



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

November 1, 2022

To,

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	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: Presentation on Unaudited Financial Results of the Company for the Quarter and Nine Months ended September 30, 2022

Dear Sir/Madam,

Pursuant to Regulation 30 of the 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 Nine Months ended September 30, 2022.

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

November 1, 2022



(a PepsiCo franchisee)


Varun Beverages Limited

Q3 & 9M CY 2022 Results Presentation



Disclaimer

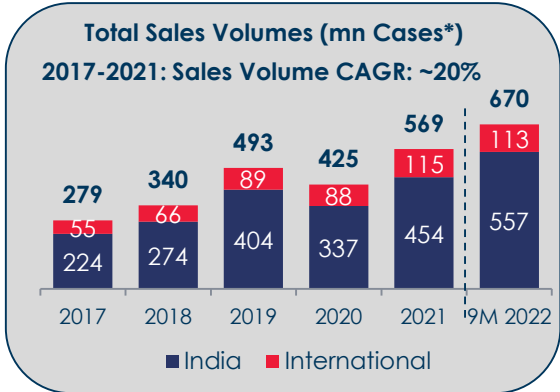
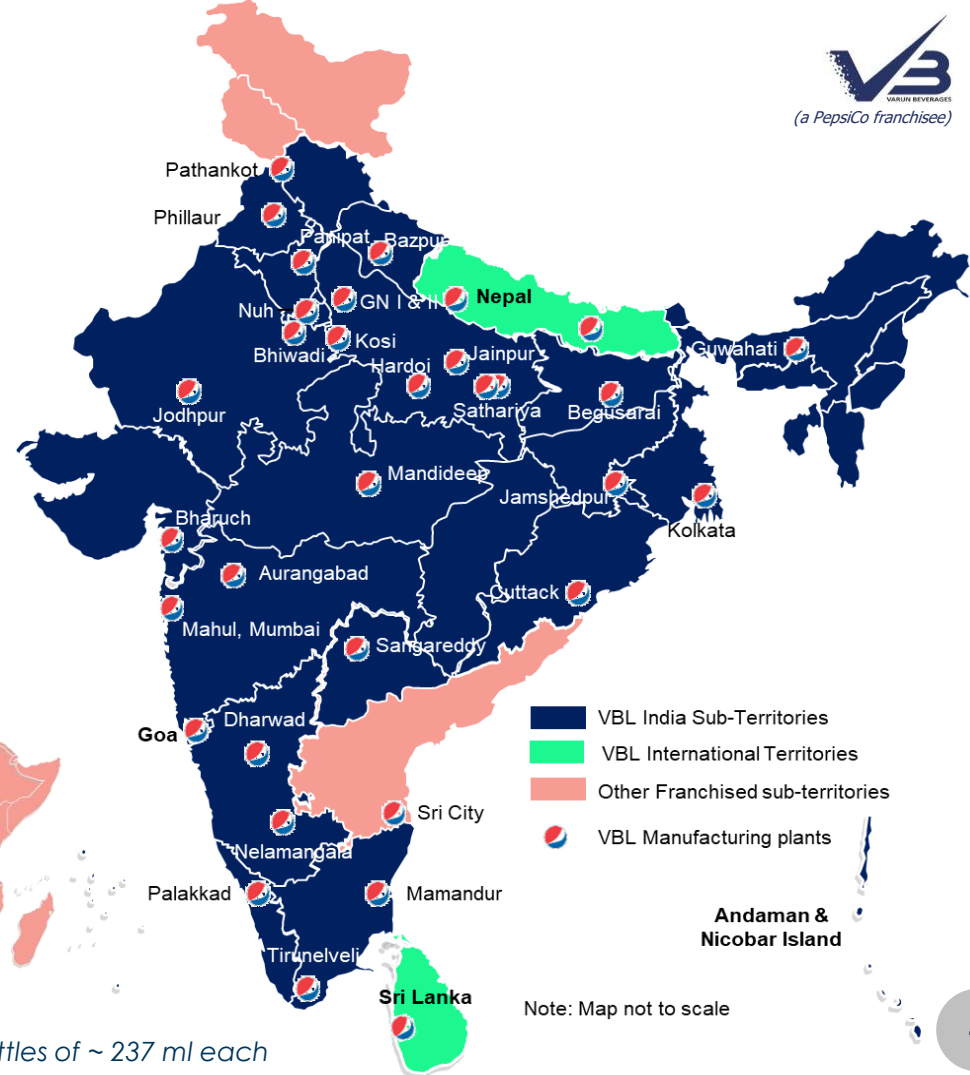
This communication contains certain forward-looking statements relating to the business, financial performance, strategy and results of Varun Beverages Limited (“VBL” or the “Company”) and/ or the industry in which it operates. Such forward-looking statements involve a number of risks, uncertainties and assumptions which could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements. These include, among other factors, changes in economic, political, regulatory, business or other market conditions. 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 communication are cautioned not to place undue reliance on these forward-looking statements.



