



Varun Beverages increases stake in its Zambia Operations

Gurgaon, 23rd February 2017

Varun Beverages Limited (BSE: 540180, NSE: VBL), a key player in the beverage industry, has increased its stake in its Zambia subsidiary, Varun Beverages (Zambia) Limited, to 90% from 60%.

VBL has been successfully running the Zambia operations since its acquisition in 2016. The increase in stake reflects the Company's confidence in the future growth prospects of the subsidiary and will be an effective catalyst to drive further business growth in a fast-growing emerging market. The Company has recorded sales volumes of 10.7 million cases in 2016 in Zambia. The operations are highly profitable and reported an EBITDA of Rs. 467 million in CY2016. Given the growth prospects and promising earnings potential, the acquisition comes at a very reasonable valuation with an attractive payback. This will enable VBL to consolidate a higher share of profits from the subsidiary going forward.

Commenting on the development, Mr. Ravi Jaipuria, Chairman, Varun Beverages Ltd. said, *"We are happy to report the stake increase in our Zambia subsidiary and is in line with our philosophy of consolidating our presence in fast growing emerging markets beyond India. We have recorded healthy volumes in our first year of operations and are highly profitable already with strong free cash flow generation. We are confident of our ability to drive sales and profitability higher in the future."*

Zambia continues to be an under-penetrated market and offers significant upside potential. We are well-positioned to capitalize on the enormous opportunities on the back of our solid end-to-end execution capabilities, strong distribution reach, diversified portfolio and innovations."

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, and Zambia.

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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.