

CHAROEN POKPHAND FOODS

THAILAND / FOOD & BEVERAGE

CPF TB

BUY

UNCHANGED

TARGET PRICE	THB28.00
CLOSE	THB22.20
UP/DOWNSIDE	+26.1%
PRIOR TP	THB28.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	-6.2%

Swine looking better than chicken

- Due to the low season and lower meat prices, we expect 4Q24 net profit to drop q-q.
- Expect 1Q25 to recover q-q and y-y, as meat prices have risen in Thailand and Vietnam, while Chinese swine remains low.
- Retain BUY call due to positive short-term outlook on meat prices.

Expect 4Q24 profit to drop q-q due to lower meat prices

We expect a 4Q24 net profit of THB3.53b (-52% q-q, +29x y-y). The significant y-y growth is due to higher meat prices, while the soybean meal price has decreased. However, the q-q profit decline is mainly from: 1) seasonality; 2) lower Thai chicken prices (-11% q-q); and 3) a drop in Chinese swine prices (-15.5% q-q). Therefore, we project 4Q24 total revenue to drop by 5% q-q and 8% y-y. Although raw material prices declined q-q and y-y, the larger revenue drop is expected due to a lower 4Q24 gross margin at 14% from 15.4% in 3Q24. We assume a lower share of profit from the Chinese swine business, but profits from CPALL are likely to remain strong.

Swine prices may perform better than chicken in 2025

CPF set its 2025 revenue growth target at 6-7% y-y, with Thailand at 5-7% y-y and overseas at 7-10% y-y. The company guided for a positive outlook for Thai swine prices, which should remain strong due to tight supply from ASF and flooding at the end of 2024. In addition, Vietnamese swine prices have recently risen sharply due to the Tet festival, and the prices are expected to remain strong throughout 2025 due to ASF. Thai chicken prices should be strong in 1Q25 due to the Chinese New Year, but prices are likely to soften in 2H25 as supply increases, combined with a decrease in breakeven costs.

Maintain 2025E net profit to drop y-y

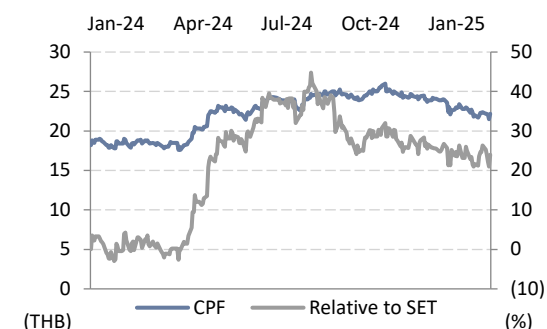
We have slightly revised down our 2024E net profit by 5% y-y to THB18.9b, which is still a good result and the highest in four years. While we have raised our 2025 Vietnamese swine price assumption by 9%, we have reduced our Chinese swine price estimate by 6%, resulting in a projected net profit of THB14b for 2025, down y-y. We project the 2025 gross margin to decrease by 70bps from 2024 due to a smaller reduction in raw material prices and a slight increase in meat prices, leading to a reduction in the spread margin and biological gain.

Retain BUY call with the same TP of THB28

We maintain our TP at THB28, based on the same P/E of 17x. Despite the expected weaker profit in 2025 from the high base in 2024, we remain positive in the short term for a profit recovery in 1Q-2Q25 from higher meat prices and the start of the export season in 2Q. The share price is currently trading at a 2025E P/E of just 13x, so we recommend BUY with speculation on meat prices.

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	585,844	567,806	591,654	608,220
Net profit	(5,207)	18,907	14,053	15,168
EPS (THB)	(0.62)	2.25	1.67	1.80
vs Consensus (%)	-	4.0	(20.0)	(16.0)
EBITDA	31,556	60,491	58,775	60,661
Recurring net profit	(22,000)	16,021	14,053	15,168
Core EPS (THB)	(2.61)	1.90	1.67	1.80
Chg. In EPS est. (%)	nm	(7.2)	0.0	(1.1)
EPS growth (%)	nm	nm	(12.3)	7.9
Core P/E (x)	(8.5)	11.7	13.3	12.3
Dividend yield (%)	-	4.0	3.8	4.1
EV/EBITDA (x)	22.8	11.8	12.2	11.8
Price/book (x)	0.8	0.8	0.7	0.7
Net debt/Equity (%)	170.8	146.2	141.5	136.0
ROE (%)	(8.9)	6.6	5.6	5.8



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(3.5)	(12.1)	24.7
Relative to country (%)	(0.6)	(5.2)	27.2
Mkt cap (USD m)	5,443		
3m avg. daily turnover (USD m)	9.7		
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



Sureeporn Teewasuwet

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

Investment thesis

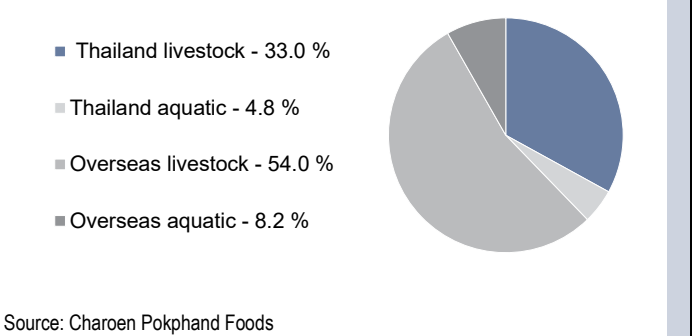
CPF operates an integrated agro-industrial and food business under its “Kitchen of the World” vision for sustainable growth. The company owns production bases through investments and joint ventures in 17 countries and exports to over 40 countries. Since CPF starts from upstream, especially farming, which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

