



Charoen Pokphand Foods Plc.



9M2014 : RESULTS BRIEFING

November 10, 2014





- **Business Overview**
- **9M2014 Results Briefing**
- **Financial Highlights**
- **Future Plan**

CPF Investment Highlights

- A leading global vertically integrated agro-industrial and food company
- Well-diversified portfolio with export to 40 countries and operations in 13 countries catered to 3 billion population
- Capturing strong growth opportunity in emerging markets
- Building key presence in developed markets and diversifying business line
- Financial flexibility
- Stakeholders priorities



Company Facts (as of September 30, 2014)

Vision : **Kitchen of the World**

- Position**
- One of the World's leading listed animal feed manufacturers
 - One of the World's leading listed swine producers and shrimp integrated businesses
 - Member of “**SET50**”, Ticker “**CPF**” under Agro-Industrial & Food Sector
 - Ranked **1,414th** in **Y2014 Forbes Global 2000** list of the World's Biggest Company
 - 3 Listed Investments (HKSE:00043, TWSE: 1215, SET:CPALL)
 - 18 Series of Debentures listed on Thai Bond Market Association “TBMA”

Highlights

Market Cap : THB 229,028 million or ~USD7.0 billion (as of November 7, 2014) **FY13 Sales** : THB389 billion or ~USD 11.9 billion

Capital : 7,743 million shares (paid-up), par value of THB.1.00 per share **Operations** : 34% Thailand-Domestic
8% Thailand-Export

Book Value : THB22.09 per share (as of September 30, 2014) 58% International

Shareholders : Charoen Pokphand Group Ltd. 43.72% of Paid-Up Capital (as of August 29, 2014) **Business** : 84% Livestock / 16% Aquaculture

Credit Rating : “AA-” with “Negative” Outlook (as of June 20, 2014) **Product** : 56% Feed / 32% Farm / 12% Food

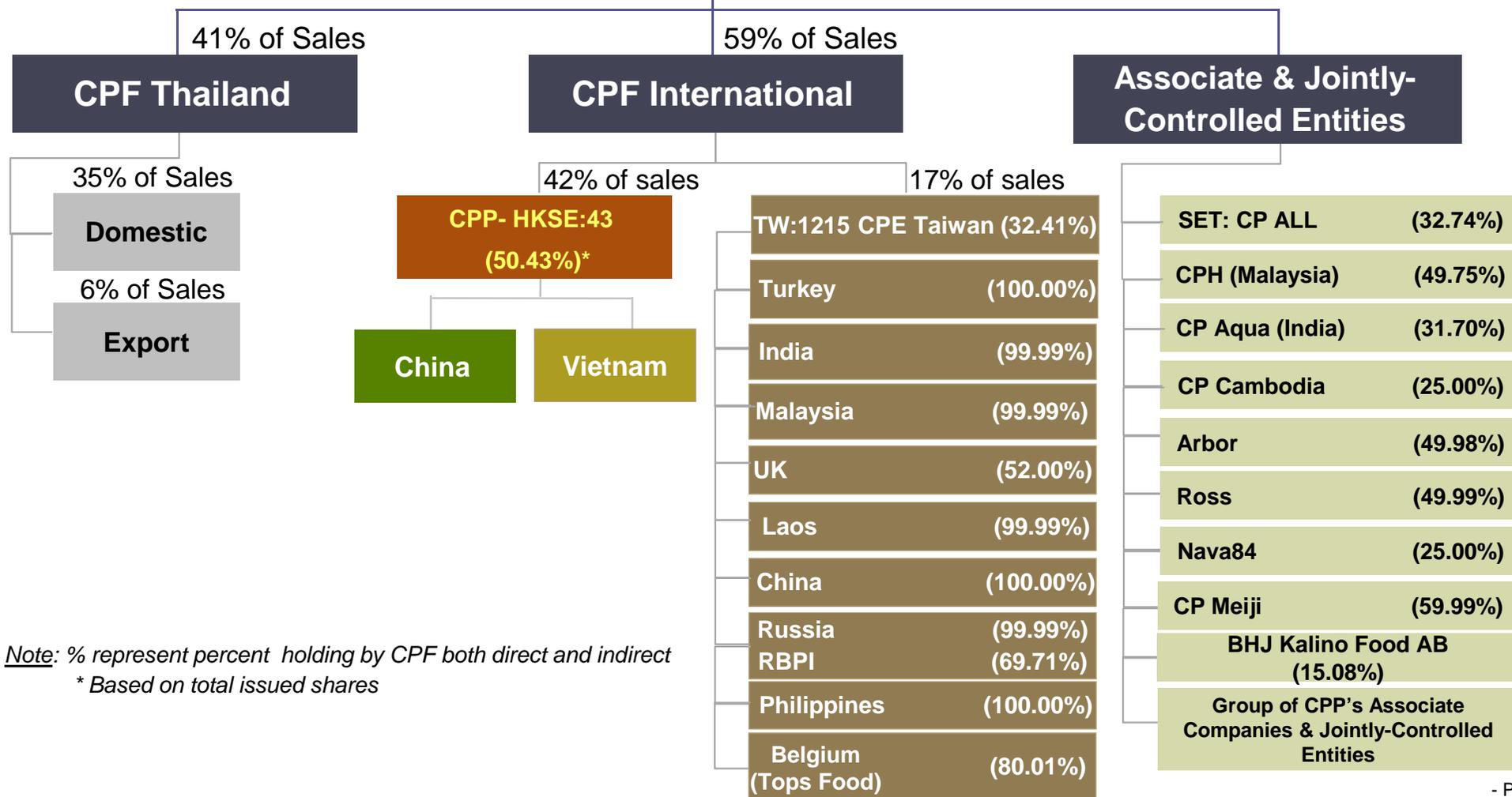
Note: USD1 = THB 32.80 (as of November 7, 2014)





