

Thai Beverage PLC

1H2015 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that could cause actual results, performance or events to differ materially from those in the statements as originally made.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 27 March 2015, all alcoholic beverages and tobacco have been charged an additional 2% of excise tax by law to contribute to National Sports Development Fund. Currently, the Company pays excise tax plus municipal tax, Health Promotion Fund contribution, Thai Public Broadcasting Service levy and the latest one, National Sports Development Fund, for 10.0%, 2.0%, 1.5% and 2.0% of excise tax, respectively. Thus, the Company pays excise tax plus 15.5% of excise tax for the total above mentions. The Company's current selling prices of its alcoholic beverage products have already covered this additional charge.
- Due to a higher interest rate in Singapore and an appreciation of Baht against Singapore dollar in January 2015, the Company refinanced Singapore dollar loans with Baht short-term loans to avoid the floating interest rate and the currency exposures. Nonetheless, the Company restructured the Baht short-term loans amounting to Baht 25,000 million in June 2015 by issuing 18-month bills of exchange of Baht 5,000 million and entering into long-term loans with financial institutions of Baht 20,000 million which will be repaid vary based on loan terms from 18 months to 36 months during years 2016 - 2018.
- On 17 April 2015, Sermasuk Public Company Limited ("Sermasuk"), an indirect subsidiary of the Company, sold and transferred ownership on the plot of land and building to a related company. The net cash received after deducting related expenses was Baht 1,736 million. The Company recognized gain on sales of Baht 446 million presented as a part of other income in the consolidated statement of income.

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

1H 2015 Performance Highlights

1H 2015 performance – In line with expectation

- Healthy revenue growth in all segments, amid Thai sluggish economy
- Revenue grew 4.5% to Baht 84,697 million
- Net profit attributable to owners of the Company increased 8.2% to Baht 12,438 million

Group Financial Highlights 1H 2015

Revenue from sales
(millions baht)

84,697

▲ 4.5%

EBITDA
(millions baht)

17,825

▲ 7.0%

Net profit attributable to owner of the Company
(millions baht)

12,438

▲ 8.2%

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

Dividend Payment	Interim'14	Interim'15
Net Profit belonging to the Company - Include F&N/FCL (<i>Million Baht</i>)	11,490	12,438
Number of Shares (<i>Million Shares</i>)	25,110	25,110
Interim Dividend (<i>Million Baht</i>)	3,767	3,767
Earnings per share (<i>Baht</i>)	0.46	0.50
Dividend Payout Ratio	33%	30%
Dividend per share (Baht)	0.15	0.15

	(M Baht)		
Group	2Q14	2Q15	Change
Sales Revenue	40,025	38,992	-2.6%
COGS	(28,318)	(27,147)	
<i>% of Sales Revenue</i>	<i>70.8%</i>	<i>69.6%</i>	
SG&A	(6,045)	(6,768)	
<i>% of Sales Revenue</i>	<i>15.1%</i>	<i>17.4%</i>	
EBITDA (exclude F&N/FCL)	6,902	6,824	-1.1%
Net Profit (exclude F&N/FCL)	4,677	4,547	-2.8%
F&N/FCL Results (proportion of the holding shares)	803	1,404	
EBITDA	8,018	8,377	4.5%
Net Profit	5,480	5,951	8.6%
Net Profit attributable to:			
<i>Owners of the Company</i>	5,522	5,862	6.2%
<i>Non-controlling interests</i>	(41)	89	
<u>Margin*</u>			
EBITDA (exclude F&N/FCL)	17.2%	17.5%	
Net Profit (exclude F&N/FCL)	11.7%	11.7%	
EBITDA	20.0%	21.5%	
Net Profit	13.7%	15.3%	

