

Thai Beverage PLC

9M14 Financial Results

Note on Forward Looking Statements

- The following presentation may contain forward looking statements by the management of Thai Beverage Public Company Limited (“ThaiBev”), relating to financial or other trends for future periods, compared to the results for previous periods.
- Some of the statements contained in this presentation that are not historical facts are statements of future expectations with respect to the financial conditions, results of operations and businesses, and related plans and objectives.
- Forward looking information is based on management's current views and assumptions including, but not limited to, prevailing economic and market conditions. These statements involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those in the statements as originally made. Such statements are not, and should not be construed as a representation as to future performance of ThaiBev. In particular, such targets should not be regarded as a forecast or projection of future performance of ThaiBev. It should be noted that the actual performance of ThaiBev may vary significantly from such targets.

Understanding this Presentation

- In April 2014, the Company recognized a capital reduction in cash from an associate, Fraser and Neave, Limited (F&N), for a net consideration of Baht 4,465 million. The proceeds were repaid to financial institutions for loans prior to maturity without penalty.
- Frasers Centrepoint Limited (FCL) was demerged from F&N and has been listed on the main board of the Singapore Exchange Securities Trading Limited on 9 January 2014. FCL is an associate of indirect subsidiary of the Company and principally engaged in property business.
- Effective from 4 September 2013, the Ministry of Finance has changed the method for alcohol excise tax. Previously, the alcohol excise tax was imposed by one of the two methods whichever was higher, an ad valorem rate or a specific rate. The ad valorem rate is based on value from a percentage of the ex-factory price. The specific rate is based on alcohol content from an amount in Baht on every one litre of pure alcohol of the product. Now, the alcohol excise tax will be based on both value and alcohol content. The changes have increased the excise tax rate for the Company products per below:

Beer

Prior : The higher of Baht 100 per litre of 100% alcohol content or 60% of the ex-factory price.

New : The higher of Baht 155 per litre of 100% alcohol content or Baht 8 per litre plus 48% of the last wholesale price excluding value-added tax.

White spirits

Prior : The higher of Baht 150 per litre of 100% alcohol content or 50% of the ex-factory price.

New : The higher of Baht 145 per litre of 100% alcohol content or Baht 40 per litre plus 4% of the last wholesale price excluding value-added tax.

Other distilled liquor

Prior : Compounded spirits:

The higher of Baht 350 per litre of 100% alcohol content or 50% of the ex-factory price.

Special / Blended spirits:

The higher of Baht 400 per litre of 100% alcohol content or 50% of the ex-factory price.

New : All other distilled liquor, the higher of Baht 250 per litre of 100% alcohol content or Baht 50 per litre plus 25% of the last wholesale price excluding value-added tax.

Understanding this Presentation

- Current operations by business segments consist of spirits, beer, non-alcoholic beverage and food
- All monetary amounts in millions of Thai Baht unless otherwise stated
- Volumes in millions of liters unless otherwise stated
- EBITDA = Earnings from total revenues before interest expense, income tax, depreciation, and amortization

Highlights

(M Baht)

Group	3Q13	3Q14	Change
Sales Revenue	35,041	35,276	0.7%
COGS	(25,057)	(24,884)	
<i>% of Sales Revenue</i>	<i>71.5%</i>	<i>70.5%</i>	
SG&A	(5,519)	(5,701)	
<i>% of Sales Revenue</i>	<i>15.8%</i>	<i>16.1%</i>	
EBITDA (exclude F&N / FCL)	5,652	5,820	3.0%
Net Profit (exclude F&N / FCL)	3,729	3,805	2.0%
F&N & FCL Operating Results (proportion of the holding shares)	301	(171)	
EBITDA	6,656	5,890	-11.5%
Net Profit	4,030	3,634	-9.8%
Net Profit attributable to:			
<i>Owners of the Company</i>	4,077	3,718	-8.8%
<i>Non-controlling interests</i>	(47)	(84)	
<u>Margin*</u>			
EBITDA (exclude F&N / FCL)	16.1%	16.5%	
Net Profit (exclude F&N / FCL)	10.6%	10.8%	
EBITDA	19.0%	16.7%	
Net Profit	11.5%	10.3%	

* margins are % of sales revenue

Consolidated: 3Q14 Highlights

(M Baht)

