



# SOM Distilleries & Breweries Limited

(BSE: 507514, NSE: SDBL)

Q3 and Nine Months FY2016 Earnings Presentation

[www.somindia.in](http://www.somindia.in)

February 2016



# Safe Harbor

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*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 Nine Months FY2016

## Quantity Sold-Beer

37.2 Lakh Cases  
**+10.5%**

## Quantity Sold-IMFL

5.6 Lakh Cases  
**+22.7%**

## Total Income

Rs. 1,630 Million  
**+6.0%**

## EBITDA

Rs. 276 Million  
**+16.4%**

## Margin Expansion

EBITDA: 16.9%  
**+151 bps**

## Profit Before Tax

Rs. 185 Million  
**+0.4%**

## Leverage

Net Debt: 766 Million  
Net Debt / Equity:  
0.59x





# Management Commentary

## Management Commentary

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

*“SOM’s performance for the first nine months of FY2016 has been upbeat with revenues increasing by 6.0% and operating profits by 16.4%. We have operated with rigor and discipline to deliver sustained profitability once again; our EBITDA margins expanded by 151 bps to 16.9%.*

*Demand in our core markets remains robust and we were able to increase the Beer volumes by 10.5% and IMFL volumes by 22.7%. We believe that the IMFL segment, with a consistent growth profile, greatly compliments our Beer segment offering.*

*The Indian Beer industry is still in a nascent stage with significant growth opportunities. With low penetration and a per capita consumption of less than 2 litres, it is expected to grow at a CAGR of 5-6% in FY2015-2018.*

*I am excited to announce the launch of a new product by SOM in the fast growing ‘Ready-to-Drink’ segment, one that we believe holds a lot of potential, considering the contemporary tastes of our customers. The product, with vodka and natural extracts, has been launched under our flagship IMFL brand - White Fox – and is called White Fox Refresh. The young urban consumers look for convenience and are ready to experiment. RTDs and high-strength premixes have found wide acceptance with the youth and witnessed stronger growth rates in 2014-2015. We continue to innovate and keep the consumer preferences at the forefront, as we look to gain market share in our core markets.*

*From a financial standpoint, a strong balance sheet and a relentless focus on cash generation enable us to grow organically and inorganically in times to come. We reaffirm our commitment towards shareholder value creation and look forward to the closing quarter with optimism and renewed enthusiasm to excel.”*





# Q3 and Nine Months FY2016 Financial Highlights

## Standalone Financial Performance (Rs. Million)

(Rs. Million)	Q3		<i>y-o-y</i>	Q2	<i>q-o-q</i>	Nine Months Ended		<i>y-o-y</i>
	FY2016	FY2015	<i>Growth (%)</i>	FY2016	<i>Growth (%)</i>	FY2016	FY2015	<i>Growth (%)</i>
<b>Total Income</b>	<b>416</b>	<b>394</b>	<b>5.7%</b>	<b>439</b>	<b>(5.1)%</b>	<b>1,630</b>	<b>1,537</b>	<b>6.0%</b>
<b>EBITDA</b>	<b>77</b>	<b>61</b>	<b>24.9%</b>	<b>79</b>	<b>(3.2)%</b>	<b>276</b>	<b>237</b>	<b>16.4%</b>
<i>Margin (%)</i>	<i>18.4%</i>	<i>15.6%</i>		<i>18.0%</i>		<i>16.9%</i>	<i>15.4%</i>	
Interest	29	8		18		62	16	
Depreciation	10	12		10		29	36	
<b>Profit Before Tax</b>	<b>38</b>	<b>41</b>	<b>(7.7)%</b>	<b>52</b>	<b>(26.1)%</b>	<b>185</b>	<b>184</b>	<b>0.4%</b>
<i>Margin (%)</i>	<i>9.2%</i>	<i>10.5%</i>		<i>11.7%</i>		<i>11.3%</i>	<i>12.0%</i>	
<b>Net Profit</b>	<b>26</b>	<b>33</b>	<b>(23.1)%</b>	<b>35</b>	<b>(26.0)%</b>	<b>124</b>	<b>128</b>	<b>(3.6)%</b>
<i>Margin (%)</i>	<i>6.1%</i>	<i>8.4%</i>		<i>7.9%</i>		<i>7.6%</i>	<i>8.4%</i>	
Earnings Per Share (EPS)	0.93	1.21	<i>(23.1)%</i>	1.25	<i>(25.6)%</i>	4.50	4.66	<i>(3.6)%</i>

