

UNITED SPIRITS

A DIAGEO Group Company

F17 FULL YEAR RESULTS ROADSHOW



5 JUNE 2017

ANAND KRIPALU

MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER

WHAT WE WILL COVER TODAY

STRONG LONG TERM FUNDAMENTALS IN AN ATTRACTIVE MARKET

CLEAR STRATEGY TO ACCESS THE OPPORTUNITY

FINANCIAL PERFORMANCE

CONFIDENCE IN THE FUTURE





WHAT WE WILL COVER TODAY

STRONG LONG TERM FUNDAMENTALS IN AN ATTRACTIVE MARKET

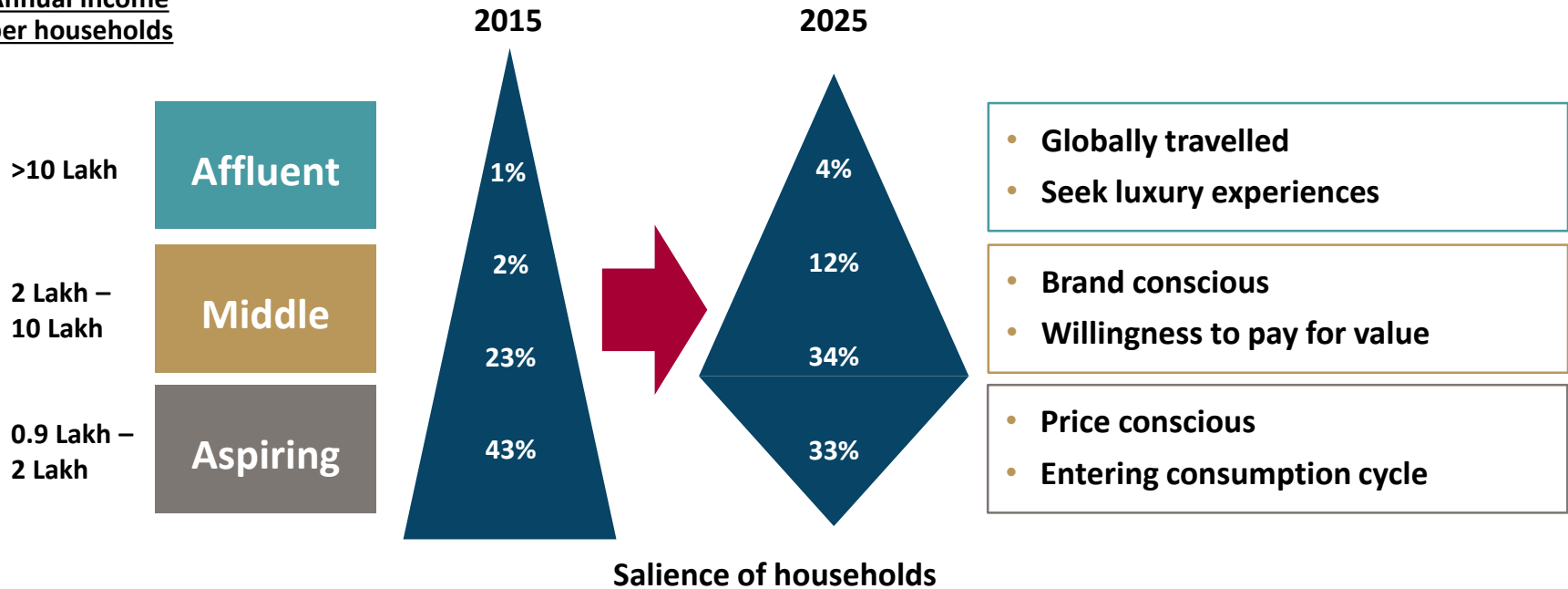
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RISING INCOME LEVELS RE-SHAPING THE CONSUMER LANDSCAPE

