

# Thai Beverage PLC

## FY13 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that could cause actual results, performance or events to differ materially from those in the statements as originally made.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 2013, the normal corporate income tax rate in Thailand was 20% which has been reduced from 23% and 30% for the year 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 has changed the method for alcohol excise tax, which effect from 4 September 2013 onwards. Previously, the alcohol excise tax was imposed by one of 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.

# Understanding this Presentation

## 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.

- The previous change of alcohol excise tax which incurred since 22 August 2012 was for white spirits, compounded spirits and brandy only. For 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. For 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. For 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.

# 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 sales 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 July 2013, the Company recognized a capital reduction in cash from F&N for a net consideration of Baht 33,346 million. The proceeds were repaid to financial institutions for loans prior to maturity without penalty.
- In September 2013, the Company completed the fair value assessment of the identifiable net assets of F&N from the acquisition to comply with the accounting standards. The Company's financial statements have been revised to present gain from purchase of investment, amounting to Baht 12,688 million, in the quarter ended 30 September 2012 when the acquisition was made. However, for financial statements as of and for the year ended 31 December 2012, there would be no impacts from this fair value assessment.
- 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 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 Policy

Not less than 50% of net profits after deduction of all specified reserves, subject to our investment plans and as the Board of Directors deems appropriate

Dividend Payment	2012	2013
Net Profit belonging to the Company - Exclude F&N <i>(Million Baht)</i>	17,798	17,486
Net Profit belonging to the Company - Include F&N BUT Exclude gain from purchase of investment in associate <i>(Million Baht)</i>	15,805	19,130
<i>Gain from purchase of investment in associate (Million Baht)</i>	12,688	-
Net Profit belonging to the Company - Include F&N <i>(Million Baht)</i>	28,493	19,130
Number of Shares <i>(Million Shares)</i>	25,110	25,110
Dividend <i>(Million Baht)</i>	10,546	11,048
Less Interim dividend already paid <i>(Million Baht)</i>	3,515	3,515
Final dividend <i>(Million Baht)</i>	7,031	7,533
<b>Portion of Net Profit - Include F&amp;N BUT Exclude gain from purchase of investment in associate</b>	<b>67%</b>	<b>58%</b>
<b>Portion of Net Profit - Include F&amp;N</b>	<b>37%</b>	<b>58%</b>
<b>Dividend per share <i>(Baht)</i></b>	<b>0.42</b>	<b>0.44</b>
<b>Less Interim dividend already paid <i>(Baht)</i></b>	<b>0.14</b>	<b>0.14</b>
<b>Final dividend <i>(Baht)</i></b>	<b>0.28</b>	<b>0.30</b>



# Consolidated: FY13 Highlights

(M Baht)

Group	2012	2013	Change
<b>Sales Revenue</b>	<b>161,044</b>	<b>155,771</b>	<b>-3.3%</b>
COGS	(115,622)	(112,033)	
<i>% of Sales Revenue</i>	<i>71.8%</i>	<i>71.9%</i>	
SG&A	(22,587)	(22,736)	
<i>% of Sales Revenue</i>	<i>14.0%</i>	<i>14.6%</i>	
EBITDA exclude F&N	27,775	25,878	-6.8%
Net Profit exclude F&N	18,065	17,357	-3.9%
F&N Results <i>(Proportion of the holding shares)</i>	(1,993)	1,645	
<b>EBITDA (exclude gain from purchase of investment in associate)</b>	<b>26,548</b>	<b>29,490</b>	<b>11.1%</b>
<b>Net Profit (exclude gain from purchase of investment in associate)</b>	<b>16,072</b>	<b>19,002</b>	<b>18.2%</b>
<u>Margin*</u>			
EBITDA exclude F&N	17.2%	16.6%	
Net Profit exclude F&N	11.2%	11.1%	
<b>EBITDA (exclude gain from purchase of investment in associate)</b>	<b>16.5%</b>	<b>18.9%</b>	
<b>Net Profit (exclude gain from purchase of investment in associate)</b>	<b>10.0%</b>	<b>12.2%</b>	