CPF Operational Structure

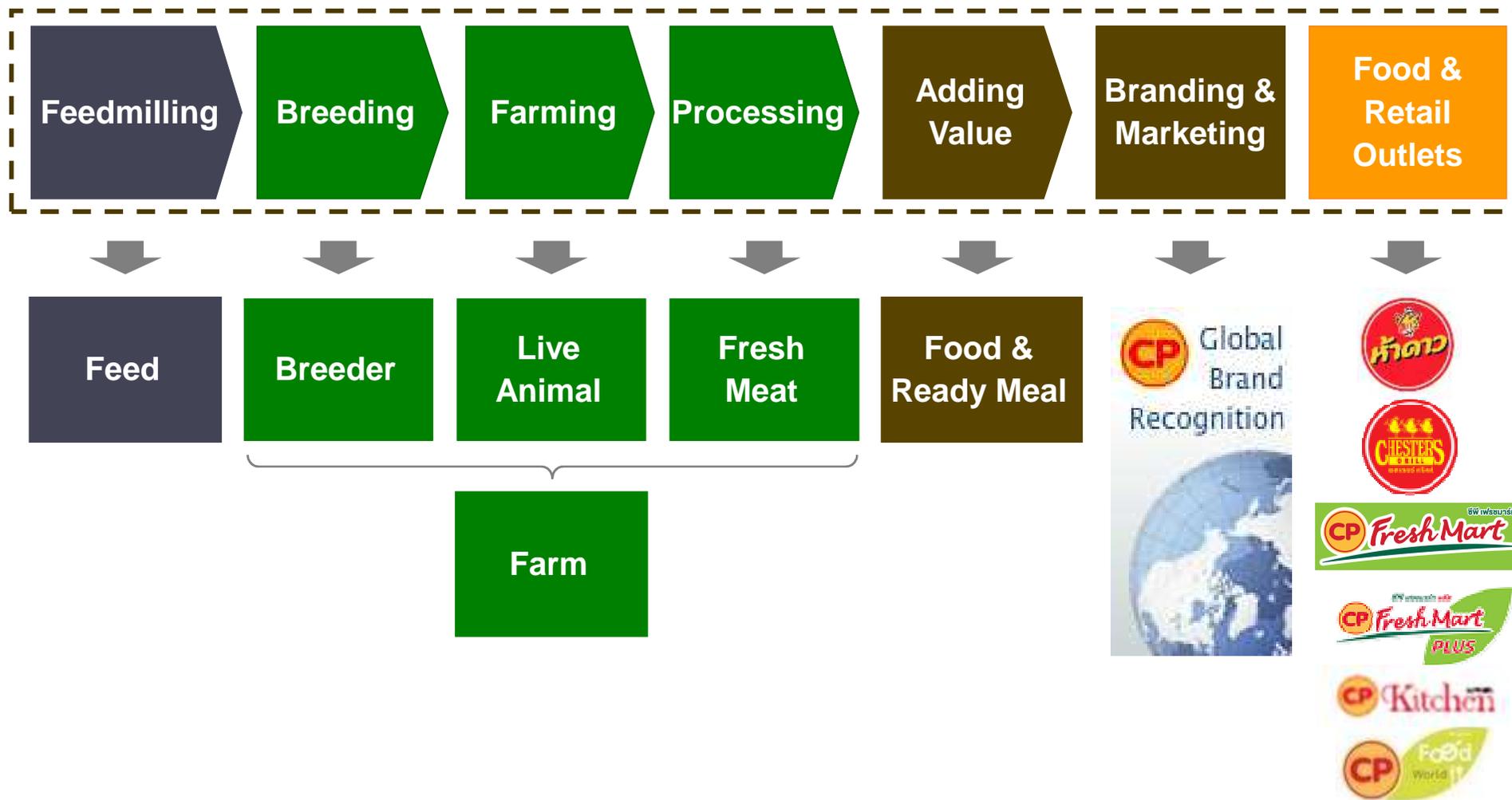
9M2014 : Sales: THB 316,346 m
Net Profit: THB 9,754 m



