

# Thai Beverage Plc

**Second Quarter 2007 Results**

**14 August 2007**



# 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that could cause actual results, performance or events to differ materially from those in the statements as originally made.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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- We now use Thai GAAP for reporting
- The Company has included the assets, liabilities, and operations of Pacific Spirits (UK) Limited and Best Spirits Company Limited, which it acquired at the end of October'06, in the consolidated financial statements for the period ended 30 June 2007. The consolidated financial statements for the same period of 2006 have been restated for comparison with 2007.
- All monetary amounts in millions of Thai Baht unless otherwise stated
- Volumes in millions of litres unless otherwise stated
- Brown spirits are coloured spirits made from molasses and whiskeys
- White spirits are clear spirits made from molasses

The background of the slide is a microscopic view of a beverage surface, showing a dense layer of small, circular, golden-brown particles. A dark green horizontal bar is overlaid across the middle of the image, containing the word "Highlights" in yellow text.

# Highlights

# H1'07: Highlights

<b>Revenue</b>	<ul style="list-style-type: none"> <li>- Increased sales revenue from both beer (2.8%) and spirits (3.3%)</li> <li>- Increased sales volume of beer (3.3%) and brown spirits (15.2%)</li> <li>- Decreased sales volume of white spirits (-9.2%)</li> </ul>
<b>Costs</b>	<ul style="list-style-type: none"> <li>- Free Spirits has been lowered to 0.8% of total spirits sales volume</li> <li>- Free Beer has been lowered to 6.7% of total beer sales volume</li> </ul>
<b>Financial Position</b>	<ul style="list-style-type: none"> <li>- Decrease in total liabilities from bonds repayment, decrease in short-term loans from and amounts due to related parties</li> <li>- Paid dividend Baht 2.76 billion (Baht 0.11/share) in May'07</li> </ul>
<b>Products</b>	<ul style="list-style-type: none"> <li>- Continue growing in sales of Archa beer, and Hong Thong</li> <li>- Low alcohol beer is still growing</li> <li>- Raised the selling price of leading brown spirits brands to improve sales revenue</li> </ul>

# Interim Dividend Announcement

## Interim Dividend Announcement

<u>Date</u>	
14-Aug-07	The Board of Directors' Meeting approved for an interim dividend payment Amount: Baht 3,013 million Baht/Share: Baht 0.12 % of Net Profit: 57.3%
27-28 Aug-07	XD
29-Aug-07	Close Book Date
11-Sep-07	Pay dividend

# H1'07: Consolidated Financial Highlights

Group	H1'06	H1'07	Change
Sales Revenue	47,780	49,107	2.8%
COGS	(33,633)	(34,590)	
<i>% of Sales Revenue</i>	<i>70.4%</i>	<i>70.4%</i>	
SG&A	(6,086)	(6,216)	
<i>% of Sales Revenue</i>	<i>12.7%</i>	<i>12.7%</i>	
EBITDA	10,432	10,925	4.7%
Net Profit	5,083	5,260	3.5%
<u>Margin*</u>			
EBITDA	21.8%	22.2%	
Net Profit	10.6%	10.7%	

\* margins are % of sales revenue

The background of the slide is a microscopic view of a beverage, showing a dense field of small, circular, golden-brown particles, likely yeast or bacteria, suspended in a liquid. The lighting is bright, creating a shimmering effect on the particles.

# Business Segments



# Beer

Beer	H1'06	H1'07	Change
Sales Revenue	22,820	23,452	2.8%
COGS	(17,381)	(17,901)	
<i>% of Sales Revenue</i>	<i>76.2%</i>	<i>76.3%</i>	
SG&A	(3,285)	(3,316)	
<i>% of Sales Revenue</i>	<i>14.4%</i>	<i>14.1%</i>	
EBITDA	3,128	3,436	9.8%
Net Profit	1,084	1,029	-5.1%
<u>Margin*</u>			
EBITDA	13.7%	14.7%	
Net Profit	4.8%	4.4%	

