



Nestlé

Good Food, Good Life

ANTONIO HELIO WASZYK
6TH AUGUST 2010

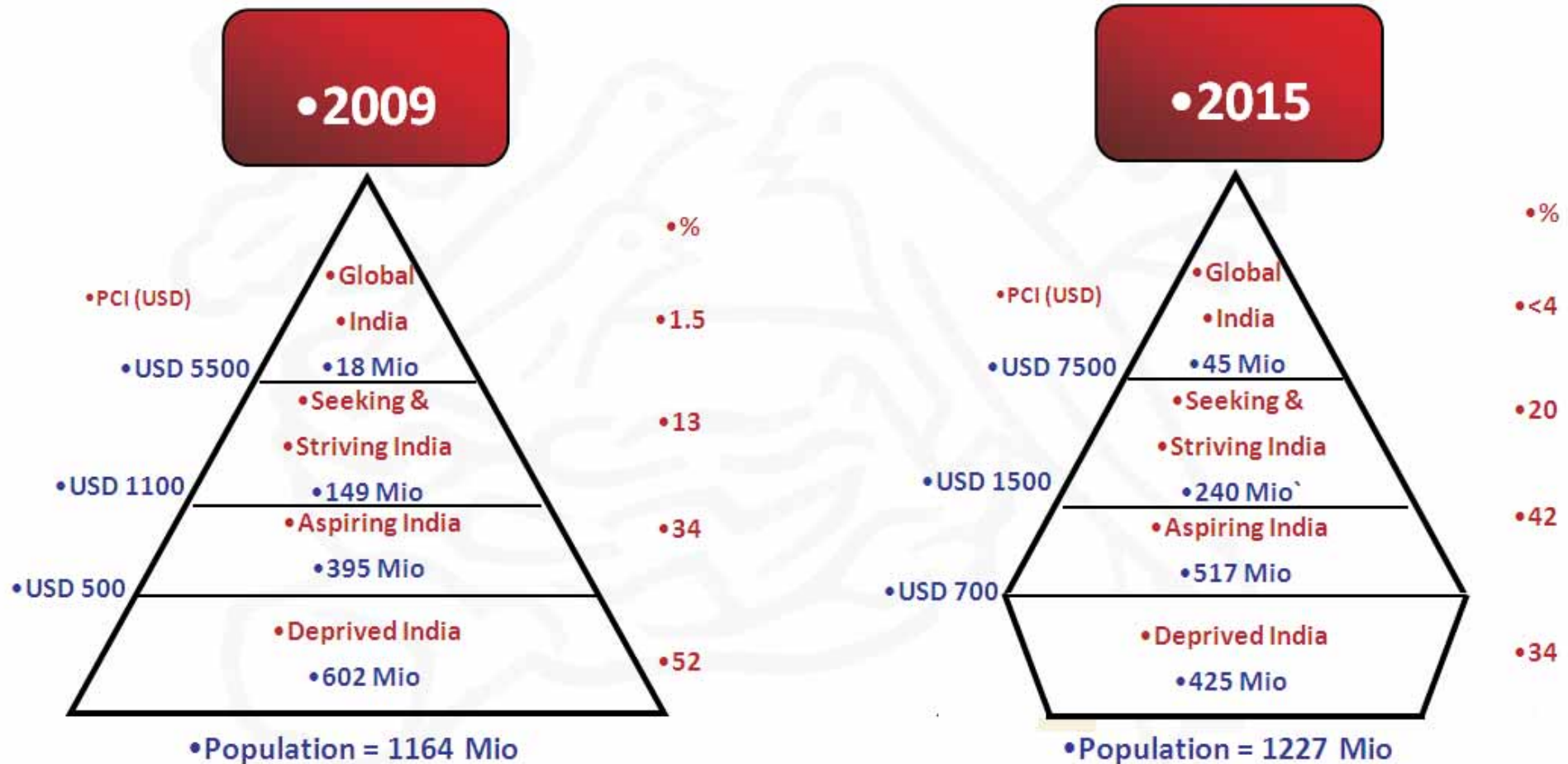
Nestlé India Market Leadership



Nestlé India Recognitions

- 2009 - NDTV Profit **Business Leadership Award**
- 2009 - Runner up '**Best Value Creator**' [Large Cap] at OUTLOOK Money NDTV Profit awards
- 2009 - MAGGI '**Most Valuable Food Brand**' ICMR Survey
- 2009 - Business Standard '**Star Multinational** for 2009'
- 2009 - Golden Peacock '**Environment Management Award**'
- 2009 - Greentech '**Environment Excellence Award**'
- 2010 - '**Me & Meri MAGGI**' campaign wins awards at Goa Festival

Consumer Landscape Evolution



Nestlé India

accelerating efficiency improvement



Nestlé India efficient communications

NESCAFÉ & Deepika Padukone.
More active brand connect.



Nutrition



Water



Rural Development

... *and*

we remain confident!

Nestlé India Limited

17th Financial Analysts' Meet



Gurgaon, 6th August 2010

Disclaimer

This presentation may contain statements which reflect Management's current views and estimates and could be construed as forward looking statements. The future involves certain risks and uncertainties that could cause actual results to differ materially from the current views being expressed. Potential risks and uncertainties include such factors as general economic conditions, commodities and currency fluctuations, competitive product and pricing pressures, industrial relations and regulatory developments.

Responses can be given to questions, which are not price sensitive.

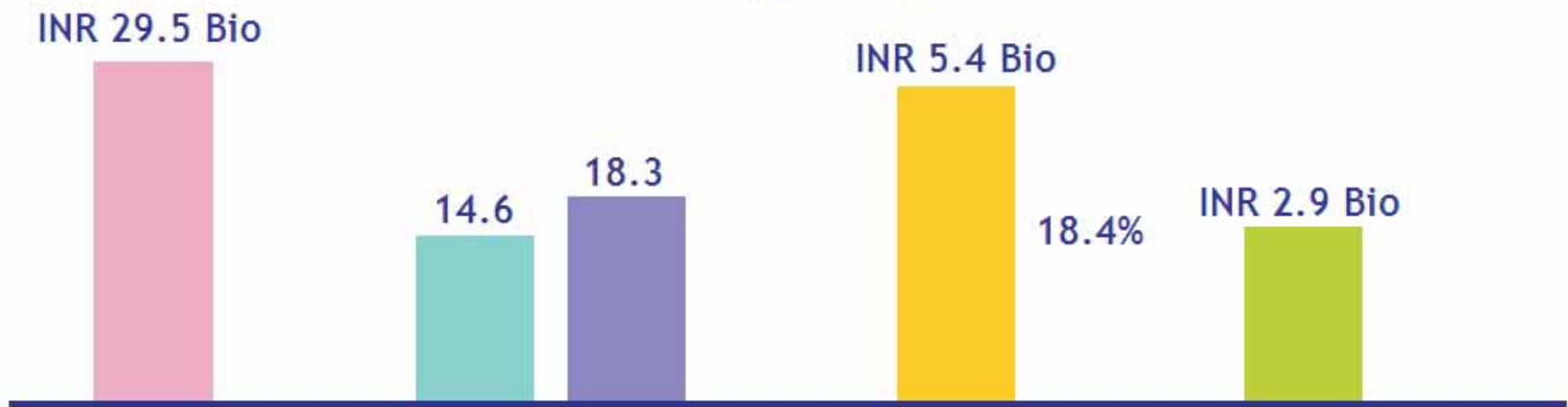
Calculations in this presentation are based on non-rounded figures.

Real Internal Growth (RIG) and Organic Growth (OG) are basis Nestlé

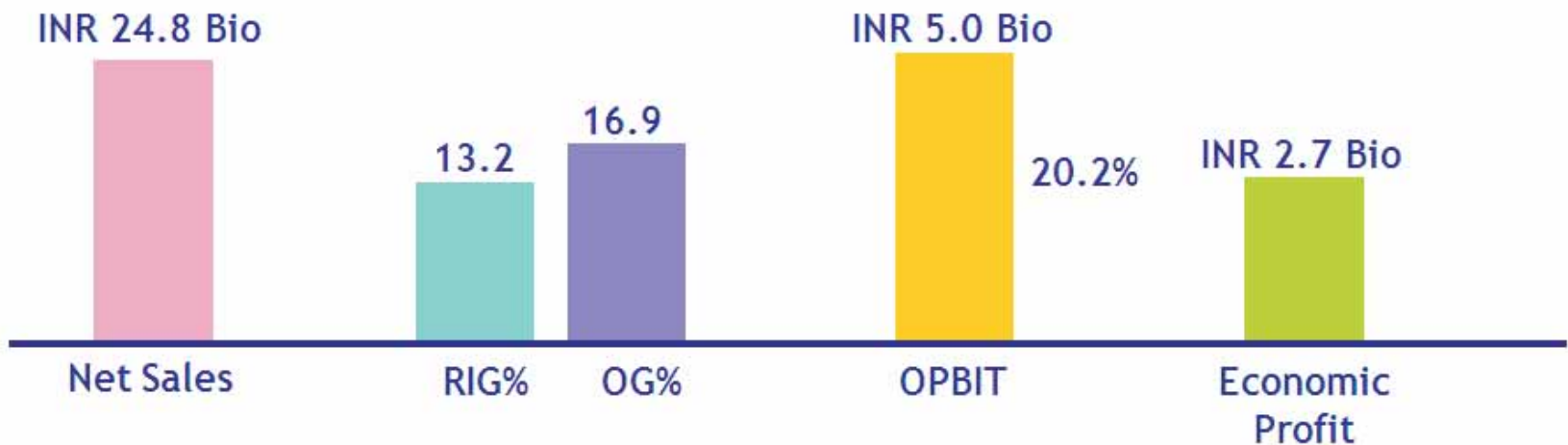
Internal Reporting Standards in relation to third party sales only.

First half highlights

Jan-Jun 10

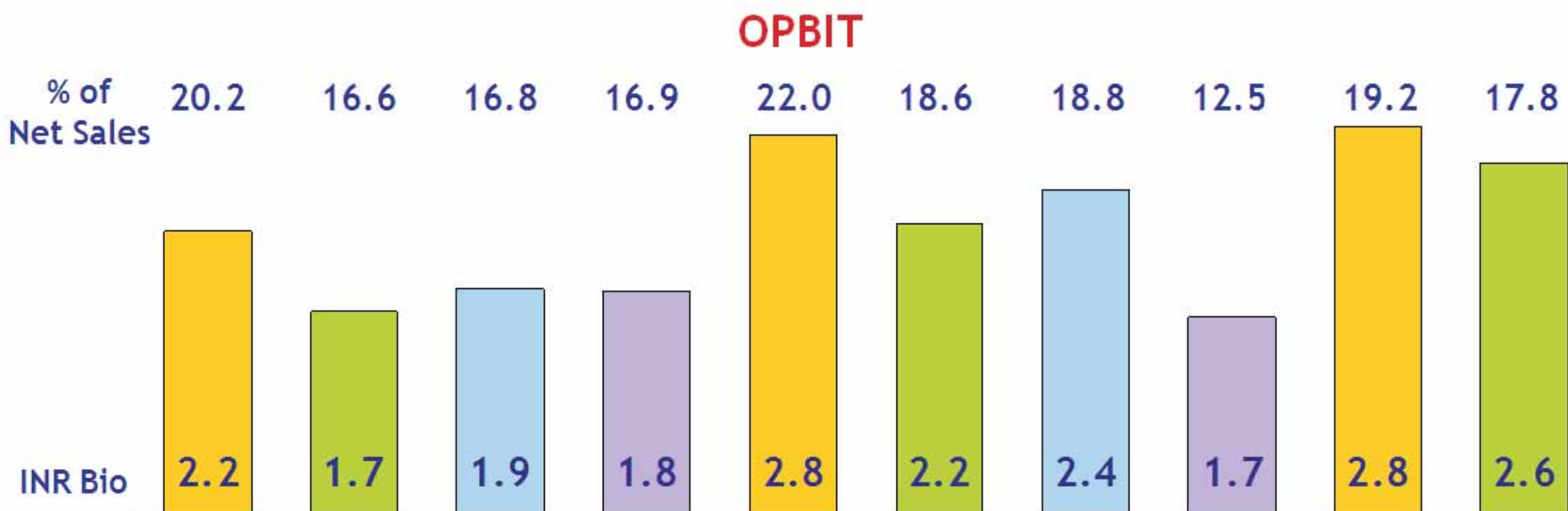
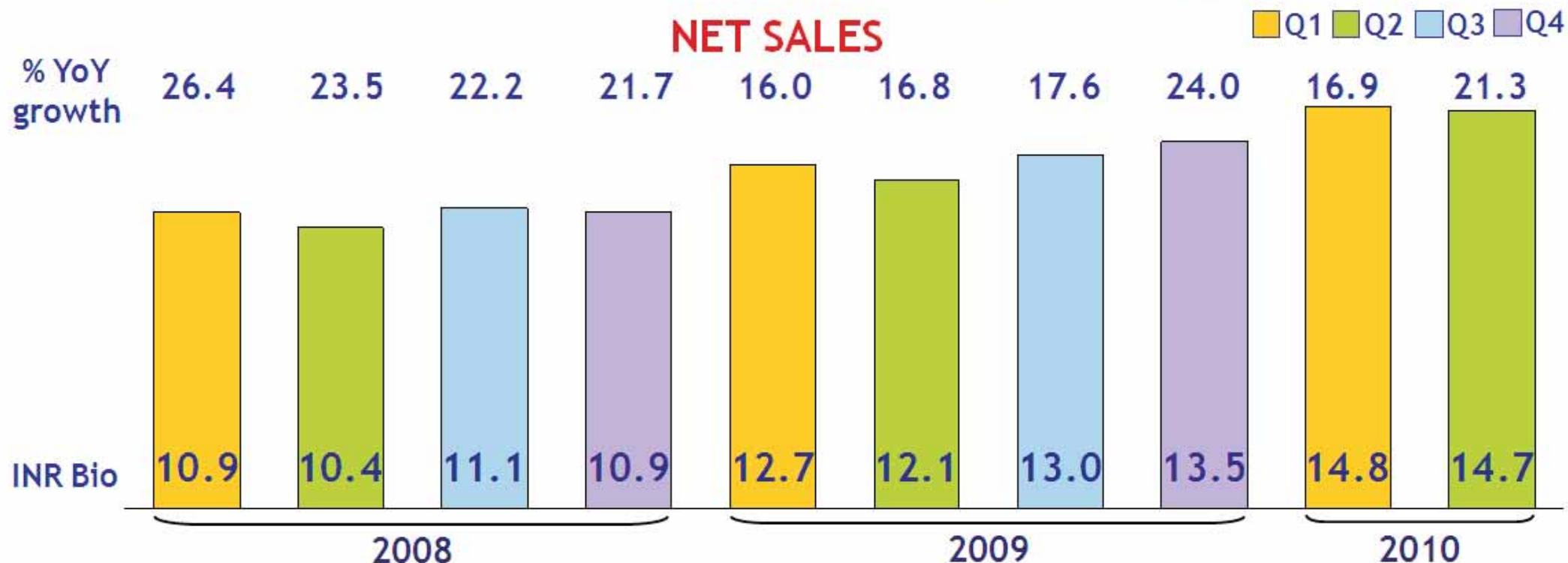


