

**AN EQUITY ANALYSIS AND VALUATION: THE RELATIVE  
MULTIPLES APPROACH**



**A THEMATIC PAPER SUBMITTED IN PARTIAL  
FULFILLMENT OF THE REQUIREMENTS FOR  
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entitled  
**AN EQUITY ANALYSIS AND VALUATION: THE RELATIVE  
MULTIPLES APPROACH**

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on  
December 18, 2015



.....  
Mr. Thanathorn Pasuthadol  
Candidate

.....  
Tientip Subhanij,  
Ph.D.  
Advisor

.....  
Asst. Prof. Piyapas Tharavani,  
Ph.D.  
Chairperson

.....  
Assoc. Prof. Annop Tanlamai,  
Ph.D.  
Dean  
College of Management  
Mahidol University

.....  
Vasan Siraprasari,  
M.Sc.  
Committee member

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Thanathorn Pasuthadol

## **AN EQUITY ANALYSIS AND VALUATION: THE RELATIVE MULTIPLES APPROACH**

THANATHORN PASUTHADOL 5749155

M.M.

THESIS ADVISORY COMMITTEE: ASST. PROF. PIYAPAS THARAVANIJ,  
Ph.D., TIENTIP SUBHANIJ, Ph.D., VASAN SIRAPRAPASIRI, M.Sc.

### **ABSTRACT**

The study provides an equity analysis and valuation of a company in respect of equity research report essentials of Chartered Financial Analyst (CFA) Institute. Tipco Foods Public Company Limited, a listed company in the Stock Exchange of Thailand (SET), was chosen for the study to find out its market value of the company in relations with the selected industry peers. In using the particular technique of relative valuation, three different multiples were particularly employed including Price/Earnings (P/E), Price/Book Value (P/BV), and Enterprise Value to Earnings Before Interests Taxes Depreciation and Amortisation (EV/EBITDA), to suggest its relative value to the food and beverage industry in SET. The relative values from all ratios indicate that the company was undervalued, and strongly suggest that an investor should buy Tipco's stocks. However, some limitations are found as four companies used as the industry peers, only one of them was considered as the closest peer in terms of its revenue structure and the product portfolios in the core businesses. Besides, the company's stock performance heavily relies upon its investment in an associated company in a different industry. This perhaps brings an argument against its accuracy with some qualitative considerations.

**KEY WORDS:** Equity analysis / Valuation / Relative multiples methods /  
Financial statement analysis / Downside risk analysis

32 pages

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## **CHAPTER I**

### **INTRODUCTION**

A research and analysis of equity offers an essential element of information for investment decision making. The central part of the analysis is valuation in which equity, as an asset, is to be valued. Indeed, asset valuation vary from case to case and require different information (Damodaran, 2012). There are a number of methods in which the market price or share price represents the value of an equity.

By observing a large amount of equity analysis published through financial institutions or stock brokerage houses, it is clear that the assumptions as well as the final conclusion of the analysis is endowed by different viewpoints as well as a wealth of information possessed by each analyst.

This study aims to provide an opportunity for students who are major in corporate finance to enhance research and analytical skills, and to explore related issues in the research in both macro and micro perspectives. Most importantly, to be able to select an appropriate technique used for valuation of a selected company.

A listed company in the Stock Exchange of Thailand (SET) is chosen for such objectives while the relative multiple methods are employed for valuation. The use of equity research report essentials by Chartered Financial Analyst (CFA) Institute is the skeleton of the study as it is mostly recognized by whether individual or institutional investors.

The findings of the study suggested the appropriate stock price being publicly traded in the SET, and therefore represents one's comprehensive ability; acquiring wealth of data and information, skill sets, a level of understanding of business environments that have an impact upon a company as well as applicability of valuation techniques to the study.

## CHAPTER II

### BUSINESS DESCRIPTION

Tipco Foods Public Company Limited manufactures and distributes products of pineapple in syrup, pineapple juice, mixed fruit juice, and natural mineral water in Thailand and internationally with current paid-up capital is Bt 482.58 million. Tipco offers various fruit and vegetable juices under the Tipco 100%, Tipco Apple Cider, Tipco Veggie 100%, Tipco Profiber, Tipco Squeeze, Superkid, Cool Fit, Homsuwan, and Squeeze Bar brands; and water under the AURA brand.

The company was first listed in Stock Exchange of Thailand in 1989. In 1993, the company diversify itself to a new subsidiary, which is Tipco F&B Co., Ltd. (originally known as Tipco Foods Public Company Limited), thereby expanding the production line for entry into the ready-to-drink fruit beverage market.

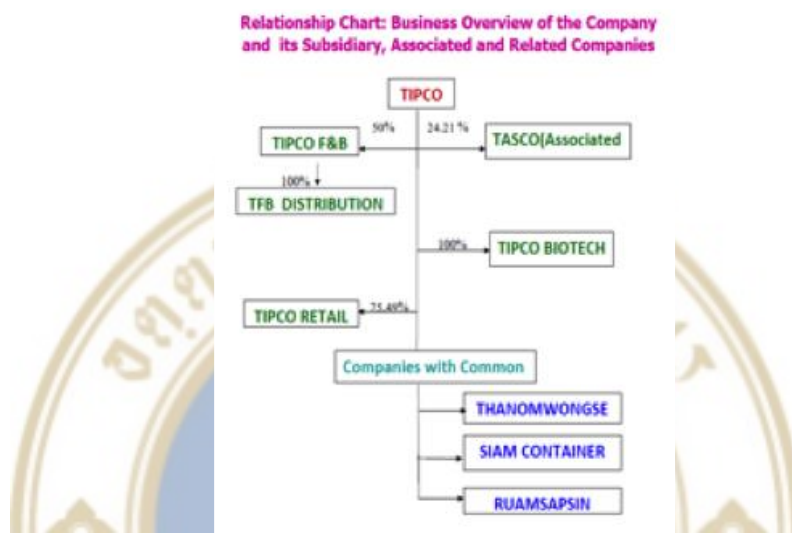


**Figure 2.1** Sales Revenue Breakdown by Business (2010-2014)

In 1993, The company increased investment in subsidiary company, TIPCO F&B, to expand and enter the ready-to-drink fruit juice market and has received favorable response from domestic consumers. Subsequently, the company focused on continuous R&D aimed at satisfying consumer demand, and adopted the policy of launching at least one new product every year starting from 1997. In 2007, TIPCO

entered into an alliance with Santori Japan and formulated a joint venture to expand into domestic and ASEAN markets. The expansion has involved the use of beverage factory at Wang Noi, Auddhaya Province, as production base for beverages.

## 2.1 Subsidiary and Associated Companies



**Figure 2.2** Tree Chart of Tipco's Business, Its Subsidiaries and Associated Companies

The company's subsidiaries comprise:

- Tipco Asphalt Public Company Limited operates the business in manufacturing asphalt emulsion and distribution of petroleum products. Currently the Company holds 24.21 percent shares. Total paid-up capital is Bt1,534.27 million.
- Tipco F&B Company Limited operates the business in producing and distribution of ready - to-drink beverage products. Currently the Company holds 50 percent shares. Total paid-up capital is Bt600 million.
- Tipco Biotech Co., Ltd. operates the business of herbal extraction substance and agriculture business. Currently the Company holds 99.99 percent shares. Total paid-up capital is Bt36.8 million.
- Tipco Retail Co., Ltd. operates the retail business. Currently the Company holds 50.99 percent shares and 49 percent shares by TIPCO F&B Co., Ltd. Total paid-up capital is Bt50 million.

- TFB Distribution Company Limited, operates wholesale and retail business. Currently the Company holds 50 percent shares by TIPCO F&B Co., Ltd. Total paid-up capital is Bt0.25 million.

Its major business can be categorized into:

- Agro Group
  - *Tipco Foods Public Co., Ltd.* – as Tipco’s main business is producing and exporting of canned pineapple, pineapple juice concentrate and canned mixed fruits under the brand “Tipco”
  - *Tipco Biotech Co., Ltd.* – is a subsidiary company which engages in agricultural businesses and plant extracts, with special focus on Research & Development and cultivation of seedling and raw materials used by the Food & Beverage Business Unit.
- Consumer Goods Group
  - *Tipco F&B Co., Ltd.* – a joint venture between TIPCO Foods PCL and Suntory Beverage & Foods Asia, produces and distributes ready-to-drink beverages under the brand Tipco, tea+, Mirei, Aura
  - *Tipco Retail Co., Ltd.* – a subsidiary company jointly owned by TIPCO Foods PLC.
  - *Tipco F&B Co., Ltd.* – operates retail trade under the logo “Squeeze Juice Bar by Tipco.” Product line includes fresh squeezed fruit juice, fresh yogurt, Happy Yogurt, with special emphasis on Quality, Health benefits, and Taste. Tipco’s Squeeze Juice Bar also serves as outlet for other company products such as TIPCO fruit juice and Homsuwan pineapple.

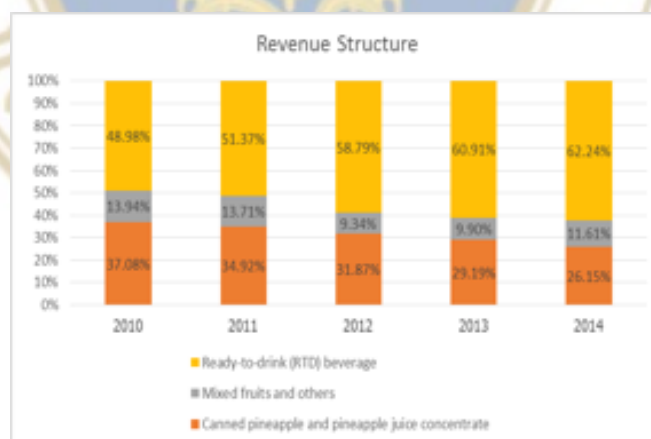
## 2.2 Revenue Structure

For the past five years, revenue Structure shows that ready-to-drink beverage has dominated the highest revenue over the other business units. The trend also shows the same positive direction for Tipco F&B that it will continue to be the

major dominator. This is due to sales decline in canned pineapple, pineapple juice and concentrate sector. We anticipate continual growth in RTD sector in many more years to come due to higher demand for healthy drinks which is the major targets of the company. For canned pineapple, pineapple juice and concentrate, it will take at least a couple of years until contract farming becomes effective and that the company then gains the beneficial outcomes.

<b>Revenue Structure</b>						
The structure of revenue from sales of products or provision of services to external parties in the past 5 years:						
<b>In million Baht</b>						
<b>Products</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	
Sales amounts	Canned pineapple and pineapple juice concentrate	1,748.02	1,684.74	1,734.53	1,631.28	1,440.30
	Mixed fruits and others	657.17	661.62	508.30	553.11	639.58
	Ready-to-drink (RTD) beverage	2,308.59	2,478.73	3,199.29	3,403.81	3,427.92
	<b>Total</b>	<b>4,713.78</b>	<b>4,825.09</b>	<b>5,442.12</b>	<b>5,588.20</b>	<b>5,507.80</b>
Proportion (%)	Canned pineapple and pineapple juice concentrate	37.08%	34.92%	31.87%	29.19%	26.15%
	Mixed fruits and others	13.94%	13.71%	9.34%	9.90%	11.61%
	Ready-to-drink (RTD) beverage	48.98%	51.37%	58.79%	60.91%	62.24%
	<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
Changes in sales (%)	Canned pineapple and pineapple juice concentrate		-3.62%	2.96%	-5.95%	-11.71%
	Mixed fruits and others		0.68%	-23.17%	8.82%	15.63%
	Ready-to-drink (RTD) beverage		7.37%	29.07%	6.39%	0.71%

**Figure 2.3** Revenue Structure Breakdown (2010-2014)



**Figure 2.4** Tipco's Revenue Structure Illustrated in Bar Diagramme

Focusing on beverages, the ready-to-drink beverages it offers to the market comprises of:

- 100% Orange Juice: squeezed from quality oranges, comes with orange pulp and non-concentrated. 100% Fruit Juice 100% Veggie Juice: mixed vegetable and fruit juices Super
- 100% Fruit Juice
- 100% Veggie Juice: mixed vegetable and fruit juices
- Super Fruit Essence: Combo of pomegranate concentrate, prune juice and fig pulp
- Fruit Plus: 100% fruit juice, mixed vegetable juice and Aloe Vera pulp
- Super Kid: 100% fruit juice/ mixed vegetable and fruit juice for children
- Apple Cider
- Squeeze Pasteurized: 100% pasteurized fruit juice, mixed vegetable juice and mixed fruit juices
- Cool Fit: 40% vegetable juice and mixed fruit juice
- Profiber
- Tea Plus: Oolong tea OTPP packed in PET bottle
- Aura: natural mineral water

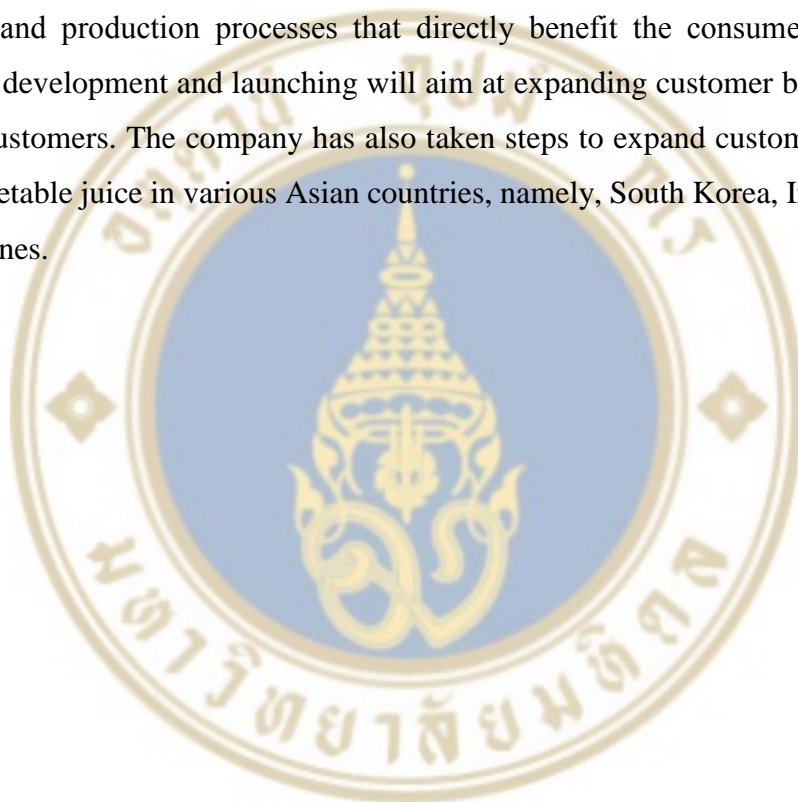
### **2.3 Key Success Factor**

The aggressive integrated marketing communication launched through various media such as television, print-ad, outdoor ads and online media allows TIPCO to successfully reach all target consumers. Furthermore, it has also focus on R&D to create product innovations to fulfil the product line. This new innovation helps TIPCO to target more market segments and satisfy market needs. More items filled in the product line also allow TIPCO products to fill in the shelf space, creating high awareness at point of purchase. Such strategy makes shoppers see TIPCO products more often and create a positive image towards the brand as TIPCO owns the whole shelf space.

