

Thai Beverage PLC

9M13 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that could cause actual results, performance or events to differ materially from those in the statements as originally made.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

- For the year 2013, the normal corporate income tax rate in Thailand was 20% which has been reduced from 23% and 30% for the year 2012 and 2011 respectively in an effort to promote the competitiveness on the global market.
- Starting from 1 January 2013, the 300-baht daily minimum wage has been implemented in all other provinces of Thailand as same as Bangkok, Nonthaburi, Pathum Thani, Samut Prakarn, Samut Sakhon, Nakhon Pathom and Phuket which were already implemented since 1 April 2012. The minimum wages in other provinces went up between 10 to 35 percent.
- The Ministry of Finance has changed the method for alcohol excise tax, which effect from 4 September 2013 onwards to increase the competitiveness of local producers against importers. Previously, the alcohol excise tax was imposed by one of two methods whichever was higher, an ad valorem rate or a specific rate. The ad valorem rate is based on value from a percentage of the ex-factory price. The specific rate is based on alcohol content from an amount in Baht on every one litre of pure alcohol of the product. Now, the alcohol excise tax will be based on both value and alcohol content. The changes have increased the excise tax rate for the Company products per below:

Beer

Prior : The higher of Baht 100 per litre of 100% alcohol content or 60% of the ex-factory price.

New : The higher of Baht 155 per litre of 100% alcohol content or Baht 8 per litre plus 48% of the last wholesale price excluding value-added tax.

Understanding this Presentation

White spirits

Prior : The higher of Baht 150 per litre of 100% alcohol content or 50% of the ex-factory price.

New : The higher of Baht 145 per litre of 100% alcohol content or Baht 40 per litre plus 4% of the last wholesale price excluding value-added tax.

Other distilled liquor

Prior : Compounded spirits:

The higher of Baht 350 per litre of 100% alcohol content or 50% of the ex-factory price.

Special blended/spirits:

The higher of Baht 400 per litre of 100% alcohol content or 50% of the ex-factory price.

New : All other distilled liquor, the higher of Baht 250 per litre of 100% alcohol content or Baht 50 per litre plus 25% of the last wholesale price excluding value-added tax.

- The previous change of alcohol excise tax which incurred since 22 August 2012 was for white spirits, compounded spirits and brandy only. For 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. For 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. For 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.

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. IBHL has transferred all shares of F&N to Interbev Investment Limited (IBIL), its wholly owned subsidiary, in the fourth quarter of 2012. 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.
- In July 2013, the Company recognized a capital reduction in cash from F&N for a net consideration of Baht 33,346 million. The proceeds were repaid to financial institutions for loans prior to maturity without penalty.
- In September 2013, the Company completed the fair value assessment of the identifiable net assets of F&N from the acquisition to comply with the accounting standards. The Company's financial statements have been revised to present gain from purchase of investment, amounting to Baht 12,688 million, in the quarter ended 30 September 2012 when the acquisition was made. However, for financial statements as of and for the year ended 31 December 2012, there would be no impacts from this fair value assessment.
- In March 2013, the Company has partially divested its shares in Oishi Group Public Company Limited (Oishi), a direct subsidiary majority owned by the Company and listed on the Stock Exchange of Thailand, to increase free float but still retain control for a net consideration of Baht 2,564 million. The gain from this divestment was not recognized in profit for the period per consolidated financial statements but in equity instead through other comprehensive income to comply with accounting standards.

Understanding this Presentation

- Current operations by business segments consist of spirits, beer, non-alcoholic beverage 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: 3Q13 Highlights

(M Baht)

Group	3Q12	3Q13	Change
Sales Revenue	37,578	35,041	-6.8%
COGS	(26,484)	(25,057)	
<i>% of Sales Revenue</i>	<i>70.5%</i>	<i>71.5%</i>	
SG&A	(5,163)	(5,518)	
<i>% of Sales Revenue</i>	<i>13.7%</i>	<i>15.8%</i>	
EBITDA (exclude F&N)	7,184	5,653	-21.3%
Net Profit (exclude F&N)	4,786	3,688	-22.9%
F&N Operating Results			
<i>Operating Results</i>	383	1,201	
<i>Net Foreign Exchange Gain (Loss)</i>	(1,774)	(197)	
<i>Finance Costs</i>	(354)	(662)	
EBITDA (exclude gain from purchase of investment in associate)	5,793	6,657	14.9%
Net Profit (exclude gain from purchase of investment in associate)	3,041	4,030	32.5%
<u>Margin*</u>			
EBITDA exclude F&N	19.1%	16.1%	
Net Profit exclude F&N	12.7%	10.5%	
EBITDA (exclude gain from purchase of investment in associate)	15.4%	19.0%	
Net Profit (exclude gain from purchase of investment in associate)	8.1%	11.5%	

