



TATA GLOBAL BEVERAGES

Analysts' Meet Quarter 2 Results

July to Sept 2012





Agenda

- **Summary Financials**
- **Macro Environment**
- **Operating Performance Highlights**
 - **Core Business**
 - **New Ventures**
- **Financial Review**





2012-13 Quarter 2 Consolidated Financials

- Group income at Rs 1861 crores higher by 14% reflecting favourable translation impact and improved performance in some major markets.
- EBIT at Rs 136 crores higher by 21%, reflecting
 - Improvement in operating performance in some markets
 - Favourable impact of fx translation
- Profit before exceptional items at Rs 159 crores improves by 23% due to improved operating performance and reduction in finance costs.
- PAT at Rs 128 crores improve by 64% mainly due to the lower tax charge during the quarter. Exceptional items include profit on sale of non core investments which does not attract tax.



Macro Environment

- ☛ Volatile exchange market
 - USD remains strong
 - Favourable translation impact
- ☛ Commodity costs showing varying trend
 - Tea prices volatile, particularly in India
 - Coffee prices reduce from earlier highs
- ☛ Interest rates
 - Softness continues in short term rates
- ☛ Continuing competitive intensity.
- ☛ Continuing recessionary environment in developed markets.





Operating Performance Highlights

- ☛ U.K. : Improved marketshare, despite decline in black tea market
 - Market leadership in Redbush / Decaff teas continues
 - Strong performance in green tea – maintain No. 2 position
 - Significant growth in Tea Pigs, our premium brand
- ☛ Russia : Good coffee performance, business takes full control of Grand
- ☛ Australia : Improvement both on topline and bottomline
- ☛ USA : Significant improvement in profitability of Eight O’Clock Coffee, Launch of K-Cups
- ☛ Canada : market leadership continues to remain strong, despite sales shortfall
- ☛ India : strong branded tea topline sales performance – volume & value market leadership
- ☛ India : excellent topline & bottomline performance by Tata Coffee
- ☛ India : Spectacular launch of “Starbucks – a Tata Alliance”
- ☛ India : Tata Gluco Plus and Tata Water Plus make good progress
- ☛ Cost interventions : favourable impact during the quarter



Core Business



Operating Performance Highlights – South Asia

- 10% Top line growth with good volume and value increases
 - Commodity cost increases were partly recovered through pricing during the quarter
- Maintained market volume and value leadership with 19.9%^ and 21.5%^ respectively
- New “baddi patti chotti patti” (big leaf, small leaf) marketing campaign supported topline improvement.



^ AC nielsen MAT – September 12

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Operating Performance Highlights – CAA

Australia

- All round improvement in performance – topline and bottomline
- Chai Latte continues to perform brilliantly
- Strong performance of fruit and herbal teas
- New retailer progress – first orders are in

USA

- Significantly improved profitability of Eight O'Clock Coffee
- Partnership with Keurig for K-Cups kicks off.

Canada

- Strong innovation agenda- 6 new variants launched (mocktails, green tea plus)
- Tata Tea brand increases retail listing
- New Tetley master-brand hot tea advertisement on air – teas that care for mind, body and spirit.
- Tassimo/ Kraft – Single serve brewing machines – agreement finalised





Operating Performance Highlights – EMEA

United Kingdom

- Market share gains
- Market leadership in decaff / redbush tea
- Continued strong growth in green tea
- New master brand campaign : “Make time, Make Tetley” with 360-degree support, including new pack design
- Tea Pigs grows by a handsome 45%



Rest of Europe

- Grand acquisition completed – integration of Grand Business underway.
- Strong coffee performance in Russia. Launch of Grand Melange Range of Coffees in Russia.
- Recovery of Tetley brand continues in Poland



Operating Performance Highlights – Non Branded Business

- ☛ Tata Coffee registers a handsome increase in turnover and profits, aided by higher realisation in coffee plantations and improved Instant Coffee performance
- ☛ Instant Coffee performance at an all time high
- ☛ India and US instant tea operation stable





New Ventures



Starbucks Coffee - a Tata alliance

- Inaugural flagship store, branded 'Starbucks Coffee – a Tata alliance' – launched at Hornimann Circle, Mumbai
- Spectacular launch, featuring Ratan Tata and Howard Schultz
- Excellent post-launch performance and reviews in media
- Store uses India roasted coffees from Tata Coffee, for all its espressos
- Store will also be offering Tata Tazo teas and Himalayan water
- Two more stores launched since, in Mumbai.