Notes:

1. Total Income includes Other Operating Income
2. Operating Profit defined as earnings before depreciation, interest, exceptional items and taxes
3. All margins calculated as a percentage of Total Income (including Other Operating Income)





# Launch of White Fox Ready-to-drink Beverage

White Fox Refresh - a premium ready-to-drink (RTD) product with vodka and natural extracts

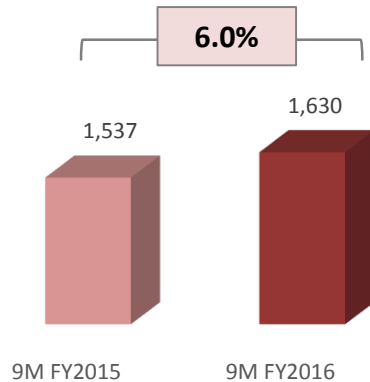
- Launched a premium RTD product, **White Fox Refresh**, with vodka and natural extracts, in a completely new packaging design
- Extension of the popular triple distilled 'White Fox' Vodka
- A fruit-flavored alcoholic beverage with 6% alcohol
- Launched in two unique flavors: **Tangy Lemon** & **Naughty Orange** - in 325 ml aluminum cans
- The product, targeted at premium customers, marks the entry of SOM into the 'Ready To Drink' segment with significant market opportunity





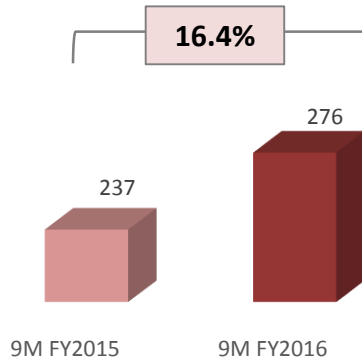
# Nine Months FY2016 Financial Highlights

Total Income



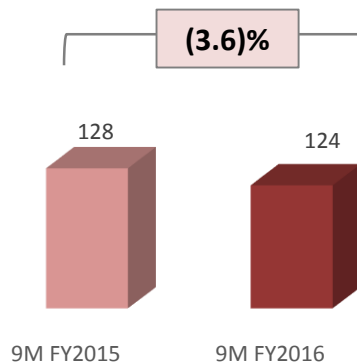
- Nine Months FY2016 Total Income increased by 6.0%
- Beer volumes increased by 10.5% and IMFL volumes increased by 22.7%
- Beer realisations increased by 1.7% while IMFL realisations decreased by (5.6)%

EBITDA



- EBITDA increased by 16.4% y-o-y
- Other Expenses decreased by (10.8)%
- Margins increased by 151 bps to 16.9% from 15.4% in the same period last year

Net Profit



- Net Profit for the nine months was Rs. 124 million, a decrease of (3.6)% y-o-y
- Finance cost increased from Rs. 16 million to Rs. 62 million due to higher borrowings as at the end of Dec 31, 2015 as compared to Dec 31, 2014

