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# Thai Beverage Plc

## Investor Presentation

by Richard Jones

Head of Investor Relations

The Initial Public Offering of shares of Thai Beverage Plc was sponsored by  
Deutsche Bank AG, Singapore Branch,  
J.P. Morgan (S.E.A) Limited  
Merrill Lynch (Singapore) Pte. Ltd.

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that could cause actual results, performance or events to differ materially from those in the statements as originally made.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



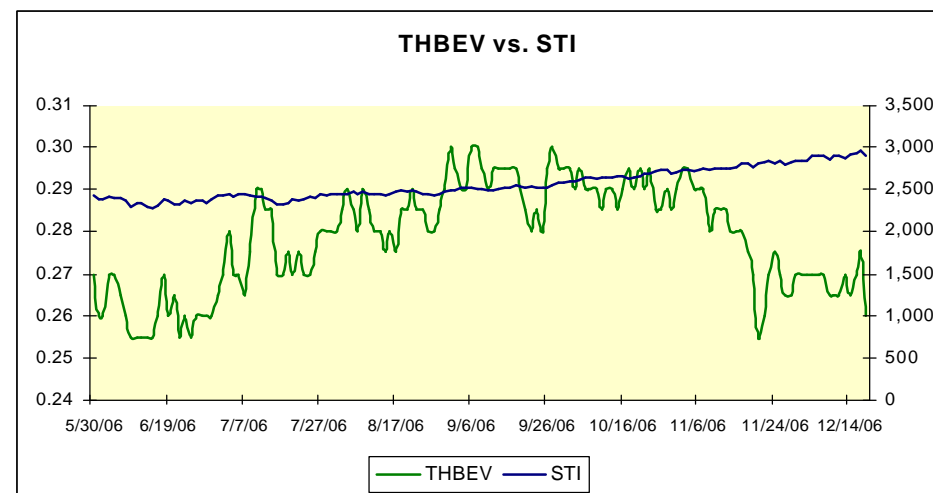
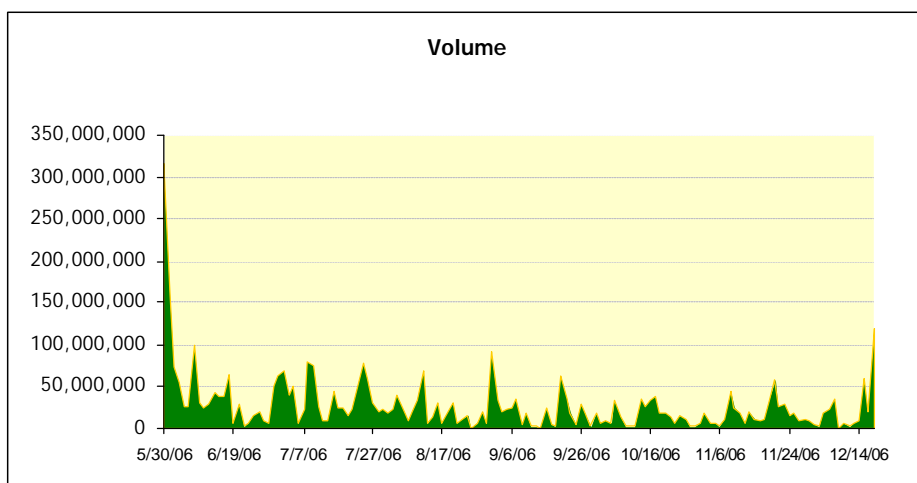
# Dividend Policy:

not less than 50% of net profit after deducting all appropriated reserves



■ Shares outstanding	25,110 million	
■ Free float % (approx.)	21.7%	
■ Major shareholders		
• Sirivadhanabhakdi family	64%	
• Other private investors	8%	
■ Market cap S\$	6.8 bn*	
■ Market cap US\$	4.4 bn	
■ Market cap THB	158.0 bn	
■ IPO data (billions of shares)		
– New shares issued	2.44445	10%
– Total shares offered	4.8889	20%
• Shares for institutions	4.64446	19%
• Shares for Sing retail	0.24444	1%
– Shares for over allotment (new shares)	0.66558	3%

THB : SGD 1	23.7
Net Profit (M) (6 months '06)	Baht 5,109
Unaprop. RE (M) (6 months '06)	Baht 17,484
Number of Shares (M)	25,110
Interim Dividend (M)	Baht 2,762
Portion of Net Profit	54%
Per share	Baht 0.11
Per share	SGD 0.005
Share close	SGD 0.285
Dividend Yield (per annum)	3.26%



