

# Thai Beverage PLC

## FY16 Financial Results

(9 months period ended 30 September 2016)

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that could cause actual results, performance or events to differ materially from those in the statements as originally made.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

- By approval from 2016 annual general meeting, the Company and its subsidiaries have changed the fiscal year from beginning on 1 January and ending on 31 December of every year to beginning on 1 October and ending on 30 September of every year since 1 January 2016 onwards. The first new fiscal year for 2016 will be 9 month period from 1 January 2016 to 30 September 2016. Then, the following fiscal year will be 12 month period from 1 October to 30 September.
- 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.
- 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

# Corporate Credit Rating

## Credit rating was upgraded by TRIS Rating

- On 4 October 2016, TRIS Rating upgraded rating for ThaiBev from the improvement in financial profile

- Previous**  
AA Outlook Stable

- Now**  
**AA+ Outlook Stable**

- ThaiBev's Ratings by other rating agencies

- Moody's

Baa3 Outlook Positive

- Fitch Rating

- Foreign Currency Long-Term Issuer Default Rating

BBB Outlook Stable

- National Long-Term Rating

AA+(tha) Outlook Stable

- All of ThaiBev's credit ratings are considered as investment grade

# FY16 Performance Highlights

## FY16 Performance – Double digits growth in both top line and bottom line

- Satisfactory revenue growth in all beverage segments, amid sluggish economy
  - Total sales revenue grew 14.8% by Baht 17,984 million
  - Maintain dominant position in spirits
  - Delivered good momentum in beer
    - Sales revenue +62.3%
    - Sales volume +54.5%
    - EBITDA +155.0%
    - Net profit +280.8%
- Robust growth in net profit from continuing operations
  - Net profit excluding F&N/FCL jumped 15.2% to Baht 16,302 million
  - Net profit including F&N/FCL increased 14.3% to Baht 19,036 million
  - Lower net loss in non-alcoholic segment
- Full year dividend payment
  - Low leverage level
  - Increase payout ratio (normalized net profit) from 68% to 80%

*Note: Compared with 9 months ended 30 September 2015*

# Group Financial Highlights FY16

Revenue from sales  
(million Baht)

139,153

▲ 14.8%

EBITDA from continuing operations  
(million Baht)

26,785

▲ 10.4%

Net profit from continuing operations  
(million Baht)

19,036

▲ 14.3%

Earnings per share (basic)  
(Baht)

0.75

▲ 13.7%\*

\* Compared with 9 months 2015 earning per share, excluding gain on F&N disposal of Myanmar Brewery Limited (MBL) in the proportion of our share holding of Baht 3,820 million (used exchange rate for 9 months period 2015)

### **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

<b>Dividend Payment</b>	<b>12M2015</b>	<b>9M2016</b>
Net Profit belonging to the Company - Include F&N/FCL <i>(Million Baht)</i>	26,463	18,920
Number of Shares <i>(Million Shares)</i>	25,110	25,110
Dividend <i>(Million Baht)</i>	15,317	15,066
Less Interim dividend already paid <i>(Million Baht)</i>	3,767	5,022
Final dividend <i>(Million Baht)</i>	11,550	10,044
<b>Payout ratio (Full fiscal year)</b>	<b>58%</b>	<b>80%</b>
Net Profit belonging to the Company - Include F&N/FCL <i>(Million Baht)</i>	26,463	18,920
Less exceptional item* <i>(Million Baht)</i>	3,848	-
Normalized net profit <i>(Million Baht)</i>	22,615	18,920
<b>Payout ratio (Normalized net profit) (Full fiscal year)</b>	<b>68%</b>	<b>80%</b>
<b>Dividend per share (Baht)</b>	<b>0.61</b>	<b>0.60</b>
<b>Less Interim dividend already paid (Baht )</b>	<b>0.15</b>	<b>0.20</b>
<b>Final dividend (Baht)</b>	<b>0.46</b>	<b>0.40</b>

\* Profit sharing on a gain on F&N's disposal of Myanmar Brewery Limited (MBL) in the proportion of our share holding (used exchange rate for full year 2015)

## Dividend Payment



For comparison purpose, please see note 40 of financial statements for the year ended 30 Sep 2016, which disclosed the statement of income for nine-month period of 2015 (Jan – Sep 2015).

