

# TATA GLOBAL BEVERAGES

FLAVOURS  
OF GROWTH

INVESTOR PRESENTATION  
*for*  
Quarter ended September 2019



# Disclaimer

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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

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

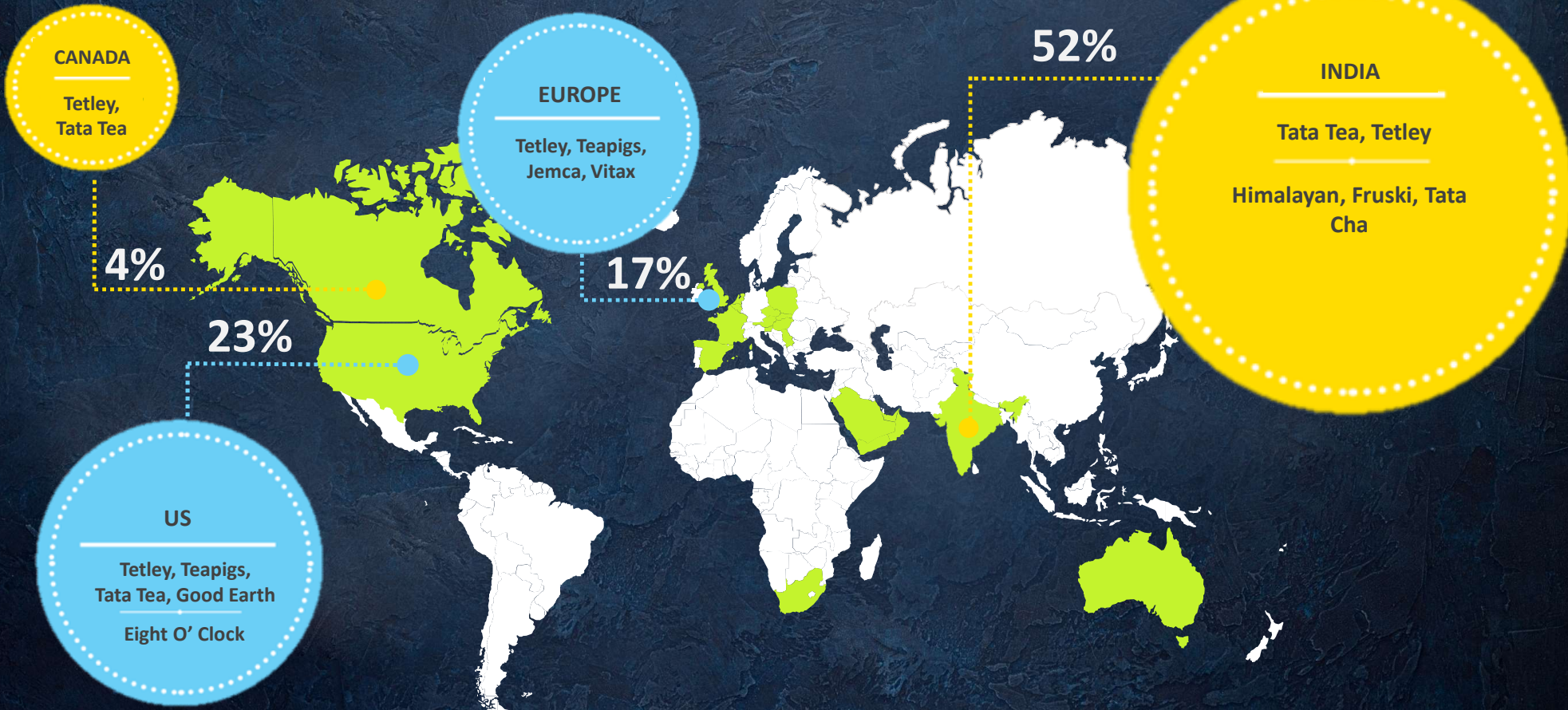
# Executive Summary

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- 1 Consolidated Revenue grew by 4% to INR 1,834Cr (Q2) and by 5% to INR 3,731Cr (H1) with higher overall volume growth of 7% both in Q2 and H1 impacted by lower realisations with commodity price deflation
- 2 Consolidated EBITDA grew by 13% to INR 237 (Q2) and by 10% to INR 505Cr (H1) (EBITDA, excluding one time income in last year, is higher by 39% (Q2) and by 20% (H1))
- 3 Consolidated Net Profit, excluding one off items, is higher by 45% (Q2) and by 33% (H1)
- 4 India Branded Business grew by 8% in volume terms both in Q2 and H1
- 5 US Coffee grew 4% and Other International Businesses grew 2% in volume terms both in Q2 and H1
- 6 TGBL and TCL (Consumer Products Business) merger as per schedule
- 7 Acquisition of Branded Business of Dhunseri Tea completed successfully.



