

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

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Strength of brands

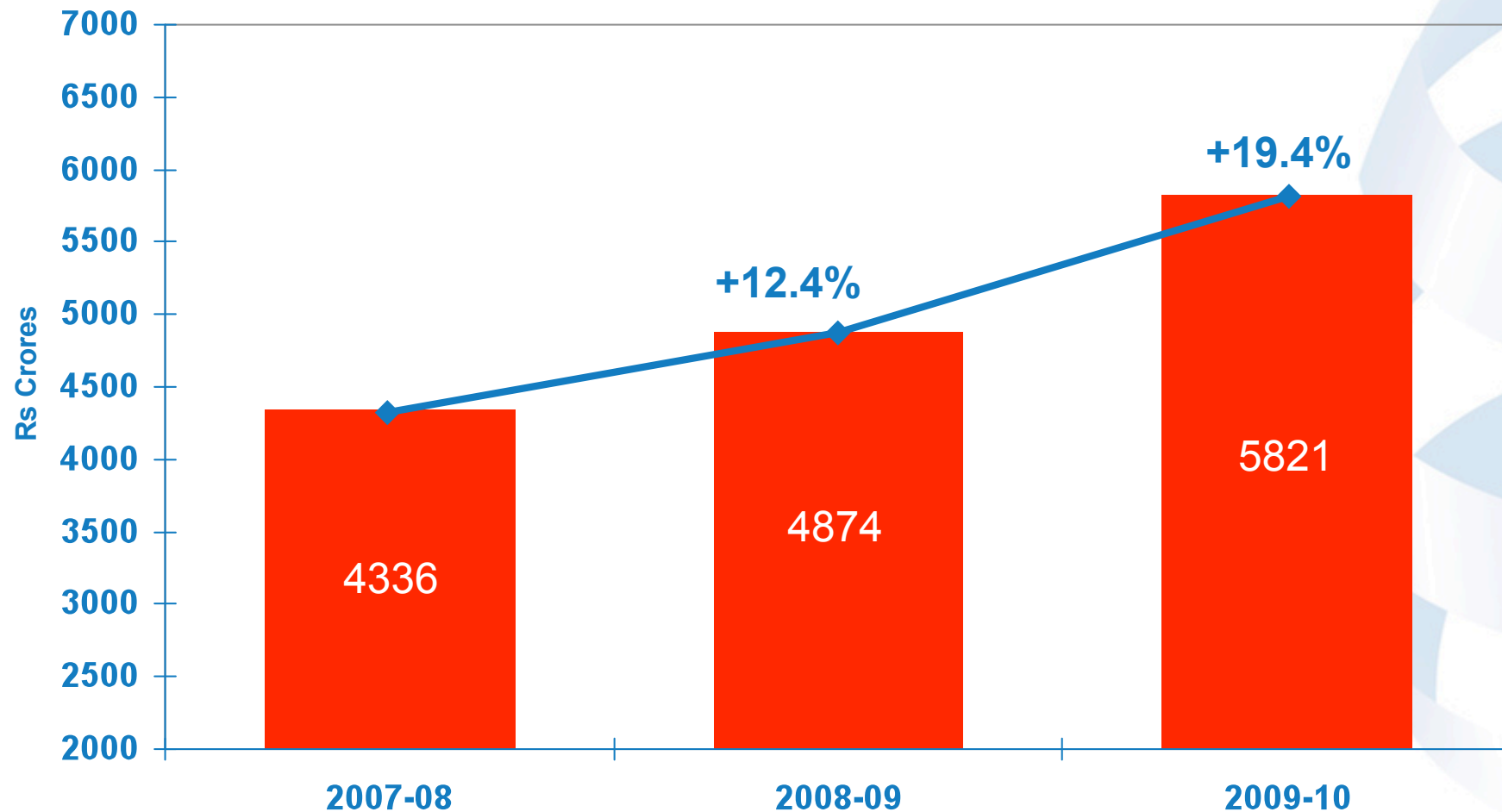
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An excellent sourcing strategy

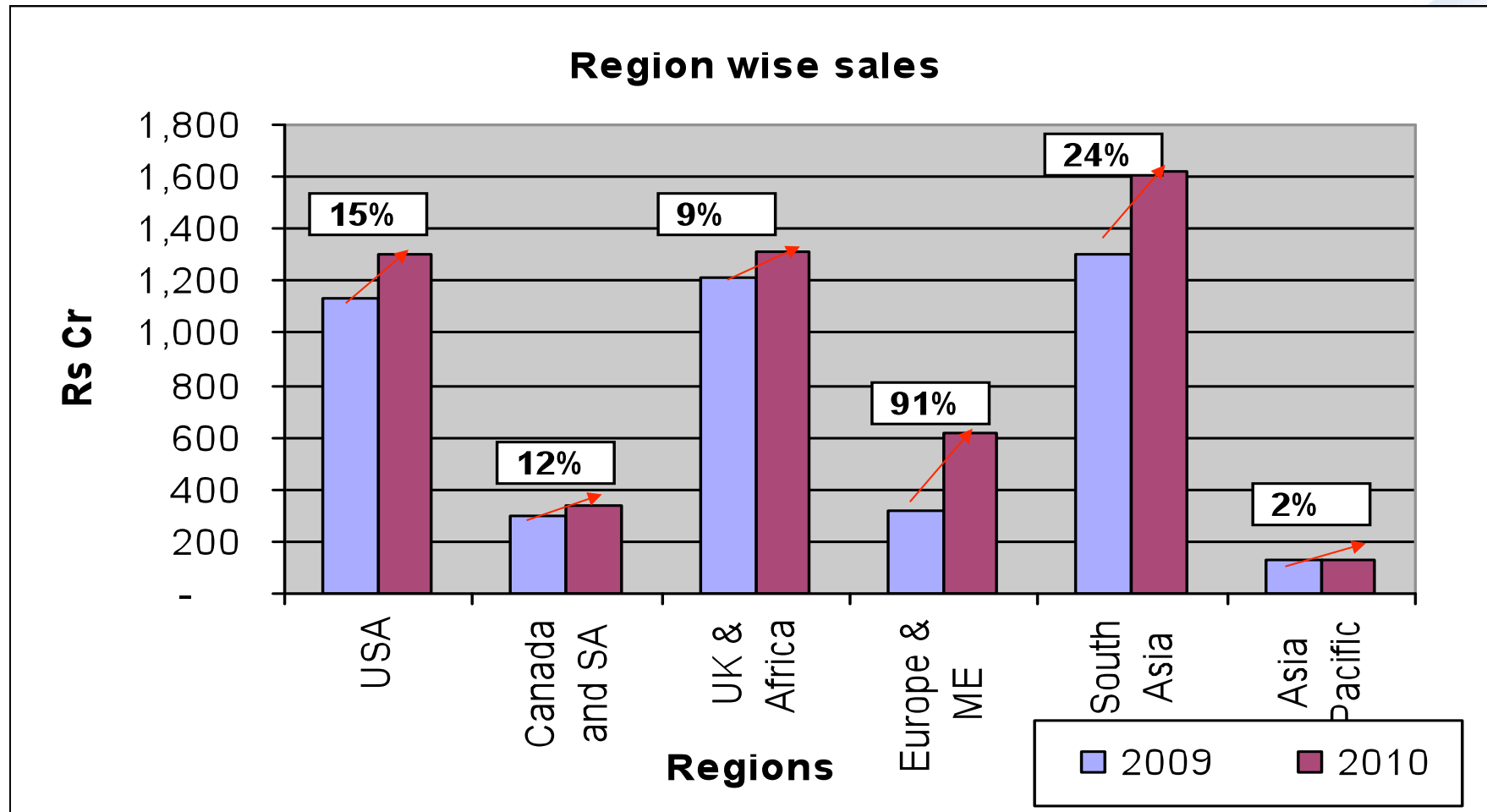
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Strong performance in the face of difficult economic conditions and unprecedented increases in raw commodity prices

