

1<sup>st</sup> June, 2020

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

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

Dear Sirs,

**Sub: Investor presentation**

Further to our intimation dated May 23, 2020 regarding investor meet, enclosing herewith copy of the presentation used in the meeting.

This is for your information and records.

Thank you,

Yours faithfully,  
For United Spirits Limited

Mital Sanghvi  
Company Secretary

Encl: As above





**UNITED SPIRITS**  
A DIAGEO Group Company

**ANAND KRIPALU**

**MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER**

**BETTER  
BALANCED\***

**GREAT AROMA & FEEL**



THE NEW

**Nº1**

**#CHOOSEORIGINAL**

DRINK RESPONSIBLY.  
BASED ON THE BLEND SENSORIAL.

## WHAT WE WILL COVER TODAY

**UNITED SPIRITS**  
A DIAGEO Group Company

### FY20 PERFORMANCE

---

### FY20 KEY HIGHLIGHTS

---

### COVID & BEYOND

---





**UNITED SPIRITS**

A DIAGEO Group Company

**SANJEEV CHURIWALA**

**EXECUTIVE DIRECTOR & CHIEF FINANCIAL OFFICER**

01 JUN 2020

**BETTER  
BALANCED\***

GREAT AROMA & FEEL



THE NEW

**Nº1**

#CHOOSEORIGINAL

DRINK RESPONSIBLY.  
BASED ON THE BLEND SENSORIAL.

## WHAT WE WILL COVER TODAY

**UNITED SPIRITS**  
A DIAGEO Group Company

### FY20 PERFORMANCE

---

### FY20 KEY HIGHLIGHTS

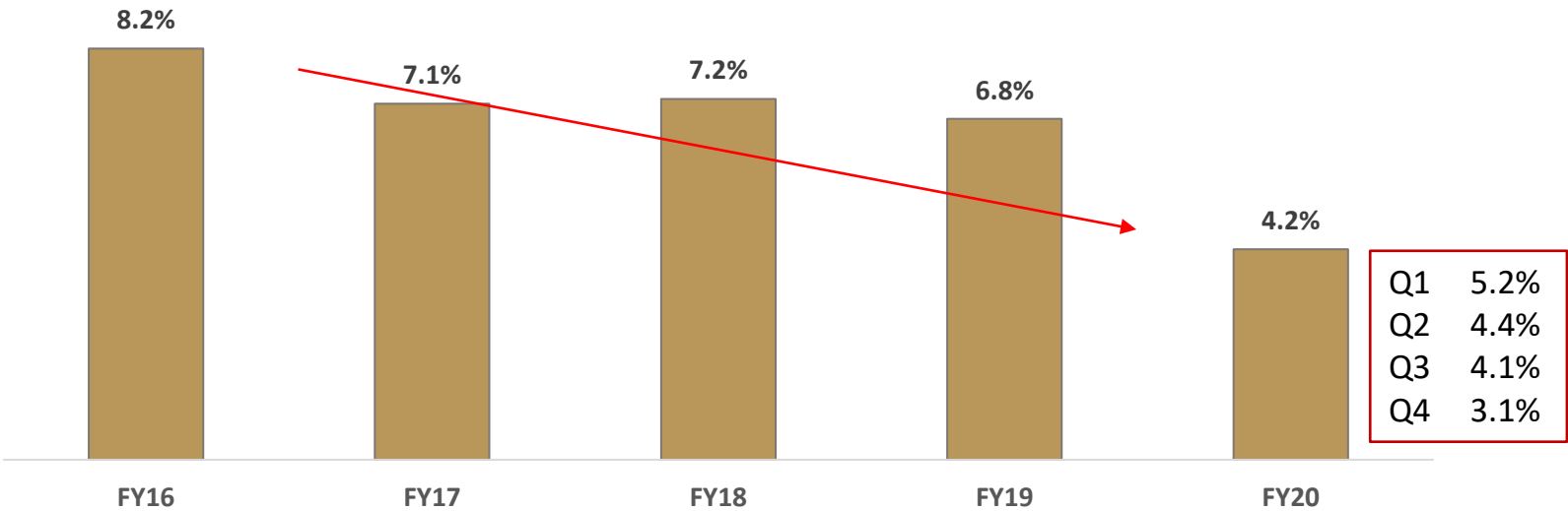
---

### COVID & BEYOND

---

# FY20 – A YEAR OF CONTINUED MACROECONOMIC SLOWDOWN...

India GDP Trajectory



Source: MoSPI

**BETTER  
BALANCED\***

GREAT AROMA & FEEL



THE NEW

**Nº1**

#CHOOSEORIGINAL

DRINK RESPONSIBLY.  
BASED ON THE BLEND SENSORIAL.

## F20 IN A NUTSHELL

**UNITED SPIRITS**  
A DIAGEO Group Company

<b>Net sales<sup>1</sup></b>	<b>+1.2%</b>
------------------------------	--------------

<b>Prestige &amp; Above net sales</b>	<b>+0.4%</b>
---------------------------------------	--------------

<b>Gross margin</b>	<b>44.8%; (408)bps</b>
---------------------	------------------------

<b>EBITDA margin<sup>2</sup></b>	<b>16.6%; +223 bps</b>
----------------------------------	------------------------

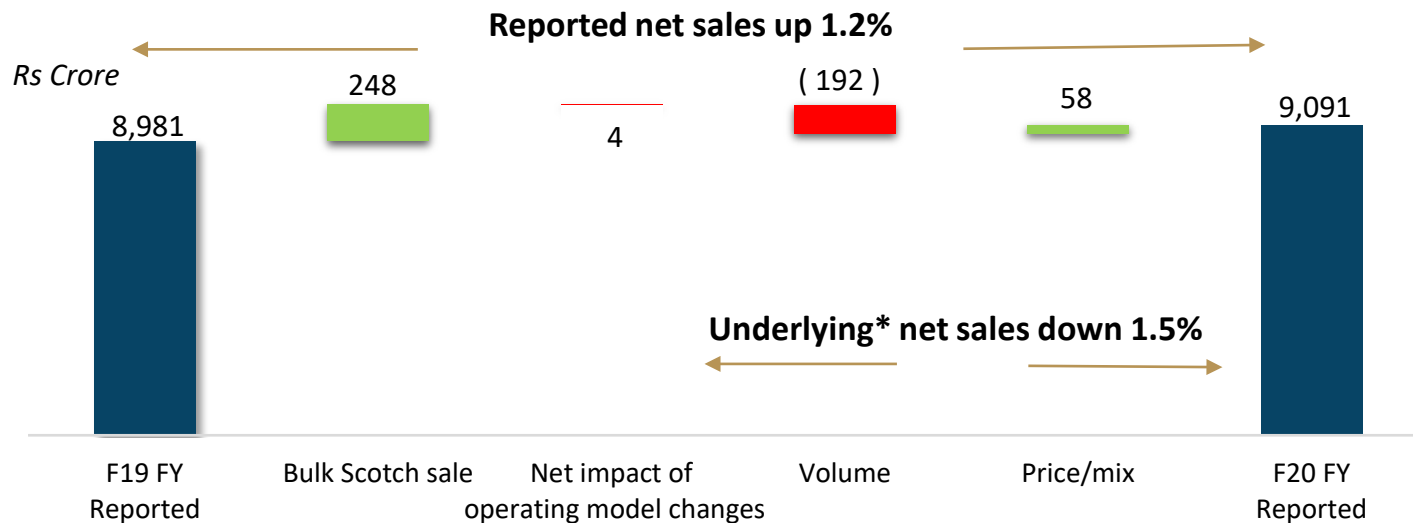
<b>Interest costs</b>	<b>-13%</b>
-----------------------	-------------

<b>Profit after tax</b>	<b>705 Cr; +7%</b>
-------------------------	--------------------

<sup>1</sup> Underlying net sales growth was (1.5)%, excluding one-off bulk Scotch sale.

