Charoen Pokphand Foods (CPF TB)

3Q26: Earnings Beat On Higher Share Of Profit From China Swine Business Restructuring

Highlights

- CPF reported 3Q26 net profit of Bt5.2b (+0.8% yoy, +28.2% qoq), significantly exceeding our estimate, mainly driven by higher-than-expected share of profit from the restructuring of its swine business in China.
- We remain positive on its 2027 earnings outlook on the back of: a) an upward livestock price cycle in Thailand and Vietnam, and b) lower losses from its China swine operations following the disposal of underperforming farms.
- Maintain BUY with a target price of Bt25.00

3Q26 Results

Year to 31 Dec (Btm)	3Q26	3Q25	2Q26	yoy%	qoq%
Revenue	149,120	138,565	147,186	7.6%	1.3%
Gross profit	20,013	22,910	22,051	-12.6%	-9.2%
SG&A/Sales	13,245	11,690	12,497	13.3%	6.0%
EBIT	6,768	11,220	9,554	-39.7%	-29.2%
Net profit	5,227	5,186	4,076	0.8%	28.2%
Core profit	6,847	6,101	4,574	12.2%	49.7%
Core EPS (Bt)	0.83	0.73	0.55	14.5%	49.7%
Ratio (%)	**3Q26**	**3Q25**	**2Q26**	**yoy%**	**qoq%**
Gross margin	13.4%	16.5%	15.0%	-3.1%	-1.6%
SG&A/Sales	8.9%	8.4%	8.5%	0.4%	0.4%
Net profit margin	3.5%	3.7%	2.8%	-0.2%	0.7%

Source: Charoen Pokphand Foods Plc., UOB Kay Hian

Analysis

- **Earnings beat on higher share of profit.** Charoen Pokphand Foods (CPF) reported 3Q26 net profit of Bt5.2b (+0.8% yoy, +28.2% qoq). Excluding one-off items (forex gains of Bt179m, biological assets losses of Bt54m, and impairment losses on investments of Bt1.7b), 3Q26 core profit came in at Bt6.8b (+12.2% yoy, +49.7% qoq). However, our core profit calculation excludes the one-off gain from the restructuring of its swine business in China following the disposal of underperforming farms. As the company has not disclosed the transaction value, we estimate a one-time gain of Bt6.0b-6.5b from the transaction. As a result, core profit may come in below both our and market expectations.
- **3Q26 gross profit margin down yoy and qoq.** Gross profit margin in 3Q26 came in at 13.4%, down from 16.5% in 3Q25 and 15.0% in 2Q26, mainly due to lower margins in the Thai and overseas livestock and aquaculture businesses. SG&A-to-sales increased to 8.9% in 3Q26, from 8.4% in 3Q25 and 8.5% in 2Q26, driven by higher salary expenses.

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 (%)	0.0	0.1	0.0	0.0	0.1
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	18,031.4	21,434.4	22,259.9
UOBKH/Consensus (x)	n.a	n.a	0.9	1.0	1.1

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

Analyst(s)

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BUY (Maintained)

Share Price	Bt20.20
Target Price	Bt25.00
Upside	23.76%

Stock Data

Sector	Consumer Staples
Bloomberg ticker	CPF TB
Shares issued (m)	8,159.4
Market cap (Btm)	164,003.5
Market cap (US$m)	4,856.2
3-mth avg daily t'over (US$m)	18.1

Price Performance (%)

52-week high/low				Bt24.0/Bt18.6
1mth	**3mth**	**6mth**	**1yr**	**YTD**
(4.7)	(8.2)	6.9	(5.6)	(7.8)

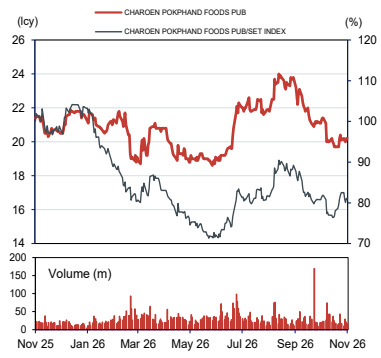
Major Shareholders (%)

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..

- **Share of profit increased due to restructuring of swine business in China.** In 3Q26, share of profit came in at Bt6.5b (+163% yoy, +431% qoq), supported by a one-off gain from the divestment of underperforming swine farms in China from CTI. However, the company did not disclose the transaction value. Meanwhile, share of profit from CPALL and CPAXT came in at Bt2.1b and -Bt50m respectively, on the back of a lower contribution from CPAXT following business transformation initiatives carried out in 3Q26.
- **Expect core earnings to recover in 4Q26 and 2027.** Domestic swine prices have continued to rise in Nov 26, reaching Bt70/kg (+3% vs 3Q26 and +17% vs 4Q25). Meanwhile, chicken prices have normalised to Bt42/kg (-4.5% vs 3Q26 but +11.7% vs 4Q25). On the cost side, corn prices have increased to Bt12.20/kg (+11.9% vs 3Q26 and +24.5% vs 4Q25), while soybean meal prices rose to Bt18.20/kg (+5.8% vs 3Q26 and +23.8% vs 4Q25).
- Nevertheless, we reiterate our expectation of an upward trend in Thailand and Vietnamese livestock prices toward end-26 and throughout 1H27, supported by: a) stronger demand during the festive season, and b) limited supply expansion, which should drive swine prices higher. As a result, we expect margins to improve yoy but remain stable qoq in 4Q26.
- In addition, we expect core share of profit to increase during 4Q26 to 2027, supported by: a) the recovery of CPALL and CPAXT following one-off expenses in 3Q26, and b) lower losses from the swine business in China from the divestment of underperforming swine farms in China.

Valuation/Recommendation

- **Maintain BUY with a target price of Bt25.00** based on 2027 EPS. We use the forward PE to the industry's five-year mean, at 10x.
- We remain positive on CPF, expecting an earnings turnaround in 2027 on the back of:
- Higher share of profit, supported by: i) lower losses from its China swine operations following an expected recovery in Chinese swine prices and the business restructuring initiated in 3Q26, from the disposal of underperforming swine farms, and ii) higher contributions from CPALL and CPAXT.
- A catalyst from the expected upward livestock price cycle in Thailand and Vietnam during 4Q26 to 1H27.

Share Price Catalyst

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

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).

Domestic Livestock Price Trend



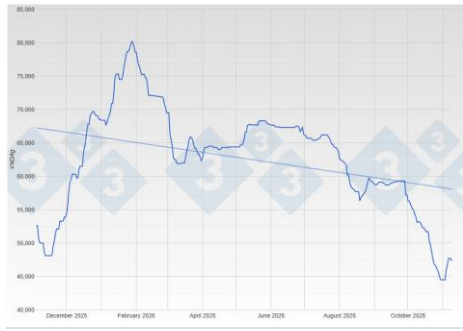
Source: CPF

Raw Material Price Trend



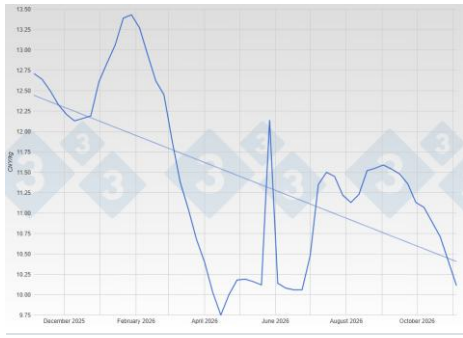
Source: CPF

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

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**

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**

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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