



# Charoen Pokphand Foods Plc.

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## Monthly Newsletter

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### **Thailand's CPF sees an even better H2 as chicken exports jump**

*Reuters, August 14, 2014*

Charoen Pokphand Foods Plc , Thailand's largest meat and animal feed producer, said on Thursday it expected second-half operating profit to outdo a strong first half, as chicken exports jump in the wake of China food scare.

Some restaurants in the region such as Japanese firms have turned to Thailand to supply chicken after Shanghai Hushi Food, a unit of U.S.-based OSI Group LLC, was accused by a TV report to have improperly handled meat and used expired food.

CPF said its shrimp business is also set to improve sharply compared to 2013, when the spread of early mortality syndrome disease halved Thailand's shrimp production.

It added that its Russian pig farming business will benefit after Russia banned imported meat from the European Union, the United States and other countries.

CPF, owned by billionaire Dhanin Cheravanont's Charoen Pokphand Group, said on Wednesday its second-quarter net profit more than doubled to 3.55 billion baht (\$110 million) thanks to improvements in its farming businesses and overseas operations.

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## Food scare in China is good news for Thailand's CP Foods

Reuters, August 20, 2014



Business is booming at Charoen Pokphand Foods Plc (CPF) ([CPF.BK](#)), Thailand's biggest meat and animal feed producer, especially now it has won orders for chicken products from McDonald's Holding Co (Japan) ([2702.T](#)) after a food scare in China.

The Asian food giant is also benefiting indirectly from the conflict in Ukraine: after Moscow imposed a ban on many food imports from Western countries in retaliation for their sanctions, some Russian firms turned to CPF for chicken.

The resulting demand for exports has boosted meat prices in Thailand and that could help CP Foods post revenue growth of 15 percent this year, higher than its target of 10 percent, said President and CEO Adirek Sripratak.

"We have received orders from McDonald's. Strong demand for exports helped push up chicken prices and the company will move orders from the domestic spot market to export to customers," he told Reuters in an interview.

Regional companies including Japanese firms turned to Thailand for chicken after Shanghai Husi Food, a unit of U.S.-based OSI Group LLC [[OSIGP.UL](#)], was accused in a TV report of having improperly handled meat and using expired food.

McDonald's has said it had shifted business to Thailand by boosting purchases from existing suppliers McKey Foods Services (Thailand) Ltd, a unit of Keystone Foods, and Cargill Thailand.

"The industry is short of supply and we've got a full order book now as people are asking us to accelerate our shipping after the China food scare," Adirek said. "This is a good opportunity for CPF."

"Russia is very keen to buy chicken from us. They contact us every day and they want to secure food supplies," he said, adding CPF was negotiating on prices and the volume of export. CPF, which already exports to Japan and Russia and is a major supplier to KFC fried chicken restaurants in Thailand, has integrated operations and as a result can enforce safety and quality controls to minimize the supply chain risk, Adirek said.

Its chickens are raised in a closed, hygienic farming system, he said, with all visitors required to wear special outer clothing to prevent the spread of disease.

The CP Group says it adopts the same system and standards on its chicken farms in China and that consequently it has not been touched by the food scare there.

**Expanding Abroad :** CPF is looking for opportunities to buy assets in high-growth emerging markets to achieve its annual revenue growth target of 10-15 percent over the next five years, Adirek said

It already runs feed businesses, farms and food processing plants in 13 countries, including India , and tries to sell its products domestically , in part to avoid any problems from trade barriers.

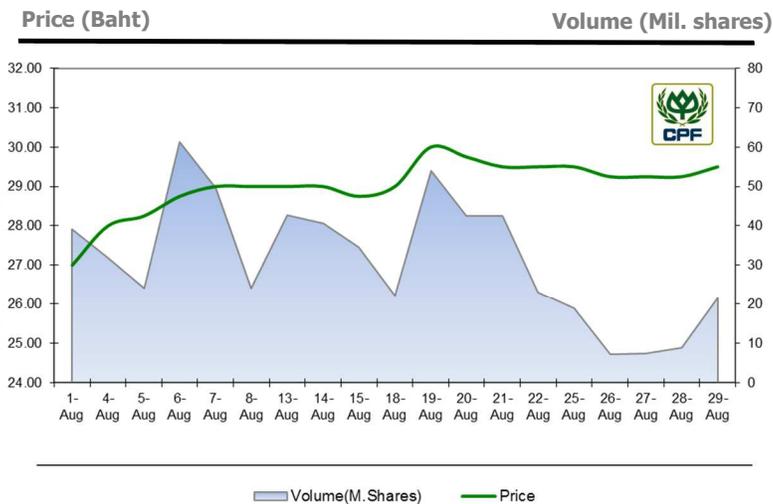
Foreign operations contributed 58 percent of its first-half revenue of 204 billion baht (\$6.41 billion) , with another 36 percent coming from the Thai market and 6 percent from exports.

The recently announced \$1 billion tie-up with Itochu Corp, one of the top three trading firm in Japan, will not only help CPF Secure lower prices for raw materials but will also help it expand into Japan and China, he said.

Among its many businesses, Itochu is and operator of Family Mart convenience stores in China and other countries.

“ Having this connection with Itochu will help us sell products in Family Mart. For Itochu which has invested in 250 Japanese firms, this will provide an opportunity for them to expand into the Thai market because growth in the Japanese market is slower,” he added

## Price Performances: CPF



August 2014	
Highest Price	30.25
Lowest Price	26.50
Closed Price	29.50
Average Volume/Day (Shares)	29,810,000

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