\*early December

The average volume of THBEV from May 30 – Dec 22 = 27,061,701 shares

Source: www.shareinvestor.com, Reuters

# Company Strategies

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Maintain market leadership

Expand into new profitable segments

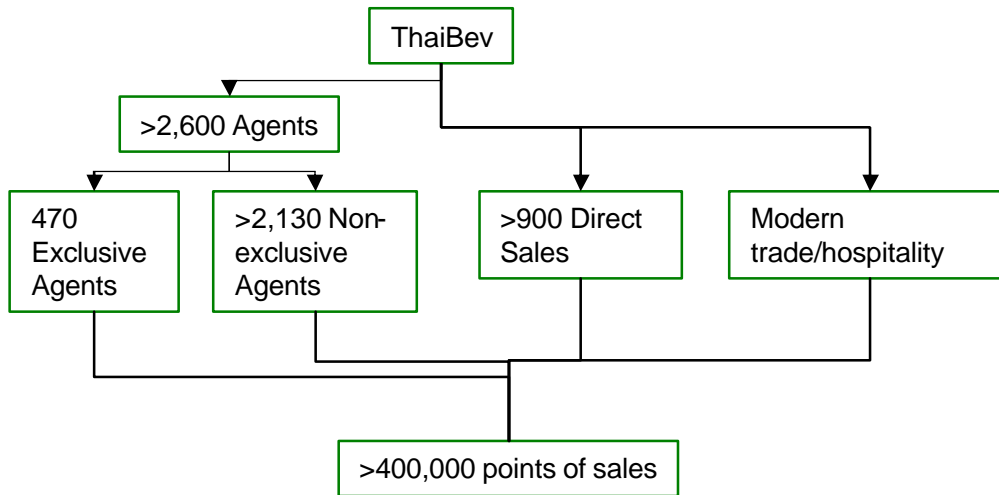
Continue brand investment

Leverage infrastructure and distribution network

Establish platform for international expansion

- ✍ Manage the marketing mix and control the pricing of individual brands
- ✍ Expand into new profitable segments by launching higher margin products in higher priced segments (premiumization)
- ✍ Continue investing in our existing brands through integrated marketing communications and ongoing premiumization
- ✍ Leverage our existing infrastructure and extensive distribution network
- ✍ establish a platform for international expansion

# The Keys to Our Growth



- ✍ Extensive distribution network to 400,000 points of sale
- ✍ The extensive range of our distribution channels gives us the opportunity to deliver newer products faster to the market
- ✍ 17 distilleries nationwide are a threat to new entrants

# Financials

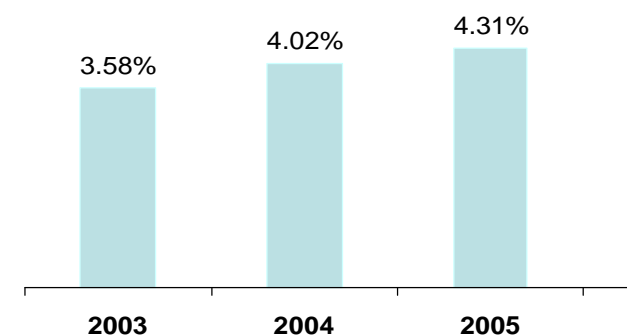
(Btmn)	2003	2004	2005	Q1/2006	Q2/2006	Q3/2006
Revenues from sales	91,630	90,126	92,091	22,732	23,900	20,745
- Beer	52,085	47,749	42,264	10,791	11,970	9,996
- Spirits	38,713	42,189	49,910	12,034	12,072	10,896
COGS	66,830	63,603	63,143	15,669	17,163	14,616
% of sales	73%	71%	69%	69%	72%	70%
SG&A	11,173	11,115	12,517	3,031	2,775	2,782
% of sales	12%	12%	14%	13%	12%	13%
Gross Profits	24,800	26,523	28,948	7,064	6,737	6,129
EBIT	15,182	15,901	16,718	4,066	4,013	3,384
EBITDA	19,293	20,195	21,000	5,109	5,189	4,449
Net profit	6,928	10,417	10,409	2,565	2,544	2,285
Margin						
- Gross Profits	27%	29%	31%	31%	28%	30%
- EBIT	17%	18%	18%	18%	17%	16%
- EBITDA	21%	22%	23%	22%	22%	21%
- Net Profit	8%	12%	11%	11%	11%	11%
Cash Flow					<u>9 mths/06</u>	
- Operating Cash Flow	23,454	15,152	28,463		7,120	
- CAPEX	(3,061)	(3,071)	(7,220)		(2,359)	
- Free Cash Flow	20,393	12,081	21,243		4,761	
Total Assets	91,506	89,121	81,211	81,325	81,010	80,840
Equity and Minority	24,936	33,363	31,366	28,626	47,194	51,009
Net debt	53,015	46,241	37,136	35,671	22,139	21,097
Net debt/Equity	2.13	1.39	1.18	1.25	0.47	0.41

\* EBIT = Earning before Interest Expense and Tax

\* EBITDA = Earning before Interest Expense, Tax, Depreciation and Amortization

Source: IPO Prospectus and Company's Consolidated Financial Statements (Thai GAAP)