- 1 Company Overview
- 2 Chairman's Message
- 3 Q3 & 9M CY2022 Results Overview
- 4 Performance Highlights
- 5 Sustainability Initiatives

Company Snapshot

- * **Key player** in the beverage industry
- * Operations spanning across **6 countries** – 3 in the Indian Subcontinent (India, Sri Lanka, Nepal) contribute ~**81%** to revenues; 3 in Africa (Morocco, Zambia, Zimbabwe) contribute ~19% for fiscal year 2021
- * Over **30** years strategic association with PepsiCo – accounting for **85%+** of PepsiCo's beverage sales volume in India and present in 27 States and 7 UTs



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

Brands Licensed to VBL

Brands licensed by PepsiCo:

Carbonated Soft Drinks



Energy Drink



Club Soda



Carbonated Juice Based Drinks



Fruit Pulp / Juice Based Drinks



Sports Drink



Ice Tea



Packaged Water



Dairy Based Beverages*

Mango Shake



Cold Coffee



Belgian Choco



Kesar Badam

Elaichi



* Note: "CreamBell" trademark, an established brand, has been licensed to be used by VBL for ambient temperature value added dairy based beverages.

Symbiotic Relationship with PepsiCo

VBL – Demand Delivery

- Production Facilities
- Sales & Distribution – GTM & Logistics
- In-outlet Management – Visi-Coolers
- Consumer Push Management (BTL) - Market Share Gains



PepsiCo – Demand Creation

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

Key Player in the Beverage Industry – Business Model

VBL- END-TO-END EXECUTION ACROSS VALUE CHAIN

<p style="text-align: center;">MANUFACTURING</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="border: 1px solid black; padding: 5px; background-color: #fff9c4;">Concentrate (PepsiCo)</div> <div style="border: 1px solid black; padding: 5px; background-color: #fff9c4;">Other Raw Materials</div> <div style="border: 1px solid black; padding: 5px; background-color: #fff9c4;">Bottling</div> </div>	<ul style="list-style-type: none"> ▪ 37 state-of-the-art production facilities 	<p style="text-align: center;">----></p> <div style="background-color: #e91e63; color: white; padding: 10px; border-radius: 10px; text-align: center;">SOLID INRASTRUCTURE</div>
<p style="text-align: center;">DISTRUBUTION & WAREHOUSING</p>	<ul style="list-style-type: none"> ▪ 100+ depots ▪ 2,000+ primary distributors ▪ 2,500+ owned vehicles 	<p style="text-align: center;">----></p> <div style="background-color: #e91e63; color: white; padding: 10px; border-radius: 10px; text-align: center;">ROBUST SUPPLY CHAIN</div>
<p style="text-align: center;">CUSTOMER MANAGEMENT</p>	<ul style="list-style-type: none"> ▪ Installed 840,000+ visi-coolers ▪ VBL - local level promotion and in-store activation ▪ PepsiCo - brand development & consumer marketing 	<p style="text-align: center;">----></p> <div style="background-color: #e91e63; color: white; padding: 10px; border-radius: 10px; text-align: center;">DEMAND DELIVERY</div>
<p style="text-align: center;">IN-MARKET EXECUTION</p>	<ul style="list-style-type: none"> ▪ Experienced region-specific sales team ▪ Responsible for category value/volume growth ▪ Responsible for reaching out to every 6th person in the world 	<p style="text-align: center;">----></p> <div style="background-color: #e91e63; color: white; padding: 10px; border-radius: 10px; text-align: center;">MARKET SHARE GAINS</div>
<p style="text-align: center;">COST EFFICIENCIES</p>	<ul style="list-style-type: none"> ▪ Production optimization ▪ Backward integration (3 plants) ▪ Innovation (packaging etc.) 	<p style="text-align: center;">----></p> <div style="background-color: #e91e63; color: white; padding: 10px; border-radius: 10px; text-align: center;">MARGIN EXPANSION</div>
<p style="text-align: center;">CASH MANAGEMENT</p>	<ul style="list-style-type: none"> ▪ Working capital efficiencies ▪ Disciplined capex investment ▪ Territory acquisition 	<p style="text-align: center;">----></p> <div style="background-color: #e91e63; color: white; padding: 10px; border-radius: 10px; text-align: center;">ROE EXPANSION / FUTURE GROWTH</div>



