

DIAGEO INDIA

United Spirits Limited

Registered Office:
UB Tower
#24, Vittal Mallya Road,
Bengaluru 560 001

Tel: +91 80 2221 0705
Fax: +91 80 2224 5253
www.diageoindia.com

23rd January 2024

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 31st December 2023

We are enclosing a press release issued by the Company in connection with results for the quarter ended 31st December 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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India



UNITED SPIRITS LIMITED PRESS RELEASE



Unaudited financial
results for the quarter
and nine months ended
31 December 2023

(Consolidated & Standalone)



Bengaluru, India – January 23, 2024: United Spirits Ltd., one of the leading beverage alcohol companies in India, reported its unaudited consolidated & standalone results for the quarter and nine months ended 31 December 2023.

Key Highlights for the quarter:

Consolidated

- Net sales value (NSV) at INR3,002 Cr.; EBITDA at INR487 Cr.
- NSV grew by 8.0% and EBITDA grew 30.8%

Standalone

- Net sales value (NSV) at INR2,989 Cr., with Prestige & Above saliency of 88%
- Total NSV grew 7.5%, Prestige & Above NSV grew 10.0%
- EBITDA at INR491 Cr., grew 33.6%, with EBITDA margin at 16.4%

Ms. Hina Nagarajan, CEO & Managing Director, commenting on the Q3FY24 performance, said:

“We have delivered a resilient quarter in a challenging macro environment. While the sequential demand momentum was relatively muted, reassuringly, the premiumisation trend continues.

Our consumer engagement remained high with a slew of festivals, the cricket world cup and peak wedding season. The focus on continuous improvement and value chain productivity is reflected in the performance.

Looking ahead, we remain cautiously optimistic on growth on the back of sustained investments in our brands, belief in our innovation and renovation pipeline and the long-term India consumer potential.”

(The scheme for the Pioneer Distilleries Limited (PDL) 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.)

Q3FY24 performance highlights:

Consolidated:

- Consolidated net sales at INR3,002 Cr., up 8.0% y-o-y, in-line with growth in the standalone business.
- Consolidated EBITDA was at INR487 Cr., growth of 30.8% y-o-y.
- Q3FY24 consolidated profit after tax was at INR350 Cr.

Standalone:

- Net sales at INR2,989 Cr. increased 7.5% year-on-year driven by continued premiumisation, and resilient consumer demand. Within the above, Prestige & Above segment grew 10.0%.
- Net sales for the Popular segment declined 12.4%, primarily due to muted demand. Duty increases in the segment's salient state further impacted demand adversely.
- Gross margin was 43.4%, up 286 bps versus last year, however, flat sequentially versus the last trailing quarter.
- A&P re-investment rate was 11% of sales, reflecting the seasonality and investment behind the brands during the festive quarter as well as in the cricket world cup.
- EBITDA at INR491 Cr., an increase of 33.6% year-on-year. The EBITDA margin was 16.4%, up 321 bps versus prior year.
- Interest cost at INR16 Cr., is down 32.5%, due to savings on retirement of debt of PDL post-merger and other operational efficiencies.
- Profit after tax was INR348 Cr. with a net profit margin of 11.6%.

(The scheme for the Pioneer Distilleries Limited (PDL) 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.)

9MFY24 performance highlights:

Consolidated:

- 9MFY24 Consolidated net sales was at INR8,537 Cr., up 15.2% on rebased prior year comparators. This was led by the robust growth in the standalone business and new five-year media rights cycle (2023-27) for the Indian Premier League starting from Q1FY24.
- 9MFY24 Consolidated EBITDA was at INR1,667 Cr., a growth of 56.2% on rebased prior year comparators.
- 9MFY24 consolidated Profit after tax was at INR1,166 Cr.

