

PRESS RELEASE

United Spirits Limited (Standalone only)

Unaudited financial results for the nine months ended 31 December 2015

Strong Q3 results building confidence in our strategy

- **Robust performance with 22% increase in net sales in the quarter (13% up in the nine months)**
- **Direct sales of the Diageo brand portfolio added Rs. 256 Crore of net sales in the quarter positively impacting net sales by 11ppts (Rs. 439 Crore in the nine months positively impacting net sales by 7ppts)**
- **“Prestige and Above” segment net sales grew 41% in the quarter with 26ppts positive price/mix* (up 25% in the nine months with 14ppts positive price/mix*)**
- **Diageo brand portfolio contributed 27ppts to the “Prestige and Above” segment net sales growth in the quarter (17ppts contribution in the nine months)**
- **EBITDA up 16% in the quarter to Rs. 269 Crore (29% up to Rs. 789 Crore in the nine months)**
- **EBITDA margin of 11.6% in the nine months with 146bps improvement versus last year – Related Party Transactions benefit⁽¹⁾ was partially offset by higher marketing investments**
- **Profit after tax of Rs. 990 Crore in the nine months (versus Rs. (8) Crore last year) positively impacted by the UBL⁽²⁾ divestment in the second quarter**
- **Net debt reduced by Rs. 1,432 Crore in the nine months mainly driven by Bouvet and UBL⁽²⁾ divestments**

() Imputed revenue based on internal management data; (1) Refer below the EBITDA Margin Bridge; (2) United Breweries Limited*

Anand Kripalu, CEO, commenting on the nine months ended 31 December 2015 said:

“Robust performance in the quarter and we continue to build confidence in our strategy behind our power brands and our prioritized geographical participation strategy. The Diageo brand portfolio integration positively impacting both top line and operating margins. Our focus on reducing debt continues with a 27% reduction in our net debt in the nine month period (circa Rs. 1,400 Crore), driven by our non-core asset divestment strategy and the continued positive cash flow from operations.

Our premiumisation strategy and the benefit of the full integration of the Diageo brands into our portfolio driving the “Prestige and Above” segment growth of 25% in the nine months and 41% in the quarter. Our renovations strategy continues on our core brands with continued momentum from our Royal Challenge brand post its re-launch (58% volume growth in the last nine months) and the new look McDowell’s No.1 re-launch that is underway with early signs of positive consumer and trade response. We have however continued to face challenges in the period including specific industry challenges in states such as Uttarakhand and Chhattisgarh. The Haywards temporary pricing challenge in Karnataka that we faced in the second quarter has been remedied and we are now rebuilding momentum behind this brand in that state.

Our focus on driving productivity through every aspect of the P&L continues to fuel our strategy to invest behind capabilities and our brands. Our EBITDA delivery before taking into account the exception gain on the UBL share sales remains robust and grew 29% in the nine month period, in line with our expectations.

