

**BUY** (Unchanged)

Change in Numbers

**TP: Bt 30.00** (From: Bt 41.00)**Upside : 16.5%****8 JULY 2021**

# Charoen Pokphand Foods (CPF TB)

## Transitional pain

**Faster resumption of pork supply in China and lower profit contribution from CPALL leads us to cut CPF's earnings by 18% pa over 2021-25F and our TP to Bt30. As earnings look set to bottom in 2Q21, we maintain BUY on CPF, but TU is now our top sector pick.**

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### Perfect storm in 2Q21

We expect weak 2Q21 profit of Bt4.25bn for CPF, declining by 30% y-y and 39% q-q. The plunge is likely due to: 1) a hard landing of pork prices in China due to increasing supply from large producers and inventory liquidation of medium and small players; 2) large biological loss of pork inventory of Chia Tai Investment (CTI) and CP Vietnam (CPV); 3) softening pork prices in Thailand on dumping of supply from backyard producers and; 4) a 33% y-y drop in profit contribution from CPALL mainly on booking of Bt1.2bn of one-time costs related to bridging loan repayment and issuance of debentures to refinance its Lotus acquisition loans.

### Faster resumption of pork supply

The outbreak of African Swine fever (ASF) in Asia since 2018 has severely damaged pork production in China and Vietnam while record high pork prices have been CPF's major profit driver over the past two years. ASF outbreaks continue to recur but most of them are sporadic, small-scale, and quickly contained. This along with market incentives and political stimulus to push forward a recovery prompted producers to ramp up their production in 2020. The official statistics show that Chinese sow inventory and total pig herd in Vietnam have recovered to 95% and over 80% of the pre-ASF levels in 1Q21. This is much faster than expected and has led to a slump in pork prices by 55% YTD for China and 16% over January to June 2021 for Vietnam.

### Earnings cuts but 2Q21 is likely the bottom

Incorporating the cut in CPALL's profits of 38% and 13% in 2021-22F and our less bullish view on overseas pork prices, we cut our earnings forecasts by 18% pa over 2021-25F. That being said, we expect CPF's earnings to reach the bottom in 2Q21 and look for a 13% growth h-h in 2H21 on the back of lower biological loss of CTI, as pork prices there have rebounded on increasing pork reserves by the government, growing chicken exports and lower pork supply in Thailand after an end of inventory liquidation to prevent the PRRS virus infection of backyard farmers in June.

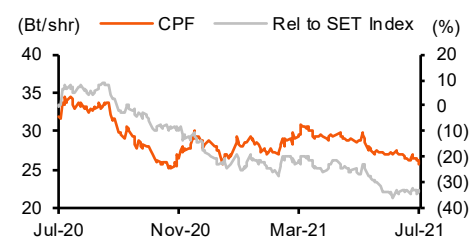
### BUY with a lower TP of Bt30

On the back of our earnings cuts and lower TP for CPALL of Bt75 (from Bt77 previously), we cut CPF's TP to Bt30 from Bt41. We maintain our BUY call on CPF as we expect earnings to bottom in 2Q21. We expect CPF's capacity expansion and market share gains from backyard farmers to help offset lower pork prices in China and Vietnam. With its 34% stake in CPALL, CPF is likely to benefit from CPALL's strong earnings growth turnaround of 67% in 2022. Its valuation appears undemanding at 2022 PE of only 8x. That said, with our expectation of TU's strong 2Q21 profit, greater benefit from a weak baht and less commoditized business structure, Thai Union Group (TU TB, BUY, Bt20.90) replaces CPF as our top sector pick.

### COMPANY VALUATION

Y/E Dec (Bt m)	2020A	2021F	2022F	2023F
Sales	589,713	488,249	508,144	532,194
Net profit	26,022	23,643	26,857	28,787
Consensus NP	—	24,647	24,746	27,165
Diff frm cons (%)	—	(4.1)	8.5	6.0
Norm profit	21,119	23,643	26,857	28,787
Prev. Norm profit	—	29,613	32,847	36,422
Chg frm prev (%)	—	(20.2)	(18.2)	(21.0)
Norm EPS (Bt)	2.5	2.7	3.1	3.3
Norm EPS grw (%)	14.4	12.0	13.6	7.2
Norm PE (x)	10.5	9.4	8.3	7.7
EV/EBITDA (x)	7.6	8.0	7.6	7.8
P/BV (x)	1.2	1.1	1.0	0.9
Div yield (%)	3.9	3.7	4.2	4.5
ROE (%)	11.7	11.8	12.4	12.3
Net D/E (%)	124.4	111.6	95.7	86.6