The company is also fully determined to develop high quality products that offer health benefits while communicating healthcare information and conveying the

message that maintaining good health is fun and easy to do every day. TIPCO's objective is to ensure good health for all Thai people.

The future direction for TIPCO F&B Co., Ltd. In 2014, the market for 100% fruit juice is projected to grow by approximately 4% per annum, mineral water 10%, bottled tea no change, subject to variable impact from domestic factors, particularly local politics. Although the market for ready-to-drink beverages remain highly competitive, TIPCO F&B Co., Ltd. should be able to maintain market leadership in the 100% fruit juice segment by creating brand value based on highly selective raw material quality and production processes that directly benefit the consumer's health. New product development and launching will aim at expanding customer base and securing target customers. The company has also taken steps to expand customer base for fruit and vegetable juice in various Asian countries, namely, South Korea, Indonesia and the Philippines.





## CHAPTER III

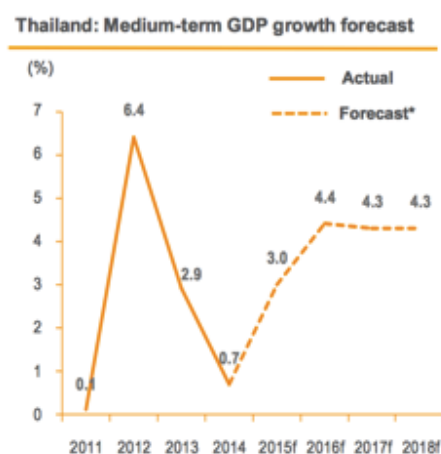
### MACRO-ECONOMIC ANALYSIS

#### 3.1 Thailand GDP Trend

According to Office of the National Economic and Social Development Board (NESDB) and the World Bank, GDP for 2015 is growing at 3.5% and has a direction towards 4% for the year 2016. The expected GDP for the years onward are ranging around 4-4.5%. NESDB also stated that the private consumption and general government final consumption expenditure also has increased by 2.4% and 2.5% respectively for the last quarter of 2015. However the agricultural sector contracted by 4.8% according to the decline in major crops production.

- Thailand's economic recovery is gaining momentum.
- The economy grew by 3 percent in 1Q2015. In 2015, growth will likely expand at a healthy pace of 3-4 percent.

(%YoY)	2013	2014	1Q2015	2015
GDP Growth	2.9	0.7	3.0	3.0-4.0 (f)
- Private consumption	0.2	0.3	2.4	2.3 (f)
- Private investment	-2.8	-1.9	3.6	3.8 (f)
- Public consumption	4.9	2.8	2.5	3.8 (f)
- Public investment	1.3	-6.1	37.8	15.8 (f)
- Export value of goods	-0.2	-0.3	-4.3	0.2 (f)
- Import value of goods	-0.4	-8.5	-7.2	-0.8 (f)
- Number of international tourists (%YoY)	18.7	-6.7	23.5	8.0 (f)
(million)	26.7	24.8	7.9	27.0 (f)

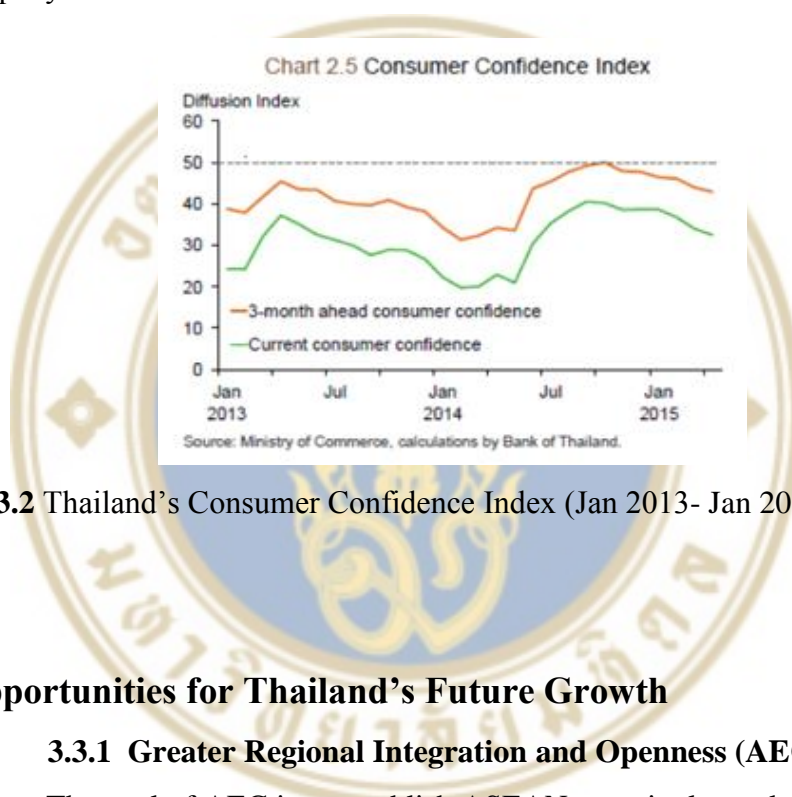


Source: Office of the National Economic and Social Development Board (NESDB), Department of Tourism, Bank of Thailand, IMF's World Economic Outlook, April 2015  
Note: 2015 forecast by NESDB, 2016 onward forecast by IMF

**Figure 3.1** Thailand's GDP and Forecast

## 3.2 Consumers Concern

According to the Ministry of Commerce, it is recently reported that consumer confidence index (CCI) had dropped below 50% once again after picking up in the second half of the previous year. The survey affirms that consumers are increasingly concerned over the economy. This is important indicator since about 70% of company's income come from selling consumer products in the domestic market. It is suggested that, in general, the lower index, the lower consumption and thus leads to the company's decision to invest.



**Figure 3.2** Thailand's Consumer Confidence Index (Jan 2013- Jan 2015)

## 3.3 Opportunities for Thailand's Future Growth

### 3.3.1 Greater Regional Integration and Openness (AEC)

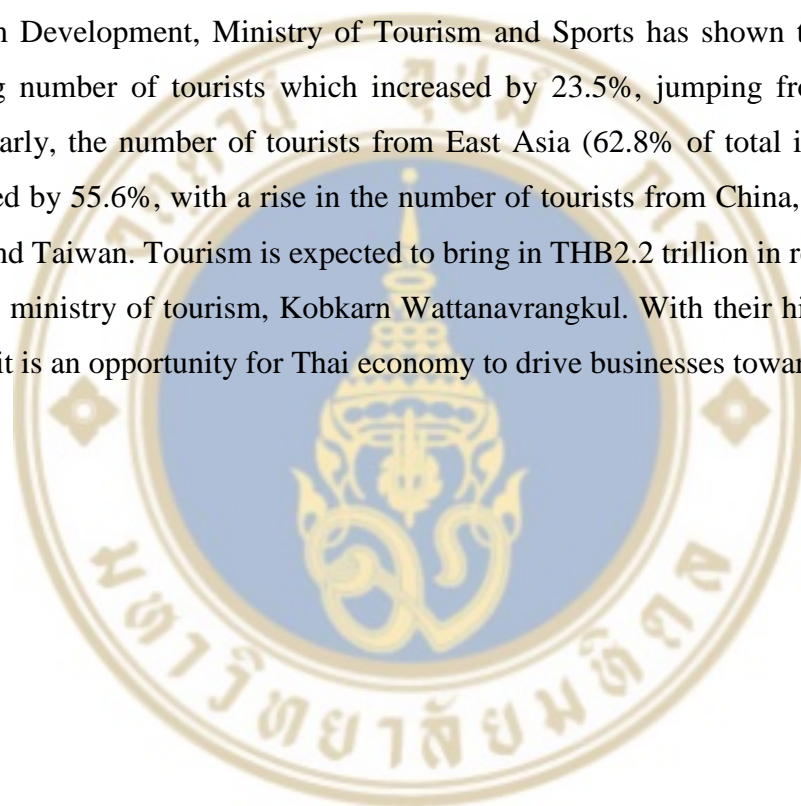
The goal of AEC is to establish ASEAN as a single market and production base making ASEAN more dynamic and competitive with new mechanisms and measures to strengthen the implementation of existing economic initiatives.

Implementing a policy of free flow of goods and investment throughout the region should reduce transaction costs and help to drive down the cost of goods produced in the region. Another major winner should be Thailand listed companies and other large Thailand companies looking to find new markets for their products and services throughout the region. The removal of the trade barriers as required by the AEC should open up interesting opportunities for Thai companies looking to expand their customer base and diversify their businesses.

However, many of Thailand's SME's will likely see these as challenges. Although SME's, also, stand to benefit from Thailand's participation under the AEC, many will likely feel threatened by the provisions of the AEC requiring Thailand to open up to its market to increased foreign competition.

### **3.3.2 A Bigger Middle-income Class, Especially in China PR**

China economy has grown tremendously over the past few years and Chinese are leveling up themselves to becoming middle-high income people. Office of Tourism Development, Ministry of Tourism and Sports has shown the figure of the growing number of tourists which increased by 23.5%, jumping from a 7.0% rise. Particularly, the number of tourists from East Asia (62.8% of total inbound tourists) increased by 55.6%, with a rise in the number of tourists from China, Malaysia, Hong Kong and Taiwan. Tourism is expected to bring in THB2.2 trillion in revenue this year, said the ministry of tourism, Kobkarn Wattanavrangkul. With their higher purchasing power, it is an opportunity for Thai economy to drive businesses towards this trend.



## CHAPTER IV

### INDUSTRY TREND AND COMPETITION

As stated in the subsidiaries and associated companies section, there are three major business that distributed highest to Tipco's revenue.

#### 4.1 Agro & Food Industry Groups

##### 4.1.1 Canned Fruits & Mixed Fruits

Market for canned pineapple can be explained through global market since the main proportion comes from exports. As Thailand is the leader in exporting canned pineapple, the current effect of the industry is from rising raw material cost which has been a consequence from the drought in 2014. The drought has impacted the pineapple supply, while consumption in Europe and the US have just recovered. Due to the report by Office of Agricultural Economics, shows that export market for canned pineapple had grown -1.56%. This reduction was also a cause from risen raw material cost as well as economic downturns in Europe, USA, Russia, which are the major importing countries. For Tipco, it aims to maintain revenue target of Bt1.4 billion per year year due to the uncertainty of the pineapple supply and the rising price of steel, which is a raw material for juice and fruit cans.

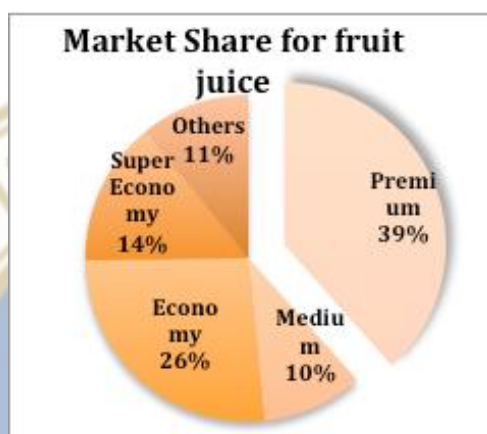


**Figure 4.1** Major Thailand's Canned Pineapples Importers in 2013

## 4.2 Consumer Goods Groups

### 4.2.1 Fruit Juice

According to Marketeer magazine (2015), In 2015, Market for ready to drink fruit juice is valued at 12.5 billion baht. The market can be divided into 5 segments which are premium market, medium market, economy market, super economy market, and others.



