

Charoen Pokphand Foods CPF

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Public Company Limited

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Expect improvement QoQ in 2Q22F

We expect 2Q22F core profit of Bt3bn, -19% YoY off weaker swine units in China and Vietnam but +300% QoQ off better a livestock unit in Thailand and swine units in Vietnam and China. With stronger livestock prices than expected, we raise our 2022F core profit to Bt10bn from Bt8bn. We expect 3Q22F core profit to rise QoQ on seasonality and reverse the loss in 3Q21 (lockdown) as livestock prices are at profitable levels in Thailand, Vietnam and China in 3Q22TD and it will book more profit from associates (CPALL, MAKRO). Outperform with a new end-2022 SOTP TP of Bt32 (from Bt30).

Expect 2Q22 net profit of Bt4.5bn, -5% YoY but +58% QoQ. Extra gain is estimated at Bt1.5bn: Bt1bn gain from change in fair value of biological assets at end-2Q22 on higher swine prices in Vietnam and Thailand and Bt500mn gain from sale of investment after tax. Excluding these, we expect 2Q22F core profit of Bt3bn, -19% YoY but +300% QoQ. The YoY drop reflects weaker swine units (lower swine prices and a higher stake in CPP HK after completion of CPP HK delisting) in China and Vietnam that offset a better livestock unit in Thailand. QoQ growth reflects a better Thai livestock unit and better swine units in Vietnam and China. The results will be released on August 15.

2Q22F highlights. Local swine price rose to Bt98/kg in 2Q22 (+27% YoY and +3% QoQ), from tight supply from ASF (African Swine Fever) and revived demand. Local broiler price rose to Bt41/kg in 2Q22 (+24% YoY and +4% QoQ) from high local swine price (substitute product), robust local demand and exports. With solid demand and higher costs, broiler export price is set to rise 10-15% QoQ. Feed costs. In 2022TD, local corn and imported soybean meal prices rose to Bt12.3/kg (+24% YoY) and Bt22/kg (+15% YoY). As local livestock prices have risen faster than feed costs (inventory level at 3-4 months), we expect a wider local livestock margin YoY in 2Q22. Swine price in Vietnam (82% holding in 2022 vs 65% in 2021) edged up QoQ to VND55,000/kg in 2Q22, -20% YoY from more pig supply post ASF but +5% QoQ from revived demand. CTI (feed & swine farm in China) (26% holding in 2022 vs 18% in 2021): Swine price in China rose QoQ to CNY15.5/kg in 2Q22, -23% YoY from more pig supply after ASF but +13% QoQ from supply adjustment (estimated market breakeven costs at CNY17/kg), better demand, and market speculation on an upward price trend. In 2Q22, we expect zero equity income from CTI, down YoY from weaker swine price but better QoQ (gain on change in fair value of biological assets brought by higher swine price at end-2Q22 to outpace operational loss). Other overseas. We expect weaker operations YoY, with losses from the US and Canada, as price rises have lagged cost increases plus a prolonged labor shortage in the US, amid relatively stable contribution YoY from other countries.

Key risks are inflationary pressure on demand and costs, and higher interest rate.

Forecasts and valuation

Year to 31 Dec	Unit	2020	2021	2022F	2023F	2024F
Revenue	(Btmn)	589,713	512,704	564,181	574,138	584,350
EBITDA	(Btmn)	82,211	48,820	58,036	56,023	56,973
Core profit	(Btmn)	24,894	672	9,976	12,451	14,705
Reported profit	(Btmn)	26,022	13,028	13,566	12,451	14,705
Core EPS	(Bt)	3.00	0.01	1.18	1.49	1.77
DPS	(Bt)	1.00	0.65	0.65	0.65	0.65
P/E, core	(x)	9.0	n.a.	23.0	18.2	15.3
EPS growth, core	(%)	73.8	(99.7)	12,872.3	26.4	19.0
P/BV, core	(x)	0.8	0.7	0.7	0.7	0.7
ROE	(%)	10.3	0.2	3.4	4.2	4.8
Dividend yield	(%)	3.7	2.4	2.4	2.4	2.4
FCF yield	(x)	(2.2)	(7.6)	7.4	5.4	6.8
EV/EBIT	(x)	10.7	32.3	21.2	23.1	22.5
EBIT growth, core	(%)	95.9	(63.1)	43.1	(9.4)	1.1
EV/CE	(x)	3.4	2.8	3.0	2.9	2.9
ROCE	(%)	20.5	2.2	6.4	5.6	5.6
EV/EBITDA	(x)	7.0	13.2	10.4	10.6	10.3
EBITDA growth	(%)	62.7	(40.6)	18.9	(3.5)	1.7

Source: SCBS Investment Research

See the end of this report for disclaimer

Tactical: OUTPERFORM

(3-month)

