

TATA GLOBAL BEVERAGES



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Analyst Meet 2010-2011

Percy Siganporia

Agenda

- **2010-2011 Highlights**
- **Business Update**
- **Financial Review**

2010-2011 highlights

- **Good performance of current business despite being faced with intense cost pressure and challenging trading environment**
- **Continuing investment in growth through strong brands and products**
- **Investment in new growth areas through alliances**

Continuing our transformation

- Maintained progress on mission to **make the world a better place through life-enhancing sustainable hydration**
- Kept clear sight of vision to be the **leading good-for-you beverage company**
- Made further progress in line with our strategy, centred on our **strategic pillars**

Market scenario

- A challenging environment

- Consumer mindset affected by weak consumer confidence
- Price increases in commodities
- Retailers fight for margin and share
- Competition and competitive intensity increases
- Pressure from energy, transport, packaging costs
- Exchange rates
- Low interest rates

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Business Update

We continued to invest in our core branded business

A&P spend was 16.9% of sales

More specifically, advertising and brand building costs increased by 20% – an extra Rs 40 crores to enhance brand value and remain competitive



An exciting year for Tata Tea – Volume leadership in India

- **Chakra Gold**

- New campaign strengthens the “open up your mind” proposition, popular among consumers



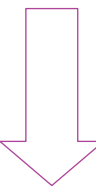
- **Jaagore.com**

- A first of its kind website in India centred on social awakening won awards and appreciation from media/public/NGOs



- Refreshed consumer proposition for **Tata Tea Premium**

- upswing in share of mind/share of purchase
- reversal of declining volume and market share trend



Return of the legendary Tetley Tea Folk in the UK after nearly a decade



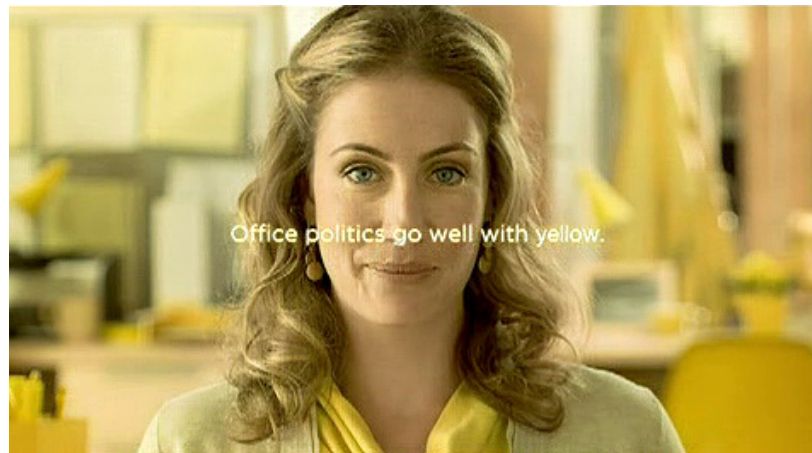
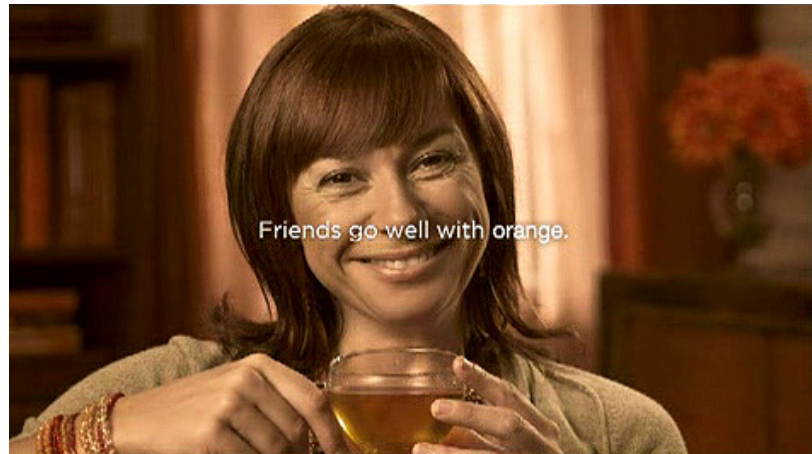
Return of the legendary Tetley Tea Folk in the UK after nearly a decade