Group	9M13	9M14	Change
Sales Revenue	111,029	116,344	4.8%
COGS	(79,957)	(81,927)	
<i>% of Sales Revenue</i>	<i>72.0%</i>	<i>70.4%</i>	
SG&A	(17,107)	(17,241)	
<i>% of Sales Revenue</i>	<i>15.4%</i>	<i>14.8%</i>	
EBITDA (exclude F&N / FCL)	17,626	20,768	17.8%
Net Profit (exclude F&N / FCL)	11,559	14,113	22.1%
F&N & FCL Operating Results (proportion of the holding shares)	795	940	
EBITDA	20,077	22,555	12.3%
Net Profit	12,354	15,053	21.8%
Net Profit attributable to:			
<i>Owners of the Company</i>	12,452	15,208	22.1%
<i>Non-controlling interests</i>	(98)	(155)	
<u>Margin*</u>			
EBITDA (exclude F&N / FCL)	15.9%	17.9%	
Net Profit (exclude F&N / FCL)	10.4%	12.1%	
EBITDA	18.1%	19.4%	
Net Profit	11.1%	12.9%	

* margins are % of sales revenue

Consolidated: 9M14 Highlights

(M Baht)

Group	ThaiBev	F&N / FCL	Total
3Q14			
Sales	35,276	-	35,276
Gross profit	10,392	-	10,392
EBITDA	5,820	70	5,890
Net profit (Loss)	3,805	(171)	3,634
3Q13			
Sales	35,041	-	35,041
Gross profit	9,984	-	9,984
EBITDA	5,652	1,004	6,656
Net profit (Loss)	3,729	301	4,030
Increase (Decrease)			
Sales	235	-	235
Gross profit	408	-	408
EBITDA	168	(934)	(766)
Net profit (Loss)	76	(472)	(396)
% Increase (Decrease)			
Sales	0.7%	-	0.7%
Gross profit	4.1%	-	4.1%
EBITDA	3.0%	(93.0%)	(11.5%)
Net profit (Loss)	2.0%	(156.8%)	(9.8%)



Consolidated: 3Q14 Highlights

(M Baht)

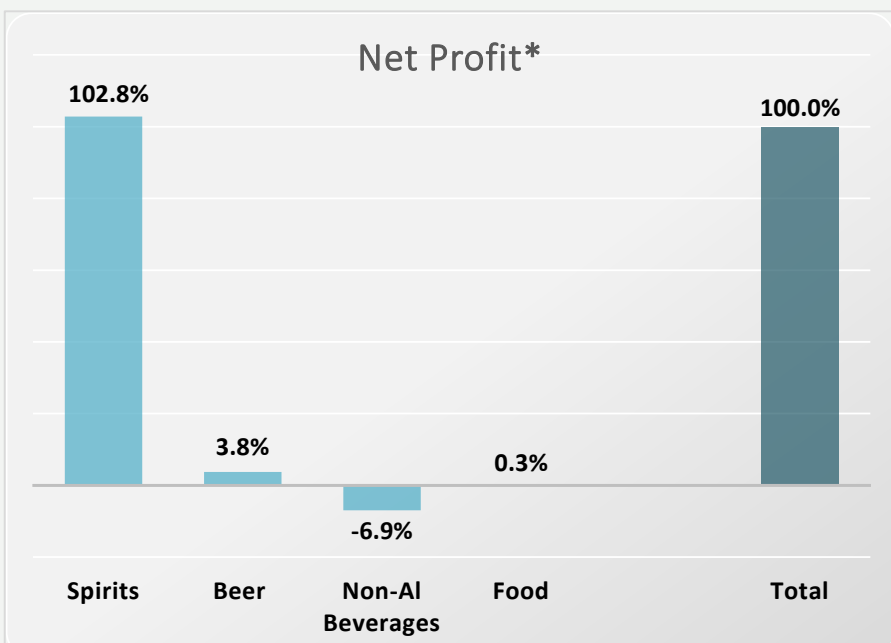
Group	ThaiBev	F&N / FCL	Total
9M14			
Sales	116,344	-	116,344
Gross profit	34,417	-	34,417
EBITDA	20,768	1,787	22,555
Net profit (Loss)	14,113	940	15,053
9M13			
Sales	111,029	-	111,029
Gross profit	31,072	-	31,072
EBITDA	17,626	2,451	20,077
Net profit (Loss)	11,559	795	12,354
Increase (Decrease)			
Sales	5,315	-	5,315
Gross profit	3,345	-	3,345
EBITDA	3,142	(664)	2,478
Net profit (Loss)	2,554	145	2,699
% Increase (Decrease)			
Sales	4.8%	-	4.8%
Gross profit	10.8%	-	10.8%
EBITDA	17.8%	(27.1%)	12.3%
Net profit (Loss)	22.1%	18.2%	21.8%



