

# CHAROEN POKPHAND FOODS

THAILAND / FOOD &amp; BEVERAGE

## CPF TB

# HOLD

FROM BUY

TARGET PRICE	THB30.00
CLOSE	THB21.90
UP/DOWNSIDE	+37.0%
PRIOR TP	THB30.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	-2.5%

## Earnings likely peaked in 2Q25

- Expect 2Q25 profit to reach a new high and its peak this year.
- Although the earnings outlook remains strong, weakening meat prices have left its share price without a catalyst.
- Downgrade to HOLD, with continued monitoring of the US pork import issue.

### Expect 2Q25 net profit to reach a new high

We expect a 2Q25 net profit of THB11b (+30% q-q, +61% y-y), driven mainly by 1) higher swine prices in Thailand and Vietnam, with an average Thai swine price of THB85/kg (+8% q-q, +23% y-y) and a higher average Vietnamese swine price by 5% q-q and 9% y-y, 2) lower raw material costs, both q-q and y-y, 3) increased profit contribution from CPP (Vietnamese swine and Chinese chicken) after raising the stake from 76.2% to 100%, and 4) continued strong growth in overseas livestock business, such as in Cambodia and the Philippines, supported by rising meat prices.

### Gross margin should continue to rise

Due to lower raw material costs, we project 2Q25 gross margin expansion to 19.5%, from 18.5% in 1Q25 and 15.4% in 2Q24. We also expect SG&A to sales to remain stable at 8.4%, similar to 1Q25. In addition, interest expenses would increase slightly due to higher debt, following the CPP investment (with an investment cost of cTHB37b). We anticipate 2Q25 net D/E to edge up slightly to 1.4x (from 1.38x at 1Q25), which remains below the covenant level of 2x.

### Earnings likely peaked in 2Q25 due to declining swine prices

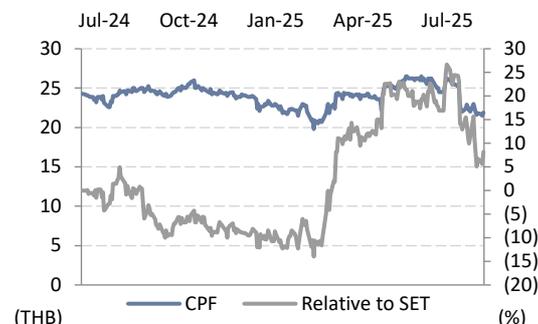
We raise our 2025E profit to THB34b (+75% y-y), with 1H25 profit expected to account for 58% of our full-year estimate. We think CPF's 2Q25 net profit would be the peak quarter of this year, with 2H25 profit expected to soften due to declining Thai swine prices since late May. Currently, the price stands at THB78.5/kg (-6% m-m, +13% y-y), the lowest in five months, in line with falling pork part prices (-7.4% m-m). Vietnamese swine prices have also slightly declined to VND66,000/kg from VND68,000/kg in June, due to weakened demand during the rainy season.

### Attractive valuation but lacks catalysts

We roll forward our TP to 2026 at THB30 (based on a PE of 12x) to reflect the prospect that the profit has peaked in 1H25. On the positive side, profit levels remain solid, and valuation is attractive. However, the lack of a near-term catalyst due to weakening meat prices, and the ongoing risk surrounding trade negotiations between Thailand and US—particularly regarding pork imports from US—pose potential threats to the pork and broader meat industry. Therefore, we revise our rating to HOLD or Speculative Buy for short-term investors.

### KEY STOCK DATA

YE Dec (THB m)	2024	2025E	2026E	2027E
Revenue	580,747	587,716	600,058	612,059
Net profit	19,558	34,161	21,450	23,006
EPS (THB)	2.32	4.06	2.55	2.73
vs Consensus (%)	-	42.3	(4.0)	(1.8)
EBITDA	71,662	91,914	75,563	77,351
Recurring net profit	19,039	34,187	21,450	23,006
Core EPS (THB)	2.26	4.06	2.55	2.73
Chg. In EPS est. (%)	-	56.4	(4.3)	(1.9)
EPS growth (%)	nm	79.6	(37.3)	7.3
Core P/E (x)	9.7	5.4	8.6	8.0
Dividend yield (%)	4.8	9.3	5.8	6.2
EV/EBITDA (x)	9.7	7.3	8.7	8.4
Price/book (x)	0.7	0.7	0.7	0.6
Net debt/Equity (%)	157.4	125.0	115.4	106.3
ROE (%)	7.8	13.4	8.0	8.2



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(15.8)	(8.0)	(9.5)
Relative to country (%)	(13.9)	(9.8)	7.6
Mkt cap (USD m)	5,520		
3m avg. daily turnover (USD m)	21.1		
Free float (%)	46		
Major shareholder	Charoen Pokphand Group (37%)		
12m high/low (THB)	26.50/19.80		
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 50 countries. Since CPF starts from upstream, especially farming, which is highly volatile in line with meat prices and feed costs, its annual performance fluctuates sharply.

We think CPF’s 2Q25 net profit would be the peak quarter of the year, with 2H25 profit expected to soften due to declining Thai swine prices since late May. Although the earnings outlook remains strong, weakening meat prices have left the share price without a catalyst.

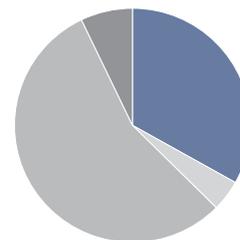
## Company profile

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, including livestock and aquaculture such as swine, broilers, layers, ducks, shrimp, and fish. As of end-2024, CPF generated revenue from three units, namely Feed, Farm, and Food, with a revenue mix of 23%/55%/22%, respectively.

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

## Principal activities (revenue, 2024)

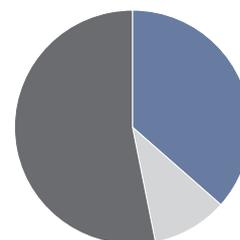
- Thailand livestock - 33.1 %
- Thailand aquatic - 4.3 %
- Overseas livestock - 55.5 %
- Overseas aquatic - 7.1 %



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 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
14 August 2025	2Q25 results announcement
15 August 2025	2Q25 analyst meeting

## Key assumptions

	2025E	2026E	2027E
Broiler price-TH (THB)	40.0	40.0	40.0
Swine price-TH (THB)	75.0	72.0	70.0
Swine price-VN (VND)	60,000	60,000	60,000
Total revenue growth (%)	1.2	2.1	2.0
Gross margin (%)	17.8	14.8	14.8
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.

