TRIS
TRIS RATING

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CreditNews ข่าวเครดิต
News for Investors
Announcement No. 548 24 June 2008

Charoen Pokphand Foods Public Company Limited

Company Rating:	A+
Issue Ratings:	
CPF097A: Bt1,200 million senior debentures due 2009	A+
CPF09NA: Bt3,500 million senior debentures due 2009	A+
CPF106A: Bt2,000 million senior debentures due 2010	A+
CPF10OA: Bt3,500 million senior debentures due 2010	A+
CPF117A: Bt3,800 million senior debentures due 2011	A+
CPF12OA: Bt2,500 million senior debentures due 2012	A+
Up to Bt6,000 million senior debentures due 2011 and 2013	A+
Rating Outlook:	Stable

Rating History:	**Company Rating**	**Issue Rating**	
		Secured	**Unsecured**
22 Jun 2006	A+	-	A+
28 May 2004	A	-	A
1 Mar 2001	A+	-	A+

Rating Rationale

TRIS Rating affirms the ratings of Charoen Pokphand Foods PLC (CPF) and its existing debentures at "A+". At the same time, TRIS Rating assigns a rating of "A+" to the company's proposed issue of up to Bt6,000 million in senior debentures. The ratings reflect the company's leading position in Thailand's agribusiness industry, its product and market diversification, increasing overseas operations, and improving position in the packaged food industry. The ratings also take into consideration the company's low operating profit margins, higher energy and grain costs, and the volatile price of commodities.

CPF is the largest agribusiness company in Thailand and is the flagship agribusiness company of the CP Group in Thailand. As of April 2008, Charoen Pokphand Group Co., Ltd. (CPG) and related companies held 40% of the company's shares. The company's business is divided into two major categories, livestock and aquaculture, which account for approximately 70% and 30% of total sales, respectively. For each category, the company's products include feed, breeding stock, live animals, meat, and branded food products. The company's fully-integrated operations help its products meet safety and traceability standards, which qualify them for export to major importing countries including the United States (US), Japan, and the countries of the European Union (EU).

To reduce the commoditized nature of its products and stabilize its cash flow, CPF continues to focus on building the CP brand and developing value-added products for both the domestic and export markets. Branded food products accounted for 6% of total sales in 2007 and in the first quarter of 2008. In addition to diversifying its range of products, the company has started operations in many new countries. Its most recent overseas operation, in Russia, is expected to start up in late 2008. The contribution from overseas operations has increased from 8% of total sales in 2003 to 16% in 2007.

In 2007, CPF's Thailand operation was negatively affected by a sharp drop in major product prices, increasing grain and energy costs, and the strengthening of the Thai baht. The poor performance of Thailand operation was partially mitigated by the strong performance of its overseas operations, which generated a consolidated net profit of Bt1,275 million for 2007. The company's operating results improved sharply in the first three months of 2008, due mainly to the strong rebound in the price of domestic livestock, especially broilers and swine. The company reported a net profit of Bt451 million for the first three months of 2008, compared with a net loss of Bt1,135 million for the same period in 2007. The improvement in domestic prices, enhanced efficiency, and better control of expenses should partially alleviate the pressure from rising grain and energy costs on profit margins for the remaining of 2008.

CPF's financial profile remains healthy. Its total debt to capitalization ratio increased slightly from 48.51% in 2006 to 50.04% in 2007 and to 50.70% in March 2008.

To mitigate the impact of the fluctuation of the Thai baht against the US dollar, approximately 30%-40% of the company's exports are now traded in the British pound and the Euro. Total export sales constituted 18% and 16% of total sales in 2007 and in the first three months of 2008, respectively, mainly to the EU. Rising grain costs, consumers' growing concerns regarding food safety, increased volatility in commodities markets, and changing trade agreements continue to be major risks for agribusiness companies.

Rating Outlook

The "stable" outlook reflects the expectation that CPF will be able to maintain its leading position in the dynamic global food market. The decision to brand most products with the CP name is strategically important and should partially insulate the company from the cyclicality of prices for its basic products. CPF's product and market diversification and economies of scale are expected to help improve its credit protection and generate more stable profits in the medium term.

