



# Charoen Pokphand Foods PCL.

## 1Q 2019 Results Briefing

Investor Presentation  
May 15, 2019

MEMBER OF  
**Dow Jones  
Sustainability Indices**  
In Collaboration with RobecoSAM



FTSE4Good



*Every  
Mouthful  
is Meaningful*

*Kitchen of  
the World*





Kitchen of the World

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A: 3Yr Historical Results

B: Products & Raw Materials Price Trend

C: Group of CPP's Associate Companies & Joint Ventures

D: Product Sample & Retail Outlet Format



“Aiming to compete in the front line of the food industry, we use resources properly and environmental friendly. The Company takes into account the interests of all stakeholders to ensure sustainable growth, while being able to generate appropriate return to shareholders”

- One of the world’s recognized leaders in animal feed manufacturing, swine production, and shrimp integrated business
- Diversified portfolio with operations and investment in 17 countries catered to over 4 billion population, and exports to more than 30 countries
- Multi-species animal proteins (mainly poultry, swine and shrimp)
- Member of “SET 50” under Agro & Food Industry Sector (Ticker: CPF)
- Member of Dow Jones Sustainability Index (Emerging Markets)
- Member of FTSE4Good Index Series
- Ranked “Excellent” for CGR Scoring by Thai Institute of Directors (IOD)



## Vision : “Kitchen of the World”

- Portfolio**
- 4 listed investments onboard (HKSE:00043, HKSE:3839, TWSE: 1215, SET:CPALL)
  - 37 series of debentures listed on Thai Bond Market Association “TBMA”
  - 1 exchangeable Bond “EBs” on 

## Highlights

**FY18 Sales** : THB542 billion or ~USD17.0 billion

**Market Cap** : THB228 billion or ~USD7.1 billion  
*(as of May 10, 2019)*

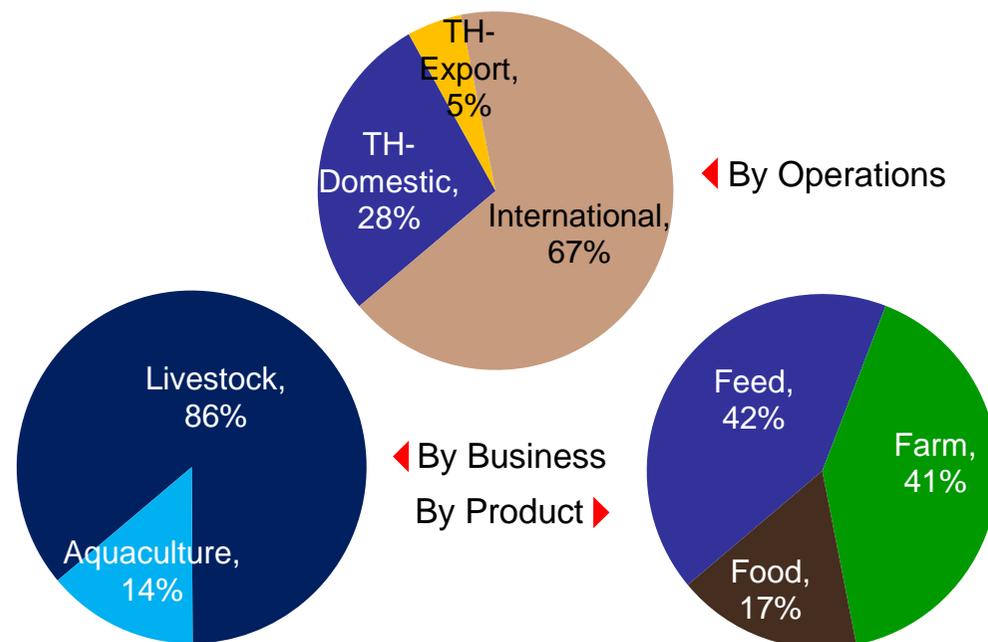
**Capital** : 8,611 million shares (paid-up) *(as of Mar 31, 2019)*  
par value of THB.1.00 per share

**Book Value** : THB18.76\* per share *(as of Mar 31, 2019)*

**Shareholders** : Charoen Pokphand Group Ltd. 53.88%  
of Paid-Up Capital *(as of Mar 7, 2019)*

**Credit Rating** : “A+” with “Stable” Outlook *(as of May 8, 2019)*

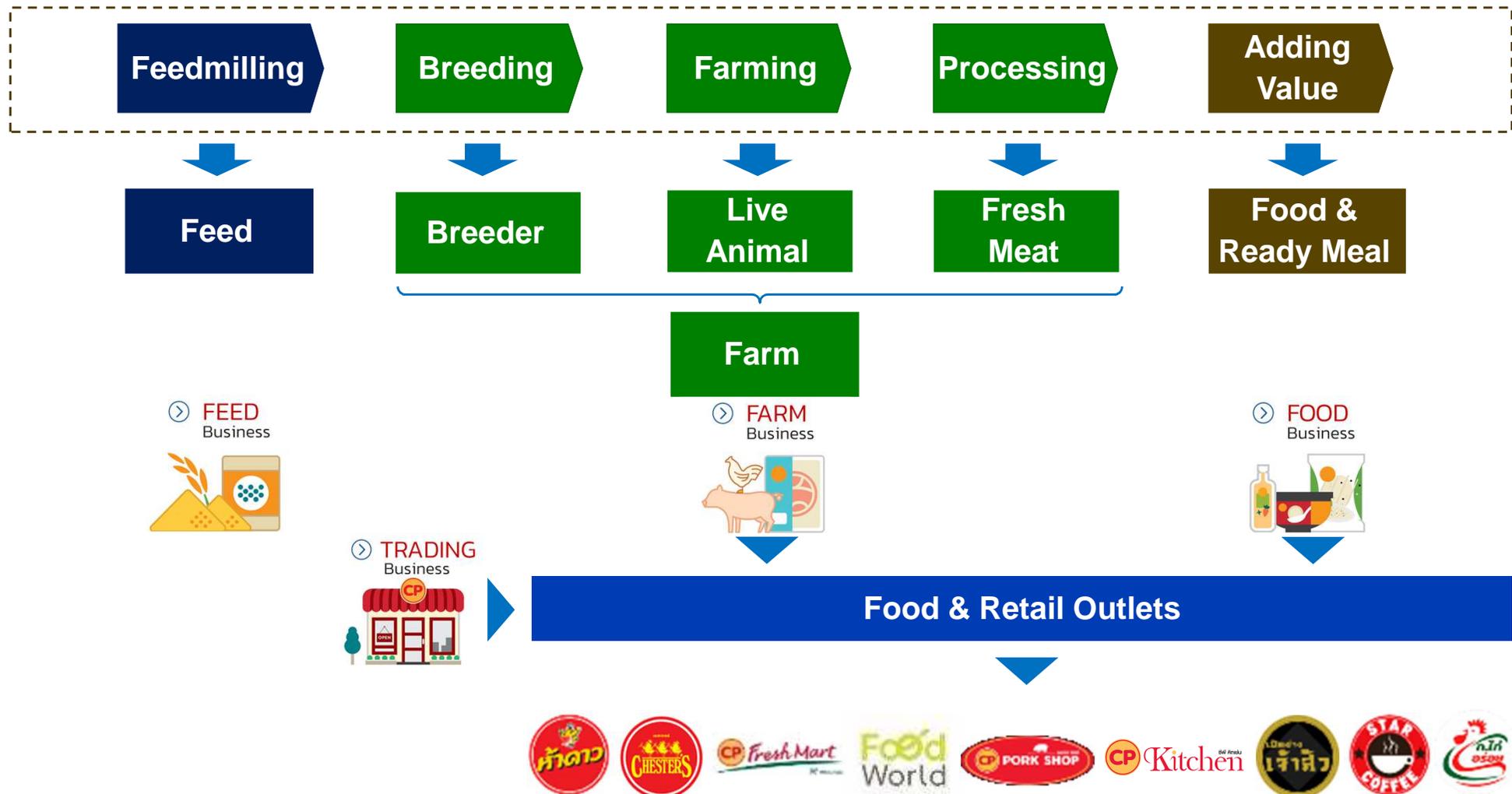
### 2018 Sales Breakdown



Note: USD1 = THB 32.02 (as of May 10, 2019)

\* Exclude Non-Controlling Interests (NCI)

CPF operates integrated agro-industrial and food business including **swine, broiler, layer, duck, shrimp and fish**. The integrated food process involves advanced production technology, qualified international standard chemical-free production, safe with hygiene, while being environmental friendly, and systematically traceable throughout the whole food chain.



- Operations and investment in 17 countries catered to > 4 billion population
- Export to more than 30 countries across 5 continents

