

Thai Beverage PLC

9M2015 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that could cause actual results, performance or events to differ materially from those in the statements as originally made.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. The repayment will vary based on loan terms from 18 months to 36 months during years 2016 - 2018.
- On 17 April 2015, Sermsuk Public Company Limited ("Sermsuk"), 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.
- On 19 August 2015, the Company launched the new look Chang Classic bottle. The bottle's colour has also been changed from amber to green. The new Chang Classic will be only a 5.5 percent of alcohol, down from 6 percent of alcohol previously. The new beer is a part of the company's strategy. In addition, the Company discontinued several beer products - Chang Light, Chang Export and Chang Draught and consolidated all its beers under the Chang Classic brand in line with its vision to become a "sustainable leader" in the beer market in ASEAN by 2020.

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

9M 2015 Performance Highlights

9M 2015 performance – Still in line with expectation

- Healthy revenue growth in all segments, amid Thai sluggish economy
 - Revenue grew 4.1% to Baht 121,169 million
- A surge in net profit
 - Net profit grew 36% to Baht 20,468 million
 - Recorded the profit sharing on a gain on F&N's disposal of Myanmar Brewery Limited (MBL) in the proportion of our share holding of Baht 3,820 million in 3Q15
- Net profit from continuing operations grew 10.6% to Baht 16,648 million

Group Financial Highlights 9M 2015

Revenue from sales
(millions baht)

121,169

▲ 4.1%

EBITDA from continuing operations
(millions baht)

24,265

▲ 7.6%

Net profit from continuing operations
(millions baht)

16,648

▲ 10.6%

Earnings per share (basic)*
(baht)

0.81

▲ 32.8%

* Include the profit sharing on a gain on F&N's disposal of Myanmar Brewery Limited (MBL) in the proportion of our share holding of Baht 3,820 million

Consolidated: 3Q2015 Highlights

	(M Baht)		
Group	3Q14	3Q15	Change
Sales Revenue	35,276	36,472	3.4%
COGS	(24,884)	(25,851)	
<i>% of Sales Revenue</i>	<i>70.5%</i>	<i>70.9%</i>	
SG&A	(5,701)	(6,284)	
<i>% of Sales Revenue</i>	<i>16.1%</i>	<i>17.2%</i>	
EBITDA (exclude F&N/FCL)	5,820	5,711	-1.9%
Net Profit (exclude F&N/FCL)	3,805	3,624	-4.8%
F&N/FCL Results (proportion of the holding shares)	(171)	543	
EBITDA from continuing operations	5,890	6,440	9.3%
Net Profit from continuing operations	3,634	4,167	14.7%
Gain on disposal of discontinued operations**	-	3,820	
EBITDA	5,890	10,260	74.2%
Net Profit	3,634	7,987	119.8%
Net Profit attributable to:			
<i>Owners of the Company</i>	3,718	7,996	115.1%
<i>Non-controlling interests</i>	(84)	(9)	
<u>Margin*</u>			
EBITDA (exclude F&N/FCL)	16.5%	15.7%	
Net Profit (exclude F&N/FCL)	10.8%	9.9%	
EBITDA from continuing operations	16.7%	17.7%	
Net Profit from continuing operations	10.3%	11.4%	
EBITDA	16.7%	28.1%	
Net Profit	10.3%	21.9%	

* margins are % of sales revenue

** The profit sharing on a gain on F&N's disposal of Myanmar Brewery Limited (MBL) on the proportion of our share holding