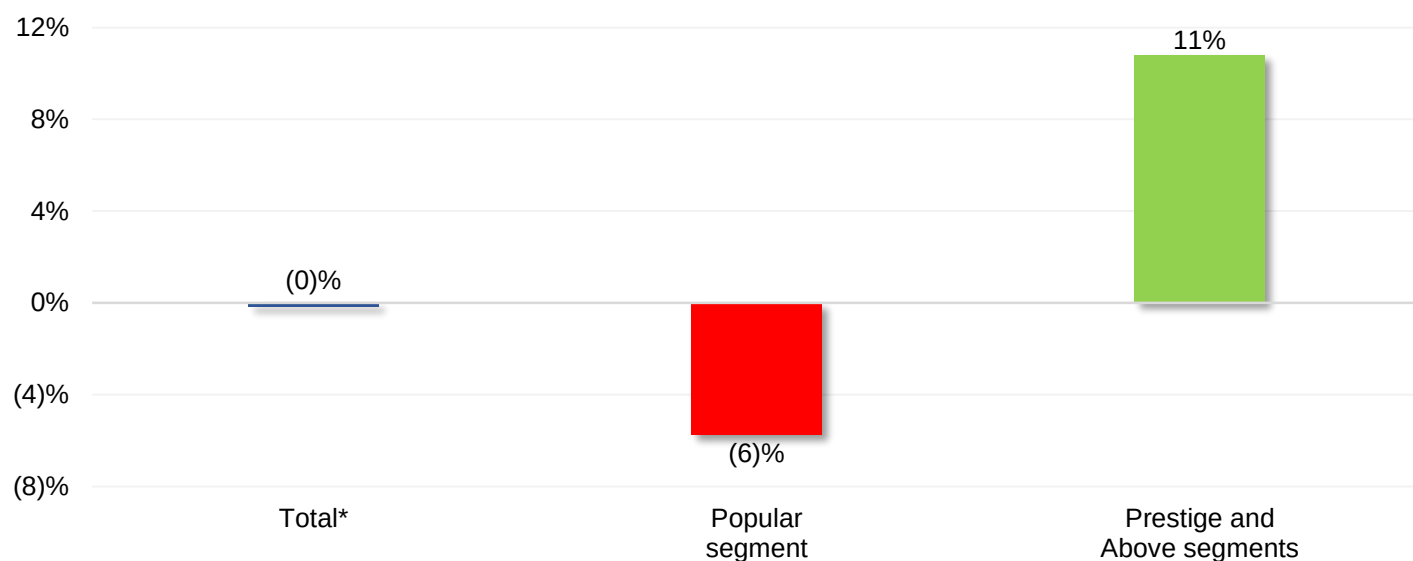
The above results and the actions that are driving this growth give me confidence that USL can deliver strong and sustained performance in the coming years.”

The Board of Directors of United Spirits Limited at their meeting in Mumbai today considered and approved the unaudited financial results for the nine months ended 31 December 2015.

Financial results

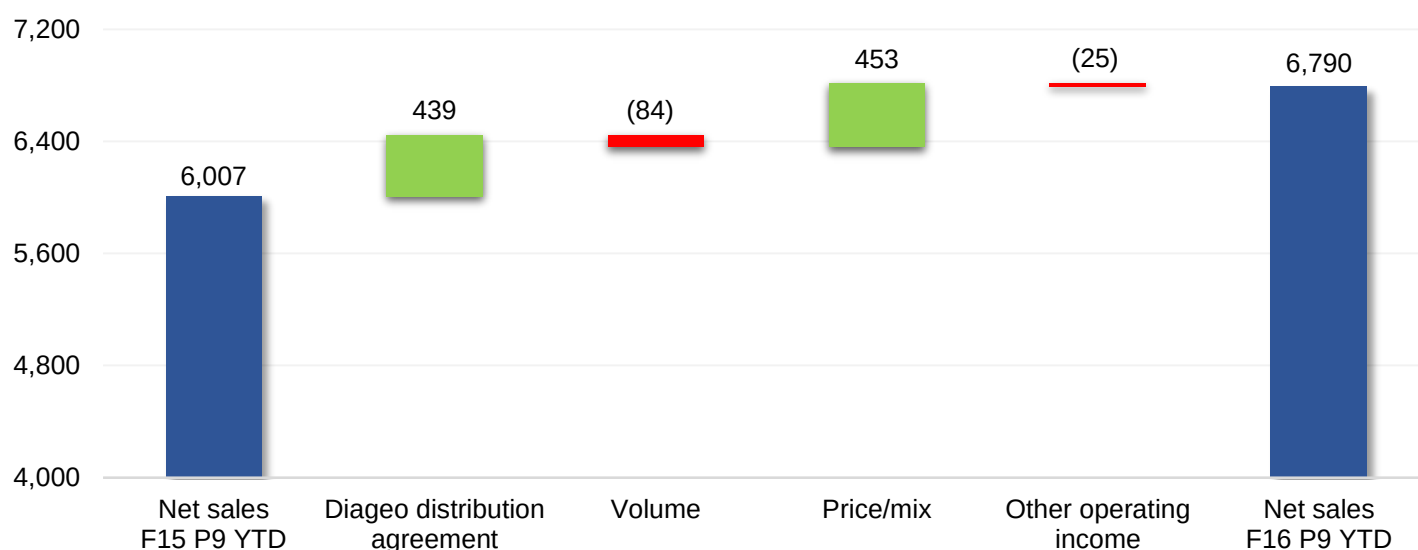
Rs. Crores	2016 P9 YTD	2015 P9 YTD	Growth %
Net sales	6,790	6,007	13
COGS	(3,946)	(3,546)	11
Gross profit	2,844	2,462	16
Staff cost	(507)	(407)	25
Marketing spend	(686)	(590)	16
Other Overheads	(863)	(854)	1
EBITDA	789	610	29
Exchange Difference Gain/Loss/Other Income	16	86	(81)
Depreciation	(75)	(73)	3
EBIT	730	623	17
Interest	(346)	(459)	(25)
PBT before exceptional items	384	164	134
Exceptional items	757	(117)	749
PBT	1,142	48	2,296
Tax	(151)	(56)	172
PAT	990	(8)	12,441