Commenting on the performance for Q3 and 9M CY2022, Mr. Ravi Jaipuria, Chairman – Varun Beverages Limited said:

“We are pleased to report yet another strong quarter, delivering a net revenue growth of 32% and a PAT growth of 53% YoY. Our India business has delivered a solid organic volume growth of 22% led by a favorable demand environment and strong performance of our energy drink - Sting. In addition, healthy double-digit sales volume growth of 31% in our key international markets further assisted performance during the quarter.

Post Covid related setbacks over the last two years, we are now increasingly improving our presence by expanding our distribution reach across markets. This will help us gain a larger share in the growing market.

On the product portfolio front, we are pleased to share that Sting continues to perform exceedingly well across geographies. Similarly, our launches in the value added Dairy segment are seeing healthy consumer response and we remain confident of improving contribution from these new launches, going ahead.

Overall, the demand environment for the beverage industry has been robust and we are witnessing a healthy offtake in India as well as in our international markets. The festive season in Q4 is expected to further aid consumption trends in this calendar year. We are confident that we can sustainably deliver healthy volume growth across all product categories going forward and further strengthen our market position in the beverage industry.”



Agreement to distribute & sell “Lays, Doritos and Cheetos” in Morocco

- In testimony of strong relationship between Varun Beverages Limited and PepsiCo Inc., Board of Directors approved the proposal to enter into an agreement by Varun Beverages Morocco SA (a wholly owned subsidiary of the Company) to distribute & sell “Lays, Doritos and Cheetos” for PepsiCo wholly owned subsidiaries in the territory of Morocco with effect from January 2023.

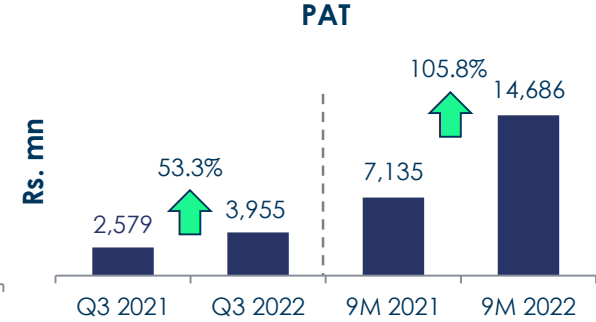
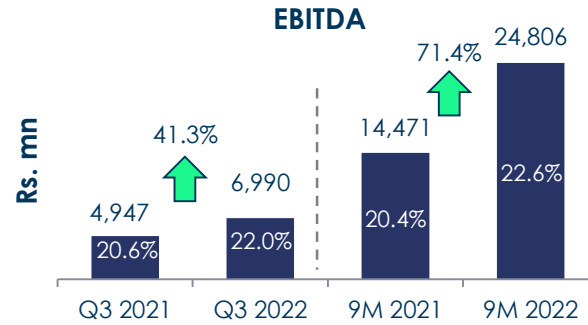
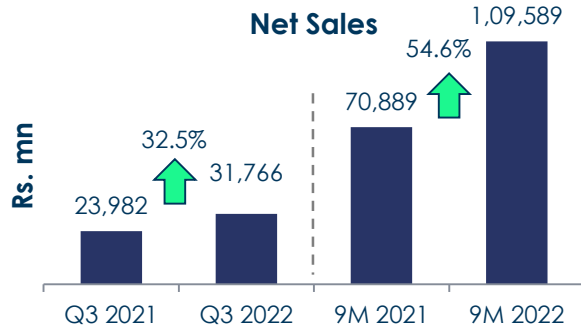
Commencement of Commercial Production of Kurkure Puffcorn

