

thhoda aur



**Opulence in  
a Bottle**



SOM Distilleries & Breweries

Q2 FY2014 Earnings Presentation

November 29, 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*

# H1 FY2014 Financial Highlights

## Performance Highlights: H1 FY2014 vs. H1 FY2013

- Total Income of Rs. 1,136 million; an increase of 0.4% y-o-y
- Gross Profit of Rs. 669 million; an increase of 13.7% y-o-y
- EBITDA of Rs. 174 million; average EBITDA margins of ~15%
- PAT of Rs. 109 million; margin of 9.6%
- As of Sep 30, 2013, Net Cash was Rs. 153 million; Debt/Equity of 0.004x
- Repaid the entire unsecured loans except for vehicle loans
- Launched 'White Fox' Vodka and 'Milestone 100' whisky at 'The Grand' in New Delhi
- Ranking improved to 86<sup>th</sup> from 93<sup>rd</sup> by Inc. India 500 as India's fastest growing companies
- Featured in Forbes Top 200 best under billion sales in an initial set of 15,000 Companies

## Management Commentary

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

*"I am excited with the recent corporate developments and industry recognitions. SOM got featured in the "Forbes Top 200 best under billion sales" in the Asia Pacific region and also recognized as one of the top 100 fastest growing companies by Inc. India 500 with ranking improved now to 86th. In addition to all these, SOM has also successfully launched a premium segment whisky 'Milestone 100' and 'White Fox' vodka in North India.*

*We are pleased to report a satisfactory set of financials during H1 FY2014 with consistently maintaining EBITDA margins of approximately 15%. However, the second quarter remained slow due to seasonality in the industry and excessive monsoon further impacting Beer sales volume.*

*Our emphasis continues on own brand building with limited focus on contract manufacturing. Management plans to launch 'Milestone 100' and 'White Fox' in phases across geographies in the coming months."*

# North India Launch: 'Milestone100' and 'White Fox'

Grand Launch Party for 'Milestone 100' Whisky and 'White Fox' Vodka organized at 'The Grand' Hotel - Delhi



Top Bollywood Performers Made the Launch Party a Glittering Event



"We have completed 25 successful years, and with Milestone100 & White Fox Vodka, we are ready to enter the premium segment. A lot of time and effort has been put into manufacturing Milestone 100, which has been blended with the finest blend of triple distilled 100% premium grain whisky, with imported 100% scotch malts, matured exclusively in oak casks from Scotland. This has resulted in a product, which is the perfect combination of smoothness and strength, without any artificial flavours"

**Deepak Arora, CEO, SOM Group of Companies**

Adding to the Success of the Event, 'White Fox' Vodka was Launched by Super Model Bruna Abdullah

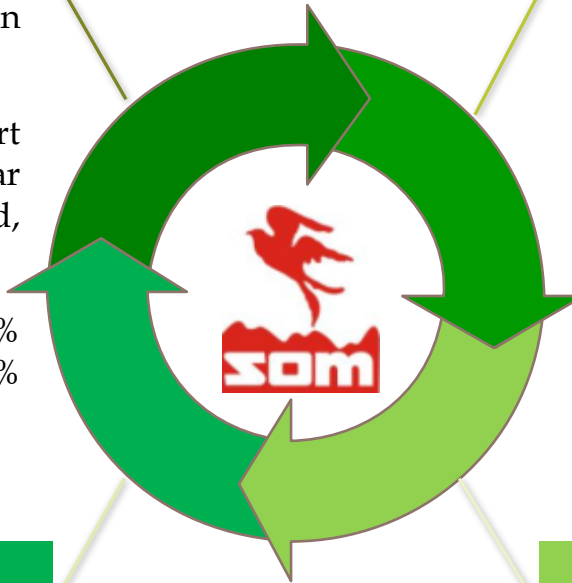
# Investment Highlights

## 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 such as 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 unsecured loans, despite a capital outlay on capacity expansion
- Continues to expand whilst maintaining low leverage profile