**Russia**

- Livestock feed
- Swine farming
- Chicken integrated business

**UK**

- Chilled and Frozen food
- Food kiosks
- Food Services

**Belgium**

- Ready to eat foods

**Brazil**

- Shrimp farming & primary processing

**Turkey**

- Chicken integrated business

**Poland**

- Hatchery farm
- Food processing plants

**Sri Lanka**

- Ready to eat foods

**India**

- Chicken integrated business
- Aquatic feed

**China**

- Livestock and aquaculture feed
- Aquaculture farming
- Ready to eat foods

**Thailand**

- Livestock and aquaculture integrated businesses

**Malaysia**

- Livestock and aquaculture integrated business

**Canada**

- Swine integrated business  
*(Expected to be completed within Q4/19)*

**USA**

- Ready to eat foods

**Taiwan**

- Livestock integrated business

**Philippines**

- Livestock and aquaculture feed and farming

**Laos**

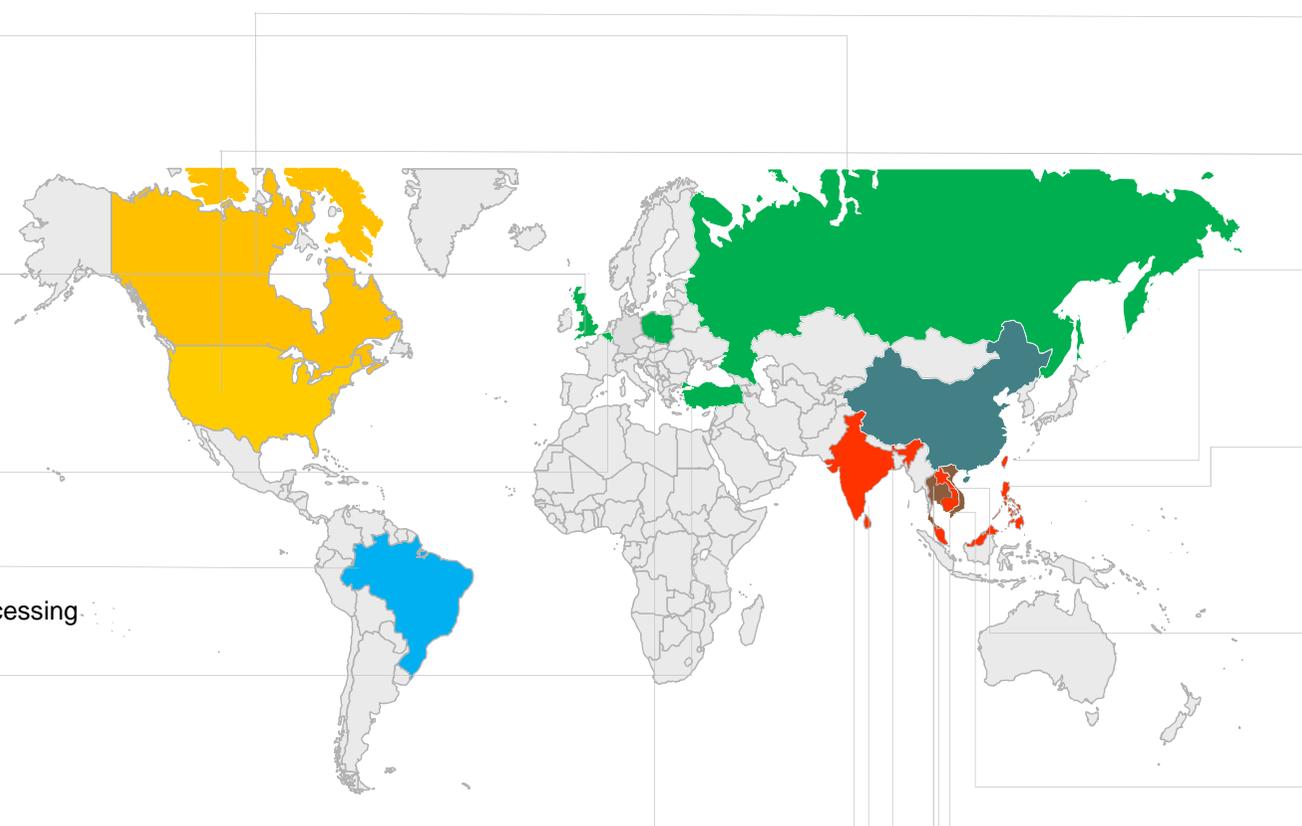
- Livestock integrated business

**Cambodia**

- Livestock integrated business

**Vietnam**

- Livestock and aquaculture integrated businesses





## 3 Strategic Directions

- Sustainable Growth
- Aiming for Excellence
- Building Solid Foundation

*Kitchen of  
the World*

## Strategy for Growth

- Fully integrated business model
- Globalization by establishing a proper business model suitable for each strategic market
- Value-added business by expanding portfolio towards innovative products and services to serve rising demands

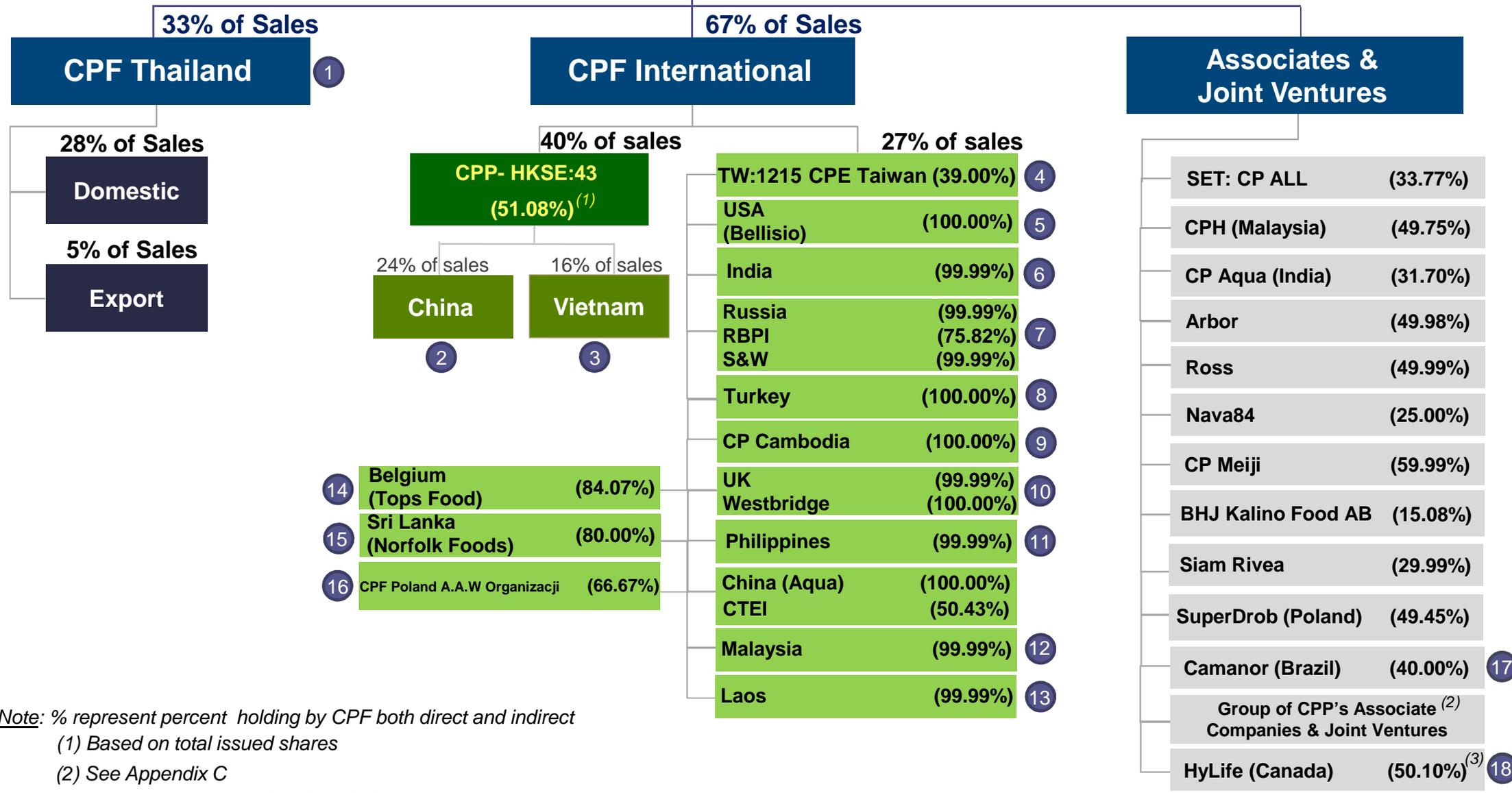




# CPF Operational Structure (As of Mar 31, 2019)



**1Q19 : Sales: THB 125,286 m**  
**Net Profit: THB 4,279 m**

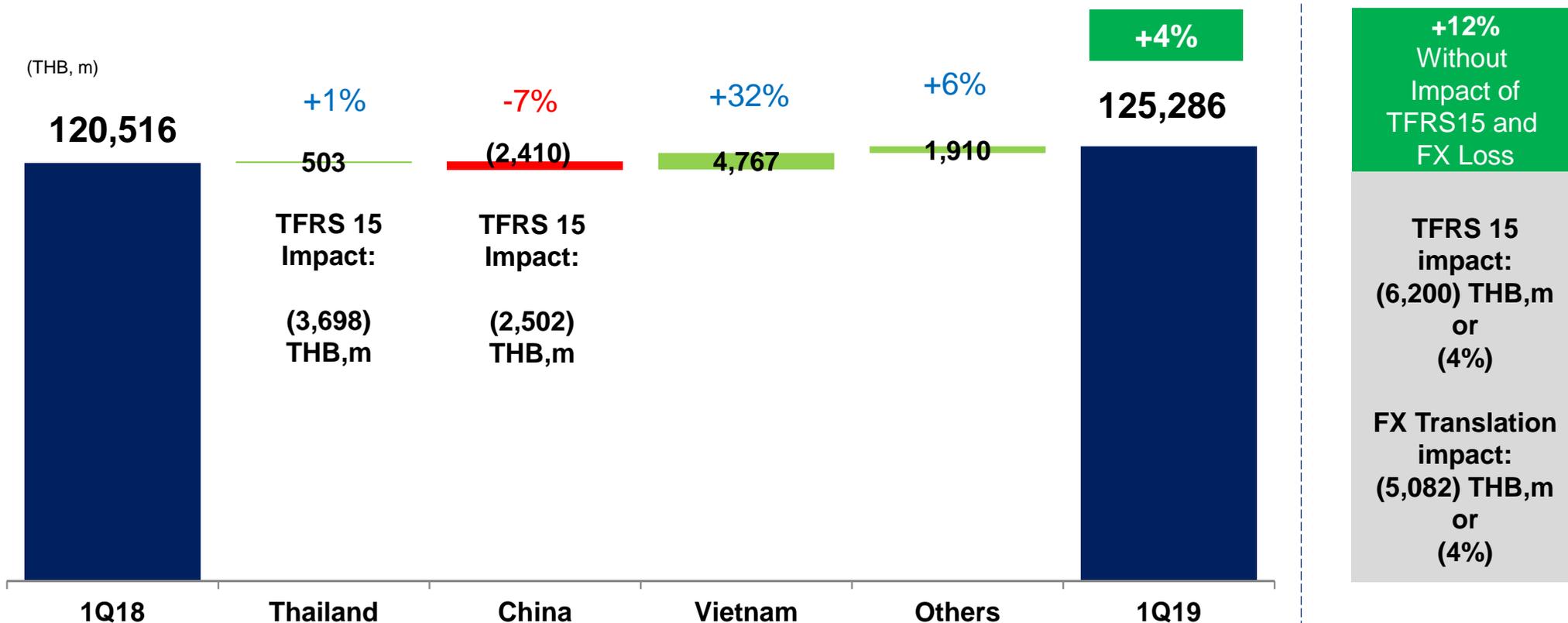


*Note: % represent percent holding by CPF both direct and indirect*  
 (1) Based on total issued shares  
 (2) See Appendix C  
 (3) Expected to be completed within Q4/19



# 1Q19: Revenue increased y-o-y by 4% despite TFRS15 and FX loss

- 1Q19 revenue increased 4% y-o-y despite adoption of TFRS15 and FX translation loss. Without the adjustment revenue grew 12% y-o-y
- Thailand’s revenue increased 1% y-o-y despite adoption of TFRS15
- China’s revenue decreased by 7% y-o-y due to impact of TFRS15 and FX translation loss, however, revenue from operation improved from better farm and food business performance.
- Vietnam’s Revenue increased by 32% y-o-y mainly due to recovery of swine oversupply situation
- Other international operation’s revenue increased by 6% y-o-y led by Cambodia, US, and UK

