



VARUN BEVERAGES LIMITED



Corporate Off : Plot No.31, Institutional Area, Sec.-44, Gurgaon, Haryana-122002 (India)
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CIN No. : L74899DL1995PLC069839

August 9, 2017

To,

BSE Limited Corporate Relationship Department, 1 st Floor, New Trading Ring, Rotunda Building, P J Towers, Dalal Street, Fort, Mumbai – 400 001 022-2272 3121, 2037, 2061 corp.relations@bseindia.com Security Code No. 540180	National Stock Exchange of India Ltd. Exchange Plaza, 5 th floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051 # 022-2659 8237, 8238, 8347, 8348 cmlist@nse.co.in Symbol : VBL Series : EQ
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Sub: Press Release

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Pursuant to the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations and such other Regulations as may be applicable, please find attached a copy of the press release on the Unaudited Financial Results for the quarter and six months ended June 30, 2017. Kindly upload the same in your websites. The same is also being uploaded in the website of the Company.

Yours faithfully,

For Varun Beverages Limited



Ravi Batra
Chief Risk Officer &
Group Company Secretary

Encl. As above



(a PepsiCo franchisee)

Varun Beverages Ltd. Q2 & H1 CY2017 Financial Results

H1 CY2017

EBITDA improves 6% YoY to Rs. 6,177 million

Net Profit expands 65% to Rs. 2,481 million

Gurgaon, August 09, 2017: 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, 2017.

Financial Performance Highlights*

Performance Review for H1 CY2017 vs. H1 CY2016

- Revenue from operations (net of excise) remained steady at Rs. 25,126 million as compared to Rs. 25,295 million
- EBITDA increased by 6% YoY to Rs. 6,177 million from Rs. 5,851 million
- PAT improved by 65% to Rs. 2,481 million from Rs. 1,505 million
- The Board of Director's have recommended an interim dividend of Rs. 2.5/share
 - Results in a cash outflow of Rs. 45.63 crore plus statutory taxes payable

Performance Review for Q2 CY2017 vs. Q2 CY2016

- Revenue from operations (net of excise) stood at Rs. 16,334 million as compared to Rs. 16,605 million
- EBITDA increased by 3% YoY to Rs. 4,805 million from Rs. 4,656 million
- PAT improved by 20% to Rs. 2,452 million from Rs. 2,046 million

***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; **Note 3:** VBL has adopted IND-AS framework starting Q1 CY2017. Prior period numbers have been restated in compliance with Ind-AS for a meaningful comparison.

Commenting on the performance for Q2 & H1 CY2017 Mr. Ravi Jaipuria, Chairman, Varun Beverages Limited said, “We are glad to report a 65% YoY improvement in our net profit in H1 which covers the peak season for our products and accounts for majority of our sales and profit. Our continuous efforts on driving operational excellence through our solid backward integrated infrastructure and consolidation of contiguous territories has resulted in a 146 bps YoY expansion in EBITDA margins to 24.59% during H1 CY017. We have also leveraged our strong balance sheet and recent credit upgrades to drive a significant reduction in our cost of borrowing.

We have seen strong double digit volume growth in Nepal, Morocco and Sri Lanka. However, overall volumes were impacted on account of the uncertainty pertaining to the implementation of GST in India, which led to substantial inventory de-stocking in May and June. In addition, early onset of monsoon in India and floods in Zambia further impacted volumes. We believe impact of GST is transient and will bring in enhanced efficiencies & smoothen business operations going forward.

We are happy to announce our intent to acquire PepsiCo India's previously franchised rights of Odisha and parts of Madhya Pradesh. This is part of our strategy to consolidate our presence in contiguous territories and garner market share. These are highly under-penetrated markets which offer long term, sustainable growth opportunities. Our focus on driving growth remains very strong. We also regularly seek to introduce new product lines and diversify the product portfolio in-line with the changing consumer preferences. Our robust business model, strong end-to-end execution capabilities and track record put us on a strong footing and we will look to strengthen our position further in the coming years.

We will continue to evaluate strategic acquisitions of new/contiguous territories which will provide economies of scale. VBL applies stringent strategic and financial criteria to any potential acquisition or partnership. To further enhance transparency, the Board has decided to set a few guidelines to further the Company's M&A activities for viable acquisitions.

Varun Beverages looks upon good Corporate Governance practices as a key driver of sustainable corporate growth and long term stakeholder value creation. The Board's approval of the dividend policy is a reflection of our continued focus to deliver on that commitment. The dividend policy reflects our confidence that the successful execution of our strategic plan will continue to generate strong cash flows, enabling us to strike a balance between investing in the business and regularly rewarding shareholders through dividends.”

Key Developments

Acquisition of new territories

- The Board of Directors of VBL has approved its intent to enter into a binding agreement to acquire PepsiCo India's previously franchised territories of the State of Odisha and parts of Madhya Pradesh along with three manufacturing units at Cuttack, Bargarh and Bhopal

(Mandideep), subject to the satisfactory completion of due diligence and final approval of PepsiCo

- Upon completion of this acquisition, VBL will be a franchisee for PepsiCo products across 18 States and 2 Union Territories
- These are highly under-penetrated regions and provide huge opportunity for increasing volumes and gaining market share
- The proposed acquisition is in line with the Company's strategy to expand into contiguous territories to garner better operating leverage and asset utilization through economies of scale

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, Seven-Up Revive and Evervess. PepsiCo NCB brands produced and sold by the Company include Tropicana Slice, Tropicana Frutz, Nimbooz 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 of March 31, 2016, VBL has been granted franchises for various PepsiCo products across 17 States and two Union Territories in India. India is the largest market and contributed 80% of revenues from operations (net) in Fiscal 2016. VBL has also been granted the franchise for various PepsiCo products for the territories of Nepal, Sri Lanka, Morocco, Mozambique and Zambia.

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.