Key Rating Considerations

Strengths/Opportunities

- Leading position in Thailand's agri-business industry
- Product and market diversification
- Full vertical integration
- Focus on value-added products and overseas expansion
- Management's ability to respond to the changeable business environment

Weaknesses/Threats

- Inherent volatility of commodity prices
- High grain and energy costs
- Exposure to outbreaks of diseases
- Stricter regulations imposed by importing countries
- Appreciation of Thai baht against US dollar

Corporate Overview

Founded in 1978, CPF is Thailand's largest agribusiness company and is generally considered to be the flagship agribusiness company of the CP Group. As of April 2008, CPG and related companies held 40% of CPF's shares. The company's business is divided into two categories, livestock and aquaculture, which accounted for 70% and 30% of total sales in 2007, respectively. Each segment is vertically integrated -- spanning feed production, breeding, animal farming, meat processing, and branded food products.

CPF has a market share of more than 50% in the shrimp feed market and a market share of approximately 40% in the animal feed market in Thailand. Its fully-integrated chicken operations help its products meet international standards, qualifying the company to export to Europe and Japan.

CPF started to invest overseas in 2002. Revenue from overseas operations accounted for 16% of total sales in 2007, while domestic and export sales from its Thai operations were 66% and 18%, respectively.

Recent Developments

- ***Russian investments to start operations in 2008***

The Russian operation, under Charoen Pokphand Foods (Overseas) LLC., will cover an animal feedmill and livestock farming. The investment costs for the feedmill and farm increased to approximately US$40 million or Bt1,200-Bt1,400 million, as the company doubled the capacity to 240,000 tonnes per year. Currently, the mill is under construction and is expected to start operations in late 2008. The Russian market is sizable with great demand. If the operation of the feedmill generates good performance, the company will consider further investments in this country.

- ***Expanded CP Fresh Mart network***

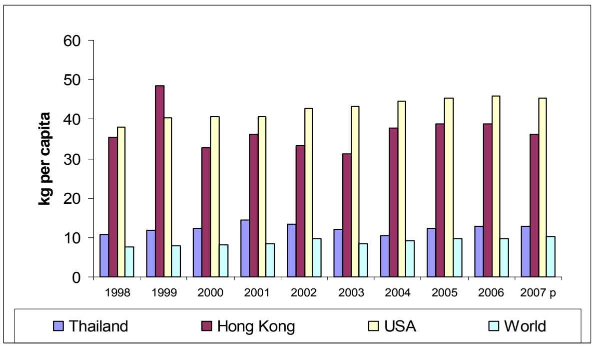
As CPF began to expand the range of branded food products, the company created its own retail distribution channel, CP Fresh Mart. There are currently approximately 400 stores and the company has a target of 700 stores by the end of 2008. CPF would then look to sell CP Fresh Mart franchises to enable the brand to reach 3,000 stores within five years.

INDUSTRY ANALYSIS

Chicken products:

Chicken products are a major source of meat protein for Thai people. Developments in technology for farm management and for meat processing have lowered chicken production costs, making chicken one of the most affordable foods. In 2007, Thai people consumed about 13 kilograms of chicken per capita. Per capita consumption has been rising, except in 2004 when the bird flu eruption caused the public to avoid consume all poultry products.

Chart 1: Broiler Consumption Per Capita



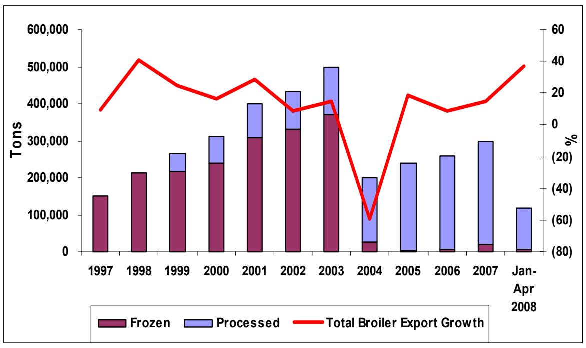
Source: United States Department of Agriculture

Chicken meat production is dominated by three countries, US, Brazil and China, which account more than half of world production. Large chicken producers are generally vertically integrated, covering feed production, farming, and meat processing. As a result of economies of scale, large producers are more cost-competitive.

