

**TRIS Rating Upgrades Current Ratings of “CPF” and Debentures to “A+” from “A”  
and Assigns New Issue Ratings at “A+” With “Stable” Outlook**

TRIS Rating Co., Ltd. has upgraded the ratings of Charoen Pokphand Foods PLC (CPF) and its existing senior debentures to “A+” from “A”. At the same time, TRIS Rating has also assigned the ratings of “A+” to CPF’s two proposed up to Bt5,000 million senior debentures. The rating outlook is “stable”. The ratings reflect CPF’s leading position in Thailand’s agribusiness industry, its diverse mix of products and markets, its full vertical integration, and management’s ability to respond to the ever-changing business environment. These strengths are partially offset by the inherent volatility of commodity prices, exposure to disease outbreaks, and stricter regulations imposed by importing countries.

The “stable” outlook reflects the expectation that CPF will be able to maintain its leading position in the changing global food market. The company’s competitive advantage is expected to be further strengthened after the completion of its new processed chicken plant and achievement of full vertical integration for its shrimp business. The decision to brand most domestic fresh products with the “CP” name is strategically important and should partially insulate the company from the cyclicity of prices for its basic products.

TRIS Rating reported that CPF is the largest agribusiness company and is regarded as the flagship agribusiness of the CP Group in Thailand. As of April 2006, Charoen Pokphand Group Co., Ltd. (CPG) and related companies held 39% of the company’s shares. CPF’s business is divided into two categories, livestock and aquaculture, which accounted for 73% and 27%, respectively, of total sales in 2005. The company’s fully-integrated chicken and shrimp operations help its products meet international standards, and its products are qualified for export to major importing countries including the United States (US), Europe and Japan.

TRIS Rating said that CPF’s 2005 performance improved significantly from its poor performance during 2003-2004, because of the strong rebound in prices for most products and easing of the panic surrounding the avian influenza outbreak in most countries. CPF’s sales increased by 24% from Bt91,790 million in 2004 to Bt113,374 million in 2005 and its net profit jumped by 446% from Bt1,237 million to Bt6,747 million. The occurrences of bird flu are expected to remain, but at a lesser degree, while the chicken industry has adjusted by exporting only cooked products. CPF’s exports of processed chicken were up by 29% in 2005 while domestic chicken sales grew by 40% as a result of the company’s successful strategy to focus more on the “CP” branding and value-added products. CPF’s aquaculture sales were up by 34% compared with 2004. Shrimp exports increased by 152% in 2005 as CPF benefited handsomely from the low anti-dumping rate for Thai shrimp exported to the US and the resumption of generalized system of preferences (GSP) privileges for the European Union market. -- End

**Charoen Pokphand Foods PLC (CPF)****Company Rating:**

Upgraded to “A+” from “A”

**Issue Ratings:**

CPF07NA: Bt2,500 million senior debentures due 2007

Upgraded to “A+” from “A”

CPF086A: Bt2,000 million senior debentures due 2008

Upgraded to “A+” from “A”

CPF09NA: Bt3,500 million senior debentures due 2009

Upgraded to “A+” from “A”

CPF106A: Bt2,000 million senior debentures due 2010

Upgraded to “A+” from “A”

Up to Bt5,000 million senior debentures:

- CPF#1/2006: senior debentures due 2009

A+

- CPF#2/2006: senior debentures due 2011

A+

**Rating Outlook:**

Stable

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