Stock data

Last close (Jul 7) (Bt)	27.00
Target price (Bt)	32.00
Mkt cap (Btbn)	232.50
Mkt cap (US\$mn)	6,437

Beta	M
Mkt cap (%) SET	1.26
Sector % SET	0.50
Shares issued (mn)	8,611
Par value (Bt)	1.00
12-m high / low (Bt)	27.5 / 22.7
Avg. daily 6m (US\$mn)	18.56
Foreign limit / actual (%)	40 / 26
Free float (%)	45.5
Dividend policy (%)	~ 50

2021 Sustainability / ESG Score

Sustainability Index (THSI)	Included
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ESG Bloomberg Score	47.47
Environmental Score	22.23
Social Score	32.68
Governance Score	87.36

Source: Bloomberg Finance L.P.

Share performance

(%)	1M	3M	12M
Absolute	1.9	14.4	4.9
Relative to SET	6.7	23.5	3.6

Source: SET, SCBS Investment Research

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Value proposition

Charoen Pokphand Foods (CPF) is a global leader in animal feed milling, swine production and the integrated shrimp business. It has a diversified portfolio with operations and investment in 17 countries and exports to more than 40 countries. CPF operates an integrated agro-industrial and food business including swine, broilers, layers, ducks, shrimp and fish. The integrated food process utilizes advanced production technology, production meets international standards, is chemical-free and is systematically traceable throughout the entire food chain. Of its 2021 sales, 37% came from Thailand (31% from the domestic market and 6% from exports) and 63% from overseas (22% from Vietnam, 6% from China).

Business outlook

Recent business restructuring and acquisitions. In 4Q21, after the completion of the entire business transfer (EBT) between Lotus's and MAKRO and MAKRO's public offering (PO), CPF held 8.85% in MAKRO (vs 20% in Lotus's pre-transaction). On Dec 10, 2021, a subsidiary (76% stake held by CPF) acquired a swine business in Russia for Bt10bn. Based on note in the financial statement, if the acquisition had occurred on Jan 1, 2021, revenue and net profit would rise by Bt6.1bn (+1.2%) and Bt748mn (+5.7%). On January 18, CPP HK was delisted from the Stock Exchange of Hong Kong and CPF raised its stake in CPP HK to 75% from 52% for a total of Bt31bn. This raises CPF's total stake in CTI (swine farm unit and feed unit in China) to 26% from 18% and swine unit in Vietnam to 82% from 65%, via its holding in CPP HK.

Local swine price was Bt98/kg (+27% YoY and +3% QoQ) in 2Q22 and above Bt100/kg (+44% YoY and +3% QoQ) in 3Q22TD, Local broiler price was Bt41/kg (+24% YoY and +4% QoQ) in 2Q22 and Bt46/kg (+53% YoY and +13% QoQ) in 3Q22TD. CPF expects prices to stay high YoY in 2H22F from tight supply, revived demand and high feed costs. It plans to increase local swine production by 8-10% YoY in 2022. Labor at its local broiler processing plant has steadily returned to 80-90% of normal after it cut utilization in response to high COVID cases in 3Q21 (running at 50% of normal).

Swine price in Vietnam was VND55,000/kg (-20% YoY but +5% QoQ) in 2Q22 and VND56,500/kg (+10% YoY and +3% QoQ) in 3Q22TD. With revived demand, the reopening for international tourists and high feed costs, CPF expects swine price in Vietnam to stay at VND55,000-60,000/kg in 2H22. It plans to increase swine production in Vietnam by 8-10% YoY in 2022.

Swine price in China was CNY15.5/kg (-23% YoY but +13% QoQ) in 2Q22 and jumped to CNY22/kg (+47% YoY and +42% QoQ) in 3Q22TD. CPF expects price in 2H22F to be better HoH on supply adjustment and better demand. It plans to increase swine production in China by 15% YoY in 2022.

We expect 1Q22 to have been this year's bottom, with gradual improvement QoQ in 2Q22 led by seasonality and a better livestock unit in Thailand and swine units in Vietnam and China in tandem with better market prices, though earnings are expected to drop YoY off last year's high base for swine units in China and Vietnam. We expect greater improvement in 2H22 off a loss in 2H21 from lockdowns, with livestock prices at profitable levels in all main countries in 3Q22TD and better profit from associates (CPALL and MAKRO). Key risks are inflationary pressure on demand and costs and higher interest rate.

Bullish views	Bearish views
1. A rise in local swine and broiler prices from revived local demand and better broiler exports	1. Government intervention in local price to control food inflation and inflationary pressure on purchasing power.
2. A bounce back in swine prices in Vietnam and China from revived demand	2. A drop in swine prices in Vietnam and China from inflationary pressure on purchasing power
3. Feed costs to soften from the expectation of more favorable weather for the next crop.	3. Feed costs to stay high from tight global supply from the war (Russia and Ukraine are major wheat and corn exporters), and revived global demand.

