

## Charoen Pokphand Foods (CPF TB)

1Q26 Results Preview: Earnings Rise qoq; Awaiting Increase In China Swine Prices

### Highlights

- CPF is expected to report core earnings of Bt3,108m, an increase from Bt178m in 4Q25, but down from Bt8,314m in 1Q25.
- We are positive on CPF, as earnings have been projected to continue improving qoq in 2Q26, supported by the positive momentum in livestock prices and the gradual stabilisation of China's swine prices. We believe the negative news has been priced in.
- Upgrade to BUY. Target price: Bt25.00.

### Analysis

#### 1Q26 Results Preview

Year to 31 Dec (Btm)	1Q26F	1Q25	4Q25	yoy(%)	qoq(%)
Revenue	142,207	144,175	140,799	-1.4%	1.0%
Gross profit	19,909	26,667	17,878	-25.3%	11.4%
SG&A/Sales	12,184	12,241	13,614	-0.5%	-10.5%
EBIT	7,725	14,426	4,265	-46.5%	81.1%
Net profit	3,968	8,549	1,085	-53.6%	265.7%
Core profit	3,108	8,314	178	-62.6%	1646.4%
Core EPS (Bt)	0.37	0.99	0.02	-62.6%	1646.4%
Gross Margin (%)	14.0%	18.5%	12.7%	-4.5%	1.3%
%SG&A/revenue	8.6%	8.5%	9.7%	0.1%	-1.1%
Net Margin (%)	2.8%	5.9%	0.8%	-3.1%	2.0%

Source: CPF, Bloomberg, UOB Kay Hian

- **Expect 1Q26 earnings to rise qoq.** Charoen Pokphand Foods (CPF) is expected to report a net profit of Bt3,968m for 1Q26, an increase from Bt1,085m in 4Q25, but down from Bt8,549m in 1Q25. Excluding one-off items, 1Q26 core earnings are projected at Bt3,108m, up from Bt178m in 4Q25, but down from Bt8,314m in 1Q25.
- **Improvement profitability in 1Q26.** We expect the qoq earnings improvement to be driven by a higher gross profit margin of 14.0% in 1Q26, up from 12.7% in 4Q25, but down from 18.5% in 1Q25. The gross profit margin in 1Q26 is supported by higher livestock prices qoq in Thailand (swine prices flat qoq, while chicken prices + 9% qoq). In Vietnam, swine prices rose significantly to VND71,000/kg (+33% qoq) in 1Q26, driven by Tet seasonal demand and supply shortage.
- **Higher share of profit qoq.** We expect a slight qoq increase in share of profit, supported by improved contributions from Chia Tai Investment (CTI) and higher share of profit from CPALL.

#### Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	580,747.2	571,134.5	581,155.9	592,846.1	604,970.6
EBITDA	60,354.9	71,175.5	60,049.5	60,704.6	61,162.2
Operating profit	34,608.8	46,078.7	35,160.0	36,568.0	37,707.6
Net profit (rep./act.)	19,558.1	25,197.5	21,499.4	22,959.6	24,064.1
Net profit (adj.)	17,631.6	24,275.9	20,093.8	21,483.8	22,514.4
EPS	2.1	2.9	2.4	2.6	2.7
PE (x)	9.7	7.1	8.5	8.0	7.6
P/B (x)	0.8	0.8	0.8	0.7	0.7
EV/EBITDA (x)	10.8	9.1	10.3	9.8	9.4
Dividend yield (%)	0.0	0.1	0.0	0.1	0.1
Net margin (%)	3.4	4.4	3.7	3.9	4.0
Net debt/(cash) to equity(%)	175.0	195.4	172.3	154.8	138.6
Interest cover (x)	2.5	3.0	2.5	2.5	2.5
ROE (%)	9.4	12.6	10.4	10.8	10.9
Consensus net profit	n.a	n.a	19,578.4	22,005.2	23,135.8
UOBKH/Consensus (x)	n.a	n.a	1.0	1.0	1.0

Source: Charoen Pokphand Foods Plc., Bloomberg, UOB Kay Hian

**BUY** (Upgraded)

Share Price	Bt20.80
Target Price	Bt25.00
Upside	20.19%
Previous TP	Bt21.00

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#### Stock Data

GICS sector	Consumer Staples
Bloomberg ticker:	CPF TB
Shares issued (m):	8,159.4
Market cap (Bt\$m):	169,715.1
Market cap (US\$m):	5,215.6
3-mth avg daily t'over (US\$m):	17.6

