

DIAGEO

INDIA

United Spirits Limited

Registered Office:

'UB Tower'

#24, Vittal Mallya Road,
Bengaluru – 560 001

Tel: +91 80 2221 0705

Fax: +91 80 3985 6862

www.diageoindia.com

18th May 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 and year ended March 31, 2023

We are enclosing a press release issued by the Company in connection with results for the quarter and year ended 31st March 2023.

This is for your information and records.

Thank you.

For United Spirits Limited

Mital Sanghvi
Company Secretary

Encl: as above





DIAGEO
INDIA

UNITED SPIRITS LIMITED

PRESS RELEASE

Audited financial results for
the quarter and financial year
ended 31 March 2023
(Standalone Only)

Bengaluru, India - May 18, 2023: United Spirits Ltd., India's leading beverage alcohol company, reported its audited standalone results for the fourth quarter and financial year ended 31 March 2023.

Key Highlights for the quarter:

- Reported net sales value (NSV) at INR 2,494 Cr, with P&A saliency of 87%
- Like for Like (LFL) NSV grew 15.6% with P&A NSV growth of 23.2%
- Reported EBITDA at INR338 Cr. with EBITDA margin of 13.6%

Ms. Hina Nagarajan, CEO & Managing Director, commenting on the FY23 performance, said:

"We have delivered a strong year once again with robust top-line growth & resilient operating margins in an extremely volatile and inflationary environment. As an organization, we have exhibited tenacity and focus amidst macro-economic headwinds and regulatory challenges.

I am pleased with the growth momentum of our Innovation and renovation offerings. The stepped-up contribution in growth from the upper and mid prestige segments lend credence to our portfolio reshape strategy. This comes on the back of the successful closure of the slump sale and franchising of the strategically reviewed popular portfolio during the year. The supply chain agility programme, announced last quarter, is progressing well, in line with our overall strategy.

I am delighted to share a few more achievements from the last quarter. Our Alwar distillery in Rajasthan is Asia's first spirits distillery to be awarded the prestigious Alliance for Water Stewardship (AWS) certification. Our 100% subsidiary, Royal Challengers Sports Private Limited, has won the bid to own and run the Women Premiere League team for Bangalore. This is yet another step in taking forward our narrative of inclusion and diversity and is aligned to our purpose of celebration.

Looking ahead, our core focus remains on continuing the growth momentum, while being more agile as an organisation, with simplified supply chain & legal entity footprint. We continue to remain committed to our consumer-focused future-back strategy, to consistently deliver 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.)

FY23 performance highlights:

- Rebased net sales registered a growth of 19.5% & underlying NSV grew 20.1% (excluding the one-off Bulk Scotch sale impact from prior year comparator) on the back of strong premiumisation trend, continued momentum in the off-trade, on premise recovery and sustained home consumption trends. Within the above, Prestige & Above segment grew 22.8%.
- Rebased net sales for the Popular segment was up 0.9% compared to same period last year.
- Gross margin at 42.1%, down 322 bps versus last year, weighed down by commodity inflation impacting Glass & ENA, partly offset by favourable mix and ramped up pricing and productivity.
- EBITDA was at INR1,305 Cr., 4.0% increase versus last year. EBITDA margin at 13.5% is down 201 bps, primarily due to gross margin contraction offset by additional value chain productivity & growth leverage.
- Interest cost at INR104 Cr. is up 18% primarily on account of the customary non-debt related items, reassessed impact of an old tax litigation matter, partly offset by the savings driven due retirement of debt of the merged entity.
- Exceptional income of INR171 Cr. primarily consists of gain from slump sale of strategically reviewed popular portfolio offset by charges related to supply agility program & legal entity closure expenses.

Q4FY23 performance highlights:

- Rebased NSV increased 15.6% reflecting a strong quarter driven by continued momentum in the off-trade and on-trade along with normalisation of BIO Supplies.
- Prestige & Above segment net sales grew 23.2% with strong double-digit growth buoyed by continued momentum in our innovation & renovation offerings.
- Rebased net sales for the popular segment shrunk 6.3% as inflation continues to impact this price-sensitive consumer segment.
- Underlying Gross margin, after adjusting for a one-off credit on account of reversal of indirect tax provisions, stood at 42.6%, down 225 bps from last year but improved sequentially.
- A&P re-investment rate during the quarter was 13.8% of sales largely reflecting the high spend on the BIO portfolio that normalised on market supplies after three quarters.
- Reported EBITDA at INR338 Cr., with EBITDA margin at 13.6% is down 322 bps, primarily driven by the gross margin contraction, higher A&P partly offset by a one-off credit on account of reversal of indirect tax provisions.
- Interest expense at INR36 Cr. for the quarter was on account of the customary non-debt related items and a reassessed impact of an old tax litigation matter.
- Profit after tax was INR204 Cr. with net profit margin at 8.2%.

