



# Charoen Pokphand Foods Plc.



"Creating quality and delightful dishes for every customer"



MEMBER OF

**Dow Jones  
Sustainability Indices**

In Collaboration with RobecoSAM



# 1Q16 | RESULTS BRIEFING

▶ May 12, 2016



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# CPF Investment Highlights

- A leading global integrated agro-industrial and food company
- Well-diversified portfolio with exports to more than 30 countries and operations in 14 countries catered to over 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 March 31, 2016)

**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 **Dow 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)
  - 21 Series of Debentures listed on Thai Bond Market Association “TBMA”

## Highlights

**Market Cap** : THB 183,222 million or ~USD5.2 billion  
(as of May 11, 2016)

**FY15 Sales** : THB421 billion or ~USD 12.0 billion

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

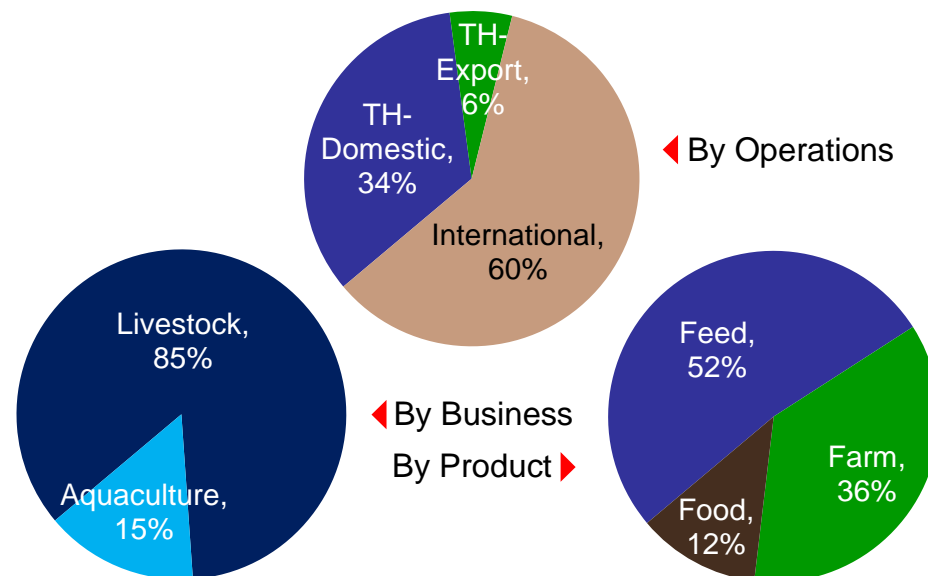
**Book Value** : THB16.42\* per share (as of March 31, 2016)

**Shareholders** : Charoen Pokphand Group Ltd. 45.40%  
of Paid-Up Capital (as of March 15, 2016)

**Credit Rating** : “A+” with “Stable” Outlook (as of March 31, 2016)

Note: USD1 = THB 35.25 (as of May 11, 2016)

\* Exclude Non-Controlling Interests (NCI)





# CPF Operational Structure



**1Q16 : Sales: THB 105,513 m**

**Net Profit: THB 3,764 m**

40% of Sales

60% of Sales

## CPF Thailand

## CPF International

## Associates & Joint Ventures

34% of Sales

**Domestic**

6% of Sales

**Export**

37% of sales

**CPP- HKSE:43  
(50.43%)\***

20% of sales

**China**

17% of sales

**Vietnam**

23% of sales

India	(99.99%)
TW:1215 CPE Taiwan	(32.67%)
Turkey	(100.00%)
CP Cambodia	(100.00%)
Russia	(99.99%)
RBPI	(69.70%)
S&W	(79.99%)
Malaysia	(99.99%)
Philippines	(99.99%)
Laos	(99.99%)
China (Aqua)	(100.00%)
CTEI	(50.43%)
UK	(52.00%)
Belgium (Tops Food)	(84.08%)
Tanzania	(99.99%)

SET: CP ALL	(34.82%)
CPH (Malaysia)	(49.75%)
CP Aqua (India)	(31.70%)
Arbor	(49.98%)
Ross	(49.99%)
Nava84	(25.00%)
CP Meiji	(59.99%)
BHJ Kalino Food AB	(15.08%)
Group of CPP's Associate Companies & Joint Ventures	

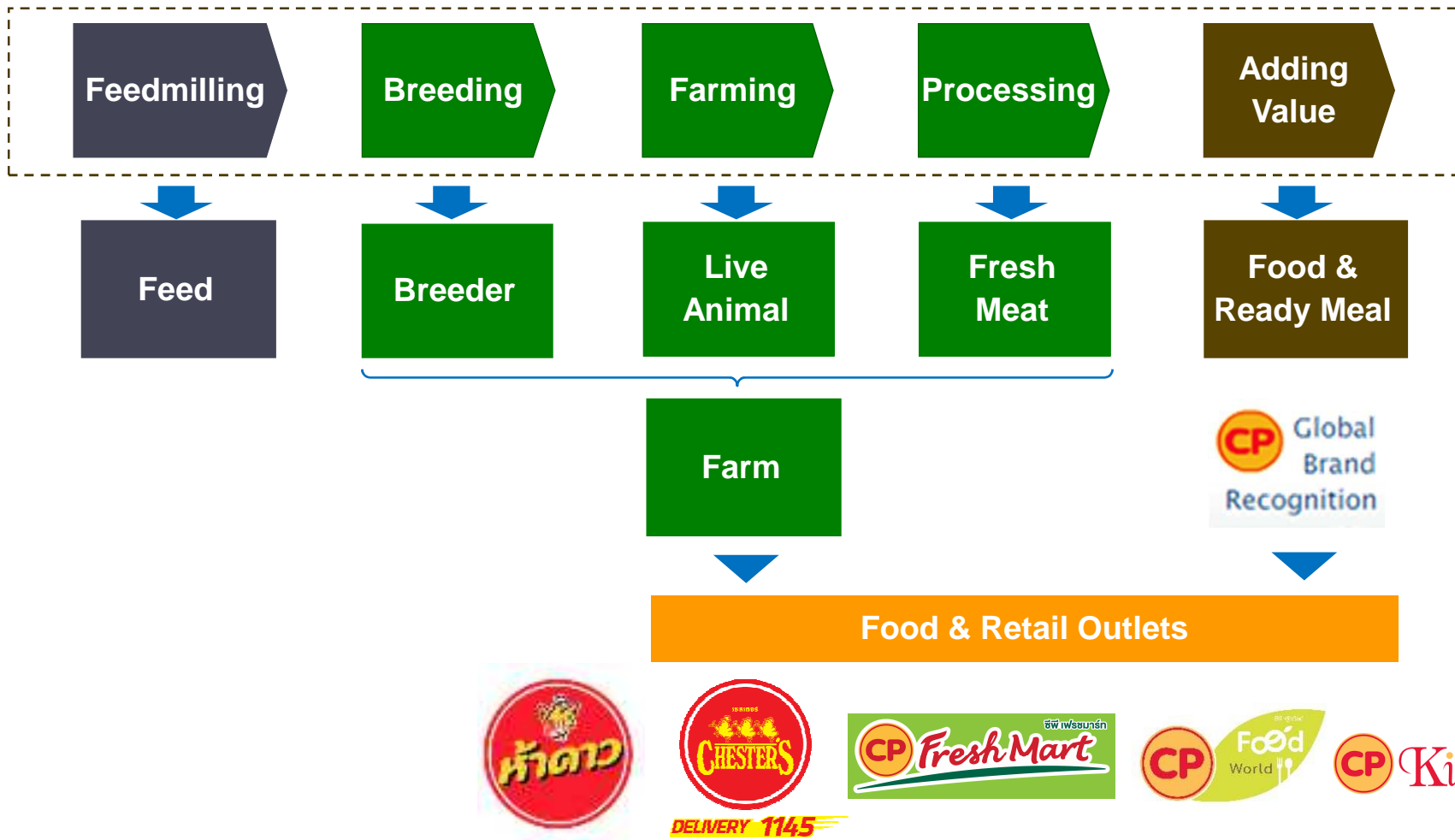
*Note: % represent percent holding by CPF both direct and indirect*

*\* 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 30 countries across 5 continents with 17 representative offices



## Challenges

- Managing shrimp recovery against EMS disease
- Global economic uncertainties
- Thai economic slowdown (i.e. sluggish domestic demand)
- The impact of natural disasters (i.e. drought, climate changes, floods)

## Latest Activities

### Finance

- Issuance of THB 16,000 m debenture by CPF Thailand on Jan, 2016 (@ Avg. 3.65%)
  - ▶ 5Yr THB 7,450 m @ 3.10%
  - ▶ 7Yr THB 2,150 m @ 3.47%
  - ▶ 10Yr THB 3,350 m @ 3.87%
  - ▶ 12Yr THB 3,050 m @ 4.15%
- Issuance of THB 9.060 m debenture on Apr, 2016 (@ Avg. 3.25%)
  - ▶ 4Yr THB 2,560 m @ 2.28%
  - ▶ 8Yr THB 4,000 m @ 3.11%
  - ▶ 15Yr THB 2,500 m @ 3.73%





# 1Q16 Results Highlights

- Revenue increased 10% y-o-y to THB 105,513m in 1Q16
- Gross Profit increased 36% y-o-y to THB 16,526m in 1Q16, Gross profit margin increased from 12.6% in 1Q15 to 15.6% in 1Q16.
- EBITDA increased 100% y-o-y from THB 5,029m in 1Q15 to THB 10,075m in 1Q16.  
(EBITDA margin increased from 5.2% in 1Q15 to 9.5% in 1Q16)
- Net profit increased 27% y-o-y from THB 2,956m to THB 3,764m in 1Q16.  
(Net profit margin increased from 3.0% in 1Q15 to 3.6% in 1Q16)

