

Thai Beverage PLC

1H16 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that could cause actual results, performance or events to differ materially from those in the statements as originally made.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

- By approval from 2016 annual general meeting, the Company and its subsidiaries have changed the fiscal year from beginning on 1 January and ending on 31 December of every year to beginning on 1 October and ending on 30 September of every year since 1 January 2016 onwards. The first new fiscal year for 2016 will be 9 month period from 1 January 2016 to 30 September 2016. Then, the following fiscal year will be 12 month period from 1 October to 30 September
- Effective from 27 March 2015, all alcoholic beverages and tobacco have been charged an additional 2% of excise tax by law to contribute to National Sports Development Fund. Currently, the Company pays excise tax plus municipal tax, Health Promotion Fund contribution, Thai Public Broadcasting Service levy and the latest one, National Sports Development Fund, for 10.0%, 2.0%, 1.5% and 2.0% of excise tax, respectively. Thus, the Company pays excise tax plus 15.5% of excise tax for the total above mentions. The Company's current selling prices of its alcoholic beverage products have already covered this additional charge.
- Current operations by business segments consist of spirits, beer, non-alcoholic beverages 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

Corporate Credit Rating

ThaiBev's first time engaged Fitch Ratings for national and international credit rating

- Fitch Ratings assigns the following ratings for ThaiBev:
 - **Foreign Currency Long-Term Issuer Default Rating:** **BBB Outlook Stable**
 - **National Long-Term Rating:** **AA+(tha) Outlook Stable**

Note: At present, Thailand Country Credit rating by Fitch is AAA(tha) for national rating, and BBB+ for international rating. ThaiBev's ratings are one notch lower than country rating.

- ThaiBev's Ratings by other rating agencies
 - Moody's Baa3 Outlook Positive
 - TRIS Rating AA Outlook Stable
- All of ThaiBev's credit ratings are considered as investment grade

1H16 Performance Highlights

1H16 Performance – Double digits growth in both top line and bottom line

- Satisfactory revenue growth in all beverage segments, amid sluggish economy
 - Total sales revenue grew 18.8% by Baht 15,928 million
 - Maintain our dominant position in spirits
 - Sales revenue +3.3%
 - Sales volume +4.2%
 - Continue with a good momentum in beer
 - Sales revenue +70.4%
 - Sales volume +61.4%
 - Net profit +238.8%
- Robust growth in net profit (*excluding share of profit of investment in associates*)
 - 2Q16
 - Net profit excluding F&N/FCL jumped 19.1% to Baht 5,415 million
 - Net profit including F&N/FCL decreased 1.1% to Baht 5,887 million, because of the decrease in F&N/FCL net profit
 - 1H16
 - Net profit excluding F&N/FCL jumped 24.5% to Baht 13,106 million
 - Net profit including F&N/FCL increased 16.0% to Baht 14,482 million
 - Lower net loss in non-alcoholic segment
- Strong interim dividend payment
 - Interim dividend jumped from 0.15 Baht/share to 0.20 Baht/share

Group Financial Highlights 1H16

Revenue from sales
(million Baht)

100,625

▲ 18.8%

EBITDA
(million Baht)

20,118

▲ 12.9%

Net profit
(million Baht)

14,482

▲ 16.0%

Earnings per share (basic)
(Baht)

0.57

▲ 15.5%

Dividend Payment

Dividend Payment	Interim '15	Interim '16
Net Profit belonging to the Company - Include F&N/FCL (<i>Million Baht</i>)	12,438	14,366
Number of Shares (<i>Million Shares</i>)	25,110	25,110
Interim Dividend (<i>Million Baht</i>)	3,767	5,022
Interim Dividend per share (Baht)	0.15	0.20

Consolidated: 2Q16 Highlights

Group	2Q15	2Q16	Change	(M Baht)
Sales Revenue	38,992	45,450	16.6%	
COGS	(27,147)	(31,761)		
<i>% of Sales Revenue</i>	<i>69.6%</i>	<i>69.9%</i>		
SG&A	(6,768)	(7,328)		
<i>% of Sales Revenue</i>	<i>17.4%</i>	<i>16.1%</i>		
EBITDA (exclude F&N/FCL)	6,824	7,751	13.6%	
Net Profit (exclude F&N/FCL)	4,547	5,415	19.1%	
F&N/FCL Results (proportion of the holding shares)	1,404	472		
EBITDA	8,377	8,401	0.3%	
Net Profit	5,951	5,887	-1.1%	
Net Profit attributable to:				
<i>Owners of the Company</i>	5,862	5,806	-1.0%	
<i>Non-controlling interests</i>	89	81		
<u>Margin*</u>				
EBITDA (exclude F&N/FCL)	17.5%	17.1%		
Net Profit (exclude F&N/FCL)	11.7%	11.9%		
EBITDA	21.5%	18.5%		
Net Profit	15.3%	13.0%		

