

TATA GLOBAL BEVERAGES

Analyst Presentation

Quarter 3 2011-12

Agenda

- Financial highlights
- Macro Environment
- Operating performance
- Financial review

Financial Highlights for the Quarter

Group **income** up 12% against prior period at Rs 1802 crores.

Profit before exceptional items at **Rs 157 crores** higher than previous year due to saving in interest costs. Improved operating performance in most segments keep **EBIT flat to PY** despite increased competitive intensity and firm commodity costs.

PBT at **Rs 141** crores impacted due to exceptional items.

PAT marginally ahead of prior year due to savings in tax.

Macro Environment

- Volatile exchange market
 - USD strengthens against most currencies
 - Resultant favourable translation impact
- Commodity costs continues to harden
 - Tea prices remains firm in most markets
 - Coffee prices reduce from an earlier high but still higher than prior year
- Interest rate softness continues
 - Company gains by restructuring high cost debts
- Continuing competitive intensity



Operating Performance Highlights

- Strong performance in **India** continues – volume and profitability growth. Continue volume and value market leadership.
- **US** coffee performance impacted by higher trade spends (to secure volume growth) and significantly higher green coffee costs.
- **Canada** continues market leadership –New product launched in prior quarters gain distribution.
- **UK** topline growth achieved, signifying reversal of earlier trend. Higher A&P spend due to competitive intensity and phasing of promotions impacts profitability.
 - Market leadership in Redbush / Decaf teas
- Good coffee performance continues in **Russia**
- Improved performance in **Instant Coffee Units** in India

Operating Performance Highlights

- South Asia
 - 11% Top line growth for the quarter over previous year, with portfolio growth.
 - Maintained MAT market value and volume leadership with 21.3%¹ and 19.5%¹ , respectively
 - Restage of Tata Tea Premium in the quarter
 - “Soch Badlo” campaign launched in November to celebrate 25 years of the brand



Operating Performance Highlights

- Canada, America and Australia (CAA)

Canada

- [Tetley](#) continues to be volume and value leader for Black and specialty teas in the Canada, driven by aggressive innovation.
- New blends/products launched in earlier months (dark chocolate vanilla bean Perk and Green Pomegranate 80s). gaining distribution.



US

- Top line growth for coffee business - price increases taken in earlier quarters improves performance.
- Higher commodity cost and increased merchandising costs erode margins.

Australia

- New lines (Fruit and Herbal. Decaff green) accepted for listing in major retailers. Strong performances in Extra Strong, Green and New Chai range



Operating Performance Highlights

- UK, Europe, Middle East & Africa (EMEA)

- Top line growth achieved during the quarter.
- Strong performance leads to market leadership as no:1 brand for [Tetley](#) Decaff and Tetley Redbush. Green tea volume growth year on year
- Teapigs brand of super premium teas continues to grow with distribution gains.
- South Africa performance improves over prior year.
- Improved coffee performance in Russia. Continued focus on distribution with increased listing in key accounts.
- Recovery in Tetley brand in Poland continues. Tetley has gained 0.4ppts in volume share and is now at 3.4%



Operating Performance Highlights

- Non Branded Operations
 - Higher realisations in coffee plantations and extractions drive better results in Tata Coffee Limited.
 - India and US instant tea operations stable. China JV has commenced operations.



Financial Review

Group Financial Review

Rs Crores

Q3 ending December			Particulars	YTD ending December		
Actual	PY	Variance		Actual	PY	Variance
1802	1606	196	Total Operating Income	4898	4437	461
157	160	(3)	EBIT	363	376	(13)
4	3	1	Investment Income	29	28	1
(4)	(15)	11	Interest Expense (Net)	(8)	(41)	33
157	148	9	Profit Before Exceptional Items	384	364	21
(16)	-	(16)	Exceptional Items	62	(46)	108
141	147	(6)	Profit Before Tax	447	317	129
(59)	(68)	8	Tax	(113)	(138)	26
82	80	2	Profit After Tax	334	179	155
1	18	(17)	Share of Profit from Associates	5	31	(26)
(18)	(26)	7	Minority Interest in consolidated profit	(36)	(41)	5
64	72	(8)	Consolidated Group Profit	302	169	134