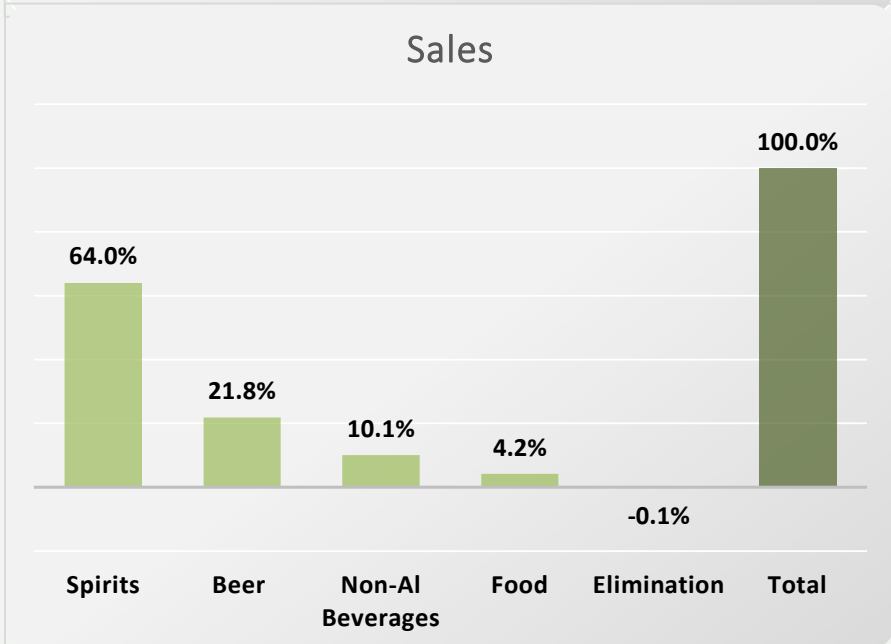
Consolidated: 9M14 Highlights

9M14

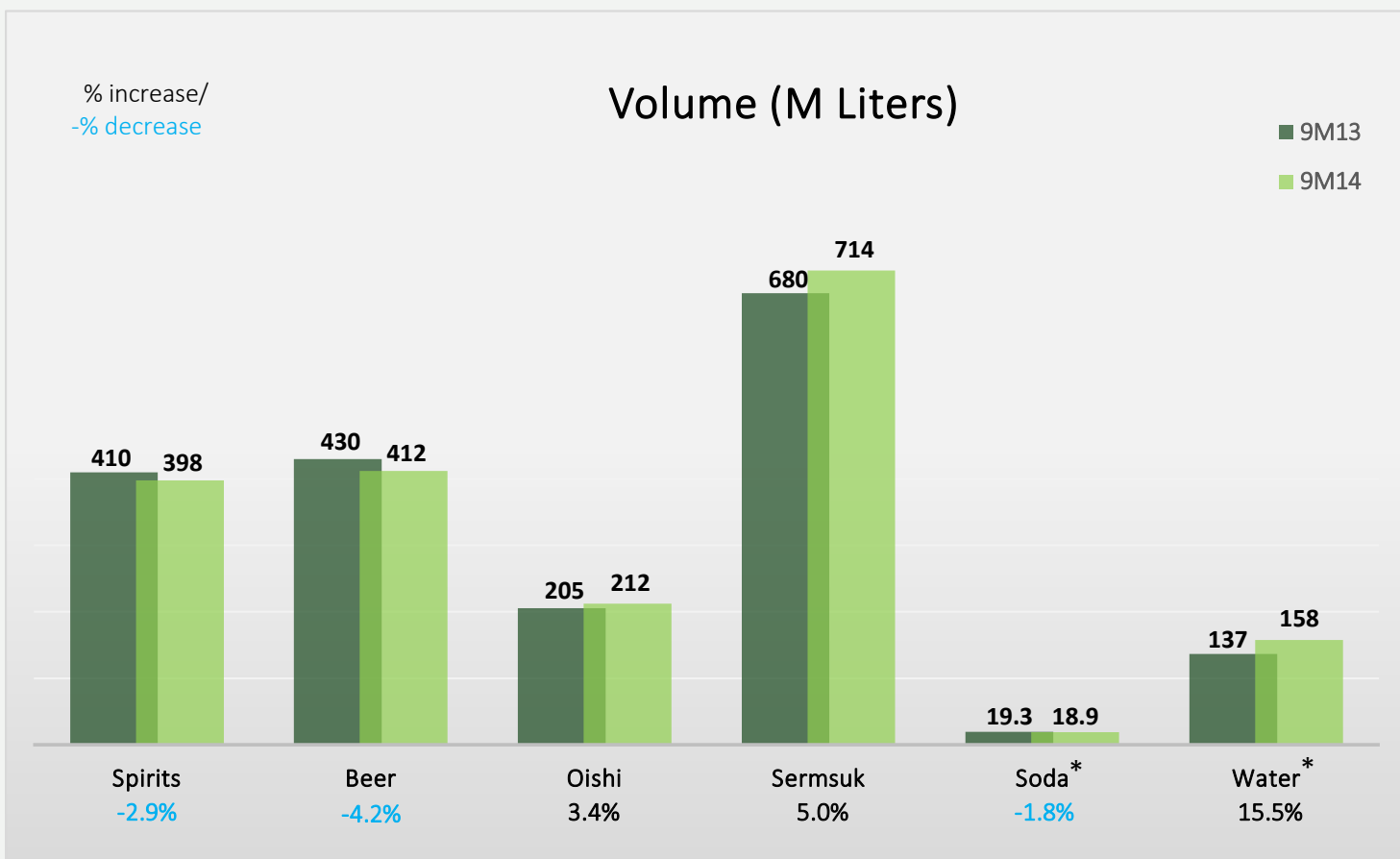
Contribution per Business Segment



* Exclude F&N / FCL



Total Sales Volume



* Only ThaiBev products

Business Segments

Spirits

Spirits	3Q13	3Q14	Change (M Baht)
Sales Revenue	23,384	22,272	-4.8%
COGS	(15,858)	(14,859)	
<i>% of Sales Revenue</i>	<i>67.8%</i>	<i>66.7%</i>	
SG&A	(2,159)	(2,074)	
<i>% of Sales Revenue</i>	<i>9.2%</i>	<i>9.3%</i>	
EBITDA	5,804	5,751	-0.9%
Net Profit	4,320	4,219	-2.3%
<u>Margin*</u>			
EBITDA	24.8%	25.8%	
Net Profit	18.5%	18.9%	

* margins are % of sales revenue

<u>Sales Revenue</u>	DOWN	a decrease in sales volume although there was an increase in sales price
<u>COGS (%)</u>	DOWN	selling price increased at a higher rate than COGS per unit
<u>SG&A (%)</u>	UP	an increase in advertising and promotion expenses
<u>EBITDA</u>	DOWN	a decrease in gross profit and an increase in advertising and promotion expenses
<u>Net Profit</u>	DOWN	a decrease in EBITDA

Spirits

Spirits	9M13	9M14	Change
Sales Revenue	70,229	74,473	6.0%
COGS	(47,687)	(49,706)	
<i>% of Sales Revenue</i>	<i>67.9%</i>	<i>66.7%</i>	
SG&A	(6,547)	(6,581)	
<i>% of Sales Revenue</i>	<i>9.3%</i>	<i>8.8%</i>	
EBITDA	17,476	19,530	11.8%
Net Profit	12,884	14,513	12.6%
<u>Margin*</u>			
EBITDA	24.9%	26.2%	
Net Profit	18.3%	19.5%	

(M Baht)