Volume growth* (%)



*The volume analysis above excludes royalty and franchise volumes but includes volumes sold via tie-up units. (prior year restated for like for like comparison)

Net sales growth (Rs. Crores)

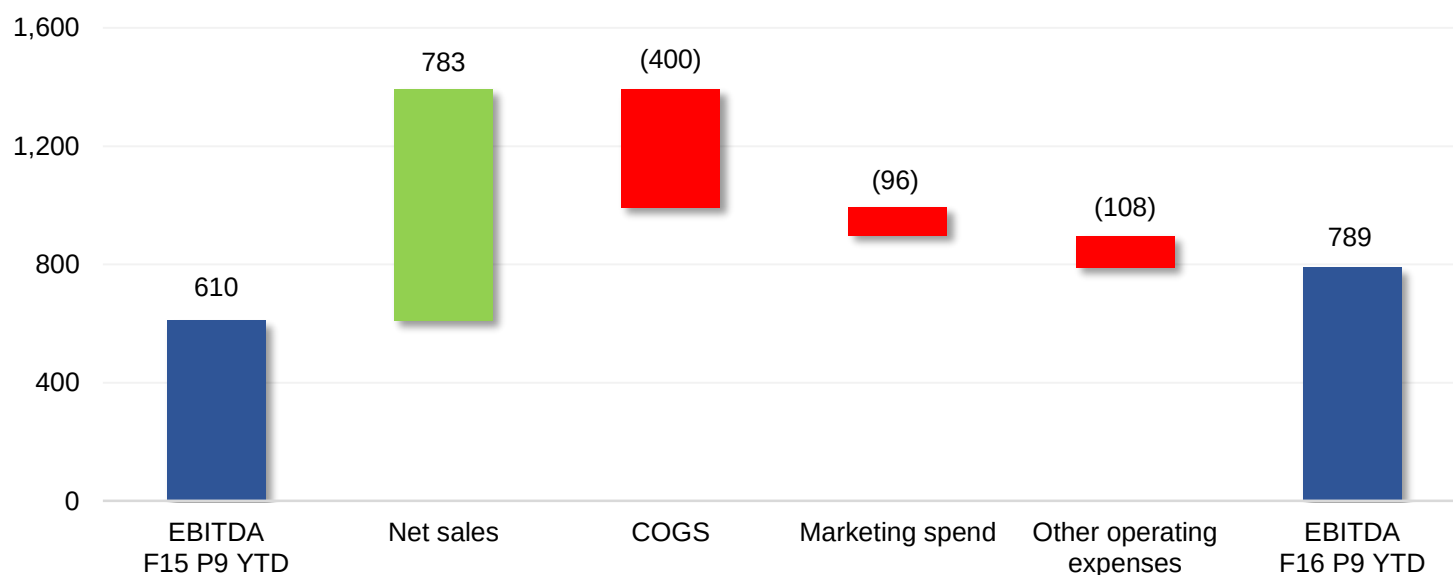


Reported net sales were up 13%. The Company started the direct distribution/sales of the relevant Diageo brands in India which has resulted in incremental net sales of Rs. 439 Crore and positively impacted net sales growth by 7ppts. Pricing remains muted in the highly regulated environment in India (with most of the above price/mix driven by positive brand/state and category mix).