# Q2 and Half Year FY2014 Highlights

## Consolidated Financial Highlights

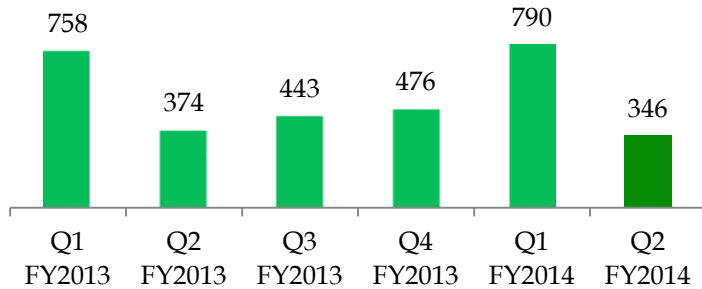
(Rs. Millions)	Q2		y-o-y	Q1		Half Year Ended		y-o-y
	FY2014	FY2013	Growth (%)	FY2014	Growth (%)	FY2014	FY2013	Growth (%)
Total Income	346	374	(7.5)%	790	(56.2)%	1,136	1,132	0.4%
EBITDA	53	58	(8.5)%	121	(55.9)%	174	175	(0.9)%
Margin %	15.4%	15.6%		15.3%		15.3%	15.5%	
Profit Before Tax (PBT)	42	45	(7.0)%	109	(61.7)%	151	152	(0.9)%
Margin %	12.0%	12.0%		13.8%		13.2%	13.4%	
Profit After Tax (PAT)	35	45	(22.7)%	74	(53.2)%	109	116	(6.7)%
Margin %	10.0%	12.0%		9.4%		9.6%	10.3%	
Basic EPS (Rs.)	1.26	1.63	(22.7)%	2.69	(53.2)%	3.95	4.23	(6.6)%

## Commentary Q2 FY2014 vs. Q2 FY2013

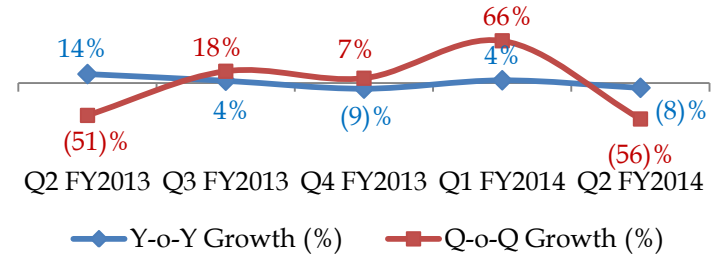
- Q2 FY2014 Total Income decreased by (7.5)% as compared to Q2 FY2013. Beer volumes decreased by (16)% although IMFL volumes increased by 15%. Average price realisation improved by 4% for beer and 37% for IMFL segment. Other income majorly includes income from selling malt, a component used in manufacturing of Beer. This has decreased by (26)% to Rs 2 million in Q2 FY2014
- Q2 FY2014 EBITDA was impacted by (8.5)% y-o-y, primarily due to subdued demand in Beer category. SOM is consistently maintaining average EBITDA margins of over 15%. Other expenses has increased from Rs 107 million to Rs 133 million during the quarter due to cost incurred on technological upgradation of equipments. However, cost of goods sold remained stable during the quarter
- SOM continue to focus on own brand building and as a result there has been no contract manufacturing during this quarter
- Profit after Tax decreased by (22.7)% during the quarter as compared to the same period last year. Finance cost decreased significantly by (94)% as compared to Q1 FY2013

