



Enter the World of

KINGFISHER

CLSA Investor Presentation

BREWING A SUCCESS IN INDIA

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INDIA AND THE BEER OPPORTUNITY



Demographics set for beer growth

- Current population 1.2 billion
- Core target market is 18-30 year olds
- Young population, with net increase in working age population of 270 mln till 2030
- The emerging young population hold more liberal views on alcohol
- As initiation to alcohol consumption is through low alcohol beverages like beer



But beer consumption very low

India

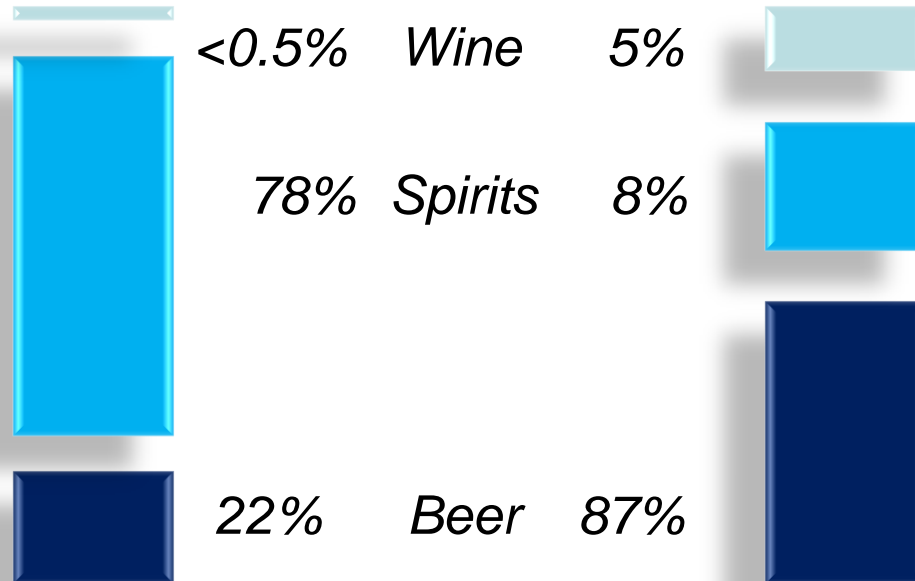
Emerging Markets

Per Capita Beer
Consumption at
comparable GDP

1.5 liter

20 liter

Share of alcohol
consumption



Two key reasons

AFFORDABILITY

- Highest duty in the world
- Duty not set according to alcohol content
- Expensive alcoholic beverage

AVAILABILITY

- 65,000 licensed outlets across the country
- 1 per 18,000 people
- In China: 1 per 300 people

***Beer is not the alcoholic beverage
of the common man***



A highly regulated market

- Excessive State regulation and intervention
 - Route to market
 - Economics, need to have a brewery in each state
 - Pricing
- Driver of growth is Strong beer
 - Specific to Indian market
- Ban on advertising alcohol
 - Difficult to build new brands



