corp **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

August 1, 2019

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** :cmlist@nse.co.in **Symbol : VBL**

Subject: Regulation 30: Presentation on Unaudited Financial Results of the Company for Quarter and Half Year ended on June 30, 2019.

Dear Sir/Madam,

Pursuant to Regulation 30 of 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 and half year ended on June 30, 2019.

The same is also being uploaded on the website of the Company at www.varunpepsi.com

You are requested to take the above on record.

Yours faithfully,
For Varun Beverages Limited

VARUN BEVERAGES LIMITED NEW DELHI

Ravi Batra
Chief Risk Officer & Group Company Secretary

Encl: As above

August 01, 2019

(a PepsiCo franchisee)

Varun Beverages Limited

Q2 & H1 2019 Results Presentation

Disclaimer

This presentation has been prepared by Varun Beverages Limited (the "Company") for general information purposes only and does not constitute any recommendation or form part of any offer or invitation, directly or indirectly, in any manner, or inducement to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities of the Company. This presentation does not solicit any action based on the material contained herein. Nothing in this presentation is intended by the Company to be construed as legal, accounting or tax advice.

This presentation has been prepared by the Company based upon information available in the public domain and has not been independently verified. This presentation has not been approved and will not or may not be reviewed or approved by any statutory or regulatory authority in India or by any Stock Exchange in India. The actual results could differ materially from those projected in any such forward-looking statements because of various factors.

This presentation contains certain forward-looking statements relating to the business, financial performance, strategy and results of the Company and/ or the industry in which it operates. 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 presentation are cautioned not to place undue reliance on these forward-looking statements.

This presentation is not a prospectus, a statement in lieu of a prospectus, an offering circular, an advertisement or an offer document under the Companies Act, 2013, as amended, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended, or any other applicable law in India.

This presentation is strictly confidential and may not be copied or disseminated, in whole or in part, and in any manner or for any purpose. Neither this document nor any part or copy of it may be distributed, directly or indirectly, in the United States. The distribution of this document in certain jurisdictions may be restricted by law and persons in to whose possession this presentation comes should inform themselves about and observe any such restrictions. By reviewing this presentation, you agree to be bound by the foregoing limitations.

This presentation is not an offer to sell or a solicitation of any offer to buy the securities of the Company in the United States or in any other jurisdiction where such offer or sale would be unlawful. Securities may not be offered, sold, resold, pledged, delivered, distributed or transferred, directly or indirectly, in to or within the United States absent registration under the United States Securities Act of 1933 (the "**Securities Act**"), as amended, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state of the United States.

Table of Content

(a PepsiCo franchisee)

Company Snapshot

(a PepsiCo franchisee)

Key player in the beverage industry

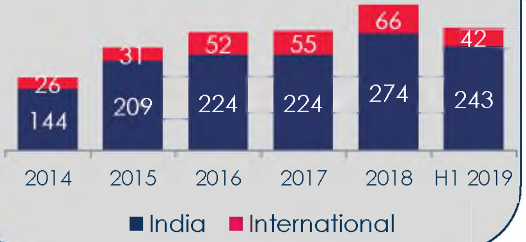
Operations spanning across **6 countries** – 3 in the Indian Subcontinent (India, Sri Lanka, Nepal) contribute ~**80%** to revenues; 3 in Africa (Morocco, Zambia, Zimbabwe) contribute ~20% for fiscal year 2018

