



## PART 3 FINANCIAL POSITIONS AND PERFORMANCE

## 14. Financial Information

Consolidated Statements of Financial Position of GFPT Public Company Limited and its subsidiaries

As at 31 December 2016, 2017, and 2018

	2016		2017		2018	
	MB	%	MB	%	MB	%
<b><u>Assets</u></b>						
Cash and Cash Equivalent	310.87	1.92	736.26	4.26	1,240.09	6.84
Trade and other receivables	932.66	5.77	1,013.27	5.87	974.80	5.38
Inventories	3,653.33	22.61	3,608.19	20.88	3,527.98	19.46
Other Current Assets	18.15	0.11	14.10	0.08	27.15	0.15
<b>Total Current Assets</b>	<b>4,915.01</b>	<b>30.41</b>	<b>5,371.82</b>	<b>31.09</b>	<b>5,770.02</b>	<b>31.83</b>
Investment in Associates	2,448.75	15.15	2,671.77	15.46	2,687.52	14.82
Grandparent Chickens	121.18	0.75	110.82	0.64	104.49	0.58
Parent Chickens	406.78	2.52	366.22	2.12	396.12	2.18
Investment Property	360.42	2.23	354.07	2.05	349.77	1.93
Property, Plant and Equipment	7,430.75	45.98	8,017.76	46.40	8,447.16	46.59
Deferred Tax Assets	373.55	2.31	297.63	1.72	275.85	1.52
Other Non - Current Assets	103.89	0.65	89.31	0.52	98.73	0.55
<b>Total Non-Current Assets</b>	<b>11,245.32</b>	<b>69.59</b>	<b>11,907.58</b>	<b>68.91</b>	<b>12,359.64</b>	<b>68.17</b>
<b>Total Assets</b>	<b>16,160.33</b>	<b>100.00</b>	<b>17,279.40</b>	<b>100.00</b>	<b>18,129.66</b>	<b>100.00</b>



## Consolidated Statements of Financial Position of GFPT Public Company Limited and its subsidiaries (Cont.)

As at 31 December 2016, 2017, and 2018

	2016		2017		2018	
	MB	%	MB	%	MB	%
<b>Liabilities and Shareholders' Equity</b>						
Short - Term Loans from Financial Institutions	1,931.37	11.95	1,650.00	9.55	1,380.00	7.61
Short - Term Loans from Related Persons	-	-	160.00	0.92	16.00	0.09
Trade and other payables	886.47	5.49	924.02	5.35	1,143.42	6.31
Current Portion of Advance Received for Rental Income	7.85	0.05	9.17	0.05	9.17	0.05
Current Portion of Long - Term Loans	208.32	1.29	66.70	0.39	284.00	1.57
Other Current Liabilities	164.36	1.01	165.39	0.96	155.59	0.85
<b>Total Current Liabilities</b>	<b>3,198.37</b>	<b>19.79</b>	<b>2,975.28</b>	<b>17.22</b>	<b>2,988.18</b>	<b>16.48</b>
Long - Term Loans	1,666.70	10.31	1,700.00	9.84	1,760.00	9.71
Employee benefit obligations	365.94	2.26	384.97	2.23	520.12	2.87
Advance Received for Rental Income	99.43	0.62	125.10	0.72	115.93	0.64
Other Non - Current Liabilities	50.80	0.32	19.23	0.11	19.24	0.10
<b>Total Non - Current Liabilities</b>	<b>2,182.87</b>	<b>13.51</b>	<b>2,229.30</b>	<b>12.90</b>	<b>2,415.29</b>	<b>13.32</b>
<b>Total Liabilities</b>	<b>5,381.24</b>	<b>33.30</b>	<b>5,204.58</b>	<b>30.12</b>	<b>5,403.47</b>	<b>29.80</b>
<b>Total Shareholders' Equity</b>	<b>10,779.09</b>	<b>66.70</b>	<b>12,074.82</b>	<b>69.88</b>	<b>12,726.19</b>	<b>70.20</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>16,160.33</b>	<b>100.00</b>	<b>17,279.40</b>	<b>100.00</b>	<b>18,129.66</b>	<b>100.00</b>



