



SOM Distilleries & Breweries Limited

(BSE: 507514, NSE: SDBL)

Q3 and Nine Months FY2017 Earnings Presentation

[**www.somindia.in**](http://www.somindia.in)

February 2017



Safe Harbor

This presentation contains statements that contain “forward looking statements” including, but without limitation, statements relating to the implementation of strategic initiatives, and other statements relating to SOM Distilleries & Breweries’ future business developments and economic performance.

While these forward looking statements indicate our assessment and future expectations concerning the development of our business, a number of risks, uncertainties and other unknown factors could cause actual developments and results to differ materially from our expectations.

These factors include, but are not limited to, general market, macro-economic, governmental and regulatory trends, movements in currency exchange and interest rates, competitive pressures, technological developments, changes in the financial conditions of third parties dealing with us, legislative developments, and other key factors that could affect our business and financial performance.

SOM Distilleries & Breweries undertakes no obligation to publicly revise any forward looking statements to reflect future / likely events or circumstances





Highlights Nine Months FY2017

Total Income

Rs. 1,789 Million

+9.8%

Beer Sales Volume

40.9 Lakh Cases

+10.1%

EBITDA

Rs. 301 Million

+9.1%

EBITDA Margins

16.8%

(16.9% in 9M FY16)

PAT

Rs. 116 Million

(6.6)%

Leverage

Net Debt: Rs. 536 mn

(Rs. 723 mn as at March 31,
2016)

Gross Debt / EBITDA:

1.83x





Management Commentary

Management Commentary

Commenting on the performance and outlook, Mr. **JK Arora, Managing Director** said:

"I would like to proudly report that we have shown great financial discipline and operational control at all levels to deliver another satisfactory quarter amidst the challenges of demonetization, muted industry growth and raw material cost pressures. Our topline for nine months has increased by 9.8% and EBITDA has increased by 9.1%. Alongside a robust topline growth, we have been able to sustain our operating margins at about 17%.

Consumer loyalty and supplier relationships enabled us to show resilience in this tough industry environment. We reported beer volumes growth of 13% y-o-y for the quarter and over 10% for the nine months. During the quarter, we also launched 'Cosmo Cranberry', the third flavor of our successful White Fox Ready to Drink product. We continue to invest in innovative products as per contemporary consumer demands as we look to strengthen our competitive position across key markets.

Our expansion plans in Karnataka remains as per schedule. We continue to have conservative leverage ratios with a healthy balance sheet which is a testimony to our judicious capital allocation.

Although the industry has been recently facing the headwinds of prohibitions and adverse policy measures in some states, we are optimistic about the long term potential of the alcoholic beverages industry in India. We remain focused on our goals of delivering differentiated products for consumer satisfaction and long term shareholder value creation"



Recent Launches

Launch of White Fox Ready-to-Drink Cranberry Flavour



- Launched White Fox RTD Drink in new Cranberry flavour – Cosmo Cranberry
- This is the third flavor launched by the company after the widespread acceptance of two earlier flavors – Lemon and Orange

Hunter Pint Beer – SOM's flagship brand of Strong beer



- Launched Hunter Pint Bottle, which has smooth curves with better grip and refreshed look
- Comes in a shrink wrap label
- First in the beer segment to come with a curved shape and shrink wrap
- Launched in Madhya Pradesh, Chhattisgarh, Delhi and Pondicherry





Financial Highlights

Standalone Financial Performance (Rs. Million)

(Rs. Million)	Q3		y-o-y Growth (%)	Q2	q-o-q Growth (%)	Nine Months Ended		y-o-y Growth (%)
	FY2017	FY2016		FY2017		FY2017	FY2016	
Total Income	442	416	6.2%	473	(6.5)%	1,789	1,630	9.8%
EBITDA	74	77	(3.0)%	82	(9.0)%	301	276	9.1%
Margin (%)	16.8%	18.4%		17.3%		16.8%	16.9%	
Interest	29	29	1.4%	31	(4.8)%	86	62	38.8%
Depreciation	10	10	(2.1)%	10	(0.4)%	29	29	(1.7)%
Profit Before Tax	36	38	(6.6)%	41	(14.1)%	186	185	0.8%
Margin (%)	8.1%	9.2%		8.8%		10.4%	11.3%	
Net Profit	17	26	(32.9)%	28	(37.8)%	116	124	(6.6)%
Margin (%)	3.9%	6.1%		5.8%		6.5%	7.6%	
Earnings Per Share (EPS)	0.62	0.93	(32.9)%	1.0	(37.8)%	4.20	4.50	(6.6)%