Consolidated: 9M2015 Highlights

	(M Baht)		
Group	9M14	9M15	Change
Sales Revenue	116,344	121,169	4.1%
COGS	(81,927)	(85,050)	
<i>% of Sales Revenue</i>	<i>70.4%</i>	<i>70.2%</i>	
SG&A	(17,241)	(19,284)	
<i>% of Sales Revenue</i>	<i>14.8%</i>	<i>15.9%</i>	
EBITDA (exclude F&N/FCL)	20,768	21,123	1.7%
Net Profit (exclude F&N/FCL)	14,113	14,154	0.3%
F&N/FCL Results (proportion of the holding shares)	940	2,494	
EBITDA from continuing operations	22,555	24,265	7.6%
Net Profit from continuing operations	15,053	16,648	10.6%
Gain on disposal of discontinued operations**	-	3,820	
EBITDA	22,555	28,085	24.5%
Net Profit	15,053	20,468	36.0%
Net Profit attributable to:			
<i>Owners of the Company</i>	15,208	20,434	34.4%
<i>Non-controlling interests</i>	(155)	34	
<u>Margin*</u>			
EBITDA (exclude F&N/FCL)	17.9%	17.4%	
Net Profit (exclude F&N/FCL)	12.1%	11.7%	
EBITDA from continuing operations	19.4%	20.0%	
Net Profit from continuing operations	12.9%	13.7%	
EBITDA	19.4%	23.2%	
Net Profit	12.9%	16.9%	

* margins are % of sales revenue

** The profit sharing on a gain on F&N's disposal of Myanmar Brewery Limited (MBL) on the proportion of our share holding

Consolidated: 3Q2015 Highlights

Group	ThaiBev	F&N / FCL	Total	(M baht)
3Q15				
Sales	36,472	-	36,472	
Gross profit	10,621	-	10,621	
EBITDA from continuing operations	5,711	729	6,440	
Net profit from continuing operations	3,624	543	4,167	
Gain on disposal of discontinued operations*	-	3,820	3,820	
EBITDA	5,711	4,549	10,260	
Net profit	3,624	4,363	7,987	
3Q14				
Sales	35,276	-	35,276	
Gross profit	10,392	-	10,392	
EBITDA	5,820	70	5,890	
Net profit	3,805	(171)	3,634	
Increase (Decrease)				
Sales	1,196	-	1,196	
Gross profit	229	-	229	
EBITDA from continuing operations	(109)	659	550	
Net profit from continuing operations	(181)	714	533	
Gain on disposal of discontinued operations*	-	3,820	3,820	
EBITDA	(109)	4,479	4,370	
Net profit	(181)	4,534	4,353	
% Increase (Decrease)				
Sales	3.4%	-	3.4%	
Gross profit	2.2%	-	2.2%	
EBITDA from continuing operations	(1.9%)	941.4%	9.3%	
Net profit from continuing operations	(4.8%)	417.5%	14.7%	
Gain on disposal of discontinued operations*	-	100.0%	100.0%	
EBITDA	(1.9%)	6,398.6%	74.2%	
Net profit	(4.8%)	2,651.5%	119.8%	

* The profit sharing on a gain on F&N's disposal of Myanmar Brewery Limited (MBL) on the proportion of our share holding

Consolidated: 9M2015 Highlights

Group	ThaiBev	F&N / FCL	Total	(M baht)
9M15				
Sales	121,169	-	121,169	
Gross profit	36,119	-	36,119	
EBITDA from continuing operations	21,123	3,142	24,265	
Net profit from continuing operations	14,154	2,494	16,648	
Gain on disposal of discontinued operations*	-	3,820	3,820	
EBITDA	21,123	6,962	28,085	
Net profit	14,154	6,314	20,468	
9M14				
Sales	116,344	-	116,344	
Gross profit	34,417	-	34,417	
EBITDA	20,768	1,787	22,555	
Net profit	14,113	940	15,053	
Increase (Decrease)				
Sales	4,825	-	4,825	
Gross profit	1,702	-	1,702	
EBITDA from continuing operations	355	1,355	1,710	
Net profit from continuing operations	41	1,554	1,595	
Gain on disposal of discontinued operations*	-	3,820	3,820	
EBITDA	355	5,175	5,530	
Net profit	41	5,374	5,415	
% Increase (Decrease)				
Sales	4.1%	-	4.1%	
Gross profit	4.9%	-	4.9%	
EBITDA from continuing operations	1.7%	75.8%	7.6%	
Net profit from continuing operations	0.3%	165.3%	10.6%	
Gain on disposal of discontinued operations*	-	100.0%	100.0%	
EBITDA	1.7%	289.6%	24.5%	
Net profit	0.3%	571.7%	36.0%	