* margins are % of sales revenue

Group	1H15	1H16	Change (M Baht)
Sales Revenue	84,697	100,625	18.8%
COGS	(59,199)	(70,717)	
<i>% of Sales Revenue</i>	<i>69.9%</i>	<i>70.3%</i>	
SG&A	(13,013)	(14,191)	
<i>% of Sales Revenue</i>	<i>15.4%</i>	<i>14.1%</i>	
EBITDA (exclude F&N/FCL)	15,412	18,386	19.3%
Net Profit (exclude F&N/FCL)	10,530	13,106	24.5%
F&N/FCL Results (proportion of the holding shares)	1,951	1,376	
EBITDA	17,825	20,118	12.9%
Net Profit	12,481	14,482	16.0%
Net Profit attributable to:			
<i>Owners of the Company</i>	12,438	14,366	15.5%
<i>Non-controlling interests</i>	43	116	
<u>Margin*</u>			
EBITDA (exclude F&N/FCL)	18.2%	18.3%	
Net Profit (exclude F&N/FCL)	12.4%	13.0%	
EBITDA	21.0%	20.0%	
Net Profit	14.7%	14.4%	

* margins are % of sales revenue

Consolidated: 1H16 Highlights

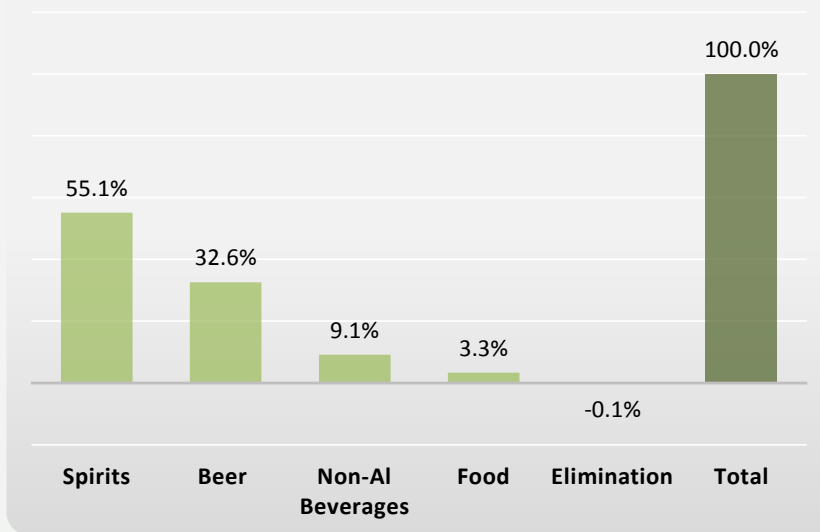
Consolidated: 2Q16 Highlights

Group	ThaiBev	F&N / FCL	Total	(M Baht)
2Q16				
Sales	45,450	-	45,450	
Gross profit	13,689	-	13,689	
EBITDA	7,751	650	8,401	
Net profit	5,415	472	5,887	
2Q15				
Sales	38,992	-	38,992	
Gross profit	11,845	-	11,845	
EBITDA	6,824	1,553	8,377	
Net profit	4,547	1,404	5,951	
Increase (Decrease)				
Sales	6,458	-	6,458	
Gross profit	1,844	-	1,844	
EBITDA	927	(903)	24	
Net profit	868	(932)	(64)	
% Increase (Decrease)				
Sales	16.6%	-	16.6%	
Gross profit	15.6%	-	15.6%	
EBITDA	13.6%	(58.1%)	0.3%	
Net profit	19.1%	(66.4%)	(1.1%)	

