



Charoen Pokphand Foods Plc.

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Monthly Newsletter

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CPF expects continued improvement in financial performance following record-high revenue in Q2

Source: <https://mgronline.com/stockmarket>, 16 Aug 2022



Charoen Pokphand Foods Public Company Limited (CPF)'s quarterly revenue hit a new historic high at Bt155,996 million in the second quarter of 2022, or a 20% increase from the same period last year.

The leading food and agribusiness conglomerate, with investments in 17 countries and 40 export markets, showed a quarterly net profit of Bt4,208 million.

Thailand's operations contributed Bt50,980 million or 33% of total quarterly revenue, an increase of 17 percent year on year. Overseas operations generated Bt105,016 million or 67% of the total, up by 22% year on year. The revenue was boosted mainly by higher sales volume and an improvement in consumer demand following the lifting of COVID-19 restrictions in many countries.

The quarterly gross profit rose 7% on year to Bt22,624 million. However, the share of profit from investment dropped by Bt1,546 million on year, chiefly because the joint venture in China witnessed a lower pig price than in the previous year against higher raw material costs. The net profit in the second quarter thus decreased by 11% on year to Bt4,208 million.

Mr.Prasit Boondoungprasert, Chief Executive Officer of CPF, added that the second-half performance is expected to show continued growth momentum thanks to the relaxing of COVID-19 restrictions in many countries, a recent increase in pig prices in China, and CPF's emphasis on operational efficiency to maintain cost competitiveness. He foresaw that the emphasis on operational efficiency and adjustments in business models will propel continuous growth in the following years.

CPF's Board of Directors, at the meeting on 15 August 2022, resolved to pay an interim dividend of Bt0.40 per share for the first-half performance. (After the XD date on 30 August 2022), the list of shareholders eligible for the payment will be announced on 31 August 2022. The dividend is payable on 14 September 2022

CPF is confident that the full-year growth will exceed initial target, the second half's profit is better, pushing the swine business into the Ho Chi Minh stock market

Source: www.infoquest.co.th/2022/228119, 26 Aug 2022



Mr. Prasit Boondoungprasert, Chief Executive Officer of Charoen Pokphand Foods Public Company Limited (CPF), revealed that the sales trend in the year 65 is likely to exceed the company's target of 10% growth from the previous year resulting from sales revenue growth of 12% beating the company's target in the first half of the year. Moreover, the company continues to see signs of improvement in the second half of the year with the recovery of the Chinese market that restored the sales of chicken and pork. These factors will significantly support higher sales revenue in the second half of the year.

Another important factor is that pork prices in China that begun to recover to a profitable level. Therefore, in the second half of the year, loss from swine business in China will not be recognized. However, in 2Q22, profit was offset by the Chinese swine business loss of 2 billion baht. Currently, pork prices in China have risen to 21 CNY/kg follow the 12 CNY/kg in earlier which forced the company to suffer losses.

Regarding raw material costs for animal feed in the second half of the year, the pressure is likely to decrease as prices have gradually decreased especially the price of corn. The previous increase in feed costs was a result of speculation on commodity products in the futures market. With higher liquidity in the market, investors were driven to speculate in the market which resulted in higher animal feed prices. Presently, commodity price is starting to decline gradually. It is expected that 4Q22 will see a clearer reduction in animal feed costs.

As for the cost of energy in the second half of the year, oil prices is expected to stabilize or adjusted down with the global market price. However, another factor that the company follows is the rising cost of electricity since it affects the cost of production. But in the past, the company has slightly increased the pricing or reduced the product sizing in response to the rising cost to maintain profitability at a good level. We are confident that profitability in the second half of this year will be better than that of the first half.

"The average cost has increased by 10-20%, but it depends on the country. In Thailand, the cost increases by less than 10% with support from the government. Therefore, cost in Thailand does not increase as rapidly as that of the US where selling price increase instantaneously with costs. Nevertheless, we have adjust the price or portion to be consistent with the cost since our business requires a lot of volume, we need to balance in terms of pricing adjustment and portion sizing," said Mr. Prasit.

The company's investment in 2022 has been reduced to 15-16 billion baht from the normal investment budget of 25 billion baht/year. Due to the volatility of the economy, the company decided not to accelerate investment to maintain high liquidity. Investment this year will be used to increase the efficiency and improve the machines. Invest to expand swine farm and invest in building a Plant base factory to support exports to foreign countries, which will be completed and ready to start commercial production in April 2023.

