



# THAI BEVERAGE

## 1Q20 Financial Results

(First Quarter ended 31 December 2019)



# Note on Forward Looking Statements

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that could cause actual results, performance or events to differ materially from those in the statements as originally made.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

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- In the First quarter ended 31 December 2019, ThaiBev consolidation has included Chang water and Chang soda in beer segment instead of NAB and Spirits segment respectively from Q1'20 onwards for more effectively cost management. Prior periods from Q1'19 will be restated for comparison purpose as well.
- From 1 October 2019, the Group has adopted TFRS 15 using the cumulative effect method taking into account the effect of initially applying this standard only to contracts that were not completed before 1 October 2019 as an adjustment to the retained earnings at 1 October 2019. Therefore, the Group has not restated the information presented for comparative financial statements, as previously reported under TAS 18 and related interpretations.
- Under TFRS 15, the Group recognises revenue when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Group expects to be entitled, excluding those amounts collected on behalf of third parties, value added tax and after deduction of any trade discounts and volume rebates. Judgement is required in determining the timing of the transfer of control for revenue recognition - at a point in time or over time. Under TAS 18, the Group recognised revenue from sale of goods when the significant risks and rewards of ownership of the goods were transferred to the buyer, and recognised revenue from rendering of services by reference to the stage of completion of the transaction at the end of the reporting period. No revenue was recognised if there was continuing management involvement with the goods or there were significant uncertainties regarding recovery of the consideration due. For The impact of the change on the financial statements please, see Note 4 to Financial statements For the first quarter ended 31 December 2019 and Independent Auditor's Report.
- In the third quarter ended 30 June 2019, Coffee Concepts (Thailand) Co., Ltd. ("CCT"), a company incorporated in Thailand, has entered into a share purchase agreement relating to the acquisition of all the issued shares of Starbucks Coffee (Thailand) Co., Ltd, which manages and operates Starbucks retail coffee stores in Thailand. The Company has recorded 9.28% of profit recognition under the equity method started from June 2019 under food business.

# Understanding this Presentation

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- On 3 December 2018, the State Securities Commission of Vietnam issued its approval letter to Sabeco to remove the foreign ownership limit applicable to Sabeco. As a result, the Loan Conversion became one of the viable options for Vietnam Beverage and BeerCo (an indirect wholly-owned subsidiary of ThaiBev) to consider in the debt restructuring of the Loan.
- Vietnam Beverage and BeerCo entered into an agreement to convert the entire amount of the loan and interest thereon (which is VND 111,208,798,000,000, equivalent to USD 4,892,600,000 at the applicable exchange rate of USD1 to VND22,730 (the “Applicable Exchange Rate”)) into additional charter capital of Vietnam Beverage.
- The notice of satisfaction of the conditions for capital contributions/purchase of shares/acquisition of contributed capital by foreign investors (M&A Clearance Approval) was granted by the Hanoi Department of Planning and Investment of Vietnam on 17 December 2018 and 28 December 2018 for Vietnam Beverage’s capital increase contributed by foreign investor to be the amount of VND 22,957,300,000,000 (equivalent to USD 1,010,000,000 based on the Applicable Exchange Rate) and to be VND 111,208,798,000,000 (equivalent to USD 4,892,600,000 based on the Applicable Exchange Rate) respectively. Vietnam Beverage has increased its charter capital from VND 681,663,260,000 to VND 111,890,461,260,000.
- As a result of BeerCo’s acquisition of the charter capital of Vietnam Beverage, Vietnam Beverage has been converted from a one-member limited liability company to a multiple-member limited liability company. Vietnam Beverage also obtained its new Enterprise Registration Certificate evidencing the new shareholding structure and charter capital from Hanoi Department of Planning and Investment of Vietnam on 2 January 2019.
- As a result of the completion of the Loan Conversion, BeerCo currently holds VND 111,208,798,000,000 (approximately 99.39%) of the charter capital of Vietnam Beverage.
- BeerCo later entered into an agreement to additionally acquire 34,083,164 shares in Vietnam F&B (representing approximately 50% of Vietnam F&B’s charter capital) from one of the existing shareholders of Vietnam F&B who is a third party unrelated to the THBEV Group, at the par value of VND 10,000 per share. The aggregate consideration for the acquisition is VND 340,831,640,000, equivalent to USD 14,719,569.86 at the applicable exchange rate of USD 1=VND 23,155.