Group	9M15	9M16	Change	(M Baht)
<b>Sales Revenue</b>	<b>121,169</b>	<b>139,153</b>	<b>14.8%</b>	
COGS	(85,050)	(97,591)		
<i>% of Sales Revenue</i>	<i>70.2%</i>	<i>70.1%</i>		
SG&A	(19,284)	(22,179)		
<i>% of Sales Revenue</i>	<i>15.9%</i>	<i>15.9%</i>		
EBITDA (exclude F&N/FCL)	21,123	23,516	11.3%	
Net Profit (exclude F&N/FCL)	14,154	16,302	15.2%	
F&N/FCL Results (proportion of the holding shares)	2,494	2,734		
<b>EBITDA from continuing operations</b>	<b>24,265</b>	<b>26,785</b>	<b>10.4%</b>	
<b>Net Profit Profit from continuing operations</b>	<b>16,648</b>	<b>19,036</b>	<b>14.3%</b>	
Gain on disposal of discontinued operations**	3,820	-		
<b>EBITDA</b>	<b>28,085</b>	<b>26,785</b>	<b>-4.6%</b>	
<b>Net Profit</b>	<b>20,468</b>	<b>19,036</b>	<b>-7.0%</b>	
Net Profit attributable to:				
<i>Owners of the Company</i>	20,434	18,920	-7.4%	
<i>Non-controlling interests</i>	34	117		
<u>Margin*</u>				
EBITDA (exclude F&N/FCL)	17.4%	16.9%		
Net Profit (exclude F&N/FCL)	11.7%	11.7%		
EBITDA from continuing operations	20.0%	19.2%		
Net Profit from continuing operations	13.7%	13.7%		
EBITDA	23.2%	19.2%		
Net Profit	16.9%	13.7%		

\* 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 (used exchange rate 9 months period 2015)

## Consolidated: FY16 Highlights

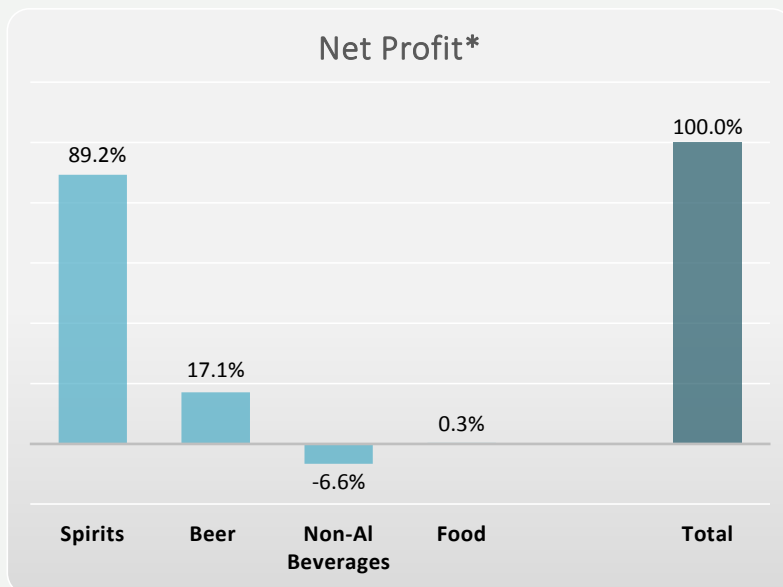
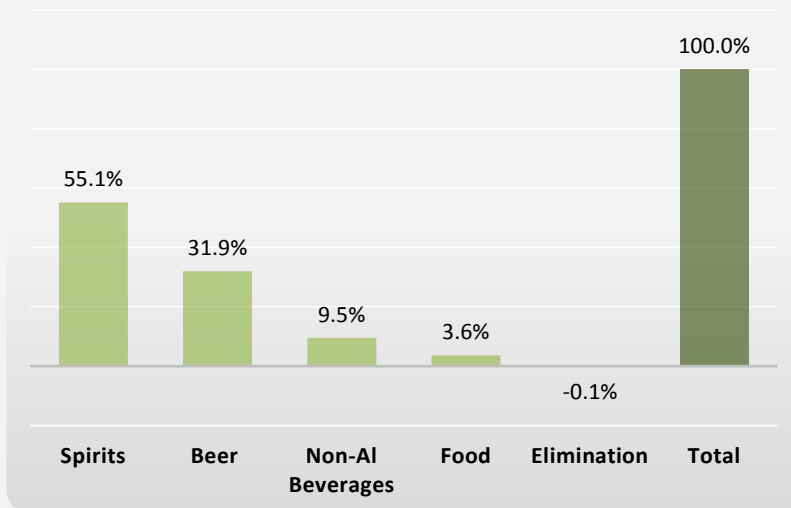
## Consolidated: FY16 Highlights

