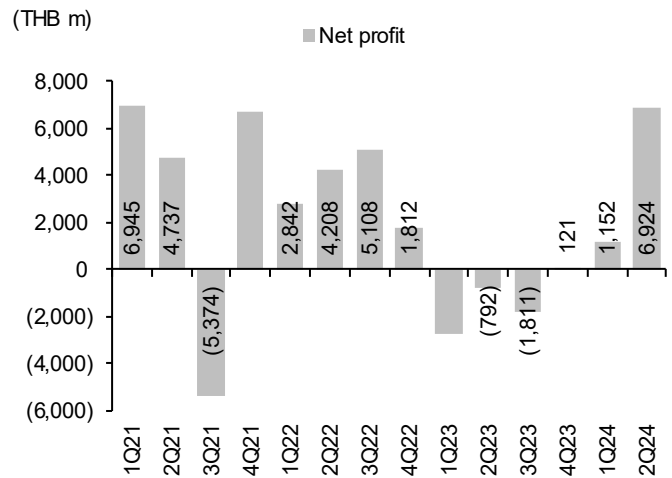
Sources: CPF, FSSIA estimates

Exhibit 7: Quarterly gross margin and SG&A to sales

Sources: CPF, FSSIA estimates

Exhibit 8: Share of profit/(loss)

Sources: CPF, FSSIA estimates

Exhibit 9: Quarterly net profit

Sources: CPF, FSSIA estimates

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)	(522,512)	(546,563)	(568,042)
Gross profit	81,873	61,201	76,699	80,949	84,880
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	54,284	57,242	60,114
Depreciation	(32,207)	(25,121)	(26,121)	(27,121)	(28,121)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	30,850	6,435	28,163	30,121	31,993
Net financing costs	(19,515)	(24,348)	(23,376)	(23,883)	(24,059)
Associates	3,745	(810)	9,530	11,689	13,052
Recurring non-operating income	3,745	(810)	9,530	11,689	13,052
Non-recurring items	5,347	16,792	750	0	0
Profit before tax	20,427	(1,931)	15,067	17,927	20,987
Tax	(6,003)	(600)	(716)	(896)	(1,049)
Profit after tax	14,424	(2,531)	14,351	17,031	19,937
Minority interests	(454)	(2,676)	(240)	(251)	(261)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
Reported net profit	13,970	(5,207)	14,112	16,780	19,676
Non-recurring items & goodwill (net)	(5,347)	(16,792)	(750)	0	0
Recurring net profit	8,623	(22,000)	13,362	16,780	19,676
Per share (THB)					
Recurring EPS *	1.09	(2.61)	1.59	1.99	2.34
Reported EPS	1.76	(0.62)	1.68	1.99	2.34
DPS	0.75	0.00	0.67	1.00	1.17
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)	72.0	5.4	5.0
Operating EBIT (%)	61.1	(79.1)	337.6	7.0	6.2
Recurring EPS (%)	130.6	nm	nm	25.6	17.3
Reported EPS (%)	7.7	nm	nm	18.9	17.3
Operating performance					
Gross margin inc. depreciation (%)	13.3	10.4	12.8	12.9	13.0
Gross margin exc. depreciation (%)	18.6	14.7	17.2	17.2	17.3
Operating EBITDA margin (%)	10.3	5.4	9.1	9.1	9.2
Operating EBIT margin (%)	5.0	1.1	4.7	4.8	4.9
Net margin (%)	1.4	(3.8)	2.2	2.7	3.0
Effective tax rate (%)	29.4	-31.1	4.8	5.0	5.0
Dividend payout on recurring profit (%)	69.0	-	42.2	50.0	50.0
Interest cover (X)	1.8	0.2	1.6	1.8	1.9
Inventory days	57.1	55.7	57.1	61.7	61.9
Debtor days	24.3	26.7	27.6	28.7	28.8
Creditor days	34.8	32.0	31.9	36.0	36.1
Operating ROIC (%)	6.2	1.2	5.4	5.9	6.3
ROIC (%)	3.6	0.6	3.8	4.2	4.4
ROE (%)	3.6	(8.9)	5.5	6.7	7.6
ROA (%)	2.8	0.0	3.6	4.0	4.3
* 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)	13,362	16,780	19,676
Depreciation	32,207	25,121	26,121	27,121	28,121
Associates & minorities	-	-	-	-	-
Other non-cash items	(30,593)	3,360	11,960	(8,155)	(9,518)
Change in working capital	(11,702)	(3,219)	2,714	(5,484)	(4,915)
Cash flow from operations	(1,465)	3,262	54,156	30,262	33,364
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	(435)	(1,132)	(1,016)
Cash flow from investing	(58,285)	(6,924)	(22,118)	(21,132)	(21,016)
Dividends paid	(5,808)	(13,027)	(5,645)	(8,390)	(9,838)
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)	(36,055)	(10,240)	(14,196)
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)	(4,017)	(1,110)	(1,849)
Free cash flow to firm (FCFF)	(39,392.75)	21,844.06	56,671.41	34,117.62	37,558.94
Free cash flow to equity (FCFE)	2,561.44	3,696.24	1,628.17	7,278.64	7,989.49
Per share (THB)					
FCFF per share	(4.68)	2.60	6.74	4.06	4.46
FCFE per share	0.30	0.44	0.19	0.87	0.95
Recurring cash flow per share	1.29	0.77	6.11	4.25	4.55
Balance Sheet (THB m) Year Ending Dec					
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	282,078	293,768	306,820
Cash & equivalents	36,215	28,255	24,238	23,128	21,279
A/C receivable	43,221	42,351	48,265	50,545	52,592
Inventories	83,080	69,508	85,892	89,846	93,377
Other current assets	70,703	69,002	59,921	62,751	65,292
Current assets	233,219	209,116	218,317	226,270	232,540
Other assets	32,944	31,485	31,868	33,001	34,017
Total assets	926,987	887,218	900,212	913,865	926,083
Common equity	256,053	239,416	246,149	254,540	264,378
Minorities etc.	43,791	45,617	66,357	69,891	73,425
Total shareholders' equity	299,844	285,033	312,506	324,431	337,803
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	50,104	52,410	54,470
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	255,444	253,624	254,207
Total liabilities and shareholders' equity	926,987	887,218	900,212	913,865	926,083
Net working capital	116,505	119,724	117,010	122,494	127,409
Invested capital	810,273	797,826	798,905	810,089	820,952
* Includes convertibles and preferred stock which is being treated as debt					
Per share (THB)					
Book value per share	32.26	28.46	29.26	30.25	31.42
Tangible book value per share	22.66	19.73	20.53	21.53	22.70
Financial strength					
Net debt/equity (%)	160.9	170.8	149.9	143.9	137.2
Net debt/total assets (%)	52.0	54.9	52.0	51.1	50.1
Current ratio (x)	0.9	0.8	0.9	0.9	0.9
CF interest cover (x)	1.1	1.2	1.1	1.3	1.3
Valuation					
Recurring P/E (x) *	22.3	(9.3)	15.2	12.1	10.3
Recurring P/E @ target price (x) *	25.8	(10.7)	17.6	14.0	12.0
Reported P/E (x)	13.7	(39.1)	14.4	12.1	10.3
Dividend yield (%)	3.1	-	2.8	4.1	4.8
Price/book (x)	0.8	0.9	0.8	0.8	0.8
Price/tangible book (x)	1.1	1.2	1.2	1.1	1.1
EV/EBITDA (x) **	11.4	23.3	13.6	12.9	12.3
EV/EBITDA @ target price (x) **	11.9	24.3	14.2	13.5	12.9
EV/invested capital (x)	0.9	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 10: 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 11: 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 12: 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 13: 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 Sustainabilitys	The Sustainabilitys' 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+										
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><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

