

The acquisition of an Integrated Poultry Business in Russia

23 July 2015

Transaction overview



| | |
|------------------------------|------------------------------------------------------------------------------------------------------------------------|
| <i>Investment type</i> | <i>Acquisition of one of the leading poultry businesses in Russia</i> |
| <i>Targets</i> | <i>CJSC Poultry Production Severnaya and CJSC Poultry Parent Stock Production Woyskovitsy (together "S&W")</i> |
| <i>Buyer</i> | <i>CPF Netherlands B.V. (99.99% owned subsidiary of CP Foods PCL)</i> |
| <i>Seller</i> | <i>Agro-Invest Brinky B.V.</i> |
| <i>Enterprise Value</i> | <i>Enterprise Value of USD 680m Implied FY14 multiples¹: EV/EBITDA of 6.0x; P/E of 7.4x²</i> |
| <i>Expected Closing Date</i> | <i>1st transaction (80%) – by end of 2015 2nd transaction (20%) – by end of 2018</i> |

Note 1: Implied multiples for illustrative purposes only and based on a spot exchange rate of c. RUB 56.9640 / USD 1 as per Bloomberg as of July 20, 2015 (compared to an average FX rate for 2014 of RUB 38.6269 / USD 1);

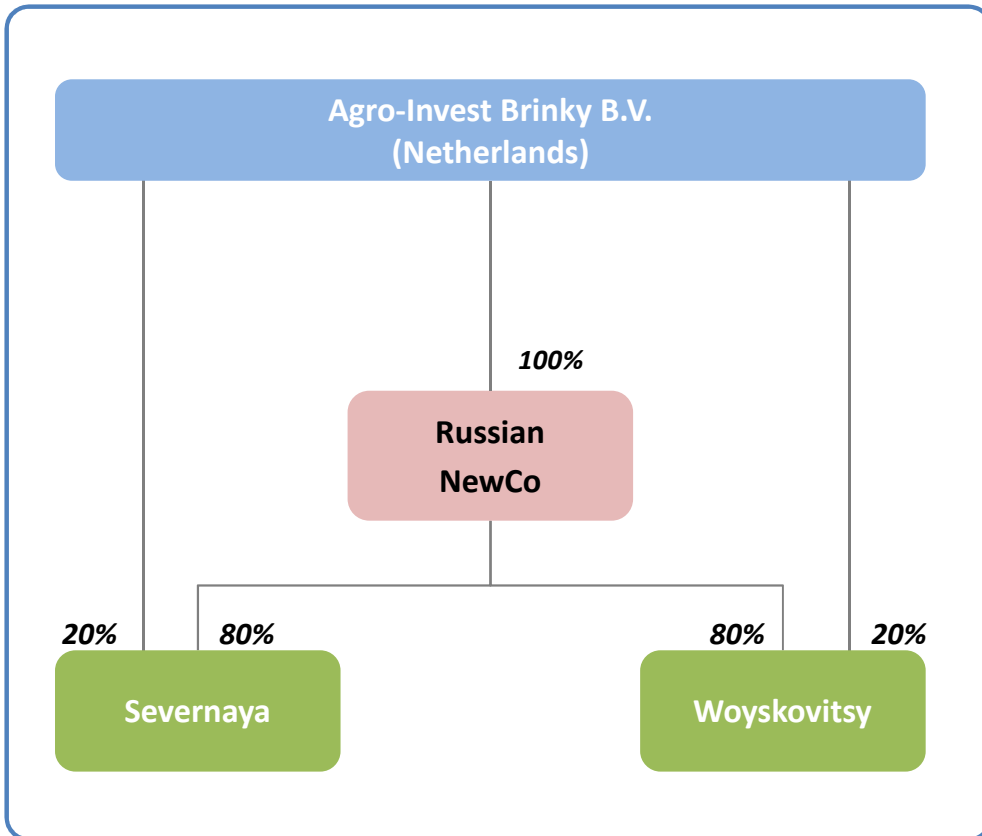
Note 2: Illustrative based on estimated net debt and working capital excess as of Aug 31, 2015; equity value is subject to actual net debt and working capital excess or shortfall as of Aug 31, 2015



