



VARUN BEVERAGES LIMITED



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October 25, 2018

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 : cm1ist@nse.co.in Symbol : VBL
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Subject : Press Release on Unaudited Financial Results of the Company for the Quarter and Nine Months ended on September 30, 2018

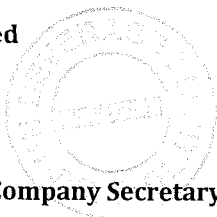
Dear Sir/Madam,

Please find attached the Press Release on Unaudited Financial Results of the Company for the Quarter and Nine Months ended on September 30, 2018.

You are requested to take the above on record.

Yours faithfully,
For Varun Beverages Limited


Ravi Batra
Chief Risk Officer & Group Company Secretary





Varun Beverages Ltd. Q3 & 9M 2018 Financial Results

<u>Q3 2018</u>	<u>9M 2018</u>
Revenue grows 21.0% YoY to Rs. 11,657 million	Revenue grows 24.3% YoY to Rs. 43,196 million
EBITDA increases 13.9% YoY to Rs. 2,112 million	EBITDA increases 19.4% YoY to Rs. 9,588 million
Net Profit expands 31.0% to Rs. 422 million	Net Profit expands 29.5% to Rs. 3,707 million

Gurgaon, October 25, 2018: Varun Beverages Limited (BSE: 540180, NSE: VBL), a key player in the beverage industry, announced its financial results for the third quarter and nine months ended September 30, 2018.

Financial Performance Highlights*

Performance Review for Q3 2018 vs. Q3 2017

- Revenue from operations (net of excise / GST) grew 21.0% YoY to Rs. 11,657 million as compared to Rs. 9,634 million
 - Total sales volumes were up 17.2% YoY at 77.5 million unit cases in Q3 2018 as compared to 66.1 million unit cases in Q3 2017
 - Strong organic volume growth trend continued in India at 9.3% in Q3 2018
- EBITDA increased by 13.9% to Rs. 2,112 million from Rs. 1,854 million
 - Underlying margins have improved in existing as well as recently acquired territories
 - Blended EBITDA margins declined 110 bps YoY to 18.1% due to sub-optimal volumes/margins in acquired sub-territories and contribution from the Tropicana juice portfolio, where at present VBL has only a supply and distribution arrangement, and is not manufacturing the product
- PAT increased by 31.0% to Rs. 442 million from Rs. 337 million

Performance Review for 9M 2018 vs. 9M 2017

- Revenue from operations (net of excise / GST) grew 24.3% YoY to Rs. 43,196 million as compared to Rs. 34,760 million
 - Total sales volume were up 19.8% YoY at 294.3 million unit cases in 9M 2018 as compared to 245.8 million unit cases in 9M 2017
- EBITDA increased by 19.4% to Rs. 9,588 million from Rs. 8,032 million
- PAT increased by 29.5% to Rs. 3,707 million from Rs. 2,862 million

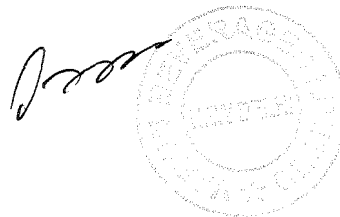
***Note 1:** VBL follows a calendar year of reporting (Jan to Dec); **Note 2:** Given the seasonality in the business, it is best to monitor the business on an annual basis as a significant portion of the revenues and entire profits are realized in the Apr-June quarter

Commenting on the performance for Q3 & 9M 2018 Mr. Ravi Jaipuria, Chairman, Varun Beverages Limited said, "We are happy to report another strong quarter with revenue growth of 21% YoY and net profit growth of 31% YoY led by robust volume growth of 17.2% and value growth of ~3.8%. Strong organic volume growth trend has continued in India at 9.3% in Q3 2018, despite marginal impact on account of shift of the festive season this year to Q4.

We are enthused by our performance this year as we have reverted to our historical growth trends. For the nine months ended 30th September, 2018, revenue grew 24% YoY led by robust volume growth of 19.8% and value growth of ~4.5%, driven by the introduction of higher realization products like Sting and Tropicana. Our India business has delivered organic volume growth of 11.7% during this period on the back of strong peak season sales. PAT increased by 31% YoY driven by strong volumes in India as well as in the international operations.

The demand environment continues to be robust. We are on a strong footing and proceeding as per our strategic roadmap of driving profitable growth. We will be focused on un-locking value from the recently acquired, under-penetrated sub-territories in India by strengthening distribution, installing visi-coolers, driving volumes, gaining market share and see significant operating leverage going forward. Further, our customer-centric approach, new product innovations and the Tropicana juice portfolio augur well for our long term prospects."

- ENDS -

A handwritten signature in black ink is positioned to the left of a circular stamp. The stamp is embossed and contains the text "VARUN BEVERAGES LIMITED" around the perimeter and "INDIA" in the center.

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, Sting and Evervess. PepsiCo NCB brands produced and sold by the Company include Tropicana Slice, Tropicana Frutz, Tropicana Juices (100%, Delight, Essentials), 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 on date, VBL has been granted franchises for various PepsiCo products across 21 States and two Union Territories in India. India is the largest market and contributed 76% of revenues from operations (net) in Fiscal 2017. 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:**Raj Gandhi / Deepak Dabas**

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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.