## Employee Cost as % of Total Revenue



# Major Beer Brands on Sale in Thailand

## Beer Brands 2005 Share (by volume)

<i>Premium</i>			<i>Standard</i>			<i>Economy</i>		
Brands	Producer	% Share	Brands	Producer	% Share	Brands	Producer	% Share
Heineken	Thai Asia Pacific	69.6	Singha	Boonrawd	95.1	<b>Chang</b>	<b>ThaiBev</b>	<b>63.9</b>
Asahi	Boonrawd	1.4	Tiger	Thai Asia Pacific	3.6	Leo	Boonrawd	34.9
Kloster	Boonrawd	1.3	Blue Ice	San Miguel	1.3	Cheers	Thai Asia Pacific	0.4
Corona	CVS Syndicate	0.2				<b>Archa</b>	<b>ThaiBev</b>	<b>0.4</b>
Others		27.5				Red Horse	San Miguel	0.3
						Thai Beer	Boonrawd	0.2
Sector Volume ('000 HL)		1,311			1,727			14,252
Sector Volume as % of total market		8%			10%			82%

## Market Share 2005

ThaiBev	53%
Boonrawd	39%
Thai Asia Pacific	6%

Source: Canadean, The Beer Service Annual Report - 2006 Cycle, Thailand

# Beer



Chang



Chang Light



Chang Draught



Archa

<b>Alcohol Content</b>	6.4%	4.2%	5.0%	5.4%
<b>Positioning</b>	Economy (Rural)	Upper Economy/Standard (Urban)	Light Economy (Urban)	Light Economy (Urban)
<b>Price / Bottle</b>	Bt 33-35 / 640ml	Bt 40 / 640ml	Bt 35-38 / 640ml	Bt 33-35 / 640ml
<b>Key Competitors</b>	Leo	Singha / Singha Light / Heineken	Leo / Singha	Leo



# Beer Sales

<i>(in million Baht)</i>	2003	2004	2005	Q1/2005	Q1/2006	Q2/2005	Q2/2006	Q3/2005	Q3/2006
Revenue from Beer sales	52,085	47,749	42,264	10,539	10,791	10,665	11,970	9,275	9,996
Interest income	28	11	9	18	0	5	6	2	3
Other income	214	307	141	11	10	40	11	82	9
<b>Total Beer revenues</b>	<b>52,327</b>	<b>48,067</b>	<b>42,414</b>	<b>10,568</b>	<b>10,801</b>	<b>10,710</b>	<b>11,988</b>	<b>9,359</b>	<b>10,009</b>
Cost of sales	39,641	36,847	32,544	8,341	8,186	7,975	9,193	7,260	7,718
Selling and administrative expenses	4,970	4,580	6,954	1,635	1,548	1,846	1,653	1,692	1,467
<b>EBIT</b>	<b>7,716</b>	<b>6,640</b>	<b>2,917</b>	<b>592</b>	<b>1,067</b>	<b>889</b>	<b>1,142</b>	<b>407</b>	<b>824</b>
<b>EBITDA</b>	<b>9,559</b>	<b>8,587</b>	<b>4,835</b>	<b>1,071</b>	<b>1,535</b>	<b>1,374</b>	<b>1,614</b>	<b>885</b>	<b>1,298</b>
Interest expense	295	285	350	93	89	117	61	82	49
Income tax expense	1,938	1,704	1,332	307	455	312	495	231	393
<b>Net profit</b>	<b>5,483</b>	<b>4,651</b>	<b>1,235</b>	<b>192</b>	<b>523</b>	<b>459</b>	<b>586</b>	<b>94</b>	<b>381</b>
CoS as % of rev	76%	77%	77%	79%	76%	75%	77%	78%	77%
S&A as % of rev	10%	10%	16%	16%	14%	17%	14%	18%	15%
Net profit margin	11%	10%	3%	2%	5%	4%	5%	1%	4%
Gross profit margin	24%	23%	23%	21%	24%	25%	23%	22%	23%
EBIT Margin	15%	14%	7%	6%	10%	8%	10%	4%	8%
EBITDA Margin	18%	18%	11%	10%	14%	13%	13%	10%	13%

