

# Charoen Pokphand Foods Plc.



Enjoy



menus around The World

**Y2009 Results**

19 February 2010

- บะหมี่กึ่งสำเร็จรูป
- บะหมี่กึ่งสำเร็จรูป
- บะหมี่กึ่งสำเร็จรูป ซิว
- บะหมี่กึ่งสำเร็จรูป ซิว



- **Company's Brief Overview**
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- **Highlights: 31 Dec 09 Financial Status**
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- Appendix B: Acquisition of 32.41% of Charoen Pokphand Enterprise (Taiwan)
- Appendix C: Consolidation of CP Vietnam
- Appendix D: Share Repurchase Program

# Corporate in Brief



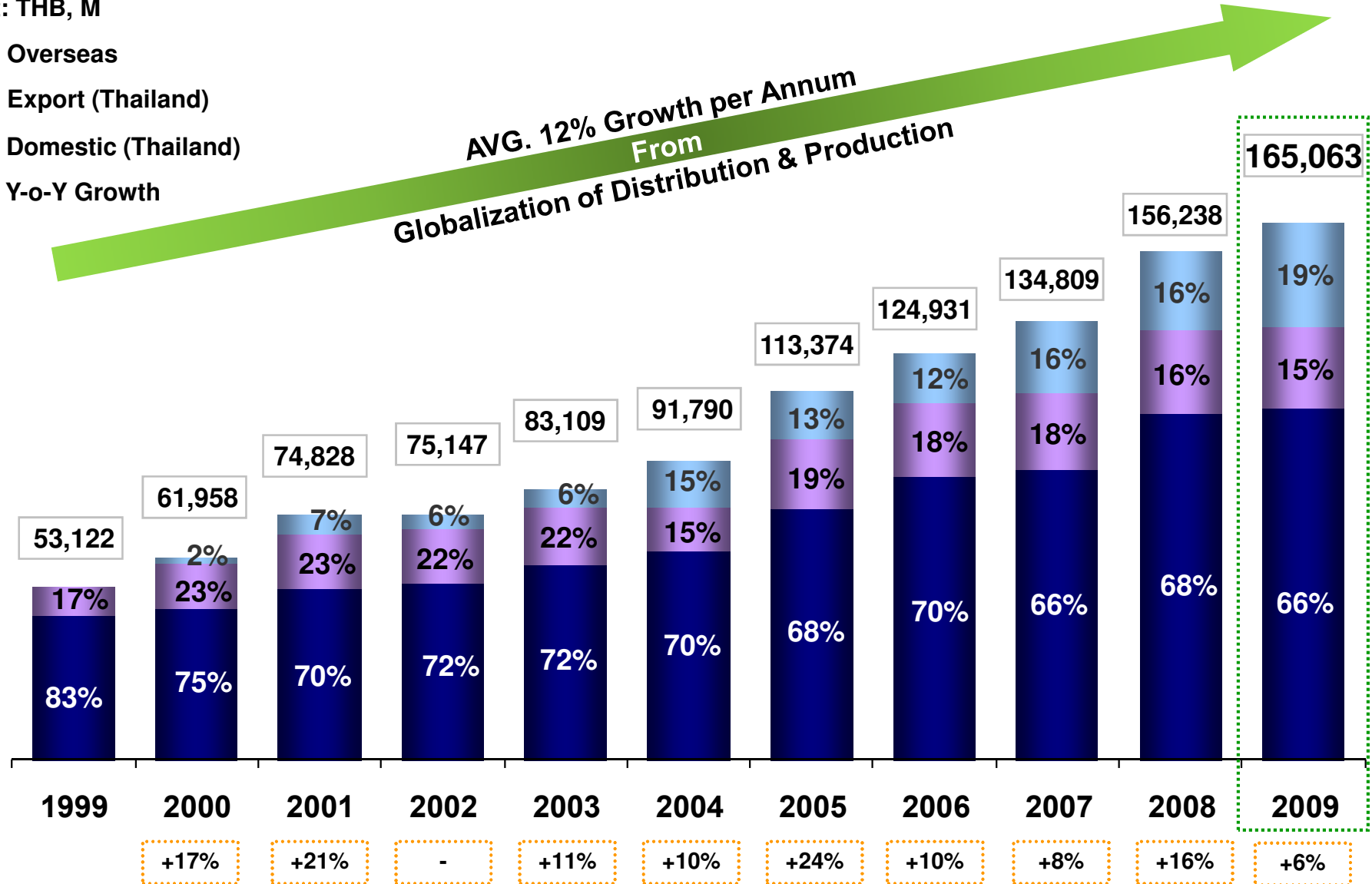
- Position : Thailand's leading agribusiness and food conglomerate
  - Vision : **Kitchen of the World**  
: Bring out Thailand's competitiveness into Global Market
  - FY09 Sales : THB165 billion or ~USD4.956 billion\*
  - Operations : 66% Domestic (Thailand); 15% Export (Thailand); 19% Overseas
  - 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 (Y
  - Market Cap. : THB90,240 million or ~USD2.7 billion\*
- Note : \*1 USD = 33.3 THB (as of Feb 18, 2010)
- Dividend Policy : Semi-Annually, minimum of 50% of annual net profit (The Company Only)
  - Major Shareholders : Charoen Pokphand Group Ltd. 41% of Paid-Up Capital (as of April 2, 2009)
  - Rating : A+ by Tris Rating Co., Ltd (Y09)
  - Background : Set in 1978; Listed on the SET since 1987- "CPF"; Member of SET50

# Consolidated Sales Structure by Operations



Unit: THB, M

- Overseas
- Export (Thailand)
- Domestic (Thailand)
- Y-o-Y Growth



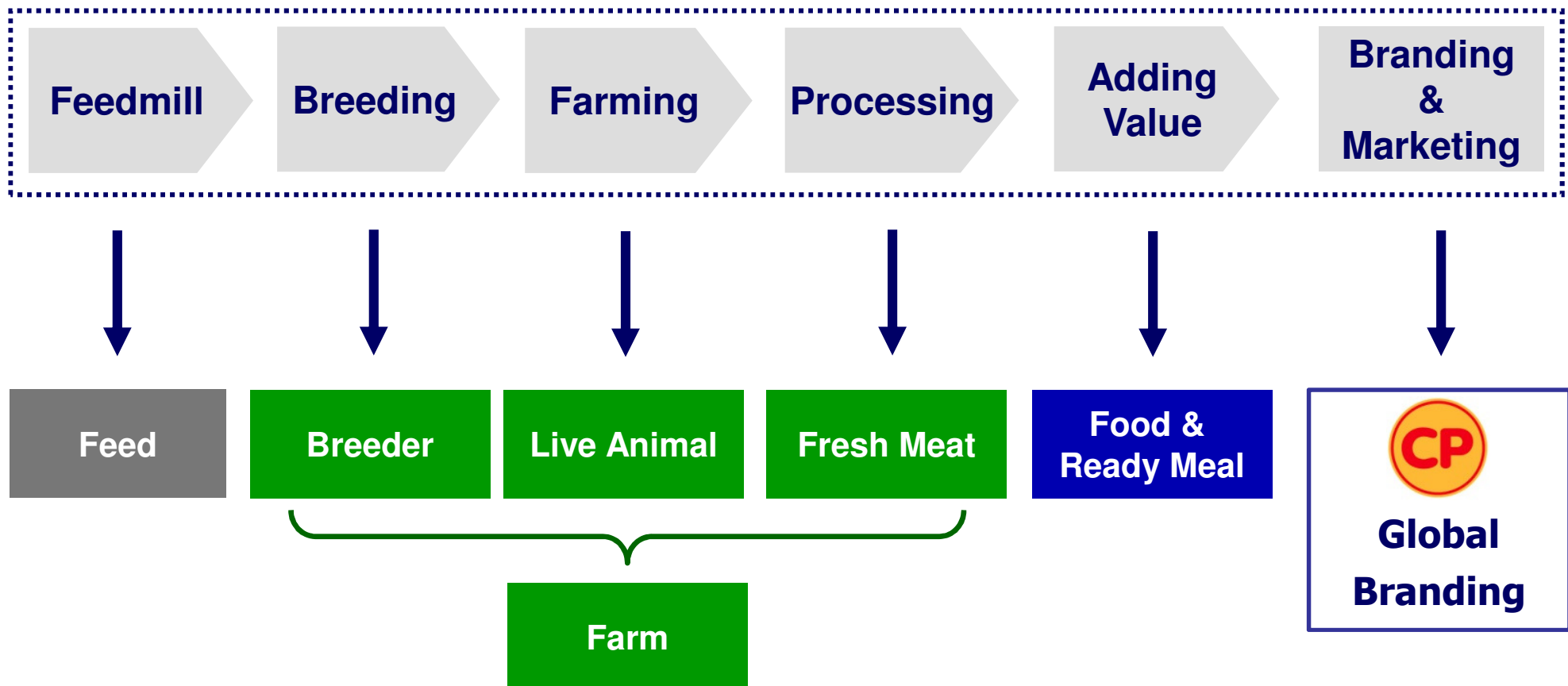
# Thailand Operations: From Feed to Foods