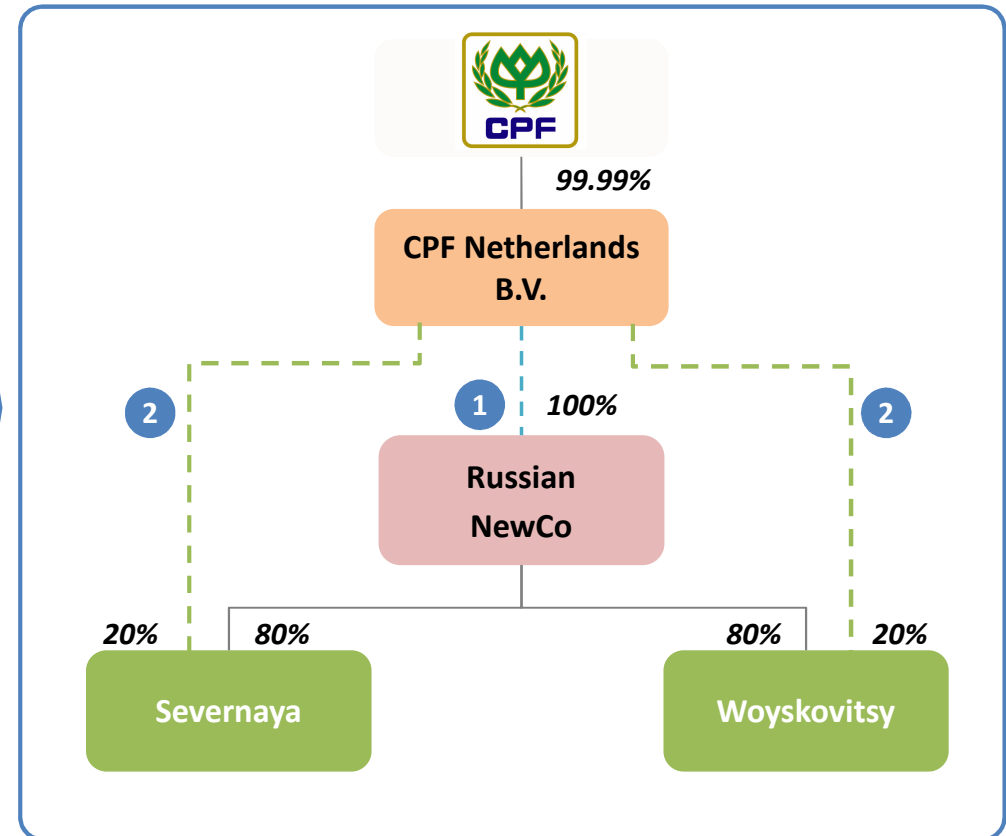
Transaction structure



Pre-transaction



The Transaction



1 **First Transaction:** Acquisition of 80% interest in S&W through acquisition of Russian NewCo (2015)

2 **Second Transaction:** Acquisition of balance 20% interest in S&W (2018)

Consideration overview



- **Overall transaction**

- S&W enterprise value of **USD 680m**
 - Less Net Debt as of 31 Aug 2015
 - Add Working Capital Excess as of 31 Aug 2015
 - Equals estimated Equity Value for 100% of S&W

- **First Transaction**

- Estimated consideration for First Transaction: 80% of Equity Value of S&W

- **Second Transaction**

- Estimated consideration for Second Transaction: 20% of Equity Value of S&W + 20%*(Net profits less dividends declared and/or actually distributed over the 3 year period from 1 Sep 2015 to 31 Aug 2018)¹

- **Call / Put Option**

- Call/ put option for CP/ Sellers to buy/sell entire 20% stake of the Sellers within 3 years, based on certain events; consideration for Second Transaction in case a call/ put is exercised will include 20% of the (Net profits less dividends declared and/or actually distributed from 1 Sep 2015 up to and including the first full calendar month prior to the date of the call or put option)

