



Charoen Pokphand Foods PCL.

1H 2019 Results Briefing

Investor Presentation
August 14, 2019

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



FTSE4Good



*Kitchen of
the World*

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“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)
 - 40 series of debentures listed on Thai Bond Market Association “TBMA”
 - 1 exchangeable Bond “EBs” on 

Highlights

FY18 Sales : THB542 billion or ~USD17.1 billion

Market Cap : THB234 billion or ~USD7.6 billion
(as of August 13, 2019)

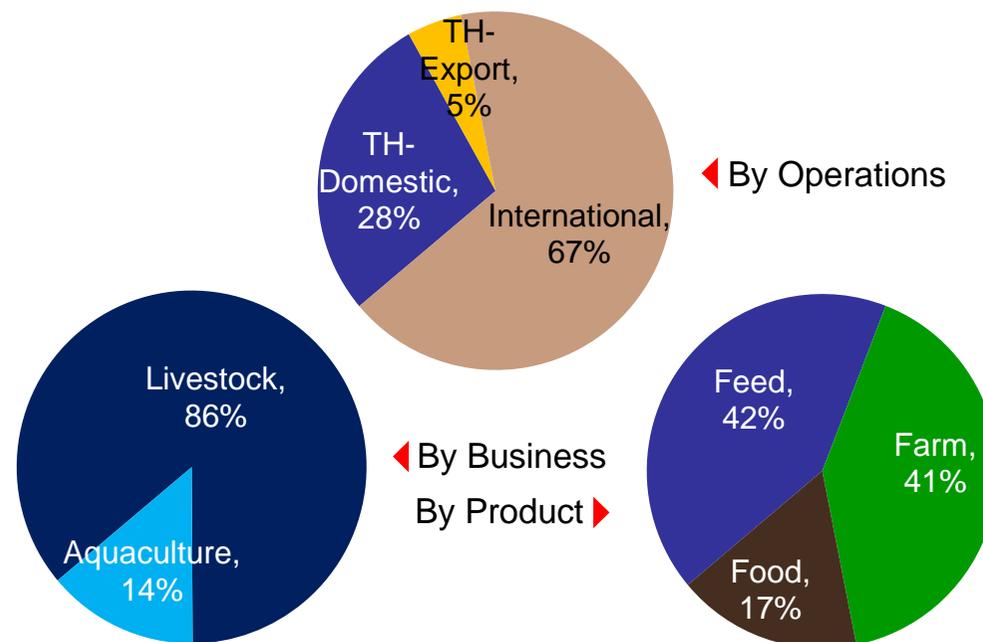
Capital : 8,611 million shares (paid-up) *(as of Jun 30, 2019)*
par value of THB.1.00 per share

Book Value : THB18.52* per share *(as of Jun 30, 2019)*

Shareholders : Charoen Pokphand Group Ltd. 53.88%
of Paid-Up Capital *(as of May 8, 2019)*

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

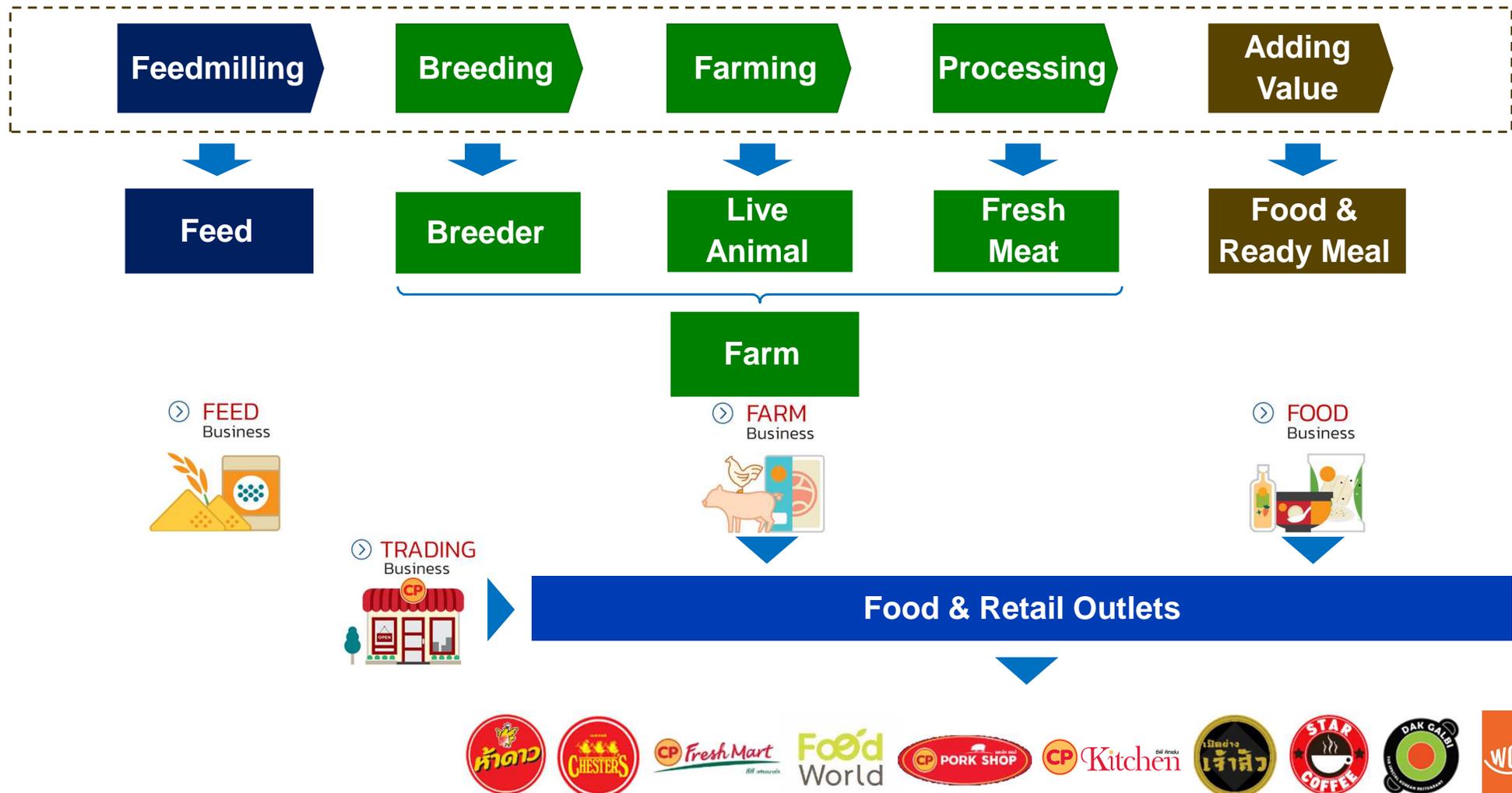
2018 Sales Breakdown



Note: USD1 = THB 30.80 (as of August 13, 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 16 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