# Understanding this Presentation

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- The notice of satisfaction of the conditions for capital contributions/purchase of shares/acquisition of contributed capital by foreign investors (M&A Clearance Approval) as required for the acquisition was granted by the Hanoi Department of Planning and Investment of Vietnam on 21 January 2019. Vietnam F&B also obtained its 7th Amendment of Enterprise Registration Certificate evidencing the new shareholding structure from the Hanoi Department of Planning and Investment of Vietnam on 30 January 2019. As a result of the acquisition, BeerCo currently holds 67,484,663 shares in Vietnam F&B (representing approximately 99% of Vietnam F&B's charter capital), while the remaining 1% of Vietnam F&B's charter capital is still held by the existing Vietnamese shareholders
- So that currently, BeerCo has acquired shares in Vietnam F&B and completed debt conversion with Vietnam Beverage. Consequently, the Group has ownership interest in SABECO of 53.58% and recognized the change in ownership interests in subsidiaries without a change in control of Baht 493 million in as an equity component.
- The Company issued debentures No.1/2019 with various tenors from 2 years to 10 years at an aggregate principal amount of Baht 53,000 million in March 2019. The proceed from debentures was used to repay Thai Baht currency bridging loans.
- From 1 January 2019, the Group changed accounting policy for derivative financial instruments and hedge accounting. The changes have been applied retrospectively, as per detail in FY19, please see Note 3 to the financial statements for the year ended 30 September 2019.

# Understanding this Presentation

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- 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

# Highlight

# 1Q20 Performance Highlights

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- Satisfactory growth in domestic business
  - Spirits domestic volume +7.0%
  - Beer volume (excl. Sabeco) +13.5%
  - Total NAB volume +1.9%
- Net profit margin improvement across all beverage segments led to net profit +23.2%
- NAB turned profitable
  - NAB net profit = 125 MB



# Group Financial Highlights 1Q20

Revenue from sales (million Baht)

75,680

▲ 4.2%

EBITDA

(million Baht)

14,047

▲ 14.5%

Net Profit

(million Baht)

9,213

▲ 23.2%

EPS (basic)

(Baht)

0.34

▲ 13.3%

Attributable Profit

(million Baht)

8,423

▲ 13.6%

# Consolidated: 1Q20 Highlights

	1Q19 Oct18 - Dec18	1Q20 Oct19 - Dec19	Change
<b>Sales Revenue</b>	<b>72,627</b>	<b>75,680</b>	<b>4.2%</b>
COGS	(52,284)	(54,045)	
<i>% of Sales Revenue</i>	<i>72.0%</i>	<i>71.4%</i>	
Distribution costs	(7,618)	(6,861)	
Administrative expenses	(4,474)	(4,369)	
<i>% of Sales Revenue</i>	<i>16.7%</i>	<i>14.9%</i>	
EBITDA <i>(exclude F&amp;N/FPL)</i>	10,714	12,946	20.8%
Net Profit <i>(exclude F&amp;N/FPL)</i>	5,989	8,179	36.6%
F&N/FPL EBITDA	1,559	1,101	
F&N/FPL Net Profit	1,492	1,034	
<b>EBITDA</b>	<b>12,273</b>	<b>14,047</b>	<b>14.5%</b>
<b>Net Profit</b>	<b>7,481</b>	<b>9,213</b>	<b>23.2%</b>
<b>Attributable Profit to:</b>			
<b>Owners of the Company</b>	<b>7,417</b>	<b>8,423</b>	<b>13.6%</b>
<u>Margin*</u>			
EBITDA <i>(exclude F&amp;N/FPL)</i>	14.8%	17.1%	
Net Profit <i>(exclude F&amp;N/FPL)</i>	8.2%	10.8%	
EBITDA	16.9%	18.6%	
Net Profit	10.3%	12.2%	

