



SOM Distilleries & Breweries Limited

(BSE: 507514, NSE: SDBL)

H1 and Q2 FY2018 Earnings Presentation

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

October 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

Q2 FY2018 vs Q2 FY2017

Total Income

Rs. 708 Million

+50%

Beer Sales Volume

14.7 Lakh Cases

+39%

EBITDA

Rs. 124 Million

+52%

EBITDA Margins

17.5%

(17.3% in Q2 FY17)

Leverage

Gross Debt /
Equity:

0.48x

PAT

Rs. 49 Million

+79%

Six Months FY2018 vs FY2017

Total Income

Rs. 1,844 Million

+37.0%

Beer Sales Volume

39.9 Lakh Cases

+26%

EBITDA

Rs. 309 Million

+36.7%

EBITDA Margins

16.8%

(16.8% in H1 FY17)

PAT

Rs. 151 Million

+53.1%





Management Commentary

Management Commentary

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

“It is with a great sense of pride that I write to you about SOM’s achievements in this quarter. With revenues and net income increasing by 50% and 79% in the quarter, SOM has been at the forefront of growth despite relatively subdued sector performance. Rigor and discipline in our operations helped accomplish an impressive operating margin performance, with EBITDA increasing by 52%. This performance has been driven by stellar growth in volumes and realisations across segments.

The strategic investments in geographic diversification and joint ventures have started to deliver results. The new brewery at Karnataka is expected to be operational by the end of the calendar year and would provide impetus to the growth of the Company.

As our business transitions into a new and exciting phase of growth and innovation, I would reiterate our commitment to long term shareholder value creation. I would like to assure you that we are poised to capitalize on the opportunities coming our way, and to create new ones, to take SOM to a new orbit of growth and success ”





Financial Highlights

Consolidated Financial Performance (Rs. Million)

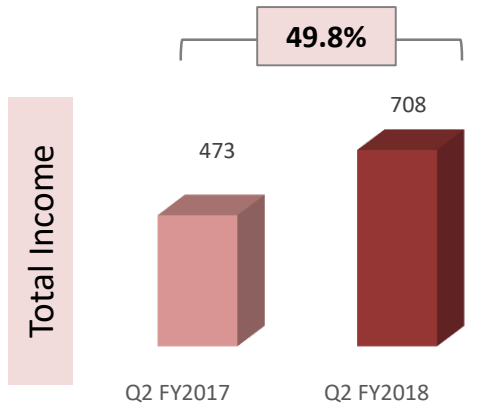
	Q2		y-o-y	Six Months Ended		y-o-y
(Rs. Million)	FY2018	FY2017	Growth (%)	FY2018	FY2017	Growth (%)
Total Income	708	473	49.8%	1,844	1,347	37.0%
EBITDA	124	82	52.0%	309	226	36.7%
Margin (%)	17.5%	17.3%		16.8%	16.8%	
Interest	23	31	(26.0)%	46	56	(19.3)%
Depreciation	9	10	(7.0)%	18	19	(7.0)%
Profit Before Tax	93	41	123.4%	246	151	63.2%
Margin (%)	13.1%	8.8%		13.3%	11.2%	
Net Profit	49	28	79.2%	151	98	53.1%
Margin (%)	7.0%	5.8%		8.2%	7.3%	
Earnings Per Share (EPS)	1.80	1.0	79.2%	5.48	3.58	53.1%

Notes:

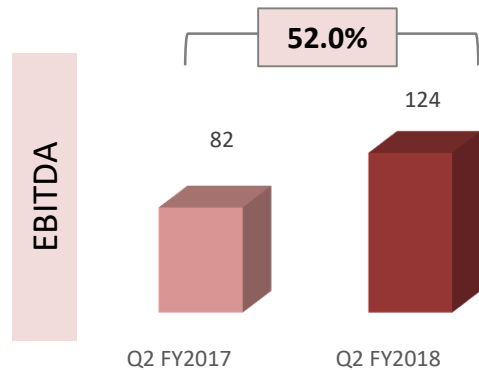
1. Total Income includes Other Operating Income
2. EBITDA defined as earnings before depreciation, interest, exceptional items and taxes
3. All margins calculated as a percentage of Total Income (including Other Operating Income)