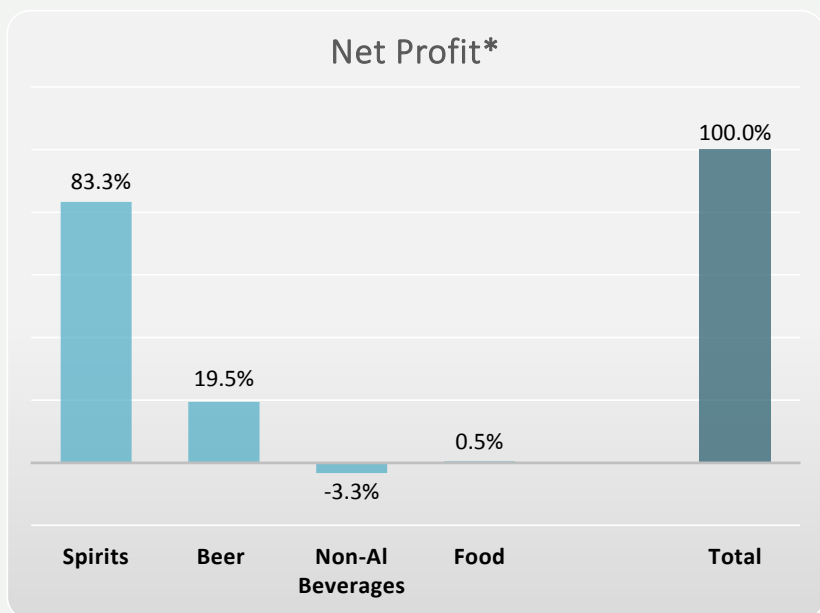
Consolidated: 1H16 Highlights

Group	ThaiBev	F&N / FCL	Total	(M Baht)
1H2016				
Sales	100,625	-	100,625	
Gross profit	29,908	-	29,908	
EBITDA	18,386	1,732	20,118	
Net profit	13,106	1,376	14,482	
1H2015				
Sales	84,697	-	84,697	
Gross profit	25,498	-	25,498	
EBITDA	15,412	2,413	17,825	
Net profit	10,530	1,951	12,481	
Increase (Decrease)				
Sales	15,928	-	15,928	
Gross profit	4,410	-	4,410	
EBITDA	2,974	(681)	2,293	
Net profit	2,576	(575)	2,001	
% Increase (Decrease)				
Sales	18.8%	-	18.8%	
Gross profit	17.3%	-	17.3%	
EBITDA	19.3%	(28.2%)	12.9%	
Net profit	24.5%	(29.5%)	16.0%	

Sales



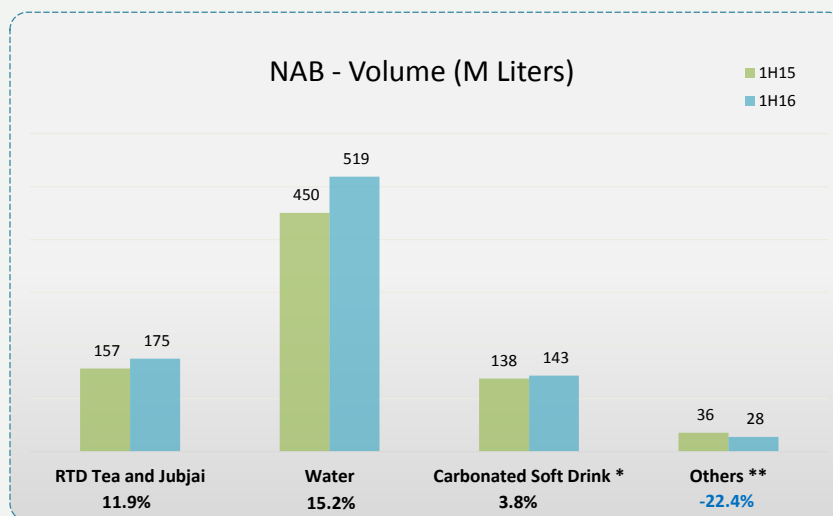
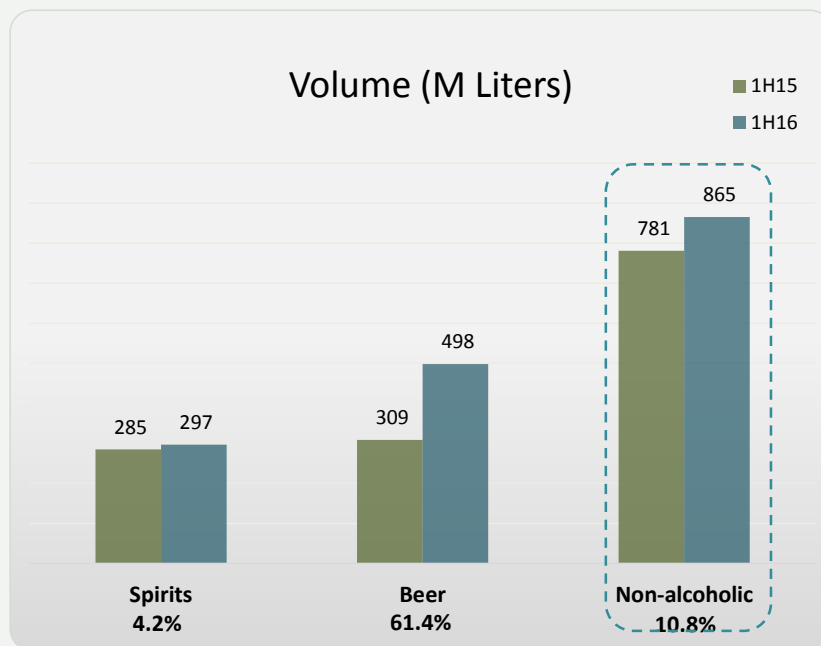
Net Profit*



