



TATA GLOBAL BEVERAGES

Presentation on nine months Results

Analyst Meeting
January 2014





Agenda

 **Performance Highlights**

 **Operating Performance Highlights**

 **Financial Review**





Performance Highlights for the nine months -2013-14

Consolidated Financials

Vs Prior year

- Group income at Rs 5828 crores higher by 6% reflecting good performance in some key markets and favourable translation impact.
- EBIT at Rs 469 crores flat as compared to previous year - despite continuous investments behind brands partially offset by favourable translation impact.
- Profit before tax at Rs 569 crores improves by 25% due to favourable impact of exceptional items.
 - ❖ Significant items in exceptional items are profit on sale property, recognition of unrealised profits of earlier period , profit on divestment of non current investment partially offset by impairment of investments in an US functional beverage company and restructuring costs.
- Group Consolidated Net Profit at Rs 411 crores improves by 48% mainly due favourable impact of exceptional items and lower taxes.



Operating Performance Highlights

Winning moments

1. India - tea : strong branded tea topline sales performance versus previous year in a slowing market.
2. India – coffee : good performance by plantations continues.
3. Australia : Significant bottomline improvement continues
4. USA & Canada : Eight O’Clock coffee K-cups (5th Largest in US) & Tetley Tassimo discs continue to deliver strong performances.
5. India : “Starbucks – a Tata Alliance” expands to 34 stores till date, store profitability is robust. Expands to Bangalore during the quarter.
6. UK – continued strong performance by Tea Pigs our Super Premium Brand. Distribution expanded to US, Canada and Australia.
7. Turnaround and strong performance continues in France, Czech Republic. Kuwait launch continues to make good progress.
8. Sales of Joekels, our South Africa joint venture, have gained significantly post a new acquisition of a private label business.
9. Water vertical in India significantly improves performance.
10. Cost interventions result in significant savings.
11. Associate plantations company in India continues its good performance.





Significant events during the quarter

- MEMW – Necessary documents for the merger have been filed with the stock exchanges post approval Board Approval November 2013
- Sale of our equity stake the US based beverage company has been completed on December 31, 2013.
 - The consideration for the sale is contingent on future performance and restructuring of the business.
 - The investments had already been fully impaired in Q2.
 - Tax credit, arising on sale of stake, taken in Q3.



Operating Performance Highlights – South Asia

- 17% Top line growth across the India tea portfolio mainly due to value and volume increases despite decline in tea category.
- Maintained market volume and value leadership with 19.8%^ and 22.0%^.
- Tata Tea Gold restaged in Q2 with primary TVC campaign – Tata Tea Gold Power of 49 campaign and IIFA integration.
- Various consumer promotions were undertaken to drive sales growth. Competition has launched aggressive promotions.
- Tata Tea Chakra Gold relaunched supported by 360 degree launch activation.
- Green tea launched in January with an impactful campaign.
- Pakistan - Tetley Gold was launched nationally supported by money back scheme.



^ AC Nielsen MAT – December 13



Operating Performance Highlights – CAA

Australia

- Profitability remains robust .
- Tetley's new pyramid range and Tetley Greens doing well.

USA

- EOC K-Cups (with Keurig) – Distribution gains continue and volumes touch record levels.
- EOC TV advertisement on air and continuing after several years to support relaunch – “For those who put coffee first”.
- Good Earth tea re-launched with a new pack design and 14 new blends with the theme – Tea untamed.
 - Celebrity chef promotion kicked off mid December with exclusive release of the first recipe to Media

Canada

- A massive integrated promotion between Cirque du Soleil and Tetley has officially launched. All communication and in-store activity, including TV commercials, has begun.
- Tassimo/ Kraft – Tetley gains market share..
- Tetley 100% steamed green teas (pure, lemon and ginger) launched and appear in shelf and gaining distribution





