

Nestlé India Limited

Driving Nutrition, Health & Wellness



16th Financial Analysts' Meet



Gurgaon, 20th November 2009



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 in relation to third party sales only



Jan- Sep highlights



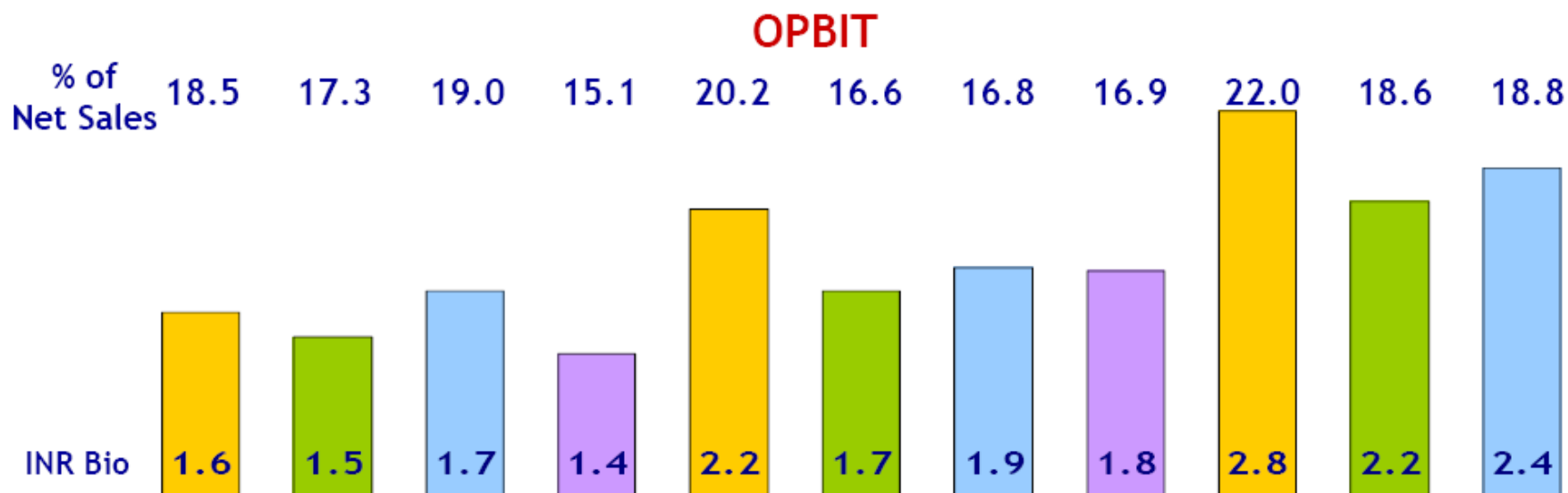
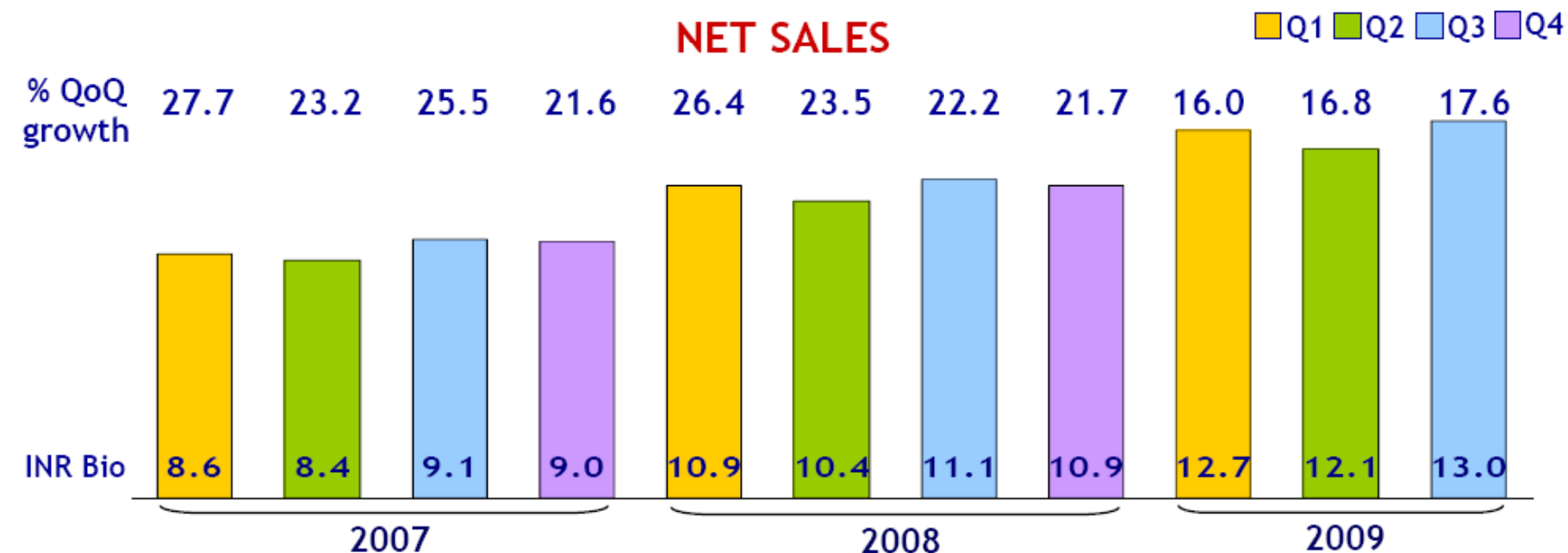
Includes figures from Nestlé Internal Reporting Standards

Jan-Sep 09 performance impacted by

- Exports
- Portfolio rationalisation
- Out of home
- Key accounts
- Retiral benefits

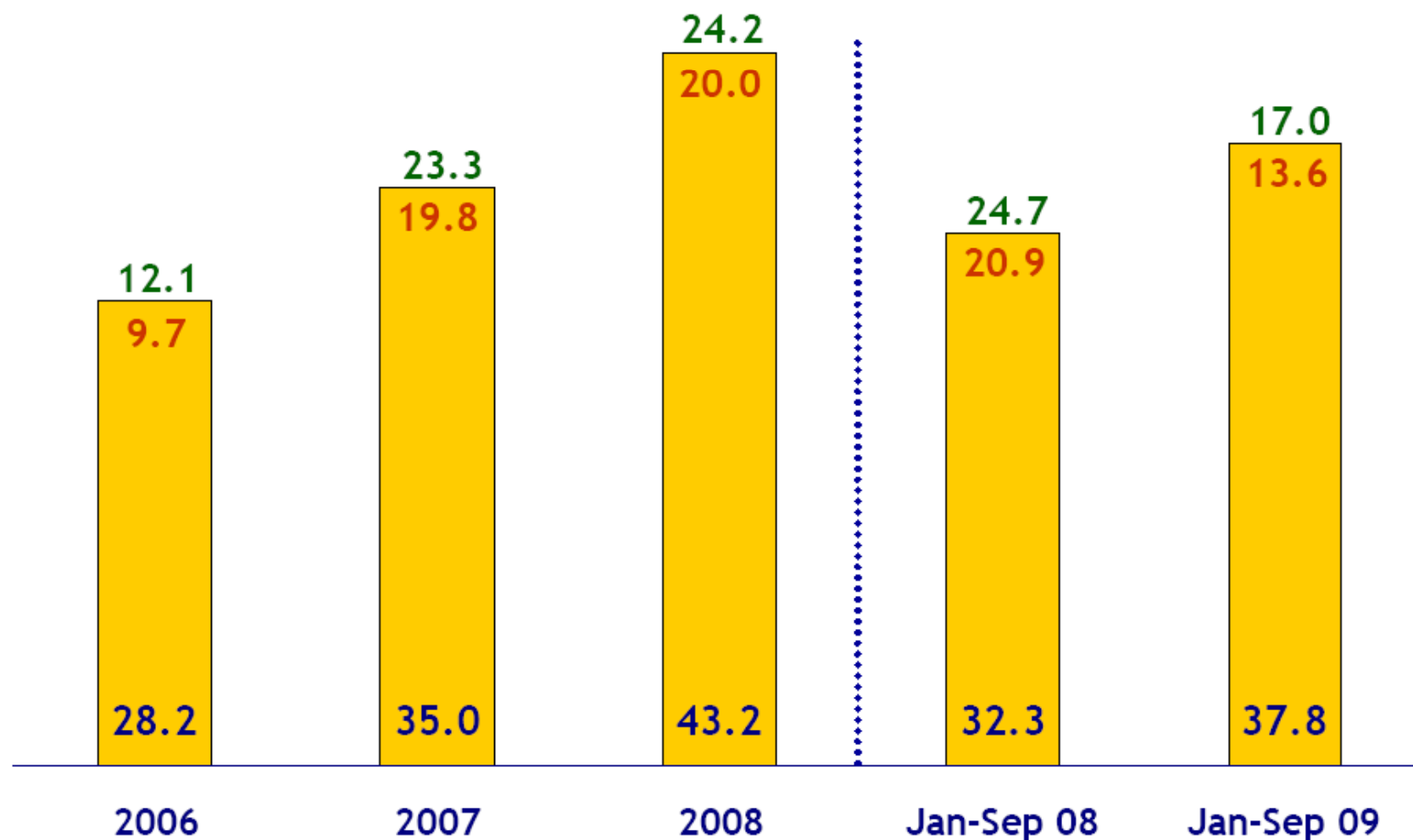
- Carry-over pricing
- Net realisation of domestic sales
- Exports incentives
- Forex

Sustained profitable growth over the quarters



Healthy growth maintained despite economic slowdown

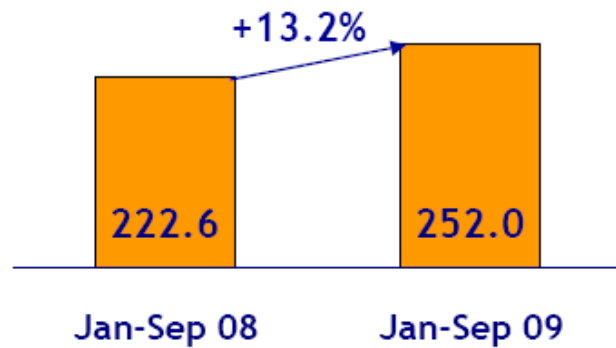
Organic Growth (OG) (%) Real Internal Growth (RIG) (%) Net Sales (INR Bio)



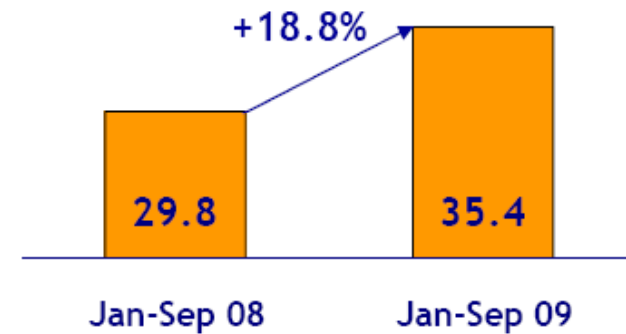
RIG & OG are basis Nestlé Internal Reporting Standards in relation to third party sales only

Strong domestic Net Sales

Volume (000' Tons)

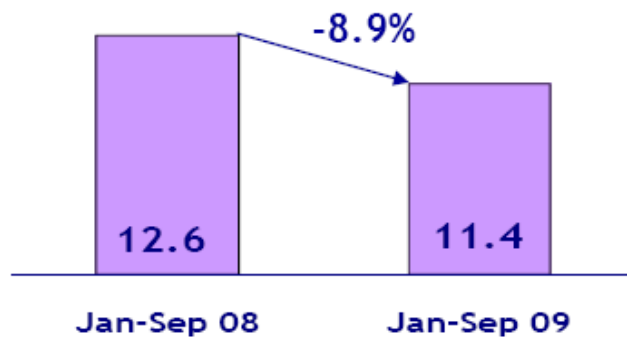


Value (INR Bio)

