

Thai Beverage PLC

1Q13 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that could cause actual results, performance or events to differ materially from those in the statements as originally made.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

- For the year ended 31 December 2013, the normal corporate income tax rate in Thailand will be 20% which has been reduced from 23% and 30% for the year ended 31 December 2012 and 2011 respectively in an effort to promote the competitiveness on the global market.
- Starting from 1 January 2013, the 300-baht daily minimum wage has been implemented in all other provinces of Thailand as same as Bangkok, Nonthaburi, Pathum Thani, Samut Prakarn, Samut Sakhon, Nakhon Pathom and Phuket which were already implemented since 1 April 2012. The minimum wages in other provinces went up between 10 to 35 percent.
- The Ministry of Finance declared an increase in the excise taxes of certain categories of alcoholic beverages with effect from 22 August 2012 onwards. The excise tax is imposed by one of two methods, whichever is higher: an ad valorem rate or a specific rate. The ad valorem rate is a percentage of the ex-factory price. The specific rate is an amount in Baht on every one litre of pure alcohol of the product.
 - White spirits : the specific rate rose from Baht 120 to Baht 150 per litre of pure alcohol and was higher than the ad valorem rate which did not change.
 - Compounded spirits : the specific rate rose from Baht 300 to Baht 350 per litre of pure alcohol and was higher than the ad valorem rate which did not change.
 - Brandy : the ad valorem rate rose from 48% to 50% of ex-factory price and was higher than the specific rate which did not change.
 - There were no changes of excise taxes to beer and other special spirits.
 - The new excise taxes caused a rise in the Company's excise tax cost of white spirits, compounded spirits and brandy of about 25%, 16.7% and 4.2% respectively. However, the Company passed on the tax increase to its customers directly.

Understanding this Presentation

- In the third quarter of 2012, International Beverage Holdings Limited (IBHL), a direct subsidiary wholly owned by the Company, acquired about 29% ordinary shares of Fraser and Neave, Limited (F&N), a Singapore company currently listed on the Singapore Exchange Securities Trading Limited. IBHL has transferred all shares of F&N to Interbev Investment Limited (IBIL), its wholly owned subsidiary, in the fourth quarter of 2012. The principal activities of F&N are: production and sale of soft drinks, dairy products, and beer; development of and investment in property; and printing and publishing which are carried out through subsidiary, joint venture and associated companies. The Company has recognized F&N operating results in the consolidated financial statements under the equity method by total instead of by business segments from the third quarter of 2012 onwards.
- In March 2013, the Company has partially divested its shares in Oishi Group Public Company Limited (Oishi), a direct subsidiary majority owned by the Company and listed on the Stock Exchange of Thailand, to increase free float but still retain control for a net consideration of Baht 2,564 million. The gain from this divestment was not recognized in profit for the period per consolidated financial statements but in equity instead through other comprehensive income to comply with accounting standards.

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

Consolidated: 1Q13 Highlights

Group	1Q12	1Q13	Change
Sales Revenue	40,606	39,154	-3.6%
COGS	(29,542)	(28,312)	
<i>% of Sales Revenue</i>	<i>72.8%</i>	<i>72.3%</i>	
SG&A	(5,349)	(5,739)	
<i>% of Sales Revenue</i>	<i>13.2%</i>	<i>14.7%</i>	
EBITDA exclude F&N	6,872	6,224	-9.4%
Net Profit exclude F&N	4,418	4,160	-5.8%
F&N Operating Results			
<i>Operating Results</i>	-	230 *	
<i>Net Foreign Exchange Loss</i>	-	(557) **	
<i>Finance Costs</i>	-	(400) ***	
EBITDA	6,872	5,897	-14.2%
Net Profit	4,418	3,433	-22.3%
Net Profit attributable to:			
<i>Owners of the Company</i>	4,298	3,452	-19.7%
<i>Non-controlling interests</i>	120	(19)	
<u>Margin*</u>			
EBITDA exclude F&N	16.9%	15.9%	
Net Profit exclude F&N	10.9%	10.6%	
EBITDA	16.9%	15.1%	
Net Profit	10.9%	8.8%	

(M Baht)

* margins are % of sales revenue

- * The lower F&N operating results in this quarter was adversely affected by a one-time charge of S\$72 million that arose from the general cash offers. Without this item, operating results of F&N recorded by ThaiBev will be increased by Baht 496 million
- ** The unrealized foreign exchange loss was already hedged and mostly will be reversed from the settlement in the next quarter
- *** The finance costs for acquiring F&N shares will be reduced once ThaiBev receives cash from F&N capital reduction

