

# Thai Beverage PLC

## FY2015 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that could cause actual results, performance or events to differ materially from those in the statements as originally made.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

# FY2015 Performance Highlights

## FY2015 performance – Result within expectation

- Resilient revenue growth in all beverage segments, amid weak economy
  - Total sales revenue grew 6.2% to Baht 172,049 million
  - Impactful beer launch drove both top line and bottom line of beer business
    - Sales revenue +22.5%
    - Sales volume +17.5%
    - EBITDA +80.9%
    - Net profit +206.8%
- Satisfactory growth in net profit
  - Net profit from continuing operations grew 5.5% to Baht 22,616 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 3,848 million in 3Q15

# Group Financial Highlights FY2015

Revenue from sales  
(millions baht)

172,049

▲ 6.2%

EBITDA from continuing operations  
(millions baht)

32,887

▲ 4.3%

Net profit from continuing operations  
(millions baht)

22,616

▲ 5.5%

Earnings per share (basic)\*  
(baht)

1.05

▲ 22.0%

\* 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 3,848 million

## 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	2014	2015
Net Profit belonging to the Company - Include F&N/FCL (Million Baht)	21,694	26,463
Number of Shares (Million Shares)	25,110	25,110
Dividend (Million Baht)	15,317	15,317
Less Interim dividend already paid (Million Baht)	3,767	3,767
Final dividend (Million Baht)	11,550	11,550
<b>Payout ratio</b>	<b>71%</b>	<b>58%</b>
Net Profit belonging to the Company - Include F&N/FCL (Million Baht)	21,694	26,463
Less exceptional item* (Million Baht)	-	3,848
Normalized net profit (Million Baht)	21,694	22,615
<b>Payout ratio (Normalized net profit)</b>	<b>71%</b>	<b>68%</b>
<b>Dividend per share (Baht)</b>	<b>0.61</b>	<b>0.61</b>
<b>Less Interim dividend already paid (Baht)</b>	<b>0.15</b>	<b>0.15</b>
<b>Final dividend (Baht)</b>	<b>0.46</b>	<b>0.46</b>
<b>Dividend Yield</b>	<b>3.6%</b>	<b>3.4%</b>

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

Yield calculation using:

- Share price as of 25/2/16 = S\$0.700, FX at THB 25.4061: SGD 1
- Share price as of 25/2/15 = S\$0.705, FX at THB 23.9924: SGD 1



Group	2014	2015	Change (M Baht)
<b>Sales Revenue</b>	<b>162,040</b>	<b>172,049</b>	<b>6.2%</b>
COGS	(114,710)	(121,830)	
<i>% of Sales Revenue</i>	<i>70.8%</i>	<i>70.8%</i>	
SG&A	(23,950)	(27,027)	
<i>% of Sales Revenue</i>	<i>14.7%</i>	<i>15.7%</i>	
EBITDA (exclude F&N/FCL)	28,275	29,070	2.8%
Net Profit (exclude F&N/FCL)	19,308	19,630	1.7%
F&N/FCL Results (proportion of the holding shares)	2,125	2,986	
<b>EBITDA from continuing operations</b>	<b>31,524</b>	<b>32,887</b>	<b>4.3%</b>
<b>Net Profit from continuing operations</b>	<b>21,433</b>	<b>22,616</b>	<b>5.5%</b>
Gain on disposal of discontinued operations**	-	3,848	
<b>EBITDA</b>	<b>31,524</b>	<b>36,735</b>	<b>16.5%</b>
<b>Net Profit</b>	<b>21,433</b>	<b>26,464</b>	<b>23.5%</b>
Net Profit attributable to:			
<i>Owners of the Company</i>	21,694	26,463	22.0%
<i>Non-controlling interests</i>	(261)	0	
<u>Margin*</u>			
EBITDA (exclude F&N/FCL)	17.4%	16.9%	
Net Profit (exclude F&N/FCL)	11.9%	11.4%	
EBITDA from continuing operations	19.5%	19.1%	
Net Profit from continuing operations	13.2%	13.1%	
EBITDA	19.5%	21.4%	
Net Profit	13.2%	15.4%	