<sup>2</sup> Underlying EBITDA margin excluding one-off bulk Scotch sale was 15.9%, underlying margin expansion was 92bps

# TOPLINE IMPACTED BY CONSUMPTION SLOWDOWN & COVID-19 LED DISRUPTION

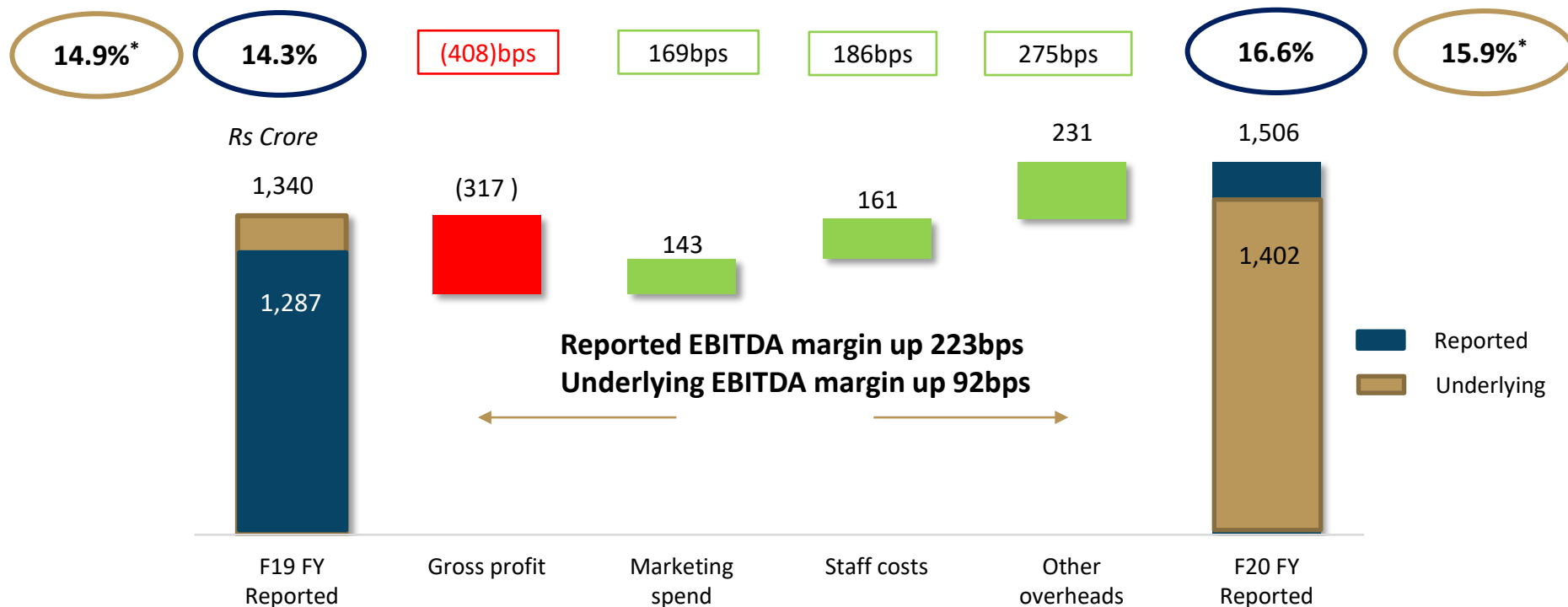


	Reported net sales % FY20	Underlying* net sales % FY20
Prestige & Above	0.4	0.4
Popular	(4.2)	(4.1)
Total	1.2	(1.5)

\* Underlying movement excludes the one-off impact of Bulk Scotch sale & operating model changes.



# EBITDA MARGIN EXPANSION DESPITE AN UNPRECEDENTED ENVIRONMENT



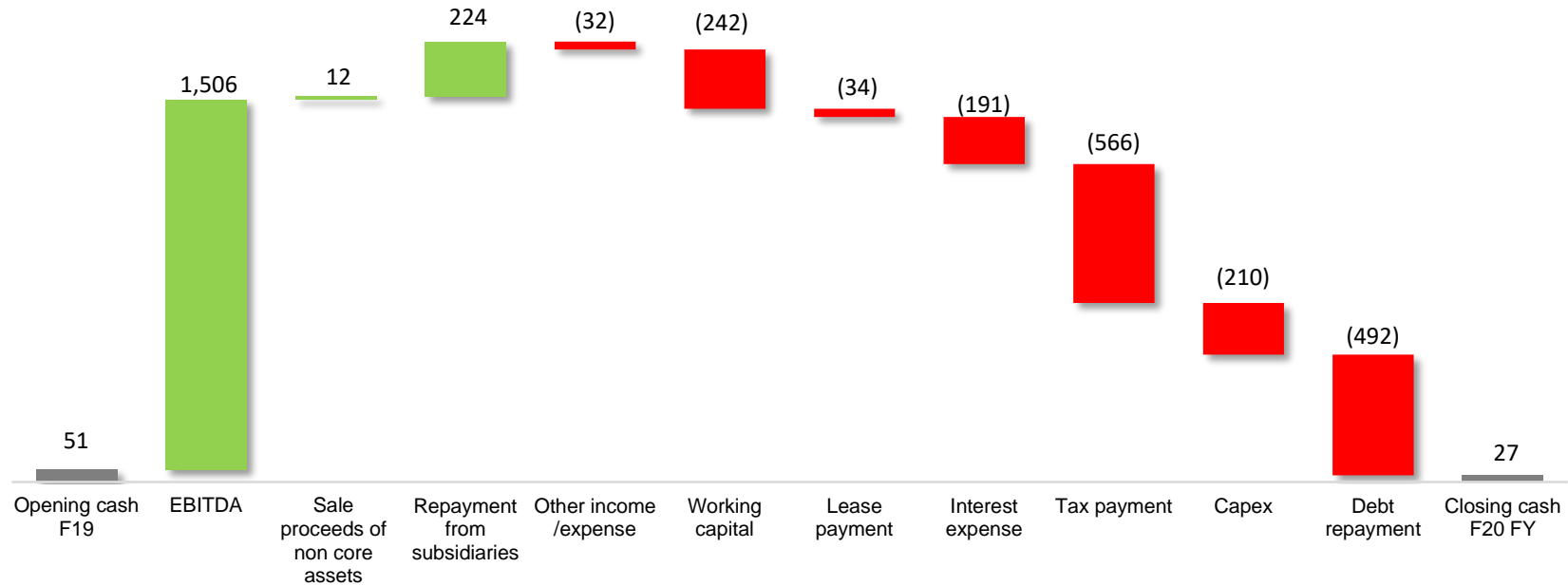
*\*Underlying EBITDA margin excludes the impact of Bulk Scotch sale and one-off restructuring costs  
Underlying EBITDA margin for F20, net of bulk Scotch sale is 15.9%.*