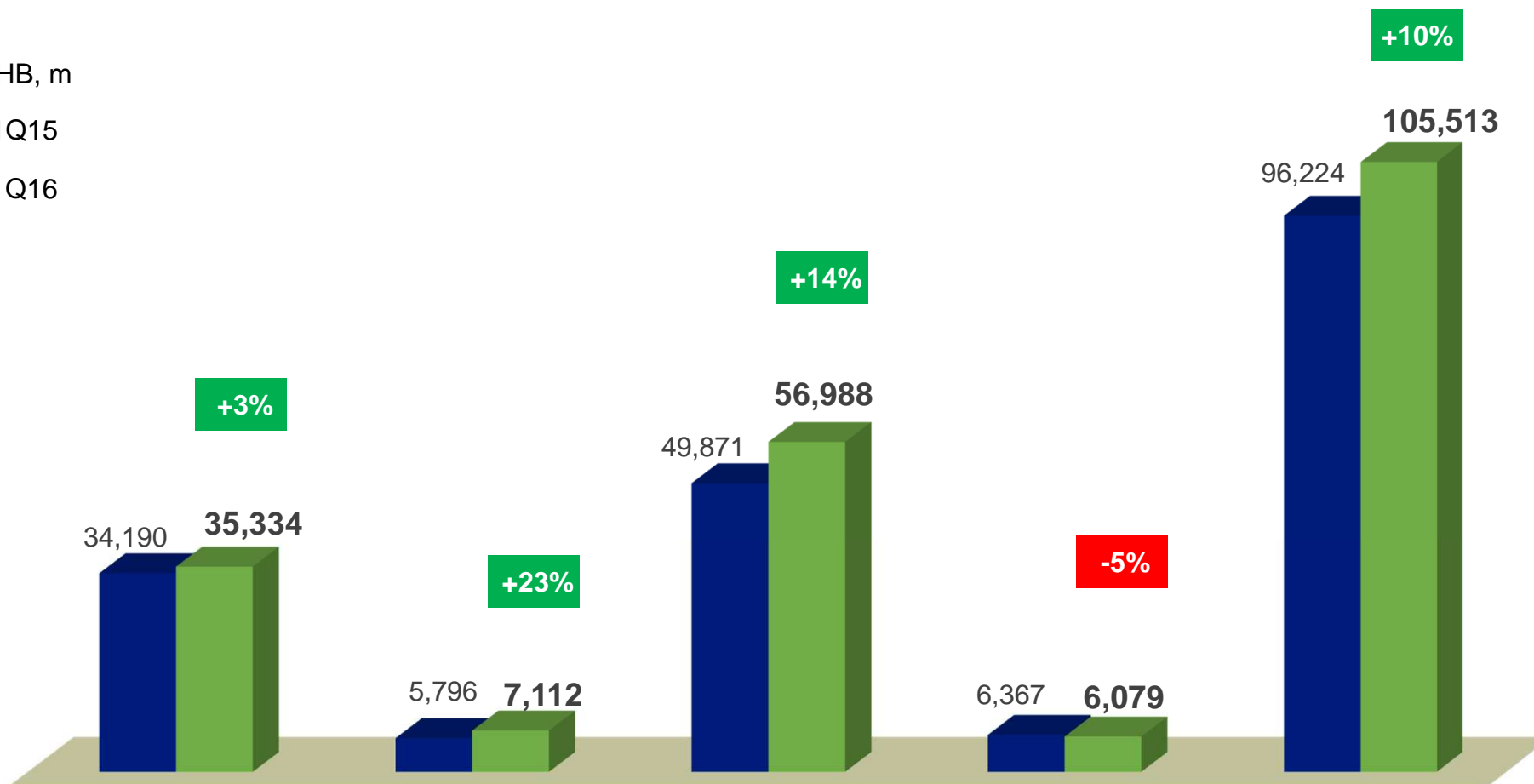


# 1Q16: Sales & Gross Profit Margin by Business

In THB, m

■ 1Q15

■ 1Q16



Thai-Livestock

Thai-Aqua

Overseas-Livestock

Overseas-Aqua

TOTAL

GPM

10.8%

15.6%

-3.2%

11.9%

15.7%

17.0%

12.6%

7.9%

12.6%

15.7%

OPM

3.7%

6.8%

-14.5%

2.3%

5.9%

8.7%

4.2%

-1.8%

3.8%

7.0%



# 1Q16: Consolidated Sales Structure

## Sales Breakdown

	1Q15	% to Sales	1Q16	% to Sales	% Change
<b>Thailand</b>	39,986	42%	42,446	40%	6%
<i>Domestic</i>	33,883	36%	35,965	34%	6%
<i>Export</i>	6,103	6%	6,481	6%	6%
<b>China</b>	23,881	25%	21,106	20%	-12%
<b>Vietnam</b>	16,146	16%	18,327	17%	14%
<b>Others</b>	16,211	17%	23,634	23%	46%
<b>Total</b>	<b>96,224</b>	<b>100%</b>	<b>105,513</b>	<b>100%</b>	<b>10%</b>



# 1Q16: Consolidated Sales Structure by Business

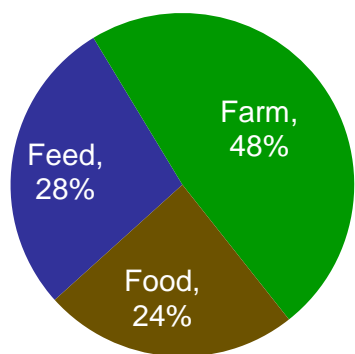
Sales Breakdown									
	Livestock			Aqualculture			Total		
	1Q15	1Q16	%Change	1Q15	1Q16	%Change	1Q15	1Q16	%Change
<b>Thailand</b>	34,190	35,334	3%	5,796	7,112	23%	39,986	42,446	6%
<i>Domestic</i>	29,512	29,850	1%	4,371	6,115	40%	33,883	35,965	6%
<i>Export</i>	4,678	5,484	17%	1,425	997	-30%	6,103	6,481	6%
<b>China</b>	23,087	20,452	-11%	794	654	-18%	23,881	21,106	-12%
<b>Vietnam</b>	14,064	16,588	18%	2,082	1,739	-16%	16,146	18,327	14%
<b>Others</b>	12,720	19,948	57%	3,491	3,686	6%	16,211	23,634	46%
<b>Total</b>	<b>84,061</b>	<b>92,322</b>	<b>10%</b>	<b>12,163</b>	<b>13,191</b>	<b>8%</b>	<b>96,224</b>	<b>105,513</b>	<b>10%</b>
		↓			↓			↓	
<b>% of Total Sales</b>	87%	<b>87%</b>		13%	<b>13%</b>		100%	<b>100%</b>	



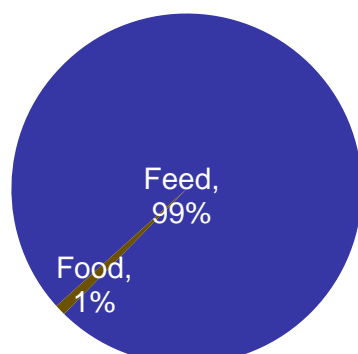
# 1Q16: Consolidated Sales by Products

## Sales Breakdown by Products

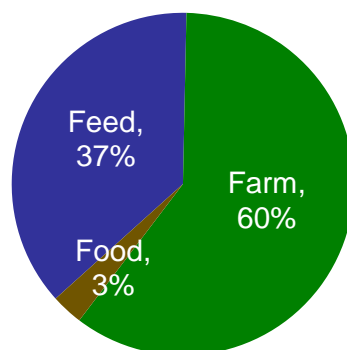
	Feed			Farm			Food			Total		
	1Q15	1Q16	%Change	1Q15	1Q16	%Change	1Q15	1Q16	%Change	1Q15	1Q16	%Change
<b>Thailand</b>	12,606	11,779	-7%	17,330	20,409	18%	10,050	10,258	2%	39,986	42,445	6%
<i>Domestic</i>	12,545	11,733	-6%	15,874	18,856	19%	5,464	5,376	-2%	33,883	35,965	6%
<i>Export</i>	61	46	-25%	1,456	1,553	7%	4,586	4,882	6%	6,103	6,481	6%
<b>China</b>	23,881	20,841	-13%	0	0	0%	0	265	100%	23,881	21,106	-12%
<b>Vietnam</b>	6,706	6,796	1%	8,863	11,051	25%	577	480	-17%	16,146	18,327	14%
<b>Others</b>	6,830	8,352	22%	8,070	13,650	69%	1,311	1,632	24%	16,211	23,635	46%
<b>Total</b>	<b>50,023</b>	<b>47,768</b>	<b>-5%</b>	<b>34,263</b>	<b>45,110</b>	<b>32%</b>	<b>11,938</b>	<b>12,635</b>	<b>6%</b>	<b>96,224</b>	<b>105,513</b>	<b>10%</b>



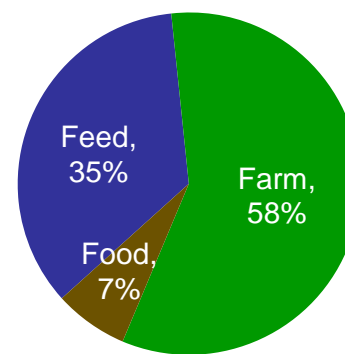
1Q16 Thailand



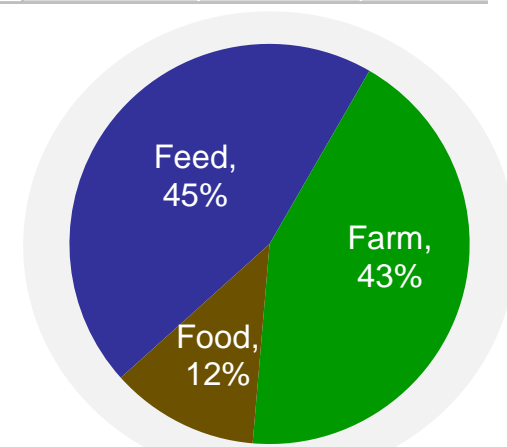
1Q16 China



1Q16 Vietnam



1Q16 Others



1Q16 Total



# 1Q16: Consolidated Income Statement Highlight

	Quarter 1			FY 2015		
	2015	2016	%Chg.	2014	2015	%Chg.
Net sales	96,224	105,513	10%	426,039	421,355	-1%
Gross Profit Margin (%)	12.6%	15.6%		13.4%	13.8%	
EBITDA	5,029	10,075	100%	27,513	26,433	-4%
EBITDA Margin	5.2%	9.5%		6.5%	6.3%	
EBIT	2,467	6,930	181%	17,548	14,926	-15%
EBIT Margin	2.6%	6.6%		4.1%	3.5%	
Share in Profit of Associates	1,267	1,553	23%	4,869	5,221	7%
Financial Costs	(2,174)	(2,600)	20%	(8,903)	(9,614)	8%
Income Taxes Expense	(612)	(1,695)	177%	(3,649)	(3,654)	0%
NET PROFIT	2,956	3,764	27%	10,562	11,059	5%