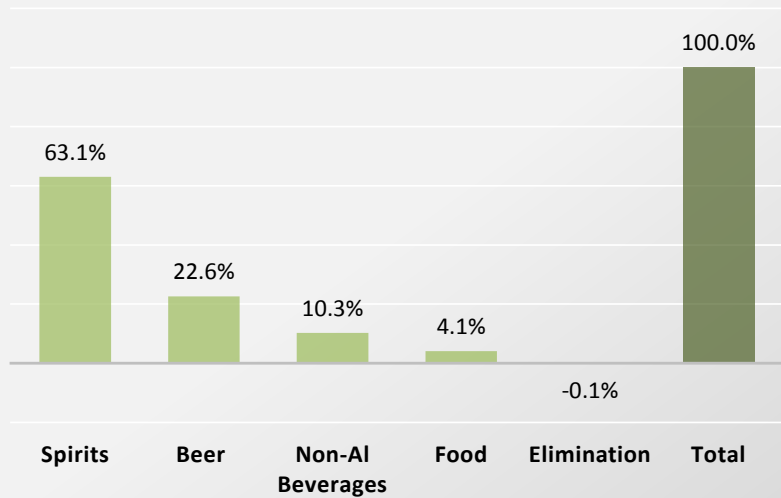
* The profit sharing on a gain on F&N's disposal of Myanmar Brewery Limited (MBL) on the proportion of our share holding

