

TATA GLOBAL BEVERAGES

Analyst Presentation

Quarter 2 2011-12

Agenda

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

Financial Highlights for the Quarter

Group **income** up 12% against prior year at Rs 1630 crores.

EBIT at Rs 113 crores improves prior year

Significant reduction in **Interest costs** and **Exceptional items**

PAT at Rs 78 crores is significantly ahead of prior year

Macro Environment

- Volatile exchange market
 - USD strengthens against most currencies
- Commodity costs continue to be high
 - Tea prices increase in most markets
 - Coffee prices reduce from an earlier high but still higher than prior year and budget
- Interest rate softness continues
 - Company gains by restructuring high cost debts
- Continuing competitive intensity



Operating Performance Highlights

- Strong performance in **India** – volume and profitability growth. Achieved value market leadership.
- **US** coffee performance impacted by higher trade spends and significantly higher green coffee costs.
- **Canada** continues market leadership –in black and Specialty Tea Segment. New product agenda led by Chai blends (dark chocolate & vanilla bean) & Perk
- Restructuring of broker arrangement completed in **Australia**. Specialities and Chai Latte launched
- **UK** performance impacted due to phasing of promotions and competitive intensity. However strong performance in specialty category. Market leadership in Green Tea and Redbush.
- Good coffee performance in **Russia**

Operating Performance Highlights

- South Asia

- 14% Top line growth over previous year, with portfolio growth.
- Achieved market value leadership with MAT 21.5%¹ and maintained volume leadership with MAT 19.7%¹
- Price increases triggered in some Brands.
- Campaigns for [Tata Tea Premium](#), [Tata Tea Gold](#) and KD and On-pack promotion for Tata Tea Gold /Tata Tea Agni drive performance.
- Launch of new Tetley Green Tea Flavours – Cinnamon, Honey and Citrus Spice and Alo Vera



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 developed and launched with good success at listing products with trade. - New Chai blends, Dark chocolate vanilla bean, Perk high caffeine- orange pekoe, Green Pomegranate.

US

- Coffee sales show recovery from Q1. Higher commodity costs and merchandising erode margins.
- Good Earth performance improves with distribution gains. Tetley sales also on track with ethnic brands of Tetley growing.

Australia

- Restructuring of broker arrangement completed in Australia. Specialities and Chai Latte launched



Operating Performance Highlights

- UK, Europe, Middle East & Africa (EMEA)
 - Tetley brand investment begins to impact brand health metrics.
 - Strong performance leads to market leadership as no:1 brand for Tetley Green and Tetley Redbush.
 - Teapigs brand of super premium teas continues to grow with distribution gains.
 - South Africa performance improves over prior year.
 - Improved coffee performance in Russia.
 - Recovery in Tetley brand in Poland continues



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 yet to commence operations despite shipment of 1st container.



Financial Review

Group Financial Review

Q2 Ending September			Rs Crores	YTD Ending September		
2011/12	2010/11	Variance		2011/12	2010/11	Variance
1630	1454	176	Total Operating Income	3097	2831	266
113	104	9	EBIT	206	217	(11)
19	21	(2)	Investment Income	25	25	-
(3)	(14)	11	Interest Expense (Net)	(4)	(26)	22
129	111	18	Profit Before Exceptional Items	228	216	12
(11)	(32)	21	Exceptional Items	78	(46)	124
118	78	40	Profit Before Tax	306	170	136
(40)	(38)	(2)	Tax	(54)	(71)	17
78	40	38	Profit After Tax	252	99	153
9	20	(11)	Share of loss from Associates	4	13	(9)
(10)	(9)	(1)	Minority Interest in consolidated profit	(18)	(15)	(3)
77	52	25	Group Net Profit	238	97	141

Region wise operating income

Rs Crores

Q2 Ending Sept 30		Particulars	YTD Ending Sept 30	
Actual	PY		Actual	PY
Branded Operations				
360	277	USA	645	586
106	121	Canada & Australia	201	213
466	398	CAA	846	799
348	333	GB & Africa	633	600
176	165	Europe & Middle East	336	320
524	499	EMEA	969	920
469	409	South Asia Brands	949	835
6	6	Nourishco & Alliances	11	11
1465	1311	Total Brands	2775	2565
Non Branded Operations				
73	54	Plantations	138	110
75	74	Extractions	148	135
148	128	Total Non Branded Operations	286	245
16	14	Other and Eliminations	36	21
1630	1454	TOTAL OPERATING INCOME	3097	2831

