

# Thai Beverage PLC

## 2012 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that could cause actual results, performance or events to differ materially from those in the statements as originally made.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 Sermsuk Public Company Limited (Sermsuk), a Thai company currently listed on the Stock Exchange of Thailand. The Company has included the assets and liabilities of Sermsuk 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.
- Sermsuk's operations were recognized under the non-alcoholic beverage business segment.
- The consolidated financial statements for the year ended 31 December 2011 was restated to reflect the fair values of Sermsuk as at the acquisition date in accordance with Thai Financial Reporting Standard no.3 per independent appraisal report which was finalized in the third quarter of 2012. 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 5(a) to the financial statements of this year.

# 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 tax 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 tax to beer and other special spirits.
  - The new excise tax 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. 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.

# 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

# Dividend Payment

## Dividend Policy

Not less than 50% of net profits after deduction of all specified reserves, subject to our investment plans and as the Board of Directors deems appropriate

<b>Dividend Payment</b>	<b>2011*</b>	<b>2012</b>
Net Profit belonging to the Company - Exclude F&N (M)	12,042	17,798
Net Profit belonging to the Company - Include F&N (M)	12,042	28,493
Number of Shares (M)	25,110	25,110
Dividend (M)	9,291	10,546
Less Interim dividend already paid (M)	3,767	3,515
Final dividend (M)	5,524	7,031
<b>Portion of Net Profit - Exclude F&amp;N</b>	<b>77%</b>	<b>59%</b>
<b>Portion of Net Profit - Include F&amp;N</b>	<b>77%</b>	<b>37%</b>
<b>Dividend per share (Baht)</b>	<b>0.37</b>	<b>0.42</b>
<b>Less Interim dividend already paid (Baht)</b>	<b>0.15</b>	<b>0.14</b>
<b>Final dividend (Baht)</b>	<b>0.22</b>	<b>0.28</b>

\* Not Restated



# Consolidated: 2012 Highlights

(M Baht)

Group	2011	2012	Change
Sales Revenue	132,186	161,044	21.8%
COGS	(97,453)	(115,622)	
<i>% of Sales Revenue</i>	<i>73.7%</i>	<i>71.8%</i>	
SG&A	(17,592)	(22,587)	
<i>% of Sales Revenue</i>	<i>13.3%</i>	<i>14.0%</i>	
EBITDA	21,165	39,236	85.4%
Net Profit	11,967	28,760	140.3%
<i>Less: Non-controlling interests</i>	64	(266)	
Net Profit belonging to the Company	12,031	28,493	136.8%
<u>Margin*</u>			
EBITDA	16.0%	24.4%	
Net Profit	9.1%	17.9%	

\* margins are % of sales revenue

# Consolidated: 2012 Highlights

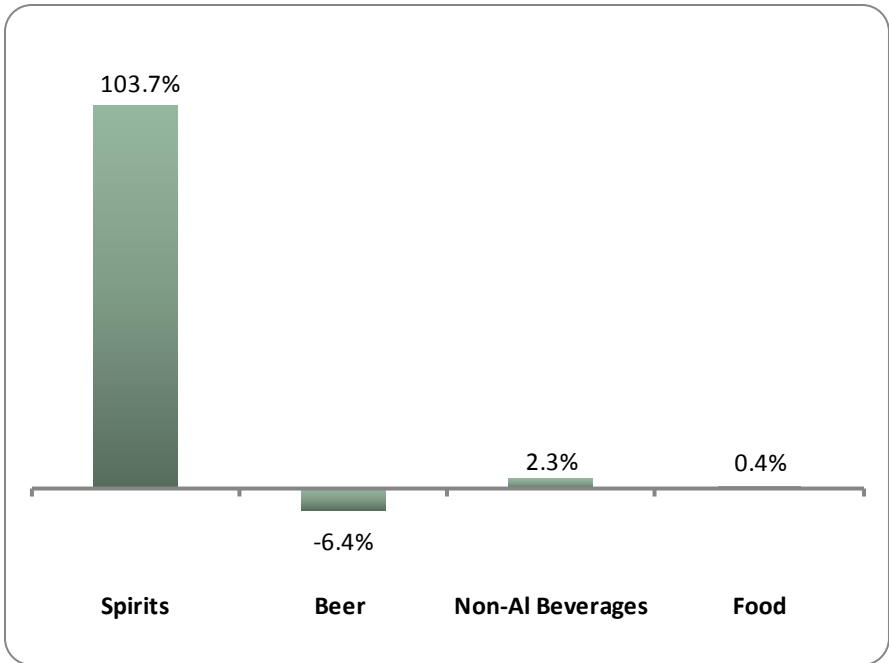
For the year 2012, the Company has included Sermsuk and F&N operation results in the group

