



# makro

A transformational  
opportunity

## Joint Announcement Presentation

August 31, 2021





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## Today's presenters



**Suphachai Chearavanont**  
*Chairman of the Board of  
Directors, Siam Makro*



**Suchada Ithijarukul**  
*Group Chief Executive Officer,  
Siam Makro*



**Prasit Boondoungprasert**  
*Chief Executive Officer, CPF*



**Kriengchai Boonpoapichart**  
*Chief Financial Officer, CPALL*

# Siam Makro and Lotus's – Creating South and Southeast Asia's leading fresh grocery O2O platform

Together Siam Makro and Lotus's can...

Deliver seamless experience while realizing synergies to create value for our B2B and B2C customers

Elevate our platform from Thai leaders to regional champion

Realize the potential of e-commerce through O2O platform and digital transformation

Create strong partnerships with local SMEs towards regional markets

Promote strong and sustainable supply chain management

## Leading fresh grocery O2O platform

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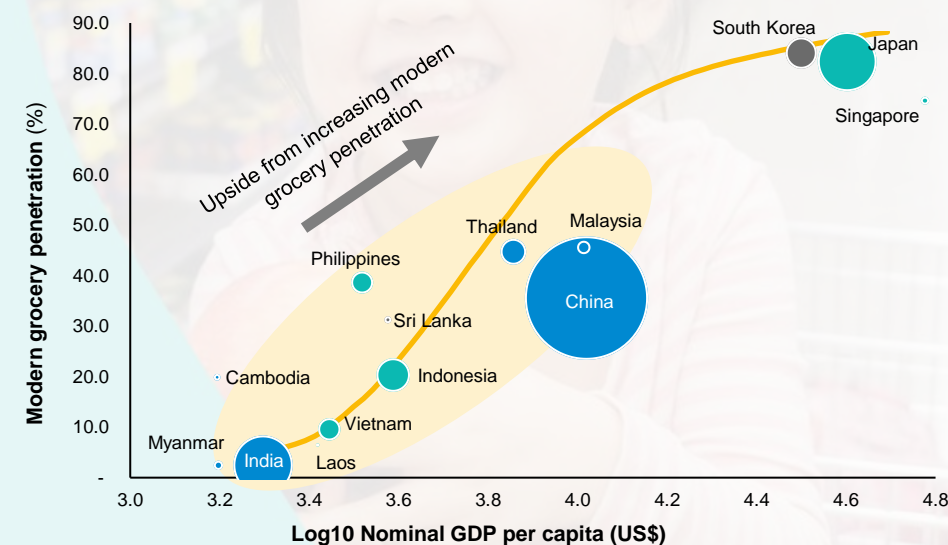
Leading B2B wholesaler in Southeast Asia

**Lotus's**

Leading B2C retailer in Thailand and Malaysia

## Platform for growth across a highly attractive region

Modern grocery penetration and nominal GDP per capita (2020)