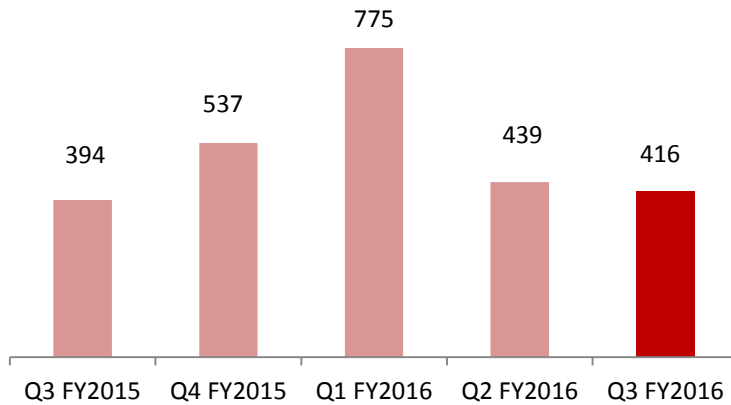
In Rs. million



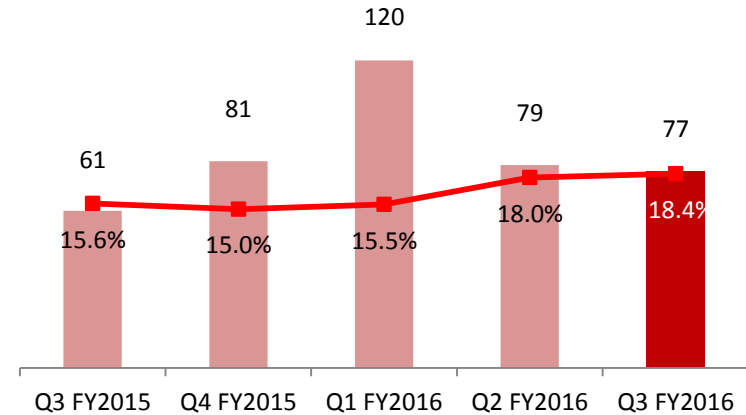


# Quarterly Financial Highlights

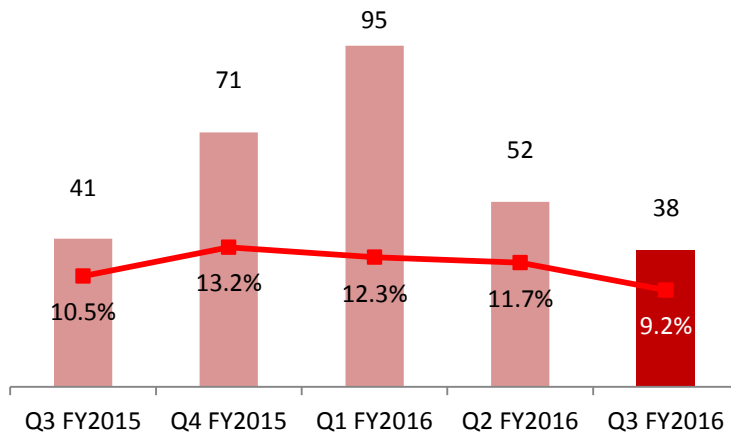
### Total Income (Rs. Million)



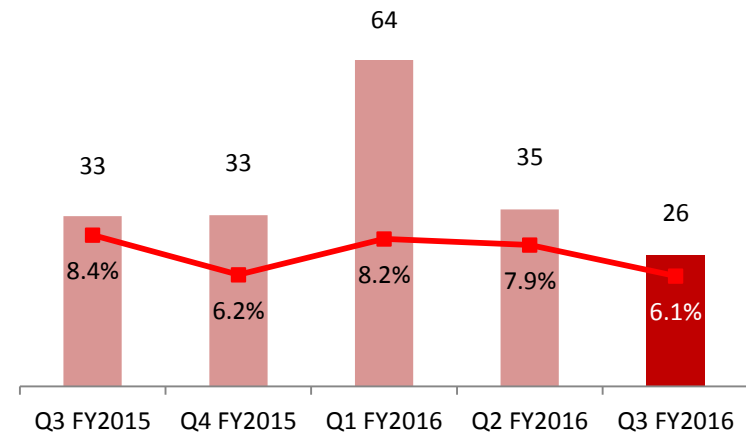
### EBITDA (Rs. Million) and Margin (%)