* margins are % of sales revenue

Consolidated: 2Q2015 Highlights

	(M Baht)		
Group	1H14	1H15	Change
Sales Revenue	81,068	84,697	4.5%
COGS	(57,044)	(59,199)	
<i>% of Sales Revenue</i>	<i>70.4%</i>	<i>69.9%</i>	
SG&A	(11,539)	(13,013)	
<i>% of Sales Revenue</i>	<i>14.2%</i>	<i>15.3%</i>	
EBITDA (exclude F&N/FCL)	14,948	15,412	3.1%
Net Profit (exclude F&N/FCL)	10,308	10,530	2.2%
F&N/FCL Results (proportion of the holding shares)	1,111	1,951	
EBITDA	16,665	17,825	7.0%
Net Profit	11,419	12,481	9.3%
Net Profit attributable to:			
<i>Owners of the Company</i>	11,490	12,438	8.2%
<i>Non-controlling interests</i>	(71)	43	
<u>Margin*</u>			
EBITDA (exclude F&N/FCL)	18.4%	18.2%	
Net Profit (exclude F&N/FCL)	12.7%	12.4%	
EBITDA	20.6%	21.0%	
Net Profit	14.1%	14.7%	

* margins are % of sales revenue

Consolidated: 1H2015 Highlights

Group	ThaiBev	F&N / FCL	Total	(M baht)
2Q15				
Sales	38,992	-	38,992	
Gross profit	11,845	-	11,845	
EBITDA	6,824	1,553	8,377	
Net profit	4,547	1,404	5,951	
2Q14				
