

# Thai Beverage PLC.

9M'11 Financial Results

11 NOV 2011

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that could cause actual results, performance or events to differ materially from those in the statements as originally made.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

- Since 1 January 2011, the Company has adopted Thai Financial Reporting Standards (TFRS) in conformity with International Financial Reporting Standards (IFRS). Operation performance report for the period of 2010 has already been restated to comply with the above changes and for comparative purposes
- 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

## The Acquisition of Serm Suk Public Company Limited

- Thai Beverage Logistics Co., Ltd.(TBL), a direct subsidiary of the Company, acquired Serm Suk Public Company Limited (Serm Suk), a Thai company currently listed on the Stock Exchange of Thailand by making a voluntary tender offer for all issued and paid-up common shares during 15 September 2011 to 19 October 2011. Serm Suk is principally engaged in production and distribution of soft drinks, drinking water, soda water and other beverages. TBL acquired 64.66% equity interest of Serm Suk at the end of tender offer period or 171,923,138 shares at Baht 58 per share for a cash consideration of Baht 9,971.5 million. As at 30 September 2011, TBL acquired 138,890,750 shares or 52.23% of total shares for a cash consideration of Baht 8,055.7 million. The Company has accounted for the acquisition since 30 September 2011 by including the assets and liabilities of Serm Suk at book value in the consolidated statements of financial position. The results of operations and cash flows of Serm Suk for the period from 1 October 2011 onwards will be included in the Company's consolidated statements of income and cash flows.

## Update on Flood Situation in Thailand

- Since September 2011, central of Thailand has been affected by the flood. But there were no impacts to the Company's factory in the period ended 30 September 2011. However, one of the Company's brewery in Ayutthaya province and a food and non-alcoholic beverage factory in Pathumthani province were temporary closed by the impacts of the flood in October 2011. The Company has insured both plants with insurance policy of Industrial All Risks (IAR) and Business Interruption (BI) and believes that all damages can be covered by the aforementioned insurance policy.

## Consolidated: Q3'11 Highlights

Group	Q3'10	Q3'11	Change
Sales Revenue	27,019	29,262	8.3%
COGS	(20,235)	(21,811)	
<i>% of Sales Revenue</i>	<i>74.9%</i>	<i>74.5%</i>	
SG&A	(3,758)	(3,899)	
<i>% of Sales Revenue</i>	<i>13.9%</i>	<i>13.3%</i>	
EBITDA	4,180	4,547	8.8%
Net Profit	2,147	2,613	21.7%
<i>Less: Minority interests</i>	<i>(25)</i>	<i>(30)</i>	
Net Profit belonging to the Company	2,122	2,583	21.7%
<u>Margin*</u>			
EBITDA	15.5%	15.5%	
Net Profit	7.9%	8.9%	

\* margins are % of sales revenue

## Consolidated: 9M'11 Highlights

Group	9M'10	9M'11	Change
Sales Revenue	85,992	90,820	5.6%
COGS	(63,878)	(66,670)	
<i>% of Sales Revenue</i>	<i>74.3%</i>	<i>73.4%</i>	
SG&A	(11,792)	(12,079)	
<i>% of Sales Revenue</i>	<i>13.7%</i>	<i>13.3%</i>	
EBITDA	13,859	14,851	7.2%
Net Profit	7,420	8,721	17.5%
<i>Less: Minority interests</i>	<i>(79)</i>	<i>(77)</i>	
Net Profit belonging to the Company	7,341	8,644	17.7%
<u>Margin*</u>			
EBITDA	16.1%	16.4%	
Net Profit	8.6%	9.6%	