\* 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: FY2015 Highlights

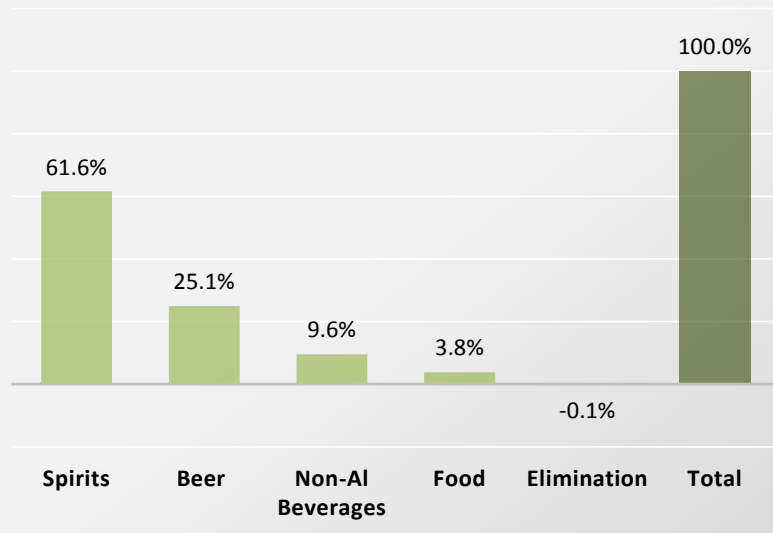
## Consolidated: FY2015 Highlights

Group	ThaiBev	F&N / FCL	Total	(M baht)
<b>2015</b>				
Sales	172,049	-	172,049	
Gross profit	50,219	-	50,219	
EBITDA from continuing operations	29,070	3,817	32,887	
Net profit from continuing operations	19,630	2,986	22,616	
Gain on disposal of discontinued operations*	-	3,848	3,848	
EBITDA	29,070	7,665	36,735	
Net profit	19,630	6,834	26,464	
<b>2014</b>				
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	
<b>Increase (Decrease)</b>				
Sales	10,009	-	10,009	
Gross profit	2,889	-	2,889	
EBITDA from continuing operations	795	568	1,363	
Net profit from continuing operations	322	861	1,183	
Gain on disposal of discontinued operations*	-	3,848	3,848	
EBITDA	795	4,416	5,211	
Net profit	322	4,709	5,031	
<b>% Increase (Decrease)</b>				
Sales	6.2%	-	6.2%	
Gross profit	6.1%	-	6.1%	
EBITDA from continuing operations	2.8%	17.5%	4.3%	
Net profit from continuing operations	1.7%	40.5%	5.5%	
Gain on disposal of discontinued operations*	-	100.0%	100.0%	
EBITDA	2.8%	135.9%	16.5%	
Net profit	1.7%	221.6%	23.5%	

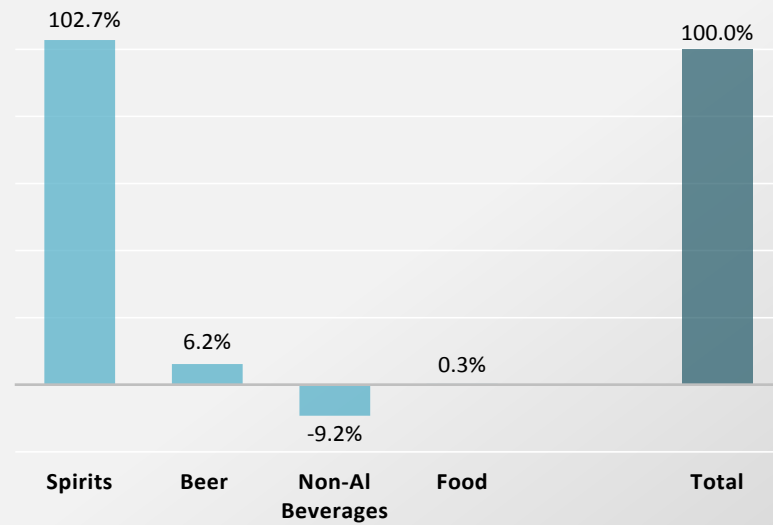
\* The profit sharing on a gain on F&N's disposal of Myanmar Brewery Limited (MBL) on the proportion of our share holding