# PAT GROWTH OF 7%, PAT MARGIN EXPANSION OF 42BPS



# CONTINUED FOCUS ON CASH MANAGEMENT

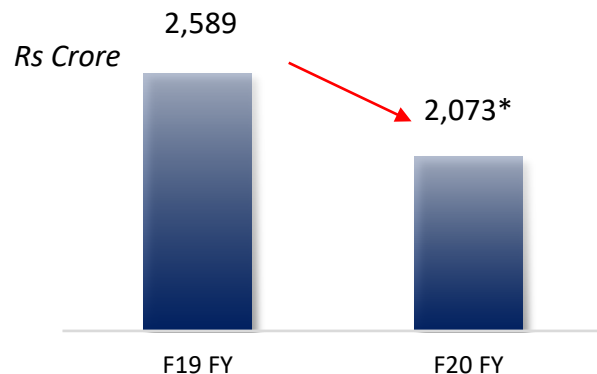
*Rs. Crore*



# FURTHER PROGRESS ON DELEVERAGING

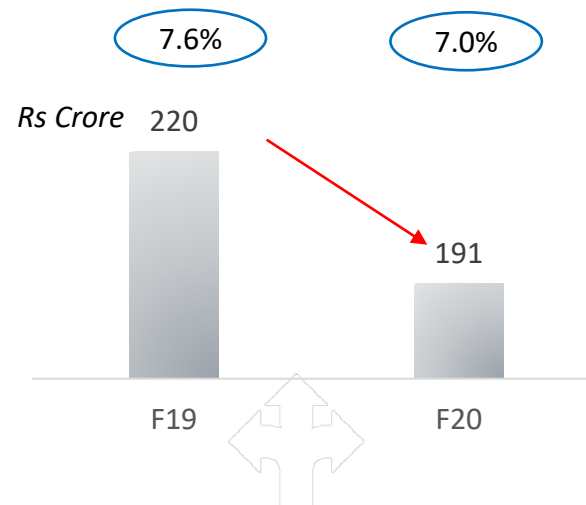
## Net debt

Reduction of Rs. 492 Cr.



## Interest Cost

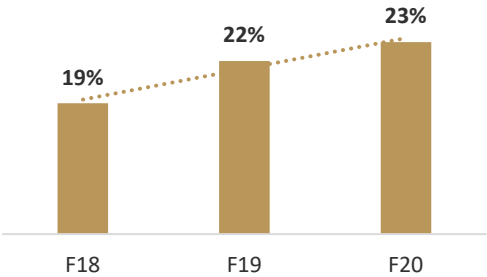
Interest cost saving of Rs. 29Cr.



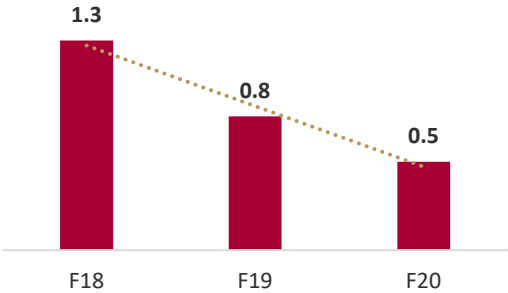
*\*Closing balance is net of finance lease reclassification impact of Rs. 24 Cr due to IndAS 116. Pure debt repayment is Rs. 492 Cr. during the year.*

# SUSTAINED IMPROVEMENT IN KEY FINANCIAL INDICATORS

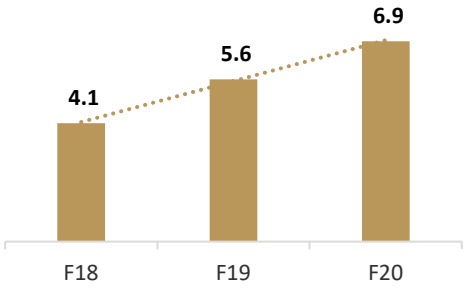
Return on Capital Employed



Debt-Equity ratio



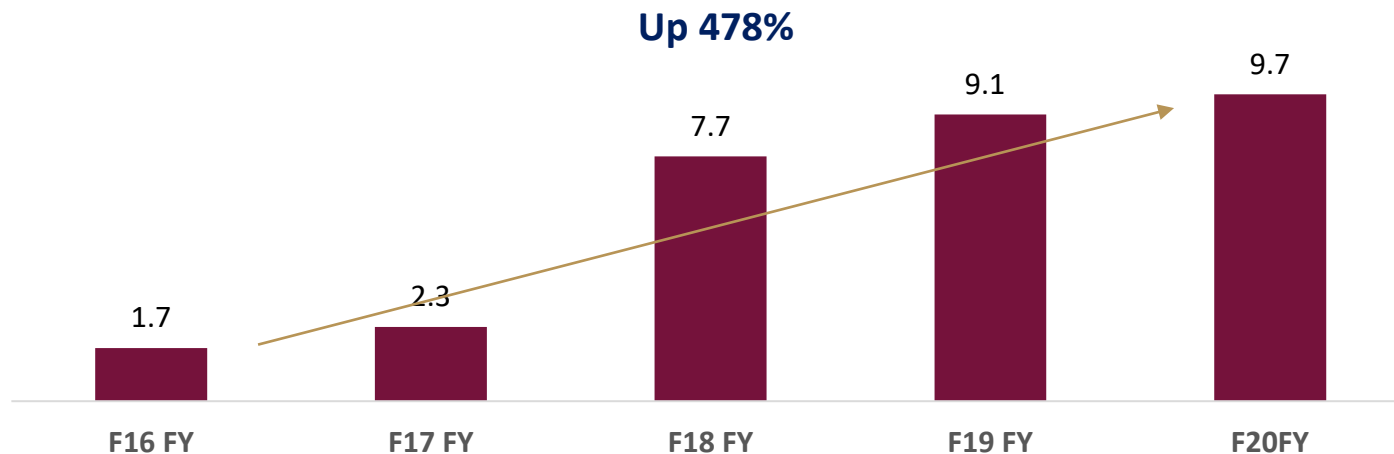
Interest Coverage ratio





# CONTINUING TO CREATE VALUE FOR OUR SHAREHOLDERS

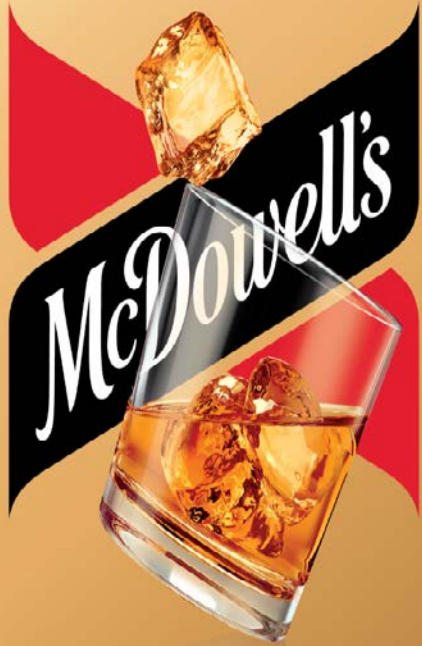
*EPS Rs/share*



*\* EPS has been retrospectively adjusted for the 1:5 stock split that became effective in F19*

**BETTER  
BALANCED\***

GREAT AROMA & FEEL



THE NEW  
**No. 1**

#CHOOSEORIGINAL

DRINK RESPONSIBLY.  
\*BASED ON THE BLEND SENSORIAL.

