

# Thai Beverage PLC

## FY17 Financial Results

(Full Year Ended 30 September 2017)

# 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that could cause actual results, performance or events to differ materially from those in the statements as originally made.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.
- The new Excise Tax Act is effective from 16 September 2017. The key change to alcoholic beverages is the tax collection method based on a suggested retail price instead of the last wholesale price. However, the excise tax calculation is still based on both ad valorem rates (a percentage of suggested retail price) and specific rates (Baht per litre of pure alcohol content). The excise tax rate is also changed per below:
  - Beer
    - Prior: 155 Baht per litre of pure alcohol content and 48% of the last wholesale price exclude VAT.
    - New: 430 Baht per litre of pure alcohol content and 22% of the suggested retail price exclude VAT.
  - White spirits
    - Prior: 145 Baht per litre of pure alcohol content and 4% of the last wholesale price exclude VAT.
    - New: 155 Baht per litre of pure alcohol content and 2% of the suggested retail price exclude VAT.
  - Other distilled liquor
    - Prior: 250 Baht per litre of pure alcohol content and 25% of the last wholesale price exclude VAT.
    - New: 255 Baht per litre of pure alcohol content and 20% of the suggested retail price exclude VAT.

# Understanding this Presentation

- For non-alcoholic beverages - artificial mineral water, soda water, carbonated soft drink, fruit and vegetable juice which have no alcohol or have alcohol content not exceed 0.5% and are in airtight packaging, the key change is the tax collection method based on a suggested retail price instead of the ex-factory price and the excise sugar tax which is implemented for the first time ever. The excise tax is based on both ad valorem rates (a percentage of suggested retail price) and specific rates (Baht per gram of sugar content). The beverage with over 6 grams of sugar per 100 ml. will be subject to the new specific sugar tax which the rate will be increased every two years until 1 October 2023 onwards.
- On 8 August 2017, The QSR of Asia Co.,Ltd., a subsidiary of an indirect subsidiary of the Company, entered into an Asset Sale and Purchase Agreement with Yum Restaurants International (Thailand) Co.,Ltd. for the potential acquisition of over 240 existing KFC stores in Thailand. The KFC brand has been the number one quick service restaurant brand in Thailand measured by brand share and number of outlets. The closing transactions is planned to complete on 1 December 2017.
- On 3 October 2017, Food of Asia Co.,Ltd., an indirect subsidiary of the Company, has acquired a 76% shareholding interest in Spice of Asia Co.,Ltd. to operate 10 stores of restaurants serving hotpot and Thai food.
- On 12 October 2017, International Beverage Holdings (Singapore) Pte. Limited, an indirect subsidiary of the Company, has acquired an aggregate 75% interest in the shares of Myanmar Supply Chain and Marketing Services Co.,Ltd. and Myanmar Distillery Co.,Ltd., companies incorporated in Republic of the Union of Myanmar to operate spirit business in Myanmar.
- 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 Moody's

- On 20 September 2017, Moody's upgraded rating for ThaiBev from the improvement in financial profile

- Previous**  
Baa3 Outlook Positive

- Now**  
**Baa2 Outlook Stable**

- ThaiBev's Ratings by other rating agencies

- TRIS Rating

AA+ Outlook Stable

- Fitch Ratings

- 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

# FY17 Performance Highlights

Flat top line, but delivered satisfactory growth in net profit

- Marginal decrease in total sales revenue amid a full year of mourning period
  - Total sales revenue dropped -0.02% to Baht 189,997 million
  - Solid performance in spirits segment
    - Volume +2.7%
    - Value +2.6%
    - Net profit +2.1%
  - Maintain market share in beer
- Rise in net profit\*
  - Maintain good margin in spirits, and turnaround non-alcoholic beverages to be EBITDA positive
  - Net profit from normal operation\* increased 4.6% to Baht 26,184 million
- Recognition of F&N's fair value gains on financial assets of Baht 8,497 million
- Full year dividend payment
  - Increase dividend payout from Baht 0.60/share to Baht 0.67/share

\* Excluded F&N recognition of fair value gains on financial assets of Baht 8,497 million

