

# Charoen Pokphand Foods Pcl (CPF TB) - BUY

## Earnings Preview

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### Expecting strong profits for 3Q24F

- Strong turnaround continues into 3Q24.
  - Key drivers are China and Thailand operations.
  - 4Q is low season but we still expect healthy profits.
  - BUY, investment values in CPALL and CPAXT of Bt27.4.
- CPF's management confirms that the company's performance in 2024F has surpassed expectations. Excluding foreign exchange impacts, we project normalized profits of Bt6.68bn, marking a significant turnaround from a loss of Bt2 bn in 3Q23, with only a 2% decrease quarter-over-quarter. After accounting for translation losses due to baht appreciation, our forecast for net profits in 3Q24F is Bt6.3 bn.
- Key drivers contributing to the robust performance in 3Q24 include a 6% quarter-over-quarter and 14% year-over-year increase in Thailand pork prices, a notable rebound in Chinese pork prices—rising 20% quarter-over-quarter and 36% year-over-year—and enhanced operational efficiency. The breakeven prices are Bt65 per kg for Thailand pork and CNY15.5 per kg for Chinese pork.
- Looking ahead, the fourth quarter typically experiences a seasonal downturn across all key operations. Chicken prices have softened from Bt43 per kg to the current Bt39. Meanwhile, pork prices in Thailand and Vietnam have remained stable, while Chinese pork prices have decreased from an average of CNY19.5 per kg to CNY17.4.
- Based on our preliminary analysis, normalized profits for the first nine months of 2024 stood at Bt14.41 bn, compared to a loss of Bt9 bn during the same period last year. We maintain our profit forecast for the year at Bt17.7 billion, anticipating another 10% growth in profits for 2025. We reiterate our BUY rating with a target price of Bt31. CPF's investment value in CPALL and CPAXT were Bt27.4 as of yesterday's closing prices.

### Key Valuations

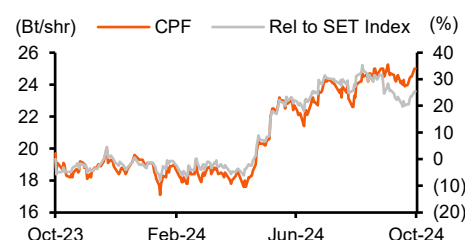
Y/E Dec (Bt m)	2023A	2024F	2025F	2026F
Revenue	585,844	584,979	603,162	632,945
Net profit	(5,207)	17,470	18,805	20,075
Norm net profit	(10,538)	17,070	18,805	20,075
Norm EPS (Bt)	(1.3)	2.0	2.2	2.4
Norm EPS gr (%)	na	na	10.2	6.8
Norm PE (x)	na	12.3	11.2	10.5
EV/EBITDA (x)	21.9	11.4	10.9	10.5
P/BV (x)	0.9	0.8	0.8	0.8
Div. yield (%)	0.0	3.3	3.6	3.8
ROE (%)	na	6.9	7.3	7.4
Net D/E (%)	159.1	148.1	139.5	129.4

Source: Thanachart estimates

### Stock Data

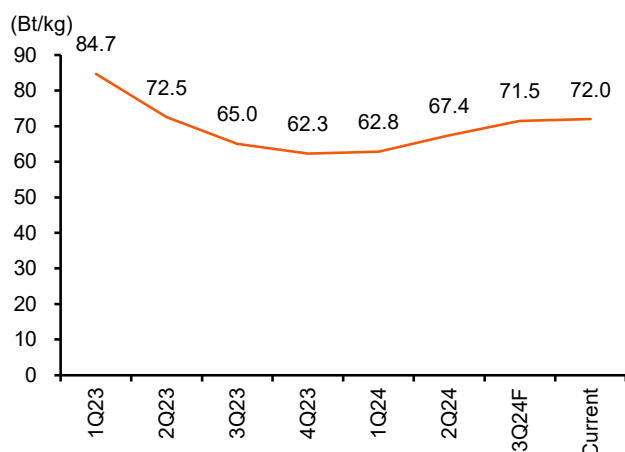
Closing price (Bt)	25.0
Target price (Bt)	31.0
Market cap (US\$ m)	6,280.7
Avg daily turnover (US\$ m)	18.4
12M H/L price (Bt)	25.25/17.10

