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UNITED SPIRITS LIMITED PRESS RELEASE



Unaudited financial
results for the quarter
and first half ended 30
September 2023

(Consolidated & Standalone)



Bengaluru, India – November 08, 2023: United Spirits Ltd., one of the leading beverage alcohol companies in India, reported its unaudited consolidated & standalone results for the first half & second quarter of the fiscal year ended 31 March 2024.

Key Highlights for the quarter:

Consolidated

- Net sales value (NSV) at INR2,867 Cr.; EBITDA at INR467 Cr.
- NSV grew by 12.0% and EBITDA grew 21.4% on rebased prior year comparators

Standalone

- Net sales value (NSV) at INR2,865 Cr., with Prestige & Above saliency of 88%
- Total NSV grew 12.2%, Prestige & Above NSV grew 12.8%, both on rebased prior year comparators
- EBITDA at INR470 Cr. with margin of 16.4%

Ms. Hina Nagarajan, CEO & Managing Director, commenting on the Q2FY24 performance, said:

“We have maintained the growth and margin momentum in the second quarter of fiscal 2024 on the back of sustained investment in our brands and proven productivity muscle. Continuing our future-back consumer focus approach, we have now brought our global Tequila trademark Don Julio to India. This is in line with our strategy & commitment to bring the best from around the world for our aspiring Indian consumers. We are optimistic on the India potential of this opportunity in-line with global trends.

I am also delighted to inform that the Board of Directors have approved an interim dividend of INR4.0 per share. This is after a long hiatus, enabled by the successful turnaround of the Company to sustained profitability. We take the opportunity to thank our long-term investors for their patience and commitment.

Looking ahead, our priority is to sustain the growth momentum and realise the full potential of our portfolio offerings. While inflationary headwinds remain challenging, we remain focussed on revenue growth management & value chain productivity in our quest of long-term value creation for all our stakeholders.”

(The scheme for the Pioneer Distilleries Limited merger came into operation on 30th Dec' 2022 but is effective 1st April'2021. All current & previous period comparators include the impact of the merger. All accounts referred as 'Rebased' are Reinstated for PDL merger as well as adjusted for slump sale and franchising of the strategically reviewed popular portfolio for a like for like comparison.)

Q2FY24 performance highlights:

Consolidated:

- Consolidated net sales at INR2,867 Cr., up 12.0% on rebased prior year comparators, in line with growth in the standalone business.
- Consolidated EBITDA was at INR467 Cr., growth of 21.4% on rebased prior year comparators.
- Q2FY24 consolidated Profit after tax was at INR339 Cr.

Standalone:

- Net sales at INR2,865 Cr. increased 12.2% on rebased prior year comparators driven by continued premiumisation tailwinds, and improved footprint & saliency of our innovation / renovation offerings. Within the above, Prestige & Above segment grew 12.8%.
- Net sales for the Popular segment grew 1.0% on rebased prior year comparator reflecting sequential improvement, however, still weighed by inflation impacting the target consumer & duty increases in the segment's salient state.
- Gross margin was 43.4%, up 278 bps versus last year and continuing the sequential quarter-on-quarter improvement on an underlying basis.
- A&P re-investment rate was 8.4% of sales, largely reflecting the seasonality and investment behind the brands ahead of festive quarter & cricket world cup.
- EBITDA at INR470 Cr., an increase of 20.9% over rebased prior year comparator. EBITDA margin was 16.4%, up 118 bps versus last year.
- Interest cost at INR26 Cr., up 24.8%, largely due to interest on custom duty as BIO supply chain normalises after the prior year volatility.
- Exceptional gain of INR31 Cr. is on account of final tranche of income from the slump sale and is now recognised as exceptional income post completion of customary obligations.
- Profit after tax was INR341 Cr. with net profit margin at 11.9%.

(The scheme for the Pioneer Distilleries Limited merger came into operation on 30th Dec' 2022 but is effective 1st April'2021. All current & previous period comparators include the impact of the merger. All accounts referred as 'Rebased' are Reinstated for PDL merger as well as adjusted for slump sale and franchising of the strategically reviewed popular portfolio for a like for like comparison.)

H1FY24 performance highlights:

Consolidated:

- Consolidated net sales for H1FY24 was at INR5,535 Cr., up 19.5% on rebased prior year comparators. This was led by the strong growth in the standalone business and new five-year media rights cycle (2023-27) for the Indian Premier League starting from Q1FY24.
- Consolidated EBITDA for H1FY24 was at INR1,180 Cr., a growth of 69.7% on rebased prior year comparators.
- H1FY24 consolidated Profit after tax was at INR816 Cr.

