



UNITED SPIRITS LIMITED

Bangalore
February 4, 2013

PRESS RELEASE

RESULTS Q-3 FY13

11% Net Revenue Growth with a 7% volume growth

230 basis points improvement in margin (EBIDTA/Revenue)

78% growth in Profit Before Tax

210 basis points improvement in profit margin (PBT/Revenue)

Q3 FY12	October - December	Q3 FY13	
30.5	VOLUMES – USL INDIA (Million cases)	32.6	+ 2.07 million ↑ 7%
1,953.9	REVENUE as Reported (₹Crore)	2,174.0	+220.1 ↑ 11%
200.3	Operational EBIDTA (₹Crore)	274.6	+74.3Cr ↑ 37%
10.2	EBIDTA Margin (%)	12.5	+2.3% ↑

The Board of Directors of United Spirits Limited at their meeting in Bangalore today, considered and approved the results of the Company for the October-December quarter of fiscal 2013.

The sharp growth of our strategic brands whose volumes grew by 29% to just under 8 million cases during the quarter compared to just over 6 million cases in the comparable period of the previous year is a key factor for the increase in revenues and the margin. The share of these strategic brands in the overall portfolio grew by 4% and are now a quarter of the overall portfolio.

“The Premiumisation’ story at USL is not a recent one – the Company has constantly been pursuing opportunities to move up the value chain and plug gaps in the price ladder by new and premium product introductions so that consumers stay within the ambit of the USL portfolio and do not stray to competition. The financial results are an indication of these continuing

efforts”, said Dr. Vijay Mallya, Chairman, United Spirits. “The success of Antiquity Blue Whisky, Signature Premier Whisky, McDowell’s No.1 Platinum Whisky and McDowell’s VSOP Brandy - all bear testimony to USL’s successful premiumization story”, he added.

The Tamil Nadu market continues to play spoil sport – consumers in Tamil Nadu are still deprived of their favorite brands from the USL portfolio because of the artificial restrictions placed on consumer choice by TASMAL – the parastatal wholesale and retail channel in Tamil Nadu. Against a capacity of 1 million cases per month and a demand that is much larger, USL’s monthly capacity is being artificially pegged at 0.75 million cases with an additional compulsion to supply medium/cheap brands to the extent of 40% of such truncated capacity - both, to benefit new and existing local players.

Spirit costs are up by Rs.2.1 per litre or Rs.8.4 per case. The adverse impact of this is over Rs.27 crore for this quarter alone. With the output of the current crushing season coming into market, we believe that ENA costs will come off this perch towards the latter part of Q4.

Interest costs for the quarter at Rs.163.6 crore are up from the comparable figure of FY12 (Rs.153.7 crore) – the result of increased borrowing for operations and higher rates.

The nine-month results of the Company are as follows:

FY12	April-December	FY13	
89.9	Volumes – USL INDIA (Million Cases)	92.3	+ 2.3 million ↑ 3%
5,679.98	REVENUE (₹Crore)	6,451.99	+772Cr ↑ 14%
871.3	Operational EBIDTA (₹Crore)	894.4	+23.1Cr ↑ 3%
332.8*	Profit After Tax	264.8	*13% ↑ (effective)

*** If the one-time income of ₹65 crore and exchange loss of ₹49.5 crore is adjusted, the comparable figure is ₹234.5 crore, representing an increase of 13% (₹30.3 crore).**

Strategic brands of the Company continue to show very healthy growth. During the 9-month period, McDowell's No.1 Whisky family of Reserve, Platinum and DietMate grew at 20% while Royal Challenge was up 23% over the corresponding period of the previous year. The Company's Black Dog Scotch portfolio was up 29% over the comparable period of the previous year.

Over the past few months, the Company has introduced the 'DietMate' version of some of its key brands, No.1 McDowell's Whisky, Royal Challenge and Bagpiper. Using a unique Garcenia-based scientific process patented by the Vittal Mallya Scientific Research Foundation, these premium variant brand introductions are placed higher up the price ladder than the respective mother brands. While the roll out across the country is being done in a staggered fashion, the response to the DietMate brands has been extremely encouraging wherever they have been launched.

After considerable negotiations, the Andhra Pradesh Govt. has agreed to the introduction of new higher priced brands – this could be achieved only towards the fag end of Quarter 3 and the benefits from such increased revenues will manifest themselves in the next few quarters.

During Q-3, the Company's Emerging Markets Division established an export hub viz., Whyte & Mackay Singapore and export of IMFL to the markets of Vietnam, Myanmar, Nigeria & Angola has been transacted through this Company. The increased focus has led to both volume and revenue growth – volumes have reached 7.5 lac cases for the current fiscal.

During the quarter, Diageo and the Company have applied for permissions from Regulatory authorities like SEBI and the Competition Commission of India. These applications are in due process with the authorities and we hope to receive their approvals in due course.

