

# Thai Beverage PLC

## 1Q16 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that could cause actual results, performance or events to differ materially from those in the statements as originally made.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

# 1Q16 Performance Highlights

## 1Q16 performance – A very satisfactory quarter

- Solid revenue growth in all beverage segments, amid weak economy
  - Total sales revenue grew 20.7% to Baht 55,175 million
  - Maintain our dominant position in spirits
    - Sales revenue +5.3%
    - Sales volume +4.0%
  - Continue with a good momentum in beer, surging in both top line and bottom line
    - Sales revenue +71.3%
    - Sales volume +61.1%
    - Net profit +174.6%
- Robust growth in net profit
  - Net profit jumped 31.6% to Baht 8,595 million
  - Net profit growth in all segments
  - Lower net loss in non-alcoholic segment

# Group Financial Highlights 1Q16

Revenue from sales  
(millions baht)

55,175

▲ 20.7%

EBITDA  
(millions baht)

11,717

▲ 24.0%

Net profit  
(millions baht)

8,595

▲ 31.6%

Earnings per share (basic)  
(baht)

0.34

▲ 30.8%

## Consolidated: 1Q16 Highlights

Group	1Q15	1Q16	Change (M Baht)
<b>Sales Revenue</b>	<b>45,705</b>	<b>55,175</b>	<b>20.7%</b>
COGS	(32,051)	(38,956)	
<i>% of Sales Revenue</i>	<i>70.1%</i>	<i>70.6%</i>	
SG&A	(6,303)	(6,863)	
<i>% of Sales Revenue</i>	<i>13.8%</i>	<i>12.5%</i>	
EBITDA (exclude F&N/FCL)	8,588	10,635	23.8%
Net Profit (exclude F&N/FCL)	5,983	7,691	28.5%
F&N/FCL Results (proportion of the holding shares)	547	904	
<b>EBITDA</b>	<b>9,448</b>	<b>11,717</b>	<b>24.0%</b>
<b>Net Profit</b>	<b>6,530</b>	<b>8,595</b>	<b>31.6%</b>
Net Profit attributable to:			
<i>Owners of the Company</i>	6,575	8,560	30.2%
<i>Non-controlling interests</i>	(45)	35	
<u>Margin*</u>			
EBITDA (exclude F&N/FCL)	18.8%	19.3%	
Net Profit (exclude F&N/FCL)	13.1%	13.9%	
EBITDA	20.7%	21.2%	
Net Profit	14.3%	15.6%	