Thai poultry production in 2007 was about 1.18 million tonnes, a 3.5% increase from 2006. Approximately 75% of broiler output is consumed domestically, with the rest exported to various countries, such as Japan and members of the EU. The Japan-Thailand Economic Partnership Agreement (JTEPA), which was signed on 3 April 2007 and took effect in November 2007, will reduce the Japanese import tariff from the current level of 6% to 3% in the sixth year of the treaty. This reduction is expected to increase export prospects.

After the bird flu outbreak in 2004, many countries banned frozen broilers exported from infected countries, including Thailand. Only processed chicken were allowed to be imported. However, after Thailand was able to control the spread of the virus, the export of frozen broilers has increased. Vietnam has been one of the major markets since the decrease of domestic production in 2006. In 2007, Thailand's broiler exports totaled 297,381 tonnes, comprising 19,903 tonnes of frozen broilers and 277,478 tonnes of processed broilers. In 2007, exports of frozen broilers increased sharply, rising by 148%; exports of processed broilers increased by 10.8% from 2006. During the first four months of 2008, Thailand's broiler exports increased continuously, rising by 36.91% from the same period in 2007. Exports of frozen broilers and processed broilers increased 53.3% and 35.9%, respectively.

Chart 2: Thailand's Broiler Exports



Source: Department of Trade Negotiations

Aquaculture:

Shrimp: Shrimp products are the top export earner among all Thai fishery products; more than 70% of shrimp production is exported. In recent years, shrimp production has shifted away from black tiger shrimp to white shrimp or vannamei shrimp, because of the latter's higher survivability. Vannamei shrimp now accounts for 99% of total shrimp production.

The major export markets for Thai shrimp are the US, (50% of total shrimp export volume in 2007), followed by Japan (16%) and the EU (9%). Total shrimp export volume from Thailand grew slowly, increasing by 5.9% in 2007 and 4.89% during January-April 2008 due partly to the appreciation of the Thai baht and the US economic slowdown.

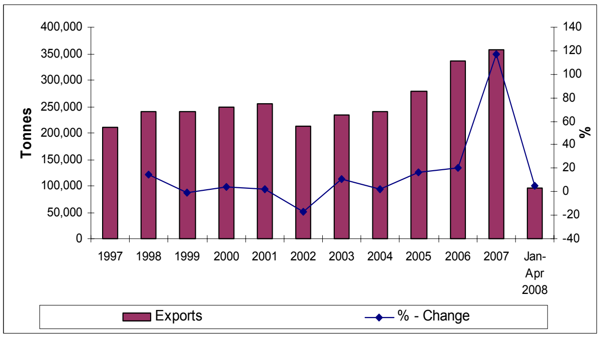
As of June 2008, shrimp exported to the US from five countries (Thailand, China, Vietnam, India, and Brazil) are subject to anti-dumping (AD) duties. Upon the preliminary results of the second review, Thailand's AD rate would be raised from an average of 5.95% to 6.09% for the period during 1 February 2006 to 31 January 2007. The final rate is set to be announced in September 2008. In another development, the World Trade Organization (WTO) recently issued rulings in avour of Thailand and India over the practices of continuous bonds (C-bond). C-bond is a measure imposed by the US Customs Border Protection Agency requiring importers to post 100% bank guarantee payments equal to the AD value of shrimp products imported from countries subject to AD duties. Immediate positive impacts from the rulings are not expected as the US may appeal the rulings.

Despite being under the trade barriers, TRIS Rating believes that Thai shrimp exporters still have competitive advantages and should be able to maintain the leading position in the US market as a result of its relatively lower AD rate than those of China, Vietnam, and Brazil, as well as established market presence and high product quality.

