

Thai Beverage PLC

1Q18 Financial Results

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that could cause actual results, performance or events to differ materially from those in the statements as originally made.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

Acquisitions

- In the first quarter ended 31 December 2017, the Company completed 4 acquisitions of
 1. a 76% shareholding interest in Spice of Asia Co.,Ltd. (SOA) on 3 October 2017 to operate 10 stores of restaurants serving hotpot and Thai food
 2. a 75% shareholding interest in Myanmar Supply Chain and Marketing Services Co.,Ltd. and Myanmar Distillery Co.,Ltd. (MSC & MDC), which incorporated in the Republic of the Union of Myanmar, on 12 October 2017 to operate spirits business in Myanmar
 3. 252 existing KFC stores in Thailand by The QSR of Asia Co.,Ltd. (QSA), a wholly-owned subsidiary of the Company on 1 December 2017
 4. a 53.59% shareholding interest in Saigon Beer – Alcohol – Beverage Joint Stock Corporation (Sabeco), a company incorporated in The Socialist Republic of Vietnam and currently listed in Ho Chi Minh Stock Exchange (HOSE), on 29 December 2017 to operate mainly in beer business.
- The Company has included the assets and liabilities of SOA, MSC & MDC and QSA in the consolidated statements of financial position as at 31 December 2017. The results of operations and cash flows for the period of October to December 2017 of SOA, MSC & MDC and QSA were included in the consolidated statements of income and cash flows respectively.
- Due to the acquisition of Sabeco was incurred close to the end of December 2017, only assets and liabilities were included in the consolidated statements of financial position but results of operations and cash flows will be included from the second quarter ended 31 March 2018 onwards in the consolidated statements of income and cash flows.
- SOA and QSA's operations were recognized under food business. MSC & MDC's operations were recognized under spirits business. Sabeco's operations were recognized under beer business.
- The Company obtained bridging loans from various local and foreign banks to fund the acquisitions in the first quarter ended 31 December 2017. As a result, current ratio was under 1.0 and short term debts was higher as at 31 December 2017. The Company will manage to take out short term debts in appropriate time.

Understanding this Presentation

Excise tax

- 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.

- For non-alcoholic beverages - artificial mineral water, soda water, carbonated soft drinks, 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.

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

1Q18 Performance Highlights

- Domestic alcohol beverage was affected by destocking of sales agents' inventory
 - Spirits sales revenue dropped -5.8%
 - Beer sales revenue dropped -4.0%, but maintained market share in beer business
- Improvement in non-alcoholic beverages and food business
 - Non-alcoholic beverages sales revenue increased 5.8%, and lower down in net loss
 - Food reported growth in sales revenue and improvement in margin, driven by contribution from the acquisition of KFC stores
- Non-recurring expenses related to acquisitions of Baht 2,351 million
- Due to the fact that the acquisition of Sabeco was incurred close to the end of December 2017, only assets and liabilities were included in the consolidated statements of financial position, but results of operations and cash flows will be included from the second quarter ended 31 March 2018 onwards in the consolidated statements of income and cash flows

Group Financial Highlights 1Q18

Revenue from sales
(million Baht)

45,604

▼ -2.6%

EBITDA

*(exclude finance cost related to Sabeco acquisition
and non-recurring expense related to acquisitions)*

(million Baht)

7,941

▼ -24.4%

EBITDA

(million Baht)

5,590

▼ -46.8%

Net profit

*(exclude finance cost related to Sabeco acquisition
and non-recurring expense related to acquisitions)*

(million Baht)

5,476

▼ -29.3%

Net profit

(million Baht)

3,018

▼ -61.0%

EPS (basic)

*(exclude finance cost related to Sabeco acquisition
and non-recurring expense related to acquisitions)*

(Baht)

0.21

▼ -32.3%

EPS (basic)

(Baht)