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

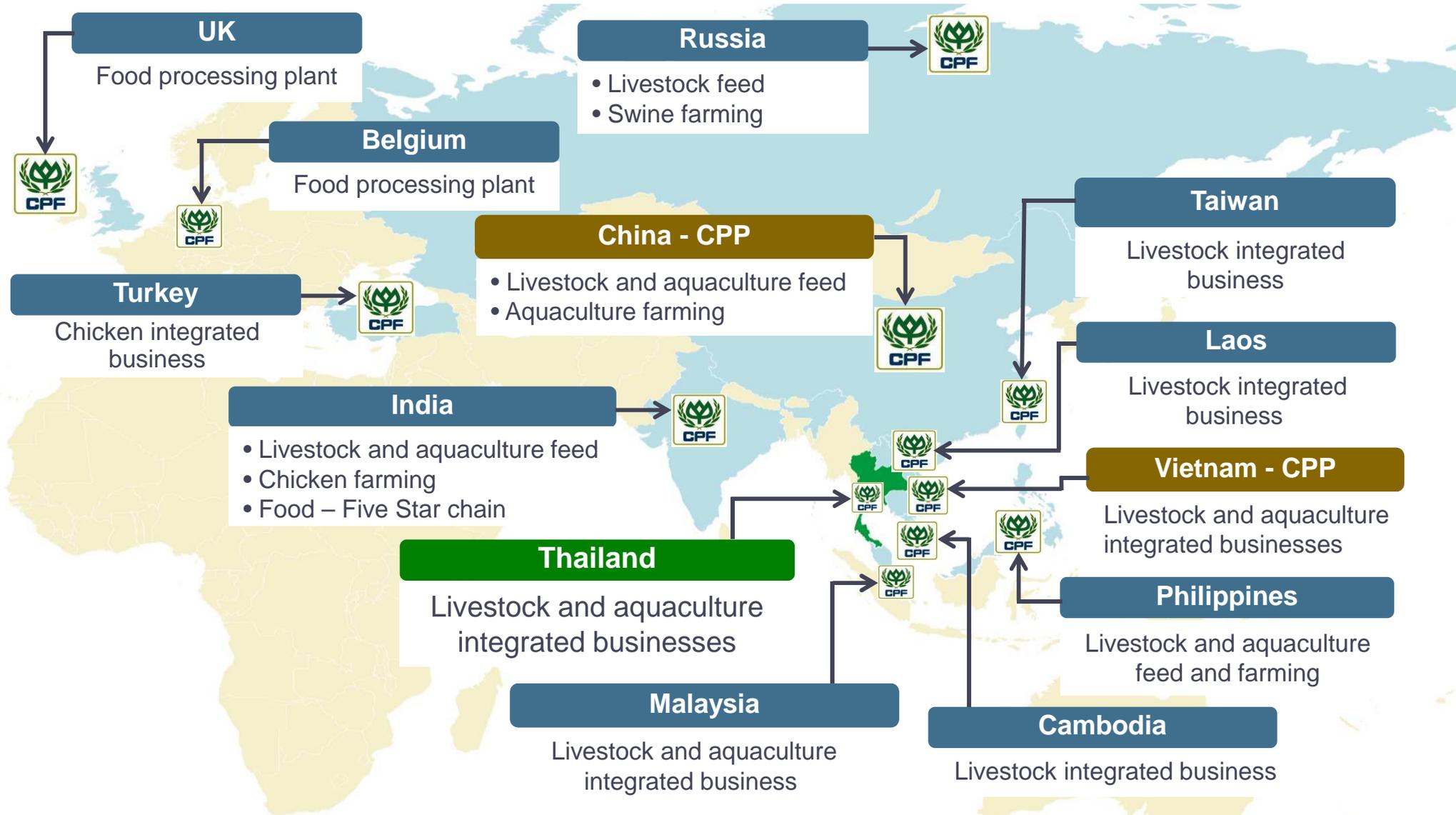
Vertically Integrated Business Model

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





CPF Leading Footprints



- Operations and investment in 13 countries catered to > 3 billion population
- Export to more than 40 countries across 5 continents with 17 representative offices

9M2014 Summary

Challenges

- Managing shrimp recovery against EMS disease

Latest Activities

Finance

- Issued 0.5% exchangeable bonds (“EB”) on Jan 15, 2014 (USD 290.4 m, EB due 2019)

Acquisition

- Acquired 80.02% stake in Tops Foods, Belgium on Jan 20, 2014 (THB 408 m)
- Acquired 15.08% BHJ Kalino Food AB, Sweden on Mar 6, 2014 (approx. THB 25 m)
- Acquired Hefei Chia Tai on Mar 13, 2014 (approx. USD 36.4 m)
- Acquired Kaifeng Chia Tai on Aug 5, 2014 (approx. USD 49.5 m)

Divestment

- Divested Rapid Thrive (Luoyang) on July 10, 2014 (approx. THB 1,586 m)
- Divested 25% stake in CPP (43:HK) on Sep 18, 2014 (approx. THB 27,397 m)

Others

- Proposed the spin-off and separate listing of biochemical business and interests in industrial business on the Main Board of the HKSE (Jun 30, 2014)

9M2014 Results Highlights

- Revenue increased 11% y-o-y to THB 316,346m in 9M2014
- Gross Profit increased 62% y-o-y to THB 43,952m in 9M2014, Gross profit margin increased from 9.5% in 9M2013 to 13.9% in 9M2014 due to improvement from the livestock farming operations in Thailand and Vietnam
- EBITDA increased 165% y-o-y from THB 8,538m in 9M2013 to THB 22,661m in 9M2014. (EBITDA margin improved from 3.0% in 9M2013 to 7.2% in 9M2014)
- Net profit increased 84% y-o-y from THB 5,311m to THB 9,754m in 9M2014. (Net profit margin improved from 1.9% in 9M2013 to 3.1% in 9M2014)

