

## CHAROEN POKPHAND FOODS

THAILAND / FOOD &amp; BEVERAGE

## CPF TB

BUY

UNCHANGED

TARGET PRICE	THB28.00
CLOSE	THB24.30
UP/DOWNSIDE	+15.2%
PRIOR TP	THB28.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	-5.4%

## The highest ESG score in the sector

- Management has provided a positive outlook for 2025, but we maintain our conservative meat price assumptions.
- We expect 2025 net profit to decline y-y, and believe the downside risk to return to a loss is limited.
- Maintain BUY call but stock price lacks short-term catalysts.

## CPF has provided a positive outlook for 2025 business trends

Management has provided an optimistic outlook for 2025. They expect Thai and Vietnamese swine production to remain stable in 1H25, as 4Q24 was impacted by storms and floods. However, Thai chicken and Chinese swine production should increase, leading to a decline in prices in 4QTD. Raw material prices are expected to decrease by 4-5% in 2025, which will help lower breakeven costs below meat prices. In summary, CPF expects Thai swine prices to rise by 3.5-5% in 2025, Vietnamese swine to remain stable, and Chinese swine and Thai chicken prices to decrease, but remain higher than breakeven costs.

## 4QTD meat prices have begun to decline, could recover in 2Q25

Due to the low export season and flooding issues, Thai chicken prices have decreased by 9% q-q in 4QTD, while Chinese swine prices dropped 11% q-q, with the latest price on 15 November at RMB16.3/kg. However, due to lower costs, this is still above the breakeven cost of RMB15/kg. Thai and Chinese swine prices are expected to remain stable. Initially, we expect 4Q24 profit to weaken q-q but show a strong y-y recovery, and could remain stable in 1Q25 if Thai chicken and Chinese swine prices do not recover. We expect meat prices to improve in 2Q25, as this is the summer season and the beginning of the high export season.

## 2025 profit may decline y-y but remain strong

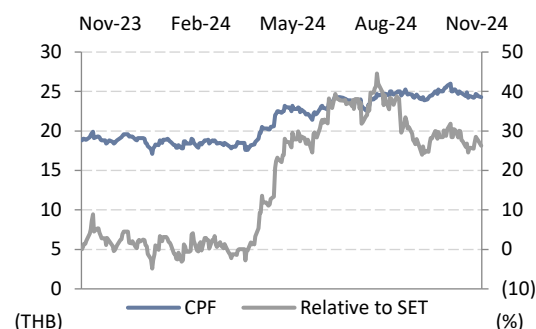
We maintain our 2025 meat price assumptions, with Thai chicken and Vietnamese swine expected to decline by an average of 3-9%, while Thai and Chinese swine prices are expected to be stable y-y. We forecast a decrease in the 2025 gross margin, with no large biological asset gain. As a result, we project 2025 net profit to be THB14.1b, down from THB19.9b in 2024. Overall, this is still considered a solid profit. We believe the downside risk to return to a loss in 2025 is limited.

## Maintain BUY rating, but stock lacks short-term catalysts

Our 2025 TP is maintained at THB28, based on the same 17x P/E, which is the highest target P/E in the meat sector. CPF also has an FSSIA ESG score of 78.94, the highest in the food sector that we cover, and has received an AAA rating from SET ESG. However, in the short term, the stock lacks a catalyst due to weaker earnings and declining meat prices. We suggest that investors monitor the meat prices. If they decline more than expected, it could present a downside risk to our profit forecast.

## KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	585,844	599,211	612,685	637,499
Net profit	(5,207)	19,919	14,057	15,337
EPS (THB)	(0.62)	2.37	1.67	1.82
vs Consensus (%)	-	14.0	(17.8)	(15.3)
EBITDA	31,556	62,913	57,449	59,996
Recurring net profit	(22,000)	17,266	14,057	15,337
Core EPS (THB)	(2.61)	2.05	1.67	1.82
Chg. In EPS est. (%)	nm	-	-	-
EPS growth (%)	nm	nm	(18.6)	9.1
Core P/E (x)	(9.3)	11.8	14.5	13.3
Dividend yield (%)	-	3.9	3.8	4.1
EV/EBITDA (x)	23.4	11.7	12.9	12.4
Price/book (x)	0.9	0.8	0.8	0.8
Net debt/Equity (%)	170.8	147.9	143.2	138.8
ROE (%)	(8.9)	7.1	5.6	5.9



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(5.6)	(0.8)	29.3
Relative to country (%)	(3.2)	(11.0)	26.0
Mkt cap (USD m)	5,753		
3m avg. daily turnover (USD m)	18.3		
Free float (%)	46		
Major shareholder	Charoen Pokphand Group (37%)		
12m high/low (THB)	26.00/17.00		
Issued shares (m)	8,413.57		

Sources: Bloomberg consensus; FSSIA estimates



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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. However, we have a cautious outlook on the livestock price trend in 2025. As a result, we anticipate that net profit for 2025 may decline y-y, partly due to a reduction or potential reversal of biological asset gains if livestock prices drop significantly.

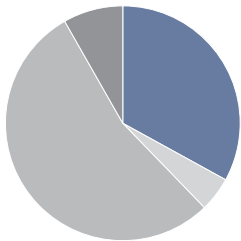
Company profile

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

Principal activities (revenue, 2023)

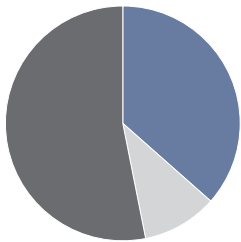
- Thailand livestock - 33.0 %
- Thailand aquatic - 4.8 %
- Overseas livestock - 54.0 %
- Overseas aquatic - 8.2 %



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 2024-25 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
February 2025	4Q24 results announcement

Key assumptions

	2024E	2025E	2026E
Broiler price-TH (THB)	41.6	40.0	40.0
Swine price-TH (THB)	69.5	70.0	70.0
Swine price-VN (VND)	60,437	55,000	55,000
Total revenue growth (%)	2.3	2.2	4.0
Gross margin (%)	14.2	12.9	13.0
SG&A to sales (%)	8.5	8.5	8.5

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in 2025 revenue, we estimate net profit to rise by 4%, and vice versa, all else being equal.
- For every 0.1% increase in 2025 GPM, we estimate net profit to rise by 3.5%, and vice versa, all else being equal.
- For every 0.1% increase in 2025 SG&A to sales, we estimate net profit to fall by 4.4%, and vice versa, all else being equal.

Source: FSSIA estimates

## 3Q24 profit strong as expected, driven by profit sharing and recovery in Chinese swine price

CPF reported a 3Q24 net profit of THB7.3b (+5.6% q-q, turning from a loss in 3Q23). Excluding a biological gain of THB734m, an FX gain of THB34m, an investment gain of THB36m, and an impairment reversal of THB42m, its core profit stood at THB6.54b (+17% q-q, turning from a loss in 3Q23). This marks a strong recovery in profits.

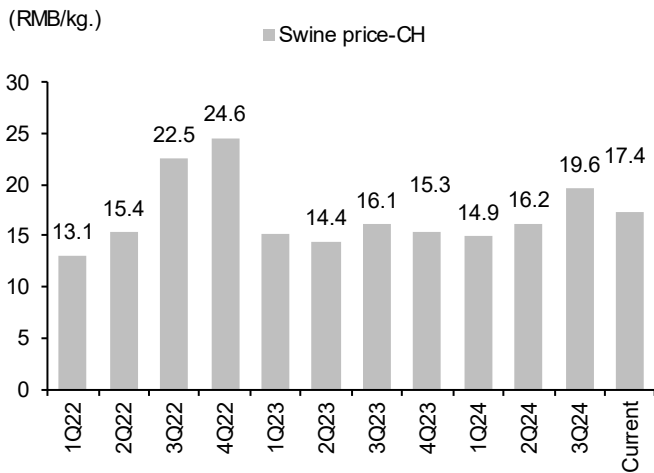
Total revenue decreased by 4.5% q-q and 1.2% y-y in 3Q24, mainly due to the sale of the chicken business in China and the business restructuring in Poland. However, overall meat prices still showed an upward trend. Meanwhile, the gross margin was high at 15.4%, flat q-q but rose from 10.8% in 3Q23, because raw material costs remained low. In addition, overall expenses were well-controlled, down 1.1% q-q and 10.3% y-y. Despite the decline in revenue, SG&A as a percentage of sales increased slightly to 8.8% from 8.5% in 2Q24 but was down from 9.7% in 3Q23.

Profit sharing continued to grow, up 9% q-q and 6.9x y-y, driven by the strong performance from CPALL and a strong recovery at CTI, which benefited from rising Chinese swine prices that exceeded breakeven costs, allowing profits to improve q-q and turn around from a loss last year.