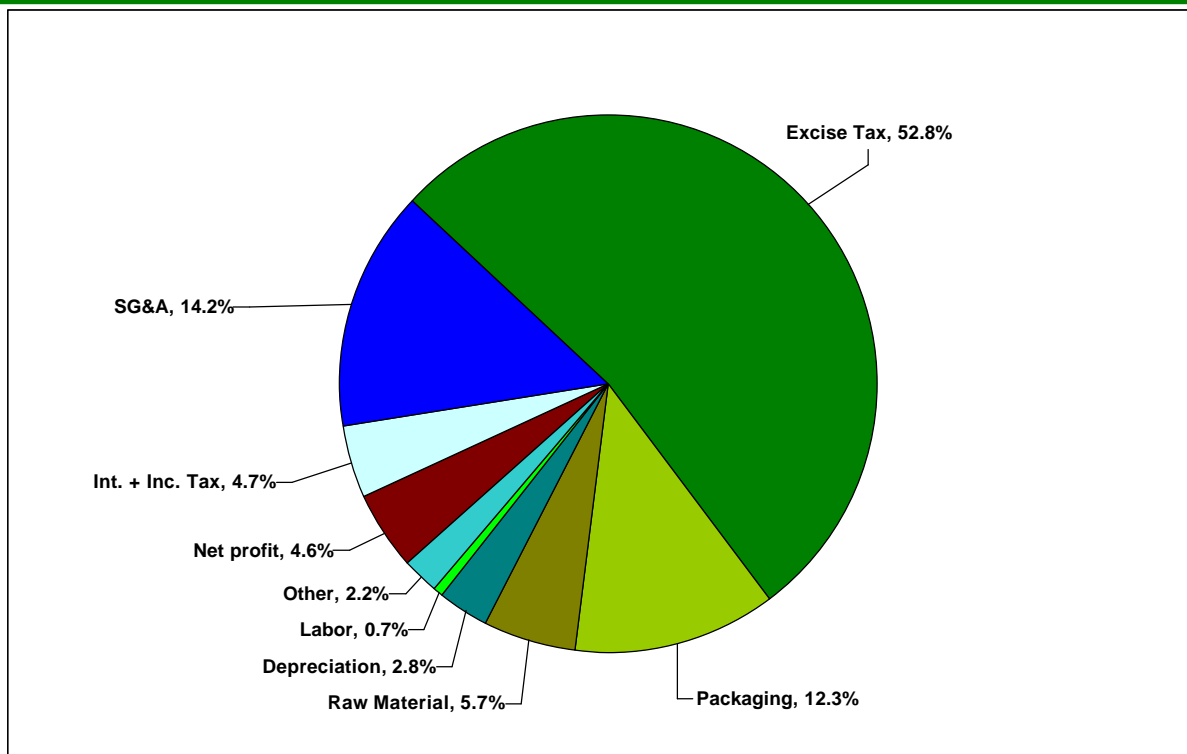
\* EBIT = Earning before Interest Expense and Tax

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Source: IPO Prospectus and Company's Consolidated Financial Statements (Thai GAAP)

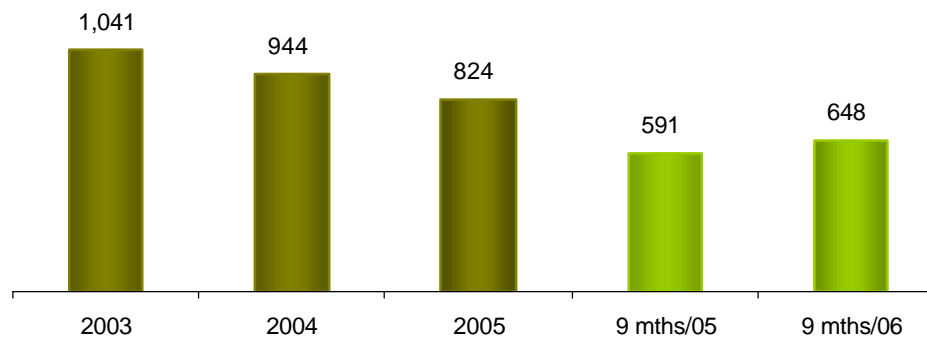
# Cost Structure and Beer Volume

9 mths/06  
(% of sales)



Source: Q3/06 Financial Statements

Beer Sales Volumes  
(m liters)



\* Sales volumes for domestic and export

# Major Spirit Brands on Sale in Thailand

## Spirits Brands 2005 Share (by volume)

<i>Local white spirits</i>			<i>Local brown spirits, admixes</i>			<i>Scotch whisky</i>			<i>Premium imported spirits</i>		
Brands	Producer	% Share	Brands	Producer	% Share	Brands	Producer	% Share	Brands	Producer	% Share
Ruang Khao	Thaibev	74%	Sangsom	Thaibev	48%	100 Pipers	Pernod Ricard	77%	JW Black	Pernod Ricard	24%
Pai Thong	Thaibev	5%	Mungkorn Thong	Thaibev	15%	JW Red	Pernod Ricard	5%	Chivas Regal	Pernod Ricard	9%
Chinese Herbal	Thaibev	2%	Mekhong	Thaibev	8%	Spey Royal	Pernod Ricard	6%	Other		67%
Community Producers		18%	Crown 99	Thaibev	3%	Other		12%			
			Master Blend	Pernod Ricard	5%						
			Singha Haraj	The United Products	2%						
			Other		20%						
Sector Volume ('000 9 Litre Cases)		51,000			18,211			3,490			838
Sector Volume as %		69%			25%			5%			1%

