



VARUN BEVERAGES LIMITED



Corporate Off : Plot No.31, Institutional Area, Sec.-44, Gurgaon, Haryana-122002 (India)
Ph.: +91-124-4643100-500 • Fax: +91-124-4643303/04 E-mail : info@rjcorp.in • Visit us at : www.varunpepsi.com
CIN No. : L74899DL1995PLC069839

May 3, 2021

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: Presentation on Unaudited Financial Results of the Company for the Quarter ended March 31, 2021

Dear Sir/Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached herewith a copy of the Presentation on Unaudited Financial Results of the Company for the Quarter ended March 31, 2021.

The same is also being uploaded on 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

May 3, 2021



(a PepsiCo franchisee)


Varun Beverages Limited

Q1 CY2021 Results Presentation



Disclaimer

This communication contains certain forward-looking statements relating to the business, financial performance, strategy and results 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. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements, on the basis of any subsequent developments, information or events, or otherwise. Given these uncertainties and other factors, viewers of this communication are cautioned not to place undue reliance on these forward-looking statements.

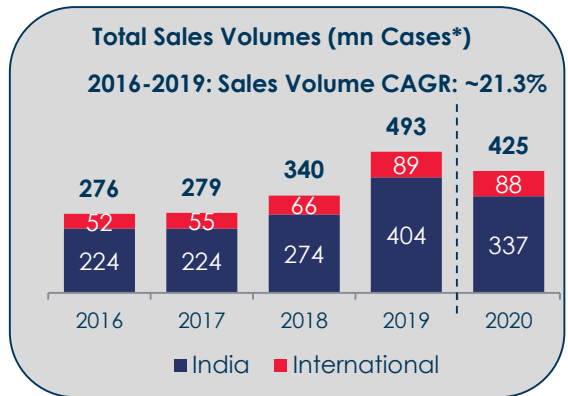
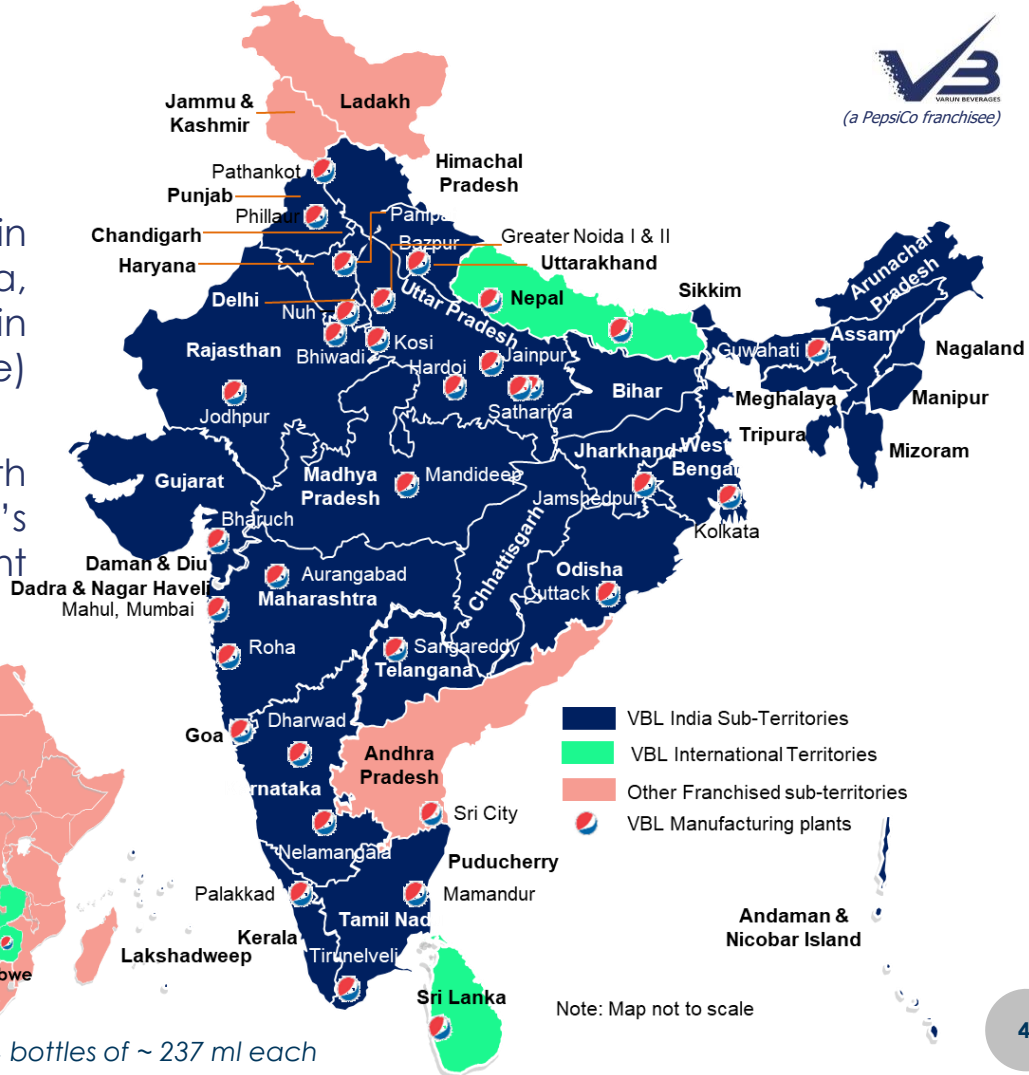


