



Analyst Meet

15 November 2017



Agenda

1. BUSINESS PERFORMANCE

2. FINANCIAL OVERVIEW

A high-angle, close-up photograph of a group of people sitting around a table. In the foreground, a woman with long dark hair, wearing a red and white plaid shirt, is smiling and looking down at a small glass cup of coffee. To her left, another person is holding a similar cup. In the background, a person in a bright green jacket is visible. The table is set with several glass cups of coffee, some with foam and sprinkles. The overall atmosphere is warm and social.

Business Performance

Key Highlights



Significant increase in Share Price and Market Capitalisation in the quarter

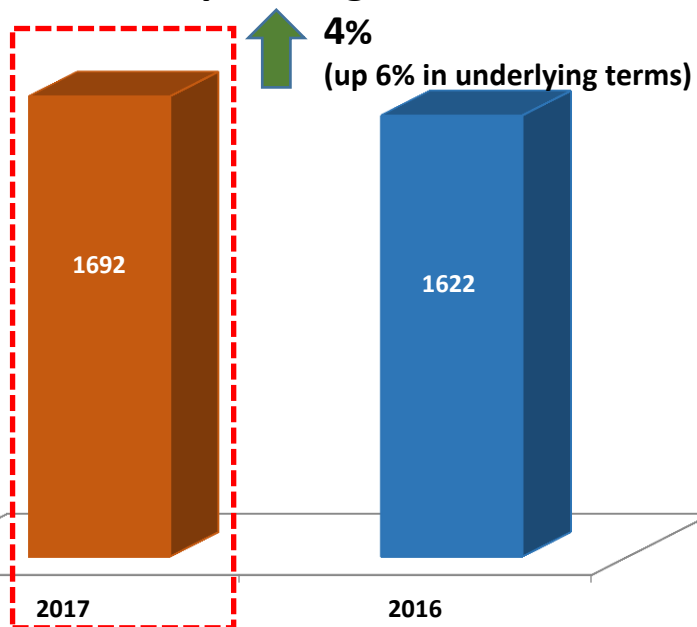
- **Operating Income for the quarter increased by 6% in underlying terms**
 - Strong performance in India
 - Good performance in developed markets despite retailer pressures and decline in black tea category
- **Good improvement in Profit before Exceptional Items and Group Net Profit**
 - Good cost management
 - Lower finance cost
- **Commodity costs**
 - Softness in India tea prices
 - International tea prices impacted due to Brexit
 - Coffee prices volatile
- **Currency Markets**
 - Brexit impact
- **Increased focus on under performing businesses**
 - Exit from China & restructuring of Russian operations