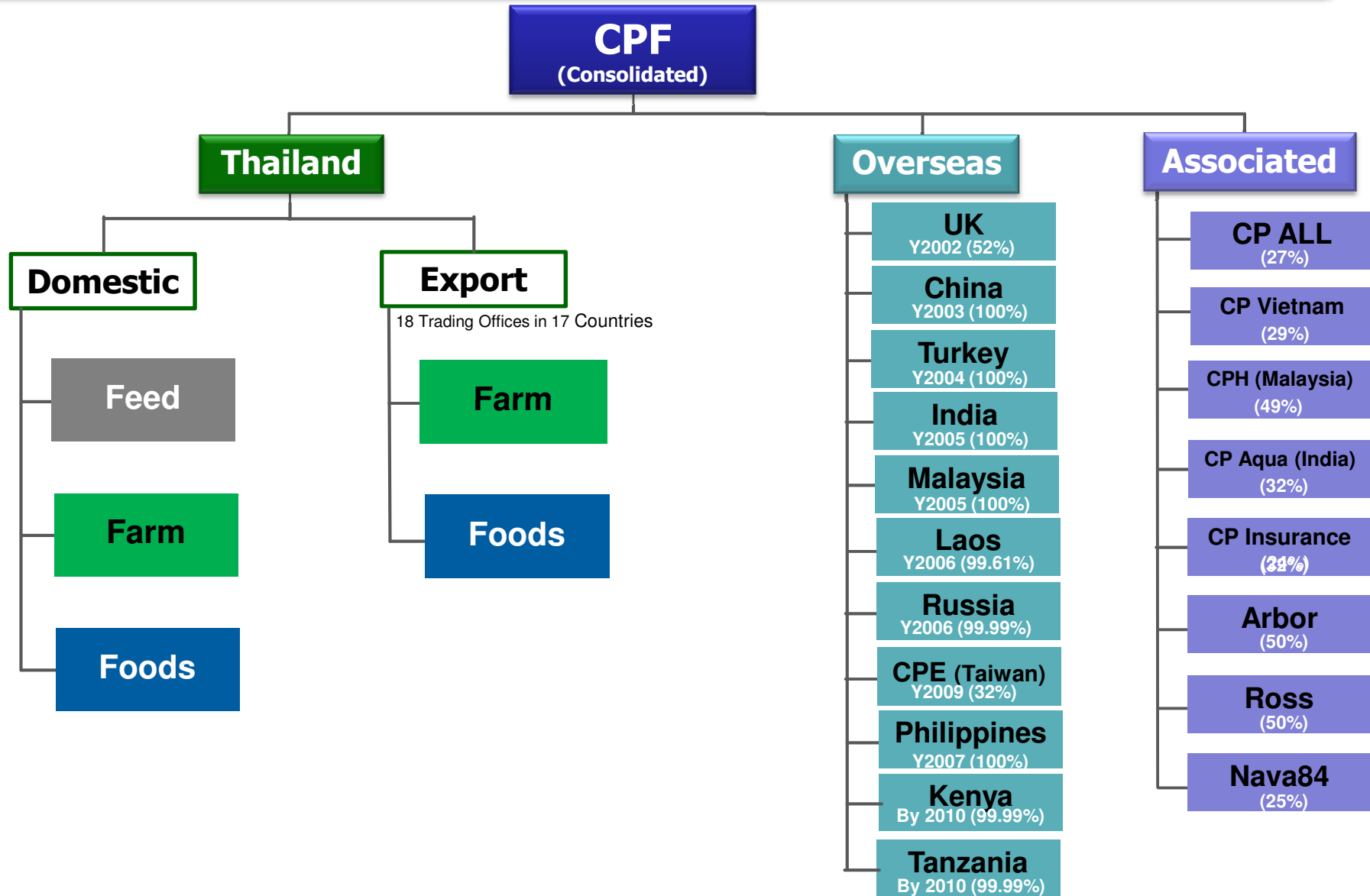
Complete Value Chain.

Utilizing High-technology & Applying international recognized standards.

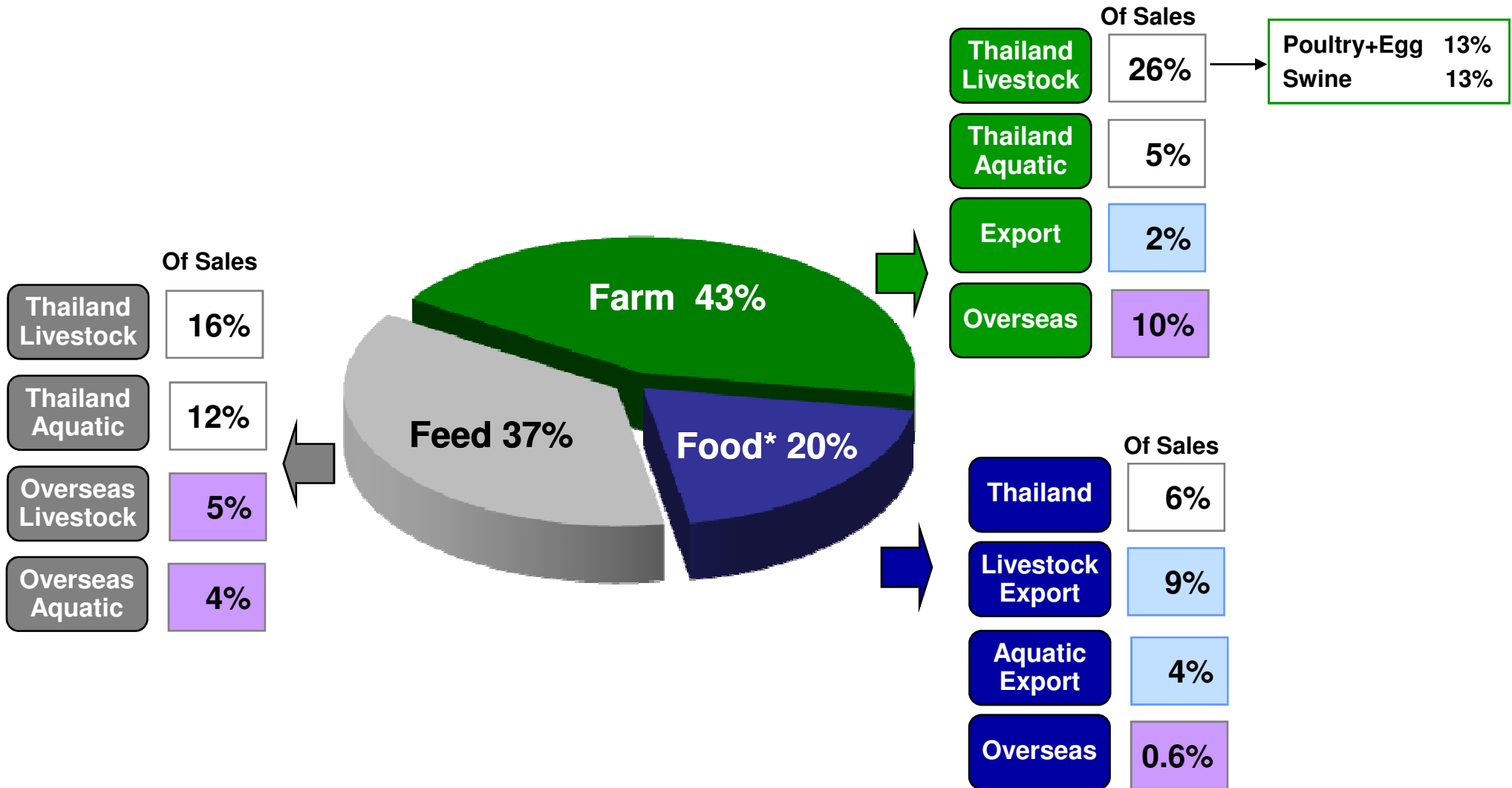
Better quality control and cost effectiveness.