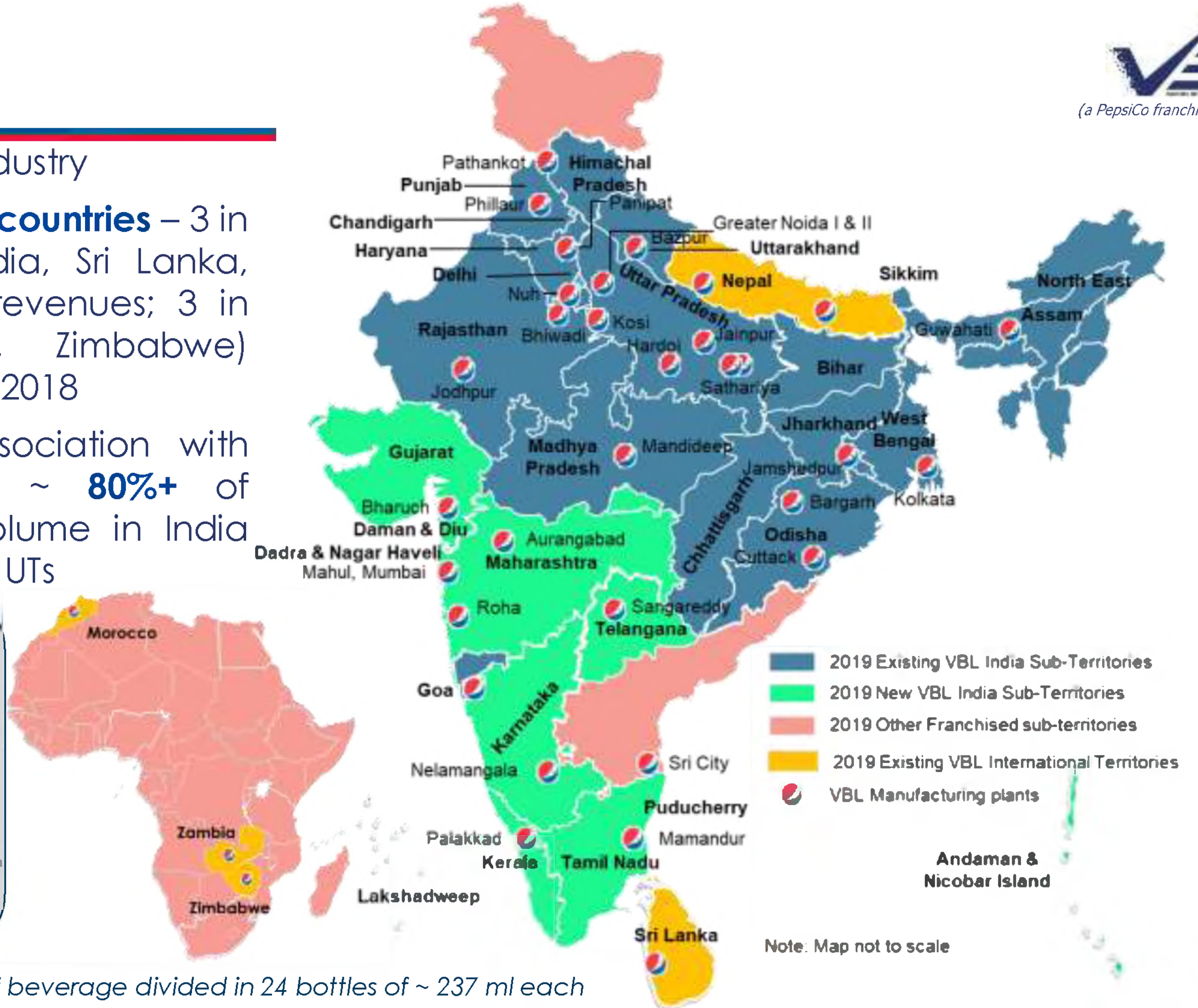
Over **27** years strategic association with PepsiCo – accounting for ~ **80%+** of PepsiCo's beverage sales volume in India and present in 27 States and 7 UTs

Total Sales Volumes (MN Cases*)

2014-2018:

Sales Volume CAGR: ~18.9%





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

Brands licensed by PepsiCo

(a PepsiCo franchisee)

Carbonated Soft Drinks

Carbonated Juice Based Drinks

Energy Drink

Club Soda

Fruit Pulp / Juice Based Drinks

Sports Drink

Ice Tea

Packaged Water

Key Player in the Beverage Industry – Business Model

(a PepsiCo franchisee)

