



Globus Spirits

GLOBUS SPIRITS LIMITED

Q3FY19

Earnings Presentation

07 February 2019

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 Globus Spirits’ 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.

Globus Spirits Limited undertakes no obligation to publicly revise any forward looking statements to reflect future / likely events or circumstances.

COMPANY HIGHLIGHTS

360° ALCOBEV PLAYER – Present across Distillery, IMIL, IMFL and Franchise Bottling

LARGEST GRAIN BASED DISTILLERS IN INDIA with capacity of **~150 million** bulk liters

MANUFACTURING EXCELLENCE – State of the art manufacturing facilities with ‘zero discharge’ and ‘integrated evaporation’

ESTABLISHED CONSUMER BUSINESS IN NORTH INDIA - 41% contribution from consumer-facing IMIL (Q3 FY19)

- **#1 private** IMIL company in Rajasthan with market share of 29%
- **4th largest** IMIL company in Haryana with 7% market share

Strong establishment in core business, marching towards growth in **IMFL SEGMENT** with “**UNIBEV**”

HEALTHY BALANCE SHEET – Debt-to-Equity Ratio of **0.53x** in 9MFY19

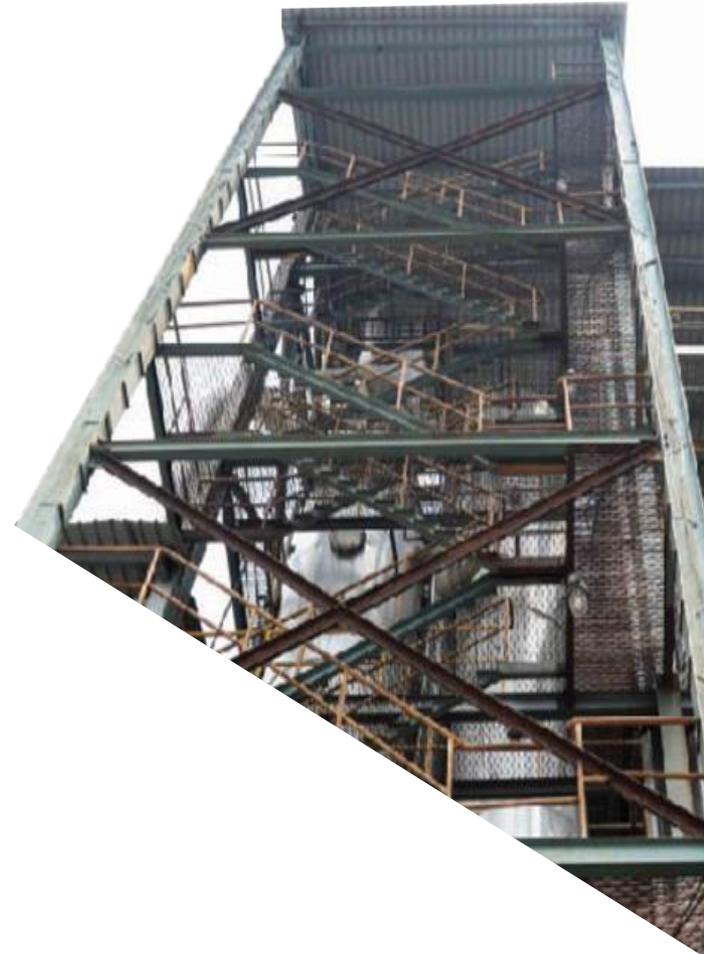
AGENDA

Q3 FY19 Performance

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Q3 FY19 – PERFORMANCE HIGHLIGHTS

- **Total Income (net of excise duty) stood at Rs. 2,608 mn in Q3 FY19, 16% growth against Rs. 2,255 mn in Q3FY18**

- Higher Bulk Alcohol sales driven by commencement of Bihar Facility, Bulk Alcohol Sales grew by 19% YoY
- Strong volume growth in Franchisee Bottling, volumes grew by 45% to 1.3 Mn cases YoY
- Major part of other income consists of EPCG refund

Q3 FY19

Q3 FY18

Rs. 2,608 mn

16%

Rs. 2,255 mn

Total Income (Net)