Sales	40,025	-	40,025	
Gross profit	11,707	-	11,707	
EBITDA	6,902	1,116	8,018	
Net profit	4,677	803	5,480	
Increase (Decrease)				
Sales	(1,033)	-	(1,033)	
Gross profit	138	-	138	
EBITDA	(78)	437	359	
Net profit	(130)	601	471	
% Increase (Decrease)				
Sales	(2.6%)	-	(2.6%)	
Gross profit	1.2%	-	1.2%	
EBITDA	(1.1%)	39.2%	4.5%	
Net profit	(2.8%)	74.8%	8.6%	

Consolidated: 2Q2015 Highlights

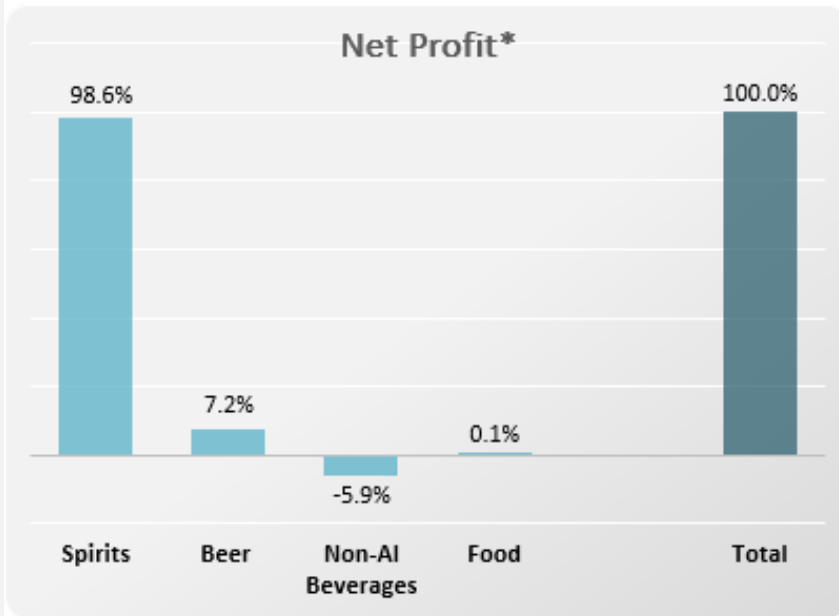
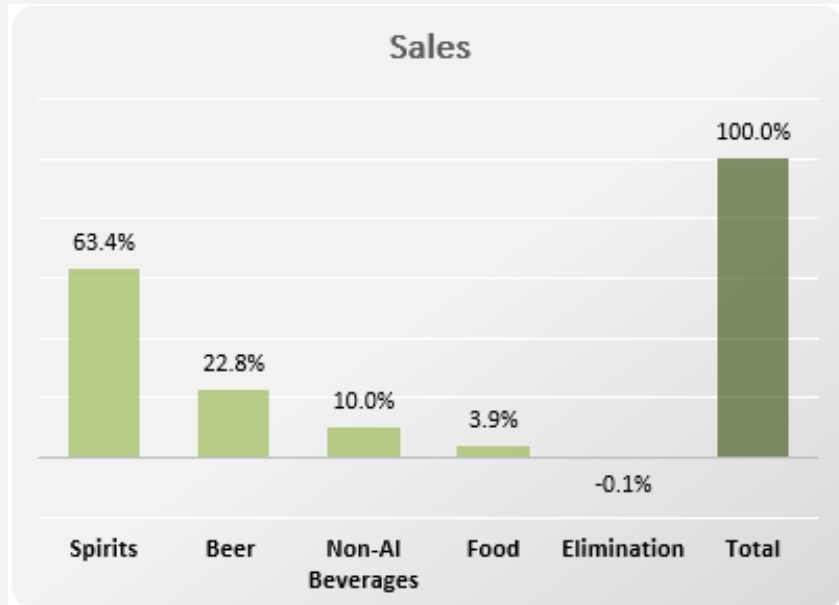
Group	ThaiBev	F&N / FCL	Total	(M baht)
1H15				
Sales	84,697	-	84,697	
Gross profit	25,498	-	25,498	
EBITDA	15,412	2,413	17,825	
Net profit	10,530	1,951	12,481	
1H14				
Sales	81,068	-	81,068	
Gross profit	24,024	-	24,024	
EBITDA	14,948	1,717	16,665	
Net profit	10,308	1,111	11,419	
Increase (Decrease)				
Sales	3,629	-	3,629	
Gross profit	1,474	-	1,474	
EBITDA	464	696	1,160	
Net profit	222	840	1,062	
% Increase (Decrease)				
Sales	4.5%	-	4.5%	
Gross profit	6.1%	-	6.1%	
EBITDA	3.1%	40.5%	7.0%	
Net profit	2.2%	75.6%	9.3%	