- As per the co-manufacturing agreement dated 28th February 2022, the manufacturing plant in Kosi, Uttar Pradesh commenced the trial production of Kurkure Puffcorn for PepsiCo India Holdings Private Limited.

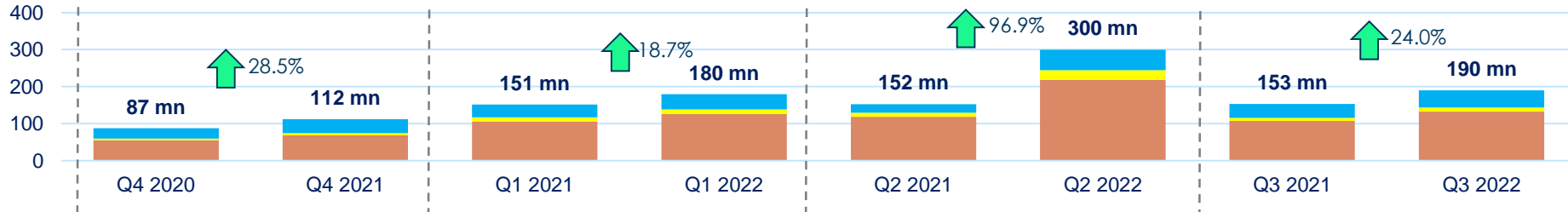
Awards and Accolades

- We are pleased to inform you that our Company has received following three prestigious Corporate Governance Awards for CY 2022:
 - (i) CFI.CO (UK) for the 4th Consecutive Year for Best FMCG Corporate Governance (India)
 - (ii) Business Brand Awards for Best Corporate Governance Practices
 - (iii) CNBC TV18 - Incredible Brands of India Awards for Best Corporate Governance of the Year

Results Overview



Quarterly Sales Volumes (Category-wise mn unit cases)



Period	Q4 2020		Q4 2021		Q1 2021		Q1 2022		Q2 2021		Q2 2022		Q3 2021		Q3 2022	
CSD	55	63%	68	61%	106	70%	126	70%	118	78%	218	73%	108	70%	133	70%
Juice	4	5%	6	5%	11	7%	13	7%	11	7%	26	9%	8	5%	11	5%
Water	28	32%	38	34%	34	23%	41	23%	23	15%	55	18%	37	25%	46	25%

Consolidated Profit & Loss Statement

Particulars (Rs. million)	Q3 2022	Q3 2021	YoY(%)	9M 2022	9M 2021	YoY (%)
1. Income						
(a) Revenue from operations	32,483.05	24,404.34	33.1%	111,333.57	71,933.55	54.8%
(b) Excise Duty	716.85	422.76	69.6%	1,744.50	1,044.60	67.0%
Net Revenues	31,766.20	23,981.58	32.5%	109,589.07	70,888.95	54.6%
(c) Other income	106.19	369.34	-71.2%	296.04	670.71	-55.9%
2. Expenses						
(a) Cost of materials consumed	14,620.43	10,813.98	35.2%	52,291.97	31,711.52	64.9%
(b) Purchase of stock-in-trade	373.42	362.74	2.9%	1,462.10	1,228.65	19.0%
(c) Changes in inventories of FG, WIP and stock-in-trade	(280.87)	146.79	-291.3%	(820.88)	(331.67)	-147.5%
(d) Employee benefits expense	3,112.08	2,662.08	16.9%	8,967.08	7,478.91	19.9%
(e) Finance costs	452.85	426.88	6.1%	1,386.38	1,474.06	-5.9%
(f) Depreciation and amortization expense	1,531.39	1,384.92	10.6%	4,375.31	4,019.89	8.8%
(g) Other expenses	6,951.28	5,049.44	37.7%	22,882.80	16,330.77	40.1%
Total expenses	26,760.58	20,846.83	28.4%	90,544.76	61,912.13	46.2%
EBITDA	6,989.86	4,946.55	41.3%	24,806.00	14,470.77	71.4%
5. Profit (Loss) before tax (1-2)	5,111.81	3,504.09	45.9%	19,340.35	9,647.53	100.5%
6. Tax expense	1,156.96	925.09	25.1%	4,654.45	2,512.91	85.2%
7. Net profit (loss) for the period (5-6)	3,954.85	2,579.00	53.3%	14,685.90	7,134.62	105.8%

