

Thai Beverage PLC

9M'12 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that could cause actual results, performance or events to differ materially from those in the statements as originally made.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 2011, Thai Beverage Logistics Co., Ltd. (TBL), a direct subsidiary wholly owned by the Company, acquired Serm Suk Public Company Limited (Serm Suk), a Thai company currently listed on the Stock Exchange of Thailand. The Company has included the assets and liabilities of Serm Suk in the consolidated statements of financial position since 30 September 2011. The results of operations and cash flows were included in the consolidated statements of income and cash flows respectively since 1 October 2011 and not shown in the third quarter and the nine-month period ended 30 September 2011 used to compare with the corresponding period of this year.
- Serm Suk's operations were recognized under the non-alcoholic beverages business segment.
- Independent appraisal report to determine the fair values of Serm Suk as at the acquisition date in accordance with Thai Financial Reporting Standard no. 3 was finalized in the third quarter of 2012. The consolidated statement of financial position for the year ended 31 December 2011 for comparative purposes was restated to reflect the abovementioned fair values. Goodwill from the acquisition per previously assessed and reported at Baht 4,100 million was restated to Baht 3,975 million. Details of the restatement were disclosed in the note 3(a) to the financial statements of this period. The impacts to net profit which mainly due to the plant and equipment fair value per above to be depreciated over remaining useful lives, caused a decrease in net profit for the third quarter and the nine-month period ended 30 September 2012 about Baht 68 million and Baht 209 million respectively.

Understanding this Presentation

- For the year ended 31 December 2012, the standard corporate income tax rate in Thailand has been reduced from 30% to 23% in an effort to promote the competitiveness on the global market
- Starting from 1 April 2012, the 300-baht daily minimum wage was implemented in seven provinces of Thailand, the wage increased between 35.7% to 39.5%. The minimum wages in other provinces went up between 39.5% to 40% but was still lower than Baht 300 and will be further increased to Baht 300 with effective on 1 January 2013. Total effects to the Company salary and wages in FY2012 will be about Baht 100 million.
- The Ministry of Finance declared an increase in the excise taxes of certain categories of alcoholic beverages with effect from 22 August 2012 onwards. The excise tax is imposed by one of two methods, whichever is higher: an ad valorem rate or a specific rate. The ad valorem rate is a percentage of the ex-factory price. The specific rate is an amount in Baht on every one litre of pure alcohol of the product.
 - White spirits : the specific rate rose from Baht 120 to Baht 150 per litre of pure alcohol and was higher than the ad valorem rate which did not change.
 - Compounded spirits : the specific rate rose from Baht 300 to Baht 350 per litre of pure alcohol and was higher than the ad valorem rate which did not change.
 - Brandy : the ad valorem rate rose from 48% to 50% of ex-factory price and was higher than the specific rate which did not change.
 - There were no changes of excise taxes to beer and other special spirits.
 - The new excise taxes caused a rise in the Company's excise tax cost of white spirits, compounded spirits and brandy of about 25%, 16.7% and 4.2% respectively. However, the Company passed on the tax increase to its customers directly.

Understanding this Presentation

- In the third quarter of 2012, International Beverage Holdings Limited (IBHL), a direct subsidiary wholly owned by the Company, acquired about 29% ordinary shares of Fraser and Neave, Limited (F&N), a Singapore company currently listed on the Singapore Exchange Securities Trading Limited. The principal activities of F&N are: production and sale of soft drinks, dairy products, and beer; development of and investment in property; and printing and publishing which are carried out through subsidiary, joint venture and associated companies. The Company has recognized F&N operating results in the consolidated financial statements under the equity method by total instead of by business segments from the third quarter of 2012 onwards.