Jan-Jun 09



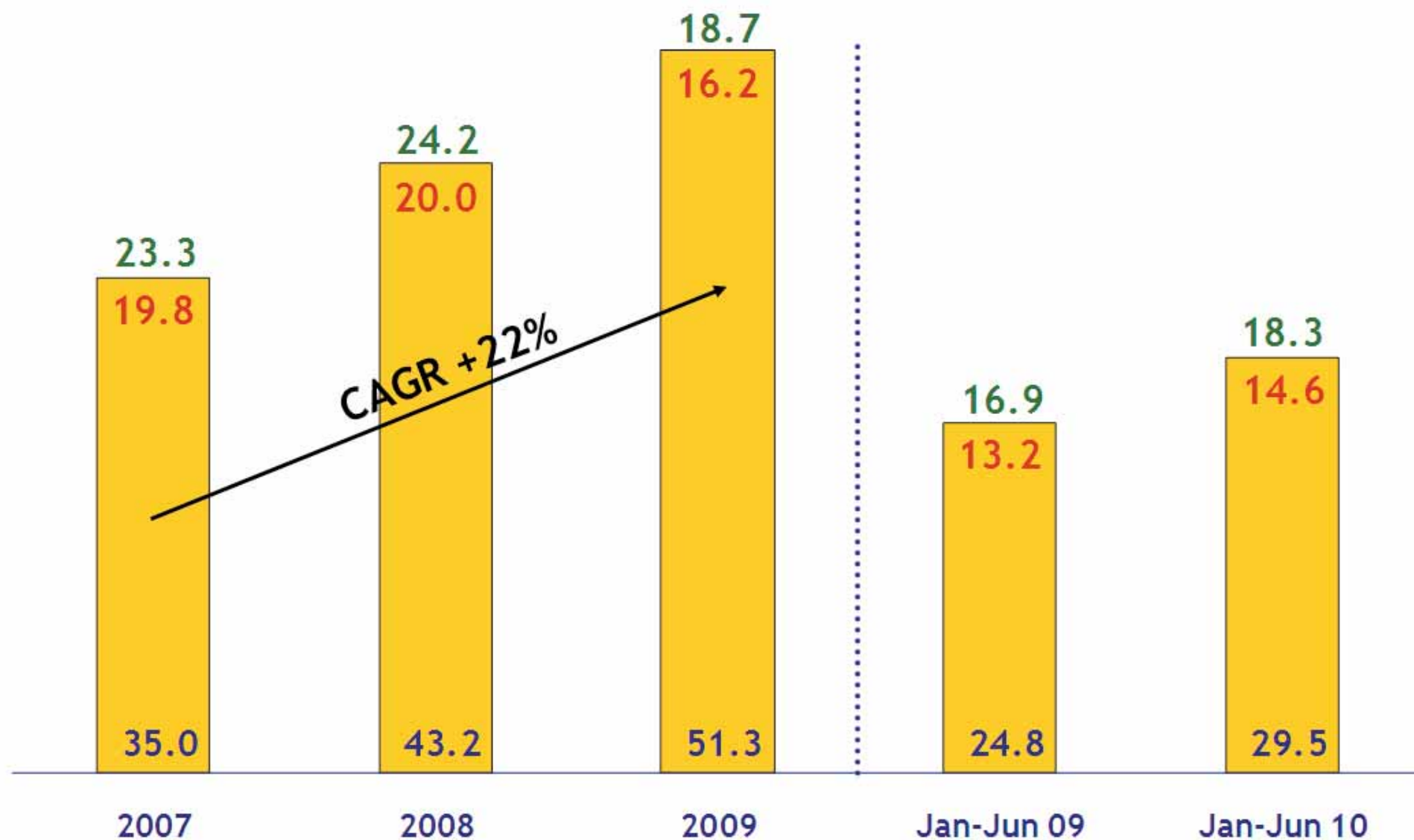
Includes figures from Nestlé Internal Reporting Standards

+20% Growth @ healthy margins



Doubled sales in 4 yrs

Organic Growth (OG) (%) Real Internal Growth (RIG) (%) Net Sales (INR Bio)



RIG & OG are basis Nestlé Internal Reporting Standards in relation to third party sales only

Strong domestic Net Sales

Volume (000' Tons)



Value (INR Bio)

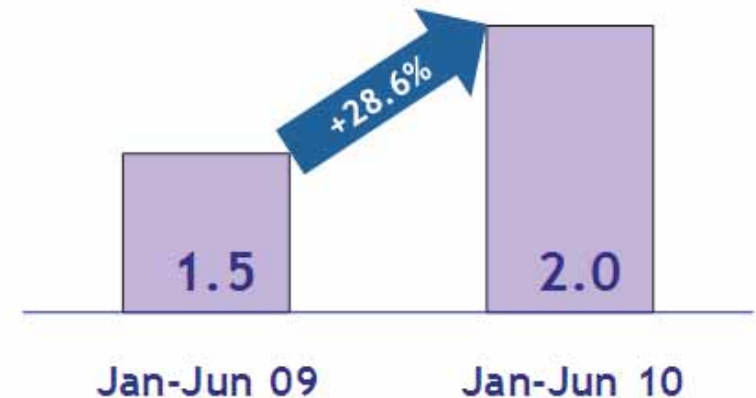


Recovery in Exports

Volume (000' Tons)

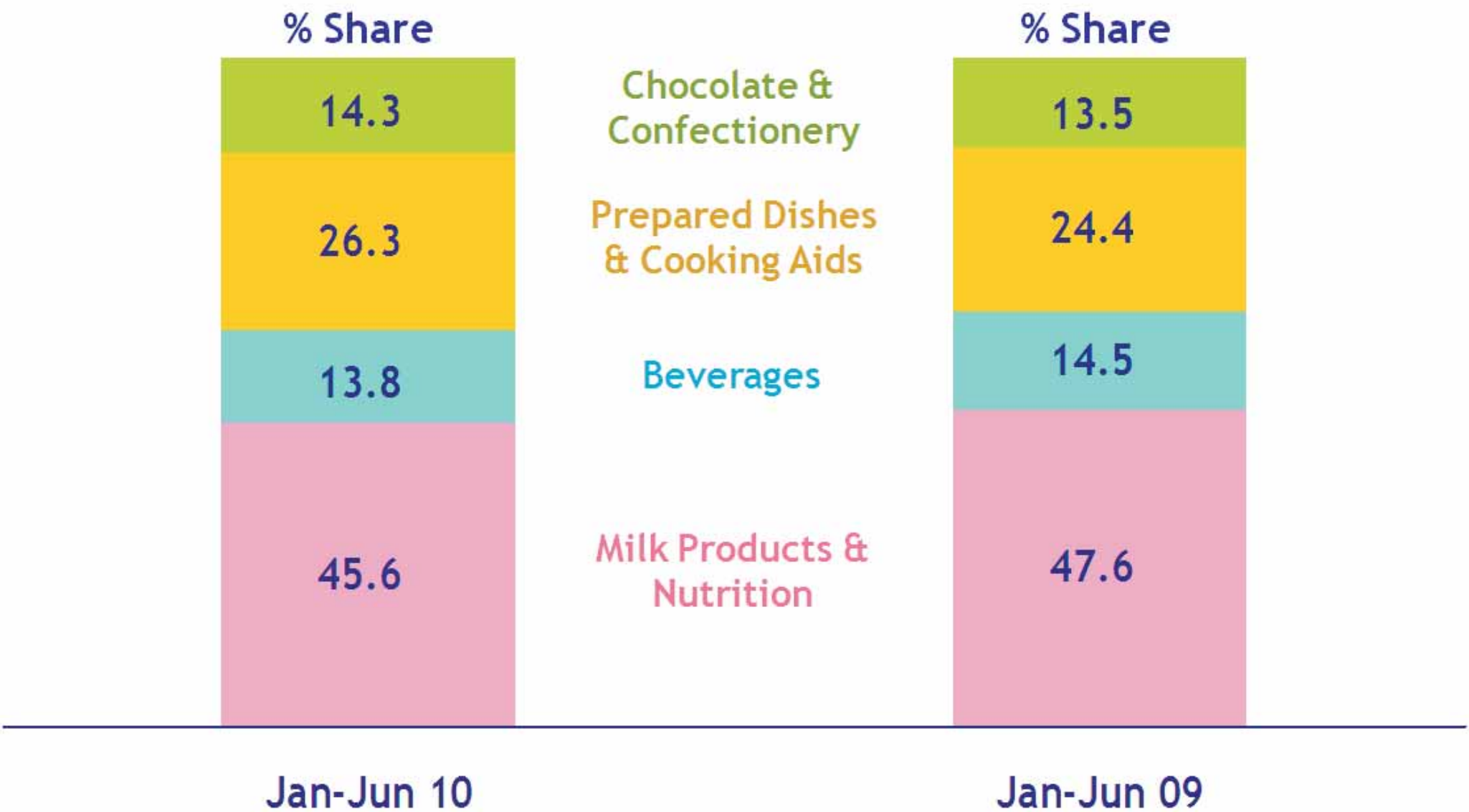


Value (INR Bio)



Diversified product portfolio across categories...

Contribution to Net Sales



...and income segments

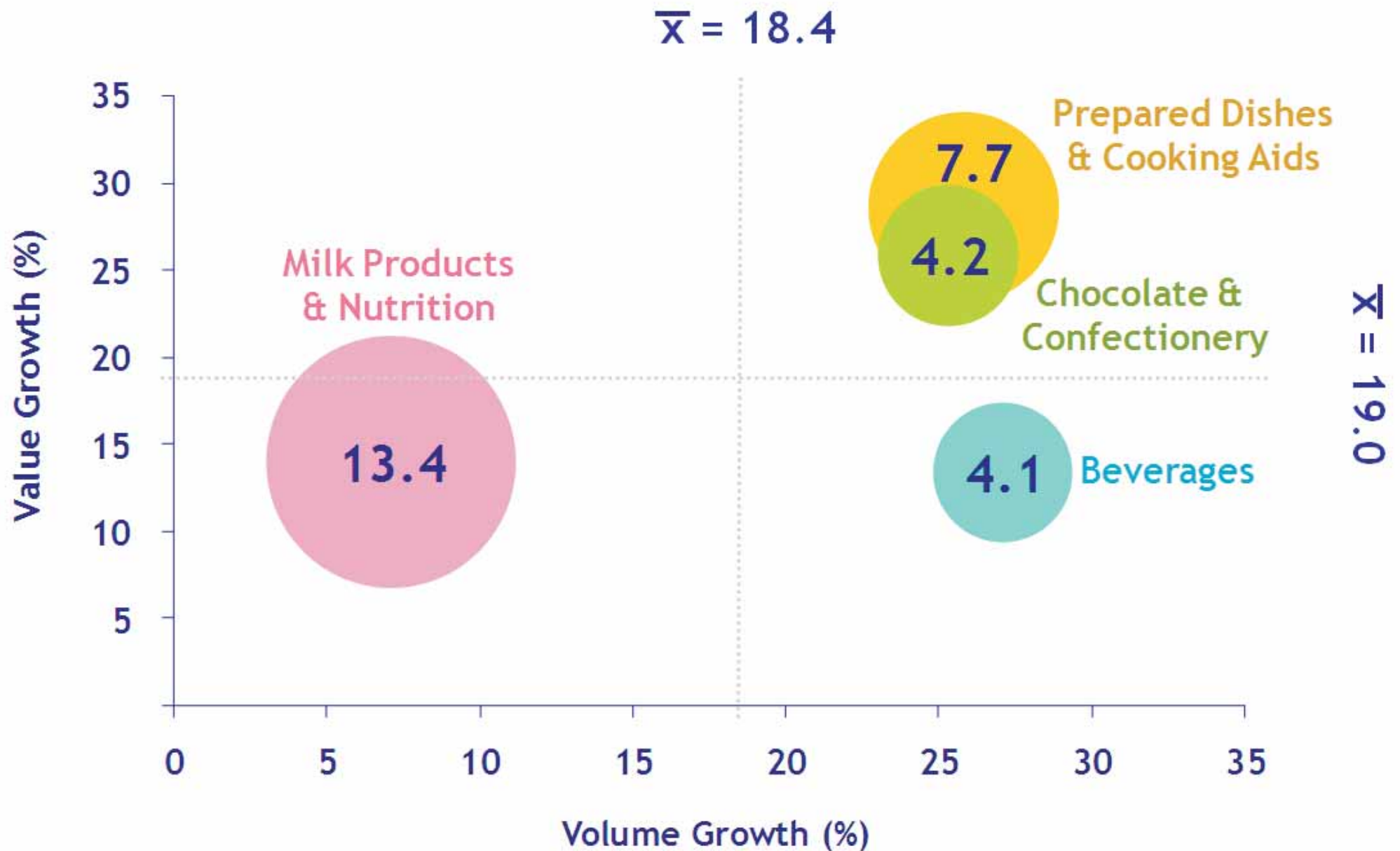
PREMIUM

MAINSTREAM

PPP



All categories have contributed to growth



Milk Products & Nutrition

'A good growth'

Health Care Nutrition



Sales (000' tons)



Jan-Jun 09 Jan-Jun 10

Sales (INR Bio)



Jan-Jun 09 Jan-Jun 10

Market Position (Value)

- No. 1 in Baby Foods & Infant Formula
- No. 1 in Dairy Whitener & Sweetened Condensed Milk

Contribution 45.6%

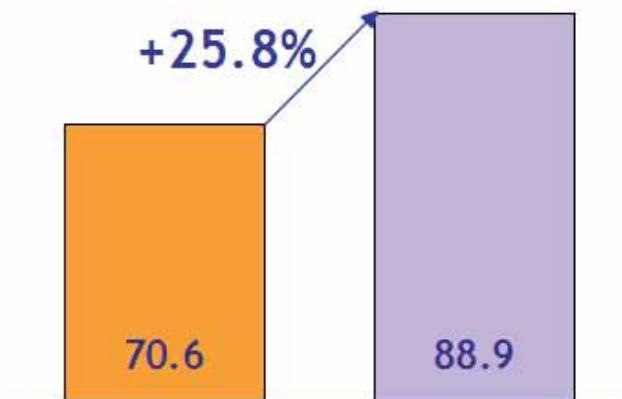
Prepared Dishes & Cooking Aids

‘Continues on high growth trajectory’

Innovation & Renovation



Sales (000' tons)



Sales (INR Bio)



Market Position (Value)

- No. 1 in instant Noodles & Sauces
- No. 2 in Healthy Soups

Jan-Jun 09 Jan-Jun 10

Jan-Jun 09 Jan-Jun 10

Contribution 26.3%

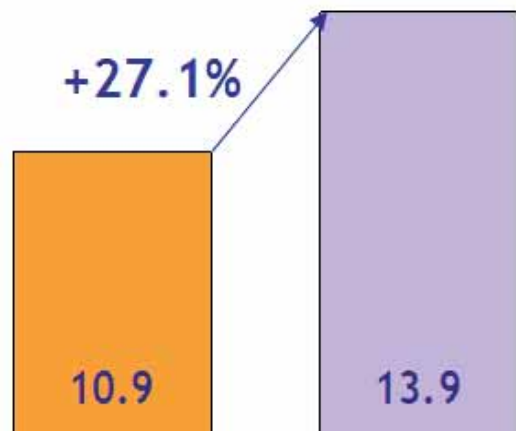
Beverages

'Exports improves performance'

Innovation & Renovation



Sales (000' tons)



Sales (INR Bio)



Market Position (Value)

- No. 1 in Instant Coffee
- Very strong presence in Vending

Jan-Jun 09 Jan-Jun 10

Jan-Jun 09 Jan-Jun 10

Contribution 13.8%

Chocolate & Confectionery

‘Strong recovery’

Innovation & Renovation

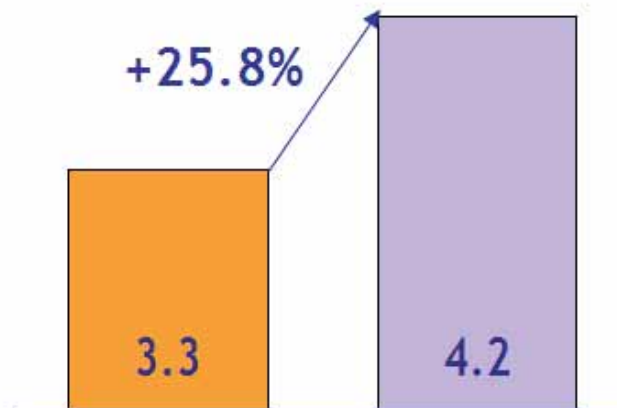


Sales (000' tons)



Jan-Jun 09 Jan-Jun 10

Sales (INR Bio)



Jan-Jun 09 Jan-Jun 10

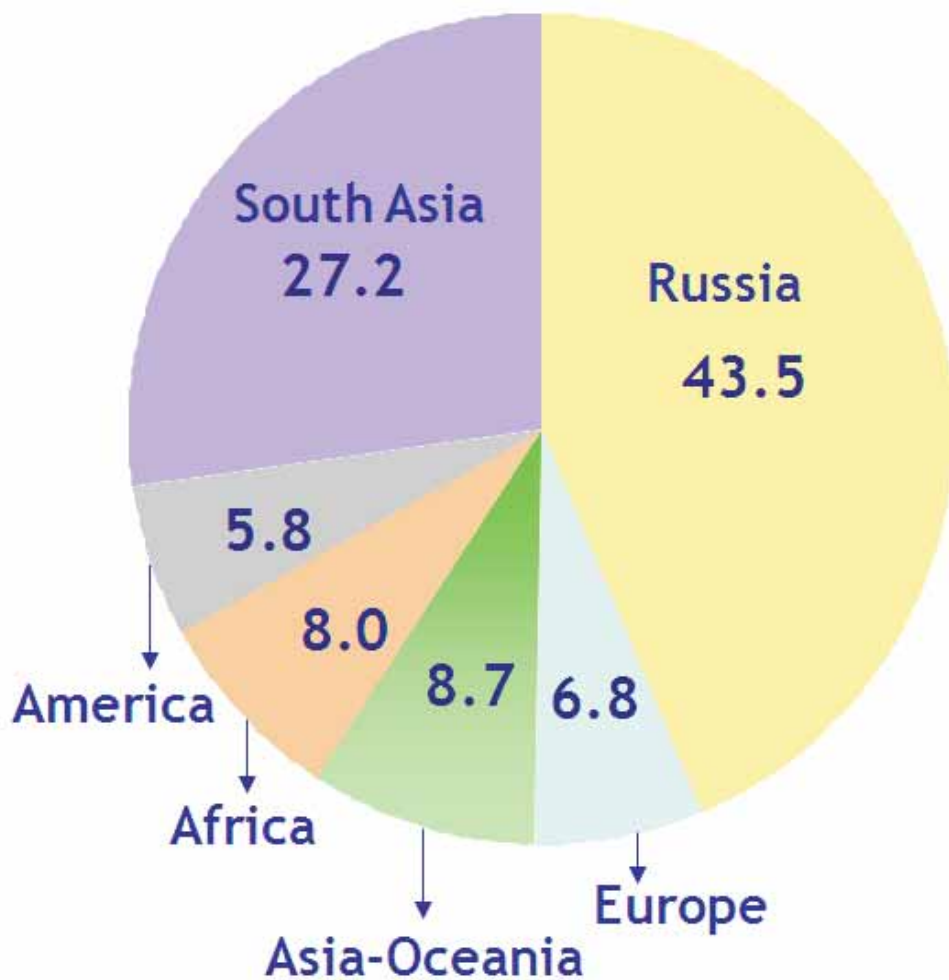
Market Position (Value)