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



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



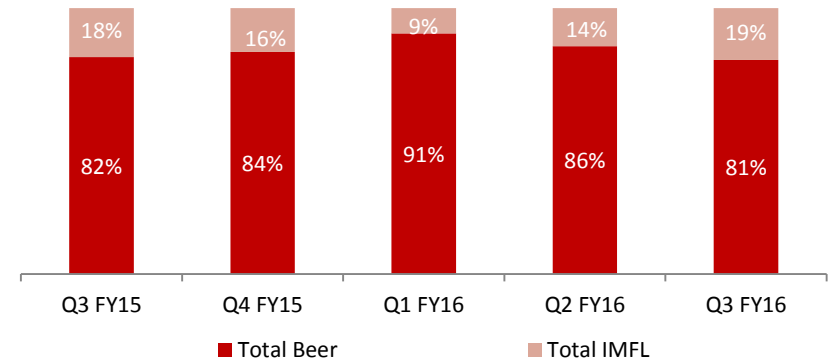




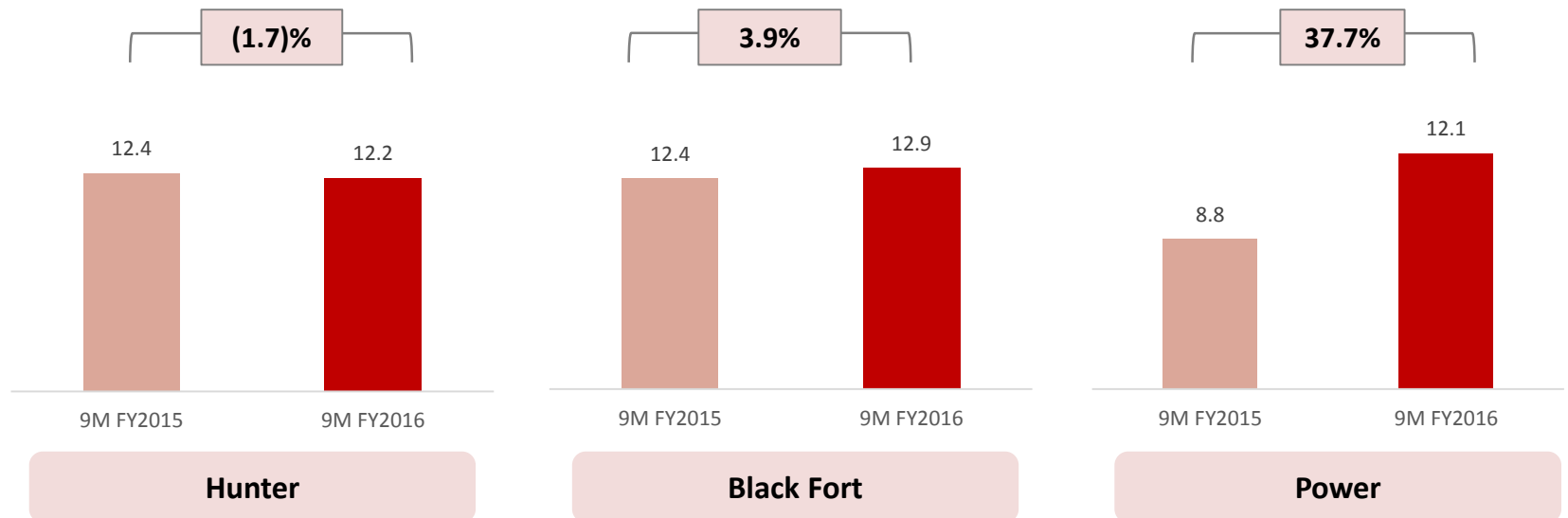
# Nine Months FY2016 Operational Highlights

## Quantity Sold by Category

(Lakh cases)	Nine Months		<i>y-o-y</i>
	FY2016	FY2015	Growth (%)
<b>Total Beer</b>	37.2	33.7	10.5%
<b>Total IMFL</b>	5.6	4.6	22.7%



## Brand Performance



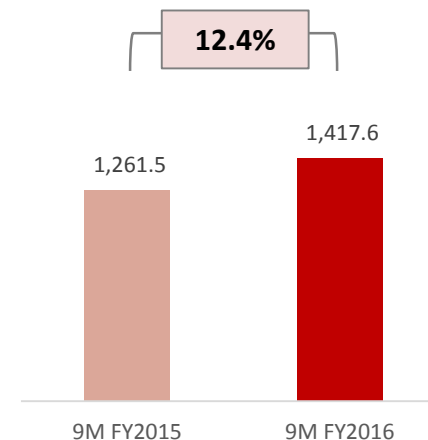
# Q3 and Nine Months FY2016 Operational Highlights