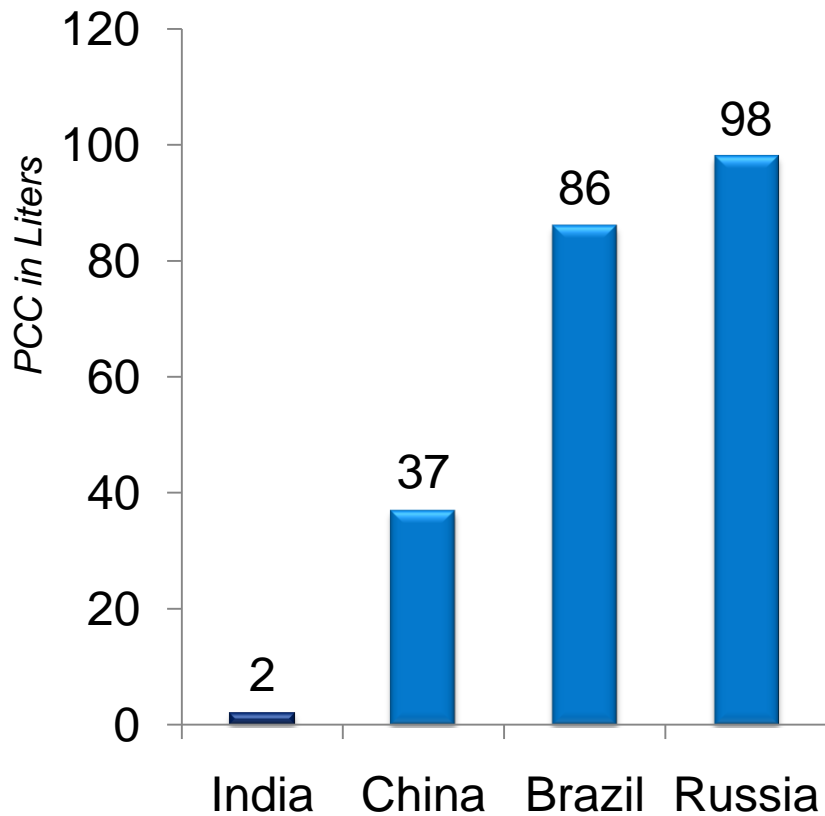
Positive signs on the horizon

- Government corporations are now approachable and not averse to make changes
- There have been recent signs by some governing bodies to de-link beer from spirits
- Maharashtra & Goa have gone ahead and issued beer only licences.