Group	ThaiBev	F&N / FCL	Total	(M Baht)
<b>9M16</b>				
Sales	139,153	-	139,153	
Gross profit	41,562	-	41,562	
EBITDA from continuing operations	23,516	3,269	26,785	
Net profit from continuing operations	16,302	2,734	19,036	
<b>9M15</b>				
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	
<b>Increase (Decrease)</b>				
Sales	17,984	-	17,984	
Gross profit	5,443	-	5,443	
EBITDA from continuing operations	2,393	127	2,520	
Net profit from continuing operations	2,148	240	2,388	
Gain on disposal of discontinued operations*	-	(3,820)	(3,820)	
EBITDA	2,393	(3,693)	(1,300)	
Net profit	2,148	(3,580)	(1,432)	
<b>% Increase (Decrease)</b>				
Sales	14.8%	-	14.8%	
Gross profit	15.1%	-	15.1%	
EBITDA from continuing operations	11.3%	4.0%	10.4%	
Net profit from continuing operations	15.2%	9.6%	14.3%	
Gain on disposal of discontinued operations*	-	(100.0%)	(100.0%)	
EBITDA	11.3%	(53.1%)	(4.6%)	
Net profit	15.2%	(56.7%)	(7.0%)	

\* The profit sharing on a gain on F&N's disposal of Myanmar Brewery Limited (MBL) on the proportion of our share holding (used exchange rate 9 months period 2015)

**9M16**  
Sales

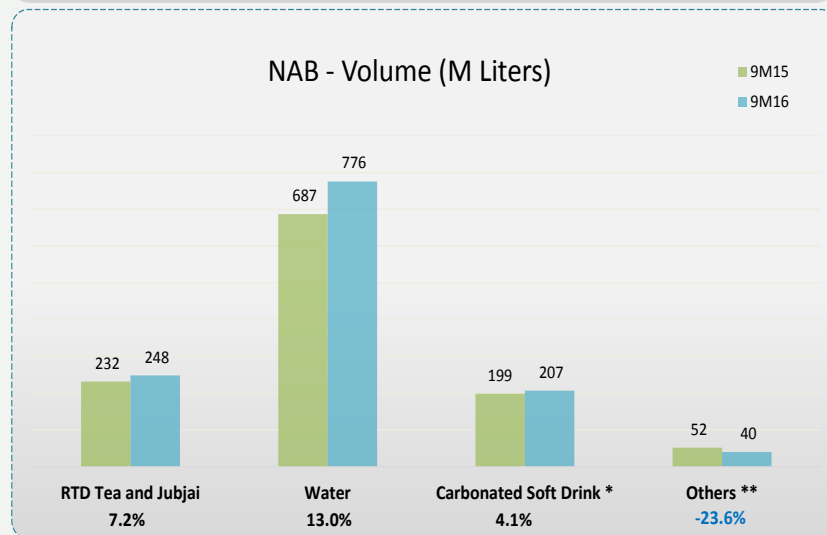
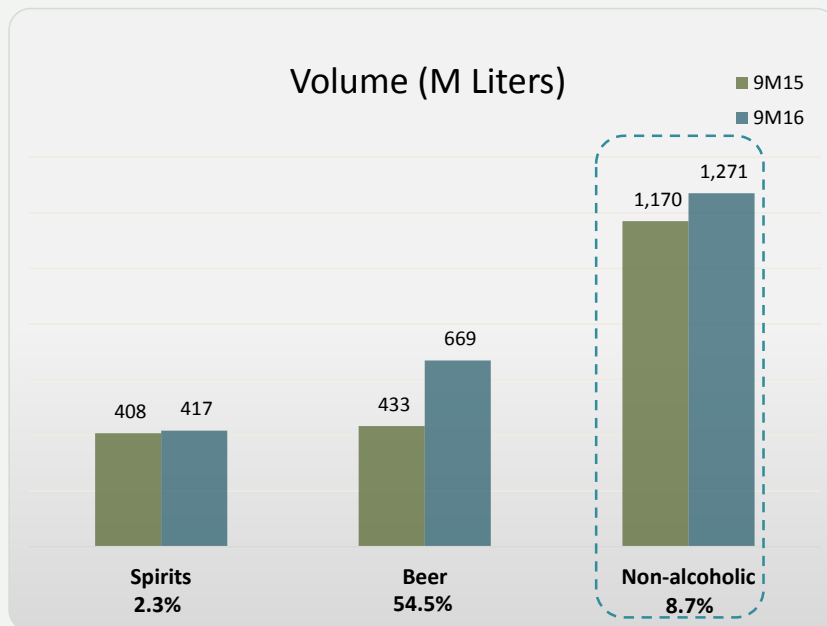
FY2016