Apart from the import barriers, shrimp exports were partially affected by the US economic slow down triggered by the subprime mortgage crisis. According to the US Department of Agriculture's Foreign Agricultural Service (FAS), US imports of shrimp decreased by 5.7% in 2007 and 1.93% in the first quarter of 2008. Thai shrimp exports to the US decreased by 2.6% in 2007 and declined 11.82% in the first quarter of 2008. Despite the declining trend, Thailand is still the largest shrimp exporter to the US.

Shrimp exports to the EU, on the contrary, tell a brighter story. Since 1 January 2006, the EU's Generalised System of Preferences (GSP) rate has been reinstated for a 10-year period. Under GSP, the duty on frozen shrimp was reduced from 12% to 4.2% and the duty on processed shrimp was lowered from 20% to 7%. In 2007, Thai shrimp exports to the EU increased 98%, in volume terms, as a result of the resumption of GSP.

Chart 3: Thailand's Shrimp Exports



Source: Department of Trade Negotiations

Exports to Japan have also been encouraged under the JTEPA tariff reducing scheme. The import tariff on Thai shrimp fell to 0% in the first year following November 2007. This benefited Thailand, already one of the top shrimp exporters to Japan. In 2007, Japan's total imports of frozen shrimp, the largest segment of imported shrimp, declined 9.87% because of an economic slow-down. Exports of frozen shrimp from Thailand to Japan increased by 31.3% in 2007 and by 6.4% in the first quarter of 2008 due to concerns over food poisoning incidents from food imported from China.

BUSINESS ANALYSIS

CPF's strong business profile reflects its leading position in Thailand's agribusiness industry, its product and market diversification, and its fully integrated production process. The rollout of the CP brand for its packed food products should alleviate commodity price risks, while its overseas expansion will support geographical diversification.

- ***The flagship business of CP Group***

CPF's major shareholder is CPG, one of the largest conglomerates in Thailand, which has interests in approximately 10 industries. CPF is regarded as the flagship agribusiness company of the CP Group in Thailand. Certain covenants of CPF's debentures require CPG and/or its related companies to hold at least 20% of CPF's shares.

- ***Product and market diversification***

CPF's main products are animal feed, poultry, shrimp, swine, and branded food products. In 2007, Thai operations generated 84% of CPF's total revenue, with 29% from animal feed, 25% from poultry, 12% from shrimp, 9% from swine and 9% from other products. Overseas operations generated 16% of total sales. The proportion of CPF's revenue from animal feed from its Thai operations decreased from 37% in 2003 to 29% in 2007, and to 28% for the first three months of 2008, as a result of increasing contributions from other value-added products and overseas operations.

In addition to being vertically integrated, CPF has become geographically diverse. Revenue from export markets was in the range of 15%-20% of total sales during 2003-2007. Revenue from overseas operations doubled from 8% of total sales in 2003 to 16% of total sales in 2007. As a result, the company is now less reliant on the domestic economy.

The percentage of domestic contribution is trending downward. Domestic sales, which accounted for 72% of total revenue in 2003, declined to 66% in 2007. Income from the EU and Asia has become more important, accounting for 19.5% and 9.2% of total sales in the first three months of 2008, while revenue from the US market dropped to 2.3%. The increased proportion of sales to the EU is largely the result of the resumption of GSP privileges from the EU and the rebound of the company's chicken operations in Turkey.

Table 1: CPF's Revenue Breakdown by Product

Unit: %

Product	2004	2005	2006	2007	Jan-Mar 2008
Sales (Bt mil.)	91,790	113,374	124,931	134,809	33,864
Sales growth	10	24	10	8	16
Thailand Operation					
- Animal feed	32	30	31	29	28
- Poultry	28	30	27	25	26
- Shrimp	8	11	11	12	9
- Swine	13	12	10	9	12
- Branded food products	-	-	5	6	6
- Others	4	4	4	3	4
Overseas Operation	15	13	12	16	15
Total	**100**	**100**	**100**	**100**	**100**

Source: CPF

Table 2: CPF's Revenue Breakdown by Market

Unit: %

Market	2004	2005	2006	2007	Jan-Mar 2008
Thailand Operation					
- Domestic sales	70	68	70	66	69
- Export sales	15	19	18	18	15
Overseas Operation	15	13	12	16	16
Total	**100**	**100**	**100**	**100**	**100**