\* margins are % of sales revenue

<u>Sales revenue</u>	UP	increase in low alcohol beer sales volume
<u>COGS (%)</u>	UP	increase in depreciation
<u>SG&amp;A (%)</u>	DOWN	decrease in free beer covered higher employee expenses
<u>EBITDA</u>	UP	increase in sales, decrease in free beer
<u>Net Profit</u>	DOWN	higher depreciation cost from expansion of brewery



# Beer: Volume

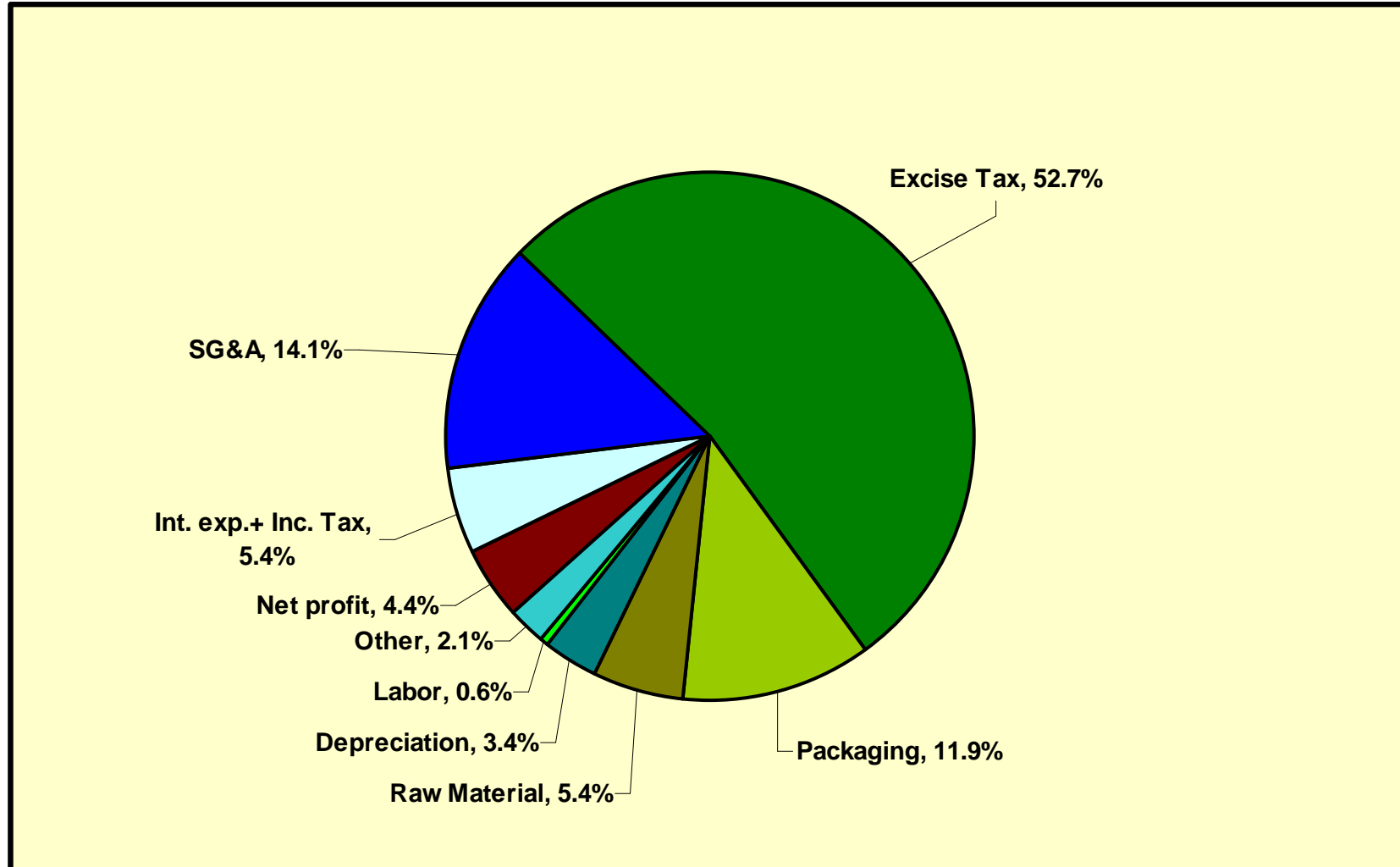
<b>Beer</b>	<b>H1'06</b>	<b>H1'07</b>	<b>Change</b>
<i>(Million Litres)</i>			
Chang	432	329	-23.8%
Low alcohol beer	18	135	666.7%
<b>Total</b>	<b>449</b>	<b>464</b>	<b>3.3%</b>
Free Beer*	8.2%	6.7%	-18.3%