### PRICE PERFORMANCE



### COMPANY INFORMATION

Price as of 8-Jul-21 (Bt)	25.75
Market Cap (US\$ m)	6,826.5
Listed Shares (m shares)	8,611.2
Free Float (%)	45.5
Avg Daily Turnover (US\$ m)	32.2
12M Price H/L (Bt)	34.50/25.25
Sector	FOOD
Major Shareholder	CP Group 35.03%

Sources: Bloomberg, Company data, Thanachart estimates



## Earnings cut but 2Q21 is likely the bottom

*We don't foresee an investment boom, just a cyclical recovery*

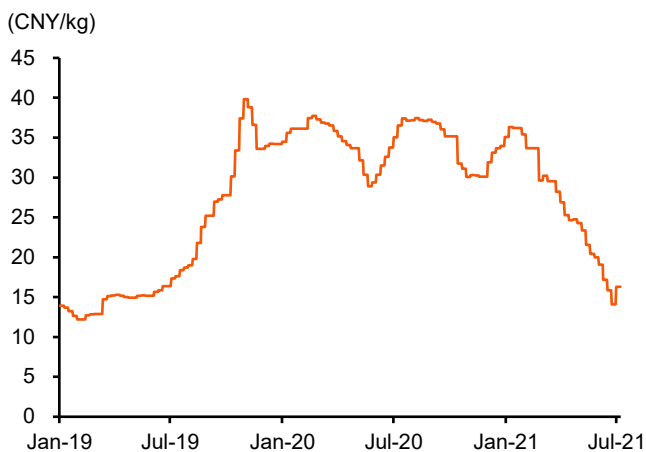
As one of the largest pork producers in Asean, CPF has been benefiting from rising pork prices after most of the pork supply was severely damaged by the African Swine Flu (ASF) in China and other countries in the region in late 2018. A strong profit contribution from its operations in Vietnam, Cambodia and a spillover positive impact on domestic pork prices have been major drivers for a turnaround in CPF's core profit since 2019. This has been sufficient to offset a plunge of equity income contribution from CPALL, dragged by lower sales on weak consumption, disappearing tourist arrivals, losing share to the government's co-pay stimulus and increasing interest expenses to finance its Lotus acquisition loans.

While we expect CPALL's contribution to be the weakest in five years in 2Q21, pork prices have slumped by 55% YTD for China and 16% over January to June 2021 for Vietnam. This along with a decline in pork prices in Thailand from May as backyard farmers liquidated their inventories to prevent a PRRS virus infection, have badly hit CPF's 2Q21 operations, in our view.

We estimate CPF's 2Q21 net profit to be weak at Bt4.25bn, declining by 30% y-y and 39% q-q. The plunge is likely due to:

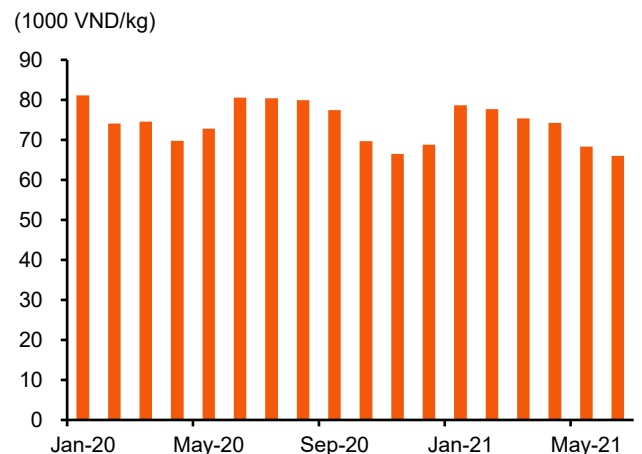
- 1) Hard landing of pork prices in China due to increasing supply of large producers and inventory liquidation of medium and small players.
- 2) Large biological loss of pork inventory of Chia Tai Investment (CTI) and CP Vietnam (CPV).
- 3) Softening pork prices in Thailand due to dumping of supply by backyard producers.
- 4) The 33% y-y and 27% q-q drops in profit contribution from CPALL was mainly due to the booking of Bt1.2bn of one-time costs related to bridging loan repayment and issuance of debentures to refinance its Lotus acquisition loans.