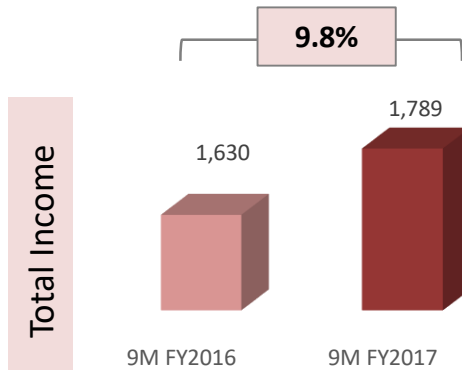
Notes:

1. Total Income includes Other Operating Income
2. EBITDA defined as earnings before depreciation, interest, exceptional items and taxes
3. All margins calculated as a percentage of Total Income (including Other Operating Income)

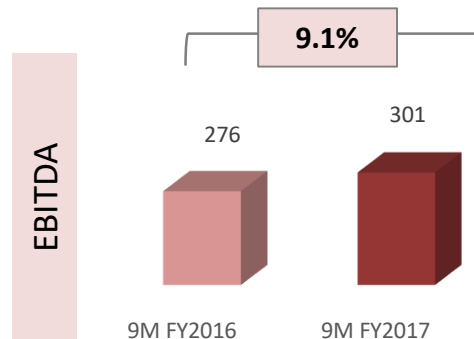




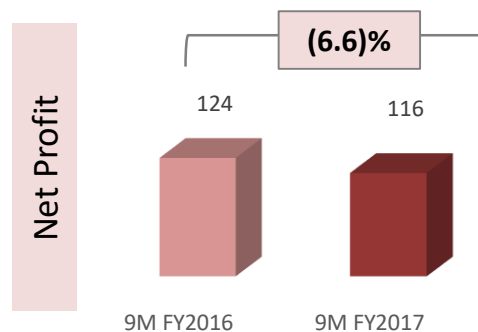
Financial Highlights – 9 Months FY2017



- 9M FY2017 Total Income increased by 9.8% y-o-y
- Beer volumes increased by 10.1% y-o-y and IMFL volumes decreased by (18.8)% y-o-y



- EBITDA increased by 9.1% y-o-y to Rs. 301 million
- Higher raw material costs (up 16.3%) impacted the EBITDA margins
- EBITDA margins relatively stable at 16.8%



- Net Profit decreased by 6.6% y-o-y
- Margins stood at 6.5%
- Finance cost increased from Rs. 62 million to Rs. 86 million