Source: Euromonitor

● Markets where CP Group has presence

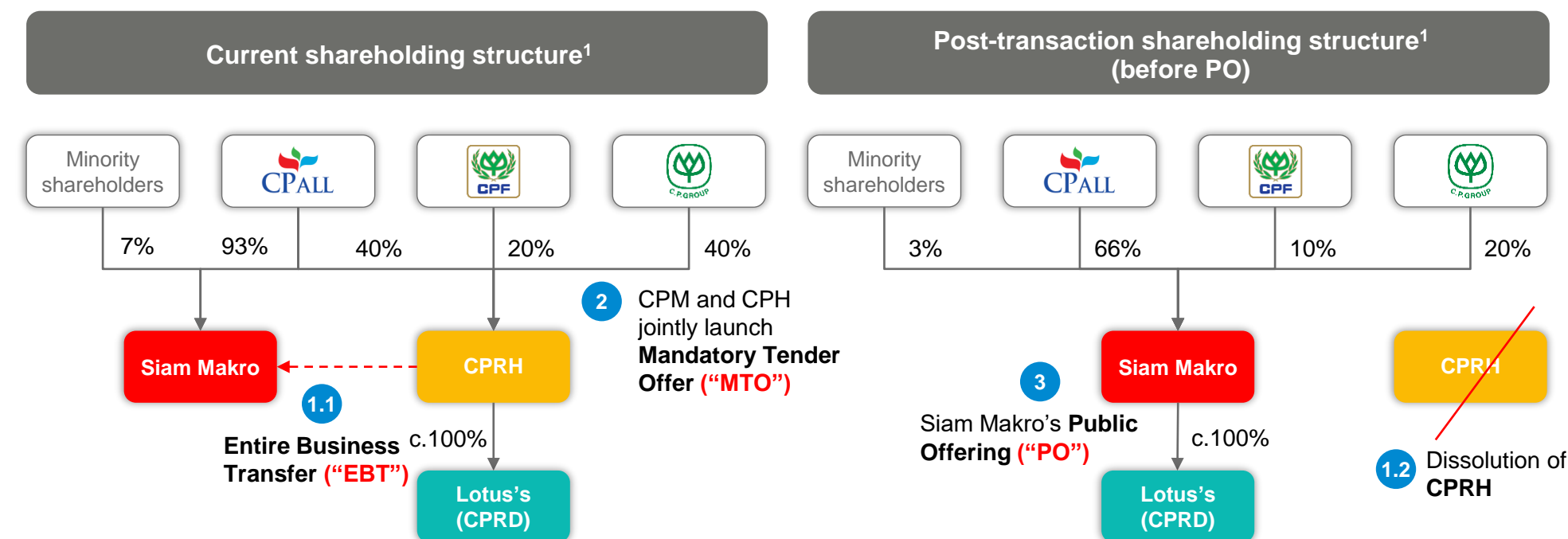
● Markets where Siam Makro or Lotus's have presence

● Other select Asian markets

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# Transaction snapshot

## Simplified transaction structure



**1.1** Siam Makro acquires Lotus's through **EBT of CPRH**; issues new shares via **private placement as EBT consideration** to CPRH

