



BUSINESS UPDATE FOR THE NINE MONTHS ENDED 30 JUNE 2020

KEY HIGHLIGHT

- Generated sales revenue amounting to Baht 190,099 million, a decrease of 7.4% year-on-year (“YoY”) due to the impact of the COVID-19 pandemic on the business’ performance during the nine months ended 30 June 2020
- Delivered earnings growth, with EBITDA¹ from normal operations increasing 2.2% YoY to Baht 32,851 million, underpinned by strong improvements in the spirits and NAB segments’ EBITDA
- Spirits sales volumes in Thailand started to recover significantly in May as a temporary ban on alcoholic beverage sales was lifted and wholesalers restored their depleted inventories
- Spirits business proved resilient, with solid EBITDA growth of 4.9% YoY despite sales revenue being flat YoY
- Achieved a record high in market share of Thailand’s beer market since the Chang relaunch, with strong improvement in sales volumes in May and June
- Financial position remains solid, with strong free cash flow; early repayments of short-term loans totalling Baht 5,700 million have been made since 1 July 2020 with no prepayment penalties

BANGKOK, Thailand, 14 August 2020 – The board of directors (the “Board”) of Thai Beverage Public Company Limited (“ThaiBev”, and together with its subsidiaries, the “Group”) today provided an update on the Group’s business during the nine months ended 30 June 2020 (“9M20”).

BUSINESS SEGMENT

<i>(Million Baht)</i>						
9M20	SPIRITS	BEER	NAB	FOOD	ELIMINATE	THAIBEV
Sales Revenue	88,455	79,317	12,488	9,935	(96)	190,099
<i>Changes YoY</i>	<i>-0.5%</i>	<i>-14.2%</i>	<i>0.5%</i>	<i>-14.7%</i>		<i>-7.4%</i>
EBITDA (from normal operation)	21,560	8,833	1,707	751	-	32,851
<i>Changes YoY</i>	<i>4.9%</i>	<i>-9.3%</i>	<i>301.6%</i>	<i>-46.9%</i>		<i>2.2%</i>
EBITDA (from F&N/FPL)						2,311
EBITDA (from normal operation includes F&N/FPL)						35,162
<i>Changes YoY</i>						<i>-3.0%</i>
9M19 (restated)	SPIRITS	BEER	NAB	FOOD	ELIMINATE	THAIBEV
Sales Revenue	88,899	92,439	12,432	11,649	(142)	205,277
EBITDA (from normal operation)	20,548	9,741	425	1,415	-	32,129
EBITDA (from F&N/FPL)						4,136
EBITDA (from normal operation includes F&N/FPL)						36,265

¹ Earnings before interest, taxation, depreciation, and amortization

SPIRITS – In 9M20, the Group’s spirits business generated sales revenue amounting to Baht 88,455 million, a slight decline by 0.5% while total sale volume of spirits decreased 2.5%. Although there were temporary ban on alcoholic beverage sales in Thailand from early April to early May and other COVID-19-related measures such as the temporary closure of entertainment venues and restaurants in Thailand, sales of spirits in Thailand has since recovered and performed much higher in May and June to the extend covering most of loss in sales due to April lockdown. Moreover, the business remains resilient as a result of strong spirits product portfolio with variety of segmentation and off-premise consumption nature. In Myanmar, our spirits business performance maintained due to our strong brand and market shares in whisky segment. EBITDA grew by a satisfactory 4.9% to Baht 21,560 million, driven by strength of our product portfolio and selling expenses reduction in both Thailand and Myanmar.

BEER – The Group’s beer business was also impacted by the temporary ban on alcoholic beverage sales in Thailand, as well as lockdowns in Thailand and Vietnam, and recorded sales revenue amounting to Baht 79,317 million in 9M20, down 14.2% YoY. Total sales volume decreased 15.5% YoY to 1,741.6 million litres, mainly due to a decrease in SABECO’s sales volume. Excluding SABECO, the business’ sales volume only decreased marginally YoY despite the temporary ban on alcoholic beverage sales. According to a 3rd party market report, our market share of Thailand’s beer market continued to grow and reached a record high comparable to level achieved in April 2016, while the business performance in Vietnam has begun to recover since the lockdown restrictions were lifted and businesses reopened. Advertising and promotion expenses in Thailand were closely controlled over this period in line with lower sales revenue. As a result of cost-saving initiatives in both Thailand and Vietnam, the business’ EBITDA margin improved although EBITDA declined 9.3% YoY to Baht 8,833 million.