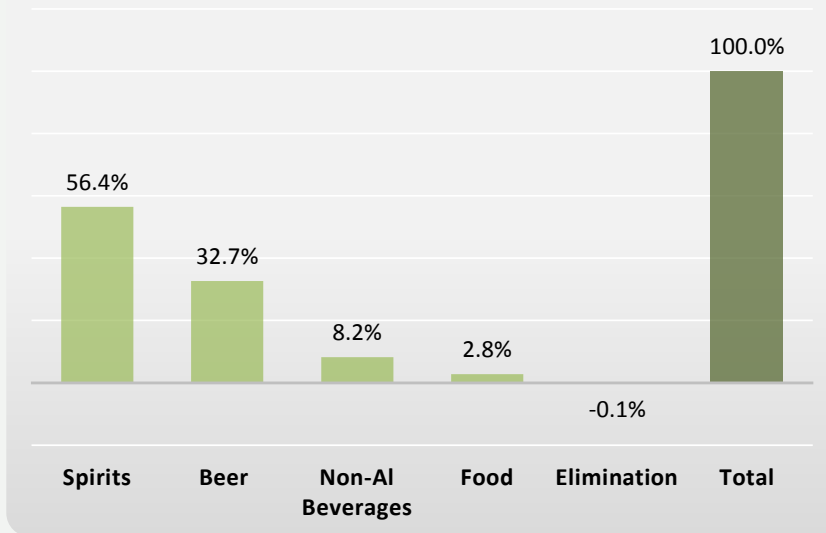
\* margins are % of sales revenue

## Consolidated: 1Q16 Highlights

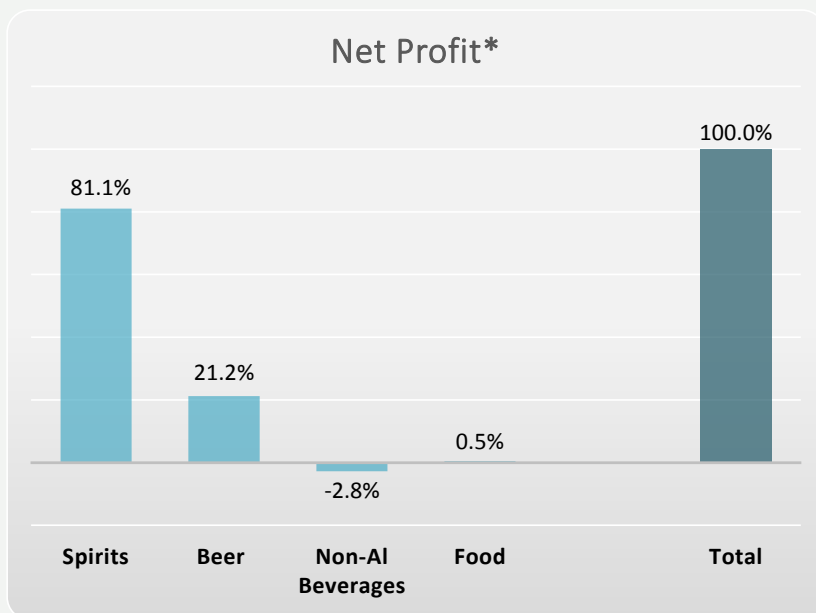
Group	ThaiBev	F&N / FCL	Total	(M baht)
<b>1Q16</b>				
Sales	55,175	-	55,175	
Gross profit	16,219	-	16,219	
EBITDA	10,635	1,082	11,717	
Net profit	7,691	904	8,595	
<b>1Q15</b>				
Sales	45,705	-	45,705	
Gross profit	13,654	-	13,654	
EBITDA	8,588	860	9,448	
Net profit	5,983	547	6,530	
<b>Increase (Decrease)</b>				
Sales	9,470	-	9,470	
Gross profit	2,565	-	2,565	
EBITDA	2,047	222	2,269	
Net profit	1,708	357	2,065	
<b>% Increase (Decrease)</b>				
Sales	20.7%	-	20.7%	
Gross profit	18.8%	-	18.8%	
EBITDA	23.8%	25.8%	24.0%	
Net profit	28.5%	65.3%	31.6%	



