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CPF: Successful Formula, making “CPF” rule the world’s market of 7 billion people

Prachachart Turakij, November 27, 2015

It has been a great 37-year leap of growth from Thailand to the world’s kitchen of Charoen Pokphand Foods Public Company Limited or CPF. Under a broad vision of Mr. Thanin Chiarawanon, Chairman of the Board of Charoen Pokphand Foods PCL., Thailand’s number one and the world’s 81st billionaire, this is an extraordinary success.

With over THB 426 billion in 2014 along with the fact that CPF is in ASEAN’s top 100 companies, Mr. Adirek Sripratak, President and Chief Executive Officer of CPF believes that an important factor resulting in continuous growth of CPF is “Vision”. With a clear vision of being world’s kitchen, the company’s mission is to manufacture foods with quality and good taste serving world’s population.

In the past CPF was established in Thailand. It manufactures and sells products to over 60 million people together with exporting products to 40 countries worldwide namely in Europe, America, Japan, and Asia. Recently CPF’s major growth comes from expansion by investing into 14 major countries which are vastly populated. This is because food business and people are together. Examples are: China which has over 1,300 million people, India with 1,200 million people, Vietnam for 90 million people, Philippines for 100 million people, Russia for 130 million people, Turkey for 70 million people, etc. These countries are CPF’s market consisting of over 3 billion people or more than half of the world.

“Adirek” explains that 60% of the sales figures in 2014 of over THB 426 billion came from manufacturing and production located abroad whereas 35% came from manufacturing and sales in Thailand and 5% or more than THB 30,000 million was manufacturing in Thailand and export to 40 countries worldwide. It can be seen that CPF’s revenue from Investment in Thailand is only 40%.

For CPF’s growth strategies that are considered a successful formula, “Adirek” explains that it comes from 3 main strategies. The first one is the create value-added business in form of “Value Chain” from upstream, midstream, to downstream i.e. from chicken, pork, eggs, shrimps, and fish. Applying successful model from Thailand with one abroad is to add up value in supply chain.

The second strategy is to grow from seeking for new area. Over the past 4-5 years, CPF expanded in Philippines and Russia as it saw opportunity of new area, new markets, and new career to grow. Now CPF is also looking at markets in Africa which is populated with 1 billion people. Now we have piloted the market in “Tanzania”. This is an investment to study the culture, market, and job creation.

The last strategy is to grow from Merger and Acquisition (M&A). This is considered a shortcut of market expansion for leapfrog growth during this time “In the future CPF will apply M&A strategy to invest in markets of every region worldwide”

For ASEAN markets in 10 countries which are considered large and are populated by over 600 million people, CPF saw an opportunity and started investing in “Indonesia” 40 years ago. Today CPF becomes number one in Indonesia’s agricultural food manufacturing. This also includes in the investment in Myanmar 20 years ago.



CPF also expanded its investment in 6 ASEAN countries namely Vietnam, Laos, Philippines, and Malaysia including trading office in Singapore. This has covered ASEAN. “CPF’s strategy is not aimed at exporting or importing from countries in ASEAN but to invest in production base in those countries and doing marketing there.”

“Adirek” explains that although the market becomes single after the coming of AEC, for “agricultural food business”, “Free Trade” never exists in practice. In the end there will be “Barrier of Trade”. The best way is to build production base in such countries and sell there. This is strategy that CPF has used for over 30 years.

CPF’s next step is to expand investment to Europe and America’s markets to reduce risk in trade barrier and other obstacles in order to have market share worldwide.

“Exporting chicken in Europe’s markets nowadays has obstacles in terms of quotas, tax, and trade barriers. But if we invest by manufacturing in Europe, the problems will disappear.”
However it is different in the U.S., not to do chicken farming in the U.S.

CPF’s big boss explains investment plan in the U.S. that the aim is not to sell chicken in the U.S. From American’s behavior, they consume only “chicken breast” whereas drumsticks and thighs will be exported to Asia at with cheap price (over THB 30 per kilo). Therefore CPF’s plan is to locate drumsticks and thighs processing factory to add up their value and export to Asia with THB 100-200 per kilo. CPF’s game is successful in terms of new business expansion within the U.S. and at the same time dealing with problem of cheap drumsticks and thighs being exported from the U.S. to Asia.

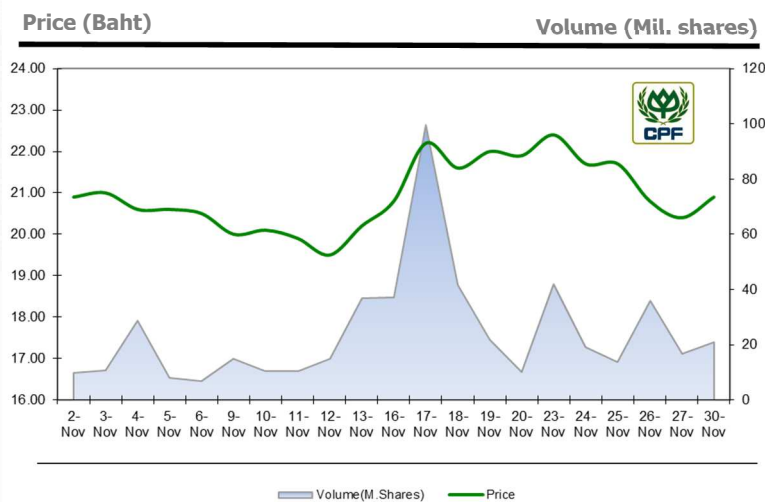
The route to become “world’s kitchen” for population of over 7 billion of CPF is still being expanded continuously. The free trade of agricultural food business never exists in practice. The best way is to manufacture and sell in that country.

[CP Foods says no impact on chicken processing plant in Turkey from Russian food ban](#)

Reuters , November 27, 2015

The company's chicken processing plant in Turkey has seen no impact from Russian food ban, Suphat Sritanatorn, president of Agro-Industries business group (Livestock) Turkey, told Reuters. Its processing chicken business in Turkey was only for domestic market, he said.* The Turkey chicken production meets international standard of food safety, according to a company statement.

Price Performances: CPF



November 2015	
Highest Price	22.60
Lowest Price	19.50
Closed Price	20.90
Average Volume/Day (Shares)	24,280,000

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