



Investors Presentation Acquisition of Makro

May 2013

makro

สินค้าครบ บริการดี ราคาถูก

Makro HoReCa

“แม็คโครมิตรแท้ช่วย”



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Discussion Agenda

Part 1

Transaction Overview

Part 2

Acquisition Rationale

Part 3

Post-Acquisition Target

Transaction Overview

Transaction Structure	<ul style="list-style-type: none"> • CP All to acquire Makro in 2 steps <ul style="list-style-type: none"> – Initial Acquisition: Acquire shares of 1) Siam Makro PCL (“Makro”) 2) Siam Makro Holdings Co., Ltd. and 3) OHT Co., Ltd. resulting in a total shareholding, both direct and indirect, in Makro of approx.64.35% including Makro’s Brand, IP and IT – Tender Offer: Subsequently trigger mandatory tender offer for remaining shares
Transaction Size	<ul style="list-style-type: none"> • THB 188,880 mm for total equity value
Tender Offer Price	<ul style="list-style-type: none"> • THB 787 per share
Acquisition Funding	<ul style="list-style-type: none"> • Debt financing and internal cash flow
Conditions Precedent	<ul style="list-style-type: none"> • CP All’s EGM’s approval with 75% supporting votes
Tentative Timeline	<ul style="list-style-type: none"> • CP All’s EGM on 12 Jun 2013 • Initial acquisition after CP All’s EGM approval in Jun 2013 • T/O period in Jul-Aug 2013 • Completion in Aug 2013

**Top Tier Asset with
Unique Market Positioning**

**Shareholder's Return
Enhancement from Value
Creation**

**International Expansion
and Unlocking Value of
Under-Utilized Land**

**Acquire Top Tier Asset and Capture
a New Segment of Retail Market**

Enhance Economy of Scale

Improve Operational Efficiency

Optimize Capital Structure

Open Opportunity for International Expansion

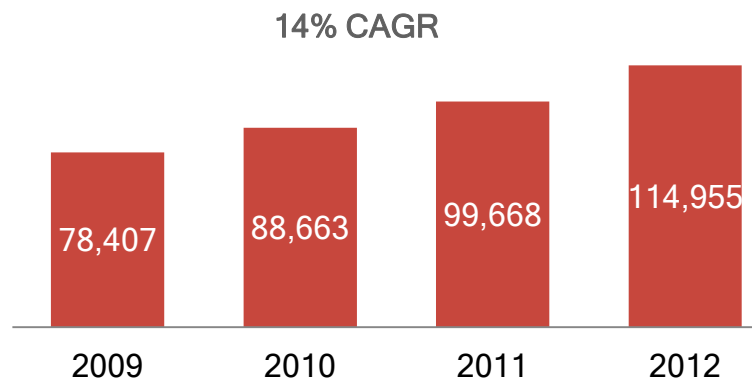
Unlock Value of Under-utilized Land

Acquire Top Tier Asset

makro

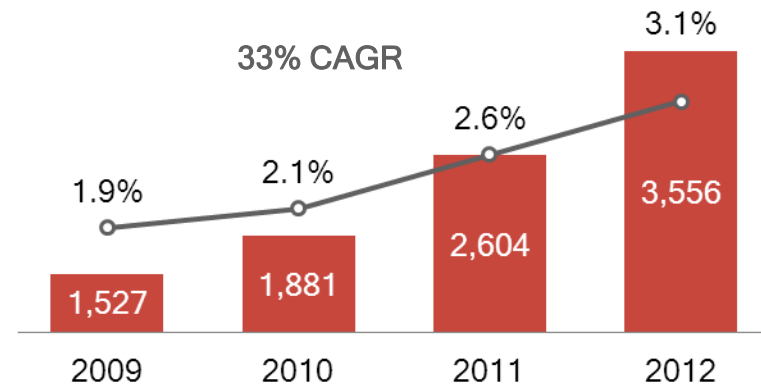
Makro's Robust Financial Performance

■ Revenue (THB mm)



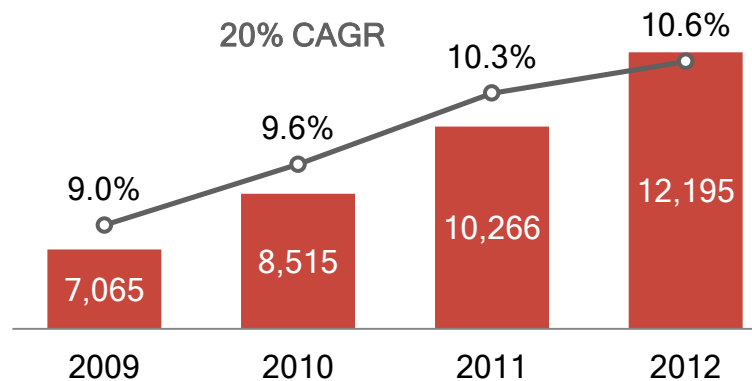
■ Net Profit (THB mm)