VBL- END-TO-END EXECUTION ACROSS VALUE CHAIN

MANUFACTURING: Concentrate (PepsiCo); Other Raw Materials; Bottling	▪ 36 state-of-the-art production facilities	SOLID INRASTRUCTURE
DISTRUBUTION & WAREHOUSING	▪ 90+ depots ▪ 2,500+ owned vehicles ▪ 1,400+ primary distributors	ROBUST SUPPLY CHAIN
CUSTOMER MANAGEMENT	▪ Installed 750,000+ visi-coolers ▪ VBL - local level promotion and in-store activation ▪ PepsiCo - brand development & consumer marketing	DEMAND DELIVERY
IN-MARKET EXECUTION	▪ Experienced region-specific sales team ▪ Responsible for category value/volume growth ▪ Responsible for reaching out to every 6th person in the world	MARKET SHARE GAINS
COST EFFICIENCIES	▪ Production optimization ▪ Backward integration ▪ Innovation (packaging etc.)	MARGIN EXPANSION
CASH MANAGEMENT	▪ Working capital efficiencies ▪ Disciplined capex investment ▪ Territory acquisition	ROE EXPANSION / FUTURE GROWTH

Symbiotic Relationship with PepsiCo

(a PepsiCo franchisee)

VBL – Demand Delivery

- Production Facilities
- Market Share Gains – Consumer Push Management
- Sales & Distribution – Vehicles
- In-outlet Management – Visi-Coolers

PepsiCo – Demand Creation

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

Chairman's Message

(a PepsiCo franchisee)

Commenting on the performance for Q2 & H1 2019, Mr. Ravi Jaipuria, Chairman – Varun Beverages Limited said,

"We are happy to share that Q2 2019 has been a stand out quarter for us and we have delivered a robust performance with topline growth of 36.5%, EBITDA growth of 37.1% and PAT growth of 32%. This was on the back of strong volume growth of 43.3% driven by healthy off-take in India, continuing success in our international operations, and the consolidation of territories recently acquired w.e.f. 1st May 2019. Organic volume growth in India was robust at 18.5% on the back of increased penetration and an extended summer season.

We have made rapid progress with the consolidation of the recently acquired territories in South and West regions, and also those acquired last year. This has resulted in expansion in our EBITDA margins in the first half of the year, demonstrating our strong execution capabilities, efficiency of our operations and operating leverage. Capacity utilization in India during the peak month has come down to ~60% post consolidation of South and West India sub-territories, providing significant scope for growth on existing investments.

Commemorating the start of the Silver Jubilee of the Company and in appreciation of continuing support from the shareholders, the Board of Directors recommended bonus issue of equity shares in the proportion of 1 equity share for every 2 shares held. Further, given the strong performance delivered in H1 and confidence that the successful execution of our strategic plan will continue to generate strong cash flows, the Board of Director's have recommended an interim dividend of Rs. 2.50 per share on enhanced equity capital base.

To conclude, we have delivered a robust performance in Q2, which is the peak season for our products. We are on a strong footing to deliver sustainable and profitable long-term growth with presence across 27 States and 7 Union Territories across India, accounting for over 80% of PepsiCo India's beverage volumes. We will be focused on consolidating our dominant position in the industry by further strengthening our distribution infrastructure across the country and unlocking value from the recently acquired underpenetrated sub-territories in India which provide huge opportunity for driving volumes, gaining market share and provide significant operational leverage going forward. We are constantly working towards building a winning multi-category product portfolio which is in line with changing consumer preferences and accelerating our quest for leadership across each beverage segment and category."

Key Developments

(a PepsiCo franchisee)

1. Acquisition of sub-territories

February 14, 2019: Concluded the acquisition of PepsiCo India's previously franchised territories of parts of Maharashtra (14 districts), parts of Karnataka (13 districts) and parts of Madhya Pradesh (3 districts).

May 01, 2019: Concluded the acquisition of franchise rights in South and West regions from PepsiCo for a national bottling, sales and distribution footprint in 7 States and 5 Union Territories of India.