**Ex 1: China Pork Prices**



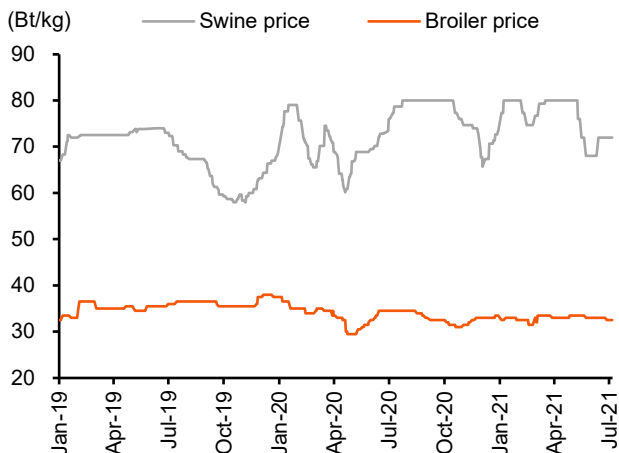
Source: Bloomberg

**Ex 2: Vietnam Pork Prices**



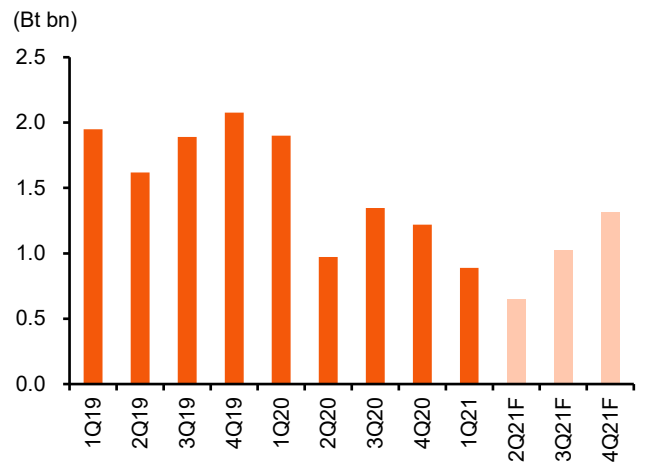
Source: Company data

**Ex 3: Thailand Meat Prices**



Source: Office of Agricultural Economics

**Ex 4: CPALL's Profit Contribution**

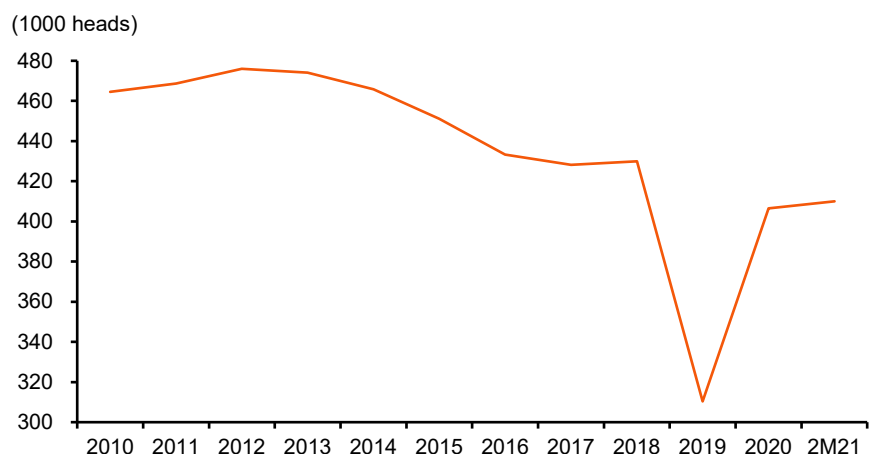


Sources: Company data, Thanachart estimates

We believe the worst is over for pork prices in China as the 59% plunge from end of 2020 to the lowest price of CNY13/kg in June 2021 was overdone and due to panic selling by smaller farms, and this was at a deep loss-making level. As for Vietnam, pork prices have already passed their peak but we see average pork prices of above VND60,000 per kg as a good profit level for CPV. The pullback of pork prices in Thailand looks to be temporary, in our view. With an ongoing PRRS outbreak and the spread of ASF in some parts of Thailand, we foresee a pork supply shortage and expect pork prices to rise back to above Bt80 per kg going into 2H21.

That being said, the pork demand/supply dynamic is no longer evolving in CPF's favor. ASF outbreaks continue to recur but most of them are sporadic, small-scale, and quickly contained. This along with market incentives and political stimulus to push forward the recovery have prompted Chinese and Vietnamese producers including CPF to ramp up their production in 2020. The official statistics show that Chinese sow inventory and total pig herd in Vietnam have recovered to 95% and over 80%, respectively, of the pre-ASF levels, earlier this year. This is much faster than what we had previously anticipated and we cut our pork price assumptions for China and our farming margin for CPV. Incorporating the cut in CPALL's profits of 38% and 13% in 2021-22F and our less bullish view on overseas pork prices, we cut our earnings forecast for CPF by 18% pa over 2021-25F.

