



United Breweries Ltd

PERFORMANCE HIGHLIGHTS FOR THE HALF YEAR ENDING SEPTEMBER 2019

- **DOMESTIC VOLUMES AND NET REVENUES GREW BY 6%**
- **INDUSTRY AFFECTED BY ELECTIONS, SEVERE MONSOONS, COST PRESSURES AND AN OVERALL SLOWDOWN IN THE ECONOMY**

The 1st quarter industry was impacted by national elections and the 2nd quarter by unprecedented and excessive monsoons across most parts of the country. This coupled with an overall slackness in the market especially in the key states of Karnataka and Maharashtra and the hardening of input prices, resulted in a decline in gross margins. The Company has already initiated measures to mitigate cost push.

UBL's volume growth was consistent across both the quarters. Strong beer volumes grew in high single digit and mild beer volume growth was flat. West Bengal saw a robust growth in volumes on the back of a strategic price correction.

Volume growth of the premium brands continued to be ahead of the total portfolio.

- In the North, UBL saw significant volume growth in Punjab, Rajasthan and Delhi.
- Growth in the South was driven by large markets such as Andhra Pradesh, TN and Kerala, while Karnataka and Telangana witnessed a decline in volumes.
- Growth in the East was driven by West Bengal and Jharkhand, as volumes almost doubled, while Orissa volumes remained flat.
- In the West, markets continued to be sluggish recording a decline in volumes.

While working capital showed a healthy trend in the first quarter, delayed payments from State Corporations and duty advance demands in various States resulted in an increase in working capital during the second quarter. As a result, interest costs were higher by 25% for the first half. UBL's net debt stood at Rs.478 Cr. levels and the capex cash outflows were Rs.200 Cr. during the first half of this financial year.

Bangalore, November 7, 2019

