



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

Investor Presentation
August 2018



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.



Industry Dynamics

About SOM Distilleries

Strategic Investment
Rationale

Financial Highlights

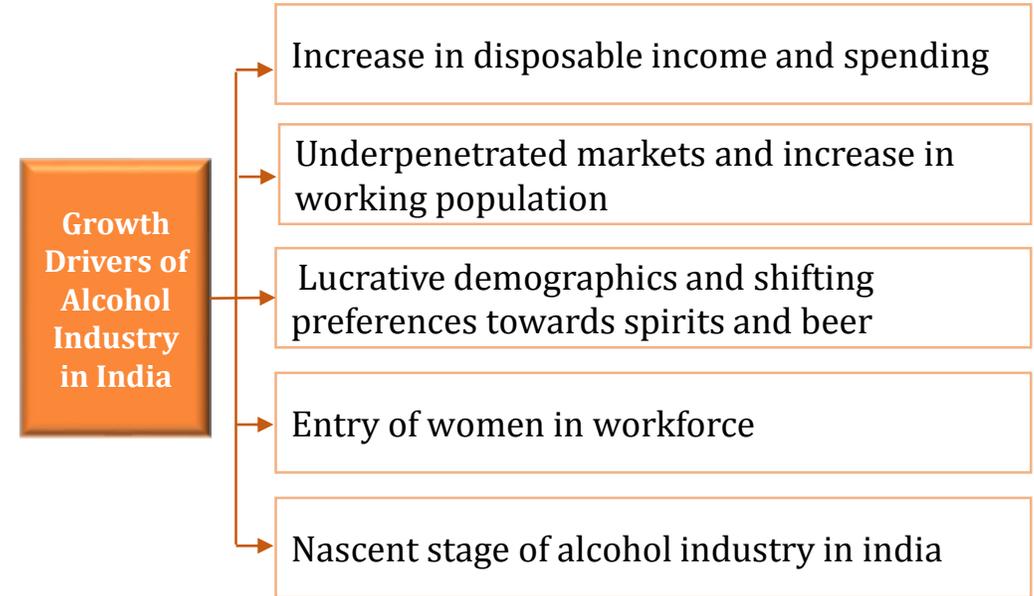
Management and Board

Awards and CSR

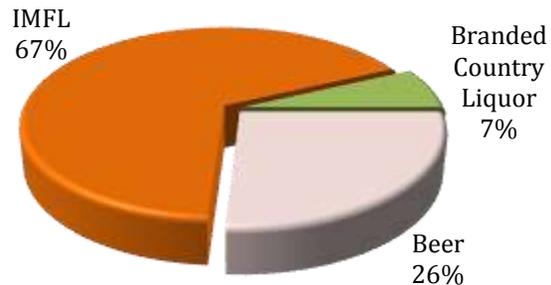


Indian alcohol industry is uniquely positioned for growth

- India is the third largest alcoholic beverage market in the world in terms of volume
- Factors such as rising personal disposable incomes, changing lifestyle, increasing social acceptance has been stimulating the growth of alcoholic beverages industry
- In India, alcohol consumption has been highest among men, with male population in the age group of 25–59 being the largest consumers. India is in the midst of a demographic shift wherein the population (including both male & female) in this working age group of 25–59 is becoming the largest segment. This would increase the traditional consumer base
- High entry barriers due to stringent regulations and investments required to set up distribution network have prevented the entry of smaller players

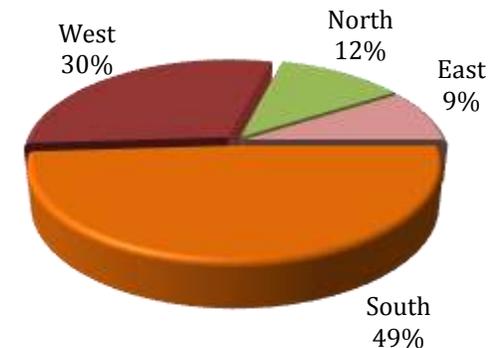


Market share of liquor in India (value terms)



