



# Charoen Pokphand Foods Plc.



*Every Mouthful is Meaningful  
For a Sustainable Life Chain*

*February 27, 2017*

# 2016 RESULTS BRIEFING

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





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# CPF Investment Highlights

- One of the World's leading listed animal feed manufacturers, swine producers, and shrimp integrated business
- Diversified portfolio with operations in 16 countries catered to over 3 billion population, and exports to more than 30 countries
- Multi-species of animal proteins (mainly poultry, swine and shrimp)
- Member of "SET 50" : Ticker "CPF" under Agro & Food Industry Sector
- Member of Dow Jones Sustainability Index (Emerging Markets)
- Ranked "Excellent" for CGR Scoring by Thai Institute of Directors (IOD)
- Growth Platform
  - : *Globalization by establishing proper business model to be suitable for each strategic market*
  - : *Value-added business by expanding portfolio towards innovated products and services to serve rising demands*



# Company Facts (as of December 31, 2016)

**Vision** : “Kitchen of the World”

- Portfolio**
- 4 Listed Investments onboard (HKSE:00043, HKSE:3839, TWSE: 1215, SET:CPALL)
  - 29 Series of Debentures listed on Thai Bond Market Association “TBMA”

## Highlights

**Market Cap** : THB 201,323 million or ~USD5.8 billion  
(as of February 24, 2017)

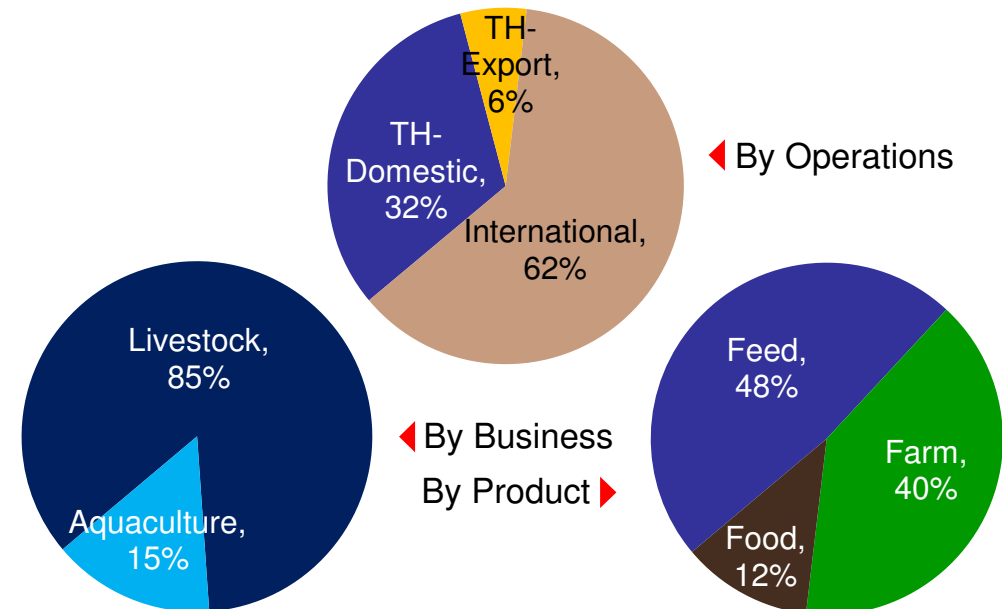
**Capital** : 7,743 million shares (paid-up),  
par value of THB.1.00 per share

**Book Value** : THB18.10\* per share (as of December 31, 2016)

**Shareholders** : Charoen Pokphand Group Ltd. 45.4%  
of Paid-Up Capital (as of August 26, 2016)

**Credit Rating** : “A+” with “Stable” Outlook (as of March 31, 2016)

**FY16 Sales** : THB464 billion or ~USD 13.2 billion



Note: USD1 = THB 35.00 (as of February 24, 2017)

\* Exclude Non-Controlling Interests (NCI)

## From feed, farm, food

- R&D
- Quality Control in every process
- Traceability

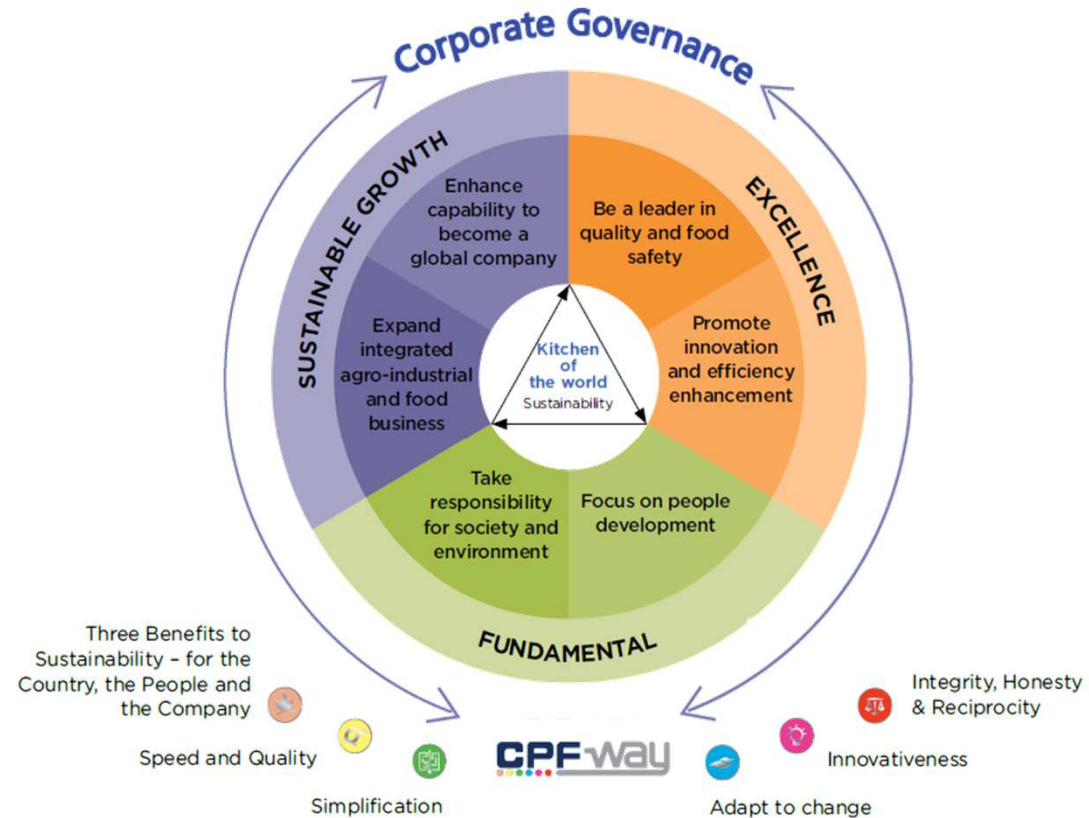
## 3 Strategies to be “Kitchen of the World”

- Profitable Growth
- Aiming for Excellence
- Sustainable Foundation

## Responsible to all Stakeholders

- Balance of Economics benefit with Social and Environmental Performance

## Corporate Strategy



## 3 Pillars to Sustainability

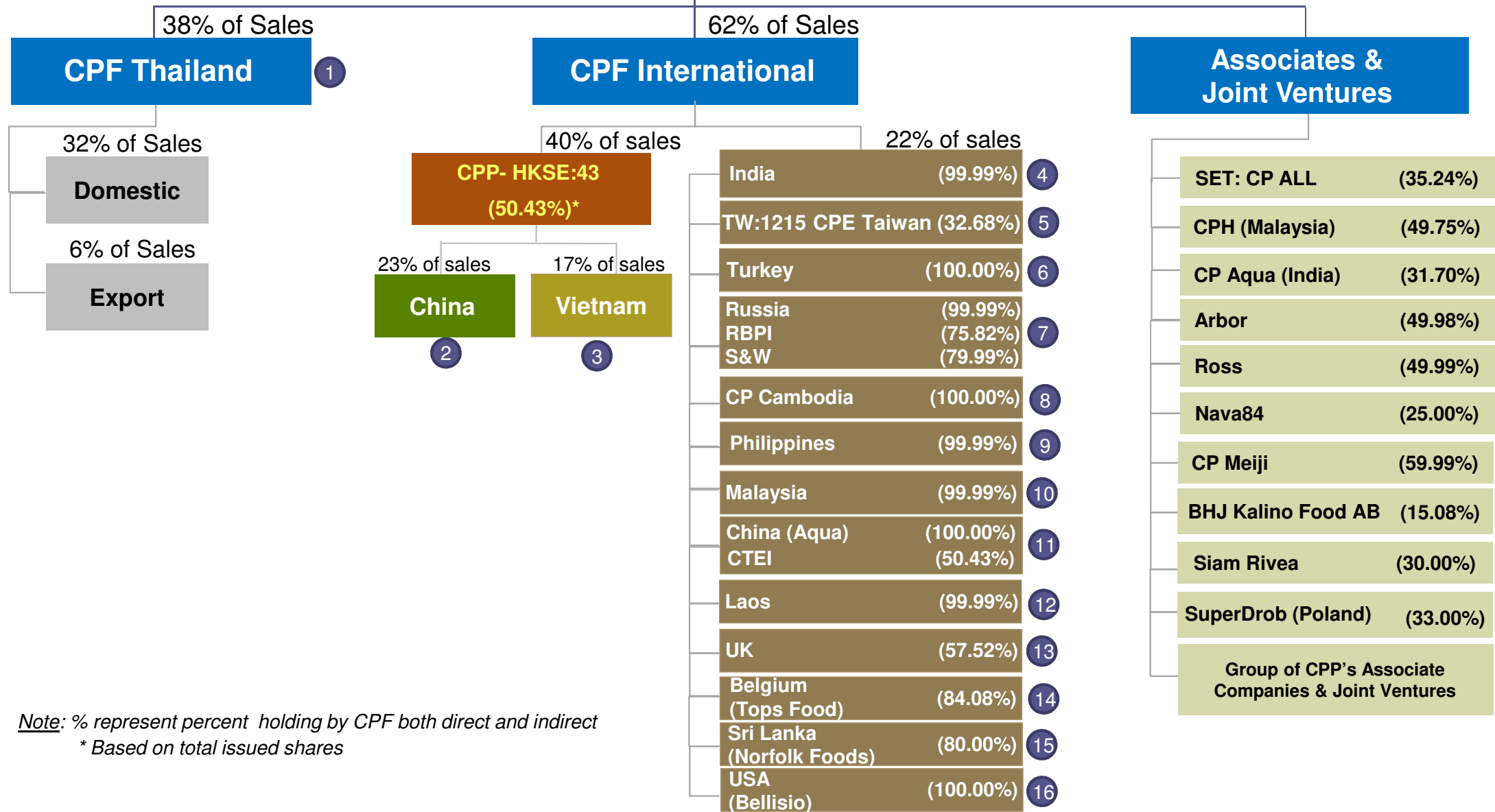




# CPF Operational Structure (As of December 31, 2016)



**2016 : Sales: THB 464,465 m**  
**Net Profit: THB 14,703 m**



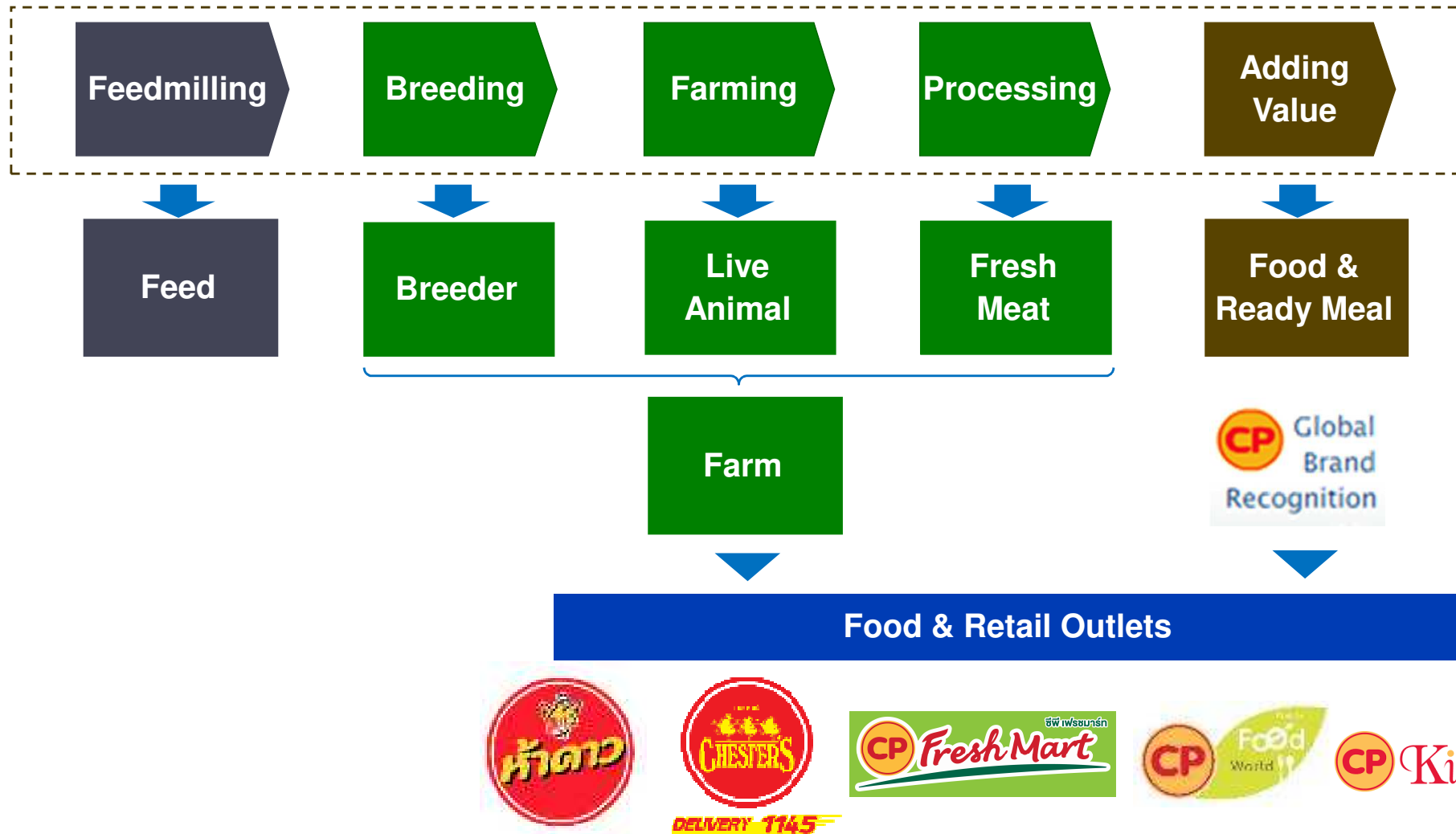
*Note: % represent percent holding by CPF both direct and indirect  
 \* Based on total issued shares*





