

**HOLD** (Unchanged)

Change in Numbers

**TP: Bt 23.00**

(From: Bt 25.00)

**27 JANUARY 2026**
**Upside : 10.0%**

# Charoen Pokphand Foods (CPF TB)

## A trading opportunity

Pork prices in Vietnam have rebounded, and this should result in a quarterly earnings turnaround in 1Q26F for CPF. Although this could be a short-term trading opportunity, we maintain our HOLD on CPF as we still have low conviction on a long-term pork price recovery trend.


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### Rebound in pork prices but maintain HOLD

We believe rebounding pork prices in Vietnam should result in an earnings turnaround in 1Q26F for CPF. Although this could be a trading opportunity for CPF shares, we maintain our HOLD call on the stock. *First*, the pork price recovery in Vietnam is due to renewed ASF outbreaks, which could last another two quarters. But due to still-weak pork prices in the other main markets in China and Thailand, we estimate 2026F profit to fall 35% from the high earnings base in 2025F, driven by abnormally high pork prices in key markets. *Second*, we remain concerned about losses from the China operations due to oversupply. Due to weaker-than-expected China pork prices, we cut our earnings estimates by 12/12/7% over 2025–27F and our DCF-based 12-month TP (2026F base year) to Bt23 (from Bt25). *Third*, while we expect the rebound in Vietnam pork prices to support earnings, CPF is fairly valued in our view, trading at 0.7x 2026F P/BV vs. a 6.3% ROE and a dividend yield of 4.3%.

### Renewed ASF outbreaks in Vietnam

The swine price in Vietnam rebounded sharply to VND72,000/kg in January 2026. This is 10% above the 1Q25 average and 35% above 4Q25's average. The price rise was due to tighter supply because of renewed ASF outbreaks. We expect this recovery to continue for the next two quarters due to the normal six- to nine-month production cycle. In Thailand, the pork price rebounded from Bt58/kg in September 2025 to around Bt70/kg, largely due to short-term factors in 4Q25: a post-flood demand recovery, a temporary disruption in supply due to a Cambodian slaughterhouse shortage, and seasonal demand.

### China remains a key drag

The pork price in China fell to a record low of CNY11/kg in October 2025 and has since recovered modestly to CNY12.7/kg. However, this is still near the breakeven level of CNY13–14/kg. We expect the oversupply in China to persist, which will likely keep a cap on pork prices. The government's plan to cut 1m breeding pigs is immaterial relative to the total production of around 41m tonnes. We cut our China pork price assumptions by 13/6% to CNY14.0/14.5 per kg for 2027–28F.

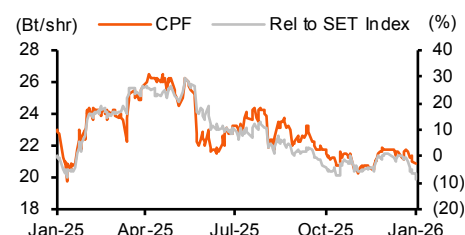
### Fairly valued, in our view

We believe CPF's share price is fairly valued, trading at 0.7x 2026F P/BV vs. a 6.3% ROE and a 4.3% dividend yield. CPF holds 34.5% in CP All (CPALL TB, Bt43.25, BUY) and 8.85% in CP Aextra Pcl (CPAXT TB, Bt15.20, HOLD). At CPALL and CPAXT's current prices, the investment value is Bt17.6 per CPF share. This provides downside protection for CPF.

### COMPANY VALUATION

Y/E Dec (Bt m)	2024A	2025F	2026F	2027F
Sales	580,747	578,901	589,434	604,214
Net profit	19,558	25,914	16,807	17,647
Consensus NP	—	27,431	23,152	23,479
Diff frm cons (%)	—	(5.5)	(27.4)	(24.8)
Norm profit	18,939	25,914	16,807	17,647
Prev. Norm profit	—	29,390	19,136	18,918
Chg frm prev (%)	—	(11.8)	(12.2)	(6.7)
Norm EPS (Bt)	2.3	3.1	2.0	2.1
Norm EPS grw (%)	na	36.8	(35.1)	5.0
Norm PE (x)	9.3	6.8	10.5	10.0
EV/EBITDA (x)	9.2	7.8	9.5	8.8
P/BV (x)	0.7	0.7	0.7	0.6
Div yield (%)	4.8	6.6	4.3	4.5
ROE (%)	7.8	10.2	6.3	6.4
Net D/E (%)	147.8	132.2	123.3	111.0

### PRICE PERFORMANCE



### COMPANY INFORMATION

Price as of 27-Jan-26 (Bt)	20.90
Market Cap (US\$ m)	5,659.2
Listed Shares (m shares)	8,407.0
Free Float (%)	48.0
Avg Daily Turnover (US\$ m)	13.7
12M Price H/L (Bt)	26.50/19.80
Sector	FOOD
Major Shareholder	CP Group 37.07%

