

# Charoen Pokphand Foods Plc.



Enjoy



menus around The World



**2010: Results Briefing**  
The Year Ending Dec 31, 2010

February 25, 2011



- **CPF in Brief**
- **Highlights: 2010 Results**
- **Highlights: December 31, 2010 Financial Status**
- **Bond Issuance – November 2010**
- **Investment in 25% stake in C.P. Cambodia**
- **Appendix**
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  - B: CP Fresh Mart
  - C: Five Stars Chain

# Corporate in Brief



- **Position** : Thailand's leading agribusiness and food conglomerate
  - : *Listed in 2010 Forbes Global 2000 list of the World's Biggest Company*
  - : *Listed on "Dow Jones Emerging Market, Consumer Goods Titans 30 Index"*
  - : *Listed on "MSCI - MSCI Thailand, MSCI Asia Free, MSCI Asia Free ex-Japan, MSCI Asia Pac Free, MSCI AC World ex US, MSCI AC World Free, MSCI EM Asia, MSCI Global Emerging Markets, MSCI Far East Free, MSCI Far East Free-ex Japan"*
- **Vision** : **Kitchen of the World** - Bring out Thailand's competitiveness into Global Market
- **FY10 Sales** : THB189 billion or ~USD 6.3 billion\*
- **Operations** : 60% Domestic (Thailand); 14% Export (Thailand); 26% Overseas
- **Paid-Up Capital** : 7,520 million, par value of THB1.00 per share
- **Outstanding Shares** : 7,049 million, net of 471 million shares of Share Buy-Back program (Y08)
- **Market Cap.** : THB174,110 million or ~USD5.8 billion\* (as of December 31, 2010)
- **Dividend Policy** : Semi-Annually, minimum of 50% of annual net profit (The Company Statement Only)
- **Major Shareholders** : Charoen Pokphand Group Ltd. 41% of Paid-Up Capital (as of August 26, 2010)
- **Rating** : A+ with "Positive" Outlook by Tris Rating Co., Ltd (Y10)
- **Background** : Founded in 1978; Listed on the SET since 1987- "CPF"; Member of **SET50**

Note : \* USD1 = THB 30.10 (as of December 31, 2010)



# Consolidated Sales Structure by Operations



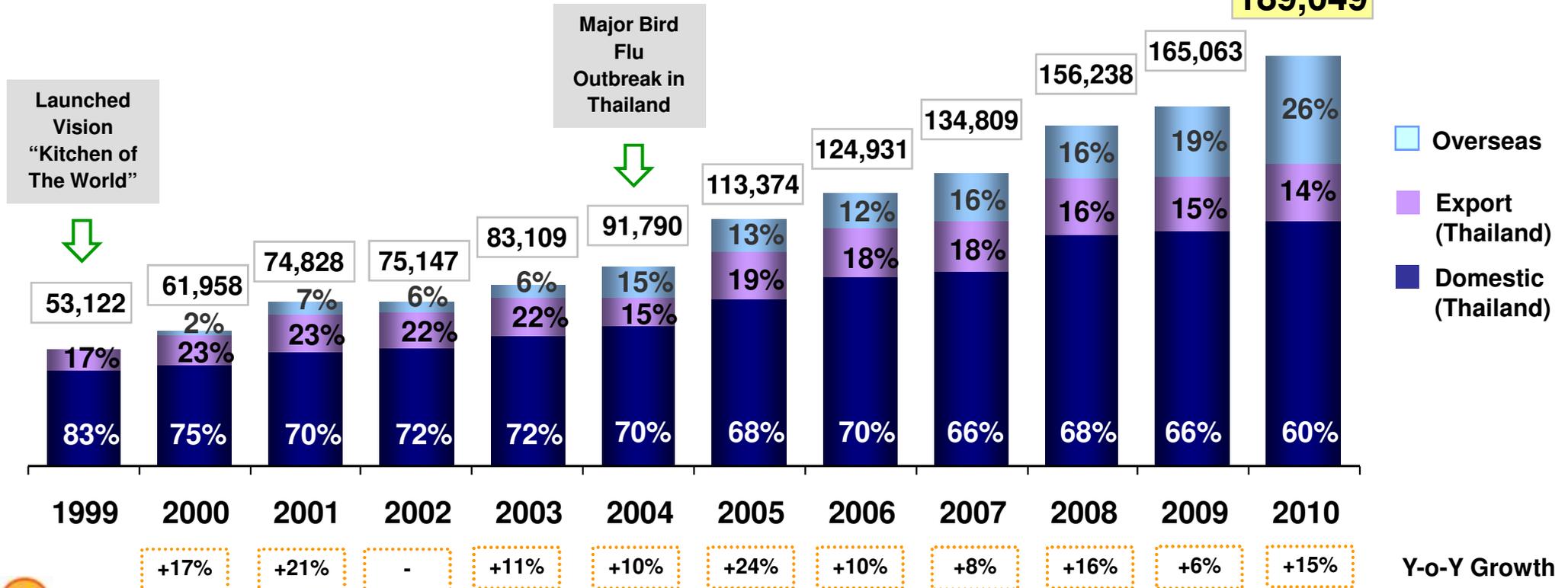
Unit: THB, M

CAGR 12% from 1999-2010  
 "From Feed → Farm → Foods"

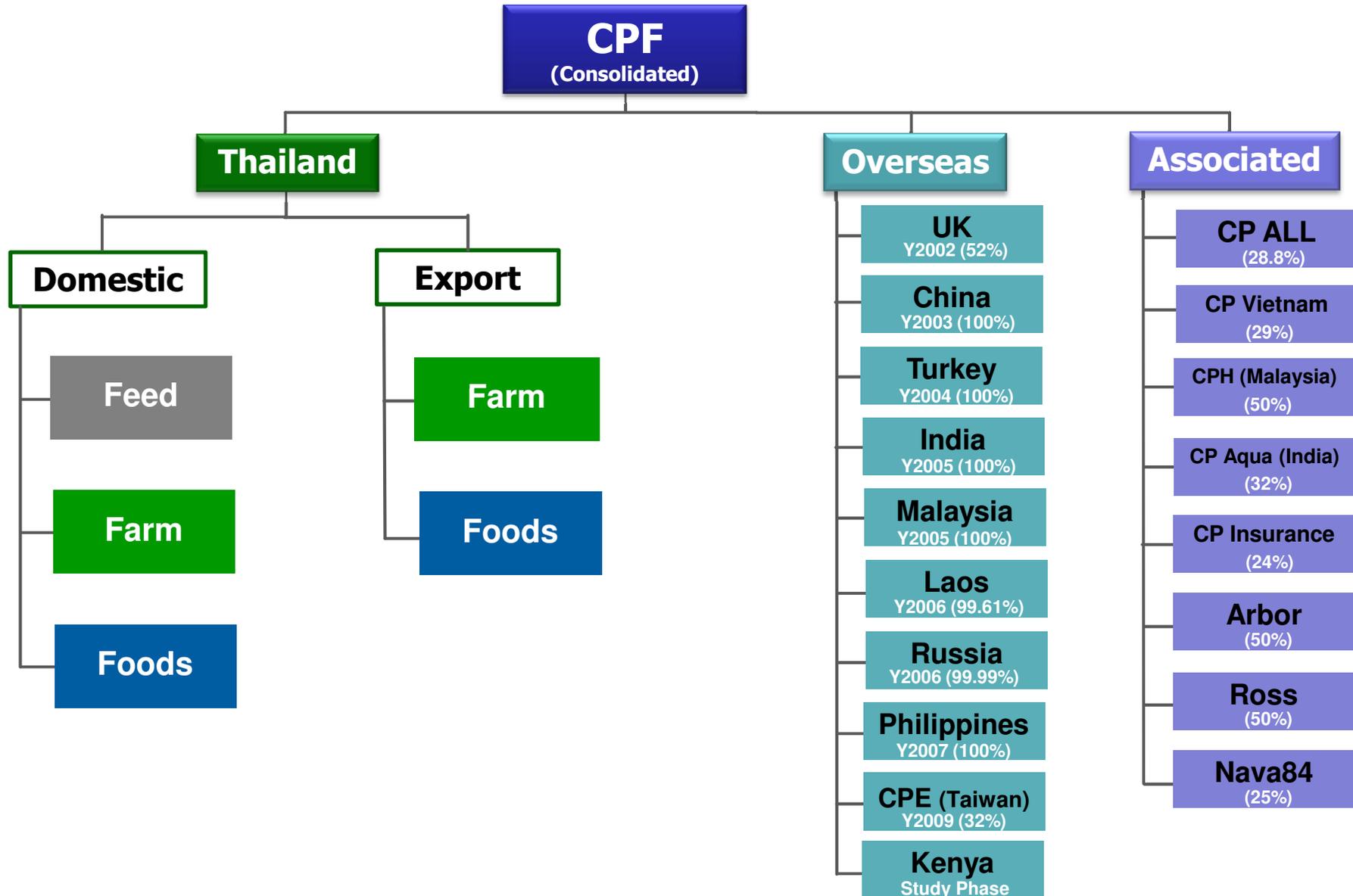
CAGR 11% from 2005-2010  
 Growth Focus on "Globalization of both  
 Distribution & Production"