Taiwan, China

- Livestock integrated business

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

Philippines

- Livestock and aquaculture feed and farming

Laos

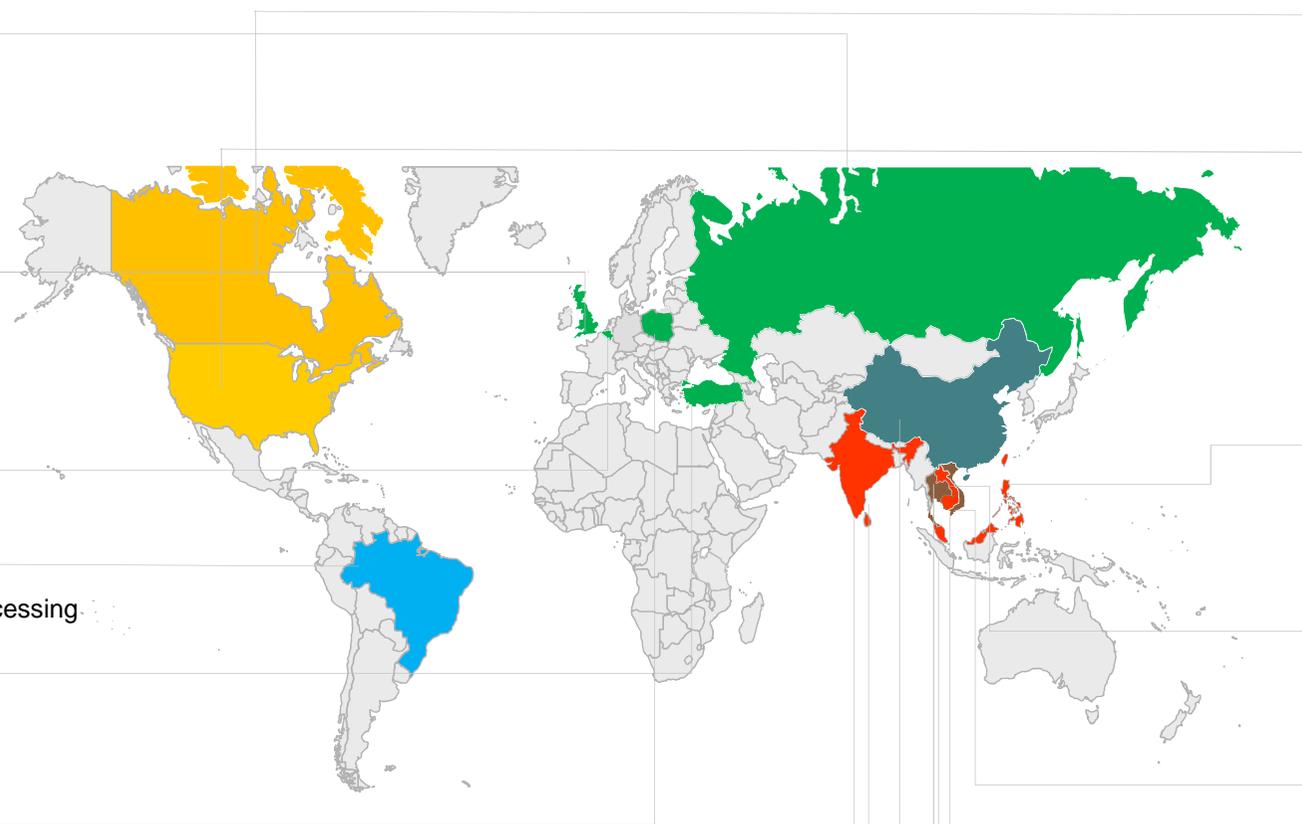
- Livestock integrated business

Cambodia

- Livestock integrated business

Vietnam

- Livestock and aquaculture integrated businesses





3 Strategic Directions

- Sustainable Growth
- Aiming for Excellence
- Building Solid Foundation



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

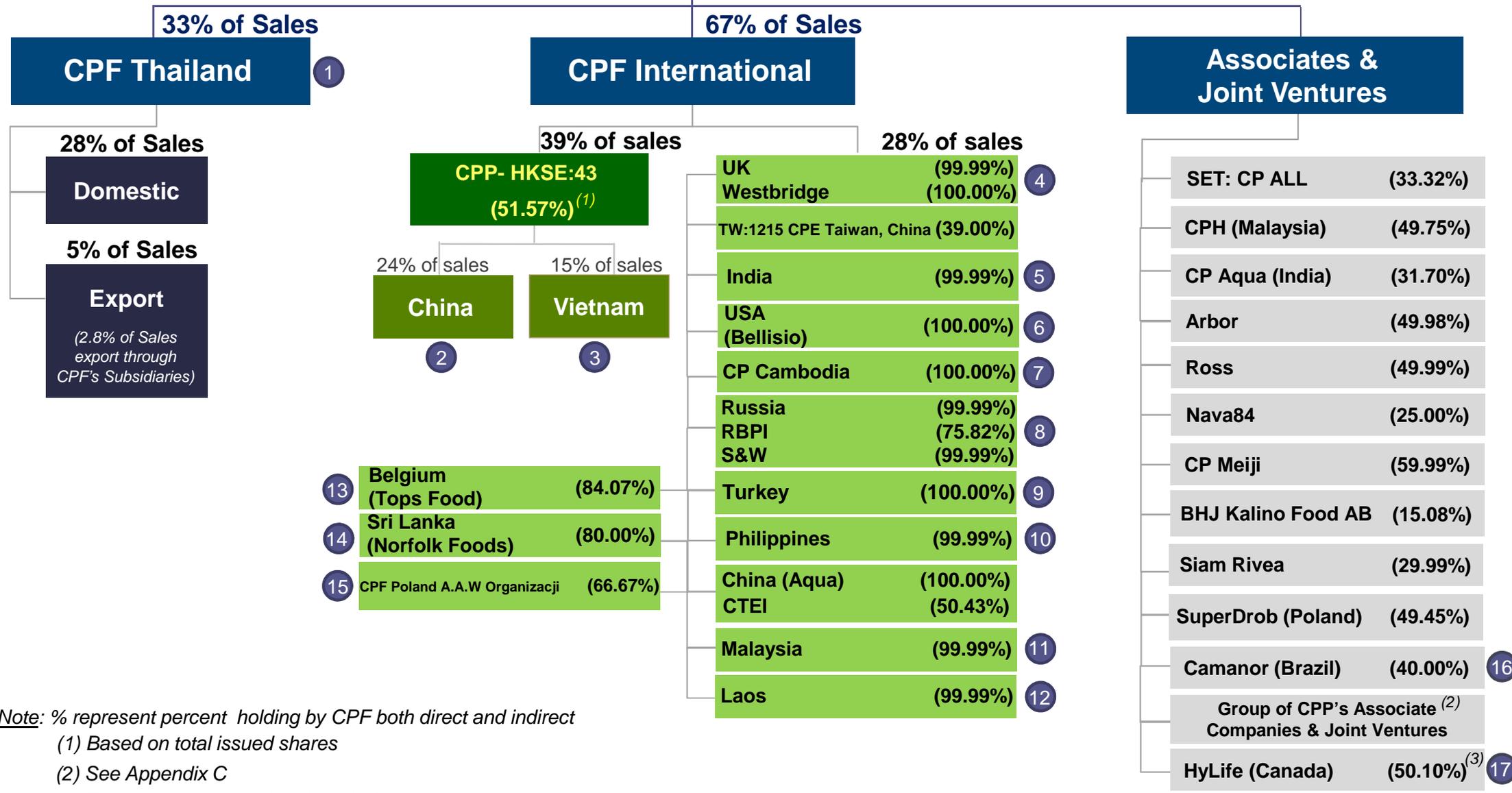




CPF Operational Structure (As of Jun 30, 2019)



1H19 : Sales: THB 259,183 m
Net Profit: THB 8,384 m

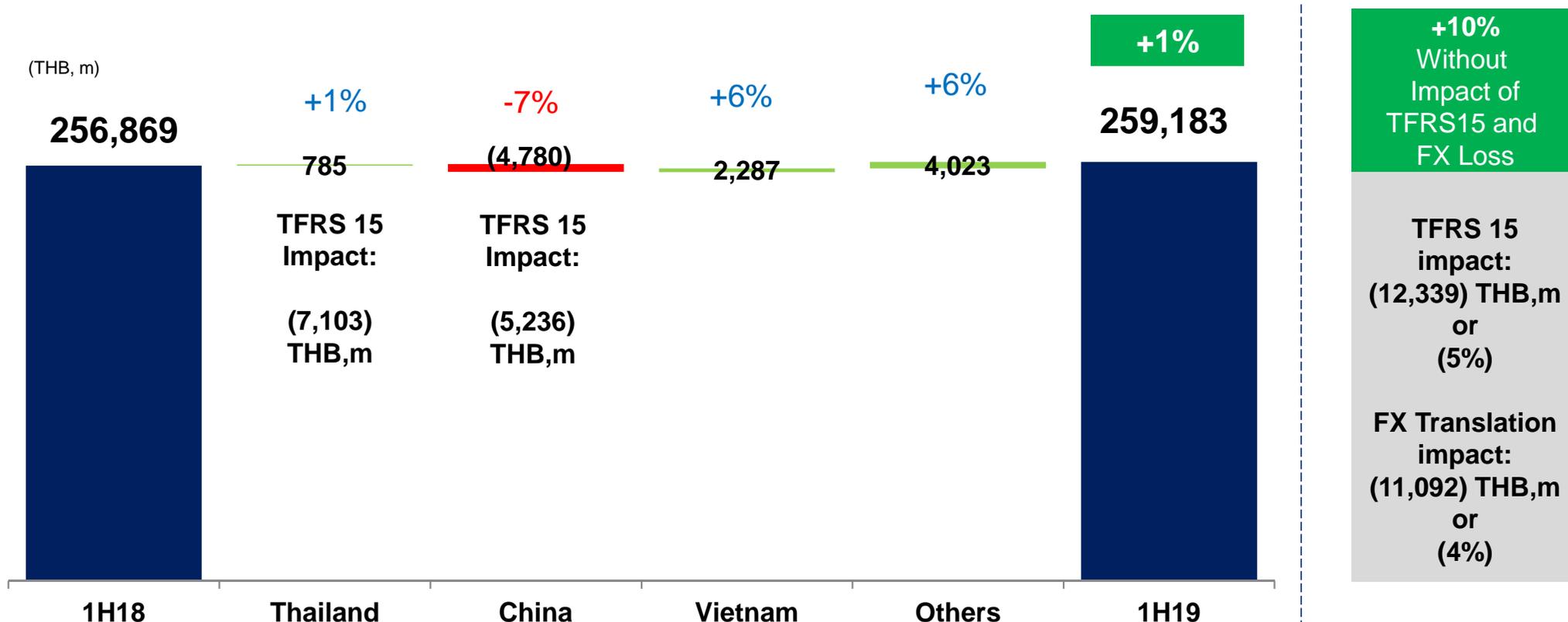


Note: % represent percent holding by CPF both direct and indirect
 (1) Based on total issued shares
 (2) See Appendix C
 (3) Expected to be completed within Q4/19



1H19: Revenue increased y-o-y by 1% despite TFRS15 and FX loss

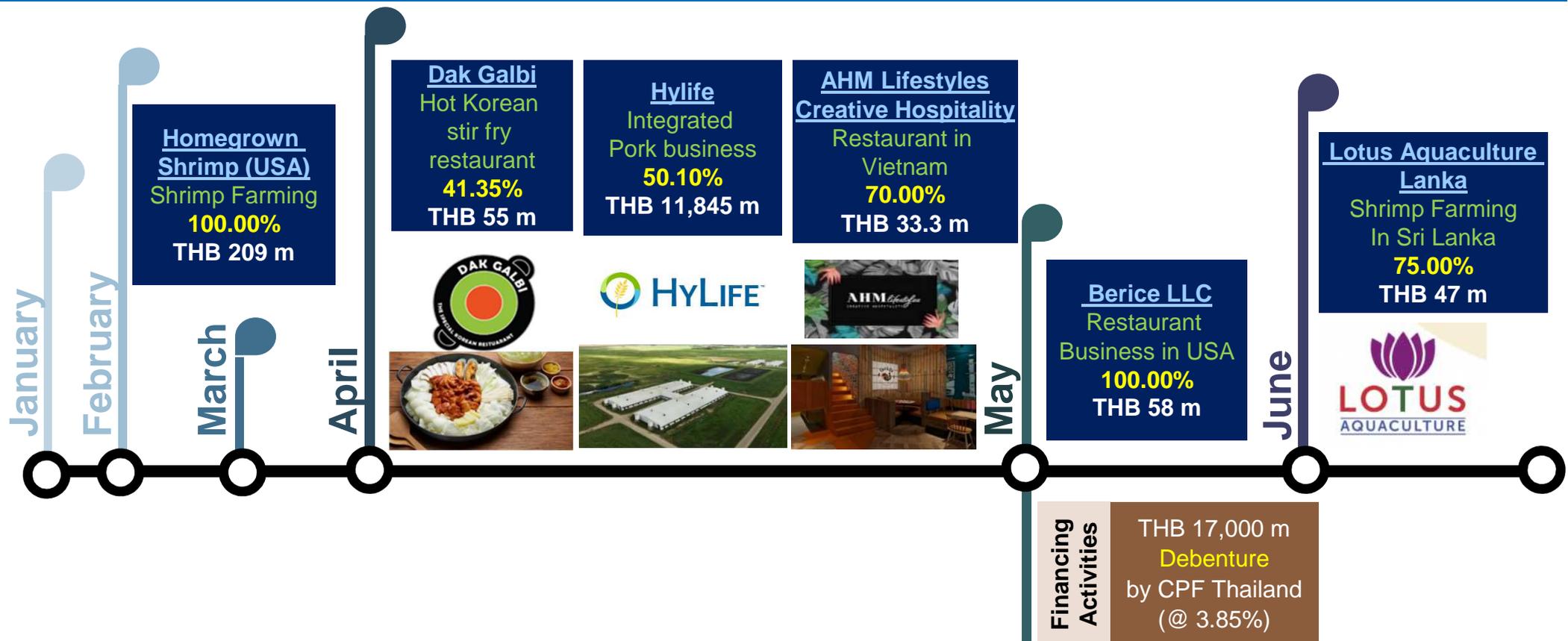
- **1H19** revenue increased 1% y-o-y despite adoption of TFRS15 and FX translation loss
- **Thailand's** revenue improved mainly from better swine price, without TFRS15 impact revenue increased by 9%
- **China's** revenue decreased by 7% y-o-y due to impact of TFRS15 and FX translation loss
- **Vietnam's** revenue increased by 6% y-o-y mainly due to higher average swine price in 1H19
- **Other international operation's** revenue increased by 6% y-o-y despite FX translation impact



