

thoda aur



SOM Distilleries & Breweries Q1 FY2014 Earnings Presentation

Safe Harbor

This presentation contains statements that contain “forward looking statements” including, but without limitation, statements relating to the implementation of strategic initiatives, and other statements relating to SOM Distilleries & Breweries’ future business developments and economic performance.

While these forward looking statements indicate our assessment and future expectations concerning the development of our business, a number of risks, uncertainties and other unknown factors could cause actual developments and results to differ materially from our expectations.

These factors include, but are not limited to, general market, macro-economic, governmental and regulatory trends, movements in currency exchange and interest rates, competitive pressures, technological developments, changes in the financial conditions of third parties dealing with us, legislative developments, and other key factors that could affect our business and financial performance.

SOM Distilleries & Breweries undertakes no obligation to publicly revise any forward looking statements to reflect future / likely events or circumstances

Q1 FY2014 Financial Highlights

Performance Highlights: Q1 FY2014 vs. Q1 FY2013

- Total Income of Rs. 790 million; an increase of 4.3%
- EBITDA of Rs. 121 million; an increase of 2.9% y-o-y
 - EBITDA margin of 15.3%
- Profit after Tax (PAT) of Rs. 74 million; increase of 3.4% y-o-y
 - PAT margin of 9.4%
- As of June 30, 2013, Net Cash was Rs. 117 million; Debt/Equity of 0.01x
- Repaid the entire unsecured loans during the quarter except for vehicle loans
- Declared a dividend of 15% i.e. Rs. 1.50 per share of Rs. 10 for FY2013

Management Commentary

Commenting on the results and performance, **Mr. Surjeet Lal, Chairman & Managing Director** said:

"We are pleased to report a stable top-line performance in line with industry growth. Management is focused on strengthening the brand portfolio. This is demonstrated by the launch of a premium whisky brand - Milestone 100 in April 2013 in the state of Madhya Pradesh. This brand has received a very encouraging response from both the consumers and trade channels. To capitalize on the momentum we plan to roll out the brand in North India in the month of September. Furthermore, in line with the strategy of concentrating on our own brands, the Company reduced its contract manufacturing revenues to almost negligible from 12.6% in Q1 FY2013. Despite the tough macro environment, SOM has been able to maintain an EBITDA margin of 15% since past five quarters as a result of management's relentless efforts on cost optimization and operational efficiencies. Expansion of the bottling capacities for IMFL and beer manufacturing are expected to be operational by the end of FY2014. With the recent developments in line with expectations, the management is optimally placed to benefit from the growth in the Indian consumer sector."

'Milestone 100' Whisky



Press Conference



- Press Conference for 'Milestone 100' Whisky at Jehan Numa Palace, Bhopal on 21 April 2013
- Manoj Bajpai is the brand ambassador, an icon whose journey to success portrays the image of a real achiever

Grand Launch Party



- Grand launch party: One of the biggest brand launches in the alcobev industry in central India
- Launched with the brand philosophy of "Thhoda Aur"
- Quality Indian and International entertainment leads the event to a glittering affair

"As the name depicts, MILESTONE 100 is especially made for achievers, who have aspirations to achieve new milestones in their life, that live life with the mantra of "Thodda Aur" and 100 denotes the 100% purest form of grain alcohol.

Milestone 100 is a very ambitious and premium brand from the kitty of SOM group. A lot of research and development went into the creation of this whiskey"

Deepak Arora, CEO, SOM Group of Companies

Key Highlights for the brand:

- Launched on test basis in Madhya Pradesh
- Received very encouraging response from the customers and trade channels
- To capitalize on this success, SOM is planning to launch the brand in North India during the month of September 2013
- Milestone 100 whisky will be launched in other parts of India in the coming months

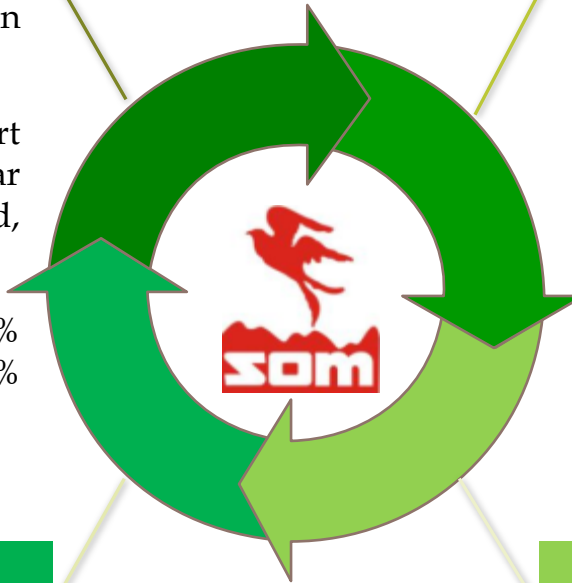
Investment Highlights

Market Position

- One of the fastest growing groups in the alcohol industry
- Hunter, Woodpecker and Blackfort are the major brands. Other popular brand portfolio includes Legend, Genius, Sunny and Powercool
- In Madhya Pradesh (MP), holds 36% market share for beer and 19% market share in IMFL