Consolidated Revenue: H1 - INR 3,731 Cr | Q2 – INR 1,834 Cr (Branded Business - 87%)



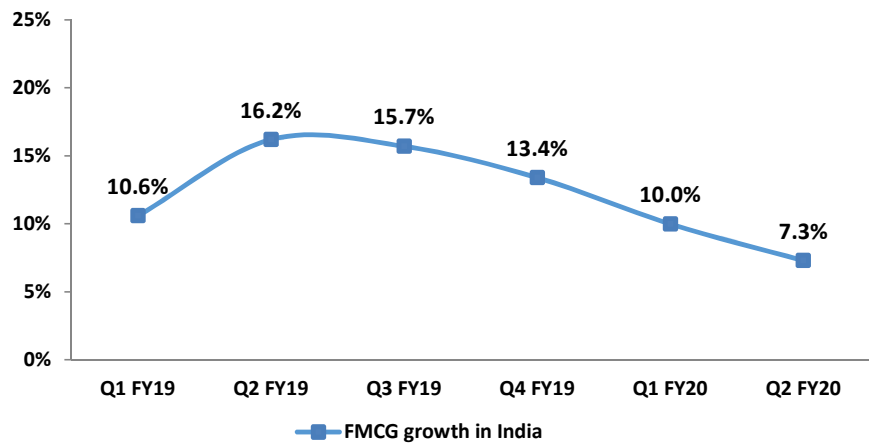
Non-Branded Business: H1 – INR 485 Cr | Q2 – INR 243 Cr (Tata Coffee - 85% and Others - 15%)

\* Does not include inter-segmental eliminations

# Market Context

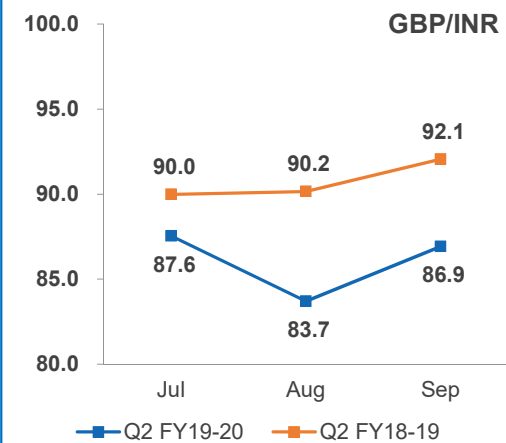
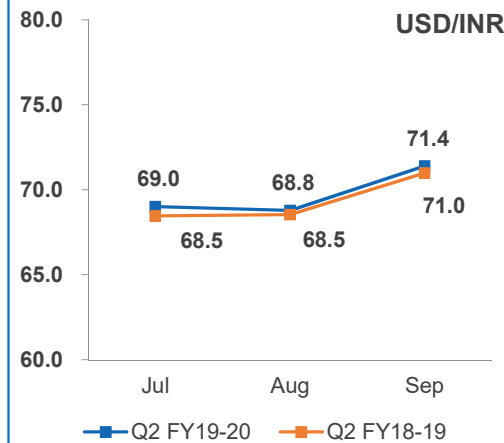
**FLAVOURS  
OF GROWTH**

## FMCG growth in India\*



- FMCG growth in India slowing down owing to weakening rural demand (0.5x of Urban)
- India's GDP growth in Q1FY20 slowed down to 5% (5-year low)
- Household spending growth rate was significantly low at 3.1% for Q1FY20

## Exchange rates



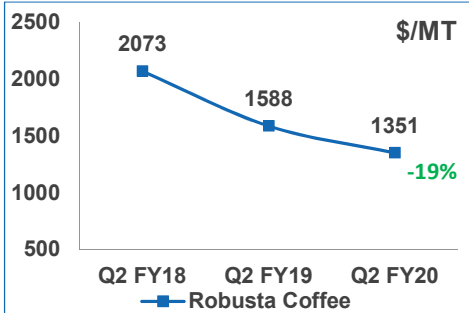
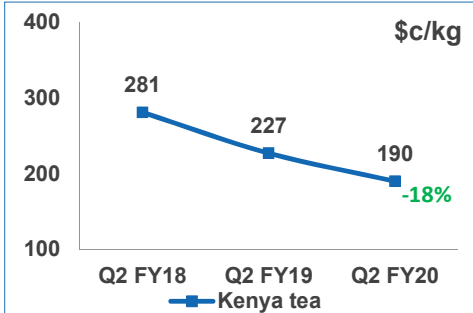
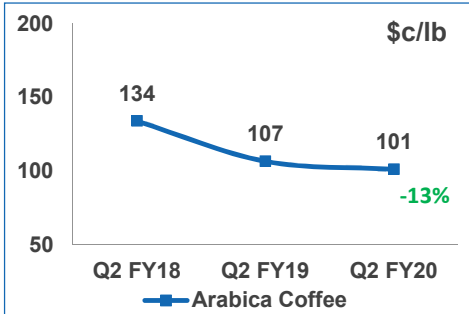
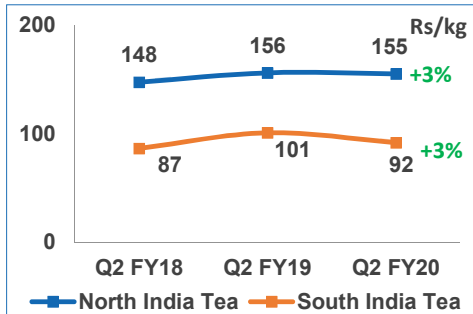
- In Q2, Rupee has appreciated against GBP by 5% (average) whereas depreciated against USD by 0.6% (average)
- Whilst there is uncertainty about the timing of BREXIT, it is highly unlikely that it will be a no-deal BREXIT