Profitability

- **Gross profit** increased from THB 27,990m in 1H18 to THB 36,285m in 1H19, led by swine prices recovery in Thailand
- **One time** expense from the amendment of the Thailand's Labour Protection Act in the amount of THB 1,812m
- **EBITDA** increased by 44% y-o-y to THB 22,175m in 1H19
- **Net Profit** decreased by 6% y-o-y to THB 8,384m in 1H19

2019 Investment and Financing Activities



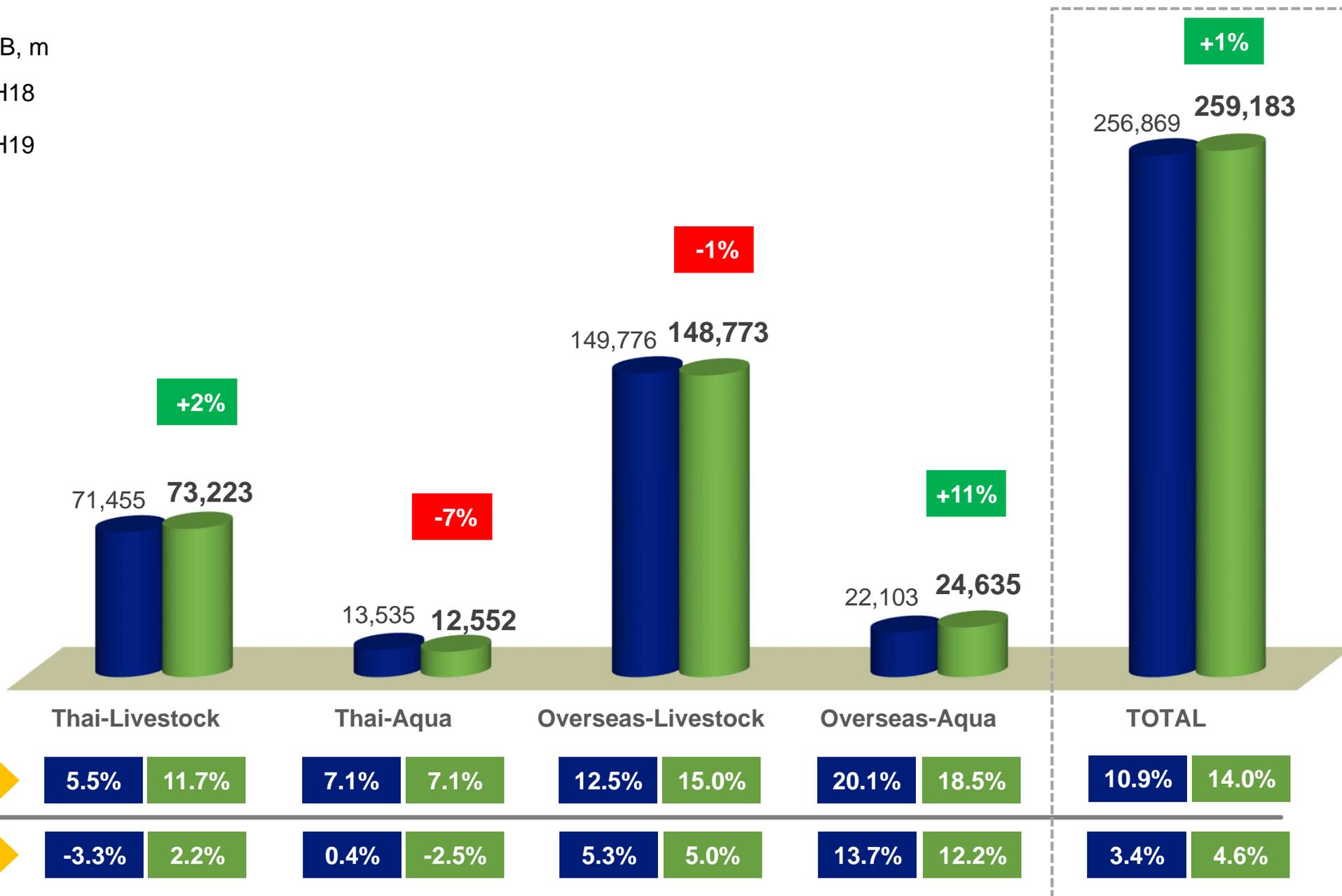


1H19: Sales & Profit Margin by Business

In THB, m

■ 1H18

■ 1H19





1H19: Consolidated Sales Structure by Business

Sales Breakdown

	Livestock			Aquaculture			Total		
	1H18	1H19	%Change	1H18	1H19	%Change	1H18	1H19	%Change
Thailand	71,455	73,223	2%	13,535	12,552	-7%	84,990	85,775	1%
<i>Domestic</i>	60,616	61,112	1%	11,289	10,196	-10%	71,905	71,308	-1%
<i>Export</i>	10,839	12,111	12%	2,246	2,356	5%	13,085	14,467	11%
China	63,291	58,812	-7%	4,485	4,183	-7%	67,776	62,995	-7%
Vietnam	30,031	30,620	2%	6,553	8,252	26%	36,584	38,872	6%
Others	56,454	59,341	5%	11,065	12,200	10%	67,519	71,541	6%
Total	221,231	221,996	0%	35,638	37,187	4%	256,869	259,183	1%
% of Total Sales	86%	86%		14%	14%		100%	100%	

- Thailand
- China
- Vietnam

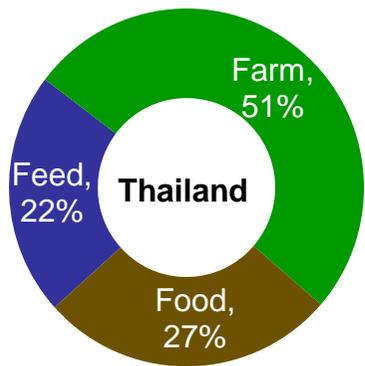
72%
of Sale
Revenue



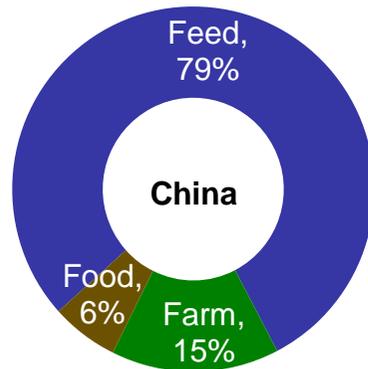
1H19: Consolidated Sales by Products

Sales Breakdown by Products

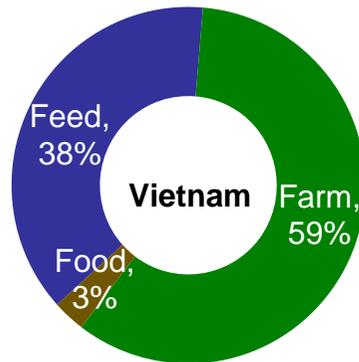
	Feed			Farm			Food			Total		
	1H18	1H19	%Change	1H18	1H19	%Change	1H18	1H19	%Change	1H18	1H19	%Change
Thailand	24,644	18,608	-24%	39,067	44,024	13%	21,279	23,143	9%	84,990	85,775	1%
<i>Domestic</i>	24,617	18,574	-25%	35,526	40,635	14%	11,762	12,099	3%	71,905	71,308	-1%
<i>Export</i>	27	34	26%	3,541	3,389	-4%	9,517	11,044	16%	13,085	14,467	11%
China	56,523	49,589	-12%	8,133	9,670	19%	3,120	3,736	20%	67,776	62,995	-7%
Vietnam	12,780	14,575	14%	22,800	22,980	1%	1,004	1,317	31%	36,584	38,872	6%
Others	17,946	18,061	1%	32,893	35,414	8%	16,680	18,066	8%	67,519	71,541	6%
Total	111,893	100,833	-10%	102,893	112,088	9%	42,083	46,262	10%	256,869	259,183	1%



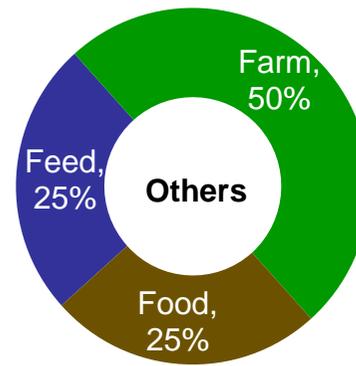
THB 85,775 m
% to sales 33%



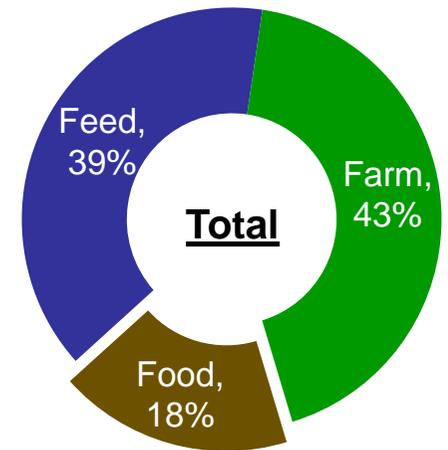
THB 62,995 m
24%



THB 38,872 m
15%



THB 71,541 m
28%



THB 259,183 m
100%

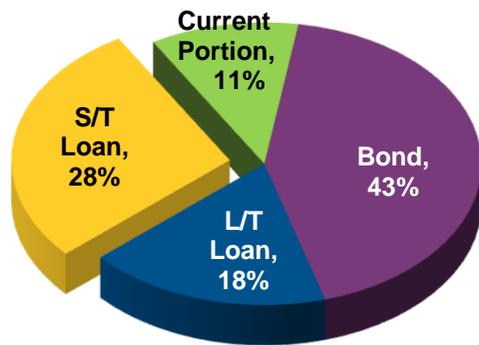


1H19: Consolidated Income Statement Highlight

	Quarter 1			Quarter 2			6 Months		
	2018	2019	% Chg.	2018	2019	% Chg.	2018	2019	% Chg.
Net sales	120,516	125,286	4%	136,353	133,896	-2%	256,869	259,183	1%
<i>Gross Profit Margin</i>	9.4%	14.1%		12.2%	13.9%		10.9%	14.0%	
EBITDA	5,496	11,585	111%	9,883	10,590	7%	15,378	22,175	44%
<i>EBITDA Margin</i>	4.6%	9.2%		7.2%	7.9%		6.0%	8.6%	
EBIT	44	5,979	13,489%	4,354	5,106	17%	4,399	11,085	152%
<i>EBIT Margin</i>	0.0%	4.77%		3.2%	3.8%		1.7%	4.3%	
Share in Profit of Associates	2,217	2,348	6%	1,942	1,870	-4%	4,159	4,218	1%
Financial Costs	(2,783)	(3,414)	23%	(2,835)	(3,467)	22%	(5,618)	(6,881)	22%
Income Taxes Expense	(285)	(687)	141%	(1,315)	(1,172)	-11%	(1,600)	(1,859)	16%
NET PROFIT	3,049	4,279	40%	5,894	4,105	-30%	8,943	8,384	-6%
EPS (THB)	0.35	0.50		0.70	0.48		1.06	0.99	
# of capital shares ⁽¹⁾	8,185	8,185		8,185	8,185		8,185	8,185	
Paid-Up Capital	8,611	8,611		8,611	8,611		8,611	8,611	
Dividend (THB/Share)							0.35	0.30	