\* Percentage of total beer sales volume

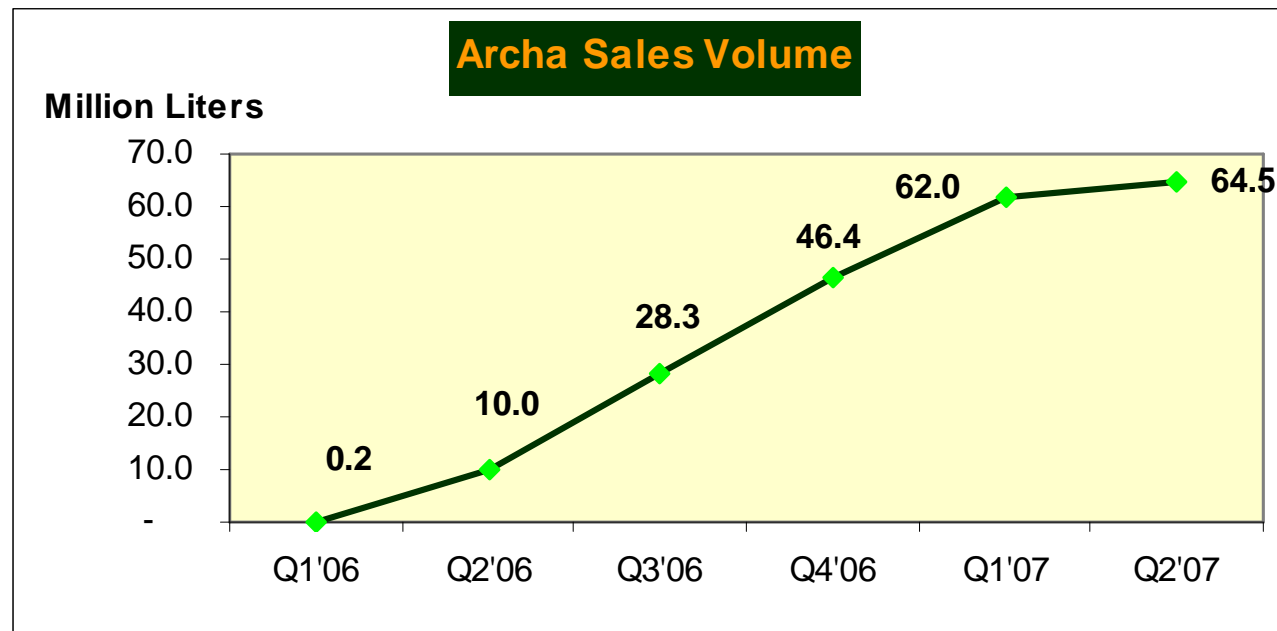
<b>Soda &amp; Water</b>	<b>H1'06</b>	<b>H1'07</b>	<b>Change</b>
<i>(Million Litres)</i>			
Soda	7.3	6.1	-17.3%
Water	21.2	21.2	-0.1%

# Beer: Revenue-Cost Break Down

(% of total revenue)



# Beer: Cont. growth in Archa beer



# Spirits

Spirits	H1'06	H1'07	Change
Sales Revenue	25,263	26,100	3.3%
COGS	(15,882)	(16,843)	
<i>% of Sales Revenue</i>	<i>62.9%</i>	<i>64.5%</i>	
SG&A	(3,477)	(3,437)	
<i>% of Sales Revenue</i>	<i>13.8%</i>	<i>13.2%</i>	
EBITDA	7,088	7,111	0.3%
Net Profit	4,115	4,104	-0.3%
<u>Margin*</u>			
EBITDA	28.1%	27.2%	
Net Profit	16.3%	15.7%	