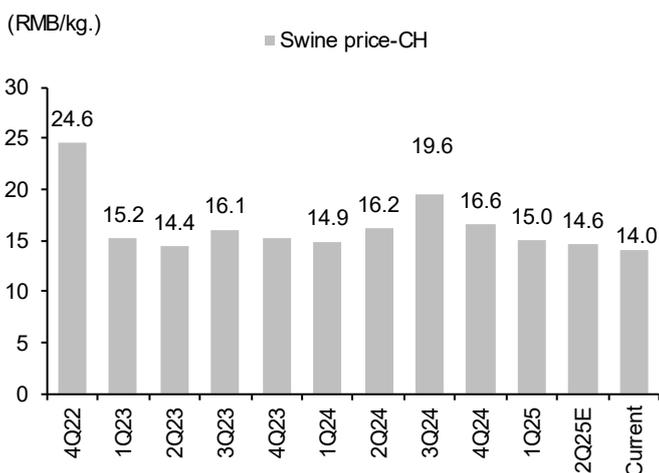
Source: FSSIA estimates

## Exhibit 1: CPF – 2Q25 earnings preview

	2Q24	3Q24	4Q24	1Q25	2Q25E	----- Change -----		2024	2025E	Change	% 1H25E
	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)	to 2025E				
Sales	149,498	142,703	148,509	144,175	153,983	6.8	3.0	580,747	587,716	1.2	50.7
Cost of sales	126,484	120,756	125,236	117,508	123,956	5.5	(2.0)	495,704	483,103	(2.5)	50.0
Gross profit	23,013	21,947	23,274	26,667	30,027	12.6	30.5	85,043	104,613	23.0	54.2
SG&A	12,760	12,624	12,873	12,241	12,935	5.7	1.4	50,434	51,131	1.4	49.2
Operating profit	10,953	10,428	10,785	15,218	17,592	15.6	60.6	37,463	56,715	51.4	57.9
Interest expense	6,276	6,031	6,086	6,092	6,270	2.9	(0.1)	24,575	25,556	4.0	48.4
Tax expense	2,046	1,059	2,018	3,255	3,295	1.2	61.1	5,673	9,935	75.1	65.9
Profit (loss) sharing	3,352	3,655	3,900	3,443	3,315	(3.7)	(1.1)	12,699	13,758	8.3	49.1
Biological gain (loss)	1,427	734	(263)	38	0	<i>nm</i>	<i>nm</i>	2,362	38	<i>nm</i>	100.0
Other gain (loss)	135	28	201	(62)	0	<i>nm</i>	<i>nm</i>	(1,844)	(63)	<i>nm</i>	98.1
Reported net profit	6,924	7,309	4,173	8,549	11,082	29.6	60.1	19,558	34,161	74.7	57.5
Core profit	5,595	6,547	6,540	8,573	11,082	29.3	98.1	19,039	34,187	79.6	57.5
<b>Key Ratios (%)</b>						<b>(ppt)</b>	<b>(ppt)</b>				
Gross margin	15.4	15.4	15.7	18.5	19.5	1.0	4.1	14.6	17.8	3.2	
SG&A to sales	8.5	8.8	8.7	8.5	8.4	(0.1)	(0.1)	8.7	8.7	0.0	
Operating margin	7.3	7.3	7.3	10.6	11.4	0.9	4.1	6.5	9.7	3.2	
Net margin	4.6	5.1	2.8	5.9	7.2	1.3	2.6	3.4	5.8	2.4	
Core margin	3.7	4.6	4.4	5.9	7.2	1.3	3.5	3.3	5.8	2.5	
<b>Operating statistics (THB/kg)</b>											
Broiler price-TH	43.6	42.7	38.1	40.3	40.0	(0.8)	(8.3)	41.3	40.0	(3.2)	
Swine price-TH	69.3	71.1	70.6	79.0	85.3	8.0	23.0	69.3	75.0	8.2	
Corn price-TH	10.9	12.1	10.0	10.9	10.5	(3.1)	(3.7)	11.0	10.5	(4.4)	
Soybean meal price-TH	21.5	20.5	18.9	16.8	16.2	(3.5)	(24.7)	20.8	16.0	(22.9)	
Swine price-VN (VND/kg.)	62,848	61,708	60,237	65,132	68,500	5.2	9.0	59,548	65,158	9.4	
Swine price-CH (RMB/kg.)	16.2	19.6	16.6	15.0	14.6	(2.9)	(9.9)	17.0	15.5	(9.0)	

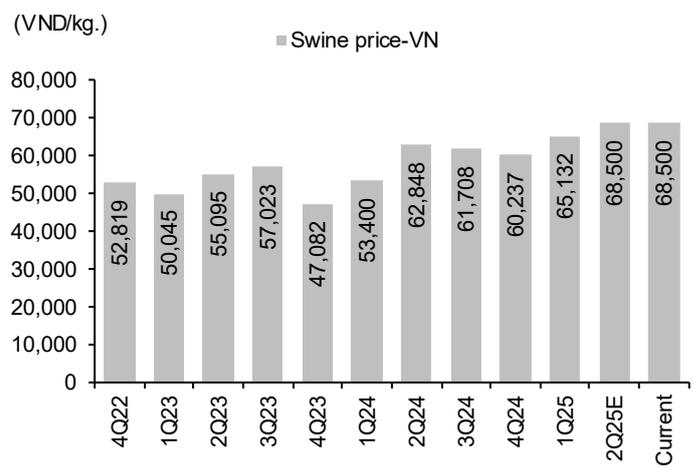
Sources: CPF, FSSIA estimates

## Exhibit 2: Quarterly Chinese swine prices



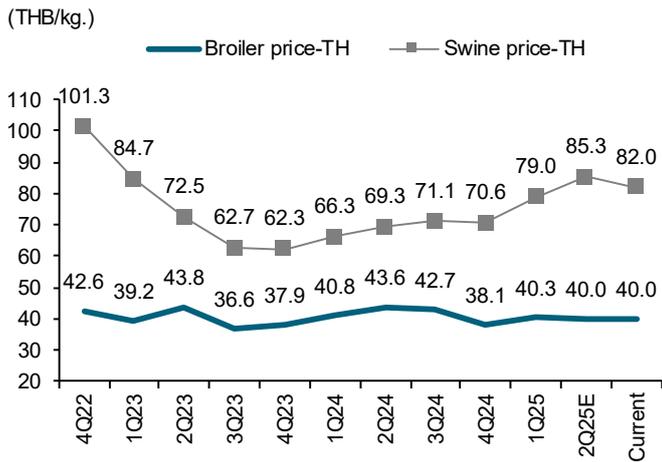
Sources: Bloomberg, CPF, FSSIA's compilation