# Vertically Integrated Business Model in Thailand

Integrated operating platform for safety & quality control  
Livestock (Broiler, Layer, Swine, Duck) and aquaculture (Shrimp & Fish)





# CPF Geographical Footprints

- Operations and investment in 16 countries catered to > 3 billion population
- Export to more than 30 countries across 5 continents

## Russia



- Livestock feed
- Swine farming
- Chicken integrated business

## UK



- Food processing plant
- Food kiosks

## Belgium



- Food processing plant

## Turkey



- Chicken integrated business

## Poland



- Hatchery farm
- Food processing plants

## Sri Lanka



- Food processing plant

## India



- Chicken integrated business
- Aquatic feed

## China



- Livestock and aquaculture feed
- Aquaculture farming
- Food processing plant

## Thailand



- Livestock and aquaculture integrated businesses

## Malaysia



- Livestock and aquaculture integrated business

## USA



- Food Processing plants

## Taiwan



- Livestock integrated business

## Philippines



- Livestock and aquaculture feed and farming

## Laos



- Livestock integrated business

## Cambodia

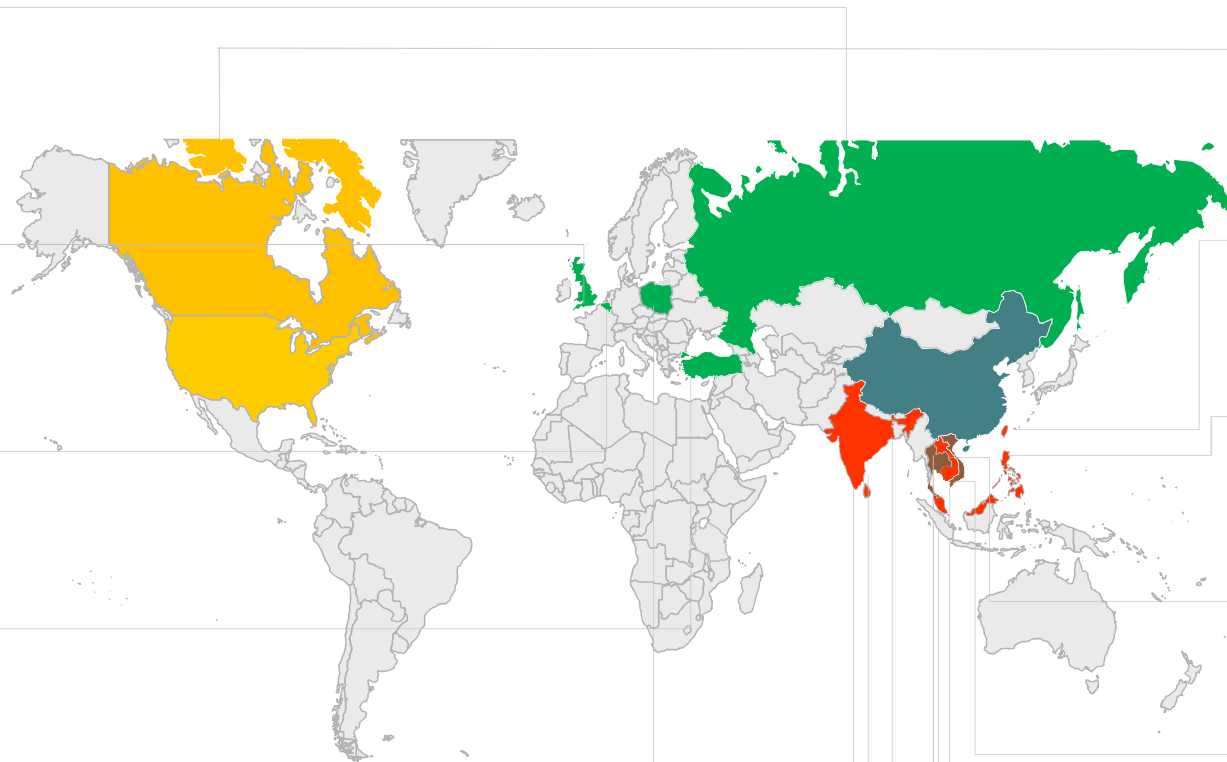


- Livestock integrated business

## Vietnam



- Livestock and aquaculture integrated businesses







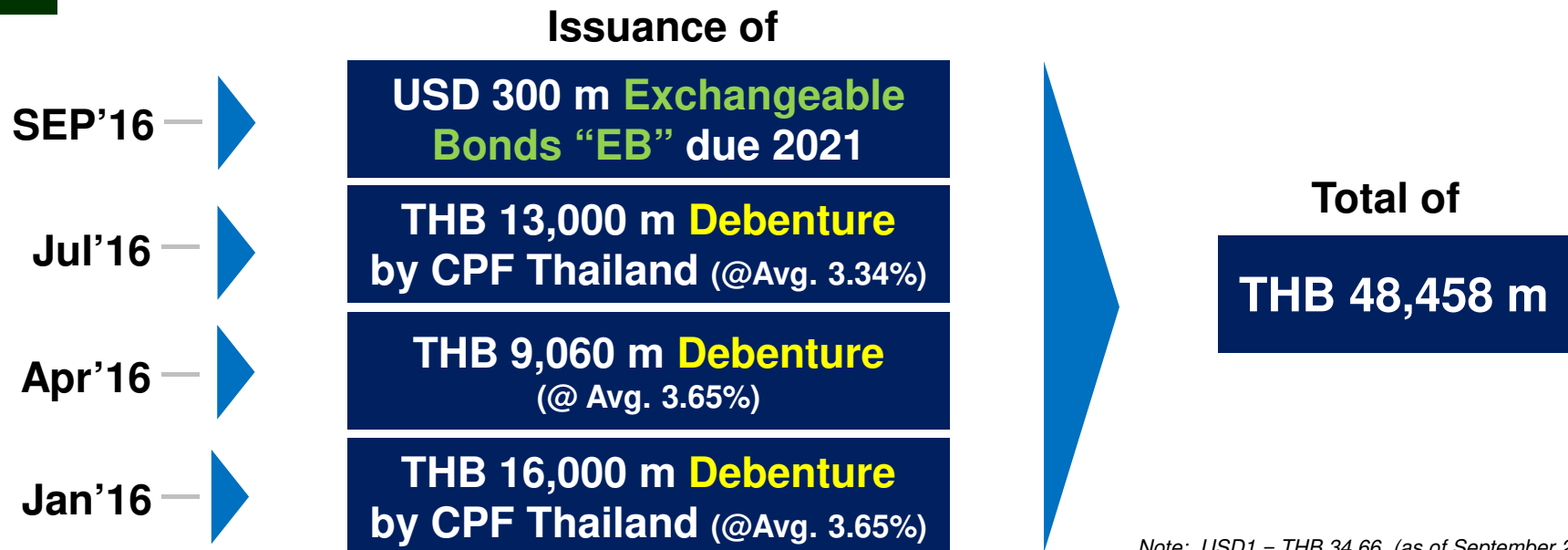
# Y2016 Summary

## Results Highlights

- Revenue increased 10% y-o-y to THB 464,465m in 2016
- Gross profit margin increased from 13.8% in 2015 to 15.6% in 2016, mainly from the turnaround of livestock farm products in Thailand & Vietnam, and the improvement of shrimp operations in Thailand
- EBITDA increased 61% y-o-y from THB 26,433m in 2015 to THB 42,659m in 2016.
- Net profit increased 33% y-o-y from THB 11,059m to THB 14,703m in 2016.

## Latest Activities

### Finance Activities

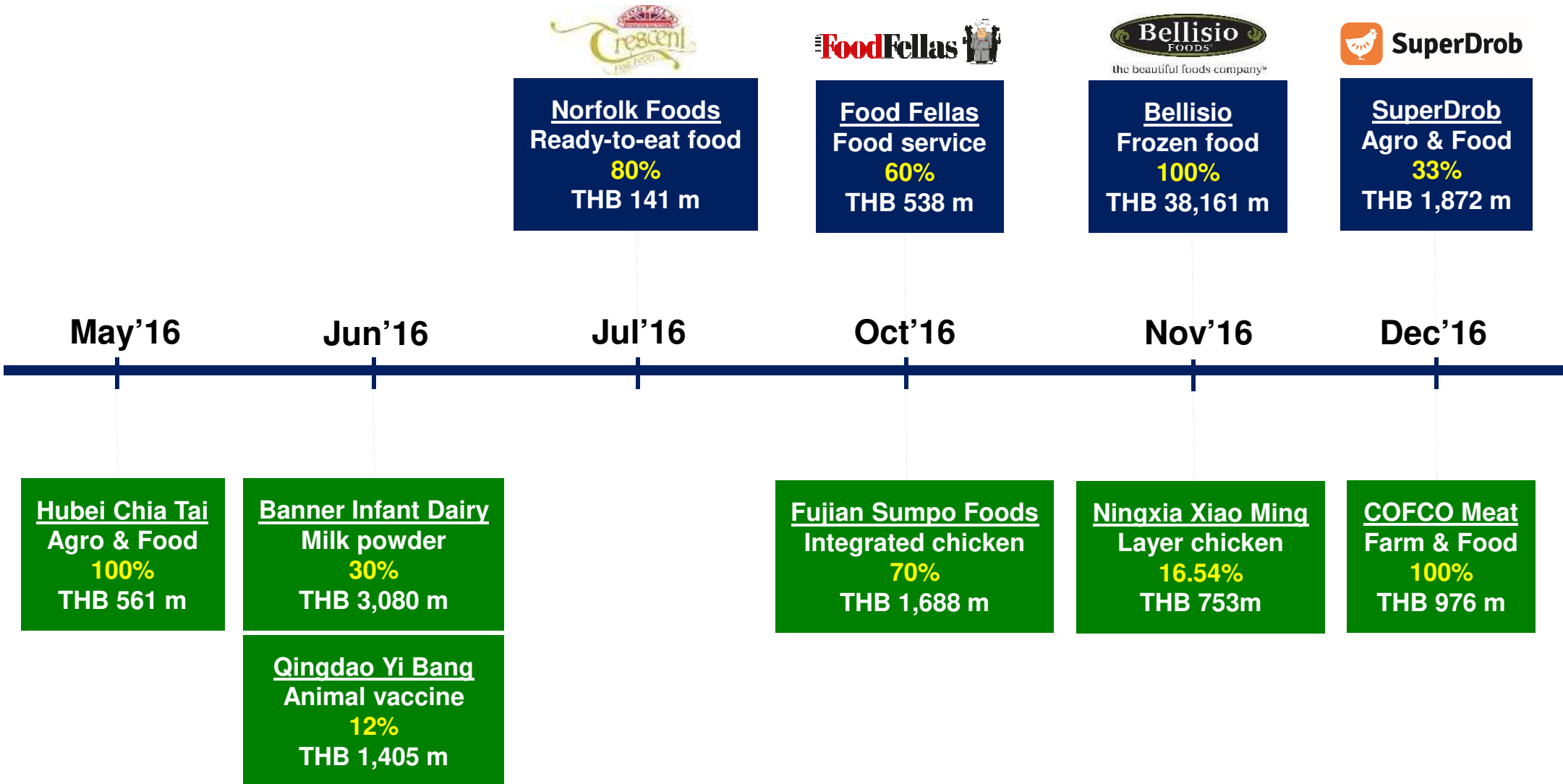


Note: USD1 = THB 34.66 (as of September 22, 2016)