Domestic	CAGR	8%
Export	CAGR	4%
Overseas	CAGR	27%

**189,049**



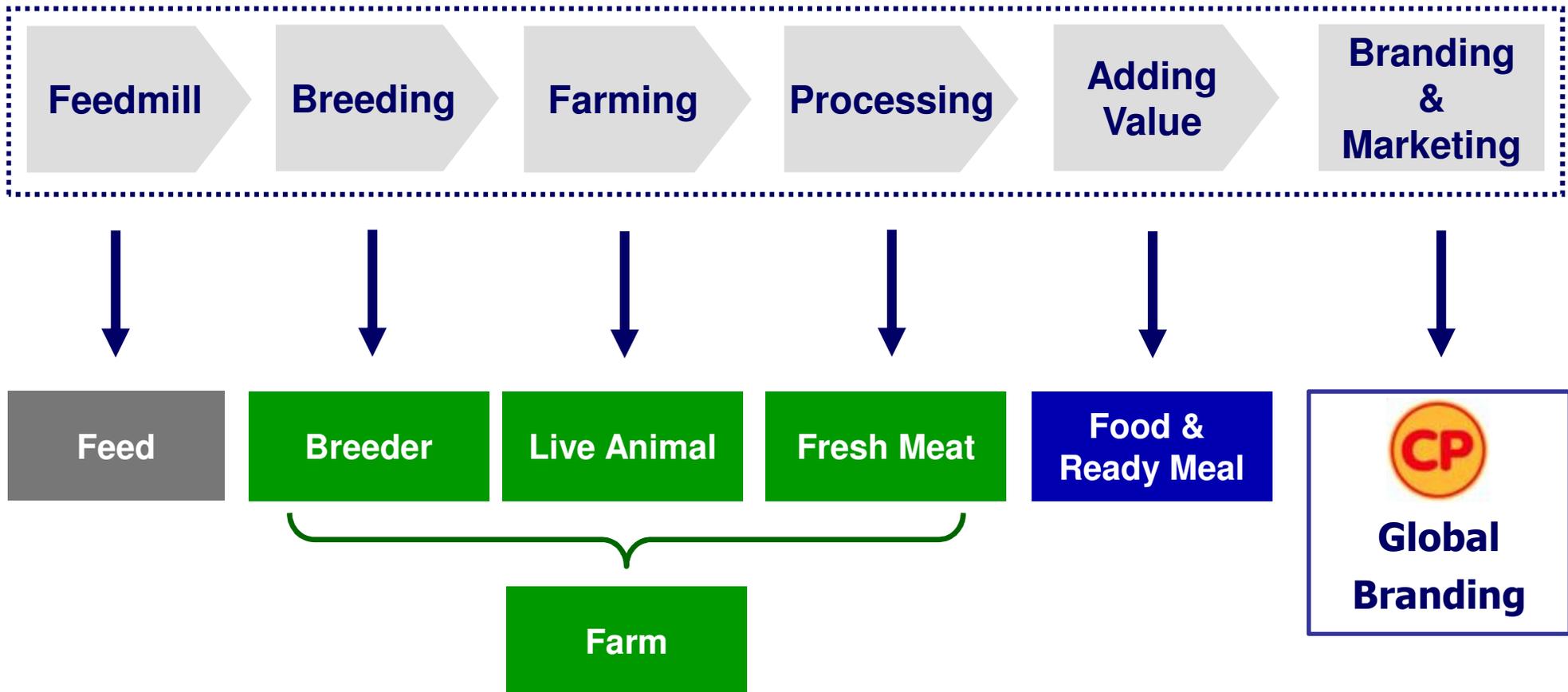
# CPF Operations



# Thailand Operations: From Feed to Foods



Fully Integration: Livestock (**Broiler, Layer, Swine, Duck**) Aquaculture (**Shrimp & Fish**)  
Utilizing technology & Applying international recognized standards, including SHE Practices  
Better quality control and cost effectiveness.



# Overseas Operations



	Countries	Controlled Year	Livestock	Aquaculture	% holding
<b>Subsidiaries</b>	China - Beihai	2002	-	Feed, Farm	100%
	- Hainan	2003	-	Farm	100%
	- Dongfang	2007	-	Shrimp Hatchery	100%
	UK	2002	Distributor & Chilled Plant		52%
	Turkey	2004	Feed, Chicken Integration, Processed	-	100%
	India	2005	Feed, Farm	Feed, Farm	100%
	Malaysia	2005	-	Feed, Processed	100%
	Russia	2006	Feed, Farm	-	99.99%
	Laos	2006	Feed, Farm		99.61%
	Philippines	2007	Farm	Feed, Shrimp Hatchery	100%
Taiwan	2009	Feed, Chicken Integration		32.41%	
<b>Associates</b>	Malaysia		Feed, Farm	-	49.66%
	Vietnam		Feed, Farm	Feed, Farm	29.18%
	India		-	Feed, Farm	31.70%



# Consolidated Sales Structure by Products



	Consolidated Sales				
	2009		2010		% Change
<b>Feed</b>	<b>60,973</b>	37%	<b>74,107</b>	39%	<b>22%</b>
<b>Farm</b>	<b>71,658</b>	43%	<b>80,522</b>	43%	<b>12%</b>
<b>Food</b>	<b>32,432</b>	20%	<b>34,420</b>	18%	<b>6%</b>
<b>Total</b>	<b>165,063</b>	100%	<b>189,049</b>	100%	<b>15%</b>

# Consolidated Sales Structure by Products



	Thailand				
	2009		2010		% Change
<b>Feed</b>	<b>45,988</b>	34%	<b>47,947</b>	35%	<b>4%</b>
<b>Farm</b>	<b>55,565</b>	42%	<b>59,094</b>	42%	<b>6%</b>
<b>Food</b>	<b>31,447</b>	24%	<b>32,351</b>	23%	<b>3%</b>
<b>Total</b>	<b>133,000</b>	100%	<b>139,392</b>	100%	<b>5%</b>

	Overseas				
	2009		2010		% Change
<b>Feed</b>	<b>14,985</b>	47%	<b>26,160</b>	53%	<b>75%</b>
<b>Farm</b>	<b>16,093</b>	50%	<b>21,428</b>	43%	<b>33%</b>
<b>Food</b>	<b>985</b>	3%	<b>2,069</b>	4%	<b>110%</b>
<b>Total</b>	<b>32,063</b>	100%	<b>49,657</b>	100%	<b>55%</b>

# Milestone



## Vision

### “KITCHEN OF THE WORLD”

“To provide meat and food products that are nutritious with food safety integrity to satisfy customers in each market region”

## 2014 Mission

Expand business and sales territory to other countries, achieving :

#### Thailand Operations

Feed → 33.3%

Farm → 33.3%

Foods → 33.3%

#### Overseas Operations

Feed → 45%

Farm → 45%

Foods → 10%

# Y2011 : Strategy



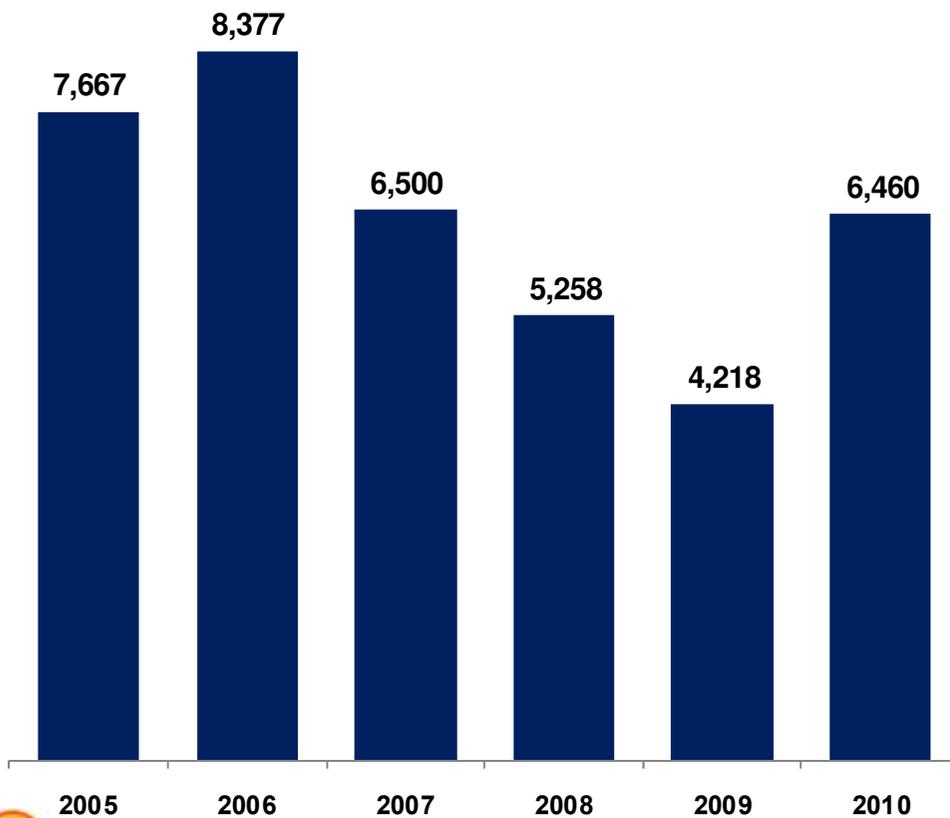
- **Continuously investing in “the Human Capital”**
  - Promote both Employees’ Professionalism and “Global Leadership” with team spirit for the sustainable growth of company’s business
- **Sustained Growth and Profit**
- **Focus on Food Securities (Both production & Products) and Traceability system**
- **Cost competitiveness with supply chain excellence**
- **Brand driver**
- **Outside Thailand growth : Both expansion on existing and new countries**
- **Thailand Focus : Food (Value Added Products)**
  - : Retail Distribution (CP Fresh Mart & Five Star Chain)\***  
\*(See Appendix C & D)
- **Costs and Expense Management for Efficiency**