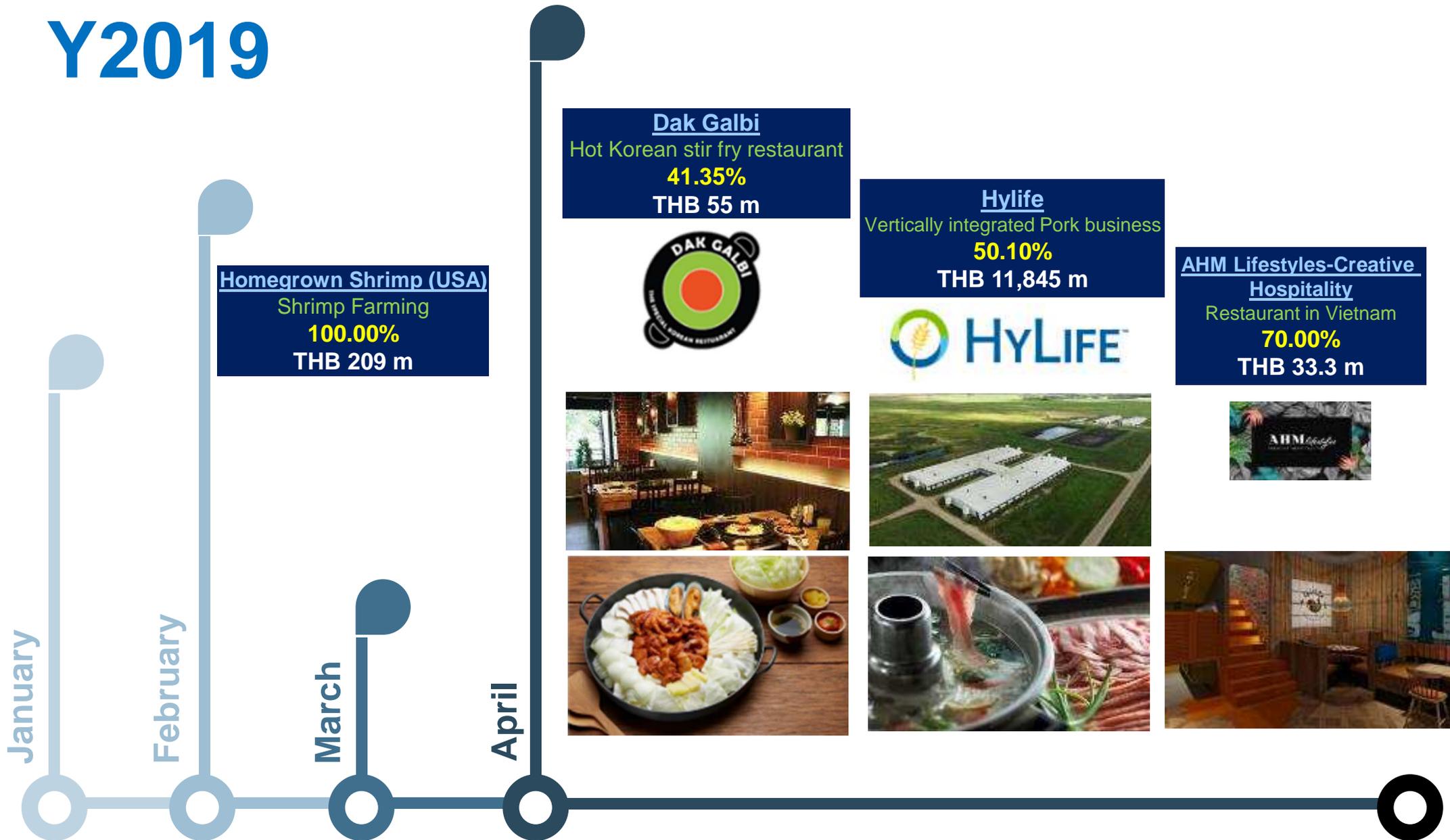




## Profitability

- **Gross profit** increased from THB 11,352m in 1Q18 to THB **17,672m** in 1Q19, led by swine prices recovery in Vietnam & Thailand.
- **EBITDA** increased by 111% y-o-y to THB **11,585m** in 1Q19
- **Net Profit** increased by 40% y-o-y to THB **4,279m** in 1Q19

## Y2019



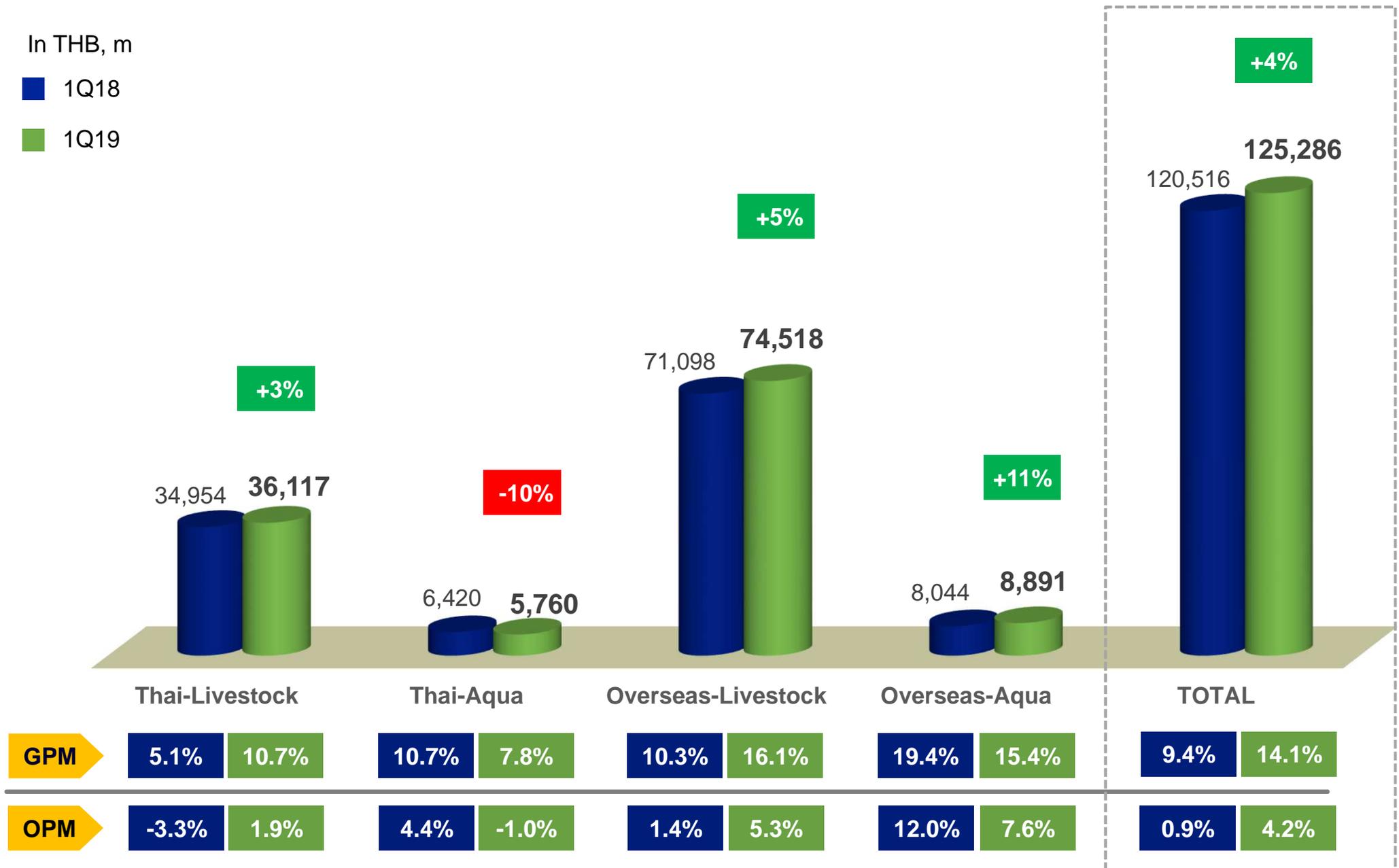


# 1Q19: Sales & Profit Margin by Business

In THB, m

■ 1Q18

■ 1Q19





# 1Q19: Consolidated Sales Structure by Business

## Sales Breakdown

	Livestock			Aquaculture			Total		
	1Q18	1Q19	%Change	1Q18	1Q19	%Change	1Q18	1Q19	%Change
<b>Thailand</b>	34,954	36,117	3%	6,420	5,760	-10%	41,374	41,877	1%
<i>Domestic</i>	29,605	30,180	2%	5,315	4,716	-11%	34,920	34,896	0%
<i>Export</i>	5,349	5,937	11%	1,105	1,044	-6%	6,454	6,981	8%
<b>China</b>	31,331	28,991	-7%	1,018	948	-7%	32,349	29,939	-7%
<b>Vietnam</b>	12,109	16,321	35%	2,565	3,120	22%	14,674	19,441	32%
<b>Others</b>	27,658	29,206	6%	4,461	4,823	8%	32,119	34,029	6%
<b>Total</b>	<b>106,052</b>	<b>110,635</b>	<b>4%</b>	<b>14,464</b>	<b>14,651</b>	<b>1%</b>	<b>120,516</b>	<b>125,286</b>	<b>4%</b>
<b>% of Total Sales</b>	88%	<b>88%</b>		12%	<b>12%</b>		100%	<b>100%</b>	

- Thailand
- China
- Vietnam

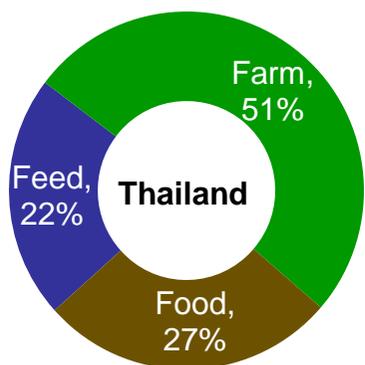
**73%**  
of Sale  
Revenue



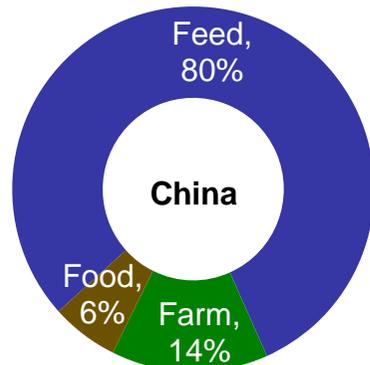
# 1Q19: Consolidated Sales by Products

## Sales Breakdown by Products

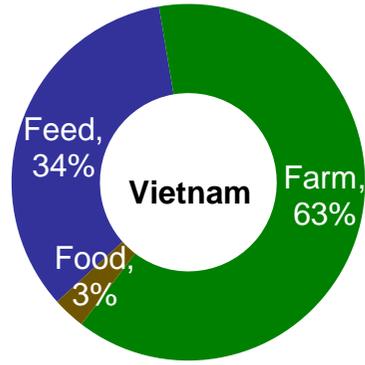
	Feed			Farm			Food			Total		
	1Q18	1Q19	%Change	1Q18	1Q19	%Change	1Q18	1Q19	%Change	1Q18	1Q19	%Change
<b>Thailand</b>	12,036	9,149	-24%	18,648	21,300	14%	10,690	11,428	7%	41,374	41,877	1%
<i>Domestic</i>	12,025	9,133	-24%	16,949	19,810	17%	5,946	5,953	0%	34,920	34,896	0%
<i>Export</i>	11	16	44%	1,699	1,490	-12%	4,744	5,475	15%	6,454	6,981	8%
<b>China</b>	26,938	23,804	-12%	3,822	4,286	12%	1,589	1,849	16%	32,349	29,939	-7%
<b>Vietnam</b>	5,797	6,656	15%	8,376	12,128	45%	501	657	31%	14,674	19,441	32%
<b>Others</b>	8,275	7,899	-5%	15,593	16,925	9%	8,251	9,205	12%	32,119	34,029	6%
<b>Total</b>	<b>53,046</b>	<b>47,508</b>	<b>-10%</b>	<b>46,439</b>	<b>54,639</b>	<b>18%</b>	<b>21,031</b>	<b>23,139</b>	<b>10%</b>	<b>120,517</b>	<b>125,286</b>	<b>4%</b>



