

Thai Beverage PLC

1Q14 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that could cause actual results, performance or events to differ materially from those in the statements as originally made.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 March 2014, the Company recognized a capital reduction from an associate, Fraser and Neave, Limited (F&N), for a net consideration of Baht 4,465 million, in short-term other receivables from related parties.

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.

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.

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: 1Q14 Highlights

Group	1Q13	1Q14	Change
Sales Revenue	39,154	41,043	4.8%
COGS	(28,312)	(28,726)	
<i>% of Sales Revenue</i>	<i>72.3%</i>	<i>70.0%</i>	
SG&A	(5,739)	(5,494)	
<i>% of Sales Revenue</i>	<i>14.7%</i>	<i>13.4%</i>	
EBITDA (exclude F&N)	6,224	8,046	29.3%
Net Profit (exclude F&N)	4,237	5,631	32.9%
F&N Operating Results (proportion of the holding shares)	(804)	308	
EBITDA	5,897	8,647	46.6%
Net Profit	3,433	5,939	73.0%
Net Profit attributable to:			
<i>Owners of the Company</i>	3,452	5,969	72.9%
<i>Non-controlling interests</i>	(19)	(30)	
<u>Margin*</u>			
EBITDA exclude F&N	15.9%	19.6%	
Net Profit exclude F&N	10.8%	13.7%	
EBITDA	15.1%	21.1%	
Net Profit	8.8%	14.5%	

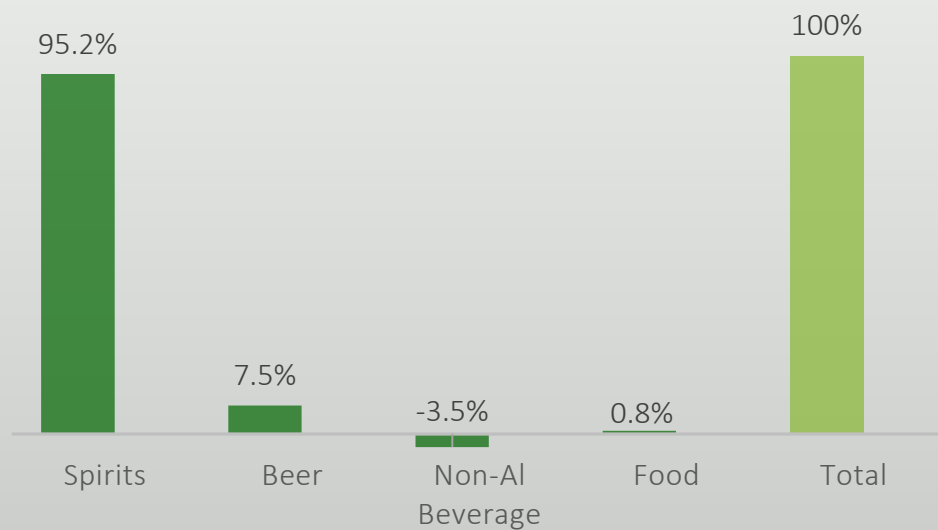
* margins are % of sales revenue

Consolidated:
1Q14 Highlights

Group	ThaiBev	F&N	Total
1Q14			
Sales	41,043	-	41,043
Gross profit	12,317	-	12,317
EBITDA	8,046	601	8,647
Net profit	5,631	308	5,939
1Q13			
Sales	39,154	-	39,154
Gross profit	10,842	-	10,842
EBITDA (Loss)	6,224	(327)	5,897
Net profit (Loss)	4,237	(804)	3,433
increase (decrease)			
Sales	4.8%	-	4.8%
Gross profit	13.6%	-	13.6%
EBITDA	29.3%	283.8%	46.6%
Net profit	32.9%	138.3%	73.0%

