



SOM Distilleries & Breweries Limited

(BSE: 507514, NSE: SDBL)

Q1 FY2018 Earnings Presentation

www.somindia.in

August 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 Q1FY2018 vs Q1 FY2017

Beer Sales Volume

25.2 Lakh Cases

+19.5%

Total Income

Rs. 1,136 Million

+30%

EBITDA

Rs. 185 Million

+28%

EBITDA Margins

16.3%

(16.6% in Q1 FY17)

PAT

Rs. 101 Million

+42.9%

Leverage

FY 17 Gross Debt /
EBITDA:

1.94x





Management Commentary

Management Commentary

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

"I am extremely proud to announce that we have commenced the fiscal year with a robust financial performance despite challenging industry environment. Our revenue increased by 30% while operating profit increased by 28% with stable and consistent margins of above 16%. The net profit increased by 42% due to increase in operating income and lower interest costs. Beer volumes increased by 19.5% y-o-y and IMFL volumes were up by a significant 54.5%. This robust performance reflects our sustainable growth strategy and sound cost optimisation. Our expansion initiatives are underway and our new brewery at Karnataka is expected to commence operations in Q3FY2018.

Despite the recent subdued sentiment and regulatory headwinds facing the sector, we are optimistic of the potential of the liquor industry in India and we believe our brand portfolio, cost effective business model, well capitalised balance sheet and low leverage will enable sustainable shareholder value creation in the future. "





Financial Highlights

Standalone Financial Performance (Rs. Million)

	Q1		y-o-y	Q4	q-o-q
(Rs. Million)	FY2018	FY2017	Growth (%)	FY2017	Growth (%)
Total Income	1,136	874	30.0%	689	64.9%
EBITDA	185	145	28.0%	83	123.9%
Margin (%)	16.3%	16.6%		12.0%	
Interest	23	26	(11.4)%	28	(17.0)%
Depreciation	9	10	(7.0)%	7	29.9%
Profit Before Tax	153	109	40.4%	48	218.4%
Margin (%)	13.5%	12.5%		7.0%	
Net Profit	101	71	42.9%	24	327.6%
Margin (%)	8.9%	8.1%		3.4%	
Earnings Per Share (EPS)	3.68	2.58	42.9%	0.86	327.6%

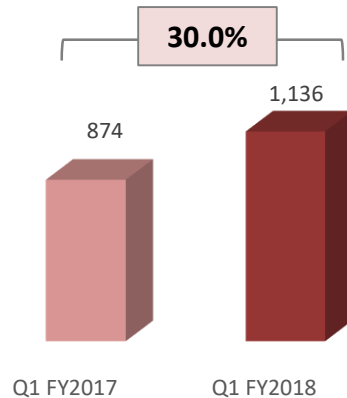
Notes:

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)



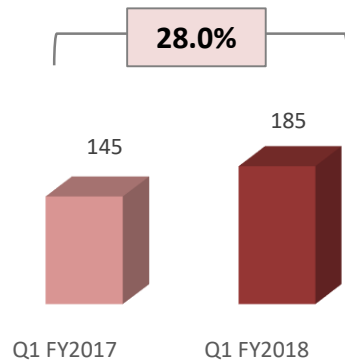
Financial Highlights – Q1 FY2018

Total Income



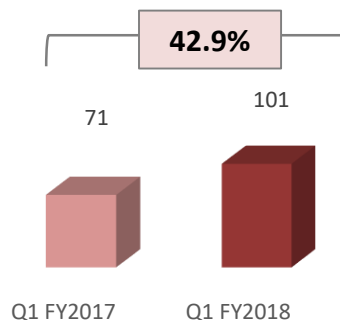
- Q1 FY2018 Total Income increased by 30.0% y-o-y
- Revenue from Beer increased by 22.8% y-o-y while Beer volumes increased by 19.5% y-o-y
- IMFL volumes increased by 54.5% and revenues increased by 40.7%

EBITDA



- EBITDA increased by 28.0% y-o-y to Rs. 185 million
- EBITDA margins consistent at 16.3%

Net Profit



- Net Profit increased by 42.9% y-o-y to Rs. 101 million
- Margins increased to 8.9% vs 8.1% in Q1 FY2017
- Interest cost decreased by (11.4)% to Rs. 23 million