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Company Snapshot



- * **Key player** in the beverage industry
- * Operations spanning across **6 countries** – 3 in the Indian Subcontinent (India, Sri Lanka, Nepal) contribute ~**81%** to revenues; 3 in Africa (Morocco, Zambia, Zimbabwe) contribute ~19% for fiscal year 2020
- * Over **29** years strategic association with PepsiCo – accounting for **85%+** of PepsiCo's beverage sales volume in India and present in 27 States and 7 UTs



Note: *A unit case is equal to 5.678 liters of beverage divided in 24 bottles of ~ 237 ml each

Brands licensed to VBL

Brands licensed by PepsiCo:

Carbonated Soft Drinks



Carbonated Juice Based Drinks



Energy Drink

Club Soda

Ice Tea

Fruit Pulp / Juice Based Drinks



Sports Drink



Packaged Water



Dairy Based Drinks *

Mango Shake



Cold Coffee

Belgian Choco Shake



* Note: "CreamBell" trademark, an established brand, has been licensed to be used by VBL for ambient temperature value added dairy based beverages.

Symbiotic Relationship with PepsiCo

VBL – Demand Delivery

- Production Facilities
- Sales & Distribution – GTM & Logistics
- In-outlet Management – Visi-Coolers
- Consumer Push Management (BTL) - Market Share Gains



PepsiCo – Demand Creation

- Trademarks
- Formulation through Concentrate
- Product & Packaging innovation through investment in R&D
- Consumer Pull Management (ATL) - Brand Development

Key Player in the Beverage Industry – Business Model

VBL- END-TO-END EXECUTION ACROSS VALUE CHAIN

<p style="text-align: center;">MANUFACTURING</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="border: 1px solid black; padding: 5px; background-color: #fff9c4;">Concentrate (PepsiCo)</div> <div style="border: 1px solid black; padding: 5px; background-color: #fff9c4;">Other Raw Materials</div> <div style="border: 1px solid black; padding: 5px; background-color: #fff9c4;">Bottling</div> </div>	<ul style="list-style-type: none"> 37 state-of-the-art production facilities 	<p style="background-color: #e91e63; color: white; padding: 10px; border-radius: 10px; text-align: center;">SOLID INRASTRUCTURE</p>
<p style="text-align: center;">DISTRUBUTION & WAREHOUSING</p>	<ul style="list-style-type: none"> 90+ depots 2,500+ owned vehicles 1,500+ primary distributors 	<p style="background-color: #e91e63; color: white; padding: 10px; border-radius: 10px; text-align: center;">ROBUST SUPPLY CHAIN</p>
<p style="text-align: center;">CUSTOMER MANAGEMENT</p>	<ul style="list-style-type: none"> Installed 800,000+ visi-coolers VBL - local level promotion and in-store activation PepsiCo - brand development & consumer marketing 	<p style="background-color: #e91e63; color: white; padding: 10px; border-radius: 10px; text-align: center;">DEMAND DELIVERY</p>
<p style="text-align: center;">IN-MARKET EXECUTION</p>	<ul style="list-style-type: none"> Experienced region-specific sales team Responsible for category value/volume growth Responsible for reaching out to every 6th person in the world 	<p style="background-color: #e91e63; color: white; padding: 10px; border-radius: 10px; text-align: center;">MARKET SHARE GAINS</p>
<p style="text-align: center;">COST EFFICIENCIES</p>	<ul style="list-style-type: none"> Production optimization Backward integration Innovation (packaging etc.) 	<p style="background-color: #e91e63; color: white; padding: 10px; border-radius: 10px; text-align: center;">MARGIN EXPANSION</p>
<p style="text-align: center;">CASH MANAGEMENT</p>	<ul style="list-style-type: none"> Working capital efficiencies Disciplined capex investment Territory acquisition 	<p style="background-color: #e91e63; color: white; padding: 10px; border-radius: 10px; text-align: center;">ROE EXPANSION / FUTURE GROWTH</p>