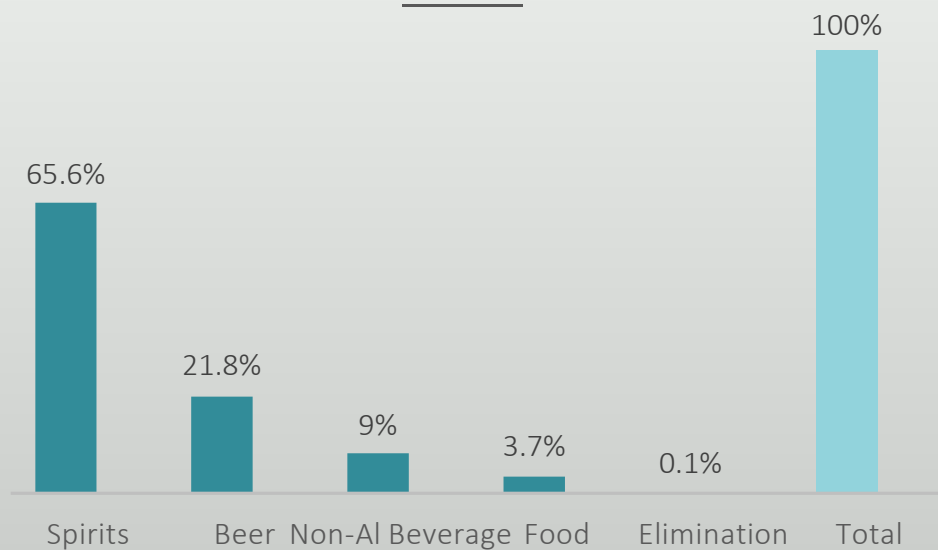
1Q14

Net Profit*



* Exclude F&N

Sales

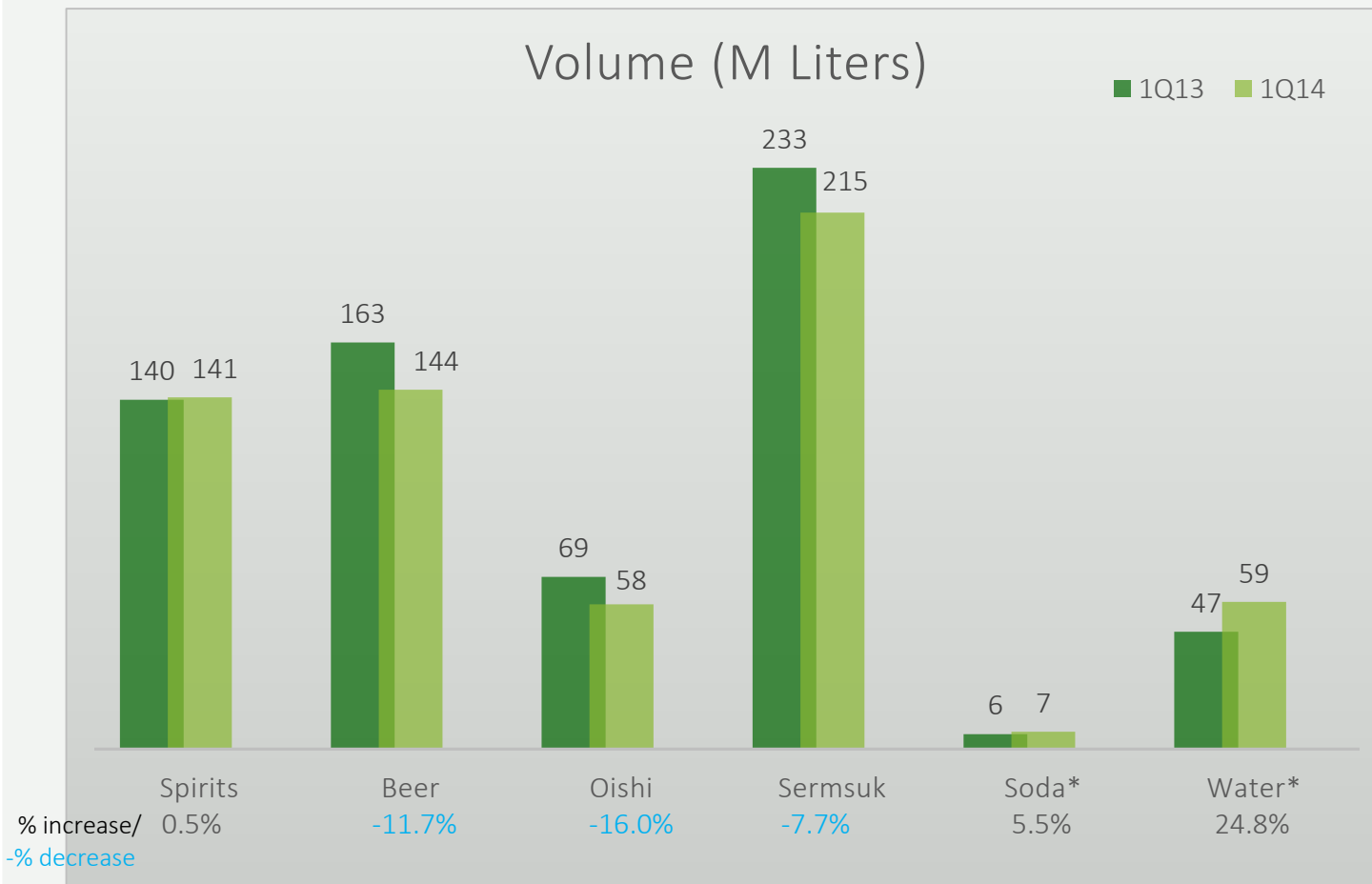


Contribution per Business Segment

Total Sales Volume

Volume (M Liters)

■ 1Q13 ■ 1Q14



* Only ThaiBev products

Business Segments

Spirits

Spirits	1Q13	1Q14	Change
Sales Revenue	24,351	26,894	10.4%
COGS	(16,555)	(17,883)	
<i>% of Sales Revenue</i>	<i>68.0%</i>	<i>66.5%</i>	
SG&A	(2,358)	(2,389)	
<i>% of Sales Revenue</i>	<i>9.7%</i>	<i>8.9%</i>	
EBITDA	5,892	7,088	20.3%
Net Profit	4,428	5,358	21.0%
<u>Margin*</u>			
EBITDA	24.2%	26.4%	
Net Profit	18.2%	19.9%	

(M Baht)