Understanding this Presentation

- 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

Consolidated: Q3'12 Highlights

(M Baht)

Group	Q3'11	Q3'12	Change
Sales Revenue	29,262	37,578	28.4%
COGS	(21,811)	(26,484)	
<i>% of Sales Revenue</i>	<i>74.5%</i>	<i>70.5%</i>	
SG&A	(3,899)	(5,189)	
<i>% of Sales Revenue</i>	<i>13.3%</i>	<i>13.8%</i>	
EBITDA	4,547	5,791	27.4%
Net Profit	2,613	3,041	16.4%
<i>Less: Non-controlling interests</i>	<i>(30)</i>	<i>(52)</i>	
Net Profit belonging to the Company	2,583	2,989	15.7%
<u>Margin*</u>			
EBITDA	15.5%	15.4%	
Net Profit	8.9%	8.1%	

* margins are % of sales revenue

Consolidated: 9M'12 Highlights

(M Baht)

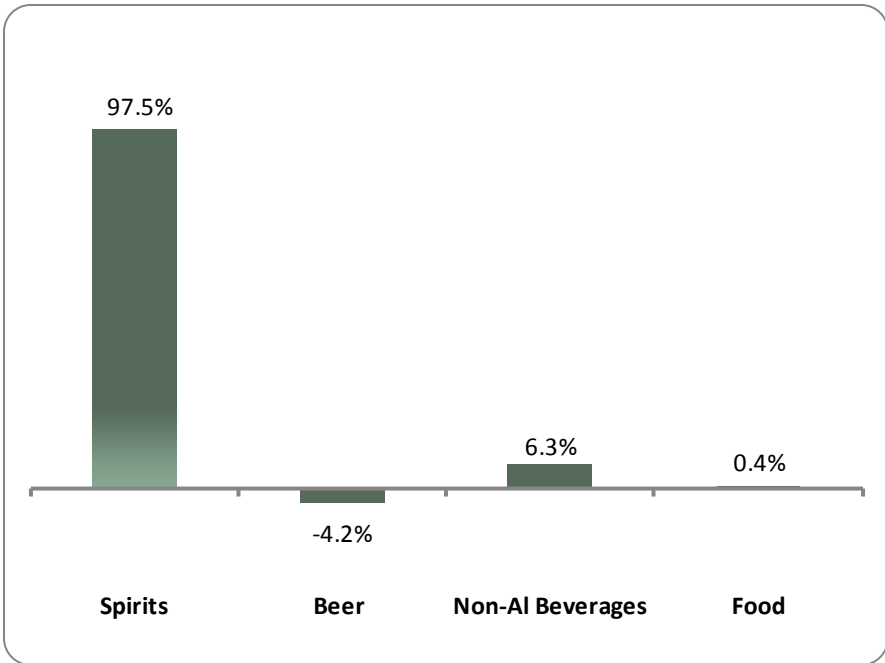
Group	9M'11	9M'12	Change
Sales Revenue	90,820	119,561	31.6%
COGS	(66,670)	(85,380)	
<i>% of Sales Revenue</i>	<i>73.4%</i>	<i>71.4%</i>	
SG&A	(12,079)	(16,018)	
<i>% of Sales Revenue</i>	<i>13.3%</i>	<i>13.4%</i>	
EBITDA	14,851	20,391	37.3%
Net Profit	8,721	12,666	45.2%
<i>Less: Non-controlling interests</i>	<i>(77)</i>	<i>(349)</i>	
Net Profit belonging to the Company	8,644	12,317	42.5%
<u>Margin*</u>			
EBITDA	16.4%	17.1%	
Net Profit	9.6%	10.6%	