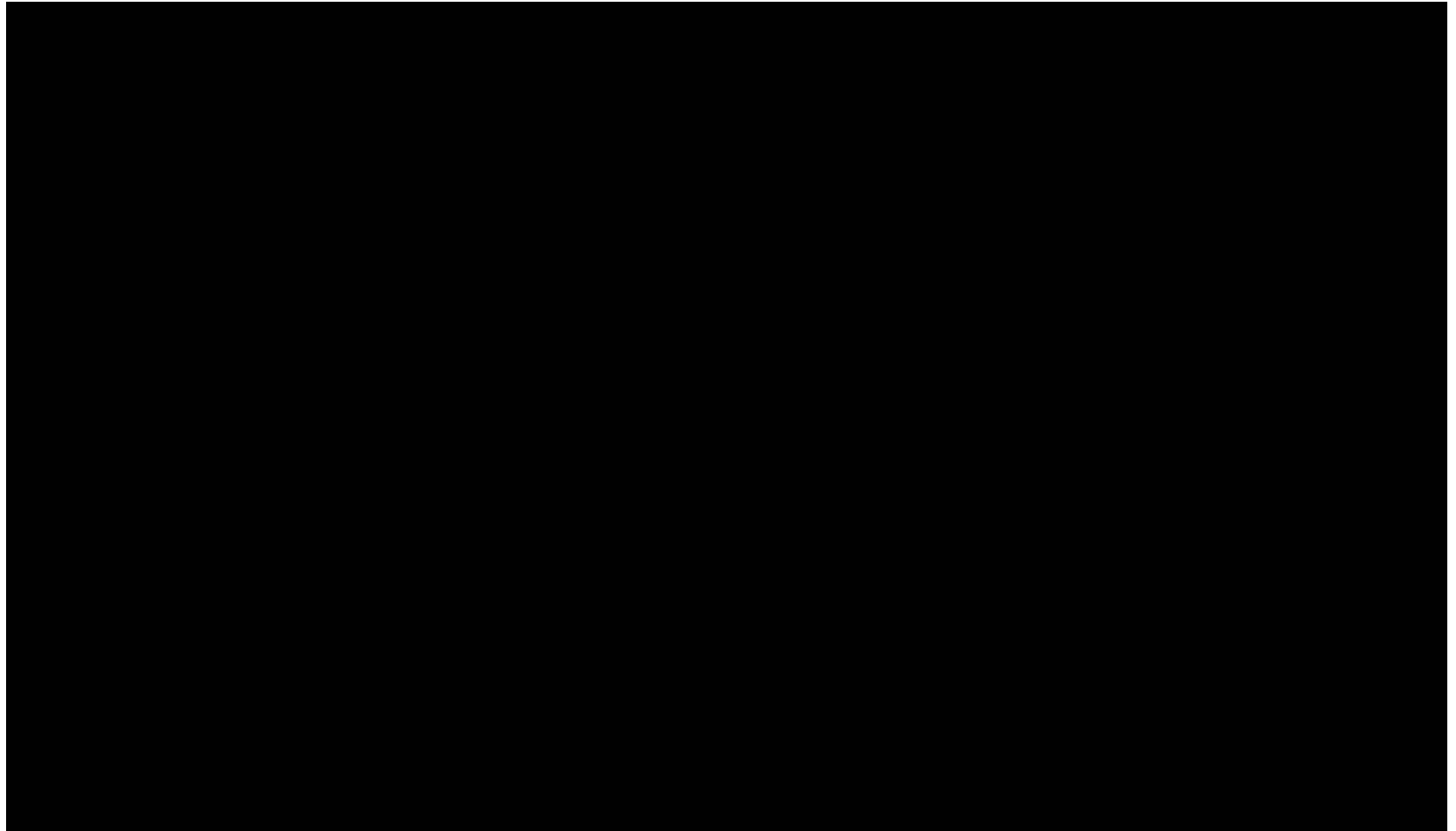
Return of Tea Folk proved to be newsworthy



Tetley Herbal repositioned in Canada... A colour / tea for every mood



Canada ad - powder



Strategic alliances to fuel further growth

- Acquired 31% on a fully diluted basis of Rising Beverages LLC which manufactures and markets a range of vitamin and flavour enhanced water using unique powder dispensing technology, under the **Activate** brand
- Signed JV with Pepsi-Co in the area of non-carbonated, RTDs focused on health and enhanced wellness. Named **NourishCo Beverages**
- Tata Global Beverages Ltd & **Kerala Ayurveda Limited** sign MOU to form JV for Product Development



PEPSICO



Progressing sustainability agenda and investing in communities

- First packs of Tetley containing tea from Rainforest Alliance Certified™ farms on the shelves in the UK
- Farmers First Hand initiative gave Tetley consumers innovative opportunity to communicate directly through Facebook with the farmers in Malawi, c.10k followers
- Ongoing community investment in Srishti, High Range School, General Hospital and numerous other projects



We continue to transform our culture...

