



Charoen Pokphand Foods Plc.

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Company News : CPF eyes B650bn revenue in 5 years

: CPF IT Center obtains the most prestigious certification

Price Performance : CPF

CPF eyes B650bn revenue in 5 years

Bigger animal feed contribution key

Bangkok Post , January 25,2012

SET-listed Charoen Pokphand Foods Plc (CPF) is hoping for annual revenue of 650 billion baht five years from now, boosted by a planned expansion at home and abroad.

The focus will at first be on feed production before improving CPF's integrated food production facilities.

Chief executive Adirek Sripratak said 2012 revenue will come in at 320-330 billion baht, up from 210 billion expected for last year.

Assuming 15% revenue growth per year, CPF will achieve 650 billion baht in 2017.

Mr Adirek said CPF will acquire companies producing animal feed, farm products and food in Thailand and elsewhere.

The foreign expansion will start with construction of an animal feed factory, moving later to farming and food processing factories to serve local markets and act as an export base.

CPF's revenue structure will change in line with the reduced contribution from farming, with the food and feed business eventually generating two-thirds of revenue.

Earlier acquisitions in China and Vietnam have raised the revenue contribution of animal feed to 54% now from 39%, while farm revenue dropped to 33% from 43% and food to 13% from 18%.

CPF last November agreed to buy 74.2% of Hong Kong-listed C.P. Pokphand Co Ltd for US\$2.1 billion.

The move is part of a bid to strengthen its status as an international agribusiness leader.

He said this means CPF must speed up its technology development and upgrade the entire production **process**.

The goal is to have all of its 47 feed and food factories in Thailand and abroad ISO 270001:2005 certified for administration of information technology (IT) security.

"Improved IT security will ensure we can keep our formulas secret and be ready for production at any time," said Mr Adirek.

He said technology development will prepare CPF for an upward trend in food and animal feed prices over the next 5-10 years in line with rising oil prices.

Oil is expected to exceed \$100 a barrel again, resulting in greater demand for energy crops.

That means less cultivation area for feed crops, pushing up the cost of animal feed production.

"Considering energy price trends and climate fluctuations, the long-term outlook is for higher food prices. Importing nations may be planning to enlarge their stocks from the current three to five months to ensure food security. This is an opportunity, but we must keep up our quality amid tough competition," said Mr Adirek.

In the short term, chicken prices will enjoy an upward trend if the EU and Japan allow imports of fresh poultry.

The Thai Commercial Office in Brussels reported the EU is "not likely" to extend an import ban on fresh poultry from Thailand when it expires in June.

Thailand had a quota of 90,000 tonnes of fresh poultry shipments to the EU, but the 2006 bird flu outbreak resulted in the ban. Thailand has been certified free from the disease since February 2009.

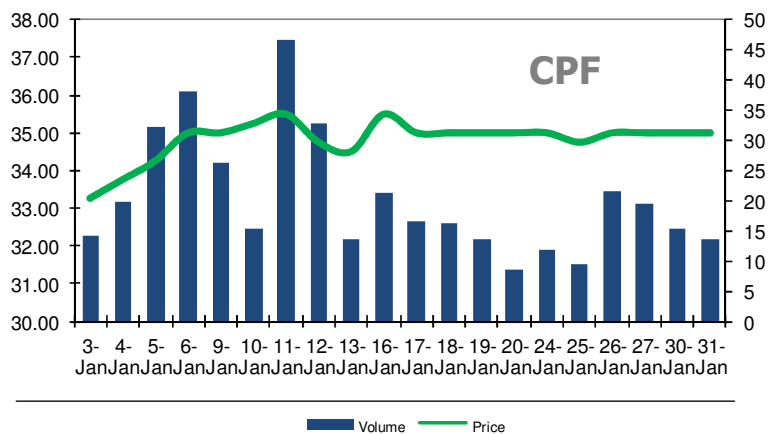
CPF IT Center obtains the most prestigious certification in software engineering and the most widely recognized Information technology security standard accreditation in the world.



Thailand, 28th December, 2011 – CPF announces that CPF IT Center, a subsidiary company of CPF which responds for all IT Operation both in Software and Hardware for CPF group, has achieved CMMI ML5-DEV Certification version 1.3 in June 2011 becoming the first company in Thailand and the 18th company in the world to join the elite groups of organization for the most recognized and hard to obtain quality certification in Software Engineering. CMMI is an internationally standard given by Carnegie Mellon University's Software Engineering Institute for assessing software development practices. The certification was first developed at the request of the United States' Department of Defense (DoD) to ensure an effective and continual improvement in software development processes. CPF IT Center also has been awarded ISO27001:2005 certification for its Information Security Management System (ISMS) from BSI Management System Co., Ltd. ISO27001:2005 is an internationally standard practice that ensures appropriate safety controls to securely protect information and intellectual property. This certification specifies the requirements for establishing, implementing, maintaining and improving an Information Security Management System (ISMS) within the context of the organization's overall business risks related to IT operation.

Price Performances: CPF

Price (Baht) Volume (Mil. shares)



January 2011

Highest Price	36.00
Lowest Price	33.00
Closed Price	35.00
Average Volume/Day (Shares)	23,300,000

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