○ Net Margin

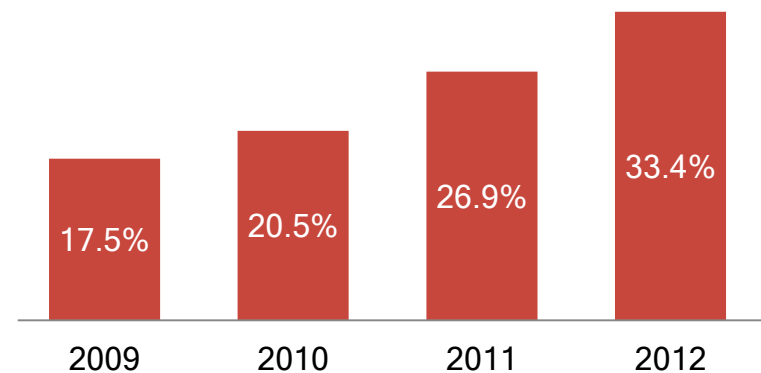


■ Gross Profit (THB mm)

○ Gross Margin



■ Return on Equity

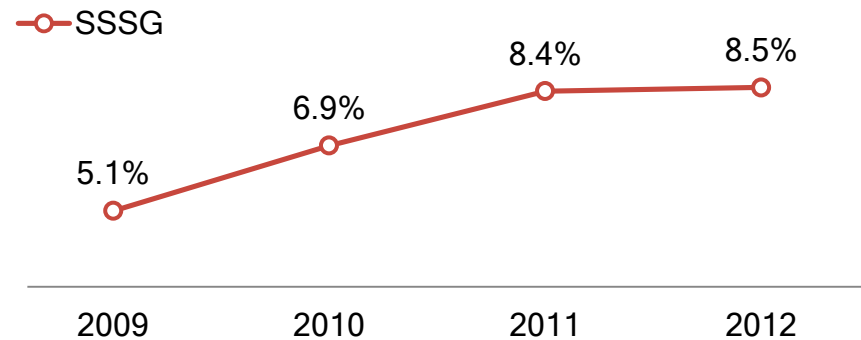




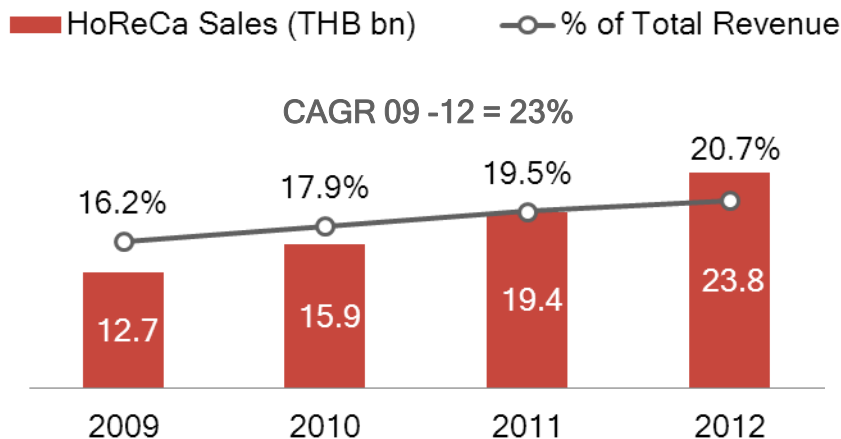
Acquire Top Tier Asset (Continue)

Makro's Excellent Operational Track Record¹

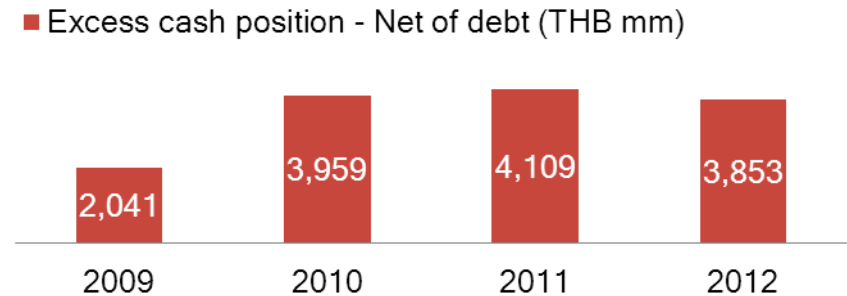
Impressive SSSG over the past years, rising from 5.1% in 2009 to 8.5% in 2012