2. Bottling Appointment and Trademark License Agreement for India

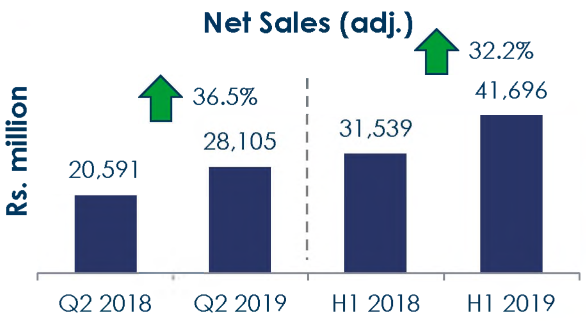
Particular	Existing	Revised
Franchise Rights (upto)	October 2, 2022	April 30, 2039

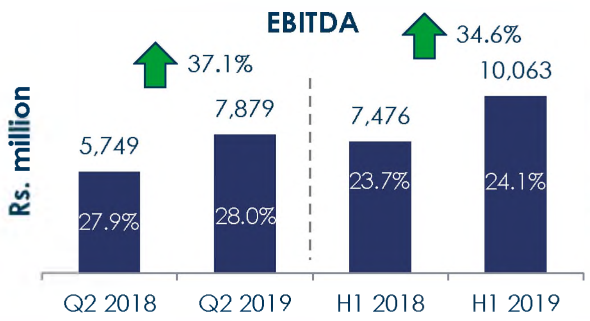
3. Bonus Issue of Equity Shares

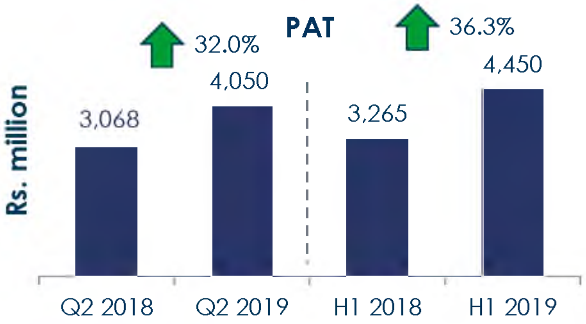
At the start of Silver Jubilee year of the Company, and in appreciation of continuing support from the shareholders of the Company, the Board of Directors recommended and approved Bonus Issue of equity shares in the proportion of 1 equity share for every 2 equity shares held. The shares have been allotted to the eligible shareholders.

Performance Highlights (Q2 & H1 2019)

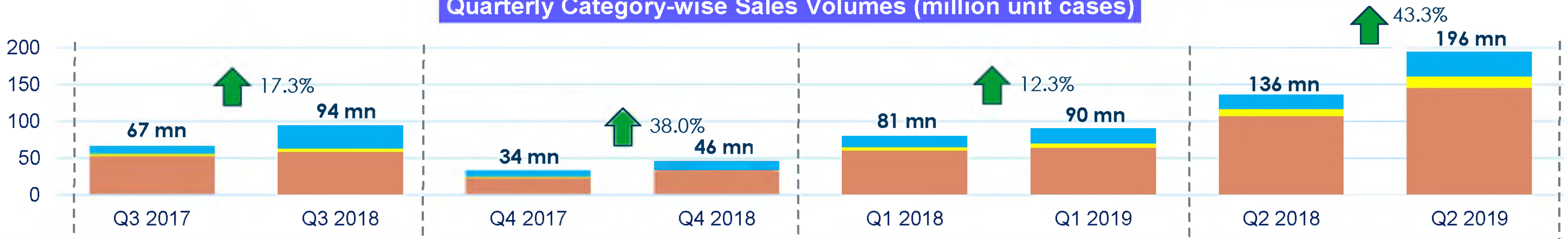
(a PepsiCo franchisee)







Quarterly Category-wise Sales Volumes (million unit cases)



Period	Q3 2017		Q3 2018		Q4 2017		Q4 2018		Q1 2018		Q1 2019		Q2 2018		Q2 2019	
Water	11	16%	31	33%	9	26%	12	26%	16	23%	20	22%	19	14%	35	18%
Juice	3	5%	4	4%	1	4%	3	7%	5	3%	6	7%	10	7%	16	8%
CSD	53	79%	59	63%	24	70%	31	67%	60	74%	64	71%	107	79%	145	74%

Consolidated Profit & Loss Statement

(a PepsiCo franchisee)