*BMI Research

Regional Distribution of IMFL & Beer (value terms)



India has one of the lowest per capita beer consumption in the world



Beer Market in India (Values in Rs. bn)



Beer Market in India (Volume in mn litres)



- Beer market in India is segmented into strong beer and mild beer on the basis of their alcohol content
- Strong beer, which has alcohol content more than 5%, dominates the Indian market
- The current per capita consumption of beer in India is one of the lowest in the world providing significant room for growth
- High capital intensity for the setup of breweries and therefore there are considerable barriers to entry

*Increasing consumer affluence is likely to encourage a growing number of consumers to trade up to SOM's premium category brands
Beer is also gradually shedding its seasonality and becoming an all-year drink...*



IMFL growth to be driven by premiumization



IMFL Market in India (Values in Rs. bn)



IMFL Market in India (Volume in bn litres)



- IMFL primarily comprises of two broad segments: brown spirits and white spirits
- Brown spirits includes whisky, brandy and rum continues to be the largest segment comprising over 95% of market share by volume in India
- In value terms the IMFL industry value is expected to increase at a CAGR of 5.7% over CY2018-2022
- Over the same period, IMFL volume is expected to grow at 2.6% indicating the premiumization trend



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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 91% 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
- Expansion initiatives underway in key growth markets which is expected to generate significant growth



Track record



1993-1994

- SOM was incorporated in 1993 and the company was listed on the BSE in 1994
- In 1994 launched Black Fort & Legend Brands along with establishing depots at Delhi & Chandigarh

1995-1996

- Commercial production started with 10,000 KL (Beer) & 5,400 KL (IMFL)
- Launched premium Strong Beer 'Hunter' & in 1998 started exporting beer in International Market
- Beer capacity expanded from 10,000 KL to 18,900 KL

1997-99

- Black Fort' Beer won bronze medal in international Food & Exhibition in London in 1999

2000-03

- Started Can Line for Beer
- Beer capacity increased from 18,900 KL to 23,800 KL which was followed by opening Uttarakhand depot

2004-07

- For the first time in India launched draught Beer in the state of MP
- Opened depots in Himachal Pradesh & Haryana
- Capacity expansion from 28,800 KL to 29,200KL in 2007

2010

- Installed capacity of Beer increased from 29,200 KL to 59,200 KL in 2010

2012

- Company launched new brand 'Power Cool' Beer

2013

- Launched a new premium segment Whisky brand 'Milestone 100' and Vodka brand 'White Fox'

2015

- Launch of Hunter Pint Beer; and refurbished the Hunter beer
- Launch of RTD product, White Fox Refresh

2016

- SOM to supply Rum and Beer to Canteen Stores Departments pan India

2017

- Setting up of a brewery in Karnataka through its subsidiary - Woodpecker Distilleries and Breweries Pvt Ltd

2018

- Acquired a brewery asset in Odisha



Geographical presence



- Presence across India including Madhya Pradesh, Chhattisgarh, Delhi, Kerala, Karnataka, Orissa, Pondicherry, and West Bengal
- Strong sales and distribution network with 60+ distributors across India

*Market leading strategic presence in central India
Post expansion, new states to provide further traction*





Recent major developments

Approvals

- Beer brands have been approved by F.D.A for supplying beer to the United States of America (Nov 2017)
- 'WOODPECKER' Beer approved in the Canteen Store Department in March 2017
- Four of SOM brands approved by CSD for supply on a PAN India Basis in November 2016

New Facilities

- Commenced operation of the Brewery in Karnataka through the subsidiary company - Woodpecker Distilleries and Breweries Pvt Ltd in Q1 FY2019
- Acquired a brewery asset in Odisha with capacity of 42 lakh cases per annum (Jul 2018)