* margins are % of sales revenue

Consolidated: 3Q13 Highlights

(M Baht)

Group	3Q12	3Q13	Change
EBITDA (exclude gain from purchase of investment in associate)	5,793	6,657	14.9%
Net Profit (exclude gain from purchase of investment in associate)	3,041	4,030	32.5%
Gain from purchase of investment in associate	12,688	-	
EBITDA	18,481	6,657	-64.0%
Net Profit	15,729	4,030	-74.4%
Net Profit attributable to:			
<i>Owners of the Company</i>	15,677	4,077	-74.0%
<i>Non-controlling interests</i>	52	(47)	

Note:

In September 2013, the Company completed the fair value assessment and purchase price allocation of the identifiable net assets of F&N from the acquisition to comply with the accounting standards. The Company's financial statements have been revised to present gain from purchase of investment in associate, amounting to Baht 12,688 million, in the quarter ended 30 September 2012 when the acquisition was made. However, for financial statements as of and for the year ended 31 December 2012, there would be no impacts from this fair value assessment.

Consolidated: 3Q13 Highlights

Group	ThaiBev	F&N	Total	(M Baht)
3Q13				
Sales	35,041	-	35,041	
Gross profit	9,984	-	9,984	
EBITDA	5,653	1,004	6,657	
Net profit	3,688	342	4,030	
3Q12				
Sales	37,578	-	37,578	
Gross profit	11,094	-	11,094	
EBITDA (Loss)	7,184	(1,391)*	5,793	
Net profit (Loss)	4,786	(1,745)*	3,041	
increase (decrease)				
Sales	(6.8%)	-	(6.8%)	
Gross profit	(10.0%)	-	(10.0%)	
EBITDA	(21.3%)	172.2%	14.9%	
Net profit	(22.9%)	119.6%	32.5%	

* exclude gain from purchase of investment in associate Baht 12,688 million

Consolidated: 9M13 Highlights

(M Baht)

Group	9M'12	9M'13	Change
Sales Revenue	119,561	111,029	-7.1%
COGS	(85,380)	(79,957)	
<i>% of Sales Revenue</i>	<i>71.4%</i>	<i>72.0%</i>	
SG&A	(16,017)	(17,107)	
<i>% of Sales Revenue</i>	<i>13.4%</i>	<i>15.4%</i>	
EBITDA exclude F&N	21,783	17,626	-19.1%
Net Profit exclude F&N	14,411	11,371	-21.1%
F&N Operating Results			
<i>Operating Results*</i>	383	2,148	
<i>Net Foreign Exchange Gain (Loss)</i>	(1,774)	303	
<i>Finance Costs</i>	(354)	(1,468)	
EBITDA (exclude gain from purchase of investment in associate)	20,392	20,077	-1.5%
Net Profit (exclude gain from purchase of investment in associate)	12,666	12,354	-2.5%
<u>Margin*</u>			
EBITDA exclude F&N	18.2%	15.9%	
Net Profit exclude F&N	12.1%	10.2%	
EBITDA (exclude gain from purchase of investment in associate)	17.1%	18.1%	
Net Profit (exclude gain from purchase of investment in associate)	10.6%	11.1%	

* margins are % of sales revenue

* The lower F&N operating results was adversely affected by a one-time charge in 1Q13 of S\$72 million that arose from the general cash offers. Without this item, operating results of F&N recorded by ThaiBev will be increased by Baht 496 million

Consolidated: 9M13 Highlights

(M Baht)

Group	9M'12	9M'13	Change
EBITDA (exclude gain from purchase of investment in associate)	20,392	20,077	-1.5%
Net Profit (exclude gain from purchase of investment in associate)	12,666	12,354	-2.5%
Gain from purchase of investment in associate	12,688	-	
EBITDA	33,080	20,077	-39.3%
Net Profit	25,354	12,354	-51.3%
Net Profit attributable to:			
<i>Owners of the Company</i>	25,005	12,452	-50.2%
<i>Non-controlling interests</i>	349	(98)	

Note:

In September 2013, the Company completed the fair value assessment and purchase price allocation of the identifiable net assets of F&N from the acquisition to comply with the accounting standards. The Company's financial statements have been revised to present gain from purchase of investment in associate, amounting to Baht 12,688 million, in the quarter ended 30 September 2012 when the acquisition was made. However, for financial statements as of and for the year ended 31 December 2012, there would be no impacts from this fair value assessment.