Chairman's Message



Commenting on the performance for Q1 CY2021, Mr. Ravi Jaipuria, Chairman – Varun Beverages Limited said,

“We have started the year 2021 on a healthy note delivering progressive performance across parameters in Q1. The Company registered a strong volume growth of ~33% YoY. The macro-environment in the quarter was largely supportive as consumption was almost nearing a sense of normalcy. This resulted in a healthy volume growth of ~34% YoY for our India business. The growth momentum continued in our international territories registering a ~26% YoY volume growth during the quarter.

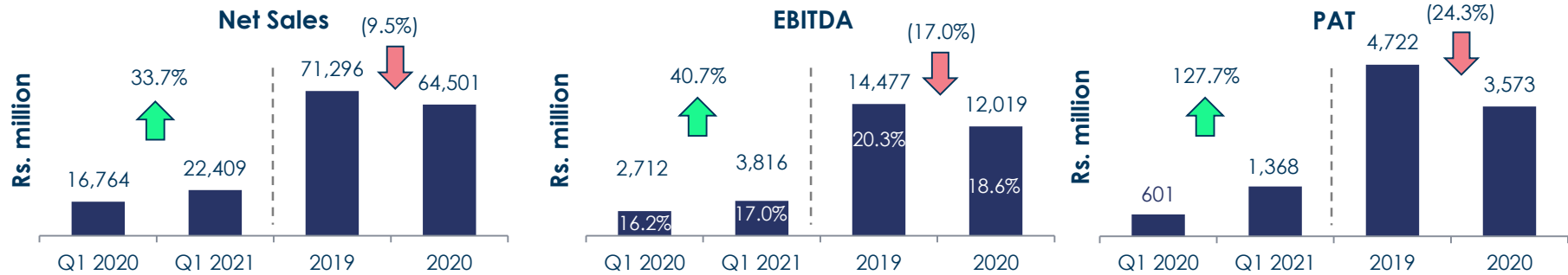
On the earnings front, a higher operating leverage, cost-optimization measures and increased profitability from our international operations have enabled us to report improved profits in Q1, with PAT registering a growth of 128% YoY. In addition, repayment of debt as well as lower average cost of borrowing resulted in reduction in finance cost during the quarter.

From a demand standpoint, while we saw a notable recovery in the domestic markets in Q1, the environment has evolved now with the onset of the second wave of Covid infections in the country. We are now witnessing more localized, micro lockdowns and restrictions being imposed rather than a nation-wide lockdown witnessed last year. The situation is being addressed by wider vaccination drives being carried out across the nation, which we expect will restore normalcy sooner than later.

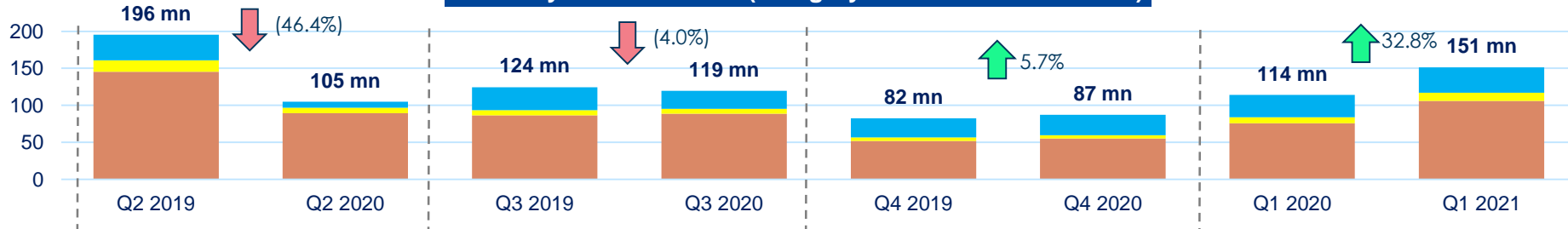
Notwithstanding short-term non-linearity in business, we remain confident of the medium to longer-term outlook of the business. Keeping that in view, the Board of Directors has recommended a bonus issue of One equity share for every Two equity shares of Rs. 10 each held indicating our belief in the continued growth trajectory for our Company.