0.12

▼ -61.3%

Consolidated: 1Q18 Highlights

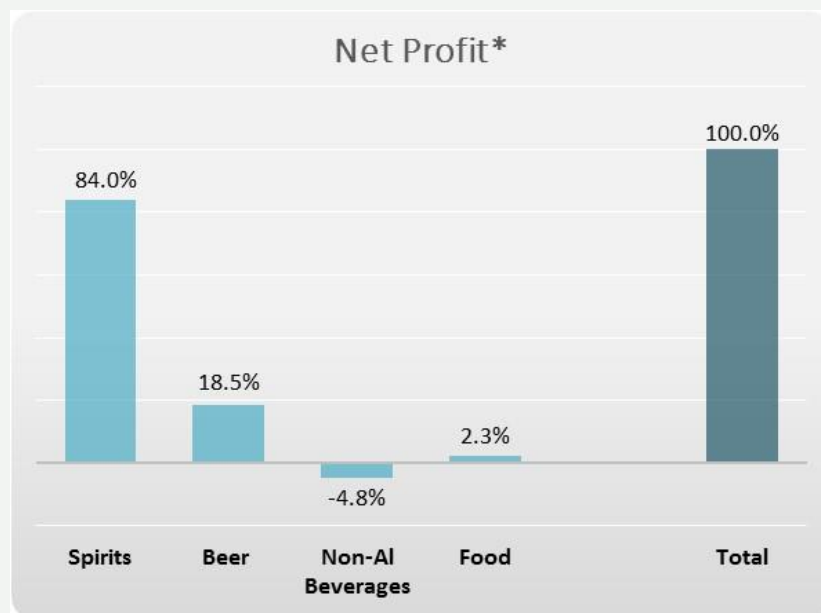
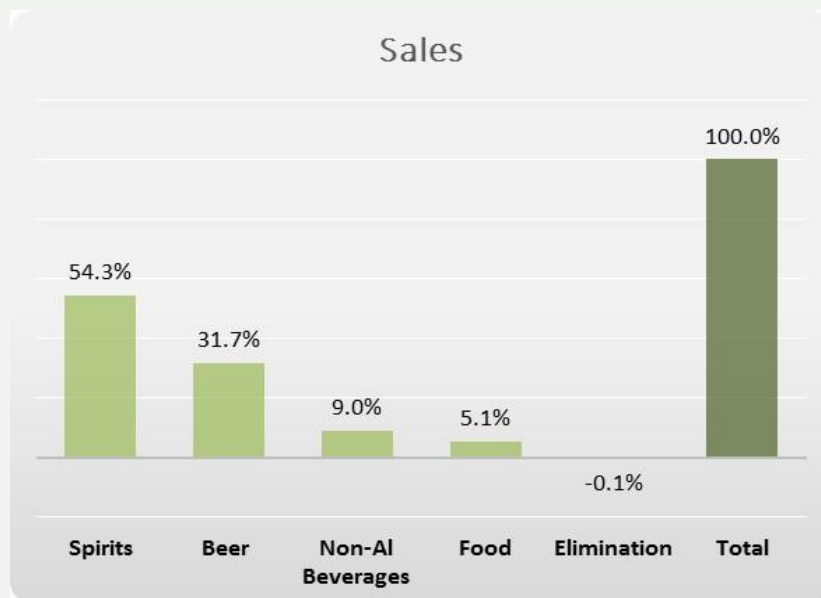
Group	1Q17	1Q18	Change (M Baht)
	Oct16 - Dec16	Oct17 - Dec17	
Sales Revenue	46,829	45,604	-2.6%
COGS	(32,531)	(31,716)	
<i>% of Sales Revenue</i>	<i>69.5%</i>	<i>69.5%</i>	
SG&A	(6,847)	(8,318)	
<i>% of Sales Revenue</i>	<i>14.6%</i>	<i>18.2%</i>	
EBITDA (exclude F&N/FCL, Sabeco expenses and non-recurring expenses)	8,721	7,149	-18.0%
Net Profit (exclude F&N/FCL, Sabeco expenses and non-recurring expenses)	6,138	4,794	-21.9%
Non-recurring expenses related to acquisitions	-	(2,351)	
Finance cost related to Sabeco acquisition	-	(107)	
EBITDA (exclude F&N/FCL)	8,721	4,798	-45.0%
Net Profit (exclude F&N/FCL)	6,138	2,336	-61.9%
F&N/FCL EBITDA (from normal operation)	1,782	792	
F&N/FCL Net Profit (from normal operation)	1,605	682	
EBITDA	10,503	5,590	-46.8%
Net Profit	7,743	3,018	-61.0%
Net Profit attributable to:			
<i>Owners of the Company</i>	7,715	2,912	-62.3%
<i>Non-controlling interests</i>	28	106	
Margin*			
EBITDA (exclude F&N/FCL, Sabeco expenses and non-recurring expenses)	18.6%	15.7%	
Net Profit (exclude F&N/FCL, Sabeco expenses and non-recurring expenses)	13.1%	10.5%	
EBITDA (exclude F&N/FCL)	18.6%	10.5%	
Net Profit (exclude F&N/FCL)	13.1%	5.1%	
EBITDA	22.4%	12.3%	
Net Profit	16.5%	6.6%	