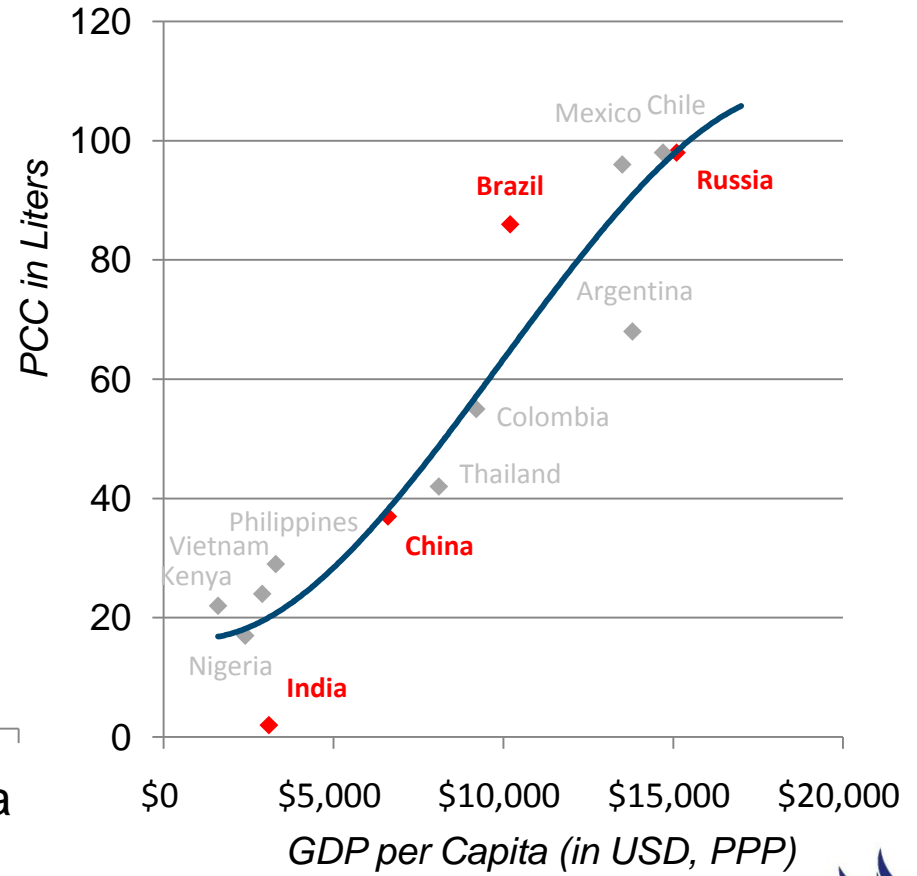


Indian Beer market is at the start of the growth curve

Lowest consumption of BRIC countries
Per Capita Beer Consumption



GDP growth will drive consumption
Per Capita Consumption vs. GDP Growth

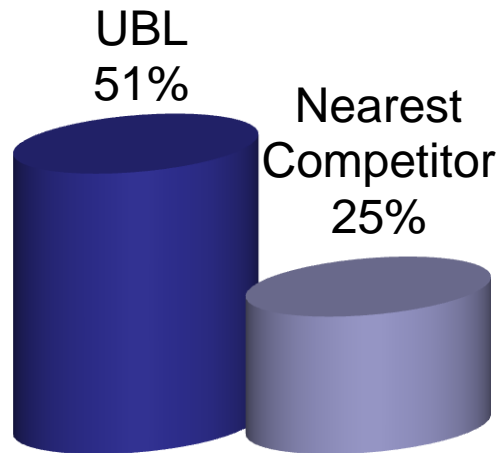


OUR POSITION IN THE MARKET



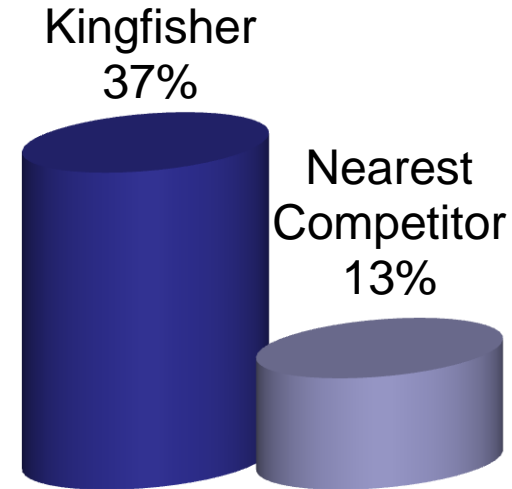
UBL's leadership is undisputed

All-India Market Share



RMS: 2x

Market share by Brand



RMS: 3x

- Strong market position will continue to drive economies of scale and superior returns



UBL's Capability

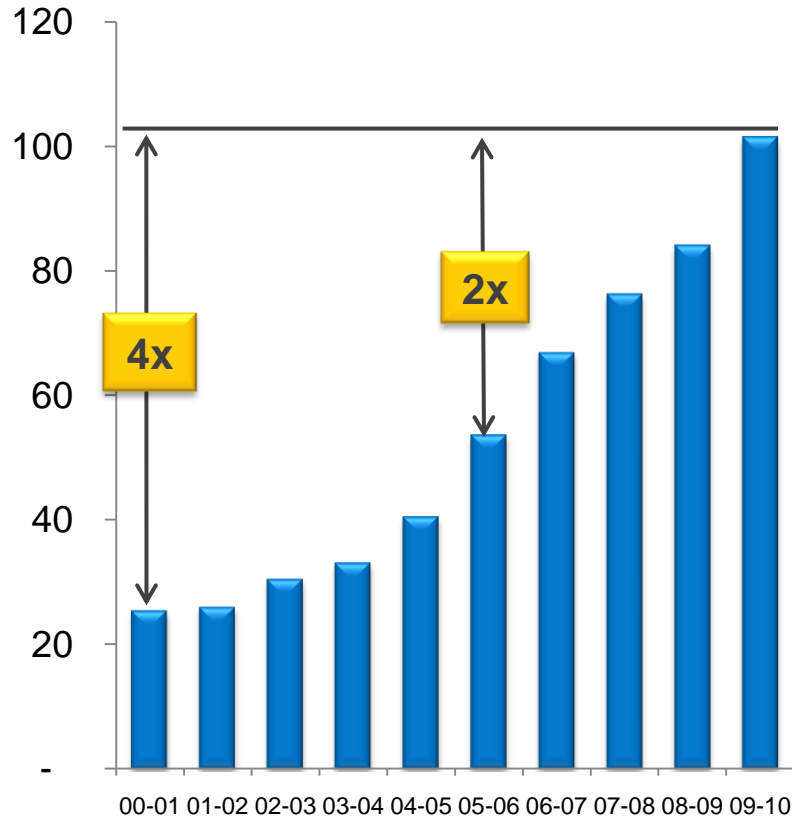
- Iconic brand – KINGFISHER
- Balanced portfolio of supporting brands
- Manufacturing network across all major states
- Best Route to Market
 - Established distributor relationships
 - Leadership in cold chain management, and point of sale visibility