## Exhibit 3: Quarterly Vietnamese swine prices



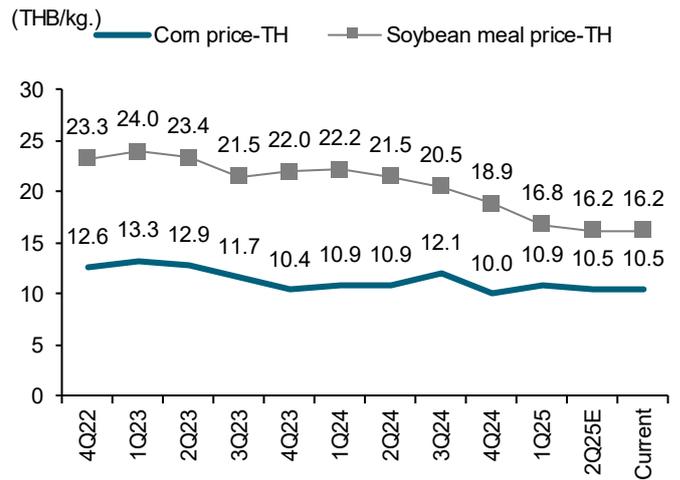
Source: CPF, FSSIA's compilation

**Exhibit 4: Quarterly domestic meat prices**



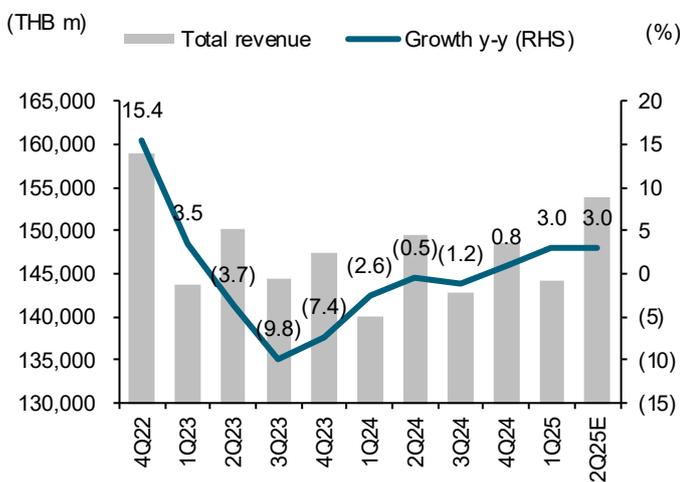
Source: CPF, FSSIA's compilation

**Exhibit 5: Quarterly raw material prices**



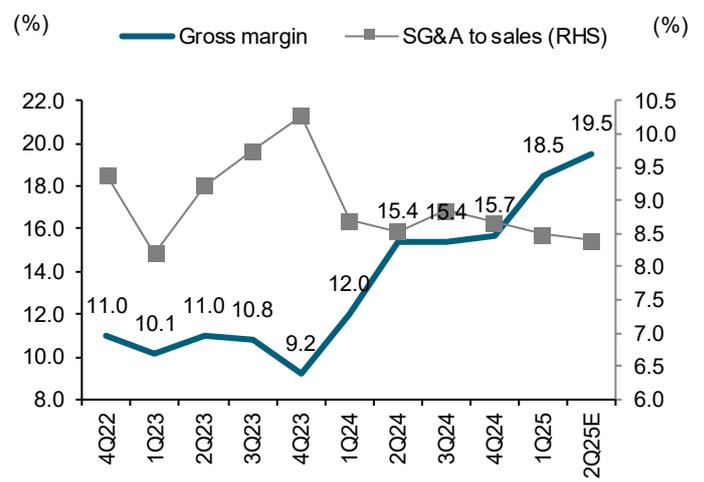
Source: CPF, FSSIA's compilation

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



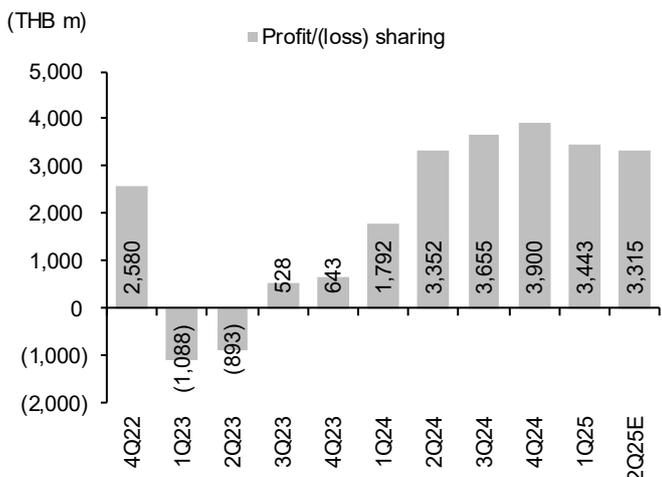
Sources: CPF, FSSIA estimates

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



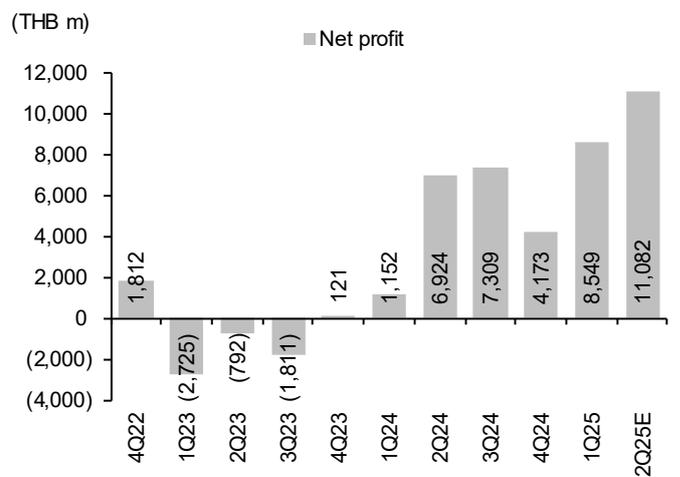
Sources: CPF, FSSIA estimates

**Exhibit 8: Quarterly share of profit/(loss)**



Sources: CPF, FSSIA estimates

**Exhibit 9: Quarterly net profit**



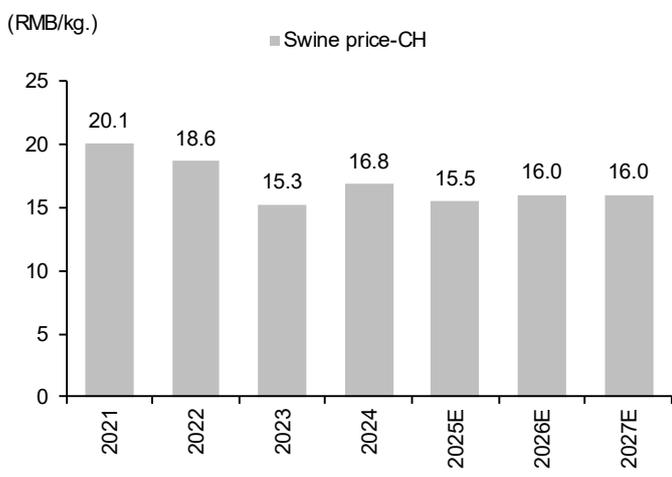
Sources: CPF, FSSIA estimates

## Exhibit 10: Changes in key assumptions for CPF

	Current			Previous			Change		
	2025E (THB m)	2026E (THB m)	2027E (THB m)	2025E (THB m)	2026E (THB m)	2027E (THB m)	2025E (%)	2026E (%)	2027E (%)
Total revenue	587,716	600,058	612,059	616,173	633,426	649,261	(4.6)	(5.3)	(5.7)
Cost of sales	483,103	511,250	521,475	523,747	539,679	553,171	(7.8)	(5.3)	(5.7)
Gross profit	104,613	88,809	90,585	92,426	93,747	96,091	13.2	(5.3)	(5.7)
SG&A expenses	51,131	52,205	53,249	53,607	55,108	56,486	(4.6)	(5.3)	(5.7)
Operating profit	56,715	39,364	40,151	41,653	41,553	42,592	36.2	(5.3)	(5.7)
