

Thai Beverage PLC

1H13 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that could cause actual results, performance or events to differ materially from those in the statements as originally made.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

Dividend Payment

| Dividend Payment | Interim'12 | Interim'13 |
|---|-------------|-------------|
| Net Profit belonging to the Company (M) | 9,328 | 8,375 |
| Number of Shares (M) | 25,110 | 25,110 |
| Interim Dividend (M) | 3,515 | 3,515 |
| Earnings per share (Baht) | 0.37 | 0.33 |
| Dividend Payout Ratio | 38% | 42% |
| Dividend per share (Baht) | 0.14 | 0.14 |

Consolidated: 2Q13 Highlights

| Group | 2Q12 | 2Q13 | Change (M Baht) |
|---|--------------|--------------|-----------------|
| Sales Revenue | 41,376 | 36,834 | -11.0% |
| COGS | (29,354) | (26,588) | |
| <i>% of Sales Revenue</i> | <i>70.9%</i> | <i>72.2%</i> | |
| SG&A | (5,533) | (5,850) | |
| <i>% of Sales Revenue</i> | <i>13.3%</i> | <i>15.9%</i> | |
| EBITDA exclude F&N | 7,728 | 5,749 | -25.6% |
| Net Profit exclude F&N | 5,207 | 3,523 | -32.3% |
| F&N Operating Results | | | |
| <i>Operating Results</i> | - | 717 | |
| <i>Net Foreign Exchange Gain (Loss)</i> | - | 1,057 | |
| <i>Finance Costs*</i> | - | (406) | |
| EBITDA | 7,728 | 7,523 | -2.7% |
| Net Profit | 5,207 | 4,891 | -6.1% |
| Net Profit attributable to: | | | |
| <i>Owners of the Company</i> | 5,031 | 4,923 | -2.1% |
| <i>Non-controlling interests</i> | 176 | (32) | |
| <u>Margin*</u> | | | |
| EBITDA exclude F&N | 18.7% | 15.6% | |
| Net Profit exclude F&N | 12.6% | 9.6% | |
| EBITDA | 18.7% | 20.4% | |
| Net Profit | 12.6% | 13.3% | |

* margins are % of sales revenue

* The finance costs for acquiring F&N shares will be reduced once ThaiBev receives cash from F&N capital reduction

Consolidated: 2Q13 Highlights

| Group | ThaiBev | F&N | Total |
|----------------------------|---------|-------|---------|
| <i>(M Baht)</i> | | | |
| 2Q13 | | | |
| Sales | 36,834 | - | 36,834 |
| Gross profit | 10,246 | - | 10,246 |
| EBITDA | 5,749 | 1,774 | 7,523 |
| Net profit | 3,523 | 1,368 | 4,891 |
| 2Q12 | | | |
| Sales | 41,376 | - | 41,376 |
| Gross profit | 12,022 | - | 12,022 |
| EBITDA | 7,728 | - | 7,728 |
| Net profit | 5,207 | - | 5,207 |
| increase (decrease) | | | |
| Sales | (11.0%) | - | (11.0%) |
| Gross profit | (14.8%) | - | (14.8%) |
| EBITDA | (25.6%) | n/a | (2.7%) |
| Net profit | (32.3%) | n/a | (6.1%) |