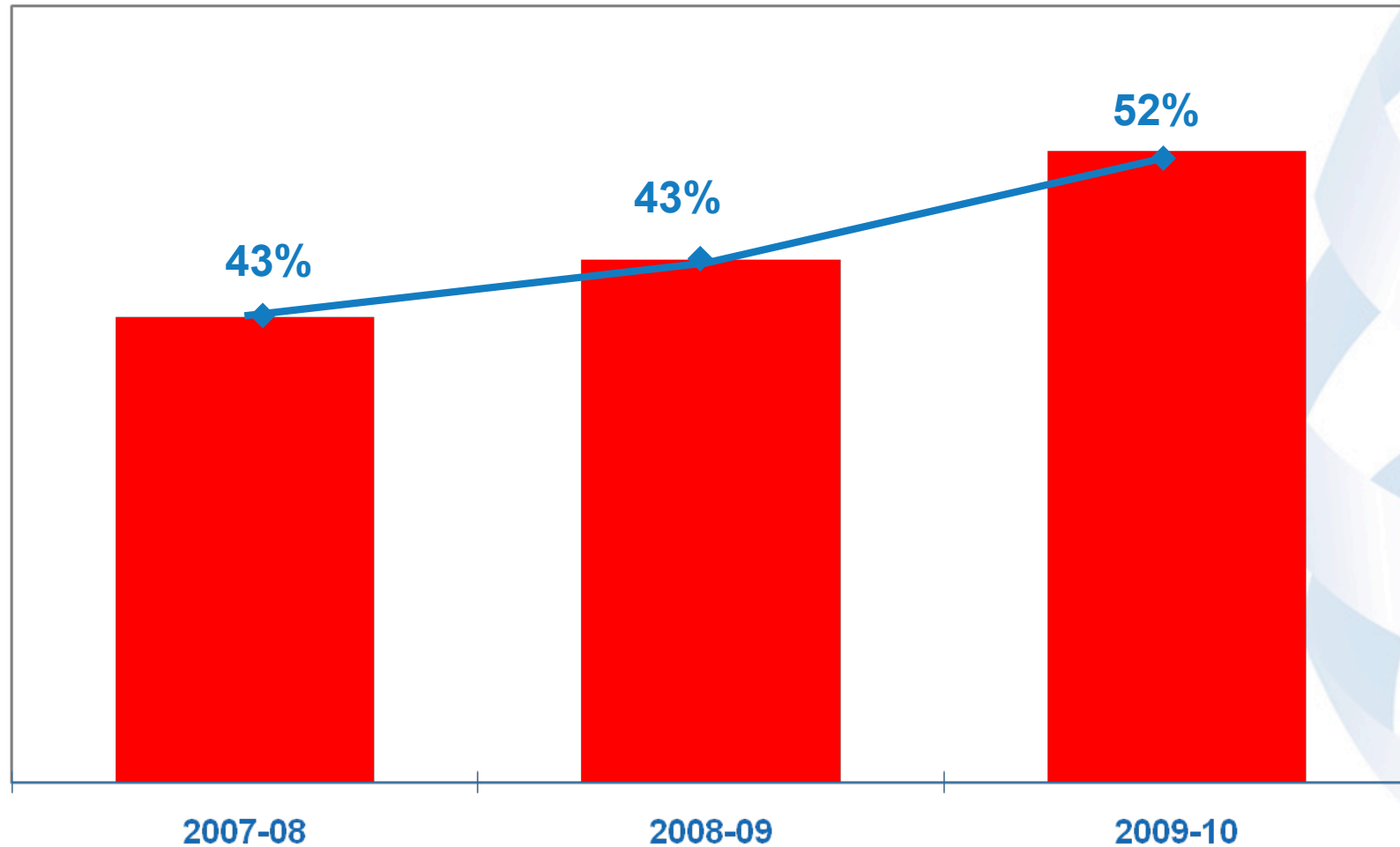
2010 Key Results – Total Income



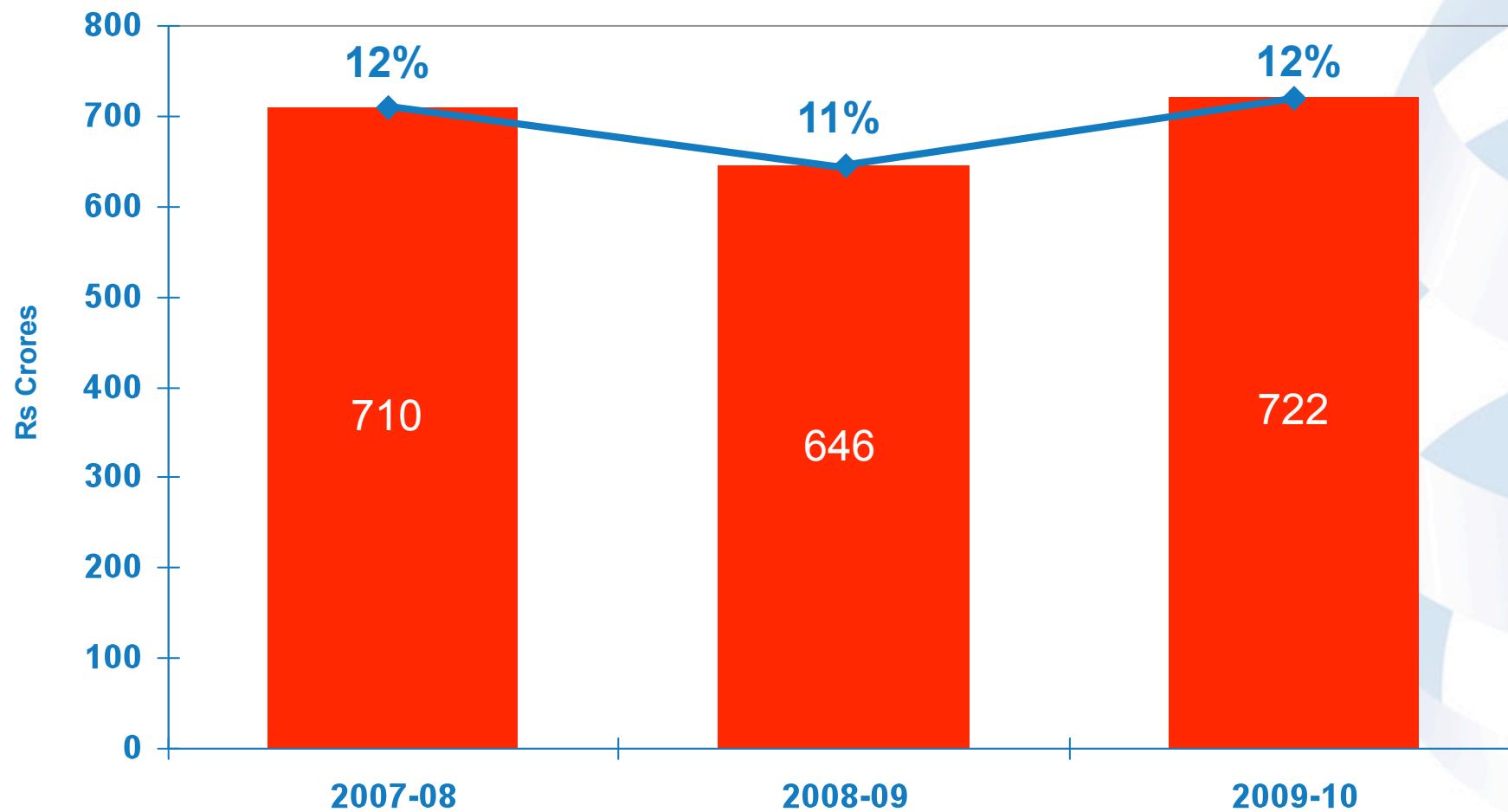
Branded Sales Trend



2010 Key Results - Gross Profit



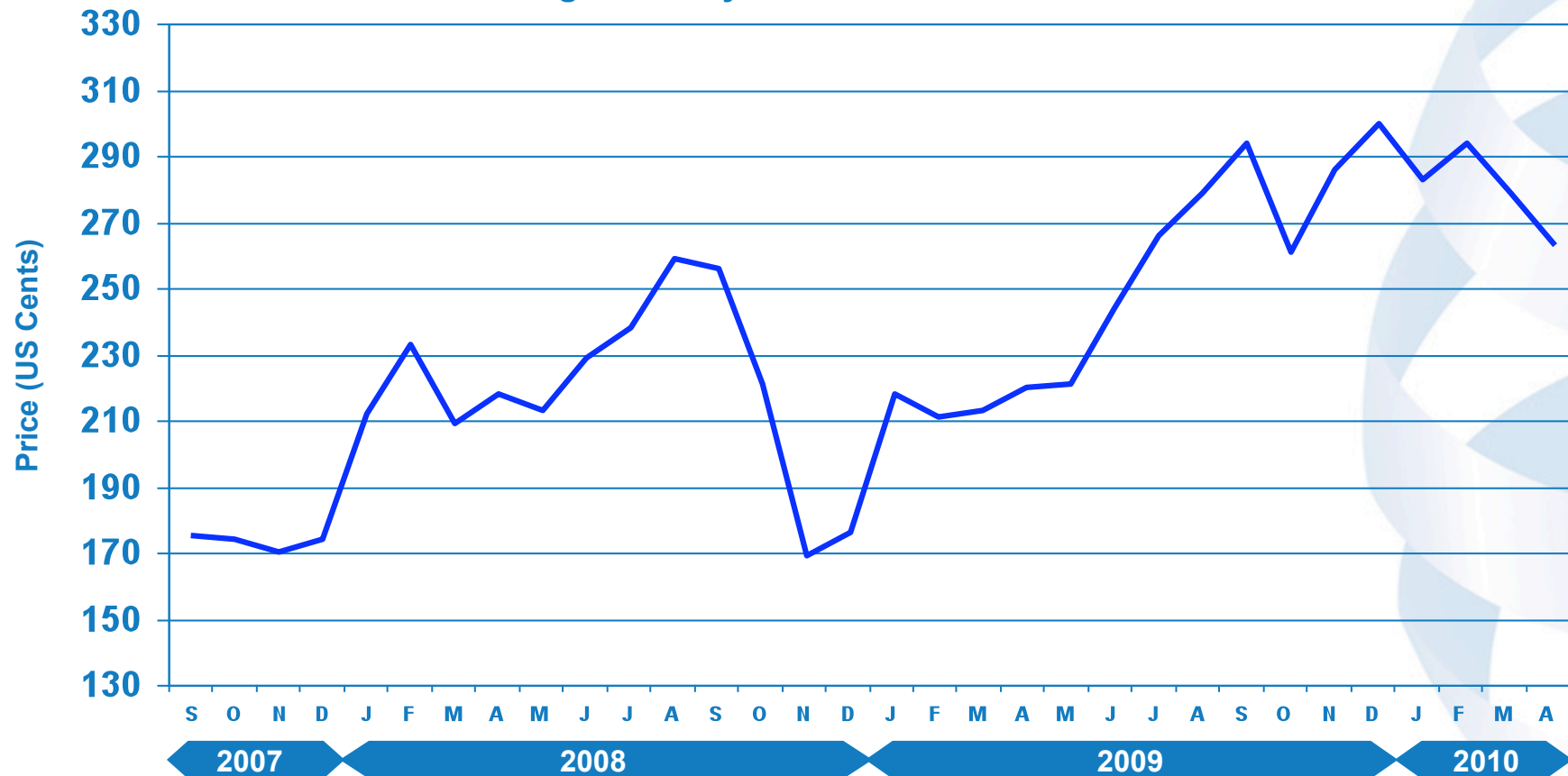
2010 Key Results - EBITDA



Commodity Price and Exchange Pressure