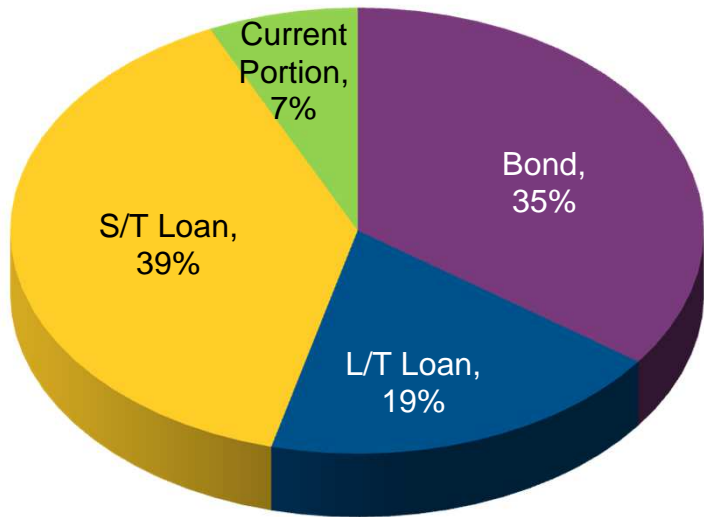
EPS (THB)	0.40	0.51		1.43	1.50	
# of capital shares *	7,388	7,388		7,388	7,388	
Paid-Up Capital	7,743	7,743		7,743	7,743	
Dividend (THB/Share)				0.75	0.75	

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

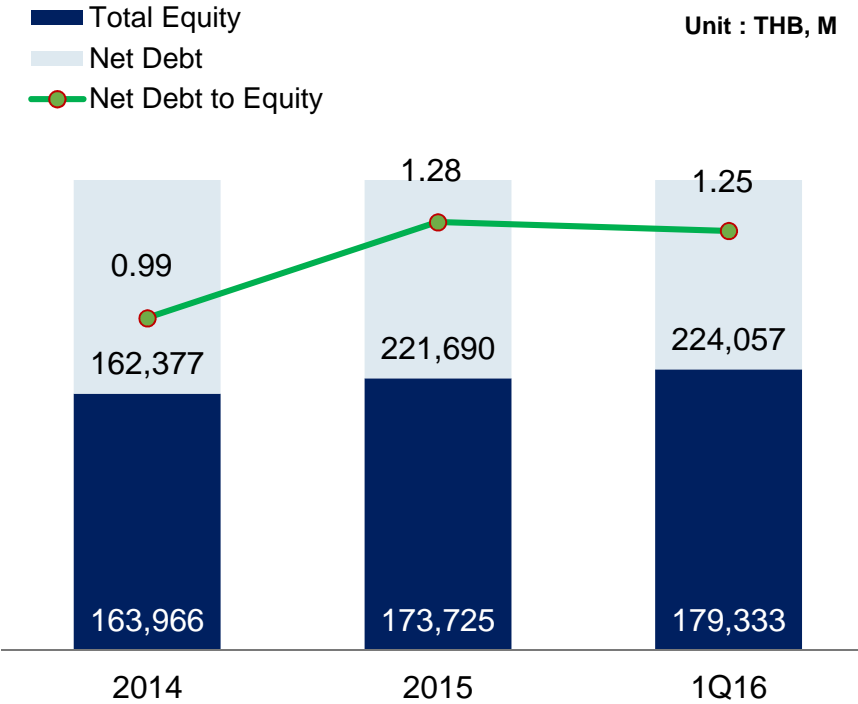


# Financial Status

## Interest Bearing Debt : THB 249,973 m



## Net Debt to Equity



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

Cost of Debts	2014	2015	1Q16
	4.41%	4.14%	4.29%

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



# Y2016 Key Highlights

## Target Growth

Expect +10 to 15% Sales Growth

Sales



## Key Drivers

- Gradual improvement of shrimp business
- Higher especially domestic meat price
- Slightly lower raw material costs
- 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





# **Appendix A: Highlights : 3Yr Historical Results**



# Consolidated Income Statement Highlight

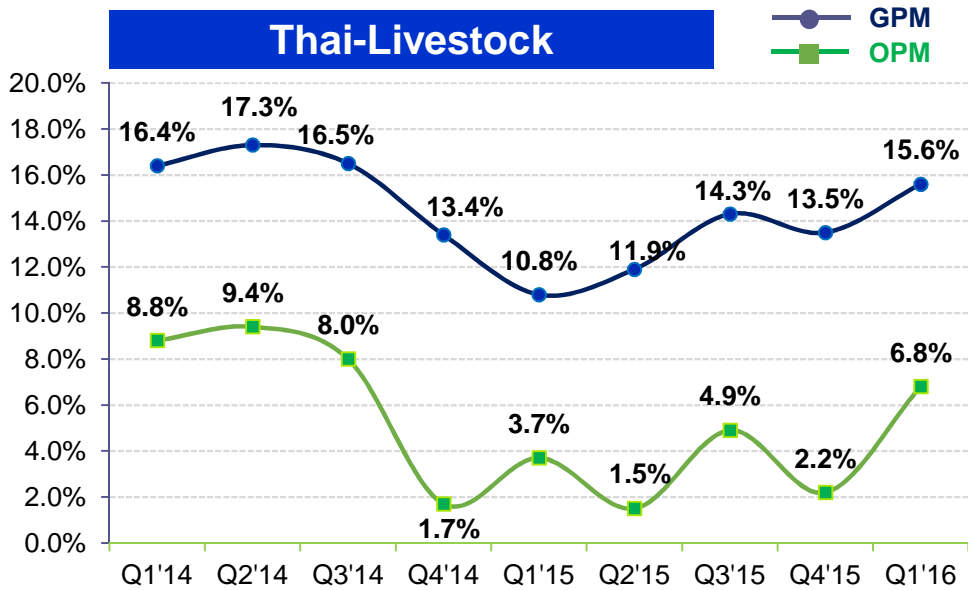
	Full Year				
	2013	2014	% Change	2015	% Change
Net sales	389,251	426,039	9%	<b>421,355</b>	<b>-1%</b>
Gross Profit Margin (%)	10.0%	13.4%		<b>13.8%</b>	
Gain on fair value adjustment	-	-	-	-	-
EBITDA	13,039	27,513	111%	<b>26,433</b>	<b>-4%</b>
EBIT	4,495	17,548	290%	<b>14,926</b>	<b>-15%</b>
Share in Profit of Associates	4,947	4,869	-2%	<b>5,221</b>	<b>7%</b>
Financial Costs	(7,937)	(8,903)	12%	<b>(9,614)</b>	<b>8%</b>
Income Taxes Expense	(133)	(3,649)	2,644%	<b>(3,654)</b>	<b>0%</b>
Gain / (Loss) from FX	(219)	(356)	61%	<b>1,348</b>	<b>479%</b>
<b>NET PROFIT</b>	<b>7,065</b>	<b>10,562</b>	<b>49%</b>	<b>11,059</b>	<b>5%</b>
<b>EPS (THB)</b>	<b>0.96</b>	<b>1.43</b>		<b>1.50</b>	
<b># of capital shares **</b>	<b>7,388</b>	<b>7,388</b>		<b>7,388</b>	
<b>Paid-Up Capital</b>	<b>7,743</b>	<b>7,743</b>		<b>7,743</b>	
<b>Dividend (THB/Share)</b>	<b>0.50</b>	<b>0.75</b>		<b>0.75</b>	