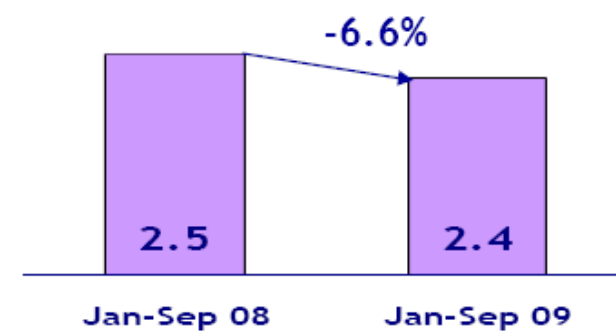


Exports impacted by global economic turmoil

Volume (000' Tons)



Value (INR Bio)

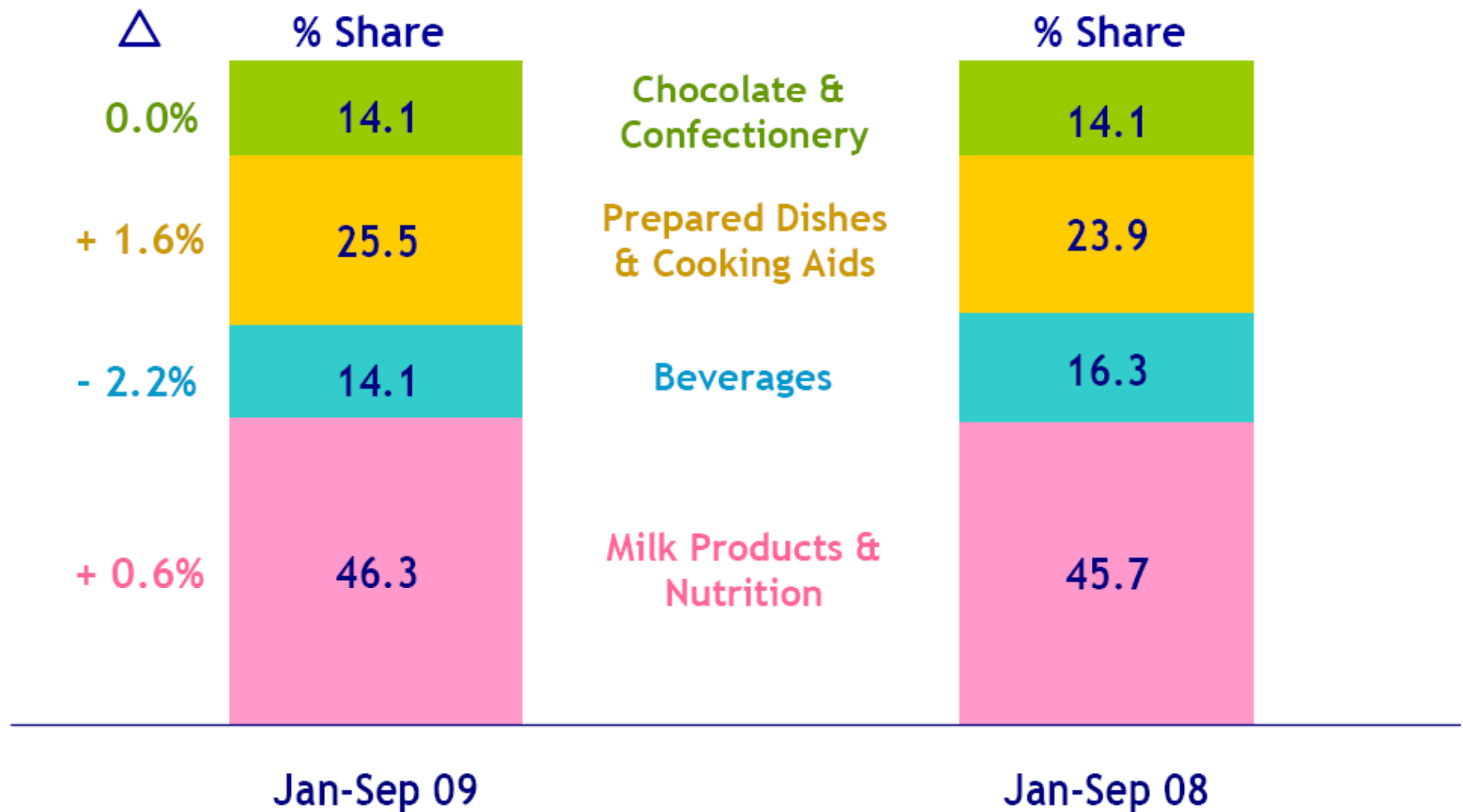


% share of domestic volumes increases from 94.7 to 95.7 ~ 100bps

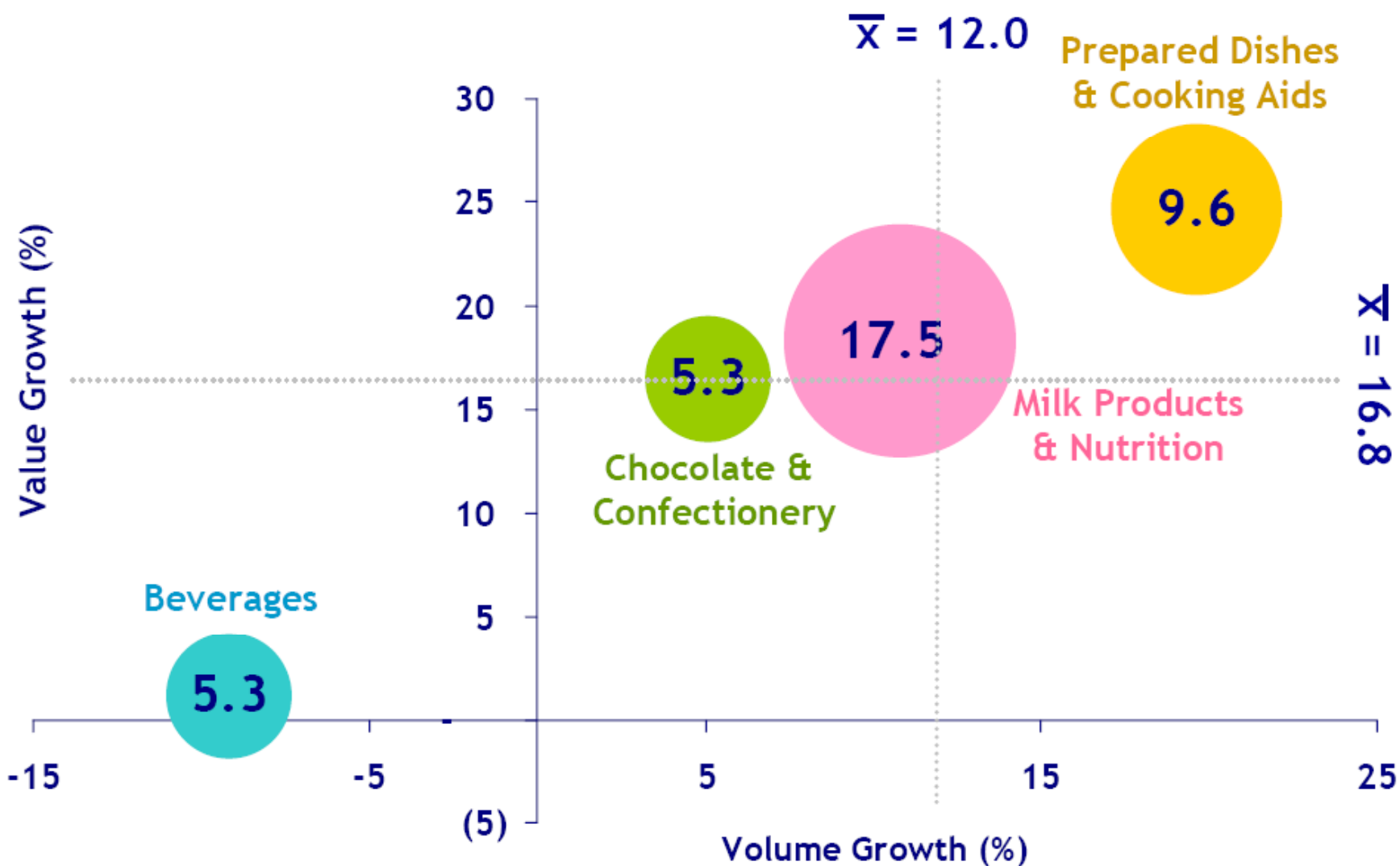
% share of domestic value increases from 92.1 to 93.7 ~ 160bps

Strong & diversified product portfolio

Net Sales



Domestic consumption led categories continue to perform well



Bubble shows Net Sales (INR Bio)

Jan-Sep 09

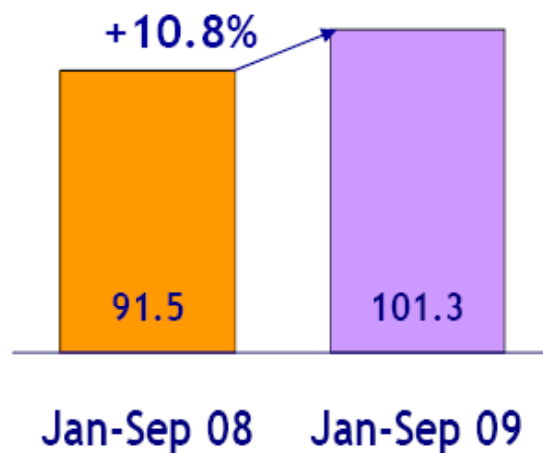
Milk Products & Nutrition

'A strong growth'

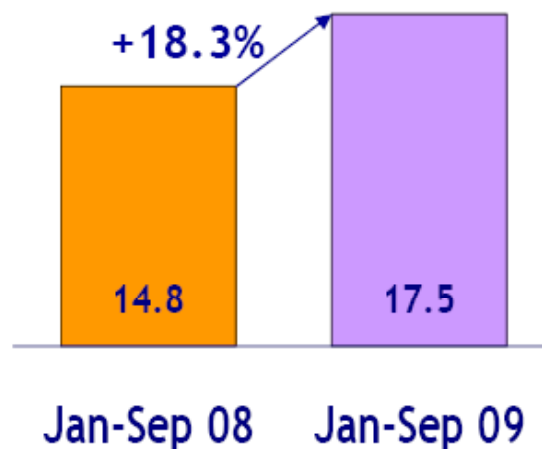
Innovation & Renovation



Sales (000' tons)



Sales (INR Bio)



Market Position (Value)

- No. 1 in Baby Foods & Infant Formula
- No. 1 in Dairy Whitener
- Strong presence in Sweetened Condensed Milk
- Good presence in Fresh Dairy

Contribution 46.3%

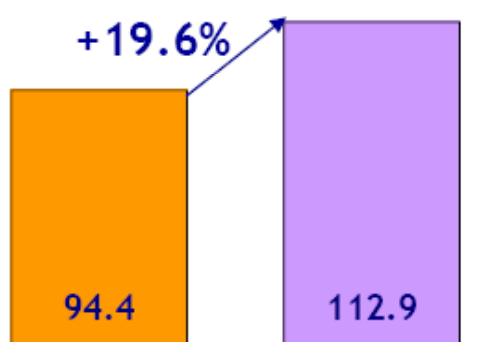
Prepared Dishes & Cooking Aids

'Continues to be the highest growth category'

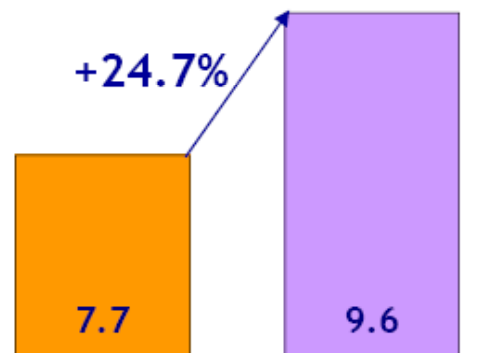
Innovation & Renovation



Sales (000' tons)



Sales (INR Bio)



Market Position (Value)