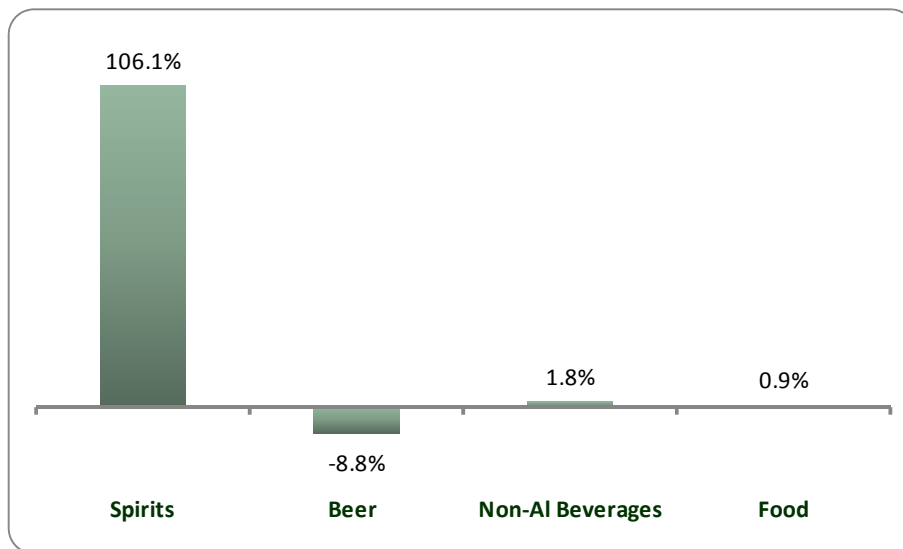
\* margins are % of sales revenue



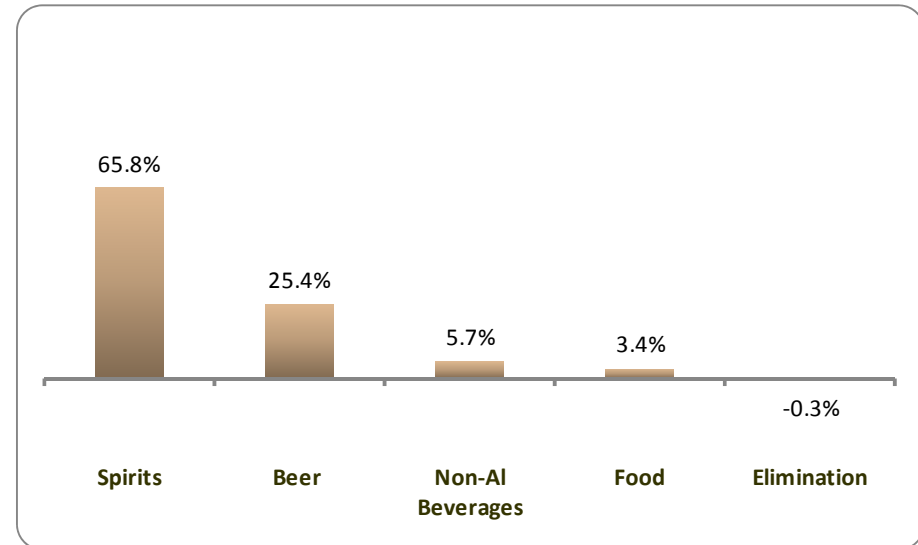
# Contribution per Business Segment

9M'11

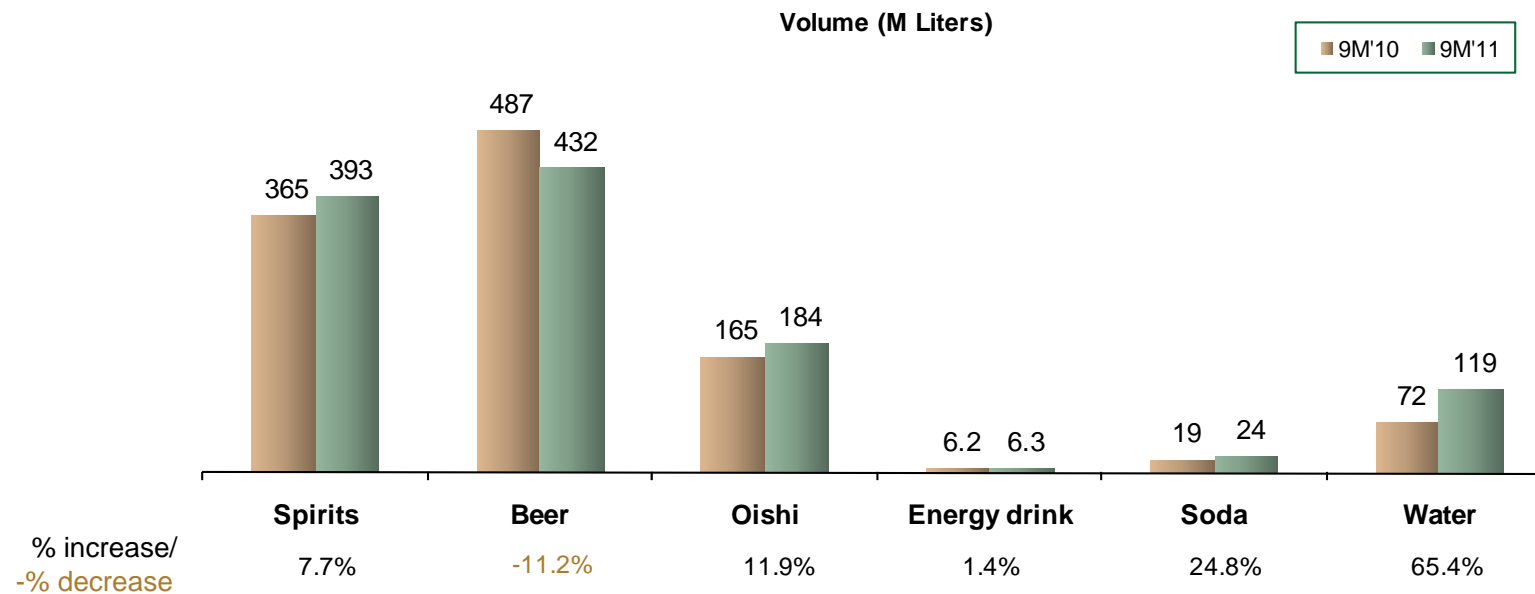
Net Profit



Sales



# Total Sales Volume



# Business Segments

# Spirits

Spirits	Q3'10	Q3'11	Change	(M Baht)
Sales Revenue	16,661	19,140	14.9%	
COGS	(11,421)	(13,184)		
<i>% of Sales Revenue</i>	<i>68.5%</i>	<i>68.9%</i>		
SG&A	(1,841)	(1,831)		
<i>% of Sales Revenue</i>	<i>11.1%</i>	<i>9.5%</i>		
EBITDA	4,000	4,541	13.5%	
Net Profit	2,290	2,910	27.1%	
<b>Margin*</b>				
EBITDA	24.0%	23.7%		
Net Profit	13.7%	15.2%		

\* margins are % of sales revenue

<u>Sales revenue</u>	UP	an increase in sales volume and product mix
<u>COGS (%)</u>	UP	a slightly increase in raw material cost
<u>SG&amp;A (%)</u>	DOWN	a decrease in idle cost
<u>EBITDA</u>	UP	an increase in gross profit and a decrease in idle costs
<u>Net Profit</u>	UP	an increase in EBITDA and a decrease in depreciation



# Spirits

Spirits	9M'10	9M'11	Change	(M Baht)
Sales Revenue	53,423	59,715	11.8%	
COGS	(36,117)	(40,576)		
<i>% of Sales Revenue</i>	<i>67.6%</i>	<i>67.9%</i>		
SG&A	(5,745)	(6,077)		
<i>% of Sales Revenue</i>	<i>10.7%</i>	<i>10.2%</i>		
EBITDA	13,421	14,390	7.2%	
Net Profit	8,101	9,249	14.2%	
<b>Margin*</b>				
EBITDA	25.1%	24.1%		
Net Profit	15.2%	15.5%		