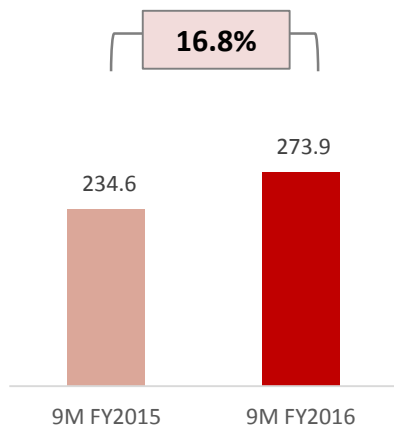
## Revenue by Category (Rs. Million)

Category	Q3 FY2015	Q4 FY2015	Q1 FY2016	Q2 FY2016	Q3 FY2016
Beer	286.6	447.2	721.0	372.1	325.6
Whisky	85.8	119.5	109.9	80.8	83.3
Gin	4.1	5.5	5.4	2.3	2.4
Rum	16.9	18.4	2.0	6.9	24.7
Vodka	5.3	1.2	5.7	8.4	11.3

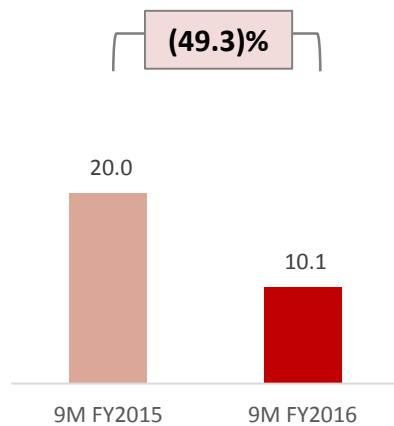
## Beer



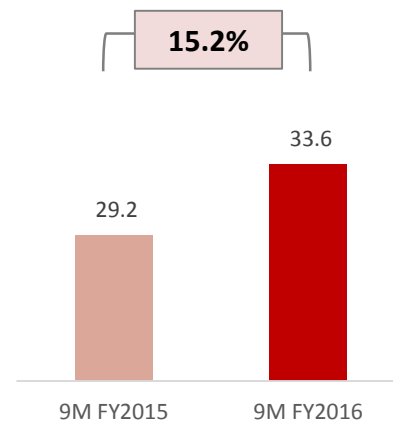
## Whisky



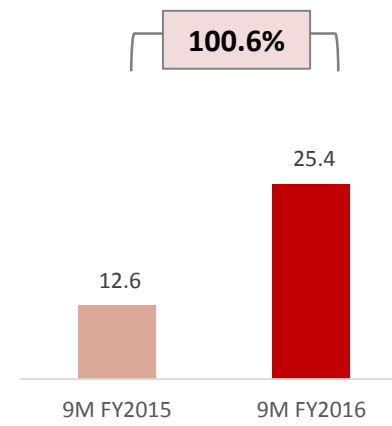
## Gin



## Rum



## Vodka



\* All figures in Rs. million



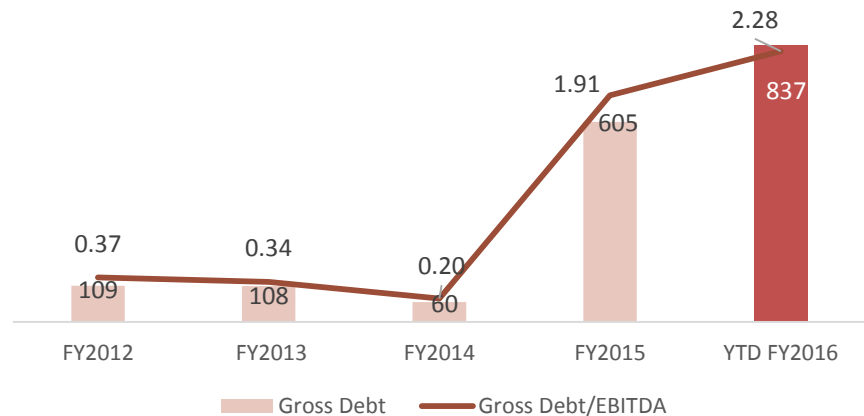


# Leverage Profile

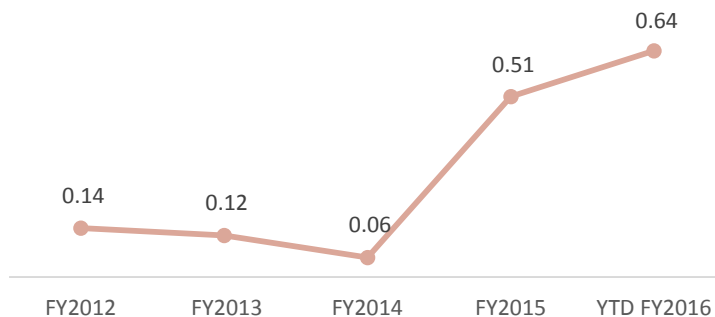
Strong Balance Sheet with low leverage to support organic and inorganic growth

(Rs. Million)	31.12.2015	30.09.2015
Secured Borrowings	672	705
Unsecured Borrowings	165	58
<b>Gross Debt</b>	<b>837</b>	<b>763</b>
Less: Cash & Cash Equivalents	(71)	(287)
<b>Net Debt / (Net Cash)</b>	<b>766</b>	<b>476</b>
<b>Shareholder's Equity</b>	<b>1,305</b>	<b>1,280</b>

## Gross Debt and Gross Debt/Annualized EBITDA (x)



## Gross Debt/ Equity (x)\*



- Net Debt/Equity of 0.59x at the end of nine months FY2016
- SOM maintains a conservative leverage profile along with consistent growth in revenues & operating profit

\*Net Debt/Equity stood at 0.17x and 0.59x as at the end of FY2015 and 9M FY2016 respectively





# 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 focused 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
- The Company's Hunter and Woodpecker brands are supplied as draught beer to all the major hotels in Madhya Pradesh and Chhattisgarh

## Major Brands



## Beer



## Spirits





# SOM at a glance

## Key Achievements

Spiritiz 2014:



Received the Best Product debut award for Milestone 100 whisky

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

Awarded Certificate of excellence for Smart Innovation



Awarded by Inc. Innovative 100 Awards

Awarded 30 Most Innovative CEOs of 2014:



Awarded by Inc. Innovative 100 Awards

## Refurbished 'Hunter' Beer



- The Company re-launched its flagship beer brand 'Hunter' in the market earlier in the year
- The brand which has won awards internationally, is repackaged in a unique, smooth taste which differentiates itself from the strong taste earlier