\* margins are % of sales revenue

# Consolidated: FY13 Highlights

(M Baht)

Group	2012	2013	Change
EBITDA (exclude gain from purchase of investment in associate)	26,548	29,490	11.1%
Net Profit (exclude gain from purchase of investment in associate)	16,072	19,002	18.2%
Gain from purchase of investment in associate	12,688	-	
EBITDA	39,236	29,490	-24.8%
Net Profit	28,760	19,002	-33.9%
Net Profit attributable to:			
<i>Owners of the Company</i>	28,493	19,130	-32.9%
<i>Non-controlling interests</i>	267	(128)	

Note:

In September 2013, the Company completed the fair value assessment and purchase price allocation of the identifiable net assets of F&N from the acquisition to comply with the accounting standards. The Company's financial statements have been revised to present gain from purchase of investment in associate, amounting to Baht 12,688 million, in the quarter ended 30 September 2012 when the acquisition was made. However, for financial statements as of and for the year ended 31 December 2012, there would be no impacts from this fair value assessment.

# Consolidated: FY13 Highlights

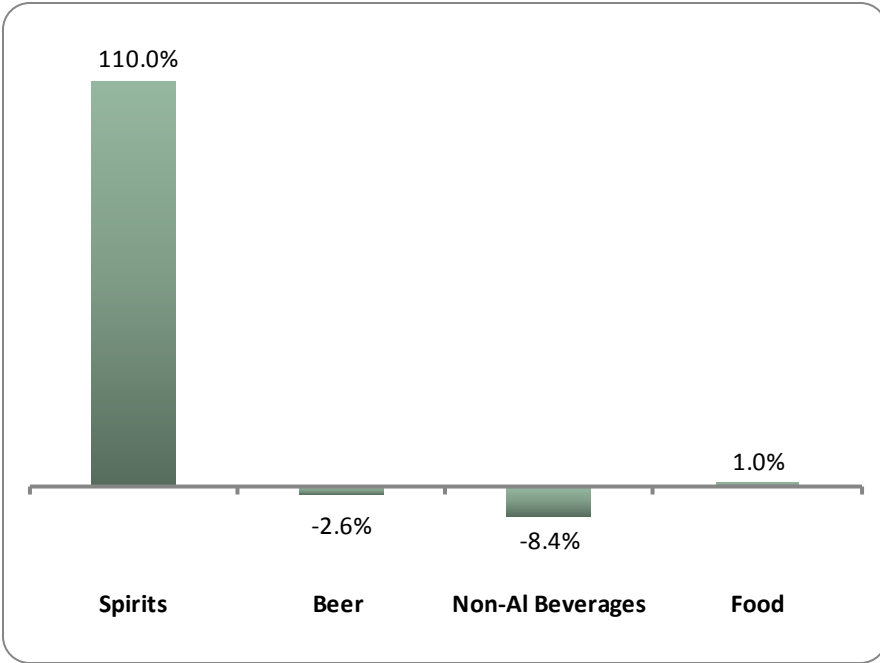
(M Baht)

Group	ThaiBev	F&N	Total before gain from purchase of investment	Gain from purchase of investment	Total
<b>2013</b>					
Sales	155,771	-	155,771	-	155,771
Gross profit	43,738	-	43,738	-	43,738
EBITDA	25,878	3,612	29,490	-	29,490
Net profit	17,357	1,645	19,002	-	19,002
<b>2012</b>					
Sales	161,044	-	161,044	-	161,044
Gross profit	45,422	-	45,422	-	45,422
EBITDA (Loss)	27,775	(1,227)	26,548	12,688	39,236
Net profit (Loss)	18,065	(1,993)	16,072	12,688	28,760
<b>increase (decrease)</b>					
Sales	(3.3%)	-	(3.3%)	-	(3.3%)
Gross profit	(3.7%)	-	(3.7%)	-	(3.7%)
EBITDA	(6.8%)	394.4%	11.1%	n/a	(24.8%)
Net profit	(3.9%)	182.5%	18.2%	n/a	(33.9%)

