

## Charoen Pokphand Foods Public Company Limited

Announcement No. 322

20 May 2005

<b>Company Rating:</b>	A
<b>Issue Ratings:</b>	
CPF063A: Bt7,000 million senior debentures due 2006	A
CPF07NA: Bt2,500 million senior debentures due 2007	A
CPF09NA: Bt3,500 million senior debentures due 2009	A
Up to Bt4,000 million senior debentures	
- CPF#1/2005: senior debentures due 2008	A
- CPF#2/2005: senior debentures due 2010	A
<b>Rating Outlook:</b>	Positive

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

**Rationale** TRIS Rating affirms the ratings of Charoen Pokphand Foods PLC (CPF) and its debentures at "A". At the same time, TRIS Rating assigns the ratings of CPF's two proposed senior debentures totalling up to Bt4,000 million at "A". The ratings reflect the company's leading position in Thailand's agribusiness industry, its product and market diversification, its full vertical integration, and management's ability to respond to the ever-changing business environment. These strengths are partly offset by the inherent volatility of commodity prices, exposure to disease outbreaks, and stricter regulations imposed by importing countries.

CPF is the largest agribusiness company and regarded as the flagship agribusiness of the CP Group in Thailand. The company's business is divided into two categories, livestock and aquaculture, which accounted for 75% and 25% of total sales in 2004. Its fully integrated chicken operation helps its products meet international standards, qualifying it to export to Europe and Japan.

CPF's 2004 performance was adversely impacted by the bird flu outbreak in Thailand and other ASEAN countries. The occurrences of bird flu are expected to remain, but at a lesser degree, while the chicken industry has changed to export only cooked products.

During the first three months of 2005, CPF's performance improved significantly because of a strong rebound in the domestic price of livestock products. Though the sustainability of the current high prices remains a concern, the company's strategy to focus more on value-added products should partially insulate the company from the price volatility of its basic products.

**Rating Outlook:** TRIS Rating revises the outlook of CPF to "positive" from "stable". The "positive" outlook reflects the bright prospects of the shrimp business due to the low anti-dumping rate for Thai shrimp exported to the US compared with other countries. The company's competitive advantage is expected to be further strengthened after the completion of its new processed chicken plant and the achievement of full vertical integration for its shrimp business.

**TRIS Rating Co., Ltd.**

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