* margins are % of sales revenue

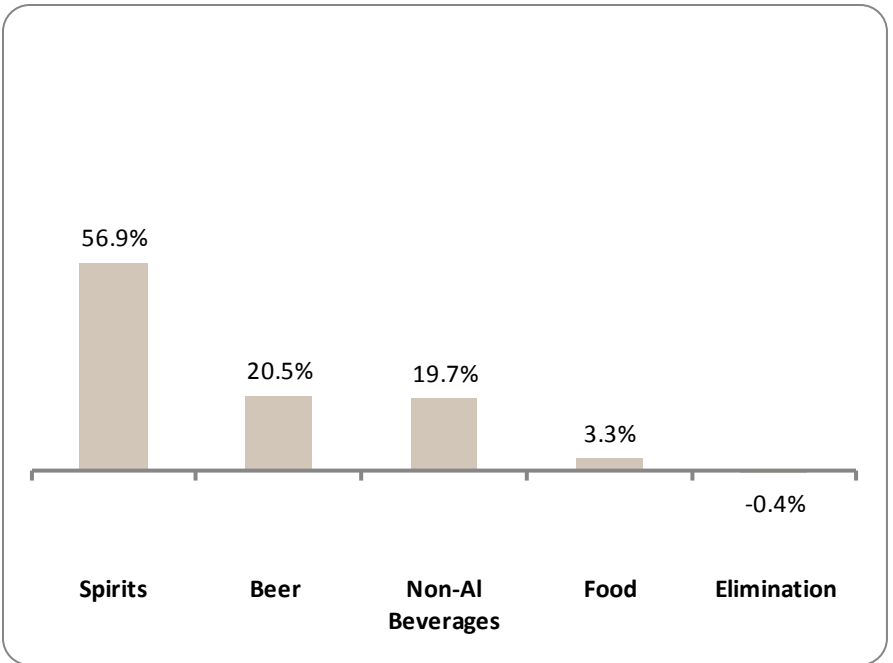
Contribution per Business Segment

9M'12

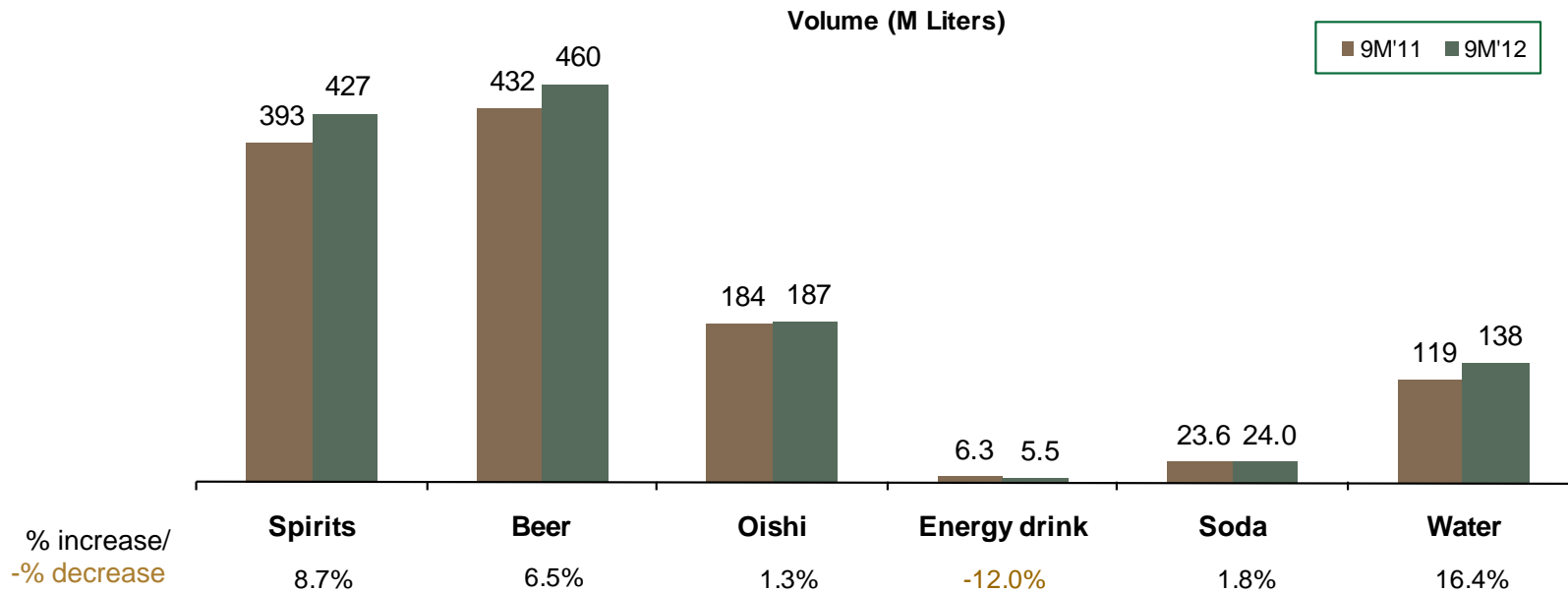
Net Profit *



Sales



* Exclude F&N



Sales volume of SSC was not shown on this page, since we did not have SSC's volume in 9M'11 for comparison