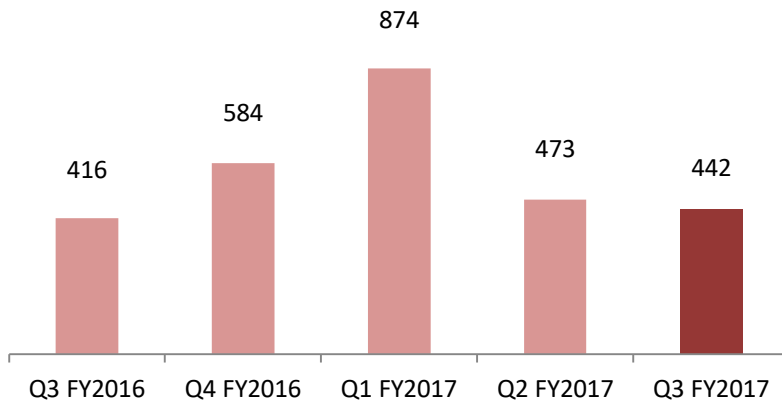
In Rs. million



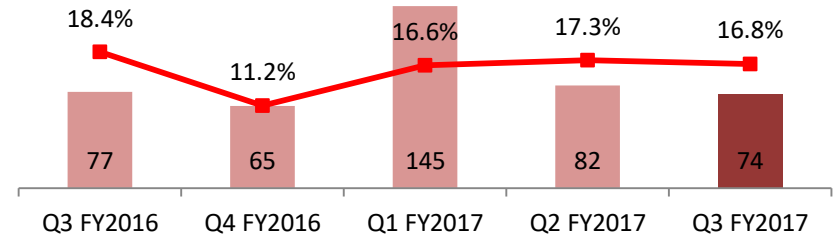


Financial Highlights

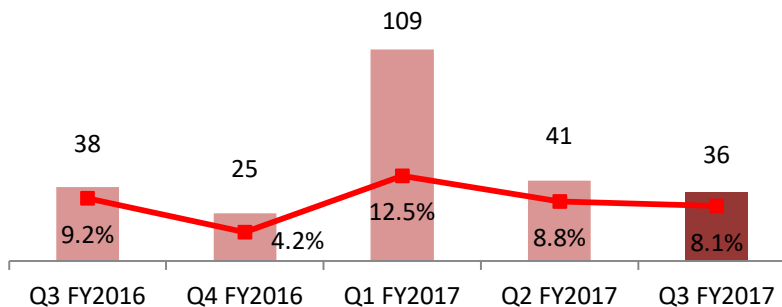
Total Income (Rs. Million)



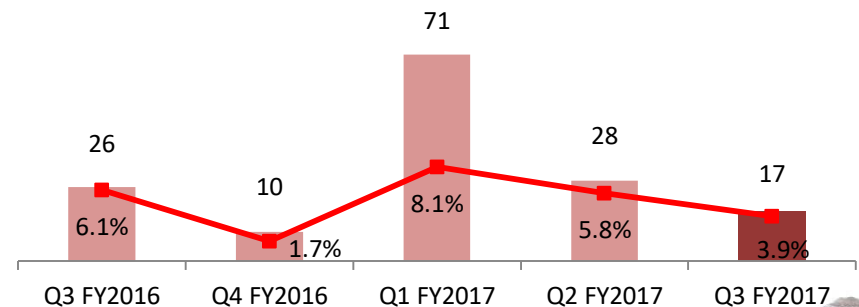
EBITDA (Rs. Million) and Margin (%)



PBT (Rs. Million) and Margin (%)



PAT (Rs. Million) and Margin (%)