From an imputed revenue* perspective, the “Prestige and Above” segment contributed to overall net sales growth with a robust 25% growth in the nine month period (volume growth of 11%) positively impacted by the Diageo portfolio integration especially in the last 2 quarters. The re-launch of Royal Challenge brand had positive impact on net sales and has grown volumes by 58% in the last 9 months. The “Prestige and Above” segment represents 37% of total volumes with a 4ppts improvement compared to prior year (and accounts for over 50% of our imputed net sales revenues). Volumes in the Popular segment declined in the period largely as a result of the specific temporary challenge around Haywards in Karnataka (impact of circa (5) ppts in the period on the segment) which resulted in overall volumes declining by 6% in the 9 month period. Despite this, overall Popular segment net sales growth remained positive versus last year.

(*) Imputed revenue represents the net sales at which the Company sells its products from its manufacturing facilities (owned/leased/contracted) and its warehouses.

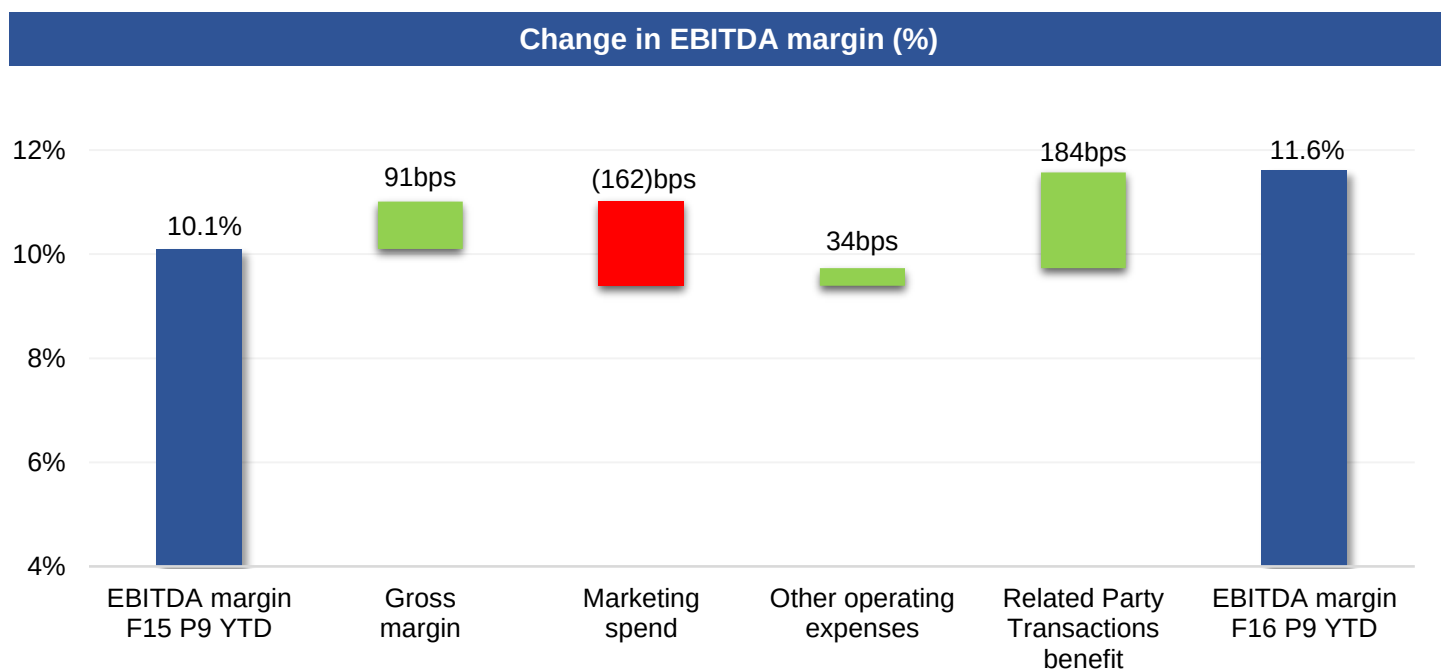
EBITDA growth (Rs. Crores)