# Financial Snapshot

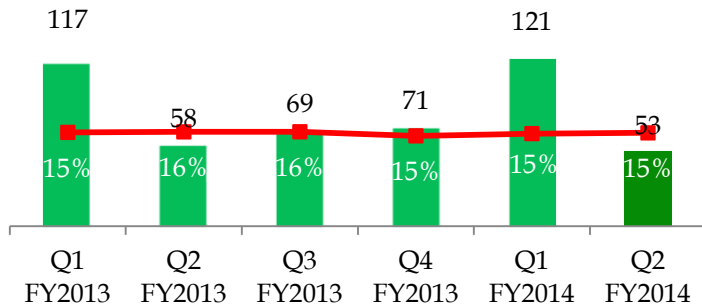
## Total Income (Rs. Million)



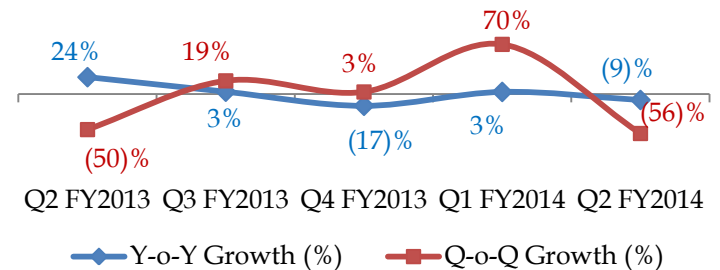
## Total Income y-o-y and q-o-q Growth (%)



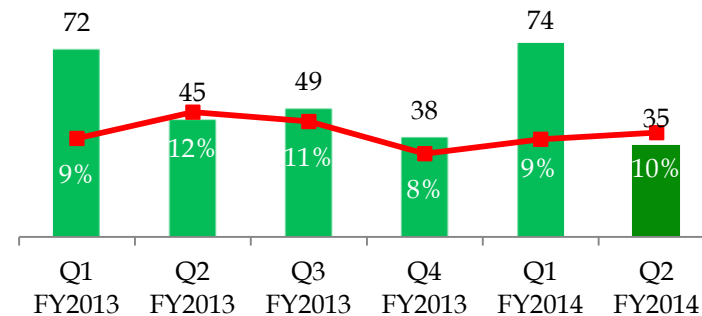
## EBITDA (Rs. Million) and Margin (%)



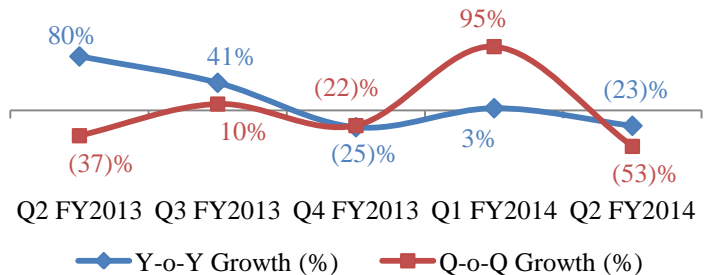
## EBITDA y-o-y and q-o-q Growth (%)



## PAT (Rs. Million) and Margin (%)



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

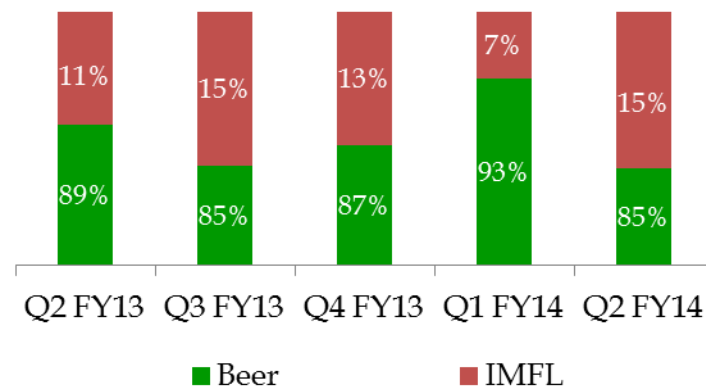


# Q2 FY2014 Highlights

## Revenue by Category (Rs. million)

Category	Q2 FY2013	Q3 FY2013	Q4 FY2013	Q1 FY2014	Q2 FY2014
Beer	330.2	353.6	382.1	722.4	265.2
Whisky	41.2	63.3	56.0	65.6	60.8
Gin	5.2	6.6	6.5	6.9	11.1
Rum	8.2	22.9	24.2	5.9	12.5
Vodka	0.1	0.4	0.2	0.3	1.8