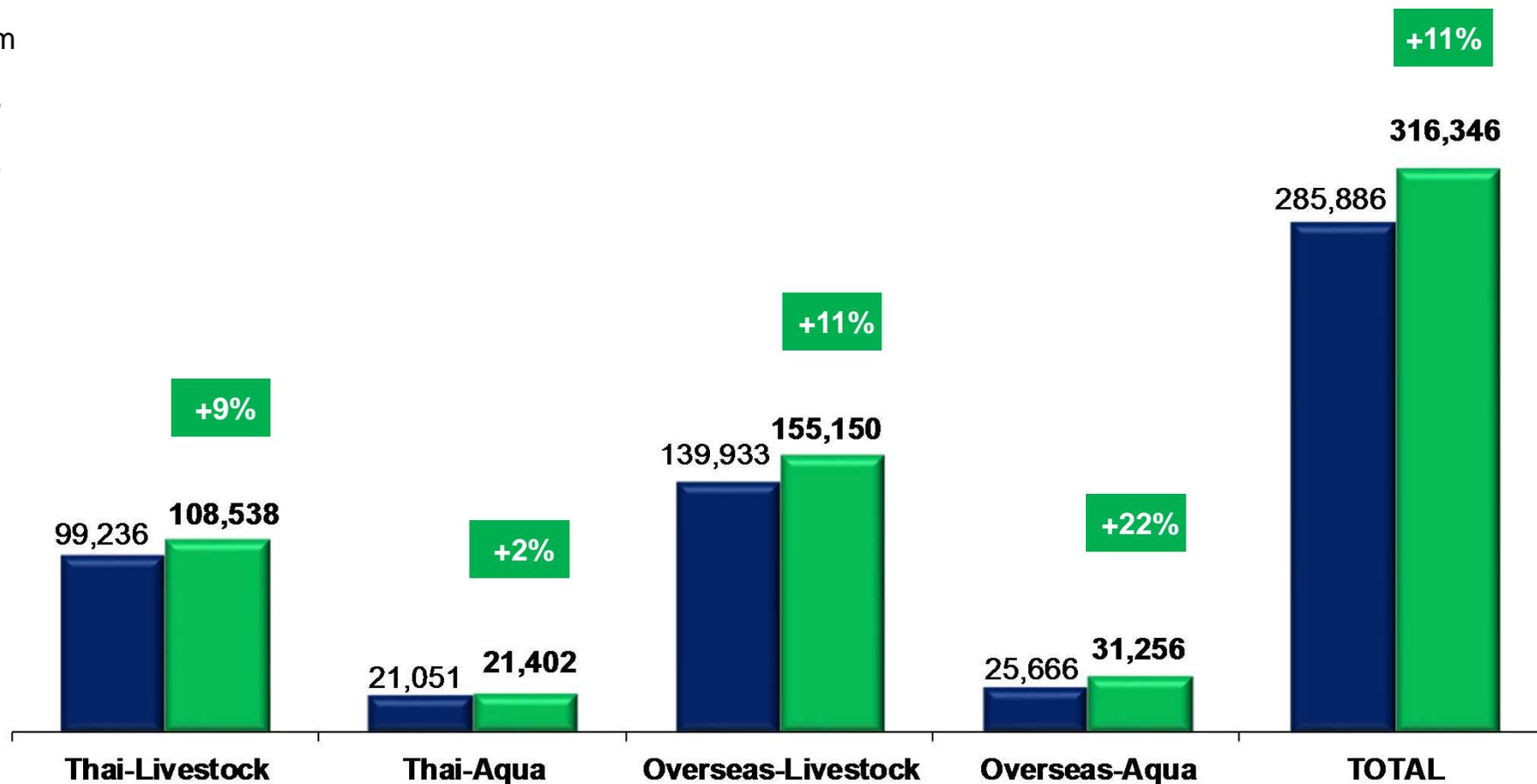


9M2014: Sales & Gross Profit Margin by Business

In THB, m

■ 9M13

■ 9M14



	9M13 (%)	9M14 (%)								
GPM	11.2%	16.8%	-6.5%	-3.4%	11.3%	14.9%	6.2%	10.5%	9.5%	13.9%
OPM	3.4%	8.7%	-14.4%	-12.2%	3.0%	5.9%	-0.2%	4.7%	1.6%	5.5%

9M2014: Consolidated Sales Structure

Sales Breakdown

	9M13	% to Sales	9M14	% to Sales	% Change
Thailand	120,287	42%	129,940	41%	8%
<i>Domestic</i>	99,316	35%	111,229	35%	12%
<i>Export</i>	20,971	7%	18,711	6%	-11%
China	81,485	29%	84,295	27%	3%
Vietnam	39,544	14%	48,756	15%	23%
Others	44,570	15%	53,355	17%	20%
Total	285,886	100%	316,346	100%	11%



9M2014: Consolidated Sales Structure by Business

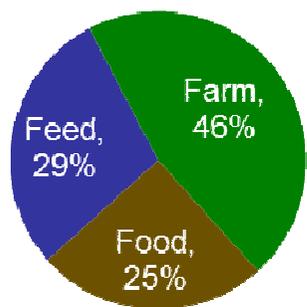
Sales Breakdown

	Livestock			Aqualculture			Total		
	9M13	9M14	%Change	9M13	9M14	%Change	9M13	9M14	%Change
Thailand	99,236	108,538	9%	21,051	21,402	2%	120,287	129,940	8%
<i>Domestic</i>	86,584	94,336	9%	12,732	16,893	33%	99,316	111,229	12%
<i>Export</i>	12,652	14,202	12%	8,319	4,509	-46%	20,971	18,711	-11%