- No. 1 in Wafers and Whites
- Leading player in Éclairs

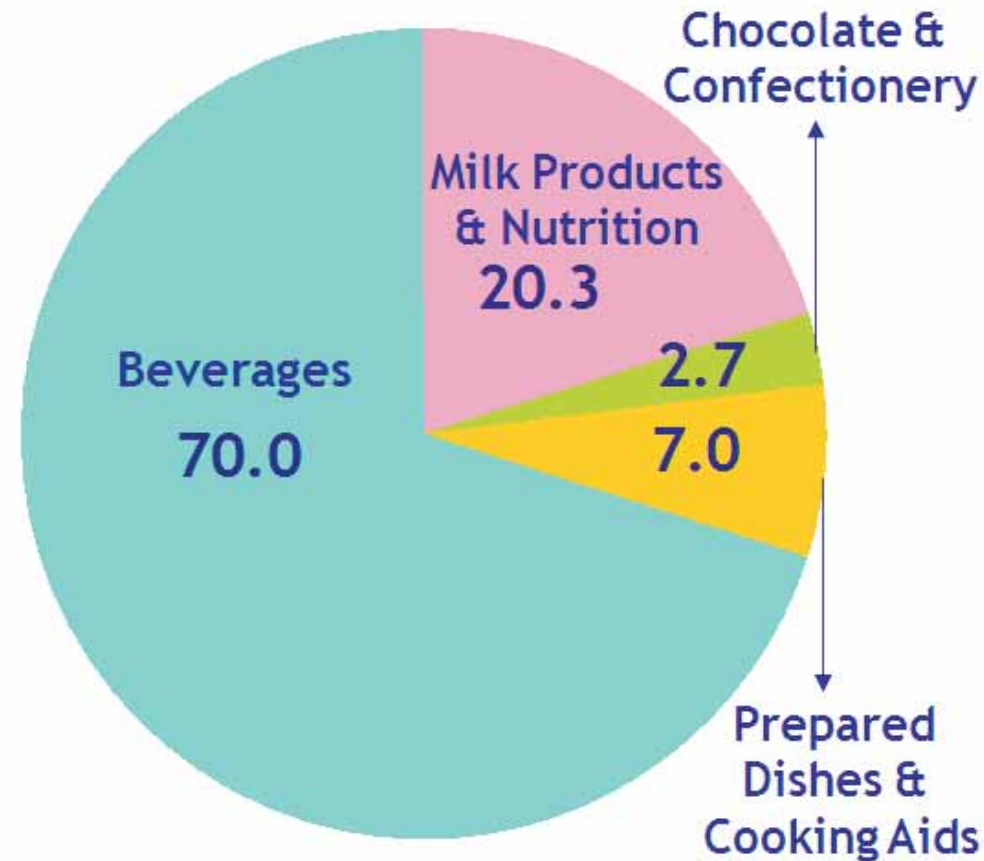
Contribution 14.3%

Export portfolio

Geography



Product Category



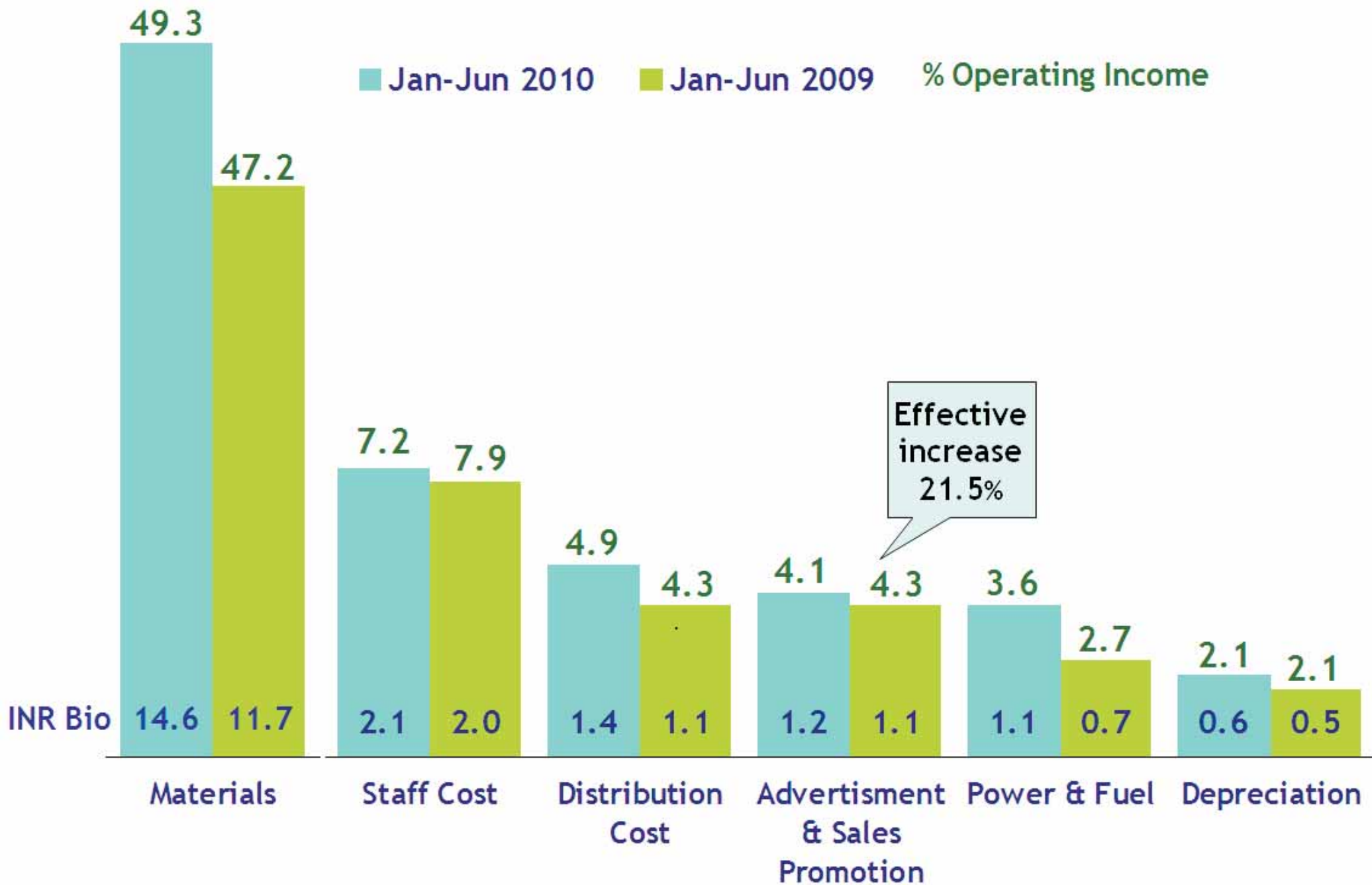
Value (INR Bio) 2.0 (+28.6%)

Volume (000' Tons) 9.3 (+29.3%)

Contribution to sales 6.7%

Jan-Jun 10

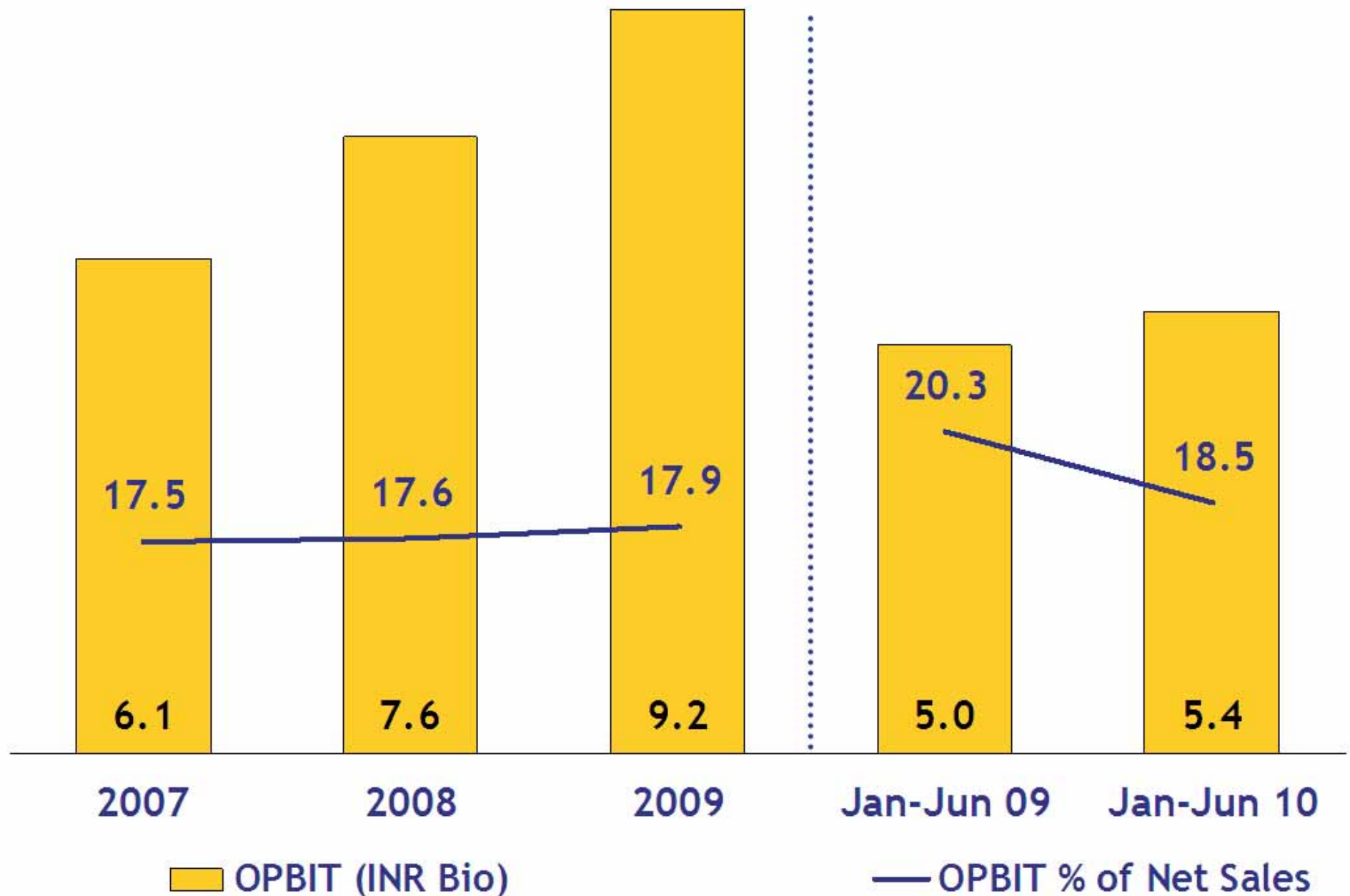
Our Cost Structure



Figures have been regrouped / reclassified to make them comparable.

Not to scale

Record high commodity prices impact margins which remain healthy....



... and improvement underway...

OPBIT %			
<u>Year</u>	<u>Qtr 1</u>	<u>Qtr 2</u>	Change bps
2009	22.0	18.6	340 ↓
2010	19.2	17.8	140 ↓
Change bps	280 ↓	80 ↓	

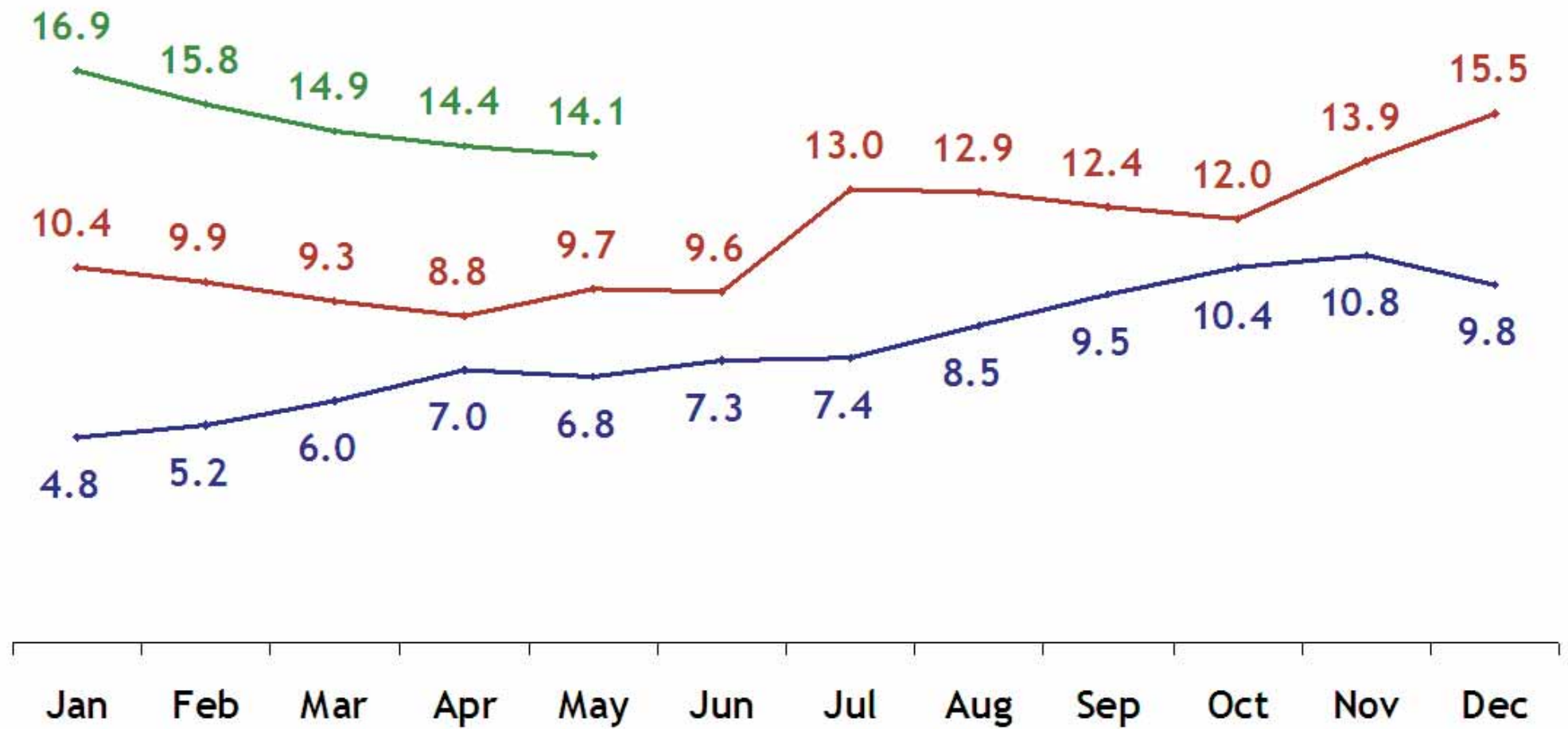
....despite commodities pressures....