Standalone:

- Net sales at INR5,037 Cr. increased 14.4% on rebased prior year comparators driven by continued premiumisation and improved footprint & competitive performance of our innovation / renovation offerings. Within the above, Prestige & Above segment grew 16.3%.
- Net sales for the Popular segment grew 1.0% on rebased prior year comparator, weighed by inflation impacting the target consumer & duty increases in the segment's salient state.
- Gross margin was 43.5%, up 220 bps versus last year, driven by headline pricing realisation flow-thru, revenue growth management and cogs productivity initiatives.
- A&P re-investment rate was 7.7% of sales, largely reflecting the low seasonality of the April to June quarter and ramped up investment behind the brands & cricket world cup in the July – September quarter.
- EBITDA at INR855 Cr. is an increase of 42.8% over rebased prior year comparator. Underlying EBITDA margin was 16.7%, up 253 bps versus last year. This was largely driven by gross margin expansion and productivity across the value chain.
- Interest cost at INR31 Cr. is down 30% versus prior year. Excluding the one-off reversal benefit of INR15 Cr. in Q1FY24, interest cost was INR46 Cr., up 4.8% against prior year. Interest cost is on account of customary non-debt related expenses.
- Exceptional gain of INR14 Cr. is on account of INR31 Cr. from the final tranche of Income from the slump sale, which is now recognised as exceptional income post completion of customary obligations partially offset by a charge of INR17 Cr. related to supply agility program in Q1FY24.
- Profit after tax was INR580 Cr. with net profit margin at 11.5%.

Key Financial Information (Standalone basis)

(The scheme for the Pioneer Distilleries Limited merger came into operation on 30th December 2022 but is effective 1st April'2021. All current & previous period comparators include the impact of the merger. All accounts referred as 'Rebased' are Reinstated for PDL merger as well as adjusted for slump sale and franchising of the strategically reviewed popular portfolio for a like for like comparison.)

In compliance with Schedule III of the Companies Act, 2013, the company has reported revenue from operations inclusive of excise duty.

Key performance indicators as a % of net sales (Rebased)				
	Q2FY24	Q2FY23	H1FY24	H1FY23
Gross profit margin (%)	43.4	40.6	43.5	41.3
Staff cost (%)	(5.0)	(5.7)	(5.3)	(7.1)
Marketing spends (%)	(8.4)	(6.2)	(7.7)	(6.8)
Other Overheads (%)	(13.6)	(13.5)	(13.5)	(13.8)
Rebased EBITDA margin (%)	16.4	15.2	17.0	13.6
Rebased underlying EBITDA margin (%)	16.4	15.2	16.7	14.2

Summary Financial Information (Rebased) - For the period ended 30 September 2023				
All figures in INR Crores unless mentioned otherwise	Q2FY24	Q2FY23	H1FY24	H1FY23
Volume ('000 cases)	16,130	15,975	29,372	28,494
Net sales	2,865	2,553	5,037	4,402
COGS	(1,621)	(1,515)	(2,846)	(2,585)
Gross profit	1,244	1,036	2,191	1,817
Staff cost	(143)	(147)	(268)	(312)
Marketing spends	(240)	(158)	(387)	(298)
Other Overheads	(390)	(344)	(681)	(607)
EBITDA	470	389	855	599
Other Income	39	9	60	34
Depreciation	(65)	(60)	(130)	(129)
EBIT	444	338	785	504
Interest	(26)	(21)	(31)	(44)
PBT before exceptional items	417	317	754	460
Exceptionals [#]	31	372	14	333
PBT	448	688	768	793

[#]In Q1FY23, INR38 Cr. was towards Voluntary Separation Scheme (VSS). In Q2FY23, exceptional items primarily comprise a one-time profit of INR381 Cr. arising from the slump sale of the business undertaking associated with 32 brands in the 'Popular' segment.

[#]In Q1FY24, INR17 Cr. charge was related to supply agility program. In Q2FY24, INR31 Cr. was on account of final tranche of income from the slump sale, which is now recognised as exceptional income, post completion of customary obligations.

Business Segment Review (Standalone basis)

(The scheme for the Pioneer Distilleries Limited merger came into operation on 30th December 2022 but is effective 1st April'2021. All current & previous period comparators include the impact of the merger. All accounts referred as 'Rebased' are Reinstated for PDL merger as well as adjusted for slump sale and franchising of the strategically reviewed popular portfolio for a like for like comparison.)

