



# Charoen Pokphand Foods Plc.

**CP** **FOODS TO  
ENRICH LIFE**



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

# 9 M

# 2015

# RESULTS BRIEFING

➤ November 13, 2015



- **Business Overview**
- **9M15 Results Briefing**
- **Financial Highlights**
- **Future Plan**





# CPF Investment Highlights

- A leading global integrated agro-industrial and food company
- Well-diversified portfolio with exports to 40 countries and operations in 14 countries catered to 3 billion population
- 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



# Company Facts (as of September 30, 2015)

## 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
  - Member of **Down Jones Sustainability Index** (Emerging Markets)
  - Ranked **1,454<sup>th</sup>** in **Y2015 Forbes Global 2000** list of the World’s Biggest Company
  - 4 Listed Investments (HKSE:00043, HKSE:3839, TWSE: 1215, SET:CPALL)
  - 19 Series of Debentures listed on Thai Bond Market Association “TBMA”

## Highlights

**Market Cap** : THB 147,760 million or ~USD4.1 billion  
(as of November 10, 2015)

**FY14 Sales** : THB426 billion or ~USD 11.9 billion

**Capital** : 7,743 million shares (paid-up),  
par value of THB.1.00 per share

**Operations** : 35% Thailand-Domestic  
6% Thailand-Export  
59% International

**Book Value** : THB16.24\* per share (as of September 30, 2015)

**Shareholders** : Charoen Pokphand Group Ltd. 48.00%  
of Paid-Up Capital (as of August 28, 2015)

**Business** : 84% Livestock / 16% Aquaculture

**Credit Rating** : “A+” with “Stable” Outlook (as of July 29, 2015)

**Product** : 53% Feed / 35% Farm / 12% Food

Note: USD1 = THB 35.91 (as of November 10, 2015)

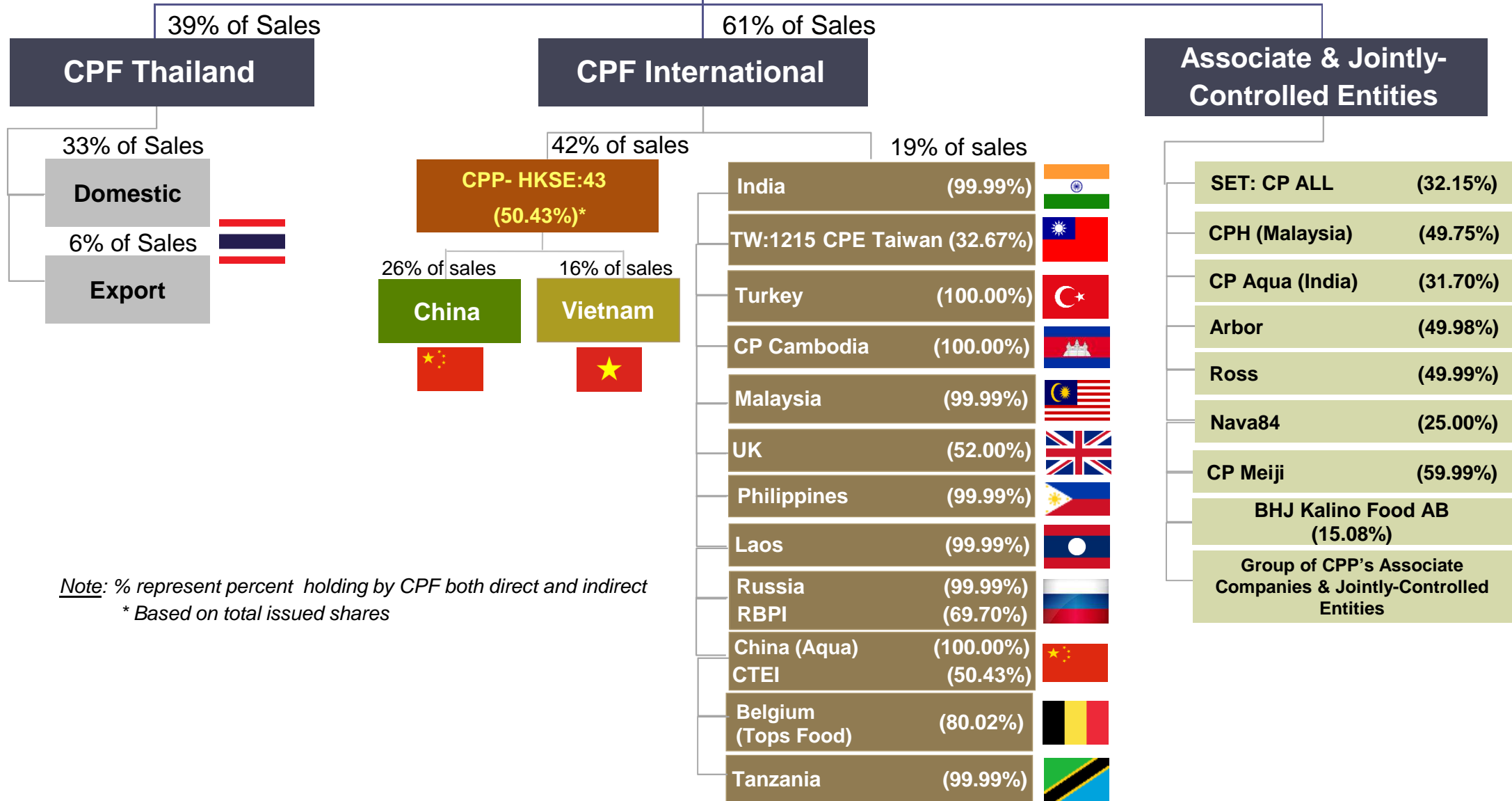
\* Exclude Non-Controlling Interests (NCI)