Annual income per households

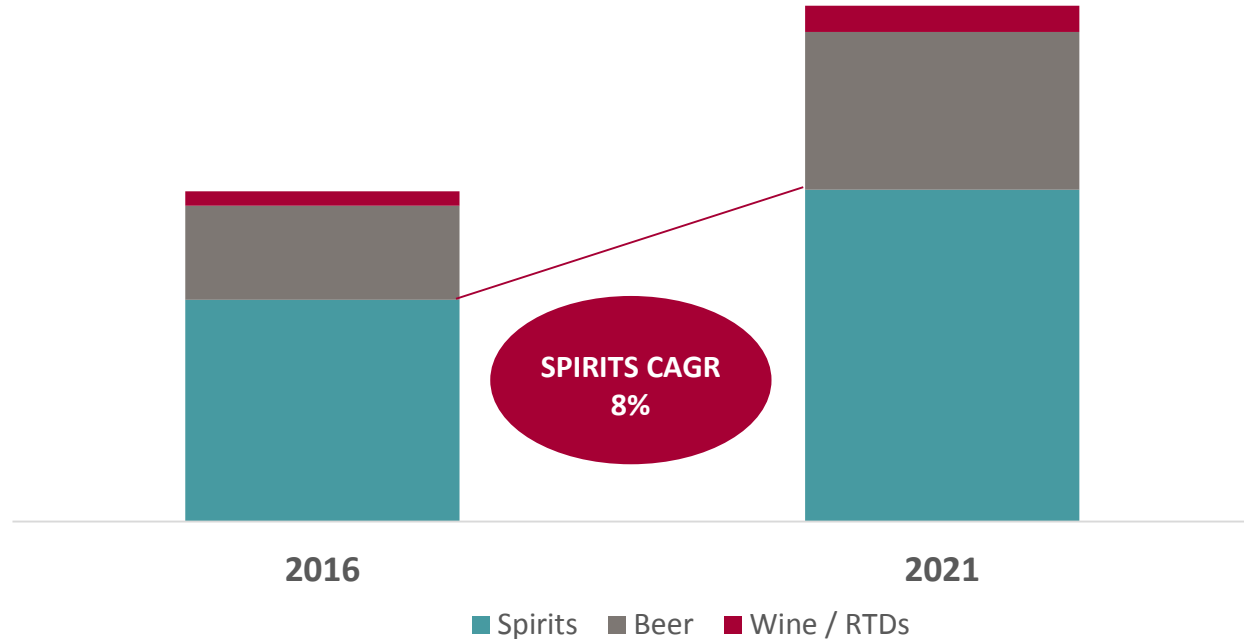


Evolving consumer landscape

- High % of millennials
- Changing attitudes leading to higher spending habits

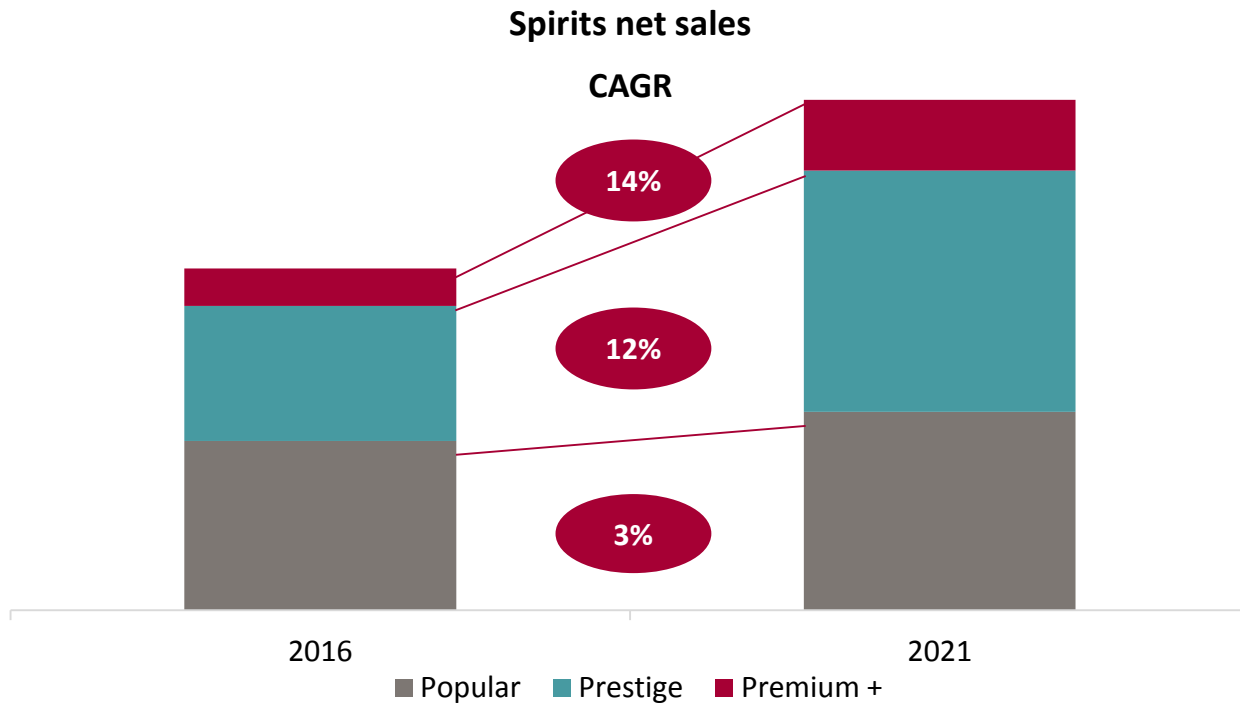
DRIVING STRONG GROWTH IN ONE OF THE WORLD'S BIGGEST TBA MARKETS

TBA net sales



Source: IWSR, Diageo internal estimates. Excluding country liquor.