Recent Launches

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

Others

- Opening of the Mumbai office to give more impetus to the Southern and Western regions of the country
- Hunter Beer crossed 3 million cases mark; Black Fort and Power Cool crossed 2 million cases in the FY2018
- Successfully raised Rs. 1,000 million through preferential allotment to Karst Peak Asia Master Fund and Vermilion Peak Master Fund (Jul 2018)



Millionaire beer brands



- Launched in 1995 in the premium segment
- Alcohol content of 6% to 8% v/v
- New refurbished Hunter beer and pint bottle launched in FY2016
- Available in bottle, pint bottles and cans



- Launched in 1994 in the mass segment
- Alcohol content of 6% to 8% v/v
- Available in bottle and cans



- Launched in 2011 in the premium segment
- Alcohol content of 6% to 8% v/v
- Available in 325 and 650 ml of packaging

(Lakh cases sold)	FY2015	FY2016	FY2017	FY2018	CAGR (%)
Hunter	15.0	16.8	21.2	30.1	26.1%
Black Fort	17.8	17.5	15.6	20.1	4.1%
Power	11.8	15.8	17.1	24.4	27.4%
Total	44.6	50.1	53.9	74.6	18.7%



Synergy opportunities



- 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



- Black Fort XXX Rum
- Gypsy Rum
- Sunny Rum

- Doctors Brandy

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

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

*Beer and IMFL portfolio complements each other and reduces the risk of seasonality
The point of sales for both IMFL and Beer is the same; thereby leading to marketing efficiencies
Generates growth opportunities for the combined portfolio*



Industry Dynamics

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**Strategic Investment
Rationale**

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Compelling investment rationale



Only listed Beer and IMFL company

- Only listed company in India having both Beer and IMFL
- IMFL and Beer portfolio complement each other and reduces the risk of seasonality while providing marketing efficiencies
- Portfolio mix to drive a superior a growth profile

Strategic expansion initiatives and product innovations

- Drive superior topline growth through strengthening the brand portfolios via strategic initiatives such as focus on CSD, expansion markets- Karnataka, Kerala and Delhi
- Strategic partnerships with White Owl Distilleries and Jagatjit Industries
- New products introduced with seasonal themes to increase consumer traction and engagement – Hunter Pint Beer and different flavors of RTD drinks

Consistent EBITDA margins and steady growth; Well capitalized balance sheet with low leverage

- Consistent EBITDA margins of over 15% over past years
- 3 millionaire beer brands; RTD and IMFL portfolio gaining brand loyalty
- Optimal use of resources and efficient capital allocation
- Well capitalized balance sheet and low leverage to enable opportunities in organic and inorganic expansion

Significant growth expected for industry

- Lower penetration of beer and favorable demographic profile to provide huge scope for industry growth



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Robust quarterly performance – Q1 FY2019



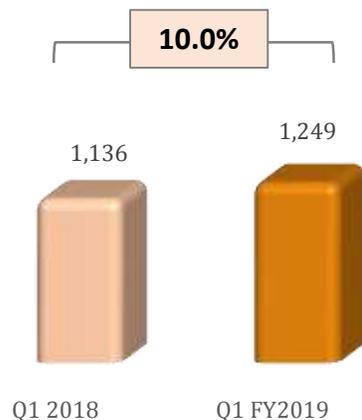
	Q1		<i>y-o-y</i>
(Rs. Million)	FY2019	FY2018	<i>Growth (%)</i>
Total Income	1,249	1,136	10.0%
EBITDA	223	185	20.6%
<i>Margin (%)</i>	17.9%	16.3%	
Interest	26	23	11.4%
Depreciation	19	9	113.2%
Net Profit	112	101	10.7%
<i>Margin (%)</i>	9.0%	8.9%	
Earnings Per Share	4.07	3.68	10.6%



