

Thai Beverage PLC

FY2014 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that could cause actual results, performance or events to differ materially from those in the statements as originally made.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

- Effective from 4 September 2013, the Ministry of Finance has changed the method for alcohol excise tax. Previously, the alcohol excise tax was imposed by one of the 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.

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.

- Frasers Centrepoint Limited (“FCL”) was demerged from Fraser and Neave, Limited (“F&N”) and has been listed on the main board of the Singapore Exchange Securities Trading Limited on 9 January 2014. FCL is an associate of indirect subsidiary of the Company and principally engaged in property business.
- In April 2014, the Company recognized a capital reduction in cash from an associate, F&N, for a net consideration of Baht 4,465 million. The proceeds were repaid to financial institutions for loans prior to maturity without penalty.

Understanding this Presentation

- In October 2014, the Company was informed by F&N that the arbitral tribunal has ruled F&N to sell its 55% stake in Myanmar Brewery Limited (“MBL”) to Myanmar Economic Holdings Limited (“MEHL”) and MEHL’s valuation of US\$ 246 million does not represent a fair value of F&N’s stake in MBL. Furthermore, the sales should take place at the price to be determined by an independent valuer to be appointed by both parties, failing which by a valuer named by the tribunal.
- On 24 December 2014, Great Brands Limited (“Great Brand”), a direct wholly-own subsidiary of Sermsuk Public Company Limited (“SSC”), an indirect subsidiary of the Company, sold trade mark of “est” brand and its formulae to Super Brands Company Pte, Ltd (“Super Brands”), a direct wholly-own subsidiary of InterBev (Singapore) Limited, another indirect subsidiary of the Company, at the total amount of Baht 1.56 billion including consultancy fee. In accordance with the sales agreement of trademarks “est” and the formulae (“the agreement”), Super Brands had to pay for the trademarks and the formulae on the submission of registration of the transfer of the trademarks of Baht 1.3 billion. The remaining consultancy and industry knowledge advisory will be paid equally of Baht 130 million per annum for two years from 2015 to 2016 according to the consultancy agreement to SSC from Super Brands for overseas market expansion. This transaction is in line with the Company’s vision 2020 to develop “est”, one of core brands for cola drink and other soft drinks, with the greatest growth potential in ASEAN.

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

Dividend Payment

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

Dividend Payment	2013	2014
Net Profit belonging to the Company - Include F&N/FCL (<i>Million Baht</i>)	19,130	21,694
Number of Shares (<i>Million Shares</i>)	25,110	25,110
Dividend (<i>Million Baht</i>)	11,048	15,317
Less Interim dividend already paid (<i>Million Baht</i>)	3,515	3,767
Final dividend (<i>Million Baht</i>)	7,533	11,550
Payout ratio	58%	71%
Dividend per share (<i>Baht</i>)	0.44	0.61
Less Interim dividend already paid (<i>Baht</i>)	0.14	0.15
Final dividend (<i>Baht</i>)	0.30	0.46

(M Baht)

Group	2013	2014	Change
Sales Revenue	155,771	162,040	4.0%
COGS	(112,033)	(114,710)	
<i>% of Sales Revenue</i>	<i>71.9%</i>	<i>70.8%</i>	
SG&A	(22,736)	(23,950)	
<i>% of Sales Revenue</i>	<i>14.6%</i>	<i>14.7%</i>	
EBITDA (exclude F&N / FCL)	25,878	28,275	9.3%
Net Profit (exclude F&N / FCL)	17,357	19,308	11.2%
F&N / FCL Results (proportion of the holding shares)	1,645	2,125	
EBITDA	29,490	31,524	6.9%
Net Profit	19,002	21,433	12.8%
Net Profit attributable to:			
<i>Owners of the Company</i>	19,130	21,694	13.4%
<i>Non-controlling interests</i>	(128)	(261)	
<u>Margin*</u>			
EBITDA (exclude F&N / FCL)	16.6%	17.4%	
Net Profit (exclude F&N / FCL)	11.1%	11.9%	
EBITDA	18.9%	19.5%	
Net Profit	12.2%	13.2%	

