TATA GLOBAL BEVERAGES
Analyst Meet
2009/2010 Performance
Peter Unsworth
Performance

Strong financial performance in a challenging environment; Group integrated and transformed

Group operating income up 19% at Rs 5821 crores

Group PBT before exceptional up 19% at Rs 625 crores
Some Big Wins This Year

- Tata Tea value share at - 21.6% achieves value market leadership in India
- Eight O’Clock coffee performs strongly; value share up to 4.7%
- Growth in Poland following Premium Foods acquisition - No 1 in Earl Grey with 19% value market share
- Launch of Tetley in the Middle East in January. Listed in 13 of the 16 key accounts
- Acquired Grand tea and coffee in September 2009 giving stable access to Russia: 4% coffee and 3% tea market shares
- Global S&OP improves supply efficiency
2009/2010 Key Highlights

Growth in distribution
+
Strength of brands
+
An excellent sourcing strategy
=
Strong performance in the face of difficult economic conditions and unprecedented increases in raw commodity prices
2010 Key Results – Total Income

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Income (Rs Crores)</th>
<th>Growth (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007-08</td>
<td>4336</td>
<td></td>
</tr>
<tr>
<td>2008-09</td>
<td>4874 +12.4%</td>
<td></td>
</tr>
<tr>
<td>2009-10</td>
<td>5821 +19.4%</td>
<td></td>
</tr>
</tbody>
</table>
Branded Sales Trend

Region wise sales

<table>
<thead>
<tr>
<th>Regions</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>1,200</td>
<td>1,800</td>
</tr>
<tr>
<td>Canada and SA</td>
<td>400</td>
<td>500</td>
</tr>
<tr>
<td>UK &amp; Africa</td>
<td>1,000</td>
<td>1,400</td>
</tr>
<tr>
<td>Europe &amp; ME</td>
<td>200</td>
<td>300</td>
</tr>
<tr>
<td>South Asia</td>
<td>1,600</td>
<td>2,000</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>50</td>
<td>100</td>
</tr>
</tbody>
</table>

Tata Global Beverages
2010 Key Results - Gross Profit

- 2007-08: 43%
- 2008-09: 43%
- 2009-10: 52%
2010 Key Results - EBITDA

<table>
<thead>
<tr>
<th>Year</th>
<th>Rs Crores</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007-08</td>
<td>710</td>
<td>12%</td>
</tr>
<tr>
<td>2008-09</td>
<td>646</td>
<td>11%</td>
</tr>
<tr>
<td>2009-10</td>
<td>722</td>
<td>12%</td>
</tr>
</tbody>
</table>
Commodity Price and Exchange Pressure

Tea prices
Mombasa Average Monthly Auction Hammer Prices 2006-2010

Price (US Cents)
Commodity Price and Exchange Pressure

Coffee prices

2009

2010
Strong Balance Sheet and Cash Flow

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Cash (Rs Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007-08</td>
<td>504</td>
</tr>
<tr>
<td>2008-09</td>
<td>653</td>
</tr>
<tr>
<td>2009-10</td>
<td>706</td>
</tr>
</tbody>
</table>
Our sources of growth – Strong Brands

Brandwise Sales Breakup
YTD MAR 2010

- Tetley: 40%
- Good Earth: 29%
- Eight O’Clock: 18%
- Jemca: 9%
- Vitax: 1%
- Others: 2%
- Indian Tea Brands: 1%
Brand Investment Continues

Good Earth Tea Advert in the UK
Brand Investment Continues

Jaago Re TV advert
Sources of Growth – Innovation

- Green tea based jelly drink concept developed
- SUKK brand is ready for UK city-test launch
- ‘Fills You UP between meals’ is the brand proposition
- Two initial flavours
- Significant marketing programme designed for a young target audience across the summer 2010
Sources of Growth – Innovation

• Liquid concentrates launched in Canada at the start of 2009

• Initial performance projections were achieved

• Range has been extended to 2010

• Planning underway to extend infusions into other geographic markets and across a wider range of products and brands
Sources of Growth – Innovation Products

- Tetley Tea4Kidz has been launched in the UK through major supermarket - with a great Redbush/Honeybush product and a very innovative consumer support plan targeting schools
Sources of Growth – New Routes to Market

• Tetley launched into Middle East
• Entry into Russian market with Grand
• Expansion of Joekels in South Africa
Sources of Growth – New Routes to Market