\* margins are % of sales revenue

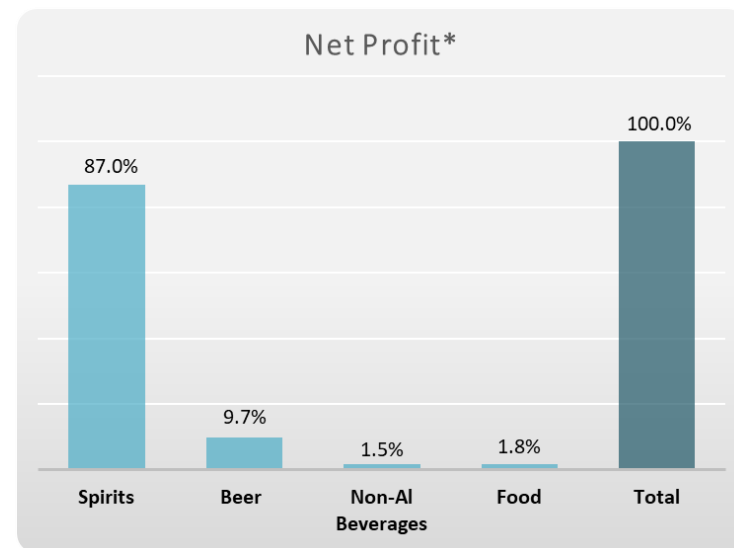
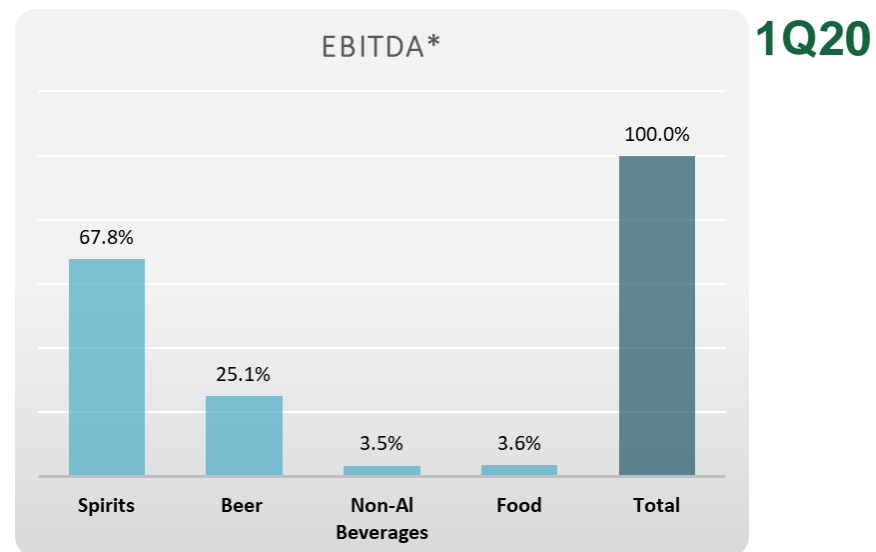
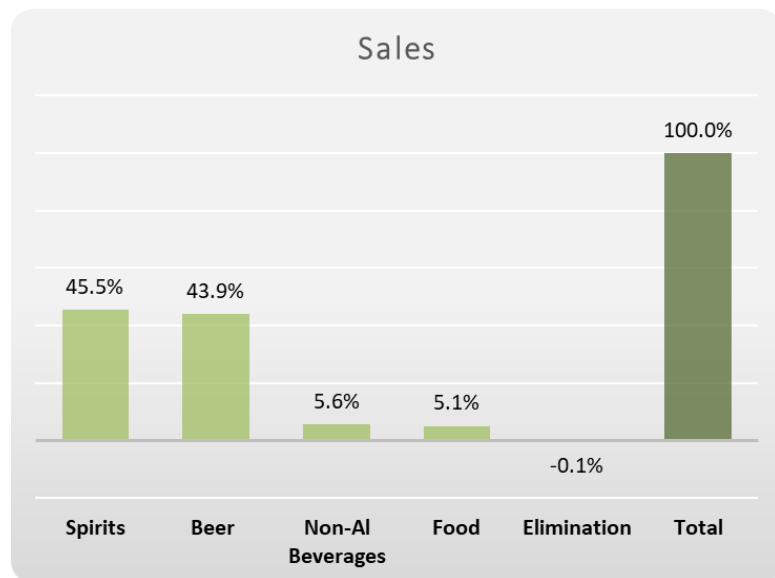
# Consolidated: 1Q20 Highlights

	ThaiBev	F&N / FPL	Total	(M Baht)
<b><u>1Q20</u></b>				
Sales	75,680	-	75,680	
Gross Profit	21,635	-	21,635	
EBITDA	12,946	1,101	14,047	
Net Profit	8,179	1,034	9,213	
Attributable Profit (Loss)	7,389	1,034	8,423	
<i>Spirits</i>	7,053	-	7,053	
<i>Beer</i>	178	-	178	
<i>Non-Alcohol</i>	27	-	27	
<i>Food</i>	131	-	131	
<i>F&amp;N/FPL</i>	-	1,034	1,034	
<b><u>1Q19</u></b>				
Sales	72,627	-	72,627	
Gross Profit	20,343	-	20,343	
EBITDA	10,714	1,559	12,273	
Net Profit	5,989	1,492	7,481	
Attributable Profit (Loss)	5,925	1,492	7,417	
<i>Spirits</i>	5,617	-	5,617	
<i>Beer</i>	410	-	410	
<i>Non-Alcohol</i>	(253)	-	(253)	
<i>Food</i>	151	-	151	
<i>F&amp;N/FPL</i>	-	1,492	1,492	