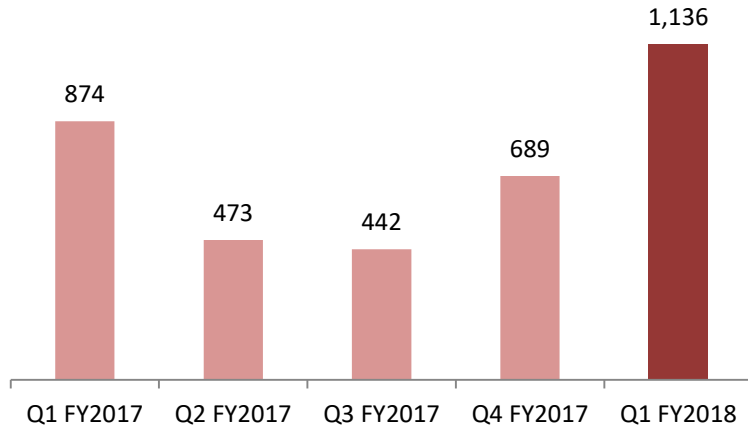
In Rs. million



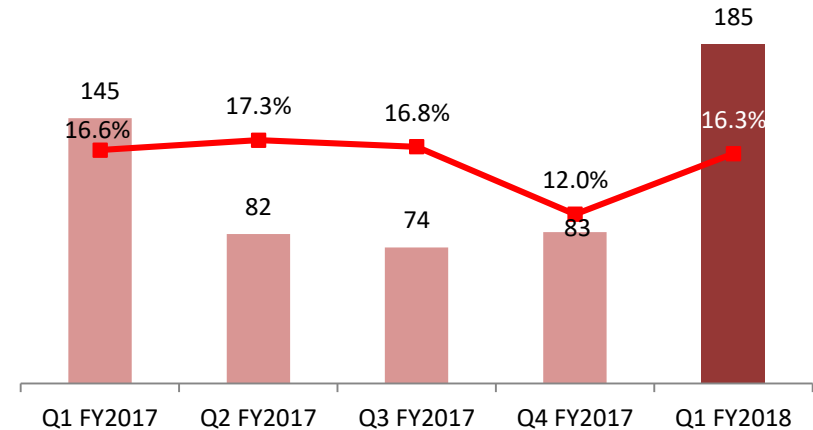


Financial Highlights

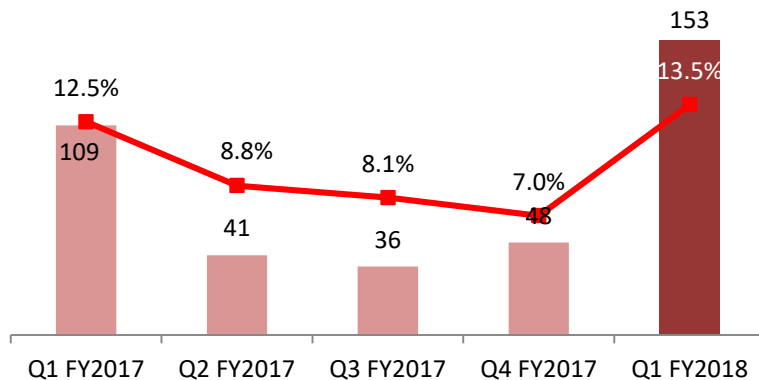
Total Income (Rs. Million)



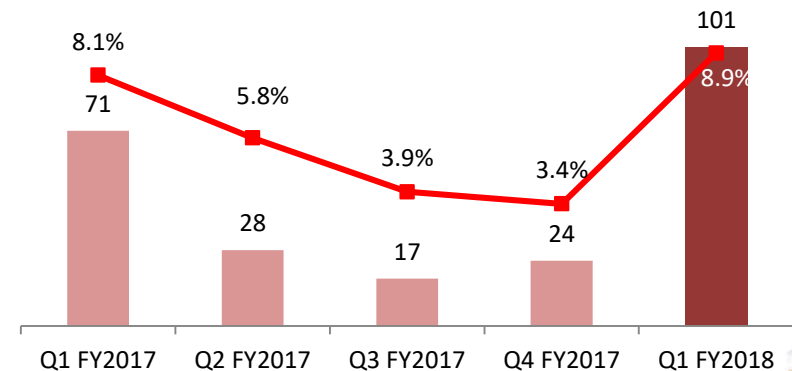
EBITDA (Rs. Million) and Margin (%)



PBT (Rs. Million) and Margin (%)



PAT (Rs. Million) and Margin (%)