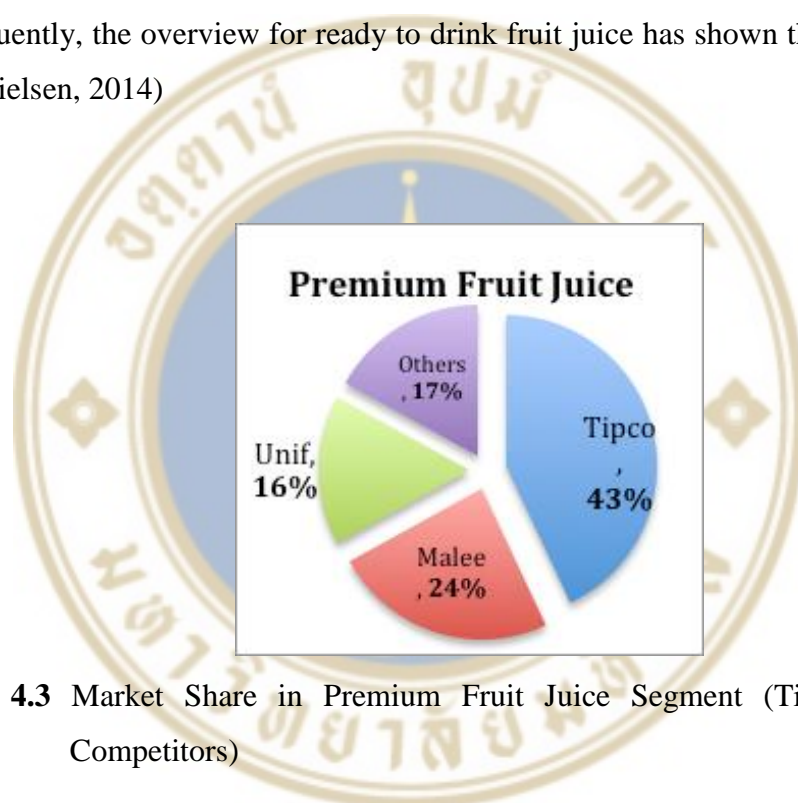
**Figure 4.2** Market Share for Fruit Juice (by Segments)

Premium market was worth 4.8 billion baht with market growth of 2%, this category can further divided into UHT fruit juice which worth 4.05 billion baht with growth of 2% and pasteurized fruit juice which worth 0.47 billion baht with growth - 3%. Medium market or 40-99% fruit juice was worth 0.74 billion baht. Economy market or 20-39% was worth 3.3 billion baht. Super economy market or 19% fruit juice was worth 1.79 billion baht. Lastly, other small markets were worth 2 billion baht.

Although the growth decreased in 2014, in 2015 the total pie of market share for fruit juice has increased by 500million baht and seems to continue heading upwards because of the healthy booming trend. Thai consumers are becoming more health conscious as we can see from various new product launches that focus on healthy trend. Furthermore, there has been high entries of the new fruit juice brands from both domestic and international. The major reasons are due to the high market value of this industry and the small number of players which increase the degree of rivalry.

The growth for ready to drink fruit juice has always been very high, in some years the growth were higher than 10% which was the result from higher consumption.

The new competitors have consistently entered the market. Moreover, the dominant players have been intensely launched marketing campaigns to push and support sales throughout the year. As consumers are always looking for new products, resulting in gradually growing market. However, in 2014, lower consumption from higher household debt had a direct effect on value of ready to drink fruit juice. The proportion for economy market was relatively reduced. Consumers had switched the behavior to other ready to drink categories such as soft drinks and green tea. The markets for soft drinks and green tea have always had intense competition and price promotion. Consequently, the overview for ready to drink fruit juice has shown the growth of 2% only (Nielsen, 2014)



**Figure 4.3** Market Share in Premium Fruit Juice Segment (Tipco and Major Competitors)

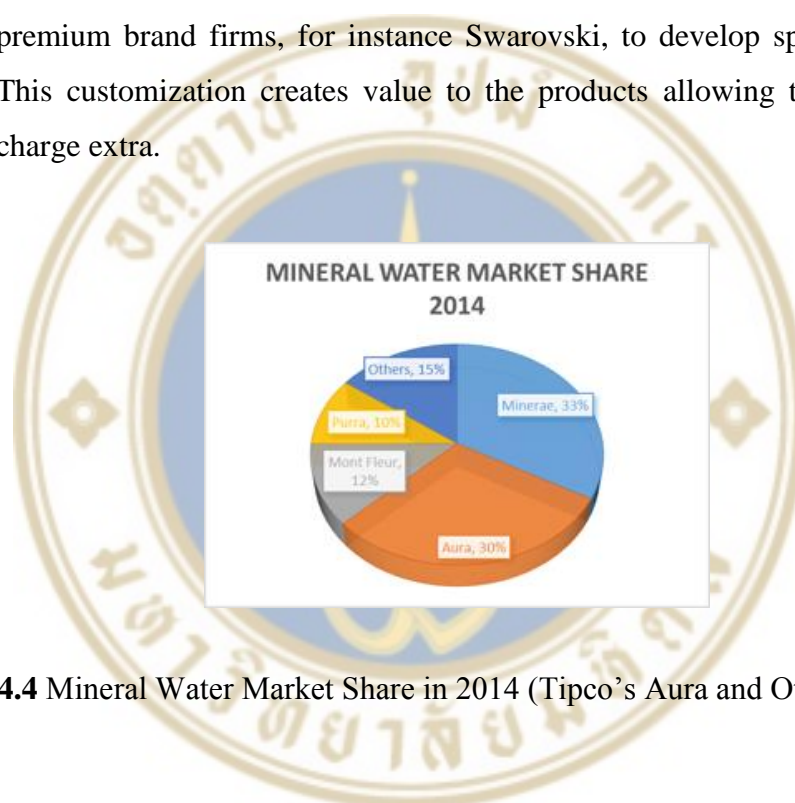
#### 4.2.2 Mineral Water

Mineral water market can be divided into 3 segments according to the price range.

- Mass market being the largest segment of the three. Price is ranging close to bottled water, ranging between 7 to 10 baht. The market in this segment is very competitive after Nestle minere decided to do aggressive marketing and price their mineral water equal to the bottled water.
- Premium mass market which belongs in the imported mineral water. The price range between 40 – 80 baht implied that it captures consumers whom have

willingness to pay for slightly more expensive water and those who are familiar with drinking mineral water in western countries. Distribution channels are such as premium supermarkets, hi-end restaurants, and hotels. Well known brands in this segment are Evian, Perrier, and Fiji.

- Premium market mineral water, price ranges between 100 to more than 1,000 baht. Mostly sold through very hi-class hotels and some airlines as an in flight drink for business class and first class. Brand building for this segment can be seen through joint venture between premium mineral water firms and another premium brand firms, for instance Swarovski, to develop special packaging. This customization creates value to the products allowing to these firms to charge extra.



**Figure 4.4** Mineral Water Market Share in 2014 (Tipco's Aura and Others)

## 4.3 Competition Analysis

### 4.3.1 Major Competitors

4.3.1.1 Malee Sampran Public Co., Ltd. is Tipco's main competitor considering the common businesses both are operating. Malee is the manufacturer and distributor of processed agricultural products such as canned fruit, UHT and pasteurized fruit juice, canned coffee, canned tea, drinking water in PET bottle and aseptic bag under Malee brands. Thus, the nature of its business can be divided into 3 categories which are:

- Vegetable and fruit juice business: in this business sector, it further divides into 4 groups which includes
  - Concentrated fruit juice
  - Ready to drink juice (100% natural fruit juice and 25% fruit juice)
  - Artificial fruit juice (25% natural fruit juice mixed with artificial flavors and sugar)
  - Fruit powder which extracted from natural fruits and further processed into powder
- Canned fruit business
- Dairy and Cereal business

4.3.1.2 Uni-President (Thailand) Ltd. has established a brand name 'UNIF' for fruit juice and ready to drink tea. UNIF is being a subsidiary under an umbrella of Uni-President Enterprises Corporation, leader in processed food in Taiwan. The company has been gaining well acceptance and reliance from Thai consumers and offered a wide range of products under UNIF mixed vegetable and fruit juices 40% and 100% from concentrate, UNIF ready to drink tea, UNIF All You Need mixed vegetable and fruit juice with berries, UNIF 12% orange juice and 12% grape and mixed berry juice and A-Ha ready to drink coffee. Considering Uni-President (Thailand) Ltd. business, 60% of Uni-President revenue structure is distributed from vegetable and fruit juice while almost 40% of the total revenue comes from ready to drink tea. The rest 1-2% of the total revenue comes from its new businesses. Uni-President has targeted to 30% growth annually as it plans to diversify the business into other sectors.

4.3.1.3 Universal Food Public Co., Ltd. or UFC, is one of Thailand's leading processor, manufacturer and distributor of processed fruits and vegetables, beverages and sauce and seasoning. UFC's mission is to continuously improve and advance its production process in order to guarantee the best and safest products for our consumers. Therefore, UFC is positioned itself as a premium quality products provider with natural tastes and variety offerings. UFC product range can be summarized into 3 categories, Processed Fruits and Vegetables, Sauce and Seasoning and Beverages. Processed fruits and vegetables are such as instant young corn, mango, rambutan, and rambutan stuffed with pineapple. The Beverage category consists of fruit



juice, coffee and soymilk products. Primarily focusing on fruit juices, these products are offered both in canned and carton packages.

#### **4.4 Future Direction**

Nowadays, the market for ready to drink drinks are quite intense due to high competition among the big companies and high substitute products. These market dominants are very active in doing marketing campaigns to increase their market share, thus fruit juice market are struggling in competing with this market. Prices are also the main criteria when making purchase decision for fruit juice because some consumer segments chose to purchase only those with the promotions while wanting the good quality. Therefore, making it difficult for Tipco to innovate the new products because the price constraint. However, being the market leader in the premium segment, price issue does not affect much because target consumers for this market have high purchasing power. These consumers are more concerned about drinking healthy rather than being price sensitive.

TIPCO F&B Co., Ltd. In 2014, the market for 100% fruit juice is projected to grow by approximately 4% per annum, mineral water 10%, bottled tea no change, subject to variable impact from domestic factors, particularly local politics. Although the market for ready-to-drink beverages remain highly competitive, TIPCO F&B Co., Ltd. should be able to maintain market leadership in the 100% fruit juice segment by creating brand value based on highly selective raw material quality and production processes that directly benefit the consumer's health. New product development and launching will aim at expanding customer base and securing target customers. The company has also taken steps to expand customer base for fruit and vegetable juice in various Asian countries, namely, South Korea, Indonesia and the Philippines.

Last year the company also expanded production capacity and the marketing campaign for Aura mineral water to accommodate higher market demand. Aura mineral water is drawn directly from a natural cold spring located in one of Thailand's best preserved natural environments.

In 2014, the company maintained marketing activities for bottled Oolong Tea OTPP under the brand name Suntory Tea Plus which emphasizes health benefit, unique taste, and the refreshing quality of tea.



## **CHAPTER V**

### **INVESTMENT SUMMARY**

#### **5.1 Major Capital Investment in Mineral Water Business (Aura) within 2-3 Years**

For Tipco F&B, the major investment will be on Aura to facilitate its high growth. High demand in the market is requiring the firm to increase its capacity to support the higher production needs. Referring to Tipco's managing director, Mr. Ekaphol, for other Tipco business sectors, there is no plan for significant investment within this five years.

#### **5.2 Relative Valuation**

Valuation multiple methods interpret a relative share price of the company to the market. In other words, it tells us whether the company's share price is relatively lower or higher than its industry peers in comparison regarding the current price and the outcomes of its management performance. Key indicators included are price to earnings per share (P/E) ratio, price to book value per share (P/BV) and enterprise value to earnings before interest, taxes, depreciation and amortization (EV/EBITDA). We selected 4 companies as its main products are beverage which are MALEE, OICHI, SAPPE and ICHI to compare with TIPCO. As mentioned earlier, only MALEE is the closest peer as its main products are premium fruit juice while OICHI and ICHI are mainly competing in tea and green tea based products, and specialty or functional drink as for SAPPE. Even though all the methods we used suggest that the current price of 14.90 (as of 30 September 2015) is undervalued, we would prefer to express the target price of TIPCO relative to its industry peers with P/BV method as the company has comparatively P/BV to its peers, and the presence of loss does not affect its valuation.

### 5.2.1 Price/Earnings Ratio (P/E): Target price 40.20-47.65 Baht per share

Price as of Q3/15	TRAILING EPS				Q4/15	TRAILING P/E	FORWARD P/E
	Q4/14	Q1/15	Q2/15	Q3/15			
			FORWARD EPS				
MALEE	29.00	0.54	0.61	0.59	0.42	0.84	13.41
OISHI	67.00	1.57	0.50	1.01	0.98	1.01	16.50
SAPPE	26.00	0.05	0.27	0.42	0.19	0.24	27.94
ICHI	15.70	0.16	0.24	0.25	0.09	0.18	21.22
AVERAGE EPS		0.58	0.40	0.57	0.42	0.57	
						AVERAGE	19.77
TIPCO	14.90	-0.03	0.66	0.75	0.65	0.49	7.33
						TARGET PRICE	40.20
							47.65

**Figure 5.1** PER Valuation Method

We used two approaches to calculate target price, trailing and forward. The former takes the sum of EPS in the previous 4 consecutive quarter of TIPCO multiplied by an average 4 quarters backward EPS of the industry peers of 4 companies. For the latter the same formula is applied but 3 previous and 1 forecasted (so called ‘forward’) EPS to be used. We can summarize that the target price looks very high because TIPCO has been outperformed by its peers. By using the peer multiple to estimate value, therefore, seems to be high accordingly. Another validation of this method used for TIPCO is that one of the trailing EPS is negative.

### 5.2.2 Price/Book value (P/BV): Target price 15.04-33.62 Baht per share

Price as of Q3/15	TRAILING BV		TRAILING P/BV	FORWARD P/BV
	Q3/15	Q4/15		
MALEE	29.00	8.19	3.54	3.37
OISHI	67.00	10.17	6.59	6.50
SAPPE	26.00	5.73	4.54	4.57
ICHI	15.70	4.60	3.41	3.13
AVERAGE EPS		0.42	0.57	
			AVERAGE	4.52
TIPCO	14.90	3.33	4.48	1.95
			TARGET PRICE	15.04
				33.62

**Figure 5.2** P/BV Valuation Method

We used two approaches to calculate target price, trailing and forward. The former takes the sum of EPS in the previous 4 consecutive quarter of TIPCO multiplied by an average 4 quarters backward EPS of the industry peers of 4 companies. For the latter the same formula is applied but 3 previous and 1 forecasted (so called ‘forward’) EPS to be used. We can summarize that the target price looks very high because TIPCO has been outperformed by its peers. By using the peer multiple to estimate value,

therefore, seems to be high accordingly. Another validation of this method used for TIPCO is that one of the trailing EPS is negative.