Consolidated: 1H13 Highlights

| Group | 1H12 | 1H13 | Change | (M Baht) |
|---|--------------|--------------|--------|----------|
| Sales Revenue | 81,982 | 75,988 | -7.3% | |
| COGS | (58,896) | (54,900) | | |
| <i>% of Sales Revenue</i> | <i>71.8%</i> | <i>72.2%</i> | | |
| SG&A | (10,859) | (11,589) | | |
| <i>% of Sales Revenue</i> | <i>13.2%</i> | <i>15.2%</i> | | |
| EBITDA exclude F&N | 14,600 | 11,973 | -18.0% | |
| Net Profit exclude F&N | 9,625 | 7,683 | -20.2% | |
| F&N Operating Results | | | | |
| <i>Operating Results*</i> | - | 947 | | |
| <i>Net Foreign Exchange Gain (Loss)</i> | - | 500 | | |
| <i>Finance Costs**</i> | - | (806) | | |
| EBITDA | 14,600 | 13,420 | -8.1% | |
| Net Profit | 9,625 | 8,324 | -13.5% | |
| Net Profit attributable to: | | | | |
| <i>Owners of the Company</i> | 9,328 | 8,375 | -10.2% | |
| <i>Non-controlling interests</i> | 297 | (51) | | |
| <u>Margin*</u> | | | | |
| EBITDA exclude F&N | 17.8% | 15.8% | | |
| Net Profit exclude F&N | 11.7% | 10.1% | | |
| EBITDA | 17.8% | 17.7% | | |
| Net Profit | 11.7% | 11.0% | | |

* margins are % of sales revenue

- * The lower F&N operating results was adversely affected by a one-time charge in 1Q13 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 finance costs for acquiring F&N shares will be reduced once ThaiBev receives cash from F&N capital reduction

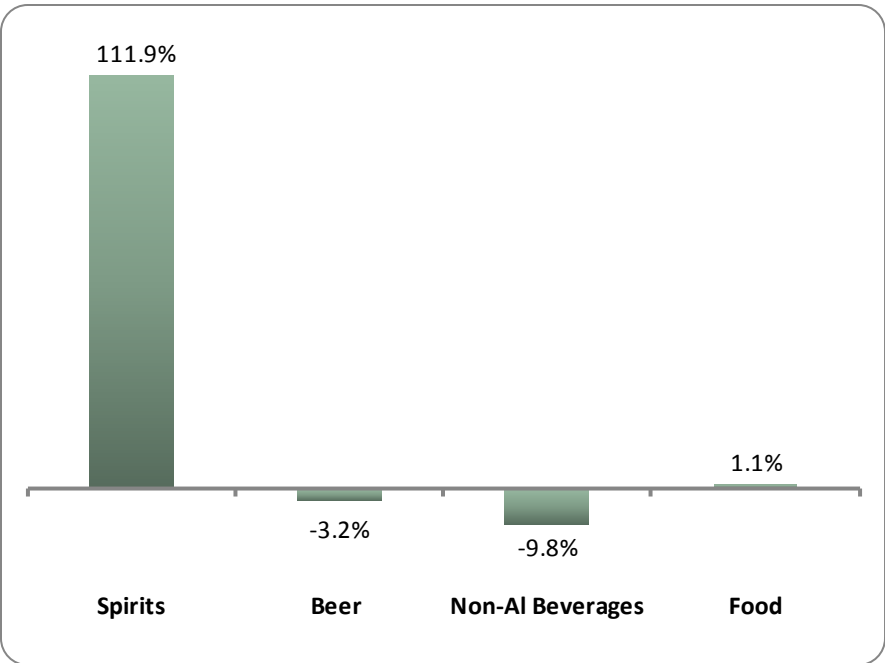
Consolidated: 1H13 Highlights

| Group | ThaiBev | F&N | Total | (M Baht) |
|----------------------------|---------|-------|---------|----------|
| 1H13 | | | | |
| Sales | 75,988 | - | 75,988 | |
| Gross profit | 21,088 | - | 21,088 | |
| EBITDA | 11,973 | 1,447 | 13,420 | |
| Net profit | 7,683 | 641 | 8,324 | |
| 1H12 | | | | |
| Sales | 81,982 | - | 81,982 | |
| Gross profit | 23,086 | - | 23,086 | |
| EBITDA | 14,600 | - | 14,600 | |
| Net profit | 9,625 | - | 9,625 | |
| increase (decrease) | | | | |
| Sales | (7.3%) | - | (7.3%) | |
| Gross profit | (8.7%) | - | (8.7%) | |
| EBITDA | (18.0%) | n/a | (8.1%) | |
| Net profit | (20.2%) | n/a | (13.5%) | |