Other income	3,232	2,760	2,815	2,834	2,914	2,987	14.0	(5.3)	(5.7)
Interest expense	25,556	25,274	24,992	24,496	24,214	23,932	4.3	4.4	4.4
Profit (loss) sharing	13,758	13,928	14,746	12,567	13,241	13,411	9.5	5.2	10.0
- CPALL	9,675	10,515	11,258	9,332	10,506	10,661	3.7	0.1	5.6
Reported net profit	34,161	21,450	23,006	21,855	22,410	23,446	56.3	(4.3)	(1.9)
Core profit	34,187	21,450	23,006	21,855	22,410	23,446	56.4	(4.3)	(1.9)
<b>Key ratios (%)</b>									
Total revenue growth	1.2	2.1	2.0	6.1	2.8	2.5			
Net profit growth	74.7	(37.2)	7.3	11.7	2.5	4.6			
Core profit growth	79.6	(37.3)	7.3	14.8	2.5	4.6			
Gross margin	17.8	14.8	14.8	15.0	14.8	14.8	2.8	0.0	0.0
SG&A to sales	8.7	8.7	8.7	8.7	8.7	8.7	0.0	0.0	0.0
Operating margin	9.7	6.6	6.6	6.8	6.6	6.6	2.9	0.0	0.0
Net margin	5.8	3.6	3.8	3.5	3.5	3.6	2.3	0.0	0.1
Core margin	5.8	3.6	3.8	3.5	3.5	3.6	2.3	0.0	0.1
<b>Price</b>									
Broiler price-TH (THB/kg.)	40.0	40.0	40.0	40.0	40.0	40.0	0.0	0.0	0.0
Swine price-TH (THB/kg.)	75.0	72.0	70.0	75.0	72.0	70.0	0.0	0.0	0.0
Shrimp price-70 unit (THB/kg.)	135.0	135.0	135.0	135.0	135.0	135.0	0.0	0.0	0.0
Corn price-TH (THB/kg.)	10.5	10.5	10.5	10.5	10.5	10.5	0.0	0.0	0.0
Soybean meal price-TH (THB/kg.)	16.0	17.0	18.0	16.0	17.0	18.0	0.0	0.0	0.0
Swine price-VN (VND)	65,158	60,000	60,000	60,000	60,000	60,000	8.6	0.0	0.0
Swine price-CH (RMB)	15.5	16.0	16.0	15.5	16.0	16.0	0.0	0.0	0.0