### 5.2.3 Enterprise value/Earnings before interest, taxes, depreciation and amortization (EV/EBITDA): Target price: 36.67-47.44 Baht per share

	EV as of Q3/15	TRAILING EBITDA PER SHARE					Q4/15	TRAILING EV/EBITDA	FORWARD EV/EBITDA
		Q4/14	Q1/15	Q2/15	Q3/15	Q4/15			
		FORWARD EBITDA PER SHARE							
MALEE	35.21	0.83	0.92	0.91	0.66	1.29	10.61	9.31	
OISHI	72.91	2.69	1.73	2.34	2.30	2.25	8.05	8.46	
SAPPE	25.69	0.10	0.27	0.41	0.19	0.25	26.52	22.91	
ICHI	16.98	0.16	0.24	0.25	0.09	0.18	23.04	22.36	
AVERAGE EBITDA PER SHARE		0.94	0.79	0.98	0.81	0.99			
		AVERAGE						17.05	15.76
TIPCO TRAILING TARGET EV	39.56	-0.32	0.85	0.96	0.83	0.55	7.67	5.57	
TIPCO FORWARD TARGET EV	50.33								
EV as of Q3/15	17.79								
PRICE as of Q3/15	14.90								
PLUS Debt per Share	3.05								
LESS Cash per Share	0.15								
						TARGET PRICE	36.67	47.44	

Figure 5.3 EV/EBITDA Valuation Method

EV/EBITDA does not only represent the real value of company but also the management's ability and corporate competency to create value by taking fixed assets and taxation out of valuation. Like P/BV method, it allows investors to ignore any presence of loss in earnings. We found out that TIPCO's EV/EBITDA is relatively low at 5.57 and 7.67 times in forward and trailing estimation. This results in high share price estimated as the industry peers' multiple compose high EV/EBITDA on average. Again, the calculation is similar to P/E but more complicated in finding out its enterprise value from its equation of  $EV = \text{Market value of equity} + \text{Book value of debt} - \text{Cash and cash equivalent}$ . First we use trailing and forward of EV and calculate an average of EV/EBITDA of the peers. We estimate TIPCO's trailing and forward EV by multiplying its EBITDA with the peers EV/EBITDA. The target price then takes the estimated EV (both trailing and forward) minus cash and cash equivalent then add up with book value of debt using the value at the end of September 2014 (Q3/2015).

## CHAPTER VI

### FINANCIAL STATEMENT ANALYSIS: COMMON SIZE AND TREND ANALYSIS

In financial statement analysis, we aim to provide an overall of risk and return perspective, employing several ratios that help to normalize the class of assets, source of funds as well as business activities and the performance outcomes so that can be analyzed and interpreted.

#### 6.1 Tipco Foods PCL and the Peers in the Industry

Analyzing financial statement and performance of Tipco Food PCL in comparison with the industry peers, we only select listed companies which includes MALEE, OISHI, ICHI and SAPPE. Even though all companies have similar revenue structures that are generating from beverage, the closest rival, then will be more focused is Malee Sampran PCL (MALEE) as its main revenue generated from fruit juice same as Tipco. The table below provides an overview of financial performance of 5 selected companies in the F&B industry sector with only TIPCO and MALEE are analyzed side-by-side

as of December 2014	TIPCO	MALEE	OICHI	SAPPE	ICHI
<b>GROWTH</b>					
Sales Revenue Growth (4-year CAGR)	3.36%	6.83%	6.89%	N/A	55.50%
<b>PROFITABILITY</b>					
Gross Profit Margin	30.55%	33.24%	33.91%	39.54%	34.21%
Operating Profit Margin	-3.68%	8.67%	4.76%	16.57%	18.02%
Net Profit Margin	0.88%	6.44%	4.16%	22.72%	17.37%
<b>OPERATING EFFICIENCY</b>					
Current Ratio	0.69	0.98	0.41	1.40	1.50
Quick Ratio	0.26	0.51	0.28	1.09	1.04
Cash Cycle Conversion (days)	86	87	-22	44	45
Days in Inventory	106	82	18	47	44
Days in Receivables	41	51	16	41	50
Days of Payables	61	46	56	44	48
Total Assets Turnover	1.01	1.84	1.47	1.67	0.80
Fixed Assets Turnover	1.45	3.89	1.72	3.84	1.02
<b>INSOLVENCY</b>					
D/E Ratio	1.10	1.75	1.42	0.74	0.90
Time Interest Earned	0.82	11.59	6.14	125.21	11.26
<b>INVESTMENT</b>					
ROIC	-4.64%	16.73%	10.90%	39.04%	15.57%
ROA	1.17%	14.95%	6.99%	48.76%	14.39%
ROE	2.46%	41.06%	16.92%	84.99%	27.42%
EPS	0.11	2.23	1.39	2.44	0.83

**Figure 6.1** Tipco Foods and the Selected Peers in the Food and Beverage Sector

## 6.2 Highlights in the Financial Statements Analysis: Common Size and Trend

### 6.2.1 Sales Performance of TIPCO and MALEE

An overall performance in the previous year of TIPCO being outperformed by its direct competitor like MALEE in terms of profitability. MALEE's sales jump in 2013 surpassed TIPCO to reach over 6 billion Baht in sales revenue. However, both TIPCO and MALEE suffered sales decline of -1.44% and -6.29% due to the sluggish consumption in the premium fruit juice segment as well as the economic downturn. TIPCO's 5 years growth rate of CAGR is 3.1%, much lower than MALEE's 11% growth rate of CAGR

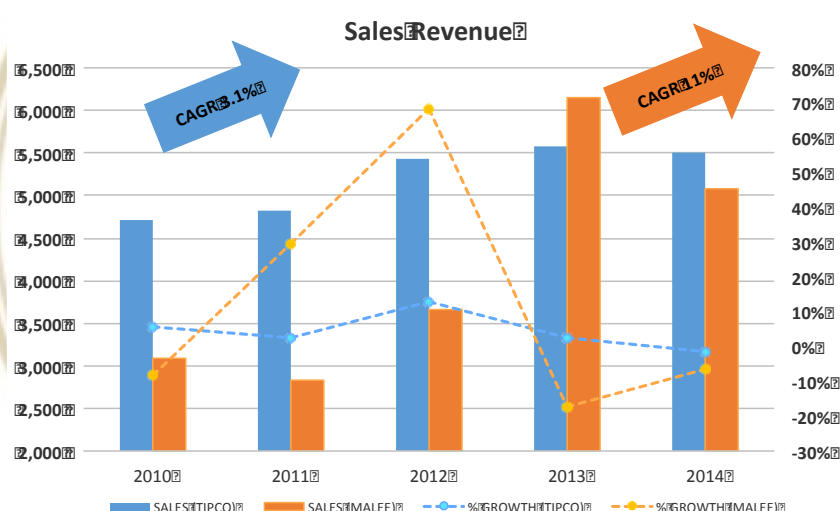
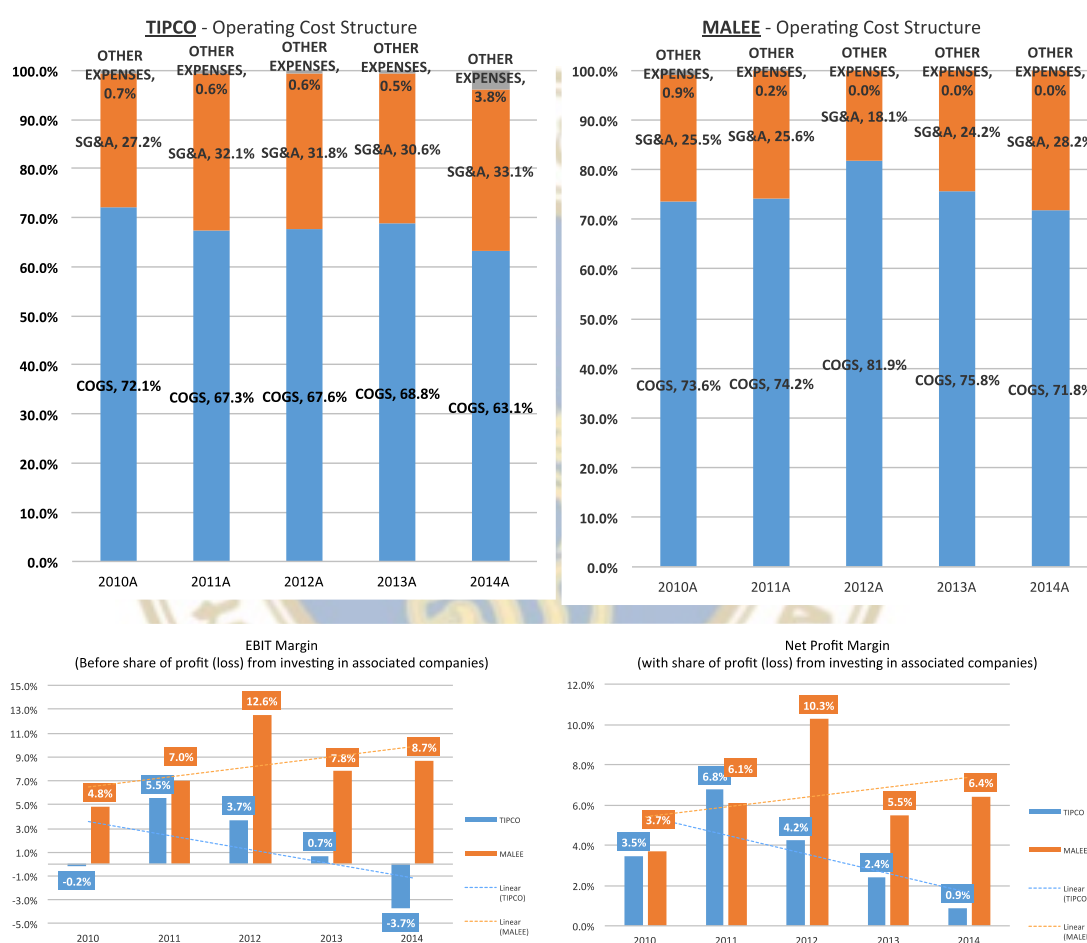


Figure 6.2 Sales Revenue and Growth Rate (2010-2014)

### 6.2.2 Performance in Profitability of TIPCO and MALEE

It was MALEE that outperformed its direct competitor, TIPCO, in generating profits. Thanks to shared profit from its investment in associated company (Tipco Asphalt PCL) that minimized its loss in core business operations. Even though the company equally performed in keeping gross profit margin higher (see the upward trend of both companies), MALEE eventually gained higher EBIT margin as well as net profit margin. Looking into their operating cost structure (%), TIPCO has slightly lower cost of sales (or COGS) at 63.1% while MALEE's cost of sales was 71.8% in 2014 but TIPCO has larger proportion of selling and administrative expenses with over 30%

compared with less than 30% for MALEE. Clearly, we can see from the set of diagrams below showing that MALEE gained higher operating profit and net profit of 8.7% and 6.4% respectively in the most recent year. Poor performance by TIPCO, even though, may not significantly affect its retained earnings but earnings operating loss does not much affect its retained earnings as the company still receive shared profit from its investment in associated company and tax deferral.



