



TATA GLOBAL BEVERAGES

Presentation on Q2 15-16 results

Analyst Meet
November 2015





Agenda

- **Key Themes**
- **Financial Highlights**
- **Operating Performance Highlights**
- **Financial Review**
- **Reiteration of our vision, purpose and strategy**





Key Themes for H1 2015-16

Improved top-line performance

- Top-line improvements in Branded Business and non branded business specially in underlying terms.

Tea Auction price trends

- Kenya auction prices reflects a hardening trend.
- Kolkata action prices reflects a softening trend.

Coffee commodity costs

- Trending lower from earlier highs.

Increased spends behind brands continues

- Green tea, Middle east and Restage of Tata Tea premium

Launch of Super Fruit Teas in UK and Tetley Signature Range in Canada

Currency markets

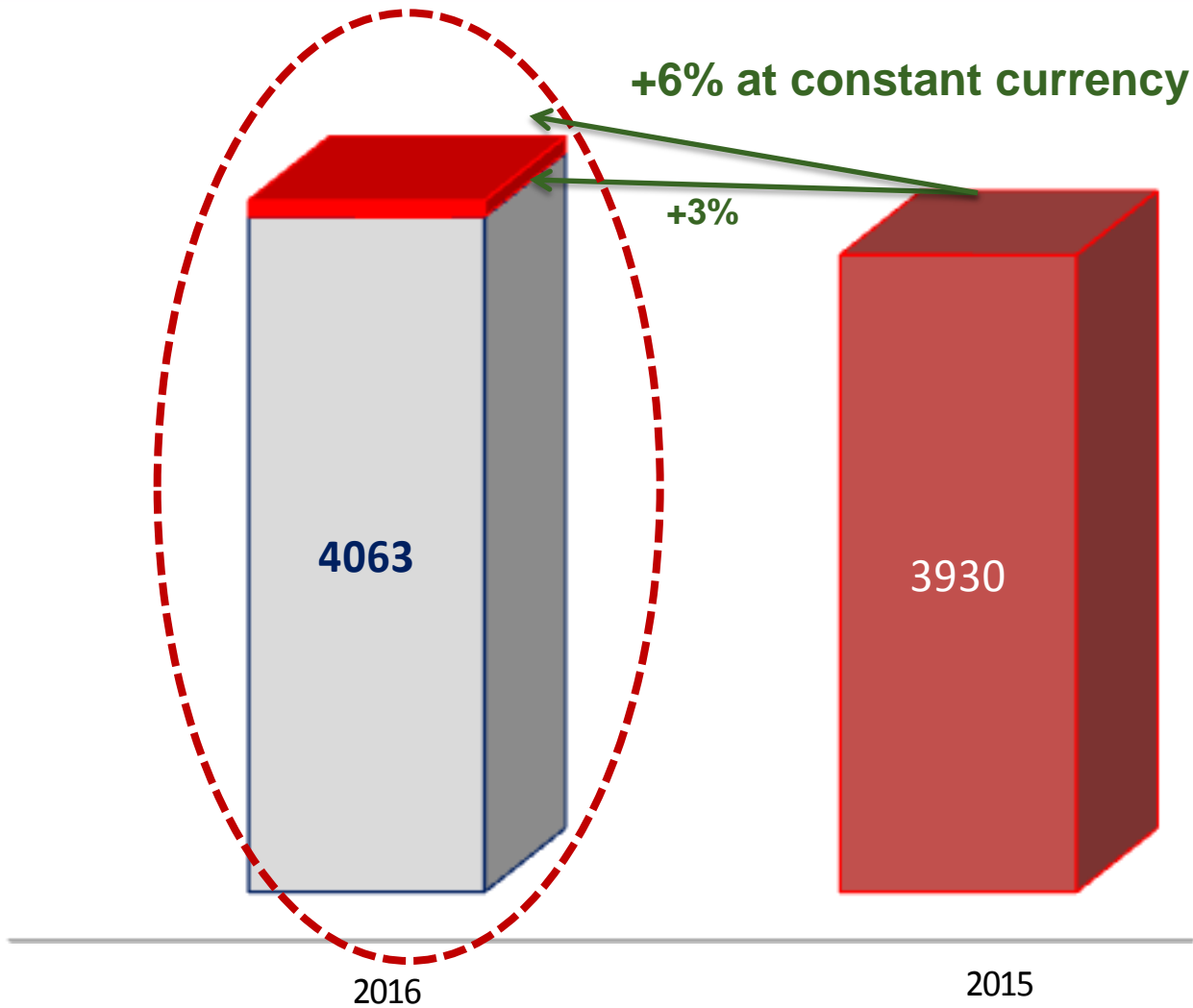
- Adverse impact of translations (mainly Rouble and Pounds partially offset by USD).
- Minor impact on profitability

Group Net Profit shows an increase during the quarter and flat for H1.