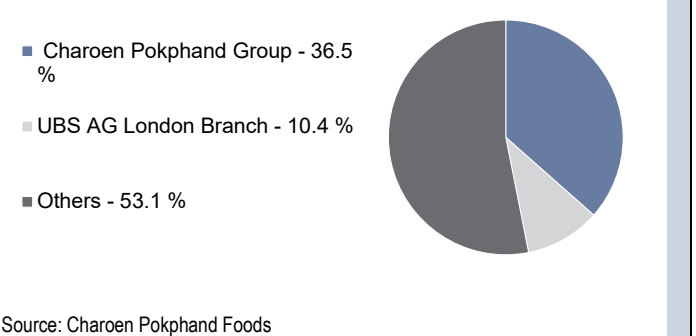
Established in 1978 and listed on the Stock Exchange of Thailand in 1987, CPF operates a vertically integrated agro-industrial and food business, from upstream to downstream, covering livestock and aquaculture such as swine, broilers, layers, ducks, shrimp, and fish. As of end-2023, CPF generated revenue 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)



Major shareholders



Catalysts

Potential drivers for CPF’s earnings growth in 2025 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
26 February 2025	4Q24 results announcement
27 February 2025	Analyst meeting

Key assumptions

	2024E	2025E	2026E
Broiler price-TH (THB)	41.3	40.0	40.0
Swine price-TH (THB)	69.3	70.0	70.0
Swine price-VN (VND)	59,548	60,000	55,000
Total revenue growth (%)	(3.1)	4.2	2.8
Gross margin (%)	14.2	13.5	13.5
SG&A to sales (%)	8.7	8.7	8.7

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.

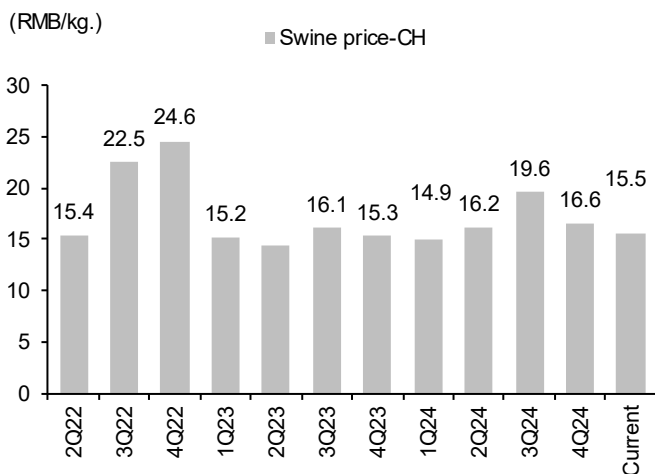
Source: FSSIA estimates

Exhibit 1: CPF – 4Q24 earnings preview

	4Q23	1Q24	2Q24	3Q24	4Q24E	Change		2023	2024E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)
Sales	147,319	140,037	149,498	142,703	135,568	(5.0)	(8.0)	585,844	567,806	(3.1)
Cost of sales	133,750	123,228	126,484	120,756	116,588	(3.5)	(12.8)	524,643	487,064	(7.2)
Gross profit	13,569	16,809	23,013	21,947	18,980	(13.5)	39.9	61,201	80,742	31.9
SG&A	15,141	12,178	12,760	12,624	12,066	(4.4)	(20.3)	55,875	49,627	(11.2)
Operating profit	(3,200)	5,297	10,953	10,428	7,699	(26.2)	nm	6,435	34,370	434.1
Interest expense	6,903	6,182	6,276	6,031	6,207	2.9	(10.1)	25,506	24,696	(3.2)
Tax expense	163	550	2,046	1,059	1,272	20.2	679.9	600	4,927	720.8
Profit (loss) sharing	643	1,792	3,352	3,655	3,234	(11.5)	403.0	(810)	12,033	nm
Biological gain (loss)	(1,169)	464	1,427	734	0	(100.0)	(100.0)	724	2,625	262.6
Other gain (loss)	5,062	330	135	28	0	(100.0)	(100.0)	16,068	260	(98.4)
Reported net profit	121	1,152	6,924	7,309	3,529	(51.7)	2821.2	(5,207)	18,907	nm
Core profit	(10,877)	358	5,595	6,547	3,529	(46.1)	(132.4)	(22,000)	16,021	nm
Key ratios (%)						(ppt)	(ppt)			
Gross margin	9.2	12.0	15.4	15.4	14.0	(1.4)	4.8	10.4	14.2	3.8
SG&A to sales	10.3	8.7	8.5	8.8	8.9	0.1	(1.4)	9.5	8.7	(0.8)
Operating margin	(2.2)	3.8	7.3	7.3	5.7	(1.6)	7.9	1.1	6.1	5.0
Net margin	0.1	0.8	4.6	5.1	2.6	(2.5)	2.5	(0.9)	3.3	4.2
Core margin	(7.4)	0.3	3.7	4.6	2.6	(2.0)	10.0	(3.8)	2.8	6.6
Operating statistics (THB/kg)										
Broiler price-TH	37.9	40.8	43.6	42.7	38.1	(10.8)	0.5	39.5	41.3	4.7
Swine price-TH	62.3	66.3	69.3	71.1	70.6	(0.7)	13.3	70.5	69.3	(1.6)
Corn price-TH	10.4	10.9	10.9	12.1	10.0	(17.4)	(3.8)	12.1	11.0	(8.9)
Soybean meal price-TH	22.0	22.2	21.5	20.5	18.9	(7.8)	(14.1)	22.7	20.8	(8.7)
Swine price-VN (VND/kg.)	47,082	53,400	62,848	61,708	60,237	(2.4)	27.9	52,311	59,548	13.8
Swine price-CH (RMB/kg.)	15.3	14.9	16.2	19.6	16.6	(15.5)	8.3	15.3	16.8	10.3