Key catalysts

Factor	Event	Impact	Comment
2Q22F earnings outlook	Better livestock prices in all main countries QoQ	Up QoQ but down YoY	We expect 2Q22F core profit of Bt3bn, -19% YoY off weaker swine units in China and Vietnam but +300% QoQ off a better livestock unit in Thailand and swine units in Vietnam and China.
2H22F earnings outlook	Better livestock prices and higher equity income from associates	Up YoY and HoH	We expect greater improvement in 2H22 off a loss in 2H21 (lockdown), with livestock prices at profitable levels in Thailand, Vietnam and China in 3Q22TD and better profit from associates (CPALL and MAKRO).

Sensitivity analysis

Factor	Earnings impact	TP impact
10% rise in revenue in CPP	7%	Bt2/sh.

ESG Disclosure Score

	2020	2021
ESG Disclosure Score	43.63	47.47
Environment	17.97	22.23
Total GHG Emissions (thousands of metric tonnes)	n.a.	863.00
Total Water Use (thousands of cubic meters)	n.a.	n.a.
Hazardous Waste (thousands of metric tonnes)	n.a.	n.a.
Total Waste (thousands of metric tonnes)	n.a.	n.a.
Social	25.39	32.68
Number of Employees	71,318.00	128,548.00
Workforce Accidents	n.a.	n.a.
Lost Time from Accidents	n.a.	n.a.
Fatalities - Contractors	n.a.	n.a.
Fatalities - Employees	n.a.	n.a.
Fatalities - Total	n.a.	n.a.
Community Spending	530.60	333.20
Governance	87.36	87.36
Size of the Board	15.00	15.00
Indep Directors	5.00	6.00
% Indep Directors	33.33	40.00
Board Duration (Years)	3.00	3.00
# Board Meetings	13.00	11.00
Board Mtg Attendance (%)	96.39	98.78

Source: Bloomberg Finance L.P.

Disclaimer

Bloomberg ESG Disclosure Scores rate companies on their level of disclosure of ESG data. Bloomberg offers four disclosure scores, for overall ESG, as well as Environmental, Social, and Governance such as energy consumption, board composition, and workforce accidents

Company ESG reporting has evolved since our ESG Disclosure Score was originally created in 2010. In order to reflect the evolution in corporate reporting, in early 2022 Bloomberg updated its ESG disclosure scores methodology. The methodology changes were implemented for all years of data for all companies in the ESG Coverage universe.

To review the fully transparent methodology, calculate disclosure scores for any company, and compare a company's scores vs its peers, see ESG Disclosure Score Model in Bloomberg

Financial statement

Profit and Loss Statement

FY December 31	Unit	2017	2018	2019	2020	2021	2022F	2023F	2024F
Total revenue	(Btmn)	501,507	541,937	532,573	589,713	512,704	564,181	574,138	584,350
Cost of goods sold	(Btmn)	(441,422)	(476,228)	(455,325)	(482,470)	(446,815)	(485,543)	(496,997)	(505,729)
Gross profit	(Btmn)	60,086	65,709	77,248	107,243	65,890	78,638	77,141	78,621
SG&A	(Btmn)	(50,311)	(52,049)	(53,951)	(57,665)	(50,880)	(55,290)	(56,553)	(57,851)
Other income	(Btmn)	3,261	4,142	4,202	4,304	4,880	5,119	5,210	5,302
Interest expense	(Btmn)	(11,743)	(11,703)	(13,785)	(16,818)	(16,596)	(17,810)	(17,735)	(17,606)
Pre-tax profit	(Btmn)	1,292	6,099	13,714	37,065	3,293	10,657	8,062	8,467
Corporate tax	(Btmn)	(159)	(2,762)	(3,828)	(10,686)	(2,176)	(4,796)	(3,628)	(3,810)
Equity a/c profits	(Btmn)	7,983	8,343	8,893	9,254	2,277	4,844	8,716	10,748
Minority interests	(Btmn)	(2,514)	(4,359)	(4,065)	(10,738)	(2,722)	(729)	(700)	(700)
Core profit	(Btmn)	6,603	7,321	14,715	24,894	672	9,976	12,451	14,705
Extra-ordinary items	(Btmn)	8,657	8,211	3,741	1,128	12,356	3,590	0	0
Net Profit	(Btmn)	15,259	15,532	18,456	26,022	13,028	13,566	12,451	14,705
EBITDA	(Btmn)	34,284	40,210	50,535	82,211	48,820	58,036	56,023	56,973
Core EPS (Bt)	(Btmn)	0.79	0.82	1.72	3.00	0.01	1.18	1.49	1.77
Net EPS (Bt)	(Bt)	1.91	1.82	2.18	3.14	1.56	1.63	1.49	1.77
DPS (Bt)	(Bt)	0.75	0.65	0.70	1.00	0.65	0.65	0.65	0.65