KEY FINANCIAL INFORMATION

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

Summary Financial Information (Rebased)				
For the quarter & financial year ended 31 March 2023				
<i>All figures in INR Crores unless mentioned otherwise</i>	Q4FY23	Q4FY22	FY23	FY22
Volume ('000 cases)	15,070	14,644	60,313	55,497
Net sales	2,494	2,157	9,677	8,096
COGS	(1,362)	(1,189)	(5,599)	(4,424)
Gross profit	1,132	967	4,078	3,673
Staff cost	(122)	(134)	(595)*	(626)
Marketing spends	(344)	(131)	(919)	(686)
Other Overheads	(327)	(340)	(1,259)	(1,107)
Reported EBITDA	338	362	1,305	1,254
Other Income	17	17	74	34
Depreciation	(68)	(70)	(261)	(268)
EBIT	286	309	1,118	1,020
Interest	(36)	(19)	(104)	(88)
PBT before exceptional items	250	290	1,014	932
Exceptional income	-	-	380 [#]	9
Exceptional Charges ^{**}	(11)	(120)	(209)	(156)
PBT	239	170	1,185	776

*Includes one-time special pay-out of INR26 Cr. to employees.

[#]Exceptional income of INR380 Cr. in FY23 is on account of net gains from slump sale of the strategically reviewed popular portfolio.

^{**}Exceptional charges of INR209 Cr in FY23 primarily consists of INR157 Cr. charge related to supply agility program, legal entity closure expenses as well as other ongoing business restructuring expenses.

^{**}Exceptional charges of INR156 Cr. in FY22 primarily consists of (a) impairment of fixed assets in certain operationally closed manufacturing units, (b) accelerated charge pertaining to unamortized brand/ license fee, (c) one-off charge towards an additional demand in relation to a historical customer dispute.

Key performance indicators as a % of net sales (Rebased)				
	Q4FY23	Q4FY22	FY23	FY22
Gross profit margin (%)	45.4	44.8	42.1	45.4
Staff cost (%)	(4.9)	(6.2)	(6.1)	(7.8)
Marketing spends (%)	(13.8)	(6.1)	(9.5)	(8.5)
Other Overheads (%)	(13.1)	(15.8)	(13.0)	(14.3)
EBITDA margin (%)	13.6	16.8	13.5	15.5

BUSINESS SEGMENT REVIEW

(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.)

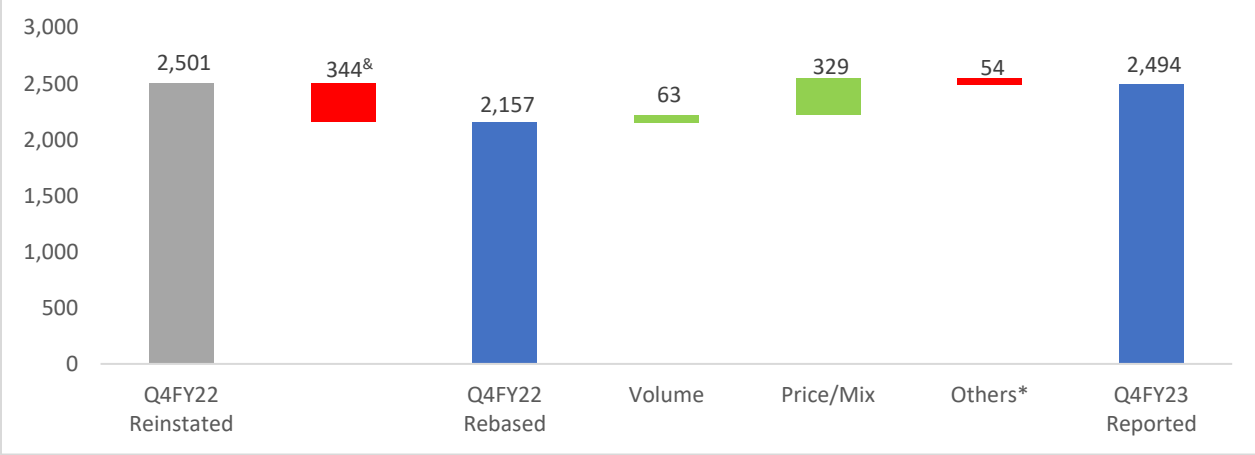
For the quarter and financial year ended 31 March 2023