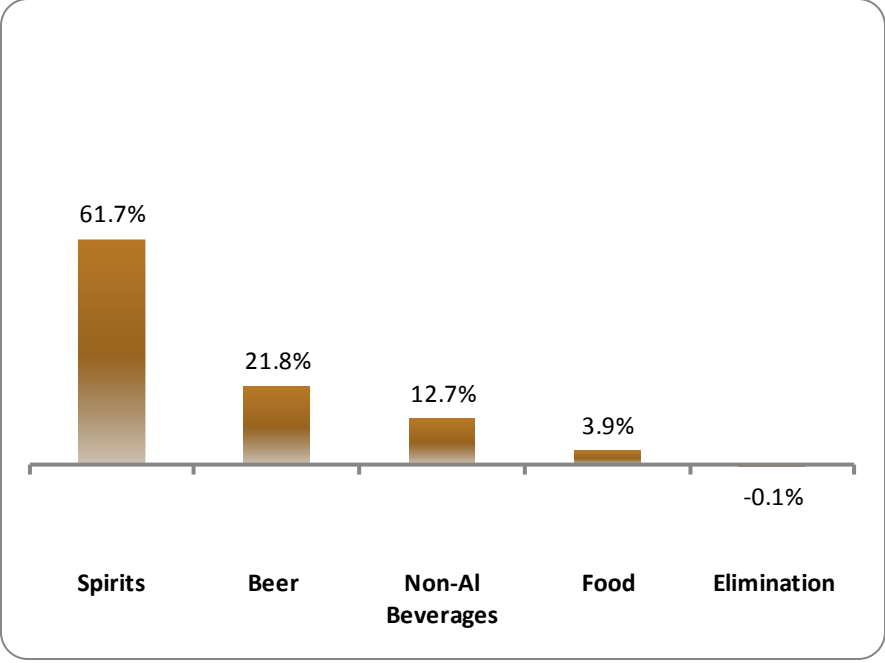
Contribution per Business Segment

1H13

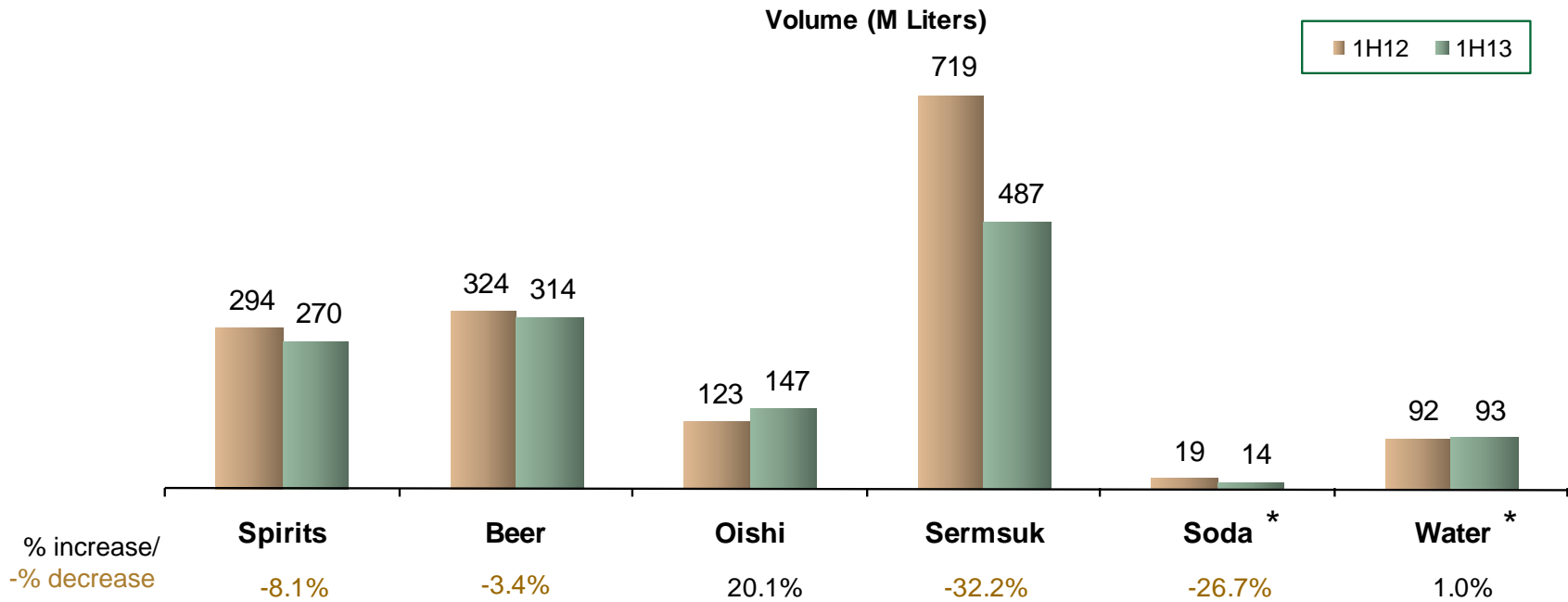
Net Profit *



Sales



* Exclude F&N



* Only Chang brand

Business Segments

| Spirits | 2Q12 | 2Q13 | Change |
|---------------------------|--------------|--------------|--------|
| Sales Revenue | 23,140 | 22,494 | -2.8% |
| COGS | (14,860) | (15,274) | |
| <i>% of Sales Revenue</i> | <i>64.2%</i> | <i>67.9%</i> | |
| SG&A | (2,072) | (2,002) | |
| <i>% of Sales Revenue</i> | <i>9.0%</i> | <i>8.9%</i> | |
| EBITDA | 6,612 | 5,806 | -12.2% |
| Net Profit | 4,802 | 4,164 | -13.3% |
| <u>Margin*</u> | | | |
| EBITDA | 28.6% | 25.8% | |
| Net Profit | 20.8% | 18.5% | |

* margins are % of sales revenue

| | | |
|----------------------|------|---|
| <u>Sales Revenue</u> | DOWN | a decrease of sales volume |
| <u>COGS (%)</u> | UP | product mix |
| <u>SG&A (%)</u> | DOWN | a decrease in marketing costs |
| <u>EBITDA</u> | DOWN | a decrease in gross profit despite an increase in other income (BI insurance claim) |
| <u>Net Profit</u> | DOWN | a decrease in EBITDA although there was a decrease in corporate income tax |

| Spirits | 1H12 | 1H13 | Change |
|---------------------------|--------------|--------------|--------|
| Sales Revenue | 46,278 | 46,845 | 1.2% |
| COGS | (30,354) | (31,829) | |
| <i>% of Sales Revenue</i> | <i>65.6%</i> | <i>67.9%</i> | |
| SG&A | (4,268) | (4,326) | |
| <i>% of Sales Revenue</i> | <i>9.2%</i> | <i>9.2%</i> | |
| EBITDA | 12,460 | 11,731 | -5.9% |
| Net Profit | 8,988 | 8,596 | -4.4% |
| <u>Margin*</u> | | | |
| EBITDA | 26.9% | 25.0% | |
| Net Profit | 19.4% | 18.3% | |