- **EBITDA for the quarter stood at Rs. 250 mn, increase of 42% YoY**

- Backed by reduction in other expenditure and better operating efficiency

Rs. 250 mn

42%

Rs. 177 mn

EBITDA

- **PAT at Rs. 58 mn compared to Rs. 13 mn in Q3 FY18, increase of 3.61x**

- Lower interest costs and depreciation drove higher PAT margins

Rs. 58 mn

361%

Rs. 13 mn

PAT

KEY DEVELOPMENTS

- Updates on Bihar Facility**

- Production at full swing, capacity utilization is ramping up
- ~50% of total Ethanol supplies to be produced in Bihar Facility



- Received total supplies of 35 Mn liters of Ethanol from OMC's**

- Total supplies of 35 Mn liters at an average realization of Rs. 47.13
- Allocated Ethanol supplies beginning for the period March 1, 2019 to Nov 30, 2019



- ENA prices witnessed an uptick on account of pickup in ethanol supplies**

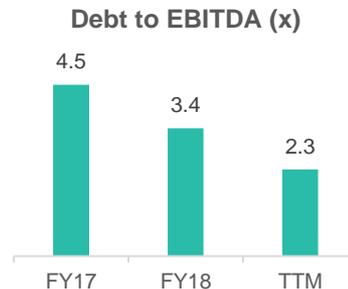
- Average ENA realization stood at Rs. 45.7 per liter against Rs. 44.9 per liter in Q3FY18 and Rs. 43.5 per liter in Q2FY19



- UNIBEV expands its geography portfolio through launches in West Bengal and Telangana**

- Repayment of Rs. 28.5 crores Debt; Debt at Rs. 208 crores as on 31st December 2018**

- Repayment of Rs. 28.5 crores includes Prepayment of Rs. 6.75 crores



Q3 FY19: PROFIT & LOSS STATEMENT

Particulars (In Rs MN)				Standalone					
	Q3 FY19	Q3 FY18	YoY (%)	Q2 FY19	QoQ	9M FY19	9M FY18	YoY	FY18
Gross Revenues	2,783.2	2,436.6	14%	2,491.5	12%	7,856.9	7,101.0	11%	9,322.1
Less- Excise duty	215.5	188.5	14%	240.1	-10%	722.6	513.3	41%	771.4
Net Revenues from Operations	2,567.8	2,248.1	14%	2,251.4	14%	7,134.3	6,587.7	8%	8,550.7
Other Income	41.1*	7.1	480%	11.6	255%	60.3	44.3	36%	54.0
Total Income	2,608.8	2,255.2	16%	2,263.0	15%	7,194.6	6,632.0	8%	8,604.7
Total Expenditure	2,358.6	2,078.6	13%	2,057.1	15%	6,466.9	6,069.6	7%	7,856.0
Consumption of Material	1,578.5	1,365.1	16%	1,341.6	18%	4,282.8	4,049.9	6%	5,169.0
Employee Cost	69.1	59.1	17%	63.6	9%	188.5	170.8	10%	228.1
Other Expenditure	711.0	654.4	9%	651.9	9%	1,995.7	1,849.0	8%	2,458.9
EBITDA	250.2	176.6	42%	205.9	22%	727.7	562.3	29%	748.7
Depreciation & Amortisation	91.3	90.5	1%	91.3	0%	272.7	270.4	1%	361.9
EBIT	158.9	86.1	85%	114.6	39%	455.0	291.9	56%	386.8
Finance Charges	67.1	65.4	3%	70.8	-5%	203.1	204.6	-1%	271.4
PBT	91.8	20.7	343%	43.8	110%	251.9	87.3	188%	115.4
Tax Expense (Current, Deferred Tax)	33.4	8.0	315%	15.7	113%	90.0	31.3	188%	45.2
PAT (From ordinary activities)	58.4	12.7	361%	28.1	108%	161.9	56.0	189%	70.2

***Other income:** Significant portion of the other income consists of EPCG refund which is non-recurring in nature

Note : The Company has aligned its policy of Revenue Recognition with Ind AS 115 – “Revenue from contracts with Customers” pursuant to which it is no longer reporting ‘Income from Brand Franchisee’ separately in the revenues. Consequent to these changes, there is no impact on the total equity and profit

