

CPF acquires animal feed business in China

CPF has reported two deals in China under CPP Hong Kong. In the first, CPP acquired Kaifeng Chia Tai, an animal feed business in China at a cost of 311 mln RMB or \$4.9 mln. In the second, CPP sold a non-core business, Rapid Thrive. Management feels good about getting out of a non-core business and expanding in a core business, which it sees as strengthening CPP.



Best Thai performer in 1Q14 was the livestock business, with a 16.4% gross margin vs. 9.3% in 1Q13 and 14.3% in 4Q13, most notably for swine. Current swine price is a very good Bt80/kg, sufficient to offset the higher prices for feed raw materials. The shrimp business has yet to revive, with a -7.5% gross margin, worse than -0.1% in 1Q13 and -5.9% in 4Q13.

Management says gross margin may continue in the negatives throughout this year but sees glimmerings of a turnaround. When all businesses get back to normal, CPF expects to regain its wide margin sometime before the end of 2014. Livestock is expected to be the star performer again in 2Q14.

CPF began the first quarter of the year very well, with real operating profit as opposed to extraordinary items. Businesses are doing very well in China and Vietnam through CPP (Hong Kong).

by AllAboutFeed26 May 2014