Consolidated: 9M13 Highlights

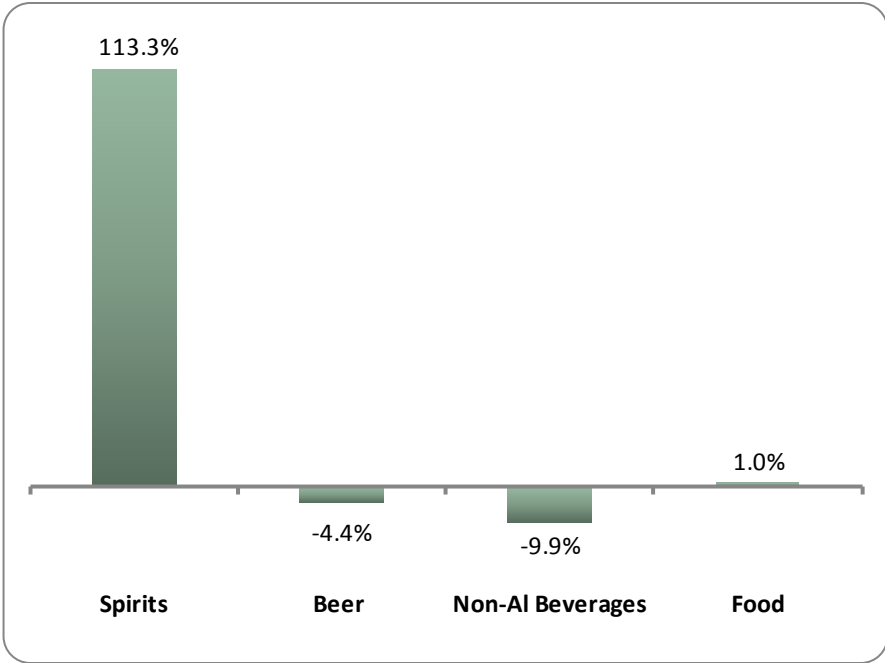
Group	ThaiBev	F&N	Total	(M Baht)
9M'13				
Sales	111,029	-	111,029	
Gross profit	31,072	-	31,072	
EBITDA	17,626	2,451	20,077	
Net profit	11,371	983	12,354	
9M'12				
Sales	119,561	-	119,561	
Gross profit	34,181	-	34,181	
EBITDA (Loss)	21,783	(1,391)*	20,392	
Net profit (Loss)	14,411	(1,745)	12,666	
increase (decrease)				
Sales	(7.1%)	-	(7.1%)	
Gross profit	(9.1%)	-	(9.1%)	
EBITDA	(19.1%)	276.2%	(1.5%)	
Net profit	(21.1%)	156.3%	(2.5%)	

