



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

Earnings Presentation
12M FY2022



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



Key Highlights: 12M FY2022 vs 12M FY2021

- Recorded beer volume of 68.3 Lakh cases (+35% y-o-y) and IMFL volumes of 5.7 Lakh cases (down 26% y-o-y)
- The volume improvement in beer was
 - Driven by our traditional markets and strong recovery in all our key markets
 - Strong volume recovery of Hunter and Black Fort brand with growth of 10% and 13%, respectively
 - Power Cool recorded a robust growth of 75%; Power Cool was launched in additional markets in Karnataka and Kerala, which supported the robust growth
 - Recently launched Woodpecker brand continued to build on growth momentum with around 1.3 Lakh cases sold
- Total income during FY2022 stood at Rs. 3,655 million, an increase of 26% y-o-y. The improvement was driven by improvement in our utilization levels and demand improvement across our key markets
- Gross margins remained relatively flat despite prevailing cost pressure on packaging materials and other commodities
- Continued improvement in EBITDA levels and significant reduction in PAT losses; turned PAT positive during Q4
- Anticipate sharp recovery and expect strong volume growth across our key markets. However, margins to remain under pressure due to ongoing inflationary pressure on raw material
- Price hikes taken across major markets to partially offset inflationary pressure on raw material



Management Commentary



We continued to build on our growth momentum and delivered a robust quarterly performance to close the financial year. The Company turned PAT positive in the quarter 4. The improvement in performance was driven by strong demand for our products across key markets especially with the opening of markets due to easing of pandemic restrictions. We have also made our initial inroads in the UP market and meaningful contribution is expected in the next fiscal year. Our IMFL facility at Odisha will also start production in later part of Q1 FY23. We continue to gain market share across our key markets, notably in Karnataka we now command over 10% of the market share and expect it to further grow going forward.

The new excise policy in Madhya Pradesh of allowing beer and IMFL sales through country liquor outlets is an encouraging development and we expect to benefit from it. With the objective to partially absorb the inflationary pressure on input prices, we have taken price hikes across key markets. We are confident of continuing our profitable growth journey with our strong brand recall coupled with favorable industry dynamics.

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 beer is golden and the foam is white. The hops are green and the barley is golden. The background is a blurred wooden wall.

Financial Highlights

Performance Highlights



	Q4		Y-o-Y	12 Months		Y-o-Y
(Rs. Million)	FY2022	FY2021	Growth (%)	FY2022	FY2021	Growth (%)
Total Income	1,459	1,090	33.9%	3,655	2,901	26.0%
Gross Profit	570	515	10.6%	1,581	1,247	26.8%
<i>Margin (%)</i>	<i>39.1%</i>	<i>47.3%</i>		<i>43.3%</i>	<i>43.0%</i>	
EBITDA	117	91	27.9%	196	(70)	nm
<i>Margin (%)</i>	<i>8.0%</i>	<i>8.4%</i>		<i>5.4%</i>	<i>nm</i>	
Interest	39	48	(19.4)%	154	187	(17.7)%
Depreciation	41	40	2.9%	168	134	25.5%
Net Profit	64	37	72.6%	(98)	(381)	nm
<i>Margin (%)</i>	<i>4.4%</i>	<i>3.4%</i>		<i>nm</i>	<i>nm</i>	



Leverage Profile



(Rs. Million)	Mar 31 2022	Dec 31 2021	Sep 30 2021
Secured Borrowings	1,393	1,369	1,355
Unsecured Borrowings	580	582	582
Gross Debt-Consolidated	1,973	1,951	1,937
Less: Cash & Cash Equivalents	95	135	116
Net Debt	1,878	1,816	1,820
Gross Debt / Equity (x)	0.68x	0.73x	0.73x

- Repaid total debt of over Rs. 120 million during the year
- No major capex planned in the near term
- Strong cash flow generation and deleveraging balance sheet remain key strategic priority
- Total cash flow from operations generated during the year of Rs. 103 million



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 sits on a wooden surface. The background is a blurred outdoor setting with more hops and barley.

Volume Summary



Lakh cases	Q4		Y-o-Y	12 Months		Y-o-Y
	FY2022	FY2021	Growth (%)	FY2022	FY2021	Growth (%)
Hunter	8.9	9.2	(3)%	24.8	22.4	10%
Black Fort	4.1	4.2	(3)%	12.0	10.6	13%
Power Cool	13.4	6.2	116%	27.9	15.9	75%
Others	2.7	1.2	130%	3.7	1.9	98%
Total Beer	29.1	20.9	40%	68.3	50.8	35%
Total IMFL	1.7	2.1	(17)%	5.7	7.7	(26)%

