



# Charoen Pokphand Foods Plc.

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## Monthly Newsletter

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## CPF eyes Vietnam as the potential countries for its businesses

*Bangkok Post Online, April 27, 2018*

Charoen Pokphand Foods PCL (CPF) pointed that Vietnam is one of the potential countries in ASEAN with one of the fastest growing economies in the world. For the 1st quarter of 2018, Vietnam's GDP showed a promising 7.4% growth, which will flourish its business throughout this year.

CPF is one of the very first Thai companies that invested in Vietnam since 1988 via CP Vietnam Corporation, and has become a large manufacturer for integrated agro-industrial and food products.

The Company said Vietnam has a vital role on CPF growth, thanks to the domestic consumption demand and its export, which has expanded more than 20% compared to previous year, which was resulted from Vietnam having Free Trade Agreement with European countries and United States of America. Moreover, sixty percent of Vietnamese population are in working age and has become a driving engine for stable domestic consumption and spending. All of these have benefited businesses operating in Vietnam.

In terms of agro-industrial sector, the Company sees a strong improvement from previous year, especially the sharp drop in swine price due to oversupply. Currently, swine price has rebounded to VND 38,000 to 40,000 per kilogram (THB 55-57) from VND 20,000 per kilogram (THB 30) in 2017.

Besides, Vietnamese government targeted to increase its seafood export, especially shrimp. It is forecasted that Vietnamese shrimp export will increase from 690,000 tons in 2017 to 830,000 tons in 2018 and to 1.14million tons by 2025. This will make Vietnam to be one of the largest shrimp producers in the world.

Form its vision of "Kitchen of the World", CPF expanded it businesses to 16 counties, and the Company is under the process of investing in shrimp business Brazil. The international businesses is an important growth driver for CPF. As of 2017, 64% of Revenue from Sales of the Company was attributed to International businesses.

CPF growth strategies are to add value to its products towards processed food products, and to focus on International businesses growth especially in the countries with high potential and with population over 100 million people, such as Vietnam, the Philippines, and India.

## **CPF buys stake in Brazil shrimp producer**

*Bangkok Post, April 23, 2018*

SET-listed Charoen Pokphand Foods Plc (CPF) has acquired a 40% stake in one of Brazil's leading shrimp farmers and processors, Camanor Produtos Marinhos Ltda, marking the group's first expansion into South America. According to a letter submitted to the Stock Exchange of Thailand (SET), the country's biggest agro-business conglomerate signed an investment agreement with Camanor on Monday.

CPF has acquired 4.67 million newly issued ordinary shares, which represent 40% of the total and voting capital stock of Camanor on a fully diluted basis, said Adirek Sripratak, chairman of the executive committee at CPF.

The transaction, valued at US\$17.5 million (547 million baht), will be financed by CPF's cash flow and is expected to be completed one month after the agreement is signed. After the deal is completed, CPF will hold 40% of the joint venture or 11.67 million ordinary shares, said Mr Adirek.

Shrimp farming R&D is an important reason behind the transaction, given Camanor's significant experience developing new shrimp farming technology and increasing productivity in farm areas. CPF's expertise in shrimp genetics will allow the joint venture to increase productivity while reducing the cost of production.

Brazil is also a major source of agricultural materials required for producing shrimp feed, as well as a high-growth potential market with a sizeable population and economy, said CPF in its statement. Investing in Camanor can diversify the geography of CPF's shrimp production operations, the statement said.

Mr Adirek said the partnership in Brazil will benefit CPF to extend businesses including feed and hatchery. The expansion also serves the shrimp industry and local consumption. The company's total shrimp production capacity averages 100,000 tonnes per year, which is not enough for domestic demand.

An analyst from Asia Plus Securities (ASP) who requested anonymity said the deal will not have a major impact on CPF's net profit and revenue. The cost of the purchase represents only 0.1% of CPF's assets, and Camanor's revenue and net profit stood at 530 million baht and 130 million baht in 2017, respectively.

"Camanor's profit share in the seven months following the deal's completion is estimated at around 30 million baht, or 0.2% of CPF's estimated revenue worth 16.25 billion," said the analyst.

"Perhaps the most interesting aspect of this investment is technology-sharing. Camanor has shrimp farming technology, while CPF has genetic technology and a diverse array of raw material sources."

Camanor's closed shrimp-farming system AquaScience increases productivity by allowing the company to raise shrimp in a high-density environment without using chemicals or antibiotics. Camanor's main products include fresh and frozen processed shrimp exported and distributed through domestic wholesalers.

Camanor reported a \$16.9 million revenue in 2017, up from \$11.9 million in 2016 and \$8.26 million in 2015. Net profit for 2017 was registered at \$4.35 million, up from \$1.36 million in 2016 and \$95,000 in 2015.