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Sureeporn Teewasuwet FSS International Investment Advisory Securities Co., Ltd

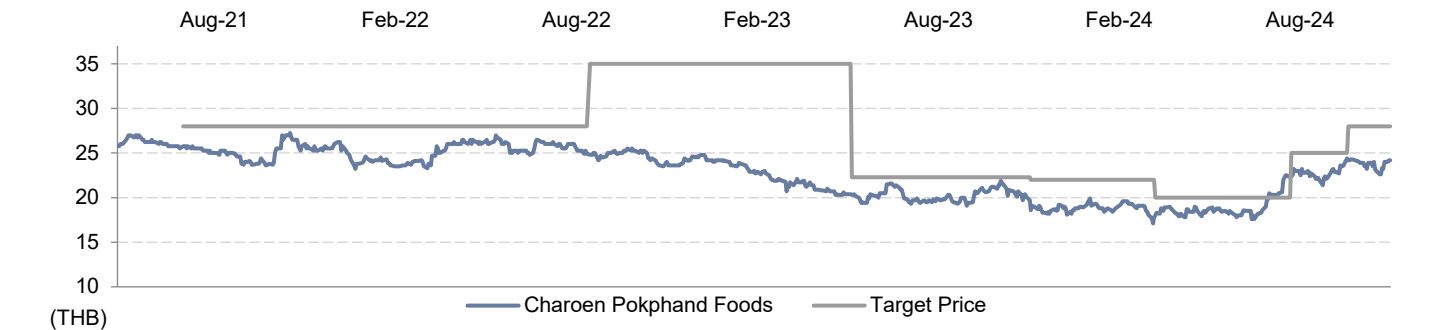
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History of change in investment rating and/or target price

Charoen Pokphand Foods (CPF TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
08-Oct-2021	HOLD	28.00	09-Oct-2023	HOLD	22.00	18-Apr-2024	BUY	20.00
23-Sep-2022	BUY	35.00	13-Dec-2023	BUY	22.00	20-May-2024	BUY	25.00
08-May-2023	HOLD	22.30	24-Jan-2024	HOLD	20.00	08-Jul-2024	BUY	28.00

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 24.20	BUY	Downside risks to our P/E-based TP include 1) slow purchasing power, 2) a slower-than-expected meat price recovery, 3) higher feed costs, 4) Baht strength, and 5) a minimum wage increase and labor shortages.

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 14-Aug-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.