Consolidated Statements of Comprehensive Income Statements of GFPT Public Company Limited and its subsidiaries

For the year ended 31 December 2016, 2017, and 2018

	2016		2017		2018	
	MB	%	MB	%	MB	%
Revenue from Sales	16,693.02	98.06	16,928.47	98.15	16,647.02	98.25
Other Income	329.90	1.94	318.24	1.85	296.85	1.75
<b>Total Revenue</b>	<b>17,022.92</b>	<b>100.00</b>	<b>17,246.71</b>	<b>100.00</b>	<b>16,943.87</b>	<b>100.00</b>
Cost of Sales	(14,191.28)	(83.37)	(14,150.92)	(82.05)	(14,263.56)	(84.18)
Selling and Administrative Expenses	(1,242.64)	(7.30)	(1,316.20)	(7.63)	(1,372.02)	(8.10)
<b>Total Expenses</b>	<b>(15,433.92)</b>	<b>(90.67)</b>	<b>(15,467.12)</b>	<b>(89.68)</b>	<b>(15,635.58)</b>	<b>(92.28)</b>
Participating Profit in Associated Companies	371.19	2.18	272.02	1.58	71.13	0.42
<b>Profit before Financial Costs and Income Taxes</b>	<b>1,960.19</b>	<b>11.51</b>	<b>2,051.61</b>	<b>11.90</b>	<b>1,379.42</b>	<b>8.14</b>
Financial Costs	(98.03)	(0.57)	(74.36)	(0.43)	(78.74)	(0.46)
Income Tax Expenses	(205.69)	(1.21)	(305.49)	(1.77)	(252.24)	(1.49)
<b>Profit for The Year</b>	<b>1,656.47</b>	<b>9.73</b>	<b>1,671.76</b>	<b>9.70</b>	<b>1,048.44</b>	<b>6.19</b>
Non - Controlling Interests	(12.77)	(0.07)	(9.57)	(0.06)	(10.47)	(0.06)
<b>Net Profit</b>	<b>1,643.70</b>	<b>9.66</b>	<b>1,662.19</b>	<b>9.64</b>	<b>1,037.97</b>	<b>6.13</b>

Consolidated Cash Flows Statements of GFPT Public Company Limited and its subsidiaries

For the year ended 31 December 2016, 2017, and 2018

	2016	2017	2018
	MB	MB	MB
Net Cash Received from Operating Activities	2,088.52	2,455.45	2,478.04
Net Cash Used in Investing Activities	(1,612.81)	(1,349.86)	(1,375.10)
Net Cash Used in Financing Activities	(757.33)	(680.20)	(599.11)
Net Increase (Decrease) in Cash and Cash Equivalents	(281.62)	425.39	503.83
Cash and Cash Equivalents at the Beginning Balance	592.49	310.87	736.26
<b>Cash and Cash Equivalent at the Ending Balance</b>	<b>310.87</b>	<b>736.26</b>	<b>1,240.09</b>