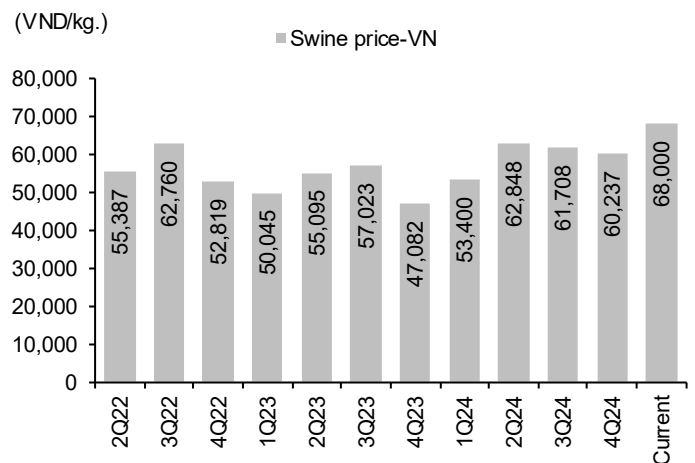
Sources: CPF, FSSIA estimates

Exhibit 2: China swine price

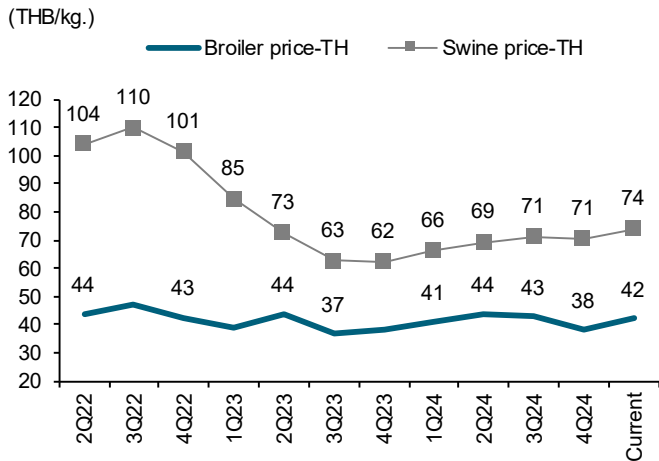


Sources: Bloomberg, CPF, FSSIA's estimates

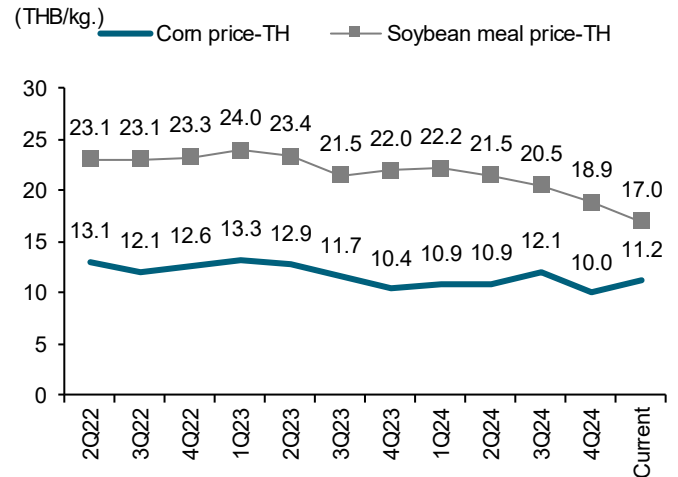
Exhibit 3: Vietnam swine price



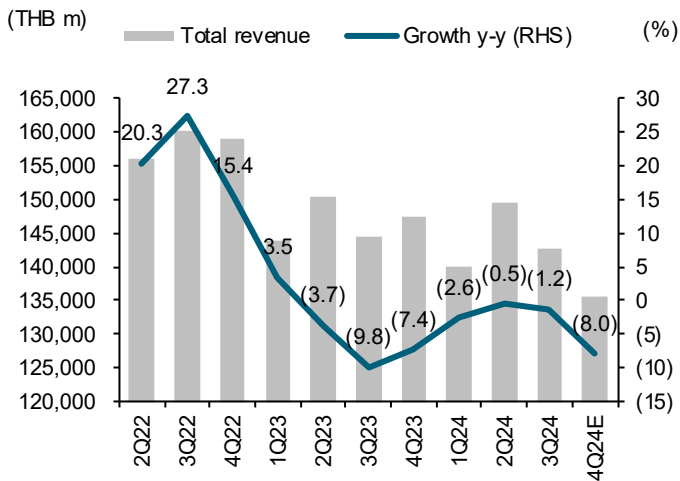
Source: CPF, FSSIA's estimates

Exhibit 4: Domestic meat prices

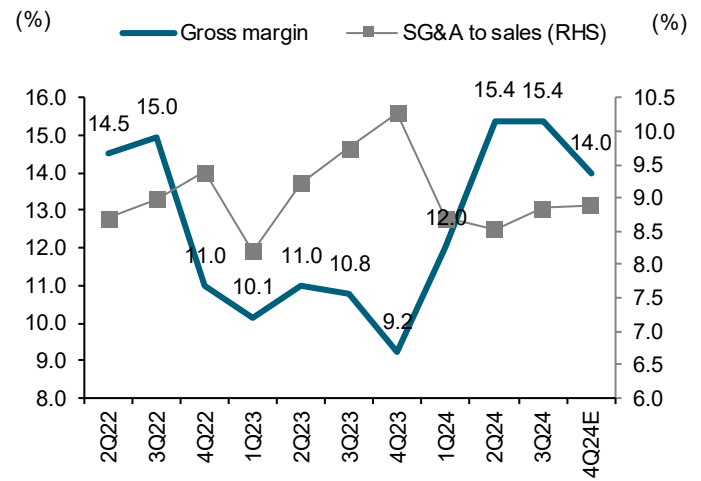
Source: CPF, FSSIA estimates

Exhibit 5: Raw material prices

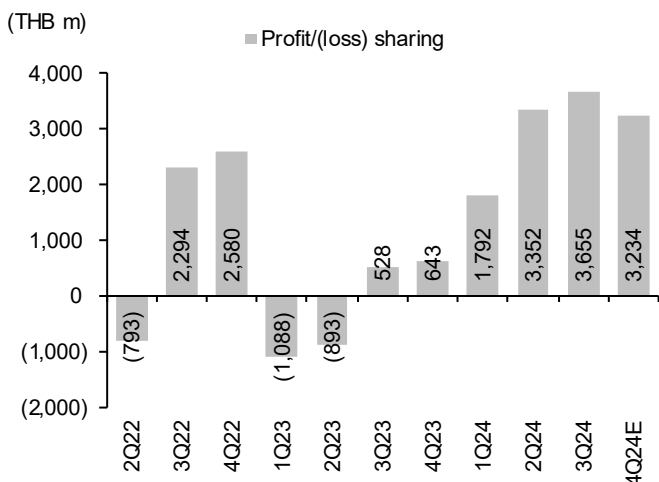
Source: CPF, FSSIA estimates

Exhibit 6: Quarterly total revenue and growth

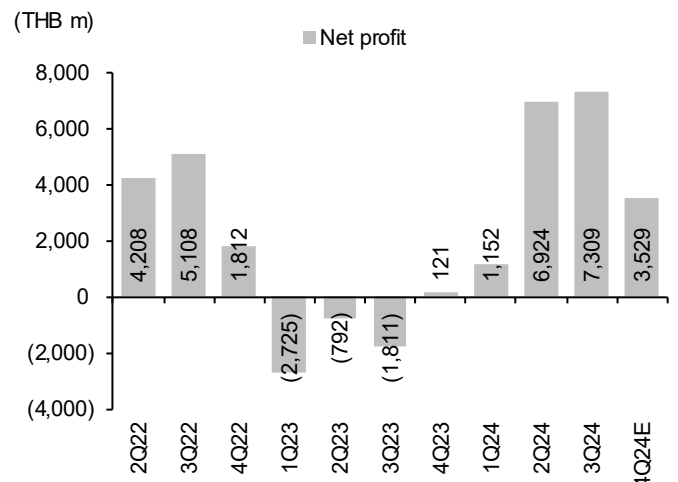
Sources: CPF, FSSIA estimates

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

Sources: CPF, FSSIA estimates

Exhibit 8: Share of profit/(loss)

Sources: CPF, FSSIA estimates

Exhibit 9: Quarterly net profit

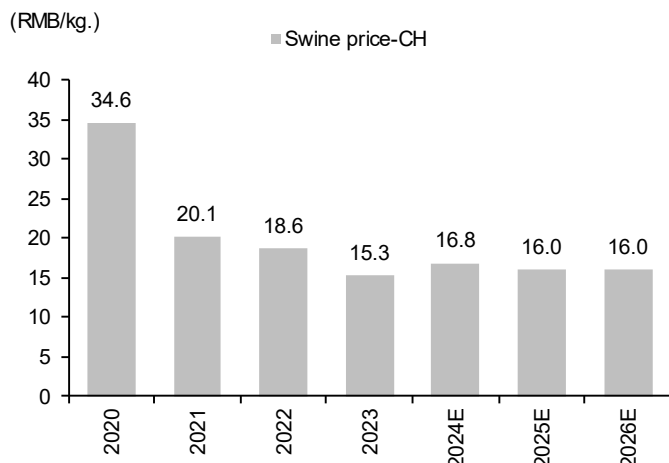
Sources: CPF, FSSIA estimates

Exhibit 10: Changes in key assumptions for CPF

	Current			Previous			Change		
	2024E (THB m)	2025E (THB m)	2026E (THB m)	2024E (THB m)	2025E (THB m)	2026E (THB m)	2024E (%)	2025E (%)	2026E (%)
Total revenue	567,806	591,654	608,220	599,211	612,685	637,499	(5.2)	(3.4)	(4.6)
Cost of sales	487,064	511,781	526,110	514,123	533,649	554,624	(5.3)	(4.1)	(5.1)
Gross profit	80,742	79,873	82,110	85,088	79,036	82,875	(5.1)	1.1	(0.9)
SG&A expenses	49,627	51,474	52,915	50,933	52,078	54,187	(2.6)	(1.2)	(2.3)