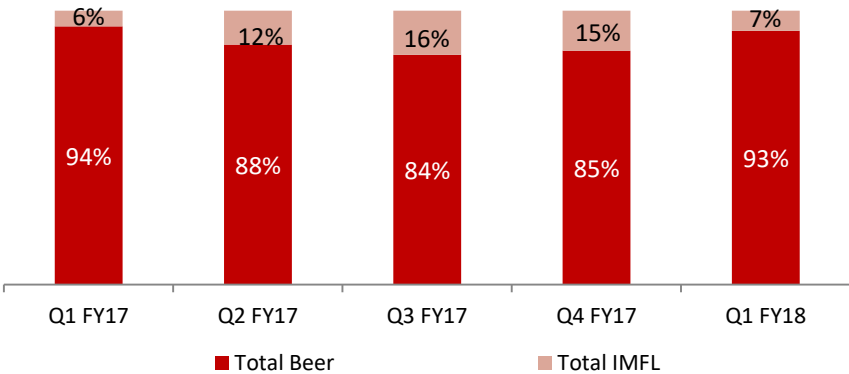




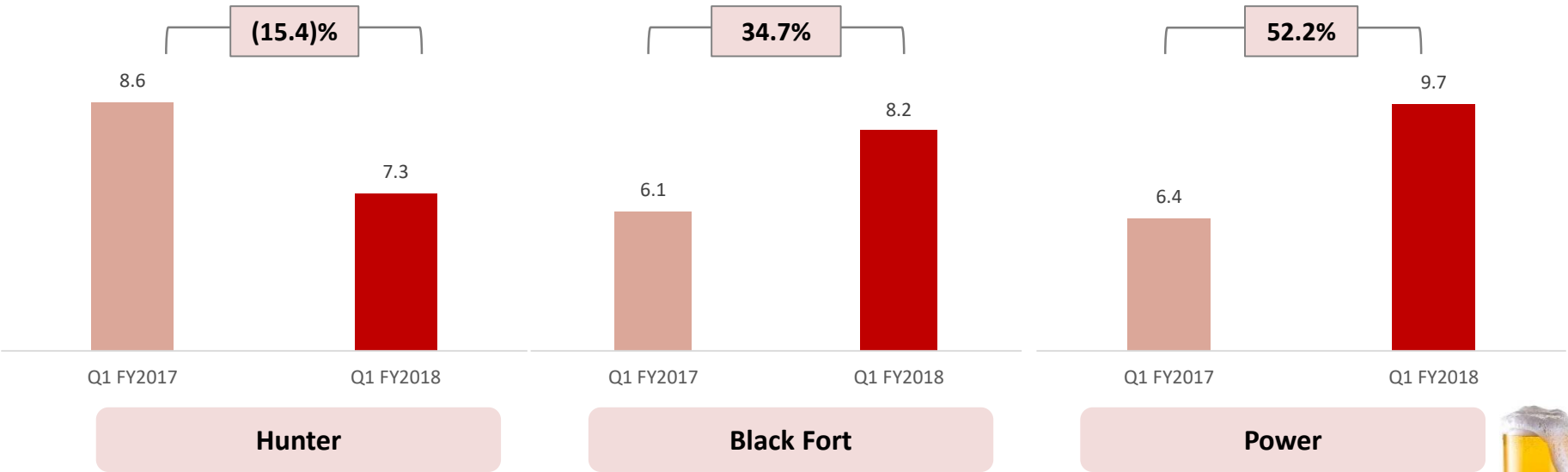
Operational Highlights

Quantity Sold by Category

(Lakh cases)	Q1		y-o-y Growth (%)
	FY2018	FY2017	
Total Beer	25.2	21.1	19.5%
Total IMFL	2.0	1.3	54.5%



Brand Performance – Quantity Sold (in Lakh cases)



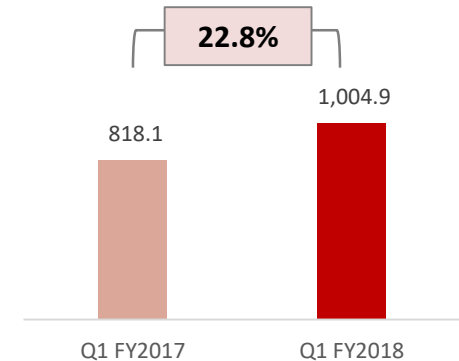


Operational Highlights

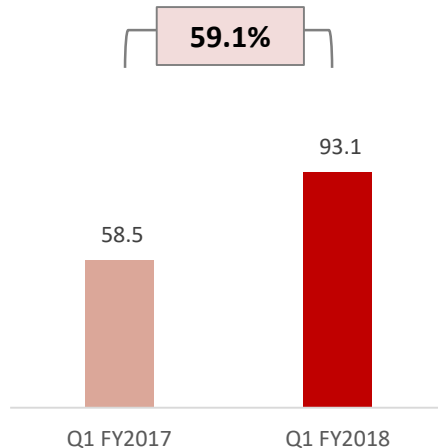
Revenue by Category (Rs. Million)

