

thhoda aur



**Opulence in  
a Bottle**



SOM Distilleries & Breweries

Q3 FY2014 Earnings Presentation

# 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*

# Q3 and Nine Months FY2014 Financial Highlights

## Performance Highlights: Q3 FY2014

- Total Income of Rs. 378 Million
- Gross Profit of Rs. 208 Million
- EBITDA of Rs. 59 Million; margin consistent at ~15%
- PAT of Rs. 38 Million; margin of 9.9%
- Continue to maintain low leverage profile with Net Cash of Rs. 114 Million as on 31<sup>st</sup> December 2013
- Recognized as one of the fastest growing companies by INDSPIRIT 2014
- The Company has been recently included in the S&P BSE 500 index

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

*"We are delighted to inform that during the quarter, SOM received the INDSPIRIT 2014 'One of the Fastest Growing Companies' award. Earlier during the fiscal year the Company also received the Inc. 500 award and got featured in the Forbes Asia's 200 'Best Under a Billion List'. These awards are a testament to management's relentless efforts and commitment towards providing best-in-class quality products.*

*In Q3 FY2014, the Company's sales declined by (14.7)% as compared to the same quarter last year. This was primarily on account of a drop in the beer volumes sold, offset to some extent by higher realizations. Despite the decline in sales, we were able to maintain our EBITDA margins at ~15%. Our capital structure remains robust and provides financial flexibility for future expansions.*

*Earlier during the year, the Company launched Milestone 100, a premium whisky and White Fox vodka in the North and Central parts of India. These brands continue to perform in line with management's expectations and receive positive feedback from consumers and trade channels. The expansion of beer manufacturing plant is progressing well. The expansion, once completed, will enable us to capitalize on the opportunities arising from the growth in the spirits industry in India."*

# North India Launch: 'Milestone 100' 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 Milestone 100 & 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

- Recognized as one of India's fastest growing companies by Inc. 500 and INDSPIRIT 2014
- Hunter, Milestone 100, White Fox, Woodpecker and Blackfort are the major brands. Other popular brands include Legend, Genius, Sunny and Powercool
- In Madhya Pradesh (MP), holds 36% market share for beer and 19% market share in IMFL

## Industry Dynamics

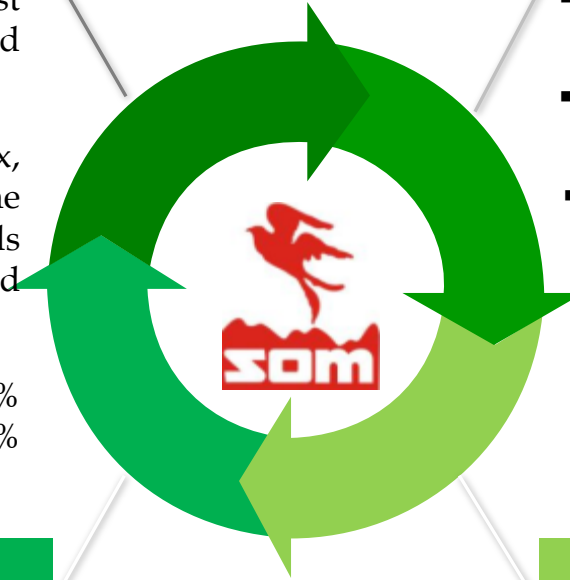
- Indian spirits market represents a \$14 bn market in FY2012
- The market is projected to grow at a CAGR of 10%, over the next 5 years
- Africa is a significant emerging market for beer sales; countries such as India and China hold potential for spirits

## 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 Arunachal Pradesh, Chandigarh, Chhattisgarh, Delhi, Gujarat, HP, Haryana, Jharkhand, Orissa, Pondicherry, Tamil Nadu, Uttarakhand and West Bengal 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
- Featured in Forbes Asia's 'Best Under A Billion list' sales in an initial set of 15,000 Companies



