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**03**  
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# GFPT IR NEWSLETTER



Broiler Farm  
M.K.S. FARM COMPANY LIMITED



## A summary of the key operational matters and events for 2Q2018

2Q2018 was another challenging quarter of GFPT Group. We had total revenue from sales of THB 3,982.32 million in 2Q2018, representing a decrease of THB 182.87 million or 4.39% down from 2Q2017 mainly from lower revenue of chicken processing business which decreased by THB 126.79 million or 6.73% down comparing to 2Q2017 mainly from lower revenue from domestic sales of chicken parts.

The consolidated gross profit was THB 587.79 million in 2Q2018, decreased by THB 91.78 million or 13.51% down from 2Q2017 affected by decreasing in total revenue from sales. The consolidated gross profit margin contributed of 14.76% in 2Q2018, decreased from 16.32% in 2Q2017.

The participating loss from associates was THB 22.19 million in 2Q2018, increased by THB 129.92 million or 120.60% up comparing to 2Q2017. In addition, the consolidated EBITDA in 2Q2018 was THB 631.26 million, decreased by THB 238.21 million or 27.40% down from 2Q2017.

As a final point, consolidated net profit in 2Q2018 accounted for THB 211.58 million or equal to EPS of THB 0.17 per share, or 57.15% down from 2Q2017. For capital structure of the Group, as at June 30, 2018, the consolidated debt to equity ratio was 0.45 time and the consolidated net debt to equity ratio was considerably low at 0.30 time.

# OVERALL FINANCIAL PERFORMANCE AND PROFITABILITY FOR 2Q2018

## Revenue Breakdown by Business Segment

### Chicken Processing Segment:

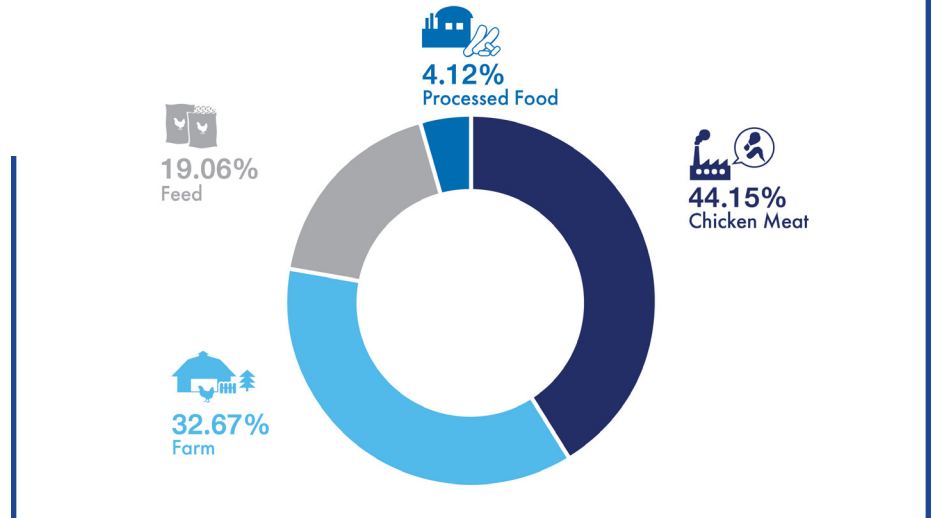
Revenue from chicken processing business in 2Q2018 consisted of revenue from direct export cooked chicken products and fresh frozen chicken meat, indirect export of chicken meat, and domestic sales of chicken parts, represented 44.15% of total revenue from sales amounting THB 1,758.03 million, lessened by THB 126.79 million or 6.73% down from 2Q2017, mainly from decreasing in revenue from domestic sales of chicken parts.

The Company's total export of chicken products was 7,900 metric tons, increased by 400 metric tons or 5.33% up from 2Q2017 mostly from increasing in export volume to EU Countries including China, our new export market in this year.

### Feed Segment:

Revenue from feed business consisted of revenue from animal feed, fish feed, and shrimp feed, represented 19.06% of total sales, amounting THB 758.87 million, reduced by THB 64.14 million or 7.79% down from 2Q2017.

The revenue from feed business continued declining due to intense competition in Thailand reflecting falling in revenue from fish feed about 27.52% from lower sales volume of fish feed. However, revenue from shrimp feed rose by 18.41% from 2Q2017 mainly from higher sales volume and selling price of shrimp feed.



