



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

Earnings Presentation
H1 FY2020



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: Monday, November 11, 2019 at 4:00 PM IST

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The numbers listed above are universally accessible from all networks and all countries

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Highlights

Financial Highlights

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Recent Developments

Company Profile



H1 FY2020 vs. H1 FY2019

Beer Sales Volume

51.8 Lakh Cases
+26.2%

IMFL Volume

6.7 Lakhs Cases
+91.1%

Total Volume

58.4 Lakhs Cases
+31.3%

Total Income

Rs. 2,698 mn
+37.4%

EBITDA

Rs. 373 mn
+14.5%

PAT

Rs. 171 mn
+19.1%



Management Commentary



The business environment during the second quarter remained challenging for the beer industry on account of prolonged monsoon coupled with higher input cost prices. Extended monsoon season impacted the demand side of the industry whereas higher input cost prices impacted the profitability.

However, despite the prevailing industry scenario we were able to record a strong topline growth of 37.4% y-o-y compared to H1 FY2019. Our EBITDA recorded a growth of 14.5% y-o-y during the same period. Our H1 FY2020 margins stood at 13.8%, a decline of 277 basis points compared to same period last year. This decline was primarily attributable to higher inputs cost. Our Karnataka and Odisha facilities continued to generate positive EBITDA. All our mainline brands performed well in their respective markets.

We are in the process of installing a canning line for beer in Odisha and expect it be operational by late Q3 FY2020. This will help us in enhancing margins for the facility, which will start reflecting from Q4 FY2020.

Our performance in the first half of the fiscal year, further strengthens our view on the performance of the remaining part of the year. We have already made significant investments for next phase of growth and the focus would be on generating returns.

Mr. JK Arora, Managing Director



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Performance – H1 FY2020

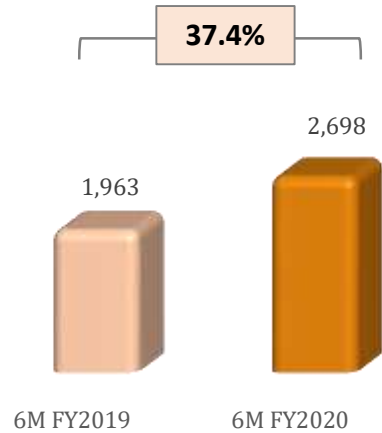


	Q2		y-o-y	Six Months		y-o-y
(Rs. Million)	FY2020	FY2019	Growth (%)	FY2020	FY2019	Growth (%)
Total Income	820	714	14.8%	2,698	1,963	37.4%
EBITDA	82	102	(19.9)%	373	326	14.5%
<i>Margin (%)</i>	<i>10.0%</i>	<i>14.3%</i>		<i>13.8%</i>	<i>16.6%</i>	
Interest	37	28	31.0%	75	54	40.8%
Depreciation	24	19	27.5%	52	38	35.3%
Net Profit	25	31	(19.7)%	171	143	19.1%
<i>Margin (%)</i>	<i>3.1%</i>	<i>4.4%</i>		<i>6.3%</i>	<i>7.3%</i>	

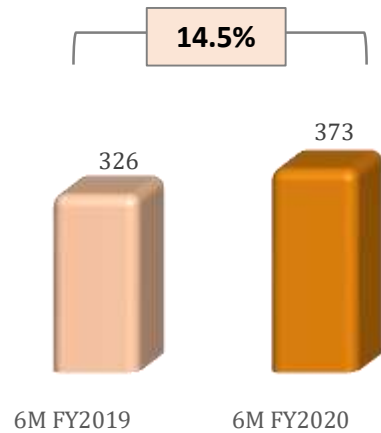


Performance – H1 FY2020 vs H1 FY2019

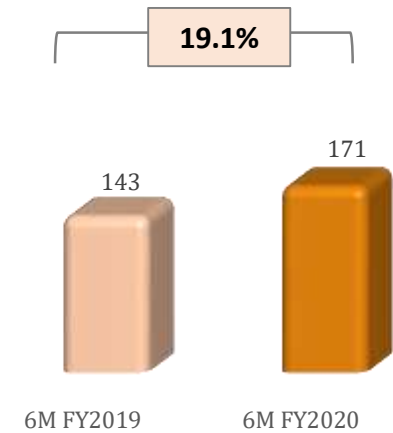
Total Income



EBITDA



Net Income



- Beer Revenue increased by 31.6% y-o-y while Beer volumes increased by 26.2% compared to H1 FY2019
- IMFL Revenue increased by 79.9% y-o-y while IMFL volumes increased by 91.1% compared to same period last year

- EBITDA growth during the six months was achieved despite industry challenges such as prolonged monsoon and higher input cost
- Both Karnataka and Odisha facility were EBITDA positive during the quarter

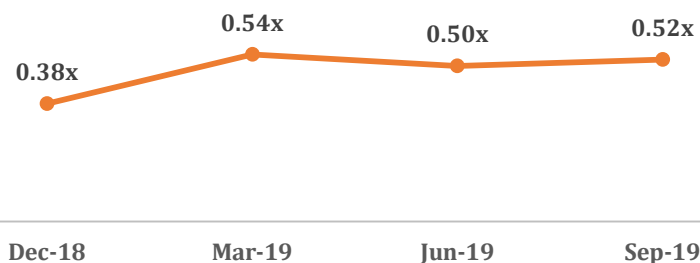
- PAT for H1 FY2020 included benefit of lower tax rate
- PAT included impact of higher depreciation and interest cost pertaining to Odisha facility