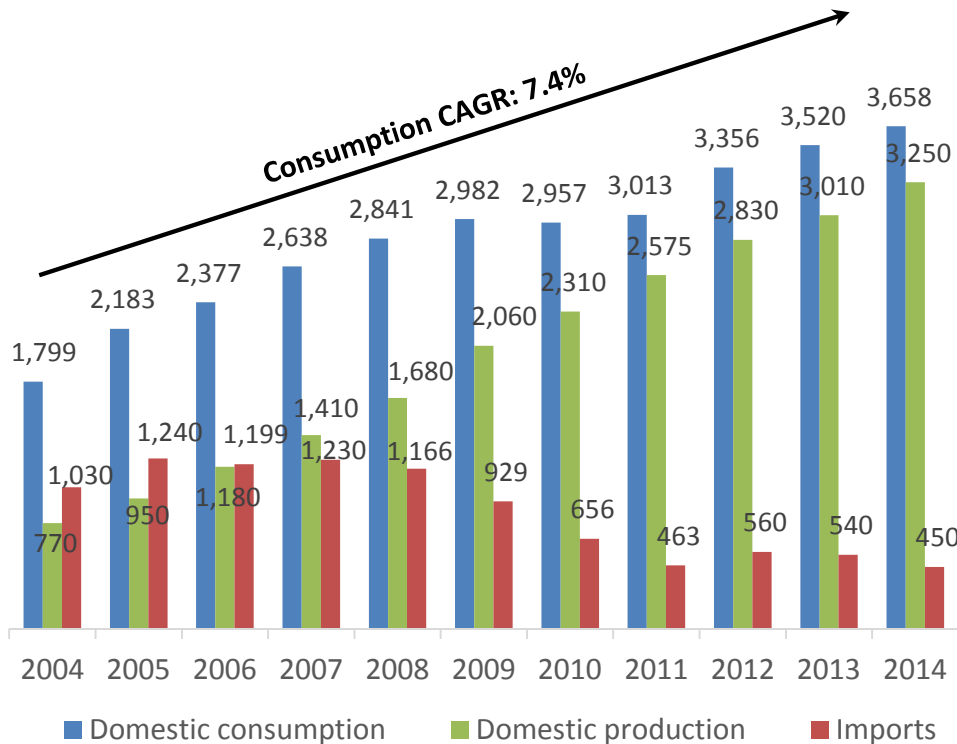
Source: S&W information
Note 1: Subject to certain conditions



Overview of the Russian poultry market



Poultry consumption by volume in Russia ('000 MT)



Domestic production has historically been lower than local consumption; growth in poultry consumption is expected to continue in the future

Favorable regulatory environment

- 1 Import bans on poultry products from countries such as US and the EU (which commenced on Aug 2014) were extended by another year in June 2015¹
- 2 0% tax on profits for agricultural enterprises (including poultry companies) approved in 2012²
- 3 Potential interest reimbursements on bank loan for production development of agricultural enterprises (including poultry companies)³

Source: USDA; Note 1: As per the Government of Russia press release as of June 25, 2015; Note 2: Amendments to Part Two of the Tax Code of the Russian Federation signed by the President of the Russian Federation into a Federal Law on October 2, 2012; Note 3: As per the Government of Russia press release as of February 17, 2015

Key investment highlights



1 Strong market dynamics in the poultry industry in Russia

- Fastest growing animal protein segment domestically (2004-2014 consumption CAGR of 7.4%¹)
- Significant growth potential given the relatively low per capita (c. 26Kg¹ p.a.) consumption of poultry in a large population size of over 140 million in Russia

2 Large scale and integrated poultry production

- One of the top 5 poultry producers in Russia, with a market share of 5%² in a relatively fragmented market
- Platform for further growth in Russia in a fragmented poultry market
- Opportunity to venture downstream into secondary processing and the branded retail segment in Russia
- Potential to export poultry products to Asia

3 Strong financial performance supported by Western style operational excellence

- Strong profitability and EBITDA generation
- Western management ensures adherence to best practices and high efficiency / quality