STRONG PREMIUMISATION TREND DRIVING SPIRITS GROWTH



Prestige and Above
profit contribution

60%

70%

IN AN EVOLVING REGULATORY LANDSCAPE



State-level regulated market and pricing



Restricted advertising



Controlled retail footprint



**Supreme Court judgment on alcohol sale
and service near national and state highways**



Effect of impending GST

WE ARE WELL SETUP TO ACCESS THE OPPORTUNITY

Largest beverage alcohol company in India

Winning portfolio with **15** brands over **1 million** cases

Advantaged route to consumer

44%* share in spirits

Wide manufacturing footprint covering most States

Strong global and local capabilities

WITH A BROAD PORTFOLIO ACROSS PRICE POINTS

		Consumer prices*		Focus brands	
Affluent	Luxury	>2,000			
		1,000 – 2,000			
Middle	Premium	400 - 850			
		< 350			

*Average consumer prices in India, 750ml bottle, Consumer prices in rupees

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Medium term goal

Grow top line by double digit and improve EBITDA margin to mid-high teens



5 Strategic Priorities

**Strengthen
& accelerate
core brands**

Evolve route to
consumer

Drive out cost to
invest in growth

Corporate
citizenship

Future ready
organization

FOCUS ON PRESTIGE AND ABOVE BRANDS

Renovation



Purpose-led
marketing platform



Occasion-driven
special packs



Innovation



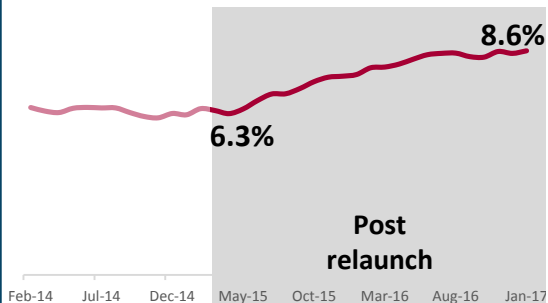
Up-weighted marketing investment

RENOVATION

Royal Challenge March 2015



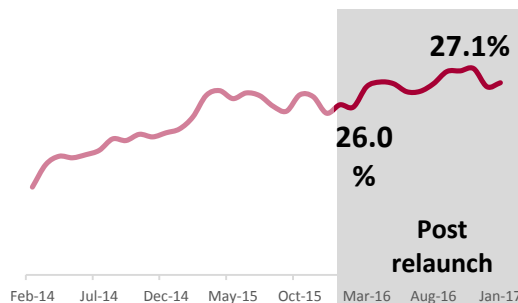
Share movement



McDowell's No 1 Whisky December 2015



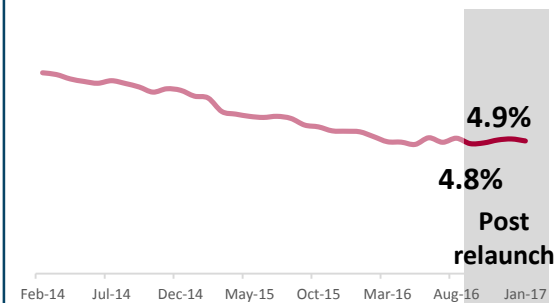
Share movement



Signature November 2016



Share movement



ROYAL CHALLENGE RENOVATION



Tested all elements of mix via neuroscience



Improved liquid



New to market packaging



Impactful communication



Brilliant execution



PURPOSE-LED MARKETING PLATFORM



OCCASION-DRIVEN SPECIAL PACKS

HOLI FESTIVAL LIMITED EDITION



SCOTCH COLLECTON – YEAR ROUND GIFTING



T20* LIMITED EDITION



*Indian Cricket Premier League (IPL) special edition

INNOVATION

RECRUIT

Recruit consumers through new propositions



RE-RECRUIT

Extend brands into new occasions






DISRUPT

Access large, untapped categories through new spirits



FIT FOR PURPOSE OPERATING MODEL FOR POPULAR BRANDS

Operating model	% of Popular net sales	Rationale	Ambition
 Retain	50-60%	Profitable growth opportunity	Hold share
 Franchise out	30-40%	Franchisee has local scale and strong RTC	Stable income stream
 Exit	0-5%	Unprofitable in both operating models	-

RTC: KEY FOCUS AREAS

		Key RTC objectives		
Channel/ segment		Leverage outlet as media to build brand imagery	Create demand through consumer winning activations	Leverage trade as ambassadors
On Trade	Off Trade	Create Perfect stores	Brand activations	Diageo Bar Academy
			Scotch mentoring	
			Wedding and Banquets	