### Price Performance



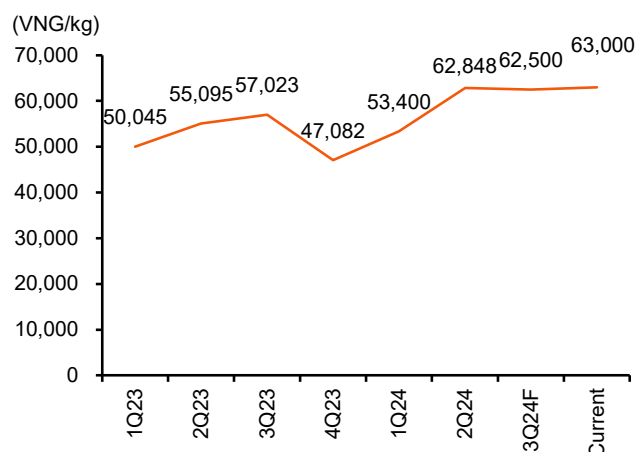
Source: Bloomberg

### Ex 1: Thailand's Swine Price



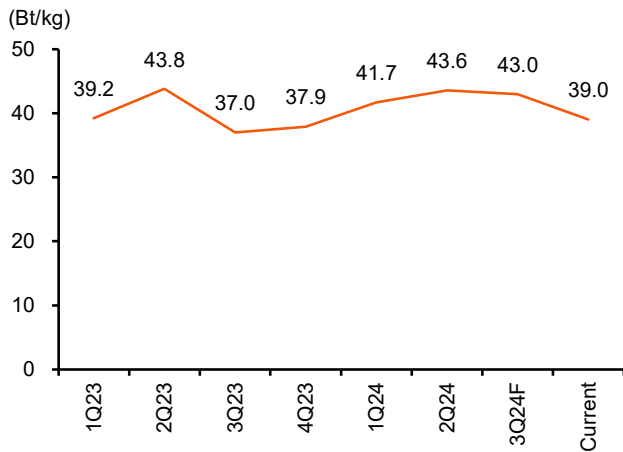
Source: Company data

### Ex 2: Vietnam's Swine Price



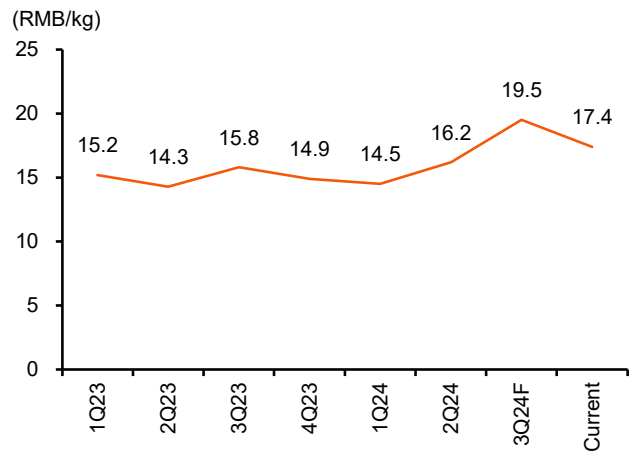
Source: Company data

**Ex 3: Thailand's Broiler Price**



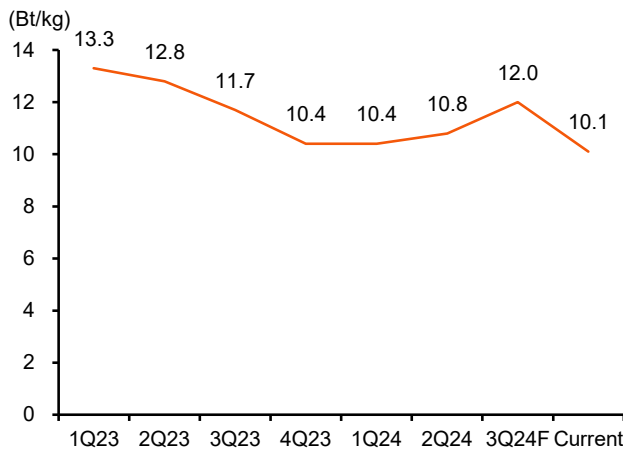
Source: Company data

**Ex 4: China's Swine Price**



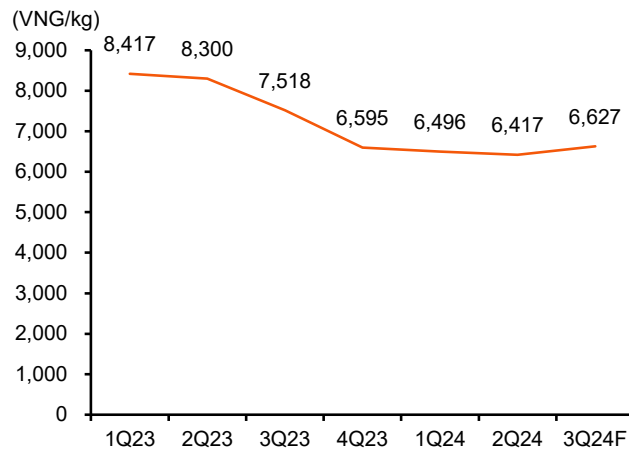