**Ex 5: Faster-than-expected Pig Production In China**



Source: Thanachart compilation

**Ex 6: Earnings Revisions**

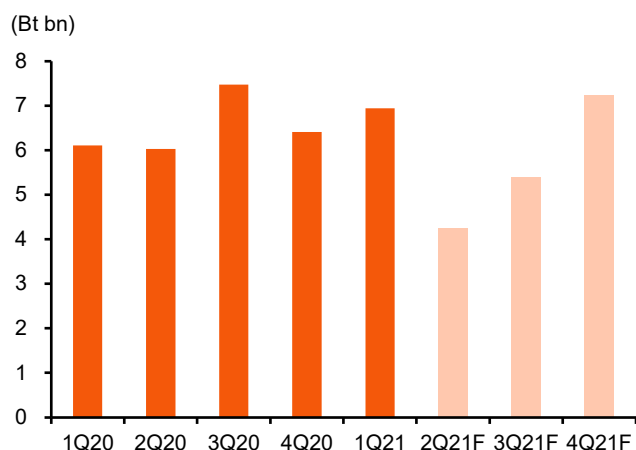
	2021F	2022F	2023F	2024F	2025F
<b>Normalized profits (Bt bn)</b>					
- New	23.64	26.86	28.79	31.61	35.93
- Old	29.61	32.85	36.42	38.24	42.24
- Change (%)	(20.16)	(18.24)	(20.96)	(17.34)	(14.94)
<b>Gross margin (%)</b>					
-New	18.26	17.45	15.97	15.39	15.30
-Old	17.96	17.68	17.21	16.11	16.05
- Change (pp)	0.30	(0.22)	(1.24)	(0.72)	(0.75)
<b>Equity income (Bt bn)</b>					
-New	8.21	10.72	13.20	16.06	18.81
-Old	18.73	21.57	23.64	26.17	28.64
- Change (%)	(56.18)	(50.30)	(44.17)	(38.62)	(34.31)
<b>China pig prices (CNY/kg)</b>					
-New	21.00	18.00	18.00	18.00	18.00
-Old	22.00	20.00	20.00	20.00	20.00
- Change (%)	(4.55)	(10.00)	(10.00)	(10.00)	(10.00)

Source: Thanachart estimates

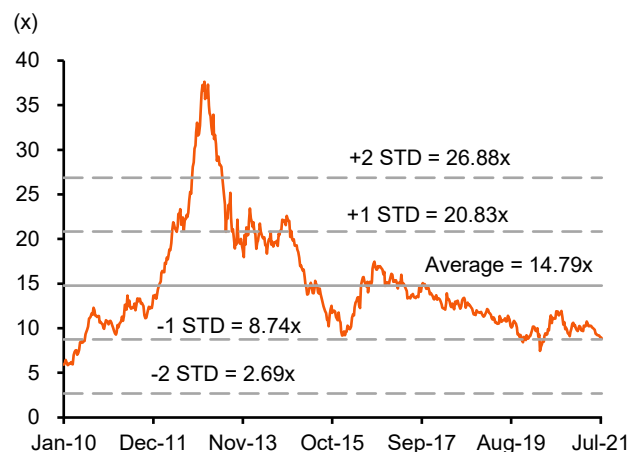
However, we expect CPF's earnings to bottom in 2Q21 and look for 13% growth h-h in 2H21 on the back of lower biological loss for CTI as pork prices there have rebounded on increasing pork reserves by the government, growing chicken exports and lower pork supply in Thailand after an end of inventory liquidation to prevent the PRRS virus infection of backyard farmers in June.

**BUY with a lower TP of Bt30**

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**Ex 7: Quarterly Earnings**

Sources: Company data, Thanachart estimates

**Ex 8: STD PE**

Sources: Company data, Bloomberg, Thanachart estimates

**Ex 9: 12-month SOTP-derived DCF-based TP Calculation Using A Base Year Of 2022F**

(Bt m)	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F	Terminal Value
EBITDA excl. depre from right of use	64,142	60,758	59,625	61,934	64,240	68,750	71,864	75,115	78,519	82,245	—
Free cash flow	31,452	16,428	17,345	19,133	20,893	24,412	26,961	29,583	32,302	30,884	562,538
PV of free cash flow	31,452	14,310	14,098	14,271	14,483	15,727	16,139	16,458	16,701	14,840	270,306
Risk-free rate (%)	2.5										
Market risk premium (%)	8.0										
Beta	0.9										
WACC (%)	7.1										
Terminal growth (%)	2.0										
<b>Enterprise value</b>	<b>438,783</b>										
Net debt (end-2021F)	321,671										
Minority interest	81,022										
Equity value	36,091										
# of shares (m)	8,611										
<b>Equity value/share (Bt)</b>	<b>4.2</b>										
<b>Investment:</b>											
CPALL @ Bt75 TP	25.5										
<b>SOTP (Bt)</b>	<b>30.0</b>										