Q3 FY19: KEY RATIOS

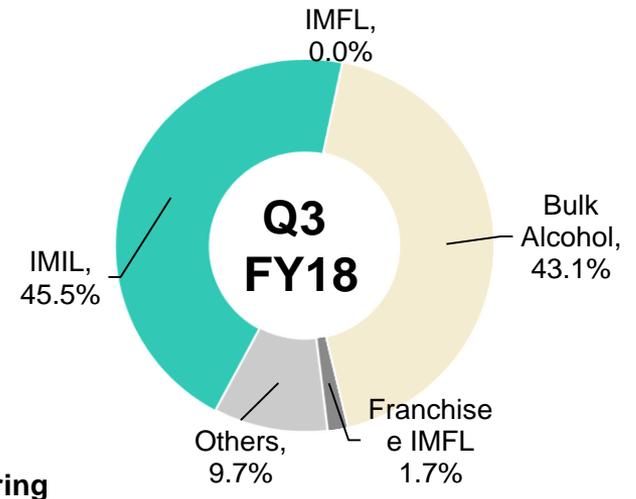
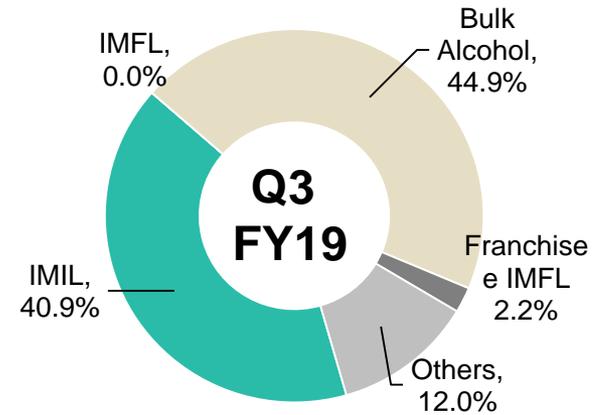
Standalone

Key Ratios as a % of Total Revenue	Q3 FY19	Q3 FY18	Q2 FY19	9MFY19	9MFY18	FY18
EBITDA	9.6%	7.8%	9.1%	10.1%	8.5%	8.7%
PAT	2.2%	0.6%	1.2%	2.2%	0.8%	0.8%
Total Expenditure	90.4%	92.2%	90.9%	89.9%	91.5%	91.3%
Raw material	60.5%	60.5%	59.3%	59.5%	61.1%	60.1%
Employee Cost	2.6%	2.6%	2.8%	2.6%	2.6%	2.7%
Other Expenditure	27.3%	29.0%	28.8%	27.7%	27.9%	28.6%
Interest	2.6%	2.9%	3.1%	2.8%	3.1%	3.2%
Depreciation	3.5%	4.0%	4.0%	3.8%	4.1%	4.2%
Other Income	1.6%	0.3%	0.5%	0.8%	0.7%	0.6%

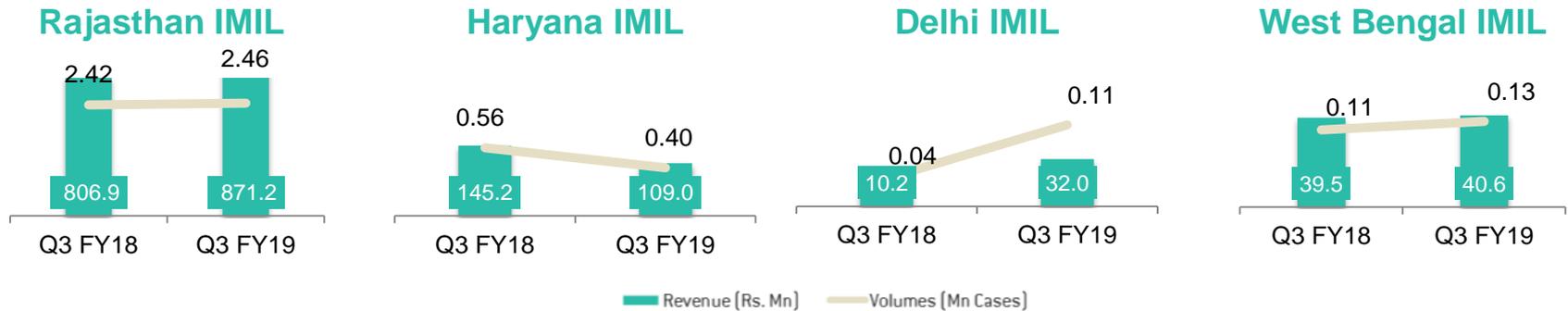
SEGMENTAL PERFORMANCE

Breakup of Revenue from Operations (Net)