# Group Financial Highlights FY17

Revenue from sales  
(million Baht)

189,997

▼ -0.02%

EBITDA

*(before F&N recognition of fair value gains on financial assets of Bt 8,497 m)*

(million Baht)

36,605

▲ 3.3%

EBITDA

(million Baht)

45,102

▲ 27.3%

Net profit

*(before F&N recognition of fair value gains on financial assets of Bt 8,497 m)*

(million Baht)

26,184

▲ 4.6%

Net profit

(million Baht)

34,681

▲ 38.5%

EPS (basic)

*(before F&N recognition of fair value gains on financial assets of Bt 8,497 m)*

(Baht)

1.03

▲ 4.0%

EPS (basic)

(Baht)

1.37

▲ 38.4%



### **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>9M16</b>	<b>12M17</b>
Net Profit belonging to the Company - Include F&N/FCL <i>(Million Baht)</i>	18,920	34,510
Number of Shares <i>(Million Shares)</i>	25,110	25,110
Dividend <i>(Million Baht)</i>	15,066	16,824
Less Interim dividend already paid <i>(Million Baht)</i>	5,022	5,022
Final dividend <i>(Million Baht)</i>	10,044	11,802
<b>Payout ratio (Full fiscal year)</b>	<b>80%</b>	<b>49%</b>
Net Profit belonging to the Company - Include F&N/FCL <i>(Million Baht)</i>	18,920	34,510
Less exceptional item* <i>(Million Baht)</i>	-	8,497
Normalized net profit <i>(Million Baht)</i>	18,920	26,013
<b>Payout ratio (Normalized net profit) (Full fiscal year)</b>	<b>80%</b>	<b>65%</b>
<b>Dividend per share (Baht)</b>	<b>0.60</b>	<b>0.67</b>
<b>Less Interim dividend already paid (Baht)</b>	<b>0.20</b>	<b>0.20</b>
<b>Final dividend (Baht)</b>	<b>0.40</b>	<b>0.47</b>

\* Recognition of fair value gains on financial asset

## Dividend Payment

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.

Group	12M16	12M17	Change (M Baht)
	Oct15 - Sep16	Oct16 - Sep17	
<b>Sales Revenue</b>	<b>190,033</b>	<b>189,997</b>	<b>0.0%</b>
COGS	(134,371)	(131,899)	
<i>% of Sales Revenue</i>	<i>70.7%</i>	<i>69.4%</i>	
SG&A	(29,921)	(30,574)	
<i>% of Sales Revenue</i>	<i>15.8%</i>	<i>16.1%</i>	
EBITDA (exclude F&N/FCL)	31,463	32,675	3.9%
Net Profit (exclude F&N/FCL)	21,778	22,799	4.7%
F&N/FCL EBITDA (from normal operation)	3,972	3,930	
F&N/FCL Net Profit (from normal operation)	3,254	3,385	
EBITDA (before recognition of fair value gains on financial assets)	35,435	36,605	3.3%
Net Profit (before recognition of fair value gains on financial assets)	25,032	26,184	4.6%
F&N recognition of fair value gains on financial assets	-	8,497	
<b>EBITDA</b>	<b>35,435</b>	<b>45,102</b>	<b>27.3%</b>
<b>Net Profit</b>	<b>25,032</b>	<b>34,681</b>	<b>38.5%</b>
Net Profit attributable to:			
<i>Owners of the Company</i>	24,949	34,510	38.3%
<i>Non-controlling interests</i>	83	171	
<b>Margin*</b>			
EBITDA (exclude F&N/FCL)	16.6%	17.2%	
Net Profit (exclude F&N/FCL)	11.5%	12.0%	
EBITDA (before recognition of fair value gains on financial assets)	18.6%	19.3%	
Net Profit (before recognition of fair value gains on financial assets)	13.2%	13.8%	
EBITDA	18.6%	23.7%	
Net Profit	13.2%	18.3%	