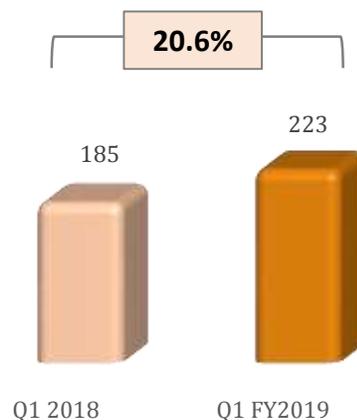
Robust quarterly performance – Q1 FY2019 vs Q1 FY2018



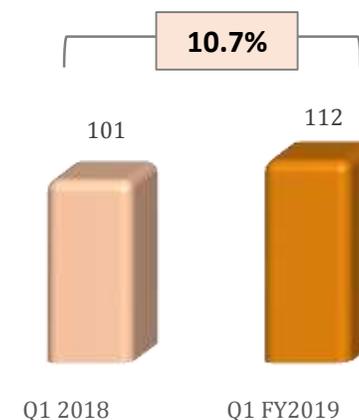
Total Income



EBITDA



Net Income



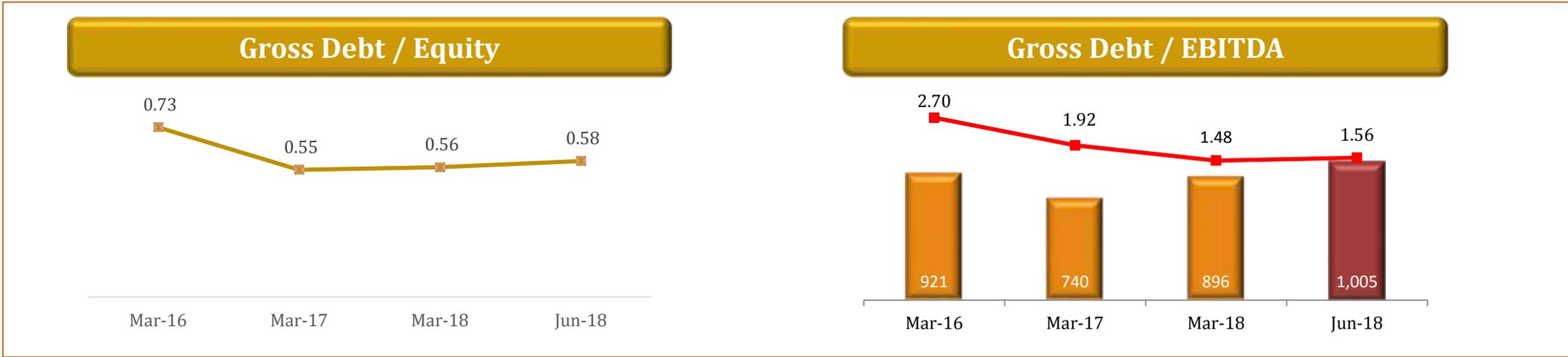
- Q1 FY2019 Total Income increased by 10.0% y-o-y
- Revenue from Beer increased by 12.9% y-o-y while Beer volumes increased by 9.6% compared to Q1 FY2018

- EBITDA increased by 20.6% y-o-y to Rs. 185 million
- EBITDA margins increased by 158 bps to 17.9%

- Net Profit increased by 10.7% y-o-y to Rs. 112 million
- Margins remained relatively flat compared to Q1 FY2018
- Interest cost increased by 11.4% y-o-y to Rs. 26 million, however as % of total income it remained flat at 2.0%



Conservative balance sheet



Transformational growth investments funded without risking Balance Sheet

(Rs. Million)	Jun 30 2018	Mar 31 2018	Mar 31 2017
Secured Borrowings	861	545	523
Unsecured Borrowings	144	351	217
Gross Debt-Consolidated	1,005	896	740
Less: Cash & Cash Equivalents	265	256	295
Net Debt	740	640	445