* Exclude F&N / FCL

Contribution per Business Segment

Total Sales Volume



* est and 100Plus

** Soda, energy drink, sports drink and other beverages

Business Segments

Spirits

Spirits	2Q15	2Q16	Change	(M Baht)
Sales Revenue	24,112	24,291	0.7%	
COGS	(15,970)	(16,258)		
<i>% of Sales Revenue</i>	<i>66.2%</i>	<i>66.9%</i>		
SG&A	(2,370)	(2,239)		
<i>% of Sales Revenue</i>	<i>9.8%</i>	<i>9.2%</i>		
EBITDA	6,241	6,282	0.7%	
Net Profit	4,642	4,682	0.9%	
<u>Margin*</u>				
EBITDA	25.9%	25.9%		
Net Profit	19.3%	19.3%		

* margins are % of sales revenue

<u>Sales Revenue</u>	UP	an increase in sales volume
<u>COGS (%)</u>	UP	product mix from higher sales of lower margin products
<u>SG&A (%)</u>	DOWN	a decrease in idle cost
<u>EBITDA</u>	UP	a decrease in idle cost
<u>Net Profit</u>	UP	an increase in EBITDA

Spirits

Spirits	1H15	1H16	Change	(M Baht)
Sales Revenue	53,672	55,427	3.3%	
COGS	(35,872)	(37,184)		
<i>% of Sales Revenue</i>	<i>66.8%</i>	<i>67.1%</i>		
SG&A	(4,808)	(4,664)		
<i>% of Sales Revenue</i>	<i>8.9%</i>	<i>8.4%</i>		
EBITDA	13,882	14,529	4.7%	
Net Profit	10,389	10,916	5.1%	
<u>Margin*</u>				
EBITDA	25.9%	26.2%		
Net Profit	19.4%	19.7%		