In the face of adversity last year, our business model showed a strong sense of resilience and we were able to deliver steady operational and financial performance. We expect that once things stabilize during the current year, we should be able to swiftly bounce back. In conclusion, we are on a strong footing and will continue to diligently work towards strengthening our position as a key player in the beverage industry.

Performance Highlights (Q1 CY 2021, CY 2020 and CY 2019)



Quarterly Sales Volumes (Category-wise million unit cases)



Period	Q2 2019		Q2 2020		Q3 2019		Q3 2020		Q4 2019		Q4 2020		Q1 2020		Q1 2021	
CSD	145	74%	89	85%	86	69%	89	74%	52	63%	55	63%	76	67%	106	70%
Juice	15	8%	8	7%	7	6%	6	6%	5	6%	4	5%	8	7%	11	7%
Water	35	18%	8	8%	31	25%	24	20%	25	31%	28	32%	30	26%	34	23%

Consolidated Profit & Loss Statement

Particulars (Rs. million)	Q1 2021	Q1 2020	YoY(%)	2020	2019	YoY (%)
1. Income						
(a) Revenue from operations	22,698.8	16,992.5	33.6%	65,557.9	72,484.6	-9.6%
(b) Excise Duty	289.9	228.1	27.0%	1,056.5	1,188.8	-11.1%
Net Revenues	22,408.9	16,764.4	33.7%	64,501.4	71,295.8	-9.5%
(c) Other income	57.3	252.6	-77.3%	369.7	425.3	-13.1%
2. Expenses						
(a) Cost of materials consumed	10,929.9	7,546.5	44.8%	26,885.1	29,395.6	-8.5%
(b) Purchase of stock-in-trade	578.9	450.1	28.6%	925.9	4,237.3	-78.1%
(c) Changes in inventories of FG, WIP and stock-in-trade	(1,607.2)	(1,081.9)	-48.6%	(171.6)	(1,438.6)	88.1%
(d) Employee benefits expense	2,384.4	2,291.5	4.1%	8,897.4	8,108.2	9.7%
(e) Finance costs	579.4	869.7	-33.4%	2,811.0	3,096.4	-9.2%
(f) Depreciation and amortization expense	1,347.2	1,351.2	-0.3%	5,287.0	4,886.3	8.2%
(g) Other expenses	6,306.7	4,846.6	30.1%	15,946.0	16,516.8	-3.5%
Total expenses	20,519.3	16,273.7	26.1%	60,580.8	64,802.0	-6.5%
EBITDA	3,816.2	2,711.6	40.7%	12,018.6	14,476.5	-17.0%
3. Profit/(loss) before tax and share of profit in associate (1-2)	1,946.9	743.3	161.9%	4,290.3	6,919.1	-38.0%
4. Share of profit in associate	-	-		-	43.6	
5. Exceptional items	-	665.3		665.3	-	
6. Profit (Loss) before tax (3+4-5)	1,946.9	78.0	2,396.3%	3,625.1	6,962.7	-47.9%
7. Tax expense	579.3	(522.6)	210.8%	52.3	2,240.7	-97.7%
8. Net profit (loss) for the period (6-7)	1,367.6	600.6	127.7%	3,572.7	4,722.1	-24.3%

Discussion on Financial & Operational Performance

Net Revenues / Sales Volumes

- Company witnessed robust consolidated organic volume growth of 24.7% in Q1CY2021 over Q1CY2019 leading to a 2yr CAGR of 11.7%.
- Total sales volume grew by 32.8% to 151 million cases in Q1 CY2021 from 114 million cases in Q1 CY2020 as the business returned back during the quarter and lower base of Q1 CY2020 because of lockdown measures in the latter part of Mar'20.
- Revenue from operations (net of excise / GST) grew by 33.7% YoY in Q1 CY2021 to Rs. 22,408.9 million primarily because of robust volume growth over the last year.
- Realization per case improved marginally by 0.6% to Rs. 148.0 in Q1 CY2021 which was led by change in product mix with higher contribution from CSD and Juice compared to same period last year.
- CSD constituted 70.0%, Juice constituted 7.2% and Packaged Drinking water constituted 22.8% of total sales volumes in Q1 CY2021.

