

DIAGEO

INDIA

United Spirits Limited

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www.diageoindia.com

20th July 2023

BSE Limited
Listing Department
Dalal Street,
Mumbai 400 001
Scrip Code: 532432

National Stock Exchange of India Limited
Exchange Plaza, C-1 Block G,
Bandra Kurla Complex,
Bandra East, Mumbai- 400051
Scrip Code: MCDOWELL-N

Dear Sirs,

Sub: Press release for the quarter ended 30th June 2023

We are enclosing a press release issued by the Company in connection with results for the quarter ended 30th June 2023.

This is for your information and records.

Thank you,

For United Spirits Limited

Mital Sanghvi
Company Secretary

Encl: as above



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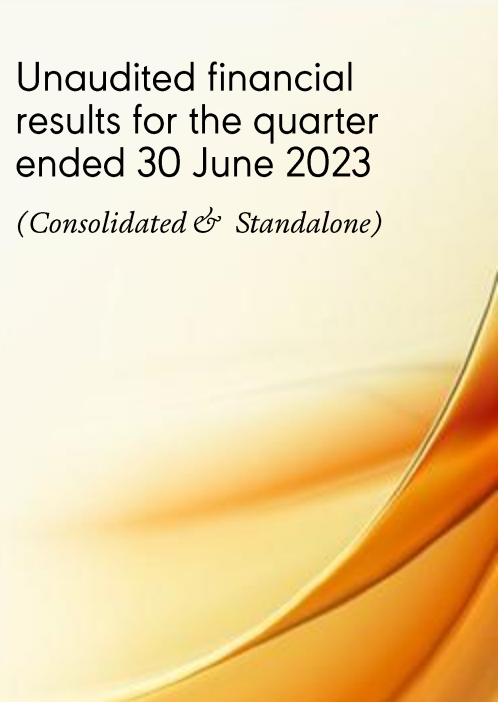


UNITED SPIRITS LIMITED PRESS RELEASE



Unaudited financial
results for the quarter
ended 30 June 2023

(Consolidated & Standalone)



Bengaluru, India - July 20, 2023: United Spirits Ltd., a leading beverage alcohol company in India, reported its unaudited consolidated & standalone results for the first quarter of the fiscal year ended 31 March 2024.

Key Highlights for the quarter:

Consolidated

- Net sales value (NSV) at INR2,668 Cr.; EBITDA at INR714 Cr.
- NSV grew 28.6% and EBITDA grew 129.4% on rebased prior year comparators

Standalone

- Net sales value (NSV) at INR 2,172Cr, with Prestige & Above saliency of 86%
- Total NSV grew 17.4%, Prestige & Above NSV grew 21.2%, both on rebased prior year comparators
- Reported EBITDA at INR385 Cr. with margin of 17.7%

Ms. Hina Nagarajan, CEO & Managing Director, commenting on the Q1FY24 performance, said:

“We have commenced fiscal 2024 with a robust first quarter performance. While inflationary pressures remain, our strategy to reshape the portfolio combined with revenue growth management and focus on everyday efficiency is driving sustainable growth across the Prestige & Above segment.

I am happy to share that Royal Challengers Sports Private Limited (RCSPL)’s, our wholly-owned subsidiary, has stepped up its earnings, driven by revenues from the Indian Premier League new media rights cycle. This reinforces our longer-term confidence in the Women’s Premier League. Our Sports business aligns to our core purpose of celebration and is a vital component of our consolidated portfolio.

Further, we are progressing well on our Society 2030 goals through our holistic ESG focus and “Diageo in Society” initiatives. Looking ahead, our priority is to maintain the growth momentum and to deliver long-term value to 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.)

Q1FY24 performance highlights:

Consolidated:

- Consolidated net sales at INR2,668 Cr., grew by 28.6% on rebased prior year comparators. This was led by the strong growth in the standalone business and a significant increase in revenue, driven by the Indian Premier League's new five-year media rights cycle (2023-27).
- Consolidated reported EBITDA was at INR714 Cr., growth of 129.4% on rebased prior year comparators.
- Q1FY24 consolidated Profit after tax was at INR477 Cr.

Standalone:

- Net sales at INR2,172 Cr. increased 17.4% 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 21.2%.
- Net sales for the Popular segment grew 0.9% on rebased prior year comparator.
- Reported Gross margin was 43.6%, up 139 bps versus last year. Excluding the one-off benefit of INR13 Cr. driven by a write-back, underlying gross margin stood was 43.0%, an expansion of 80 bps versus the prior year, continuing the sequential quarter-on-quarter improvement.
- A&P re-investment rate was 6.8% of sales largely reflecting the lowest sales quarter.
- Reported EBITDA at INR385 Cr., an increase of 83.5% over rebased prior year comparator. Reported EBITDA margin was 17.7%, up 638 bps versus last year. Excluding the one-offs from the current quarter and the prior year comparatives, core EBITDA grew 57.7% year-on-year.
- Underlying EBITDA margin was 17.1%, an increase of 437 bps over rebased prior year comparator. This was largely driven by gross margin expansion and productivity across the value chain.
- Reported interest cost at INR4.3 Cr., declined 81.0%. Excluding the one-off reversal benefit of INR15 Cr., interest cost was INR19 Cr., down 14.6% versus same period prior year.
- Exceptional charge of INR17 Cr. is on account of the ongoing supply agility programme.
- Profit after tax was INR238 Cr. with net profit margin at 11.0%.