# Market Context

**FLAVOURS  
OF GROWTH**

2 years CAGR

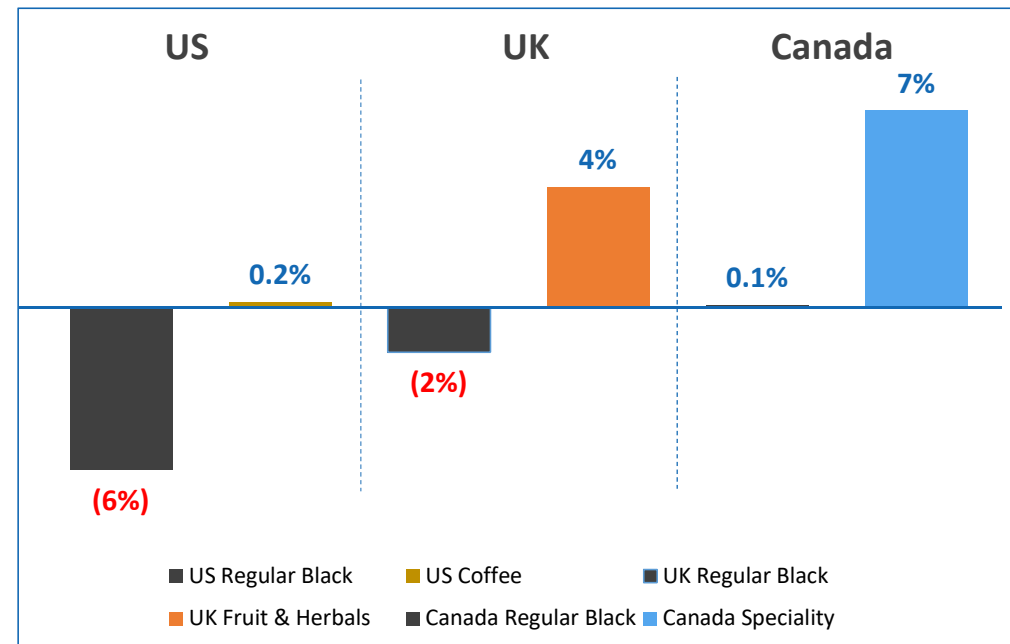
## Commodity Costs#



- Tea prices in India continue to be benign as against declining Kenyan tea
- Coffee prices continue downward trend

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

## Category Growth Trends (MAT value)\*



- Regular Black tea category declining or flat across key International markets. Growth led by Non-Black teas
- In India, both Black and Non-black tea are growing categories

# Performance at a Glance (Q2)

**FLAVOURS  
OF GROWTH**

In INR Cr



INDIA



US Coffee



Other International  
(UK, Canada and  
Others)



Tata Coffee  
(Subsidiary)



CONSOLIDATED

	INDIA	US Coffee	Other International (UK, Canada and Others)	Tata Coffee (Subsidiary)	CONSOLIDATED
<b>Revenue</b>	914	271	442	207	<b>1,834</b>
<b>Revenue Growth [Underlying Growth]</b>	8%	-3% [-3%]	-5% [-2%]	18%	<b>4% [+5%]</b>
<b>Volume Growth [Branded]</b>	8%	4%	2%		7%

Key Brands



**TATA GLOBAL BEVERAGES**

Notes: a) Tata Coffee incl. Vietnam and excl. US Coffee (EOC)  
b) Does not include inter-segmental eliminations





# Business Performance

QUARTER ENDED SEPTEMBER 2019

# India

## FLAVOURS OF GROWTH

### GROWTH DRIVERS

- Overall Tea sales grew 8% by value and volume in Q2
- Tata Tea Premium and Tata Tea Gold grew by high single digit in H1 and Q2 respectively
- Agni grew by double digits in Q2 as well as H1
- Spice Mix continues to deliver robust growth (>50%+)
- Lal Ghoda and Kala Ghoda brands incorporated under TGB from Aug 21.