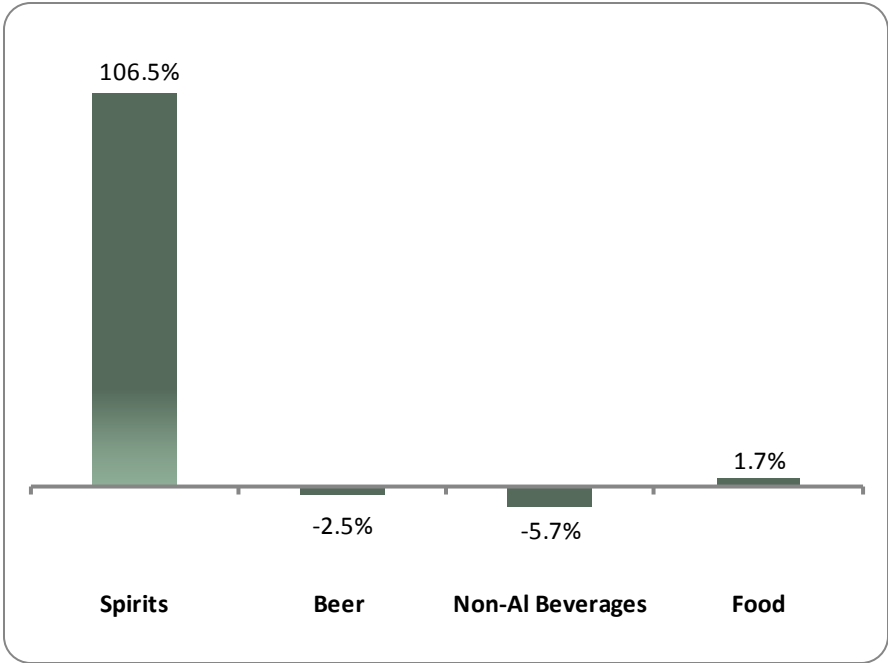
Consolidated: 1Q13 Highlights

Group	ThaiBev	F&N	Total	(M Baht)
1Q13				
Sales	39,154	-	39,154	
Gross profit	10,842	-	10,842	
EBITDA (loss)	6,224	(327)	5,897	
Net profit (loss)	4,160	(727)	3,433	
1Q12				
Sales	40,606	-	40,606	
Gross profit	11,064	-	11,064	
EBITDA	6,872	-	6,872	
Net profit	4,418	-	4,418	
increase (decrease)				
Sales	(3.6%)	-	(3.6%)	
Gross profit	(2.0%)	-	(2.0%)	
EBITDA	(9.4%)	n/a	(14.2%)	
Net profit	(5.8%)	n/a	(22.3%)	