Material cost as % of Net Sales			
<u>Year</u>	<u>Qtr 1</u>	<u>Qtr 2</u>	Change bps
2009	47.1	47.4	30 ↑
2010	49.7	48.9	80 ↓
Change bps	260 ↑	150 ↑	

Food Inflation



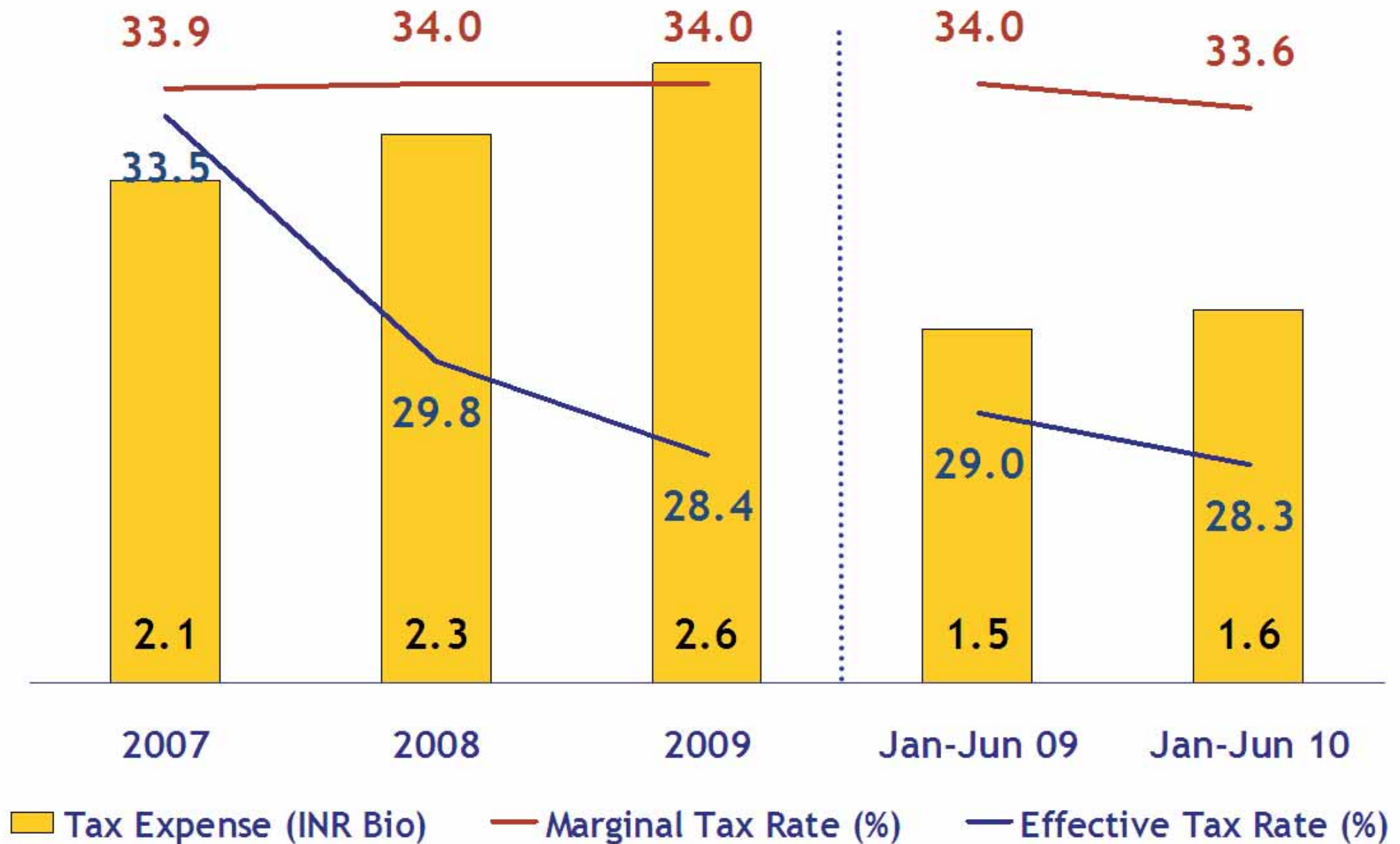
CPI Inflation



Food has 46.2% weighting in CPI

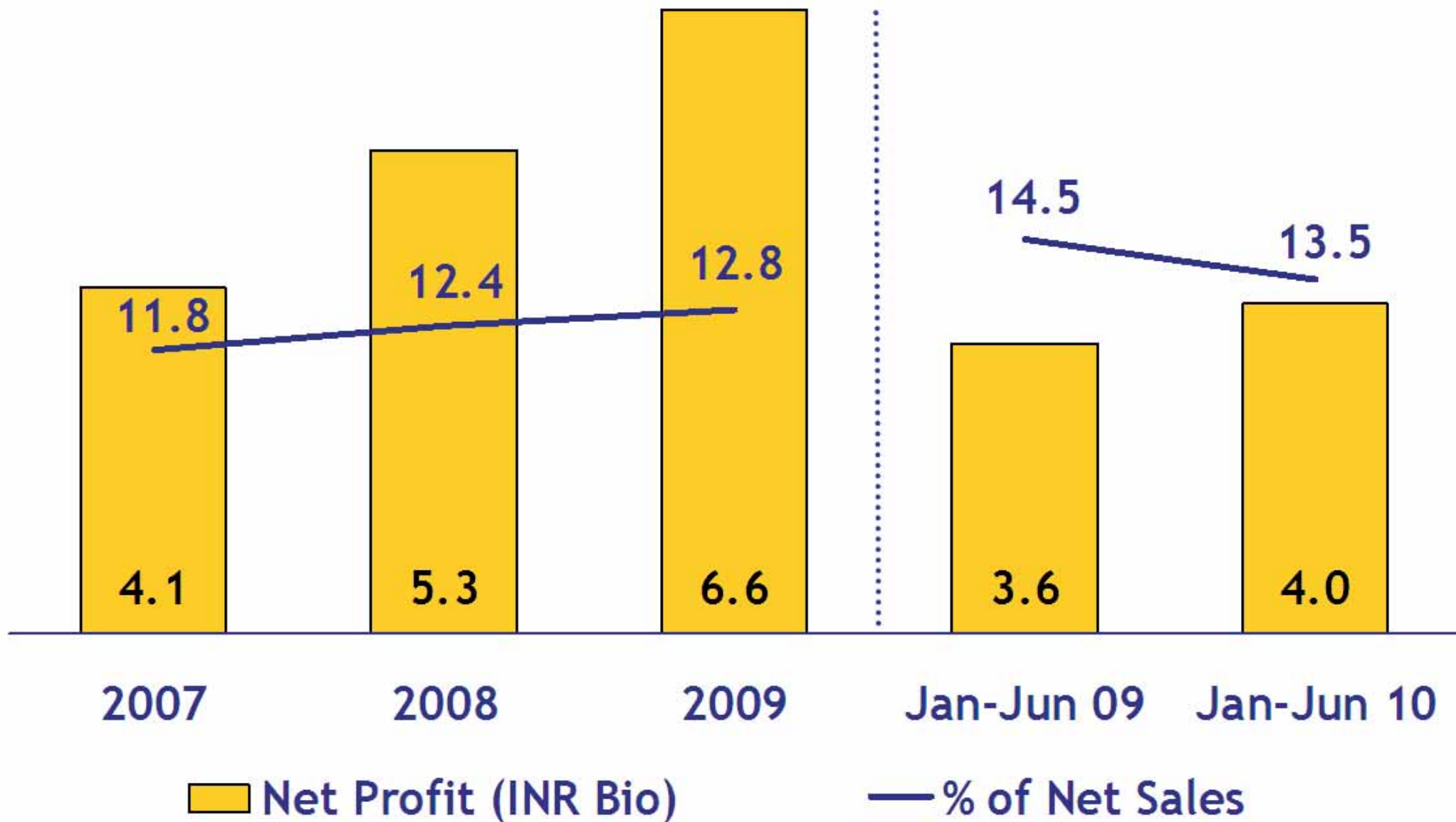
— 2008 — 2009 — 2010

Effective tax rate improves

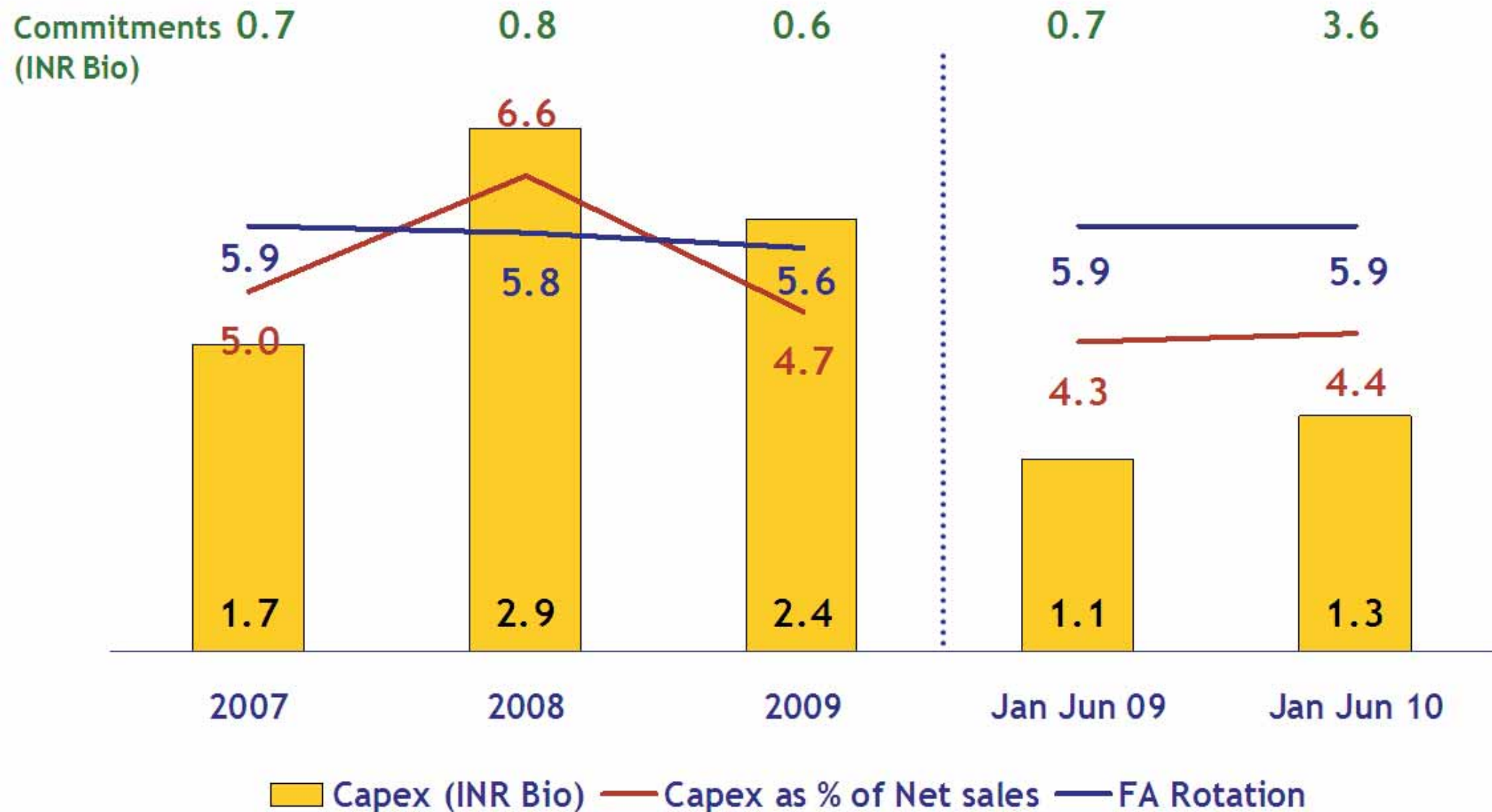


Excludes Fringe Benefit & Dividend Distribution Tax

Reflection of OPBIT margins



Creating capacities for growth



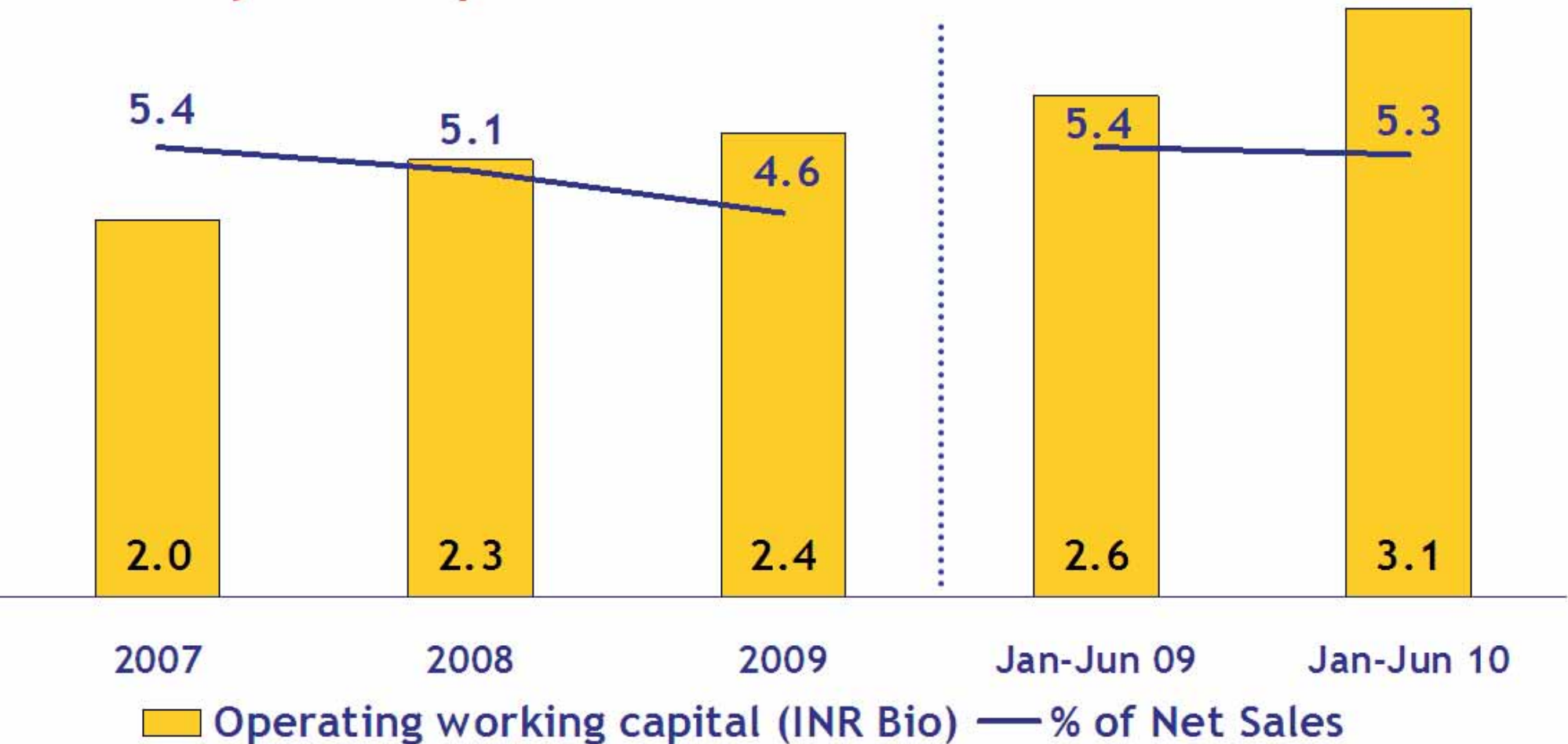
Dep. (INR Bio)

0.56	0.64	0.82	0.59	0.73
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Fixed Assets exclude Intangibles

Satisfactory average operating working capital.