# Q3 and Nine Months FY2014 Highlights

## Financial Highlights

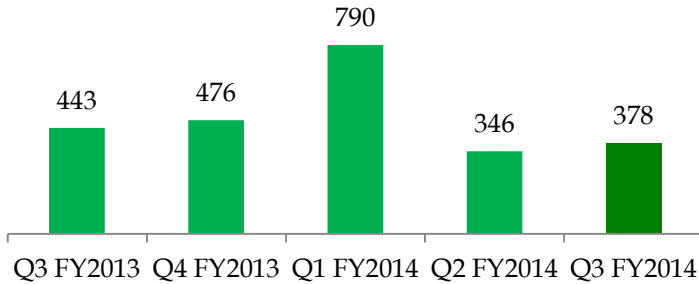
(Rs. Millions)	Q3		y-o-y	Q2	q-o-q	Nine Months Ended		y-o-y
	FY2014	FY2013	Growth (%)	FY2014	Growth (%)	FY2014	FY2013	Growth (%)
Total Income	378	443	(14.7)%	346	9.2%	1,514	1,575	(3.9)%
EBITDA	59	69	(15.1)%	53	10.0%	232	244	(4.9)%
Margin %	15.5%	15.6%		15.4%		15.4%	15.5%	
Profit Before Tax (PBT)	47	57	(18.4)%	42	12.5%	197	209	(5.7)%
Margin %	12.4%	13.0%		12.0%		13.0%	13.3%	
Profit After Tax (PAT)	38	49	(23.4)%	35	8.5%	146	165	(11.6)%
Margin %	9.9%	11.1%		10.0%		9.7%	10.5%	
Basic EPS (Rs.)	1.36	1.78	(23.3)%	1.26	8.3%	5.31	6.01	(11.6)%

## Commentary Q3 FY2014 vs. Q3 FY2013

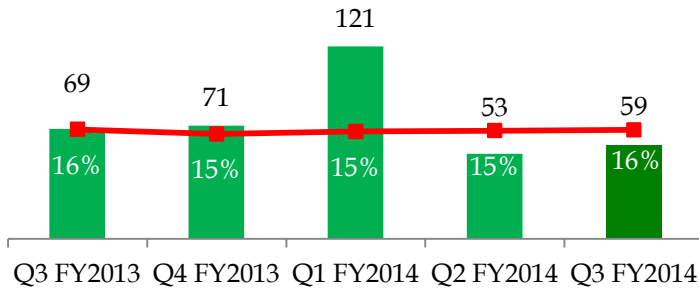
- Q3 FY2014 Total Income decreased by (14.7)% as compared to Q3 FY2013. This is primarily due to a drop of (23.4)% in Beer volumes and of (10.1)% in IMFL volumes. Volumes were impacted due to the implementation of VAT on alcoholic products by the Indian government. This was partially offset by higher average realization - up by 21% for IMFL and 3% for the Beer segment.
- SOM continues to focus on own brand building due to which the contribution from contract manufacturing to total sales remains negligible.
- During the quarter, SOM continues to maintain an average EBITDA margins of over 15%. Raw material prices have been stable during the quarter. EBITDA decreased by (15)% y-o-y, primarily due to lower volumes and weak consumer sentiments.
- Profit after Tax declined (23.4)% during the quarter as compared to the same period last year. This was primarily due to lower incidence of taxes in Q3 FY2013. Finance charges increased by 25.8% during the quarter.