Increasing sales participation from HoReCa will stimulate sales growth and margin improvement

Makro's Strong Financial Position¹

Capability to generate strong cash flow to engage in steady expansion without incurring debt while consistently paying high cash dividend



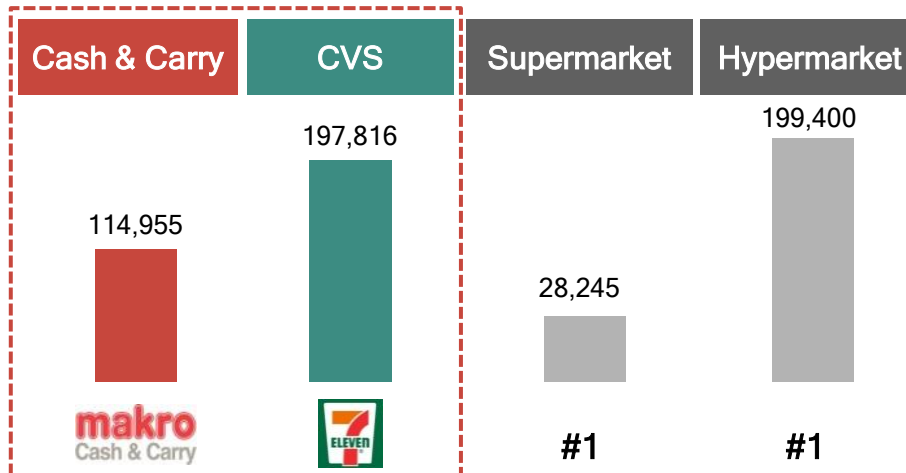
	2009	2010	2011	2012
Pay-out Ratio (%)	96% ²	88%	98%	85%
Dividend (THB mm)	1,380	1,680	2,520	3,000
New Cash & Carry Stores	3	4	4	4
New Food Service Stores	-	-	-	1
Total Number of Stores	44	48	52	57

.....and Capture a New Segment of Retail Market

Immediate access into a new segment of retail market with well-equipped platform to further expand and eventually become "Leading Regional Multi-format Retailer"

Undisputed Modern Trade Leader with Extensive Coverage

2012 Sales^{1,2} (THB mm)

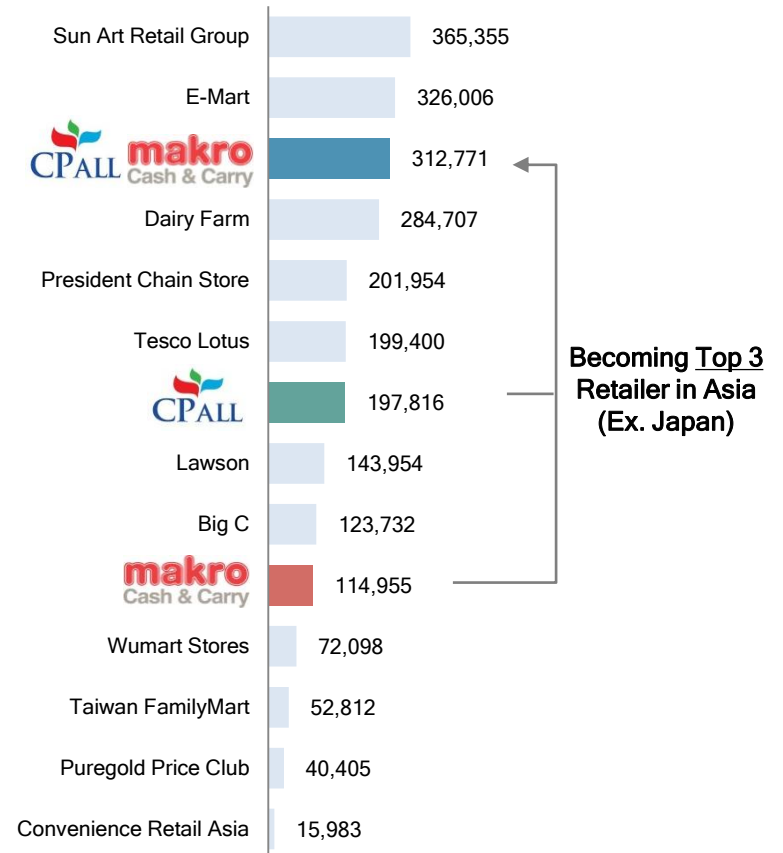


Market Leader of Each Segment

Retailer/Distributor	✓		✓
Professional	✓		
End User		✓	✓

Stepping Stone to become #1 in Asia (ex. JP)

2012 Sales^{1,2} (THB mm)



Becoming Top 3 Retailer in Asia (Ex. Japan)

