

Thailand Foods

Lack of catalysts in 4Q24-1Q25

- Passing the peak profit cycle in 2024, we anticipate 2025 net profit may decline by 21.8% y-y.
- In the short term, stock prices lack catalysts due to the expected profit softening in 4Q24, as Thai chicken and Chinese swine prices are starting to decline.
- Downgrade sector rating to NEUTRAL and believe the optimal entry point will be when meat prices start to rise again, which we expect to happen in 2Q25.

We have a more conservative outlook on meat prices in 2025

The strong meat prices in 2024 have led to higher livestock production in 2025. CPF expects Thai chicken to rise to 38-39 million chicks/week (from 36-37 million chicks in 2024), driven by 5.4% y-y growth in exports during 9M24. For Thai swine, the market forecasts production to increase to 20-21 million pigs (+3-8% y-y). However, CPF expects a slight decline in 2025 due to flooding in 4Q24. The USDA forecasts Vietnamese swine production to increase by 3% y-y in 2025, driven by the expansion of large-scale farms. Meanwhile, China's swine production might increase by 5.9% in 4Q24, and imports of soybeans have risen above the five-year average due to higher profitability for Chinese swine farmers. We maintain our assumption for 2025 Thai chicken prices at THB40/kg (-3.8% y-y), with Vietnamese swine at VND55,000/kg (-9% y-y), and expect Thai and Chinese pork prices to remain stable y-y at THB70/kg and RMB17/kg, respectively.

Expect 2025 profit to decline y-y, but still be at a good level

In the short term, we expect the sector's 4Q24 aggregate profit to decrease by 38% q-q, but reverse from the loss in 4Q23. We expect a strong profit recovery for 2024, with a net profit forecast of THB27.2b, turning around from a THB6b loss in 2023. Looking ahead, we estimate the 2025 profit to drop by 21.8% y-y to THB21.2b, due to lower meat prices. However, it would still be a good profit, in our view, supported by favorable raw material cost trends, which we expect to decline by 4-5% in 2025. We believe the likelihood of the meat sector turning to a loss in 2025 is quite low.

Downgrade to NEUTRAL due to the lack of catalysts in 4Q24-1Q25

There are no catalysts to support the stock prices in the short term, as we expect meat prices to remain flat or soften in 4Q24-1Q25. We think the next good re-entry point for the meat sector would be when meat prices rise again, likely in 2Q25. We have changed our top pick to BTG, which, although it trades at a P/E of 16x, similar to CPF, has less short-term earnings volatility and should see profit growth in 2025. BTG's stock price has declined by 18% over the past four months (while CPF has had the best return in the meat sector in 2024, +24.5% YTD). We also select TFG, whose profit should grow in 2025, based on our estimates, and which has the lowest valuation in the group at just 8.2x.

FSSIA recommendations

Company	BBG code	share price	Rating		Target Price			
			Current	Previous	Current	Previous	%change	Up/downside
Charoen Pokphand Foods	CPF TB	24.30	BUY	-	28.00	-	-	+15.2%
Betagro	BTG TB	19.60	BUY	HOLD	22.00	23.50	-6.4%	+12.2%
Thai Foods Group	TFG TB	3.78	BUY	-	4.60	5.20	-11.5%	+21.7%
GFPT	GFPT TB	10.70	HOLD	-	12.50	-	-	+16.8%

Note: Priced at close of business 18/11/2024. Share prices and TPs are in listing currency.

Source: FSSIA estimates



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<div><div>Investment thesis</div><div><p>We have a more conservative outlook on meat prices in 2025 compared to management’s target, due to an increase in livestock production driven by strong meat prices in 2024, while raw material costs should continue to decrease. These two factors are likely to lead to a decline in meat prices. However, meat prices remain volatile and may move more than expected, depending primarily on demand, both domestic and from exports.</p><p>We forecast the 2025 net profit of the meat sector to decrease by 21.8% y-y to THB21.2b, after a strong recovery in 2024 with a net profit of THB27.2b, a turnaround from a loss in 2023. We expect CPF and GFPT to experience profit declines of 29.4% and 22.8%, while BTG and TFG should grow by 11% and 4.8%, respectively.</p><p>CPF (our top pick for 2024) has delivered the best returns in the meat sector, up 24.5% YTD, while BTG has performed the worst, down 18% YTD, following a drop over the past four months. This has led to a more attractive valuation for BTG, which, along with TFG, we select as top picks for the group in 1H25.</p></div></div>	<div><div>Catalysts</div><div><ul style="list-style-type: none">▪ A consumption recovery;▪ Growth in Thailand’s chicken export volume;▪ A recovery in meat prices in 2H25;▪ Declining raw material prices.</div><div><div>Risks to our call</div><div><ul style="list-style-type: none">▪ Lower-than-expected meat prices;▪ Higher-than-expected raw material prices;▪ A slower-than-expected consumption recovery;▪ A minimum wage hike and labor shortage.</div></div></div>
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CHAROEN POKPHAND FOODS (CPF TB, BUY, TP THB28.00)	
BETAGRO (BTG TB, BUY, TP THB22.00)	
THAI FOODS GROUP (TFG TB, BUY, TP THB4.60)	
GFPT (GFPT TB, HOLD, TP THB12.50)	

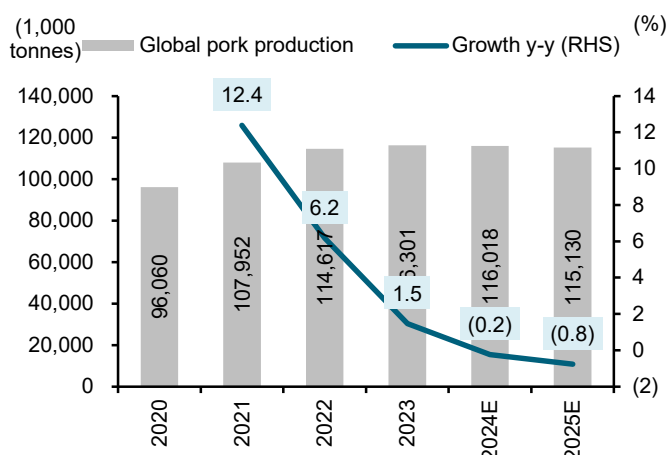
Event calendar

Date	Event
February 2025	4Q24 results announcement
March 2025	2024 analyst meetings
May 2025	1Q25 results announcement

Global swine production is expected to dip in 2025

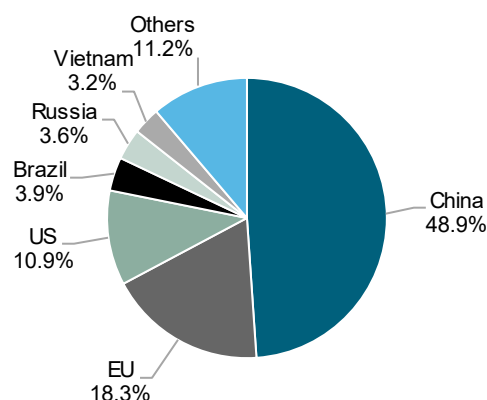
The USDA forecasts global pork production in 2025 to reach 115.1 million tonnes, a slight decrease of 0.8% y-y, which is similar to the expected decline in consumption of about 0.7% to 113.8 million tonnes. The anticipated drop in production is mainly from China and Europe, while production in the US and Brazil is expected to increase by 2% and 4%, respectively, to 12.9 million tonnes and 4.6 million tonnes. This growth is supported by the expansion of breeding and lower feed costs, which improve profitability.

Exhibit 1: Global pork production and growth



Sources: USDA (Oct 2024), FSSIA's compilation

Exhibit 2: Global pork production by country



Sources: USDA (Oct 2024), FSSIA's compilation

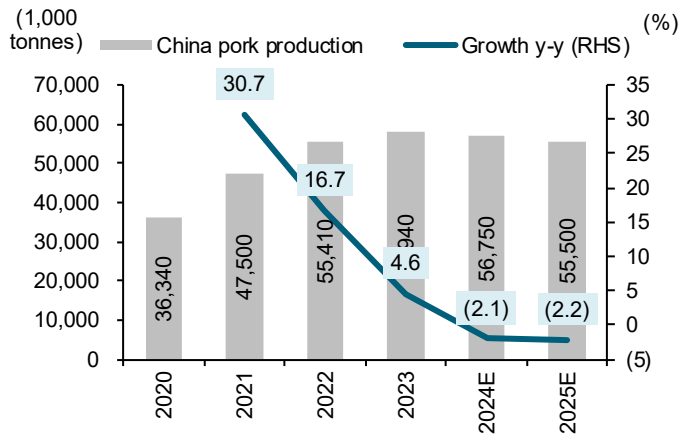
Chinese swine prices started to decline in 4Q24, but should rebound in 2Q25

Chinese swine prices recovered above the breakeven cost in 3Q24, with the average price in 2H24 at RMB18.3/kg (+17.6% q-q, +16.2% y-y). This follows a period of low prices throughout 2023 that caused losses for producers, including CPF, which is the only company in the meat sector with a pig farming business in China, recognizing its share of profits and losses through its joint venture, CTI.

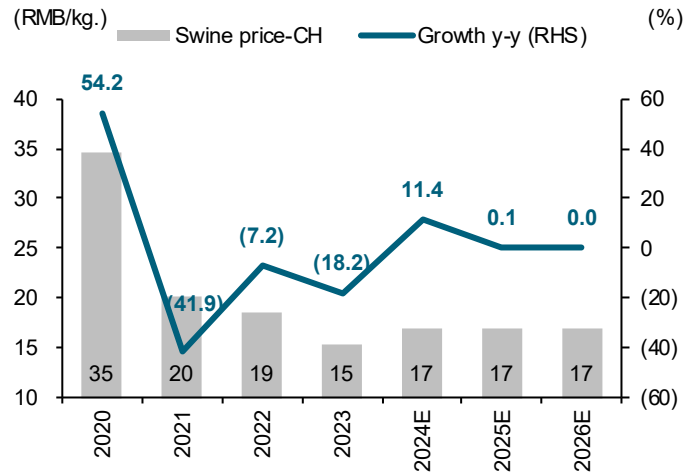
Although the USDA forecasts a 2.2% y-y decline in China's swine production in 2025 to 55.5 million tonnes, due to a reduction in sow numbers in 2024 following the low prices earlier, it also expects a 7.7% increase in imports, reaching 1.4 million tonnes.

However, according to Bloomberg, the latest data on China's piglet population in November 2024 shows an increase of 5.9% y-y, marking a third consecutive year of growth. This trend is consistent with the increase in China's soybean imports in August-September 2024, which were higher than the five-year average, as well as the improved profitability for Chinese pig farmers in 2024. As a result, Chinese swine prices in 4QTD have declined by 12% q-q to RMB 17.3/kg, and most recently, in November 2024, dropped to a six-month low of RMB16.3/kg. Forward prices for 1Q25 are expected to decline further to RMB15/kg. CPF views this as a short-term drop, as consumption typically slows after the Chinese New Year festival, and expects a recovery in 2Q25. In addition, lower raw material costs have led to a reduction in the breakeven cost to RMB14-15/kg, which means operators are likely to maintain profitability.

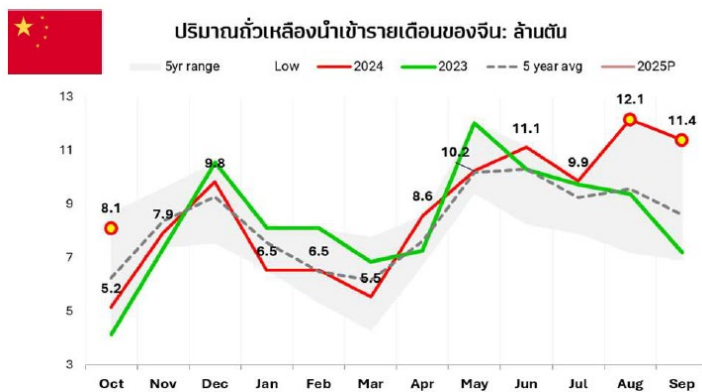
However, we remain cautious and will continue to monitor the movements of Chinese swine prices. If pork consumption in China recovers slower than expected, this could lead to a more significant decline in swine prices than anticipated.

Exhibit 3: China's pork production and growth

Sources: USDA (Oct 2024), FSSIA's compilation

Exhibit 4: Projected Chinese swine price

Sources: CPF, Bloomberg, FSSIA estimates

Exhibit 5: China's monthly soybean import volumes (million tonnes)

Source: TVO presentation

Exhibit 6: China's pig production margin

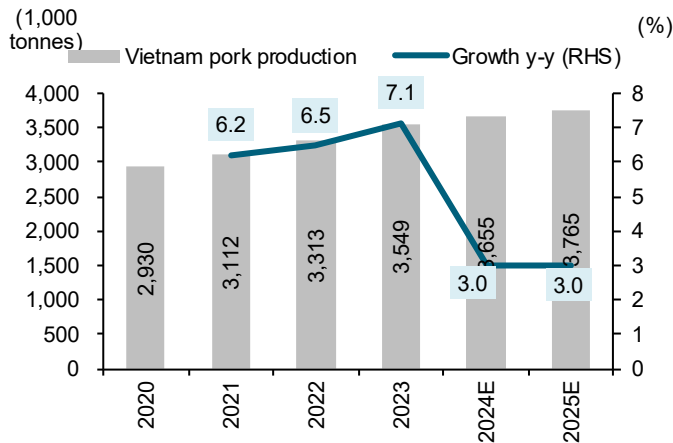
Source: TVO presentation

We expect Vietnamese swine prices to soften in 2025

The price of Vietnamese swine in 2024 has increased by 15.5% y-y to VND60,437/kg, which is higher than the breakeven costs at VND45,000-46,000/kg. The main reason for the price increase in 2024 is the ongoing African Swine Fever (ASF) outbreak in many areas throughout the year. The USDA forecasts that Vietnam's pork production in 2025 will increase by 3%, reaching more than 3.8 million tonnes, driven by the expansion of large-scale farms. In addition, it is expected that the disease will be better controlled in Vietnam, and production is anticipated to gradually enter the market starting in early 2025.

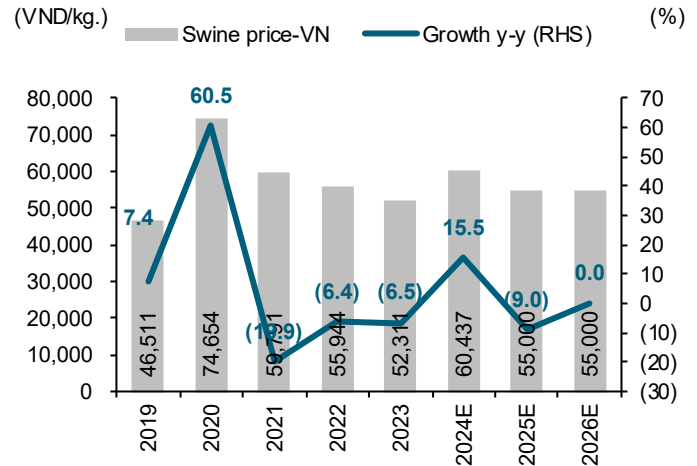
We maintain a conservative assumption for Vietnamese swine prices at VND55,000/kg (-9% y-y). Companies involved in pig farming in Vietnam include CPF and TFG. Although prices are likely to soften, they remain at levels that are still profitable, especially with the anticipated decrease in raw material costs. It is expected that the breakeven cost in 2025 will decrease to VND43,000-44,000/kg, down from VND45,000-46,000/kg in 2024, according to CPF.

Exhibit 7: Vietnam pork production and growth



Sources: USDA (Oct 2024), FSSIA's compilation

Exhibit 8: Projected Vietnamese swine price



Sources: CPF, FSSIA estimates

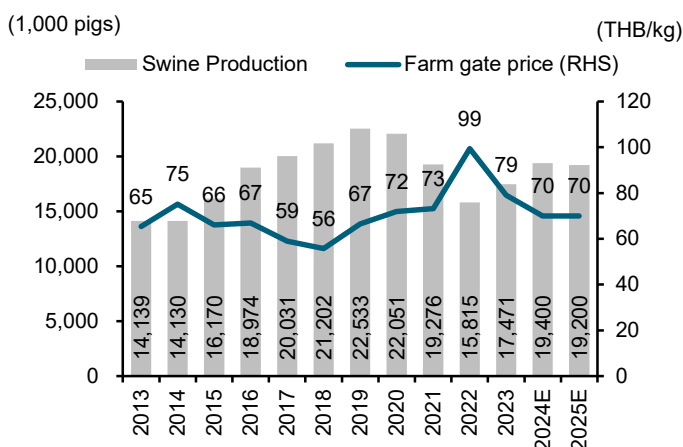
The outlook for Thai swine prices remains stable

Thai swine prices have been rising since 2Q24, following the resolution of the illegal pork issue and the effective control of ASF. As a result, Thai swine prices in 2H24 have increased to THB71.5/kg (+5.4% q-q, +14.4% y-y), which is significantly higher than the breakeven cost, benefiting from lower raw material prices. This has led to an increase in swine farming in 2024, reaching 19.4 million pigs, higher than the initial forecast of 18.2 million pigs (+4% y-y) by The Swine Raisers Association of Thailand.

However, toward the end of 2024, the industry was affected by flooding. CPF forecasts a slight 1% y-y decrease in 2025 swine production to 19.2 million pigs, lower than the market's expectation of a recovery to pre-ASF levels of 20-21 million pigs (+3-8% y-y).

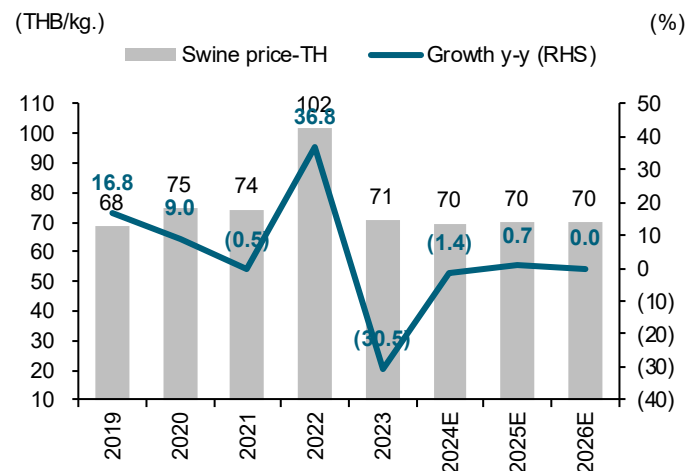
Nonetheless, we expect overall demand in 2025 to remain stable compared to 2024, partly because chicken prices have declined (as chicken is a substitute for pork). In addition, we expect raw material prices to continue to fall, which will not be a major driver for higher meat prices. Therefore, we maintain our assumption for Thai swine prices in 2025 at THB70/kg, flat from 2024. This is a more conservative assumption compared to the outlook of CPF's management, which expects an average increase of 3.5-5% y-y to THB72-73/kg.

Exhibit 9: Thai swine production and farm gate price



Sources: OAE, CPF, FSSIA estimates

Exhibit 10: Projected Thai swine price



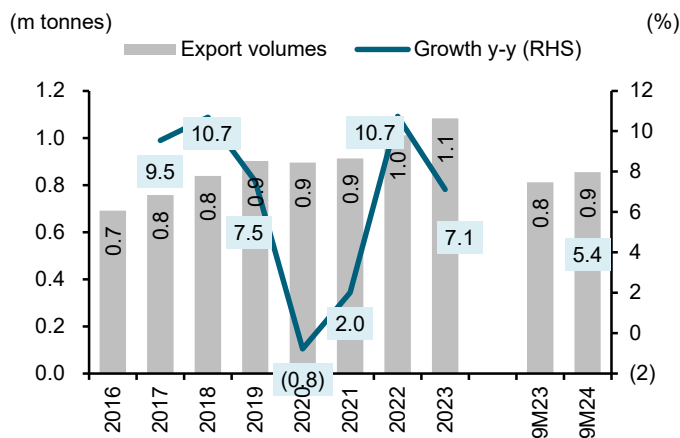
Sources: CPF, FSSIA estimates

Expect Thai chicken production to reach a new high in 2025

Thailand's chicken export industry looks quite positive in 2024, with the export volume growing by 5.4% y-y in 9M24. However, the value of chicken exports increased slightly less by 4% y-y, due to the product mix. The value of cooked chicken exports grew better than frozen chicken. The strong export performance was partly due to low stock levels from customers in both Japan and the EU. In addition, throughout 2024, there have been shipping delays, which led to accelerated purchasing by customers. As a result, the average price of chicken in 9M24 increased by 6.5% y-y to THB42.5/kg, driving higher chicken production. We expect the day-old-chick production number in 2025 to increase to 38-39 million per week, up from 36-37 million in 2024.

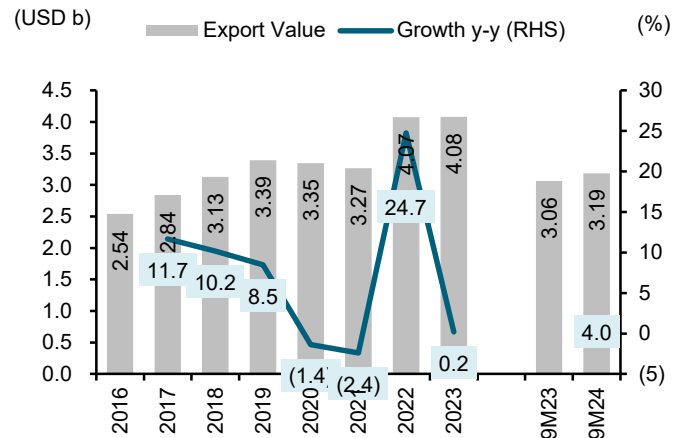
Due to flooding in 4Q24, chicken production is being released more quickly, coupled with lower raw material costs, which has caused the average price of chicken in 4QTD to decrease by 9% q-q to THB39/kg. In November 2024, the price continued to drop to THB37-38/kg. Meanwhile, the price of chicken carcasses dropped by 24% q-q to THB11/kg, which is close to the breakeven cost, and this should put pressure on short-term earnings in the chicken sector. However, most operators still expect chicken prices to rebound in the coming period as exports enter the high season again. For 2025, we expect the price of Thai chicken to decrease by 3.8%, to THB40/kg.

Exhibit 11: Thai chicken export volumes and growth



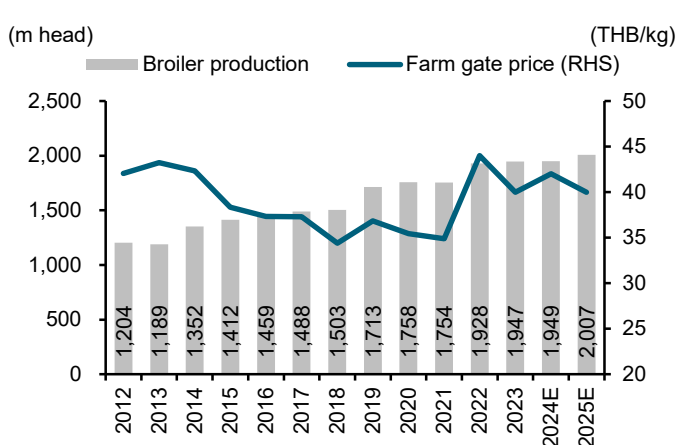
Sources: Tradereport MOC, FSSIA's compilation

Exhibit 12: Thai chicken export values and growth



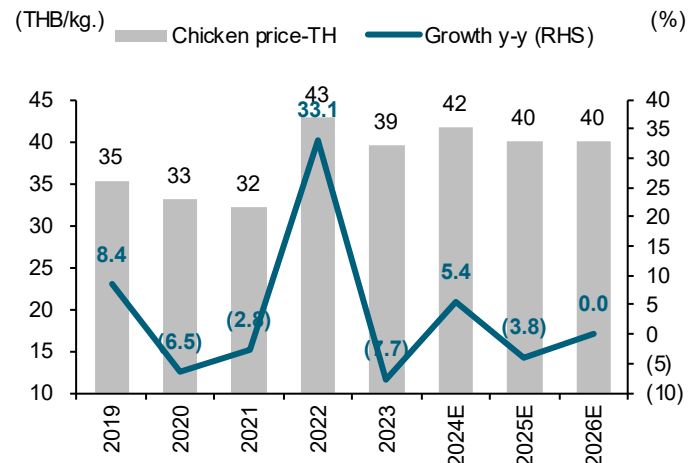
Sources: Tradereport MOC, FSSIA's compilation

Exhibit 13: Thai chicken production and farm gate price

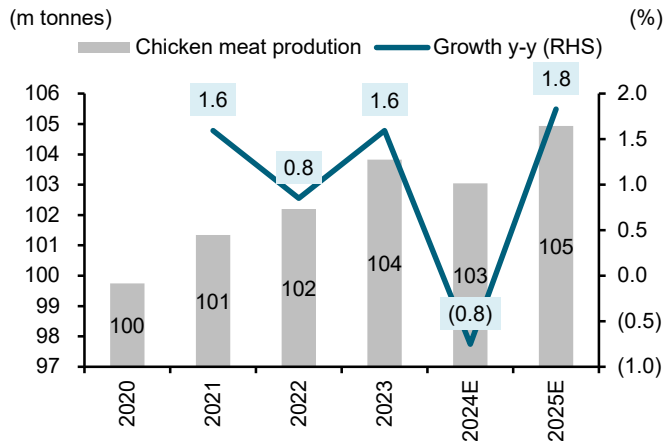


Sources: OAE, FSSIA's compilation

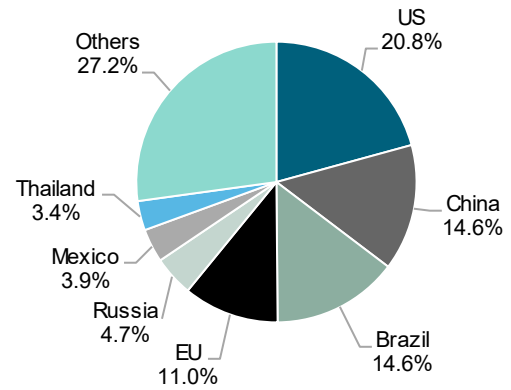
Exhibit 14: Projected Thai chicken price



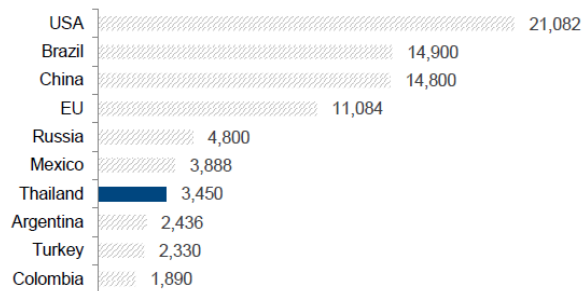
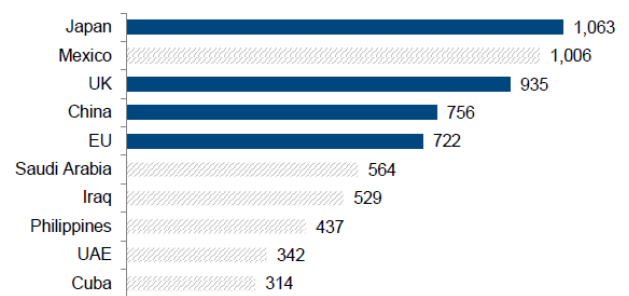
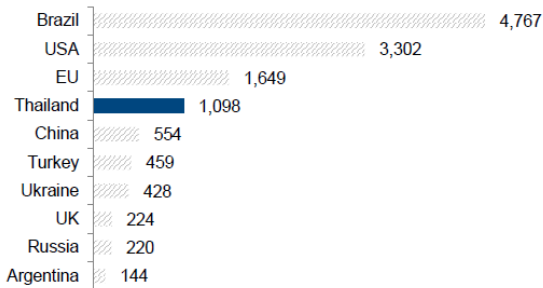
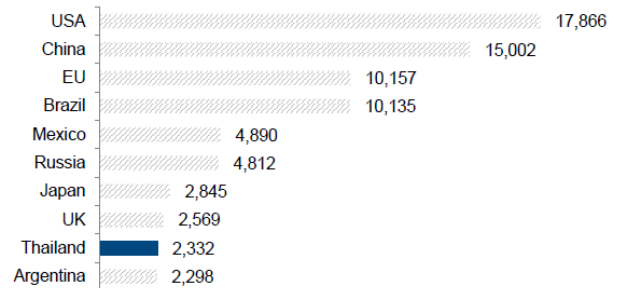
Sources: OAE, CPF, FSSIA estimates

Exhibit 15: Global chicken meat production and growth

Sources: USDA (Oct 2024), FSSIA's compilation

Exhibit 16: Global chicken production by country

Sources: USDA (Oct 2024), FSSIA's compilation

Exhibit 17: Global broiler meat market**Global Production [Y2023 = 103,828,000 Metric Tons]****Global Import [Y2023 = 11,215,000 Metric Tons]****Global Export [Y2023 = 13,530,000 Metric Tons]****Global Consumption [Y2023 = 101,503,000 Metric Tons]**

Source: GFPT's presentation (USDA)

Raw material prices to decrease by 4-5% in 2025

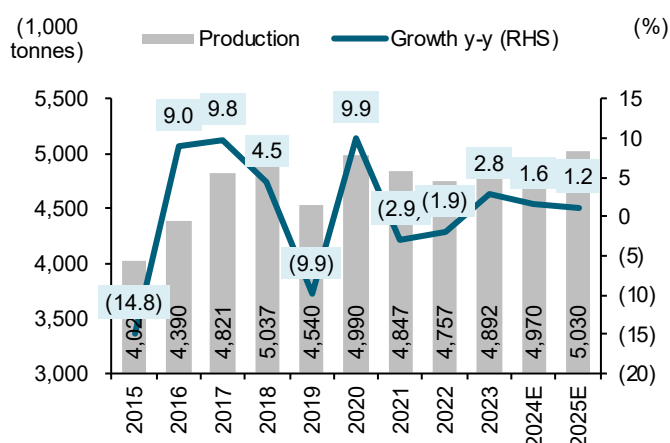
The average prices of corn and soybean meal YTD have decreased by 8.9% y-y and 8.2% y-y, standing at THB11/kg and THB20.9/kg, respectively. As of the latest 4QTD, corn prices have continued to drop by 19% q-q to THB9.8/kg, as Thailand's corn harvest is entering the market (Sept-Nov annually). Meanwhile, soybean meal prices have decreased by 4% q-q to THB19.2/kg due to higher global soybean production.

Looking ahead, the overall trend for raw material prices in 2025 is expected to decrease by 4-5% y-y, according to CPF's forecast. This aligns with expectations from the Office of Agricultural Economics (OAE) for continued growth in Thailand's animal feed corn production in 2025, reaching a new record of 5 million tonnes, up from 4.89 million tonnes in 2023, driven by higher yields per rai and the previous year's high prices encouraging more planting.

As for soybeans, the global production outlook will be key, as Thailand is a net importer of soybeans. The USDA forecasts global soybean production in 2025 to increase by 8.7% y-y to 429 million tonnes, while global demand is expected to rise by a modest 4.8% y-y, resulting in a record-high global soybean stock of around 135 million tonnes (+19.8% y-y). Similarly, global soybean meal stocks are expected to increase by 11.5% y-y to 16 million tonnes.

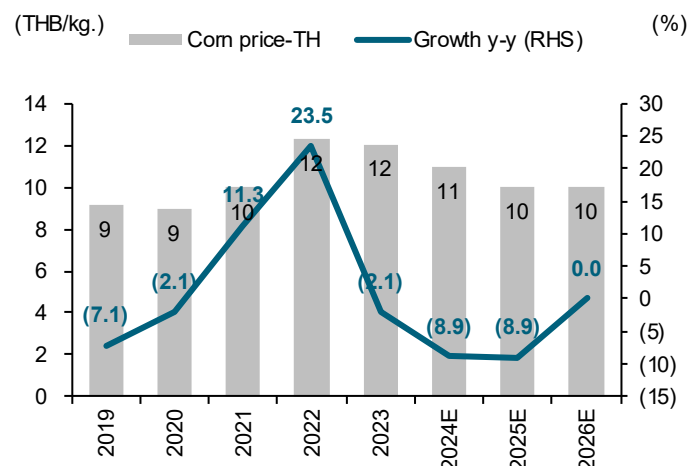
The continued downward trend in corn and soybean meal prices for 2025 is positive for animal feed producers, as it will likely reduce their production costs.