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

Contribution 25.5%

Jan-Sep 08

Jan-Sep 09

Jan-Sep 08

Jan-Sep 09

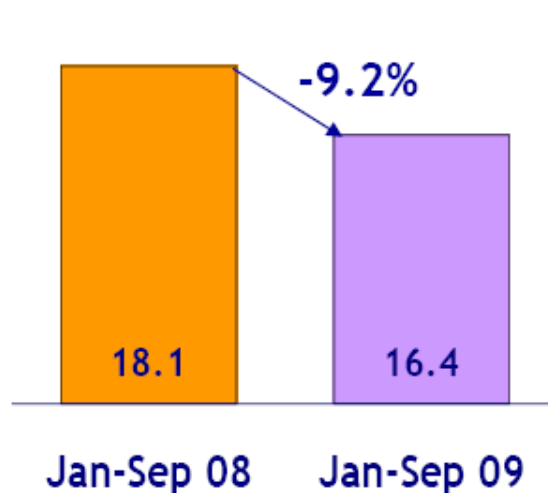
Beverages

'Category impacted by world economic turmoil & unfavorable weather in India'

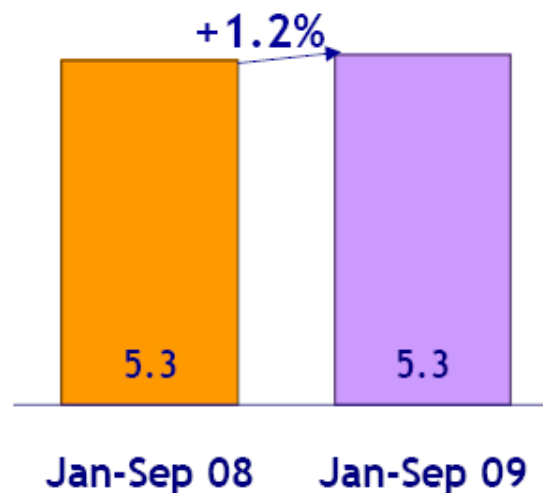
Innovation & Renovation



Sales (000' tons)



Sales (INR Bio)



Market Position (Value)

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

Contribution 14.1%

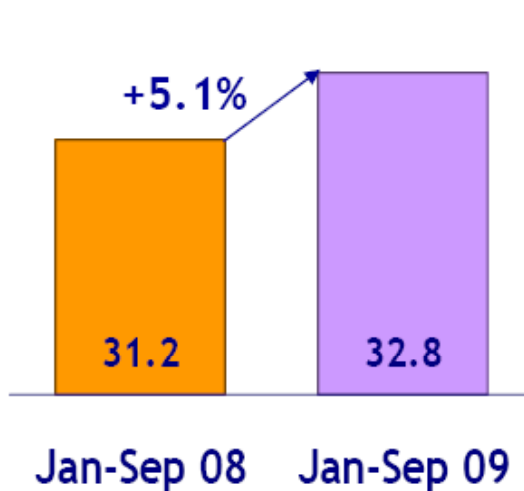
Chocolate & Confectionery

'Category sensitive to price points'

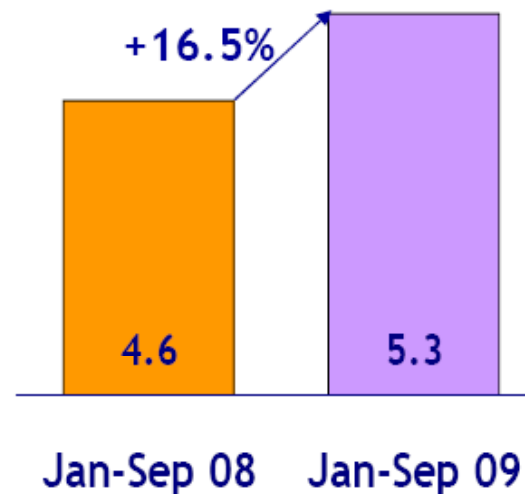
Innovation & Renovation



Sales (000' tons)



Sales (INR Bio)



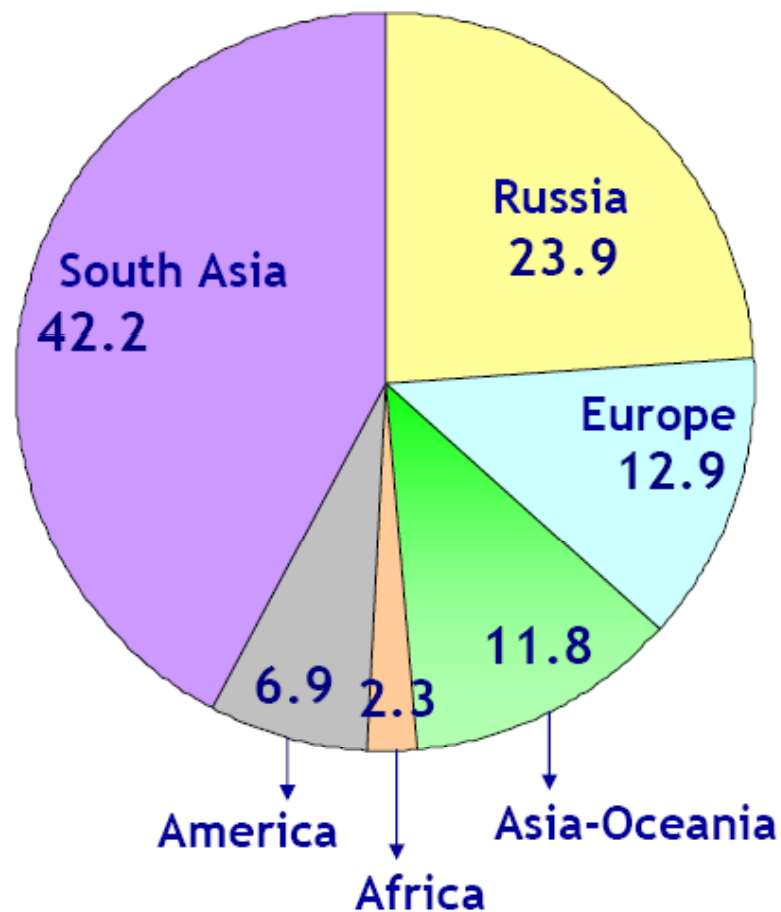
Market Position (Value)

- No. 1 in Wafers and White Chocolates
- Strong No. 2 in Éclairs
- No. 2 overall in Chocolate category