# CPF Operational Structure



**9M15 : Sales:** THB 311,779 m  
**Net Profit:** THB 9,510 m

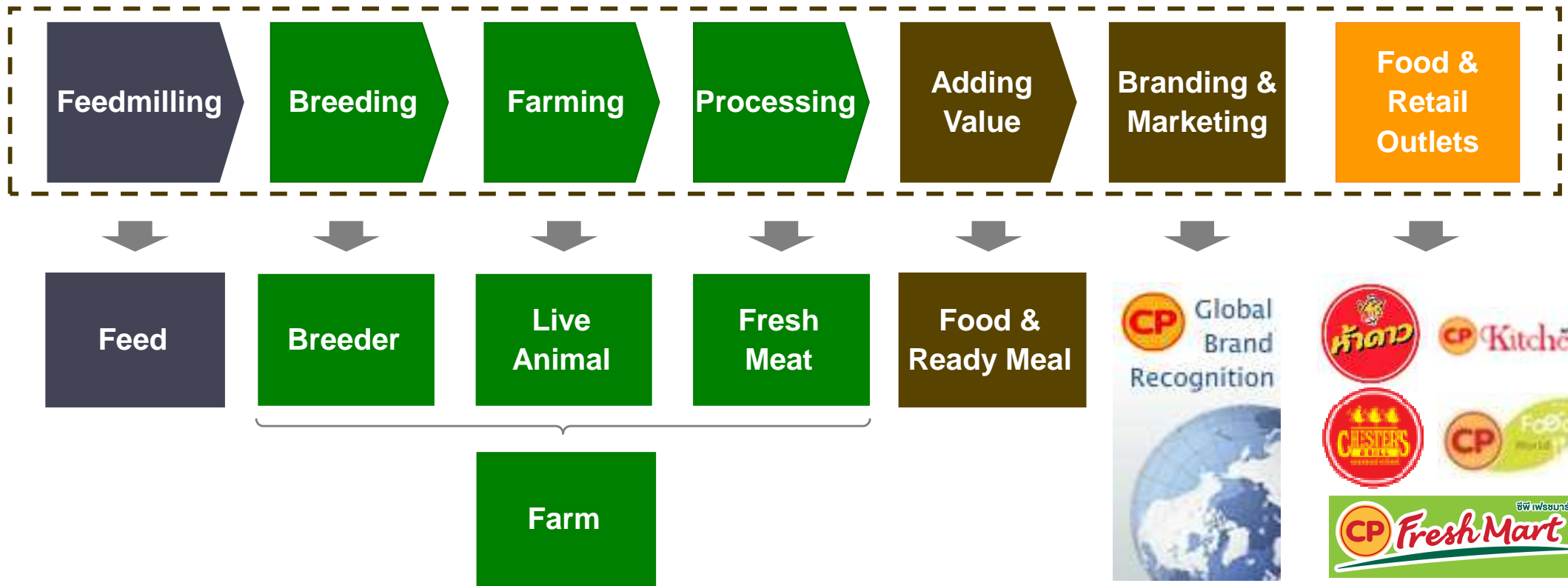


*Note: % represent percent holding by CPF both direct and indirect  
 \* Based on total issued shares*