For the financial year ended 31 March 2023								
	Volume				Net Sales			
Segment	FY23 Rebased '000 cs	FY22 Rebased '000 cs	Rebased Movement %	Underlying movement %	FY23 Rebased INR Cr.	FY22 Rebased INR Cr.	Rebased Movement %	Underlying movement %
P&A	47,660	42,646	11.8	11.8	8,358	6,804	22.8	22.8
Popular	12,653	12,851	(1.5)	(1.5)	1,140	1,130	(0.9)	0.9
Other					178	162	10.3	47.1
TOTAL	60,313	55,497	8.7	8.7	9,677	8,096	19.5	20.1

For the quarter ended 31 March 2023								
	Volume				Net Sales			
Segment	Q4FY23 Rebased '000 cs	Q4FY22 Rebased '000 cs	Rebased movement %	Underlying movement %	Q4FY23 Rebased INR Cr.	Q4FY22 Rebased INR Cr.	Rebased movement %	Underlying movement %
P&A	12,002	10,921	9.9	9.9	2,175	1,766	23.2	23.2
Popular	3,067	3,722	(17.6)	(17.6)	300	320	(6.3)	(6.3)
Other					19	71	(73.1)	(73.1)
TOTAL	15,070	14,644	2.9	2.9	2,494	2,157	15.6	15.6

- The **Prestige & Above segment** accounted for 86.4% of net sales during the financial year ended March 2023, up 2.3ppts compared to last year. Prestige & Above segment net sales increased 22.8% during the financial year ended March 2023.
- The **Popular segment** accounted for 11.8% of net sales during the financial year ended March 2023, down 2.2ppt compared to same period last year. The Popular segment net sales remained increased 0.9% during the financial year compared to last fiscal year.

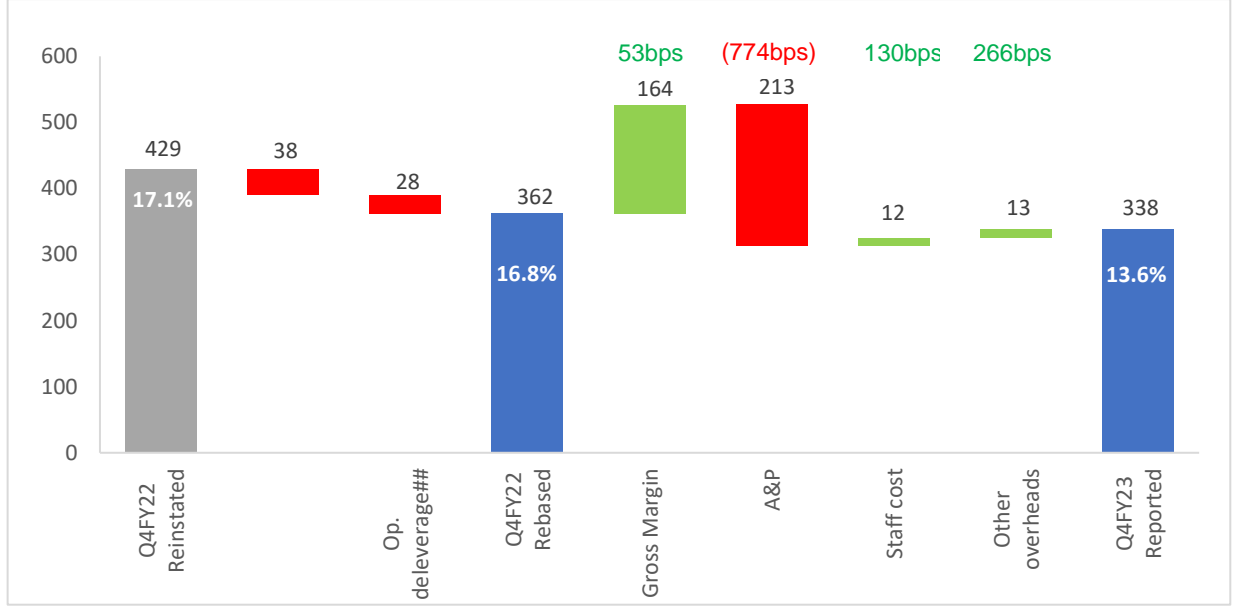
Net sales value bridge for the Quarter (INR Crores)