\* margins are % of sales revenue

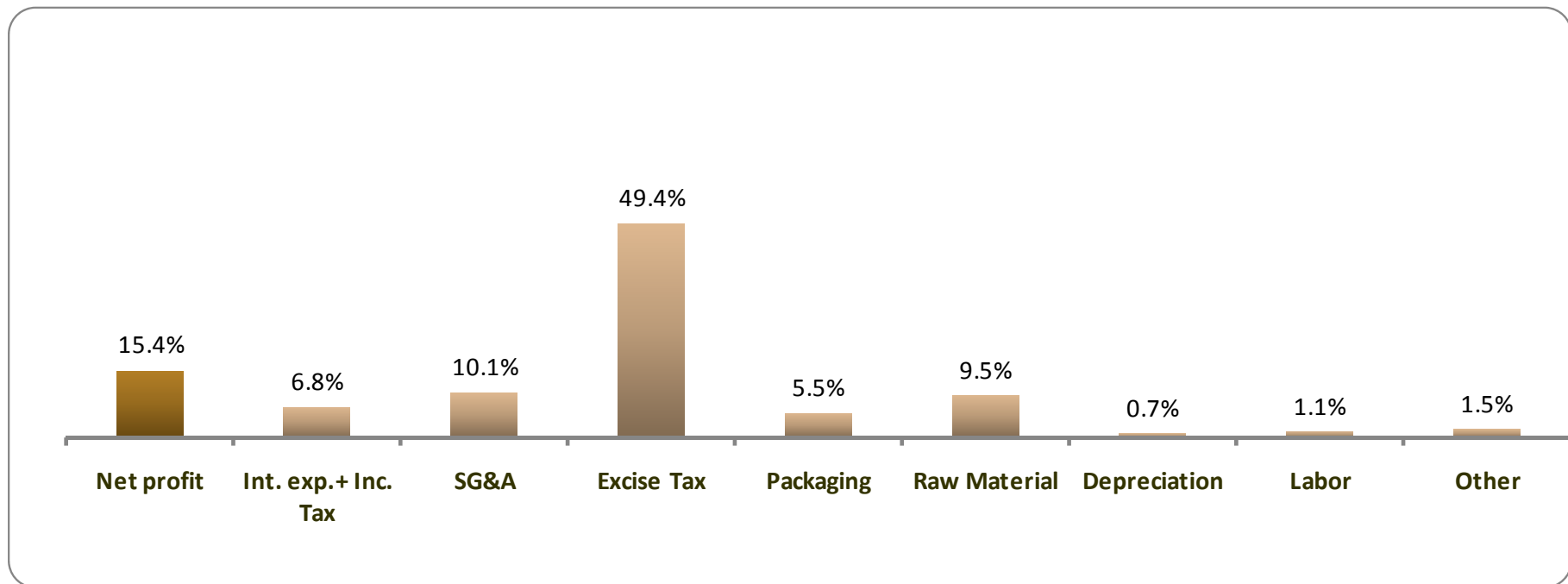
<u>Sales revenue</u>	UP	an increase in sales volume and product mix
<u>COGS (%)</u>	UP	a slightly increase in raw material cost
<u>SG&amp;A (%)</u>	DOWN	a decrease in idle costs
<u>EBITDA</u>	UP	an increase in gross profit, a gain on sale of investment properties and a decrease in idle costs
<u>Net Profit</u>	UP	an increase in EBITDA and a decrease in depreciation



# Spirits: Revenue-Cost Break Down

(% of total revenue)

9M'11



# Beer

Beer	Q3'10	Q3'11	Change	(M Baht)
Sales Revenue	7,840	7,334	-6.5%	
COGS	(7,119)	(6,701)		
<i>% of Sales Revenue</i>	<i>90.8%</i>	<i>91.4%</i>		
SG&A	(1,263)	(1,270)		
<i>% of Sales Revenue</i>	<i>16.1%</i>	<i>17.3%</i>		
EBITDA (Loss)	(128)	(267)	-108.6%	
Net Profit (Loss)	(286)	(416)	-45.5%	
<u>Margin*</u>				
EBITDA (-Loss)	-1.6%	-3.6%		
Net Profit (-Loss)	-3.6%	-5.7%		

\* margins are % of sales revenue

<u>Sales revenue</u>	DOWN	a decrease in sales volume, although there was an increase in net sales price
<u>COGS (%)</u>	UP	product mix has higher cost, although there was a decrease in depreciation
<u>SG&amp;A (%)</u>	UP	an increase in staff costs
<u>EBITDA Loss</u>	UP	a decrease in gross profit and an increase in staff costs
<u>Net Loss</u>	UP	an increase in EBITDA Loss, although there was a decrease in depreciation



# Beer

Beer	9M'10	9M'11	Change	(M Baht)
Sales Revenue	25,052	23,069	-7.9%	
COGS	(22,845)	(20,633)		
<i>% of Sales Revenue</i>	<i>91.2%</i>	<i>89.4%</i>		
SG&A	(3,873)	(3,549)		
<i>% of Sales Revenue</i>	<i>15.5%</i>	<i>15.4%</i>		
EBITDA (Loss)	(410)	(169)	58.8%	
Net Profit (Loss)	(1,065)	(768)	27.9%	
<b>Margin*</b>				
EBITDA (-Loss)	-1.6%	-0.7%		
Net Profit (-Loss)	-4.3%	-3.3%		

