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### CPV exports the first shipment of processed chicken to Japan

Source : <https://english.vov.vn/en/economy/vietnam-exports-first-batch-of-processed-chicken-to-japan-post979662.vov> , 26 Oct. 2022



On October 25, 2022, CPV Food Company Limited (CPV Food) (a subsidiary of C.P. Vietnam Corporation(CPV)) held "The ceremony to announce the export of the first shipment of processed chicken meat to Japan". This shipment is steamed chicken produced exclusively for the Japanese market, co-developed with ITOCHU Corporation as a business alliance and partner of C.P. Group.

The ceremony was attended by representatives of the Ministry of Agriculture and Rural Development, the Ministry of Industry and Trade, Consulate General of Japan in Ho Chi Minh City, the Thai Embassy in Vietnam, the Department of Animal Health, Board of leaders of CPV, CPV Food, representatives of partners and customers from Japan and Korea, Binh Phuoc Province authorities and press agencies.

CPV Food is a subsidiary of CP Vietnam, both companies are located in Viet Nam. As of today, CPV Food's facilities in Binh Phuoc is one of the largest and the most modernize processed food production in Vietnam, located at Becamex Binh Phuoc Industrial Zone, Minh Thanh Commune, Chon Thanh District, Binh Phuoc Province. The company was inaugurated and started its operation in December 2020.

The Japanese market is one of the potential markets and the "destination" of many companies in exporting high quality food products. To export to Japan, CPV Food has always committed to 100% traceability of the entire supply chain from the source of feed ingredients to processing products. Along with world class standard best practices such as environment and animal welfare, etc., that meet all strict criteria of Japan and other importing countries.

To obtain this export achievement, the Department of Animal Health has coordinated with CPV Food to organize the implementation of programs to monitor poultry diseases, in conjunction with monitoring supply chains for food safety; and to implement veterinary hygiene requirements for the slaughterhouse and food safety production for further processing facilities so as to achieve safe and high-quality processed chicken for export that meet the requirements of Japan. The Japanese Ministry of Agriculture, Forestry and Fisheries (MAFF) had already sent a veterinary inspection team to CPV Food's production facilities, in Binh Phuoc, to evaluate the production chain of processed chicken for export, during May 31st, 2022 to June 3rd, 2022. On August 30th, 2022, the conclusion from the Japanese veterinary inspection team (MAFF) confirmed: the CPV Food Co., Ltd. has ensured veterinary hygiene requirements of MAFF to export to the Japanese market.

The first shipment of steamed chicken products, in the amount of 33.6 tons, will be exported to the Japanese market, on October 25, 2022. With the strength and successful experiences of C.P.Group in exporting poultry meat products for more than 20 years, CPV Food (Binh Phuoc) has set out and gradually realized the mission of "Improving the quality of Vietnamese food, contributing to put Vietnam on the map of exporting branded poultry meat to the world."

On the inauguration ceremony day, the Department of Animal Health has presented the Health Certificate for exporting food (Health Certificate) on this shipment to Japan to the representative of CPV Food. The program includes all delegates participated in "The ceremony to announce the export of the first shipment of processed chicken to Japan", visited the production area and enjoyed the product tasting produced by CPV Food.

Mr. Montri Suwanposri, President of C.P Vietnam Corporation said: "The export of the first shipment to Japan this time is the joy and honor of C.P. Vietnam and CPV Food, marking the success of the Feed- Farm- Food value chain of C.P. Vietnam, starting the journey to bring Vietnamese processed chicken products to the Japanese market, and continuing to export to overseas markets that the company currently has.

On this special occasion, once again, CPV Food would like to thank the Vietnamese government authorities and agencies, Japanese business partners, and customers that have been working so hard together for today to come. Hopefully, in the future this cooperation will be deepened and more developed, creating sustainable values between the parties."

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## CPF Forecast 3Q65F : Strong recovery in both YoY and QoQ

Source : <https://www.bangkokbiznews.com/finance/analysis/1033195> , 19 Oct. 2022



Operation in Thailand continues to improve, while China's operation is recovering. We expect CPF to report a 3Q22 net profit of Bt4.57bn (+9% QoQ from a net loss of Bt5.37bn in 3Q21)

Normalized Profit excluding the extraordinary profit of CPF jumped to 57% QoQ, which increased from the 3Q21 loss of 6.53 billion baht. The YoY increase in profit resulted from the Covid-19 recovery in Thailand and Vietnam that resulted in higher meat prices. We expect revenue to rise 28% YoY and 4% QoQ at Bt 162 billion baht. The rise in meat prices both in Thailand and Vietnam led to a 560 bps YoY increase in GPM and a 120 bps YoY drop in SG&A to sales based on economies of scale while we expect the fair value of biological assets to remain stable compared to a high loss in 3Q21 at 3.3 billion baht.

Operation in China was another key factor that boosted CPF's earnings both YoY and QoQ, as higher swine prices drove CTI's turnaround. From loss of Bt1.5bn in 3Q21 and Bt1.6bn in 2Q21, we expect profits from retail business and affiliates to increase to Bt1.63bn compared to the losses in 3Q21 and 2Q22 at Bt1.26bn and Bt793m, respectively. CPF's 9M65F net profit accounted to 74% of our full-year 2022 forecast.

*Earnings will slow down QoQ in 4Q65F, but the 2023F earnings outlook remains bright.*

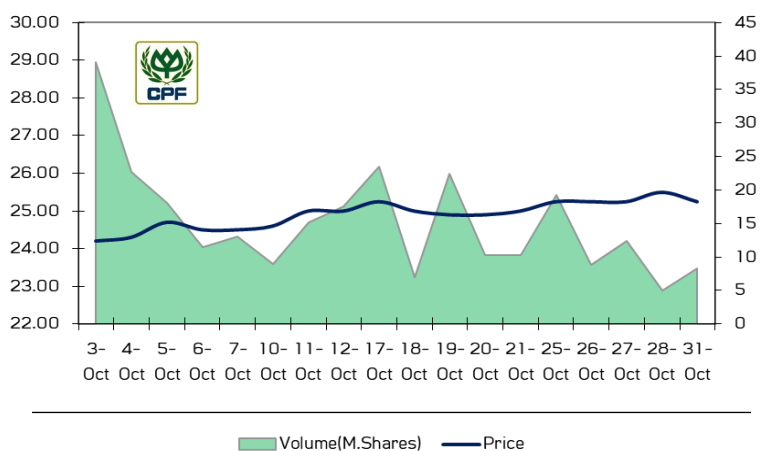
We expect that in 4Q65F the aquaculture business will suffer from higher costs, lower shrimp prices, and seasonal factors. Furthermore, we expect Vietnamese swine prices to decrease due to Swine Fever (ASF), therefore 4Q65F GPM is likely to decline QoQ. However, we remain optimistic on CPF 2023F normalized earnings, expecting a 21% YoY gain at 15.9 billion Baht, driven by CTI's performance turnaround and higher share of profits from the retail business.

### **Risks**

The cost of animal feed is still expensive. Global economic recession and meat price volatility.

## Price Performances: CPF

Price (Baht) Volume (Mil. shares)



October 2022	
<b>Highest Price</b>	<b>25.50</b>
<b>Lowest Price</b>	<b>24.10</b>
<b>Closed Price</b>	<b>25.25</b>
<b>Average Volume/Day (Shares)</b>	<b>15,188,500</b>



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