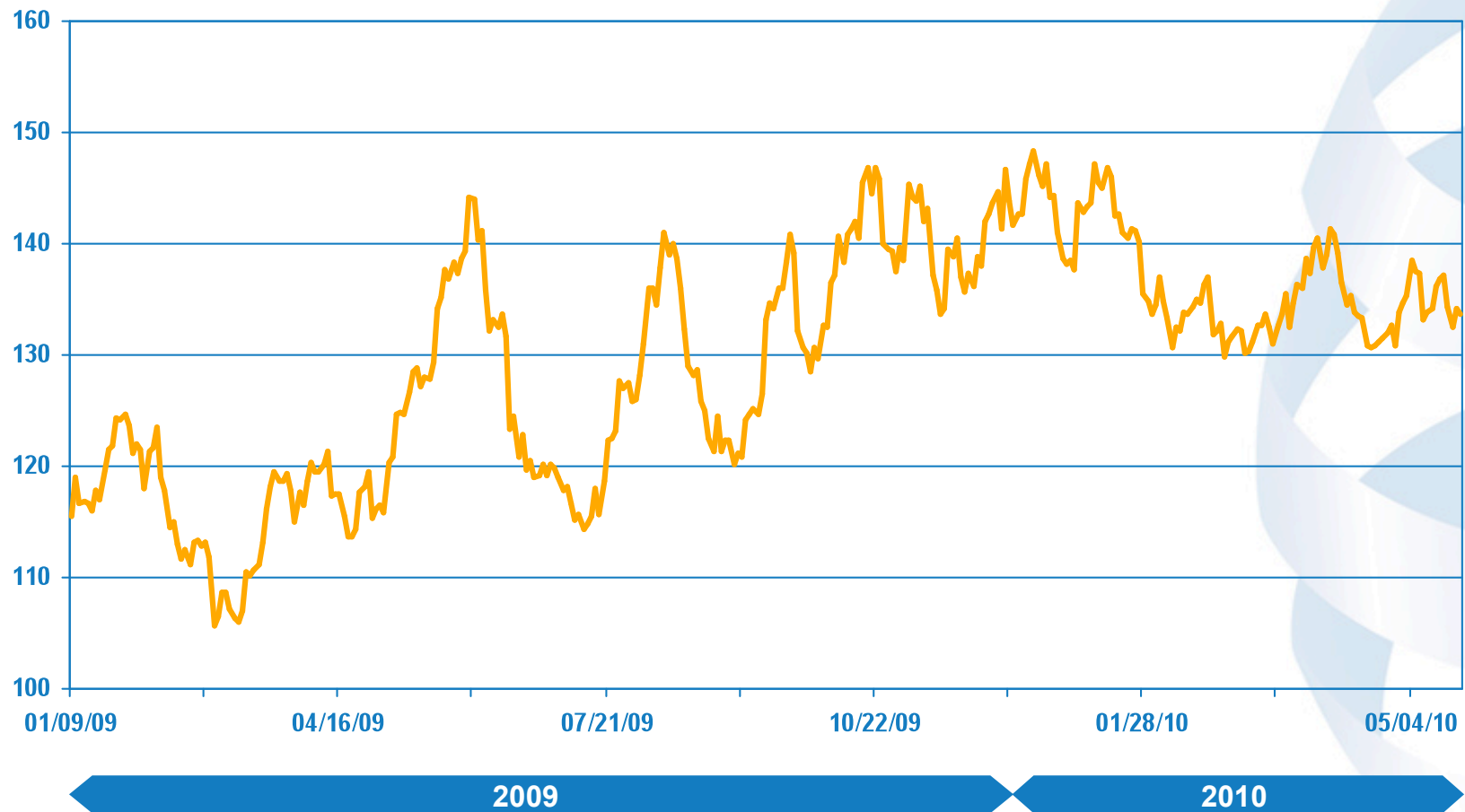
Tea prices

Mombasa Average Monthly Auction Hammer Prices 2006-2010

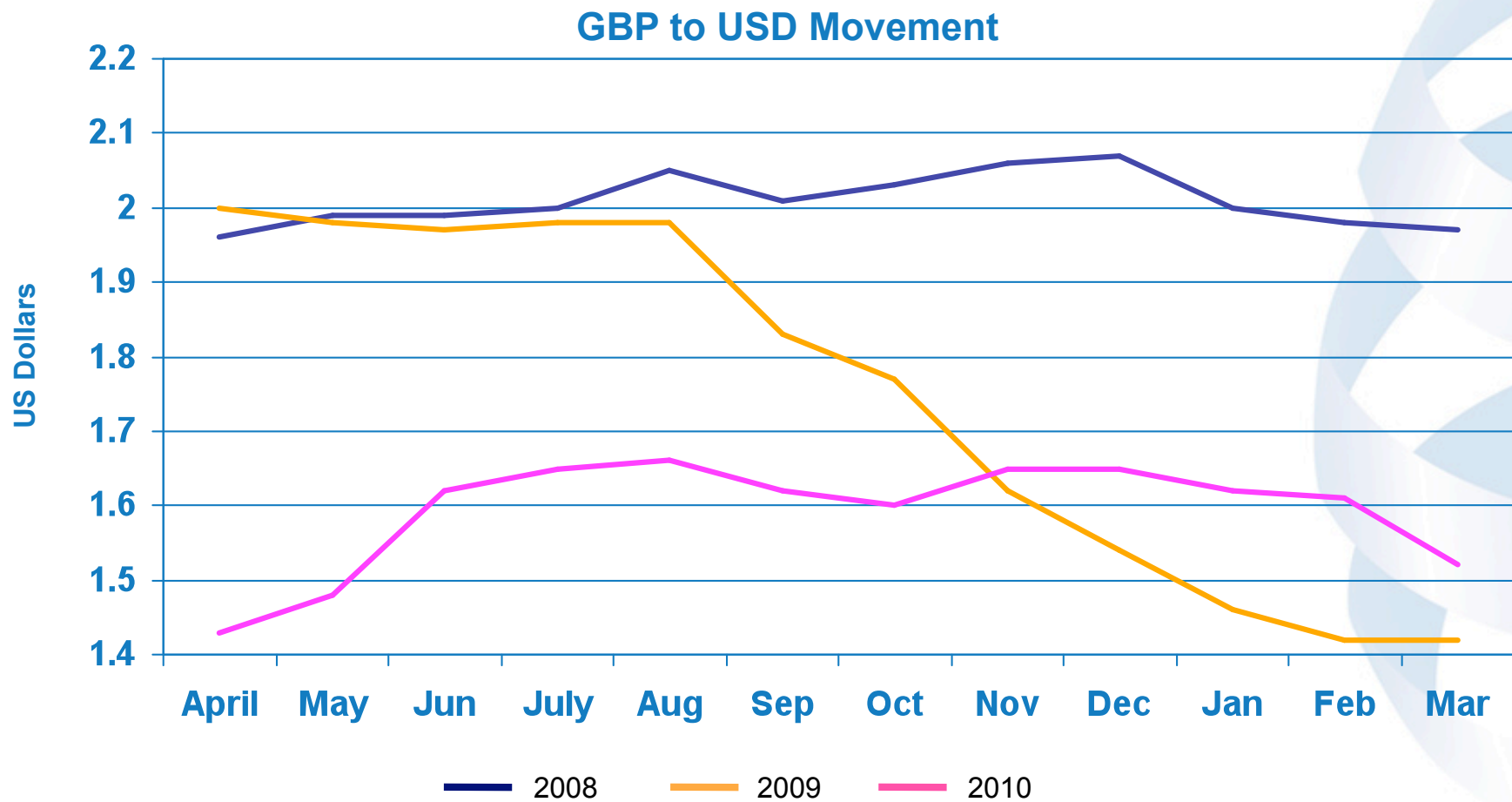


Commodity Price and Exchange Pressure

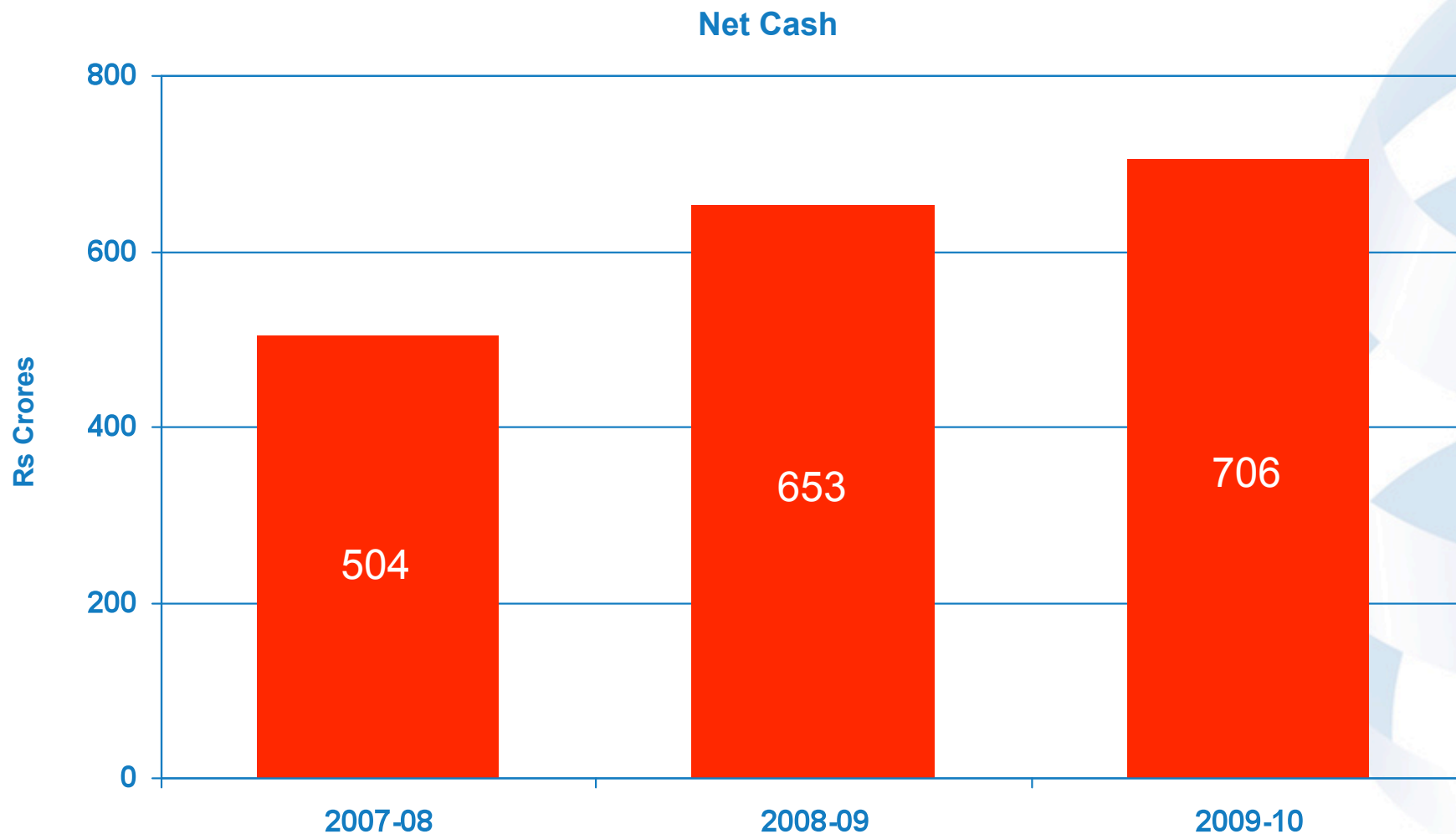
Coffee prices