Business Segments

Spirits	Q3'11	Q3'12	Change
Sales Revenue	19,140	21,759	13.7%
COGS	(13,184)	(13,543)	
<i>% of Sales Revenue</i>	<i>68.9%</i>	<i>62.2%</i>	
SG&A	(1,831)	(1,832)	
<i>% of Sales Revenue</i>	<i>9.5%</i>	<i>8.4%</i>	
EBITDA	4,541	6,808	49.9%
Net Profit	2,910	4,980	71.1%
<u>Margin*</u>			
EBITDA	23.7%	31.3%	
Net Profit	15.2%	22.9%	

* margins are % of sales revenue

<u>Sales revenue</u>	UP	an increase in volume and an increase in sales price from normal business and excise tax rise
<u>COGS (%)</u>	DOWN	a decrease in raw material cost although there was an increase in labor costs
<u>SG&A (%)</u>	DOWN	a decrease in idle costs although there was an increase in staff costs
<u>EBITDA</u>	UP	an increase in gross profit and a decrease in idle costs although there was an increase in staff costs
<u>Net Profit</u>	UP	an increase in EBITDA and a decrease in income tax

Spirits	9M'11	9M'12	Change (M Baht)
Sales Revenue	59,715	68,023	13.9%
COGS	(40,576)	(43,745)	
<i>% of Sales Revenue</i>	<i>67.9%</i>	<i>64.3%</i>	
SG&A	(6,077)	(6,236)	
<i>% of Sales Revenue</i>	<i>10.2%</i>	<i>9.1%</i>	
EBITDA	14,390	19,269	33.9%
Net Profit	9,249	13,969	51.0%
<u>Margin*</u>			
EBITDA	24.1%	28.3%	
Net Profit	15.5%	20.5%	