Operating profit	34,370	31,653	32,540	36,792	30,328	31,875	(6.6)	4.4	2.1
Other income	3,255	3,254	3,345	2,637	3,370	3,187	23.5	(3.4)	4.9
Interest expense	24,696	25,184	25,212	24,633	25,184	25,212	0.3	0.0	0.0
Profit (loss) sharing	12,033	12,575	13,249	12,669	12,875	13,549	(5.0)	(2.3)	(2.2)
- CPALL	8,038	9,332	10,506	8,038	9,332	10,506	0.0	0.0	0.0
Reported net profit	18,907	14,053	15,168	19,919	14,057	15,337	(5.1)	(0.0)	(1.1)
Core profit	16,021	14,053	15,168	17,266	14,057	15,337	(7.2)	(0.0)	(1.1)
Key ratios (%)									
Total revenue growth	(3.1)	4.2	2.8	2.3	2.2	4.0			
Net profit growth	nm	(25.7)	7.9	nm	(29.4)	9.1			
Core profit growth	nm	(12.3)	7.9	nm	(18.6)	9.1			
Gross margin	14.2	13.5	13.5	14.2	12.9	13.0	0.0	0.6	0.5
SG&A to sales	8.7	8.7	8.7	8.5	8.5	8.5	0.2	0.2	0.2
Operating margin	6.1	5.4	5.4	6.1	4.9	5.0	(0.1)	0.4	0.3
Net margin	3.3	2.4	2.5	3.3	2.3	2.4	0.0	0.1	0.1
Core margin	2.8	2.4	2.5	2.9	2.3	2.4	(0.1)	0.1	0.1
Price									
Broiler price-TH (THB/kg)	41.3	40.0	40.0	41.6	40.0	40.0	(0.7)	0.0	0.0
Swine price-TH (THB/kg)	69.3	70.0	70.0	69.5	70.0	70.0	(0.2)	0.0	0.0
Shrimp price-70 unit (THB/kg)	128.0	135.0	135.0	128.0	135.0	135.0	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)	20.8	19.5	19.0	20.9	19.5	19.0	(0.5)	0.0	0.0
Swine price-VN (VND)	59,548	60,000	55,000	60,437	55,000	55,000	(1.5)	9.1	0.0
Swine price-CH (RMB)	16.8	16.0	16.0	17.0	17.0	17.0	(1.0)	(5.9)	(5.9)