Commodity Price and Exchange Pressure

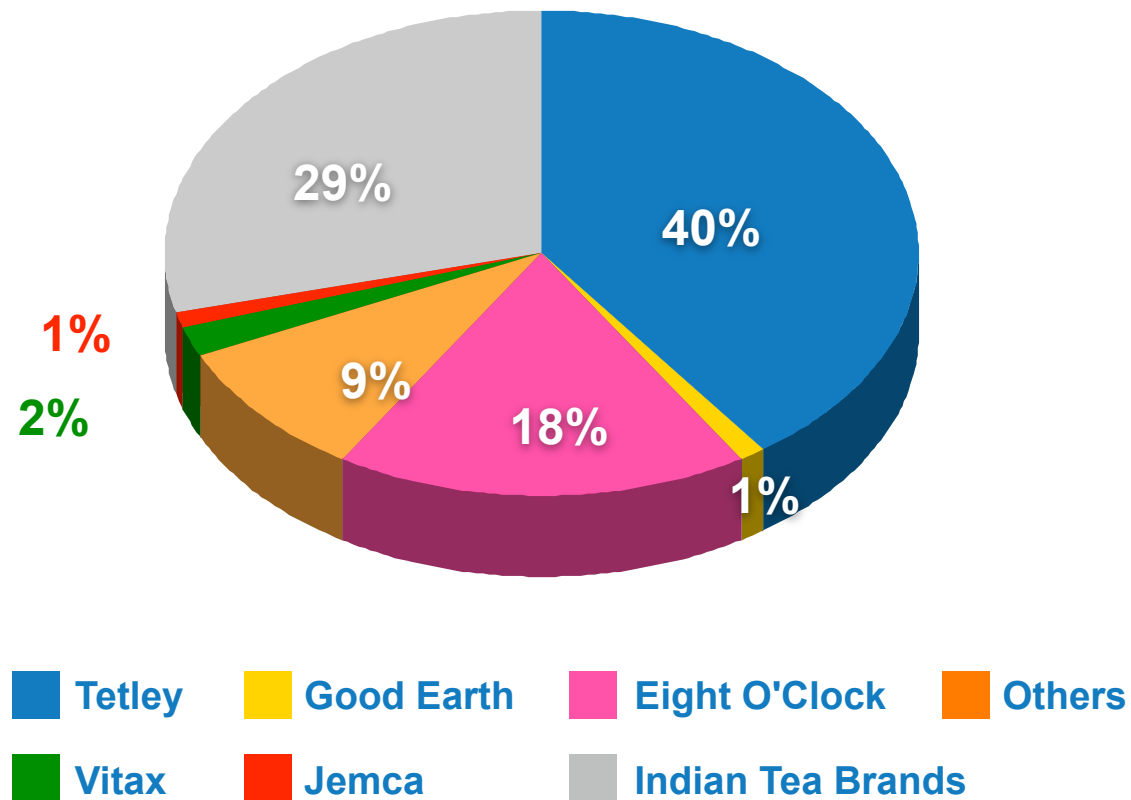


Strong Balance Sheet and Cash Flow



Our sources of growth – Strong Brands

Brandwise Sales Breakup
YTD MAR 2010



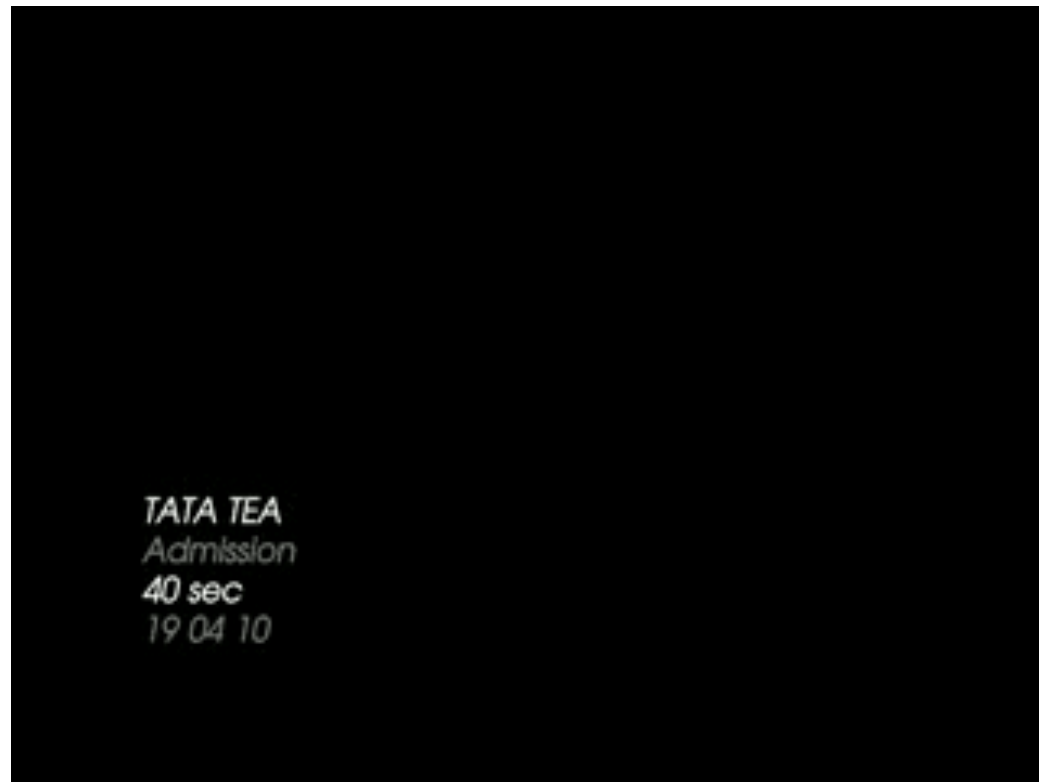
Brand Investment Continues