Discussion on Financial & Operational Performance

Net Revenues / Sales Volumes

- Net Revenue from operations grew by 32.5% YoY in Q3 CY2022 to Rs. 31,766 mn primarily because of robust volume growth (increased by 24.0% to reach 190 mn cases) and improvement in net realization (increased by 6.8% to Rs. 167).
- Sales volumes in India grew by 22.1% in Q3 CY2022 to 148 mn cases and in International markets grew by 31.3% to 42 mn cases.
- Increase in net realization is primarily driven by higher mix of smaller SKUs (250ml) especially the energy drink - Sting which has higher net realization, and its mix is increasing in the sales volumes.
- CSD constituted 70%, JBD 5% and Packaged Drinking Water 25% in Q3 CY2022.

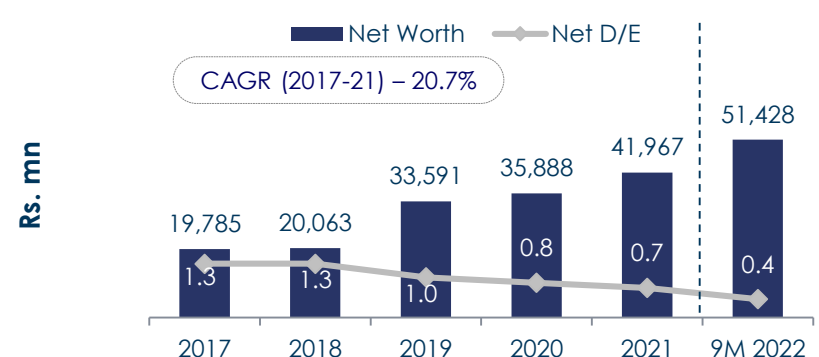
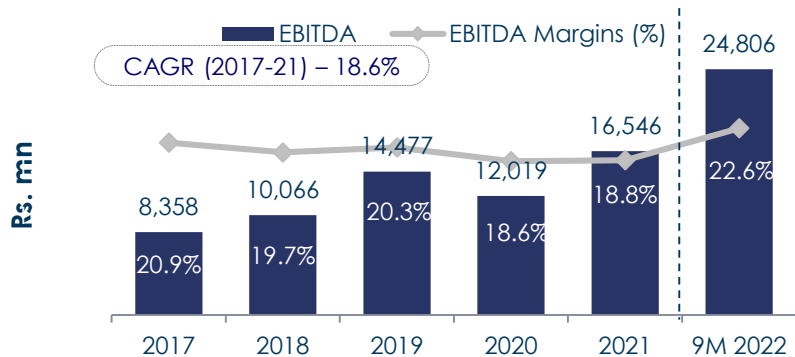
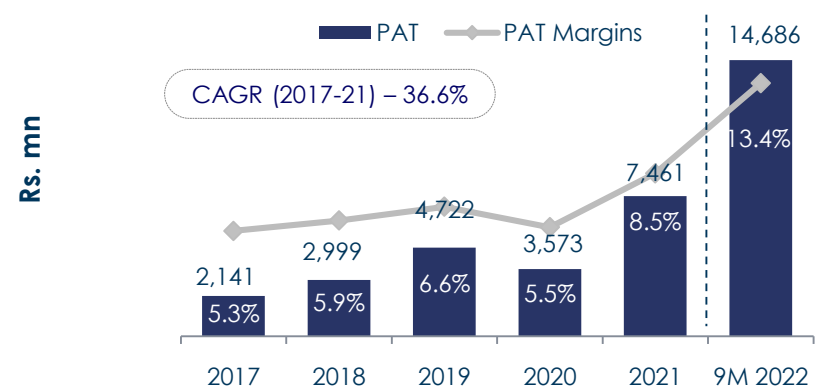
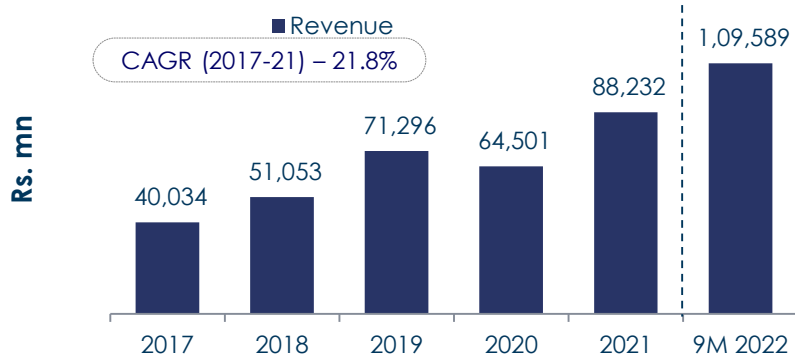
Gross Margins / EBITDA