# CPF Operations



# Business Profile 2009: Sales of THB 165,063 M



\* Food = All processed/cooked/semi-cooked meat, and ready meal products

# Overseas Operations



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

<b>Associates</b>	Malaysia	Feed, Farm	-	49.60%
	Vietnam	Feed, Farm	Feed, Farm	29.18%
	India	-	Feed, Farm	31.70%

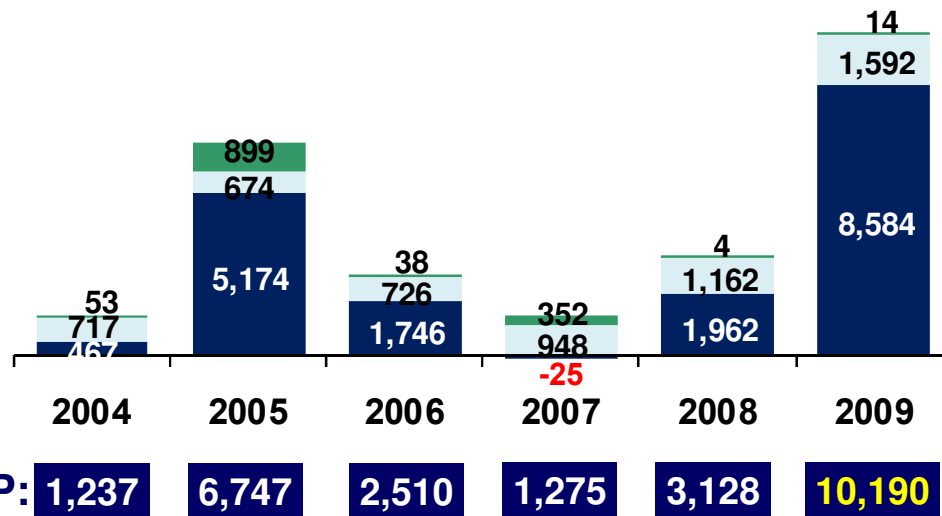
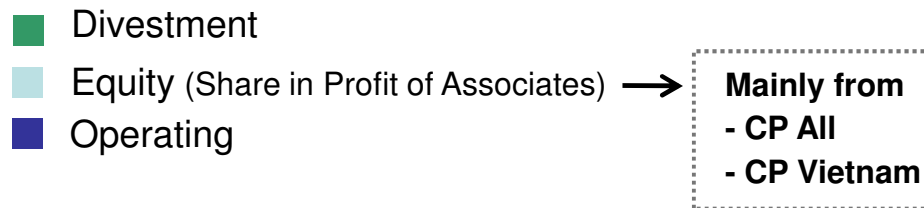


# Consolidated Net Profit

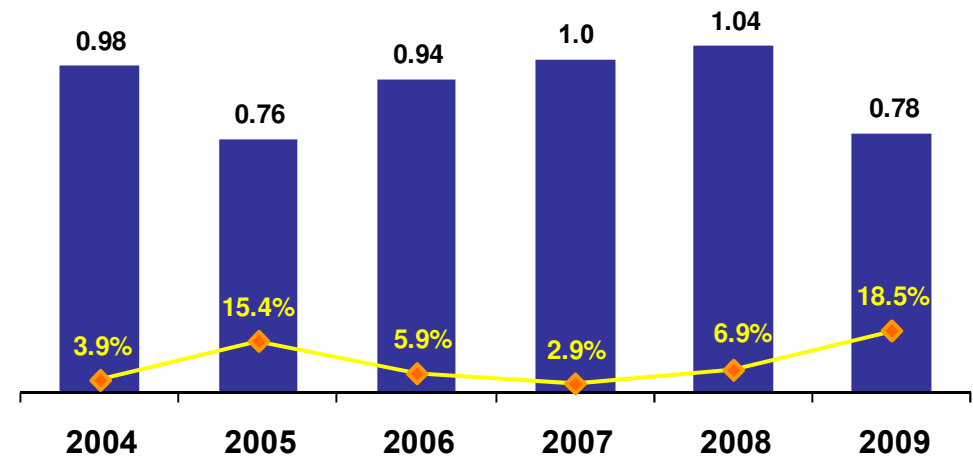
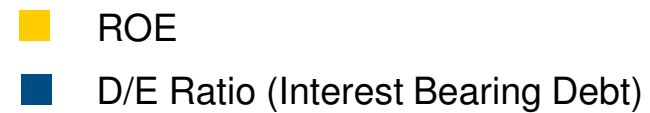


## Net Profit

Unit: THB, M



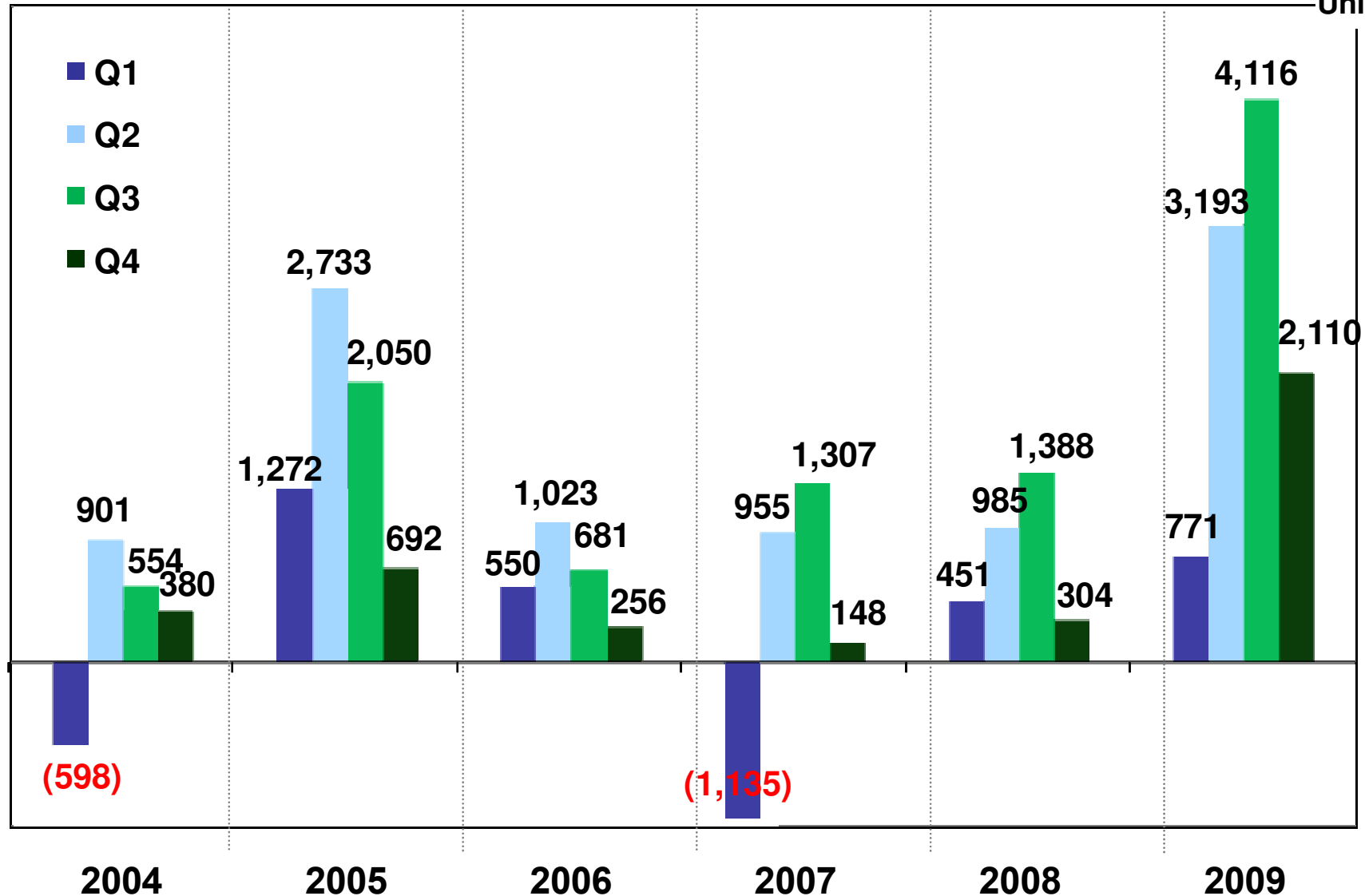
## ROE & D/E



# Consolidated Net Profit - Quarterly



Unit: THB, M



# 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”

## 5YR Mission

“Expand business and sales territory to other countries, achieving 1/3 of **Feed** sales, 1/3 of **Farm** sales and 1/3 of **Food** sales”

## Focus

- Innovation →
  - Production
  - Process
  - Products
  - People
- Branding
- Food Safety and Traceability
- Distributions
- Market Diversification

# Y2010 : Strengthening the Focus



## Move towards the future

- ⊙ **Future of Consumers' Preference**
  - Food security
  - Preferred taste with nutrition
  - Brand loyalty
  
- ⊙ **Demography**
  - Convenience-oriented group (Food Business Expansion)
  - High populated (Oversea Expansion)
  
- ⊙ **Globalization**
  - Pro-active Enterprise Risk Management
  - Cautious financial management & planning

# Y2010 : Strategy



- ⊙ **Sustained profit driver**
- ⊙ **Cost competitiveness with supply chain excellence**
- ⊙ **Brand driver**
- ⊙ **Outside Thailand growth**
- ⊙ **Thailand Focus : Retail Distribution (CP Fresh Mart & Five Star Kiosk)**
- ⊙ **Minimize debt with enhanced return**