9M2015

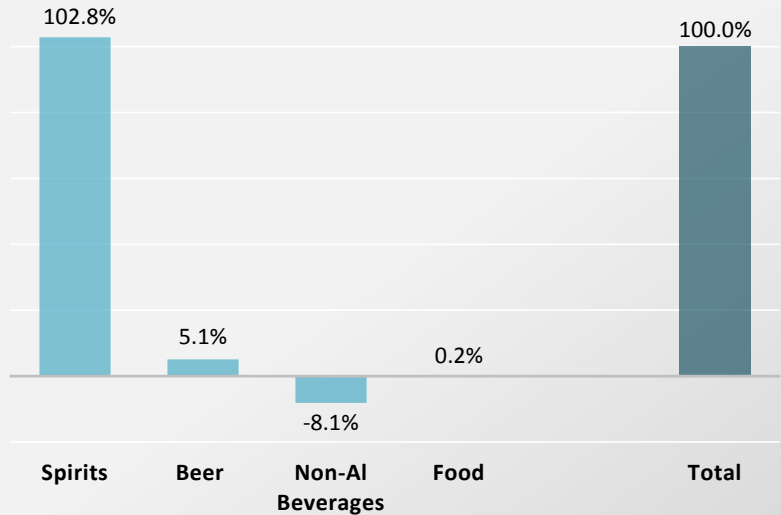


Contribution per Business Segment

Sales

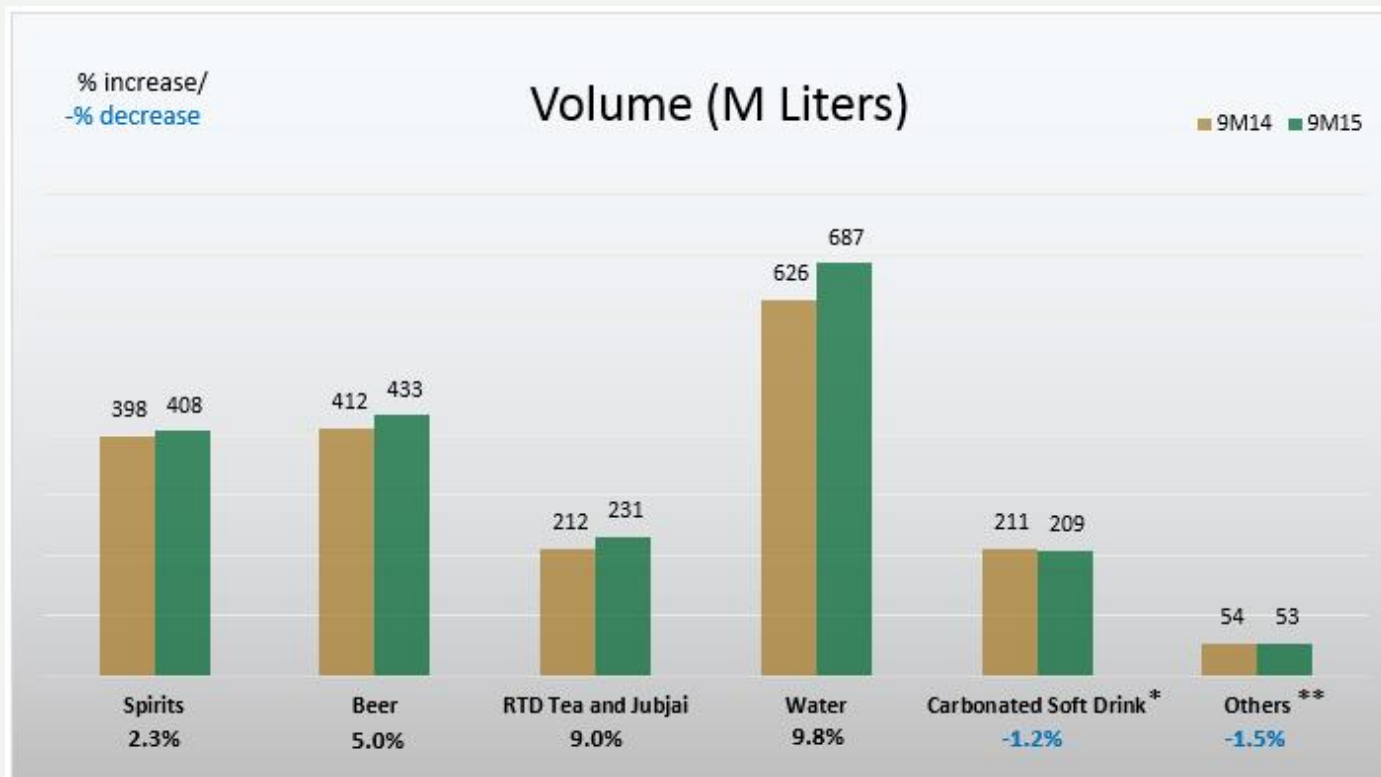


Net Profit*



* Exclude F&N / FCL

Total Sales Volume



* est and 100Plus

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

Business Segments

Spirits

Spirits	3Q14	3Q15	Change (M Baht)
Sales Revenue	22,272	22,865	2.7%
COGS	(14,859)	(15,273)	
<i>% of Sales Revenue</i>	<i>66.7%</i>	<i>66.8%</i>	
SG&A	(2,074)	(2,375)	
<i>% of Sales Revenue</i>	<i>9.3%</i>	<i>10.3%</i>	
EBITDA	5,751	5,666	-1.5%
Net Profit	4,219	4,165	-1.3%
<u>Margin*</u>			
EBITDA	25.8%	24.8%	
Net Profit	18.9%	18.2%	

* margins are % of sales revenue

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

Spirits

Spirits	9M14	9M15	Change (M Baht)
Sales Revenue	74,473	76,537	2.8%
COGS	(49,706)	(51,145)	
<i>% of Sales Revenue</i>	<i>66.7%</i>	<i>66.8%</i>	
SG&A	(6,581)	(7,176)	
<i>% of Sales Revenue</i>	<i>8.8%</i>	<i>9.4%</i>	
EBITDA	19,530	19,548	0.1%
Net Profit	14,513	14,554	0.3%