## Financial Ratios of GFPT Public Company Limited and its subsidiaries

As at 31 December 2016, 2017 and 2018

	2016	2017	2018
<b>Liquidity Ratio</b>			
Current Ratio <sup>1</sup> (times)	1.54	1.81	1.93
Quick Ratio <sup>2</sup> (times)	0.37	0.57	0.72
Cash Ratio <sup>3</sup> (times)	0.68	0.80	0.83
Account Receivable Turnover <sup>4</sup> (times)	17.27	17.78	17.11
Average Collection Period <sup>5</sup> (days)	21	20	21
Inventory Turnover <sup>6</sup> (times)	70.56	70.75	66.25
Average Inventory Turnover Period <sup>7</sup> (days)	5	5	5
Account Payable Turnover <sup>8</sup> (times)	22.54	20.43	18.03
Average Payment Period <sup>9</sup> (days)	16	18	20
Cash Cycle <sup>10</sup> (days)	10	8	7
<b>Profitability Ratio</b>			
Gross Profit Margin <sup>11</sup> (%)	14.99	16.41	14.32
Operating Profit Margin <sup>12</sup> (%)	11.74	12.12	8.29
Cash Profit Margin <sup>13</sup> (%)	106.56	119.70	179.64
Net Profit Margin <sup>14</sup> (%)	9.66	9.64	6.13
Return On Equity or ROE <sup>15</sup> (%)	16.26	14.55	8.37
<b>Efficiency Ratio</b>			
Return On Assets or ROA <sup>16</sup> (%)	10.56	9.94	5.86
Return On Fixed Assets <sup>17</sup> (%)	25.92	24.86	18.97
Total Assets Turnover <sup>18</sup> (times)	1.09	1.03	0.96
<b>Leverage Ratio</b>			
Debt/Equity Ratio <sup>19</sup> (times)	0.50	0.43	0.42
Net Debt to Equity Ratio <sup>20</sup> (times)	0.35	0.30	0.27
Interest Coverage Ratio <sup>21</sup> (times)	16.42	22.22	23.09
Debt Service Coverage Ratio <sup>22</sup> (times)	0.14	0.19	0.24
Dividend Payout Ratio <sup>23</sup> (%)	73.38	117.46	N/A *

\* The dividend payout ratio in 2018 is subject to the resolutions of the AGM 2019

**Remark:**

- 1) Current Ratio = Current Assets / Current Liabilities
- 2) Quick Ratio = (Cash + Short-term Investments + Accounts Receivable) / Current Liabilities
- 3) Cash Ratio = Cash Flow from Operating / Average Current Liabilities
- 4) Account Receivable Turnover = Net Credit Sales / Average Accounts Receivable
- 5) Average Collection Period = 360 / Account Receivable Turnover
- 6) Inventory Turnover = Cost of Goods Sold / Average Inventory
- 7) Average Inventory Turnover Period = 360 / Inventory Turnover
- 8) Account Payable Turnover = Cost of Goods Sold / Average Account payable
- 9) Average Payment Period = 360 / Account payable Turnover
- 10) Cash Cycle = Average Collection Period + Average Inventory Turnover Period - Average Payment Period
- 11) Gross Profit Margin = (Gross Profit / Sales) \* 100
- 12) Operating Profit Margin = (Operating Profit / Sales) \* 100
- 13) Cash Profit Margin = (EBIT / Net Income) \* 100
- 14) Net Profit Margin = (Net Profit / Total Sales) \* 100
- 15) Return On Equity or ROE = (Net Profit / Average Equity) \* 100
- 16) Return On Assets or ROA = (Net Profit / Average Total Assets) \* 100
- 17) Return On Fixed Assets = ((Net Profit + Depreciation) / Average Total Fixed Assets) \* 100
- 18) Total Assets Turnover = Total Revenue / Average Total Assets
- 19) Debt/Equity Ratio = Total Debt / Equity
- 20) Net Debt to Equity Ratio = Net Debt / Equity
- 21) Interest Coverage = (Cash flow from Operations + Interest Expenses + Tax) / Interest Expenses
- 22) Debt Service Coverage = EBITDA / (Debt payment + Capital Expenditure + Investment in Fixed Assets + Dividend Payment)
- 23) Dividend Payout = (Dividends / Net Income) \* 100



## 15. Management Discussion and Analysis

### 15.1 Overview

GFPT Group had total revenue from sales of THB 16,647.02 million in 2018, representing a decrease of THB 281.45 million or 1.66% down from 2017 mainly from revenue from feed business which declined by THB 250.97 million or 7.43% down comparing to 2017.

The consolidated gross profit in 2018 was THB 2,383.46 million, dropped by THB 394.09 million or 14.19% down from 2017 predominantly from higher major feed material cost. The consolidated gross profit margin contributed of 14.32% in 2018, decreased from 16.41% in 2017.

The participating profit from associates was THB 71.13 million in 2018, decreased by THB 200.89 million or 73.85% down comparing to 2017. In addition, the consolidated EBITDA in 2018 was THB 2,658.75 million, decreased by THB 617.62 million or 18.85% down from 2017.

