



Responses to Substantial and Relevant Questions from Shareholders for the 2022 Virtual Annual Information Meeting of Thai Beverage Public Company Limited (“THBEV” or the “Company”) that was held on 21 September 2022

1. What are the measures to attract younger/newer consumers for the alcohol products in the various markets? e.g., newer products, marketing activities, etc.

Company’s response:

- We monitor emerging trends in the market to keep our product mix relevant to the consumers’ tastes and preferences.
- We continue to strengthen leading market position through brand-building activities and premiumization of our product portfolio, to generate excitement for our brands in the market and attract new consumers.
- We are also constantly looking for creative ways to engage our consumers. During the COVID-19 pandemic, we focused our brand activities in the digital space.
- These digital channels give us greater insight into our consumers’ behavior, as well as an avenue to engage a younger, more digitally-savvy generation of consumers.
- We plan to continue exploring such digital engagement activities going forward.
- We have a pipeline of new products under development that we use to keep the category vibrant and attractive to new drinkers.
- Pre-Covid, we launched Chang Cold Brew and this was followed with Chang Espresso shortly thereafter.
- We will continue to launch new products periodically to constantly refresh the category and attract new drinkers to beer.

2. What are the profitability prospects for the beverage and restaurant business given the opening up of the economy as the COVID-19 pandemic recedes? Has the beverage business reached a critical mass for operational efficiency?

Company’s response:

Beverage business

- Social activity has gradually resumed with the lifting of social and border restrictions, as F&B and entertainment venues reopen. We expect consumption of alcoholic and non-alcoholic beverages to improve in light of this.
- For non-alcoholic beverages, we are also exploring capitalizing on market opportunities in emerging health and wellness trends.

- In terms of operational efficiency, we continue to reinforce our pursuit of operational excellence by:
 - Leveraging our nation-wide production and distribution networks in response to changes in market demands to ensure optimal utilization and logistics costs.
 - Rationalizing our route-to-market channels to increase penetration and SPPD (sales per point of distribution).
 - Reducing overall energy consumption and increasing renewable energy usage.
 - Managing the volatility of input costs through the active hedging of key raw and packaging materials.

Food business

- We have benefited from the resumption of economic activities after the lifting of COVID-19 restrictions, as consumers returned to dine in at the restaurants.
- Although more people are dining out, we also note that home delivery sales have continued on an uptrend.
- To build growth in the areas of dining-in and delivery, our key drivers include four areas of focus:
 - “Adaptation and expansion” to drive penetration and accessibility through expanded store locations and formats
 - “Creating new initiatives” to capitalize on consumer preferences in the new normal, and capture new, emerging trends
 - “Driving digitalization and technology” to unlock new opportunities, enhance customer experience and operation efficiency
 - “Tightening business fundamentals” to drive productivity and profitability

3. How is the company planning to expand your business beyond what you have today?

Company’s response:

- Since 2015, we have been embarking on our strategic plan based on the Vision 2020 to strive for growth and to become a stable and sustainable ASEAN leader.
- With the transformation from Vision 2020 to PASSION 2025, and with this year being 2022 after two long years of the COVID-19 pandemic, as you can see and witness for yourself, ThaiBev as a group have expanded in terms of our footprint within continental ASEAN.
- We have crossed the land bridge to other markets, from Thailand to Singapore, Malaysia, Vietnam, Cambodia and Laos as well.

- From this strategic goal to become a stable and sustainable ASEAN leader, we have a very strong footprint and built a strong brand portfolio and established ourselves in new markets such as Vietnam and Myanmar.
- We have grown from a local champion to a regional leader.
- The next stage for us is to become the pride of ASEAN by improving on our product mix, diversify and premiumize our portfolio to reinforce and expand our footprint across all our markets.
- We are confident that our robust fundamentals provide a strong base for organic expansion and we strongly believe that we are well-placed to capture the growth in this region and deliver sustainable value to our shareholders.
- Within PASSION 2025, we are initiating a transformation program in these last two years based on three key domains of building new offerings, strengthening our leadership position in each of our markets and unlock value.
- As you can see, one of the key exercises under this is the IPO of BeerCo, as part of our plan to unlock value of ThaiBev Group's assets.
- To put it more simply, the plan to expand our business beyond what we have today, we will be looking at organic growth expansion to strengthen ourselves within our base markets where we have strong footprints within continental ASEAN.