## WHAT WE WILL COVER TODAY

**UNITED SPIRITS**  
A DIAGEO Group Company

FY20 PERFORMANCE

---

FY20 KEY HIGHLIGHTS

---

COVID & BEYOND

---

# WE HAVE MADE FURTHER PROGRESS AGAINST EACH OF OUR STRATEGIC PRIORITIES IN FY20

To be one of the best performing, most trusted and respected  
consumer products companies in India



## 5 Strategic Priorities

**Strengthen  
& accelerate  
core brands**

**Evolve route to  
consumer**

**Drive  
productivity to  
invest in growth**

**Corporate  
citizenship**

**Winning  
organization**

# OUR STRATEGIC PRIORITIES

**To be one of the best performing, most trusted and respected  
consumer products companies in India**



## 5 Strategic Priorities

**Strengthen  
& accelerate  
core brands**

Evolve route to  
consumer

Drive  
productivity to  
invest in growth

Corporate  
citizenship

Winning  
organization

# PLAYING INTO INDIA'S TOP PASSION POINTS

**UNITED SPIRITS**  
A DIAGEO Group Company

## Food



*Black & White*

## Cricket



*Royal Challenge*

## Travel



*Johnnie walker*

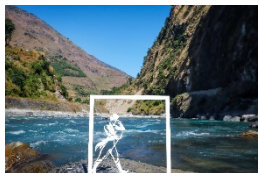
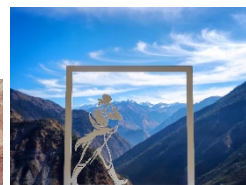
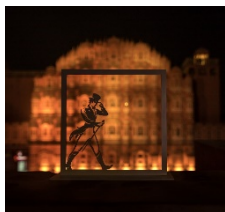
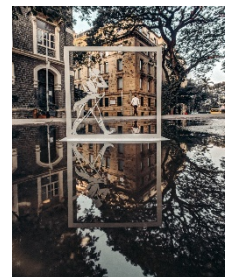