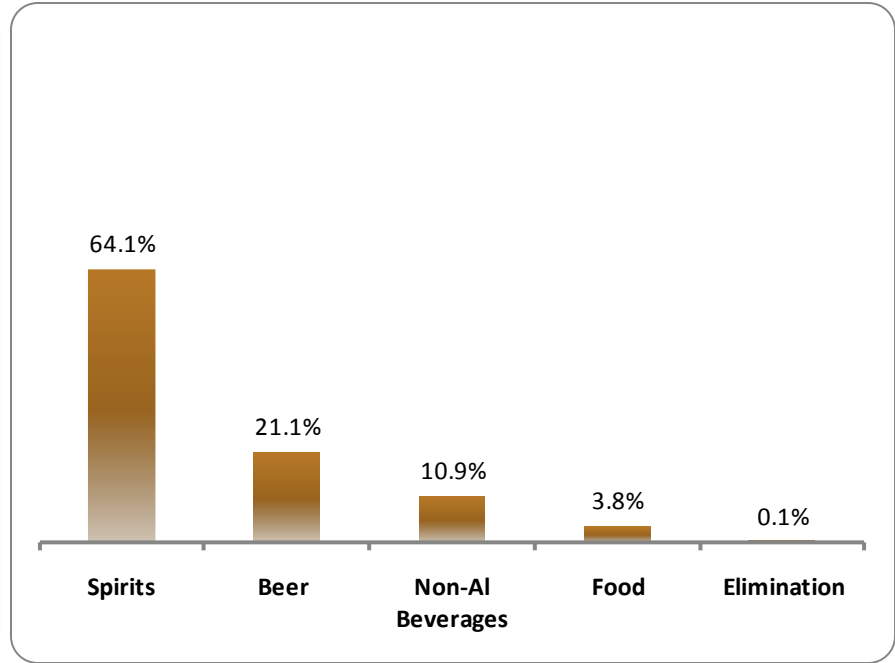
# Contribution per Business Segment

FY13

Net Profit \*

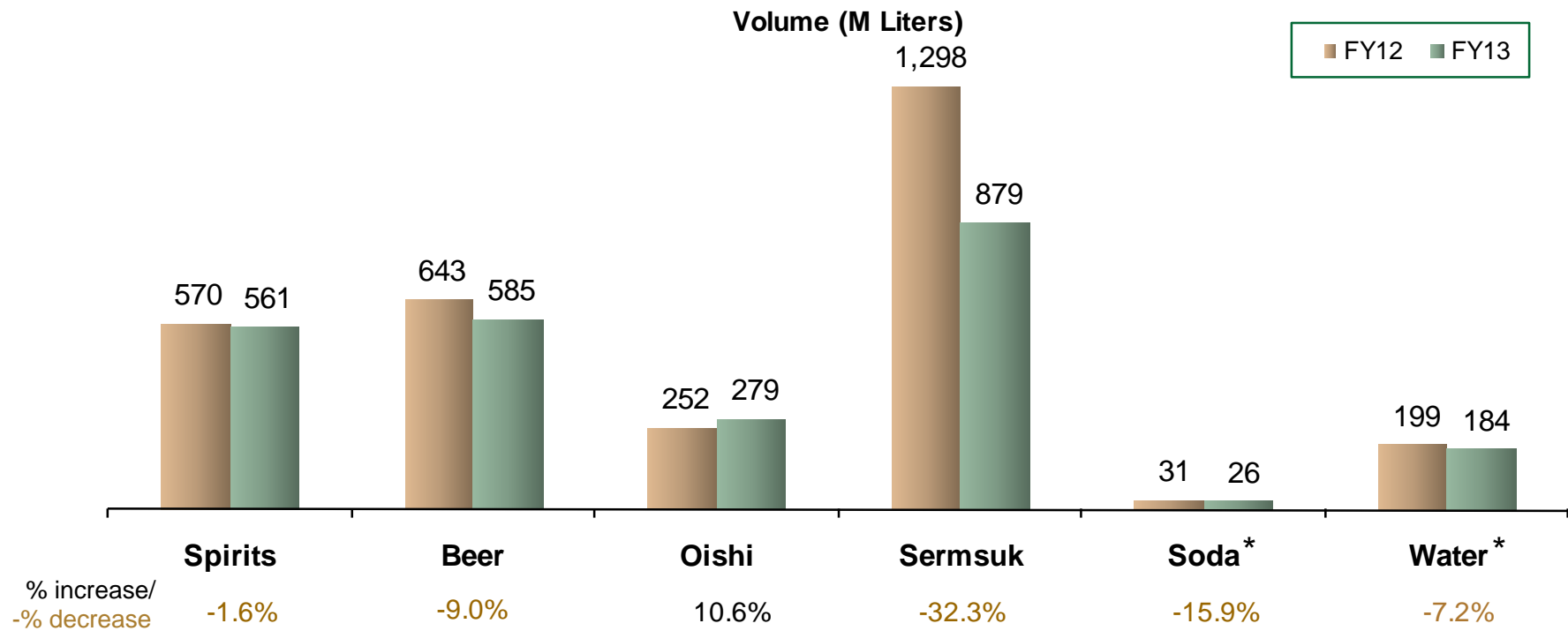


Sales



\* Exclude F&N

# Total Sales Volume



\* Only ThaiBev products

# Business Segments

Spirits	2012	2013	Change
Sales Revenue	93,161	99,916	7.3%
COGS	(60,747)	(67,696)	
<i>% of Sales Revenue</i>	<i>65.2%</i>	<i>67.8%</i>	
SG&A	(8,423)	(8,526)	
<i>% of Sales Revenue</i>	<i>9.0%</i>	<i>8.5%</i>	
EBITDA	25,750	25,630	-0.5%
Net Profit	18,495	19,092	3.2%
<u>Margin*</u>			
EBITDA	27.6%	25.7%	
Net Profit	19.9%	19.1%	