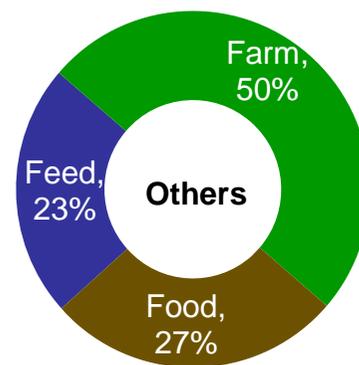
THB 41,877 m  
% to sales 33%



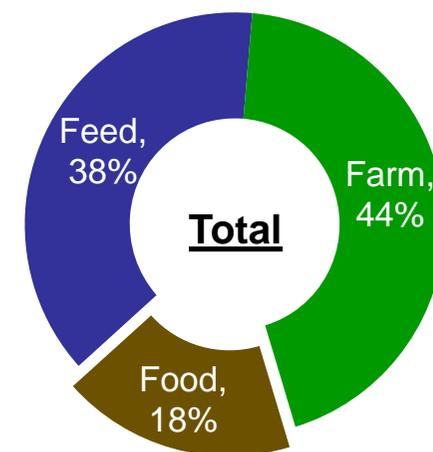
THB 29,939 m  
24%



THB 19,441 m  
16%



THB 34,029 m  
27%



THB 125,286 m  
100%



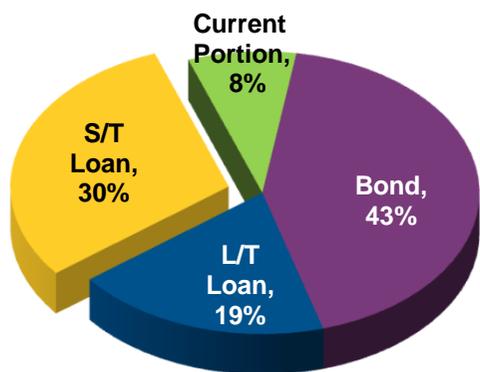
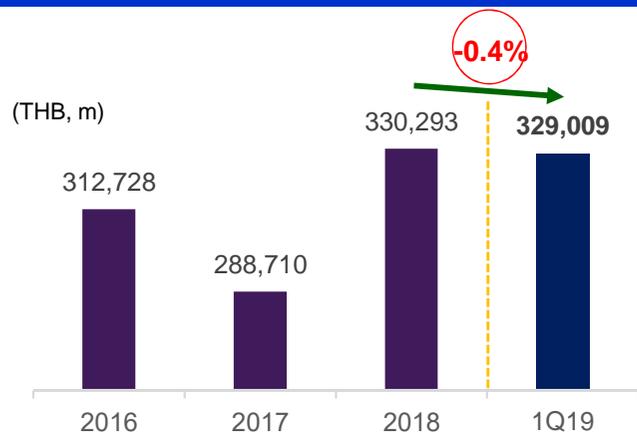
# 1Q19: Consolidated Income Statement Highlight

	Quarter 1			Full Year		
	2018	2019	% Chg.	2017	2018	% Chg.
Net sales	120,516	125,286	4%	501,507	541,937	8%
<i>Gross Profit Margin</i>	9.4%	14.1%		12.0%	12.1%	
EBITDA	5,496	11,585	111%	32,420	39,559	22%
<i>EBITDA Margin</i>	4.6%	9.2%		6.5%	7.3%	
EBIT	44	5,979	13,489%	11,172	17,151	54%
<i>EBIT Margin</i>	0.03%	4.8%		2.2%	3.2%	
Share in Profit of Associates	2,217	2,348	6%	7,983	8,343	5%
Financial Costs	(2,783)	(3,414)	23%	(11,743)	(11,703)	0%
Income Taxes Expense	(285)	(687)	141%	(251)	(6,212)	2,375%
<b>NET PROFIT</b>	<b>3,049</b>	<b>4,279</b>	<b>40%</b>	<b>15,259</b>	<b>15,531</b>	<b>2%</b>
EPS (THB)	0.35	0.50		1.91	1.82	
# of capital shares <sup>(1)</sup>	8,185	8,185		7,720	8,185	
Paid-Up Capital	8,611	8,611		8,611	8,611	
Dividend (THB/Share)				0.75	0.65	

Note: (1) # of capital shares = No. of the weighted-avg. shares



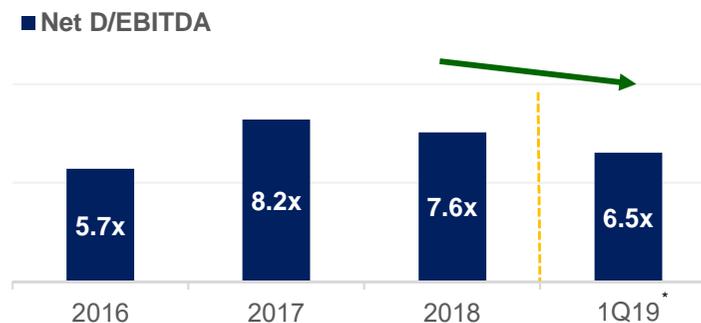
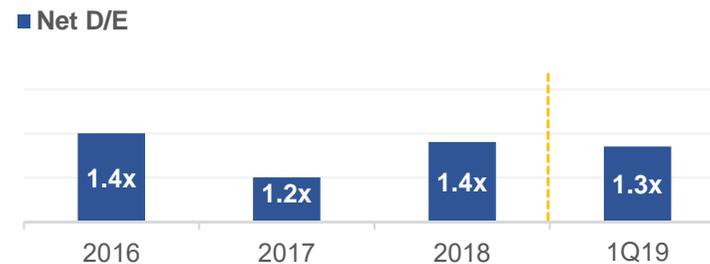
## Interest Bearing Debt: THB 329,009 m



Cost of Debts	2016	2017	2018	1Q19
	3.87%	3.84%	4.05%	4.11%

Bond Rating "A+" with "Stable" Outlook by Tris Rating Co., Ltd

## Net Debt to Equity & Net Debt to EBITDA



Remark : Net Debt = Interest Bearing Debt - Cash and Cash Equivalents

EBITDA = Revenue from Sales of Goods - Cost of Sales of Goods + Other Income - Selling Expense - Administrative Expense - Other Expense + Gain (Loss) from Foreign Exchange + Gain (Loss) on sales of property, plant & equipment + Depreciation & Amortization + Depreciation of biological asset

\* LTM EBITDA



# CPF's Investment in Listed Companies

	Stock Price (Local Curr.)		Market Cap. (THB mm)	CPF Holding %	Holding Value (THB mm)
	(As of Mar 31, 2019)				
<b>CPALL</b> (SET:CPALL)	<b>THB</b>	<b>74.75</b>	<b>671,487</b>	<b>33.77%</b>	<b>226,761</b>
<b>CPP</b> (HKSE:0043)	<b>HKD</b>	<b>0.71</b>	<b>69,560</b>	<b>51.08%</b>	<b>35,531</b>
<b>TRUE</b> (SET:TRUE)	<b>THB</b>	<b>4.76</b>	<b>158,833</b>	<b>2.21%</b>	<b>3,510</b>
<b>CPE</b> (TWSE:1215)	<b>TWD</b>	<b>51.80</b>	<b>14,298</b>	<b>39.00%</b>	<b>5,576</b>
<b>CTEI</b> (HKSE:3839)	<b>HKD</b>	<b>1.85</b>	<b>1,813</b>	<b>50.43%</b>	<b>914</b>
<b>Total</b>					<b>272,293</b>

## Growth Target

- Expected sales growth of approximately 5-8 %

## Key Drivers & Focus

- Average selling prices of swine in Vietnam remain solid in 2019
- Recovery in domestic meat prices
- Higher revenue and profitability of overseas aquaculture businesses especially in Vietnam
- Focusing on efficiency improvement
- Expanding of international operations

## Key Challenges

- High domestic chicken supply from growing Thai chicken exports
- African swine fever (ASF) outbreak in multiple countries
- Foreign exchange volatility
- Global economic uncertainty