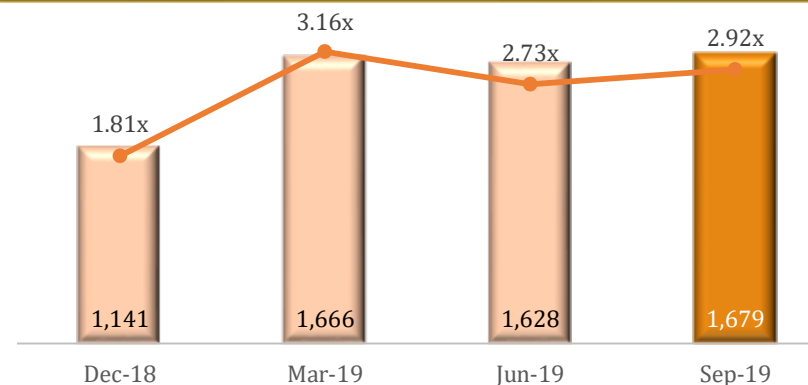
Conservative Balance Sheet



Gross Debt / Equity



Gross Debt / LTM EBITDA



Transformational growth investments funded without risking Balance Sheet

(Rs. Million)	Sep 30 2019	Jun 30 2019	Mar 31 2019
Secured Borrowings	980	1,024	1,152
Unsecured Borrowings	699	605	514
Gross Debt-Consolidated	1,679	1,628	1,666
Less: Cash & Cash Equivalents	182	110	247
Net Debt	1,497	1,518	1,420

Credit Ratings	ICRA (Sep 2019)	Brickworks (Aug 2018)
Fund Based Facilities	BBB+	BBB+
Non-Fund Based Facilities	A2+	A2
Outlook	Stable	Stable
Outlook Revision to 'Positive' if	There is substantial increase in scale of operation and market share	Revenues and profit show sustained improvement



Industry Dynamics

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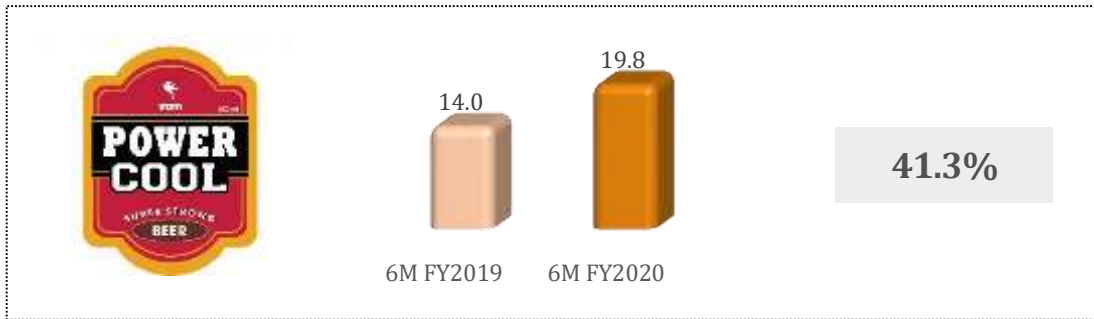
Company Profile



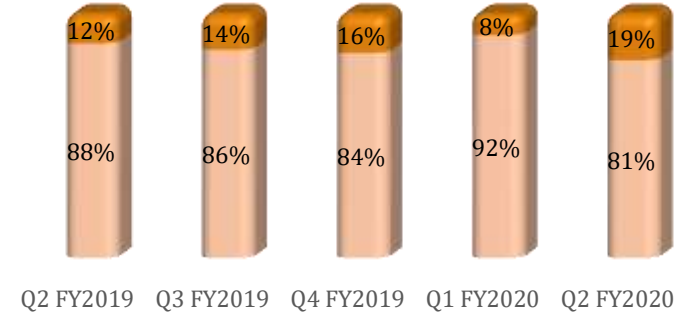
Millionaire Beer Brands - Meeting the aspirations of our consumers



Quantity Sold (in lakh cases)



Volume Mix



(Lakh cases)	H1		y-o-y
	FY2020	FY2019	Growth (%)
Total Beer	51.8	41.0	26.2%
Total IMFL	6.7	3.5	91.1%

Rs. Mn	H1		y-o-y
	FY2020	FY2019	Growth (%)
Total Beer	2,264	1,720	31.6%
Total IMFL	420	234	79.9%



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Recent Major Developments

Started supply of Woodpecker draught beer – filtered wheat beer to key markets in Bangalore (Oct 2019)

Acquired a brewery asset in Odisha with capacity of 42 lakh cases per annum (Jul 2018). Commenced operation from March 2019

Woodpecker Distilleries started canning line of beer and launched Blackfort Lager (Sep 2018), IMFL production (Oct 2018), production of Whitefox RTD (Jan 2019)

Received approval for CSD supply to Rajasthan, Uttar Pradesh, Punjab and Karnataka

Launched White Fox RTD Drink in new Cranberry flavour – Cosmo Cranberry - third flavor launched after the widespread acceptance of two earlier flavors – Lemon & Orange

Major Developments

Established team in Mumbai to give more impetus to the Southern and Western regions of the country

Woodpecker Distilleries and Breweries (Karnataka) commenced operation (Apr 2018)

Successfully raised Rs. 1,000 million through preferential allotment to Karst Peak Asia Master Fund and Vermilion Peak Master Fund (Jul 2018)

'Woodpecker' Beer approved in the Canteen Store Department (Mar 2017)

Beer brands have been approved by F.D.A for supplying beer to the United States of America (Nov 2017)



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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
- With 84% of the topline derived from beer, 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



- 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*





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

Som Distilleries & Breweries Limited
(CIN: L74899DL1993PLC052787)

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