Period end up from 6.0 to 8.3% due to low base, margin & inventory build up

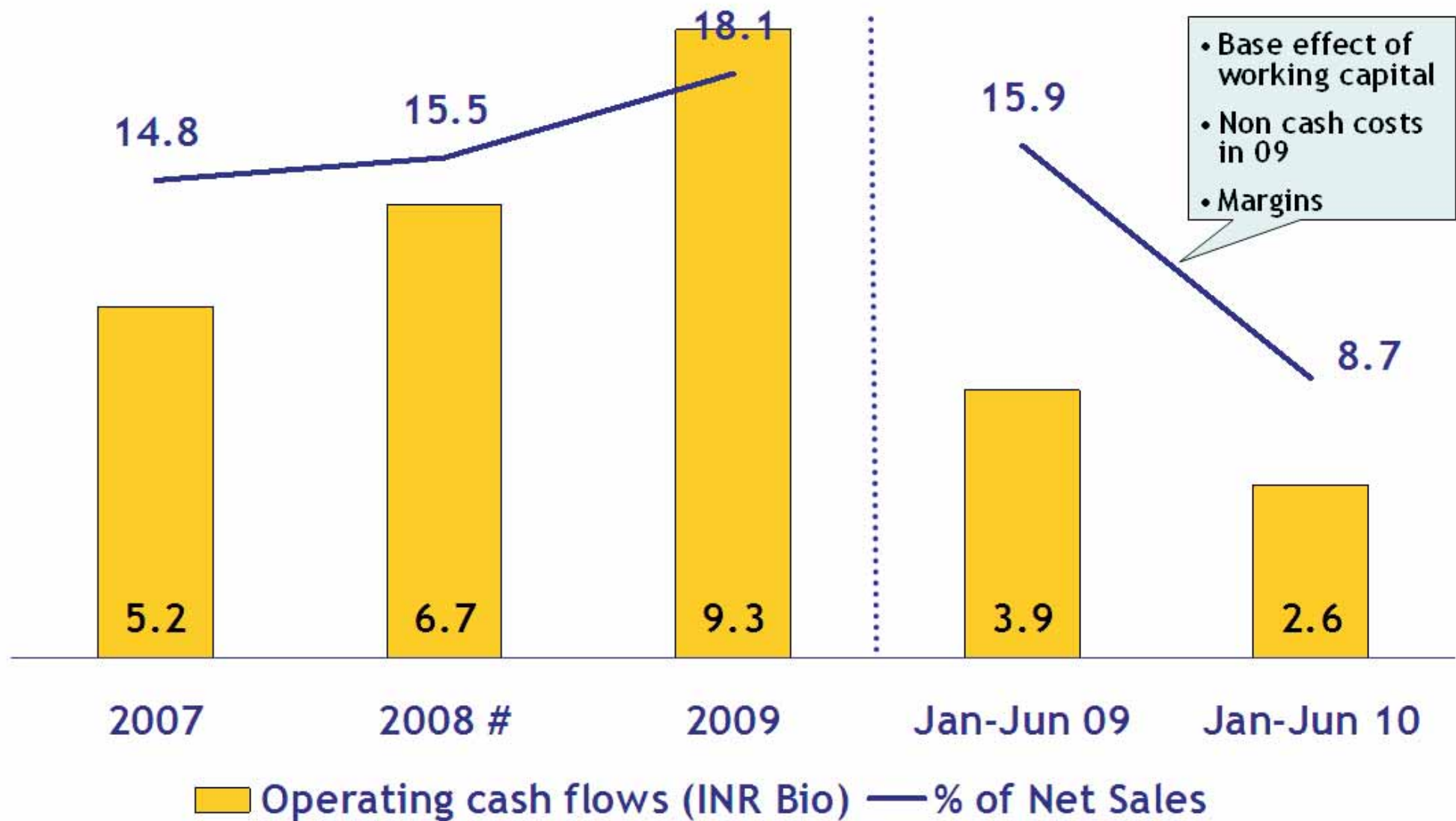


Operating Working Capital = Inventories + Debtors - Trade Payables (excluding Staff Costs, Contingencies, Capex & Taxes)

Sales are on rolling 4 quarters basis and Operating Working capital is average for rolling 4 quarters

Basis Nestlé Internal Reporting Standards

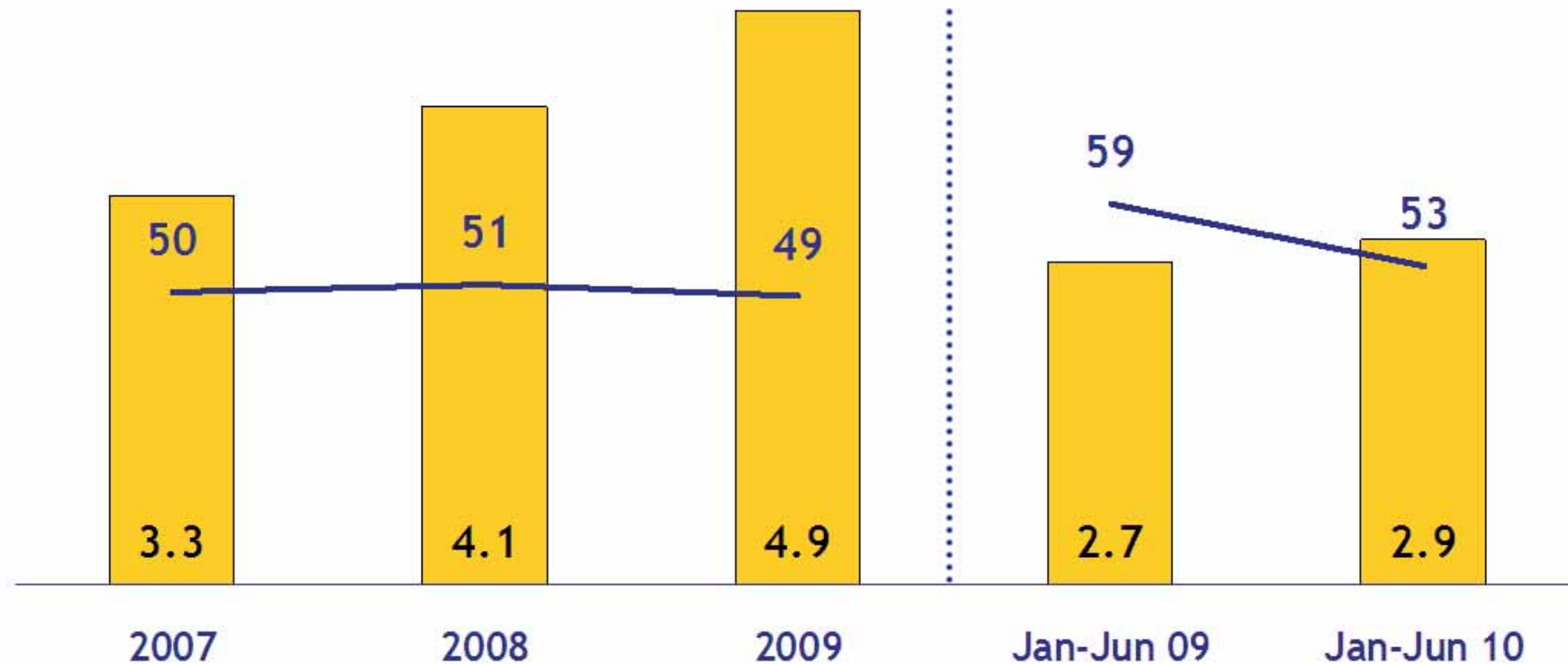
Cash flows impacted by period end working capital & margins



- Base effect of working capital
- Non cash costs in 09
- Margins

excluding exceptional inflows

Continue to create strong economic value



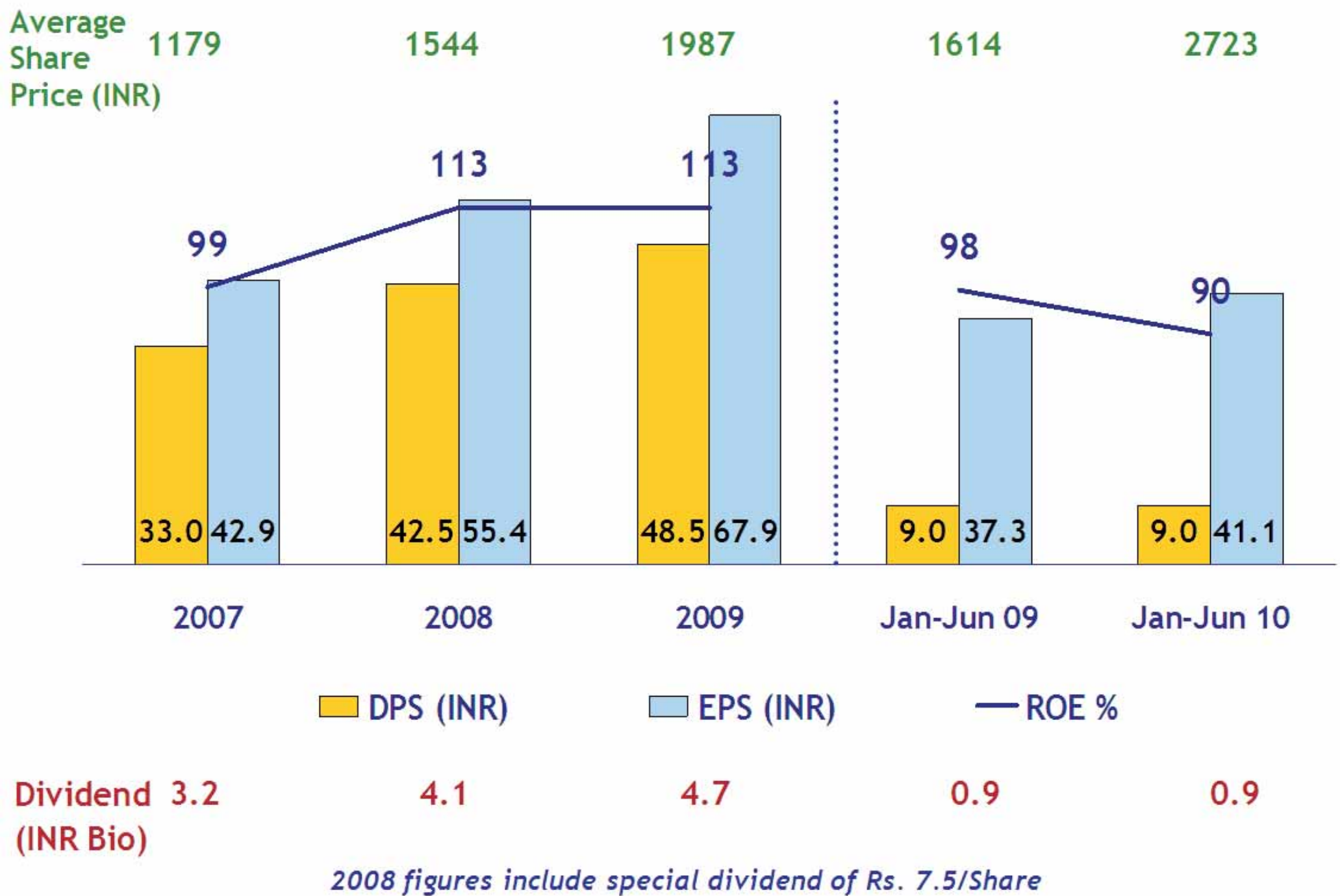
■ Economic Profit (INR Bio)

— Economic Profitability (%)

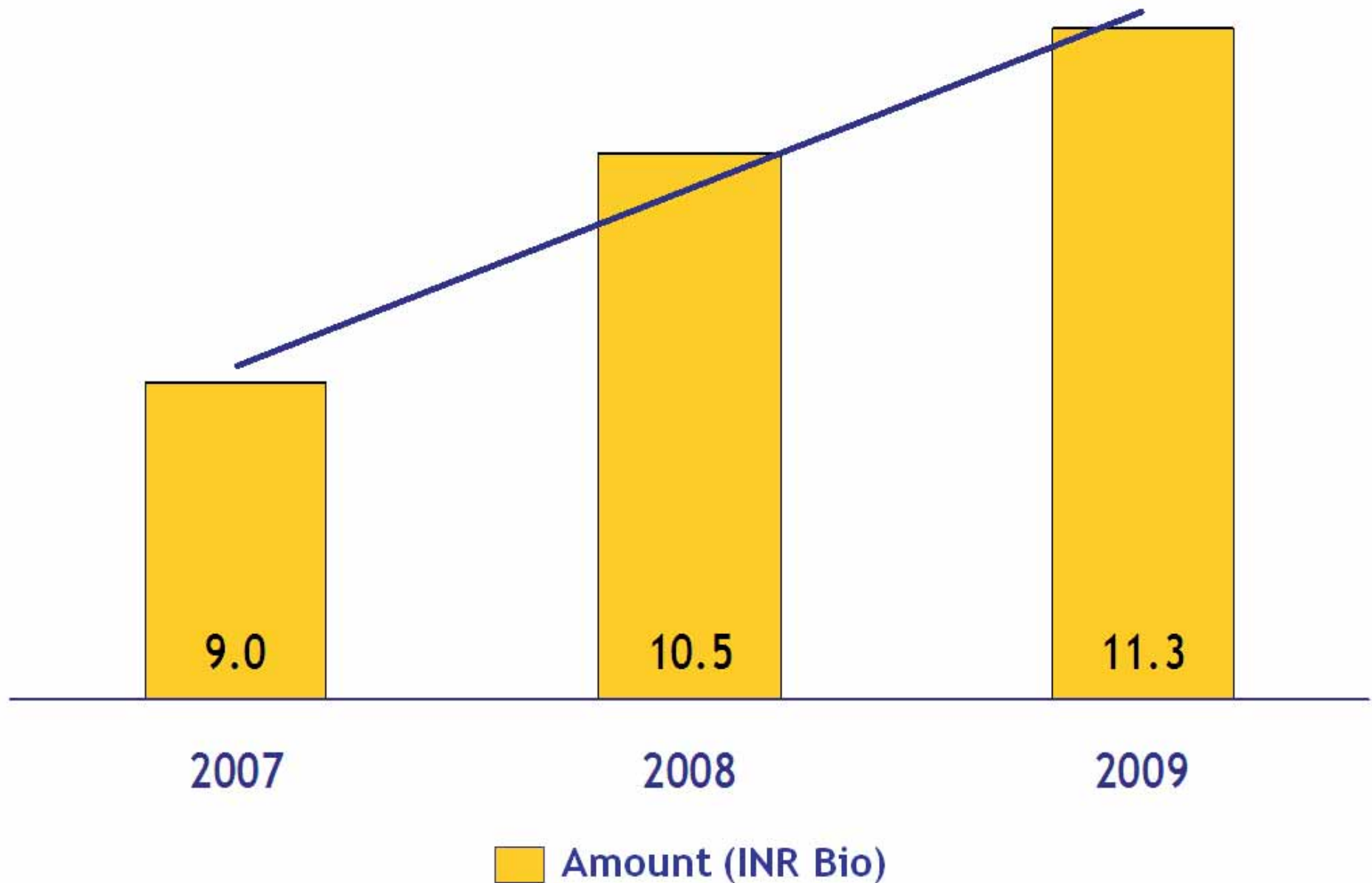
ACC %	11.3	11.6	12.8	12.9	13.0
Risk Free rate %	7.7	7.9	8.5	8.5	8.0
Group risk Premium%	2.5	2.5	3.0	3.0	3.5

Basis Nestlé Internal Reporting Standards

Increased Shareholders wealth



Contribution to Nation building



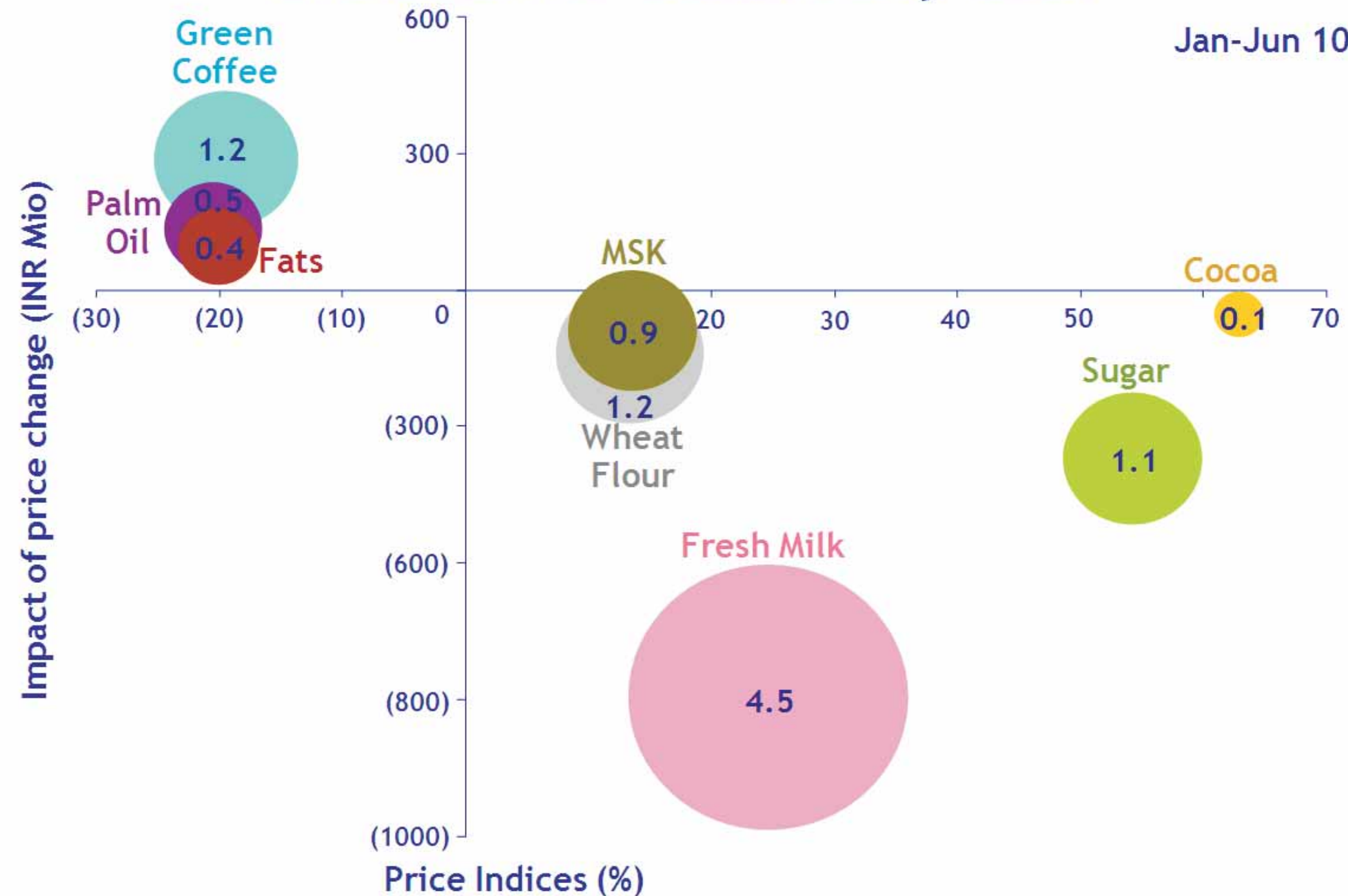
Over the years, Direct & indirect contribution to Exchequer around 1/4 of net sales