Contribution per Business Segment

Sales

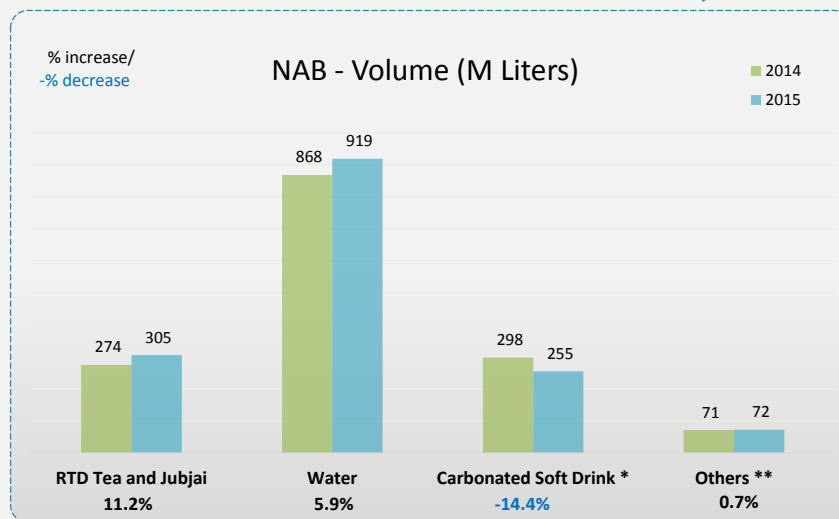
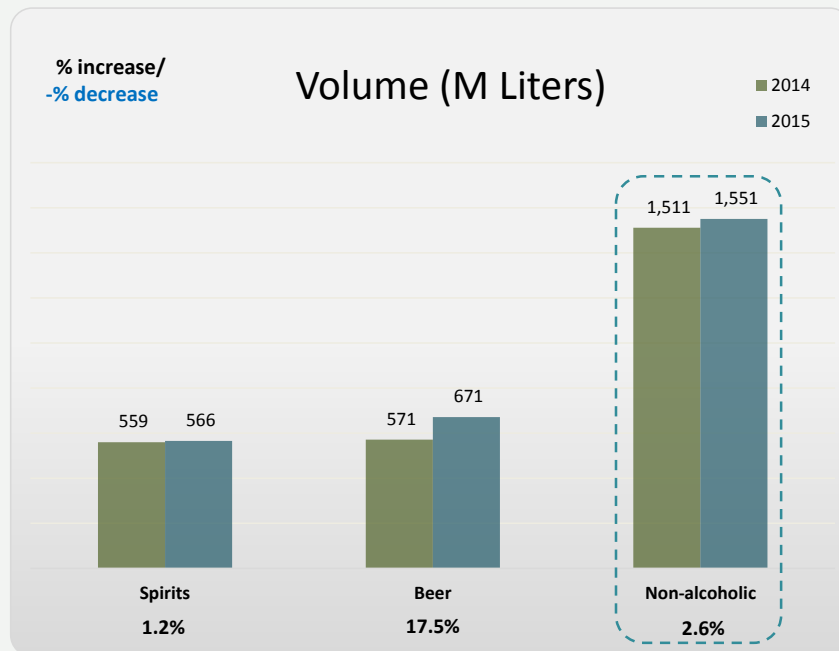


Net Profit\*



\* Exclude F&N / FCL

# Total Sales Volume



\* est and 100Plus

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

# Business Segments

# Spirits

Spirits	2014	2015	Change
Sales Revenue	104,592	105,991	1.3%
COGS	(70,183)	(71,013)	
<i>% of Sales Revenue</i>	<i>67.1%</i>	<i>67.0%</i>	
SG&A	(9,131)	(9,787)	
<i>% of Sales Revenue</i>	<i>8.7%</i>	<i>9.2%</i>	
EBITDA	27,144	27,053	-0.3%
Net Profit	20,307	20,169	-0.7%