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

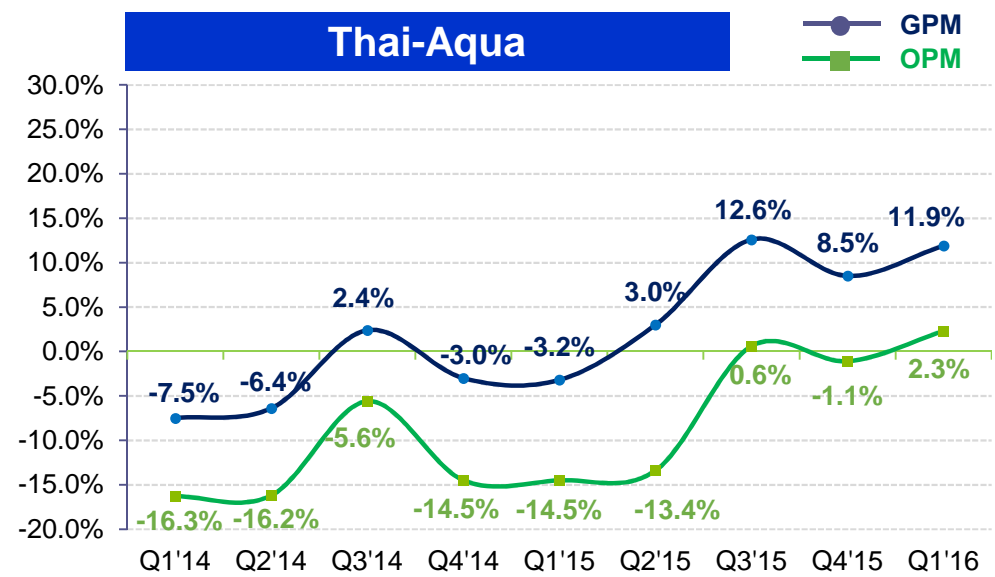


# Gross Profit Margin & Operating Profit Margin

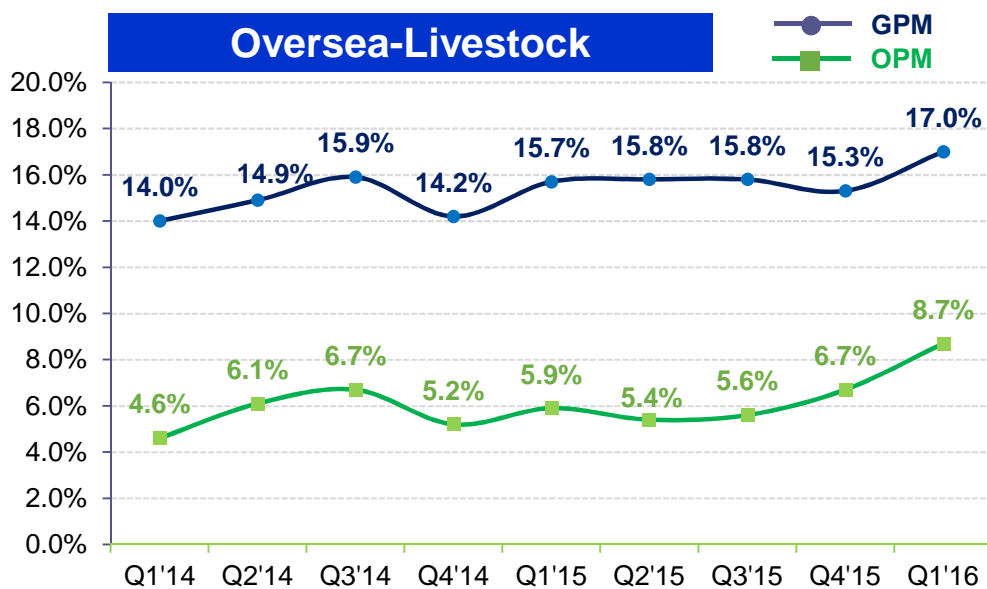
### Thai-Livestock



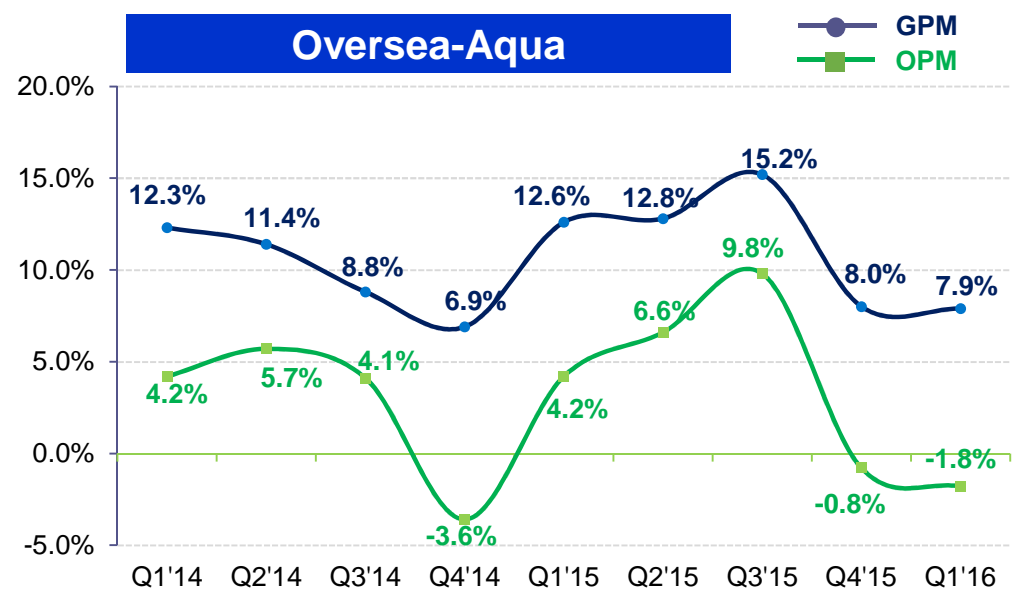
### Thai-Aqua



### Overseas-Livestock



### Overseas-Aqua



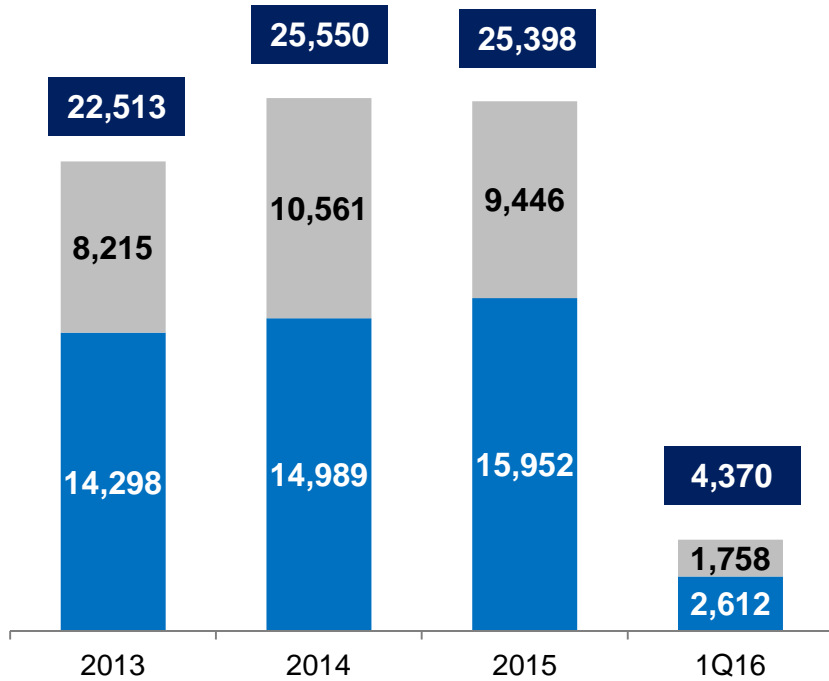


# CAPEX & EBITDA

## CAPEX

Unit: THB, M

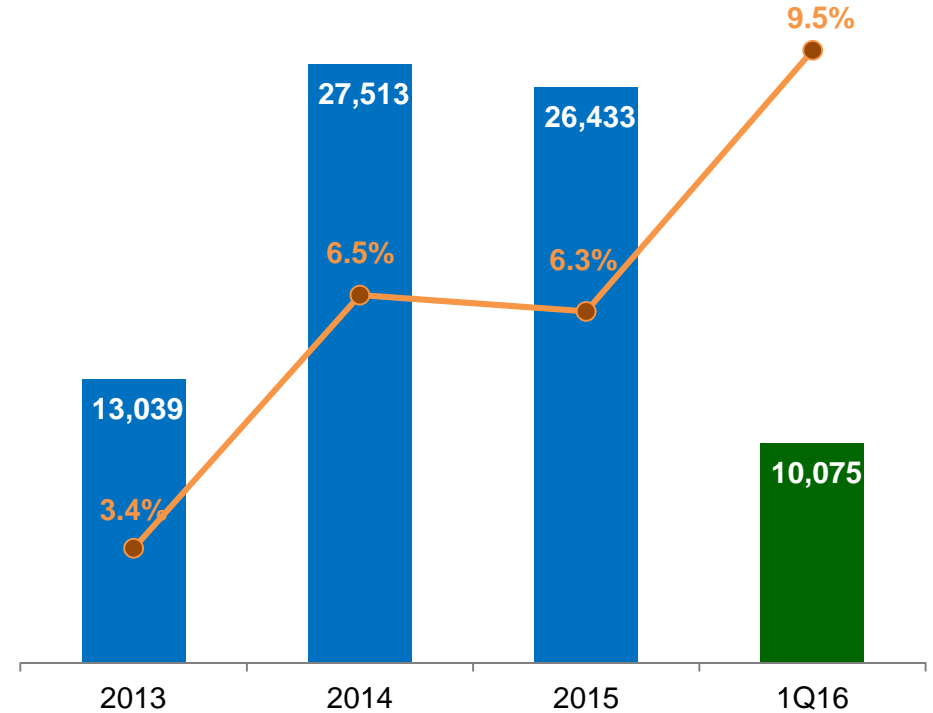
- CPF
- CPP



## EBITDA

Unit: THB, M

— EBITDA Margin%





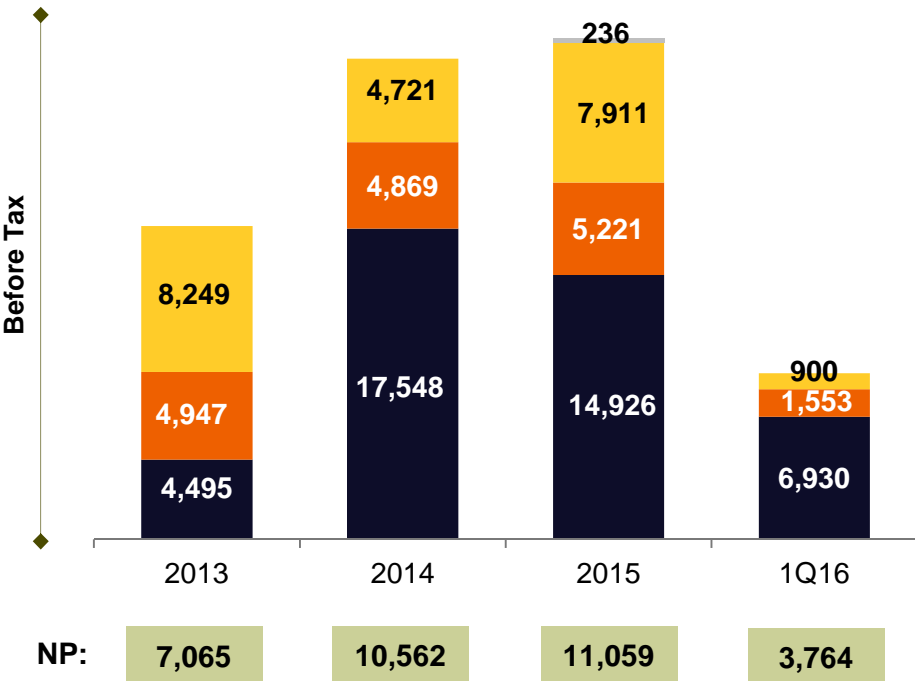
# Consolidated Net Profit & ROE & D/EBITDA

## Net Profit

Unit: THB, M

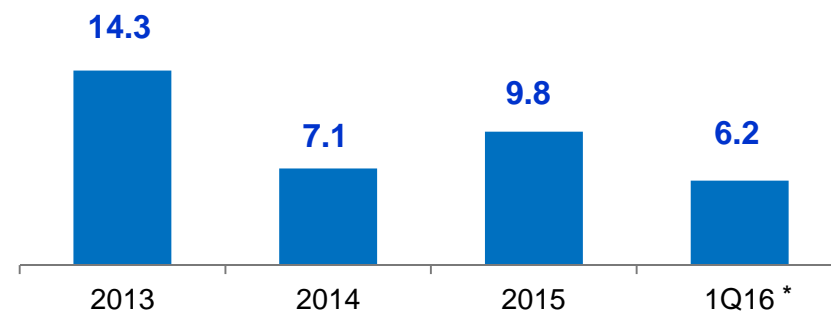
- Gain on fair value adjustment on investment in associates
- Divestment and Dividend
- Equity (Share in Profit of Associates)
- EBIT

CAGR +25%

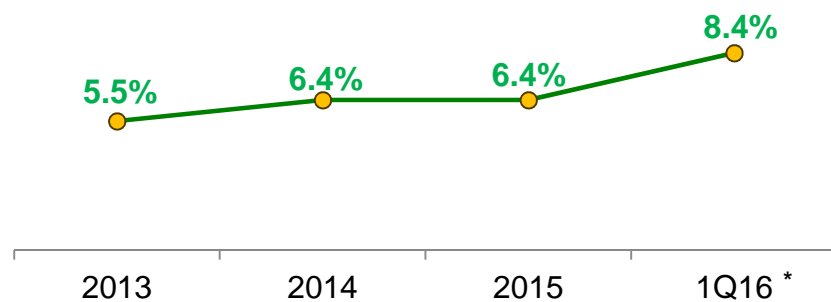


## D/EBITDA & ROE

■ D/EBITDA Ratio (interest Bearing Debt)