Enhance Economy of Scale and Improve Operational Efficiency

Synergies from economy of scale and improved operational efficiency, thus improving profitability

Makro's Well - located Stores Nationwide

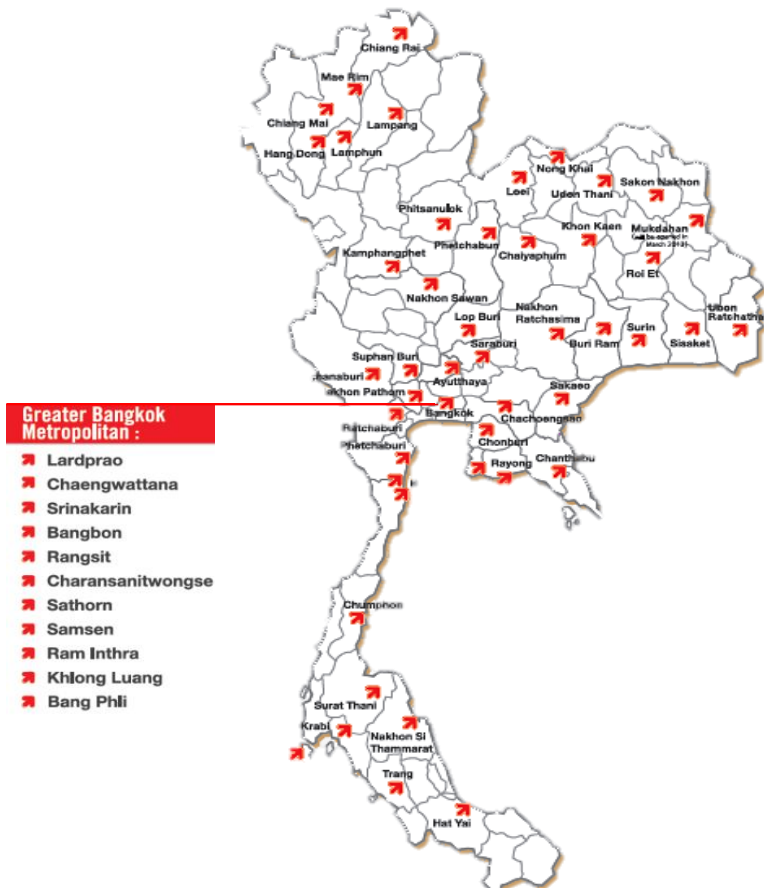
Improving Margin from Economy of Scale & Operational Efficiency

- Joint distribution could improve lead-time & enhance operational efficiency in stock management/replenishment resulting in a reduction of opportunity loss to Makro:

CP All's Main Distribution Centers

- Greater Bangkok - Bangbua-tong
- Greater Bangkok - Suvarnabhumi
- Northeastern region - Khonkaen
- Southern region - Suratthani
- Northern region - Lampoon

- Economy of scale would allow cost saving & new products offering opportunities
- Possible introduction of joint product initiatives with CP All, e.g. high-margin RTE into Makro to improve margin



Target synergy at least 20bps at Makro

Opportunity for International Expansion

Spearhead Asia expansion with Makro could provide a new frontier for growth opportunity through Makro's Intellectual Property (Brand) and IT acquired

Capture Growth from AEC

Expedite Asia Expansion with Makro's Brand and IP



- Leverage on Makro's brand and management's expertise to expedite Asia expansion with target of 7 to 11 domestic and regional stores per annum from 2014 to 2019
- Multi-format provides greater flexibility to put the right store concept into different locations especially in LVMC countries with rapid growth

Expedited domestic and regional expansion from 2014 onward

Key Drivers for Shareholders' Wealth Enhancement

4 key post-acquisition targets are established as targets for shareholders' wealth enhancement

More aggressive domestic growth for Makro with support from CP All

International expansion to fully reap benefits from acquisition

Operational efficiency enhancement from collaboration

Significant value creation from proposed acquisition



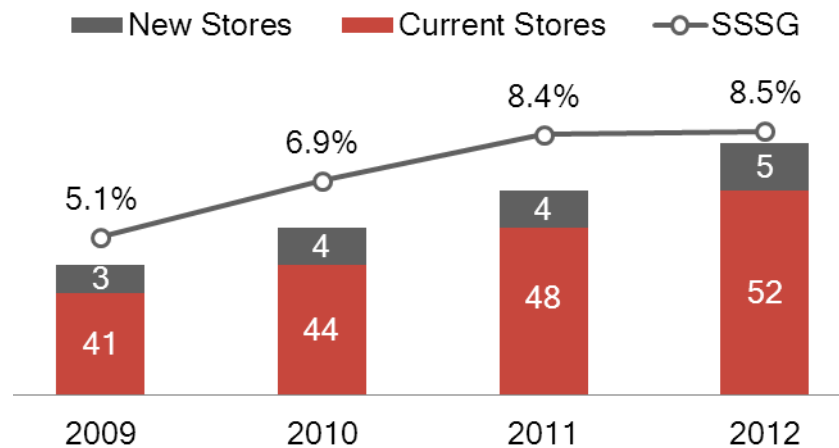
Targets for Shareholders'
Wealth Enhancement

