



VARUN BEVERAGES LIMITED



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CIN No. : L74899DL1995PLC069839

November 3, 2020

To

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| 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 |
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Sub: 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 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



Varun Beverages' Q3 & 9M 2020 Financial Results

| <u>Q3 2020</u> | <u>9M 2020</u> |
|--|--|
| Revenue grew 3.6% YoY to Rs. 18,026 mn | Revenue de-grew 13% YoY to Rs. 51,193 mn |
| EBITDA higher by 16.9% YoY to Rs. 3,808 mn | EBITDA lower by 23% YoY to Rs. 10,296 mn |
| PAT higher by 99% YoY to Rs. 1,615 mn | PAT declined by 31% to Rs. 3,645 mn |

Gurgaon, November 03, 2020: 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, 2020.

Financial Performance Highlights*

Performance Review for Q3 2020 vs. Q3 2019

- Revenue from operations (net of excise / GST) grew by 3.6% YoY to Rs. 18,026.3 million
 - Realization per case improved by ~8.0% in Q3 2020 essentially on account of higher mix of CSD and rationalized trade promotions
 - Total sales volumes were down 4.0% YoY at 119.5 million cases in Q3 2020 as compared to 124.5 million cases in Q3 2019
- EBITDA increased by 16.9% to Rs. 3,807.9 million from Rs. 3,256.6 million
 - EBITDA margins improved by 241 bps in Q3 2020 as the Company was able to sustain certain cost-optimization measures implemented during the pandemic
 - Gross margins declined by 149 bps during Q3 2020 primarily due to increase in mix of promotional packs like Pepsi PET 1,250 ml, Sting PET 250ml, etc
- PAT increased by 99.0% to Rs. 1,614.7 million from Rs. 811.2 million
 - Finance Cost declined by 33.2% on account of QIP done by the Company in Sep, 2019, repayment of debt during the year and average cost of borrowing reducing significantly to ~7%.

Performance Review for 9M 2020 vs. 9M 2019

- Revenue from operations (net of excise / GST) de-grew 13.4% YoY to Rs. 51,192.5 million as compared to Rs. 59,093.3 million
- EBITDA declined by 22.7% to Rs. 10,296.4 million from Rs. 13,319.2 million
- PAT declined by 30.7% to Rs. 3,645.1 million from Rs. 5,261.6 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 profits are realized in the Apr-June quarter

Commenting on the performance for Q3 & 9M 2020 Mr. Ravi Jaipuria, Chairman, Varun Beverages Limited said,

"We are pleased to report steady results during the quarter supported by higher mix of better realization products and rationalized trade promotions leading to 3.6% growth in Net Revenues. As the country moved into the unlock phase, we witnessed healthy recovery in demand in the second half of the quarter, especially from rural & semi-urban areas. This enabled us to restrict sales volume de-growth at 6.7% YoY in India. Our international territories saw faster than expected recovery in consumption and registered a 5.8% YoY volume growth during the quarter. So on a consolidated basis, we reported a marginal de-growth of 3.6% in volumes. In addition, we were able to sustain certain cost-optimisation measures implemented during the pandemic that enabled us to report improved profitability in Q3.

Our well-oiled distribution model consisting of owned-logistics supply chain and end-to-end infrastructure facilities has held us in good stead in such challenging times. During the quarter, we have further fortified this strength across sub-territories. With the reopening of theatres, restaurants, mass transportation and outdoor facilities, we are seeing an encouraging revival in demand on a month-to-month basis. On the back of our solid distribution network, we believe, we are well-positioned to address this growth in consumption.

As we look ahead, buoyant rural and semi-urban demand owing to widespread monsoons, should lead to a broad-based economic recovery in the months ahead. In addition, the upcoming festivities and various support measures announced by the Government to boost consumption and spending further bode well for our product categories over the medium-to-longer term. On the whole, we are confident of delivering encouraging growth in sales and performance in the quarters ahead."

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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, 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 ~78% of revenues from operations (net) in Fiscal 2019. 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:

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Safe Harbor

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