

TATA GLOBAL BEVERAGES

FLAVOURS
OF GROWTH

INVESTOR PRESENTATION
for
Quarter ended June 2019



Disclaimer

Certain statements made in this presentation relating to the Company's objectives, projections, outlook, expectations, estimates, among others may constitute 'forward-looking statements' within the meaning of applicable laws and regulations. Actual results may differ from such expectations, projections etc., whether express or implied. Several factors could make a significant difference to the Company's operations. These include climatic conditions, economic conditions affecting demand and supply, government regulations and taxation, natural calamity, currency rate changes, among others over which the Company does not have any direct control.

Agenda

- 1 Executive Summary
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- 3 Business Profile
- 4 Performance at a Glance
- 5 Business Performance
- 6 Quarterly Financial Performance
- 7 M&A Update
- 8 Recognition
- 9 Sustainability Initiatives

Executive Summary





**FLAVOURS
OF GROWTH**

- 1 Consolidated Group Revenue of Rs. 1897 cr for quarter ended June 2019 grew by 5%
- 2 EBITDA of Rs. 268cr for quarter ended June 2019 grew by 7% while Profit before Tax grew by 3%
- 3 India Branded Business grew 7% by value and 8% by volume for the quarter
- 4 US Coffee grew 4% while other International Business grew 3% by volume
- 5 TGBL and TCL (Consumer Products Business) merger as per schedule
- 6 Definitive agreements related to acquisition of Consumer Business of Dhunseri Tea being signed. Transaction to close shortly

Strategic Pillars

Profitable Growth




Investing for Growth

-  Merger of TCL Consumer Products Business with TGBL
-  Acquisition of Dhunseri Tea Consumer Business
-  Operationalized freeze-dried coffee plant in Vietnam
-  Expansion of Tata Cha and Starbucks


Operational Efficiency

-  New tea packaging unit underway at Odisha
-  Supply chain network optimization
-  Improve operating efficiency across plant operations



Structure Simplification

-  Redefined matrix architecture
-  Simplified global management structure
-  Outsourcing of non-core activities to TCS