### OTHER UPDATES

- Successful media campaign at **IIFA 2019, Mumbai** followed by Web series with lead actors under Tata Tea Gold **#DilKiSuno** campaign initiated to engage with consumers
- New Kanan Devan TVC to build awareness against adulterated teas gaining popularity – ‘Pure and Natural’ campaign
- Special festive packs launched for Chakra Gold and Tata Tea Gold (in WB)

**+8%**

Revenue Growth

**+8%**

Volume Growth

**13.7%**  
(PY-11.6%)\*

EBITDA Margin



New Tulsi Green tea launched in North India



New Quick Chai Lite with 50% less sugar pilot in West India



Festive Packs: Tata Tea Gold and Chakra Gold

## GROWTH DRIVERS

US Coffee

**-3%**

Revenue Growth

**+4%**

Volume Growth

- Tetley gained ~1%\* value market share in a declining black hot tea category aided by promotions and increased distribution in the quarter
- Good Earth continue to maintain market share

## OTHER UPDATES

- EOC bags volume grew while the revenue declined owing to higher promotion spends and increased competitive intensity
- K-cups volumes declined



New Tetley Classic & Classic Decaf now available at Walmart



EOC Indulgence Bags launched in 4 flavors (online only)



Aggressive promotions to drive Good Earth Boutique sales

## GROWTH DRIVERS

- Tetley growth in Discounters is offset by decline in other channels
- Teapigs' grows in online channels. Efforts to increase distribution in export markets.
- Tetley Cold Infusions market share is now >20%\* of the category in UK

## OTHER UPDATES

- Tetley Masterbrand relaunch campaign is gaining positive response on TV, Social media and Digital media platforms
- Green tea category continue the declining trend. Other Non-black tea segments growing
- Margin expansion with cost optimization.

17%\*

Market share (Value)

22%\*

Market share (Volume)



Tetley Masterbrand refresh -  
New TVC [#NowWereTalking](#) (tagline)



Tea pigs is now B Corp Certified  
(a global community committed to using business as a force for good)



Cold Infusion: Event partnership to enhance customer engagement



# Canada

## FLAVOURS OF GROWTH

### GROWTH DRIVERS

- Revenue growth mainly driven by Speciality teas
- Tetley Supers has achieved ~2%\* of Specialty tea segment now (value share)
- Tetley maintaining its dominant leadership in regular black tea

### OTHER UPDATES

- Tetley Regular tea facing headwinds
- Tetley Super Tea new TVC aired on National TV in this quarter.
- Each year Tetley contributes to Canadian Cancer Society. This year Tetley is supporting through a fan-selected 'pink pack'

29%\*

Market share  
(Value)

40%\*

Market share  
(Volume)



Super Tea Antiox won ChickAdvisor 2019 Reviewers' Choice Award



Super 2.0 new TVC garnering good response



Tetley 'Pink pack' for supporting breast cancer awareness month



# Tata Coffee (incl. Vietnam)

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OF GROWTH**

## GROWTH DRIVERS

- Growth on account of Instant coffee and Vietnam
- Higher Instant coffee volumes with strong performances in South East Asia and Europe
- Vietnam sales commenced. Initial orders across Europe and South East Asia

## OTHER UPDATES

- Coffee prices softening globally (Refer to Slide no. 7)
- Profitability impacted by lower commodity prices and one time gains on sale of property in the previous year

**207Cr**

Revenue

**+18%**

Revenue  
Growth

**+20%**

Volume  
growth

**12.4%**

EBITDA  
Margin



Tata Coffee awarded 'Best Indian Coffee' at 4th Ernesto Illy International Coffee Awards



TCL Employees volunteered for plastic waste collection to support Govt. of India's 'Swachhata Hi Seva' campaign

# JV - Tata Starbucks

**FLAVOURS  
OF GROWTH**

## GROWTH DRIVERS

- 12 new stores opened this quarter
- Gujarat market opening with 5 stores in one day
- Food 3.0 roll out
- Strong focus on social media continue to drive consumer engagement and sales with campaigns like #ComedywithStarbucks

## OTHER UPDATES

- Launched MyStarbucksMyWay app
- 100% single use plastic eliminated from consumables & in-store secondary packaging
- Customer connection scores at an all time high

**26%**

Revenue  
Growth

**163**

Stores

**10**

Cities in India



Starbucks launched in Gujarat (Ahmedabad & Surat)



New Starbucks store in Ahmedabad, Gujarat



#BreakfastAtStarbucks @ Rs 399 promotion garnered good response

# JV - NourishCo

**FLAVOURS  
OF GROWTH**

## GROWTH DRIVERS

- Tata Gluco Plus (TGP) continue to show strong momentum in AP and Telangana aided by sustained media investment
- 'Conde Nast Traveler – Himalayan Sparkling Top Restaurant Awards' continue to build connect with F&B world collaborating with Tops Chefs and restaurants to create events that tell our 'Raw & Fine' story
- Tata water Plus PET continue robust growth with distribution expansion

