



SOM Distilleries & Breweries Limited
(BSE: 507514, NSE: SDBL)

Earnings Presentation
Q3 and 9M FY2023



Q3 FY2023 Earnings Conference Call



Conference Call Details: Friday, 27th January 2023 at 4:00 PM IST

Diamond Pass

[Link](#)

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A glass of beer with a thick head of foam, surrounded by fresh hops and wheat stalks on a wooden surface. The glass is filled with golden beer and has a thick, white head of foam. The background is a blurred outdoor setting with warm, golden light. The text "Q3 FY2023 Performance" is overlaid on the left side of the image.

Q3 FY2023 Performance

SOM Distilleries: The only listed Beer and IMFL company in India



Business Overview

- SOM Distilleries & Breweries Limited (SDBL) is based in Bhopal and is one of the leading alcoholic beverages manufacturers in India
- SDBL is primarily engaged in production of beer and blending and bottling of IMFL
- Offers a broad line of products at every price point to cater to varied preferences of the consumers. The product portfolio consists of various options across beer, rum, brandy, vodka and whisky
- The Company has three key millionaire brands (sales more than 1 mn cases per annum) – Hunter, Black Fort and Power Cool
- Launched Woodpecker Wheat Beer, India's first filtered wheat beer in FY2020
- New products introduced with seasonal themes to increase consumer traction and engagement – Hunter Pint Beer and different flavors of RTD drinks

Beer Brands



IMFL Brands



Investment Case



- Only listed company in India having both Beer and IMFL, which complement each other and reduces the risk of seasonality while providing marketing efficiencies
- Strong portfolio of brands including millionaire brands, Hunter, Black Fort and Power Cool
- Continuous product innovations to capitalize on seasonal themes and enhance consumer traction and engagement
- Launched Woodpecker Wheat Beer, India's first filtered wheat beer in FY2020; the brand has created significant traction in very short period and is expected to gain further momentum
- The Company commands ~3.5% market share in the Indian beer market and has immense potential to grow the market share by enhancing its penetration across India
- Focus on enhancing brand presence through CSD and market expansion in states such as Uttar Pradesh and Delhi in addition to existing stronghold markets
- Expanded capacity provides headroom for volume growth in medium term
- Lower penetration of beer and favorable demographic profile to provide huge scope for industry growth

Millionaire Brands



Business Highlights



- The company experienced robust sales of over 100 lakh cases of beer in the last 9 months, highlighting the strong demand for our products and solidifying our position in the industry
- Som displayed its tenacity and customer appeal in a cutthroat market by holding 14% of Karnataka's overall beer market share in October 2022
- We entered into a contract manufacturing agreement with Radico Khaitan Limited, to produce Radico's IMFL and Ready to Drink brands at our plant in Hassan, Karnataka. This contract will help us to optimize the use of our IMFL facility
- Som has planned to invest approximately Rs 100 crore to establish a new canning facility and other utilities at the Bhopal Plant and expanding the Brewing Facility in Hassan. We aim to complete the expansion by Q1 FY2024
- Within three months of its launch, the Genius Prestige whiskey has captured 46% of the market share in the state of Karnataka in its segment
- The company achieved growth in our key markets resulting in increased market share. This increase in market share is a testament to the effectiveness of our strategies and further reinforces our status in the industry



Q3 FY2023 Financial Highlights



Performance led growth impacting the topline

Beer Sales Volume
26 Lakh Cases
+68.9%

IMFL Volume
3 Lakhs Cases
+55.1%

**Net Debt /
9M EBITDA**
2.06x

Total Income
Rs. 1,510 mn
+66.7%

EBITDA
Rs. 195 mn
Margin: +12.9%

PAT
Rs. 105 mn
Margin: +7.0%



Management Commentary



The Company's performance for Q3 FY2023 was particularly strong, with encouraging results across various key metrics. We recorded beer volume growth of over **68.9%** y-o-y, and IMFL growth of over **55.1%** y-o-y. This has led to a topline growth of **66.7%** y-o-y.