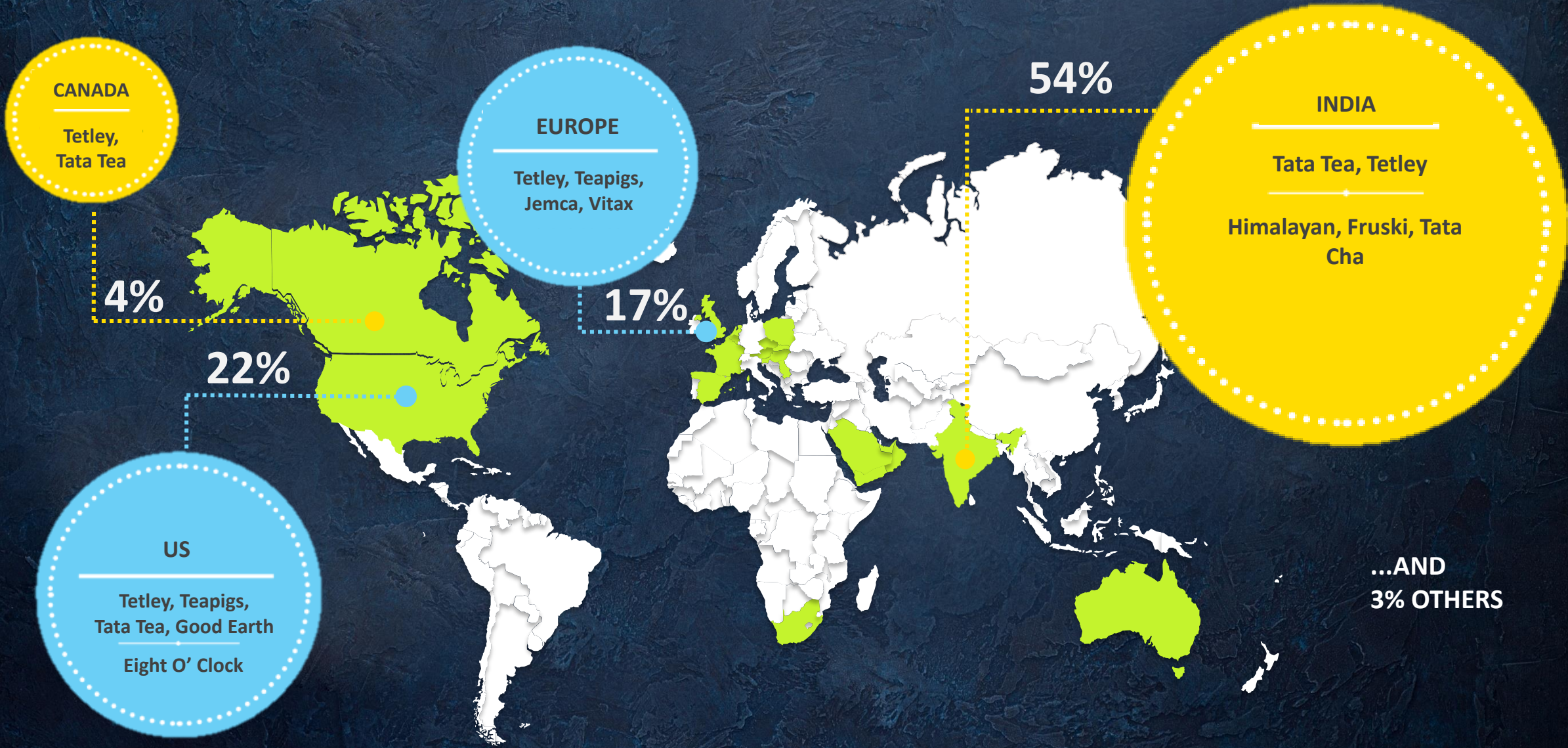
S&D Transformation

-  Increasing domestic reach
-  Digitization to optimize the value chain

Product Innovation

-  Non-black tea innovations including Supers tea 2.0 in Canada
-  Tetley Cold Infusions variants in UK
-  EOC Barista and Flavours of America in US

40+ Countries | Consolidated Revenue: INR 1897 Cr | Branded Business: INR 1656 Cr



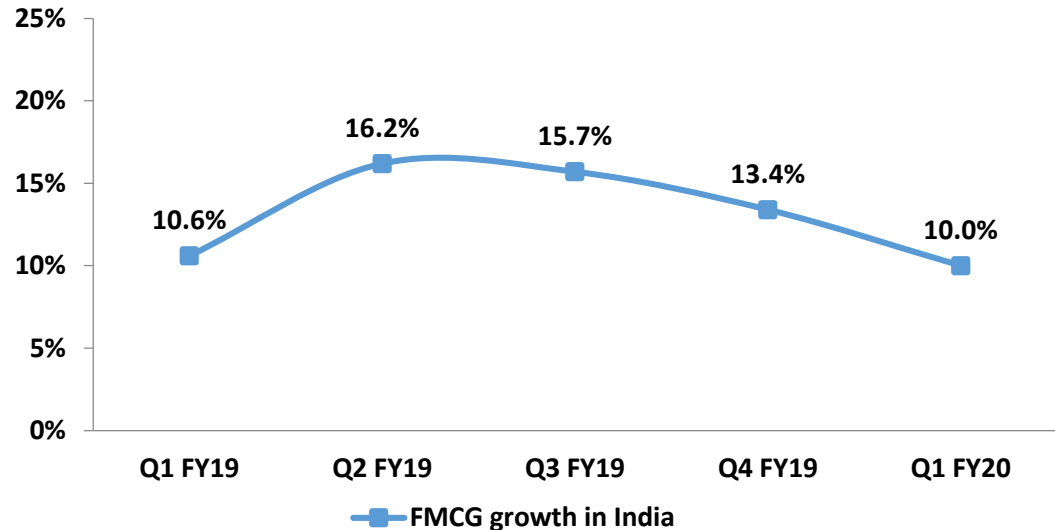
...AND
3% OTHERS

Non-Branded Business INR 243 Cr: Tata Coffee (82%) and Others (18%)

* Does not include inter-segmental eliminations

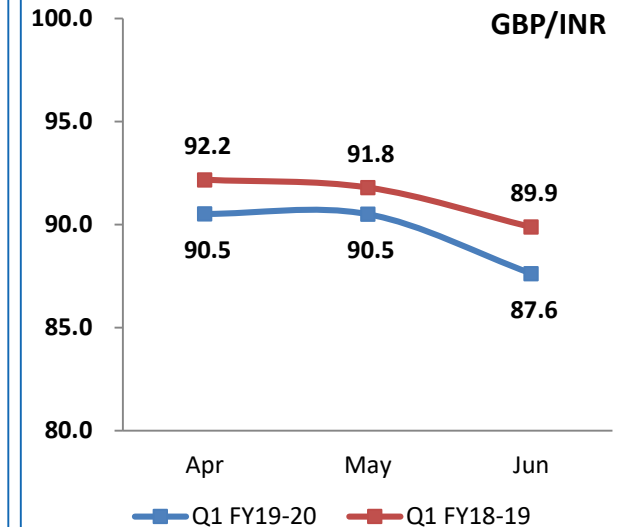
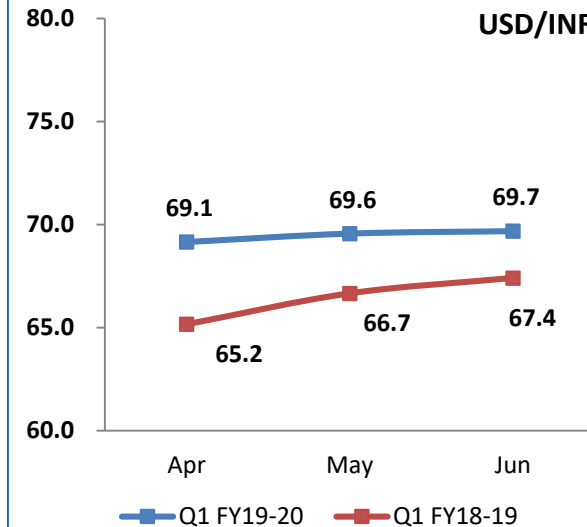
Market Context