Target Domestic & International Expansion to Accelerate Sales Growth **makro**

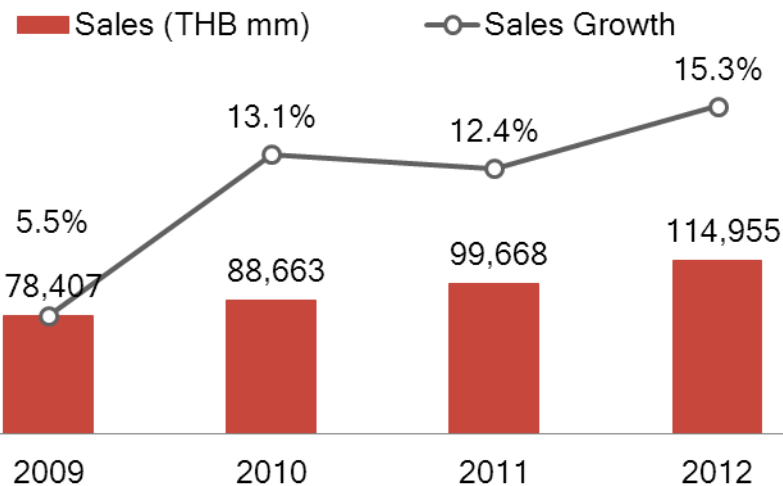
Makro's Target Domestic & International Expansion...

...Expedited Sales Growth

Makro's Historical Track Record/Performance



Note: Expected Capex per store = ~THB 500 -570 mm



Targets Post-Acquisition

Target Makro's domestic & international expansion in 2014 - 2019

7 to 11 stores



Target Makro's SSSG in 2013-19

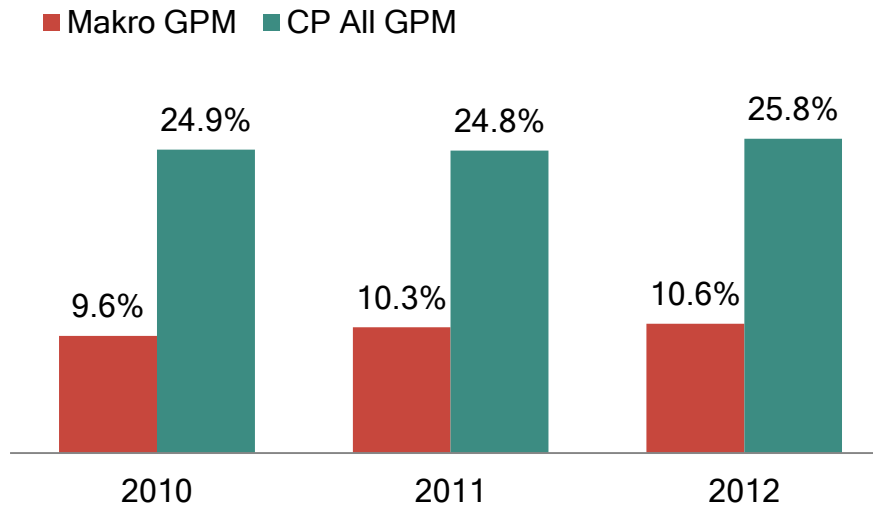
At least 5% p.a.

Target Makro's sales growth during 2013-18

15 - 20% CAGR

Target Margin Improvement from Collaboration & Synergy to Stimulate EPS Growth

Makro's & CP All's Historical Track Record/Performance



Targets Post-Acquisition

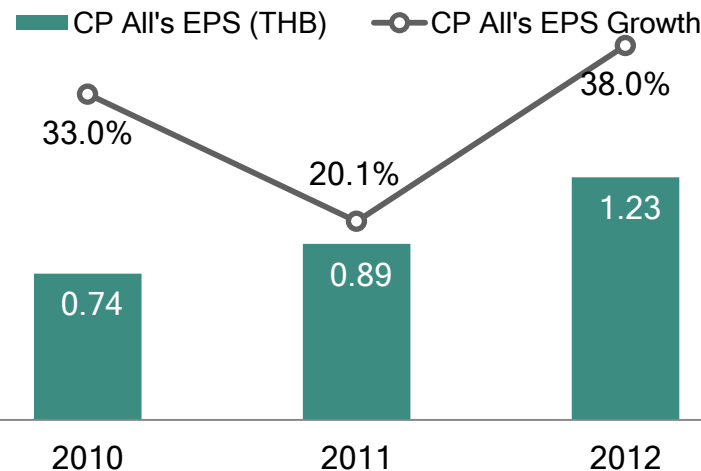
Target incremental GPM of **20bps p.a.** from 2013-2017 for Makro