Standalone:

- Net sales at INR8,026 Cr. increased 11.7% on rebased prior year comparators driven by continued premiumisation as well as competitive performance of our innovation and renovation offerings. Within the above, Prestige & Above segment grew 13.8%.
- Net sales for the Popular segment declined 4.6% on rebased prior year comparator, weighed by inflation impacting the target consumer & duty increases in the segment's salient state.
- Gross margin was 43.5%, up 245 bps versus last year, driven by healthy headline pricing flow-thru, revenue growth management and COGS productivity initiatives.
- A&P re-investment rate was 8.9% of sales, largely reflecting the ramped-up investment behind the brands and the cricket world cup in the July – December period.
- EBITDA at INR1,347 Cr. is an increase of 39.3% over rebased prior year comparator. The underlying EBITDA margin was 16.6%, up 280 bps versus last year. This was largely driven by gross margin expansion and productivity across the value chain.
- 9MFY24 Interest cost at INR47 Cr. is down 30.9% versus same period prior year. Excluding the one-off reversal benefit of INR15 Cr. in Q1FY24, interest cost was INR62 Cr., up 8.5% against prior year. Interest cost, in the current financial year, is on account of customary non-debt related expenses.
- Exceptional gain of INR14 Cr. is on account of INR31 Cr. Income from the slump sale recognised as exceptional in Q2FY24 after completion of customary post-transaction closure obligations partially offset by a charge of INR17 Cr. related to the supply agility programme in Q1FY24.
- Profit after tax was INR928 Cr. with a net profit margin of 11.6%.

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) | | | | |
|---|---------------|---------------|---------------|---------------|
| | Q3FY24 | Q3FY23 | 9MFY24 | 9MFY23 |
| Gross profit margin (%) | 43.4 | 40.6 | 43.5 | 41.0 |
| Staff cost (%) | (4.7) | (5.8) | (5.1) | (6.6) |
| Marketing spends (%) | (11.0) | (10.0) | (8.9) | (8.0) |
| Other Overheads (%) | (11.3) | (11.6) | (12.7) | (13.0) |
| Rebased EBITDA margin (%) | 16.4 | 13.2 | 16.8 | 13.5 |
| Rebased underlying EBITDA margin (%) | 16.4 | 13.2 | 16.6 | 13.8 |

| Summary Financial Information (Rebased) - For the period ended 31 December 2023 | | | | |
|--|---------------|---------------|---------------|---------------|
| <i>All figures in INR Crores unless mentioned otherwise</i> | Q3FY24 | Q3FY23 | 9MFY24 | 9MFY23 |
| Volume ('000 cases) | 16,476 | 16,783 | 45,848 | 45,277 |
| Net sales | 2,989 | 2,781 | 8,026 | 7,183 |
| COGS | (1,691) | (1,653) | (4,537) | (4,237) |
| Gross profit | 1,298 | 1,128 | 3,489 | 2,946 |
| Staff cost | (141) | (161) | (409) | (473) |
| Marketing spends | (328) | (277) | (715) | (575) |
| Other Overheads | (338) | (323) | (1,019) | (932) |
| EBITDA | 491 | 368 | 1,347 | 967 |
| Other Income | 46 | 23 | 106 | 57 |
| Depreciation | (63) | (64) | (193) | (193) |
| EBIT | 475 | 327 | 1,259 | 831 |
| Interest | (16) | (24) | (47) | (68) |
| PBT before exceptional items | 458 | 303 | 1,212 | 763 |
| Exceptionals [#] | - | (151) | 14 | 182 |
| PBT | 458 | 152 | 1,226 | 945 |

[#]In Q1FY23, INR38 Cr. was towards Voluntary Separation Scheme (VSS). In Q2FY23, exceptional items primarily comprise a one-time profit of INR381 Cr. arising from the slump sale of the business undertaking associated with 32 brands in the 'Popular' segment. In Q3FY23, exceptional charge of INR 151Cr was primarily on account of the supply agility program.

[#]In Q1FY24, INR17 Cr. charge was related to supply agility program. In Q2FY24, INR31 Cr. was on account of final tranche of income from the slump sale, which is now recognised as exceptional income, post completion of customary obligations.

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.)