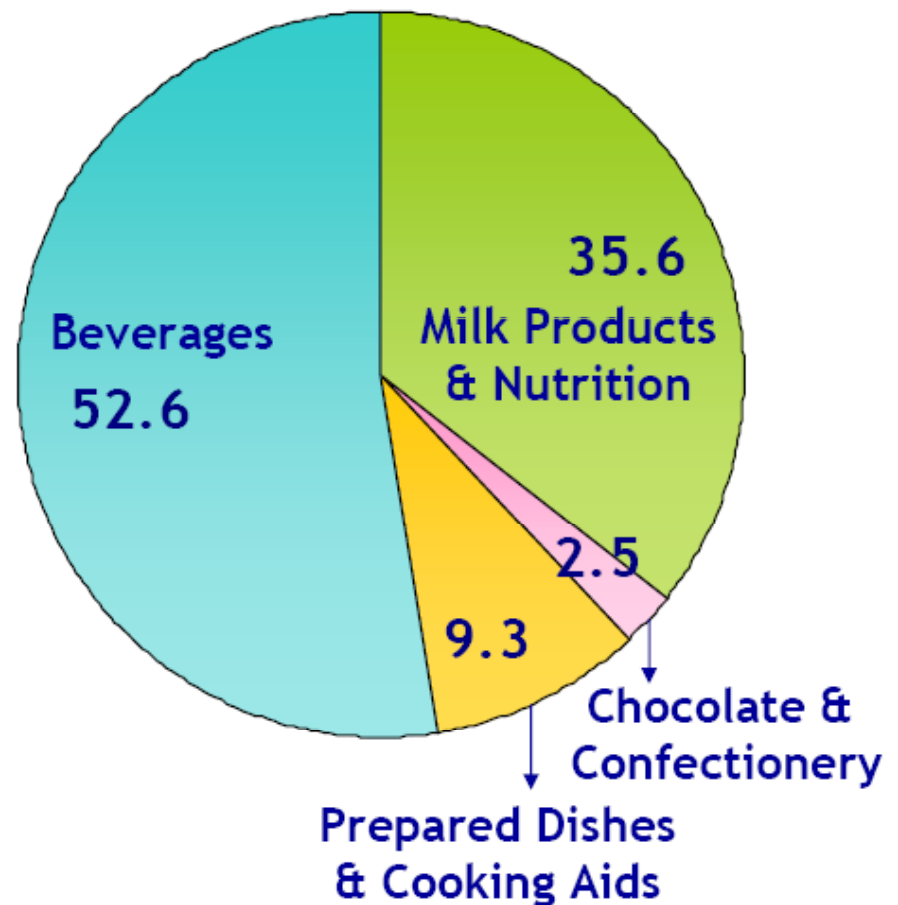
Contribution 14.1%

Further diversification of export portfolio

Geography



Product Category



Jan-Sep 09

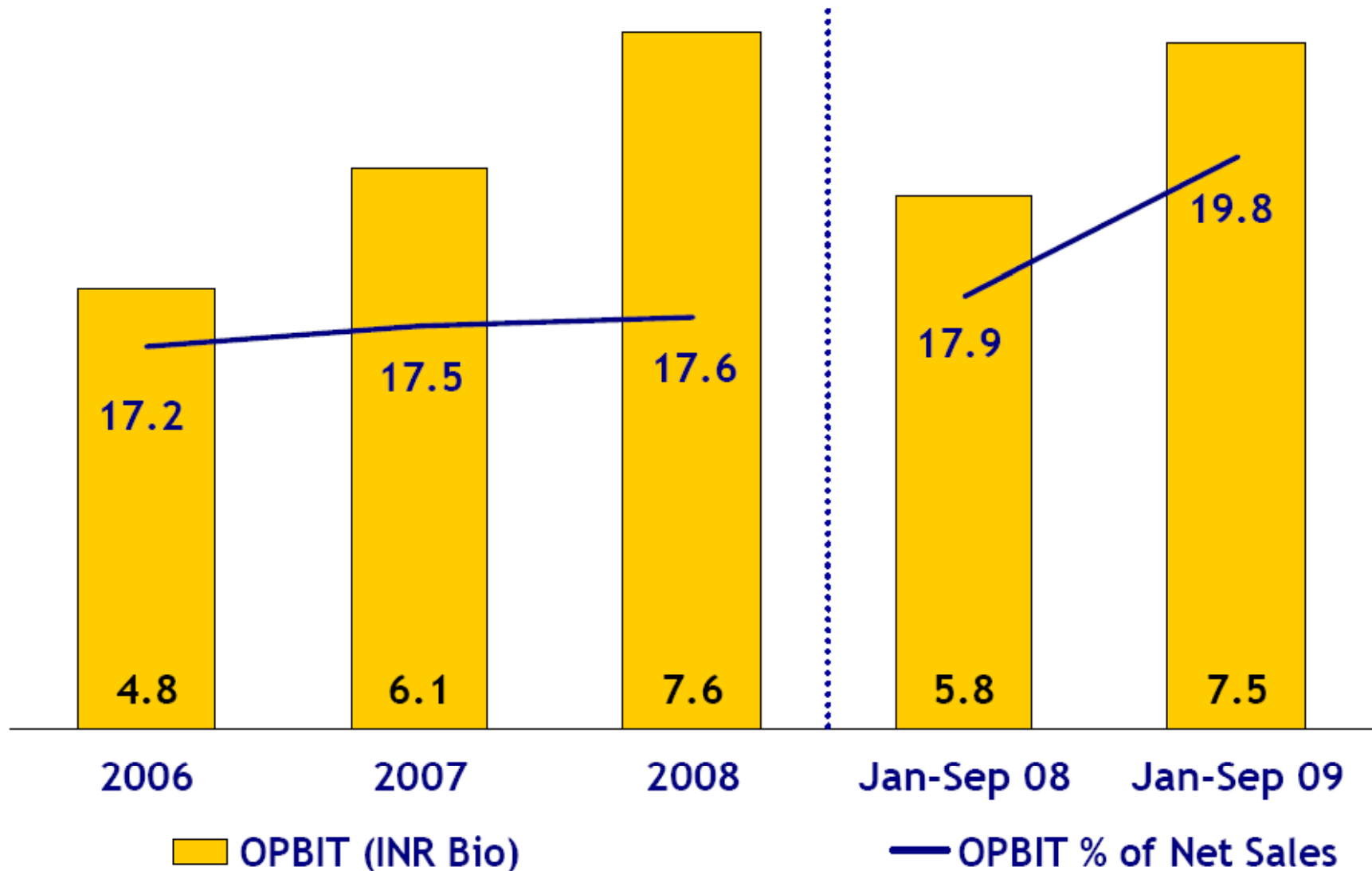
Cost Structure

INR Mio

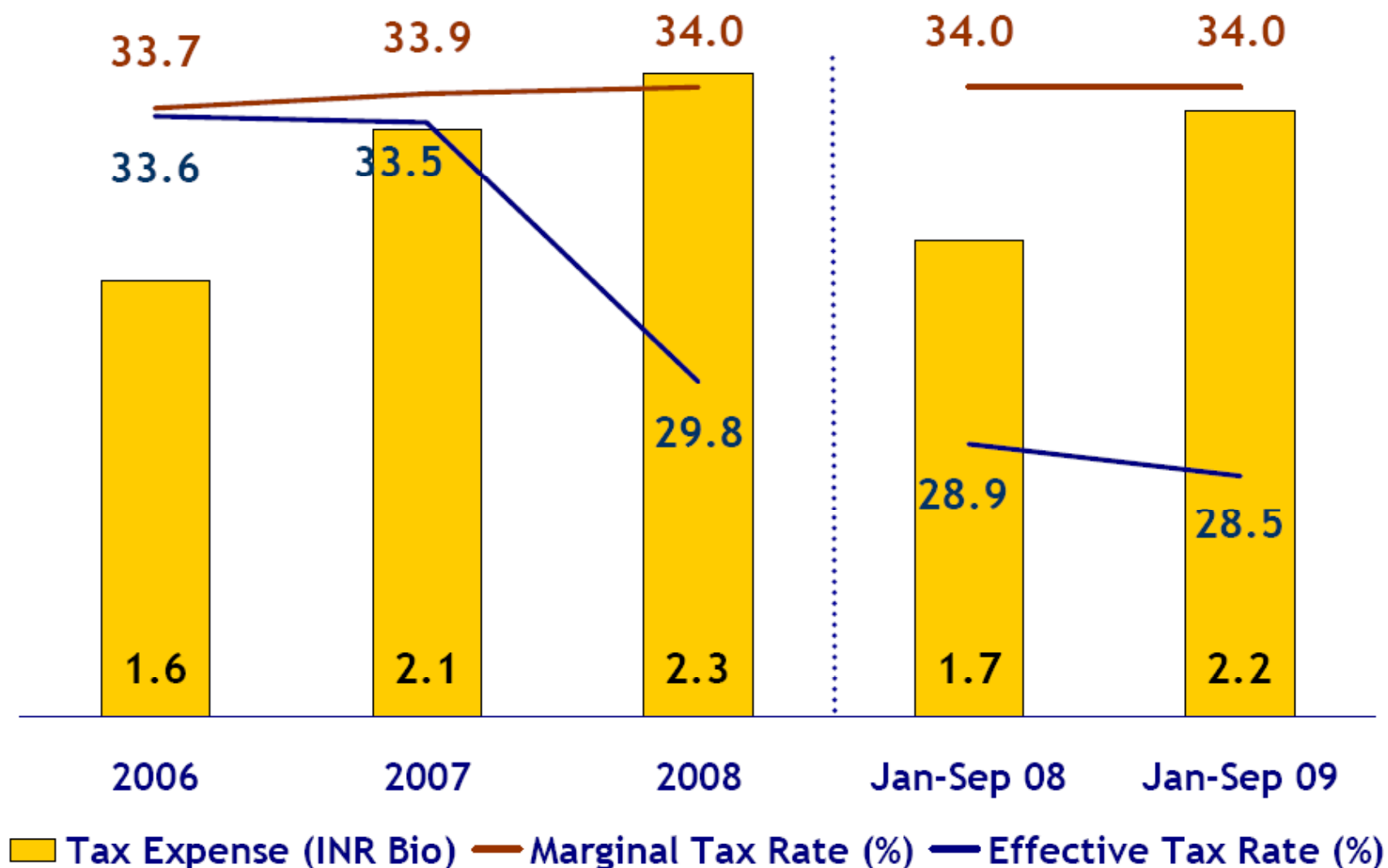
Description	Jan-Sep 09	% of Operating Income	Jan-Sep 08	% of Operating Income	% Var.
Expenditure excl.Impairments/Contingencies from Operations	30,218	79.7	26,496	81.7	14.0
Materials	17,962	47.4	15,897	49.0	13.0
Staff Cost	2,948	7.8	2,310	7.1	27.6
Depreciation	806	2.1	667	2.1	20.9
Advt + Sales Promotion	1,744	4.6	1,436	4.4	21.4
Distribution	1,711	4.5	1,468	4.5	16.6
Power & Fuel	1,132	3.0	1,179	3.6	(4.0)

Figures have been regrouped / reclassified to make them comparable.

Margins favourably impacted...

