



VARUN BEVERAGES LIMITED



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CIN No. : L74899DL1995PLC069839

May 13, 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' Q1 CY2024 Financial Results

Q1 2024

Revenue grew 10.9% YoY to Rs. 43,173.1 mn

EBITDA higher by 23.9% YoY to Rs. 9,887.6 mn

PAT higher by 24.9% YoY to Rs. 5,479.8 mn

Gurgaon, May 13, 2024: 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, 2024.

Financial Performance Highlights*

Performance Review for Q1 CY2024 vs. Q1 CY2023

- Revenue from operations (net of excise / GST) grew by 10.9% YoY to Rs. 43,173.1 million in Q1 CY2024 as compared to Rs. 38,929.8 million in Q1 CY2023
 - Total sales volume grew by 7.2% to 240.2 million cases in Q1 CY2024 from 224.1 million cases in Q1 CY2023. During the quarter, India territory grew by 4.4% and International markets by 21.9%, in spite of delay in the holi festival by 17 days resulting in delayed seasonality cycle.
 - Net realization per case increased by 3.5% in Q1 CY2024 to Rs. 179.7 on account of improving product mix in India and higher contribution of international markets which have higher realization per case
- Gross margins improved by 385 bps to 56.3% from 52.4% during Q1 CY2024 primarily due to reduced PET prices as well as the focus on reducing sugar content and light-weighting of packaging. Approx. 46% of our consolidated sales volumes come from Low sugar / No sugar products.
- EBITDA increased by 23.9% to Rs. 9,887.6 million YoY and EBITDA margin improved by 240 bps to 22.9% in Q1 CY2024, led by higher gross margins and increased realization. This improvement is in spite of rise in fixed costs associated with the acquisition of new territories and commissioning of new greenfield plants for the season.
- PAT increased by 25% to Rs. 5,479.8 million from Rs. 4,385.7 million in Q1 CY2023 driven by volume growth, increase in net realization 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 Q1 CY2024 Mr. Ravi Jaipuria, Chairman, Varun Beverages Limited said,

"In spite of delay in the holi festival by 17 days resulting in delayed seasonality cycle, we are pleased to report a reasonably strong overall operational and financial performance in the first quarter of the year. We achieved a consolidated sales revenue growth of 10.9% with a break-up of volume growth of 7.2% and net realization per case growth of 3.5% in Q1, reflecting an improved product mix in India and higher contributions from international markets. Overall, EBITDA increased by 23.9% year on year and PAT increased by 24.9%.

Further, our sustainability efforts, including the focus on reducing sugar content, removal of corrugated pads in packaging, and light-weighting of packaging material have started showing results by increase in gross margins. During last quarter, we also published our sustainability report in accordance with the GRI reporting standards. We are committed to transparency and accountability in our sustainability reporting practices, and we believe that using the GRI Standards allows us to provide comprehensive and comparable information to our stakeholders.

To fulfil our growth commitment in our core market i.e. India, we commenced three new greenfield facilities located in Supa, Maharashtra; Gorakhpur, Uttar Pradesh; and Khordha, Odisha. This expansion is designed to meet the rising demand for beverages in India and support our long-term growth trajectory.

Our greenfield plant at DRC is expected to start by the next quarter.

A significant highlight of the quarter was the successful completion of the strategic acquisition of The Beverage Company (BevCo) in South Africa. This move has notably expanded our footprint and fortified our presence across several dynamic markets in the African region.

Furthermore, Varun Beverages Morocco SA, a wholly-owned subsidiary, has entered into an Exclusive Snacks Appointment Agreement to manufacture and package Cheetos in Morocco, by May 2025. This agreement complements our existing distribution of PepsiCo's snack portfolio, marking another step forward in our strong symbiotic partnership.

In nutshell, we have fueled three growth engines which shall gradually and consistently contribute to revenue and profitability growth in the Company. First growth engine is the South Africa's combined territory with Lesotho, Eswatini, Namibia, Botswana, Mozambique and Madagascar. Second growth engine is entry into new territory of DRC where PepsiCo is not present at all as of now, the commercial production here from our new state of the art greenfield plant is expected to start from the next quarter. The third growth engine is entry into snack food production by May 2025 in Morocco."

Key Developments

Acquisition of South Africa and neighboring territories:

- Consummated the acquisition of The Beverage Company (Proprietary) Limited, South Africa along-with its wholly-owned subsidiaries ("BevCo"). Accordingly, Bevco has become a subsidiary of the Company with effect from Mar 27, 2024
- This acquisition has allowed VBL to consolidate its presence in franchised territories in South Africa, Lesotho, and Eswatini, as well as territories with distribution rights in Namibia, Botswana, Mozambique, and Madagascar

Snacks appointment agreement to manufacture and package "Cheetos" in Morocco:

- Varun Beverages Morocco SA (a wholly owned subsidiary of the Company) has entered into an Exclusive Snacks Appointment Agreement to manufacture and package Cheetos in the territory of Morocco effective May 1, 2025 i.e. the expected date of start of commercial production from its own manufacturing facility
- This appointment is in addition to the existing distribution agreement for PepsiCo's snacks portfolio consisting of Lays, Cheetos, Doritos in the territory of Morocco

Commencement of Commercial Production at 3 Greenfield facilities:

- For CY2024 season, the Company commissioned three greenfield production facilities in India:
 - **Supa, Maharashtra:** on Jan 25, 2024, with a total capex outlay of ~ INR 10,000 MN
 - **Gorakhpur, Uttar Pradesh:** on Apr 13, 2024, with a total capex outlay of ~ INR 11,000 MN, and
 - **Khordha, Odisha:** on Apr 30, 2024, with a total capex outlay of ~ INR 7,000 MN
- Further, we have set-up / expanded backward integration facilities at Guwahati plant as well as all the three above mentioned greenfield plants.

Approval for incorporation of Varun Foods (Zimbabwe) Pvt. Ltd. to carry on the business of food products.

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About Varun Beverages Limited:

Varun Beverages Limited (“VBL” or the “Company”) is a key player in beverage industry and one of the largest franchisees 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 ~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, Zimbabwe, South Africa, Lesotho, Eswatini & DRC and distribution rights for Namibia, Botswana, Mozambique and Madagascar.

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