Mr. Prasit said that Plant base food will be another line of food tech products that will be added as an alternative to expand to new customer bases, and it is also a product group that creates added value. Another product line in food tech that will help diversify risks for the company is the Cell base food, which might replace more of the traditional in the future since the taste and texture of the meat is very closes to real meat. The company had invested in two cell base food startups from Israel and the United States which will be expanding into the Asian market. The company will be involved in product development, as well as part of expanding the distribution network in the Asian market with partners in the future.

For the Chinese Swine Company or Chia Tai Investment Co., Ltd (CTI) that was planned to list in the Chinese stock market, the current progress is still in the process of seeking approval from the Chinese authorities. It is expected to move forward in the middle of the year '23. The swine business in Vietnam, namely C.P. Vietnam Corporation (CPV), is in the process of preparing for listing on the Ho Chi Minh Stock Exchange but may be delayed from the original schedule since they must consider the rules and regulations in accordance with the Vietnam officials. It is expected to move forward in the middle of '23 as it will be the first foreign company to list on the Ho Chi Minh Stock Exchange and also has the largest size.

CP Foods listed in ESG100 for the 6th year

Source: www.khaosodenglish.com , 25 AUG 2022



Charoen Pokphand Foods Public Company Limited (CP Foods) has been selected by ThaiPat Institute as one of the ESG100 listed companies, demonstrating promising performance in the area of Environment, social, and governance (ESG). This is the 6th time that the company is included in the prestigious list.

Prasit Boondoungprasert, Chief Executive Office at CP Foods, received the certification from Dr. Pipat Yodprudtikan, Director at ThaiPat Institute. From 851 listed companies that were reviewed by ThaiPat Institute, CP Foods has been selected as one of 100 outstanding ESG performers.

He says CP Foods integrates ESG into its sustainable growth strategy. This is also in line with CP Group's "3 Benefits" philosophy, to create positive impacts on the country where it is operated. This can be done by producing food products that are clean, safe, delicious, and nutritious while, taking good care of the environment and society. At the same time, it also encourages farmers, partners, and society to grow together. These impacts will eventually lead to the benefit of the company.

"I am very pleased and would like to thank ThaiPat Institute for recognizing the company's commitment to ESG in its business operations," said Mr. Prasit.

Also, the company announced its sustainability strategy and goals, CPF 2030 Sustainability in Action, aiming to create a better change and directly support 17 Sustainable Development Goals (SDGs)

Dr. Pipat Yodprudtikan said that being listed in the ESG100 for the sixth year reflects the company's commitment in ESG and it is a good role model in the food industry. He added that ESG principle is important to all the parties in supply chain, including SME businesses. Driving business with ESG principles is the duty of every organization.

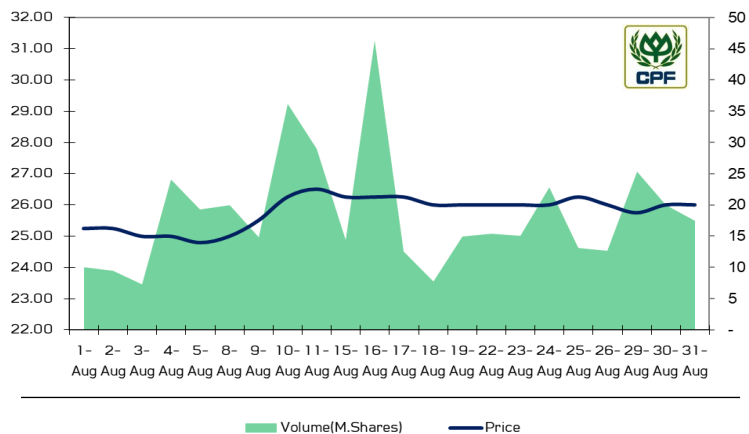
He also praised for its continuous commitment as one of the business leaders to drive Thailand's economy forward while taking ESG principles into account.

At the same forum, CP Foods also announced CPF Restore the Ocean to raise awareness in the ocean plastic waste crisis among employees and encourage recycling behavior in line with the Circular Economy.

Price Performances: CPF

Price (Baht)

Volume (Mil. shares)



August 2022	
Highest Price	26.50
Lowest Price	24.60
Closed Price	26.00
Average Volume/Day (Shares)	18,531,920



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