

Charoen Pokphand Foods (CPF TB)

3Q26 Results Preview: Sluggish Short-term Outlook, Livestock Price Upcycle Continues

Highlights

- CPF is expected to report 3Q26 core earnings of Bt2,352m, (-62% yoy and -49% qoq), pressured by lower profitability amid sluggish international livestock prices and a lower share of profit.
- Looking ahead, we see the short-term decline in livestock prices as an attractive accumulation opportunity. We reiterate our expectation of an earnings recovery theme from 4Q26 through to 1H27, on the back of the livestock price upcycle in key markets.
- Maintain BUY. Target price: Bt25.00.

3Q26 Results Preview

Year to 31 Dec (Btm)	3Q26F	3Q25	2Q26	yoy%	qoq%
Revenue	139,951	138,565	147,186	1.0%	-4.9%
Gross profit	19,173	22,910	22,051	-16.3%	-13.0%
SG&A/Sales	12,299	11,690	12,497	5.2%	-1.6%
EBIT	6,875	11,220	9,554	-38.7%	-28.0%
Net profit	2,252	5,186	4,076	-56.6%	-44.8%
Core profit	2,352	6,101	4,574	-61.5%	-48.6%
Core EPS (Bt)	0.29	0.73	0.55	-60.7%	-48.6%
Ratio (%)	3Q26F	3Q25	2Q26	yoy%	qoq%
Gross margin	13.7%	16.5%	15.0%	-2.8%	-1.3%
SG&A/Sales	8.8%	8.4%	8.5%	0.4%	0.3%
Net profit margin	1.6%	3.7%	2.8%	-2.1%	-1.2%

Source: Charoen Pokphand Foods Plc., UOB Kay Hian

Analysis

- 3Q26 earnings to be weaker than previous expectation.** Charoen Pokphand Foods (CPF) is expected to report a net profit of Bt2,252m for 3Q26 (-57% yoy and -45% qoq). Excluding one-off items, 3Q26 core earnings are projected at Bt2,352m, (-62% yoy and -49% qoq)
- Lower profitability in 3Q26 due to decreasing international livestock prices.** We expect gross profit margin to decline yoy and qoq to 13.7% in 3Q26, down from 16.5% in 3Q25 and 15.0% in 2Q26. This decrease should be driven by lower international livestock prices qoq in Vietnam and other markets due to seasonally lower demand. In 3Q36, Vietnam swine prices decreased to VND59,624/kg (-9% qoq, flat yoy).

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	580,747.2	571,134.5	573,866.0	585,342.4	597,221.5
EBITDA	60,354.9	71,175.5	61,441.4	62,344.3	63,618.2
Operating profit	34,608.8	46,078.7	36,551.8	38,207.7	40,163.6
Net profit (rep./act.)	19,558.1	25,197.5	16,478.3	21,205.9	24,603.1
Net profit (adj.)	19,039.2	25,773.6	16,478.3	21,205.9	24,603.1
EPS	2.3	3.1	2.0	2.5	2.9
PE (x)	9.3	6.8	10.7	8.3	7.2
P/B (x)	0.8	0.9	0.8	0.8	0.7
EV/EBITDA (x)	10.9	9.2	10.2	9.7	9.1
Dividend yield (%)	4.8%	6.0%	3.9%	5.3%	5.9%
Net margin (%)	3.4	4.4	2.9	3.6	4.1
Net debt/(cash) to equity(%)	175.0	195.4	178.9	159.7	141.8
Interest cover (x)	2.5	3.0	2.7	2.7	2.8
ROE (%)	9.4	12.6	8.1	10.1	11.3
Consensus net profit	n.a	n.a	18,940.0	22,407.7	23,260.1
UOBKH/Consensus (x)	n.a	n.a	0.9	1.0	1.1

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

Analyst(s)

Nichapa Ratchabandit

Nichapa@uobkh.co.th

+662 090 3366

BUY (Maintained)

Share Price	Bt21.10
Target Price	Bt25.00
Upside	18.48%
Previous TP	Bt26.00

Stock Data

Sector	Consumer Staples
Bloomberg ticker	CPF TB
Shares issued (m)	8,243
Market cap (Btm)	172,162.9
Market cap (US\$m)	5,125.3
3-mth avg daily t'over (US\$m)	18.7