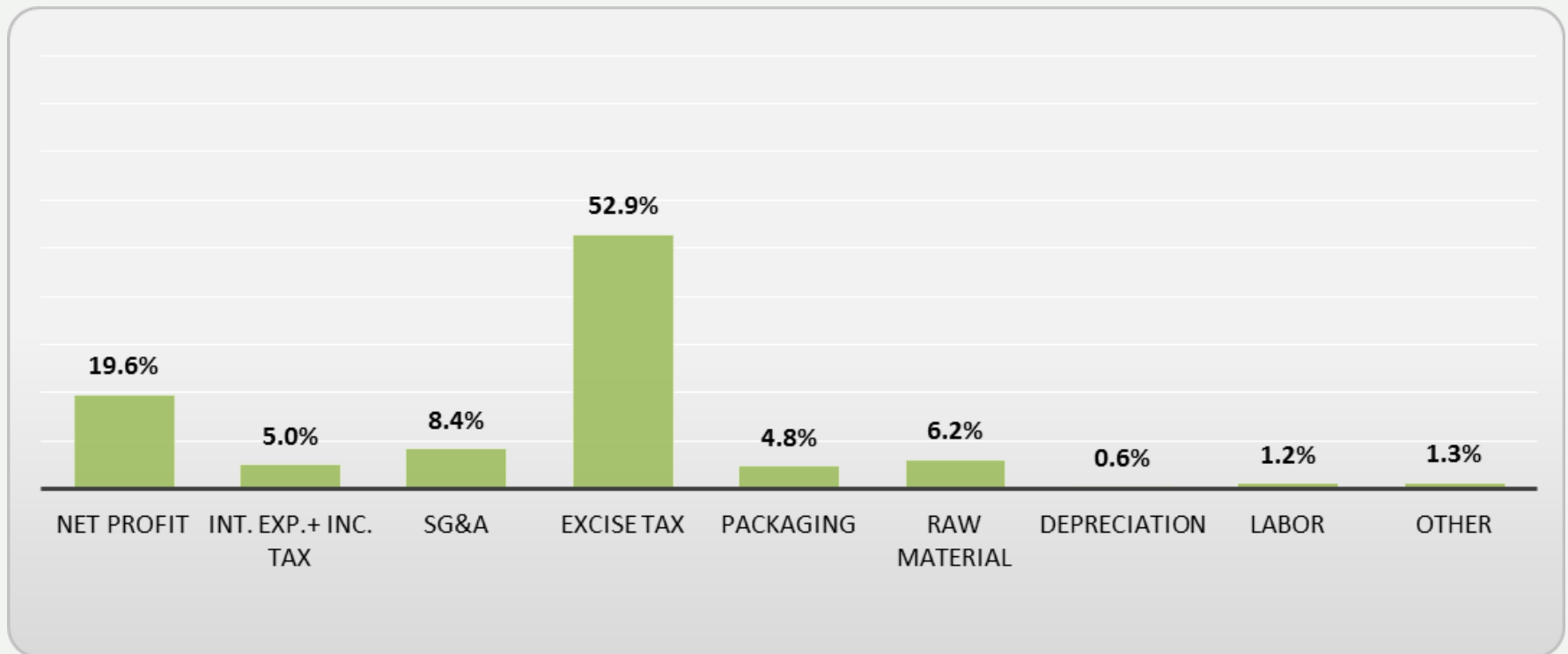
* margins are % of sales revenue

<u>Sales Revenue</u>	UP	an increase in sales volume
<u>COGS (%)</u>	UP	product mix from higher sales of lower margin products
<u>SG&A (%)</u>	DOWN	a decrease in idle costs
<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

1H16

(% of total revenue)



Beer

Beer	2Q15	2Q16	Change (M Baht)
Sales Revenue	8,757	14,832	69.4%
COGS	(6,950)	(11,571)	
<i>% of Sales Revenue</i>	<i>79.4%</i>	<i>78.0%</i>	
SG&A	(1,637)	(2,257)	
<i>% of Sales Revenue</i>	<i>18.7%</i>	<i>15.2%</i>	
EBITDA	382	1,272	233.0%
Net Profit	158	917	480.4%
<u>Margin*</u>			
EBITDA	4.4%	8.6%	
Net Profit	1.8%	6.2%	

* margins are % of sales revenue

<u>Sales Revenue</u>	UP	an increase in sales volume
<u>COGS (%)</u>	DOWN	a decrease in raw 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 although there were an increase in staff costs, and advertising and promotion expenses
<u>Net Profit</u>	UP	an increase in EBITDA although there was an increase in corporate income tax

Beer

Beer	1H15	1H16	Change (M Baht)
Sales Revenue	19,283	32,866	70.4%
COGS	(15,342)	(25,742)	
<i>% of Sales Revenue</i>	<i>79.6%</i>	<i>78.3%</i>	
SG&A	(3,048)	(4,236)	
<i>% of Sales Revenue</i>	<i>15.8%</i>	<i>12.9%</i>	
EBITDA	1,313	3,387	158.0%
Net Profit	753	2,551	238.8%
<u>Margin*</u>			
EBITDA	6.8%	10.3%	
Net Profit	3.9%	7.8%	