- **Culture Champions** are bringing our desired responsibly irreverent culture to life
- **ThinkBIG!** captured people's imaginations across the globe and resulted in 1,300 new ideas. Nail-biting final in NYC
- Senior leadership team engaged with employees at a series of **regional roadshows**
- An **engagement survey** took the 'pulse' of the organisation, revealing an encouraging overall engagement score of 68%



To summarise 2010-2011 highlights...

- **Good performance of current business despite being faced with intense cost pressure and challenging trading environment**
- **Continuing investment in growth through strong brands and products**
- **Investment in new growth areas through alliances**

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Financial Review

L Krishna Kumar

Group Financial Review

In Rs. Crs

Particulars	YTD ending March 31				
	2010 / 11	2009 / 10	Translation Impact	Underlying Impact	Variance
Total Operating Income	6005	5821	-170	354	184
EBIT	509	619	-6	-104	-110
Income from Investments	29	34	-2	-3	-5
Interest Expense (Net)	-53	-28	1	-26	-25
Profit before Exceptional Items	485	625	-7	-133	-140

- **Total operating income** improves by 3% (6% in underlying terms) aided by price increases and impact of acquisition.
- **Operating Profit** is lower as compared to PY attributable to higher commodity costs and investment behind brands
- **Investment income** : lower interest on debentures and lower deployments in mutual Funds
- **Interest cost** is higher mainly due to lower interest earned on surplus deposit due to change in asset portfolio partially offset by lower interest expense.
- Hence **profit before exceptional** items is lower than prior year.

Group Financial Review

In Rs. Crs

Particulars	YTD ending March 31				
	2010 / 11	2009 / 10	Translation Impact	Underlying Impact	Variance
Profit before Exceptional Items	485	625	-7	-133	-140
Exceptional Items	10	16	2	-9	-7
Profit Before Tax	495	641	-5	-142	-147
Tax	-202	-248	3	42	45
Profit after Tax	292	393	-2	-100	-102
Share Of Profit / Loss from Associates	20	33	0	-13	-13
Minority interest in consolidated profits	-58	-36	0	-22	-22
Group Consolidated Profit	254	390	-2	-134	-136

• **Exceptional items** include profit in sale of non core investments and actuarial gains on defined benefit schemes offset by restructure/redundancy costs. PY included profit on sale of an associate company's share offset by reversal of exchange gains on surplus funds, actuarial loss on defined benefit schemes and reorganisation expenses

• **Tax rate** at 41% is higher than PY number of 39% mainly on account of lower quantum of profit on sale of shares which have a lower tax rate coupled with non recognition of deferred tax assets on loss making overseas subsidiary offset by lower tax rate in plantations due to the benefit of tax savings scheme in the current year

• **Share of profits** from associates are lower in the CY because of the absence of an associate due to sale in the previous year coupled with lower profits by other associates.

• **Minority interest** is higher mainly on account of increase in Tata Coffee and TTGB profits in the CY

• **Consolidated Group profit** is lower attributable to lower operating income, higher interest expense, lower share of profits from associates coupled with higher share of profits attributable to minority.

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Region wise total income

In Rs. Crs

Total Income	YTD Ending Dec 31		Variance vs Previous Year		
	2010/11	2009/10	FX	Other	Total