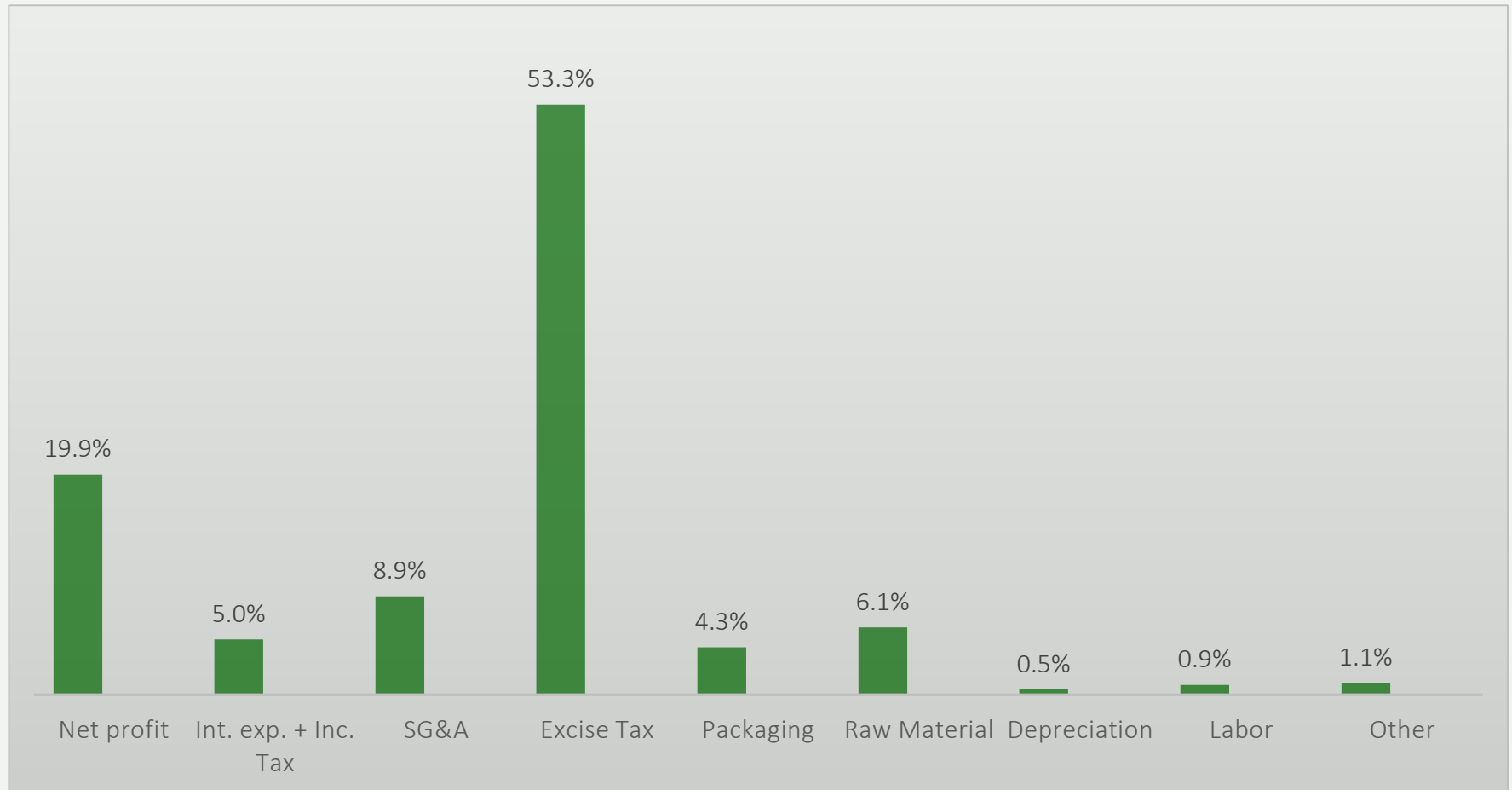
* margins are % of sales revenue

<u>Sales Revenue</u>	UP	an increase in sales price
<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

1Q14

(% of total revenue)



Beer

Beer	1Q13	1Q14	Change
Sales Revenue	8,613	8,959	4.0%
COGS	(7,488)	(7,269)	
<i>% of Sales Revenue</i>	<i>86.9%</i>	<i>81.1%</i>	
SG&A	(1,315)	(1,161)	
<i>% of Sales Revenue</i>	<i>15.3%</i>	<i>13.0%</i>	
EBITDA	27	731	2,607.4%
Net Profit (Loss)	(107)	422	494.4%
Margin*			
EBITDA	0.3%	8.2%	
Net Profit (-Loss)	-1.2%	4.7%	