TRANSFORM STORES TO "PERFECT STORES"



Before



After

CONSUMER WINNING ACTIVATIONS

SCOTCH MENTORING



TROLLEY



BRAND ACTIVATIONS



WIN THE BAR FOR THE NIGHT



**BOTTOMS UP WITH
CELEBRITY MIXOLOGIST.**



STAR SERVE NIGHTS
WITH NEMANT MUNDKUR
on 15th MAY

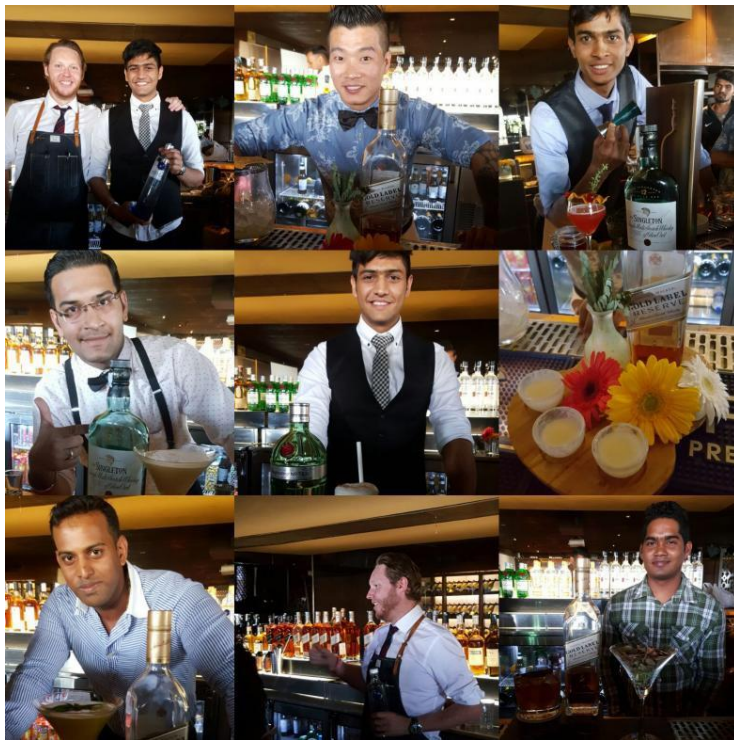
SMIRNOFF
WORLD'S #1 VODKA
BAR ACADEMY

WEDDINGS & BANQUETS



LEVERAGE TRADE AS A BRAND AMBASSADOR

DIAGEO BAR ACADEMY



WORLD CLASS COMPETITION



SCOTCH PORTFOLIO GROWING DOUBLE DIGIT AND GAINING SHARE

Top line performance

32%



■ F17 FY

Share performance

Johnnie Walker Black Label



31.6%



+1.2ppts

Johnnie Walker Double Black



6.5%



+0.6ppts

Black & White