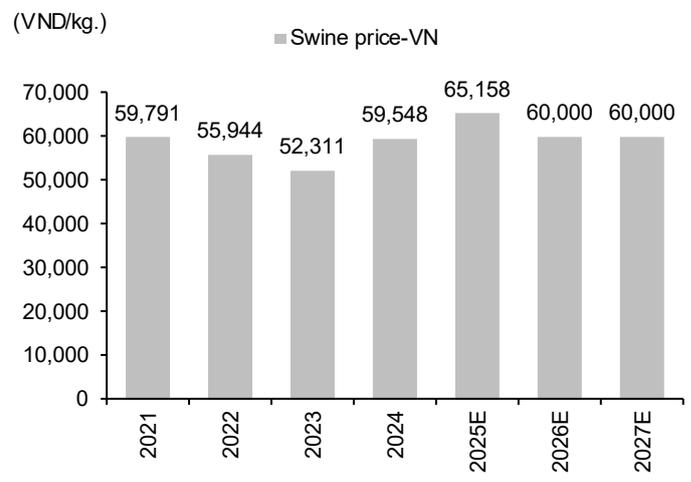
Source: FSSIA estimates

## Exhibit 11: Yearly Chinese swine prices



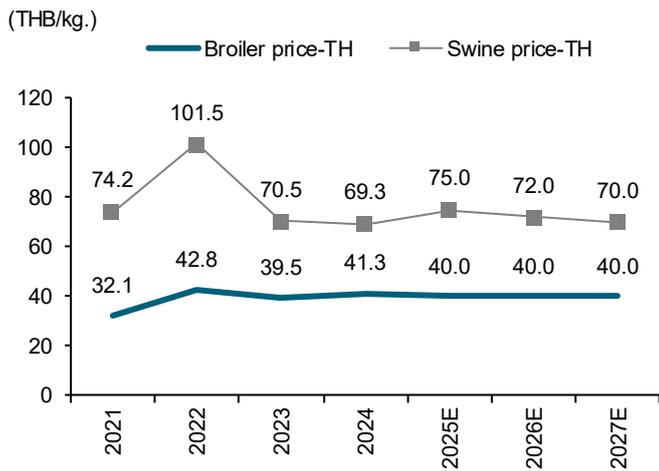
Sources: CPF, FSSIA estimates

## Exhibit 12: Yearly Vietnamese swine prices



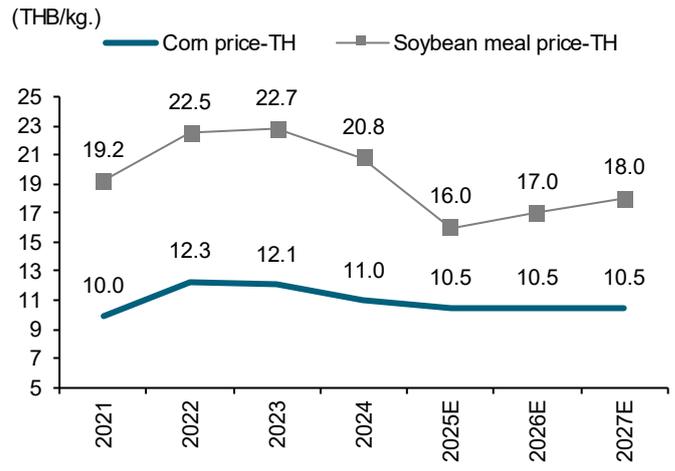
Sources: CPF, FSSIA estimates

**Exhibit 13: Yearly domestic meat prices**



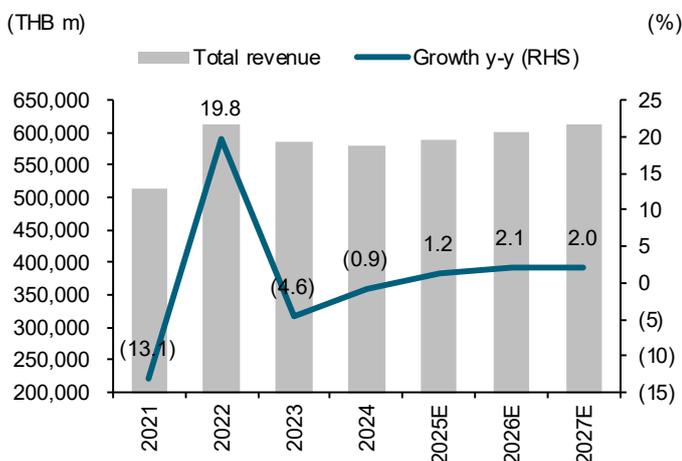
Sources: CPF, FSSIA estimates

**Exhibit 14: Yearly raw material prices**



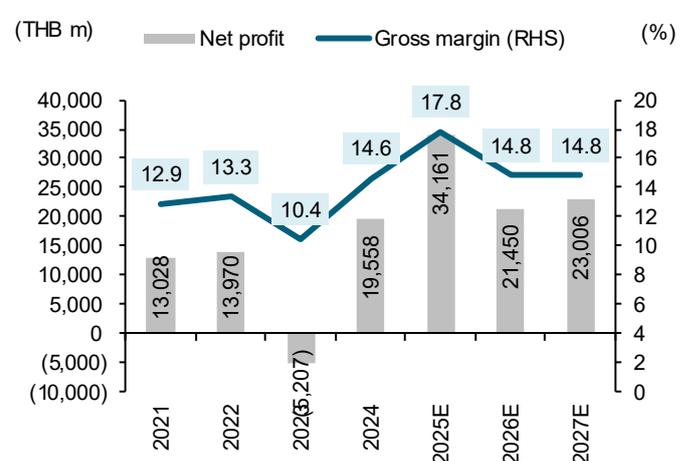
Sources: CPF, FSSIA estimates

**Exhibit 15: Yearly total revenue and growth**



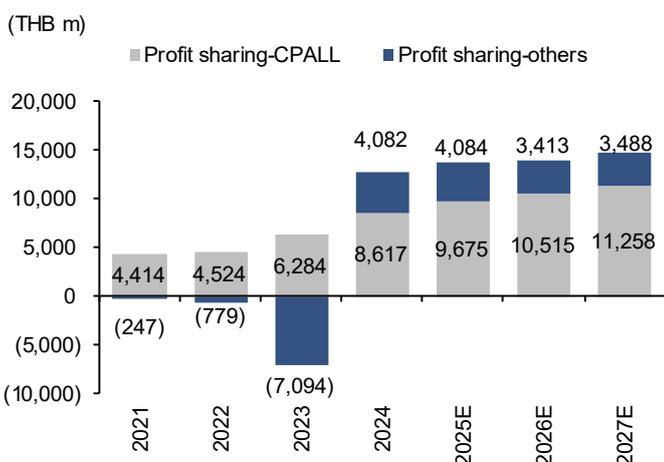
Sources: CPF, FSSIA estimates

**Exhibit 16: Yearly net profit and gross margin**



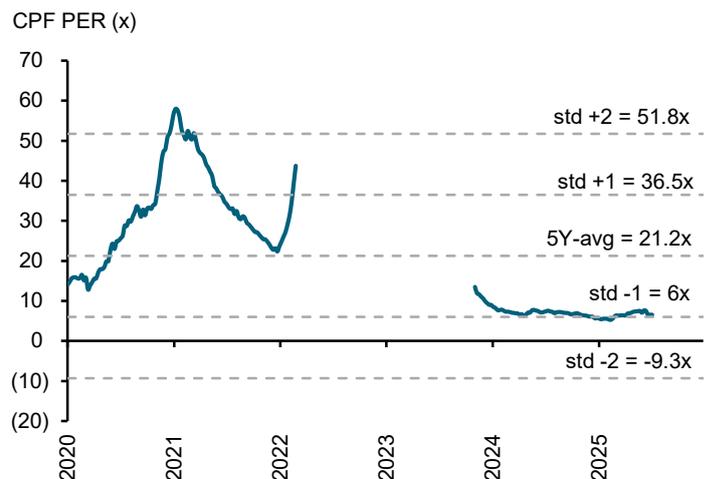
Sources: CPF, FSSIA estimates

**Exhibit 17: Share of profit breakdown by CPALL and others**



Sources: CPF, FSSIA estimates

**Exhibit 18: Historical P/E band**



Sources: Bloomberg; FSSIA estimates

## Financial Statements

Charoen Pokphand Foods

Profit and Loss (THB m) Year Ending Dec	2023	2024	2025E	2026E	2027E
Revenue	585,844	580,747	587,716	600,058	612,059
Cost of goods sold	(524,643)	(495,704)	(483,103)	(511,250)	(521,475)
<b>Gross profit</b>	<b>61,201</b>	<b>85,043</b>	<b>104,613</b>	<b>88,809</b>	<b>90,585</b>
Other operating income	1,110	2,854	3,232	2,760	2,815
Operating costs	(55,875)	(50,434)	(51,131)	(52,205)	(53,249)
<b>Operating EBITDA</b>	<b>39,667</b>	<b>71,662</b>	<b>91,914</b>	<b>75,563</b>	<b>77,351</b>
Depreciation	(33,232)	(34,200)	(35,200)	(36,200)	(37,200)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>6,435</b>	<b>37,463</b>	<b>56,715</b>	<b>39,364</b>	<b>40,151</b>
Net financing costs	(24,348)	(22,708)	(24,176)	(23,869)	(23,441)
Associates	(810)	12,699	13,758	13,928	14,746
Recurring non-operating income	(810)	12,699	13,758	13,928	14,746
Non-recurring items	16,792	519	(25)	0	0
<b>Profit before tax</b>	<b>(1,931)</b>	<b>27,972</b>	<b>46,271</b>	<b>29,423</b>	<b>31,456</b>
Tax	(600)	(5,673)	(9,935)	(6,473)	(6,920)
<b>Profit after tax</b>	<b>(2,531)</b>	<b>22,299</b>	<b>36,336</b>	<b>22,950</b>	<b>24,536</b>
Minority interests	(2,676)	(2,741)	(2,175)	(1,500)	(1,530)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>(5,207)</b>	<b>19,558</b>	<b>34,161</b>	<b>21,450</b>	<b>23,006</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(16,792)</b>	<b>(519)</b>	<b>25</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>(22,000)</b>	<b>19,039</b>	<b>34,187</b>	<b>21,450</b>	<b>23,006</b>
<b>Per share (THB)</b>					
Recurring EPS *	(2.61)	2.26	4.06	2.55	2.73
Reported EPS	(0.62)	2.32	4.06	2.55	2.73
DPS	0.00	1.06	2.03	1.27	1.37
Diluted shares (used to calculate per share data)	8,414	8,414	8,414	8,414	8,414
<b>Growth</b>					
