

February 27, 2023

## COST TO RISE IN 2023

4Q22 net profit was B1.8bn (43% below forecast), plunging 65%qoq and 73%yoy. 4Q22 average pork and chicken prices fell qoq. 4Q was a low season for seafood business. 4Q22 gross margin fell to 11.0%.

We cut net profit forecast by 18% for 2023 and 21% for 2024 as profit margin missed forecast. We estimate net profit to grow 1%yoy but expect normalized profit to fall 16%yoy in 2023. Chicken and pork prices in Thailand and Vietnam are expected to drop as pork shortage subsides. New 2023 fair value is B26. 2022 PBV is only 0.7x. CPF's 2H22 dividend yield was 1.5%. BUY for medium- to long-term investment.

### KEY FINANCIAL FORECAST

Ending Dec 31	2021	2022	2023F	2024F	2025F
Net Profit	13,028	13,970	14,074	14,339	16,338
EPS (B)	1.58	1.69	1.70	1.74	1.98
EPS Growth (% yoy)	-49.9%	7.2%	0.7%	1.9%	13.9%
PER (x)	14.4	13.4	13.3	13.1	11.5
Dividend Yield (%)	2.9%	3.3%	3.3%	3.3%	3.5%
PBV (x)	0.9	0.7	0.7	0.7	0.7
ROE (%)	6.4%	5.9%	5.4%	5.4%	5.9%

Source: ASPS Research

### TECHNICAL CHART



Source: ASPS Research

### TECHNICAL COMMENT

CPF Price Trend: Sideways

Supportive: 22.50

Resistance: 24.00 / 25.50

## CPF

### REC.

### BUY

Current Price (B)	22.70
Target Price (B)	26.00
Upside (%)	14.5
Dividend yield (%)	3.3

### ESG RATING

Arabesque S-Ray	52.45
Moody's	43.00
MSCI	BBB
Refinitiv	65.10
S&P	84.79
Source: Settrade	

CG Score	Excellent
Anti-corruption	Certified

### CONSENSUS ANALYSIS

EPS (B)	ASPS	IAA Cons	% diff
2023F	1.70	1.89	-10%
2024F	1.74	2.11	-18%

Source: ASPS Research / IAA consensus

### RESEARCH DIVISION

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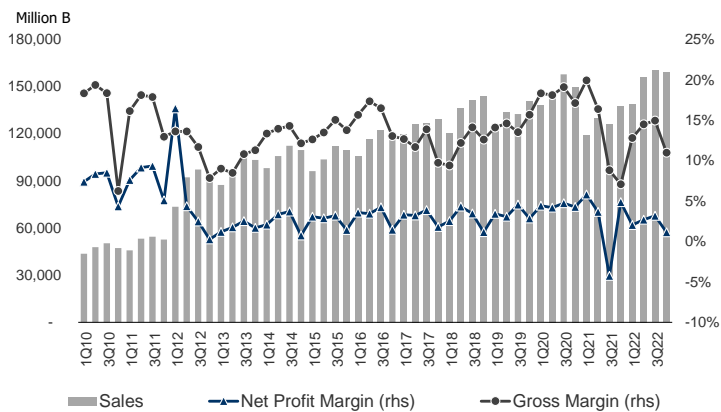