\* margins are % of sales revenue

<u>Sales revenue</u>	UP	increase in brown spirits sales volume
<u>COGS (%)</u>	UP	the effect of high molasses price Q1'07, due to the average price of carried over stock
<u>SG&amp;A (%)</u>	DOWN	decrease of free goods
<u>EBITDA</u>	UP	decrease of free goods
<u>Net Profit</u>	DOWN	higher COGS from high molasses price in Q1'07, increase in depreciation

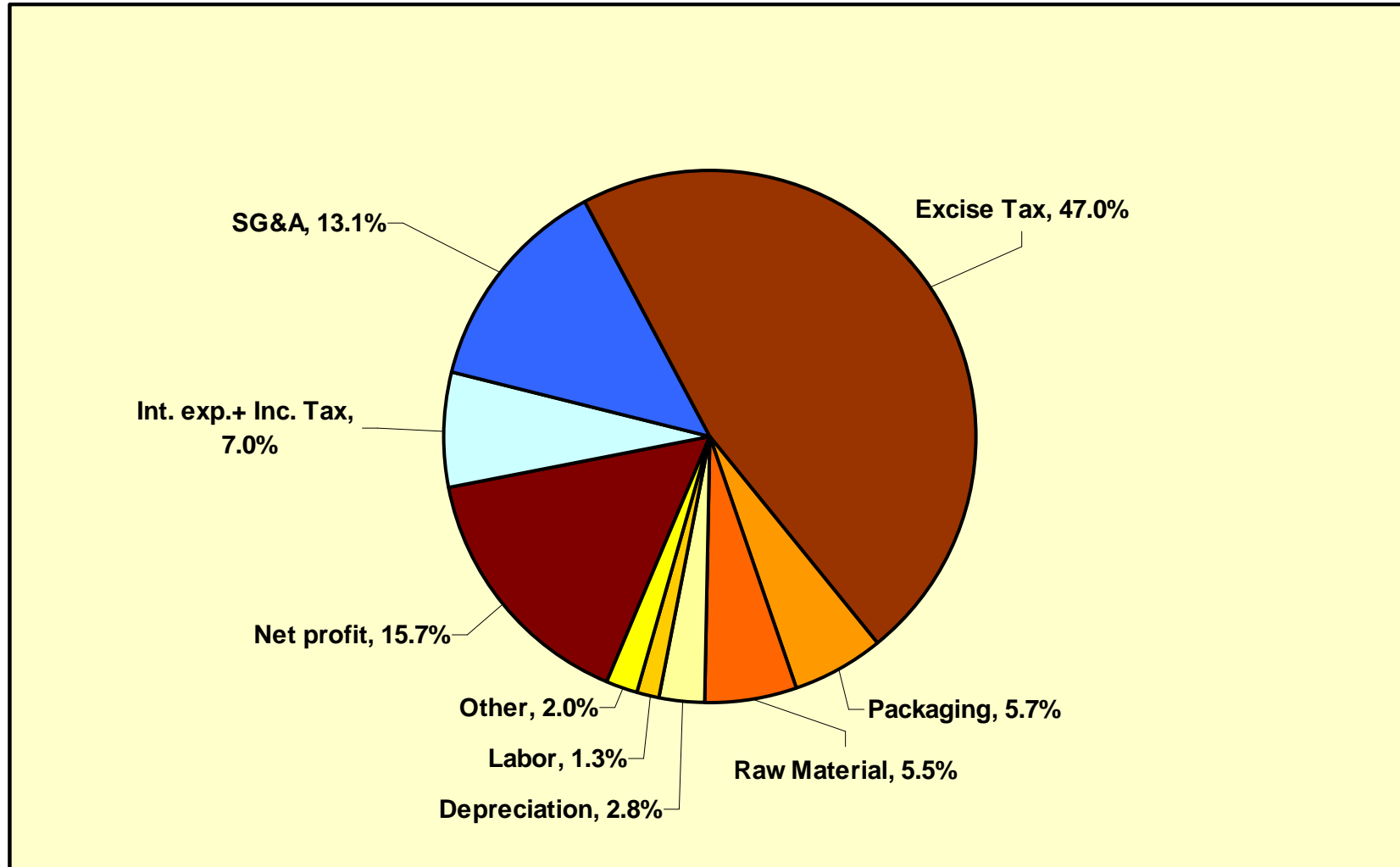


# Spirits: Volume

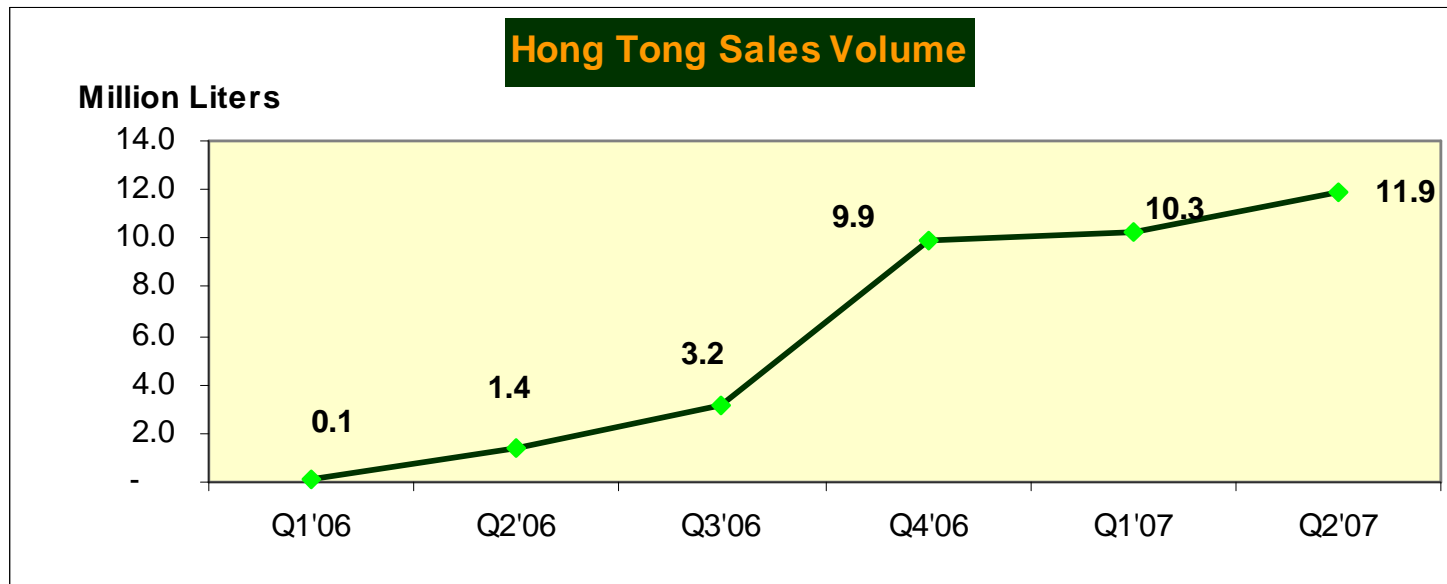
Spirits	H1'06	H1'07	Change
<i>(Million Litres)</i>			
White	186	169	-9.2%
Brown	54	62	15.2%
Total	240	231	-3.7%
Free White Spirits	1.0%	0.9%	-17.1%
Free Brown Spirits	3.4%	0.6%	-83.6%

# Spirits: Revenue-Cost Break Down

(% of total revenue)



# Spirits: Cont. growth in Hong Thong





# Spirits: Raise price of brown spirits

In May'07, Company raised the selling price of leading brown spirits brands to improve sales revenue.

Brands	Selling Price Increase per Crate* (Baht)			
	Full Bottle	Change	Half Bottle	Change
Hong Thong	110	7.1%	118	15.3%
Sangsom	120	5.5%	60	5.6%
Mekhong	110	7.7%	55	7.7%
Blend 285	150	8.5%	N/A	N/A
Mungkorn Thong	None	None	118	16.6%