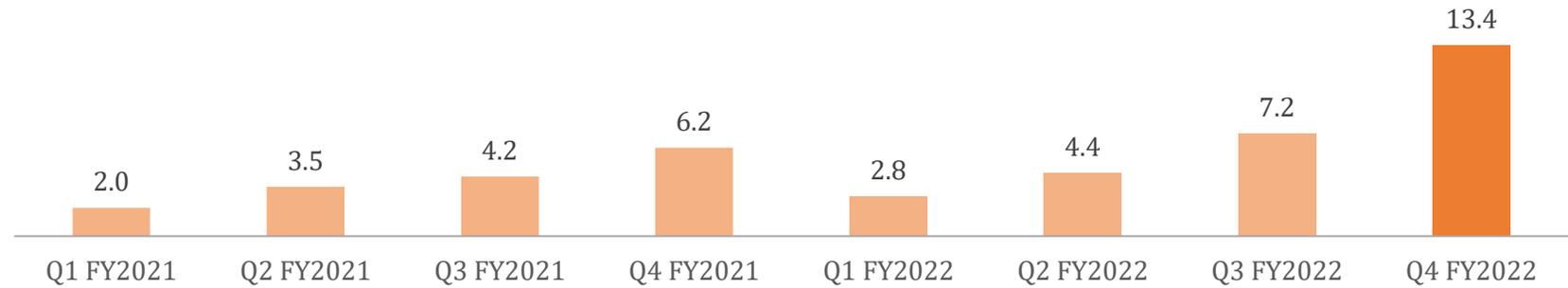
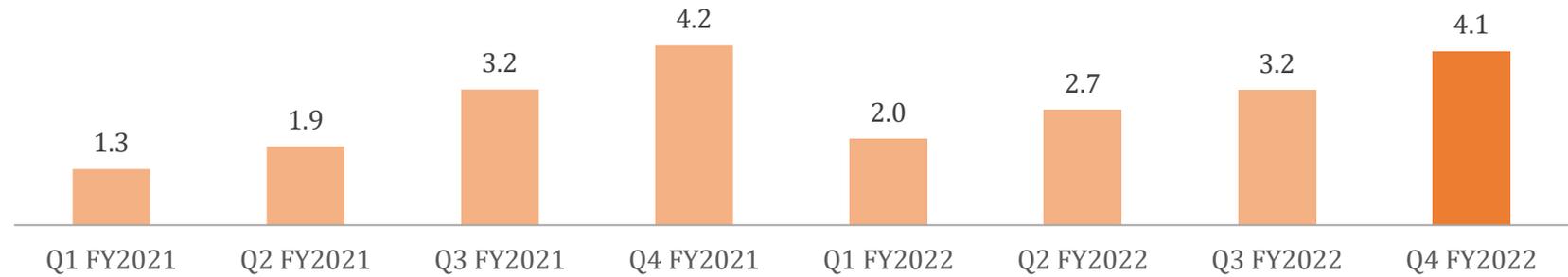
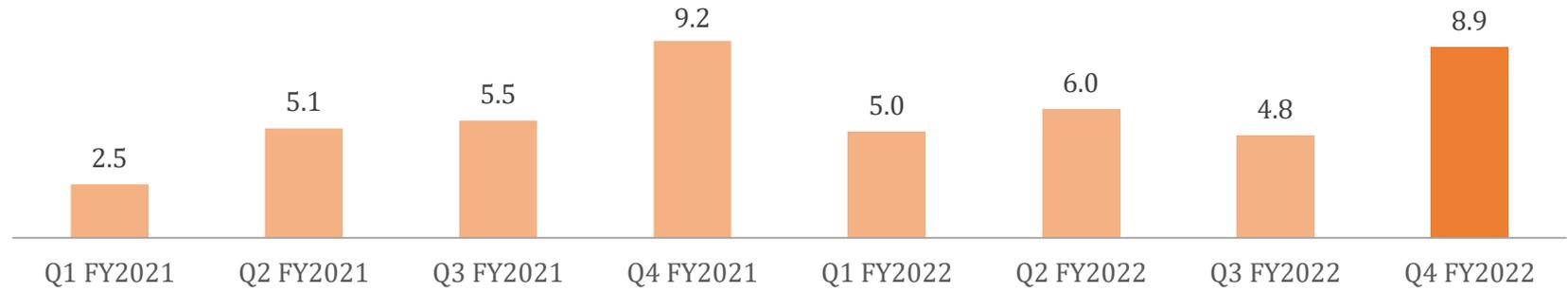
- FY2022 Beer volumes were at 80% of pre-covid levels (FY2020), despite unfavourable peak season
- Continued recovery in mainline brands
- Robust growth in Power Cool driven by enhanced penetration in additional market in Karnataka and Kerala
- Woodpecker beer continued to consolidate its market presence and sold around 1.3 Lakh cases in FY2022; 20% growth over last year
- Beer accounted for 92% of total volumes and 88% of the revenue during FY2022
- Price realization for Beer during FY2022 was Rs. 462 and IMFL was Rs. 775; blended realization at Rs. 486
- IMFL realization improvement driven by increased contribution of premium brands



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 beer is golden and has a thick, white head of foam. The hops are bright green and fresh, with some leaves visible. The barley is golden and has a long, feathery awn. The background is a blurred wooden structure, possibly a brewery or a farm.

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
- Strategic partnerships with White Owl Distilleries and Jagatjit Industries
- 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, West Bengal and Andhra Pradesh in addition to existing 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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