\* Exclude F&N / FCL

## Contribution per Business Segment

## 9M16 vs. 9M15



\* est and 100Plus

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

Total Sales  
Volume

# Business Segments

# Spirits

Spirits	9M15	9M16	Change
Sales Revenue	76,537	76,649	0.1%
COGS	(51,145)	(51,254)	
<i>% of Sales Revenue</i>	<i>66.8%</i>	<i>66.9%</i>	
SG&A	(7,176)	(7,314)	
<i>% of Sales Revenue</i>	<i>9.4%</i>	<i>9.5%</i>	
EBITDA	19,548	19,547	-0.01%
Net Profit	14,554	14,548	-0.05%
<b><u>Margin*</u></b>			
EBITDA	25.5%	25.5%	
Net Profit	19.0%	19.0%	

\* margins are % of sales revenue

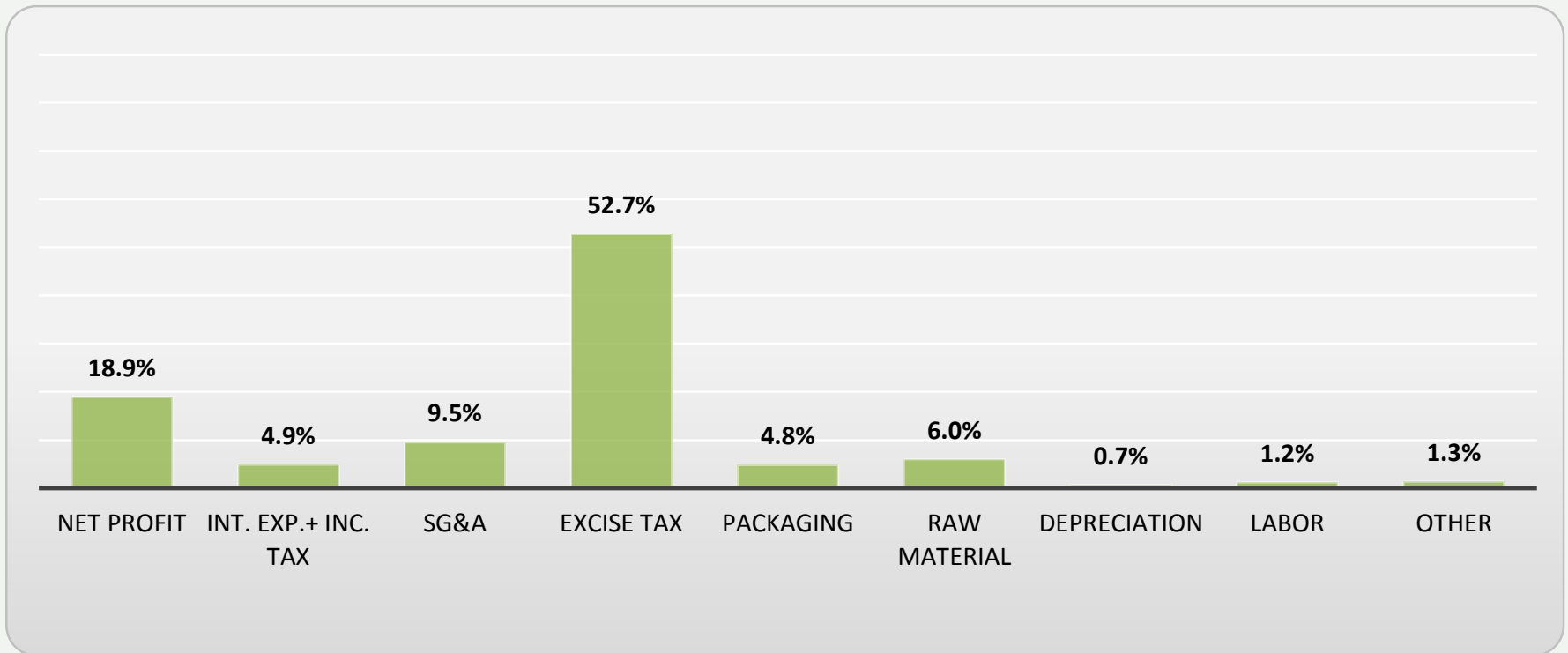
<u>Sales Revenue</u>	UP	an increase in sales volume
<u>COGS (%)</u>	UP	product mix
<u>SG&amp;A (%)</u>	UP	an increase in staff costs
<u>EBITDA</u>	DOWN	an increase in gross profit are the same as an increase in SG&A expenses
<u>Net Profit</u>	DOWN	a decrease in EBITDA and an increase in depreciation