4. Why does the company seem to keep changing its organisational structure?

Company's response:

- We always iterate who we are and how we function, and we keep adapting to the changing environment.
- The changes we have made to our organizational structure enable us to realize the growth objectives of our strategic roadmaps, "Vision 2020" and "PASSION 2025".
- Since the year 2014, when we revealed our Vision 2020 to be started in 2015, and continuing from 2016 to 2020, and the second consecutive five-year plan to carry out PASSION 2025, we have consolidated and built our leadership position in Southeast Asia.
- The organizational changes in 2016 and 2018 were made to realise our Vision 2020 objectives.
- These organizational changes play a significant part in the success of our strategic imperatives of Growth, Diversity, Brands, Reach and Professionalism.
- To move forward with PASSION 2025 and to become a stable and sustainable ASEAN leader, the largest change in our organization structure earlier in August this year enables us to step up our regional growth, as well as drive excellence in our individual market operations to support the Company's business.

5. What is the revenue and operating margins outlook for 2023?

Company's response:

- As a company policy, the company does not provide guidance for our future financial outlook.

6. What is the situation in Vietnam with regards to the Saigon beer business?

Company's response:

- As mentioned in the presentation, Vietnam adopted a strategy of living with COVID-19 in late last year. With that, we have seen some recovery from late last year.
- In March this year, international borders were opened, and we saw more tourists coming in so the economy in Vietnam is gradually recovering.
- Other than tourists, we see a lot more business visitors with the announcement of many investments into Vietnam; the latest we have heard was more than a billion dollars' worth of US investments by a Multinational European toy company.
- We continue to invest in our brands even during COVID-19 – we actually increased our investment during the COVID-19 period, to prepare for post-COVID.
- As a result, our brand health has improved during that period and we expect to grow our business as the economy recovers, as seen from our 9M to date performance.
- For our 9M to date, we also relaunched Bia Saigon Special, and relaunched Bia Saigon Gold in sleek cans. We also have many other activities in investments, advertising as well as activities like the enhanced version of Mobile Dem Saigon.
- With brand health increasing, with our increase in our advertising and promotional activities, we expect good business performance moving into 4Q this year, and into the future.
- We are in a good shape moving into the next few months, and into the next few years.

7. What is ThaiBev's strategy and business operations condition in Myanmar going ahead?

Company's response:

- We remain very confident in our Myanmar business. The Grand Royal Group is the number one whisky company and in fact is the largest spirit company in Myanmar. We are contributing significant tax revenues to the country as well.
- The past two years have been challenging but we are adapting to the situation very well – we do not have any receivable issues and we continue to have very good cashflow.

- The challenge, as many companies have experienced, is probably more of the ability to import raw materials on time and the ability to access foreign currency exchange on time.
- We have been assisting our company in Myanmar in terms of meeting their obligations and getting some of the payment in advance to get their raw materials in place.
- Those have been handled and situations in the past months has started to relax. It will be a challenge that we will continue to face, but we remain very confident in the business.

8. What is the market share for CHANG Beer and your Vietnam beer versus your next closest competitor?

Company's response:

- For the Thailand business, our market share hovers around 40%. We are not number one yet, but we are close.
- This gap has been closing, and at the last reading – the 9M reading, the gap is now the smallest in the last 13 years.
- This share gap continues to close, and one of the key reasons why we are strengthening is twofold – our brand portfolio and our route-to-market.
- We are assisted very much by the use of technology. The IT systems and area management system we use to cover the entire market, we believe, is second to none.
- This has helped us to improve the quality of our coverage of the market, so that we can steadily take share away from our competitor.
- This will be long term, it is going to be permanent, and we are going to continue to grow against our competitor over time.
- For Vietnam, we are very close to our competitors.
- Our strongest and nearest competitor is an international global company. With the improvement in our running of the business, we have been catching up and we are now very close to each other.

9. It seems like CHANG beer has regained the top spot in market share – do you see this trend to be permanent and what caused the swing?

Company's response:

- We are not in the top spot yet, but this is our goal for this year.