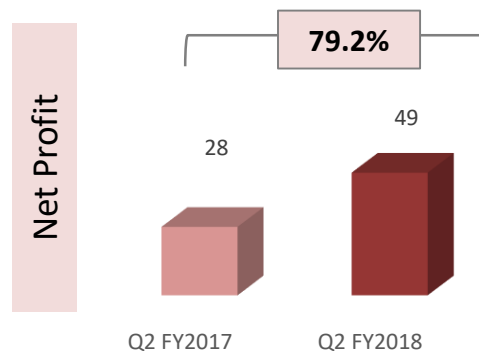
Financial Highlights – Q2 FY2018



- Q2 FY2018 Total Income increased by 50% y-o-y
- Revenue from Beer increased by 52.4% y-o-y while Beer volumes increased by 39.2% y-o-y
- IMFL volumes increased by 7.4% and revenues increased by 1.8%



- EBITDA increased by 52.0% y-o-y to Rs. 124 million
- EBITDA margins increased by 25 bps to 17.5%



- Net Profit increased by 79.2% y-o-y to Rs. 49 million
- Margins increased to 7.0% vs 5.8% in Q2 FY2017
- Interest cost decreased by (26)% to Rs. 23 million

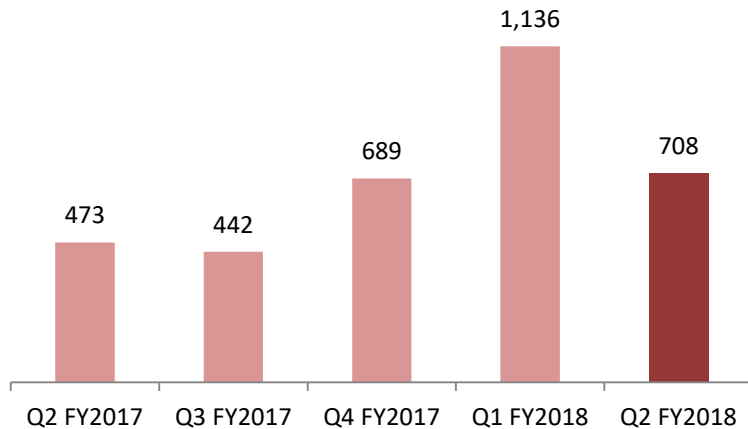
In Rs. million



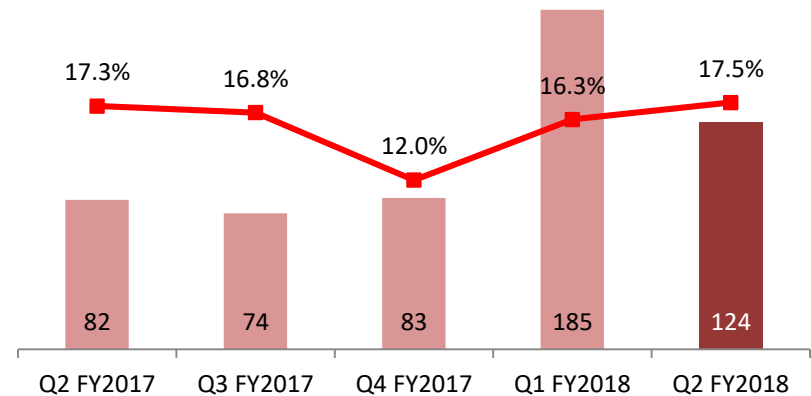


Financial Highlights

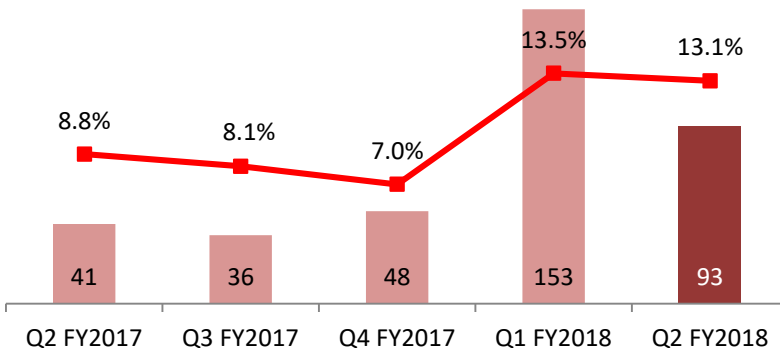
Total Income (Rs. Million)



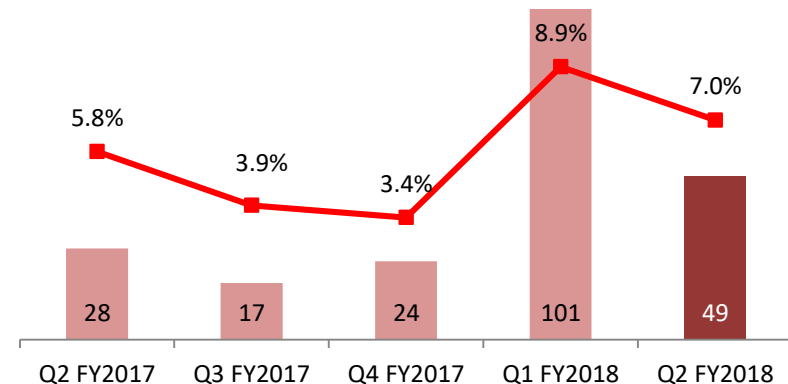
EBITDA (Rs. Million) and Margin (%)



PBT (Rs. Million) and Margin (%)



PAT (Rs. Million) and Margin (%)