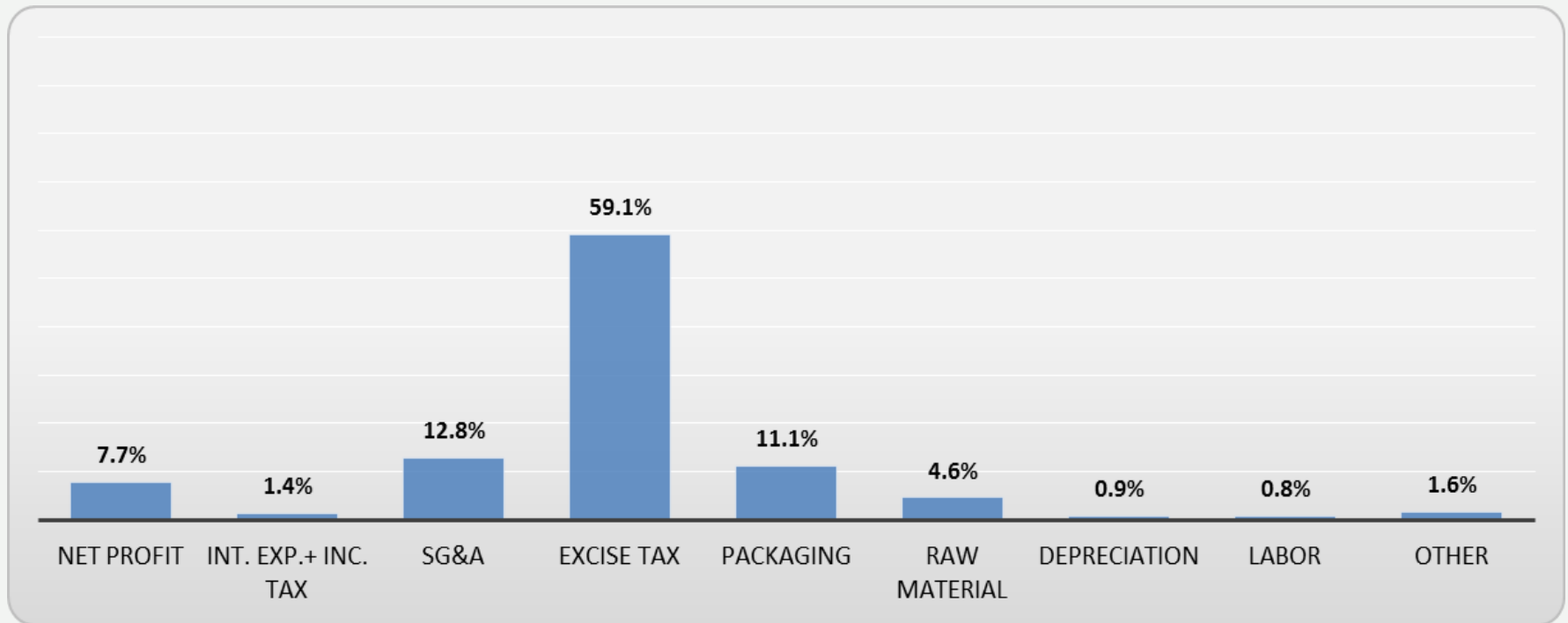
* margins are % of sales revenue

<u>Sales Revenue</u>	UP	an increase in sales volume
<u>COGS (%)</u>	DOWN	a decrease in raw material price
<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 although there were an increase in staff costs, and advertising and promotion expenses
<u>Net Profit</u>	UP	an increase in EBITDA although there was an increase in corporate income tax

Beer: Revenue-Cost Break Down

1H16

(% of total revenue)



Non-alcoholic Beverages

Non-Alcoholic Beverages	2Q15	2Q16	Change (M Baht)
Sales Revenue	4,477	4,624	3.3%
COGS	(3,247)	(2,929)	
<i>% of Sales Revenue</i>	<i>72.5%</i>	<i>63.3%</i>	
SG&A	(2,112)	(2,192)	
<i>% of Sales Revenue</i>	<i>47.2%</i>	<i>47.4%</i>	
EBITDA	76	20	-73.7%
Net Profit (Loss)	(251)	(217)	13.5%
EBITDA (Loss) <i>(Exclude gain on sales of Sermsuk land and building)</i>	(370)	20	105.4%
Net Profit (Loss) <i>(Exclude gain on sales of Sermsuk land and building)</i>	(608)	(217)	64.3%
Margin*			
EBITDA	1.7%	0.4%	
Net Profit (-Loss)	-5.6%	-4.7%	
EBITDA (-Loss) <i>(Exclude gain on sales of Sermsuk land and building)</i>	-8.3%	0.4%	
Net Profit (-Loss) <i>(Exclude gain on sales of Sermsuk land and building)</i>	-13.6%	-4.7%	