* margins are % of sales revenue

Consolidated: 1Q18 Highlights

Group	ThaiBev	F&N / FCL	Total	(M Baht)
1st quarter ended 31/12/17				
Sales	45,604	-	45,604	
Gross profit	13,888	-	13,888	
EBITDA	4,798	792	5,590	
Net profit	2,336	682	3,018	
1st quarter ended 31/12/16				
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	
Increase (Decrease)				
Sales	(1,225)	-	(1,225)	
Gross profit	(410)	-	(410)	
EBITDA	(3,923)	(990)	(4,913)	
Net profit	(3,802)	(923)	(4,725)	
% Increase (Decrease)				
Sales	(2.6%)	-	(2.6%)	
Gross profit	(2.9%)	-	(2.9%)	
EBITDA	(45.0%)	(55.6%)	(46.8%)	
Net profit	(61.9%)	(57.5%)	(61.0%)	

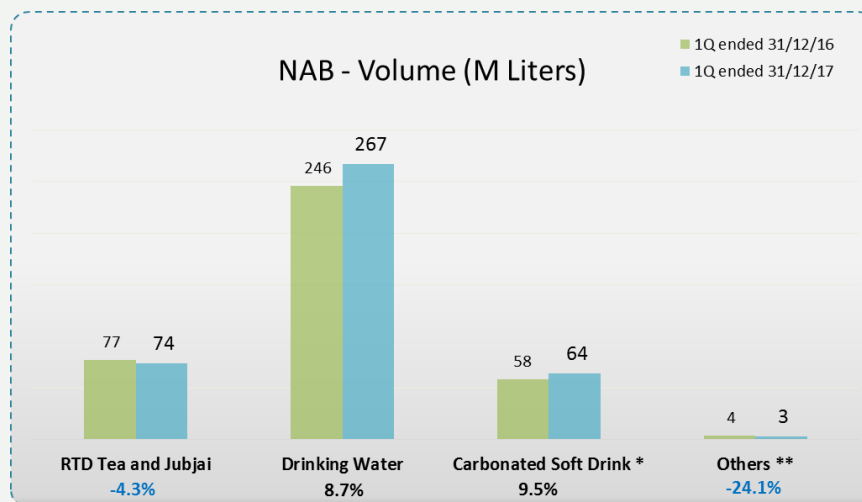
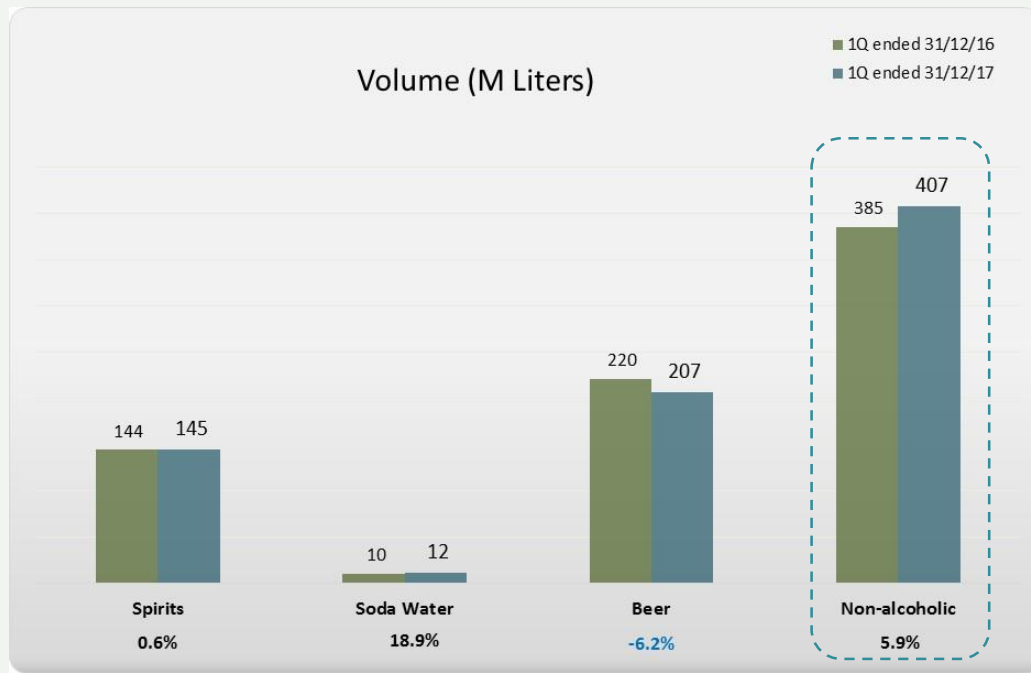
Contribution per Business Segment



