

thoda aur



SOM Distilleries & Breweries Earnings Presentation

11 June 2013

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

FY2013 Financial Highlights

FY2013 vs. FY2012 Performance

- Total Income increased by 5.1% to Rs. 2,051 million
- EBITDA increased by 8.0% to Rs. 315 million; margins improved by 42 bps to 15.4%
- Profit After Tax increased by 33.5% to Rs. 203 million; margins improved by 212 bps to 9.9%
- As of March 31, 2013, Net Debt was Rs. 13 million; Debt/Equity of 0.01x
- Launched a premium segment whisky 'Milestone 100'
- Ranked 93rd amongst India's fastest growing companies by Inc. India 500

Management Commentary

Commenting on the results and performance, **Mr. Surjeet Lal, Chairman & Managing Director** said:

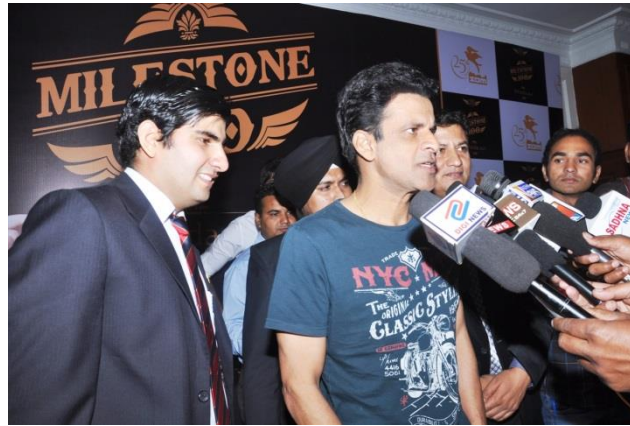
*"We are delighted with the recent developments in the Company which sets up the platform for the next phase of growth. In particular, with the launch of a new brand 'Milestone 100', SOM has now entered into the premium segment whisky, which is the largest spirits category. We have been ranked as **one of the top 100 India's fastest growing companies by Inc. India 500**, a recognition which we are very proud of. I would like to congratulate the whole SOM team for making this possible. With all these milestones, management is pleased to report a profitable performance for FY2013, whilst consistently maintaining EBITDA margins of approximately 15%.*

Management is now focused on building our own brands rather than on contract manufacturing. This has resulted in a decline in sales contribution from contract manufacturing from ~30% in FY2010 to ~5% in FY2013. Going forward, SOM shall continue to strengthen its manufacturing capabilities and expand geographic presence through both organic and inorganic routes. With the new clear growth strategy in place and the launch of a premium whisky brand, we are very excited and equally optimistic for our growth prospects in the coming year."

'Milestone 100' Whisky



Press Conference for 'Milestone 100' Whisky at Jehan Numa Palace, Bhopal (21 April 2013)



Top media houses such as Dainik Bhaskar, Times Of India and Business Standard covered the event



"As the name depicts, MILESTONE 100 is especially made for achievers, who have aspirations to achieve new milestones in their life, that live life with the mantra of "Thodda Aur" and 100 denotes the 100% purest form of grain alcohol.

Milestone 100 is a very ambitious and premium brand from the kitty of SOM group. A lot of research and development went into the creation of this whiskey"

Deepak Arora, CEO, SOM Group of Companies

Manoj Bajpai is the brand ambassador, an icon whose journey to success portrays the image of a real achiever

'Milestone 100' Whisky



Grand launch party: One of the biggest launches of a brand in the Alcobev Industry in Central India



Launch of 'Milestone 100' Whisky at Bhopal with the brand philosophy of "Thoda Aur"



Quality Indian and International entertainment leads the event to a glittering affair

Investment Highlights

Market Position

- One of the fastest growing groups in the alcohol industry
- Hunter, Woodpecker and Blackfort are the major brands. Other popular brand portfolio includes Legend, Genius, Sunny and Powercool
- In Madhya Pradesh (MP), holds 36% market share for beer and 19% market share in IMFL

Industry Dynamics

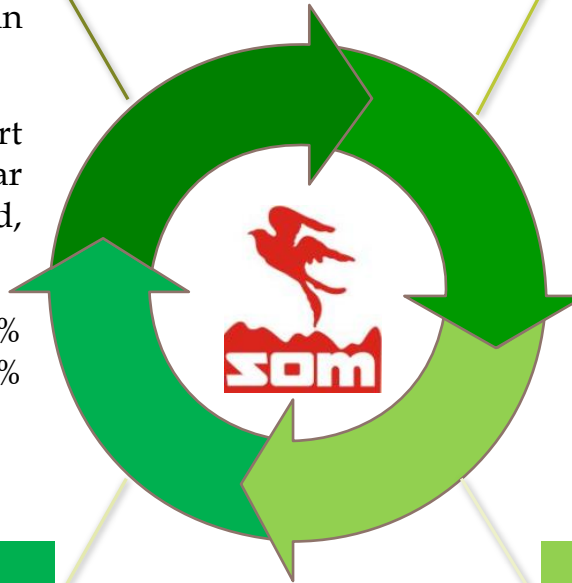
- Indian spirits market represents a \$14 bn market in FY2012
- Indian spirits market is projected to grow at a CAGR of 10%, over next 5 years
- Emerging markets for beer sales are African market and potential for spirits are in countries including India and China