## OTHER UPDATES

- TGP listed in Indian railways (AP and Odisha)
- TGP Lychee flavour launched in Odisha, AP, Telangana, West Bengal and TN

**+8%**

Revenue  
Growth

**+22%**

TGP  
Revenue  
Growth



TGP Lychee flavor launched in Q2 getting good early response



The winner of Young Chefs contest gets a chance to visit and learn authentic flavors from Japan



'Swachhta Hi Seva hai' clean-up drive by employees collected 1957 Kgs Plastic

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# Associate Companies- APPL & KDHP

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## APPL

- Good revenue growth of +7% achieved with improved average price realization over LY owing to a buoyant Orthodox tea market
- The realisation for CTC teas continues to be sluggish
- Profitability impacted due to increase in manpower costs
- Although Orthodox tea prices are buoyant, the risk of volatility remains owing to political scenario in Iran

## KDHP

- Revenue growth of +25% due to higher average price realization and volumes (previous year adversely impacted by Kerala floods)
- Crop production impacted by adverse weather conditions
- Profitability for the quarter higher than last year however impacted by unexpected interim wage increase



# Marketing Campaigns/Initiatives

**FLAVOURS  
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**Tata Tea Gold is the official brand partner for “IIFA 2019”**  
As part of #DilKiSuno campaign (*Listen to your Heart*), the brand gave its consumers a chance to witness the IIFA 2019, live in Mumbai!



**Kanan Devan Pure & Natural** campaign is trying to build awareness against adulterated teas and its harmful impacts by TVC and Press articles across publications.



**Tetley Australia is launching Cold Infusions** featuring popular comedian and actor **Celia Pacquola**

Tetley is targeting consumers who find drinking water boring and encouraging dehydrated Aussies to say 'Bye bye boring H2O, hello hydration'



# M&A Update

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## Tata Chemicals Limited - Consumer Products Business

- Merger process is on track
- The Scheme had been filed by with SEBI and Stock Exchanges and the Company has received “No Adverse Observation Letters” from the Stock exchanges
- Consent of unsecured creditors (more than 90% in value) obtained. The Company does not have any secured creditor
- NCLT passed order dispensing Company with holding of creditors meeting and convening shareholder’s meeting on November 4, 2019
- Necessary proceedings for convening shareholder’s meeting on track



## Dhunseri Tea & Industries Limited (DTIL) - Consumer Business

- Acquisition of Dhunseri Tea branded Business (“Lal Ghoda” and “Kala Ghoda”) completed on August 21, 2019





# Financial Performance

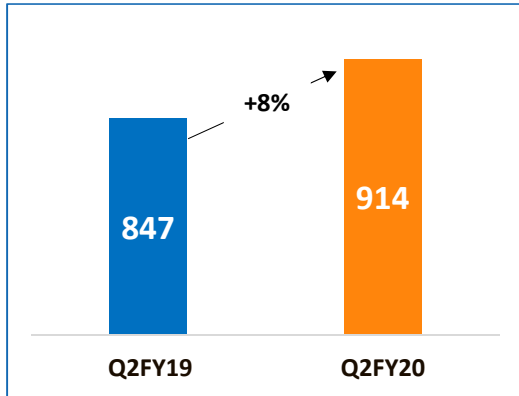
QUARTER ENDED SEPTEMBER 2019

# Highlights – Q2

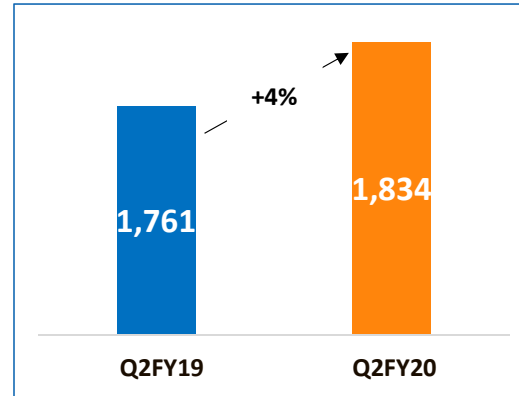
In INR Cr

**REVENUE FROM  
OPERATIONS**

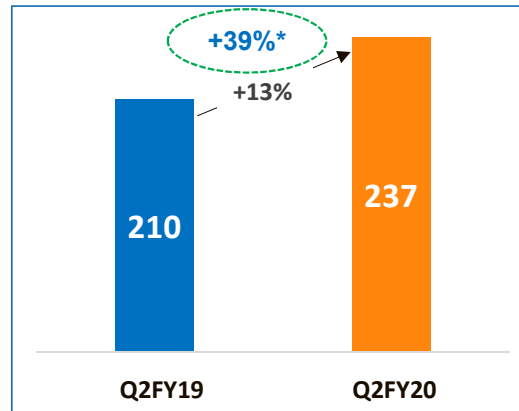
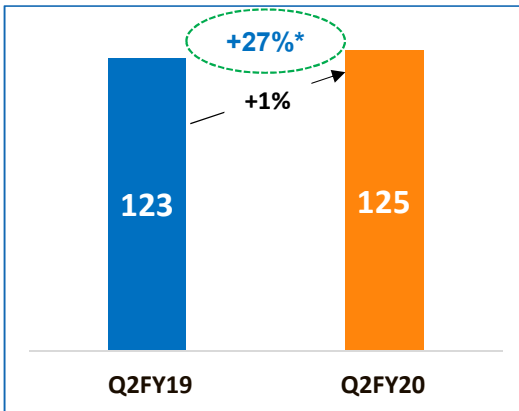
**STANDALONE**