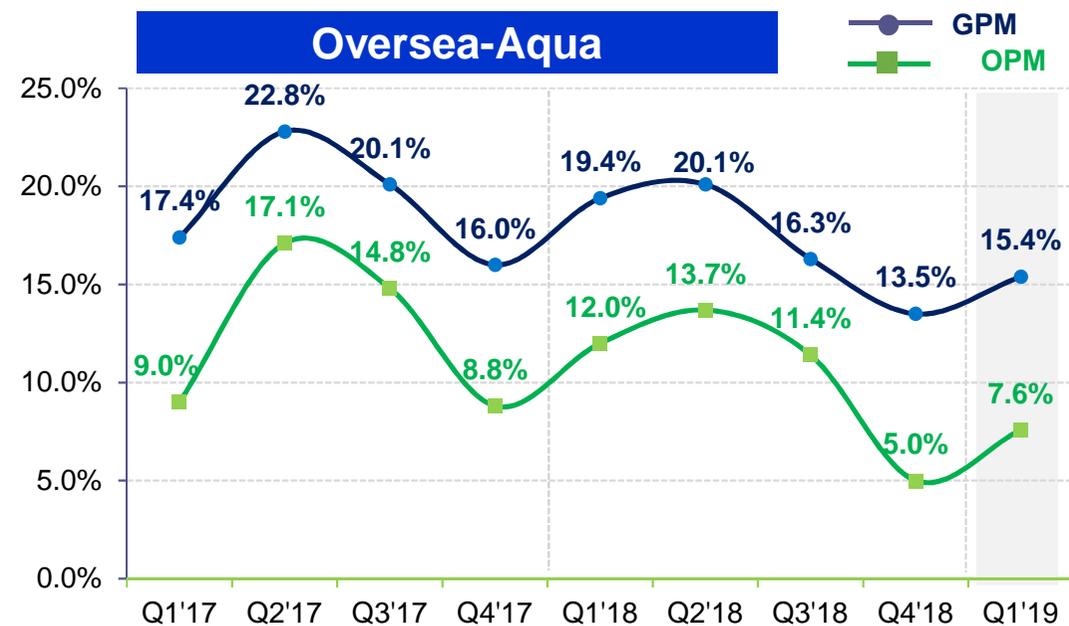
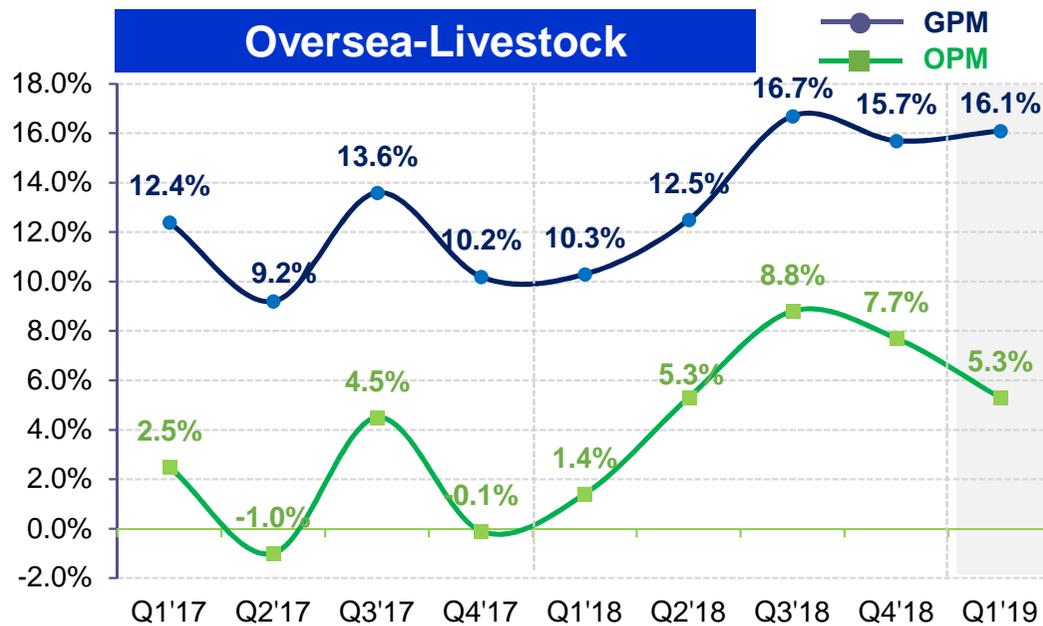
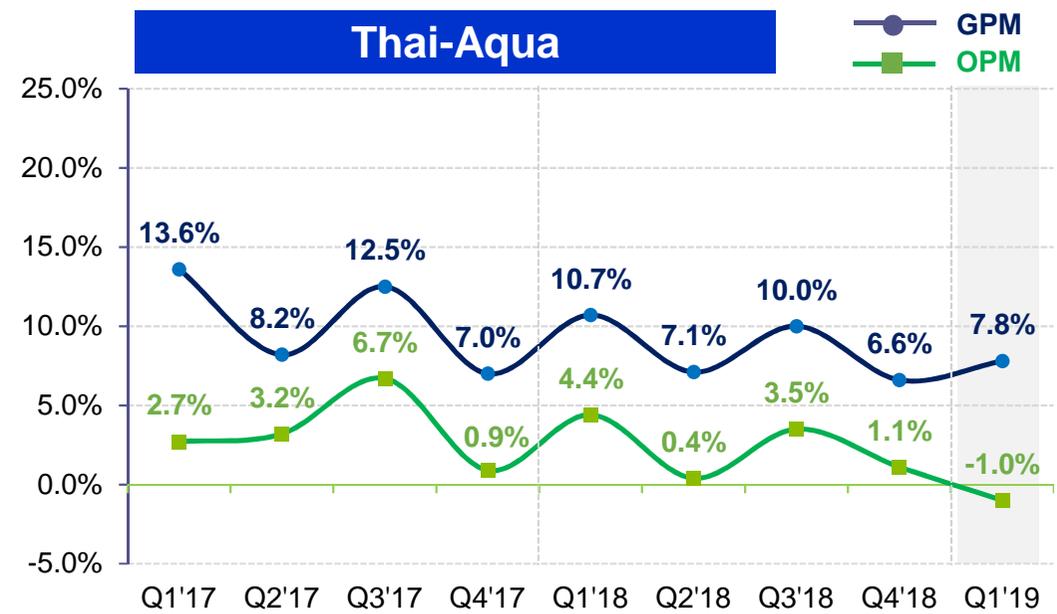
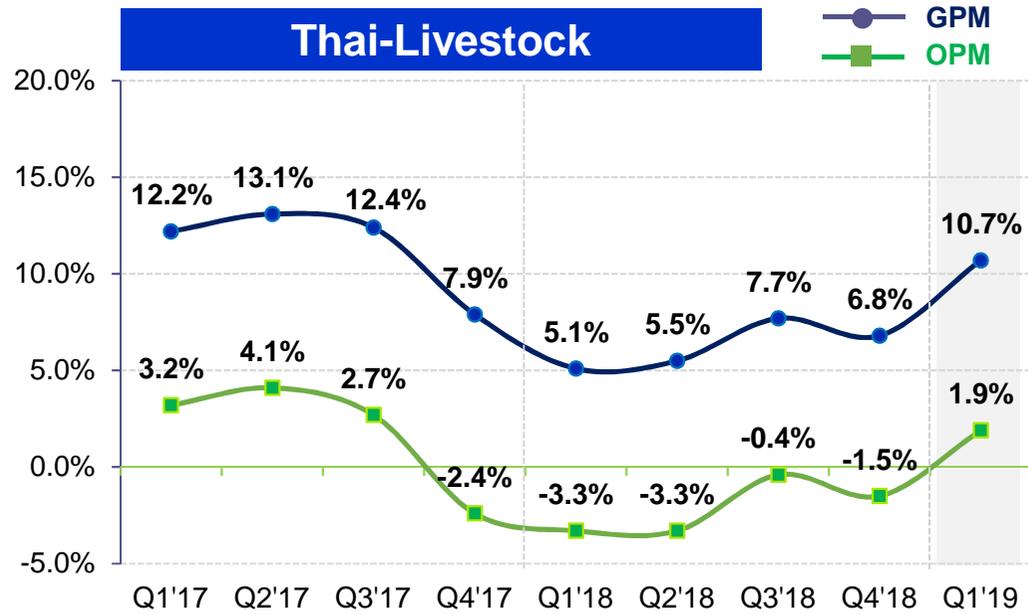
## Investment

- Capex of approximately THB 25 billion (excluding M&A)

# **Appendix A: Highlights : 3Yr Historical Results**



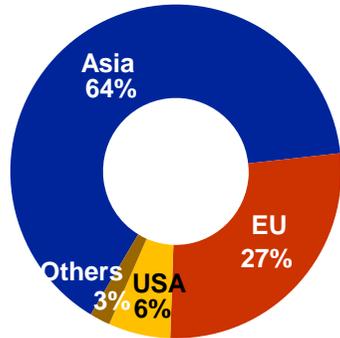
# Gross Profit Margin & Operating Profit Margin





# Thailand Operations – Export Destination

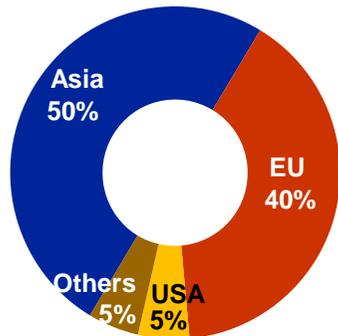
**Y2017**



■ Asia ■ EU ■ USA ■ Others

**Farm**

THB 8,531 million +15%

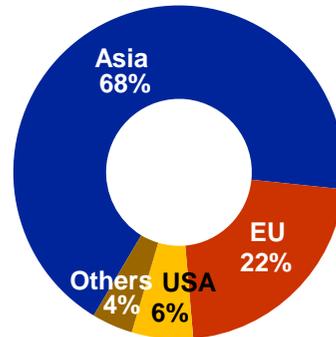


■ Asia ■ EU ■ USA ■ Others

**Food**

THB 21,796 million +3%

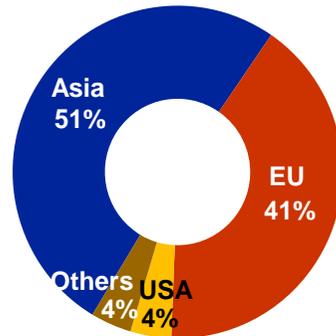
**Y2018**



■ Asia ■ EU ■ USA ■ Others

**Farm**

THB 7,473 million -12%

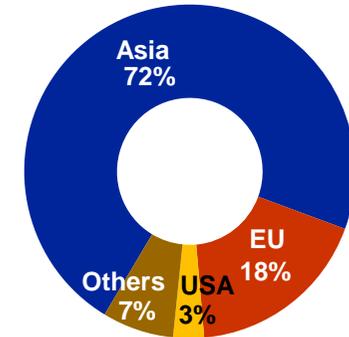


■ Asia ■ EU ■ USA ■ Others

**Food**

THB 21,490 million -1%

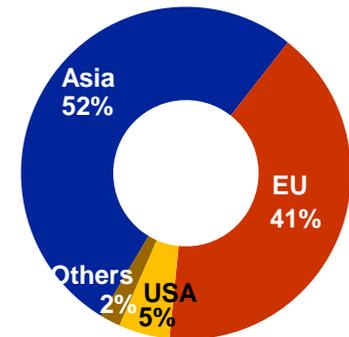
**1Q19**



■ Asia ■ EU ■ USA ■ Others

**Farm**

THB 1,490 million -12%



■ Asia ■ EU ■ USA ■ Others

**Food**

THB 5,475 million +15%



# Consolidated Income Statement Highlight

	Full Year				
	2016	2017	% Change	2018	% Change
Net sales	464,465	<b>501,507</b>	8%	<b>541,937</b>	8%
Gross Profit Margin (%)	15.6%	<b>12.0%</b>		<b>12.1%</b>	
EBITDA	48,464	<b>32,420</b>	-33%	<b>39,559</b>	22%
EBIT	29,956	<b>11,172</b>	-63%	<b>17,151</b>	54%
Share in Profit of Associates	6,512	<b>7,983</b>	23%	<b>8,343</b>	5%
Financial Costs	(10,601)	<b>(11,743)</b>	11%	<b>(11,703)</b>	-0%
Income Taxes Expense	(7,212)	<b>(251)</b>	-97%	<b>(6,212)</b>	2,375%
Gain / (Loss) from FX	388	<b>(21)</b>	-105%	<b>(203)</b>	-867%
<b>NET PROFIT</b>	14,703	<b>15,259</b>	4%	<b>15,531</b>	2%
<b>EPS (THB)</b>	1.99	<b>1.91</b>		<b>1.82</b>	
<b># of capital shares*</b>	7,388	<b>7,720</b>		<b>8,185</b>	
<b>Paid-Up Capital</b>	7,743	<b>8,611</b>		<b>8,611</b>	
<b>Dividend (THB/Share)</b>	0.95	<b>0.75</b>		<b>0.65</b>	