* margins are % of sales revenue

Consolidated: FY2014 Highlights

Group	ThaiBev	F&N / FCL	Total
2014			
Sales	162,040	-	162,040
Gross profit	47,330	-	47,330
EBITDA	28,275	3,249	31,524
Net profit	19,308	2,125	21,433
2013			
Sales	155,771	-	155,771
Gross profit	43,738	-	43,738
EBITDA	25,878	3,612	29,490
Net profit	17,357	1,645	19,002
Increase (Decrease)			
Sales	6,269	-	6,269
Gross profit	3,592	-	3,592
EBITDA	2,397	(363)	2,034
Net profit	1,951	480	2,431
% Increase (Decrease)			
Sales	4.0%	-	4.0%
Gross profit	8.2%	-	8.2%
EBITDA	9.3%	(10.0%)	6.9%
Net profit	11.2%	29.2%	12.8%

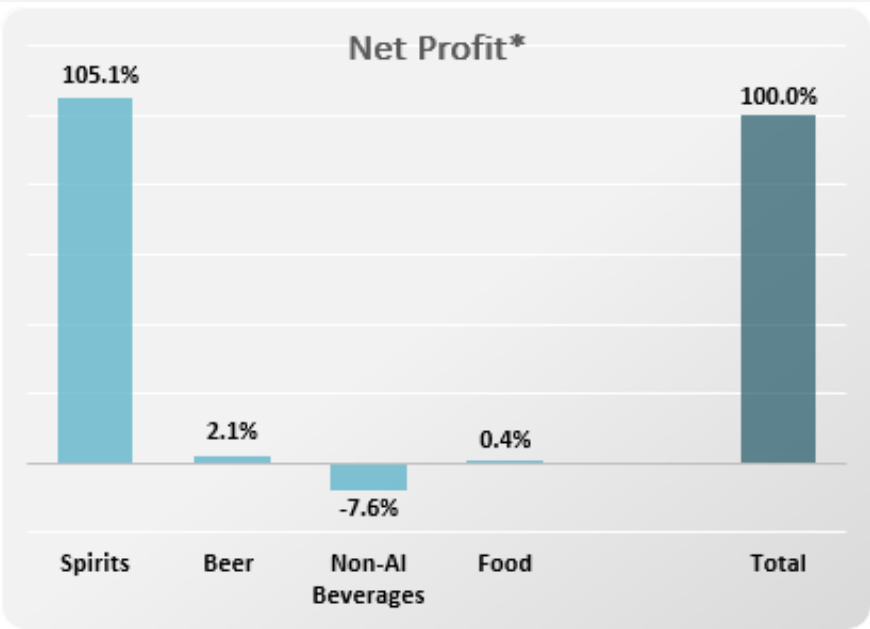
(M Baht)