FMCG growth in India*



- FMCG growth in India is slowing down owing to weakening rural demand
- India's GDP growth in Q1FY20 slowed down to 5.8% (5-year low)
- Household spending growth rate was lower in Q4FY19 (8.1%) compared to Q3FY19 (8.4%)

Exchange rates

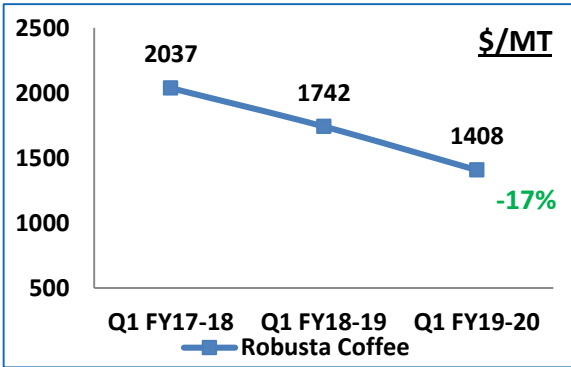
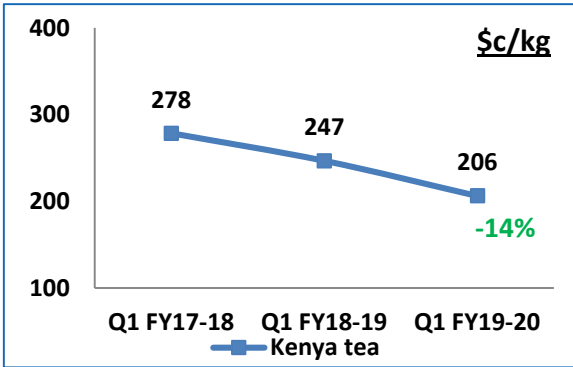
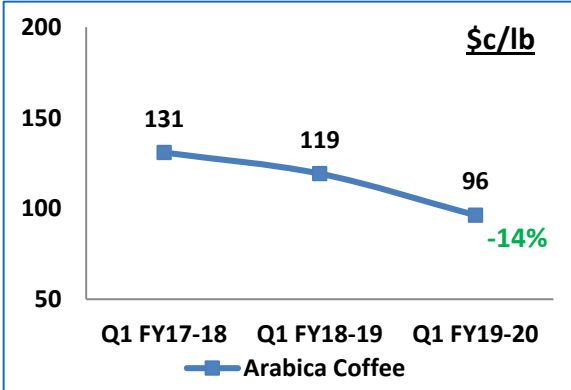
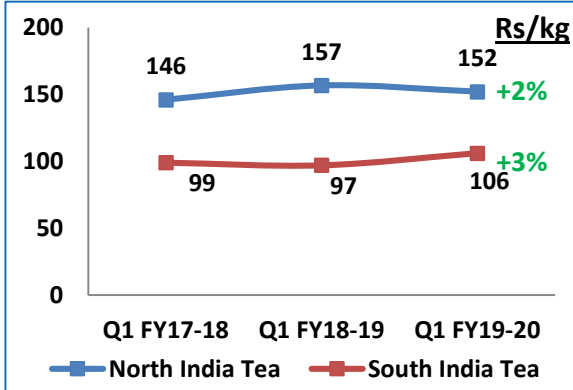


- In Q1, Rupee has appreciated against GBP by 2% (average) whereas depreciated against USD by 5% (average)
- TGB Group revenue's increased 0.6% on account of exchange fluctuation (+1.1% for USD denominated and -0.2% for GBP denominated businesses)
- Uncertainty around a deal or a no-deal Brexit continues to drive the market. GBP weakness continuing.