# Financial Snapshot

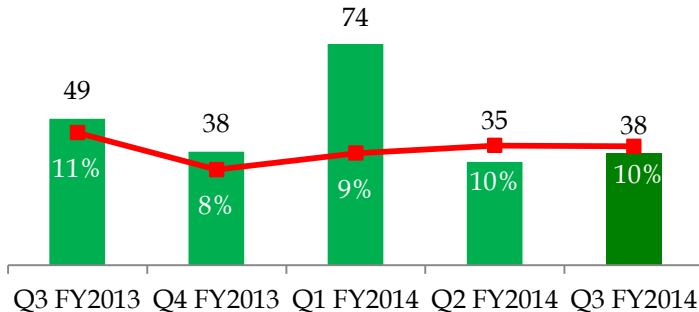
## Total Income (Rs. Million)



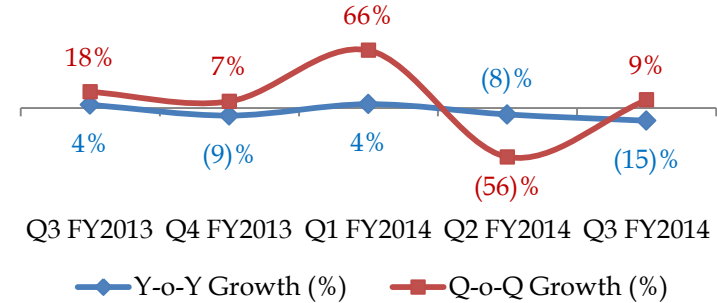
## EBITDA (Rs. Million) and Margin (%)



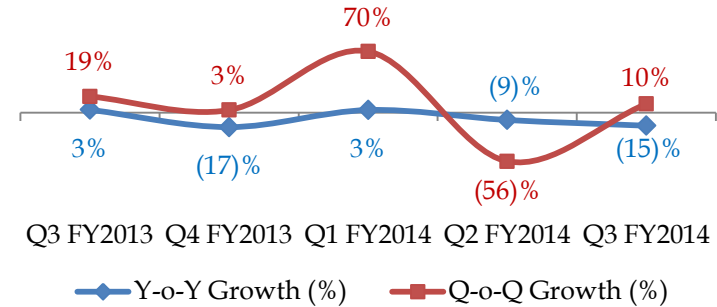
## PAT (Rs. Million) and Margin (%)



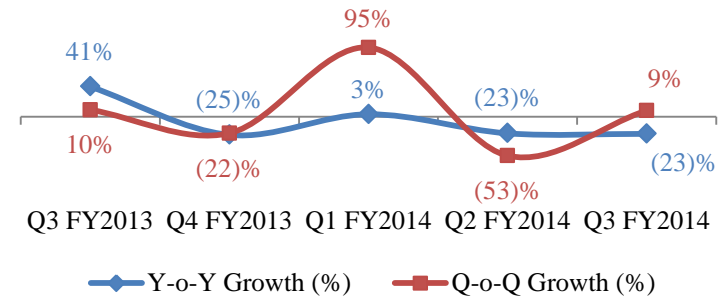
## Total Income Growth (%)



## EBITDA Growth (%)



## PAT Growth (%)

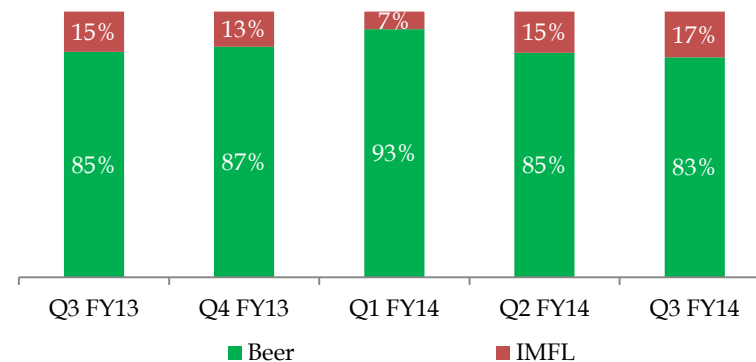


# Q3 and Nine Months FY2014 Highlights

## Revenue by Category (Rs. Million)

Category	Q3 FY2013	Q4 FY2013	Q1 FY2014	Q2 FY2014	Q3 FY2014
Beer	353.6	382.1	722.4	265.2	282.2
Whisky	63.3	56.0	65.6	60.8	69.6
Gin	6.6	6.5	6.9	11.1	8.5
Rum	22.9	24.2	5.9	12.5	20.6
Vodka	0.4	0.2	0.3	1.8	2.4