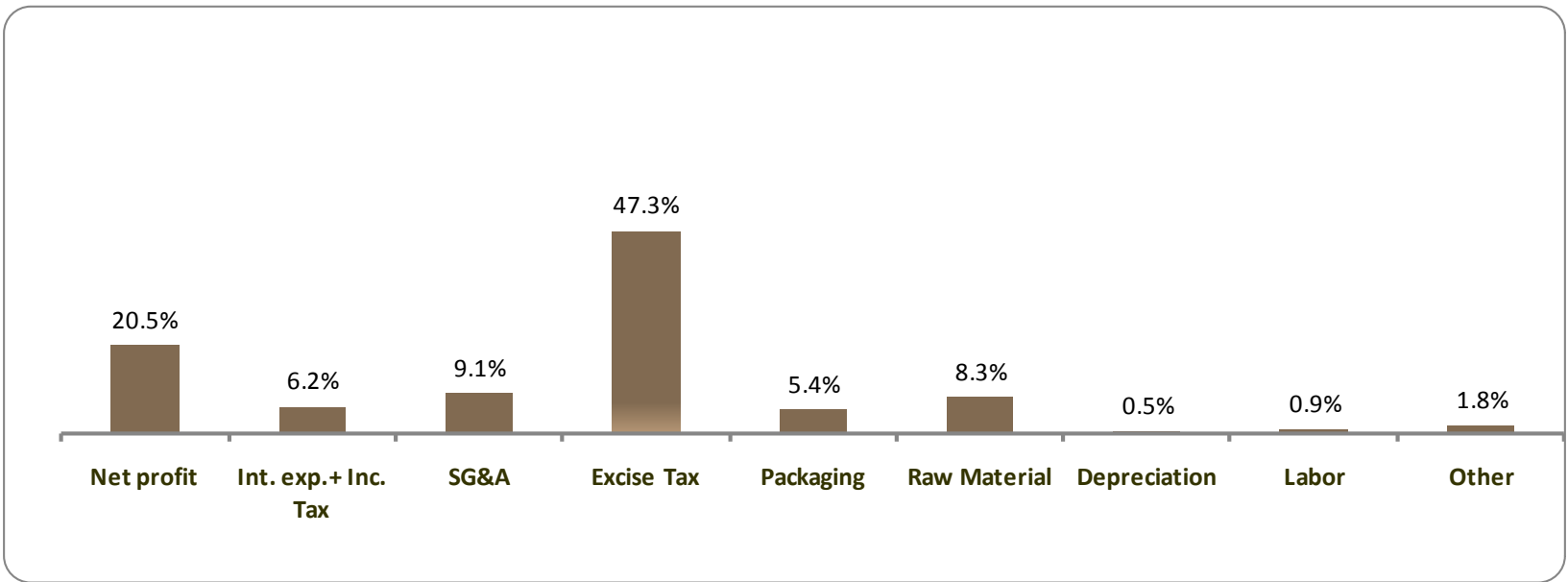
* margins are % of sales revenue

<u>Sales revenue</u>	UP	an increase in sales volume, price, and product mix
<u>COGS (%)</u>	DOWN	a decrease in raw material cost although there was an increase in labor costs
<u>SG&A (%)</u>	DOWN	a decrease in idle costs although there was an increase in staff costs
<u>EBITDA</u>	UP	an increase in gross profit and a decrease in idle costs although there was an increase in staff costs
<u>Net Profit</u>	UP	an increase in EBITDA and a decrease in income tax

Spirits: Revenue-Cost Break Down

(% of total revenue)

9M'12



Beer	Q3'11	Q3'12	Change
Sales Revenue	7,334	7,242	-1.3%
COGS	(6,701)	(6,385)	
<i>% of Sales Revenue</i>	<i>91.4%</i>	<i>88.2%</i>	
SG&A	(1,270)	(1,274)	
<i>% of Sales Revenue</i>	<i>17.3%</i>	<i>17.6%</i>	
EBITDA (Loss)	(267)	(201)	24.7%
Net Profit (Loss)	(416)	(325)	21.9%
<u>Margin*</u>			
EBITDA (-Loss)	-3.6%	-2.8%	
Net Profit (-Loss)	-5.7%	-4.5%	

* margins are % of sales revenue

<u>Sales revenue</u>	DOWN	a change in product mix although there was an increase in sales volume
<u>COGS (%)</u>	DOWN	product mix and a decrease in depreciation although there was an increase in raw material costs and labor costs
<u>SG&A (%)</u>	UP	an increase in advertising and promotion expenses and staff costs
<u>EBITDA Loss</u>	DOWN	an increase in gross profit although there was an increase in advertising and promotion expenses and staff costs
<u>Net Loss</u>	DOWN	a decrease in EBITDA loss and a decrease in depreciation

Beer	9M'11	9M'12	Change
Sales Revenue	23,069	24,512	6.3%
COGS	(20,633)	(21,632)	
<i>% of Sales Revenue</i>	<i>89.4%</i>	<i>88.3%</i>	
SG&A	(3,549)	(3,688)	
<i>% of Sales Revenue</i>	<i>15.4%</i>	<i>15.0%</i>	
EBITDA (Loss)	(169)	(81)	52.1%
Net Profit (Loss)	(768)	(605)	21.2%
<u>Margin*</u>			
EBITDA (-Loss)	-0.7%	-0.3%	
Net Profit (-Loss)	-3.3%	-2.5%	