Group	ThaiBev	Sermsuk	Eliminate	F&N	Total	(M Baht)
<b>2012</b>						
Sales	139,360	22,501	(817)	-	161,044	
Gross profit	40,555	4,867	-	-	45,422	
EBITDA	26,081	1,694	-	11,461	39,236	
Net profit	17,460	605	-	10,695	28,760	
<b>2011</b>						
Sales	128,117	4,150	(81)	-	132,186	
Gross profit	34,115	618	-	-	34,733	
EBITDA (loss)	21,338	(173)	-	-	21,165	
Net profit (loss)	12,386	(419)	-	-	11,967	
<b>increase (decrease)</b>						
Sales	8.8%	442.2%	(908.6%)	n/a	21.8%	
Gross profit	18.9%	687.5%	-	n/a	30.8%	
EBITDA	22.2%	1,079.2%	-	n/a	85.4%	
Net profit	41.0%	244.4%	-	n/a	140.3%	

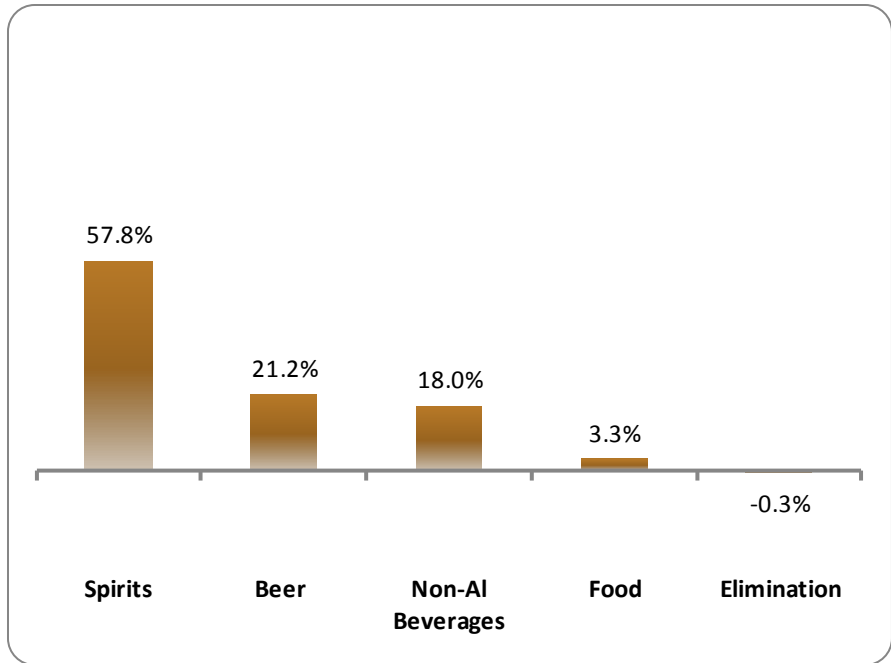