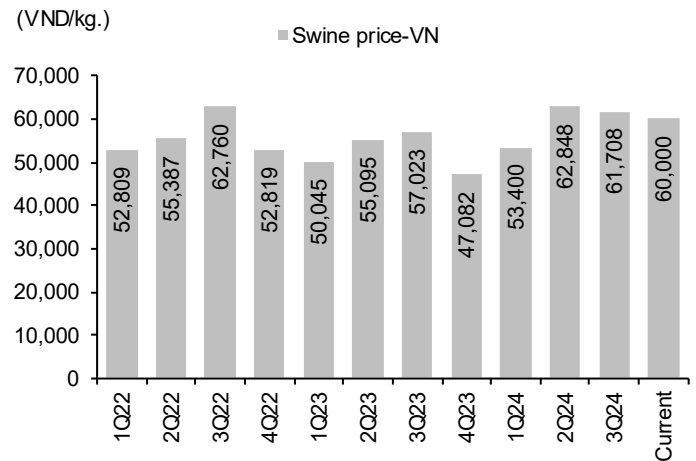
### Exhibit 1: CPF – 3Q24 earnings results

	3Q23	4Q23	1Q24	2Q24	3Q24	----- Change -----		2023	2024E	Change	9M24	% 9M24
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)	(THB m)	to 2024E
Sales	144,498	147,319	140,037	149,498	142,703	(4.5)	(1.2)	585,844	599,211	2.3	432,238	72.1
Cost of sales	128,940	133,750	123,228	126,484	120,756	(4.5)	(6.3)	524,643	514,123	(2.0)	370,469	72.1
Gross profit	15,558	13,569	16,809	23,013	21,947	(4.6)	41.1	61,201	85,088	39.0	61,769	72.6
SG&A	14,079	15,141	12,178	12,760	12,624	(1.1)	(10.3)	55,875	50,933	(8.8)	37,562	73.7
Operating profit	2,364	(3,200)	5,297	10,953	10,428	(4.8)	341.0	6,435	36,792	471.7	26,678	72.5
Interest expense	6,377	6,903	6,182	6,276	6,031	(3.9)	(5.4)	25,506	24,633	(3.4)	18,489	75.1
Tax expense	(115)	163	550	2,046	1,059	(48.3)	nm	600	6,536	988.8	3,655	55.9
Profit (loss) sharing	528	643	1,792	3,352	3,655	9.0	592.3	(810)	12,669	nm	8,799	69.5
Biological gain (loss)	319	(1,169)	464	1,427	734	(48.6)	129.7	724	2,421	234.3	2,625	108.4
Other gain (loss)	1,603	5,062	330	135	28	nm	nm	16,068	232	(98.6)	493	nm
Reported net profit	(1,811)	121	1,152	6,924	7,309	5.6	nm	(5,207)	19,919	nm	15,385	77.2
Core profit	(3,733)	(10,877)	358	5,595	6,547	17.0	nm	(22,000)	17,266	nm	12,499	72.4
<b>Key ratios (%)</b>						<b>(ppt)</b>	<b>(ppt)</b>					
Gross margin	10.8	9.2	12.0	15.4	15.4	(0.0)	4.6	10.4	14.2	3.8	14.3	
SG&A to sales	9.7	10.3	8.7	8.5	8.8	0.3	(0.9)	9.5	8.5	(1.0)	8.7	
Operating margin	1.6	(2.2)	3.8	7.3	7.3	(0.0)	5.7	1.1	6.1	5.0	6.2	
Net margin	(1.3)	0.1	0.8	4.6	5.1	0.5	6.4	(0.9)	3.3	4.2	3.6	
Core margin	(2.6)	(7.4)	0.3	3.7	4.6	0.8	7.2	(3.8)	2.9	6.6	2.9	
<b>Operating statistics (THB/kg)</b>												
Broiler price-TH	36.6	37.9	40.8	43.6	42.7	(2.1)	16.7	39.5	41.6	5.4	42.2	
Swine price-TH	62.7	62.3	66.3	69.3	71.1	2.6	13.4	70.5	69.5	(1.4)	67.8	
Corn price-TH	11.7	10.4	10.9	10.9	12.1	10.7	3.9	12.1	11.0	(8.9)	10.9	
Soybean meal price-TH	21.5	22.0	22.2	21.5	20.0	(7.0)	(7.0)	22.7	20.9	(8.2)	21.8	
Swine price-VN (VND/kg.)	57,023	47,082	53,400	62,848	61,708	(1.8)	8.2	52,311	60,437	15.5	58,124	
Swine price-CH (RMB/kg.)	16.1	15.3	14.9	16.2	19.6	21.0	21.7	15.3	17.0	11.4	15.6	

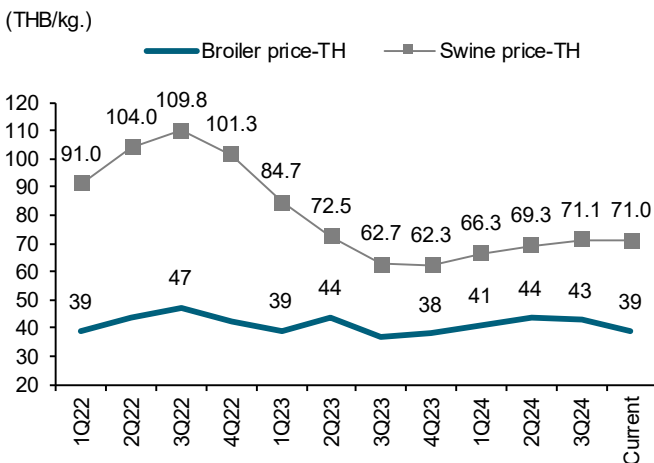
Sources: CPF, FSSIA's compilation

**Exhibit 2: China swine price**

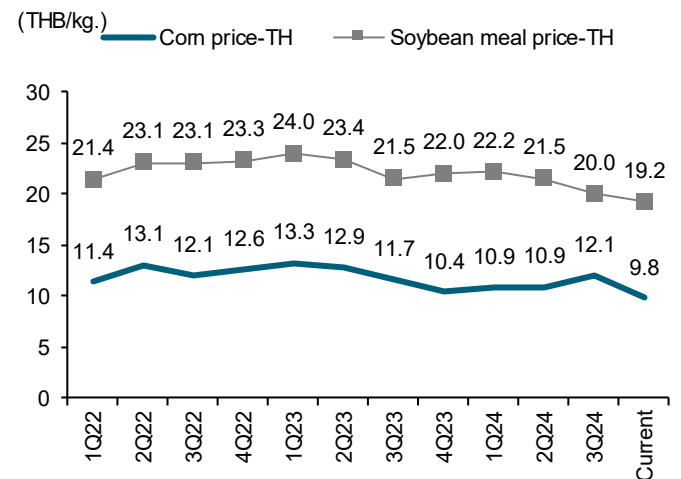
Sources: Bloomberg, CPF, FSSIA's compilation