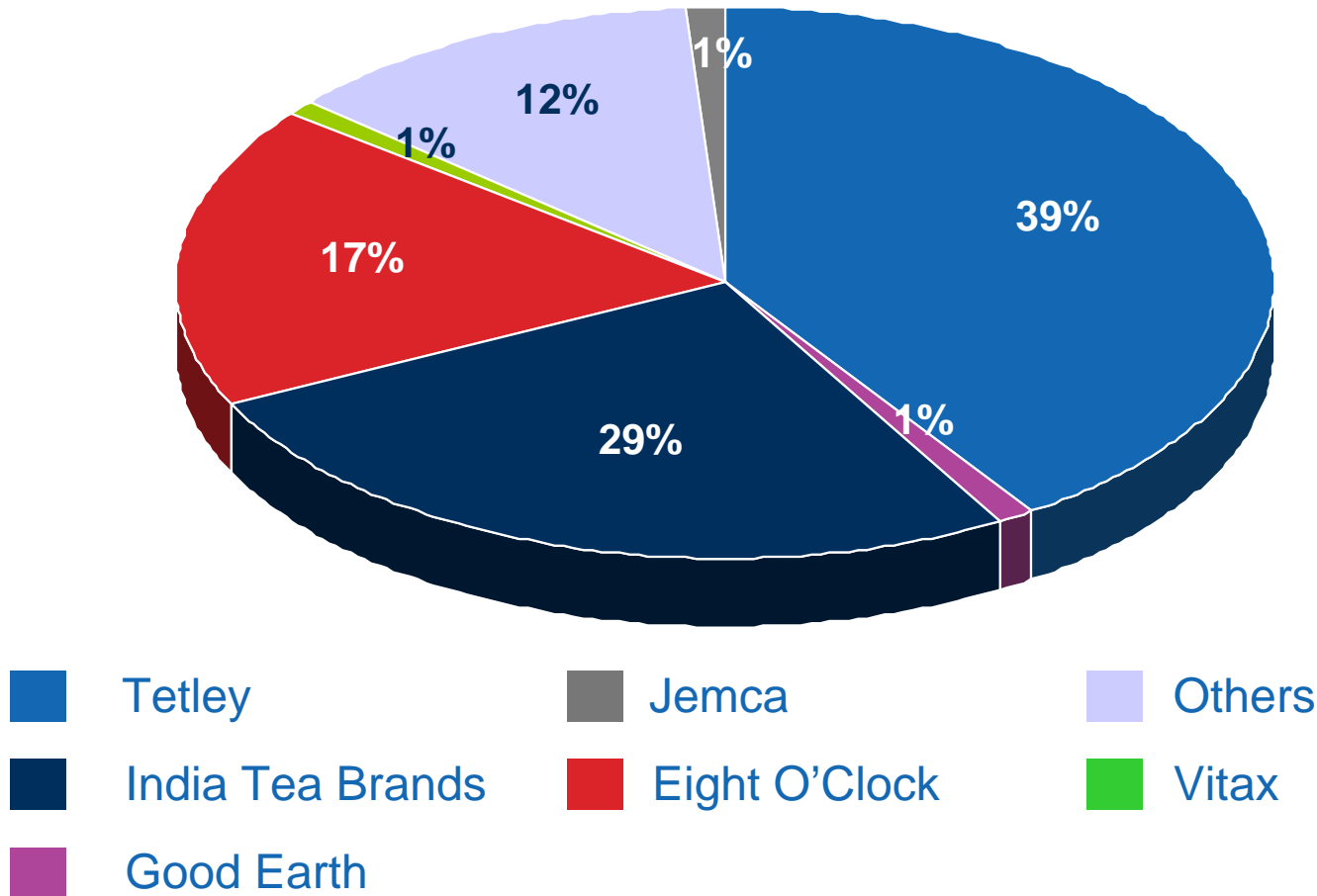
BRANDS

USA	1227	1303	-61	-15	-76
Canada & South America	351	334	10	7	17
GB & Africa	1336	1312	-87	112	24
Europe & Middle East	709	614	-30	125	95
South Asia	1709	1616	-3	96	93
Asia Pacific	134	128	8	-2	6
Total Brands	5465	5306	-164	323	159

NON BRANDED OPERATIONS

Total Non Branded Operations	479	438	-4	45	41
Other and Eliminations	61	77	-2	-14	-16
TOTAL INCOME	6005	5821	-170	354	184

Brand wise sales break-up



Exceptional Items

Item	Rs. Crs YTD 2011	Rs. Crs YTD 2010
Un-realised Exchange Variance on \$ deposits/options	(4)	(102)
Profit on sale of Shares	44	186
Re-organisation Costs	(67)	(28)
Actuarial gain/ (loss) on Pension valuation	37	(40)
Other Exceptional Items	10	16

Re-organisation Cost Breakdown

Employee Separation Scheme	(21)	(8)
Redundancy Costs	(16)	-
US Restructure	(27)	(13)
Professional Fees/ Others	(9)	(7)
Total	(67)	(28)

Balance sheet

Rs Crores	March '11	March '10
Sources of Funds		
Shareholders Funds	5065	4780
Loans	1041	1797
Deferred Tax	64	75
Total	6313	6652
Application of Funds		
Fixed Assets		
Goodwill	3038	2929
Others	760	766
Investments		
Long term	532	376
Current	54	143
Cash and Other Deposits	1537	2337
Net Operating Working Capital	441	329
Proposed Dividend and Dividend Tax	-143	-143
Pension & Other Liabilities	-49	-85
Total	6313	6652
Net Debt Position	+550	+683

• **Shareholders fund** increases on account of profits, translation impact offset by decrease in share premium account for redemption premium on debentures

• Reduction in **loan funds** mainly on account of repayment of debts in UK and US offset by increase in P&E

• **Deferred Tax** reduction is mainly on account of ESS Schemes in India

• Increase in **Fixed Assets** – translation impact, increase in Goodwill on increase stake in Joekels and China JV capitalisation

• Increase in **long term investment** on account of investment in group companies and associates.