**Figure 6.3** A Comparison of Cost Structure and Profitability of TIPCO and MALEE

### 6.2.3 Assets, Liabilities and Equity of TIPCO and MALEE

6.2.3.1 TIPCO Holds Larger Proportion of Non-current Assets observing that by 2014 TIPCO had almost double-sized assets compared with MALEE with approximately 5.5 billion Baht while MALEE's total asset was about 3 billion Baht. About 70% of TIPCO's assets however are non-current. This was largely contributed by long-term investment in associated company and we expect that this



portion will be larger in the future. In the major working capital components, TIPCO has accounts receivables, inventories of 8.8% and 17% respectively compared to 26.2% and 26.7% in asset side held by MALEE. In the liabilities side, about 27% and 34.2% of accounts payable held by TIPCO and MALEE. The set of diagrams below depicts changes in assets, liabilities and equity of both companies during 2010-2014



**Figure 6.4** Changes in Assets, Liabilities and Equity of TIPCO and MALEE

6.2.3.2 TIPCO's total asset significantly decreased by 10% approximately due to decreasing value in most fixed asset (PPE) and shareholders' equity because of loss while MALEE's total asset slightly fell from 2013 by 0.88%. Both were affected by sales decline and less operating activities. However, over the past 5 years both companies have an increasing total assets by 2.8% and 4.4% for TIPCO and MALEE respectively (CAGR) and we expect to see its continual growth when the economy is recovered

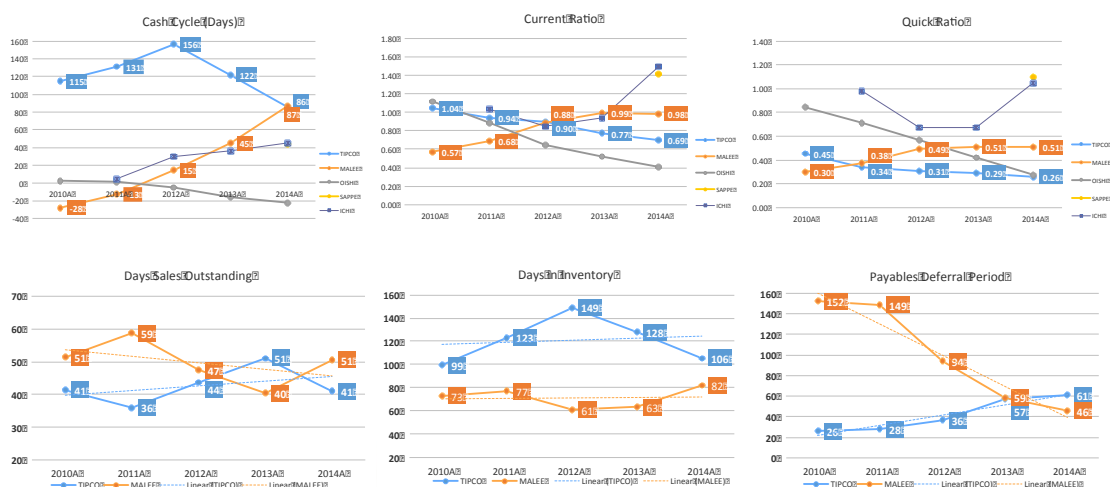
6.2.3.3 Clearly both TIPCO and MALEE had increased their S/T debt significantly. By the end of 2014, TIPCO had the total amount of S/T debt (in

bank overdraft and promissory notes) of 1.46 billion Baht or 26.6% of liabilities and equity (D&E), slightly fell from the 2013 whereas MALEE's total S/T debt was more than tripled from 2013 to nearly 600 million Baht or 22.3% of D&E

#### **6.2.4 Assets Utilisation and Productivity of TIPCO and MALEE**

6.2.4.1 MALEE still gained higher productivity even though illustrating drop in asset utilization observing that a sharp increase in sales led MALEE gained higher productivity in terms of using assets than TIPCO. As both companies are manufacturer, they compose large proportion of fixed assets (PPE) to produce products and sell. We measure both total asset and fixed asset utilization in the common size analysis. Indeed, declining sales adversely affected using in this asset class as we see in the line chart above that MALEE had more affected than TIPCO. Falling sales in 2013 clearly lowered fixed asset turnover from 5.50 to 4.23 for MALEE while TIPCO had lesser effects.

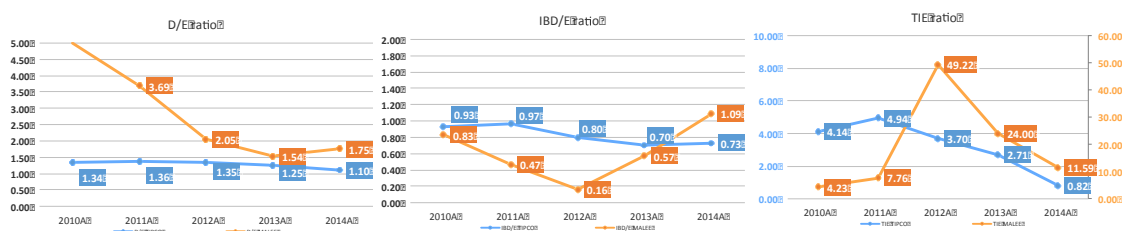
6.2.4.2 TIPCO significantly improved its operating efficiency but short-term risk still higher observing that some improvement from TIPCO's management. All the ratios in appendix 9 show a reduction from 149 to 106 days in inventories, close to its rival's 82 days. TIPCO's inventory turnover was 3.5 turns, however, lower than MALEE's 4.5 turns in 2014. Both companies' payable collection period has been comparable although in 2014 TIPCO performed slightly better than its rival with 41 days of collection period compared to MALEE's 51 days. Payable deferral period by the year end was performed well by TIPCO, currently in 61 days compared to 46 days of MALEE. Notably MALEE has shortened its payable period to its trade creditors that eventually caused longer cash cycle conversion. It is believed that MALEE could have used trade discount to lower cost of sales as the company had largely gained cash on hands. This excess cash was used as operating assets. As for short-term liquidity risks, Current ratio and quick ratio indicate that TIPCO has lower liquidity in its current assets as the company possesses more fixed assets. TIPCO's both ratios has been declining every year since 2010 at now stand at 0.98 and 0.51 for current and quick ratio respectively. In contrast, an outstanding sales and profit growth performance by MALEE has improved its both ratios significantly.



**Figure 6.5** A Set of Liquidity and Operating Efficiency Ratios: A Comparison of TIPCO and MALEE

### 6.2.5 Financial Risk Ratios of TIPCO and MALEE

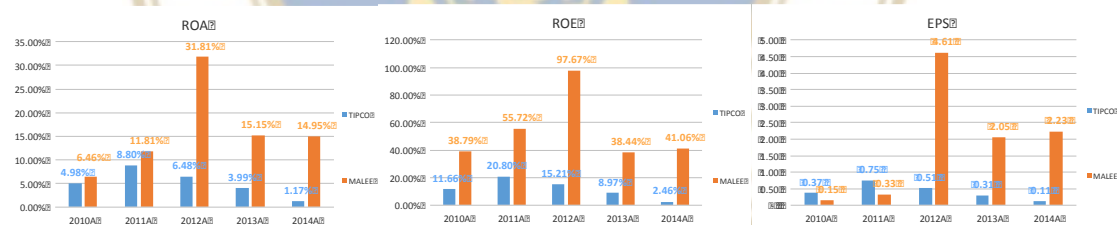
TIPCO's continually underperforming create higher long-term financial risks as the insolvency ratios in appendix 10 shows that TIPCO is still has the highest financial risk as it composes the lowest interest coverage ratio or time interest earned (TIE) of 0.82, continually decreasing from 4.14 in 2010. This is due to operating loss in its core business. MALEE gains financial strength as its TIE ratio continually increases from 4.23 in 2010 to 11.59 in 2014 even though the company has larger proportion of interest-bearing components in total debt (liabilities) from 0.16 in 2012 to 1.09 in 2014. Both TIPCO and MALEE have decreased in their proportion of liabilities to the total equity. Due to high sales growth and profit, MALEE have paid off and significantly reduced its debt to equity ratio (D/E) from 3.69 to 1.75. As for TIPCO, its D/E ratio has reduced from 1.34 to the current level at 1.10. By taking account of interest bearing debt only



**Figure 6.6** A Set of Insolvency Risk Ratios of TIPCO and MALEE

### 6.2.6 Investment Performance Perspectives of TIPCO and MALEE

The final outcomes of business operating performance. MALEE has been performing outstandingly represented by all indicators above. Using earnings before interest and taxes (EBIT) over an average total assets and total shareholders’ equity, we derived TIPCO’s ROA and ROE standing at 1.17% and 2.46% respectively at the year-end of 2014 showing its decline from the previous year. In contrast, MALEE has maintained its far high return on assets and equity even during the sluggish economy with 14.95% and 41.06% in ROA and ROE respectively. Also, MALEE has paid dividend handsomely as the company enjoyed its high profits.



**Figure 6.7** A Set of Diagrammes of Investment Performance Comparing Between TIPCO and MALEE (ROA, ROE and EPS)

## **CHAPTER VII**

### **INVESTMENT RISKS AND DOWNSIDE POSSIBILITIES ANALYSIS**

#### **7.1 Risks in Higher Operating Costs**

Type of risks: Operational risks

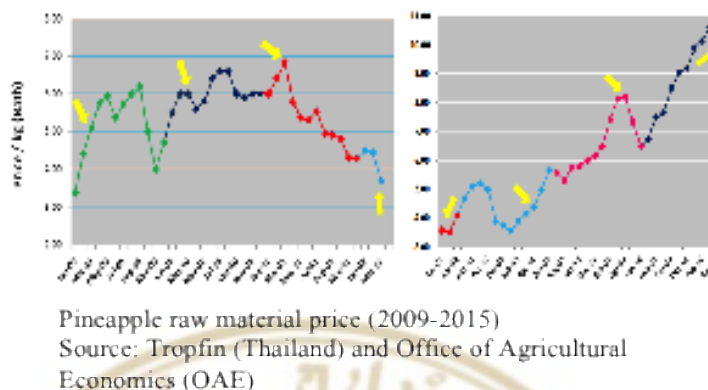
Causes: Draught conditions / Contract or compliance violation /  
Replacement of other agricultural commodities

Likelihood: Most likely / Moderate / High

Severity: High

Account for 26-37% in source of revenue over the past 5 years, canned pineapple and pineapple juice concentrate production require stability in its raw material supply. According to information from the company management that fluctuation in RM supply quantity throughout the calendar year create waste in production and led to higher cost per unit, particularly direct labour. Fluctuation of RM supply ranges broadly from 5,000 to 20,000 tons a month (17,000 tons a month as full capacity). This is the biggest challenge in its operation. It is recommended that to optimize cost of production, RM quantity should be supplied at around 12,000-14,000 tons a month with highest consistency. However, we are not too optimistic as we believe that the situation will continue for at least for a short run or until contract farming strategy is fully implemented (in full scale) by 2017 which will make a positive impact upon cost of production terms of stabilizing raw material costs, quantity supply as well as quality. Although the company hedged against this risk, we still anticipate some small farmers might violate the contracts if price rises much higher than the price fixed. Also, some farmers might not be able to comply with required standards. In addition to that, high price of pineapple due to draught conditions as well as plantation replacement of other agricultural commodities used for industry products which have caused less output of pineapple and thus led its market price at its peak. We therefore anticipate this risk will, if unsuccessful, increase total cost of sales by 2-3% higher than expected COGS

(consolidated) by assuming that Cost of sales in pineapple business remain unchanged at about 95%.



**Figure 7.1** Pineapple Raw Material Price Movement (2009-2015)

## 7.2 Risks in Higher Financial Costs

Type of risks: Financial risk

Causes: Higher demand for working capital / Rising in interest rate

Likelihood: Moderate / Most likely

Severity: High / Significant

There are two possibility for higher financial costs. First, higher demand for working capital might lead to short-term borrowing requirement. Second, anticipation of rising interest rate. Without having well-managed in working capital will get the company running out of cash, and thus require short-term borrowings at higher financial costs. Recent unpleasant performance raises out concern over any of this circumstance. As for rising in interest rate, even though the world economy is still fragile, there are signs of recovery in many countries such as USA. Rising in interest rate in following of USA will surely lead to higher financial costs as the company are still expected to hold a large amount of debts for a few years to come

### **7.3 Risks in Labour Shortage That Causes Disruption in Production and Lower Productivity**

Type of risks: Operational risk

Causes: Rising in retail business / Urbanization effects

Likelihood: Most likely / Most likely

Severity: High

As the company is engaging in the labor-intensive industry whereas urbanization effects and the mushrooming retail business demotivate local labors to work in manufacturing. Machinery replacement will mitigate this risk in the long run, but then again, a large investment for purchasing and installing machinery is required. The management then must ensure that new large investment will be paid off. As pineapple has been struggling in sales and profit, it would be questionable for the management to be committed in the long term engagement in this business

### **7.4 Risks in Losing Market Share**

Type of risk: Market risk

Causes: New entrants / Higher bargaining power of retailers

Likelihood: Moderate / Most likely

Severity: Significant

We anticipate fiercer competition ahead as well as changes in consumers' taste and preference. This includes a number of existing direct and indirect competitors in beverage market and new comers. The ASEAN Economic Community (AEC) will promote such competitive environments. This is not only direct competition in beverage products offering but also related businesses both in upstream like agricultural product supply and in downstream such as logistics. The liberalization of labor, technology and knowledge transfer at lower costs will reshape competitive arena in the industry. Losing market share will possibly be caused by higher bargaining power of large retail business operators. Occupancy in product shelf space becomes highly competitive and it is the company management to ensure that the products offering meets market demand as well as keeping up strong relationship with those retail operators

## CHAPTER VIII

### CONCLUSION

We can draw up a conclusion of the equity research and analysis of Tipco Foods PCL using the particular technique of relative multiples that the derivation of using relative multiples from all three ratios suggest that TIPCO's stock price is undervalued, and thus an investor should invest in this company.

Apart from its relative value derived from the multiples valuation, we can also take fundamental aspects of the company as the followings.

- Tipco is a market leader in fruit juice with 43% market share, and is aiming to maintain this large piece of pie through marketing campaigns
- Contract farming strategy will secure raw material quantity, and will lead to higher efficiency in production processes and cost reduction
- Focus shift to ready-to-drink business and other related businesses
- New investment provided to support sales growth of Aura mineral water in the market worth more than Bt 2.3 billion with growth rate is at 18-19%
- Market expansion to Asian countries, particularly South Korea where products under Tipco brand becomes no. 1 imported fruit juice market
- New strategy and operations for Squeeze juice bar in retail business
- Large shared profit from associated company converses its current financial performance
- 4 associated risks are exposed and described including operational, financial and market risks which adversely affect the company's value both in the short term and long term

However, considering that the company's overall performance largely depends upon its associated company (Tipco Asphalts PCL) in which its value might be misrepresented. Moreover, when relative valuation particularly require comparable



peers in the industry since its value is adjusted to the average performance and value of the industry, only one out of the four companies selected for this approach might bring some arguments against its accuracy. It is, therefore, the study should consider other methods in valuation such as discount cash flow (DCF) where the intrinsic value of the company itself is more exposed and analysed.



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## APPENDICES

### Appendix 1 SWOT Analysis

#### Strengths

- Tipco is a well-known brand with high brand equity among all consumers both domestic and international
- Technological advancement and R&D adopted guarantee the high quality and product innovation
- Products are positioned as premium fruit juice yet affordable which captures the middle to high income consumers. These consumers are considered brand loyal, so Tipco has its strong base consumers.
- Being a leader in the market, Tipco has gained over 40% of market share and is developing strategies to gain more in the future
- Skillful employees are able to help Tipco achieve the strategic goal. Tipco human resources are the asset of the company
- High accessibility of the distribution. The products are widely distributed across country with high shelf life and product range.