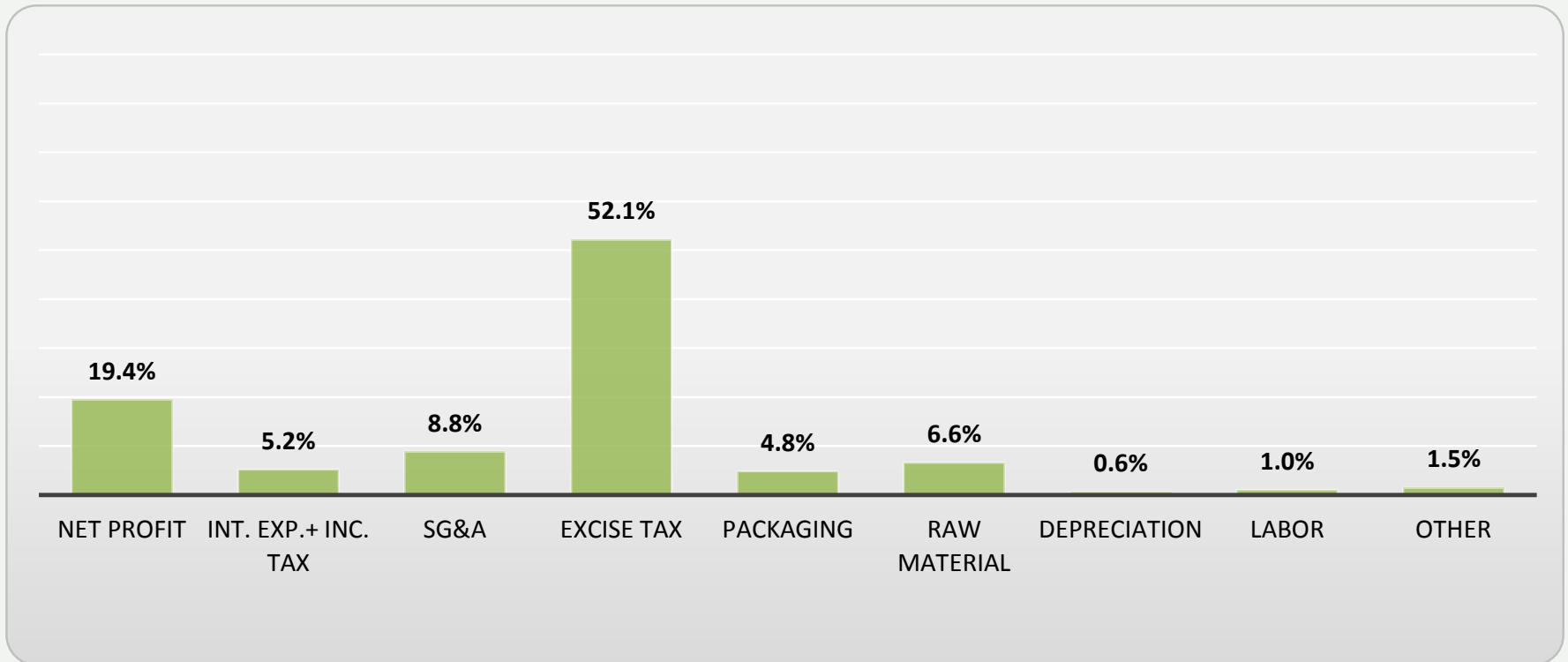
* margins are % of sales revenue

<u>Sales Revenue</u>	UP	an increase in sales price although there was a decrease in sales volume
<u>COGS (%)</u>	DOWN	sales increased at a higher rate than the increase in COGS
<u>SG&A (%)</u>	DOWN	a decrease in idle cost
<u>EBITDA</u>	UP	an increase in gross profit and a decrease in idle cost
<u>Net Profit</u>	UP	an increase in EBITDA

Spirits: Revenue-Cost Break Down

9M14

(% of total revenue)



Beer

Beer	3Q13	3Q14	Change
Sales Revenue	6,624	7,652	15.5%
COGS	(5,541)	(6,244)	
<i>% of Sales Revenue</i>	<i>83.7%</i>	<i>81.6%</i>	
SG&A	(1,428)	(1,384)	
<i>% of Sales Revenue</i>	<i>21.5%</i>	<i>18.1%</i>	
EBITDA (Loss)	(121)	236	295.0%
Net Profit (Loss)	(244)	28	111.5%
Margin*			
EBITDA (-Loss)	<i>-1.8%</i>	3.1%	
Net Profit (-Loss)	<i>-3.7%</i>	0.4%	

