

Thai Beverage PLC

1Q17 Financial Results

(First Quarter Ended 31 December 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that could cause actual results, performance or events to differ materially from those in the statements as originally made.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

- As approved at the 2016 annual general meeting, the Company and its subsidiaries have changed the fiscal year from “1 January to 31 December” to “1 October to 30 September” since 1 January 2016. The first new fiscal year for 2016 was 9 months from 1 January 2016 to 30 September 2016. The fiscal year 2017 will be 12 months from 1 October 2016 to 30 September 2017.
- From 1 October 2016 onwards, the soda water business was transferred from the non-alcoholic beverages business to the spirits business to conform with changes in the Company’s management and reporting structure. The changes recognise that majority of consumers drink spirits mixed with soda water. The corresponding information for last year was restated for comparative analysis.
- 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

1Q17 Performance Highlights

Delivered growth in bottom line, amid a slowdown in sales during mourning period

- Impacts from the decline in domestic consumption during mourning period
 - Total sales revenue dropped 8% by Baht 4,051 million
 - Maintain dominant position in spirits
 - Cost saving in beer helped improving beer earnings
 - Decrease in bottle cost, and raw material
 - Decrease in advertising and promotion expenses during the mourning period
 - Beer EBITDA +116.5%
 - Beer Net profit +159.8%
- Maintain growth in net profit
 - Net profit excluding F&N/FCL increased 12.1% to Baht 6,138 million
 - Net profit including F&N/FCL jumped 29.1% to Baht 7,743 million
 - Lower net loss in non-alcoholic segment

Group Financial Highlights 1Q17

Revenue from sales
(million Baht)

46,829

▼ -8.0%

EBITDA
(million Baht)

10,503

▲ 21.4%

Net profit
(million Baht)

7,743

▲ 29.1%

Earnings per share (basic)
(Baht)

0.31

▲ 27.9%

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Group	1st Quarter to 31/12/2015	1st Quarter to 31/12/2016	Change
Sales Revenue	50,880	46,829	-8.0%
COGS	(36,780)	(32,531)	
<i>% of Sales Revenue</i>	<i>72.3%</i>	<i>69.5%</i>	
SG&A	(7,742)	(6,847)	
<i>% of Sales Revenue</i>	<i>15.2%</i>	<i>14.6%</i>	
EBITDA (exclude F&N/FCL)	7,947	8,721	9.7%
Net Profit (exclude F&N/FCL)	5,476	6,138	12.1%
F&N/FCL Results (proportion of the holding shares)	520	1,605	
EBITDA	8,650	10,503	21.4%
Net Profit	5,996	7,743	29.1%
Net Profit attributable to:			
<i>Owners of the Company</i>	6,030	7,715	27.9%
<i>Non-controlling interests</i>	(34)	28	
Margin*			
EBITDA (exclude F&N/FCL)	15.6%	18.6%	
Net Profit (exclude F&N/FCL)	10.8%	13.1%	
EBITDA	17.0%	22.4%	
Net Profit	11.8%	16.5%	