# 2009: Consolidated Income Statement Highlight



	Quarter 1		Quarter 2		Quarter 3		Quarter 4		12 Months		
	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	%
Net sales	33,864	34,779	39,080	40,614	43,241	44,022	40,053	45,648	156,238	165,063	6%
Gross Profit Margin (%)	12.0%	14.7%	13.3%	19.4%	14.0%	20.0%	12.8%	16.2%	13.1%	17.7%	
EBITDA	1,695	2,576	2,418	5,011	3,052	5,684	2,053	3,997	9,230	17,261	87%
EBIT	567	1,441	1,294	3,865	1,899	4,530	898	2,799	4,672	12,628	170%
Share in Profit of Associates	375	200	385	445	423	565	(21)	382	1,162	1,592	37%
Financial Costs	(676)	(715)	(525)	(392)	(616)	(407)	(952)	(435)	(2,769)	(1,949)	-30%
Income Taxes Expense	(96)	(166)	(243)	(678)	15	(1,027)	106	(668)	(218)	(2,539)	1,065%
Gain / (Loss) from FX	294	27	112	3	(314)	33	281	128	373	191	-49%
Negative Goodwill				7		446				453	
<b>NET PROFIT</b>	<b>451</b>	<b>771</b>	<b>985</b>	<b>3,193</b>	<b>1,388</b>	<b>4,116</b>	<b>304</b>	<b>2,110</b>	<b>3,128</b>	<b>10,190</b>	<b>226%</b>
EPS (THB)	0.06	0.11	0.14	0.48	0.19	0.61	0.05	0.32	0.44	1.52	
# of capital shares *	7,191	6,743	7,191	6,720	7,182	6,720	7,114	6,565	7,114	6,709	
Dividend (THB/Share)			0.08	0.23 <sup>A</sup>					0.19	0.50 <sup>B</sup>	

\*Note: # of capital shares = weighted net of [Share Buy –Back (471ms) + Subs' Holding Treasury Stock (329ms)]  
: A = Dividend Paid on Sep 4, 2009 : B Will be paid on May 20, 2010 (XD = Apr 29, 2010)



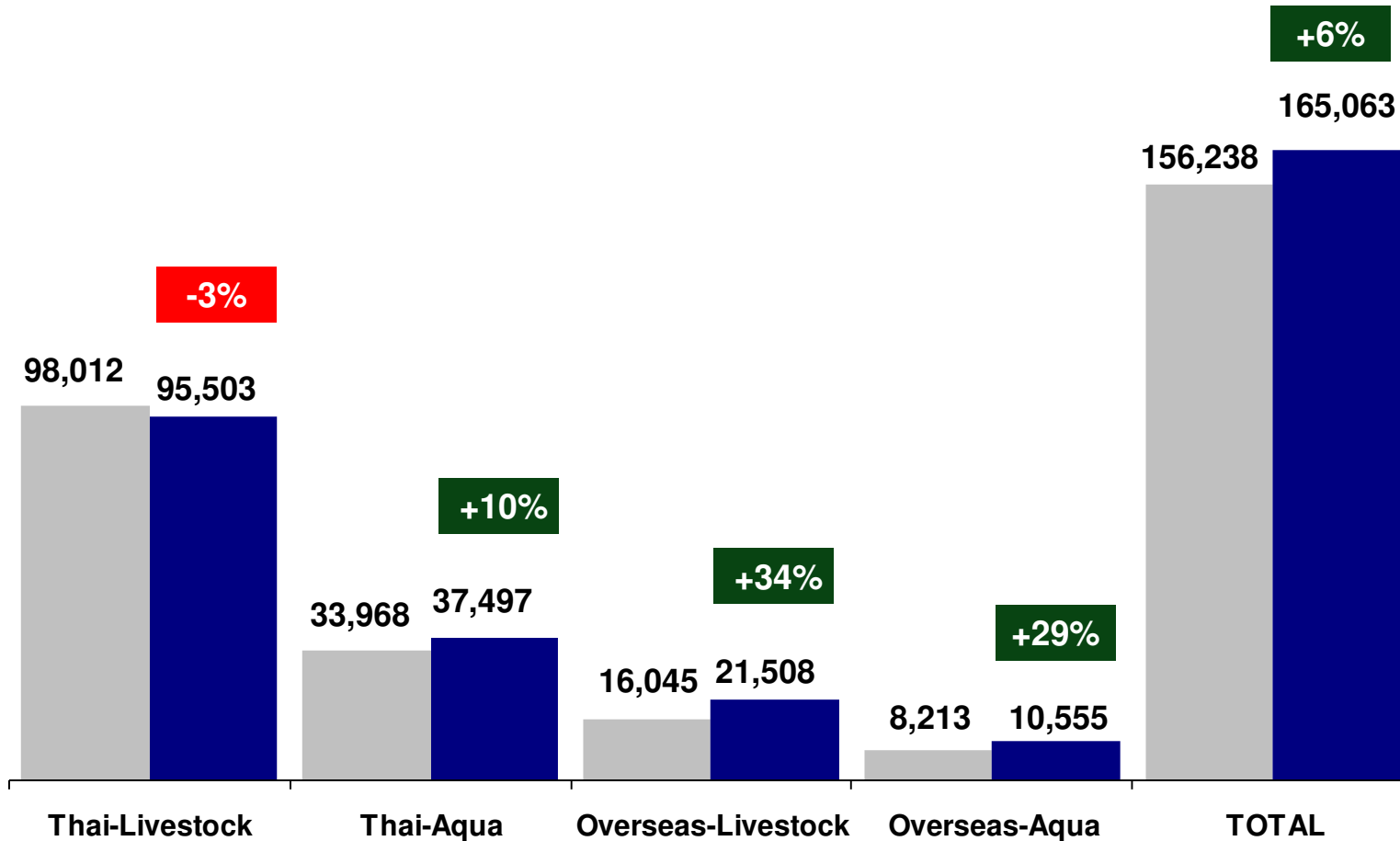
# 2009: Sales & Gross Profit Margin by Business



In THB, m

■ 2008

■ 2009



	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
<b>GPM</b>	14%	18%	16%	20%	4%	15%	12%	14%	13%	18%
<b>OPM</b>	4%	8%	8%	12%	-6%	5%	5%	7%	4%	9%