# DRIVING PURPOSE-LED CAMPAIGNS VIA INFLUENCER LED APPROACH

UNITED SPIRITS  
A DIAGEO Group Company

## JOHNNIE WALKER #THETRAVELLINGBILLBOARD

AN ICON STRIDES ACROSS UNCHARTERED LOCATIONS IN INDIA



# THE ROYAL CHALLENGE RELAUNCH







**NEW No.1 WHISKY YOU ALREADY LOVE**

DRINK RESPONSIBLY



# HIPSTER AND MC DOWELL'S PLATINUM UPDATE

**UNITED SPIRITS**  
A DIAGEO Group Company

## Innovation in Action



Scotch Hipster



Mc Dowell's No1 Platinum

# OUR STRATEGIC PRIORITIES

**To be one of the best performing, most trusted and respected  
consumer products companies in India**



## 5 Strategic Priorities

**Strengthen  
& accelerate  
core brands**

**Evolve route to  
consumer**

**Drive  
productivity to  
invest in growth**

**Corporate  
citizenship**

**Winning  
organization**



# OPTIMALLY SERVING THE THREE INDIAs

UNITED SPIRITS  
A DIAGEO Group Company

## AFFLUENT INDIA



Deliver unique, curated experiences

## MIDDLE INDIA



Leverage outlets to build brand equity & aid premiumization

## ASPIRING INDIA



Focus on retained states, support franchisees

“Horses for Courses”-led front line sales force optimization

Leveraging technology to monitor market execution

# OUR STRATEGIC PRIORITIES

**To be one of the best performing, most trusted and respected  
consumer products companies in India**



## 5 Strategic Priorities

Strengthen  
& accelerate  
core brands

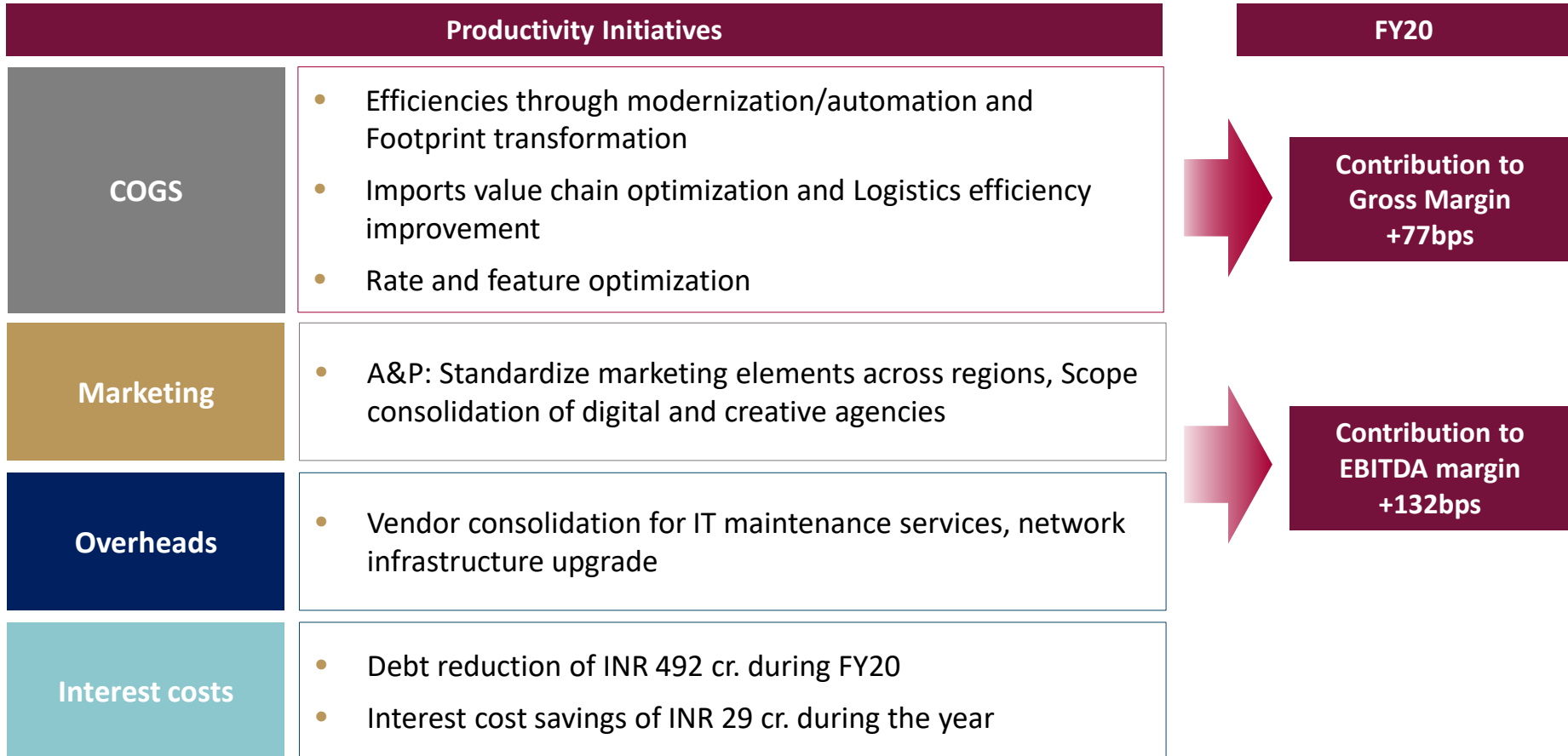
Evolve route to  
consumer

Drive  
productivity to  
invest in growth

Corporate  
citizenship

Winning  
organization

# SUSTAINED PRODUCTIVITY ACROSS ALL LINES OF THE P&L



# OUR STRATEGIC PRIORITIES

**To be one of the best performing, most trusted and respected  
consumer products companies in India**



## 5 Strategic Priorities

**Strengthen  
& accelerate  
core brands**

**Evolve route to  
consumer**

**Drive  
productivity to  
invest in growth**

**Corporate  
citizenship**

**Winning  
organization**

## Shape Regulatory Environment

- **Pricing:** Realizing pricing across states; structural pricing unlocks
- **Shifting Narrative:** Leading the effort to establish an economic narrative for Alco-Bev
- **Advocacy:** Partnering with regulators and credible external voices to drive industry reform
  - Ease of Doing Business wins in Mah, UP

## Changing Industry Reputation

### Road Safety partnerships with States, UTs



### Enriching Lives; Empowering Women





**To be one of the best performing, most trusted and respected  
consumer products companies in India**



## 5 Strategic Priorities

**Strengthen  
& accelerate  
core brands**

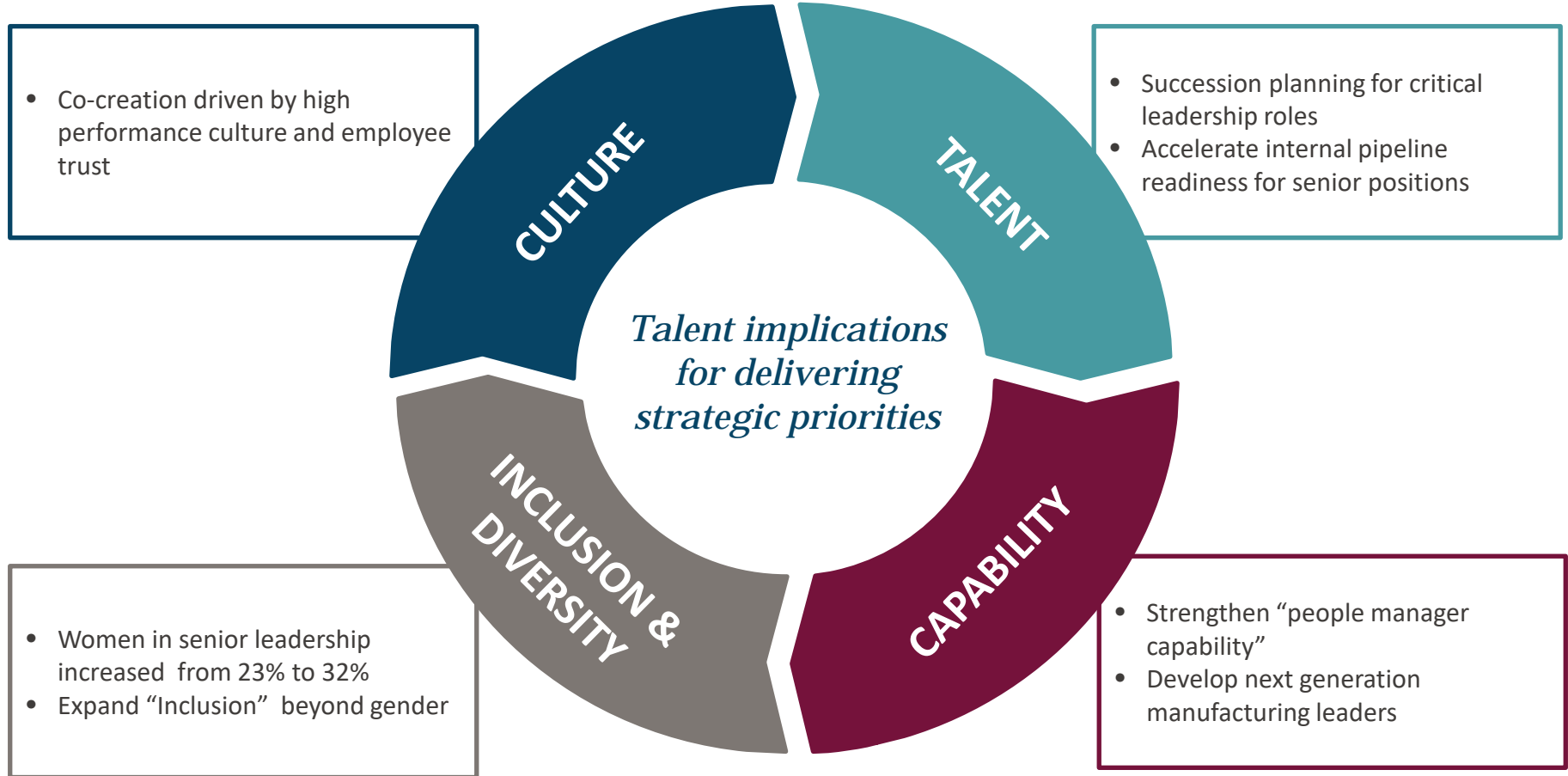
**Evolve route to  
consumer**

**Drive  
productivity to  
invest in growth**

**Corporate  
citizenship**

**Winning  
organization**

# BUILDING A FUTURE-READY ORGANIZATION



## Happy About

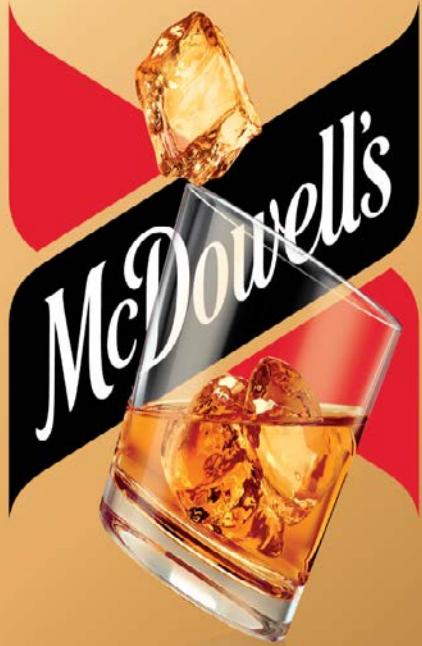
1. Margin improvement in a difficult environment
2. Relaunch of McDowell's No.1, Royal Challenge
3. Innovation: McDowell's No.1 Platinum, Hipster
4. Continued focus on operational and financial efficiency
5. People & Culture

## Do Better

1. Performance in select state-brand combinations
2. Pricing & Market Access in key states
3. Commodities cost – volatility and predictability
4. Intermittent supply chain disruptions

**BETTER  
BALANCED\***

GREAT AROMA & FEEL



THE NEW  
**Nº1**

#CHOOSEORIGINAL

DRINK RESPONSIBLY.  
\*BASED ON THE BLEND SENSORIAL.

