



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

**Earnings Presentation**  
**Q1 FY2023**



# 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.

Conference Call Details: Friday, 22nd July 2021 at 3:00 PM IST	
Diamond Pass	<a href="#">Link</a>
Primary Number	+91 22 6280 1106 / +91 22 7115 8007
The number listed above is universally accessible from all networks and all countries.	
Toll Free Number	USA: 1 866 746 2133 UK: 0 808 101 1573 Singapore: 800 101 2045 Hong Kong: 800 964 448



A glass of beer with a thick head of foam, surrounded by fresh hops and barley on a wooden surface. The beer is golden and has a thick, white head of foam. The hops are bright green and fresh, and the barley is golden and has a long, feathery awn. The background is a blurred wooden structure, possibly a brewery or a farm.

Highlights

# Performance Highlights



## Key Highlights: Q1 FY2023 vs Q1 FY2022

### Beer Sales Volume

47.3 Lakh Cases  
+374%

### IMFL Volume

1.9 Lakhs Cases  
164%

### Net Debt / EBITDA

2.9x  
(Mar-2022: 10.2x)

### Total Income

Rs. 2,561 mn  
+406%

### EBITDA

Rs. 359 mn  
Margin: +14.0%

### PAT

Rs. 257 mn  
Margin: +10.0%



## Key Discussion Themes: Q1 FY23

### Volume and Sales

- Highest ever quarterly Beer Volumes; around 70% of 12M FY22 and ~60% of 12M FY2020 (pre-pandemic year)
- Beer Revenue of Rs. 2,395 million; over 75% of 12M FY22 and over 60% of 12M FY2020
- Our mainline brands; Hunter, Black Fort and Power Cool, accounted for 56%, 50% and 62%, respectively as compared to 12M FY2022

### Realization

- Beer Realization for the quarter was Rs. 506 compared to Rs. 444 in Q1 FY22 and Rs. 462 in FY22; primarily driven by higher mix of Hunter brand in total volumes
- IMFL Realization for the quarter was Rs. 791 compared to Rs. 775 in FY22

### Cost

- Cost efficiencies driven by better utilization resulted in improvement in margins
- Anticipate some normalization on full year basis due to lower utilization in non-peak season
- Lower expenses due to season led demand also supported the margin enhancements



# Management Commentary



*Since completion of our capex plan, Q1 FY23 was first ever season that we were able to fully capitalize, which is reflected in our stellar performance across all financial and operational metrics. This performance is also a testament to the quality of our product and aligned customer preferences as well as execution capabilities of our team.*

*During the quarter, despite the prevailing geo-political situation, we were able to report strong margin enhancement driven by various initiatives undertaken by the Company coupled with price hikes taken across our key markets. However, on full year basis, we expect some moderation due to lower utilization of our plants during lean months. On an annualized basis our Karnataka plant operated at peak levels during the quarter. Bhopal and Odisha plants operated at around 70% utilization levels.*

*We believe the long-term equity story of SOM remains intact. We also remain committed towards enhancing our utilization level across our plants to support robust cash generation and enhancing shareholders wealth.*

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



A glass of beer with a thick head of foam, surrounded by hops and barley, set against a rustic wooden background. The glass is filled with golden beer and has a thick, white head of foam. It is surrounded by fresh hops and barley, suggesting a craft beer theme. The background is a rustic wooden surface with a warm, golden light.