**Exhibit 3: Vietnam swine price**

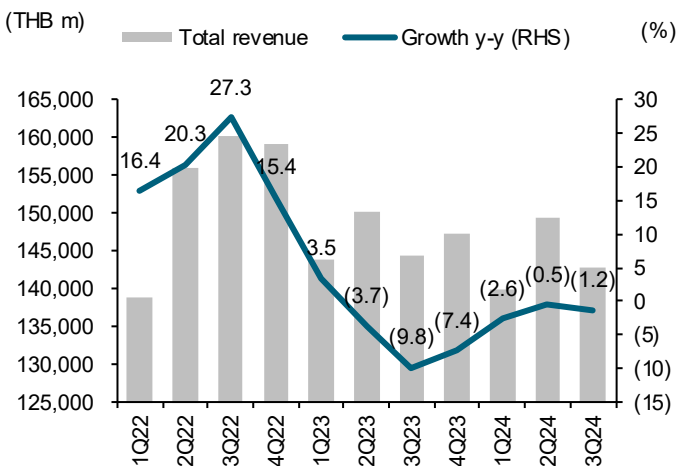
Source: CPF, FSSIA's compilation

**Exhibit 4: Domestic meat prices**

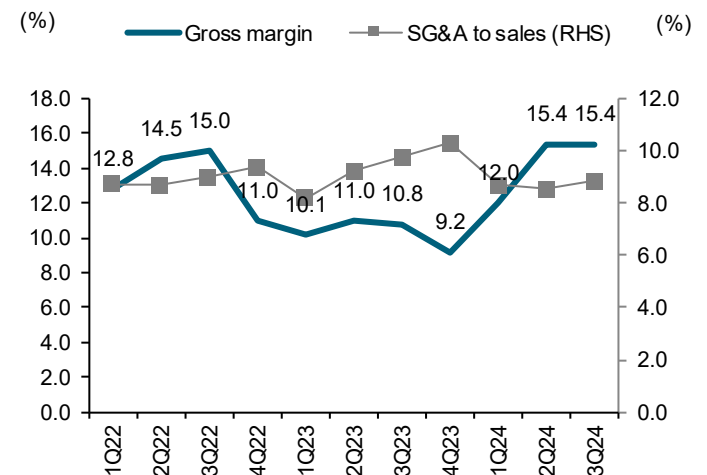
Source: CPF, FSSIA's compilation

**Exhibit 5: Raw material prices**

Source: CPF, FSSIA's compilation

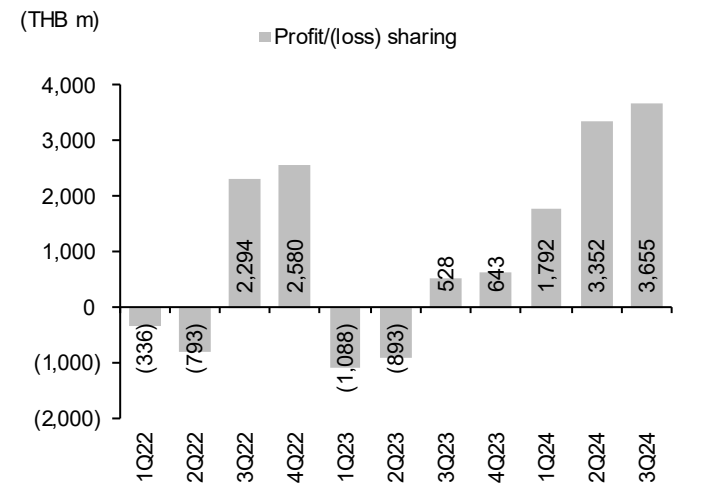
**Exhibit 6: Quarterly total revenue and growth**

Sources: CPF, FSSIA's compilation

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

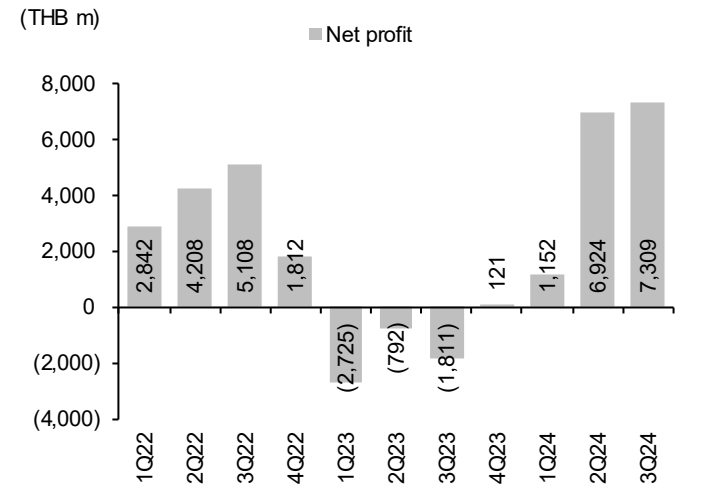
Sources: CPF, FSSIA's compilation

Exhibit 8: Share of profit/(loss)



Sources: CPF, FSSIA estimates

Exhibit 9: Quarterly net profit



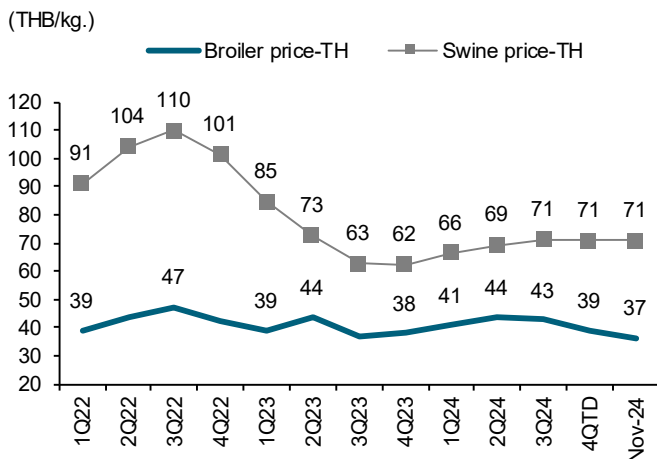
Sources: CPF, FSSIA estimates

## Expect 2024 net profit to reach the highest level in four years

CPF's 9M24 net profit equaled THB15.4b, a sharp recovery from a loss of THB5.3b in 9M23. We expect 4Q24 profit to drop q-q due to 1) seasonality; and 2) meat prices have started to decline q-q, led by a 9% q-q drop in Thai chicken prices and an 11% q-q drop in Chinese swine prices. The average price for 4QTD stands at RMB17.31/kg, down from RMB19.44/kg, but still higher than the breakeven costs at RMB15-16/kg.

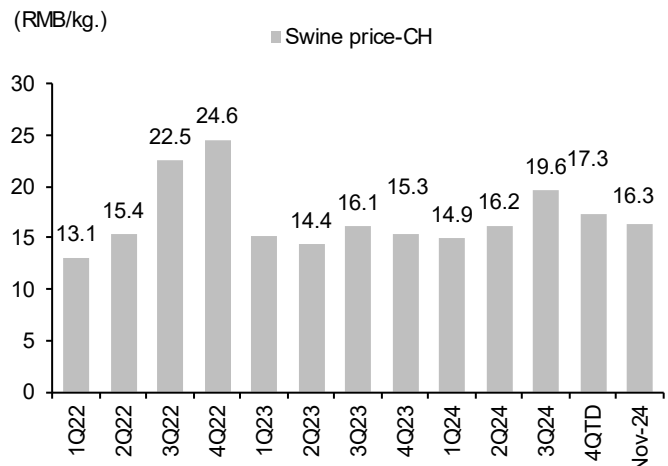
We maintain our 2024 net profit estimate at THB19.9b, a turnaround from a loss of THB5.2b in 2023, driven by the meat prices, particularly the strong increases in Thai and Chinese swine prices since 2Q24. This has led CPF to recognize a biological asset gain of THB2.63b in 9M24, accounting for 17% of the net profit for the period. This gain has been a key factor supporting the profit recovery in 2024, which we expect to be the highest profit in the past four years.

**Exhibit 10: Quarterly domestic meat prices**



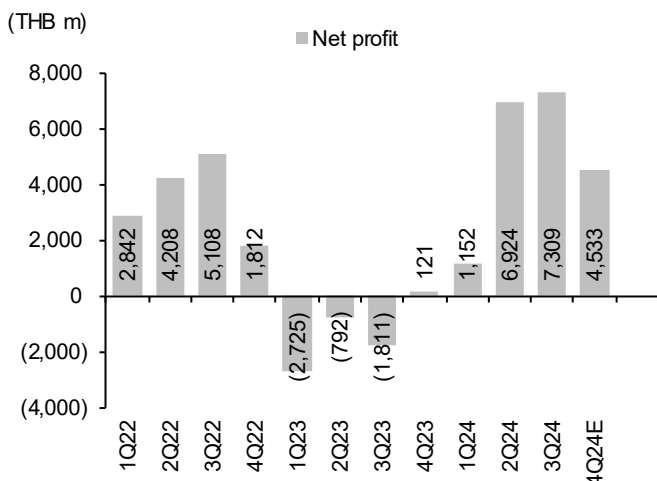
Sources: CPF, OAE, DIT, FSSIA estimates

**Exhibit 11: Quarterly Chinese swine price**



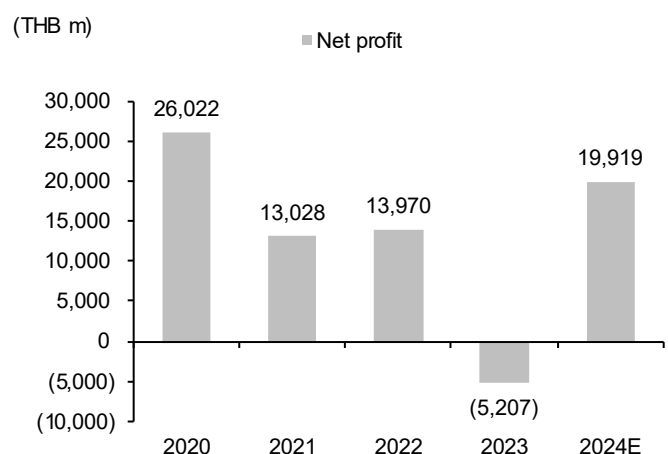
Sources: Bloomberg, FSSIA estimates

**Exhibit 12: 4Q24 net profit forecast**



Sources: CPF, FSSIA estimates

**Exhibit 13: 2024 net profit forecast**



Sources: CPF, FSSIA estimates

## Management guides for a solid outlook in 2025

Management has provided an outlook for the business in 2025, which is expected to continue growing, consisting of the following points:

1. **Thai swine production in 2025** is expected to decrease by around 200,000 pigs to 19.2 million pigs, down from 19.4 million pigs in 2024. This is due to some farms being affected by flooding in September-October. The price of Thai pork is expected to rise to THB72-73/kg (+3.5-5% y-y).
2. **Vietnamese swine production in 2025** is expected to remain stable, similar to 2024, despite farm expansions. However, African Swine Fever (ASF) is still present, and the industry was also impacted by storms in late 2024. The Vietnam swine price is expected to stay high in 1H25 at around VND60,000/kg.
3. **Chinese swine prices** have recently decreased, with the current price at RMB16.3/kg, the lowest in the past six months. This is due to an increase in production, bringing the average swine price in 4Q24 to RMB17.28/kg (-12% q-q, +13% y-y). Management mentioned that forward prices in 1Q25 have decreased further to RMB15/kg, due to reduced consumption after the Chinese New Year. However, with lower raw material prices, the breakeven cost in 2025 is expected to be lower than RMB15/kg, down from RMB16-17/kg in 2024, which should support the Chinese swine business to remain profitable.
4. **Poultry production in 2025** is expected to increase to 39 million chicks per week, up from 37-38 million in 2H24 and 36-37 million in 1H24. This is because poultry farmers are seeing better profit margins, encouraging them to expand production. The breakeven cost is expected to decrease to THB36-37/kg.
5. **Raw material costs in 2025** are expected to decline by another 4-5% y-y, due to favorable weather conditions for planting. This will lead to increased production of corn, soybeans, and wheat, which should help reduce breakeven costs further. Therefore, management is not concerned about the potential weakness in meat prices, as they anticipate that the reduction in breakeven costs will more than offset any price declines.
6. **CPF continues to expand its swine production**, with a growth rate of 6-8% for both Thai and Vietnamese swine. In China, CPF's associate CTI plans to increase its swine production capacity in 2025 to 12 million pigs, up from 9 million pigs.



Passing the highest profit in this round in 2024

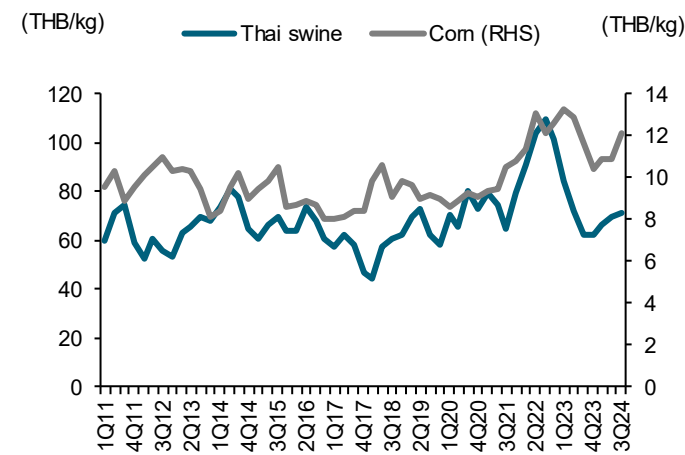
We have a more conservative view on the outlook for meat prices in 2025 compared to management's target, as livestock production is expected to increase due to favorable meat prices in 2024. Meanwhile, the trend for raw material costs continues to decline, which are two factors likely to push meat prices down. We have analyzed the relationship between meat prices and raw material prices using data from the past 13 years (2011-24) and found that both swine and chicken prices typically move in the same direction (as substitute goods), and tend to move in line with the prices of raw materials like corn and soybean meal. There may be some time lag, as large operators often stock raw materials 3-4 months in advance. The relationship between meat prices and quarterly gross profit margins also moves in the same direction for both swine and chicken prices.

Therefore, for meat prices to remain stable or increase (assuming no disease outbreaks) under the two factors mentioned, there will need to be higher demand, driven by both domestic consumption and exports.

We assume the price of Thai chicken in 2025 to be at THB40/kg (-3.8% y-y), Thai swine to remain stable at THB70/kg, Chinese swine at RMB17/kg, which is flat y-y but lower than 2H24, and Vietnamese swine to remain at VND55,000/kg (-9% y-y), though still well above the breakeven costs at VND43,000-44,000/kg. The USDA forecasts that pork production in Vietnam will increase by at least 3% y-y, driven by the expansion of large commercial farms, along with better disease control. It is expected that production volumes will gradually enter the market starting early 2025.

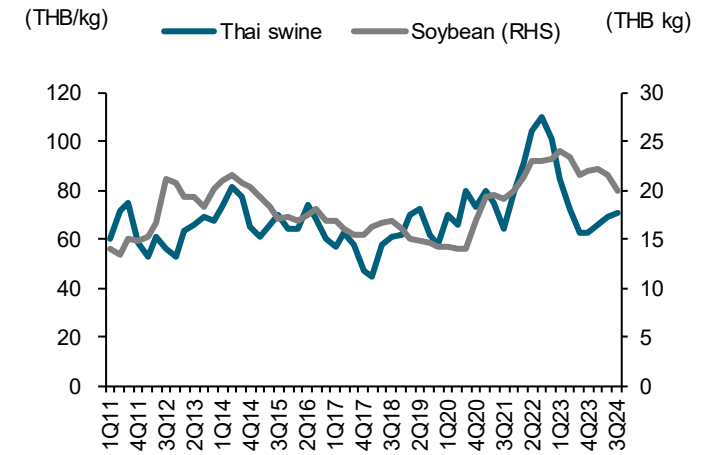
Given the expected downward trend in meat prices, we forecast that the gross margin in 2025 will decrease to 12.9% from 14.2% in 2024. We also anticipate no positive impact from biological asset gains, but expect the share of profits from associates, such as CPALL, CTI (Chinese swine business), and Hylife (Canada swine business), to remain at a healthy level. As a result, we maintain our 2025 net profit forecast at THB14.1b. While this represents a decrease compared to 2024, it is still considered a solid profit. With ongoing declines in raw material costs, we do not expect operators to face losses in 2025.

Exhibit 14: Thai swine and corn prices



Sources: CPF, FSSIA's compilation

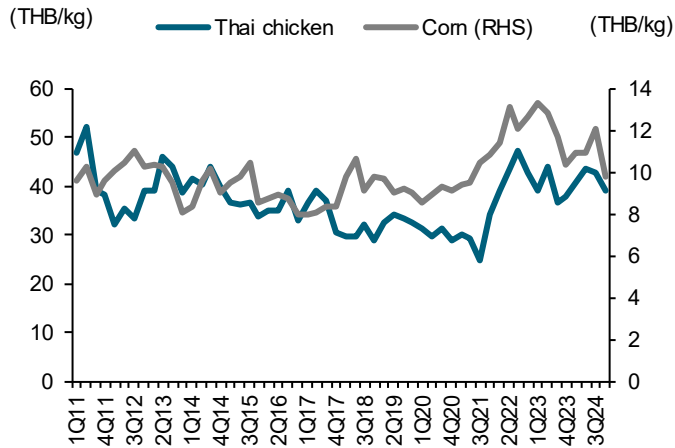
Exhibit 15: Thai swine and soybean prices



