



(a PepsiCo franchisee)

Varun Beverages Ltd. 2016 Financial Results

Revenue up 13.5% to Rs. 38,520 million

EBITDA expands 25.4% to Rs. 7,952 million

PAT increases by 73.8% to Rs 1,513 million

Gurgaon, February 20, 2017: Varun Beverages Limited (BSE: 540180, NSE: VBL), a key player in the beverage industry, announced its financial results for the quarter and year ended December 31, 2016.

Financial Performance Highlights

Performance Review for 2016 vs. 2015

- Revenue from operations grew by 13.5% to Rs. 38,520 million from Rs. 33,941 million
- EBITDA increases by 25.4% to Rs. 7,952 million from Rs. 6,341 million
- Profit Before Tax increased 49.8% to Rs. 2,428 million from Rs. 1,621 million
- Profit After Tax increases by 73.8% at Rs. 1,513 million compared to Rs. 870 million

Commenting on the performance for 2016, Mr. Ravi Jaipuria, Chairman – Varun Beverages Limited said,

“We are pleased to present our first financial results following our successful public listing. We have closed the year 2016 with robust growth of 13.5% YoY in revenues and 73.8% YoY in profits that further accelerates the historical trend of strong growth and margin expansion delivered by our business.

We are delighted to report that in addition to continuing growth in the Indian operations, each of our international subsidiaries have also delivered sales volumes beyond the key threshold of 10 million cases, which will enable us to deliver higher overall profitability going forward. In addition, the proceeds from the recent IPO have notably strengthened our balance sheet. Along with prudent financial management, we expect to realize substantial savings in interest costs in the coming quarters.

Going forward, we will continue to build upon our strong positioning in the beverage industry with presence in the fastest growing markets, solid infrastructure and well-entrenched distribution network. We are well-poised to capitalize on the enormous growth potential the sector offers. We look forward to continued support from our new shareholders in our journey which we believe will create long terms sustainable value for all our stakeholders.”

Key Developments

New Product Launches / Innovations

- Introduced new brands / flavours in fast growing NCB & Non-cola space
 - Tropicana Frutz (Lychee/Apple/Mango) - Seven-Up Revive - Mountain Dew (Game fuel) - Nimbooz Masala Soda
- Slice has been rebranded as Tropicana Slice
 - Leverage Tropicana brand with wider recognition and stronger brand value in the NCB segment

Capacity Expansion / M&A

- Purchased assets of two co-packing facilities located at Phillaur, Punjab and Sathariya, U.P.
 - In-line with strategy to have integrated operations
- Established new production facility at Goa
 - CSD PET line and a Packaged Drinking Water line operational since March 2016

Rating Upgrade

- Long Term Debt: CRISIL A/Positive to CRISIL A+/Positive
- Short Term Debt: CRISIL A1 to CRISIL A1+
- Commercial Paper: CRISIL A1 to CRISIL A1+

Consolidation

- Acquired bottling operations in Zambia (60% equity) and Mozambique (51% equity) at a consideration of Rs. 1.75 billion
 - In the process of increasing holding in Zambia to 90% from 60%
- Consolidating operations of territories acquired in 2015
 - Scale achieved in contiguous territory to benefit operations leading to higher cost efficiencies

About Varun Beverages Limited:

Varun Beverages Limited (VBL) is a key player in beverage industry and one of the largest franchisee of PepsiCo in the world (outside USA). The Company produces and distributes a wide range of carbonated soft drinks (CSDs), as well as a large selection of non-carbonated beverages (NCBs), including packaged drinking water sold under trademarks owned by PepsiCo. PepsiCo CSD brands produced and sold by VBL include Pepsi, Diet Pepsi, Seven-Up, Mirinda Orange, Mirinda Lemon, Mountain Dew, Seven-Up Nimbooz Masala Soda, Seven-Up Revive and Evervess. PepsiCo NCB brands produced and sold by the Company include Tropicana Slice, Tropicana Frutz, Nimbooz as well as packaged drinking water under the brand Aquafina.

VBL has been associated with PepsiCo since the 1990s and have over two and half decades consolidated its business association with PepsiCo, increasing the number of licensed territories and sub-territories covered by the Company, producing and distributing a wider range of PepsiCo beverages, introducing various SKUs in the portfolio, and expanding the distribution network. As of March 31, 2016, VBL has been granted franchises for various PepsiCo products across 17 States and two Union Territories in India. India is the largest market and contributed 80% of revenues from operations (net) in Fiscal 2016. VBL has also been granted the franchise for various PepsiCo products for the territories of Nepal, Sri Lanka, Morocco, Mozambique and Zambia.

For further information, please contact:

Raj Gandhi / Deepak Dabas

Varun Beverages Ltd

Tel: +91 124 464 3100

Email: raj.gandhi@rjcorp.in /
deepak.dabas@rjcorp.in

Anoop Poojari / Varun Divadkar

CDR India

Tel: +91 22 6645 1211 / 1222

Email: anoop@cdr-india.com / varun@cdr-india.com

Safe Harbor

Certain statements in this communication may be 'forward looking statements' within the meaning of applicable laws and regulations. These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. Important developments that could affect the Company's operations include changes in the industry structure, significant changes in political and economic environment in India and overseas, tax laws, import duties, litigation and labour relations.

Varun Beverages Ltd (VBL) will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.