# Y2016 Summary

## M&A Activities



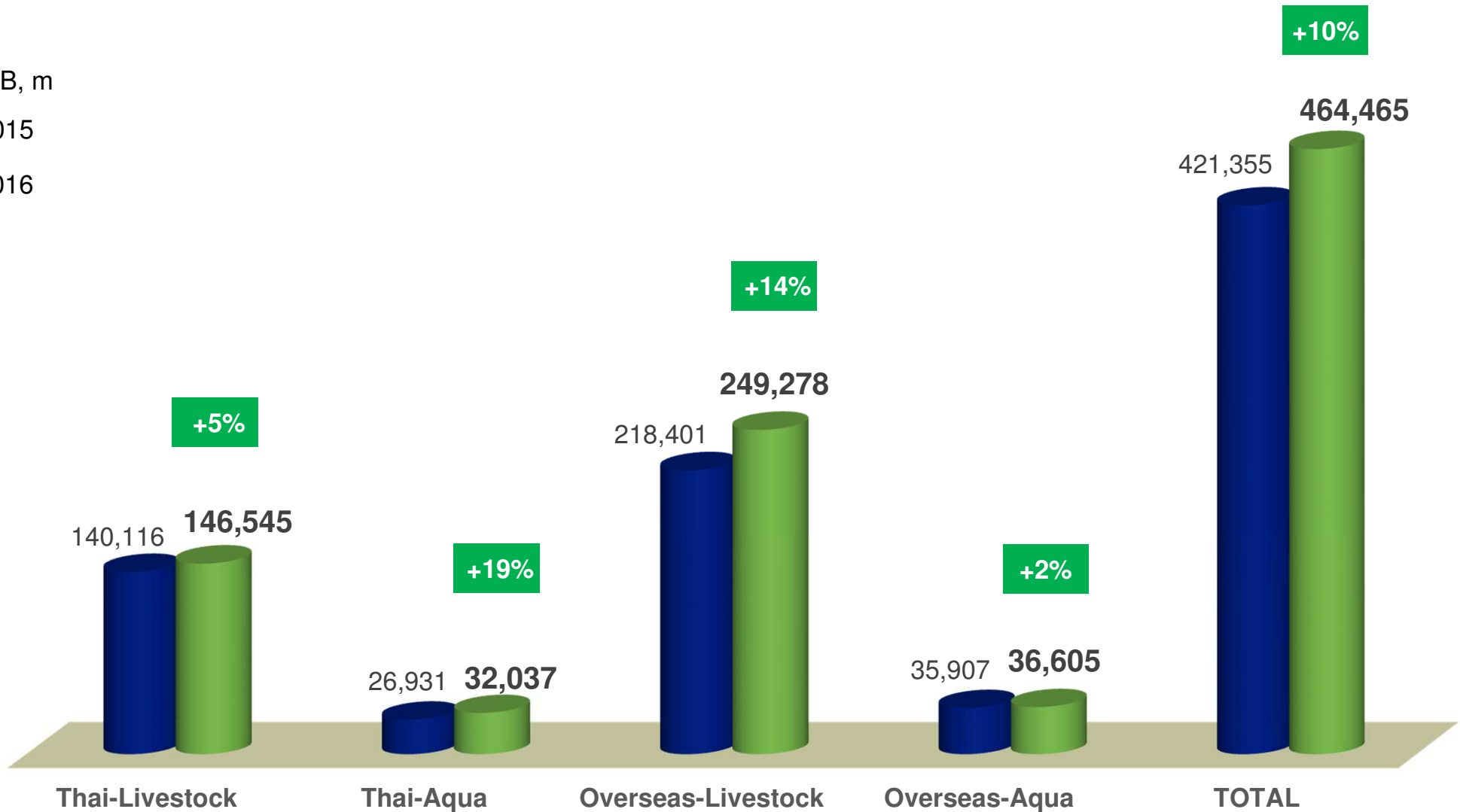


# Y2016: Sales & Gross Profit Margin by Business

In THB, m

■ 2015

■ 2016



	Thai-Livestock	Thai-Aqua	Overseas-Livestock	Overseas-Aqua	TOTAL
<b>GPM</b>	12.7% (2015) / 15.3% (2016)	6.0% (2015) / 12.3% (2016)	15.6% (2015) / 16.9% (2016)	12.7% (2015) / 11.5% (2016)	13.8% (2015) / 15.6% (2016)
<b>OPM</b>	3.1% (2015) / 6.3% (2016)	-6.1% (2015) / 4.3% (2016)	5.9% (2015) / 7.7% (2016)	5.9% (2015) / 4.2% (2016)	4.2% (2015) / 6.8% (2016)



# Y2016: Consolidated Sales Structure by Business

## Sales Breakdown

	Livestock			Aqualculture			Total		
	2015	2016	%Change	2015	2016	%Change	2015	2016	%Change
<b>Thailand</b>	140,116	146,545	5%	26,931	32,037	19%	167,047	178,582	7%
<i>Domestic</i>	118,868	122,905	3%	21,722	26,950	24%	140,590	149,855	7%
<i>Export</i>	21,248	23,640	11%	5,209	5,087	-2%	26,457	28,727	9%
<b>China</b>	95,176	97,853	3%	9,884	8,719	-12%	105,060	106,572	1%
<b>Vietnam</b>	61,453	68,939	12%	8,844	8,619	-3%	70,297	77,558	10%
<b>Others</b>	61,772	82,486	34%*	17,179	19,267	12%	78,951	101,753	29%
<b>Total</b>	<b>358,517</b>	<b>395,823</b>	<b>10%</b>	<b>62,838</b>	<b>68,642</b>	<b>9%</b>	<b>421,355</b>	<b>464,465</b>	<b>10%</b>
<b>% of Total Sales</b>	<b>85%</b>	<b>85%</b>		<b>15%</b>	<b>15%</b>		<b>100%</b>	<b>100%</b>	

Note : \*

- Acquisitions of C.P.Cambodia in May, 2015 & S&W (Russia) in Nov, 2015
- Only balance sheet of Bellisio has been consolidated for the year 2016.

- Thailand
- China
- Vietnam

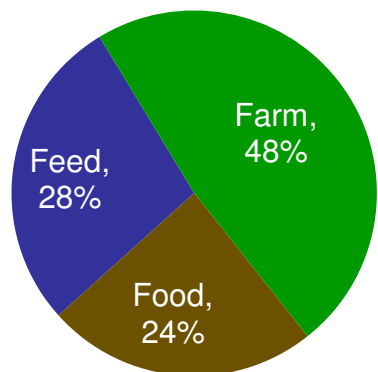
**78%** of Sales



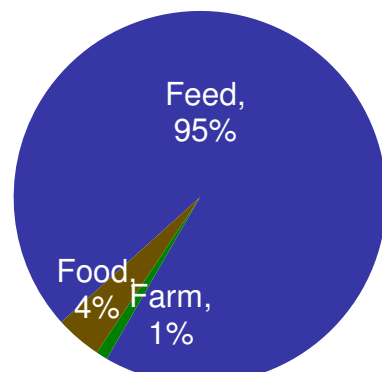
# 2016: Consolidated Sales by Products

## Sales Breakdown by Products

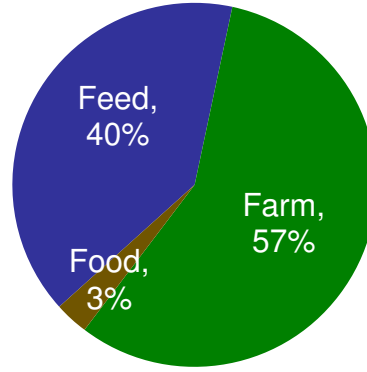
	Feed			Farm			Food			Total		
	2015	2016	%Change	2015	2016	%Change	2015	2016	%Change	2015	2016	%Change
<b>Thailand</b>	50,287	49,165	-2%	74,686	86,255	15%	42,074	43,162	3%	167,047	178,582	7%
<i>Domestic</i>	50,032	49,010	-2%	68,583	78,862	15%	21,976	21,983	0%	140,591	149,855	7%
<i>Export</i>	255	155	-39%	6,103	7,393	21%	20,098	21,179	5%	26,456	28,727	9%
<b>China</b>	105,000	101,818	-3%	0	791	100%	60	3,963	6505%	105,060	106,572	1%
<b>Vietnam</b>	28,775	31,248	9%	39,458	44,409	13%	2,064	1,901	-8%	70,297	77,558	10%
<b>Others</b>	33,234	38,249	15%	39,700	56,128	41%	6,018	7,377	23%	78,951	101,754	29%
<b>Total</b>	<b>217,295</b>	<b>220,480</b>	<b>1%</b>	<b>153,844</b>	<b>187,582</b>	<b>22%</b>	<b>50,216</b>	<b>56,403</b>	<b>12%</b>	<b>421,355</b>	<b>464,465</b>	<b>10%</b>



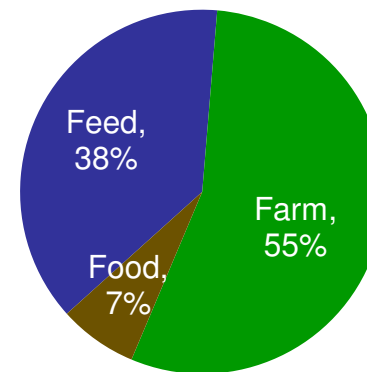
Thailand



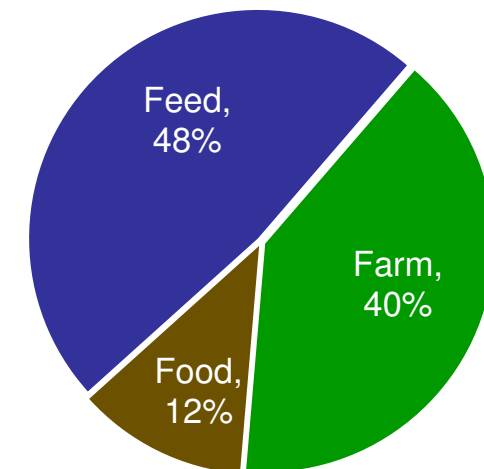
China



Vietnam



Others



Total



# 2016: Consolidated Income Statement Highlight

	Quarter 1		Quarter 2		Quarter 3		Quarter 4			FY 2016		
	2015	2016	2015	2016	2015	2016	2015	2016	% Chg.	2015	2016	% Chg.
<b>Net sales</b>	96,224	105,513	103,678	116,776	111,877	122,549	<b>109,576</b>	<b>119,626</b>	<b>9%</b>	<b>421,355</b>	<b>464,465</b>	<b>10%</b>
<b>Gross Profit Margin (%)</b>	12.6%	15.6%	13.5%	17.4%	15.0%	16.5%	<b>13.8%</b>	<b>13.1%</b>		<b>13.8%</b>	<b>15.6%</b>	
<b>EBITDA</b>	5,029	10,075	5,542	13,106	8,618	12,308	<b>7,244</b>	<b>7,171</b>	<b>-1%</b>	<b>26,433</b>	<b>42,659</b>	<b>61%</b>
<b>EBITDA Margin</b>	5.2%	9.5%	5.3%	11.2%	7.7%	10.0%	<b>6.6%</b>	<b>6.0%</b>		<b>6.3%</b>	<b>9.2%</b>	
<b>EBIT</b>	2,467	6,930	2,772	9,715	5,667	8,985	<b>4,020</b>	<b>3,780</b>	<b>-6%</b>	<b>14,926</b>	<b>29,410</b>	<b>97%</b>
<b>EBIT Margin</b>	2.6%	6.6%	2.7%	8.3%	5.1%	7.3%	<b>3.7%</b>	<b>3.2%</b>		<b>3.5%</b>	<b>6.3%</b>	
<b>Share in Profit of Associates</b>	1,267	1,553	1,230	1,665	1,238	1,689	<b>1,486</b>	<b>1,605</b>	<b>8%</b>	<b>5,221</b>	<b>6,512</b>	<b>25%</b>
<b>Financial Costs</b>	(2,174)	(2,600)	(2,364)	(2,587)	(2,836)	(2,558)	<b>(2,239)</b>	<b>(2,856)</b>	<b>28%</b>	<b>(9,614)</b>	<b>(10,601)</b>	<b>10%</b>
<b>Income Taxes Expense</b>	(612)	(1,695)	(757)	(3,120) <sup>(2)</sup>	(1,216)	(1,728)	<b>(1,069)</b>	<b>(669)</b>	<b>-37%</b>	<b>(3,654)</b>	<b>(7,212)</b>	<b>97%</b>
<b>NET PROFIT</b>	2,956	3,764	2,983	4,016	3,571	5,184	<b>1,549</b>	<b>1,739</b>	<b>12%</b>	<b>11,059</b>	<b>14,703</b>	<b>33%</b>
<b>EPS (THB)</b>	0.40	0.51	0.40	0.54	0.48	0.70	<b>0.21</b>	<b>0.24</b>		<b>1.50</b>	<b>1.99</b>	
<b># of capital shares<sup>(1)</sup></b>	7,388	7,388	7,388	7,388	7,388	7,388	<b>7,388</b>	<b>7,388</b>		<b>7,388</b>	<b>7,388</b>	
<b>Paid-Up Capital</b>	7,743	7,743	7,743	7,743	7,743	7,743	<b>7,743</b>	<b>7,743</b>		<b>7,743</b>	<b>7,743</b>	
<b>Dividend (THB/Share)</b>										<b>0.75</b>	<b>0.95</b>	

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

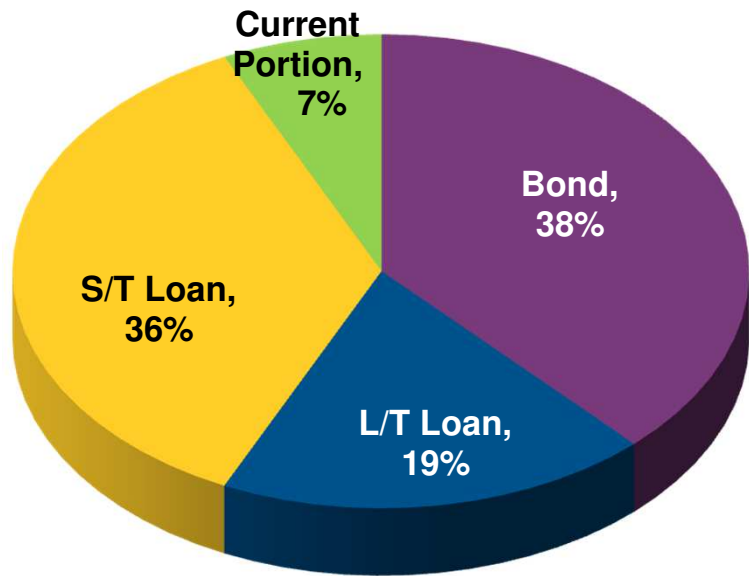
(2) Including adjustment from the change in tax calculation of 2010-2015 of THB 1,245 m. Please see more detail in Note 17 to Financial statements of Y2016