- US grows in Mass and Club
- Tata Tea grows liquid distribution for T!on and Himalayan
Regional Performance – South Asia

• Achievements
  – Leading price activity in the market
  – Tata Tea Gold 12% growth in value packs and successful rebranding
  – New phase of Jaago Re campaign ‘social awakening’
  – Restaged the flavoured tea bags with a new flavour – Tulsi & Lemon
  – T!on obtains 5% value share and expands into Kerala, Goa and Karnataka
Regional Performance – US

• Achievements
  – Robust consumer reports continue to drive strong EOC performance
  – EOC continues to embrace social media to penetrate the market
  – Region consolidated EOC, Tetley, Good Earth Tea and Empirical Group to single entity
Regional Performance – UK and Africa

• Achievements
  – Successfully led market price up
  – Tetley Redbush now No 1. with 29% value market share*
  – Tetley Green tea range has 30.5% market share
  – Two new innovative products launched:
    • Tetley On-the-Go
    • Tetley Tea4Kidz

*source: AC Neilsen
Regional Performance –
Canada and South America

• Achievements
  – Successfully led market price up
    (Competitors did not move)
  – Tetley voted No 1. by Canadian families
  – Packaging changes and new varieties helps
to grow herbal tea category
  – Tetley Red hits 63% market share
  – ‘Alice in Wonderland’ partnership big hit with
    Canadian media
Regional Performance – Europe and Middle East

• Achievements
  – Grand acquisition more than doubles size of the Region
  – Grand currently holds 4% market share in coffee and 3% in tea market
  – Tetley in Poland regained No 1 brand leadership in Earl Grey with 19% value share*
  – Jemca VIVA range launched in Czech Republic
  – Vitax Superfruits and Tetley Everyday successfully launched

*source: AC Neilsen
Operational Efficiency Improves

- New blend optimisation model for all non India factories introduced saving **$1.1m** per annum
- Full integration of UK and Indian tea buying and blending teams
- Private Buying in India increased by **29%**
- Consolidated global procurement and process improvements
- UK factory reduced controllable costs and overheads; Asia factory increased production by **2.6%**
- S&OP imbedded across all six regions and three operational hubs
- Common KPIs and metrics set up across the global operations network
Sustainability and Social Responsibility

• Four core issues identified for the group:
  – Ethical Sourcing - Rainforest Alliance certification for the Tetley brand by 2016
  – Climate Change – appointment of CarbonNeutral Company
  – Packaging – ‘zero to landfill by 2015’ goal
  – Water

• Community Investment continues directly and through individual brand initiatives:
  – Munnar – School, DARE, Srishti and General Hospital
  – Coorg Foundation – welfare and education programme
  – Good Earth Giveaway and Good Earth Cares
  – Eight O’Clock Coffee Accumul8 Rewards programme
Going Forward in 2010/2011

Grow in core tea markets
Build scale in US and Russia
Disruptive innovation in beverages
Expand across beverage categories in India
Leverage scale and operations capability to improve efficiency
Accelerate culture change
In Summary

Strong performance steered by

Strong brands

New sources of growth through innovation

and

New routes to market
Twelve Months Ended March 2009/10
Financial Results
Financial Review
Group Financial Review – YTD

- Strong performance despite commodity cost increases and investment behind brands.

- Strong performance by EOC Coffee.

- Impact of Russian acquisition

- Increase in input costs largely recovered through price increases.

- Benefits in interest due to reduction in interest costs
Group Financial Review – YTD

- Group operating income up by 19% for the year-attributable to volume increases, strong performance by US coffee, price increases, favorable currency coupled with improvement due to Russia acquisition.

- Group PBT before exceptional items up by 19% for the year – improvement in operational profits coupled with interest cost savings

- Cost increases mainly on commodities, growth initiatives like product innovation and launch initiatives in UK, Canada and India
Group Financial Review – YTD

• Group PBT lower than previous year on account of one off items.
  • One of items in current year includes sale of Rallis shares (Rs 186 crores) offset by Reversal of prior year gains Rs 102 crores, Restructuring costs Rs 20 crores, Acturial Provisions in UK Rs 40 crores and ESS in India Rs 8 crores

• EPS at Rs 63.11 (Rs 113.28). EPS excluding exceptional items Rs 51.07 (Rs 47.39) reflecting improvement in underlying performance.
# Performance for the year 2009-10