UBL is reaping the benefits: 100 million landmark reach in FY10

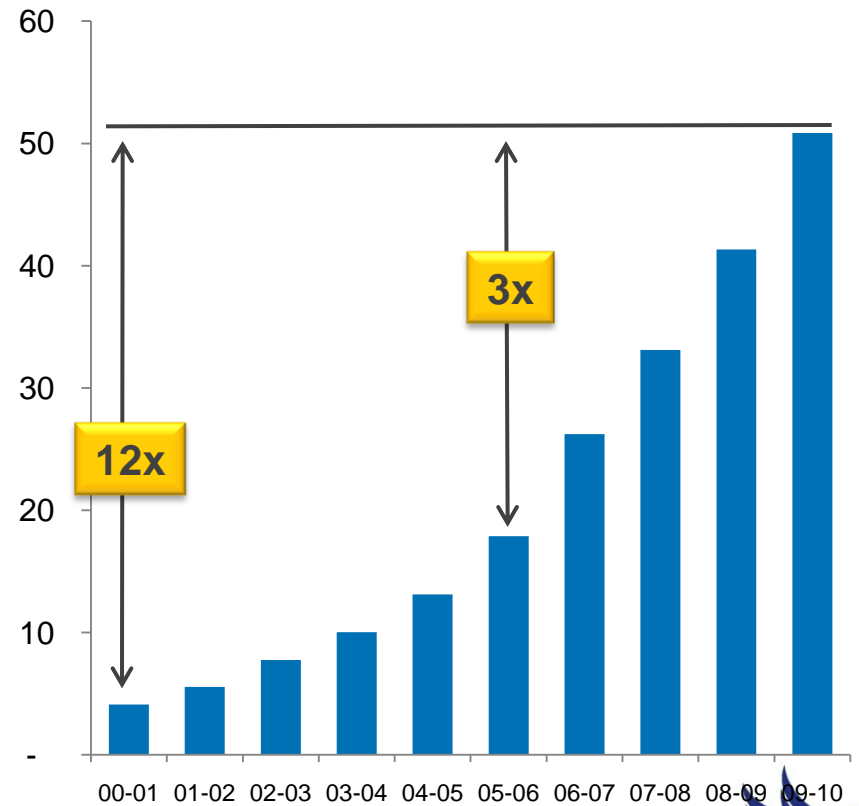
Doubled in size every 4-5 years

Total Volumes in 7.8l cases



Driven by Kingfisher Strong

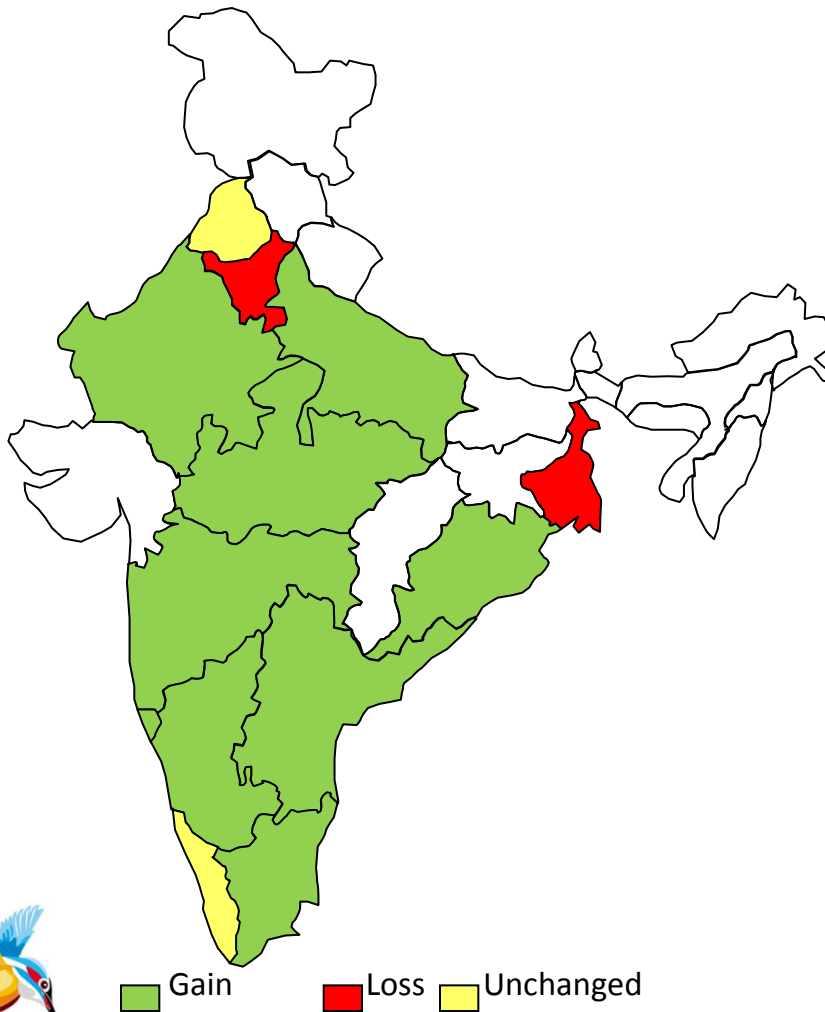
Kingfisher Strong Volumes in 7.8l cases



UBL significantly outperformed the market in FY10

All India Market share of over 50%

Change in market share FY10



- Share gains across almost all markets
- UBL achieved double the growth of the market in the year 2009-10, even when already holding 50% market share
- Both Kingfisher Premium and Kingfisher Strong are the leaders in their segment
- Launches of strong variants in the economy segment (like London Pilsner Strong) have been hugely successful



