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Acquisition of Swine Business in China

Investor Presentation

September 14th, 2020

MEMBER OF
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Sustainability Indices
In Collaboration with RobecoSAM

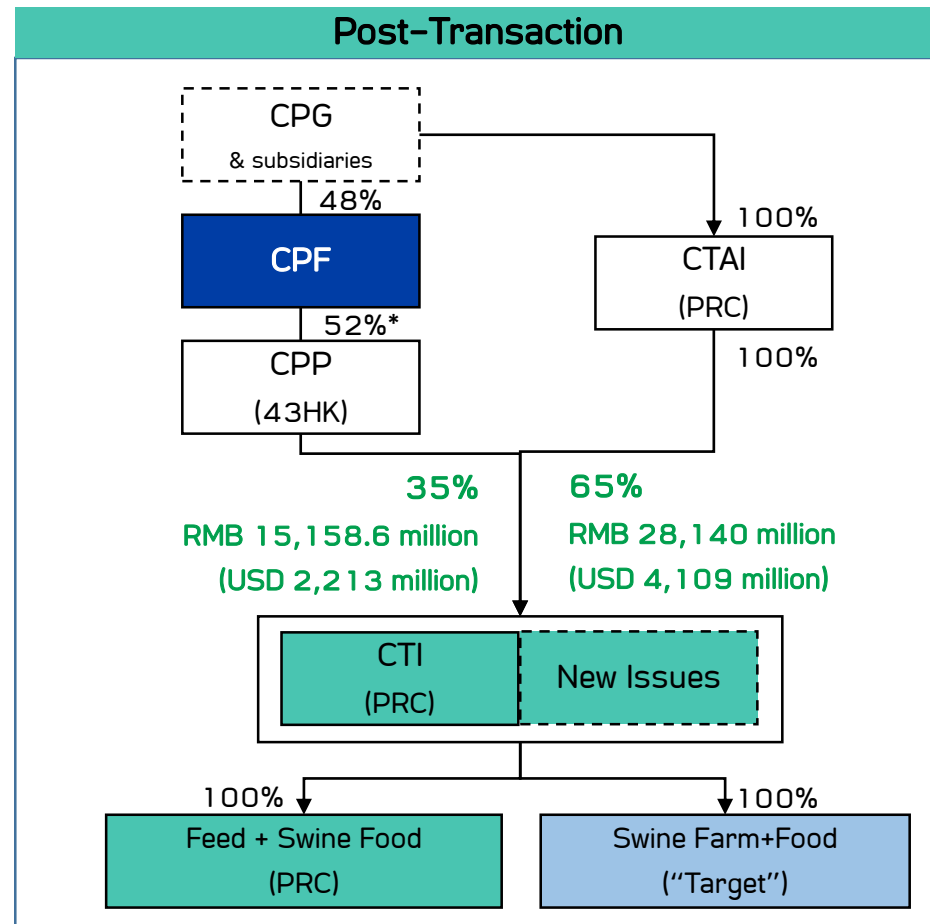
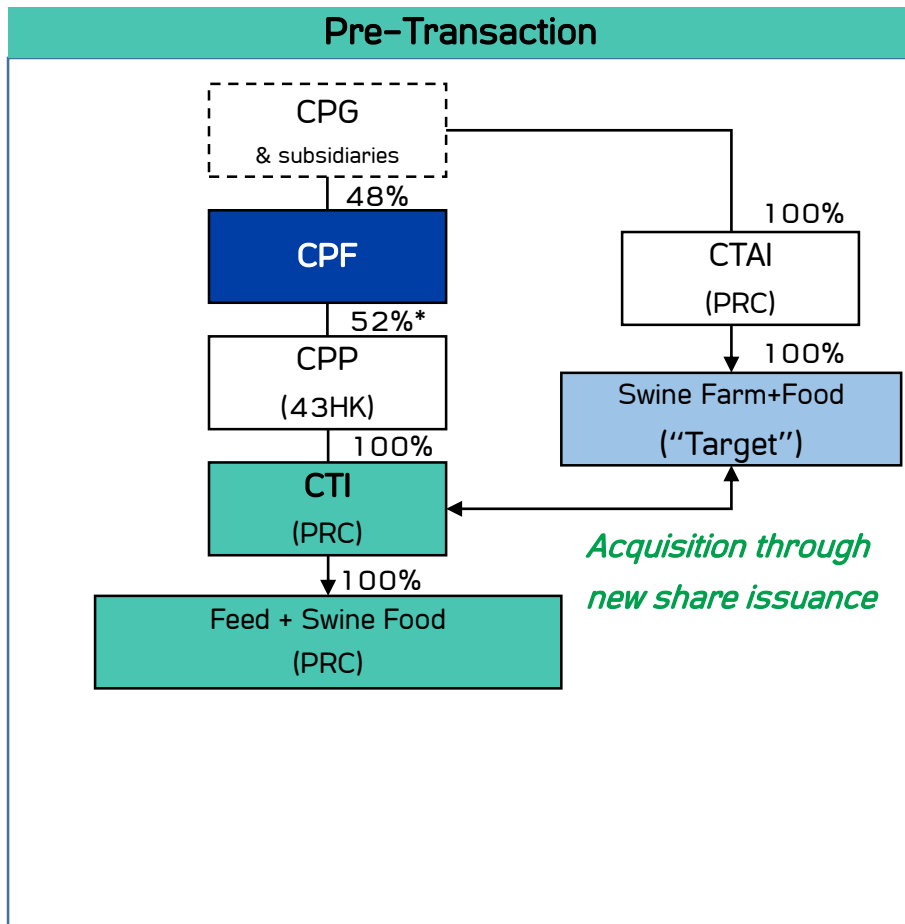