Source: Company data

**Ex 5: Thailand's Corn Price**



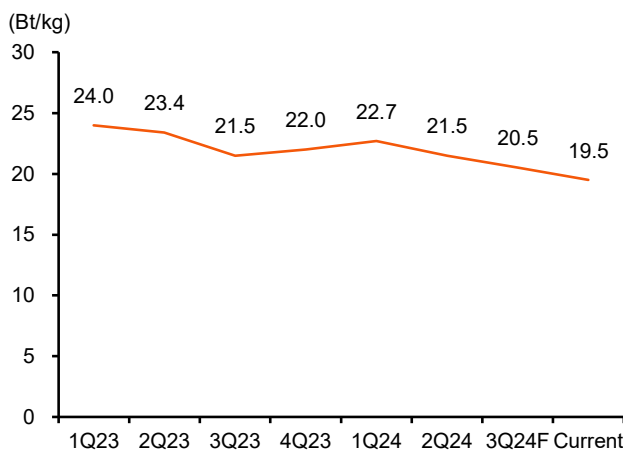
Source: Company data

**Ex 6: Vietnam's Corn Price**



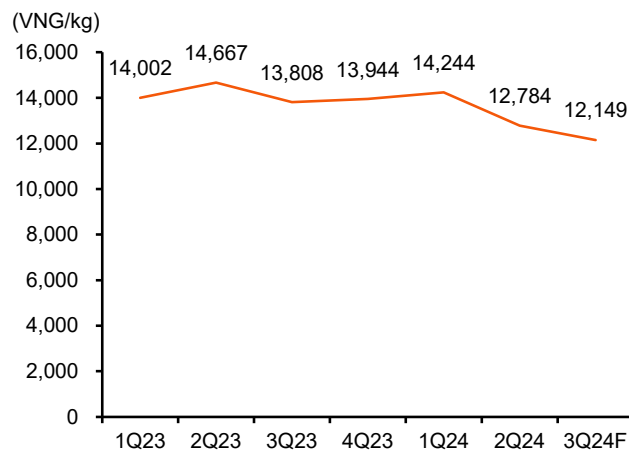
Source: Company data

**Ex 7: Thailand's Soybean Meal Price**



Source: Company data

**Ex 8: Vietnam's Soybean Meal Price**



Source: Company data

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