Revenue (%)	(4.6)	(0.9)	1.2	2.1	2.0
Operating EBITDA (%)	(37.1)	80.7	28.3	(17.8)	2.4
Operating EBIT (%)	(79.1)	482.2	51.4	(30.6)	2.0
Recurring EPS (%)	nm	nm	79.6	(37.3)	7.3
Reported EPS (%)	nm	nm	74.7	(37.2)	7.3
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	10.4	14.6	17.8	14.8	14.8
Gross margin exc. depreciation (%)	16.1	20.5	23.8	20.8	20.9
Operating EBITDA margin (%)	6.8	12.3	15.6	12.6	12.6
Operating EBIT margin (%)	1.1	6.5	9.7	6.6	6.6
Net margin (%)	(3.8)	3.3	5.8	3.6	3.8
Effective tax rate (%)	(31.1)	20.3	21.5	22.0	22.0
Dividend payout on recurring profit (%)	-	46.8	50.0	50.0	50.0
Interest cover (X)	0.2	2.2	2.9	2.2	2.3
Inventory days	56.7	53.1	53.4	52.3	53.3
Debtor days	26.7	26.1	25.4	25.2	25.2
Creditor days	32.5	28.2	28.2	27.2	27.7
Operating ROIC (%)	1.2	7.3	11.7	8.4	8.9
ROIC (%)	0.6	5.1	7.2	5.5	5.6
ROE (%)	(8.9)	7.8	13.4	8.0	8.2
ROA (%)	0.0	4.5	6.3	4.6	4.7
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Thailand livestock	193,310	192,384	197,194	203,504	209,609
Thailand aquatic	27,945	24,932	24,184	24,910	25,657
Overseas livestock	316,296	322,064	327,040	331,167	335,101
Overseas aquatic	48,293	41,367	39,299	40,478	41,692

Sources: Charoen Pokphand Foods; FSSIA estimates

## Financial Statements

### Charoen Pokphand Foods

Cash Flow (THB m) Year Ending Dec	2023	2024	2025E	2026E	2027E
Recurring net profit	(22,000)	19,039	34,187	21,450	23,006
Depreciation	33,232	34,200	35,200	36,200	37,200
Associates & minorities	-	-	-	-	-
Other non-cash items	3,360	(8,770)	8,988	(10,394)	(11,212)
Change in working capital	(3,219)	13,251	3,119	(3,354)	(2,134)
<b>Cash flow from operations</b>	<b>11,373</b>	<b>57,719</b>	<b>81,493</b>	<b>43,901</b>	<b>46,859</b>
Capex - maintenance	(25,883)	(39,520)	(19,965)	(20,000)	(20,000)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	2,796	2,307	0	0	0
Other investments (net)	8,051	3,549	1,281	(432)	(420)
<b>Cash flow from investing</b>	<b>(15,035)</b>	<b>(33,664)</b>	<b>(18,684)</b>	<b>(20,432)</b>	<b>(20,420)</b>
Dividends paid	(13,027)	(1,720)	(16,542)	(10,725)	(11,503)
Equity finance	1,371	(3)	4	0	0
Debt finance	(2,424)	(22,281)	(9,937)	(5,320)	(5,320)
Other financing cash flows	9,783	2,319	(1,808)	2,956	588
<b>Cash flow from financing</b>	<b>(4,298)</b>	<b>(21,685)</b>	<b>(28,283)</b>	<b>(13,089)</b>	<b>(16,235)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>(7,960)</b>	<b>2,371</b>	<b>34,526</b>	<b>10,380</b>	<b>10,204</b>
Free cash flow to firm (FCFF)	21,844.06	48,630.88	88,364.85	48,743.07	51,430.89
Free cash flow to equity (FCFE)	3,696.24	4,094.00	51,064.02	21,104.74	21,706.95

Per share (THB)	2023	2024	2025E	2026E	2027E
FCFF per share	2.60	5.78	10.50	5.79	6.11
FCFE per share	0.44	0.49	6.07	2.51	2.58
Recurring cash flow per share	1.73	5.29	9.32	5.62	5.82