Balance Sheet

FY December 31	Unit	2017	2018	2019	2020	2021	2022F	2023F	2024F
Total current assets	(Btmn)	164,447	185,543	178,646	194,670	216,550	221,824	223,794	226,966
Total fixed assets	(Btmn)	429,050	442,548	455,405	567,049	626,130	599,146	599,597	599,384
Total assets	(Btmn)	593,497	628,091	634,051	761,719	842,681	820,970	823,391	826,350
Total loans	(Btmn)	288,710	330,294	334,225	416,111	464,617	426,000	419,110	410,750
Total current liabilities	(Btmn)	190,618	182,212	197,711	204,147	203,928	182,278	180,384	178,401
Total long-term liabilities	(Btmn)	176,237	227,220	217,467	295,394	351,616	343,169	340,215	335,632
Total liabilities	(Btmn)	366,855	409,433	415,178	499,541	555,544	525,447	520,599	514,033
Paid-up capital	(Btmn)	8,611	8,611	8,611	8,611	8,611	8,611	8,611	8,611
Total equity	(Btmn)	226,642	218,658	218,872	262,179	287,137	295,522	302,792	312,317
BVPS (Bt)	(Bt)	29.35	26.71	26.74	32.35	36.03	37.08	37.99	39.19

Cash Flow Statement

FY December 31	Unit	2017	2018	2019	2020	2021	2022F	2023F	2024F
Core Profit	(Btmn)	6,603	7,321	14,715	24,894	672	9,976	12,451	14,705
Depreciation and amortization	(Btmn)	21,249	22,407	23,036	28,328	28,931	29,568	30,225	30,901
Operating cash flow	(Btmn)	17,256	15,294	40,609	71,038	6,420	48,626	42,214	45,329
Investing cash flow	(Btmn)	(22,482)	(27,880)	(26,648)	(75,919)	(22,705)	(32,713)	(30,676)	(30,688)
Financing cash flow	(Btmn)	(2,517)	22,029	(12,035)	28,841	(5,744)	(43,797)	(12,071)	(13,541)
Net cash flow	(Btmn)	(7,744)	9,443	1,927	23,960	(22,029)	(27,883)	(532)	1,100

Key Financial Ratios

FY December 31	Unit	2017	2018	2019	2020	2021	2022F	2023F	2024F
Gross margin	(%)	12.0	12.1	14.5	18.2	12.9	13.9	13.4	13.5
Operating margin	(%)	1.9	2.5	4.4	8.4	2.9	4.1	3.6	3.6
EBITDA margin	(%)	6.8	7.4	9.5	13.9	9.5	10.3	9.8	9.7
EBIT margin	(%)	2.6	3.3	5.2	9.1	3.9	5.0	4.5	4.5
Net profit margin	(%)	3.0	2.9	3.5	4.4	2.5	2.4	2.2	2.5
ROE	(%)	3.1	3.3	6.7	10.3	0.2	3.4	4.2	4.8
ROA	(%)	1.1	1.2	2.3	3.6	0.1	1.2	1.5	1.8
Net D/E	(x)	1.2	1.4	1.4	1.4	1.5	1.3	1.3	1.2
Interest coverage	(x)	2.9	3.4	3.7	4.9	2.9	3.3	3.2	3.2
Debt service coverage	(x)	0.2	0.3	0.3	0.5	0.3	0.5	0.5	0.5
Payout Ratio	(%)	39.3	35.6	32.1	31.9	41.7	40.0	43.7	36.7

Main Assumptions

FY December 31	Unit	2017	2018	2019	2020	2021	2022F	2023F	2024F
Total sales growth	(%)	8.0	8.1	(1.7)	10.7	(13.1)	10.0	1.8	1.8
GPM from Thai-livestock	(%)	11.4	6.4	12.1	16.1	11.1	15.5	14.0	14.0
GPM from Thai-aquatic	(%)	10.2	7.8	7.5	12.4	9.4	11.8	12.2	12.5
GPM from CPP HK*	(%)	10.8	15.5	17.6	22.9	14.9	13.5	13.5	13.5
GPM from other overseas	(%)	14.7	13.7	13.0	13.8	13.3	13.0	13.0	13.0
FX	(Bt/US\$1)	33.9	32.3	31.0	31.3	32.0	33.0	33.0	33.0

Note* GPM in 2021 was after CTI deal, which deconsolidated feed business in China, vs GPM in 2020 which consolidated feed business in China.