7.0%



+1.0ppts

Black Dog

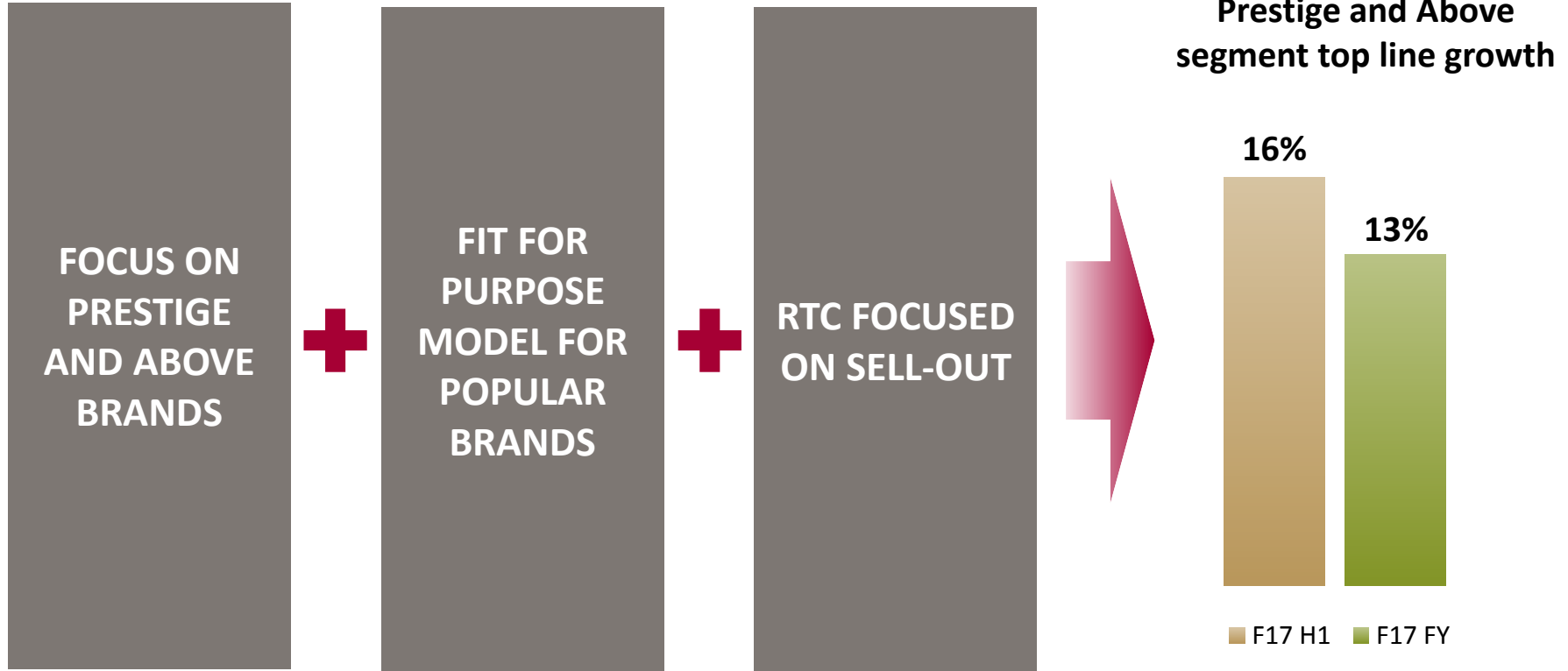


26.4%



+2.0ppts

CONFIDENCE IN DELIVERING DOUBLE DIGIT NET SALES GROWTH IN THE MEDIUM TERM



AMBITIOUS PRODUCTIVITY TARGETS ACROSS ALL LINES



* F17 margin improvement vs. F16

MOVE TO STANDARDISED GLASS BOTTLES

From:

Family shape bottles



To:

Common light-weight bottles



CORPORATE CITIZENSHIP

Alcohol in Society

Highest Compliance and governance standards

Building thriving communities

Leadership role in shaping the regulatory landscape



RIGHT SIZING THE ORGANISATION TO FUEL FUTURE GROWTH

Added new capabilities in Innovation, Digital, Corporate Relations, Legal & Compliance