China	72,430	74,832	3%	9,055	9,463	5%	81,485	84,295	3%
Vietnam	32,662	39,654	21%	6,882	9,102	32%	39,544	48,756	23%
Others	34,841	40,664	17%	9,729	12,691	30%	44,570	53,355	20%
Total	239,169	263,688	10%	46,717	52,658	13%	285,886	316,346	11%

9M2014: Consolidated Sales by Products

Sales Breakdown by Products

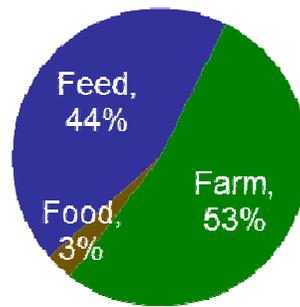
	Feed			Farm			Food			Total		
	9M13	9M14	%Change	9M13	9M14	%Change	9M13	9M14	%Change	9M13	9M14	%Change
Thailand	38,686	38,256	-1%	51,020	59,706	17%	30,581	31,978	5%	120,287	129,940	8%
<i>Domestic</i>	38,375	38,067	-1%	46,123	56,113	22%	14,818	17,049	15%	99,316	111,229	12%
<i>Export</i>	311	189	-39%	4,897	3,593	-27%	15,763	14,929	-5%	20,971	18,711	-11%
China	81,485	84,295	3%	0	0	0%	0	0	0%	81,485	84,295	3%
Vietnam	19,349	21,331	10%	19,444	26,024	34%	751	1,401	86%	39,544	48,756	23%
Others	20,985	22,610	8%	20,762	26,732	29%	2,823	4,013	42%	44,570	53,355	20%
Total	160,505	166,492	4%	91,226	112,462	23%	34,155	37,392	9%	285,886	316,346	11%