* margins are % of sales revenue

<u>Sales Revenue</u>	UP	an increase in selling price and sales volume
<u>COGS (%)</u>	DOWN	an increase in sales and a decrease in material costs
<u>SG&A (%)</u>	DOWN	a decrease in advertising & promotion expenses
<u>EBITDA</u>	UP	an increase in gross profit and a decrease in advertising & promotion expenses
<u>Net Profit</u>	UP	an increase in EBITDA

Beer

Beer	9M13	9M14	Change
Sales Revenue	23,175	25,355	9.4%
COGS	(19,790)	(20,681)	
<i>% of Sales Revenue</i>	<i>85.4%</i>	<i>81.6%</i>	
SG&A	(4,091)	(4,165)	
<i>% of Sales Revenue</i>	<i>17.7%</i>	<i>16.4%</i>	
EBITDA (Loss)	(29)	1,196	4,224.1%
Net Profit (Loss)	(503)	531	205.6%
<u>Margin*</u>			
EBITDA (-Loss)	<i>-0.1%</i>	4.7%	
Net Profit (-Loss)	<i>-2.2%</i>	2.1%	

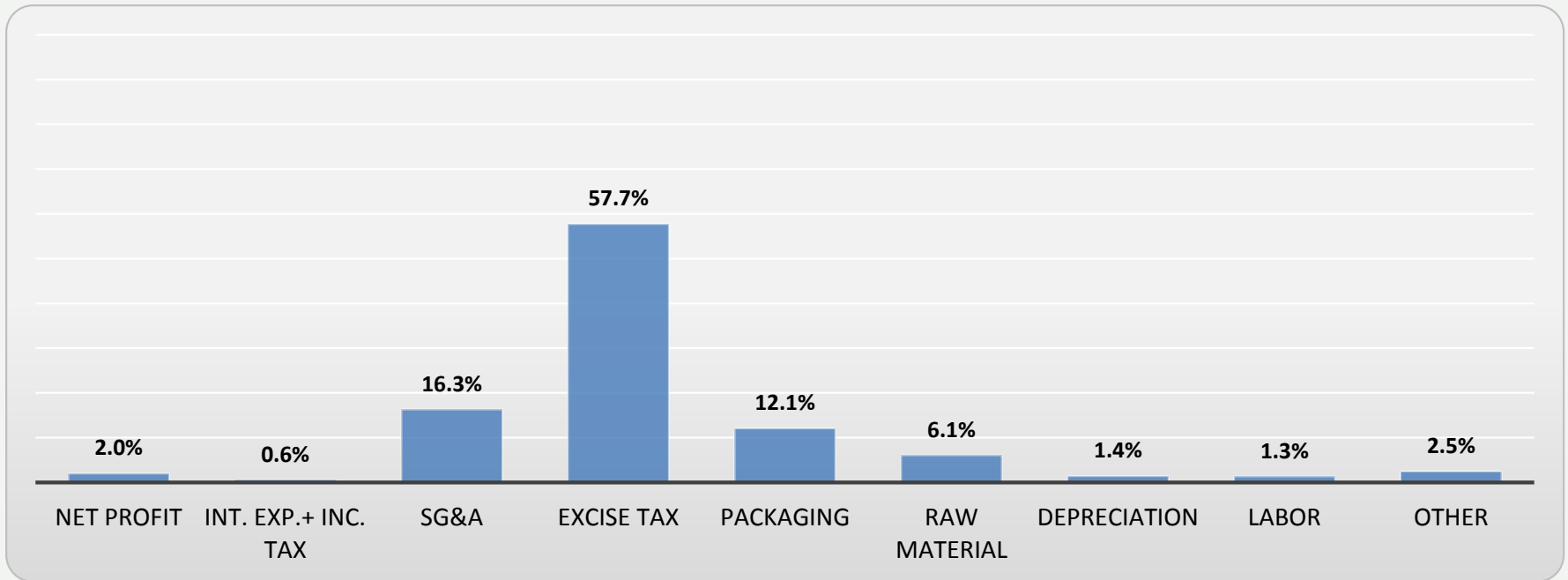
* margins are % of sales revenue

<u>Sales Revenue</u>	UP	an increase in selling price although there was a decrease in sales volume
<u>COGS (%)</u>	DOWN	an increase in selling price and a decrease in material costs
<u>SG&A (%)</u>	DOWN	sales increased at a higher rate than the increase in SG&A
<u>EBITDA</u>	UP	an increase in gross profit
<u>Net Profit</u>	UP	an increase in EBITDA