Balance Sheet (THB m) Year Ending Dec	2023	2024	2025E	2026E	2027E
Tangible fixed assets (gross)	333,873	326,168	311,968	296,769	280,569
Less: Accumulated depreciation	(33,232)	(34,200)	(35,200)	(36,200)	(37,200)
<b>Tangible fixed assets (net)</b>	<b>300,641</b>	<b>291,968</b>	<b>276,769</b>	<b>260,569</b>	<b>243,370</b>
<b>Intangible fixed assets (net)</b>	<b>73,428</b>	<b>71,121</b>	<b>71,121</b>	<b>71,121</b>	<b>71,121</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	272,548	283,542	297,300	311,228	325,974
Cash & equivalents	28,255	30,625	65,151	75,531	85,735
A/C receivable	42,351	40,674	41,027	41,889	42,727
Inventories	69,508	64,771	66,178	70,034	71,435
Other current assets	69,002	63,989	58,772	60,006	61,206
<b>Current assets</b>	<b>209,116</b>	<b>200,060</b>	<b>231,129</b>	<b>247,460</b>	<b>261,103</b>
Other assets	31,485	30,033	28,470	28,902	29,322
<b>Total assets</b>	<b>887,218</b>	<b>876,724</b>	<b>904,788</b>	<b>919,280</b>	<b>930,890</b>
Common equity	239,416	246,041	263,640	274,365	285,868
Minorities etc.	45,617	47,183	69,891	73,425	76,959
<b>Total shareholders' equity</b>	<b>285,033</b>	<b>293,224</b>	<b>333,531</b>	<b>347,790</b>	<b>362,827</b>
Long term debt	316,785	291,911	289,211	286,511	283,811
Other long-term liabilities	25,936	28,256	26,447	29,403	29,991
<b>Long-term liabilities</b>	<b>342,722</b>	<b>320,167</b>	<b>315,658</b>	<b>315,914</b>	<b>313,802</b>
A/C payable	36,527	34,840	34,413	36,418	37,146
Short term debt	198,326	200,372	192,976	190,356	187,736
Other current liabilities	24,610	28,122	28,210	28,803	29,379
<b>Current liabilities</b>	<b>259,463</b>	<b>263,334</b>	<b>255,599</b>	<b>255,577</b>	<b>254,261</b>
<b>Total liabilities and shareholders' equity</b>	<b>887,218</b>	<b>876,724</b>	<b>904,788</b>	<b>919,280</b>	<b>930,890</b>
Net working capital	119,724	106,473	103,354	106,708	108,843
Invested capital	797,826	783,137	777,014	778,529	778,630

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

Per share (THB)	2023	2024	2025E	2026E	2027E
Book value per share	28.46	29.24	31.34	32.61	33.98
Tangible book value per share	19.73	20.79	22.88	24.16	25.52

Financial strength	2023	2024	2025E	2026E	2027E
Net debt/equity (%)	170.8	157.4	125.0	115.4	106.3
Net debt/total assets (%)	54.9	52.7	46.1	43.7	41.4
Current ratio (x)	0.8	0.8	0.9	1.0	1.0
CF interest cover (x)	1.2	1.2	3.1	1.9	1.9

Valuation	2023	2024	2025E	2026E	2027E
<b>Recurring P/E (x) *</b>	<b>(8.4)</b>	<b>9.7</b>	<b>5.4</b>	<b>8.6</b>	<b>8.0</b>
<b>Recurring P/E @ target price (x) *</b>	<b>(11.5)</b>	<b>13.3</b>	<b>7.4</b>	<b>11.8</b>	<b>11.0</b>
Reported P/E (x)	(35.4)	9.4	5.4	8.6	8.0
Dividend yield (%)	-	4.8	9.3	5.8	6.2
Price/book (x)	0.8	0.7	0.7	0.7	0.6
Price/tangible book (x)	1.1	1.1	1.0	0.9	0.9
EV/EBITDA (x) **	18.1	9.7	7.3	8.7	8.4
EV/EBITDA @ target price (x) **	19.8	10.6	8.0	9.6	9.2
EV/invested capital (x)	0.9	0.9	0.9	0.8	0.8

\* 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**
**80.10 /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	68.20	5.83	4.61	4.25	4.61	4.21	3.95	Medium	53.02	BBB	24.44	60.65	67.96	2.33	35.35
Coverage	64.39	4.92	4.71	4.23	4.44	4.07	3.65	Medium	49.86	BB	18.30	53.38	63.50	2.45	35.11
BTG	59.71	--	Y	AAA	5.00	4.00	Certified	High	--	BBB	--	--	--	3.68	57.48
CPF	80.10	Y	Y	AAA	5.00	5.00	Certified	Medium	70.60	BB	44.00	62.05	85.00	4.43	67.93
GFPT	40.94	--	--	--	5.00	5.00	Certified	High	--	--	--	62.92	24.00	4.22	58.07
TU	82.00	Y	Y	A	5.00	5.00	Certified	High	64.42	A	41.00	74.01	85.00	3.43	77.68
TFG	35.10	--	Y	AA	5.00	5.00	Certified	Severe	--	--	--	40.78	--	--	--