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

Interest Bearing Debt: THB 340,451 m



Cost of Debts	2016	2017	2018	1H19
	3.87%	3.84%	4.05%	4.14%

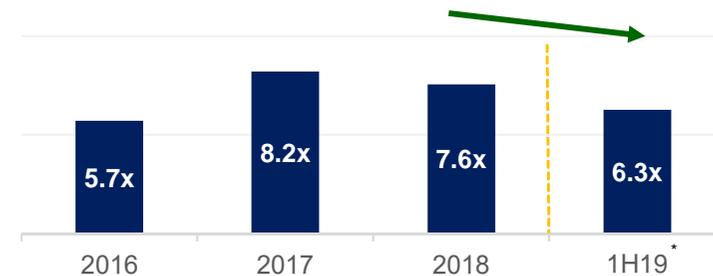
Bond Rating "A+" with "Stable" Outlook by Tris Rating Co., Ltd

Net Debt to Equity & Net Debt to EBITDA

Net D/E



Net D/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 Jun 30, 2019)				
CPALL (SET:CPALL)	THB	86.00	772,547	33.32%	257,413
CPP (HKSE:0043)	HKD	0.67	63,222	51.57%	32,604
TRUE (SET:TRUE)	THB	5.85	195,204	2.21%	4,314
CPE (TWSE:1215)	TWD	69.20	18,359	39.00%	7,160
CTEI (HKSE:3839)	HKD	1.79	1,689	50.43%	852
Total					302,342

Growth Target

- Expected sales growth of approximately 5-8 % excluding FX translation impact

Key Drivers & Focus

- Recovery in domestic meat prices
- Higher revenue and profitability of overseas aquaculture businesses
- 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

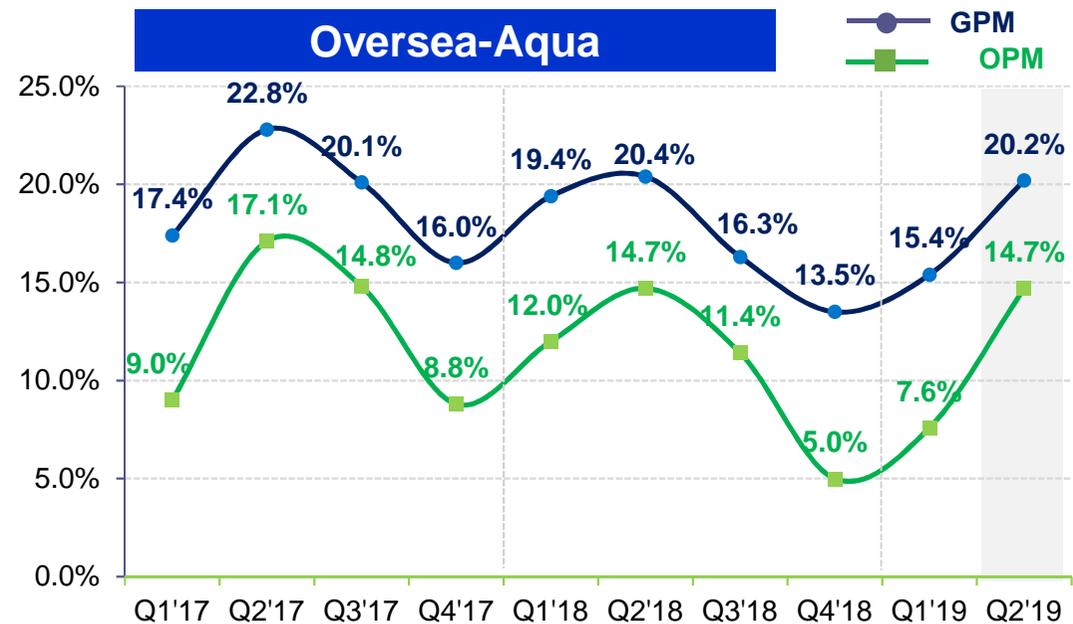
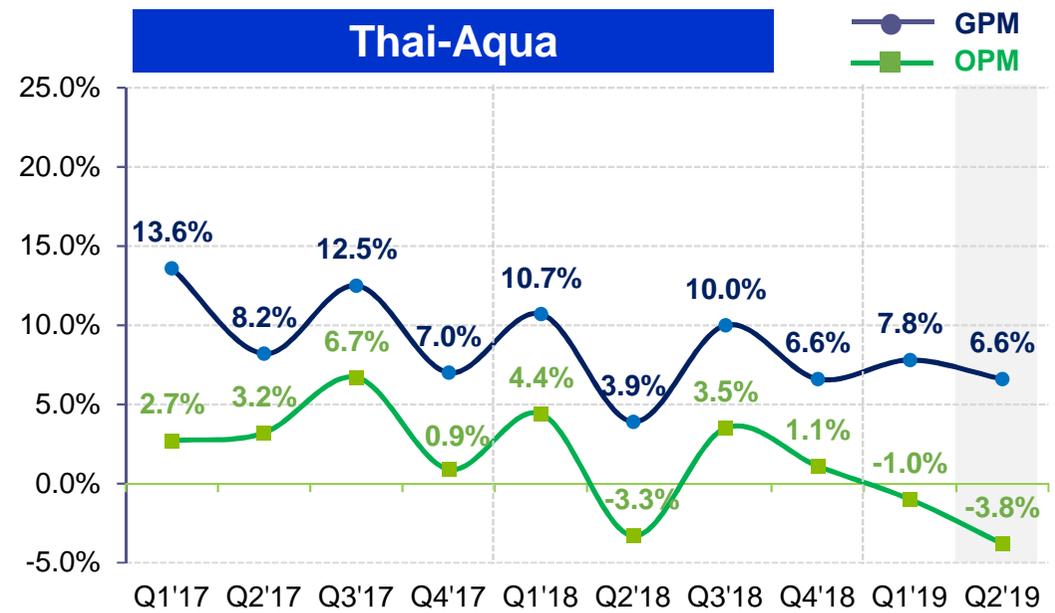
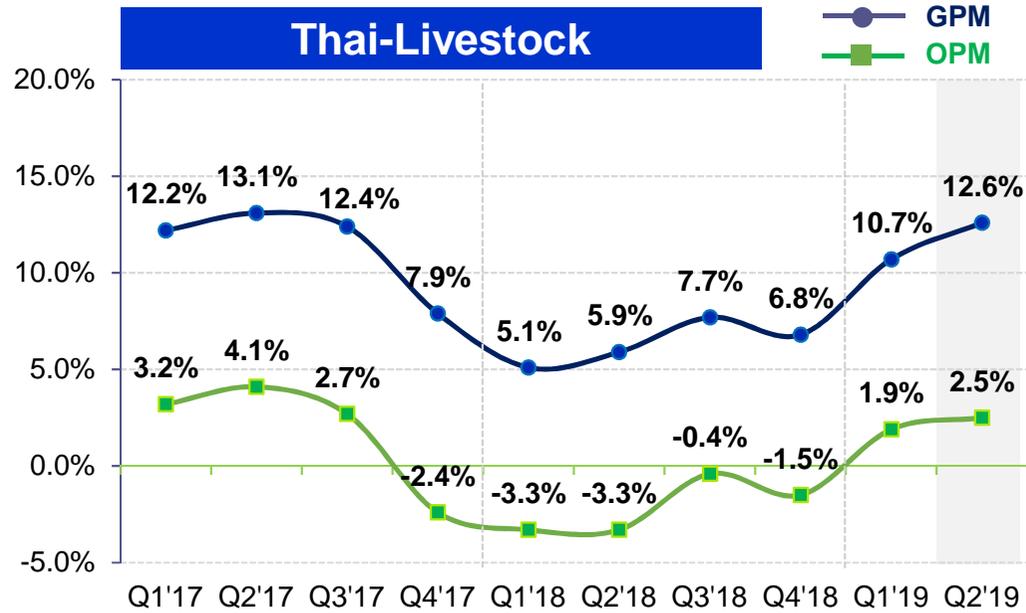
Investment

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

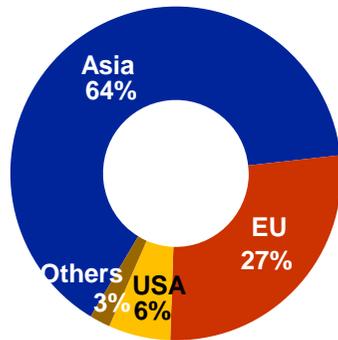
Appendix A: Highlights : 3Yr Historical Results