Price Performance (%)

52-week high/low				Bt24.0/Bt18.6
1mth	3mth	6mth	1yr	YTD
(8.7)	(4.1)	5.0	(3.2)	(3.2)

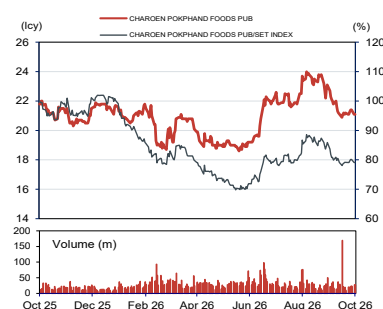
Major Shareholders (%)

Charoen Pokphand Group Co., Ltd.	25.9
Thai NVDR	50.2

Balance Sheet Metrics

FY26 NAV/Share (Bt)	25.2
FY26 Net Debt/Share (Bt)	50.8

Price Chart



Source: Bloomberg

Company Description

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

- **Lower share of profit qoq and yoy.** We expect share of profit to come in at Bt942m (-23% qoq and -62% yoy). Although we expect a higher share of profit from Chia Tai Investment (CTI) qoq, supported by an increase in China's swine prices to Rmb10.80/kg in 3Q26 from Rmb10.40/kg in 2Q26, this is expected to be offset by lower share of profit contributions from CPALL and CPAXT, both qoq and yoy, mainly due to losses from CPAXT's closure of non-performing stores.
- **Margin recovery to continue in 4Q26 due to livestock price upcycle.** Although domestic swine prices declined mom in Oct26 to Bt64-68/kg (-5.7% mom, +18% yoy), we see this as a short-term pressure due to softer demand during raining season, the vegetarian festival month, and flooding in Thailand. However, we reiterate our expectation of an upward trend in domestic livestock prices toward end-26 and 1H27, by: a) stronger demand following the festive season in 4Q26-1H27, and b) limited supply expansion in Thailand market. Similarly, we expect a rebound in Vietnam livestock prices in 4Q26-1H27 on the back of rising demand after sluggish prices in 3Q26. As a result, we expect margins to widen qoq in 4Q26-1H27.
- **Higher share of profit expected.** We foresee a recovery in share of profit in 4Q26 and 2027 from the contributions of: a) Chia Tai Investment (CTI), due to an expected improvement in its China swine business, and b) CPALL and CPAXT, due to its business transformation initiatives since 3Q26. Hence, we expect earnings to rise both qoq and yoy in 4Q26.

Valuation/Recommendation

- **Maintain BUY with a lower target price of Bt25.00 (previously Bt26.00)** based on 2027 EPS. We use the forward PE to the industry's five-year mean, at 10x. We anticipate an earnings recovery in 4Q26 through to 1H27 due to the upcycle in livestock prices in dominant markets. Overall, we project 2027 net profit to grow by approximately 30% yoy on the back of an improvement in gross profit margin and share of profit.
- We see the recent share price decrease driven by the short-term decline in livestock prices as an attractive accumulation opportunity.

Earnings Revision/Risk

- We have revised our 2026 and 2027 earnings forecasts down by 17.5% and 4% respectively to reflect: a) a lower-than-expected gross profit amid sluggish livestock prices in 2026, and b) a lower share of profit due to the slower-than-expected recovery in China swine prices.

Share Price Catalyst

- Increase in livestock prices (Thailand, China and Vietnam markets).
- Decline in raw material prices.
- High season in 4Q26 and Chinese New Year in 1Q27 which will drive consumption demand.
- Tighter supply following the flooding in Thailand.

