

thhoda aur



Opulence in  
a Bottle



SOM Distilleries & Breweries

Q4 and Full Year 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*

# Q4 and Full Year FY2014 Financial Highlights

## Performance Highlights: Q4 FY2014 vs. Q4 FY2013

- Total Income of Rs. 407 Million
- EBITDA of Rs. 72 Million; at 17.7% margin (up 280 bps)
- PAT of Rs. 57 Million; margin of 14.0% (up 600 bps)
- Continue to maintain low leverage profile with Net Cash of Rs. 3.7 Million as on 31<sup>st</sup> March 2014
- Received the Monde Selection Quality Awards for Milestone 100 whisky (Gold award), White Fox vodka and Hunter beer (Silver awards)

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

*“FY2014 has been an eventful year for us. During the year we launched two new brands, Milestone 100 whisky and Whitefox vodka, under the premium IMFL space. Whisky is the largest segment in the liquor space and vodka is one of the fastest growing. Both these brands have received very good feedback from both consumers and trade channels. Going forward, the Company is focused on consolidating both these brands and expect them to contribute meaningfully to the IMFL segment growth. During the year, we received several awards and recognitions including the coveted Monde Selection Quality awards. Our recently launched brands Milestone 100 and White Fox received the Gold and Silver awards during the first year of launch. This is a testament to the quality of our products and acceptance from consumers.*

*We have made investments in enhancing our exports during the year and see encouraging traction in the middle east region. New leads in the export division are expected to materialize in FY2015.*

*SOM is exploring selective strategic opportunities to expand its geographical footprint. The Company is a market leader in central India and looks forward to building upon its position at pan India level in the coming years.”*

# Awards & Recognition

## Recent Achievements

Monde Selection Quality Awards:



Received the Gold award for Milestone 100 whisky and Silver awards for White Fox vodka and Hunter beer

Awarded Fastest Growing Company by:



Recognized as one of the fastest growing companies by INDSPIRIT 2014

Selected in:



Featured in the "Forbes Top 200 best under billion sales" in the whole of Asia Pacific

Ranked 86<sup>th</sup> by:



Ranked 86<sup>th</sup> in the list of 500 fastest growing mid-sized companies in India, compiled by Inc. India 500

Included in:



SOM has recently been included in the S&P BSE 500 index

# 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

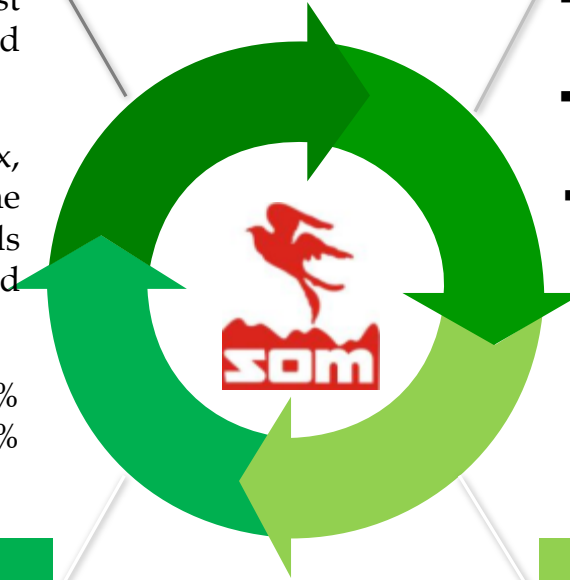
- Indian spirits market represents a \$14 bn market in FY2012
- The market is projected to grow at a CAGR of 10%, over the next 5 years
- Africa is a significant emerging market for beer sales; countries such as India and China hold potential for spirits

## 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

- 5 year Revenue CAGR of over 20%
- 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



# Q4 and Full Year FY2014 Highlights

## Financial Highlights

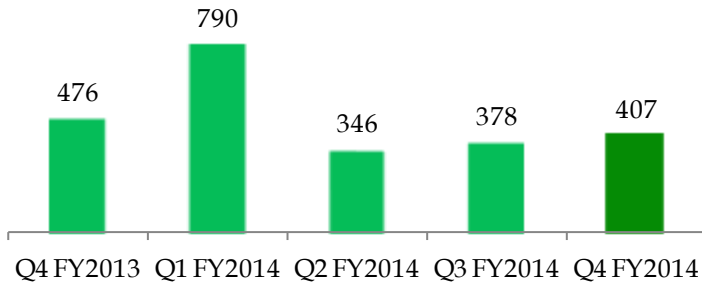
(Rs. millions)	Q4		y-o-y	Q3	q-o-q	Full Year Ended		y-o-y
	FY2014	FY2013	Growth (%)	FY2014	Growth (%)	FY2014	FY2013	Growth (%)
Total Income	407	476	(14.5)%	378	7.7%	1,921	2,051	(6.3)%
EBITDA	72	71	1.7%	59	23.1%	305	322	(5.3)%
Margin %	17.7%	14.9%		15.5%		15.9%	15.7%	
Profit Before Tax (PBT)	57	59	(2.1)%	47	22.6%	255	274	(7.1)%
Margin %	14.1%	12.3%		12.4%		13.3%	13.4%	
Profit After Tax (PAT)	57	38	49.4%	38	51.1%	203	178	14.1%
Margin %	14.0%	8.0%		9.9%		10.6%	8.7%	
Basic EPS (Rs.)	2.06	1.38	49.3%	1.37	50.4%	7.38	6.47	14.1%