* Exclude F&N / FCL

Total Sales Volume

1Q18



* est and 100Plus

** Energy drink, sports drink and other beverages

Business Segments

Spirits

Spirits	1Q17	1Q18	Change	(M Baht)
	Oct16 - Dec16	Oct17 - Dec17		
Sales Revenue	26,302	24,769	-5.8%	
COGS	(17,589)	(16,478)		
<i>% of Sales Revenue</i>	<i>66.9%</i>	<i>66.5%</i>		
SG&A	(2,330)	(3,276)		
<i>% of Sales Revenue</i>	<i>8.8%</i>	<i>13.3%</i>		
EBITDA	6,841	5,515	-19.4%	
Net Profit	5,112	4,026	-21.2%	
<u>Margin*</u>				
EBITDA	26.0%	22.3%		
Net Profit	19.4%	16.3%		

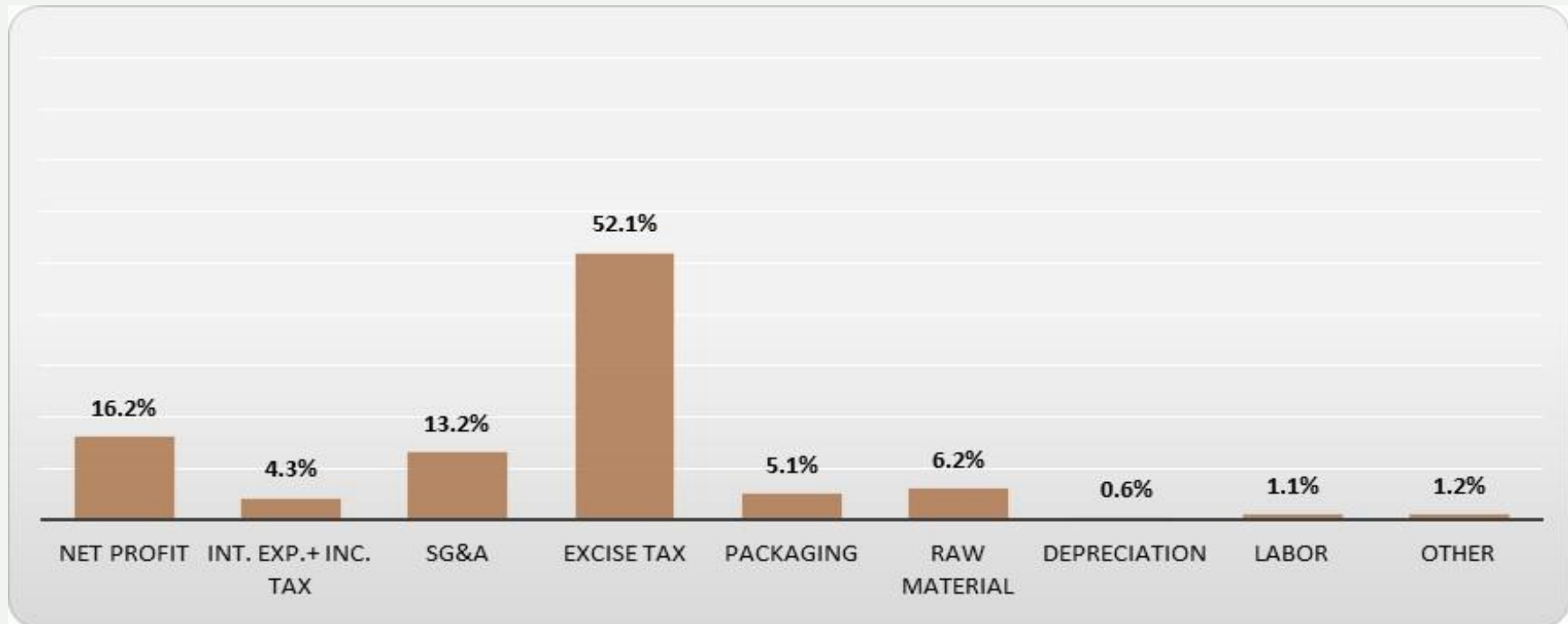
* margins are % of sales revenue

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

Spirits: Revenue-Cost Break Down

(% of total revenue)

1Q18



Beer

Beer	1Q17	1Q18	Change (M Baht)
	Oct16 - Dec16	Oct17 - Dec17	
Sales Revenue	15,038	14,434	-4.0%
COGS	(11,549)	(11,222)	
<i>% of Sales Revenue</i>	<i>76.8%</i>	<i>77.7%</i>	
SG&A	(2,020)	(2,375)	
<i>% of Sales Revenue</i>	<i>13.4%</i>	<i>16.5%</i>	
EBITDA	1,706	1,255	-26.4%
Net Profit	1,260	886	-29.7%
<u>Margin*</u>			
EBITDA	11.3%	8.7%	
Net Profit	8.4%	6.1%	