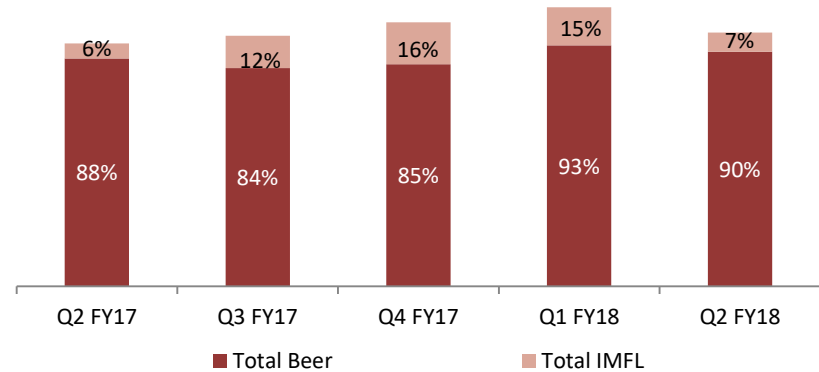




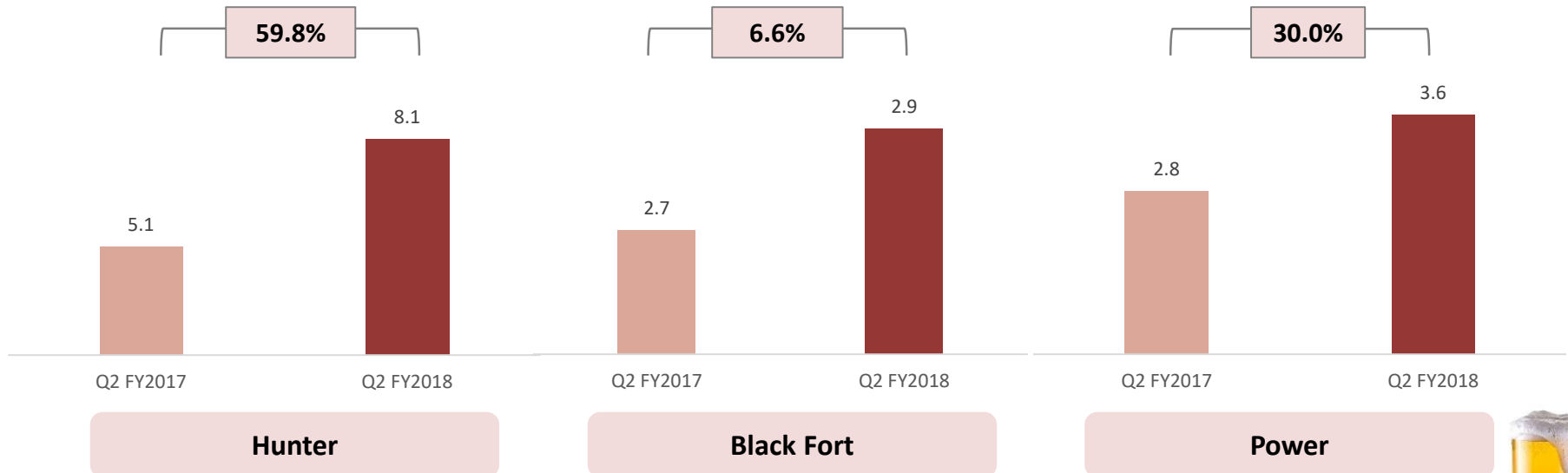
Operational Highlights

Quantity Sold by Category

(Lakh cases)	<u>Q2</u>		<i>y-o-y</i>
	FY2018	FY2017	Growth (%)
Total Beer	14.7	10.6	39.2%
Total IMFL	1.6	1.5	7.4%



Brand Performance – Quantity Sold (in Lakh cases)



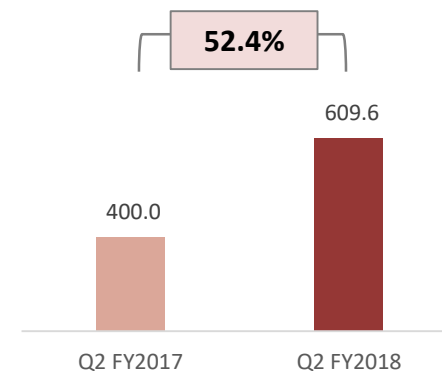


Operational Highlights

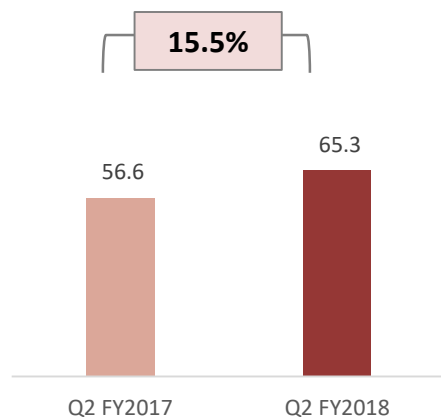
Revenue by Category (Rs. Million)

Category	Q2 FY2017	Q3 FY2017	Q4 FY2017	Q1 FY2018	Q2 FY2018
Beer	400.0	359.7	527.9	1,004.9	609.6
Whisky	56.6	69.4	85.1	93.1	65.3
Gin	0.0	0.2	0.4	3.5	0.9
Rum	27.1	33.6	30.4	13.9	14.0
Vodka	13.0	20.4	42.4	11.1	12.4
Brandy	0.4	-	-	5.2	6.2