#### Weaknesses

- Prices are relatively more expensive than competitors in the market.
- Apparently Tipco has low gross profit margin which implies that the rate of cost increase is higher than that of sales.
- Too many variety of products provided causes the cannibalization. For instance, there are 8 types of orange juice offer to the market. It is very difficult for consumers to distinguish between each product.

#### Opportunities

- Expansion across Asean market especially in Korea, as they have higher consumption and purchasing power for fruit juice.
- AEC expansion allows to increase market size through a more open market. Higher awareness as well as higher sales volume expected.

#### Threats

- Less consumption of UHT/Pasteurized fruit juice. People are more health conscious when it comes to drinking fresh fruit juice. Concerning more on selecting clean food, they turn to freshly squeezed juice.
- High number of substitute products offering from both direct and indirect competitors. The substitute products are such as soft drinks, coffee, and tea are offered to the market at lower price.
- High bargaining power of consumers as there are many products provided in the market.
- Inconsistent quality of raw material since some fruits are harvested seasonally. When it's off-season, the products might not pass the quality standard.

## Appendix 2 Five Forces Analysis

### Degree of Rivalry (High)

The degree of rivalry is very high as there are many fruit juice brands and manufacturers in the industry. Due to the news, the market leaders like Malee, and Unif are planning to increase the production capacity as well as joining with overseas partners to distribute products in their countries. Low market growth rate as there are more options in the market that offer identical products. Due to high fixed costs and lower product costs that lead to temptations to cut product price. Each firm has launched as many products in the market to gain more shelf space and create higher awareness among its competitors. Furthermore, consistently having sales promotion makes fruit juice a very competitive business.

### Bargaining power of buyers (High)

Buyers are always demanding for better quality or more variety of products at cheaper price. They have negotiating leverage with the companies and put pressure over price reductions. In this industry, buyers are strong, because there are many firms producing fruit juice; it is easy to find other suppliers in the industry.

### Bargaining power of suppliers (Low)

Thailand is a tropical country that grows high quality fruits and supply to the manufacturing companies for further processing. There are plenty of fruits suppliers in the industry so sourcing for new suppliers can be very easy. Since Tipco is a leader in consumer products such as fruit juice and canned pineapple, it has bargaining power

over the suppliers. Each purchase of the raw materials is in large quantity. Moreover, due to contract farming with local suppliers allow the company to enjoy stable cost of raw materials. Thus bargaining power towards suppliers for Tipco is low.

#### Threat of new entrants (High)

Apart from the high margin for fruit juice, the Initial startup investment for fruit juice business is low. Technological advancement needs for the production is not very complex. Furthermore, there are many suppliers of raw materials in the market. There is still high demand for the products in the market. All of these factors make fruit juice industry very attractive, drawing new entrants into the industry.

#### Substitute products (High)

This industry has large numbers of substitutes like water, beer, wine; coffee, milk, tea, and etc. are available to the end consumers. Threat of substitute product is countered by soft drink industry by huge advertising, brand equity, and making their product easily available for consumers, which most substitutes cannot match.

### Appendix 3 An illustration of impacts form risk upon cost of sales in pineapple business

TIPCO FOOD	2010	2011	2012	2013	2014		2015E	2016E	2017E	2018E	2019E
Sales	2,515,443	2,458,308	2,397,625	2,268,038	2,113,300	all	5,793,650	6,094,340	6,410,637	6,743,349	7,093,329
Cost of sales	2,459,369	2,052,695	2,041,014	2,162,185	2,009,079	Subsidiaries	4,353,350	4,654,040	4,970,337	5,303,049	5,653,029
%	97.8%	83.5%	85.1%	95.3%	95.1%	Tipco Food (Pineapple business)	1,440,300	1,440,300	1,440,300	1,440,300	1,440,300
				average	91.4%	Weighted Tipco Food	24.86%	23.63%	22.47%	21.36%	20.30%
<b>SUBSIDIARIES</b>						Weighted Subsidiaries	75.14%	76.37%	77.53%	78.64%	79.70%
Sales	2,198,336	2,366,778	3,044,495	3,320,161	3,394,495	Assumed COS for Tipco Food	93.0%	90.0%	90.0%	85.0%	85.0%
COGS	1,072,513	1,222,132	1,660,181	1,868,148	1,816,274	Assumed COS for the rest	55.0%	55.0%	55.0%	55.0%	55.0%
%	48.8%	51.6%	54.5%	56.3%	53.5%		23.1%	21.3%	20.2%	18.2%	17.3%
				average	52.95%		41.3%	42.0%	42.6%	43.3%	43.8%
<b>CONSOLIDATED</b>						<b>Assumed total COS</b>	<b>64.4%</b>	<b>63.3%</b>	<b>62.9%</b>	<b>61.4%</b>	<b>61.1%</b>
Sales	4,713,779	4,825,086	5,442,120	5,588,199	5,507,795	target COS	<b>70.0%</b>	<b>67.0%</b>	<b>65.0%</b>	<b>65.0%</b>	<b>65.0%</b>
COGS	3,531,882	3,274,827	3,701,197	4,030,334	3,825,353	Implied COS	<b>67.4%</b>	<b>66.3%</b>	<b>65.9%</b>	<b>64.4%</b>	<b>64.1%</b>
%	74.9%	67.9%	68.0%	72.1%	69.5%	+/- 3%	3.00%	3.00%	3.00%	3.00%	3.00%
						<b>Assumed COS for Tipco Food</b>	<b>95.0%</b>	<b>95.0%</b>	<b>95.0%</b>	<b>95.0%</b>	<b>95.0%</b>
						Assumed COS for the rest	55.0%	55.0%	55.0%	55.0%	55.0%
						<b>Implied COS (risk exposed)</b>	<b>67.9%</b>	<b>67.5%</b>	<b>67.0%</b>	<b>66.5%</b>	<b>66.1%</b>

#### Appendix 4 Classification and assessment of associated risks to investment and business operations

		SEVERITY			
		Low	Moderate	Significant	High
LIKELIHOOD	Most likely (>80%)			Rising in interest rate Higher bargaining power of retail	Draught conditions Rising in retail business (causing labor shortage) Urbanization effects
	High (61-80%)				Pineapple plantation replacement
	Moderate (40-60%)			New entrants (causing higher competition)	Violation to farm contracts or standard compliance Higher demand for working capital
	Low (<40%)				

#### Appendix 5 A summary of financial performance of 5 selected companies in the F&B industry sector

as of December 2014	TIPCO	MALEE	OICHI	SAPPE	ICHI
<b>GROWTH</b>					
Sales Revenue Growth (4-year CAGR)	3.36%	6.83%	6.89%	N/A	55.50%
<b>PROFITABILITY</b>					
Gross Profit Margin	30.55%	33.24%	33.91%	39.54%	34.21%
Operating Profit Margin	-3.68%	8.67%	4.76%	16.57%	18.02%
Net Profit Margin	0.88%	6.44%	4.16%	22.72%	17.37%
<b>OPERATING EFFICIENCY</b>					
Current Ratio	0.69	0.98	0.41	1.40	1.50
Quick Ratio	0.26	0.51	0.28	1.09	1.04
Cash Cycle Conversion (days)	86	87	-22	44	45
Days in Inventory	106	82	18	47	44
Days in Receivables	41	51	16	41	50
Days of Payables	61	46	56	44	48
Total Assets Turnover	1.01	1.84	1.47	1.67	0.80
Fixed Assets Turnover	1.45	3.89	1.72	3.84	1.02
<b>INSOLVENCY</b>					
D/E Ratio	1.10	1.75	1.42	0.74	0.90
Time Interest Earned	0.82	11.59	6.14	125.21	11.26
<b>INVESTMENT</b>					
ROIC	-4.64%	16.73%	10.90%	39.04%	15.57%
ROA	1.17%	14.95%	6.99%	48.76%	14.39%
ROE	2.46%	41.06%	16.92%	84.99%	27.42%
EPS	0.11	2.23	1.39	2.44	0.83

Appendix 6 Statement of Financial Position (ACTUAL, 2010-14)

STATEMENT OF FINANCIAL POSITION (in thousand)	2010A	2011A	2012A	2013A	2014A
CASH AND CASH EQUIVALENTS	44,746	41,150	46,699	36,914	41,657
SHORT TERM INVESTMENT	264	307	395	674	3,738
TRADE ACCOUNTS AND OTHER RECEIVABLE	499,584	440,377	786,800	759,647	485,733
INVENTORIES	813,635	1,480,004	1,365,154	1,340,461	935,937
OTHER CURRENT ASSETS	131,360	159,281	24,571	20,532	13,178
<b>TOTAL CURRENT ASSETS</b>	<b>1,489,590</b>	<b>2,121,119</b>	<b>2,223,619</b>	<b>2,158,227</b>	<b>1,480,243</b>
LT investment	741,094	936,648	1,050,957	1,274,973	1,431,925
OTHER NON-CURRENT ASSETS	2,504,996	2,607,004	2,637,140	2,623,497	2,418,613
PPE-net	61,907	74,631	66,062	91,020	190,684
<b>TOTAL NON-CURRENT ASSETS</b>	<b>3,307,998</b>	<b>3,618,283</b>	<b>3,754,159</b>	<b>4,000,505</b>	<b>4,041,221</b>
<b>TOTAL ASSETS</b>	<b>4,797,587</b>	<b>5,739,402</b>	<b>5,977,778</b>	<b>6,158,732</b>	<b>5,521,464</b>
SHORT TERM LOANS	812,001	1,238,071	1,356,899	1,734,754	1,467,109
ACCOUNT PAYABLES	220,349	300,847	393,264	814,287	494,382
OTHER CURRENT LIABILITIES	610,200	659,947	886,051	522,025	208,459
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,642,550</b>	<b>2,198,865</b>	<b>2,636,214</b>	<b>3,071,065</b>	<b>2,169,950</b>
LONG TERM LOANS	1,103,281	1,091,367	721,135	234,284	551,932
OTHER NON-CURRENT LIABILITIES	-	42,880	36,723	45,406	44,605
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>1,103,281</b>	<b>1,134,247</b>	<b>757,858</b>	<b>279,690</b>	<b>596,537</b>
<b>TOTAL LIABILITIES</b>	<b>2,745,831</b>	<b>3,333,112</b>	<b>3,394,072</b>	<b>3,350,755</b>	<b>2,766,487</b>
ISSUED AND PAID-UP SHARE PREMIUM	482,580	482,580	482,580	482,580	482,580
RETAINED EARNING	1,244,440	1,539,476	1,703,483	1,871,063	1,942,590
OTHER	(56,369)	(10,603)	(25,911)	(6,296)	(95,084)
EQUITY ATTRIBUTE TO THE OWNER OF THE COMPANY	1,670,651	2,011,453	2,160,152	2,347,347	2,330,086
NON-CONTROLLING INTERESTS	381,106	394,837	423,554	460,630	424,891
<b>TOTAL EQUITY</b>	<b>2,051,757</b>	<b>2,406,290</b>	<b>2,583,706</b>	<b>2,807,977</b>	<b>2,754,978</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>4,797,587</b>	<b>5,739,402</b>	<b>5,977,778</b>	<b>6,158,732</b>	<b>5,521,464</b>



Appendix 7 Statement of Financial Position (FORECAST, 2015-19)

	2015F	2016F	2017F	2018F	2019F
<b>STATEMENT OF FINANCIAL POSITION (in thousand)</b>					
CASH AND CASH EQUIVALENTS	168,226	128,241	454,080	250,620	610,678
SHORT TERM INVESTMENT	4,485	5,382	6,458	7,750	9,300
TRADE ACCOUNTS AND OTHER RECEIVABLE	509,972	535,419	562,136	590,187	619,637
INVENTORIES	982,640	1,031,673	1,083,154	1,137,203	1,193,950
OTHER CURRENT ASSETS	14,457	15,178	15,935	16,731	17,565
<b>TOTAL CURRENT ASSETS</b>	<b>1,679,779</b>	<b>1,715,894</b>	<b>2,121,765</b>	<b>2,002,491</b>	<b>2,451,131</b>
LT investment	2,004,695	2,606,104	2,997,020	3,446,572	3,963,558
PPE-net	2,884,245	2,973,947	3,060,117	3,141,615	3,217,140
OTHER NON-CURRENT ASSETS	86,740	91,068	111,547	117,114	122,958
<b>TOTAL NON-CURRENT ASSETS</b>	<b>4,975,680</b>	<b>5,671,119</b>	<b>6,168,684</b>	<b>6,705,301</b>	<b>7,303,656</b>
<b>TOTAL ASSETS</b>	<b>6,655,458</b>	<b>7,387,013</b>	<b>8,290,449</b>	<b>8,707,793</b>	<b>9,754,787</b>
SHORT TERM LOANS	967,109	773,687	618,950	495,160	396,128
ACCOUNT PAYABLES	519,051	544,952	572,145	600,695	630,670
OTHER CURRENT LIABILITIES	283,349	284,739	290,023	304,496	319,690
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,769,509</b>	<b>1,603,378</b>	<b>1,481,118</b>	<b>1,400,350</b>	<b>1,346,487</b>
LONG TERM LOANS	1,153,698	1,157,841	1,158,733	628,323	643,428
OTHER NON-CURRENT LIABILITIES	40,478	40,677	41,432	43,499	45,670
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>1,194,176</b>	<b>1,198,518</b>	<b>1,200,165</b>	<b>671,822</b>	<b>689,098</b>
<b>TOTAL LIABILITIES</b>	<b>2,963,686</b>	<b>2,801,896</b>	<b>2,681,283</b>	<b>2,072,173</b>	<b>2,035,585</b>
ISSUED AND PAID-UP SHARE PREMIUM	482,580	482,580	482,580	482,580	482,580
RETAINED EARNING	2,879,386	3,772,729	4,796,778	5,823,232	6,906,814
OTHER	(95,084)	(95,084)	(95,084)	(95,084)	(95,084)
EQUITY ATTRIBUTE TO THE OWNER OF THE COMPANY	3,266,881	4,160,225	5,184,274	6,210,728	7,294,310
NON-CONTROLLING INTERESTS	424,891	424,891	424,891	424,891	424,891
<b>TOTAL EQUITY</b>	<b>3,691,773</b>	<b>4,585,117</b>	<b>5,609,166</b>	<b>6,635,620</b>	<b>7,719,201</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>6,655,458</b>	<b>7,387,013</b>	<b>8,290,449</b>	<b>8,707,793</b>	<b>9,754,787</b>