4 Sharing of best practices with CPF's existing poultry businesses

5 Opportunity for CPF to create a multi-species protein business in Russia

- One of the leading poultry businesses along with existing CPF swine business

Source: USDA, OECD, Rostat, Russian Poultry Union

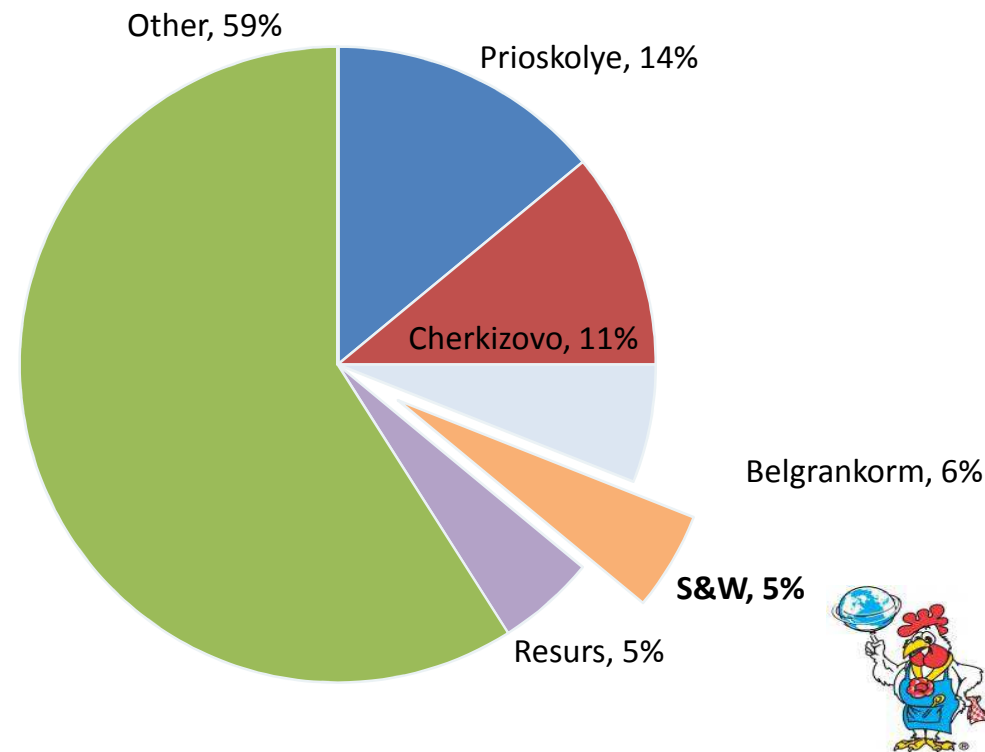
Note 1: As per USDA, United Nations; Note 2: As per Russian Poultry Union



S&W is one of the leading poultry players in Russia



Market shares



Russia has a fragmented poultry market, with no player having a market share of >15%