Consolidated: FY2014 Highlights

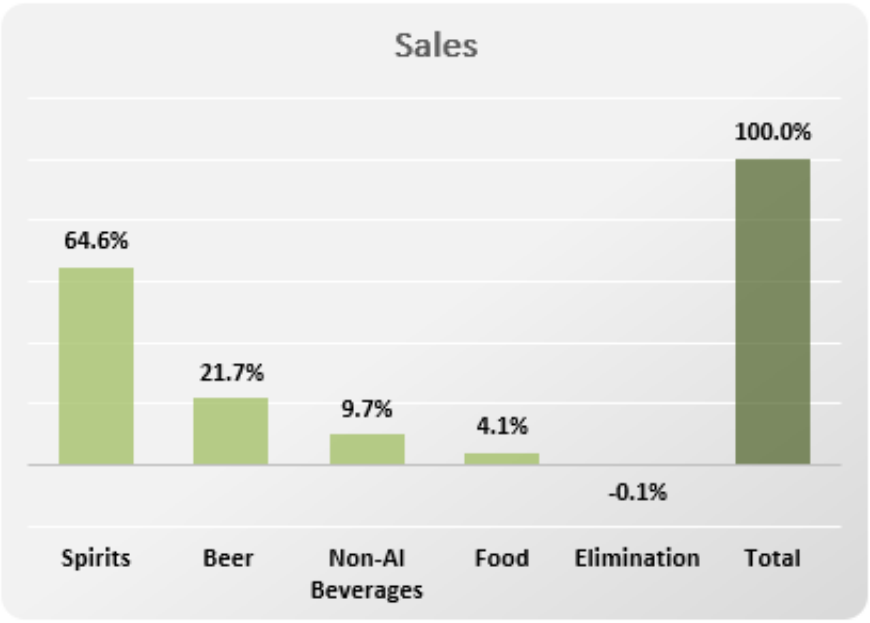
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