



# VARUN BEVERAGES LIMITED



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CIN No. : L74899DL1995PLC069839

August 3, 2023

To,

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 <b>Symbol: VBL</b>	BSE Limited Phiroze Jeejeebhoy Towers Dalal Street, Mumbai – 400 001 Email: corp.relations@bseindia.com <b>Security Code: 540180</b>
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**Sub: 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 website of the Company at [www.varunbeverages.com](http://www.varunbeverages.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' Q2 & H1 CY2023 Financial Results

<u>Q2 2023</u>	<u>H1 2023</u>
<b>Revenue grew 13% YoY to Rs. 56,114 mn</b>	<b>Revenue grew 22% YoY to Rs. 95,044 mn</b>
<b>EBITDA higher by 21% YoY to Rs. 15,110 mn</b>	<b>EBITDA higher by 30% YoY to Rs. 23,091 mn</b>
<b>PAT higher by 25% YoY to Rs. 10,054 mn</b>	<b>PAT increased by 35% to Rs. 14,440 mn</b>

**Gurgaon, August 03, 2023:** Varun Beverages Limited (BSE: 540180, NSE: VBL), a key player in the beverage industry, announced its financial results for the second quarter and half year ended June 30, 2023.

### Financial Performance Highlights\*

#### Performance Review for Q2 CY2023 vs. Q2 CY2022

- Revenue from operations (net of excise / GST) grew by 13.3% YoY to Rs. 56,114 million, driven by an increase in net realization
  - Consolidated sales volumes grew by 4.6% in Q2 CY2023 to 314 million cases compared to 300 million cases in Q2 CY2022, led by robust growth in international markets. Sales volume growth in India got affected due to abnormally high unseasonal rains throughout the quarter
  - Net realization increased by 8.3% to Rs. 179 per case primarily due to continued improvement in the mix of smaller SKUs (250ml) as compared to the base quarter
- EBITDA increased by 20.8% to Rs. 15,110.2 million from Rs.12,506.2 million
  - Gross margins improved by 196 bps from 50.5% to 52.5% in Q2 CY2023 primarily owing to softening of PET chips prices
  - EBITDA margins improved by 169 bps to 26.9% in Q2 CY2023 driven by higher gross margins and operational efficiencies
- PAT increased by 25.4% to Rs. 10,054.2 million from Rs. 8,020.1 million in Q2 2022 driven by growth in revenue from operations and improvement in margins
  - Depreciation increased by 12.3% and Finance cost increased by 49.5% in Q2 CY2023 on account of capitalization of assets and setting up of new production facilities

**\*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 profits are realized in the Apr-June quarter

**Commenting on the performance for Q2 & H1 CY2023 Mr. Ravi Jaipuria, Chairman, Varun Beverages Limited said,**

*"We have delivered a resilient performance in the quarter, despite facing a soft demand environment in India due to abnormally high unseasonal rains throughout the quarter. Our consolidated revenue grew by 13.3% during the quarter, with our international territories showing strong momentum. Furthermore, sales volume growth and improvement in realization per case, contributed to a 20.8% and 25.4% improvement in our EBITDA and PAT performance during Q2, respectively.*

*Our newly established greenfield plants and brownfield manufacturing lines have become operational. In line with our commitment to meet the increasing demand, especially for our juices and value-added dairy products, we are currently in the process of establishing greenfield facilities in the States of Uttar Pradesh, Maharashtra and Odisha. These new facilities, along with the upcoming facility in DRC, are expected to be fully operational before the season next year. Further, we have incorporated a new subsidiary in South Africa to explore the business of manufacturing and distribution of beverages.*

*We remain firmly committed to minimizing our environmental impact and promoting a greener, more sustainable future. In line with our sustainability mission, we are pleased to share that we recently introduced 100% recycled PET bottles for Pepsi Black in certain sub-territories. As a partner of PepsiCo, we take immense pride in actively participating in this transformative initiative and collaborating to build a greener future for generations to come.*

*Moreover, we are delighted to share that VBL has recently received the esteemed recognition of "PepsiCo's International Bottler of the Year 2022." This outstanding accomplishment further validates VBL's commitment to operational excellence, strong governance principles, and sustainability endeavors. We are also pleased to share that in-line with our dividend policy, the Board of Directors have approved an interim dividend @ 25% of face value i.e. Rs. 1.25 per share.*

*While we witnessed slower-than-anticipated demand due to unseasonal rains, we remain optimistic about our full-year performance, especially considering the lower seasonality in our business following the integration of West and South territories. As we move forward, we will continue to capitalize on our position as a key player in the beverage industry and focus on strengthening our capabilities in line with customer preferences. We are confident this approach will translate into sustainable value for all stakeholders."*

## Key Developments

### Formation of New Subsidiary in Johannesburg, South Africa

- Incorporation of a new subsidiary - 'Varun Beverages South Africa (PTY) LTD' in Johannesburg, South Africa to explore the business of manufacturing and distribution of beverages

### Commencement of Commercial Production at 2 Greenfield facilities and Brownfield Expansion at 6 facilities

- We have commissioned a new production facility at Bundi, Rajasthan and at Jabalpur, Madhya Pradesh, as well as expanded our capacity at six existing locations

### Production of 100% rPET (recycled plastic) bottles for carbonated beverages

- We are pleased to share that we recently introduced 100% recycled plastic (rPET) bottles for Pepsi Black in certain sub-territories. As a partner of PepsiCo, we take immense pride in actively participating in this transformative initiative and collaborating to build a greener future for generations to come.

### Sub-division/split of existing equity shares of the Company

- During the quarter ended 30 June 2023, the Company on June 15, 2023 ("Record Date"), sub-divided/split of existing Equity Shares of the Company from 1 (One) Equity Share having face value of Rs. 10/- (Rupees Ten only) each fully paid-up, into 2 (Two) Equity Shares having face value of Rs. 5/- (Rupees Five only) each fully paid-up

### Dividend

- In line with the guidelines of the Company's dividend policy, the Board of Directors have approved an interim dividend @ 25% of face value i.e. Rs. 1.25 per share. Total cash outflow would be ~Rs. 1,624 million

### Awards and Accolades

- We are delighted to share that VBL has recently received the esteemed recognition of "PepsiCo's International Bottler of the Year 2022."

– ENDS –

## **About Varun Beverages Limited:**

Varun Beverages Limited (“VBL” or the “Company”) 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, Pepsi Black, Mountain Dew, Sting, Seven-Up, Mirinda, Seven-Up Nimbooz Masala Soda and Evervess. PepsiCo NCB brands produced and sold by the Company include Slice, Tropicana Juices (100% and Delight), Seven-Up Nimbooz, Gatorade 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 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 ~80% of revenues from operations (net) in Fiscal 2022. 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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## **Safe Harbor**

*This communication contains certain forward-looking statements relating to the business, financial performance, strategy and results of Varun Beverages Limited (VBL) and/ or the industry in which it operates. Such forward-looking statements involve a number of risks, uncertainties and assumptions which could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements. These include, among other factors, changes in economic, political, regulatory, business or other market conditions. Neither the Company nor its affiliates or advisors or representatives nor any of its or their parent or subsidiary undertakings or any such person's officers or employees guarantees that the assumptions underlying such forward-looking statements are free from errors nor does either accept any responsibility for the future accuracy of the forward-looking statements contained in this presentation or the actual occurrence of the forecasted developments. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements, on the basis of any subsequent developments, information or events, or otherwise. Given these uncertainties and other factors, viewers of this communication are cautioned not to place undue reliance on these forward-looking statements.*