# Spirits: Revenue-Cost Break Down

FY16

(% of total revenue)

9M16



# Beer

Beer	9M15	9M16	Change (M Baht)
Sales Revenue	27,350	44,397	62.3%
COGS	(22,059)	(34,972)	
<i>% of Sales Revenue</i>	<i>80.7%</i>	<i>78.8%</i>	
SG&A	(4,455)	(6,365)	
<i>% of Sales Revenue</i>	<i>16.3%</i>	<i>14.4%</i>	
EBITDA	1,501	3,827	155.0%
Net Profit	730	2,780	280.8%
<b><u>Margin*</u></b>			
EBITDA	5.5%	8.6%	
Net Profit	2.7%	6.3%	

\* margins are % of sales revenue

<u>Sales Revenue</u>	UP	an increase in sales volume
<u>COGS (%)</u>	DOWN	a decrease in raw material costs
<u>SG&amp;A (%)</u>	DOWN	sales increased at a higher rate than the increase in SG&A
<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 and a decrease in finance cost although there was an increase in income tax

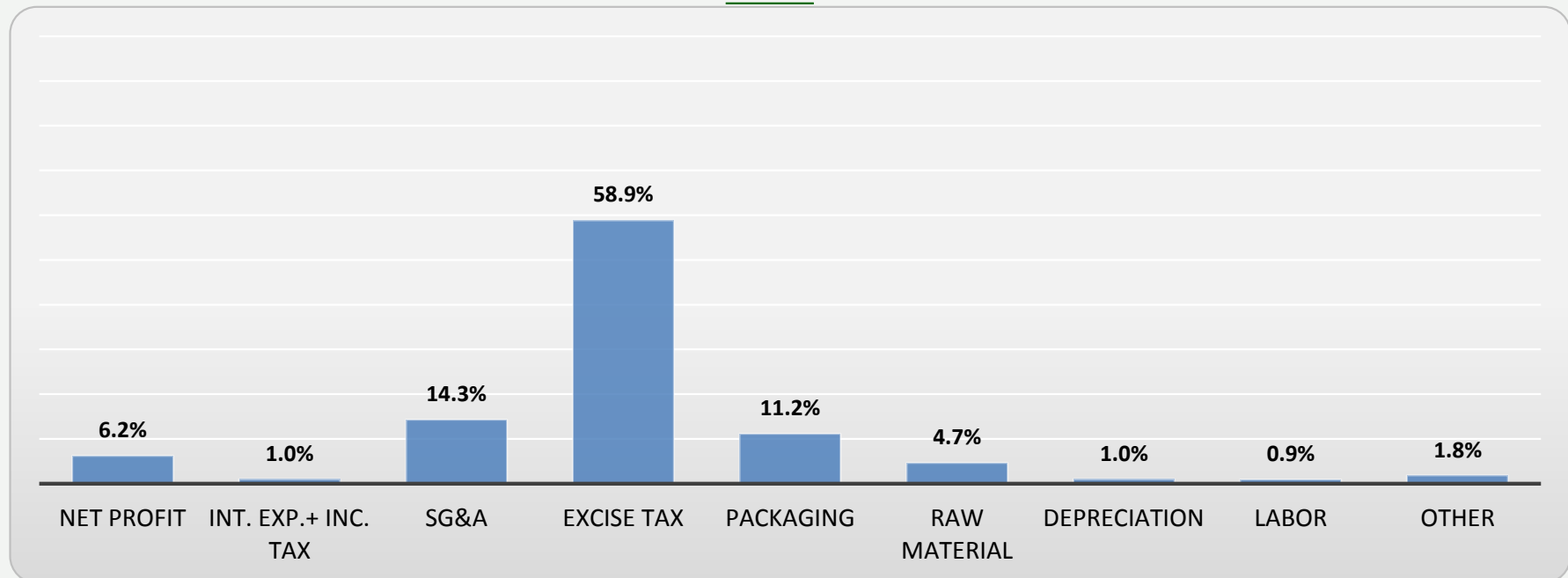


# Beer: Revenue-Cost Break Down

FY16

(% of total revenue)

9M16



# Non-alcoholic Beverages

Non-Alcoholic Beverages	9M15	9M16	Change	(M Baht)
Sales Revenue	12,446	13,290	6.8%	
COGS	(8,959)	(8,590)		
<i>% of Sales Revenue</i>	<i>72.0%</i>	<i>64.6%</i>		
SG&A	(5,774)	(6,511)		
<i>% of Sales Revenue</i>	<i>46.4%</i>	<i>49.0%</i>		
EBITDA (Loss)	(341)	(330)	3.2%	
Net Profit (Loss)	(1,153)	(1,080)	6.3%	
EBITDA (Loss) <i>(Exclude gain on sales of Sermsuk land and building)</i>	(787)	(330)	58.1%	
Net Profit (Loss) <i>(Exclude gain on sales of Sermsuk land and building)</i>	(1,510)	(1,080)	28.5%	
<b>Margin*</b>				
EBITDA (-Loss)	-2.7%	-2.5%		
Net Profit (-Loss)	-9.3%	-8.1%		
EBITDA (-Loss) <i>(Exclude gain on sales of Sermsuk land and building)</i>	-6.3%	-2.5%		