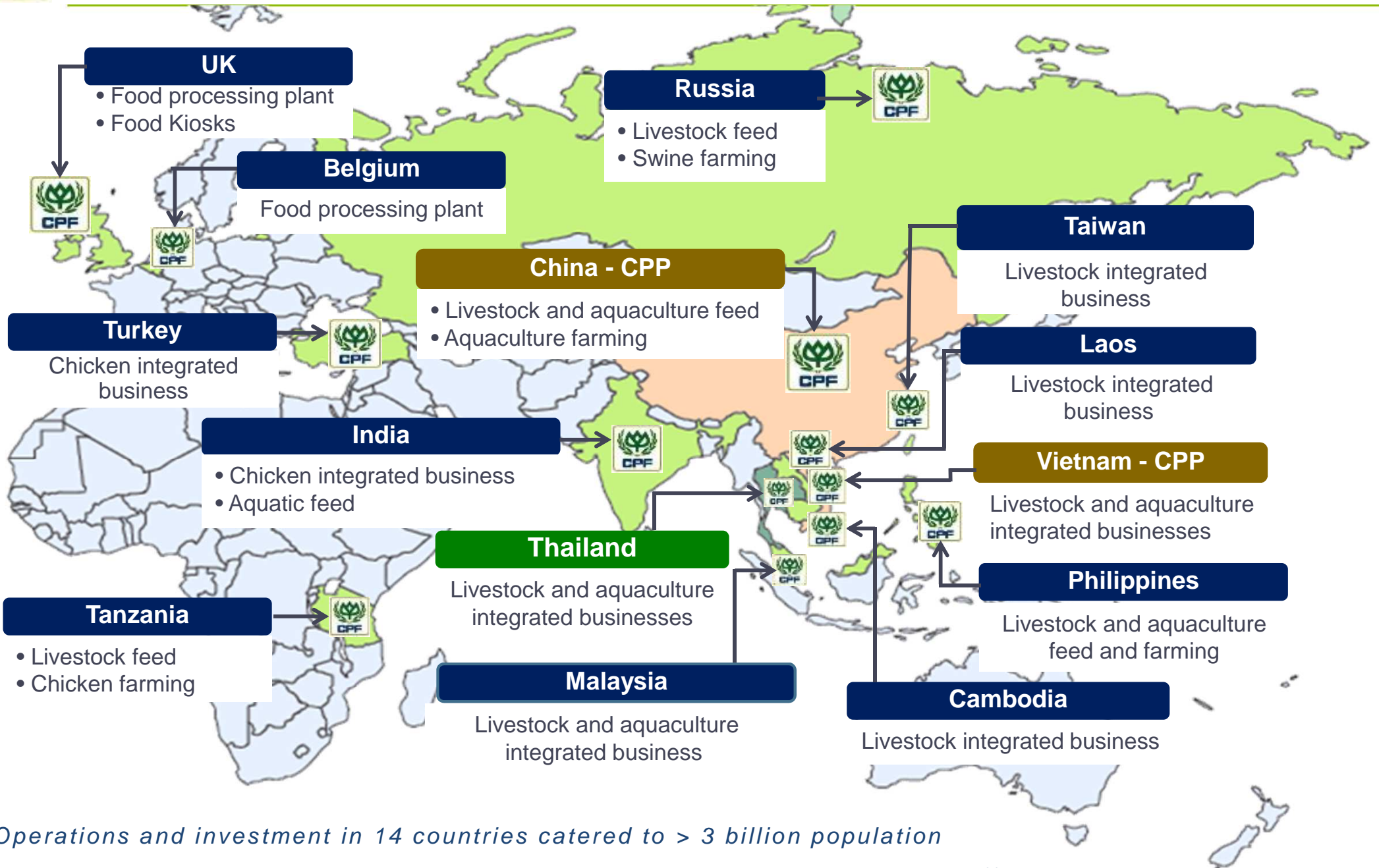
# Vertically Integrated Business Model

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





# CPF Leading Footprints



- Operations and investment in 14 countries catered to > 3 billion population
- Export to more than 40 countries across 5 continents with 17 representative offices



## Challenges

- Managing shrimp recovery against EMS disease
- Global economic uncertainties
- Thai economic slowdown (i.e. weak exports and sluggish domestic demand)

## Latest Activities

### Finance

- Issuance of THB 12,000 m debenture on May, 2015 { (5Yr THB 6,500 m @ 3.21%)  
(8Yr THB 5,500 m @ 3.98%) }
- Issuance of THB 6,940 m debenture on July, 2015 { (8Yr THB 1,940 m @ 3.97%)  
(10Yr THB 3,000 m @ 4.28%)  
(12Yr THB 2,000 m @ 4.51%) }

### Acquisition

- Acquired C.P. Cambodia on Apr 24, 2015 (approx. THB 2,850)
- Announcing the acquisition of an integrated poultry business in Russia (S&W) on July 24, 2015 (approx. USD 680 m)

### Divestment

- Disposal of unutilized land in 1Q15 (approx. THB 1,200 m)

### Others

- The spin-off of CPP's biochemical business and the interests in industrial business to be grouped under "CTEI". CTEI have been listed on HKSE starting from July 3, 2015





# 9M15 Results Highlights

- Revenue decreased 1% y-o-y to THB 311,779m in 9M15
- Gross Profit decreased 2% y-o-y to THB 42,965m in 9M15, Gross profit margin decreased from 13.9% in 9M14 to 13.8% in 9M15.
- EBITDA decreased 15% y-o-y from THB 22,661m in 9M14 to THB 19,189m in 9M15.  
(EBITDA margin declined from 7.2% in 9M14 to 6.2% in 9M15)
- Net profit decreased 3% y-o-y from THB 9,754m to THB 9,510m in 9M15.  
(Net profit margin declined from 3.08% in 9M14 to 3.05% in 9M15)