● ROE



Note : 2015 Including gain on fair value adjustment of investments in associate

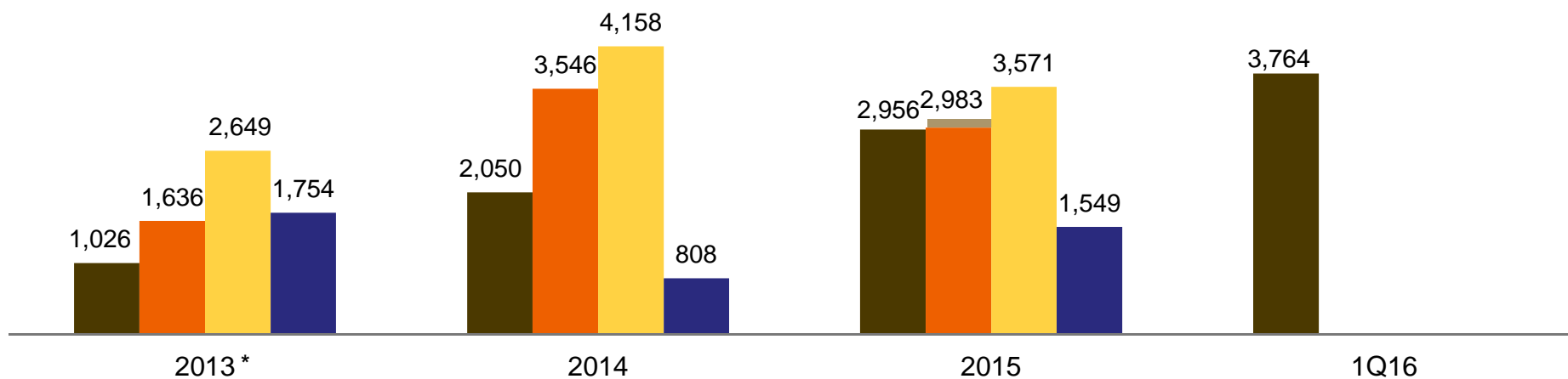
: \* Annualized basis



# Consolidated Net Profit - Quarterly

Unit : THB, M

■ 1Q ■ 2Q ■ 3Q ■ 4Q



2Q15 ■ Gain on fair value adjustment of investments in associates = 236 MB

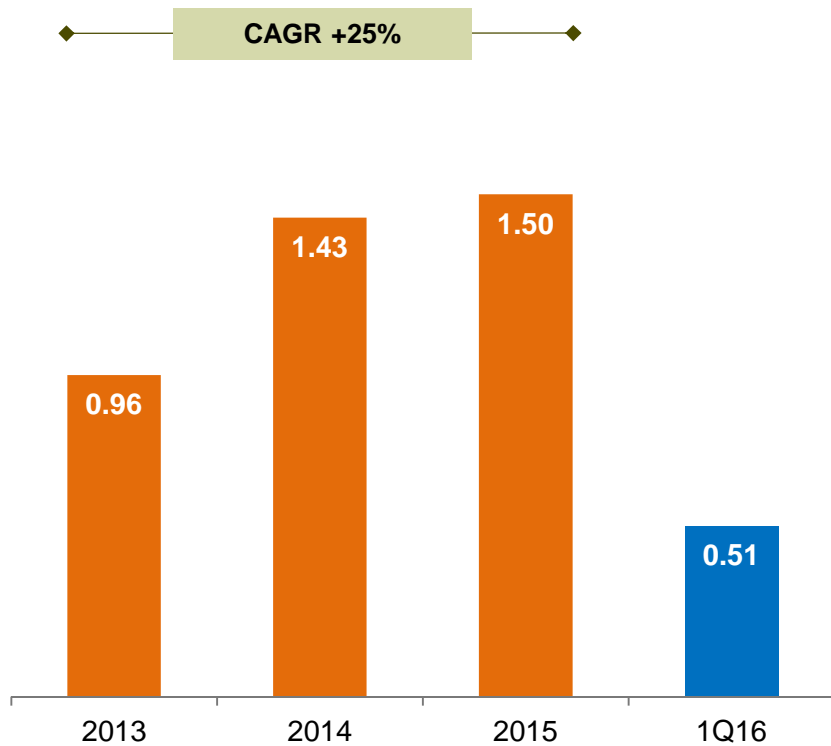
: \* Including restate of IFRS basis



# EPS & Dividends per Share

## Earnings Per Share

Unit : THB Per Share

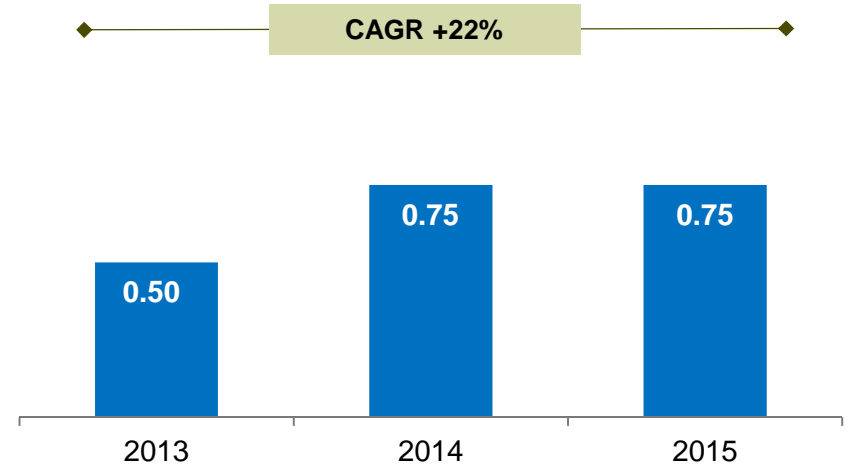


## Dividends

Unit : THB Per Share

**Dividend Policy**

**Semi – Annually, minimum of 50% of annual net profit**  
(The Company Statement Only)





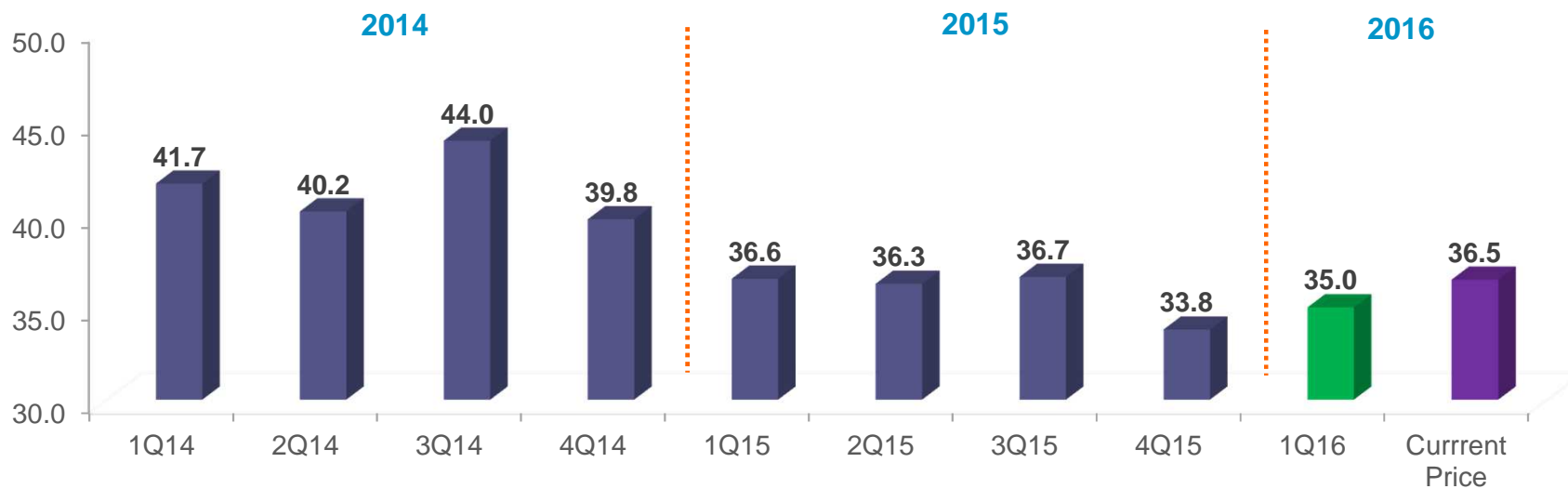
# **Appendix B: Product & Raw Materials Price Trend**