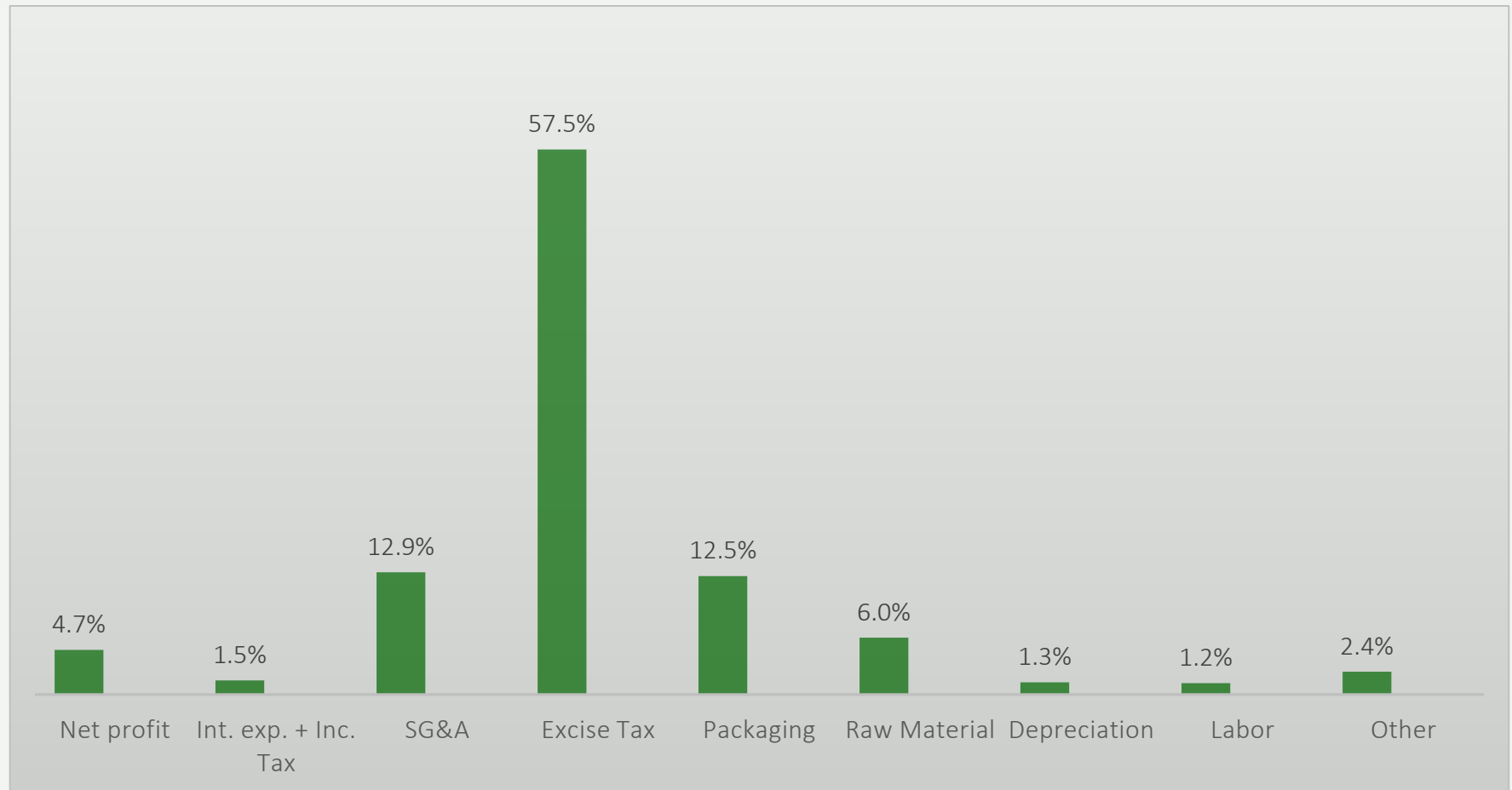
* margins are % of sales revenue

<u>Sales Revenue</u>	UP	an increase in sales price
<u>COGS (%)</u>	DOWN	an increase in sales price 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: Revenue-Cost Break Down

1Q14

(% of total revenue)



Non-alcohol Beverage

Non-alcohol Beverage	1Q13	1Q14	Change (M Baht)
Sales Revenue	4,757	3,704	-22.1%
COGS	(3,425)	(2,679)	
<i>% of Sales Revenue</i>	<i>72.0%</i>	<i>72.3%</i>	
SG&A	(1,598)	(1,424)	
<i>% of Sales Revenue</i>	<i>33.6%</i>	<i>38.5%</i>	
EBITDA	110	63	-42.7%
Net Profit (Loss)	(168)	(195)	-16.1%
<u>Margin*</u>			
EBITDA	2.3%	1.7%	
Net Profit (-Loss)	-3.5%	-5.3%	

* margins are % of sales revenue

<u>Sales revenue</u>	DOWN	a decrease in sales volume of Sermsuk and Oishi products
<u>COGS (%)</u>	UP	product mix
<u>SG&A (%)</u>	UP	sales decreased at a higher rate than the decrease in SG&A although there was a decrease in advertising & promotion expenses and staff costs
<u>EBITDA</u>	DOWN	a decrease in gross profit despite an increase in other income from insurance claims of Sermsuk's associate and a decrease in advertising & promotion expenses
<u>Net loss</u>	UP	a decrease in EBITDA