# Financial Status (As of 31 December 2016)

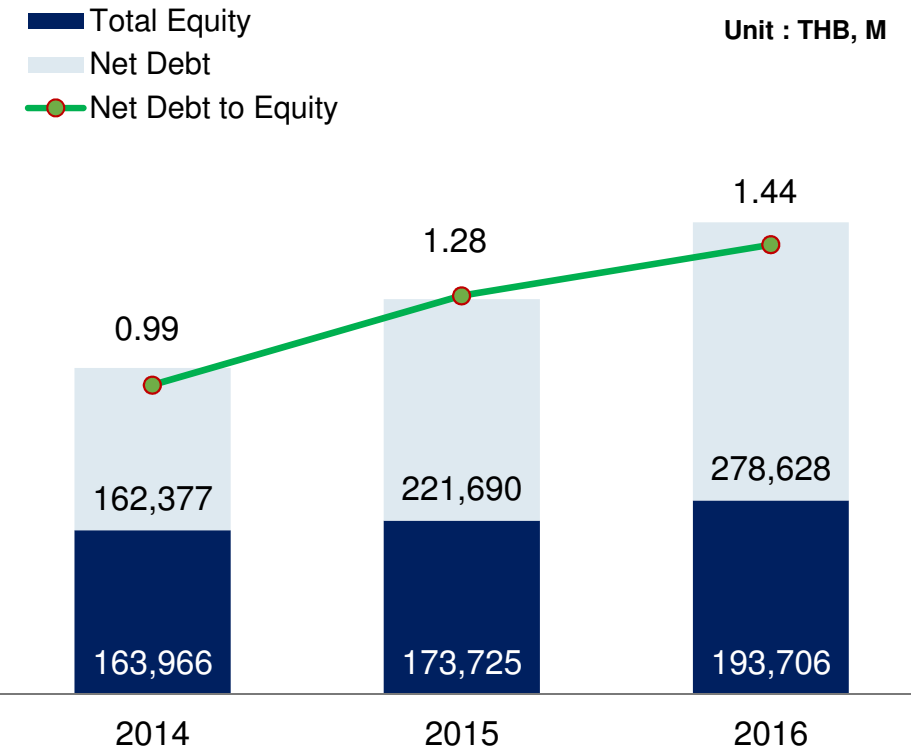
## Interest Bearing Debt : THB 312,728 m



Cost of Debts	2014	2015	2016
	4.41%	4.14%	3.87%

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

## Net Debt to Equity



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



# Y2017 Outlook

## Target Growth

- Expected sales growth of approximately 8-10 %

## Key Drivers & Focus

- Continuous improvement of shrimp business
- Larger opportunities for Thai chicken exports
- Competitive raw material costs
- Expansion of existing international operations
- Mergers and Acquisitions (M&A)
- Innovation to drive efficiency

## Key Challenges

- Global and Thailand economic uncertainties
- Avian flu outbreaks detected in several countries since late 2016
- The impact of natural disasters (i.e. drought, climate changes, floods)

## Investment

- Capex of approximately THB 20-25 billion (excluding M&A)

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



# Consolidated Income Statement Highlight

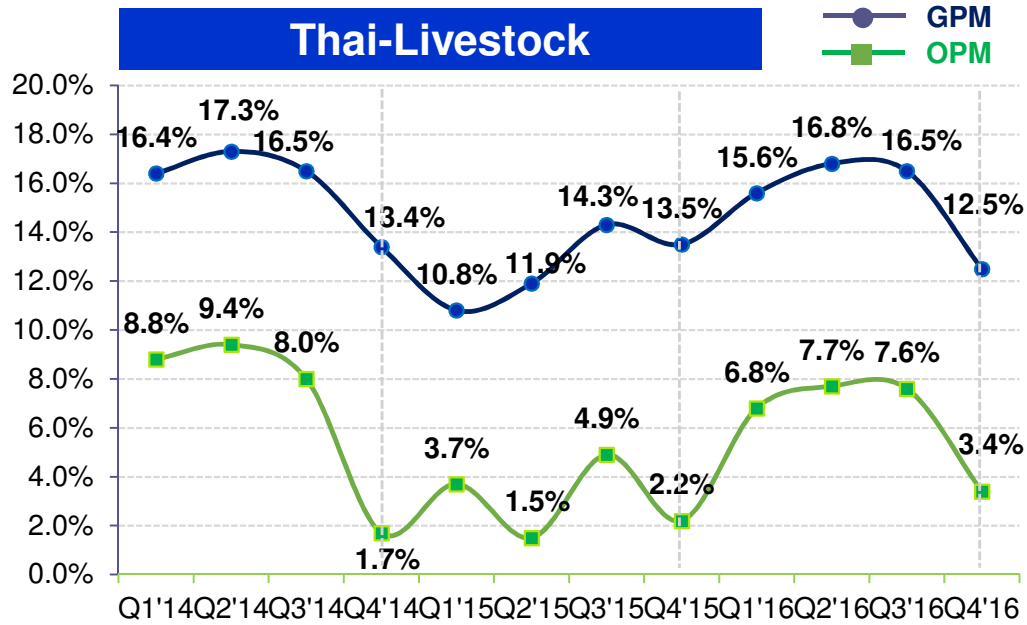
	Full Year				
	2014	2015	% Change	2016	% Change
Net sales	426,039	421,355	-1%	464,465	10%
Gross Profit Margin (%)	13.4%	13.8%		15.6%	
Gain on fair value adjustment	-	-	-	-	-
EBITDA	27,513	26,433	-4%	42,659	61%
EBIT	17,548	14,926	-15%	29,410	97%
Share in Profit of Associates	4,869	5,221	7%	6,512	25%
Financial Costs	(8,903)	(9,614)	8%	(10,601)	10%
Income Taxes Expense	(3,649)	(3,654)	0%	(7,212)	97%
Gain / (Loss) from FX	(356)	1,348	479%	388	-71%
<b>NET PROFIT</b>	<b>10,562</b>	<b>11,059</b>	<b>5%</b>	<b>14,703</b>	<b>33%</b>
<b>EPS (THB)</b>	<b>1.43</b>	<b>1.50</b>		<b>1.99</b>	
<b># of capital shares **</b>	<b>7,388</b>	<b>7,388</b>		<b>7,388</b>	
<b>Paid-Up Capital</b>	<b>7,743</b>	<b>7,743</b>		<b>7,743</b>	
<b>Dividend (THB/Share)</b>	<b>0.75</b>	<b>0.75</b>		<b>0.95</b>	