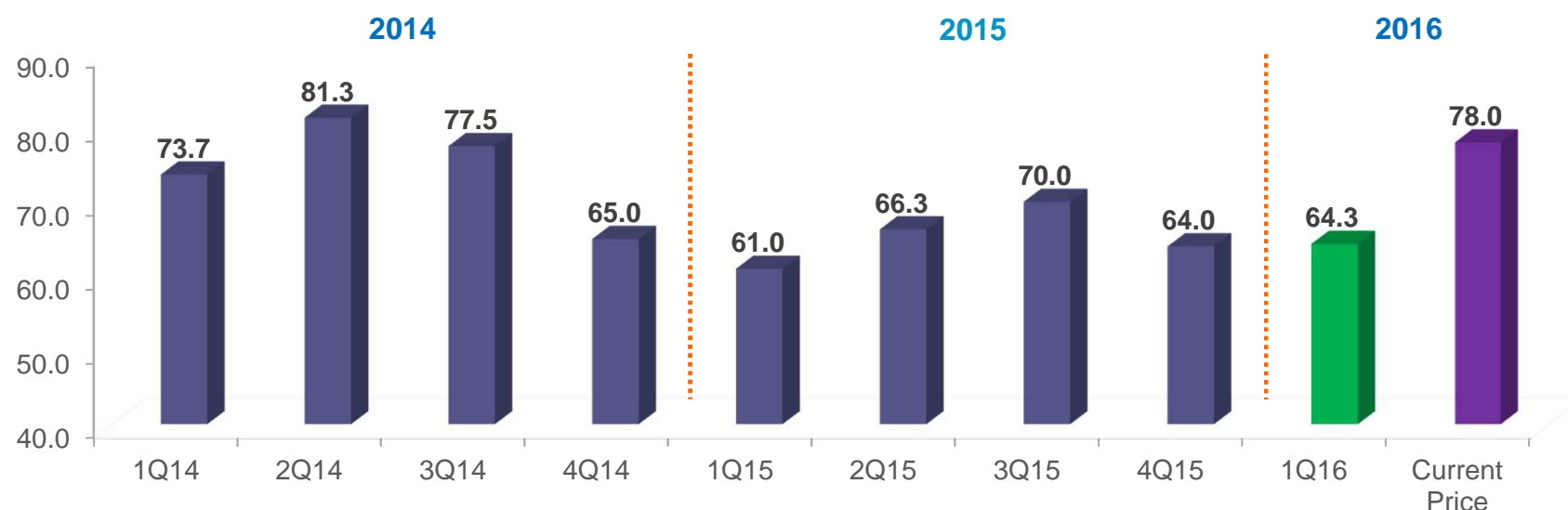
# Average Farm Prices – Thailand

## Thailand's **Broiler** price (Baht/kg)



Average Price		
2014	2015	2016
41.4	35.8	35.0
% Chg	-13%	-2%

## Thailand's **Pork** price (Baht/kg)

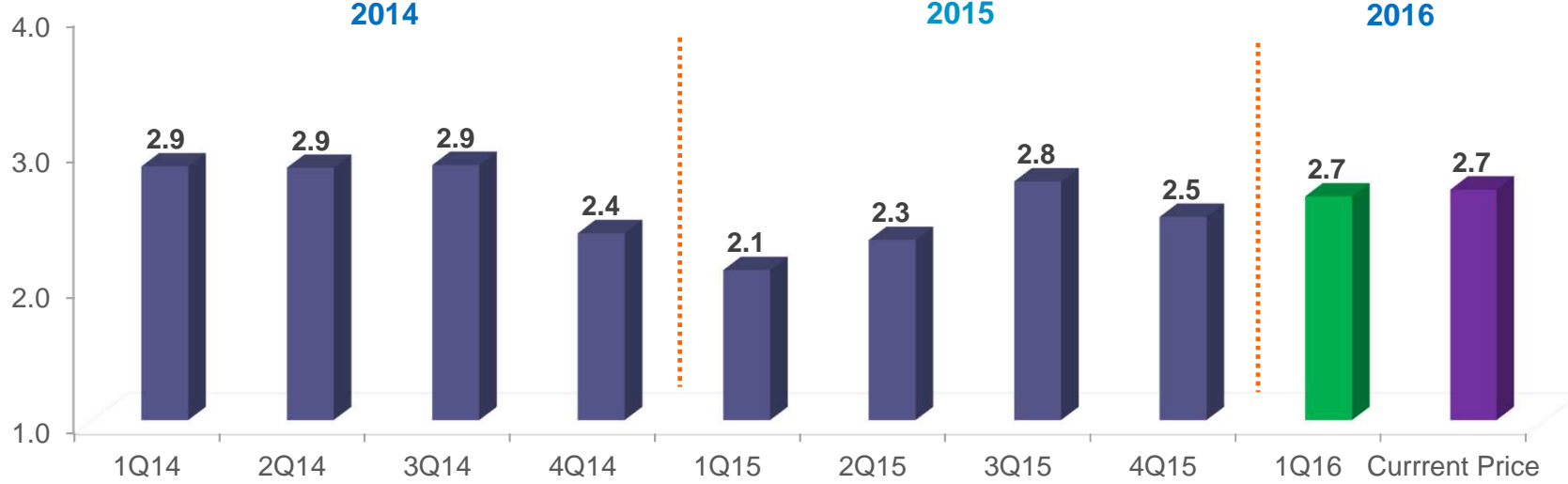


Average Price		
2014	2015	2016
74.4	65.3	64.3
% Chg	-12%	-2%



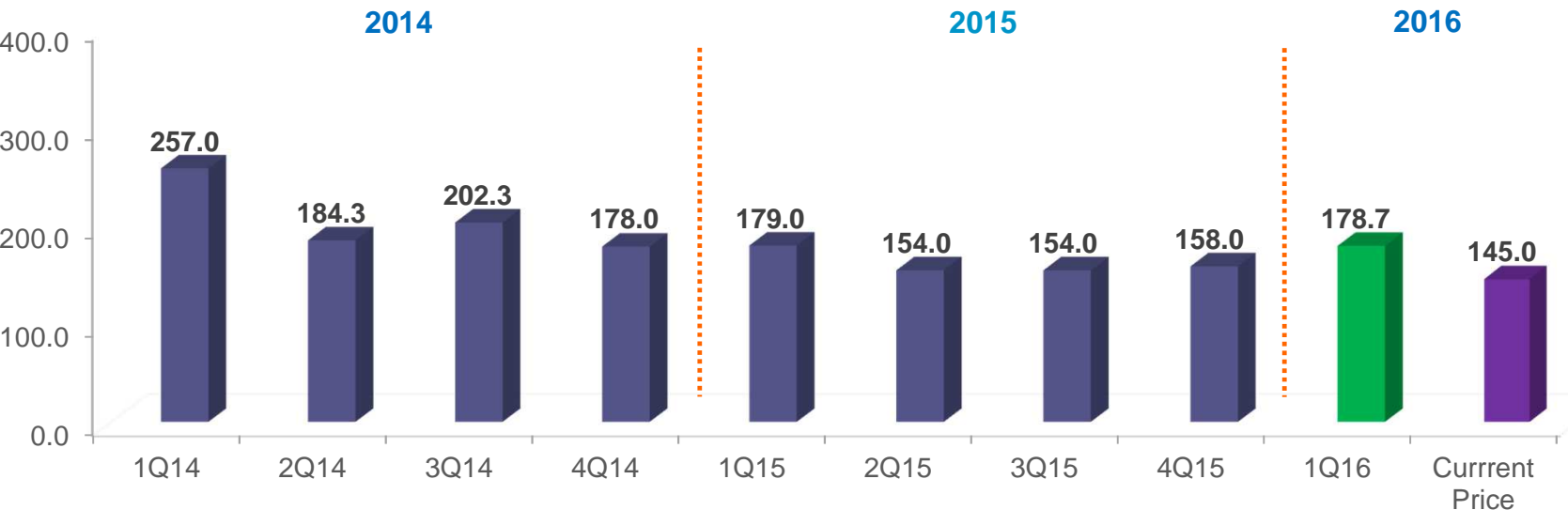
# Average Farm Prices – Thailand

## Thailand's **Fresh egg** price (Baht/piece)



Average Price		
2014	2015	2016
2.7	2.4	2.7
% Chg	-12%	+9%

## Thailand's **White shrimp** price (Size 70)



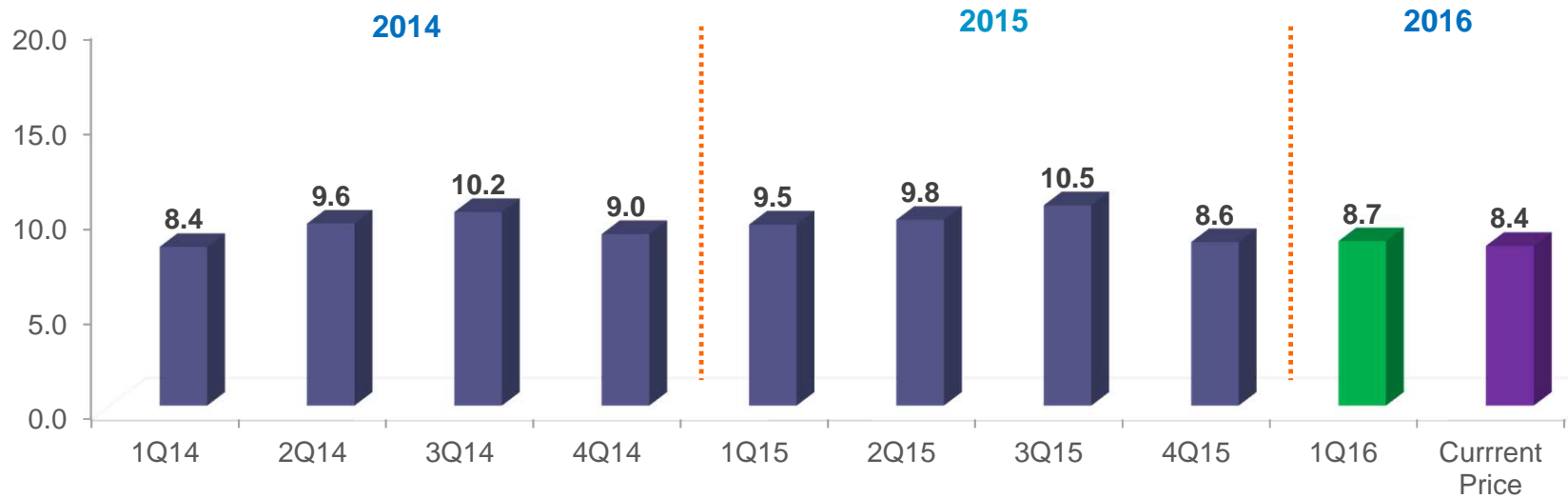
Average Price		
2014	2015	2016
206	161	179
% Chg	-21%	+11%

Source: CPF



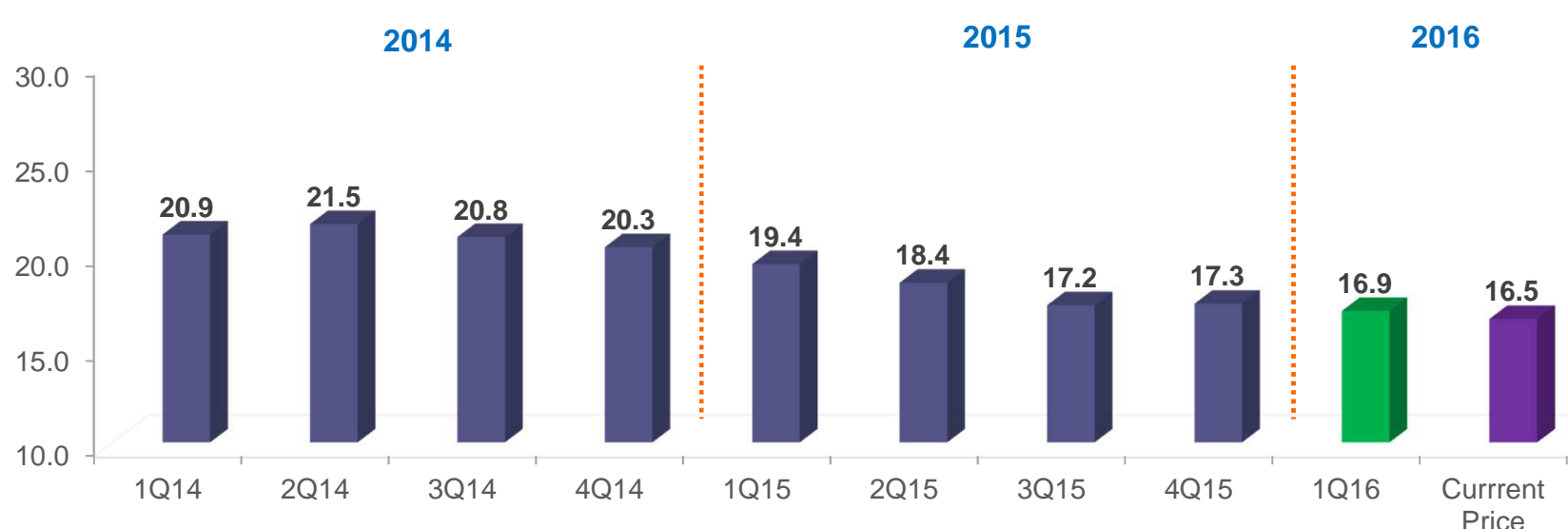
# Average Raw Material Prices – Thailand