**1.2** CPRH to be dissolved following EBT and distribute Siam Makro shares to its shareholders proportionately

**2** CPM and CPH jointly launch **MTO** for Siam Makro shares post-EBT<sup>2</sup>

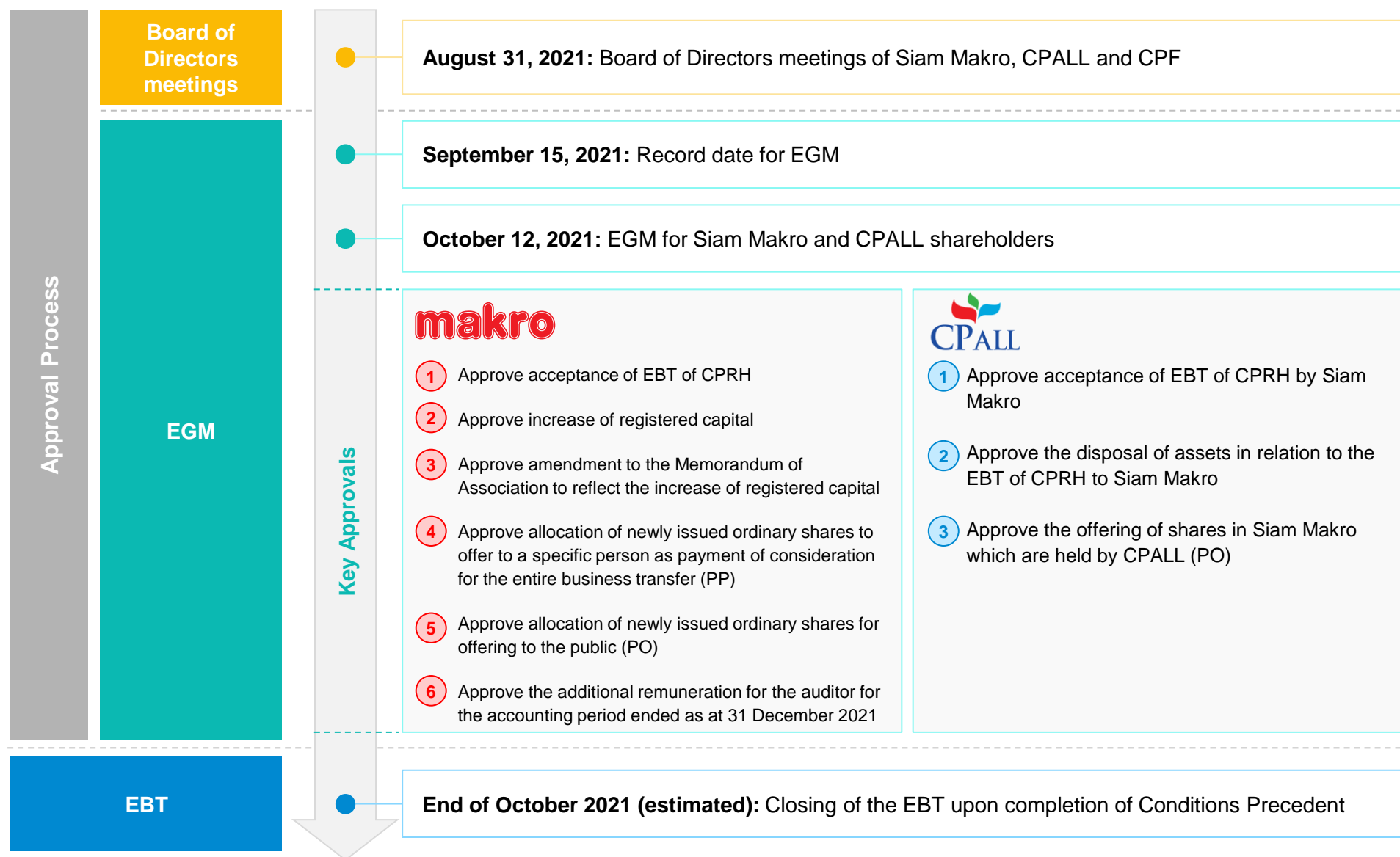
**3** **PO** of Siam Makro

Note: C.P. Retail Holding Company Limited ("CPRH") is an investment holding company, holding 99.99% shares in C.P. Retail Development Company Limited ("CPRD") which holds 99.99% shares in (a) Lotus's Stores (Thailand) Company Limited which holds 99.99% shares in Ek-Chai Distribution System Company Limited, an operator of a retail business under the name Lotus's in Thailand; and 100.00% shares in (b) Lotuss Stores (Malaysia) Sdn. Bhd. which operates a retail business under the name Lotus's in Malaysia. CPRH shares are held by 3 shareholders, namely, CP All Public Company Limited ("CPALL"), Charoen Pokphand Holding Company Limited ("CPH") and C.P. Merchandising Company Limited ("CPM"). Charoen Pokphand Group Company Limited ("CP Group") indirectly holds CPRH through holding 99.99% shares in CPH and Charoen Pokphand Foods Public Company Limited ("CPF") indirectly holds CPRH through holding 99.99% shares in CPM

<sup>1</sup> Shareholding shown is based on rounded figures; <sup>2</sup> CPH is to tender for two-thirds of the total tender amount and CPM is to tender for the remaining one-third, per shareholding proportion

# Transaction steps

## Phase 1: EBT



Note: J.P. Morgan (S.E.A.) Limited and JPMorgan Securities (Thailand) Limited (collectively, "J.P. Morgan") and UBS AG Hong Kong Branch ("UBS"), have been appointed as International Financial Advisors to CPALL in connection with the EBT. Bualuang Securities Public Company Limited ("BLS") and The Siam Commercial Bank Public Company Limited ("SCB") have been appointed as Thai Financial Advisors to CPALL in connection with the EBT

## Transaction steps (cont'd)

### Phase 2: MTO and PO

#### Mandatory tender offer (“MTO”)

##### **MTO period (after the completion of the EBT)**

- Tender price is THB43.50 per share (equivalent to the price for the Share Allocation Transaction as EBT Consideration)
- MTO is expected to commence immediately upon the completion of EBT
- CPH and CPM to launch MTO for Siam Makro minority shareholders' Siam Makro shares (2/3 and 1/3 respectively)
- CPALL is not required to make a MTO for all securities in Siam Makro and will not sell shares in respect of the MTO to be made by CPH and CPM
- Tender period of 25 business days

#### Public offering (“PO”)

##### **PO (after the completion of the EBT and obtaining an approval from the SEC Office)**

- Official filing will be made after closing of the EBT upon completion of Conditions Precedent
- Offering structure will be determined at the official filing with SEC
- Offering price will be determined at the effective filing with SEC
- Objectives of the PO and the potential utilisation of proceeds
  - *For investment in businesses and/or projects in respect of the core business and businesses and/or projects*
  - *For payment of existing debts*
  - *For use as working capital*