- Despite the inflationary raw material environment, gross margins for Q3 CY2022 increased by 90 bps to 53.7% from 52.8% in Q3 CY2021.
- EBITDA increased by 41.3% to Rs. 6,990 mn in Q3 CY2022 and EBITDA margin improved by 138 bps to 22% in Q3 CY2022 led by higher realization and operating leverage from increased sales volume.

PAT

- PAT increased by 53.3% to Rs. 3,955 mn in Q3 CY2022 from Rs. 2,579 mn in Q3 CY2021 driven by high growth in revenue from operations, improvement in margins and transition to lower tax rate in India.
- Depreciation increased by 10.6% and Finance cost increased by 6.1% in Q3 CY2022.

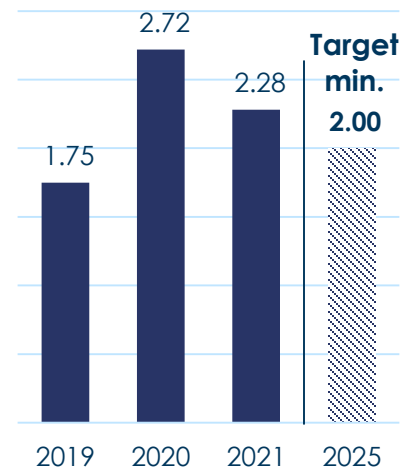
Performance Highlights (CY2017 – CY2021 & H1 CY2022)



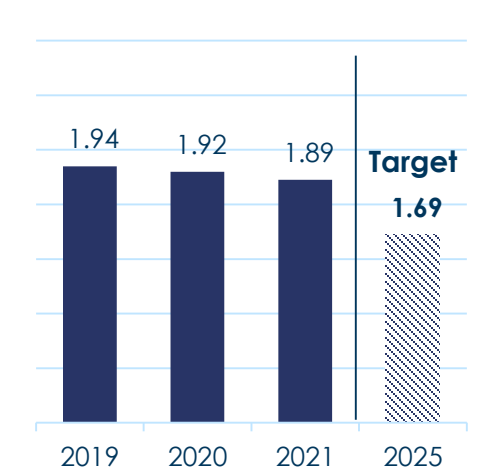
Sustainability Initiatives - Water Stewardship