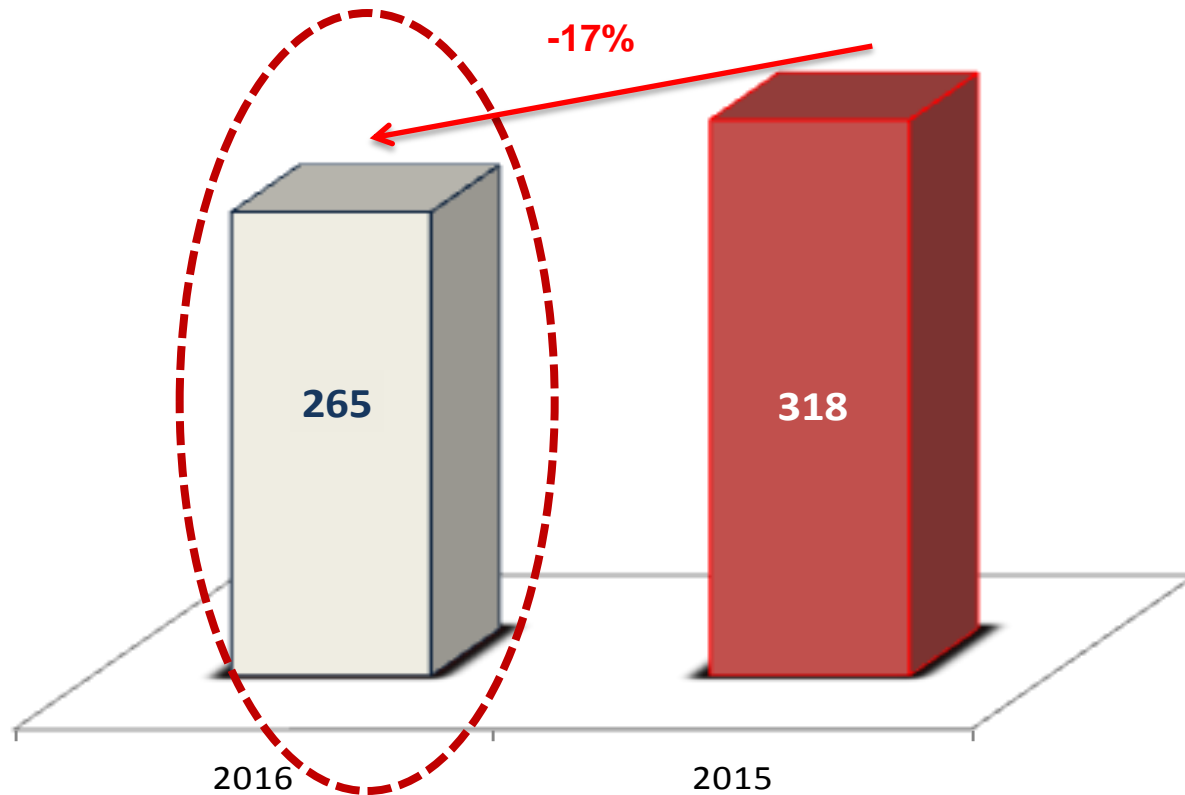


Financial Highlights H1 – Operating Income





Financial Highlights H1 – Operating profit

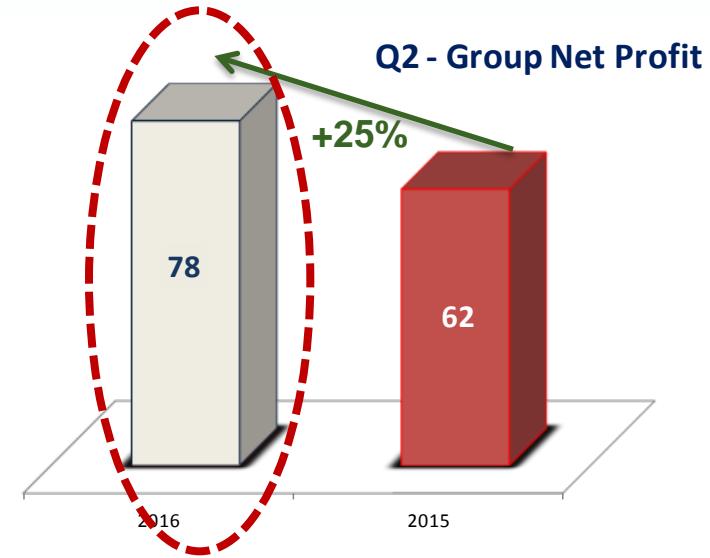