# The proposed transaction creates a customer focused, agile, fresh grocery O2O platform





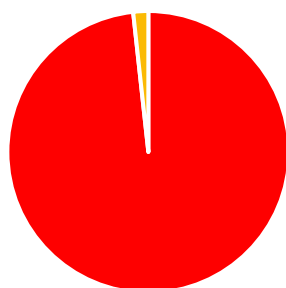
# Illustrative relative contribution analysis

Contribution ratio between Siam Makro and CPRD based on key FY2020 financial metrics

## FY2020 financial metrics

### Siam Makro – Revenue breakdown by division<sup>1</sup>

Revenue from rendering services, 1.7%

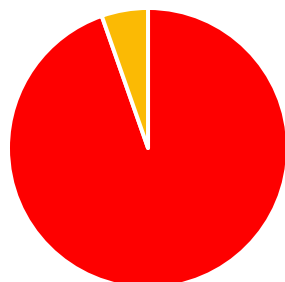


**Total FY2020 Revenue: THB217.9bn**

Revenue from sale of goods (wholesale), 98.3%

### CPRD – Revenue breakdown by business<sup>2</sup>

Rental income and revenue from rendering services, 5.4%

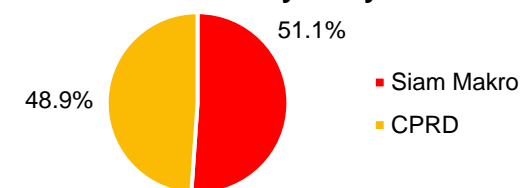


**Total FY2020 Revenue: THB208.6bn**

Revenue from sales of goods (retail), 94.6%

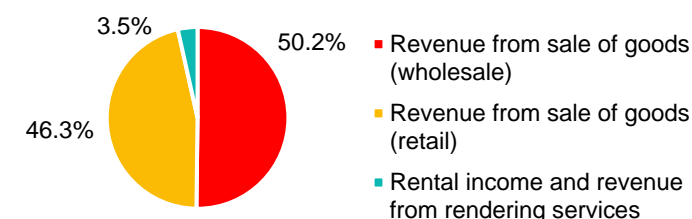
## Contribution analysis<sup>3</sup>

### FY2020 Revenue mix by entity



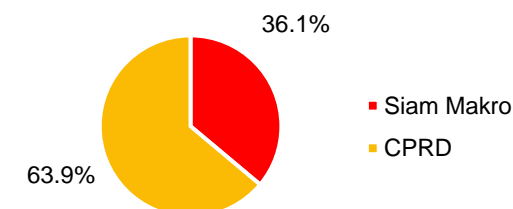
**Total FY2020 combined revenue: THB426.5bn<sup>1</sup>**

### FY2020 Revenue mix by division



**Total FY2020 combined revenue: THB426.5bn<sup>1</sup>**

### FY2020 EBITDA<sup>4</sup> mix by entity



**Total FY2020 combined EBITDA: THB34.7bn**

Source: Siam Makro FY2020 Annual Report, IM1

Note: Financial metrics shown are for the financial year ended 31 December 2020 for both Siam Makro and CPRD. Although CPRD's fiscal year-end is 31 December, the underlying financial statements of Lotus TH and Lotus MY have a fiscal year-end of 28 February and the data presented herein for Lotus TH and Lotus MY are based on the financial year ended 28 February 2021

<sup>1</sup> Excludes other income; <sup>2</sup> Includes both Thailand and Malaysia segments; <sup>3</sup> Combined revenue and EBITDA calculated as the total of revenue and EBITDA for Siam Makro and CPRD; <sup>4</sup> CPRD's FY2020 EBITDA includes contribution from share of profit from CPRD's investments in joint ventures and an associate (THB782mm)