In October 2022, the company's brands held a 14% share of the total beer market in the state of Karnataka, demonstrating their strength and resilience in a competitive market and reinforcing their popularity among consumers.

The Board has approved the company's expansion plan, which includes investing around Rs 100 crore in building a new canning facility and other utilities at the Bhopal Plant and expanding the brewing facility of its WOS, Woodpecker Distilleries and Breweries Private Limited at Hassan. The company has set a goal to complete the expansion project before the onset of the summer season in order to capitalize on the peak demand during that period and maximize revenue opportunities

The company is focused on optimizing production efficiency at all its manufacturing plants to drive strong cash flow and enhance shareholder value. We believe that this strategy will ensure our long-term financial stability and growth

Mr. JK Arora, Chairman (SOM Group of Companies)



Performance Highlights



	Q3		Y-o-Y	9M		Y-o-Y
(Rs. Million)	FY2023	FY2022	Growth (%)	FY2023	FY2022	Growth (%)
Total Income	1,510	906	66.7%	5,550	2,196	152.8%
Gross Profit	627	404	55.0%	2,351	1,011	132.5%
<i>Margin (%)</i>	41.5%	44.6%		42.4%	46.0%	
EBITDA	195	68	nm	740	79	nm
<i>Margin (%)</i>	12.9%	7.5%		13.3%	3.6%	
Interest	35	37	nm	110	115	nm
Depreciation	43	42	1.3%	128	126	1.3%
Net Profit	105	(11)	nm	444	(162)	nm
<i>Margin (%)</i>	7.0%	nm		8.0%	nm	



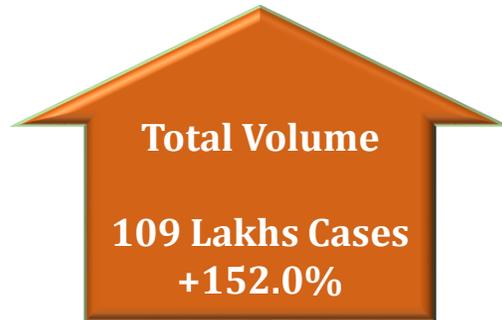
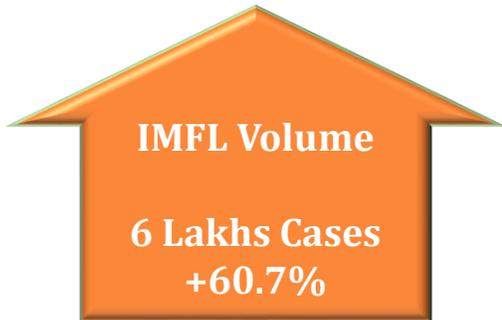
A glass of beer with a thick head of foam, surrounded by fresh hops and wheat stalks on a wooden surface. The background is a blurred outdoor setting with warm, golden light.

9M FY2023 Performance

9M FY2023 Financial Highlights



Volume growth leading to the company reaching new heights



Operational efficiencies leading to better cost management

Volume and Sales

- Recorded beer volume of **102** lakh cases (**161.3%** y-o-y)
- Recorded IMFL volume of **6** lakh cases (**60.7%** y-o-y)
- Beer revenue of Rs. **5,015** million; over **173.6%** of 9M FY22
- Our mainline brands; Hunter, Black Fort and Power Cool, registered volume growth of **118.7%**, **79.7%** and **263.3%**, respectively as compared to 9M FY22

Realization

- Beer realization for the half year was Rs. **490** per case compared to Rs. **468** in 9M FY22; primarily driven by higher mix of Power Cool brand in total volumes
- IMFL realization for the quarter was Rs. **745** per case as compared to Rs. **1,096** in 9M FY22

Cost

- Cost efficiencies driven by better utilization resulted in improvement in margins
- Anticipate some normalization on full year basis due to lower utilization in non-peak season