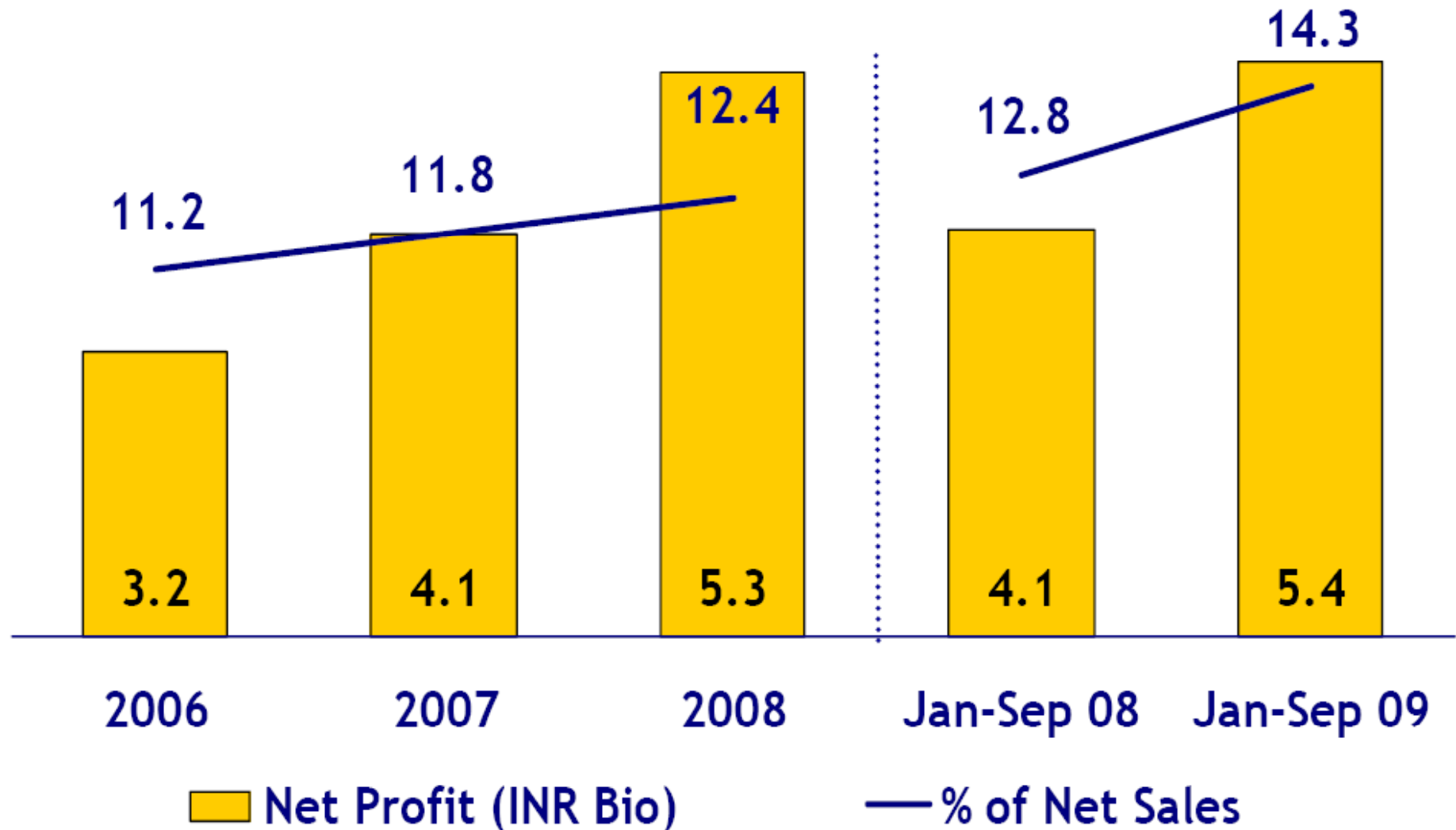


Tax holiday helps maintain effective tax rate

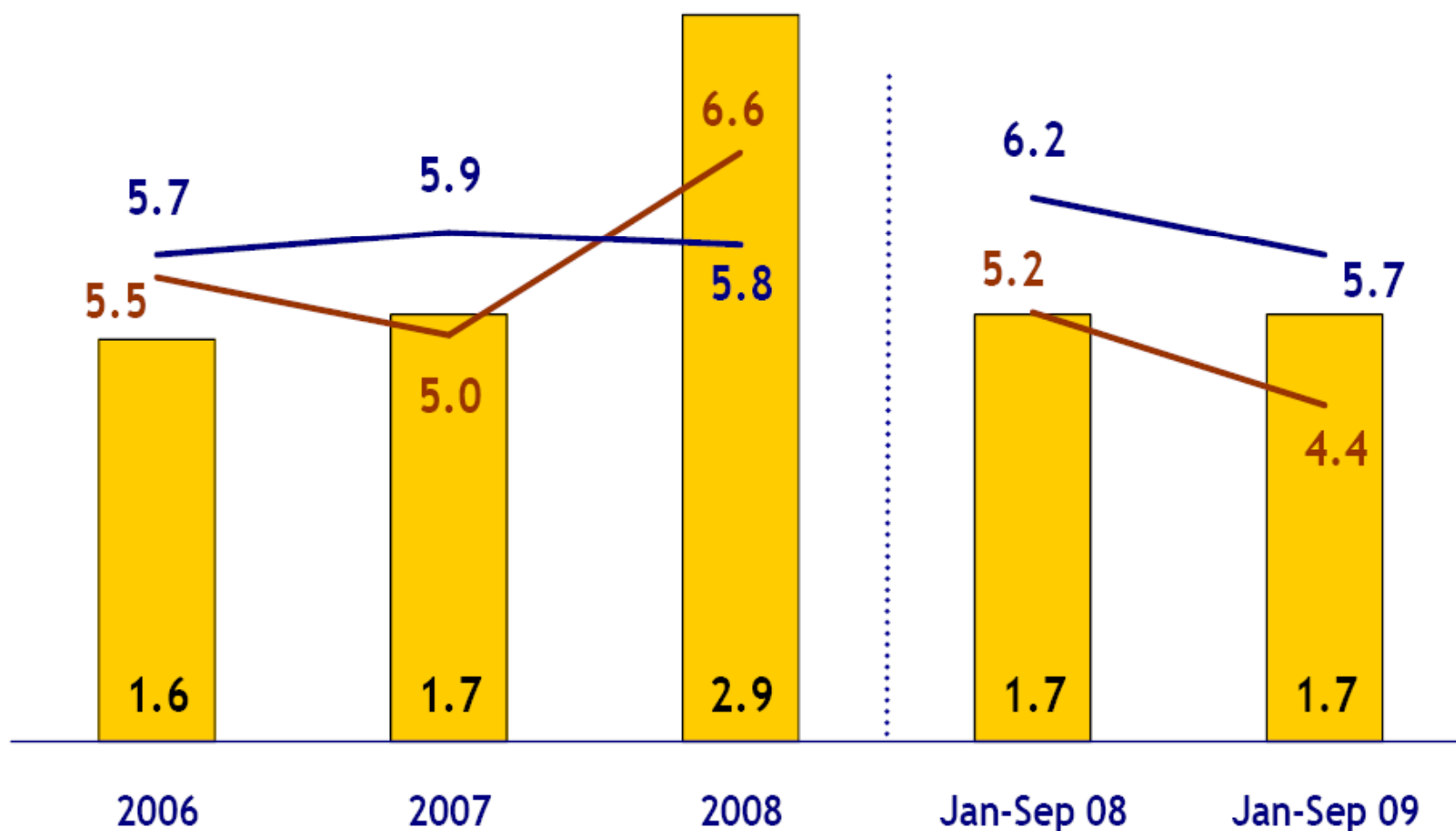


Excludes Fringe Benefit & Dividend Distribution Tax

Operating margins & tax holiday expand net profit margin



Continuing to create capacities for growth

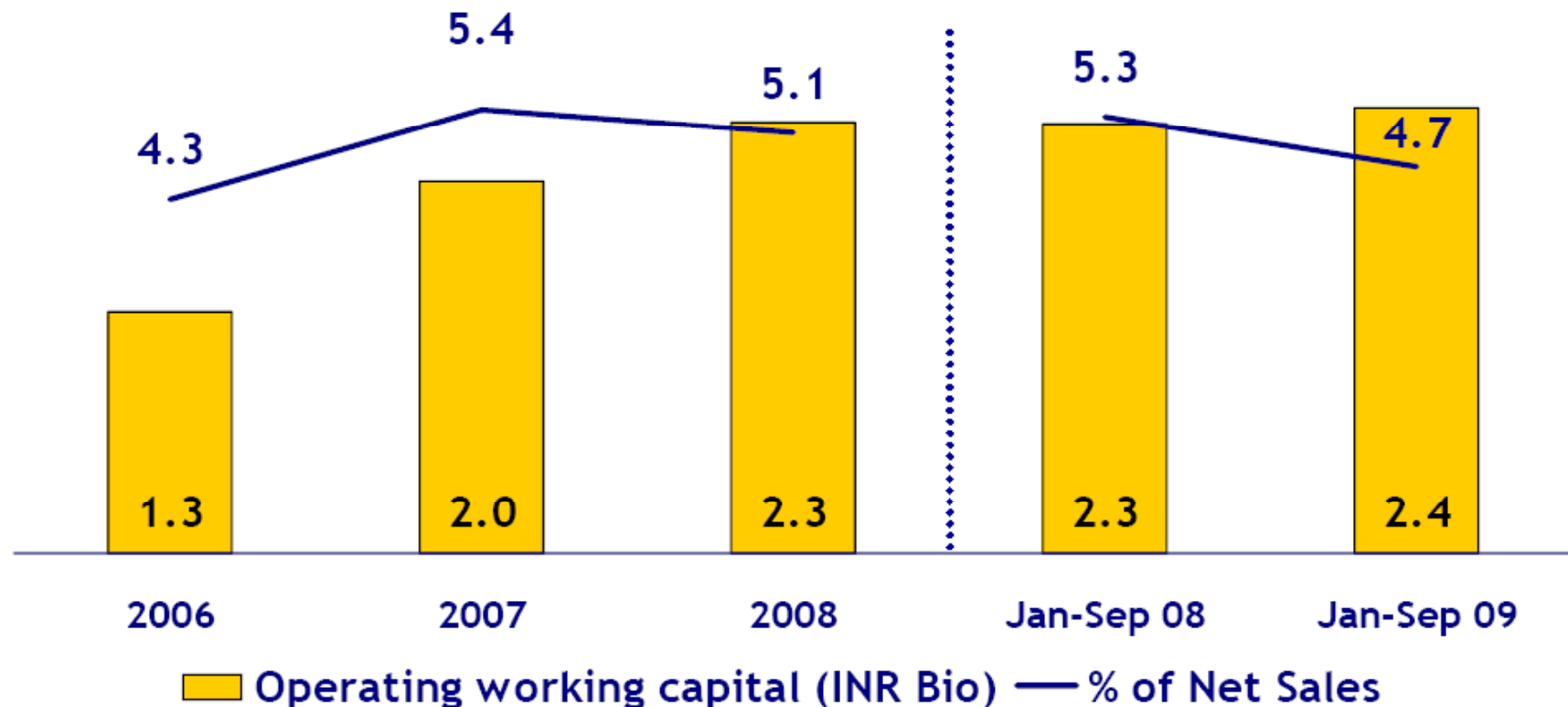


Capex (INR Bio)
 Capex as % of Net sales
 FA Rotation

Dep. (INR Bio) 0.56 0.64 0.82 0.59 0.73

Fixed Assets exclude Intangibles

Retained focus on operating working capital despite high growth trajectory

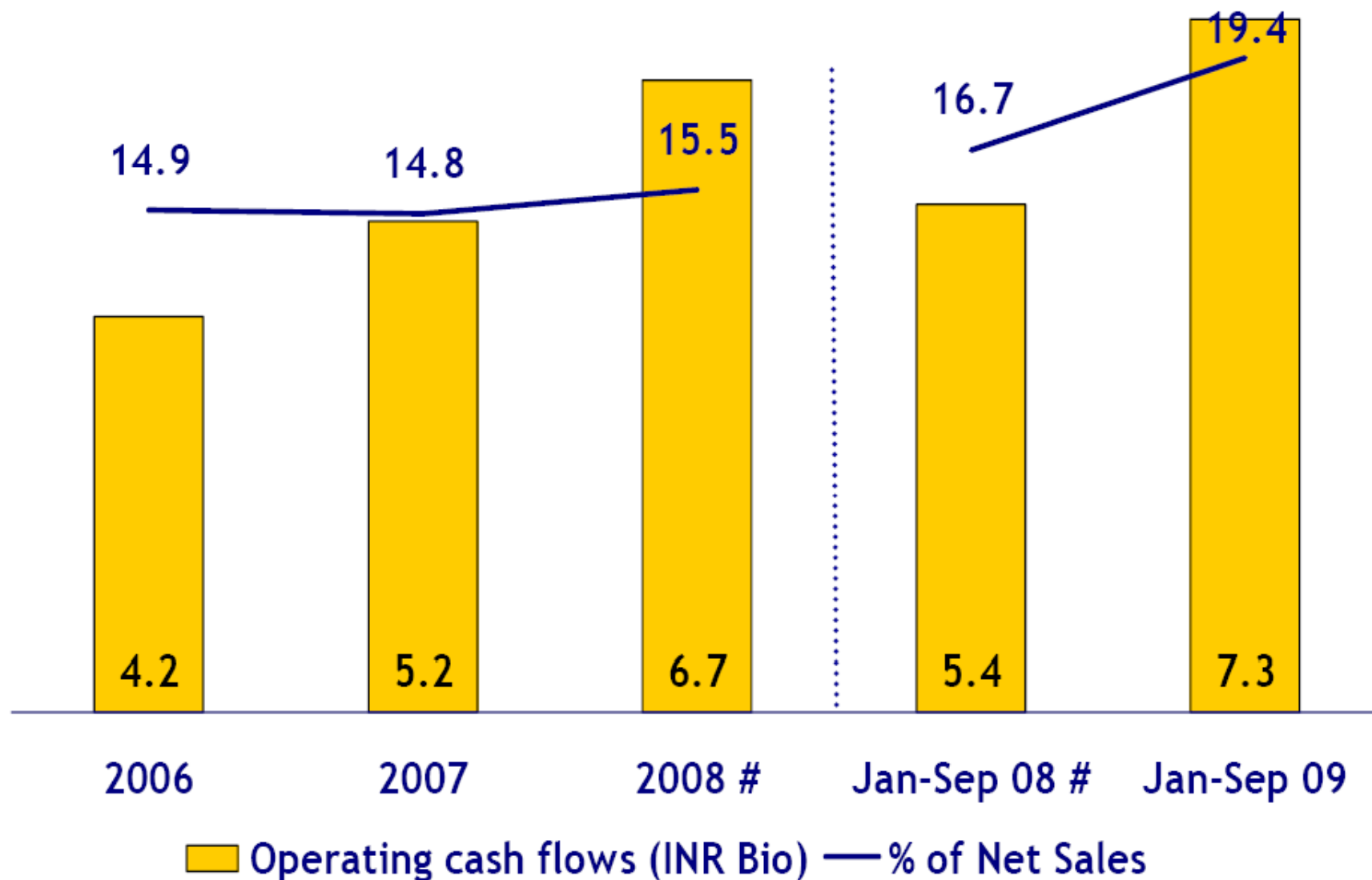


Operating Working Capital = Inventories + Debtors - Trade Payables (excluding Staff Costs, Contingencies, Capex & Taxes)

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

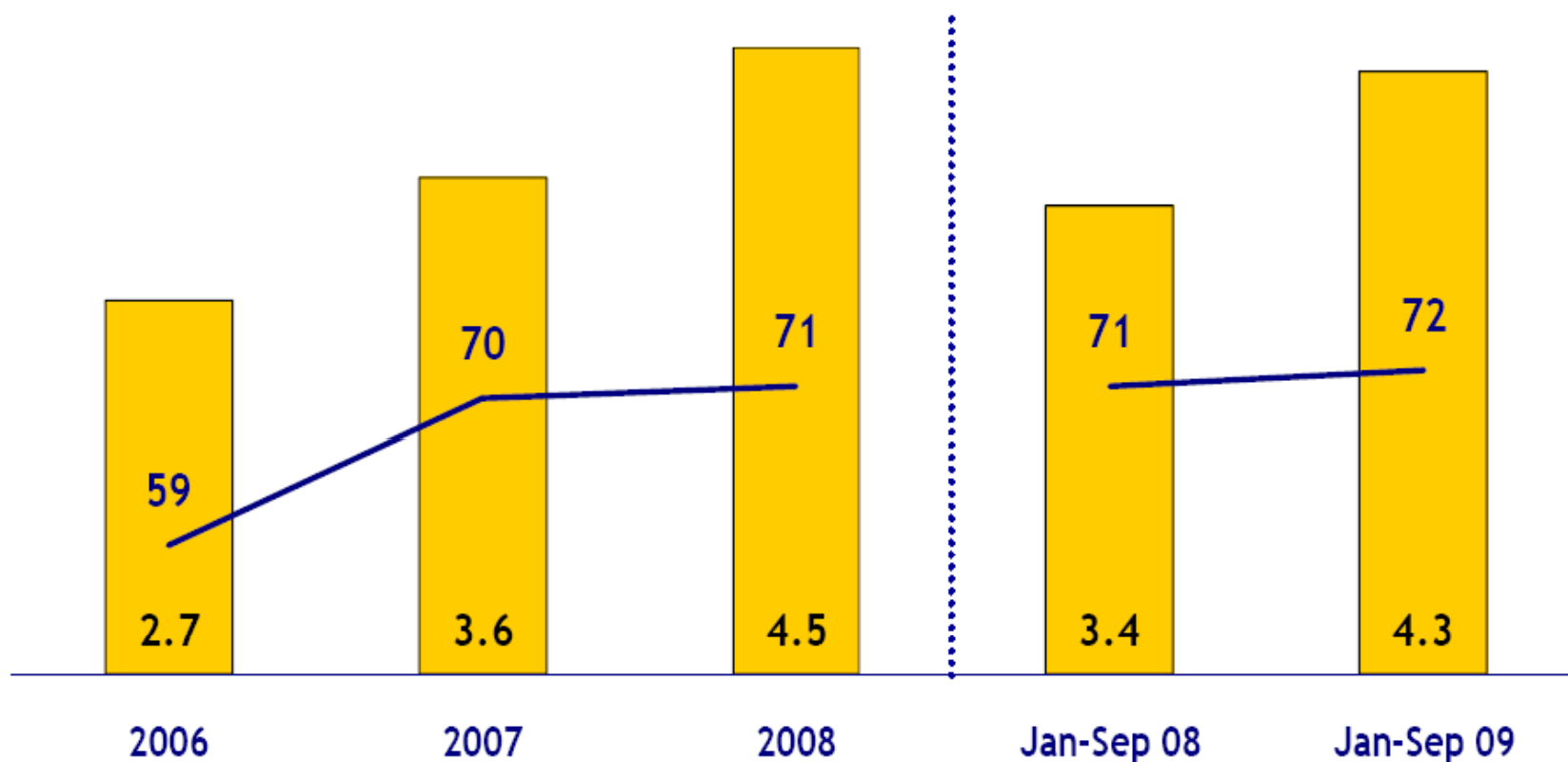
Basis Nestlé Internal Reporting Standards