Region wise Operating Income

Q3 Ending Dec 31			Particulars (In Rs Crores)	YTD Ending Dec 31		
Actual	PY	Variance		Actual	PY	Variance
BRANDS						
371	339	32	USA	1017	925	92
141	135	6	Canada ,South America & Australia	342	348	(6)
512	474	38	CAA	1359	1273	86
407	354	53	GB & Africa	1040	954	85
237	202	35	Europe & Middle East	573	521	51
644	556	88	EMEA	1612	1476	136
496	446	50	South Asia Brands	1445	1281	165
8	6	2	Other Beverages	19	17	3
1660	1481	178	Total Brands	4436	4046	390
139	112	28	Total Non Branded Operations	425	357	68
3	13	(10)	Other and Eliminations	37	34	(3)
1802	1606	196	TOTAL OPERATING INCOME	4898	4437	455

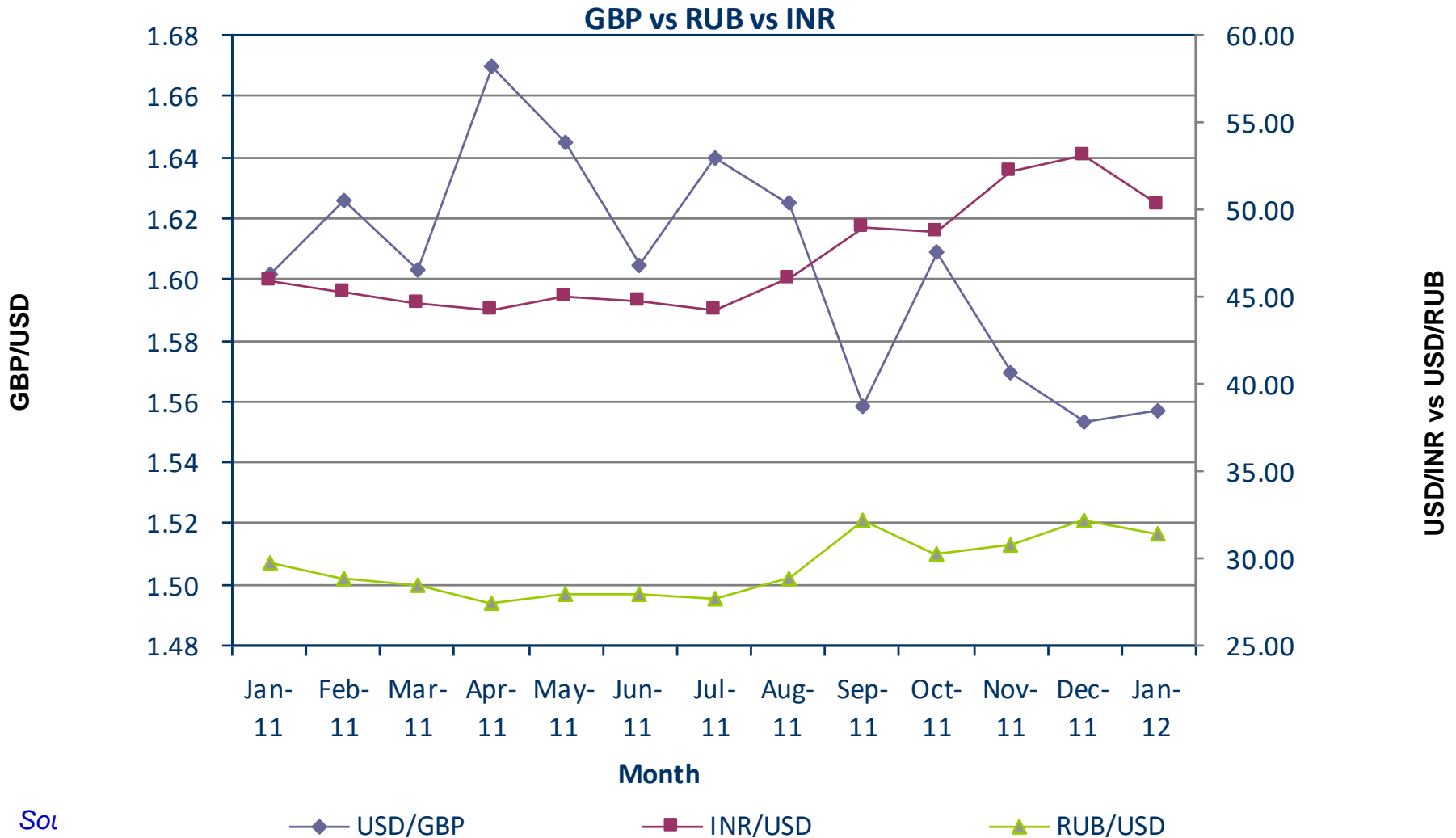
Exceptional Items

Rs. Crs Q3 2011	Rs. Crs Q3 2010	Item	Rs. Crs YTD DEC 2011	Rs. Crs YTD DEC 2010
-	7	Un-realised Exchange Variance on \$ deposits/options	-	(3)
-	-	Profit on sale of Non Core Investments	137	-
(16)	(7)	Other Costs	(75)	(43)
(16)	-	Exceptional Items	62	(46)