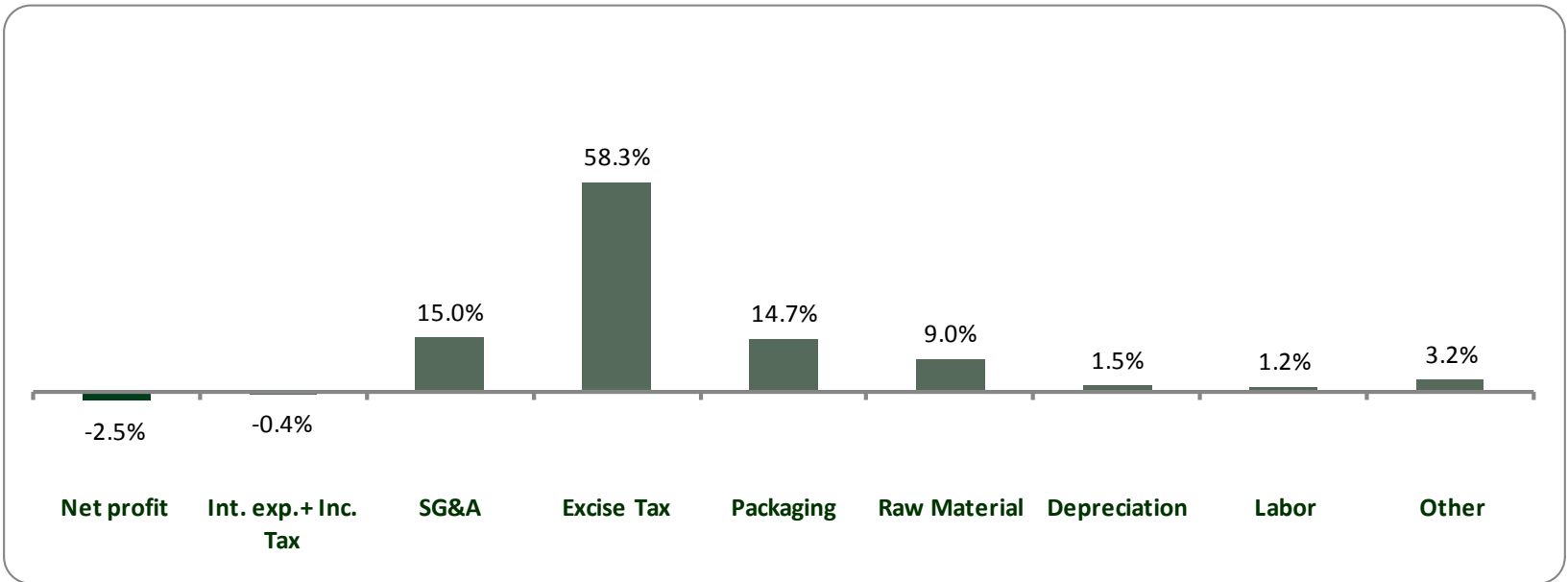
* margins are % of sales revenue

<u>Sales revenue</u>	UP	an increase in sales volume
<u>COGS (%)</u>	DOWN	product mix and a decrease in depreciation although there was an increase in raw material costs and labor costs
<u>SG&A (%)</u>	DOWN	a decrease in idle costs although there was an increase in advertising and promotion expenses, and staff costs
<u>EBITDA Loss</u>	DOWN	an increase in gross profit although there was an increase in advertising and promotion expenses, and staff costs
<u>Net Loss</u>	DOWN	a decrease in EBITDA loss and a decrease in depreciation

Beer: Revenue-Cost Break Down

(% of total revenue)

9M'12



Non-alcoholic Beverages (Include Serm Suk)

Non-alcoholic Beverages	Q3'11	Q3'12	Change <small>(M Baht)</small>
Sales Revenue	1,815	7,335	304.1%
COGS	(1,361)	(5,812)	
<i>% of Sales Revenue</i>	<i>75.0%</i>	<i>79.2%</i>	
SG&A	(402)	(1,643)	
<i>% of Sales Revenue</i>	<i>22.2%</i>	<i>22.4%</i>	
EBITDA	183	452	147.1%
Net Profit	101	14	-86.1%
<u>Margin*</u>			
EBITDA	10.1%	6.2%	
Net Profit	5.6%	0.2%	

* margins are % of sales revenue

Non-alcoholic Beverages (Include Serm Suk)