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

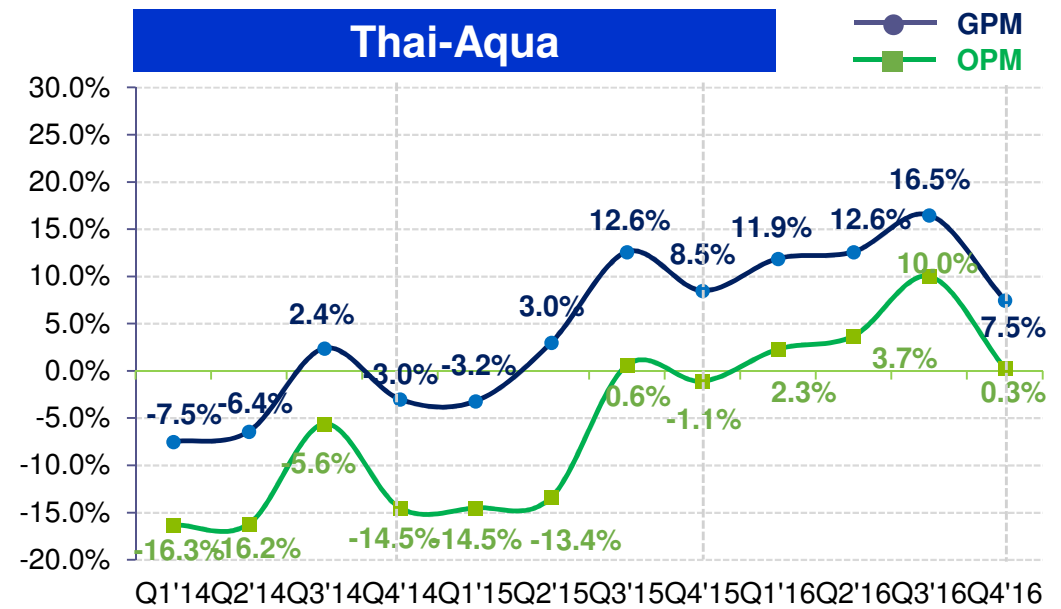


# Gross Profit Margin & Operating Profit Margin

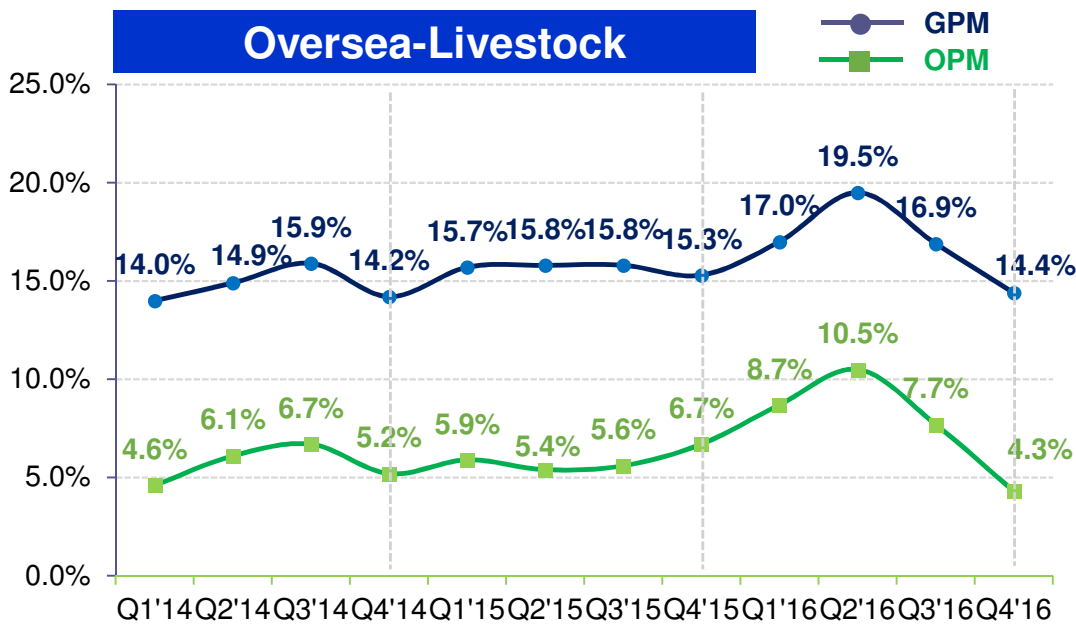
### Thai-Livestock



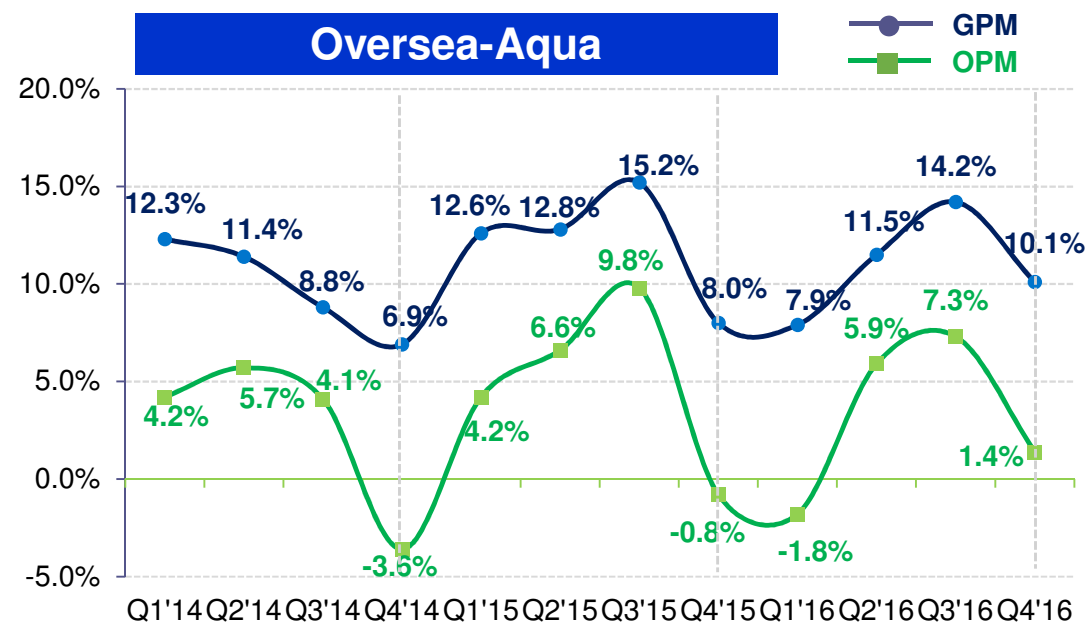
### Thai-Aqua



### Oversea-Livestock



### Oversea-Aqua



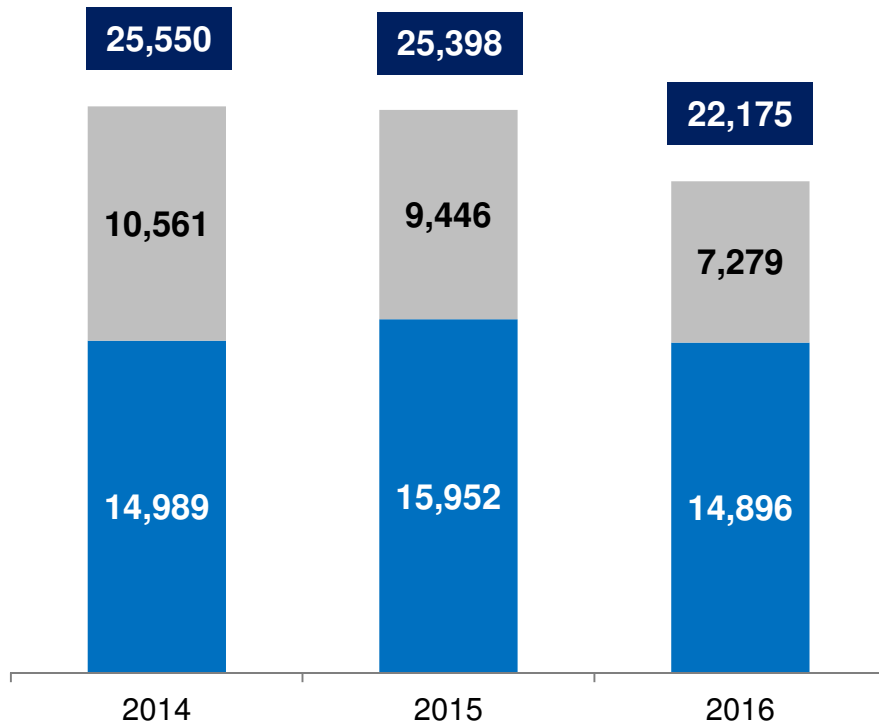


# CAPEX & EBITDA

## CAPEX

Unit: THB, M

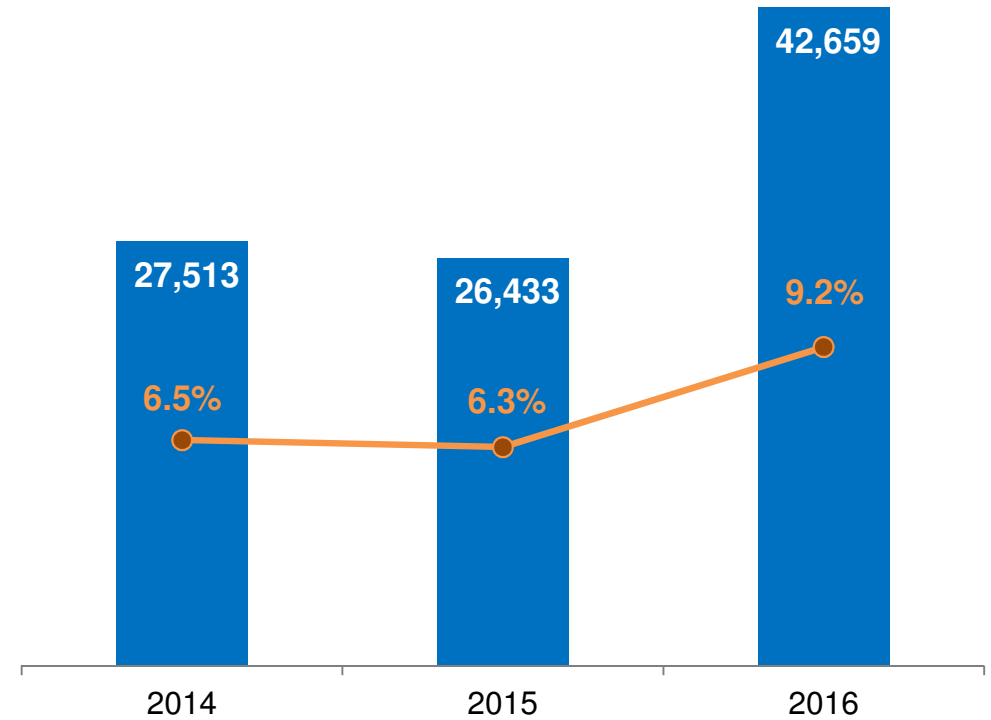
- CPP
- CPF



## EBITDA

Unit: THB, M

— EBITDA Margin%





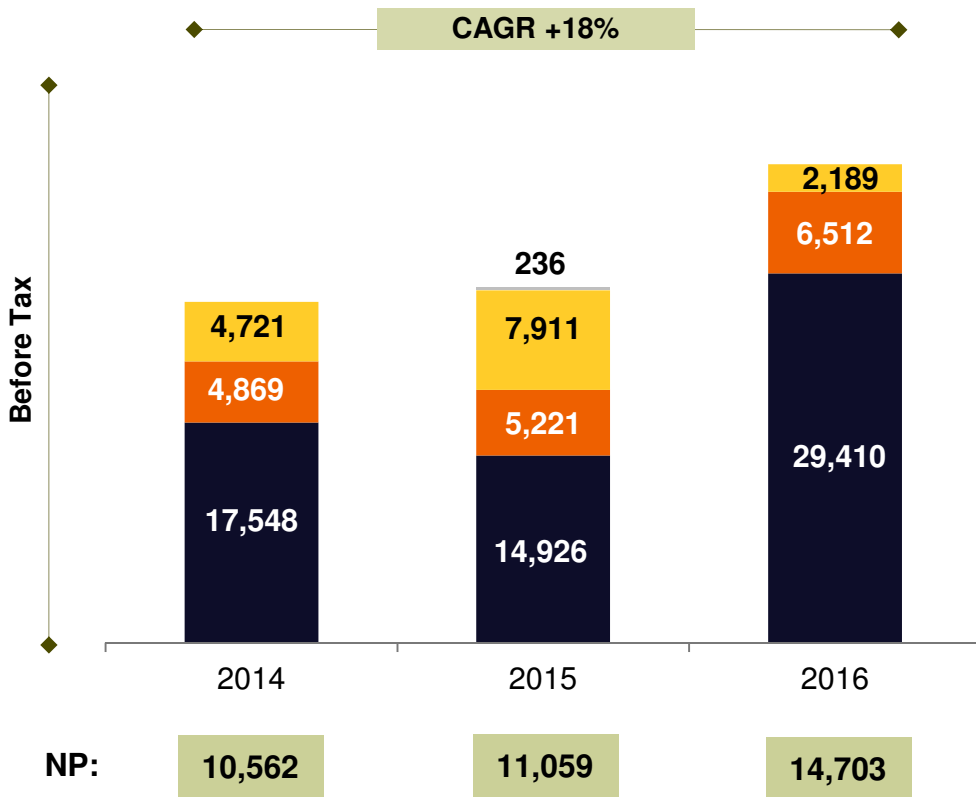


# Consolidated Net Profit & ROE & D/EBITDA

## Net Profit

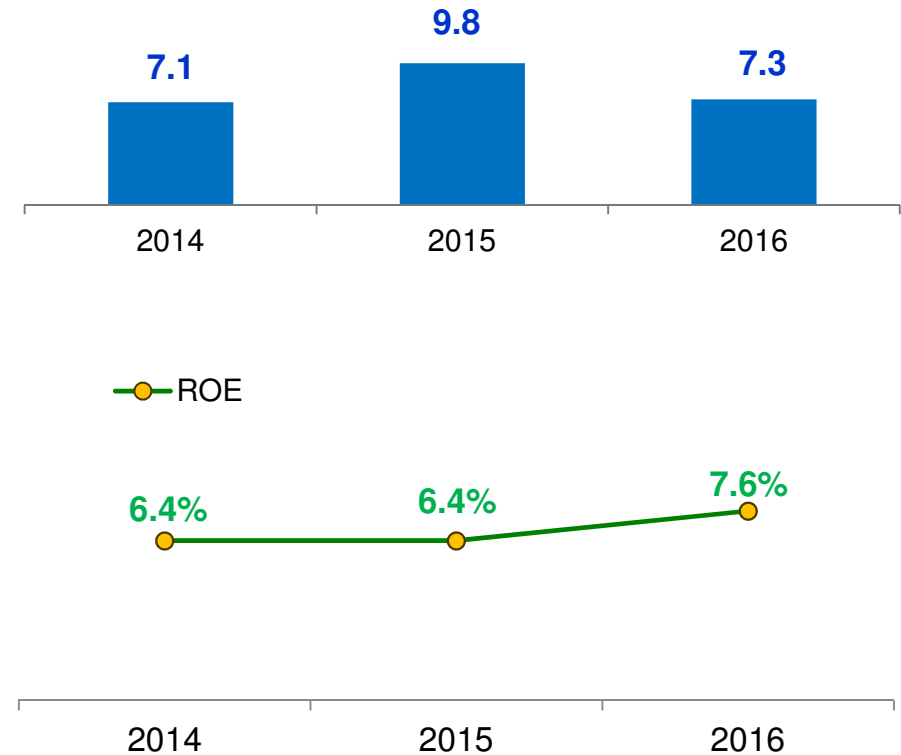
Unit: THB, M

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



## D/EBITDA & ROE

■ D/EBITDA Ratio (interest Bearing Debt)



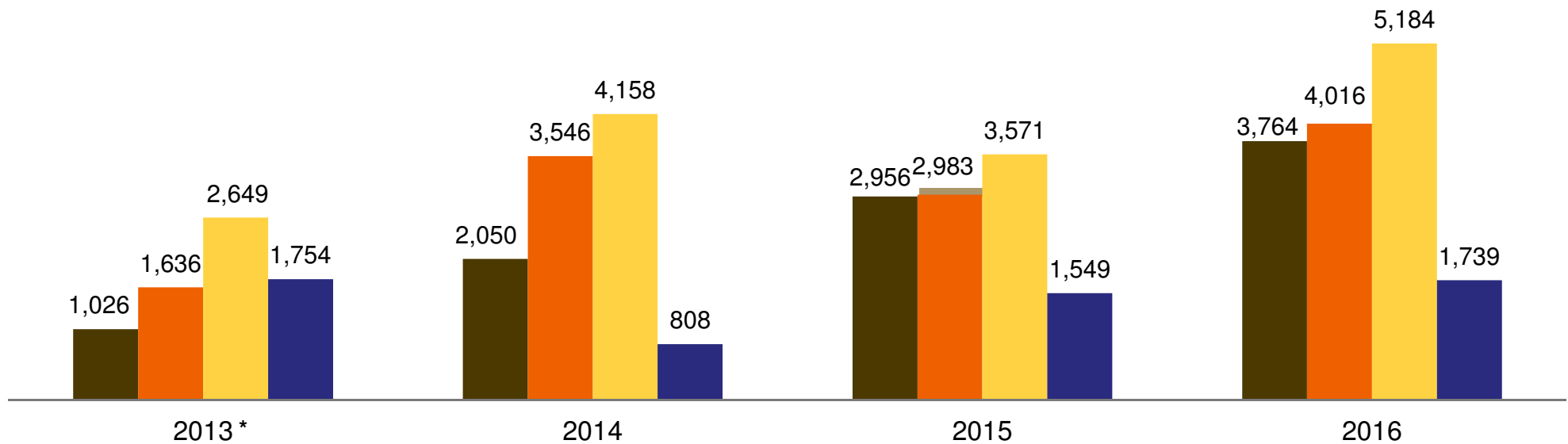
Note : 2015 Including gain on fair value adjustment of investments in associate



# Consolidated Net Profit - Quarterly

Unit : THB, M

■ 1Q ■ 2Q ■ 3Q ■ 4Q



2Q15 ■ Gain on fair value adjustment of investments in associates = 236 MB

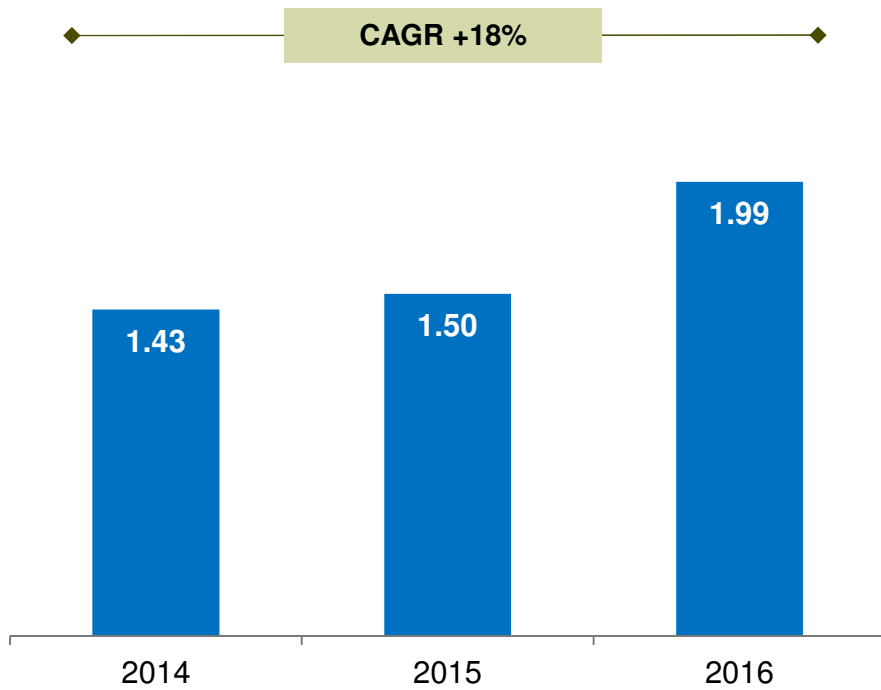
: \* Including restate of IFRS basis



# EPS & Dividends per Share

## Earnings Per Share

Unit : THB Per Share

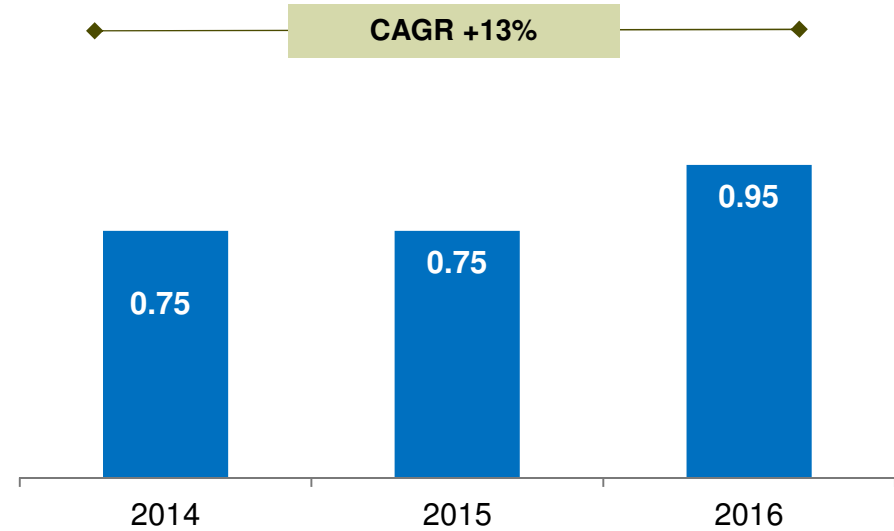


## Dividends

Unit : THB Per Share

**Dividend Policy**

Semi – Annually, minimum of 50% of annual net profit (The Company Statement Only)