* exclude gain from purchase of investment in associate Baht 12,688 million

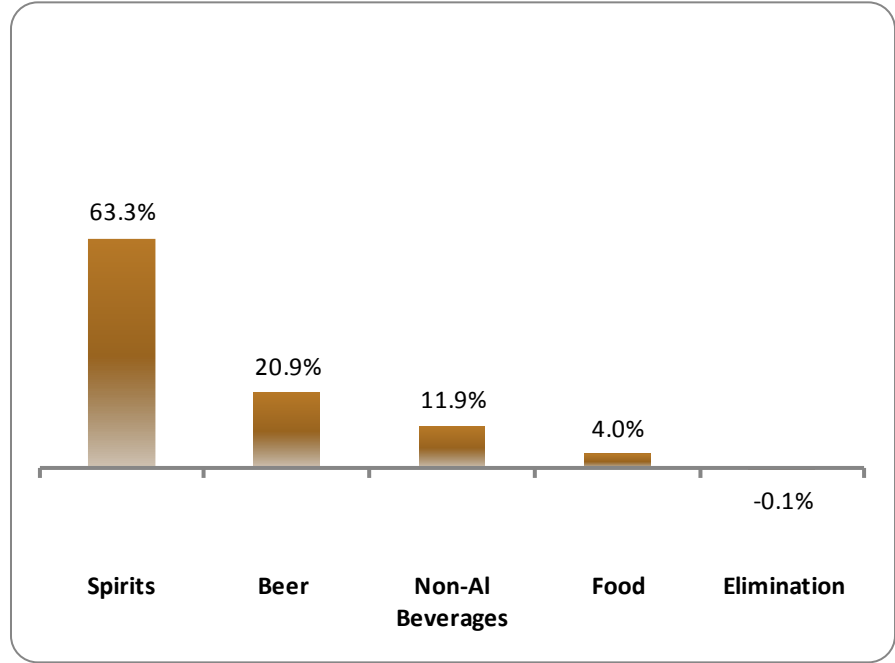
Contribution per Business Segment

9M13

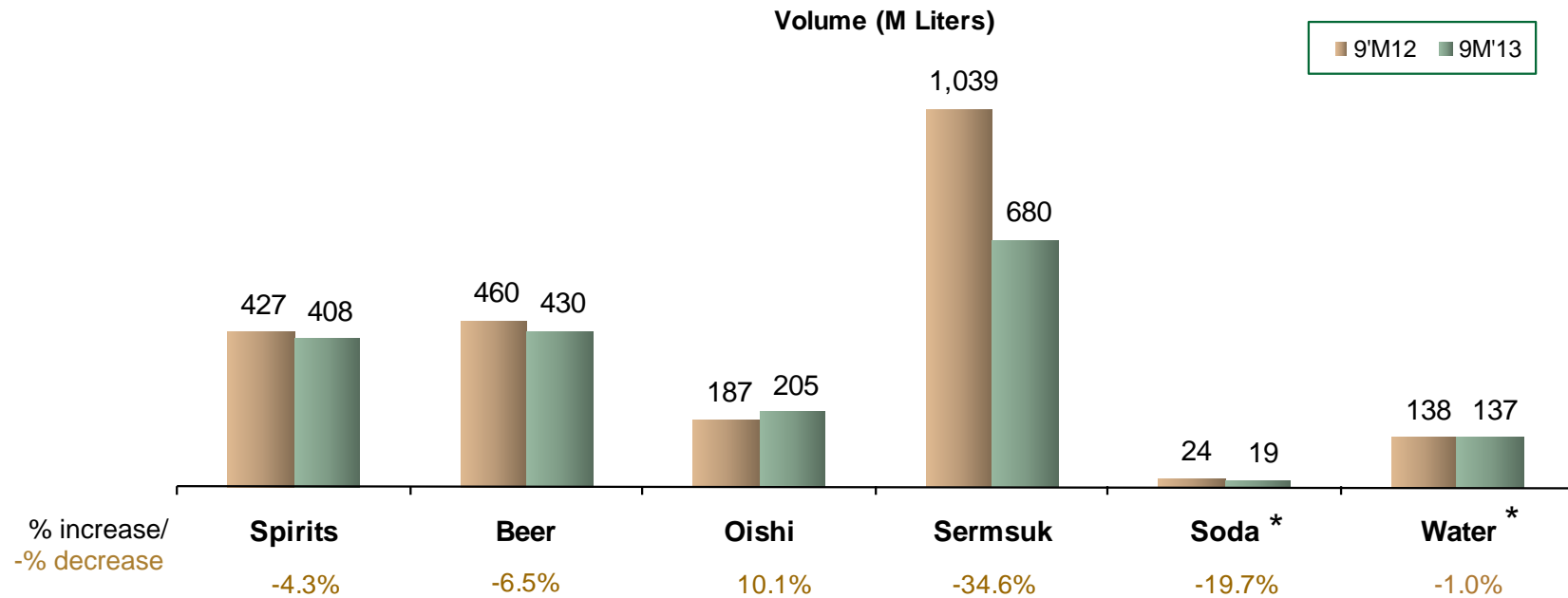
Net Profit *



Sales



* Exclude F&N



* Only Chang brand

Business Segments

Spirits	3Q12	3Q13	Change
Sales Revenue	21,770	23,383	7.4%
COGS	(13,582)	(15,858)	
<i>% of Sales Revenue</i>	<i>62.4%</i>	<i>67.8%</i>	
SG&A	(1,803)	(2,131)	
<i>% of Sales Revenue</i>	<i>8.3%</i>	<i>9.1%</i>	
EBITDA	6,809	5,830	-14.4%
Net Profit	4,979	4,322	-13.2%
<u>Margin*</u>			
EBITDA	31.3%	24.9%	
Net Profit	22.9%	18.5%	