Non-alcoholic Beverages	9M'11	9M'12	Change (M Baht)
Sales Revenue	5,228	23,590	351.2%
COGS	(3,869)	(17,923)	
<i>% of Sales Revenue</i>	<i>74.0%</i>	<i>76.0%</i>	
SG&A	(1,379)	(4,862)	
<i>% of Sales Revenue</i>	<i>26.4%</i>	<i>20.6%</i>	
EBITDA	322	2,281	608.4%
Net Profit	161	900	459.0%
<u>Margin*</u>			
EBITDA	6.2%	9.7%	
Net Profit	3.1%	3.8%	

* margins are % of sales revenue

Non-alcoholic Beverages

For the third quarter ended 30 September 2012, the Company has included Serm Suk operating results in the non-alcoholic beverages business segment

Non Alcoholic Beverage Business	ThaiBev	Serm Suk	Total	(M Baht)
Q3 2012				
Sales	1,507	5,828	7,335	
Gross profit	464	1,059	1,523	
EBITDA	77	375	452	
Net profit (loss)	(121)	135	14	
Q3 2011				
Sales	1,815	-	1,815	
Gross profit	454	-	454	
EBITDA	183	-	183	
Net profit	101	-	101	
increase (decrease)				
Sales	(17.0%)	n/a	304.1%	
Gross profit	2.2%	n/a	235.5%	
EBITDA	(57.9%)	n/a	147.1%	
Net profit	(219.8%)	n/a	(86.1%)	

Non-alcohol Beverage Exclude Serm Suk

<u>Sales revenue</u>	DOWN	a decrease in sales volume
<u>Gross Profit</u>	UP	an increase in net sales price although there was an increase in labor costs
<u>EBITDA</u>	DOWN	an increase in sales promotion and staff costs
<u>Net Loss</u>	UP	a decrease in EBITDA and an increase in interest expenses from loans to support acquisition of Serm Suk

Non-alcoholic Beverages

For the nine months of 2012, the Company has included Serm Suk operating results in the non-alcoholic beverages business segment

Non Alcoholic Beverage Business	ThaiBev	Serm Suk	Total	(M Baht)
9M 2012				
Sales	5,006	18,584	23,590	
Gross profit	1,798	3,869	5,667	
EBITDA	507	1,774	2,281	
Net profit	67	833	900	
9M 2011				
Sales	5,228	-	5,228	
Gross profit	1,359	-	1,359	
EBITDA	322	-	322	
Net profit	161	-	161	
increase (decrease)				
Sales	(4.2%)	n/a	351.2%	
Gross profit	32.3%	n/a	317.0%	
EBITDA	57.5%	n/a	608.4%	
Net profit	(58.4%)	n/a	459.0%	

Non-alcohol Beverage Exclude Serm Suk

<u>Sales revenue</u>	DOWN	a change in product mix although there was an increase in sales volume
<u>Gross Profit</u>	UP	an increase in net sales price although there was an increase in labor costs
<u>EBITDA</u>	UP	an increase in gross profit although there was an increase in staff costs
<u>Net Profit</u>	DOWN	an increase in interest expenses from loans to support acquisition of Serm Suk

Food	Q3'11	Q3'12	Change (M Baht)
Sales Revenue	1,084	1,356	25.1%
COGS	(668)	(851)	
<i>% of Sales Revenue</i>	<i>61.6%</i>	<i>62.8%</i>	
SG&A	(413)	(470)	
<i>% of Sales Revenue</i>	<i>38.1%</i>	<i>34.7%</i>	
EBITDA	90	123	36.7%
Net Profit	18	32	77.8%
<u>Margin*</u>			
EBITDA	8.3%	9.1%	
Net Profit	1.7%	2.4%	

* 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 due to the variety of foods available, an increase in raw material costs and labor costs
<u>SG&A (%)</u>	DOWN	a decrease in advertising and promotion although there was an increase in rental and staff costs, but at a lower rate than sales growth
<u>EBITDA</u>	UP	an increase in gross profit although there was an increase in staff costs and rental
<u>Net Profit</u>	UP	increase in EBITDA and a decrease in income tax