EBITDA / Gross Margins

- EBITDA increased by 40.7% to Rs. 3,816.2 million in Q1 CY2021. EBITDA margin improved by 86 bps to 17.0% in Q1 CY2021 from 16.2% in Q1 CY2020 because of sustainable cost optimization measures that were implemented last year.
- Gross margins for Q1 CY2021 reduced by 294 bps to 55.8% from 58.8% in Q1 CY2020 primarily due to change in product mix and lower gross margins from our international operations. There is a marginal saving in average sugar and PET prices during the quarter in India.

PAT

- PAT for Q1 CY2021 increased significantly by 127.7% to Rs. 1,367.6 million from Rs. 600.6 million in Q1 CY2020 driven by higher revenue, improvement in margins, reduced finance cost and higher profitability from our international operations.
- Finance cost reduced by 33.4% to Rs. 579.4 million due to repayment of debt as well as lower average cost of borrowing.

Key Development

- The Audit, Risk Management and Ethics Committee and Board of Directors of the Company at their respective meetings held today have recommended a bonus issue of 1 (One) equity share of Rs. 10/- each for every 2 (Two) equity shares of Rs. 10 each held by shareholders of the Company as on the record date by capitalizing the reserves.

Sustainability Initiatives – PET Recycling

VBL consumed ~ 66,000 MT PET for its finished product in CY20. These are high quality food grade virgin PET chips which can be easily recycled to make various products for diverse industries and end uses.

VBL has engaged with GEM Enviro Management Pvt. Ltd. for phased implementation of 100% recycling of used PET bottles through collection from end users by placing dustbins / reverse vending machines, direct collection from Institutions (Hotels, Banquet Halls, Exhibitions, etc.) and spreading awareness through workshops.

GEM Enviro Management Pvt. Ltd., a Delhi based Central Pollution Control Board (“CPCB”) recognized PRO (Producer Responsible Organization) company specializes in a) collection and recycling of packaging waste & b) promotion of recycled green products like T-Shirts, bags etc. made from recycling of waste material such as used PET bottles.

During the year CY20, 43,700+MT of PET waste was recycled (~66% of PET resin consumed) and during Q1 CY2021, 17,900+MT of PET waste was recycled (~63% of the PET resin consumed)



Sample Recycled Products



Sustainability Initiatives – VBL’s Water Positive Balance

VBL engaged TUV India Pvt. Ltd. for company’s water footprint assurance. wherein, water mass balance and its various initiatives towards water conservation and water recharge were verified.

About TÜV NORD Group: Founded in the year 1869, TÜV NORD was established as an industrial self-control organization for providing independent, neutral, third party services. With a current workforce of over 14,000 employees across 70 countries globally, the TÜV NORD GROUP is one of the world’s largest Inspection, Certification & Testing organizations.

The scope of audit covered 31 manufacturing plants of VBL in India. Key water conservation initiatives included Rain water harvesting, Ponds adoption, development & maintenance, Waste water management on the principles of reduce, reuse and recycle, for optimal water consumption.