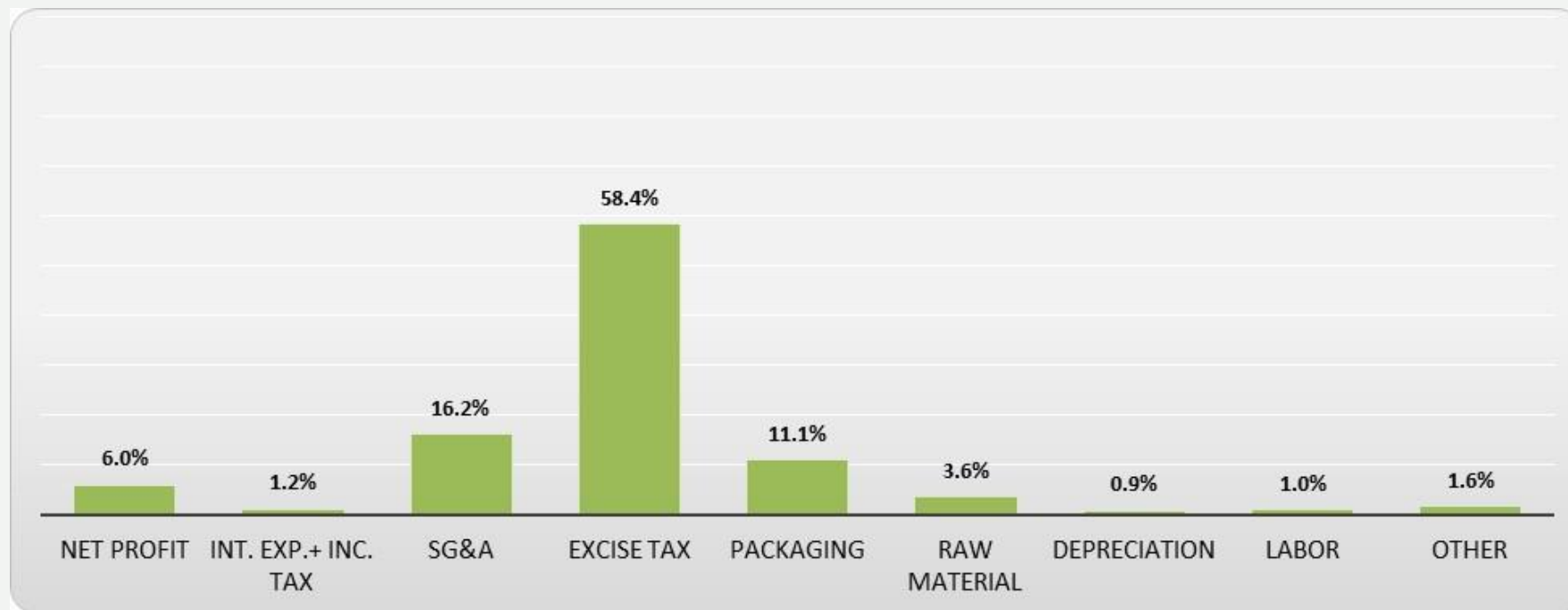
* margins are % of sales revenue

<u>Sales Revenue</u>	DOWN	a decrease in sales volume
<u>COGS (%)</u>	UP	a decrease in sales volume and an increase in packaging costs
<u>SG&A (%)</u>	UP	an increase in advertising and promotion expenses and an increase in staff costs
<u>EBITDA</u>	DOWN	a decrease in gross profit, an increase in advertising and promotion expenses and an increase in staff costs
<u>Net Profit</u>	DOWN	a decrease in EBITDA

Beer: Revenue-Cost Break Down

(% of total revenue)

1Q18



Non-alcoholic Beverages

Non-Alcoholic Beverages	1Q17	1Q18	Change	(M Baht)
	Oct16 - Dec16	Oct17 - Dec17		
Sales Revenue	3,888	4,113	5.8%	
COGS	(2,493)	(2,761)		
<i>% of Sales Revenue</i>	<i>64.1%</i>	<i>67.1%</i>		
SG&A	(1,831)	(1,783)		
<i>% of Sales Revenue</i>	<i>47.1%</i>	<i>43.3%</i>		
EBITDA	35	50	42.9%	
Net Profit (Loss)	(239)	(227)	5.0%	
<u>Margin*</u>				
EBITDA	0.9%	1.2%		
Net Profit (-Loss)	-6.1%	-5.5%		

* margins are % of sales revenue

<u>Sales Revenue</u>	UP	an increase in sales volume
