SECTOR UPDATE

Food – Thailand

Swine Downtrend Cycle Becomes Clear

We expect the swine downtrend cycle to persist, supported by the ongoing decline in swine prices. In addition, corn prices remain capped, limiting potential gross profit improvement from lower raw material costs. However, we expect the poultry business to be less affected, while US raw material imports could be a key catalyst for the food sector. Maintain MARKET WEIGHT. Top pick is GFPT.

WHAT'S NEW

- **Swine downtrend cycle becomes clear.** Domestic swine prices in Aug 25 mtd stand at Bt70/kg, down 19.2% and 7.9% from qtd 2Q25 and Jul 25 respectively. The decrease in swine prices is in line with our previous expectations as supply is still recovering from the African swine fever virus outbreak and weak domestic consumption in Thailand. However, we expect swine prices to become less volatile due to the controlling of supply from the large Thai swine producers who have entered an MOU to slow swine expansion.

- **Poultry remains resilient.** Aug 25 mtd chicken prices stand at Bt40.50/kg, +2% from qtd 2Q25 and -1% from Jul 25. The mom decrease is from the rainy season. Additionally, frozen, and processed chicken exports in Jul 25 grew by 9.8% yoy, marking 10 months of continuous expansion. Looking ahead, we still expect chicken prices to be less volatile than swine prices, supported by strong exports in 3Q25, especially processed food to the UK and Japan. However, we expect slower growth in frozen chicken exports since Brazil's avian influenza situation has started to improve, leading to a recovery in competition.

- **Continued softening of raw material prices.** Soybean meal prices were reported at Bt14.00/kg, down 13.2% and 7% from qtd 2Q25 and Jul 25 respectively. Corn prices stood at Bt9.85/kg, -9.2% from qtd 2Q25 and -14% from Jul 25 due to: a) selling pressure by farmers, who concerned about corn imports from the US, and b) the harvest season.

- **2H25 outlook pressured by soft livestock prices and capped corn prices.** 2H25 earnings are expected to soften hoh, following a decline in gross profit margin driven by the downtrend in swine prices. Several livestock players anticipate a recovery in 4Q25, supported by improving demand and reduced speculative activity from retailers. However, we remain cautious about a sharp drop in swine prices, and there are no clear catalysts to drive prices higher. For Vietnamese swine, we also expect hoh softening in 2H25 due to the resurgence of the African swine fever virus. Additionally, gross profit improvement is likely to be slower, constrained by capped corn prices.

ACTION

- **Maintain MARKET WEIGHT on the food sector.** We expect livestock players' earnings to drop qoq in 3Q25 from the expected decrease in gross profit margin on the back of: a) softened swine prices, which would pressure the earnings outlook for CPF, BTG and TFG, and b) corn prices remaining captured, limiting potential gross profit improvement. Nevertheless, the food sector still has some positive drivers, particularly from raw material imports from the US. Our top pick is GFPT, given that: a) it has no exposure to the swine downtrend, b) it benefits from lower raw material costs, and c) seasonal exports.

MARKET WEIGHT

(Maintained)

OUR TOP PICK

Company	Ticker	Rec	Current Price (Bt)	Target Price (Bt)
GFPT PCL	GFPT TB	BUY	9.70	15.50

Source: UOB Kay Hian

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PEER COMPARISON

Company	Ticker	Rec.	Last Price (Bt)	Target Price (Bt)	Market Cap (US$m)	Core profit 2024 (Btm)	Core profit 2025F (Btm)	Core profit 2026F (Btm)	PE 2024 (x)	PE 2025F (x)	PE 2026F (x)	P/B 2025F (x)	P/B 2026F (x)	ROE 2025F (%)	ROE 2026F (%)
Betagro	BTG TB	HOLD	17.40	18.50	1,036	2,288	7,270	4,465	14.7	4.6	7.5	1.0	0.9	24.0	12.8
Charoen Pokphand	CPF TB	HOLD	22.40	24.00	5,794	17,142	31,508	24,895	11.0	6.0	7.6	0.8	0.7	11.0	8.3
GFPT	GFPT TB	BUY	9.70	15.50	374	1,974	2,176	2,212	6.2	5.6	5.5	0.6	0.5	10.6	9.9
Thaifoods	TFG TB	BUY	5.05	7.20	905	3,466	8,685	6,042	8.5	3.7	5.3	1.4	1.2	44.5	24.5
Sector					8,109	24,869	49,638	37,614	11.0	5.5	7.2	0.9	0.8	16.4	10.8