# Consolidated Sales & EBITDA



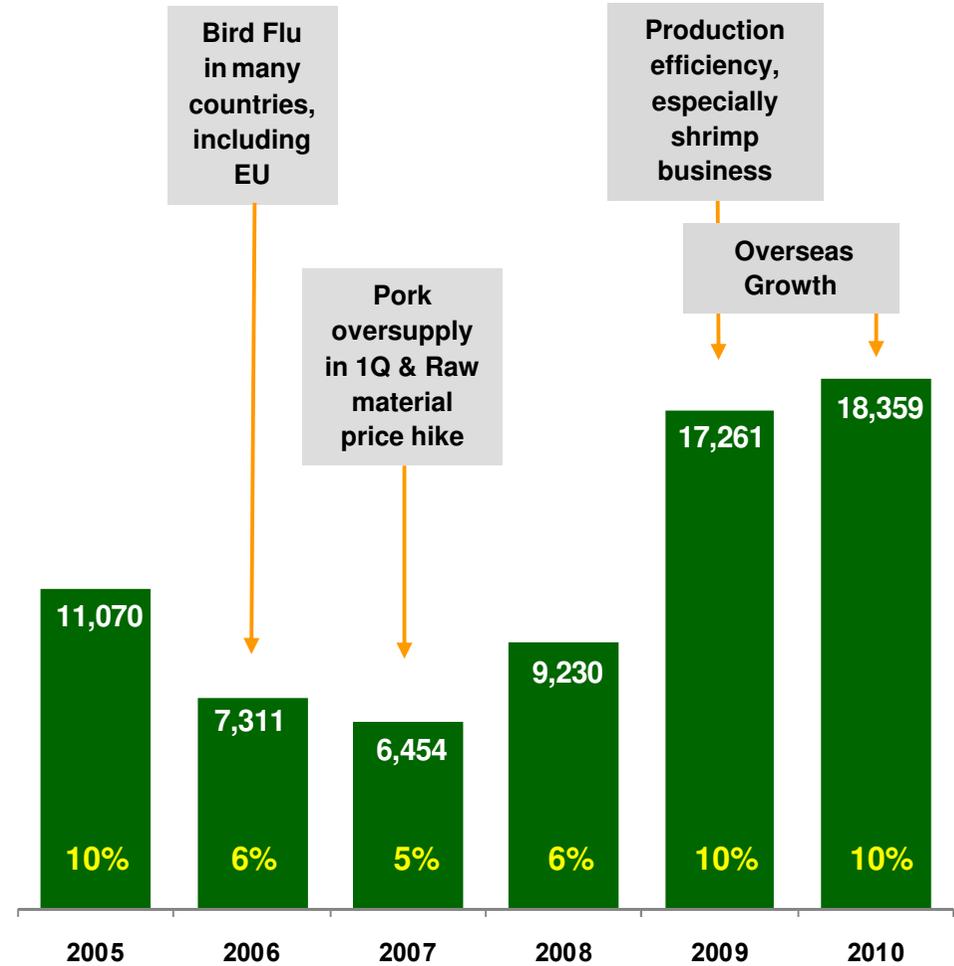
## CAPEX

Unit: THB, M



## EBITDA

Unit: THB, M (% to Sales)

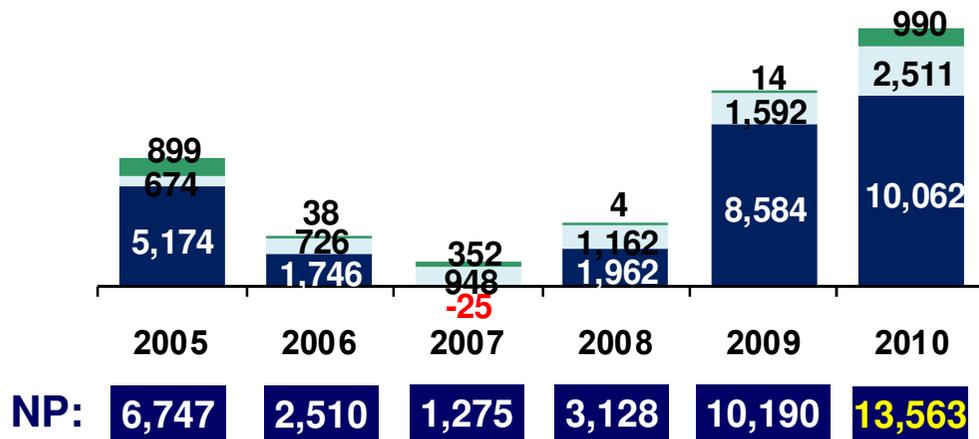
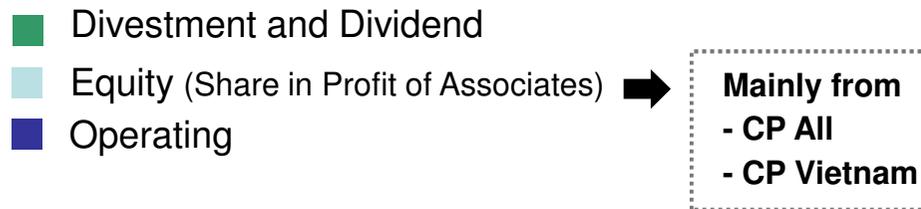