- Revenues from manufacturing business stood at Rs. 1,518 mn in Q3 FY19, against Rs. 1,225 mn in Q3 FY18
 - Share of manufacturing business stood at 59% in Q3 FY19
- Share of consumer business stood at 41% in Q3 FY19 against 46% in the same period last year

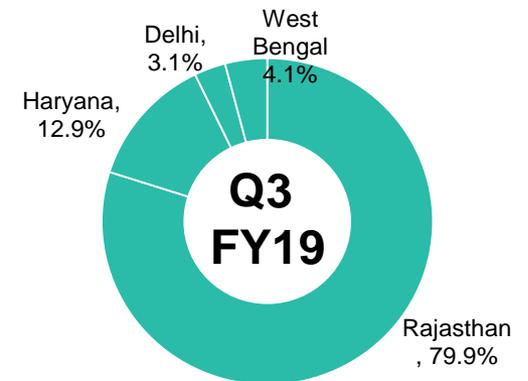


IMIL – DRIVER OF PROFITABILITY



- Aggregate IMIL revenues stood at Rs. 1,050 mn, increase in realizations of major states compared to Q3FY18 pegged the growth in IMIL revenues
 - Realization at West Bengal saw an increase of 11% YoY

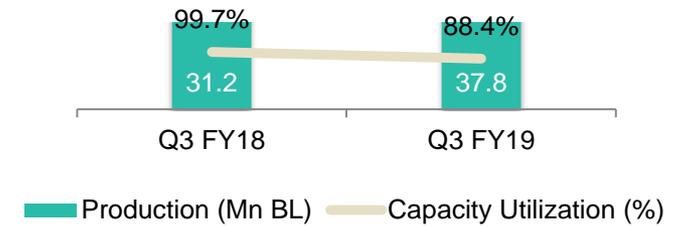
Q3 FY19 IMIL Split by Volume (Total 3.08 mn cases)



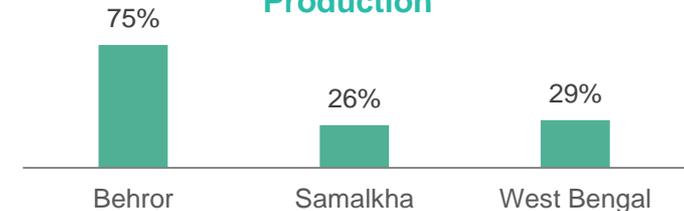
MANUFACTURING: BACKBONE TO CONSUMER BUSINESS

- Capacity utilization stood at 88.4% in Q3 FY19 against 99.7% in Q3FY18 (Q3FY19 utilization includes Bihar Facility)
- Captive consumption at 43%, with significant scope for conversion from bulk to IMIL / franchisee in Samalkha and West Bengal
- Franchise Bottling volumes stood at 1.26 mn cases vs. 0.87 mn cases in Q3 FY19 driven by strong volume growth in West Bengal