Consolidated: 1H2015 Highlights

1H 2015

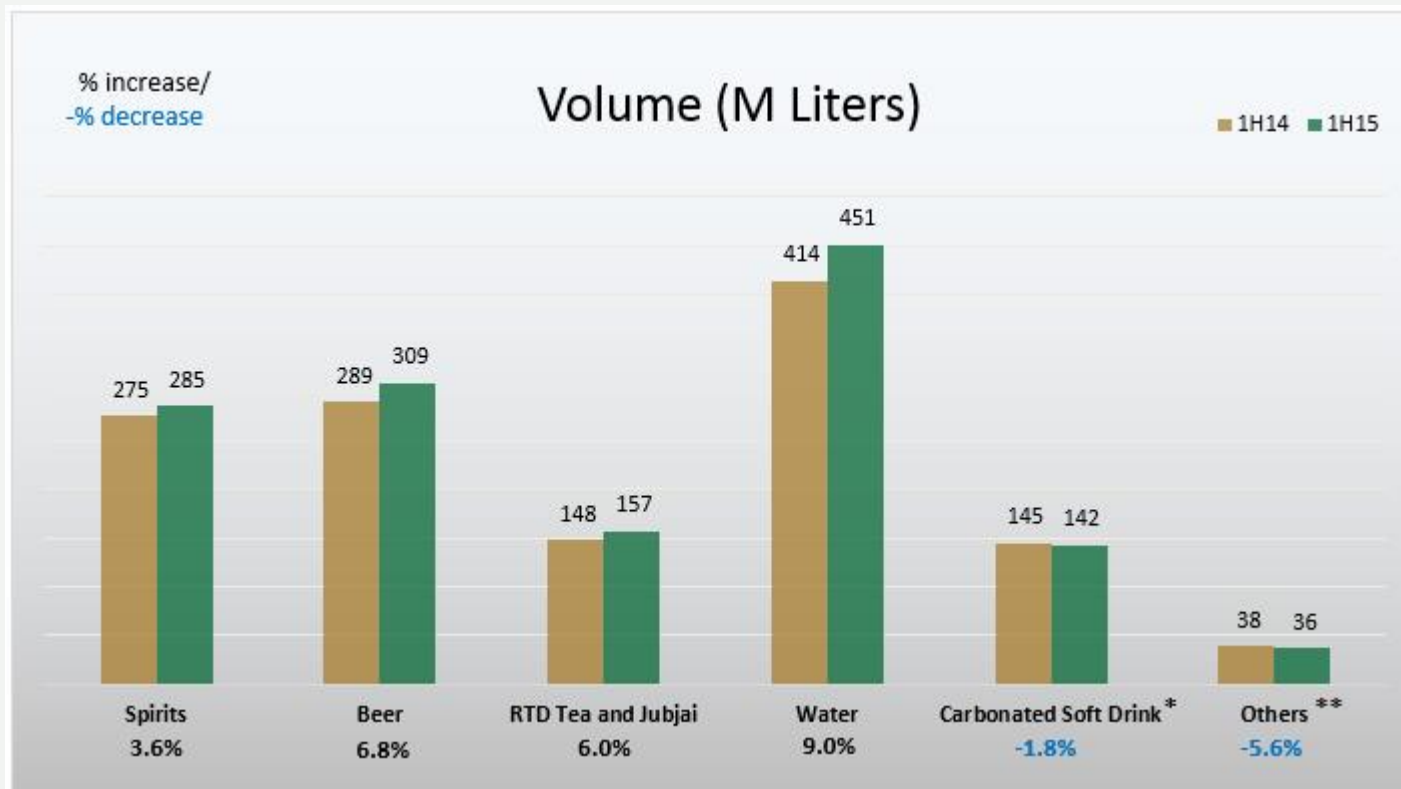


Contribution per Business Segment



* Exclude F&N / FCL

Total Sales Volume



* Est and 100Plus

** Soda, energy drink, sports drink and other beverages

Business Segments

Spirits

Spirits	2Q14	2Q15	Change (M Baht)
Sales Revenue	25,307	24,112	-4.7%
COGS	(16,964)	(15,970)	
<i>% of Sales Revenue</i>	<i>67.0%</i>	<i>66.2%</i>	
SG&A	(2,118)	(2,370)	
<i>% of Sales Revenue</i>	<i>8.3%</i>	<i>9.8%</i>	
EBITDA	6,691	6,241	-6.7%
Net Profit	4,936	4,642	-6.0%

Margin*

EBITDA	26.4%	25.9%
Net Profit	19.5%	19.3%

* margins are % of sales revenue

<u>Sales Revenue</u>	DOWN	a decrease in sales volume
<u>COGS (%)</u>	DOWN	product mix
<u>SG&A (%)</u>	UP	an increase in staff costs, and advertising and promotion expenses
<u>EBITDA</u>	DOWN	a decrease in gross profit and an increase in staff costs , and advertising and promotion expenses
<u>Net Profit</u>	DOWN	a decrease in EBITDA although there was a decrease in income tax

Spirits

Spirits	1H14	1H15	Change
Sales Revenue	52,201	53,672	2.8%
COGS	(34,847)	(35,872)	
<i>% of Sales Revenue</i>	<i>66.8%</i>	<i>66.8%</i>	
SG&A	(4,507)	(4,808)	
<i>% of Sales Revenue</i>	<i>8.6%</i>	<i>9.0%</i>	
EBITDA	13,779	13,882	0.7%
Net Profit	10,294	10,389	0.9%
<u>Margin*</u>			
EBITDA	26.4%	25.9%	
Net Profit	19.7%	19.4%	