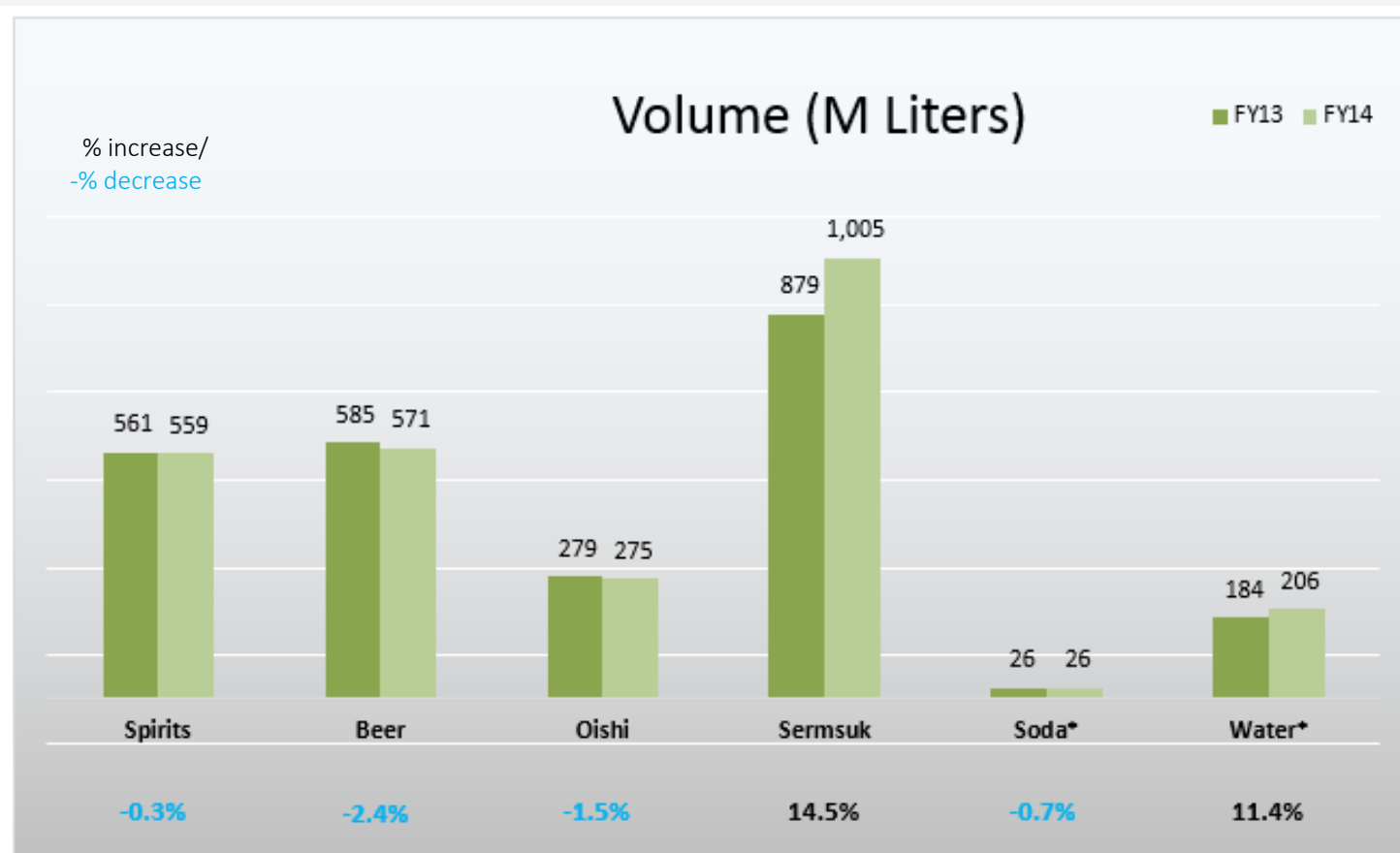
Contribution per Business Segment