Market Share 2005	
ThaiBev	75%
Others	19%
Pernod Ricard	6%

Source: Canadean, The Spirits Service Annual Report - 2006 Cycle, Thailand

# Spirits

Mungkorn Thong Mekhong



Hong Thong



- Repackaged, revamped and relaunched Hong Thong

Blend 285



- Quality blended spirits

Sangsom



- Sangsom to be introduced in gift boxes

Crown 99



- Admix whisky made from quality imported malt from Scotland

Blue



- New choice to admix to tap low end scotch segment

- Bt 115/ 750 ml

- Bt 135/750 ml

- Bt 150/700ml

- Bt 170/700ml

- Bt 190/700ml

- Bt 200/700ml

- Bt 260/700ml

Existing White Spirit portfolio has limited brand differentiation



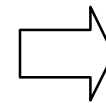
Ruang Khao

Pai-Thong

Chiang-Chun

Sua Dum

Launching Niyomthai to Establish a National brand of White Spirits



30°

35°

40°

Many white spirit products with no established branding

- Regional based
- Limited brand recognition

Niyomthai

- National Brand
- Utilization improvement opportunity
- Higher margins

# Spirits Sales



<i>(in million Baht)</i>	2003	2004	2005	Q1/2005	Q1/2006	Q2/2005	Q2/2006	Q3/2005	Q3/2006
Revenue from Spirits sales	38,713	42,189	49,910	12,319	12,034	12,030	12,072	11,714	10,896
Interest income	447	6	42	1	0	9	8	0	4
Other income	495	172	104	20	28	30	28	34	24
<b>Total Spirits Revenues</b>	<b>39,655</b>	<b>42,367</b>	<b>50,056</b>	<b>12,340</b>	<b>12,062</b>	<b>12,069</b>	<b>12,108</b>	<b>11,748</b>	<b>10,924</b>
Cost of sales	26,339	26,090	29,920	7,084	7,353	7,378	7,730	7,008	6,906
Selling and administrative expenses	6,420	7,031	6,656	1,453	1,675	1,398	1,511	1,602	1,542
<b>EBIT</b>	<b>6,897</b>	<b>9,246</b>	<b>13,479</b>	<b>3,803</b>	<b>3,035</b>	<b>3,293</b>	<b>2,867</b>	<b>3,138</b>	<b>2,477</b>
<b>EBITDA</b>	<b>8,964</b>	<b>11,391</b>	<b>15,618</b>	<b>4,329</b>	<b>3,556</b>	<b>3,825</b>	<b>3,395</b>	<b>3,677</b>	<b>3,010</b>
Interest expense	2,488	1,401	1,144	267	320	223	342	281	169
Income tax expense	1,203	2,609	3,249	1,101	587	809	515	721	450
<b>Net profit</b>	<b>3,205</b>	<b>5,236</b>	<b>9,086</b>	<b>2,436</b>	<b>2,128</b>	<b>2,261</b>	<b>2,010</b>	<b>2,136</b>	<b>1,858</b>
CoS as % of rev	68%	62%	60%	58%	61%	61%	64%	60%	63%
S&A as % of rev	17%	17%	13%	12%	14%	12%	13%	14%	14%
Net profit margin	8%	12%	18%	20%	18%	19%	17%	18%	17%
Gross profit margin	32%	38%	40%	42%	39%	39%	36%	40%	37%
EBIT Margin	18%	22%	27%	31%	25%	27%	24%	27%	23%
EBITDA Margin	23%	27%	31%	35%	30%	32%	28%	31%	28%

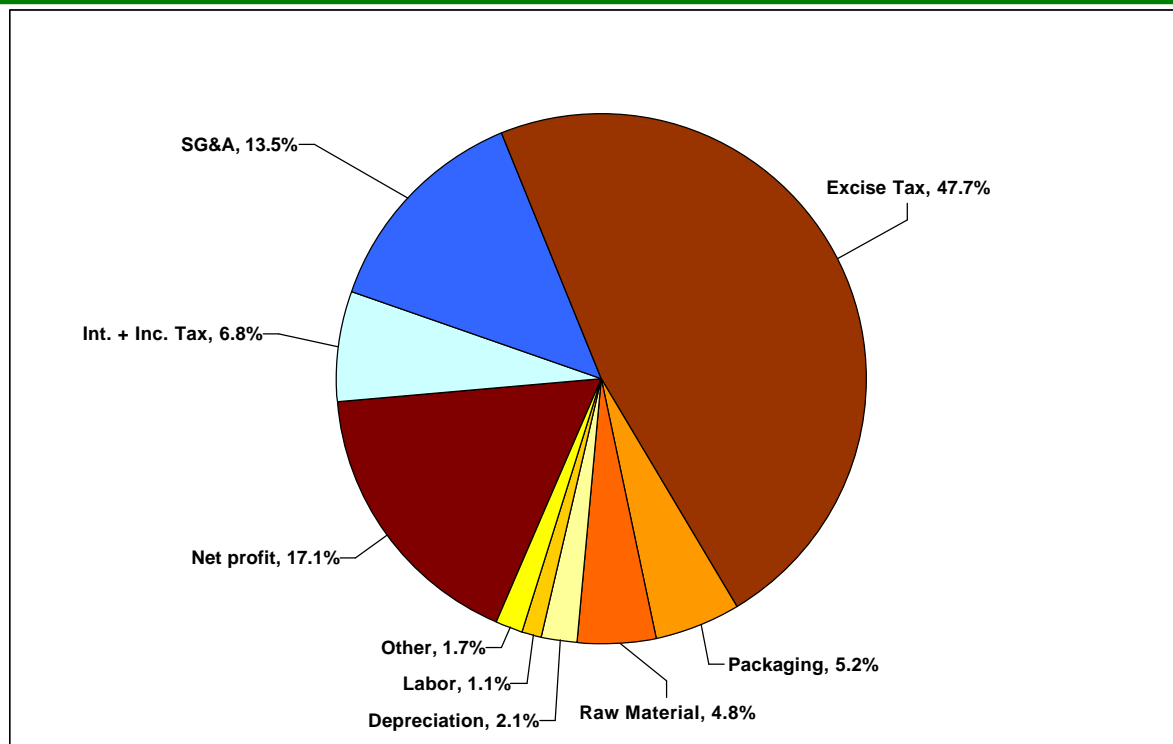
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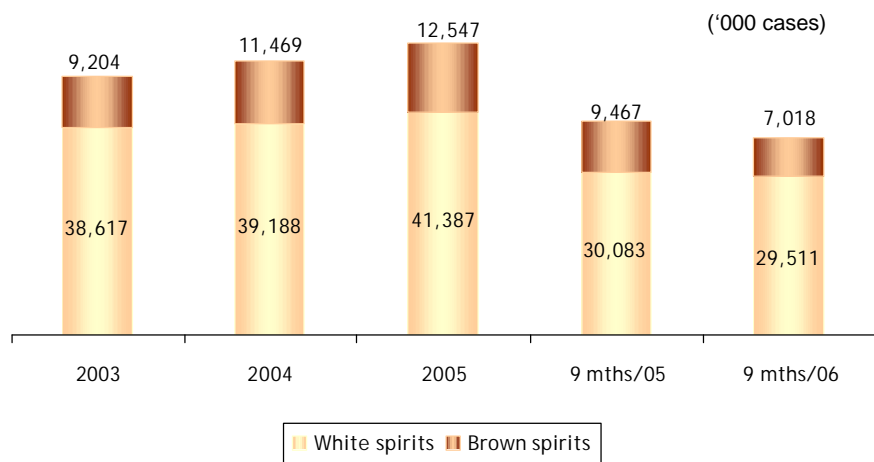
Source: IPO Prospectus and Company's Consolidated Financial Statements (Thai GAAP)