Sources: CPF, FSSIA's compilation

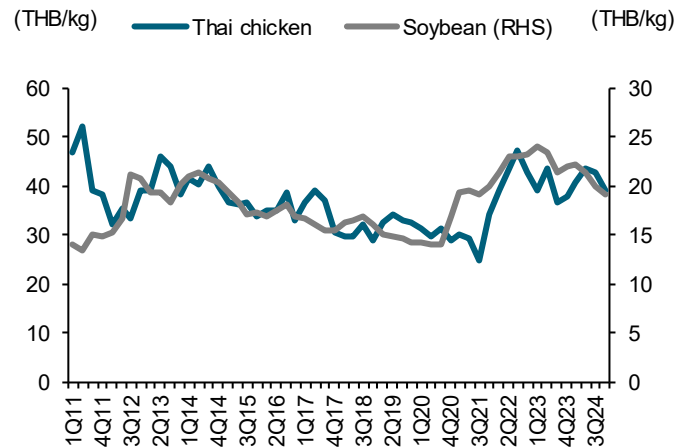


Exhibit 16: Thai chicken and corn prices



Sources: CPF, FSSIA's compilation

Exhibit 17: Thai chicken and soybean prices

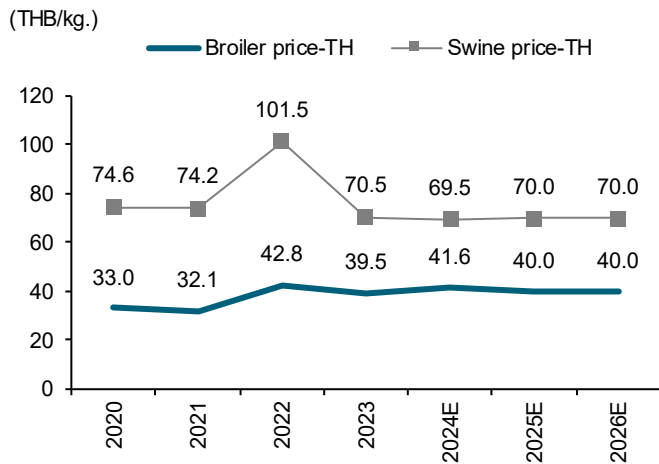


Sources: CPF, FSSIA's compilation

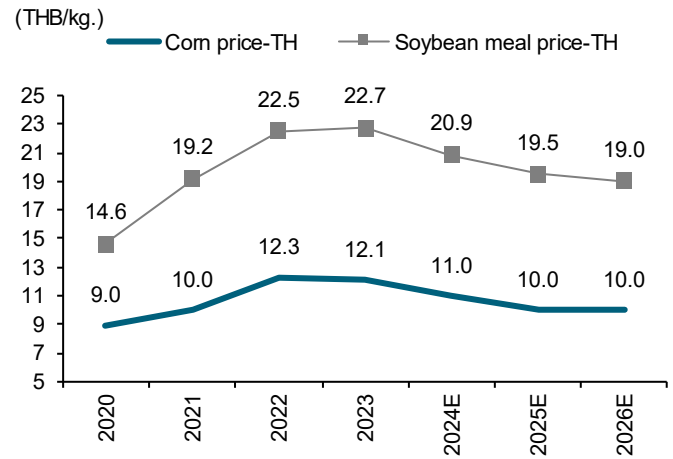
Exhibit 18: Maintain key assumptions for CPF

	Actual	Current				Growth		
	2023	2024E	2025E	2026E		2024E	2025E	2026E
	(THB m)	(THB m)	(THB m)	(THB m)		(%)	(%)	(%)
Total revenue	585,844	599,211	612,685	637,499		2.3	2.2	4.0
Cost of sales	524,643	514,123	533,649	554,624		(2.0)	3.8	3.9
Gross profit	61,201	85,088	79,036	82,875		39.0	(7.1)	4.9
SG&A expenses	55,875	50,933	52,078	54,187		(8.8)	2.2	4.0
Operating profit	6,435	36,792	30,328	31,875		471.7	(17.6)	5.1
Other income	1,110	2,637	3,370	3,187		137.6	27.8	(5.4)
Interest expense	25,506	24,633	25,184	25,212		(3.4)	2.2	0.1
Profit (loss) sharing	(810)	12,669	12,875	13,549		nm	1.6	5.2
- CPALL	6,284	8,038	9,332	10,506		27.9	16.1	12.6
Reported net profit	(5,207)	19,919	14,057	15,337		nm	(29.4)	9.1
Core profit	(22,000)	17,266	14,057	15,337		nm	(18.6)	9.1
<b>Key ratios (%)</b>								
Gross margin	10.4	14.2	12.9	13.0		3.8	(1.3)	0.1
SG&A to sales	9.5	8.5	8.5	8.5		(1.0)	0.0	0.0
Net margin	(0.9)	3.3	2.3	2.4		4.2	(1.0)	0.1
Core margin	(3.8)	2.8	2.3	2.4		6.6	(0.6)	0.1
<b>Price</b>								
Broiler price-TH (THB/kg.)	39.5	41.6	40.0	40.0		5.4	(3.8)	0.0
Swine price-TH (THB/kg.)	70.5	69.5	70.0	70.0		(1.4)	0.7	0.0
Shrimp price-70 unit (THB/kg.)	137.0	128.0	135.0	135.0		(6.6)	5.5	0.0
Corn price-TH (THB/kg.)	12.1	11.0	10.0	10.0		(8.9)	(8.9)	0.0
Soybean meal price-TH (THB/kg.)	22.7	20.9	19.5	19.0		(8.2)	(6.5)	(2.6)
Swine price-VN (VND)	52,311	60,437	55,000	55,000		15.5	(9.0)	0.0
Swine price-CH (RMB)	15.3	17.0	17.0	17.0		11.4	0.1	0.0