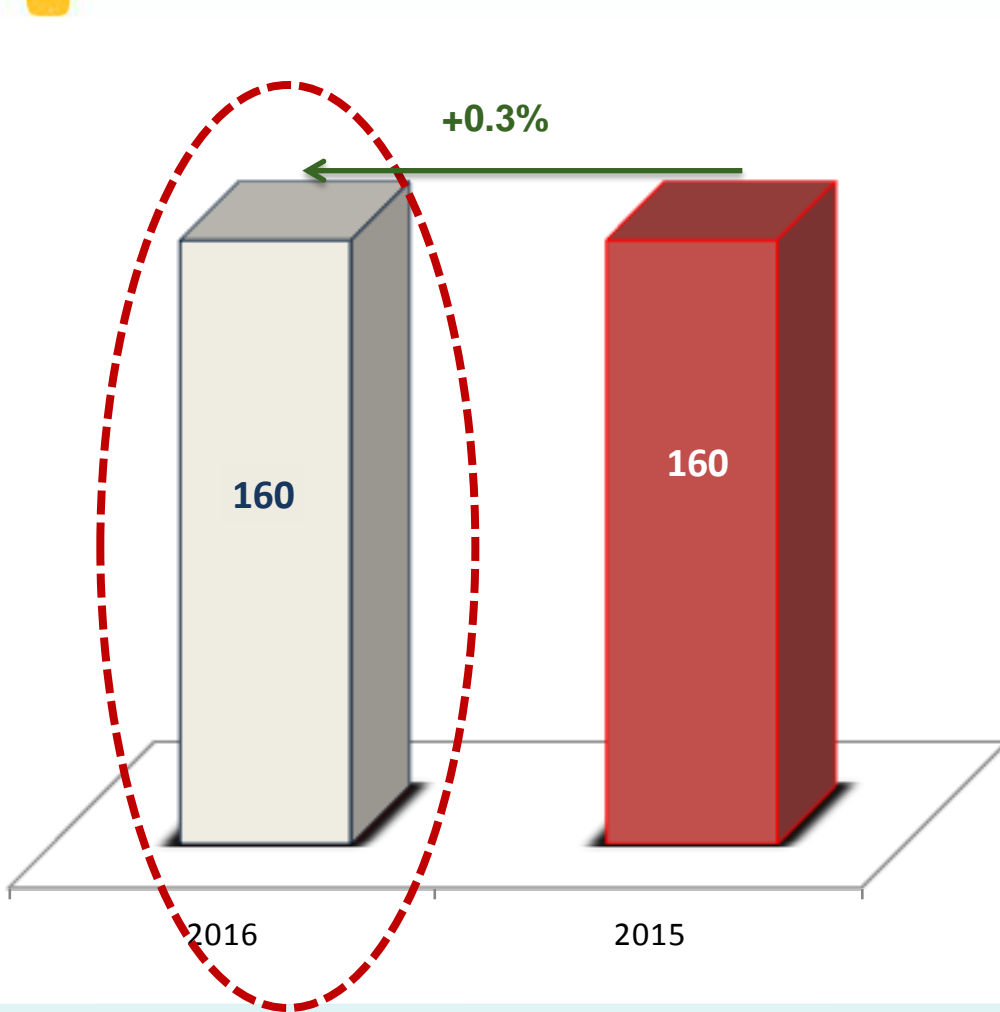


Operating Profit

- No material impact of Fx on profits.



Financial Highlights H1 – Group Net Profits



Group Net Profit

- No material impact of Fx on profits.