## EARNINGS RESULTS BY QUARTER

Million B	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	% qoq	% yoy	2022	2021	% yoy
Sales	119,346	129,638	125,940	137,781	138,887	155,996	160,266	159,048	-0.8%	15.4%	614,197	512,704	19.8%
Cost of Sales	(95,555)	(108,401)	(114,839)	(128,020)	(121,096)	(133,372)	(136,287)	(141,569)	3.9%	10.6%	(532,324)	(446,815)	19.1%
Gross Profit	23,791	21,236	11,101	9,761	17,791	22,624	23,979	17,479	-27.1%	79.1%	81,873	65,890	24.3%
SG&A	(11,684)	(12,297)	(13,127)	(13,772)	(12,124)	(13,564)	(14,385)	(14,928)	3.8%	8.4%	(55,001)	(50,880)	8.1%
Shared Profit from Associates	2,043	753	(1,266)	1,336	(336)	(793)	2,294	2,580	12.5%	93.1%	3,745	2,867	30.6%
Normalized Profit	7,083	3,829	(4,603)	(5,182)	554	3,217	5,577	1,486	-73.4%	n.m.	10,834	1,128	860.7%
Net Profit	6,945	4,737	(5,374)	6,720	2,842	4,208	5,108	1,812	-64.5%	-73.0%	13,970	13,028	7.2%
EPS (B)	0.84	0.57	(0.65)	0.81	0.34	0.51	0.62	0.22	-64.5%	-73.0%	1.69	1.58	7.2%
Gross Margin	19.9%	16.4%	8.8%	7.1%	12.8%	14.5%	15.0%	11.0%			13.3%	12.9%	
Net Profit Margin	5.8%	3.7%	-4.3%	4.9%	2.0%	2.7%	3.2%	1.1%			2.3%	2.5%	
SG&A/Sales	9.8%	9.5%	10.4%	10.0%	8.7%	8.7%	9.0%	9.4%			9.0%	9.9%	

Source : Financial Statement / ASPS Research

## PROFIT MARGIN BY QUARTER



Source : ASPS Research

## KEY RISK

1. If chicken and pork prices drop, CPF's income and net profit may drop.
2. If raw feed mill material prices (corn and soybean meal) rise, CPF's income and net profit may drop.
3. THB appreciation against USD may weaken CPF's net profit.

Source : ASPS Research



## 2022-2024F EARNINGS FORECAST

## Profit / Loss (Million B)

Ending Dec 31	2022	2023F	2024F	2025F
Sales	614,197	615,431	662,548	729,528
Cost of sales	(532,324)	(533,076)	(573,316)	(630,588)
Gross profit	81,873	82,355	89,233	98,940
SG&A	(55,001)	(55,389)	(59,629)	(65,658)
Interest expense	(20,358)	(24,775)	(27,286)	(29,307)
Shared profit from associates	3,745	6,500	8,000	10,000
Other income	4,821	5,050	5,050	5,050
Earnings before tax	15,080	13,742	15,367	19,026
Income tax	(3,792)	(2,748)	(3,073)	(3,805)
Minority interest	(454)	(1,919)	(1,955)	(2,883)
Normalized profit	10,834	9,074	10,339	12,338
Fx gain / loss	93	-	-	-
Sales of investment	2,553	5,000	4,000	4,000
Other extra items	490	-	-	-
<b>Net profit</b>	<b>13,970</b>	<b>14,074</b>	<b>14,339</b>	<b>16,338</b>
<b>EPS</b>	<b>1.69</b>	<b>1.70</b>	<b>1.74</b>	<b>1.98</b>
Normalized EPS	1.31	1.10	1.25	1.49
Sales growth (%)	19.8%	0.2%	7.7%	10.1%
Net profit growth (%)	7.2%	0.7%	1.9%	13.9%
Gross profit margin (%)	13.3%	13.4%	13.5%	13.6%
Net profit margin (%)	2.3%	2.3%	2.2%	2.2%

## Quarterly Profit / Loss (Million B)

	1Q22	2Q22	3Q22	4Q22
Sales	138,887	155,996	160,266	159,048
Cost of sales	(121,096)	(133,372)	(136,287)	(141,569)
Gross profit	17,791	22,624	23,979	17,479
SG&A	(12,124)	(13,564)	(14,385)	(14,928)
Interest expense	(4,469)	(4,360)	(5,494)	(6,035)
Shared profit from associates	(336)	(793)	2,294	2,580
Other income	686	1,259	1,188	1,687
Earnings before tax	1,547	5,167	7,582	784
Income tax	(839)	(1,686)	(2,015)	748
Minority interest	(154)	(264)	10	(46)
Normalized profit	554	3,217	5,577	1,486
Fx gain / loss	(41)	(208)	394	(52)
Sales of investment	1,595	681	28	249
Other extra items	734	519	(891)	128
<b>Net profit</b>	<b>2,842</b>	<b>4,208</b>	<b>5,108</b>	<b>1,812</b>
Sales growth (%yoy)	16.4%	20.3%	27.3%	15.4%
Net profit growth (%yoy)	-59.1%	-11.2%	-195.0%	-73.0%
Gross profit margin (%)	12.8%	14.5%	15.0%	11.0%
Net profit margin (%)	2.0%	2.7%	3.2%	1.1%