\* margins are % of sales revenue

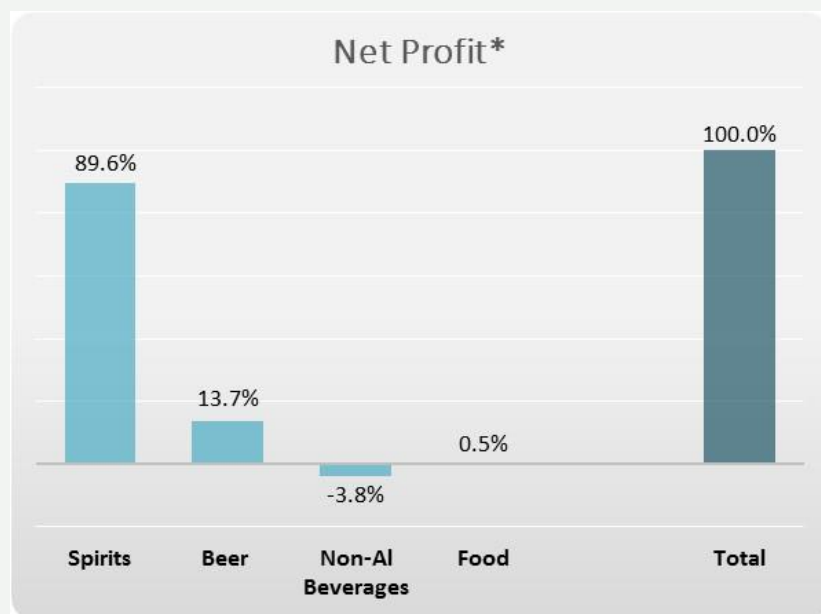
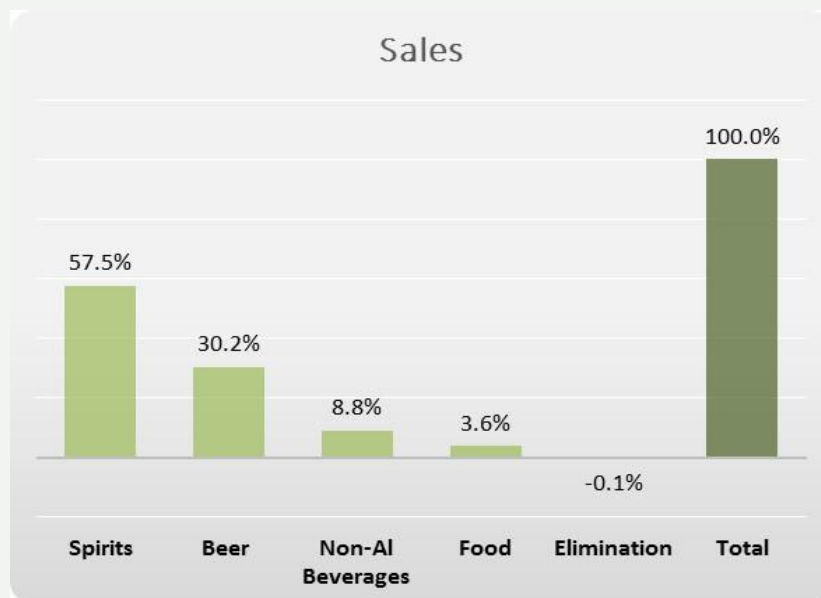
## Consolidated: FY17 Highlights