Operating Performance highlights – South Asia

- Top-line improvement - both volume and value increases
- Maintained Volume and value leadership
- Growth continues in both National and Regional brands
- Relaunch of Tata Tea Premium with 360 degree activation on the leaf variant across India.
- Tata Tea Gold – new blend launched in Maharashtra
- Good management on commodity costs.
- Significant growth continues in Green tea continues – driven by the Tetley Brand.





Tata Tea Premium advertisement

TATA TEA
3 5 S E C
2 2 0 7 1 5



Tata Tea Gold – Maharashtra advertisement

Operating Performance highlights – CAA – Canada

Canada

- ☛ Canada Sales in underlying terms improve
- ☛ New products listed are now gaining distribution
- ☛ National TV/Digital/Mobile campaign launched for Tetley Signature campaign



America

- ☛ Coffee top line sales flat to PY – despite aggressive competitor intensity
- ☛ Successful launch of can and instant coffee.
- ☛ Coffee pod market showing softening trends
- ☛ Tetley Green Tea reflects modest growth.



Australia

- ☛ Tea Business stable.
- ☛ MAP acquisition adds to topline



Tetley Signature Campaign - Canada

Operating Performance highlights – EMEA-UK

- Topline flat to prior year despite decline in Black tea category.
- Current year marketing campaigns focussed on Blend Collections and Super green tea
- UK - Green tea is the star performer aided by improvement in Super Green teas sales
- UK - Tetley Decaff continued to be MAT volume leaders.
- Super fruit tea products launched in UK – listing achieved in some key retailers
- Teapigs grows in double digits in UK - reflecting growth across most channels



Operating Performance highlights – EMEA- Rest of Europe

- Good execution of launch plans in Middle East
 - TV advertisement campaign launched with in-store promotional activity.
 - Tata tea and Kanan Devan re-launched.
- France – Robust growth in green and earl grey segments post re-launch
- Rest of Europe – improved sales in Portugal / Spain and Italy.
- Czech Republic – maintains volume leadership.
- Poland – Tetley reflecting a good performance.
- Russia
 - Despite adverse market significant improvement in underlying sales in both tea and coffee
 - Distribution expansion the key focus



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Operating Performance highlights – Water Vertical/Starbucks

Himalayan

- Stable performance with topline growth.
- Margins impacted by levy of excise duty. exemption ended in Sept 2014.
- Product continues to expand footprint in retail stores in Singapore.

Tata Gluco Plus

- Significant growth in Tata Gluco Plus during the period.
- The brand was restaged during the period with a new visual design and new communication proposition. Growth was intact even after increase in selling price.
- Product launched in Kerala and Karnataka.

Tata Starbucks

- 6 more stores added during the year. Tally now at 78.



Operating Performance highlights – Non Branded Business

- Instant tea business in India and US reflect good performance
- Tata Coffee
 - Improvement in Coffee Plantations/ Pepper plantations
 - Improved instant coffee sales.
- Tea Plantations impacted due to lower realisations.
- China instant tea operation – Sales effort now key.





Recognition and achievements

- Award tally for Tata Tea Jaago Re '**Power of 49**' campaign **crosses half century**
- Eight O'Clock Coffee** takes home **two Reggies** - a **Gold** in the **Partnership** category and a **Bronze** in the **Sponsorship and Licensed Property** category
- KDHP** ranked No 1 in the category for **Best Company for Employee Involvement And Participation in India**
- Instant Tea Division, Munnar** awarded **Kerala State Pollution Control Board Award 2015, for the second consecutive year**
- Plantation Trails** awarded the '**Certificate of Excellence**' from Trip Advisor, for the **third consecutive year**
- Eaglescliffe** progress from **Bronze** to **Silver award** in **Investors in People** accreditation
- Jemca Golden** awarded **The Choice of Consumers - Best New Product 2015** in the hot beverages category
- TGB identified as an **Indian leader for climate change transparency** disclosed through CDP India
- 4 Tetley** products in the UK won the **great taste award 2015** and rankings improved in the annual trade attitude survey by the advantage group.





Other Significant Events

New Website - Relunched on 22nd September with a new look and feel

TATA GLOBAL BEVERAGES Company Brands Investors Sustainability Media Careers | TATA

Making a lasting difference in tea, coffee and water, the world over.