Appendix 8 Statement of Income (ACTUAL, 2010-14)

	2010A	2011A	2012A	2013A	2014A
<b>STATEMENT OF INCOME (in thousand)</b>					
SALES	4,713,779	4,825,086	5,442,120	5,588,199	5,507,795
COST OF SALES	3,531,882	3,274,827	3,701,197	4,030,334	3,825,353
<b>GROSS PROFIT</b>	<b>1,181,897</b>	<b>1,550,259</b>	<b>1,740,923</b>	<b>1,557,866</b>	<b>1,682,442</b>
OTHER INCOME	176,459	324,181	245,304	305,612	339,998
<b>PROFIT BEFORE EXPENSES</b>	<b>1,358,357</b>	<b>1,874,440</b>	<b>1,986,227</b>	<b>1,863,478</b>	<b>2,022,441</b>
SELLING AND ADMINISTRATIVE EXPENSES	1,334,582	1,560,380	1,741,774	1,794,250	2,008,253
OTHER EXPENSES	33,215	29,428	32,837	29,797	229,273
<b>PROFIT (LOSS) BEFORE SHARE OF PROFIT FROM INVESTMENT IN ASSOCIATED COMPANY</b>	<b>(9,441)</b>	<b>284,632</b>	<b>211,616</b>	<b>39,430</b>	<b>(215,085)</b>
SHARE OF PROFIT FROM INVESTMENTS IN ASSOCIATED COMPANY	245,154	178,960	167,928	202,496	283,450
<b>PROFIT (LOSS) BEFORE COSTS AND INCOME TAX EXPENSES</b>	<b>235,713</b>	<b>463,592</b>	<b>379,544</b>	<b>241,926</b>	<b>68,365</b>
FINANCE COSTS	56,954	93,780	102,485	89,358	83,415
<b>PROFIT (LOSS) BEFORE INCOME TAX EXPENSES</b>	<b>178,759</b>	<b>369,812</b>	<b>277,059</b>	<b>152,568</b>	<b>(15,050)</b>
INCOME TAX EXPENSES	-	9,873	29,108	5,182	(68,778)
<b>NET PROFIT</b>	<b>178,759</b>	<b>359,939</b>	<b>247,951</b>	<b>147,386</b>	<b>53,728</b>

Appendix 9 Statement of Income (FORECAST, 2015-19)

STATEMENT OF INCOME (in thousand)	2015F	2016F	2017F	2018F	2019F
SALES	5,782,634	6,071,188	6,374,140	6,692,210	7,026,151
COST OF SALES	4,047,844	4,067,696	4,143,191	4,349,936	4,566,998
<b>GROSS PROFIT</b>	<b>1,734,790</b>	<b>2,003,492</b>	<b>2,230,949</b>	<b>2,342,273</b>	<b>2,459,153</b>
OTHER INCOME	307,770	323,128	339,252	356,180	373,954
<b>PROFIT BEFORE EXPENSES</b>	<b>2,042,560</b>	<b>2,326,620</b>	<b>2,570,201</b>	<b>2,698,454</b>	<b>2,833,107</b>
SELLING AND ADMINISTRATIVE EXPENSES	1,863,709	1,956,708	2,054,348	2,156,860	2,264,487
OTHER EXPENSES	35,532	37,305	39,167	41,121	43,173
<b>PROFIT (LOSS) BEFORE SHARE OF PROFIT FROM INVESTMENT IN ASSOCIATED COMPANY</b>	<b>143,319</b>	<b>332,606</b>	<b>476,686</b>	<b>500,473</b>	<b>525,446</b>
SHARE OF PROFIT FROM INVESTMENTS IN ASSOCIATED COMPANY	908,036	1,003,270	1,056,049	1,111,488	1,169,721
<b>PROFIT (LOSS) BEFORE COSTS AND INCOME TAX EXPENSES</b>	<b>1,051,355</b>	<b>1,335,877</b>	<b>1,532,735</b>	<b>1,611,961</b>	<b>1,695,167</b>
FINANCE COSTS	85,896	78,230	71,999	45,503	42,104
<b>PROFIT (LOSS) BEFORE INCOME TAX EXPENSES</b>	<b>965,459</b>	<b>1,257,646</b>	<b>1,460,736</b>	<b>1,566,457</b>	<b>1,653,063</b>
INCOME TAX EXPENSES	28,664	66,521	95,337	100,095	105,089
<b>NET PROFIT</b>	<b>936,795</b>	<b>1,191,125</b>	<b>1,365,399</b>	<b>1,466,363</b>	<b>1,547,974</b>
DIVIDEND PAID	-	297,781	341,350	439,909	464,392
<b>RETAINED EARNINGS</b>	<b>936,795</b>	<b>893,344</b>	<b>1,024,049</b>	<b>1,026,454</b>	<b>1,083,582</b>

## Appendix 10 Statement of Cash Flow (ACTUAL, 2010-14)

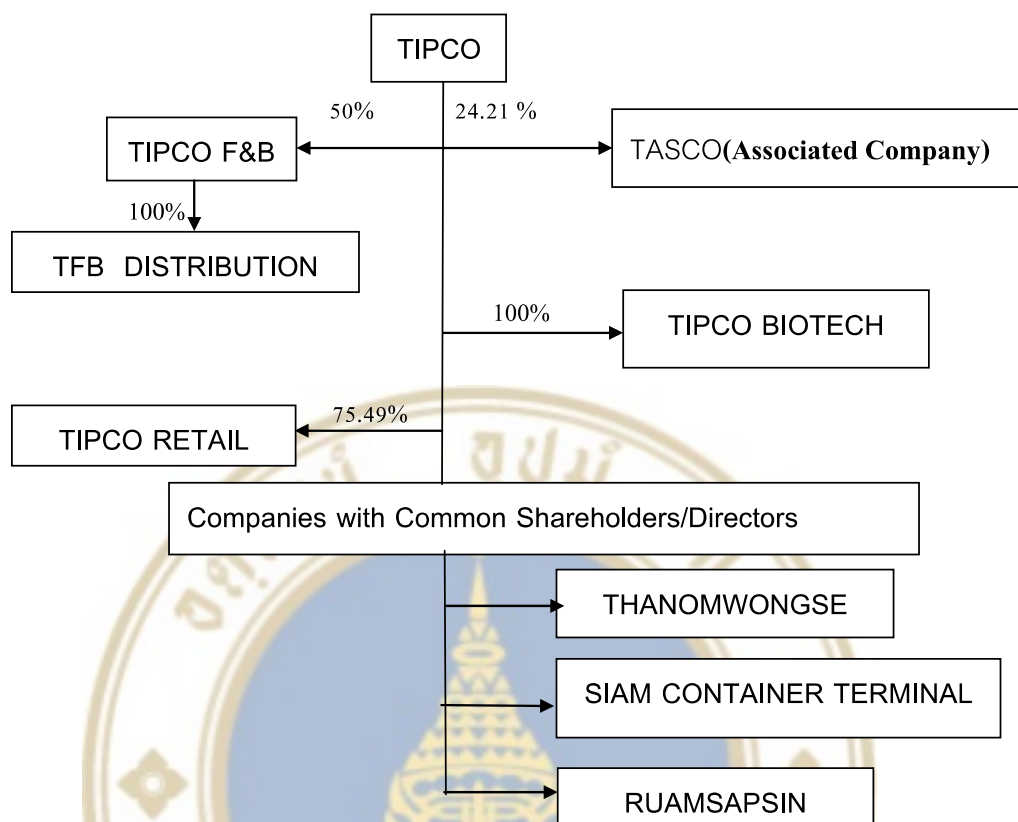
	2010A	2011A	2012A	2013A	2014A
<b>CASH FLOW (in thousand)</b>					
PROFIT/(LOSS) BEFORE FINANCIAL COSTS AND/OR INCOME TAX EXPENSES	78,759	69,813	277,059	52,568	(15,050)
DEPRECIATION AND AMORTISATION	86,688	97,134	220,722	36,540	50,992
BAD DEBT AND DOUBTFUL ACCOUNTS (REVERSAL)	(200)	529	(22)	-	589
LOSS ON OBSOLESCENCE (REVERSAL)	(18,678)	(7,849)	4,758	(45,808)	9,889
LOSS ON DIMINUTION IN VALUE OF INVENTORIES (REVERSAL)	-	-	-	7,973	(7,210)
SHARE OF (PROFIT)/LOSS FROM INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	245,154	178,960	(167,928)	(202,496)	(283,450)
UNREALISED (GAIN)/LOSS ON FOREIGN CURRENCY EXCHANGE	5,624	0,704	(12,008)	2,640	(12,147)
IMPAIRMENT LOSS ON FIXED ASSETS (REVERSAL)	-	-	2,024	-	-
IMPAIRMENT LOSS ON OTHER ASSETS (REVERSAL)	-	-	-	-	29,273
(GAIN)/LOSS ON DISPOSAL OF OTHER INVESTMENTS	-	-	(592)	(10,068)	(4,770)
(GAIN)/LOSS ON DISPOSAL OF FIXED ASSETS	5,788	6,875	9,678	(728)	2,751
LOSS ON WRITE-OFF INVESTMENTS	-	-	-	(1,523)	-
FINANCE COSTS	(5,548)	(2,554)	(101,582)	(8,772)	(5,957)
OTHER RECONCILIATION ITEMS	89	5,491	5,518	5,881	8,090
<b>CASH FLOWS FROM (USED IN) OPERATIONS BEFORE CHANGES IN OPERATING ASSETS AND LIABILITIES (summation of 1-14)</b>	<b>78,565</b>	<b>96,291</b>	<b>103,971</b>	<b>52,751</b>	<b>94,713</b>
(INCREASE)/DECREASE IN OPERATING ASSETS	(66,068)	(23,528)	(133,162)	5,537	47,415
(INCREASE)/DECREASE IN OPERATING LIABILITIES	3,628	6,440	66,947	84,381	53,089
CASH GENERATED FROM OPERATIONS (summation of 1-14, 15, 16)	58,261	79,203	237,756	53,907	89,038
INTEREST RECEIVED	-	(58)	(97)	-	-
INTEREST PAID	(5,241)	(9,738)	(8,826)	(2,808)	(7,389)
INCOME TAX PAID	(5,304)	(1,793)	(4,159)	(8,921)	(8,619)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES (summation of 17-20)</b>	<b>98,716</b>	<b>(142,386)</b>	<b>104,674</b>	<b>52,179</b>	<b>97,031</b>
(INCREASE)/DECREASE IN SHORT-TERM INVESTMENTS	(21)	(43)	2	9,933	8,893
(INCREASE)/DECREASE IN LONG-TERM INVESTMENTS	(180)	-	-	-	-
(INCREASE)/DECREASE IN OTHER INVESTMENT	-	(363)	609	-	-
(INCREASE)/DECREASE IN LONG-TERM LOANS AND OTHER PARTIES	-	(1,705)	-	-	-
(INCREASE)/DECREASE IN PROPERTY, PLANT AND EQUIPMENTS	(17,479)	(271,156)	(241,671)	(188,462)	(266,622)
(INCREASE)/DECREASE IN INTANGIBLE ASSETS	(1,422)	(475)	(620)	(4,610)	(214)
DIVIDENDS RECEIVED	-	-	6,391	7,113	7,113
INTEREST RECEIVED	1	53	7	100	5
OTHER ITEMS	(604)	-	(7,534)	-	-
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES (summation of 1-9)</b>	<b>(19,805)</b>	<b>(283,684)</b>	<b>(272,836)</b>	<b>(145,926)</b>	<b>(224,736)</b>
INCREASE/DECREASE IN SHORT-TERM BORROWINGS FROM FINANCIAL INSTITUTIONS	-	26,070	(172)	-	-
INCREASE/DECREASE IN LONG-TERM BORROWINGS FROM FINANCIAL INSTITUTIONS	-	6,000	-	-	-
INCREASE/DECREASE IN OTHER LOAN FROM FINANCIAL INSTITUTIONS	2,001	-	19,000	77,856	267,645
INCREASE/DECREASE IN LONG-TERM BORROWINGS FROM RELATED PARTIES	-	-	(273,769)	-	-
INCREASE/DECREASE IN LONG-TERM BORROWINGS FROM OTHER PARTIES	(20,000)	(26,412)	(9,260)	(579,538)	(20,462)
INCREASE/DECREASE IN FINANCE LEASE CONTRACT LIABILITIES	(2,285)	(3,258)	(4,112)	(5,188)	(4,688)
DIVIDEND PAID	(72,357)	-	(57,909)	-	(9,804)
OTHER ITEMS	(23,295)	5	-	(9,260)	(5,864)
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES (summation of 1-8)</b>	<b>(15,937)</b>	<b>22,400</b>	<b>(226,222)</b>	<b>(16,131)</b>	<b>(267,539)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT</b>	<b>(37,026)</b>	<b>(3,670)</b>	<b>5,616</b>	<b>(9,878)</b>	<b>8,756</b>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(2,719)	74	(67)	93	(13)
CASH AND CASH EQUIVALENTS, BEGINNING BALANCE	84,491	4,746	1,150	4,699	6,914
CASH AND CASH EQUIVALENTS, ENDING BALANCE	44,746	1,150	6,699	6,914	1,657