Strong operating cash flows due to margins and deferred cash cost...



excluding exceptional inflows

Sustaining strong economic value

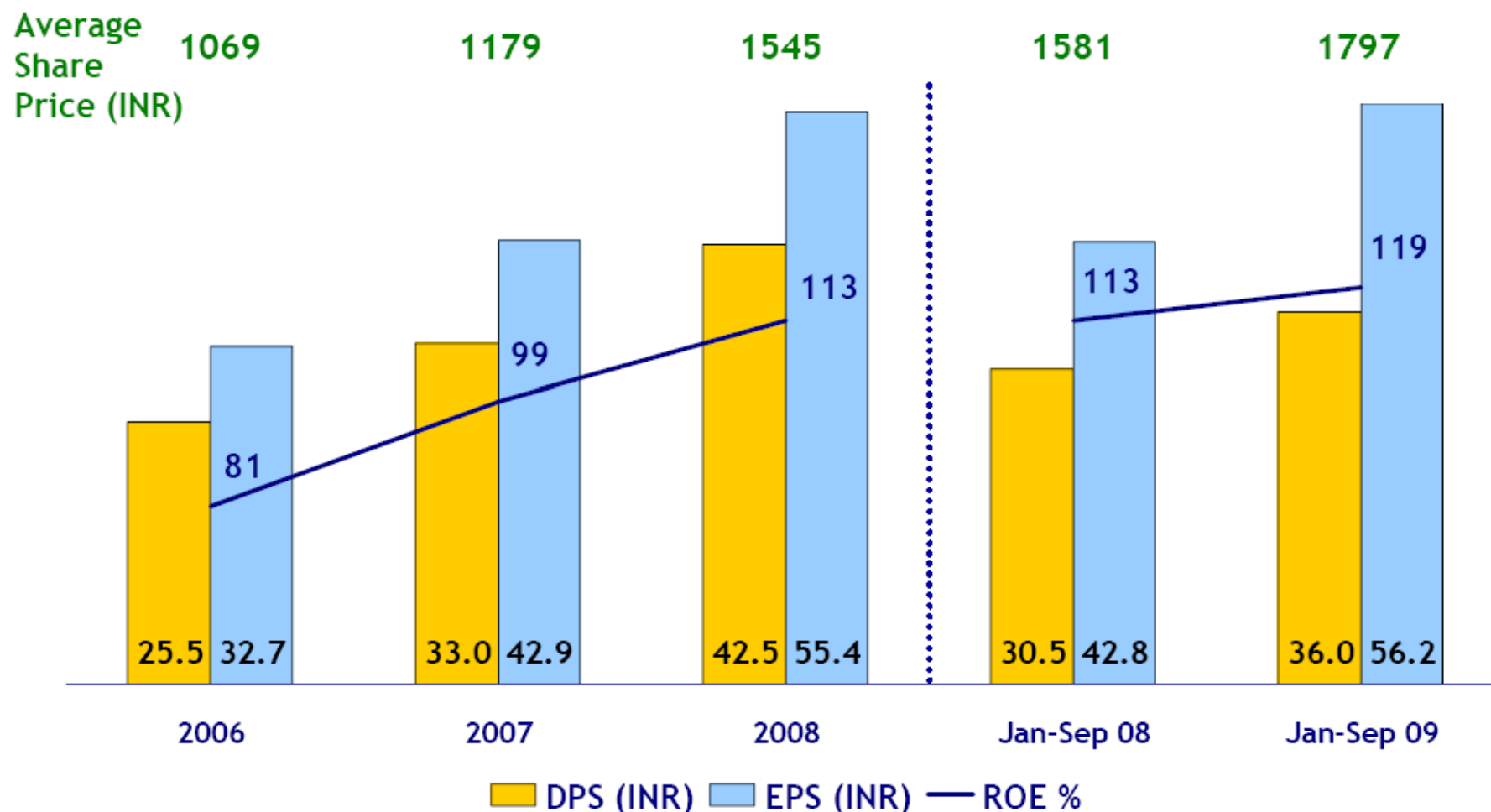


■ Economic Profit (INR Bio) — Economic Profitability (%)

ACC %	10.5	11.3	11.6	11.7	12.9
Risk Free rate %	7.2	7.7	7.9	7.9	8.5
Group risk Premium%	2.5	2.5	2.5	2.5	3.0

Basis Nestlé Internal Reporting Standards

Fulfilling shareholders' expectations



Dividend 2.5
(INR Bio)

3.2

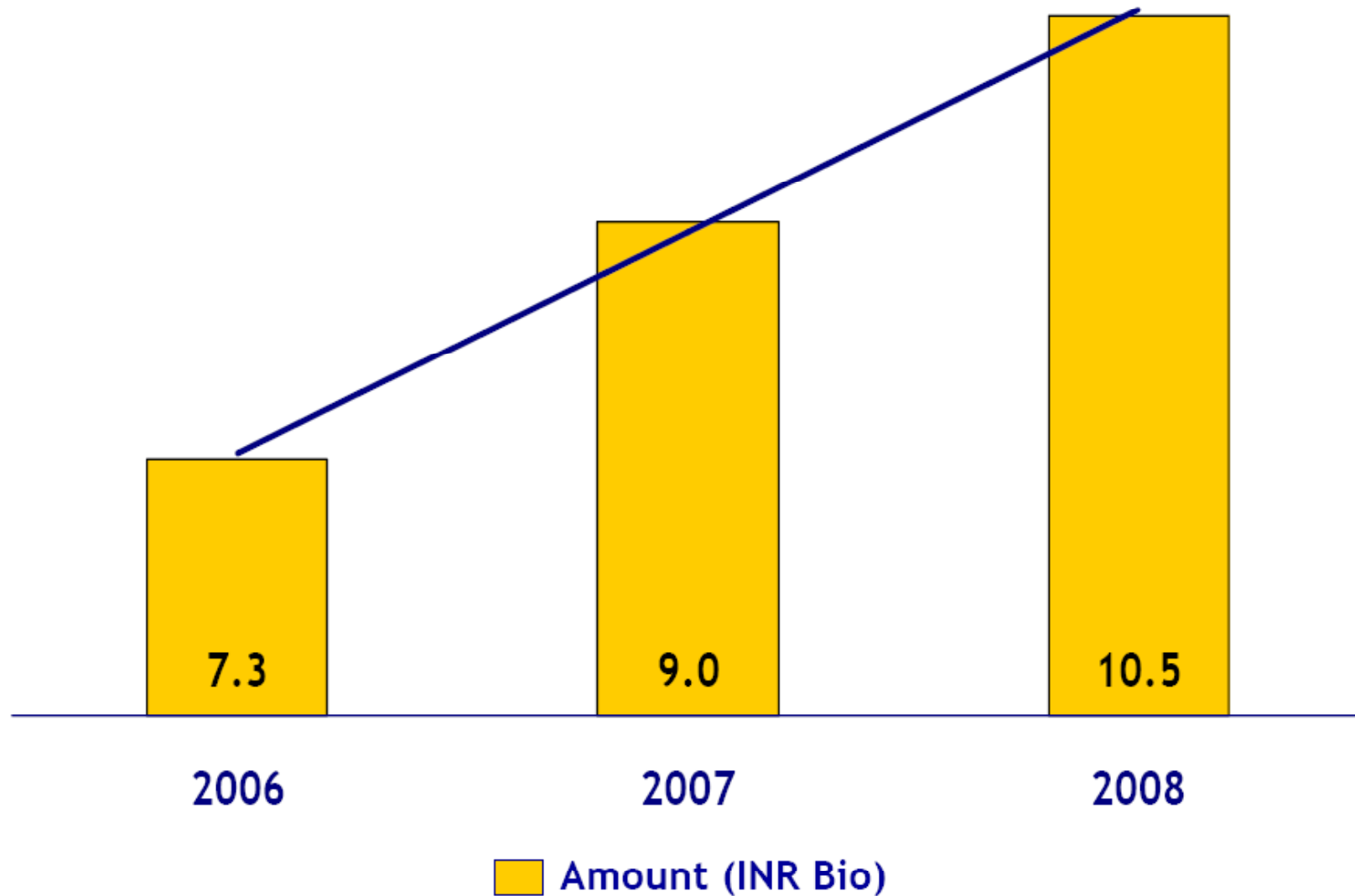
4.1

2.9

3.5

2008 figures include special dividend of Rs. 7.5/Share
Jan-Sep includes dividend declared till Oct of each year