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)		
	Q1FY24	Q1FY23
Gross profit margin (%)	43.6	42.2
Staff cost (%)	(5.8)	(9.0)
Marketing spends (%)	(6.8)	(7.6)
Other Overheads (%)	(13.4)	(14.3)
Rebased EBITDA margin (%)	17.7	11.4
Rebased underlying EBITDA margin (%)	17.1	12.8

Summary Financial Information (Rebased) - For the three months ended 30 June 2023		
	Q1FY24	Q1FY23
<i>All figures in INR Crores unless mentioned otherwise</i>		
Volume ('000 cases)	13,241	12,519
Net sales	2,172	1,849
COGS	(1,225)	(1,068)
Gross profit	947	781
Staff cost	(125)	(166)
Marketing spends	(147)	(140)
Other Overheads	(291)	(265)
EBITDA	385	210
Other Income	21	26
Depreciation	(65)	(69)
EBIT	341	166
Interest	(4)	(23)
PBT before exceptional items	337	144
Exceptionals [#]	(17)	(38)
PBT	320	105

[#]In Q1FY24, INR17 Cr. charge was related to supply agility program.

[#]In Q1FY23, INR38 Cr. was towards Voluntary Separation Scheme (VSS).

Business Segment Review (Standalone basis)

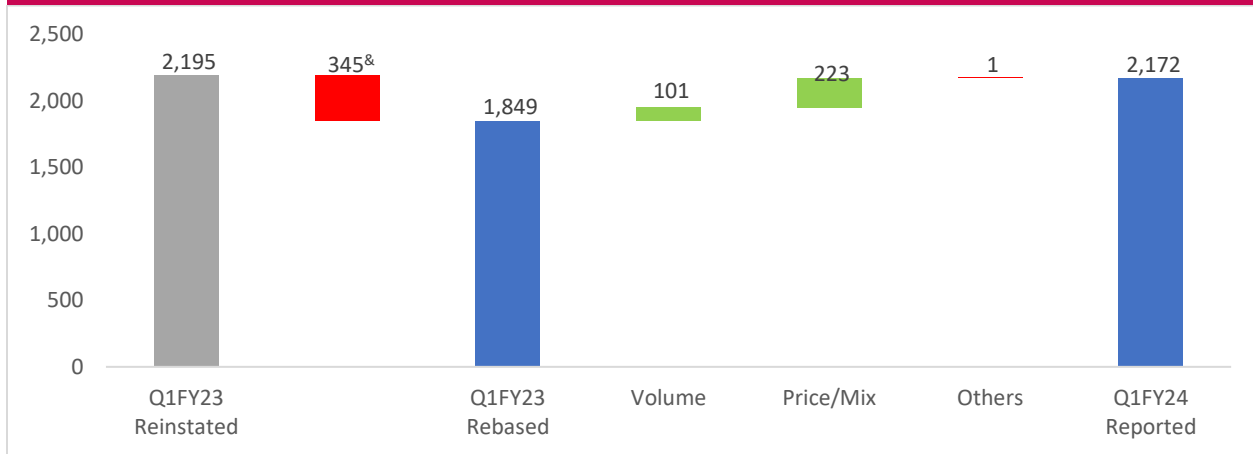
(The scheme for the Pioneer Distilleries Limited merger came into operation on 30th December 2022 but is effective 1st April'2021. All current & previous period comparators include the impact of the merger. All accounts referred as 'Rebased' are Reinstated for PDL merger as well as adjusted for slump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

For the quarter ended 30 June 2023

For the quarter ended 30 June 2023								
Segment	Volume				Net Sales			
	Q1FY24	Q1FY23	Rebased movement	Underlying movement	Q1FY24	Q1FY23	Rebased movement	Underlying movement
	Rebased '000 cs	Rebased '000 cs	%	%	Rebased INR Cr.	Rebased INR Cr.	%	%
P&A	10,978	9,950	10.3	10.3	1,876	1,548	21.2	21.2
Popular	2,263	2,569	(11.9)	(11.9)	226	224	0.9	0.9
Other					70	78	(10.5)	(10.5)
TOTAL	13,241	12,519	5.8	5.8	2,172	1,849	17.4	17.4