Sources: Bloomberg, Company data, Thanachart estimates

**ESG Summary Report ..... P8**

Renewed ASF outbreaks in Vietnam

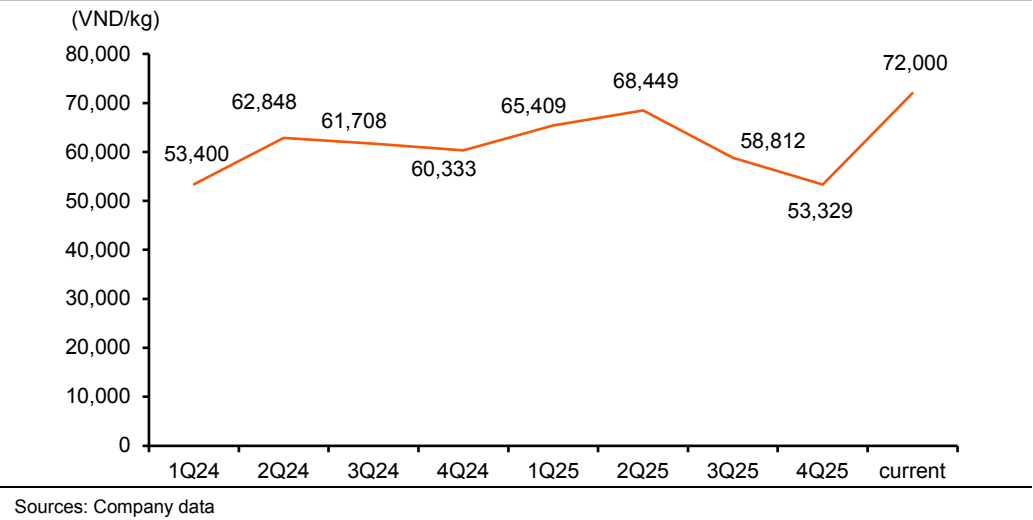
Strong Vietnam pork price rebound

Vietnam operations accounted for 18% of Charoen Pokphand Foods Pcl’s (CPF TB) sales in 9M25, with 67% derived from the farm business, primarily swine. Swine prices in Vietnam rebounded sharply to VND72,000/kg in January 2026, or 10% above the 1Q25 average and 35% above 4Q25 levels. The recovery was driven by tighter supply following renewed African Swine Fever (ASF) outbreaks, which have affected over 30 provinces nationwide, with more than 100,000 pigs culled or succumbing to the disease since 2025. ASF remains persistent among small-scale farms with low biosecurity, keeping domestic supply constrained. We expect the price uptrend to continue over the next two quarters, consistent with the six- to nine-month production cycle.

CPF is well positioned to benefit.

CPF looks well-positioned to benefit from this environment due to its large-scale farm footprint and close, fully integrated operations in Vietnam, which allow the company to manage biosecurity risks more effectively and capture pricing upside as the market tightens. CPF controls an estimated 25–30% of the swine market, positioning it as a key beneficiary of higher pork prices.

Ex 1: Vietnam Pork Prices



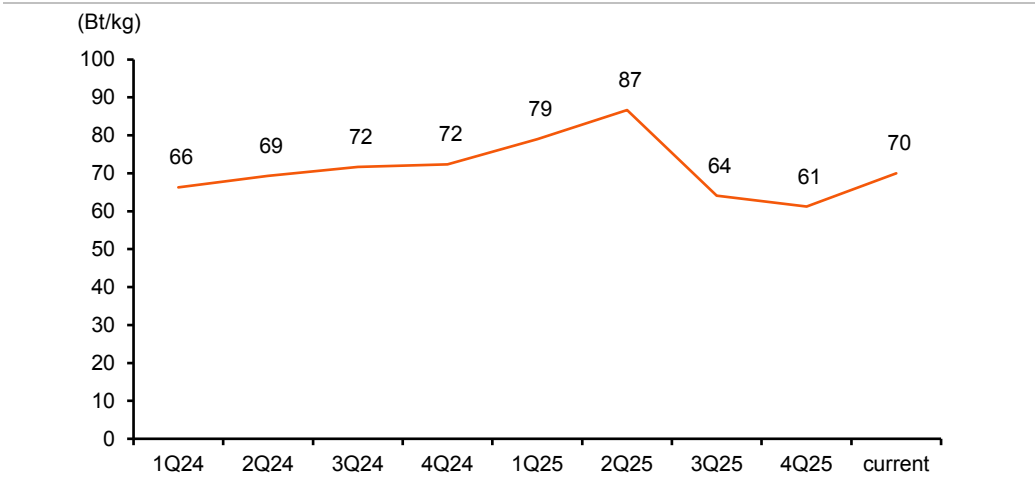
Thailand pork prices rebound from a low base

Cyclical rebound in Thailand pork prices

Thailand is CPF’s largest market, accounting for 38% of group sales in 9M25, with 53% from the farm business. Domestic pork prices rebounded from a trough of Bt58/kg in September 2025 to around Bt70/kg, driven mainly by short-term factors in 4Q25: a post-flood demand recovery, temporary supply disruptions due to a Cambodian slaughterhouse shortage, and seasonal demand ahead of the Lunar New Year.

However, the rebound appears largely cyclical rather than structural. With management guiding pork prices at Bt70–75/kg in 2026, broadly in line with current levels, we foresee limited further upside and no meaningful structural improvement in Thailand’s domestic pork pricing.

Ex 2: Thailand Pork Price



Sources: Company data, Thanachart estimates

China swine prices remain under pressure

China pork prices at breakeven level

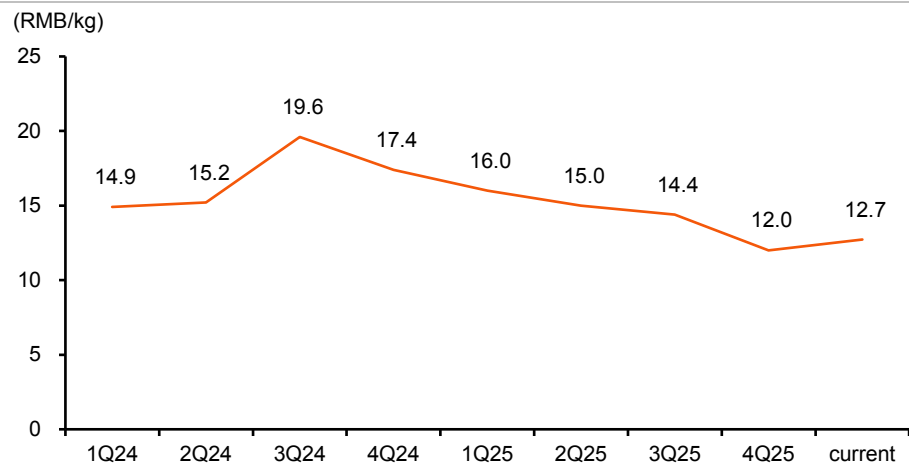
We expect a limited price recovery

We expect China’s swine prices to remain under pressure, reflecting persistent oversupply and sluggish consumption. Pork prices fell to a record low of CNY11/kg in October 2025 and have since recovered modestly to around CNY12.7/kg, but this remains near the breakeven level of CNY13–14/kg, limiting profitability across the sector.