### Farm & DOC Segment:

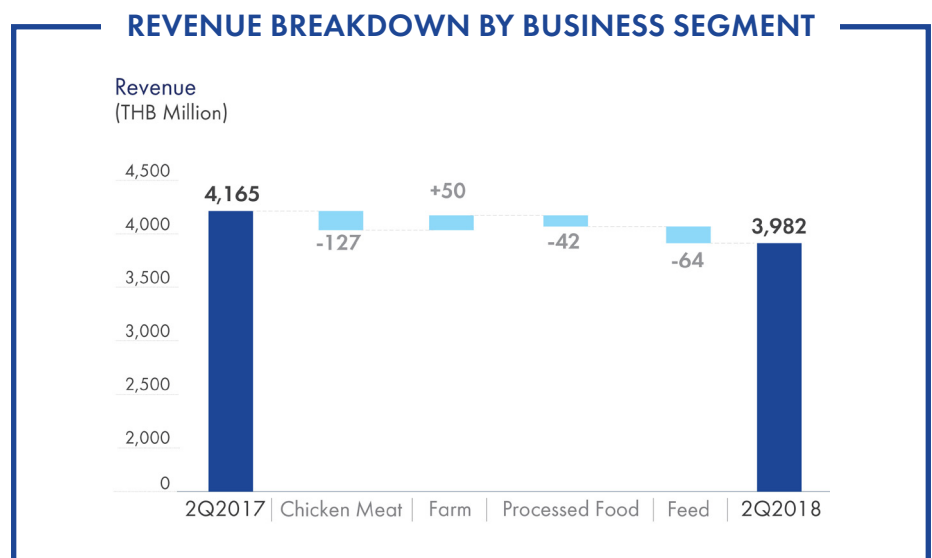
Revenue from farm & DOC business consisted of revenue from selling live broilers to GFN, our joint venture, and selling day-old-chicks to both international and domestic market, represented 32.67% of total sales, amounting THB 1,301.17 million, an increase of THB 50.24 million or 4.02% up from 2Q2017.

Revenue from selling live broilers to GFN has been snowballing since GFN started its operation in 2010. As a result, revenue from selling live broilers to GFN in 2Q2018 improved by 17.99% comparing to 2Q2017.

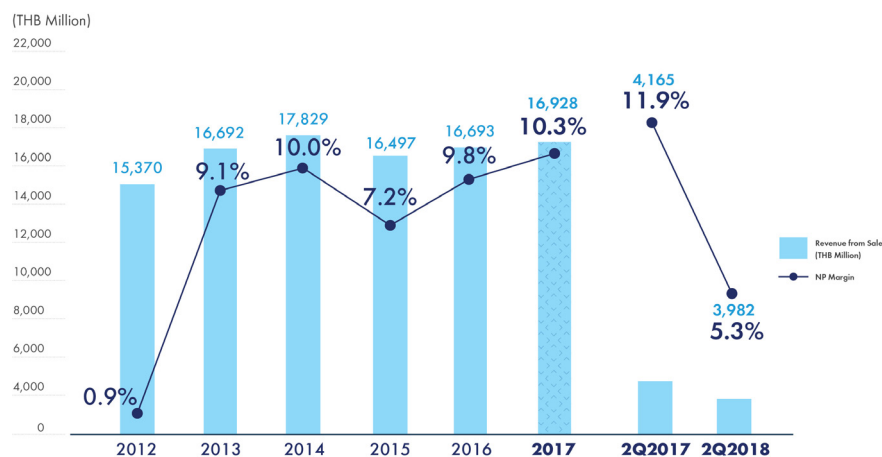
### Processed Foods Segment:

Revenue from processed food business consisted of chicken sausage, and other processed chicken products for domestic market, represented 4.12% of total sales. In 2Q2018, the revenue from processed foods was THB 164.25 million, dropped by THB 42.18 million, or 20.43% down from 2Q2017.

Revenue from processed food business in 2Q2018 decreased from lower sales volume and selling price of processed food for domestic market comparing to 2Q2017.



# OVERALL FINANCIAL PERFORMANCE AND PROFITABILITY



## Net Profit

The consolidated net profit in 2Q2018 was THB 211.58 million, decreased in amount of THB 282.15 million or 57.15% decreased from THB 493.73 million in 2Q2017. The EPS of 2Q2018 was THB 0.17 per share. The decrease in consolidated net profit was primarily driven from lower revenue from sales and lower share of profit from associated companies comparing to 2Q2017. The consolidated net profit margin in 2Q2018 was 5.31% of net sales, dropped from 11.85% in 2Q2017.