Market Context

2 years CAGR

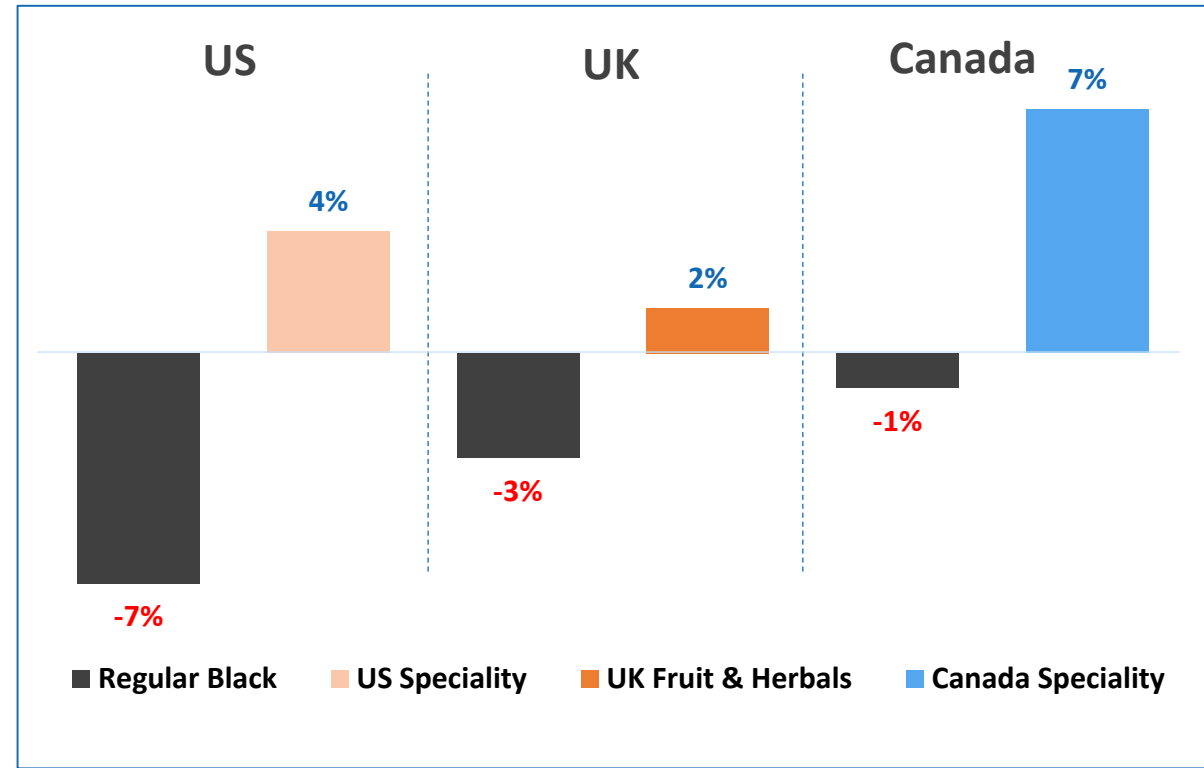
Commodity Costs#



- Benign tea prices in India as against declining Kenyan tea
- Coffee prices continue to be low

#Source: North India and South India tea auction (Tea Board of India) | Mombasa tea auction (EATTA) | International Coffee Exchange

Market Growth Trends (MAT value basis)*



- Regular Black tea category is declining across key international markets where growth is being led by Non-Black teas
- While in India both categories continue to grow

Performance at a Glance

**FLAVOURS
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In INR Cr



INDIA



US Coffee



**Other International
(UK, Canada and
Others)**



**Tata Coffee
(incl. Vietnam)**



CONSOLIDATED

Revenue	969	261	493	204	1,897
Revenue Growth [Underlying Growth]	7%	-1% [-5%]	-3% [-3%]	30%	5% [4%]
Volume Growth [Branded]	8%	4%	3%		

Key Brands





Business Performance

QUARTER ENDED JUNE 2019

GROWTH DRIVERS

+7%

Revenue Growth

- Overall Tea sales grew 7% by value for the quarter
- Tata Tea Premium and Agni revenues grew in double digits
- Recent launch Spice Mix revenue grew aggressively (>50%+) compared to last year

+8%

Volume Growth (Branded)

15.3%

EBITDA Margin

OTHER UPDATES

- Chakra sales witnessed marginal de-growth due to market slowdown in Tamil Nadu due to acute water crisis
- Increased competitive intensity among National players
- Profitability impacted due to higher investments behind brands and higher tea costs



Recent Chakra Gold TVC in AP has led to improvement in market share



New Monsoon food menu launched in Tata Cha stores was well received



Fruski reach expanded with launch in major MT and e-commerce stores

GROWTH DRIVERS

-1%

Revenue Growth

- EOC's Barista and Flavors of America both continue to gain distribution
- EOC bags volume grew while the revenue declined owing to higher promotion spends and increased competitive intensity

-5%

Underlying Revenue Growth

+4%

Volume Growth

OTHER UPDATES

- K-cups volumes declined



EOC exhibit strong performance in E-commerce



EOC new launch 'Early Riser' set up on Amazon



New launches Barista and FOA gaining traction

Other International - UK

GROWTH DRIVERS

+2%
Revenue Growth

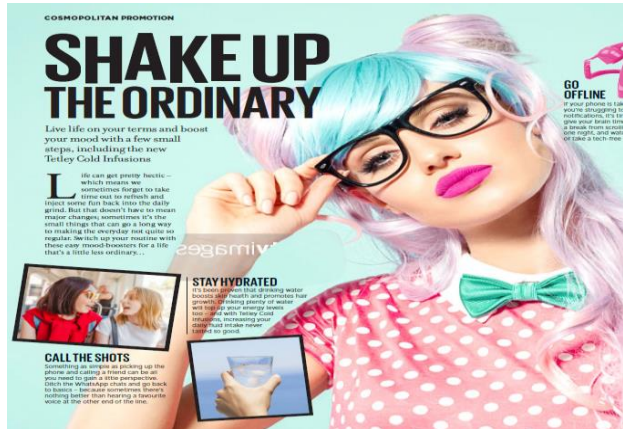
- Tetley growth driven by good performance in Discounters in UK
- Tetley Cold Infusions market share is now **>20%* of the category in UK**
- Margins improved

OTHER UPDATES

- In UK, Tetley's green tea value share declined owing to category decline and intense competitive intensity
- Increased competitive intensity in terms of brands spends and range rationalization by retailers