Operating Performance Highlights – EMEA

Europe, United Kingdom, Middle East and Africa

- In UK - Overall tea category has declined by single digits on a MAT basis.
- In UK -Market leadership in Redbush tea maintained.
- In UK - New marketing and impactful marketing campaign for Tetley launched during January with 360 degree support. Campaign features the Tetley tea folk.
- Tea Pigs topline grows by a handsome % - reflecting significant growth in all channels. Tea Pigs LLC established in US and commenced trading in Q3. Tea pigs already launched also in Australia and Canada.
- Sales improvement in Joekels post new acquisition in the private label market.
- France is in significant growth and brand share recovery mode. Significant improvement in top-line. TV, web campaign and national consumer promotion have driven a strong performance in Q3.
- Tetley test market launch in Kuwait is underway and doing well.
- Czech Republic business recovery continues with price increases and cost reductions .

Our new 'out of this world' campaign!

Tetley

£1.8m campaign reaching 75% of buying audience

save the world from aliens **PLAY HERE**
(Click on the pop up aliens to play)

Watch the Ad now

Ads on National TV

On air from Saturday 25th Jan

Watch out for the 30 second ads

itv	Saturday 25 th Jan	Splash	7.30pm
4	Saturday 25 th Jan	Hostages	9.15pm
5	Sunday 26 th Jan	Outbreak	7.50pm
WATCH	Sunday 26 th Jan	Dynamo	7.25pm
itv	Friday 30 th Jan	Benidorm	9.00pm

Preview

Tetley

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Post to wall

Share to friend



Operating Performance Highlights – Water & non branded businesses

Water/Other Business

- Significant improvement in water business.
- Himalayan sales continue to grow with increase in key accounts.
- Tata Starbucks – Now has 34 stores between Mumbai, Delhi, Bangalore and Pune. Store profitability continues to be robust.





Operating Performance Highlights Non branded businesses

Non Branded Business

- Tata Coffee plantations record a good quarter. Pepper registers excellent results.
- Tea plantations - KDHP and APPL register significant profit increases led by higher crop, productivity and better tea prices
- India and US instant tea operation stable
- China instant tea operation – Sales effort now the key





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Financial Review





Financial Highlights – Quarter 3

- Good performance in South Asia and Coffee Plantation Businesses
- Operating income growth understated due to revenue model for pods and restructuring.
- Cost savings initiatives on track
- Operating EBIT reflects
 - Significantly higher A&P spend
 - Investment in new initiatives



Group Financial Review

Quarter ending December			Particulars (In Rs crores)	Nine months ending December		
Actual	PY	Variance		Actual	PY	Variance
2081	1911	170	Total Operating Income	5828	5501	327
164	179	(15)	EBIT	469	471	(2)
15	17	(2)	Other Income	66	70	(4)
(28)	(24)	(4)	Finance Cost	(66)	(56)	(10)
151	172	(21)	Profit Before Exceptional Items	469	485	(16)
(13)	(12)	(1)	Exceptional Items	100	(29)	129
138	160	(22)	Profit Before Tax	569	456	113
(11)	(67)	56	Tax	(145)	(136)	(9)
127	93	34	Profit After Tax	423	320	103
12	5	7	Share of Profit from Associates	7	11	(4)
(19)	(18)	(1)	Minority Interest in consolidated profit	(19)	(53)	34
120	80	40	Consolidated Group Profit	411	277	134
1.93	1.30	0.63	Earning Per Share (Rs)	6.65	4.48	2.17
1.44	1.42	0.02	Earning Per Share (Rs) – prior to exceptional items	4.25	4.42	(0.17)



Region wise – income from operations

Quarter ending December			Particulars (In Rs Crores)	Nine months ending December		
Actual	PY	Variance		Actual	PY	Variance
511	532	(21)	CAA	1438	1514	(76)
664	597	67	EMEA	1757	1725	32
700	600	100	South Asia Brands	1996	1676	320
1875	1729	146	Total Brands	5191	4915	276
172	169	3	Total Non Branded Operations	547	533	14
33	12	21	Other and Eliminations	90	53	37
2080	1910	170	TOTAL OPERATING INCOME	5828	5501	327



THANK YOU



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