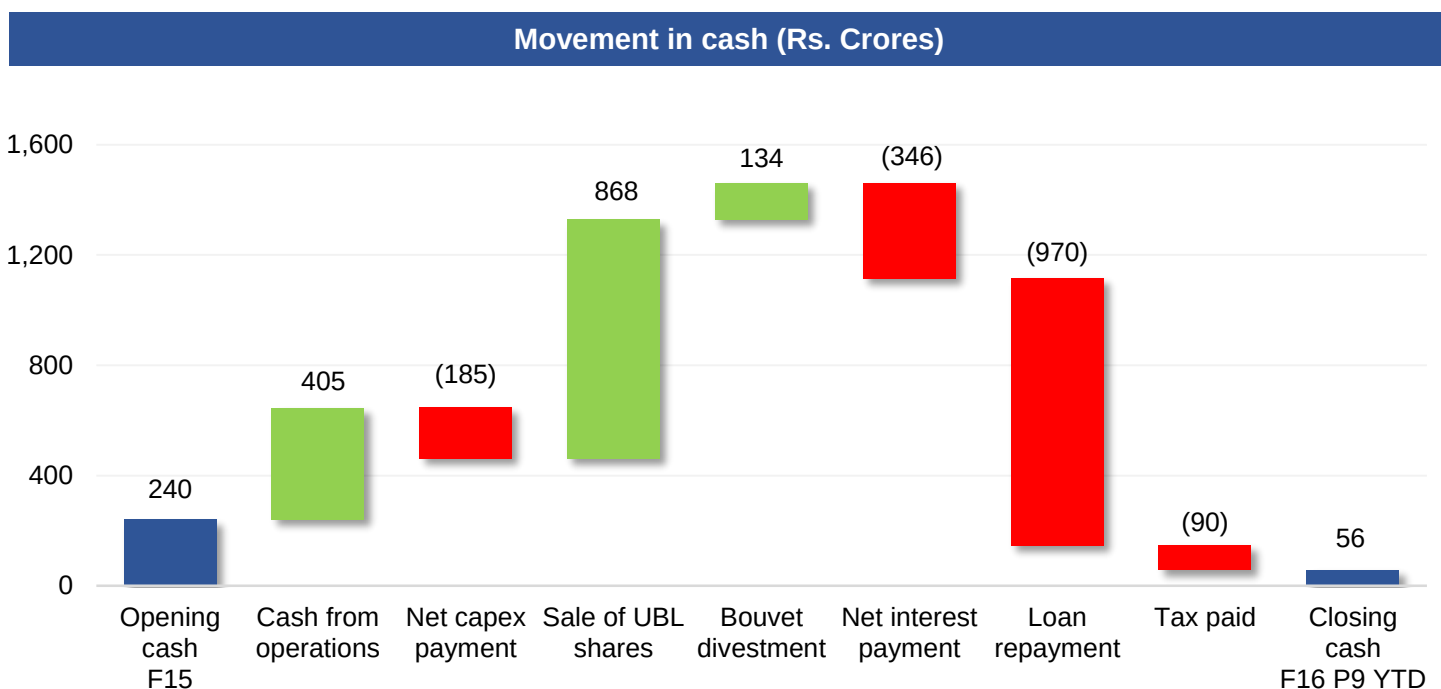
EBITDA was up 29%, mainly driven by incremental net sales from the Diageo distribution agreement coupled with continuous focus on the “Prestige and Above” segment. This was partially offset by higher production and staff costs.

We continue to invest behind our brands with an underlying increase in our marketing investment of 32% versus last year (excluding the impact of the Related Party Transactions savings).