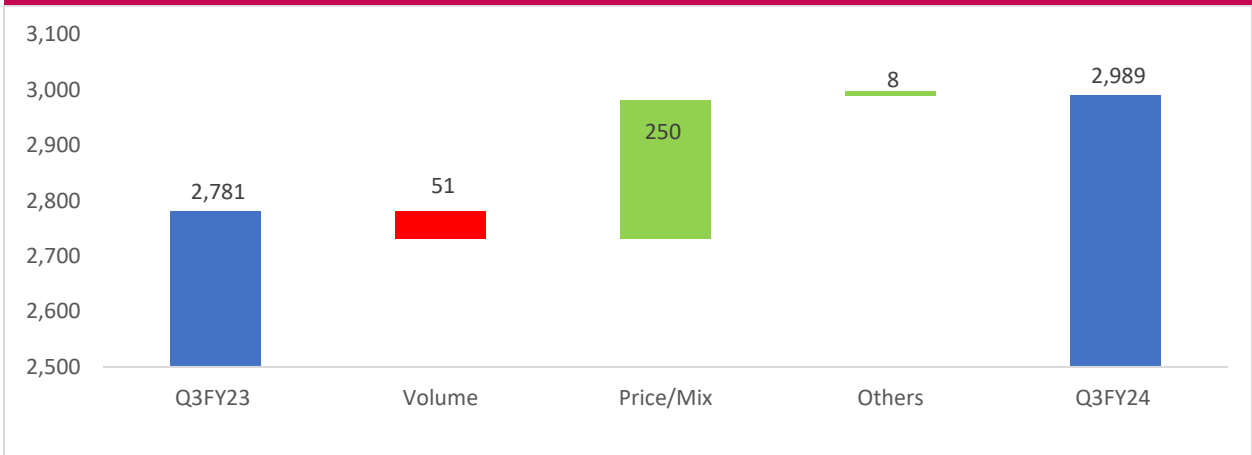
| For the nine months ended 31 December 2023 (Rebased) | | | | | | | | |
|--|-----------------|-----------------|------------------|---------------------|-----------------|-----------------|------------------|---------------------|
| Segment | Volume | | | | Net Sales | | | |
| | 9MFY24 | 9MFY23 | Rebased movement | Underlying movement | 9MFY24 | 9MFY23 | Rebased movement | Underlying movement |
| | Rebased '000 cs | Rebased '000 cs | % | % | Rebased INR Cr. | Rebased INR Cr. | % | % |
| P&A | 37,768 | 35,653 | 5.9 | 5.9 | 7,035 | 6,182 | 13.8 | 13.8 |
| Popular | 8,080 | 9,624 | (16.0) | (16.0) | 804 | 843 | (4.6) | (4.6) |
| Other | | | | | 186 | 159 | 17.1 | 17.1 |
| TOTAL | 45,848 | 45,277 | 1.3 | 1.3 | 8,026 | 7,183 | 11.7 | 11.7 |

- The **Prestige & Above segment** accounted for 87.7% of net sales during the first nine months of fiscal 2024, up 1.6ppts over the prior year. Prestige & Above segment net sales increased 13.8% during the first nine months of fiscal 2024.
- The **Popular segment** accounted for 10.0% of net sales during the first nine months of fiscal 2024, down 1.7ppt compared to the same period last year. The Popular segment net sales declined 4.6% during the first nine months of fiscal 2024.