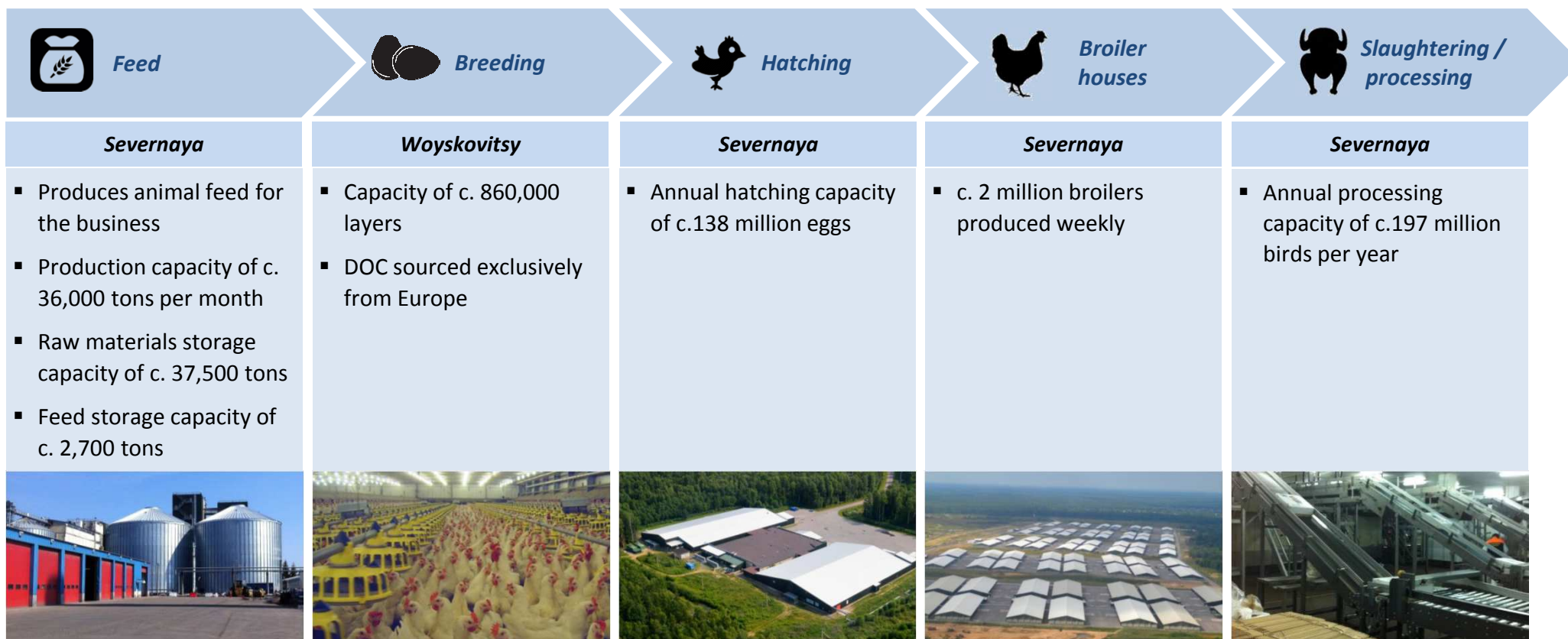


Source: Russian Poultry Union (based on FY2014 sales)

Snapshot of integrated production process



Value chain



Logistics

- Handles in-house the entire transport up to the slaughterhouse
- Owens a train loading station in Kirovsk (used for receiving grain, soy meal & other feed ingredients)
- Recent investment in loading quay at Shlissel'burg on the river Neva



Source: S&W information

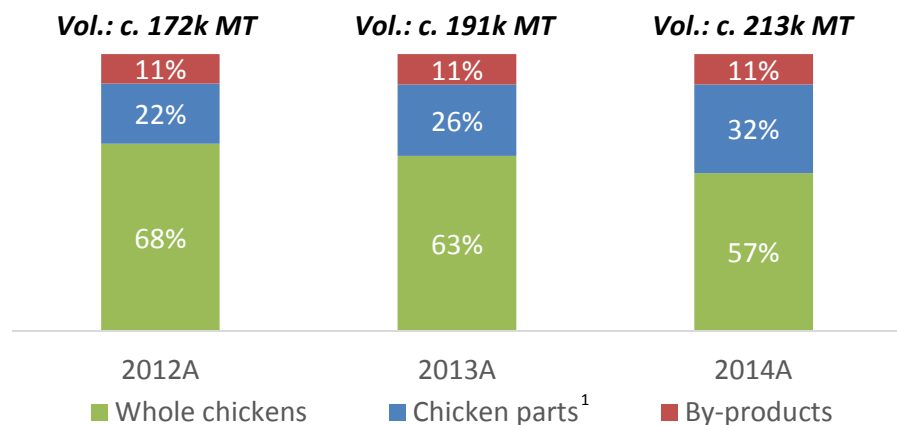
Note 1: All capacities are as of December 2014