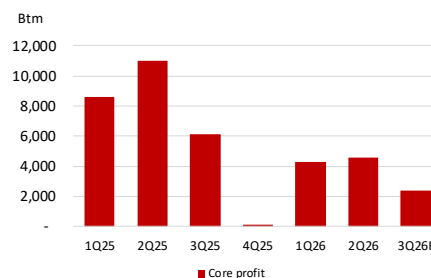
Environment, Social, Governance (ESG) Updates

CG Report: 5

SET ESG Rating: AAA

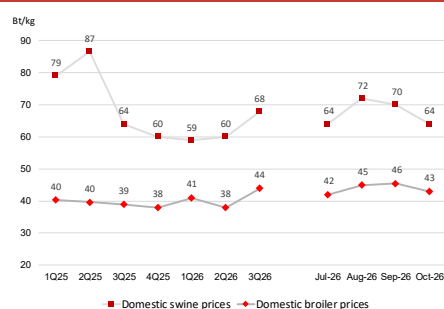
- **Environmental:** CPF aims to be a net zero company by 2050 and plans to reduce its greenhouse gas emissions from land use and fossil fuels by 30.3% and 42.0% respectively by 2030. The company plans to reduce its greenhouse gas emissions from land use and fossil fuels by 72% and 90% by 2050.
- **Social:**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

Core Profit Performance



Source: CPF, UOB Kay Hian

Domestic Livestock Prices Trend



Source: CPF, OAE, UOB Kay Hian

Vietnamese Swine Price Trend



Source: Pig333

China Swine Price Trend



Source: Pig333

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	571,135	573,866	585,342	597,221
EBITDA	71,176	61,441	62,344	63,618
Deprec. & amort.	25,097	24,890	24,137	23,455
EBIT	46,079	36,552	38,208	40,164
Total other non-operating income	5,034	4,656	4,656	4,656
Associate contributions	11,121	5,969	11,257	14,572
Net interest income/(expense)	(24,089)	(22,857)	(22,823)	(23,080)
Pre-tax profit	37,279	24,321	31,298	36,312
Tax	(8,635)	(5,594)	(7,199)	(8,352)
Minorities	(3,447)	(2,249)	(2,894)	(3,357)
Net profit	25,197	16,478	21,206	24,603
Net profit (adj.)	25,774	16,478	21,206	24,603

Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	71,565	57,563	49,753	52,660
Pre-tax profit	37,279	24,321	31,298	36,312
Tax	(8,635)	(5,594)	(7,199)	(8,352)
Deprec. & amort.	25,097	24,890	24,137	23,455
Associates	11,121	5,969	11,257	14,572
Working capital changes	(13,600)	16,195	4,411	4,603
Other operating cashflows	20,304	(8,218)	(14,150)	(17,929)
Investing	(9,550)	(19,982)	(20,022)	(20,062)
Capex (growth)	(16,329)	(16,895)	(16,895)	(16,895)
Others	6,779	(3,087)	(3,127)	(3,167)
Financing	(61,834)	(14,213)	(4,318)	(914)
Dividend payments	(21,604)	(10,304)	(6,800)	(9,148)
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
Net cash inflow (outflow)	181	23,368	25,414	31,684
Beginning cash & cash equivalent	24,032	23,371	46,738	72,152
Changes due to forex impact	(1,252)	0	0	0
Ending cash & cash equivalent	22,962	46,738	72,152	103,836

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	46,738	72,152	103,836
Other current assets	168,383	158,868	158,253	157,560
Total assets	861,796	871,344	892,635	920,848
ST debt	213,220	241,829	271,077	300,901
Other current liabilities	72,738	79,333	83,034	86,842
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	238,926	253,332	268,787
Minority interest	19,108	19,108	19,108	19,108
Total liabilities & equity	861,796	871,344	892,635	920,848

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	12.5	10.7	10.6	10.6
Pre-tax margin	6.5	4.2	5.4	6.1
Net margin	4.4	2.9	3.6	4.1
ROA	3.5	2.2	2.8	3.2
ROE	12.6	8.1	10.1	11.3
Growth				
Turnover	(1.7)	0.5	2.0	2.0
EBITDA	17.9	(13.7)	1.5	2.0
Pre-tax profit	33.3	(34.8)	28.7	16.0
Net profit	28.8	(34.6)	28.7	16.0
Net profit (adj.)	35.4	(36.1)	28.7	16.0
EPS	35.5	(36.1)	28.7	16.0
Leverage				
Debt to total capital	189.8	183.8	175.0	168.4
Debt to equity	205.4	198.5	188.2	180.4
Net debt/(cash) to equity	195.4	178.9	159.7	141.8
Interest cover	3.0	2.7	2.7	2.8

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