Investment in talent

Improved systems and key processes

Best of both cultures





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SANJEEV CHURIWALA

EXECUTIVE DIRECTOR & CHIEF FINANCIAL OFFICER





F17 PERFORMANCE SUMMARY

Reported net sales growth
4%

Prestige and Above segment net
sales up **13%**

Gross margin **42.9%**
up **156bps**

Marketing investment up
9%

EBITDA Rs. **983** Crore with
11% growth

EBITDA margin **11.5%**,
up **75bps**

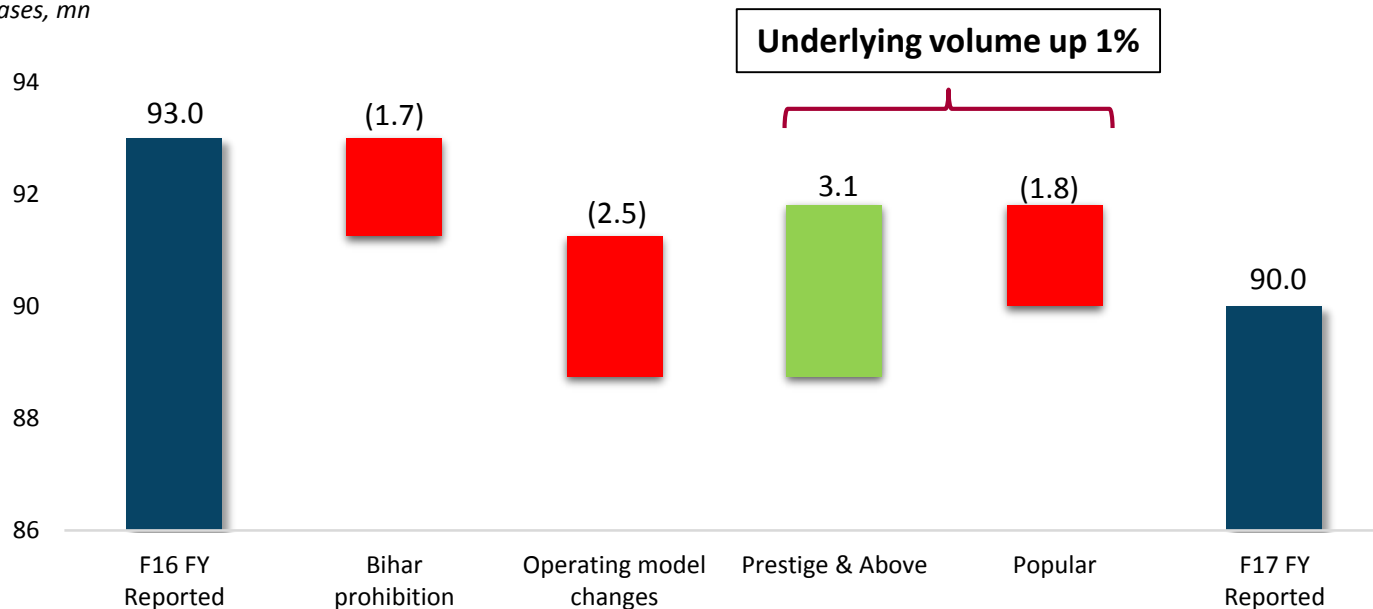
Interest cost reduction
of **17%**

Profit after tax
Rs. **170** Crore, up **39%**



VOLUME DECLINE OF 3%

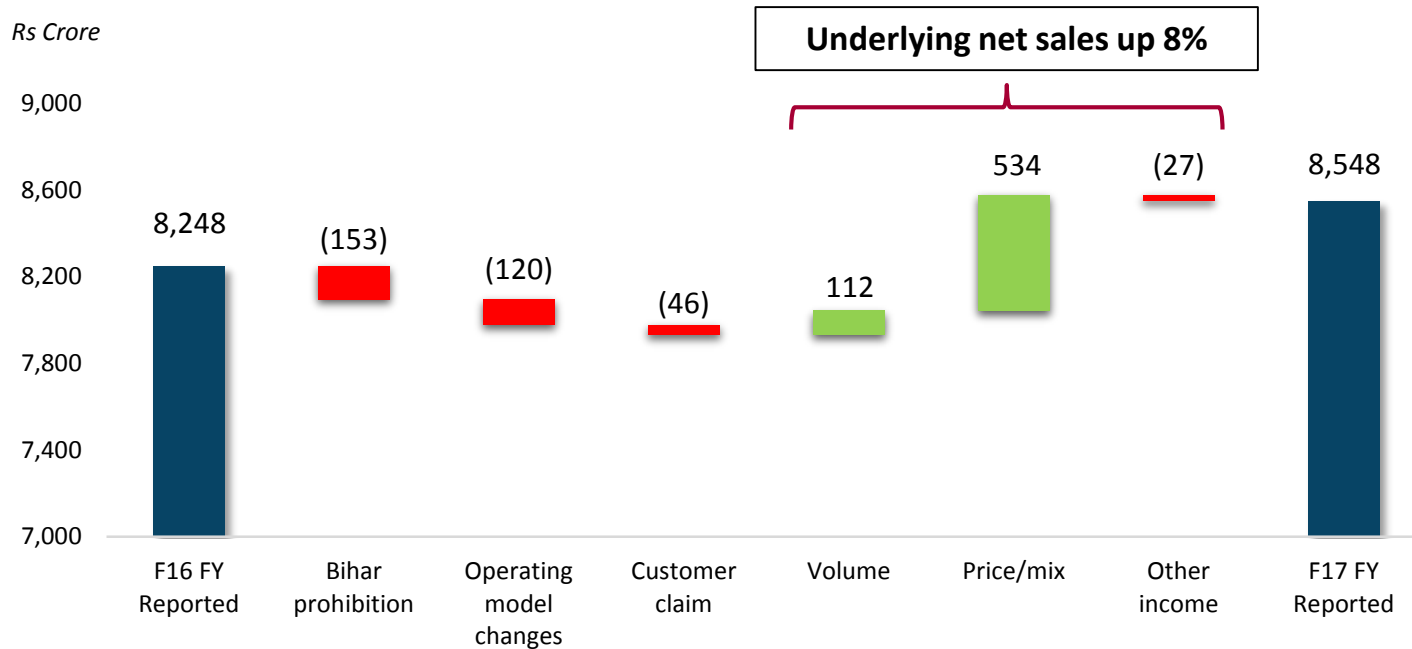
Cases, mn



	Reported volume %	Underlying volume %
Popular	(10)	(3)
Prestige and Above	8	9
Total	(3)	1