Exhibit 18: Thai corn for animal production



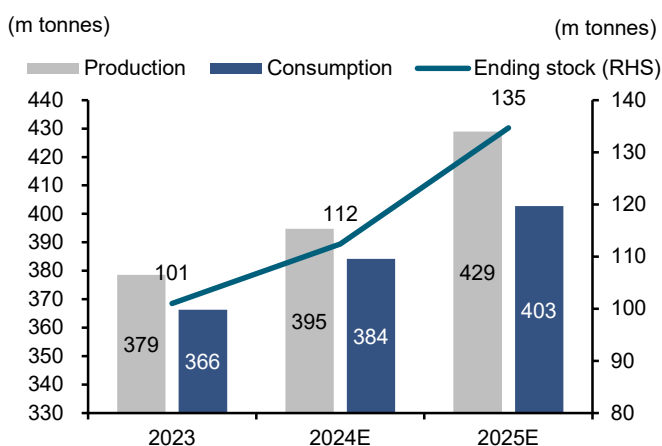
Sources: CPF, OAE, FSSIA estimates

Exhibit 19: Projected Thai corn price



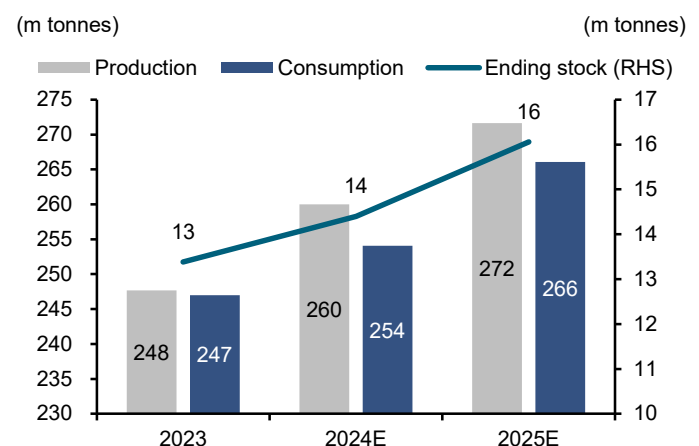
Sources: CPF, OAE, FSSIA estimates

Exhibit 20: Global soybean production and ending stock



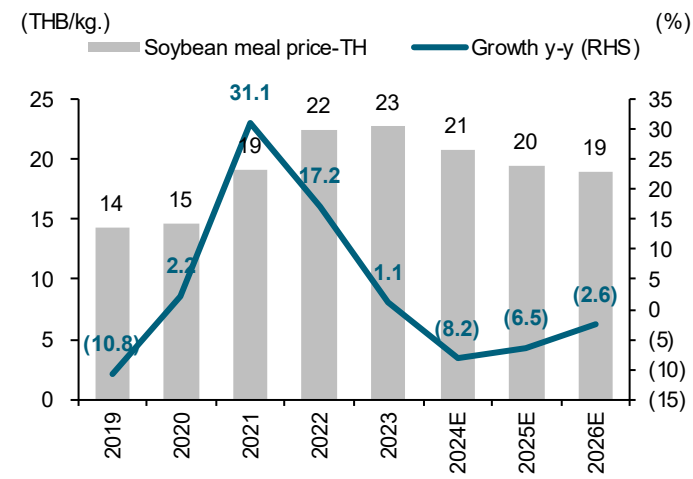
Sources: USDA (Nov 2024), FSSIA's compilation

Exhibit 21: Global soybean meal production and stock



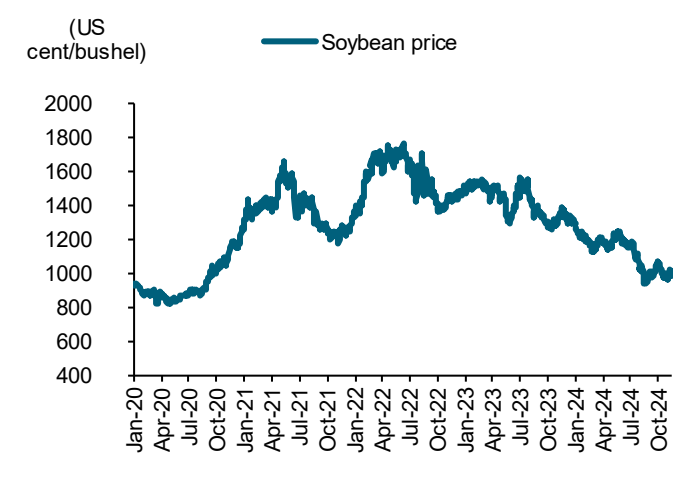
Sources: USDA (Nov 2024), FSSIA's compilation

Exhibit 22: Projected soybean meal price



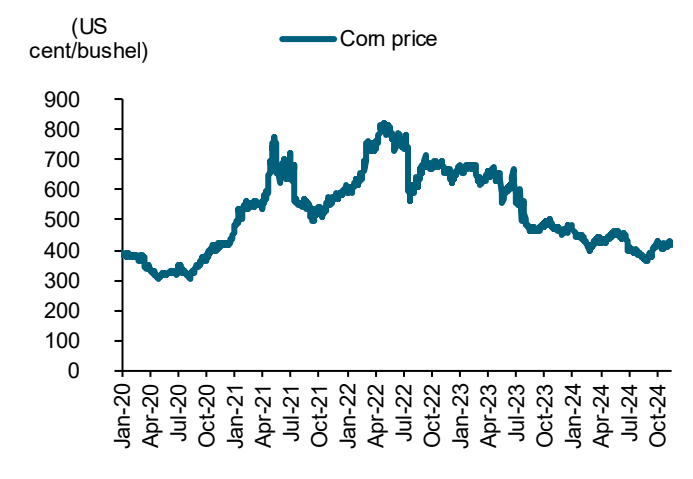
Sources: CPF, OAE, FSSIA estimates

Exhibit 23: CBOT soybean price



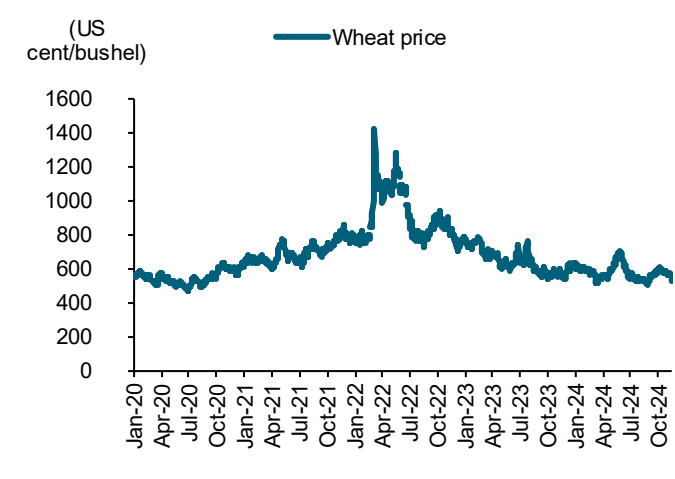
Sources: Bloomberg, FSSIA's compilation

Exhibit 24: CBOT core price



Sources: Bloomberg, FSSIA's compilation

Exhibit 25: CBOT wheat price



Sources: Bloomberg, FSSIA's compilation

Expect 4Q24 profit to soften, but finish 2024 with a strong profit

The meat sector reported an aggregate net profit of THB10.4b in 3Q24 (+15.3% q-q, a recovery from a loss of THB2.72b in 3Q23), showing strong q-q growth for CPF, BTG, and TFG, driven by higher swine prices in both Thailand and China. Only GFPT saw a decline in profit y-y due to the drop in live chicken and chicken carcass prices starting in September, which negatively affected domestic sales for both GFPT and its joint venture GFN.

For 9M24, the meat sector achieved a net profit of THB21b, recovering from a loss of THB3.8b in 9M23, which is 77.4% of our full-year forecast.

We expect the aggregate 4Q24 net profit to decline by 38% q-q to THB6.4b, but recover from a loss of THB986m in 4Q23. This is due to the usual low season for exports in 4Q, coupled with the rainfall and floods in September and October, which impacted chicken prices in the short term. However, the overall situation is better than the previous year's in terms of both sales volumes and reduced breakeven costs.

By the end of 2024, we expect the meat sector to report a strong profit recovery of THB27.2b, up from a loss of THB6b in 2023.

Exhibit 26: Meat sector – 3Q24 & 9M24 net profit

	3Q23	4Q23	1Q24	2Q24	3Q24	Change		9M24	Change	% 9M24
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(y-y%)	to 2024E
CPF	(1,810)	121	1,152	6,924	7,580	9.5	nm	15,656	nm	78.6
BTG	(784)	(656)	(124)	627	979	56.1	nm	1,483	nm	67.3
TFG	(446)	(861)	174	855	1,260	47.4	nm	2,289	4622.1	75.7
GFPT	319	410	466	583	542	(7.1)	69.8	1,591	64.7	78.5
Total	(2,721)	(986)	1,668	8,989	10,362	15.3	nm	21,018	nm	77.4

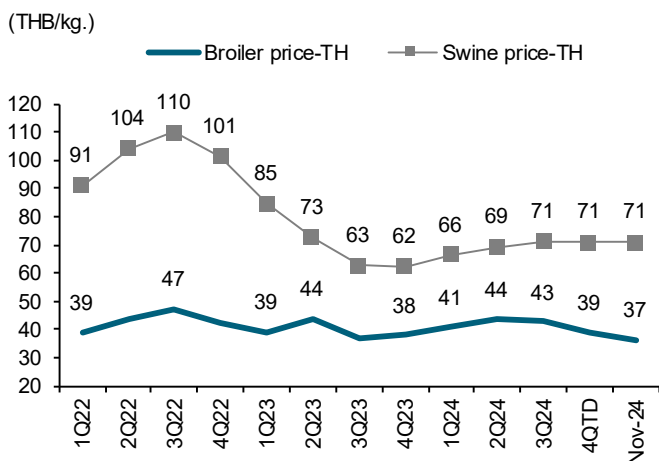
Sources: CPF, BTG, GFPT, TFG, FSSIA's compilation

Exhibit 27: Meat sector – 4Q24E earnings preview

	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24E	Change	
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)
CPF	(792)	(1,810)	121	1,152	6,924	7,580	4,533	(40.2)	3652.9
BTG	(351)	(784)	(656)	(124)	627	979	721	(26.4)	nm
TFG	69	(446)	(861)	174	855	1,260	733	(41.8)	nm
GFPT	349	319	410	466	583	542	434	(19.9)	5.9
Total	(725)	(2,721)	(986)	1,668	8,989	10,362	6,421	(38.0)	nm

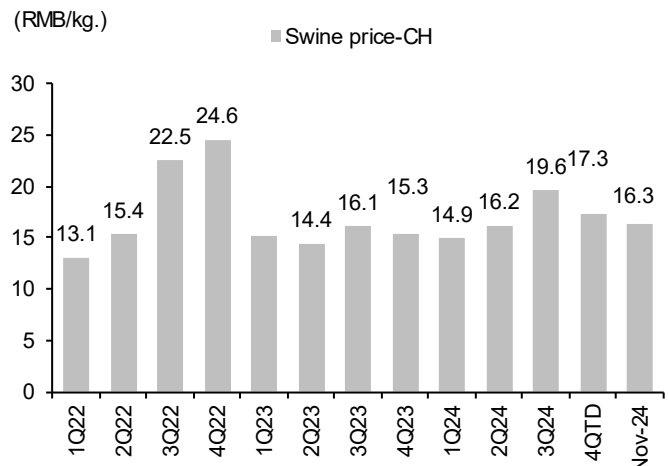
Source: FSSIA estimates

Exhibit 28: Quarterly domestic meat prices



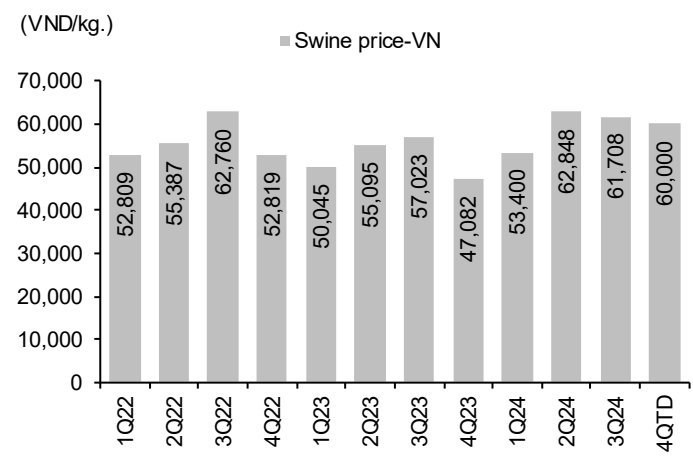
Sources: CPF, OAE, FSSIA's compilation

Exhibit 29: Quarterly Chinese swine price



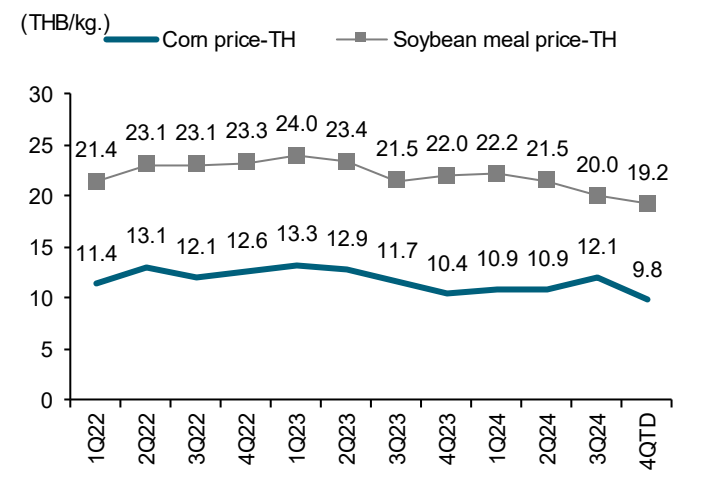
Sources: Bloomberg, FSSIA's compilation

Exhibit 30: Quarterly Vietnamese swine price



Sources: CPF, FSSIA's compilation

Exhibit 31: Quarterly domestic raw material prices

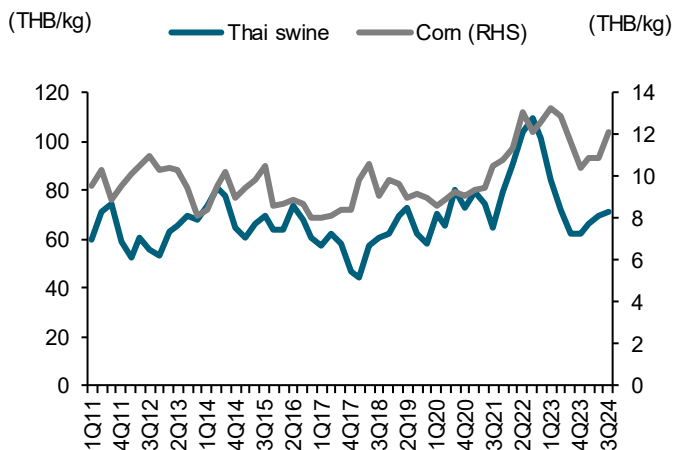


Sources: CPF, OAE, FSSIA's compilation

More conservative outlook for 2025

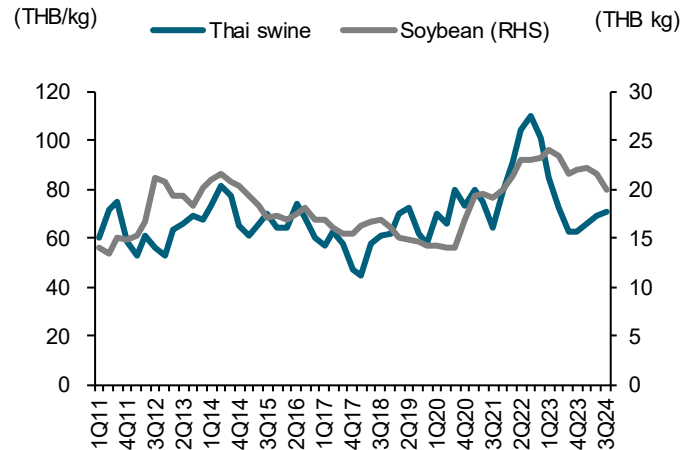
We have a more conservative outlook on the 2025 meat price trend compared to management's targets. This is due to the expected increase in livestock production, driven by good meat prices in 2024, and the ongoing downward trend in raw material costs. These two factors are likely to lead to lower meat prices. We have analyzed the relationship between meat prices and raw material prices, using data from the past 13 years (2011-24). We have found that both swine and chicken prices tend to move in the same direction (since they are substitute products), and they generally follow the corn and soybean meal price trends. There may be a slight time lag because large producers often stock raw materials 3-4 months in advance. Therefore, for meat prices to remain stable or increase (assuming no disease outbreaks), demand must rise, driven primarily by domestic consumption and exports.

Exhibit 32: Thai swine and corn prices



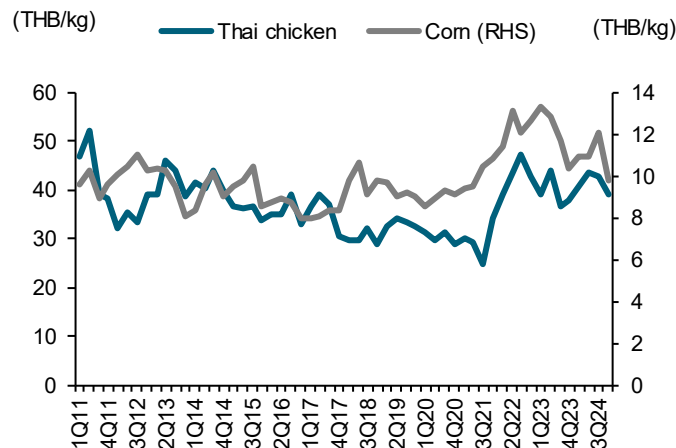
Sources: CPF, FSSIA's compilation

Exhibit 33: Thai swine and soybean prices



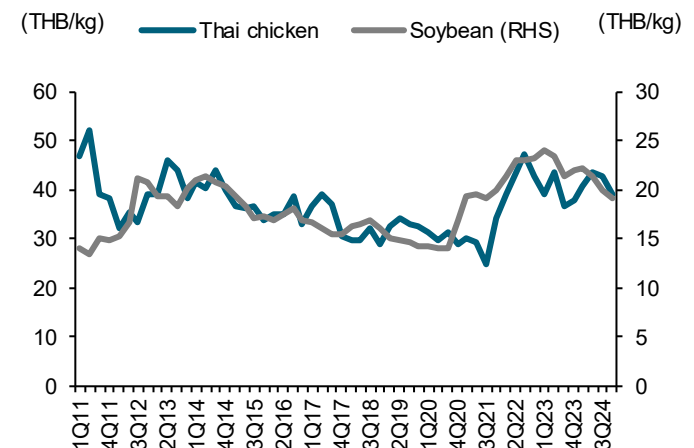
Sources: CPF, FSSIA's compilation

Exhibit 34: Thai chicken and corn prices



Sources: CPF, FSSIA's compilation

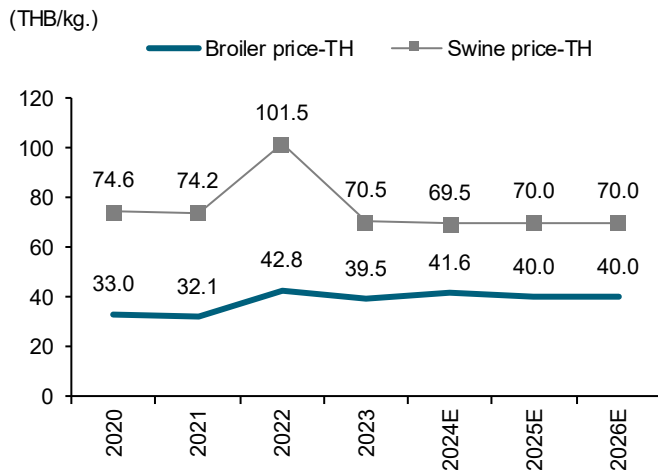
Exhibit 35: Thai chicken and soybean prices



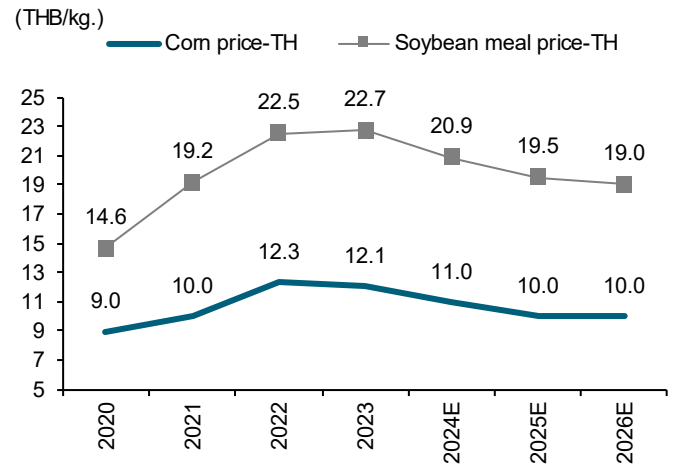
Sources: CPF, FSSIA's compilation

We expect the aggregate 2025 net profit for the meat sector to decrease by 21.8% y-y to THB21.2b. We forecast CPF and GFPT to see profit reductions of 29.4% y-y and 22.8% y-y, respectively. For CPF, the decline would be due to lower prices for Thai chicken and Vietnamese swine, as well as the volatility of overseas meat prices. CPF has the highest revenue contribution, accounting for 63% of total revenue. Aside from that, with the meat price trend not showing the same upward momentum as in 2024, biological asset gains would be reduced. For GFPT, we expect the decline to come from lower domestic chicken prices.

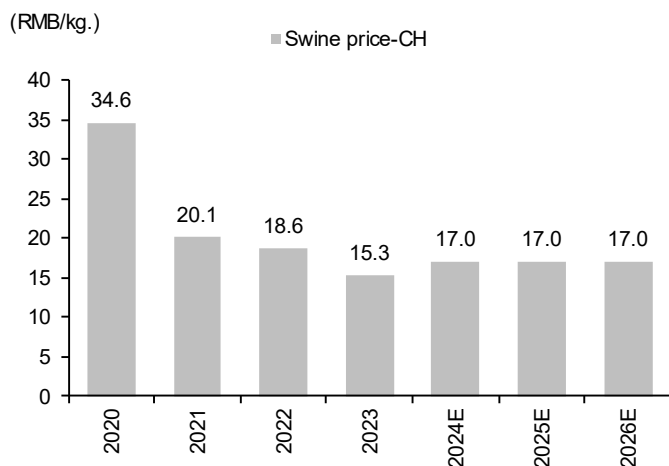
On the other hand, we expect BTG and TFG to grow their profits by 11% y-y and 4.8% y-y, respectively. For BTG, the strong performance of Thai pork prices and a shift in sales channels toward food services and modern trade, as well as the recognition of the egg business in Singapore, should support growth. BTG has the smallest overseas revenue contribution in the sector, accounting for 5.4% of total revenue, and has no exposure to Chinese swine, meaning it will not be directly affected by the decline in Chinese swine prices in the short term. As for TFG, while swine prices in Vietnam and chicken prices in Thailand should decrease, the company's high proportion of revenue from Thai swine and its retail business (accounting for 52% of total revenue, compared with Thai chicken at 27% and Vietnamese swine at 12%) should allow it to continue to grow profits.

Exhibit 36: Yearly domestic meat prices

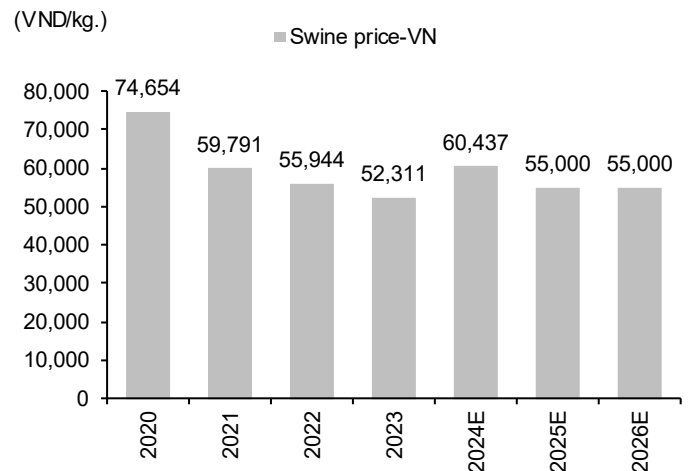
Sources: CPF, OAE, FSSIA estimates

Exhibit 37: Yearly raw material prices

Sources: CPF, OAE, FSSIA estimates

Exhibit 38: Yearly Chinese swine price

Sources: CPF, Bloomberg, FSSIA estimates

Exhibit 39: Yearly Vietnamese swine price

Sources: CPF, FSSIA estimates

Exhibit 40: Meat sector – 2024-26 operations forecast

	Actual			Forecast			Growth		
	2021 (THB m)	2022 (THB m)	2023 (THB m)	2024E (THB m)	2025E (THB m)	2026E (THB m)	2024E (%)	2025E (%)	2026E (%)
Total revenue	646,732	797,368	769,316	793,585	815,163	849,989	3.2	2.7	4.3
CPF	512,704	614,197	585,844	599,211	612,685	637,499	2.3	2.2	4.0
BTG	85,424	112,626	108,638	112,801	117,846	123,255	3.8	4.5	4.6
TFG	34,823	52,323	55,871	62,354	65,855	69,595	11.6	5.6	5.7
GFPT	13,781	18,222	18,963	19,219	18,777	19,640	1.3	(2.3)	4.6
Reported net profit	14,810	28,676	(6038)	27,171	21,238	23,192	nm	(21.8)	9.2
CPF	13,028	13,970	(5207)	19,919	14,057	15,337	nm	(29.4)	9.1
BTG	1,011	7,938	(1398)	2,204	2,449	2,614	nm	11.1	6.7
TFG	562	4,724	(810)	3,022	3,167	3,581	nm	4.8	13.0
GFPT	209	2,044	1,377	2,026	1,564	1,660	47.2	(22.8)	6.2
Core profit	4,543	23,550	(22513)	24,224	21,238	23,192	nm	(12.3)	9.2
CPF	3,756	8,623	(21999)	17,060	14,057	15,337	nm	(17.6)	9.1
BTG	239	7,477	(1310)	2,117	2,449	2,614	nm	15.7	6.7
TFG	448	5,379	(496)	3,022	3,167	3,581	nm	4.8	13.0
GFPT	101	2,071	1,292	2,026	1,564	1,660	56.8	(22.8)	6.2
Key ratios (%)									
Gross margin									
CPF	12.9	13.3	10.4	14.2	12.9	13.0	3.8	(1.3)	0.1
BTG	13.1	19.3	10.0	13.3	13.0	13.2	3.3	(0.3)	0.2
TFG	9.1	19.0	6.8	13.2	13.1	13.3	6.4	(0.1)	0.2
GFPT	7.8	15.7	11.7	13.9	12.7	12.8	2.2	(1.2)	0.1
SG&A to sales									
CPF	9.9	9.0	9.5	8.5	8.5	8.5	(1.0)	0.0	0.0
BTG	12.8	11.2	10.7	10.4	10.4	10.4	(0.3)	0.0	0.0
TFG	5.5	6.2	6.6	6.9	6.8	6.8	0.3	(0.1)	0.0
GFPT	9.7	8.6	7.9	8.1	8.1	8.1	0.2	0.0	0.0
Net margin									
CPF	2.5	2.3	(0.9)	3.3	2.3	2.4	4.2	(1.0)	0.1
BTG	1.2	7.0	(1.3)	2.0	2.1	2.1	3.3	0.1	0.0
TFG	1.6	9.0	(1.4)	4.8	4.8	5.1	6.2	0.0	0.3
GFPT	1.5	11.2	7.3	10.5	8.3	8.5	3.2	(2.2)	0.2
Core margin									
CPF	0.7	1.4	(3.8)	2.8	2.3	2.4	6.6	(0.5)	0.1
BTG	0.9	6.6	(1.2)	1.9	2.1	2.1	3.1	0.2	0.0
TFG	1.3	10.3	(0.9)	4.8	4.8	5.1	5.7	0.0	0.3
GFPT	0.7	11.4	6.8	10.5	8.3	8.5	3.7	(2.2)	0.2

Source: FSSIA estimates

The impact of the minimum wage increase

The meat industry is a labor-intensive business. Although automation has been introduced in some production lines, it has not yet fully replaced labor across all production processes. The labor cost in the meat industry averages 8.8% of total costs. With the government's plan to raise the minimum wage to THB400/day, which represents an average increase of 11-16% depending on the province, FSSIA estimates that if about 50% of the workforce in each company is paid the minimum wage, the wage hike would impact 2025 profits by 9.8%. Specifically, we estimate that CPF and BTG would experience an impact of 12-12.5%. Although the labor cost proportion is lower for CPF and BTG compared to TFG and GFPT, both CPF and BTG have lower net margins, averaging 2-3%, while TFG averages 4-5% and GFPT averages 8-10%.

However, we believe that all four companies will be able to adapt. In the past, they have consistently worked on improving production efficiency and reducing costs, so we expect the actual impact to be lower than our initial estimate.

Exhibit 41: 2025 net profit impact from minimum wage increase to THB400

	% labor cost to COGS	% minimum wage labor	Minimum wage increase 11-16% to THB400 % impact to 2025E NP
CPF	5.0%	50.0%	12.5%
BTG	8.0%	50.0%	12.0%
TFG	10.0%	50.0%	7.7%
GFPT	12.0%	50.0%	7.0%
Average	8.8%	50.0%	9.8%

Source: FSSIA estimates

ESG issues in the livestock industry

The livestock industry faces several environmental, social, and corporate governance (ESG) challenges. In this analysis, we have studied and compared ESG data across four main categories:

1. **Community engagement and safety:** The livestock industry requires significant land for farms and production facilities, and involves the high use of resources such as water, soil, and ecosystems. This can lead to air and water pollution, contamination, and disease outbreaks in animals, which may affect surrounding communities. However, according to data from the companies' One Reports, all four companies have considered factory and farm locations that are compliant with legal requirements and are situated at safe distances from local communities. They also follow strict safety protocols to prevent contamination. Most farms use evaporation cooling systems and emphasize waste management by using animal waste for biogas production. They also treat water used in production processes for reuse. CPF, BTG, and TFG have reported these efforts in their sustainability reports. In addition, CPF, BTG, and TFG are increasing their use of clean energy sources to replace fossil fuels and have started implementing AI technologies in their farms and production facilities to enhance efficiency, as observed in CPF and BTG.
2. **Carbon footprint:** Many countries, especially in Europe, have introduced carbon taxes for products imported into the EU (Carbon Border Adjustment Mechanism - CBAM). Initially, this applies to high-carbon industries like steel, aluminum, fertilizers, electricity, hydrogen, and other products, including a mandatory Forest Stewardship Council certification to ensure sustainable forest management practices. Starting in December 2025, the EU will also enforce the European Union Deforestation-free Regulation that targets commodities like rubber, palm oil, beef, cocoa, coffee, peanuts, and timber – mainly agricultural products. This is a significant issue for Thailand's agriculture and food sectors, which must adapt to these evolving regulations on carbon emissions. For the meat industry, all four companies have assessed their carbon footprints (Scope 1-3) and can report annual carbon emissions. CPF and BTG have set specific greenhouse gas reduction targets and have been reporting their progress towards these goals.
3. **Labor:** Beyond basic employee welfare and human rights, which are fundamental standards, the meat industry has focused on skill development by regularly training employees. On average, employees receive 11-13 hours of training per year, and companies aim to achieve zero workplace accidents. However, due to the labor-intensive nature of the industry and the need for diverse skill sets, employee turnover is relatively high – averaging 25-30% for the swine sector. GFPT has a lower turnover rate of around 8-12%. Notably, in 2023, none of the four companies reported any labor disputes.
4. **Food security and consumer responsibility:** All four companies prioritize the quality and safety of their products, adhering to standards that ensure consumer satisfaction. This includes sourcing raw materials through traceable supply chains to ensure that farms are free from deforestation and burning practices. CPF and BTG have specific data on these practices, while GFPT and TFG also have traceable supply chain systems in place. They also allow consumers to trace the origin of their products. Regarding innovation and sustainability in product development, CPF stands out, followed by BTG, while GFPT and TFG provide limited data. In terms of environmentally sustainable packaging, CPF and BTG have shown the most progress within the industry.

Valuation adjustments based on ESG: Starting in 2024, we have incorporated ESG risk factors into our valuations of the four companies. We have assigned a target P/E of 17x for CPF and BTG, while reducing the P/E of TFG to 10x (from 12x) to reflect ESG-related risks. According to the latest report on Securities Pledged in Margin Accounts by SET as of September 2024, about 2.541 billion shares of TFG, or 43.74% of the total shares, have been pledged as collateral. It has raised concerns among investors. For GFPT, we have lowered the P/E to 10x (from 12x) to account for the expected weaker performance in 2025.

Exhibit 42: ESG analysis for meat sector across five main categories

	CPF	BTG	GFPT	TFG
1) ESG information disclosure				
One Report	Yes	Yes	Yes	Yes
Sustainability Report	Yes	Yes	Yes	Yes
ESG Structured Data Report	Yes	Yes	Yes	Yes
Level of disclosure (by FSSIA)	Excellent	Excellent	Fair	Fair
SET ESG Rating	AAA	-	BBB	A
2) Community engagement and safety				
Contract farming	Yes	Yes	No	Yes
Livestock farming system	Evaporation Cooling System	Evaporation Cooling System	Evaporation Cooling System	Evaporation Cooling System
Waste management	Uses animal manure to produce biogas and has set a goal to reduce waste sent to landfills and incineration to zero	Uses biomass ash as a construction material and utilizes biogas from the wastewater treatment system	Classifies waste according to legal requirements and ensures traceability throughout the entire system	Uses pig manure to produce biogas for electricity generation, and utilizes production waste to create animal feed ingredients
Water management	Treats wastewater for use as fertilized water, with a goal to reduce water usage in production by 30% by 2025, a target that has already been achieved	Water is being recycled or reused. In 2023, 6% of the total water drawn was returned for reuse	Target to control water usage per chicken to no more than 45 liters per chicken, a reduction from 46.3 liters per chicken in 2023	Set a goal to reduce water usage. In 2023, c8.3% of the total water withdrawn was reused or recycled
Air and pollution management	Odor treatment system, air pollution control from boilers	Project to convert raw material dust into fertilizer	Measures the amount of pollutants released into the air, with the goal of keeping it below the legal limits	Install an odor management system and conduct regular field surveys to assess environmental impacts 1-2 times per month
Energy management	Continuously reduce the use of fossil fuels, such as coal, and increase the use of biomass and biogas energy. In 2023, the proportion of renewable energy used increased to 32% of total energy consumption, up from 30.8% in 2022	Utilizes solar energy and biomass to replace fossil fuels in steam production. In 2023, energy use per product weight was reduced by 4%, compared to the target of a 10% reduction by 2030	Establish an energy conservation policy by using electricity more efficiently	In 2023, solar energy accounted for about 13% of total energy use and helped reduce coal consumption
3) Carbon footprint				
The organization has received carbon footprint certification	Yes	Yes	Yes	Yes
Carbon reduction target	Set a target to reduce GHG emissions by 25% (compared to 2015) by 2025	Set a target to reduce GHG emissions (Scope 1 and 2) by more than 20% by 2030 (compared to 2022)	n/a	n/a
Carbon reduction amount in 2023	96% of the target has already been achieved	A decrease of 6% or 29,000 tCO2eq	n/a	n/a
4) Labor (source: ESG structured data report)				
Average employee training hours (hours/person/year)	13.1	3.62	161.26	7
% of employees that lost time for injuries of 1 day or more	0.29	0.67	2.12	n/a
% of total employee turnover to total employees (2022/23)	26.22/28.76	-/30.13	12.63/8.13	30/34
Significant labor disputes	No	No	No	No
5) Food security and consumer responsibility				
Raw materials	Sustainable Sourcing Policy for animal feed corn, with progress made in using traceable raw materials, reaching 49% of the target to achieve 100% by 2030	Developed the Betagro e-Traceability System to track the origin and safety of food and promote sourcing from local partners	The company's product traceability system allows for tracking within 2 hours	There is a process in place to trace raw materials, production, and finished products
Product	Free from the use of growth hormones, with innovative products such as Cheeva Pork, Benja chicken, cage-free eggs, plant-based meat products, etc. CPF aims for 40% of revenue to come from 'green' products by 2030	S-Pure chicken products have been certified antibiotic-free by NSF USA, the first in the world	Free from growth hormones, with high-quality products that meet standards	Producing and developing quality and safe products for customers
Packaging	Uses products that can be recycled, such as biodegradable plastic trays made from plants, with the goal of using 100% recyclable packaging by 2030	Aim to switch to environmentally friendly packaging by 2030, and S-Pure is the first fresh food brand to use paper trays, with initiatives to reduce the thickness of plastic bags and boxes	Develop new packaging using LLDPE zip-lock bags made from recycled #4 plastic, which can be recycled into black trash bags	n/a

Sources: CPF, BTG, GFPT, TFG, and analyzed by FSSIA

Exhibit 43: ESG – peers 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

Downgrading sector to NEUTRAL

We have downgraded the meat sector to NEUTRAL from Overweight, following the peak in profits for this cycle in 3Q24 and a lack of short-term catalysts to support the stock prices. This is because meat prices are expected to remain stable or decline, and we anticipate 4Q24 profits to decrease q-q. In addition, we expect to see Thai chicken and Chinese swine begin to recover in 2Q25.