<table>
<thead>
<tr>
<th>Particulars</th>
<th>YTD ending March 31</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2009 / 10</td>
</tr>
<tr>
<td>Total Operating Income</td>
<td>5821</td>
</tr>
<tr>
<td>EBIT</td>
<td>619</td>
</tr>
<tr>
<td>Profit before Exceptional Items</td>
<td>625</td>
</tr>
<tr>
<td>Exceptional Items</td>
<td>16</td>
</tr>
<tr>
<td>Profit Before Tax</td>
<td>641</td>
</tr>
<tr>
<td>Profit after Tax</td>
<td>393</td>
</tr>
<tr>
<td>Group Consolidated Profit</td>
<td>391</td>
</tr>
</tbody>
</table>
Higher Coffee sales - attributable to US and Russia
## Region wise Total Income

<table>
<thead>
<tr>
<th>Total Income</th>
<th>YTD ending March 31</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2009 / 10</td>
</tr>
<tr>
<td><strong>BRANDS</strong></td>
<td></td>
</tr>
<tr>
<td>USA</td>
<td>1303</td>
</tr>
<tr>
<td>Canada &amp; South America</td>
<td>334</td>
</tr>
<tr>
<td>GB &amp; Africa</td>
<td>1312</td>
</tr>
<tr>
<td>Europe &amp; Middle East</td>
<td>614</td>
</tr>
<tr>
<td>South Asia</td>
<td>1616</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>128</td>
</tr>
<tr>
<td><strong>Total Brands</strong></td>
<td>5306</td>
</tr>
<tr>
<td><strong>NON BRANDED OPERATIONS</strong></td>
<td></td>
</tr>
<tr>
<td>Plantations</td>
<td>208</td>
</tr>
<tr>
<td>Extraction</td>
<td>229</td>
</tr>
<tr>
<td>Other and Eliminations</td>
<td>77</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td>5821</td>
</tr>
</tbody>
</table>
Significant Increase in Dividend Payout

For the years 2004/05 to 2009/10, the graph shows a notable increase in dividend payout. The bars indicate the amount of dividend and exceptional dividend paid each year.

- 2004/05: Dividend 56, Exceptional Dividend 0
- 2005/06: Dividend 67, Exceptional Dividend 0
- 2006/07: Dividend 92, Exceptional Dividend 0
- 2007/08: Dividend 92, Exceptional Dividend 32
- 2008/09: Dividend 108, Exceptional Dividend 0
- 2009/10: Dividend 124, Exceptional Dividend 0

The trend line indicates a steady increase in dividend payout over the years.
### Consolidated Balance Sheet

<table>
<thead>
<tr>
<th>Particulars - Rs Crores</th>
<th>Mar 2010</th>
<th>March 09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shareholders Funds</td>
<td>4779</td>
<td>4675</td>
</tr>
<tr>
<td>Loans</td>
<td>1797</td>
<td>2431</td>
</tr>
<tr>
<td>Deferred Tax</td>
<td>75</td>
<td>48</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>6651</strong></td>
<td><strong>7154</strong></td>
</tr>
<tr>
<td>Fixed Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>.Goodwill</td>
<td>2929</td>
<td>3027</td>
</tr>
<tr>
<td>.Others</td>
<td>766</td>
<td>798</td>
</tr>
<tr>
<td>Investments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>.Long term</td>
<td>348</td>
<td>341</td>
</tr>
<tr>
<td>Current / Other Investments</td>
<td>171</td>
<td>10</td>
</tr>
<tr>
<td><strong>Total Loans, Cash and Escrow</strong></td>
<td>2332</td>
<td>2861</td>
</tr>
<tr>
<td>- Recoverable for NIPD</td>
<td>0</td>
<td>213</td>
</tr>
<tr>
<td>- Net Operating Working Capital</td>
<td>335</td>
<td>221</td>
</tr>
<tr>
<td>Provisions</td>
<td>-229</td>
<td>-325</td>
</tr>
<tr>
<td>Miscellaneous Exp to the extent not written off</td>
<td>0</td>
<td>8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>6651</strong></td>
<td><strong>7154</strong></td>
</tr>
<tr>
<td><strong>Net Debt Position</strong></td>
<td>+ 706</td>
<td>+653</td>
</tr>
</tbody>
</table>
Thank You