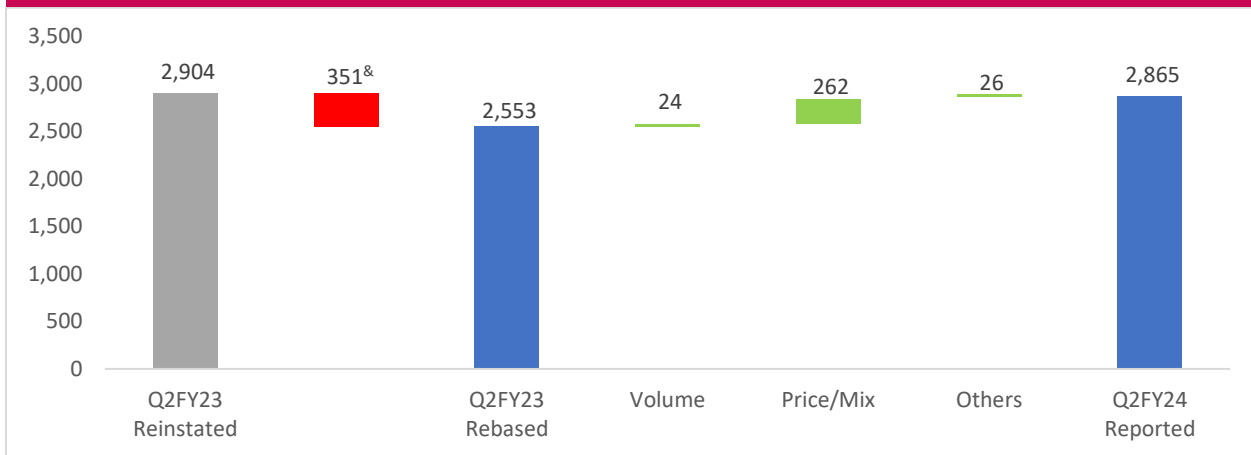
For the first half ended 30 September 2023 (Rebased)								
Segment	Volume				Net Sales			
	H1FY24	H1FY23	Rebased movement	Underlying movement	H1FY24	H1FY23	Rebased movement	Underlying movement
	Rebased '000 cs	Rebased '000 cs	%	%	Rebased INR Cr.	Rebased INR Cr.	%	%
P&A	24,349	22,829	6.7	6.7	4,397	3,782	16.3	16.3
Popular	5,023	5,665	(11.3)	(11.3)	499	495	1.0	1.0
Other					141	125	12.0	12.0
TOTAL	29,372	28,494	3.1	3.1	5,037	4,402	14.4	14.4

- The **Prestige & Above segment** accounted for 87.3% of net sales during the first half of fiscal 2024, up 1.4ppts over the prior year. Prestige & Above segment net sales increased 16.3% during the first half of fiscal 2024.
- The **Popular segment** accounted for 9.9% of net sales during the first half of fiscal 2024, down 1.3ppt compared to the same period last year. The Popular segment net sales increased 1.9% during the first half of fiscal 2024.

For the quarter ended 30 September 2023 (Rebased)								
Segment	Volume				Net Sales			
	Q2FY24	Q2FY23	Rebased movement	Underlying movement	Q2FY24	Q2FY23	Rebased movement	Underlying movement
	Rebased '000 cs	Rebased '000 cs	%	%	Rebased INR Cr.	Rebased INR Cr.	%	%
P&A	13,371	12,879	3.8	3.8	2,520	2,234	12.8	12.8
Popular	2,760	3,096	(10.8)	(10.8)	274	271	1.0	1.0
Other					71	48	48.6	48.6
TOTAL	16,130	15,975	1.0	1.0	2,865	2,553	12.2	12.2