## Financial Highlights

# Performance Highlights



	Q1		Y-o-Y	12 Months		Y-o-Y
(Rs. Million)	FY2023	FY2022	Growth (%)	FY2022	FY2021	Growth (%)
<b>Total Income</b>	<b>2,561</b>	<b>506</b>	<b>405.6%</b>	<b>3,655</b>	<b>2,901</b>	<b>26.0%</b>
<b>Gross Profit</b>	<b>1,116</b>	<b>236</b>	<b>373.2%</b>	<b>1,581</b>	<b>1,247</b>	<b>26.8%</b>
<i>Margin (%)</i>	<i>43.6%</i>	<i>46.6%</i>		<i>43.3%</i>	<i>43.0%</i>	
<b>EBITDA</b>	<b>359</b>	<b>(57)</b>	<b>nm</b>	<b>196</b>	<b>(70)</b>	<b>nm</b>
<i>Margin (%)</i>	<i>14.0%</i>	<i>nm</i>		<i>5.4%</i>	<i>nm</i>	
Interest	35	40	(11.9)%	154	187	(17.7)%
Depreciation	42	42	1.1%	168	134	25.5%
<b>Net Profit</b>	<b>257</b>	<b>(138)</b>	<b>nm</b>	<b>(98)</b>	<b>(381)</b>	<b>nm</b>
<i>Margin (%)</i>	<i>10.0%</i>	<i>nm</i>		<i>nm</i>	<i>nm</i>	



# Leverage Profile



(Rs. Million)	Jun 30 2022	Mar 31 2022	Dec 31 2021
Secured Borrowings	1,226	1,393	1,369
Unsecured Borrowings	576	580	582
<b>Gross Debt-Consolidated</b>	<b>1,803</b>	<b>1,973</b>	<b>1,951</b>
Less: Cash & Cash Equivalents	84	95	135
<b>Net Debt</b>	<b>1,718</b>	<b>1,878</b>	<b>1,816</b>
Gross Debt / Equity (x)	0.6x	0.7x	0.7x
Net Debt / LTM EBITDA (x)	2.9x	10.2x	11.5x

- Gross Debt reduced by Rs. 171 million and Net Debt reduced by Rs. 160 million
- Significant improvement in leverage ratios
- Net Debt to LTM EBITDA of 2.9x compared to 10.2x as on 31<sup>st</sup> Mar 2022
- No major capex planned in the short term
- Strong cash flow generation and deleveraging balance sheet remain key strategic priority



## Operational Highlights

A glass of beer with a thick head of foam, surrounded by fresh hops and barley, symbolizing the brewing process. The glass is filled with golden beer and has a thick, white head of foam. It is surrounded by fresh hops and barley, symbolizing the brewing process. The background is a warm, golden color, suggesting a brewery or a bar.

# Volume Summary



Lakh cases	Q1		Y-o-Y	12 Months		Y-o-Y
	FY2023	FY2022	Growth (%)	FY2022	FY2021	Growth (%)
Hunter	20.0	5.0	301%	24.8	22.4	10%
Black Fort	7.2	2.0	254%	12.0	10.6	13%
Power Cool	19.4	2.8	598%	27.9	15.9	75%
Others	0.7	0.2	276%	3.7	1.9	98%
<b>Total Beer</b>	<b>47.3</b>	<b>10.0</b>	<b>374%</b>	<b>68.3</b>	<b>50.8</b>	<b>35%</b>
<b>Total IMFL</b>	<b>1.9</b>	<b>0.7</b>	<b>164%</b>	<b>5.7</b>	<b>7.7</b>	<b>(26)%</b>