## Appendix 11 Statement of Cash Flow (FORECAST, 2015-19)

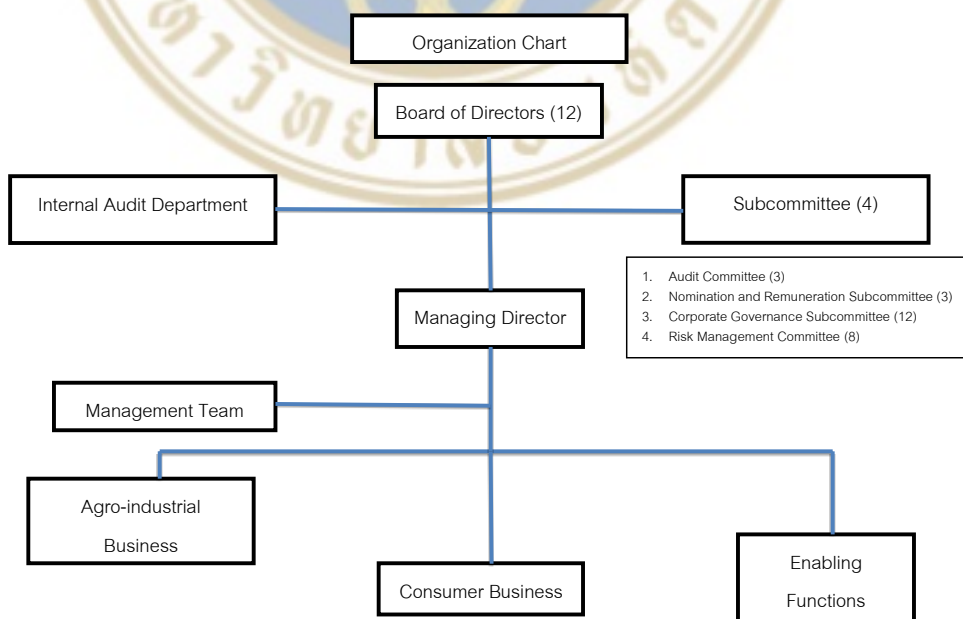
	2015F	2016F	2017F	2018F	2019F
<b>CASH FLOW (in thousand)</b>					
PROFIT/(LOSS) BEFORE FINANCIAL COSTS AND/OR INCOME TAX EXPENSES	1,051,355	1,335,877	1,532,735	1,611,961	1,695,167
DEPRECIATION AND AMORTISATION	28,566	251,343	276,389	303,930	334,217
BAD DEBT AND DOUBTFUL ACCOUNTS (REVERSAL)					
LOSS ON OBSOLESCENCE (REVERSAL)					
LOSS ON DIMINUTION IN VALUE OF INVENTORIES (REVERSAL)					
SHARE OF (PROFIT)/LOSS FROM INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	(908,036)	1,003,270	1,056,049	1,111,488	1,169,721
UNREALISED (GAIN)/LOSS ON FOREIGN CURRENCY EXCHANGE					
IMPAIRMENT LOSS OF FIXED ASSETS (REVERSAL)					
IMPAIRMENT LOSS OF OTHER ASSETS (REVERSAL)					
(GAIN)/LOSS ON DISPOSAL OF OTHER INVESTMENTS					
(GAIN)/LOSS ON DISPOSAL OF FIXED ASSETS					
LOSS ON WRITE-OFF INVESTMENTS					
FINANCE COSTS	5,896	7,230	7,999	8,503	9,210
OTHER RECONCILIATION ITEMS	3,408	1,371	5,647	6,366	8,938
<b>CASH FLOWS FROM (USED IN) OPERATIONS BEFORE CHANGES IN OPERATING ASSETS AND LIABILITIES (summarised in 14)</b>	<b>41,190</b>	<b>593,550</b>	<b>372,721</b>	<b>486,402</b>	<b>582,705</b>
(INCREASE)/DECREASE IN OPERATING ASSETS	1,724	(79,531)	(99,435)	(88,461)	(92,876)
INCREASE/(DECREASE) IN OPERATING LIABILITIES	5,433	46,540	59,133	2,283	5,890
CASH GENERATED FROM OPERATIONS (summarised in 14, 15, 16)	68,348	1,60,559	332,419	470,224	565,719
INTEREST RECEIVED					
INTEREST PAID					
INCOME TAX PAID	(28,664)	(66,521)	(95,337)	(100,095)	(105,089)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES (summarised in 17-20)</b>	<b>39,684</b>	<b>94,038</b>	<b>237,082</b>	<b>370,129</b>	<b>460,630</b>
(INCREASE)/DECREASE IN SHORT-TERM INVESTMENTS	(748)	(897)	(1,076)	(1,292)	(1,550)
(INCREASE)/DECREASE IN LONG-TERM INVESTMENTS	(572,770)	(601,409)	(390,916)	(449,553)	(516,986)
(INCREASE)/DECREASE IN OTHER INVESTMENT					
(INCREASE)/DECREASE IN LONG-TERM LOANS TO OTHER PARTIES					
(INCREASE)/DECREASE IN PROPERTY, PLANT AND EQUIPMENTS	(309,181)	(328,684)	(349,418)	(371,459)	(394,891)
(INCREASE)/DECREASE IN INTANGIBLE ASSETS					
DIVIDENDS RECEIVED	272,411	300,981	316,815	333,446	350,916
INTEREST RECEIVED	95	95	95	95	95
OTHER ITEMS		(12,361)	3,141	3,970	4,851
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES (summarised in 19)</b>	<b>(610,193)</b>	<b>(642,275)</b>	<b>(411,359)</b>	<b>(474,793)</b>	<b>(547,565)</b>
INCREASE/(DECREASE) IN SHORT-TERM BORROWINGS FROM FINANCIAL INSTITUTIONS					
INCREASE/(DECREASE) IN LONG-TERM BORROWINGS FROM FINANCIAL INSTITUTIONS	601,766	2,144	891	530,410	5,105
INCREASE/(DECREASE) IN OTHER LOAN FROM FINANCIAL INSTITUTIONS	(500,000)	(193,422)	(154,737)	(123,790)	(99,032)
INCREASE/(DECREASE) IN LONG-TERM BORROWINGS FROM RELATED PARTIES					
INCREASE/(DECREASE) IN LONG-TERM BORROWINGS FROM OTHER PARTIES					
INCREASE/(DECREASE) IN FINANCE LEASE CONTRACT LIABILITIES	(4,688)	(4,688)	(4,688)	(4,688)	(4,688)
DIVIDEND PAID		(297,781)	(341,350)	(439,909)	(464,392)
OTHER ITEMS					
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES (summarised in 18)</b>	<b>7,078</b>	<b>(491,747)</b>	<b>(499,884)</b>	<b>(1,098,797)</b>	<b>(553,007)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT</b>	<b>26,569</b>	<b>(99,985)</b>	<b>25,839</b>	<b>(203,460)</b>	<b>360,058</b>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS					
<b>CASH AND CASH EQUIVALENTS, BEGINNING BALANCE</b>	<b>1,657</b>	<b>68,226</b>	<b>28,241</b>	<b>54,080</b>	<b>250,620</b>
<b>CASH AND CASH EQUIVALENTS, ENDING BALANCE</b>	<b>1,684</b>	<b>(31,759)</b>	<b>54,080</b>	<b>(149,380)</b>	<b>610,678</b>



Appendix 12 Business Structure: Company and its Subsidiaries



Appendix 13 Organisational Structure, Board of Director and Management



## Appendix 13 Organisational Structure, Board of Director and Management (cont.)

### Board of Directors

1. Miss Laksana Supsakorn	Chairman
2. Mrs. Anurat Tiamtan	Director
3. Mr. Somchit Serththin	Director
4. Miss Roumsin Supsakorn	Director
5. Mr. Sitilarb Supsakorn	Director
6. Mr. Surachet Supsakorn	Director
7. Mr. Virat Phairatphiboon	Independent Director
8. Mr. Chalit Limpanavech	Independent Director
9. Mrs. Achara Pricha	Independent Director
10. Mr. Paisal Pongprayoon	Independent Director
11. Mrs. La-or Chaowanamayta	Independent Director
12. Mr. Ekaphol Pongstabhon	Managing Director
13. Mr. Phicham Sluckpetch	Secretary

### Audit Committee

1. Mr. Virat Phairatphiboon	Chairman
2. Mr. Paisal Pongprayoon	Member
3. Mrs. La-or Chaowanamayta	Member
4. Miss Wantanee Puapadong	Secretary

### Nomination and Remuneration Subcommittee

1. Mr. Paisal Pongprayoon	Chairman
2. Mr. Surachet Supsakorn	Member
3. Mrs. Achara Pricha	Member

### Corporate Governance Subcommittee

All members of the Board of Directors shall serve as members of the Corporate Governance Subcommittee.

### Risk Management Committee

1. Mr. Ekaphol Pongstabhon	Chairman
2. Mr. Prasong Aimmanoj	Vice Chairman
3. Mr. Phicham Sluckpetch	Member
4. Mr. Phongphan Keeratiwasin	Member
5. Ms. Cholada Charoensri	Member
6. Ms. Kaewkarn Rattanamuchim	Member
7. Ms. Tassaneeya Laohapruetisan	Member
8. Ms. Kanittha Seubchakdee	Secretary

### Management Team

1. Mr. Ekaphol Pongstabhon	Managing Director
2. Mr. Seishi Ueno	Chief Operating Officer
3. Mr. Prasong Aimmanoj	Chief Financial Officer - Agro-industrial Business
4. Miss Nitima Aungaticharts	Chief Financial Officer – Consumer Business
5. Mr. Peerapong Archawapongsawat	Business Director – Consumer
6. Mr. Panu Satienpoch	Chief People Officer and Information Technology Officer

## Appendix 14 Major Shareholders and Free Float

Free Float as of 0/03/2015				
Minor Shareholders		5,639	%Shares of Minor Shareholders (Free Float)	41.56
Book Closing Date as of 0/03/2015 (XKM)				
Total Shareholders		6,027	%Shares of Dispersed Holding	70.49
Shareholders				
Rank	Major Shareholders	Nationality	#Shares	%Shares
1	นายสิทธิลาภไพฑูริย์	THAI	57,555,643	11.93
2	น.ส. รรมสินไพฑูริย์	THAI	48,437,398	10.04
3	นางเรียมไพฑูริย์	THAI	38,039,299	7.88
4	น.ส. ปิยะรัตน์ไพฑูริย์	THAI	30,379,328	6.3
5	น.ส. ลักษณ์ไพฑูริย์	THAI	28,068,767	5.82
6	นางอรนดิษฐ์ไพฑูริย์	THAI	26,966,765	5.59
7	นายสมจิตต์ศรีธรรม	THAI	11,599,846	2.4
8	STATE STREET BANK AND TRUST	AMERICAN	10,888,000	2.26
9	น.ส. นาดาลไพฑูริย์	THAI	10,032,520	2.08
10	ด.ญ. วานลีสาปุ่นดา	THAI	9,143,074	1.89
11	นายชวชัยไพฑูริย์	THAI	8,096,876	1.68
12	นายสมมาตรปุ่นดา	THAI	7,740,600	1.6
13	บริษัท ไทยเอมิเรตส์ อีอาร์ จำกัด	THAI	6,243,596	1.29
14	น.ส. ลักษณ์ไพฑูริย์	THAI	5,792,500	1.2
15	น.ส. อุดมลักษณ์เชาวลิกษณ์	THAI	4,700,000	0.97
16	นายสุวทนต์ศิริวาท	THAI	4,475,000	0.93
17	นายศุภชัย อธิธรรมคุณ	THAI	4,000,000	0.83
18	นายวิศิษฐ์ ใจดี	THAI	4,000,000	0.83
19	นางจรัสศรี ใจดี	THAI	3,200,000	0.66
20	นายสมเกียรติ ใจดี	THAI	2,830,135	0.59
21	นางประกาย ใจดี	THAI	2,710,000	0.56
22	นายคมชาญ ใจดี	THAI	2,500,000	0.52

Nationality			
Rank	Nationality	#Shares (Shares)	#Shareholders
1	THAI	468,243,565	6,008
2	AMERICAN	11,010,471	5
3	BRITISH	2,717,892	6
4	SWISS	561,200	3
5	OTHERS	31,931	2
6	DANISH	13,310	1
7	FRENCH	871	1
8	TAIWANESE	400	1

## Remark

- "The Stock Exchange of Thailand", hereby, refers to the Stock Exchange of Thailand its sole and entity holding securities. The list of shareholders is shown both in Thai and English language, depending on



## Appendix 15 Corporate Governance Policy

1. The Board of Directors shall be supervised to ensure efficient performance of duties in accordance with the assigned roles and responsibilities.
2. Internal control and business risk management systems shall be implemented efficiently and systematically.
3. Guiding framework shall be provided and strategies/business plans reviewed in collaboration with the management.
4. Conflict of interests shall be prevented.
5. All shareholders and stakeholders shall receive equitable and fair treatment.
6. Principles of transparency, integrity and accountability shall be observed in all business operations.
7. Information, particularly operating results and financial statements, shall be adequately disclosed to stakeholders.
8. The Company's code of conduct manual shall be made available to directors, the management and all employees for their compliance therewith.
9. CSR activities shall be implemented in concrete forms.