Note: \* # of capital shares = No. of the weighted-avg. shares

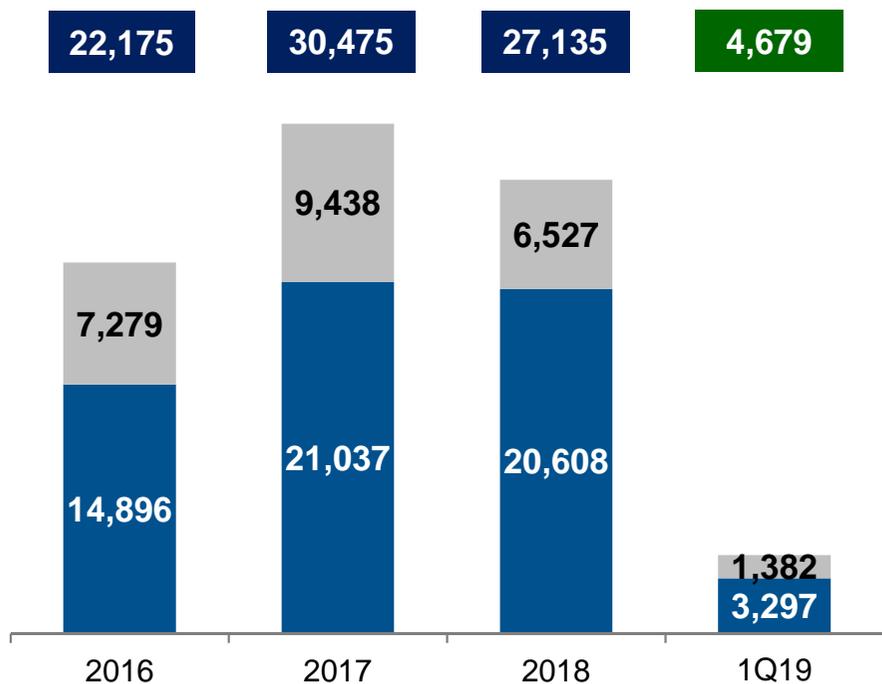


# CAPEX & EBITDA

## CAPEX

Unit: THB, m

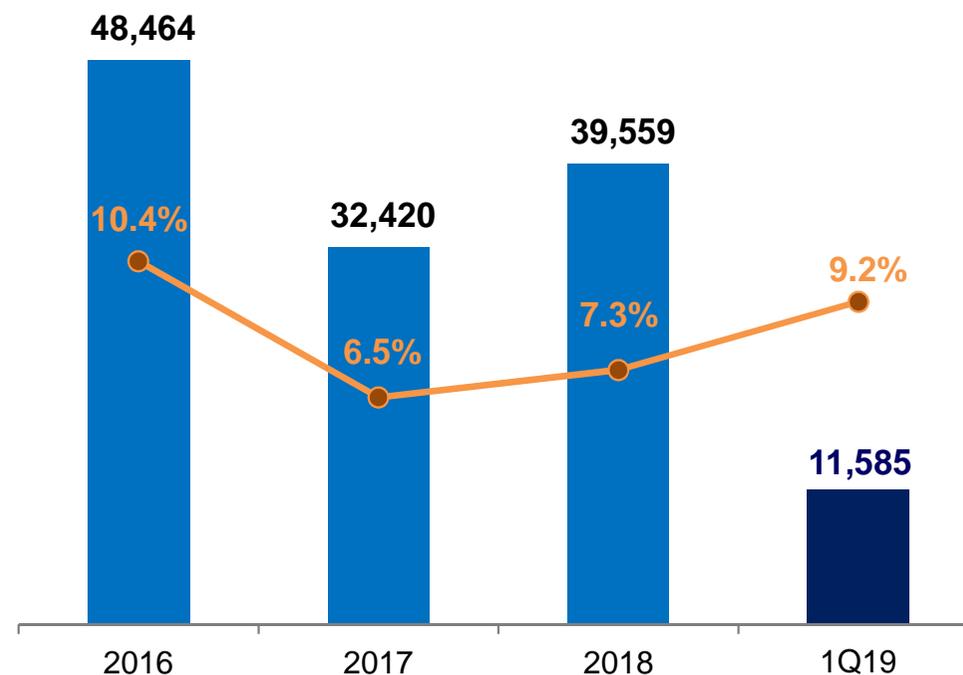
- CPP
- CPF



## EBITDA

Unit: THB, m

— EBITDA Margin%



EBITDA = Revenue from Sales of Goods - Cost of Sales of Goods + Other Income - Selling Expense - Administrative Expense - Other Expense + Gain (Loss) from Foreign Exchange + Gain (Loss) on sales of property, plant & equipment + Depreciation & Amortization + Depreciation of biological asset

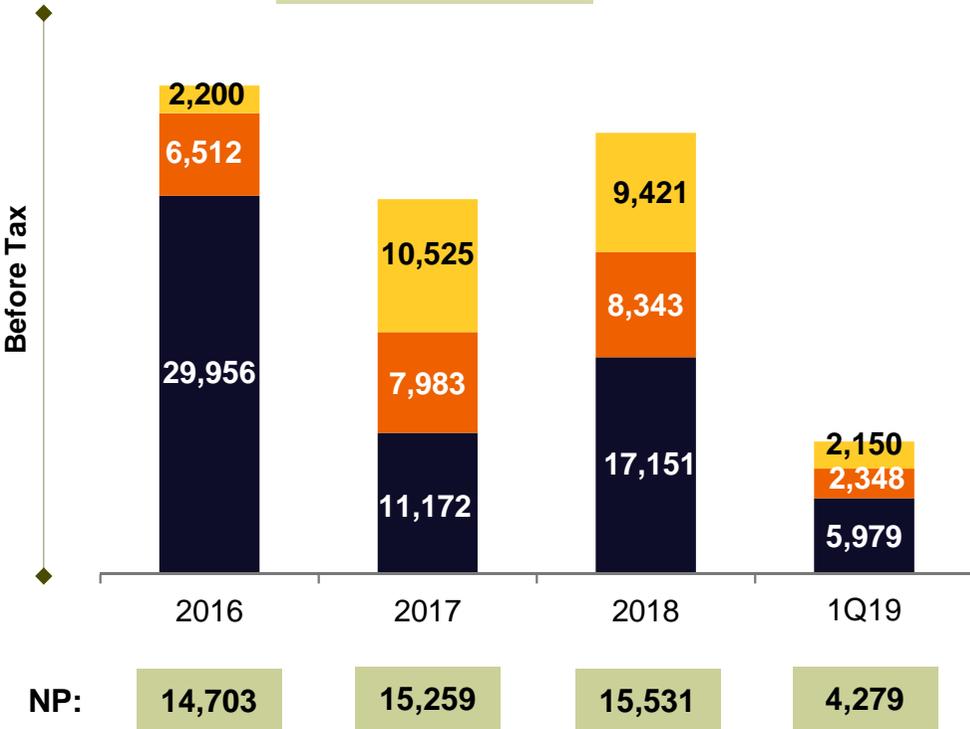


## Net Profit

Unit: THB, m

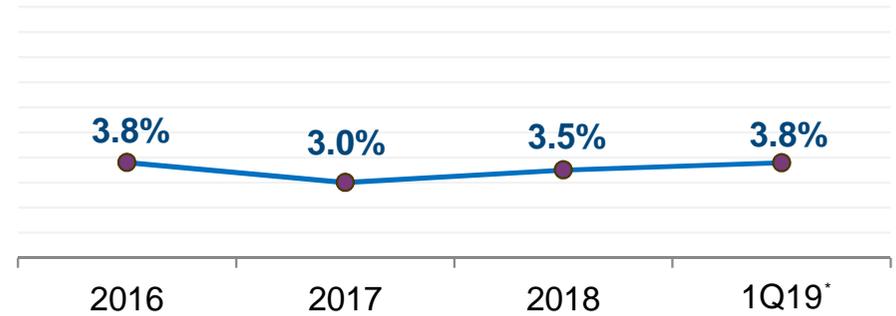
- Gain on fair value adjustment on investment in associates
- Divestment and Dividend
- Equity (Share in Profit of Associates)
- EBIT

CAGR +3%



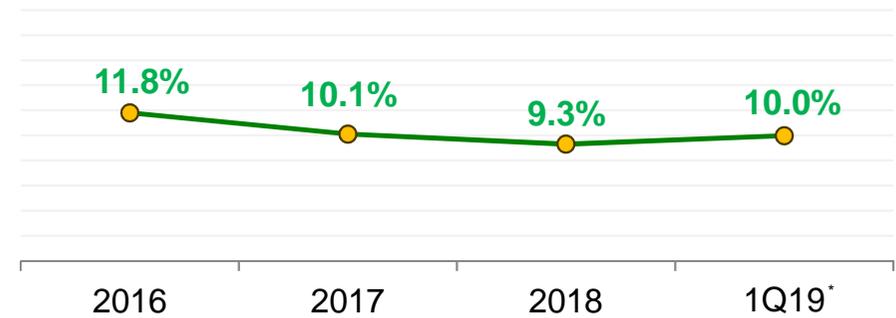
## ROA & ROE

● ROA



ROA = Net Income (include Non-Controlling Interest)/Average Total Asset

● ROE



ROE = Net Income (Exclude Non-Controlling Interest)/Average Total Equity (Exclude Non-Controlling Interest)