Source: GFPT, UOB Kay Hian

2Q25 EARNINGS RECAP AND COMMODITIES PRICES

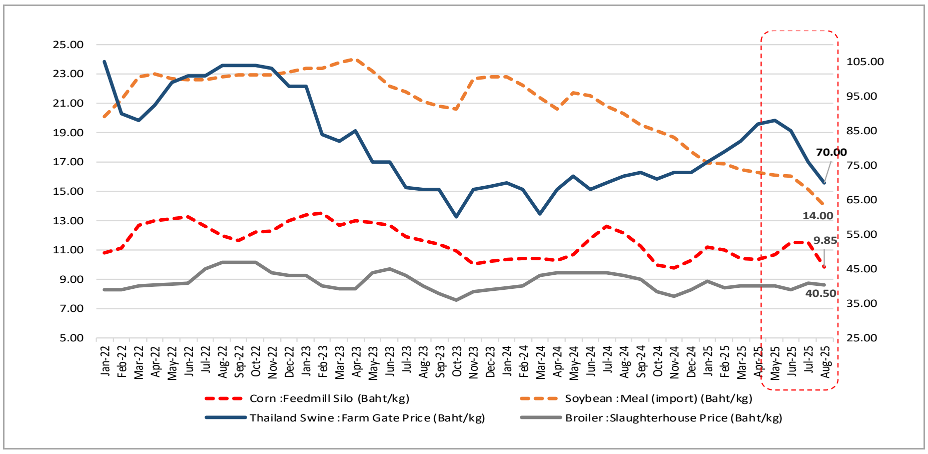
Company	2Q25	2Q24	1Q25	yoy change%	qoq change%
CPF	10,377	6,925	8,549	49.8%	21.4%
BTG	2,594	628	1,898	313.1%	36.7%
TFG	2,552	855	2,037	198.5%	25.3%
GFPT	642	583	638	10.1%	0.6%
Total	16,165	8,991	13,122	79.8%	23.2%
ASP's prices (Baht/kg)					
Thai Swine	86.7	69.3	79.0	25.0%	9.7%
Broiler	39.7	44.0	40.3	-9.8%	-1.6%
Vietnamese swine	65,409	62,848	68,449	4.1%	-4.4%
Raw material prices (Baht/kg)					
Corn	10.85	10.93	10.87	-0.7%	-0.2%
Soybean meal	16.13	21.27	16.78	-24.2%	-3.9%

Source: CPF, BTG, TFG, GFPT, UOB Kay Hian

- **Commerce Ministry sets domestic corn purchase prices at Bt7.05–9.80/kg.** The Ministry of Commerce issued a notice to determine the purchase price of corn, effective 29 Aug 25, to solve the problem of low prices. The purchase price of corn at 30% moisture and 14.5% moisture are set at Bt7.05/kg and Bt9.80/kg, respectively. The current purchase price offered is around Bt9-10/kg. In addition, feed mills are required to report their corn purchase and stock levels, which will be used to determine import wheat approvals under the 3:1 measure ASEAN free trade area quota. We expect the swine business to see a softer gross profit margin qoq in 3Q25. Meanwhile, the poultry business is likely to see a further improvement in gross profit margin in 3Q25.

- **Demand and supply of corn in Thailand.** Currently, Thailand produces around 5m tonnes of corn annually, while domestic demand stands at 9m tonnes, with the shortfall being made up for with imports from Myanmar. Looking ahead, we will monitor the potential development of US raw material imports, as US corn prices are approximately 10–20% lower than domestic prices.

