



TATA GLOBAL BEVERAGES

Presentation on Half Year Results

Analyst Meet
November 2013





Agenda

 **Performance Highlights**

 **Operating Performance Highlights**

 **Financial Review**





Performance Highlights for the half year -2012-13

Consolidated Financials

Vs Prior year

- Group income at Rs 3747 crores higher by 4% reflecting good performance in some key markets and favourable translation impact.
- EBIT at Rs 305 crores higher by 4%, reflecting improvement in operating performance in many markets and favourable translation impact partially offset by higher investment behind brands and higher spends in new initiatives. Five major brand marketing campaigns have been launched in different markets during the 2nd quarter.
- Profit before tax at Rs 431 crores improves by 35% due to favourable impact of exceptional items. Significant items in exceptional items are profit on sale of property, recognition of unrealised profits of earlier period, profit on sale of non-current investment partially offset by impairment of investments in a US based functional beverage company, and restructuring costs.
- Group Consolidated Net Profit at Rs 292 crores improves by 48% mainly due favourable impact of exceptional items.



Operating Performance Highlights

Winning moments

1. India - tea : strong branded tea topline sales performance versus previous year in a slowing market.
2. Australia : Significant bottom-line improvement continues.
3. USA : continuing improvement in profitability of Eight O'Clock coffee, driven by lower green coffee costs, increased K Cup sales and clear strategy.
4. USA & Canada : Eight O'Clock coffee K-cups & Tetley Tassimo discs make excellent headway.
5. India : "Starbucks – a Tata Alliance" expands to 27 stores till date. Expands to Pune during the quarter. Excellent reception by consumers.
6. UK – strong performance by Teapigs our Super Premium Brand
7. Strong performance in France and Czech Republic
8. Tetley launch in Kuwait has done exceptionally well.
9. Sales of Joekels, our South Africa joint venture, have increased significantly post new acquisition of a private label business.
10. Water vertical in India significantly improves performance.
11. India - coffee : good performance by plantations.
12. Associate tea plantation companies in India : very good performance
13. Cost interventions result in significant savings.





Significant events of the Quarter

- Invested significantly in brands in various geographies across the globe
- Agreement with Tata Realty and Infrastructure Limited for development of its property in Bangalore completed.
- The Group's overseas subsidiaries identified and accounted for an other than temporary diminution in value of investments in an US based beverage company.
- Successfully commissioned a new instant coffee facility in Theni, India, which will help drive future strategy and growth for high-quality value added coffee
- A significant restructuring of the Canadian sales and distribution operations was concluded
- Merger of MEMW with TGBL, subject to statutory and other approvals.



Merger of MEMW with TGBL

- Himalayan is the only natural mineral water from India which is internationally accredited.
- The brand Himalayan, enjoys an inspirational equity among affluent urban Indian consumers and has the potential of becoming a truly international and iconic brand.
- Merger would help in growing the Himalayan brand more effectively by optimum utilization of established TGBL resources across the globe
- It will also help in quick scaling up of Himalayan Brand.
- Benefits of operational synergies and reduction in legal entities.
- The combination of businesses would increase the long term value for shareholders and investors.
- The Board approved merger is subject to statutory and other approvals





Operating Performance Highlights – South Asia

- 18% Top line growth across the portfolio – value and volume increases
- Maintained market volume and value leadership with 20.1%^ and 22.1%^.
- Tata Tea Gold restaged in Q2 with a new marketing campaign – Tata Tea Gold “Power of 49” campaign.
- Various consumer promotions were undertaken to drive sales growth.
- Pakistan - Tetley Gold was launched nationally supported by money back scheme. A national rollout was also done for Rs 10 sachet bundle with 1 Sachet free.



^ AC nielsen MAT – September 13



Power of 49



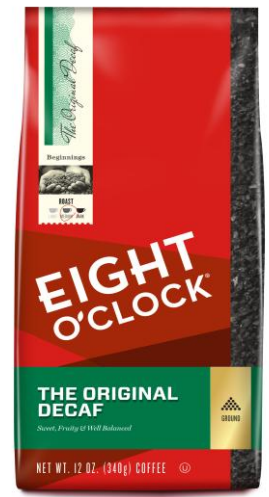
Operating Performance Highlights – CAA

Australia

- Profitability remains robust
- Tetleys new pyramid range launched successfully and sales are off to a promising start.

USA

- Significant operating profit increase in Coffee – lower green cost, good buying strategy, good promotional & pricing strategy
- EOC K-Cups (with Keurig) – Distribution gains continue and mutual promotion of our bagged coffee and K-cups are occurring.; reach a record volume market-unit share, signalling excellent consumer acceptance
- EOC Coffee relaunched with a new pack design, new blends and a new marketing campaign. TV advertisement on air after several years – “For those who put coffee first”
- Tetley has just launched a new Black & Green tea product in a snap-top box that is unique to the USA market. 360 degree launch activation.
- Good Earth tea re-launched with a new pack design and 14 new blends. Some new blends include “Mango me crazy”, “Citrus Kiss”, “Matcha Maker” – Tea untamed.