Water Portfolio

Tata Gluco Plus

- Makes significant gains
- Now available in two flavours – lemon and orange
- Cumulative volumes cross 1 million cases

Tata Water Plus

- Becomes second largest selling bottled water in Chennai city

Himalayan water

- Bags several new accounts in “On Premise” channels
- Now served in all key cafe chains in India

Activate

- Brand has grown significantly compared to previous year. Brand proposition appears to be working well.
- Significant distribution gains. Retail chains express keen interest in stocking product.





Key Challenges

- Volatile Commodity Costs
- Continuing Economic Slowdown in Europe
- Strong Competitor Activity



TATA GLOBAL BEVERAGES

Financial Review





Group Financial Review

| Quarter ending Sept | | | Particulars | Half Year ending September | | |
|---------------------|------|----------|--|----------------------------|------|----------|
| Actual | PY | Variance | (In Rs crores) | Actual | PY | Variance |
| 1861 | 1629 | 232 | Total Operating Income | 3586 | 3096 | 490 |
| 136 | 112 | 24 | EBIT | 292 | 207 | 85 |
| 34 | 36 | (2) | Other Income | 53 | 54 | (1) |
| (11) | (19) | 8 | Finance Cost | (32) | (33) | 1 |
| 159 | 129 | 30 | Profit Before Exceptional Items | 313 | 228 | 85 |
| (11) | (11) | - | Exceptional Items | (17) | 78 | (95) |
| 148 | 118 | 30 | Profit Before Tax | 296 | 306 | (10) |
| (20) | (40) | 20 | Tax | (69) | (54) | (15) |
| 128 | 78 | 50 | Profit After Tax | 227 | 252 | (25) |
| 12 | 9 | 3 | Share of Profit from Associates | 5 | 4 | 1 |
| (21) | (10) | (11) | Minority Interest in consolidated profit | (35) | (18) | (17) |
| 119 | 77 | 42 | Consolidated Group Profit | 197 | 238 | (41) |



Regionwise Income from Operations

| Quarter Ending Sep | | | Particulars (In Rs Crores) | Half Year Ending Sep | | |
|--------------------|------|----------|-----------------------------------|----------------------|------|----------|
| Actual | PY | Variance | | Actual | PY | Variance |
| BRANDS | | | | | | |
| 393 | 359 | 34 | USA | 738 | 645 | 93 |
| 154 | 106 | 48 | Canada ,South America & Australia | 243 | 201 | 42 |
| 547 | 465 | 82 | CAA | 981 | 846 | 135 |
| 403 | 348 | 55 | GB & Africa | 779 | 633 | 146 |
| 174 | 176 | (2) | Europe & Middle East | 349 | 336 | 13 |
| 577 | 524 | 53 | EMEA | 1128 | 969 | 159 |
| 516 | 469 | 47 | South Asia Brands | 1053 | 949 | 104 |
| 10 | 6 | 4 | Other Beverages | 22 | 11 | 11 |
| 1650 | 1464 | 186 | Total Brands | 3184 | 2775 | 409 |
| 191 | 148 | 43 | Total Non Branded Operations | 364 | 286 | 78 |
| 20 | 17 | 3 | Other and Eliminations | 38 | 35 | 3 |
| 1861 | 1629 | 232 | TOTAL OPERATING INCOME | 3586 | 3096 | 490 |



Balance Sheet

| Particulars (In Rs Crores) | Sept 2012 | March 2012 |
|-------------------------------|--------------|---------------|
| SOURCES OF FUNDS | | |
| Shareholder's Funds | 5970 | 5631 |
| Loans | 1388 | 916 |
| Other Non Current Liabilities | 349 | 330 |
| Deferred Tax (net) | 58 | 66 |
| TOTAL | 7765 | 6943 |
| APPLICATION OF FUNDS | | |
| Fixed Assets: | | |
| Goodwill | 3655 | 3469 |
| Others | 846 | 824 |
| Investments : | | |
| Long Term | 525 | 474 |
| Current | 77 | 93 |
| Cash & Other Deposits | 1454 | 1408 |
| Net Operating Working Capital | 1132 | 610 |
| Other Non Current Assets | 76 | 65 |
| TOTAL | 7765 | 6943 |
| NET CASH POSITION | +143 | +585 |



THANK YOU



TATA GLOBAL BEVERAGES