In accordance with all reasons above, consolidated net profit in 2018 accounted for THB 1,037.97 million or equal to EPS of THB 0.83 per share, 37.55% down from 2017.

For capital structure of the Group, as at December 31, 2018, the consolidated debt to equity ratio was relatively low at 0.42 time and net debt to equity ratio of the Company was considerably low at 0.27 time.

### 15.2 Overall Financial Performance and Profitability

#### Revenue from Sales

The consolidated revenue from sales for 2018 were THB 16,647.02 million, decreased by THB 281.45 million or 1.66% down from 2017, Revenue from feed segment declined by THB 250.97 million or 7.43% down from 2017 mostly from lower revenue from fish feed. In addition, revenue from processed food segment decreased by THB 118.22 million or 14.30 down from 2017 and revenue from chicken processing segment decreased by THB 8.69 million or 0.12 down from 2017. However, revenue from farm segment increased by THB 96.43 million or 1.87 up from 2017.

The consolidated revenue from sales consisted of chicken processing segment represented 45.33%, feed segment represented 18.80%, farm segment represented 31.62%, and processed food segment represented 4.25%.

#### Revenue by type of business

Business Segment of GFPT and its subsidiaries	2016		2017		2018	
	MB	%	MB	%	MB	%
Chicken Processing	7,209.37	43.19	7,554.13	44.62	7,545.44	45.33
Feed	3,907.83	23.41	3,379.98	19.97	3,129.01	18.80
Farm and Day-Old-Chicks Sales	4,679.54	28.03	5,167.70	30.53	5,264.13	31.62
Processed Food	896.28	5.37	826.66	4.88	708.44	4.25
<b>Total Sales</b>	<b>16,693.02</b>	<b>100.00</b>	<b>16,928.47</b>	<b>100.00</b>	<b>16,647.02</b>	<b>100.00</b>

**Chicken Processing Segment:**

Revenue from chicken processing segment in 2018 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 45.33% of consolidated revenue from sales amounting THB 7,545.44 million, slightly decreased by THB 8.69 million or 0.12% down from 2017 due to lower selling price of chicken parts for domestic market.

However, the Company's total export of chicken products was 32,700 metric tons, a growth of 2,100 metric tons or 6.86% up from 2017 mostly from significantly increased in export volume of fresh frozen chicken products to EU Countries and China, our new export market in this year.

**Feed Segment:**

Revenue from feed segment in 2018 consisted of revenue from animal feed, fish feed, and shrimp feed, represented 18.80% of consolidated revenue, amounting THB 3,129.01 million, reduced by THB 250.97 million or 7.43% down from 2017.

The revenue from feed business continued declining due to intense competition in Thailand reflecting falling in revenue from fish feed which dropped by 23.69% comparing to 2017 from lower sales volume of fish feed. Furthermore, revenue from animal feed decreased by 4.49% comparing to 2017 from lower sales volume of animal feed. However, revenue from shrimp feed rose by 14.31% from 2017 mainly from higher selling price and sales volume of shrimp feed.

**Farm Segment:**

Revenue from farm segment in 2018 consisted of revenue from live broilers sales to GFN (our joint venture) and selling day-old-chicks to both international and domestic market, represented 31.62% of consolidated revenue, amounting THB 5,264.13 million, an increase of THB 96.43 million or 1.87% up from 2017.

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 2018 improved by 14.80% comparing to 2017.

**Processed Foods Segment:**

Revenue from processed foods segment in 2018 consisted of chicken sausage, and other processed chicken products for domestic market, represented 4.25% of consolidated revenue. In 2018, the revenue from processed foods was THB 708.44 million, dropped by THB 118.22 million, or 14.30% down from 2017.

Revenue from processed foods segment in 2018 decreased from lower selling price of processed foods for domestic market which declined by 8.48% comparing to 2017.

**Cost of Sales and Gross Profit**

Cost of sales for 2018 was THB 14,263.56 million, an increase of THB 112.64 million or 0.80% up from 2017 while gross profit in 2018 was THB 2,383.46 million, dropped by THB 394.09 million or 14.19% down from 2017 primarily from higher corn price.