#### Price Performance (%)

52-week high/low	Bt26.5/Bt18.7			
1mth	3mth	6mth	1yr	YTD
8.9	(3.7)	(8.8)	(11.9)	(4.6)

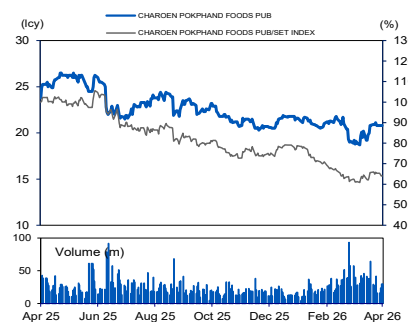
#### Major Shareholders

	%
Charoen Pokphand Group Co., Ltd.	25.02
Thai NVDR	10.40
UBS AG LONDON BRANCH	9.21

#### Balance Sheet Metrics

FY26 NAV/Share (Bt)	25.9
FY26 Net Debt/Share (Bt)	50.2

#### Price Chart



Source: Bloomberg

#### Company Description

CPF, which is Thailand's leading conglomerate, engages in the agro-industrial processing of feed, farm and food.

- Improving momentum in swine ASP.** We are positive on CPF as earnings are projected to improve qoq in 2Q26 and the positive momentum in livestock prices is expected to continue. Domestic swine prices increased to Bt70/kg in Apr 26, recovering from the lower average price of Bt60/kg in 1Q26, driven by supply tightening from government measures and hot weather conditions in Thailand. Chicken prices also strengthened, rising approximately 9% qoq to around Bt44/kg in Apr 26 from an average of Bt40/kg in 1Q26. In Vietnam, swine prices are expected to remain elevated at approximately VND65,000/kg.
- The downward trend of China swine prices will gradually stabilise.** China's swine prices decreased to around Rmb10-11/kg in 1Q26, (flat qoq but down 37% yoy), remaining slightly below breakeven levels. However, we expect a gradual qoq recovery in 2Q26, supported by China government-led supply stabilisation measures introduced in early-26, along with the second batch of central frozen pork reserves and storage policies scheduled in Apr 26. These factors should help stabilise domestic swine prices, indicating improving supply conditions and reinforcing our view that China's swine prices are likely to trend upward, particularly in 2H26.

### Valuation/Recommendation

- Upgrade to BUY with a target price of Bt25.00** based on 2026 EPS. We use the forward PE of CPF's five-year mean, at 10x. Livestock prices have shown upward momentum, with swine prices rising to Bt70/kg and broiler prices reaching Bt44/kg. We expect domestic livestock prices to continue trending upward into 2Q26, supported by supply constraints from hot weather conditions. In Vietnam, swine prices remain elevated at high levels. Meanwhile, although swine prices in China have recently declined, we anticipate a rebound following government measures aimed at controlling supply. Also, we opine that the negative news has already been priced in.

### Earnings Revision/Risk

- We have fine-tuned our 2026 earnings projections up by 5% to reflect the upward trend of domestic livestock prices.

### Share Price Catalyst

- a) Increase in China's and Vietnam swine prices, b) recovery of domestic swine and chicken prices, and c) a decline in raw material prices.

### Environmental, Social, Governance (ESG) Updates

CG Report: 5

SET ESG Rating: AAA

#### Environmental

- CPF aims to be a net zero company by 2050 and plans to reduce its greenhouse gas emissions from land use and fossil fuels by 30.3% and 42.0% respectively by 2030. The company plans to reduce its greenhouse gas emissions from land use and fossil fuels by 72% and 90% by 2050.

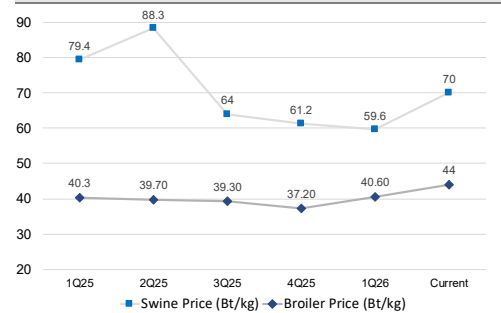
#### Social

- The company focuses on personnel development to train both ethical and talented employees. It pledges to improve employees' skills through lifelong learning.

#### Governance

- Good governance practices. CPF is committed to operating its business in accordance with good corporate governance policies. It received the "Excellent" rating on good corporate governance from the Thai Institute of Directors (IOD).