+4%
Underlying Revenue Growth

+6%
Volume Growth



Scaling up Tetley Cold Infusions with high impact advertisement in UK



Tea pigs cold brew stocked in premium retailers in UK



Tetley Decaf Sleep easy speciality tea launched

Other International - Canada

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GROWTH DRIVERS

- Revenue growth driven by Speciality teas (Category grew +8%* by value and by volume in the quarter)
- Tetley speciality gained 1%* value market share in this quarter
- Tetley Supers value share has achieved 1.6%* of Specialty tea segment and continues to grow

+4%

Revenue
Growth

+5%

Volume
Growth



Tetley Supers 2.0 to start shipping in Canada- Building upon the success of Supers 1.0



Tetley Regular continues to dominates the black tea category

OTHER UPDATES

- Tetley Regular tea facing headwinds
- Plans to increase in store-display and social media support for Tetley Regular



Tetley Iced tea Limited Edition display launched in May 2019

Tata Coffee (incl. Vietnam)

GROWTH DRIVERS

- Robust growth registered in both Instant Coffee and Robusta Plantation businesses. Coffee Trading sales at 2.5x of last year
- Higher Instant coffee volumes with strong performances in South East Asia and Europe
- Coffee plantations records strong volume growth
- Vietnam plant operational - first orders shipped in Q1

OTHER UPDATES

- Instant coffee prices softening globally
- Tea production impacted due to dry weather conditions

+30%

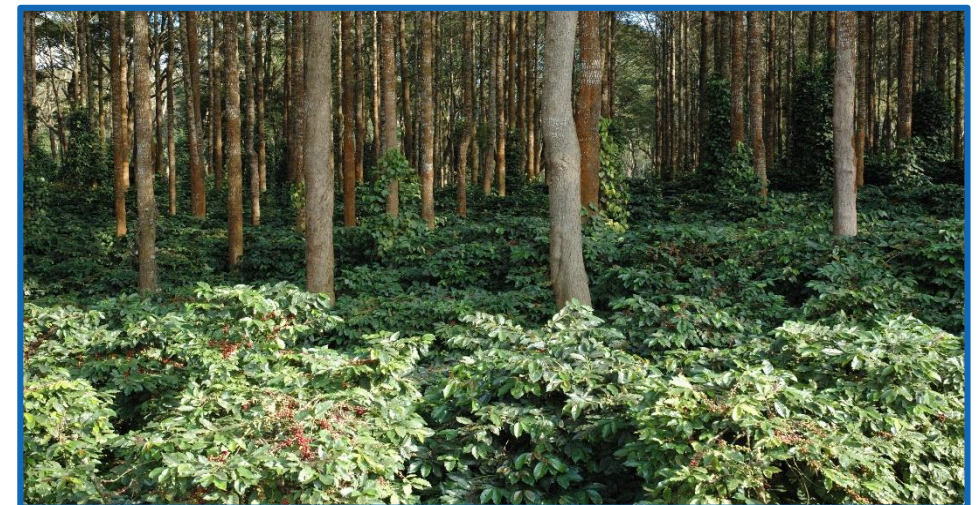
Revenue
Growth

+18%

Volume
growth

8.5%

EBIT Margin



JV - Tata Starbucks

GROWTH DRIVERS

23%

Revenue
Growth

- 5 new stores opened this quarter.
- 'Starbucks delivery' revenue continues to grow
- Awarded as ET's "India's 100 Best Companies to Work For 2019"

151

Stores

8

Cities in India



'Food 3.0' initiative- a new food menu launched was an instant success



India's largest "Coffee-forward" store in Bengaluru

OTHER UPDATES

- Strong focus on social media to drive consumer engagement and sales with campaigns like #ComedywithStarbucks
- Limited time offer 'Summer 1'- a special drinks menu was successful



Awarded as India's 100 Best Companies to Work For 2019

GROWTH DRIVERS

- Tata Gluco Plus had a strong momentum in AP and Telangana aided by a hot summer and media investment
- Tata water Plus PET displayed robust growth benefiting from distribution expansion
- The 'Conde Nast Traveler – Himalayan Sparkling Top Restaurant Awards' builds 'Raw & Fine' credentials for the brand

OTHER UPDATES

- GTM transition for Himalayan from PepsiCo network to VBL franchise

+8%

Revenue Growth

+1%

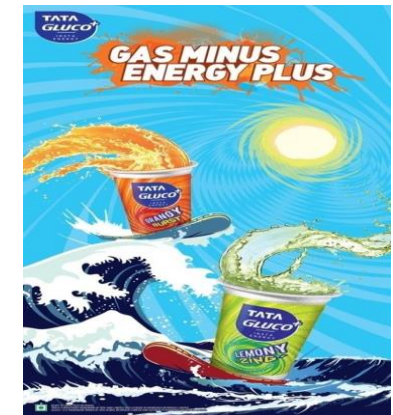
Volume Growth



Himalayan SKU launched for “on-the-go” consumption at price of Rs. 20



Top Restaurant Awards sponsored by Himalayan sparkling water



Tata Gluco Plus expanding distribution in existing and new markets

Associate Companies- APPL & KDHP

APPL

- Good revenue growth of +8% achieved with improved average price realization over LY owing to a buoyant Orthodox tea market
- Operating profit negatively impacted due to provision made for expected wage increase
- Although Orthodox tea prices are buoyant, the risk of volatility remains owing to political scenario in Iran