Source: CPF

Table 3: CPF's Revenue Breakdown by Country

Unit: %

Country	2003	2004	2005	2006	2007	Jan-Mar 2008
Thailand	71.3	69.1	67.3	68.9	66.1	68.8
EU	9.2	19.2	18.3	16.9	20.2	19.5
Asia	10.3	7.1	9.3	11.0	11.2	9.2
USA	8.7	3.9	4.1	2.4	2.0	2.3
Others	0.5	0.7	1.0	0.8	0.5	0.2
Total	**100**	**100**	**100**	**100**	**100**	**100**

Source: CPF

- ***Fully integrated operations in both chicken and shrimp***

Except for grandparent breeder stock, CPF's chicken operations have reached full vertical integration. With its own feed production, animal breeding, in-house and contract farming, and meat processing plants, the company has an advantage in being able to control quality and costs in all production processes, and has the flexibility to adjust the product mix.

Since the company succeeded in developing its own white shrimp breeder, CPF's shrimp business is now fully integrated. The traceability of shrimp products will be a major competitive advantage in export markets, just as it is for chicken products.

CPF continues to be the leader in both the shrimp feed and animal feed markets in Thailand. The company's share of the shrimp feed market is greater than 50%, and its market share for animal feed is approximately 40%. For the first quarter of 2008, the profit margins in the feed businesses were pressured by the high grain costs and the government control of feed prices. The company expects that price controls will be lifted soon. Generally, revenue from feed products provides the company with relatively stable margins.

- ***Chicken operations continue to grow***

CPF dominates the Thai chicken industry with a market share of approximately 25%-30%. As the largest producer, CPF benefits significantly from economies of scale. The company's installation of evaporative cooling systems in its chicken farms provides more favorable weather conditions for raising chickens, thus reducing chicken mortality and increasing growth and reproduction rates.

In 2007, CPF's sales of chicken in the domestic market declined slightly to Bt11,806 million, but total chicken sales were relatively stable at Bt24,607 million. The average domestic price improved from Bt26.75 per kilogram (kg.) in 2006 to Bt32.54/kg. in 2007. The selling price grew sharply in the first quarter of 2008 to Bt37.67/kg., due to higher production costs.

Table 4: CPF's Chicken Meat Sales

Unit: Bt million

	2004	2005	2006	2007	Jan-Mar 2008
Domestic sales	8,810	12,332	12,728	11,806	3,355
Export sales	9,039	10,878	11,913	12,801	3,010
Total chicken sales	17,849	23,210	24,641	24,607	6,365
Export volume (tonne)	60,383	73,466	79,826	90,356	21,253
Change (%)	-40	22	9	13	n.a.

Source: CPF

CPF's share of Thai chicken export volume increased from 18% in 2003 to 28% in 2007, as it has a stronger position in processed chicken than its competitors. The bans on imports of poultry from Thailand have been mainly imposed on frozen fresh poultry, while processed products can be exported to most major markets, including the EU and Japan. CPF's revenue from chicken export to the EU grew by 11% in 2007. CPF's chicken export volume in 2007 grew by 13%, compared with 15% growth for Thailand's chicken exports over the same period. If the compartmentalization practice in the broiler raising industry is accepted by the EU, the prospects for CPF's chicken exports will be brightened, especially for frozen fresh products.

- ***Domestic sales of shrimp dramatically increased***

Since the third quarter of 2006, domestic shrimp prices continuously declined due to oversupply. CPF has focused more on domestic sales of shrimp, which increased from Bt932 million in 2005 to Bt3,198 million in 2006 and to Bt5,479 million in 2007.

Table 5: CPF's Shrimp Meat Sales

Unit: Bt million

	2004	2005	2006	2007	Jan-Mar 2008
Domestic sales	2,474	932	3,198	5,479	891
Export sales	3,697	9,189	9,275	8,891	1,775
Total shrimp sales	6,171	10,121	12,473	14,370	2,666
Export volume (tonne)	11,240	37,559	35,720	33,867	6,934
Change (%)	-11	234	-5	-5	n.a.