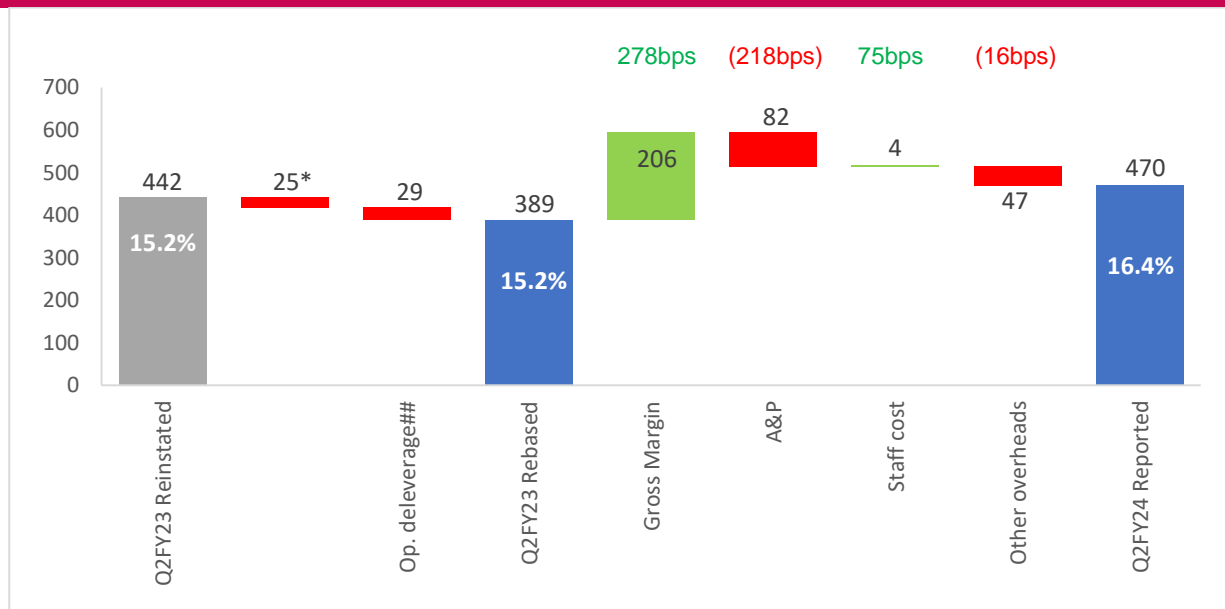
- The **Prestige & Above segment** accounted for 88.0% of net sales during the second quarter of fiscal 2024, up 0.5ppts over the prior year. Prestige & Above segment net sales increased 12.8% during the second quarter.
- The **Popular segment** accounted for 9.5% of net sales during the second quarter of fiscal 2024, down 1.1ppt compared to the same period last year. The Popular segment net sales increased 1.0% during the second quarter.

Net sales value bridge for the Quarter (INR Crores)



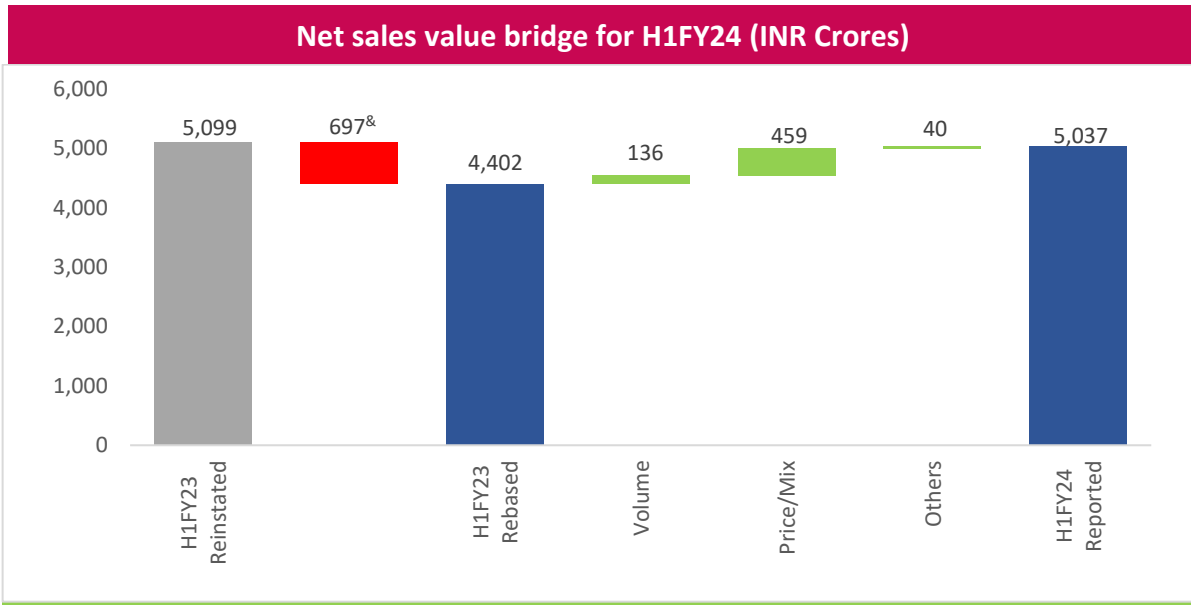
[&]Net sales of the strategically reviewed portfolio wherein the slump sale and franchising transaction was completed on September 30th, 2022.