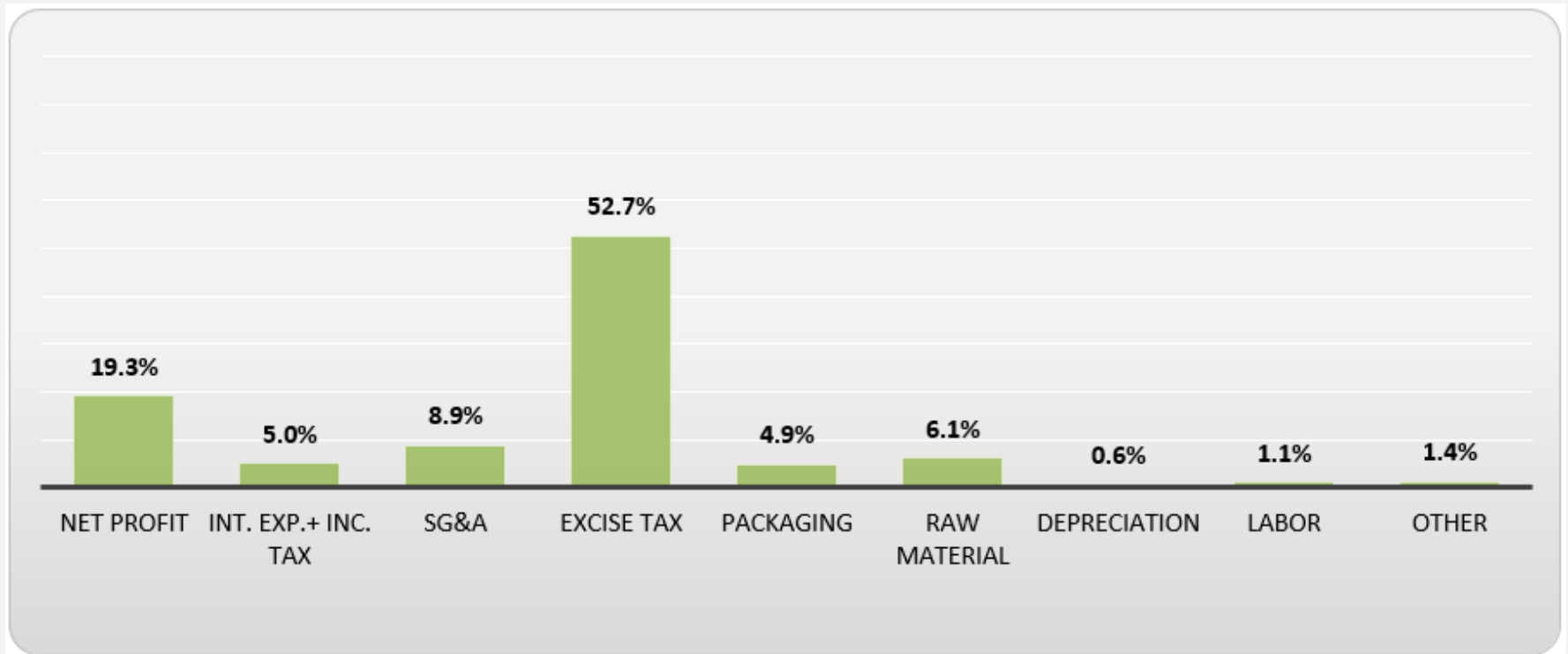
* margins are % of sales revenue

<u>Sales Revenue</u>	UP	an increase in sales volume and sales price
<u>COGS (%)</u>	NO CHANGE	
<u>SG&A (%)</u>	UP	an increase in staff costs, and advertising and promotion expenses
<u>EBITDA</u>	UP	an increase in gross profit although there was an increase in staff costs, and advertising and promotion expenses
<u>Net Profit</u>	UP	an increase in EBITDA

Spirits: Revenue-Cost Break Down

1H 2015

(% of total revenue)



Beer

Beer	2Q14	2Q15	Change	(M Baht)
Sales Revenue	8,744	8,757	0.1%	
COGS	(7,169)	(6,950)		
<i>% of Sales Revenue</i>	<i>82.0%</i>	<i>79.4%</i>		
SG&A	(1,619)	(1,637)		
<i>% of Sales Revenue</i>	<i>18.5%</i>	<i>18.7%</i>		
EBITDA	229	382	66.8%	
Net Profit	81	158	95.1%	
<u>Margin*</u>				
EBITDA	2.6%	4.4%		
Net Profit	0.9%	1.8%		