<u>COGS (%)</u>	UP	a product mix and a cost increase from sugar tax
<u>SG&A (%)</u>	DOWN	a decrease in advertising and promotion expenses
<u>EBITDA</u>	UP	a decrease in advertising and promotion expenses
<u>Net Loss</u>	DOWN	an increase in EBITDA

Food

Food	1Q17	1Q18	Change (M Baht)
	Oct16 - Dec16	Oct17 - Dec17	
Sales Revenue	1,636	2,328	42.3%
COGS	(924)	(1,284)	
<i>% of Sales Revenue</i>	<i>56.5%</i>	<i>55.2%</i>	
SG&A	(710)	(926)	
<i>% of Sales Revenue</i>	<i>43.4%</i>	<i>39.8%</i>	
EBITDA	139	329	136.7%
Net Profit	5	109	2080.0%
<u>Margin*</u>			
EBITDA	8.5%	14.1%	
Net Profit	0.3%	4.7%	

* margins are % of sales revenue

<u>Sales Revenue</u>	UP	an increase in the number of restaurants from SOA and QSA
<u>COGS (%)</u>	DOWN	an increase in sales
<u>SG&A (%)</u>	DOWN	% growth of sales revenue was higher than % growth of SG&A
<u>EBITDA</u>	UP	an increase in gross profit
<u>Net Profit</u>	UP	an increase in EBITDA

Update: International Business

1Q18 sales revenue of Baht 3.1 Bn improved 118 % from last year as a result of the acquisition of Grand Royal Group in October 2017