# 2009: Consolidated Sales – Livestock business in Thailand

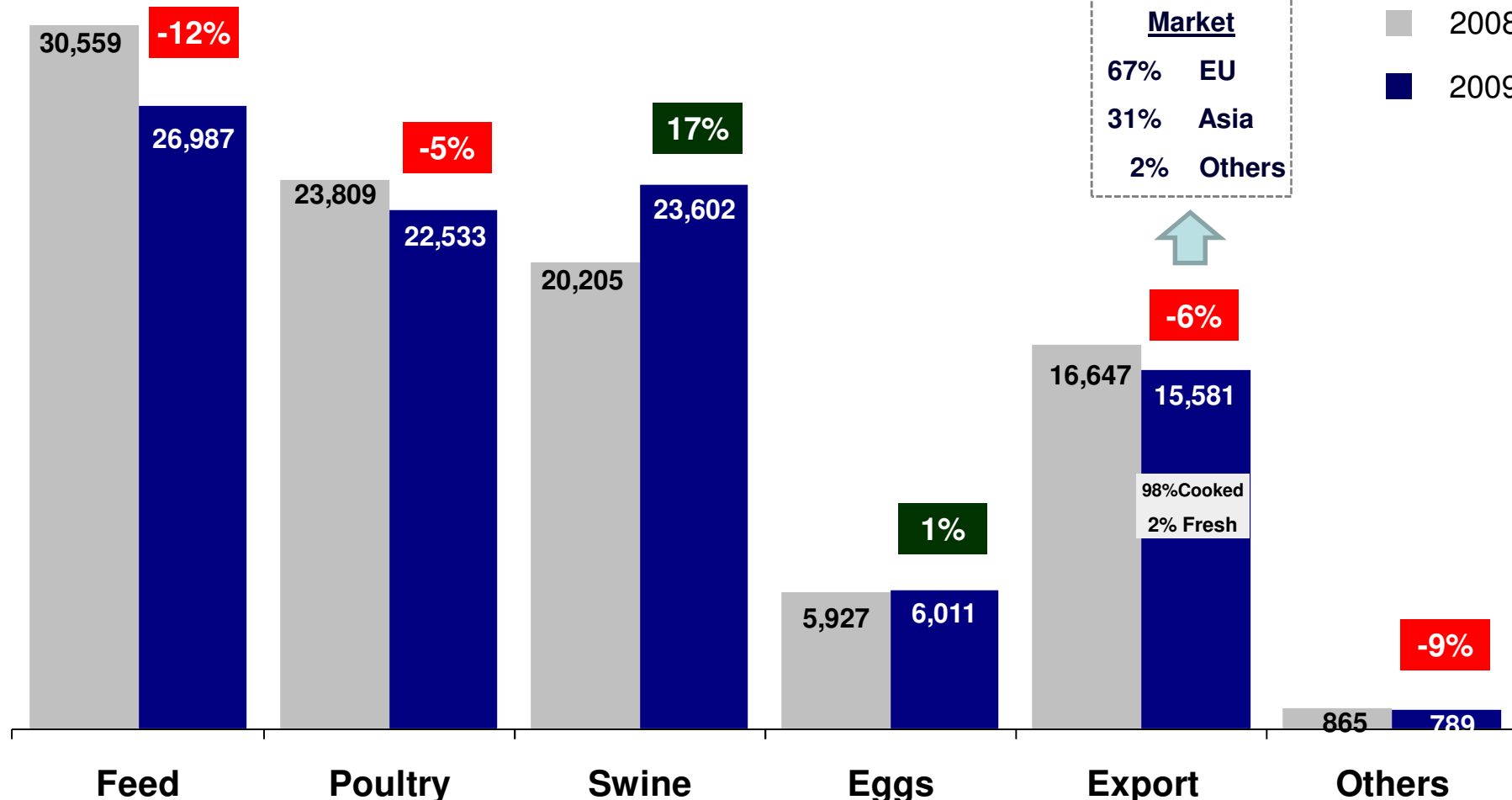


**Sales : THB 95,503 M (-3% Y-o-Y)**

In THB, m

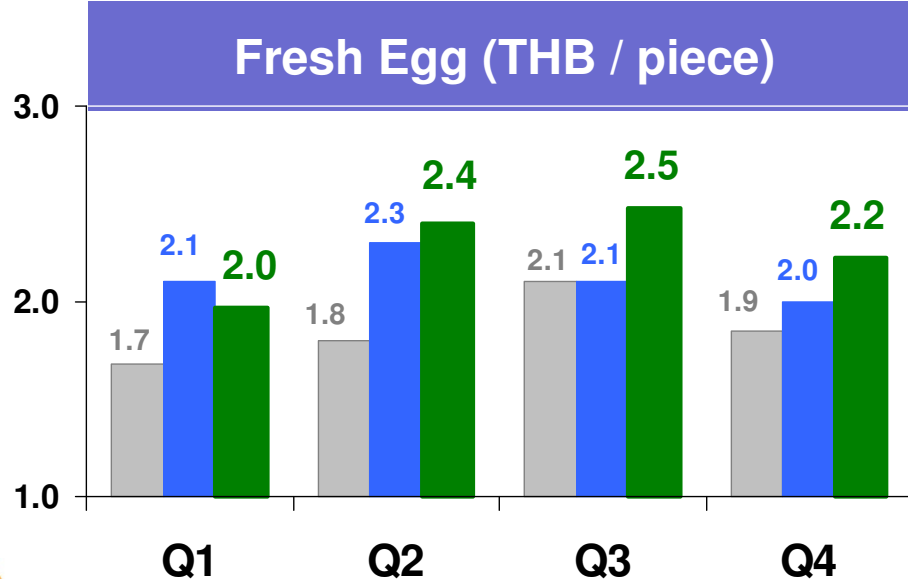
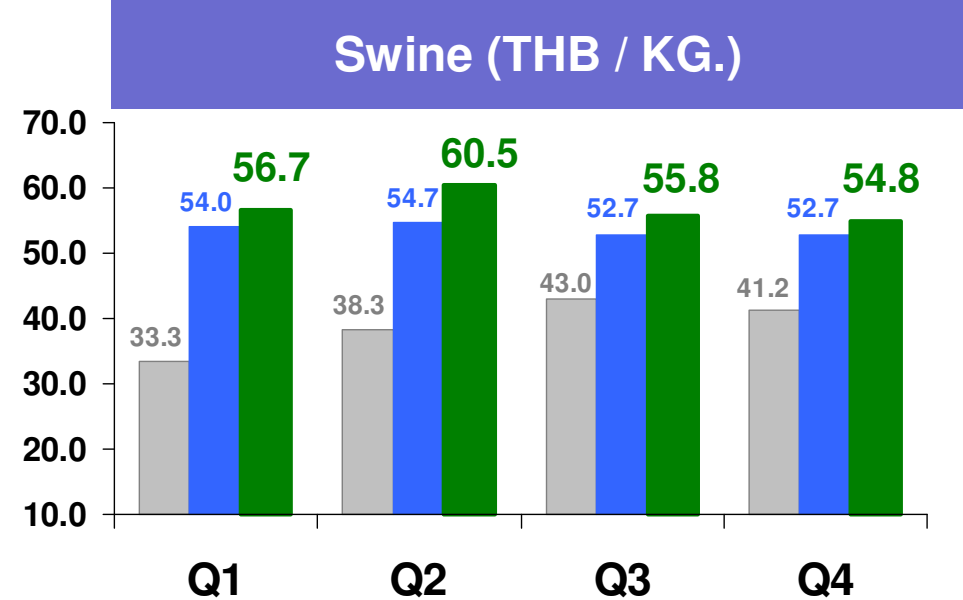
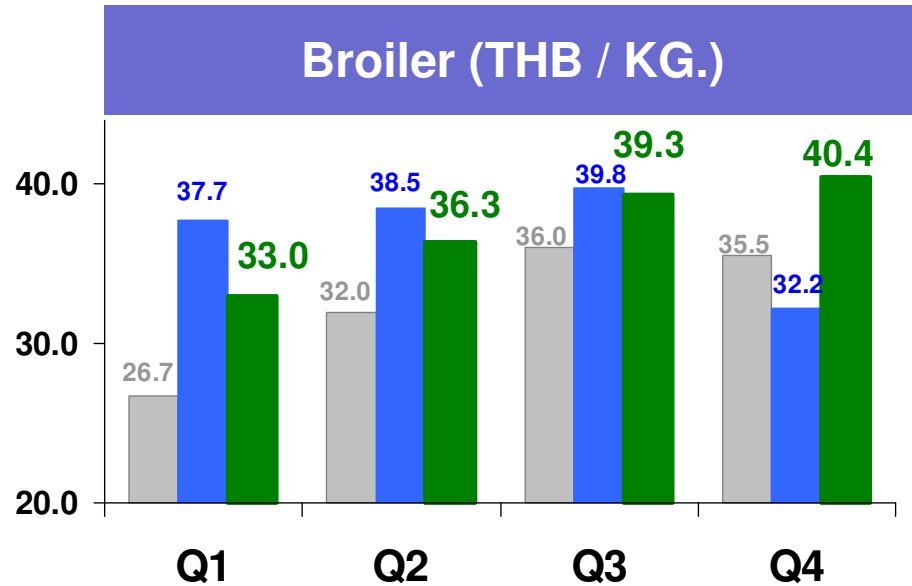
■ 2008  
■ 2009

**Market**  
67% EU  
31% Asia  
2% Others





# Average Market Price: Major Products



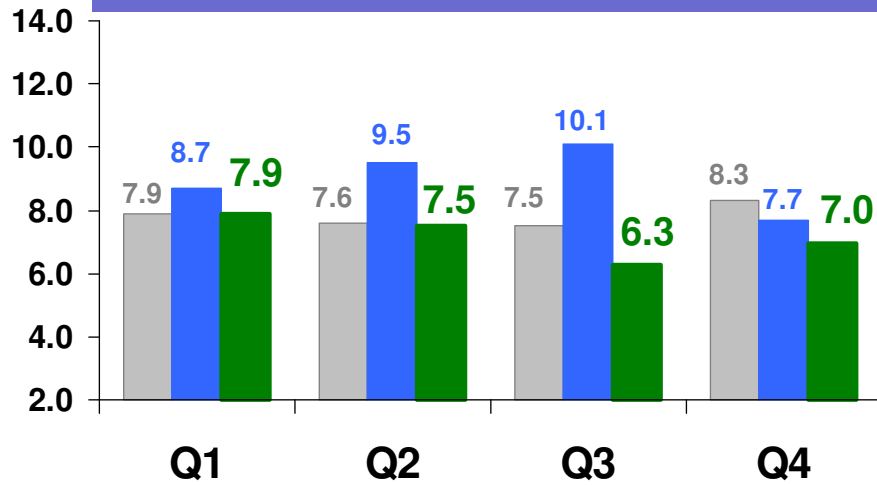
2007  
 2008  
 2009

Source: CPF

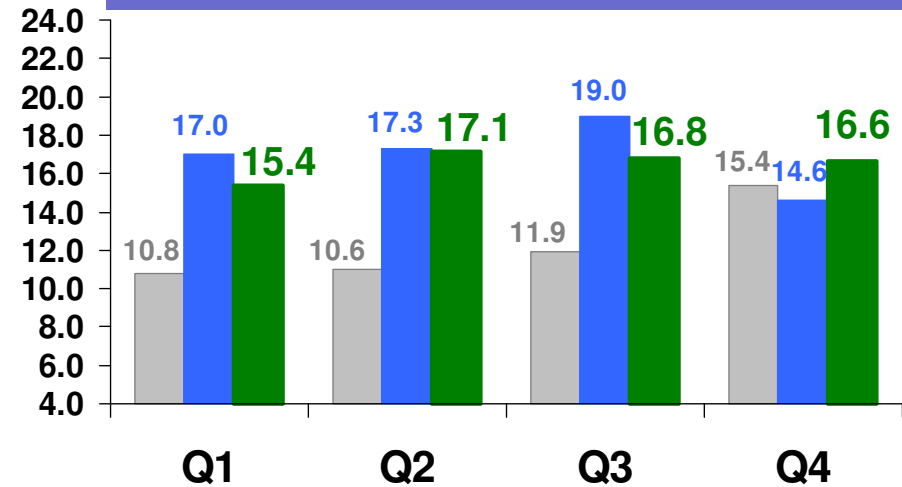
# Average Market Price: Major Feed Raw Materials