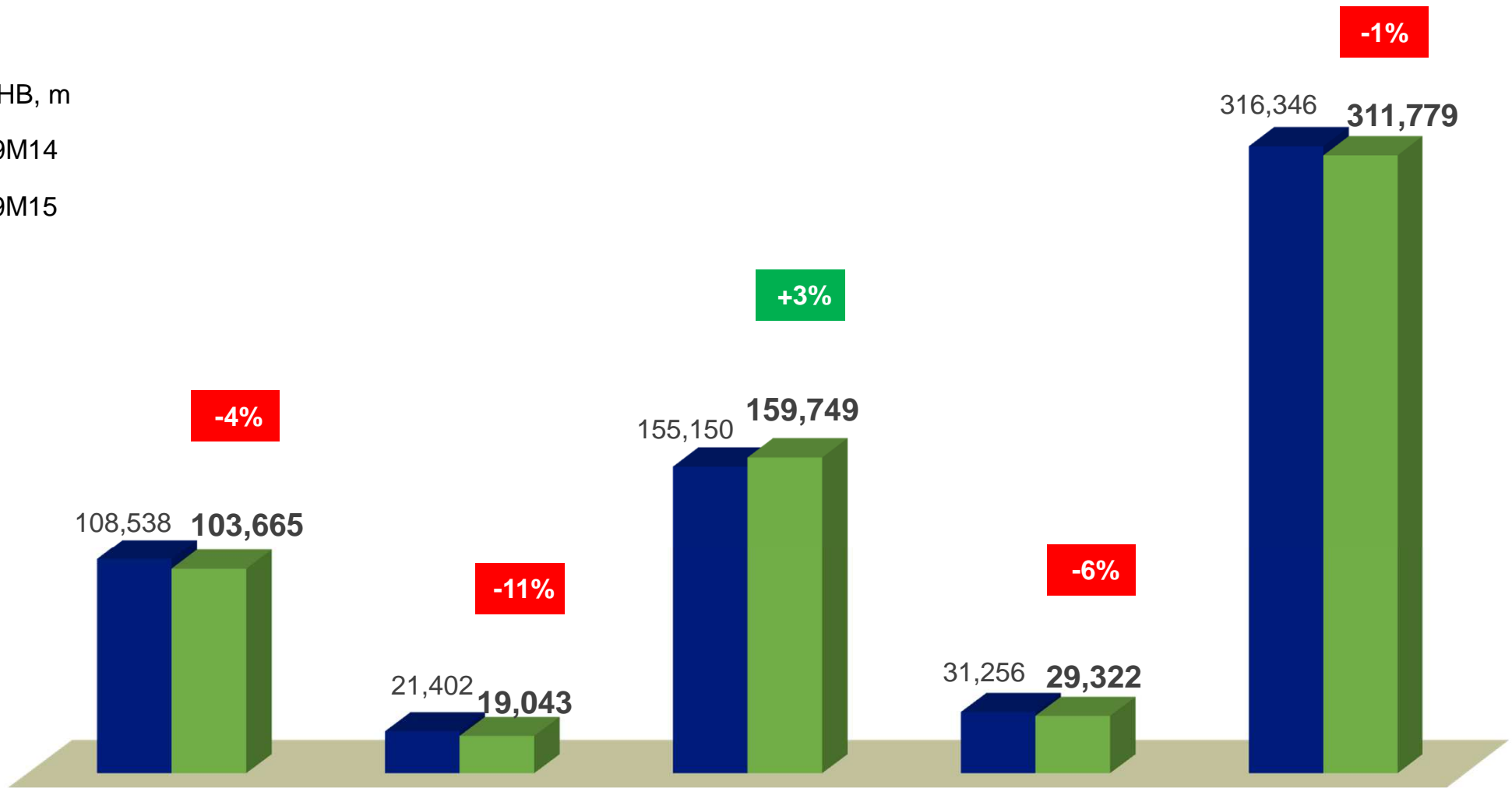


# 9M15: Sales & Gross Profit Margin by Business

In THB, m

■ 9M14

■ 9M15



Thai-Livestock

Thai-Aqua

Overseas-Livestock

Overseas-Aqua

TOTAL

GPM

16.8%

12.4%

-3.4%

4.9%

14.9%

15.8%

10.5%

13.7%

13.9%

13.8%

OPM

8.7%

3.4%

-12.2%

-8.1%

5.9%

5.6%

4.7%

7.4%

5.5%

4.2%



# 9M15: Consolidated Sales Structure

## Sales Breakdown

	9M14	% to Sales	9M15	% to Sales	% Change
<b>Thailand</b>	129,940	41%	122,708	39%	-6%
<i>Domestic</i>	111,229	35%	104,459	33%	-6%
<i>Export</i>	18,711	6%	18,249	6%	-2%
<b>China</b>	84,295	27%	79,935	26%	-5%
<b>Vietnam</b>	48,756	15%	51,235	16%	5%
<b>Others</b>	53,355	17%	57,901	19%	9%
<b>Total</b>	<b>316,346</b>	<b>100%</b>	<b>311,779</b>	<b>100%</b>	<b>-1%</b>