## Margin\*

EBITDA	26.0%	25.5%
Net Profit	19.4%	19.0%

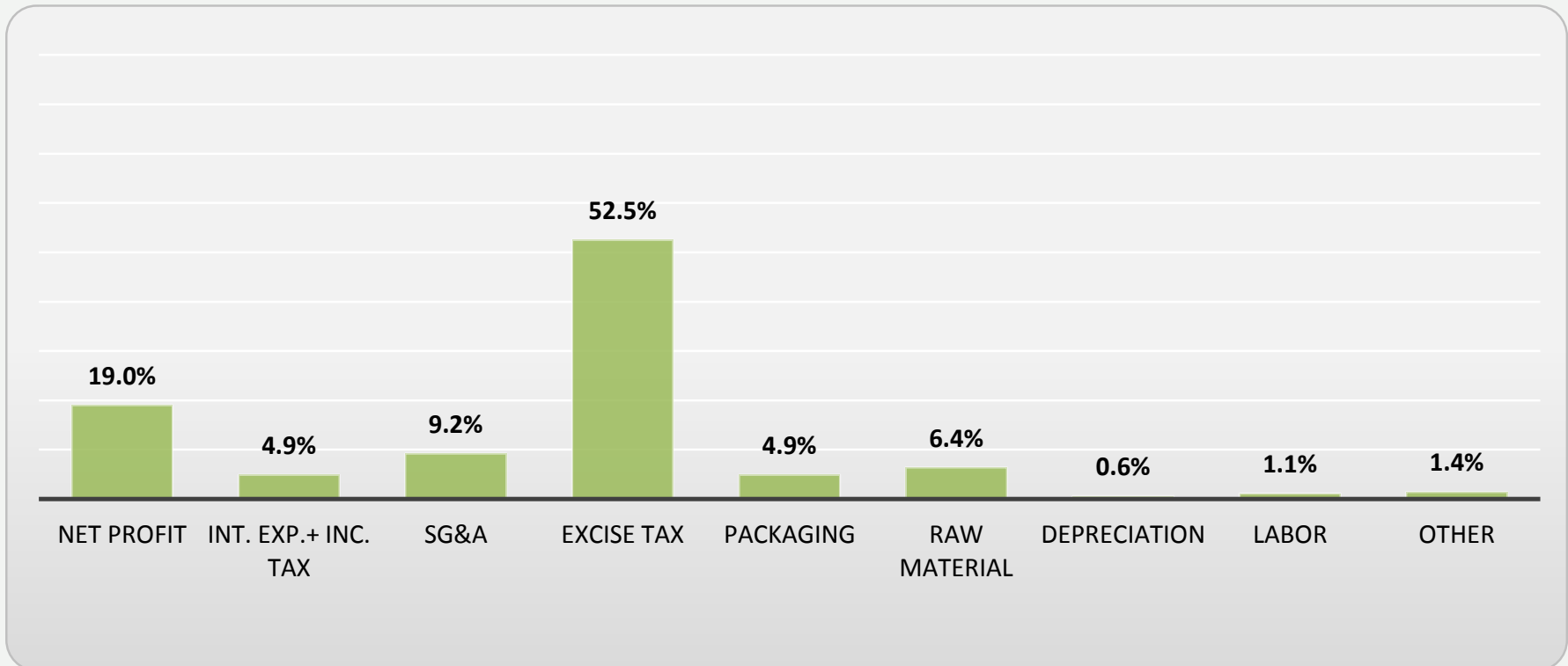
\* margins are % of sales revenue

<u>Sales Revenue</u>	UP	an increase in sales volume and sales price
<u>COGS (%)</u>	DOWN	product mix
<u>SG&amp;A (%)</u>	UP	an increase in staff costs
<u>EBITDA</u>	DOWN	an increase in staff costs although there was an increase in gross profit
<u>Net Profit</u>	DOWN	a decrease in EBITDA

# Spirits: Revenue-Cost Break Down

FY2015

(% of total revenue)



# Beer

Beer	2014	2015	Change
Sales Revenue	35,193	43,112	22.5%
COGS	(28,817)	(35,024)	
<i>% of Sales Revenue</i>	<i>81.9%</i>	<i>81.2%</i>	
SG&A	(6,042)	(6,798)	
<i>% of Sales Revenue</i>	<i>17.1%</i>	<i>15.7%</i>	
EBITDA	1,265	2,289	80.9%
Net Profit	396	1,215	206.8%

(M Baht)