# Statutory Results

## Unaudited Results for the quarter and Nine Months ended 31st Dec 2015 (All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

PART -1							(Amount in Lakhs)
Statement of Unaudited Results for the Quarter Ended 31st December 2015							
S.N	Particulars	3 months ended	Preceding 3 months ended	Corresponding 3 months ended in the previous year	Year to date figures for current period ended	Year to date figures for the previous year ended	Previous year ended
		31-12-2015	30-09-2015	31-12-2014	31-12-2015	31-12-2014	31-03-2015
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
<b>1</b>	<b>Income from Operations</b>						
a	Net sales from Operations (Net of state excise duty)	4148.20	4385.51	3921.16	16266.53	15288.66	20615.69
b	Other Operating Income	13.08	0.68	14.86	30.71	80.09	119.14
	<b>Total Income from Operations (Net)</b>	<b>4161.28</b>	<b>4386.19</b>	<b>3936.02</b>	<b>16297.24</b>	<b>15368.75</b>	<b>20734.83</b>
<b>2</b>	<b>Expenses</b>						
a	Cost of Materials Consumed	1875.08	1891.50	2145.50	7211.06	6934.14	10140.93
b	Purchase of Stock in Trade	0.00	0.00	0.00	0.00	0.00	0.00
c	Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade (increase)	17.34	217.89	(331.73)	586.32	(208.48)	(785.22)
d	Employee Benefit Expenses	147.71	170.22	118.89	472.54	365.56	535.80
e	Depreciation and Amortisation expenses	97.93	97.67	121.50	293.27	364.52	390.70
f	Other Expenses	1355.41	1315.85	1390.39	5271.33	5910.07	7678.60
	<b>Total Expenses</b>	<b>3493.47</b>	<b>3693.13</b>	<b>3444.55</b>	<b>13834.52</b>	<b>13365.81</b>	<b>17960.81</b>
<b>3</b>	<b>Profit from Operations before other Income, Finance Costs &amp; Exceptional Items (1-2)</b>	<b>667.81</b>	<b>693.06</b>	<b>491.47</b>	<b>2462.72</b>	<b>2002.94</b>	<b>2774.02</b>
<b>4</b>	<b>Other Income</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>5</b>	<b>Profit from Ordinary Activities before Finance Costs &amp; Exceptional Items (3+4)</b>	<b>667.81</b>	<b>693.06</b>	<b>491.47</b>	<b>2462.72</b>	<b>2002.94</b>	<b>2774.02</b>
<b>6</b>	<b>Finance Costs</b>	<b>286.87</b>	<b>177.91</b>	<b>78.72</b>	<b>616.45</b>	<b>163.26</b>	<b>234.79</b>
<b>7</b>	<b>Profit from Ordinary Activities after Finance Costs but before Exceptional Items (5-6)</b>	<b>380.94</b>	<b>515.15</b>	<b>412.75</b>	<b>1846.27</b>	<b>1839.68</b>	<b>2539.23</b>
<b>8</b>	<b>Exceptional Items</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>5.86</b>