\* margins are % of sales revenue

<u>Sales revenue</u>	DOWN	a decrease in sales volume, although there was an increase in net sales price
<u>COGS (%)</u>	DOWN	an increase in net sales price and a decrease in depreciation
<u>SG&amp;A (%)</u>	DOWN	a decrease in marketing expenses
<u>EBITDA Loss</u>	DOWN	an increase in gross profit and a decrease in marketing expenses
<u>Net Loss</u>	DOWN	a decrease in EBITDA Loss and a decrease in depreciation

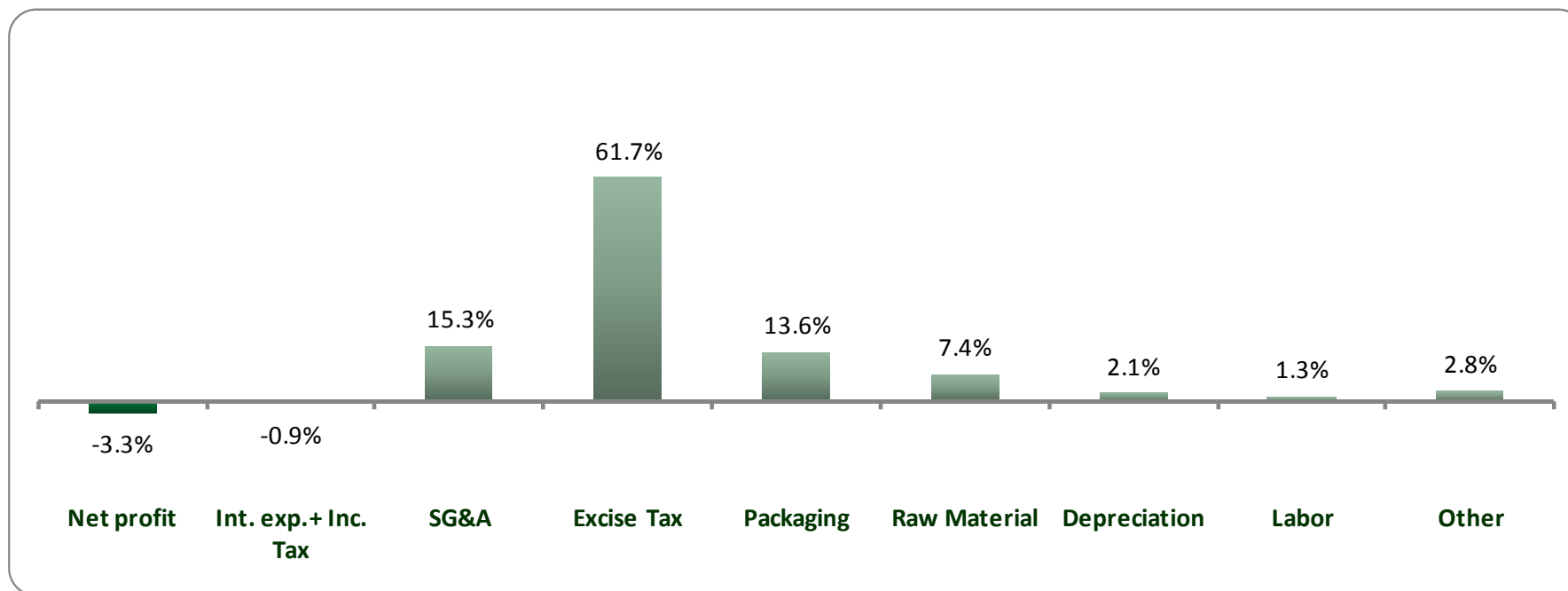




# Beer: Revenue-Cost Break Down

(% of total revenue)

9M'11



## Non-alcoholic Beverages

Non-alcoholic Beverages	Q3'10	Q3'11	Change	(M Baht)
Sales Revenue	1,565	1,815	16.0%	
COGS	(1,135)	(1,361)		
<i>% of Sales Revenue</i>	<i>72.5%</i>	<i>75.0%</i>		
SG&A	(310)	(402)		
<i>% of Sales Revenue</i>	<i>19.8%</i>	<i>22.2%</i>		
EBITDA	217	183	-15.7%	
Net Profit	121	101	-16.5%	
<b>Margin*</b>				
EBITDA	13.9%	10.1%		
Net Profit	7.7%	5.6%		