Sales



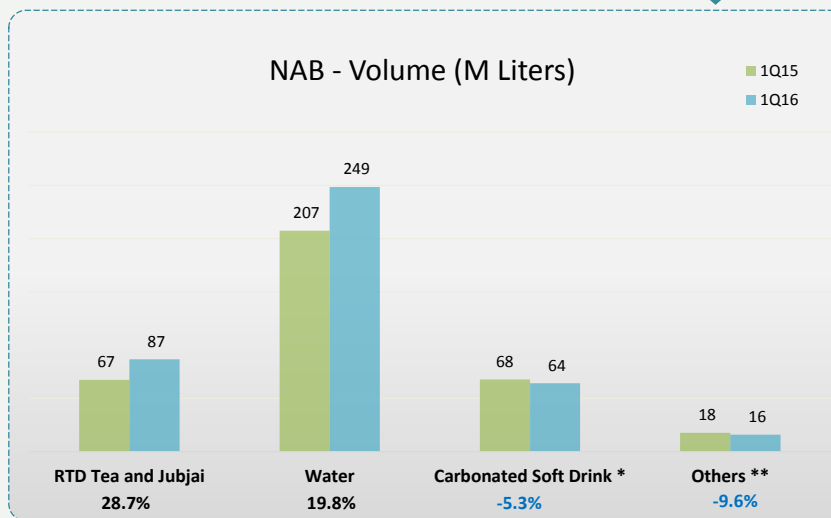
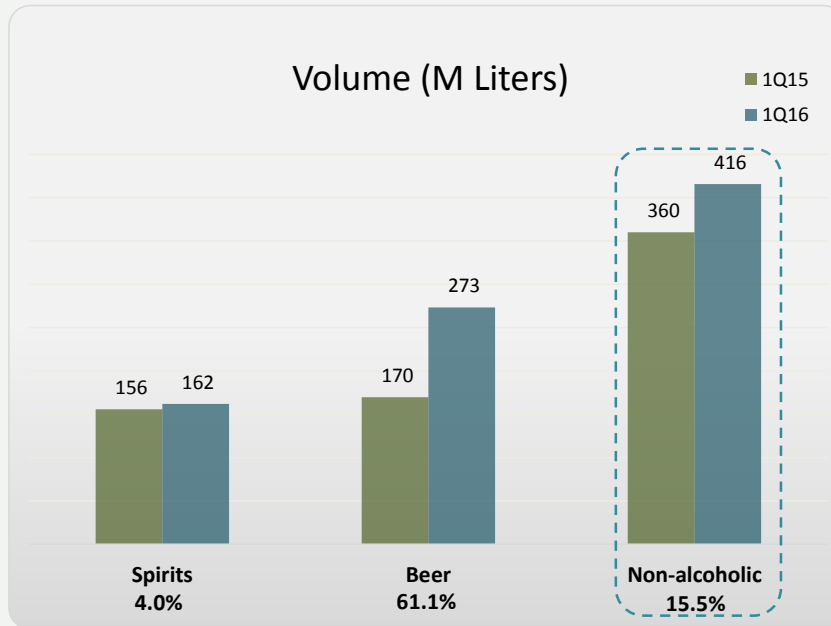
Net Profit\*



\* 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	1Q15	1Q16	Change (M Baht)
Sales Revenue	29,560	31,136	5.3%
COGS	(19,902)	(20,926)	
<i>% of Sales Revenue</i>	<i>67.3%</i>	<i>67.2%</i>	
SG&A	(2,445)	(2,425)	
<i>% of Sales Revenue</i>	<i>8.3%</i>	<i>7.8%</i>	
EBITDA	7,641	8,247	7.9%
Net Profit	5,746	6,234	8.5%
 <u>Margin*</u>			
EBITDA	25.8%	26.5%	
Net Profit	19.4%	20.0%	