Financial statement

Profit and Loss Statement

FY December 31	Unit	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22
Total revenue	(Btmn)	143,805	157,805	149,968	119,346	129,638	125,940	137,781	138,887
Cost of goods sold	(Btmn)	(117,741)	(127,664)	(124,262)	(95,555)	(108,401)	(114,839)	(128,020)	(121,096)
Gross profit	(Btmn)	26,064	30,141	25,706	23,791	21,236	11,101	9,761	17,791
SG&A	(Btmn)	(13,626)	(15,695)	(14,399)	(11,684)	(12,297)	(13,127)	(13,772)	(12,124)
Other income	(Btmn)	912	906	1,584	741	827	1,964	1,348	686
Interest expense	(Btmn)	(4,491)	(4,186)	(4,476)	(4,098)	(3,971)	(4,155)	(4,372)	(4,469)
Pre-tax profit	(Btmn)	8,859	11,166	8,415	8,750	5,795	(4,218)	(7,034)	1,883
Corporate tax	(Btmn)	(2,777)	(2,998)	(3,088)	(2,117)	(1,641)	1,561	21	(839)
Equity a/c profits	(Btmn)	1,583	2,028	2,963	2,043	753	(1,266)	747	(336)
Minority interests	(Btmn)	(2,814)	(2,995)	(1,919)	(1,850)	(1,197)	(1,037)	1,362	44
Core profit	(Btmn)	4,852	7,201	6,371	6,826	3,709	(4,959)	(4,904)	752
Extra-ordinary items	(Btmn)	1,177	274	37	119	1,028	(415)	11,624	2,090
Net Profit	(Btmn)	6,029	7,474	6,409	6,945	4,737	(5,374)	6,719	2,842
EBITDA	(Btmn)	20,240	22,366	20,447	19,616	17,044	7,178	4,981	13,825
Core EPS (Bt)	(Btmn)	0.58	0.87	0.77	0.84	0.45	(0.64)	(0.64)	0.08
Net EPS (Bt)	(Bt)	0.72	0.91	0.77	0.85	0.57	(0.69)	0.83	0.34

Balance Sheet

FY December 31	Unit	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22
Total current assets	(Btmn)	242,065	249,495	194,670	195,259	204,454	224,978	216,550	206,285
Total fixed assets	(Btmn)	509,254	524,502	567,049	579,208	587,769	606,365	626,130	630,835
Total assets	(Btmn)	751,319	773,997	761,719	774,467	792,223	831,344	842,681	837,121
Total loans	(Btmn)	427,267	433,012	416,111	410,910	415,757	458,216	464,617	430,706
Total current liabilities	(Btmn)	237,701	219,292	204,147	167,457	185,787	198,843	203,928	221,485
Total long-term liabilities	(Btmn)	274,209	305,941	295,394	330,092	323,663	348,293	351,616	353,929
Total liabilities	(Btmn)	511,910	525,233	499,541	497,550	509,450	547,136	555,544	575,414
Paid-up capital	(Btmn)	110,270	114,134	120,822	127,386	127,334	118,459	126,178	131,183
Total equity	(Btmn)	239,409	248,764	262,179	276,917	282,773	284,207	287,137	261,706
BVPS (Bt)	(Bt)	29.30	30.80	32.35	34.67	35.40	35.69	36.16	32.97

Cash Flow Statement

FY December 31	Unit	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22
Core Profit	(Btmn)	6,029	7,474	6,409	6,945	4,737	(5,374)	6,719	2,842
Depreciation and amortization	(Btmn)	6,890	7,014	7,556	6,768	7,279	7,241	7,643	7,473
Operating cash flow	(Btmn)	10,195	23,722	24,355	11,815	(47)	(6,058)	710	8,846
Investing cash flow	(Btmn)	(311)	(7,276)	85,437	(5,425)	3,382	(1,931)	(18,731)	(5,287)
Financing cash flow	(Btmn)	2,308	(16,629)	44,509	(16,216)	(8,620)	16,260	2,833	(14,825)
Net cash flow	(Btmn)	12,192	(182)	154,301	(9,826)	(5,285)	8,271	(15,188)	(11,266)

Key Financial Ratios

FY December 31	Unit	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22
Gross margin	(%)	18.1	19.1	17.1	19.9	16.4	8.8	7.1	12.8
Operating margin	(%)	8.6	9.2	7.5	10.1	6.9	(1.6)	(2.9)	4.1
EBITDA margin	(%)	14.1	14.2	13.6	16.4	13.1	5.7	3.6	10.0
EBIT margin	(%)	9.3	9.7	8.6	10.8	7.5	(0.1)	(1.9)	4.6
Net profit margin	(%)	4.2	4.7	4.3	5.8	3.7	(4.3)	4.9	2.0
ROE	(%)	8.0	11.8	10.0	10.1	5.3	(7.0)	(6.9)	1.1
ROA	(%)	2.6	3.8	3.3	3.6	1.9	(2.4)	(2.3)	0.4
Net D/E	(x)	1.4	1.4	1.4	1.3	1.3	1.4	1.5	1.5
Interest coverage	(x)	4.5	5.3	4.6	4.8	4.3	1.7	1.1	3.1
Debt service coverage	(x)	0.4	0.5	0.5	0.7	0.5	0.2	0.1	0.5