**CONSOLIDATED**



**EBITDA**



**REVENUE:**

**Group Revenue** grew by 4% (+5% in constant currency terms)

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

**International Business** degrows - mainly US coffee and Australia partly offset by improvement in Europe

**Tata Coffee** incl. Vietnam +18% – higher volumes in instant coffee and commencement of Vietnam sales

**EBITDA:**

**Group EBITDA**, excluding one time income in previous year, grew by 39%

**International Business** profitability improves- mainly in US and Canada

**India Business** – profitability improves (excluding one-time income in PY) with favorable commodity

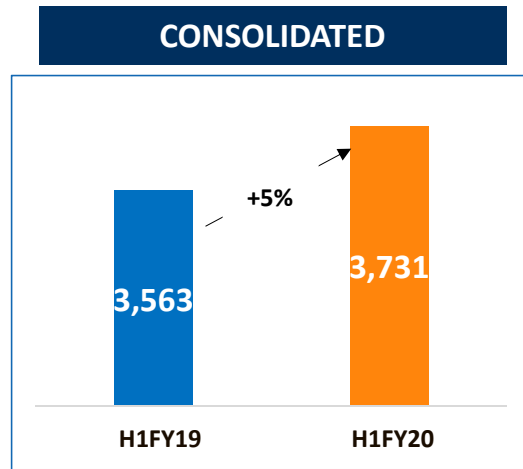
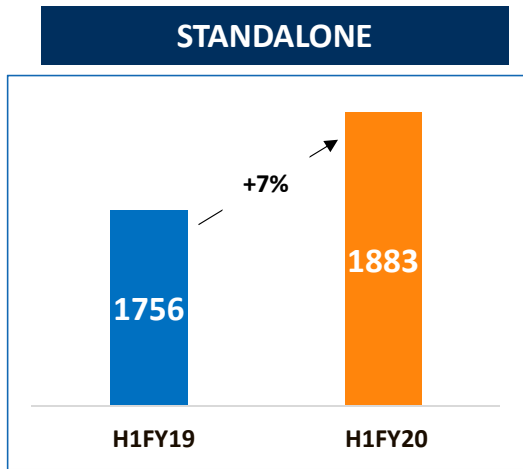
**Tata Coffee** – Marginal improvement, excluding one time gain on sale of property in last year.

\*growth excluding one time income in previous year of Rs 25 Cr (Standalone) and Rs 39 Cr (Consolidated)

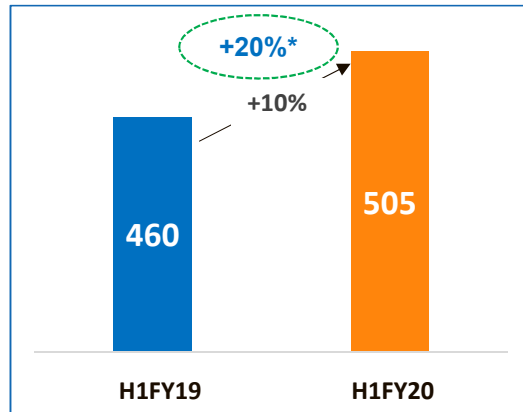
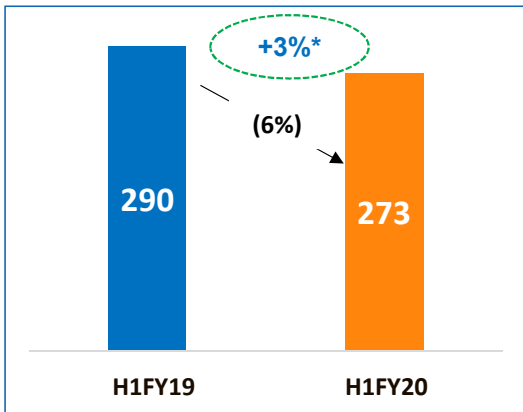
# Highlights – H1

In INR Cr

**REVENUE FROM  
OPERATIONS**



**EBITDA**



\*growth excluding one time income in previous year of Rs 25 Cr (Standalone) and Rs 39 Cr (Consolidated)

**REVENUE:**

Group Revenue grew by 5%

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

International Business degrows - mainly US coffee and Australia, partly offset by improved performance in UK and Canada

Tata Coffee incl. Vietnam - higher volumes in instant coffee and commencement of Vietnam sales

**EBITDA:**

Group EBITDA, excluding one time income in previous year, grew by 20%

International Business profitability improves - mainly in UK and US

India Business – Profitability improved (excluding one-time income in PY) with favorable commodity despite higher investment behind brands

Tata Coffee – Almost even, excluding one time gain on sale of property in last year.