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Group	ThaiBev	F&N / FCL	Total	(M Baht)
<b>12 months of 2017 (Oct.16-Sep.17)</b>				
Sales	189,997	-	189,997	
Gross profit	58,098	-	58,098	
EBITDA (before recognition of fair value gains on financial assets)	32,675	3,930	36,605	
Net profit (before recognition of fair value gains on financial assets)	22,799	3,385	26,184	
Recognition of fair value gains on financial assets	-	8,497	8,497	
EBITDA	32,675	12,427	45,102	
Net profit	22,799	11,882	34,681	
<b>12 months of 2016 (Oct.15-Sep.16)</b>				
Sales	190,033	-	190,033	
Gross profit	55,662	-	55,662	
EBITDA (before recognition of fair value gains on financial assets)	31,463	3,972	35,435	
Net profit (before recognition of fair value gains on financial assets)	21,778	3,254	25,032	
Recognition of fair value gains on financial assets	-	-	-	
EBITDA	31,463	3,972	35,435	
Net profit	21,778	3,254	25,032	
<b>Increase (Decrease)</b>				
Sales	(36)	-	(36)	
Gross profit	2,436	-	2,436	
EBITDA (before recognition of fair value gains on financial assets)	1,212	(42)	1,170	
Net profit (before recognition of fair value gains on financial assets)	1,021	131	1,152	
Recognition of fair value gains on financial assets	-	8,497	8,497	
EBITDA	1,212	8,455	9,667	
Net profit	1,021	8,628	9,649	
<b>% Increase (Decrease)</b>				
Sales	(0.0%)	-	(0.0%)	
Gross profit	4.4%	-	4.4%	
EBITDA (before recognition of fair value gains on financial assets)	3.9%	(1.1%)	3.3%	
Net profit (before recognition of fair value gains on financial assets)	4.7%	4.0%	4.6%	
Recognition of fair value gains on financial assets	-	100.0%	100.0%	
EBITDA	3.9%	212.9%	27.3%	
Net profit	4.7%	265.2%	38.5%	

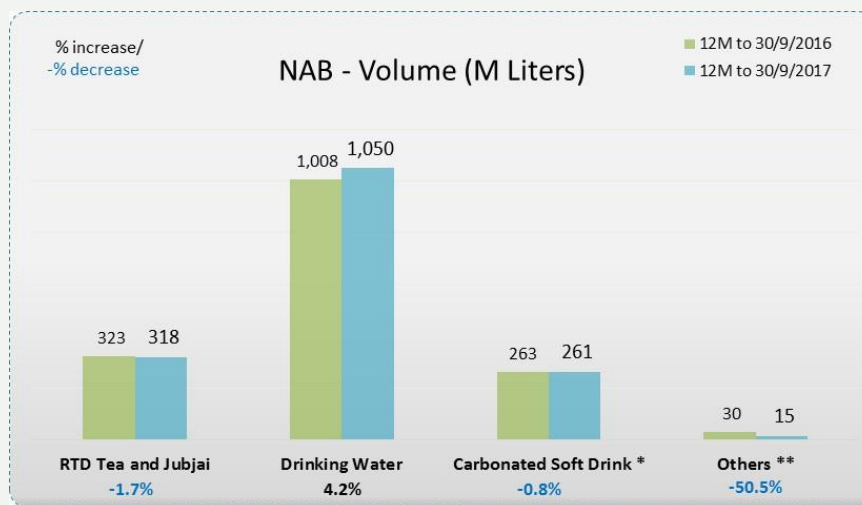
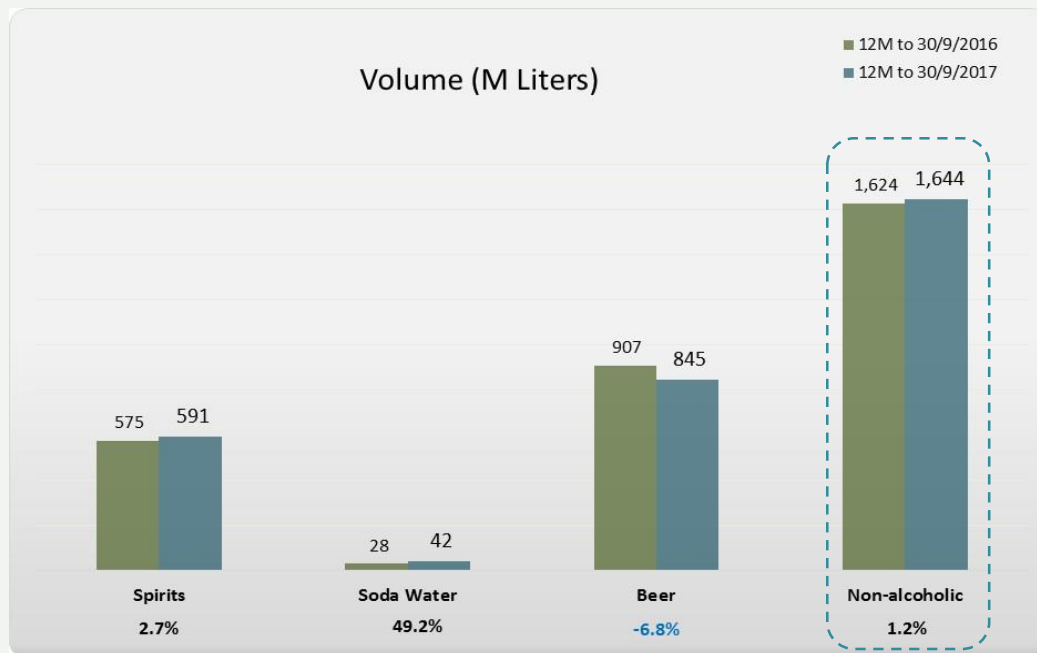
FY17