Gross Profit Margin & Operating Profit Margin



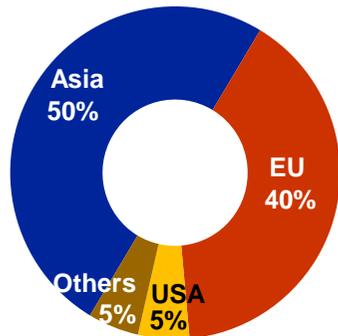
Y2017



■ Asia ■ EU ■ USA ■ Others

Farm

THB 8,531 million +15%

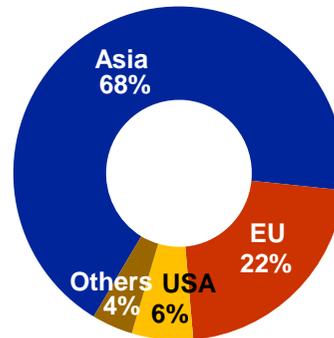


■ Asia ■ EU ■ USA ■ Others

Food

THB 21,796 million +3%

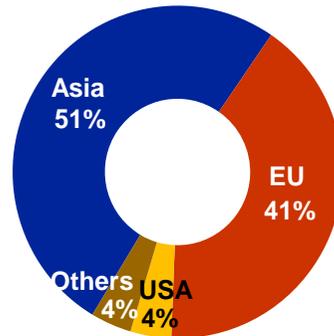
Y2018



■ Asia ■ EU ■ USA ■ Others

Farm

THB 7,473 million -12%

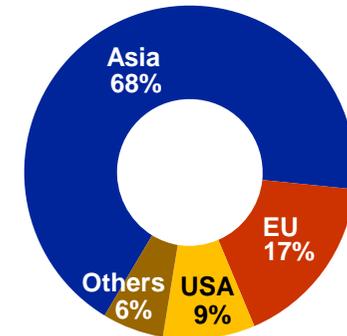


■ Asia ■ EU ■ USA ■ Others

Food

THB 21,490 million -1%

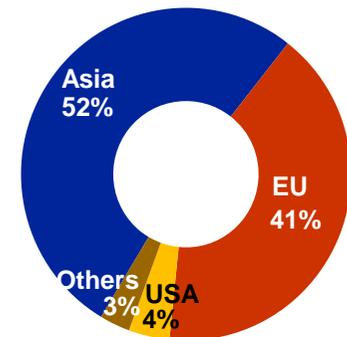
1H19



■ Asia ■ EU ■ USA ■ Others

Farm

THB 3,389 million -5%



■ Asia ■ EU ■ USA ■ Others

Food

THB 11,044 million +14%



Consolidated Income Statement Highlight

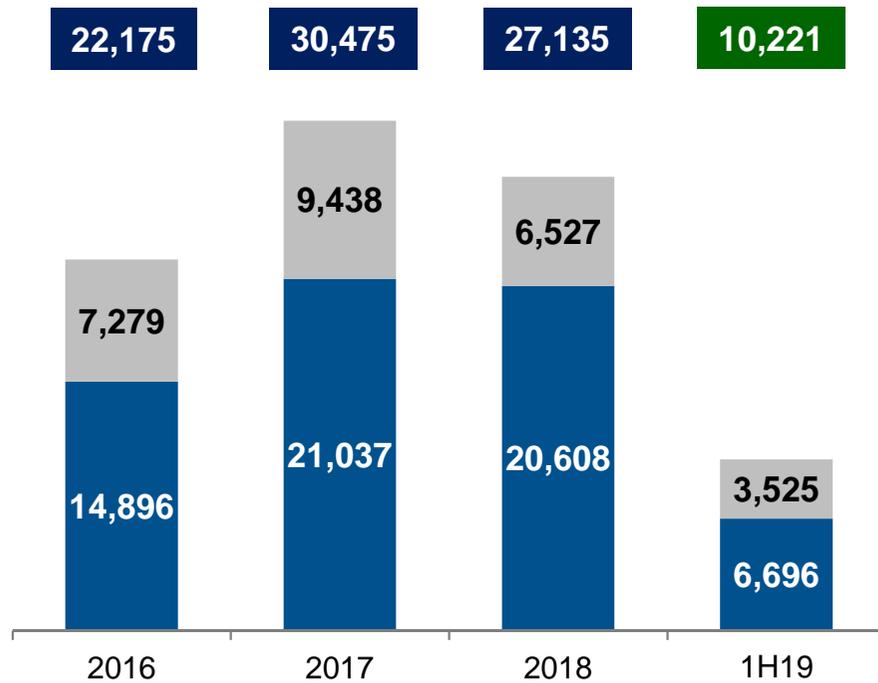
	Full Year				
	2016	2017	% Change	2018	% Change
Net sales	464,465	501,507	8%	541,937	8%
Gross Profit Margin (%)	15.6%	12.0%		12.1%	
EBITDA	48,464	32,420	-33%	39,559	22%
EBIT	29,956	11,172	-63%	17,151	54%
Share in Profit of Associates	6,512	7,983	23%	8,343	5%
Financial Costs	(10,601)	(11,743)	11%	(11,703)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

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

CAPEX

Unit: THB, m

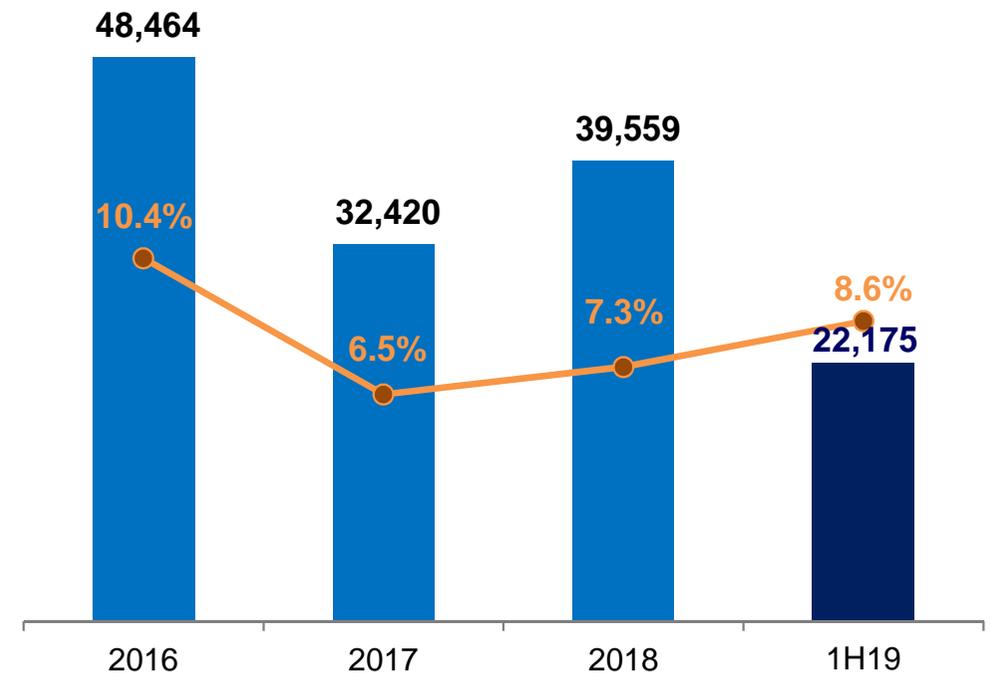
- CPP
- CPF



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

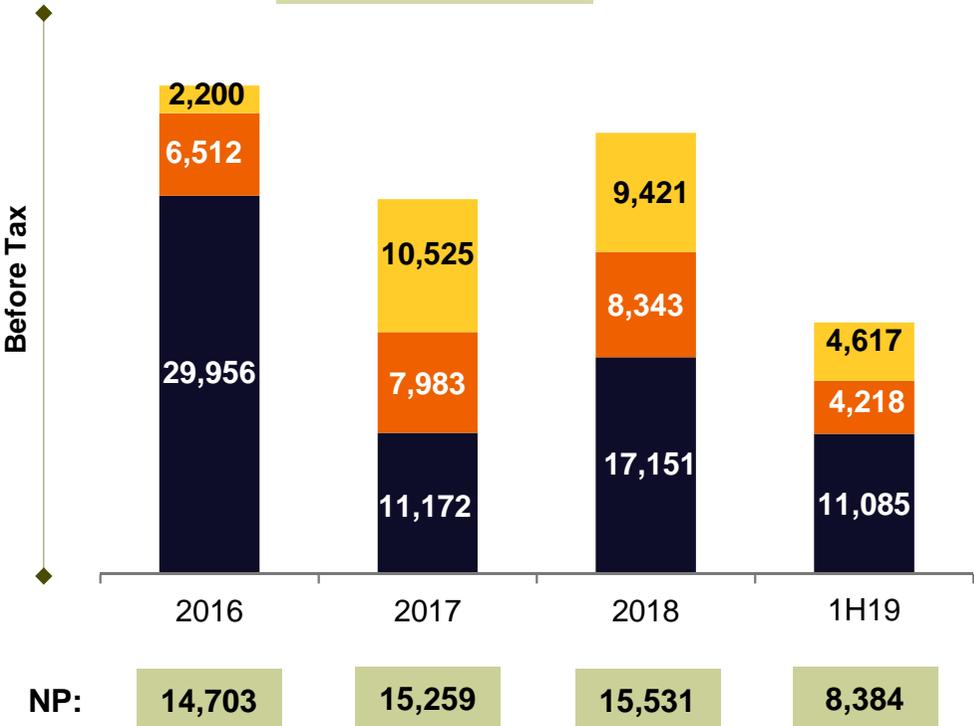


Net Profit

Unit: THB, m

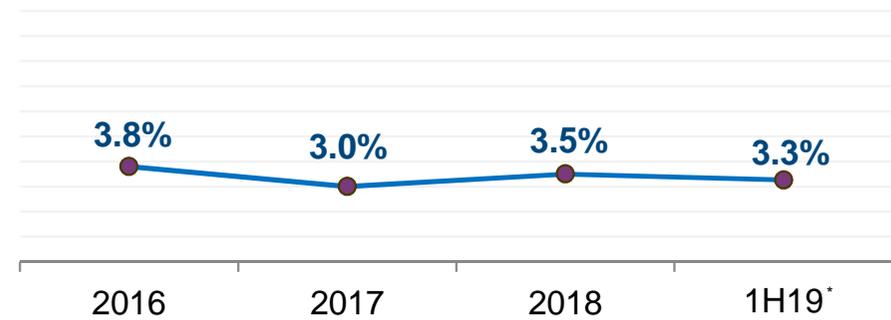
- Gain on fair value adjustment on investment in associates
- Divestment and Dividend
- Equity (Share in Profit of Associates)
- EBIT

CAGR +3%



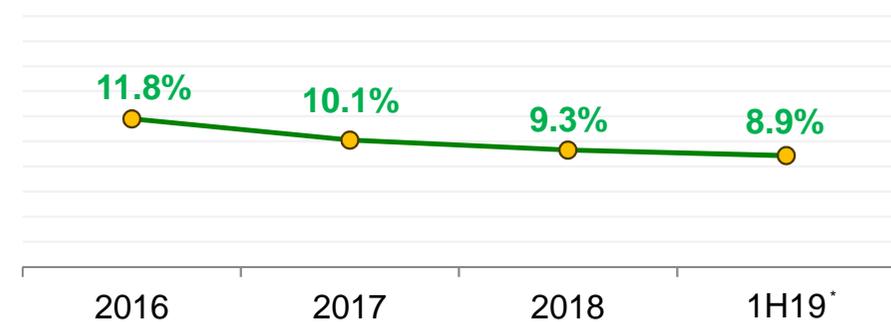
ROA & ROE

● 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)