Category	Q1 FY2017	Q2 FY2017	Q3 FY2017	Q4 FY2017	Q1 FY2018
Beer	818.1	400.0	359.7	527.9	1,004.9
Whisky	58.5	56.6	69.4	85.1	93.1
Gin	0.0	0.0	0.2	0.4	3.5
Rum	13.5	27.1	33.6	30.4	13.9
Vodka	18.1	13.0	20.4	42.4	11.1
Brandy	-	-	-	-	5.2

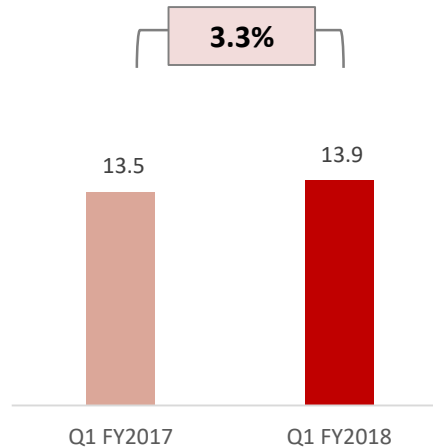
Beer



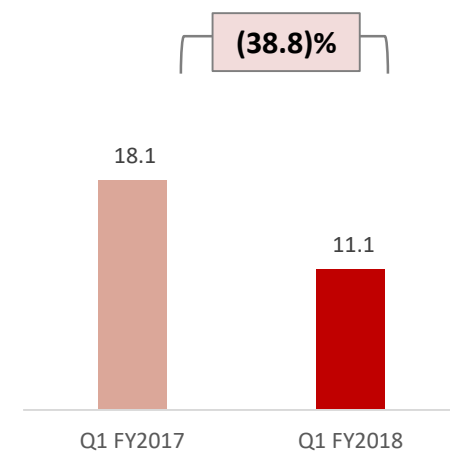
Whisky



Rum



Vodka



* All figures in Rs. million



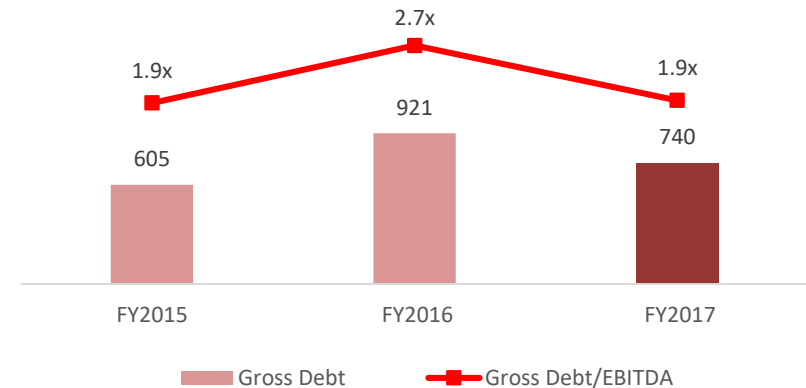


Leverage Profile

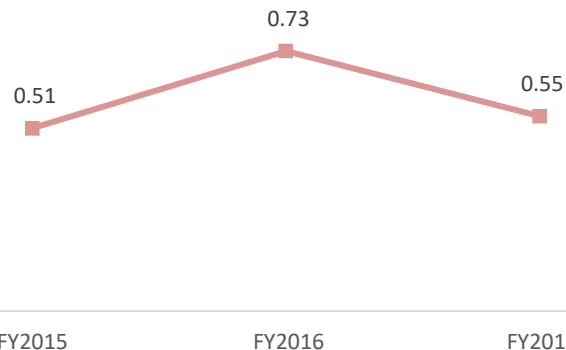
Strong Balance Sheet with low leverage to support organic and inorganic growth

(Rs. Million)	June 30 2017	Mar 31 2017	Mar 31 2016
Secured Borrowings	541	523	754
Unsecured Borrowings	198	217	167
Gross Debt (A)	739	740	921
Less: Cash & Cash Equivalents (B)	88	295	198
Net Debt (A-B)	651	445	723

Gross Debt and Gross Debt/ EBITDA (x)



Gross Debt/ Equity (x)



- As of Mar 31, 2017, Net Debt/Equity improved significantly to 0.33x from 0.57x as of last year
- Gross Debt/Equity stood at 0.55x as of Mar 31, 2017
- SOM maintains a conservative leverage profile along with consistent growth in revenues & operating profit





Major Developments in FY2017

'WOODPECKER' Beer approved in the Canteen Store Department in March 2017



Subsequent to the launch of 'Black Fort' beer in Karnataka in March 2017, achieved a width of distribution (WOD) of 30% across the outlet universe