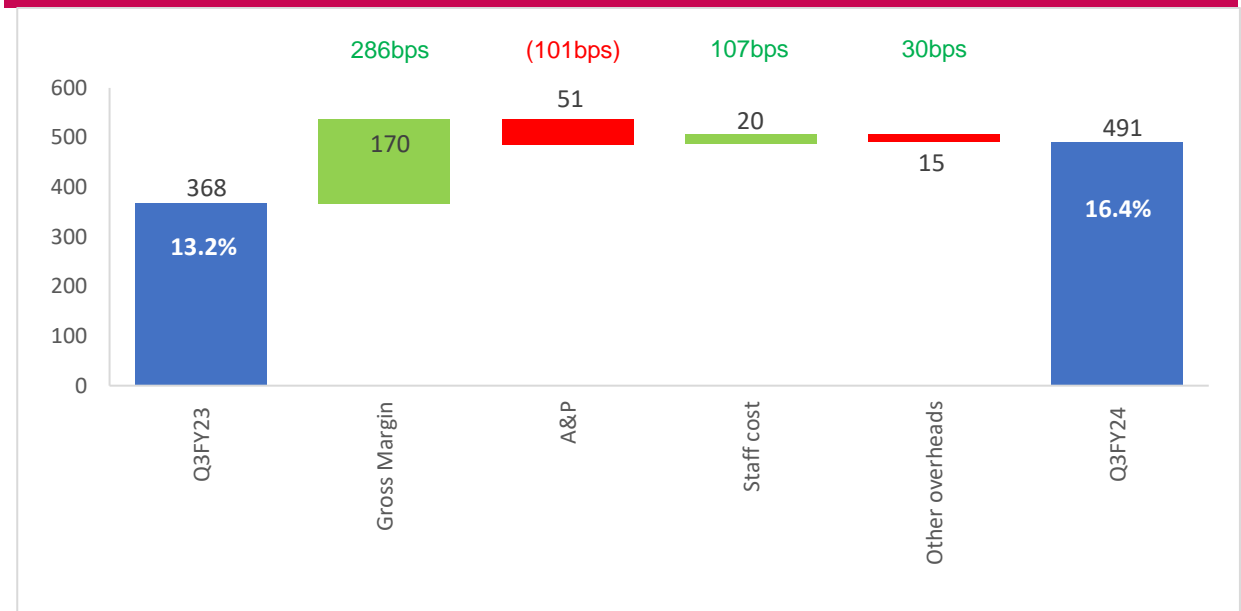
| For the quarter ended 31 December 2023 | | | | | | |
|--|---------------|---------------|---------------------|--------------|--------------|---------------------|
| Segment | Volume | | | Net Sales | | |
| | Q3FY24 | Q3FY23 | Underlying movement | Q3FY24 | Q3FY23 | Underlying movement |
| | '000 cs | '000 cs | % | INR Cr. | INR Cr. | % |
| P&A | 13,419 | 12,823 | 4.6 | 2,639 | 2,400 | 10.0 |
| Popular | 3,057 | 3,959 | (22.8) | 305 | 348 | (12.4) |
| Other | | | | 48 | 34 | 36.0 |
| TOTAL | 16,476 | 16,783 | (1.8) | 2,989 | 2,781 | 7.5 |

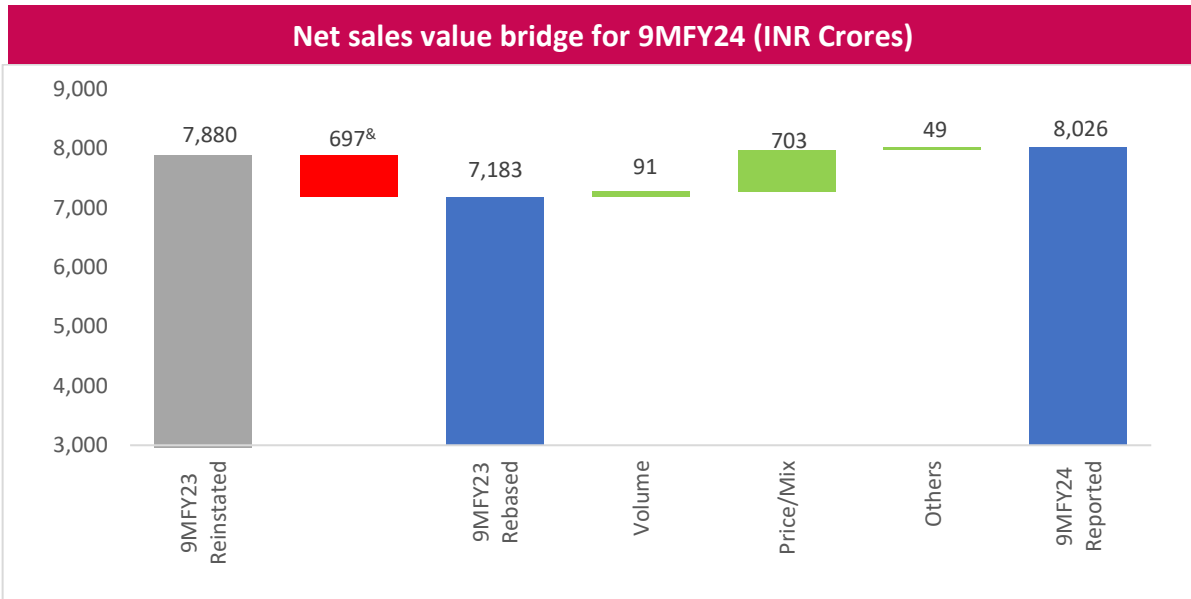
- The **Prestige & Above segment** accounted for 88.3% of net sales during the third quarter of fiscal 2024, up 2.0ppts over the prior year. Prestige & Above segment net sales increased 10.0% during the second quarter.
- The **Popular segment** accounted for 10.2% of net sales during the third quarter of fiscal 2024, down 2.3ppt compared to the same period last year. The Popular segment net sales declined 12.4% during the third quarter.