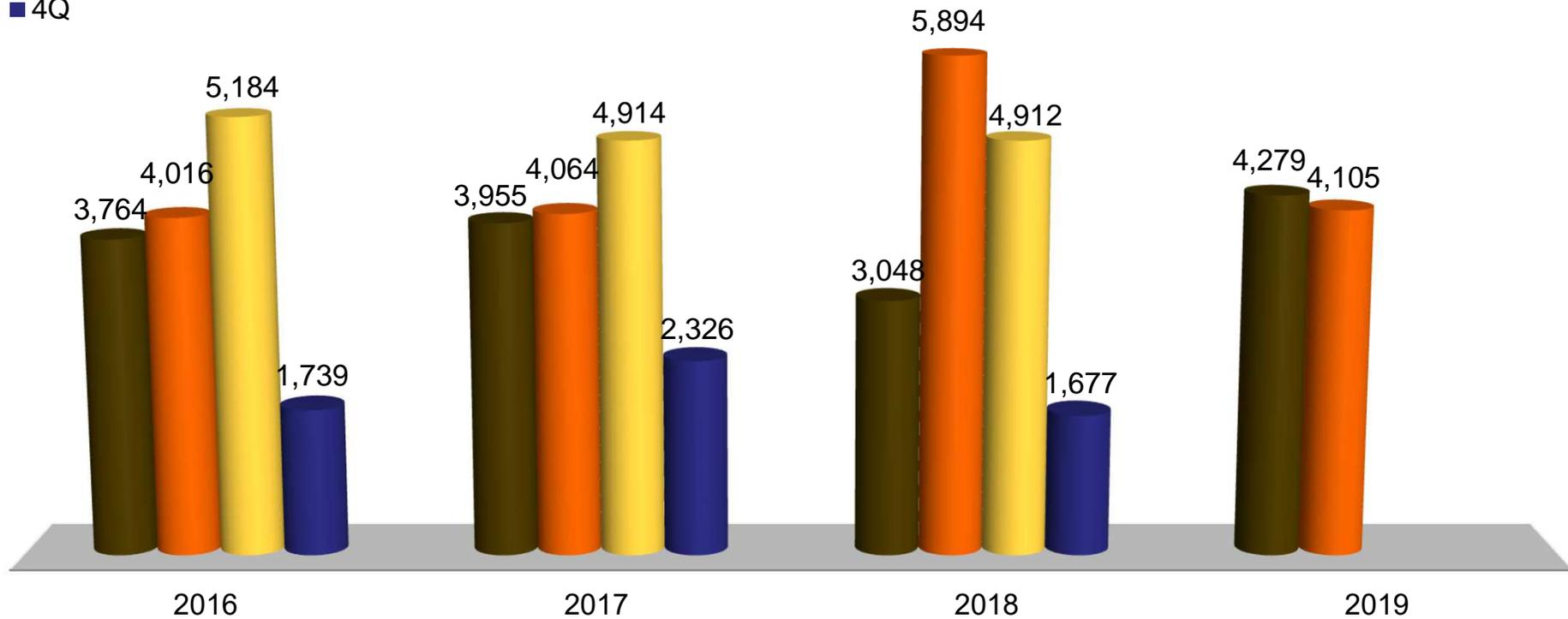
* LTM basis



Consolidated Net Profit - Quarterly

Unit : THB, m

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



Full Year:
Net Profit

14,703

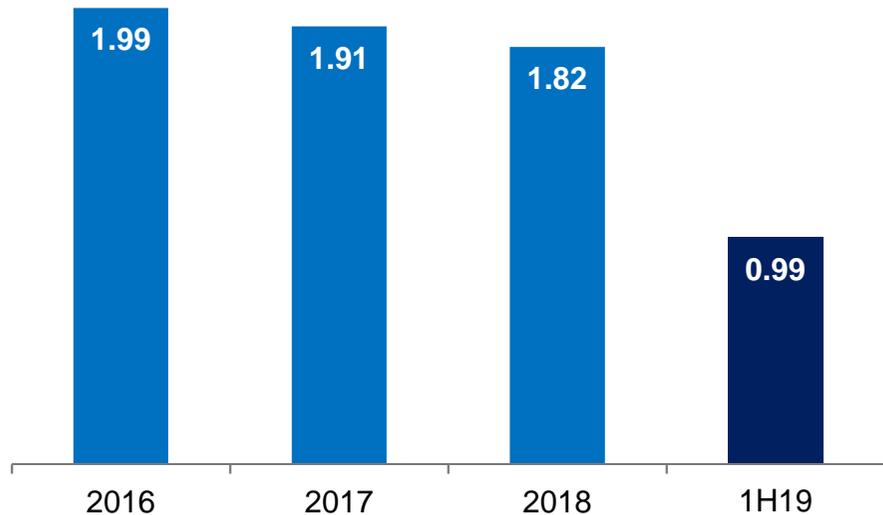
15,259

15,531



Earnings Per Share

Unit : THB Per Share

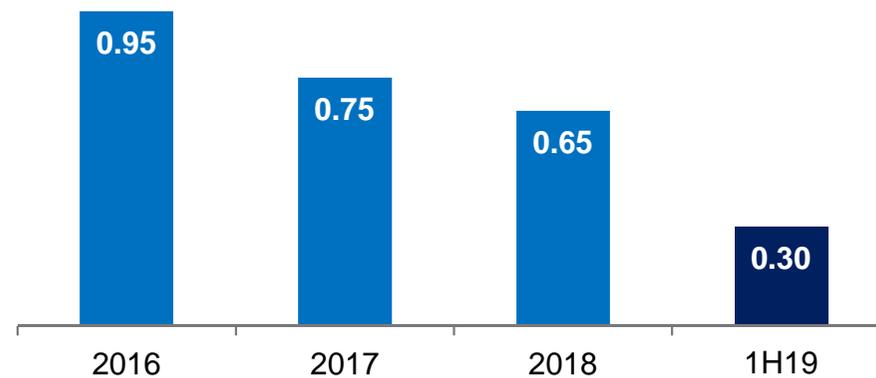


Dividends

Unit : THB Per Share

Dividend Policy

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

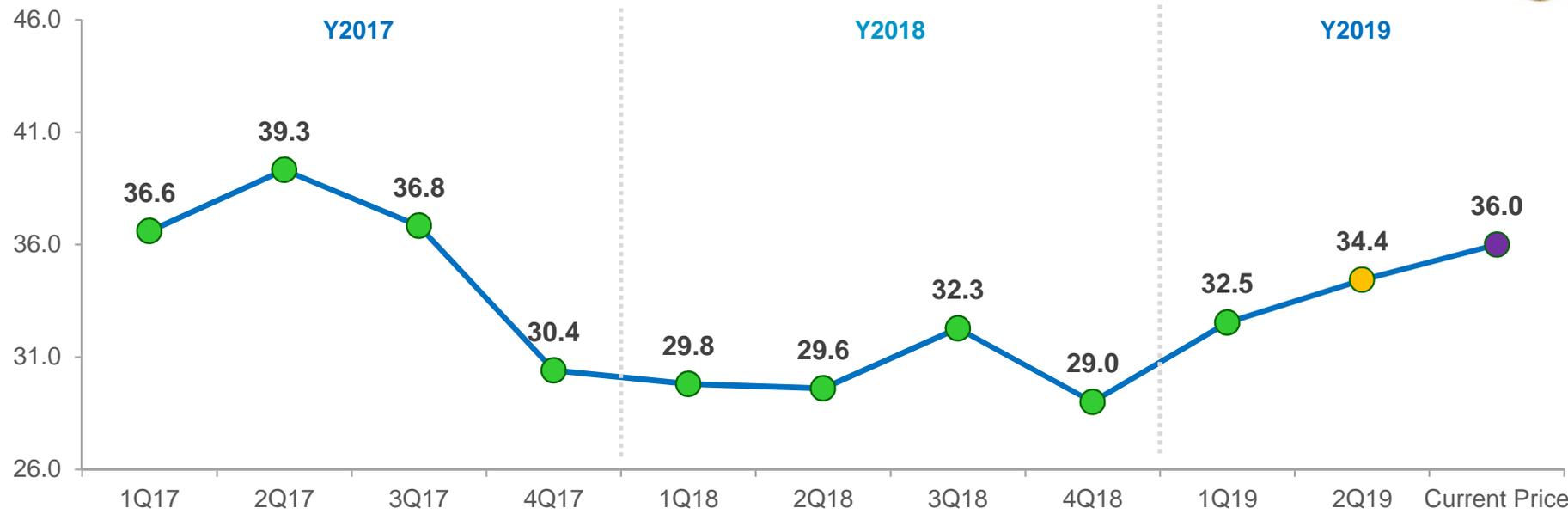


Appendix B: Products & Raw Materials Price Trend

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



Average Price		
Y17	Y18	Y19
35.8	30.2	33.5
% Chg	-16%	+11%



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



Average Price		
Y17	Y18	Y19
56.1	56.3	71.4
% Chg	0%	+27%



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



Average Price		
Y17	Y18	Y19
2.3	2.3	2.4
% Chg	+3%	+2%

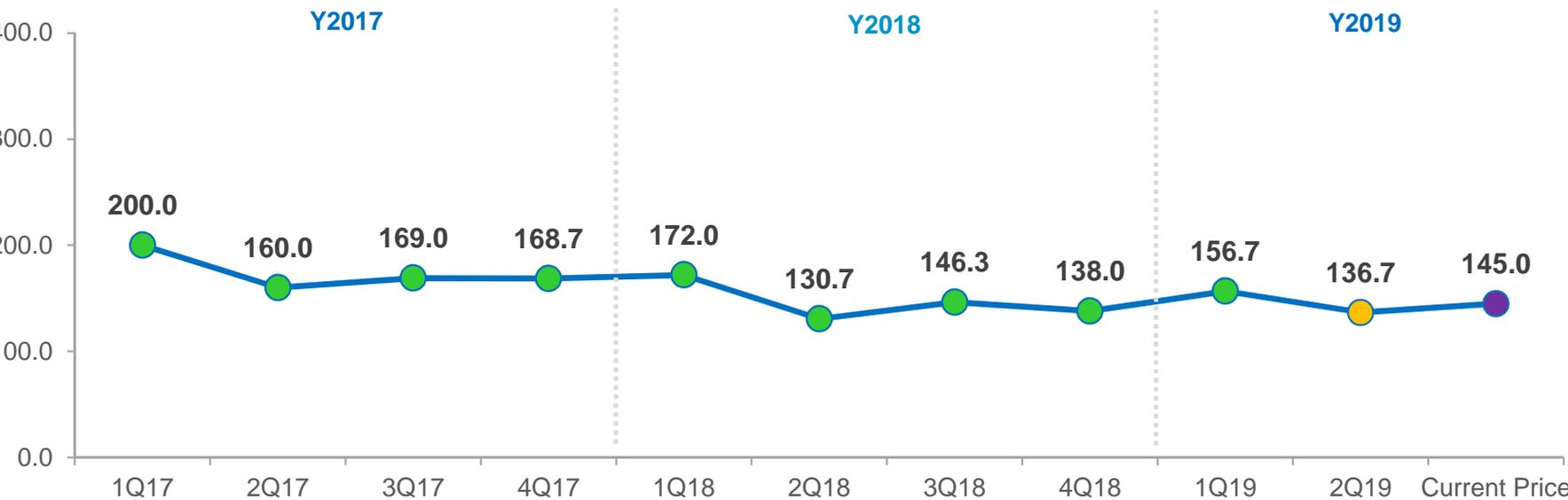


Thailand's **White Shrimp** price (THB/Kg)