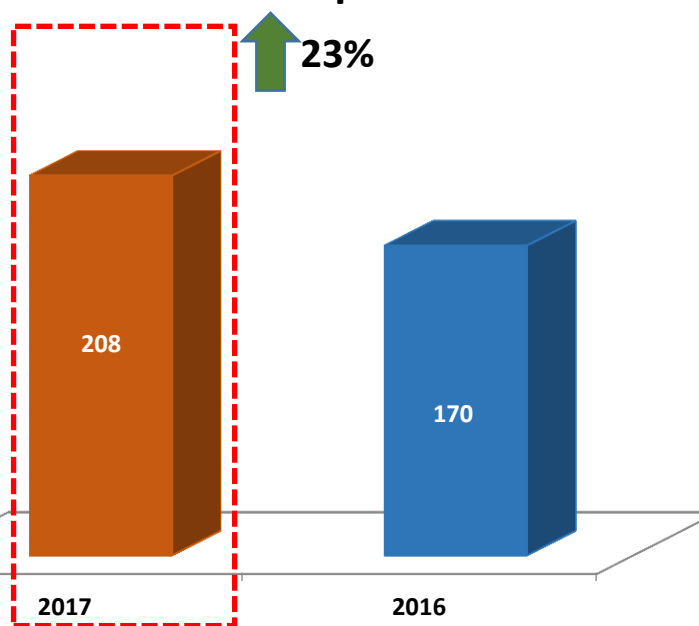
Snapshot of Financials – Q2



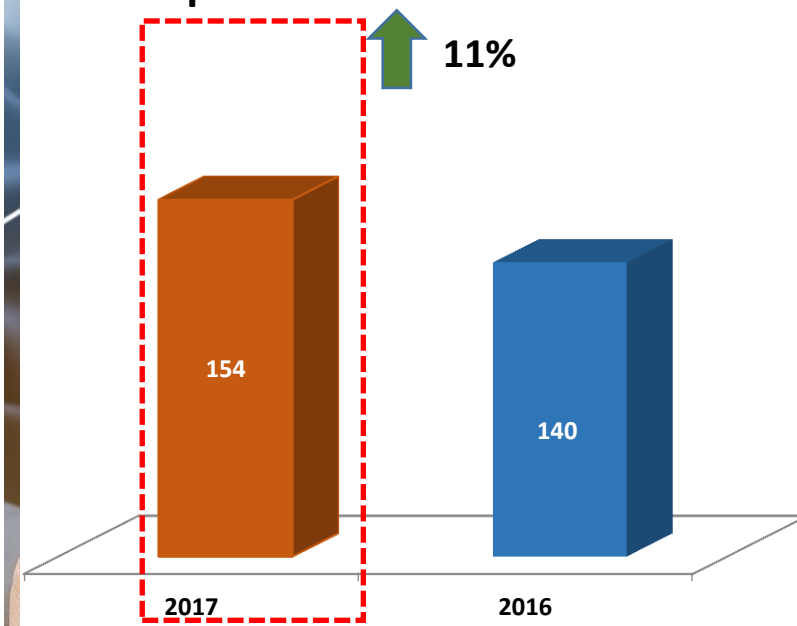
Total Operating Income



Profit before Exceptional Items



Group Consolidated Net Profit

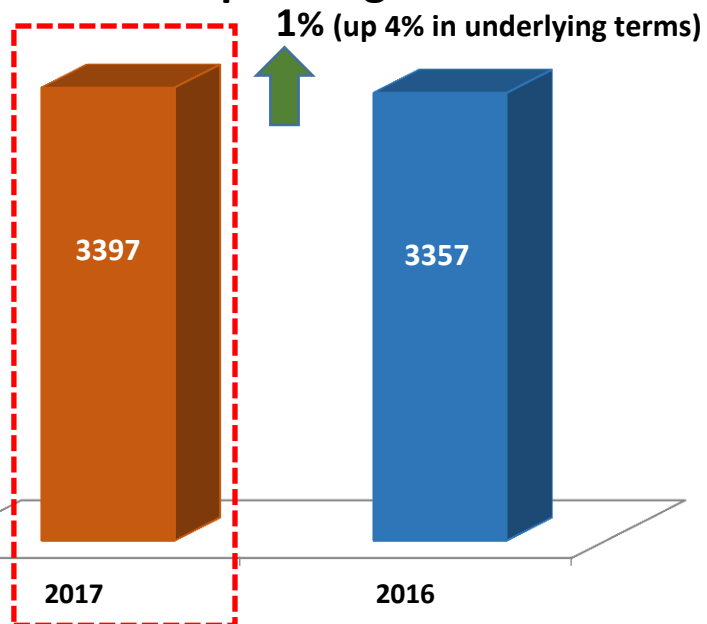


Strong performance in Quarter 2

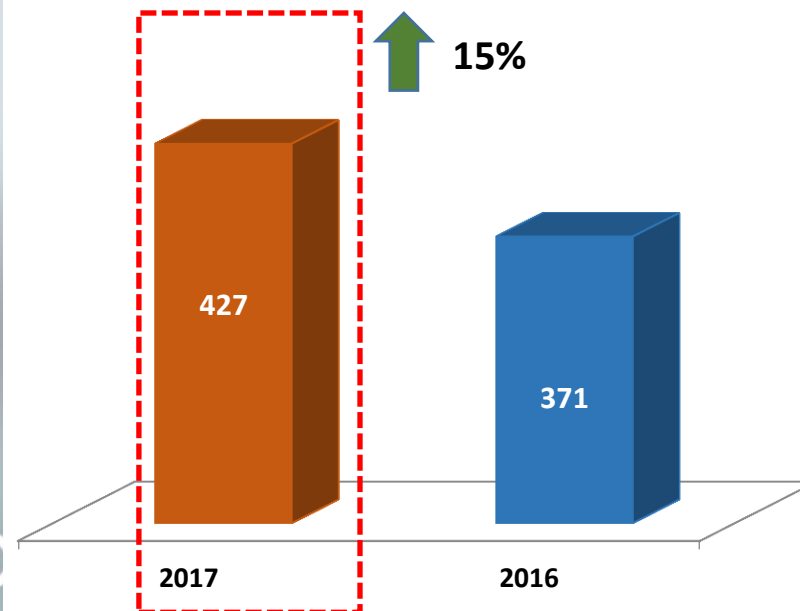
Snapshot of Financials – H1



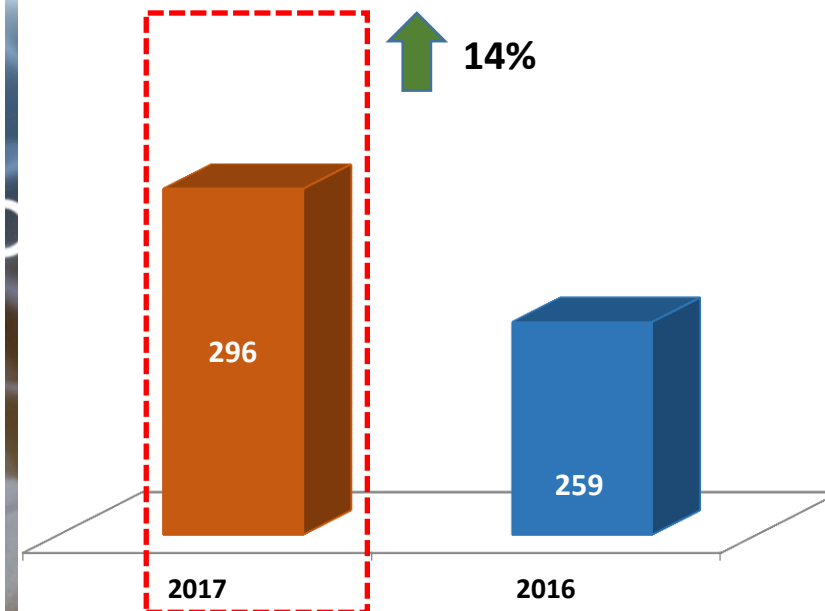
Total Operating Income



Profit before Exceptional Items



Group Consolidated Net Profit



Strong performance in H1

Performance Update – Branded Business

INDIA



- Sales improvement for quarter and year to date
 - Supported by a good volume growth in later half of Q2, post transition to GST
- Continue to maintain Volume and Value leadership
- Benefit of commodity cost
- Continued investment behind **Jaago Re Version 2** campaign
- Various new launches –
 - **Tata Cha** – Out of Home (OOH) initiative - Pilot launch of its tea café in Bangalore in November
 - **Fruski** - Tea based ready to drink beverage – pilot launch during the period
 - **Tata Tea Elaichi** - Growth continuing at a robust pace
 - **Tata Coffee Grand** – Focus on core markets reflecting growth in market shares
 - New Hot Tea shop (HTS) variant and Roast and Ground Bags adding to the topline



Performance Update – Branded Business

UK



- **UK grows** market shares predominantly in non black tea category, despite
 - Category decline in everyday black tea
 - Continuing competitor intensity
- **Green Tea** continues to grow with improvement in Super Greens Tea
- Multimedia campaign of Tetley Supers with a focus on “Beauty” and “Immune” variant
- **Tetley Indulgence Range** launched during the period
- Topline growth in **Teapigs** – our super premium tea brand
- **Focus on improving customer engagement and collaborations** - Reflected through Advantage Group Trade Attitude Survey