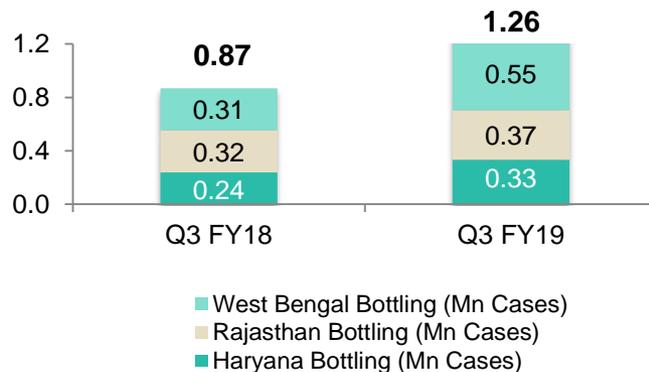
Production & Capacity Utilization



Captive Consumption as % of Production



Franchise Bottling



Bulk Alcohol





COMPANY OVERVIEW

GLOBUS 360° ALCOBEV PLAYER

- No. 1 private player in Rajasthan IMIL with 29% market share
 - 2.46 mn cases sold in Q3FY19
- No. 4 private player in Haryana with 7% market share
 - 0.40 mn cases in sold in Q3 FY19
- Increasing market share in West Bengal
 - 0.13 mn cases sold in Q3 FY19
- Recommencement of Operations at Bihar Facility
 - recommenced commercial production of Bihar Facility in October 2018
 - The capacity of the facility is 80 KLPD per day
 - Company to produce Ethanol and Bulk Alcohol in the facility



LEVERAGING A STRONG 360° BUSINESS MODEL



Unique 360° model straddling across the entire alcohol value chain

Large, efficient manufacturing operations

- Amongst the largest and most efficient grain-based distillery operations in India with ~150 million bulk litres of distillery capacity*
- Present in DDGS – a high-potential co-product used as Animal Feed
- Well placed to benefit from the Fuel Ethanol blending opportunity in India
- Bottling for India's Top 3 IMFL companies

Established consumer business in North India

- Pioneered IMIL branding with launch of NIMBOO brand
- Leading player in Haryana, Rajasthan and Delhi

GLOBUS PLANS



PRESENT

- Established 360° model in North India (Haryana & Rajasthan)
- Largest grain based distilleries in India
- Strong IMIL brands that have acceptance and loyalty
- Bottling operations for India's largest brands of top IMFL players
- Backed by reputed investor, Templeton