# Statutory Results

## Unaudited Results for the quarter and Nine Months ended 31st Dec 2015 (All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

9	<b>Profit from Ordinary Activities before Tax (7-8)</b>	<b>380.94</b>	<b>515.15</b>	<b>412.75</b>	<b>1846.27</b>	<b>1839.68</b>	<b>2545.09</b>
10	Tax Expenses	125.44	170.00	80.71	<b>609.00</b>	<b>555.88</b>	928.15
11	<b>Net Profit (+) / Loss (-) from Ordinary Activities after Tax (9-10)</b>	<b>255.50</b>	<b>345.15</b>	<b>332.04</b>	<b>1237.27</b>	<b>1283.80</b>	<b>1616.94</b>
12	Extraordinary Items	0.00	0.00	0.00	0.00	0.00	0.00
13	<b>Net Profit (+) / Loss (-) for the period (11-12)</b>	<b>255.50</b>	<b>345.15</b>	<b>332.04</b>	<b>1237.27</b>	<b>1283.80</b>	<b>1616.94</b>
14	Share of Profit/(loss) of associates	0.00	0.00	0.00	0.00	0.00	0.00
15	Minority Interest	0.00	0.00	0.00	0.00	0.00	0.00
16	<b>Net Profit / Loss after taxes, minority interest and share of profit / loss of associates (13-14-15)</b>	<b>255.50</b>	<b>345.15</b>	<b>332.04</b>	<b>1237.27</b>	<b>1283.80</b>	<b>1616.94</b>
17	Paid-up Equity Share Capital (Face Value Rs. 10 each)	2752.24	2752.24	2752.24	2752.24	2752.24	2752.24
18	Reserves excluding Revaluation Reserve	10302.75	10047.25	9266.82	10302.75	9266.82	9065.48
19 A	<b>Earning per Share (EPS) (Rs.) (before extraordinary items)</b>						
I	- Basic and Diluted	0.93	1.25	1.21	4.50	4.66	5.87
II	- Cash	0.93	1.25	1.21	4.50	4.66	5.87
19 B	<b>Earning per Share (EPS) (Rs.) (after extraordinary items)</b>						
I	- Basic and Diluted	0.93	1.25	1.21	4.50	4.66	5.87
II	- Cash	0.93	1.25	1.21	4.50	4.66	5.87

### NOTES :-

- 1 The above results were reviewed by the Audit Committee and there after approved by the Board of Directors at the meeting held on 05.02.2016 and a limited review of the same has been carried out by the statutory auditors of the company.
- 2 Previous period figures have been regrouped and or reclassified wherever necessary.





## Som Distilleries & Breweries Limited

(CIN: L74899DL1993PLC052787)

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