Performance Update – Branded Business

US

- Strong topline improvement in **Branded Coffee** for Quarter 2
- Benefits of Keurig K-cup direct sales
- **Recent Launches –**
 - **New Infusions range** – Super Spice, B6 Metabolism, Acai Glow – Sales gathering pace
 - **Limited Addition** – Pumpkin Spice
- Improved performance in Tetley Super



CANADA

- Topline performance improves
- Continue to maintain volume and value leadership
- New launches during the period
 - Tetley RTD in 3 flavours - **Lemon Ginger; Orange Blossom Peach Mango; Hibiscus Pomegranate Berry**
 - **Tetley pink pack launched to support Canadian Cancer Society** - Favorable reviews from customers

Rest of EMEA

- Stable performance in European markets



Performance Update – Non Branded Business



Tata Coffee

- Performance impacted by lower sales both in ICD and plantation

Instant Tea

- Instant tea business reflects a stable performance

Associate (APPL, KDHPC and EMSPL)

- Good performance across all associates driven by higher volumes and improved realizations.



Performance Update – Incubatory Businesses



Starbucks

**Opens its 100th store
on its fifth anniversary
in India**



- Strong Topline Growth and store-level profitability
- Growth in new stores and new formats to continue
- Aims to increase diversity and boost the proportion of women in its workforce to 40% women by 2022
- Tata Starbucks poised to enter its 7th city, Kolkata in early 2018

Performance Update – Incubatory Businesses

NourishCo

- Double digit growth continues for Tata Gluco Plus & Himalayan
- Recorded profit at operating level
- Himalayan demonstrated good growth in traditional trade, e-commerce and key accounts
- **Recent Launches** - Himalayan Sparkling, Flavoured Himalayan and Tata Gluco Plus new variants (Jeera and Rose) launched during the period



Middle East

- Good Topline growth
 - Both in Tetley and Tata Tea Brands
- Loose Tea introduced under Tetley portfolio – Strong and Gold variants



Bangladesh

- Improvement in topline driven by volumes

Focus on Strategic Priorities remains.....



- Continued investment behind building core brands through **Jaago Re** campaign
- Market Share gain in UK, across most categories
- **Coffee** - Renegotiation of Keurig Contract

**Base Business
Rejuvenation**

- **Tata Coffee** - Tata Coffee infused in aggregate an amount of USD 6 Million for green field freeze dried instant coffee facility in Vietnam
- **Tata Starbucks** opens its 100th store in Mumbai
- **Tata Cha** – Out of Home (OOH) initiative - Pilot launch of its tea café in Bangalore in November
- **Himalayan** - Entry into US market

Invest for Growth

- **China JV Sale** – Exit Completed in July 2017
- **Russia** – Restructuring completed on 3rd November 2017
- Cost Charters

**Drive Operational
Efficiency**

Tata Global Beverages participates as part of the “One Tata” pavilion at World Food India



40000	3	9	2000+
SQ. M. EXHIBITION SPACE	DAYS	SEMINARS	PARTICIPANTS
400+	20+	26	50+
EXHIBITORS	COUNTRIES	STATES	GLOBAL CEOS



THEME – Transforming the food economy

- The **largest ever gathering** of investors, manufacturers, producers, food processors, policy makers, and organizations from the global F&B ecosystem
- Opportunities for **investment and trade** in the F&B processing sector for Indian and International companies
- Encompassing the entire F&B spectrum from **production to consumption**

A close-up photograph of a young woman with long brown hair, smiling broadly and showing her teeth. She is holding a large white ceramic mug with both hands, framing her face. She is wearing a white t-shirt. The background is a plain, light-colored wall.