## Thailand's Corn price (Baht/kg)



Average Price		
2014	2015	2016
9.3	9.6	8.7
% Chg	+3%	-10%

## Thailand's Soybean Meal price (Baht/kg)



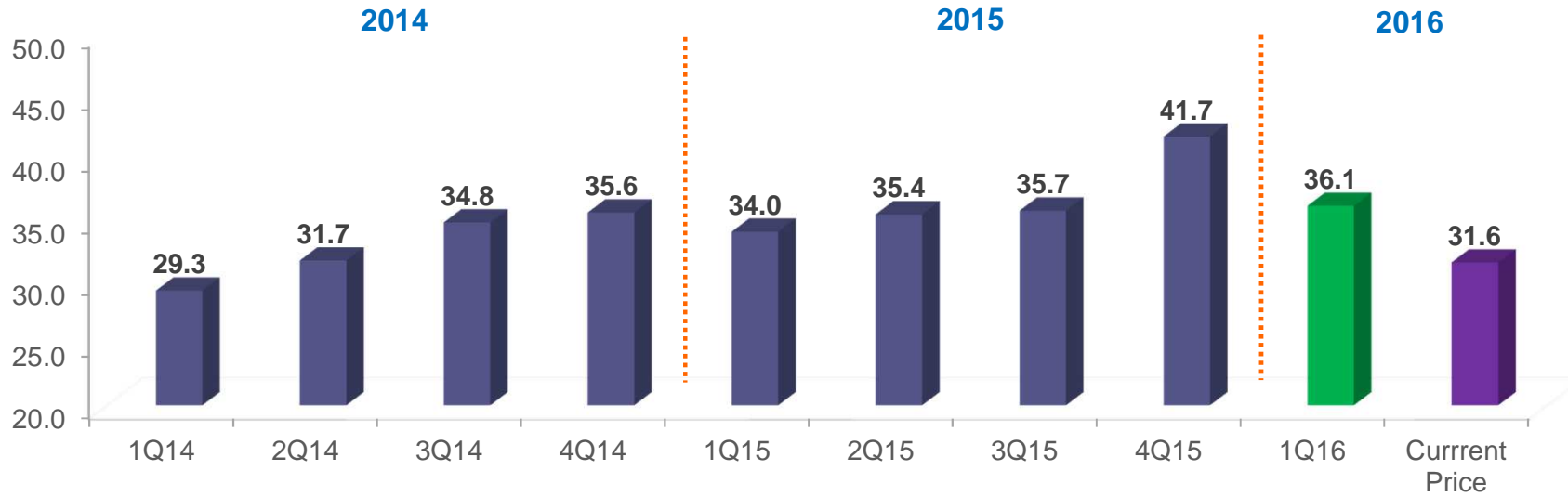
Average Price		
2014	2015	2016
20.9	18.1	16.9
% Chg	-14%	-6%

Source: CPF



# Average Farm Prices – Thailand

## Thailand's Fishmeal price (Baht/kg)

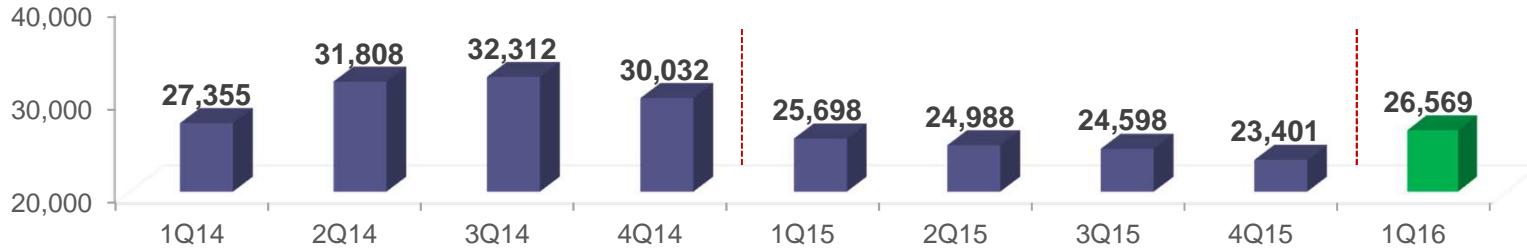


Average Price		
2014	2015	2016
32.8	36.7	36.1
% Chg	+12%	-2%

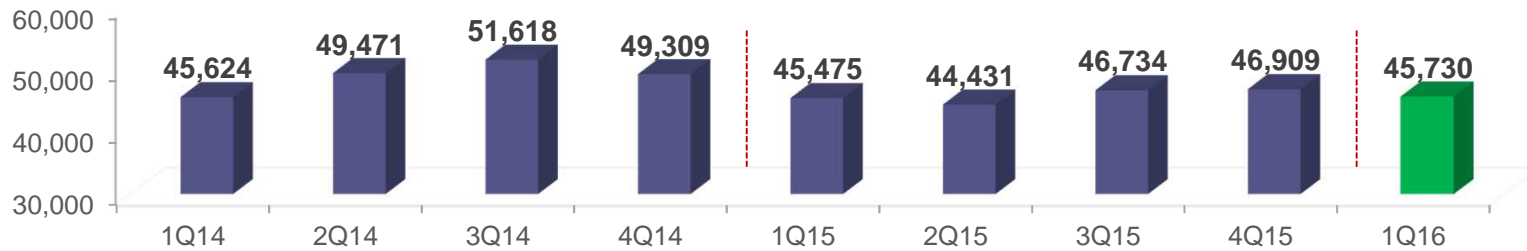
Source: CPF



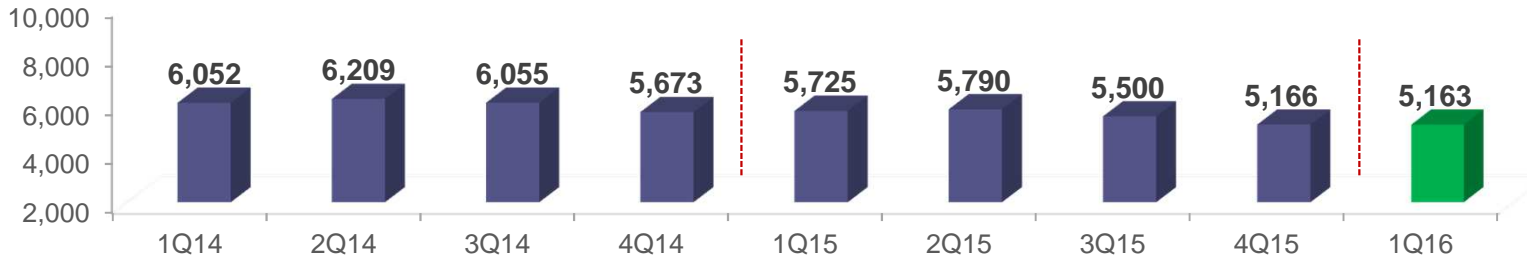
# Vietnam: Average Market Price and Major Feed Raw Materials



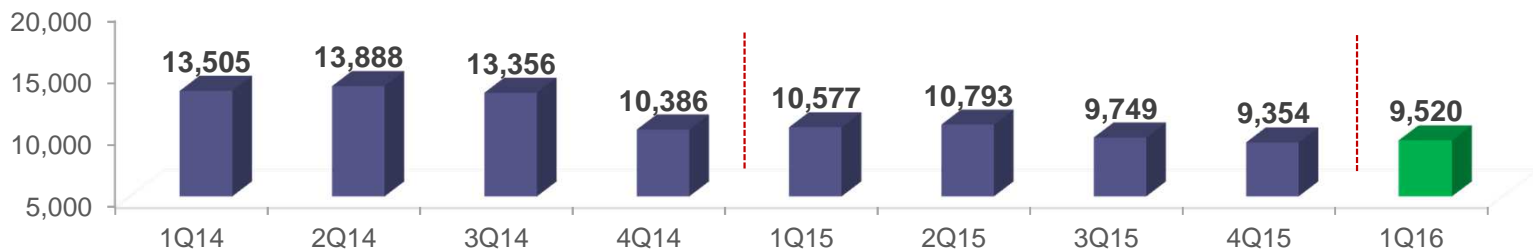
**Broiler**  
(VND/kg)



**Swine**  
(VND/kg)



**Corn**  
(VND/kg)



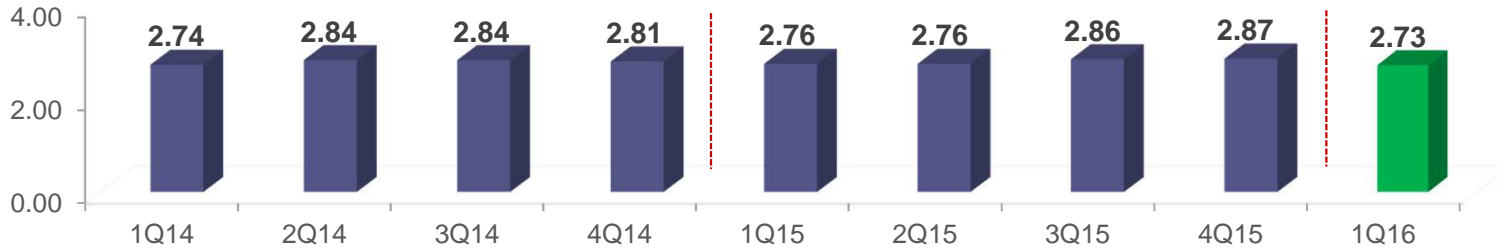
**Soybean Meal**  
(VND/kg)