Other Cost				
(2)	(2)	Redundancy Costs relating to business restructure	(20)	(11)
-	(5)	Other costs/Restructure	(7)	(12)
-	-	Future payment under contractual obligation	(20)	-
-	-	Provision for settlement of claims	(6)	-
-	-	Estimated Loss on discard of assets	(4)	-
(14)	-	Costs relating to long term initiatives and new projects	(18)	-
-	-	Employee Separation Costs	-	(20)
(16)	(7)	Total	(75)	(43)

Thank You

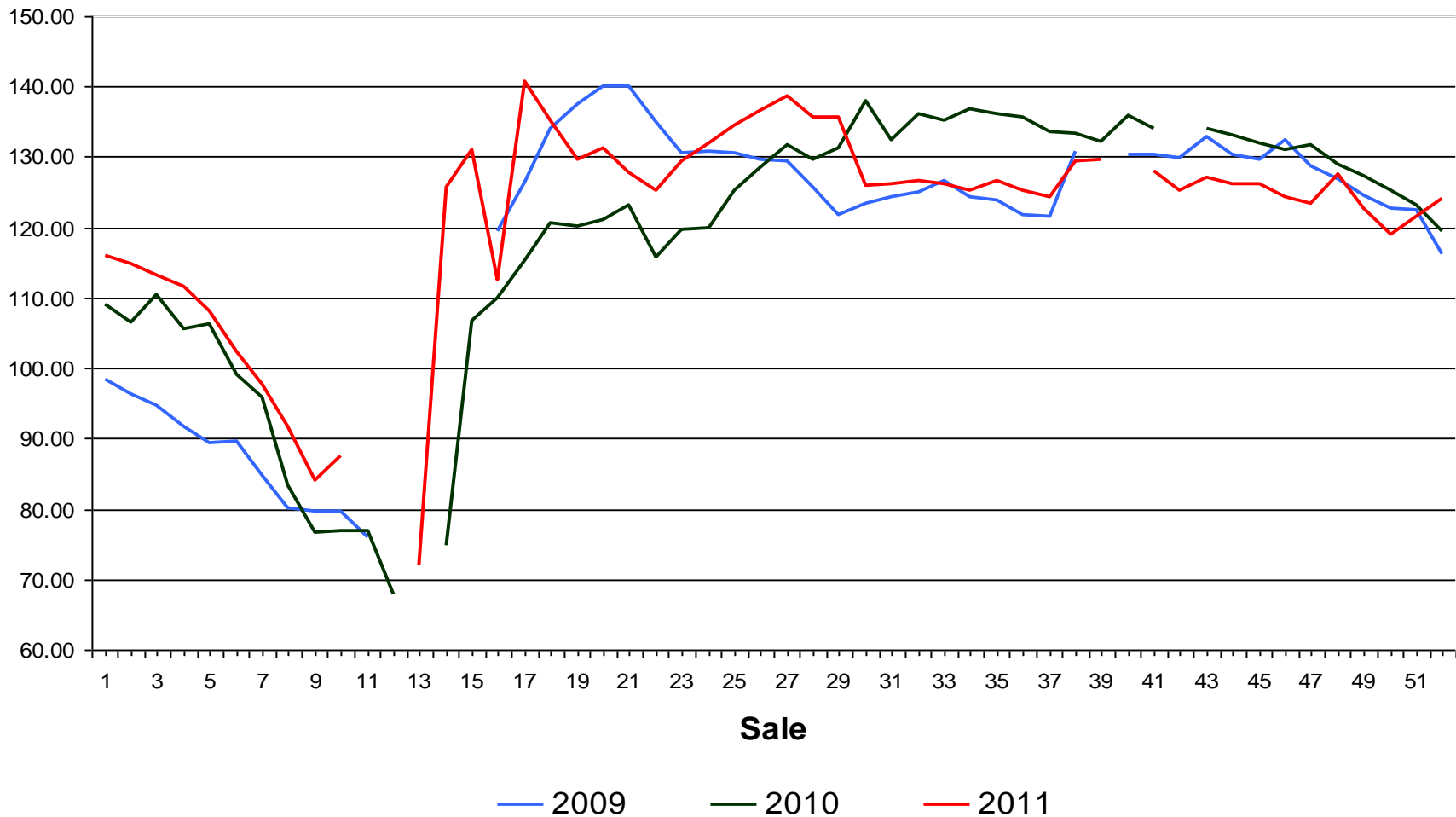