Financial Overview

Financial Overview – Operating Performance



Sixth consecutive quarter of operating profit growth

Quarter 2 highlights -

Operating income higher by 4% (6% in underlying currency)

- Growth in India Tea Brands
- Improved performance in US branded coffee

Partly Offset by

- Underperformance in Non Branded Operations

Group Profit before exceptional items improves by 23% (24% in underlying currency)

- Good Cost management
- Lower finance costs

Partly offset by

- Increase in commodity cost driven by US coffee and tea cost in UK

Group consolidated net profits significantly higher by 11%



Financial Highlights - PL



Quarter ended Sep 30, 2017			Particulars	Year to date Sep 30, 2017		
Actual	PY	Variance	(In Rs crores)	Actual	PY	Variance
1692	1622	70	Revenue from operations	3397	3357	40
1508	1464	44	Total Expenses	2997	2997	0
184	158	26	Operating Profit	400	360	40
34	35	(1)	Other Income	48	56	(8)
(10)	(23)	13	Finance Cost	(21)	(45)	24
208	170	38	Profit Before Exceptional Items	427	371	56
(12)	-	(12)	Exceptional Items	(7)	(1)	(6)
196	170	26	Profit Before Tax	420	370	50
(73)	(62)	(11)	Tax	(154)	(136)	(18)
123	108	15	Profit After Tax	266	234	32
31	32	(1)	Share of Profit from JVs & Associates	30	25	5
154	140	14	Consolidated Group Net Profit	296	259	37
144	127	17	Attributable to owners of the parent	268	230	38
2.28	2.01		Earning Per Share (not annualised) (Rs)	4.25	3.65	

Financial Highlights - OCI



Quarter ended Sep 30, 2017			Particulars	Year to date Sep 30, 2017		
Actual	PY	Variance	(In Rs crores)	Actual	PY	Variance
154	140	14	Consolidated Group Net Profit	296	259	37
43	106	(63)	<i>Changes in Fair Value of Equity Instruments</i>	52	174	(122)
164	(245)	409	<i>Exchange difference on translation of foreign operations</i>	275	(489)	764
2	(33)	35	<i>Others</i>	8	(6)	14
209	(172)	381	Other Comprehensive Income	335	(321)	656
363	(32)	395	Total Comprehensive income	631	(62)	693

➤ Other comprehensive income

- Changes in fair value of equity investment mainly reflects the increases in quoted share prices.
- Exchange difference reflects the impact of currency translation mainly on account of Brexit for our overseas subsidiaries in UK in the PY. Increase in sterling from March, hence the favourable currency translation for the current year.
- Others primarily represent actuarial gain / loss on retirement benefits and cash flow hedges

Region-wise Revenue from Operations



Quarter ended Sep 30, 2017			Particulars (In Rs Crores)	Year ended Sep 30, 2017		
Actual	PY	Variance		Actual	PY	Variance
415	337	78	CAA	807	706	101
362	395	(33)	EMEA*	678	777	(99)
727	691	36	India Brands	1519	1450	69
1504	1423	81	Total Brands	3004	2933	71
198	212	(14)	Total Non Branded Operations	408	449	(41)
(10)	(13)	3	Others and Eliminations	(15)	(25)	10
1692	1622	70	TOTAL OPERATING INCOME	3397	3357	40

* Impacted by currency volatility due to Brexit.

Segment – YTD



Particulars	Segment Revenue		Segment Results		Capital Employed	
(In Rs Crores)	Sep 17	Sep 16	Sep 17	Sep 16	Sep 17	Sep 16
Branded Business						
Tea	2454	2381	349	321	3641	3308
Coffee	540	557	91	99	1613	1693
Others	18	14	(5)	(8)	27	16
Total Branded Business	3012	2953	435	412	5282	5018
Non Branded Business	407	435	46	58	950	748
Less: Inter-segment Revenue	(22)	(32)				
Un-allocable items			(61)	(101)	1376	1097
Total	3397	3357	420	370	7608	6862