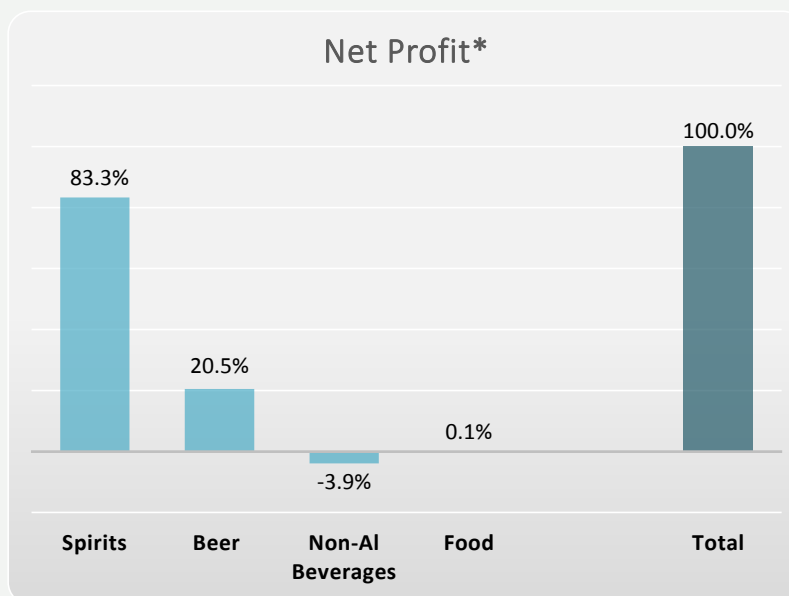
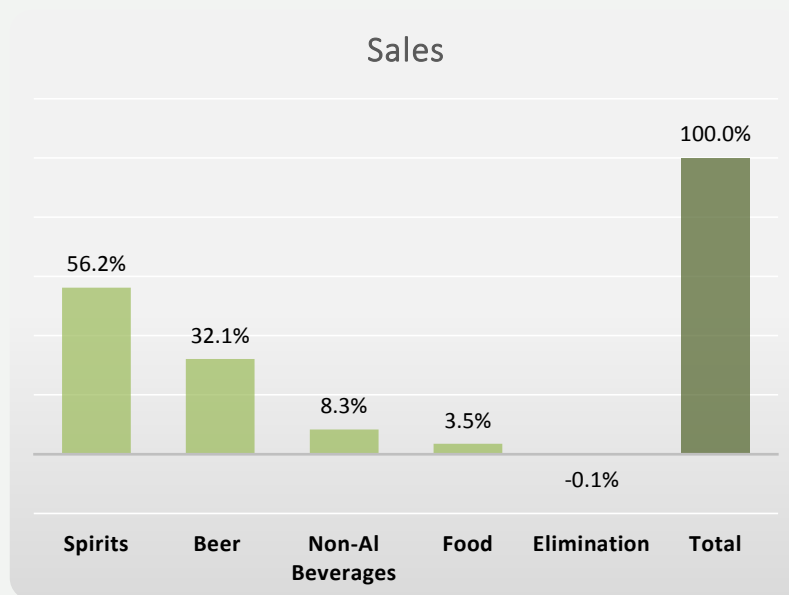
* margins are % of sales revenue

Consolidated: 1Q17 Highlights

Group	ThaiBev	F&N / FCL	Total	(M Baht)
1st quarter to 31/12/2016				
Sales	46,829	-	46,829	
Gross profit	14,298	-	14,298	
EBITDA	8,721	1,782	10,503	
Net profit	6,138	1,605	7,743	
1st quarter to 31/12/2015				
Sales	50,880	-	50,880	
Gross profit	14,100	-	14,100	
EBITDA	7,947	703	8,650	
Net profit	5,476	520	5,996	
Increase (Decrease)				
Sales	(4,051)	-	(4,051)	
Gross profit	198	-	198	
EBITDA	774	1,079	1,853	
Net profit	662	1,085	1,747	
% Increase (Decrease)				
Sales	(8.0%)	-	(8.0%)	
Gross profit	1.4%	-	1.4%	
EBITDA	9.7%	153.5%	21.4%	
Net profit	12.1%	208.7%	29.1%	