[&]Net sales of the strategically reviewed and sold popular portfolio

^{*}Others primarily include non IMFL sale

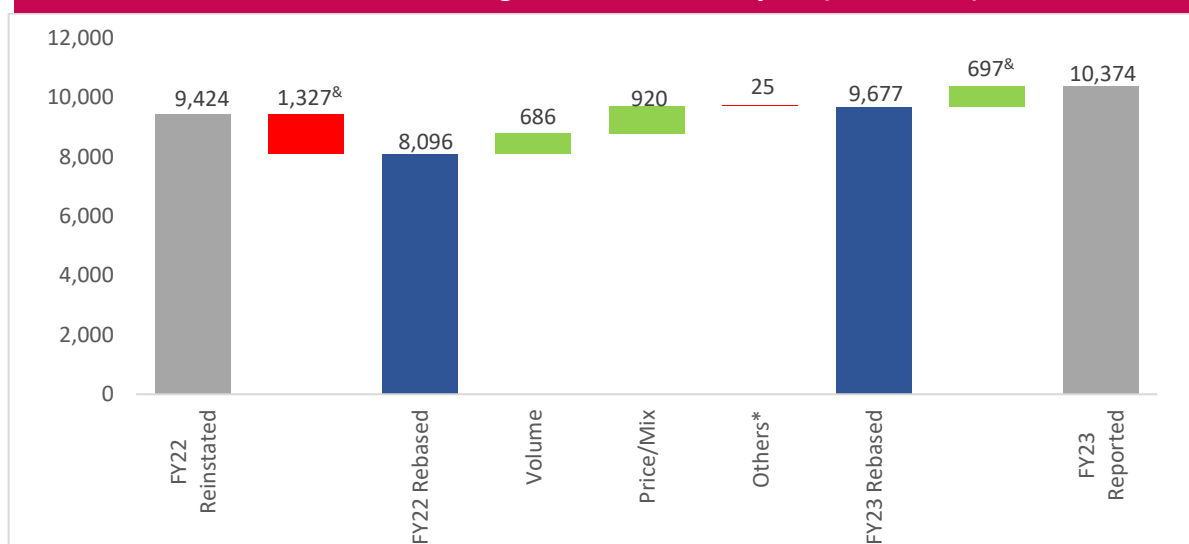
EBITDA bridge for the Quarter (INR Crores, %, bps)



^{**}EBITDA of the strategically reviewed and sold popular portfolio

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

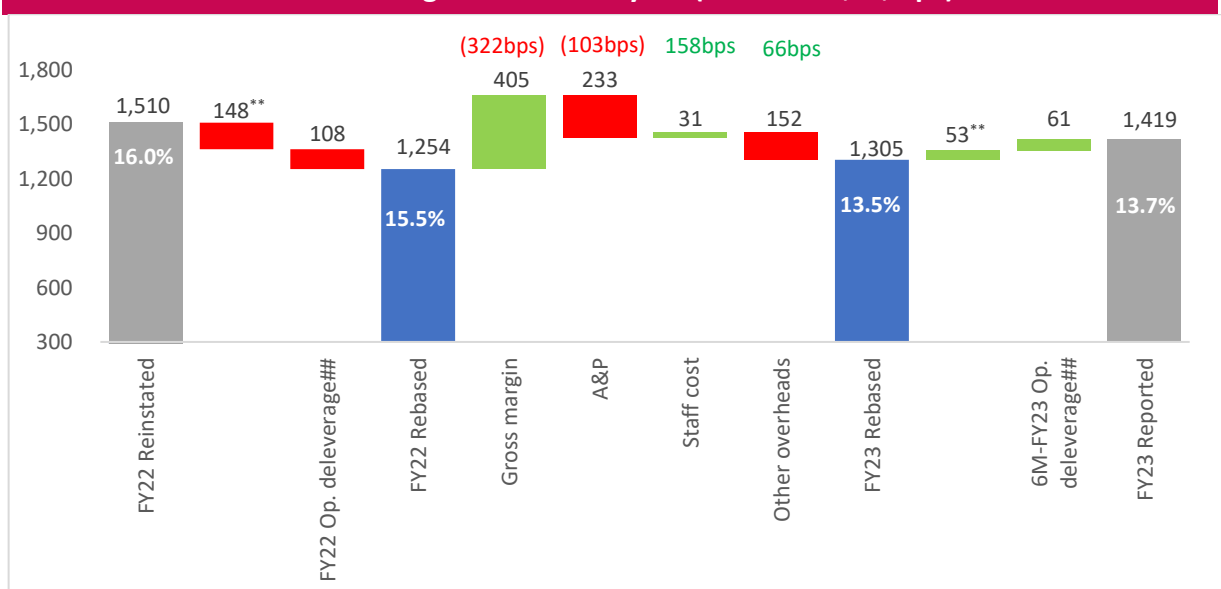
Net sales value bridge for the financial year (INR Crores)