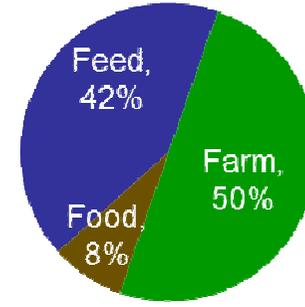
9M14 Thailand



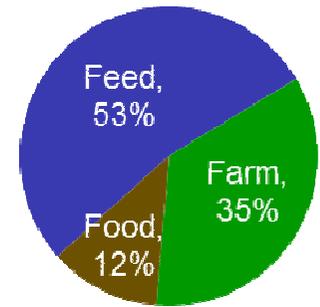
9M14 China



9M14 Vietnam



9M14 Others



9M14 Total



9M2014: Consolidated Income Statement Highlight

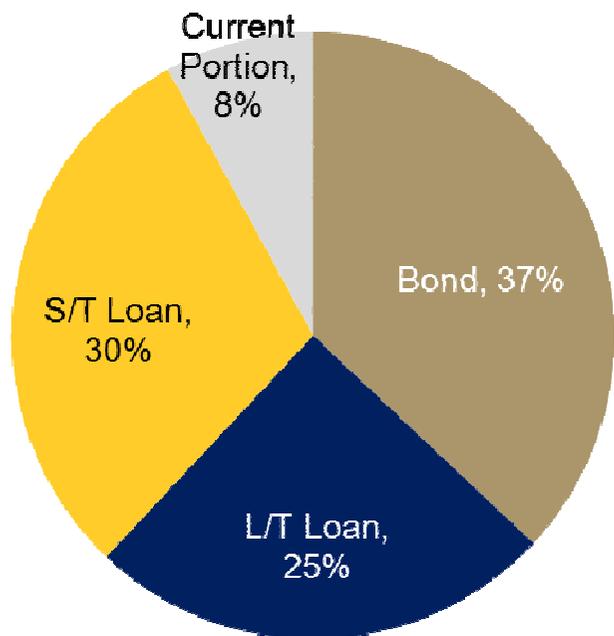
	Quarter 1			Quarter 2			Quarter 3			9 Months		
	2013	2014	%Chg.	2013	2014	%Chg.	2013	2014	%Chg.	2013	2014	%Chg.
Net sales	87,424	98,122	12%	93,194	105,834	14%	105,268	112,390	7%	285,886	316,346	11%
Gross Profit Margin (%)	9.0%	13.4%		8.5%	14.0%		10.8%	14.3%		9.5%	13.9%	
EBITDA	1,743	6,414	268%	1,830	7,817	327%	4,965	8,430	70%	8,538	22,661	165%
EBITDA Margin	2.0%	6.5%		2.0%	7.4%		4.7%	7.5%		3.0%	7.2%	
EBIT	(213)	3,949	1,954%	(212)	5,365	2,631%	2,726	5,922	117%	2,301	15,236	562%
EBIT Margin	-0.2%	4.0%		-0.2%	5.1%		2.6%	5.3%		0.8%	4.8%	
Share in Profit of Associates	1,398	1,369	-2%	1,197	1,265	6%	1,296	1,209	-7%	3,891	3,843	-1%
Financial Costs	(1,600)	(2,332)	46%	(2,302)	(1,803)	-22%	(2,142)	(2,346)	10%	(6,044)	(6,481)	7%
Income Taxes Expense	(281)	(792)	182%	154	(1,174)	862%	419	(1,219)	391%	292	(3,185)	1,191%
NET PROFIT	1,026	2,050	100%	1,636	3,546	117%	2,649	4,158	57%	5,311	9,754	84%
EPS (THB)	0.14	0.28		0.22	0.48		0.36	0.56		0.72	1.32	
# of capital shares *	7,388	7,388		7,388	7,388		7,388	7,388		7,388	7,388	
Paid-Up Capital	7,743	7,743		7,743	7,743		7,743	7,743		7,743	7,743	
Dividend (THB/Share)										0.25	0.30	