THANK YOU

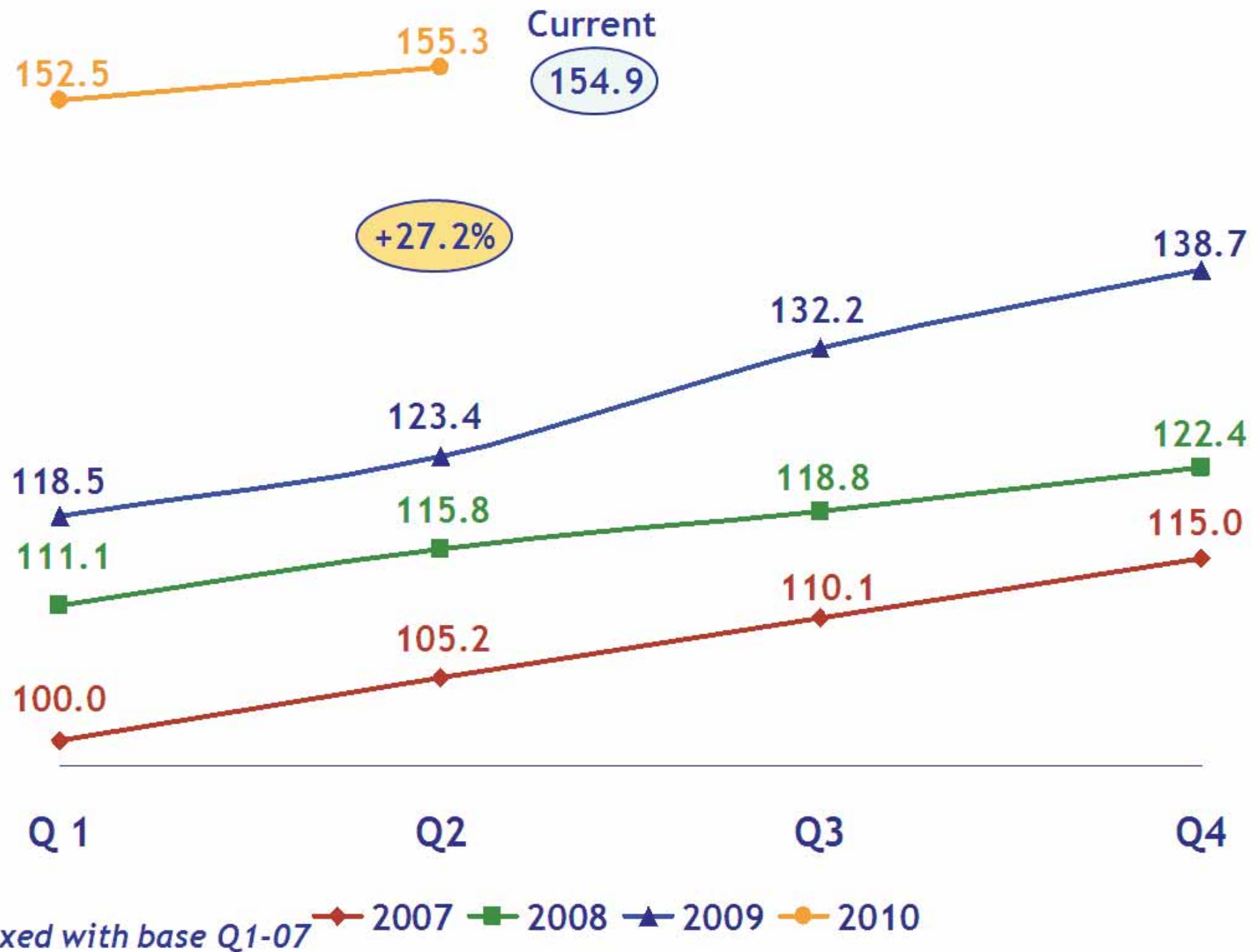
Evolution of Commodity Cost

Jan-Jun 10

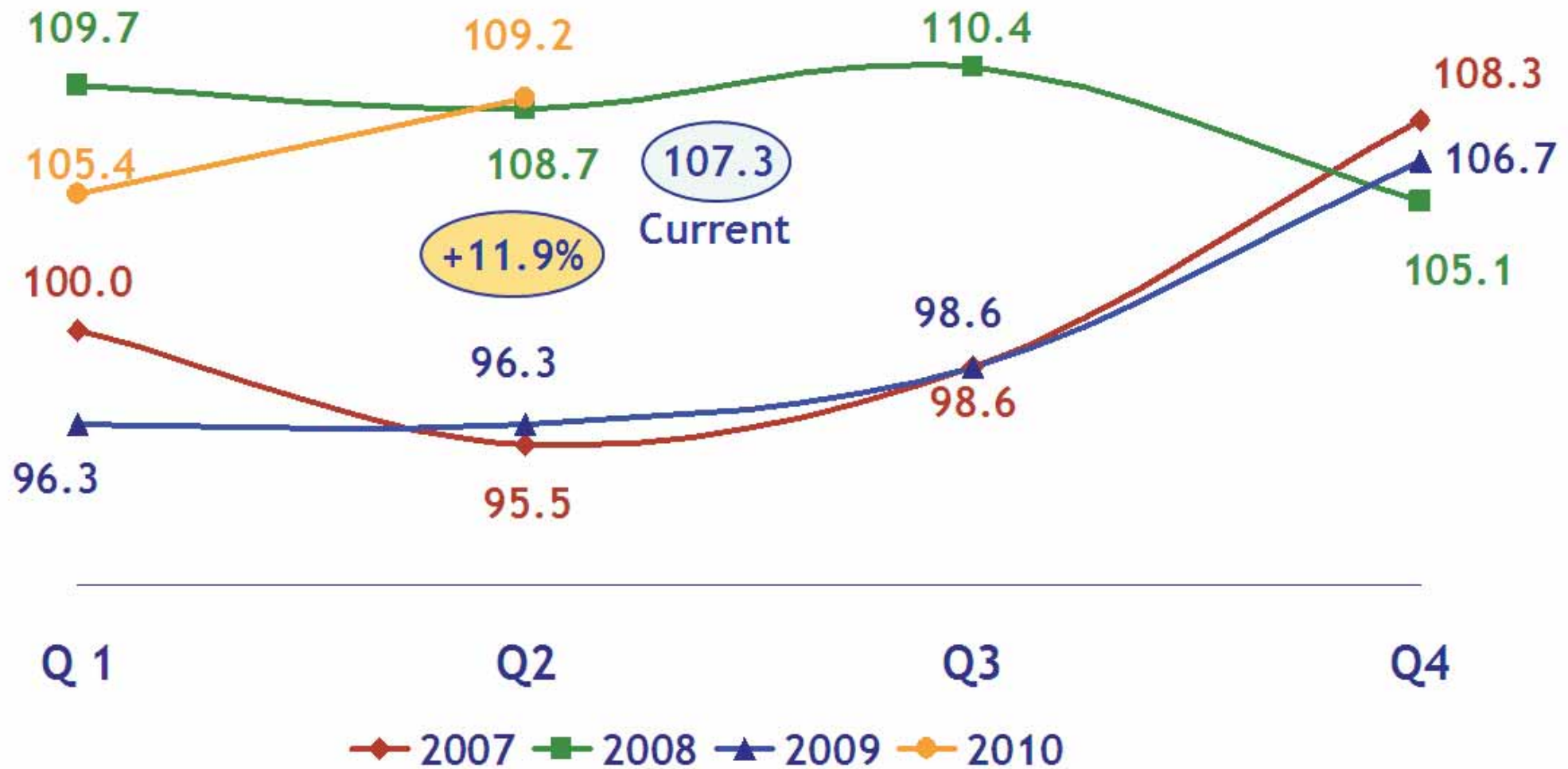


Bubble size represents the consumption in Jan-Jun 10 (INR Bio)