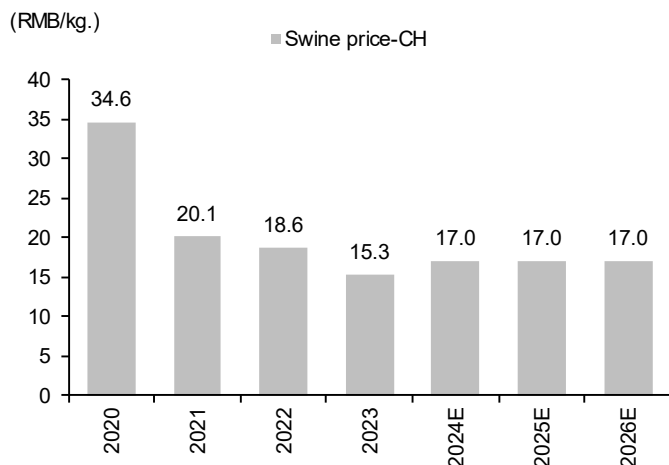
Source: FSSIA estimates

**Exhibit 19: Yearly domestic meat prices**

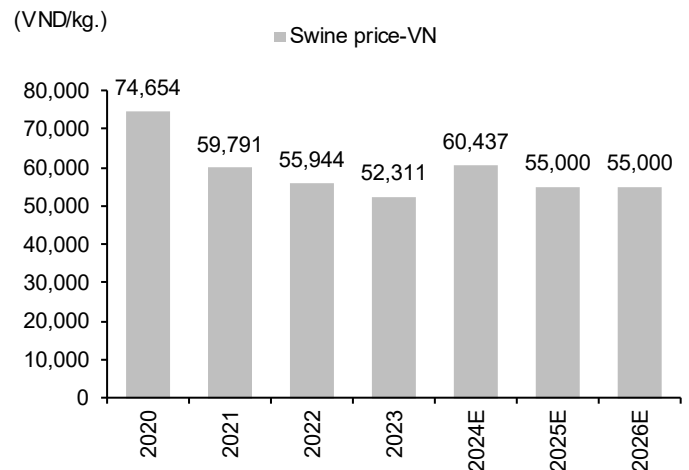
Sources: CPF, FSSIA estimates

**Exhibit 20: Yearly raw material prices**

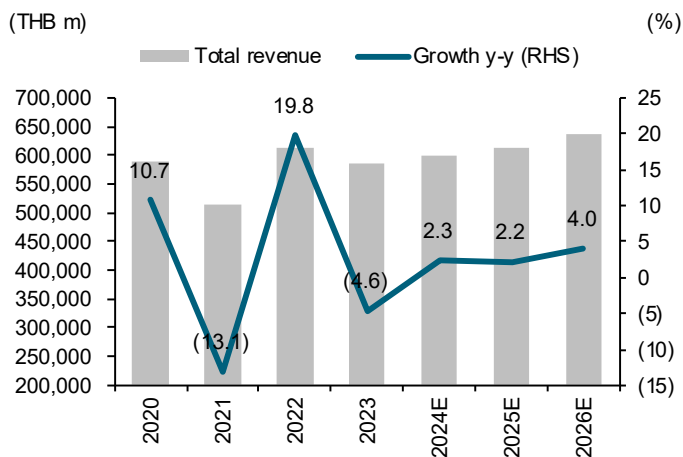
Sources: CPF, FSSIA estimates

**Exhibit 21: Yearly Chinese swine price**

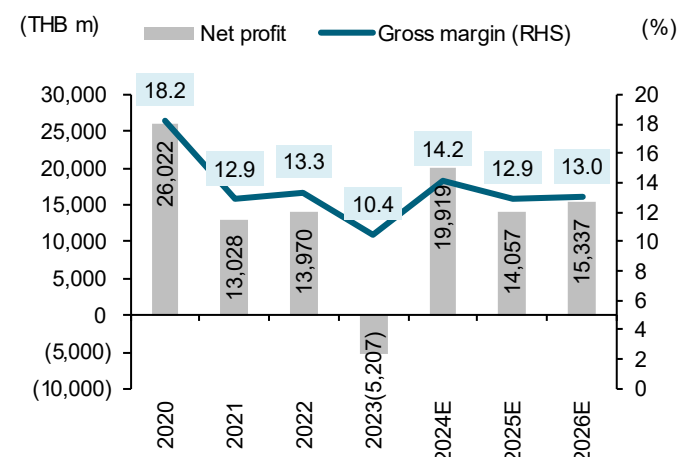
Sources: CPF, FSSIA estimates

**Exhibit 22: Yearly Vietnamese swine price**

Sources: CPF, FSSIA estimates

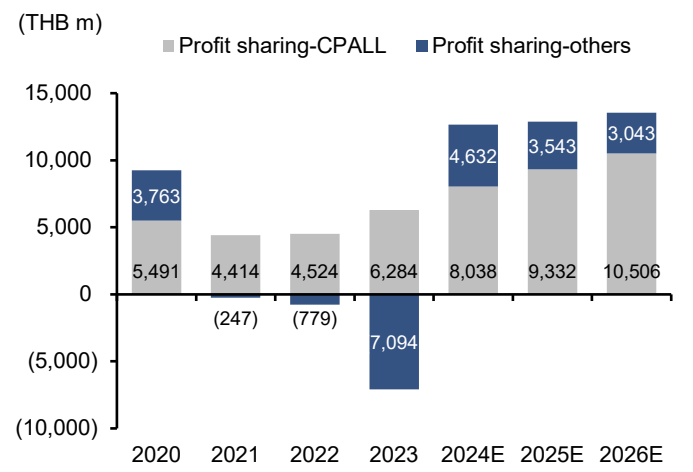
**Exhibit 23: Yearly total revenue and growth**

Sources: CPF, FSSIA estimates

**Exhibit 24: Yearly net profit and gross margin**

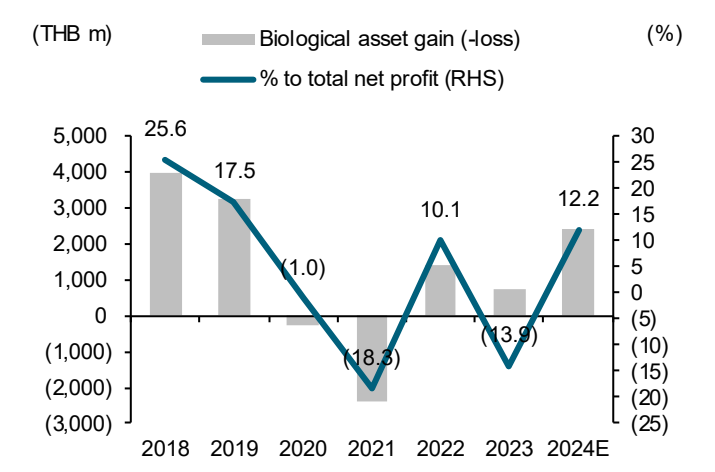
Sources: CPF, FSSIA estimates

Exhibit 25: Share of profit breakdown by CPALL and others



Sources: CPF, FSSIA estimates

Exhibit 26: Biological asset gain/(-loss)



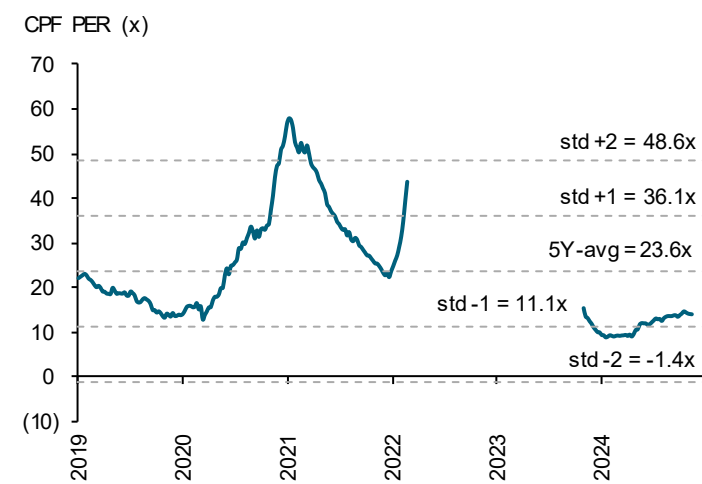
Sources: CPF, FSSIA estimates

## Maintain BUY call, but share price lacks a catalyst in short term

We maintain our 2025 target price at THB28, based on a target P/E of 17x, which is the highest P/E in the livestock sector. This is because CPF holds the largest market share in Thailand across the poultry, pork, shrimp, and animal feed businesses, and has a strong downstream business with a wide range of product categories and strong brands. CPF is a fully integrated operator with diversified production bases and markets in many countries worldwide.

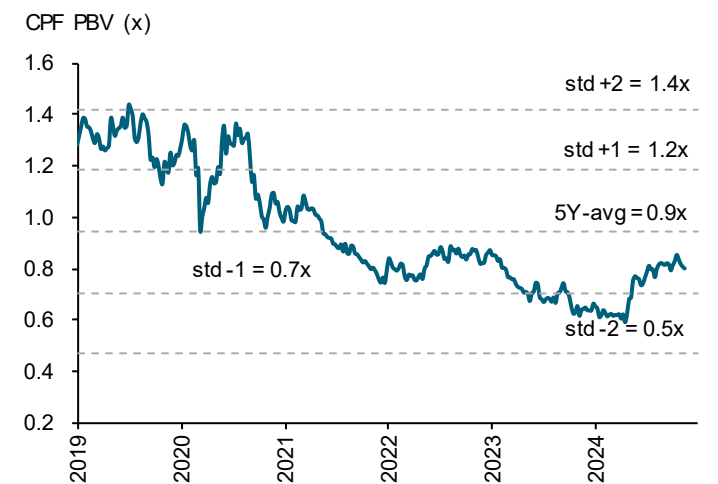
We maintain our BUY rating as there is still a 15% upside potential, but in the short term, the stock lacks a catalyst because earnings are expected to weaken in 4Q24 and may continue into 1Q25 if meat prices continue to decline, particularly Thai chicken and Chinese swine. CPF is the only company in the group with exposure to the Chinese swine market. We will need to monitor the movements in meat prices closely. Based on both management's outlook and seasonal factors, we expect meat prices to recover in 2Q25, which coincides with the summer season and the beginning of the high season for exports.

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



Sources: Bloomberg, FSSIA estimates

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



Sources: Bloomberg, FSSIA estimates

**Exhibit 29: Peers comparisons as of 18 Nov 2024**

Company	BBG	Rec	Share price			Market Cap	PE		ROE		PBV		EV/EBITDA	
			Current	Target	Upside		24E	25E	24E	25E	24E	25E	24E	25E
			(LCY)	(LCY)	(%)		(USD m)	(x)	(x)	(%)	(%)	(x)	(x)	(x)
Thailand														
Charoen Pokphand Foods	CPF TB	BUY	24.30	28.00	15	5,753	11.8	14.5	7.1	5.6	0.8	0.8	11.7	12.9
Thai Union Group	TU TB	BUY	13.60	19.40	43	1,662	12.6	11.3	8.7	9.5	1.1	1.1	9.5	9.0
Betagro	BTG TB	BUY	19.60	22.00	12	1,089	18.5	16.0	8.2	9.0	1.4	1.4	6.6	6.1
Thaifoods Group	TFG TB	BUY	3.78	4.60	22	614	7.7	8.1	20.5	18.7	1.5	1.4	5.0	4.8
GFPT	GFPT TB	HOLD	10.70	12.50	17	385	6.6	8.6	11.0	7.9	0.7	0.7	5.3	5.3
Asian Sea	ASIAN TB	n/a	8.85	n/a	n/a	207	8.7	8.6	13.3	12.2	1.1	1.0	4.7	4.6
Average						9,710	11.0	11.2	11.5	10.5	1.1	1.0	7.2	7.1