* margins are % of sales revenue

<u>Sales Revenue</u>	UP	an increase in sales volume and change of product mix
<u>COGS (%)</u>	DOWN	product mix and favorable packaging costs
<u>SG&A (%)</u>	UP	sales increased at a lower rate than the increase in SG&A
<u>EBITDA</u>	DOWN	a decrease in other income from gain on sales of Sermsuk land and building which recorded in 2Q16, although there was an increase in gross profit
<u>Net Loss</u>	DOWN	an increase in gross profit, a decrease in finance costs and income tax impacts

Non-alcoholic Beverages

Non-Alcoholic Beverages	1H15	1H16	Change
Sales Revenue	8,475	9,154	8.0%
COGS	(6,035)	(5,979)	
<i>% of Sales Revenue</i>	<i>71.2%</i>	<i>65.3%</i>	
SG&A	(3,883)	(4,037)	
<i>% of Sales Revenue</i>	<i>45.8%</i>	<i>44.1%</i>	
EBITDA (Loss)	(49)	115	334.7%
Net Profit (Loss)	(621)	(428)	31.1%
EBITDA (Loss) <i>(Exclude gain on sales of Sermsuk land and building)</i>	(495)	115	123.2%
Net Profit (Loss) <i>(Exclude gain on sales of Sermsuk land and building)</i>	(978)	(428)	56.2%
Margin*			
EBITDA (-Loss)	-0.6%	1.3%	
Net Profit (-Loss)	-7.3%	-4.7%	
EBITDA (-Loss) <i>(Exclude gain on sales of Sermsuk land and building)</i>	-5.8%	1.3%	
Net Profit (-Loss) <i>(Exclude gain on sales of Sermsuk land and building)</i>	-11.5%	-4.7%	

* margins are % of sales revenue

<u>Sales Revenue</u>	UP	an increase in sales volume and change of product mix
<u>COGS (%)</u>	DOWN	product mix and favorable packaging 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 although there was a decrease in other income
<u>Net Loss</u>	DOWN	an increase in EBITDA

Food

Food	2Q15	2Q16	Change (M Baht)
Sales Revenue	1,687	1,768	4.8%
COGS	(1,016)	(1,040)	
<i>% of Sales Revenue</i>	<i>60.2%</i>	<i>58.8%</i>	
SG&A	(672)	(688)	
<i>% of Sales Revenue</i>	<i>39.8%</i>	<i>38.9%</i>	
EBITDA	125	177	41.6%
Net Profit (Loss)	(2)	33	1,750.0%
<u>Margin*</u>			
EBITDA	7.4%	10.0%	
Net Profit (-Loss)	-0.1%	1.9%	

* margins are % of sales revenue

<u>Sales Revenue</u>	UP	sales from Food of Asia Co., Ltd was included
<u>COGS (%)</u>	DOWN	a cost efficiency
<u>SG&A (%)</u>	DOWN	a decrease in advertising and promotion expenses although there was an increase in rental expenses
<u>EBITDA</u>	UP	an increase in gross profit and a decrease in advertising and promotion expenses although there was an increase in rental expenses
<u>Net Profit</u>	UP	an increase in EBITDA although there was an increase in depreciation and amortization

Food

Food	1H15	1H16	Change
Sales Revenue	3,329	3,303	-0.8%
COGS	(2,006)	(1,891)	
<i>% of Sales Revenue</i>	<i>60.3%</i>	<i>57.3%</i>	
SG&A	(1,313)	(1,336)	
<i>% of Sales Revenue</i>	<i>39.4%</i>	<i>40.5%</i>	
EBITDA	266	355	33.5%
Net Profit	9	67	644.4%
<u>Margin*</u>			
EBITDA	8.0%	10.7%	
Net Profit	0.3%	2.0%	

