



# Charoen Pokphand Foods Plc.

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## Monthly Newsletter

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## CPF extends European reach

*Bangkok Post, July, 2017*

Charoen Pokphand Foods Plc (CPF), the SET-listed subsidiary of agribusiness giant Charoen Pokphand Group, has acquired a 95% stake in Paulsen Food GmbH (PF) for about 466 million baht, a move aimed at expanding its food business in Europe.

According to a statement to the Stock Exchange of Thailand, the company's subsidiary, CPF Europe SA, and Peter Paulsen Import-Export GmbH and Co Handels KG (PP) entered into an agreement on Thursday to acquire 23,750 ordinary shares, representing 95% of PF.

The total consideration is about 12 million Euro (466million baht), which was determined based on the negotiations between CPF EU and the seller with reference to a number of inventories, net assets value of licensed companies and appraised value of import quota licenses. However, such consideration may change according to the actual value on the closing date as per the conditions and method specified in the agreement.

The acquisition means PF and its subsidiaries will become indirect subsidiaries of CPF. According to the company statement, becoming a majority shareholder of PF will allow CPF to enhance its import quota licenses for poultry meats and other poultry products to the European Union of around 6,100 tonnes a year.

Furthermore, CPF will obtain networks and channels for food services and food manufacturers in Germany and the European Union which have a high potential. Main products to be distributed are chicken and duck, in line with CPF's businesses.

The funds will come from the cash flow of CPF EU and borrowings within CPF. CPF executive committee chairman Adirek Sripratak said recently that CPF would actively scout more merger and acquisition opportunities this year, focusing on markets with relatively large populations and hefty barriers, in order to stimulate business growth.

Last year CPF clinched 11 overseas investment deals worth nearly 50 billion baht, including one with Bellisio Foods, one of America's fastest-growing frozen food firms, in December for a total consideration of US\$1.08 billion (37 billion baht).

Overseas operations and exports contributed 68% of the company's sales revenue worth 464 billion baht in 2016, with the remaining 32% coming from CPF operations in Thailand.

CPF's international sales surged 12% last year to 286 billion baht, outstripping the growth rate of the domestic market, which rose only 7% to 179 billion.

## **CPF set to launch Bt38.7bn capital increase to repay loans**

*The Nation, June 19, 2017*

Charoen Pokphand Foods Plc (CPF) plans to initiate a Bt38.715 billion capital increase to adjust its financial portfolio to mainly repay loans.

CPF chairman Adirek Sripratak said the company's board of directors will seek approval from shareholders for the capital increase plan at the ratio of five existing common shares for one new common share at Bt25 per share.

CPF said the capital increase will help strengthen its financial structure. If shareholders approve the move, the company expects to receive the capital in early August. It will use the money to repay loans in Thailand and overseas.

The payments will lower the interest-rate burden of the company.

At present, CPF operates in 16 countries and has targeted sales to grow of 8-10 per cent this year. The growth is expected to be mainly generated from its overseas operations, with a good opportunity for business expansion, it said. It is expected that overseas business sales will increase from 64 per cent to 70 per cent of the company's total sale in the next five years.

Given the world economic situation, CPF said it is focused on innovation to reduce costs, increase production efficiency and strengthen competitiveness.

It said it is also focused on human resource development based on strong finances to achieve sustainable growth.

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## **CPF works on food safety standards**

*THE NATION, 13 June 2017*

Charoen Pokphand Foods says it has initiated a food-standards project to build a consistent quality and food-safety management system, together with environmental and social responsibility, across integrated feed-farm-food operations.

Virachai Ratanabanchuen, chief operating officer of CPF's chicken business, said the project was aligned to the business framework and directions under the company's quality policy.

The standards will be established for the fully integrated broiler business, including raw-material sourcing, feed mills, hatcheries, farms, slaughterhouses and processing plants, to ensure that local and foreign customers' needs that are quite different are met. Limiting the loss of natural resources and properly managing risks will also result in more effective design and production of safe food, the company believes.

The CPF approach has focused on two necessary elements - laws and standards required for the food industry, and other standards that differentiate the food business with advanced values that meet consumer needs and expectations.

Kularb Kimsri, vice president of CPF's global standard system centre, said the company had been collaborating with the British Standards Institution (BSI) in establishing its own standard by merging global standards such as ISO 9001, GMP, HACCP, BRC (British Retail Consortium) and QS (Quality Scheme for Food).

The benefit to consumers is that risks associated with every stage in the supply chain can be mitigated, CPF says.

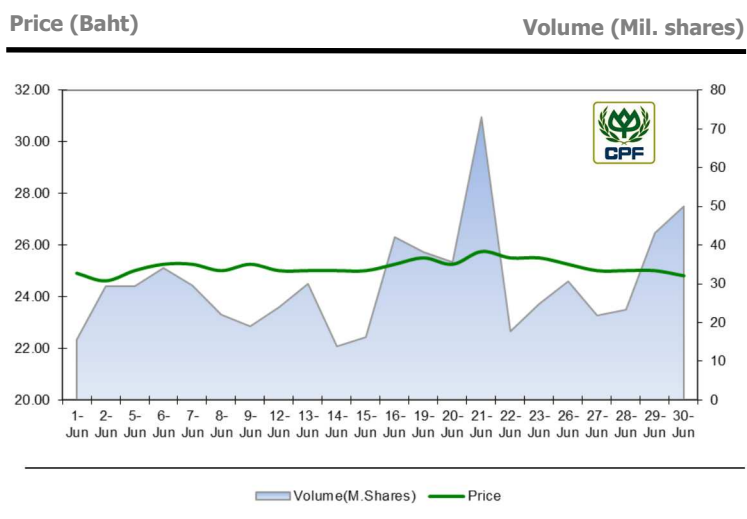
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## The Extraordinary General Shareholders' Meeting No.1/2017 of CPF



Led by Mr. Adirek Sripratak (7th from right) Chairman of the Executive Committee, Charoen Pokphand Foods PLC held The Extraordinary General Shareholder's Meeting No.1/2017 on June 27, 2017 at Panyapiwat Institute of Management , 85/1 Moo 2 , Chaengwattana Road, Bang Talad Pakkered, Nonthaburi.

### Price Performances: CPF



June 2017	
<b>Highest Price</b>	<b>25.75</b>
<b>Lowest Price</b>	<b>24.60</b>
<b>Closed Price</b>	<b>24.80</b>
<b>Average Volume/Day (Shares)</b>	<b>30,136,100</b>

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