Particulars (Rs. million)	Q2 2019	Q2 2018	YoY(%)	H1 2019	H1 2018	YoY (%)
1. Income						
(a) Revenue from operations	28,514.6	20,971.5	36.0%	42,320.7	32,195.2	31.5%
(b) Excise Duty	410.1	380.2	7.9%	624.7	656.2	-4.8%
Net Revenues	**28,104.5**	**20,591.3**	36.5%	**41,696.0**	**31,539.0**	32.2%
(c) Other income	33.4	3.5	862.2%	47.4	85.1	-44.3%
2. Expenses						
(a) Cost of materials consumed	11,112.4	8,164.0	36.1%	17,010.6	13,952.2	21.9%
(b) Purchase of stock-in-trade	2,335.1	563.2	314.6%	3,232.5	963.1	235.6%
(c) Changes in inventories of FG, WIP and stock-in-trade	(152.3)	861.3	NA	(959.7)	(410.9)	NA
(d) Employee benefits expense	1,991.6	1,510.7	31.8%	3,575.3	2,896.9	23.4%
(e) Finance costs	848.2	517.6	63.9%	1,438.5	1,116.8	28.8%
(f) Depreciation and amortisation expense	1,254.1	1,000.4	25.4%	2,244.4	1,911.0	17.4%
(g) Other expenses	4,939.0	3,743.6	31.9%	8,774.8	6,662.2	31.7%
Total expenses	**22,328.0**	**16,360.8**	36.5%	**35,316.3**	**27,091.3**	30.4%
EBITDA	**7,878.8**	**5,748.6**	37.1%	**10,062.5**	**7,475.5**	34.6%
3. Profit/(loss) before tax and share of profit in associate (1-2)	5,809.9	4,234.0	37.2%	6,427.1	4,532.8	41.8%
4. Share of profit in associate	13.1	6.7	97.3%	21.0	17.6	19.6%
5. Profit/(loss) before tax (3+4)	5,823.0	4,240.6	37.3%	6,448.1	4,550.4	41.7%
6. Tax expense	1,773.1	1,172.7	51.2%	1,997.8	1,285.1	55.5%
7. Net profit/(loss) for the period (5-6)	**4,049.9**	**3,067.9**	32.0%	**4,450.3**	**3,265.3**	36.3%

Note: Given the seasonality in the business, it is best to monitor the business on an annual basis as a significant portion of the revenues are realized in the Apr-June quarter

Balance Sheet

(a PepsiCo franchisee)

Particulars (Rs. million)	30-Jun-19	31-Dec-18	30-Jun-18
Equity and liabilities			
Equity			
(a) Equity share capital	1,826.55	1,826.42	1,826.15
(b) Other equity	23,169.62	18,158.62	19,199.80
(c) Non-controlling interest	52.46	77.68	30.20
Total equity	**25,048.63**	**20,062.72**	**21,056.15**
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	31,017.32	19,800.69	15,515.34
(ii) Other financial liabilities	-		45.27
(b) Provisions	1,464.88	1,052.55	966.65
(c) Deferred tax liabilities (Net)	2,538.14	1,921.66	1,749.79
(d) Other non-current liabilities	44.01	67.75	73.83
Total non- current liabilities	**35,064.35**	**22,842.65**	**18,350.88**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	1,515.88	3,776.55	3,487.44
(ii)Trade Payables	6,373.63	3,167.97	4,149.79
(iii)Other financial liabilities	11,374.01	8,512.43	6,593.35
(b) Other current liabilities	4,104.29	1,466.55	3,045.05
(c) Provisions	251.87	160.19	278.01
(d) Current tax liability	951.24	325.02	920.54
Total current liabilities	**24,570.92**	**17,408.71**	**18,474.18**
Total liabilities	**59,635.27**	**40,251.36**	**36,825.06**
Total Equity and liabilities	**84,683.90**	**60,314.08**	**57,881.21**