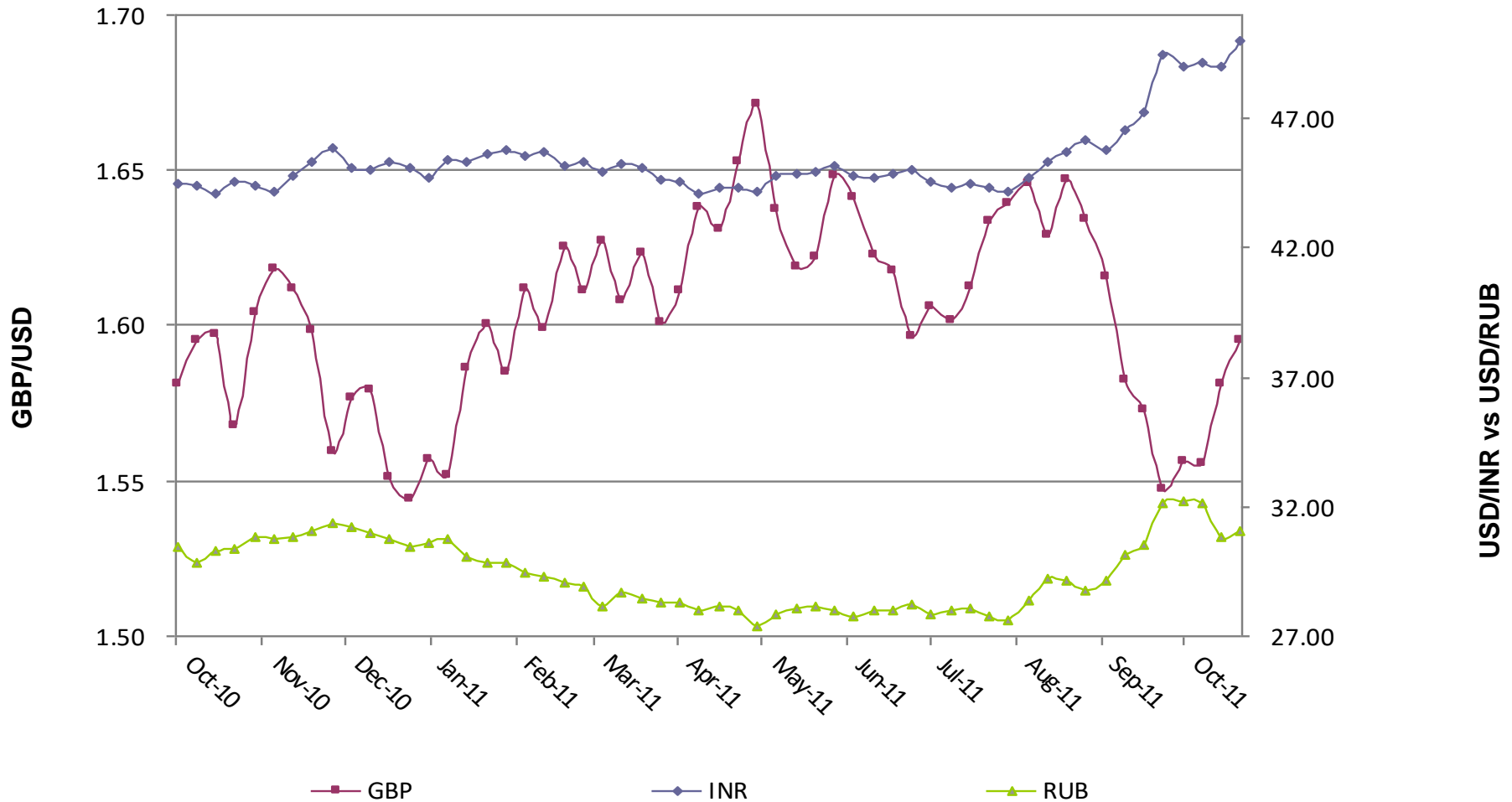
Balance Sheet

Rs Crores	Sept ' 11 -12	Sept' 10-11
Sources of Funds		
Shareholders Funds	5602	5047
Loans	1099	1712
Deferred Tax	64	68
Total	6765	6827
Application of Funds		
Fixed Assets		
Goodwill	3250	3018
Others	787	758
Investments		
Long term	543	478
Current	60	51
Cash and Other Deposits	1596	2148
Net Operating Working Capital	571	451
Pension & Other Liabilities	(41)	(83)
Total	6765	6821
Net Debt Position	+557	+487