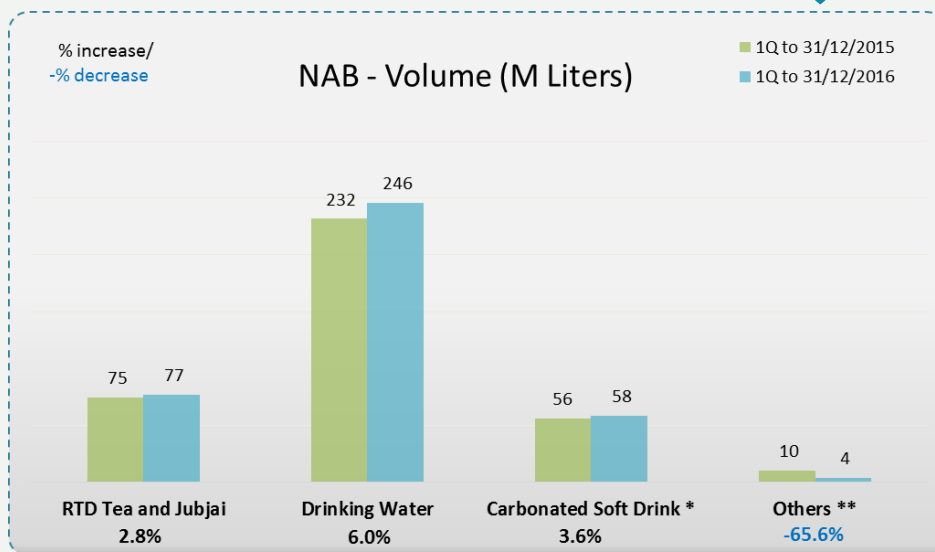
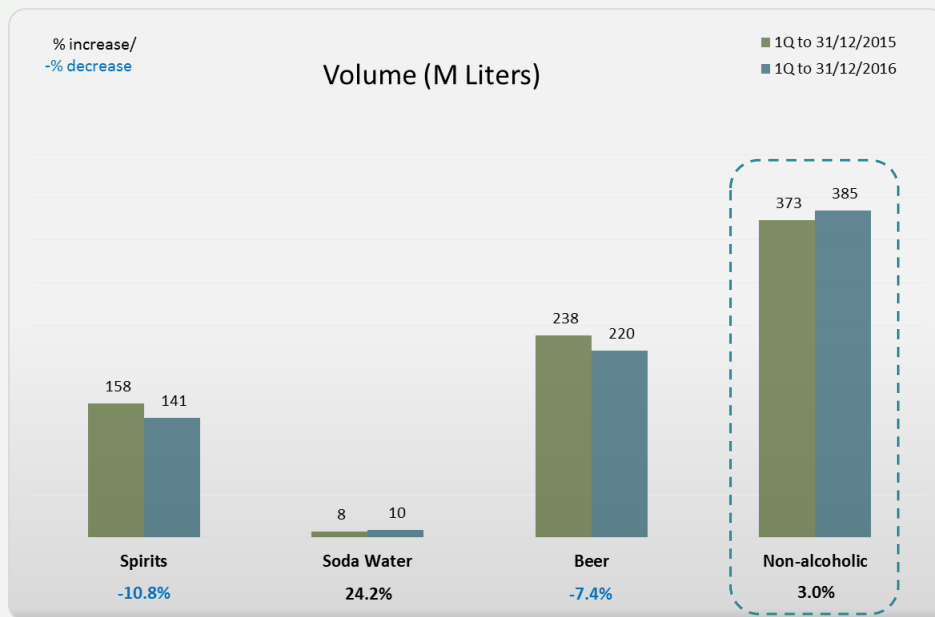
Consolidated: 1Q17 Highlights

Contribution per Business Segment 1Q17



* Exclude F&N / FCL

Total Sales Volume



* est and 100Plus

** Energy drink, sports drink and other beverages

Business Segments

Spirits

Spirits	1st Quarter to 31/12/2015	1st Quarter to 31/12/2016	Change (M Baht)
Sales Revenue	29,558	26,302	-11.0%
COGS	(19,986)	(17,589)	
<i>% of Sales Revenue</i>	<i>67.6%</i>	<i>66.9%</i>	
SG&A	(2,641)	(2,330)	
<i>% of Sales Revenue</i>	<i>9.0%</i>	<i>8.8%</i>	
EBITDA	7,462	6,841	-8.3%
Net Profit	5,576	5,112	-8.3%
<u>Margin*</u>			
EBITDA	25.2%	26.0%	
Net Profit	18.9%	19.4%	