# Cost Structure and Spirit Volume

9 mths/06  
(% of sales)



Source: Q3/06 Financial Statements



Sales volumes

	2003	2004	2005	9 mths/05	9 mths/06
White spirits	80.8%	77.4%	76.7%	76.1%	80.8%
Brown spirits	19.2%	22.6%	23.3%	23.9%	19.2%

# Taxes are the Company's Largest Cost

<u>Product</u>	<u>Ad Valorem Rate</u> (Ex-factory)	<u>Specific Rate</u> Unit	<u>Bt/Unit</u>
<b>Fermented Liquor:</b>			
Beer	55%	Liter of pure alcohol	100
Wine & Sparkling wine from grapes	60%	Liter of pure alcohol	100
Local fermented liquor	25%	Liter of pure alcohol	70
Other	25%	Liter of pure alcohol	70
<b>Distilled Liquor</b>			
White spirits	25%	Liter of pure alcohol	70
Compounded spirits (Hong, Mungkorn , Chinese Herb)	50%	Liter of pure alcohol	240
Blended spirits (Mekhong)	50%	Liter of pure alcohol	400
<b>Special spirits</b>			
Brandy	40%	Liter of pure alcohol	400
Whisky	50%	Liter of pure alcohol	400
Other (Sang Som, Crown99, Blue)	50%	Liter of pure alcohol	400
<b>Ethyl Alcohol:</b>			
used in industry	2%	Liter	1
used in medicine, pharmaceuticals, science	0.10%	Liter	0.05
other	10%	Liter of pure alcohol	6

**+ Municipal Taxes: 10% of Excise**

**+ Health Promotion Fund Contribution: 2% of Excise**

**The Company will be charged at whichever rate is higher.**

# CAPEX & Cost Structure

Current total beer production capacity is 1,090 mm L and will be 1,550 mm L after the expansion of Khamphaeng Phet is completed  
 We also produce soda and water at these facilities; the combined capacity is 700 mm L per year  
 Most of the 7.2 bn Bt CAPEX for Khamphaeng Phet has been spent

(in million Baht)

Capital Expenditure (Bt mm)	2003	2004	2005	2006 (F)	2007 (F)
Beer and Water	661	1,553	6,389	1,841	593
Spirits	1,987	1,019	400	2,582	1,176
Alcohol/Related	413	499	432	523	150
<b>Total</b>	<b>3,061</b>	<b>3,071</b>	<b>7,220</b>	<b>4,946</b>	<b>1,918</b>
Operating Cash Flow (Bt mm)	23,454	15,152	28,463	N/A	N/A

Planned capex to 2007	Billion Baht
Kamphaeng Phet	7.2
Biogas (water treatment system)	0.9
Bang Ban water filtration system	0.8
Sangsom packaging lines	0.8
Distilleries' packaging lines	0.3
Glass bottle recycle terminal	0.5
Cosmos Brewery water filtration system	0.1
<b>Total</b>	<b>10.6</b>