Currency Movements



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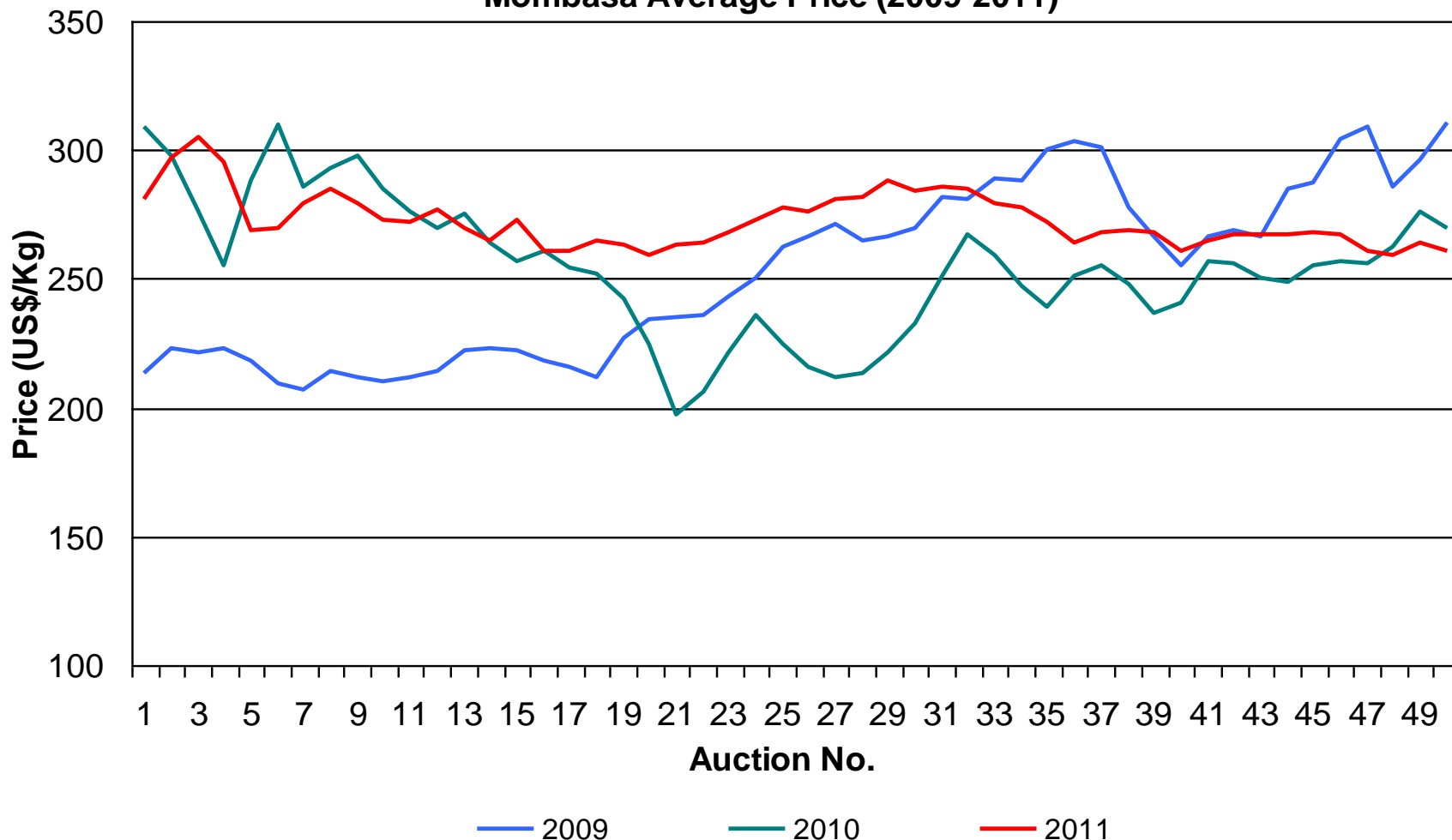
Commodity Cost Trends - Tea

Average Kolkata Price 09-11



Commodity Cost Trends - Tea

Mombasa Average Price (2009-2011)



Commodity Costs Trends - Coffee

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THANK YOU

Investment behind brands in Canada

Investment behind brands in UK – Tetley Extra Strong



Investment behind brands in UK – Green Tea