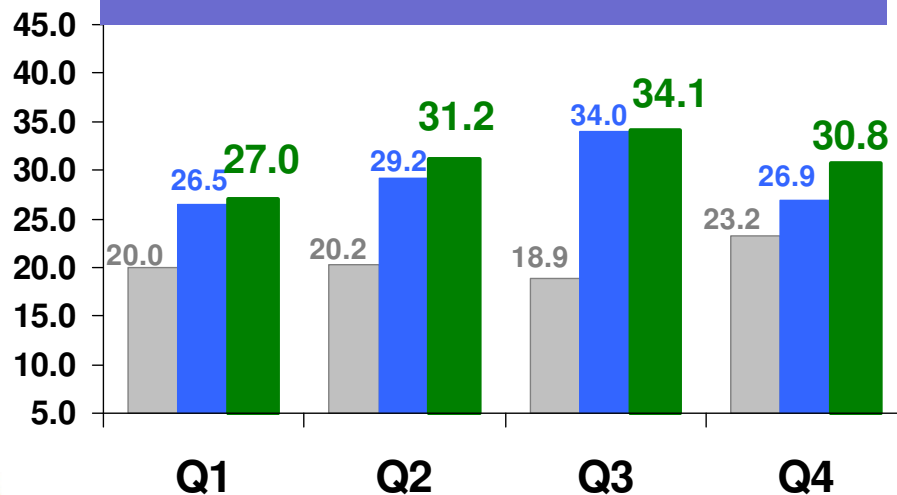
## Corn (THB / KG.)