* margins are % of sales revenue

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

Beer

Beer	1H14	1H15	Change	(M Baht)
Sales Revenue	17,703	19,283	8.9%	
COGS	(14,438)	(15,342)		
<i>% of Sales Revenue</i>	<i>81.6%</i>	<i>79.6%</i>		
SG&A	(2,780)	(3,048)		
<i>% of Sales Revenue</i>	<i>15.7%</i>	<i>15.8%</i>		
EBITDA	960	1,313	36.8%	
Net Profit	503	753	49.7%	
<u>Margin*</u>				
EBITDA	5.4%	6.8%		
Net Profit	2.8%	3.9%		

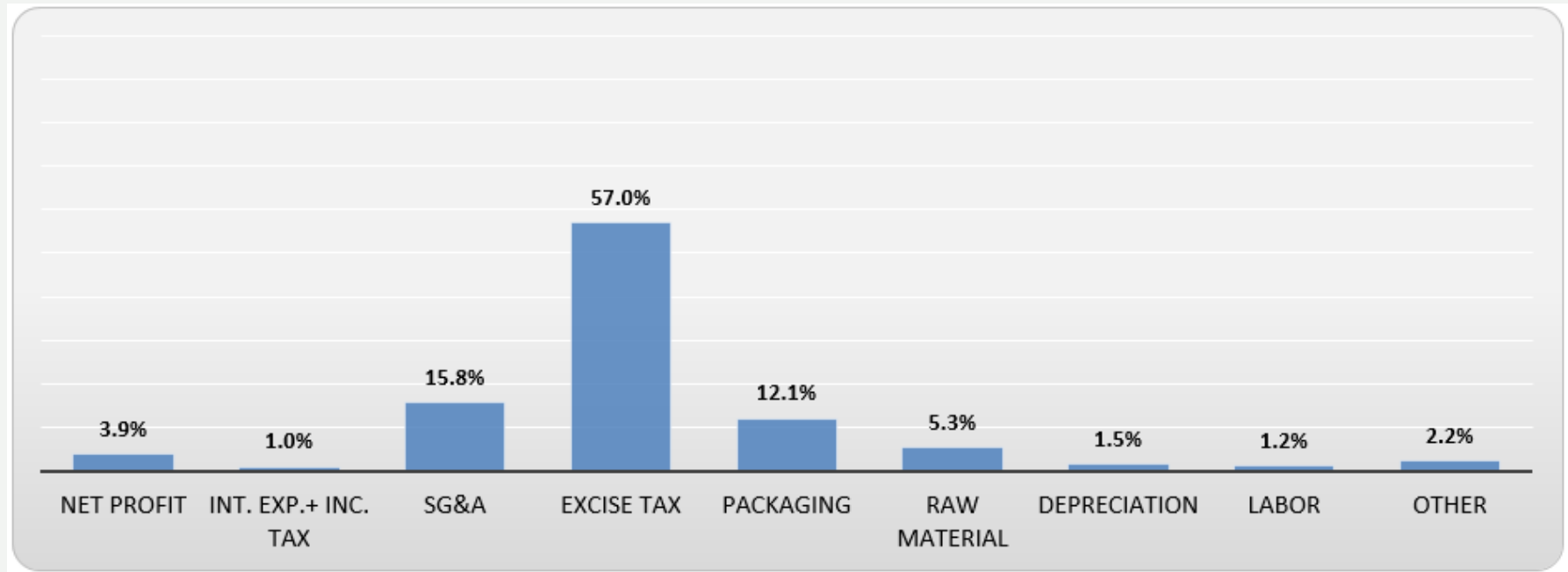
* margins are % of sales revenue

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

Beer: Revenue-Cost Break Down

1H 2015

(% of total revenue)



Non-alcoholic Beverages

Non-alcoholic Beverage	2Q14	2Q15	Change
Sales Revenue	4,371	4,477	2.4%
COGS	(3,266)	(3,247)	
<i>% of Sales Revenue</i>	<i>74.7%</i>	<i>72.5%</i>	
SG&A	(1,673)	(2,112)	
<i>% of Sales Revenue</i>	<i>38.3%</i>	<i>47.2%</i>	
EBITDA (Loss)	(173)	76	143.9%
Net Profit (Loss)	(374)	(251)	32.9%