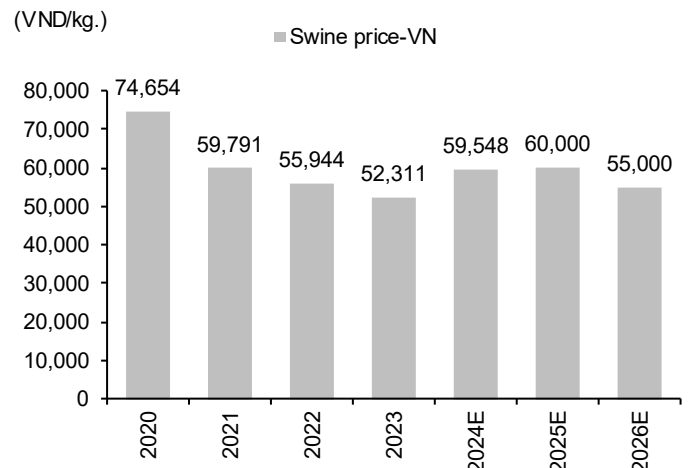
Source: FSSIA estimates

Exhibit 11: Yearly China swine price

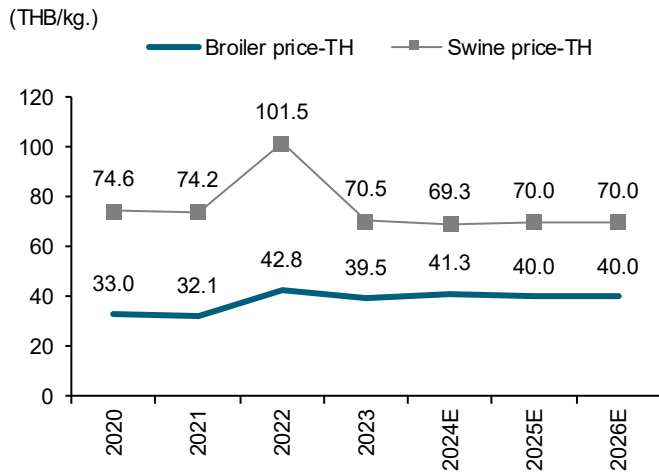


Sources: CPF, FSSIA estimates

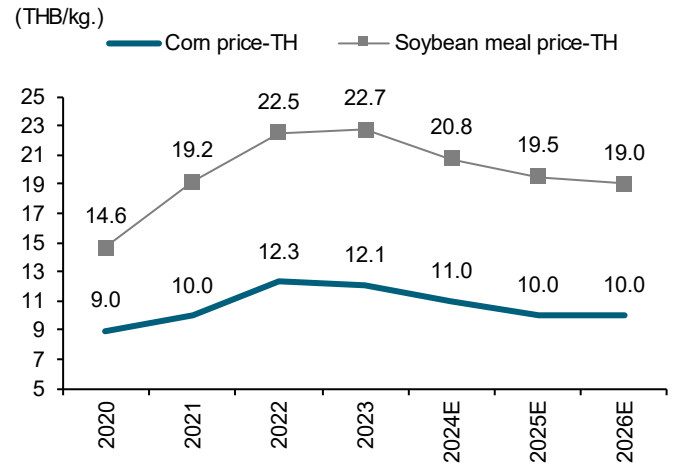
Exhibit 12: Yearly Vietnam swine price



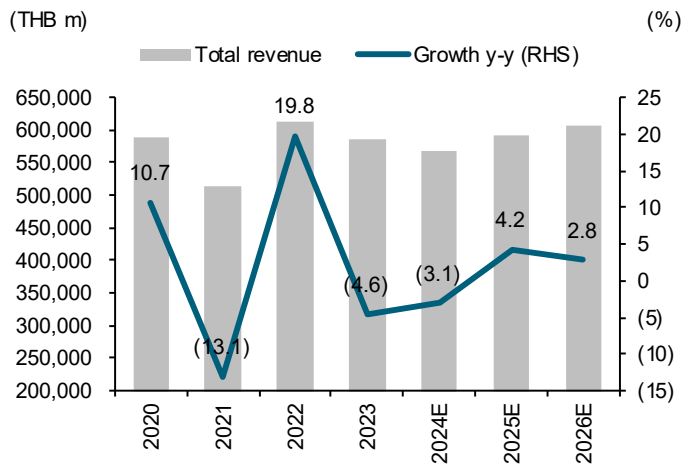
Sources: CPF, FSSIA estimates

Exhibit 13: Yearly domestic meat prices

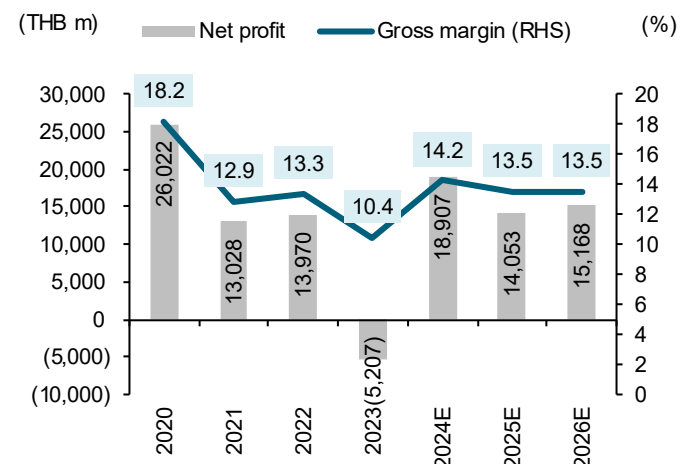
Sources: CPF, FSSIA estimates

Exhibit 14: Yearly raw material prices

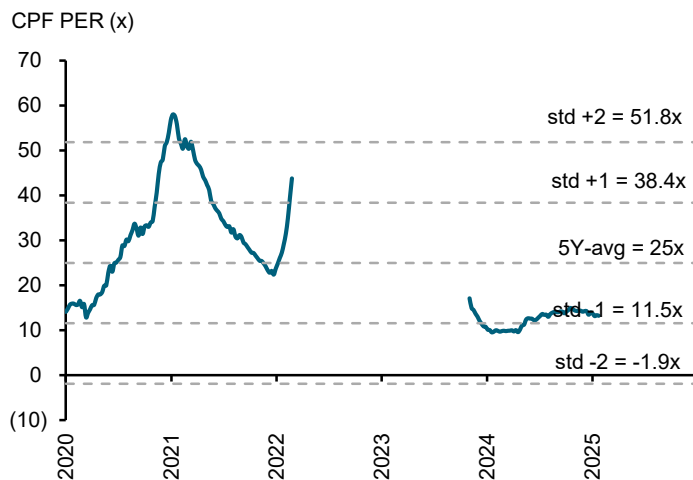
Sources: CPF, FSSIA estimates

Exhibit 15: Yearly total revenue and growth

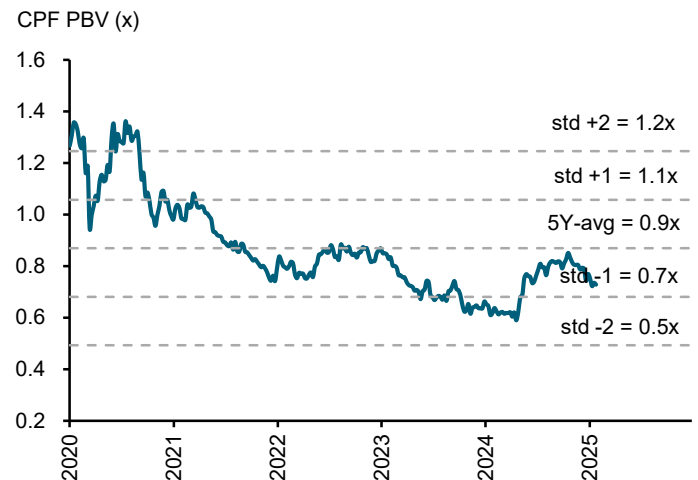
Sources: CPF, FSSIA estimates

Exhibit 16: Yearly net profit and gross margin

Sources: CPF, FSSIA estimates

Exhibit 17: Historical P/E band

Sources: Bloomberg; FSSIA estimates

Exhibit 18: Historical P/BV band

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	567,806	591,654	608,220
Cost of goods sold	(532,324)	(524,643)	(487,064)	(511,781)	(526,110)
Gross profit	81,873	61,201	80,742	79,873	82,110
Other operating income	3,978	1,110	3,255	3,254	3,345
Operating costs	(55,001)	(55,875)	(49,627)	(51,474)	(52,915)
Operating EBITDA	63,057	31,556	60,491	58,775	60,661
Depreciation	(32,207)	(25,121)	(26,121)	(27,121)	(28,121)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	30,850	6,435	34,370	31,653	32,540
Net financing costs	(19,515)	(24,348)	(22,694)	(23,334)	(23,407)
Associates	3,745	(810)	12,033	12,575	13,249
Recurring non-operating income	3,745	(810)	12,033	12,575	13,249
Non-recurring items	5,347	16,792	2,886	0	0