* Exclude F&N / FCL



Total Sales Volume



* Only ThaiBev products

Business Segments

Spirits

Spirits	2013	2014	Change
Sales Revenue	99,916	104,592	4.7%
COGS	(67,696)	(70,183)	
<i>% of Sales Revenue</i>	<i>67.8%</i>	<i>67.1%</i>	
SG&A	(8,526)	(9,131)	
<i>% of Sales Revenue</i>	<i>8.5%</i>	<i>8.7%</i>	
EBITDA	25,630	27,144	5.9%
Net Profit	19,092	20,307	6.4%

Margin*

EBITDA	25.7%	26.0%
Net Profit	19.1%	19.4%

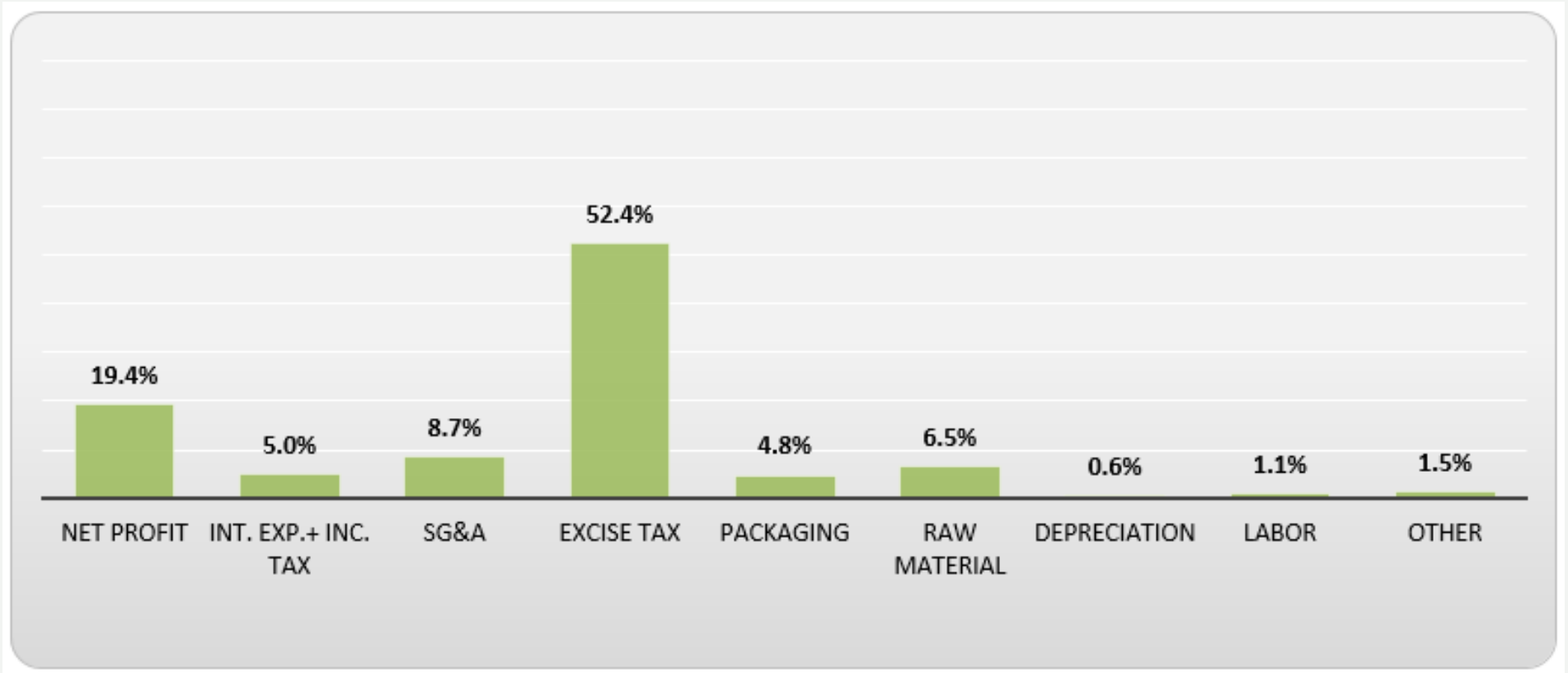
* margins are % of sales revenue

<u>Sales Revenue</u>	UP	an increase in sales price although there was a decrease in sales volume
<u>COGS (%)</u>	DOWN	selling price increased at a higher rate than COGS per unit
<u>SG&A (%)</u>	UP	an increase in advertising and promotion expenses
<u>EBITDA</u>	UP	an increase in gross profit and a decrease in idle cost although there was an increase in advertising and promotion expenses
<u>Net Profit</u>	UP	an increase in EBITDA although there was an increase in related corporate income tax

Spirits: Revenue-Cost Break Down

FY2014

(% of total revenue)



Beer

Beer	2013	2014	Change
Sales Revenue	32,935	35,193	6.9%
COGS	(28,059)	(28,817)	
<i>% of Sales Revenue</i>	<i>85.2%</i>	<i>81.9%</i>	
SG&A	(5,557)	(6,042)	
<i>% of Sales Revenue</i>	<i>16.8%</i>	<i>17.1%</i>	
EBITDA	243	1,265	420.6%
Net Profit (Loss)	(447)	396	188.6%

(M Baht)