Good Earth Tea Advert in the UK



Brand Investment Continues

Jaago Re TV advert



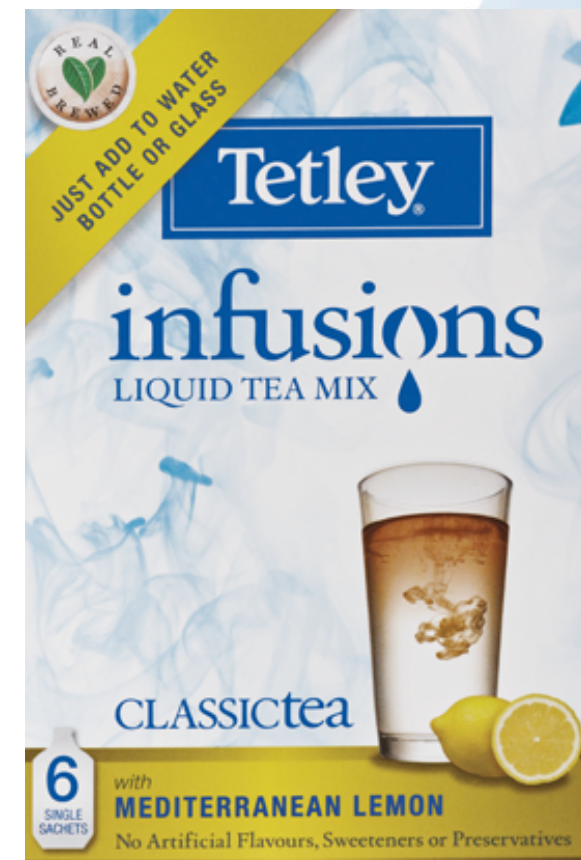
Sources of Growth – Innovation

- 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

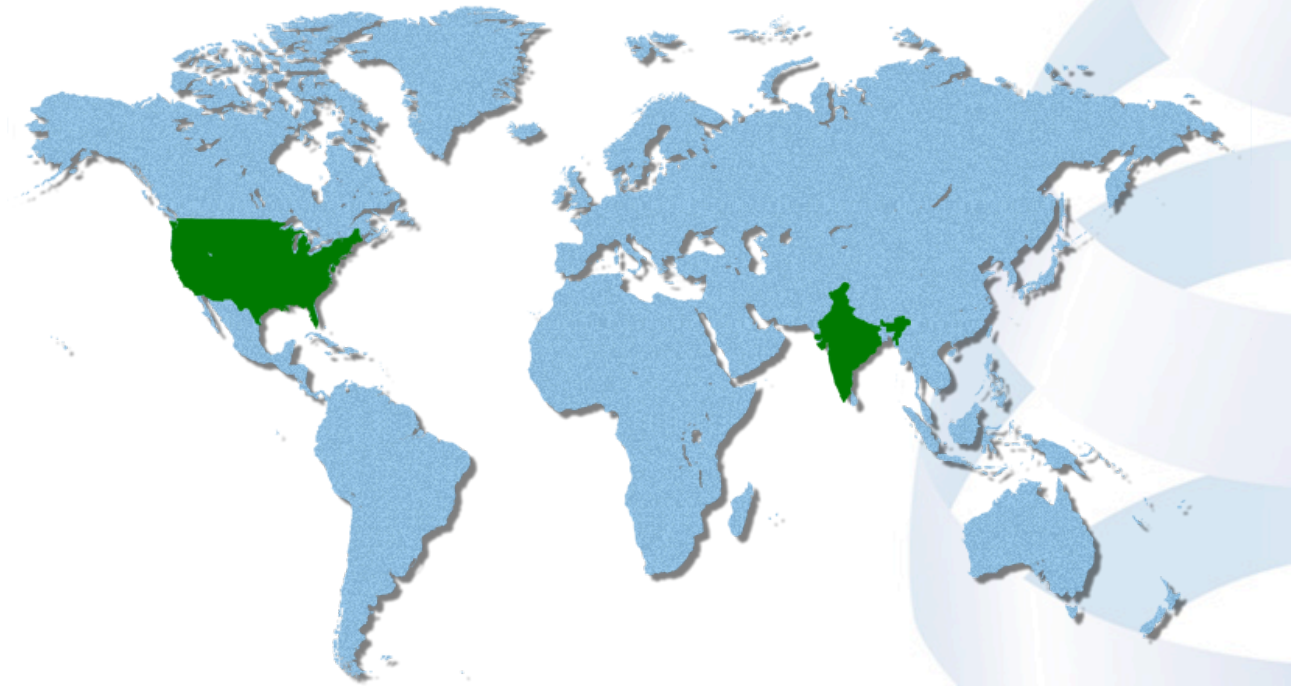


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Sources of Growth – New Routes to Market

- 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 Nielsen

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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 Nielsen