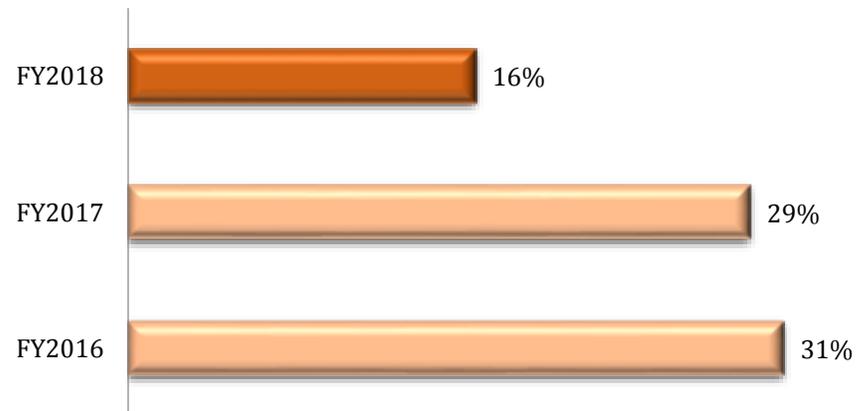
• **SOM maintains a conservative leverage profile along with consistent growth in revenues & operating profit**



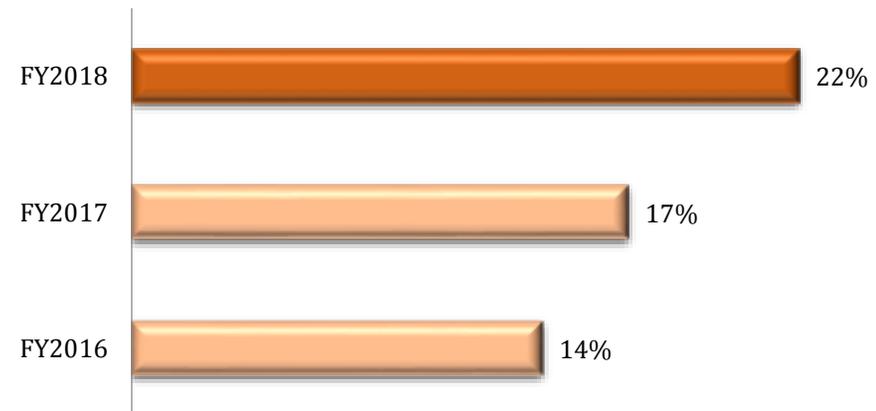
Financial trends



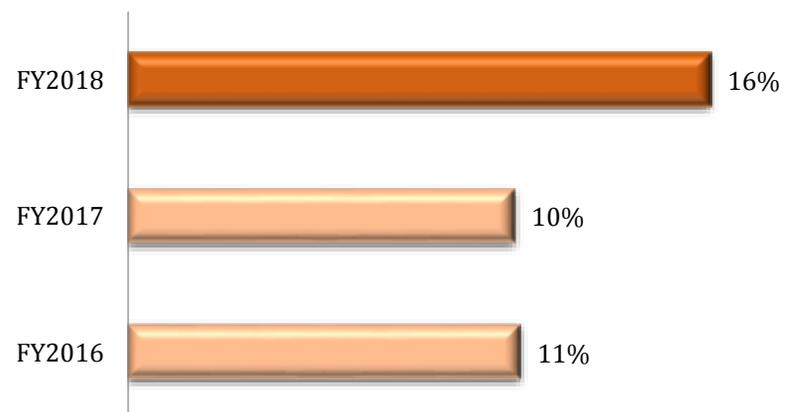
Dividend Payout



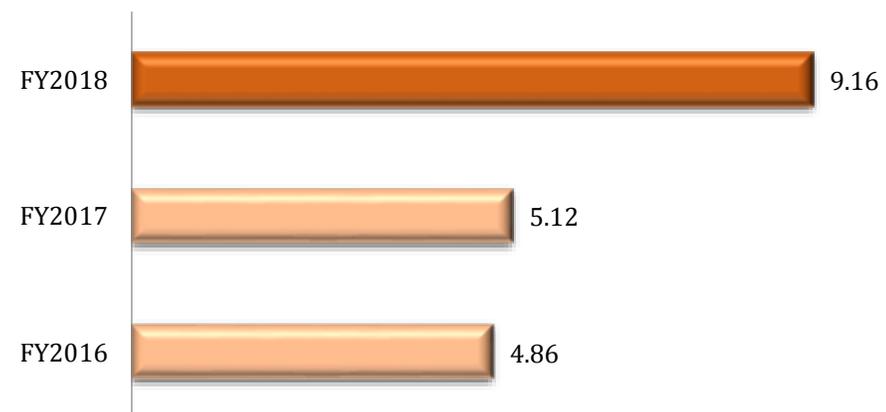
Return on Capital Employed