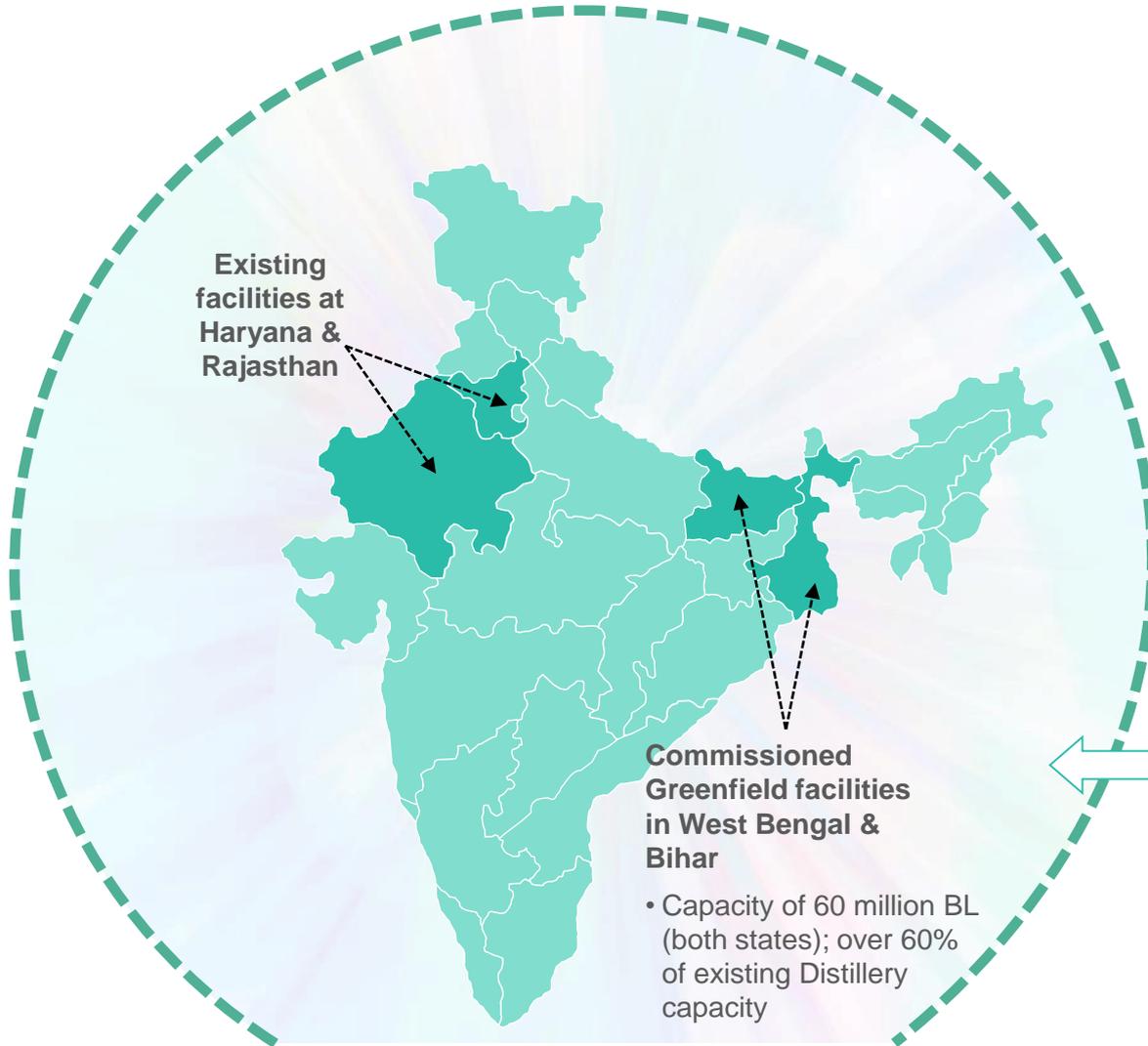
NEAR TERM STRATEGY

- Focus on penetrating IMIL in West Bengal
- Launch premium brands of value
- Focus on DDGS, a co-product in the alcohol manufacturing process, in the Indian market

FUTURE

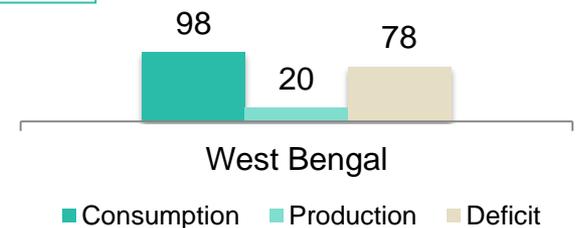
- Large market share in IMIL by offering quality products to the consumer
- Establish sustainable premium brands in IMFL
- High capacity utilisation with focus on technology and efficiency at old and new facilities
- Portfolio of high value by-products

EXPANSION INTO EAST – BIHAR & WEST BENGAL



- Location advantages like lower raw material costs, higher realizations and other logistical benefits to drive overall profitability

Severe Alcohol Deficit in West Bengal (mn Itrs)



IMIL BRANDS SHOWCASE

Nimboo



1st IMIL brand in India positioned as awesome mix of natural lemon flavor with strong yet smooth blend profile

Ghoomar



Tribute to Rajasthani folk dance ; blend popular in the harsh winter months of the desert region

Heer Ranjha



Tribute to the most popular romantic tales of the region. Smooth blend to enjoy straight up.

Narangi



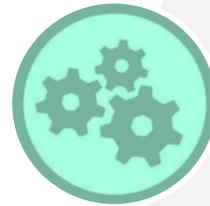
Popular dark spirits' brand Positioned as refreshing and juicy as Orange

UNIQUE COMPETITIVE STRENGTHS



360° Business Model

- Only company present across full alcobev value chain
- Helps capture IMFL growth via franchisee bottling for top IMFL companies
- High utilization, assured captive off- take
- De-risked growth
- High quality maintained with control on entire value chain



Efficient Operations

- State-of-the-art plants across three locations using latest distillation technology, zero discharge and highest grain- recovery in industry
- Supplying to premium brands
- Leadership - mix of experience and young talent



Strong Consumer Portfolio

- Leadership in key states of Rajasthan, Delhi and Haryana
- Achieved sterling success in IMIL branding with Nimboo
- 4 IMIL brands