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
<b>ESG financial materiality scores - ESG score</b>	<b>2.57</b>	<b>2.01</b>	<b>2.32</b>	<b>4.20</b>	<b>3.82</b>	<b>4.48</b>	<b>4.67</b>	<b>4.43</b>
BESG environmental pillar score	2.50	1.35	1.44	5.60	4.55	5.58	5.72	5.12
BESG social pillar score	1.77	1.49	2.38	3.05	2.82	3.26	3.46	3.55
BESG governance pillar score	3.59	3.67	3.65	3.68	3.94	4.38	4.61	4.46
<b>ESG disclosure score</b>	<b>51.20</b>	<b>46.05</b>	<b>46.05</b>	<b>55.11</b>	<b>52.85</b>	<b>60.28</b>	<b>63.87</b>	<b>67.93</b>
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	47.94	48.34
Governance disclosure score	87.36	87.36	87.36	87.36	87.36	89.86	89.86	89.86
<b>Environmental</b>								
Emissions reduction initiatives	Yes							
Climate change policy	Yes							
Climate change opportunities discussed	No	Yes						
Risks of climate change discussed	Yes							
GHG scope 1	240	—	—	250	238	222	288	262
GHG scope 2 location-based	670	—	—	590	647	596	1,203	1,199
GHG Scope 3	—	—	—	—	3,565	4,132	4,412	11,377
Carbon per unit of production	—	—	—	—	—	—	—	—
Biodiversity policy	Yes							
Energy efficiency policy	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
<b>Social</b>								
Human rights policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Policy against child labor	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Quality assurance and recall policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Consumer data protection policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Equal opportunity policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Gender pay gap breakout	No	No	No	No	No	No	No	Yes
Pct women in workforce	51	51	52	52	42	44.46	44.56	44.84
Pct disabled in workforce	—	1	1	1	—	0.56	0.69	0.53
Business ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Anti-bribery ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Health and safety policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Lost time incident rate - employees	—	—	—	0	0	0.38	1.00	0.18
Total recordable incident rate - employees	—	—	—	—	—	—	—	0.74
Training policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fair remuneration policy	No	No	No	No	No	No	No	No
Number of employees – CSR	66,087	71,131	72,319	73,941	71,318	128,548.00	135,284.00	135,446.00
Employee turnover pct	19	18	20	34	—	13.28	10.98	14.64
Total hours spent by firm - employee training	985,230	1,138,100	1,012,470	887,292	2,781,400	1,331,690.00	1,772,550.00	4,991,190.00
Social supply chain management	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<b>Governance</b>								
<b>Board size</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>14</b>
<b>No. of independent directors (ID)</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>6</b>	<b>5</b>	<b>4</b>
No. of women on board	2	2	2	2	2	2	2	2
No. of non-executive directors on board	10	10	10	9	9	9	10	9
Company conducts board evaluations	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
No. of board meetings for the year	11	9	7	7	13	11	9	8
Board meeting attendance pct	96	87	96	94	96	99	99	98
Board duration (years)	3	3	3	3	3	3	3	3
Director share ownership guidelines	No	No	No	No	No	No	No	No
Age of the youngest director	61	62	63	58	53	53	53	54
Age of the oldest director	80	82	83	81	82	76	76	77
<b>No. of executives / company managers</b>	<b>14</b>	<b>17</b>	<b>7</b>	<b>11</b>	<b>9</b>	<b>27</b>	<b>31</b>	<b>31</b>
No. of female executives	2	2	1	2	2	4	7	7
Executive share ownership guidelines	No	No	No	No	No	No	No	No
<b>Size of audit committee</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
No. of ID on audit committee	4	4	4	4	4	4	4	4
Audit committee meetings	10	8	9	9	10	11	8	9
Audit meeting attendance %	95	91	94	100	98	100	100	97
<b>Size of compensation committee</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>3</b>
No. of ID on compensation committee	2	2	2	2	2	2	2	1
No. of compensation committee meetings	3	2	2	2	3	3	3	3
Compensation meeting attendance %	100	100	100	100	92	100	100	100
<b>Size of nomination committee</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>3</b>
No. of nomination committee meetings	3	2	2	2	3	3	3	3
Nomination meeting attendance %	100	100	100	100	92	100	100	100
<b>Sustainability governance</b>								
Verification type	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Sources: Bloomberg; FSSIA's compilation

## Disclaimer for ESG scoring

ESG score	Methodology	Rating																											
The Dow Jones Sustainability Indices (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 <b>SETESG inclusion</b> , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. <b>SETESG Index</b> is extended from the SET ESG Ratings companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.																											
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&amp;A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																											
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 &amp; peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>NEGL</th> <th>Low</th> <th>Medium</th> <th>High</th> <th>Severe</th> </tr> </thead> <tbody> <tr> <td>0-10</td> <td>10-20</td> <td>20-30</td> <td>30-40</td> <td>40+</td> </tr> </tbody> </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 border="1" style="margin-left: auto; margin-right: auto;"> <tbody> <tr> <td><b>AAA</b></td> <td>8.571-10.000</td> <td><b>Leader:</b></td> <td>leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td><b>AA</b></td> <td>7.143-8.570</td> <td></td> <td></td> </tr> <tr> <td><b>A</b></td> <td>5.714-7.142</td> <td></td> <td></td> </tr> <tr> <td><b>BBB</b></td> <td>4.286-5.713</td> <td><b>Average:</b></td> <td>a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td><b>BB</b></td> <td>2.857-4.285</td> <td></td> <td></td> </tr> <tr> <td><b>B</b></td> <td>1.429-2.856</td> <td></td> <td></td> </tr> <tr> <td><b>CCC</b></td> <td>0.000-1.428</td> <td><b>Laggard:</b></td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </tbody> </table>	<b>AAA</b>	8.571-10.000	<b>Leader:</b>	leading its industry in managing the most significant ESG risks and opportunities	<b>AA</b>	7.143-8.570			<b>A</b>	5.714-7.142			<b>BBB</b>	4.286-5.713	<b>Average:</b>	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	<b>BB</b>	2.857-4.285			<b>B</b>	1.429-2.856			<b>CCC</b>	0.000-1.428	<b>Laggard:</b>	lagging its industry based on its high exposure and failure to manage significant ESG risks
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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; &gt;25 to 50 = satisfactory; &gt;50 to 75 = good; and &gt;75 to 100 = excellent.)</i>																												
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																												
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																											
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																											

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

Source: FSSIA's compilation

## GENERAL DISCLAIMER

### ANALYST(S) CERTIFICATION

Sureeporn Teewasuwet FSS International Investment Advisory Securities Co., Ltd

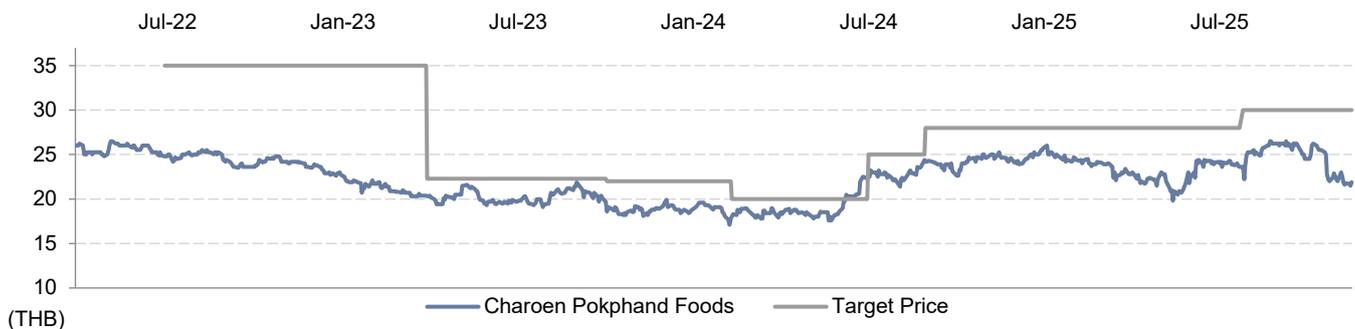
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

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### History of change in investment rating and/or target price

#### Charoen Pokphand Foods (CPF TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
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
09-Oct-2023	HOLD	22.00	18-Apr-2024	BUY	20.00	04-Apr-2025	BUY	30.00

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

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Charoen Pokphand Foods	CPF TB	THB 21.90	HOLD	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 09-Jul-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.