## WHAT WE WILL COVER TODAY

**UNITED SPIRITS**  
A DIAGEO Group Company

FY20 PERFORMANCE

---

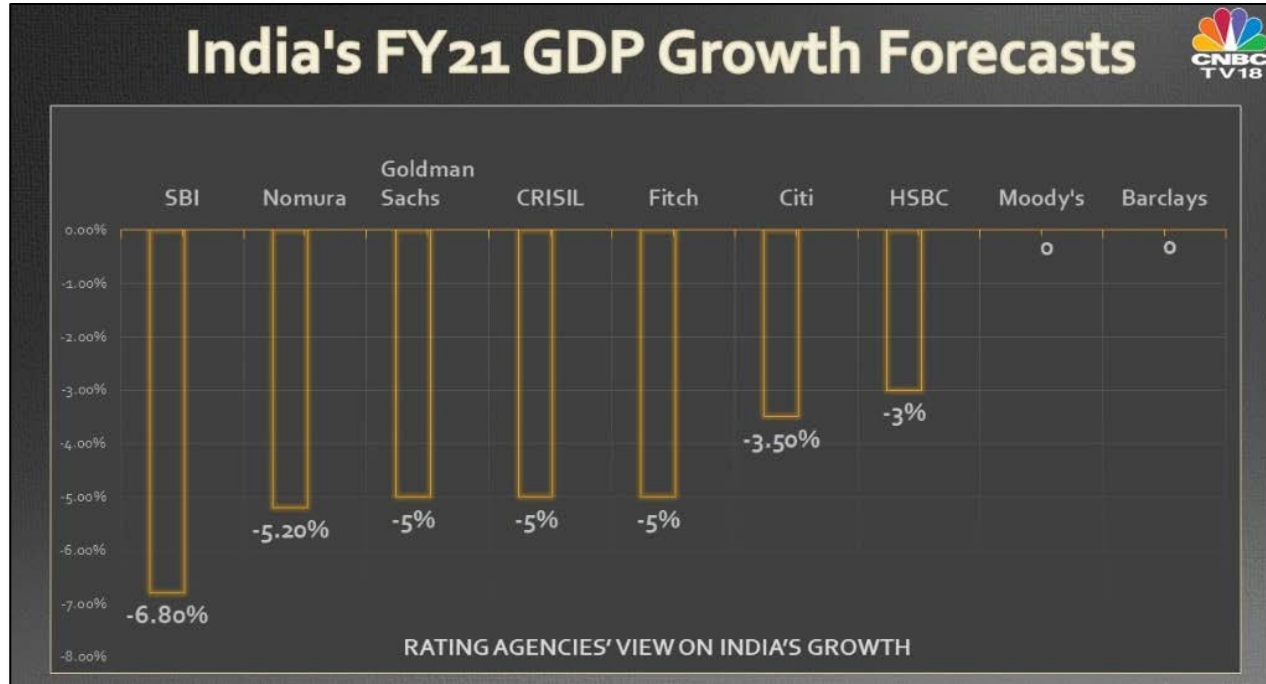
FY20 KEY HIGHLIGHTS

---

COVID & BEYOND

---

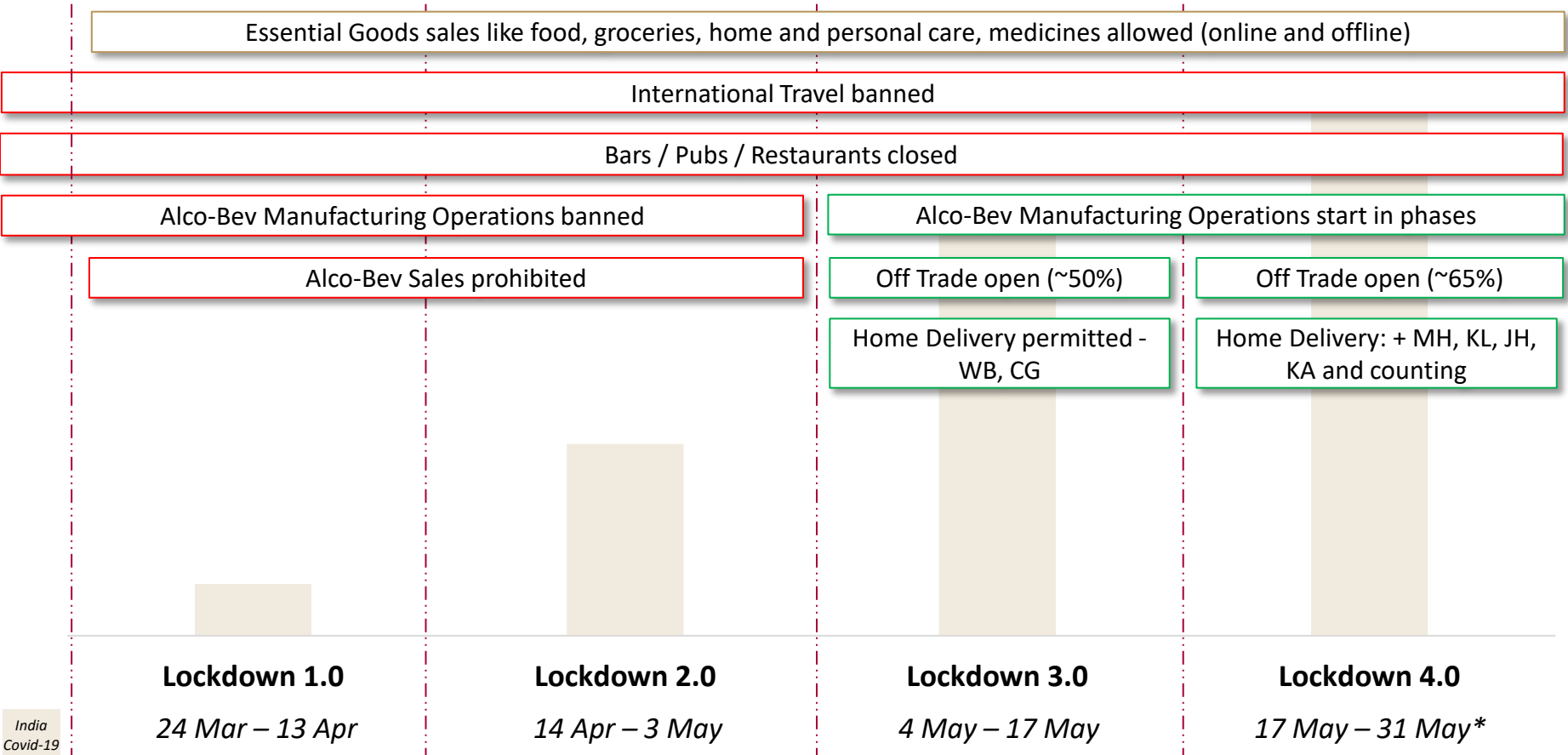
# THE CORONAVIRUS PANDEMIC BROUGHT UNPRECEDENTED TURMOIL TO AN ALREADY DISTRESSED SITUATION



**Source:** CNBC TV18 article dated May 28, 2020;

<https://www.cnbctv18.com/economy/how-badly-will-lockdown-impact-indias-gdp-growth-heres-what-top-brokerages-say-6019041.htm>