Contribution to Nation building

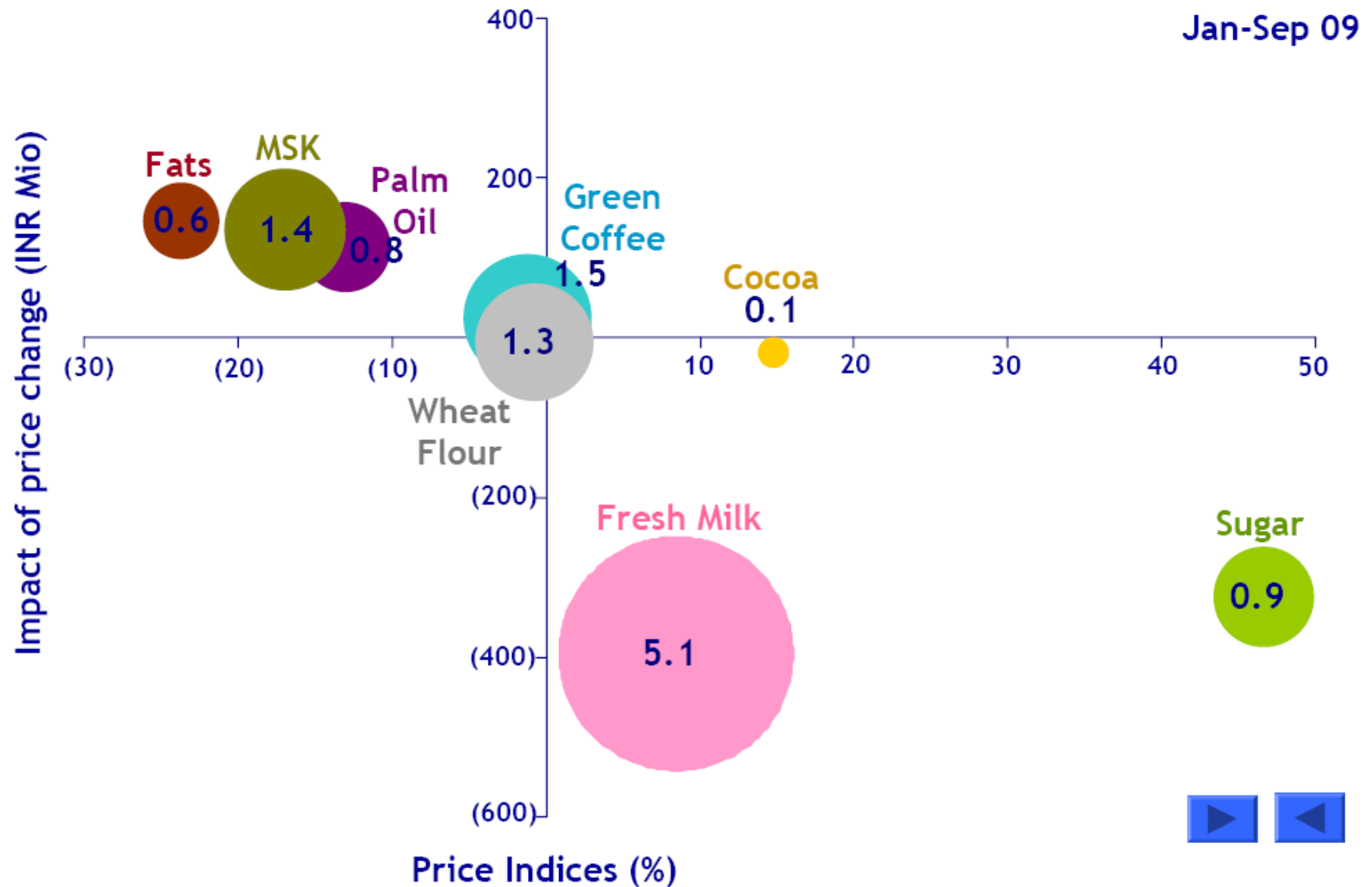


Direct & indirect contribution to Exchequer around 1/4 of net sales

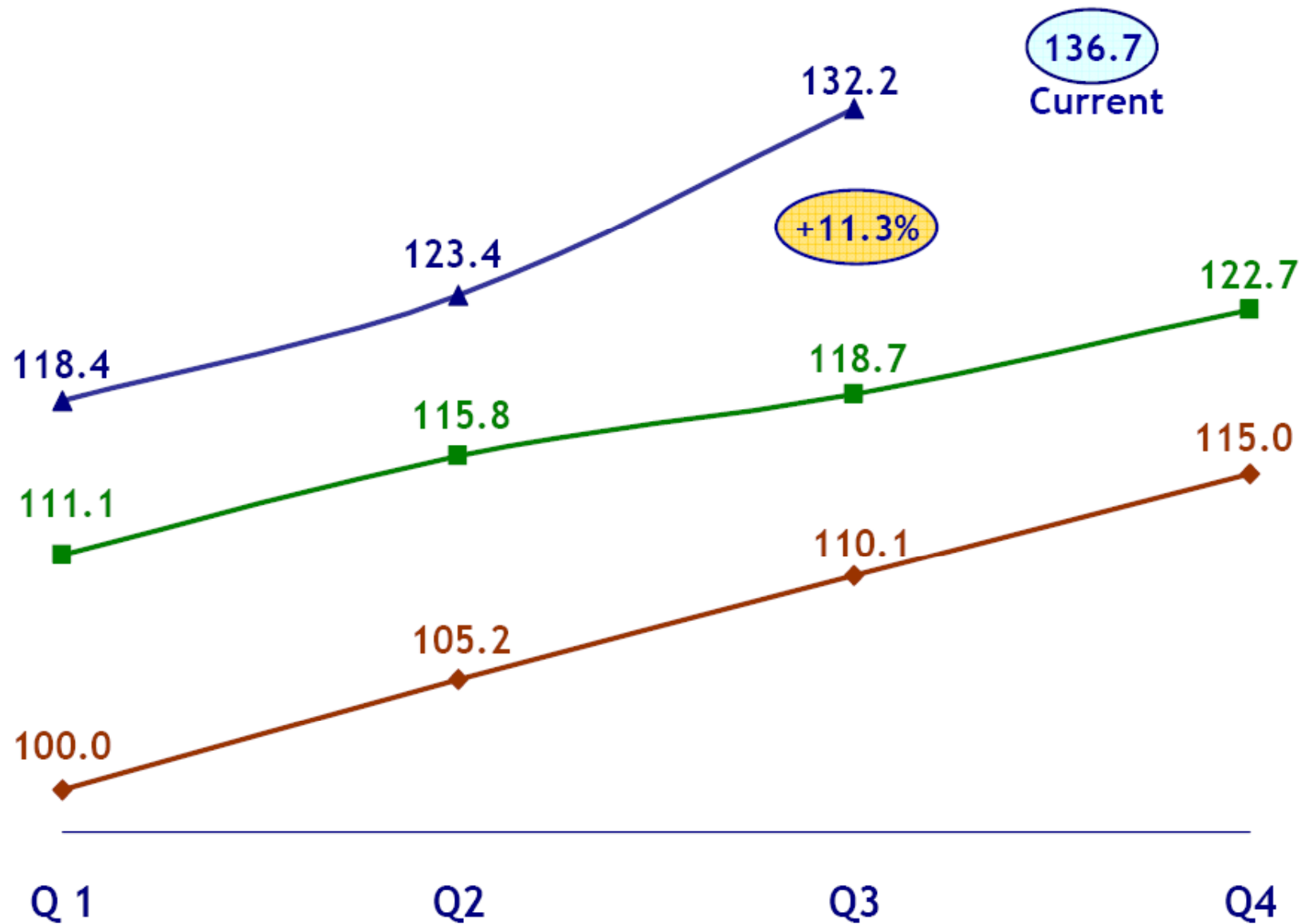
THANK YOU



Evolution of Commodity Cost



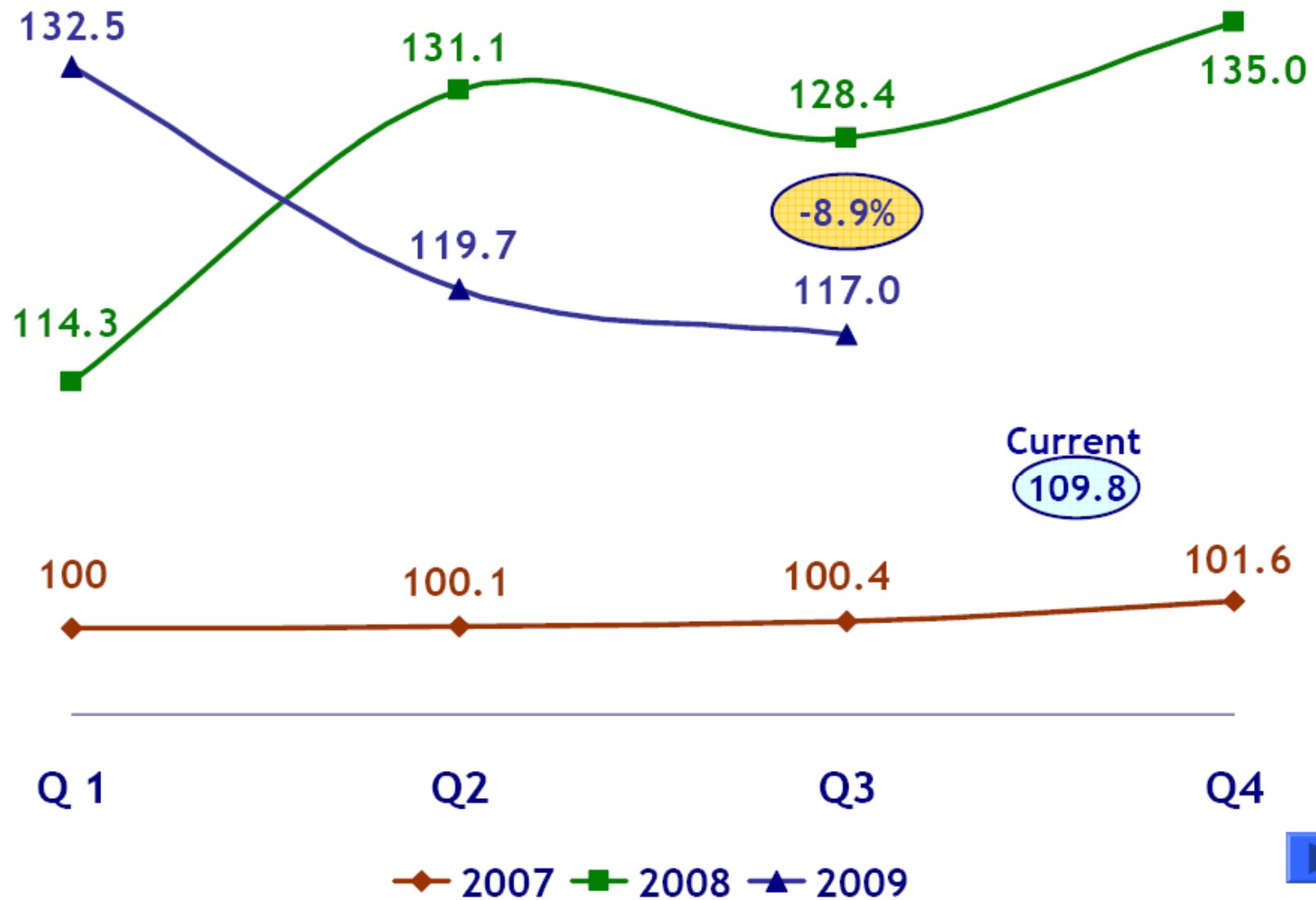
Evolution - Fresh Milk Fat Prices



Indexed with base Q1-07

◆ 2007 ■ 2008 ▲ 2009

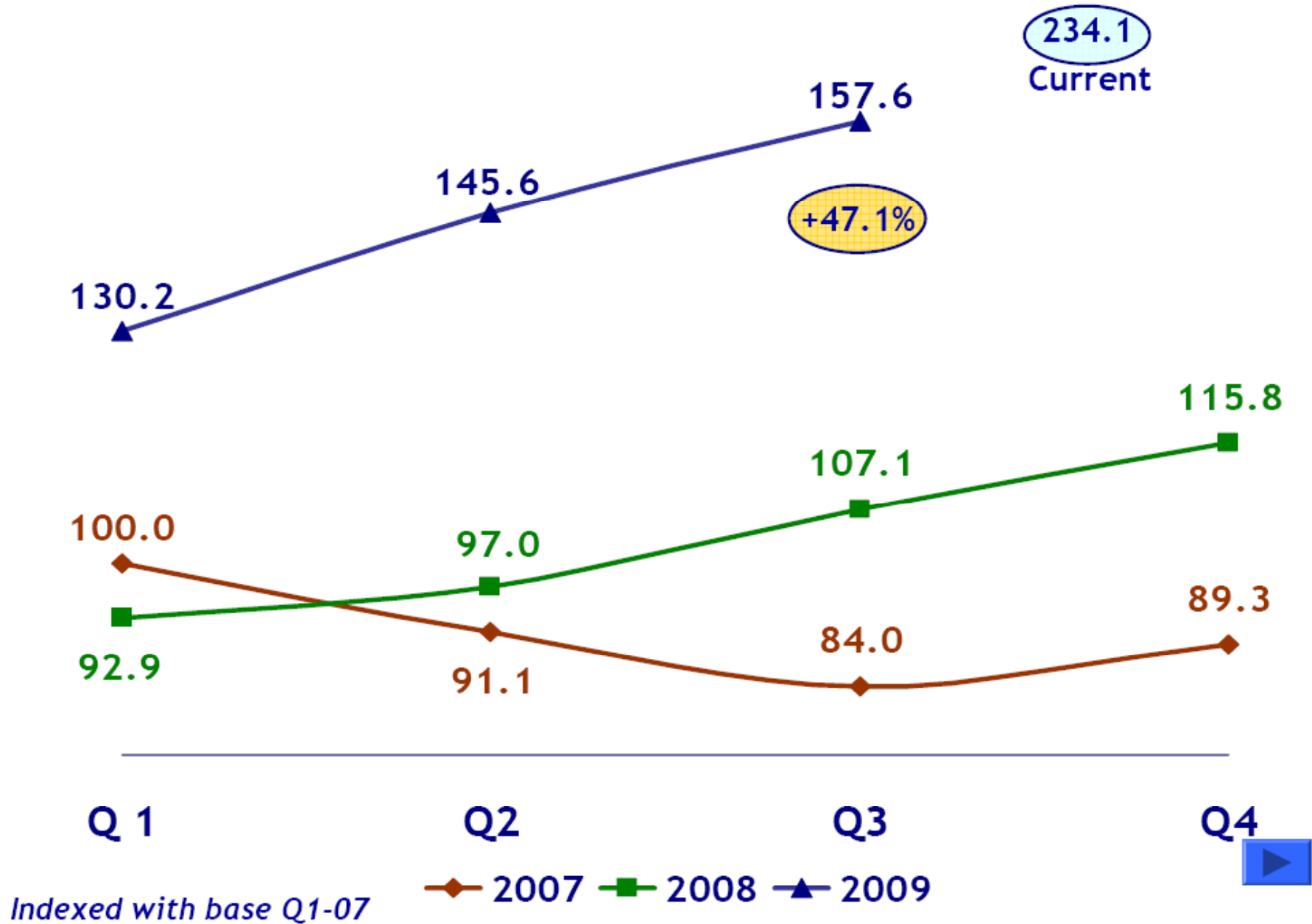
Evolution - Green Coffee Prices



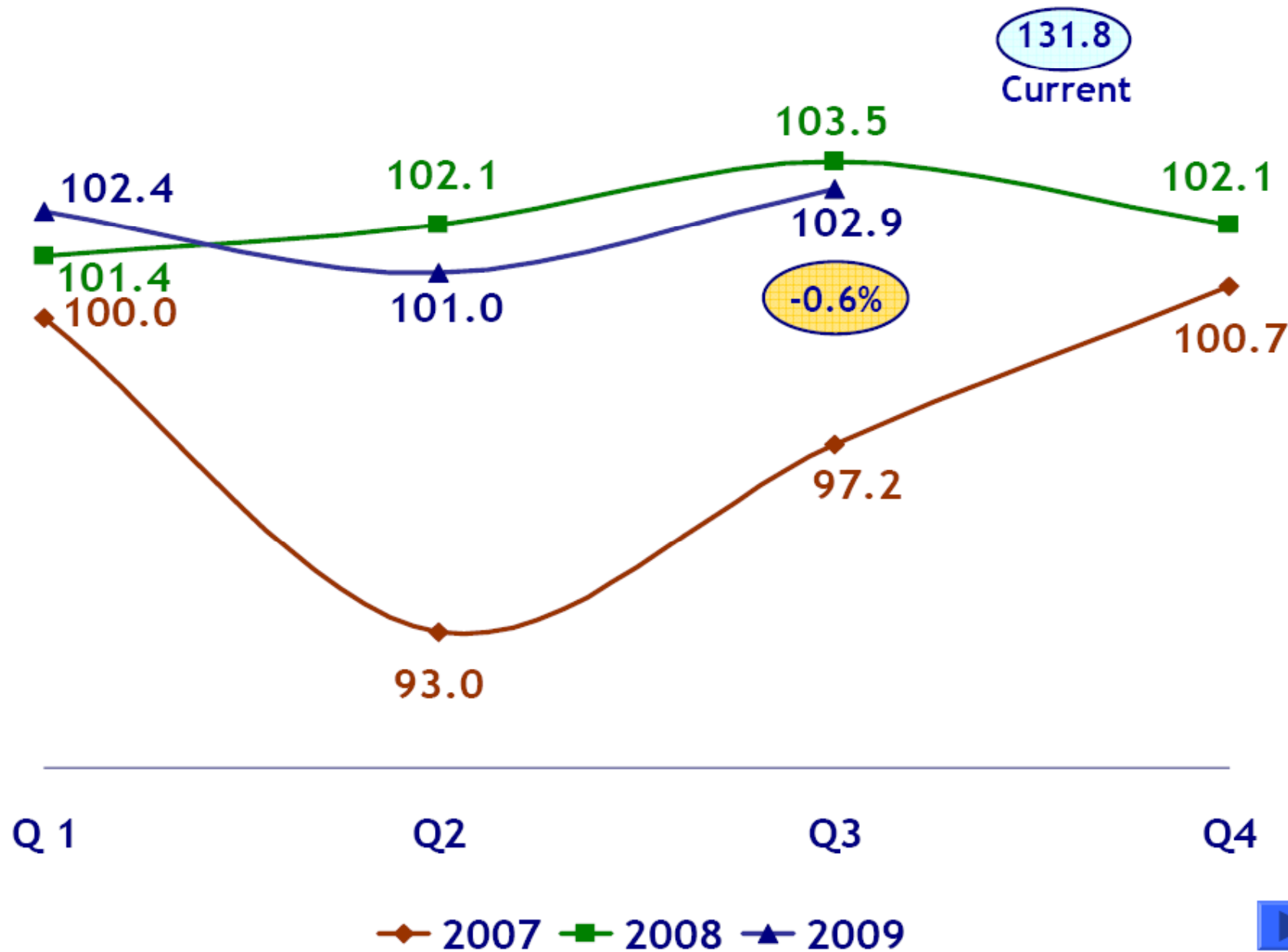