Source: CPF

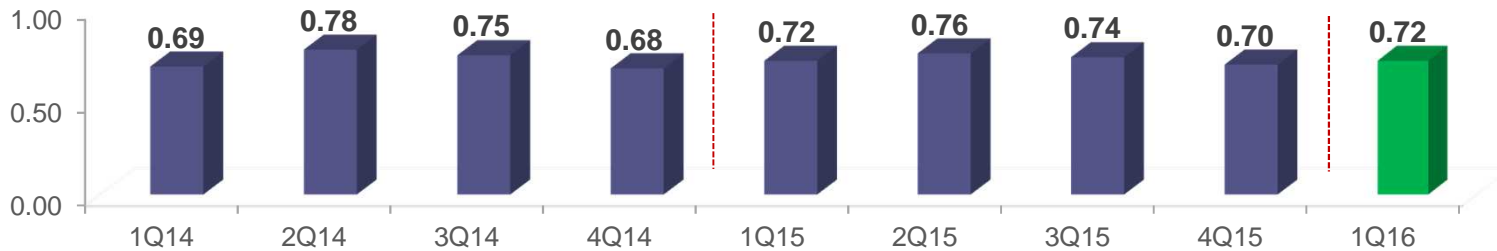
VND 1 = THB 0.0016



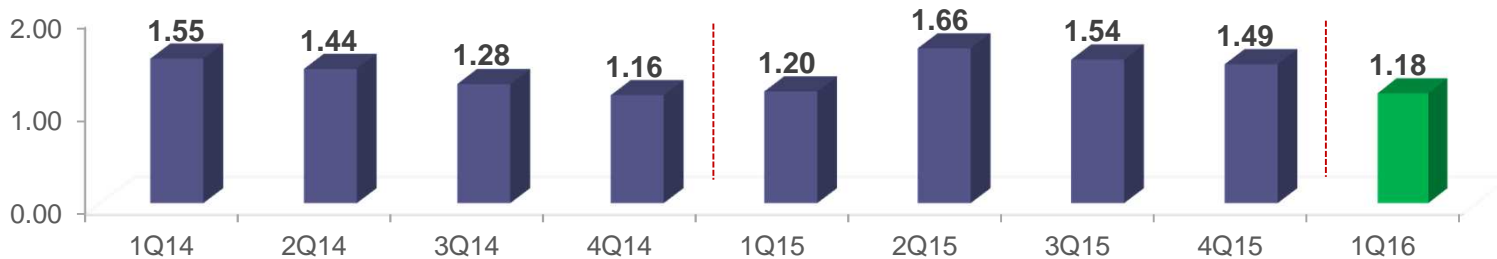
# Turkey: Average Market Price and Major Feed Raw Materials



**Broiler**  
(TRY/kg)



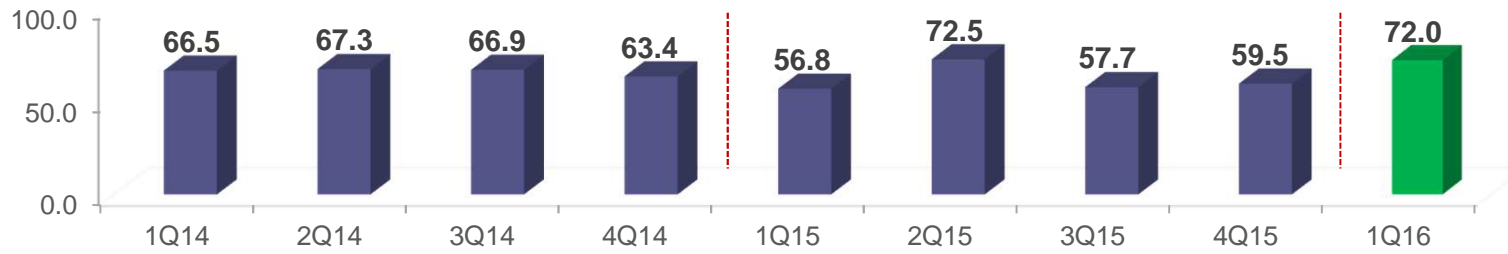
**Corn**  
(TRY/kg)



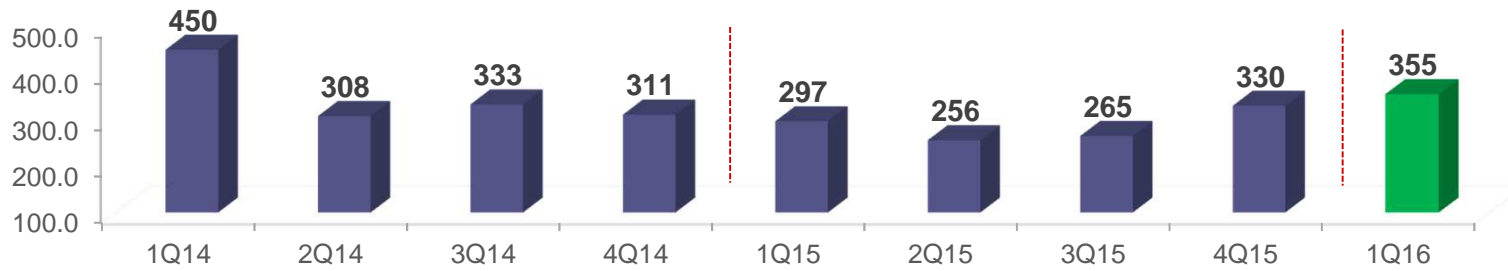
**Soybean Meal**  
(TRY/kg)



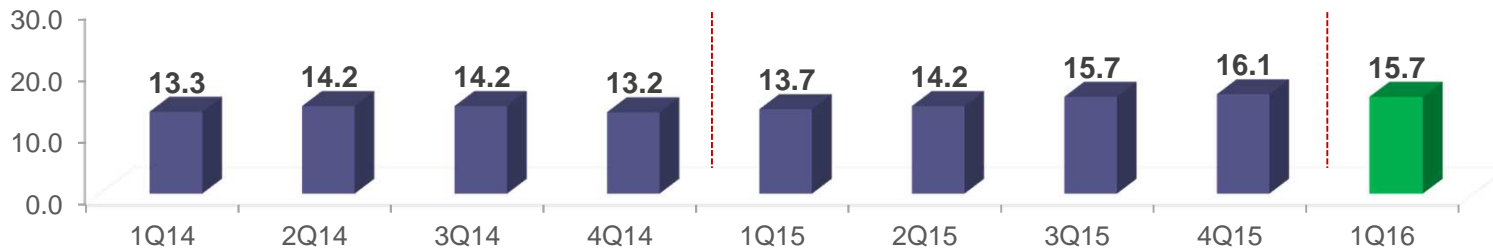
# India: Average Market Price and Major Feed Raw Materials



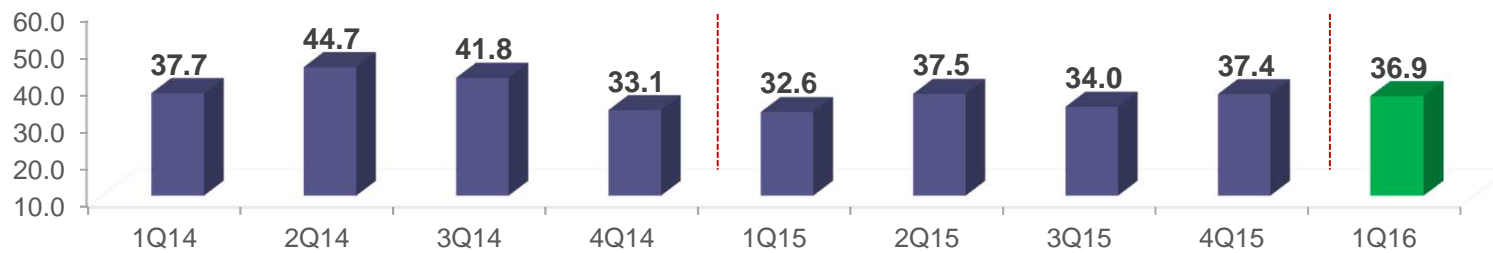
**Broiler**  
(Rs/kg)



**Shrimp (60 pieces)**  
(Rs/kg)



**Corn**  
(Rs/kg)



**Soybean Meal**  
(Rs/kg)

Source: CPF

Rs 1 = THB 0.53



# **Appendix C: Product Sample & Retail Outlet Format**





# Food Retail Products





# Food Retail Products





# Food Service : Five Stars Chain



More  
Than  
**6,000**  
Outlets

Five Star Chicken in Vietnam



Five Star Chicken in India





# Food Service : Chester's



## 201 Outlets





# Food Retail Outlets



**419** Stores



**5** Stores





## 22 Kiosks

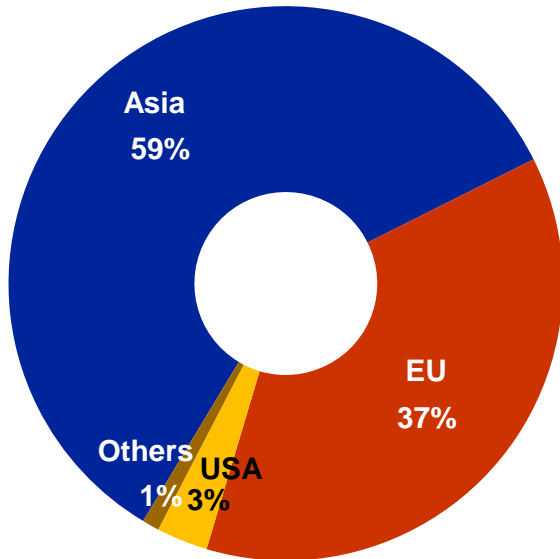




## **Appendix D: Export Destination**



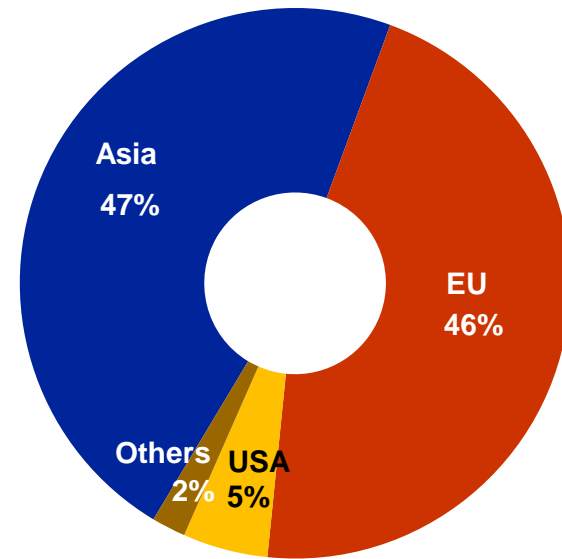
# 1Q16: Thailand Operations – Export Destination



■ Asia ■ EU ■ USA ■ Others

## Farm

THB 1,553 million +7%



■ Asia ■ EU ■ USA ■ Others

## Food

THB 4,882 million +6%



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