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



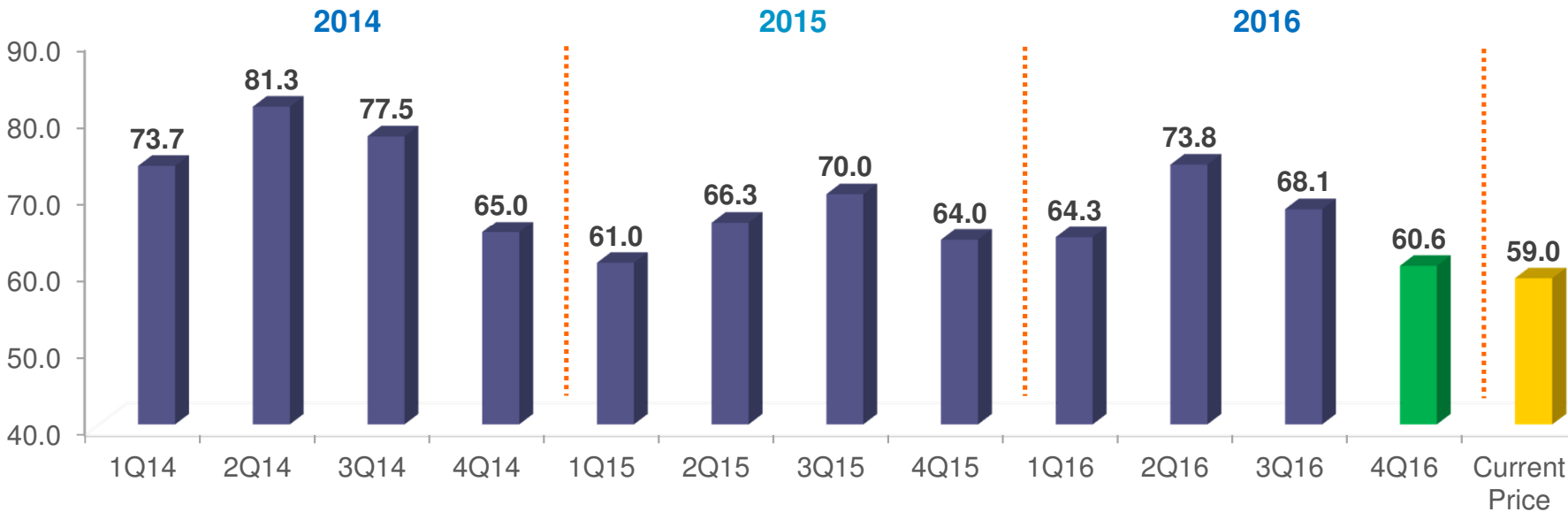

# Average Farm Prices – Thailand

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

Average Price		
2014	2015	2016
41.4	35.8	35.6
% Chg	-13%	-1%

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

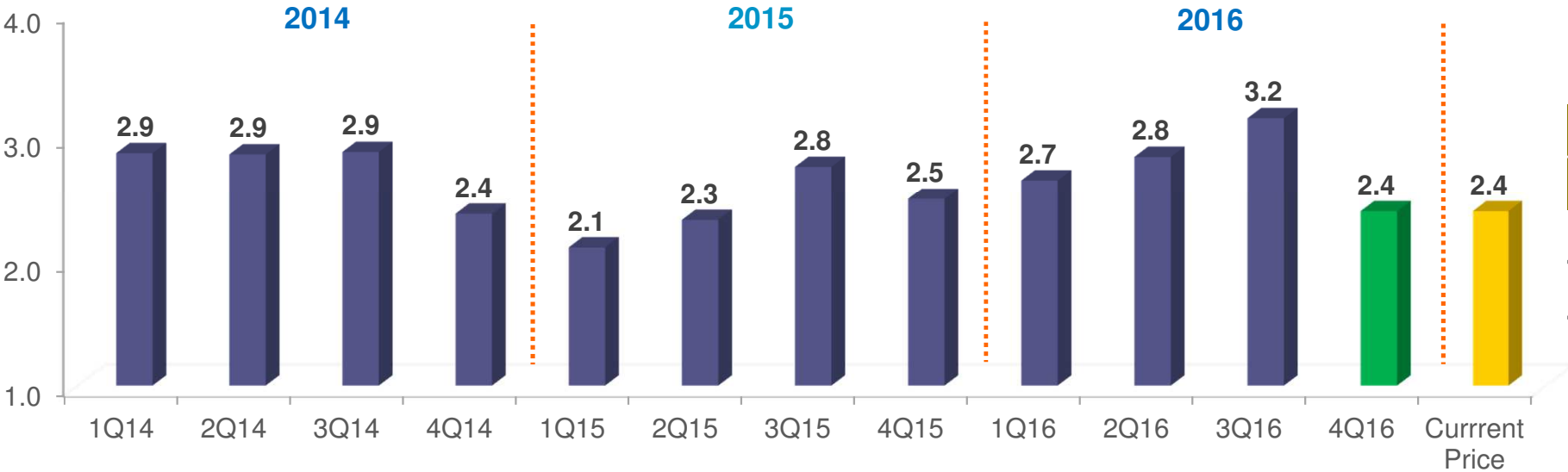




Average Price		
2014	2015	2016
74.4	65.3	66.7
% Chg	-12%	+2%



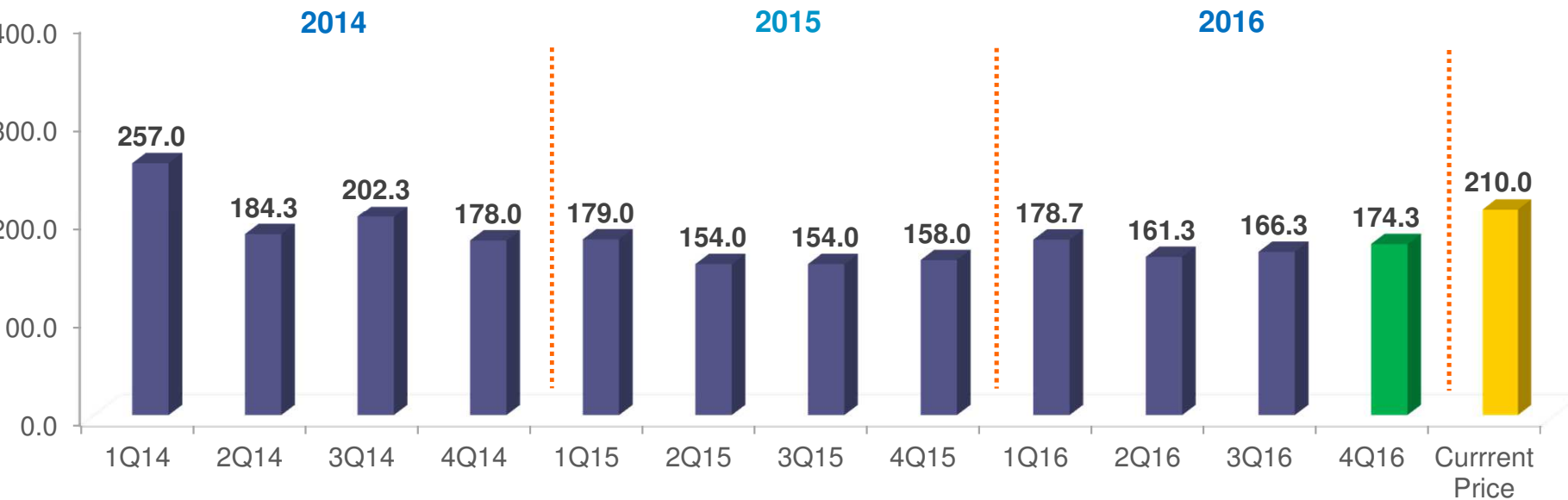

# Average Farm Prices – Thailand

## Thailand's Fresh egg price (Baht/piece)

Average Price		
2014	2015	2016
2.7	2.4	2.8
% Chg	-12%	+14%

## Thailand's White shrimp price (Size 70)

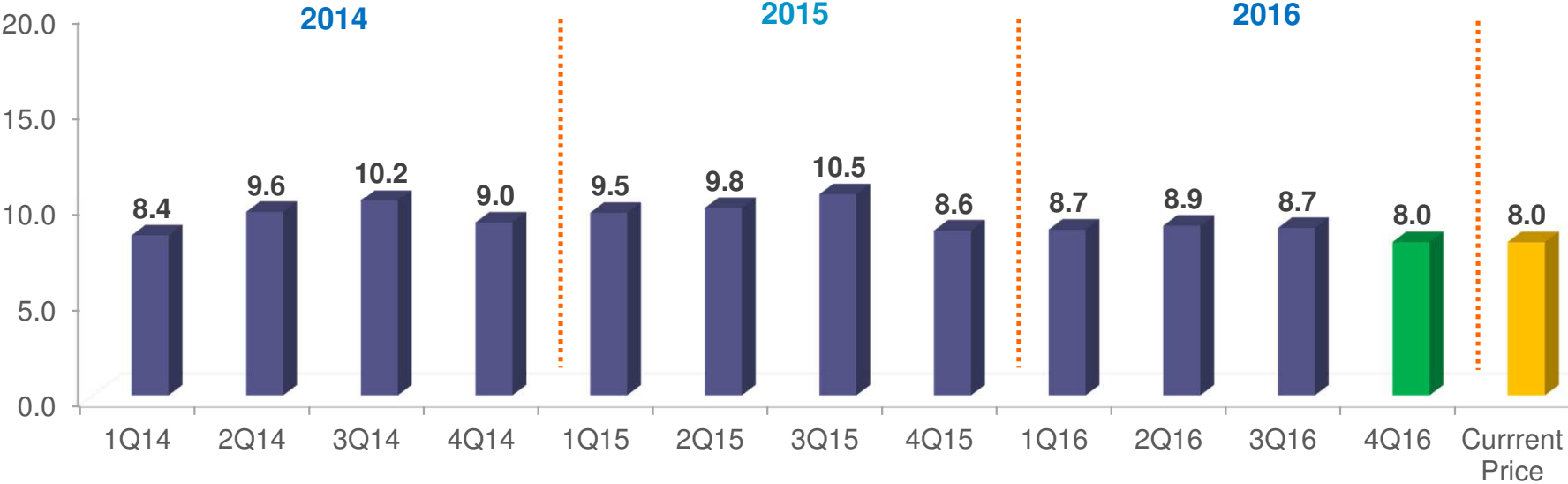
Average Price		
2014	2015	2016
206	161	170
% Chg	-21%	+5%





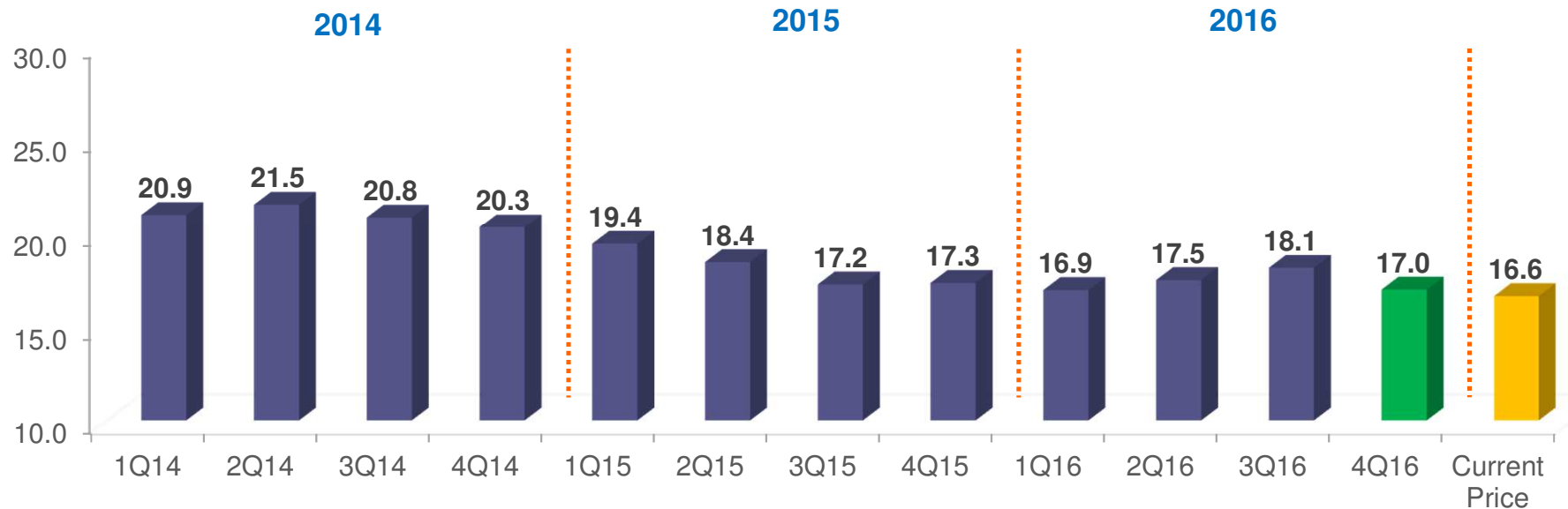
# Average Raw Material Prices – Thailand