[&]Net sales value of the strategically reviewed and sold popular portfolio

*Includes impact of one-off sale of bulk Scotch amounting to INR40Cr. in Q3FY22

EBITDA bridge for financial year (INR Crores, %, bps)



^{**}EBITDA of the strategically reviewed and sold popular portfolio

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

KEY FINANCIAL INFORMATION

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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)				
All figures in INR Crores unless mentioned otherwise	Q4FY23	Q4FY22	FY23	FY22
Net sales	2,494	2,501	10,374	9,424
Gross profit	1,132	1,087	4,302	4,140
Gross profit margin (%)	45.4	43.5	41.5	43.9
Reported EBITDA	338	429	1,419	1,510
EBITDA margin (%)	13.6	17.1	13.7	16.0
PAT	204	190	1,052	851
Net Profit Margin (%)	8.2	7.6	10.1	9.0

Summary Financial Information (Reported) For the financial year ended 31 March 2023		
All figures in INR Crores unless mentioned otherwise	FY23	FY22
Volume ('000 cases)	72,484	79,148
Net sales	10,374	9,424
COGS	(6,072)	(5,284)
Gross profit	4,302	4,140
Staff cost	(607)	(650)
Marketing spends	(920)	(689)
Other Overheads	(1,356)	(1,291)
Reported EBITDA	1,419	1,510
Other Income	74	34
Depreciation	(271)	(289)
EBIT	1,222	1,256
Interest	(104)	(88)
PBT before exceptional items	1,118	1,168
Exceptional items	171	(156)
PBT	1,289	1,012
Tax	238	(161)
PAT	1,052	851

Key performance indicators as a % of net sales (Reported)		
	FY23	FY22
Gross profit margin (%)	41.5	43.9
Staff cost (%)	(5.9)	(6.9)
Marketing spends (%)	(8.9)	(7.3)
Other Overheads (%)	(13.1)	(13.7)
EBITDA (%)	13.7	16.0
PAT margin (%)	10.1	9.0
Basic earnings per share (INR)	14.5	11.7

BUSINESS SEGMENT REVIEW

(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 and financial year ended 31 March 2023

Key segments (Reported)				
For the financial year ended 31 March 2023				
Segment	Volume		Net Sales	
	FY23 Reported '000 cs	FY22 Reinstated '000 cs	FY23 Reported INR Cr.	FY22 Reinstated INR Cr.
P&A	47,661	42,655	8,358	6,804
Popular	24,823	36,493	1,837	2,458
Other			178	162
TOTAL	72,484	79,148	10,374	9,424

For the quarter ended 31 March 2023				
Segment	Volume		Net Sales	
	Q4FY23 Reported '000 cs	Q4FY22 Reinstated '000 cs	Q4FY23 Reported INR Cr.	Q4FY22 Reinstated INR Cr.
P&A	12,002	10,923	2,175	1,766
Popular	3,067	9,808	300	664
Other			19	71
TOTAL	15,070	20,731	2,494	2,501

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, 19th May 2023 at 3:30 pm IST**. You could use the link below to view the presentation and listen to the webcast or alternatively use the dial-in details for a listen-only option.

Conference Joining Information

Option 1

Connect to the webcast to view the presentation and listen to the audio without having to wait for an operator. Please do so 15 minutes prior to the conference schedule to ensure that you are connected in time.

Express Join with DiamondPass™ No Wait Time

<https://services.choruscall.in/DiamondPassRegistration/register?confirmationNumber=7619056&linkSecurityString=2725c404c0>

Webcast link

<https://links.ccwebcast.com/?EventId=UNI190523>

Option 2

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 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, 39 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.

Investor enquiries to: Shweta Arora +91 9538453097 shweta.arora@diageo.com

Media enquiries to: Rajalakshmi Azariah +91 9535873006 rajalakshmi.azariah@diageo.com