## Key Financial Ratio

Ending Dec 31	2022	2023F	2024F	2025F
Current Ratio (x)	0.87	0.94	0.94	0.96
Quick Ratio (x)	0.29	0.32	0.32	0.32
Account Receivables Turnover (x)	15.04	14.00	14.00	14.00
Inventory Turnover (x)	8.00	6.00	6.00	6.00
Account Payable Turnover (x)	11.17	12.00	12.00	12.00
Debt / Equity (x)	1.63	1.65	1.67	1.69
ROAA (%)	1.6	1.5	1.5	1.6
ROAE (%)	5.9	5.4	5.4	5.9

Source : ASPS Research



## 2022-2024F EARNINGS FORECAST (CONT.)

## Statement of Cash flows (Million B)

Ending Dec 31	2022	2023F	2024F	2025F
<b>Cash flows from operating activities</b>				
Net profit	14,424	14,074	14,339	16,338
Depreciation & Amortization	24,819	13,331	13,831	14,498
Unrealized Fx gain/loss	-	-	-	-
Increase / Decrease in operating activities	(30,420)	(19,659)	(18,777)	(20,854)
<b>Net cash flows from operating activities</b>	<b>33,544</b>	<b>9,665</b>	<b>11,348</b>	<b>12,865</b>
<b>Cash flows from investing activities</b>				
Increase / Decrease in related investment	(2,290)	(13,603)	(14,283)	(14,997)
Increase / Decrease in fixed assets	(27,256)	(13,000)	(15,000)	(20,000)
Others	3,540	-	-	-
<b>Net cash flows from investing activities</b>	<b>(25,723)</b>	<b>(26,603)</b>	<b>(29,283)</b>	<b>(34,997)</b>
<b>Cash flows from financing activities</b>				
Increase / Decrease in loans	22,444	30,000	30,000	30,000
Increase / Decrease in capital & share premium	-	-	-	-
Dividend paid	(5,996)	(6,192)	(6,192)	(6,605)
<b>Net cash flows from financing activities</b>	<b>(12,858)</b>	<b>23,808</b>	<b>23,808</b>	<b>23,395</b>
Fx impact	(721)	-	-	-
<b>Increase / Decrease in net cash</b>	<b>(5,759)</b>	<b>6,870</b>	<b>5,873</b>	<b>1,263</b>

## Balance Sheet (Million B)

Ending Dec 31	2022	2023F	2024F	2025F
Cash & deposits	32,950	39,820	45,693	46,956
Trade accounts receivable	43,221	43,959	47,325	52,109
Inventories	83,080	88,846	95,553	105,098
Net PP&E	276,664	276,333	277,502	283,004
<b>Total assets</b>	<b>926,987</b>	<b>964,175</b>	<b>1,012,111</b>	<b>1,064,355</b>
Trade account payable	50,964	44,423	47,776	52,549
Current liabilities	266,978	266,487	290,847	308,927
<b>Total liabilities</b>	<b>627,144</b>	<b>654,530</b>	<b>692,364</b>	<b>731,992</b>
Minority shareholders' equity	43,791	45,710	47,665	50,549
Shareholders' equity	256,053	263,935	272,081	281,814
Paid-up capital	8,611	8,611	8,611	8,611
Share premium	60,847	60,847	60,847	60,847
Retained earning	137,854	145,736	153,882	163,615
Legal reserves	929	929	929	929
Shareholders' reserves	136,925	144,807	152,953	162,686
<b>Total liabilities &amp; shareholders' equity</b>	<b>926,987</b>	<b>964,175</b>	<b>1,012,111</b>	<b>1,064,355</b>

## Key Assumptions

Ending Dec 31	2022	2023F	2024F	2025F
<b>Revenue Struture</b>				
- Domestic	26%	26%	26%	26%
- Export	5%	5%	5%	5%
- Overseas	69%	69%	69%	69%
Soybean meal price (B/kg)	22.5	23.0	22.0	22.0
Corn price (B/kg)	12.3	13.0	12.0	13.0
THB/USD exchange rate	35.0	35.0	35.0	35.0

Source : ASPS Research