Note: Figures in 2004 represent aquaculture meat sales
Source: CPF

CPF's shrimp export sales increased sharply by 152% in 2005, after the introduction of white shrimp. The export sales were maintained at approximately Bt9,000 million during 2005-2007. Shrimp export sales to the US decreased by 38% in 2006 and 8% in 2007, due to the AD tariff and increased costs associated with the guaranteed bond. Sales to the EU market, however, increased by 76% and 66% in 2006 and 2007, respectively, due to the resumption of GSP privileges.

- ***Move towards value-added products under the "CP" brand***

Pursuing a long-term strategy of focusing on value-enhanced products, CPF has partially insulated itself from the price fluctuations inherent in commodity-type products. CPF has adopted a one brand policy, with the "CP" brand to be used for all of its packaged products, both domestically and internationally. Revenue from branded food products accounted for 6% of total sales in 2007 and in the first quarter of 2008.

CPF's strategy to focus on processed chicken products is prudent, as it is a response to changing consumer preferences. This enables the company to avoid competition in commodity-like markets of frozen and fresh chicken, and allows the company to charge a premium for its products. The avian influenza outbreak has confirmed the benefits of its rigid farming standards and its focus on value-added products. The company has also penetrated the US consumer market via processed shrimp products, which are not subject to US AD policies.

- ***More expansion of overseas operations***

In addition to export markets, overseas operations partially mitigated the company's revenue and margin volatility. In 2007, while both revenue and margins for all domestic products decreased, the livestock operation in Turkey rebounded from the avian influenza outbreak. The gross margin for CPF's domestic livestock business dropped from 12.9% in 2006 to 11.1% in 2007, due to lower product prices and higher grain costs. At the same time, the gross margin for its overseas livestock business improved from 5.6% in 2006 to 16.9% in 2007. For the first three months of 2008, the gross margin for domestic livestock business improved to 13.8%, because of the increased price from the supply shortage and higher production costs. However, the world oversupply of shrimp pressured the gross margin of both the domestic and overseas aquaculture businesses.

In order to diversify sales, over the next three years, CPF plans to increase the contribution of revenue from overseas operations from 16% in 2007 to 20%-25%. The company's future expansion will focus on overseas operations in Russia, India, the Philippines, and Laos. The first step of its investments in each country will focus on the feed and breed businesses, which normally generate stable margins and less price volatility.

Table 6: CPF's Gross Margin by Business

Unit: %

Business	2004	2005	2006	2007	Jan-Mar 2008
Domestic					
- Livestock	8.8	17.0	12.9	11.1	13.8
- Aquaculture	17.7	16.8	16.1	12.9	9.5
Overseas					
- Livestock	12.6	14.2	5.6	16.9	8.2
- Aquaculture	9.3	16.7	21.0	16.9	7.3
Avg. gross margin	11.3	16.7	13.4	12.5	12.1

Source: CPF

FINANCIAL ANALYSIS

CPF's financial policy is moderately conservative. Its average debt to capitalization ratio of 43%-50% during the past five years is appropriate for the cyclical nature of agribusiness.

- ***Effect of Thai baht appreciation***

Although 18% of CPF's revenue in 2007 came from export markets, the effect of the appreciation of the Thai baht against the US dollar was partially mitigated by the proportion of imported raw materials in its production process, its strategy of trading in many currencies, and the purchase of forward contracts. Trading in other currencies, such as the British pound and the Euro, which depreciated less against the Thai baht than the US dollar, should alleviate the impact on the company. In 2007, the British pound and the Euro depreciated 1.0% and 0.3%, respectively, against the Thai baht, while the US dollar depreciated 8.9%. In 2007, approximately 60% of CPF's exports were in US dollars, followed by the British pound (30%), and the Euro (10%). By trading in these three currencies, in 2007, the company was able to reduce its losses from exchange rate fluctuation from 8.9% (100% traded in US dollars) to 5.67% (traded in mixed currencies).