- International spirits
 - Sales revenue reported a growth of 249% driven by Grand Royal Group
 - Bulk whisky sales have a strong start in USA and UK
 - Premium brands reported a double digit growth helped by sales to Germany and through new distribution in Asia
 - OEM brands started to pick up in 1Q18
 - Performance in Chinese spirits remained weak

- Beer
 - Continuing slowdown of sales in ASEAN impacted the total beer sales

Financials

Statement of Financial Position

Statement of Financial Position	30-Sep-17	31-Dec-17	Change
<i>(Million Baht)</i>			
Assets			
Current assets	55,921	78,970	23,049
Non-current assets	138,319	330,667	192,348
Total assets	194,240	409,637	215,397
Liabilities			
Current liabilities	47,671	90,055	42,384
Non-current liabilities	14,056	172,674	158,618
Total liabilities	61,727	262,729	201,002
Shareholders' Equity			
Total equity	132,513	146,908	14,395

<u>Current assets</u>	UP	an increase in cash and cash equivalents and current investments
<u>Non-current assets</u>	UP	an increase in goodwill from the acquisitions
<u>Current liabilities</u>	UP	an increase in short-term loans from financial institutions for acquisitions
<u>Non-current liabilities</u>	UP	an increase in loans from financial institutions for acquisitions
<u>Total equity</u>	UP	an increase in non controlling interest from consolidation

Interest Bearing Debt

Interest Bearing Debt	30-Sep-17	31-Dec-17
<i>(Million Baht)</i>		
Current		
Bank overdrafts	-	13
Short-term loans from financial institutions	5,703	41,164
Current portion of bill of exchanges and long-term loans	24,950	18,889
Current Portion of debentures	-	1,000
Other short-term loan	5	-
	30,658	61,066
Non-current		
Debentures	2,000	1,000
Long-term loans from financial institutions	8,000	167,460
	10,000	168,460
Total	40,658	229,526
Cash and cash equivalents	9,929	16,537
Net Interest Bearing Debt	30,729	212,989

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

	Unit: Million Baht
Within one year (Dec 2018)	61,066
After one year but within two years (Dec 2019)	168,457
After two years	<u>3</u>
Total	<u>229,526</u>

* Note: - The Company obtained bridging loans from various local and foreign banks to fund the acquisitions in the first quarter ended 31 December 2017. As a result, current ratio was under 1.0 and short term debts was higher as at 31 December 2017. The Company will manage to take out short term debts in appropriate time.
- an increase in loans from financial institutions because of the acquisitions

Financial Ratios

Ratios	30-Sep-17	31-Dec-17
Current Ratio (times)	1.17	0.88
Liability to Equity Ratio (Gearing Ratio) (times)	0.47	1.79
Interest Bearing Debt to Equity Ratio (times)	0.31	1.56
Net Interest Bearing Debt to Equity Ratio (times)	0.23	1.45
Net Interest Bearing Debt to EBITDA (times)**	0.68	5.30
Net asset value per share (Baht)	5.13	5.20
Net asset value per share (SGD)*	0.22	0.22

* exchange rate at THB 23.58745 : SGD 1

EPS	31-Dec-16	31-Dec-17
Earnings per share for the three months period (Baht)	0.31	0.12

Turnover	Oct 16 - Sep 17	Oct 17 - Dec 17
A/R Turnover (days)	5	8
Inventory Turnover (days)		
Spirit Business: finished goods	56	62
Beer Business: finished goods	14	17
Non-alcohol Business: finished goods	26	23
Food Business: finished goods	2	2

Note: use 365 days to calculate turnover

** EBITDA from last twelve months included expenses related to Sabeco acquisition while operating results will be included from the second quarter ended March 2018 onwards due to the acquisition was incurred close to the end of December 2017. Net Interest Bearing Debt to EBITDA ratio will be lower if Sabeco's operating results are included.

<u>Current Ratio</u>	DOWN	an increase in short-term loans from financial institutions, trade accounts payable and other payable although there was an increase in cash and cash equivalents and current investments
<u>Liability to Equity Ratio</u>	UP	an increase in loans from financial institutions for acquisitions

Thank You