Margin*

EBITDA	26.2%	25.5%
Net Profit	19.5%	19.0%

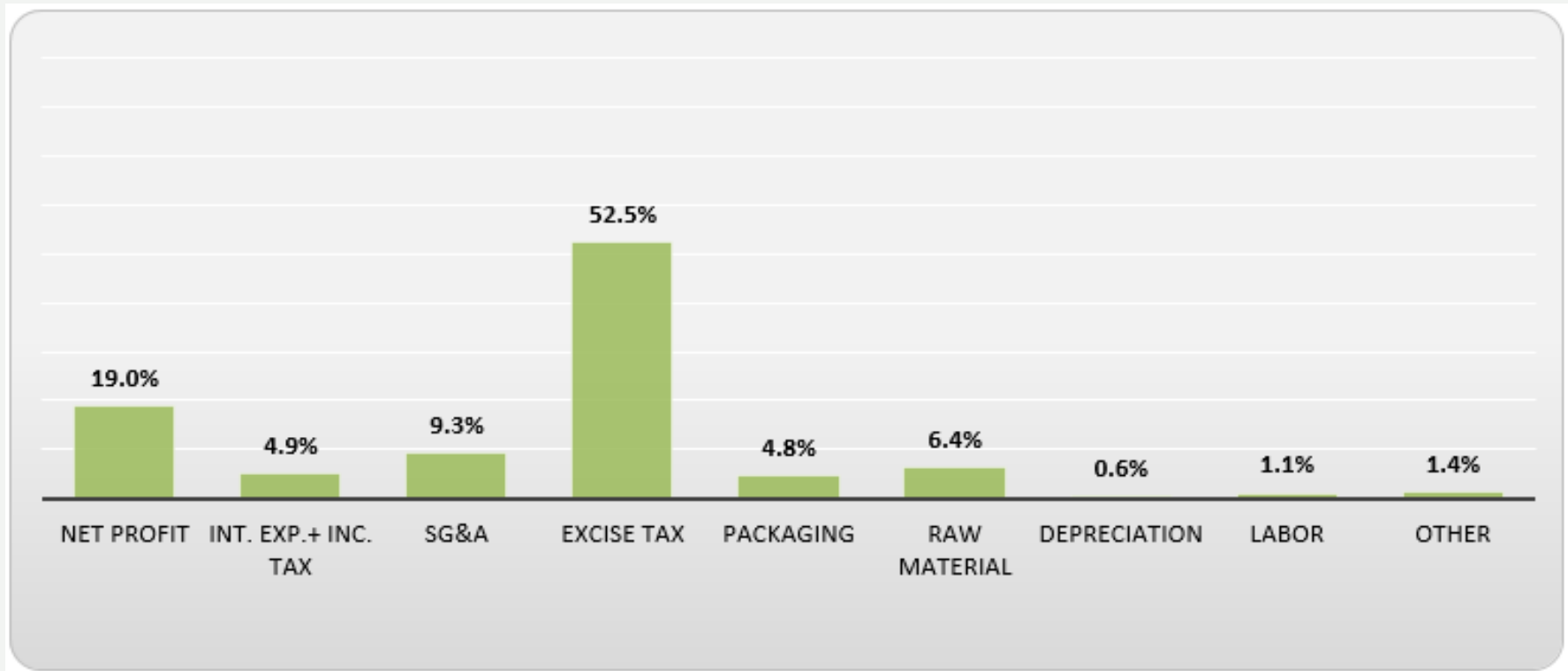
* margins are % of sales revenue

<u>Sales Revenue</u>	UP	an increase in sales volume and sales price
<u>COGS (%)</u>	UP	product mix
<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 and a decrease in corporate income tax, although there was an increase in finance cost

Spirits: Revenue-Cost Break Down

9M 2015

(% of total revenue)



Beer

Beer	3Q14	3Q15	Change
Sales Revenue	7,652	8,067	5.4%
COGS	(6,244)	(6,717)	
<i>% of Sales Revenue</i>	<i>81.6%</i>	<i>83.3%</i>	
SG&A	(1,384)	(1,381)	
<i>% of Sales Revenue</i>	<i>18.1%</i>	<i>17.1%</i>	
EBITDA	236	188	-20.3%
Net Profit (Loss)	28	(23)	-182.1%