Any price recovery is likely to be slow and gradual, as large producers continue to offer aggressive discounts to defend volumes while domestic demand remains weak. The Chinese swine market is highly fragmented, with the top players accounting for only ~20% of total production and the largest player holding less than a 5% market share. CPF currently ranks around 4th–5th in market share, limiting its ability to influence pricing.

The Chinese government has announced measures to address the pork oversupply, including a plan to reduce the national breeding sow inventory by 1m head from the current 41m, through culling older sows, limiting excess fattening, and controlling new capacity. However, given the modest scale of the reduction, we expect the near-term impact on the supply-demand balance to be limited.

Consequently, we cut our China pork price assumptions by 13%/6% to CNY14.0/kg and CNY14.5/kg for 2027–28F, reflecting a slower-than-expected recovery path.

**Ex 3: China Swine Prices**

Sources: Company data

**Earnings revisions**

We cut our earnings estimates for CPF by 12%/12%/7% over 2025–27F, reflecting weaker-than-expected China pork prices and recent earnings downgrades at CP Aextra Pcl (CPAXT TB, Bt14.70, HOLD). Consequently, we lower our DCF-based 12-month TP, using a 2026F base year, to Bt23/share (from Bt25).

**Ex 4: Key Earnings Revisions**

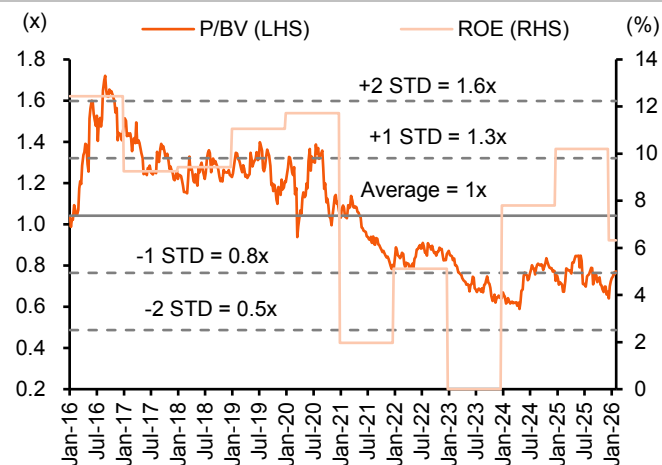
	2022	2023	2024	2025F	2026F	2027F	2028F
<b>Net profits (Bt bn)</b>							
- New	14.0	(5.2)	19.6	25.9	16.8	17.6	18.2
- Old				29.4	19.1	18.9	19.6
- Change (%)				(11.8)	(12.2)	(6.7)	(7.2)
<b>Gross margin (%)</b>							
- New	13.7	10.1	14.7	16.5	13.4	13.4	13.7
- Old				17.4	13.7	13.4	
- Change (pp)				(0.9)	(0.3)	0.0	0.0
<b>SG&amp;A expenses (Bt bn)</b>							
- New	55	51	50	50	51	52	54
- Old				50	51	52	54
- Change (%)				0.0	0.0	0.0	0.0
<b>Equity income (Bt bn)</b>							
- New	3.7	4.6	12.7	13.2	14.1	16.1	18.0
- Old				13.5	15.1	17.3	19.2
- Change (%)				(2.4)	(6.7)	(6.7)	(6.7)

Sources: Company data, Thanachart estimates

### Fairly valued, in our view

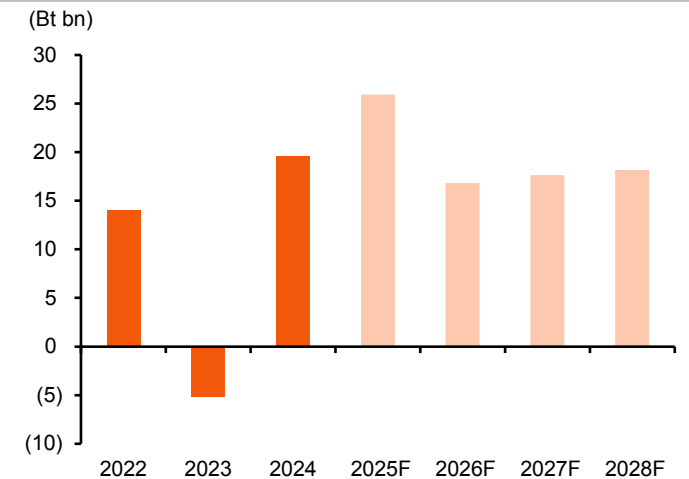
We maintain our HOLD rating on CPF despite the recent rebound in Vietnam pork prices, which we expect to drive a quarterly earnings turnaround in 1Q26F. While we believe this rebound offers a short-term trading opportunity, we have low conviction about a sustained long-term pork price recovery. We view CPF's share price as fairly valued, trading at 0.7x 2026F P/BV vs. a 6.5% ROE and a 4.2% dividend yield. CPF holds 34.5% in CP All (CPALL TB, Bt43.25, BUY) and 8.85% in CPAXT. At CPALL and CPAXT's current prices, the investment value is Bt17.6 per CPF share. This provides downside protection for CPF.