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



Average Price		
2014	2015	2016
9.3	9.6	8.6
% Chg	+3%	-11%

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

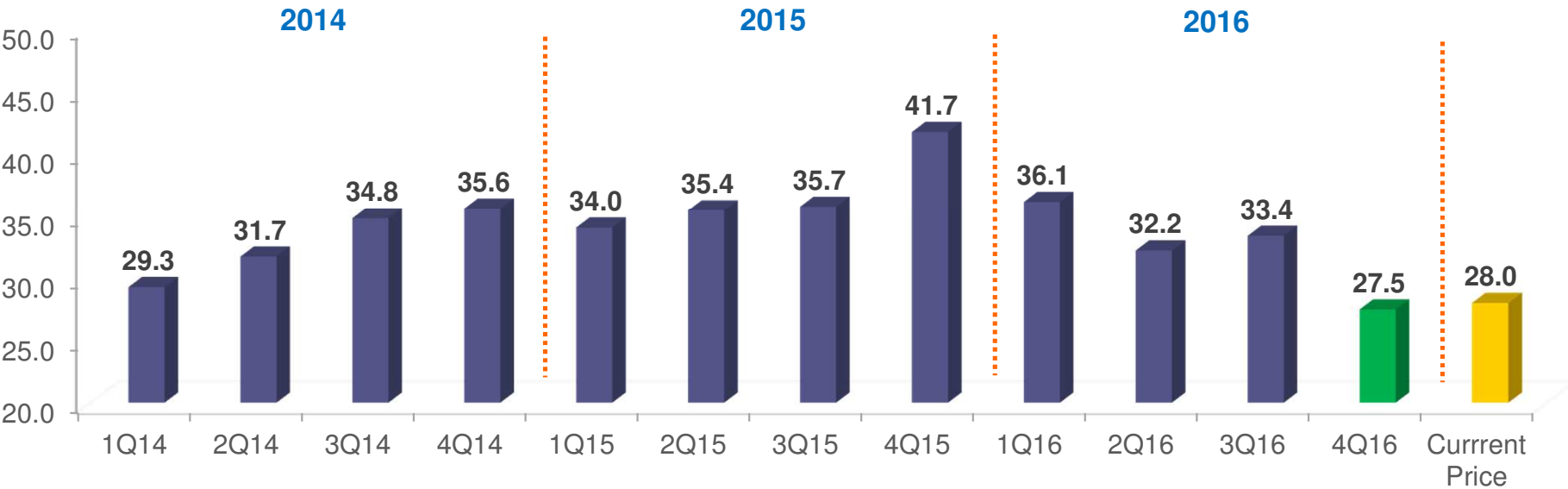


Average Price		
2014	2015	2016
20.9	18.1	17.4
% Chg	-14%	-4%



# Average Farm Prices – Thailand

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

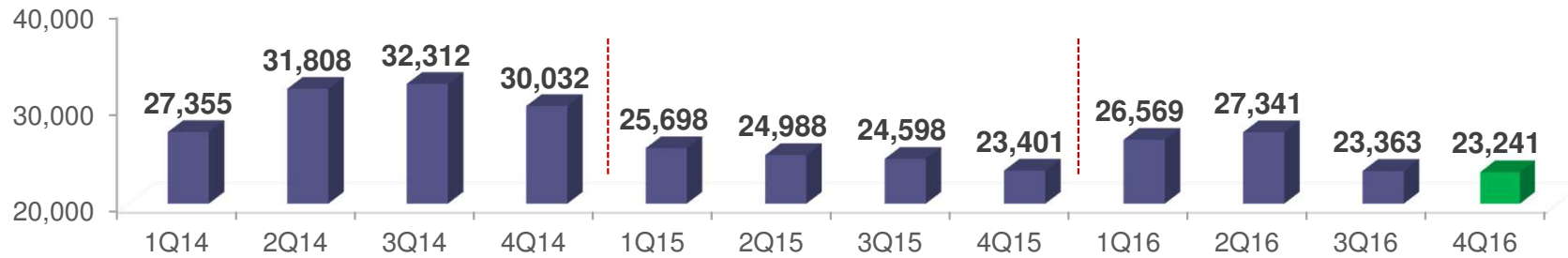


Average Price		
2014	2015	2016
32.8	36.7	32.3
% Chg	+12%	-12%

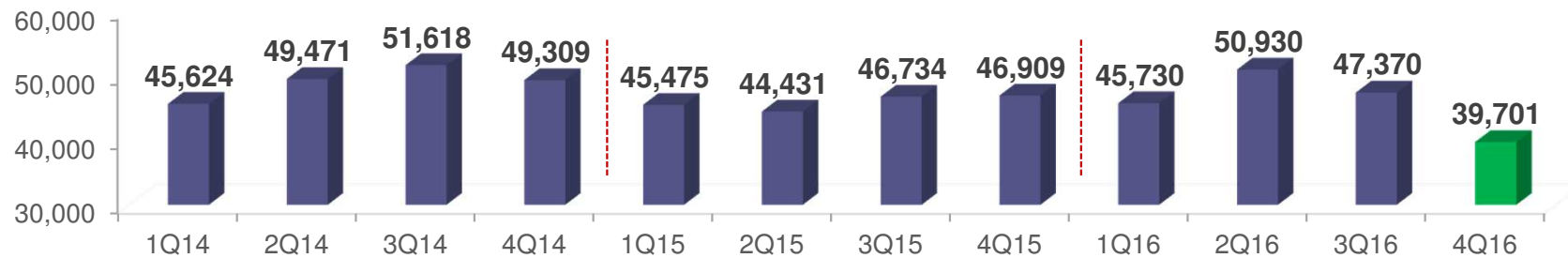
Source: CPF



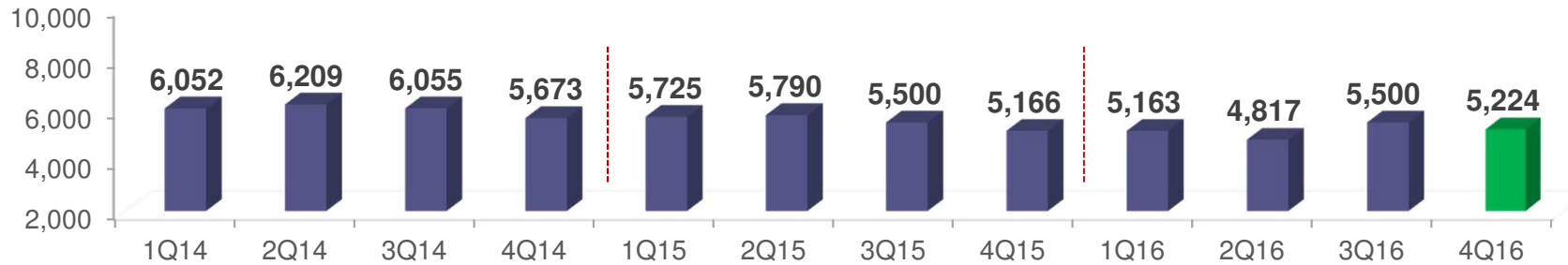
# Vietnam: Average Market Price and Major Feed Raw Materials



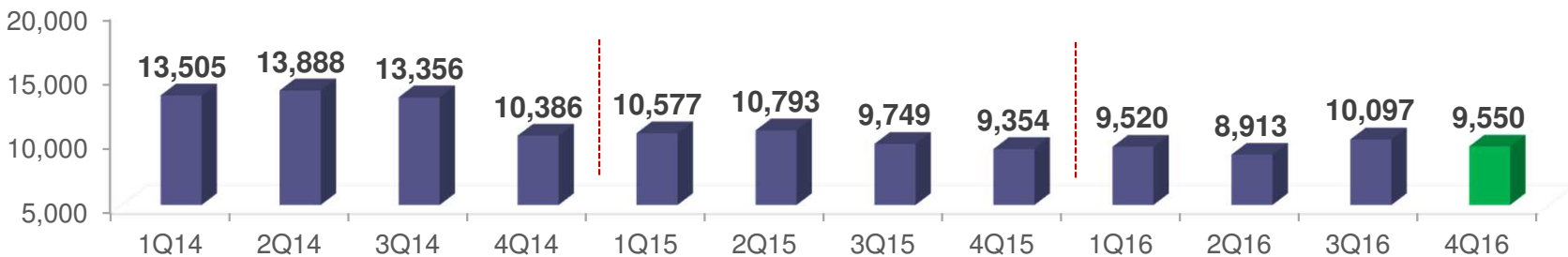
**Broiler**  
(VND/kg)



**Swine**  
(VND/kg)



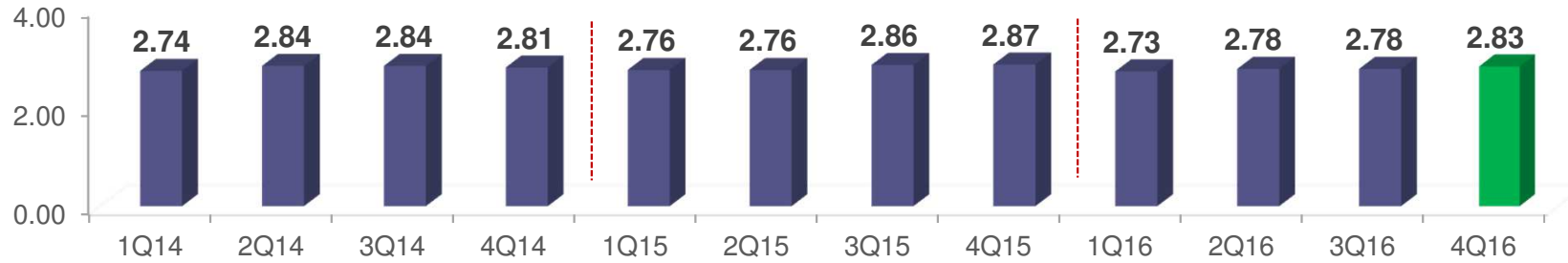
**Corn**  
(VND/kg)



**Soybean Meal**  
(VND/kg)



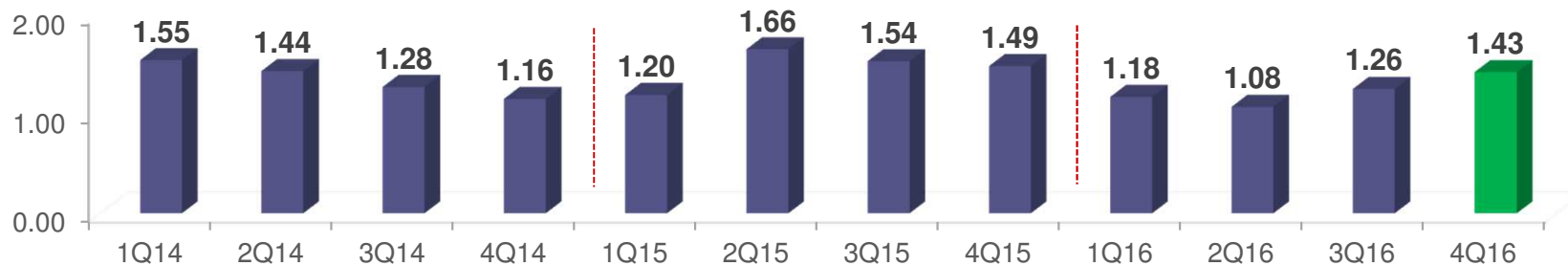
# Turkey: Average Market Price and Major Feed Raw Materials



**Broiler**  
(TRY/kg)



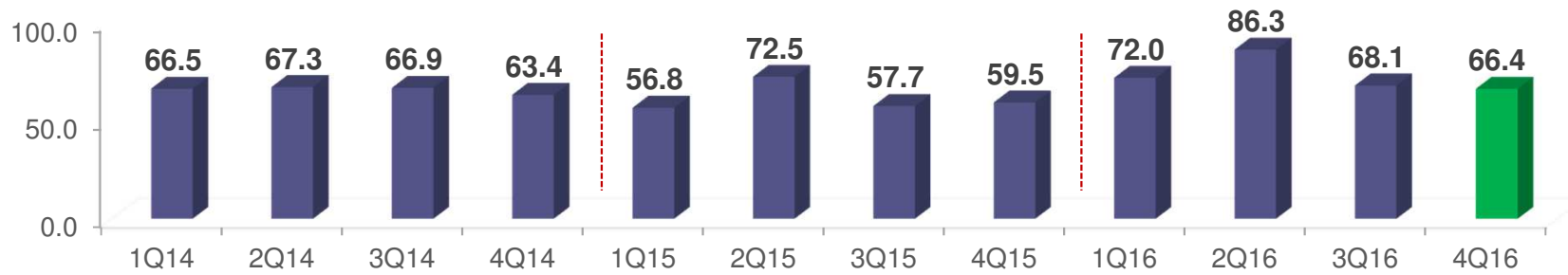
**Corn**  
(TRY/kg)



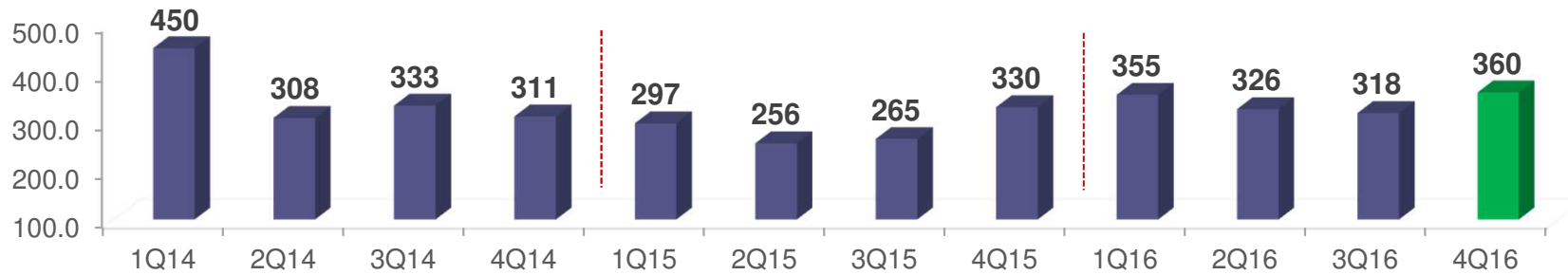
**Soybean Meal**  
(TRY/kg)