* margins are % of sales revenue

<u>Sales Revenue</u>	UP	an increase of sales volume and sales price
<u>COGS (%)</u>	UP	product mix and lower margin from the increasing of sales price in 2013 compared to increasing of sales price in 2012
<u>SG&A (%)</u>	UP	an increase in staff costs
<u>EBITDA</u>	DOWN	a decrease in gross profit and an increase in staff costs
<u>Net Profit</u>	DOWN	a decrease in EBITDA although there was a decrease in corporate income tax

Spirits	9M'12	9M'13	Change (M Baht)
Sales Revenue	68,048	70,228	3.2%
COGS	(43,936)	(47,687)	
<i>% of Sales Revenue</i>	<i>64.6%</i>	<i>67.9%</i>	
SG&A	(6,071)	(6,457)	
<i>% of Sales Revenue</i>	<i>8.9%</i>	<i>9.2%</i>	
EBITDA	19,268	17,562	-8.9%
Net Profit	13,966	12,886	-7.7%
<u>Margin*</u>			
EBITDA	28.3%	25.0%	
Net Profit	20.5%	18.3%	

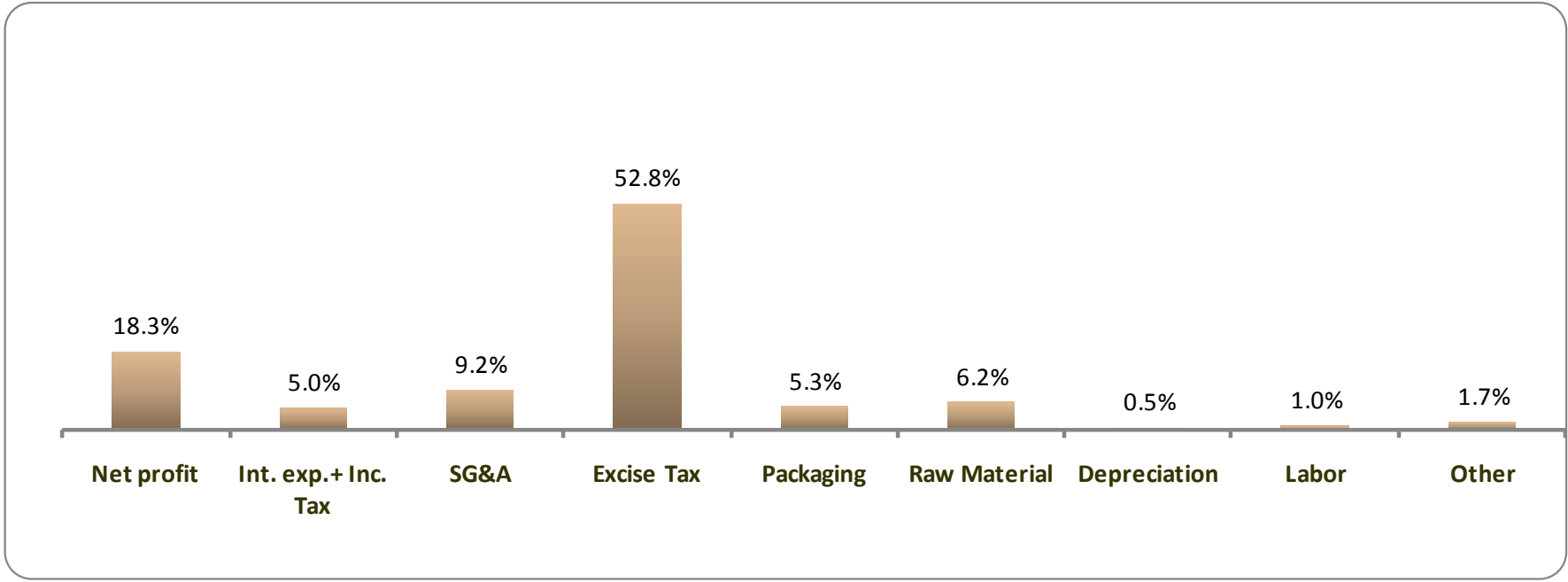
* margins are % of sales revenue

<u>Sales Revenue</u>	UP	an increase in sales price and product mix despite a decrease in sales volume
<u>COGS (%)</u>	UP	product mix and lower margin from the increasing of sales price in 2013 compared to increasing of sales price in 2012
<u>SG&A (%)</u>	UP	an increase in idle costs and staff costs
<u>EBITDA</u>	DOWN	a decrease in gross profit and an increase in idle costs and staff costs
<u>Net Profit</u>	DOWN	a decrease in EBITDA although there was a decrease in corporate income tax

Spirits: Revenue-Cost Break Down

(% of total revenue)