# Consolidated: 1Q20 Highlights

	ThaiBev	F&N / FPL	Total	(M Baht)
<b>Increase (Decrease)</b>				
Sales	3,053	-	3,053	
Gross Profit	1,292	-	1,292	
EBITDA	2,232	(458)	1,774	
Net Profit	2,190	(458)	1,732	
<b>Attributable Profit (Loss)</b>	<b>1,464</b>	<b>(458)</b>	<b>1,006</b>	
<i>Spirits</i>	1,436	-	1,436	
<i>Beer</i>	(232)	-	(232)	
<i>Non-Alcohol</i>	280	-	280	
<i>Food</i>	(20)	-	(20)	
<i>F&amp;N/FPL</i>	-	(458)	(458)	
<b>% Increase (Decrease)</b>				
Sales	4.2%	-	4.2%	
Gross Profit	6.4%	-	6.4%	
EBITDA	20.8%	(29.4%)	14.5%	
Net Profit	36.6%	(30.7%)	23.2%	
<b>Attributable Profit (Loss)</b>	<b>24.7%</b>	<b>(30.7%)</b>	<b>13.6%</b>	
<i>Spirits</i>	25.6%	-	25.6%	
<i>Beer</i>	(56.6%)	-	(56.6%)	
<i>Non-Alcohol</i>	110.7%	-	110.7%	
<i>Food</i>	(13.2%)	-	(13.2%)	
<i>F&amp;N/FPL</i>	-	(30.7%)	(30.7%)	

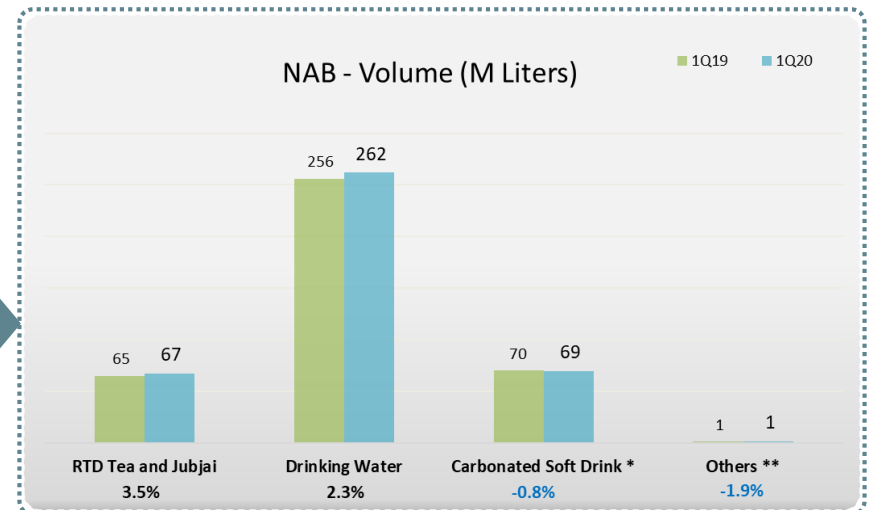
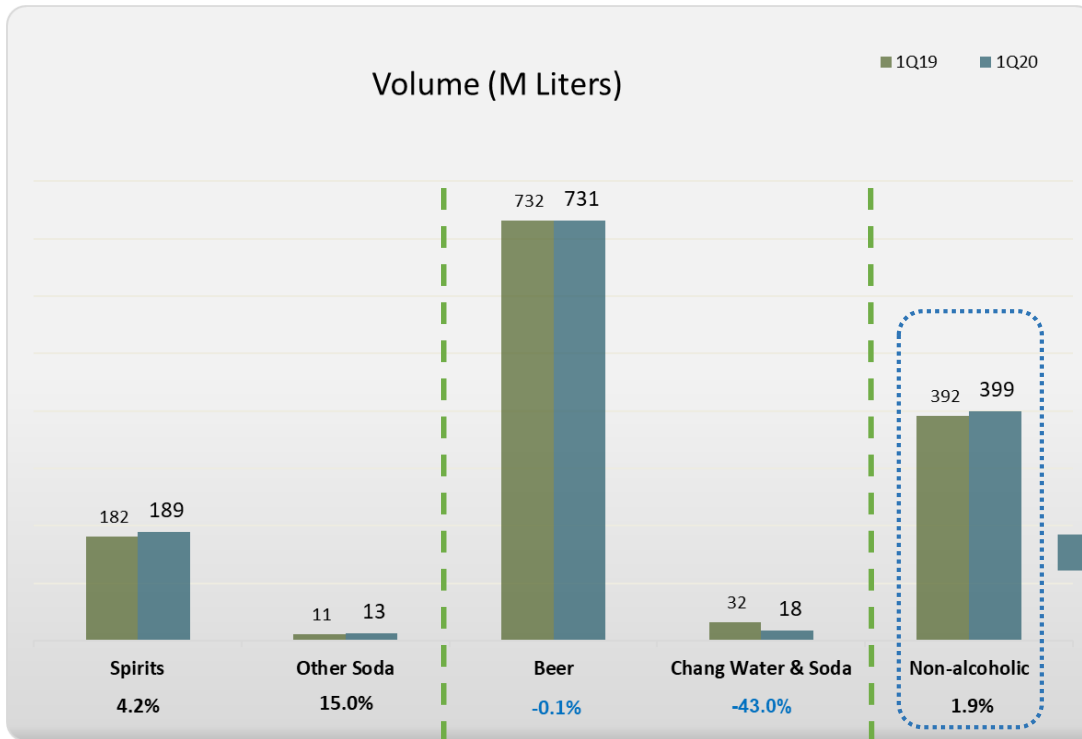
# Contribution per Business Segment