Additional benefits from economy of scale to Makro
Target **20bps** expected in 2014

Target post-acquisition Margin Improvement from Collaboration & Value Creation Synergy...

...Impressive EPS Growth



Target Consolidated CP All's EPS growth
Average of over 20% 5-year CAGR

Possible Alternatives for Loan Take-out & Key Consideration

Various possible alternatives have been evaluated. Shareholders' wealth & sustainability are keys to determine optimal take-out plan

Possible Alternatives for Loan Take-out

"Excellent track record, strong management team and superior cash flow certainty make CP All's debt very attractive for banks and debt capital market"

1

Fund-raising through banks loan

- Consolidated EBITDA above THB 30 bn by 2014
- Expected net debt to EBITDA to approximately 4.5x in 2014

2


Debt capital market

- Well-positioned to attract demand from debt capital market having strong balance sheet and superior cash flow certainty

3

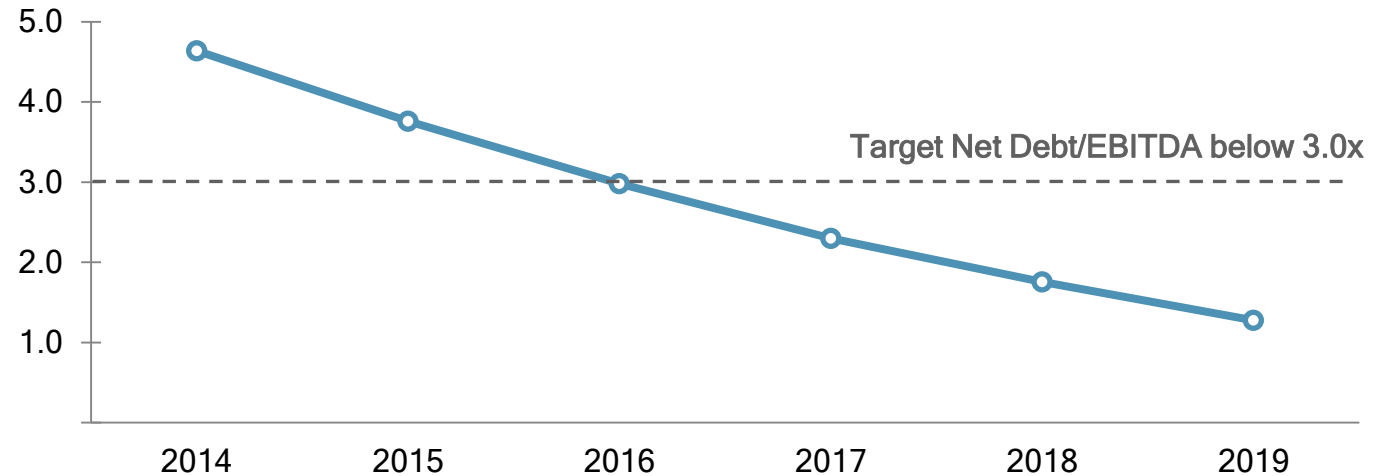
Monetizing real estate portfolio

Key Consideration for Take-out Plan

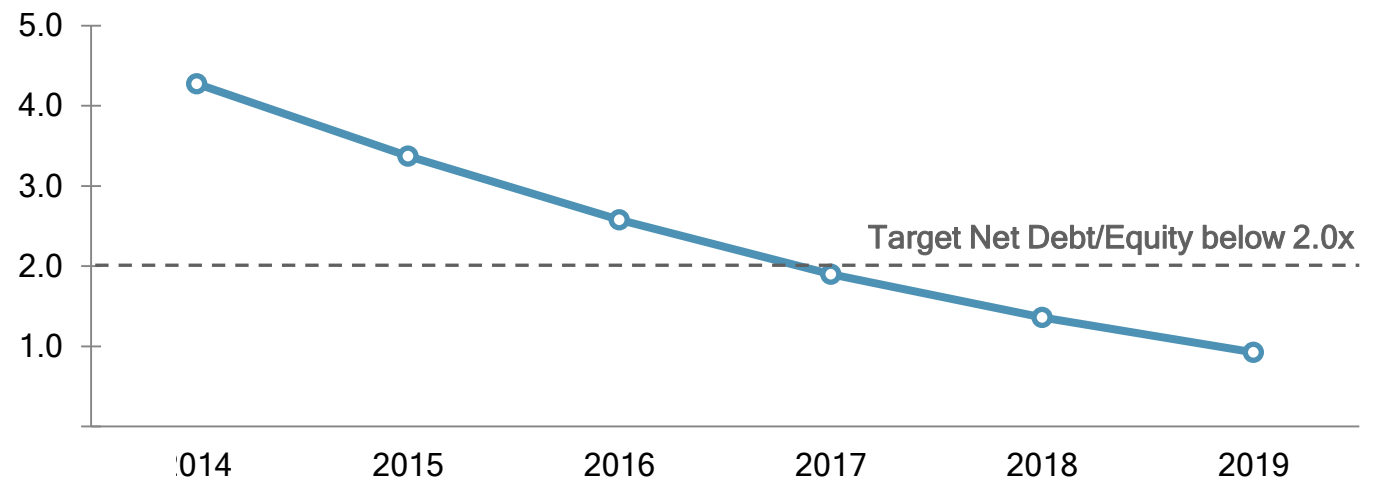
- 
- ✓ Dividend payment capability
 - ✓ Capital structure & Debt serviceability
 - ✓ Expansion plan
 - ✓ Operational flexibility

Target Leverage Post-Acquisition on Consolidated Basis

Target Net
Debt/EBITDA
(x)



Target Net
Debt/Equity
(x)



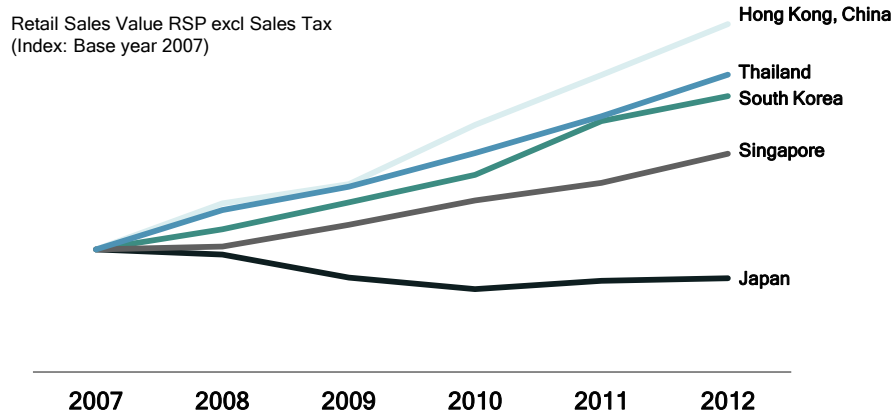
Appendix A

Thai Retail Trade

Industry Outlook - Thai Retail Trade

Increasing Value of Retail Sales due to Immature Market

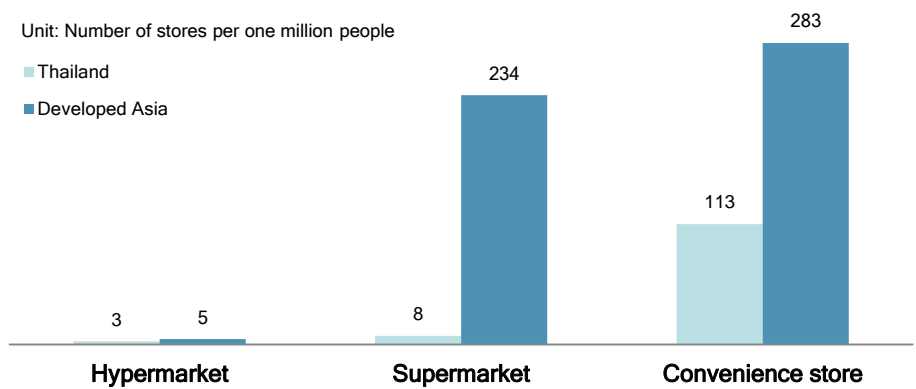
"Total Thai Retail Trade is expected to grow at an increasing rate with modern trade dominating the market"



Source: Euromonitor

Relatively Low Penetration

"Compared to Developed Asia, Thailand's Hypermarket, Supermarket and Convenience Store are under-penetrated"