FTSE4Good



Transaction Overview

Acquisition of 43 swine business entities in PRC in return for newly issued shares of CTI



Note:

CPG: Charoen Pokphand Group Company Limited – a major shareholder of CPF

CPP : C.P. Pokphand Co., Ltd. – a subsidiary of CPF

CTI: Chia Tai Investment Co., Ltd. – an indirect wholly-owned subsidiary of CPP

CTAI: Chia Tai Animal Husbandry Investment (Beijing) Co., Ltd. – an indirect wholly-owned subsidiary of CPG

* Based on total issued shares

Swine Business: Financial Information (Target)

- Consist of 39 swine farming and 4 swine food companies engage in the breeding, farming, slaughtering, food processing and sale of swine in PRC
- Facilities are in 22 provinces in PRC with capacity of 7.2 million heads
- Indirect wholly owned subsidiary of CPG

Unit: million USD ¹	Year ended	Year ended	Five months ended
	31 Dec 2018 ²	31 Dec 2019 ²	31 May 2020 ²
Statement of Income			
Total revenues	935	1,439	943
Operating profit	(96)	521	451
Net profit attributable to shareholders	(135)	444	415
Statement of Financial Position			
Total assets	1,364	1,869	2,316
Total liabilities	1,272	1,306	1,350
Total shareholders' equity	90	546	939

Note:

1. USD figures were converted from RMB at 6.85 RMB : 1 USD
2. The above financial information is extracted from the combined financial statements of the Target for the year ended 31 December 2018, 2019 and the five months ended 31 May 2020 which were prepared base on management accounts

Feed Business (CTI) : Financial information

Unit: million USD ¹	Year ended 31 Dec 2018 ²	Year ended 31 Dec 2019 ²	Six months ended 30 Jun 2020 ²
Statement of Income			
Total revenues	3,678	3,598	2,078
Operating profit	232	187	122
Net profit attributable to shareholders	165	129	87
Statement of Financial Position			
Total assets	2,239	2,329	2,355
Total liabilities	1,245	1,317	1,401
Total shareholders' equity	905	926	860

Note:

1. USD figures were converted from RMB at 6.85 RMB : 1 USD
2. The above financial information is extracted from the consolidated financial statements of CTI for the year ended 31 December 2018 and 2019 and the six months ended 30 June 2020 which were prepared based on management accounts

Consideration for the Transaction

The consideration for the Transaction was determined on the basis of a number of factors including principally the following, being considered as a whole:

- Targets Profit Warranty.
- Price-earnings multiple
- Historical net profit of the Targets based on the combined financial statements of the Targets
- Precedent transactions involving the acquisitions of or investment in companies principally engaged in similar business in the PRC
- Independent valuation of the Targets conducted in the PRC based on the “market approach”
- Market prospects of the principal produce of the Targets, expansion and improvement in recent years at the Targets, and the other principal factors.

Valuation of Merger Ratio

	Feed Business (CTI) ²	Swine Business ²
	35%	65%
Consideration Value	2,213	4,109
June 20 LTM P/E	15.9x	6.0x
Comps Median ¹	10.8x	10.3x
June 20 LTM EV/EBITDA	11.1x	6.3x
Comps Median ¹	7.8x	6.8x

- Potential Valuation Uplift**

	CTI-Post merger	P/E Valuation		
		10.8x ³	15.0x	20.0x
CTI-Post merger implied LTM P/E	7.7x			
Equity valuation	6,321	8,856	12,300	16,400
Valuation uplift (%)		40%	95%	159%

Note:

1. Comps for Feed Business (2020e) New Hope Liuhe, Haid, Dabeinong, Tecon, Wellhope, Tangrenshen, CPP, Aonong, Tianma, Zhenghong

Comps for PRC Swine Business (2020e) Muyuan, Wens, Tech-bank, Jiangsu lihua, Minhe

2. LTM earning of Feed business (CTI) = USD 140 million, LMT earning of Swine Business = USD USD 680 million

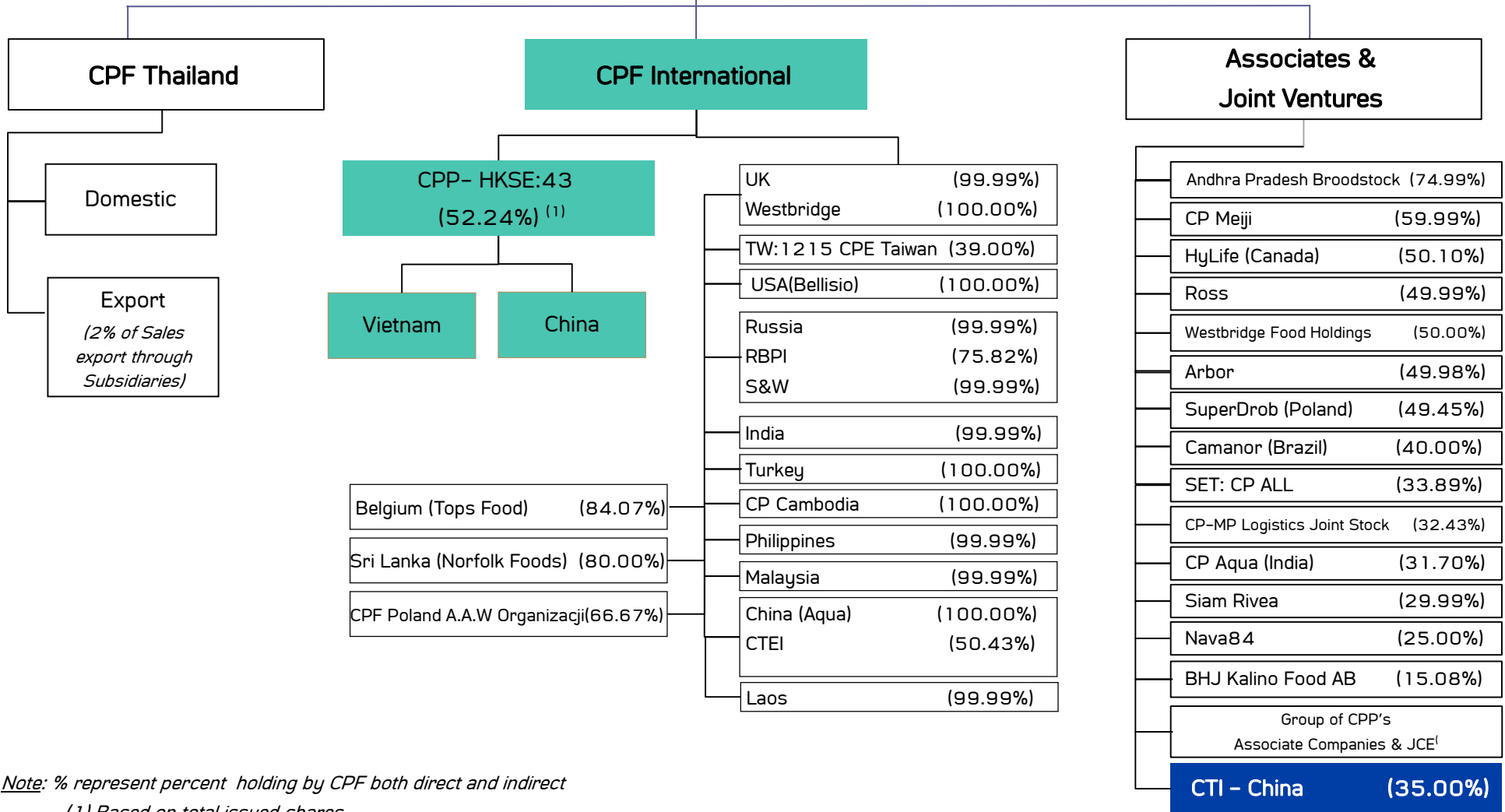
3. P/E of 10.8x is based on P/E comparable of New Hope Luihe