## Contribution per Business Segment



\* Exclude F&N / FCL

Total Sales Volume



\* est and 100Plus

\*\* Energy drink, sports drink and other beverages

# Business Segments

# Spirits

Spirits	12M16	12M17	Change
	Oct15 - Sep16	Oct16 - Sep17	
Sales Revenue	106,499	109,297	2.6%
COGS	(71,580)	(73,209)	
<i>% of Sales Revenue</i>	<i>67.2%</i>	<i>67.0%</i>	
SG&A	(10,044)	(10,620)	
<i>% of Sales Revenue</i>	<i>9.4%</i>	<i>9.7%</i>	
EBITDA	26,897	27,301	1.5%
Net Profit	19,995	20,420	2.1%
<b><u>Margin*</u></b>			
EBITDA	25.3%	25.0%	
Net Profit	18.8%	18.7%	

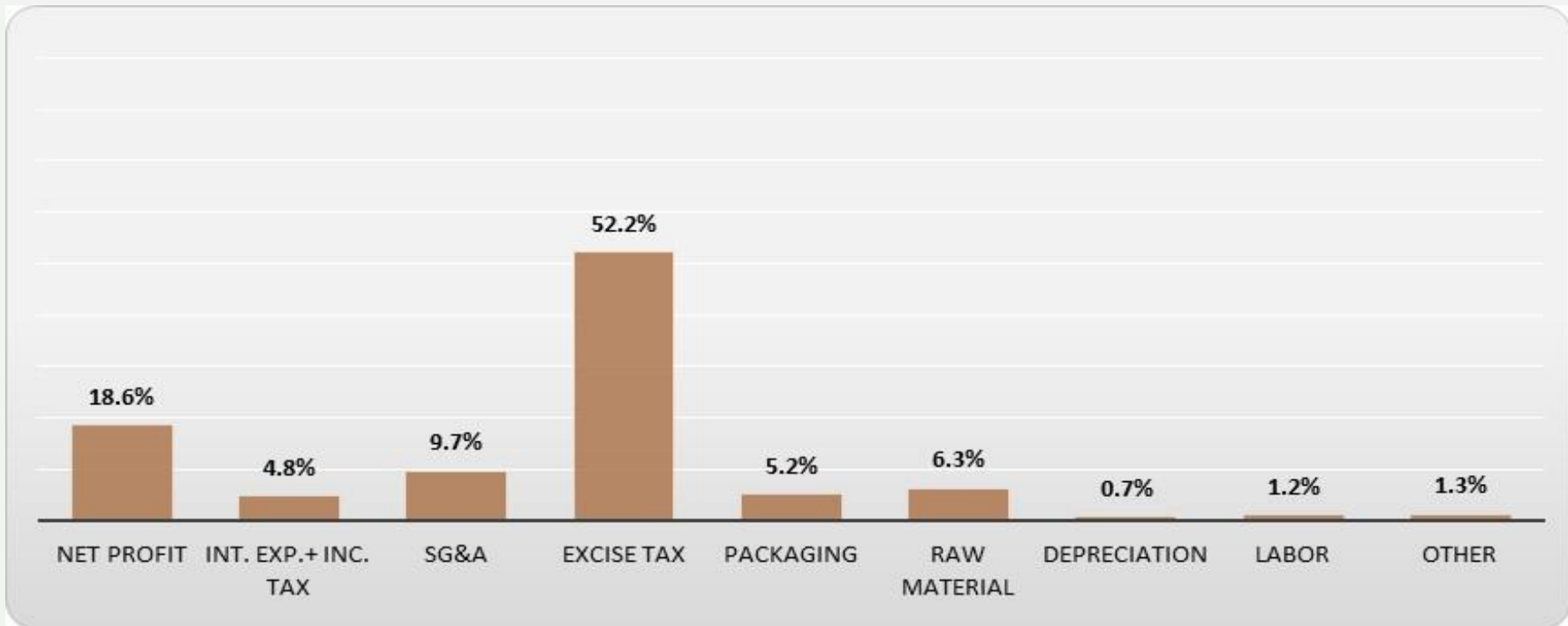
\* margins are % of sales revenue

<u>Sales Revenue</u>	UP	an increase in sales volume
<u>COGS (%)</u>	DOWN	an increase in sales volume
<u>SG&amp;A (%)</u>	UP	an increase in advertising and promotion expenses
<u>EBITDA</u>	UP	an increase in gross profit
<u>Net Profit</u>	UP	an increase in EBITDA

# Spirits: Revenue-Cost Break Down

(% of total revenue)

FY17





# Beer

Beer	12M16	12M17	Change	(M Baht)
	Oct15 - Sep16	Oct16 - Sep17		
Sales Revenue	60,159	57,326	-4.7%	
COGS	(47,937)	(44,316)		
<i>% of Sales Revenue</i>	<i>79.7%</i>	<i>77.3%</i>		
SG&A	(8,708)	(9,477)		
<i>% of Sales Revenue</i>	<i>14.5%</i>	<i>16.6%</i>		
EBITDA	4,615	4,522	-2.0%	
Net Profit	3,265	3,130	-4.1%	
<b><u>Margin*</u></b>				
EBITDA	7.7%	7.9%		
Net Profit	5.4%	5.5%		