Food	9M'11	9M'12	Change (M Baht)
Sales Revenue	3,097	3,920	26.6%
COGS	(1,868)	(2,442)	
<i>% of Sales Revenue</i>	<i>60.3%</i>	<i>62.3%</i>	
SG&A	(1,121)	(1,404)	
<i>% of Sales Revenue</i>	<i>36.2%</i>	<i>35.9%</i>	
EBITDA	308	313	1.6%
Net Profit	79	62	-21.5%
<u>Margin*</u>			
EBITDA	9.9%	8.0%	
Net Profit	2.6%	1.6%	

* 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 due to the variety of foods available, an increase in raw material costs and labor costs
<u>SG&A (%)</u>	DOWN	an increase in rental, staff costs and advertising and promotion, but at a lower rate than sales growth
<u>EBITDA</u>	UP	an increase in gross profit although there was an increase in staff costs and rental
<u>Net Profit</u>	DOWN	an advertising and promotion cost for snack in Q2'12

In the 9M of 2012, ThaiBev's international business reported sales growth of 38%

The performance of business by geographic area:

- UK & Rest of the World
 - Sales revenue continued to grow 13% from Scotch whisky sales and other new products introduced into key markets
- Asia exclude China
 - Good performance was mainly driven by Chang Beer in ASEAN market, with an increase in sales value of 128%
- YLQ (Chinese spirits in China)
 - Sales and margin of Chinese spirits continued to improve from better mix of mid and high end products
- USA
 - Sales revenue continued to improve over last year mainly from the growth of Scotch whisky, other spirits & Chang Beer

Financials

Balance Sheet

Balance Sheet	31-Dec-11 (Restated)	30-Sep-12	Change
<i>(Million Baht)</i>			
Assets			
Current assets	45,176	47,818	2,642
Non-current assets	54,185	146,854	92,669
Total assets	99,361	194,672	95,311
Liabilities			
Total liabilities	36,159	126,604	90,445
Shareholders' Equity			
Total equity	63,202	68,068	4,866

<u>Current assets</u>	UP	an increase in inventories
<u>Non-current assets</u>	UP	an increase in investment in associate company and property, plant and equipment
<u>Total liabilities</u>	UP	an increase in loans from financial institutions to invest in an associate company
<u>Total equity</u>	UP	an increase in net retained earning which comprised of profit for the period and dividend payment

Interest Bearing Debt

Interest Bearing Debt	31-Dec-11	30-Sep-12
<i>(Million Baht)</i>		
Current		
Bank overdrafts	378	953
Short-term loans from financial institutions	4,849	96,549
Current portion of long-term loans	1,800	1,900
	<u>7,027</u>	<u>99,402</u>
Non-current		
Long-term loans from financial institutions	11,200	10,000
Total	<u>18,227</u>	<u>109,402</u>
Cash and cash equivalents	<u>3,442</u>	<u>3,697</u>
Net Interest Bearing Debt	<u>14,785</u>	<u>105,705</u>

Note

An increase in short-term loans from financial institutions was mainly because of an investment in associate company

Financial Ratios

Ratios	31-Dec-11 (Restated)	30-Sep-12
Current Ratio (times)	2.13	0.42
Debt to Equity (times)	0.57	1.86
Interest Bearing Debt to Equity Ratio (times)	0.29	1.61
Net Asset Value per Share (Baht)	2.52	2.71
Net Asset Value per Share (SGD)*	0.10	0.11

* exchange rate at THB 25: SGD 1

Turnovers (days)	Jan-Dec 11	Jan-Sep 12
A/R Turnover	7	8
Inventory Turnover		
<u>Spirits Business</u>		
Finished Goods (exc. Legacy Stocks)	48	63
<u>Beer Business</u>		
Finished Goods	26	23

<u>Current Ratio</u>	DOWN	an increase in short-term loans
<u>Debt to Equity</u>	UP	an increase in loans from financial institutions
<u>Interest Bearing Debt to Equity Ratio</u>	UP	an increase in loans from financial institutions

Note: use 365 days to calculate turnover

Q&A