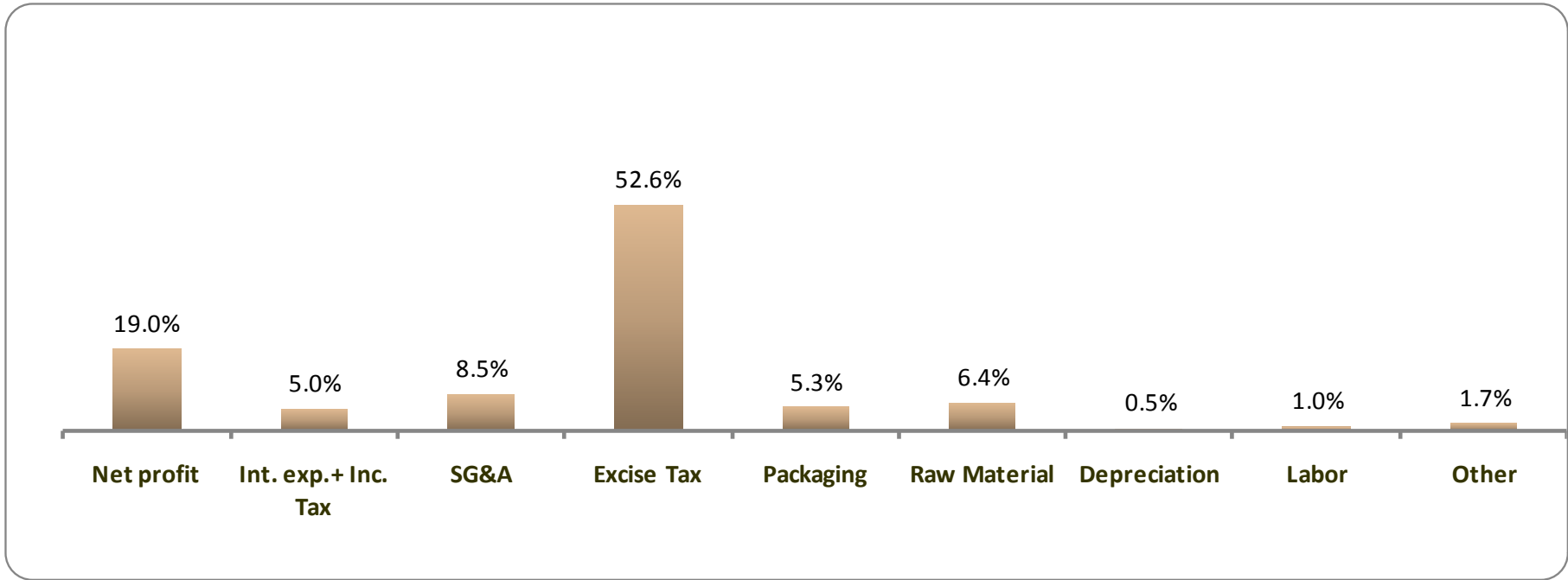
\* margins are % of sales revenue

<u>Sales Revenue</u>	UP	an increase in sales price and product mix
<u>COGS (%)</u>	UP	product mix and lower increasing of sales price in 2013 compared to those in 2012
<u>SG&amp;A (%)</u>	DOWN	sales increased at a higher rate than the increase in SG&A
<u>EBITDA</u>	DOWN	a decrease in gross profit due to a product mix and lower increasing of sales price
<u>Net Profit</u>	UP	a decrease in corporate income tax

# Spirits: Revenue-Cost Break Down

(% of total revenue)

**FY13**





Beer	2012	2013	Change (M Baht)
Sales Revenue	34,386	32,935	-4.2%
COGS	(30,429)	(28,059)	
<i>% of Sales Revenue</i>	<i>88.5%</i>	<i>85.2%</i>	
SG&A	(5,512)	(5,557)	
<i>% of Sales Revenue</i>	<i>16.0%</i>	<i>16.8%</i>	
EBITDA (Loss)	(594)	243	140.9%
Net Profit (Loss)	(1,256)	(447)	64.4%
<b>Margin*</b>			
EBITDA (-Loss)	-1.7%	0.7%	
Net Profit (-Loss)	-3.7%	-1.4%	

