



VARUN BEVERAGES LIMITED



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CIN No. : L74899DL1995PLC069839

July 30, 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' Q2 & H1 CY2024 Financial Results

<u>Q2 2024</u>	<u>H1 2024</u>
Revenue grew 28.3% YoY to Rs. 71,968.6 mn	Revenue grew 21.1% YoY to Rs. 115,141.8 mn
EBITDA higher by 31.8% YoY to Rs. 19,912.2 mn	EBITDA higher by 29.1% YoY to Rs. 29,799.8 mn
PAT higher by 25.5% YoY to Rs. 12,618.3 mn	PAT increased by 25.3% to Rs. 18,098.2 mn

Gurgaon, July 30, 2024: 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, 2024.

Financial Performance Highlights*

Performance Review for Q2 CY2024 vs. Q2 CY2023

- Revenue from operations grew by 28.3% YoY to Rs. 71,968.6 million in Q2 CY2024 as compared to Rs. 56,114.0 million in Q2 CY2023
 - Consolidated sales volume grew by 28.1% to 401.6 million cases in Q2 CY2024 from 313.5 million cases in Q2 CY2023. This includes ~28 million cases from BevCo during the quarter
 - India volumes grew by 22.9% while International volumes (before BevCo volumes) was almost flat primarily on account of volumes in Zimbabwe getting affected due to portfolio transition to zero sugar without affecting profits.
- EBITDA increased by 31.8% to Rs. 19,912.2 million from Rs. 15,110.2 million
 - Gross margins improved by 222 bps to 54.7% from 52.5% during Q2 CY2024 primarily due to timely procurement and storage of PET chips to avail pricing benefits as well as the focus on reducing sugar content and light-weighting of packaging.
 - ~ 46% of our consolidated sales volumes come from Low sugar / No sugar products.
 - EBITDA margin improved by 74 bps to 27.7% in Q2 CY2024, led by higher gross margins
- PAT increased by 25.5% to Rs. 12,618.3 million in Q2 CY2024 from Rs. 10,054.2 million in Q2 CY2023 driven by volume growth and improved margins

Performance Review for H1 2024 vs. H1 2023

- Revenue from operations grew 21.1% YoY to Rs. 115,141.8 million in H1 2024 as compared to Rs. 95,043.8 million H1 2023
- EBITDA increased by 29.1% to Rs. 29,799.8 million in H1 2024 from Rs. 23,090.6 million in H1 2023
- PAT higher by 25.3% to Rs. 18,098.2 million in H1 2024 from Rs. 14,439.9 million in H1 2023

***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 CY2024 Mr. Ravi Jaipuria, Chairman, Varun Beverages Limited said,

"We are pleased to report robust performance for the second quarter of CY2024, achieving a consolidated sales volume growth of 28.1%, which includes volumes from BevCo. The impressive volume growth of 22.9% in India primarily contributed to this outstanding performance, supported by our expanded capacities, enhanced distribution network, and a strong summer season. Meanwhile, our international markets remained relatively flat, moreover it was a seasonally weak quarter for African market.

We are excited to announce further expansion in our partnership with PepsiCo, having entered into an Exclusive Snacks Franchising Appointment to manufacture, distribute, and sell "Simba Munchiez" in Zimbabwe by October 2025 and in Zambia by April 2026. This follows our recent announcement to manufacture and package Cheetos in Morocco by May 2025. These agreements complement our existing distribution of PepsiCo's portfolio, marking another significant step forward in our strong, symbiotic partnership.

Additionally, we are pleased to share that we have commenced commercial production of carbonated soft drinks and packaged drinking water at our Greenfield facility in DRC. With the region representing an untapped market for PepsiCo, this expansion offers a huge growth opportunity for us.

In line with our dividend policy, the Board of Directors has approved an interim dividend of 25% of the face value, i.e., Rs. 1.25 per share. Additionally, the Board has considered and recommended the sub-division/split of existing equity shares of the Company from 1 equity share with a face value of Rs. 5 each fully paid-up into such number of equity shares having face value of Rs. 2 each fully paid-up. This is subject to the approval of equity shareholders of the Company. This is intended for wider retail participation.

With strong performance in a key quarter, we are on track to deliver healthy double-digit growth in this calendar year. India remains a high-demand market with massive growth potential, driven by a growing consuming class and a young population. To capitalize on this demand, we are focused on further strengthening our infrastructure, distribution network, and product portfolio. With a focus on strategic growth and leveraging new opportunities in both India and international markets, we are confident in our ability to deliver sustainable value to all stakeholders."

Key Developments

Commencement of Commercial Production at Kinshasa, Democratic Republic of Congo:

- Commenced commercial production of carbonated soft drinks and packaged drinking water at our production facility in Kinshasa, Democratic Republic of Congo on 22nd July, 2024.
- The plant has two CSD/Water PET lines with an installed capacity of 550 BPM each

Exclusive Snacks Franchising Appointment with PepsiCo for Zimbabwe and Zambia:

- Varun Foods (Zimbabwe) (Private) Ltd and Varun Beverages (Zambia) Ltd (a wholly owned subsidiaries of the Company) has entered into an Exclusive Snacks Franchising Appointment with Premier Nutrition Trading LLC, Dubai (subsidiary of PepsiCo Inc.) to manufacture, distribute, and sell "Simba Munchiez" in the territory of Zimbabwe & Zambia
- Estimated investment in manufacturing facility would be around USD 7 mn (approx. INR 600 mn) for an annual capacity of ~5,000 MT at each location of Zimbabwe and Zambia
- Manufacturing facilities are expected to be operational for Zimbabwe on or before 1st Oct, 2025 and for Zambia on or before 1st Apr, 2026

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

- The Board considered and recommended sub-division/split of existing equity shares of the Company from 1 (one) equity share having face value of Rs. 5 each, fully paid-up, into such number of equity shares having face value of Rs. 2 each fully paid-up, subject to the approval of equity shareholders of the Company through postal ballot.

Dividend:

- In line with the guidelines of Company's dividend policy, the Board of Director's have approved an interim dividend @ 25% of face value i.e. Rs. 1.25 per share. Total cash outflow would be ~Rs. 1,624.30 mn.

Awards and Accolades:

- **Mr. Varun Jaipuria** – Executive Vice Chairman recognized as one of the young business leaders by the Economic Times in their **ET 40 Under Forty Awards**.
- VBL was awarded as **Best Organization in Sustainable Waste Management 2023** at the 3rd edition of the Sustainability Summit 2024.
- VBL has been recognized for its achievement in **EHS Best Practices** (Employee Health & Safety) for several production facilities by Greentech Foundation.

– 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 has 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 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.

For further information, please contact:

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Safe Harbor

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