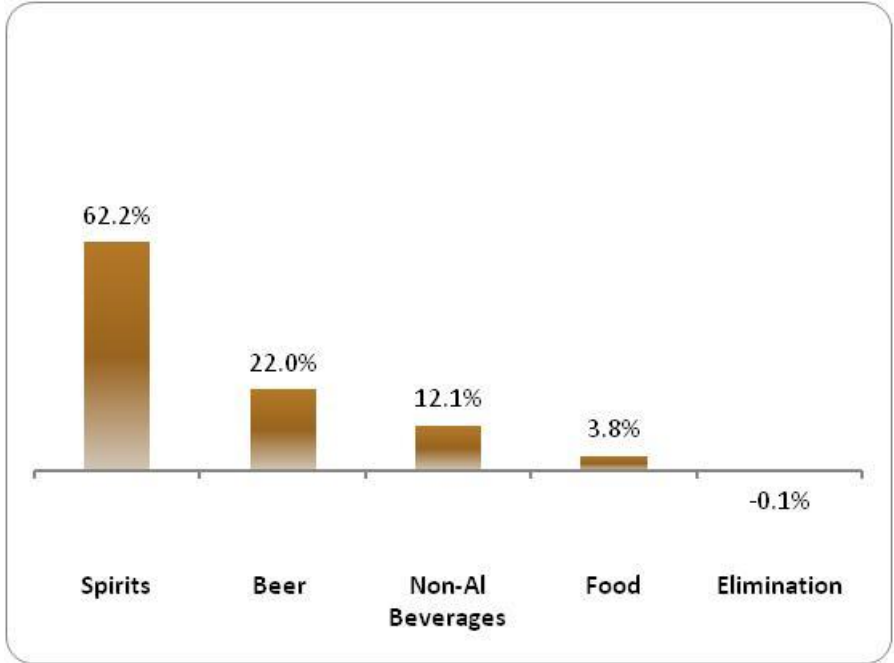
Contribution per Business Segment

1Q13

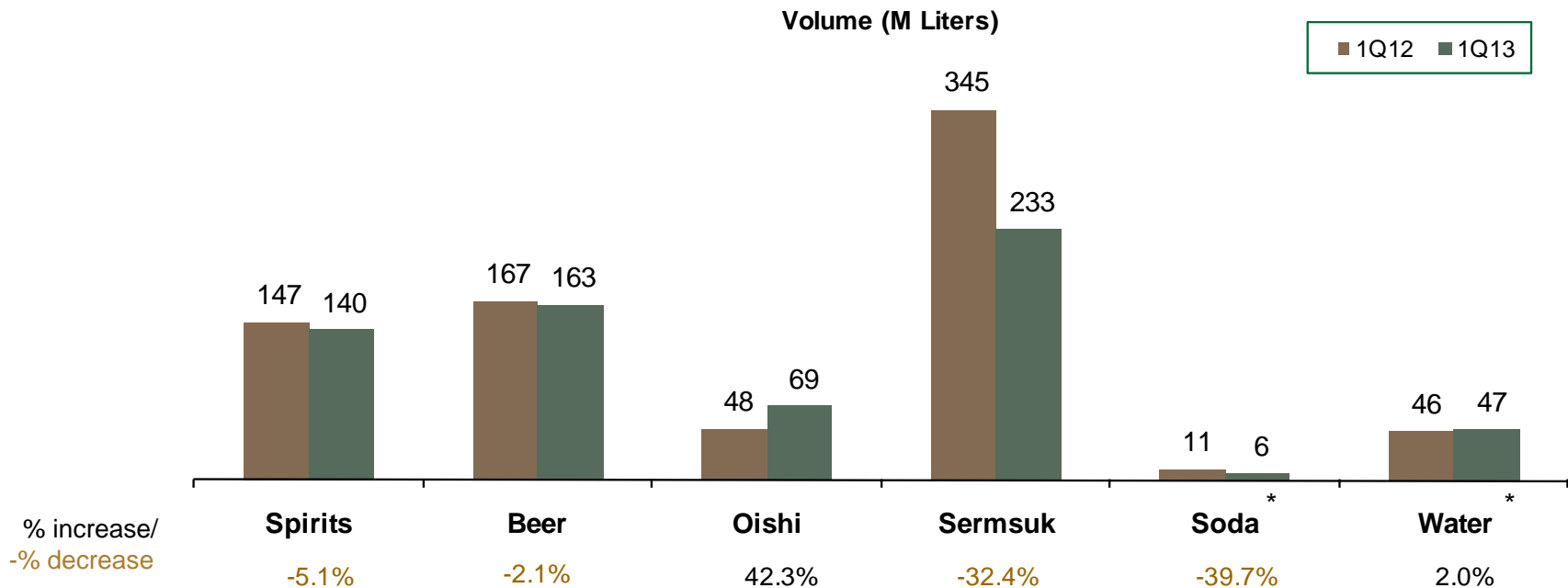
Net Profit *



Sales



* Exclude F&N



* Only Chang brand

Business Segments

Spirits	1Q12	1Q13	Change
Sales Revenue	23,138	24,351	5.2%
COGS	(15,494)	(16,555)	
<i>% of Sales Revenue</i>	<i>67.0%</i>	<i>68.0%</i>	
SG&A	(2,196)	(2,324)	
<i>% of Sales Revenue</i>	<i>9.5%</i>	<i>9.6%</i>	
EBITDA	5,848	5,925	1.3%
Net Profit	4,186	4,432	5.9%
<u>Margin*</u>			
EBITDA	25.3%	24.3%	
Net Profit	18.1%	18.2%	