Industry Dynamics

- Indian spirits market represents a \$14 bn market in FY2012
- Indian spirits market is projected to grow at a CAGR of 10%, over next 5 years
- Emerging markets for beer sales are African market and potential for spirits are in countries such as India and China



Operations

- Installed capacity of 59,200 KL of beer and 5,400 KL of IMFL
- Key areas of operation include MP, Chhattisgarh and North India
- Strong marketing and distribution network in Andhra Pradesh, Andaman & Nicobar, Chandigarh, Chhattisgarh, Delhi, HP, Haryana, Jharkhand, MP, Orissa, Puducherry, Tamil Nadu, Uttarakhand, and WB, with 310 distributors across India

Financial Performance

- Revenue CAGR of ~25% over the past 4 years
- Repaid entire unsecured loans, despite a capital outlay on capacity expansion
- Continues to expand whilst maintaining low leverage profile

Q1 FY2014 Highlights

Consolidated Financial Highlights

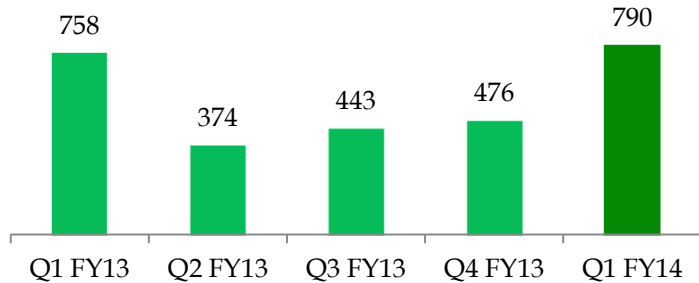
(Rs. Millions)	Q1		y-o-y	Q4	q-o-q
	FY2014	FY2013	Growth (%)	FY2013	Growth (%)
Total Income	790	758	4.3%	476	66.0%
EBITDA	121	117	2.9%	71	70.1%
Margin %	15.3%	15.5%		14.9%	
Profit Before Tax (PBT)	109	107	1.6%	59	85.6%
Margin %	13.8%	14.1%		12.3%	
Profit After Tax (PAT)	74	72	3.4%	38	94.6%
Margin %	9.4%	9.5%		8.0%	
Basic EPS (Rs.)	2.69	2.60	3.4%	1.38	94.6%

Commentary Q1 FY2014 vs. Q1 FY2013

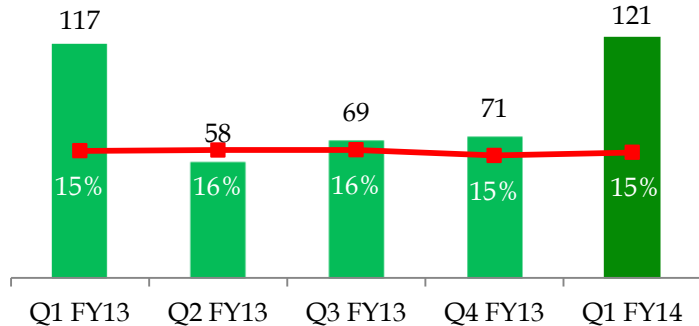
- Q1 FY2014 Total Income increased by 4.3% as compared to Q1 FY2013. Beer volumes increased by 9.9% led by mainline brands such as Hunter, Black Fort and Power. Mainline brands grew by 10.8% y-o-y
- In line with management's strategy of focusing on own brands there was negligible contract manufacturing revenue during the quarter compared with 12.6% of total sales during Q1 FY2013. Excluding contract sales, Total Income would have increased by over 14% on like-to-like basis
- During the quarter, the raw material prices remained stable
- Profit after Tax increased by 3.4% during the quarter as compared to the same period last year. Finance cost decreased by 63.6% as compared to Q1 FY2013
- During the quarter, Milestone 100, a premium whisky was launched in Madhya Pradesh on test launch basis and has received positive response from consumer and trade channels