# Contribution per Business Segment

2012

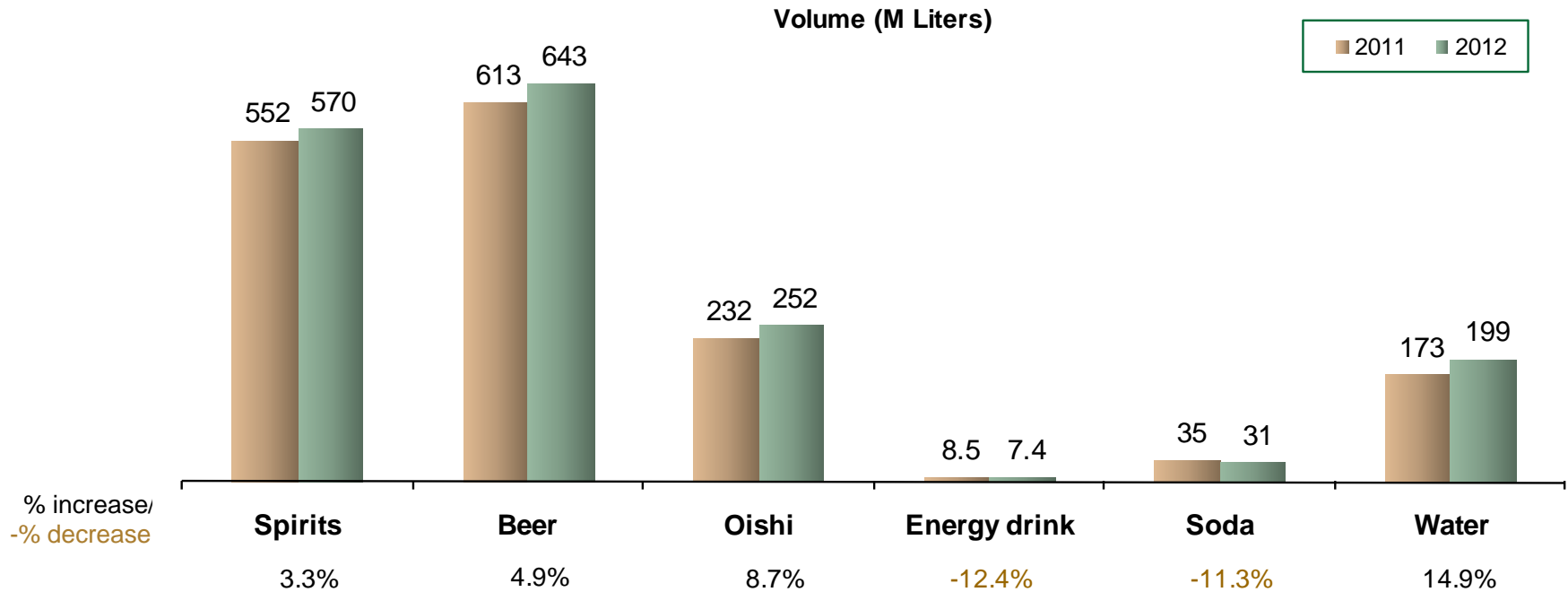
**Net Profit \***



**Sales**



\* Exclude F&N



SSC Sales volume was not shown on this page since we did not have SSC's volume in 2011 for comparison purpose

# Business Segments

Spirits	2011	2012	Change (M Baht)
Sales Revenue	84,764	93,122	9.9%
COGS	(57,488)	(60,489)	
<i>% of Sales Revenue</i>	<i>67.8%</i>	<i>65.0%</i>	
SG&A	(8,314)	(8,480)	
<i>% of Sales Revenue</i>	<i>9.8%</i>	<i>9.1%</i>	
EBITDA	20,766	25,904	24.7%
Net Profit	13,355	18,744	40.4%
<u>Margin*</u>			
EBITDA	24.5%	27.8%	
Net Profit	15.8%	20.1%	