9M13



Beer	3Q12	3Q13	Change (M Baht)
Sales Revenue	7,154	6,624	-7.4%
COGS	(6,258)	(5,541)	
<i>% of Sales Revenue</i>	<i>87.5%</i>	<i>83.7%</i>	
SG&A	(1,288)	(1,422)	
<i>% of Sales Revenue</i>	<i>18.0%</i>	<i>21.4%</i>	
EBITDA (Loss)	(200)	(115)	42.5%
Net Profit (Loss)	(324)	(246)	24.1%
<u>Margin*</u>			
EBITDA (-Loss)	-2.8%	-1.7%	
Net Profit (-Loss)	-4.5%	-3.7%	

* margins are % of sales revenue

<u>Sales Revenue</u>	DOWN	a decrease in sales volume despite an increase in sales price
<u>COGS (%)</u>	DOWN	a decrease in material costs and depreciation, and an increase in net sales price
<u>SG&A (%)</u>	UP	an increase in advertising & promotion expenses and staff costs
<u>EBITDA Loss</u>	DOWN	an increase in gross profit although there was an increase in advertising & promotion expenses and staff costs
<u>Net Loss</u>	DOWN	a decrease in EBITDA Loss

Beer	9M'12	9M'13	Change
Sales Revenue	24,135	23,175	-4.0%
COGS	(21,155)	(19,790)	
<i>% of Sales Revenue</i>	<i>87.7%</i>	<i>85.4%</i>	
SG&A	(3,786)	(4,062)	
<i>% of Sales Revenue</i>	<i>15.7%</i>	<i>17.5%</i>	
EBITDA (Loss)	(78)	(1)	98.7%
Net Profit (Loss)	(602)	(505)	16.1%
Margin*			
EBITDA (-Loss)	-0.3%	0.0%	
Net Profit (-Loss)	-2.5%	-2.2%	