# Financials: Standalone

**FLAVOURS  
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Quarter Ended September			PARTICULARS	YTD September		
Q2FY20	Q2FY19	Change%		INR Cr	H1 FY20	H1 FY19
914	847	8%	Revenue from operations	1,883	1,756	7%
125	123	1%	EBITDA	273	290	(6%)
13.7%	14.6%		%	14.5%	16.5%	
(2)	-		Exceptional items	(10)	-	
134	162	(17%)	PBT	292	378	(23%)
100	120	(17%)	PAT	206	268	(23%)
10.9%	14.2%		%	10.9%	15.3%	
125	98	27%	EBITDA (excluding one time income*)	273	265	3%
13.7%	11.6%		%	14.5%	15.1%	
134	137	(2%)	PBT (excluding one time income*)	292	353	(17%)
14.6%	16.2%		%	15.5%	20.1%	

\*Other income includes one time income of Rs 25 Cr in Q2 and H1 of the previous year



# Financials: Consolidated

Quarter Ended September			PARTICULARS	YTD September		
Q2FY20	Q2FY19	Change%		INR Cr	H1 FY20	H1 FY19
1,834	1,761	4%	Revenue from operations	3,731	3,563	5%
237	210	13%	EBITDA	505	460	10%
12.9%	11.9%		%	13.5%	12.9%	
(1)	(7)		Exceptional items	(10)	(25)	
192	189	1%	PBT	415	406	2%
143	125	14%	PAT	292	259	13%
7.8%	7.1%		%	7.8%	7.3%	
152	184	(17%)	Group Net Profit (incl. JVs & Associates)	294	312	(6%)
237	171	39%	EBITDA (excluding one time income*)	505	421	20%
12.9%	9.7%		%	13.5%	12.9%	
192	150	28%	PBT (excluding one time income*)	415	367	13%
10.5%	11.1%		%	11.1%	10.3%	
160	110	45%	Group Net Profit (excluding one off items)^	317	238	33%

\*Other income includes one time income of Rs 39 Cr in Q2 and H1 of the previous year

^Excluding the impact of one-off items, deferred tax adjustments in Starbucks and one time impact of legislative tax changes in India

# Taxation update

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## Concessional Tax Rate – Impact on TGB

- Results for the quarter have been prepared giving effect to reduction in tax rates in India
  - Statutory Tax rate of 25% (Concessional tax rate) applied for India
  - Favourable impact of tax rate reduction in the India branded and Non-branded business
    - Offset by one time impact of reversals of MAT credits and Deferred tax assets in the India business and in joint ventures
- Net one time adverse impact of Rs 9 crores on Group Consolidated profits (in Q2 FY20)
- Beneficial impact of rate reduction will arise in subsequent quarters

# Balance Sheet

**FLAVOURS  
OF GROWTH**

PARTICULARS	Consolidated			
	INR Cr	Sep'19	Sep'18	Mar'19
<b>Total Equity</b>	<b>8,322</b>	<b>8,435</b>	<b>8,359</b>	
Goodwill	3,799	3,984	3,785	
Fixed Assets	1,655	1,553	1,567	
Lease assets (net)	(27)	-		
<b>Working Capital</b>	<b>1,748</b>	<b>1,775</b>	<b>1,665</b>	
<b>Operating Capital Employed</b>	<b>7,175</b>	<b>7,313</b>	<b>7,017</b>	
Other Non-operating Assets (mainly Investments)	647	591	622	
Net (Debt)/Cash	499	531	721	
<b>Total</b>	<b>8,322</b>	<b>8,435</b>	<b>8,359</b>	
Total Debt/Equity	0.12	0.12	0.11	
ROE % (PAT/Equity) – six months not annualized	3.5%	3.7%	5.5% (Annual)	
ROCE % (EBIT/Operating CE) - six months not annualized	5.7%	5.5%	10.2% (Annual)	
ROCE % (excluding Goodwill) - six months not annualized	12.2%	12.0%	22.1% (Annual)	