## CPF announces a global policy on Animal Welfare

Bangkokbiznews April 27, 2018



Charoen Pokphand Foods PCL (CPF) announced a global policy on animal welfare in line with international animal health principles to ensure the happiness of its farm animals'. The policy will be implemented by all of its business worldwide to fulfil its promise as a responsible and ethical food producer to deliver safe foods sustainably to its consumers.

CPF has been implemented its welfare practices in accordance to Five Freedoms of Animal Welfare to ensure that farm animals will be free from hungry and thirsty, discomfort, pain, injury and disease, fear and distress, and being able to express normal behavior. This is because the healthy animal is the foundation of healthy foods.

Mr. Sooksunt Jiumjaiswanglerg, Chief Executive Officer (CEO) - Agro Industrial Business and Co-President, said as the leading agro industrial and food conglomerates, CPF adheres to Responsible Farming and Food Production.

The company's farms and operation will be complied with applicable laws, rules, and regulations of Thailand and the countries where CPF has operation.


In addition, the company also focus not only customer's requirement but also the international standards of animal welfare. "This policy will be complied by all of CPF's business around the world in the pursuit of excellent animal welfare management. We also hope that our success and experiences will be passed on to our partners in livestock and aquaculture business." Mr. Sooksunt noted

The Company is closely working with the business partners to ensure that all animals received appropriate and humane treatment. Furthermore, it aims to cooperate with business partners, government agencies, civil society organizations, institute of researches including all stakeholders to make awareness of the principle of the welfare.

Mr. Sukhawat Dansermasuk, Chief Executive Officer (CEO) - Food Business and Co-President, said the policy reflects the company's commitment to produce safe and quality foods. It will convince consumer in quality and safety of every part in CPF's food supply chain.

"The company strives for improving quality and safety food, starting from the animal welfare at the farm. We believe that the healthier the animals are, the lesser chance of drugs and substance use. This principle helps us to make sure of the safe and nutritional foods will be delivered to us and our love ones." Mr. Sukhawat added.

Mr. Somkuan Choowatanapakorn, Chief Operating Officer - Pig Business and head of CPF's animal welfare committee, said the company has established the Animal Welfare Policy which all business units of the company concern on animal farming, meat processing, and the manufacturing of food products has to undertake and aptly implemented the Animal Welfare Policy into practice.

Under the policy, CPF has set a goal to replace individual gestation pens with group pens, a method that provides more relaxed environment. The practice will be manage both in Thai and overseas operations within 2025 and 2028 respectively. 

It also announced plan to move toward cage free table egg layer farming to provide more freedom to express their animal behaviors.

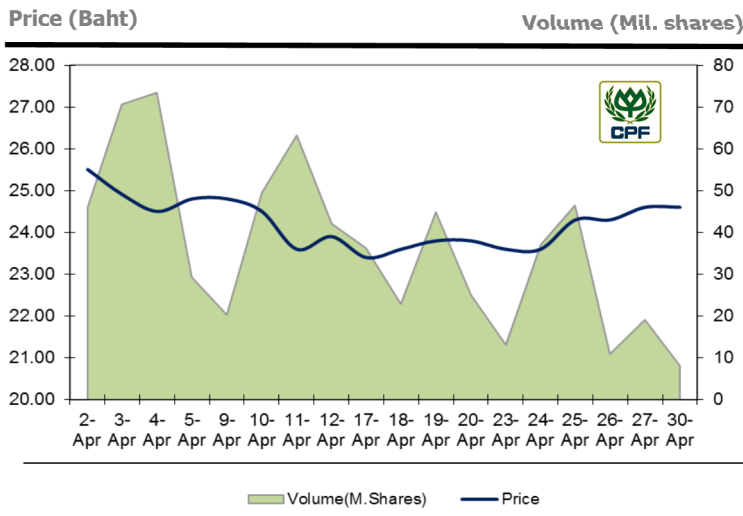
It is important to note that the company's poultry business in Thailand has been implemented an international standard of animal welfare since 2000. The company will also apply the same standard to all broiler and meat-type duck farms of overseas operations which supervised by certified Poultry Welfare Officer within 2020.

CPF is the first Thai company to accredited Germany's QS Standard for chicken production process. The standard signifies quality and safety in the food-for-consumption production line, acknowledging by German as well as other EU consumers. It also reflects strict compliance with transparency in a production process, traceability and animal health & welfare by the company.

“CPF has been launched and developed its animal welfare practice continuously. Related animal welfare activities are reviewed by internal and external auditors to ensure that all animals have been treated by this policy.” He added

The committee of animal welfare has been assigned to set forth the policies, goals as well as to support, assess and report to the company's executive committee, and the top management in each business line will control and propel the administration in accordance with the policy and the guidance of the company.

## Price Performances: CPF



April 2018	
<b>Highest Price</b>	<b>25.75</b>
<b>Lowest Price</b>	<b>23.20</b>
<b>Closed Price</b>	<b>24.40</b>
<b>Average Volume/Day (Shares)</b>	<b>36,115,800</b>

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