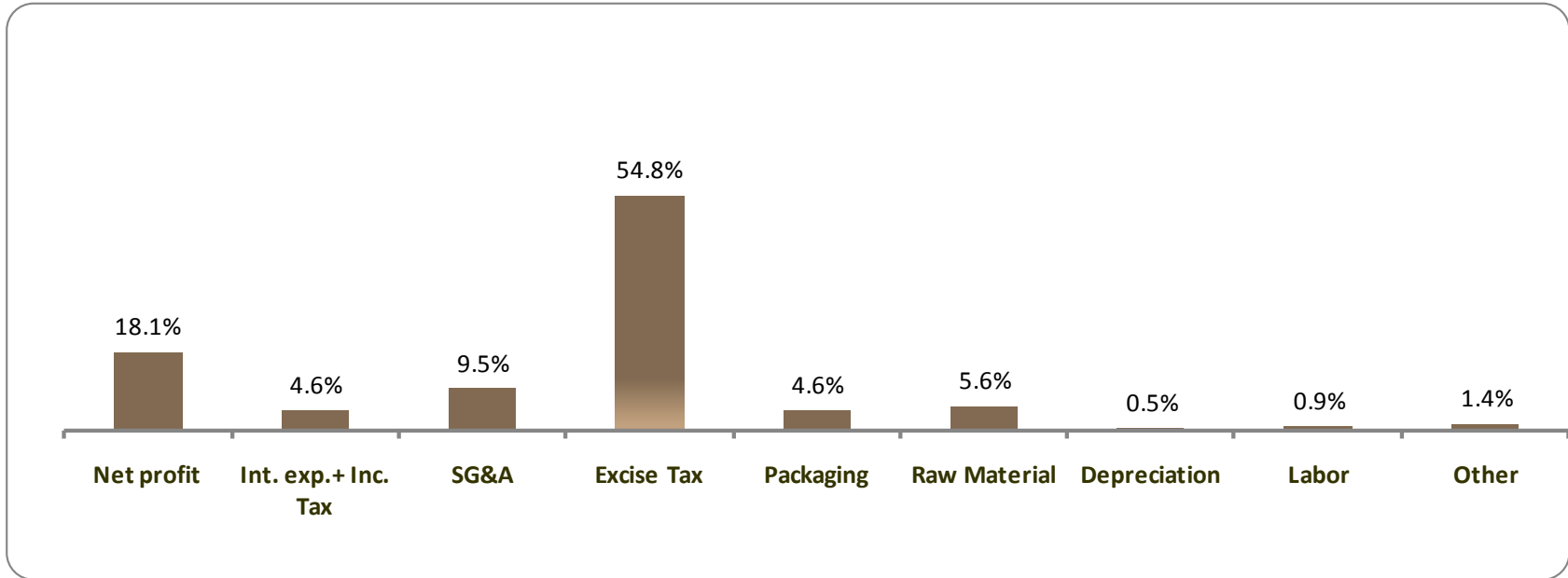
* margins are % of sales revenue

<u>Sales Revenue</u>	UP	an increase in price and product mix despite a decrease in sales volume
<u>COGS (%)</u>	UP	product mix and an increase in labor costs although there was a decrease in raw material cost
<u>SG&A (%)</u>	UP	an increase in idle costs and staff costs
<u>EBITDA</u>	UP	an increase in gross profit despite an increase in idle costs and staff costs
<u>Net Profit</u>	UP	an increase in EBITDA and a decrease in corporate income tax

Spirits: Revenue-Cost Break Down

(% of total revenue)

1Q13



(M Baht)

Beer	1Q12	1Q13	Change
Sales Revenue	8,734	8,613	-1.4%
COGS	(7,648)	(7,488)	
<i>% of Sales Revenue</i>	<i>87.6%</i>	<i>86.9%</i>	
SG&A	(1,248)	(1,303)	
<i>% of Sales Revenue</i>	<i>14.2%</i>	<i>15.1%</i>	
EBITDA	130	39	-70.0%
Net Profit (Loss)	(101)	(105)	-4.0%
<u>Margin*</u>			
EBITDA	1.5%	0.5%	
Net Profit (-Loss)	-1.2%	-1.2%	