Evolution - Fresh Milk Fat Prices

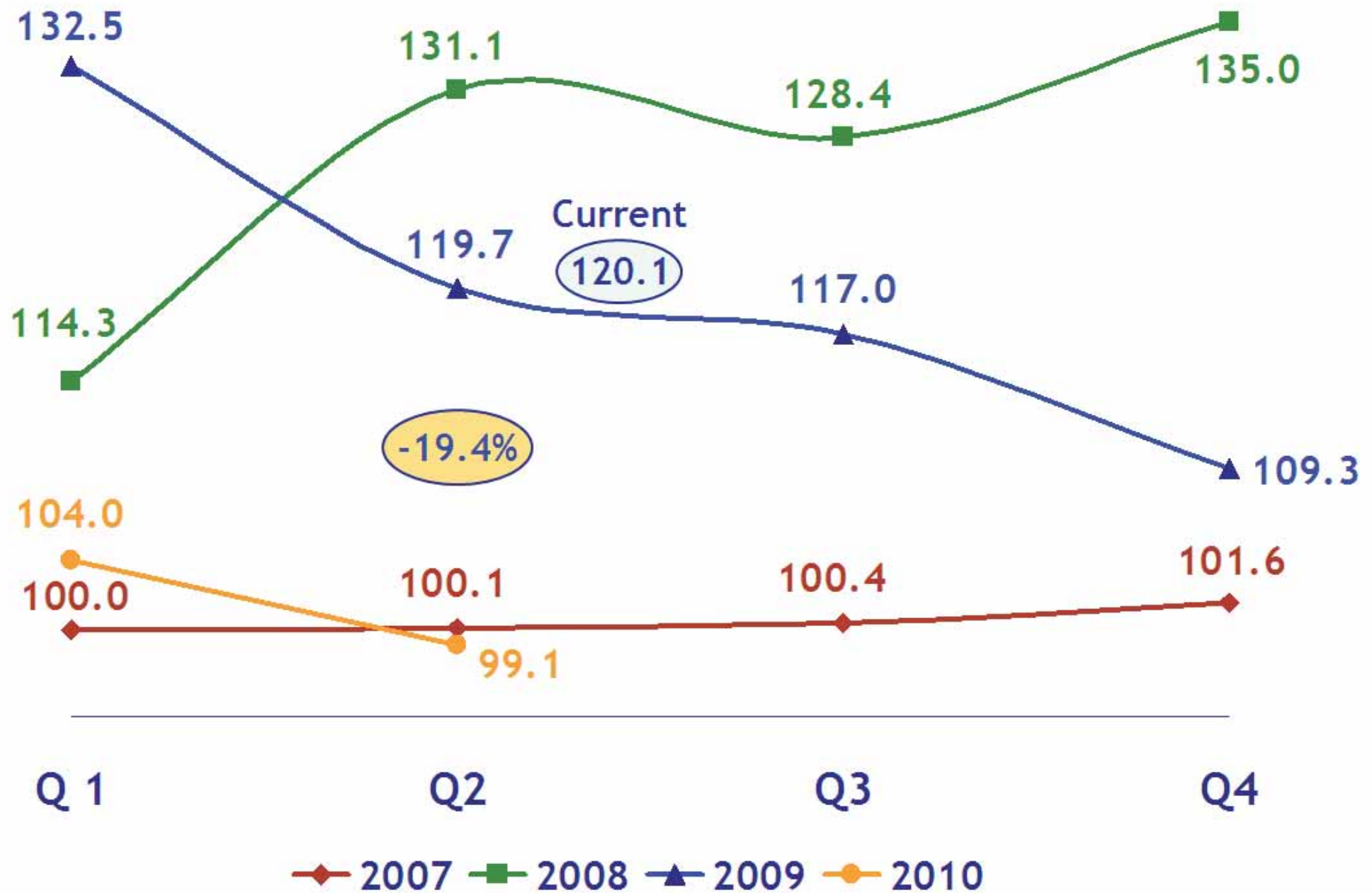


Evolution - MSK Prices



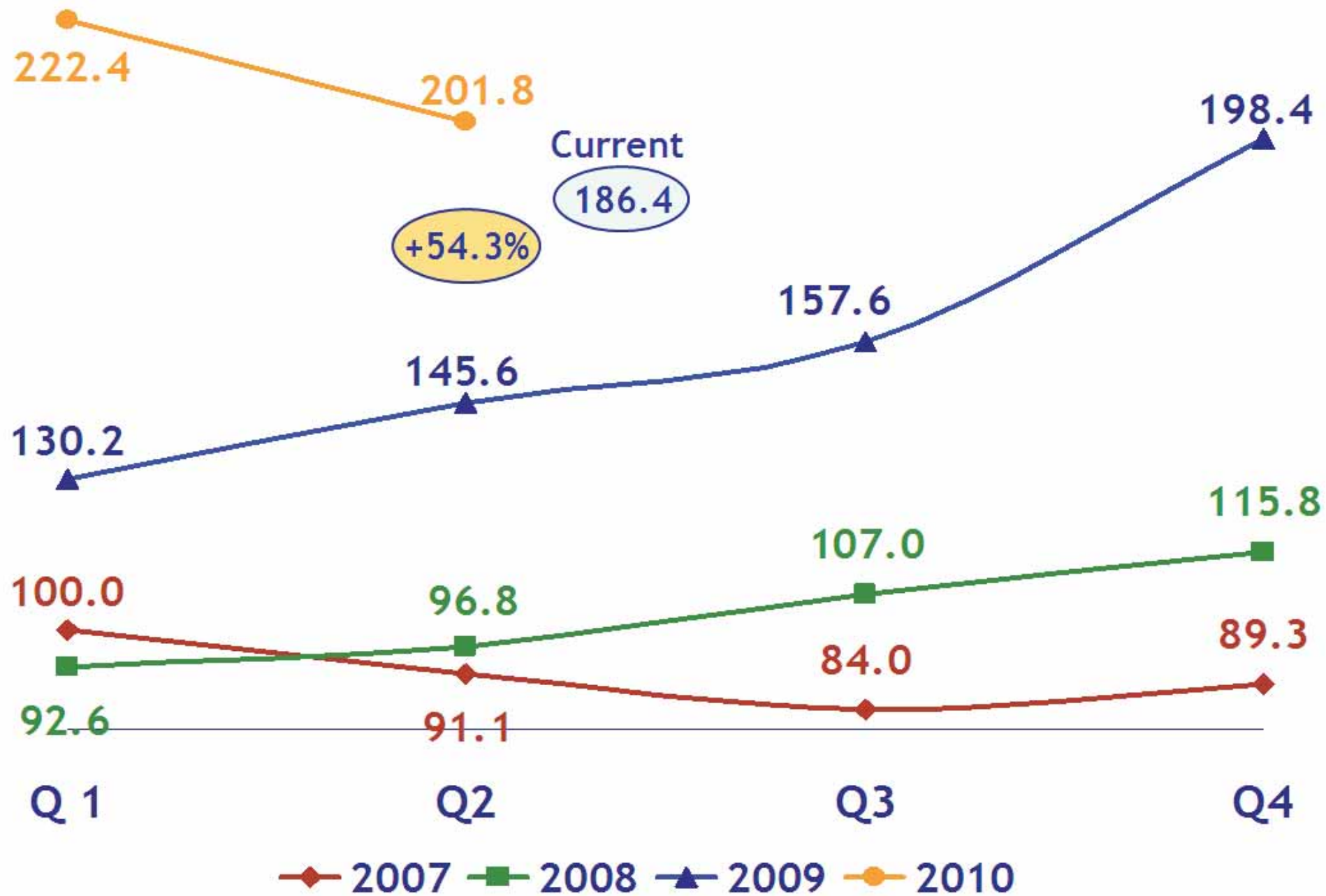
Indexed with base Q1-07

Evolution - Green Coffee Prices



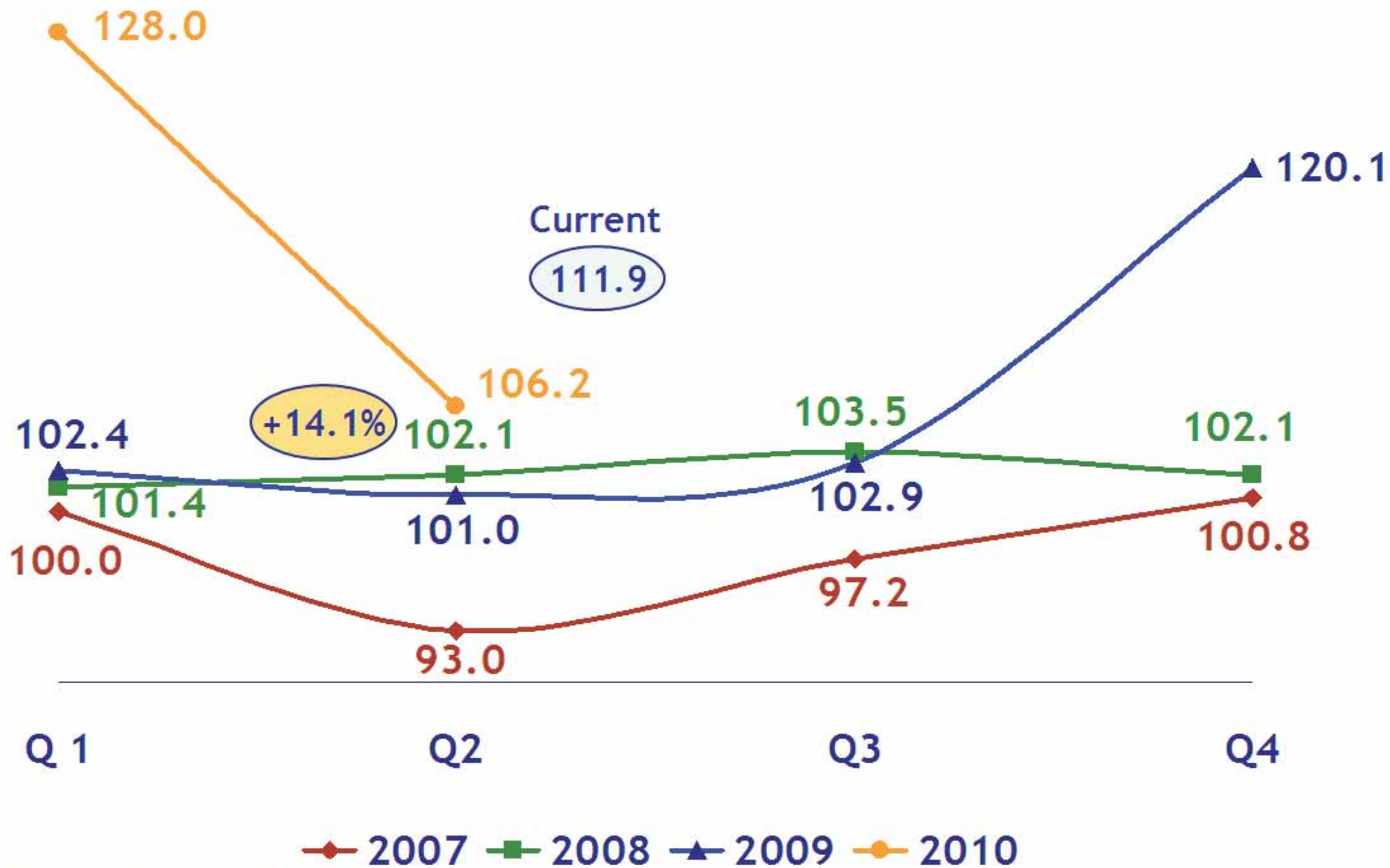
Indexed with base Q1-07

Evolution - Sugar Prices



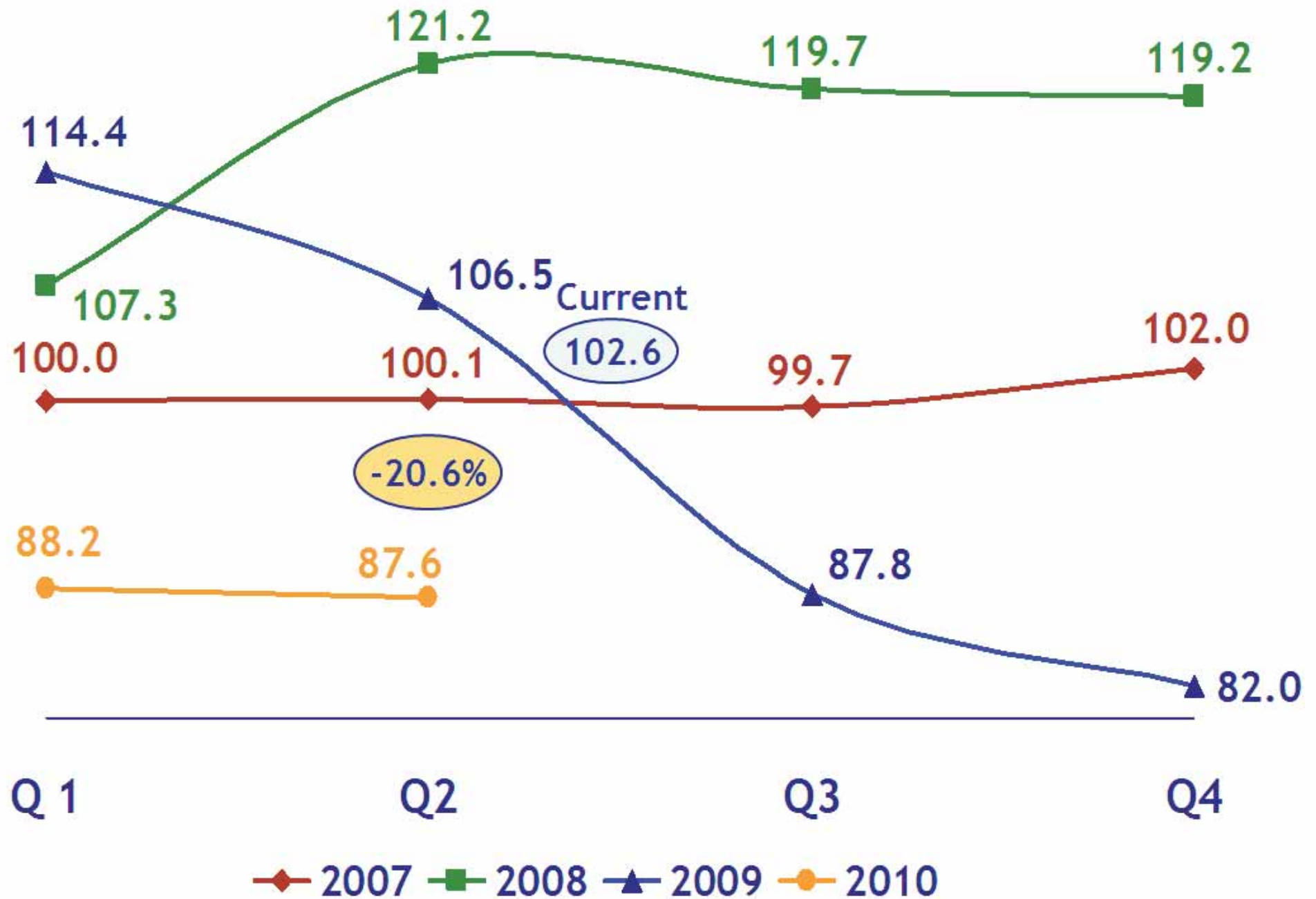
Indexed with base Q1-07

Evolution - Wheat Flour Prices



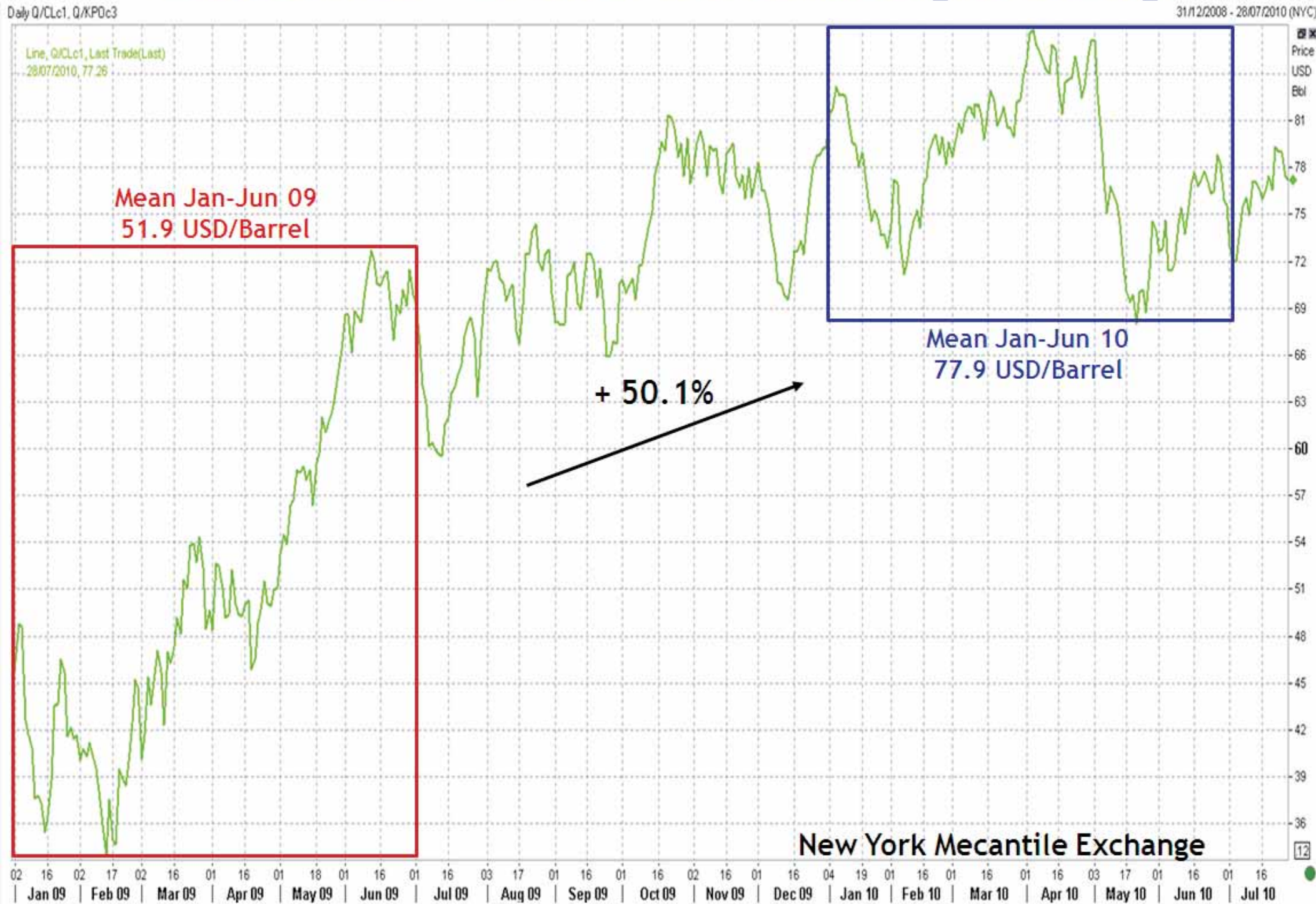
Indexed with base Q1-07

Evolution - Palm Oil Prices

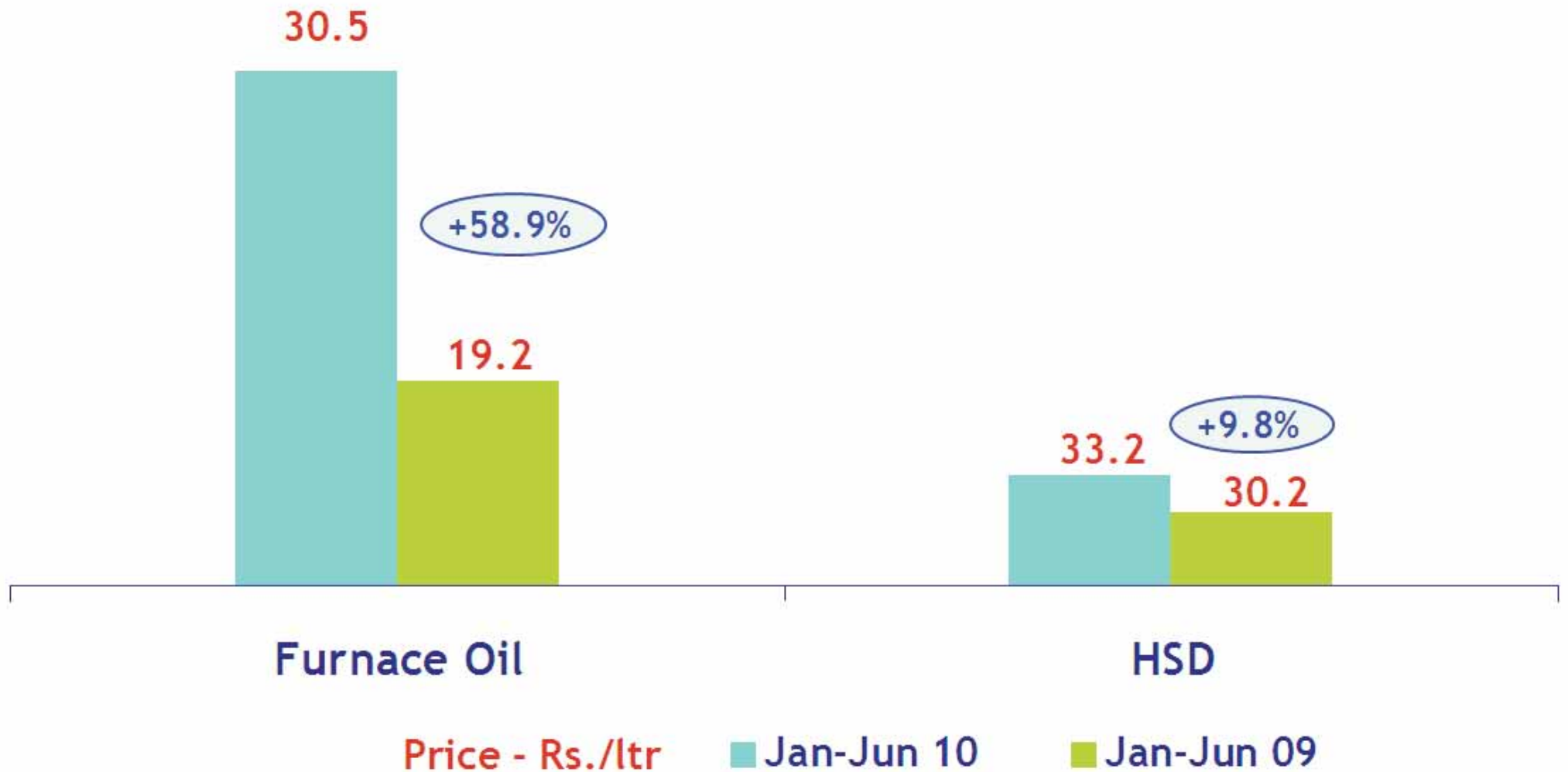


Indexed with base Q1-07

Evolution - Crude Oil Prices [NYMEX]



Fuel Oils



Share % in total Power & Fuel cost

Furnace Oil ~ 49%

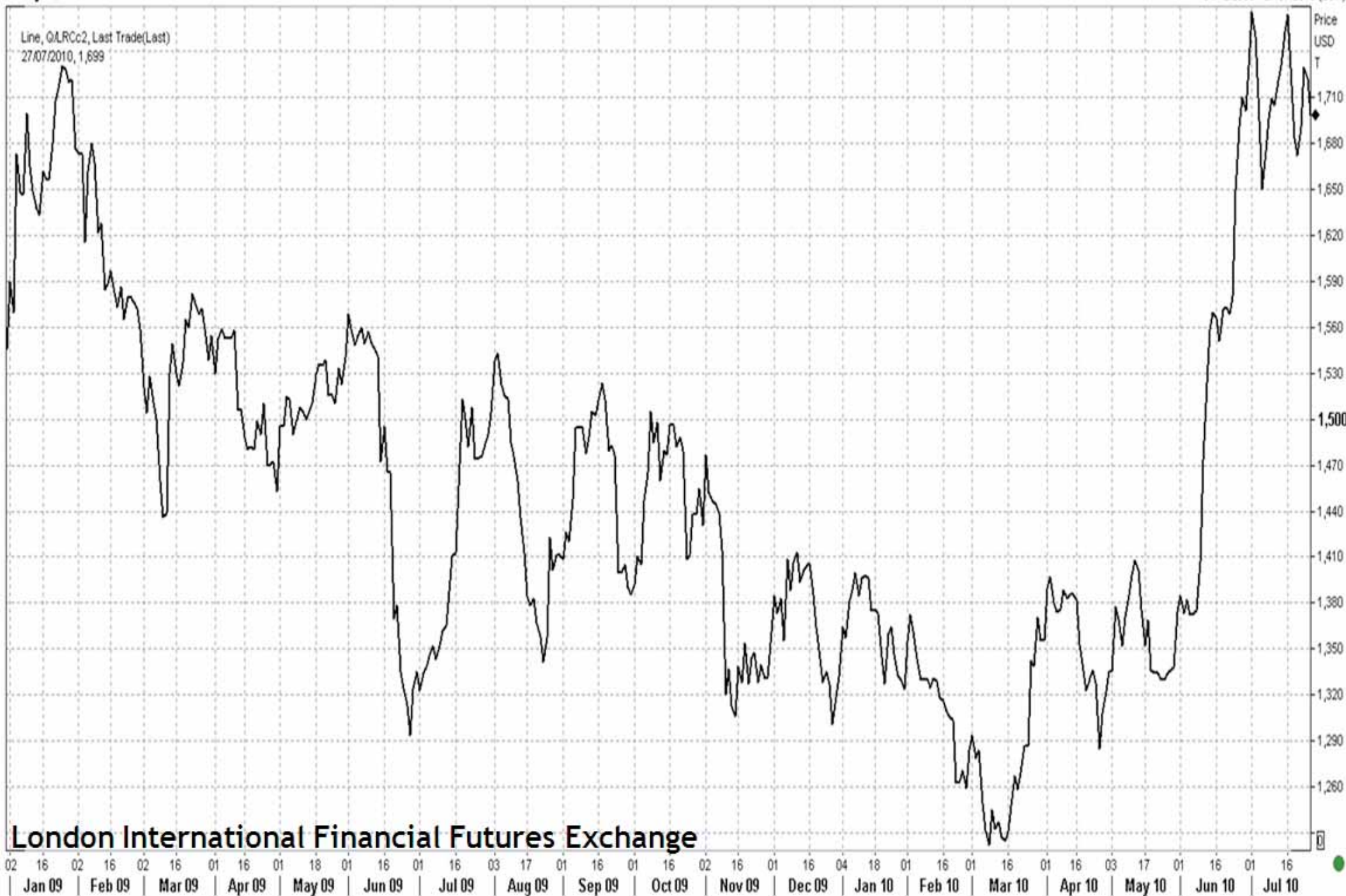
HSD ~ 14%

COFFEE - ROBUSTA [LIFFE]