**Ex 5: P/BV Vs. ROE**



Sources: Bloomberg, Thanachart estimates

**Ex 6: CPF's Profit**



Sources: Company data, Thanachart estimates

**Ex 7: 12-month DCF-derived SOTP-based TP Calculation Using A Base Year Of 2026F**

(Bt m)	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F	2036F	Terminal Value
EBITDA excl. depre from right of use	54,283	56,417	56,890	58,031	58,886	59,692	60,436	61,129	61,492	61,793	62,024	-
Free cash flow	21,139	23,541	23,221	23,920	25,012	25,427	25,000	25,121	25,729	25,568	25,346	579,661
PV of free cash flow	21,081	20,774	19,245	18,622	18,290	17,465	16,127	15,222	14,645	13,670	12,727	291,055
Risk Free (%)	2.5											
Market Risk Premium (%)	8.0											
Beta	0.8											
Wacc (%)	6.5											
Terminal Growth (%)	2.0											
Enterprise Value	478,922											
Net Debt	412,136											
Minority Interest	49,924											
Equity Value	16,862											
# of Shares	8,414											
Equity Value / Share	2.0											
SOTP at 15% disc. (Bt)	23											

Sources: Company data, Thanachart estimates

## Valuation Comparison

### Ex 8: Valuation Comparison With Regional Peers

Name	BBG code	Country	—EPS growth—		— PE —		— P/BV —		EV/EBITDA		— Div yield —	
			25F (%)	26F (%)	25F (x)	26F (x)	25F (x)	26F (x)	25F (x)	26F (x)	25F (%)	26F (%)
WH Group Ltd	288 HK	Hong Kong	16.2	0.8	74.9	74.3	10.2	9.5	5.6	5.5	0.9	0.7
Tyson Foods Inc	TSN US	USA	32.0	2.1	16.8	16.4	1.2	1.2	8.6	8.6	3.1	3.2
Pilgrim's Pride Corp	PPC US	USA	0.8	(20.8)	8.0	10.1	2.8	2.5	5.7	6.8	21.4	10.5
Hormel Foods Corp	HRL US	USA	(13.7)	5.9	18.2	17.2	1.7	1.7	12.7	11.8	4.7	4.8
<b>Average</b>			<b>8.8</b>	<b>(3.0)</b>	<b>29.5</b>	<b>29.5</b>	<b>4.0</b>	<b>3.7</b>	<b>8.1</b>	<b>8.2</b>	<b>7.5</b>	<b>4.8</b>
<b>Feed Mills</b>												
Japfa Comfeed	JPFA IJ	Indonesia	27.7	16.5	9.7	8.3	1.8	1.6	6.6	6.0	4.6	6.2
Charoen Pok Indo	CPIN IJ	Indonesia	36.5	11.6	16.2	14.6	2.2	2.0	9.3	8.7	3.2	3.9
Universal Robina	URC PM	Philippines	2.7	7.3	12.9	12.0	1.2	1.2	7.4	6.9	5.7	5.8
<b>Average</b>			<b>22.3</b>	<b>11.8</b>	<b>12.9</b>	<b>11.6</b>	<b>1.8</b>	<b>1.6</b>	<b>7.8</b>	<b>7.2</b>	<b>4.5</b>	<b>5.3</b>
<b>Thailand</b>												
Betagro	BTG TB	Thailand	192.2	(29.4)	5.2	7.3	1.1	1.0	4.0	4.7	6.8	4.6
GFPT	GFPT TB	Thailand	29.6	(8.7)	4.7	5.2	0.6	0.5	3.3	3.4	3.1	2.9
Thaifoods Group	TFG TB	Thailand	153.2	(26.4)	3.8	5.1	1.3	1.1	2.9	3.4	12.1	9.6
Carabao Group Pcl	CBG TB *	Thailand	1.8	(5.6)	15.5	16.4	3.0	2.8	10.3	10.5	3.4	3.5
Charoen Pokphand Foods	CPF TB *	Thailand	36.8	(35.1)	6.8	10.5	0.7	0.7	7.8	9.5	6.6	4.3
i-Tail Corporation Pcl	ITC TB *	Thailand	(22.5)	25.0	16.9	13.5	2.1	2.0	11.9	9.3	5.0	6.3
KCG Corporation Pcl	KCG TB *	Thailand	17.2	11.5	9.9	8.9	1.5	1.4	7.2	6.5	5.6	6.2
MK Restaurant Group	M TB *	Thailand	(8.1)	0.4	13.4	13.4	1.3	1.3	3.1	3.1	7.1	7.2
Osotspa Pcl	OSP TB *	Thailand	11.2	1.8	15.4	15.1	3.2	3.2	9.7	9.5	7.1	6.6
R&B Food Supply Pcl.	RBF TB *	Thailand	(13.2)	1.6	14.4	14.2	1.2	1.2	6.5	6.5	4.7	4.8
SAPPE Pcl	SAPPE TB *	Thailand	(34.2)	4.9	12.4	11.9	2.2	2.0	7.5	7.2	4.0	4.2
Srinanaporn Marketing	SNNP TB *	Thailand	(9.3)	(6.8)	10.9	11.7	1.9	1.9	8.4	8.3	7.6	7.1
Taokaenoi Food & Marketing	TKN TB *	Thailand	(49.4)	(5.7)	13.6	14.4	2.5	2.5	8.4	8.6	6.2	5.8
Thai Union Group Pcl	TU TB *	Thailand	(11.3)	8.3	10.4	9.6	0.9	0.9	8.5	7.9	6.4	6.3
<b>Average</b>			<b>21.0</b>	<b>(4.6)</b>	<b>10.9</b>	<b>11.2</b>	<b>1.7</b>	<b>1.6</b>	<b>7.1</b>	<b>7.0</b>	<b>6.1</b>	<b>5.7</b>
<b>Average</b>			<b>18.9</b>	<b>(2.0)</b>	<b>14.8</b>	<b>14.8</b>	<b>2.1</b>	<b>2.0</b>	<b>7.4</b>	<b>7.3</b>	<b>6.2</b>	<b>5.5</b>

Source: Bloomberg

Note: \* Thanachart estimates, using Thanachart normalized EPS

Based on 27 January 2026 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 manufacturing ready-to-eat cooked meat products. The company has many subsidiaries with businesses abroad, including in China, Vietnam, Turkey, and India.

Source: Thanachart

## COMPANY RATING



### Rating Scale

<b>Excellent</b>	<b>5</b>
<b>Good</b>	<b>4</b>
<b>Fair</b>	<b>3</b>
<b>Weak</b>	<b>2</b>
<b>Very Weak</b>	<b>1</b>
<b>None</b>	<b>0</b>

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

- Over 50% 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
<b>Target price (Bt)</b>	23.75	23.00	-3%
<b>Net profit 25F (Bt m)</b>	27,431	25,914	-6%
<b>Net profit 26F (Bt m)</b>	23,152	16,807	-27%
<b>Consensus REC</b>	<b>BUY: 9</b>	<b>HOLD: 12</b>	<b>SELL: 0</b>

## HOW ARE WE DIFFERENT FROM THE STREET?

- Our TP is 3% below the Bloomberg consensus number, which we attribute to our lower earnings forecasts.
- We believe our lower net earnings estimate in 2026F is mainly due to us having a lower gross profit margin assumption.