Leverage Profile



(Rs. Million)	Dec 31 2022	Sep 30 2022	Jun 30 2022
Secured Borrowings	1,153	1,219	1,226
Unsecured Borrowings	529	540	576
Gross Debt-Consolidated	1,682	1,760	1,803
Less: Cash & Cash Equivalents	(155)	(132)	(84)
Net Debt	1,527	1,628	1,718
Gross Debt / Equity (x)	0.50x	0.53x	0.57x
Net Debt / 9M EBITDA (x)	2.06x	2.46x	3.16x

- Gross Debt reduced by Rs. 78 million and Net Debt reduced by Rs. 101 million
- Significant improvement in leverage ratios
- Net Debt to 9M EBITDA of 2.06x compared to 3.16x as on 30th June 2022
- Strong cash flow generation and deleveraging balance sheet remain key strategic priority



Operational Highlights

A still-life photograph featuring a central glass of golden beer with a thick, white head of foam. The glass is surrounded by fresh, green hop cones and several stalks of golden wheat. The entire scene is set on a rustic wooden surface. In the background, there are blurred vertical elements, possibly wooden posts or trees, creating a warm, natural atmosphere. A text box with the words 'Operational Highlights' is overlaid on the left side of the image.

Volume Summary



Lakh cases	Q3		Y-o-Y	9M		Y-o-Y
	FY2023	FY2022	Growth (%)	FY2023	FY2022	Growth (%)
Hunter	6	5	16.5%	35	16	118.7%
Black Fort	4	3	13.6%	14	8	79.7%
Power Cool	17	7	135.3%	52	14	263.3%
Others	0.3	0.5	(43.7)%	1	1	15.1%
Total Beer	26	16	68.9%	102	39	161.3%
Total IMFL	3	2	55.1%	6	4	60.7%
Total Volume	29	17	67.4%	109	43	152.0%

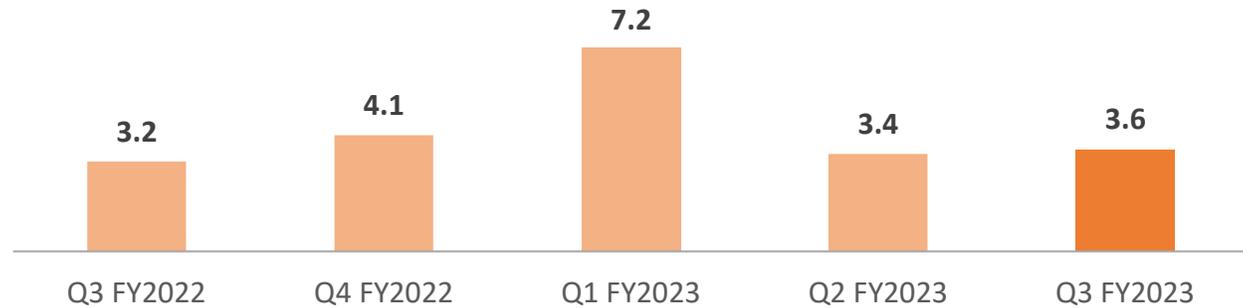
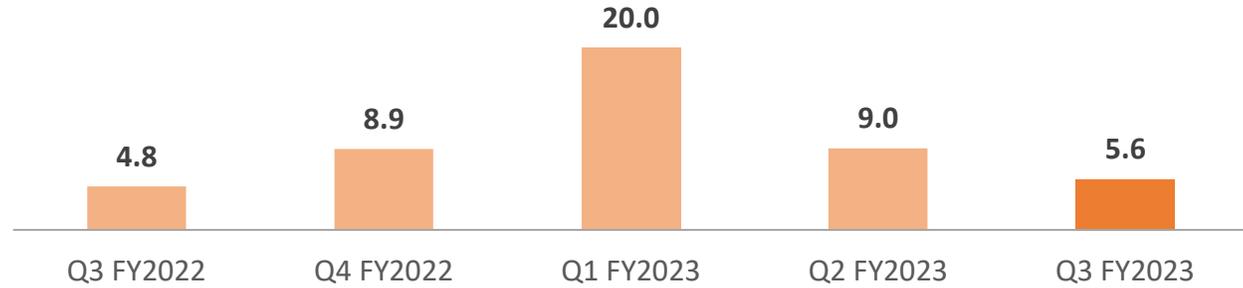
- The volumes were driven by strong growth across mainline brands
- Power Cool recorded ~2.4x volume compared to same period last year driven by enhanced penetration in additional markets
- During October 2022, Som held a 14% share of the beer market in the state of Karnataka, showcasing the company's ability to withstand competition and its popularity among consumers
- Beer accounted for **94%** of total volumes and **91%** of the revenue during 9M FY23
- Price realization for Beer during 9M FY23 was Rs. **490** and IMFL was Rs. **745**; blended realization at Rs. **505**