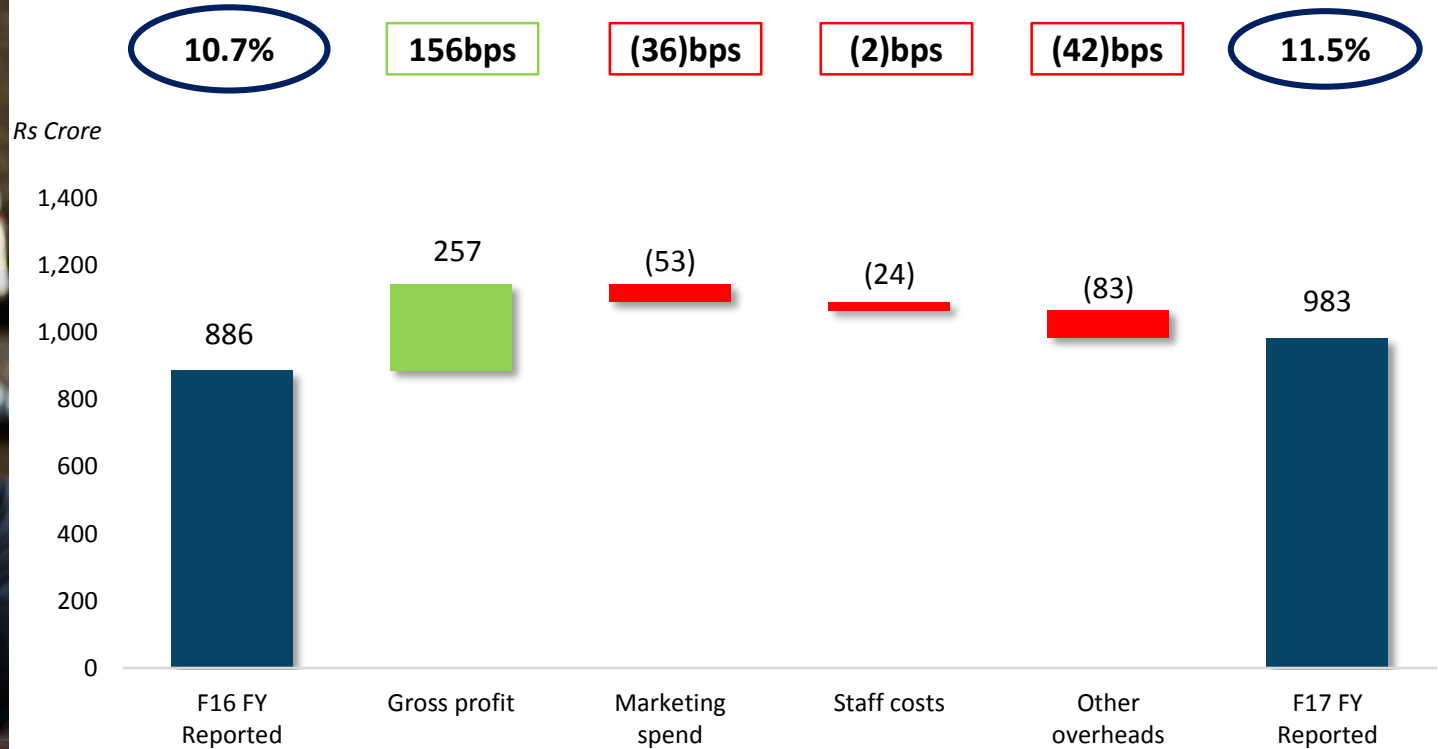
NET SALES GROWTH OF 4%



	Reported net sales %	Underlying net sales %
Popular	(9)	(2)
Prestige and Above	13	14
Total	4	8