Sources: Bloomberg, 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	612,685	637,499
Cost of goods sold	(532,324)	(524,643)	(514,123)	(533,649)	(554,624)
<b>Gross profit</b>	<b>81,873</b>	<b>61,201</b>	<b>85,088</b>	<b>79,036</b>	<b>82,875</b>
Other operating income	3,978	1,110	2,637	3,370	3,187
Operating costs	(55,001)	(55,875)	(50,933)	(52,078)	(54,187)
<b>Operating EBITDA</b>	<b>63,057</b>	<b>31,556</b>	<b>62,913</b>	<b>57,449</b>	<b>59,996</b>
Depreciation	(32,207)	(25,121)	(26,121)	(27,121)	(28,121)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>30,850</b>	<b>6,435</b>	<b>36,792</b>	<b>30,328</b>	<b>31,875</b>
Net financing costs	(19,515)	(24,348)	(22,783)	(23,334)	(23,862)
Associates	3,745	(810)	12,669	12,875	13,549
Recurring non-operating income	3,745	(810)	12,669	12,875	13,549
Non-recurring items	5,347	16,792	2,653	0	0
<b>Profit before tax</b>	<b>20,427</b>	<b>(1,931)</b>	<b>29,331</b>	<b>19,869</b>	<b>21,562</b>
Tax	(6,003)	(600)	(6,536)	(3,974)	(4,312)
<b>Profit after tax</b>	<b>14,424</b>	<b>(2,531)</b>	<b>22,795</b>	<b>15,895</b>	<b>17,250</b>
Minority interests	(454)	(2,676)	(2,876)	(1,838)	(1,912)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>13,970</b>	<b>(5,207)</b>	<b>19,919</b>	<b>14,057</b>	<b>15,337</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(5,347)</b>	<b>(16,792)</b>	<b>(2,653)</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>8,623</b>	<b>(22,000)</b>	<b>17,266</b>	<b>14,057</b>	<b>15,337</b>
<b>Per share (THB)</b>					
Recurring EPS *	1.09	(2.61)	2.05	1.67	1.82
Reported EPS	1.76	(0.62)	2.37	1.67	1.82
DPS	0.75	0.00	0.95	0.92	1.00
Diluted shares (used to calculate per share data)	7,936	8,414	8,414	8,414	8,414
<b>Growth</b>					
Revenue (%)	19.8	(4.6)	2.3	2.2	4.0
Operating EBITDA (%)	31.2	(50.0)	99.4	(8.7)	4.4
Operating EBIT (%)	61.1	(79.1)	471.7	(17.6)	5.1
Recurring EPS (%)	130.6	nm	nm	(18.6)	9.1
Reported EPS (%)	7.7	nm	nm	(29.4)	9.1
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	13.3	10.4	14.2	12.9	13.0
Gross margin exc. depreciation (%)	18.6	14.7	18.6	17.3	17.4
Operating EBITDA margin (%)	10.3	5.4	10.5	9.4	9.4
Operating EBIT margin (%)	5.0	1.1	6.1	5.0	5.0
Net margin (%)	1.4	(3.8)	2.9	2.3	2.4
Effective tax rate (%)	29.4	(31.1)	22.3	20.0	20.0
Dividend payout on recurring profit (%)	69.0	-	46.1	55.0	55.0
Interest cover (X)	1.8	0.2	2.2	1.9	1.9
Inventory days	57.1	55.7	57.6	62.1	62.0
Debtor days	24.3	26.7	27.6	29.1	28.8
Creditor days	34.8	32.0	32.1	36.2	36.2
Operating ROIC (%)	6.2	1.2	7.1	5.9	6.3
ROIC (%)	3.6	0.6	4.9	4.3	4.5
ROE (%)	3.6	(8.9)	7.1	5.6	5.9
ROA (%)	2.8	0.0	4.3	3.8	4.0
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Thailand livestock	195,358	193,310	202,299	206,345	210,472
Thailand aquatic	28,998	27,945	29,342	29,929	30,827
Overseas livestock	335,164	316,296	316,855	324,682	342,919
Overseas aquatic	54,677	48,293	50,715	51,729	53,281

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)	17,266	14,057	15,337
Depreciation	32,207	25,121	26,121	27,121	28,121
Associates & minorities	-	-	-	-	-
Other non-cash items	(30,593)	3,360	10,492	(9,341)	(10,015)
Change in working capital	(11,702)	(3,219)	3,288	(3,164)	(4,800)
<b>Cash flow from operations</b>	<b>(1,465)</b>	<b>3,262</b>	<b>57,167</b>	<b>28,673</b>	<b>28,643</b>
Capex - maintenance	(51,354)	(17,771)	(21,889)	(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)	(539)	(993)
<b>Cash flow from investing</b>	<b>(58,285)</b>	<b>(6,924)</b>	<b>(22,324)</b>	<b>(20,539)</b>	<b>(20,993)</b>
Dividends paid	(5,808)	(13,027)	(7,967)	(7,731)	(8,435)
Equity finance	(818)	1,371	0	1	0
Debt finance	55,491	(2,424)	(22,012)	(2,700)	(5,120)
Other financing cash flows	6,821	9,783	(7,960)	404	744
<b>Cash flow from financing</b>	<b>55,686</b>	<b>(4,298)</b>	<b>(37,940)</b>	<b>(10,026)</b>	<b>(12,811)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>(4,065)</b>	<b>(7,960)</b>	<b>(3,097)</b>	<b>(1,892)</b>	<b>(5,160)</b>
Free cash flow to firm (FCFF)	(39,392.75)	21,844.06	59,475.89	33,318.37	32,862.44
Free cash flow to equity (FCFE)	2,561.44	3,696.24	4,870.65	5,838.59	3,275.10
<b>Per share (THB)</b>					
FCFF per share	(4.68)	2.60	7.07	3.96	3.91
FCFE per share	0.30	0.44	0.58	0.69	0.39
Recurring cash flow per share	1.29	0.77	6.40	3.78	3.97
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)
<b>Tangible fixed assets (net)</b>	<b>312,545</b>	<b>300,641</b>	<b>294,520</b>	<b>287,399</b>	<b>279,278</b>
<b>Intangible fixed assets (net)</b>	<b>76,224</b>	<b>73,428</b>	<b>73,428</b>	<b>73,428</b>	<b>73,428</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	272,055	272,548	285,217	298,092	311,641
Cash & equivalents	36,215	28,255	25,158	23,266	18,106
A/C receivable	43,221	42,351	48,265	49,351	51,349
Inventories	83,080	69,508	84,513	87,723	91,171
Other current assets	70,703	69,002	59,921	61,269	63,750
<b>Current assets</b>	<b>233,219</b>	<b>209,116</b>	<b>217,857</b>	<b>221,608</b>	<b>224,376</b>
Other assets	32,944	31,485	31,868	32,407	33,400
<b>Total assets</b>	<b>926,987</b>	<b>887,218</b>	<b>902,892</b>	<b>912,935</b>	<b>922,123</b>
Common equity	256,053	239,416	249,633	255,959	262,861
Minorities etc.	43,791	45,617	66,357	69,891	73,425
<b>Total shareholders' equity</b>	<b>299,844</b>	<b>285,033</b>	<b>315,990</b>	<b>325,850</b>	<b>336,286</b>
Long term debt	332,081	316,785	314,285	316,985	314,485
Other long-term liabilities	28,085	25,936	17,976	18,381	19,125
<b>Long-term liabilities</b>	<b>360,166</b>	<b>342,722</b>	<b>332,262</b>	<b>335,366</b>	<b>333,610</b>
A/C payable	50,964	36,527	49,299	51,172	53,183
Short term debt	186,478	198,326	178,376	172,976	170,356
Other current liabilities	29,536	24,610	26,964	27,571	28,687
<b>Current liabilities</b>	<b>266,978</b>	<b>259,463</b>	<b>254,640</b>	<b>251,719</b>	<b>252,227</b>
<b>Total liabilities and shareholders' equity</b>	<b>926,987</b>	<b>887,218</b>	<b>902,892</b>	<b>912,935</b>	<b>922,123</b>
Net working capital	116,505	119,724	116,436	119,600	124,400
Invested capital	810,273	797,826	801,470	810,926	822,147
* Includes convertibles and preferred stock which is being treated as debt					
<b>Per share (THB)</b>					
Book value per share	32.26	28.46	29.67	30.42	31.24
Tangible book value per share	22.66	19.73	20.94	21.69	22.52
<b>Financial strength</b>					
Net debt/equity (%)	160.9	170.8	147.9	143.2	138.8
Net debt/total assets (%)	52.0	54.9	51.8	51.1	50.6
Current ratio (x)	0.9	0.8	0.9	0.9	0.9
CF interest cover (x)	1.1	1.2	1.2	1.3	1.1
Valuation	2022	2023	2024E	2025E	2026E
<b>Recurring P/E (x) *</b>	<b>22.4</b>	<b>(9.3)</b>	<b>11.8</b>	<b>14.5</b>	<b>13.3</b>
<b>Recurring P/E @ target price (x) *</b>	<b>25.8</b>	<b>(10.7)</b>	<b>13.6</b>	<b>16.8</b>	<b>15.4</b>
Reported P/E (x)	13.8	(39.3)	10.3	14.5	13.3
Dividend yield (%)	3.1	-	3.9	3.8	4.1
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	23.4	11.7	12.9	12.4
EV/EBITDA @ target price (x) **	11.9	24.3	12.2	13.4	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 30: FSSIA ESG score implication

80.89 /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 31: ESG – peer comparison