# 9M15: Consolidated Sales Structure by Business

## Sales Breakdown

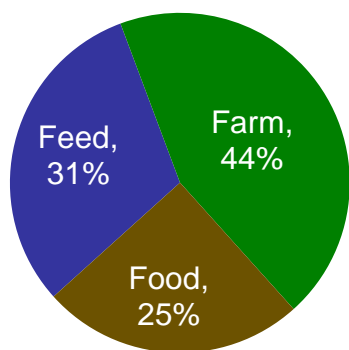
	Livestock			Aqualculture			Total		
	9M14	9M15	%Change	9M14	9M15	%Change	9M14	9M15	%Change
<b>Thailand</b>	108,538	103,665	-4%	21,402	19,043	-11%	129,940	122,708	-6%
<i>Domestic</i>	94,336	88,893	-6%	16,893	15,566	-8%	111,229	104,459	-6%
<i>Export</i>	14,202	14,772	4%	4,509	3,477	-23%	18,711	18,249	-2%
<b>China</b>	74,832	71,336	-5%	9,463	8,599	-9%	84,295	79,935	-5%
<b>Vietnam</b>	39,654	44,403	12%	9,102	6,832	-25%	48,756	51,235	5%
<b>Others</b>	40,664	44,010	8%	12,691	13,891	9%	53,355	57,901	9%
<b>Total</b>	<b>263,688</b>	<b>263,414</b>	<b>0%</b>	<b>52,658</b>	<b>48,365</b>	<b>-8%</b>	<b>316,346</b>	<b>311,779</b>	<b>-1%</b>
<b>% of Total Sales</b>	<b>83%</b>	<b>84%</b>		<b>17%</b>	<b>16%</b>		<b>100%</b>	<b>100%</b>	



# 9M15: Consolidated Sales by Products

## Sales Breakdown by Products

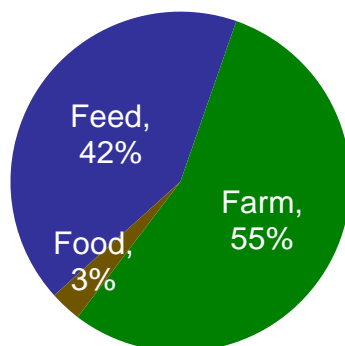
	Feed			Farm			Food			Total		
	9M14	9M15	%Change	9M14	9M15	%Change	9M14	9M15	%Change	9M14	9M15	%Change
<b>Thailand</b>	38,256	38,171	0%	59,706	54,198	-9%	31,978	30,339	-5%	129,940	122,708	-6%
<i>Domestic</i>	38,067	37,979	0%	56,113	50,074	-11%	17,049	16,406	-4%	111,229	104,458	-6%
<i>Export</i>	189	192	2%	3,593	4,124	15%	14,929	13,933	-7%	18,711	18,249	-2%
<b>China</b>	84,295	79,935	-5%	0	0	0%	0	0	0%	84,295	79,935	-5%
<b>Vietnam</b>	21,331	21,449	1%	26,024	28,209	8%	1,401	1,577	13%	48,756	51,235	5%
<b>Others</b>	22,610	25,083	11%	26,732	28,469	6%	4,013	4,349	8%	53,355	57,901	9%
<b>Total</b>	<b>166,492</b>	<b>164,638</b>	<b>-1%</b>	<b>112,462</b>	<b>110,876</b>	<b>-1%</b>	<b>37,392</b>	<b>36,265</b>	<b>-3%</b>	<b>316,346</b>	<b>311,778</b>	<b>-1%</b>