\* 1 Crate = 12 Bottles

# Industrial Alcohol

Industrial Alcohol	H1'06	H1'07	Change
Sales Revenue	213	349	63.8%
COGS	(160)	(321)	
<i>% of Sales Revenue</i>	<i>75.1%</i>	<i>92.0%</i>	
SG&A	(103)	(63)	
<i>% of Sales Revenue</i>	<i>48.4%</i>	<i>18.1%</i>	
EBITDA	11	78	609.1%
Net Profit	(83)	(36)	56.6%
<u>Margin*</u>			
EBITDA	5.2%	22.3%	
Net Profit	-39.0%	-10.3%	

\* margins are % of sales revenue

Ethanol	H1'06	H1'07	Change
Volume (M Litres)	8	14	75.2%
Avr. Price (Baht/Litre)	22.64	21.25	-6.1%

<u>Sales revenue</u>	UP	increase of Ethanol sales volume, but lower price/unit
<u>COGS (%)</u>	UP	the lower price/unit made % of COGS higher
<u>SG&amp;A (%)</u>	DOWN	decrease in idle cost
<u>EBITDA</u>	UP	increase of Ethanol sales, decrease in idle cost
<u>Net Loss</u>	DOWN	increase of Ethanol sales, decrease in idle cost and interest exp.

# Related Business

Related Business	H1'06	H1'07	Change
Sales Revenue	3,573	3,249	-9.1%
COGS	(3,236)	(2,811)	
<i>% of Sales Revenue</i>	<i>90.6%</i>	<i>86.5%</i>	
SG&A	(240)	(219)	
<i>% of Sales Revenue</i>	<i>6.7%</i>	<i>6.7%</i>	
EBITDA	284	265	-6.7%
Net Profit	44	124	181.8%
<u>Margin*</u>			
EBITDA	7.9%	8.2%	
Net Profit	1.2%	3.8%	

\* margins are % of sales revenue

<u>Sales revenue</u>	DOWN	high base of H1'06 revenue from FIFA marketing activities
<u>COGS (%)</u>	DOWN	cost control
<u>SG&amp;A (%)</u>	STABLE	
<u>EBITDA</u>	DOWN	decrease in sales
<u>Net Profit</u>	UP	increase in gross profit margin

# Progress in Overseas Business

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- International Beverage Holdings Limited (IBHL) continued to focus on integrating Inver House Distillers into current operations and establishing routes to markets for the Group's products internationally. Inver House Distillers owns 5 malt distilleries and a number of Scotch whisky brands. It exports to over 80 countries worldwide and better than expected sales of Scotch whisky contributed positively to IBHL's business during the first six months of 2007.
- In June 2007, ThaiBev ceased negotiations over the acquisition of Anhui Gujing Group Limited.
- Business in other markets where IBHL has a presence continued to develop according to plan in the second quarter of 2007. The period also marked the first shipment of Chang Export beer to the USA and the re-launch of Chang beer in the UK market.



# Financial

# Interest Bearing Debt

Interest Bearing Debt	31-Dec-06	30-Jun-07
<i>(Million Baht)</i>		
<b>Current</b>		
Bank overdrafts	1,883	550
Short-term loans from financial institutions	4,870	6,470
Short-term guaranteed bonds	2,200	-
Current portion of long-term guaranteed bonds	2,300	5,300
Current portion of long-term loans	1,500	2,262
Short-term loans from and amounts due to related parties	4,838	1,623
	17,591	16,205
<b>Non-current</b>		
Long-term guaranteed bonds	3,000	-
Long-term loans from financial institutions	3,755	4,743
	6,755	4,743
<b>Total</b>	24,346	20,948

# Financial Ratios

Ratios	31-Dec-06	30-Jun-07
Current Ratio	1.28	1.42
Total Debt to Equity	0.63	0.54
Net Asset Value per Share (Baht)	2.21	2.19
Net Asset Value per Share (SGD)*	0.10	0.10

\* exchange rate at THB 23: SGD 1

Turnovers (days)	Jan-Dec 06	Jan-Jun 07
A/R Turnover	5	4
Inventory Turnover		
<i><u>Beer/water Business</u></i>		
Finished Goods	12	16
Raw Material	4	5
<i><u>Spirits Business</u></i>		
Finished Goods (exc. Legacy Stocks)	75	83
Raw Material	8	14

Current ratio

UP

increase in cash and inventories

Debt ratio

DOWN

bonds repayment

# Q&A