# Consolidated Net Profit

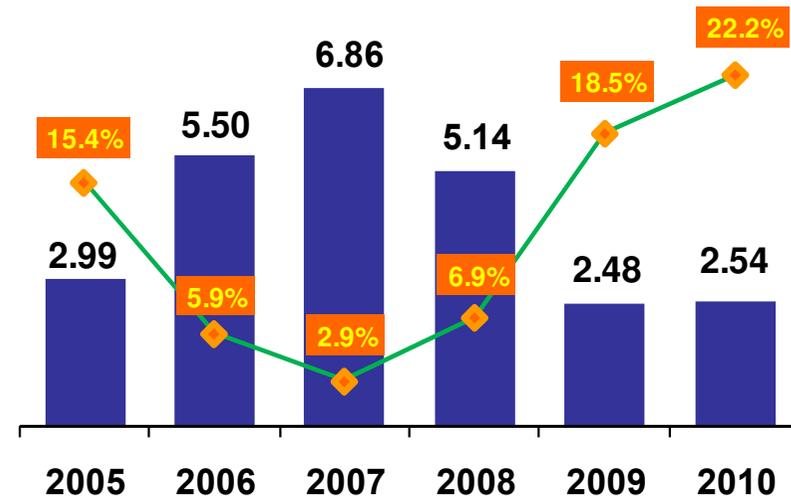


## Net Profit

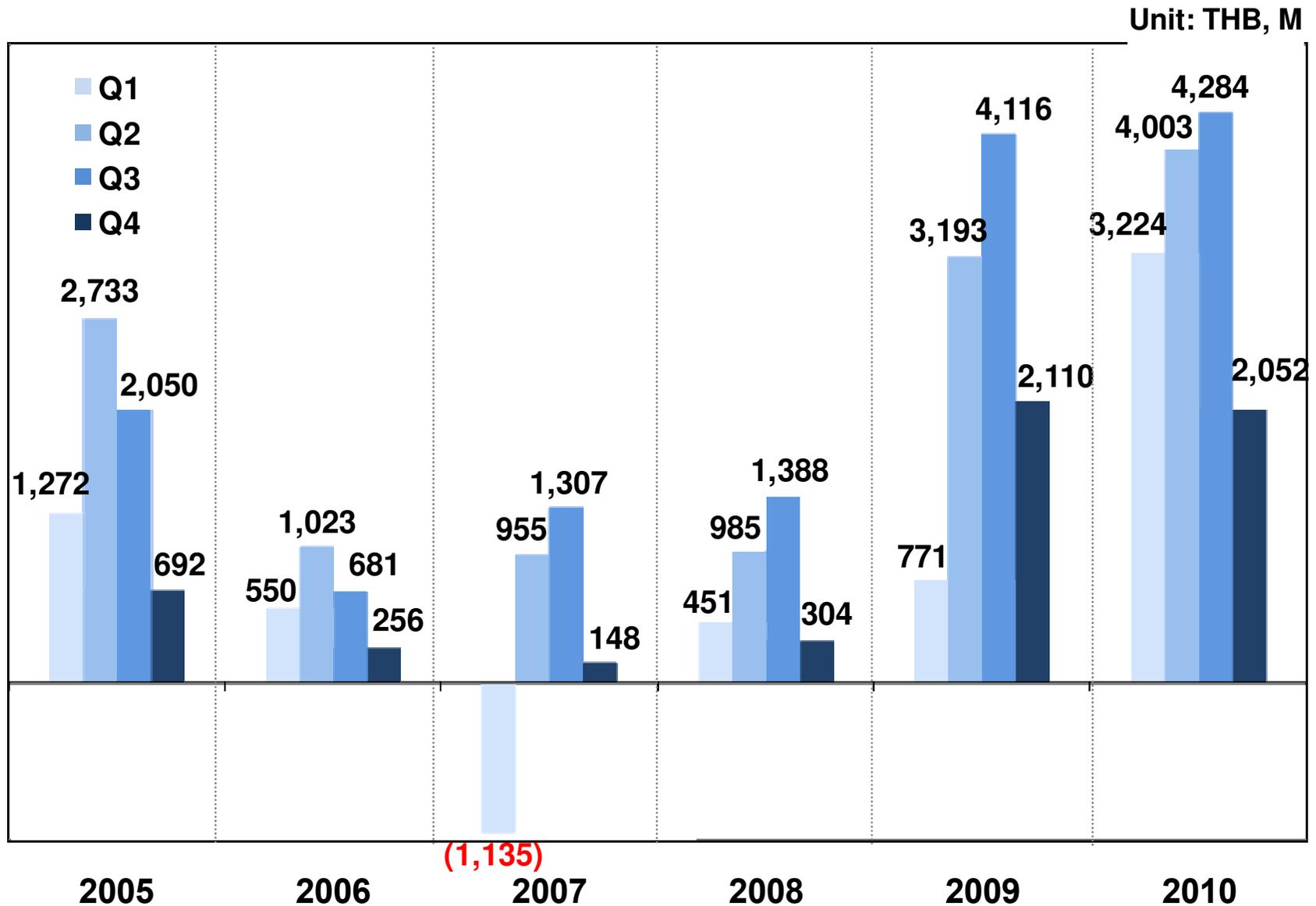
Unit: THB, M



## ROE & D/EBITDA



# Consolidated Net Profit - Quarterly



# 2010: Consolidated Income Statement Highlight

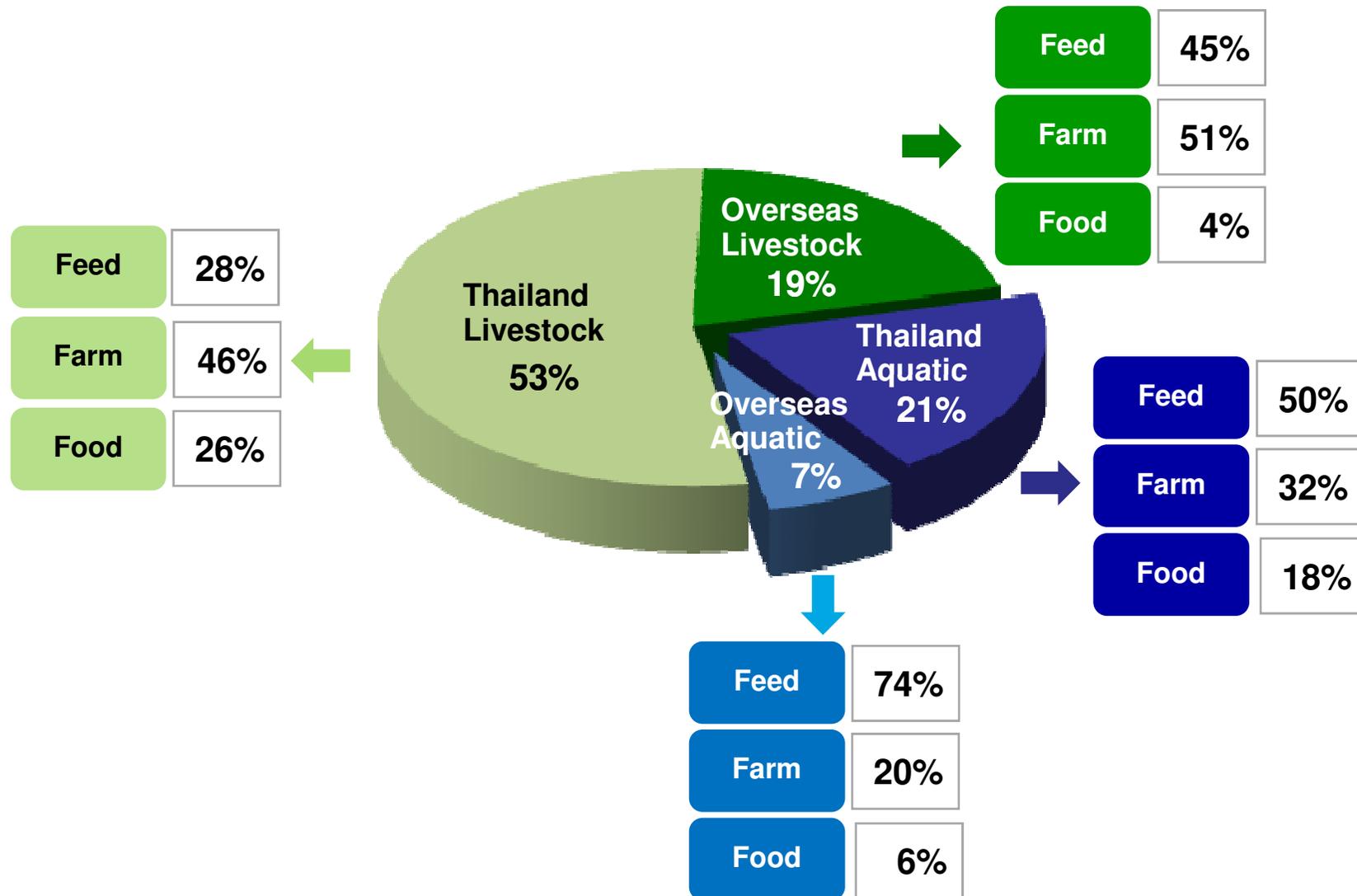


	Quarter 1		Quarter 2		Quarter 3		Quarter 4		12 Months		Change %
	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	
Net sales	34,779	43,613	40,614	47,858	44,022	50,296	45,648	47,282	165,063	189,049	15%
Gross Profit Margin (%)	14.7%	18.3%	19.4%	19.4%	20.0%	18.4%	16.2%	13.1%	17.7%	17.3%	
EBITDA	2,576	4,840	5,004	5,767	5,684	5,709	3,997	2,043	17,261	18,359	6%
EBIT	1,441	3,664	3,858	4,573	4,530	4,502	2,799	822	12,628	13,561	7%
Share in Profit of Associates	200	600	445	665	565	607	382	639	1,592	2,511	58%
Financial Costs	(715)	(448)	(392)	(499)	(407)	(400)	(435)	(477)	(1,949)	(1,824)	-6%
Income Taxes Expense	(166)	(819)	(678)	(971)	(1,027)	(778)	(668)	180	(2,539)	(2,388)	-6%
Gain / (Loss) from FX	27	302	3	248	33	223	128	236	191	1,009	428%
Negative Goodwill	0	0	7	0	446	0	0	0	453	0	-100%
<b>NET PROFIT</b>	<b>771</b>	<b>3,224</b>	<b>3,193</b>	<b>4,003</b>	<b>4,116</b>	<b>4,284</b>	<b>2,110</b>	<b>2,052</b>	<b>10,190</b>	<b>13,563</b>	<b>33%</b>
EPS (THB)	0.11	0.48	0.48	0.61	0.61	0.64	0.32	0.31	1.52	2.04	
# of capital shares *	6,743	6,656	6,720	6,656	6,720	6,656	6,656	6,656	6,656	6,656	
Annual Dividend (THB/Share)									0.73	1.05	

\*Note: # of capital shares = weighted net of [Share Buy –Back (471ms) + Subs' Holding Treasury Stock (392ms)]



# Business Profile 2010: Sales of THB 189,049 M



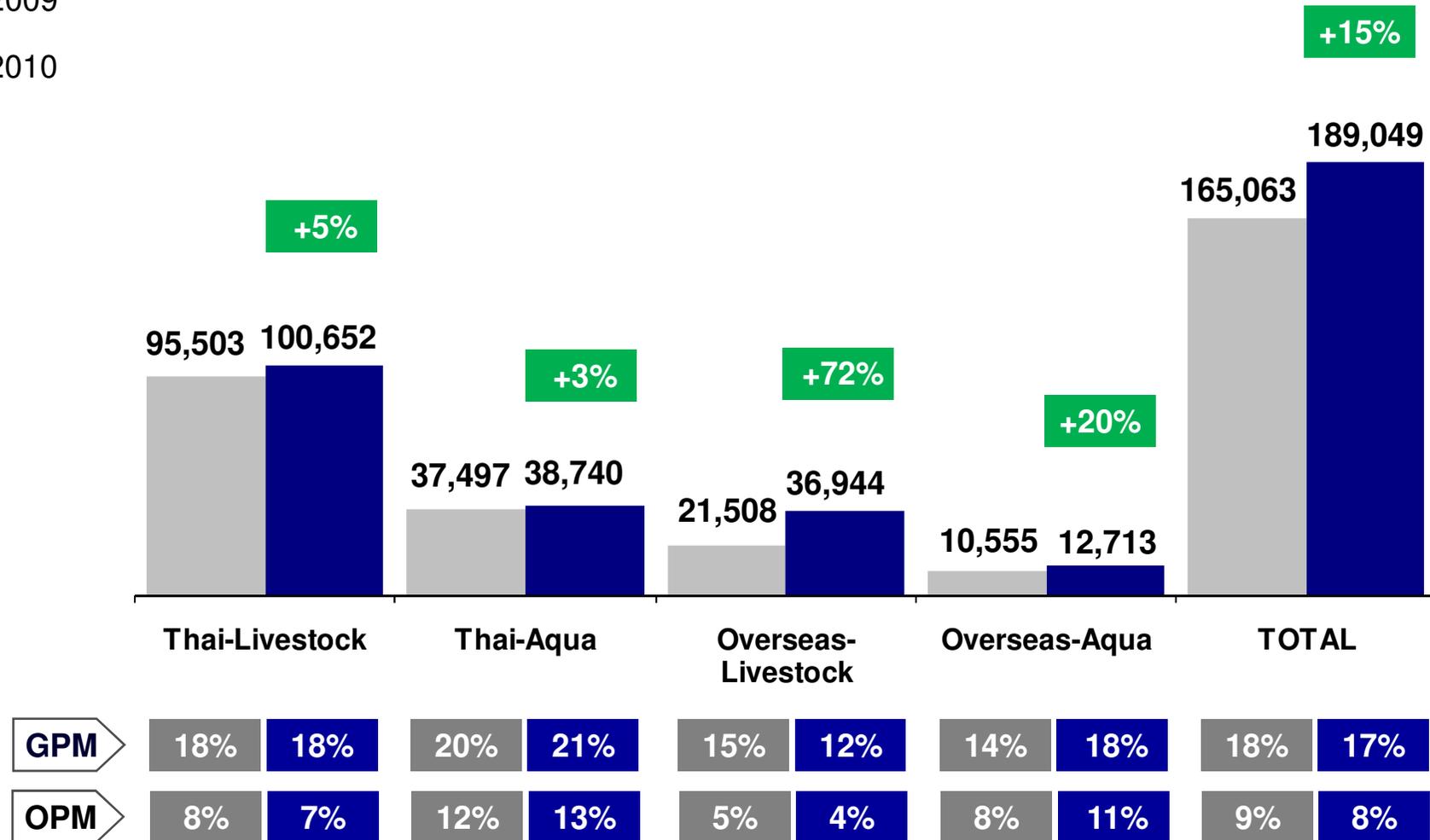
# 2010: Sales & Gross Profit Margin by Business