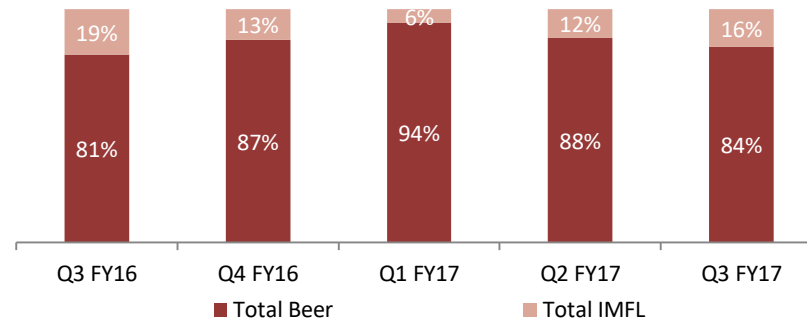




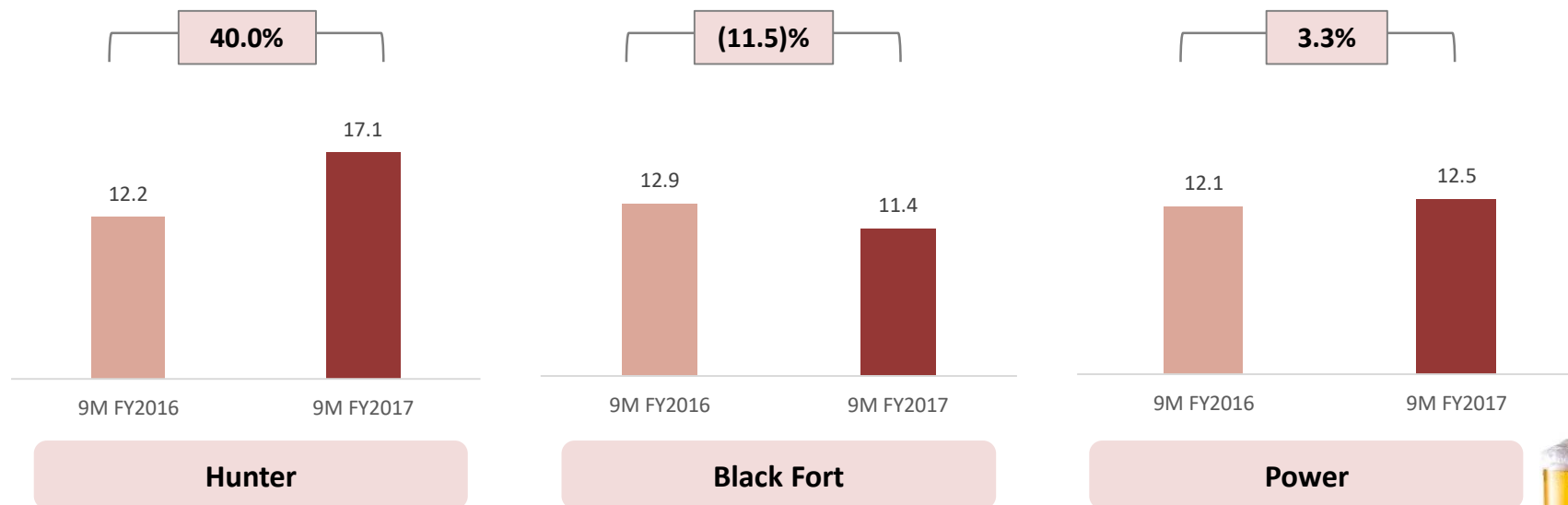
Operational Highlights

Quantity Sold by Category

(Lakh cases)	9M		y-o-y Growth (%)
	FY2017	FY2016	
Total Beer	40.9	37.2	10.1%
Total IMFL	4.6	5.6	(18.8)%



Brand Performance – Quantity Sold (in Lakh cases)

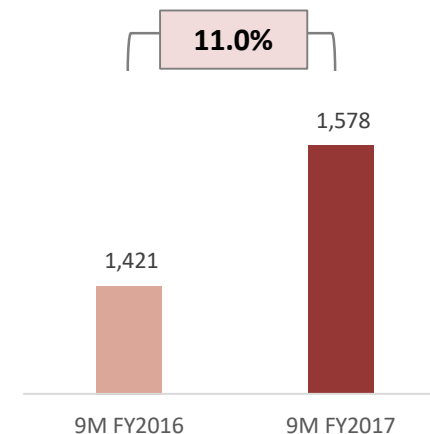


Operational Highlights

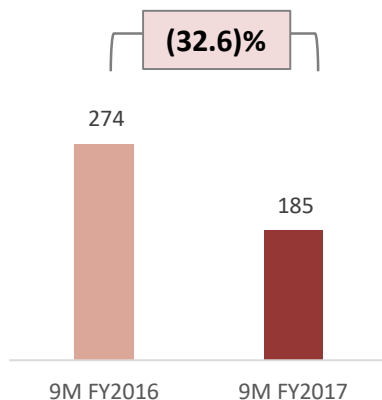
Revenue by Category (Rs. Million)

Category	Q3 FY2016	Q4 FY2016	Q1 FY2017	Q2 FY2017	Q3 FY2017
Beer	326.8	483.9	818.1	400.0	359.7
Whisky	83.3	78.3	58.5	56.6	69.4
Gin	2.4	2.4	0.0	0.0	0.2
Rum	24.7	20.7	13.5	27.1	33.6
Vodka	11.3	13.4	18.1	13.0	20.4