# ALCO-BEV SALES WERE SEVERELY IMPACTED BY THE LOCKDOWNS



# OUR RESPONSE TO THE COVID CRISIS IS ANCHORED ON TWO KEY OBJECTIVES

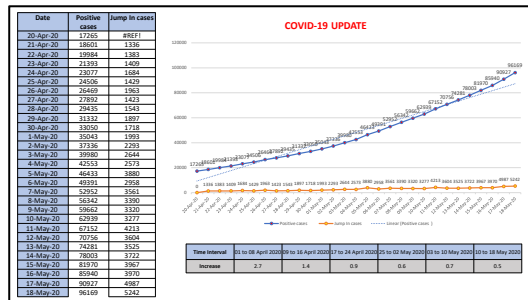
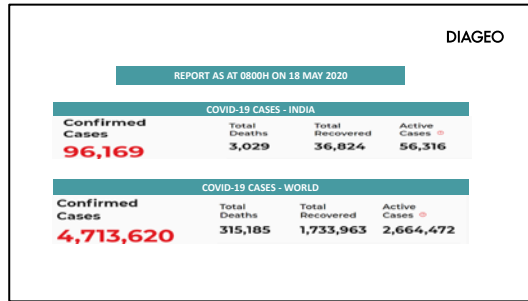
**Manage the Crisis**



**Emerge Stronger**

# WE SET-UP A CRISIS MANAGEMENT TEAM (CMT) TO MANAGE THE CRISIS...

## Crisis Management Team



Daily senior leadership and key stakeholder check ins to review

- Pandemic trajectory
- Health and well-being of our people
- Policy changes, decisions and unlocks required to manage people-related, operational and financial issues
- Regulatory guidance impacting our manufacturing and sales
- Emerging opportunities and risks



# ...AND DEFINED 6Cs OF COVID CRISIS MANAGEMENT



**1. Care**



**4. Customer**



**2. Communication**



**5. Cost**



**3. Consumer**



**6. Cash**

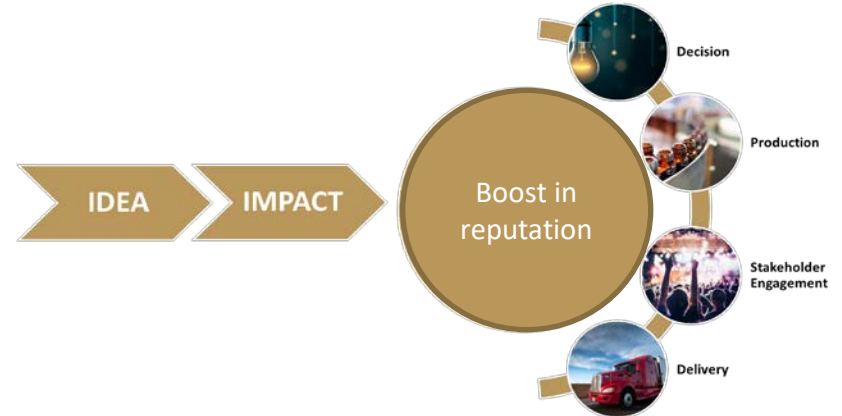
## Caring for Our Community



**AGILITY, SPEED &  
COLLABORATION –  
ALL FOR A  
NATIONAL CAUSE**



## THE BIG IMPACT: ENHANCING REPUTATION



# PRIORITIZE PEOPLE: CARE & COMMUNICATION



## Caring for Our Employees

### Safety

**DIAGEO INDIA**

**CORONAVIRUS 2019-nCoV**  
WUHAN CORONAVIRUS

**PREVENTIVE MEASURES:**

- Use disposable face mask
- Wash hands with water and soap sanitizer for at least 30 seconds
- Keep your workstations clean and surrounding areas clutter free
- Avoid sharing mug/cutlery and other personal items
- Exercise caution in case of symptoms

**SYMPTOMS**

Fever Cough Shortness of breath Sore throat Headache

**IN CASE OF SYMPTOMS**

Stop visitors Avoid physical contact Cover your mouth while sneezing Keep your smartphone clean

**FOLLOW THE COMPANY'S TRAVEL ADVISORY STRICTLY**

**DIAGEO INDIA**

**Working from home**  
If you've never done it before

**Keep the Same Schedule**  
Get dressed as if you were leaving for work. Note as you relax in the office, to give structure to your day.

**Schedule Breaks**  
Put on your calendar time for exercise, meals and stretch breaks as you would any other meeting.

**Set Boundaries Both at Home & Work**  
Pick a spot and set boundaries with people sharing the same space. Hold conversations with managers about adjusting expectations with children at home.

**Prepare for Social Distancing**  
Practically stay in touch with others. Email colleagues often, have conference calls, use chat tools or just pick up the phone. Don't wall-stare.

**Put Work Away**  
Put your work materials and your device away at the end of the workday and be fully engaged for life at home.

### Wellbeing

**DIAGEO INDIA**

**STIR IT UP AFTER WORK**

**happiest of hours**

You are invited to a mid-week catch up with your vibrant community, over cocktails.

Join us for the next virtual cocktail

**DIAGEO INDIA**

**cure.fit**

**cure.fit for Business**

We have onboarded cure.fit for Business as a wellness partner which would provide you access to a range of digital offerings from the comfort of your home

**EXCLUSIVE COMPLIMENTARY SERVICES**

## Communication

### Internal



- Inviting ideas
- Bi-weekly "All Employee" webinars
- Regular email communication including advisories, policy and operational updates

### External

- Virtual engagement across all levels of the organization
- Routine updates on status of operations, supply etc.

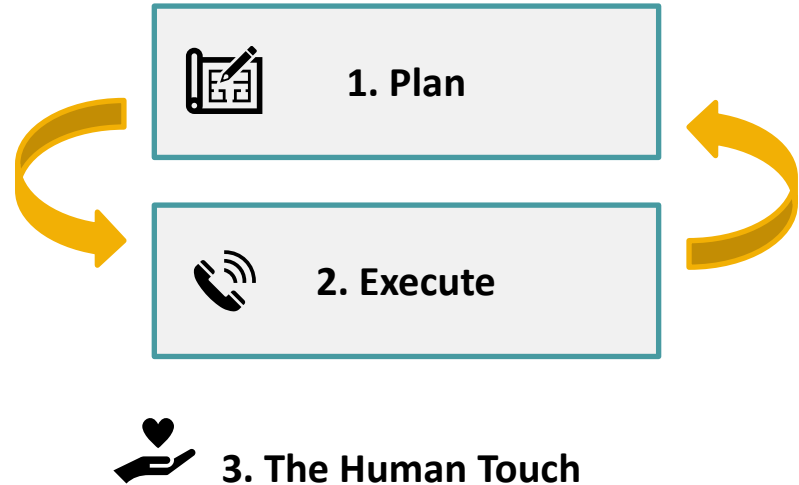
# MONITOR THE MARKET: CONSUMER & CUSTOMER



## Consumer Behaviour

- Monitoring weekly consumer sentiment evolution (across CPG categories)
- Alco-Bev specific consumer behaviour survey
- Syndicated studies related to impact of Covid on CPG and Retail
- Rapid field feedback

