



VARUN BEVERAGES LIMITED



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CIN No. : L74899DL1995PLC069839

February 3, 2022

To,

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| 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 | BSE Limited Phiroze Jeejeebhoy Towers Dalal Street, Mumbai – 400 001 Email: corp.relations@bseindia.com Security Code: 540180 |
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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' Q4 & CY 2021 Financial Results

| <u>Q4 CY 2021</u> | <u>CY 2021</u> |
|--|--|
| Net Revenue grew 30.3% YoY to Rs. 17,343 mn | Net Revenue grew 36.8% YoY to Rs. 88,232 mn |
| EBITDA higher by 20.5% YoY to Rs. 2,076 mn | EBITDA grew 37.7% YoY to Rs. 16,546 mn |
| PAT at Rs. 326 mn vs loss of Rs. 72 mn | PAT higher by 108.8% to Rs. 7,461 mn |

Gurgaon, February 3, 2022: Varun Beverages Limited (BSE: 540180, NSE: VBL), a key player in the beverage industry, announced its financial results for the fourth quarter and year ended December 31, 2021.

Financial Performance Highlights*

Performance Review for Q4 CY 2021 vs. Q4 CY 2020

- Revenue from operations (net of excise / GST) grew by 30.3% YoY to Rs. 17,343.4 million, primarily on account of strong volume growth
 - Total sales volumes were up by 28.5% YoY at 112.0 million cases in Q4 CY 2021
- EBITDA increased by 20.5% to Rs. 2,075.7 million in Q4 CY 2021 from Rs. 1,722.3 million
- Despite being a seasonally weak quarter, the Company reported a positive PAT at Rs. 325.9 million led by improvement in profitability of international operations and lower financing cost
 - Finance cost in Q4 CY 2021 declined by 39.8% owing to lower average cost of borrowing

Performance Review for CY 2021 vs. CY 2020

- Revenue from operations (net of excise / GST) grew 36.8% YoY to Rs. 88,232.3 million as compared to Rs. 64,501.4 million as the growth momentum sustained throughout the year except for the peak season of May'21 owing to the second wave of Covid-19
 - Total sales volume grew by 33.8% to 569.1 million cases driven by strong recovery in demand and low base of CY 2020.
 - Despite the second wave of Covid-19 impacting the peak season, the Company registered an organic volume growth of 4.7% in CY 2021 over CY 2019
 - Realization per case for CY 2021 increased by 2.2% YoY driven by improvement in realizations in international operations
- EBITDA improved by 37.7% to Rs. 16,546.5 million from Rs. 12,018.7 million
 - Gross margins declined by 288 bps YoY in CY 2021 primarily on account of higher PET prices (~18% increase for CY 2021)

- Despite decline in gross margins during the year, the Company was able to marginally improve its EBITDA margin to 18.8% due to higher operating leverage driven by strong volume growth
- PAT increased by 108.8% to Rs. 7,460.5 million from Rs. 3,572.7 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 Q4 & CY 2021 Mr. Ravi Jaipuria, Chairman, Varun Beverages Limited said,

"We have ended the year on a strong and resilient note, delivering a top line growth of 37% in the year. The performance was driven by a robust volume growth of 34%. While the short-term disruptions due to the second wave of the pandemic severely impacted our domestic business in the seasonally strong month of May, our team was able to handle and mitigate the impact to a large extent based on learnings from last year. As restrictions started easing in the domestic market, we saw a fast recovery in demand, that brought back the growth momentum with which we started the year. Improved offtake across our international territories further aided growth during the year.

We continue to sustain cost-optimisation measures that we had undertaken during the pandemic period. Despite decline in our gross margins due to higher pet prices, our cost optimization measures in combination, with a higher operating leverage on the back of strong volume growth has translated to enhanced operating performance in 2021. I am also pleased to share that even in a seasonally soft quarter we have reported profits for the first time ever in Q4 on account of these measures, increased operating leverage, improvement in profitability of international operations and lower financing cost. Financing cost came down significantly during the year led by lowering of average cost of borrowing. For the full year our PAT grew by 109% because of these measures and higher volume growth.

On the whole, we have delivered an encouraging performance during the year. The third wave of Covid has not had any significant impact on our business and we will continue to further strengthen our distribution in under-penetrated territories, enhancing volumes, and increasing our market share. We are confident of delivering a much stronger performance going forward."

About Varun Beverages Limited:

Varun Beverages Limited ("VBL" or the "Company") 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, Mountain Dew, Mountain Dew Ice, 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 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 27 States and 7 Union Territories in India. India is the largest market and contributed ~75% of revenues from operations (net) in Fiscal 2021. 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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