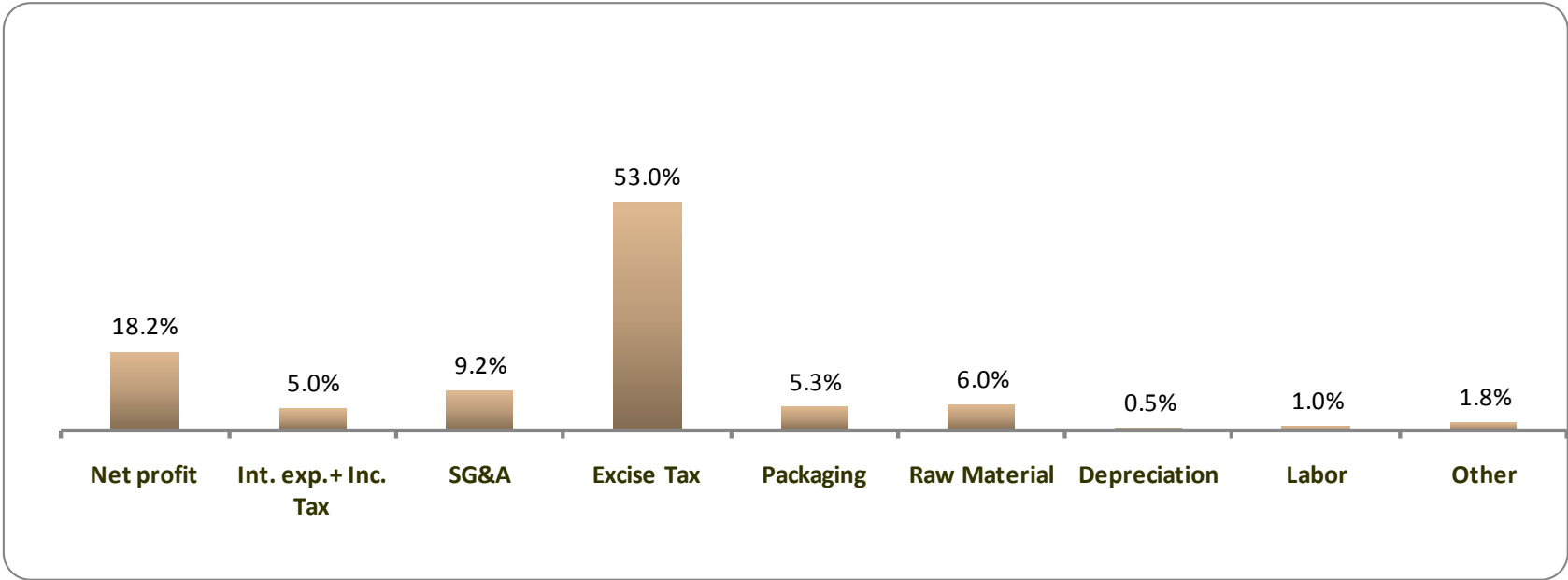
* margins are % of sales revenue

| | | |
|----------------------|------|--|
| <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 |
| <u>SG&A (%)</u> | UP | an increase in idle costs and staff costs |
| <u>EBITDA</u> | DOWN | a decrease in gross profit and an increase in idle costs and staff costs |
| <u>Net Profit</u> | DOWN | a decrease in EBITDA although there was a decrease in corporate income tax |

Spirits: Revenue-Cost Break Down

(% of total revenue)

1H13



| Beer | 2Q12 | 2Q13 | Change |
|---------------------------|--------------|--------------|--------|
| Sales Revenue | 8,246 | 7,938 | -3.7% |
| COGS | (7,248) | (6,761) | |
| <i>% of Sales Revenue</i> | <i>87.9%</i> | <i>85.2%</i> | |
| SG&A | (1,260) | (1,337) | |
| <i>% of Sales Revenue</i> | <i>15.3%</i> | <i>16.9%</i> | |
| EBITDA (Loss) | (8) | 74 | 1,025% |
| Net Profit (Loss) | (177) | (143) | 19.2% |
| <u>Margin*</u> | | | |
| EBITDA (-Loss) | -0.1% | 0.9% | |
| Net Profit (-Loss) | -2.1% | -1.8% | |