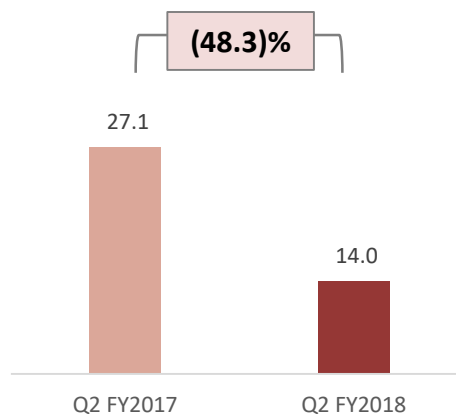
Beer



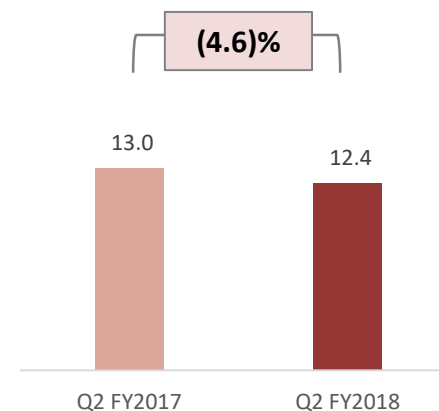
Whisky



Rum



Vodka



* All figures in Rs. million

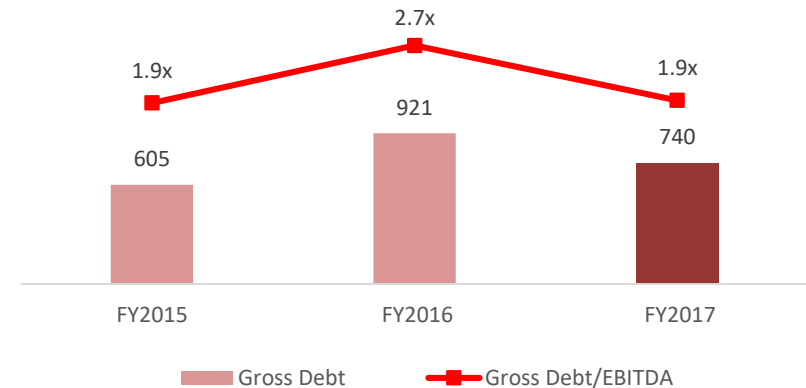


Leverage Profile

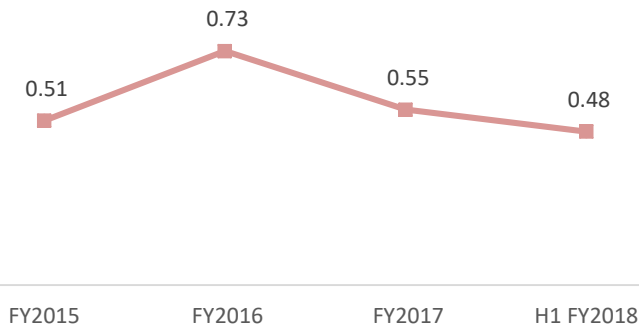
Strong Balance Sheet with low leverage to support organic and inorganic growth

(Rs. Million)	Sep 30 2017	Mar 31 2017	Mar 31 2016
Secured Borrowings	539	523	754
Unsecured Borrowings	181	217	167
Gross Debt (A)	719	740	921
Less: Cash & Cash Equivalents (B)	268	295	198
Net Debt (A-B)	451	445	723
Shareholder's Equity	1,506	1,355	1,266
Net Debt / Equity	0.30x	0.33x	0.57x

Gross Debt and Gross Debt/ EBITDA (x)



Gross Debt/ Equity (x)



- As of Sep 30, 2017, Net Debt/Equity improved significantly to 0.30x from 0.57x as of March 31, 2016
- Gross Debt/Equity stood at 0.48x as of Sep 30, 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