Net sales value bridge for the Quarter (INR Crores)

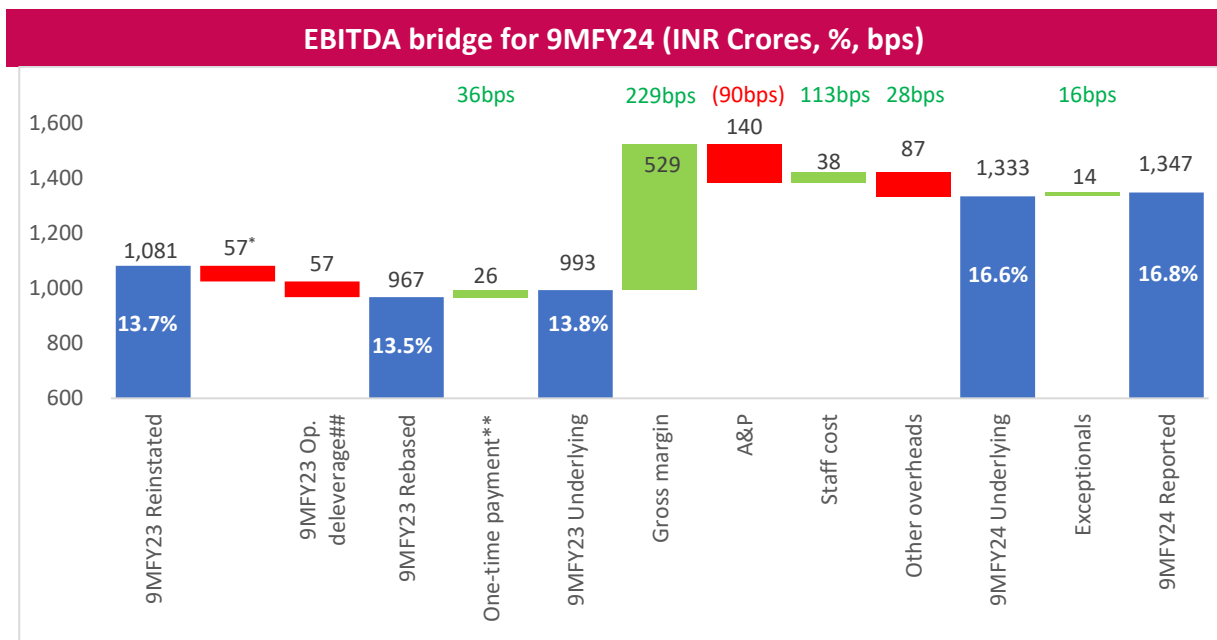


EBITDA bridge for the Quarter (INR Crores, %, bps)





&Net sales of the strategically reviewed portfolio for 6 months ending Sept.30th, 2022 wherein the slump sale and franchising transaction was completed on Sept. 30th, 2022.