Sources: Bloomberg consensus, Thanachart estimates

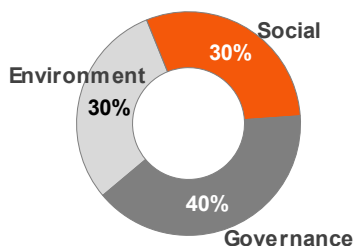
## RISKS TO OUR INVESTMENT CASE

- The key downside risk to our call would be if meat prices in Thailand do not recover to a decently higher-than-break-even level.
- The key upside risk is related to CPF's strong operations abroad, particularly in Vietnam and China. If CPF records better-than-expected performances in those markets, this could positively impact our earnings forecasts.
- As exports and overseas sales make up over 60% of CPF's total sales, the company is exposed to forex risk.

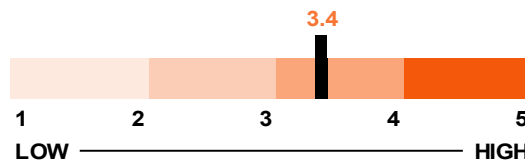
Source: Thanachart



### ESG Weighting



### Thanachart ESG Rating



	SET ESG Index	SET ESG (BBB-AAA)	DJSI Index	Thanachart ESG Rating (1.0-5.0)	MSCI (CCC-AAA)	ESG Book (0-100)	CG Rating (0-5)
CPF	YES	AAA	YES	3.44	B	69.37	5.0

Sources: SETTRADE, SET ESG Index, SET ESG Rating, The Dow Jones Industrial Average (DJSI), MSCI ESG Research LLC, ESG Book, Thai IOD (CG rating)  
Note: Please see third party on "terms of use" toward the back of this report.

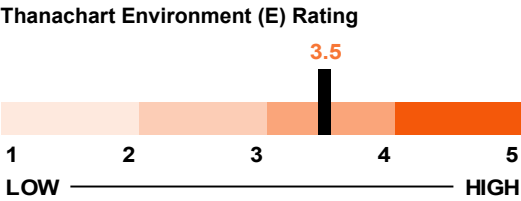


### ESG Summary

- CPF is one of the world's biggest integrated feed-farm-food-model producers of poultry, swine, and shrimp, having a presence in Thailand, China, Vietnam, and many other countries.
- CPF drives its corporate sustainable development under its Sustainability Strategy, "CPF 2030 Sustainability in Action". This strategy has been developed from three pillars of sustainability: "Food Security, Self-Sufficiency Society, and Balance of Nature".
- Under its Sustainovation approach, CPF leverages technology, science, and innovation to improve operational efficiency and minimize environmental impact. The proprietary AXONS AgriTech platform digitalizes the agricultural supply chain — from farm to distribution — enhancing productivity, cost efficiency, traceability, and sustainability.
- CPF scores decently across ESG pillars with an overall score of 3.4. We see its Social (3.7) score as the highest, reflecting good practices on human rights, employee development, community impact, and food security programs. This is despite an offset factor from a pending legal case.
- Its Environmental score is also good at 3.5, reflecting progress on renewable energy, low-carbon products, sustainable sourcing, and ecosystem restoration.
- We assign a decent 3.2 Governance score to CPF, reflecting its strong compliance, whistleblowing, and innovation oversight, business sustainability, and innovation. The good score is somewhat weighed down by a non-ideal board structure.



We assign a good 3.5 Environmental score to CPF, a leader in emissions reduction. It is the first global food processor to secure SBTi-validated climate targets. CPF has clear and measurable goals and solid execution across emissions reduction, renewable energy adoption, low-carbon product development, and sustainable sourcing.

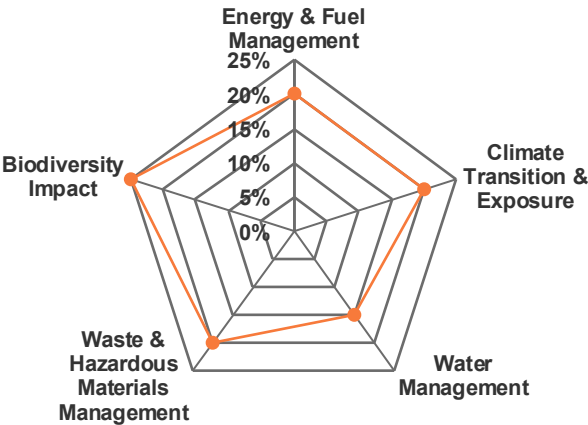


ENVIRONMENT

Our Comments

- Energy & Fuel Management
- Climate Transition & Exposure
- Water Management
- Waste & Hazardous Materials Management
- Biodiversity Impact