RESULTS H1 FY2011



Performance highlights H1

- 28% volume growth in UBL as against an industry growth of 24%
- Mild beer segment back on the increase
- Kingfisher growth - premium 22%, strong 40%, both gaining share
- Star performing markets were Maharashtra, Andhra Pradesh, Karnataka, Uttar Pradesh and Orissa
- UBL achieved sales of over 10 million cases for five consecutive months



Financial highlights H1

Strong top line growth, and realising operating leverage

<i>In Rs. million</i>	H1 2011	H1 2010	Change
Revenue	15,993	12,156	32%
EBITDA	2,446	1,436	70%
Operating Margin	15.3%	11.8%	29%
Net Profit	981	472	108%

- Revenue growth higher than volume growth through selective price increases and higher contribution SKUs.
- Significant investment in patented bottle pool
- Fixed cost containment and working capital optimisation delivered enhanced margins
- Net profit already exceeds last full year's profit



Financial highlights H1

Cash flow profile and financial strength have improved significantly

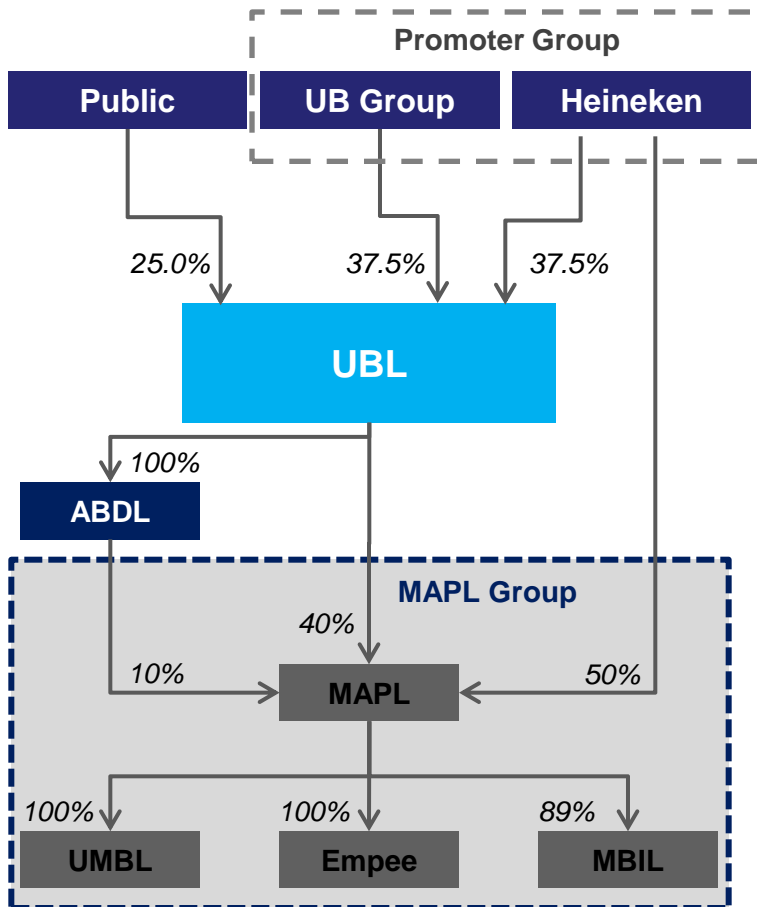
<i>In Rs. Million</i>	H1 2011	H1 2010	Change
Net Working Capital	3,356	3,871	-13%
Capex	533	706	-25%
Net Debt	8,974	10,272	-13%
Net Debt/EBITDA	2.6x	3.9x	-34%

- Working Capital reduction program started few months ago and already yielded 30% days reduction. In light of 32% revenue growth, up to Rs 1.6 bln of funds tied up in WC has been avoided.
- Strong focus on cash generation has significantly brought down debt.



Unifying our operations

Merging all subsidiaries into UBL



- **Simple Corporate Structure**
collapsing multiple legal entities to get unified ownership in one single entity
- **Optimised cash flows**
reduction in overall effective tax rate
- **Realize Synergies**
Operational efficiencies in running combined operations
- **Enhanced financial strength**
with 15m new shares issue
- **Consolidation** of all installed capacity within UBL

Note: Ownership pattern depicted represents voting equity ownership



In Summary...

- Indian Beer market growth opportunity unparalleled in the world
- UBL is excellently positioned to reap the benefits
- Enhanced cash flow profile should deliver strong profit growth



QUESTIONS PLEASE...