- The gap is now the smallest in the last 13 years. Our goal this year is for CHANG to be number one.
- This is where we are using our pillars of both our strong portfolio, as well as a strong route to market, assisted by technology to help us get the most efficiency from our efforts.

10. Do you see any margin compressions in your spirits and beer business given the high inflation rates? Are you able to pass the cost to consumers and how many price hikes have occurred since the inflation spike?

Company's response:

- In the past 12 months, we have continued to increase our price slowly in the alcoholic beverage segments for both Thailand and Vietnam.
- We have seen this trend continuing since last year, so there are a few adjustments that have continued.
- We think going forward in the next 12 months, we are still looking for opportunities to adjust our price for alcoholic beverages. We believe that our consumer can readjust to that price increase over time.

11. Can BeerCo carry out its expansion strategy in the event that they are unable to list?

Company's response:

- We remain confident that as one of the largest players in the beer business in Southeast Asia with tremendous growth potential, we offer a distinct and compelling growth story and therefore, we will be able to carry out our strategies.

12. How many analysts is covering ThaiBev. Seems there is not enough coverage despite the positive outlook hence the depressed share price especially after the beer IPO deferment. Please advise.

Company's response:

- Following our announcement of the deferment of the BeerCo IPO, more than 10 reputable analysts still recommended “Buy” and maintained target prices with no change.
- The reduction of ThaiBev's share price is due to the impact of the global stock market and uncontrollable factors.
- As you can see now, the Federal Reserve System (Fed) and Europe have increased interest rates –every country has increased interest rates, driving bond yields higher and impacting all stocks across the global market.
- ThaiBev's stock price performance is not due to our performance, but from uncontrollable factors. Our performance for the nine months ended 30 June 2022

was good and we committed to our dividend payout ratio of not less than 50%, subject to cash flow.

- The impact from around the world was uncontrollable, and not due to our own performance.
- We believe that you all would understand that ThaiBev's share price is only one dimension of how the market reflects confidence in the investments put in.
- Based on the good track record of ThaiBev's performance, it has already shown how resilient we are. We pulled through this difficult situation these last two years despite the COVID-19 pandemic.
- Based on the initiatives and exercises to "Unlock value" across the product portfolios within our ThaiBev Group, the BeerCo IPO is one exercise that shareholders can see how we have been looking out for their best interests, particularly for the minority shareholders. This is to reflect the value that the market is able to entertain, particularly for the investors and key players within the brewing industry in the entire Asia-Pacific.
- The BeerCo IPO exercise is still definitely a part of our plan, but it is dependent on the market situation and not just COVID-19. We have to consider the capital markets across the world and whether key investors are able to entertain the valuation of the business that we are holding.
- That is why it is a firm decision from the Board that we would rather defer the IPO. But still, it is part of the process that we will consider.
- At the right time and under the right circumstances, we plan to go through with this exercise to ensure that we will be able to unlock the best value for all the shareholders of ThaiBev.

13. What is your view of still keeping F&N floated to incur listing costs vs taking it private despite having high shareholding of F&N?

Company's response:

- F&N is listed company with its own board and management team. We are not in a position to comment on their listing status. The Company will make the appropriate announcement in accordance with our obligations under the SGX the Listing Manual if and when required.

14. Can ThaiBev lengthen the Annual Information Meeting to 1.5 hrs to answer more questions from shareholders?

Company's response:

- We will consider adjusting the time for future Annual Information Meetings and may bring the Q&A session before the presentation.

- We hope that the Company's Annual Information Meeting next year will be a physical meeting in Singapore, and we will have more chances to meet and interact with our shareholders in person.

15. With sharp depreciation in Myanmar Kyat, how is Grand Royal managing it?

Company's response:

- We will find opportunity to increase price to partially offset higher import cost.

16. Due to the suspension of BeerCo IPO, what would be the strategy going forward? Does the Company see the possibility of resuming the IPO process and what would be the time frame, any prospects for BeerCo listing in 2023? Will other funding options be considered, e.g., inviting a strategic investor?

Company's response:

- We have deferred the Proposed Spin-Off Listing in view of market conditions, after having consulted with our financial advisors.
- ThaiBev will closely monitor the market conditions, and review the Proposed Spin-Off Listing at an appropriate time together with its advisors.
- We will make further announcements as appropriate should there be any updates in relation to the Proposed Spin-off Listing.
- In the meantime, we will continue to explore opportunities to maximize shareholders' value.
- We appreciate your suggestion. We will consider it together with our financial advisors.