(in million Baht)	9 mths/06				
	Beer/water	Spirits	Alcohol	Related	Total
<b>Gross capital expenditure</b>					
- Fixed assets	959.2	1,333.0	53.2	13.6	2,359.0
- Intangible assets	4.1	5.0	0.2	0.5	9.7
Depreciation	1,412.7	1,563.0	90.2	73.4	3,139.3
Amortisation	1.5	19.4	0.1	122.8	143.8

Source: Q3/06 Financial Statements

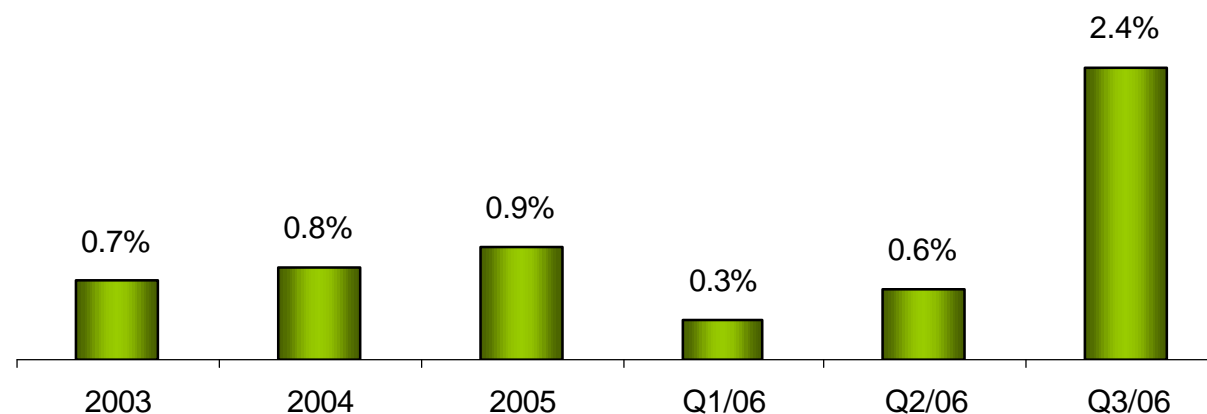
		<b>Capacity of ThaiBev Breweries (mn L/pa)</b>
Current total beer production capacity	1090 mm L	Bang Ban 530
Current total soda & water production capacity	700 mm L	Kamphaengphet 440 and 460 mn L additional expansion in 2007
Current total spirit production capacity	790 mm L	Wang Noi 120



# Industrial Alcohol & Others

<i>(million litres)</i>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>Q1 2006</u>	<u>Q2 2006</u>	<u>Q3 2006</u>
Ethyl alcohol of 95 degrees	55.95	57.56	32.18	0.65	0.41	0.21
Ethanol of 99.5 degrees	-	4.16	20.78	3.00	5.08	19.36
Acetic acid	-	-	0.19	0.08	-	0
Ethyl acetate	-	-	0.05	0.04	0.04	0.04
<b>Total</b>	<b>55.95</b>	<b>61.72</b>	<b>53.20</b>	<b>3.77</b>	<b>5.53</b>	<b>19.61</b>

Ind. Alcohol as % Total Rev.



# International Sales

Source: IPO Prospectus

	<b>2003</b>	<b>2004</b>	<b>2005</b>
<b><i>International vs Domestic Sales</i></b>			Billions of Baht
Domestic	90.8	89.2	91.4
International	0.8	0.9	0.7
<b><i>International Sales by Segment</i></b>			Millions of Baht
Beer	145	178	183
Spirits	70	80	95
<u>Ind Alc</u>	<u>594</u>	<u>613</u>	<u>418</u>
<b>Total</b>	<b>809</b>	<b>871</b>	<b>696</b>
<b><i>Overseas Markets for Beer and Spirits</i></b>			Millions of Baht
Cambodia	109	102	86
Singapore	38	21	29
Taiwan	29	43	46
UK	4	14	16
Others*	35	78	101