* 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, and an increase in net sales price despite an increase in labor costs |
| <u>SG&A (%)</u> | UP | an increase in staff costs |
| <u>EBITDA</u> | UP | an increase in gross profit although there was an increase in staff costs |
| <u>Net Loss</u> | DOWN | an increase in EBITDA |

| Beer | 1H12 | 1H13 | Change <small>(M Baht)</small> |
|---------------------------|--------------|--------------|--------------------------------|
| Sales Revenue | 16,980 | 16,551 | -2.5% |
| COGS | (14,896) | (14,249) | |
| <i>% of Sales Revenue</i> | <i>87.7%</i> | <i>86.1%</i> | |
| SG&A | (2,503) | (2,640) | |
| <i>% of Sales Revenue</i> | <i>14.7%</i> | <i>16.0%</i> | |
| EBITDA | 122 | 113 | -7.4% |
| Net Profit (Loss) | (278) | (248) | 10.8% |
| <u>Margin*</u> | | | |
| EBITDA | 0.7% | 0.7% | |
| Net Profit (-Loss) | -1.6% | -1.5% | |

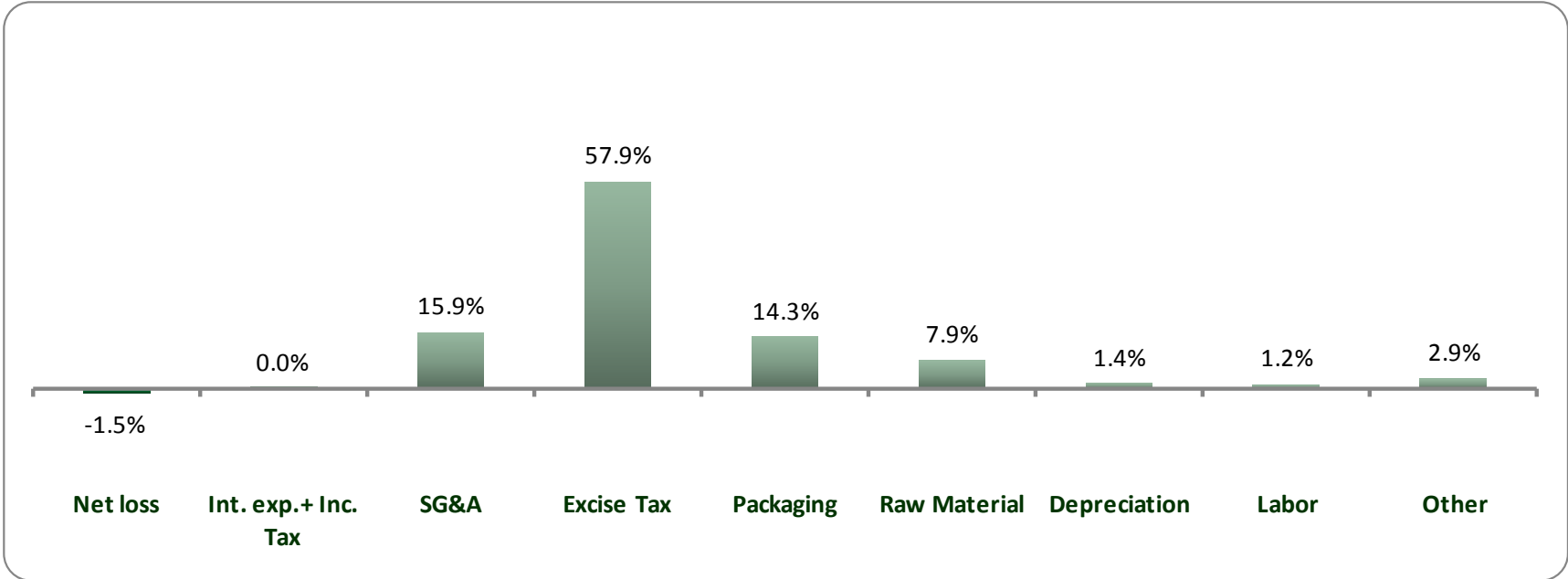
* margins are % of sales revenue

| | | |
|----------------------|------|--|
| <u>Sales Revenue</u> | DOWN | a decrease in sales volume |
| <u>COGS (%)</u> | DOWN | a decrease in 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 despite an increase in gross profit |
| <u>Net Loss</u> | DOWN | an increase in gross profit and a decrease in depreciation |

