

Charoen Pokphand Foods Public Company Limited

Announcement No. 491

21 September 2007

Company Rating:	A+
Issue Ratings:	
CPF07NA: Bt2,500 million senior debentures due 2007	A+
CPF086A: Bt2,000 million senior debentures due 2008	A+
CPF09NA: Bt3,500 million senior debentures due 2009	A+
CPF097A: Bt1,200 million senior debentures due 2009	A+
CPF106A: Bt2,000 million senior debentures due 2010	A+
CPF117A: Bt3,800 million senior debentures due 2011	A+
Up to Bt6,000 million senior debentures due 2010 and 2012	A+
Rating Outlook:	Stable

Rating History:	Company Rating	Secured	Issue Rating	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 the ratings of "A+" to the company's proposed up to Bt6,000 million senior debentures. The ratings reflect the company's leading position in Thailand's agribusiness industry, its product and market diversification, and management's ability to respond to the changing business environment. The ratings also take into consideration the company's thin operating margins, the price volatility of commodities, and stricter regulations imposed by importing countries.

CPF is the largest agribusiness company in Thailand and is regarded as the flagship agribusiness company of the CP Group in Thailand. As of April 2007, Charoen Pokphand Group Co., Ltd. (CPG) and related companies held 39.66% of the company's shares. The company's business is divided into two major categories, livestock and aquaculture, which accounted for approximately 70% and 30% of total sales, respectively. For each category, its products include feed, farming, meat production, and branded food products. The company's fully-integrated operations help its products meet safety and traceability standards, qualified for export to major importing countries including the United States (US), Europe and Japan.

In order to reduce the commoditized nature of its products and stabilize its cash flow, CPF continues to focus on building the CP brand and initiating value-added products that target both the domestic and export markets. The contributions from overseas operations also increased from 8% of total sales in 2003 to 16% for the first six months of 2007.

CPF reported a net loss of Bt180 million for the first six months of 2007 due to a sharp drop in major product prices, increasing grain and energy costs, and the strengthening of the Thai baht. However, the situation has gradually improved as product prices began to recover since the second quarter of 2007. A strong rebound in the price of domestic livestock and strong prospects for exports should result in improved

performance for CPF for the remaining of the year.

To mitigate the impact of the appreciation of the Thai baht against the US dollar, approximately 30% of the company's exports are now traded in the British pound and the Euro. For the first six months of 2007, total export sales constituted 17% of total sales, 2% to the US, 9% to the EU, and 6% to other Asian countries.

Consumers' growing concerns regarding food safety, increased volatility in the commodities markets, changing government regulations, and the impact of trade agreements continue to be major risks for agribusiness companies, while rising grain costs will put more pressure on their profit margins.

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 stabilized profit in the medium term.

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