COMMODITIES PRICES TREND



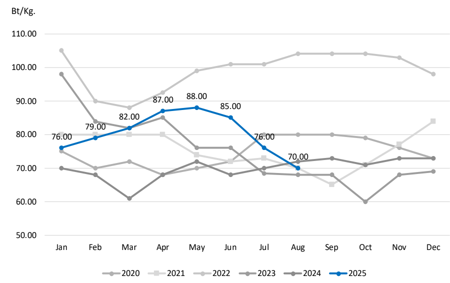
Source: CPF, UOB Kay Hian

CORN PRICES TREND

Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2016	9.10	8.65	8.50	8.45	8.60	9.50	9.20	8.70	8.00	8.00	8.00	8.00
2017	8.00	8.00	8.00	8.00	8.00	8.40	8.50	8.40	8.20	8.00	8.15	8.80
2018	9.60	9.75	10.30	10.70	10.50	10.45	9.50	8.70	8.85	9.70	10.10	10.10
2019	9.95	9.50	9.20	9.00	8.85	9.05	9.15	9.20	9.10	8.95	9.05	8.80
2020	8.75	8.50	8.50	8.85	8.80	9.00	9.10	9.20	9.60	9.15	9.00	9.10
2021	9.15	9.55	9.40	9.25	9.35	9.85	10.40	10.00	10.35	11.05	10.70	10.55
2022	10.80	11.10	12.65	13.00	13.10	13.25	12.60	12.00	11.65	12.25	12.30	12.98
2023	13.40	13.50	12.70	13.00	12.85	12.70	11.90	11.65	11.40	10.95	10.05	10.25
2024	10.36	10.40	10.40	10.30	10.70	11.80	12.60	12.15	11.25	9.95	9.75	10.30
2025	11.20	11.00	10.40	10.35	10.70	11.50	11.50	9.85				
Avg	*10.03*	*10.00*	*10.01*	*10.09*	*10.15*	*10.55*	*10.45*	*9.99*	*9.82*	*9.78*	*9.68*	*9.88*

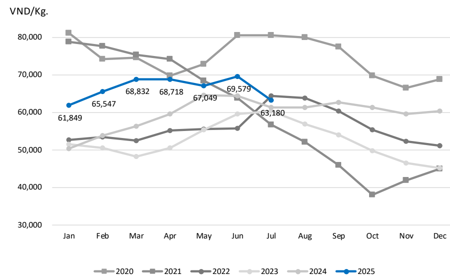
Source: CPF, UOB Kay Hian

DOMESTIC SWINE PRICES



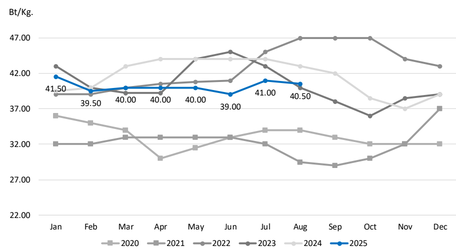
Source: CPF

VIETNAMESE SWINE PRICES



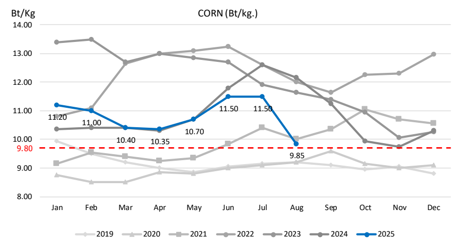
Source: CPF

DOMESTIC CHICKEN PRICES



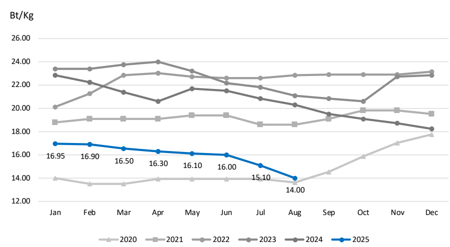
Source: CPF

DOMESTIC CORN PRICES



Source: CPF

DOMESTIC SOYBEAN MEAL PRICES



Source: CPF

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