



Charoen Pokphand Foods Plc.

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CPF takes giant stride into US market acquires frozen-food company Bellisio Parent in \$1-Billion plus transaction

The nation, November 18, 2016

Charoen Pokphand Foods (CPF) has announced a definitive agreement to acquire US frozen-food company Bellisio Parent for US\$1.075 billion (Bt38.1 billion). The transaction, subject to customary closing conditions and regulatory approvals, is expected to close within 180 days.

CPF chief executive officer Adirek Sripratak said this transaction marked the first step of the company's entry to the world's largest food market, where it sees significant growth and synergy opportunities.

"We believe that through leveraging our combined strengths at CPF and Bellisio group, we can bring greater variety of products, particularly Asian food products, to US consumers as well as export our products globally," he said.

"This acquisition is in line with CPF's strategic direction to expand into high-potential markets. After the transaction, CPF's revenue contribution from food business will rise."

Joel Conner, chairman and CEO of Bellisio group, said: "We are deeply grateful to Centre Partners for their support and guidance since partnering with us five years ago. At the same time, we are also extremely excited to be part of the CPF family and share their vision of being the 'Kitchen of the World'.

"I believe that our partnership with CPF will allow us to propel Bellisio through its next phase of growth."

Centre Partners Management was the group's private-equity owner. Established in 1990, Bellisio group is the third-largest producer and distributor of single-serve frozen entrees in the United States by unit share, with well-known household brands such as Michelina's, Boston Market, Chili's and Atkins.

To complement existing brands, the company has also recently introduced the EatingWell and EAT! product lines, which it says are focused on balanced food solutions that promote healthy lifestyles. Outside the United States, Bellisio group is also the leader in the Canadian market for single-serve frozen entrees.

The group has four facilities in the states of Ohio, California and Minnesota.

Bellisio group says it has deep strategic relationships with leading US retailers with more than 50,000 distribution points. Through its production facility in Jackson, Ohio, Bellisio is able to distribute its products to more than half of the United States within 24 hours and nationwide within 48 hours.

In the 12 months ending in September, Bellisio group generated adjusted net sales of \$668 million and adjusted EBITDA (earnings before interest, tax, depreciation and amortisation) of \$82 million.

Revolutionizing the Food Industry by making CPF the "World's Kitchen"

Prachachat , November 23, 2016

"The world is changing fast. We always have to keep up with it, adjusting to its changes." These are the words of Adirek Sripratak, President and Chief Executive Officer of Charoen Pokphand Public Company Ltd., or CPF, as he talks about the challenges of reaching the sales target of 700,000-800,000 million baht for 2020, as CPF amassed 426,000 baht in 2015.

As the "World's Kitchen," this year CPF has undergone many "makeovers," such as changing from producing livestock products to providing vegetarian food for vegetarians, to comply with the recent "eat healthy" trend, and easily-digestible food for the elderly, since Thailand's population is aging.

The CPF CEO said that domestic market expansion will creatively respond to the market as they constantly brainstorm new value-creating points and technologies.

The government is also supporting innovation by decreasing taxes on R&D, boosting the creation of new innovations.

"We have been consistently innovating for five years in every department. We also have a CEO Award for innovation every year, and innovation is one of the core values of CPF."

Therefore, CPF has been expanding their innovative strategies from the food innovation to other sectors, such as purchasing, accounting, human resources, and sales while focusing on developing 1) innovative organizations 2) innovative internal and external networks and 3) business innovation.

CPF currently has 381 innovators, targeted to increase to 500 in 2016.

Due to changing consumer habits in the digital age, CPF has also increased online communication in order to communicate to target consumers, including creating e-commerce channels.

Adirek says that the hardest thing about e-commerce is creating a system that delivers products to consumers in the fastest, most convenient way. CPF thinks that a network of small shops every 3-5 kilometers can do so, but food e-commerce has many limitations.

