

# UNITED SPIRITS LIMITED

## PRESS RELEASE

Unaudited financial results for the quarter ended 30 June 2022  
(Standalone only)



## Steady performance amidst challenging external environment

### First quarter performance highlights:

- Net sales increased 34.3%, lapping a soft prior year comparator, with growth driven by resilient consumer demand in the off-trade and recovery of the on-trade.
- Prestige & Above net sales grew 43.7% benefitting from premiumisation. Performance in the quarter was impacted by constraints in scotch supplies in select markets on account of ongoing pricing deliberations with the Government.
- Popular segment net sales grew 13.1% within which the priority states grew 17.1%.
- Gross margin was 40.9%, down 366bps; primarily reflecting the adverse impact of cost inflation, which was partially offset by favourable product mix and productivity savings.
- Our marketing reinvestment rate during the quarter was 6.5% of net sales. Staff costs includes a one-time grant for our employees for their outstanding contribution, commitment, and resilience in extremely challenging times.
- EBITDA was Rs. 274 Crores, up 63.5%. Reported EBITDA margin was 12.6%, up 226bps, reflecting operating leverage on fixed costs. Underlying EBITDA margin excluding the one-time special pay-out for our employees stands at 13.8%.
- Interest cost of Rs. 17 Crores is a non-debt related expense.
- Tax credit is on account of recognising a deferred tax asset, due to certainty in utilisation of the carried forward capital losses.
- Exceptional items include on-going business restructuring expenses.
- Profit after tax was Rs. 210 Crores, up 204.2% and PAT margin was 9.7%.

### Ms Hina Nagarajan, CEO, commenting on the quarter ended 30 June 2022 said:

“We have delivered another quarter of steady performance in a challenging operating environment. Our business today is ahead of pre-pandemic levels, substantiating the resilience of our category. Double digit inflation, scotch supply constraints in select markets and a one-time special grant to our people in recognition for the outstanding contribution in extremely challenging times, impacted the EBITDA margin delivery.

Looking ahead, in the shorter term, we expect inflationary pressures to continue. Our confidence in the medium to long-term prospects of our industry, the resilience of our business and our ability to navigate headwinds remains high. We remain focused in our strategy of re-shaping the portfolio towards premiumization, revenue growth management initiatives, enhancing our value chain productivity pipeline and continuing to build the organization of tomorrow, to deliver consistent growth and long-term value creation for all our stakeholders.”

## KEY FINANCIAL INFORMATION

### Key quarterly performance indicators

		F23 Q1	F22 Q1
<b>Net sales</b>	<i>Rs. Crores</i>	2,169	1,615
<b>Reported Turnover growth</b>	%	34.3	56.8
<b>Gross profit</b>	<i>Rs. Crores</i>	888	720
<b>Gross profit margin</b>	%	40.9	44.6
<b>EBITDA</b>	<i>Rs. Crores</i>	274	168
<b>EBITDA margin</b>	%	12.6	10.4
<b>PAT</b>	<i>Rs. Crores</i>	210	69
<b>PAT</b>	%	9.7	4.3