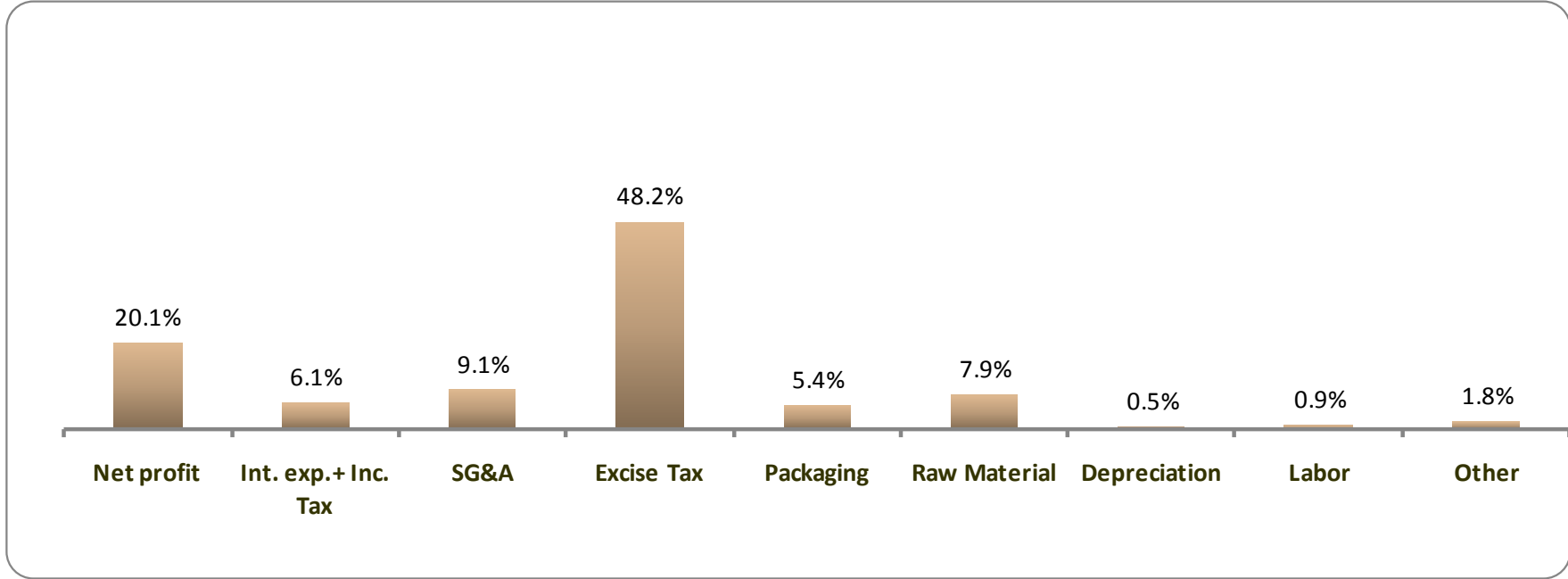
\* margins are % of sales revenue

<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&amp;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)

2012



Beer	2011	2012	Change (M Baht)
Sales Revenue	32,855	34,153	4.0%
COGS	(29,472)	(30,349)	
<i>% of Sales Revenue</i>	<i>89.7%</i>	<i>88.9%</i>	
SG&A	(4,791)	(5,298)	
<i>% of Sales Revenue</i>	<i>14.5%</i>	<i>15.5%</i>	
EBITDA (Loss)	(142)	(536)	-277.5%
Net Profit (Loss)	(1,031)	(1,162)	-12.7%
<u>Margin*</u>			
EBITDA (-Loss)	-0.4%	-1.6%	
Net Profit (-Loss)	-3.1%	-3.4%	