Therefore, CPF has unveiled "The Magnet," a test wholesale store model this past July at San Kumphaeng district, Chiang Mai province. The Magnet store is 5-6 stalls large, housing over 2,000 CP and CPF grocery items and 1,000 items from other suppliers, servicing the needs of families, restaurants, and retail stores.

CPF has plans to open at least four Magnet stores in the North, and 10 in major cities in all regions by 2017. "We will gradually expand the range of our Magnet stores until we have at least 200 branches nationwide. When there are stores close to many communities, then e-commerce is much more convenient."

However, the CPF CEO admitted that in order to effectively sell products online, enough Magnet stores must be open so that e-commerce can be the next step after opening small wholesale stores.

Because CPF's revenue-generating business base comes mostly from overseas, Adirek says that the company must adjust to international trade laws relating pertaining to the entire supply chain of Feed-Farm-Food, in order to comply with CPF's Lead the Way to Sustainability concept.

If merchants within the CPF supply chain cannot adjust to the changes fast enough, CPF will help inform and advise them through a Testback system. Right now, we are focusing on this task and creating related agencies in order to compete effectively in the world market.

The CEO also spoke about two strategies to increase CPF business: 1) expanding business into countries with potential by investing and buying M&A businesses and 2) creating value for products. CPF is invested in doing business with ASEAN countries, especially with Vietnam and China.

CPF has been focusing on agro-industry business consolidation, having bought 100% of the shares of Hubei Chia Tai, a Chinese producer and distributor of feed, animal breeding and processed animal food products, in May for approximately 561 million baht.

Early July, CPF also spent around 3,000 million baht to buy 30% of the shares of a powdered baby milk producer and distributor company, and spent 1,000 million baht to acquire a Chinese animal vaccine producer and distributor company. Towards the end of July, CPF also bought a Sri Lankan instant food business in order to enter the food market in India, Bangladesh, and Pakistan.

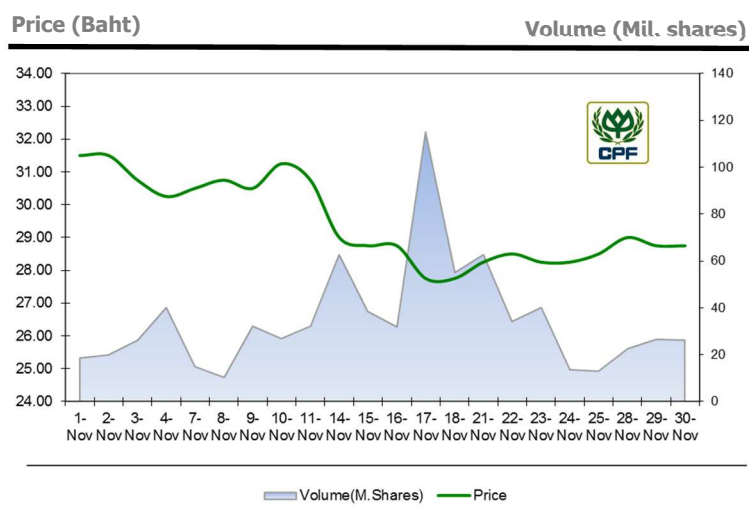
CPF also has plans to buy businesses in the UK, Europe, America, and Russia.

CPF is planning to invest in producing dairy products in Russia, having made preparations to purchase property to raise cows and produce high-quality dairy products.

In Europe and America, CPF has plans to invest in food production factories in order to decrease the risk of trade restrictions and tax quotas. America and European countries are currently encountering a financial crises, so it is a good opportunity to expand and invest in them.

"Many businesses are willing to sell for cheap prices, so we buy them up during financial crises," said Adirek. "Therefore, in every crisis and challenge, we are able to find profitable opportunities."

Price Performances: CPF



November 2016	
Highest Price	31.75
Lowest Price	27.25
Closed Price	28.75
Average Volume/Day (Shares)	33,480,000

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