



VARUN BEVERAGES LIMITED



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CIN No. : L74899DL1995PLC069839

May 9, 2019

To,

BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 Email: corp.relations@bseindia.com Security Code: 540180	National Stock Exchange of India Ltd. Exchange Plaza, Block G, C/1, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051 Email : cmlist@nse.co.in Symbol : VBL
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Subject: Regulation 30: Press Release.

Dear Sir/Madam,

Please find attached herewith a copy of the Proposed Press Release to be issued by the Company.

The same is also being uploaded on the website of the Company at www.varunpepsi.com

You are requested to take the above on record.

Yours faithfully,

For Varun Beverages Limited


Ravi Batra
Chief Risk Officer & Group Company Secretary



Encl: As above



Varun Beverages Ltd. Q1 2019 Financial Results

Revenue grows 24.1% YoY to Rs. 13,592 million

EBITDA increases 26.5% YoY to Rs. 2,184 million

PAT increases 102.9% YoY to Rs. 400 million

Gurgaon, May 09, 2019: Varun Beverages Limited (BSE: 540180, NSE: VBL), a key player in the beverage industry, announced its financial results for the first quarter ended March 31, 2019.

Financial Performance Highlights*

Performance Review for Q1 2019 vs. Q1 2018

- Revenue from operations (net of excise / GST) grew 24.1% YoY to Rs. 13,592 million as compared to Rs. 10,948 million
 - Total sales volumes were up 12.3% YoY at 90.3 million unit cases in Q1 2019 as compared to 80.4 million unit cases in Q1 2018
- EBITDA increased by 26.5% to Rs. 2,183.8 million in Q1 2019 from Rs. 1,726.9 million in Q1 2018
- PAT increased by 102.9% to Rs. 400.4 million in Q1 2019 from Rs. 197.4 million in Q1 2018 on the back of robust volume growth

***Note 1:** VBL follows a calendar year of reporting (Jan to Dec); **Note 2:** Given the seasonality in the business, it is best to monitor the business on an annual basis as a significant portion of the revenues and entire profits are realized in the Apr-June quarter

Key Developments

- Concluded the acquisition of PepsiCo India's previously franchised territories of parts of Maharashtra (14 districts), parts of Karnataka (13 districts) and parts of Madhya Pradesh (3 districts) w.e.f. February 14, 2019
- Concluded the acquisition of franchise rights in South and West regions from PepsiCo for a national bottling, sales and distribution footprint in 7 States and 5 Union Territories of India w.e.f. May 01, 2019
- Bottling appointment and trademark license agreement for India with PepsiCo India has been extended till April 30, 2039 from October 2, 2022 earlier



Commenting on the performance for Q1 2019 Mr. Ravi Jaipuria, Chairman, Varun Beverages Limited said,

"We have started the year on a strong note delivering a robust performance on all fronts with topline growth of 24%, EBITDA growth of 26% and PAT growth of 103% in Q1. We have recorded robust volume growth of 12.3% in Q1 2019 driven by strong growth in our international operations, especially in Morocco and Zimbabwe. Better product mix and higher realizations in international operations drove value growth. India volume growth came in lower at 4.6% on account of the extended winter and late onset of the season with Holi in the end of March. However, the summer season has kicked off on a strong note and we are confident of seeing acceleration in our sales trajectory in India as we enter the peak season.

We have also been able to drive expansion in our gross margins and EBITDA margins in Q1 on the back of benefits realized from consolidation of sub-territories acquired in 2018. This demonstrates our strong execution capabilities and ability to successfully replicate and leverage the learning, knowledge and mastery over the process that we have attained in one territory to expand into other territories.

We are happy to report that we have concluded the acquisition of franchise rights in South and West regions from PepsiCo for a national bottling, sales and distribution footprint in 7 States and 5 Union Territories of India. This consolidates our dominant position as a key player in the beverage industry. VBL now accounts for 80%+ of PepsiCo India's beverage sales volumes in India from 51% earlier, and has expanded its presence to 27 States and 7 Union Territories across India. We are confident that this development will help us acquire greater scale, operational productivity and efficiency leading to higher revenues and profitable growth. We should also generate better asset usage as the seasonality in these regions is relatively lower. Further, we are pleased to share that the bottling appointment and trademark license agreement for India with PepsiCo India has been extended till April 30, 2039, further strengthening our close to three-decade long partnership.

We are excited about our prospects going into the peak summer season. We will be focused on consolidating and unlocking value from the recently acquired underpenetrated sub-territories in India by strengthening distribution infrastructure and increasing availability. The acquired sub-territories provide huge opportunity for driving volumes, gaining market share and provide significant operation leverage going forward. We will remain agile by keeping on top of macroeconomic trends and changes in consumer preferences, and adjust our portfolio and processes accordingly, offering innovation and choice."

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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, Evervess, Sting and Slice Fizzy Drinks. PepsiCo NCB brands produced and sold by the Company include Tropicana Slice, Tropicana Frutz, Tropicana Juices (100%, Delight, Essentials), Nimbooz, Gatorade, Quaker Value-Added Dairy as well as packaged drinking water under the brand Aquafina and Aquavess.

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 on date, VBL has been granted franchises for various PepsiCo products across 27 States and 7 Union Territories in India. India is the largest market and contributed ~71% of revenues from operations (net) in Fiscal 2018. VBL has also been granted the franchise for various PepsiCo products for the territories of Nepal, Sri Lanka, Morocco, Zambia and Zimbabwe.

For further information, please contact:

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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.