Meat prices are considered a type of commodity that is highly volatile, moving in line with demand and supply. While operators have made efforts to expand into downstream businesses to reduce earnings volatility, all the major players are vertically integrated, with a high revenue contribution (around 40-50%) coming from upstream business. This means that the profitability of these companies is still at risk of turning negative if meat prices decline and fall below the breakeven costs.

We maintain our BUY rating for the swine sector (CPF, TFG), while we have upgraded BTG to BUY from Hold, as the stock has fallen 18% in the past four months, making its valuation more attractive at 16x 2025E P/E. We recommend HOLD for GFPT due to its reliance solely on the chicken business, where chicken prices are currently declining, which are nearing breakeven. In addition, it is the low season for exports, so we suggest waiting for chicken prices to recover before entering.

Looking at the stock performance YTD, the meat sector has largely been flat, with only CPF (our 2024 top pick) showing a strong return of 24.5% YTD. TFG has been flat, while GFPT has underperformed with a negative return of 5.2%, and BTG has fallen the most, by 18.8% YTD.

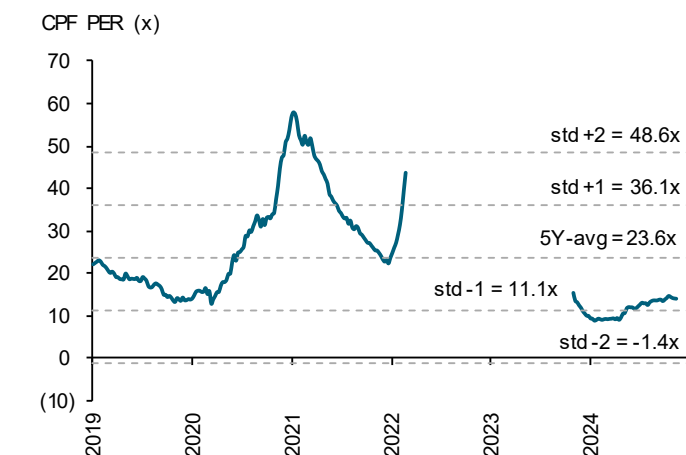
Summary: We believe the next good re-entry point for the meat sector will come when meat prices rise again, which we expect to happen in 2Q25. We have changed our top pick to BTG. Even though it trades at a P/E of 16x, similar to CPF, BTG's short-term earnings volatility is lower, and we expect it to achieve profit growth in 2025. We also favor TFG, for which we expect to see profit growth in 2025, and it offers the cheapest valuation in the sector at only 8.2x.

Exhibit 44: 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
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
Average						7,841	11.2	11.8	11.7	10.3	1.1	1.1	7.2	7.3

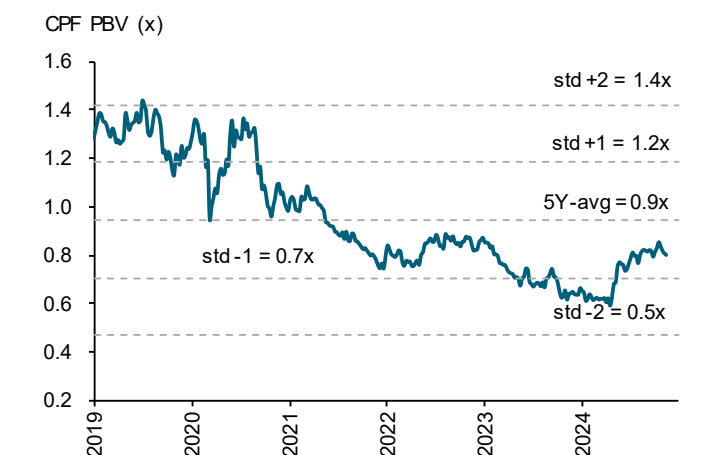
Source: FSSIA estimates

Exhibit 45: CPF's historical P/E band



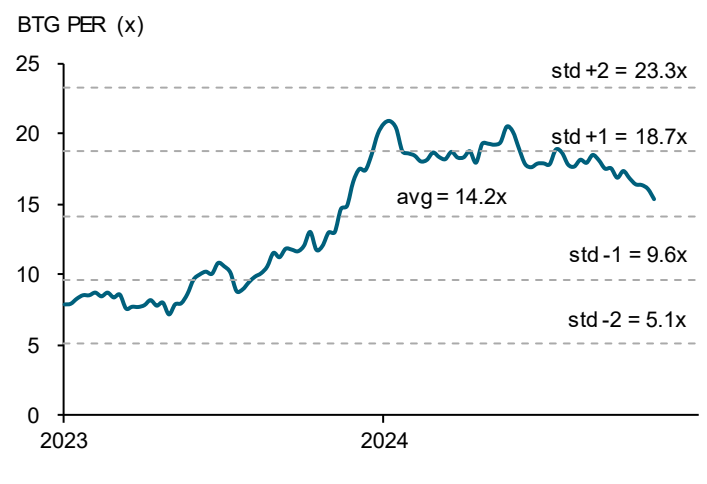
Sources: Bloomberg, FSSIA estimates

Exhibit 46: CPF's historical P/BV band



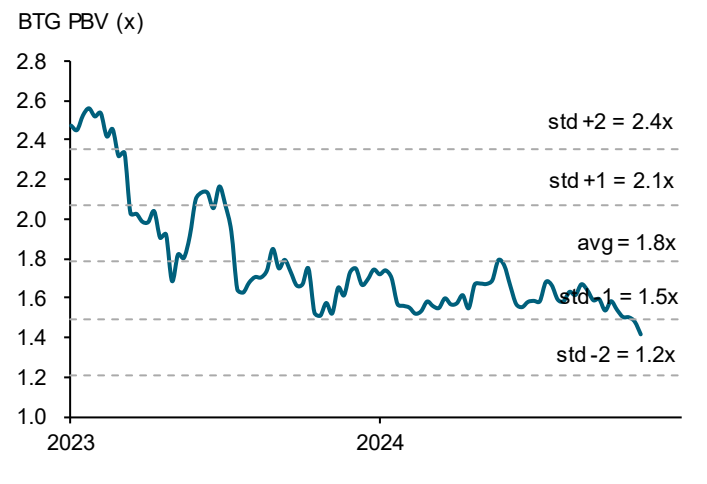
Sources: Bloomberg, FSSIA estimates

Exhibit 47: BTG’s historical P/E band



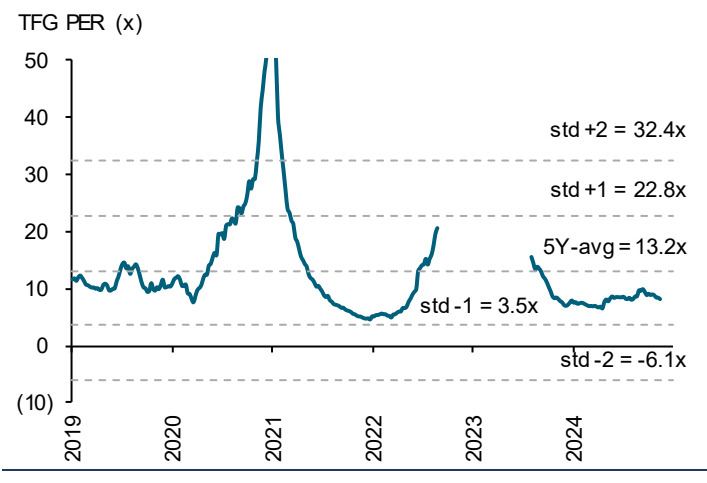
Sources: Bloomberg, FSSIA estimates

Exhibit 48: BTG’s historical P/BV band



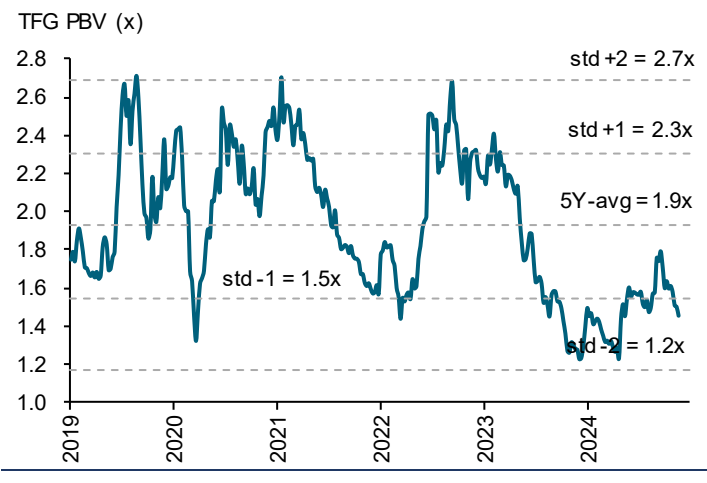
Sources: Bloomberg, FSSIA estimates

Exhibit 49: TFG’s historical P/E band



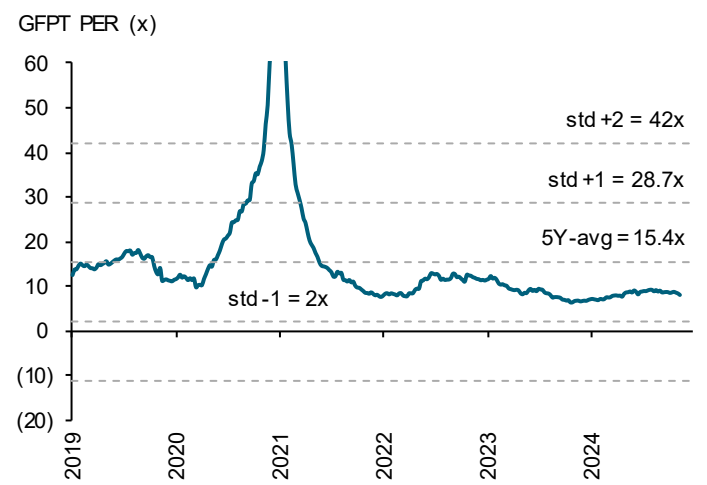
Sources: Bloomberg, FSSIA estimates

Exhibit 50: TFG’s historical P/BV band



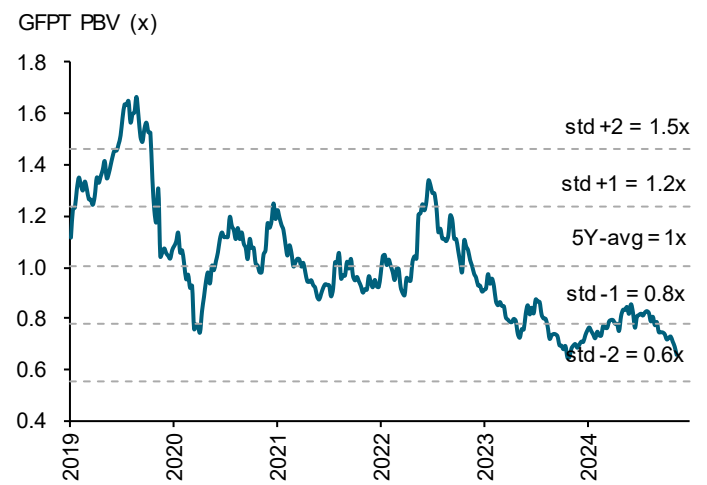
Sources: Bloomberg, FSSIA estimates

Exhibit 51: GFPT’s historical P/E band



Sources: Bloomberg, FSSIA estimates

Exhibit 52: GFPT’s historical P/BV band



Sources: Bloomberg, FSSIA estimates

CHAROEN POKPHAND FOODS

THAILAND / FOOD & 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

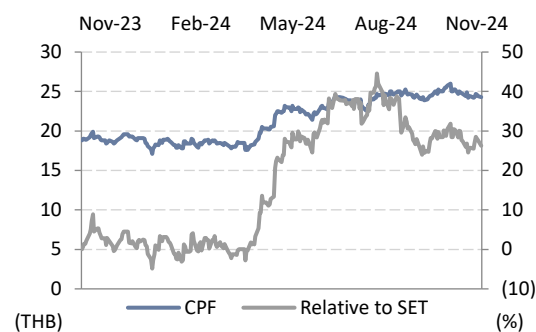
We maintain our 2025 meat price assumptions, with Thai chicken and Vietnamese swine expected to decline by an average of 3-9%, while Thai and Chinese swine prices are expected to be stable y-y. We forecast a decrease in the 2025 gross margin, with no large biological asset gain. As a result, we project 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.

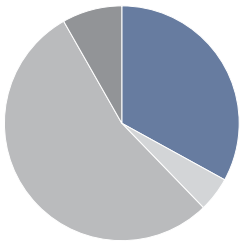
Company profile

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

Principal activities (revenue, 2023)

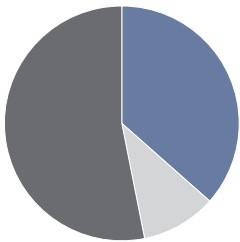
- Thailand livestock - 33.0 %
- Thailand aquatic - 4.8 %
- Overseas livestock - 54.0 %
- Overseas aquatic - 8.2 %



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.

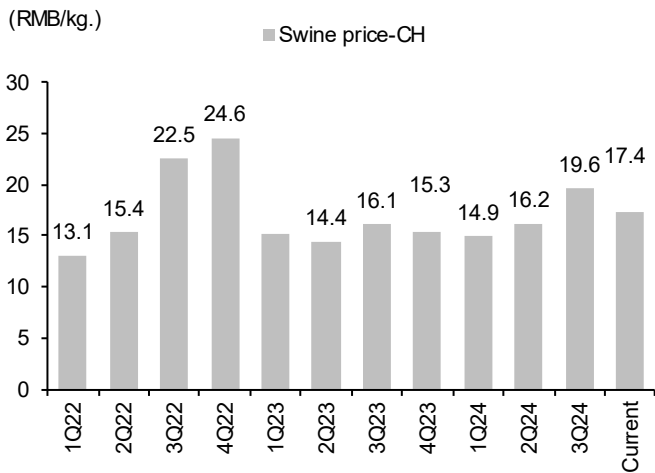
Total revenue decreased by 4.5% q-q and 1.2% y-y in 3Q24, mainly due to the sale of the chicken business in China and the business restructuring in Poland. However, overall meat prices still showed an upward trend. Meanwhile, the gross margin was high at 15.4%, flat q-q but rose from 10.8% in 3Q23, because 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.

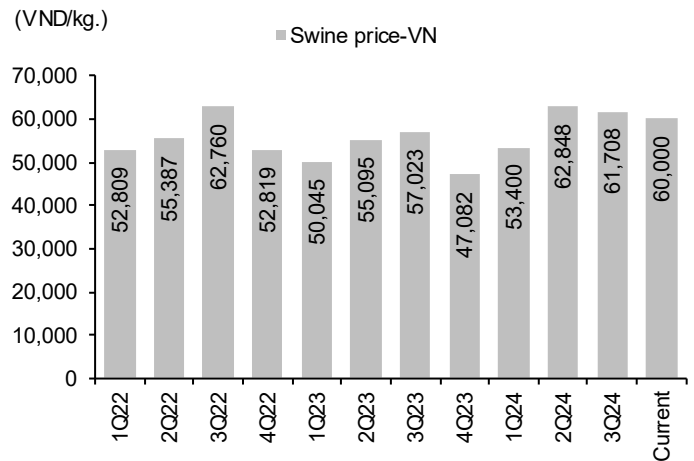
Exhibit 53: CPF – 3Q24 earnings results

	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
Key ratios (%)						(ppt)	(ppt)					
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	
Operating statistics (THB/kg)												
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	

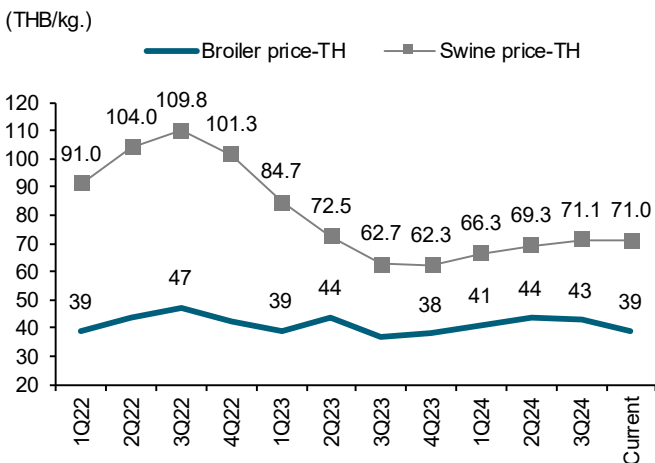
Sources: CPF, FSSIA's compilation

Exhibit 54: China swine price

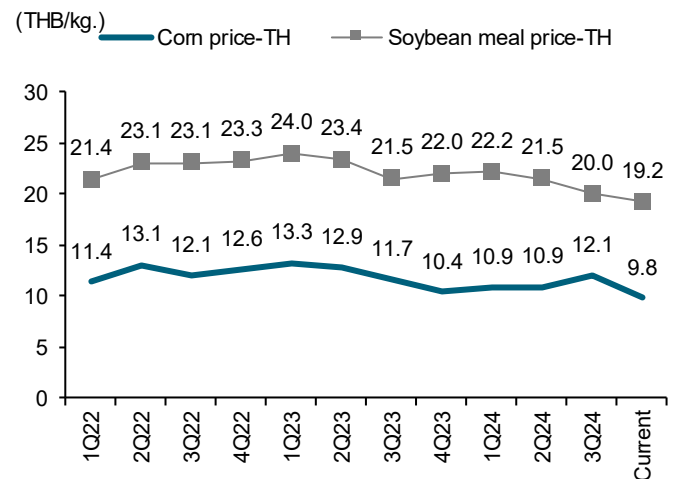
Sources: Bloomberg, CPF, FSSIA's compilation

Exhibit 55: Vietnam swine price

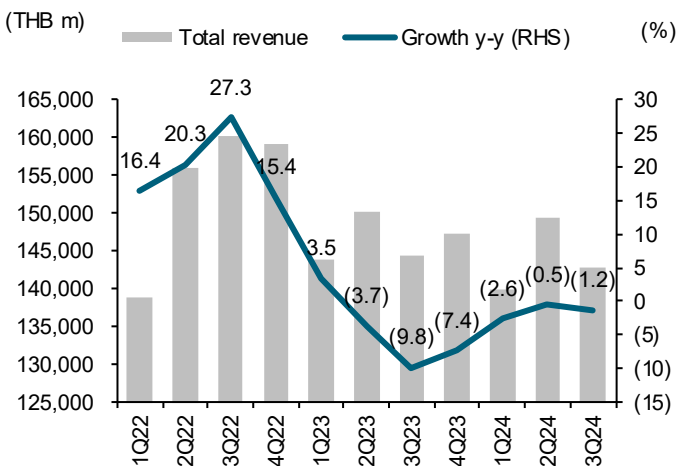
Source: CPF, FSSIA's compilation

Exhibit 56: Domestic meat prices

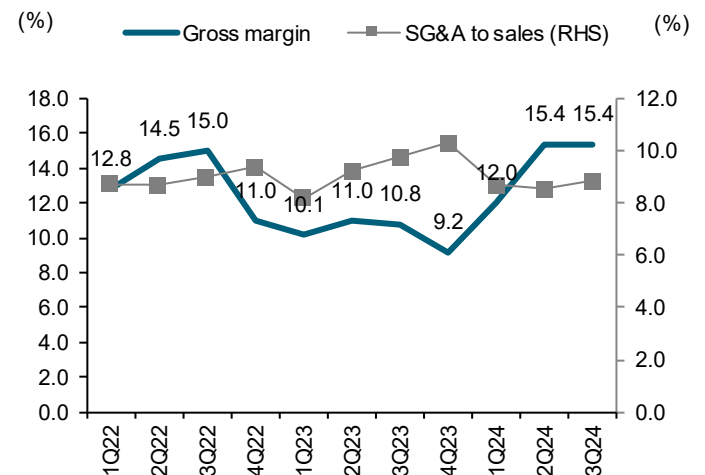
Source: CPF, FSSIA's compilation

Exhibit 57: Raw material prices

Source: CPF, FSSIA's compilation

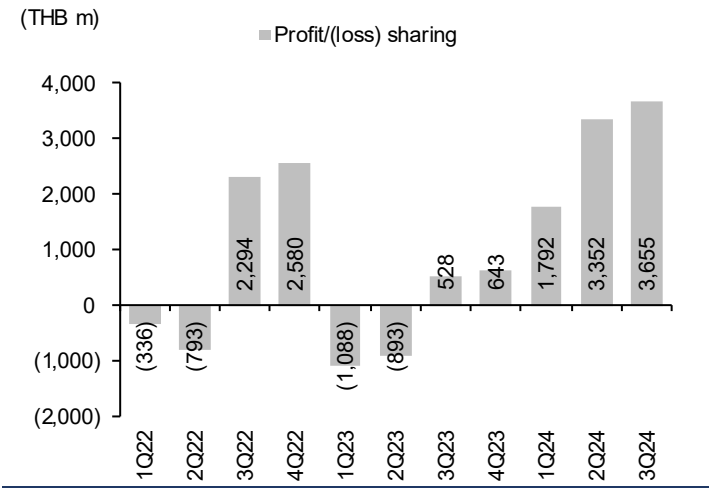
Exhibit 58: Quarterly total revenue and growth

Sources: CPF, FSSIA's compilation

Exhibit 59: Quarterly gross margin and SG&A to sales

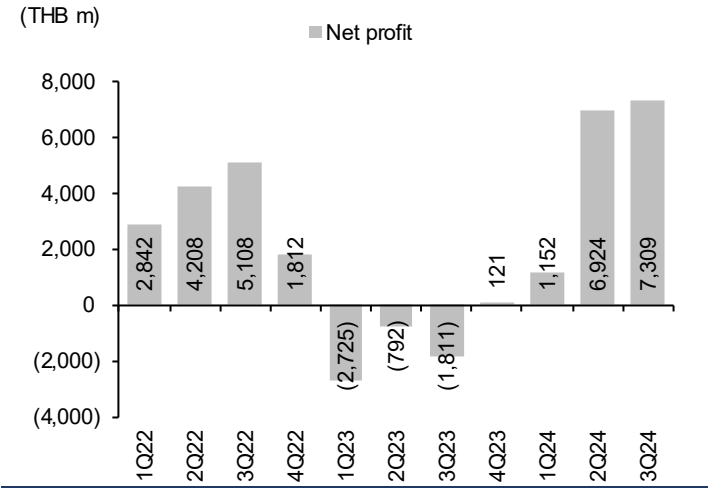
Sources: CPF, FSSIA's compilation

Exhibit 60: Share of profit/(loss)



Sources: CPF, FSSIA estimates

Exhibit 61: Quarterly net profit



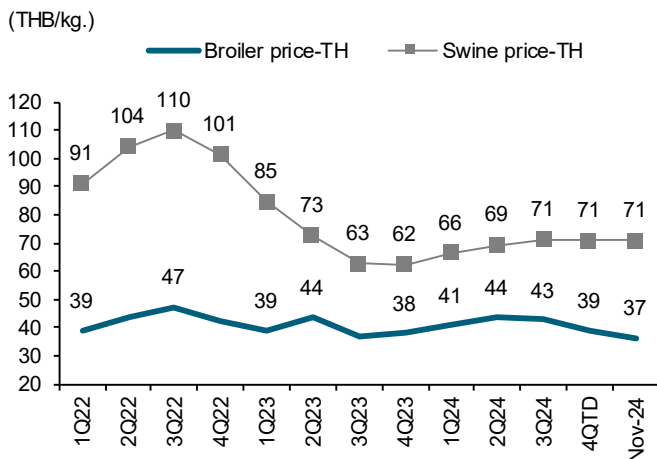
Sources: CPF, FSSIA estimates

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.

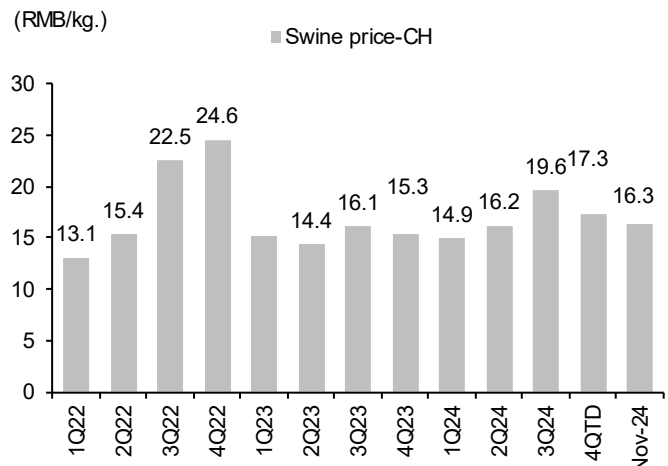
We maintain our 2024 net profit estimate at THB19.9b, a turnaround from a loss of THB5.2b in 2023, driven by the meat prices, particularly the strong increases in Thai and Chinese swine prices since 2Q24. This has led CPF to recognize a biological asset gain of THB2.63b in 9M24, accounting for 17% of 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 62: Quarterly domestic meat prices



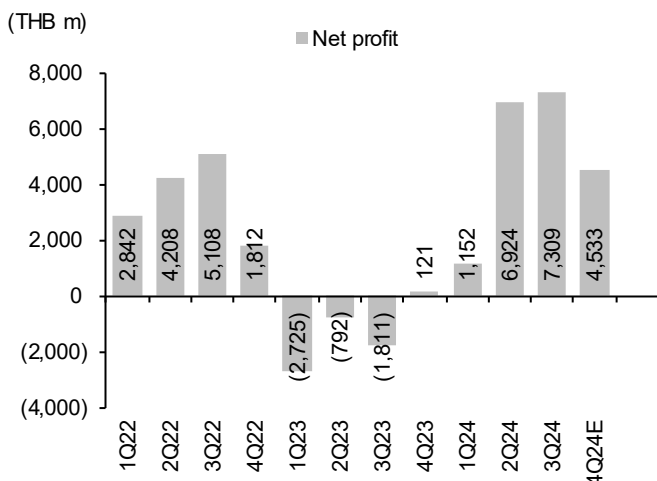
Sources: CPF, OAE, DIT, FSSIA estimates

Exhibit 63: Quarterly Chinese swine price



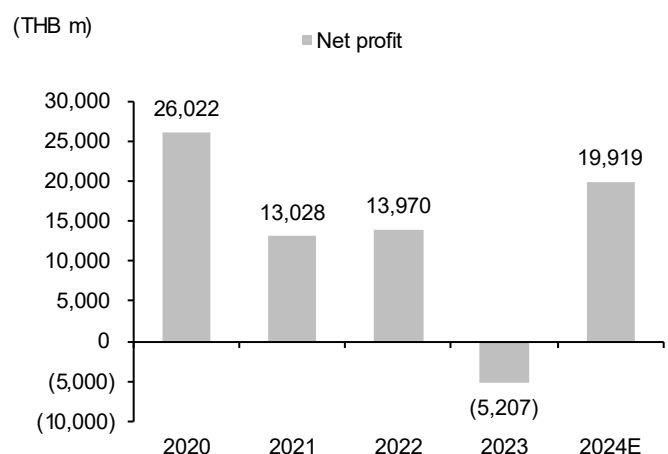
Sources: Bloomberg, FSSIA estimates

Exhibit 64: 4Q24 net profit forecast



Sources: CPF, FSSIA estimates

Exhibit 65: 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

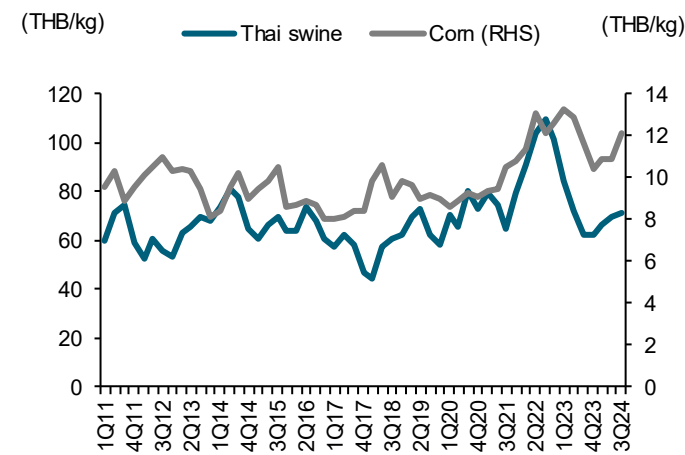
We have a more conservative view on the outlook for meat prices in 2025 compared to management's target, as livestock production is expected to increase due to favorable meat prices in 2024. Meanwhile, the trend for raw material costs continues to decline, which are two factors likely to push meat prices 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.

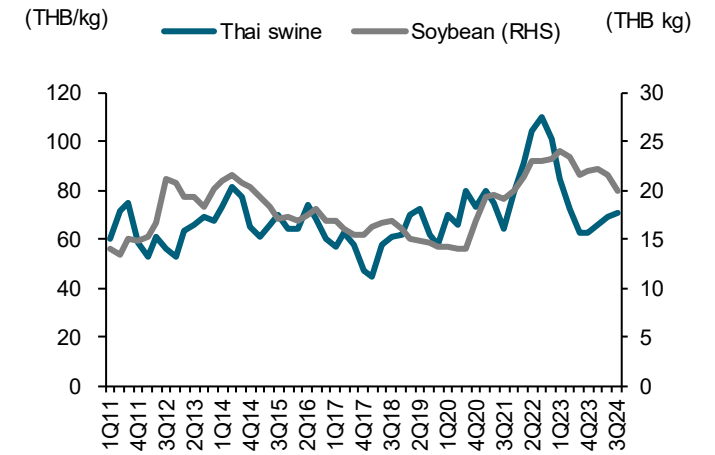
Given the expected downward trend in meat prices, we forecast that the gross margin in 2025 will decrease to 12.9% from 14.2% in 2024. We also anticipate no positive impact from biological asset gains, but expect the share of profits from associates, such as CPALL, CTI (Chinese swine business), and Hylife (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 66: Thai swine and corn prices



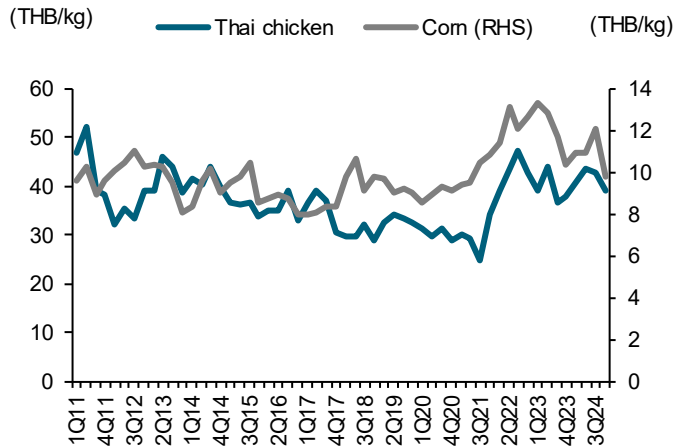
Sources: CPF, FSSIA's compilation

Exhibit 67: Thai swine and soybean prices



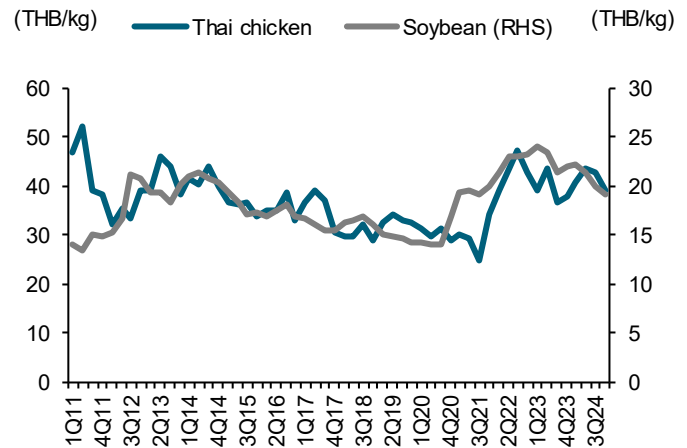
Sources: CPF, FSSIA's compilation

Exhibit 68: Thai chicken and corn prices



Sources: CPF, FSSIA's compilation

Exhibit 69: Thai chicken and soybean prices



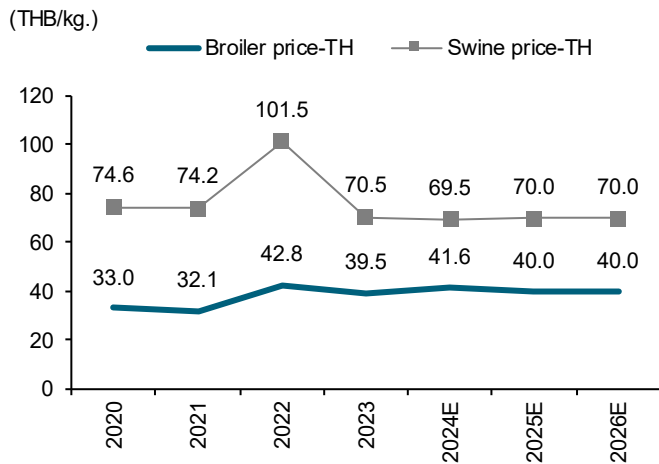
Sources: CPF, FSSIA's compilation

Exhibit 70: 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
Key ratios (%)								
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
Price								
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