“For those who put coffee first”



Operating Performance Highlights – CAA (cont'd)

Canada

- A significant restructuring of the Canadian sales and distribution operations completed and will help the management to manage business better.
- Tassimo/ Kraft – Single serve brewing machines – three new tassimo products (Tetley Tassimo Dream, Peppermint and Chai Latte) have been launched and appear in shelf.
- Tetley 100% steamed green teas (pure, lemon and ginger) launched and appear in shelf.
- Teapigs launched in Canada
- TATA tea's marketing campaign featuring Shahrukh Khan has been launched with digital, print and sampling activities. Initial response has been very positive.



Operating Performance Highlights – EMEA

Europe, UK, Middle East, Africa

- Overall tea category in UK continues to decline by single digits on a MAT basis.
- Market leadership in Redbush tea maintained.
- National in pack promotion “Find Sydney” is currently in store backed by full media support. This promotion includes 100,000 prizes to be won 5 in pack prizes of £1,000 have already been won and 354 prizes have been claimed online.
- Tea Pigs topline grows by a handsome % - reflecting significant growth in all channels.
- 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 and margins
- Tetley test market launch in Kuwait is underway and doing well. In-store promotions and advertisement campaigns are running to support launch.
- Other European countries – Improvement in Portugal and Spain.
- Poland and Czech Republic business recovery continues
- Grand FD coffee is still the fastest growing brand in the segment





Russia



Operating Performance Highlights – Water & non branded businesses

Water/Other Business

- Significant improvement in water business.
- Tata Water Plus- India's first nutrient water was re-launched with new packaging in earlier in the year aided by new campaign. Significant improvement in TWP pet and pouch sales. 500ml launched in TN and AP
- Himalayan sales continue to grow with gains in Delhi, some non core markets and increase in key accounts.
- Tata Starbucks – celebrates its 1st year anniversary in India, launches India Estate Blend. Now has 27 stores between Mumbai, Delhi and Pune





Operating Performance Highlights Non branded businesses

Non Branded Business

- Tata Coffee plantations record a good quarter. Pepper registers excellent results. Instant coffee volumes under significant pressure.
- 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 – Technology in place, sales effort now the focus.





Other Key Highlights

Sustainability initiatives

- Tata Global Beverages is a leader in CDLI (climate disclosure leadership index) India 2013. Reduction of carbon intensity by 22% in the past 2 years. We are ranked 1st in the consumer Staples sector and 6th overall.
- Tata Global Beverages joins the India Sustainability tea programme. – Pilot projects identified .
- Our partnership with Rainforest Alliance makes good progress.

Awards

- TGB ranks 2nd for transparency in corporate reporting in emerging markets. – Ranking by Transparency International
- Eaglescliffe tea packaging factory in the UK awarded Cranfield judges award at best factory awards in UK – celebrating manufacturing excellence
- TGB leads in carbon footprint measurement – obtains certification from BSI (British Standard Institution)



TATA GLOBAL BEVERAGES

Analyst Meet

Financial Review





Financial Performance Highlights – H1

- Good performance in South Asia and US Businesses
- Operating income growth understated due to revenue model for pods and restructuring.
- Cost savings initiatives on track
- Operating EBIT reflects
 - Higher A&P spend
 - Investment in new initiatives
- Significant exceptional items



Group Financial Review

Quarter ending September			Particulars (In Rs crores)	Half year ending September		
Actual	PY	Variance		Actual	PY	Variance
1933	1865	68	Total Operating Income	3747	3590	157
126	136	(10)	EBIT	305	292	13
32	34	(2)	Other Income	51	53	(2)
(18)	(11)	(7)	Finance Cost	(39)	(32)	(7)
140	159	(19)	Profit Before Exceptional Items	317	313	4
92	(11)	103	Exceptional Items	114	(17)	131
232	148	84	Profit Before Tax	431	296	135
(72)	(20)	(50)	Tax	(134)	(69)	(65)
160	128	32	Profit After Tax	296	227	70
4	12	(8)	Share of Profit from Associates	(5)	5	(10)
16	(21)	37	Minority Interest in consolidated profit	-	(35)	35
180	95	85	Consolidated Group Profit	292	197	95
2.91	1.92	0.99	Earning Per Share (Rs)	4.72	3.18	(1.54)
1.32	1.70	(0.38)	Earning Per Share (Rs) – prior to exceptional items	2.81	3.00	(0.19)



Region wise – income from operations

Year Ending March			Particulars (In Rs Crores)	Year Ending March		
Actual	PY	Variance		Actual	PY	Variance
485	547	(62)	CAA	928	980	(52)
589	578	11	EMEA	1092	1128	(36)
632	526	106	South Asia Brands	1295	1076	220
1706	1651	55	Total Brands	3315	3184	132
193	191	2	Total Non Branded Operations	375	364	11
34	23	11	Other and Eliminations	57	42	15
1933	1865	68	TOTAL OPERATING INCOME	3747	3590	158



THANK YOU



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