Beer: Revenue-Cost Break Down

9M14

(% of total revenue)



Non-alcohol Beverage

Non-alcohol Beverage	3Q13	3Q14	Change
Sales Revenue	3,541	3,684	4.0%
COGS	(2,758)	(2,703)	
<i>% of Sales Revenue</i>	<i>77.9%</i>	<i>73.4%</i>	
SG&A	(1,410)	(1,622)	
<i>% of Sales Revenue</i>	<i>39.8%</i>	<i>44.0%</i>	
EBITDA (Loss)	(179)	(243)	-35.8%
Net Profit (Loss)	(393)	(408)	-3.8%
<u>Margin*</u>			
EBITDA (-Loss)	-5.1%	-6.6%	
Net Profit (-Loss)	-11.1%	-11.1%	

(M Baht)

* margins are % of sales revenue

<u>Sales Revenue</u>	UP	an increase in sales volume
<u>COGS (%)</u>	DOWN	product mix
<u>SG&A (%)</u>	UP	an increase in advertising & promotion expenses
<u>EBITDA (loss)</u>	UP	an increase in advertising & promotion expenses although there was an increase in gross profit
<u>Net loss</u>	UP	an increase in EBITDA loss although there was income tax impacts

Non-alcohol Beverage

Non-alcohol Beverage	9M13	9M14	Change
Sales Revenue	13,197	11,757	-10.9%
COGS	(9,854)	(8,646)	
<i>% of Sales Revenue</i>	<i>74.7%</i>	<i>73.5%</i>	
SG&A	(4,913)	(4,719)	
<i>% of Sales Revenue</i>	<i>37.3%</i>	<i>40.1%</i>	
EBITDA (Loss)	(299)	(353)	-18.1%
Net Profit (Loss)	(991)	(977)	1.4%
<u>Margin*</u>			
EBITDA (-Loss)	-2.3%	-3.0%	
Net Profit (-Loss)	-7.5%	-8.3%	

(M Baht)

* margins are % of sales revenue

<u>Sales Revenue</u>	DOWN	a decrease in sales volume of carbonated soft drinks
<u>COGS (%)</u>	DOWN	product mix
<u>SG&A (%)</u>	UP	sales decreased at a higher rate than a decrease in SG&A
<u>EBITDA (loss)</u>	UP	a decrease in gross profit although there was an increase in other income from insurance claims by Sermasuk's associate and a decrease in staff costs
<u>Net loss</u>	DOWN	income tax impacts although there was an increase in EBITDA loss

Food

Food	3Q13	3Q14	Change
Sales Revenue	1,498	1,694	13.1%
COGS	(905)	(1,098)	
<i>% of Sales Revenue</i>	<i>60.4%</i>	<i>64.8%</i>	
SG&A	(542)	(642)	
<i>% of Sales Revenue</i>	<i>36.1%</i>	<i>37.9%</i>	
EBITDA	148	76	-48.6%
Net Profit (Loss)	46	(34)	-173.9%
<u>Margin*</u>			
EBITDA	9.9%	4.5%	
Net Profit (-Loss)	3.1%	-2.0%	

(M Baht)

* margins are % of sales revenue

<u>Sales Revenue</u>	UP	an increase in number of branches
<u>COGS (%)</u>	UP	an increase in food costs in accordance with the variety of foods offering and an increase in materials costs but this was under closely control
<u>SG&A (%)</u>	UP	an increase in advertising and promotion expenses, and rental costs
<u>EBITDA</u>	DOWN	an increase in advertising and promotion expense, and rental costs
<u>Net Loss</u>	UP	a decrease in EBITDA and an increase in depreciation