Sources: Company data, Thanachart estimates

## Valuation Comparison

## Ex 10: Valuation Comparison With Regional Peers

Name	BBG code	Country	—EPS growth—		— PE —		— P/BV —		EV/EBITDA		— Div yield —	
			21F (%)	22F (%)	21F (x)	22F (x)	21F (x)	22F (x)	21F (x)	22F (x)	21F (%)	22F (%)
Austevoll Seafood ASA	AUSS NO	Norway	277.6	25.5	11.8	9.4	1.7	1.3	7.2	6.1	3.4	4.1
Leroy Seafood Group ASA	LSG NO	Norway	198.0	35.2	19.7	14.6	2.5	2.3	11.6	9.4	3.0	3.8
Mowi ASA	MOWI NO	Norway	286.5	38.1	25.3	18.3	3.6	3.4	13.6	11.2	2.0	3.8
Conagra Brands	CAG US	USA	53.0	0.2	13.7	13.7	2.1	1.9	11.1	11.5	2.8	3.0
Danone	DANOY US	USA	na	8.9	21.9	20.1	2.8	2.6	12.3	11.7	2.8	2.9
Nestle	NSRGY US	USA	na	7.5	28.3	26.4	7.9	8.1	19.0	18.1	2.3	2.4
Tyson Foods	TSN US	USA	1.6	7.8	12.2	11.4	1.6	1.5	8.1	7.8	2.5	2.7
<b>Average</b>			<b>163.4</b>	<b>17.6</b>	<b>19.0</b>	<b>16.3</b>	<b>3.2</b>	<b>3.0</b>	<b>11.8</b>	<b>10.8</b>	<b>2.7</b>	<b>3.2</b>
<b>Feed Mills</b>												
Japfa Comfeed	JPFA IJ	Indonesia	130.3	8.1	9.1	8.4	1.5	1.4	5.8	5.4	1.8	4.5
Charoen Pok Indo	CPIN IJ	Indonesia	17.3	11.3	23.3	21.0	4.0	3.6	14.7	13.7	1.5	1.9
Universal Robina	URC PM	Philippines	15.2	9.5	25.3	23.2	3.1	2.9	14.2	13.2	2.2	2.4
<b>Average</b>			<b>54.3</b>	<b>9.6</b>	<b>19.3</b>	<b>17.5</b>	<b>2.9</b>	<b>2.6</b>	<b>11.6</b>	<b>10.8</b>	<b>1.8</b>	<b>2.9</b>
<b>Thailand</b>												
Charoen Pokphand Foods *	CPF TB	Thailand	12.0	13.6	9.4	8.3	1.1	1.0	8.0	7.6	3.7	4.2
GFPT *	GFPT TB	Thailand	5.5	0.7	11.6	11.5	0.9	0.8	6.5	6.1	1.7	2.6
Thai Union Group *	TU TB	Thailand	5.9	16.1	14.5	12.5	2.0	1.9	13.2	12.1	4.1	4.7
<b>Average</b>			<b>7.8</b>	<b>10.1</b>	<b>11.8</b>	<b>10.8</b>	<b>1.3</b>	<b>1.2</b>	<b>9.2</b>	<b>8.6</b>	<b>3.2</b>	<b>3.8</b>
<b>Average - All</b>			<b>91.2</b>	<b>14.0</b>	<b>17.4</b>	<b>15.3</b>	<b>2.7</b>	<b>2.5</b>	<b>11.2</b>	<b>10.3</b>	<b>2.6</b>	<b>3.3</b>