Table 7: Foreign Exchange Rate

Currency	2003	2004	2005	2006	2007	Jan-Mar 2008
US$/Bt	41.46	40.23	40.23	37.88	34.52	32.38
Change (%) (YTD)	-3.6	-3.0	0.0	-5.8	-8.9	-6.2
£/Bt	67.77	73.67	73.13	69.78	69.08	64.05
Change (%) (YTD)	5.0	8.7	-0.7	-4.6	-1.0	-7.3
€/Bt	46.81	50.02	50.00	47.41	47.25	48.50
Change (%) (YTD)	15.4	6.9	0.0	-5.2	-0.3	2.6

Source: Bank of Thailand

- ***Leverage maintained at acceptable level***

CPF's total debt to capitalization ratio remained in the 43%-50% range over the past five years. As working capital needs grew to finance higher grain costs, the value of short-term loans increased from Bt21,925 million in 2006 to Bt24,471 million in 2007 and to Bt26,335 million for the first three months of 2008, thereby increasing the ratio from 48.51% in 2006 to 50.04% in 2007 and to 50.70% in March 2008. The proportion of short-term loans increased from 45% of total debt in 2005 to 55% of total debt in 2007, as short-term loans carry lower interest rates, which enables the company to lower overall financing cost. The company should be able to maintain its target debt to equity ratio of less than one times in the medium term.

- ***Profitability decreased, but expected to recover***

CPF's average gross profit margin during 1995-2001 was 15%. However, its average margin declined to approximately 12% during 2002-2004, mainly because of stricter regulations imposed in export markets and outbreaks of avian influenza. Disregarding the exceptionally strong rebound in 2005, its average gross margin in 2006-2007 slightly recovered to 13%, despite the return of the bird flu in many countries and lower prices for most domestic products.

Table 8: Highlight of CPF's Financial Performance

Unit: Bt million

	2003	2004	2005	2006	2007	Jan-Mar 2008
Sales	83,109	91,790	113,374	124,931	134,809	33,864
Gross profit	9,575	10,402	18,889	16,773	16,873	4,090
Gross margin (%)	11.5	11.3	16.7	13.4	12.5	12.1
Selling & admin.	7,754	9,201	12,167	14,510	15,890	3,791
EBIT	3,168	2,895	8,628	4,336	3,557	933
Interest	1,004	910	1,245	1,953	2,347	586
Net profit	2,242	1,237	6,747	2,510	1,275	451

Source: CPF

Due to high grain and energy costs in the first quarter of 2008, the company's gross margin declined slightly from 12.5% in 2007 to 12.1% for the first three months of 2008. It is expected that CPF should be able to adjust its product prices to reflect the increased costs, which will improve its profit margin for the rest of 2008.

However, the ratio of operating income before depreciation and amortization to sales increased from 3.84% in 2007 to 4.21% for the first three months of 2008, as the company was able to efficiently manage its selling and administration expenses.

- ***Capital expenditures of Bt4,000-Bt5,000 million per year during 2008-2010***

CPF plans to issue Bt6,000 million in senior debentures to repay the debentures and bill of exchanges that mature in 2008.

The company plans to spend approximately Bt4,500 million per year for capital expenditures during 2008-2010, mostly for overseas investments. With earnings before interest, tax, depreciation and amortization (EBITDA) of approximately Bt5,000-Bt8,000 million per year during the next three years, CPF's capital expenditures should be partly financed by internal cash generation.

Financial Statistics and Key Financial Ratios*

Unit: Bt million

	Jan-Mar 2008	------------- Year Ended 31 December ------------- 2007	2006	2005	2004	2003
Sales	33,864	134,809	124,931	113,374	91,790	83,109
Gross interest expense	586	2,347	1,953	1,245	910	1,004
Net income from operations	245	1,007	2,016	5,673	1,504	2,614
Funds from operations (FFO)	1,828	4,642	5,803	8,738	3,022	4,111
Capital expenditures	1,098	6,500	8,377	7,667	8,015	5,782
Total assets	104,342	102,546	95,735	89,098	72,218	64,721
Total debt	45,971	44,278	40,218	33,090	30,954	26,136
Shareholders' equity	44,709	44,215	42,680	43,789	31,629	30,504
Operating income before depre. and amort. as % of sales	4.21	3.84	4.81	8.75	4.14	5.15
Pretax return on permanent capital (%)	1.04 **	4.15	5.43	12.37	4.86	6.00
Earnings before interest, tax, depre. and amort. (EBITDA) interest coverage (times)	3.51	3.30	4.13	9.50	6.04	5.60
FFO/total debt (%)	3.98 **	10.48	14.43	26.41	9.76	15.73
Total debt/capitalization (%)	50.70	50.04	48.51	43.04	49.46	46.14