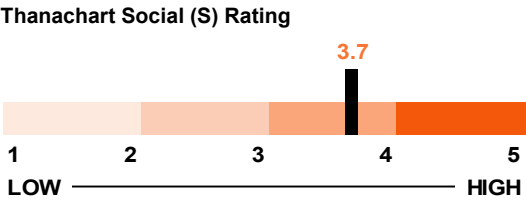
SCALE WEIGHTING



- We assign CPF a good Environment (E) score of 3.5, supported by strong climate governance, science-based targets, and consistent execution in emissions reduction. The good score is weighed down by a pending legal case regarding a non-native aquatic species.
- CPF is the first global food processor with Science Based Targets initiative (SBTi)-validated climate targets. SBTi ensures that Scope 1–3 targets are scientifically credible and aligned with the Paris Agreement.
- Key 2030 targets include 1) a 42% reduction in direct and indirect GHG emissions per production unit (vs. 2020), 2) zero industrial and agro-industrial waste to landfill or incineration, 3) 100% recyclable/reusable/compostable plastic packaging, and 4) supporting all tier-1 suppliers identified as having a high water impact to establish a water management plan by 2030 (Thailand operations)
- Execution was progressing well: as of 2024, GHG emissions per production unit in Thailand were down 27% from 2015 base year (exceeding the 25% 2025 target), 82.4% of plastic packaging was recyclable/reusable/compostable (vs. the target of 100%), and water withdrawal per production unit had been reduced by 58% (vs. the 30% target).
- CPF became coal-free in 2022, replacing coal with biomass energy. Renewable energy now accounts for ~30% of total consumption, cutting over 600,000 tonnes of CO<sub>2</sub> equivalent toward its net-zero 2050 target.
- CPF aims for 100% of key raw materials to be sourced from deforestation-free areas by 2025, with 43% achieved in 2024. The company also targets the conservation, protection, and restoration of 20,000 rai (3,200 ha) of mangrove, watershed, and green areas in Thailand, nearly reaching this goal with 19,932 rai (3,189 ha) completed in 2024
- On the revenue side, low-carbon products generated 56% of revenue in 2024 (Bt121.2bn), surpassing the 2030 target of 40%, and it had reduced cumulative emissions by 1.56m tonnes of CO<sub>2</sub> equivalent.

Sources: Thanachart, Company data

We assign a good Social score of 3.7 to CPF, reflecting its strong human rights policies, employee training, and community impact. It leads in food security with the ASEAN-first CPF Food Standard, promotes ethical and healthy products, and is advancing sustainable sourcing toward 2030 targets.



SOCIAL

Our Comments

- Human Rights & Community Relations
- Access & Affordability
- Customer Welfare
- Product Quality & Safety
- Fair Product Marketing & Labelling
- Social Supply Chain Management
- Labor Relations
- Fair Labor Practices
- Health, Safety & Well-being
- Diversity & Inclusion
- Recruitment, Development & Retention

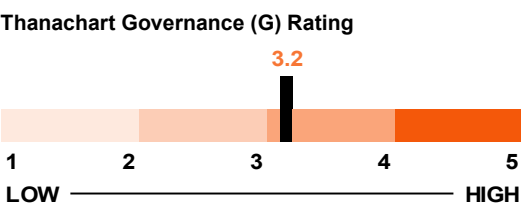
SCALE WEIGHTING



- We assign CPF a good Social (S) score of 3.7, supported by robust human rights policies, employee development, community impact, food security initiatives, and sustainable sourcing.
- We see CPF’s close farming business model, good technologies, and its extensive experience in many countries with different weather and market characteristics as a key contributor to its good Social pillar in the areas of strong operations, good product quality, good employee well-being, safe work environment, and clean and safe communities.
- The company has set clear 2030 targets, including 100% human rights due diligence every three years (achieved in 2024), 3m hours of employee training (7m hours achieved), and 3m livelihoods improved in communities connected to its operations (5m hours achieved as of 2024).
- All 132,000+ employees complete Business Ethics training covering human rights, governance, compliance, and conflicts of interest.
- In food security, CPF is the first company in ASEAN to have established its own CPF Food Standard with BSI, providing high-quality, affordable animal proteins while emphasizing ethical marketing and health- and environmentally conscious products.
- The company has also embraced sustainable sourcing, targeting 100% traceable key raw materials by 2030 (43% achieved in 2024) to manage climate and natural disaster risks. It did not recall any food products in 2024.
- CPF faced a legal allegation in 2024 regarding a non-native aquatic species, which it denies; the species was imported for research in 2010, did not survive, and the project never proceeded. Evidence has been submitted to authorities, and the case is under review.

Sources: Thanachart, Company data

We assign CPF a decent Governance score of 3.2, reflecting a strong integrated business model with innovations, full third-party-verified Code of Conduct compliance, robust whistleblowing, and anti-corruption frameworks. A weak area is a non-ideal board structure.

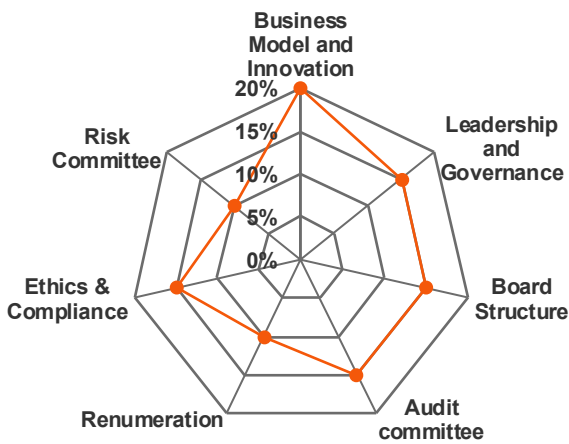


GOVERNANCE & SUSTAINABILITY

Our Comments

- Business Model and Innovation
- Leadership and Governance
- Board Structure
- Audit committee
- Remuneration
- Ethics & Compliance
- Risk Committee

SCALE WEIGHTING



Sources: Thanachart, Company data

- We assign CPF a decent Governance (G) score of 3.2, reflecting its strong business model with technologies and innovations, good code of conduct, and anti-corruption framework. It has all the required committees. A slight constraint is its non-ideal board structure.
- CPF has a very strong business model in our view, with a strong track record of R&D, innovations, and the use of technology. That helps offset the risk of being a commodity business. Also, a major factor in business sustainability is diversifying its global presence.
- CPF drives business sustainability through innovation and technology, enhancing efficiency, reducing costs, streamlining processes, and mitigating risks. Investments in food R&D ensure products meet consumer needs and nutritional standards, while the company actively incorporates external innovations to strengthen competitiveness.
- CPF maintains 100% compliance with its Code of Conduct, verified by a third party for Thailand operations, and is on track to sustain this through 2030.
- CPF has announced a whistleblowing policy to provide its employees, stakeholders, and third parties with opportunities to report misconduct or lodge complaints.
- The company regularly audits the implementation of its anti-corruption policy. It reviews its guidelines and operational requirements to align with changes in the business, rules, regulations, and legal requirements.
- A weak point is its board structure, with the board chair being a family member. Also, the 15-director board has only five independent members, implying a far lower independent board ratio than the ideal two-thirds ratio.
- CPF has established all necessary committees, including Audit, Risk, Remuneration, Corporate Governance and Sustainable Development, and Technology and Cybersecurity.