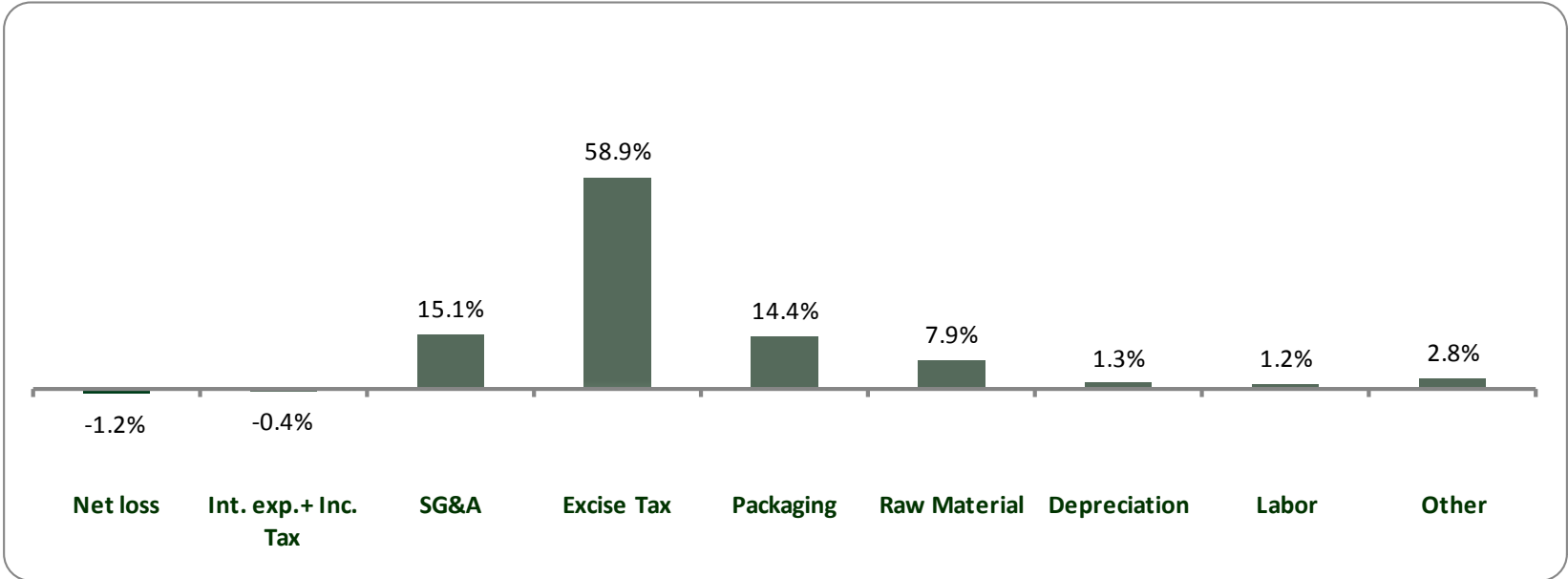
* margins are % of sales revenue

<u>Sales Revenue</u>	DOWN	a decrease in sales volume
<u>COGS (%)</u>	DOWN	a decrease in material costs and depreciation despite an increase in labor costs
<u>SG&A (%)</u>	UP	an increase in advertising & promotion expenses, and staff costs
<u>EBITDA</u>	DOWN	an increase in advertising & promotion expenses, and staff costs
<u>Net Loss</u>	UP	a decrease in EBITDA

Beer: Revenue-Cost Break Down

(% of total revenue)

1Q13



Non-alcohol Beverage

Non-alcohol Beverage	1Q12	1Q13	Change	(M Baht)
Sales Revenue	7,632	4,757	-37.7%	
COGS	(5,710)	(3,425)		
<i>% of Sales Revenue</i>	<i>74.8%</i>	<i>72.0%</i>		
SG&A	(1,538)	(1,629)		
<i>% of Sales Revenue</i>	<i>20.2%</i>	<i>34.3%</i>		
EBITDA	793	80	-89.9%	
Net Profit (Loss)	310	(237)	-176.5%	
<u>Margin*</u>				
EBITDA	10.4%	1.7%		
Net Profit (-Loss)	4.1%	-5.0%		

* margins are % of sales revenue

<u>Sales revenue</u>	DOWN	a decrease in sales of Sermasuk PLC, due to Sermasuk launched its new, own brands product after terminated its long-lasting licensed brand products in Nov 2012. This year will be the first year of selling this new products
<u>COGS (%)</u>	DOWN	product mix
<u>SG&A (%)</u>	UP	an increase in advertising & promotion expenses, due to promoting Sermasuk new products and intense competition in green tea market. Also, an increase in staff costs
<u>EBITDA</u>	DOWN	a decrease in gross profit and an increase in advertising & promotion expenses, and staff costs
<u>Net loss</u>	UP	a decrease in EBITDA