\* margins are % of sales revenue

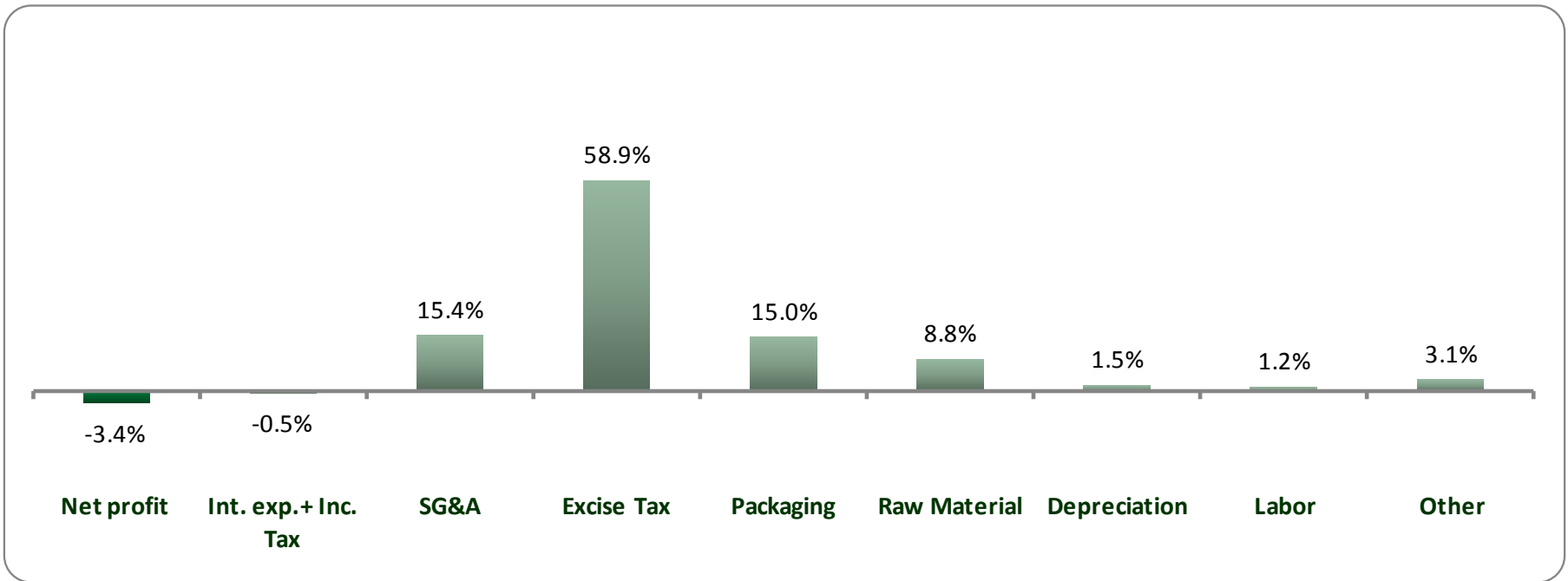
<u>Sales Revenue</u>	UP	an increase in sales volume
<u>COGS (%)</u>	DOWN	a decrease in depreciation although there was an increase in raw material costs and labor costs
<u>SG&amp;A (%)</u>	UP	an increase in advertising & promotion expenses, and staff costs
<u>EBITDA Loss</u>	UP	an increase in advertising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



# Beer: Revenue-Cost Break Down

(% of total revenue)

2012



# Non-alcohol Beverage (Include Sermsuk)

Non-alcohol Beverage	2011	2012	Change	(M Baht)
Sales Revenue	10,862	28,997	167.0%	
COGS	(8,392)	(21,882)		
<i>% of Sales Revenue</i>	<i>77.3%</i>	<i>75.5%</i>		
SG&A	(3,106)	(7,087)		
<i>% of Sales Revenue</i>	<i>28.6%</i>	<i>24.4%</i>		
EBITDA	122	1,996	1,536.1%	
Net Profit (Loss)	(464)	417	189.9%	
<u>Margin*</u>				
EBITDA	1.1%	6.9%		
Net Profit (-Loss)	-4.3%	1.4%		

\* margins are % of sales revenue

# Non-alcohol Beverage

For the year 2012, the Company has included Sermsuk operating results in the non-alcoholic beverages business segment

Non-alcohol Beverage Business	ThaiBev	Sermsuk	Eliminate	Total	(M Baht)
<b>2012</b>					
Sales	7,313	22,501	(817)	28,997	
Gross profit	2,248	4,867	-	7,115	
EBITDA	302	1,694	-	1,996	
Net profit (loss)	(188)	605	-	417	
<b>2011</b>					
Sales	6,793	4,150	(81)	10,862	
Gross profit	1,852	618	-	2,470	
EBITDA	295	(173)	-	122	
Net profit (loss)	(45)	(419)	-	(464)	
<b>increase (decrease)</b>					
Sales	7.7%	442.2%	(908.6%)	167.0%	
Gross profit	21.4%	687.5%	-	188.1%	
EBITDA	2.4%	1,079.2%	-	1,536.1%	
Net profit (loss)	(317.8%)	244.4%	-	189.9%	