## INCOME STATEMENT

*We expect 2026F to  
normalized from high  
base in 2025.*

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Sales	585,844	580,747	578,901	589,434	604,214
Cost of sales	529,322	495,966	484,139	510,715	523,523
<b>Gross profit</b>	<b>56,522</b>	<b>84,781</b>	<b>94,762</b>	<b>78,719</b>	<b>80,691</b>
% gross margin	9.6%	14.6%	16.4%	13.4%	13.4%
Selling & administration expenses	51,381	50,434	50,346	51,035	52,077
<b>Operating profit</b>	<b>5,141</b>	<b>34,347</b>	<b>44,416</b>	<b>27,684</b>	<b>28,614</b>
% operating margin	0.9%	5.9%	7.7%	4.7%	4.7%
Depreciation & amortization	25,121	32,028	31,294	32,657	33,947
<b>EBITDA</b>	<b>30,262</b>	<b>66,375</b>	<b>75,710</b>	<b>60,341</b>	<b>62,561</b>
% EBITDA margin	5.2%	11.4%	13.1%	10.2%	10.4%
Non-operating income	8,514	4,882	4,133	3,888	3,395
Non-operating expenses	0	0	0	0	0
Interest expense	(25,506)	(24,575)	(23,734)	(22,324)	(21,383)
<b>Pre-tax profit</b>	<b>(11,851)</b>	<b>14,654</b>	<b>24,815</b>	<b>9,248</b>	<b>10,626</b>
Income tax	600	5,673	9,926	3,699	4,250
<b>After-tax profit</b>	<b>(12,451)</b>	<b>8,981</b>	<b>14,889</b>	<b>5,549</b>	<b>6,376</b>
% net margin	-2.1%	1.5%	2.6%	0.9%	1.1%
Shares in affiliates' Earnings	4,590	12,699	13,175	14,084	16,097
Minority interests	(2,676)	(2,741)	(2,150)	(2,826)	(4,826)
Extraordinary items	5,330	619	0	0	0
<b>NET PROFIT</b>	<b>(5,207)</b>	<b>19,558</b>	<b>25,914</b>	<b>16,807</b>	<b>17,647</b>
<b>Normalized profit</b>	<b>(10,538)</b>	<b>18,939</b>	<b>25,914</b>	<b>16,807</b>	<b>17,647</b>
EPS (Bt)	(0.6)	2.3	3.1	2.0	2.1
Normalized EPS (Bt)	(1.3)	2.3	3.1	2.0	2.1

## BALANCE SHEET

*Cautious investments*

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
<b>ASSETS:</b>					
Current assets:	209,116	200,060	204,228	206,619	207,427
Cash & cash equivalent	26,136	24,944	25,000	25,000	25,000
Account receivables	42,351	40,674	41,237	41,987	43,040
Inventories	69,508	64,771	66,320	69,961	71,716
Others	71,121	69,671	71,671	69,671	67,671
Investments & loans	280,499	289,789	289,789	289,789	289,789
Net fixed assets	265,144	255,585	251,295	245,777	239,105
Other assets	132,459	131,290	129,599	128,714	126,629
<b>Total assets</b>	<b>887,218</b>	<b>876,724</b>	<b>874,911</b>	<b>870,899</b>	<b>862,949</b>
<b>LIABILITIES:</b>					
Current liabilities:	259,463	263,334	253,870	235,805	226,424
Account payables	36,527	34,840	33,160	34,980	35,858
Bank overdraft & ST loans	144,994	132,463	126,769	122,109	115,412
Current LT debt	48,014	65,146	60,521	44,843	42,384
Others current liabilities	29,928	30,885	33,419	33,872	32,770
<b>Total LT debt</b>	<b>286,740</b>	<b>260,642</b>	<b>249,845</b>	<b>254,113</b>	<b>240,177</b>
Others LT liabilities	55,981	59,525	59,354	59,794	60,441
<b>Total liabilities</b>	<b>602,185</b>	<b>583,500</b>	<b>563,070</b>	<b>549,712</b>	<b>527,042</b>
Minority interest	45,617	47,183	49,924	52,075	56,900
Preferreds shares	0	0	0	0	0
Paid-up capital	8,414	8,414	8,414	8,414	8,414
Share premium	59,626	59,626	59,626	59,626	59,626
Warrants	0	0	0	0	0
Surplus	48,091	36,877	36,877	36,877	36,877
<b>Retained earnings</b>	<b>123,286</b>	<b>141,124</b>	<b>157,000</b>	<b>164,195</b>	<b>174,090</b>
Shareholders' equity	239,416	246,041	261,917	269,112	279,007
<b>Liabilities &amp; equity</b>	<b>887,218</b>	<b>876,724</b>	<b>874,911</b>	<b>870,899</b>	<b>862,949</b>