Margin*

EBITDA	3.1%	2.3%
Net Profit (-Loss)	0.4%	-0.3%

* margins are % of sales revenue

<u>Sales Revenue</u>	UP	an increase in sales volume and sales price adjustment
<u>COGS (%)</u>	UP	an increase in bottle cost of newly launched Chang Classic green bottles (new bottle) which was higher than the previous amber bottles (combination of new bottles and cheap recycled bottles)
<u>SG&A (%)</u>	DOWN	a decrease in advertising and promotion expenses
<u>EBITDA</u>	DOWN	a decrease in gross profit
<u>Net Loss</u>	UP	a decrease in EBITDA and an increase in finance cost although there was a decrease in corporate income tax

Beer

Beer	9M14	9M15	Change (M Baht)
Sales Revenue	25,355	27,350	7.9%
COGS	(20,681)	(22,059)	
<i>% of Sales Revenue</i>	<i>81.6%</i>	<i>80.7%</i>	
SG&A	(4,165)	(4,455)	
<i>% of Sales Revenue</i>	<i>16.4%</i>	<i>16.3%</i>	
EBITDA	1,196	1,501	25.5%
Net Profit	531	730	37.5%

Margin*

EBITDA	4.7%	5.5%
Net Profit	2.1%	2.7%

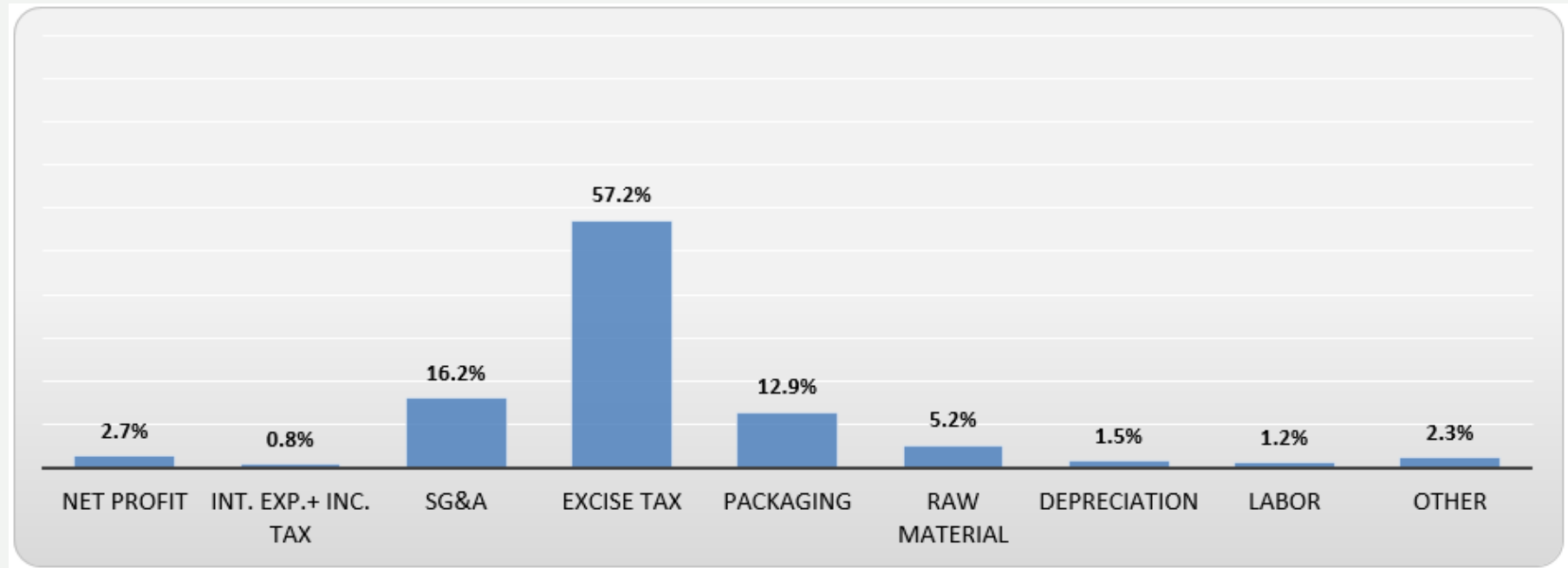
* margins are % of sales revenue

<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>	DOWN	a decrease in fixed cost
<u>EBITDA</u>	UP	an increase in gross profit and a decrease in fixed cost, 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 corporate income tax