Beer: Revenue-Cost Break Down

(% of total revenue)

1H13



Non-alcohol Beverage

| Non-alcohol Beverage | 2Q12 | 2Q13 | Change | (M Baht) |
|---------------------------|--------------|--------------|---------|----------|
| Sales Revenue | 8,628 | 4,899 | -43.2% | |
| COGS | (6,397) | (3,671) | | |
| <i>% of Sales Revenue</i> | <i>74.1%</i> | <i>74.9%</i> | | |
| SG&A | (1,709) | (1,931) | | |
| <i>% of Sales Revenue</i> | <i>19.8%</i> | <i>39.5%</i> | | |
| EBITDA (Loss) | 1,035 | (253) | -124.4% | |
| Net Profit (Loss) | 575 | (513) | -189.2% | |
| <u>Margin*</u> | | | | |
| EBITDA (-Loss) | 12.0% | -5.2% | | |
| Net Profit (-Loss) | 6.7% | -10.5% | | |

* 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> | UP | 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. |
| <u>EBITDA Loss</u> | UP | a decrease in gross profit and an increase in advertising & promotion expenses |
| <u>Net loss</u> | UP | a decrease in EBITDA |

Non-alcohol Beverage

| Non-alcohol Beverage | 1H12 | 1H13 | Change | (M Baht) |
|---------------------------|--------------|--------------|---------|----------|
| Sales Revenue | 16,260 | 9,656 | -40.6% | |
| COGS | (12,107) | (7,096) | | |
| <i>% of Sales Revenue</i> | <i>74.5%</i> | <i>73.5%</i> | | |
| SG&A | (3,229) | (3,560) | | |
| <i>% of Sales Revenue</i> | <i>19.9%</i> | <i>36.9%</i> | | |
| EBITDA (Loss) | 1,828 | (173) | -109.5% | |
| Net Profit (Loss) | 885 | (750) | -184.7% | |
| <u>Margin*</u> | | | | |
| EBITDA (-Loss) | 11.2% | -1.8% | | |
| Net Profit (-Loss) | 5.4% | -7.8% | | |

* 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. |
| <u>EBITDA Loss</u> | UP | a decrease in gross profit and an increase in advertising & promotion expenses |
| <u>Net loss</u> | UP | a decrease in EBITDA |

| Food | 2Q12 | 2Q13 | Change (M Baht) |
|---------------------------|--------------|--------------|-----------------|
| Sales Revenue | 1,394 | 1,515 | 8.7% |
| COGS | (862) | (894) | |
| <i>% of Sales Revenue</i> | <i>61.8%</i> | <i>59.0%</i> | |
| SG&A | (523) | (599) | |
| <i>% of Sales Revenue</i> | <i>37.5%</i> | <i>39.5%</i> | |
| EBITDA | 89 | 122 | 37.1% |
| Net Profit | 7 | 15 | 114.3% |
| <u>Margin*</u> | | | |
| EBITDA | 6.4% | 8.1% | |
| Net Profit | 0.5% | 1.0% | |

* margins are % of sales revenue

| | | |
|----------------------|------|--|
| <u>Sales Revenue</u> | UP | an increase in number of branches and sales price |
| <u>COGS (%)</u> | DOWN | a control of raw material costs |
| <u>SG&A (%)</u> | UP | an increase in advertising & promotion expenses, 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 |

| Food | 1H12 | 1H13 | Change (M Baht) |
|---------------------------|--------------|--------------|-----------------|
| Sales Revenue | 2,564 | 2,975 | 16.0% |
| COGS | (1,591) | (1,751) | |
| <i>% of Sales Revenue</i> | <i>62.1%</i> | <i>58.9%</i> | |
| SG&A | (934) | (1,115) | |
| <i>% of Sales Revenue</i> | <i>36.5%</i> | <i>37.5%</i> | |
| EBITDA | 190 | 302 | 58.9% |
| Net Profit | 30 | 85 | 183.3% |
| Margin* | | | |
| EBITDA | 7.4% | 10.2% | |
| Net Profit | 1.2% | 2.9% | |