Millionaire Beer Brands – Volume Recovery



Quantity Sold (in lakh cases)



Sustainability

A glass of beer with a thick head of foam, surrounded by fresh hops and wheat stalks on a wooden surface. The scene is set against a blurred background of a wooden structure, possibly a brewery or a rustic setting. The beer is golden and bubbly, with a prominent white head of foam. The hops are bright green and fresh, and the wheat stalks are golden and dry. The overall composition is rustic and natural, emphasizing the ingredients of the beer.

Environment: Committed to minimizing environmental impact across the full range of our operations



Clean Technology



- Seeks to improve its environmental performance by adopting cleaner production methods, promotion of energy efficient and environmental friendly technologies
- Suitable processes and systems are developed with contingency plans and processes that help in preventing, mitigating and controlling environmental damages caused due to the Company's operations

Waste Reduction



- Recycle part of the factory waste and reuse it in the production
- Initiated waste management by re-cycling waste into compost used for agriculture
- Deployed sewage treatment plants at its projects and factory sites which treat and re-cycle wastewater for reusing in watering plants, toilets etc.

GHG Reduction



- Strive to reduce the carbon footprint by recycling the beer and IMFL bottles used for production
- Majority of suppliers of raw material are in proximity of the factory sites of the Company which helps minimize transportation and reduces carbon footprint



Social: Actively contributing to the social, economic and environmental development of the community in which we operate



Product Quality



- Providing the best quality products and services to its consumers. SOM provides high-quality product assurance by -
 - Maintaining international standards and specifications for its products
 - Continuous research to enhance product quality, building facilities for quality monitoring and assurance
 - Developing new products to meet the ongoing and changing requirements of the market

Customer Centric Approach



- Periodical consumer surveys and mapping of customer satisfaction trends are considered and utilised by the Company on a regular basis as effective tools of business strategy to understand the customers and their needs better
- In addition, through the Company's website tab, customer's views are invited to understand the satisfaction level and trend

Community Support



- Spent Rs. 23.50 Lacs towards CSR activities during the financial year 2022
- Contributions to the Asha Mohan Foundation for construction of a full-fledged diagnostic centre for the lesser privileged patients at substantial lower charges for tests as compared to conventional centres
- Contributions to the school being run for underprivileged children and hospitals



Governance: With strong sense of values and commitment, we believe that profitability must go hand in hand with a responsibility



Experienced and Skilled Board of Directors

- Optimal blend of Executive and Non-Executive Directors with an appropriate balance of skills, experience, diversity and independence. The Board of Company comprised of six (6) Directors:
 - 2 Executive Directors (including Managing Director)
 - 4 Non- Executive Non-Independent Directors

Regular Self-Assessment of Board Performance

- The Board have process in place for the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its various committees
- A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committee, Board Culture, execution and performance of specific duties, obligations and governance



Awards and Recognitions



Awarded Innovative CEO and excellence for smart Innovation by: Innovative 100



Voted as 'Asia's Most Promising Brand'



Best Product Debut and Best CSR Award by: Spiritz



Winner of Monde Selection Quality Award



Winner of AsiaStar



SOM Distilleries & Breweries ESG Profile Link: <https://bit.ly/364ur49>



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