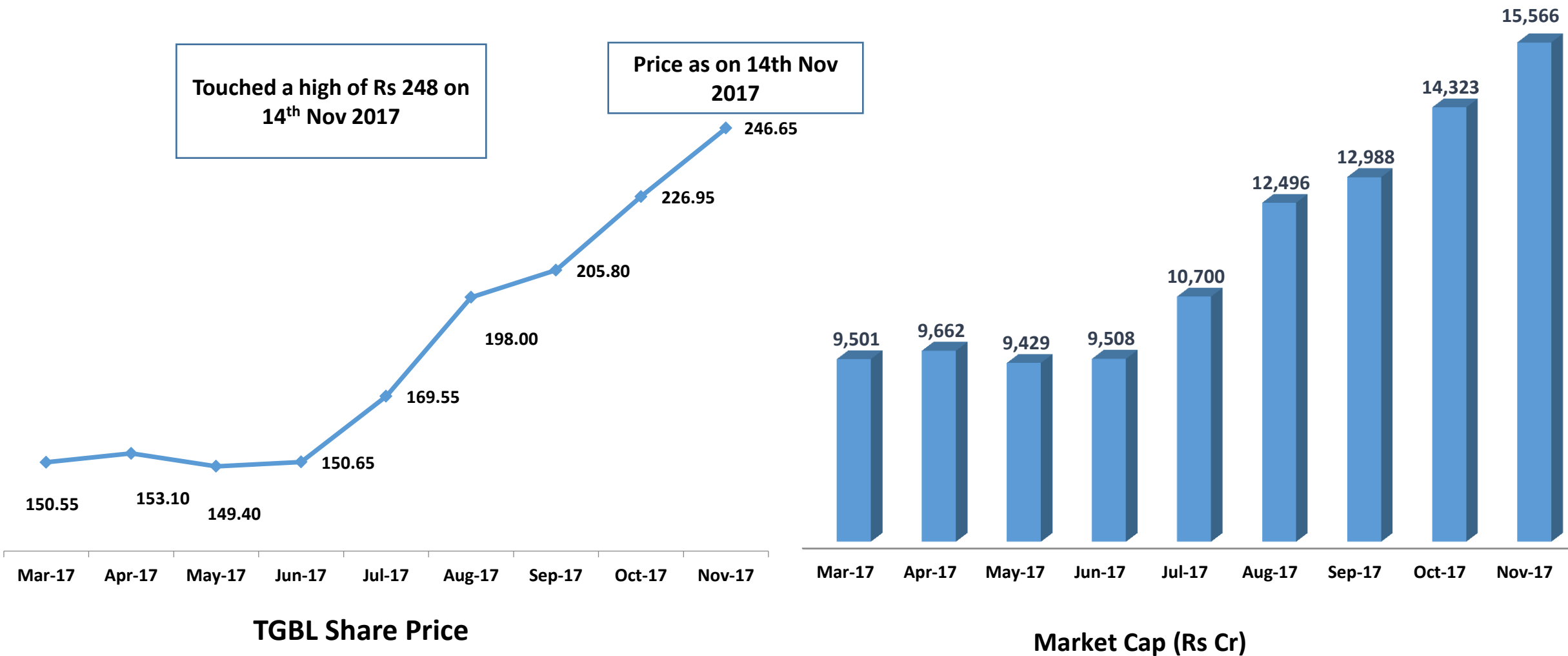
- The group has organised it's business into Branded Segment and Non Branded Segment.
- Branded Segment is further sub-categorised as Branded Tea, Branded Coffee and the residual as Branded Others.

Balance Sheet



Details (Rs cr)	30-Sep-17	31-Mar-17
<u>Assets</u>		
Non Current Assets		
Goodwill	3666	3498
Other non Current Assets	2253	2736
Net Working Capital	771	780
Cash & Cash Equivalent	1669	1018
Asset on Disposal group (net)	75	26
Total Assets	8434	8058
<u>Equities & Liabilities</u>		
Total Equity	7607	7185
Non Current Liabilities	827	873
Total Liabilities	8434	8058

Share Performance & Market Capitalisation





Thank you