Average Price		
Y17	Y18	Y19
175	147	147
% Chg	-16%	0%

Size 70 pieces/kg



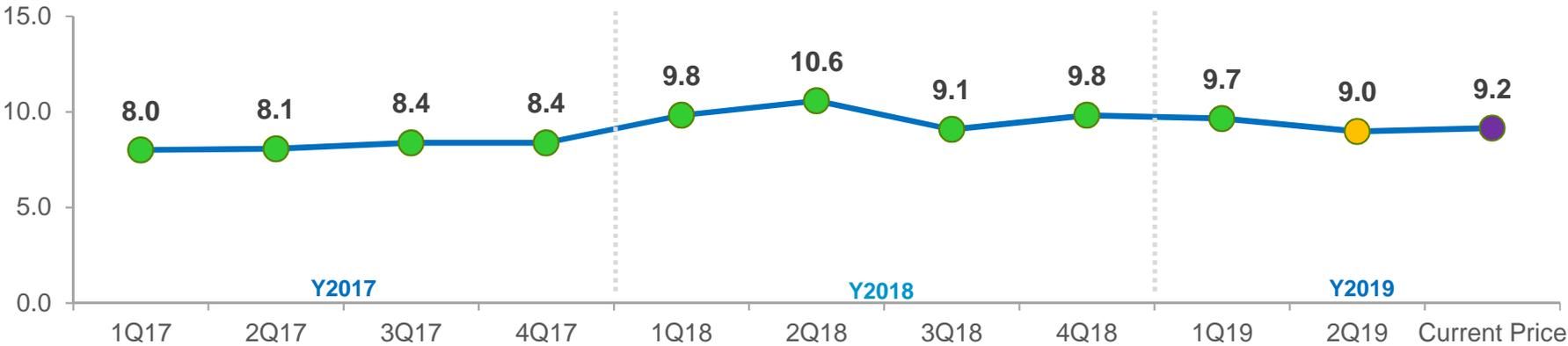


Average Raw Material Prices – Thailand

Thailand's Corn price (THB/kg)

Average Price

Y17	Y18	Y19
8.2	9.8	9.3
% Chg	+20%	-5%



Thailand's Soybean Meal price (THB/kg)

Average Price

Y17	Y18	Y19
15.9	16.5	14.9
% Chg	+4%	-10%



Thailand's Fishmeal price (THB/kg)

Average Price

Y17	Y18	Y19
32.8	41.0	29.4
% Chg	+25%	-28%



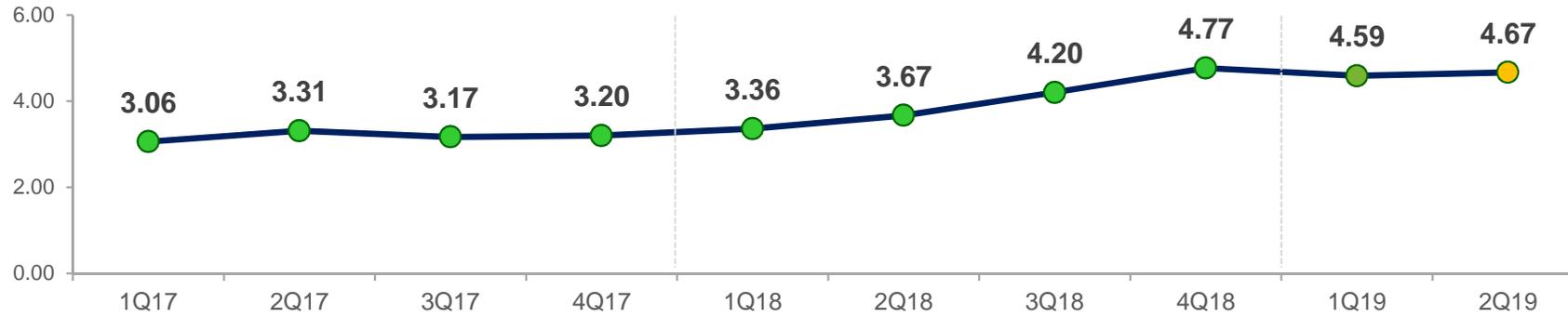


Broiler
(VND/kg)

Swine
(VND/kg)

Corn
(VND/kg)

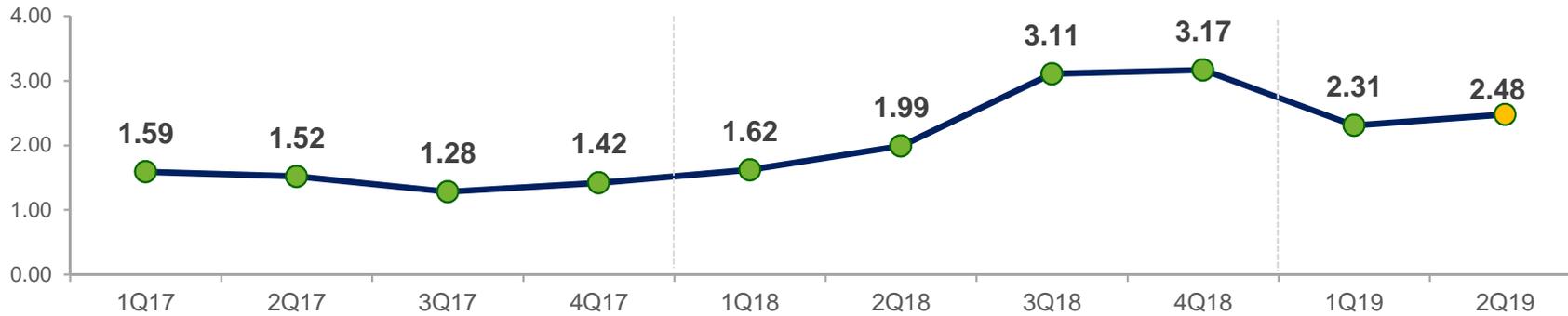
Soybean Meal
(VND/kg)



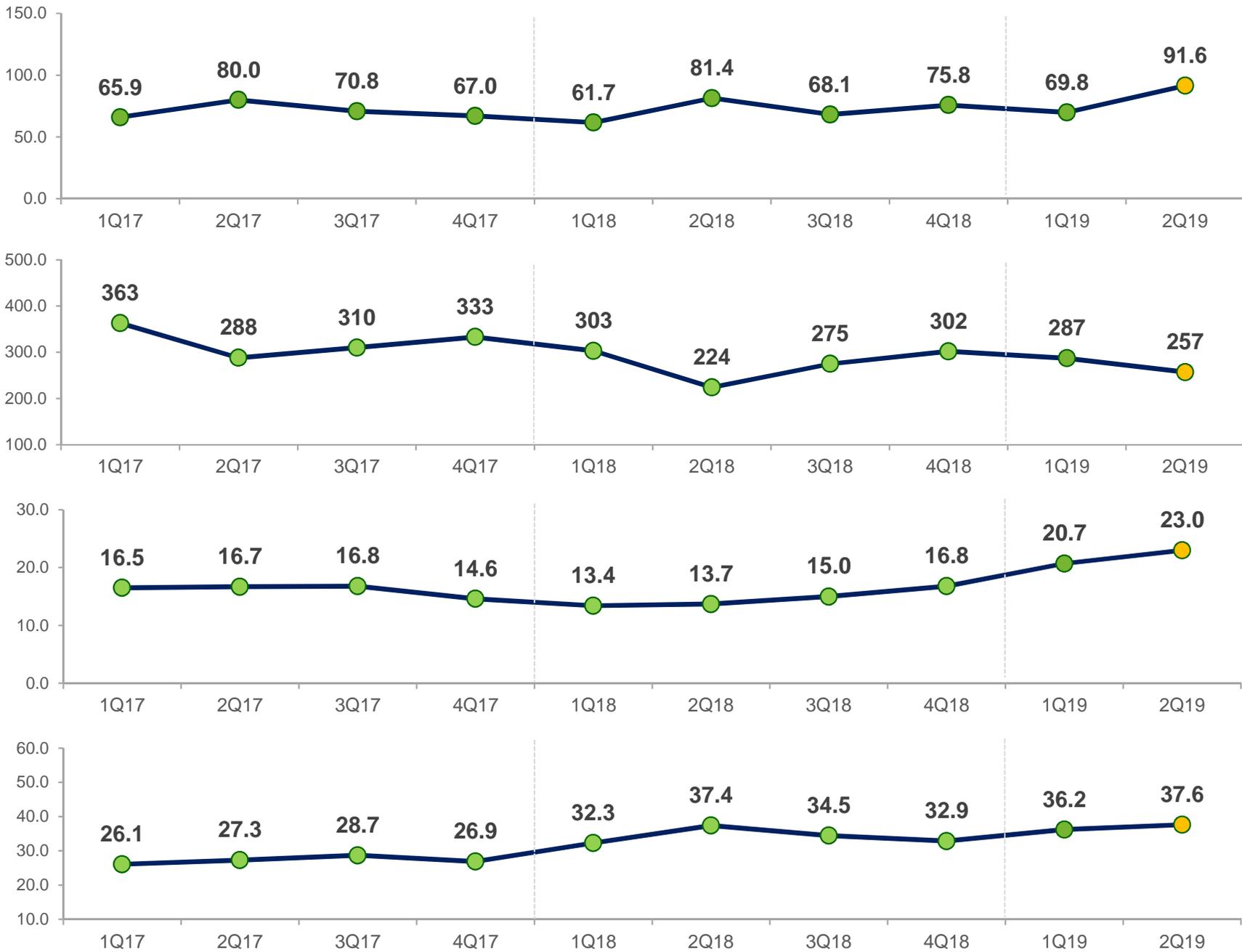
Broiler
(TRY/kg)



Corn
(TRY/kg)



Soybean Meal
(TRY/kg)



Broiler
(INR/kg)

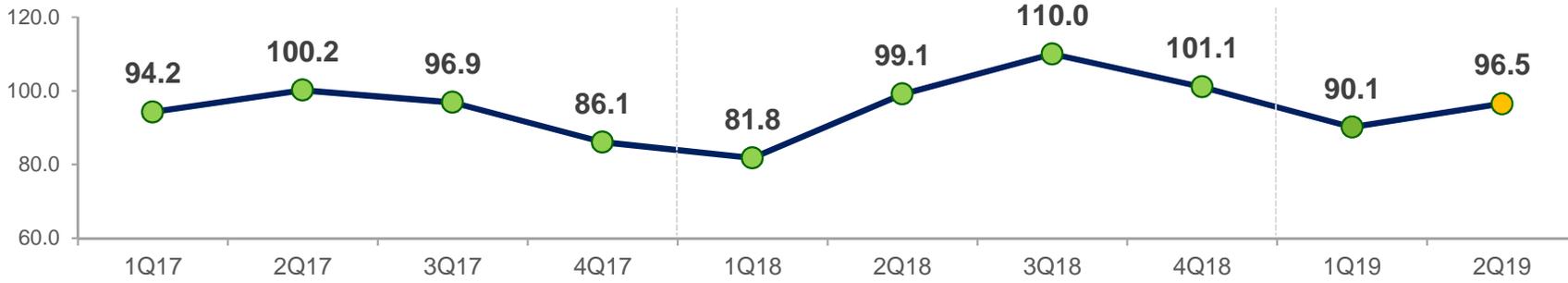
Shrimp (60 pieces)
(INR/kg)