Profit before tax	20,427	(1,931)	26,595	20,894	22,382
Tax	(6,003)	(600)	(4,927)	(4,179)	(4,476)
Profit after tax	14,424	(2,531)	21,668	16,715	17,905
Minority interests	(454)	(2,676)	(2,761)	(2,662)	(2,737)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
Reported net profit	13,970	(5,207)	18,907	14,053	15,168
Non-recurring items & goodwill (net)	(5,347)	(16,792)	(2,886)	0	0
Recurring net profit	8,623	(22,000)	16,021	14,053	15,168
Per share (THB)					
Recurring EPS *	1.09	(2.61)	1.90	1.67	1.80
Reported EPS	1.76	(0.62)	2.25	1.67	1.80
DPS	0.75	0.00	0.90	0.84	0.90
Diluted shares (used to calculate per share data)	7,936	8,414	8,414	8,414	8,414
Growth					
Revenue (%)	19.8	(4.6)	(3.1)	4.2	2.8
Operating EBITDA (%)	31.2	(50.0)	91.7	(2.8)	3.2
Operating EBIT (%)	61.1	(79.1)	434.1	(7.9)	2.8
Recurring EPS (%)	130.6	nm	nm	(12.3)	7.9
Reported EPS (%)	7.7	nm	nm	(25.7)	7.9
Operating performance					
Gross margin inc. depreciation (%)	13.3	10.4	14.2	13.5	13.5
Gross margin exc. depreciation (%)	18.6	14.7	18.8	18.1	18.1
Operating EBITDA margin (%)	10.3	5.4	10.7	9.9	10.0
Operating EBIT margin (%)	5.0	1.1	6.1	5.4	5.4
Net margin (%)	1.4	(3.8)	2.8	2.4	2.5
Effective tax rate (%)	29.4	(31.1)	18.5	20.0	20.0
Dividend payout on recurring profit (%)	69.0	-	47.2	50.0	50.0
Interest cover (X)	1.8	0.2	2.0	1.9	2.0
Inventory days	57.1	55.7	59.2	61.8	62.5
Debtor days	24.3	26.7	28.3	28.8	29.0
Creditor days	34.8	32.0	33.0	36.1	36.5
Operating ROIC (%)	6.2	1.2	6.7	6.3	6.5
ROIC (%)	3.6	0.6	4.7	4.4	4.5
ROE (%)	3.6	(8.9)	6.6	5.6	5.8
ROA (%)	2.8	0.0	4.1	3.9	4.0

* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2022	2023	2024E	2025E	2026E
Thailand livestock	195,358	193,310	185,578	192,073	197,835
Thailand aquatic	28,998	27,945	24,172	24,656	25,396
Overseas livestock	335,164	316,296	316,524	332,562	341,356
Overseas aquatic	54,677	48,293	41,532	42,363	43,633

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)	16,021	14,053	15,168
Depreciation	32,207	25,121	26,121	27,121	28,121
Associates & minorities	-	-	-	-	-
Other non-cash items	(30,593)	3,360	11,332	(9,041)	(9,715)
Change in working capital	(11,702)	(3,219)	9,399	(4,925)	(3,227)
Cash flow from operations	(1,465)	3,262	62,873	27,208	30,348
Capex - maintenance	(51,354)	(17,771)	(21,932)	(20,000)	(20,000)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	(1,758)	2,796	0	0	0
Other investments (net)	(5,173)	8,051	857	(954)	(663)
Cash flow from investing	(58,285)	(6,924)	(21,074)	(20,954)	(20,663)
Dividends paid	(5,808)	(13,027)	(7,563)	(7,026)	(7,584)
Equity finance	(818)	1,371	0	1	0
Debt finance	55,491	(2,424)	(21,978)	(2,700)	(5,120)
Other financing cash flows	6,821	9,783	(8,902)	715	497
Cash flow from financing	55,686	(4,298)	(38,442)	(9,010)	(12,207)
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)	3,357	(2,756)	(2,522)
Free cash flow to firm (FCFF)	(39,392.75)	21,844.06	66,494.45	31,437.87	34,896.78
Free cash flow to equity (FCFE)	2,561.44	3,696.24	10,919.27	4,269.29	5,062.02
Per share (THB)					
FCFF per share	(4.68)	2.60	7.90	3.74	4.15
FCFE per share	0.30	0.44	1.30	0.51	0.60
Recurring cash flow per share	1.29	0.77	6.36	3.82	3.99
Balance Sheet (THB m) Year Ending Dec					
Tangible fixed assets (gross)	344,753	325,762	320,641	314,520	307,399
Less: Accumulated depreciation	(32,207)	(25,121)	(26,121)	(27,121)	(28,121)
Tangible fixed assets (net)	312,545	300,641	294,520	287,399	279,278
Intangible fixed assets (net)	76,224	73,428	73,428	73,428	73,428
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	272,055	272,548	284,581	297,156	310,405
Cash & equivalents	36,215	28,255	31,611	28,855	26,333
A/C receivable	43,221	42,351	45,736	47,656	48,991
Inventories	83,080	69,508	80,065	84,128	86,484
Other current assets	70,703	69,002	56,781	59,165	60,822
Current assets	233,219	209,116	214,193	219,805	222,629
Other assets	32,944	31,485	30,612	31,566	32,229
Total assets	926,987	887,218	897,334	909,355	917,969
Common equity	256,053	239,416	249,026	256,053	263,638
Minorities etc.	43,791	45,617	66,357	69,891	73,425
Total shareholders' equity	299,844	285,033	315,383	325,944	337,063
Long term debt	332,081	316,785	314,285	316,985	314,485
Other long-term liabilities	28,085	25,936	17,034	17,750	18,247
Long-term liabilities	360,166	342,722	331,320	334,735	332,732
A/C payable	50,964	36,527	46,705	49,075	50,449
Short term debt	186,478	198,326	178,376	172,976	170,356
Other current liabilities	29,536	24,610	25,551	26,624	27,370
Current liabilities	266,978	259,463	250,632	248,675	248,175
Total liabilities and shareholders' equity	926,987	887,218	897,334	909,355	917,969
Net working capital	116,505	119,724	110,325	115,251	118,478
Invested capital	810,273	797,826	793,467	804,800	813,818
* Includes convertibles and preferred stock which is being treated as debt					
Per share (THB)					
Book value per share	32.26	28.46	29.60	30.43	31.33
Tangible book value per share	22.66	19.73	20.87	21.71	22.61
Financial strength					
Net debt/equity (%)	160.9	170.8	146.2	141.5	136.0
Net debt/total assets (%)	52.0	54.9	51.4	50.7	49.9
Current ratio (x)	0.9	0.8	0.9	0.9	0.9
CF interest cover (x)	1.1	1.2	1.5	1.2	1.2
Valuation					
Recurring P/E (x) *	20.4	(8.5)	11.7	13.3	12.3
Recurring P/E @ target price (x) *	25.8	(10.7)	14.7	16.8	15.5
Reported P/E (x)	12.6	(35.9)	9.9	13.3	12.3
Dividend yield (%)	3.4	-	4.0	3.8	4.1
Price/book (x)	0.7	0.8	0.8	0.7	0.7
Price/tangible book (x)	1.0	1.1	1.1	1.0	1.0
EV/EBITDA (x) **	11.1	22.8	11.8	12.2	11.8
EV/EBITDA @ target price (x) **	11.9	24.3	12.6	13.0	12.7
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 19: FSSIA ESG score implication