Financial Snapshot

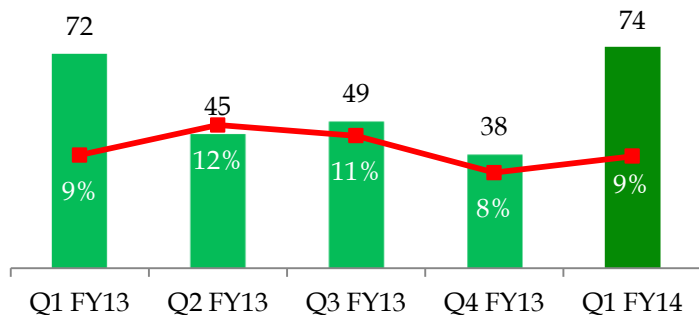
Total Income (Rs. Million)



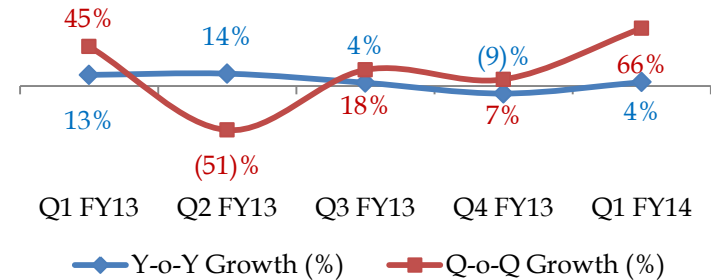
EBITDA (Rs. Million) and Margin (%)



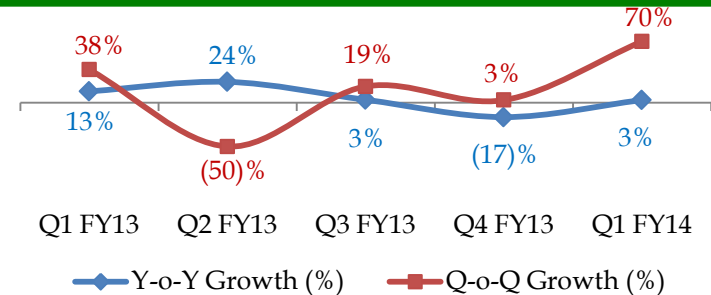
PAT (Rs. Million) and Margin (%)



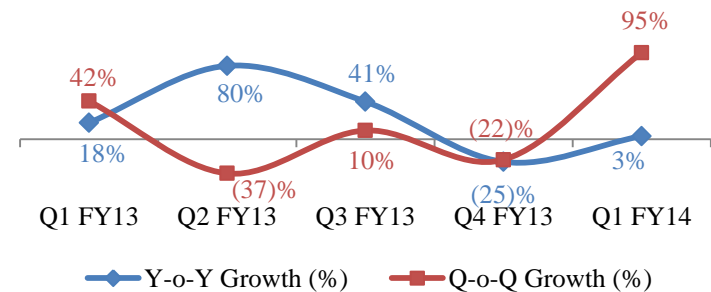
Total Income y-o-y and q-o-q Growth (%)



EBITDA y-o-y and q-o-q Growth (%)



PAT y-o-y and q-o-q Growth (%)