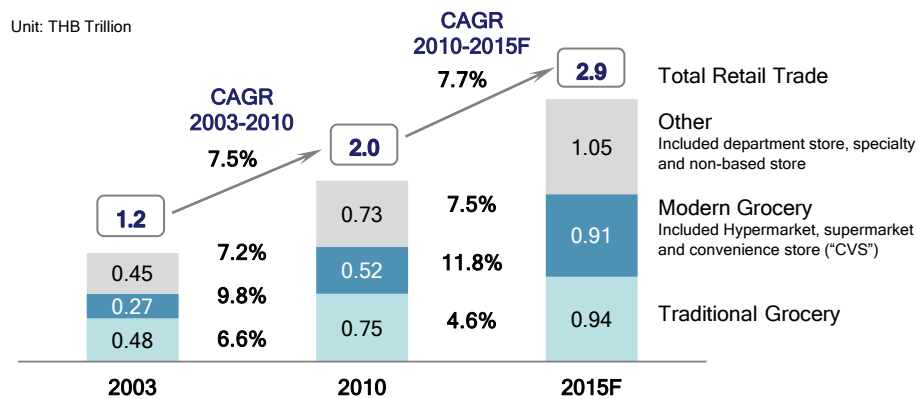


Note: Developed Asia includes Japan, South Korea, Singapore and Hong Kong

Source: The Nielsen Company, CEIC, World Bank and SCB EIC

Continuous Growth in Total of Retail Trade

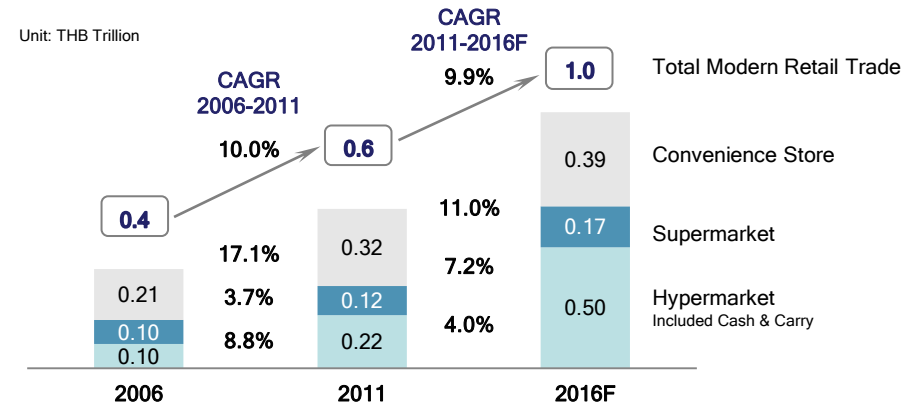
"Total Thai Retail Trade is expected to grow at an increasing rate with modern trade dominating the market"



Source: SCB EIC, Euromonitor, BOT and McKinsey & Company

Modern Trade - The current and future growth driver

"Convenience Store is a key driver behind the growing trend with 7-11 representing approx. 70% of market share"



Source: Euromonitor

Appendix B

Overview of Makro

Overview of Makro

Business Overview

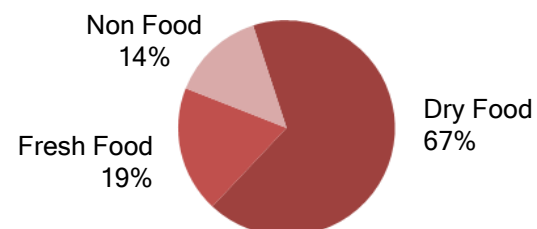
- Makro is the sole cash & carry wholesaler in Thailand
- As of end of 2012, Makro has 57 stores, 10 of which are in Bangkok and its vicinity
- Makro also owns Siam Food Service (SFS), an importer and distributor of temperature-controlled and value-added food products (Currently 5 stores)

Business Highlights

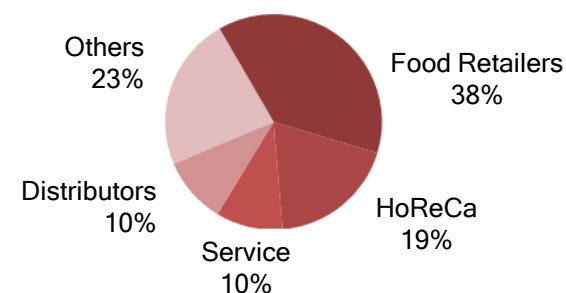
- **Prominent position in its niche market**
 - Continuing margin expansion driven by rising proportion of HoReCa products and adding of high-value-added products
 - Introduced high-margin private label products to professional customers who are not addicted to branding
 - Re-format its store to better serve HoReCa customer which is an underpenetrated growing customer group
- **Best-in-class management with proven track record of profitable growth**
 - Low cost operator with improving floor productivity to offset increments in operating cost - Ranked first among large-format retailers for sales and profit per sq.m.

Sales & Customer Breakdown¹

Sales



Customers



SSSG Consistently Outperformed GDP