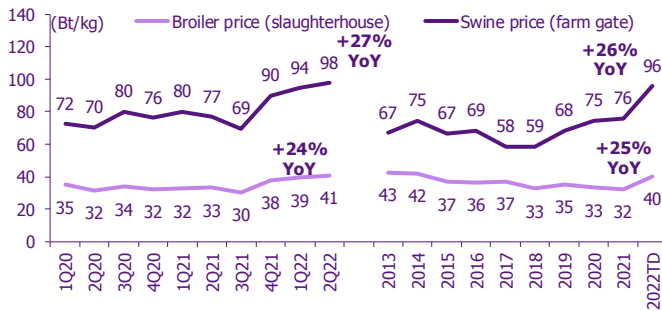
Key statistics

FY December 31	Unit	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22
Total sales growth	(%)	7.4	19.0	6.5	(13.6)	(9.9)	(20.2)	(8.1)	16.4
GPM from Thai-livestock	(%)	13.4	19.1	16.0	17.1	14.7	4.7	7.6	15.4
GPM from Thai-aquatic	(%)	16.3	13.1	9.4	13.0	15.9	5.2	3.3	11.8
GPM from CPP HK*	(%)	22.6	21.4	n.a.	26.9	17.9	13.1	1.7	10.0
GPM from other overseas	(%)	14.5	15.3	n.a.	17.8	16.7	9.7	11.2	12.6
FX	(Bt/US\$1)	31.9	31.3	30.6	30.3	31.4	32.9	33.4	33.1

Note* GPM in 2021 was after CTI deal, which deconsolidated feed business in China, vs GPM in 2020 which consolidated feed business in China.

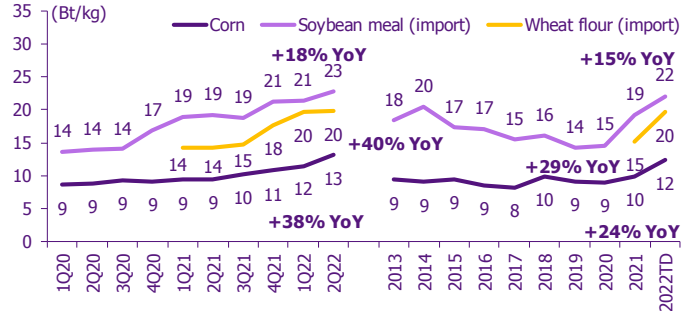
Appendix

Figure 1: Local swine and broiler prices



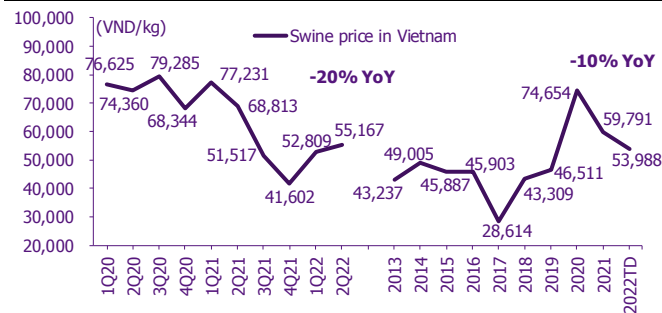
Source: CPF and SCBS Investment Research

Figure 2: Feedstock prices



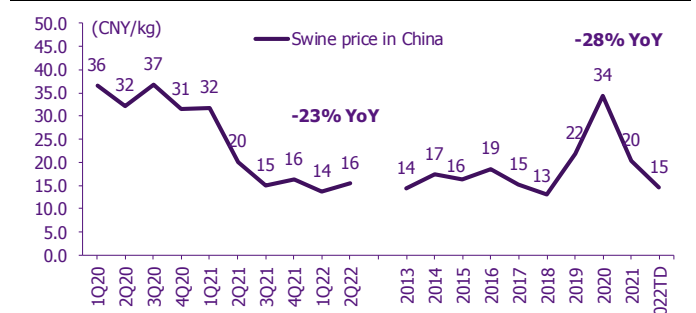
Source: CPF, Thai Feed Mill Association and SCBS Investment Research

