



VARUN BEVERAGES LIMITED



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CIN No. : L74899DL1995PLC069839

August 1, 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. Q2 & H1 2019 Financial Results

<u>Q2 2019</u>	<u>H1 2019</u>
Revenue grows 36.5% YoY to Rs. 28,105 million	Revenue grows 32.2% YoY to Rs. 41,696 million
EBITDA higher by 37.1% YoY to Rs. 7,879 million	EBITDA increases 34.6% YoY to Rs. 10,063 million
PAT expands 32.0% YoY to Rs. 4,050 million	PAT expands 36.3% to Rs. 4,450 million

Gurgaon, August 01, 2019: 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, 2019.

Financial Performance Highlights*

Performance Review for Q2 2019 vs. Q2 2018

- Revenue from operations (net of excise / GST) grew 36.5% YoY in Q2 2019 to Rs. 28,104.5 million
 - Total sales volumes were up 43.3% YoY at 195.5 million cases in Q2 2019 as compared to 136.4 million unit cases in Q2 2018
 - India business recorded strong organic volume growth trend of 18.5% in Q2 2019
- EBITDA increased by 37.1% to Rs. 7,878.8 million in Q2 2019 from Rs. 5,748.6 million in Q2 2018
 - EBITDA margins expanded 12 bps during the quarter
- PAT increased by 32.0% to Rs. 4,049.9 million in Q2 2019 from Rs. 3,067.9 million in Q2 2018

Performance Review for H1 2019 vs. H1 2018

- Revenue from operations (net of excise / GST) grew 32.2% YoY to Rs. 41,696.0 million as compared to Rs. 31,359.0 million
- EBITDA increased by 34.6% to Rs. 10,062.5 million from Rs. 7,475.5 million
- PAT increased by 36.3% to Rs. 4,450.3 million in H1 2019 from Rs 3,265.3 million in H1 2018
- In line with the guidelines of dividend policy, the Board of Director's have recommended an interim dividend of Rs. 2.50 per share on enhanced equity capital base
 - Total cash outflow would be ~ Rs. 776.69 million (inclusive of statutory taxes payable).

***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



Acquisition of sub-territories

- 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

Bonus Issue of Equity Shares

- At the start of Silver Jubilee year of the Company, and in appreciation of continuing support from the shareholders of the Company, the Board of Directors recommended and approved Bonus Issue of equity shares in the proportion of 1 equity share for every 2 equity shares held
- The shares have been allotted to the eligible shareholders

Commenting on the performance for Q2 & H1 2019 Mr. Ravi Jaipuria, Chairman, Varun Beverages Limited said,

"We are happy to share that Q2 2019 has been a stand out quarter for us and we have delivered a robust performance with topline growth of 36.5%, EBITDA growth of 37.1% and PAT growth of 32%. This was on the back of strong volume growth of 43.3% driven by healthy off-take in India, continuing success in our international operations, and the consolidation of territories recently acquired w.e.f. 1st May 2019. Organic volume growth in India was robust at 18.5% on the back of increased penetration and an extended summer season.

We have made rapid progress with the consolidation of the recently acquired territories in South and West regions, and also those acquired last year. This has resulted in expansion in our EBITDA margins in the first half of the year, demonstrating our strong execution capabilities, efficiency of our operations and operating leverage. Capacity utilization in India during the peak month has come down to ~60% post consolidation of South and West India sub-territories, providing significant scope for growth on existing investments.

Commemorating the start of the Silver Jubilee of the Company and in appreciation of continuing support from the shareholders, the Board of Directors recommended bonus issue of equity shares in the proportion of 1 equity share for every 2 shares held. Further, given the strong performance delivered in H1 and confidence that the successful execution of our strategic plan will continue to generate strong cash flows, the Board of Director's have recommended an interim dividend of Rs. 2.50 per share on enhanced equity capital base.

To conclude, we have delivered a robust performance in Q2, which is the peak season for our products. We are on a strong footing to deliver sustainable and profitable long-term growth with presence across 27 States and 7 Union Territories across India, accounting for over 80% of PepsiCo India's beverage volumes. We will be focused on consolidating our dominant position in the industry by further strengthening our distribution infrastructure across the country and unlocking value from the recently acquired underpenetrated sub-territories in India which provide huge opportunity for driving volumes, gaining market share and provide significant operational leverage going forward. We are constantly working towards building a winning multi-category product portfolio which is in line with changing consumer preferences and accelerating our quest for leadership across each beverage segment and category."

– ENDS –



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, Gatorade and Slice Fizzy Drinks. PepsiCo NCB brands produced and sold by the Company include Tropicana Slice, Tropicana Frutz, Tropicana Juices (100%, Delight, Essentials), Nimbooz, Quaker Value-Added Dairy 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 ~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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Safe Harbor

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.