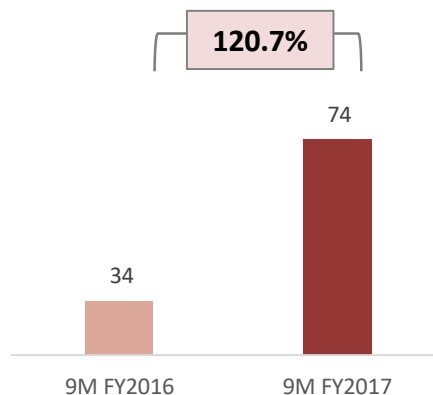
Beer



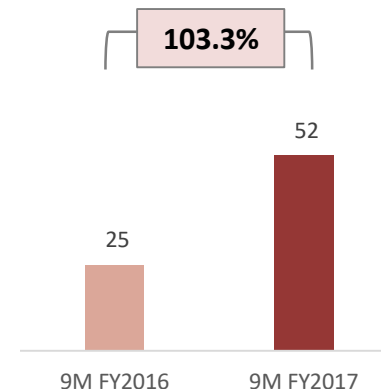
Whisky



Rum



Vodka



* All figures in Rs. million



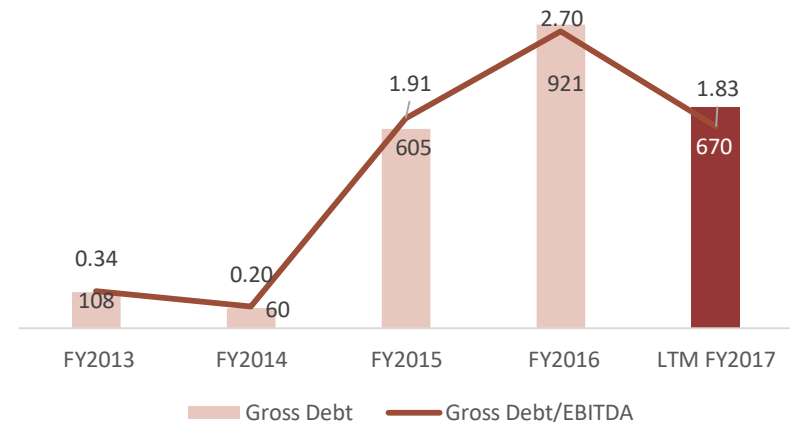


Leverage Profile

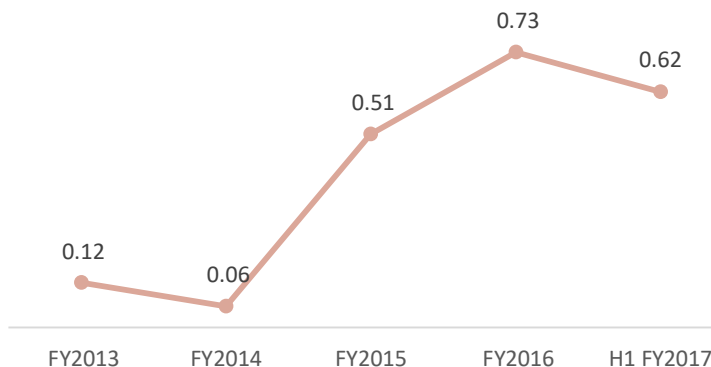
Strong Balance Sheet with low leverage to support organic and inorganic growth

(Rs. Million)	31.12.2016	31.03.2016
Secured Borrowings	536	754
Unsecured Borrowings	134	167
Gross Debt	670	921
Less: Cash & Cash Equivalents	(134)	(198)
Net Debt / (Net Cash)	536	723

Gross Debt and Gross Debt/ EBITDA (x)*



Gross Debt/ Equity (x)



- Net Debt/Equity improved from 0.57x as at March 31, 2016 to 0.51x at the end of Sep 2016
- SOM maintains a conservative leverage profile along with consistent growth in revenues & operating profit

*FY2017 EBITDA is on an LTM basis



SOM at a glance

- SOM Distilleries and Breweries (SOM) was established in 1994. The Company is primarily engaged in brewing, fermentation, bottling, canning and blending of beer and Indian Made Foreign Liquor (IMFL)
- SOM Distilleries is the flagship company of SOM Group of Companies. SOM Group is based out in Bhopal and is a leading liquor producer in India
- SOM has a global footprint with a vast distribution network spread over 13 states in India
- The Company is primarily focused on achieving operational excellence through technological advancement coupled with strong manpower of over 600 employees
- Currently, has an installed capacity of 59,200 KL of beer and 5,400 KL of IMFL
- The Company's Hunter and Woodpecker brands are supplied as draught beer to all the major hotels in Madhya Pradesh and Chhattisgarh

Major Brands



Beer



Spirits



Statutory Results

Unaudited Results for the quarter ended 31st Dec 2016 (All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