KDHP

- Revenue grew by +3% due to higher average price realization
- Crop production impacted by dry weather conditions
- Profitability impacted by unexpected interim wage increase





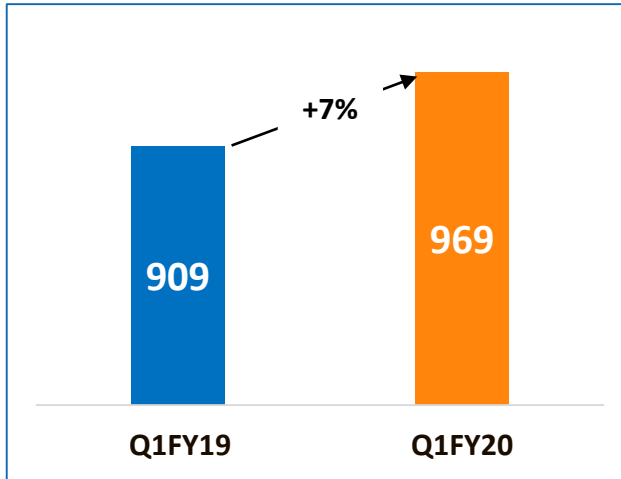
Quarterly Financial Performance

QUARTER ENDED JUNE 2019

Highlights

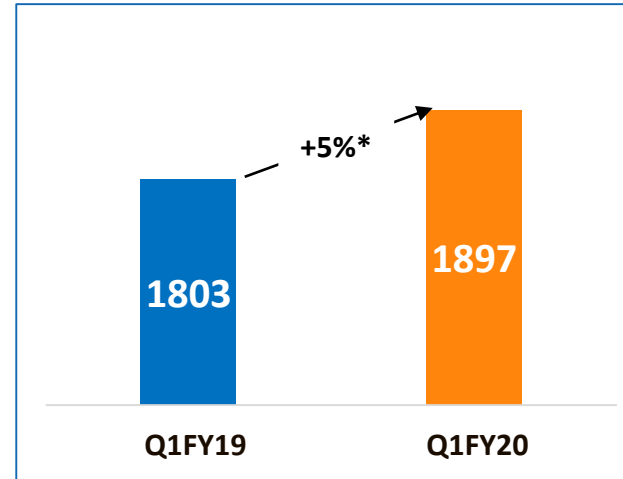
In INR Cr

STANDALONE



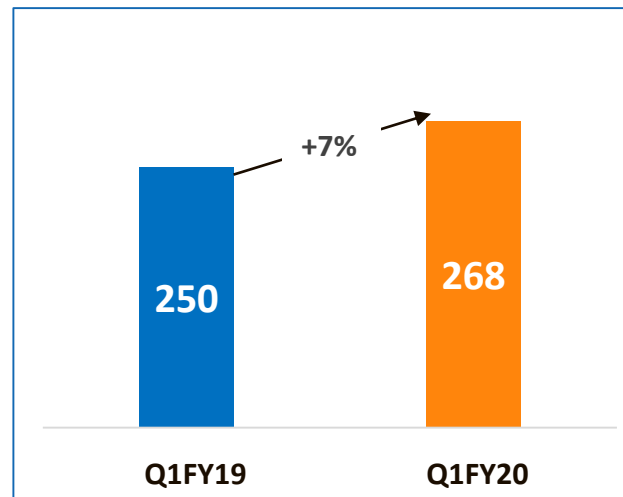
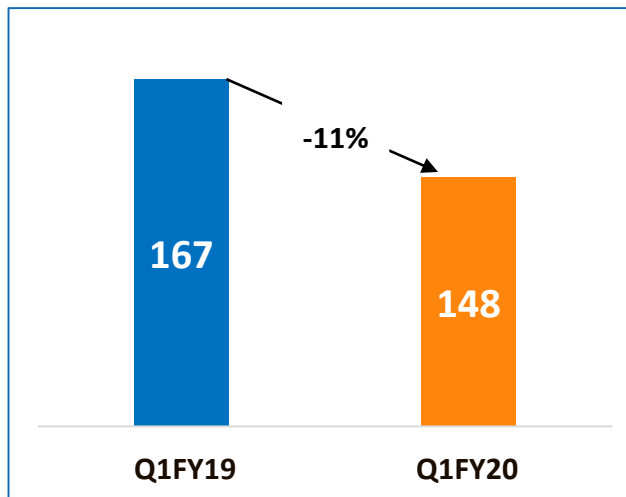
REVENUE FROM OPERATIONS

CONSOLIDATED



*+5% growth at constant currency basis

EBITDA



REVENUE:

India Business grows (Vol +8%; Value +7%)

International Business degrows - mainly US coffee (-5%), partly offset by improvement in UK (+4%) in constant currency terms

Tata Coffee incl. Vietnam +30% –higher volumes in instant coffee, coffee plantations and coffee trading