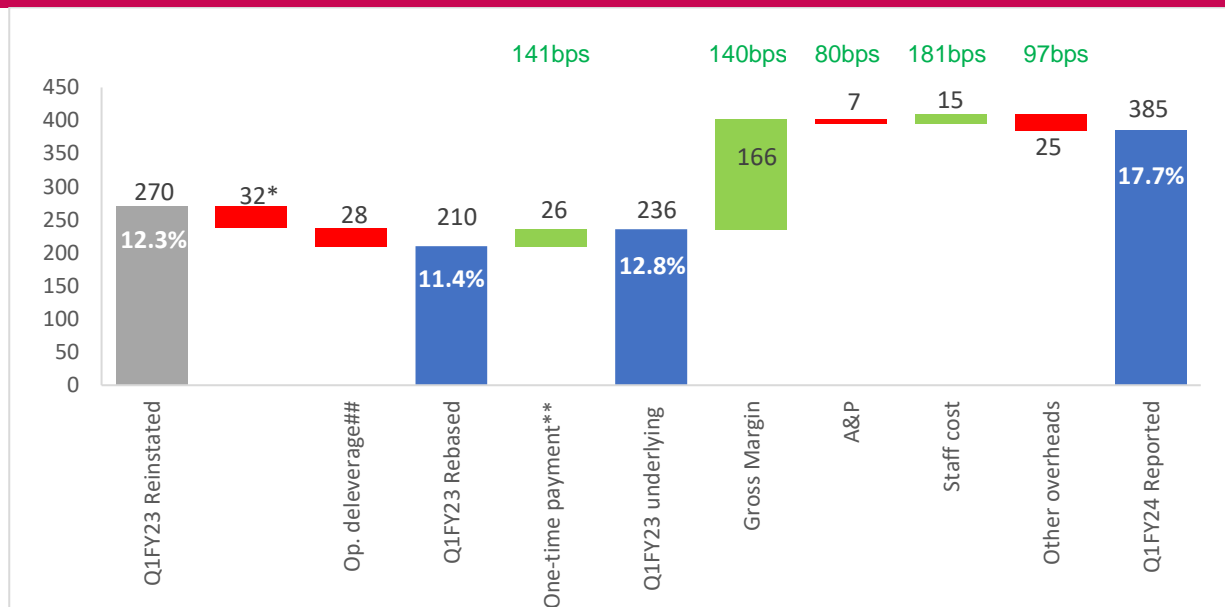
- The **Prestige & Above segment** accounted for 86.4% of net sales during the first quarter, up 2.7ppts over the prior year. Prestige & Above segment net sales increased 21.2% during the first quarter.
- The **Popular segment** accounted for 10.4% of net sales during the first quarter, down 1.7ppt compared to the same period last year. The Popular segment net sales increased 0.9% during the first 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 and franchising transaction was completed on September 30th, 2022.

##Operating deleverage 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)

(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 (Reported)		
<i>All figures in INR Crores unless mentioned otherwise</i>	Q1FY24	Q1FY23
Net sales	2,172	2,195
Gross profit	947	897
Reported EBITDA	385	271
PAT	238	195
Gross profit margin (%)	43.6	40.9
Staff cost (as % of net sales)	(5.8)	(7.8)
Marketing spends (as % of net sales)	(6.8)	(6.4)
Other Overheads (as % of net sales)	(13.4)	(14.3)
EBITDA (%)	17.7	12.3
PAT margin (%)	11.0	8.9
Basic earnings per share (INR)	3.27	2.68

Summary Financial Information (Reported)		
For the financial year ended 30 June 2023		
<i>All figures in INR Crores unless mentioned otherwise</i>	Q1FY24	Q1FY23
Volume ('000 cases)	13,241	18,545
Net sales	2,172	2,195
COGS	(1,225)	(1,297)
Gross profit	947	897
Staff cost	(125)	(172)
Marketing spends	(147)	(140)
Other Overheads	(291)	(315)
Reported EBITDA	385	271
Other Income	21	26
Depreciation	(65)	(74)
EBIT	341	222
Interest	(4)	(23)
PBT before exceptional items	337	199
Exceptional items	(17)	(38)
PBT	320	161
Tax	(81)	34*
PAT	238	195

*This is on account of recognition of deferred tax asset amounting to INR75 Cr. on the brought forward long-term and short-term capital losses, pursuant to the execution of slump sale agreement

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 quarter ended 30 June 2023

Key segments (Reported)				
For the quarter ended 30 June 2023				
Segment	Volume		Net Sales	
	Q1FY24 Reported '000 cs	Q1FY23 Reinstated '000 cs	Q1FY24 Reported INR Cr.	Q1FY23 Reinstated INR Cr.
P&A	10,978	9,951	1,876	1,548
Popular	2,263	8,595	226	569
Other			70	78
TOTAL	13,241	18,545	2,172	2,195

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 **Friday, 21st July 2023 at 4:00 pm IST**. If you would like to listen to the call or ask a question, please join using the information below.

Conference Joining Information

Express Join with DiamondPass™ No Wait Time

<https://services.choruscall.in/DiamondPassRegistration/register?confirmationNumber=4100306&linkSecurityString=15e251a406>

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.

Universal Dial-in	+91 22 6280 1250
	+91 22 7115 8151

International Toll Free

Argentina	0080014243444
Australia	1800053698
Belgium	0080014243444
Canada	01180014243444
China	4008428405
France	0800914745
Germany	0080014243444
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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