



Charoen Pokphand Foods Plc.

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CPF sees 10 percent sales growth, big rise in net profit

The Nation, February 27, 2014



Charoen Pokphand Foods is confident 2014 will be a good year for the company, with strong performance in terms of both total sales and net profit, even as the country is still faced with political turmoil.

Adirek Sripratak , CPF's president and chief executive officer, said total sales were projected to grow by at least 10 per cent to more than Bt450 billion this year. He declined to project net profit, but said it would grow significantly over the disappointed earnings result in 2013.

Last year, sales grew 9 per cent to about Bt389.25 billion, while net profit dropped 60 per cent to Bt7 billion, the lowest in 10 years of the company's operation. However, if combined with acquiring stakes in three companies abroad, the firm's accounting balance posed a net-profit drop of 30 per cent.

The serious spread of early mortality syndrome (EMS) had a big impact on shrimp production, while an oversupply of chicken and pork in Vietnam, Turkey, India and Thailand, amid a sharp rise in the cost of raw materials, was also blamed for the drop in profit.

In general, CPF's business performance has posted annual growth of 10-15 per cent.

Last year, it acquired 60 per cent of CP-Meiji, 69.7 per cent of a pig farm in Russia (RPBI), and 80 per cent of Top Foods, a high-tech meat processor in Belgium.

Recently, the firm also announced an investment in BHJ, a leading international supplier in Sweden, by purchasing a 29 -per-cent stake.

Adirek said performance would be boosted this year by a drop in raw-material costs, rising prices of meat products, and an easing of the EMS problem. More important, Japan has cancelled a ban on fresh chicken meat from Thailand imposed years ago over fears of bird-flu contamination.

The firm has not directly suffered any impact from the political chaos. Adirek said food was still a basic human necessity and people had to eat every day regardless of their politics. That stands in contrast to big-ticket products such as cars and houses, on which people may delay purchases. And in any case, domestic sales make up only 34 per cent of the total for CPF.

"In reality, although the economy has been on a rising trend, our food business has not shown a significant jump. The fact is people still eat only three meals [a day], not six or 10, along with economic prosperity," he said.

The company has focused on securing its sustainability for the long term, integrating its business from upstream to downstream and creating a strong value chain. Acquiring stakes in other companies would also help strengthen its related businesses. Over the next five years, the firm will eye foreign markets to consolidate its performance. Sales overseas, which include exports from Thailand and its plants in other countries, are projected to increase to 75 per cent of the total, from 66 per cent at present.

Total sales over the next five years are projected to reach Bt700 billion. CPF has an investment budget of Bt50 billion for the period, more than half of which is to go into foreign markets. To date, the firm has invested in 12 nations worldwide, covering 3 billion people. Its exports from Thailand are shipped to 40 nations, especially to Europe, North America and Japan.

CPF approved the second dividend payment for the year 2013 of Baht 0.25

Charoen Pokphand Foods Public Company Limited would like to inform that the Board of directors' Meeting convened on February 24, 2014 pass the significant resolutions as follows:

1. Proposal of the dividend payment to the Annual General Shareholders' Meeting No.1/2013 for approval from the Company's operating results of the year 2013 at Baht 0.50 per share in total. In this regard, the Company already paid the first dividend payment to shareholders as an interim dividend at Baht 0.25 per share on September 6, 2013. Therefore, the second dividend payment will be at Baht 0.25 per share. Details of the second dividend payment are as follows:

1.1 The dividend of Baht 0.20 per share will be paid from dividends received from the Company's subsidiaries. Such dividends are appropriated from the taxable profits of the subsidiaries which were subject to 23% corporate income tax ; and

1.2 The dividend of Baht 0.05 per share will be paid from dividends received from the Company's subsidiaries. Such dividends are appropriated from the taxable profits of the subsidiaries which were subject to 20% corporate income tax.

In this regard, the Board set the record date for the right to receive the dividend on May 8, 2014 and the share register book shall be close on May 9, 2014 for TSD to collect the shareholders' name in compliance with Section 225 of the Securities and exchange Act B.E. 2535. Additionally, the dividend payment will be made on May 23, 2014.

The Acquisition of Investment in Hefei Chia Tai Co., Ltd

Chia Tai (China) Investment Company Limited ("CTCI"), an indirect wholly owned subsidiary of C.P. Pokphand Co., Ltd ("CPP") will acquire the entire investment in Hefei Chia Tai Co., Ltd. ("HCT") at the total consideration of RMB 220 million or approximately THB 1,194 million from Chia Tai (China) Agro -Industrial Company Limited.

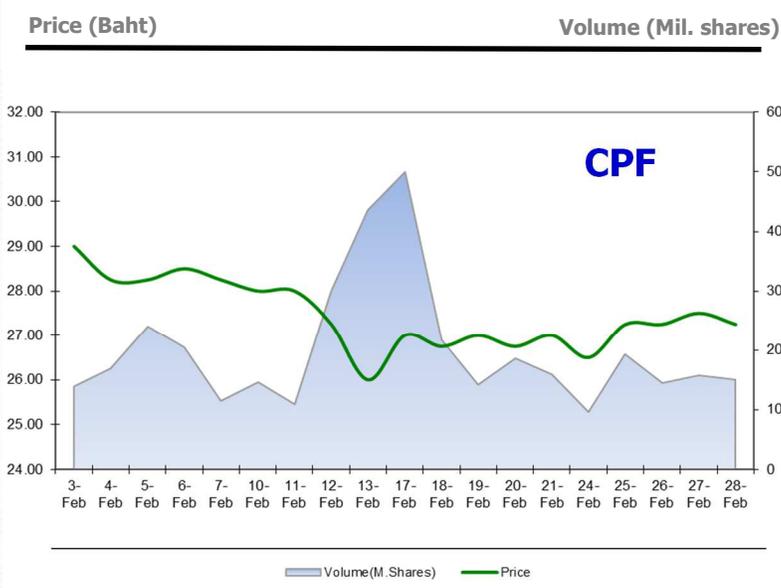
After the completion of the acquisition, HCT will become an indirect subsidiary of CPF. HCT engages in Production and sale of animal feed in China

The Acquisition of Investment in BHJ Kalino Food AB (“BHJ”)

CPF Denmark A/S (“CPF DM”), an indirect 52% holding subsidiary of CPF will acquire 290,000 ordinary shares of BHJ Kalino Food AB (“BHJ”) (equivalent to 29% of the total issued and paid-up share capital of BHJ) From LGI Denmark APS (“LGI”), at the purchase price of SEK 16.6 per share, having the total consideration of SEK 4.8 million or approximately THB 24 million.

BHJ, registered and incorporated in Sweden in 1979, engages in trading of chilled and frozen meat and food products in Sweden. The transaction will be completed within March 2014.

Price Performances: CPF



February 2014	
Highest Price	29.25
Lowest Price	26.00
Closed Price	27.25
Average Volume/Day (Shares)	20,020,000

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