## Customer Engagement



# SAFEGUARD FINANCIALS: COST & CASH



## Optimize Cost

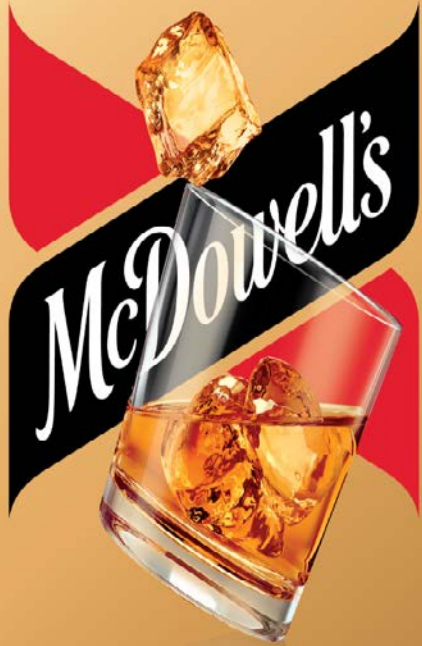
- Dramatically re-prioritize & re-allocate spends based on ROI
- Dial up productivity initiatives across all lines of the P&L
- Laser focus on slashing non-essential spends

## Conserve Cash

- Single-minded focus on receivables and managing credit, advances
- Rigorously manage inventory at corporations, factories & warehouses
- Improve quality and efficiency of Payables
- Optimize CAPEX spends based on business criticality and ROI

**BETTER  
BALANCED\***

**GREAT AROMA & FEEL**



THE NEW

**No. 1**

**#CHOOSEORIGINAL**

DRINK RESPONSIBLY.  
BASED ON THE BLEND SENSORIAL.

**UNITED SPIRITS**  
A DIAGEO Group Company

**“Never let a good crisis go to waste”**

*~ Winston Churchill*



# OPPORTUNITIES & CHALLENGES FOR ALCO-BEV IN THE SHORT TO MEDIUM TERM



## Opportunities

Home Delivery / Online Ordering

Advantage Spirits

Duty-free ----> Duty Paid

Shifting Narrative on (Alco-Bev's) economic contribution



## Challenges

Aggressive taxation

Down-trading

On-Premise sales

Impact of adjacent sector performance  
(Tourism, Hospitality)

"Socialising" redefined

Changing store structures to aid distancing

# OUR RESPONSE IN THE SHORT TO MEDIUM TERM



## Strategic Choices

- End-to-end Portfolio play
- ROI based investment to drive growth



## Business Partnerships

- Unequivocal support to key customers (off-trade and on-trade), third party manufacturers and vendors



## Supply Chain Readiness

- Demand-driven Supply
- Innovative Manufacturing

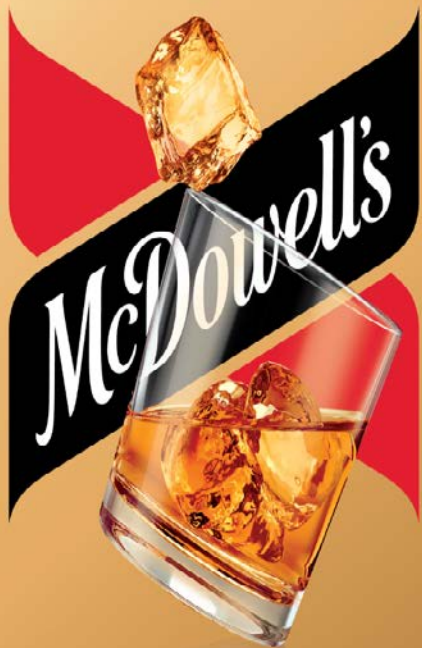


## Regulatory Interventions

- Relentless Industry-led advocacy
- Maximize, sustain new avenues e.g. Home Delivery

**BETTER  
BALANCED\***

GREAT AROMA & FEEL



THE NEW  
**No. 1**

#CHOOSEORIGINAL

DRINK RESPONSIBLY.  
\*BASED ON THE BLEND SENSORIAL.

**WHILE THE SHORT TO MEDIUM TERM  
OUTLOOK REMAINS UNCERTAIN...**

**UNITED SPIRITS**  
A DIAGEO Group Company

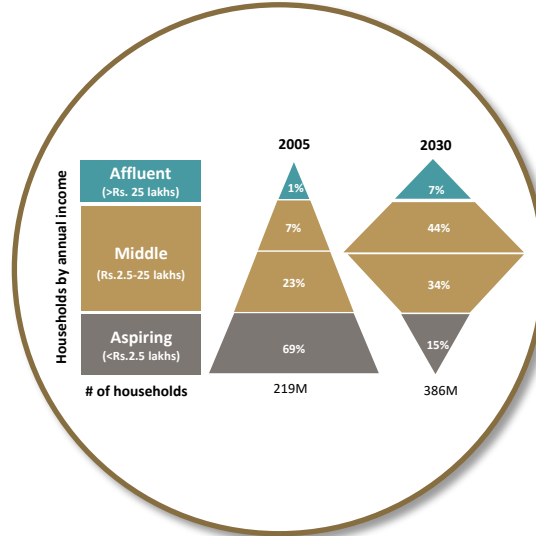
# ...WE HAVE REASON TO BE OPTIMISTIC

## Consumer Opportunity



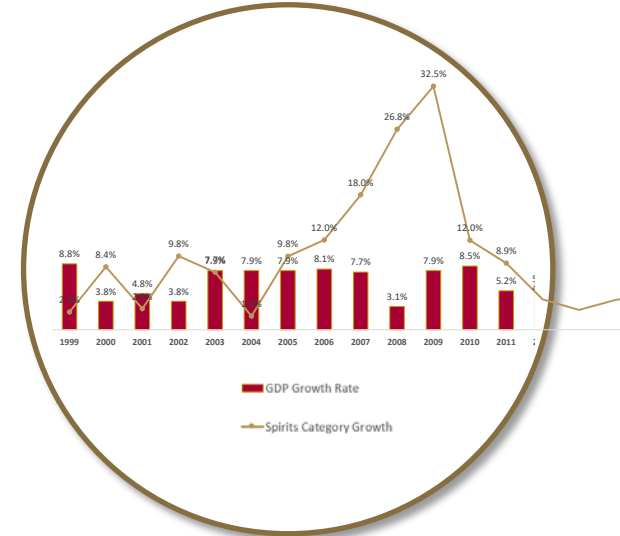
**17 million added to  
LDA\* population  
per annum for the  
next 3-5 years**

## Long-Term Premiumization



**Improving  
household income  
in the long term**

## Category Resilience



**Robust Spirits demand during  
slowdowns of the recent past**

*\*Legal Drinking Age assumed as >21 years for  
Spirits; period 2016-21*

*Source: World Economic Forum-Bain report, Census of  
India (for 2016), Internal analysis*

*Source: IWSR, MoSPI*

# THANK YOU

If you wish to ask a question, please dial-in to the following numbers. Please log out of the webcast if you ask a question to avoid echo/voice quality issues.

Universal Dial-In	+91 22 6280 1250` +91 22 7115 8151
Local Dial-In Available all over India	+91-7045671221
India National Toll Free	1 800 120 1221 1 800 266 1221
International Toll Free	
Hong Kong	800964448
Singapore	8001012045
UK	08081011573
USA	18667462133
International Toll	
HongKong	85230186877
Singapore	6531575746
UK	442034785524
USA	13233868721