Return on Equity



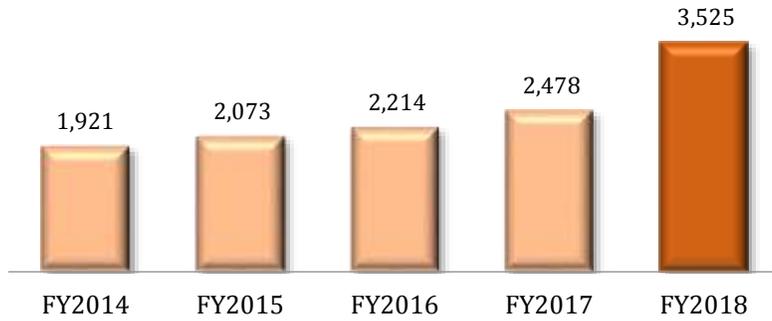
Earnings Per Share (EPS)



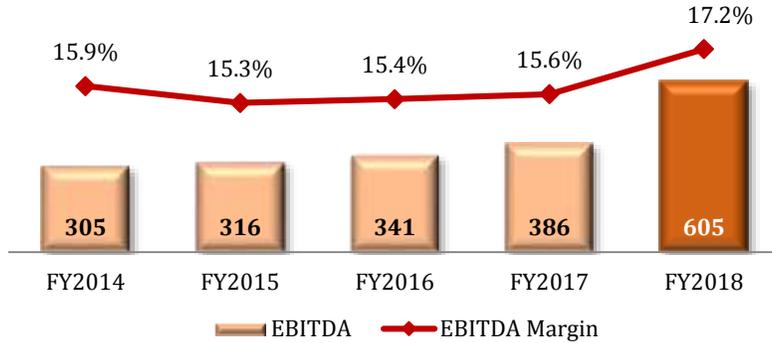
Financial trends



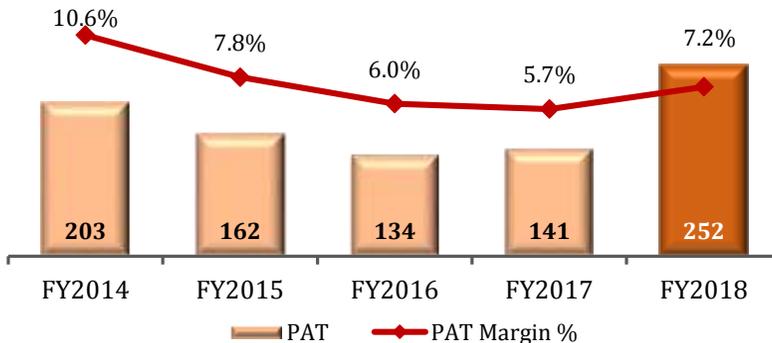
Total Income



EBITDA



Net Income



- **Steady topline growth in a challenging environment**
- **Consistent EBITDA growth**
- **Consistent EBITDA margins of over 15%**