Thank You

Hyper-Link

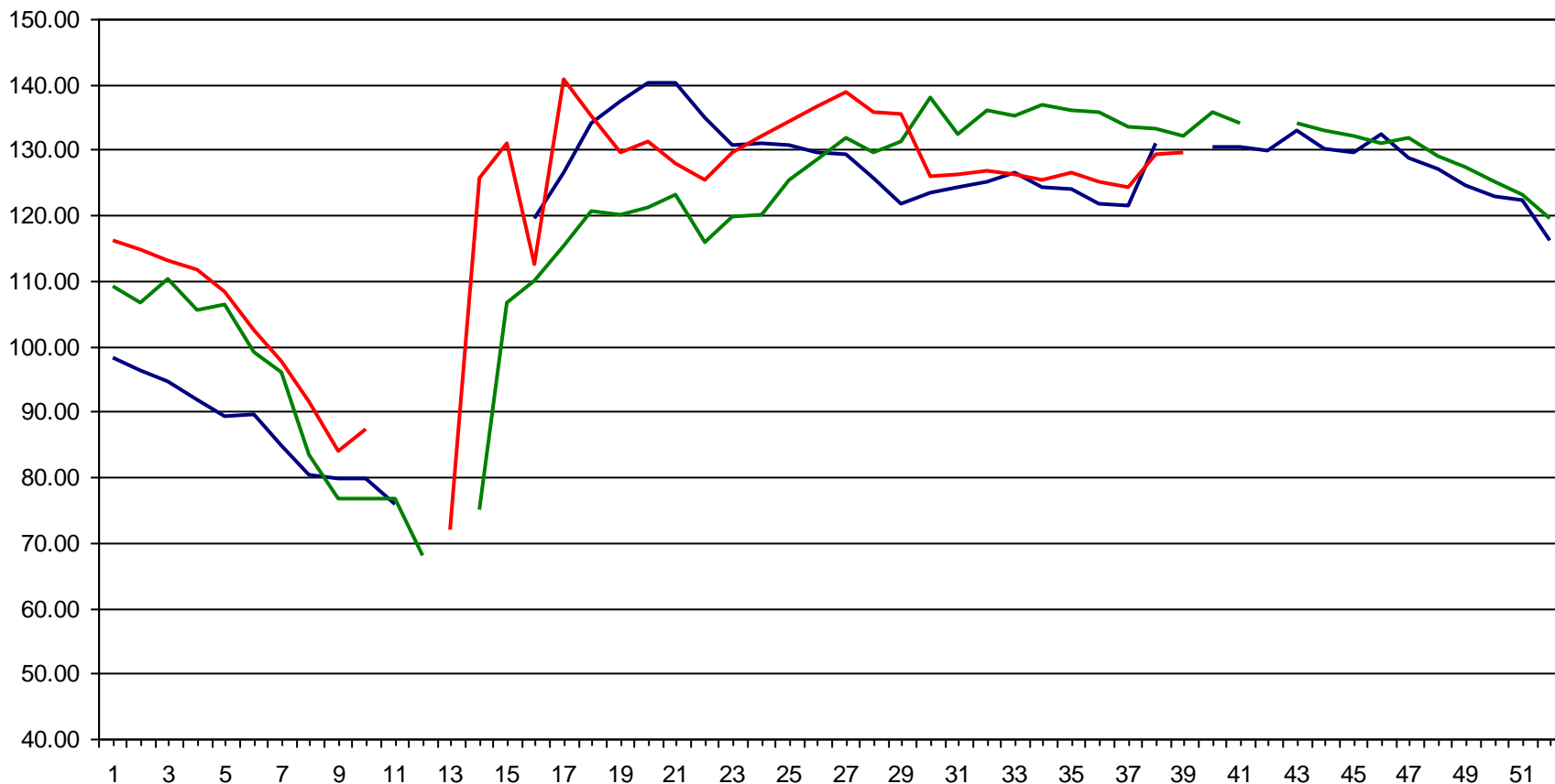
Currency Movements



Source : Reuters

Commodity Cost Trends - Tea

Average Kolkata Price 07-11



Sale

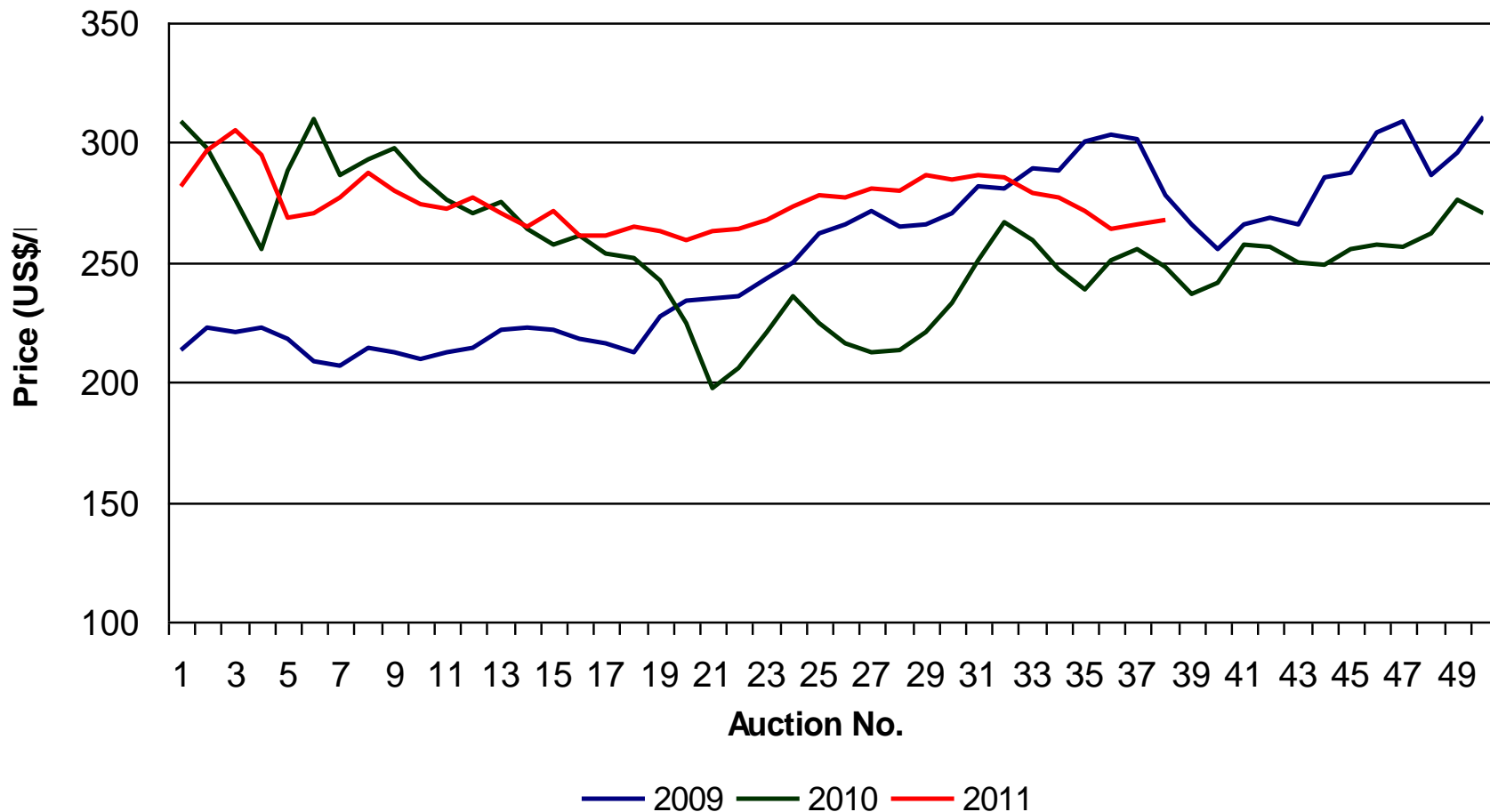
— 2009

— 2010

— 2011

Commodity Cost Trends - Tea

Mombasa Average Price (2007-2011)



Commodity Costs Trends - Coffee

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