\* EBITDA and Net Profit exclude F&N/FPL

# Total Sales Volume

1Q20



\* est , 100Plus and Sarsi

\*\* Energy drink, sports drink and other beverages

# Business Segments

# Spirits

(M Baht)

Spirits	1Q19 Oct18 - Dec18	1Q20 Oct19 - Dec19	Change
Sales Revenue	31,648	34,420	8.8%
COGS	(21,234)	(22,911)	
<i>% of Sales Revenue</i>	<i>67.1%</i>	<i>66.6%</i>	
SG&A	(3,254)	(3,323)	
<i>% of Sales Revenue</i>	<i>10.3%</i>	<i>9.6%</i>	
EBITDA	7,598	8,782	15.6%
Net Profit	5,756	7,113	23.6%
Attributable Profit to Shareholders	5,617	7,053	25.6%
<u>Margin*</u>			
EBITDA	24.0%	25.5%	
Net Profit	18.2%	20.7%	

\* margins are % of sales revenue

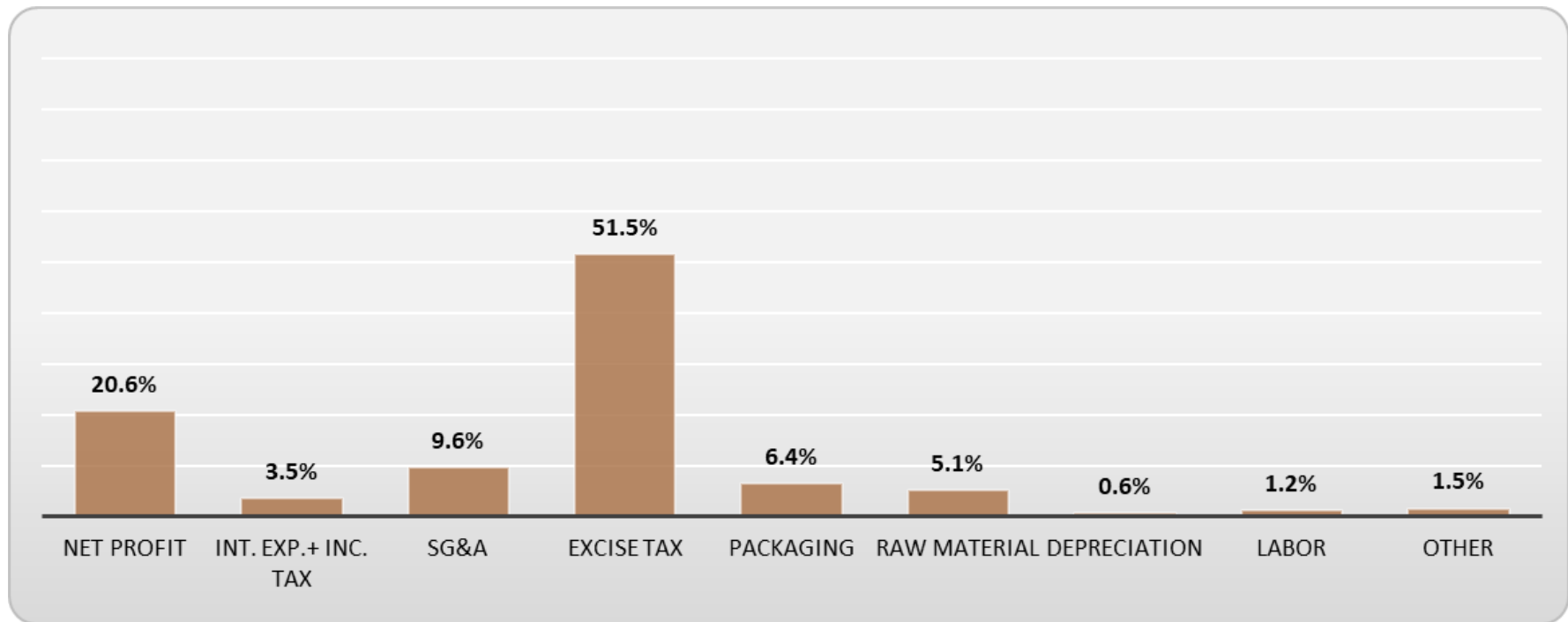
<u>Sales Revenue</u>	UP	an increase in sales volume
<u>COGS (%)</u>	DOWN	a product mixed
<u>SG&amp;A (%)</u>	DOWN	sales increase at higher rate than SG&A
<u>EBITDA</u>	UP	an increase in gross profit
<u>Net Profit</u>	UP	an increase in EBITDA
<u>Attributable Profit</u>	UP	an increase in net profit



# Spirits: Revenue-Cost Break Down

(% of total revenue)

1Q20



# Beer

(M Baht)

Beer	1Q19 Oct18 - Dec18	1Q20 Oct19 - Dec19	Change
Sales Revenue	33,156	33,222	0.2%
COGS	(26,105)	(26,259)	
<i>% of Sales Revenue</i>	<i>78.7%</i>	<i>79.0%</i>	
SG&A	(5,792)	(4,973)	
<i>% of Sales Revenue</i>	<i>17.5%</i>	<i>15.0%</i>	
EBITDA	2,649	3,255	22.9%
Net Profit	308	796	158.4%
Attributable Profit to Shareholders	410	178	-56.6%
<b>Margin*</b>			
EBITDA	8.0%	9.8%	
Net Profit	0.9%	2.4%	