* margins are % of sales revenue

| | | |
|----------------------|------|--|
| <u>Sales Revenue</u> | UP | an increase in number of branches and sales price |
| <u>COGS (%)</u> | DOWN | a control of raw material costs |
| <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 the 1H2013, ThaiBev's international business reported a decrease in sales of 19% over 1H2012 mainly due to lower sales of bulk Scotch whisky and YLQ spirits

- UK & Rest of the World
 - Sales revenue dropped by 19% due to lower sales of Bulk Scotch whisky in which some of these sales were one-off sale in 1H2012
 - Lower OEM sales of Cased Scotch whisky

- Asia exclude China
 - Sales revenue increased in the 1H2013 by 7% driven by Chang Beer in Myanmar

- YLQ (Chinese spirits in China)
 - Lower sales by 66% in the 1H2013 than 1H2012 impacted by new regulation to limit the budget for entertainment on the spending in the alcohol products in China

- USA
 - Sales revenue was about the same level as in 1H2012

Financials

Balance Sheet

| Balance Sheet | 31-Dec-12 | 30-Jun-13 | Change |
|-----------------------------|-----------|-----------|---------|
| <i>(Million Baht)</i> | | | |
| Assets | | | |
| Current assets | 47,149 | 44,398 | (2,751) |
| Non-current assets | 160,537 | 160,075 | (462) |
| Total assets | 207,686 | 204,473 | (3,213) |
| Liabilities | | | |
| Total liabilities | 122,714 | 115,037 | (7,677) |
| Shareholders' Equity | | | |
| Total equity | 84,972 | 89,436 | 4,464 |

| | | |
|---------------------------|------|--|
| <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, dividend payment and gain from partially divestment of shares in Oishi |

Interest Bearing Debt

| Interest Bearing Debt | 31-Dec-12 | 30-Jun-13 |
|--|-----------------------|----------------------|
| <i>(Million Baht)</i> | | |
| Current | | |
| Bank overdrafts | 1,129 | 1,533 |
| Short-term loans from financial institutions | 10,206 | 8,331 |
| Current portion of long-term loans | 4,672 | 6,373 |
| | <u>16,007</u> | <u>16,237</u> |
| Non-current | | |
| Long-term loans from financial institutions | 88,146 | 82,087 |
| Total | <u>104,153</u> | <u>98,324</u> |
| Cash and cash equivalents | 4,545 | 1,556 |
| Net Interest Bearing Debt | <u>99,608</u> | <u>96,768</u> |

Note: A decrease in long-term loans was mainly due to debt repayment

Financial Ratios

| Ratios | 31-Dec-12 | 30-Jun-13 |
|---|-----------|-----------|
| Current Ratio (times) | 1.54 | 1.53 |
| Debt to Equity Ratio (times) | 1.44 | 1.29 |
| Interest Bearing Debt to Equity Ratio (times) | 1.23 | 1.10 |
| Net interest Bearing Debt to EBITDA: last 12 mths (times) | 2.54 | 2.54 |
| Book Value per Share (Baht) | 3.24 | 3.42 |
| Book Value per Share (SGD)* | 0.13 | 0.14 |

* exchange rate at THB 24.8: SGD 1

| Turnovers (days) | Jan-Dec 12 | Jan-Jun 13 |
|-------------------------------------|------------|------------|
| A/R Turnover | 8 | 7 |
| Inventory Turnover | | |
| <u>Spirits Business</u> | | |
| Finished Goods (exc. Legacy Stocks) | 58 | 59 |
| <u>Beer Business</u> | | |
| Finished Goods | 20 | 20 |

| | | |
|--|------|--|
| <u>Current Ratio</u> | DOWN | a decrease in cash and trade accounts receivable |
| <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