Particulars (Rs. million)	30-Jun-19	31-Dec-18	30-Jun-18
Assets			
Non-current assets			
(a) Property, plant and equipment	59,477.27	38,601.77	38,634.42
(b) Capital work in progress	637.41	3,523.57	482.35
(c) Goodwill	19.40	19.40	30.60
(d) Other intangible assets	5,639.88	5,248.57	4,910.88
(e) Investment in associates	133.46	112.43	99.82
(f) Financial assets	563.63	209.27	214.13
(g) Deferred Tax Assets (Net)	159.66	334.00	165.39
(h) Other non-current assets	870.59	857.60	1,157.50
Total non-current assets	**67,501.30**	**48,906.61**	**45,695.09**
Current assets			
(a) Inventories	8,069.56	5,783.97	5,651.25
(b) Financial assets			
(i)Trade receivables	2,679.60	1,280.25	2,180.17
(ii)Cash and cash equivalents	951.70	429.36	1,116.50
(iii)Other bank balances	571.54	505.44	14.21
(iv) Others	2,084.51	1,420.31	1,642.71
(c) Current tax assets (Net)	19.46	4.10	-
(d) Other current assets	2,806.23	1,984.04	1,221.96
Total current assets	**17,182.60**	**11,407.47**	**11,826.80**
Assets held for sale	-	-	359.32
Total assets	**84,683.90**	**60,314.08**	**57,881.21**

Discussion on Financial & Operational Performance

(a PepsiCo franchisee)

Net Revenues / Sales Volumes

- Total sales volumes were up 43.3% YoY at 195.5 million cases in Q2 2019 as compared to 136.4 million cases in Q2 2018. The volume growth is supported by good performance in the season months in India (Organic Growth 18.5%) as well as International territories (Organic Growth 34.2%). Morocco and Zimbabwe are growth drivers in International territories in the current quarter. South and West India sub-territories got consolidated w.e.f. 1st May 2019.
- Revenue from operations (net of excise / GST) grew 36.5% YoY in Q2 2019 to Rs. 28,104.5 million. Realization per case has come down by ~4.7% essentially on account of change in product mix in India post consolidation of South and West sub-territories, introduction of water in Morocco and lower sales realization in Zimbabwe in USD terms to avoid forex fluctuation.
- CSD constituted 74%, Juice 8% and Packaged Drinking water 18% of total sales volumes in Q2 2019.

Gross Margins / EBITDA

- EBITDA increased by 37.1% to Rs. 7,878.8 million in Q2 2019 from Rs. 5,748.6 million in Q2 2018.
- EBITDA margins expanded 12 bps during the quarter and 43 bps during H1 on account of operating leverage in the business even as the Gross margins declined by 74 bps during the quarter and 26 bps during H1 with rising input costs of sugar (avg. price increase of ~3%) and preforms (average price increase of ~13%).

PAT

- PAT increased by 32.0% to Rs. 4,049.9 million in Q2 2019 from Rs. 3067.9 million in Q2 2018 on the back of robust volume growth.
- Depreciation has increased during the year on account of capitalization of Pathankot plant and consolidation of South and West India sub-territories w.e.f. 1st May 2019.
- Finance cost has increased by 63.9% as the purchase consideration for acquisition of South and West India sub-territories has been funded through debt.

Discussion on Financial & Operational Performance

(a PepsiCo franchisee)

Debt / Credit Rating

- Net debt stood at Rs. 37,295 million as on June 30, 2019 as against Rs. 26,715 million as on December 31, 2018. Debt : Equity ratio stood at 1.49x as on June 30, 2019 and Debt : EBITDA ratio stood at 2.95x for the trailing twelve months EBITDA.
- CRISIL *(an S&P Global Company)* has retained the credit rating for long term debt as CRISIL AA- and for short term debt as CRISIL A1+

Capacity Expansion

- During H1 2019, net capex of ~Rs. 23,500 million included setting-up of a new plant primarily for Tropicana products at Pathankot (~ Rs. 4,600 million), acquisition of certain parts of Maharashtra, Karnataka and Madhya Pradesh (~ Rs. 500 million), acquisition of South and West India sub-territories (~ Rs. 16,150 million net of investment fund) and organic capex of (~ Rs. 2,250 million).
- Capacity utilization in India during the peak month has come down to ~ 60% post consolidation of South and West India sub-territories, providing significant scope for growth on existing investments.