Figure 3: Swine price in Vietnam



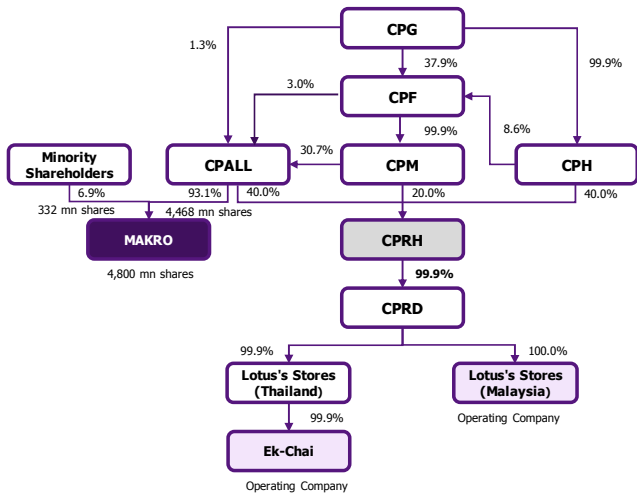
Source: CPF and SCBS Investment Research

Figure 4: Swine price in China



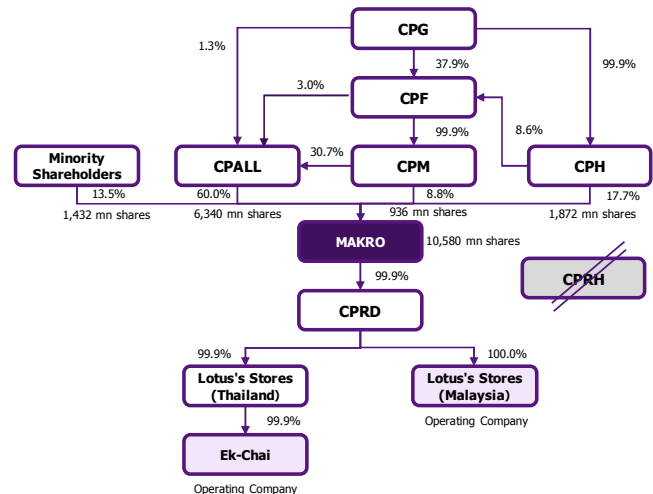
Source: Bloomberg and SCBS Investment Research

Figure 5: Shareholding structure of MAKRO and Lotus's before the EBT and PO transactions



Source: Company data and SCBS Investment Research

Figure 6: Shareholding structure of MAKRO and Lotus's after the EBT and PO transactions



Source: Company data and SCBS Investment Research

Figure 7: Valuation summary (price as of Jul 7, 2022)

	Rating	Price (Bt/Sh)	Target (Bt/Sh)	ETR (%)	P/E (x)			EPS growth (%)			P/BV (x)			ROE (%)			Div. Yield (%)			EV/EBITDA (x)		
					21A	22F	23F	21A	22F	23F	21A	22F	23F	21A	22F	23F	21A	22F	23F	21A	22F	23F
CPF	Outperform	27.00	32.0	20.9	n.m.	23.0	18.2	(100)	12,872	26	0.7	0.7	0.7	0	3	4	2.4	2.4	2.4	13.2	10.4	10.7
GFPT	Outperform	17.00	18.5	10.3	148.1	13.9	12.3	(87)	964	14	1.5	1.3	1.2	1	10	10	0.6	1.5	1.6	20.1	10.7	9.9
TU	Neutral	16.00	22.0	43.4	10.4	11.1	10.8	17	(6)	2	1.2	1.1	1.1	13	11	11	5.9	5.9	5.9	9.3	9.5	9.4
Average					79.3	16.0	13.8	(57)	4,610	14	1.1	1.1	1.0	5	8	8	3.0	3.3	3.3	14.2	10.2	10.0

Source: SCBS Investment Research

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Corporate Governance Report

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To recognize well performers, the list of companies attaining "Good", "Very Good" and "Excellent" levels of recognition

(Not including listed companies qualified in the "no announcement of the results" clause from 1 January 2020 to 26 October 2021) is publicized.

¹ TIP was voluntarily delisted from the Stock Exchange of Thailand effectively on July 24, 2021

² RCI was voluntarily delisted from the Stock Exchange of Thailand, effectively on July 16, 2021

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Declared (ประกาศเจตนารมณ์)

AH, AJ, ALT, APCO, B52, BEC, CHG, CI, CPL, CPR, CPW, CRC, DDD, DHOUSE, DOHOME, ECF, EKH, ETC, EVER, FLOYD, GLOBAL, III, ILM, INOX, JTS, KEX, KUMWEL, LDC, MAJOR, MEGA, NCAP, NOVA, NRF, NUSA, NYT, OR, PIMO, PLE, RS, SAK, SIS, STECH, STGT, SUPER, SVT, TKN, TMI, TQM, TSI, VARO, VCOM, VIBHA, WIN