81.76 /100

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

Sources: FSSIA estimates

Exhibit 20: ESG – peer comparison

	FSSIA ESG score	Domestic ratings						Global ratings						Bloomberg	
		DJSI	SET ESG	SET ESG Rating	CG score	AGM level	Thai CAC	Morningstar ESG risk	ESG Book	MSCI	Moody's	Refinitiv	S&P Global	ESG score	Disclosure score
SET100	67.71	5.69	4.38	4.05	4.77	4.43	4.02	Medium	57.34	BBB	22.70	60.82	67.31	1.19	35.34
Coverage	66.17	5.16	4.33	3.94	4.81	4.43	3.83	Medium	56.41	BBB	18.92	59.20	65.82	1.38	35.46
BTG	30.98	--	--	--	5.00	4.00	Certified	High	--	BB	--	--	--	--	57.48
CPF	81.76	Y	Y	AAA	5.00	5.00	Certified	Medium	71.84	BBB	44.00	66.97	85.00	4.43	67.93
GFPT	50.93	--	Y	BBB	5.00	5.00	Certified	High	--	--	--	62.77	24.00	4.22	57.60
TU	69.84	Y	--	--	5.00	5.00	Certified	High	56.97	A	41.00	74.24	85.00	--	77.68
TFG	34.05	--	--	A	5.00	5.00	Certified	High	--	--	--	42.43	--	--	--

 Sources: [SETTRADE.com](https://www.settrade.com); FSSIA's compilation

Exhibit 21: 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 22: 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

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 Sustainabilitys	The Sustainabilitys' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table><tr><th>NEGL</th><th>Low</th><th>Medium</th><th>High</th><th>Severe</th></tr><tr><td>0-10</td><td>10-20</td><td>20-30</td><td>30-40</td><td>40+</td></tr></table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+									
NEGL	Low	Medium	High	Severe																	
0-10	10-20	20-30	30-40	40+																	
ESG Book	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.																			
MSCI	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. <table><tr><td>AAA</td><td>8.571-10.000</td><td rowspan="3">Leader:</td><td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td></tr><tr><td>AA</td><td>7.143-8.570</td></tr><tr><td>A</td><td>5.714-7.142</td></tr><tr><td>BBB</td><td>4.286-5.713</td><td rowspan="3">Average:</td><td rowspan="3">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td></tr><tr><td>BB</td><td>2.857-4.285</td></tr><tr><td>B</td><td>1.429-2.856</td></tr><tr><td>CCC</td><td>0.000-1.428</td><td>Laggard:</td><td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td></tr></table>	AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities	AA	7.143-8.570	A	5.714-7.142	BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	BB	2.857-4.285	B	1.429-2.856	CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks
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Moody's ESG solutions	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.																				
Refinitiv ESG rating	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)</i>																				
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																				
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																			
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																			

[Rating](#) regarding the sustainable development of Thai listed companies, both on the SET and MAI, are publicly available on the website of the Securities and Exchange Commission of Thailand (SEC). Currently, ratings available are 1) "**CG Score**"; 2) "**AGM Level**"; 3) "**Thai CAC**"; and 4) **THSI**. The ratings are updated on an annual basis. FSSIA does not confirm nor certify the accuracy of such ratings.

Source: FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Sureporn Teewasuwet FSS International Investment Advisory Securities Co., Ltd

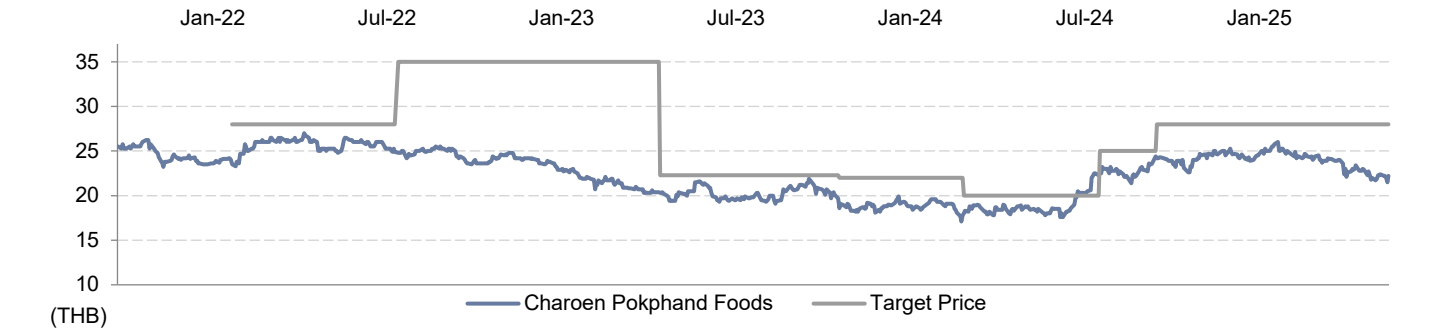
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History of change in investment rating and/or target price

Charoen Pokphand Foods (CPF TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
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

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

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Charoen Pokphand Foods	CPF TB	THB 22.20	BUY	Downside risks to our P/E-based TP include 1) slow purchasing power, 2) a slower-than-expected meat price recovery, 3) higher feed costs, 4) baht strength, and 5) a minimum wage increase and labor shortages.

Source: FSSIA estimates

Additional Disclosures

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

All share prices are as at market close on 24-Jan-2025 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.