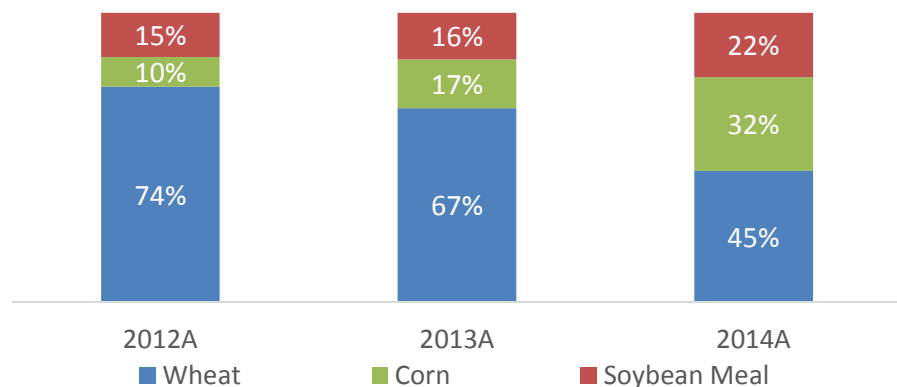
S&W at a glance



Revenue split by products (based on volumes)



Raw materials procurement based on volumes (k MT)



CPF & S&W's presence in Russia



- S&W
- Russian Baltic Pork Invest swine farming business
- CPF's animal feed manufacturing and farming business in Russia



Source: S&W information

Note 1: Chicken parts include chicken breast, chicken leg, broiler fillet and other products