17. What is the total cost incurred so far for the three deferred attempts for the BeerCo IPO?

Company's response:

- Only legal fees and audit fees have been incurred in relation to the Proposed Spin-off Listing, and the amounts are insignificant when compared to our financial performance.

18. How is the Company coping with rising interest rate, higher inflation and cost of raw material? How do these challenges affect ThaiBev's profit margin?

Company's response:

- In terms of rising interest rates, the majority of our interest-bearing debts have fixed rates and are denominated in Thai Baht. Interest rate movements are thus expected to have minimal impact on us.

- We expect to see some impact of rising material cost on our margin. Nevertheless, we are actively mitigating the impact by reviewing and improving procurement and production efficiency, exploring possible increases in product prices.
- The recent resumption of social activities is expected to drive a recovery in consumption and demand, which could help lift sales volume and sustain our profitability.

19. How are the Company's finances impacted with each point increase in interest rates? What steps are being taken to manage such exposure?

Company's response:

- Most of our interest-bearing debts are on fixed rate with long tenor and are denominated in Thai Baht, which is our reporting currency.
- This mitigates our exposure to rising interest rates and fluctuating currency exchange
- In addition, we will actively manage the level of our working capital to reduce the need to tap external borrowings. In this way, we would not be significantly affected by interest rate movements.

20. The high debt level has been a concern as interest rates rise, will the Company consider divesting some of the non-core assets e.g., the stake in Frasers Property Limited, to reduce debt level and interest costs? Otherwise, are there any plans to expand the property business?

Company's response:

- The Company current gearing ratios are:
 - Net Interest-Bearing Debt / Equity: 0.71x as of 30 June 22
 - Net Interest-Bearing Debt / EBITDA: 3.30x annualized as of 30 June 22
- ThaiBev has a strong, solid, cash-based business, with the majority of its sales on “cash before delivery” terms.
- Tapping on its cash flows from operations, ThaiBev has decreased its net interest-bearing debt to equity ratio from 0.86x as at 30 September 2021 to 0.71x as at 30 Jun 2022. We are working to further deleverage the Company's financial position.
- The Company does not have plans to further expand itself in the property business.

21. How does management view the depreciation of THB currency against SGD?

Company's response:

- Our interest-bearing debts are denominated in our reporting currency, which is the THB

- We are thus unaffected by the movements of the THB against the SGD.

22. As the bridge loan facility that ThaiBev has entered will be matured in early 2023, what is the way ahead in terms of deleveraging and reducing existing debt level?

Company's response:

- The Company has bridge loan facility that will be matured in early 2024. ThaiBev continues to explore ways to further deleverage using our free cash flow. In addition, we can consider refinance using debentures or bank loans, subject to market conditions.
- ThaiBev has investment-grade credit ratings from both domestic and international rating agencies.

23. What are the reasons behind the decline of ThaiBev's share price and what actions will be taken to address this issue? Will the Company consider buying back its shares or giving more dividends?

Company's response:

- ThaiBev continues to commit to our dividend payout ratio of not less than 50%, subject to cash flow.
- The share price performance is subject to several factors. One of the factors is the business performance, which we are working hard to deliver strong and sustainable performance. The management team will continue to work closely with all stakeholders to pursue sustainable progress and business growth. However, the market conditions also can impact on the share price, and the current market situation such as geopolitical issues and inflation risks are uncontrollable factors.

24. Can the Company be more proactive on updating the business conditions and what has been done to reduce the overheads of the Company?

Company's response:

- ThaiBev applies half-yearly basis for financial reporting. However, we also provide shareholders with relevant business updates between the announcements of half-yearly financial statements.
- We continue to enhance cost management efficiencies across all our businesses by implementing a number of cost-savings initiatives, including wise spending and A&P, cutting utility expenses, and postponing non-critical activities and investments.

25. Will management consider the disposal of the property business or acquiring full control of F&N?

Company's response:

- If there is any development on this, we will update shareholders as appropriate in accordance with our obligations under the SGX Listing Manual.