#### Domestic Swine & Chicken Price



Source: CPF, UOB Kay Hian

#### China Swine Price Trend



Source: CPF, UOB Kay Hian

#### Vietnamese Swine Price Trend



Source: CPF, UOB Kay Hian

### Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	571,135	581,156	592,846	604,971
EBITDA	71,176	60,049	60,705	61,162
Deprec. & amort.	25,097	24,890	24,137	23,455
EBIT	46,079	35,160	36,568	37,708
Total other non-operating income	5,034	4,778	4,927	5,082
Associate contributions	11,121	14,439	14,910	15,446
Net interest income/(expense)	(24,089)	(23,991)	(23,955)	(24,225)
<b>Pre-tax profit</b>	<b>37,279</b>	<b>30,386</b>	<b>32,450</b>	<b>34,011</b>
Tax	(8,635)	(6,077)	(6,490)	(6,802)
Minorities	(3,447)	(2,809)	(3,000)	(3,144)
<b>Net profit</b>	<b>25,197</b>	<b>21,499</b>	<b>22,960</b>	<b>24,064</b>
Net profit (adj.)	24,276	20,094	21,484	22,514

### Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
<b>Operating</b>	<b>71,565</b>	<b>61,901</b>	<b>51,569</b>	<b>52,184</b>
Pre-tax profit	37,279	30,386	32,450	34,011
Tax	(8,635)	(6,077)	(6,490)	(6,802)
Deprec. & amort.	25,097	24,890	24,137	23,455
Associates	11,121	14,439	14,910	15,446
Working capital changes	(13,600)	15,512	4,473	4,665
Other operating cashflows	20,304	(17,248)	(17,910)	(18,590)
<b>Investing</b>	<b>(9,550)</b>	<b>(19,982)</b>	<b>(20,022)</b>	<b>(20,062)</b>
Capex (growth)	(16,329)	(16,895)	(16,895)	(16,895)
Others	6,779	(3,087)	(3,127)	(3,167)
<b>Financing</b>	<b>(61,834)</b>	<b>(13,191)</b>	<b>(6,979)</b>	<b>(1,718)</b>
Dividend payments	(21,604)	(9,282)	(9,461)	(9,952)
Issue of shares	200	0	0	0
Proceeds from borrowings	45,556	(32,518)	(26,766)	(21,590)
Loan repayment	(50,481)	0	0	0
Others/interest paid	(35,506)	28,609	29,248	29,823
<b>Net cash inflow (outflow)</b>	<b>181</b>	<b>28,727</b>	<b>24,568</b>	<b>30,404</b>
<b>Beginning cash &amp; cash equivalent</b>	<b>24,032</b>	<b>23,371</b>	<b>52,098</b>	<b>76,666</b>
Changes due to forex impact	(1,252)	0	0	0
<b>Ending cash &amp; cash equivalent</b>	<b>22,962</b>	<b>52,098</b>	<b>76,666</b>	<b>107,070</b>

### Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Fixed assets	251,750	244,134	237,236	230,987
Other LT assets	418,293	421,603	424,995	428,464
Cash/ST investment	23,371	52,098	76,666	107,070
Other current assets	168,383	160,322	159,753	159,174
<b>Total assets</b>	<b>861,796</b>	<b>878,158</b>	<b>898,650</b>	<b>925,696</b>
ST debt	213,220	241,829	271,077	300,901
Other current liabilities	72,738	80,104	83,914	87,898
LT debt	264,920	232,402	205,636	184,046
Other LT liabilities	59,059	59,746	60,448	61,164
Shareholders' equity	232,752	244,969	258,467	272,580
Minority interest	19,108	19,108	19,108	19,108
<b>Total liabilities &amp; equity</b>	<b>861,796</b>	<b>878,158</b>	<b>898,650</b>	<b>925,696</b>

### Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
<b>Profitability</b>				
EBITDA margin	12.5	10.3	10.2	10.1
Pre-tax margin	6.5	5.2	5.5	5.6
Net margin	4.4	3.7	3.9	4.0
ROA	3.5	2.9	3.1	3.2
ROE	12.6	10.4	10.8	10.9
<b>Growth</b>				
Turnover	(1.7)	1.8	2.0	2.0
EBITDA	17.9	(15.6)	1.1	0.8
Pre-tax profit	33.3	(18.5)	6.8	4.8
Net profit	28.8	(14.7)	6.8	4.8
Net profit (adj.)	37.7	(17.2)	6.9	4.8
EPS	37.8	(17.2)	6.9	4.8
<b>Leverage</b>				
Debt to total capital	189.8	179.6	171.7	166.3
Debt to equity	205.4	193.6	184.4	177.9
Net debt/(cash) to equity	195.4	172.3	154.8	138.6
Interest cover	3.0	2.5	2.5	2.5

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