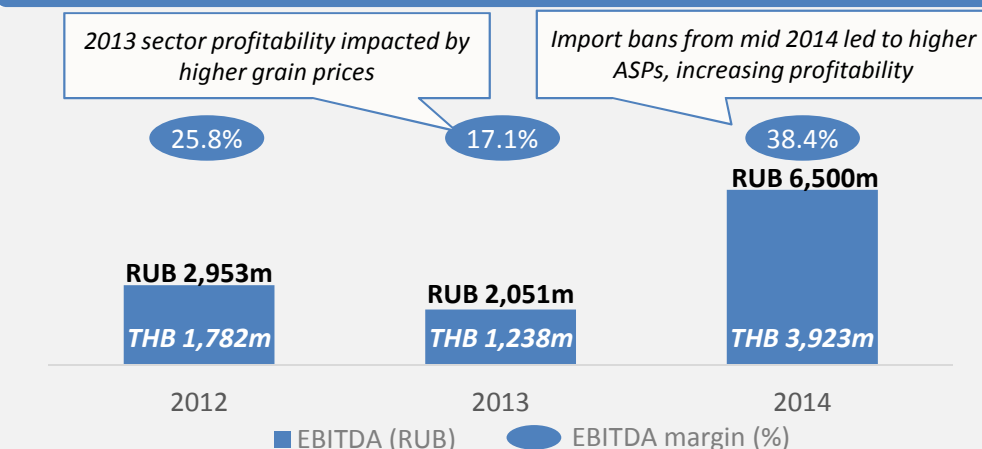
Historical financial highlights



Strong sales and volume growth



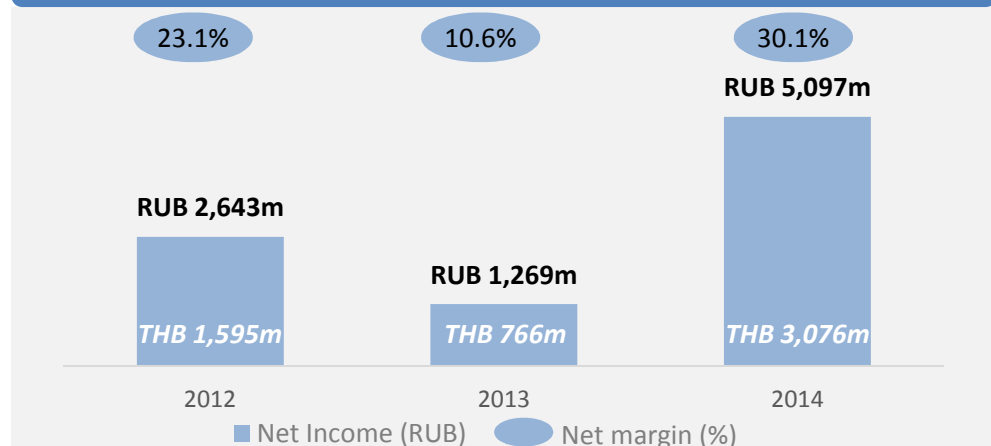
EBITDA development



Key Balance Sheet items

| (RUBm) | 2012A | 2013A | 2014A |
|--------------------------|---------------|---------------|---------------|
| Total Assets | 13,490 | 14,102 | 13,690 |
| (in THBm) | 8,143 | 8,512 | 8,263 |
| Total liabilities | 6,062 | 5,413 | 6,678 |
| (in THBm) | 3,659 | 3,267 | 4,031 |
| Total equity | 7,428 | 8,689 | 7,012 |
| (in THBm) | 4,483 | 5,245 | 4,232 |
| Net debt | 3,636 | 3,785 | 3,928 |
| (in THBm) | 2,195 | 2,285 | 2,371 |

Net income development



All financials have been translated at spot FX rate of RUB 1.66 / THB for illustrative purposes¹
This is significantly different from applicable historical FX rates (e.g. 2014 average FX rate was RUB 1.16/ THB)

Sources: S&W Pro-forma consolidated key financial information after adjustment according to CPF's accounting policies; Bloomberg

Note 1: All the RUB amounts in the aforementioned overview have been converted to THB at an exchange rate of c. RUB 1.6567 / THB 1 (as per Bloomberg as of July 20, 2015) for illustrative purposes only



CP Foods / S&W combination analysis (for illustrative purpose)



| | CP Foods | | S&W | | Pro forma | |
|---------------------------------|----------|---|--------|---|-------------------|-----------------------------------------------------------------------------------------|
| Sales FY14A (THBm) | 426,039 | + | 10,222 | = | 436,262 | ↑ 2.4% increase in <u>sales</u> |
| EBITDA FY14A (THBm) | 27,487 | + | 3,923 | = | 31,410 | ↑ 14.3% increase in <u>EBITDA</u> |
| Net Profit FY14A (THBm) | 10,562 | + | 3,076 | = | 11,603 | ↑ 9.9% increase in <u>Net Profit</u> ^{2,3} |
| Sales by geography ¹ | | + | | = | | ↑ 1.0% point increase in sales contribution from <u>International Operations</u> |
| Sales in Russia FY14A (THBm) | 2,035 | + | 10,222 | = | 12,258 | ↑ 502.2% increase in CPF's sales in Russia |
| EPS (THB) | 1.43 | | | | 1.57 | ↑ 9.9% illustrative EPS accretion ² |
| Net debt / equity ⁴ | 1.1x | | | | 1.2x | |
| Net debt / EBITDA ⁵ | 6.4x | | | | 6.2x ⁶ | |

Source: CP Foods FY2014 Annual Report, CP Food 1Q2015 consolidated financial statements, S&W Pro forma consolidated key financial information (after adjustment according to CPF's accounting policies)
 Note: All RUB amounts of S&W in the aforementioned overview have been converted to THB at an exchange rate of c. RUB 1.6567 / THB 1 as per Bloomberg as of July 20, 2015 for illustrative purposes only (compared to an average FX rate for 2014 of RUB 1.1636 / THB 1); Note 1: Sales by geography based on FY2014 net sales; Note 2: Pro forma net profit and EPS accretion based on spot FX rate as of July 20, 2015 (instead of historical average FX rates for 2014) and have been provided for illustrative purposes only and are subject to review by CPF's auditors; Note 3: Illustrative Pro forma Net Profit after assumed additional interest expense (5% interest for the estimated 80% transaction consideration), amortization of new intangibles (assumes 30% of the difference between transaction equity value and S&W book equity is recognized as new intangible assets (amortized over 20 years) and remaining 70% as goodwill, and assume other transaction expenses; Note 4: As per Mar 31, 2015 Balance sheet for CPF and Dec 31, 2014 Balance sheet for S&W; Note 5: As per Mar 31, 2015 Balance sheet for CPF, Dec 31, 2014 Balance sheet for S&W and FY2014A EBITDA for both; Note 6: Based on 100% EBITDA contribution from S&W



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