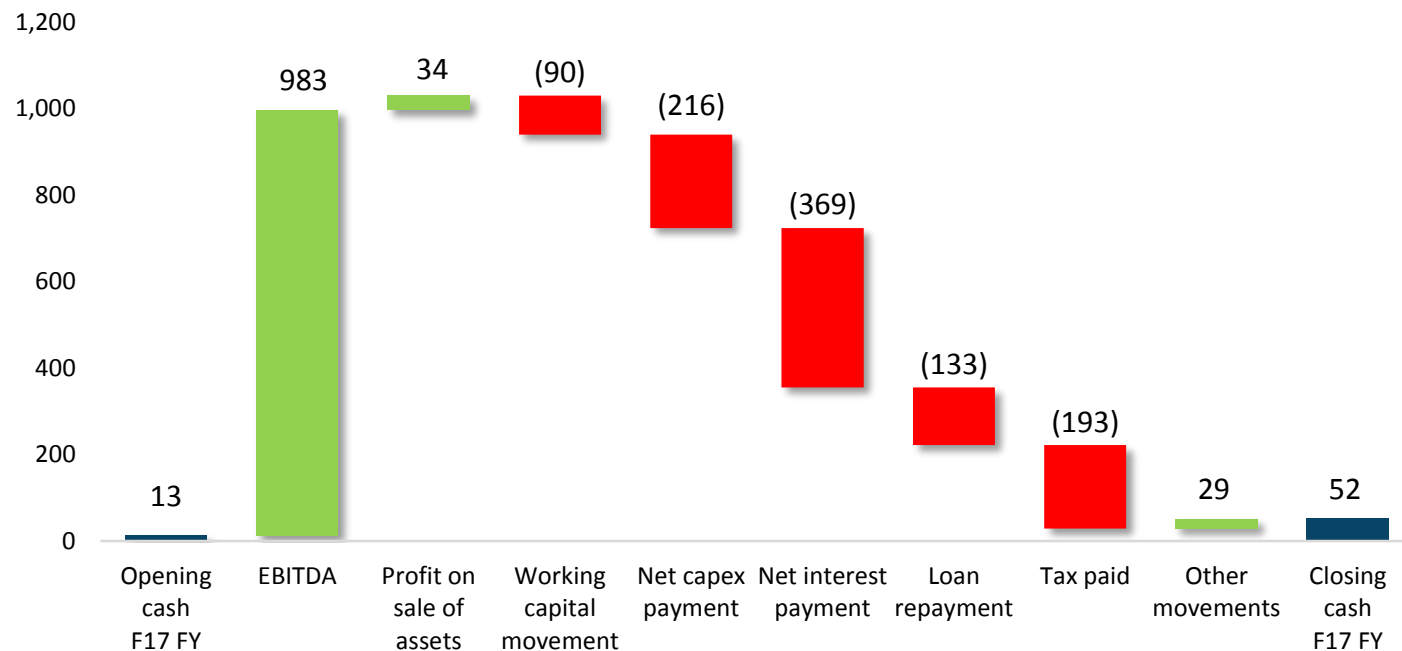


EBITDA GROWTH OF 11%, EBITDA MARGIN IMPROVEMENT OF 75BPS



MOVEMENT IN CASH

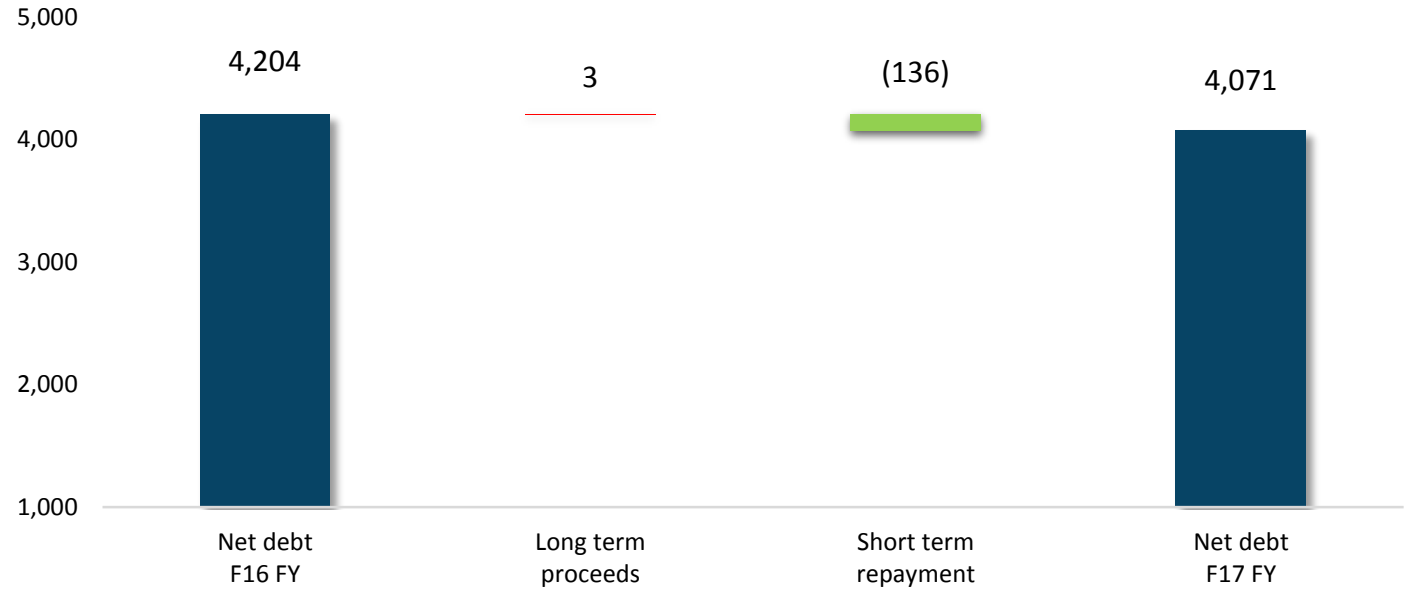
Rs Crore





MOVEMENT IN DEBT

Rs Crore





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citizenship

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CONFIDENCE IN THE FUTURE

Progress and delivery of our strategy even while transforming the company

Clear priorities to accelerate performance

Belief in the foundation we have built to deliver the future

DIAGEO

**CELEBRATING LIFE,
EVERY DAY, EVERYWHERE**