Hunter Beer achieved a volume in excess of 2(Two) million cases in the FY 2017



Setting up of Brewery in Karnataka through the subsidiary company - Woodpecker Distilleries and Breweries Pvt Ltd

Nov 2016: Four of SOM brands approved by CSD for supply on a PAN India Basis



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

Launched Hunter Pint Bottle in April 2016, First in the beer segment to come with a curved shape and shrink wrap





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 30th June 2017 (All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

STATEMENT OF UNAUDITED RESULTS FOR THE QUARTER ENDED 30th JUNE 2017									
		(Rs. In Lacs)							
No.	Particulars	Standalone				Consolidated			
		Quarter Ended			Year Ended	Quarter Ended			Year Ended
		3 Months ended	Preceding 3 Months ended	Corresponding 3 Months ended in the previous year	For the Previous Year Ended	3 Months ended	Preceding 3 Months ended	Corresponding 3 Months ended in the previous year	For the Previous Year Ended
		30.06.2017	31.03.2017	30.06.2016	31.03.2017	30.06.2017	31.03.2017	30.06.2016	31.03.2017
		(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
I	Revenue from operations (Incl State Excise Duties)	13,848.53	8,076.59	10,783.41	30,180.54	13,848.53	8,076.59	10,783.41	30,180.54
II	Other Income	43.46	155.77	55.42	306.82	43.46	155.77	55.42	306.82
III	Total Income (I+II)	13,891.99	8,232.36	10,838.83	30,487.36	13,891.99	8,232.36	10,838.83	30,487.36
2	Expenses								
a	Cost of Materials Consumed	5,313.08	4,335.44	4,401.69	12,723.87	5,313.08	4,335.44	4,401.69	12,723.87
b	Purchase of Stock in Trade	-	-	-	-	-	-	-	-
c	Changes in inventories of Finished Goods, Stock-in-Trade and Work-in-Progress	597.84	(282.38)	156.38	(169.70)	597.84	(282.38)	156.38	(169.70)
d	State Excise Duties	2,531.35	1,342.39	2,099.68	5,708.98	2,531.35	1,342.39	2,099.68	5,708.98
e	Employee Benefits Expenses	166.32	278.57	162.01	714.42	166.32	278.57	162.01	714.42
f	Finance Costs	229.63	276.72	259.11	1,132.36	229.63	276.72	259.11	1,132.36
g	Depreciation and Amortisations	89.50	68.88	96.25	357.29	89.50	68.88	96.25	357.29
h	Other Expenses	3,431.26	1,731.27	2,571.82	7,676.79	3,431.26	1,731.27	2,571.82	7,676.79
	Total Expenses (IV)	12,358.98	7,750.90	9,746.94	28,144.02	12,358.98	7,750.90	9,746.94	28,144.02
V	Profit/(Loss) before exceptional items and tax (III-IV)	1,533.01	481.46	1,091.89	2,343.34	1,533.01	481.46	1,091.89	2,343.34
VI	Exceptional Items	-	-	-	-	-	-	-	-
VII	Profit/(Loss) before tax (V-VI)	1,533.01	481.46	1,091.89	2,343.34	1,533.01	481.46	1,091.89	2,343.34
VIII	Tax Expense	520.08	244.55	382.89	950.21	520.08	244.55	382.89	950.21
IX	Profit/(Loss) for the Period (VII-VIII)	1,012.93	236.913	709.00	1,393.13	1,012.93	236.91	709.00	1,393.13
X	Other Comprehensive Income	-	-	-	-	-	-	-	-
XI	Total Comprehensive income for the Period (IX-X)	1,012.93	236.91	709.00	1,393.13	1,012.93	236.91	709.00	1,393.13
XII	Earnings Per Equity Share (Face Value of Rs. 10 each)								
1	Basic (in Rs.)	3.68	0.86	2.58	5.06	3.68	0.86	2.58	5.06
2	Diluted (in Rs.)	3.68	0.86	2.58	5.06	3.68	0.86	2.58	5.06





Statutory Results

Unaudited Results for the quarter ended 30th June 2017 (All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

NOTES :-

- 1 Audited financial results for the quarter ended 30th June 2017 reviewed by the audit committee were taken on record at the board meeting held on 08th August, 2017.
- 2 Previous period figures have been regrouped and or reclassified wherever necessary.
- 3 The figures of the last quarter are the balancing figures between audited figures in respect of full financial year and the published year to date figures upto the third quarter of the current financial year.

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Shareholders are requested to intimate change of address, if any

J.K. Arora
Chairman & Managing Director





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