



PERFORMANCE HIGHLIGHTS FOR THE QUARTER ENDED DECEMBER 2017

- **UBL Q3 VOLUMES GREW AT TWICE THE INDUSTRY GROWTH RATE OF 6%**
- **NET REVENUE INCREASED 14%**
- **COMPARABLE EBITDA FOR THE QUARTER UP 18%**

The industry and the company recorded volume growth in all regions except for the West. In the West region, industry volume declined due to the temporary issue in the State of Maharashtra. Following the excise duty increase announced in Maharashtra in October, clarity on the revised pricing structure was only obtained in the second half of December. During this period UBL did not sell its main brands, however the matter has since been successfully resolved and business resumed at the end of the quarter. The underlying industry trend in the state is positive and the impact of the highway ban in Maharashtra is now largely behind us.

In the other regions, most large markets saw industry volume growth. However industry volume declined in Kerala, which is still recovering from the impact of the highway ban. Also, in West Bengal, the change in the route-to-market moving from a private distributor model to a State Corporation led to industry declines.

UBL gained market share in its important markets including Rajasthan, Karnataka, Orissa and West Bengal. Furthermore, UBL showed strong growth and outperformed the beer market in Andhra Pradesh and Telangana. Also in Tamil Nadu, volume growth exceeded the market, given our absence in the state in the same quarter last year.

During the quarter, Gross sales revenue increased by 15%, whilst revenue net of excise duties grew by 14%. This increase was due to price increases taken in a few open markets since Q3 2016, namely, Karnataka, Maharashtra, Tamil Nadu, Kerala, West Bengal and Delhi, as well as positive state and brand mix. Whilst gross profit grew by 8%, gross profit margin was impacted by higher commodity prices as well as the effect of GST.

EBITDA recorded last year in Q3 included a large Government subsidy, and adjusted for this one-off income EBITDA grew 18% quarter on quarter.

On a year to date basis, volume grew 6% compared with industry growth of 3%. Year to date net revenue growth was up 13%. EBITDA adjusted for the one-off income from the Government subsidy booked last year was up 25% for the nine month period.

Our Capital Investments are on track year to date, with projects being commissioned in time for the coming season. Interest costs were lower mainly due to a reduction in interest rates by more than 100bps, coupled with lower borrowings as a result of higher income from operations and tight control of working capital.

Bangalore, February 2, 2018