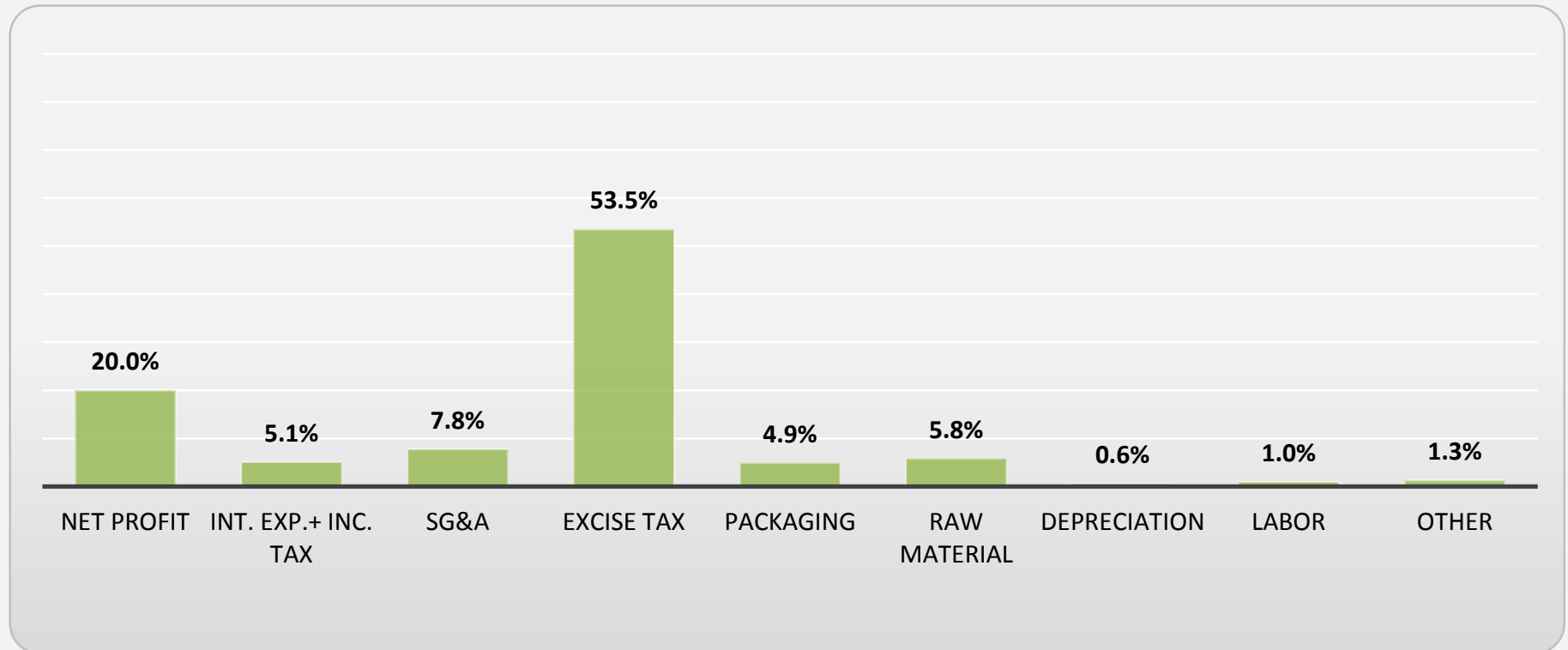
\* margins are % of sales revenue

<u>Sales Revenue</u>	UP	an increase in sales volume
<u>COGS (%)</u>	DOWN	product mix
<u>SG&amp;A (%)</u>	DOWN	a decrease in idle costs
<u>EBITDA</u>	UP	an increase in gross profit
<u>Net Profit</u>	UP	an increase in EBITDA although these was an increase in corporate income tax

# Spirits: Revenue-Cost Break Down

1Q16

(% of total revenue)



# Beer

Beer	1Q15	1Q16	Change (M Baht)
Sales Revenue	10,526	18,034	71.3%
COGS	(8,392)	(14,171)	
<i>% of Sales Revenue</i>	<i>79.7%</i>	<i>78.6%</i>	
SG&A	(1,430)	(1,979)	
<i>% of Sales Revenue</i>	<i>13.6%</i>	<i>10.9%</i>	
EBITDA	931	2,115	127.2%
Net Profit	595	1,634	174.6%
<b><u>Margin*</u></b>			
EBITDA	8.8%	11.7%	
Net Profit	5.7%	9.1%	