Source: Bloomberg

Note: \* Thanachart estimates, using Thanachart normalized EPS

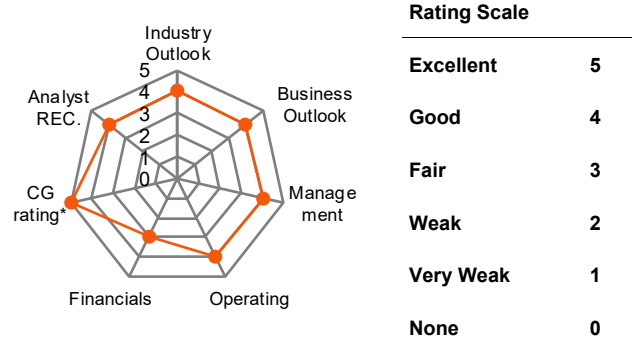
Based on 8 Jul 2021 closing prices

## COMPANY DESCRIPTION

Charoen Pokphand Foods Pcl (CPF) is the flagship firm of Charoen Pokphand's agro-industrial business in Thailand and overseas, operating an agro-industrial business related to animal farming and manufacturing food products from meat. Fully integrated operations in Thailand operated by CPF and its subsidiaries are raw material sourcing for animal feed production and distribution, animal breeding and farming, meat processing, and the manufacture of ready-to-eat cooked meat products. The company has many subsidiaries with businesses abroad, i.e. in China, Vietnam, Turkey, India, etc.

Source: Thanachart

## COMPANY RATING



Source: Thanachart; \*CG Rating

## THANACHART'S SWOT ANALYSIS

### S — Strength

- Fully integrated food producer.
- Economies of scale.
- Well-recognized and well-received brands.
- Expertise and know-how in running its food business.

### O — Opportunity

- Overseas expansion.
- Growth potential in the ready-to-eat food market.

### W — Weakness

- Around 36% of CPF's business is from farming, which is subject to many unexpected events as it is cyclical in nature.
- CPF sources some raw materials, i.e. soybean meal from overseas where prices can be volatile.

### T — Threat

- Slowing economic momentum.
- Oversupply of domestic meat.
- Unexpected disease outbreaks.

## CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	37.67	30.00	-20%
Net profit 21F (Bt m)	24,647	23,643	-4%
Net profit 22F (Bt m)	24,746	26,857	9%
Consensus REC	<b>BUY: 20</b>	<b>HOLD: 4</b>	<b>SELL: 1</b>

## HOW ARE WE DIFFERENT FROM THE STREET?

- We are ahead of consensus in factoring in lower pork prices.
- As we foresee a less favorable demand/supply dynamic of pork business over the medium to longer term, our TP is lower.

## RISKS TO OUR INVESTMENT CASE

- The key downside risk to our call would be if meat prices were not over the worst.
- A secondary downside risk surrounds CPF's strong overseas operations, particularly in Vietnam, Cambodia and China. If CPF were to encounter problems in those markets, this could lead to downside risk to our earnings forecasts.
- As exports and overseas sales make up over 60% of CPF's total sales, the company is exposed to some forex risk.

Sources: Bloomberg consensus, Thanachart estimates

Source: Thanachart

## INCOME STATEMENT

*Falling equity income*

FY ending Dec (Bt m)	2019A	2020A	2021F	2022F	2023F
Sales	532,573	589,713	488,249	508,144	532,194
Cost of sales	453,034	482,739	399,112	419,452	447,209
<b>Gross profit</b>	<b>79,540</b>	<b>106,974</b>	<b>89,137</b>	<b>88,692</b>	<b>84,985</b>
% gross margin	14.9%	18.1%	18.3%	17.5%	16.0%
Selling & administration expenses	57,396	62,021	47,695	48,128	49,091
<b>Operating profit</b>	<b>22,144</b>	<b>44,952</b>	<b>41,442</b>	<b>40,564</b>	<b>35,894</b>
% operating margin	4.2%	7.6%	8.5%	8.0%	6.7%
Depreciation & amortization	16,939	26,964	26,202	28,031	29,816
<b>EBITDA</b>	<b>39,083</b>	<b>71,917</b>	<b>67,644</b>	<b>68,595</b>	<b>65,710</b>
% EBITDA margin	7.3%	12.2%	13.9%	13.5%	12.3%
Non-operating income	12,302	5,513	3,871	3,761	3,820
Non-operating expenses	0	0	0	0	0
Interest expense	(13,785)	(16,818)	(16,500)	(15,467)	(14,656)
<b>Pre-tax profit</b>	<b>20,661</b>	<b>33,647</b>	<b>28,813</b>	<b>28,857</b>	<b>25,058</b>
Income tax	5,446	11,001	6,915	7,070	6,139
<b>After-tax profit</b>	<b>15,215</b>	<b>22,646</b>	<b>21,898</b>	<b>21,787</b>	<b>18,919</b>
% net margin	2.9%	3.8%	4.5%	4.3%	3.6%
Shares in affiliates' Earnings	8,893	9,254	8,206	10,717	13,200
Minority interests	(5,642)	(10,780)	(6,461)	(5,648)	(3,331)
Extraordinary items	(10)	4,903	0	0	0
<b>NET PROFIT</b>	<b>18,456</b>	<b>26,022</b>	<b>23,643</b>	<b>26,857</b>	<b>28,787</b>
<b>Normalized profit</b>	<b>18,466</b>	<b>21,119</b>	<b>23,643</b>	<b>26,857</b>	<b>28,787</b>
EPS (Bt)	2.1	3.0	2.7	3.1	3.3
Normalized EPS (Bt)	2.1	2.5	2.7	3.1	3.3