## Margin\*

EBITDA	3.6%	5.3%
Net Profit	1.1%	2.8%

\* margins are % of sales revenue

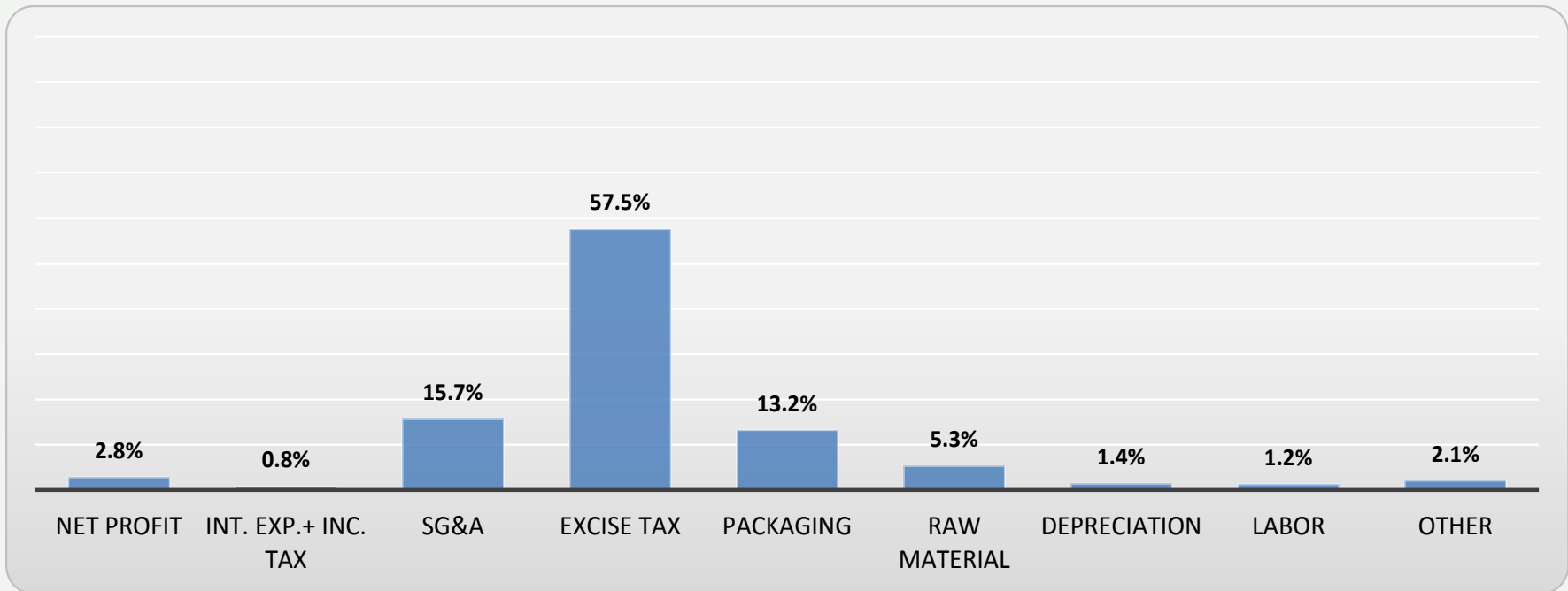
<u>Sales Revenue</u>	UP	an increase in sales volume and sales price
<u>COGS (%)</u>	DOWN	a decrease in raw material price and higher utilization rate
<u>SG&amp;A (%)</u>	DOWN	a decrease in fixed costs, although there were an increase in staff costs and advertising and promotion expenses
<u>EBITDA</u>	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

FY2015

(% of total revenue)



# Non-alcoholic Beverages

Non-alcoholic Beverages	2014	2015	Change
Sales Revenue	15,775	16,488	4.5%
COGS	(11,773)	(11,959)	
<i>% of Sales Revenue</i>	<i>74.6%</i>	<i>72.5%</i>	
SG&A	(6,338)	(7,990)	
<i>% of Sales Revenue</i>	<i>40.2%</i>	<i>48.5%</i>	
EBITDA (Loss) <i>(excl. gain on sale**)</i>	(691)	(1,309)	-89.4%
Net Profit (Loss) <i>(excl. gain on sale***)</i>	(1,469)	(2,168)	-47.6%
EBITDA (Loss)	(691)	(863)	-24.9%
Net Profit (Loss)	(1,469)	(1,811)	-23.3%
<b><u>Margin*</u></b>			
EBITDA (-Loss)	-4.4%	-5.2%	
Net Profit (-Loss)	-9.3%	-11.0%	

\* Margins are % of sales revenue

\*\* Gain on sales of Sermsuk's land and building at Baht 446 million

\*\*\* Gain on sales of Sermsuk's land and building at Baht 357 million (net of corporate income tax)

<u>Sales Revenue</u>	UP	an increase in sales volume and product mix
<u>COGS (%)</u>	DOWN	product mix
<u>SG&amp;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

# Food

Food	2014	2015	Change (M Baht)
Sales Revenue	6,602	6,578	-0.4%
COGS	(4,025)	(3,946)	
<i>% of Sales Revenue</i>	<i>61.0%</i>	<i>60.0%</i>	
SG&A	(2,541)	(2,580)	
<i>% of Sales Revenue</i>	<i>38.5%</i>	<i>39.3%</i>	
EBITDA	557	591	6.1%
Net Profit	74	57	-23.0%