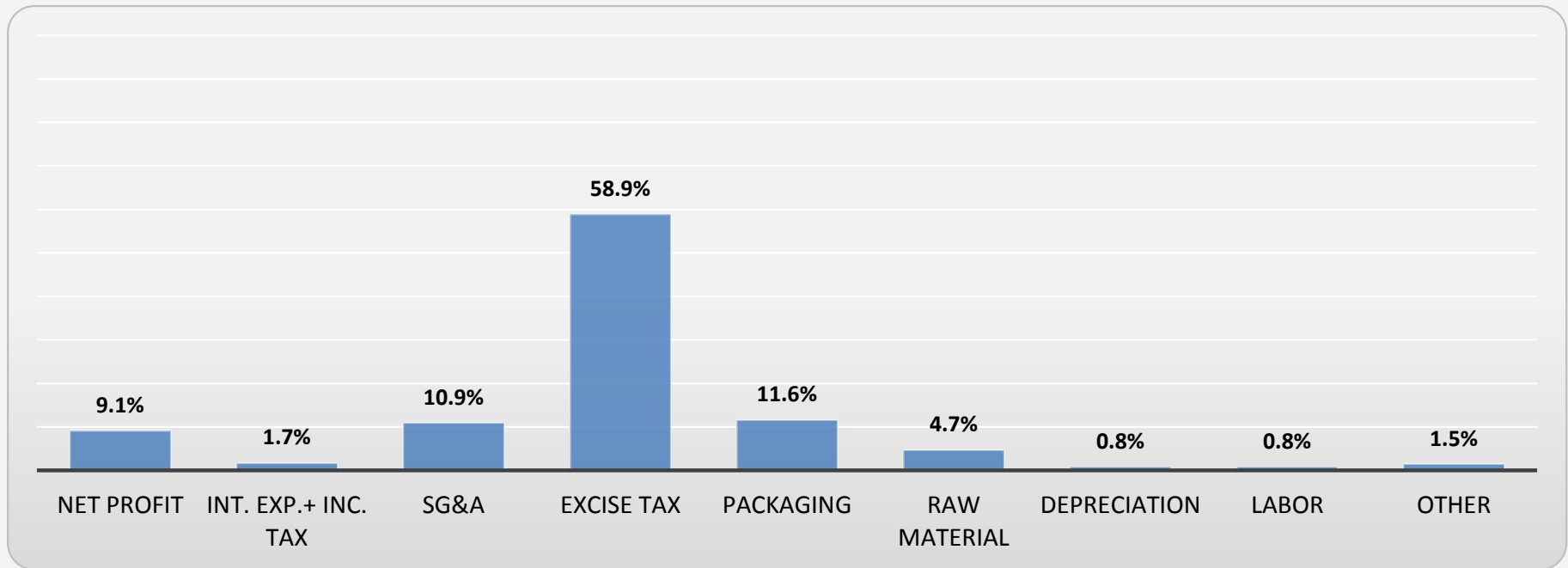
\* margins are % of sales revenue

<u>Sales Revenue</u>	UP	an increase in sales volume and sales price
<u>COGS (%)</u>	DOWN	a decrease in raw material price and higher utilization rate
<u>SG&amp;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

1Q16

(% of total revenue)



# Non-alcoholic Beverages

Non-alcoholic Beverages	1Q15	1Q16	Change (M Baht)
Sales Revenue	3,998	4,530	13.3%
COGS	(2,787)	(3,050)	
<i>% of Sales Revenue</i>	<i>69.7%</i>	<i>67.3%</i>	
SG&A	(1,802)	(1,845)	
<i>% of Sales Revenue</i>	<i>45.1%</i>	<i>40.7%</i>	
EBITDA (Loss)	(125)	91	172.8%
Net Profit (Loss)	(369)	(215)	41.7%
<b><u>Margin*</u></b>			
EBITDA (-Loss)	<i>-3.1%</i>	<i>2.0%</i>	
Net Profit (-Loss)	<i>-9.2%</i>	<i>-4.7%</i>	

\* Margins are % of sales revenue

<u>Sales Revenue</u>	UP	an increase in sales volume and product mix
<u>COGS (%)</u>	DOWN	product mix and favorable packaging costs
<u>SG&amp;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 an increase in staff cost
<u>Net Loss</u>	DOWN	an increase in EBITDA