## Soybean Meal (THB / KG.)



## Fishmeal (THB / KG.)



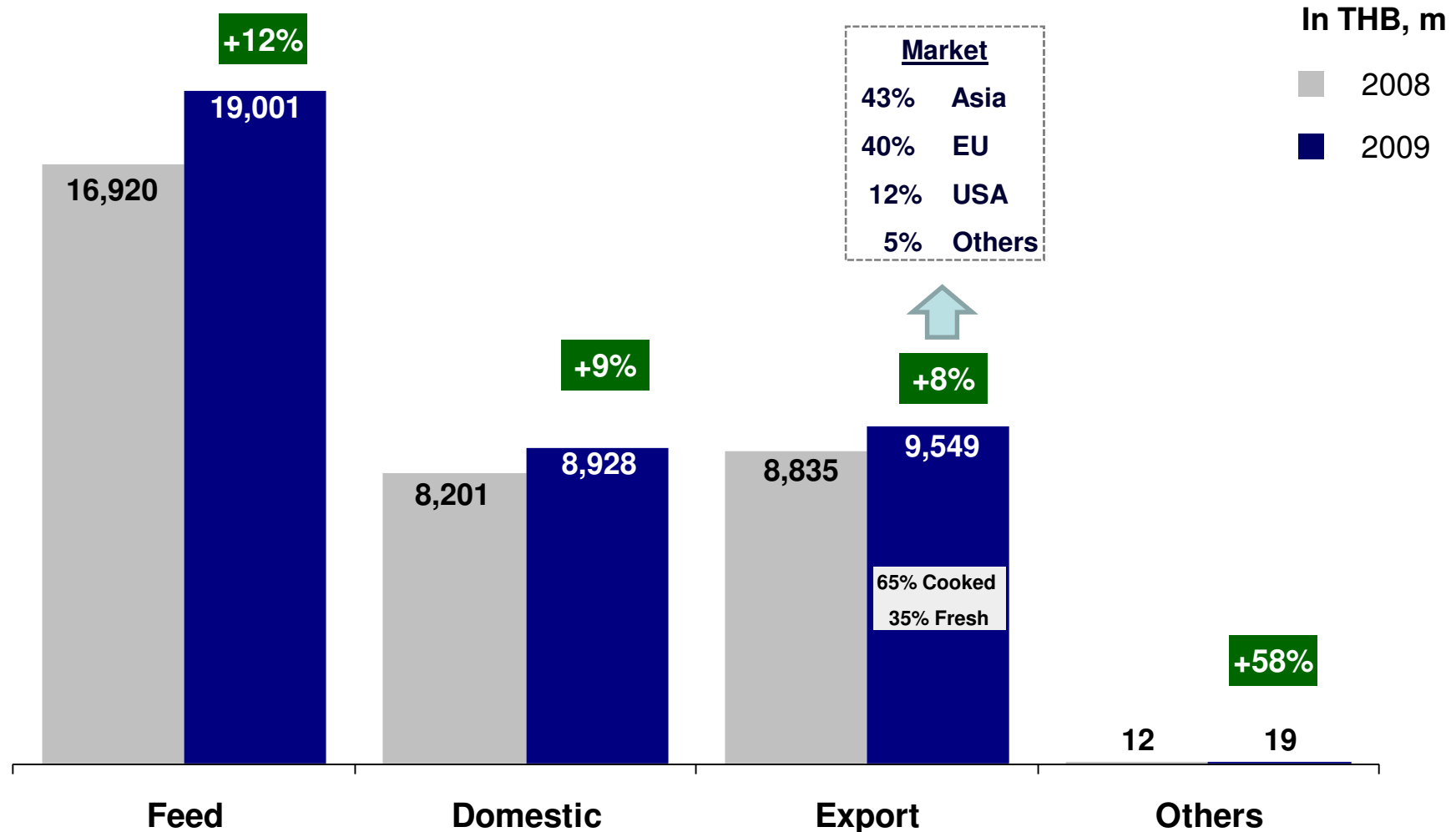
2007  
 2008  
 2009

Source: CPF

# 2009: Consolidated Sales – Aqua business in Thailand



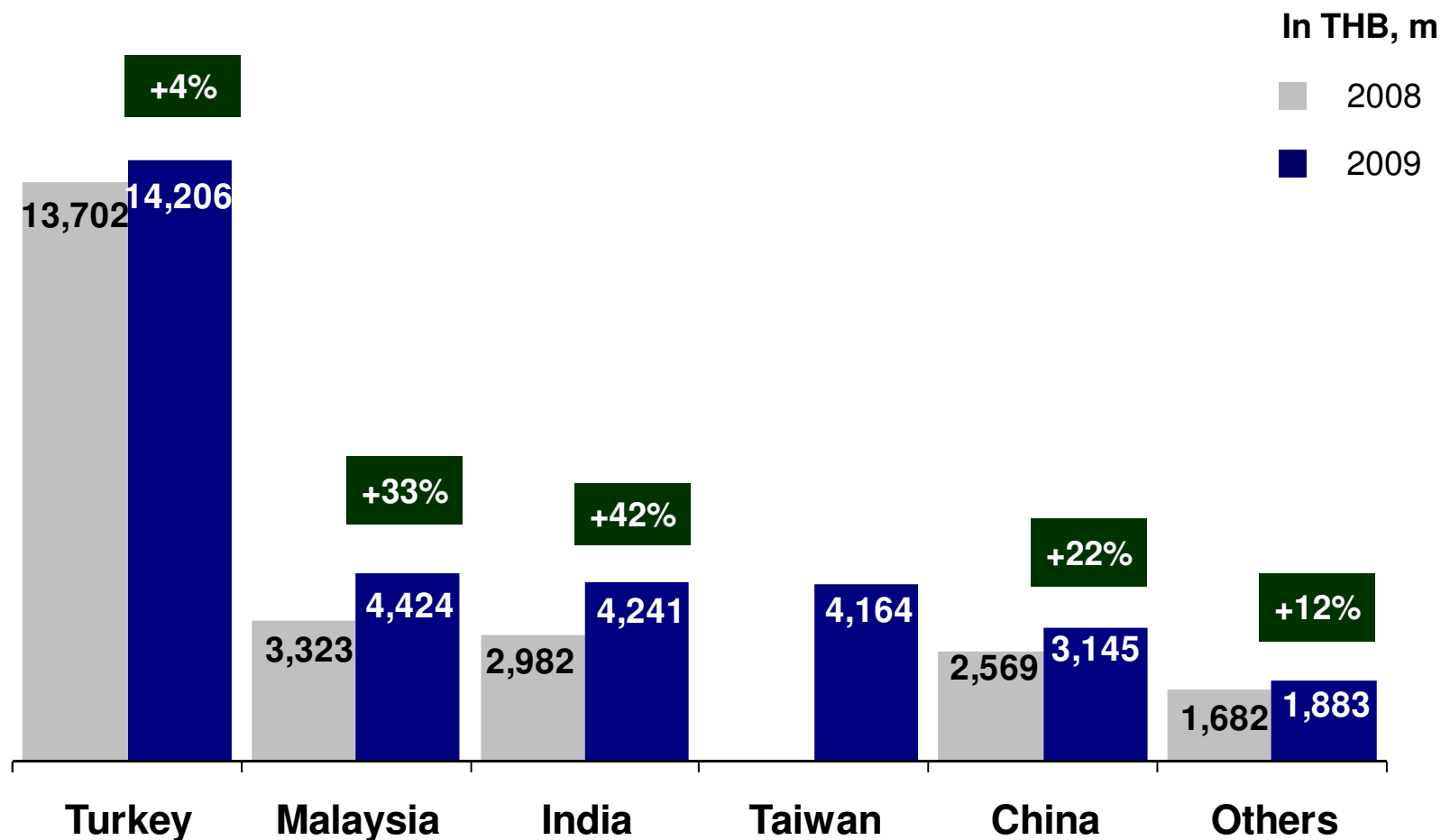
**Sales : THB 37,497 M (+10% Y-o-Y)**



## 2009: Consolidated Sales – Overseas by Country



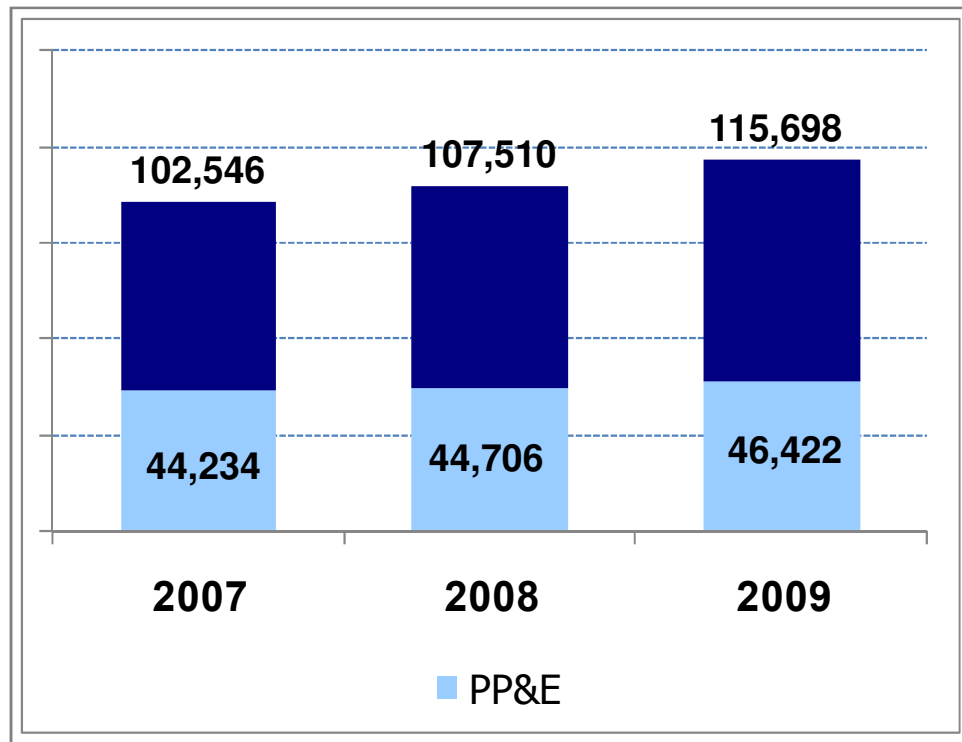
**Sales : THB 32,063 M (+32% Y-o-Y)**



# Financial Status (1)

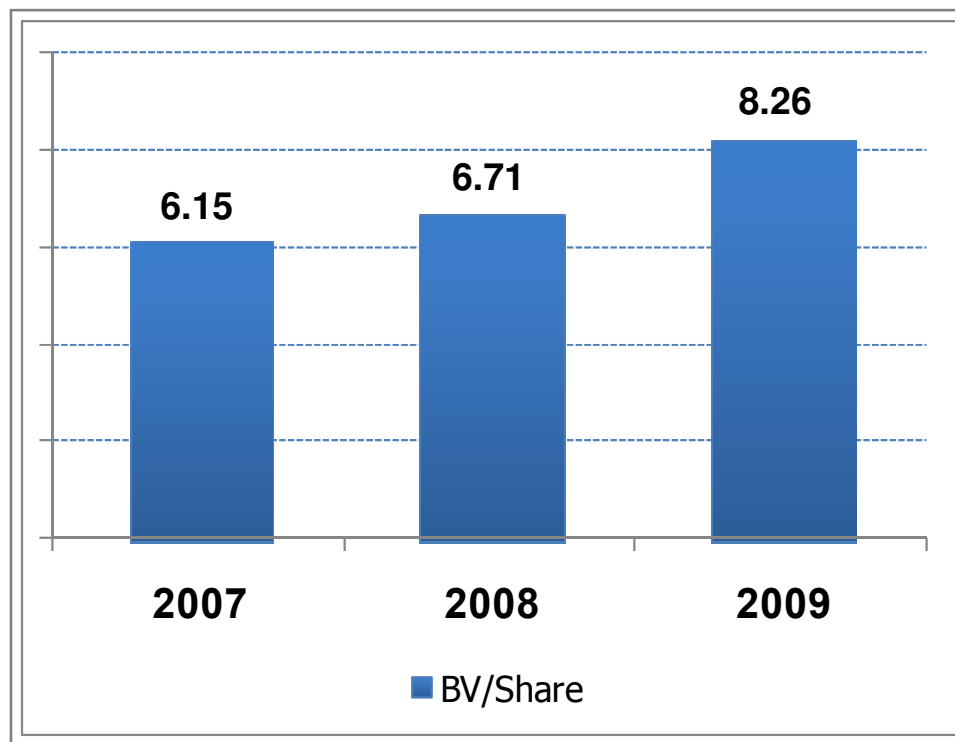


In THB million



Total Assets

In THB

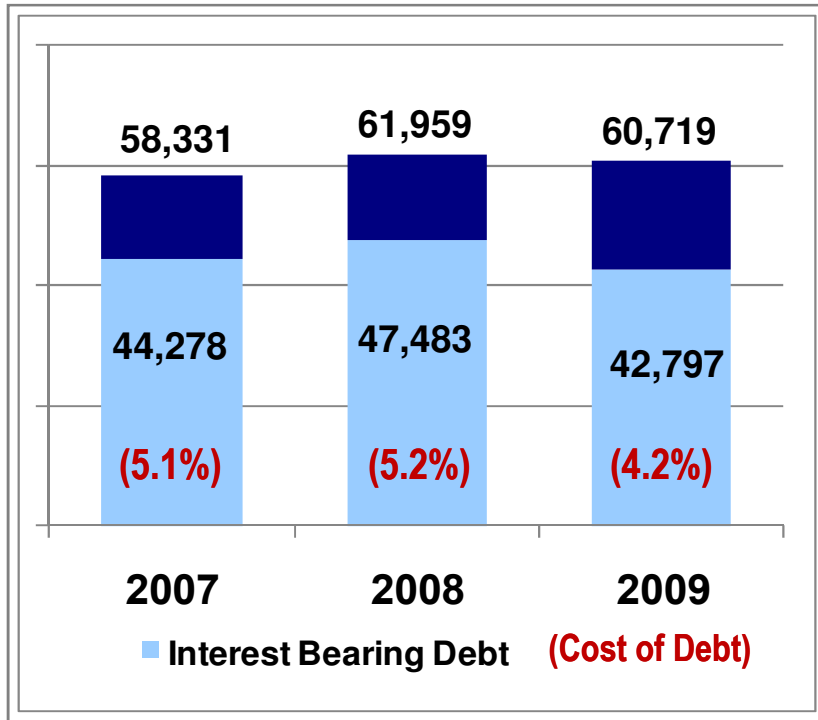


Book Value per Share

# Financial Status (2)

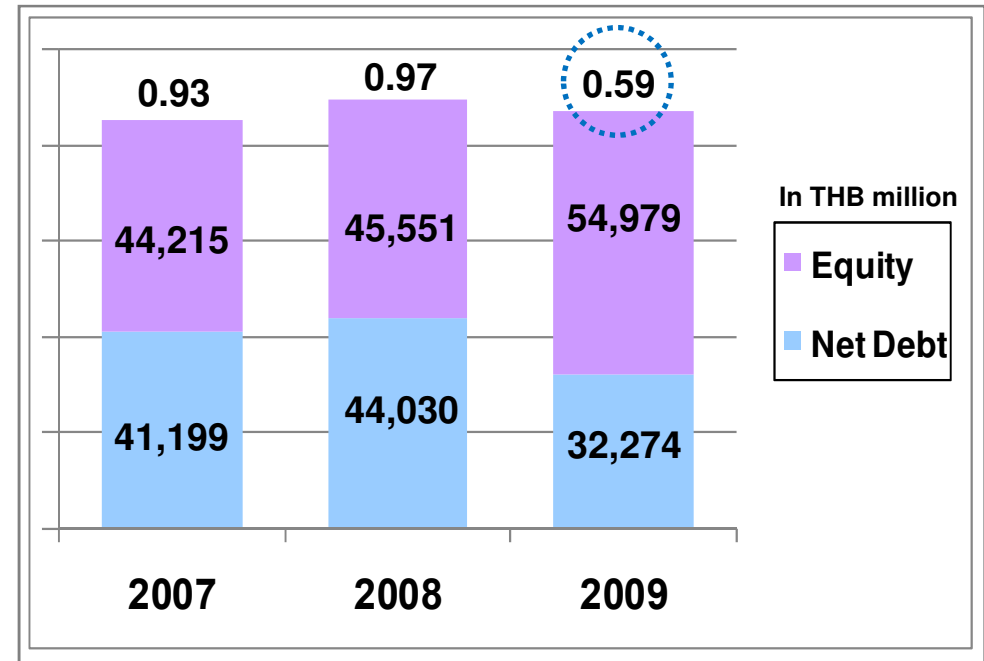


In THB million



**Total Liabilities**

Time



**Net Debt to Equity Ratio**

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

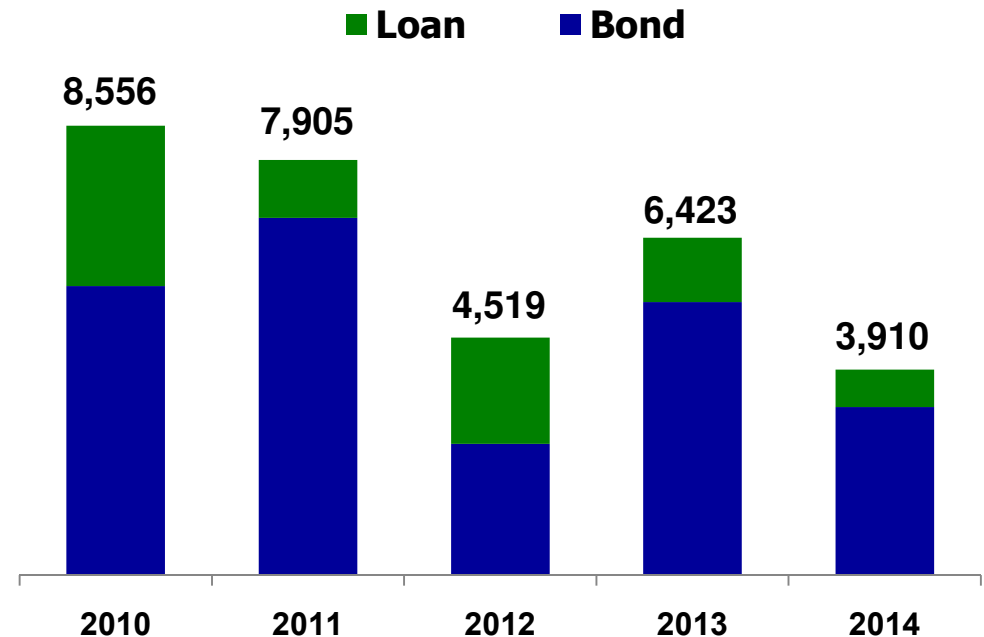
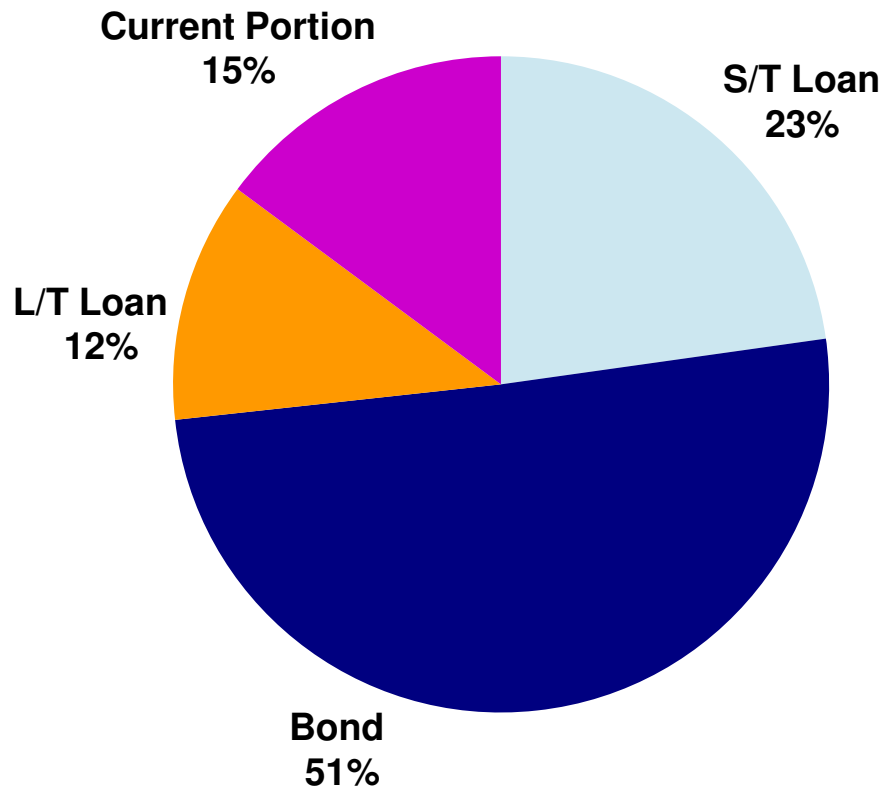
# Interest Bearing Debt as of 30 Dec 09



Interest Bearing Debt : THB 42,797 M

Repayment Schedule

In THB million



# Appendix A : Acquisition of Charoen Pokphand (India)



## Transaction

- Acquisition of 28.80% of shares outstanding in Charoen Pokphand (India) Pvt. Ltd. (“CPI”) to reach 100%

## Acquirer

- CPF

## Pre Acquisition Shareholding Structure

- CPF (via Charoen Pokphand Industry Co.,Ltd): 71.2%
- Charoen Pokphand Group Co., Ltd. : 13.24%
- Perfect Companion Group Co., Ltd. : 15.56%

## Seller

- Charoen Pokphand Group Co., Ltd.
- Perfect Companion Group Co., Ltd.

## Proposed Price

- Equity Value: THB 1,240.0 m
- 28.8% stake, equivalent to THB 357.1 m

## Closing

- June 2009

## Post Acquisition Shareholding Structure

- CPF (via Charoen Pokphand Industry Co.,Ltd): 71.2%
- CPF 28.8%



# Appendix B : Acquisition of CPE - Taiwan



## Transaction

- Acquisition of 32.41% of indirect shareholding invest in Charoen Pokphand Enterprise (Taiwan) Co. Ltd. (“CPE”)

## Buyer

- CPF Investment Limited

## Seller

- Sole shareholders of target companies (5 individual)

## Transaction Size

- CPE’s Equity Value : Bt 2,550.0mm