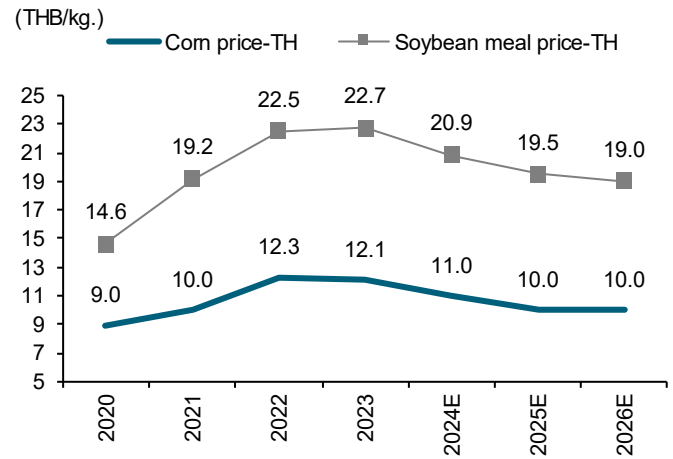
Source: FSSIA estimates

Exhibit 71: Yearly domestic meat prices



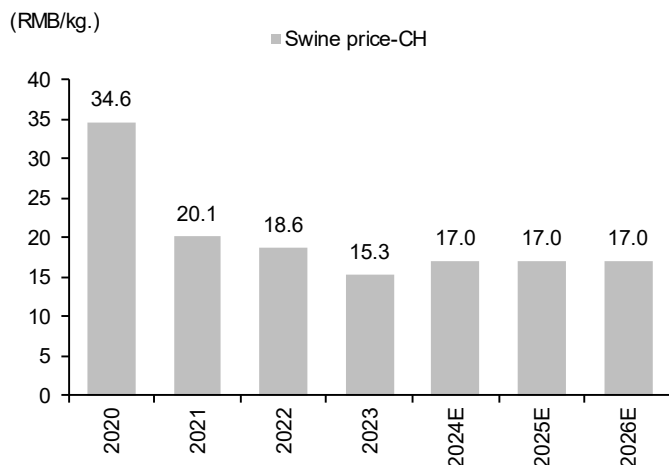
Sources: CPF, FSSIA estimates

Exhibit 72: Yearly raw material prices



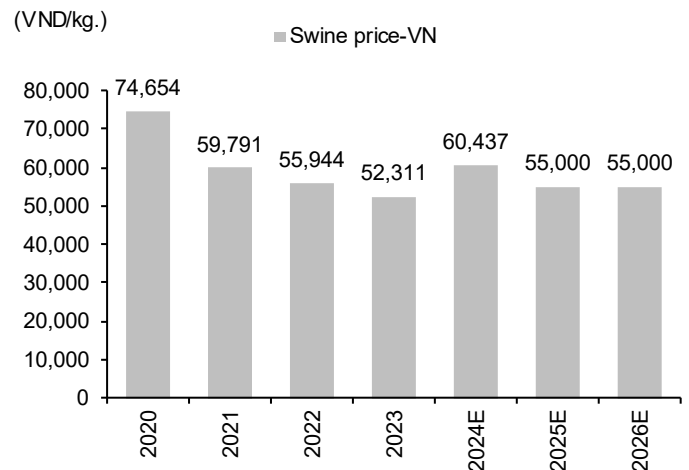
Sources: CPF, FSSIA estimates

Exhibit 73: Yearly Chinese swine price



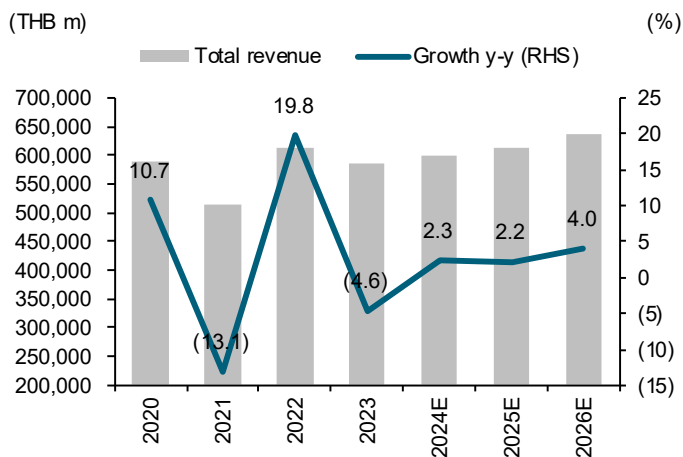
Sources: CPF, FSSIA estimates

Exhibit 74: Yearly Vietnamese swine price



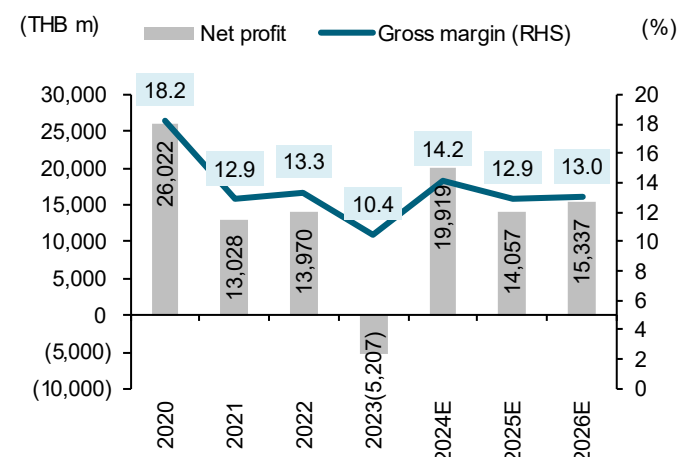
Sources: CPF, FSSIA estimates

Exhibit 75: Yearly total revenue and growth



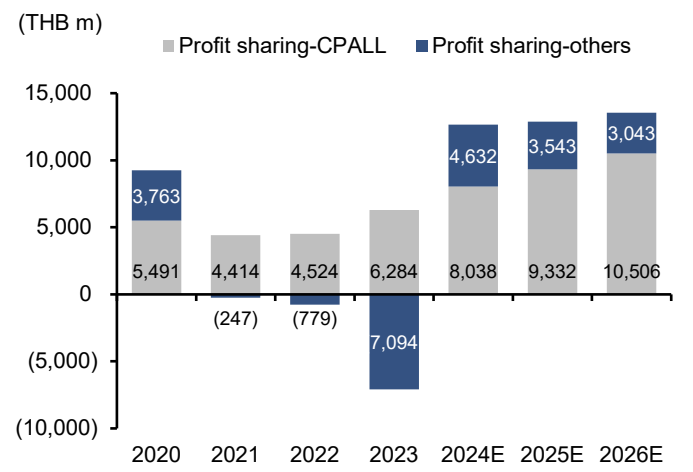
Sources: CPF, FSSIA estimates

Exhibit 76: Yearly net profit and gross margin



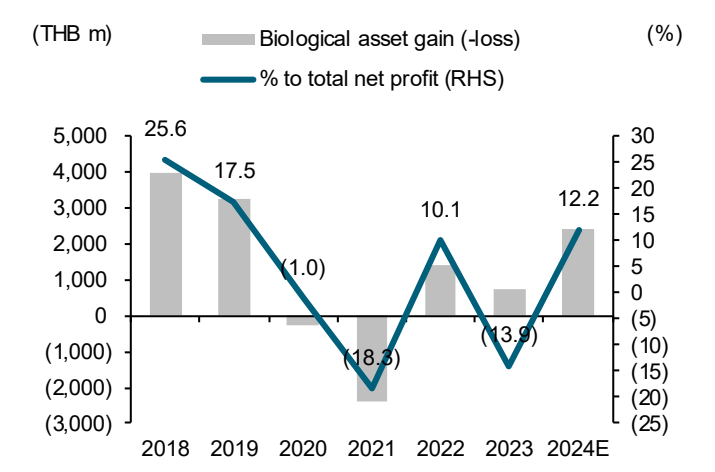
Sources: CPF, FSSIA estimates

Exhibit 77: Share of profit breakdown by CPALL and others



Sources: CPF, FSSIA estimates

Exhibit 78: Biological asset gain/(-loss)



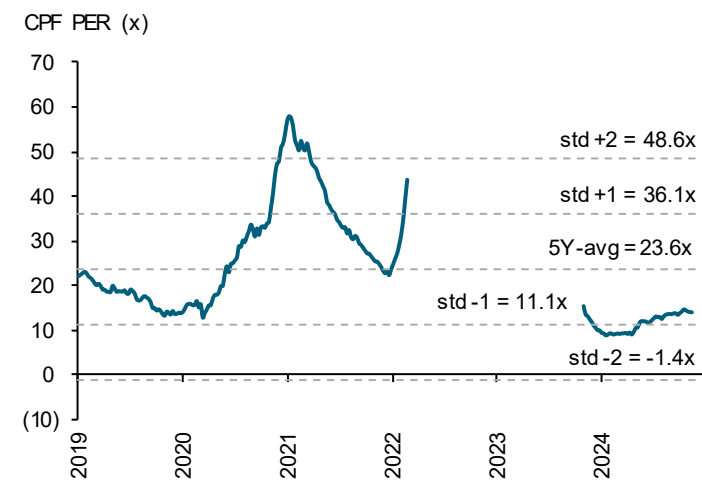
Sources: CPF, FSSIA estimates

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.

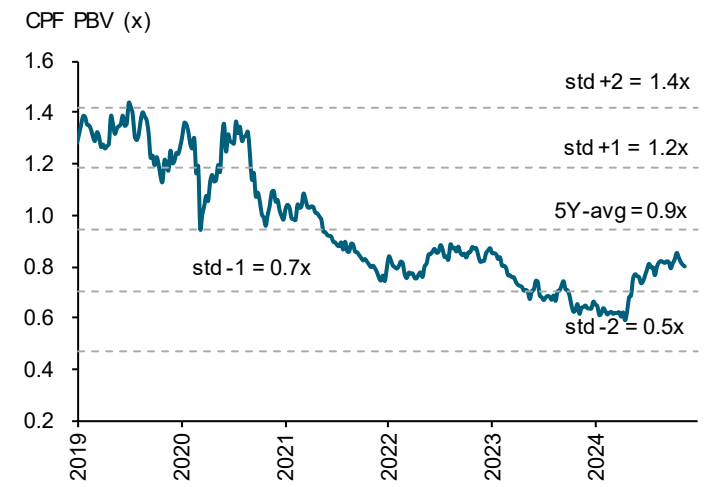
We maintain our BUY rating as there is still a 15% upside potential, but in the short term, the stock lacks a catalyst because earnings are expected to weaken in 4Q24 and may continue into 1Q25 if meat prices continue to decline, particularly Thai chicken and Chinese swine. CPF is the only company in 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 79: Historical P/E band



Sources: Bloomberg, FSSIA estimates

Exhibit 80: Historical P/BV band



Sources: Bloomberg, FSSIA estimates

Exhibit 81: 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)
Gross profit	81,873	61,201	85,088	79,036	82,875
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)
Operating EBITDA	63,057	31,556	62,913	57,449	59,996
Depreciation	(32,207)	(25,121)	(26,121)	(27,121)	(28,121)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	30,850	6,435	36,792	30,328	31,875
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
Profit before tax	20,427	(1,931)	29,331	19,869	21,562
Tax	(6,003)	(600)	(6,536)	(3,974)	(4,312)
Profit after tax	14,424	(2,531)	22,795	15,895	17,250
Minority interests	(454)	(2,676)	(2,876)	(1,838)	(1,912)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
Reported net profit	13,970	(5,207)	19,919	14,057	15,337
Non-recurring items & goodwill (net)	(5,347)	(16,792)	(2,653)	0	0
Recurring net profit	8,623	(22,000)	17,266	14,057	15,337
Per share (THB)					
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
Growth					
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
Operating performance					
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					
Revenue by Division (THB m)					
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)
Cash flow from operations	(1,465)	3,262	57,167	28,673	28,643
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)
Cash flow from investing	(58,285)	(6,924)	(22,324)	(20,539)	(20,993)
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
Cash flow from financing	55,686	(4,298)	(37,940)	(10,026)	(12,811)
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)	(3,097)	(1,892)	(5,160)
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
Per share (THB)					
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)
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	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
Current assets	233,219	209,116	217,857	221,608	224,376
Other assets	32,944	31,485	31,868	32,407	33,400
Total assets	926,987	887,218	902,892	912,935	922,123
Common equity	256,053	239,416	249,633	255,959	262,861
Minorities etc.	43,791	45,617	66,357	69,891	73,425
Total shareholders' equity	299,844	285,033	315,990	325,850	336,286
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
Long-term liabilities	360,166	342,722	332,262	335,366	333,610
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
Current liabilities	266,978	259,463	254,640	251,719	252,227
Total liabilities and shareholders' equity	926,987	887,218	902,892	912,935	922,123
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					
Per share (THB)					
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
Financial strength					
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
Recurring P/E (x) *	22.4	(9.3)	11.8	14.5	13.3
Recurring P/E @ target price (x) *	25.8	(10.7)	13.6	16.8	15.4
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 82: 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 83: 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	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](https://settrade.com); FSSIA's compilation

Exhibit 84: 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 85: 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
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	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
Governance								
Board size	15	15	15	15	15	15	15	14
No. of independent directors (ID)	5	5	5	5	5	6	5	4
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
No. of executives / company managers	14	17	7	11	9	27	31	31
No. of female executives	2	2	1	2	2	4	7	7
Executive share ownership guidelines	No	No	No	No	No	No	No	No
Size of audit committee	4	4	4	4	4	4	4	4
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
Size of compensation committee	3	3	3	4	4	4	4	3
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
Size of nomination committee	3	3	3	4	4	4	4	3
No. of nomination committee meetings	3	2	2	2	3	3	3	3
Nomination meeting attendance %	100	100	100	100	92	100	100	100
Sustainability governance								
Verification type	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Sources: Bloomberg; FSSIA's compilation

BETAGRO BTG TB

THAILAND / FOOD & BEVERAGE

BUY

FROM HOLD

TARGET PRICE	THB22.00
CLOSE	THB19.60
UP/DOWNSIDE	+12.2%
PRIOR TP	THB23.50
CHANGE IN TP	-6.4%
TP vs CONSENSUS	-9.7%

2025E profit to continue growing

- The average meat prices for 4QTD have started to weaken, particularly for Thai chicken. This should pressure 4Q24 earnings.
- We cut 2025E net profit by 7%, but still expect growth at 11%.
- Upgrade to BUY after share price has fallen by 18% over the past four months.

3Q24 net profit rebounded as expected

BTG posted a 3Q24 net profit of THB979m (+56% q-q, a turnaround from a loss last year). Excluding an FX gain and a biological asset gain, its core profit was THB905m (+45% q-q, a turnaround from a loss in 2Q23), which was close to our estimate. The strong profit recovery came from both increased sales volumes and higher meat prices, driving revenue up by 9.8% q-q and 11% y-y.

Meat prices have started to weaken

The average meat prices for 4QTD have started to weaken, particularly for Thai chicken, which is currently priced at THB35-36/kg (according to MOC) and THB39/kg (according to OAE). This represents a 9% q-q decline in the average price for 4QTD. Meanwhile, the price of Thai swine has remained stable q-q at THB70-72/kg. We initially forecast the net profit for 4Q24 to be THB727m (-26% q-q, a turnaround from a loss of THB656m in 3Q23). We maintain our 2024E net profit at THB2.2b; a strong recovery from a loss of THB1.4b in 2023.

More conservative view on meat prices in 2025

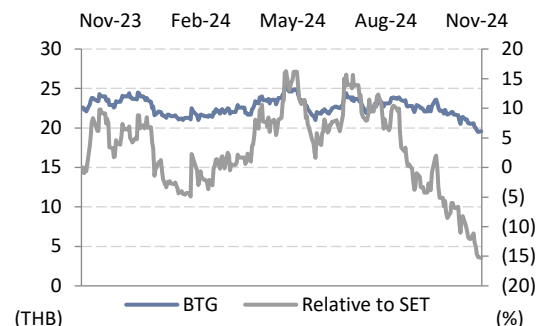
Due to the favorable increase in meat prices in 2H24, with chicken and swine prices rising 6.5% y-y and 14.4% y-y, respectively, the livestock production volume has increased. We expect the number of day-old-chicks in 2025 to rise to 38-39 million per week, up from 36-37 million per week in 2024. Meanwhile, we expect the number of pigs raised to increase by 11.5% y-y to 20.2 million head, up from 18.1 million in 2024, approaching pre-ASF levels from 2022. With raw material prices remaining low, we maintain a cautious outlook for 2025 meat prices, which may soften if demand recovers more slowly than expected.

Upgrade to BUY after share price has fallen by 18%

We have revised down our 2025E profit by 7%, but still expect growth of 11% y-y, driven by higher sales volumes and the consolidation of the egg business in Singapore. We lower our TP to THB22, based on the same 17x P/E, which is close to the target P/E for CPF and higher than GFPT and TFG, as BTG has diversified its business more toward downstream segments. The stock price has already declined by 18% over the past four months. It is currently trading at a 2025E P/E of 16x, down from 19x previously. At our new target price, there is an upside of 12%, so we upgrade our rating to BUY from Hold.

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	108,638	112,801	117,846	123,255
Net profit	(1,398)	2,204	2,449	2,614
EPS (THB)	(0.72)	1.14	1.27	1.35
vs Consensus (%)	-	3.7	(15.9)	(19.0)
EBITDA	4,319	8,656	9,062	9,677
Recurring net profit	(1,310)	2,117	2,449	2,614
Core EPS (THB)	(0.66)	1.06	1.22	1.31
Chg. In EPS est. (%)	nm	-	(7.3)	(7.4)
EPS growth (%)	nm	nm	15.7	6.7
Core P/E (x)	(29.9)	18.5	16.0	15.0
Dividend yield (%)	1.3	2.3	2.6	2.8
EV/EBITDA (x)	14.1	6.6	6.1	5.6
Price/book (x)	1.5	1.4	1.3	1.3
Net debt/Equity (%)	90.9	72.0	60.7	53.9
ROE (%)	(4.9)	8.2	9.0	9.0



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(9.7)	(15.9)	(13.3)
Relative to country (%)	(7.4)	(24.6)	(15.5)
Mkt cap (USD m)	1,089		
3m avg. daily turnover (USD m)	1.6		
Free float (%)	37		
Major shareholder	Betagro Holding Company Limited (38%)		
12m high/low (THB)	25.50/19.30		
Issued shares (m)	1,934.80		

Sources: Bloomberg consensus; FSSIA estimates


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Investment thesis

BTG operates a fully integrated food business covering the entire production chain from upstream, mid-stream to downstream. Its production and distribution bases are located in every region of Thailand, and it exports its products to overseas markets. BTG also produces in neighboring countries such as Cambodia, Laos, and Myanmar.

The company has diversified to six distribution channels which consist of Betagro branches, modern trade, traditional trade, food services, industrial customers (OEM business), and the export market (more than 20 countries). The company has strong brand recognition under the well-known BETAGRO brand, S-Pure for hygienic fresh meat, Perfecta, etc.

Company profile

Established in 1967 and listed on the SET in 2022, BTG operates a full range of agro-industry businesses from upstream animal feed, pig and chicken farms, animal health products and supplements, meat processing, and food production to pet products. At the end of 2023, BTG generated revenue from Food & Protein (63% of total revenue), followed by Agro (30%), International (5%) and Pets (2%).

www.betagro.com

Principal activities (revenue, 2023)

■ Agro - 29.7 %

■ Food and protein - 63.0 %

■ International - 5.4 %

■ Pet segment - 1.9 %

Source: Betagro

Major shareholders

■ Betagro Holding Company Limited - 37.7 %

■ TAE HK Investment Limited - 20.7 %

■ Taepaisitphongse Family - 6.5 %

■ Others - 35.1 %

Source: Betagro

Catalysts

Potential catalysts for BTG’s 2024 earnings growth are 1) sales volume growth in line with a purchasing power and tourism recovery; 2) meat price increases; 3) flat or declining feed costs; and 4) an international business recovery.

Risks to our call

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.

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)	70.0	70.0	70.0
Swine price-Cambodia (KHR)	8,605	8,400	8,200
Total revenue growth (%)	3.8	4.5	4.6
Gross margin (%)	13.2	13.0	13.0
SG&A to sales (%)	10.4	10.4	10.4

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in revenue, we estimate 2025 net profit to rise by 3.1%, and vice versa, all else being equal.
- For every 0.1% increase in GPM, we estimate 2025 net profit to rise by 4.2%, and vice versa, all else being equal.
- For every 0.1% increase in SG&A to sales, we estimate 2025 net profit to fall by 2.9%, and vice versa, all else being equal.

Source: FSSIA estimates

3Q24 net profit rebounded as expected

BTG posted a 3Q24 net profit of THB979m (+56% q-q, a turnaround from a loss last year). Excluding an FX gain and a biological asset gain, its core profit was THB905m (+45% q-q, a turnaround from a loss in 2Q23), which is close to our estimate.

The strong profit recovery came from both increased sales volumes and higher meat prices, driving revenue up by 9.8% q-q and 11% y-y. To elaborate, the average price of Thai swine in 3Q24 was THB71.5/kg (+3% q-q, +14% y-y), coupled with an improved sales volume, which helped offset the decline in Thai chicken prices, which fell by 1.4% q-q.

The gross margin slightly decreased q-q to 13.9%, but it remains significantly higher than the 8.2% level in 3Q23. Overall, raw material prices continued to decrease. BTG was able to control its expenses well, resulting in SG&A to sales decreasing to 10.1%, down from 10.6% in 2Q24 and 10.8% in 3Q23.

Exhibit 86: BTG – 3Q24 earnings results

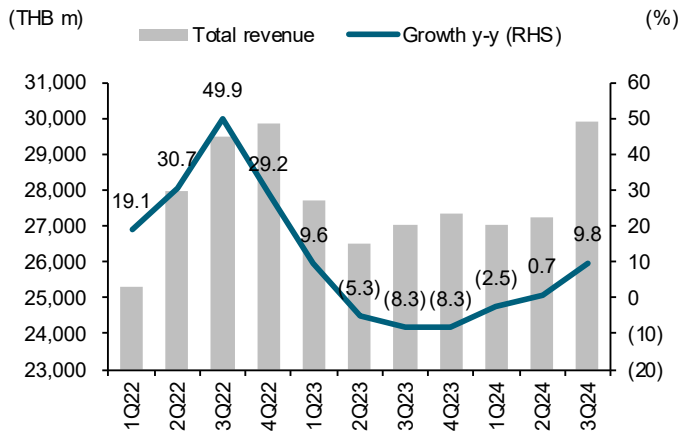
	3Q23	4Q23	1Q24	2Q24	3Q24	----- Change -----		9M23	9M24	Change	2024E	Change	% 9M24
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)	(THB m)	(y-y%)	to 2024E
Sales	27,047	27,365	27,024	27,225	29,889	9.8	10.5	81,273	84,138	3.5	112,801	3.8	74.6
Cost of sales	24,836	25,032	24,102	23,388	25,731	10.0	3.6	72,768	73,222	0.6	97,912	0.1	74.8
Gross profit	2,211	2,333	2,922	3,836	4,158	8.4	88.1	8,505	10,916	28.3	14,890	37.4	73.3
SG&A	2,932	2,623	2,795	2,889	3,019	4.5	2.9	8,956	8,703	(2.8)	11,731	1.3	74.2
Operating profit	(604)	(235)	253	1060	1300	22.6	nm	(13)	2,613	nm	3,638	nm	71.8
Interest expense	170	209	198	199	198	(0.7)	16.5	464	595	28.2	797	18.5	74.6
Tax expense	23	256	195	269	240	(10.7)	953.6	201	705	251.2	846	85.0	83.4
Biological gain (loss)	(23)	14	10	15	24	63.3	nm	(102)	48	nm	49	nm	97.5
Other gain (loss)	9	(2)	(4)	(13)	51	nm	465.0	3	34	1046.9	38	nm	89.0
Reported net profit	(784)	(656)	(124)	628	979	56.0	nm	(742)	1,483	nm	2,204	nm	67.3
Core profit	(770)	(668)	(130)	626	905	44.5	nm	(643)	1,401	nm	2,117	nm	66.2

Key ratios (%)							(ppt)	(ppt)				
Gross margin	8.2	8.5	10.8	14.1	13.9	(0.2)	5.7	10.5	13.0	2.5	13.2	3.2
SG&A to sales	10.8	9.6	10.3	10.6	10.1	(0.5)	(0.7)	11.0	10.3	(0.7)	10.4	(0.3)
Operating margin	(2.2)	(0.9)	0.9	3.9	4.3	0.5	6.6	(0.0)	3.1	3.1	3.2	3.5
Net margin	(2.9)	(2.4)	(0.5)	2.3	3.3	1.0	6.2	(0.9)	1.8	2.7	2.0	3.2
Core margin	(2.8)	(2.4)	(0.5)	2.3	3.0	0.7	5.9	(0.8)	1.7	2.5	1.9	3.1

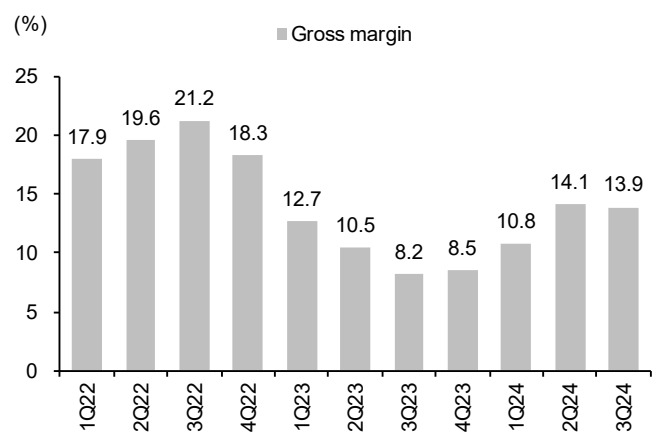
Operating statistics												
Broiler price-TH (THB/kg.)	36.6	37.9	40.8	43.6	43.0	(1.4)	17.5	39.9	42.5	6.5	41.6	5.6
Swine price-TH (THB/kg.)	62.7	62.3	66.3	69.3	71.5	3.1	14.0	73.3	69.0	(5.8)	70.0	0.7
Swine price-Cambodia (KHR/kg.)	8,572	7,237	7,287	9,568	8,866	(7.3)	3.4	8,678	8,574	(1.2)	8,605	3.5
Swine price-Laos (LAK/kg.)	46,341	45,912	47,593	48,745	51,112	4.9	10.3	46,227	49,150	6.3	47,000	1.9
Corn price-TH (THB/kg.)	11.7	10.4	10.4	10.9	12.0	9.8	3.0	12.6	11.1	(11.8)	11.0	(9.3)
Soybean meal price-TH (THB/kg.)	21.5	22.0	22.2	21.3	20.5	(3.6)	(4.7)	23.0	21.3	(7.2)	20.9	(8.1)

Revenue by segment (THB m)												
Agri business	8,171	8,315	7,819	7,885	8,542	8.3	4.5	23,927	24,246	1.3		
Food	7,916	7,955	7,852	7,748	8,798	13.6	11.1	23,632	24,398	3.2		
Export	2,994	3,150	3,065	3,320	3,510	5.7	17.2	9,026	9,895	9.6		
Meat no packaging	1,888	1,934	2,059	2,126	2,331	9.6	23.5	5,552	6,516	17.4		
By product and others	2,809	2,896	2,978	3,006	3,267	8.7	16.3	9,049	9,251	2.2		
Farm	1,269	1,123	1,232	1,145	1,389	21.3	9.5	4,100	3,766	(8.1)		
Overseas	1,464	1,453	1,464	1,543	1,553	0.6	6.1	4,434	4,560	2.8		
Pet food	536	538	555	452	499	10.4	(6.9)	1,553	1,506	(3.0)		

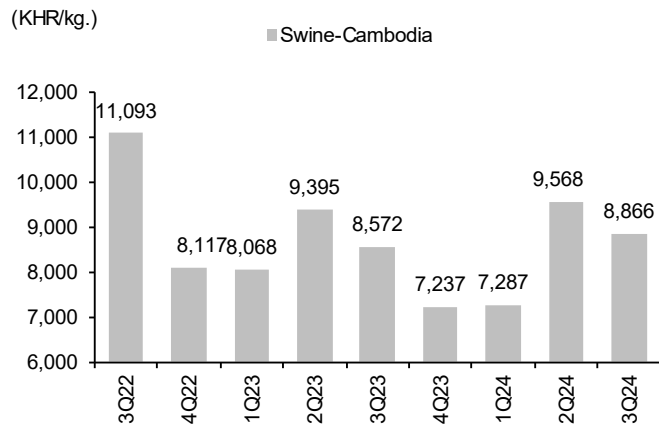
Sources: BTG, FSSIA's compilation

Exhibit 87: Quarterly total revenue and growth

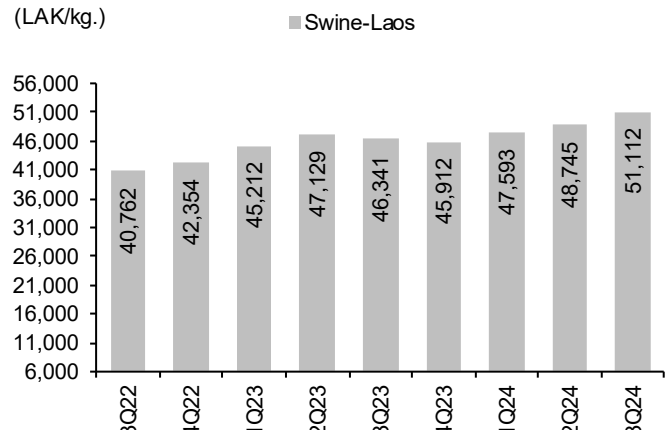
Sources: BTG, FSSIA's compilation

Exhibit 88: Quarterly gross margin

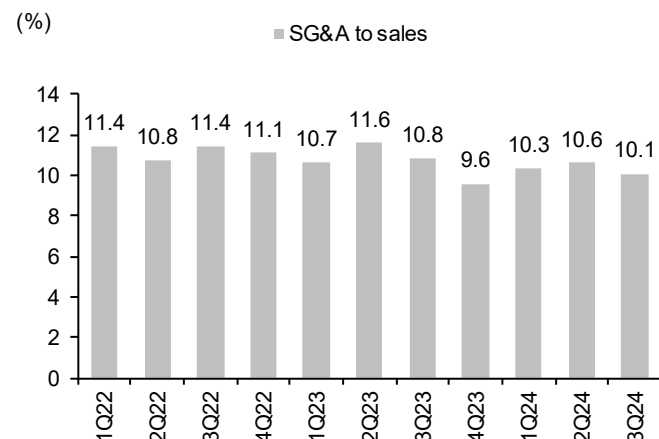
Source: BTG, FSSIA's compilation

Exhibit 89: Quarterly Cambodian swine price

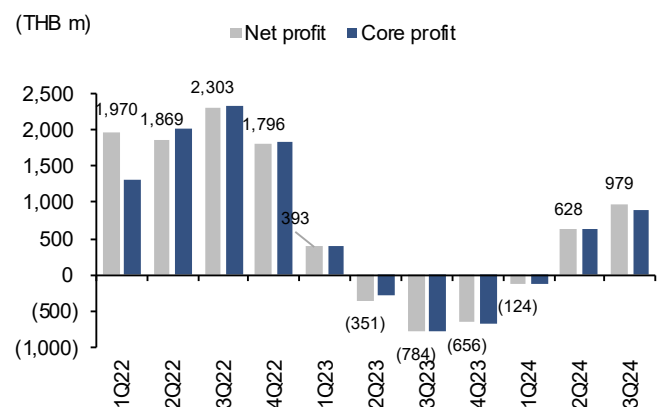
Source: CPF, FSSIA's compilation

Exhibit 90: Quarterly Laos swine price

Source: CPF, FSSIA's compilation

Exhibit 91: Quarterly SG&A to sales

Sources: BTG, FSSIA's compilation

Exhibit 92: Quarterly net profit and core profit

Sources: BTG, FSSIA's compilation

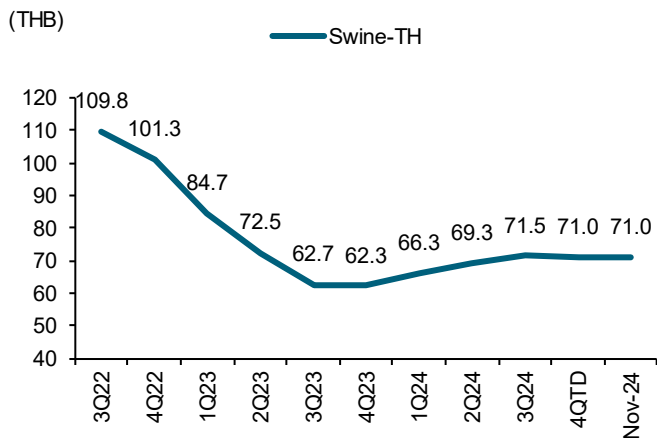
Expect 4Q24 net profit to decline q-q due to seasonality

The average meat prices for 4QTD have started to weaken, particularly for Thai chicken, which is currently priced at THB35-36/kg (according to the Department of Internal Trade, MOC) and THB39/kg (according to the Office of Agricultural Economics). This represents a 9% q-q decline in the average price for 4QTD, though it is still 6.6% higher compared to 3Q23. The significant price slowdown is partly due to flooding and heavy rains in September and October, which caused small farmers to sell off their supply. This, combined with entering the low season for exports, has put downward pressure on prices. Meanwhile, the price of Thai swine has remained stable q-q at THB70-72/kg.

Although raw material prices, such as for corn (-15.8% q-q, -13.3% y-y) and soybean meal (-4.9% q-q, -9.3% y-y), continue to decrease, we expect this to support gross margins at a strong double-digit level. However, we anticipate a q-q decline due to the reduced sales volume and lower meat prices.

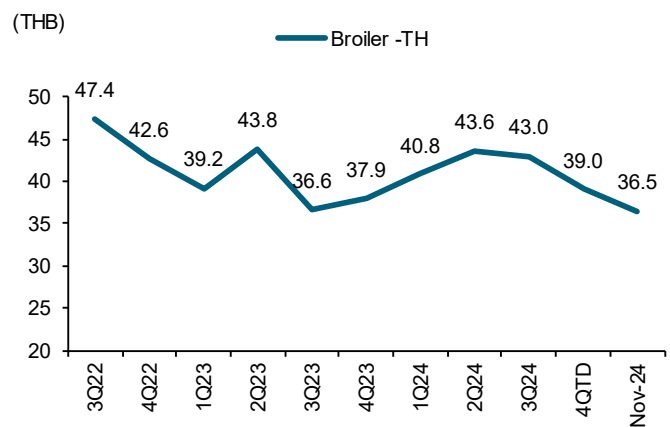
BTG's 9M24 net profit equaled THB1.48b, a turnaround from a loss of THB742m in 9M23, accounting for 67% of our full-year profit estimate. We initially forecast the net profit for 4Q24 to be THB727m (-26% q-q, a turnaround from a loss of THB656m in 3Q23). We are maintaining our 2024 net profit forecast at THB2.2b, a strong recovery from a loss of THB1.4b in 2023.