* margins are % of sales revenue

<u>Sales Revenue</u>	DOWN	a decrease in average same store sales from sluggish economy which impacted consumer spending on-premise, although sales from Food of Asia Co., Ltd was included
<u>COGS (%)</u>	DOWN	a cost efficiency
<u>SG&A (%)</u>	UP	an increase in rental expenses
<u>EBITDA</u>	UP	an increase in gross profit and a decrease in advertising and promotion expenses although there was an increase in rental expenses
<u>Net Profit</u>	UP	an increase in EBITDA

Update: International Business

Sales revenue decreased by 5.2% when beer and spirits were both recorded a negative growth

- Beer
 - Reported beer revenue declined by 2.7%
 - The negative growth were mainly due to slowing down in ASEAN sales

- International spirits
 - Reported spirits revenue decreased by 8.1%
 - Negative sales growth of cased Scotch sales were found in South Africa, Australia, Latin America and USA
 - Negative sales growth of Chinese spirits by 27.4% in China

Financials

Statement of Financial Position

Statement of Financial Position	31-Dec-15	30-Jun-16	Change
<i>(Million Baht)</i>			
Assets			
Current assets	48,128	48,266	138
Non-current assets	133,889	133,477	(412)
Total assets	182,017	181,743	(274)
Liabilities			
Current liabilities	33,090	34,611	1,521
Non-current liabilities	29,661	25,013	(4,648)
Total liabilities	62,751	59,624	(3,127)
Shareholders' Equity			
Total equity	119,266	122,119	2,853

<u>Current assets</u>	UP	an increase in inventory, although there were a decrease in cash and trade accounts receivable
<u>Non-current assets</u>	DOWN	a decrease in property, plant and equipment, although there was an increase in investments in associates from realized profit
<u>Current liabilities</u>	UP	an increase in current portion of long term loans
<u>Non-Current liabilities</u>	DOWN	a decrease in long-term loans from financial institutions
<u>Total equity</u>	UP	an increase in net retained earnings from the profit for the period and dividend payment

Interest Bearing Debt

	Interest Bearing Debt	31-Dec-15	30-Jun-16
<i>(Million Baht)</i>			
Current			
Bank overdrafts		1,448	972
Short-term loans from financial institutions		6,394	2,377
Current portion of debentures		1,000	1,000
Current portion of bill of exchange and long-term loans		9,532	16,462
		<u>18,374</u>	<u>20,811</u>
Non-current			
Debentures		1,000	1,000
Long-term bill of exchanges		1,955	4,874
Long-term loans from financial institutions		22,928	15,354
		<u>25,883</u>	<u>21,228</u>
Total		<u>44,257</u>	<u>42,039</u>
Cash and cash equivalents		<u>3,490</u>	<u>2,931</u>
Net Interest Bearing Debt		<u>40,767</u>	<u>39,108</u>

The periods to maturity of interest-bearing debts were as follows.

	Unit: (M Baht)
Within one year (June 2017)	20,811
After one year but within two years (June 2018)	20,228
After two years	<u>1,000</u>
Total	<u>42,039</u>

Financial Ratios

Ratios	31-Dec-15	30-Jun-16
Current Ratio (times)	1.45	1.39
Liability to Equity Ratio (Gearing Ratio) (times)	0.53	0.49
Interest Bearing Debt to Equity Ratio (times)	0.37	0.34
Net Interest Bearing Debt to Equity Ratio (times)	0.34	0.32
Net Interest Bearing Debt to EBITDA annualized (times)	1.11	1.00
Net asset value per share (Baht)	4.62	4.73
Net asset value per share (SGD)*	0.18	0.18

* exchange rate at THB 25.9472 : SGD 1

EPS (Baht)	30-Jun-15	30-Jun-16
Earnings per share for quarter	0.23	0.23
Earnings per share for period	0.50	0.57

Turnover (Days)	Jan - Dec 15	Jan - Jun 16
A/R Turnover	8	6
Inventory Turnover		
Spirit Business: finished goods	48	51
Beer Business: finished goods	10	7
Non-alcohol Business: finished goods	26	22
Food Business: finished goods	2	2

Note: use 365 days to calculate turnover

<u>Current Ratio</u>	DOWN	an increase in current portion of long term loans and a decrease in trade accounts receivable
<u>Liability to Equity Ratio</u>	DOWN	a net decrease in long-term loans from financial institutions and an increase in net retained earnings

Q&A