EBITDA bridge for the Quarter (INR Crores, %, bps)

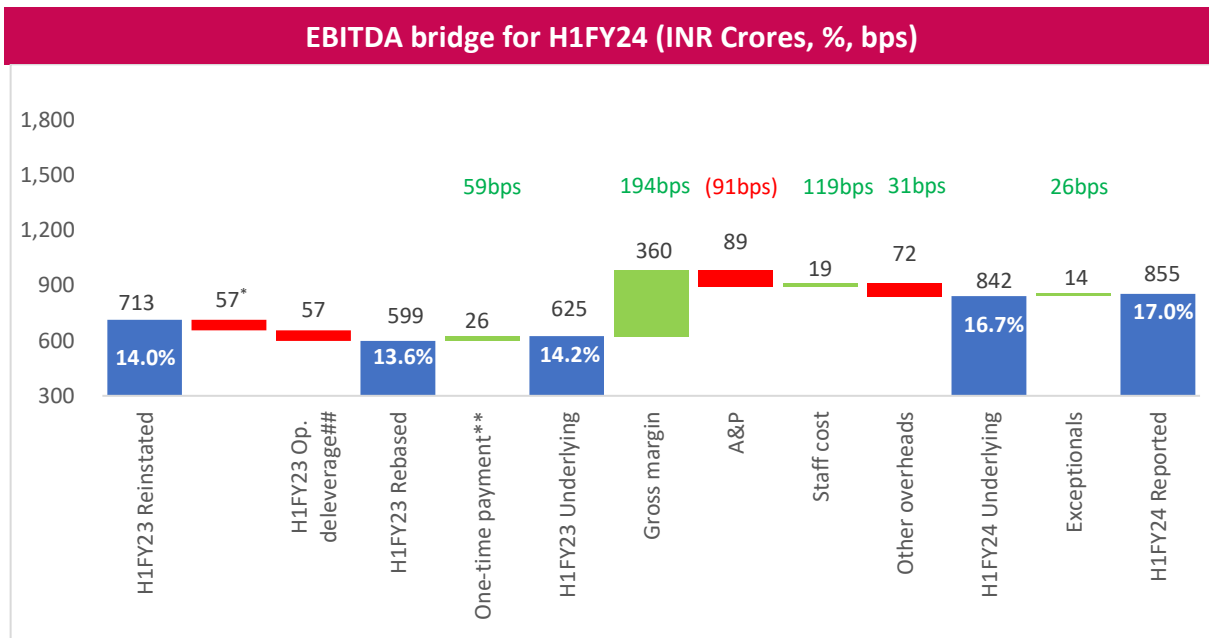


^{*}EBITDA of the strategically reviewed portfolio wherein the slump sale & franchising transaction was completed on September 30th, 2022.

^{##}Operating deleverage on account of the slump sale and franchising of the strategically reviewed popular portfolio



[&]Net sales of the strategically reviewed portfolio wherein the slump sale and franchising transaction was completed on Sept. 30th, 2022.



^{*}Net sales of the strategically reviewed portfolio wherein the slump sale & franchising transaction was completed on Sept. 30th, 2022.

^{##}Operating leverage on account of the slump sale and franchising of the strategically reviewed popular portfolio

^{**}One-time special payout to employees in Q1FY23

Key Financial Information (Standalone basis)

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Key performance indicators (Reported)				
<i>All figures in INR Crores unless mentioned otherwise</i>	Q2FY24	Q2FY23	H1FY24	H1FY23
Net sales	2,865	2,904	5,037	5,099
Gross profit	1,244	1,145	2,191	2,042
Reported EBITDA	470	442	855	713
PAT	341	542	580	737
Gross profit margin (%)	43.5	39.4	43.5	40.1
Staff cost (as % of net sales)	(5.0)	(5.3)	(5.3)	(6.4)
Marketing spends (as % of net sales)	(8.4)	(5.5)	(7.7)	(5.9)
Other Overheads (as % of net sales)	(13.6)	(13.5)	(13.5)	(13.9)
EBITDA (%)	16.4	15.2	17.0	14.0
PAT margin (%)	11.9	18.7	11.5	14.5
Basic earnings per share (INR)*	4.69	7.46	7.97	10.14