Margin*

EBITDA	0.7%	3.6%
Net Profit (-Loss)	-1.4%	1.1%

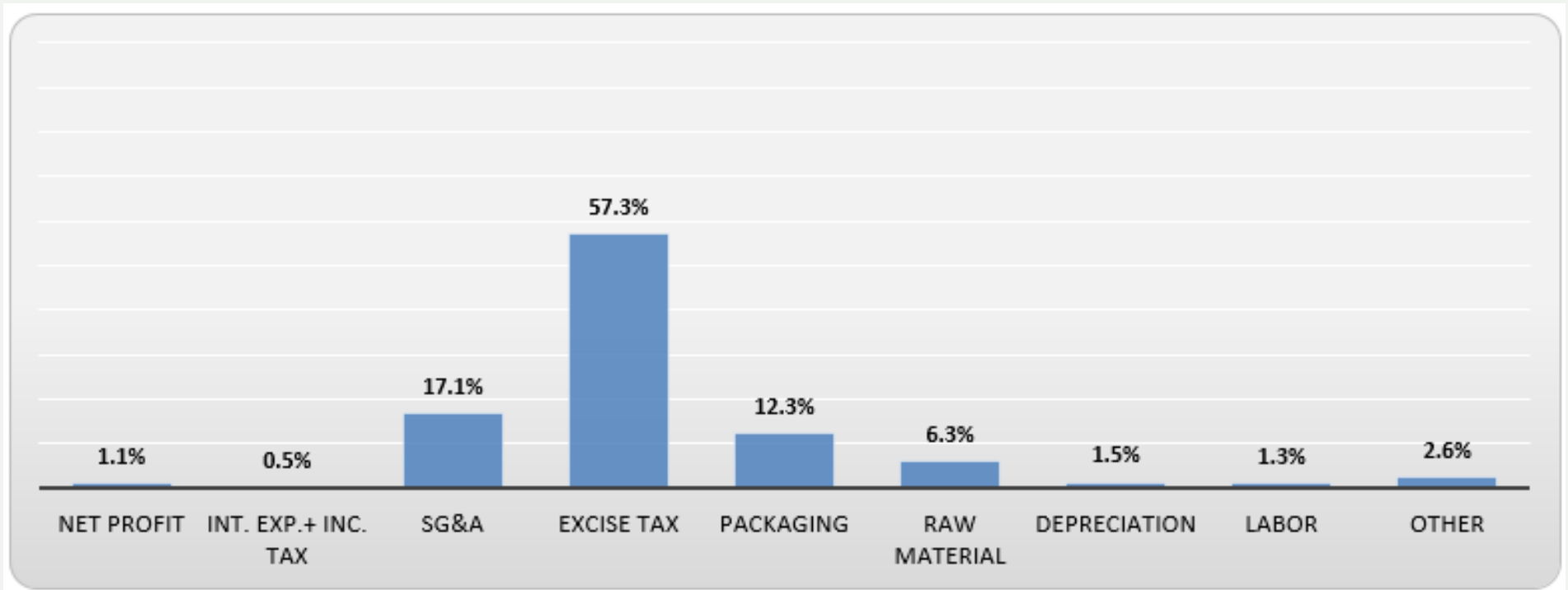
* margins are % of sales revenue

<u>Sales Revenue</u>	UP	an increase in sales price although there was a decrease in volume
<u>COGS (%)</u>	DOWN	an increase in sales price and a decrease in material costs and energy costs
<u>SG&A (%)</u>	UP	an increase in staff costs
<u>EBITDA</u>	UP	an increase in gross profit although there was an increase in staff costs
<u>Net Profit</u>	UP	an increase in EBITDA although there was an increase in related corporate income tax

Beer: Revenue-Cost Break Down

FY2014

(% of total revenue)



Non-alcohol Beverages

Non-alcohol Beverages	2013	2014	Change (M Baht)
Sales Revenue	17,018	15,775	-7.3%
COGS	(12,746)	11,773	
<i>% of Sales Revenue</i>	<i>74.9%</i>	<i>74.6%</i>	
SG&A	(6,548)	(6,338)	
<i>% of Sales Revenue</i>	<i>38.4%</i>	<i>40.2%</i>	
EBITDA (Loss)	(586)	(691)	-17.9%
Net Profit (Loss)	(1,464)	(1,469)	-0.3%

Margin*

EBITDA (-Loss)	-3.4%	-4.4%
Net Profit (-Loss)	-8.6%	-9.3%

* margins are % of sales revenue

<u>Sales Revenue</u>	DOWN	a decrease in sales volume of carbonated soft drink and green tea although there was an increase in sales volume of drinking water
<u>COGS (%)</u>	DOWN	product mix
<u>SG&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 and an increase in financial cost although there was a corporate income tax impacts and a decrease in depreciation and amortization

Food

Food	2013	2014	Change	(M Baht)
Sales Revenue	5,976	6,602	10.5%	
COGS	(3,578)	(4,025)		
<i>% of Sales Revenue</i>	<i>59.9%</i>	<i>61.0%</i>		
SG&A	(2,206)	(2,541)		
<i>% of Sales Revenue</i>	<i>36.9%</i>	<i>38.5%</i>		
EBITDA	591	557	-5.8%	
Net Profit	176	74	-58.0%	