Operations

- Installed capacity of 59,200 KL of beer and 5,400 KL of IMFL
- Key areas of operation include MP, Chhattisgarh and North India
- Strong marketing and distribution network in Andhra Pradesh, Andaman & Nicobar, Chandigarh, Chhattisgarh, Delhi, HP, Haryana, Jharkhand, MP, Orissa, Puducherry, Tamil Nadu, Uttarakhand, and WB, with 310 distributors across India

Financial Performance

- Revenue CAGR of ~25% over the past 4 years
- Repaid entire secured loans, despite a capital outlay on capacity expansion
- Continue to expand whilst maintaining low leverage profile



Q4 and Full Year FY2013 Highlights

Consolidated Financial Highlights

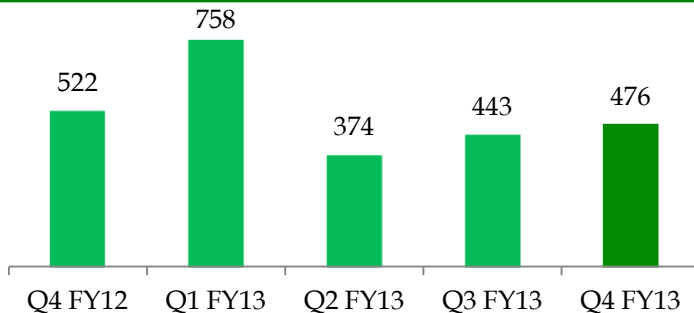
(Rs. Millions)	Q4		y-o-y	Year Ended		y-o-y
	FY2013	FY2012	Growth (%)	FY2013	FY2012	Growth (%)
Total Income	476	522	(8.8)%	2,051	1,952	5.1%
EBITDA	71	85	(16.7)%	315	292	8.0%
Margin %	14.9%	16.3%		15.4%	15.0%	
Profit Before Tax (PBT)	59	76	(22.3)%	268	255	5.2%
Margin %	12.3%	14.5%		13.1%	13.1%	
Profit After Tax (PAT)	38	51	(24.8)%	203	152	33.5%
Margin %	8.0%	9.7%		9.9%	7.8%	
Basic EPS (Rs.)	1.38	1.84	(24.9)%	7.39	5.54	33.5%

Commentary FY2013 vs FY2012

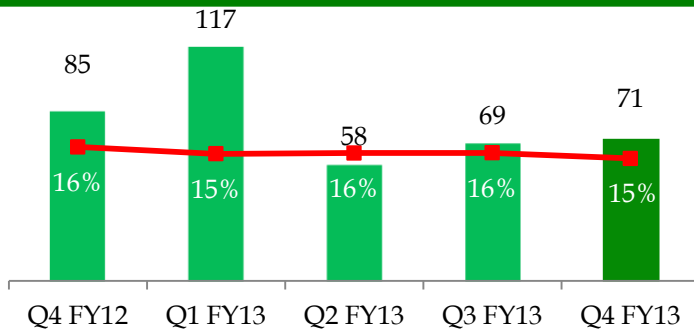
- FY2013 Total Income increased by 5.1% as compared to FY2012. IMFL price realization has increased significantly compared to Beer as FY2013. There has been an increase in Beer volumes sold by 12.3%
- Greater emphasis on own brand building; less reliance on contract manufacturing with its share in total sales falling from 17% in FY2012 to 5% in FY2013
- Other operating income increased by 11%. This includes income from selling malt, a component used in manufacturing of Beer. Other expenses has increased by 18.2% in FY2013 as compared to FY2012 primarily due to cost incurred on technological upgradation of equipments
- ENA prices are experiencing upward pressure due to decline in sugar production & competing ethanol demand
- EBITDA margins improved by 42 bps. SOM is consistently maintaining average EBITDA margins of ~15%
- Profit After Tax increased by 33.5% in FY2013 and margins expanded by 212 bps. This increase was primarily due to lower finance cost (decreased by 20% in FY2013) and incidence of taxes. Effective tax rate decreased from 40% in FY2012 to 24% in FY2013

