



SOM Distilleries & Breweries Limited
(BSE: 507514, NSE: SDBL)

Earnings Presentation
Q1 FY2021



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

Financial Highlights

Operational Highlights

Company Profile



Q1 FY2021

- Recorded beer volume of 6.0 Lakh cases and IMFL volumes of 1.4 Lakh cases
 - Price realization for beer and IMFL stood at Rs. 486 and Rs. 675 per case, respectively
- Sales volume were more impacted in states such as Odisha, Karnataka, Delhi, CSD and Madhya Pradesh, which are our key markets
- Total income during the quarter stood at Rs. 388 million
 - Sales were negligible during the month April and May 2020
 - Trade channels continue to be impacted, approximately less than 40% of the trade channels were active during the quarter
 - No promotion and branding activity during the period due to prevailing restrictions
- Provided for one-off expenses of Rs. 100 million
- Bhopal and Hasan plants operated at very low capacity during the quarter and Odisha plant was not operational during the period
- Focus on maintaining stable liquidity position to overcome the prevailing challenges
- Process of exiting and / or changing the business model in the less profitable markets



Management Commentary



The quarter continued to remain challenging with no sales in April and negligible sales in the month of May. We were able to operate in June but even that was limited due to the contraction of trade channels during the period. During the quarter despite the challenges our per case beer and IMFL realizations improved compared to the same period last year. This is a testament to our focus on selling premium SKUs as well customer preference for our products.

As Q1 is our peak season, which was severely impacted due to the pandemic, we expect the near-term outlook to remain challenging. However, we believe this impact is for short term and we are confident of restoring normalcy in medium to long term. To ensure profitable operations during FY2021, we have decided to primarily focus on profitable markets and not on relatively newer markets. In addition, we are also undertaking various other measures to ensure operational efficiencies across our operations.

Mr. JK Arora, Chairman (SOM Group of Companies)



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Performance – Q1 FY2021



(Rs. Million)	Q1	
	FY2021	FY2020
Total Income	388	1,878
EBITDA	(141)	291
<i>Margin (%)</i>	<i>nm</i>	<i>15.5%</i>
Interest	46	39
Depreciation	31	27
Net Profit	(242)	146
<i>Margin (%)</i>	<i>nm</i>	<i>7.8%</i>

(Rs. Million)	Jun 30 2020	Mar 31 2020	Dec 31 2019
Secured Borrowings	1,504	1,463	1,383
Unsecured Borrowings	727	739	390
Gross Debt-Consolidated	2,231	2,202	1,773
Less: Cash & Cash Equivalents	132	219	107
Net Debt	2,099	1,983	1,666



Covid-19 Impact



Impact

- Operations were impacted from mid-March to early May. Operations continue to be impacted in key states. Very limited sales in the key summer months which contribute majority of our annual sales
- Point of sales reduced significantly as all retail outlets across states have not opened yet. We expect more outlets to open gradually in the coming months
- Beer has a short shelf life due to which some inventory had to be written-off. There were write offs also on account of debtors, demurrage charges and others. The losses on account of these write-offs was ~Rs. 80 million and ~100 million, which is reflected in Q4 FY2020 and Q1 FY2021 financials, respectively

Response

- Implemented employee health and safety measures across all our manufacturing facilities and corporate office
- To manage cost during this period, senior management has taken reduction in their remuneration
- The Company has also availed moratorium on its debt from all the banks for six months. The moratorium was availed only on principal amount and the Company has tried to fulfill its interest obligations.
- The management has decided to focus on key markets to further strengthen its foothold and reduce investment in relatively new markets to ensure profitability

Position

- No sales in April and very limited sales in May
- The Company has a conservative leverage profile and feels that current balance sheet strength is adequate to overcome such short-term challenges
- During FY2020, the Company reported positive cashflow from operations of Rs. 409 million
- Operations are currently running smoothly though at lower capacity levels.



Industry Dynamics

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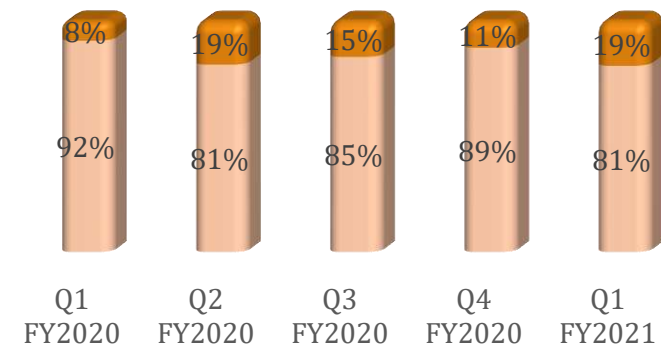


Millionaire Beer Brands - Meeting the aspirations of our consumers



Lakh cases	Q1	
	FY2021	FY2020
Hunter	2.5	15.7
Black Fort	1.3	6.1
Power Cool	2.0	15.2
Others	0.1	0.8
Total Beer	6.0	37.8
Total IMFL	1.4	3.4

Volume Mix



Rs. Mn	Q1	
	FY2021	FY2020
Total Beer	290	1,650
Total IMFL	96	221

Realization (Rs)	Q1	
	FY2021	FY2020
Beer	486	437
IMFL	675	642



Industry Dynamics

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Operational Highlights

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SOM Distilleries – Who we are



The only listed Beer and IMFL company in India....

- SOM Distilleries & Breweries Limited (SDBL) is based in Bhopal and is one of the leading alcoholic beverages manufacturers in India. SDBL is primarily engaged in production of beer and blending and bottling of IMFL
- Offers a broad line of products at every price point to cater to varied preferences of the consumers. The product portfolio consists of various options across beer, rum, brandy, vodka and whisky
- The Company has three key millionaire brands (sales more than 1 mn cases per annum) – Hunter, Black Fort and Power Cool. Hunter and Woodpecker brands are supplied as draught beer to all major hotels in Madhya Pradesh and Chhattisgarh





Synergy Opportunities – Beer and IMFL Brands

- Hunter Super Strong Premium Beer
- Power Cool Super Strong Beer
- Black Fort Super Strong Beer
- Legend Premium Lager Beer
- Woodpecker Lager Beer



Beer Brands



IMFL Brands

- Pentagon Gold Edition Whisky
- Legend Premium Whisky
- 21st Century Pure Malted Whisky
- GS Genius Whisky
- Gypsy Whisky
- Sunny Malted Whisky
- Milestone 100 premium Whisky
- Super Master Whisky

- Pentagon Rum
- Black Fort XXX Rum
- Gypsy Rum
- Sunny Rum

- Blue Chip Vodka
- White Fox Vodka
- White Fox Refresh (RTD)

- Doctors Brandy

- *SOM's Beer and IMFL portfolio complements each other and reduce the risk of seasonality*
- *The Point of Sales for both IMFL and Beer is the same; thereby leading to marketing efficiencies*
 - *Generates significant growth opportunities for the combined portfolio*





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