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



Financial Status

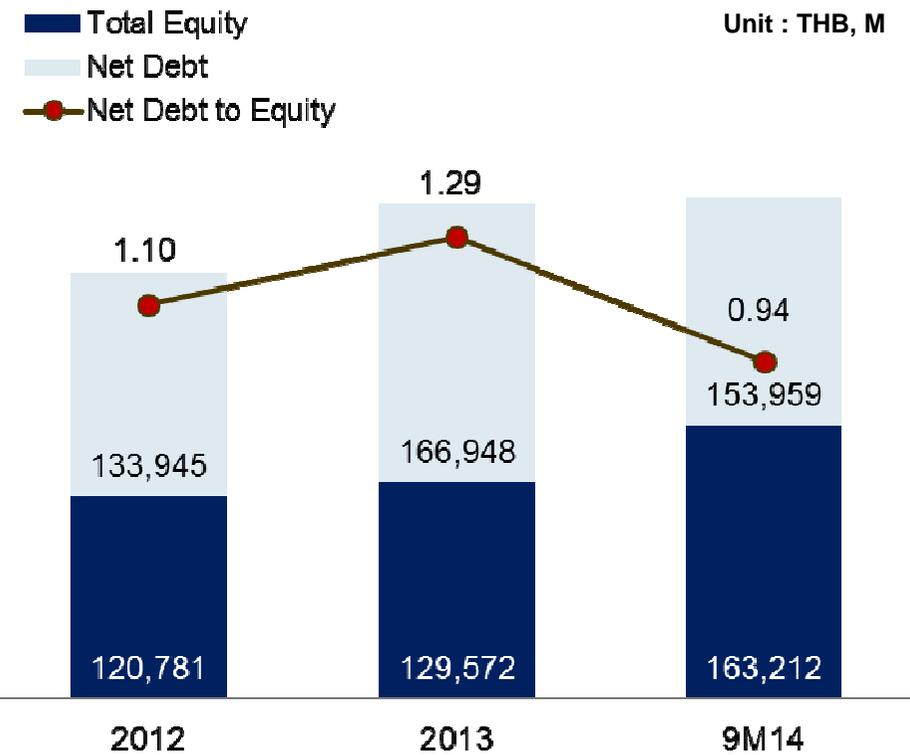
Interest Bearing Debt : THB 193,487 m



Cost of Debts	2012	2013	9M14
	4.82%	4.65%	4.09%

Bond Rating "AA-" with "Negative" Outlook by Tris Rating Co., Ltd

Net Debt to Equity



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

Y2014 Key Highlights

Target Growth



Key Drivers

- Turnaround of livestock business
- Improvement of international operations
- Higher export volume for Thailand uncooked chicken (e.g. Japan, Russia)
- Gradual improvement of shrimp business

Investment

- 5Yr Capex of THB 50,000 million (excluding CPP) ; cautiously investment for growth
 - **Thailand** : add on value to existing businesses
 - **International** : diversification & market expansion

5-Year Mission

- Increase return by growing value added businesses
- Synergize new investments with existing core operations
- Capitalize growth opportunity in emerging markets
- Strengthen  brand and expand retail-food business
- Build transparent corporate governance
- Moving towards sustainability

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Investor Relations Office

Charoen Pokphand Foods Public Company Limited

313 C.P.Tower Building, 26th Floor, Silom Road, Bangrak, Bangkok 10500, Thailand

Tel. Ms.Kobboon S. (662) 625-8353 / Mr.Warrawut T. (662) 625-8355 / Ms.Prenant N. (662) 625 8323

Fax.(662) 638-2942

www.cpfworldwide.com

Email : kobboon@cpf.co.th / warrawut@cpf.co.th / prenant.næ@cpf.co.th