### For the quarter ended 30 June 2022

#### Summary financial information

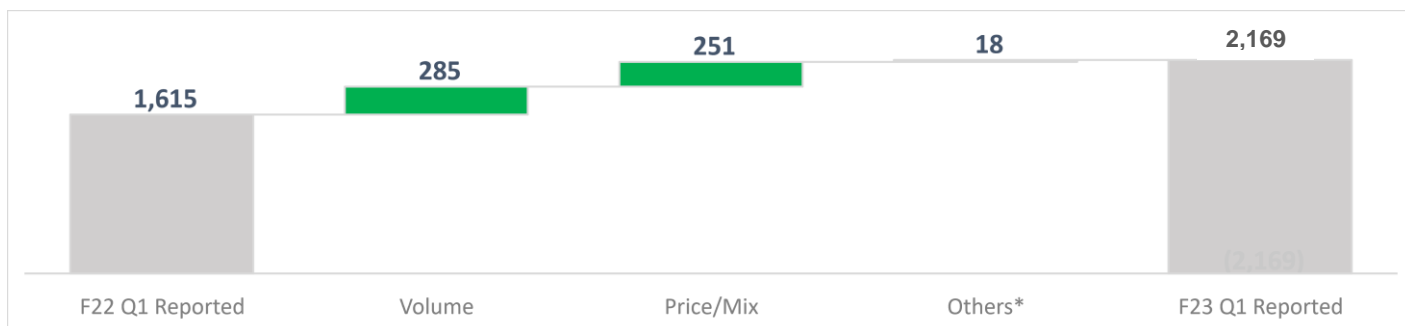
		F23 Q1	F22 Q1	Movement %
<b>Volume</b>	<i>000 cases</i>	<b>18,545</b>	<b>15,730</b>	17.9
<b>Net sales</b>	<i>Rs. Crores</i>	<b>2,169</b>	<b>1,615</b>	34.3
COGS	<i>Rs. Crores</i>	<b>(1281)</b>	<b>(895)</b>	43.2
<b>Gross profit</b>	<i>Rs. Crores</i>	<b>888</b>	<b>720</b>	23.3
Staff cost	<i>Rs. Crores</i>	<b>(167)</b>	<b>(187)</b>	(11.2)
Marketing spends	<i>Rs. Crores</i>	<b>(140)</b>	<b>(84)</b>	67.4
Other Overheads	<i>Rs. Crores</i>	<b>(307)</b>	<b>(282)</b>	9.1
<b>EBITDA</b>	<i>Rs. Crores</i>	<b>274</b>	<b>168</b>	63.5
Other Income	<i>Rs. Crores</i>	<b>25</b>	<b>11</b>	136.8
Depreciation	<i>Rs. Crores</i>	<b>(65)</b>	<b>(55)</b>	17.9
<b>EBIT</b>	<i>Rs. Crores</i>	<b>234</b>	<b>123</b>	90.4
Interest	<i>Rs. Crores</i>	<b>(17)</b>	<b>(20)</b>	(16.2)
<b>PBT before exceptional items</b>	<i>Rs. Crores</i>	<b>217</b>	<b>103</b>	110.9
Exceptional items	<i>Rs. Crores</i>	<b>(38)</b>	<b>(36)</b>	5.6
<b>PBT</b>	<i>Rs. Crores</i>	<b>179</b>	<b>67</b>	168.2
Tax	<i>Rs. Crores</i>	<b>31</b>	<b>2</b>	(1204.2)
<b>PAT</b>	<i>Rs. Crores</i>	<b>210</b>	<b>69</b>	204.2

### Key performance indicators as a % of net sales (reported):

		F23 Q1	F22 Q1	Movement bps
Gross profit	%	<b>40.9</b>	44.6	(366)
Staff cost	%	<b>(7.7)</b>	(11.6)	393
Marketing spends	%	<b>(6.5)</b>	(5.2)	(128)
Other Overheads	%	<b>(14.2)</b>	(17.4)	327
EBITDA	%	<b>12.6</b>	10.4	226
PAT	%	<b>9.7</b>	4.3	541
Basic earnings per share	<i>rupees</i>	<b>2.9</b>	1.0	1.9
Earnings per share before exceptional items	<i>rupees</i>	<b>3.4</b>	1.5	2.0

The Company in compliance with Schedule III of the Companies Act, 2013 has reported revenue from operations inclusive of excise duty.

**Net sales (Rs. Crores)**



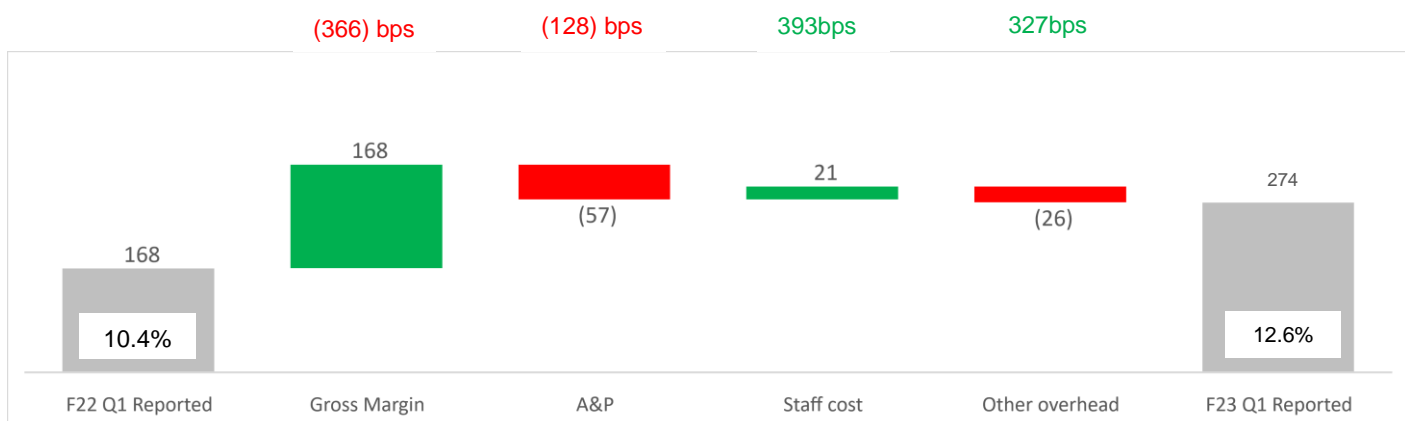
\* Others include non IMFL sale and cut off adjustments

Net sales increased 34.3% in the quarter. This double-digit top line growth reflects strong consumer demand in off trade, recovery in the on-trade channel, active portfolio management and benefitting from soft comparator. Net sales of Prestige & Above segment increased 43.7% while net sales of Popular segment increased 13.1%.

