



## **UNITED BREWERIES CONTINUES TO POST RECORD PROFITS**

PERFORMANCE HIGHLIGHTS – NINE MONTHS ENDING 31 DECEMBER 2010.

- **UBL REACHES HIGHEST MARKET SHARE EVER**
- **VOLUME GROWS 26% AND SALES UP 38%**
- **PROFIT AFTER TAX UP BY 87%**
- **FORMER APB INDIA BREWERIES TO BE MERGED INTO UBL**

### **On operational performance**

During the nine months ended December 31, 2010, UBL volumes have grown by 26%. UBL has continued to outpace the market, which grew at 22%, and this has led to achieving an all-time high market share of 53% year-to-date.

The Company has for the first time achieved market leadership in the State of Andhra Pradesh and strengthened its positions in Orissa & Uttar Pradesh. Our volume increase was driven by growth in the major markets of the South and West. Growth in these high value markets has contributed to our strong top line performance.

In terms of segments, strong beer grew by 30%. The mild beer segment continued its return to growth, and our mild volumes witnessed a 17% growth in the current period, outperforming the industry's 11% growth rate.

Through a sustained focus on operating efficiencies and a positive market mix we maintained our gross margin levels. Our patented bottle introduction is progressing as planned. Tight control on fixed costs has accelerated our growth in earnings prior to interest & depreciation, increasing with 46% from Rs. 2,090 million in the corresponding period to Rs. 3,057 million.

Strong cash flows and working capital efficiencies have driven strong bottom line improvements, and Profit After Tax at Rs. 1,279 million recorded an improvement of 87% over the corresponding period in the previous year.

### **On mergers**

At its meeting held today, the Board of Directors of UBL approved the merger of the former APB India breweries, now named UB Nizam Breweries Private Limited ('UB Nizam') and UB Ajanta Breweries Private Limited ('UB Ajanta'), into UBL. The merger will be effective from 1 April 2010, subject to receiving the requisite approvals from the relevant Statutory Authorities and stakeholders.

UB Ajanta has its brewery in Maharashtra with an installed annual capacity of 3.8 million cases, and is owner of the Cannon 10000 brand which has a strong position in Maharashtra. UB Nizam's brewery is in Andhra Pradesh is a modern brewery with an installed annual capacity of 2.1 million cases.

As per the swap ratios approved by the UBL Board of Directors, UBL shall issue 855,480 new shares upon merger of the transferor companies. The share exchange ratios were recommended by two independent valuation firms - Grant Thornton and SSPA & Co. Our advisor Ambit Corporate Finance has provided fairness opinions on these swap ratios.

The mergers of ABDL, MAPL and EMPEE into UBL announced earlier have been approved by the respective High Courts and we expect to complete the post merger process in due course. The Schemes for Amalgamation of MBIL and UMBL filed with the BIFR are pending for approval.