Pending clarifications/directions from SEBI, the Company has not made any payments to the respective counterparties under the agreements referred to in Para (7) of the Notes to the Accounts for the period subsequent to November 28, 2014, and has considered these amounts as contingent liabilities (including Rs. 47 Crores and Rs. 140 Crores in the current quarter and nine months ended 31 December 2015 respectively).

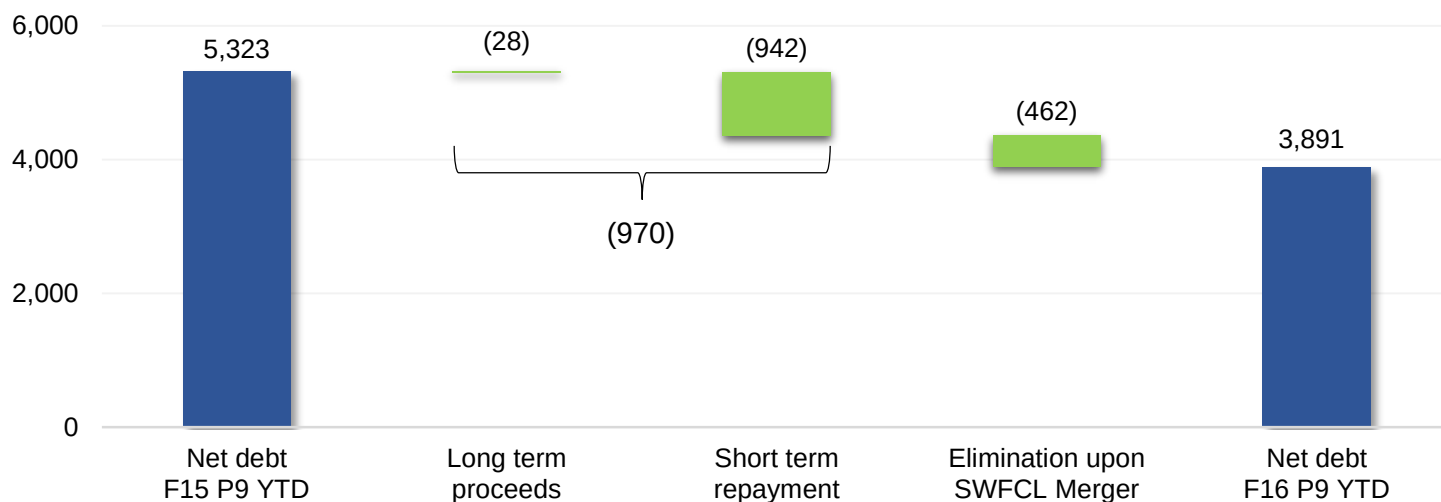


Continued focus on portfolio premiumisation and clear participation choices in our Popular segment together with our focus on driving productivity is yielding dividends in terms of positive mix and gross margin enhancement, which are being invested behind our brands and capability. Reported savings associated with Related Party Transactions as outlined above is positively impacting margins.



Underlying operations generated cash of Rs. 405 Crore net of working capital movement of Rs. 400 Crore (including the incremental working capital associated with the Diageo brands integration into the Company's portfolio). Our capex investments are focused on upgrading our strategically important manufacturing units. Focus on rebasing the balance sheet via the divestment of surplus/non-core assets together with renegotiation of borrowings terms will continue to pare back the total interest cost for the Company.

Movement in debt (Rs. Crores)



UBL Share(s) divestment is the main driver of the short term debt repayment in the nine month period. As outlined in Para (4) in the Notes to the Accounts, a Scheme of Amalgamation between the Company and SW Finance Co. Limited a wholly owned subsidiary of the Company ("SWFCL") was sanctioned by the Hon'ble High Court of Karnataka and Hon'ble High Court of Judicature at Bombay and has become effective from 28 September 2015. The above change will have no impact on the consolidated group debt position.

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, anticipated cost savings or synergies, expected investments, the completion of United Spirits Limited'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 United Spirits Limited's control. United Spirits Limited 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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