Working Capital

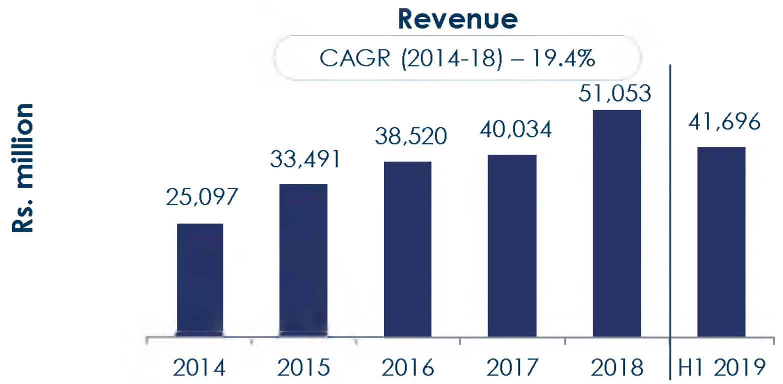
- Working capital days have remained stable at ~ 14 days as on June 30, 2019 as compared to ~13 days as on June 30, 2018 on account of efficient working capital management even after consolidation of new acquisition in India during the period
- Inventory and debtor days have remained stable even with increase in net revenues and number of production facilities.

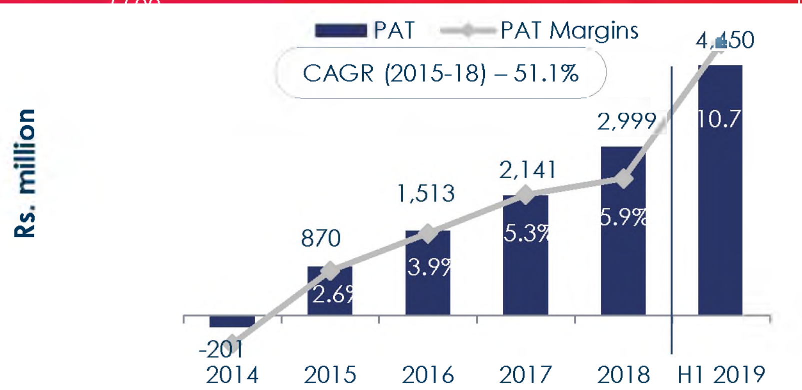
Dividend

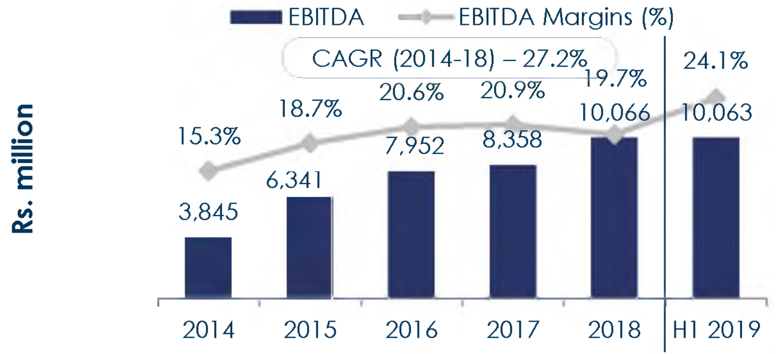
- In line with the guidelines of dividend policy, the Board of Director's have recommended an interim dividend of Rs. 2.50 per share. Total cash outflow would be ~ Rs. 776.69 million (inclusive of net statutory taxes payable).

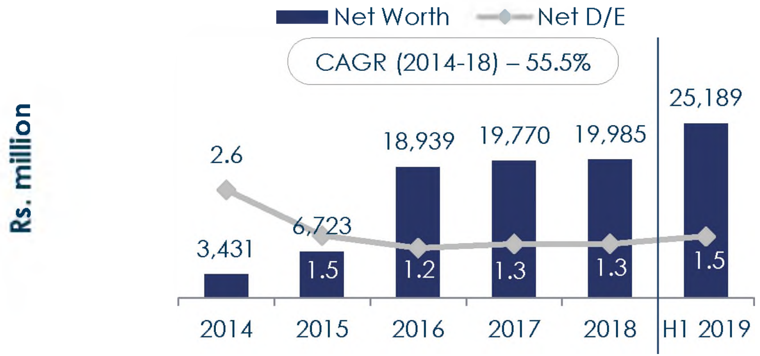
Performance Highlights (2014 – 2018)