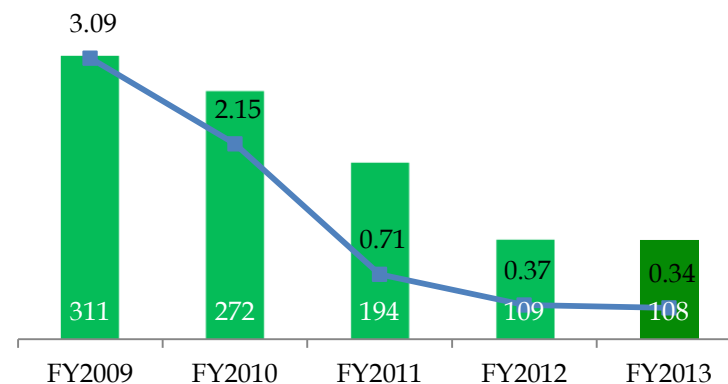


Leverage Profile

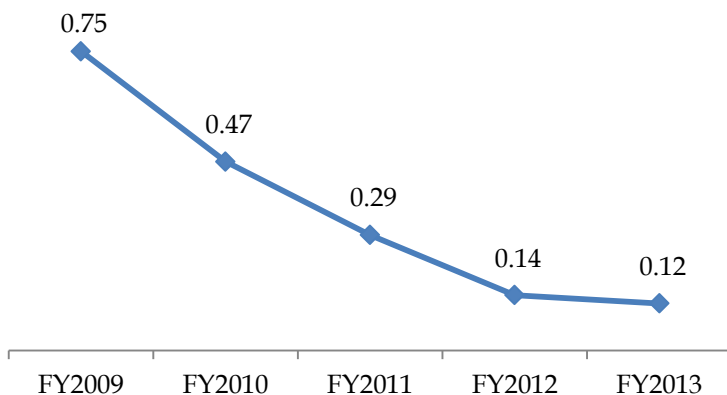
Strong Balance Sheet With Conservative Leverage Profile

(Rs. Million)	30.06.13	31.03.13
Secured Borrowings	5	6
Unsecured Borrowings	-	102
Total Debt	5	108
Less: Cash & Cash Equivalents	(122)	(136)
Net Debt / (Net Cash)	(117)	(28)
Shareholder's Equity	993	919

Total Debt and Total Debt/ EBITDA (x)



Total Debt/ Equity (x)



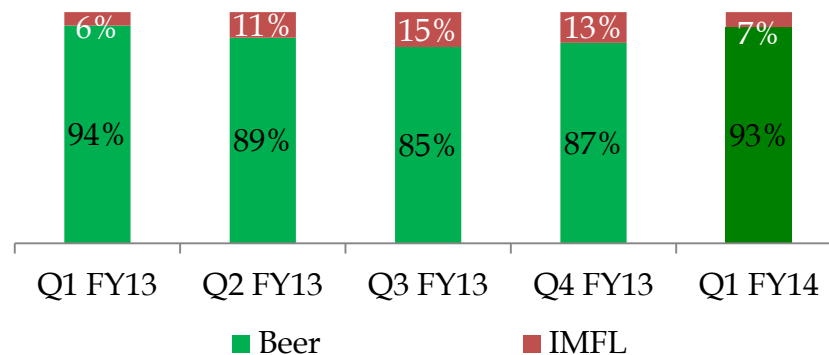
- To cater to the increasing demand, beer manufacturing capacity is being increased from 59,200 KL to 99,200 KL. This is expected to be operational by the end of FY2014
- The capacity expansion for IMFL bottling is being increased from 5,400 KL to 16,200 KL. This is expected to be operational by the end of FY2014
- SOM has repaid the entire unsecured loan during Q1 FY2014 except for vehicle loans

Q1 FY2014 Highlights

Revenue by Category (Rs. million)

Category	Q1 FY2013	Q2 FY2013	Q3 FY2013	Q4 FY2013	Q1 FY2014
Beer	724.4	330.2	353.6	382.1	722.4
Whisky	42.0	41.2	63.3	56.0	65.6
Gin	10.4	5.2	6.6	6.5	6.9
Rum	3.3	8.2	22.9	24.2	5.9
Vodka	0.6	0.1	0.4	0.2	0.3

Revenue by Category (Quantity Sold)



Brand Performance

(lakh cases sold)	Q1 FY2014	Q1 FY2013	y-o-y Growth (%)	Q4 FY2013	q-o-q Growth (%)
Hunter	5.72	5.55	3.0%	3.16	81.3%
Black Fort	7.84	9.00	(12.9)%	6.08	28.9%
Power	6.57	3.61	82.1%	1.79	266.6%
Total Mainline Brands	20.12	18.16	10.8%	11.02	82.5%

SOM: At a Glance

- **SOM Distilleries and Breweries (SOM)** was established in 1994. SOM is primarily engaged in brewing, fermentation, bottling, canning and blending of beer and Indian Made Foreign Liquor (IMFL). SOM Distilleries is a flagship company of SOM Group of Companies. SOM Group is based out in Bhopal and is a leading liquor producers in India
- SOM has global footprint with vast distribution network spread over 13 states in India. The Company is primarily focussed on achieving operational excellence through technological advancement coupled with strong manpower of over 600 employees
- Currently, has an installed capacity of 59,200 KL of beer and 5,400 KL of IMFL. In past two years the Company's has tripled its capacity
- The Company's Hunter and Woodpecker brands are supplied as draught beer to all the major hotels in Madhya Pradesh and Chhattisgarh

Key Brands

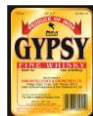
Major Brands



Beer



Spirits



Hunter

SUPER STRONG
PREMIUM BEER

Josh Ka Jashan



हर मंज़िल कहे
थोड़ा और



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