* Figures above were prepared based on management accounts

Rationale

- **PRC has the largest swine market in the world with US\$ 204bn in sales with growth of 8.3% for 2010-2019**
- **Strategic move for CTI to become a leading swine business in PRC**
- **PRC is a lucrative market for swine operators with growth potential**
 - ASF has caused a shortage in swine population and significant increase in swine price
 - ASF has become a local disease
 - Swine production volume is expected to recover slowly especially by small/mid size players
- **PRC market is set for future consolidation**
- **Vertically integrated model will allow for better addressing of consumers' demand**
- **The merged entity's swine production volume is expected grow due to Swine China's investment in capacity expansion earlier**
- **Potential synergies creation**

CPF Post-Transaction Operational Structure

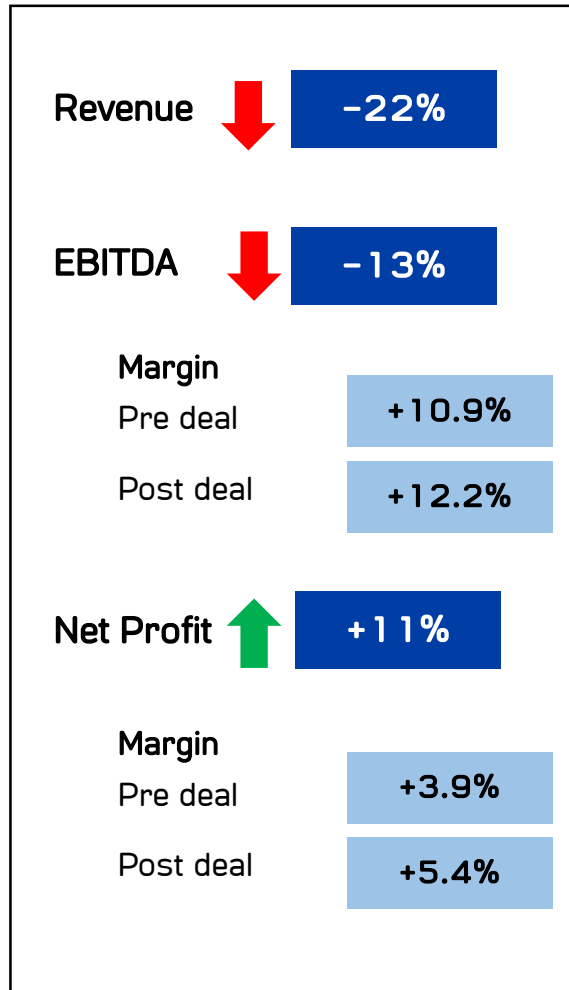


Note: % represent percent holding by CPF both direct and indirect

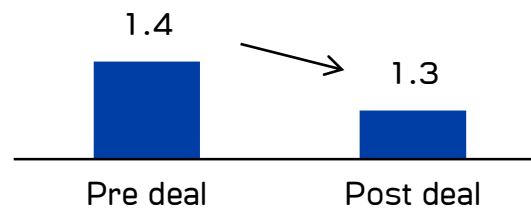
(1) Based on total issued shares

CPF : Financial Impact Analysis (June 2020 LTM)

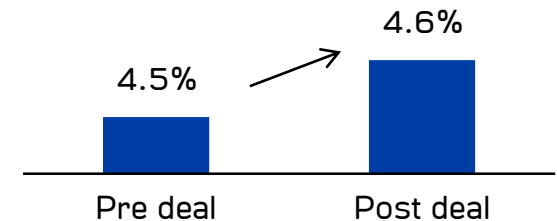
CPF's revenue and EBITDA will reduce due to deconsolidation, however, earnings will be accretive



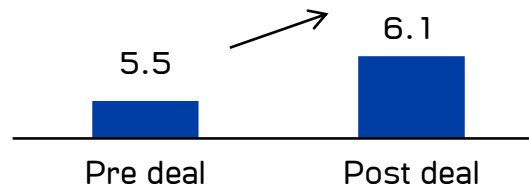
Net D/E



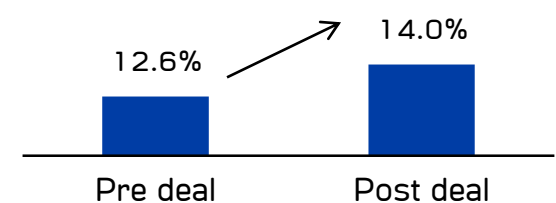
ROA



Net D/EBITDA



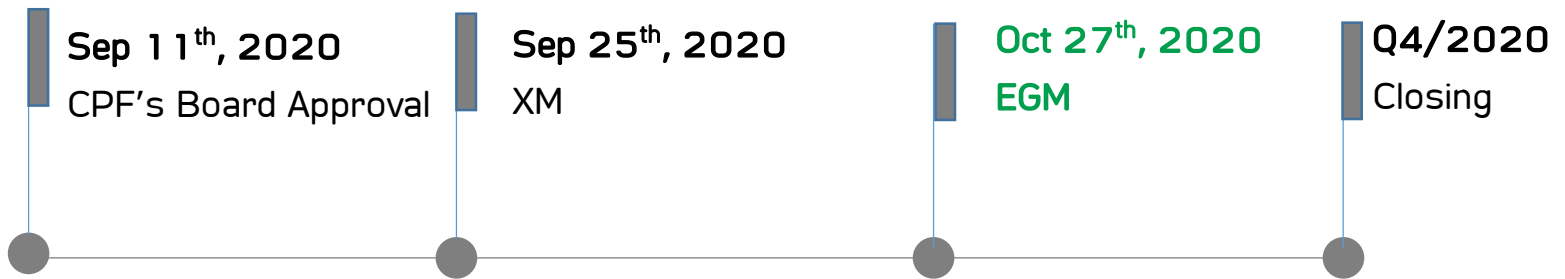
ROE



Note:

Financial estimates are based on research analyst consensus from Factset. When considering 2020 earnings impact, Swine China's financials were based on IFRS standards

Timeline



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