* *Consolidated financial statements*
** *Non-annualized*

Rating Symbols and Definitions

TRIS Rating uses eight letter rating symbols for announcing medium- and long-term credit ratings. The ratings range from AAA, the highest rating, to D, the lowest rating. The medium- and long-term debt instrument covers the period of time from one year up. The definitions are:

AAA The highest rating, indicating a company or a debt instrument with smallest degree of credit risk. The company has extremely strong capacity to pay interest and repay principal on time, and is unlikely to be affected by adverse changes in business, economic or other external conditions.

AA The rating indicates a company or a debt instrument with a very low degree of credit risk. The company has very strong capacity to pay interest and repay principal on time, but is somewhat more susceptible to the adverse changes in business, economic, or other external conditions than AAA rating.

A The rating indicates a company or a debt instrument with a low credit risk. The company has strong capacity to pay interest and repay principal on time, but is more susceptible to adverse changes in business, economic or other external conditions than debt in higher-rated categories.

BBB The rating indicates a company or a debt instrument with moderate credit risk. The company has adequate capacity to pay interest and repay principal on time, but is more vulnerable to adverse changes in business, economic or other external conditions and is more likely to have a weakened capacity to pay interest and repay principal than debt in higher-rated categories.

BB The rating indicates a company or a debt instrument with a high credit risk. The company has less than moderate capacity to pay interest and repay principal on time, and can be significantly affected by adverse changes in business, economic or other external conditions, leading to inadequate capacity to pay interest and repay principal.

B The rating indicates a company or a debt instrument with a very high credit risk. The company has low capacity to pay interest and repay principal on time. Adverse changes in business, economic or other external conditions could lead to inability or unwillingness to pay interest and repay principal.

C The rating indicates a company or a debt instrument with the highest risk of default. The company has a significant inability to pay interest and repay principal on time, and is dependent upon favourable business, economic or other external conditions to meet its obligations.

D The rating for a company or a debt instrument for which payment is in default.

The ratings from AA to C may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within a rating category.

TRIS Rating's short-term ratings focus entirely on the likelihood of default and do not focus on recovery in the event of default. Each of TRIS Rating's short-term debt instrument covers the period of not more than one year.The symbols and definitions for short-term ratings are as follows:

T1 Issuer has strong market position, wide margin of financial protection, appropriate liquidity and other measures of superior investor protection. Issuer designated with a "+" has a higher degree of these protections.
T2 Issuer has secure market position, sound financial fundamentals and satisfactory ability to repay short-term obligations.
T3 Issuer has acceptable capacity for meeting its short-term obligations.
T4 Issuer has weak capacity for meeting its short-term obligations.
D The rating for an issuer for which payment is in default.

All ratings assigned by TRIS Rating are local currency ratings; they reflect the Thai issuers' ability to service their debt obligations, excluding the risk of convertibility of the Thai baht payments into foreign currencies.

TRIS Rating also assigns a *"Rating Outlook"* that reflects the potential direction of a credit rating over the medium to long term. In formulating the outlook, TRIS Rating will consider the prospects for the rated company's industry, as well as business conditions that might have an impact on its fundamental creditworthiness. The rating outlook will be announced in conjunction with the credit rating. In all cases, the outlook assigned to a company will apply to all debt obligations issued by the company. The categories for *"Rating Outlook"* are as follows:

Positive The rating may be raised.
Stable The rating is not likely to change.
Negative The rating may be lowered.
Developing The rating may be raised, lowered or remain unchanged.

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