## Commentary FY2014 vs. FY2013

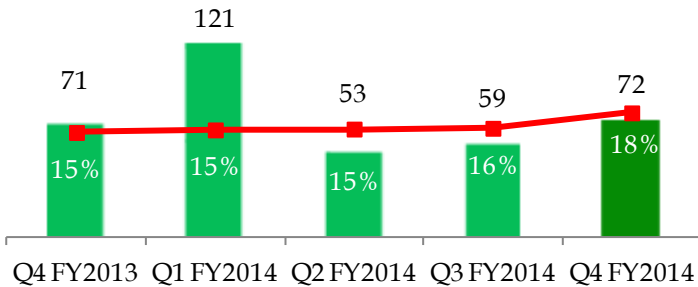
- FY2014 Total Income decreased by (6.3)%. This is primarily due to a drop of (9.9)% in Beer volumes. IMFL volumes increased moderately by 2.2%. Volumes were impacted due to the implementation of VAT on alcoholic products by the Indian government. In addition, prolonged monsoon also had an adverse impact in the beer sales.
- EBITDA margin for the year increased marginally to 15.9%. Despite lower volumes, the Company was able to maintain margins due to its focus on better efficiency supported by decline in raw material prices
- Profit After Tax increased by 14.1% and PAT margin improved by 190 bps

# Financial Snapshot

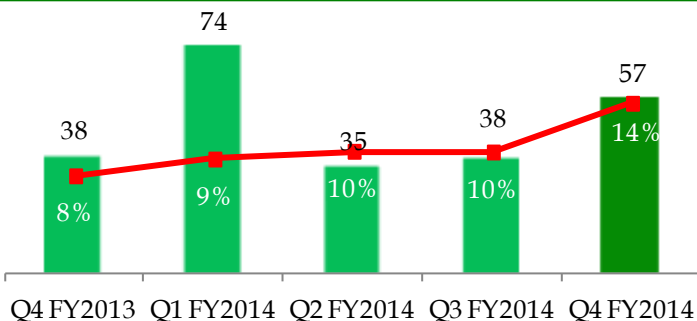
## Total Income (Rs. Million)



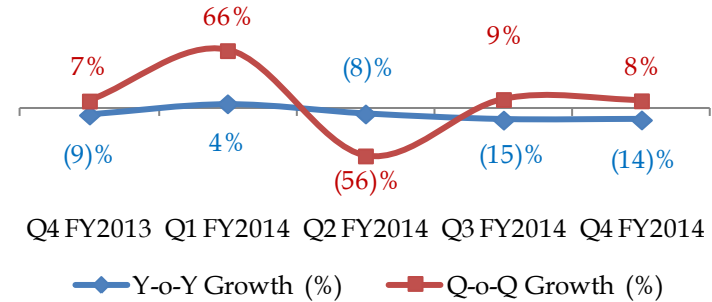
## EBITDA (Rs. Million) and Margin (%)



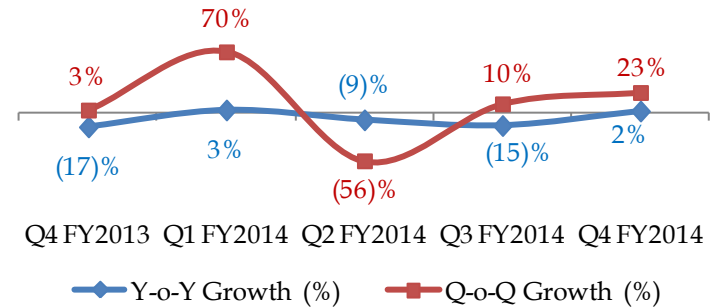
## PAT (Rs. Million) and Margin (%)



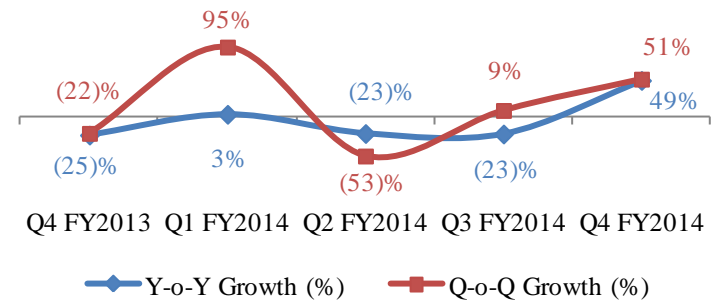
## Total Income Growth (%)