## Non-alcohol Beverage Exclude Sermsuk

<u>Sales revenue</u>	UP	a change in product mix
<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 loss</u>	UP	an increase in interest expenses from loans to support acquisition of Sermsuk

Food	2011	2012	Change (M Baht)
Sales Revenue	4,126	5,319	28.9%
COGS	(2,512)	(3,273)	
<i>% of Sales Revenue</i>	<i>60.9%</i>	<i>61.5%</i>	
SG&A	(1,443)	(1,958)	
<i>% of Sales Revenue</i>	<i>35.0%</i>	<i>36.8%</i>	
EBITDA	419	411	-1.9%
Net Profit	107	66	-38.3%
<u>Margin*</u>			
EBITDA	10.2%	7.7%	
Net Profit	2.6%	1.2%	

\* 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&amp;A (%)</u>	UP	an increase in staff costs and an increase in advertising and promotion cost for snack
<u>EBITDA</u>	DOWN	an increase in SG&A although there was an increase in gross profit
<u>Net Profit</u>	DOWN	an increase in advertising and promotion cost for snack

In the FY 2012, ThaiBev's international business reported sales growth of 28%

The performance of business by geographic area:

- UK & Rest of the World
  - Sales revenue continued to grow 14% 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 78%
- YLQ (Chinese spirits in China)
  - Sales and margin of Chinese spirits continued to improve from better mix of mid and high end products. Sales value grew by 8%
- USA
  - This region's sales revenue continued to improve over last year by 15% mainly from the growth of Scotch whisky, other spirits & Chang Beer

# Financials

# Balance Sheet

Balance Sheet	31-Dec-11 (Restated)	31-Dec-12	Change
<i>(Million Baht)</i>			
<b>Assets</b>			
Current assets	45,176	47,149	1,973
Non-current assets	54,185	160,536	106,351
<b>Total assets</b>	<b>99,361</b>	<b>207,685</b>	<b>108,324</b>
<b>Liabilities</b>			
<b>Total liabilities</b>	<b>36,159</b>	<b>122,714</b>	<b>86,555</b>
<b>Shareholders' Equity</b>			
<b>Total equity</b>	<b>63,202</b>	<b>84,971</b>	<b>21,769</b>

<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	31-Dec-12
<i>(Million Baht)</i>		
<b>Current</b>		
Bank overdrafts	378	1,129
Short-term loans from financial institutions	4,849	10,206
Current portion of long-term loans	1,800	4,672
	<b>7,027</b>	<b>16,007</b>
<b>Non-current</b>		
Long-term loans from financial institutions	11,200	88,146
<b>Total</b>	<b>18,227</b>	<b>104,153</b>
<b>Cash and cash equivalents</b>	<b>3,442</b>	<b>4,545</b>
<b>Net Interest Bearing Debt</b>	<b>14,785</b>	<b>99,608</b>

Note

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



# Financial Ratios

Ratios	31-Dec-11 (Restated)	31-Dec-12
Current Ratio (times)	2.13	1.54
Debt to Equity Ratio (times)	0.57	1.44
Interest Bearing Debt to Equity Ratio (times)	0.29	1.23
Net Asset Value per Share (Baht)	2.52	3.38
Net Asset Value per Share (SGD)*	0.10	0.14

\* exchange rate at THB 24.5: SGD 1

Turnovers (days)	Jan-Dec 11	Jan-Dec 12
A/R Turnover	7	8
Inventory Turnover		
<i><u>Spirits Business</u></i>		
Finished Goods (exc. Legacy Stocks)	48	58
<i><u>Beer Business</u></i>		
Finished Goods	26	20

<u>Current Ratio</u>	DOWN	an increase in short-term loans
<u>Debt to Equity Ratio</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