



Stocks in Focus on 14 August 2019: CPF and TACC

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Kaohoon Online has selected two stocks with a potential of high growth for investors to consider on August 14, 2019.

Kingsford Securities recommended “**Gradually Buy**” Charoen Pokphand Foods Public Company Limited (**CPF**) share with the Bloomberg Consensus target price of **B33.50/share**. CPF reported 2Q2019 profit of THB 4,104 million, decreasing 30% YoY, 4% QoQ which was higher than the market had expected at 54%. The high growth of core operating profit was at THB 4,827, increasing 44% YoY, 10% QoQ. However, if the 2Q2019 profit excluded a provision of employee benefit with a total of THB 1,812 million, the net profit would be THB 5,916 million, increasing 0.4% YoY, 38% QoQ.

Kingsford stated that CPF has grown from a strong gross margin which has widened from 12.2% in the 2Q2018 to 13.9%. The strong gross margin has continued to grow from 1Q2019 the same as an increase in the price of pork in Thailand’s Market while the price of raw material and feed was cheap. Therefore, Kingsford expected the 2H19 of CPF to grow continuously due to the Chinese and Vietnamese pork prices has recovered from a decrease in pork supply after AFS has eased up.

Finansia Syrus Securities recommended **"BUY"** T.A.C Consumer Public Company Limited (**TACC**) share with the target price of **B6.00/share**. Finansia said that TACC profit was better than the analyst had expected and made a new high at THB 43 million, increasing 30%QoQ, 105% YoY. The TACC's gross profit margin was 31.1% from 29.6% in 1Q1018 and 29.4% in 2Q2018 which was better than Finansia had expected. A rise of gross profit margin was due to a good product mix and having economy of scale from a good sales of beverages in every channel.

Therefore, Finansia expected a 1H2019 profit to grow 90% YoY or 53% of a whole year profit which expected to earn THB 143 million, increasing 109% YoY. Finansia believed that a 2H of TACC will continue to grow. Currently, TACC pays THB 0.10/share or 2.2% of the dividend yield. The ex-dividend date will be on 26 August.