# Food

Food	1Q15	1Q16	Change	(M Baht)
Sales Revenue	1,642	1,535	-6.5%	
COGS	(990)	(851)		
<i>% of Sales Revenue</i>	<i>60.3%</i>	<i>55.4%</i>		
SG&A	(642)	(648)		
<i>% of Sales Revenue</i>	<i>39.1%</i>	<i>42.2%</i>		
EBITDA	141	182	29.1%	
Net Profit	11	38	245.5%	

## Margin\*

EBITDA	8.6%	11.9%
Net Profit	0.7%	2.5%

\* 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 there was an increase in number of branches
<u>COGS (%)</u>	DOWN	the cost efficiency
<u>SG&amp;A (%)</u>	UP	an increase in rental expense
<u>EBITDA</u>	UP	an increase in gross profit
<u>Net Profit</u>	UP	an increase in EBITDA although there was an increase in depreciation and amortization

# Update: International Business

Sales revenue of international business increased 3.2%

- Beer
  - Sales revenue grew 7.0% driven by currency translational impact
  - Overall beer volumes increased by 2.6%

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- International spirits
  - Sales revenue dropped by 1.6% because of less bulk sales

# Financials

# Statement of Financial Position

Statement of Financial Position	31-Dec-15	31-Mar-16	Change
<i>(Million Baht)</i>			
<b>Assets</b>			
Current assets	48,128	50,482	2,354
Non-current assets	133,889	134,481	592
Total assets	182,017	184,963	2,946
<b>Liabilities</b>			
Current liabilities	33,090	35,566	2,476
Non-current liabilities	29,661	20,445	(9,216)
Total liabilities	62,751	56,011	(6,740)
<b>Shareholders' Equity</b>			
Total equity	119,266	128,952	9,686

<u>Current assets</u>	UP	an increase in inventory and cash although there was a decrease in trade accounts receivable
<u>Non-current assets</u>	UP	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 retained earnings from the profit for the period

# Interest Bearing Debt

Interest Bearing Debt	31-Dec-15	31-Mar-16
<i>(Million Baht)</i>		
<b>Current</b>		
Bank overdrafts	1,448	1,389
Short-term loans from financial institutions	6,394	15
Current portion of debentures	1,000	1,000
Current portion of long-term loans	9,532	17,125
	18,374	19,529
<b>Non-current</b>		
Debentures	1,000	1,000
Bill of exchanges	1,955	-
Long-term loans from financial institutions	22,928	15,692
	25,883	16,692
<b>Total</b>	<b>44,257</b>	<b>36,221</b>
<b>Cash and cash equivalents</b>	3,490	4,687
<b>Net Interest Bearing Debt</b>	<b>40,767</b>	<b>31,534</b>

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

	Unit: (M Baht)
Within one year (Mar 2017)	19,529
After one year but within two years (Mar 2018)	10,692
After two years	<u>6,000</u>
Total	<u>36,221</u>

# Financial Ratios

Ratios	31-Dec-15	31-Mar-16
Current Ratio (times)	1.45	1.42
Liability to Equity Ratio (Gearing Ratio) (times)	0.53	0.43
Interest Bearing Debt to Equity Ratio (times)	0.37	0.28
Net Interest Bearing Debt to Equity Ratio (times)	0.34	0.24
Net Interest Bearing Debt to EBITDA annualized (times)	1.11	0.81
Net asset value per share (Baht)	4.62	5.00
Net asset value per share (SGD)*	0.18	0.19

\* exchange rate at THB 25.7850 : SGD 1

EPS (Baht)	31-Mar-15	31-Mar-16
Earnings per share for quarter	0.26	0.34

Turnover (Days)	Jan - Dec 15	Jan - Mar 16
A/R Turnover	8	6
Inventory Turnover		
Spirit Business: finished goods	48	44
Beer Business: finished goods	10	7
Non-alcohol Business: finished goods	26	19
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
<u>Liability to Equity Ratio</u>	DOWN	a net decrease in loans from financial institutions and an increase in net retained earnings

# Q&A