	FSSIA	Domestic ratings						Global ratings						Bloomberg	
	ESG score	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	28.98	--	--	--	4.00	3.00	Certified	High	--	BB	--	--	--	--	57.48
CPF	80.89	Y	Y	Y	5.00	4.00	Certified	Medium	73.14	BBB	44.00	66.71	85.00	4.43	67.93
GFPT	50.93	--	Y	Y	5.00	5.00	Certified	High	--	--	--	62.77	24.00	4.22	57.60
TU	63.91	Y	--	--	--	5.00	Certified	High	59.31	A	41.00	64.47	85.00	--	77.68
TFG	33.07	--	--	Y	5.00	4.00	Certified	High	--	--	--	42.53	--	--	--

Sources: SETTRADE.com; FSSIA's compilation

Exhibit 32: ESG score by Bloomberg

FY ending Dec 31	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
ESG financial materiality scores - ESG score	2.57	2.01	2.32	4.20	3.82	4.48	4.59	4.43
BESG environmental pillar score	2.50	1.35	1.44	5.60	4.55	5.58	5.69	5.12
BESG social pillar score	1.77	1.49	2.38	3.05	2.82	3.26	3.26	3.55
BESG governance pillar score	3.59	3.67	3.65	3.68	3.94	4.38	4.61	4.46
ESG disclosure score	51.20	46.05	46.05	55.11	52.85	60.28	62.66	67.93
Environmental disclosure score	35.00	17.97	17.97	41.53	38.15	51.98	53.70	65.51
Social disclosure score	31.11	32.68	32.68	36.31	32.92	38.88	44.32	48.34
Governance disclosure score	87.36	87.36	87.36	87.36	87.36	89.86	89.86	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	Yes
Risks of climate change discussed	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
GHG scope 1	240	—	—	250	238	222	288	362
GHG scope 2 location-based	670	—	—	590	647	596	1,198	1,193
GHG Scope 3	—	—	—	—	3,565	4,132	4,412	11,377
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	2,664	—	—	3,072	2,296	2,284	3,373	3,312
Renewable energy use	550	—	—	800	—	853	1,503	1,564
Electricity used	1,211	—	—	—	1,353	1,395	2,243	2,267
Fuel used - natural gas	—	—	—	36,310	1,315,790	1,221,200	1,503,630	1,403,530

Sources: Bloomberg; FSSIA's compilation



**Exhibit 33: ESG score by Bloomberg (cont.)**

FY ending Dec 31	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
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	0
Total waste	440	—	—	920	463	456	636	551
Waste recycled	—	—	—	27	—	25	42	41
Waste sent to landfills	—	—	—	—	—	42.54	73.89	27.29
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	6,032.59	10,685.90	10,129.00
<b>Social</b>								
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	Yes
Pct women in workforce	51	51	52	52	42	44.46	44.56	44.84
Pct disabled in workforce	—	1	1	1	—	0.56	0.69	0.53
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	0.38	1.00	0.18
Total recordable incident rate - employees	—	—	—	—	—	—	—	0.74
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	66,087	71,131	72,319	73,941	71,318	128,548.00	135,284.00	135,446.00
Employee turnover pct	19	18	20	34	—	13.28	10.98	14.64
Total hours spent by firm - employee training	985,230	1,138,100	1,012,470	887,292	2,781,400	1,331,690.00	1,772,550.00	4,991,190.00
Social supply chain management	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<b>Governance</b>								
<b>Board size</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>14</b>
<b>No. of independent directors (ID)</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>6</b>	<b>5</b>	<b>4</b>
No. of women on board	2	2	2	2	2	2	2	2
No. of non-executive directors on board	10	10	10	9	9	9	10	9
Company conducts board evaluations	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
No. of board meetings for the year	11	9	7	7	13	11	9	8
Board meeting attendance pct	96	87	96	94	96	99	99	98
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	61	62	63	58	53	53	53	54
Age of the oldest director	80	82	83	81	82	76	76	77
<b>No. of executives / company managers</b>	<b>14</b>	<b>17</b>	<b>7</b>	<b>11</b>	<b>9</b>	<b>27</b>	<b>31</b>	<b>31</b>
No. of female executives	2	2	1	2	2	4	7	7
Executive share ownership guidelines	No	No	No	No	No	No	No	No
<b>Size of audit committee</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
No. of ID on audit committee	4	4	4	4	4	4	4	4
Audit committee meetings	10	8	9	9	10	11	8	9
Audit meeting attendance %	95	91	94	100	98	100	100	97
<b>Size of compensation committee</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>3</b>
No. of ID on compensation committee	2	2	2	2	2	2	2	1
No. of compensation committee meetings	3	2	2	2	3	3	3	3
Compensation meeting attendance %	100	100	100	100	92	100	100	100
<b>Size of nomination committee</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>3</b>
No. of nomination committee meetings	3	2	2	2	3	3	3	3
Nomination meeting attendance %	100	100	100	100	92	100	100	100
<b>Sustainability governance</b>								
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 ( <a href="#">DJSI</a> ) 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.																			
SET ESG Ratings List ( <a href="#">SETESG</a> ) by The Stock Exchange of Thailand ( <a href="#">SET</a> )	SET ESG 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 <b>SETESG inclusion</b> , 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. <b>SETESG Index</b> is extended from the SET ESG Ratings 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.																			
<b>CG Score</b> 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%).																			
<b>AGM level</b> 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&amp;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.																			
<a href="#">Thai CAC</a> 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.																			
<a href="#">Morningstar Sustainabilitys</a>	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 &amp; 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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0-10	10-20	20-30	30-40	40+																	
<a href="#">ESG Book</a>	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.																			
<a href="#">MSCI</a>	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><b>AAA</b></td><td>8.571-10.000</td><td rowspan="3"><b>Leader:</b></td><td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td></tr><tr><td><b>AA</b></td><td>7.143-8.570</td></tr><tr><td><b>A</b></td><td>5.714-7.142</td></tr><tr><td><b>BBB</b></td><td>4.286-5.713</td><td rowspan="3"><b>Average:</b></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><b>BB</b></td><td>2.857-4.285</td></tr><tr><td><b>B</b></td><td>1.429-2.856</td></tr><tr><td><b>CCC</b></td><td>0.000-1.428</td><td><b>Laggard:</b></td><td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td></tr></table>	<b>AAA</b>	8.571-10.000	<b>Leader:</b>	leading its industry in managing the most significant ESG risks and opportunities	<b>AA</b>	7.143-8.570	<b>A</b>	5.714-7.142	<b>BBB</b>	4.286-5.713	<b>Average:</b>	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	<b>BB</b>	2.857-4.285	<b>B</b>	1.429-2.856	<b>CCC</b>	0.000-1.428	<b>Laggard:</b>	lagging its industry based on its high exposure and failure to manage significant ESG risks
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<a href="#">Moody's ESG solutions</a>	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.																				
<a href="#">Refinitiv ESG rating</a>	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; &gt;25 to 50 = satisfactory; &gt;50 to 75 = good; and &gt;75 to 100 = excellent.)</i>																				
<a href="#">S&amp;P Global</a>	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.																				
<b>Bloomberg</b>	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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Company	Ticker	Price	Rating	Valuation & Risks
Charoen Pokphand Foods	CPF TB	THB 24.30	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.
Thai Union Group	TU TB	THB 13.60	BUY	Downside risks to our SoTP-based 2025 TP include 1) a slower-than-expected revenue recovery; 2) a disruption on shipping routes, resulting in higher-than-expected freight costs; 3) a slower decrease in raw material costs than expected; 4) higher-than-expected labor costs and labor shortages; and 5) stronger Baht than expected.
Betagro	BTG TB	THB 19.60	BUY	Downside risks to our P/E-based TP include 1) a slower-than-expected purchasing power recovery; 2) a slower-than-expected meat price increase; 3) a slower-than-expected decrease in feed costs; and 4) a stronger-than-expected THB.
Thai Foods Group	TFG TB	THB 3.78	BUY	Downside and upside risks to our P/E-based TP are 1) a slower or faster-than-expected consumption recovery; 2) a slower or faster-than-expected decrease in feed costs; 3) a stronger or weaker-than-expected THB.
GFPT	GFPT TB	THB 10.70	HOLD	Downside and upside risks to our P/E-based TP include 1) a slower or faster-than-expected consumption recovery; 2) a slower or faster-than-expected decrease in feed costs; 3) a stronger or weaker-than-expected THB; and 4) a minimum wage increase and/or a labour shortage.

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 18-Nov-2024 unless otherwise stated.

## RECOMMENDATION STRUCTURE

### Stock ratings

Stock ratings are based on absolute upside or downside, which we define as (target price\* - current price) / 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.