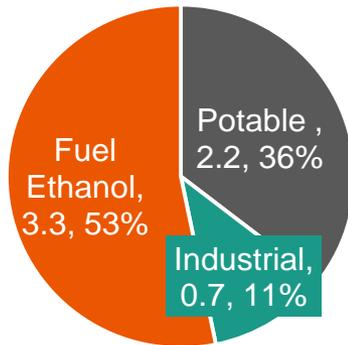
Healthy Balance Sheet

- Funding for greenfield expansion at Bihar secured via equity
- D/E of 0.53x (9MFY19)
- Cash efficient operations

ETHANOL - A GREAT OPPORTUNITY

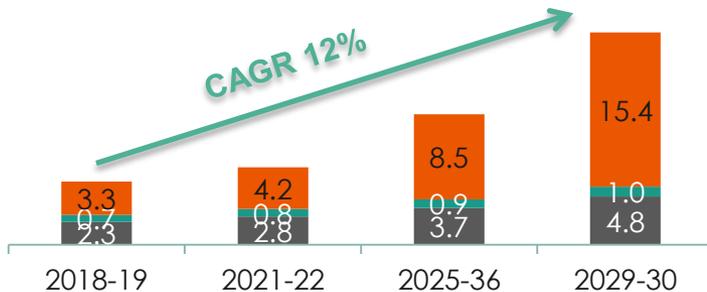
Alcohol demand of 6.3bn litres expected to grow at 12%

Alcohol Demand 2018-19 (Bn Litres)



Alcohol Demand (Bn Litres)

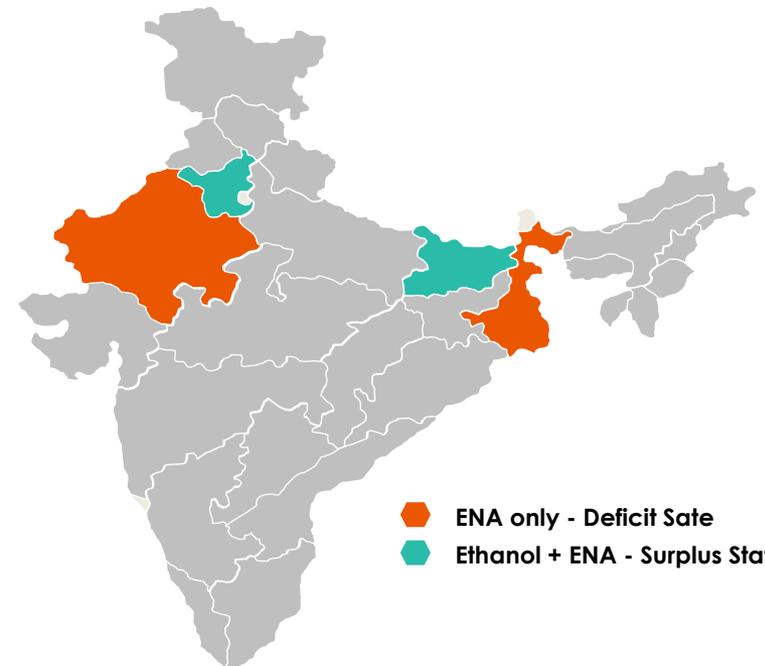
■ Potable ■ Industrial ■ Fuel Ethanol



Strategically located assets to maximise realisations

Opportunity in Ethanol – adding ethanol manufacturing capability

Presence in alcohol deficit/balanced states – healthy realizations



A collection of liquor bottles is shown in a dark, monochromatic setting. The bottles are arranged diagonally across the frame. The most prominent bottle in the foreground is OAKTON BARREL AGED Pure Premium GRAIN WHISKY. Its label features a tree logo and text: "FINEST OAK BARREL MATURED BLEND", "Pure Premium GRAIN WHISKY", and "BLENDED WITH UPTO 18 YEAR OLD SCOTCH AND MATURED INDIAN MALT". Behind it is a bottle of GOVERNORS WHISKY with a label that says "100% PREMIUM GRAIN WHISKY" and "BLENDED WITH UPTO 12 YEAR OLD SCOTCH AND MATURED INDIAN MALT". To the right, a bottle of LAFFAIRE NAPOLEON is partially visible. The overall aesthetic is professional and focused on the branding of the spirits.