Consequently, cost of sales for 2018 contributed of 85.68% of total sales, raised from 83.59% in 2017 while gross profit margin contributed of 14.32% in 2018, decreased from 16.41% in 2017.

**Other Income**

The consolidated other income in 2018 was THB 296.85 million, decreased by THB 21.39 million or 6.72% down from 2017, predominantly from decreasing of duty import tax return under section 19 bis. The consolidated other incomes in 2018 was 1.78% of total sales, slightly decreased from 1.88% in 2017.

**Selling General and Administrative Expenses**

The consolidated SG&A expenses in 2018 equaled to THB 1,372.02 million, increased by THB 55.82 million or 4.24% up from 2017. The Consolidated SG&A expenses increased from higher loss from selling grandparent chicken retirement and higher employee benefit expense comparing to 2017. The consolidated SG&A expenses in 2018 were 8.24% of total sales, slightly increased from 7.78% in 2017.

**Share of Profit from Associated Company**

The consolidated share of profit from associated companies based on the equity method in 2018 was THB 71.13 million, decreased by THB 200.89 million, or 73.85% down from 2017 mainly from GFN's loss contribution was THB 70.98 million, decreased by THB 171.05 million or 170.93% down comparing to 2017 due to lower selling price of chicken parts for domestic market. Furthermore, McKey's profit contribution was THB 142.11 million, dropped by THB 29.85 million or 17.36% down from 2017 due to higher operating expense from new further processing factory which was not reach target utilization in the first half of 2018.

**Financial Cost**

Financial costs of the group include the interest paid to financial institutions and related persons. The Company's financial costs in 2018 were THB 78.74 million, rose by THB 4.38 million or 5.89% up from 2017 mainly from higher interest rate of short-term loan within 1 year comparing to 2017. Costs of funds were 2.29% as at December 31, 2018 slightly increased from December 31, 2017 at 2.08%. The consolidated financial costs of the group in 2018 were 0.47% of total sales, slightly increased from 0.44% in 2017.

**Income Tax Expense**

Income tax expense of the Group in 2018 was THB 252.24 million, decreased by THB 53.25 million or 17.43% down comparing to income tax expense of THB 305.49 million in 2017. A decrease in income tax expense in 2018 was impacted by lower deferred income tax expense comparing to 2017.



**Net Profit**

The consolidated net profit in 2018 was THB 1,037.97 million, decreased in amount of THB 624.22 million or 37.55% down from THB 1,662.19 million in 2017. The EPS of 2018 was THB 0.83 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 2017. The consolidated net profit margin in 2018 was 6.24% of net sales, decreased from 9.82% in 2017.

**Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)**

The consolidated EBITDA in 2018 was THB 2,658.75 million, decreased by THB 617.62 million or 18.85% down from 2017. The decreasing in consolidated EBITDA resulted from lower revenue from sales. EBITDA margin in 2018 was 15.97%, decreased from 19.35% in 2017.

Unit: THB million

	2016	2017	2018
EBIT	1,960.19	2,051.61	1,379.42
Depreciation Expense	1,131.10	1,216.21	1,263.61
Amortization Expense	5.73	8.55	15.72
EBITDA	3,097.02	3,276.37	2,658.75
EBITDA Margin (%)	18.55	19.35	15.97

**Return on Equity**

In 2018, return on equity of the Company and its subsidiaries was 8.37% decreased from 14.55% in 2017; resulting from lower efficiency in profit generation; whilst, slightly lower asset utilization and slightly lower risk from 2017 as follow:

DuPont Analysis	2016	2017	2018
Return on Equity or ROE <sup>15</sup> (%)	16.26	14.55	8.37
Operating Profit Margin <sup>12</sup> (%)	11.74	12.12	8.29
Total Assets Turnover <sup>18</sup> (times)	1.09	1.03	0.96
Equity Multiplier (times)	1.54	1.46	1.43

**15.3 Financial position****Assets**

For the consolidated financial position as of December 31, 2018, total assets of GFPT Group equal to THB 18,129.66 million including THB 5,770.02 million (31.83% of total assets) in current assets, THB 8,447.16 million (46.59% of total assets) in property, plant and equipment (PP&E), THB 2,687.52 million (14.82% of total assets), in investments in associated companies, THB 500.61 million (2.76% of total assets) in grandparent



chicken and parent chicken and THB 724.35 million (4.00% of total assets) in investment in property and other assets.