Corn
(INR/kg)

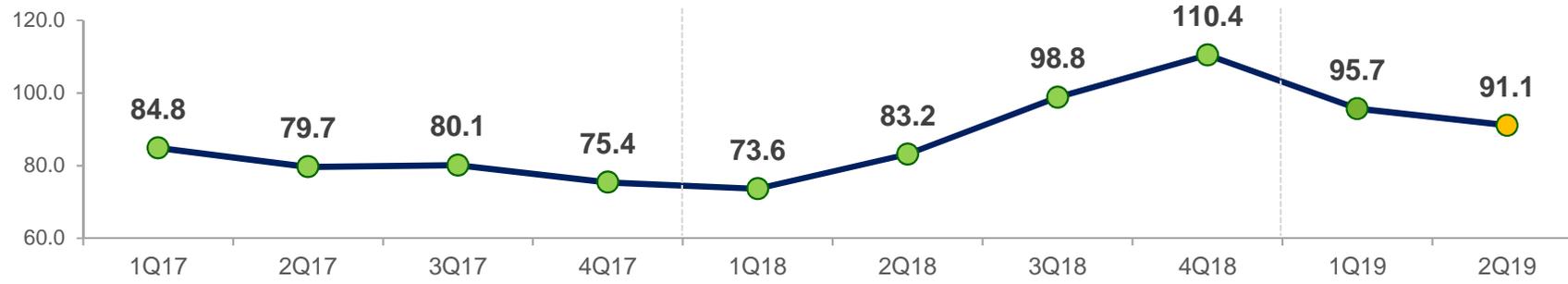
Soybean Meal
(INR/kg)



Russia: Average Market Price and Major Feed Raw Materials



Swine
(RUB/kg)



Broiler
(RUB/kg)



Wheat
(RUB/kg)



Soybean Meal
(RUB/kg)

Source: CPF

RUB 1 = THB 0.50

Appendix C: Highlights: 2Q19 results

Consolidated Revenue (THB millions)

-2%Y-o-Y

136,353

133,896

2Q18

2Q19

Gross Profit (THB millions)

+12%Y-o-Y

16,638

18,613

2Q18

2Q19

Net Profit (THB millions)

-30%Y-o-Y

5,894

4,105

2Q18

2Q19

Consolidated sales ↓ 2% Y-o-Y

Gross profit margin

2Q18 12.2%

2Q19 13.9%

↑ 1.7%

Net profit margin

2Q18 4.3%

2Q19 3.0%

↓ 1.3%

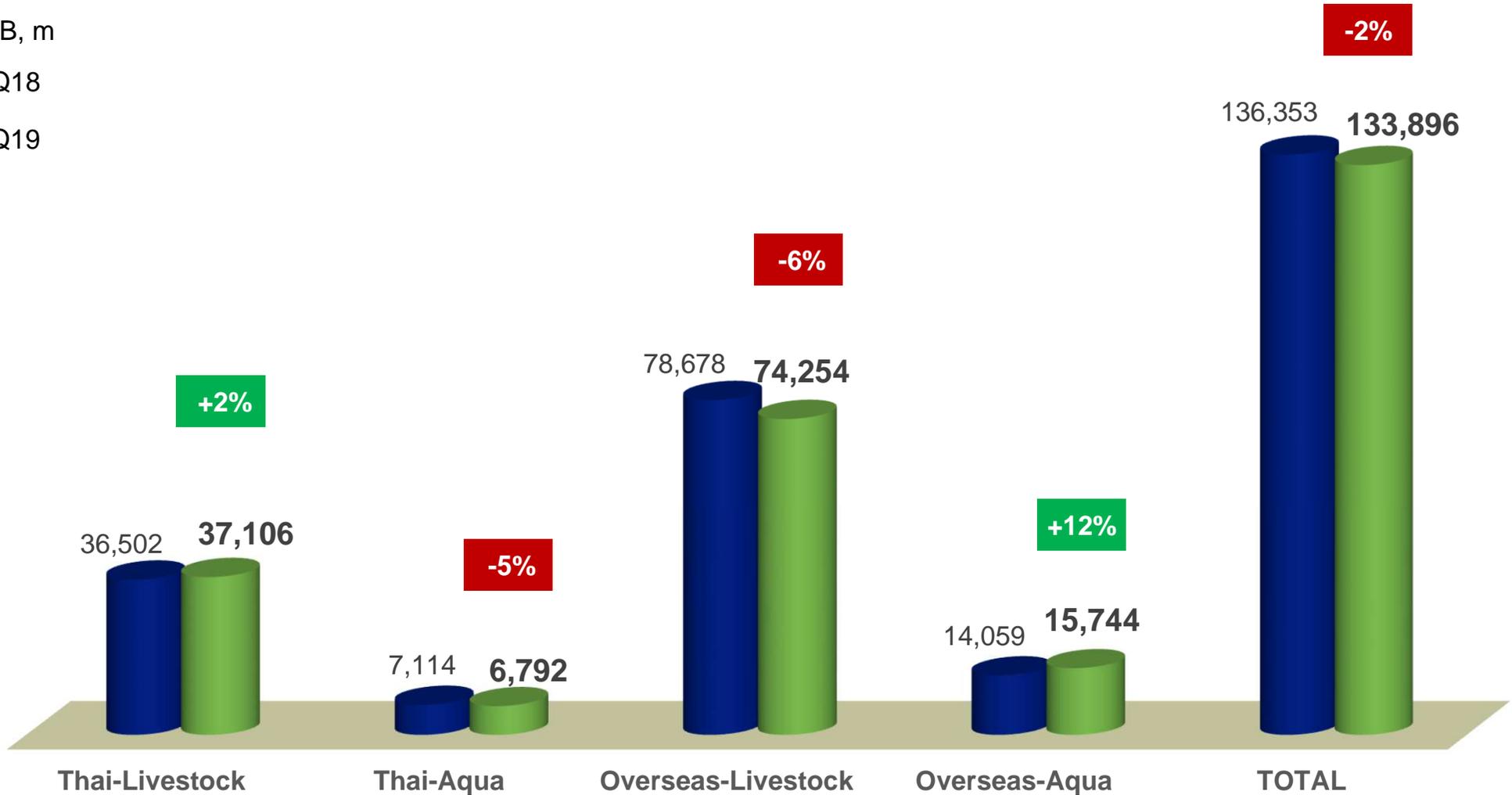


2Q19: Sales & Gross Profit Margin by Business

In THB, m

■ 2Q18

■ 2Q19



	Thai-Livestock	Thai-Aqua	Overseas-Livestock	Overseas-Aqua	TOTAL
GPM	5.9% (2Q18) / 12.6% (2Q19)	4.0% (2Q18) / 6.6% (2Q19)	14.4% (2Q18) / 13.9% (2Q19)	20.4% (2Q18) / 20.2% (2Q19)	12.2% (2Q18) / 13.9% (2Q19)
OPM	-3.3% (2Q18) / 2.5% (2Q19)	-3.3% (2Q18) / -3.8% (2Q19)	8.8% (2Q18) / 4.8% (2Q19)	14.7% (2Q18) / 14.7% (2Q19)	5.5% (2Q18) / 4.9% (2Q19)



2Q19: Consolidated Sales Structure by Business

Sales Breakdown

	Livestock			Aquaculture			Total		
	2Q18	2Q19	%Change	2Q18	2Q19	%Change	2Q18	2Q19	%Change
Thailand	36,502	37,106	2%	7,114	6,792	-5%	43,616	43,898	1%
<i>Domestic</i>	31,013	30,931	0%	5,972	5,480	-8%	36,985	36,411	-2%
<i>Export</i>	5,489	6,175	13%	1,142	1,312	15%	6,631	7,487	13%
China	31,960	29,821	-7%	3,467	3,235	-7%	35,427	33,056	-7%
Vietnam	17,922	14,298	-20%	3,988	5,132	29%	21,910	19,430	-11%
Others	28,796	30,135	5%	6,604	7,377	12%	35,400	37,512	6%
Total	115,180	111,360	-3%	21,173	22,536	6%	136,353	133,896	-2%
		▼			▼			▼	
% of Total Sales	84%	83%		16%	17%		100%	100%	



2Q19: Consolidated Sales by Products

Sales Breakdown by Products

	Feed			Farm			Food			Total		
	2Q18	2Q19	%Change	2Q18	2Q19	%Change	2Q18	2Q19	%Change	2Q18	2Q19	%Change
Thailand	12,607	9,460	-25%	20,420	22,723	11%	10,589	11,715	11%	43,616	43,898	1%
<i>Domestic</i>	12,591	9,442	-25%	18,577	20,823	12%	5,817	6,146	6%	36,985	36,411	-2%
<i>Export</i>	16	18	13%	1,843	1,900	3%	4,772	5,569	17%	6,631	7,487	13%
China	29,585	25,785	-13%	4,312	5,384	25%	1,530	1,887	23%	35,427	33,056	-7%
Vietnam	6,983	7,919	13%	14,424	10,852	-25%	503	659	31%	21,910	19,430	-11%
Others	9,672	10,162	5%	17,298	18,489	7%	8,430	8,861	5%	35,400	37,512	6%
Total	58,847	53,326	-9%	56,454	57,448	2%	21,052	23,122	10%	136,353	133,896	-2%

Appendix D: Group of CPP's Associate Companies & Joint Ventures



Group of CPP's Associate Companies & Joint Ventures

As of June 30, 2019

No.	Associates	Type of Business	Direct and Indirect Interest (%)
1	Chia Tai (Cixi) Investment Mangement Ltd.	Provision of Consulting service on economic and trade	25.78
2	Conti Chia Tai International Ltd.	Production and sale of animal feed	25.78
3	Ningxia Xiao Ming Animal Husbandary Co., Ltd.	Production and sale of commercial layer chicks	8.29
4	Qingdao Yi Bang Bio-Engineering Co., Ltd.	Production and sale of animal vaccines	6.19
5	Zhan Jiang Deni Carburetor Co., Ltd.	Motorcycle carburetor and auto parts production and distribution	14.12
6	Cixi Zhuda Investment Center (Limited Partnetship)	Investment	0.52

No.	Joint Ventures	Type of Business	Direct and Indirect Interest (%)
1	Beijing Chia Tai Feedmill Co., Ltd.	Production and sale of animal feed	25.78
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	25.78
4	Henan East Chai Tai Co., Ltd.	Production and sale of animal feed	25.78

Appendix E: Product Samples & Retail Outlet Formats



Food Retail Products





Food Retail Products







More
Than
5,000
Outlets

Vietnam

India

Cambodia

Laos

Philippines





198 outlets



CP Fresh Mart
ซีที เฟรชมาร์ท

396 Stores



Food World

12 Stores



CP Food World

CHOZEN NOODLE

24 Kiosks



10 Branches



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