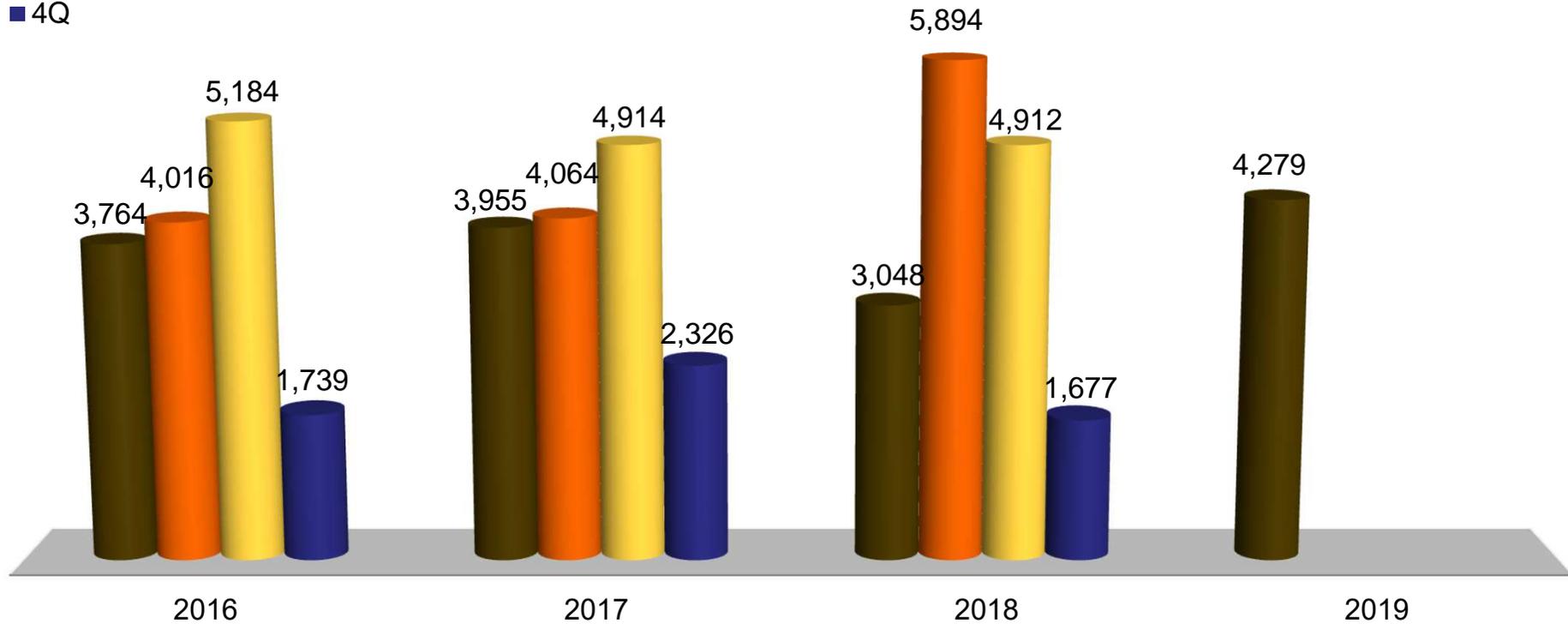
\* LTM basis



# Consolidated Net Profit - Quarterly

Unit : THB, m

- 1Q
- 2Q
- 3Q
- 4Q



Full Year:  
Net Profit

14,703

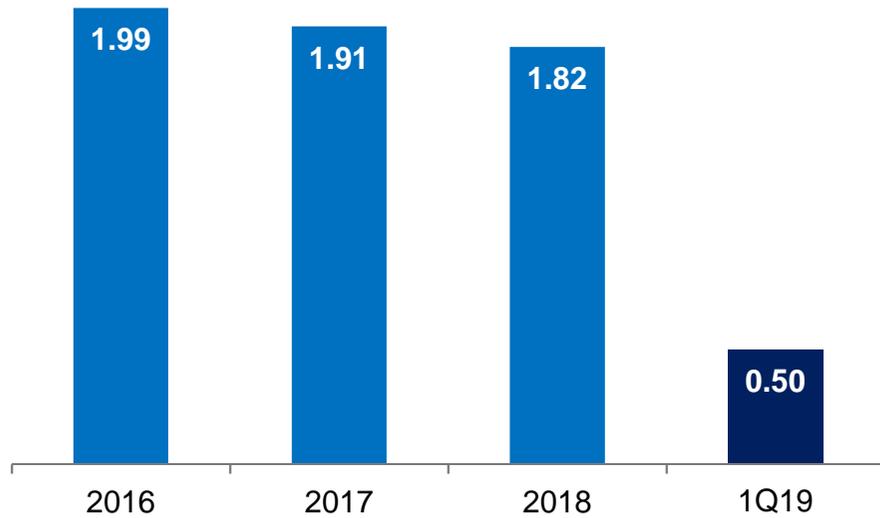
15,259

15,531



## Earnings Per Share

Unit : THB Per Share

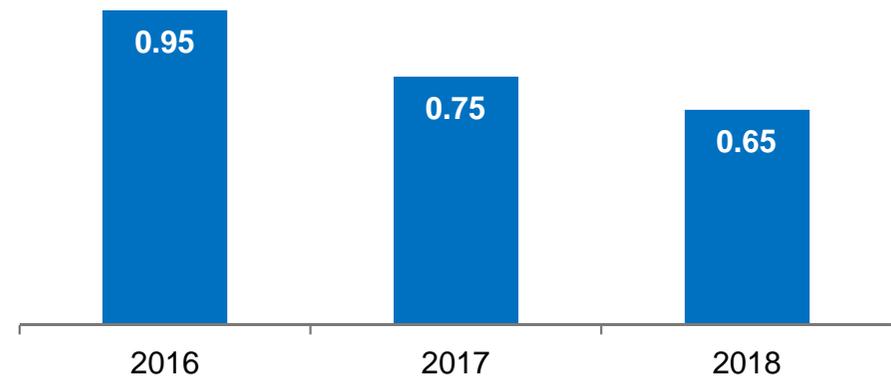


## Dividends

Unit : THB Per Share

**Dividend Policy**

Semi-annually, not less than 30% of consolidated annual net profit



# **Appendix B: Products & Raw Materials Price Trend**

## Thailand's **Broiler** price (THB/kg)



Average Price		
Y17	Y18	Y19
35.8	30.2	32.5
% Chg	-16%	+8%

## Thailand's **Pork** price (THB/kg)

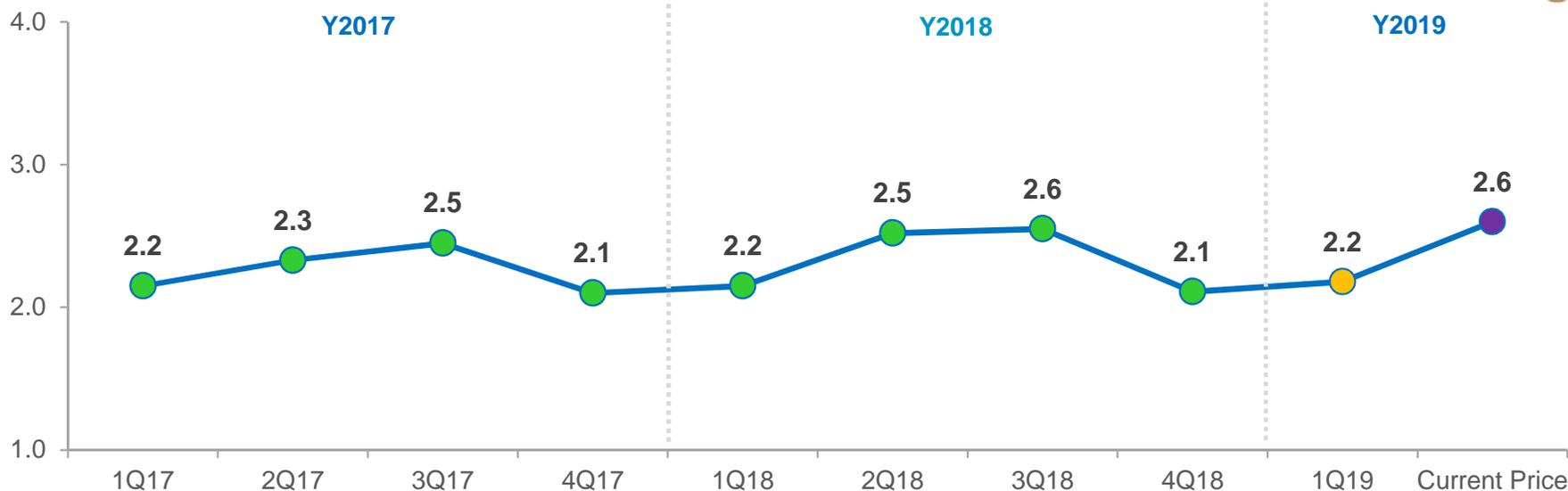


Average Price		
Y17	Y18	Y19
56.1	56.3	70.0
% Chg	0%	+24%

## Thailand's Fresh Egg price (THB/piece)



Average Price		
Y17	Y18	Y19
2.3	2.3	2.2
% Chg	+3%	-7%

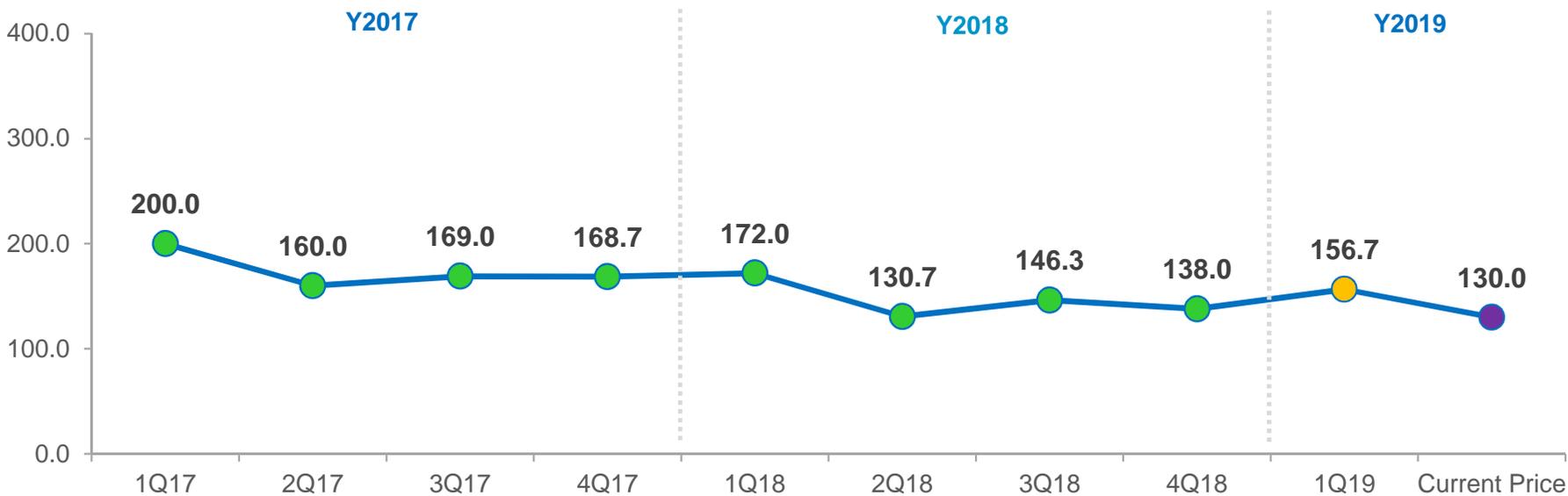


## Thailand's White Shrimp price (THB/Kg)



Average Price		
Y17	Y18	Y19
175	147	157
% Chg	-16%	+7%

Size 70 pieces/kg





# Average Raw Material Prices – Thailand

### Thailand's Corn price (THB/kg)



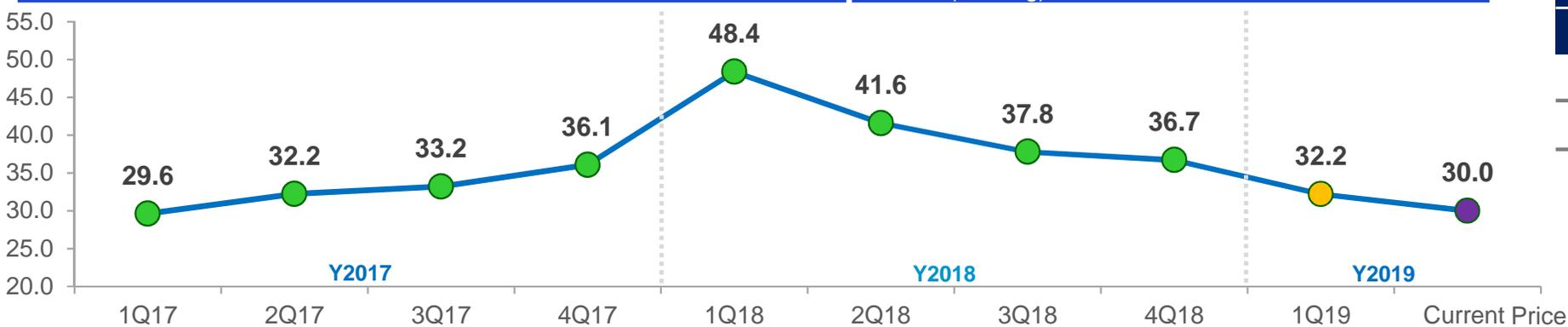
Average Price		
Y17	Y18	Y19
8.2	9.8	9.7
% Chg	+20%	-2%

### Thailand's Soybean Meal price (THB/kg)



Average Price		
Y17	Y18	Y19
15.9	16.5	15.0
% Chg	+4%	-9%

### Thailand's Fishmeal price (THB/kg)



Average Price		
Y17	Y18	Y19
32.8	41.0	32.2
% Chg	+25%	-21%



# Vietnam: Average Market Price and Major Feed Raw Materials



**Broiler**  
(VND/kg)

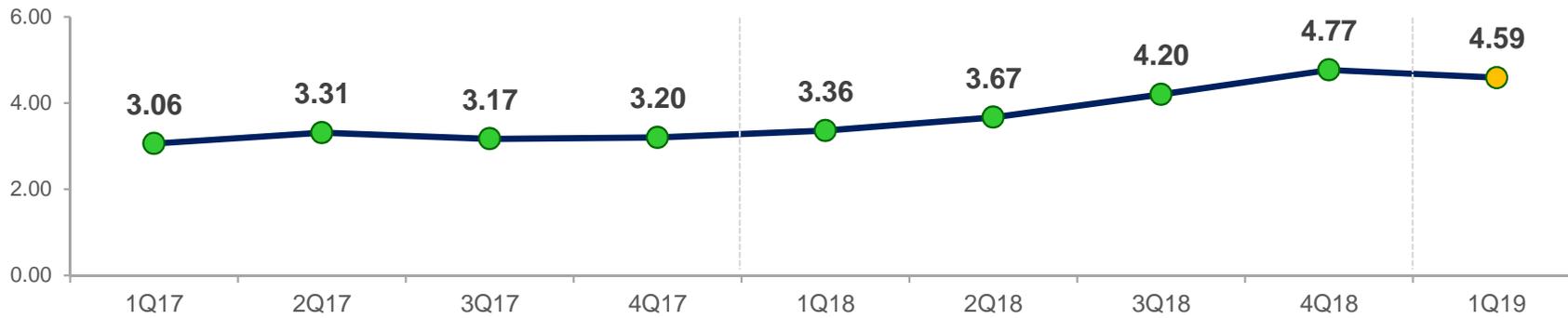
**Swine**  
(VND/kg)