Margin*

EBITDA (-Loss)	-4.0%	1.7%
Net Profit (-Loss)	-8.6%	-5.6%

* margins are % of sales revenue

<u>Sales Revenue</u>	UP	an increase in sales volume and product mix.
<u>COGS (%)</u>	DOWN	product mix
<u>SG&A (%)</u>	UP	a significant increase in advertising and promotion expenses from new product launch, and staff costs
<u>EBITDA</u>	UP	an increase in gross profit and gain on sales of Sermsuk's land and building of Baht 446 million, although there were a significant increase in advertising and promotion expenses from new product launch, and staff costs
<u>Net Loss</u>	DOWN	an increase in EBITDA although there was an increase in depreciation and amortization expenses

Non-alcoholic Beverages

Non-alcoholic Beverage	1H14	1H15	Change (M Baht)
Sales Revenue	8,073	8,475	5.0%
COGS	(5,943)	(6,035)	
<i>% of Sales Revenue</i>	<i>73.6%</i>	<i>71.2%</i>	
SG&A	(3,097)	(3,883)	
<i>% of Sales Revenue</i>	<i>38.4%</i>	<i>45.8%</i>	
EBITDA (Loss)	(110)	(49)	55.5%
Net Profit (Loss)	(569)	(621)	-9.1%
<u>Margin*</u>			
EBITDA (-Loss)	-1.4%	-0.6%	
Net Profit (-Loss)	-7.0%	-7.3%	

* margins are % of sales revenue

<u>Sales Revenue</u>	UP	an increase in sales volume
<u>COGS (%)</u>	DOWN	product mix
<u>SG&A (%)</u>	UP	a significant increase in advertising and promotion expenses from new product launch, and staff costs
<u>EBITDA Loss</u>	DOWN	an increase in gross profit and gain on sales of Sermsuk's land and building of Baht 446 million, although there were a significant increase in advertising and promotion expenses from new product launch, and staff costs
<u>Net Loss</u>	UP	an increase in depreciation and amortization

Food

Food	2Q14	2Q15	Change	(M Baht)
Sales Revenue	1,637	1,687	3.1%	
COGS	(957)	(1,016)		
<i>% of Sales Revenue</i>	<i>58.5%</i>	<i>60.2%</i>		
SG&A	(649)	(672)		
<i>% of Sales Revenue</i>	<i>39.6%</i>	<i>39.8%</i>		
EBITDA	155	125	-19.4%	
Net Profit (Loss)	34	(2)	-105.9%	

Margin*

EBITDA	9.5%	7.4%
Net Profit (-Loss)	2.1%	-0.1%

* margins are % of sales revenue

<u>Sales Revenue</u>	UP	an increase in the number of branches
<u>COGS (%)</u>	UP	an increase in food costs in accordance with the variety of foods offering and an increase in raw materials costs but this was under closely control
<u>SG&A (%)</u>	UP	an increase in staff costs and rental cost, although there was a decrease in advertising and promotion expenses
<u>EBITDA</u>	DOWN	a decrease in gross profit and an increase in staff costs and rental cost, although there was a decrease in advertising and promotion expenses
<u>Net Loss</u>	UP	a decrease in EBITDA

Food

Food	1H14	1H15	Change	(M Baht)
Sales Revenue	3,155	3,329	5.5%	
COGS	(1,862)	(2,006)		
<i>% of Sales Revenue</i>	<i>59.0%</i>	<i>60.3%</i>		
SG&A	(1,211)	(1,313)		
<i>% of Sales Revenue</i>	<i>38.4%</i>	<i>39.4%</i>		
EBITDA	319	266	-16.6%	
Net Profit	80	9	-88.8%	