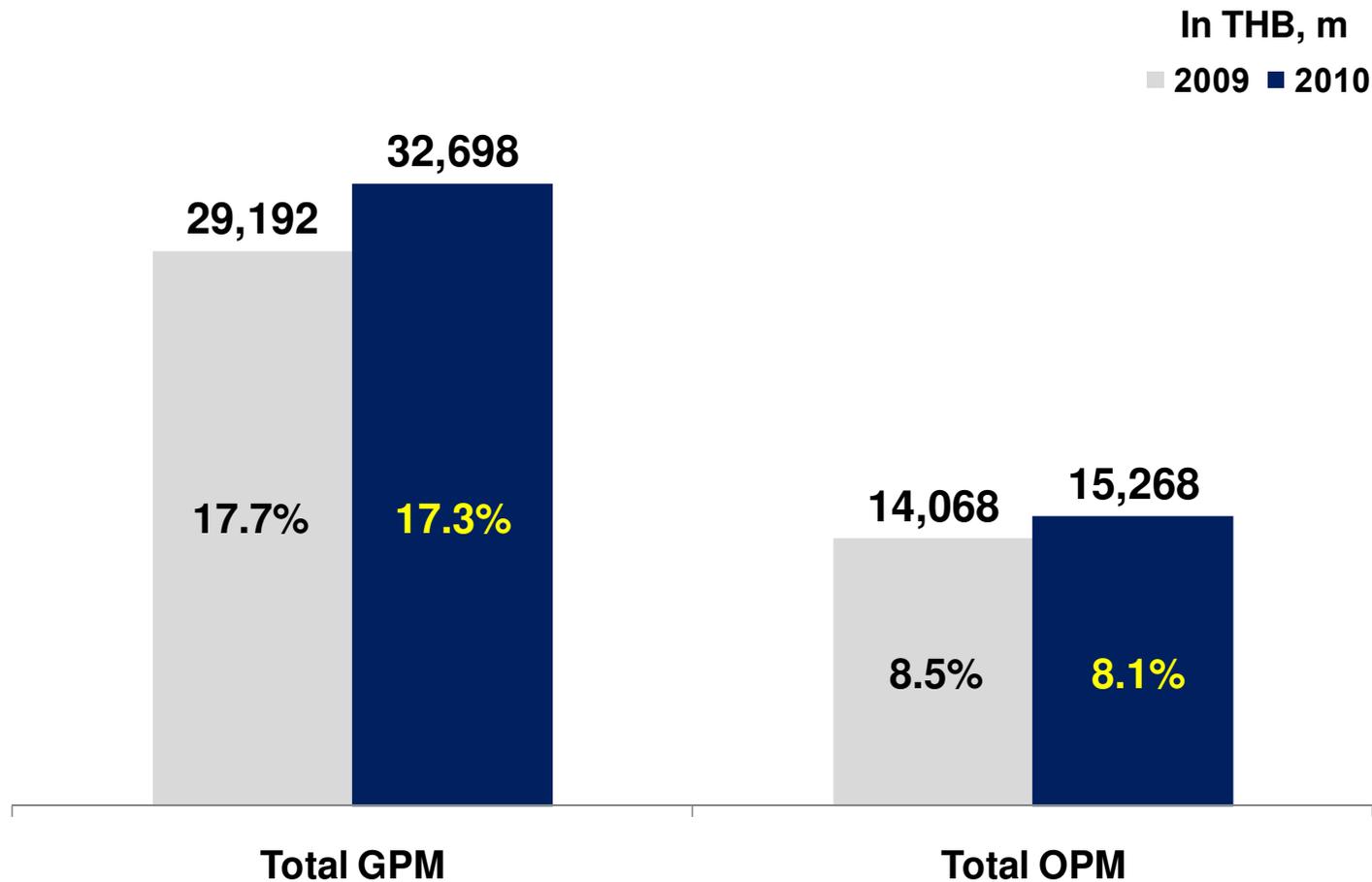
In THB, m

■ 2009

■ 2010



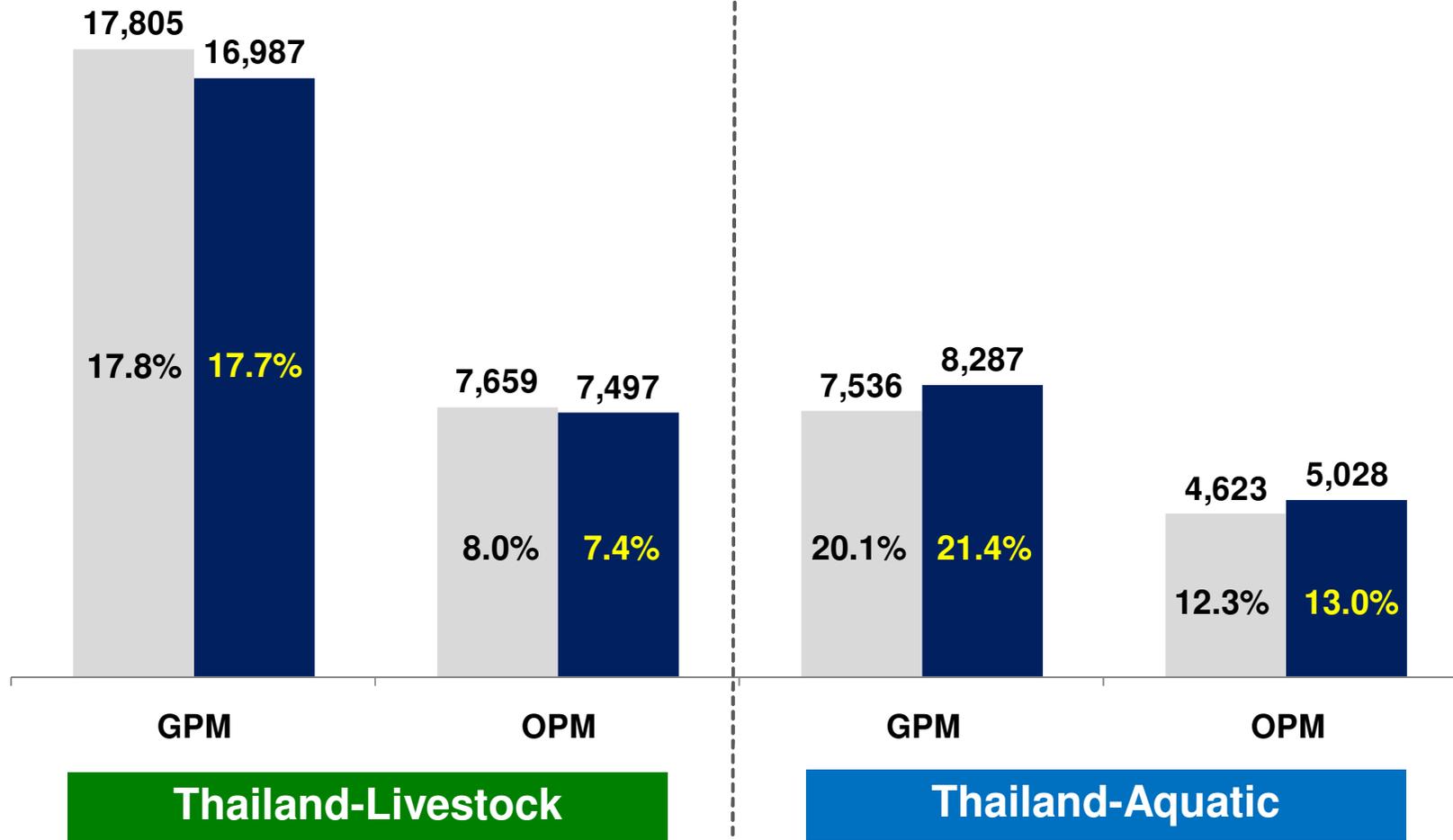
# Gross and Operating Profit Margins



# Thailand - Gross and Operating Profit Margins



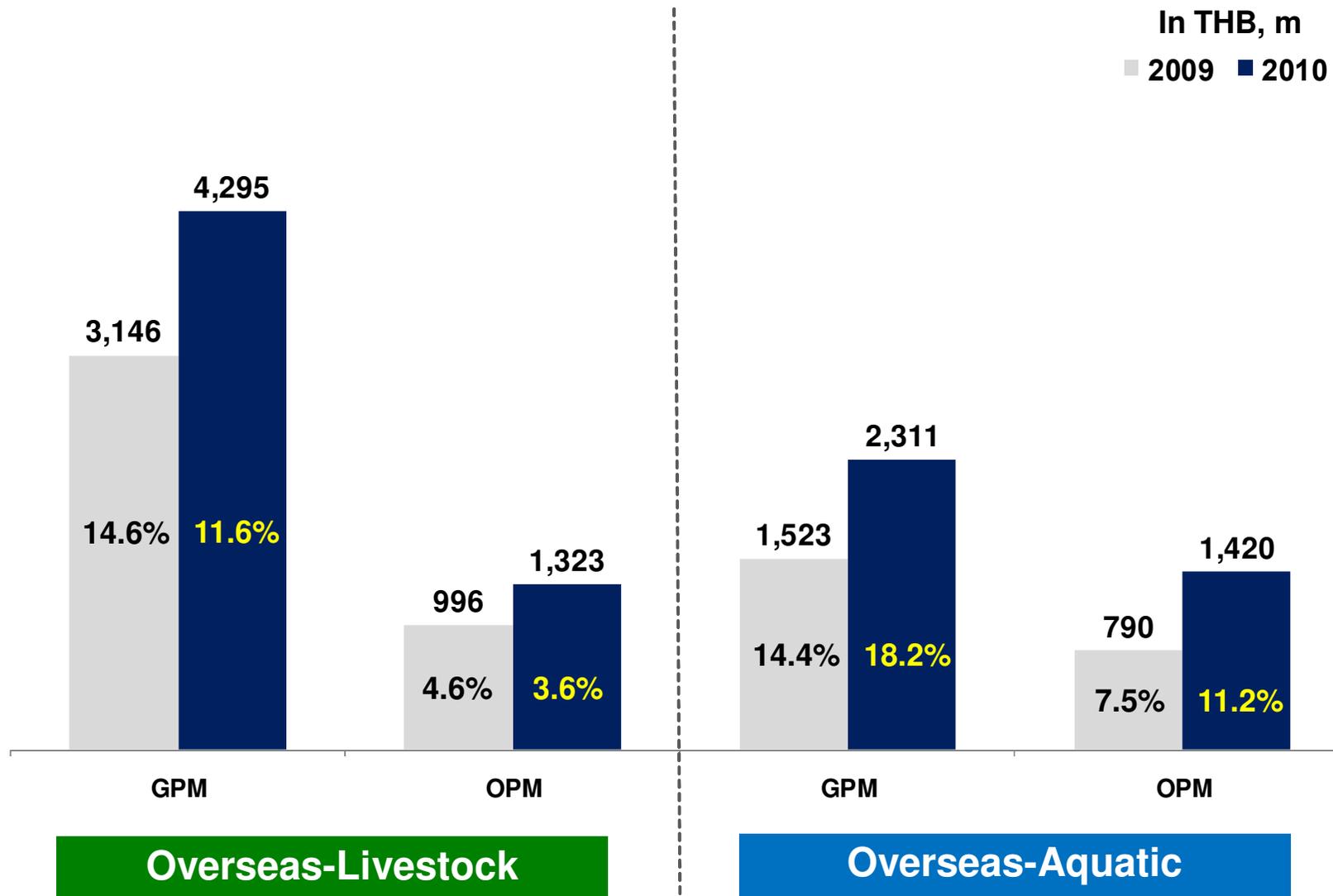
In THB, m  
 ■ 2009 ■ 2010



# Overseas-Gross and Operating Profit Margins



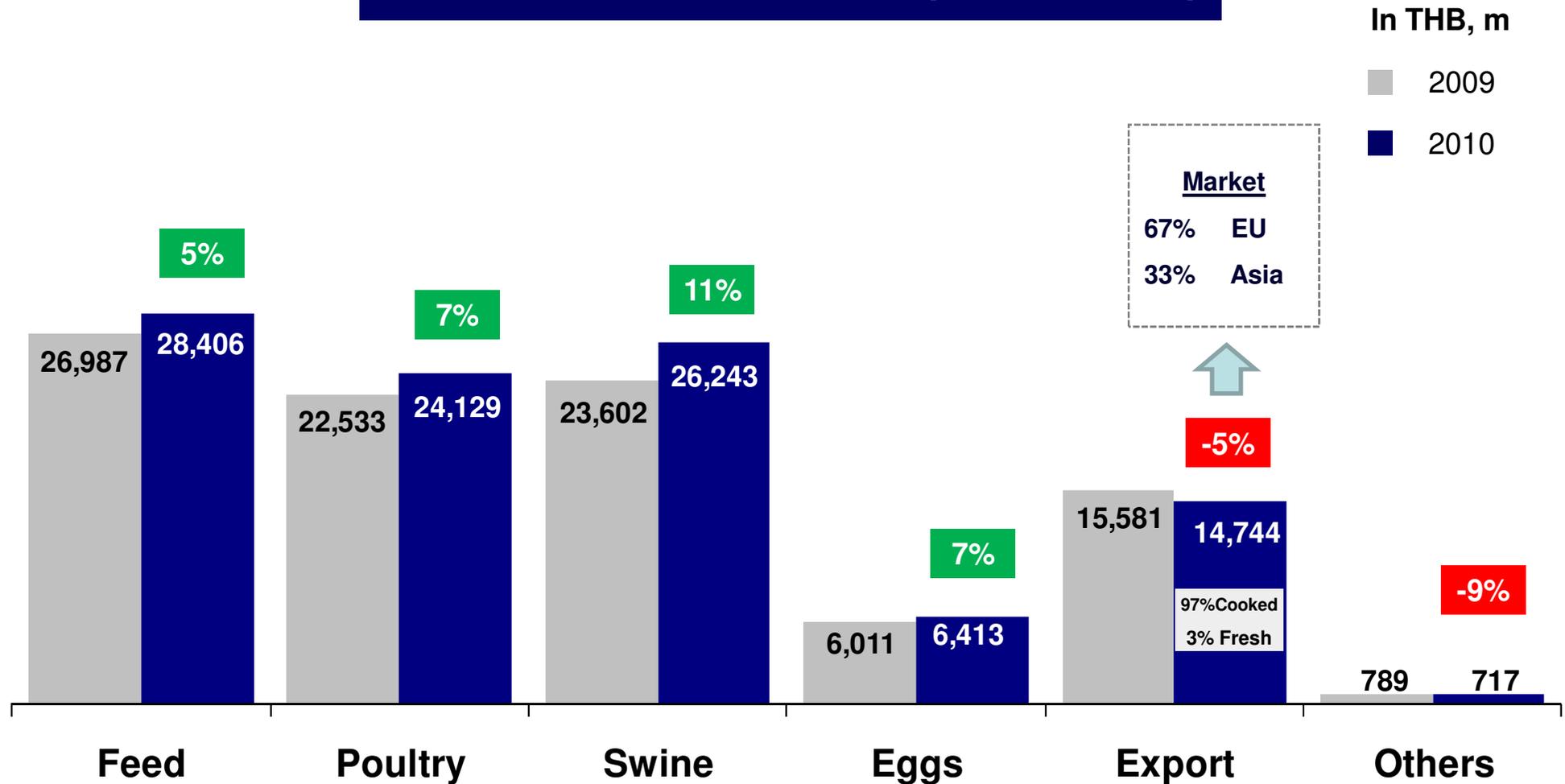
In THB, m  
 ■ 2009 ■ 2010



# 2010: Consolidated Sales – Livestock business in Thailand



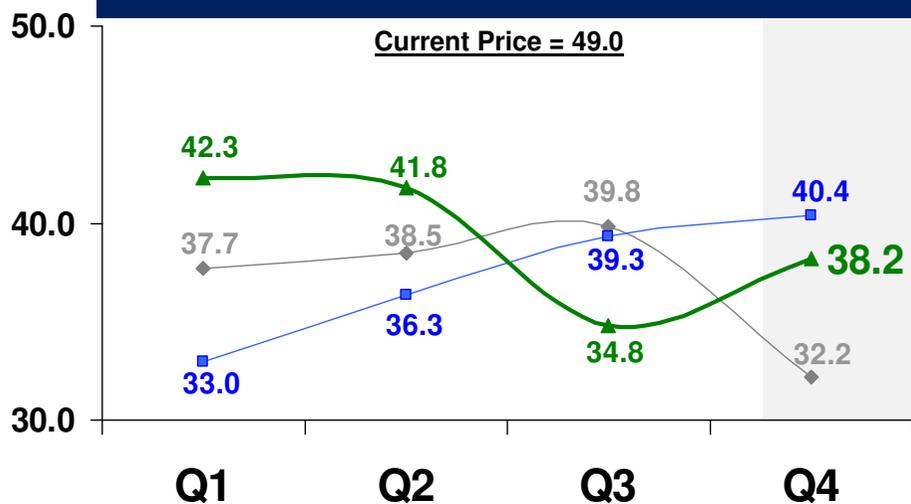