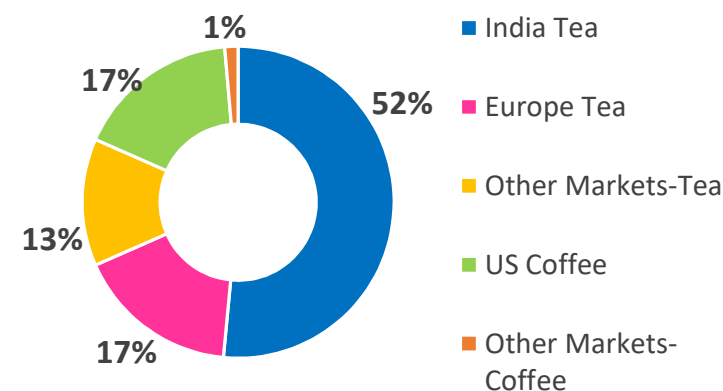
# Segment-wise performance (Q2)

**FLAVOURS  
OF GROWTH**

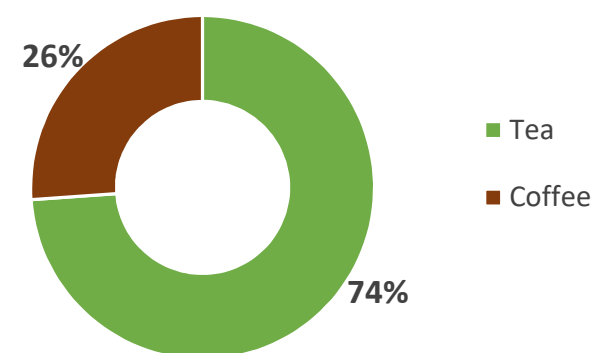
PARTICULARS	REVENUE			RESULTS		
	INR Cr	Q2FY20	Q2FY19	Change%	Q2FY20	Q2FY19
<b>Branded Business</b>						
Tea	1,300	1,248	4%	164	165*	(1%)
Coffee	293	303	(4%)	58	38	52%
Others	7	6	10%	(4)	(7)	
<b>Total Branded Business</b>	1,599	1,558	3%	218	197	11%
<b>Non Branded Business</b>	242	210	16%	15	10	51%
Less: Inter-segment Revenue	(7)	(7)				
Unallocated expense (net)				(41)	(18)*	
<b>Total</b>	1,834	1,761	4%	192	189	1%

\*includes one time income in Q2 of the previous year as mentioned earlier

## BRANDED BUSINESS REVENUE



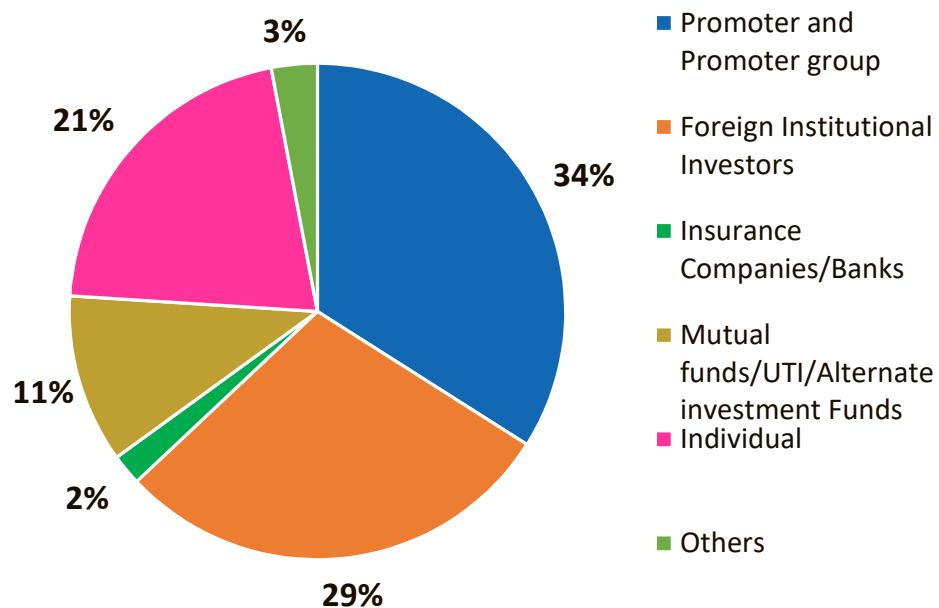
## BRANDED BUSINESS RESULTS



# Shareholding Pattern

**FLAVOURS  
OF GROWTH**

## SHAREHOLDING PATTERN - September 2019



## STOCK DATA

BSE Ticker	500800
NSE Ticker	TATAGLOBAL
Market Capitalization (As of 30 Sep, 2019)	INR 178bn
3- month Return % (As of 30 Sep, 2019)	+11%
Number of Shares Outstanding	631.13 Mn

# Recognition

**FLAVOURS  
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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 'Best Indian Coffee' at 4th Ernesto Illy International Coffee Awards*

## PRODUCT



*Teapigs has won 14 Great Taste Awards 2019 and 6 Tetley products won 6 Gold stars*

## 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*



*100% Tetley tea in International Business is Rainforest Alliance certified. Tata Tea brands 60% trustea certified*

*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>



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