## Revenue by Category (Quantity Sold)



## Brand Performance

(lakh cases sold)	Q2	Q2	<i>y-o-y</i> <i>Growth (%)</i>	Half Year		<i>y-o-y</i> <i>Growth (%)</i>
	FY2014	FY2013		FY2014	FY2013	
Hunter	2.8	3.1	(9.7)%	8.5	8.7	(1.5)%
Black Fort	2.6	4.2	(38.1)%	10.4	13.2	(20.9)%
Power	1.9	1.4	35.7%	8.5	5.0	69.0%
<b>Total Mainline Brands</b>	<b>7.3</b>	<b>8.7</b>	<b>(16.1)%</b>	<b>27.4</b>	<b>26.9</b>	<b>2.1%</b>

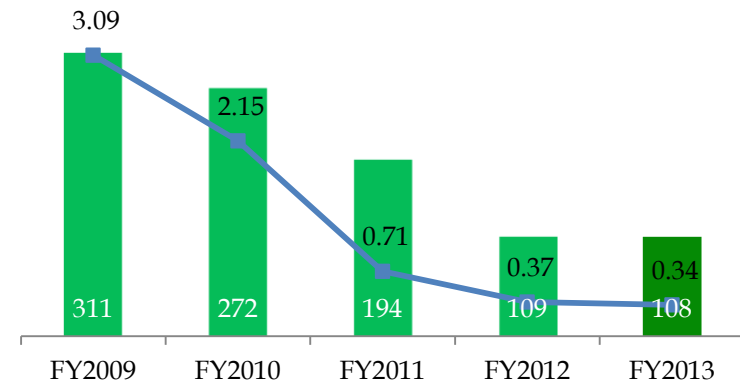


# Leverage Profile

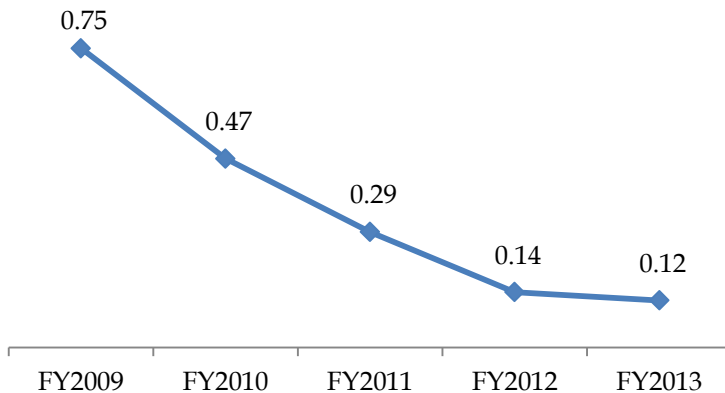
## Strong Balance Sheet With Conservative Leverage Profile

(Rs. Million)	30.09.13	31.03.13
Secured Borrowings	4	6
Unsecured Borrowings	-	102
<b>Total Debt</b>	<b>4</b>	<b>108</b>
Less: Cash & Cash Equivalents	(157)	(136)
<b>Net Debt / (Net Cash)</b>	<b>(153)</b>	<b>(28)</b>
<b>Shareholder's Equity</b>	<b>1,027</b>	<b>919</b>

### Total Debt and Total Debt/ EBITDA (x)



### Total Debt/ Equity (x)



- To cater to the increasing demand, beer manufacturing capacity is being increased from 59,200 KL to 99,200 KL. This is expected to be operational by the end of FY2014
- The capacity expansion for IMFL bottling is being increased from 5,400 KL to 16,200 KL. This is progressing in line with management expectations
- SOM has repaid the entire unsecured loan during H1 FY2014 except for vehicle loans

# 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





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