Exhibit 93: Quarterly Thai swine price



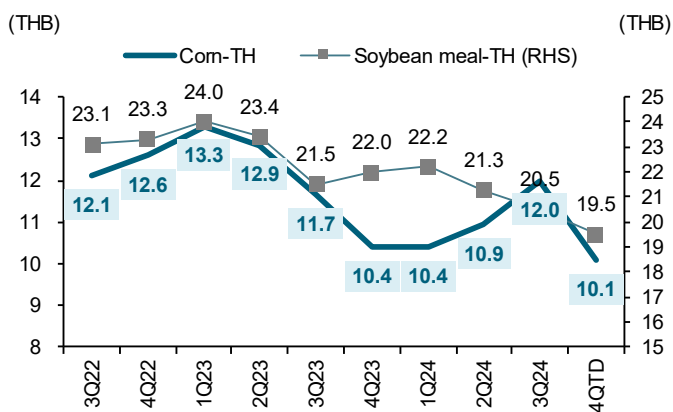
Sources: CPF, OAE, MOC, FSSIA estimates

Exhibit 94: Quarterly Thai chicken price



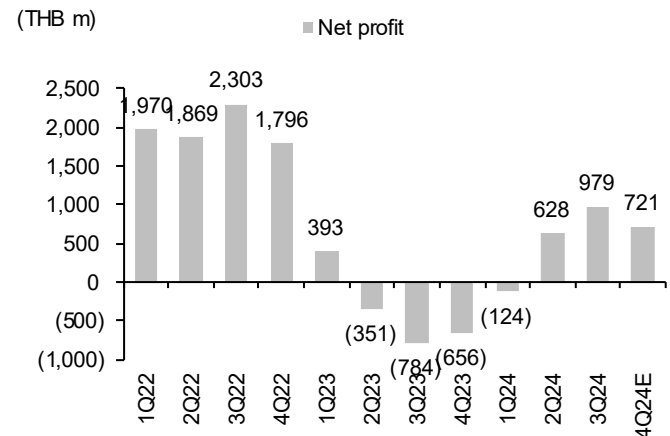
Sources: CPF, OAE, MOC, FSSIA estimates

Exhibit 95: Quarterly domestic raw material prices



Sources: CPF, OAE, MOC, FSSIA estimates

Exhibit 96: Quarterly net profit



Sources: BTG, FSSIA estimates

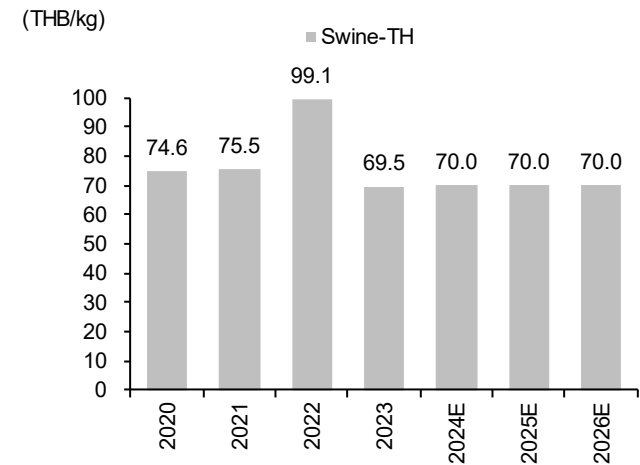
Maintain our conservative view on meat prices in 2025

From the thriving livestock industry in 2024, driven by the resolution of the illegal pork issue and the effective control of the African Swine Fever (ASF) situation, the price of Thai swine in 2H24 is expected to rise to THB71.5/kg (+5.4% h-h, +14.4% y-y). This price increase is significantly above the breakeven costs, benefiting from the reduction in raw material costs. Meanwhile, chicken prices have remained relatively strong throughout the year, with an average price of THB42.5/kg in 9M24 (+6.5% y-y), driven by a strong recovery in chicken exports. In 9M24, the chicken export volume increased by 5.4% y-y, while the export value grew slightly lower by 4% y-y, primarily due to product mix changes, as the export value of processed chicken expanded more than that of fresh frozen chicken. The good export conditions are partly due to low stock levels among customers in Japan and the EU, combined with shipping delays throughout 2024, which prompted customers to accelerate their purchases.

Due to the reasons mentioned above, there has been an increase in chicken production, with the number of chicks in 2025 expected to rise to 38-39 million per week, up from 36-37 million in 2024. 2024 pig production is expected to increase to 19.4 million pigs, higher than the initial forecast of 18.2 million by The Swine Raisers Association of Thailand (+4% y-y). While the late 2024 flooding has impacted production, operators expect a slight 1% y-y decline in pig production to 19.2 million pigs in 2025. This forecast is lower than the previous expectation of a recovery to pre-ASF levels of 20-21 million pigs.

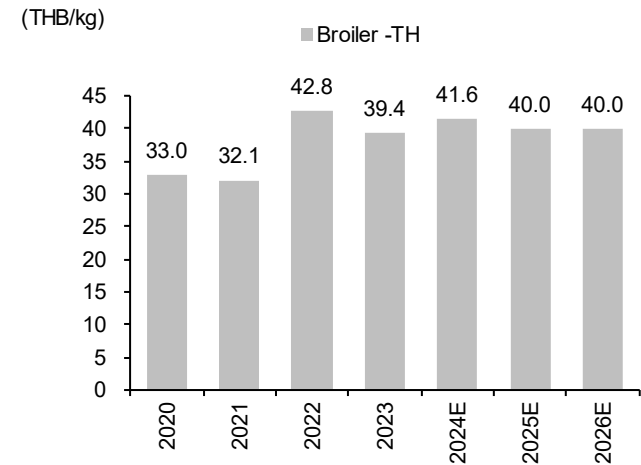
Regarding overall demand, we expect both domestic consumption and exports in 2025 to stabilize, which is a more conservative outlook than management's expectations. In addition, with raw material prices remaining low, there will be limited upward pressure on meat prices. Therefore, we maintain our forecast for Thai swine prices in 2025 at THB70/kg, unchanged from 2024, and live chicken prices at THB40/kg (-4% y-y), which is a more conservative assumption than management's guidance.

Exhibit 97: Yearly Thai swine price



Sources: FSSIA estimates

Exhibit 98: Yearly chicken price



Sources: FSSIA estimates

Acquiring a leading importer of eggs in Singapore

BTG is acquiring a 75% interest in Eggriculture Foods for HKD444m or THB2.1b. It expects to complete the deal and start consolidating the business in its financial statements from 1Q25. Eggriculture produces and distributes fresh and processed eggs in Singapore. It leads the market with a share of c20%, with a daily production capacity of 0.9m eggs. It imports roughly 0.5m-0.6m eggs daily since domestic output is insufficient for local consumption. Specifically, the annual production of Singapore is 2.1b eggs, representing just 32% of the domestic consumption, implying 68% from imports. In the past five years, egg prices have increased by 9.6% CAGR, with an average price of THB9.34/egg in 2023, up from THB6.74/egg in 2021.

Based on financial data from annual reports and BTG, Eggriculture recorded revenue of SGD108m or THB2.9b, 2.6% of BTG's, and a net profit of SGD19.3m. Excluding gains/losses from the revaluation of the fair value of biological assets, such as chicken breeders and other agricultural products, as well as their impacts on COGS, the profit was SGD9.8m or THB265m (see Annual Report, page 4). Assuming a 75% stake and a 3% loan interest rate, the deal would generate no less than 5% in additional profit for BTG, excluding future synergies.

We initially have a favorable view of this deal based on historical financial data in annual reports and potential synergies. However, we will keep monitoring its operating results since it is subject to risks from fluctuations in farming costs and egg prices in Singapore and changes in the price of breeders and other agricultural product prices requiring a mark-to-market.

Exhibit 99: Shareholding structure and director of Eggriculture

Shareholding structure of Eggriculture before and after acquisition:

Name of shareholders	Before the acquisition		After the acquisition	
	No. of shares	Percentage	No. of shares	Percentage
1. Betagro Foods (Singapore) Pte. Ltd. ^{/1}	0	0	500,000,000	100.00
2. Radiant Grand International Limited / Mr. Ma Chin Chew	294,800,000	58.96	0 ^{/2}	0 ^{/2}
3. Elite Ocean Ventures Limited / Mr. Lim Joo Boo	80,200,000	16.04	0	0
4. Other public shareholders	125,000,000	25.00	0	0
Total	500,000,000	100.00	500,000,000	100.00

^{/1} Betagro PCL indirectly hold 75.00% of Eggriculture shares through Betagro Foods

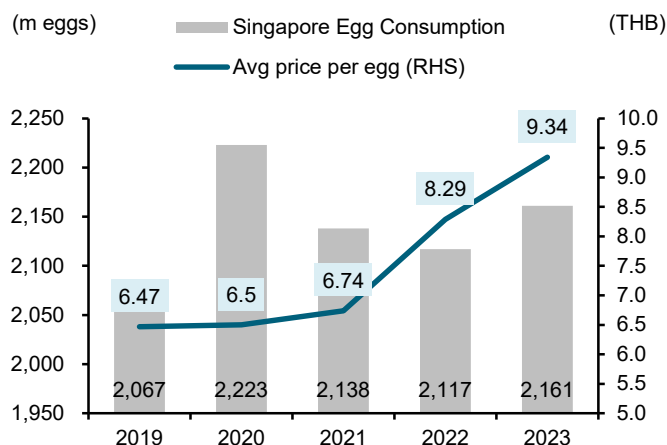
^{/2} RGI and/or Mr. Ma Chin Chew indirectly hold 25.00% of Eggriculture shares through Betagro Foods

The lists of Eggriculture's directors before and after acquisition shall be as below:

Before the acquisition	After the acquisition
1. Mr. Ma Chin Chew 2. Ms. Lim Siok Eng 3. Mr. Tang Hong Lai 4. Mr. Sneddon Donald William 5. Mr. Yuen Ka Lok Ernest 6. Mr. Lew Chern Yong	1. Mr. Vasit Taepaisitphongse 2. Mr. Chayadhorn Taepaisitphongse 3. Mr. Worrawut Vanitkulbodee 4. Mr. Ma Chin Chew Note that No. 1-3 above are the representatives of the Company.

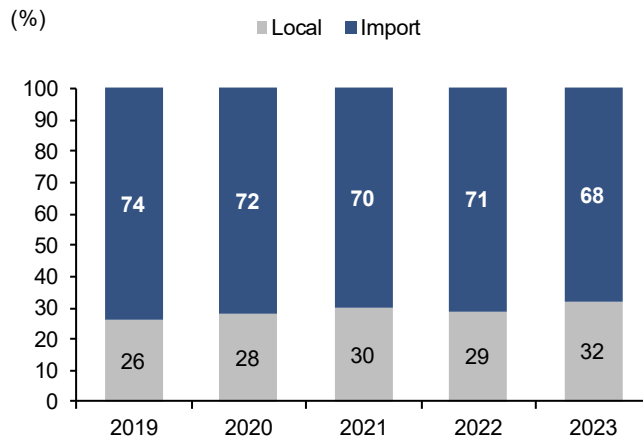
Source: BTG

Exhibit 100: Singapore egg consumption and average price



Sources: Singapore Department of Statistics, Singapore Food Agency

Exhibit 101: Singapore egg supply



Sources: Singapore Department of Statistics, Singapore Food Agency

Exhibit 102: Profit and loss statement of Eggriculture Foods from 2024 Annual Report

	Note	2024			2023		
		Results before biological assets and agricultural produce fair value adjustments	Biological assets and agricultural produce fair value adjustments	Total	Results before biological assets and agricultural produce fair value adjustments	Biological assets and agricultural produce fair value adjustments	Total
		SS'000	SS'000	SS'000	SS'000	SS'000	SS'000
Revenue	5	108,417	-	108,417	95,766	-	95,766
Cost of sales	8	(79,678)	(26,458)	(106,136)	(75,511)	(16,844)	(92,355)
Gross profit		28,739	(26,458)	2,281	20,255	(16,844)	3,411
Other income							
- Interest	6	3	-	3	49	-	49
- Others	6	503	-	503	998	-	998
Other losses - net							
- Impairment loss on financial assets		(113)	-	(113)	(116)	-	(116)
- Others	7	(79)	-	(79)	(42)	-	(42)
Gain arising from initial recognition of agricultural produce at fair value less estimated costs to sell at point of harvest		-	27,053	27,053	-	16,880	16,880
Gain arising from changes in fair value of biological assets less estimated costs to sell	14	-	8,842	8,842	-	3,593	3,593
Selling and distribution expenses	8	(6,913)	-	(6,913)	(6,980)	-	(6,980)
Administrative expenses	8	(7,122)	-	(7,122)	(6,813)	-	(6,813)
Finance costs	10	(1,238)	-	(1,238)	(607)	-	(607)
Profit before income tax		13,780	9,437	23,217	6,744	3,629	10,373
Income tax expense	11	(3,993)	-	(3,993)	(1,698)	-	(1,698)
Profit after tax and total comprehensive income for the year		9,787	9,437	19,224	5,046	3,629	8,675
Profit after tax and total comprehensive income attributable to:							
Owners of the Company		9,878	9,437	19,315	5,011	3,629	8,640
Non-controlling interests		(91)	-	(91)	35	-	35
		9,787	9,437	19,224	5,046	3,629	8,675

Source: Eggriculture's 2024 Annual Report

Revise down 2025E profit on potential narrowing of spread margin

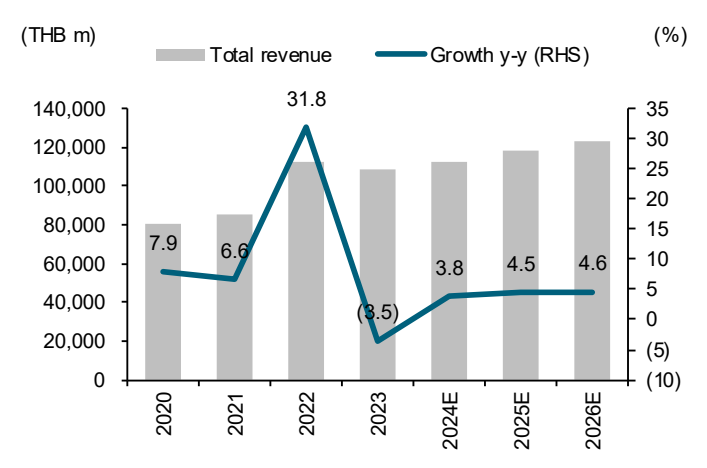
We have revised down 2025E net profit by 7% to THB2.45b (+11% y-y), adjusting the spread margin downward due to the expected softening of meat prices. We have also reduced our gross margin assumption for 2025 by 20 bps to 13%. However, there is still y-y profit growth expected, driven by higher sales volumes from expanded production capacity and the consolidation of the egg business in Singapore. We expect that the majority of revenue will continue to come from the food and protein segment, accounting for 63% of total revenue, followed by agro at 29.3%, international at 5.3%, and the pet segment at 2.2%.

Exhibit 103: Changes in key assumptions for BTG

	Current			Previous			Change		
	2024E (THB m)	2025E (THB m)	2026E (THB m)	2024E (THB m)	2025E (THB m)	2026E (THB m)	2024E (%)	2025E (%)	2026E (%)
Total revenue	112,801	117,846	123,255	112,801	118,023	123,652	0.0	(0.2)	(0.3)
Cost of sales	97,912	102,526	107,232	97,912	102,444	107,330	0.0	0.1	(0.1)
Gross profit	14,890	15,320	16,023	14,890	15,579	16,322	0.0	(1.7)	(1.8)
SG&A expenses	11,731	12,256	12,819	11,731	12,274	12,860	0.0	(0.2)	(0.3)
Operating profit	3,638	3,594	3,759	3,638	3,836	4,019	0.0	(6.3)	(6.5)
Interest expense	797	683	649	797	683	649	0.0	0.0	0.0
Reported net profit	2,204	2,449	2,614	2,204	2,643	2,822	0.0	(7.3)	(7.4)
Core profit	2,117	2,449	2,614	2,117	2,643	2,822	0.0	(7.3)	(7.4)
Key ratios (%)									
Total revenue growth	3.8	4.5	4.6	3.8	4.6	4.8			
Net profit growth	nm	11.1	6.7	nm	19.9	6.8			
Core profit growth	nm	15.7	6.7	nm	24.9	6.8			
Gross margin	13.2	13.0	13.0	13.2	13.2	13.2	0.0	(0.2)	(0.2)
SG&A to sales	10.4	10.4	10.4	10.4	10.4	10.4	0.0	0.0	0.0
Operating margin	3.2	3.1	3.1	3.2	3.3	3.3	0.0	(0.2)	(0.2)
Net margin	2.0	2.1	2.1	2.0	2.2	2.3	0.0	(0.2)	(0.2)
Core margin	1.9	2.1	2.1	1.9	2.2	2.3	0.0	(0.2)	(0.2)
Key assumptions									
Revenue breakdown (THB m)									
Agro business	32,887	34,531	36,258	32,887	34,531	36,258	0.0	0.0	0.0
Food & protein business	71,311	74,358	77,542	71,311	74,358	77,542	0.0	0.0	0.0
International business	6,096	6,277	6,561	6,096	6,277	6,561	0.0	0.0	0.0
Pet business	2,415	2,612	2,825	2,415	2,789	3,222	0.0	(6.4)	(12.3)
Price									
Broiler price-TH (THB/kg.)	41.6	40.0	40.0	41.6	40.0	40.0	0.0	0.0	0.0
Swine price-TH (THB/kg.)	70.0	70.0	70.0	70.0	70.0	70.0	0.0	0.0	0.0
Swine price-Cambodia (KHR/kg.)	8,605	8,400	8,200	8,605	8,400	8,200	0.0	0.0	0.0
Corn price-TH (THB/kg.)	11.0	10.0	10.0	11.0	10.0	10.0	0.0	0.0	0.0
Soybean meal price-TH (THB/kg.)	20.9	19.5	19.0	20.9	19.5	19.0	0.0	0.0	0.0

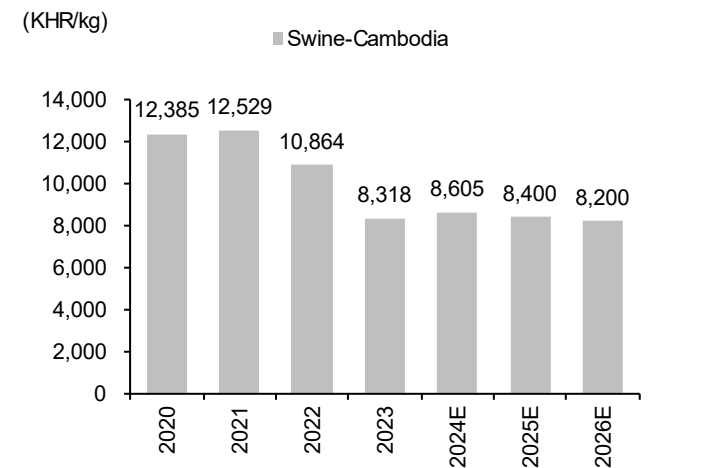
Sources: FSSIA estimates

Exhibit 104: Yearly total revenue and growth



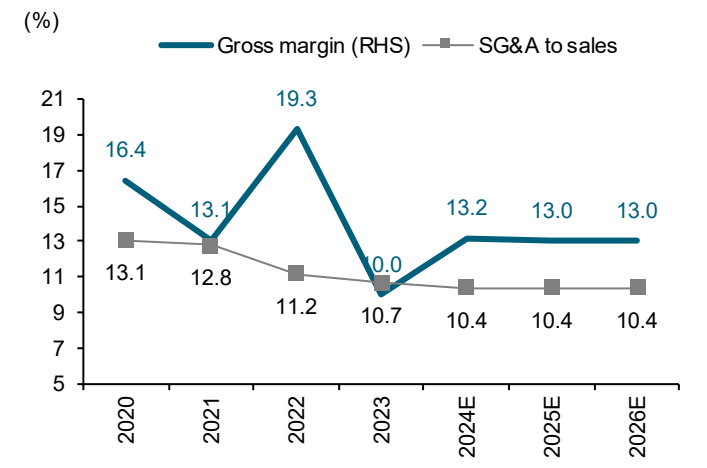
Sources: BTG, FSSIA estimates

Exhibit 105: Yearly Cambodian swine price



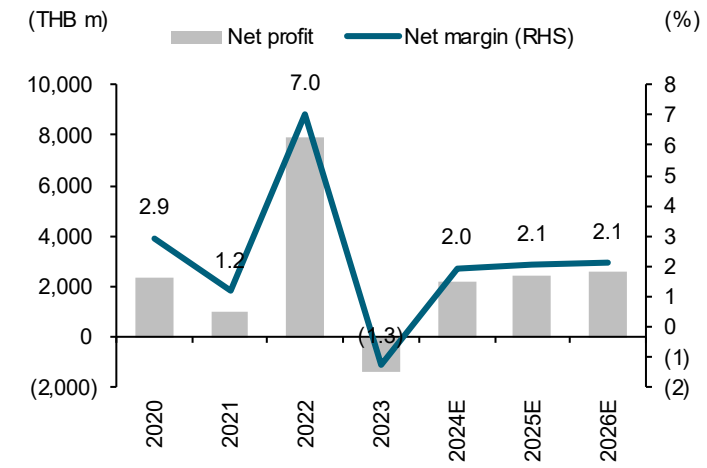
Sources: CPF, FSSIA estimates

Exhibit 106: Yearly gross margin and SG&A to sales



Sources: BTG, FSSIA estimates

Exhibit 107: Yearly net profit and net margin



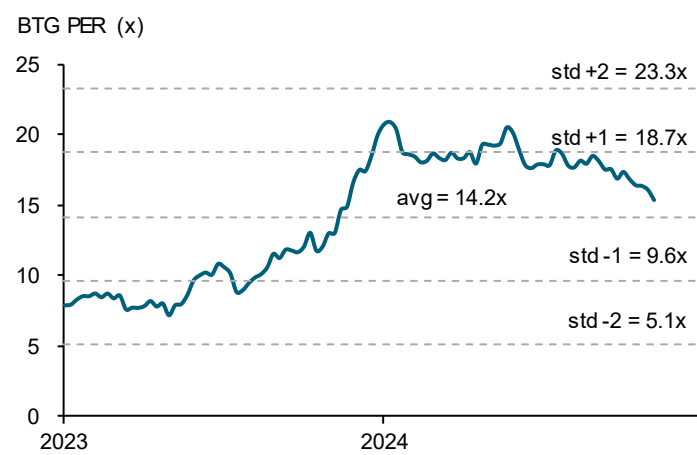
Sources: BTG, FSSIA estimates

Upgrade to BUY on 18% share price decline over past four months

We have revised down our 2025 target price to THB22 (from THB23.5), based on a P/E of 17x, which is close to the target P/E for CPF and higher than GFPT and TFG. This is because we believe BTG has increasingly diversified its business toward downstream and is focusing on increasing the proportion of value-added revenue, such as ready-to-eat meals, premium meats, and pet food. BTG has been rated "Excellent" (5 stars) for corporate governance by IOD and has shown improvements in ESG development. We expect that BTG will continue to be rated in the SET ESG Rating in the future.

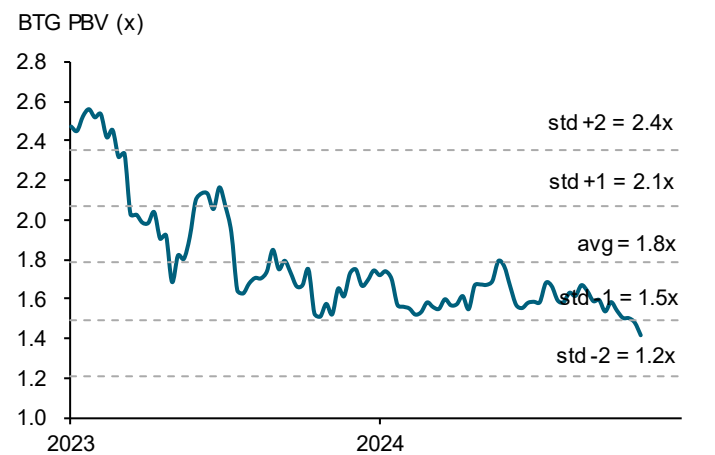
The stock price has already declined by 18% over the past four months. It is currently trading at a 2025E P/E of 16x, down from 19x previously. At our new target price, there is an upside of 12%, so we upgrade our rating to BUY from Hold. However, in the short term, the stock lacks a catalyst due to expected weaker earnings, and we anticipate that a good re-entry point would be when meat prices start to rise again, particularly chicken prices. Initially, we expect to see a recovery in prices by 2Q25.

Exhibit 108: Historical P/E band



Sources: Bloomberg, FSSIA estimates

Exhibit 109: Historical P/BV band



Sources: Bloomberg, FSSIA estimates

Exhibit 110: Peers comparisons as of 18 Nov 2024

Company	BBG	Rec	Share price			Market	PE		ROE		PBV		EV/EBITDA	
			Current	Target	Upside		Cap	24E	25E	24E	25E	24E	25E	24E
			(LCY)	(LCY)	(%)	(USD m)	(x)	(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

Betagro

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	112,626	108,638	112,801	117,846	123,255
Cost of goods sold	(90,894)	(97,800)	(97,912)	(102,526)	(107,232)
Gross profit	21,731	10,838	14,890	15,320	16,023
Other operating income	637	493	479	530	555
Operating costs	(12,594)	(11,579)	(11,731)	(12,256)	(12,819)
Operating EBITDA	14,018	4,319	8,656	9,062	9,677
Depreciation	(4,243)	(4,568)	(5,018)	(5,468)	(5,918)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	9,775	(248)	3,638	3,594	3,759
Net financing costs	(619)	(673)	(797)	(683)	(649)
Associates	37	102	153	165	173
Recurring non-operating income	37	102	153	165	173
Non-recurring items	460	(88)	87	0	0
Profit before tax	9,654	(906)	3,081	3,077	3,283
Tax	(1,549)	(457)	(846)	(615)	(657)
Profit after tax	8,104	(1,364)	2,235	2,461	2,627
Minority interests	(167)	(35)	(32)	(12)	(12)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	7,938	(1,398)	2,204	2,449	2,614
Non-recurring items & goodwill (net)	(460)	88	(87)	0	0
Recurring net profit	7,477	(1,310)	2,117	2,449	2,614
Per share (THB)					
Recurring EPS *	3.74	(0.66)	1.06	1.22	1.31
Reported EPS	4.11	(0.72)	1.14	1.27	1.35
DPS	2.52	0.25	0.46	0.51	0.54
Diluted shares (used to calculate per share data)	2,000	2,000	2,000	2,000	2,000
Growth					
Revenue (%)	31.8	(3.5)	3.8	4.5	4.6
Operating EBITDA (%)	188.2	(69.2)	100.4	4.7	6.8
Operating EBIT (%)	1,125.0	nm	nm	(1.2)	4.6
Recurring EPS (%)	416.1	nm	nm	15.7	6.7
Reported EPS (%)	34.4	nm	nm	11.1	6.7
Operating performance					
Gross margin inc. depreciation (%)	19.3	10.0	13.2	13.0	13.0
Gross margin exc. depreciation (%)	23.1	14.2	17.6	17.6	17.8
Operating EBITDA margin (%)	12.4	4.0	7.7	7.7	7.9
Operating EBIT margin (%)	8.7	(0.2)	3.2	3.1	3.1
Net margin (%)	6.6	(1.2)	1.9	2.1	2.1
Effective tax rate (%)	16.0	(50.4)	27.4	20.0	20.0
Dividend payout on recurring profit (%)	67.4	(38.2)	43.2	41.5	41.5
Interest cover (X)	15.9	(0.2)	4.8	5.5	6.1
Inventory days	60.7	52.5	47.5	46.5	46.6
Debtor days	18.4	21.0	20.5	19.6	19.6
Creditor days	23.2	22.0	23.5	25.8	25.9
Operating ROIC (%)	18.1	(0.4)	6.5	6.7	7.0
ROIC (%)	16.1	(0.2)	6.1	6.3	6.5
ROE (%)	33.8	(4.9)	8.2	9.0	9.0
ROA (%)	13.3	(1.2)	4.5	5.0	5.1

* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2022	2023	2024E	2025E	2026E
Agro	28,403	32,242	32,887	34,531	36,258
Food and protein	75,758	68,417	71,311	74,358	77,542
International	6,236	5,887	6,096	6,277	6,561
Pet segment	2,211	2,091	2,415	2,612	2,825

Sources: Betagro; FSSIA estimates

Financial Statements

Betagro

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	7,477	(1,310)	2,117	2,449	2,614
Depreciation	4,243	4,568	5,018	5,468	5,918
Associates & minorities	362	(87)	(105)	(155)	(162)
Other non-cash items	91	(88)	49	0	0
Change in working capital	(1,479)	1,271	2,251	(669)	(1,194)
Cash flow from operations	10,694	4,353	9,329	7,094	7,176
Capex - maintenance	(5,576)	(7,586)	(4,414)	(4,500)	(4,000)
Capex - new investment	0	0	0	0	0
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	1,436	(237)	475	409	(1,419)
Cash flow from investing	(4,140)	(7,823)	(3,939)	(4,091)	(5,419)
Dividends paid	(11,250)	(1,924)	(882)	(980)	(1,046)
Equity finance	16,929	0	0	0	0
Debt finance	(3,487)	880	(3,650)	(2,980)	(899)
Other financing cash flows	81	134	(748)	101	108
Cash flow from financing	2,274	(910)	(5,280)	(3,859)	(1,836)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	(3,430)	0	0	0	0
Movement in cash	5,398	(4,380)	109	(856)	(80)
Free cash flow to firm (FCFF)	7,173.00	(2,796.77)	6,186.43	3,685.97	2,404.94
Free cash flow to equity (FCFE)	(281.29)	(2,456.03)	990.76	124.16	965.93
Per share (THB)					
FCFF per share	3.71	(1.45)	3.20	1.91	1.24
FCFE per share	(0.15)	(1.27)	0.51	0.06	0.50
Recurring cash flow per share	6.31	1.60	3.67	4.02	4.34
Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	49,403	53,417	53,982	54,141	53,894
Less: Accumulated depreciation	(26,031)	(27,072)	(28,155)	(29,281)	(30,453)
Tangible fixed assets (net)	23,372	26,345	25,827	24,859	23,442
Intangible fixed assets (net)	882	786	786	786	786
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	1,346	1,454	1,460	1,465	1,471
Cash & equivalents	5,940	1,561	1,670	814	734
A/C receivable	6,652	7,480	6,745	7,047	7,370
Inventories	14,711	12,115	12,071	12,640	13,220
Other current assets	9,477	9,570	9,701	10,017	10,846
Current assets	36,781	30,726	30,187	30,518	32,171
Other assets	2,852	3,190	2,928	2,678	4,265
Total assets	65,234	62,501	61,188	60,307	62,134
Common equity	28,502	25,134	26,542	28,012	30,081
Minorities etc.	163	178	226	236	247
Total shareholders' equity	28,664	25,312	26,768	28,248	30,327
Long term debt	8,064	9,690	7,690	6,690	5,811
Other long-term liabilities	2,871	3,004	2,256	2,357	2,465
Long-term liabilities	10,934	12,694	9,946	9,047	8,276
A/C payable	9,852	9,293	10,880	11,383	11,905
Short term debt	15,615	14,878	13,256	11,276	11,256
Other current liabilities	168	324	338	354	370
Current liabilities	25,636	24,494	24,474	23,012	23,531
Total liabilities and shareholders' equity	65,234	62,501	61,188	60,307	62,134
Net working capital	20,821	19,549	17,299	17,967	19,162
Invested capital	49,274	51,324	48,300	47,756	49,125
* Includes convertibles and preferred stock which is being treated as debt					
Per share (THB)					
Book value per share	14.77	13.03	13.76	14.52	15.59
Tangible book value per share	14.32	12.62	13.35	14.11	15.18
Financial strength					
Net debt/equity (%)	61.9	90.9	72.0	60.7	53.9
Net debt/total assets (%)	27.2	36.8	31.5	28.4	26.3
Current ratio (x)	1.4	1.3	1.2	1.3	1.4
CF interest cover (x)	0.5	(2.7)	2.2	1.2	2.5
Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	5.2	(29.9)	18.5	16.0	15.0
Recurring P/E @ target price (x) *	5.9	(33.6)	20.8	18.0	16.8
Reported P/E (x)	4.8	(27.0)	17.2	15.4	14.5
Dividend yield (%)	12.9	1.3	2.3	2.6	2.8
Price/book (x)	1.3	1.5	1.4	1.3	1.3
Price/tangible book (x)	1.4	1.6	1.5	1.4	1.3
EV/EBITDA (x) **	4.0	14.1	6.6	6.1	5.6
EV/EBITDA @ target price (x) **	4.3	15.2	7.2	6.6	6.1
EV/invested capital (x)	1.1	1.2	1.2	1.2	1.1
* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income					

Sources: Betagro; FSSIA estimates

BETAGRO PCL (BTG TB)

FSSIA ESG rating

n/a

Exhibit 111: FSSIA ESG score implication

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

Sources: FSSIA estimates

Exhibit 112: 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	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](https://settrade.com); FSSIA's compilation

Exhibit 113: ESG score by Bloomberg

FY ending Dec 31	FY 2022	FY 2023
ESG financial materiality scores - ESG score	—	—
BESG environmental pillar score	—	—
BESG social pillar score	—	—
BESG governance pillar score	—	—
ESG disclosure score	50.31	57.48
Environmental disclosure score	34.94	49.65
Social disclosure score	39.78	41.60
Governance disclosure score	76.10	81.10
Environmental		
Emissions reduction initiatives	No	Yes
Climate change policy	Yes	Yes
Climate change opportunities discussed	No	No
Risks of climate change discussed	Yes	Yes
GHG scope 1	234	204
GHG scope 2 location-based	214	217
GHG Scope 3	—	—
Carbon per unit of production	0	0
Biodiversity policy	No	No
Energy efficiency policy	Yes	Yes
Total energy consumption	1,065	1,072
Renewable energy use	73	163
Electricity used	416	421
Fuel used - natural gas	—	—

Sources: Bloomberg; FSSIA's compilation

Exhibit 114: ESG score by Bloomberg (cont.)

FY ending Dec 31	FY 2022	FY 2023
Fuel used - crude oil/diesel	No	No
Waste reduction policy	Yes	Yes
Hazardous waste	1	1
Total waste	204	207
Waste recycled	9	9
Waste sent to landfills	9	7
Environmental supply chain management	No	Yes
Water policy	Yes	Yes
Water consumption	7,837	9,000
Social		
Human rights policy	Yes	Yes
Policy against child labor	Yes	Yes
Quality assurance and recall policy	Yes	Yes
Consumer data protection policy	No	Yes
Equal opportunity policy	Yes	Yes
Gender pay gap breakout	Yes	Yes
Pct women in workforce	54	54
Pct disabled in workforce	1	1
Business ethics policy	Yes	Yes
Anti-bribery ethics policy	Yes	Yes
Health and safety policy	Yes	Yes
Lost time incident rate - employees	1	1
Total recordable incident rate - employees	1	1
Training policy	Yes	Yes
Fair remuneration policy	No	No
Number of employees – CSR	33,652	33,514
Employee turnover pct	51	44
Total hours spent by firm - employee training	121,820	358,278
Social supply chain management	No	Yes
Governance		
Board size	11	11
No. of independent directors (ID)	5	5
No. of women on board	5	5
No. of non-executive directors on board	8	8
Company conducts board evaluations	Yes	Yes
No. of board meetings for the year	14	11
Board meeting attendance pct	99	99
Board duration (years)	3	3
Director share ownership guidelines	No	No
Age of the youngest director	—	46
Age of the oldest director	—	70
No. of executives / company managers	10	11
No. of female executives	2	2
Executive share ownership guidelines	No	No
Size of audit committee	3	3
No. of ID on audit committee	3	3
Audit committee meetings	8	6
Audit meeting attendance %	96	100
Size of compensation committee	3	3
No. of ID on compensation committee	2	2
No. of compensation committee meetings	6	5
Compensation meeting attendance %	100	100
Size of nomination committee	3	3
No. of nomination committee meetings	6	5
Nomination meeting attendance %	100	100
Sustainability governance		
Verification type	No	No

Sources: Bloomberg; FSSIA's compilation

THAI FOODS GROUP

THAILAND / FOOD & BEVERAGE

TFG TB

BUY
 UNCHANGED

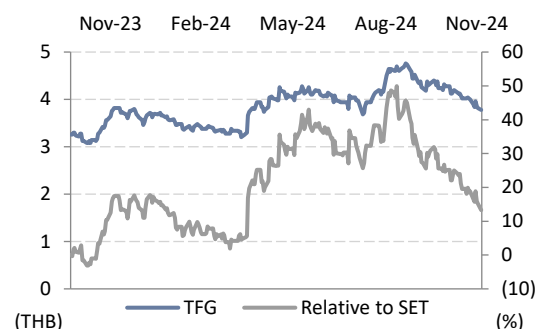
Retail to shine in the future

- We anticipate that meat prices in 2025 will soften by around 4-9% y-y, with Thai swine prices likely to remain stable.
- Expect 4Q24 profit to decline q-q and forecast slight growth in 2025.
- Maintain BUY call with a new 2025 TP of THB4.6.