NON-ALCOHOLIC BEVERAGES – In 9M20, the Group’s NAB business registered a marginal 0.5% YoY increase in sales revenue to Baht 12,488 million, even though sales volume declined by 3.8%. The NAB business continued to prudently manage its costs, thereby reducing advertising and promotion expenses. Coupled with the profit generated from operations and a recognition of other income from gains on the back of insurance claims, the cost control measures enabled the business to report EBITDA amounting to Baht 1,707 million, up 301.6% YoY.

FOOD – The Group’s food business recorded sales revenue amounting to Baht 9,935 million in 9M20, down 14.7% YoY as a result of nationwide prohibition on dine-in at restaurants and other food outlets in Thailand from April to mid-May. The business' offerings were scaled down and limited to takeaways and deliveries. Notwithstanding a strong growth of our food delivery business during this period, EBITDA declined to Baht 751 million as the business still had to pay fixed costs, such as rent and staff cost, despite the absence of revenue from dine-in business during prohibition and slow recovery after reopening.

FINANCIAL UPDATE

		<i>(Million Baht)</i>		
BALANCE SHEET	30-Sep-19 <i>(restated)</i>	30-Jun-20	<i>Changes</i>	
<u>TOTAL ASSETS</u>	407,496	426,869	19,373	
Current assets	77,318	90,350	13,032	
Non-current assets	330,178	336,519	6,341	
<u>TOTAL LIABILITIES</u>	257,175	264,255	7,080	
Current liabilities	48,809	99,664	50,855	
Non-current liabilities	208,366	164,591	(43,775)	
<u>TOTAL SHAREHOLDER'S EQUITY</u>	150,321	162,614	12,293	
Total equity	150,321	162,614	12,293	

		<i>(Million Baht)</i>		
INTEREST BEARING DEBT	30-Sep-19 <i>(restated)</i>	30-Jun-20	<i>Changes</i>	
Current	21,861	70,660	48,799	
Non-current	197,975	153,635	(44,340)	
Total	219,836	224,295	4,459	
Cash and Cash Equivalents	24,363	40,628	16,265	
Net Interest Bearing Debt	195,473	183,667	(11,806)	

		<i>(Million Baht)</i>
INTEREST BEARING DEBT		30-Jun-20
Within one year (Jun 2021)		70,660
After one year but within two years (Jun 2022)		48,482
After two years		105,153
Total		224,295

FINANCIAL RATIOS	30-Sep-19 <i>(restated)</i>	30-Jun-20
Net Interest Bearing Debt to Equity Ratio (times)	1.30	1.13
Net Interest Bearing Debt to EBITDA Ratio (times) (LTM)	4.33	4.18

Since 1 July 2020, the Group has made early repayments of short-term loan totalling Baht 5,700 million by using excess cash flow with no prepayment penalties.

		<i>(Million Baht)</i>
CASH FLOW STATEMENT		9M20 <i>Ended 30 Jun 20</i>
Net cash from operating activities		31,024
Net cash from (used in) investing activities		(2,276)
Net cash from (used in) financing activities		(12,750)
Increase (decrease) in cash and cash equivalents		15,998
Adjustment from financial statement translation		133
Net increase (decrease) in cash at financial institutions		134
Net increase (decrease) in cash and cash at financial institutions		16,265
Cash and cash at financial institutions at beginning of period		24,363
Cash and cash at financial institutions at end of period		40,628

UNAUDITED RESULTS FOR THE NINE MONTHS ENDED 30 JUNE 2020

The Board wishes to remind shareholders and investors that the above business update has been prepared based on the Group's internal records and management accounts, and has not been reviewed or audited by independent auditors.

Shareholders and investors are advised not to place undue reliance on the business update and to exercise caution when dealing in ThaiBev's shares and other securities.