Beer: Revenue-Cost Break Down

9M 2015

(% of total revenue)



Non-alcoholic Beverages

Non-alcoholic Beverages	3Q14	3Q15	Change	(M Baht)
Sales Revenue	3,684	3,971	7.8%	
COGS	(2,703)	(2,924)		
<i>% of Sales Revenue</i>	<i>73.4%</i>	<i>73.6%</i>		
SG&A	(1,622)	(1,923)		
<i>% of Sales Revenue</i>	<i>44.0%</i>	<i>48.4%</i>		
EBITDA (Loss)	(243)	(292)	-20.2%	
Net Profit (Loss)	(408)	(532)	-30.4%	
<u>Margin*</u>				
EBITDA (-Loss)	-6.6%	-7.4%		
Net Profit (-Loss)	-11.1%	-13.4%		

* margins are % of sales revenue

<u>Sales Revenue</u>	UP	an increase in sales volume and product mix
<u>COGS (%)</u>	UP	product mix
<u>SG&A (%)</u>	UP	a significant increase in advertising and promotion expenses and staff costs
<u>EBITDA Loss</u>	UP	a significant increase in advertising and promotion expenses and staff costs, although there was an increase in gross profit
<u>Net Loss</u>	UP	an increase in EBITDA loss and an increase in depreciation and amortization expenses

Non-alcoholic Beverages

Non-alcoholic Beverages	9M14	9M15	Change
Sales Revenue	11,757	12,446	5.9%
COGS	(8,646)	(8,959)	
<i>% of Sales Revenue</i>	<i>73.5%</i>	<i>72.0%</i>	
SG&A	(4,719)	(5,774)	
<i>% of Sales Revenue</i>	<i>40.1%</i>	<i>46.4%</i>	
EBITDA (Loss)	(353)	(341)	3.4%
Net Profit (Loss)	(977)	(1,153)	-18.0%

Margin*

EBITDA (-Loss)	-3.0%	-2.7%
Net Profit (-Loss)	-8.3%	-9.3%

* 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 and staff costs
<u>EBITDA Loss</u>	DOWN	an increase in gross profit and gain on sales of Sermsuk's land and building at Baht 446 million, although there were a significant increase in advertising and promotion expenses and staff costs
<u>Net Loss</u>	UP	an increase in EBITDA loss excluding gain on sales of Sermsuk's land and building, and an increase in depreciation and amortization

Food

Food	3Q14	3Q15	Change
Sales Revenue	1,694	1,597	-5.7%
COGS	(1,098)	(964)	
<i>% of Sales Revenue</i>	<i>64.8%</i>	<i>60.4%</i>	
SG&A	(642)	(627)	
<i>% of Sales Revenue</i>	<i>37.9%</i>	<i>39.3%</i>	
EBITDA	76	149	96.1%
Net Profit (Loss)	(34)	14	141.2%
 <u>Margin*</u>			
EBITDA	4.5%	9.3%	
Net Profit (-Loss)	-2.0%	0.9%	

* margins are % of sales revenue

<u>Sales Revenue</u>	DOWN	a decrease in average same store sales although there was an increase in the number of branches
<u>COGS (%)</u>	DOWN	lower base of gross profit in 3Q14 due to sales promotion of 50% discount
<u>SG&A (%)</u>	UP	a decrease in advertising and promotion expenses
<u>EBITDA</u>	UP	an increase in gross profit and a decrease in advertising and promotion expenses
<u>Net Profit</u>	UP	an increase in EBITDA, although there were an increase in corporate income tax and depreciation and amortization expenses

Food

Food	9M14	9M15	Change	(M Baht)
Sales Revenue	4,849	4,926	1.6%	
COGS	(2,960)	(2,970)		
<i>% of Sales Revenue</i>	<i>61.0%</i>	<i>60.3%</i>		
SG&A	(1,853)	(1,940)		
<i>% of Sales Revenue</i>	<i>38.3%</i>	<i>39.4%</i>		
EBITDA	395	415	5.1%	
Net Profit	46	23	-50.0%	