Net Profit (-Loss) <i>(Exclude gain on sales of Sermsuk land and building)</i>	-12.1%	-8.1%		

\* margins are % of sales revenue

<u>Sales Revenue</u>	UP	an increase in sales volume and change of product mix
<u>COGS (%)</u>	DOWN	product mix and favorable packaging costs
<u>SG&amp;A (%)</u>	UP	an increase in advertising and promotion expenses
<u>EBITDA Loss</u>	Down	an increase in gross profit although there was an increase in advertising and promotion expenses
<u>Net Loss</u>	Down	a decrease in EBITDA loss and a decrease in finance costs

# Food

Food	9M15	9M16	Change (M Baht)
Sales Revenue	4,926	4,993	1.4%
COGS	(2,970)	(2,895)	
<i>% of Sales Revenue</i>	<i>60.3%</i>	<i>58.0%</i>	
SG&A	(1,940)	(2,061)	
<i>% of Sales Revenue</i>	<i>39.4%</i>	<i>41.3%</i>	
EBITDA	415	472	13.7%
Net Profit	23	54	134.8%
<b><u>Margin*</u></b>			
EBITDA	8.4%	9.5%	
Net Profit	0.5%	1.1%	

\* margins are % of sales revenue

<u>Sales Revenue</u>	UP	sales from Food of Asia Co., Ltd was included
<u>COGS (%)</u>	DOWN	a cost efficiency
<u>SG&amp;A (%)</u>	UP	an increase in rental expenses
<u>EBITDA</u>	UP	an increase in gross profit and a decrease in advertising and promotion expenses although there was an increase in rental expenses
<u>Net Profit</u>	UP	an increase in EBITDA

# Update: International Business

Sales revenue decreased by 10.5% due to the decrease in beer and spirits sales

- Beer
  - Reported beer revenue declined by 7.5%
  - The negative growth were mainly due to slowing down in ASEAN sales despite positive sales growth in Singapore and Cambodia