\* margins are % of sales revenue

<u>Sales revenue</u>	UP	an increase of Oishi's beverage sales volume
<u>COGS (%)</u>	UP	a decrease in net sales price, product mix, and an increase in raw material cost
<u>SG&amp;A (%)</u>	UP	an increase in transportation cost
<u>EBITDA</u>	DOWN	an increase in transportation cost
<u>Net Profit</u>	DOWN	a decrease in EBITDA



## Non-alcoholic Beverages

Non-alcoholic Beverages	9M'10	9M'11	Change	(M Baht)
Sales Revenue	4,959	5,228	5.4%	
COGS	(3,420)	(3,869)		
<i>% of Sales Revenue</i>	<i>69.0%</i>	<i>74.0%</i>		
SG&A	(1,273)	(1,379)		
<i>% of Sales Revenue</i>	<i>25.7%</i>	<i>26.4%</i>		
EBITDA	574	322	-43.9%	
Net Profit	295	161	-45.4%	
<b>Margin*</b>				
EBITDA	11.6%	6.2%		
Net Profit	5.9%	3.1%		

\* margins are % of sales revenue

<u>Sales revenue</u>	UP	an increase of Oishi beverages sales volume, although there was a decrease in net sales price and product mix
<u>COGS (%)</u>	UP	a decrease in net sales price, product mix, and an increase in raw material cost
<u>SG&amp;A (%)</u>	UP	an increase in transportation cost
<u>EBITDA</u>	DOWN	a decrease in gross profit
<u>Net Profit</u>	DOWN	a decrease in EBITDA



# Food

Food	Q3'10	Q3'11	Change	(M Baht)
Sales Revenue	980	1,084	10.6%	
COGS	(586)	(668)		
<i>% of Sales Revenue</i>	<i>59.8%</i>	<i>61.6%</i>		
SG&A	(356)	(413)		
<i>% of Sales Revenue</i>	<i>36.3%</i>	<i>38.1%</i>		
EBITDA	91	90	-1.1%	
Net Profit	22	18	-18.2%	
<u>Margin*</u>				
EBITDA	9.3%	8.3%		
Net Profit	2.2%	1.7%		

\* margins are % of sales revenue

<u>Sales revenue</u>	UP	an increase in the number of branches and an increase in sales price
<u>COGS (%)</u>	UP	an increase in food costs due to variety of foods and an increase in raw material cost
<u>SG&amp;A (%)</u>	UP	an increase in branch rental fees and staffs costs
<u>EBITDA</u>	DOWN	an increase in branch rental fees and staffs costs
<u>Net Profit</u>	DOWN	a decrease in EBITDA



# Food

Food	9M'10	9M'11	Change
Sales Revenue	2,640	3,097	17.3%
COGS	(1,561)	(1,868)	
<i>% of Sales Revenue</i>	<i>59.1%</i>	<i>60.3%</i>	
SG&A	(953)	(1,121)	
<i>% of Sales Revenue</i>	<i>36.1%</i>	<i>36.2%</i>	
EBITDA	274	308	12.4%
Net Profit	89	79	-11.2%
<b>Margin*</b>			
EBITDA	10.4%	9.9%	
Net Profit	3.4%	2.6%	

(M Baht)

\* margins are % of sales revenue

<u>Sales revenue</u>	UP	an increase in the number of branches and an increase in sales price
<u>COGS (%)</u>	UP	an increase in food costs due to variety of foods and an increase in raw material cost
<u>SG&amp;A (%)</u>	UP	an increase in branch rental fees and staffs costs
<u>EBITDA</u>	UP	an increase in gross profit, although branch rental fees and staffs costs increased
<u>Net Profit</u>	DOWN	tax impacts although EBITDA increased



## Update: International Business

ThaiBev's international operations continued to grow with sales increase of 21% in 9M'11. However, the Company has higher marketing activities and support in the first nine months of 2011, which resulted in the net profit decrease by 11% when compared YoY

- ASEAN
  - ASEAN performance was driven by Chang Beer with sales value growth of over 31%
- USA
  - USA performance of Scotch whisky recorded a growth of 22% over last year
- UK & Rest of the World
  - IBHL UK and rest of the world sales growth was 22%, driven by Chang beer and the overall Scotch portfolio of single malts, blends, and bulk sales, all contributing to the growth
- CHINA
  - YLQ sales in China increased by 15% in the first nine months of 2011 when compared YoY as distribution coverage continued to grow in the Yunnan province