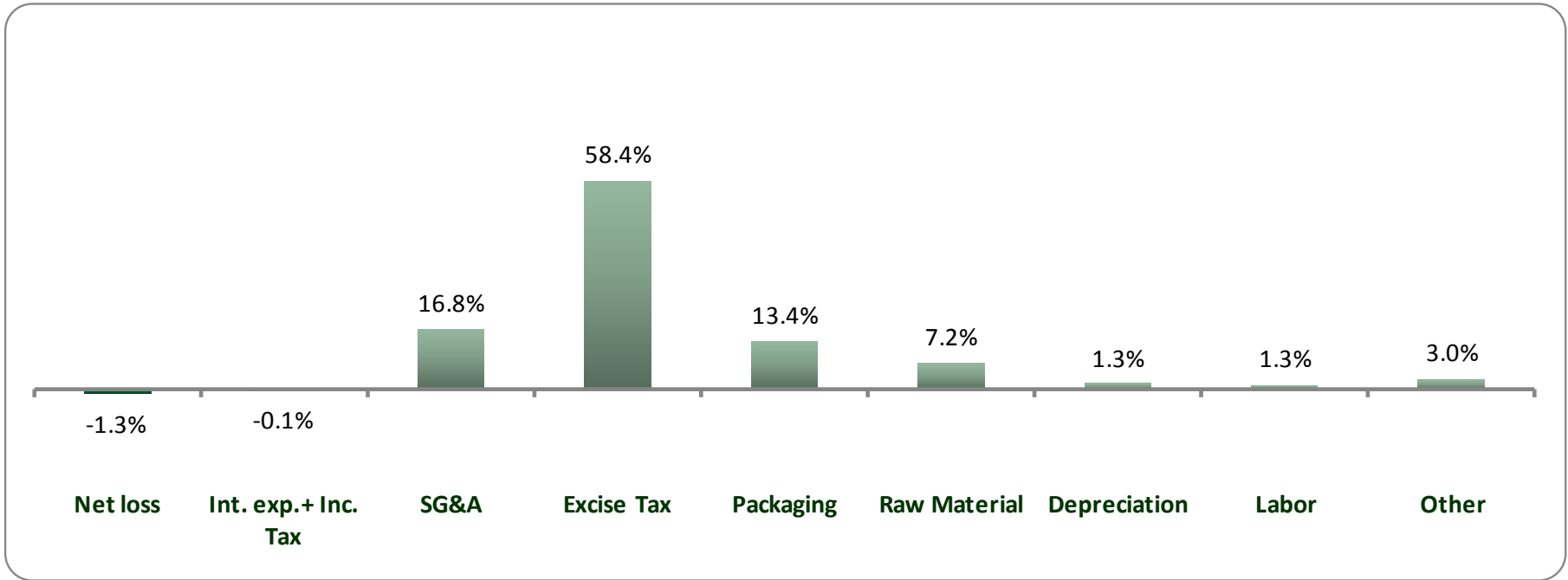
\* margins are % of sales revenue

<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
<u>SG&amp;A (%)</u>	UP	an increase in advertising & promotion expenses and staff costs
<u>EBITDA</u>	UP	an increase in gross profit due to an increase in net sales price despite an increase in advertising & promotion expenses and staff costs
<u>Net Loss</u>	DOWN	an increase in EBITDA and a decrease in depreciation

# Beer: Revenue-Cost Break Down

(% of total revenue)

**FY13**



# Non-alcohol Beverage

Non-alcohol Beverage	2012	2013	Change (M Baht)
Sales Revenue	28,294	17,018	-39.9%
COGS	(21,215)	(12,746)	
<i>% of Sales Revenue</i>	<i>75.0%</i>	<i>74.9%</i>	
SG&A	(6,871)	(6,548)	
<i>% of Sales Revenue</i>	<i>24.3%</i>	<i>38.4%</i>	
EBITDA (Loss)	2,166	(586)	-127.1%
Net Profit (Loss)	710	(1,464)	-306.2%
<u>Margin*</u>			
EBITDA (-Loss)	7.7%	-3.4%	
Net Profit (-Loss)	2.5%	-8.6%	

\* margins are % of sales revenue

<u>Sales revenue</u>	DOWN	a decrease in sales of Sermsuk products, due to Sermsuk launched its own new product after terminated long-standing 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&amp;A (%)</u>	UP	an increase in advertising & promotion expenses despite a decrease in staff costs
<u>EBITDA Loss</u>	UP	a decrease in sales, and an increase in advertising & promotion expenses despite a decrease in staff costs
<u>Net loss</u>	UP	a decrease in EBITDA