PART -1		(Amount in Lakhs)					
Statement of Unaudited Results for the Quarter Ended 31st December 2016							
S.N	Particulars	3 months ended	Preceding 3 months ended	Corresponding 3 months ended in the previous year	Year to date figures for current period ended	Year to date figures for the previous year ended	Previous year ended
		31-12-2016	30-09-2016	31-12-2015	31-12-2016	31-12-2015	31-03-2016
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Income from Operations						
a	Net sales from Operations (Net of state excise duty)	4351.63	4702.00	4148.20	17737.36	16266.53	21989.44
b	Other Operating Income	68.92	26.71	13.08	151.05	30.71	146.94
	Total Income from Operations (Net)	4420.55	4728.71	4161.28	17888.41	16297.24	22136.38
2	Expenses						
a	Cost of Materials Consumed	2380.05	1606.69	1875.08	8388.43	7211.06	10475.23
b	Purchase of Stock in Trade	0.00	0.00	0.00	0.00	0.00	0.00
c	Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade (increase)	(246.04)	202.34	17.34	112.68	586.32	347.75
d	Employee Benefit Expenses	120.96	152.88	147.71	435.85	472.54	691.90
e	Depreciation and Amortisation expenses	95.91	96.25	97.93	288.41	293.27	385.98
f	Other Expenses	1422.91	1950.79	1355.41	5945.52	5271.33	7213.85
	Total Expenses	3773.79	4008.95	3493.47	15170.89	13834.52	19114.71
3	Profit from Operations before other Income, Finance Costs & Exceptional Items (1-2)	646.76	719.76	667.81	2717.52	2462.72	3021.67
4	Other Income	0.00	0.00	0.00	0.00	0.00	0.00
5	Profit from Ordinary Activities before Finance Costs & Exceptional Items (3+4)	646.76	719.76	667.81	2717.52	2462.72	3021.67
6	Finance Costs	290.86	305.67	286.87	855.64	616.45	928.72
7	Profit from Ordinary Activities after Finance Costs but before Exceptional Items (5-6)	355.90	414.09	380.94	1861.88	1846.27	2092.95
8	Exceptional Items	0.00	0.00	0.00	0.00	0.00	0.00



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Statement of Unaudited Results for the Quarter Ended 31st December 2016							
S.N	Particulars	3 months ended	Preceding 3 months ended	Corresponding 3 months ended in the previous year	Year to date figures for current period ended	Year to date figures for the previous year ended	Previous year ended
		31-12-2016	30-09-2016	31-12-2015	31-12-2016	31-12-2015	31-03-2016
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
9	Profit from Ordinary Activities before Tax (7-8)	355.90	414.09	380.94	1861.88	1846.27	2092.95
10	Tax Expenses	184.48	138.29	125.44	705.66	609.00	755.05
11	Net Profit (+)/ Loss (-) from Ordinary Activities after Tax (9-10)	171.42	275.80	255.50	1156.22	1237.27	1337.90
12	Extraordinary Items	0.00	0.00	0.00	0.00	0.00	0.00
13	Net Profit (+)/ Loss (-) for the period (11-12)	171.42	275.80	255.50	1156.22	1237.27	1337.90
14	Share of Profit/(loss) of associates	0.00	0.00	0.00	0.00	0.00	0.00
15	Minority Interest	0.00	0.00	0.00	0.00	0.00	0.00
16	Net Profit / Loss after taxes, minority interest and share of profit / loss of associates (13-14-15)	171.42	275.80	255.50	1156.22	1237.27	1337.90
17	Paid-up Equity Share Capital (Face Value Rs. 10 each)	2752.24	2752.24	2752.24	2752.24	2752.24	2752.24
18	Reserves excluding Revaluation Reserve	-	-	-	-	-	9906.00
19 A	Earning per Share (EPS) (Rs.) (before extraordinary items)						
I	- Basic and Diluted	0.62	1.00	0.93	4.20	4.50	4.86
II	- Cash	0.62	1.00	0.93	4.20	4.50	4.86
19 B	Earning per Share (EPS) (Rs.) (after extraordinary items)						
I	- Basic and Diluted	0.62	1.00	0.93	4.20	4.50	4.86
II	- Cash	0.62	1.00	0.93	4.20	4.50	4.86





Statutory Results

Unaudited Results for the quarter ended 31st Dec 2016 (All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

NOTES :-

- 1 The above results were reviewed by the Audit Committee and there after approved by the Board of Directors at the meeting held on 09-02-2017 and a limited review of the same has been carried out by the statutory auditors of the company.
- 2 Previous period figures have been regrouped and or reclassified wherever necessary.

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Shareholders are requested to intimate change of address, if any

Jagdish Kumar Arora

Managing Director





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