



PERFORMANCE HIGHLIGHTS FOR THE FULL YEAR ENDED MARCH 31, 2017

- **UBL GAINING MARKET SHARE IN A SHARPLY REDUCED INDUSTRY**
- **IN Q4, THE INDUSTRY SAW SHARPEST EVER FALL OF 13%**

For the full year ended March 2017, the beer industry saw lower volume as a result of steep duty increases in multiple states, the impact of demonetization and the impact of the anticipated cancellation of liquor licenses within 500 meters of National and State Highways from 1 April. UBL volume declined 2.5% which compared with the industry fall of 5%. UBL's net sales revenue declined in line with volume.

For the year UBL gained market share in North, South and the East, whilst it held market share in the West.

- In the North, UBL saw significant volume growth in Delhi, Haryana and Uttaranchal markets.
- Growth in the South was driven by Andhra Pradesh and Telangana where UBL gained market share, however Karnataka saw a drop in volume with UBL holding market share. In Tamil Nadu supplies resumed in March 2017, after having received no orders from State Corporation TASMAL for about 6 months.
- Growth in the East was driven by West Bengal, Orissa and Jharkhand, however prohibition in Bihar resulted in a complete stoppage of the industry during the year.
- In the West, the industry declined across markets with UBL holding shares.

Duties as a percentage of revenue were 54%, which compared with 50% in the previous year. The increase in duties, combined with the volume decline in some of the larger markets as well as upward pressure on input costs resulted in a decrease in EBITDA of 11%.

During the year UBL further strengthened its balance sheet. Better working capital management resulted in lower borrowings, which coupled with lower borrowing costs led to a 24% reduction in interest costs. The Net Debt to EBITDA ratio was at 0.76 times at the end of the year.

As mentioned earlier, the Supreme Court order directing all outlets within 500 metres of highways to close from the 1st of April has had a significant impact on the industry in quarter 4. The industry saw a decline of about 13 %.

We expect the impact of this ban to be most significant in the first two quarters of this fiscal year. The magnitude of the impact on sales volume will depend on the extent of potential mitigating actions by State Governments, including the options offered to outlets to relocate to an alternative location or efforts to de-notify certain State highways, which remains uncertain.

Bangalore, May 17, 2017