N/A

3K-BAT, A, A5, AAV, ABICO, ABM, ACAP, ACC, ACE, ACG, ADB, ADD, AEONTS, AFC, AGE, AHC, AIT, AJA, AKR, ALL, ALLA, ALPHAX, ALUCON, AMARIN, AMC, AMR, ANAN, AOT, APEX, APP, APURE, AQ, ARIN, ARIP, ASAP, ASEFA, ASIA, ASIMAR, ASN, ASW, ATP30, AU, AUCT, BA, BBI, BBIK, BC, BCT, BDMS, BEAUTY, BEM, BFIT, BGT, BH, BIG, BIOTEC, BIS, BIZ, BJC, BJCHI, BKD, BLAND, BLISS, BM, BOL, BR, BRI, BROCK, BSM, BTNC, BTW, BUI, BYD, CAZ, CBG, CCET, CCP, CEYE, CGD, CHARAN, CHAYO, CHO, CITY, CIVIL, CK, CKP, CMAN, CMO, CMR, CNT, COLOR, COMAN, CPANEL, CPH, CPT, CRANE, CRD, CSP, CSR, CSS, CTW, CV, CWT, D, DCON, DITTO, DMT, DOD, DPAINT, DTCT, DV8, EASON, EE, EFORL, EMC, ESSO, F&D, FANCY, FMT, FN, FORTH, FTI, FVC, GENCO, GIFT, GL, GLAND, GLOCON, GLORY, GRAMMY, GRAND, GREEN, GSC, GTB, GYT, HFT, HL, HPT, HTECH, HUMAN, HYDRO, ICN, IFEC, IHL, IIG, IMH, IND, INGRS, INSET, IP, IRCP, IT, ITD, J, JAK, JAS, JCK, JCKH, JCT, JDF, JMART, JMT, JP, JUBILE, JWD, KAMART, KC, KCC, KCM, KDH, KIAT, KISS, KK, KKC, KOOL, KTIS, KUN, KWC, KWM, KYE, LALIN, LEE, LEO, LIT, LOXLEY, LPH, LST, MACO, MANRIN, MATI, MAX, M-CHAI, MCS, MDX, MENA, METCO, MGT, MICRO, MIDA, MITSIB, MJD, MK, ML, MODERN, MORE, MPIC, MUD, MVP, NC, NCH, NCL, NDR, NER, NETBAY, NEW, NEWS, NEX, NFC, NNCL, NPK, NSL, NTV, NV, NVD, OHTL, OISHI, ONEE, OSP, OTO, PACE, PACO, PAE, PAF, PEACE, PERM, PF, PICO, PIN, PJW, PLUS, PMTA, POLAR, POMPI, PORT, POST, PPM, PRAKIT, PRAPAT, PRECHA, PRIME, PRIN, PRO, PROEN, PROUD, PSG, PTC, PTECH, PTL, RAM, RBF, RCL, RICHY, RJH, ROCK, ROH, ROJNA, RP, RPC, RPH, RSP, RT, S, S11, SA, SABUY, SAFARI, SALEE, SAM, SAMART, SAMCO, SAMTEL, SANKO, SAUCE, SAWAD, SAWANG, SCI, SCP, SDC, SE, SEAFCO, SECURE, SENAJ, SFLEX, SFP, SFT, SGF, SHANG, SHR, SIAM, SICT, SIMAT, SISB, SK, SKE, SKN, SKY, SLM, SLP, SMART, SMD, SNNP, SO, SOLAR, SONIC, SPA, SPCG, SPG, SPVI, SQ, SR, SSC, SSS, STANLY, STARK, STC, STEC, STHAI, STI, STP, STPI, SUC, SUN, SUTHA, SVH, SVOA, SWC, SYNEX, TACC, TAPAC, TC, TCC, TCCC, TCJ, TCOAT, TEAM, TEAMG, TEKA, TFM, TGPRO, TH, THAI, THANA, THE, THG, THL, THMUI, TIGER, TIPH, TITL, TK, TKC, TM, TMC, TMD, TMW, TNDT, TNH, TNPC, TOA, TPAC, TPBI, TPCH, TPIPL, TPIPP, TPLAS, TPOLY, TPS, TQR, TR, TRC, TRITN, TRT, TRUBB, TRV, TSE, TSF, TSR, TTI, TTT, TTW, TVT, TWP, TWV, TYCN, UAC, UMI, UMS, UNIQ, UP, UPA, UPOIC, UREKA, UTP, UVAN, VL, VNG, VPO, VRANDA, W, WAVE, WFX, WGE, WINMED, WINNER, WORK, WORLD, WP, WPH, XPG, YGG

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