Financial Snapshot

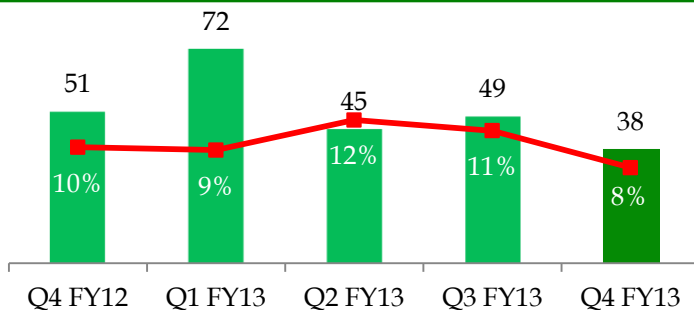
Total Income (Rs. Million)



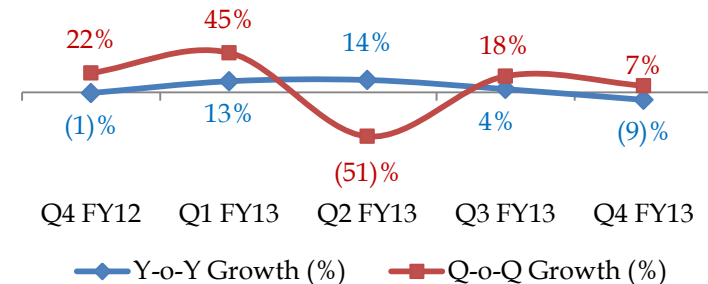
EBITDA (Rs. Million) and Margin (%)



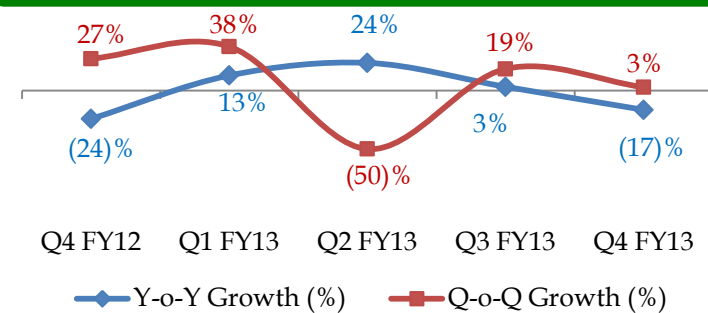
PAT (Rs. Million) and Margin (%)



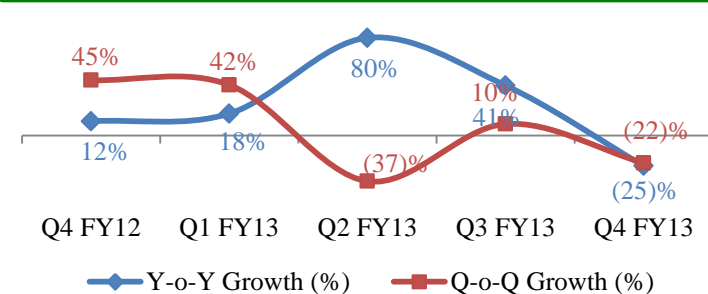
Total Income y-o-y and q-o-q Growth (%)



EBITDA y-o-y and q-o-q Growth (%)



PAT y-o-y and q-o-q Growth (%)

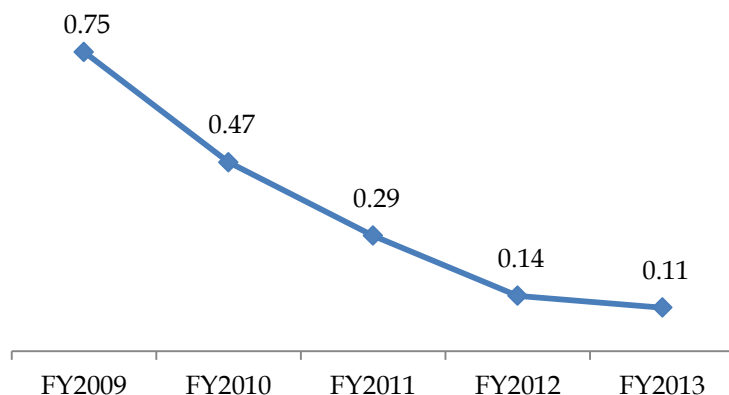


Leverage Profile

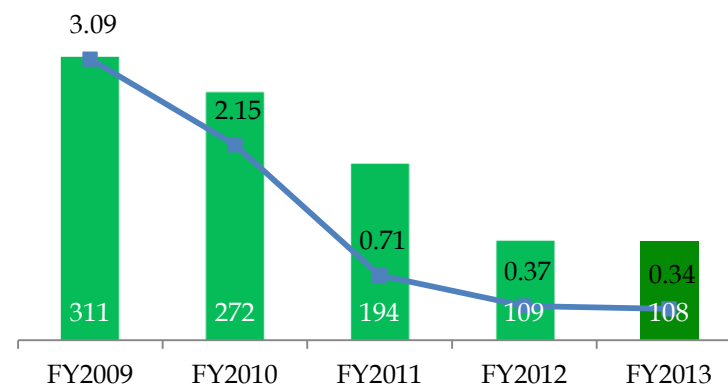
Strong Balance Sheet With Conservative Leverage Profile