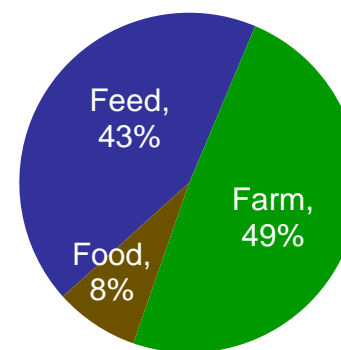
9M15 Thailand



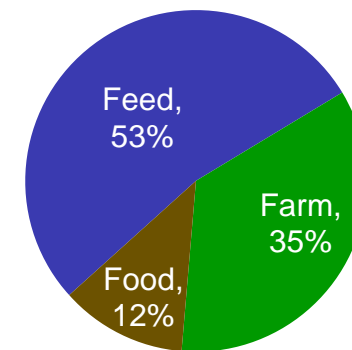
9M15 China



9M15 Vietnam



9M15 Others



9M15 Total



# 9M15: Consolidated Income Statement Highlight

	Quarter 1			Quarter 2			Quarter 3			9 Months		
	2014	2015	%Chg.	2014	2015	%Chg.	2014	2015	%Chg.	2014	2015	%Chg.
<b>Net sales</b>	98,122	96,224	-2%	105,834	103,678	-2%	<b>112,390</b>	<b>111,877</b>	<b>0%</b>	316,346	311,779	-1%
<b>Gross Profit Margin (%)</b>	<b>13.4%</b>	<b>12.6%</b>		<b>13.9%</b>	<b>13.4%</b>		<b>14.3%</b>	<b>15.0%</b>		<b>13.9%</b>	<b>13.8%</b>	
<b>EBITDA</b>	6,414	5,029	-22%	7,817	5,542	-29%	<b>8,430</b>	<b>8,618</b>	<b>2%</b>	22,661	19,189	-15%
<b>EBITDA Margin</b>	6.5%	5.2%		7.4%	5.3%		<b>7.5%</b>	<b>7.7%</b>		7.2%	6.2%	
<b>EBIT</b>	3,949	2,467	-38%	5,365	2,772	-48%	<b>5,922</b>	<b>5,667</b>	<b>-4%</b>	15,236	10,906	-28%
<b>EBIT Margin</b>	4.0%	2.6%		5.1%	2.7%		<b>5.3%</b>	<b>5.1%</b>		4.8%	3.5%	
<b>Share in Profit of Associates</b>	1,369	1,267	-7%	1,265	1,230	-3%	<b>1,209</b>	<b>1,238</b>	<b>2%</b>	3,843	3,735	-3%
<b>Financial Costs</b>	(2,332)	(2,174)	-7%	(1,803)	(2,365)	31%	<b>2,346</b>	<b>2,836</b>	<b>21%</b>	(6,481)	(7,375)	14%
<b>Income Taxes Expense</b>	(792)	(612)	-23%	(1,174)	(757)	-36%	<b>(1,219)</b>	<b>(1,216)</b>	<b>0%</b>	(3,185)	(2,585)	-19%
<b>NET PROFIT</b>	2,050	2,956	44%	3,546	2,983	-16%	<b>4,158</b>	<b>3,571</b>	<b>-14%</b>	9,754	9,510	-3%