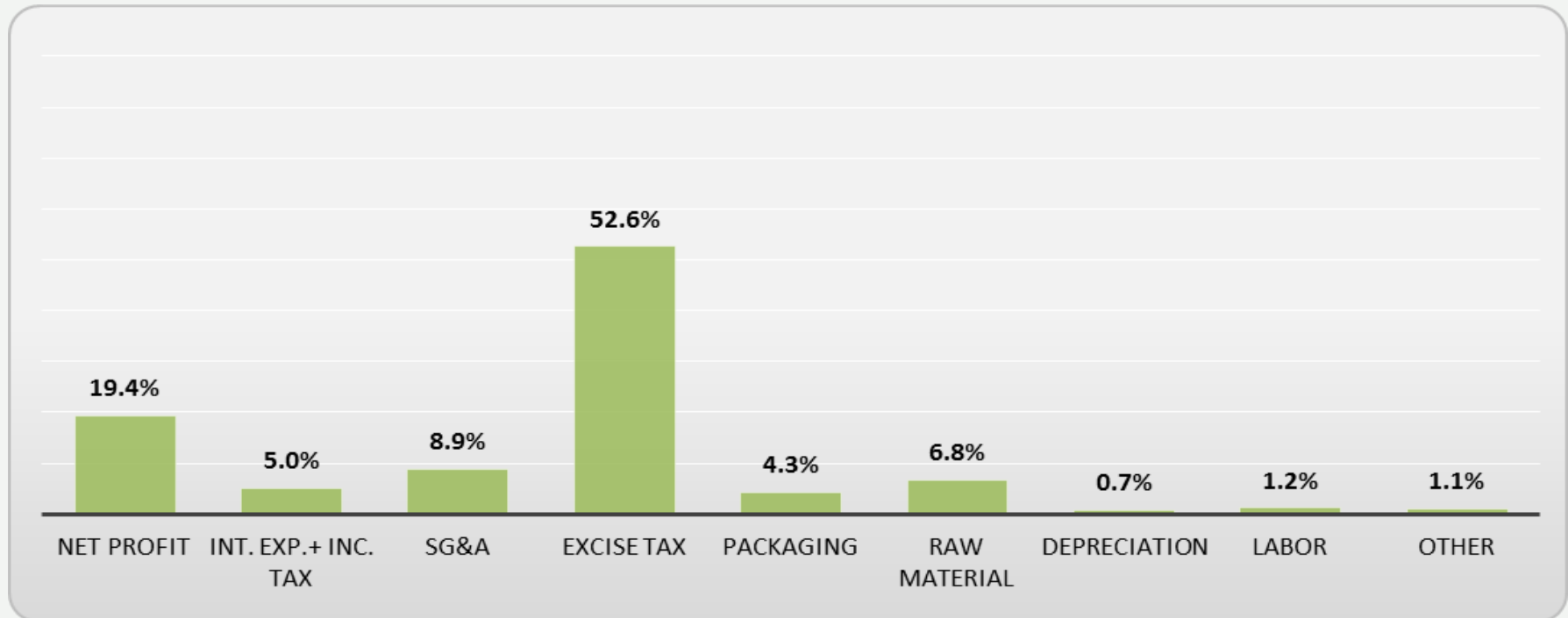
* margins are % of sales revenue

<u>Sales Revenue</u>	DOWN	a decrease in sales volume due to the mourning period in Thailand
<u>COGS (%)</u>	DOWN	product mix
<u>SG&A (%)</u>	DOWN	a decrease in advertising and promotion expenses during the mourning period
<u>EBITDA</u>	DOWN	a decrease in gross profit although there was a decrease in advertising and promotion expenses
<u>Net Profit</u>	DOWN	a decrease in EBITDA

Spirits: Revenue-Cost Break Down

(% of total revenue)

1Q17



Beer

Beer	1st Quarter to 31/12/2015	1st Quarter to 31/12/2016	Change (M Baht)
Sales Revenue	15,762	15,038	-4.6%
COGS	(12,965)	(11,549)	
<i>% of Sales Revenue</i>	<i>82.3%</i>	<i>76.8%</i>	
SG&A	(2,343)	(2,020)	
<i>% of Sales Revenue</i>	<i>14.9%</i>	<i>13.4%</i>	
EBITDA	788	1,706	116.5%
Net Profit	485	1,260	159.8%
<u>Margin*</u>			
EBITDA	5.0%	11.3%	
Net Profit	3.1%	8.4%	