## BALANCE SHEET

*Decent balance sheet*

FY ending Dec (Bt m)	2019A	2020A	2021F	2022F	2023F
<b>ASSETS:</b>					
Current assets:	178,646	194,670	191,057	168,419	177,712
Cash & cash equivalent	33,496	57,997	41,000	31,000	31,000
Account receivables	33,118	29,952	32,104	26,451	27,703
Inventories	60,987	52,136	57,953	45,967	49,009
Others	51,046	54,585	60,000	65,000	70,000
Investments & loans	132,329	251,757	263,757	274,757	285,757
Net fixed assets	197,430	200,138	203,379	205,365	206,145
Other assets	125,645	115,154	111,401	107,571	103,371
<b>Total assets</b>	<b>634,050</b>	<b>761,719</b>	<b>769,595</b>	<b>756,112</b>	<b>772,985</b>
<b>LIABILITIES:</b>					
Current liabilities:	197,711	204,147	221,418	201,053	199,897
Account payables	32,184	32,312	36,084	28,730	30,631
Bank overdraft & ST loans	94,680	103,023	105,175	95,774	93,108
Current LT debt	42,727	37,027	46,349	42,207	41,032
Others current liabilities	28,120	31,784	33,810	34,343	35,126
<b>Total LT debt</b>	<b>196,495</b>	<b>244,196</b>	<b>211,147</b>	<b>192,275</b>	<b>186,922</b>
Others LT liabilities	20,972	51,197	48,871	50,146	51,146
<b>Total liabilities</b>	<b>415,178</b>	<b>499,541</b>	<b>481,437</b>	<b>443,473</b>	<b>437,965</b>
Minority interest	50,597	70,242	81,022	87,483	90,814
Preferreds shares	0	0	0	0	0
Paid-up capital	8,611	8,611	8,611	8,611	8,611
Share premium	60,769	60,769	60,769	60,769	60,769
Warrants	0	0	0	0	0
Surplus	(5,613)	1,734	1,734	1,734	1,734
<b>Retained earnings</b>	<b>104,508</b>	<b>120,822</b>	<b>136,023</b>	<b>154,042</b>	<b>173,092</b>
Shareholders' equity	168,275	191,937	207,137	225,156	244,206
<b>Liabilities &amp; equity</b>	<b>634,050</b>	<b>761,719</b>	<b>769,595</b>	<b>756,112</b>	<b>772,985</b>

Sources: Company data, Thanachart estimates

**CASH FLOW STATEMENT**

<b>FY ending Dec (Bt m)</b>	<b>2019A</b>	<b>2020A</b>	<b>2021F</b>	<b>2022F</b>	<b>2023F</b>
Earnings before tax	20,661	33,647	28,813	28,857	25,058
Tax paid	(5,201)	(9,556)	(7,061)	(7,144)	(5,912)
Depreciation & amortization	16,939	26,964	26,202	28,031	29,816
Chg In working capital	3,003	12,144	(4,197)	10,284	(2,393)
Chg In other CA & CL / minorities	4,572	16,602	9,283	7,136	8,756
<b>Cash flow from operations</b>	<b>39,974</b>	<b>79,801</b>	<b>53,039</b>	<b>67,166</b>	<b>55,326</b>
Capex	(17,746)	(23,601)	(24,000)	(24,000)	(24,000)
Right of use	(8,520)	(28,505)	(5,000)	(5,000)	(5,000)
ST loans & investments	(172)	188	0	0	0
LT loans & investments	(18,952)	(119,428)	(12,000)	(11,000)	(11,000)
Adj for asset revaluation	(8,758)	13,436	0	0	0
Chg In other assets & liabilities	17,995	67,068	983	4,088	3,605
<b>Cash flow from investments</b>	<b>(36,153)</b>	<b>(90,842)</b>	<b>(40,017)</b>	<b>(35,912)</b>	<b>(36,395)</b>
Debt financing	3,598	51,339	(21,576)	(32,415)	(9,193)
Capital increase	0	0	(0)	0	0
Dividends paid	(4,911)	(6,503)	(8,443)	(8,838)	(9,738)
Warrants & other surplus	(2,044)	(9,294)	0	0	0
<b>Cash flow from financing</b>	<b>(3,358)</b>	<b>35,542</b>	<b>(30,019)</b>	<b>(41,253)</b>	<b>(18,931)</b>
<b>Free cash flow</b>	<b>22,228</b>	<b>56,199</b>	<b>29,039</b>	<b>43,166</b>	<b>31,326</b>