**MARCHING TOWARDS NEW
LEG OF GROWTH THROUGH “UNIBEV”**

UNIBEV: LED BY INDUSTRY VETERAN MR. VIJAY REKHI



Mr. Vijay Rekhi was the long-time managing director of India's United Spirits (USL) prior to its takeover by Diageo in 2012

Strategy

- Focus on premium IMFL
- Build portfolio of 4-6 niche brands in price segments which contribute max profit and currently only have 2-3 dominant brands

Premium IMFL – Attractive Industry Segment

- Premium IMFL is a highly attractive segment account for over 45% of total profit contribution with just 13% of total volumes - ~40 million cases and Rs 2,420 crore gross profit
- Indian premium alcohol market is growing at a steady CAGR of 8% in last 3 years compared to flattish performance of overall IMFL industry

“ At UNIBEV we provide our customers better blends with world-class packaging, to elevate the consumer's drinking experience ”

UNIBEV: CURRENT PRODUCT PORTFOLIO



Governor's Reserve – 12 years Scotch Whisky

- Presence in **Semi-premium** whisky segment
- Segment is about **20m cases**



Oakton – 18 years Scotch Whisky

- Presence in **Premium** whisky segment
- Segment is about **8.5m cases**

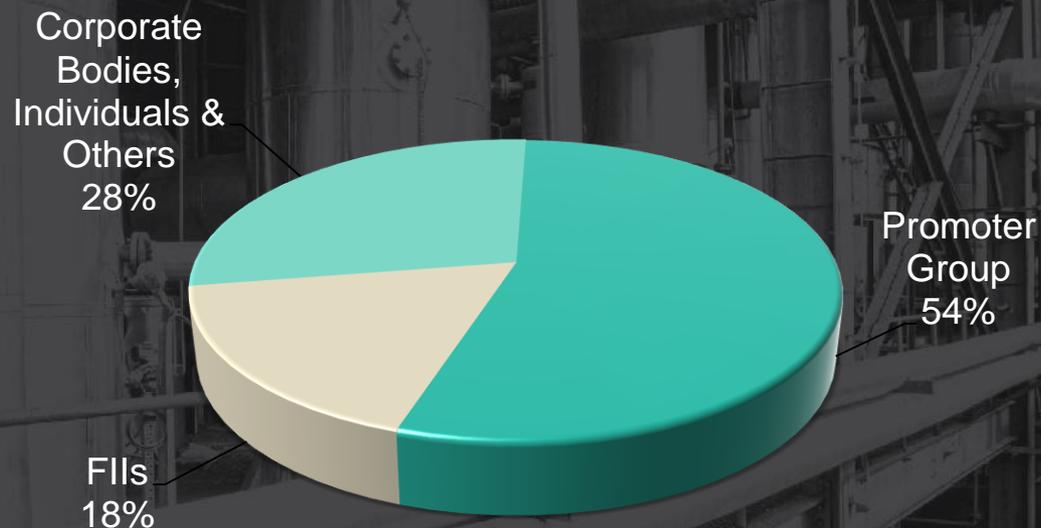


L'Affaire Napoleon – 3 years Brandy

- Presence in **Premium** brandy segment
- Segment is about **0.5m cases**

“Better brands with world-class packaging”

SHAREHOLDING PATTERN



As on December 31, 2018 Outstanding shares – 28.8 mn

Major Non-Promoter Shareholders % shareholding

Name	% Share
Templeton Strategic Emerging Markets Fund IV, LDC	17.49%

ABOUT US

Established in 1992, Globus Sprits Limited (BSE code: 533104, NSE Id: GLOBUSSPR, ISIN Id:INE615I01010) is engaged in manufacturing, marketing and sale of Indian Made Indian Liquor(IMIL), Indian Made Foreign Liquor (IMFL), Bulk Alcohol and contract bottling for established IMFL brands. The Company has a well established presence in the IMIL segment and set to become a Pan-India IMIL leader with launch of distilleries in Bihar and West Bengal.

GSL currently operates three modern and fully integrated distilleries at Behror, Rajasthan and Samalkha and Hisar, Haryana. It is one of the largest and most efficient grain based distilleries in India with highest alcohol recovery per unit of grain.

For more information about us, please visit www.globusspirits.com :

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