**Corn**  
(VND/kg)

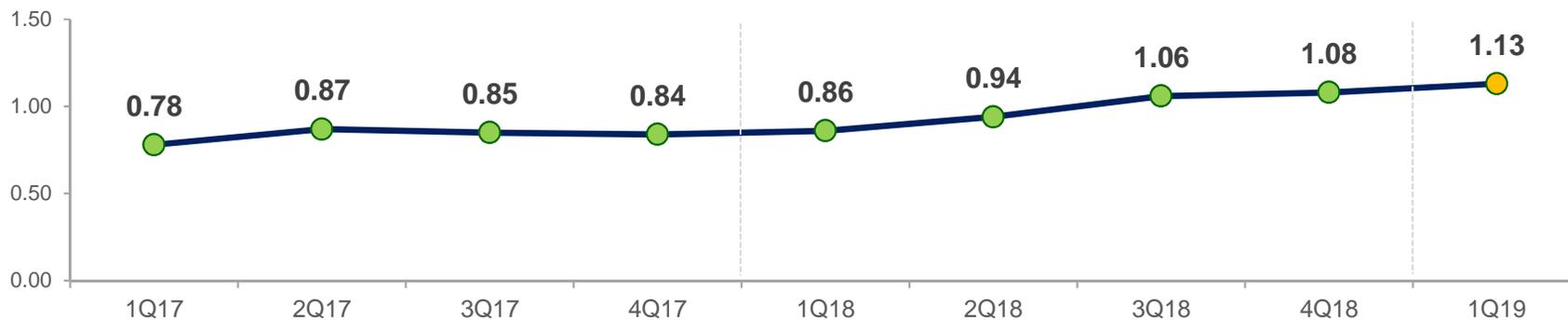
**Soybean Meal**  
(VND/kg)

Source: CPF

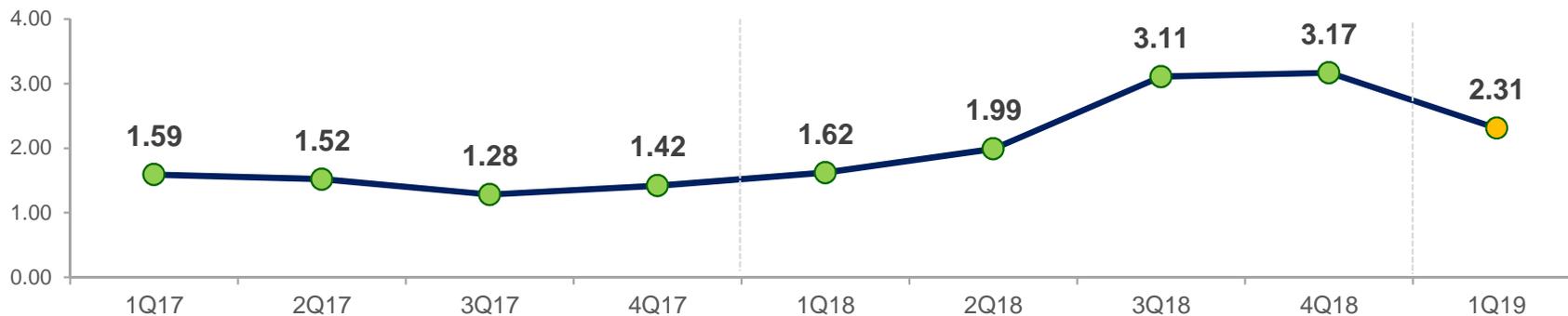
VND 1 = THB 0.0014



**Broiler**  
(TRY/kg)



**Corn**  
(TRY/kg)



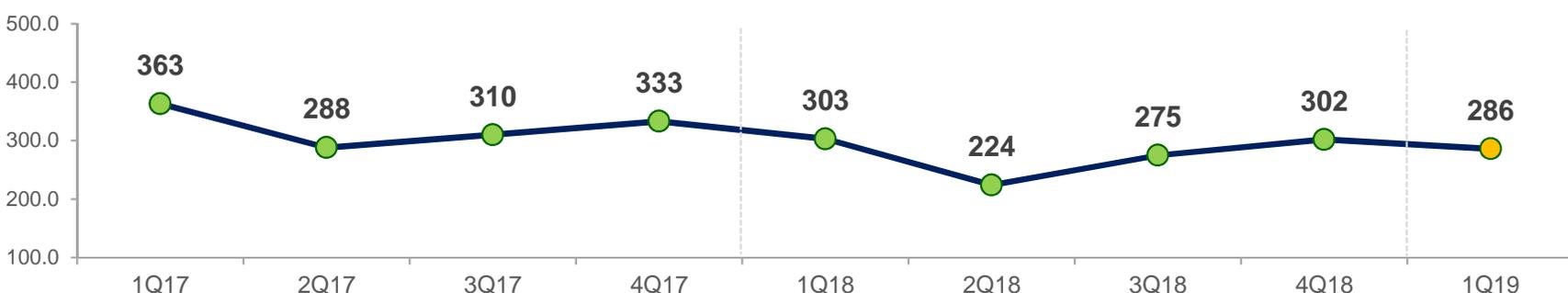
**Soybean Meal**  
(TRY/kg)



# India: Average Market Price and Major Feed Raw Materials



**Broiler**  
(INR/kg)



**Shrimp (60 pieces)**  
(INR/kg)



**Corn**  
(INR/kg)



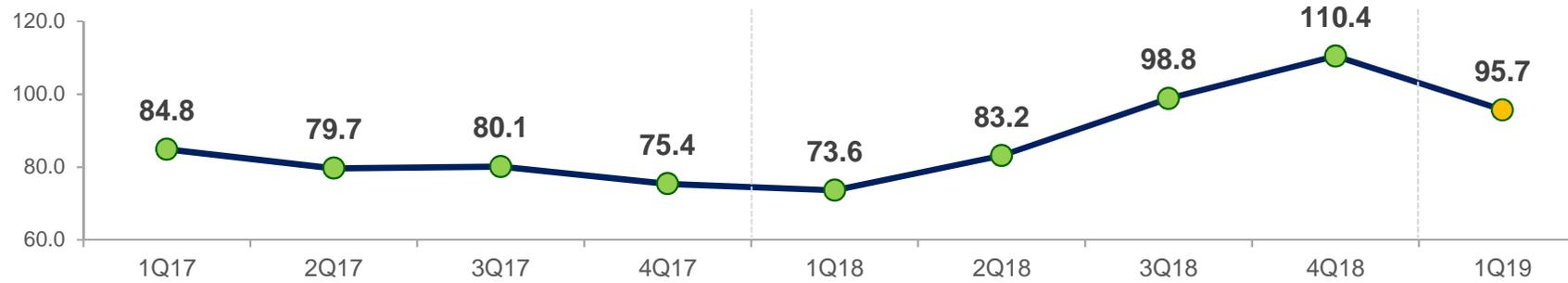
**Soybean Meal**  
(INR/kg)



# Russia: Average Market Price and Major Feed Raw Materials



**Swine**  
(RUB/kg)



**Broiler**  
(RUB/kg)



**Wheat**  
(RUB/kg)



**Soybean Meal**  
(RUB/kg)

## **Appendix C: Group of CPP's Associate Companies & Joint Ventures**



# Group of CPP's Associate Companies & Joint Ventures

As of December 31, 2018

No.	Associates	Type of Business	Direct and Indirect Interest (%)
1	Chia Tai (Cixi) Investment Mangement Ltd.	Provision of Consulting service on economic and trade	25.21
2	Conti Chia Tai International Ltd.	Production and sale of animal feed	25.21
3	Ningxia Xiao Ming Animal Husbandary Co., Ltd.	Production and sale of commercial layer chicks	8.10
4	Qingdao Yi Bang Bio-Engineering Co., Ltd.	Production and sale of animal vaccines	6.05
5	Zhan Jiang Deni Carburetor Co., Ltd.	Motorcycle carburetor and auto parts production and distribution	14.12

No.	Joint Ventures	Type of Business	Direct and Indirect Interest (%)
1	Beijing Chia Tai Feedmill Co., Ltd.	Production and sale of animal feed	25.21
2	ECI Metro Investment Co., Ltd.	Investment and trade of machinery and spare parts	25.21
3	Handan Chia Tai Feed Co., Ltd.	Production and sale of animal feed	25.21
4	Henan East Chai Tai Co., Ltd.	Production and sale of animal feed	25.21

# **Appendix D: Product Samples & Retail Outlet Formats**



# Food Retail Products



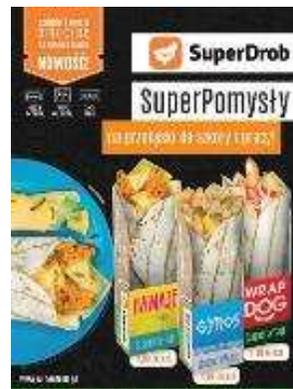


# Food Retail Products





# Food Retail Products





More  
Than  
**5,000**  
Outlets

Five Star Chicken in Vietnam



Five Star Chicken in India



Five Star Chicken in Cambodia





**198** outlets





881 ทรูสคูล

**396** Stores



**Food**  
World

**8** Stores

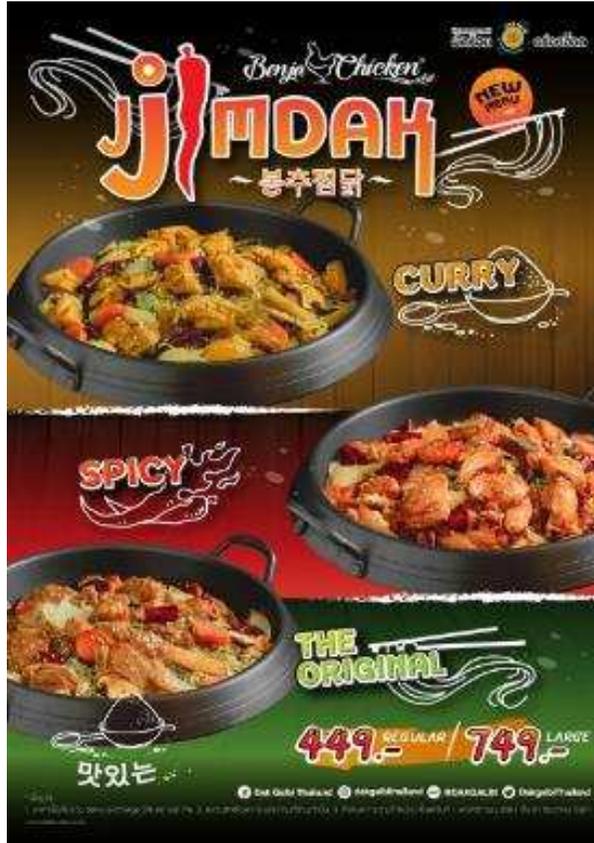


## CHOZEN NOODLE

# 24 Kiosks



## 10 Branches



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