(Rs. Million)	31.03.13	31.03.12
Secured Borrowings	6	7
Unsecured Borrowings	102	102
Total Debt	108	109
Less: Cash & Cash Equivalents	(95)	(85)
Net Debt / (Net Cash)	13	24
Net Worth	992	788

Total Debt/ Equity (x)



Total Debt and Total Debt/ EBITDA (x)



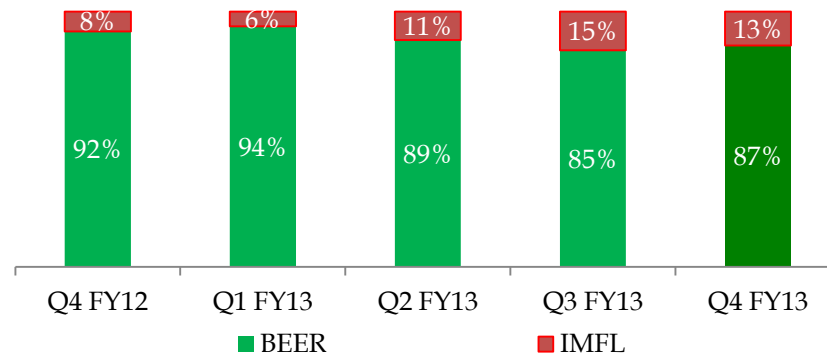
- To cater to the increasing demand, capacity is being increased from 59,200 KL to 99,200 KL. This is expected to be operational by Q1 FY2014
- The capacity expansion for IMFL bottling is being increased from 5,400 KL to 16,200 KL. This is expected to be operational by FY2014
- Significant financial flexibility available for future organic / inorganic growth

Q4 FY2013 Highlights

Revenue by Category (Rs. million)

Category	Q4 FY2012	Q1 FY2013	Q2 FY2013	Q3 FY2013	Q4 FY2013
Beer	427.3	724.4	330.2	353.6	382.1
Whisky	29.8	42.0	41.2	63.3	56.0
Gin	5.1	10.4	5.2	6.6	6.5
Rum	10.2	3.3	8.2	22.9	24.2
Vodka	0.4	0.6	0.1	0.4	0.2

Revenue by Category (Quantity Sold)



Brand Performance

(lakh cases sold)	Q4	
	FY2013	FY2012
Hunter	3.16	2.91
Black Fort	6.08	6.06
Power	1.79	3.95
Total Mainline Brands	11.02	12.93

FY2013 Highlights

Category Wise Quantity Sold (In lakh)

Category	FY2011	FY2012	FY2013
Beer	54.27	41.85	48.07
IMFL	7.60	6.26	6.04

Revenue by Category (Quantity Sold)



Brand Performance

(lakh cases sold)	FY2011	FY2012	FY2013
Hunter	15.59	11.72	13.85
Black Fort	24.28	14.56	23.60
Power	14.40	15.14	10.17
Total Mainline Brands	54.27	41.42	47.61

SOM: At a Glance

- **SOM Distilleries and Breweries (SOM)** was established in 1994. SOM is primarily engaged in brewing, fermentation, bottling, canning and blending of beer and Indian Made Foreign Liquor (IMFL). SOM Distilleries is a flagship company of SOM Group of Companies. SOM Group is based out in Bhopal and is a leading liquor producers in India
- SOM has global footprint with vast distribution network spread over 13 states in India. The Company is primarily focussed 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. In past two years the Company's has tripled its capacity
- The Company's Hunter and Woodpecker brands are supplied as draught beer to all the major hotels in Madhya Pradesh and Chhattisgarh

Key Brands

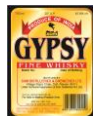
Major Brands



Beer



Spirits





Contact Details:

SOM Distilleries & Breweries Limited

SOM HOUSE

23, Zone II, Maharana Pratap Nagar,
Bhopal- 462011 (Madhya Pradesh)

Ph.: +91 755 427 8827, 427 1271

Nakul Sethi

*SOM Distilleries
and Breweries*

nksethi@somindia.in

+91 755 4271271

Deepak Balwani

Churchgate Partners

deepak@churchgatepartnersindia.com

+91 22 3953 7444

Shruti Jain

Churchgate Partners

shruti@churchgatepartnersindia.com

+91 22 3953 7444