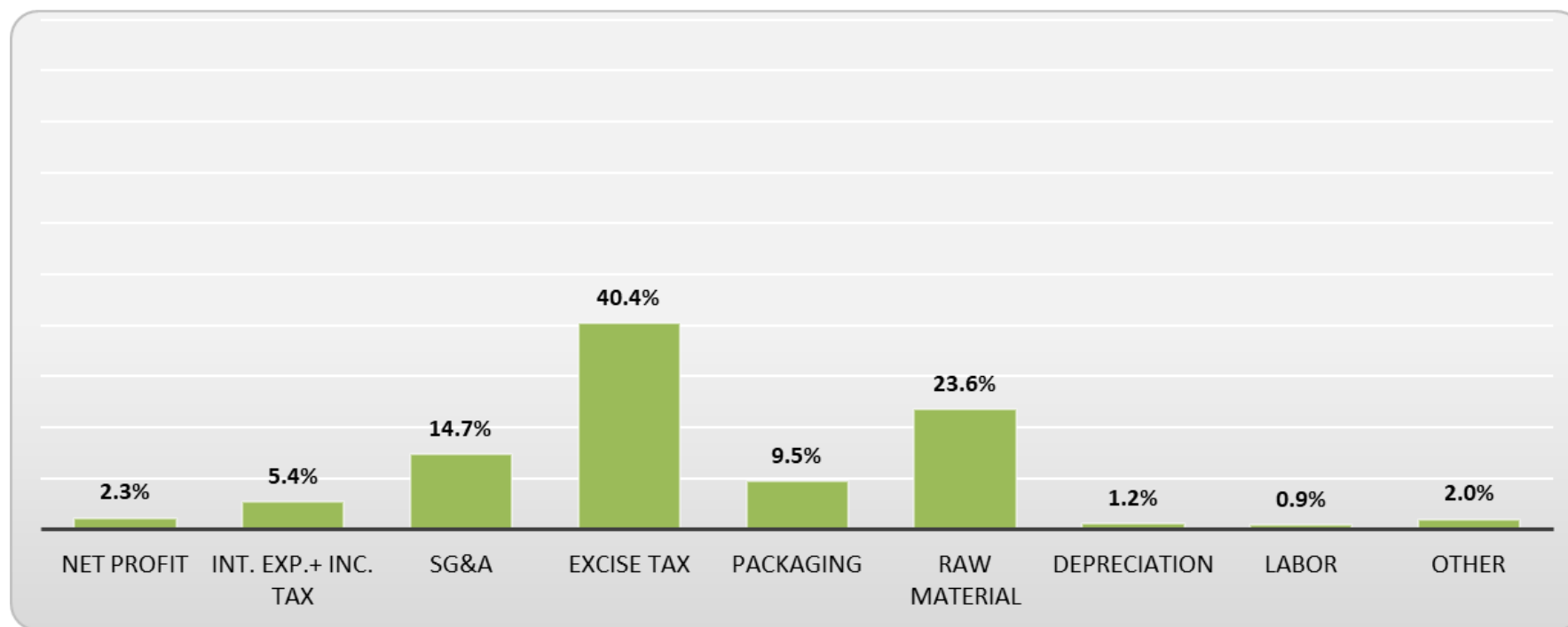
\* margins are % of sales revenue

<u>Sales Revenue</u>	UP	an increase in domestic beer volume
<u>COGS (%)</u>	UP	a product mix
<u>SG&amp;A (%)</u>	DOWN	a decrease in advertising and promotion expenses
<u>EBITDA</u>	UP	a decrease in advertising and promotion expenses although there was a decrease in gross profit
<u>Net Profit</u>	UP	an increase in EBITDA
<u>Attributable Profit</u>	DOWN	a decrease in net profit of Sabeco's beer

# Beer: Revenue-Cost Break Down

(% of total revenue)

1Q20



# Non-alcoholic Beverages

(M Baht)

Non-Alcoholic Beverages	1Q19 Oct18 - Dec18	1Q20 Oct19 - Dec19	Change
Sales Revenue	4,035	4,214	4.4%
COGS	(2,840)	(2,743)	
<i>% of Sales Revenue</i>	<i>70.4%</i>	<i>65.1%</i>	
SG&A	(1,666)	(1,480)	
<i>% of Sales Revenue</i>	<i>41.3%</i>	<i>35.2%</i>	
EBITDA (Loss)	(18)	447	2,583.3%
Net Profit (Loss)	(250)	125	150.0%
Attributable Profit (Loss) to Shareholders	(253)	27	110.7%