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Management



JK Arora Chairman & MD , SOM Group

- Visionary and the torchbearer of the SOM Group
- His leadership qualities extend into planning and strategizing the future growth of the Group
- He is also the driving force behind sales, marketing and financial operations of the SOM Group

AK Arora Deputy MD, SOM Group

- An exceptional technocrat overseeing the commercials /purchase processes of the Company
- Has extensive experience in execution of large and complex projects
- Holds a BE and an MBA degree

Deepak Arora CEO, SOM Group

- Responsible for managing and streamlining operations, planning and launching new products
- Leading initiatives in exploring new business opportunities by organic and inorganic growth
- Previously worked with Vodafone and SDBL

Surjeet Lal Director, SDBL

- Visionary and the torchbearer of the SOM Group
- His leadership qualities extend into planning and strategizing the future growth of the Group
- He is also the driving force behind sales, marketing and financial operations of the SOM Group

Nilojit Guha President, Sales & Marketing

- Has been an expert in the alcoholic beverages segment with an experience of over 25 years
- Previously was engaged as Director, Sales with SAB Miller India where he was responsible for All India Sales

Raju Vaziraney President, SOM Group

- Has been a stalwart in the alcoholic beverages space
- Previous stints include as the COO of Radico Khaitan and Diageo. Last assignment was as Executive Director with Jagatjit. He has also headed and lead the sales function on a pan India basis in his previous assignments

Nakul Sethi Director, Finance & Strategy

- Responsible for finance, accounts and strategic initiatives of the SOM Group
- Has over 18 years of experience in India, Middle East and Asia Pacific and associated with reputed firms like Alfardan Group, Yes Bank, Kotak Bank and Knights Insolvency

BK Goel, Vice President, Commercial

- Has over 35 years of experience in IMFL and distillation operations
- Prior work experiences include Radico Khaitan, Simbhaoli Sugars, Daurala Sugar Works
- He is a B.Sc and Alcohol Technologist



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Corporate social responsibility



Environment

- ✓ SOM has established environmental parameters to improve upon several key indicators by 2015.
- ✓ The Company has started **PARTNERGREEN program** which enlists employees as environmental champions and then supports them through an awards program.
- ✓ The Company is also running projects that help combat water poverty by improving access to clean drinking water and sanitation.



SOMeshwara Dham Mandir

Other Activities

- ✓ Asha Mohan Foundation Society conducts **Pulse Polio** programs every month for three consecutive days in which they provide free vaccines to infants in Sehatganj and about 12 other villages in the vicinity.
- ✓ With an aim to boost the morale of young SOM sponsors, Merit based Scholarship award in the form of financial support in a few reputed schools of Bhopal.



Cancer Camp

Social Welfare

- ✓ In December 1995, **Asha Mohan Foundation** has established a school for providing free education to children in the surrounding rural areas.
- ✓ **SOMeshwara Dham Mandir** was built in the year 1994 along the Raisen Road, Madhya Pradesh.
- ✓ **Asha Mohan Hospital** is one of the charitable institutions established by SOM Group, which provides free health facilities to its factory workers and to the inhabitants of Sehatganj village and other neighbouring areas.



SOM Prathmik Vidyalaya



Asha Mohan Hospital



Hepatitis Camp



Awards and recognitions



Recognized as one of the fastest growing companies by INDSPIRIT 2014



Awarded 30 Most Innovative CEOs of 2014: Inc. Innovative 100 Awards



Received the Gold award for Milestone 100 whisky & Silver awards for White Fox vodka & Hunter beer in 2013



Awarded Certificate of excellence for Smart Innovation: Inc. Innovative 100 Awards



Received the Best Product debut award for Milestone 100 whisky



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



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





SOM Distilleries & Breweries Limited

(BSE: 507514, NSE: SDBL)

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