## Margin\*

EBITDA	8.4%	9.0%
Net Profit	1.1%	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 number of branches
<u>COGS (%)</u>	DOWN	lower base of gross profit in FY14 due to 50% discount sales promotion
<u>SG&amp;A (%)</u>	UP	an increase in depreciation and amortization expenses
<u>EBITDA</u>	UP	an increase in gross profit
<u>Net Profit</u>	DOWN	an increase in depreciation and amortization expenses, although there was an increase in EBITDA

# Update: International Business

Sales revenue of international business declined slightly by 1.6% due mainly to the lower bulk sales of Scotch whisky

- Beer
  - Sales revenue grew 7.3% driven by both currency translational impact and organic growth. The organic growth of 2.2%, was driven by the growth momentum in ASEAN

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- International spirits
  - Positive sales growth of core brands (Single malts, Gin, Chinese spirits)
  - Negative sales growth of tail and OEM brands, impacted by the political instability notably Eastern Europe, Latin America and Middle East
  - Negative sales growth of Bulk sales of Scotch Whisky, impacted by the lower sales to North Asia and the one-off trading transaction which would not be repetitive in 2015

# Financials

# Statement of Financial Position

Statement of Financial Position	31-Dec-14	31-Dec-15	Change
<i>(Million Baht)</i>			
<b>Assets</b>			
Current assets	46,068	48,128	2,060
Non-current assets	125,919	133,889	7,970
Total assets	171,987	182,017	10,030
<b>Liabilities</b>			
Current liabilities	36,036	33,090	(2,946)
Non-current liabilities	31,275	29,661	(1,614)
Total liabilities	67,311	62,751	(4,560)
<b>Shareholders' Equity</b>			
Total equity	104,676	119,266	14,590

<u>Current assets</u>	UP	an increase in inventory and cash although there was a decrease in assets classified as held for sales
<u>Non-current assets</u>	UP	an increase in investments in associates
<u>Current liabilities</u>	DOWN	a net decrease in bank overdrafts and loans from financial institutions
<u>Non-Current liabilities</u>	DOWN	a decrease in long-term loans from financial institutions
<u>Total equity</u>	UP	an increase in net retained earnings from profit for the year which deducted with dividend payments

# Interest Bearing Debt

Interest Bearing Debt	31-Dec-14	31-Dec-15
<i>(Million Baht)</i>		
<b>Current</b>		
Bank overdrafts	1,363	1,448
Short-term loans from financial institutions	7,173	6,394
Current portion of debentures	-	1,000
Current portion of long-term loans	13,411	9,532
	<u>21,947</u>	<u>18,374</u>
<b>Non-current</b>		
Debentures	1,000	1,000
Bill of exchanges	-	1,955
Long-term loans from financial institutions	26,555	22,928
	<u>27,555</u>	<u>25,883</u>
<b>Total</b>	<b><u>49,502</u></b>	<b><u>44,257</u></b>
<b>Cash and cash equivalents</b>	<u>2,230</u>	<u>3,490</u>
<b>Net Interest Bearing Debt</b>	<b><u>47,272</u></b>	<b><u>40,767</u></b>

The periods to maturity of interest-bearing liabilities were as follows

	Unit: (M Baht)
Within one year (2016)	18,374
After one year but within two years (2017)	14,883
After two years but within three years (2018)	<u>11,000</u>
Total	<u>44,257</u>

# Financial Ratios

Ratios	31-Dec-14	31-Dec-15
Current Ratio (times)	1.28	1.45
Liability to Equity Ratio (Gearing Ratio) (times)	0.64	0.53
Interest Bearing Debt to Equity Ratio (times)	0.47	0.37
Net Interest Bearing Debt to Equity Ratio (times)	0.45	0.34
Net Interest Bearing Debt to EBITDA annualized (times)	1.50	1.11
Net asset value per share (Baht)	4.03	4.62
Net asset value per share (SGD)*	0.16	0.18

\* exchange rate at THB 25.50 : SGD 1

Turnovers (days)	Jan-Dec 14	Jan-Dec 15
A/R Turnover	9	8
Inventory Turnover		
Spirit Business: finished goods	49	48
Beer Business: finished goods	20	10
Non-alcohol Business: finished goods	34	26
Food Business: finished goods	2	2

Note: use 365 days to calculate turnover

<u>Current Ratio</u>	UP	an increase in inventories and cash, and a net decrease in bank overdrafts and loans from financial institutions
<u>Liability to Equity Ratio</u>	DOWN	an increase in net retained earnings and a net decrease in loans from financial institutions



# Q&A