Parameter (mn KL)	CY2019	CY2020	CY2021
	Audited	Audited	Audited
Total water consumption (A)	4.12	3.74	4.86
Beverage production (B)	2.12	1.95	2.57
Water Usage Ratio (A/B)	1.94 times	1.92 times	1.89 times
Water recharge (C)	7.22	10.19	11.10
Water recharge ratio (C/A)	1.75 times	2.72 times	2.28 times
No. of ponds adopted	103	108	110

Water Recharge Ratio#



Water Usage Ratio(WUR)*



Audited by TÜV India Pvt. Ltd., a subsidiary of TÜV NORD, Germany. Founded in the year 1869 and headquartered in Germany, TÜV NORD GROUP is one of the world's largest Inspection, Certification & Testing organizations with presence across 70 countries globally.

Total water recharged per litre of water consumed

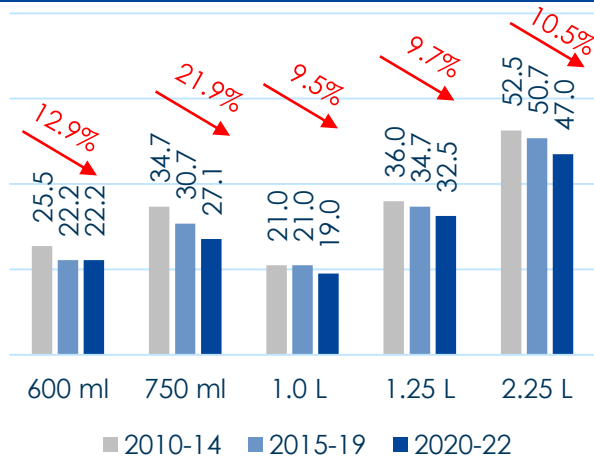
* Litres of water consumed per litre of beverage produced

- Key water conservation initiatives included rain water harvesting, ponds adoption, development & maintenance, waste water management on the principles of Reduce, Reuse and Recycle, for optimal water consumption.
- Our efforts towards water recharge continued however, sales volumes in CY20 declined due to COVID 19 pandemic resulting in better water recharge ratio in CY20.

- Scope of audit covered all manufacturing plants in India.
- 100% of the water discharged from our manufacturing operations goes to effluent treatment plants that ensure sufficient quality of discharged water.
- 20 plants of VBL contributing to ~69% of the total production in CY21 fall in the "Safe" category of Central Ground Water Authority of India or use surface water.

Sustainability Initiatives – Plastic Waste Management

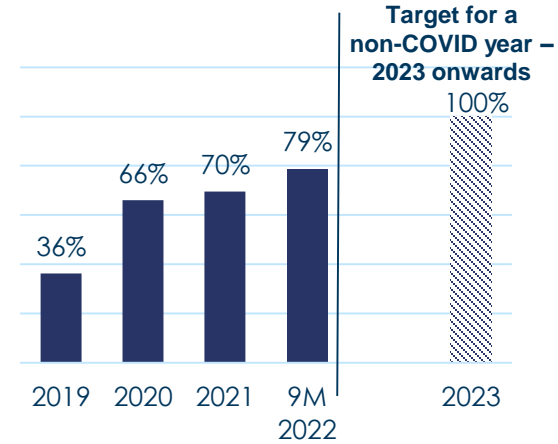
Weight Reduction of Pre-forms (grams)



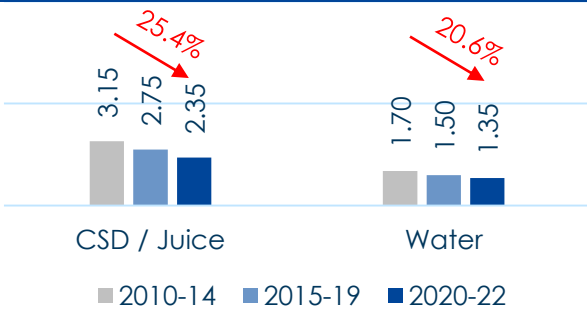
Plastic usage reduction through light weighting of Pre-forms and Closures for PET bottles. Phase-wise implementation of certain SKUs is under process

Plastic Waste Recycling % = % of plastic waste recycled per kg of PET sold in finished products. Plastic waste includes PET, shrink film, plastic closures, labels & laminates post consumption

Plastic Waste Recycling %



Weight Reduction of Closures (grams)



Certified by GEM Enviro Management Pvt. Ltd., a Delhi based Central Pollution Control Board ("CPCB") recognized PRO (Producer Responsible Organization).