# India: Average Market Price and Major Feed Raw Materials



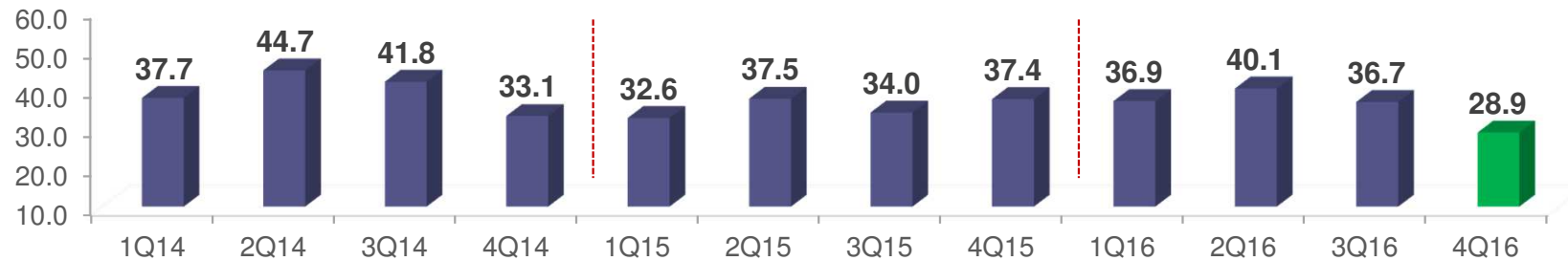
**Broiler**  
(Rs/kg)



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



**Corn**  
(Rs/kg)



**Soybean Meal**  
(Rs/kg)

# **Appendix C: Product Sample & Retail Outlet Format**



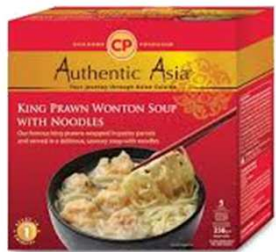


# Food Retail Products





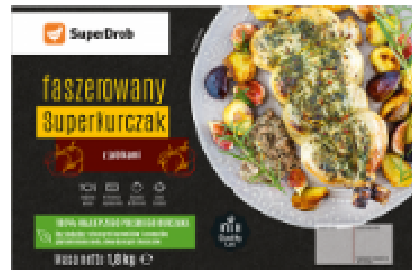
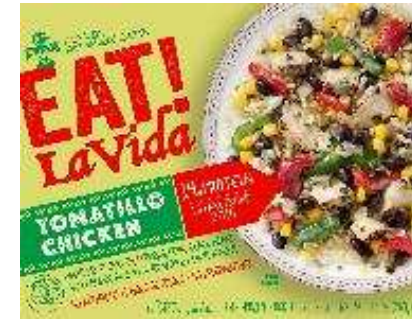
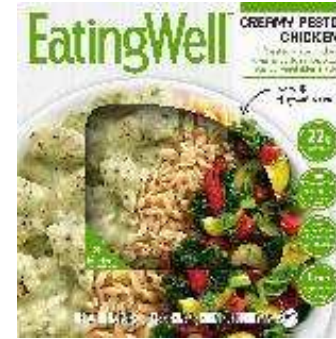
# Food Retail Products







# Food Retail Products







# Food Service : Five Stars Chain



More Than **6,000** Outlets

### Five Star Chicken in Vietnam



### Five Star Chicken in India







# Food Service : Chester's



198 outlets





# Food Retail Outlets

ซีพี เฟรชมาร์ต  
**CP Fresh Mart**

**409** Stores



ซีพี ฟู้ดเวิลด์  
**CP Food World**

**5** Stores







# CP CHOZEN LIMITED

## 18 Kiosks

### CHOZEN NOODLE



## **Appendix D: Highlights: 4Q16 results**



# 4Q16 Results Highlights

## Consolidated Revenue (THB millions)

+9%Y-o-Y

109,576

119,626

4Q15

4Q16

## Gross Profit (THB millions)

+3%Y-o-Y

15,103

15,622

4Q15

4Q16

## Net Profit (THB millions)

+12%Y-o-Y

1,549

1,739

4Q15

4Q16

Consolidated sales 9% Y-o-Y

Gross profit margin

4Q15 13.8%

4Q16 13.0%

0.8%

Net profit margin

4Q15 1.41%

4Q16 1.45%

0.04

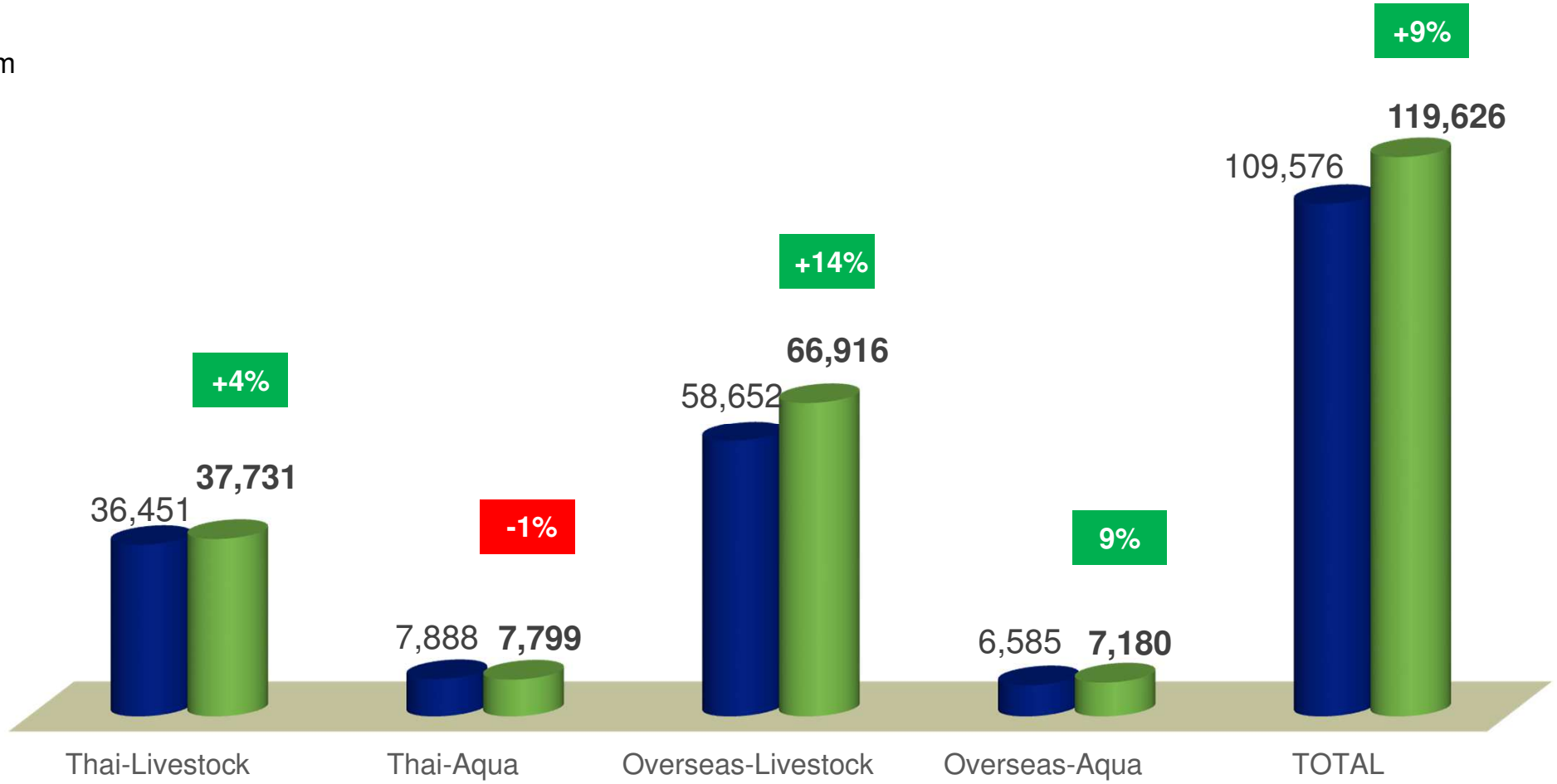


# 4Q16: Sales & Gross Profit Margin by Business

In THB, m

■ 4Q15

■ 4Q16



	4Q15	4Q16	4Q15	4Q16	4Q15	4Q16	4Q15	4Q16	4Q15	4Q16
<b>GPM</b>	13.5%	12.5%	8.5%	7.5%	15.3%	14.4%	8.0%	10.1%	13.8%	13.1%
<b>OPM</b>	2.2%	3.4%	-1.1%	0.3%	6.7%	4.3%	-0.8%	1.4%	4.2%	3.6%





# 4Q16: Consolidated Sales Structure by Business

## Sales Breakdown

	Livestock			Aqualculture			Total		
	4Q15	4Q16	%Change	4Q15	4Q16	%Change	4Q15	4Q16	%Change
<b>Thailand</b>	36,451	37,731	4%	7,888	7,799	-1%	44,339	45,530	3%
<i>Domestic</i>	29,976	30,973	3%	6,156	6,138	0%	36,132	37,111	3%
<i>Export</i>	6,475	6,758	4%	1,731	1,661	-4%	8,206	8,419	3%
<b>China</b>	23,841	28,545	20%	1,285	1,094	-15%	25,125	29,639	18%
<b>Vietnam</b>	17,050	16,982	0%	2,012	2,044	2%	19,062	19,026	0%
<b>Others</b>	17,761	21,389	20%	3,289	4,043	23%	21,050	25,431	21%
<b>Total</b>	<b>95,103</b>	<b>104,647</b>	<b>10%</b>	<b>14,473</b>	<b>14,979</b>	<b>3%</b>	<b>109,576</b>	<b>119,626</b>	<b>9%</b>
<b>% of Total Sales</b>	87%	<b>87%</b>		13%	<b>13%</b>		100%	<b>100%</b>	



# 4Q16: Consolidated Sales by Products

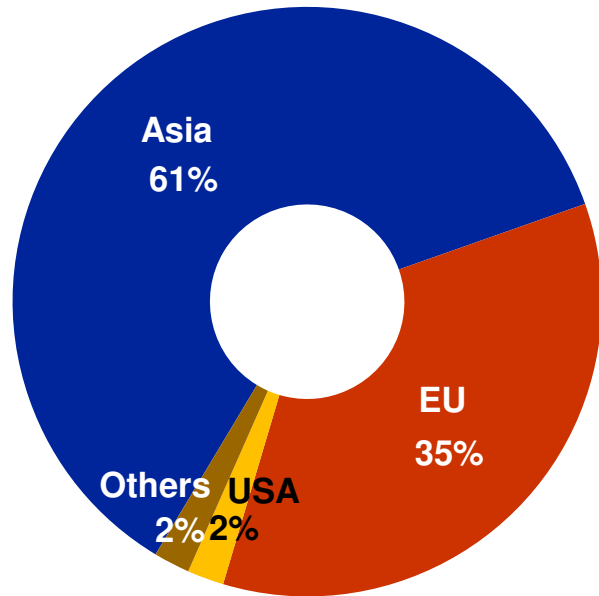
## Sales Breakdown by Products

	Feed			Farm			Food			Total		
	4Q15	4Q16	%Change	4Q15	4Q16	%Change	4Q15	4Q16	%Change	4Q15	4Q16	%Change
<b>Thailand</b>	12,116	12,626	4%	20,488	21,143	3%	11,735	11,761	0%	44,339	45,530	3%
<i>Domestic</i>	12,053	12,577	4%	18,509	18,969	2%	5,570	5,565	0%	36,132	37,111	3%
<i>Export</i>	63	49	22%	1,979	2,174	10%	6,165	6,196	1%	8,207	8,419	3%
<b>China</b>	25,065	27,349	9%	0	515	100%	60	1,775	2858%	25,125	29,639	18%
<b>Vietnam</b>	7,326	8,375	14%	11,249	10,138	-10%	487	513	5%	19,062	19,026	0%
<b>Others</b>	8,150	8,839	8%	11,232	14,061	25%	1,669	2,532	52%	21,050	25,432	21%
<b>Total</b>	<b>52,657</b>	<b>57,189</b>	<b>9%</b>	<b>42,968</b>	<b>45,857</b>	<b>7%</b>	<b>13,950</b>	<b>16,580</b>	<b>19%</b>	<b>109,576</b>	<b>119,626</b>	<b>9%</b>

## **Appendix E: Export Destination**



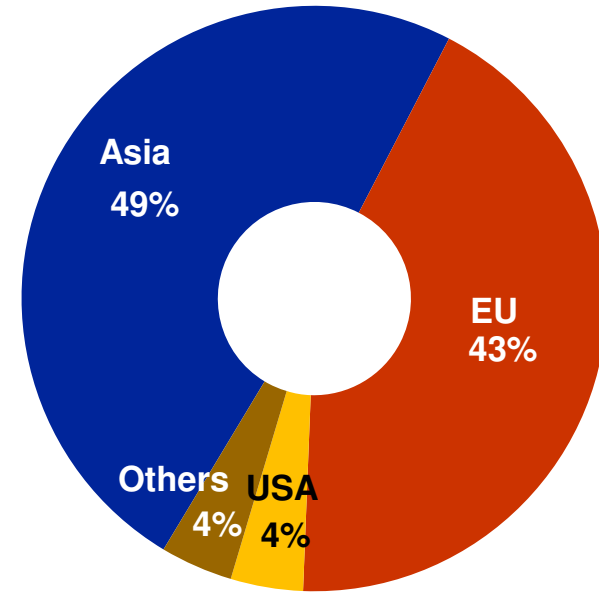
# 2016: Thailand Operations – Export Destination



■ Asia ■ EU ■ USA ■ Others

## Farm

THB 7,393 million +21%



■ Asia ■ EU ■ USA ■ Others

## Food

THB 21,179 million +5%

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