



VARUN BEVERAGES LIMITED



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CIN No. : L74899DL1995PLC069839

July 15, 2024

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 Symbol: VBL	BSE Limited Phiroze Jeejeebhoy Towers Dalal Street, Mumbai – 400 001 Email: corp.relations@bseindia.com Security Code: 540180
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Subject: Presentation on Snacks “Simba Munchiez” in the territory of Zimbabwe and Zambia

Dear Sir / Madam,

Please find attach herewith a copy of the Presentation on Snacks “Simba Munchiez” in the territory of Zimbabwe and Zambia.

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

You are requested to kindly take the same on record.

Yours faithfully,
For Varun Beverages Limited

Ravi Batra
Chief Risk Officer & Group Company Secretary



(a PepsiCo franchisee)

July 15, 2024

PepsiCo Snacks Franchising Opportunity in:

1. Varun Foods (Zimbabwe) (Private) Limited (*VFZ*)
2. Varun Beverages (Zambia) Ltd (*VBZ*)



PEPSICO



- PepsiCo reports 59% of its revenue (up from 55% in 2021) from snack foods¹ as per their latest filings.
- Given the size of snack foods opportunity, VBL India, through its Morocco subsidiary entered into an Exclusive Snacks Appointment for Morocco territory on 20th Feb, 2024 to manufacture Cheetos (*commercial production to start on or before 1st May, 2025*).
- Snack Food Industry size in Morocco is estimated to be ~ USD 500 mn in 2024².
- Snack Food Industry size in Zimbabwe and Zambia is estimated to be ~USD 177 mn and ~USD 156 mn respectively in 2024 and growing consistently^{3&4}.
- There are synergies in distribution with VBL's existing beverage business.

Source:

1. SEC filings of PepsiCo Inc.

2. <https://www.statista.com/outlook/cmo/food/confectionery-snacks/snack-food/morocco>

3. <https://www.statista.com/outlook/cmo/food/confectionery-snacks/snack-food/zimbabwe>

4. <https://www.statista.com/outlook/cmo/food/confectionery-snacks/snack-food/zambia>

Proposed Arrangement

- To further strengthen the relationship with PepsiCo and expand the footprint in PepsiCo snacks portfolio, VBL, through its subsidiaries - VFZ and VBZ, has discussed with PepsiCo to enter into an Exclusive Snacks Franchising Appointment with Premier Nutrition Trading LLC, Dubai (a PepsiCo Inc. subsidiary) to manufacture, distribute, and sell “**Simba Munchiez**” in the territory of Zimbabwe & Zambia.
- As per the understanding, an estimated investment in manufacturing facility would be around USD 7 mn (approx. INR 600 mn) for an annual capacity of ~5,000 MT for manufacturing of Simba Munchiez in multiple SKUs at each location of Zimbabwe and Zambia.
- As agreed, the appointment will be effective on or before 1st Oct, 2025 for Zimbabwe and 1st Apr, 2026 for Zambia, once the respective manufacturing facilities comes into operation.
- VBL subsidiaries shall leverage its distribution prowess to introduce the new affordable range of snacks products from the house of PepsiCo.
- As part of the understanding, PepsiCo shall give a strong push in certain fast-moving SKUs through price initiatives.

Disclaimer

This communication contains certain forward-looking statements relating to the business, financial performance and strategy of Varun Beverages Limited (“VBL” or the “Company”) 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. Given these uncertainties and other factors, viewers of this communication are cautioned not to place undue reliance on these forward-looking statements.

Thank You!