Margin*

EBITDA	10.1%	8.0%
Net Profit	2.5%	0.3%

* margins are % of sales revenue

<u>Sales Revenue</u>	UP	an increase in the number of branches
<u>COGS (%)</u>	UP	an increase in food costs in accordance with the variety of foods offering and an increase in raw materials costs but this was under closely control
<u>SG&A (%)</u>	UP	an increase in staff costs and rental cost, although there was a decrease in advertising and promotion expenses
<u>EBITDA</u>	DOWN	an increase in staff costs and rental cost, although there was an increase in gross profit and a decrease in advertising and promotion expenses
<u>Net Profit</u>	DOWN	a decrease in EBITDA and an increase in depreciation

Update: International Business

The sales of international business for 1H15 declined slightly by 0.8% due to average currency translation. Excluding this impact, it increased by 2.5% driven by the growth in beer

- Beer
 - 1H15 sales grew by 8% over last year, where ASEAN led the growth momentum

- International spirits
 - Positive sales growth of core brands (single malts, gin, Chinese spirits)
 - Negative sales growth of tail and OEM brands, linked to economic problems in several markets including Russia, Ukraine and Venezuela
 - Positive sales growth of Bulk sales of Scotch Whisky, driven mainly by Asia

Financials

Statement of Financial Position

Statement of Financial Position	31-Dec-14	30-Jun-15	Change
<i>(Million Baht)</i>			
Assets			
Current assets	46,048	47,110	1,062
Non-current assets	125,939	126,196	257
Total assets	171,987	173,306	1,319
Liabilities			
Total liabilities	67,311	66,529	(782)
Shareholders' Equity			
Total equity	104,676	106,777	2,101

<u>Current assets</u>	UP	an increase in inventories although there was a decrease in assets classified as held for sales
<u>Non-current assets</u>	UP	an increase in investment in associates and investment properties although there was a decrease in property, plant and equipment
<u>Total liabilities</u>	DOWN	a decrease in trade accounts payable, other payables and other current liabilities although there was a net increase in bank overdraft and loans from financial institutions
<u>Total equity</u>	UP	an increase in net retained earnings from profit for the period which deducted with dividend payment and an increase in net currency translation adjustment

Interest Bearing Debt

Interest Bearing Debt	31-Dec-14	30-Jun-15
<i>(Million Baht)</i>		
Current		
Bank overdrafts	1,363	1,540
Short-term loans from financial institutions	7,173	15,629
Current portion of long-term loans	13,411	4,053
	21,947	21,222
Non-current		
Debentures	1,000	1,000
Long-term loans from financial institutions	26,555	22,952
Bill of exchanges	-	4,813
	27,555	28,765
Total	49,502	49,987
Cash and cash equivalents	2,230	1,909
Net Interest Bearing Debt	47,272	48,078

The maturity of interest-bearing loans was as follows

	Unit: (M Baht)
Within one year (Jun 2016)	21,222
After one year but within two years (Jul 2016 - Jun 2017)	13,367
After two years (Jul 2017 - Jun 2018)	<u>15,398</u>
Total	<u>49,987</u>

Financial Ratios

Ratios	31-Dec-14	30-Jun-15
Current Ratio (times)	1.28	1.39
Liability to Equity Ratio (Gearing Ratio) (times)	0.64	0.62
Interest Bearing Debt to Equity Ratio (times)	0.47	0.47
Net Interest Bearing Debt to Equity Ratio (times)	0.45	0.45
Net Interest Bearing Debt to EBITDA annualized (times)	1.50	1.47
Net asset value per share (Baht)	4.03	4.11
Net asset value per share (SGD)*	0.16	0.16

* exchange rate at THB 25.62 : SGD 1

Turnovers (days)	Jan-Dec 14	Jan-Jun 15
A/R Turnover	9	7
Inventory Turnover		
Spirit Business: finished goods	49	50
Beer Business: finished goods	20	10
Non-alcohol Business: finished goods	34	32
Food Business: finished goods	2	2

Note: use 365 days to calculate turnover

<u>Current Ratio</u>	UP	a decrease in trade accounts payable, other payable and other current liabilities, and an increase in inventories
<u>Liability to Equity Ratio</u>	DOWN	an increase in retained earnings

Q&A