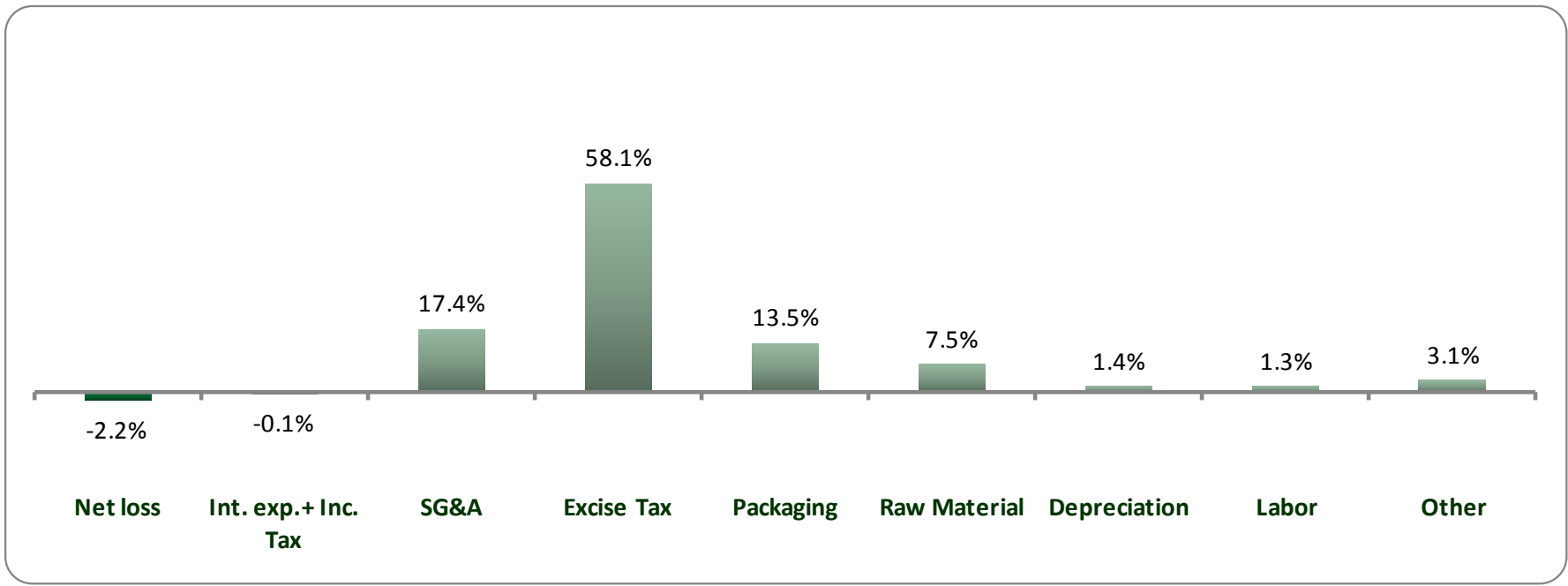
* margins are % of sales revenue

<u>Sales Revenue</u>	DOWN	a decrease in sales volume
<u>COGS (%)</u>	DOWN	a decrease in material costs and depreciation, and an increase in net sales price
<u>SG&A (%)</u>	UP	an increase in advertising & promotion expenses, and staff costs
<u>EBITDA Loss</u>	DOWN	an increase in gross profit despite an increase in advertising & promotion expenses
<u>Net Loss</u>	DOWN	a decrease in EBITDA Loss and a decrease in depreciation

Beer: Revenue-Cost Break Down

(% of total revenue)

9M13



Non-alcohol Beverage

Non-alcohol Beverage	3Q12	3Q13	Change (M Baht)
Sales Revenue	7,323	3,542	-51.6%
COGS	(5,794)	(2,758)	
<i>% of Sales Revenue</i>	<i>79.1%</i>	<i>77.9%</i>	
SG&A	(1,649)	(1,430)	
<i>% of Sales Revenue</i>	<i>22.5%</i>	<i>40.4%</i>	
EBITDA (Loss)	451	(198)	-143.9%
Net Profit (Loss)	99	(419)	-523.2%
<u>Margin*</u>			
EBITDA (-Loss)	6.2%	-5.6%	
Net Profit (-Loss)	1.4%	-11.8%	

* margins are % of sales revenue

<u>Sales revenue</u>	DOWN	a decrease in sales of Sermasuk PLC, due to Sermasuk launched its new, own brands product after terminated its long-lasting licensed brand products in Nov 2012. This year will be the first year of selling this new products
<u>COGS (%)</u>	DOWN	product mix
<u>SG&A (%)</u>	UP	sales decreased at a higher rate than the decrease in SG&A
<u>EBITDA Loss</u>	UP	a decrease in gross profit although there was a decrease in advertising & promotion expenses
<u>Net loss</u>	UP	a decrease in EBITDA

Non-alcohol Beverage

Non-alcohol Beverage	9M'12	9M'13	Change (M Baht)
Sales Revenue	23,548	13,198	-44.0%
COGS	(17,866)	(9,854)	
<i>% of Sales Revenue</i>	<i>75.9%</i>	<i>74.7%</i>	
SG&A	(4,877)	(4,990)	
<i>% of Sales Revenue</i>	<i>20.7%</i>	<i>37.8%</i>	
EBITDA (Loss)	2,279	(373)	-116.4%
Net Profit (Loss)	985	(1,124)	-214.1%
<u>Margin*</u>			
EBITDA (-Loss)	9.7%	-2.8%	
Net Profit (-Loss)	4.2%	-8.5%	

* margins are % of sales revenue

<u>Sales revenue</u>	DOWN	a decrease in sales of Sermasuk PLC, due to Sermasuk launched its new, own brands product after terminated its long-lasting licensed brand products in Nov 2012. This year will be the first year of selling this new products
<u>COGS (%)</u>	DOWN	product mix
<u>SG&A (%)</u>	UP	an increase in advertising & promotion expenses, due to promoting Sermasuk new products and intense competition in green tea market.
<u>EBITDA Loss</u>	UP	a decrease in gross profit and an increase in advertising & promotion expenses
<u>Net loss</u>	UP	a decrease in EBITDA

Food	3Q12	3Q13	Change (M Baht)
Sales Revenue	1,356	1,498	10.5%
COGS	(851)	(905)	
<i>% of Sales Revenue</i>	<i>62.8%</i>	<i>60.4%</i>	
SG&A	(469)	(555)	
<i>% of Sales Revenue</i>	<i>34.6%</i>	<i>37.1%</i>	
EBITDA	124	136	9.7%
Net Profit	32	31	-3.1%
<u>Margin*</u>			
EBITDA	9.1%	9.1%	
Net Profit	2.4%	2.1%	

* margins are % of sales revenue

<u>Sales Revenue</u>	UP	an increase in number of branches and sales price
<u>COGS (%)</u>	DOWN	a control of raw material costs
<u>SG&A (%)</u>	UP	an increase in advertising & promotion expenses, and staff costs
<u>EBITDA</u>	UP	an increase in gross profit offset by an increase in advertising & promotion expenses, and staff costs
<u>Net Profit</u>	DOWN	an increase in depreciation although there was an increase in EBITDA and a decrease in corporate income tax