## Revenue by Category (Quantity Sold)



## Brand Performance

(lakh cases sold)	Q3	Q3	<i>y-o-y</i>	Nine Months		<i>y-o-y</i>
	FY2014	FY2013	Growth (%)	FY2014	FY2013	Growth (%)
Hunter	2.8	3.1	(11.3)%	11.8	13.4	(12.2)%
Black Fort	2.9	4.3	(33.2)%	12.3	17.5	(29.6)%
Power	2.2	2.6	(16.7)%	11.6	21.6	(46.4)%
<b>Total Mainline Brands</b>	<b>7.9</b>	<b>10.1</b>	<b>(22.1)%</b>	<b>35.7</b>	<b>52.5</b>	<b>(32.1)%</b>

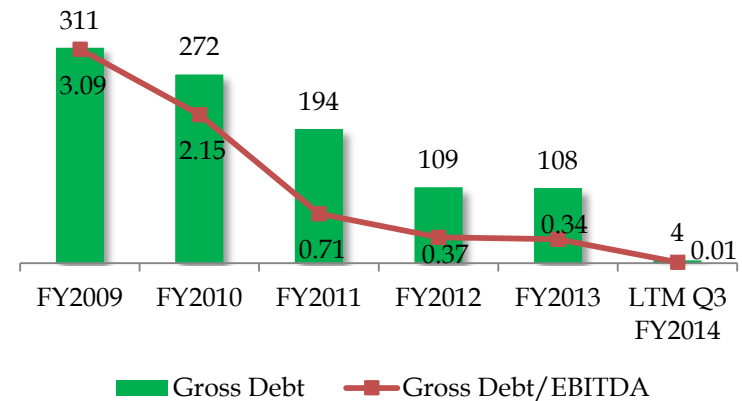


# Leverage Profile

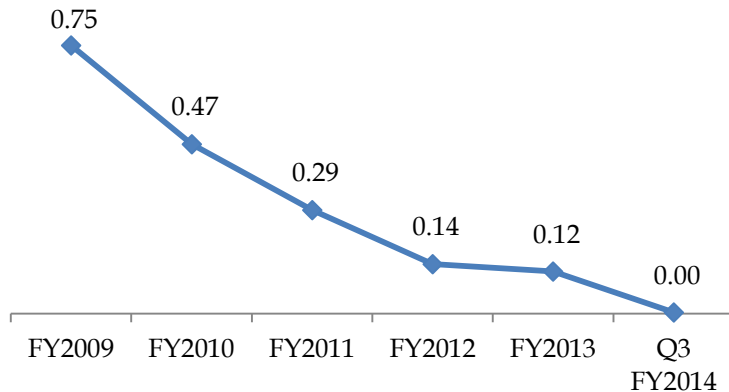
## Strong Balance Sheet With Conservative Leverage Profile

(Rs. Million)	31.12.13	30.09.13
Secured Borrowings	4	4
Unsecured Borrowings	-	-
<b>Total Debt</b>	<b>4</b>	<b>4</b>
Less: Cash & Cash Equivalents	(118)	(157)
<b>Net Debt / (Net Cash)</b>	<b>(114)</b>	<b>(153)</b>
<b>Shareholder's Equity</b>	<b>1,067</b>	<b>1,027</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 completed by the end of FY2014
- Improving Total Debt/EBITDA despite capital outlay for expansion
- Maintaining a conservative leverage profile along with consistent growth

# 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 global footprint with a 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 the past two years, the Company 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



# Hunter

SUPER STRONG  
PREMIUM BEER

Josh Ka Jashan



## Contact Details:

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