Our brands
With multiple global brands, we delight more than a million people every day through good-tasting natural beverages.
[Browse our brands](#)

Global imprint
Our products are enjoyed across Asia, Africa, USA, Europe, Australia and the Middle East.
[Learn more](#)

Latest news
Tata Global Beverages announces launch of new corporate website
[View all news](#)

Stock price
Nov 03 04:40 LIVE
BSE
132.70
0.10 (0.08%)
[Know more](#)

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TATA GLOBAL BEVERAGES Our vision & purpose About us Our culture Our strategy Our history | TATA

TGB at a glance

Company

- Overview
- TGB at a glance**
- Leadership
- Global alliances
- Global operations
- Innovation

Our vision & purpose

Our vision

TO BE THE MOST ADMIRRED
NATURAL BEVERAGES COMPANY
IN THE WORLD BY MAKING A BIG AND LASTING DIFFERENCE
IN TEA, COFFEE AND WATER.

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Tea
Coffee
Water

TATA TEA Tetley GOOD EARTH teapigs vitax Langer JENCA

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TATA GLOBAL BEVERAGES Menu | TATA

Community development

Introduction **The initiatives**

The initiatives

Women empowerment
Tata Global Beverages is committed to the Millennium Development Goal of promoting gender equality and empowering women.

The team always before self UNICEF-ETP Project in Assam Jaago Re

Sustainability

- Overview
- Sustainability policy
- Sustainable sourcing
- Climate change
- Water management
- Waste management
- Community development**

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TATA GLOBAL BEVERAGES

Financial Performance





Performance Highlights

Operating Performance

- Operating income
 - For the QTD Operating income growth of 1% (3% in underlying currency)
 - For the YTD Operating income growth of 3% (6% in underlying currency)
- Operating profits lower for the quarter and YTD
 - Coffee Commodity cost
 - Investments in new initiatives
 - Weight of promotional spends (YTD)
 - Non recurring income in the prior year.

Group consolidated profit

- For the quarter higher by 25% mainly due to lower exceptional spends and lower tax
- For the 6 months - flat to prior year.

Financial Highlights – for the quarter and half year



Quarter ending Sep			Particulars (In Rs crores)	Half year ending Sep		
Actual	PY	Variance		Actual	PY	Variance
2035	2019	16	Total Operating Income	4063	3930	133
112	152	(40)	EBIT	265	318	(53)
34	32	2	Other Income	46	50	(4)
(14)	(22)	8	Finance Cost	(28)	(37)	9
132	162	(30)	Profit Before Exceptional Items	283	331	(48)
(5)	(25)	20	Exceptional Items	(8)	(28)	20
127	137	(10)	Profit Before Tax	275	303	(28)
(50)	(68)	18	Tax	(110)	(122)	12
77	69	8	Profit After Tax	165	181	(16)
12	6	6	Share of Profit from Associates	15	7	8
(11)	(13)	2	Minority Interest in consolidated profit	(20)	(28)	8
78	62	16	Consolidated Group Profit	160	160	-
1.24	1.01		Earning Per Share (Rs)	2.54	2.58	
1.29	1.34		Earning Per Share (Rs) – prior to exceptional items	2.63	2.94	



Region-wise Income from operations

Quarter ending Sep			Particulars (In Rs Crores)	Half year ending Sep		
Actual	PY	Variance		Actual	PY	Variance
492	517	(25)	CAA	956	966	(10)
527	577	(50)	EMEA	1037	1090	(53)
767	678	89	South Asia Brands	1583	1395	188
1786	1772	14	Total Brands	3576	3451	125
212	192	20	Total Non Branded Operations	412	379	33
37	55	(18)	Other and Eliminations	75	100	(25)
2035	2019	16	TOTAL OPERATING INCOME	4063	3930	133

Adverse impact of fx translation ~ Rs 100 crs for H1, substantially from EMEA region.



Segment Performance for H1

Segment -2014/15 (Rs Crs)	Tea	Coffee	Others	Total
Segment Revenue	2996 (2917)	1003 (955)	64 (58)	4063 (3930)
<i>(Segment Revenue as a % of Total Revenue)</i>	<i>73.7%</i>	<i>24.7%</i>	<i>1.6%</i>	<i>100%</i>
<i>(Segment Revenue as a % of Total Revenue - PY)</i>	<i>74.2%</i>	<i>24.3%</i>	<i>1.5%</i>	<i>100%</i>
Segment Results	300 (293)	97 (131)	-19 (-16)	378 (408)
<i>(Segment Results as a % of Segment revenue)</i>	<i>10%</i>	<i>10%</i>	<i>(30%)</i>	<i>-</i>
<i>(Segment Results as a % of Segment revenue - PY)</i>	<i>10%</i>	<i>14%</i>	<i>(28%)</i>	
Less: Unallocated expenditure/ income, finance costs, other income and exceptional items				-103 (-105)
Group Profit before Tax				275 (303)