Total assets as at December 31, 2018 increased in amount of THB 850.26 million or 4.92% up from December 31, 2017 from an increase in cash and cash equivalent of THB 503.83 million and increase in PP&E of THB 429.40 million. In 2018, the consolidated return on asset was 5.86% times, lower than 2017 at 9.94%.

#### **Trade and other Receivables**

In 2018, the Company and its subsidiaries recorded allowance for doubtful accounts in amount of THB 35.36 million, slightly increased from THB 34.41 million in 2017. The allowance for doubtful accounts was at acceptable level of 3.68% of total trade receivables. The average collection period of the Company and its subsidiaries was 21 days in 2018, slightly increased from 20 days in 2017. The account receivable turnover was 17.11 times, slightly decreased from 17.78 times in 2017.

#### **Inventory**

In 2018, the consolidated inventories of THB 3,527.98 million, decreased by THB 80.21 million or 2.22% down from 2017; primarily from decreasing in raw materials in transit and rearing chicken. The inventory turnover period was 5 days, remained the same as 2017. The Company and its subsidiaries recorded allowance for non-movement inventories in amount of THB 2.88 million and allowance for decline in value of inventories in amount of THB 29.97 million which accounted only 0.92% of total inventories value. It showed that the Company managed inventory appropriately.

#### **Liabilitie**

As at December 31, 2018, total liabilities of the Company and its subsidiaries was THB 5,403.47 million comprising of current liabilities of THB 2,988.18 million (55.30% of total liabilities), long-term loans from related persons of THB 1,760.00 million (32.57% of total liabilities), provision for employees benefit of THB 520.12 million (9.63% of total liabilities), advance received for rental income of THB 115.93 million (2.14% of total liabilities), and other non-current liabilities of THB 19.24 million (0.36% of total liabilities).

The total liabilities as at December 31, 2018 increased by THB 198.89 million or 3.82% up from December 31, 2017 primarily from trade and other payables increased in amount of THB 219.40 million. 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. The consolidated interest-bearing liabilities as at December 31, 2018 were THB 3,440.00 million (63.66% of total liabilities).

In 2018, trade and other payables of the Company and its subsidiaries was THB 1,143.42 million, increased in amount of THB 219.40 million or 23.74% up from 2017. In 2018, account payable turnover was 18.03 times, decreased from 2017 at 20.43 times. The consolidated average payment period in 2018 was 20 days, slightly increased from 18 days in 2017.



### Shareholders' Equity

As at December 31, 2018, the consolidated shareholders' equity in amount of THB 12,726.19 million, increased by THB 651.37 million or 5.39% up from December 31, 2017; primarily from the increase in retained earnings in amount of THB 657.42 million. The consolidated book value as at December 31, 2018 was THB 10.15 per share, increased from THB 9.63 per share in 2017.

## 15.4 Liquidity

### Cash Flow Activities

In 2018, the Company and its subsidiaries generated cash flows from operating activities of approximately THB 2,478.04 million, increased by THB 22.59 million from 2017. The cash cycle of the Company and its subsidiaries was 7 days in 2018, decreased from 8 days in 2017.

The Company and its subsidiaries used cash in its investing activities in amount of THB 1,375.10 million, increased by THB 25.24 million from 2017. The investing activities was made mostly in the investment in fixed assets in amount of THB 881.63 million and the grandparent and parent breeder stocks in amount of THB 581.47 million.

The Company and its subsidiaries used net cash from its financing activities in an amount of THB 599.11 million, decreased by THB 81.09 million from 2017, mainly from dividend payment of THB 376.06 million.

As at December 31, 2018, the Company and its subsidiaries' cash position in cash and cash equivalents was THB 1,240.09 million, increased by THB 503.83 million from 2017.