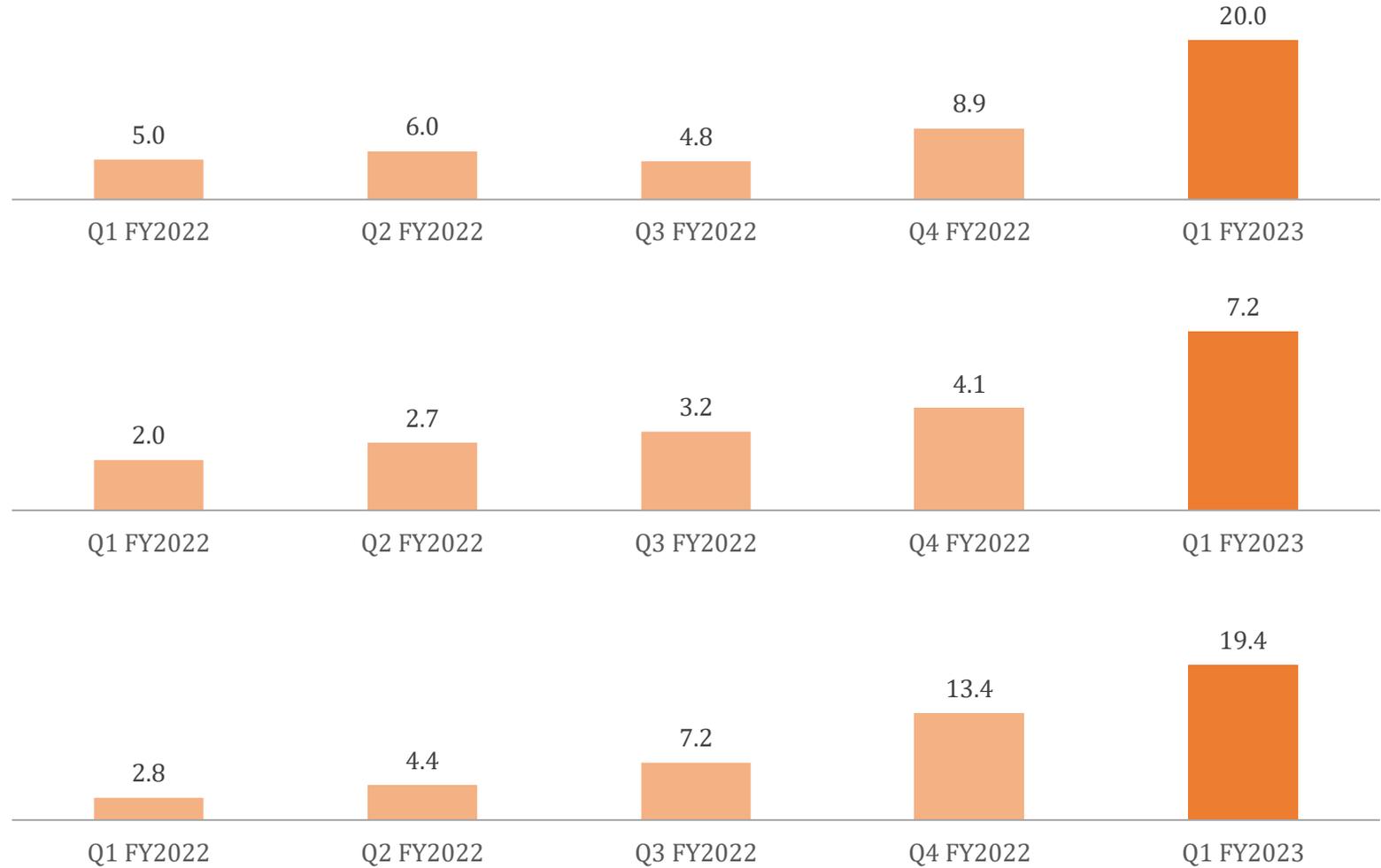
- Recorded best ever Q1 Beer Volumes; driven by strong growth across mainline brands
- Power Cool recorded 7x volume compared to same period last year driven by enhanced penetration in additional market in Karnataka and Kerala
- Woodpecker beer continued to consolidate its market presence and sold around 60,000 cases in Q1 FY22, around 45% of FY22 volumes
- Beer accounted for 96% of total volumes and 94% of the revenue during Q1 FY23
- Price realization for Beer during Q1 FY23 was Rs. 506 and IMFL was Rs. 791; blended realization at Rs. 517



# Millionaire Beer Brands – Volume Recovery



Quantity Sold (in lakh cases)



**Sustainability**

A glass of beer with a thick head of foam, surrounded by fresh hops and barley on a wooden surface. The scene is set against a blurred background of wooden planks. The beer is golden and bubbly, with a prominent white head of foam. The hops are bright green and fresh, scattered around the glass and the barley. The barley is golden and has long, feathery awns. The wooden surface is rustic and textured.