TARGET PRICE	THB4.60
CLOSE	THB3.78
UP/DOWNSIDE	+21.7%
PRIOR TP	THB5.20
CHANGE IN TP	-11.5%
TP vs CONSENSUS	-12.1%

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	55,871	62,354	65,855	69,595
Net profit	(809)	3,022	3,167	3,581
EPS (THB)	(0.14)	0.49	0.47	0.53
vs Consensus (%)	-	3.8	(3.5)	6.4
EBITDA	5,287	9,229	9,671	10,233
Recurring net profit	(496)	3,022	3,167	3,581
Core EPS (THB)	(0.09)	0.49	0.47	0.53
Chg. In EPS est. (%)	nm	(1.1)	0.8	4.5
EPS growth (%)	nm	nm	(4.2)	13.0
Core P/E (x)	(44.2)	7.7	8.1	7.1
Dividend yield (%)	0.8	5.8	5.6	6.3
EV/EBITDA (x)	8.8	5.0	4.8	4.3
Price/book (x)	1.6	1.5	1.4	1.3
Net debt/Equity (%)	179.5	146.5	114.3	94.0
ROE (%)	(3.4)	20.5	18.7	18.8



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(11.7)	(8.7)	16.7
Relative to country (%)	(9.4)	(18.1)	13.7
Mkt cap (USD m)	614		
3m avg. daily turnover (USD m)	1.1		
Free float (%)	16		
Major shareholder	New Star Victor Co Ltd (32%)		
12m high/low (THB)	4.84/3.04		
Issued shares (m)	5,810.82		

Sources: Bloomberg consensus; FSSIA estimates

More conservative view on meat price outlook in 2025

We expect the strong meat prices in 2024, coupled with lower raw material costs, to improve the profitability for producers. This will likely lead to increased production volumes. As a result, we project production volumes to rise in 2025 for Thai chicken, Thai swine, and Vietnamese swine. Therefore, we anticipate that meat prices in 2025 will soften by around 4-9% y-y, with Thai swine prices likely to remain stable. The upside or downside risks for meat prices will primarily depend on domestic consumption demand and export performance, in our view.

Shop expansion to reduce performance volatility in the future

We believe that as the number of Thai Foods Fresh Market branches increases and reaches economies of scale, this will support the retail business's net profit margin, which could reach the target level of 3-4% in the next 2-3 years from 2% in 2024. This may help reduce the overall performance volatility in the future, and could become a key growth driver in the next phase. TFG also plans to spin off the retail business in the next 2-3 years once it achieves the planned revenue and profit growth.

Expect 4Q24 to decline q-q and slightly grow in 2025

We expect 4Q24 profit to weaken seasonally, with meat prices starting to decline, including a 9% q-q drop in Thai chicken prices and a 2.8% q-q decrease in Vietnamese swine prices. We maintain our 2024E net profit of THB3b, recovering from a loss of THB809m in 2023. We also expect 2025 net profit to grow by 4.8% y-y, reaching THB3.17b, based on the assumption of lower meat prices. However, we anticipate only a slight decrease in the gross margin, supported by an increase in revenue from the retail business, which should account for 39.5% of total revenue.

Maintain BUY call with the lowest P/E in the meat sector

We have lowered the target P/E to 10x (-0.25 SD) from 11x to reflect our view on ESG-related risks. Similarly, we have revised our 2025 TP to THB4.6, offering an upside of 22%. The stock is trading at a 2025E P/E of only 8.1x, the lowest in the meat sector. Therefore, we maintain our BUY call. However, in the short term, there are no catalysts for the stock price, as it is the low season for the business and we expect the price of meat to soften during 4Q24-1Q25.


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Investment thesis

TFG is one of Thailand's top three chicken processors and live pig farmers, with a daily production capacity of 500,000 chickens and a monthly supply of over 100,000 hogs.

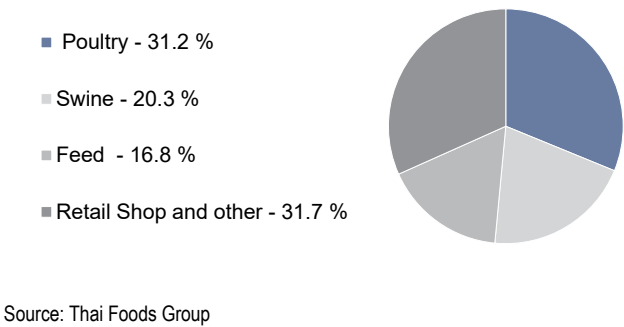
We have a more cautious outlook on meat prices in 2025 due to increased production volumes and the continuous decline in raw material prices, meaning that any price increases will largely depend on demand. However, we expect that the expansion of branches and revenue for Thai Foods Fresh Market will help reduce the volatility of the upstream business's performance, and this should become more beneficial in the future.

Company profile

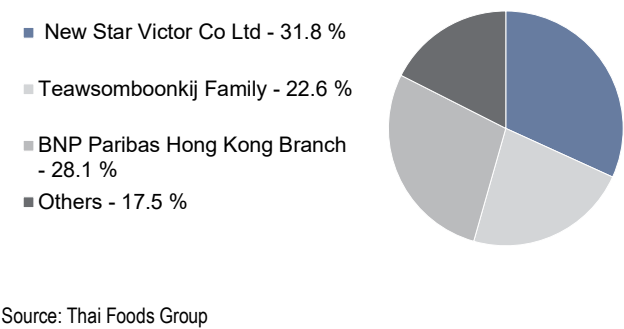
Thai Foods Group (TFG) was established in 1987 by Mr. Winai Teawsomboonkij, who currently serves as CEO. It started from a chicken farm in Lopburi before expanding to a vertically integrated food producer specializing in chicken and swine production, with operations in Thailand and Vietnam. Also, it expanded more into downstream businesses by entering the retail market through retail shops. In 2023, the revenue mix from poultry, swine, retail, and feed was 31%/20%/31%/17%, respectively.

www.tfg.co.th

Principal activities (revenue, 2023)



Major shareholders



Catalysts

Potential catalysts for TFG’s earnings growth in 2024-25 are 1) revenue growth driven by sales volumes; 2) higher-than-expected meat prices; 3) declining raw material costs; and 4) its new Thai Foods Fresh Market store expansion.

Risks to our call

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.

Event calendar

Date	Event
February 2025	4Q24 results announcement

Key assumptions

	2024E	2025E	2026E
TFG's chicken asp (THB/kg)	58.0	55.7	56.0
TFG's swine asp (THB/kg)	68.0	68.0	68.0
Total sales growth (%)	11.6	5.6	5.7
Gross margin (%)	13.2	13.1	13.3
SG&A to sales (%)	6.9	6.8	6.8

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in revenue, we estimate 2025 net profit to rise by 1.2%, and vice versa, all else being equal.
- For every 0.5% increase in GPM, we estimate 2025 net profit to rise by 5.1%, and vice versa, all else being equal.
- For every 0.5% increase in SG&A, we estimate 2025 net profit to fall by 4.7%, and vice versa, all else being equal.

Source: FSSIA estimates

3Q24 profit recovered strongly as expected

TFG reported a 3Q24 net profit of THB1.26m (+47% q-q, turning around from a loss in 3Q23). Excluding an FX loss, a biological asset gain, and other extra items, its core profit equaled THB1.22m (+11% q-q, turning around from a loss y-y), showing strong growth in line with expectations, which is considered a solid profit.

Total revenue increased by 8% q-q and 20% y-y in 3Q24, driven by growth across all businesses. Despite a decline in chicken prices q-q, TFG was able to offset the decrease with a higher sales volume. The swine business performed relatively well, with strong prices for both Thai and Vietnamese swine, as well as a notable 93% y-y increase in the sales volume for Vietnamese swine.

The 3Q24 gross margin improved to 15.2%, up from 14.4% in 2Q24 and 4.4% in 3Q23, benefiting from higher meat prices and lower raw material costs.

Exhibit 115: TFG – 3Q24 results summary

	3Q23	4Q23	1Q24	2Q24	3Q24	---- Change ----		9M23	9M24	Change	2023	2024E	Change	% 9M24
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)	(THB m)	(THB m)	(y-y%)	to 2024E
Sales	14,081	14,550	14,998	15,639	16,893	8.0	20.0	41,320	47,530	15.0	55,871	62,354	11.6	76.2
Cost of sales	13,457	14,427	13,712	13,382	14,327	7.1	6.5	37,658	41,420	10.0	52,086	54,124	3.9	76.5
Gross profit	624	123	1,286	2,257	2,566	13.7	311.2	3,662	6,110	66.8	3,785	8,231	117.4	74.2
SG&A	782	1,182	1,008	1,026	1,144	11.5	46.3	2,496	3,177	27.3	3,678	4,302	17.0	73.8
Operating profit	(157)	(1059)	278	1,232	1,423	15.5	nm	1,166	2,933	151.5	107	3,928	3567.2	74.7
Interest expense	322	178	270	264	245	(7.4)	(23.9)	943	780	(17.3)	1,120	1,132	1.0	68.9
Tax expense	(112)	(170)	(13)	(11)	125	nm	nm	93	100	8.1	(77)	127	nm	79.0
Other gain (loss)	(178)	111	82	(242)	40	nm	nm	(424)	(120)	nm	(313)	0	nm	nm
Reported net profit	(446)	(861)	174	855	1,260	47.4	nm	48	2,289	4,643.0	(809)	3,022	nm	75.7
Core profit	(268)	(972)	92	1,097	1,220	11.3	nm	472	2,409	409.8	(496)	3,022	nm	79.7

Key ratios (%)	(ppt)		(ppt)		(ppt)		(ppt)		(ppt)		(ppt)		(ppt)	
Gross margin	4.4	0.8	8.6	14.4	15.2	0.8	10.8	8.9	12.9	4.0	6.8	13.2	6.4	
SG&A to sales	5.6	8.1	6.7	6.6	6.8	0.2	1.2	6.0	6.7	0.6	6.6	6.9	0.3	
Operating margin	(1.1)	(7.3)	1.9	7.9	8.4	0.5	9.5	2.8	6.2	3.3	0.2	6.3	6.1	
Net margin	(3.2)	(5.9)	1.2	5.5	7.5	2.0	10.6	0.1	4.8	4.7	(1.4)	4.8	6.3	
Core margin	(1.9)	(6.7)	0.6	7.0	7.2	0.2	9.1	1.1	5.1	3.9	(0.9)	4.8	5.7	

Operating Statistics (THB/kg)														
Domestic chicken price - TFG	54.6	53.9	55.5	58.5	57.7	(1.3)	5.7	58.0	57.2	(1.3)	56.9	58.0	1.8	
Domestic swine price - TFG	59.5	57.9	59.5	61.3	64.6	5.3	8.5	70.1	61.8	(11.9)	67.0	68.0	1.5	
Vietnam swine price (VND/kg)	57,023	47,082	53,400	62,848	62,500	(0.6)	9.6	54,173	59,583	10.0	52,311	60,613	15.9	
Corn price	11.7	10.4	10.4	10.9	12.0	9.8	2.6	12.6	11.1	(12.1)	12.1	11.5	(5.0)	
Soybean meal price	21.5	22.0	22.7	21.3	20.5	(3.6)	(4.7)	23.0	21.5	(6.4)	22.7	21.0	(7.5)	
Poultry sales (THB m)	4,340	4,106	4,449	4,191	4,559	8.8	5.0	13,315	13,200	(0.9)	17,421	17,536	0.7	75.3
Swine sales (THB m)	2,626	2,785	2,969	3,322	3,430	3.2	30.6	8,564	9,721	13.5	11,349	13,054	15.0	74.5
Feed sales (THB m)	2,414	2,143	2,075	2,254	2,734	21.3	13.3	7,254	7,064	(2.6)	9,397	8,641	(8.0)	81.7
Retail shop sale value (THB m)	4,642	5,464	5,438	5,807	6,077	4.7	30.9	12,031	17,322	44.0	17,496	22,894	30.9	75.7

Sources: TFG, FSSIA's compilation

Maintain our conservative view on meat prices in 2025

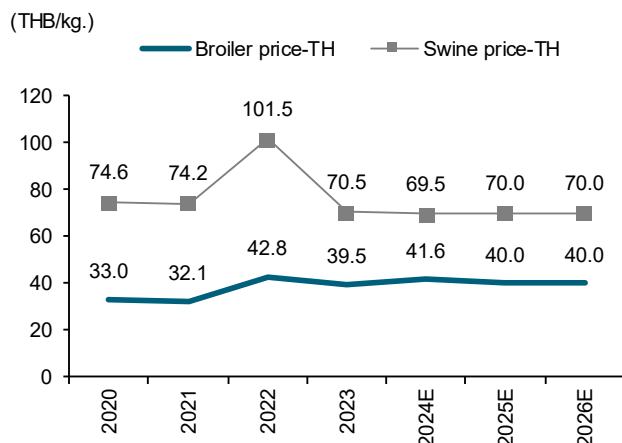
Due to the favorable increase in meat prices in 2H24, with chicken and swine prices rising 6.5% y-y and 14.4% y-y, respectively, the livestock production volume has increased. We expect the number of day-old-chicks in 2025 to rise to 37-38 million per week, with a potential increase to 39 million per week, up from 36-37 million per week in 2024. Meanwhile, we expect the number of pigs raised to increase by 11.5% y-y to 20.2 million head, up from 18.1 million in 2024, approaching pre-African Swine Fever (ASF) levels from 2022.

Regarding the overall demand, both domestic consumption and exports in 2025 should stabilize. In addition, with raw material prices remaining low, there will be limited upward pressure on meat prices. Therefore, we maintain our forecast for Thai swine prices in 2025 to be flat y-y at THB70/kg, with live chicken prices at THB40/kg (-4% y-y).

For Vietnamese swine, the average price in 2024 YTD has remained strong at VND60,437/kg (+15.5% y-y), due to outbreaks of ASF in many regions, which have led to a tight domestic supply and higher costs for disease prevention. However, large-scale operators in Vietnam have expanded their breeding capacities, encouraged by swine prices that are significantly higher than breakeven costs, which has incentivized more farming activity.

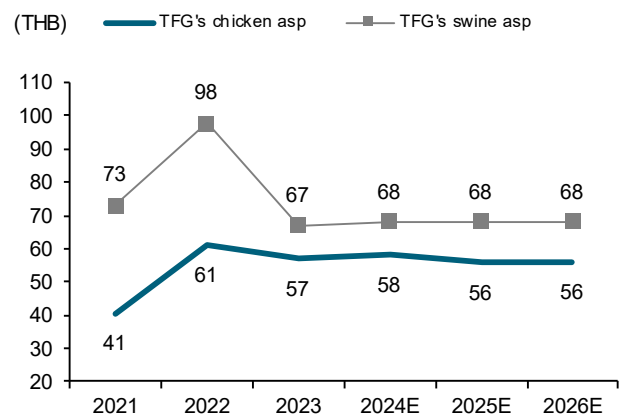
The USDA predicts that pork production in Vietnam will increase by 3% in 2025, reaching more than 3.8 million tonnes, assuming greater control over the ASF outbreaks. We maintain our forecast for Vietnamese swine prices in 2025 at VND55,000/kg (-9% y-y), although this is still well above the breakeven cost.

Exhibit 116: Yearly domestic meat prices



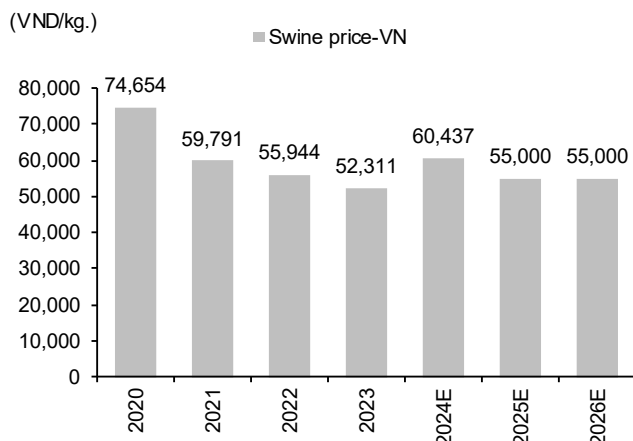
Sources: TFG; FSSIA estimates

Exhibit 117: TFG's yearly meat prices



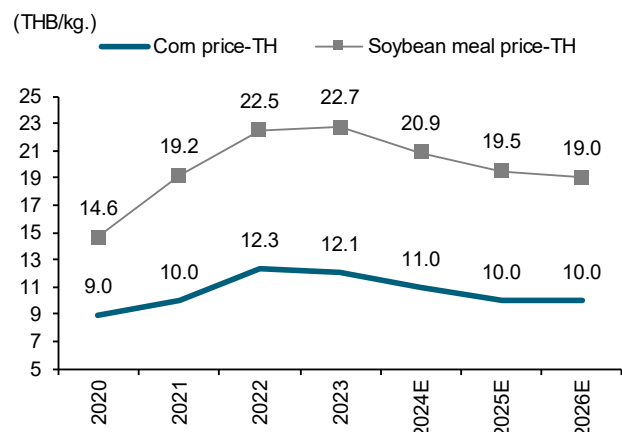
Sources: TFG; FSSIA estimates

Exhibit 118: Yearly Vietnam swine price



Sources: CPF; FSSIA estimates

Exhibit 119: Yearly domestic raw material prices



Sources: CPF; OAE; DIT; FSSIA estimates

Retail business to help reduce upstream volatility in the future

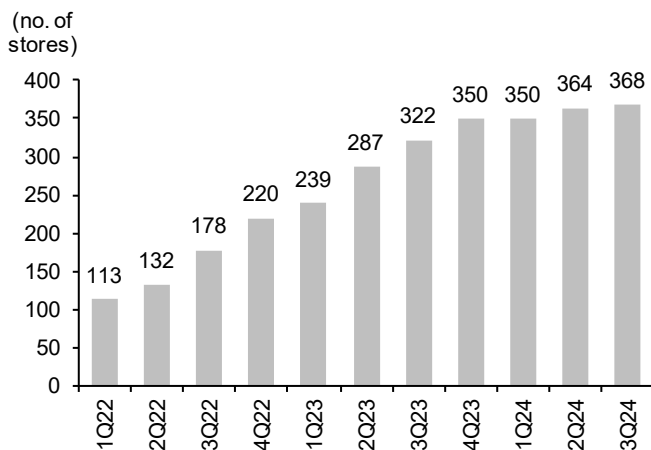
Although TFG has not yet focused much on brand-building through ready-to-eat or 'ready-to-meat' product offerings, the company has expanded into the retail business with its own retail stores. By the end of 3Q24, the company had 364 Thai Foods Fresh Market branches, and it expects to reach 400 branches by the end of 2024. TFG also plans to open an additional 100-150 branches in 2025, with an investment budget of cTHB1.2b-1.4b, representing 60-70% of the group's total investment budget of THB2b.

In 9M24, TFG generated THB17.3b in revenue from the retail business (+44% y-y), accounting for 36.4% of total revenue, up from 29% in 9M23. The retail business had a gross margin of 16-17% and a net margin of around 2%. This means that during 9M24, the company earned cTHB350m in profit from its retail operations, contributing 15% of total net profit in 9M24. We anticipate 2025 revenue from retail to grow by 13.5% y-y, with its contribution rising to 39.5% of total revenue, which should help support overall revenue growth as upstream business growth slows.

However, we remain cautious about the volatility of earnings due to the upstream business accounting for 64% of total revenue. Given the fluctuations in both meat prices and raw material costs, the performance of the upstream business can vary significantly, ranging from strong profits to heavy losses. This can potentially offset the profits from the retail business, as seen in 2023, where retail contributed about 31% of total revenue, but the company still posted a net loss of THB809m.

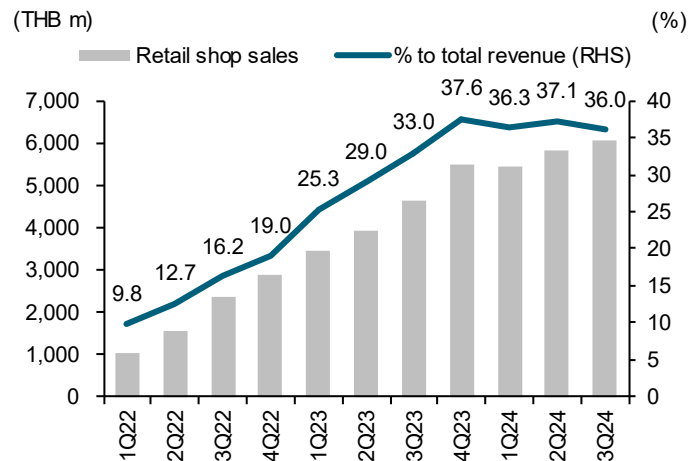
Despite this, we believe that as the number of Thai Foods Fresh Market branches increases and reaches economies of scale, this will support the retail business's net profit margin, which could reach the target level of 3-4% in the next 2-3 years. This may help reduce the overall performance volatility in the future, and could become a key growth driver in the next phase. The company also plans to spin off the retail business in the next 2-3 years once it has achieved the planned revenue and profit growth.

Exhibit 120: Number of retail shops



Sources: TFG, FSSIA's compilation

Exhibit 121: Quarterly retail shop revenue



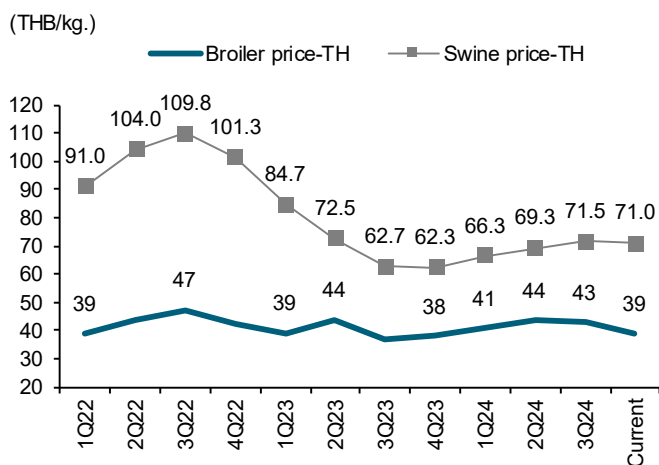
Sources: TFG, FSSIA's compilation

Expect 4Q24 profit to decline q-q, with slight growth in 2025

In the short term, we expect 4Q24 profit to weaken seasonally, as it is the low season for the business. In addition, the prices of chicken in Thailand and swine in Vietnam are expected to decline q-q. We initially estimate the 4Q24 profit to be cTHB700m-800m, and expect the full-year 2024 net profit to be THB3b, recovering from a loss of THB809m in 2023.

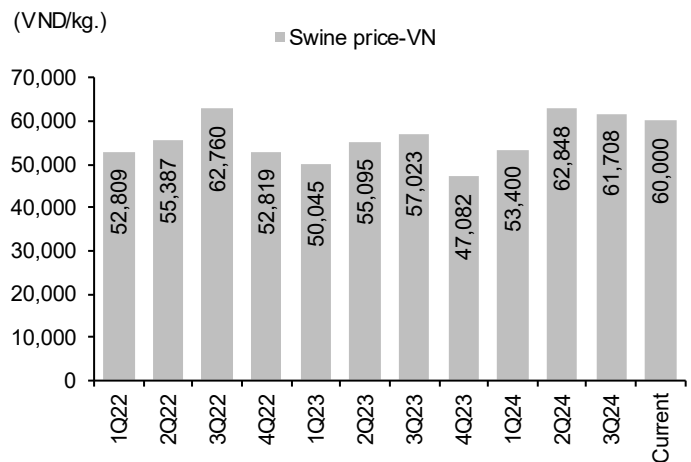
For 2025, we forecast net profit to grow at a slower rate of 4.8% y-y, reaching THB3.17b, based on the assumption of weaker meat prices, particularly for Thai chicken and Vietnamese swine. Although the trend for raw material prices is also expected to decline, in line with global market trends, the movement in meat prices will likely stabilize or decrease (unlike 2024, where meat prices are on an upward trend). This would narrow the profit margins compared to the previous year. However, with a higher proportion of revenue coming from the retail business, we expect the gross margin in 2025 to dip to 13.1% from 13.2% in 2024.

Exhibit 124: Domestic meat prices



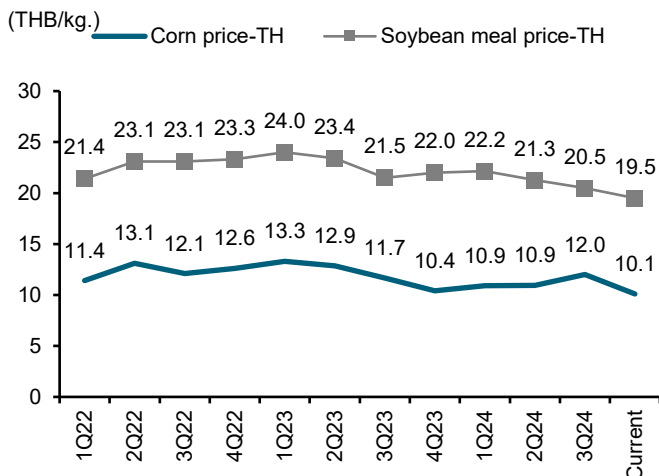
Sources: CPF, OAE, DIT, FSSIA's estimates

Exhibit 125: Vietnam swine price



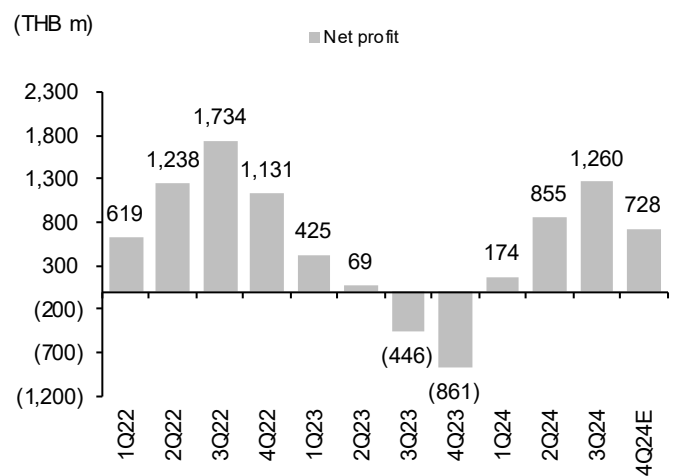
Sources: CPF, FSSIA's compilation

Exhibit 126: Domestic raw material prices



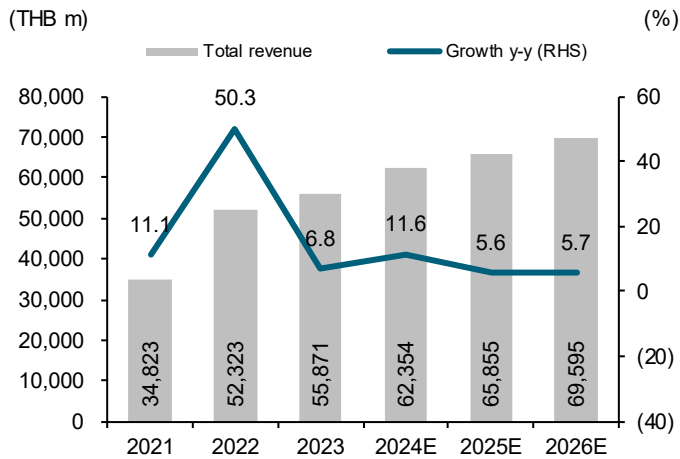
Sources: CPF, OAE, DIT, FSSIA estimates

Exhibit 127: Projected net profit in 4Q24



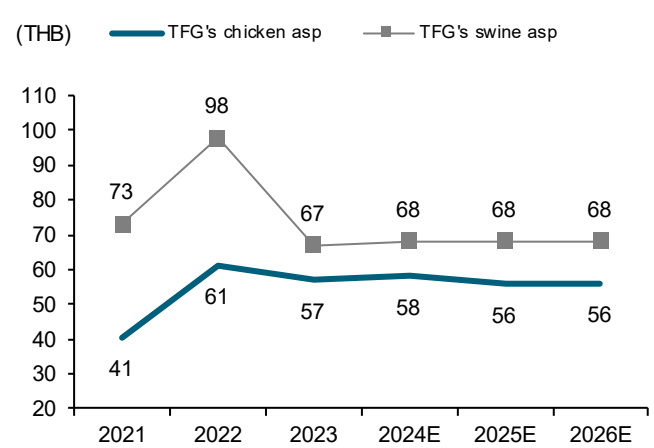
Sources: TFG, FSSIA estimates

Exhibit 128: Yearly total revenue and growth



Sources: TFG, FSSIA estimates

Exhibit 129: TFG's yearly meat prices



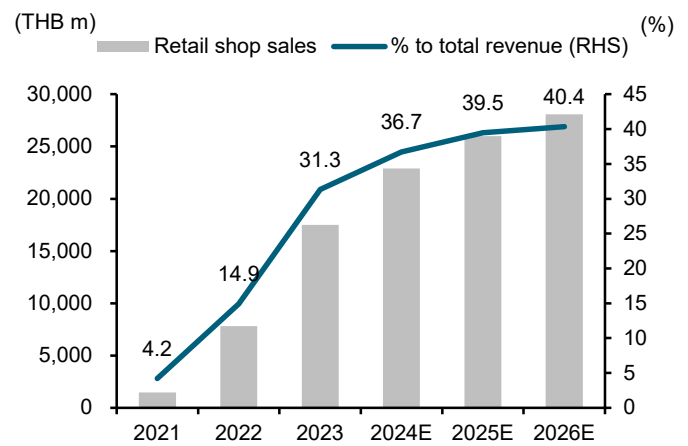
Sources: TFG, FSSIA estimates

Exhibit 130: Number of retail shops



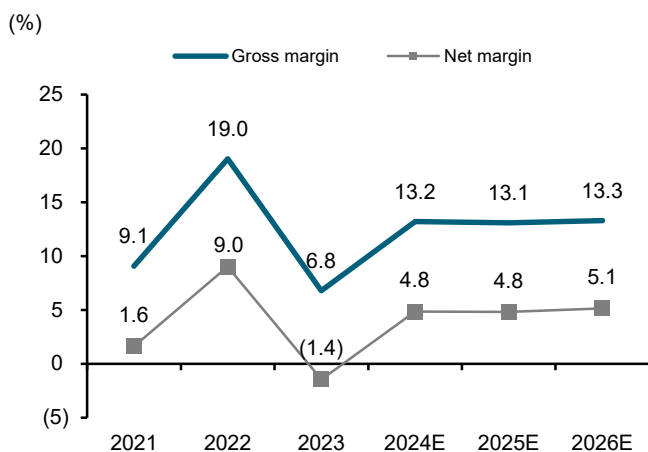
Sources: TFG, FSSIA estimates

Exhibit 131: Yearly retail shop revenue



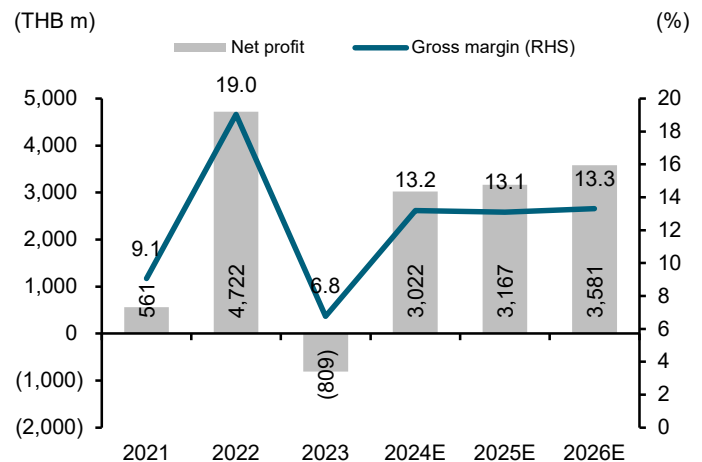
Sources: TFG, FSSIA estimates

Exhibit 132: Gross margin and net margin



Sources: TFG, FSSIA estimates

Exhibit 133: Yearly net profit



Sources: TFG, FSSIA estimates

Lower target P/E incorporating ESG factors

We have lowered the target P/E to 10x (-0.25 SD) from 11x to reflect our view on ESG-related risks.

According to the latest report on Securities Pledged in Margin Accounts by SET as of September 2024, about 2.541 billion shares of TFG, or 43.74% of the total shares, have been pledged as collateral. While this is a financial instrument permitted by the SET and the SEC, it has raised concerns among investors due to several previous cases of forced selling. Such selling events can lead to panic selling, potentially causing significant damage to share prices.

On the other hand, we have found that TFG's shares have been pledged as collateral since the first year of listing in 2015, when the share price ranged between THB1.5–1.8 per share. Over the past nine years, the share price dropped to its lowest level of THB2.64 in 2020 (excluding 2015-16).

We have revised our 2025 target price to THB4.6, which implies an upside of 22%. The stock is currently trading at a 2025E P/E of just 8.1x, the lowest in the meat sector. Therefore, we maintain our BUY call and expect TFG's performance in 2025 to be relatively stable, as the Thai swine business remains strong and the expansion into the retail business should provide additional support (with the combined revenue contribution from Thai swine and the retail business accounting for 52% of total revenue). However, in the short term, there are no catalysts for the stock price, as it is the low season for the business and we expect the price of meat to soften during 4Q24-1Q25.

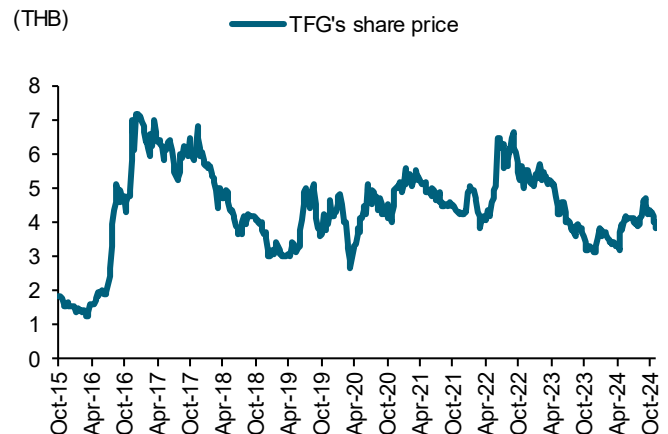
Exhibit 134: Securities Pledged in Margin Accounts by SET (as of Sep 2024)

Source : Excluding Stock Dividend and newly issued share which have not been listed in SET.

