November 4, 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: 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 the 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
Gurgaon, November 04, 2019: 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, 2019.

Financial Performance Highlights*

Performance Review for Q3 2019 vs. Q3 2018

- Revenue from operations (net of excise / GST) grew 49.2% YoY to Rs. 17,397.3 million as compared to Rs. 11,657.4 million
  - Total sales volumes were up 60.4% YoY at 124.5 million unit cases in Q3 2019 as compared to 77.6 million unit cases in Q3 2018
  - Robust volume growth as domestic organic growth up by 17.5% and Internationally it grew 27%
- EBITDA increased by 54.2% to Rs. 3,256.6 million from Rs. 2,112.4 million
  - EBITDA margins expanded 60 bps during the quarter to 18.7% on account of operating leverage in the business.
  - Gross margins improved by 223 bps during the quarter to lower PET prices in India, lower sugar prices in Zimbabwe in USD terms and change in product mix
- PAT increased by 83.7% to Rs. 811.2 million from Rs. 441.6 million on the back of robust volume growth
  - Depreciation has increased by 27.5% 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 83.9% as the purchase consideration for acquisition of South and West India sub-territories has been funded through debt. The entire proceeds of the QIP amounting to ~Rs. 9,000 million, net of issue expenses of Rs. 164.4 million, were utilized for repayment of debts during Q3 2019

Performance Review for 9M 2019 vs. 9M 2018

- Revenue from operations (net of excise / GST) grew 36.8% YoY to Rs. 59,093.3 million as compared to Rs. 43,196.4 million
- EBITDA increased by 38.9% to Rs. 13,319.2 million from Rs. 9,587.9 million
PAT increased by 41.9% to Rs. 5,261.6 million from Rs. 3,706.9 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

**Key Developments**

- Raised ~ Rs. 9,000 million through fresh issue of 14,705,882 equity shares of Rs. 10. The entire proceeds of the QIP, net of issue expenses of Rs. 164.36 million, were utilized for repayment of debts during Q3 2019

- Introduced three variants of ambient temperature value added dairy beverages – Belgian Chocolate, Cold Coffee and Mango shake at a price of Rs. 30 for 200ml PET bottle with a long shelf life of 180 days.

- Acquired 20% shareholding (200,000 equity shares) in Lunarmechn Technologies Pvt. Ltd. for a purchase consideration of Rs.150 million which has led to increase in effective shareholding of VBL in Lunarmechn Technologies Pvt. Ltd. to 55%.

- CRISIL (an S&P Global Company) has upgraded the credit rating for long term debt as CRISIL AA (previously AA-) and reaffirmed for short term debt as CRISIL A1+

COMMENTING ON THE PERFORMANCE FOR Q3 & 9M 2019 MR. RAVI JAIPURIA, CHAIRMAN, VARUN BEVERAGES LIMITED

“..."We are delighted to share that we have reported a robust performance in Q3 2019, delivering a topline growth of 49.2% and a PAT growth of 83.7%. The results were supported by strong volume growth of 60.4%. Encouragingly, our India business has delivered an organic volume growth of 17.5% and our international territories have registered a 27% growth led by exceptional performance in underpenetrated territories acquired in 2017 and early 2018. Moreover, our key markets like Morocco, Zimbabwe, Nepal and Sri Lanka has also reported double digit growth in the current quarter.

This is the first quarter that includes the full impact of South and West sub-territories acquisition. I am pleased to share that our team has done a tremendous job in seamlessly consolidating such a large region in a compressed time frame. This demonstrates our exceptional execution capabilities and the dedication within our team to deliver results.

In a key development during the quarter, we successfully raised ~ Rs. 900 crore through the qualified institutional placement (QIP) route. We are glad with the confidence reposed by marquee domestic and foreign investors in our business in a challenging market environment. This capital raise considerably strengthens our balance sheet and provides room for sustained future growth. Our growth initiatives continue to be on track including setting up of a Greenfield facility at Pathankot, acquisition of South and West India sub-territories and other investments to drive growth.

On the whole, we continue to build upon our strong position as a key player in the beverage industry with a solid infrastructure and a well-entrenched distribution network across micro territories. We today have a diverse multi-category product portfolio and are constantly innovating and upgrading to tap various consumer preferences and emerging market. We are confident of strengthening our market share across categories and drive volumes to sustain our growth momentum going forward.”

– ENDS –
About Varun Beverages Limited:

Varun Beverages Limited (VBL) is a key player in the beverage industry and one of the largest franchisees 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, 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 ~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 further information, please contact:

Raj Gandhi / Deepak Dabas
Varun Beverages Ltd
Tel: +91 124 464 3100
Email: raj.gandhi@rjcorp.in / deepak.dabas@rjcorp.in

Anoop Poojari
CDR India
Tel: +91 9833090434
Email: anoop@cdr-india.com

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.