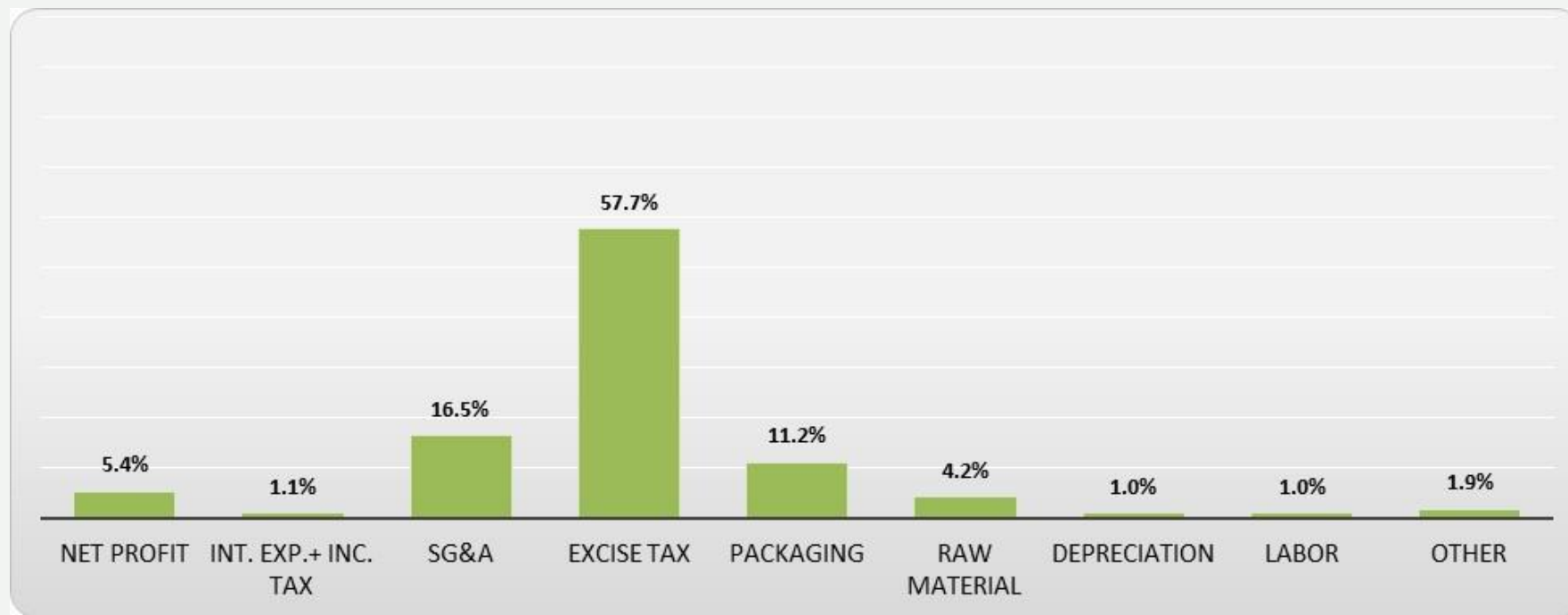
\* margins are % of sales revenue

<u>Sales Revenue</u>	DOWN	a decrease in sales volume
<u>COGS (%)</u>	DOWN	a decrease in bottle and raw material costs although there was a decrease in sales volume
<u>SG&amp;A (%)</u>	UP	an increase in advertising and promotion expenses
<u>EBITDA</u>	DOWN	an increase in advertising and promotion expenses
<u>Net Profit</u>	DOWN	a decrease in EBITDA

# Beer: Revenue-Cost Break Down

(% of total revenue)

FY17



# Non-alcoholic Beverages

Non-Alcoholic Beverages	12M16	12M17	Change (M Baht)
	Oct15 - Sep16	Oct16 - Sep17	
Sales Revenue	16,936	16,777	-0.9%
COGS	(11,132)	(10,769)	
<i>% of Sales Revenue</i>	<i>65.7%</i>	<i>64.2%</i>	
SG&A	(8,662)	(7,735)	
<i>% of Sales Revenue</i>	<i>51.1%</i>	<i>46.1%</i>	
EBITDA (Loss)	(697)	209	130.0%
Net Profit (Loss)	(1,570)	(855)	45.5%
<b><u>Margin*</u></b>			
EBITDA (-Loss)	-4.1%	1.2%	
Net Profit (-Loss)	-9.3%	-5.1%	

\* margins are % of sales revenue

<u>Sales Revenue</u>	DOWN	the expiry in August 2016 of a production and distribution agreement for OEM sports drink, even though the sales volume of the company's main products increased
<u>COGS (%)</u>	DOWN	a decrease of packaging costs