Food

Food	1Q13	1Q14	Change
Sales Revenue	1,460	1,518	4.0%
COGS	(857)	(905)	
<i>% of Sales Revenue</i>	<i>58.7%</i>	<i>59.6%</i>	
SG&A	(501)	(562)	
<i>% of Sales Revenue</i>	<i>34.3%</i>	<i>37.1%</i>	
EBITDA	195	164	-15.9%
Net Profit	84	46	-45.2%
<u>Margin*</u>			
EBITDA	13.4%	10.8%	
Net Profit	5.8%	3.0%	

(M Baht)

* margins are % of sales revenue

<u>Sales Revenue</u>	UP	an increase in number of branches and sales price
<u>COGS (%)</u>	UP	an increase in food costs in accordance with more variety of foods offered and an increase in material costs, but this was under closely control
<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 Profit</u>	DOWN	a decrease EBITDA and an increase in depreciation

Update: International Business

In 1Q14, ThaiBev's international business reported a sales growth of 22.5% over 1Q13 driven by the beer business and depreciation of THB.

- UK & Rest of the World
 - Sales revenue increased over 13% compared to last year

- Asia exclude China
 - Sales revenue increased over 30% in 1Q14, mainly from Chang beer

- YLQ (Chinese spirits in China)
 - Sales revenue increased over 13% in 1Q14

- USA
 - Sales revenue increased over 55% in 1Q14, driven by the launch of new product, Black Mask rum, in 2H13.

Financials

Statement of Financial Position

Statement of Financial Position	31-Dec-13	31-Mar-14	Change
<i>(Million Baht)</i>			
Assets			
Current assets	49,724	59,735	10,011
Non-current assets	133,605	128,316	(5,289)
Total assets	183,329	188,051	4,722
Liabilities			
Total liabilities	85,336	83,665	(1,671)
Shareholders' Equity			
Total equity	97,993	104,386	6,393

<u>Current assets</u>	UP	an increase in cash and cash equivalents, other receivables from related parties, 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 from profit for the period

Interest Bearing Debt

Interest Bearing Debt	31-Dec-13	31-Mar-14
<i>(Million Baht)</i>		
Current		
Bank overdrafts	1,404	1,200
Short-term loans from financial institutions	763	1,550
Current portion of long-term loans	10,190	9,025
	12,357	11,775
Non-current		
Long-term loans from financial institutions	54,343	52,608
Long-term bonds	1,000	1,000
	55,343	53,608
Total	67,700	65,383
Cash and cash equivalents	5,102	9,919
Net Interest Bearing Debt	62,598	55,464

In April 2014, the Company received capital reduction in cash from F&N amounting to Baht 4,465 million and utilized the said cash received to repay the Singapore Dollar denominated long-term loans, prior to the maturity date, together with interest payable without any penalty fee.

Financial Ratios

Ratios	31-Dec-13	31-Mar-14
Current Ratio (times)	1.90	2.27
Debt to Equity Ratio (times)	0.87	0.80
Interest Bearing Debt to Equity Ratio (times)	0.69	0.63
Net interest Bearing Debt to EBITDA	2.12	1.72
Book Value per Share (Baht)	3.75	4.01
Book Value per Share (SGD)*	0.14	0.15
* exchange rate at THB 26.01: SGD 1		
Turnovers (days)	Jan-Dec 13	Jan-Mar 14
A/R Turnover	9	8
Inventory Turnover		
<i>Spirits Business</i>		
Finished Goods (exc. Legacy Stocks)	55	49
<i>Beer Business</i>		
Finished Goods	23	25

Current Ratio

UP

an increase in cash and cash equivalents, other receivables from related parties, and inventories

Debt to Equity Ratio

DOWN

a decrease in loans from financial institutions and an increase in retained earnings

Interest Bearing Debt to Equity Ratio

DOWN

a decrease in loans from financial institutions and an increase in retained earnings

Note: use 365 days to calculate turnover

Q&A