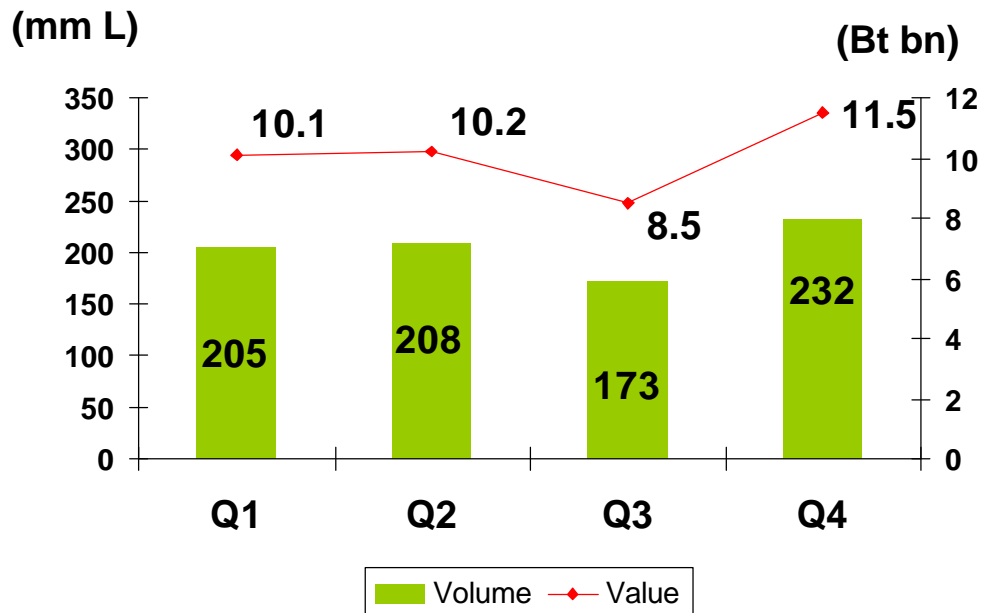
\* Australia, Belgium, Bhutan, Finland, France, Hong Kong, Ireland, Japan, the Netherlands, New Zealand, Norway, Sweden, Switzerland, and Vietnam

# Seasonal Sales:

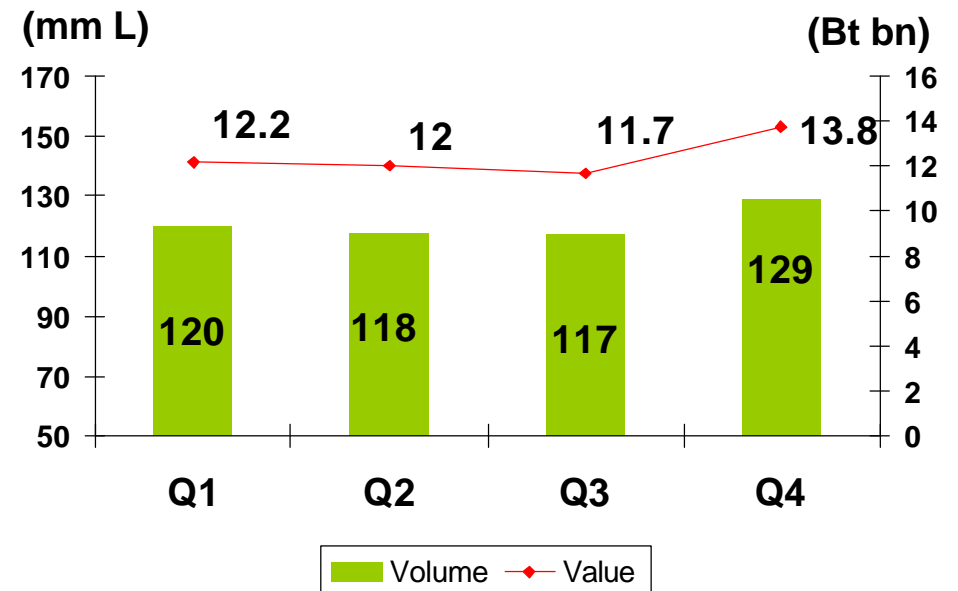


Look at Long Term Growth as Quarters can be Misleading

## Beer Domestic Sales 2005



## Spirit Domestic Sales 2005



- ✍ Q3 is the slowest period of the year because of the rainy season and the Buddhist Lent period
- ✍ Q4 is the best period of the year because of the kind weather (cold and dry), many holidays (Loy Kratong, King's birthday, New Year), and end of the Buddhist Lent period

# New Generation of Management



## **Director and Senior Vice President ThaiBev - Mr. Ueychai Tantha-Obhas**

- Former Chief Executive Officer and the Managing Director of Riche Monde (Bangkok) Ltd.
- Former Managing Director of Sarin Property Co., Ltd.,
- Former Group Product Manager of Colgate Palmolive Co., Ltd.



## **President and CEO InterBev Group - Barrie Jackson**

- 25 years in the international beverage business.
- Former Group Director with The Edrington Group, responsible for global sales, marketing and group strategy, building The Famous Grouse, Macallan and Cutty Sark brands.
- Five years as Director of Maxxium Worldwide BV (international distribution arm of Remy Cointreau, V & S); brands included Absolut, Jim Beam and TEG.
- Two years as Maxxium Group Chairman.



## **Chief Financial Officer InterBev Group - Michael Chye**

- More than 20 years experience in accounting, finance and investments in Asia.
- Worked for the Singapore Government and multi-national companies before joining the TCC Group.
- Former independent director and Audit Committee Chairman of public listed companies in Singapore.



## **President InterBev USA Inc - John Lennon**

- 22 years in the international beverage industry.
- Former President and CEO of Pyramid Breweries, a U.S. craft beer producer.
- Former President and CEO of Beck's North America.
- Former VP and General Manager of Guinness Caribbean and Latin America.
- Senior marketing and sales roles with Mexico's FEMSA Cerveza, Grand Metropolitan (now Diageo) and with Guinness in both the USA and Ireland.