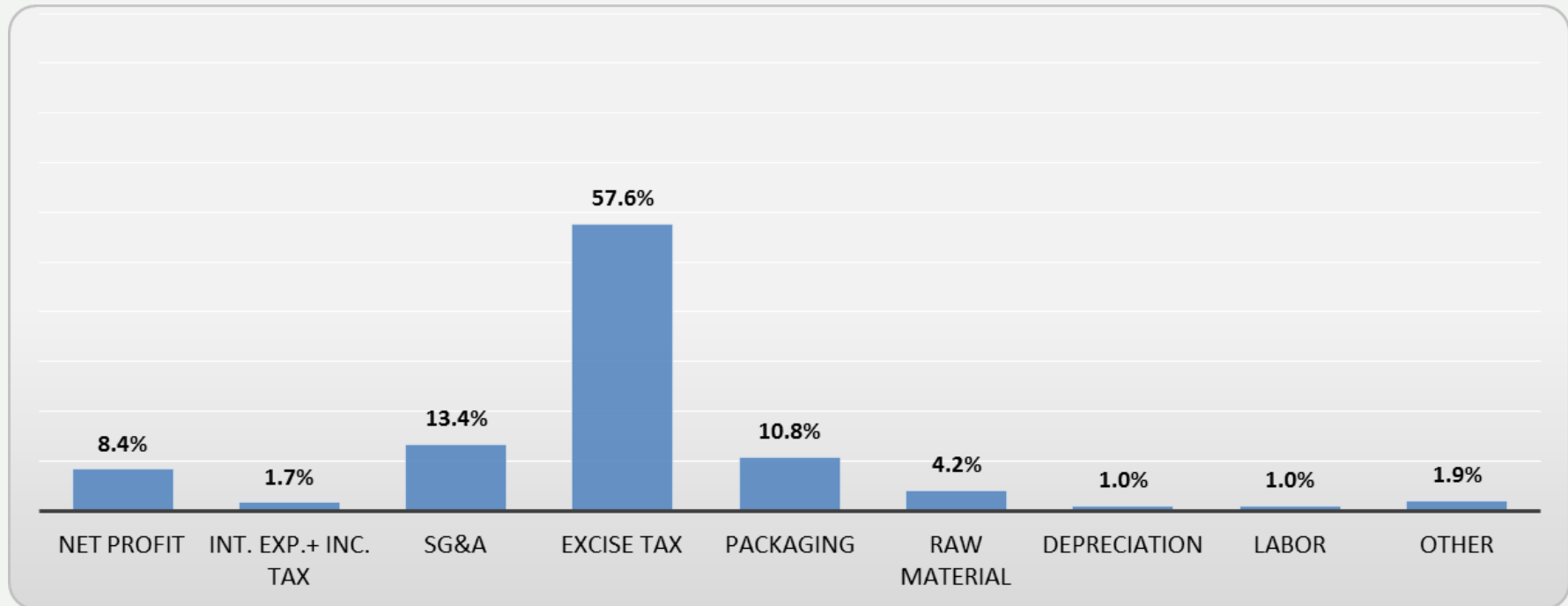
* margins are % of sales revenue

<u>Sales Revenue</u>	DOWN	a decrease in sales volume due to the mourning period in Thailand
<u>COGS (%)</u>	DOWN	a decrease in bottle and raw material costs
<u>SG&A (%)</u>	DOWN	a decrease in advertising and promotion expenses during the mourning period
<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 was an increase in income tax

Beer: Revenue-Cost Break Down

(% of total revenue)

1Q17



Non-alcoholic Beverages

Non-Alcoholic Beverages	1st Quarter to 31/12/2015	1st Quarter to 31/12/2016	Change
Sales Revenue	3,938	3,888	-1.3%
COGS	(2,882)	(2,493)	
<i>% of Sales Revenue</i>	<i>73.2%</i>	<i>64.1%</i>	
SG&A	(2,185)	(1,831)	
<i>% of Sales Revenue</i>	<i>55.5%</i>	<i>47.1%</i>	
EBITDA (Loss)	(479)	35	107.3%
Net Profit (Loss)	(619)	(239)	61.4%
Margin*			
EBITDA (-Loss)	-12.2%	0.9%	
Net Profit (-Loss)	-15.7%	-6.1%	

* margins are % of sales revenue

<u>Sales Revenue</u>	DOWN	the expiry in August 2016 of a production and distribution agreement for an OEM of sports drink, even though there was an increase in sales volume of the Company's main products
<u>COGS (%)</u>	DOWN	a product mix and favorable packaging costs
<u>SG&A (%)</u>	DOWN	a decrease in advertising and promotion expenses during the mourning period
<u>EBITDA</u>	UP	an increase in gross profit and a decrease in advertising and promotion expenses
<u>Net Loss</u>	DOWN	a decrease in EBITDA loss

Food

Food	1st Quarter to 31/12/2015	1st Quarter to 31/12/2016	Change (M Baht)
Sales Revenue	1,652	1,636	-1.0%
COGS	(976)	(924)	
<i>% of Sales Revenue</i>	<i>59.1%</i>	<i>56.5%</i>	
SG&A	(640)	(710)	
<i>% of Sales Revenue</i>	<i>38.8%</i>	<i>43.4%</i>	
EBITDA	176	139	-21.0%
Net Profit	34	5	-85.3%
<u>Margin*</u>			
EBITDA	10.7%	8.5%	
Net Profit	2.1%	0.3%	