• Decrease in **mutual funds** mainly due to switch to long term investments

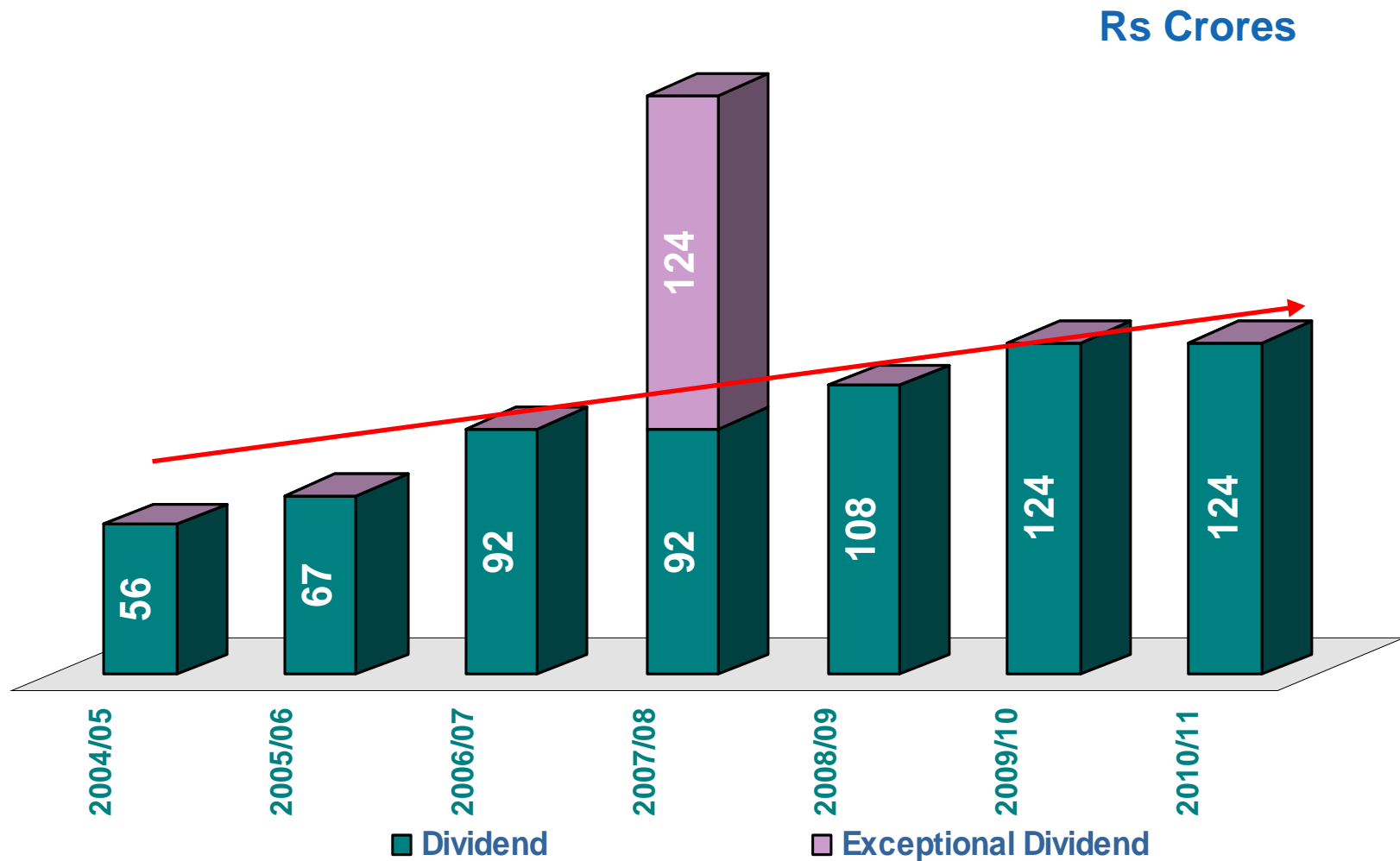
• **Cash deposits** decrease mainly on account of loan repayment

• Increase in **working capital** because of higher inventories (commodity costs), higher debtors due to timing of sales

• Decrease in **pension liability** due to on actuarial gain on defined benefit schemes.



Dividend History



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