Ranking	Security	Number of shares pledged in the margin account comparing with paid-up	Number of shares pledged in margin accounts (shares)	% Free float
1	GPI	52.19	313,152,374	42.12
2	SCM	52.08	314,893,298	24.55
3	BABA80	49.58	247,890,535	
4	A5	45.13	545,818,567	20.76
5	SAAM	45.05	135,155,102	25.64
6	TFG	43.74	2,541,532,684	17.35
7	SA	39.44	472,830,307	17.50
8	JSP	31.70	150,431,986	32.64
9	KUN	30.76	230,458,098	24.67
10	CGD	27.29	2,255,498,879	55.65

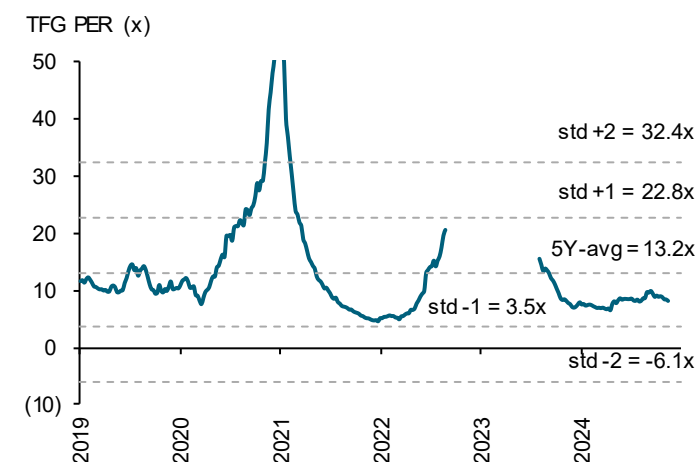
Sources: SET, FSSIA's compilation

Exhibit 135: TFG's share price 2015-present



Sources: SET, FSSIA's compilation

Exhibit 136: Historical P/E band



Sources: Bloomberg, FSSIA estimates

Exhibit 137: Historical P/BV band



Sources: Bloomberg, FSSIA estimates

Exhibit 138: 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

Thai Foods Group

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	52,323	55,871	62,354	65,855	69,595
Cost of goods sold	(42,367)	(52,086)	(54,124)	(57,228)	(60,339)
Gross profit	9,956	3,785	8,231	8,627	9,256
Other operating income	369	453	374	395	383
Operating costs	(3,243)	(3,678)	(4,302)	(4,478)	(4,732)
Operating EBITDA	10,419	5,287	9,229	9,671	10,233
Depreciation	(3,337)	(4,727)	(4,927)	(5,127)	(5,327)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	7,082	560	4,302	4,544	4,906
Net financing costs	(845)	(1,117)	(1,132)	(1,032)	(944)
Associates	(9)	(20)	(34)	(7)	1
Recurring non-operating income	(9)	(20)	(34)	(7)	1
Non-recurring items	(657)	(313)	0	0	0
Profit before tax	5,571	(890)	3,136	3,506	3,963
Tax	(845)	77	(127)	(351)	(396)
Profit after tax	4,726	(813)	3,009	3,154	3,567
Minority interests	(4)	3	12	13	14
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
Reported net profit	4,722	(809)	3,022	3,167	3,581
Non-recurring items & goodwill (net)	657	313	0	0	0
Recurring net profit	5,379	(496)	3,022	3,167	3,581
Per share (THB)					
Recurring EPS *	0.95	(0.09)	0.49	0.47	0.53
Reported EPS	0.84	(0.14)	0.49	0.47	0.53
DPS	0.40	0.03	0.22	0.21	0.24
Diluted shares (used to calculate per share data)	5,654	5,811	6,168	6,749	6,749
Growth					
Revenue (%)	50.3	6.8	11.6	5.6	5.7
Operating EBITDA (%)	167.0	(49.3)	74.6	4.8	5.8
Operating EBIT (%)	379.5	(92.1)	668.7	5.6	8.0
Recurring EPS (%)	1,099.8	nm	nm	(4.2)	13.0
Reported EPS (%)	739.9	nm	nm	(4.2)	13.0
Operating performance					
Gross margin inc. depreciation (%)	19.0	6.8	13.2	13.1	13.3
Gross margin exc. depreciation (%)	25.4	15.2	21.1	20.9	21.0
Operating EBITDA margin (%)	19.9	9.5	14.8	14.7	14.7
Operating EBIT margin (%)	13.5	1.0	6.9	6.9	7.1
Net margin (%)	10.3	(0.9)	4.8	4.8	5.1
Effective tax rate (%)	15.2	8.7	4.0	10.0	10.0
Dividend payout on recurring profit (%)	42.0	(35.1)	45.0	45.0	45.0
Interest cover (X)	8.4	0.5	3.8	4.4	5.2
Inventory days	55.3	53.7	53.4	53.4	53.4
Debtor days	22.2	22.6	20.9	21.4	21.4
Creditor days	38.2	43.6	49.2	48.1	48.1
Operating ROIC (%)	18.5	1.4	10.8	11.4	12.5
ROIC (%)	16.0	1.1	8.7	9.2	10.0
ROE (%)	39.7	(3.4)	20.5	18.7	18.8
ROA (%)	14.9	0.8	8.2	8.2	8.9

* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2022	2023	2024E	2025E	2026E
Poultry	23,298	17,421	17,536	17,676	18,653
Swine	12,457	11,349	13,054	13,061	13,453
Feed	8,533	9,397	8,641	8,900	9,167
Retail Shop and other	8,036	17,704	23,124	26,218	28,321

Sources: Thai Foods Group; FSSIA estimates

Financial Statements

Thai Foods Group

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	5,379	(496)	3,022	3,167	3,581
Depreciation	3,337	4,727	4,927	5,127	5,327
Associates & minorities	9	20	34	7	(1)
Other non-cash items	343	82	34	6	(1)
Change in working capital	(1,281)	1,421	(1,397)	(695)	(739)
Cash flow from operations	7,787	5,754	6,620	7,613	8,167
Capex - maintenance	(8,633)	(4,138)	(5,631)	(4,134)	(4,399)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	(34)	(19)	53	0	0
Other investments (net)	(1,854)	(2,266)	(293)	(327)	(373)
Cash flow from investing	(10,521)	(6,422)	(5,871)	(4,460)	(4,772)
Dividends paid	(797)	(1,815)	(1,360)	(1,425)	(1,611)
Equity finance	56	862	358	581	0
Debt finance	4,132	1,970	(1,496)	(2,175)	(1,904)
Other financing cash flows	20	78	84	35	37
Cash flow from financing	3,411	1,095	(2,415)	(2,984)	(3,478)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	1,593	97	200
Net other adjustments	0	0	1,593	97	200
Movement in cash	677	426	(73)	265	116
Free cash flow to firm (FCFF)	(1,888.67)	451.64	1,880.95	4,184.24	4,338.55
Free cash flow to equity (FCFE)	1,418.57	1,379.53	929.76	1,109.34	1,727.61
Per share (THB)					
FCFF per share	(0.33)	0.08	0.32	0.72	0.75
FCFE per share	0.24	0.24	0.16	0.19	0.30
Recurring cash flow per share	1.60	0.75	1.30	1.23	1.32
Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	24,693	27,597	29,182	32,182	35,182
Less: Accumulated depreciation	(3,391)	(6,934)	(9,445)	(13,572)	(17,899)
Tangible fixed assets (net)	21,302	20,663	19,736	18,609	17,282
Intangible fixed assets (net)	213	232	179	179	179
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	605	1,092	1,092	1,092	1,092
Cash & equivalents	1,093	1,518	1,446	1,711	1,827
A/C receivable	3,531	3,398	3,758	3,969	4,195
Inventories	6,963	6,971	7,414	7,840	8,266
Other current assets	7,177	7,396	8,106	8,561	9,047
Current assets	18,764	19,284	20,724	22,081	23,335
Other assets	4,786	5,875	6,235	6,586	6,959
Total assets	45,670	47,146	47,967	48,546	48,847
Common equity	15,568	13,681	15,798	18,121	19,891
Minorities etc.	18	15	15	14	14
Total shareholders' equity	15,587	13,696	15,813	18,136	19,905
Long term debt	11,960	10,106	10,957	9,767	8,577
Other long-term liabilities	462	540	624	659	696
Long-term liabilities	12,422	10,646	11,581	10,426	9,273
A/C payable	4,733	6,584	6,673	7,056	7,439
Short term debt	12,370	15,998	13,651	12,666	11,952
Other current liabilities	557	222	249	263	278
Current liabilities	17,661	22,804	20,573	19,985	19,669
Total liabilities and shareholders' equity	45,670	47,146	47,967	48,546	48,847
Net working capital	12,381	10,960	12,356	13,051	13,790
Invested capital	39,287	38,821	39,599	39,516	39,303
* Includes convertibles and preferred stock which is being treated as debt					
Per share (THB)					
Book value per share	2.75	2.35	2.56	2.68	2.95
Tangible book value per share	2.72	2.31	2.53	2.66	2.92
Financial strength					
Net debt/equity (%)	149.1	179.5	146.5	114.3	94.0
Net debt/total assets (%)	50.9	52.1	48.3	42.7	38.3
Current ratio (x)	1.1	0.8	1.0	1.1	1.2
CF interest cover (x)	2.7	2.2	1.8	2.1	2.8
Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	4.0	(44.2)	7.7	8.1	7.1
Recurring P/E @ target price (x) *	4.8	(53.8)	9.4	9.8	8.7
Reported P/E (x)	4.5	(27.1)	7.7	8.1	7.1
Dividend yield (%)	10.6	0.8	5.8	5.6	6.3
Price/book (x)	1.4	1.6	1.5	1.4	1.3
Price/tangible book (x)	1.4	1.6	1.5	1.4	1.3
EV/EBITDA (x) **	4.3	8.8	5.0	4.8	4.3
EV/EBITDA @ target price (x) **	4.7	9.7	5.6	5.4	4.9
EV/invested capital (x)	1.1	1.2	1.2	1.2	1.1
* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income					

Sources: Thai Foods Group; FSSIA estimates

Thai Foods Group PCL (TFG TB)

FSSIA ESG rating


33.07 /100

Exhibit 139: FSSIA ESG score implication

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

Source: FSSIA estimates

Exhibit 140: 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	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](https://www.settrade.com); FSSIA's compilation

Exhibit 141: ESG disclosure from the company's one report

FY ending Dec 31	FY 2022	FY 2023	FY ending Dec 31	FY 2022	FY 2023
Environmental			Governance		
Climate change policy	Yes	Yes	Board size / Independent directors (ID) / Female	9 / 6 / 1	9 / 6 / 1
Climate change opportunities discussed	--	--	No. of board meetings for the year / % attendance	7 / 100%	6 / 100%
GHG scope 2 location-based policy	Yes	Yes	Company conducts board evaluations	Yes	Yes
Biodiversity policy	Yes	Yes	Number of non-executive directors on board	6	6
Energy efficiency policy	Yes	Yes	Director share ownership guidelines	No	No
Electricity used	--	--	Board age limit	No	No
Fuel used - crude oil/diesel	--	35.686	Age of the youngest / oldest director	38 / 74	39 / 77
Waste reduction policy	Yes	Yes	Number of executives / female	10 / 2	7 / 1
Water policy	Yes	Yes	Executive share ownership guidelines	No	No
Water consumption	--	Yes	Size of audit committee / ID	3 / 3	3 / 3
Social			Audit committee meetings	5	5
Human rights policy	Yes	Yes	Audit committee meeting attendance (%)	100	100
Policy against child labor	Yes	Yes	Size of compensation committee	3 / 2	3 / 2
Quality assurance and recall policy	Yes	Yes	Number of compensation committee meetings	2	2
Consumer data protection policy	--	--	Compensation committee meeting attendance (%)	100	100
Equal opportunity policy	Yes	Yes	Size of nomination committee / ID	3 / 2	3 / 2
Gender pay gap breakout	--	--	Number of nomination committee meetings	2	2
Pct women in workforce	52.66	54.44	Nomination committee meeting attendance (%)	100	100
Business ethics policy	Yes	Yes	Board compensation (THB m)	10.68	12.06
Anti-bribery ethics policy	Yes	Yes	Auditor fee (THB m)	2.42	2.55
Health and safety policy	Yes	Yes	<i>(KPMG Phoomchai Audit Co., Ltd.)</i>		
Lost time incident rate - employees	--	--			
Training policy	Yes	Yes			
Fair remuneration policy	Yes	Yes			
Number of employees - CSR	--	--			
Total hours spent by firm - employee training	--	--			
Social supply chain management	Yes	Yes			

Source: FSSIA's compilation

GFPT GFPT TB**THAILAND / AGRIBUSINESS**

This report is being republished for reference purposes. No changes have been made to the report from its original date of publication.

HOLD

UNCHANGED

TARGET PRICE	THB12.50
CLOSE	THB10.80
UP/DOWNSIDE	+15.7%
PRIOR TP	THB12.50
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	-13.3%

Lack of catalysts in the short term

- Domestic chicken prices started to decline in Sep, 4QTD live chicken prices are down by 9% and chicken carcass prices are down by 24%.
- We have a more cautious view on chicken prices in 2025.
- Maintain HOLD call with TP of THB12.5.

3Q24 profit performed well, but chicken prices starting to decline

GFPT's net profit for 3Q24 was THB542m (-7% q-q, +70% y-y). Excluding an FX gain and a derivative loss, its core profit was THB564m (flat q-q, +77% y-y), which was in line with our estimate. GFPT's core operations performed well, driven by an increased chicken export volume to 9,500 tonnes (+5.6% q-q, +44% y-y), combined with low costs that supported both revenue (+4.4% q-q, +6% y-y) and an improvement in the gross margin to 15.5%, up from 14.2% in 2Q24.

Profit sharing has decreased significantly

However, domestic chicken prices began to decline in September, impacting GFPT's associate, GFN, which saw its share of profit drop by 59% q-q. As a result, GFPT's share of profits from associates decreased by 26% q-q to THB206m (+85% y-y). Currently, domestic chicken prices in 4QTD are continuing to decrease, with live chicken prices down by 9% q-q and chicken carcass prices down by 24% q-q. We expect the 4Q24 export volume to decrease seasonally to 9,000 tonnes (-5.3% q-q), which suggests that 4Q24 profit will weaken q-q but still grow y-y.

More conservative view on chicken prices in 2025

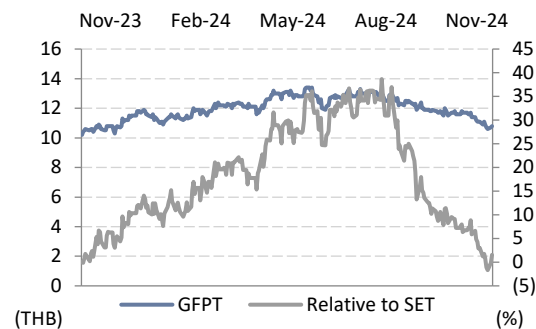
We have a more cautious view on chicken prices in 2025, with Thailand's production expected to increase by around 2-4% due to favorable prices in 2024. Meanwhile, the low cost of raw materials will likely keep chicken prices stable at a low level. Our forecast for the chicken price in 2025 is THB40/kg (-5% y-y). Upside risks to chicken prices include demand from exports and domestic consumption. However, if demand is weaker than expected, chicken prices could decline more than anticipated. Investors should continue to monitor chicken price movements.

Passing the peak profit in 2024, maintain HOLD call

We are looking past the peak profit in 2024 and expect a 23% decline in net profit for 2025 to THB1.56b. We maintain our 2025 TP at THB12.5, based on a P/E of 10x (-0.5 SD). Despite the lack of a catalyst from the slowing profit momentum and a sharp decline in short-term chicken prices, GFPT's stock currently trades at a 2025E P/E of only 8.7x. With its strong financial position (current ratio of 2x and a D/E ratio of just 0.34x), we recommend a HOLD rating.

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	18,963	19,219	18,777	19,640
Net profit	1,377	2,026	1,564	1,660
EPS (THB)	1.10	1.62	1.25	1.32
vs Consensus (%)	-	3.2	(16.2)	(14.0)
EBITDA	2,577	3,045	2,888	3,037
Recurring net profit	1,377	2,026	1,564	1,660
Core EPS (THB)	1.10	1.62	1.25	1.32
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	(32.7)	47.2	(22.8)	6.2
Core P/E (x)	9.8	6.7	8.7	8.2
Dividend yield (%)	1.5	3.7	2.9	3.1
EV/EBITDA (x)	6.7	5.3	5.4	4.7
Price/book (x)	0.8	0.7	0.7	0.6
Net debt/Equity (%)	20.1	13.0	8.8	2.4
ROE (%)	8.1	11.0	7.9	7.9



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(6.9)	(13.6)	2.9
Relative to country (%)	(5.3)	(22.4)	(1.1)
Mkt cap (USD m)	389		
3m avg. daily turnover (USD m)	1.1		
Free float (%)	58		
Major shareholder	Sirimongkolkasem Family (52%)		
12m high/low (THB)	13.40/10.10		
Issued shares (m)	1,253.82		

Sources: Bloomberg consensus; FSSIA estimates

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Investment thesis

GFPT is doubling the capacity of its slaughterhouse from 150,000 to 300,000 chickens per day. It should begin operating from 2H24 onwards, partly to cope with the processing capacity expansion of its associate McKey. GFPT is also preparing to expand its processing plant to cope with export growth since it currently runs at a 100% utilization rate.

The situation for chicken exports in 2024 appears to be quite optimistic, supporting both the volume of exports of GFPT and its associates, such as GFN and McKey. However, we have relatively conservative assumptions for our 2025 net profit forecast, partly because we have started seeing price decreases in live chicken and chicken carcasses. We will also need to monitor the chicken price trends.

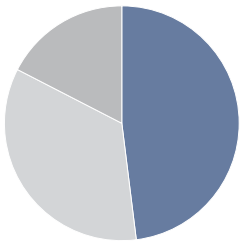
Company profile

GFPT operates a vertical, fully integrated poultry business covering feed production, grandparent farms, breeder farms, broiler farms, the production and distribution of chicken meat, cooked chicken products, and other chicken-related products under its own and customers’ brands for both domestic and export markets. In 2022, GFPT had a chicken processing capacity of 150,000 tonnes/year and a cooked chicken product capacity of 30,000 tonnes/year.

www.gfpt.co.th

Principal activities (revenue, 2023)

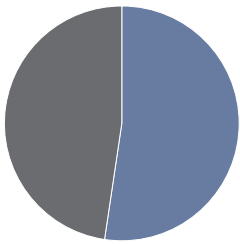
- Food - 48.0 %
- Farm - 34.5 %
- Feed - 17.4 %



Source: GFPT

Major shareholders

- Sirimongkolasem Family - 52.4 %
- Others - 47.7 %



Source: GFPT

Catalysts

Potential catalysts for GFPT’s earnings growth in 2024-25 are 1) chicken export volume growth; 2) a higher-than-expected chicken price; 3) the operation of a new slaughterhouse; and 4) lower raw material costs.

Risks to our call

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.

Event calendar

Date	Event
February 2025	4Q24 results announcement

Key assumptions

	2024E	2025E	2026E
Live chicken price (THB/kg)	42.1	40.0	40.0
Chicken carcass price (THB/kg)	14.4	13.0	13.0
Total sales growth (%)	1.4	(2.3)	4.6
Gross margin (%)	13.9	12.7	12.8
SG&A to sales (%)	8.1	8.1	8.1

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in revenue, we estimate 2025 net profit to rise by 0.8%, and vice versa, all else being equal.
- For every 0.5% increase in GPM, we estimate 2025 net profit to rise by 4.1%, and vice versa, all else being equal.
- For every 0.5% increase in SG&A, we estimate 2025 net profit to fall by 3.8%, and vice versa, all else being equal.

Source: FSSIA estimates

3Q24 profit performed well, but chicken prices staring to decline

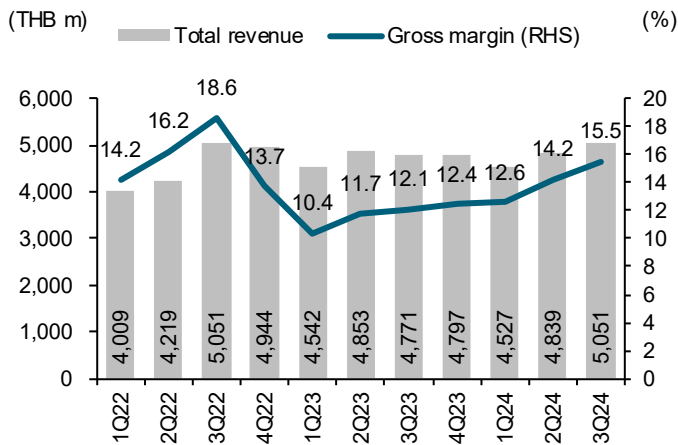
GFPT's net profit for 3Q24 was THB542m (-7% q-q, +70% y-y). Excluding an FX gain and a derivative loss, its core profit was THB564m (flat q-q, +77% y-y), which was in line with both our estimate and the market's expectations. GFPT's core operations performed well, with total revenue increasing by 4.4% q-q and 6% y-y, driven by a higher chicken export volume and low costs. This resulted in an improvement in the gross margin to 15.5%, up from 14.2% in 2Q24.

Negative factors included higher expenses, which rose 7% q-q and 9% y-y, mainly due to increased transportation costs. As a result, 3Q24 SG&A to sales increased to 8.2%, up from 7.9% in both 2Q24 and 3Q23. Additionally, GFPT's share of profits from associates decreased by 26% q-q to THB206m (+85% y-y), mainly due to a sharp 59% q-q drop in GFN's profit, which was impacted by the rapid decline in domestic chicken part prices. However, the share of profit from McKey remained strong.

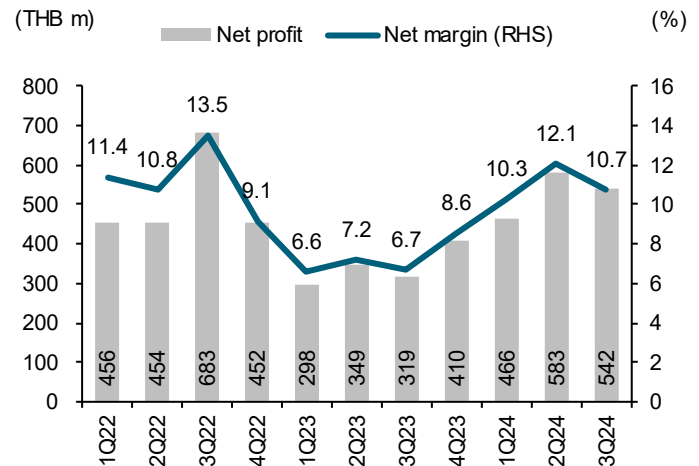
Exhibit 142: GFPT – 3Q24 earnings results

	3Q23	4Q23	1Q24	2Q24	3Q24	----- Change -----		9M24	Change	2024E	Change	% 9M24
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(y-y%)	(THB m)	(y-y%)	to 9M24E
Sales	4,771	4,797	4,527	4,839	5,051	4.4	5.9	14,416	1.8	19,219	1.4	75.0
Cost of sales	4,194	4,201	3,959	4,149	4,266	2.8	1.7	12,374	(1.4)	16,547	(1.2)	74.8
Gross profit	577	596	568	689	785	13.8	36.0	2,042	26.3	2,671	20.7	76.4
SG&A	378	378	369	384	413	7.4	9.3	1,166	4.3	1,557	4.1	74.9
Operating profit	199	218	199	305	372	21.8	86.5	876	75.2	1,115	55.3	78.6
Profit sharing	111	198	232	278	206	(25.7)	85.4	716	112.5	898	67.9	79.8
McKey	58	133	141	141	150	6.3	158.8	432	54.5	563	36.4	76.7
GFN	53	65	91	137	57	(58.6)	5.8	284	394.3	336	174.8	84.7
Interest expense	29	27	29	31	31	(1.9)	7.7	92	11.1	125	13.4	73.5
Tax expense	54	63	51	69	66	(4.3)	22.5	186	44.0	200	4.0	93.0
Other gain (loss)	1	8	25	21	(22)	nm	nm	24	(68.3)	0	nm	nm
Reported net profit	319	410	466	583	542	(7.1)	69.8	1,591	64.7	2,026	47.2	78.5
Core profit	318	403	441	562	564	0.4	77.4	1,566	76.1	2,026	56.8	77.3
Key ratios (%)						(ppt)	(ppt)					
Gross margin	12.1	12.4	12.6	14.2	15.5	1.3	3.4	14.2	2.7	13.9	2.2	
SG&A to sales	7.9	7.9	8.2	7.9	8.2	0.2	0.3	8.1	0.2	8.1	0.2	
Operating margin	4.2	4.5	4.4	6.3	7.4	1.1	3.2	6.1	2.5	5.8	2.0	
Net margin	6.7	8.6	10.3	12.1	10.7	(1.3)	4.0	11.0	4.2	10.5	3.3	
Core margin	6.7	8.4	9.7	11.6	11.2	(0.4)	4.5	10.9	4.6	10.5	3.7	
Operating statistics (THB/kg)												
Live chicken	40.3	37.8	42.5	44.0	43.0	(2.3)	6.6	43.2	6.7	42.1	6.7	
Chicken carcass	11.5	13.5	16.5	16.0	14.5	(9.4)	26.1	15.7	3.3	14.4	(2.7)	
Chicken export price (USD/tonne)	4,400	4,550	4,350	4,300	4,400	2.3	0.0	4,350	(4.4)	4,294	(5.6)	
Corn	11.7	10.5	10.4	11.1	11.8	6.3	0.9	11.1	(12.1)	10.9	(9.5)	
Soybean meal	20.6	21.2	21.4	20.7	19.3	(6.8)	(6.3)	20.5	(9.7)	20.4	(10.3)	
Chicken export volume (tonnes)	6,600	7,700	8,300	9,000	9,500	5.6	43.9	26,800	22.9	35,000	19.5	49.4
Indirect export volume (tonnes)	4,900	4,700	5,100	4,600	4,900	6.5	0.0	14,600	9.8	19,250	7.5	50.4
Chicken domestic volume (tonnes)	16,300	16,100	15,000	15,100	15,700	4.0	(3.7)	45,800	1.6	61,200	0.3	49.2

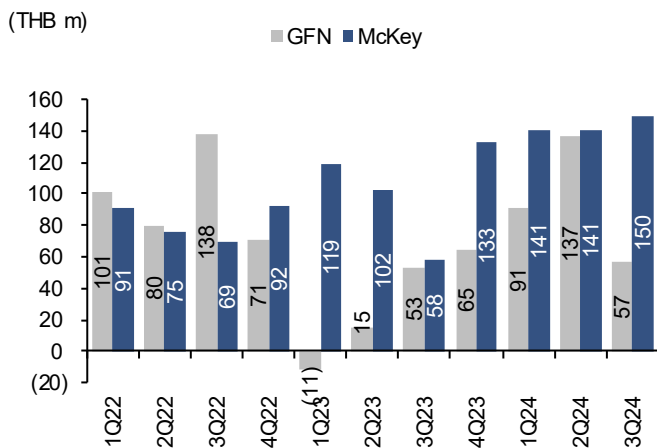
Sources: GFPT, FSSIA's compilation

Exhibit 143: Total revenue and gross margin

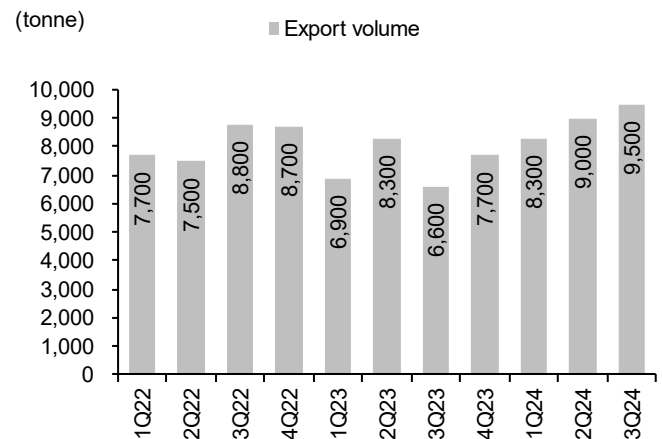
Sources: GFPT, FSSIA's compilation

Exhibit 144: Net profit and net margin

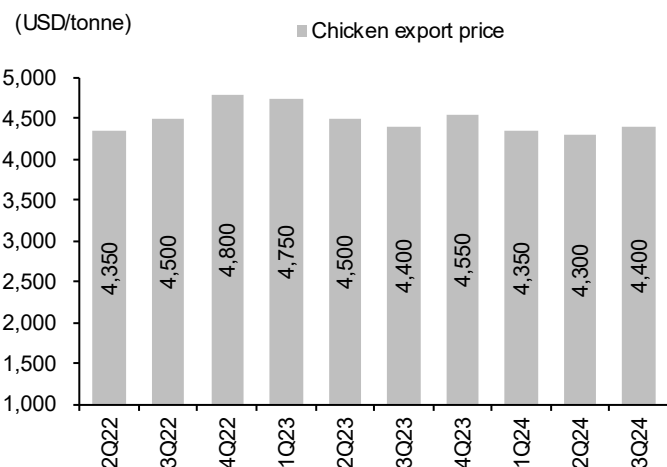
Sources: GFPT, FSSIA's compilation

Exhibit 145: Profit sharing from GFN and McKey

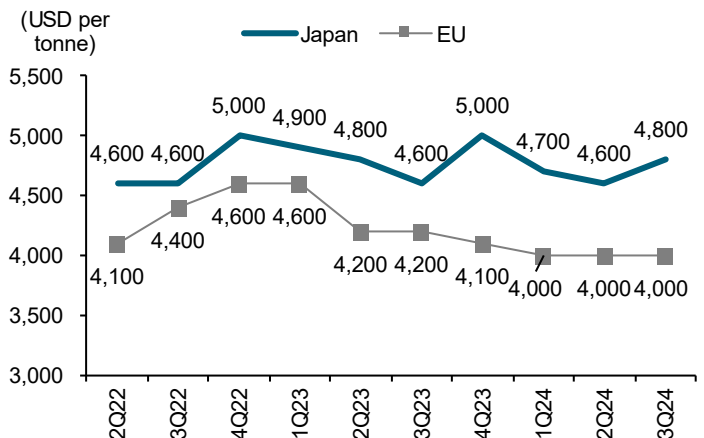
Sources: GFPT, FSSIA's compilation

Exhibit 146: Chicken export volumes

Sources: GFPT, FSSIA's compilation

Exhibit 147: Chicken export price (USD/tonne)

Sources: GFPT, FSSIA's compilation

Exhibit 148: Chicken export prices (USD/tonne)

Sources: GFPT, FSSIA's compilation

More conservative view on chicken prices in 2025

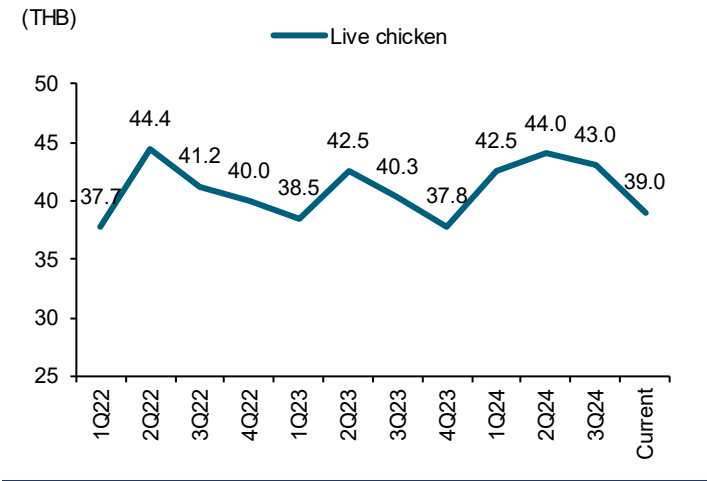
We have a more cautious view on the chicken prices in 2025, assuming that the domestic price of whole live chicken will be THB40/kg (-5% y-y). This price decrease is mainly due to two factors: 1) an increase in day-old-chick production across the country, expected to rise to around 37-38 million birds per week from 36-37 million birds per week in 2024, driven by favorable chicken prices in 2024, which led to an expansion in farming; and 2) we expect a slight decrease in raw material costs in 2025. We forecast that corn prices will remain low at THB10/kg, while soybean meal prices are expected to decrease by 2-4% to THB19-20/kg. Overall, we estimate the breakeven cost of raising chickens in 2025 to be THB37-38/kg, down by 5% y-y.

For 4QTD, the average price of live chicken has decreased to THB37-38/kg, from THB43/kg in 3Q24, which is close to the breakeven cost. We believe this price drop is likely temporary, as it coincides with the low season for exports and has also been impacted by flooding and the heavy rainfall in September and October, which resulted in a higher supply. Going forward, we expect chicken prices to increase in 1Q-2Q25, approaching our price assumption, but still at a level lower than in 1H24.

Although the export volume base for GFPT in 2024 is relatively high, we expect it to reach a new high of 35,900 tonnes (+22.5% y-y), driven by low inventory levels with European and Japanese customers, coupled with transportation issues, which have led to accelerated purchasing throughout 2024.

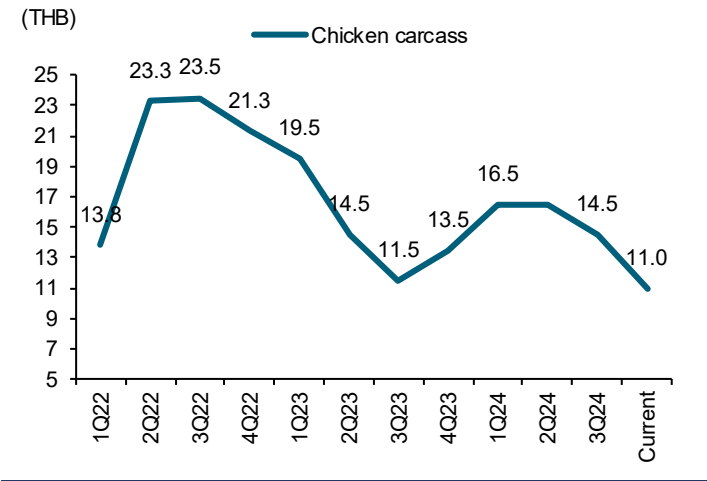
However, we expect export volumes in 2025 to remain stable at similar levels to 2024, in line with GFPT's target, which suggests that sales volumes should remain steady. Nevertheless, the company typically receives orders with a short lead time of around three months. If demand weakens more than expected, it could lead to a larger-than-expected decline in chicken prices. Investors should continue to monitor the movement of meat prices closely.