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

TATA GLOBAL BEVERAGES

**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, Actuarial 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

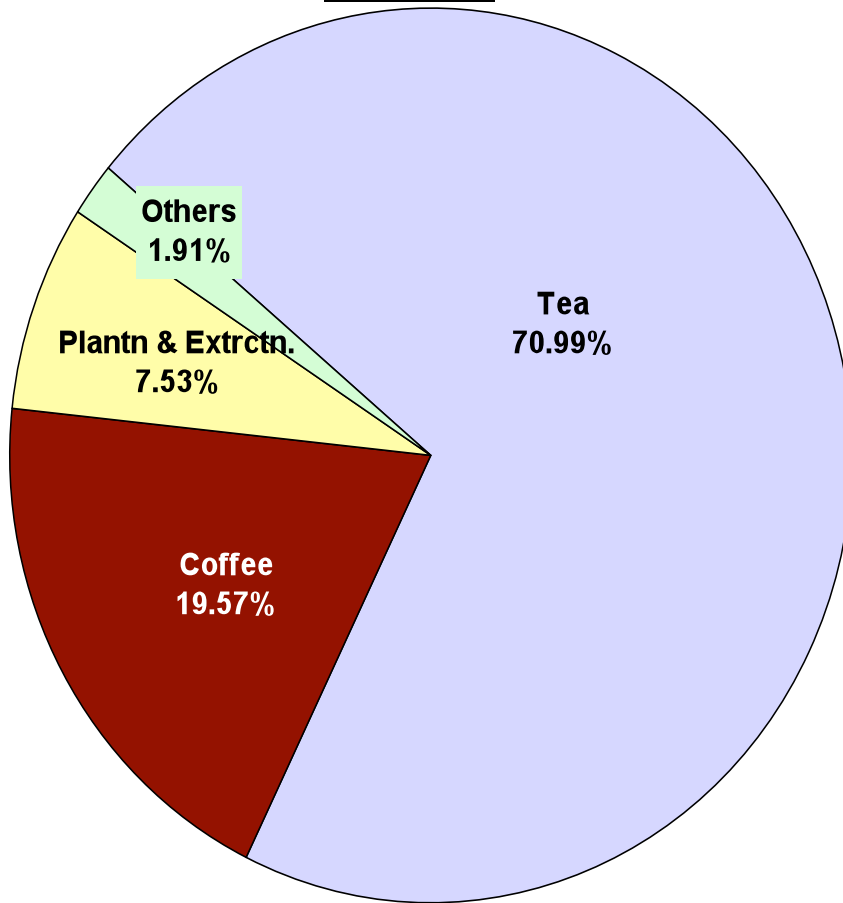
In Rs. Crs

Particulars	YTD ending March 31		
	2009 / 10	2008 / 09	Variance
Total Operating Income	5821	4874	947
EBIT	619	547	72
Profit before Exceptional Items	625	526	99
Exceptional Items	16	730	-714
Profit Before Tax	641	1256	-615
Profit after Tax	393	832	-439
Group Consolidated Profit	391	701	-310