## EBITDA Growth (%)



## PAT Growth (%)

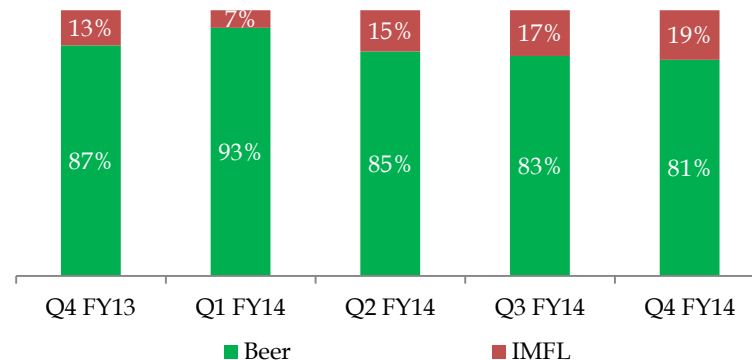


# Q4 and Full Year FY2014 Highlights

## Revenue by Category (Rs. Million)

Category	Q4 FY2013	Q1 FY2013	Q2 FY2014	Q3 FY2014	Q4 FY2014
Beer	382.1	722.4	265.2	282.2	292.6
Whisky	56.0	65.6	60.8	69.6	70.4
Gin	6.5	6.9	11.1	8.5	10.9
Rum	24.2	5.9	12.5	20.6	26.8
Vodka	0.2	0.3	1.8	2.4	2.5

## Revenue by Category (Quantity Sold)



## Brand Performance

(Lakh cases sold)	Q4	Q4	<i>y-o-y</i>	Year Ended		<i>q-o-q</i>
	FY2014	FY2013	<i>Growth (%)</i>	FY2014	FY2013	<i>Growth (%)</i>
Hunter	1.7	3.2	(47.7)%	13.0	13.8	(6.3)%
Black Fort	3.9	6.1	(36.6)%	17.2	23.6	(27.1)%
Power	2.3	1.8	27.4%	13.0	6.4	102.3%
<b>Total Mainline Brands</b>	<b>7.8</b>	<b>11.0</b>	<b>(29.4)%</b>	<b>43.1</b>	<b>43.9</b>	<b>(1.7)%</b>

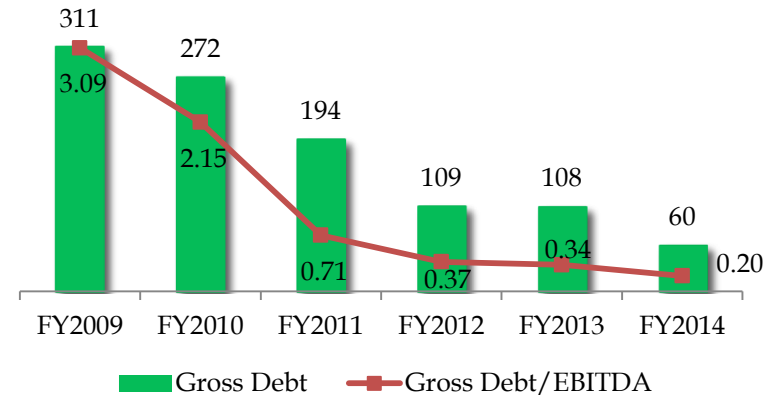


# Leverage Profile

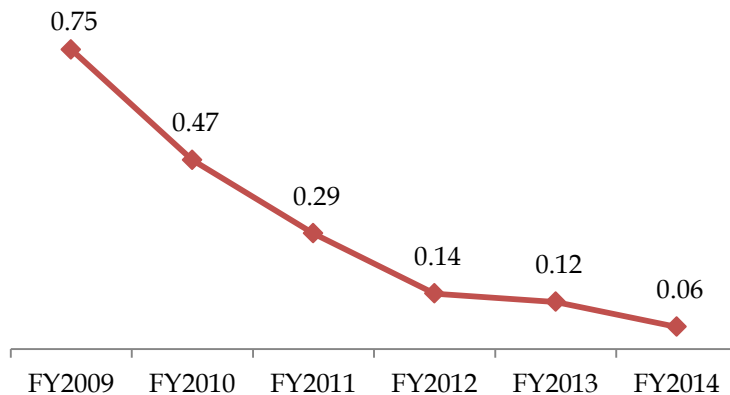
## Strong Balance Sheet With Conservative Leverage Profile

(Rs. Million)	31.3.2014	31.3.2013
Secured Borrowings	12	6
Unsecured Borrowings	47	102
<b>Total Debt</b>	<b>60</b>	<b>108</b>
Less: Cash & Cash Equivalents	(64)	(136)
<b>Net Debt / (Net Cash)</b>	<b>(4)</b>	<b>(28)</b>
<b>Shareholder's Equity</b>	<b>1,073</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 completed shortly
- 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 a 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





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