Overall volume increased 17.9% with growth of 24.9% in the Prestige & Above segment, outpacing the Popular volume expansion of 10.7%.

Underlying price/mix for the year was favourable 16.4%, mainly due to favourable product and state mix.

**EBITDA (Rs. Crores, %, bps)**



Reported EBITDA (Rs.274 Crores) increased 63.5% for the quarter and margin improved by 226bps driven by volume increase, cost inflation and better operating leverage.

Gross profit increase of Rs. 168 Crores was predominantly volume and mix led and lapping soft comparator. Supply productivity savings could not offset the impact of cost inflation. On a reported basis, staff costs were 7.7% of sales, down 393bps. Other overheads were 14.2% of sales, down 327bps due to improved operating leverage on fixed costs. We invested efficiently behind marketing and growth initiatives to accelerate premiumisation and our marketing investment for quarter was at 6.5% of sales.

## SEGMENT AND BRAND REVIEW

For the quarter ended 30 June 2022

### Key segments:

For the quarter ended 30 June 2022

	Volume				Net Sales			
	F23 Q1	F22 Q1	Reported	Underlying	F23 Q1	F22 Q1	Reported	Underlying
	Reported	Reported	movement	movement	Reported	Reported	movement	movement
	'000 cs	'000 cs	%	%	Rs. Cr.	Rs. Cr.	%	%
P&A	9,951	7,969	25	25	1,548	1,077	44	44
Popular	8,595	7,761	11	11	569	503	13	13
Other	-	-	-	-	52	35	50	50
<b>TOTAL</b>	<b>18,545</b>	<b>15,730</b>	<b>18</b>	<b>18</b>	<b>2,169</b>	<b>1,615</b>	<b>34</b>	<b>34</b>

- The **Prestige & Above segment** accounted for ~71% of net sales during the quarter, up 5ppts compared to the same period last year. Prestige & Above segment net sales increased ~43.7% during the year due to improved product mix and soft prior period comparators.  
During the year, Premium and Luxury portfolio grew faster than the Prestige portfolio led by our premiumisation drive. Within the Scotch portfolio, Johnnie Walker, Black & White and Black Dog delivered very strong growth.
- The **Popular segment** accounted for ~26% of net sales during the quarter, down ~5ppt compared to the same period last year. The Popular segment net sales grew ~13.1% during the year. Net sales of the Popular segment in priority states grew ~17.1% during this period.

### Cautionary statement concerning forward-looking statements

This document contains 'forward-looking' statements. These statements can be identified by the fact that they do not relate only to historical or current facts. In particular, forward-looking statements include all statements that express forecasts, expectations, plans, outlook and projections with respect to future matters, including trends in results of operations, margins, growth rates, overall market trends, the impact of changes in interest or exchange rates, the availability or cost of financing to United Spirits Limited ("USL"), anticipated cost savings or synergies, expected investments, the completion of USL's strategic transactions and restructuring programmes, anticipated tax rates, expected cash payments, outcomes of litigation, anticipated deficit reductions in relation to pension schemes and general economic conditions. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements, including factors that are outside USL's control. USL neither intends, nor assumes any obligation, to update or revise these forward-looking statements in the light of any developments which may differ from those anticipated.

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## Q1 EARNINGS & Q&A CONFERENCE CALL

Hina Nagarajan, Managing Director and Chief Executive Officer and Pradeep Jain, Chief Financial Officer will be hosting a Q&A conference call on **Wednesday, 27 July 2022** at **17:30 hrs** (IST time). If you would like to listen to the call or ask a question, please use the dial in details below.

A transcript of the conference call will be available for download at [www.diageoindia.com](http://www.diageoindia.com).

### Conference Joining Information

#### Option 1

#### **Express Join with DiamondPass™ No Wait Time**

<https://services.choruscall.in/DiamondPassRegistration/register?confirmationNumber=0680965&linkSecurityString=30269e6b9>

#### Option 2

When using dial-in numbers mentioned below please do so 10 minutes prior to the conference schedule to ensure that you are connected to your call in time.

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