- 32.41% stake, equivalent to Bt 766 mm
- Implied P/BV08A = 0.96x (Market Price = 1.49x)
- Implied P/E08A = 11.7x (Market Price = 18.0)

## Closing

- August 2009.
- Settlement in cash

## Other Considerations

- Not a connected transaction, but considered as if a connected transaction
- Calculation of transaction size threshold for connected transaction also included CPI transaction

# Appendix C : Merger of CP Vietnam



## Parties Involved

- C.P.Vietnam livestock (“CPVL”)
- Charoen Pokphand Vietnam (“CPV”)

## Transaction

- CPVL issued 33,111,836 new shares to CPV’s shareholders for assuming CPF’s assets & liabilities.
- The value of net assets acquired and of new common shares issued are determined based on the net assets value of CPVL and CPV as shown in the audited financial statements as of June 30, 2009.

## Shareholding Structure

<u>Pre</u>				<u>Post</u>	
<div style="border: 1px solid black; padding: 5px; display: inline-block;">CPVL</div> Registered Capital = VND 898.8m		<div style="border: 1px solid black; padding: 5px; display: inline-block;">CPV</div> Registered Capital = VND 342.3m		<div style="border: 1px solid black; padding: 5px; display: inline-block;">CPVL + CPV</div> Registered Capital = VND 1,223.9m	
CPF (Via Bangkok Foods products)	40.00%	CP Group	40.00%	CP Group	47.29%
CP Group	50.00%	Worth Access Trading	30.00%	CPF (Via Bangkok Foods products)	29.18%
Others (4 Companies)	10.00%	Modern State Investments	30.00%	Worth Access Trading	8.12%
				Modern State Investments	8.12%
				Others (4 Companies)	7.29%

## Expected Closing

- 3Q, 2009

## Appendix D : Share Buy-Back Program



- The repurchase period started from August 28, 2008 to February 27, 2009

### Cumulative number of shares repurchased :



### Reasons for the proposed share repurchase :

- To manage and maximize the benefits of Company's excess liquidity
- To enhance the return on shareholder's equity

# Disclaimer



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