**VALUATION**

<b>FY ending Dec</b>	<b>2019A</b>	<b>2020A</b>	<b>2021F</b>	<b>2022F</b>	<b>2023F</b>
Normalized PE (x)	12.0	10.5	9.4	8.3	7.7
Normalized PE - at target price (x)	14.0	12.2	10.9	9.6	9.0
PE (x)	12.0	8.5	9.4	8.3	7.7
PE - at target price (x)	14.0	9.9	10.9	9.6	9.0
EV/EBITDA (x)	13.4	7.6	8.0	7.6	7.8
EV/EBITDA - at target price (x)	14.3	8.1	8.6	8.1	8.3
P/BV (x)	1.3	1.2	1.1	1.0	0.9
P/BV - at target price (x)	1.5	1.3	1.2	1.1	1.1
P/CFO (x)	5.5	2.8	4.2	3.3	4.0
Price/sales (x)	0.4	0.4	0.5	0.4	0.4
Dividend yield (%)	2.7	3.9	3.7	4.2	4.5
FCF Yield (%)	10.0	25.3	13.1	19.5	14.1
<b>(Bt)</b>					
Normalized EPS	2.1	2.5	2.7	3.1	3.3
EPS	2.1	3.0	2.7	3.1	3.3
DPS	0.7	1.0	1.0	1.1	1.2
BV/share	19.5	22.3	24.1	26.1	28.4
CFO/share	4.6	9.3	6.2	7.8	6.4
FCF/share	2.6	6.5	3.4	5.0	3.6

Sources: Company data, Thanachart estimates

*Undemanding on our estimates*

## FINANCIAL RATIOS

*Slower earnings growth than what we earlier expected on lower pork prices overseas*

FY ending Dec	2019A	2020A	2021F	2022F	2023F
<b>Growth Rate</b>					
Sales (%)	(1.7)	10.7	(17.2)	4.1	4.7
Net profit (%)	18.8	41.0	(9.1)	13.6	7.2
EPS (%)	18.8	41.0	(9.1)	13.6	7.2
Normalized profit (%)	17.4	14.4	12.0	13.6	7.2
Normalized EPS (%)	17.4	14.4	12.0	13.6	7.2
Dividend payout ratio (%)	32.7	33.1	35.0	35.0	35.0
<b>Operating performance</b>					
Gross margin (%)	14.9	18.1	18.3	17.5	16.0
Operating margin (%)	4.2	7.6	8.5	8.0	6.7
EBITDA margin (%)	7.3	12.2	13.9	13.5	12.3
Net margin (%)	2.9	3.8	4.5	4.3	3.6
D/E (incl. minor) (x)	1.5	1.5	1.3	1.1	1.0
Net D/E (incl. minor) (x)	1.4	1.2	1.1	1.0	0.9
Interest coverage - EBIT (x)	1.6	2.7	2.5	2.6	2.4
Interest coverage - EBITDA (x)	2.8	4.3	4.1	4.4	4.5
ROA - using norm profit (%)	2.9	3.0	3.1	3.5	3.8
ROE - using norm profit (%)	11.1	11.7	11.8	12.4	12.3
<b>DuPont</b>					
ROE - using after tax profit (%)	9.1	12.6	11.0	10.1	8.1
- asset turnover (x)	0.8	0.8	0.6	0.7	0.7
- operating margin (%)	6.5	8.6	9.3	8.7	7.5
- leverage (x)	3.8	3.9	3.8	3.5	3.3
- interest burden (%)	60.0	66.7	63.6	65.1	63.1
- tax burden (%)	73.6	67.3	76.0	75.5	75.5
WACC (%)	7.1	7.1	7.1	7.1	7.1
ROIC (%)	3.5	6.5	6.1	5.8	5.2
NOPAT (Bt m)	16,307	30,255	31,496	30,626	27,100
invested capital (Bt m)	468,681	518,186	528,808	524,412	534,268

Sources: Company data, Thanachart estimates

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