Food	1Q12	1Q13	Change
Sales Revenue	1,170	1,460	24.8%
COGS	(729)	(857)	
<i>% of Sales Revenue</i>	<i>62.3%</i>	<i>58.7%</i>	
SG&A	(411)	(516)	
<i>% of Sales Revenue</i>	<i>35.2%</i>	<i>35.3%</i>	
EBITDA	101	180	78.2%
Net Profit	23	70	204.3%
<u>Margin*</u>			
EBITDA	8.6%	12.3%	
Net Profit	2.0%	4.8%	

(M Baht)

* margins are % of sales revenue

<u>Sales Revenue</u>	UP	an increase in number of branches and sales price
<u>COGS (%)</u>	DOWN	an increase in sales although there was an increase in food cost
<u>SG&A (%)</u>	UP	an increase in rental costs and staff costs
<u>EBITDA</u>	UP	an increase in gross profit offset by an increase in SG&A
<u>Net Profit</u>	UP	an increase in EBITDA and a decrease in corporate income tax

In 1Q13, ThaiBev's international business reported a decrease in sales of 17% over 1Q2012 mainly due to lower sales of bulk Scotch whisky and YLQ spirits.

- **UK & Rest of the World**

- Sales revenue dropped by 17% due to lower sales of bulk Scotch whisky in which some of these sales were one-off sale in 1Q2012.
- Cased Scotch whisky sales reported a sales growth of 9%.

- **Asia excludes China**

- Sales revenue were slightly increased in 1Q13 by 1%. Cambodia results pulled down Asia results with changes to route to market.

- **YLQ (Chinese spirits in China)**

- Lower sales by 45% in 1Q13 than in 1Q12 mostly impacted by the new regulation to limit the budget for entertainment on the spending in the alcohol products in China.

- **USA**

- This region's sales revenue dropped by 24% due to distributor depletions, resulting from cancellation of key account program promotion.

Financials

Balance Sheet

Balance Sheet	31-Dec-12	31-Mar-13	Change
<i>(Million Baht)</i>			
Assets			
Current assets	47,149	45,316	(1,833)
Non-current assets	160,536	155,730	(4,806)
Total assets	207,685	201,046	(6,639)
Liabilities			
Total liabilities	122,714	109,990	(12,724)
Shareholders' Equity			
Total equity	84,971	91,056	6,085

<u>Current assets</u>	DOWN	a decrease in cash and accounts receivables
<u>Non-current assets</u>	DOWN	a decrease in overseas investment in associates from foreign currency translation differences of preparing consolidated financial statements
<u>Total liabilities</u>	DOWN	a decrease in loans from financial institutions
<u>Total equity</u>	UP	an increase in net retained earning which comprised of profit for the period and gain from partially divestment of shares in Oishi

Interest Bearing Debt

Interest Bearing Debt	31-Dec-12	31-Mar-13
<i>(Million Baht)</i>		
Current		
Bank overdrafts	1,129	1,103
Short-term loans from financial institutions	10,206	1,878
Current portion of long-term loans	4,672	4,381
	<hr/>	<hr/>
	16,007	7,362
Non-current		
Long-term loans from financial institutions	88,146	83,132
Total	<hr/> 104,153 <hr/>	<hr/> 90,494 <hr/>
Cash and cash equivalents	4,545	3,258
Net Interest Bearing Debt	<hr/> 99,608 <hr/>	<hr/> 87,236 <hr/>

Note

A decrease in short-term loans was mainly due to debt repayment, while a decrease in long-term loans was mainly due to foreign currency translation differences of preparing consolidated financial statements

Financial Ratios

Ratios	31-Dec-12	31-Mar-13
Current Ratio (times)	1.54	1.98
Debt to Equity Ratio (times)	1.44	1.21
Interest Bearing Debt to Equity Ratio (times)	1.23	0.99
Net Asset Value per Share (Baht)	3.38	3.63
Net Asset Value per Share (SGD)*	0.14	0.15

* exchange rate at THB 24: SGD 1

Turnovers (days)	Jan-Dec 12	Jan-Mar 13
A/R Turnover	8	8
Inventory Turnover		
<i><u>Spirits Business</u></i>		
Finished Goods (exc. Legacy Stocks)	58	58
<i><u>Beer Business</u></i>		
Finished Goods	20	18

<u>Current Ratio</u>	UP	a decrease in short-term loans
<u>Debt to Equity Ratio</u>	DOWN	a decrease in loans from financial institutions
<u>Interest Bearing Debt to Equity Ratio</u>	DOWN	a decrease in loans from financial institutions

Note: use 365 days to calculate turnover

Q&A