<u>SG&amp;A (%)</u>	DOWN	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 Loss</u>	DOWN	a turnaround in EBITDA loss

# Food

Food	12M16 Oct15 - Sep16	12M17 Oct16 - Sep17	Change (M Baht)
Sales Revenue	6,645	6,742	1.5%
COGS	(3,871)	(3,705)	
<i>% of Sales Revenue</i>	<i>58.3%</i>	<i>55.0%</i>	
SG&A	(2,701)	(2,942)	
<i>% of Sales Revenue</i>	<i>40.6%</i>	<i>43.6%</i>	
EBITDA	648	643	-0.8%
Net Profit	88	104	18.2%
<b><u>Margin*</u></b>			
EBITDA	9.8%	9.5%	
Net Profit	1.3%	1.5%	

\* margins are % of sales revenue

<u>Sales Revenue</u>	UP	an increase in the number of restaurants
<u>COGS (%)</u>	DOWN	an increase in selling price and a cost efficiency
<u>SG&amp;A (%)</u>	UP	an increase in rental expenses from opening new stores
<u>EBITDA</u>	DOWN	an increase in rental expenses from opening new stores although there was an increase in gross profit
<u>Net Profit</u>	UP	an increase in gross profit and a decrease in depreciation from fully depreciated assets

# Update: International Business

FY17 sales revenue of Baht 5.2 Bn, which contribute 3% of ThaiBev's sales revenue, decreased by 15.8% due to beer sales and continuously impacted by the weak sterling