# Illustrative snapshot of pro forma financials of Siam Makro

## Siam Makro financial highlights

THBbn	2020		2020
<b>Total Revenue<sup>1</sup></b>	<b>217.9</b>	Cash & Cash Equivalents	10.5
<b>EBITDA</b>	<b>12.5</b>	<b>Total Assets</b>	<b>74.0</b>
<i>% Margin</i>	5.8%	Interest Bearing Debt	8.1
<b>Net Profit</b>	<b>6.5</b>	Lease liabilities	8.1
<i>% Margin</i>	3.0%	<b>Total Liabilities</b>	<b>51.3</b>
		<b>Total Equity</b>	<b>22.7</b>

## Siam Makro pro forma financial highlights

THBbn	2020		2020
<b>Total Revenue<sup>1</sup></b>	<b>427.2</b>	Cash & Cash Equivalents	36.4
<b>EBITDA<sup>2</sup></b>	<b>34.7</b>	<b>Total Assets</b>	<b>493.6</b>
<i>% Margin</i>	8.1%	Interest Bearing Debt <sup>3</sup>	127.1
<b>Net Profit</b>	<b>8.1</b>	Lease liabilities	39.0
<i>% Margin</i>	1.9%	<b>Total Liabilities</b>	<b>253.0</b>
		<b>Total Equity</b>	<b>240.7</b>

Source: Siam Makro FY2020 Annual Report, IM1

Note: Financial metrics shown are for the financial year ended 31 December 2020 for both Siam Makro and CPRD. Although CPRD's fiscal year-end is 31 December, the underlying financial statements of Lotus TH and Lotus MY have a fiscal year-end of 28 February and the data presented herein for Lotus TH and Lotus MY are based on the financial year ended 28 February 2021

<sup>1</sup> Excludes other income; Siam Makro pro forma revenue includes pro forma adjustments; <sup>2</sup> Calculated as the total of Siam Makro's FY2020 EBITDA and CPRD's FY2020 EBITDA; <sup>3</sup> Calculated as the total of Siam Makro's FY2020 interest bearing debt and CPRD's FY2020 interest bearing debt

## Compelling proposition for our shareholders

### CPALL shareholders

- ✓ Transform CPALL into the largest grocer in Asia ex-Japan, with presence across multiple formats spanning B2B and B2C
- ✓ Direct value realization through the attractive Siam Makro investment proposition
- ✓ Increased scale and profile post CPRD consolidation
  - Clear see-through to all the upside that Siam Makro shareholders will realize
- ✓ Improved investment liquidity across Siam Makro and CPRD
- ✓ Deleveraging flexibility

*Leveraging Siam Makro's and Lotus's' competence and creating a symbiotic, customer focused grocer that will drive value for all shareholders*

## Compelling proposition for our shareholders (cont'd)

### CPF shareholders

- ✓ Direct value realization through the attractive Siam Makro investment proposition
- ✓ Improved investment liquidity in CPRD
- ✓ Indirect upside through the value benefit from the investment in CPALL
- ✓ Upside from fresh food ambition of the combined Siam Makro and Lotus's

*Leveraging Siam Makro's and Lotus's' competence and creating a symbiotic, customer focused grocer that will drive value for all shareholders*



## Compelling proposition for our shareholders (cont'd)

### Siam Makro shareholders

- ✓ Creating a leading regional ecosystem fresh food and grocery ecosystem
- ✓ Numerous opportunities for value realisation
  - Leveraging scale and platform to expand into fast growing regional markets
  - Driving digitalisation, e-commerce and O2O development in the region
  - Benefiting from CP Group platform capabilities
  - Opportunity to redefine the real estate portfolio
  - Realize near term cost savings
- ✓ Capital markets liquidity and access

*Leveraging Siam Makro's and Lotus's' competence and creating a symbiotic, customer focused grocer that will drive value for all shareholders*

# Q&A

## Glossary

Term	Definition
B2B	Business to Business Grocery Retailing
B2C	Business to Consumers Grocery Retailing
bn	Billion
CPALL	CP All Public Company Limited
CPF	Charoen Pokphand Foods Public Company Limited
CP Group	Charoen Pokphand Group Company Limited
CPH	Charoen Pokphand Holding Company Limited
CPM	C.P. Merchandising Company Limited
CPRD	C.P. Retail Development Company Limited
CPRH	CP Retail Holding Company Limited
EBT	Entire Business Transfer
mm	Million
MY	Malaysia
Siam Makro	Siam Makro Public Company Limited
SEC	The Securities and Exchange Commission, Thailand
SME	Small and Medium Enterprise
TH	Thailand