Margin*

EBITDA	8.1%	8.4%
Net Profit	0.9%	0.5%

* margins are % of sales revenue

<u>Sales Revenue</u>	UP	an increase in the number of branches
<u>COGS (%)</u>	DOWN	lower base of gross profit in 3Q14 due to sales promotion of 50% discount
<u>SG&A (%)</u>	UP	a decrease in advertising and promotion expenses, although there were an increase in staff costs, rental expenses and depreciation
<u>EBITDA</u>	UP	an increase in gross profit and a decrease in advertising and promotion expenses, although there were an increase in staff costs, rental expenses and depreciation
<u>Net Profit</u>	DOWN	an increase in depreciation and amortization expenses, although there was an increase in EBITDA

Update: International Business

The sales of international business for 9M15 declined slightly by 0.3% due to average currency translation (Baht appreciation during the beginning of the year was offset the depreciation in Baht later)
Excluding this impact, it was in line with last year

- Beer
 - 9M15 sale value grew by 4.6% over last year when excluding the currency translation impact, led primarily by positive growth momentum in ASEAN

- International spirits
 - Positive sales growth of core brands (single malts, gin, Chinese spirits)
 - Negative sales growth of tail and OEM brands, impacted by the economic problems in several markets including Russia, Ukraine and Venezuela
 - Negative sales growth of Bulk sales of Scotch Whisky as there was a one-off trading transaction which would not be repetitive in 2015. If excluding this transaction, a growth by 4% was recorded.

Financials

Statement of Financial Position

Statement of Financial Position	31-Dec-14	30-Sep-15	Change
<i>(Million Baht)</i>			
Assets			
Current assets	46,048	48,060	2,012
Non-current assets	125,939	131,404	5,465
Total assets	171,987	179,464	7,477
Liabilities			
Current liabilities	36,036	32,960	(3,076)
Non-current liabilities	31,275	34,497	3,222
Total liabilities	67,311	67,457	146
Shareholders' Equity			
Total equity	104,676	112,007	7,331

<u>Current assets</u>	UP	an increase in inventory 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>Current liabilities</u>	DOWN	a decrease in corporate income tax payable, trade accounts payable and other payables
<u>Non-Current liabilities</u>	UP	an increase in 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-Sep-15
<i>(Million Baht)</i>		
Current		
Bank overdrafts	1,363	1,385
Short-term loans from financial institutions	7,173	13,832
Current portion of debentures	-	1,000
Current portion of long-term loans	13,411	5,055
	21,947	21,272
Non-current		
Debentures	1,000	-
Bill of exchanges	-	6,793
Long-term loans from financial institutions	26,555	23,955
	27,555	30,748
Total	49,502	52,020
Cash and cash equivalents	2,230	1,498
Net Interest Bearing Debt	47,272	50,522

The maturity of interest-bearing loans was as follows

	Unit: (M Baht)
Within one year (Sep 2016)	21,272
After one year but within two years (Oct 2016 - Sep 2017)	15,348
After two years (Oct 2017 - Jun 2018)	<u>15,400</u>
Total	<u>52,020</u>

Financial Ratios

Ratios	31-Dec-14	30-Sep-15
Current Ratio (times)	1.28	1.46
Liability to Equity Ratio (Gearing Ratio) (times)	0.64	0.60
Interest Bearing Debt to Equity Ratio (times)	0.47	0.46
Net Interest Bearing Debt to Equity Ratio (times)	0.45	0.45
Net Interest Bearing Debt to EBITDA annualized (times)	1.50	1.36
Net asset value per share (Baht)	4.03	4.33
Net asset value per share (SGD)*	0.16	0.17

* exchange rate at THB 25.24 : SGD 1

Turnovers (days)	Jan-Dec 14	Jan-Sep 15
A/R Turnover	9	8
Inventory Turnover		
Spirit Business: finished goods	49	57
Beer Business: finished goods	20	13
Non-alcohol Business: finished goods	34	30
Food Business: finished goods	2	2

Note: use 365 days to calculate turnover

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

Q&A