<b>Margin*</b>			
EBITDA (-Loss)	-0.4%	10.6%	
Net Profit (-Loss)	-6.2%	3.0%	

\* margins are % of sales revenue

<u>Sales Revenue</u>	UP	an increase in sales volume
<u>COGS (%)</u>	DOWN	sales revenue increase at higher rate than COGS
<u>SG&amp;A (%)</u>	DOWN	a decrease in advertising and promotion expenses
<u>EBITDA</u>	UP	a increase in gross profit and a decrease in advertising and promotion expenses
<u>Net Profit</u>	UP	an increase in EBITDA
<u>Attributable Profit</u>	UP	a change of net loss to net profit

# Food

(M Baht)

Food	1Q19 Oct18 - Dec18	1Q20 Oct19 - Dec19	Change
Sales Revenue	3,816	3,874	1.5%
COGS	(2,125)	(2,161)	
<i>% of Sales Revenue</i>	<i>55.7%</i>	<i>55.8%</i>	
SG&A	(1,412)	(1,492)	
<i>% of Sales Revenue</i>	<i>37.0%</i>	<i>38.6%</i>	
EBITDA	485	462	-4.7%
Net Profit	175	145	-17.1%
Attributable Profit to Shareholders	151	131	-13.2%
<b>Margin*</b>			
EBITDA	12.7%	11.9%	
Net Profit	4.6%	3.7%	