## Cost of Sales and Gross Profit

Cost of sales for 2Q2018 was THB 3,394.53 million, a decrease of THB 91.09 million or 2.61% down from 2Q2017 while gross profit in 2Q2018 was THB 587.79 million, dropped by THB 91.78 million or 13.51% down from 2Q2017 primarily from lower revenue from sales.

In addition, the average price of corn increased from THB 8.11 per kilogram in 2Q2017 to THB 10.57 per kilogram in 2Q2018 or increased by 30.29%. Consequently, cost of sales for 2Q2018 contributed of 85.24% of total sales, raised from 83.68% in 2Q2017 while gross profit margin contributed about 14.76% in 2Q2018, decreased from 16.32% in 2Q2017.

## Share of Loss from Associated Company

The consolidated share of loss from associated companies based on the equity method in 2Q2018 was THB 22.19 million, increased by THB 129.92 million, or 120.60% up from 2Q2017 mainly from loss contributed from GFN was THB 44.90 million, increased by THB 102.88 million or 177.44% up from 2Q2017 mainly from lower selling price of chicken parts for domestic market. Besides, McKey's profit contribution was THB 22.71 million, decreased by THB 27.04 million or 54.35% down comparing to 2Q2017 mainly from higher operating cost from new further processing factory.

# FINANCIAL POSITION

## Financial Position

### Asset

For the consolidated financial statements as of June 30, 2018, total assets of the GFPT Group equal to THB 17,460.18 million including THB 5,481.54 million (31.39% of total assets) in current assets, THB 8,212.52 million (47.04% of total assets) in property, plant and equipment (PP&E), THB 2,555.85 million (14.64% of total assets), in investments in associated companies, THB 490.38 million (2.81% of total assets) in grandparent chicken and parent chicken and THB 719.89 million (4.12% of total assets) in investment in property and other non-current assets.

Total assets as at June 30, 2018 increased in amount of THB 180.78 million or 1.05% up from December 31, 2017 from an increase in cash and cash equivalents of THB 556.67 million. However, inventories decreased in amount of THB 438.61 million.

### Liability

As at June 30, 2018, total liabilities of the Company and its subsidiaries was THB 5,399.02 million comprising of current

liabilities of THB 3,263.57 million (60.45% of total liabilities), long-term loans of THB 1,600.00 million (29.64% of total liabilities), provision for employees benefit of THB 393.55 million (7.29% of total liabilities), advance received for rental income of THB 120.51 million (2.23% of total liabilities), and other non-current liabilities of THB 21.39 million (0.39% of total liabilities).

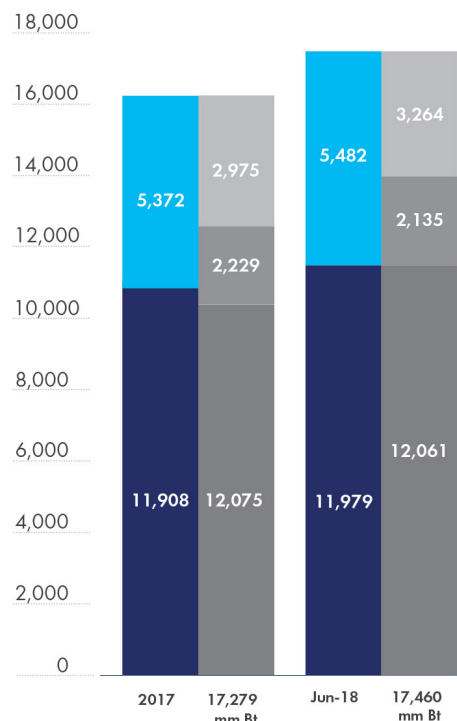
The total liabilities as at June 30, 2018 was THB 5,399.02 million, increased by THB 194.44 million or 3.74% up from December 31, 2017 primarily from current portion of long-term loans from related persons increased in amount of THB 284.00 million. Thus, all short-term and long-term loans of the group are in THB currency only, thus; The Company has no exposure in foreign currency borrowings.

### Shareholders' Equity

As at June 30, 2018, the consolidated shareholders' equity in amount of THB 12,061.16 million, a decrease of THB 13.66 million or 0.11% down from December 31, 2017; primarily from the decrease in

## Financial Position

(THB Million)




## IR Activities 2Q2018

On 10 May 2018, the Company held Analyst Meeting No.2 at GFPT Tower to explain on the 1<sup>st</sup> quarter operating performance, the business outlook and Q&A. There were 28 analysts attending the meeting.