VBL has engaged with GEM Enviro Management Pvt. Ltd. for phased implementation of 100% recycling of used PET bottles through collection from end users by placing dustbins / reverse vending machines, direct collection from Institutions (Hotels, Banquet Halls, Exhibitions, etc.) and spreading awareness through workshops. GEM Enviro Management Pvt. Ltd. specializes in a) collection and recycling of packaging waste & b) promotion of recycled green products like T-Shirts, bags etc. made from recycling of used PET bottles.

Sustainability Initiatives - Climate Action

GHG Emissions	mn Kg CO ₂ e		Grams / litre*	
	CY 2020	CY 2021	CY 2020	CY 2021
Scope 1	23.91	29.46	12.29	11.48
Scope 2	129.11	178.44	66.33	69.54
Scope 3	537.68	624.44	276.25	243.35
Total	690.70	832.34	354.87	324.37

* Grams / litre = Grams of CO₂e emission per litre of beverage produced during the year

Scope 1 and Scope 2 emissions are verified according to the requirements of ISO 14064-1.

Scope 1 includes direct GHG emissions from fuels and gases consumed by sources owned or controlled by the Company;

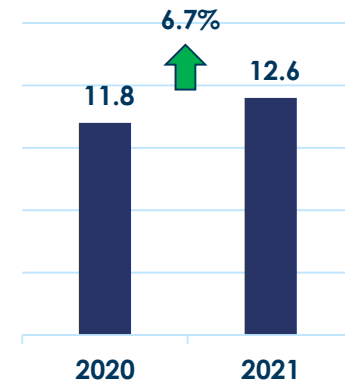
Scope 2 includes indirect GHG emissions associated with purchase of electricity (excluding electricity purchased for backward integration);

Scope 3 emissions includes energy consumption, refrigerant emission of visi-coolers placed with retailers and fuel consumption from employee commuting, business travels by air/rail/road, and upstream/downstream transportation.

GHG emissions are audited by **Deutsch Quality Systems (India) Private Limited (DQS India)**, an Internationally reputed independent field expert.

VBL has engaged DQS India for conducting carbon footprint assessment and verification across all locations (manufacturing plants, warehouses, corporate office, sales offices) in India covering Scope 1, 2 & 3 emission sources. DQS India is the Indian subsidiary of DQS Holding GmbH, one of the leading Management System Certification, Assessment & Training organization globally.

Energy Efficiency (litre/kWh)



Energy Efficiency =

Litres of beverage produced per unit (in kWh) of electrical energy consumption in plants (excluding energy consumed for backward integration)

Varun Beverages Limited Q3 and 9M CY 2022 Earnings Conference Call

Time • Tuesday, November 1, 2022 at 4:00 PM IST

Conference dial-in Primary number • +91 22 6280 1141 / +91 22 7115 8042

International Toll Free Number

- Hong Kong: 800 964 448
- Singapore: 800 101 2045
- UK: 0 808 101 1573
- USA: 1 866 746 2133

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, Mountain Dew, Seven-Up, Mirinda Orange, Diet Pepsi, Mountain Dew Ice, Seven-Up Nimbooz Masala Soda, Evervess and Sting. PepsiCo NCB brands produced and sold by the Company include Tropicana Slice, Tropicana Juices (100% and Delight), Seven-Up Nimbooz, Gatorade 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 more information about us, please visit www.varunpepsi.com or contact:

Raj Gandhi / Deepak Dabas

Varun Beverages Ltd

Tel: +91 124 4643100 / +91 9871100000

E-mail: raj.gandhi@rjcorp.in

deepak.dabas@rjcorp.in

Anoop Poojari

CDR India

Tel: +91 9833090434

E-mail: anoop@cdr-india.com

Thank You!