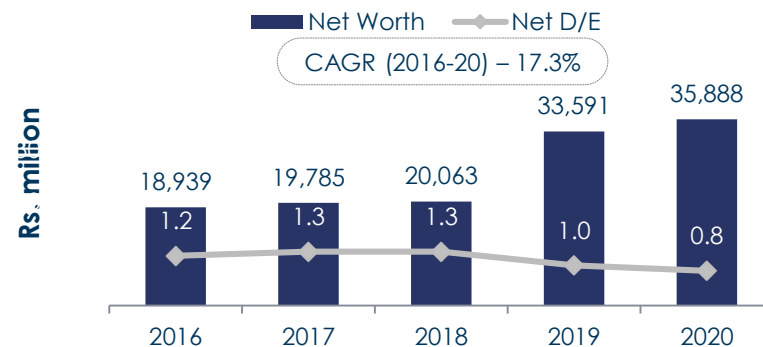
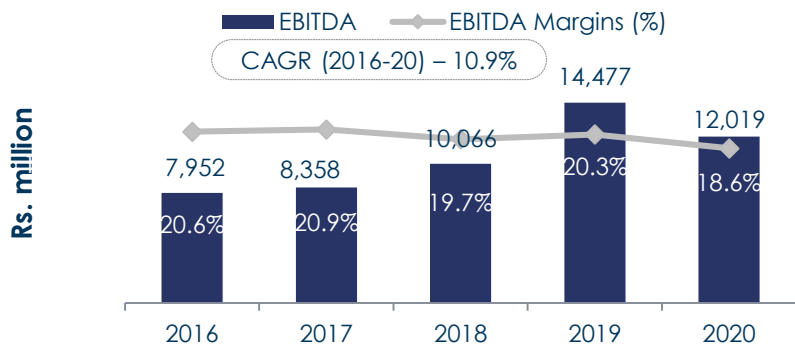
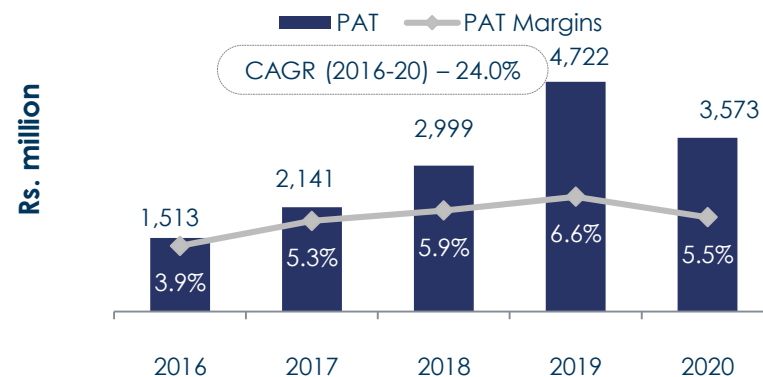
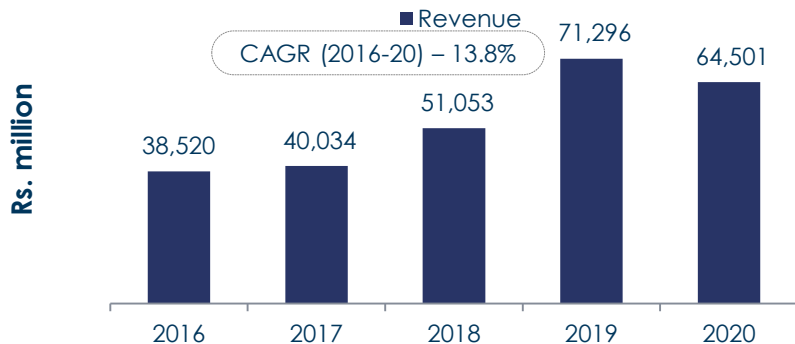
Lockdown restrictions due to COVID-19 pandemic resulted in decline in sales volumes and consequently, the water consumption in CY20 is lower than previous year. Hence, the water recharge ratio is higher than usual.

Key findings of the report:

Parameter	Jan'20-Dec'20 (Audited)	Jan'19-Dec'19 (Audited)
Water consumption	3.68 mn KL	4.12 mn KL
Water recharge	10.19 mn KL	7.22 mn KL
Water recharge ratio	2.8 times	1.8 times
No. of ponds adopted	108	103
No. of trees planted	29,000+	26,500 +



Performance Highlights (2016 –2020)



Note: 2017 onwards financials are as per Ind AS and previous year numbers are as per IGAAP

Varun Beverages Limited (VBL) Q1 CY 2021 Earnings Conference Call

Time • 04:00 pm IST on May 3, 2021

Conference dial-in Primary number • +91 22 6280 1141 / +91 22 7115 8042

International Toll Free Number

- Hong Kong: 800 964 448
- Singapore: 800 101 2045
- UK: 0 808 101 1573
- USA: 1 866 746 2133

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, Diet Pepsi, Seven-Up, Mirinda Orange, Mirinda Lemon, Mountain Dew, Mountain Dew Ice, 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 Juices (100%, Delight, Essentials), Nimbooz, Ambient temperature value added dairy beverages 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 ~74% of revenues from operations (net) in Fiscal 2020. VBL has also been granted the franchise for various PepsiCo products for the territories of Nepal, Sri Lanka, Morocco, Zambia and Zimbabwe.

For more information about us, please visit www.varunpepsi.com or contact:

Raj Gandhi / Deepak Dabas

Varun Beverages Ltd

Tel: +91 124 4643100 / +91 9871100000

E-mail: raj.gandhi@rjcorp.in

deepak.dabas@rjcorp.in

Anoop Poojari

CDR India

Tel: +91 9833090434

E-mail: anoop@cdr-india.com

Thank You!