Exhibit 149: Domestic live chicken price (THB/kg)



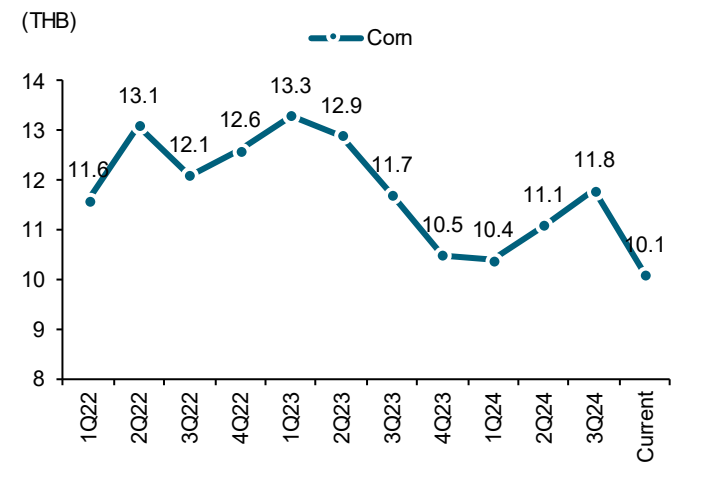
Sources: GFPT, FSSIA's compilation

Exhibit 150: Domestic chicken carcass price (THB/kg)



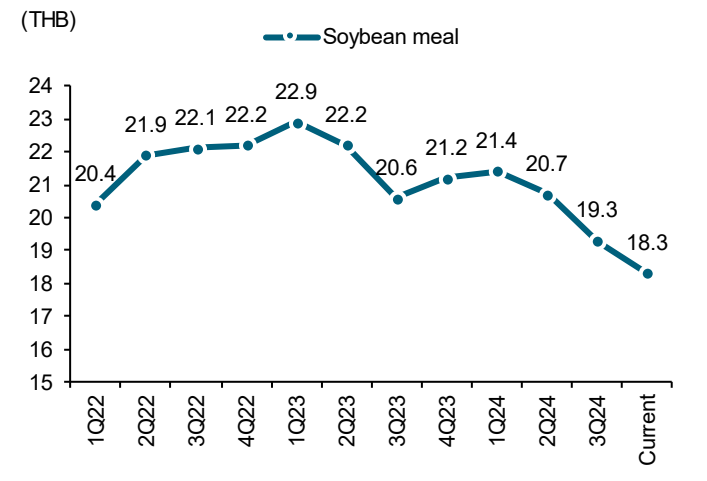
Sources: GFPT, FSSIA's compilation

Exhibit 151: Domestic corn price (THB/kg)



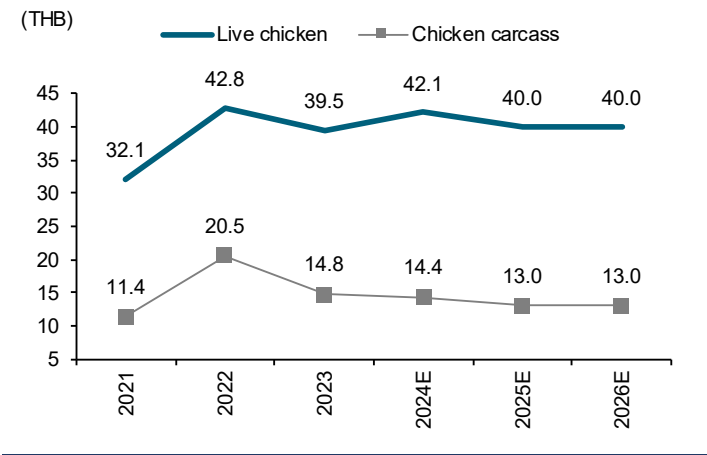
Sources: GFPT, FSSIA's compilation

Exhibit 152: Domestic soybean meal price (THB/kg)



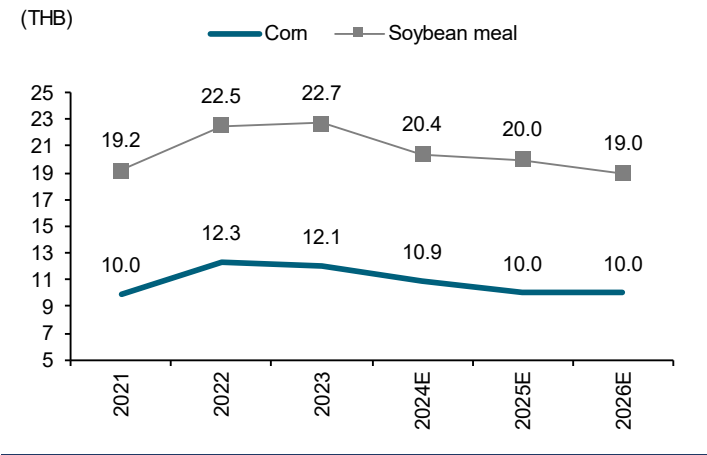
Sources: GFPT, FSSIA's compilation

Exhibit 153: Yearly domestic chicken price (THB/kg)



Sources: GFPT, FSSIA estimates

Exhibit 154: Yearly raw material prices



Sources: GFPT, FSSIA estimates

Passing the peak profit in 2024, maintain HOLD call

We maintain the view that GFPT has likely passed its peak profit for this cycle in 3Q24. In the short term, we expect 4Q24 earnings to weaken seasonally, compounded by the decline in chicken prices in 4QTD, with live chicken prices down 9% q-q and chicken carcass prices down 24% q-q. We continue to forecast the 2024 net profit at THB2b (+47% y-y) and expect a 23% y-y decline in 2025 net profit to THB1.56b, mainly due to the expectation of lower chicken selling prices. As a result, we anticipate that the gross margin in 2025 may not be as strong as in 2024.

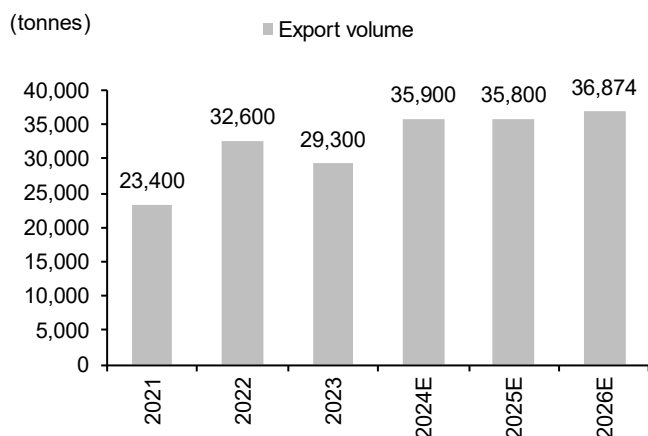
We maintain our 2025 target price at THB12.5, based on the same P/E multiple of 10x (-0.5 SD). Although GFPT's share price lacks a catalyst from the earnings momentum, which we expect to slow down in 2025, and chicken prices may decrease sharply in the short term, the stock is currently trading at a 2025E P/E of only 8.7x. Furthermore, GFPT has a strong financial position, with a current ratio of 2x and a low D/E ratio of 0.34x. Therefore, we recommend a HOLD rating.

Exhibit 155: Maintain key assumptions for GFPT

	Current			Growth		
	2024E (THB m)	2025E (THB m)	2026E (THB m)	2024E (%)	2025E (%)	2026E (%)
Total revenue	19,219	18,777	19,640	1.4	(2.3)	4.6
Costs	16,547	16,392	17,126	(1.2)	(0.9)	4.5
Gross profit	2,671	2,385	2,514	20.7	(10.7)	5.4
SG&A expenses	1,557	1,521	1,591	4.1	(2.3)	4.6
Profit sharing	898	657	687	67.9	(26.8)	4.6
Reported net profit	2,026	1,564	1,660	47.2	(22.8)	6.2
Core profit	2,026	1,564	1,660	56.8	(22.8)	6.2
Key ratios (%)						
Gross margin	13.9	12.7	12.8	2.2	(1.2)	0.1
SG&A to sales	8.1	8.1	8.1	0.2	0.0	0.0
Net margin	10.5	8.3	8.5	3.3	(2.2)	0.1
Operating statistics (THB/kg)						
Live chicken	42.1	40.0	40.0	6.7	(5.0)	0.0
Chicken carcass	14.4	13.0	13.0	(2.7)	(9.7)	0.0
Corn	10.9	10.0	10.0	(9.5)	(8.3)	0.0
Soybean meal	20.4	20.0	19.0	(10.3)	(2.0)	(5.0)

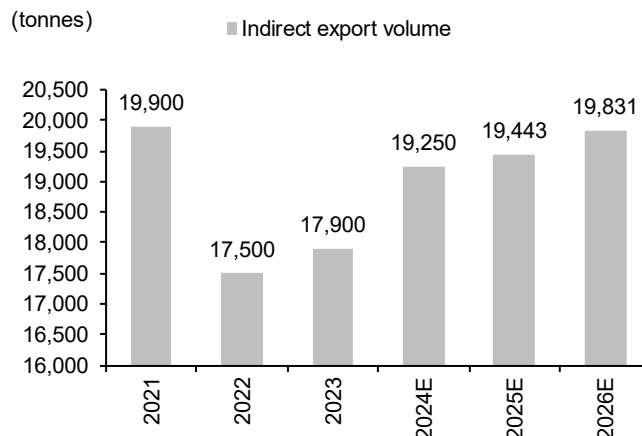
Source: FSSIA estimates

Exhibit 156: Yearly chicken export volume



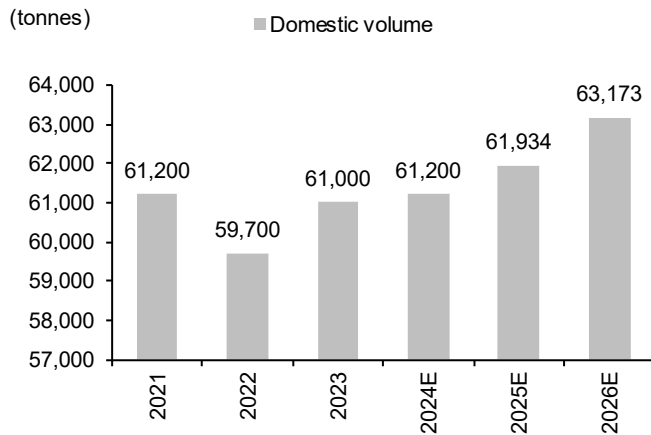
Sources: GFPT, FSSIA estimates

Exhibit 157: Yearly chicken indirect export volume



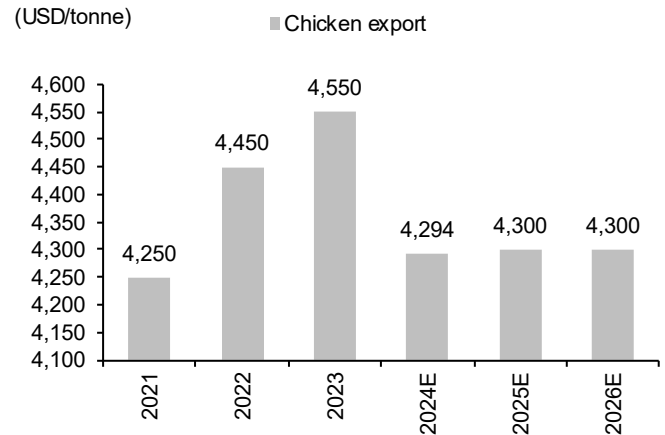
Sources: GFPT, FSSIA estimates

Exhibit 158: Yearly chicken domestic volume



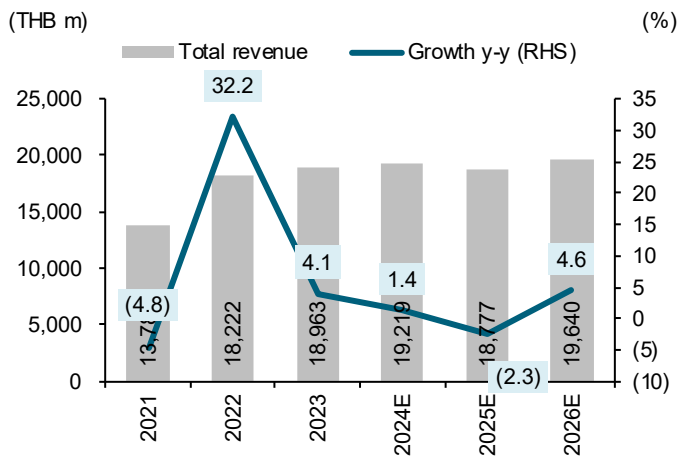
Sources: GFPT, FSSIA estimates

Exhibit 159: Yearly chicken export price



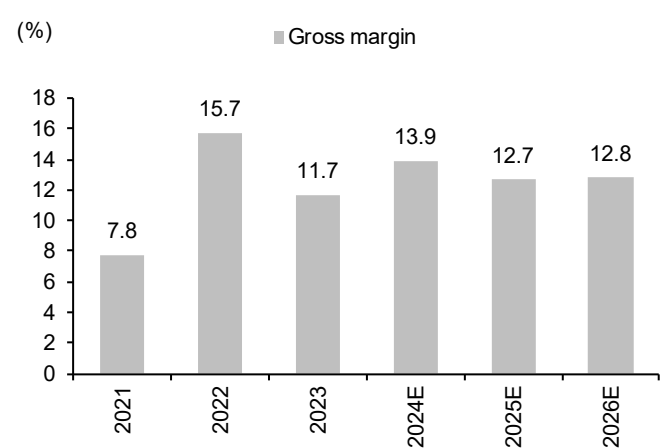
Sources: GFPT, FSSIA estimates

Exhibit 160: Yearly total revenue and growth



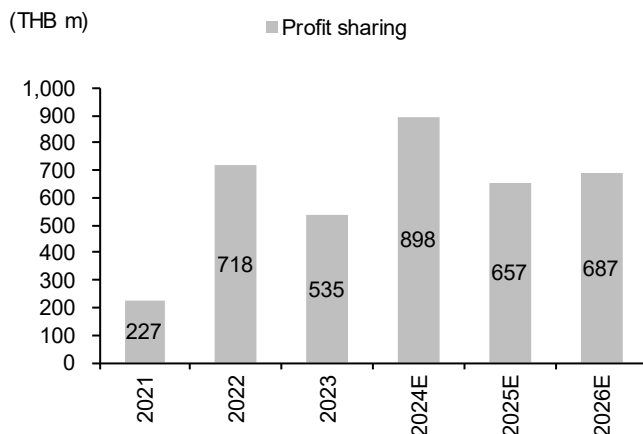
Sources: GFPT, FSSIA estimates

Exhibit 161: Yearly gross margin



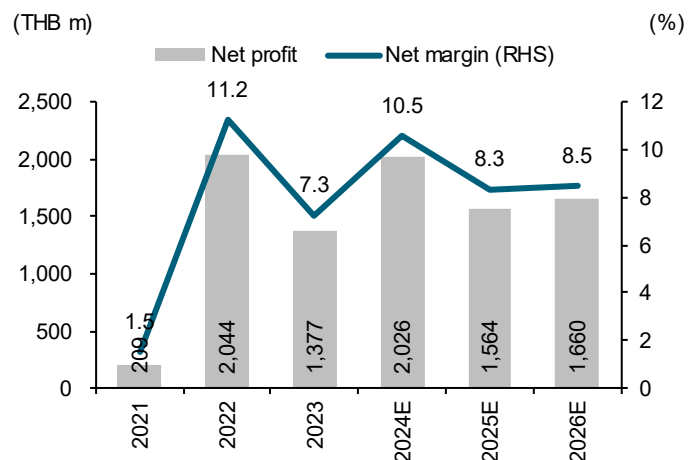
Sources: GFPT, FSSIA estimates

Exhibit 162: Yearly profit sharing from associate companies



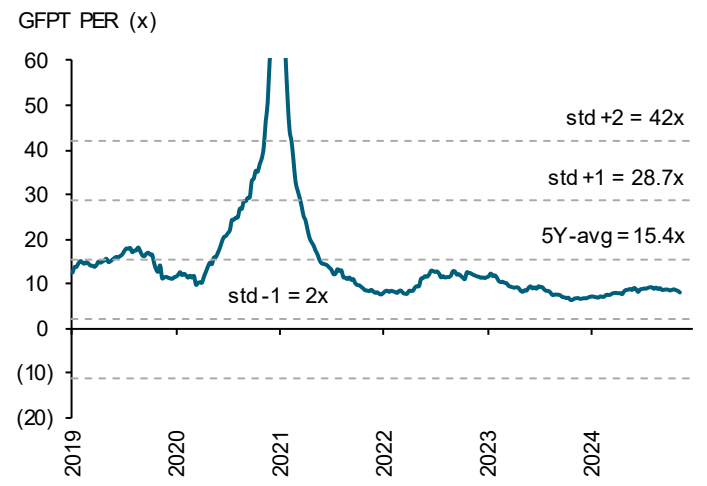
Sources: GFPT, FSSIA estimates

Exhibit 163: Yearly net profit and net margin



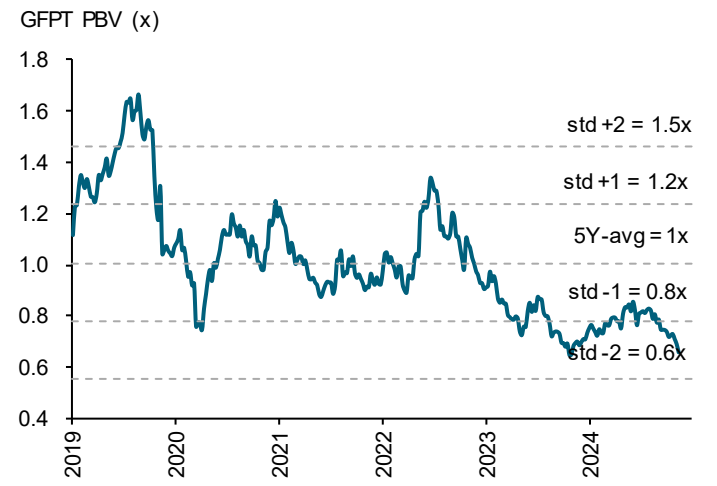
Sources: GFPT, FSSIA estimates

Exhibit 164: Historical P/E band



Sources: Bloomberg, FSSIA estimates

Exhibit 165: Historical P/BV band



Sources: Bloomberg, FSSIA estimates

Exhibit 166: Peers comparisons as of 12 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	5,755	11.8	14.5	7.1	5.6	0.8	0.8	11.7	12.9
Thai Union Group	TU TB	BUY	14.20	19.40	37	1,736	13.1	11.8	8.7	9.5	1.1	1.1	9.7	9.2
Betagro	BTG TB	HOLD	20.10	23.50	17	1,117	19.0	15.2	8.2	9.7	1.5	1.4	6.7	6.0
Thaifoods Group	TFG TB	BUY	3.84	5.20	35	624	7.8	8.2	20.7	18.5	1.5	1.4	5.1	4.9
GFPT	GFPT TB	HOLD	10.80	12.50	16	389	6.7	8.7	11.0	7.9	0.7	0.7	5.3	5.4
Asian Sea	ASIAN TB	n/a	8.90	n/a	n/a	207	8.7	8.6	13.3	12.2	1.1	1.0	4.7	4.7
Average						9,828	11.2	11.2	11.5	10.6	1.1	1.1	7.2	7.2

Sources: Bloomberg, FSSIA estimates

Financial Statements

GFPT

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	18,222	18,963	19,219	18,777	19,640
Cost of goods sold	(15,354)	(16,749)	(16,547)	(16,392)	(17,126)
Gross profit	2,868	2,213	2,671	2,385	2,514
Other operating income	342	349	345	338	354
Operating costs	(1,559)	(1,495)	(1,557)	(1,521)	(1,591)
Operating EBITDA	2,973	2,577	3,045	2,888	3,037
Depreciation	(1,322)	(1,511)	(1,586)	(1,686)	(1,761)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	1,651	1,067	1,460	1,202	1,277
Net financing costs	(148)	4	(125)	(128)	(125)
Associates	718	535	898	657	687
Recurring non-operating income	753	505	898	657	687
Non-recurring items	0	0	0	0	0
Profit before tax	2,256	1,575	2,232	1,731	1,839
Tax	(209)	(192)	(200)	(161)	(173)
Profit after tax	2,047	1,383	2,032	1,570	1,666
Minority interests	(2)	(6)	(6)	(6)	(6)
Preferred dividends	-	-	-	-	-
Other items	-	-	0	0	0
Reported net profit	2,044	1,377	2,026	1,564	1,660
Non-recurring items & goodwill (net)	0	0	0	0	0
Recurring net profit	2,044	1,377	2,026	1,564	1,660
Per share (THB)					
Recurring EPS *	1.63	1.10	1.62	1.25	1.32
Reported EPS	1.63	1.10	1.62	1.25	1.32
DPS	0.20	0.16	0.40	0.31	0.33
Diluted shares (used to calculate per share data)	1,254	1,254	1,254	1,254	1,254
Growth					
Revenue (%)	32.2	4.1	1.4	(2.3)	4.6
Operating EBITDA (%)	139.7	(13.3)	18.2	(5.2)	5.2
Operating EBIT (%)	26,304.0	(35.4)	36.9	(17.7)	6.2
Recurring EPS (%)	1,100.2	(32.7)	47.2	(22.8)	6.2
Reported EPS (%)	1,100.2	(32.7)	47.2	(22.8)	6.2
Operating performance					
Gross margin inc. depreciation (%)	15.7	11.7	13.9	12.7	12.8
Gross margin exc. depreciation (%)	23.0	19.6	22.2	21.7	21.8
Operating EBITDA margin (%)	16.3	13.6	15.8	15.4	15.5
Operating EBIT margin (%)	9.1	5.6	7.6	6.4	6.5
Net margin (%)	11.2	7.3	10.5	8.3	8.5
Effective tax rate (%)	9.3	12.2	9.0	9.3	9.4
Dividend payout on recurring profit (%)	12.1	14.6	25.0	25.0	25.0
Interest cover (X)	16.2	(391.6)	18.9	14.5	15.7
Inventory days	88.7	85.8	93.8	98.0	98.2
Debtor days	18.0	19.9	20.0	20.2	19.6
Creditor days	28.8	31.8	32.7	28.0	27.3
Operating ROIC (%)	8.7	5.3	7.1	5.7	6.0
ROIC (%)	9.7	5.9	8.5	6.6	6.9
ROE (%)	13.2	8.1	11.0	7.9	7.9
ROA (%)	9.7	5.7	8.4	6.4	6.7
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Food	9,875	9,107	9,599	10,127	10,684
Farm	5,314	6,549	6,327	6,612	6,863
Feed	3,034	3,306	3,075	3,173	3,281

Sources: GFPT; FSSIA estimates

Financial Statements

GFPT

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	2,044	1,377	2,026	1,564	1,660
Depreciation	1,322	1,511	1,586	1,686	1,761
Associates & minorities	(718)	(535)	(898)	(657)	(687)
Other non-cash items	97	(144)	0	0	0
Change in working capital	(1,484)	23	(447)	(166)	(196)
Cash flow from operations	1,261	2,231	2,268	2,427	2,537
Capex - maintenance	(2,945)	(2,651)	(1,489)	(1,981)	(1,540)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	-	-	-	-	-
Cash flow from investing	(2,945)	(2,651)	(1,489)	(1,981)	(1,540)
Dividends paid	(125)	(251)	(507)	(391)	(415)
Equity finance	0	0	0	0	0
Debt finance	2,103	1,016	213	17	(53)
Other financing cash flows	2	6	(3)	(3)	(3)
Cash flow from financing	1,980	772	(296)	(376)	(471)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	296	352	483	70	527
Free cash flow to firm (FCFF)	(1,597.64)	(310.00)	903.84	574.09	1,122.52
Free cash flow to equity (FCFE)	421.20	602.26	989.18	460.50	941.66

Per share (THB)

FCFF per share	(1.27)	(0.25)	0.72	0.46	0.90
FCFE per share	0.34	0.48	0.79	0.37	0.75
Recurring cash flow per share	2.19	1.76	2.17	2.07	2.18

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	21,803	23,142	24,728	26,414	28,174
Less: Accumulated depreciation	(9,914)	(10,617)	(12,289)	(13,661)	(15,682)
Tangible fixed assets (net)	11,889	12,525	12,439	12,753	12,492
Intangible fixed assets (net)	673	58	59	61	62
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	4,275	4,774	4,774	4,774	4,774
Cash & equivalents	1,259	1,610	2,093	2,162	2,689
A/C receivable	1,012	1,057	1,053	1,029	1,076
Inventories	3,320	3,840	3,853	4,042	4,223
Other current assets	730	591	577	563	589
Current assets	6,321	7,098	7,576	7,796	8,577
Other assets	257	877	865	845	884
Total assets	23,415	25,333	25,713	26,229	26,789
Common equity	16,480	17,605	19,125	20,298	21,543
Minorities etc.	127	133	130	127	125
Total shareholders' equity	16,606	17,738	19,255	20,425	21,668
Long term debt	3,292	3,373	3,173	2,573	1,956
Other long-term liabilities	687	686	557	545	570
Long-term liabilities	3,979	4,058	3,730	3,117	2,526
A/C payable	1,113	1,545	1,133	1,123	1,173
Short term debt	1,540	1,798	1,422	1,395	1,246
Other current liabilities	177	193	173	169	177
Current liabilities	2,830	3,536	2,728	2,687	2,596
Total liabilities and shareholders' equity	23,415	25,333	25,713	26,229	26,789
Net working capital	3,772	3,750	4,177	4,342	4,539
Invested capital	20,866	21,985	22,314	22,775	22,751

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

Per share (THB)

Book value per share	13.14	14.04	15.25	16.19	17.18
Tangible book value per share	12.61	13.99	15.21	16.14	17.13

Financial strength

Net debt/equity (%)	21.5	20.1	13.0	8.8	2.4
Net debt/total assets (%)	15.3	14.1	9.7	6.9	1.9
Current ratio (x)	2.2	2.0	2.8	2.9	3.3
CF interest cover (x)	3.8	(149.1)	8.9	4.6	8.5

Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	6.6	9.8	6.7	8.7	8.2
Recurring P/E @ target price (x) *	7.7	11.4	7.7	10.0	9.4
Reported P/E (x)	6.6	9.8	6.7	8.7	8.2
Dividend yield (%)	1.8	1.5	3.7	2.9	3.1
Price/book (x)	0.8	0.8	0.7	0.7	0.6
Price/tangible book (x)	0.9	0.8	0.7	0.7	0.6
EV/EBITDA (x) **	5.8	6.7	5.3	5.4	4.7
EV/EBITDA @ target price (x) **	6.5	7.5	6.0	6.1	5.4
EV/invested capital (x)	0.8	0.8	0.7	0.7	0.6

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

Sources: GFPT; FSSIA estimates

GFPT (GFPT TB)

FSSIA ESG rating



Exhibit 167: FSSIA ESG score implication

50.93 /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 168: 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 169: ESG score by Bloomberg

FY ending Dec 31	FY 2021	FY 2022	FY 2023
ESG financial materiality scores - ESG score	3.06	3.32	4.22
BESG environmental pillar score	2.18	2.73	3.88
BESG social pillar score	3.36	3.42	4.58
BESG governance pillar score	4.20	4.22	4.19
ESG disclosure score	54.93	57.60	57.60
Environmental disclosure score	44.79	52.79	52.79
Social disclosure score	36.31	36.31	36.31
Governance disclosure score	83.59	83.59	83.59
Environmental			
Emissions reduction initiatives	Yes	Yes	Yes
Climate change policy	Yes	Yes	Yes
Climate change opportunities discussed	No	No	No
Risks of climate change discussed	Yes	Yes	Yes
GHG scope 1	—	21	18
GHG scope 2 location-based	—	31	32
GHG Scope 3	—	—	—
Carbon per unit of production	—	—	—
Biodiversity policy	No	No	No
Energy efficiency policy	Yes	Yes	Yes
Total energy consumption	—	118	114
Renewable energy use	—	—	—
Electricity used	63	63	64
Fuel used - natural gas	—	176,666	162,480

Sources: Bloomberg; FSSIA's compilation

Exhibit 170: ESG score by Bloomberg (cont.)

FY ending Dec 31	FY 2021	FY 2022	FY 2023
Fuel used - crude oil/diesel	No	No	No
Waste reduction policy	Yes	Yes	Yes
Hazardous waste	0	0	0
Total waste	22	21	22
Waste recycled	—	—	—
Waste sent to landfills	—	—	—
Environmental supply chain management	Yes	Yes	Yes
Water policy	Yes	Yes	Yes
Water consumption	—	—	—
Social			
Human rights policy	Yes	Yes	Yes
Policy against child labor	Yes	Yes	Yes
Quality assurance and recall policy	Yes	Yes	Yes
Consumer data protection policy	Yes	Yes	Yes
Equal opportunity policy	Yes	Yes	Yes
Gender pay gap breakout	No	No	No
Pct women in workforce	54	54	54
Pct disabled in workforce	2	2	1
Business ethics policy	Yes	Yes	Yes
Anti-bribery ethics policy	Yes	Yes	Yes
Health and safety policy	Yes	Yes	Yes
Lost time incident rate - employees	2	2	2
Total recordable incident rate - employees	—	—	—
Training policy	Yes	Yes	Yes
Fair remuneration policy	No	No	No
Number of employees – CSR	4,906	5,367	5,525
Employee turnover pct	3	21	8
Total hours spent by firm - employee training	490,610	719,841	890,950
Social supply chain management	Yes	Yes	Yes
Governance			
Board size	9	9	9
No. of independent directors (ID)	3	3	3
No. of women on board	2	2	2
No. of non-executive directors on board	6	6	6
Company conducts board evaluations	Yes	Yes	Yes
No. of board meetings for the year	9	9	9
Board meeting attendance pct	100	99	75
Board duration (years)	3	3	3
Director share ownership guidelines	No	No	No
Age of the youngest director	51	52	53
Age of the oldest director	81	82	83
No. of executives / company managers	10	10	11
No. of female executives	4	4	3
Executive share ownership guidelines	No	No	No
Size of audit committee	3	3	3
No. of ID on audit committee	3	3	3
Audit committee meetings	4	4	7
Audit meeting attendance %	100	100	100
Size of compensation committee	5	5	5
No. of ID on compensation committee	3	3	3
No. of compensation committee meetings	2	2	3
Compensation meeting attendance %	100	100	100
Size of nomination committee	5	5	5
No. of nomination committee meetings	2	2	3
Nomination meeting attendance %	100	100	100
Sustainability governance			
Verification type	No	No	No

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.																				
SET ESG Ratings List (SETESG) by The Stock Exchange of Thailand (SET)	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 SETESG 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. SETESG Index 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.																				
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 Sustainalytics	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table><tr><th>NEGL</th><th>Low</th><th>Medium</th><th>High</th><th>Severe</th></tr><tr><td>0-10</td><td>10-20</td><td>20-30</td><td>30-40</td><td>40+</td></tr></table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+										
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

ANALYST(S) CERTIFICATION

Sureeporn Teewasuwet FSS International Investment Advisory Securities Co., Ltd

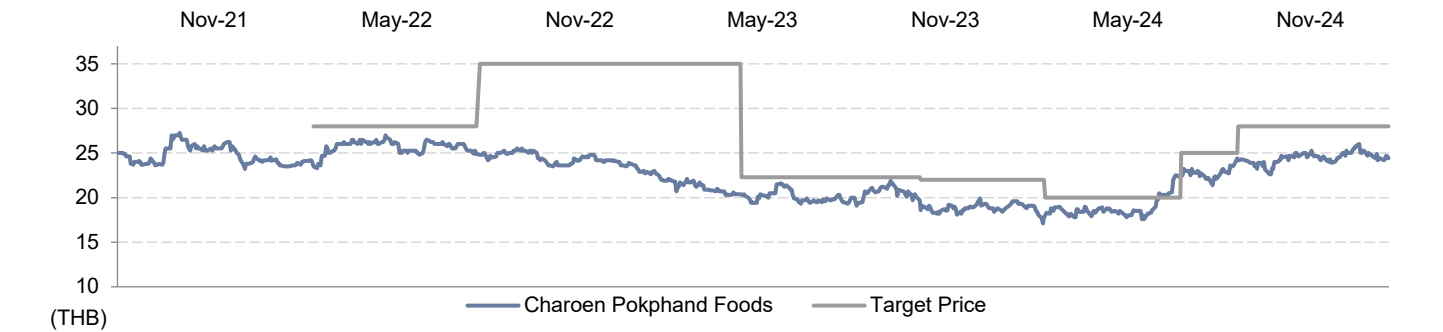
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History of change in investment rating and/or target price

Charoen Pokphand Foods (CPF TB)



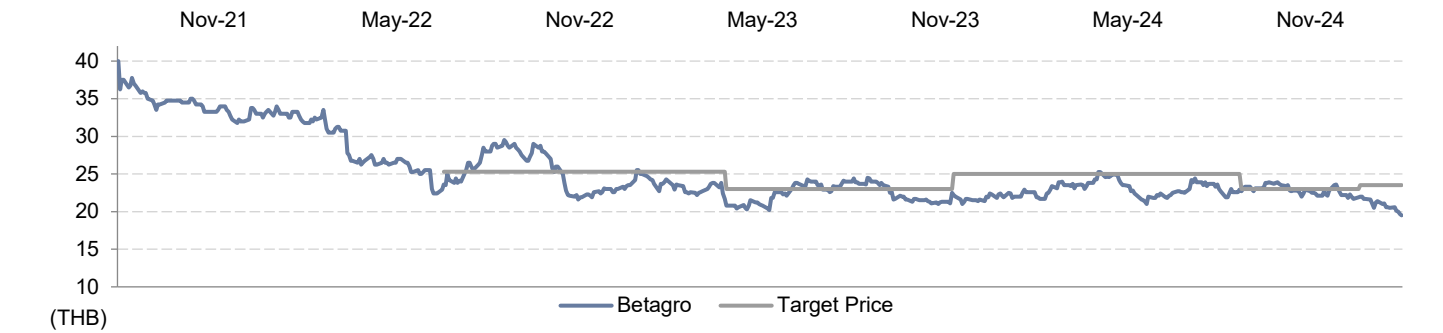
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
05-May-2022	HOLD	28.00	09-Oct-2023	HOLD	22.00	18-Apr-2024	BUY	20.00
23-Sep-2022	BUY	35.00	13-Dec-2023	BUY	22.00	20-May-2024	BUY	25.00
08-May-2023	HOLD	22.30	24-Jan-2024	HOLD	20.00	08-Jul-2024	BUY	28.00

Sureeporn Teewasuwet started covering this stock from 13-Jan-2021

Price and TP are in local currency

Source: FSSIA estimates

Betagro (BTG TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
08-May-2023	BUY	25.30	19-Oct-2023	HOLD	23.00	13-Aug-2024	HOLD	23.00
15-May-2023	HOLD	25.30	28-Feb-2024	BUY	25.00	21-Oct-2024	HOLD	23.50

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

Price and TP are in local currency

Source: FSSIA estimates

Thai Foods Group (TFG TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
03-Feb-2023	BUY	8.00	27-Nov-2023	HOLD	4.00	22-Aug-2024	BUY	5.90
08-May-2023	HOLD	5.20	26-Apr-2024	BUY	4.80	31-Oct-2024	BUY	5.20

Sureeporn Teewasuwet started covering this stock from 03-Feb-2023

Price and TP are in local currency

Source: FSSIA estimates

GFPT (GFPT TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
03-Feb-2023	BUY	18.00	18-Oct-2023	BUY	14.20	25-Oct-2024	HOLD	12.50
08-May-2023	BUY	12.40	21-Jun-2024	BUY	15.00			
03-Jul-2023	BUY	15.20	18-Jul-2024	BUY	17.00			

Sureeporn Teewasuwet started covering this stock from 03-Feb-2023

Price and TP are in local currency

Source: FSSIA estimates

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.
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 $(\text{target price}^* - \text{current price}) / \text{current price}$.

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.