To download presentation document of Analyst Meeting, please visit our website: [http://www.gfpt.co.th/ir\\_slide.php?lang=en](http://www.gfpt.co.th/ir_slide.php?lang=en)

## GFPT Profile

CG Score 2017 :  (Excellent)  
 Industry / Sector : Agro & Food Industry / Agribusiness  
 Closed Price : 12.00 Baht per share (29/06/2018)  
 Share Outstanding : 1,253.82 million share  
 [1 Baht per share]  
 Market Cap. : THB 15.05 billion  
 %Free Float : 45.30%  
 %Foreign Holding : 12.75% (≤49.00%)  
 Dividend Policy : Not more than 50% of net profit of Company's separated financial statement after deductions of any reserved portion required

## Top 10 Major Shareholders (14 Mar 2018)

1. Sirimongkolkasem Family	54.70%
2. NICHIREI FOODS INC.	4.52%
3. Ms.Wongnarm Kittanamongkolchai	3.19%
4. THAI NVDR CO., LTD.	2.52%
5. Mr.Kongphob Limsong	1.60%
6. Mrs. Piangjai Chayawiwatkul	1.60%
7. STATE STREET BANK EUROPE LIMITED	1.14%
8. NORTRUST NOMINEES LTD-CL AC	1.05%
9. SE ASIA (TYPE B) NOMINEES LLC	0.83%
10. Mr.Wonjak Kittanamongkolchai	0.71%



GFPT Public Company Limited

312 Rama 2 Road, Bangmod,  
Jomthong, Bangkok 10150

[www.gfpt.co.th](http://www.gfpt.co.th)

## GFPT INVESTOR RELATIONS DEPARTMENT

 0 2473 8017  [ir@gfpt.co.th](mailto:ir@gfpt.co.th)

The latest IR Newsletter (issue 1 year 2018) can be downloaded via [http://www.gfpt.co.th/newsletter/th/2561/TH\\_Q4\\_IR%20Newsletter\\_2017\\_01.pdf](http://www.gfpt.co.th/newsletter/th/2561/TH_Q4_IR%20Newsletter_2017_01.pdf)

previous issues of GFPT IR Newsletter can download at [http://www.gfpt.co.th/ir\\_newsletter.php](http://www.gfpt.co.th/ir_newsletter.php)



financial statement and management discussion and analysis are available for download at [http://www.gfpt.co.th/ir\\_downloads.php?lang=en](http://www.gfpt.co.th/ir_downloads.php?lang=en)



## UPDATE

### Work-Life Balance and Job Stability at GFPT

How to be a qualified and trustworthy company for employees? Here is the answer:

Over 5,000 employees of GFPT PCL are treated with fairness and equality under “Social Accountability Policy” a practice to treat employees under international human rights, laws and ethics by the organization. We focus on labor relations in many aspects including remuneration, training, and skills development.

In addition to labor protection, GFPT complies with “Universal Declaration of Human Rights” (UDHR) which is under international standard, laws and ethics for the workplace. We also encourage our employees to build good and safe environment in the workplace and be responsible to society and environment.

In addition, wellness and occupational health, work safety, and career advancement are also essential. GFPT encourages safety awareness by providing training on: NEAR MISS activity, 5s activity, safety in workplace week, safety training, and safety magazine. We also care about employees’ living by providing residence nearby the factory comprising of 22 buildings with total of 1,750 rooms. Every rooms are equipped with safety system, facilities and utilities.

From persisting in practice for employees’ job stability mentioned above, GFPT is certified to be a factory with “Good Labour Practices” (GLP) by the Ministry of Labour to be a factory with “Thai Labour Standard”.

GFPT believes that harmonizing between employees, business, environment, and society will encourage employee’s happiness and engagement. Better quality of life of employees will enhance efficiency and effectiveness.

#### Disclaimer

This document was prepared by GFPT Public Company Limited (“the Company”) for informative purpose only. It should not be taken as an offer of securities for sale. You should not make any investment decision based on any information on this document.

The Company undertakes no responsibility on changes after that date stated herein. This presentation may include forward-looking statements representing expectations about future events or anticipated result based on factors such as economic scenario, market conditions and expected future events, over many of which the Company has no control. These statements include projections of economic growth, as well as information about competitive position, the regulatory environment, potential opportunities for growth and other matters.

In addition, the content and forward-looking statements state within this document only as the date they made. Several factors may adversely affect the estimates and assumptions on which these statements are based.