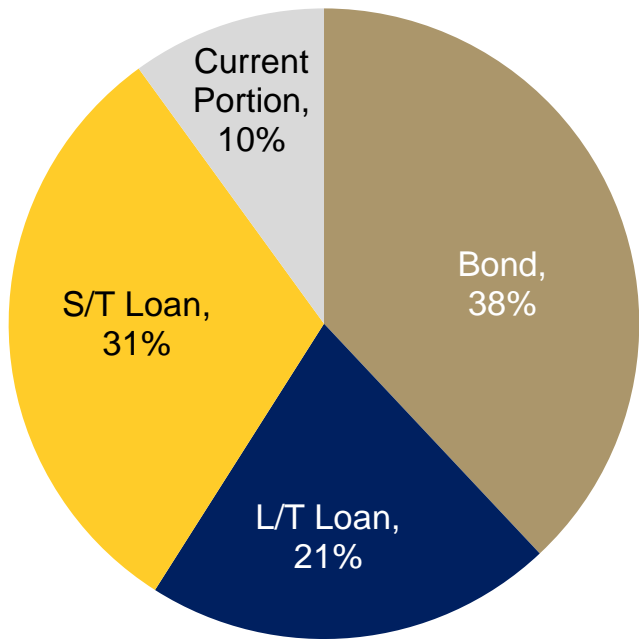
<b>EPS (THB)</b>	0.28	0.40		0.48	0.40		<b>0.56</b>	<b>0.48</b>		1.32	1.29	
<b># of capital shares *</b>	7,388	7,388		7,388	7,388		<b>7,388</b>	<b>7,388</b>		7,388	7,388	
<b>Paid-Up Capital</b>	7,743	7,743		7,743	7,743		<b>7,743</b>	<b>7,743</b>		7,743	7,743	
<b>Dividend (THB/Share)</b>										0.30	0.30	

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



# Financial Status

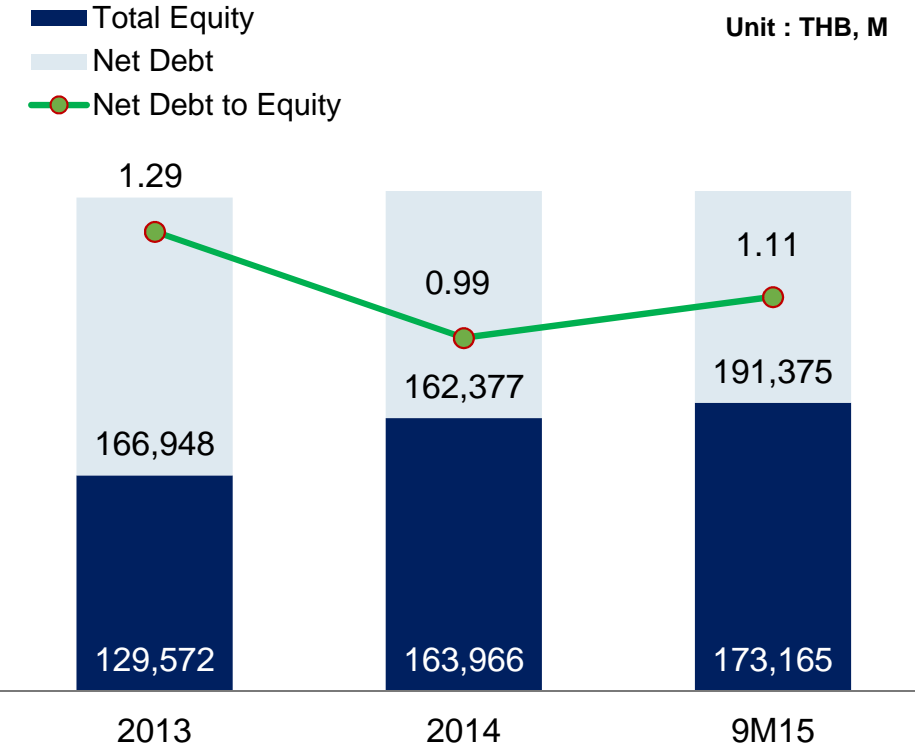
## Interest Bearing Debt : THB 215,692 m



Cost of Debts	2013	2014	9M15
	4.65%	4.41%	4.40%

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

## Net Debt to Equity

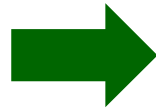


Remark : Net Debt = Interest Bearing Debt - Cash and Cash Equivalents

## Target Growth

Average annual +10% Long-term Growth

Sales



## Key Drivers

- Gradual improvement of shrimp business
- Expansion of existing international operations
- Mergers and Acquisitions (M&A)

## Investment

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



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