United Breweries Ltd

PERFORMANCE HIGHLIGHTS FOR THE QUARTER ENDING JUNE 2018

- **VOLUME GROWTH OF 12% COMPARED WITH INDUSTRY GROWTH OF 9%**
- **NET SALES UP 12%, GROSS MARGIN INCREASED BY 180 BASIS POINTS**
- **EBITDA INCREASED 28%, PROFIT BEFORE TAX UP 40%**

UBL started the year strongly, recording double digit volume and net revenue growth. Gross margin expanded by about 180 basis points driven by favorable state mix, pricing and effective cost management of input material costs. EBITDA growth was strong, with EBITDA margin increasing to more than 22%.

The industry recorded volume growth in almost all key states. In Kerala and Maharashtra (excluding Mumbai) the market reversed the highway ban induced negative trend of the previous quarters. Following the new excise policy in Uttar Pradesh effective April 1, 2018, a large number of new wholesale licenses were granted, boosting industry growth.However, the market in West Bengal is still challenging, as market volumes remain impacted by the steep excise duty increase introduced in the fourth quarter.

UBL realized volume growth in most states except West Bengal and Mumbai. In several states, the Company faced supply constraints, including in Uttar Pradesh and in multiple markets the South given a shortfall in peak season capacity.

- In the North, UBL saw significant volume growth in Rajasthan and Delhi.
- Growth in the South was driven by large markets such as Telangana, and Tamil Nadu. In Kerala, UBL returned to growth after a few quarters of decline. Karnataka volumes were adversely affected by the State elections in May.
- Growth in the East was driven by Orissa, whilst in West Bengal volume was under pressure.
- In the West, in Maharashtra (excl. Mumbai) UBL’s volumes grew, despite a change in duty structure given easier comparatives, with volumes last year impacted by the highway ban. Goa and Daman also saw volume growth.

Cash flow from operations was strong and combined with better working capital management, resulted in UBL’s net debt levels decreasing significantly, to about 93 Crore, driving interest costs down by 35%.
The capital investment program remains on track, in line with guidance provided in the fourth quarter.

Bangalore, August 10, 2018