Balance Sheet

Particulars (In Rs Crores)	Sept 2015	Mar 2015
SOURCES OF FUNDS		
Shareholder's Funds	6777	6368
Borrowings	1451	1324
Non Current Liabilities	502	461
Current Liabilities	1278	1358
TOTAL	10008	9511
APPLICATION OF FUNDS		
Fixed Assets:		
Goodwill	4066	3892
Others Fixed Assets	1098	1077
Non Current Investments	639	622
Cash & Other Deposits	1135	1225
Non Current Assets	218	212
Current Assets	2852	2483
TOTAL	10008	9511



TATA GLOBAL BEVERAGES

Reiteration of our vision/purpose and strategy





Our Vision/Purpose Statement



Our Vision

“To be the most admired natural beverages company in the world by making a big and lasting difference in Tea, Coffee and Water”

Our Purpose

“We will focus on creating magical beverage moments for consumers and an eternity of sustainable goodness for our communities”



TEA



COFFEE



WATER / FUNCTIONAL
WATER

Key Trends and Our Strategy

Key Trends /Opportunities - Consumers



TEA

- ✓ Premium tea segments growing
- ✓ Increasing disposable incomes
 - ✓ Growth in new formats
- ✓ Retail tea stores + online sales growing
 - ✓ Health and Wellness
- ✓ Emerging market have a dominant play



COFFEE

- ✓ Cocooning – Café Experiences
- ✓ Sensory Fusion – exotic flavours
- ✓ Made for me - Customization
 - ✓ On the go - portability
 - ✓ Health and Wellness



WATER / FUNCTIONAL WATER

- ✓ Health and wellness
 - CSD declining
 - “Better for you” options
 - Functional/fortified
- ✓ underserved cohorts
- ✓ Status affirmation/life-style

The Strategy

“ Maximise current business+ target new high growth opportunities”

“ Fuel existing brand portfolio and drive step change growth opportunities

“ upgrade consumers to healthier hydration”



Strategy – Key themes

Innovation overdrive

Focus Areas – functional teas, green teas, new formats, premiumisation, e-commerce



Base business rejuvenation

Tetley Global re-launch, Tata Tea Premium re-launch



Whitespace market entries

Middle East, Tata Tea Gold – Maharashtra blend





Our Tea Strategy



✓ Grow Base Business

✓ Brand leaders in select countries

➤ Market leaders in India and Canada*

➤ 2nd largest in volume terms in UK*

➤ Significant presence in key markets

*Neilson data March 2015

Brand Engagement



Format innovations



Premiumising



Grow in key under-exploited markets

Grow beyond black





Our Coffee Strategy



Win with PODs



Brand Engagement



Expand Range



Geographic expansion

- Expanding in markets where there is adequate growth opportunity
- MAP brand acquisition gives foothold in Australia and neighboring countries

Beyond the bean

- Alternative formats
- Growth through



TATA STARBUCKS LTD.



Our Water Strategy



Premiumising



Brand Engagement



Functional Beverages



Build Scale

- Expanding within India
- international opportunities

New Product development

- health and wellness
- Innovation for untapped segments
- customer led innovation
- value proposition



Our Focus on Sustainability

Sustainability Strategy

- Sustainability & CSR policy & strategy for integrated sustainability transformation in the organization.
- Consolidation of Sustainability & CSR budgets -simplicity, accountability & transparency.
- Implement Sustainability Performance Management system & KPIs.

Sustainable Sourcing

- Certification of all tea through Rainforest Alliance and trustea by 2020
- Project S-PPF with Tata Chemicals & Rallis develop bio-pesticides

Carbon Foot printing

- Focus to minimize carbon emissions & carbon disclosure leadership.

Water Foot printing

- Map water footprint & define water reduction targets and KPI's

Waste Management

- Efforts to optimize packaging, resource efficiency, low environmental impact without compromising product quality and safety.

Community Development

- UNICEF–ETP Project in Assam promotes child protection & child rights.

Affirmative Action : enhanced support to AA programs & initiatives





THANK YOU



TATA GLOBAL BEVERAGES