**Sales : THB 100,652 M (+5% Y-o-Y)**



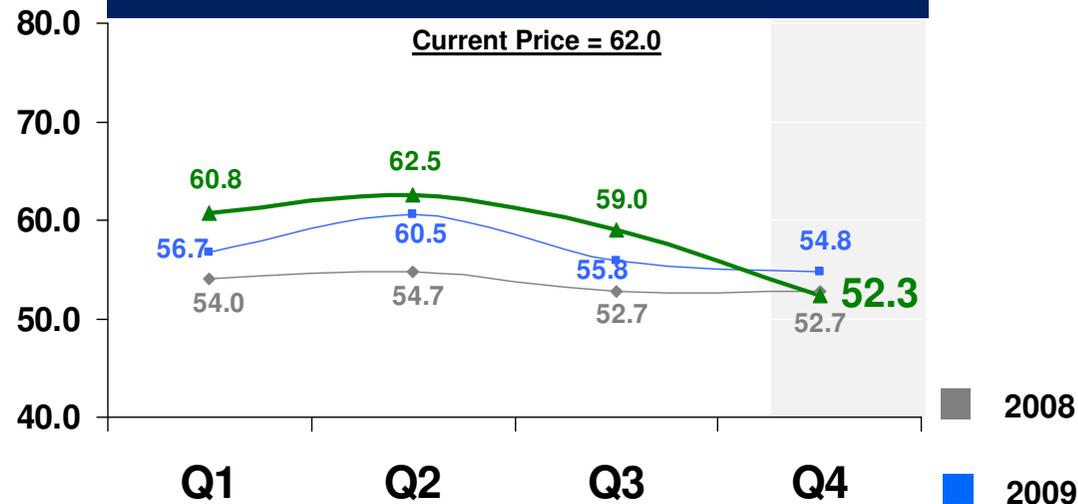
# Average Market Price: Major Products



**Broiler (THB / KG.) : Avg. Y2010 = 39.3**



**Swine (THB / KG.) : Avg. Y2010 = 58.7**



**Fresh Egg (THB / piece) : Avg. Y2010 = 2.5**



**White Shrimp (Size70) : Avg. Y2010 = 115.5**



Source: CPF



# Average Market Price: Major Feed Raw Materials



## Corn (THB / KG.) : Avg. Y2010 = 9.1



## Soybean Meal (THB / KG.) : Avg. Y2010 = 14.5



## Fishmeal (THB / KG.) : Avg. Y2010 = 29.7



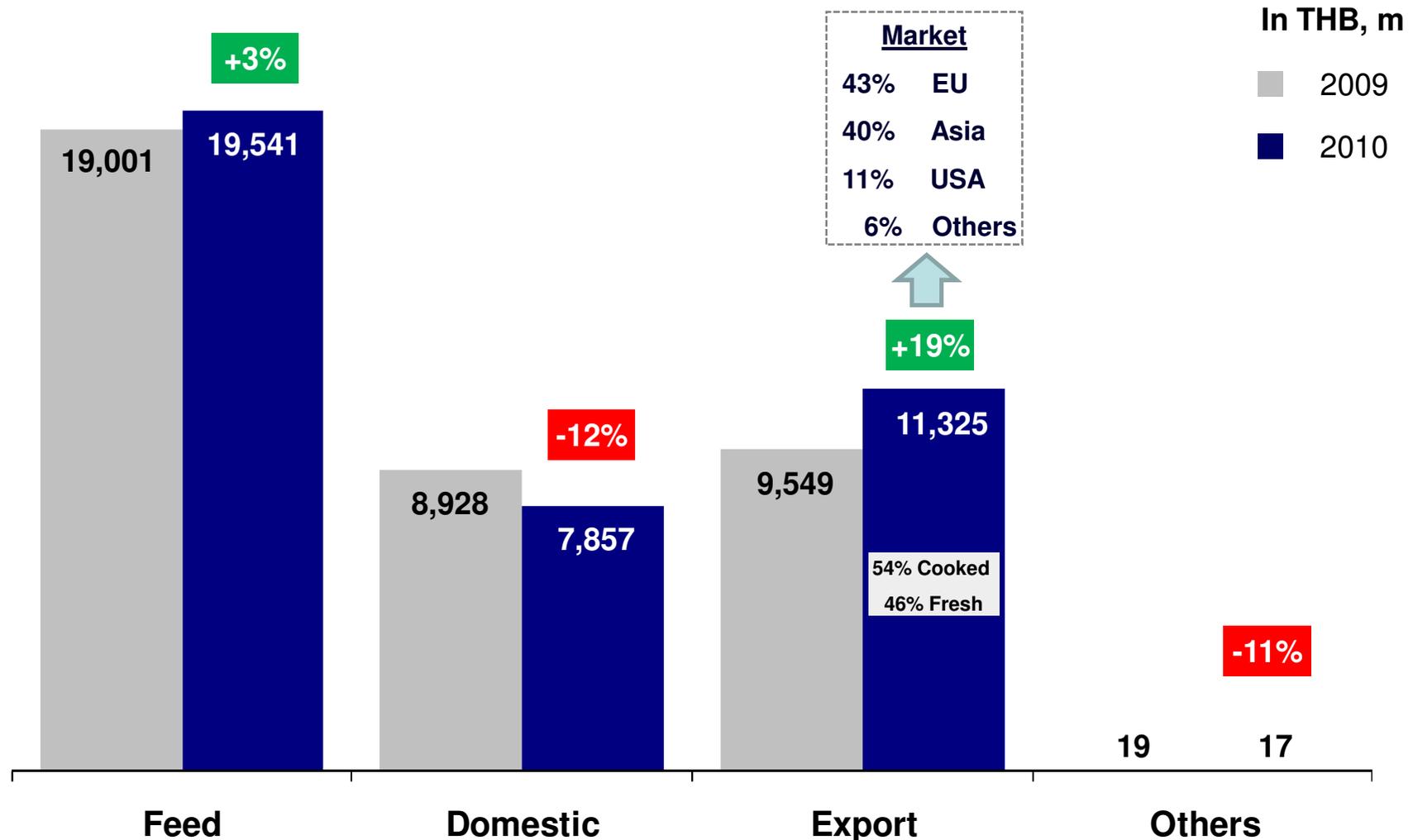
- 2008
- 2009
- 2010

Source: CPF

# 2010: Consolidated Sales – Aqua business in Thailand



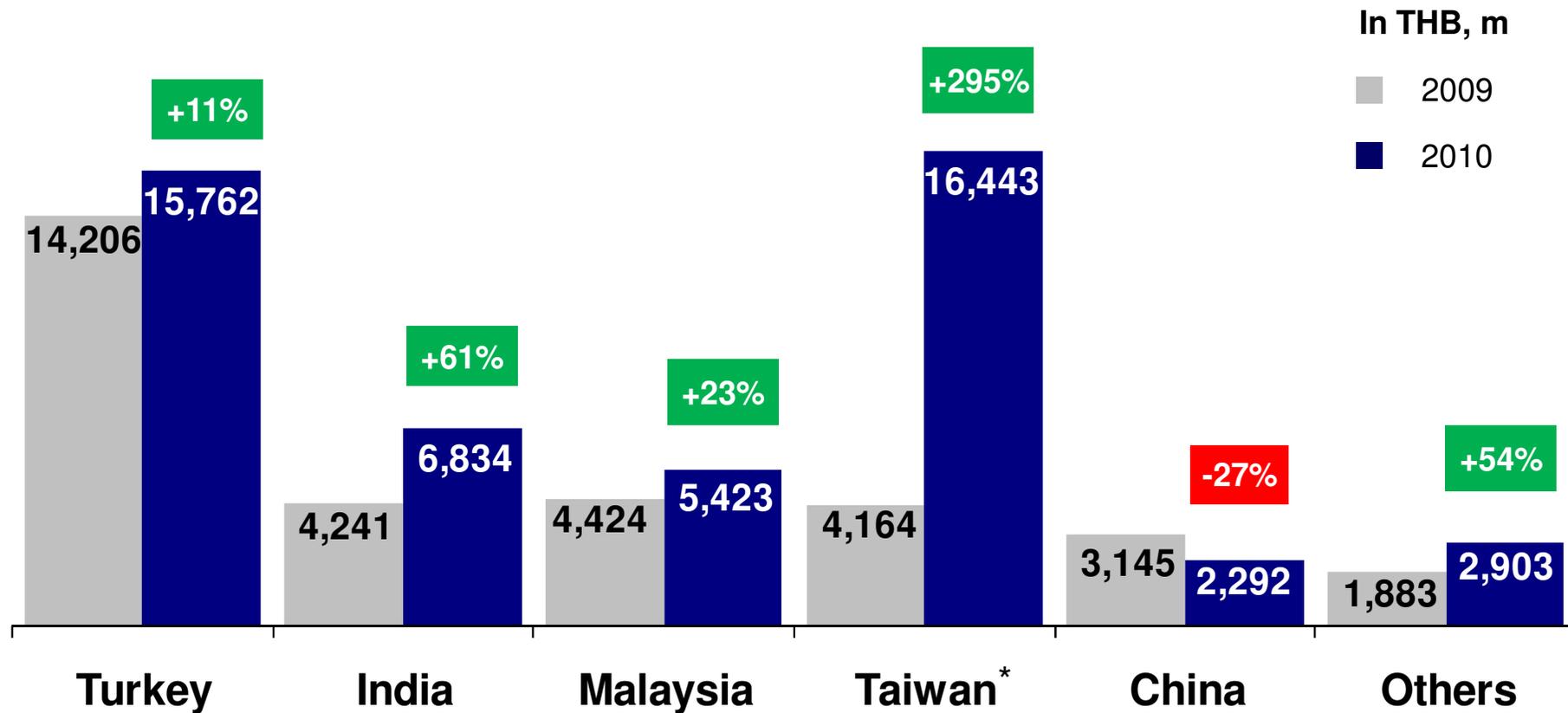
**Sales : THB 38,740 M (+3% Y-o-Y)**



# 2010: Consolidated Sales – Overseas by Country



**Sales : THB 49,657 M (+55% Y-o-Y)**

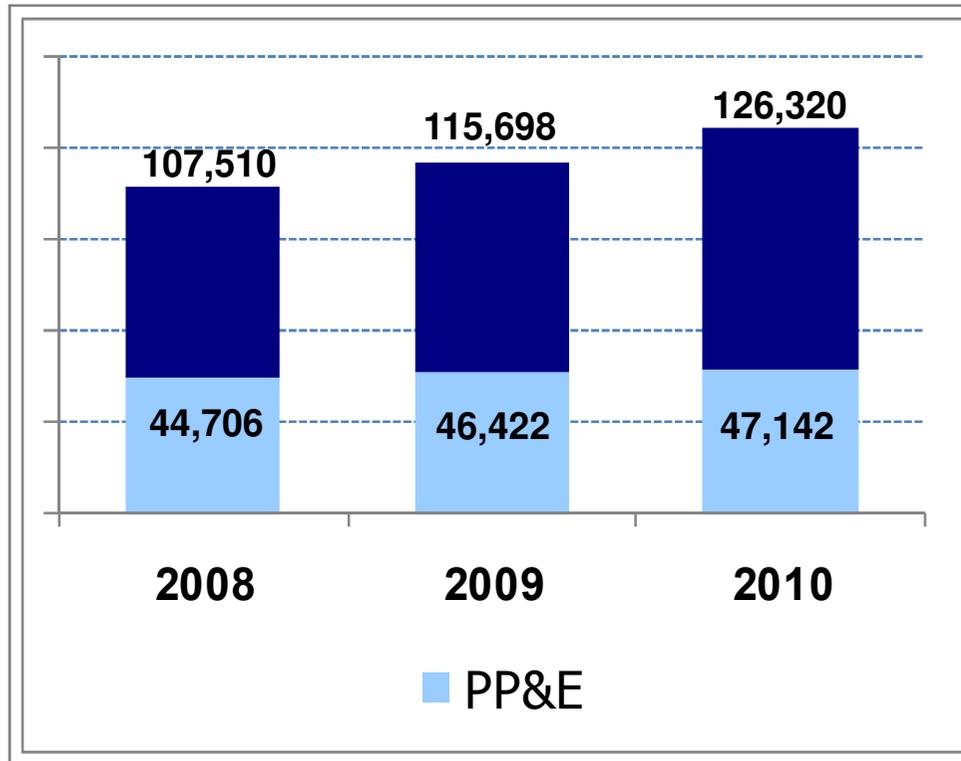


\* Note: Effective acquired in 4Q09



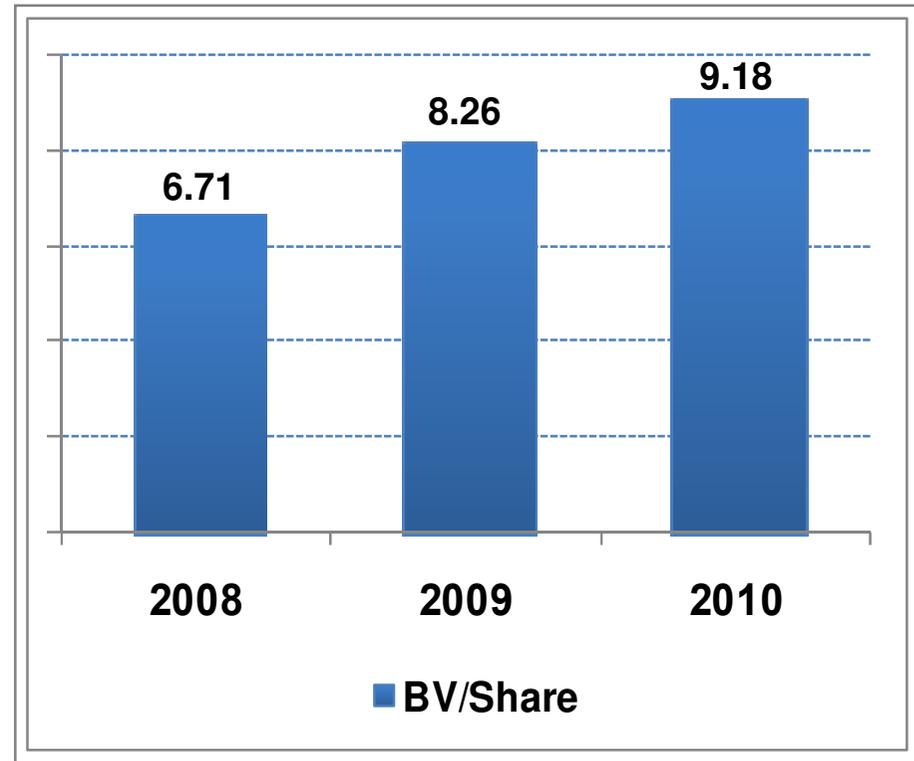
# Financial Status (1)