EBITDA:

India Business – profitability impacted by higher tea costs and spend behind brands

International Business profitability improves- mainly in UK and US

Favorable impact of change in accounting of lease

Financials

PARTICULARS	STANDALONE			CONSOLIDATED		
	INR Cr	Q1FY19	Q1FY20	Change%	Q1FY19	Q1FY20
REVENUE FROM OPERATIONS	909	969	7%	1,803	1,897	5%
EBITDA	167	148	-11%	250	268	7%
EBITDA Margin	18.4%	15.3%		13.8%	14.1%	
PBT (Before Exceptional Items)	216	166	-30%	235	231	-2%
PBT (Before Exceptional Items) %	23.7%	17.1%		13.0%	12.2%	
PBT	216	158	-37%	217	223	3%
PAT	148	106	-28%	134	149	12%
PAT %	16.3%	10.9%		7.4%	7.8%	
CONSOLIDATED NET PROFIT (incl. JVs and Associates)	NA	NA		128	142	11%

GROUP CONSOLIDATED NET PROFITS:

Higher by 11% mainly due to –

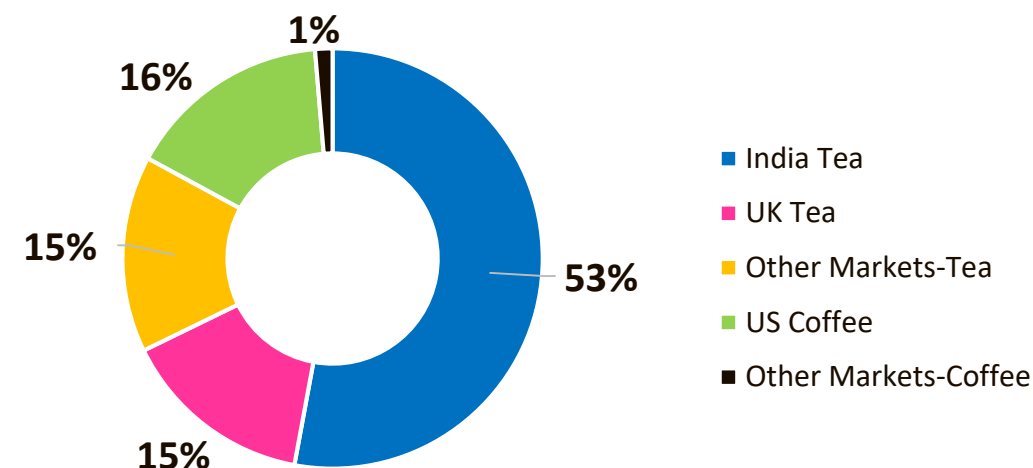
- Lower Exceptional Items
- Lower tax charge

Segment-wise performance

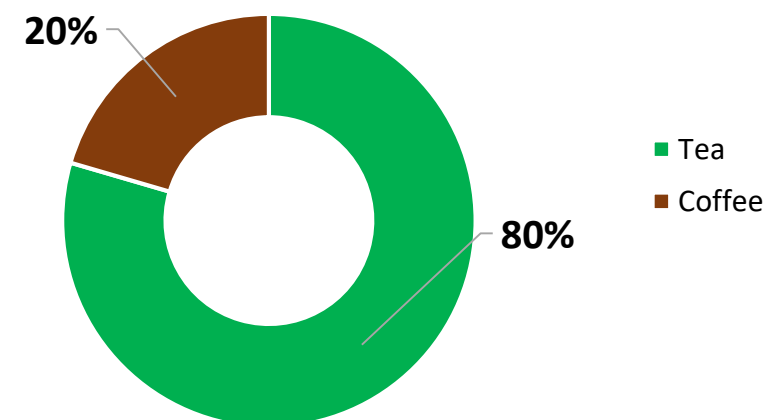
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PARTICULARS	REVENUE			RESULTS			
	INR Cr	Q1FY19	Q1FY20	Change%	Q1FY19	Q1FY20	Change%
Branded Business							
Tea		1,314	1,373	4%	210	198	-5%
Coffee		292	283	-3%	44	51	17%
Others		10	6	-41%	(4)	(3)	-11%
Total Branded Business		1,616	1,662	3%	250	245	-1%
Non Branded Business		193	243	26%	18	21	16%
Less: Inter-segment Revenue		(6)	(7)				
Unallocated expense (net)					(50)	(43)	
Total		1,803	1,897	5%	217	223	3%

BRANDED BUSINESS REVENUE



BRANDED BUSINESS RESULTS



Tata Chemicals Limited - Consumer Products Business

- Merger process is on track as per the scheduled timeline
- The Scheme application is currently under review with SEBI and the Observation Letter, if any, from SEBI is awaited
- Post approval from SEBI, TGB would file its application with National Company Law Tribunal (NCLT)



Dhunseri Tea & Industries Limited (DTIL) - Consumer Business

- Due diligence for the acquisition completed
- Definitive agreements agreed to be signed between parties
- Transaction expected to be completed soon (subject to CPs being complied)



Recognition

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MANUFACTURING



Indore Packeting Centre won the prestigious 'Golden Peacock National Quality Award 2018-19'