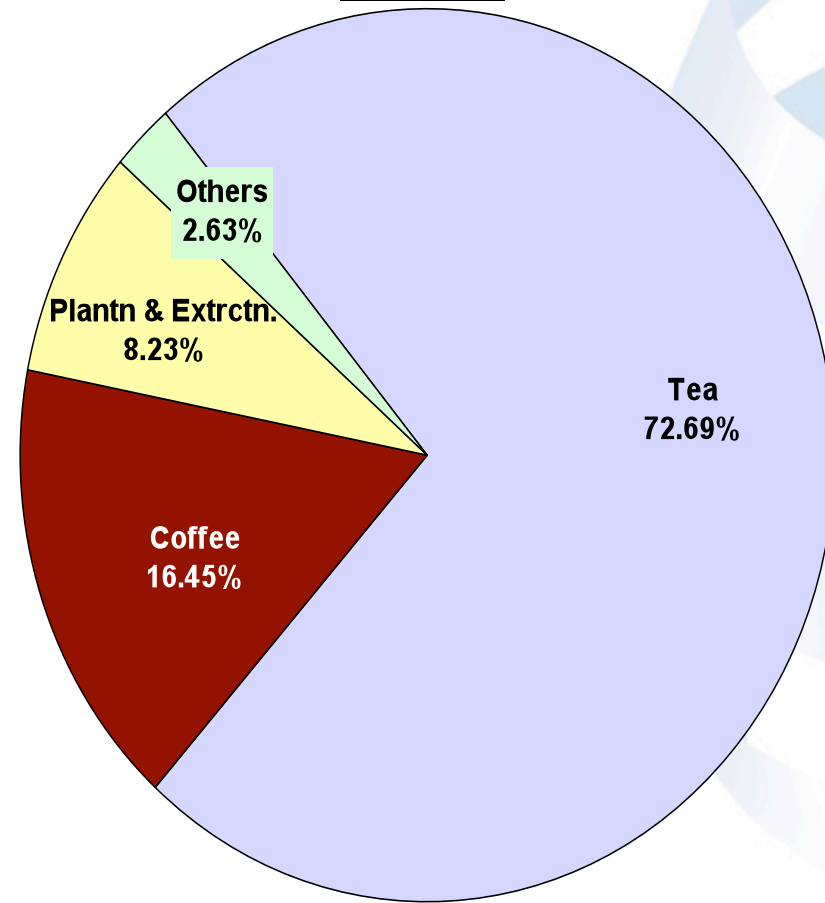
Category Sales Composition

- *Higher Coffee sales - attributable to US and Russia*

March 2010



March 2009

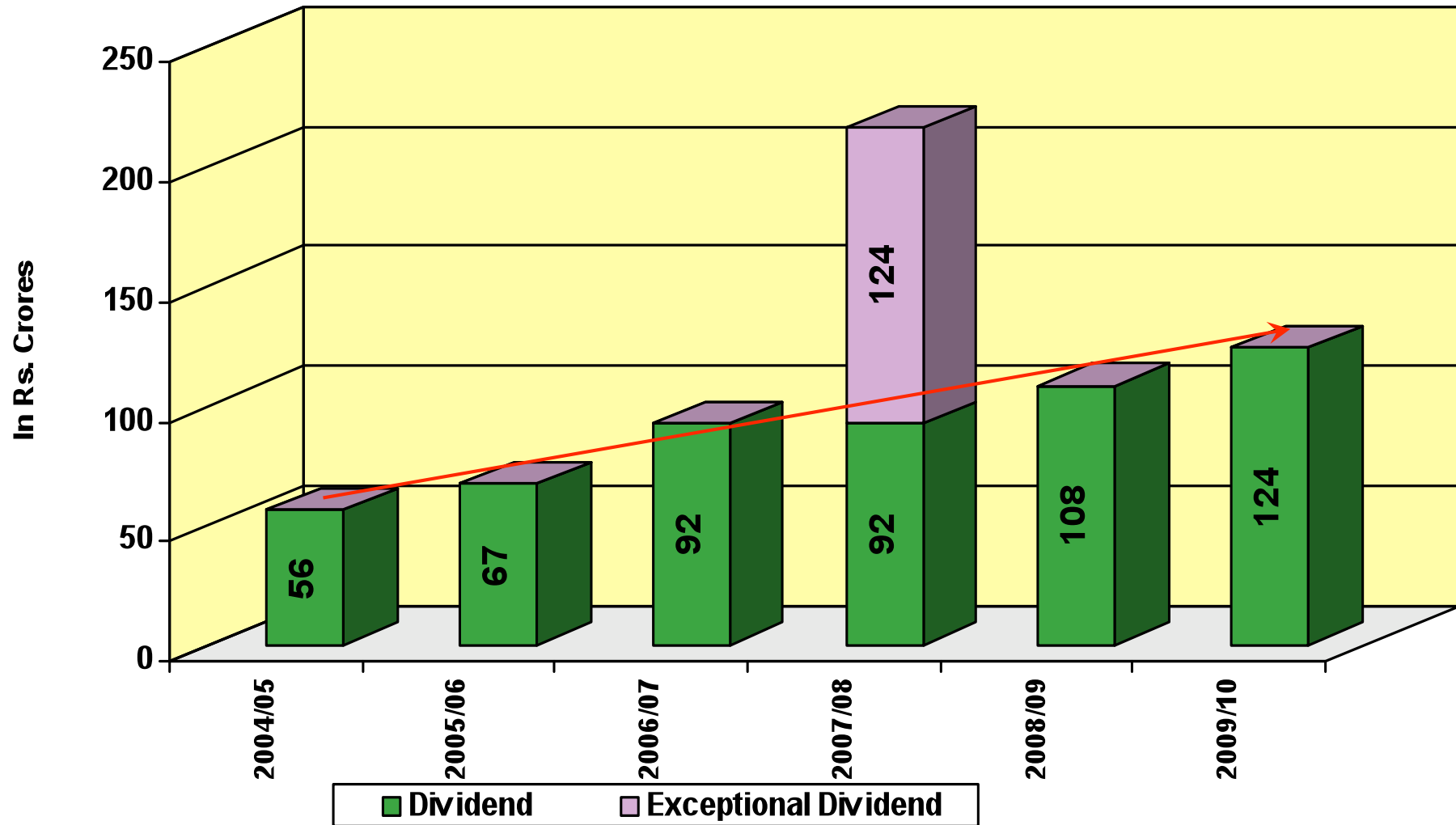


Region wise Total Income

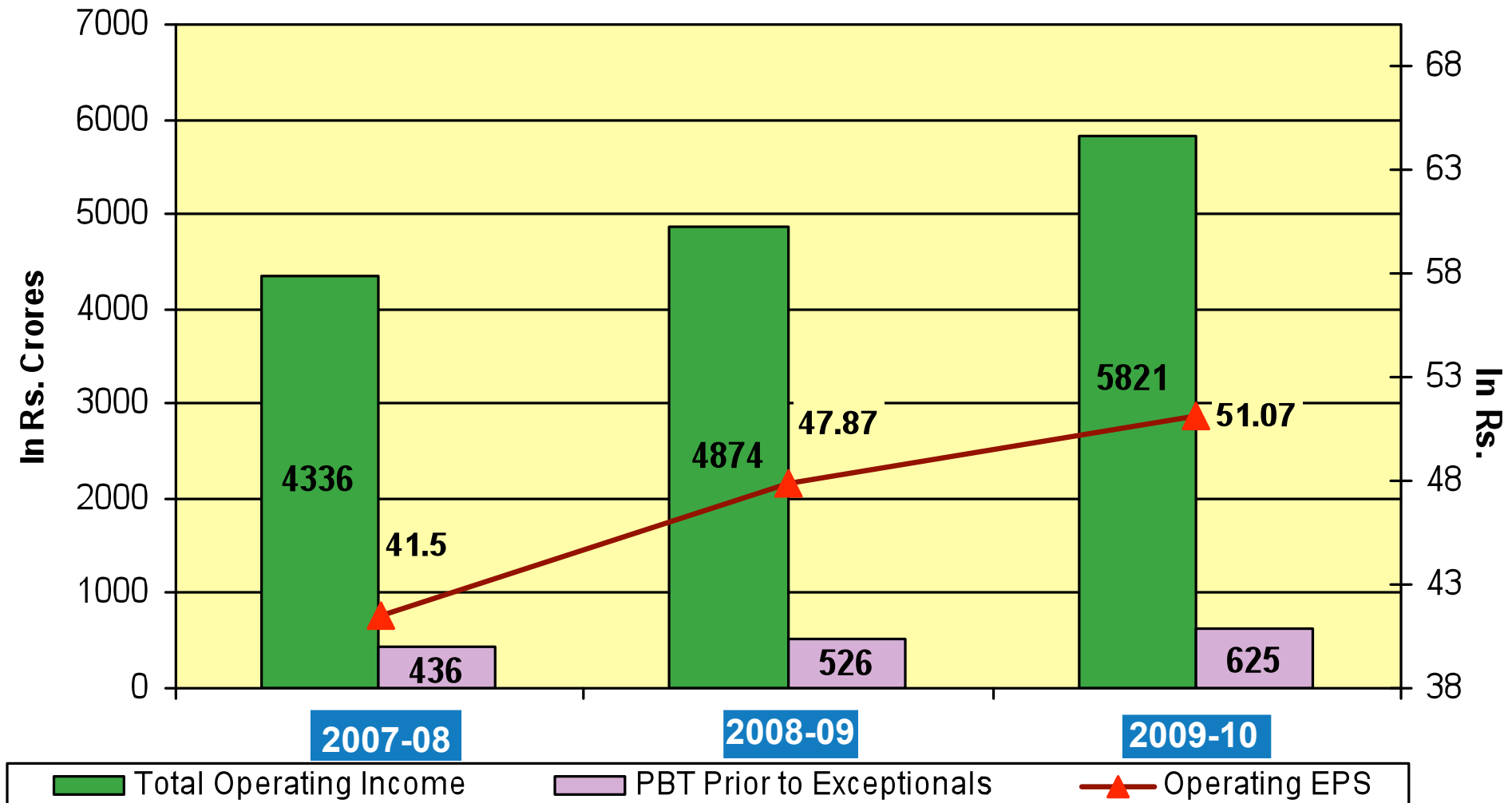
Rs Crores

Total Income	YTD ending March 31		
	2009 / 10	2008 / 09	Variance
BRANDS			
USA	1303	1132	171
Canada & South America	334	303	32
GB & Africa	1312	1208	104
Europe & Middle East	614	322	292
South Asia	1616	1301	315
Asia Pacific	128	125	2
Total Brands	5306	4391	915
NON BRANDED OPERATIONS			
Plantations	208	177	32
Extraction	229	225	4
Other and Eliminations	77	82	-5
Total Income	5821	4874	947

Significant Increase in Dividend Payout



Performance over Time



Consolidated Balance Sheet

Rs in Crores

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

Thank You