Sources: Company data, Thanachart estimates

**CASH FLOW STATEMENT***Strong FCF*

<b>FY ending Dec (Bt m)</b>	<b>2023A</b>	<b>2024A</b>	<b>2025F</b>	<b>2026F</b>	<b>2027F</b>
Earnings before tax	(11,851)	14,654	24,815	9,248	10,626
Tax paid	(1,295)	(4,516)	(10,519)	(3,362)	(4,340)
Depreciation & amortization	25,121	32,028	31,294	32,657	33,947
Chg In working capital	5	4,727	(3,791)	(2,571)	(1,930)
Chg In other CA & CL / minorities	4,622	12,602	14,892	15,524	17,084
<b>Cash flow from operations</b>	<b>16,602</b>	<b>59,495</b>	<b>56,691</b>	<b>51,497</b>	<b>55,387</b>
Capex	(6,200)	(14,706)	(19,500)	(19,500)	(19,500)
Right of use	(5,638)	(7,168)	(6,282)	(5,973)	(6,059)
ST loans & investments	0	0	0	0	0
LT loans & investments	(510)	(9,289)	0	0	0
Adj for asset revaluation	(15,444)	(11,211)	0	0	0
Chg In other assets & liabilities	4,640	4,360	299	(341)	1,016
<b>Cash flow from investments</b>	<b>(23,152)</b>	<b>(38,014)</b>	<b>(25,483)</b>	<b>(25,814)</b>	<b>(24,543)</b>
Debt financing	(4,279)	(20,950)	(21,115)	(16,071)	(23,092)
Capital increase	(1,419)	0	(0)	0	0
Dividends paid	(3,566)	(4,742)	(10,037)	(9,612)	(7,752)
Warrants & other surplus	9,001	3,019	0	0	0
<b>Cash flow from financing</b>	<b>(264)</b>	<b>(22,673)</b>	<b>(31,152)</b>	<b>(25,683)</b>	<b>(30,844)</b>
<b>Free cash flow</b>	<b>10,403</b>	<b>44,789</b>	<b>37,191</b>	<b>31,997</b>	<b>35,887</b>

**VALUATION***Fairly valued in our view,  
with good dividend yield  
support*

<b>FY ending Dec</b>	<b>2023A</b>	<b>2024A</b>	<b>2025F</b>	<b>2026F</b>	<b>2027F</b>
Normalized PE (x)	na	9.3	6.8	10.5	10.0
Normalized PE - at target price (x)	na	10.2	7.5	11.5	11.0
PE (x)	na	9.0	6.8	10.5	10.0
PE - at target price (x)	na	9.9	7.5	11.5	11.0
EV/EBITDA (x)	20.8	9.2	7.8	9.5	8.8
EV/EBITDA - at target price (x)	21.4	9.4	8.0	9.8	9.1
P/BV (x)	0.7	0.7	0.7	0.7	0.6
P/BV - at target price (x)	0.8	0.8	0.7	0.7	0.7
P/CFO (x)	10.6	3.0	3.1	3.4	3.2
Price/sales (x)	0.3	0.3	0.3	0.3	0.3
Dividend yield (%)	0.0	4.8	6.6	4.3	4.5
FCF Yield (%)	5.9	25.5	21.2	18.2	20.4
<b>(Bt)</b>					
Normalized EPS	(1.3)	2.3	3.1	2.0	2.1
EPS	(0.6)	2.3	3.1	2.0	2.1
DPS	0.0	1.0	1.4	0.9	0.9
BV/share	28.5	29.2	31.1	32.0	33.2
CFO/share	2.0	7.1	6.7	6.1	6.6
FCF/share	1.2	5.3	4.4	3.8	4.3

Sources: Company data, Thanachart estimates

## FINANCIAL RATIOS

**Strong earnings in 2025F  
will be hard to beat**

FY ending Dec	2023A	2024A	2025F	2026F	2027F
<b>Growth Rate</b>					
Sales (%)	(4.6)	(0.9)	(0.3)	1.8	2.5
Net profit (%)	na	na	32.5	(35.1)	5.0
EPS (%)	na	na	32.5	(35.1)	5.0
Normalized profit (%)	na	na	36.8	(35.1)	5.0
Normalized EPS (%)	na	na	36.8	(35.1)	5.0
Dividend payout ratio (%)	0.0	43.0	45.0	45.0	45.0
<b>Operating performance</b>					
Gross margin (%)	9.6	14.6	16.4	13.4	13.4
Operating margin (%)	0.9	5.9	7.7	4.7	4.7
EBITDA margin (%)	5.2	11.4	13.1	10.2	10.4
Net margin (%)	(2.1)	1.5	2.6	0.9	1.1
D/E (incl. minor) (x)	1.7	1.6	1.4	1.3	1.2
Net D/E (incl. minor) (x)	1.6	1.5	1.3	1.2	1.1
Interest coverage - EBIT (x)	0.2	1.4	1.9	1.2	1.3
Interest coverage - EBITDA (x)	1.2	2.7	3.2	2.7	2.9
ROA - using norm profit (%)	na	2.1	3.0	1.9	2.0
ROE - using norm profit (%)	na	7.8	10.2	6.3	6.4
<b>DuPont</b>					
ROE - using after tax profit (%)	na	3.7	5.9	2.1	2.3
- asset turnover (x)	0.6	0.7	0.7	0.7	0.7
- operating margin (%)	na	6.8	8.4	5.4	5.3
- leverage (x)	3.7	3.6	3.4	3.3	3.2
- interest burden (%)	(86.8)	37.4	51.1	29.3	33.2
- tax burden (%)	na	61.3	60.0	60.0	60.0
WACC (%)	6.5	6.5	6.5	6.5	6.5
ROIC (%)	0.7	3.0	3.9	2.5	2.6
NOPAT (Bt m)	5,141	21,051	26,650	16,611	17,168
invested capital (Bt m)	693,028	679,348	674,053	665,177	651,980

Sources: Company data, Thanachart estimates

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The Dow Jones Sustainability Indices (DJSI) are a family of best-in-class benchmarks for investors who have recognized that sustainable business practices are critical to generating long-term shareholder value and who wish to reflect their sustainability convictions in their investment portfolios. The family was launched in 1999 as the first global sustainability benchmark and tracks the stock performance of the world's leading companies in terms of economic, environmental and social criteria. Created jointly by S&P Dow Jones Indices and SAM, the DJSI combine the experience of an established index provider with the expertise of a specialist in Sustainable Investing to select the most sustainable companies from across 61 industries. The indices serve as benchmarks for investors who integrate sustainability considerations into their portfolios, and provide an effective engagement platform for investors who wish to encourage companies to improve their corporate sustainability practices.

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90-100	▲▲▲▲▲	Excellent
80-89	▲▲▲▲	Very Good
70-79	▲▲▲	Good
60-69	▲▲	Satisfactory
50-59	▲	Pass
Below		N/A



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