Food

Food	9M13	9M14	Change	(M Baht)
Sales Revenue	4,473	4,849	8.4%	
COGS	(2,656)	(2,960)		
<i>% of Sales Revenue</i>	<i>59.4%</i>	<i>61.0%</i>		
SG&A	(1,628)	(1,853)		
<i>% of Sales Revenue</i>	<i>36.4%</i>	<i>38.3%</i>		
EBITDA	478	395	-17.4%	
Net Profit	169	46	-72.8%	
<u>Margin*</u>				
EBITDA	10.7%	8.1%		
Net Profit	3.8%	0.9%		

* margins are % of sales revenue

<u>Sales Revenue</u>	UP	an increase in number of branches and selling prices
<u>COGS (%)</u>	UP	an increase in food costs in accordance with the variety of foods offering and an increase in materials costs but this was under closely control.
<u>SG&A (%)</u>	UP	an increase in advertising and promotion expenses, rental costs and staff costs
<u>EBITDA</u>	DOWN	an increase in advertising and promotion expenses, rental costs and staff costs
<u>Net Profit</u>	DOWN	a decrease in EBITDA and an increase in depreciation

Update: International Business

In 9M14, ThaiBev's international business reported a sales growth of 32% over 9M13 mainly driven by the beer business.

- UK & Rest of the World
 - Sales revenue increased by 15% mainly due to a result of higher scotch bulk sales and beer sales in Europe

- Asia exclude China
 - Sales revenue increased by 30% mainly driven by sales of Chang Beer in ASEAN region

- YLQ (Chinese spirits in China)
 - Higher sales by 7% as a result of change in the product mix of the company in line with the market

- USA
 - Sales revenue increased by 3% mainly due to the introduction of Black Mask since 2H2013

Financials

Statement of Financial Position

Statement of Financial Position	31-Dec-13	30-Sep-14	Change
<i>(Million Baht)</i>			
Assets			
Current assets	49,724	46,811	(2,913)
Non-current assets	133,605	127,455	(6,150)
Total assets	183,329	174,266	(9,063)
Liabilities			
Total liabilities	85,336	73,678	(11,658)
Shareholders' Equity			
Total equity	97,993	100,588	2,595

<u>Current assets</u>	DOWN	a decrease in cash and cash equivalents and trade accounts receivables although there was an increase in inventory
<u>Non-current assets</u>	DOWN	a decrease in overseas investment in an associate from a recognition of capital reduction
<u>Total liabilities</u>	DOWN	a decrease in loans from financial institutions
<u>Total equity</u>	UP	an increase in net retained earnings from profit for the period which deducted with dividend payment

Interest Bearing Debt

Interest Bearing Debt	31-Dec-13	30-Sep-14
<i>(Million Baht)</i>		
Current		
Bank overdrafts	1,404	1,615
Short-term loans from financial institutions	763	2,403
Current portion of long-term loans	10,190	10,418
	12,357	14,436
Non-current		
Long-term loans from financial institutions	54,343	42,473
Debentures	1,000	1,000
	55,343	43,473
Total	67,700	57,909
Cash and cash equivalents	5,102	1,910
Net Interest Bearing Debt	62,598	55,999

In April 2014, the Company recognized a capital reduction in cash from an associate, F&N, for a net consideration of Baht 4,465 million. The proceeds were repaid to financial institutions for loans prior to maturity without penalty.

Financial Ratios

Ratios	31-Dec-13	30-Sep-14
Current Ratio (times)	1.90	1.77
Debt to Equity Ratio (times)	0.87	0.73
Interest Bearing Debt to Equity Ratio (times)	0.69	0.58
Net interest Bearing Debt to EBITDA	2.12	1.75
Book Value per Share (Baht)	3.75	3.87
Book Value per Share (SGD)*	0.15	0.15
* exchange rate at THB 25.40: SGD 1		
Turnovers (days)	Jan-Dec 13	Jan-Sep 14
A/R Turnover	9	8
Inventory Turnover		
<u>Spirits Business</u>		
Finished Goods (exc. Legacy Stocks)	55	58
<u>Beer Business</u>		
Finished Goods	23	20

<u>Current Ratio</u>	DOWN	a decrease in cash and cash equivalents
<u>Debt to Equity Ratio</u>	DOWN	a decrease in loans from financial institutions and an increase in retained earnings
<u>Interest Bearing Debt to Equity Ratio</u>	DOWN	a decrease in loans from financial institutions and an increase in retained earnings

Note: use 365 days to calculate turnover

Q&A