### Liquidity Ratios

In 2018, the liquidity of the Company and its subsidiaries was considerably appropriate for its operations and had strong financial position. As at December 31, 2018, the consolidated current ratio was 1.93 times, slightly increased from 1.81 times in 2017. The quick ratio in 2018 was 0.72 times, increased from 2017 at 0.57 times. The cash ratio of the Company was 0.83 time, slightly increased from 2017 of 0.80 time.

### Short-Term Debt Maturity

As at December 31, 2018, the Company and its subsidiaries' current liabilities of THB 2,988.18 million comprise of short-term loans from financial institutions of THB 1,380.00 million, trade payables and other payables THB 1,143.42 million, other current liabilities THB 180.76 million, and the current portion of long-term loans from related persons of THB 284.00 million.

Due to its strong position in cash flow and liquidity, the Company and its subsidiaries can repay the debt obligations including trade payables and other payables, short term loans, the current portion of long-term loans from financial institutions, and interest expenses. The repayment can be made from cash flow from operation activities. In 2018, the consolidated current ratio was 1.93 times, the net debt to equity ratio was low at 0.27 time.



The Company and its subsidiaries still had available credit line of the revolving short-term borrowings with financial institutions including bank overdraft in amount of THB 242.00 million and short-term loans, letters of credit, trust receipts, packing credit and forward foreign exchange contract in amount of THB 7,230.40 million.

#### **Capital Structure**

The Company and its subsidiaries had strong financial position. As at December 31, 2018, the consolidated debt to equity ratio was 0.42 time, slightly decreased from 0.43 time as at December 31, 2017.

As at December 31, 2018, the consolidated interest-bearing liabilities were THB 3,440.00 million, decreased from THB 3,576.70 million as at December 31, 2017. The net debt to equity of the Company was considerably low at 0.27 time, slightly decreased from 0.30 time in 2017. In summary, the Company had appropriate capital structure.

#### **Capital Expenditure and Capital Resource**

In 2018, the Company made an investment of THB 1,375.10 million; mostly in purchasing of fixed assets in amount of THB 881.63 million and grandparent breeder and breeder stocks in amount of THB 581.47 million.

According to the investment plan in 2018, the Company has continued to expand its broiler farm capacity, the investment was paid from cash flow from operations, short-term loans, and long-term loans.

In the next 3-5 years, the Company has planned to grow organically by investing in Greenfield projects. We focus on capacity expansion along the stream of our vertical integrated chicken production. Firstly, broiler farm operation will be expanded to reach capacity of 380,000 birds per day. Secondly, we are constructing the new chicken processing plant with a capacity of 150,000 birds per day as well as its supporting facilities such as water reservoir, water treatment, wastewater treatment, and worker residences. Finally, the further processing plant will be in the next phase of construction to produce cooked product for export with capacity of 24,000 metric tons per year.

The investment budget for these projects is estimated to be around THB 1,200 - 1,500 million per year for the next 3-5 years. However, this expansion plan can be adjusted depending on changes of future situation.

**15.5 Contractual Obligations**

The Company's contractual obligations are as follows:

Unit: THB million

Contractual Obligations	Total	Term of payment			
		Less than 1 year	1 – 3 years	3 – 5 years	More than 5 years
Long-term debt obligations	2,060.00	300.00	560.00	-	1,200.00
Financing lease obligations	-	-	-	-	-
Operating lease obligations	70.91	25.21	38.26	3.61	3.84
Acquisition obligations	19.83	12.46	7.37	-	-
Other debt obligations	1.87	1.87	-	-	-
<b>Total</b>	<b>2,152.61</b>	<b>339.54</b>	<b>605.63</b>	<b>3.61</b>	<b>1,203.84</b>

**15.6 Factors that may Affect Future Operation or Financial Position (Forward Looking)**

GFPT Group categorized the risks that may affect the business directly into 7 areas: strategic risk, operational risk, financial risk, compliance risk, reputational risk, other risk, and emerging risk as shown in Risk Factor section (Integrated Annual Report 2018 page 54). Nevertheless, GFPT Group has mitigated these risks to be in an acceptable level as shown in Risk Management section (Integrated Annual Report 2018 page 116).