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- International spirits
  - Reported spirits revenue declined by 13.2%, suffered from the weak sterling
  - The decrease in spirits sales were mainly from non-core markets (like Africa) and OEM brands, which has no significant impact on the profitability of the overall business
  - The appointment of distributor in USA since Aug 2015 also improve the profitability of the international business; however, the average selling price per liter is lower when compared with the situation in which our USA subsidiary carries out the sales in the country
  - Negative sales growth of Chinese spirits by 7.8% in China although the variance has been narrowed down from last quarter

# Financials

# Statement of Financial Position

Statement of Financial Position	31-Dec-15	30-Sep-16	Change
<i>(Million Baht)</i>			
<b>Assets</b>			
Current assets	48,128	50,104	1,976
Non-current assets	133,889	137,549	3,660
<b>Total assets</b>	<b>182,017</b>	<b>187,653</b>	<b>5,636</b>
<b>Liabilities</b>			
Current liabilities	33,090	32,819	(271)
Non-current liabilities	29,661	31,122	1,461
<b>Total liabilities</b>	<b>62,751</b>	<b>63,941</b>	<b>1,190</b>
<b>Shareholders' Equity</b>			
<b>Total equity</b>	<b>119,266</b>	<b>123,712</b>	<b>4,446</b>

<u>Current assets</u>	UP	an increase in cash and cash equivalents and inventory, although there was a decrease in accounts receivable
<u>Non-current assets</u>	UP	an increase in property, plant and equipment and an increase in investments in associates from realized profit
<u>Current liabilities</u>	DOWN	a decrease in bank overdrafts, income tax payable, other current liabilities although there was an increase in current portion of bill of exchanges
<u>Non-current liabilities</u>	UP	an increase in long-term loans from financial institutions and debentures
<u>Total equity</u>	UP	an increase in net retained earnings from the profit for the period and dividend payment

# Interest Bearing Debt

Interest Bearing Debt	31-Dec-15	30-Sep-16
<i>(Million Baht)</i>		
<b>Current</b>		
Bank overdrafts	1,448	1,072
Short-term loans from financial institutions	6,394	2,423
Current portion of debentures	1,000	-
Current portion of bill of exchange and long-term loans	9,532	15,501
	18,374	18,996
<b>Non-current</b>		
Debentures	1,000	2,000
Long-term bill of exchanges	1,955	9,763
Long-term loans from financial institutions	22,928	15,326
	25,883	27,089
<b>Total</b>	<b>44,257</b>	<b>46,085</b>
<b>Cash and cash equivalents</b>	3,490	5,059
<b>Net Interest Bearing Debt</b>	<b>40,767</b>	<b>41,026</b>

The periods to maturity of interest-bearing debts were as follows.

	Unit: (M Baht)
Within one year (Sep 2017)	18,996
After one year but within two years (Sep 2018)	25,089
After two years	<u>2,000</u>
Total	<u>46,085</u>

# Financial Ratios

Ratios	31-Dec-15	30-Sep-16
Current Ratio (times)	1.45	1.53
Liability to Equity Ratio (Gearing Ratio) (times)	0.53	0.52
Interest Bearing Debt to Equity Ratio (times)	0.37	0.37
Net Interest Bearing Debt to Equity Ratio (times)	0.34	0.33
Net Interest Bearing Debt to EBITDA annualized (times)	1.11	1.16
Net asset value per share (Baht)	4.62	4.78
Net asset value per share (SGD)*	0.18	0.19

\* exchange rate at THB 25.03815 : SGD 1

EPS (Baht)	30-Sep-15	30-Sep-16
Earnings per share for nine month period (Baht)	0.81	0.75

Turnover (Days)	Jan - Dec 15	Jan - Sep 16
A/R Turnover	8	6
Inventory Turnover		
Spirit Business: finished goods	48	56
Beer Business: finished goods	10	8
Non-alcohol Business: finished goods	26	24
Food Business: finished goods	2	2

Note: use 365 days to calculate turnover

Current Ratio

UP

an increase in cash and cash equivalent, and inventory

Liability to Equity Ratio

DOWN

an increase in net retained earnings from the profit for the period and dividend payment



# Q&A