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

		Quarter Ended			YTD		Year Ended
		3 Months ended	Preceding 3 Months ended	Corresp. 3 Months ended in the previous year	Year to date figures for current period ended	Year to date figures for previous year ended	Previous Year Ended
		30.09.2017	30.06.2017	30.09.2016	30.09.2017	30.09.2016	31.03.2017
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
I	Revenue from operations (Incl State Excise Duties)	8,978.92	13,848.53	5,610.25	22,827.45	16,393.66	30,180.54
II	Other Income	6.02	43.46	26.71	49.47	82.13	306.82
III	Total Income (I+II)	8,984.93	13,891.99	5,636.96	22,876.92	16,475.79	30,487.36
2	Expenses						
a	Cost of Materials Consumed	2,749.15	5,313.08	1,606.69	8,062.23	6,008.38	12,723.87
b	Changes in inventories of Finished Goods, Stock-in-Trade and Work-in-Progress	(248.99)	597.84	202.34	348.85	358.72	(169.70)
c	State Excise Duties	1,901.12	2,531.35	908.25	4,432.47	3,007.93	5,708.98
d	Employee Benefits Expenses	150.91	166.32	152.88	317.23	314.89	714.42
e	Finance Costs	226.09	229.63	305.67	455.71	564.78	1,132.36
f	Depreciation and Amortisations	89.50	89.50	96.25	179.00	192.50	357.29
g	Other Expenses	3,192.12	3,431.26	1,950.79	6,623.38	4,522.61	7,676.79
	Total Expenses (IV)	8,059.90	12,358.98	5,222.87	20,418.87	14,969.81	28,144.02
V	Profit/(Loss) before exceptional items and tax (I-V)	925.04	1,533.01	414.09	2,458.05	1,505.98	2,343.34
VI	Exceptional Items	-	-	-	-	-	-
VII	Profit/(Loss) before tax (V-VI)	925.04	1,533.01	414.09	2,458.05	1,505.98	2,343.34
VIII	Tax Expense	430.67	520.08	138.29	950.75	521.18	950.21
IX	Profit/(Loss) for the Period (VII-VIII)	494.37	1,012.93	275.80	1,507.30	984.80	1,393.13
X	Other Comprehensive Income	-	-	-	-	-	-
XI	Total Comprehensive income for the Period (IX-X)	494.37	1,012.93	275.80	1,507.30	984.80	1,393.13
XII	Earnings Per Equity Share (Face Value of Rs. 10 each)						
1	Basic (in Rs.)	1.80	3.68	1.00	5.48	3.58	5.06
2	Diluted (in Rs.)	1.80	3.68	1.00	5.48	3.58	5.06



Statutory Results

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

Consolidated Balance Sheet as at 30th September, 2017		
Particulars	(Rs. in Lakhs)	
	As at 30.09.2017	As at 31.03.2017
	Unaudited	Audited
ASSETS		
(1) Non-current assets		
(a) Property, Plant and Equipment	7218.58	6774.99
(b) Capital work-in-progress	3333.79	1973.61
(c) Intangible assets under development	116.51	98.01
(d) Financial Assets		
(i) Loans	626.90	566.93
(ii) Other non-current assets	305.59	90.01
(2) Current assets		
(a) Inventories	2152.33	2356.19
(b) Financial Assets		
(i) Trade receivables	6210.19	4946.32
(ii) Cash and cash equivalents	96.09	114.20
(iii) Bank balances other than (iii) above	2625.43	3034.22
(iv) Loans	551.93	3736.29
(d) Other current assets	9576.07	6784.27
TOTAL ASSETS	32813.41	30475.04
EQUITY AND LIABILITIES		
Equity		
(a) Equity Share capital	2752.24	2752.24
(b) Other Equity	12310.05	11471.93
(c) Non Controlling Interest	1.00	1.00
Liabilities		
(1) Non-current liabilities		
(a) Financial Liabilities		
Borrowings	3661.61	4096.91
(b) Deferred tax liabilities (Net)	1105.89	1105.89
(c) Other non-current liabilities	243.28	414.88
(2) Current liabilities		
(a) Financial Liabilities		
(i) Borrowings	1980.38	2020.13
(ii) Trade payables	1994.13	2179.67
(iii) Other financial liabilities (other than those specified in item (c))	2115.13	2135.29
(b) Other current liabilities	4431.49	2777.44
(c) Provisions	1178.26	1050.54
(d) Current Tax Liabilities (Net)	1039.94	469.12
TOTAL EQUITY AND LIABILITIES	32813.41	30475.04





Statutory Results

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

NOTES :-

- 1 Un-audited financial results for the quarter ended 30th September 2017 reviewed by the audit committee were taken on record at the board meeting held on 17th October, 2017.
- 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





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