In THB million



Total Assets

In THB

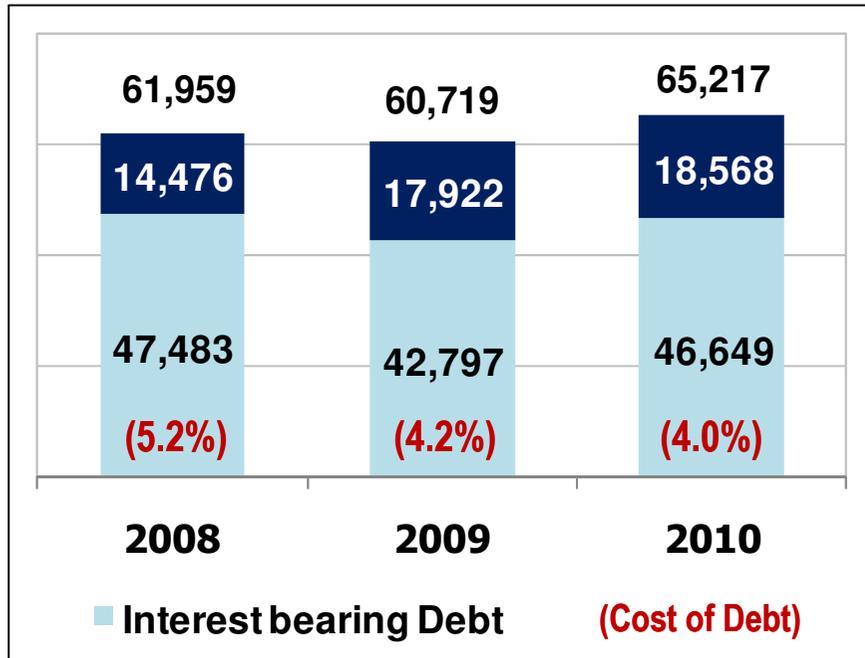


Book Value per Share

# Financial Status (2)

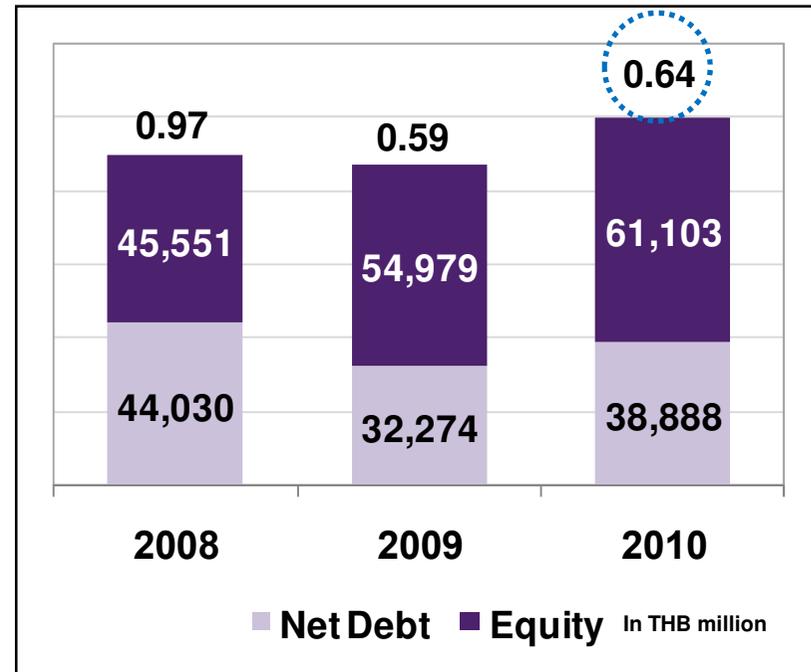


In THB million



**Total Liabilities**

Time



**Net Debt to Equity Ratio**

(Interest Bearing Debt – Cash & Cash equivalent) / Total Equity

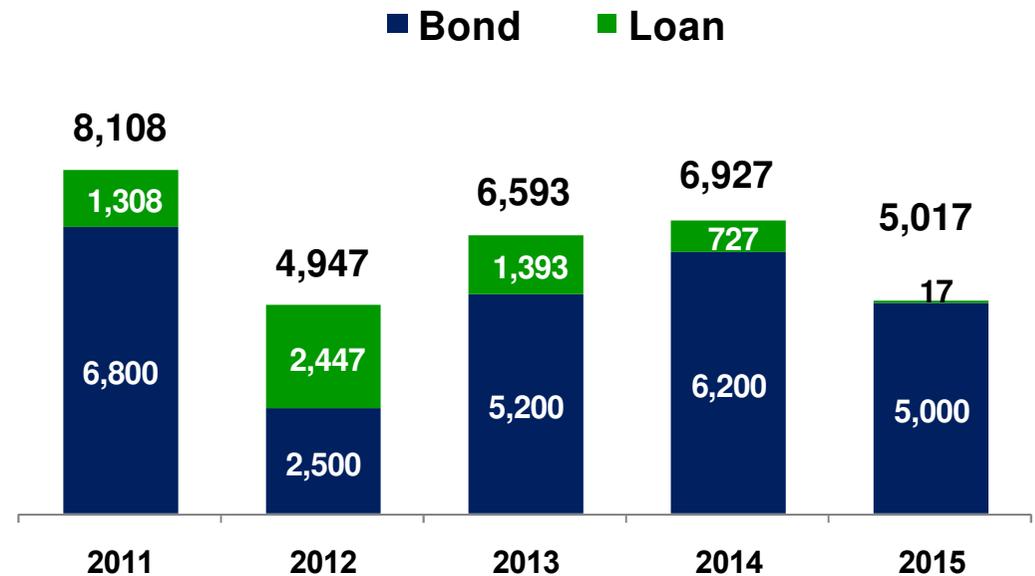
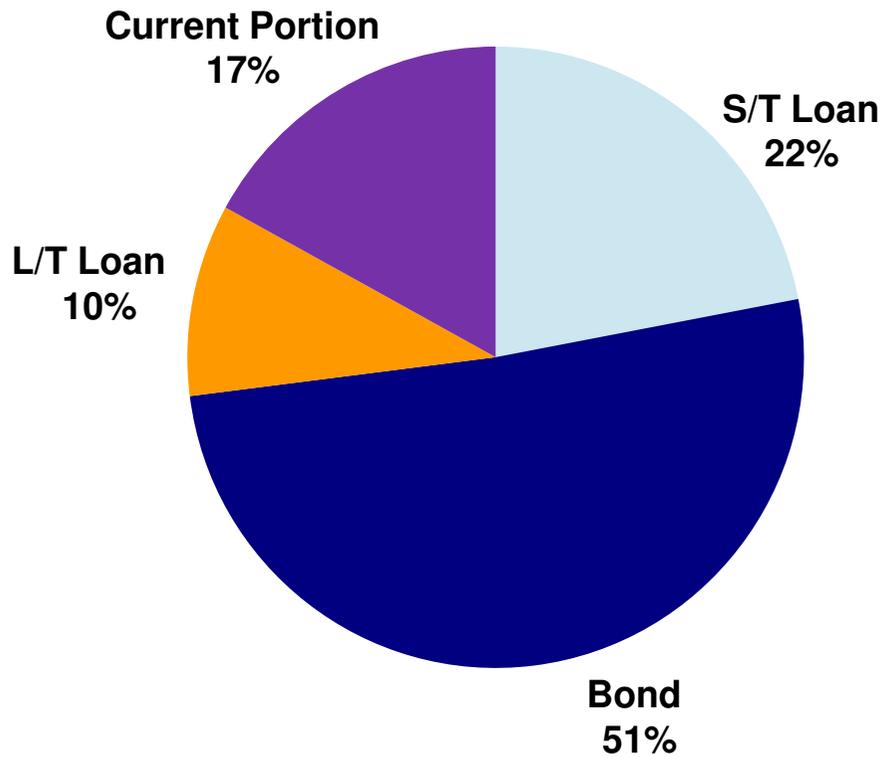
# Interest Bearing Debt as of 31 Dec 10



Interest Bearing Debt : THB 46,649 M

Repayment Schedule

In THB million



## Investment in 25% stake in C.P. Cambodia (1)



<b>Transaction</b>	<ul style="list-style-type: none"><li>: Invest in 1,475 newly issued ordinary shares of CPC</li><li>25% of CPC's total issued and paid-up shares after the capital increase</li><li>: Price of USD 11,030 per share with total value of USD 16,269,250</li></ul>
<b>Closing</b>	<ul style="list-style-type: none"><li>: Within 1Q2011</li></ul>
<b>CPC's businesses</b>	<ul style="list-style-type: none"><li>: Animal Feedmill, Livestock farming and Food processing plant for Domestic sales in Cambodia</li></ul>

## Investment in 25% stake in C.P. Cambodia (2)



Significant financial information of CPC based on the audited financial statements ended December 31 2007, 2008 and 2009 are as follows:

(Unit : USD, million) <sup>(2)</sup>	2007	2008	2009
Sales	55	83	78
Net Profits	4	5	6
Total Assets	24	33	39
Total Liabilities	13	17	17
Shareholders' Equities	11	16	22
Book Value per Share (USD/share)	11,490	16,230	22,263
Number of Ordinary Shares as of December 31	1,000	1,000	1,000

<sup>(2)</sup> Conversion from KHR to USD at an exchange rate of 4,053 KHR/USD

# Appendix A: Ready Meal & Export Food Products



# Ready Meal & Food Products



## Chicken Appetizer Products



## Shrimp, Fish and Seafood Appetizer Products



## Ready Meal Products



# Appendix B: CP Fresh Mart



# Appendix C: Five Stars Chain



# Disclaimer



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