Margin*

EBITDA	9.9%	8.4%
Net Profit	2.9%	1.1%

* 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 in accordance with the variety of foods offering and an increase in materials costs but this was under closely control
<u>SG&A (%)</u>	UP	an increase in staff costs and rental costs
<u>EBITDA</u>	DOWN	an increase in staff costs and rental costs although there was an increase in gross profit
<u>Net Profit</u>	DOWN	a decrease in EBITDA and an increase in depreciation

Update: International Business

Overall turnover of the international business reported a 24% growth in value over 2013. Excluding the exchange rate impact, more than 10% increase in revenue was achieved

- Beer
 - The growth was satisfactory in all markets, especially for Chang Beer in ASEAN
 - Sales of Chang Beer in Europe started on a low basis but recorded more than 40% increase in 2014
 - Performance in USA decreased slightly in line with the overall imported Thai Beer in US

- Scotch Whisky
 - Volumes and net sales of our core brands reported double digits increases in 2014.
 - Our bulk sale business did well, mainly driven by sales in Asia

- Chinese Spirits
 - Overall turnover of Yulinquan Products reported a slightly drop of 5% compared with 2013. The white spirits industry in China started with some positive changes, like the decrease in government consumption be offset by the increase in commercial and private consumption

- Thai Spirits
 - Sales of Thai Spirits still accounted for a small portion of the overall international business in 2014 but we are looking for the growth in ASEAN in the coming future.

Financials

Statement of Financial Position

Statement of Financial Position	31-Dec-13	31-Dec-14	Change
<i>(M Baht)</i>			
Assets			
Current assets	49,724	47,068	(2,656)
Non-current assets	133,605	124,919	(8,686)
Total assets	183,329	171,987	(11,342)
Liabilities			
Total liabilities	85,336	67,311	(18,025)
Shareholders' Equity			
Total equity	97,993	104,676	6,683

<u>Current assets</u>	DOWN	a decrease in cash and cash equivalents
<u>Non-current assets</u>	DOWN	a decrease in overseas investment in an associate mainly from a capital reduction
<u>Total liabilities</u>	DOWN	a net decrease in bank overdrafts and loans from financial institutions
<u>Total equity</u>	UP	an increase in net retained earnings from profit for the year which deducted with dividend payment

Interest Bearing Debt

Interest Bearing Debt	31-Dec-13	31-Dec-14
<i>(M Baht)</i>		
Current		
Bank overdrafts	1,404	1,363
Short-term loans from financial institutions	763	7,173
Current portion of long-term loans	10,190	13,411
	12,357	21,947
Non-current		
Long-term loans from financial institutions	54,343	26,555
Debentures	1,000	1,000
	55,343	27,555
Total	67,700	49,502
Cash and cash equivalents	5,102	2,230
Net Interest Bearing Debt	62,598	47,272

In April 2014, the Company recognized a capital reduction in cash from an associate, F&N, for a net consideration of Baht 4,465 million. The proceeds were repaid to financial institutions for loans prior to maturity without penalty.

Financial Ratios

Ratios	31-Dec-13	31-Dec-14
Current Ratio (times)	1.90	1.31
Liability to Equity Ratio (times)	0.87	0.64
Interest Bearing Debt to Equity Ratio (times)	0.69	0.47
Net interest Bearing Debt to Equity Ratio (times)	0.64	0.45
Net interest Bearing Debt to EBITDA (times)	2.12	1.50
Net asset value per share (Baht)	3.75	4.03
Net asset value per share (SGD)*	0.16	0.17

* exchange rate at THB 23.93 : SGD 1

Turnovers (days)	Jan-Dec 13	Jan-Dec 14
A/R Turnover	9	9
Inventory Turnover		
Spirit Business: finished goods	55	49
Beer Business: finished goods	23	20
Non-alcohol Business: finished goods	31	34
Food Business: finished goods	2	2

Note: use 365 days to calculate turnover

<u>Current Ratio</u>	DOWN	a decrease in cash and cash equivalents, an increase in bank overdrafts and short-term loans from financial institutions
<u>Liability 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

Q&A