Daily Q/LRCc2

31/12/2008 - 27/07/2010 (LON)

Line, QARCC2, Last Trade(Last)
27/07/2010, 1,699

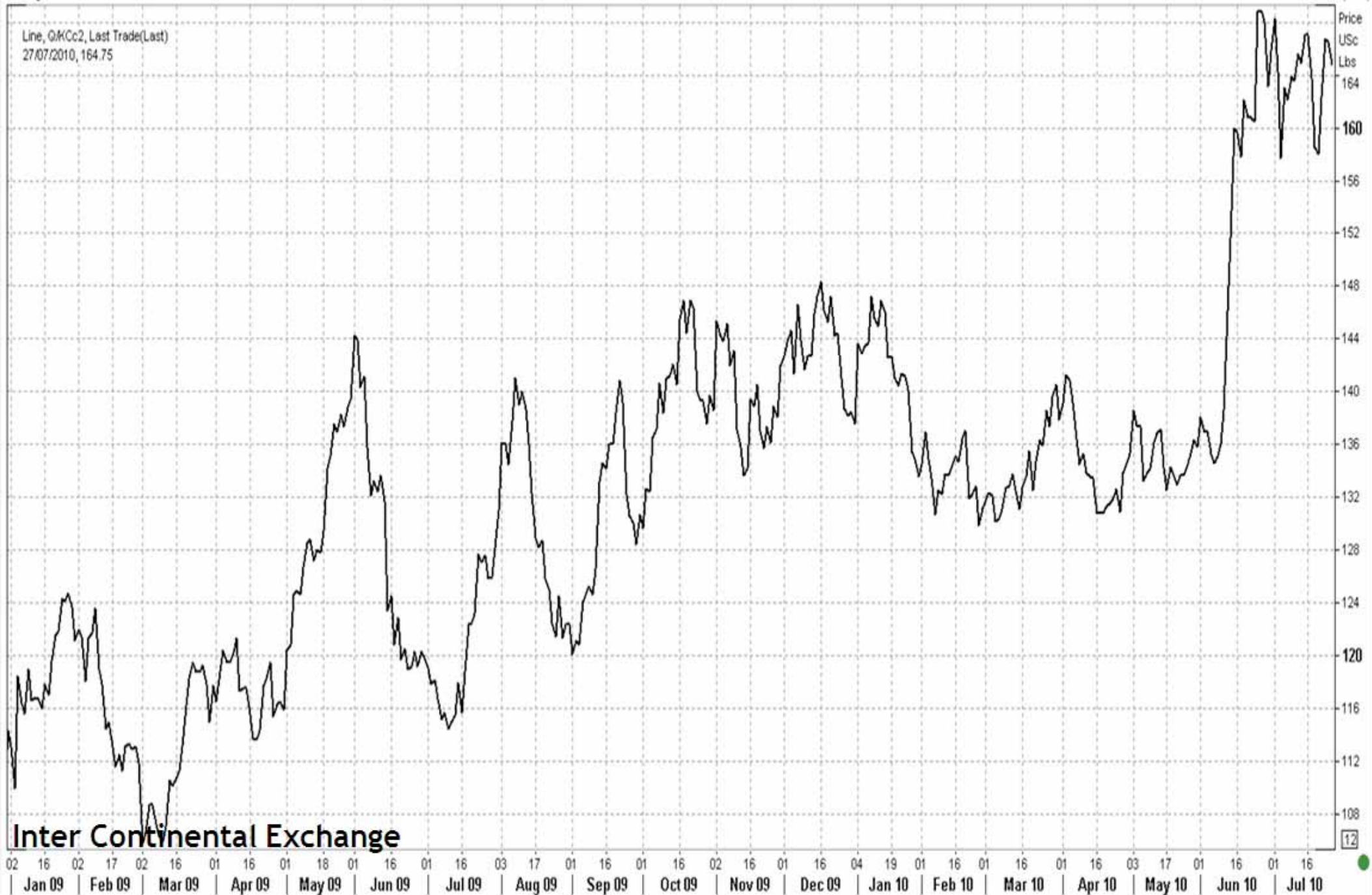


London International Financial Futures Exchange

COFFEE - ARABICA [ICE]

Daily Q/KCc2

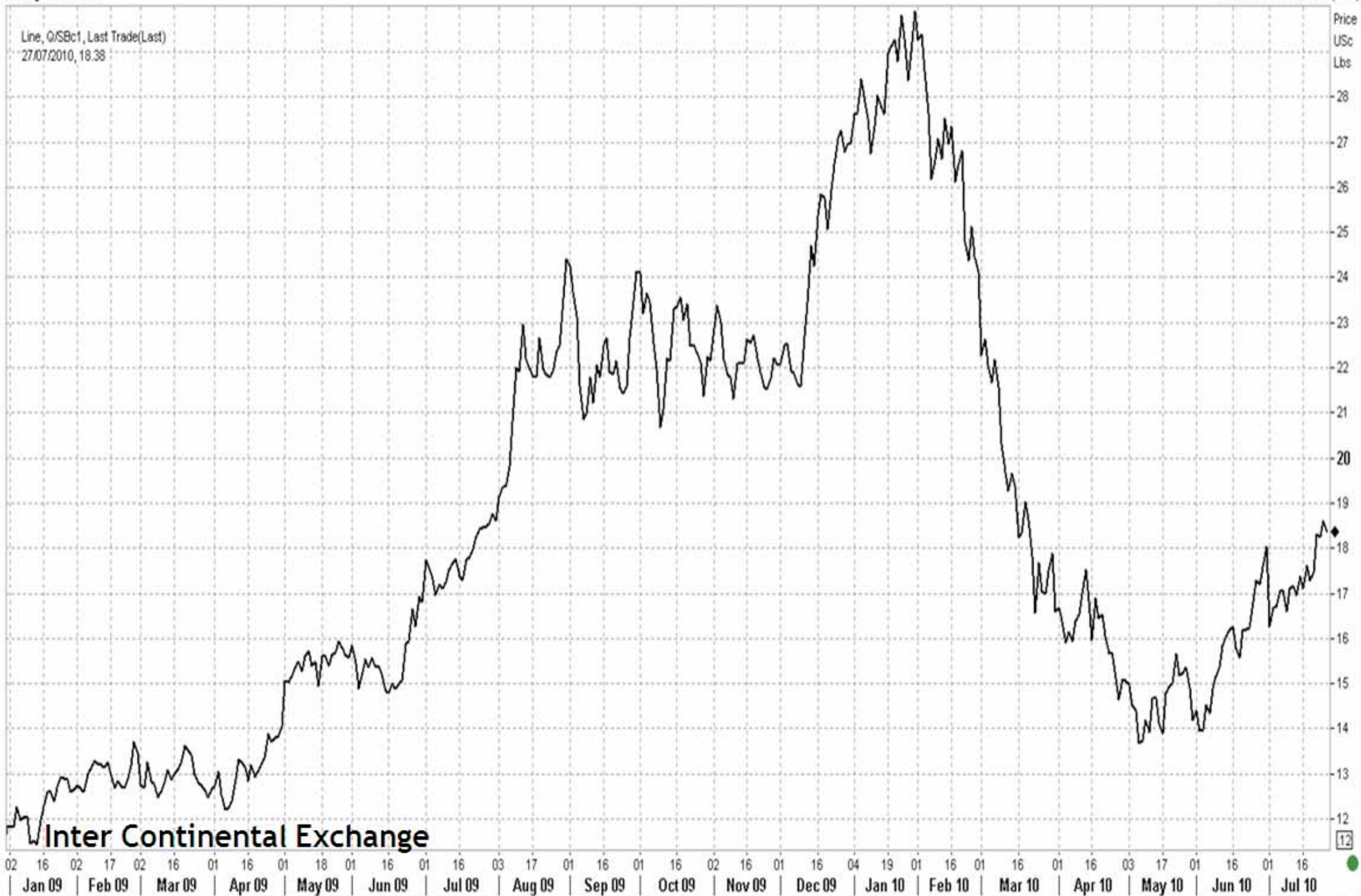
31/12/2008 - 28/07/2010 (NYC)



SUGAR - [ICE]

Daily Q/SBc1

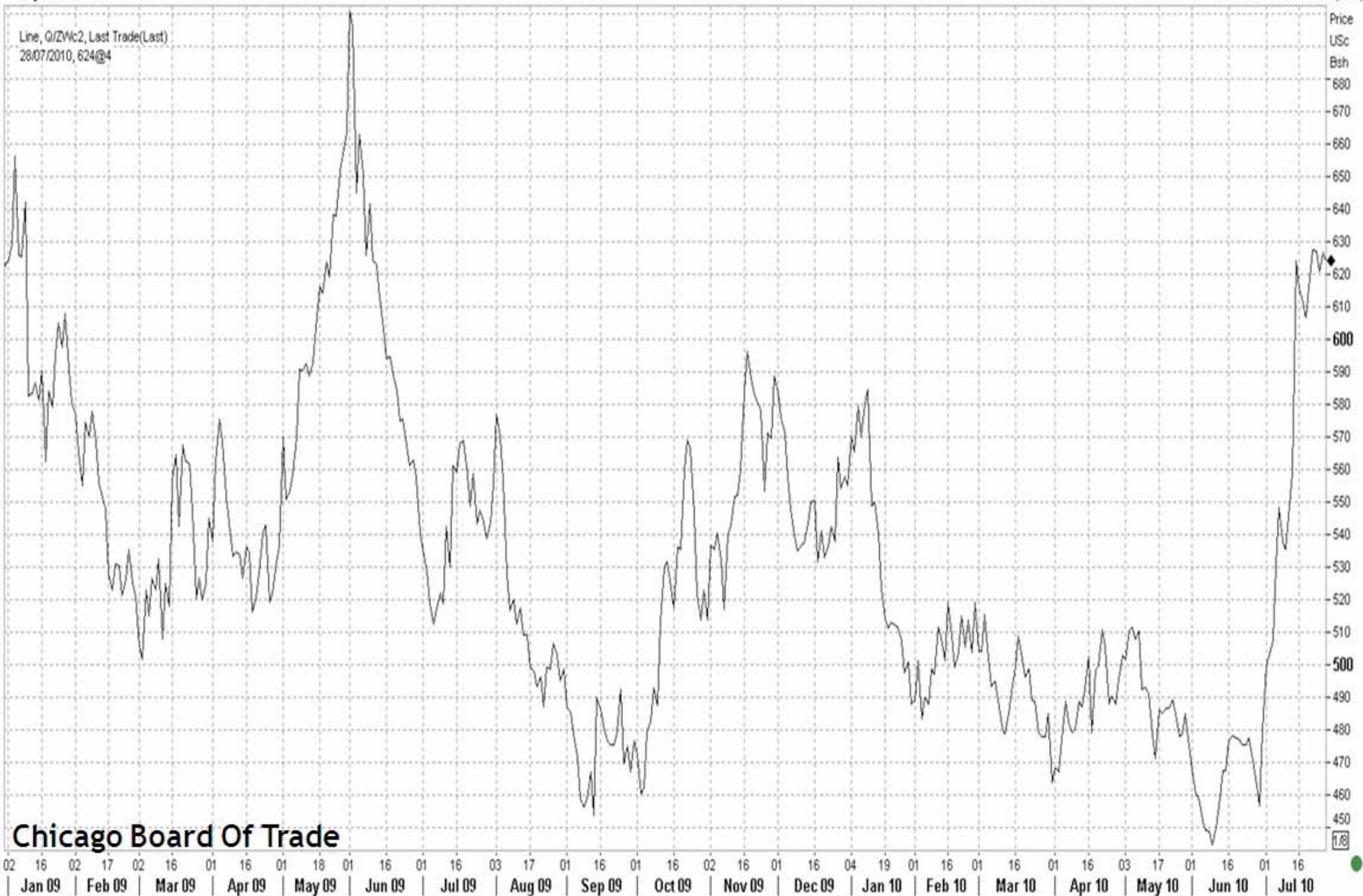
31/12/2008 - 28/07/2010 (NYC)



WHEAT - [CBOT]

Daily Q/ZWc2

31/12/2008 - 28/07/2010 (CHG)



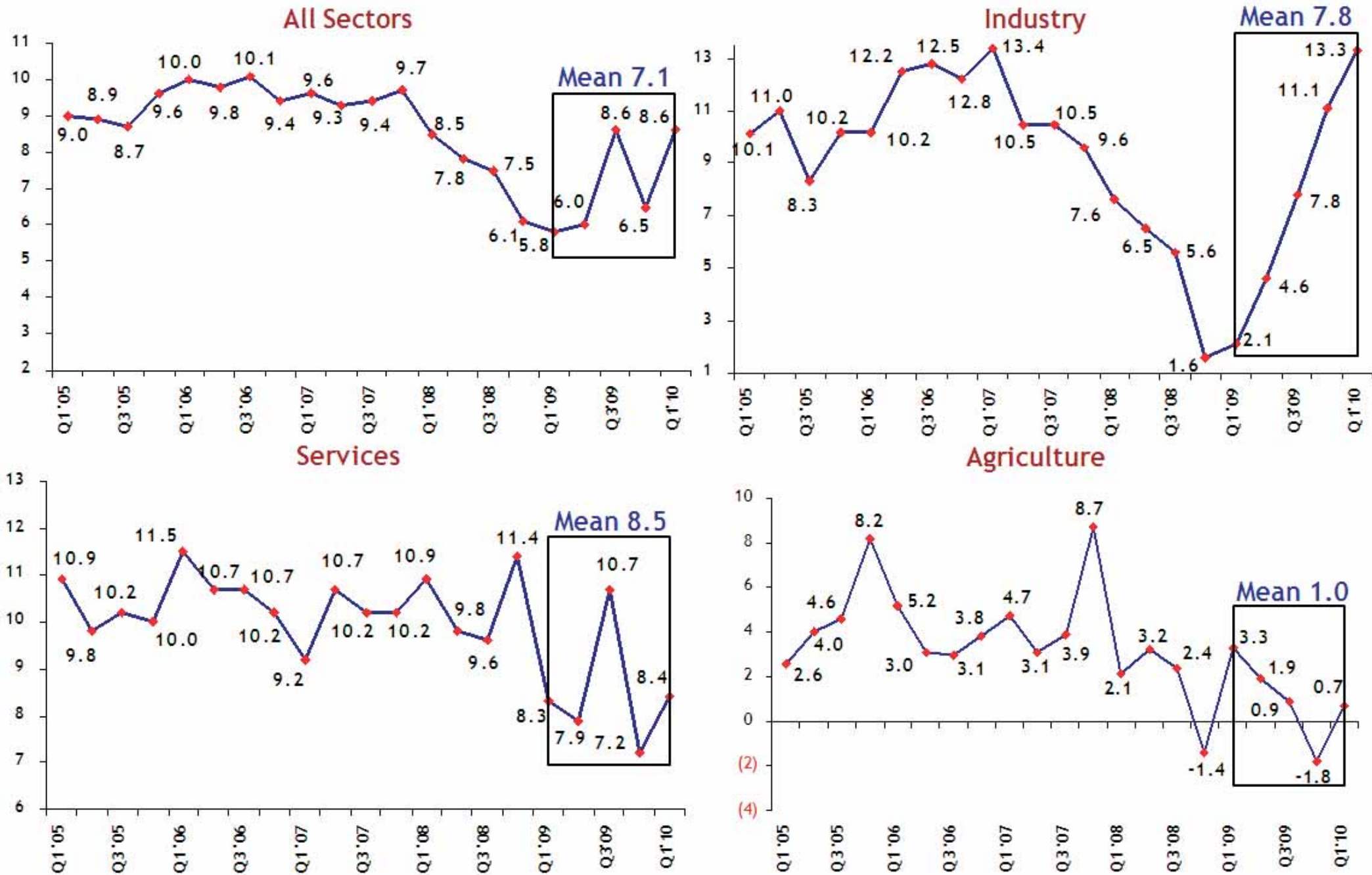
PALM OIL - [BMD]

Daily Q/KPOc3

31/12/2008 - 28/07/2010 (KUL)



GDP Quarterly growth (%)



Source: CSO (basis Calendar year)