Summary Financial Information (Reported)				
For the period ended 30 September 2023				
<i>All figures in INR Crores unless mentioned otherwise</i>	Q2FY24	Q2FY23	H1FY24	H1FY23
Volume ('000 cases)	16,130	22,120	29,372	40,665
Net sales	2,865	2,904	5,037	5,099
COGS	(1,621)	(1,759)	(2,846)	(3,056)
Gross profit	1,244	1,145	2,191	2,042
Staff cost	(143)	(153)	(268)	(324)
Marketing spends	(240)	(158)	(387)	(299)
Other Overheads	(390)	(392)	(681)	(706)
Reported EBITDA	470	442	855	713
Other Income	39	9	60	34
Depreciation	(65)	(65)	(130)	(139)
EBIT	444	386	785	608
Interest	(26)	(21)	(31)	(44)
PBT before exceptional items	417	365	754	565
Exceptional items	31	372	14	333
PBT	448	737	768	898
Tax	(107)	(195)	(188)	(161)
PAT	341	542	580	737

*EPS of INR5.25 per share each in both Q2FY23 & H1FY23 was pertaining to the gains from the slump sale of the strategically reviewed popular portfolio. In Q2FY24, EPS of INR0.42 per share is pertaining to the gains from the slump sale of the strategically reviewed popular portfolio.

Business Segment Review (Standalone basis)

(The scheme for the Pioneer Distilleries Limited merger came into operation on 30th December 2022 but is effective 1st April'2021. All current & previous period comparators include the impact of the merger. All accounts referred as 'Rebased' are Reinstated for PDL merger as well as adjusted for slump sale and franchising of the strategically reviewed popular portfolio for a like for like comparison.)

Key segments (Reported)				
For the six months ended 30 September 2023				
Segment	Volume		Net Sales	
	H1FY24 Reported '000 cs	H1FY23 Reinstated '000 cs	H1FY24 Reported INR Cr.	H1FY23 Reinstated INR Cr.
P&A	24,349	22,831	4,397	3,782
Popular	5,023	17,835	499	1,191
Other			141	125
TOTAL	29,372	40,665	5,037	5,099

Key segments (Reported)				
For the quarter ended 30 September 2023				
Segment	Volume		Net Sales	
	Q2FY24 Reported '000 cs	Q2FY23 Reinstated '000 cs	Q2FY24 Reported INR Cr.	Q2FY23 Reinstated INR Cr.
P&A	13,371	12,880	2,520	2,234
Popular	2,760	9,240	274	622
Other			71	48
TOTAL	16,130	22,120	2,865	2,904

Q&A CONFERENCE CALL

Ms. Hina Nagarajan, Managing Director and Chief Executive Officer and Mr. Pradeep Jain, Executive Director and Chief Financial Officer will be hosting a Q&A conference call on **Thursday, 9th November 2023** at **5:00 pm IST**. You can listen to the call or ask a question using the information below.

Conference Joining Information

Express Join with DiamondPass™ No Wait Time

<https://services.choruscall.in/DiamondPassRegistration/register?confirmationNumber=3588716&linkSecurityString=13f519b67c>

Dial-in details

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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Hong Kong	800964448
Italy	0080014243444
Japan	00531161110
Netherlands	08000229808
Poland	008001124248
Singapore	8001012045
South Korea	00180014243444
Sweden	0080014243444
Thailand	00180014243444
UK	08081011573
USA	18667462133

About Diageo India

Diageo India is among the country's leading beverage alcohol company and a subsidiary of global leader Diageo Plc. The company manufactures, sells and distributes an outstanding portfolio of premium brands such as Johnnie Walker, Black Dog, Black & White, VAT 69, Antiquity, Signature, The Singleton, Royal Challenge, McDowell's No1, Smirnoff, Ketel One, Tanqueray, Captain Morgan and Godawan, an artisanal single malt whisky from India. Headquartered in Bengaluru, our wide footprint is supported by a committed team of over 3000 employees, 37 manufacturing facilities across states and union territories in India, a strong distribution network and a state-of-the-art Technical Centre. Incorporated in India as United Spirits Limited (USL), the company is listed on both the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in India.

For more information about Diageo India, our people, our brands, and our performance, visit us at www.diageoindia.com.

Visit Diageo's global responsible drinking resource, <http://www.DRINKiQ.com>, for information, initiatives, and ways to share best practices.

Celebrating life, every day, everywhere.

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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