*Net sales of the strategically reviewed portfolio wherein the slump sale & franchising transaction was completed on Sept. 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> | Q3FY24 | Q3FY23 | 9MFY24 | 9MFY23 |
| Net sales | 2,989 | 2,781 | 8,026 | 7,880 |
| Gross profit | 1,298 | 1,128 | 3,489 | 3,170 |
| Reported EBITDA | 491 | 368 | 1,347 | 1,081 |
| PAT | 348 | 111 | 928 | 848 |
| Gross profit margin (%) | 43.4 | 40.6 | 43.5 | 40.2 |
| Staff cost (as % of net sales) | (4.7) | (5.8) | (5.1) | (6.2) |
| Marketing spends (as % of net sales) | (11.0) | (10.0) | (8.9) | (7.3) |
| Other Overheads (as % of net sales) | (11.3) | (11.6) | (12.7) | (13.1) |
| EBITDA (%) | 16.4 | 13.2 | 16.8 | 13.7 |
| PAT margin (%) | 11.6 | 4.0 | 11.6 | 10.8 |
| Basic earnings per share (INR)* | 4.79 | 1.52 | 12.75 | 11.65 |

| Summary Financial Information (Reported) | | | | |
|---|---------------|---------------|---------------|---------------|
| For the period ended 31 December 2023 | | | | |
| <i>All figures in INR Crores unless mentioned otherwise</i> | Q3FY24 | Q3FY23 | 9MFY24 | 9MFY23 |
| Volume ('000 cases) | 16,476 | 16,783 | 45,848 | 57,448 |
| Net sales | 2,989 | 2,781 | 8,026 | 7,880 |
| COGS | (1,691) | (1,653) | (4,537) | (4,710) |
| Gross profit | 1,298 | 1,128 | 3,489 | 3,170 |
| Staff cost | (141) | (161) | (409) | (485) |
| Marketing spends | (328) | (277) | (715) | (576) |
| Other Overheads | (338) | (323) | (1,019) | (1,029) |
| Reported EBITDA | 491 | 368 | 1,347 | 1,081 |
| Other Income | 46 | 23 | 106 | 57 |
| Depreciation | (63) | (64) | (193) | (202) |
| EBIT | 475 | 327 | 1,259 | 936 |
| Interest | (16) | (24) | (47) | (68) |
| PBT before exceptional items | 458 | 303 | 1,212 | 868 |
| Exceptional items | - | (151) | 14 | 182 |
| PBT | 458 | 152 | 1,226 | 1,050 |
| Tax | (110) | (42) | (298) | (202) |
| PAT | 348 | 111 | 928 | 848 |

*EPS of INR5.25 per share in 9MFY23 & INR0.42 per share in 9MFY24 was pertaining to the gains from the slump sale of the strategically reviewed popular portfolio.

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.)

| Key segments (Reported) | | | | |
|--|------------------------------|---------------------------------|-------------------------------|---------------------------------|
| For the nine months ended 31 December 2023 | | | | |
| Segment | Volume | | Net Sales | |
| | 9MY24 Reported '000 cs | 9MFY23 Reinstated '000 cs | 9MFY24 Reported INR Cr. | 9MFY23 Reinstated INR Cr. |
| P&A | 37,768 | 35,654 | 7,035 | 6,182 |
| Popular | 8,080 | 21,794 | 804 | 1,539 |
| Other | | | 186 | 152 |
| TOTAL | 45,848 | 57,448 | 8,026 | 7,880 |

| Key segments (Reported) | | | | |
|--|-------------------------------|---------------------------------|-------------------------------|---------------------------------|
| For the quarter ended 31 December 2023 | | | | |
| Segment | Volume | | Net Sales | |
| | Q3FY24 Reported '000 cs | Q3FY23 Reinstated '000 cs | Q3FY24 Reported INR Cr. | Q3FY23 Reinstated INR Cr. |
| P&A | 13,419 | 12,823 | 2,639 | 2,400 |
| Popular | 3,057 | 3,959 | 305 | 348 |
| Other | | | 46 | 34 |
| TOTAL | 16,476 | 16,783 | 2,989 | 2,781 |

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 **Wednesday, 24th January 2024** at **4:00 pm IST**. You can listen to the call or ask a question using the information below.

Conference Joining Information

Express Join with DiamondPass™ No Wait Time

<https://services.choruscall.in/DiamondPassRegistration/register?confirmationNumber=7905014&linkSecurityString=2df905de4c>

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.

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

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