Indexed with base Q1-07



Evolution - Sugar Prices



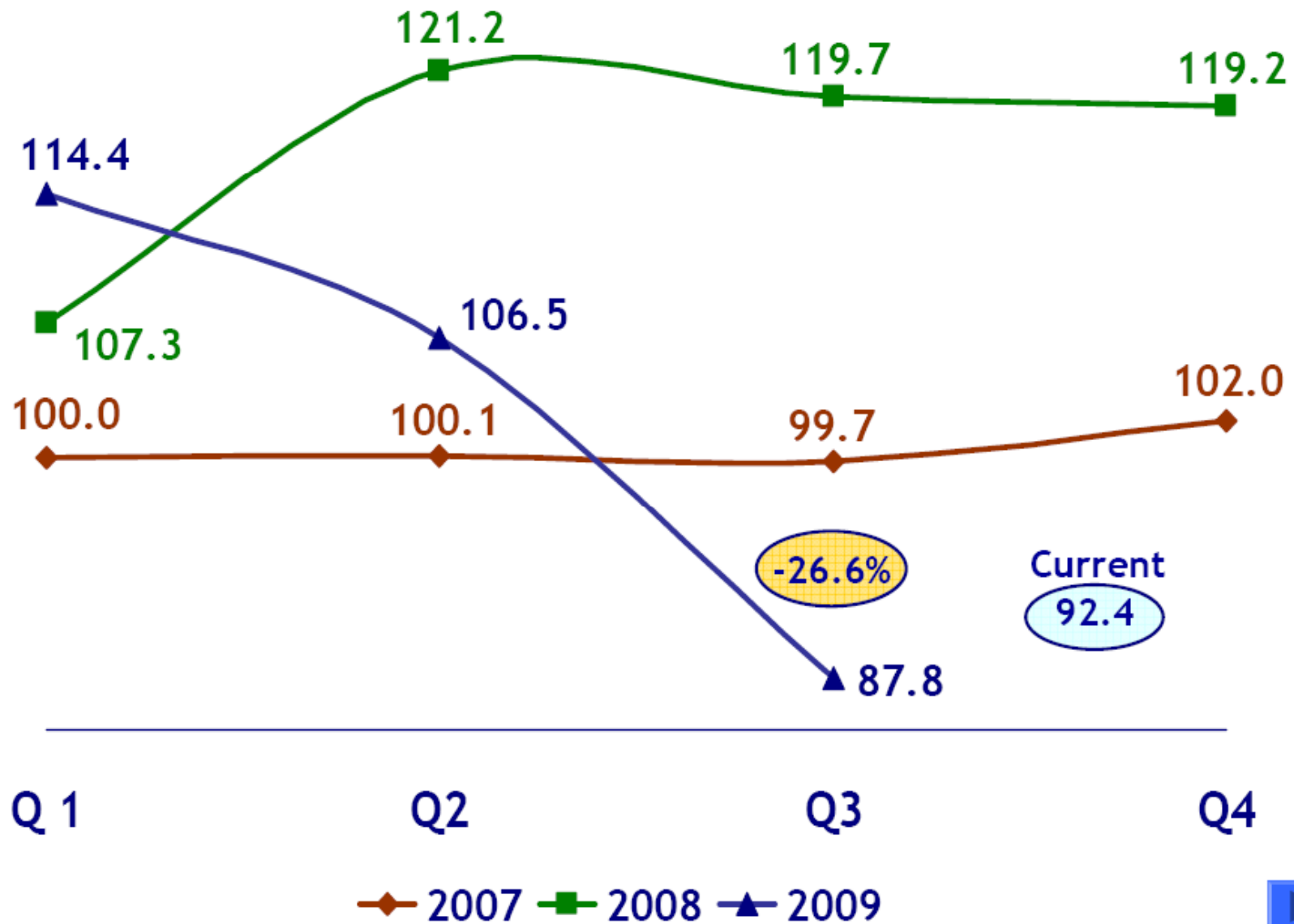
Evolution - Wheat Flour Prices



Indexed with base Q1-07



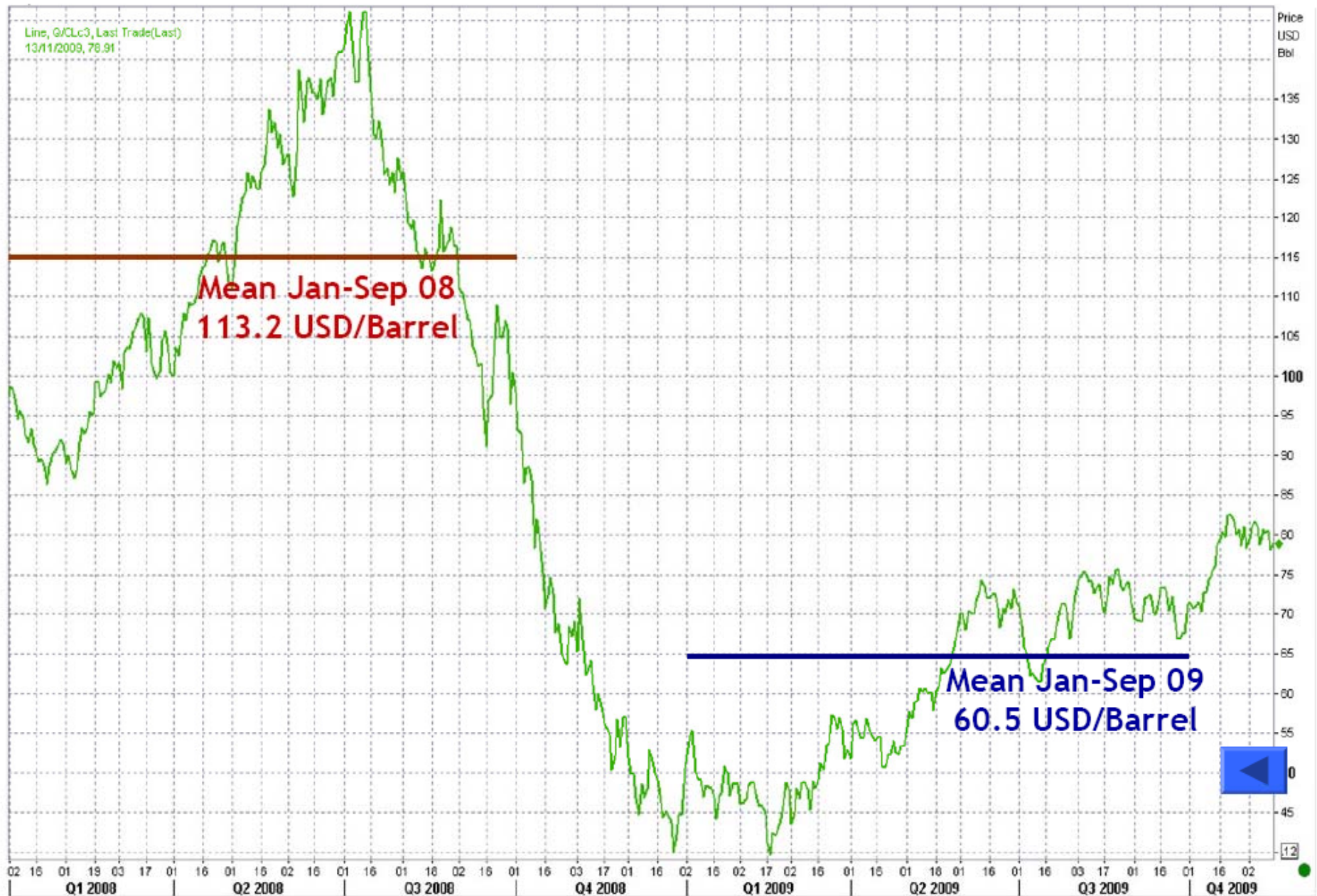
Evolution - Palm Oil Prices



Indexed with base Q1-07



Evolution - Crude Oil Prices [NYMEX]



COFFEE - ROBUSTA [LIFFE]



COFFEE - ARABICA [ICE]

Daily Q/KCc2

02/01/2008 - 22/12/2009 (NYC)



SUGAR - ICE



WHEAT - CBOT



PALM OIL - BMD