- Beer
  - Countries namely Singapore and Cambodia remained strong to deliver a double digit growth
  - Dragged down by continuing slowdown in ASEAN, full year sales decreased by 15.2%

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- International spirits
  - International spirits revenue reported a negative growth of 15.9% mainly impacted by the currency translational impact in sterling
  - Performance in the Chinese spirits remained weak, negatively impacted by the tough and competitive market
  - Sales growth in our whisky core brands were maintained. Key contributors remained UK, Russia and France
  - Bulk whisky sales continued to grow especially in North Asia
  - Although full year performance for OEM brands remained weak, it has no significant impact to the profitability

# Financials

# Statement of Financial Position

Statement of Financial Position	30-Sep-16	30-Sep-17	Change
<i>(Million Baht)</i>			
<b>Assets</b>			
Current assets	50,104	55,921	5,817
Non-current assets	137,549	138,319	770
Total assets	187,653	194,240	6,587
<b>Liabilities</b>			
Current liabilities	32,819	47,671	14,852
Non-current liabilities	31,122	14,056	(17,066)
Total liabilities	63,941	61,727	(2,214)
<b>Shareholders' Equity</b>			
Total equity	123,712	132,513	8,801

<u>Current assets</u>	UP	an increase in cash and cash equivalents although there was a decrease in inventory
<u>Non-current assets</u>	UP	an increase in property, plant and equipment
<u>Current liabilities</u>	UP	an increase short-term loans from financial institutions and current portion of long-term loans
<u>Non-current liabilities</u>	DOWN	a decrease in loans from financial institutions
<u>Total equity</u>	UP	an increase in net retained earnings from the profit for the year which deducted with dividend payment

# Interest Bearing Debt

Interest Bearing Debt	30-Sep-16	30-Sep-17
<i>(Million Baht)</i>		
<b>Current</b>		
Bank overdrafts	1,072	-
Short-term loans from financial institutions	2,423	5,703
Current portion of bill of exchanges and long-term loans	15,501	24,950
Other short-term loan	-	5
	18,996	30,658
<b>Non-current</b>		
Debentures	2,000	2,000
Long-term bill of exchanges from financial institutions	9,763	-
Long-term loans from financial institutions	15,326	8,000
	27,089	10,000
<b>Total</b>	<b>46,085</b>	<b>40,658</b>
<b>Cash and cash equivalents</b>	5,059	9,929
<b>Net Interest Bearing Debt</b>	<b>41,026</b>	<b>30,729</b>

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

	Unit: Million Baht
Within one year (Sep 2018)	30,658
After one year but within two years (Sep 2019)	<u>10,000</u>
Total	<u>40,658</u>



# Financial Ratios

Ratios	30-Sep-16	30-Sep-17
Current Ratio (times)	1.53	1.17
Liability to Equity Ratio (Gearing Ratio) (times)	0.52	0.47
Interest Bearing Debt to Equity Ratio (times)	0.37	0.31
Net Interest Bearing Debt to Equity Ratio (times)	0.33	0.23
Net Interest Bearing Debt to EBITDA (times)	1.16	0.68
Net asset value per share (Baht)	4.78	5.13
Net asset value per share (SGD)*	0.20	0.21

\* exchange rate at THB 23.86240 : SGD 1

EPS	Oct 15 - Sep 16	Oct 16 - Sep 17
Earnings per share for the year (Baht)	0.99	1.37

Turnover	Oct 15 - Sep 16	Oct 16 - Sep 17
A/R Turnover (days)	6	5
Inventory Turnover (days)		
Spirit Business: finished goods	60	56
Beer Business: finished goods	9	14
Non-alcohol Business: finished goods	27	26
Food Business: finished goods	2	2

Note: use 365 days to calculate turnover

<u>Current Ratio</u>	DOWN	an increase in short-term loans from financial institutions as well as current portion of long-term loans from financial institutions
<u>Liability to Equity Ratio</u>	DOWN	a decrease in loans from financial institutions, and an increase in net retained earnings from the profit for the year which deducted with dividend payment

# Q&A