WORKPLACE



Tata Starbucks awarded as the winners of 'India's 100 Best Companies to Work For 2019'

SUSTAINABILITY



Tata Coffee awarded ET's 'Best Green Business Award' for sustainable and green practices at its plantations

PRODUCT



Tetley UK won four Great Taste Awards 2018

CSR



DARE School recognised as one of the Best Special Educational Schools in Brainfeed School Excellence Awards 2018

ADVERTISING



Tata Tea "Jaago Re" received 4 EMVIES from The Advertising Club Bombay

Sustainability Initiatives

TGBL joined UK Plastics Pact with commitment to 100% reusable, recyclable, compostable plastic packaging by 2025



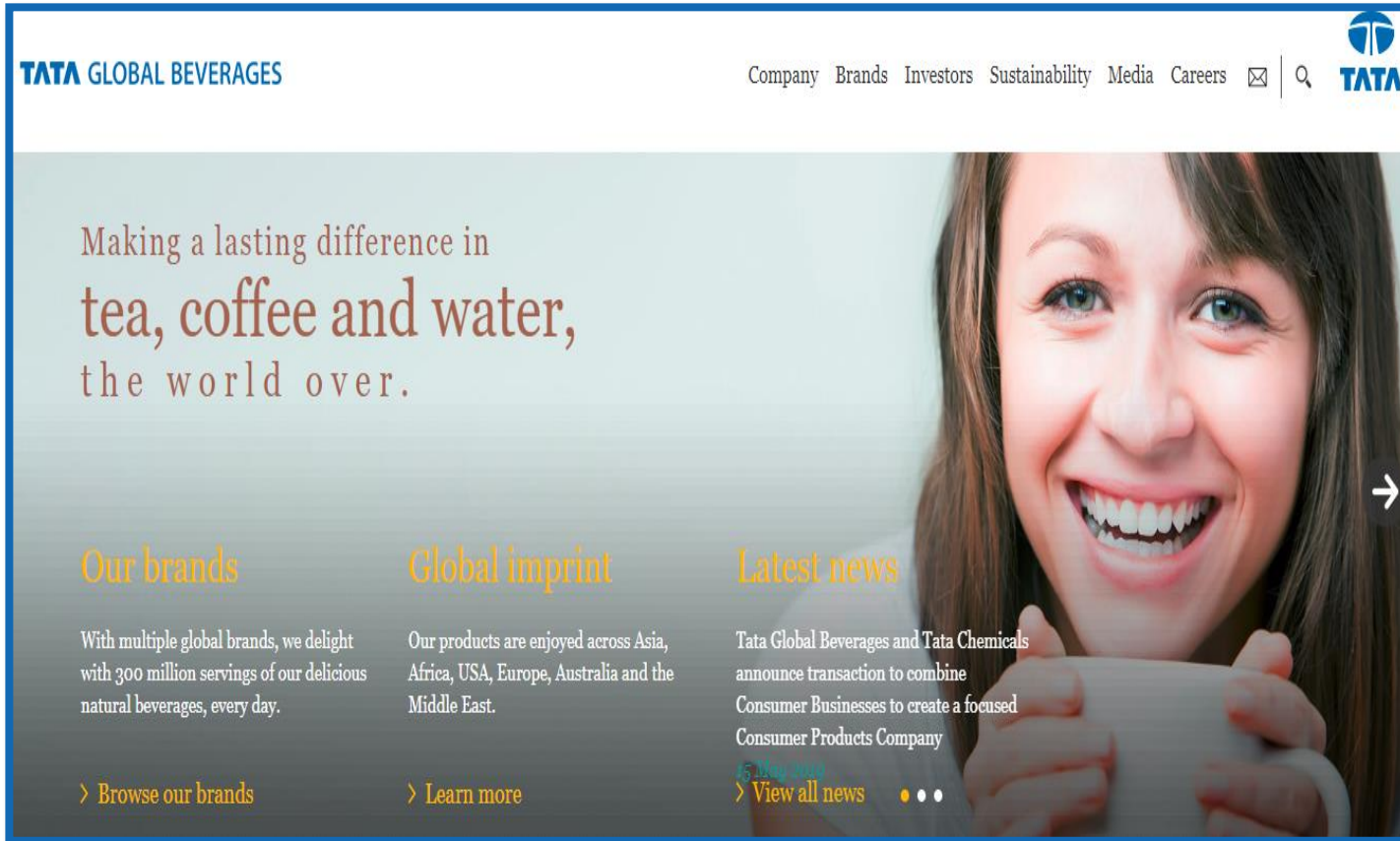
CDP - 12% of total energy consumption from renewable sources. GHG emissions decreased by 30% in 2010-2019

For more Information

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Visit our website: <http://www.tataglobalbeverages.com>

Contact Us:



TATA GLOBAL BEVERAGES

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Making a lasting difference in
tea, coffee and water,
the world over.

Our brands
With multiple global brands, we delight with 300 million servings of our delicious natural beverages, every day.
> Browse our brands

Global imprint
Our products are enjoyed across Asia, Africa, USA, Europe, Australia and the Middle East.
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