

Charoen Pokphand Foods Public Company Limited

Company Rating:	A+
Issue Ratings:	
CPF106A: Bt2,000 million senior debentures due 2010	A+
CPF100A: Bt3,500 million senior debentures due 2010	A+
CPF117A: Bt3,800 million senior debentures due 2011	A+
CPF118A: Bt3,000 million senior debentures due 2011	A+
CPF120A: Bt2,500 million senior debentures due 2012	A+
CPF138A: Bt3,000 million senior debentures due 2013	A+
Up to Bt8,400 million senior debentures due within 2015	A+
Rating Outlook:	Stable

Rating History:	Company Rating	Issue Rating	
		Secured	Unsecured
22 Jun 2006	A+/Stable	-	A+
20 May 2005	A/Positive	-	A
12 Jul 2004	A/Stable	-	A
28 May 2004	A	-	A
1 Mar 2001	A+	-	A+

Rating Rationale

TRIS Rating affirms the company rating and the ratings of Charoen Pokphand Foods PLC's (CPF) debentures at "A+". At the same time, TRIS Rating assigns the rating of "A+" to CPF's proposed issue of up to Bt8,400 million in senior debentures. The new issue rating replaces the "A+" rating previously assigned by TRIS Rating on 30 October 2009 for the debentures of up to Bt8,000 million due within 2015, as CPF decides to increase the issue size by Bt400 million. The ratings reflect the company's leading position in the Thai agribusiness industry, product and market diversification, expanding overseas operations, and improving position in the packaged food industry. The ratings also take into consideration the company's low operating profit margins, volatile commodity prices, and exposure to disease outbreaks.

CPF is the largest agribusiness company in Thailand and is the flagship agribusiness company of the CP Group in Thailand. As of April 2009, Charoen Pokphand Group Co., Ltd. (CPG) and related companies held 41% of the company's shares. The company's business is divided into two major categories, livestock and aquaculture, each of which comprises feed, farm, and food. Fully-integrated operations help the products meet safety and traceability standards, which qualify the products for export to major importing countries, including the United States (US), Japan, and the European Union (EU).

Currently, revenue from the farm business contributed 47% of total sales, followed by animal feed (34%), and food products (19%). To reduce the commoditized nature of the products and stabilize cash flow, CPF focuses on building the CP brand and developing value-added products for both the domestic and export markets. CPF aims to increase the contribution from cooked and ready meal products to one-third of total sales within the next five years, while reducing the proportion of sales from the farm business. In addition to product diversification, the company has increasingly diversified its

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operations into many countries. The contribution from overseas operations has continuously increased from 6% of total sales in 2003 to 17.5% for the first nine months of 2009. Contributions from operations in Taiwan will be realized from October 2009 onwards.

CPF's financial profile remains healthy. Sales increased to Bt119,415 million for the first nine months of 2009, up by 2.8% from the same period of 2008, while net profit increased sharply by 186% to Bt8,080 million. Rise in profit came mainly from the recovery in its aquaculture business both domestic and overseas markets. Low grain and energy costs, better control of expenses, and the focus on value-added products also supported the strong rebound in profitability. The proceeds from the new debentures will be used to repay CPF's matured debentures and for business expansion.

Rating Outlook

The "stable" outlook reflects the expectation that CPF will be able to maintain its leading position in the dynamic global food industry. The decision to brand most products with the CP name is strategically important and should partially insulate the company from the cyclicity of prices for its basic products.

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