# Environment: Committed to minimizing environmental impact across the full range of our operations



## Clean Technology



- Seeks to improve its environmental performance by adopting cleaner production methods, promotion of energy efficient and environmental friendly technologies
- Suitable processes and systems are developed with contingency plans and processes that help in preventing, mitigating and controlling environmental damages caused due to the Company's operations

## Waste Reduction



- Recycle part of the factory waste and reuse it in the production
- Initiated waste management by re-cycling waste into compost used for agriculture
- Deployed sewage treatment plants at its projects and factory sites which treat and re-cycle wastewater for reusing in watering plants, toilets etc

## GHG Reduction



- Strive to reduce the carbon footprint by recycling the beer and IMFL bottles used for production
- Majority of suppliers of raw material are in proximity of the factory sites of the Company which helps minimize transportation and reduces carbon footprint



# Social: Actively contributing to the social, economic and environmental development of the community in which we operate



## Product Quality



- Providing the best quality products and services to its consumers. SOM provides high-quality product assurance by -
  - Maintaining international standards and specifications for its products
  - Continuous research to enhance product quality, building facilities for quality monitoring and assurance
  - Developing new products to meet the ongoing and changing requirements of the market

## Customer Centric Approach



- Periodical consumer surveys and mapping of customer satisfaction trends are considered and utilised by the Company on a regular basis as effective tools of business strategy to understand the customers and their needs better
- In addition, through the Company's website tab, customer's views are invited to understand the satisfaction level and trend

## Community Support



- Contributions to the Asha Mohan Foundation for construction of a full-fledged diagnostic centre for the lesser privileged patients at substantial lower charges for tests as compared to conventional centres
- Contributions to the school being run for underprivileged children and hospitals



# Governance: With strong sense of values and commitment, we believe that profitability must go hand in hand with a responsibility



## Experienced and Skilled Board of Directors

- Optimal blend of Executive and Non-Executive Directors with an appropriate balance of skills, experience, diversity and independence. The Board of Company comprised of six (6) Directors:
  - 2 Executive Directors ( including Managing Director)
  - 4 Non- Executive Non-Independent Directors

## Regular Self-Assessment of Board Performance

- The Board have process in place for the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its various committees
- A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committee, Board Culture, execution and performance of specific duties, obligations and governance



## Company Profile

A glass of beer with a thick head of foam, surrounded by fresh hops and barley on a wooden surface. The beer is golden and has a thick, white head of foam. The hops are bright green and fresh, and the barley is golden and has a long, thin awn. The background is a warm, blurred wooden surface.

# SOM Distilleries: 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
- Launched Woodpecker Wheat Beer, India’s first filtered wheat beer in FY2020
- New products introduced with seasonal themes to increase consumer traction and engagement – Hunter Pint Beer and different flavors of RTD drinks



# Compelling Investment Rationale



- Only listed company in India having both Beer and IMFL, which complement each other and reduces the risk of seasonality while providing marketing efficiencies
- Strong portfolio of brands including millionaire brands, Hunter, Black Fort and Power Cool
- Continuous product innovations to capitalize on seasonal themes and enhance consumer traction and engagement
- Launched Woodpecker Wheat Beer, India's first filtered wheat beer in FY2020; the brand has created significant traction in very short period and is expected to gain further momentum
- The Company commands ~2% market share in the Indian beer market and has immense potential to grow the market share by enhancing its penetration across India
- Focus on enhancing brand presence through CSD and market expansion in states such as Uttar Pradesh and Delhi in addition to existing stronghold markets
- Expanded capacity provides headroom for volume growth in medium term
- Lower penetration of beer and favorable demographic profile to provide huge scope for industry growth





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