



VARUN BEVERAGES LIMITED



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CIN No. : L74899DL1995PLC069839

February 5, 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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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.

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' Q4 & CY2023 Financial Results

<u>Q4 2023</u>	<u>CY 2023</u>
Revenue grew 21% YoY to Rs. 26,677 mn	Revenue grew 22% YoY to Rs. 160,426 mn
EBITDA higher by 36% YoY to Rs. 4,183 mn	EBITDA higher by 30% YoY to Rs. 36,095 mn
PAT higher by 76% YoY to Rs. 1,438 mn	PAT increased by 36% to Rs. 21,018 mn

Gurgaon, February 5, 2024: Varun Beverages Limited (BSE: 540180, NSE: VBL), a key player in the beverage industry, announced its financial results for the fourth quarter and year ended December 31, 2023.

Financial Performance Highlights*

Performance Review for CY2023 vs. CY2022

- Revenue from operations (net of excise / GST) grew by 21.8% YoY to Rs. 160,425.8 million in CY2023 as compared to Rs. 131,731.4 million in CY2022
 - Consolidated sales volume grew by 13.9% to 912.9 million cases in CY2023 from 801.8 million cases in CY2022 led by double-digit growth in both Indian (12.9% growth) & International (18.0% growth) markets
 - Net realization per case increased by 7.0% in CY2023 to Rs. 175.7 driven by continued improvement in mix of smaller SKUs (250ml) in Indian Markets and improved realization per case in International markets.
- EBITDA increased by 29.5% to Rs. 36,094.9 million in CY2023 from Rs. 27,881.1 million in CY2022
 - EBITDA margin improved by 133 bps to 22.5% in CY2023, led by increased realization and higher gross margins
- PAT increased by 35.6% to Rs. 21,018.1 million in CY2023 from Rs. 15,501.1 million in CY2022 driven by growth in revenue from operations and improved profit margins.

Performance Review for Q4 CY2023 vs. Q4 CY2022

- Revenue from operations (net of excise / GST) grew by 20.5% YoY to Rs. 26,676.9 million in Q4 CY2023 from Rs. 22,142.4 million in Q4 CY2022 driven by volume growth in both India & International markets.
- EBITDA increased by 36.0% to Rs. 4,182.9 in Q4 CY2023 million from Rs. 3,075.1 million in Q4 CY2022 led by increased realization, higher gross margins and improved operational efficiencies.
- PAT increased by 76.3% to Rs. 1,437.6 million in Q4 CY2023 from Rs. 815.2 million in Q4 CY2022 driven by growth in revenue from operations and improved profit margins

***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 Q4 & CY2023 Mr. Ravi Jaipuria, Chairman, Varun Beverages Limited said,

"Despite the abnormally high unseasonal rains in the peak season, we are pleased to conclude CY2023 on a strong note. We witnessed a healthy double-digit volume growth in both Indian and International markets. Our consolidated sales volume increased by 13.9%, and the net realization per case increased by 7.0% in CY2023. Both these together contributed to our remarkable revenue growth of 21.8% and an impressive PAT growth of 35.6%.

In line with our strategic objectives, we have successfully commissioned multiple greenfield and brownfield facilities across key geographies during the year. This expansion not only strengthened our manufacturing capabilities but also extended our market reach. Our distribution network and chilling infrastructure have also seen a substantial growth, further solidifying our presence in the market.

Marking a key milestone in our growth journey, we are delighted to announce the acquisition of The Beverage Company (BevCo) subject to regulatory and other approvals. BevCo holds franchise rights for PepsiCo beverage products in South Africa, Lesotho, and Eswatini, along with distribution rights in Namibia and Botswana. This acquisition, which aligns perfectly with our strategic goals, offers an excellent opportunity to significantly enhance our presence in the African market—a region known for high demand for soft drinks and favorable demographics. The integration of BevCo into VBL's operations is expected to yield substantial synergistic benefits in the future.

As we move forward, our strategy is geared towards sustaining our healthy growth momentum. We will continue to focus on strengthening our market position, both in India and internationally, and place emphasis on product categories that are aligned with evolving consumer preferences. Our journey through CY2023 has set a solid foundation for continued success, and we remain confident in our ability to deliver sustainable growth and value for all our stakeholders in the years to come."

– ENDS –

Key Developments

South Africa territory M&A opportunity:

- The Company has entered into a binding agreement to acquire 100% stake in the business conducted by The Beverage Company (Proprietary) Limited, South Africa along-with its wholly-owned subsidiaries ("BevCo"), with an option to accept minority co-investment from large equity fund, subject to regulatory and other approvals (if any) including but not limited to PepsiCo Inc. and Competition Commission South Africa.
- BevCo is engaged in the business of manufacturing and distribution of licensed (PepsiCo Inc.) / own-branded non-alcoholic beverages in South Africa and has franchise rights from PepsiCo Inc. in South Africa, Lesotho and Eswatini. Further, it also has distribution rights for Namibia and Botswana.
- BevCo's own brands constitute ~85% of the total sales volumes which includes a popular energy drink – "Reboost" and the other CSD brands – "Refreshhh", "Coo-ee" and "Jive".
- Proposed transaction is at an Enterprise Level is valued at ~ ZAR 3 Billion (~INR 13.20 bn; 1 ZAR = 4.4 INR). BevCo achieved net revenue of ZAR 3,615 mn (~ INR 15.90 bn) in FY23.

Formation of New Subsidiary in Mozambique:

- Incorporation of a new subsidiary - 'VBL Mozambique, SA' in Mozambique, South Africa to carry on the business of distribution of Beverages.

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

- For CY2023 season, we commissioned new production facilities at Bundi, Rajasthan and at Jabalpur, Madhya Pradesh, as well as expanded our capacity at six existing locations namely Pathankot, Kosi, Bharuch, Tirunelveli, Begusarai and Guwahati.

Commencement of Commercial Production at Greenfield facility in CY2024:

- Subsequent to year ended 31 December 2023, the Company has started commercial production including backward integration at its new greenfield production facility at Supa, Maharashtra.

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

- During CY2023, we introduced 100% recycled plastic (rPET) bottles for Pepsi Black in certain sub-territories. As a growth 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.

Dividend:

- The Board of Directors in their meeting held on Feb 5, 2024 have approved a payment of final dividend of Rs. 1.25 (Rupees One and paise Twenty Five only) per equity share of the face value of Rs. 5 each, subject to the approval of equity shareholders in ensuing annual general meeting of the Company. With this, total dividend declared for year ended 31 December 2023 stands at Rs. 2.50 (Rupees Two and paise Fifty only) per equity share of the face value of Rs. 5 each.

Awards and Accolades

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

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 three 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 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 ~79% of revenues from operations (net) in Fiscal 2023. 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

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