Food	2012	2013	Change (M Baht)
Sales Revenue	5,319	5,976	12.4%
COGS	(3,274)	(3,578)	
<i>% of Sales Revenue</i>	<i>61.6%</i>	<i>59.9%</i>	
SG&A	(1,914)	(2,206)	
<i>% of Sales Revenue</i>	<i>35.9%</i>	<i>36.9%</i>	
EBITDA	453	591	30.5%
Net Profit	116	176	51.7%
<u>Margin*</u>			
EBITDA	8.5%	9.9%	
Net Profit	2.2%	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&amp;A (%)</u>	UP	an increase in staff and rental costs
<u>EBITDA</u>	UP	an increase in sales despite an increase in staff and rental costs
<u>Net Profit</u>	UP	an increase EBITDA despite an increase in depreciation

In the 2013, ThaiBev's international business reported a negative sales growth of 14% over 2012 mainly due to lower sales of Scotch whisky and lower sales of Chinese white spirits.

- UK & Rest of the World
  - Sales revenue dropped by 10% due to
    - Lower sales of Bulk Scotch whisky as reserving more liquids to support the growth of cased sales of core brands
    - Lower sales of OEM Scotch whisky products.
- Asia exclude China
  - Sales revenue decreased slightly by 2% but the profit improved over previous years because of the price increase during the year of 2013
- YLQ (Chinese spirits in China)
  - Lower sales by 54% in the 2013 than 2012 impacted by new regulation to limit the government budget for entertainment, which affects high end based alcohol products spending in China.
- USA
  - Sales revenue increased in the 2013 by 6% driven by the launch of BlackMask.

# Financials

# Balance Sheet

Balance Sheet	31-Dec-12	31-Dec-13	Change
<i>(Million Baht)</i>			
<b>Assets</b>			
Current assets	47,149	49,724	2,575
Non-current assets	160,536	133,605	(26,931)
<b>Total assets</b>	<b>207,685</b>	<b>183,329</b>	<b>(24,356)</b>
<b>Liabilities</b>			
<b>Total liabilities</b>	<b>122,714</b>	<b>85,336</b>	<b>(37,378)</b>
<b>Shareholders' Equity</b>			
<b>Total equity</b>	<b>84,971</b>	<b>97,993</b>	<b>13,022</b>

<u>Current assets</u>	UP	an increase in accounts receivable and inventories
<u>Non-current assets</u>	DOWN	a decrease in overseas investment in associates from a capital reduction
<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 but was deducted with dividend payment

# Interest Bearing Debt

Interest Bearing Debt	31-Dec-12	31-Dec-13
<i>(Million Baht)</i>		
<b>Current</b>		
Bank overdrafts	1,129	1,404
Short-term loans from financial institutions	10,206	763
Current portion of long-term loans	4,672	10,190
	<b>16,007</b>	<b>12,357</b>
<b>Non-current</b>		
Long-term loans from financial institutions	88,146	54,343
Long-term bonds	-	1,000
	<b>88,146</b>	<b>55,343</b>
<b>Total</b>	<b>104,153</b>	<b>67,700</b>
<b>Cash and cash equivalents</b>	<b>4,545</b>	<b>5,102</b>
<b>Net Interest Bearing Debt</b>	<b>99,608</b>	<b>62,598</b>

Note: A decrease in short-term and long-term loans was mainly due to debt repayment from a capital reduction



# Financial Ratios

Ratios	31-Dec-12	31-Dec-13
Current Ratio (times)	1.54	1.90
Debt to Equity Ratio (times)	1.44	0.87
Interest Bearing Debt to Equity Ratio (times)	1.23	0.69
Net interest Bearing Debt to EBITDA	2.54	2.12
Book Value per Share (Baht)	3.24	3.75
Book Value per Share (SGD)*	0.13	0.15

\* exchange rate at THB 25.72: SGD 1

Turnovers (days)	Jan-Dec 12	Jan-Dec 13
A/R Turnover	8	9
Inventory Turnover		
<i>Spirits Business</i>		
Finished Goods (exc. Legacy Stocks)	58	55
<i>Beer Business</i>		
Finished Goods	20	23

<u>Current Ratio</u>	UP	an increase in accounts receivable, inventories and a decrease in short-term loans from financial institutions
<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