Food	9M'12	9M'13	Change (M Baht)
Sales Revenue	3,920	4,473	14.1%
COGS	(2,442)	(2,656)	
<i>% of Sales Revenue</i>	<i>62.3%</i>	<i>59.4%</i>	
SG&A	(1,403)	(1,670)	
<i>% of Sales Revenue</i>	<i>35.8%</i>	<i>37.4%</i>	
EBITDA	314	438	39.5%
Net Profit	62	114	83.9%
<u>Margin*</u>			
EBITDA	8.0%	9.8%	
Net Profit	1.6%	2.5%	

* margins are % of sales revenue

<u>Sales Revenue</u>	UP	an increase in number of branches and sales price
<u>COGS (%)</u>	DOWN	a control of raw material costs
<u>SG&A (%)</u>	UP	an increase in rental costs and staff costs
<u>EBITDA</u>	UP	an increase in gross profit offset by an increase in rental costs and staff costs
<u>Net Profit</u>	UP	an increase in EBITDA can cover the increase in depreciation, and a decrease in corporate income tax

In the 9M13, ThaiBev's international business reported a negative sales growth of 19% over 9M2012 mainly due to lower sales of Scotch whisky and lower sales of Chinese Yu Lin Quan spirits.

- UK & Rest of the World
 - Sales revenue dropped by 15% due to
 - Lower sales of Bulk Scotch whisky as reserving more liquids to support the growth of cased sales of core brands
 - Lower sales of Cased Scotch whisky mainly on OEM products.
- Asia exclude China
 - Sales revenue decreased slightly in the 9M13 by 2% due to the lower sales in Cambodia.
- YLQ (Chinese spirits in China)
 - Lower sales by 60% in the 9M13 than 9M12 impacted by new regulation to limit the government budget for entertainment, which affect high end based alcohol products spending in China.
- USA
 - Sales revenue increased in the 9M13 by 9% driven by the launch of Black Mask and higher sales in Scotch whisky.

Financials

Balance Sheet

Balance Sheet	31-Dec-12	30-Sep-13	Change
<i>(Million Baht)</i>			
Assets			
Current assets	47,149	45,186	(1,963)
Non-current assets	160,537	129,373	(31,164)
Total assets	207,686	174,559	(33,127)
Liabilities			
Total liabilities	122,715	84,108	(38,607)
Shareholders' Equity			
Total equity	84,971	90,451	5,480

<u>Current assets</u>	DOWN	a decrease in accounts receivable and inventories
<u>Non-current assets</u>	DOWN	a decrease in overseas investment in associates from a capital reduction
<u>Total liabilities</u>	DOWN	a decrease in loans from financial institutions
<u>Total equity</u>	UP	an increase in net retained earning which comprised of profit for the period, dividend payment and gain from partially divestment of shares in Oishi

Interest Bearing Debt

Interest Bearing Debt	31-Dec-12	30-Sep-13
<i>(Million Baht)</i>		
Current		
Bank overdrafts	1,129	1,287
Short-term loans from financial institutions	10,206	1,090
Current portion of long-term loans	4,672	7,046
	16,007	9,423
Non-current		
Long-term loans from financial institutions	88,146	57,999
Long-term bonds	-	1,000
	88,146	58,999
Total	104,153	68,422
Cash and cash equivalents	4,545	4,673
Net Interest Bearing Debt	99,608	63,749

Note: A decrease in short-term and long-term loans was mainly due to debt repayment from a capital reduction

Financial Ratios

Ratios	31-Dec-12	30-Sep-13
Current Ratio (times)	1.54	2.13
Debt to Equity Ratio (times)	1.44	0.93
Interest Bearing Debt to Equity Ratio (times)	1.23	0.76
Net interest Bearing Debt to EBITDA: last 12 mths (times)	2.54	2.43
Book Value per Share (Baht)	3.24	3.46
Book Value per Share (SGD)*	0.13	0.14

* exchange rate at THB 25.2: SGD 1

Turnovers (days)	Jan-Dec 12	Jan-Sep 13
A/R Turnover	8	7
Inventory Turnover		
<u>Spirits Business</u>		
Finished Goods (exc. Legacy Stocks)	58	51
<u>Beer Business</u>		
Finished Goods	20	17

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

Note: use 365 days to calculate turnover

Q&A