(a PepsiCo franchisee)









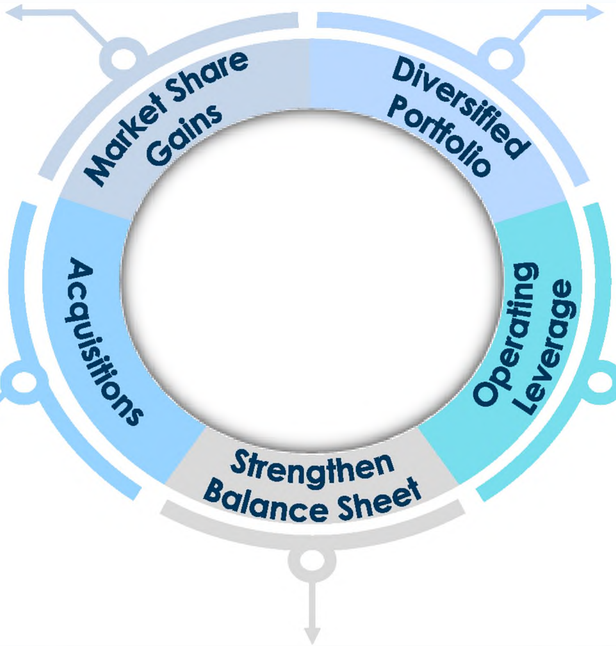
Note:

1. *Historically, till 2015, in debt equity ratio calculation, CCD's issued to Private Equity Investors were considered as Equity and deferred acquisition consideration to PepsiCo was excluded from the debt. From the year 2016, CCDs of private equity investors are converted into equity and interest free deferred acquisition consideration to PepsiCo has been considered in total debt.*
2. *2017 onwards financials are as per Ind AS and previous year numbers are as per IGAAP*

Outlook

(a PepsiCo franchisee)

- Well-positioned to leverage PepsiCo brand to increase market penetration in licensed territories
- Consolidating existing distributors and increasing distribution in under-penetrated regions



- To periodically launch innovative products in select markets in line with changing consumer preferences
- Focus on non-cola carbonated beverages and NCB's
- Bottled water provides significant growth opportunity

- Penetrate newer geographies – to compliment existing operations in India
- Identify strategic consolidation opportunities in South Asia / Africa

- Contiguous territories / markets offer better operating leverage and asset utilization – economies of scale
- Production and logistics optimization
- Packaging synchronization and innovations
- Technology use to improve sales and operations processes

- Repayment of debt through strong cash generation
- To enable significant interest cost savings

Conference Call Details

(a PepsiCo franchisee)

Varun Beverages Limited (VBL) Q2 2019 Earnings Conference Call

Time	• 3:30 pm IST on Thursday, August 01, 2019
Conference dial-in Primary number	• +91 22 6280 1141 / +91 22 7115 8042
Local access number	• +91 70456 71221
International Toll Free Number	• Hong Kong: 800 964 448 • Singapore: 800 101 2045 • UK: 0 808 101 1573 • USA: 1 866 746 2133

About Us

(a PepsiCo franchisee)

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, Evervess, Sting, Gatorade and Slice Fizzy Drinks. PepsiCo NCB brands produced and sold by the Company include Tropicana Slice, Tropicana Frutz, Tropicana Juices (100%, Delight, Essentials), Nimbooz, Quaker Value-Added Dairy 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 ~71% of revenues from operations (net) in Fiscal 2018. 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 / +91 124 4643508
E-mail: raj.gandhi@rjcorp.in
deepak.dabas@rjcorp.in

Anoop Poojari / Varun Divadkar
CDR India
Tel: +91 22 6645 1211 / 97637 02204
E-mail: anoop@cdr-india.com
varun@cdr-india.com

Thank You!