# Financials

## Balance Sheet

Balance Sheet	31-Dec-10	30-Sep-11			Change	
		ThaiBev	Serm Suk	Adjustment		Total
<i>(Million Baht)</i>						
<b>Assets</b>						
Current assets	35,189	39,692	5,135	(57)	44,770	9,581
Non-current assets	41,696	50,083	8,721	(4,830)	53,974	12,278
Total assets	76,885	89,775	13,856	(4,887)	98,744	21,859
<b>Liabilities</b>						
Total liabilities	20,004	33,478	5,502	(523)	38,457	18,453
<b>Shareholders' Equity</b>						
Total equity	56,881	56,297	8,354	(4,364)	60,287	3,406

Note: The Company has accounted for the acquisition of Serm Suk since 30 September 2011 by including the assets and liabilities of Serm Suk at book value in the consolidated statements of financial position.

<u>Current assets</u>	UP	an increase in inventories
<u>Non-current assets</u>	UP	an increase in property plant and equipment, and goodwill from acquisition of Serm Suk
<u>Total liabilities</u>	UP	an increase in short-term loans from financial institutions to purchase shares of Serm Suk
<u>Total equity</u>	UP	an increase in non-controlling interest from acquisition of Serm Suk, although there was a decrease in net retained earning which comprised of profit for the period and dividend payment



## Interest Bearing Debt

Interest Bearing Debt	31-Dec-10	30-Sep-11
<i>(Million Baht)</i>		
<b>Current</b>		
Bank overdrafts	568	145
Short-term loans from financial institutions	5,694	18,108
Current portion of long-term loans	2,500	1,100
	<b>8,762</b>	<b>19,353</b>
<b>Non-current</b>		
Long-term loans from financial institutions	600	1,900
<b>Total</b>	<b>9,362</b>	<b>21,253</b>
<b>Cash and cash equivalents</b>	<b>3,359</b>	<b>2,442</b>
<b>Net Interest Bearing Debt</b>	<b>6,003</b>	<b>18,811</b>

### Note

- Short-term loans increased because the Company raised money to pay for the acquisition of 52.23% shares of Serm Suk.
- The Company has financed short-term loans amounting to Baht 10,000 Million to be long term loans for the period of 3-5 years in Q4'11. The conditions are as follows:-
  - The loans bear the interest rate average at 3.5509% per annum

## Summary of Terms & Conditions of the Long-Term Loans

	Loan Principal Amount (Baht)	Interest Rate	Tenor (Not exceeding)	Repayment of Principal Amount	Collateral
Loan 1	4,000 million	- Interest rates are determined based on the average market rate  - Total average interest rate is 3.5509%	5 years	4 installments of Baht 1,000 million each will be repaid in 4.25 year, 4.5 years, 4.75 years and 5 years from the drawdown date, respectively	Clean
Loan 2	4,000 million		4 years	<ul style="list-style-type: none"> <li>- 1<sup>st</sup> and 2<sup>nd</sup> installments of Baht 1,500 million each will be repaid 3 years after the drawdown date and 3.5 years after the drawdown date, respectively</li> <li>- 3<sup>rd</sup> installment of Baht 1,000 million will be repaid 4 years after the drawdown date.</li> </ul>	Clean
Loan 3	2,000 million		3 years	<p>The repayment will be paid in 12 installments, beginning at Year 3 as follows:</p> <ul style="list-style-type: none"> <li>- 1<sup>st</sup> to 11<sup>th</sup> month of Year 3 of Baht 166.60 million each.</li> <li>- 12<sup>th</sup> month of Year 3 of Baht 167.40 million</li> </ul>	Clean

## Financial Ratios

Ratios	31-Dec-10	30-Sep-11
Current Ratio	1.92	1.38
Total Debt to Equity	0.35	0.64
Net Asset Value per Share (Baht)	2.25	2.23
Net Asset Value per Share (SGD)*	0.09	0.09

\* exchange rate at THB 24: SGD 1

Turnovers (days)	Jan-Dec 10	Jan-Sep 11
A/R Turnover	6	8
Inventory Turnover		
<u>Spirits Business</u>		
Finished Goods (exc. Legacy Stocks)	53	53
<u>Beer Business</u>		
Finished Goods	27	25

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

Note: use 365 days to calculate turnover

Q&A