* margins are % of sales revenue

<u>Sales Revenue</u>	DOWN	a decrease in restaurant sales revenue during the mourning period in Thailand
<u>COGS (%)</u>	DOWN	cost efficiency
<u>SG&A (%)</u>	UP	an increase in rental expenses
<u>EBITDA</u>	DOWN	an increase in rental expenses
<u>Net Profit</u>	DOWN	a decrease in EBITDA

Update: International Business

Sales revenue decreased by 17.5% due to the decrease in beer and spirits sales

- Beer
 - Reported beer revenue declined by 10.5%
 - The negative growth were mainly due to slowing down in ASEAN sales despite positive growth in Singapore and Cambodia

- International spirits
 - Reported spirits revenue declined by 22.4%, suffered from the weak sterling
 - The decrease in spirits sales were mainly from OEM brands which has no significant impact on the profitability of the overall business
 - Bulk whisky sales grew when compared YOY benefited by the growth in Asia Pacific
 - Negative sales growth of Chinese spirits by 19.7% in China

Financials

Statement of Financial Position

Statement of Financial Position	30-Sep-16	31-Dec-16	Change
<i>(Million Baht)</i>			
Assets			
Current assets	50,104	49,149	(955)
Non-current assets	137,549	137,235	(314)
Total assets	187,653	186,384	(1,269)
Liabilities			
Current liabilities	32,819	37,032	4,213
Non-current liabilities	31,122	20,862	(10,260)
Total liabilities	63,941	57,894	(6,047)
Shareholders' Equity			
Total equity	123,712	128,490	4,778

<u>Current assets</u>	DOWN	a decrease in cash and cash equivalents and inventory, although there was an increase in trade accounts receivable
<u>Non-current assets</u>	DOWN	a decrease in investment in associates
<u>Current liabilities</u>	UP	an increase in current portion of bill of exchanges and long-term loans, and income tax payable
<u>Non-current liabilities</u>	DOWN	a decrease in long-term bill of exchanges and long-term loans
<u>Total equity</u>	UP	an increase in retained earnings from the profit for the period

Interest Bearing Debt

Interest Bearing Debt	30-Sep-16	31-Dec-16
<i>(Million Baht)</i>		
Current		
Bank overdrafts	1,072	1,019
Short-term loans from financial institutions	2,423	2,415
Current portion of bill of exchanges and long-term loans	15,501	19,766
	18,996	23,200
Non-current		
Debentures	2,000	2,000
Long-term bill of exchanges	9,763	4,890
Long-term loans from financial institutions	15,326	10,000
	27,089	16,890
Total	46,085	40,090
Cash and cash equivalents	5,059	4,756
Net Interest Bearing Debt	41,026	35,334

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

	Unit: Million Baht
Within one year (Dec 2017)	23,200
After one year but within two years (Dec 2018)	15,890
After two years	<u>1,000</u>
Total	<u>40,090</u>

Financial Ratios

Ratios	30-Sep-16	31-Dec-16
Current Ratio (times)	1.53	1.33
Liability to Equity Ratio (Gearing Ratio) (times)	0.52	0.45
Interest Bearing Debt to Equity Ratio (times)	0.37	0.31
Net Interest Bearing Debt to Equity Ratio (times)	0.33	0.27
Net Interest Bearing Debt to EBITDA annualized (times)	1.16	0.95
Net asset value per share (Baht)	4.78	4.97
Net asset value per share (SGD)*	0.19	0.20

* exchange rate at THB 24.7050 : SGD 1

EPS	31-Dec-15	31-Dec-16
Earnings per share for the three month period (Baht)	0.24	0.31

Turnover	Jan - Sep 16	Oct - Dec 16
A/R Turnover (days)	6	6
Inventory Turnover (days)		
Spirit Business: finished goods	56	57
Beer Business: finished goods	8	10
Non-alcohol Business: finished goods	24	27
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 and inventory, an increase in current portion of bill of exchanges and long-term loans, and income tax payable
<u>Liability to Equity Ratio</u>	DOWN	a decrease in bill of exchanges and long-term loans from financial institutions, and an increase in retained earnings from the profit for the period

Q&A