\* margins are % of sales revenue

<u>Sales Revenue</u>	UP	an increase in revenue from Oishi food
<u>COGS (%)</u>	UP	a result of expansion of the number of stores
<u>SG&amp;A (%)</u>	UP	an increase in advertising and promotion expenses
<u>EBITDA</u>	DOWN	an increase in advertising and promotion expenses, although there was an increase in gross profit
<u>Net Profit</u>	DOWN	a decrease in EBITDA
<u>Attributable Profit</u>	DOWN	a decrease in net profit

# Update: International Business

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1Q20 sales revenue of Baht 18.6 Bn decreased 11% from last year because of the decline in both spirits and beer sales

- **International Spirits**

- Sales revenue decreased by 11% due to
    - The slowdown in Grand Royal Group (GRG)'s revenue
    - Slow start of scotch whisky in both bulk and cased sale
- 

- **International Beer**

- Sales revenue reported a decline of 12% due to
  - The decrease in Sabeco's revenue
  - The slowdown in performance in some ASEAN countries

# Financials

# Statement of Financial Position

Statement of Financial Position	30-Sep-19 <i>(Restated)</i>	31-Dec-19	Change
<i>(Million Baht)</i>			
<b>Assets</b>			
Current assets	77,318	80,362	3,044
Non-current assets	330,178	332,444	2,266
<b>Total assets</b>	<b>407,496</b>	<b>412,806</b>	<b>5,310</b>
<b>Liabilities</b>			
Current liabilities	48,809	44,884	(3,925)
Non-current liabilities	208,366	209,313	947
<b>Total liabilities</b>	<b>257,175</b>	<b>254,197</b>	<b>(2,978)</b>
<b>Shareholders' Equity</b>			
<b>Total equity</b>	<b>150,321</b>	<b>158,609</b>	<b>8,288</b>

<u>Current assets</u>	UP	an increase in cash and cash at financial institutions
<u>Non-current assets</u>	UP	an increase in property, plant and equipment, and an increase in investments in associates and joint ventures.
<u>Current liabilities</u>	DOWN	a decrease in short-term loans from financial institutions.
<u>Non-current liabilities</u>	UP	an increase in other non-current liabilities
<u>Total equity</u>	UP	an increase in net retained earnings from the net profit of the period.



# Interest Bearing Debt

Interest Bearing Debt	30-Sep-19	31-Dec-19
	<i>(Restated)</i>	
<i>(Million Baht)</i>		
<b>Current</b>		
Bank overdrafts	182	350
Short-term loans from financial institutions	11,730	4,501
Current portion of long-term loans	7	79
Current portion of debentures	9,689	9,690
Other short-term loan	-	-
	21,608	14,620
<b>Non-current</b>		
Debentures	170,173	170,185
Long-term loans from financial institutions	27,802	27,944
	197,975	198,129
<b>Total</b>	<b>219,583</b>	<b>212,749</b>
<b>Cash and cash equivalents</b>	24,362	27,520
<b>Net Interest Bearing Debt</b>	<b>195,221</b>	<b>185,229</b>

The periods to maturity of interest-bearing debts:

	<i>(Million Baht)</i>
Within one year <i>(December 2020)</i>	14,620
After one year but within two years <i>(December 2021)</i>	47,547
After two years	<u>150,582</u>
Total	<u>212,749</u>

# Financial Ratios

Ratios	30-Sep-19 (Restated)	31-Dec-19
Current Ratio (times)	1.59	1.79
Liability to Equity Ratio (Gearing Ratio) (times)	1.71	1.60
Interest Bearing Debt to Equity Ratio (times)	1.46	1.34
Net Interest Bearing Debt to Equity Ratio (times)	1.30	1.17
Net Interest Bearing Debt to EBITDA (times)	4.33	3.95
Net asset value per share (Baht)	4.61	4.92
Net asset value per share (SGD)*	0.20	0.22
<i>* exchange rate at THB 22.49055 : SGD 1</i>		
EPS	31-Dec-18	31-Dec-19
Earnings per share for the year (Baht)	0.30	0.34
Turnover	Oct 18 - Dec 18	Oct 19 - Dec 19
A/R Turnover (days)	7	7
Inventory Turnover (days)		
Spirit Business: finished goods	41	49
Beer Business: finished goods	10	9
Non-alcohol Business: finished goods	19	24
Food Business: finished goods	5	6

<u>Current Ratio</u>	UP	an increase in cash and cash at financial institutions and a decrease in short-term loans from financial institutions
<u>Liability to Equity Ratio</u>	DOWN	a decrease in loans from financial institutions and an increase in net retained earnings

# Thank you