

# Nestlé India Limited (NIL)

Driving Nutrition, Health & Wellness



**15<sup>th</sup> Financial Analysts' Meet**

# 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.

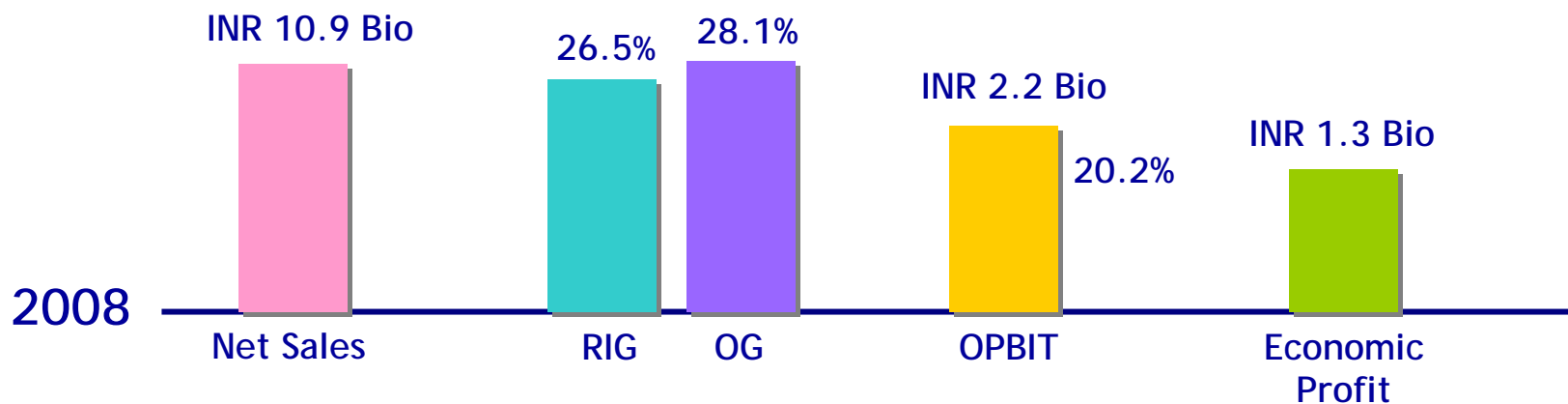
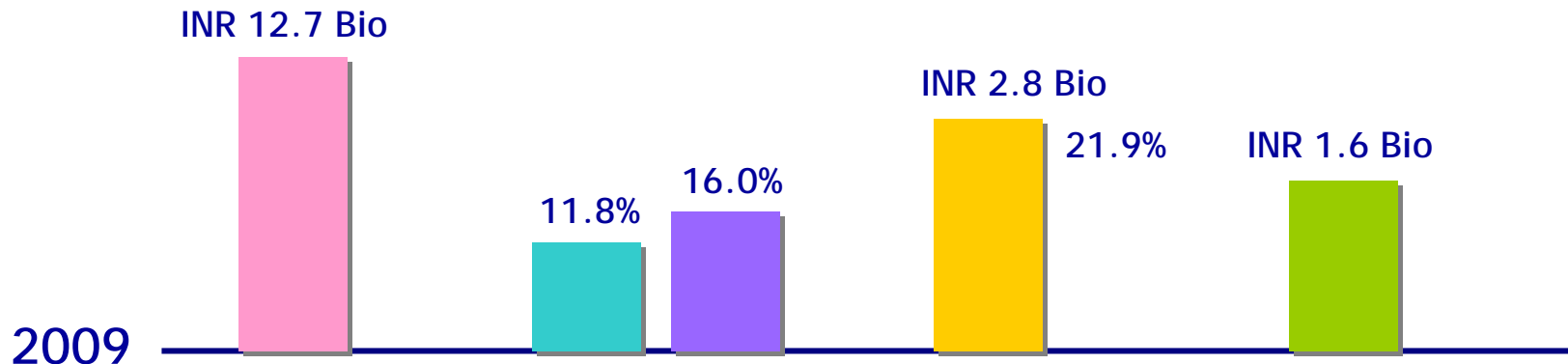
*Responses can only be given to questions, which are not price sensitive.*

*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*



# 1<sup>st</sup> Quarter highlights

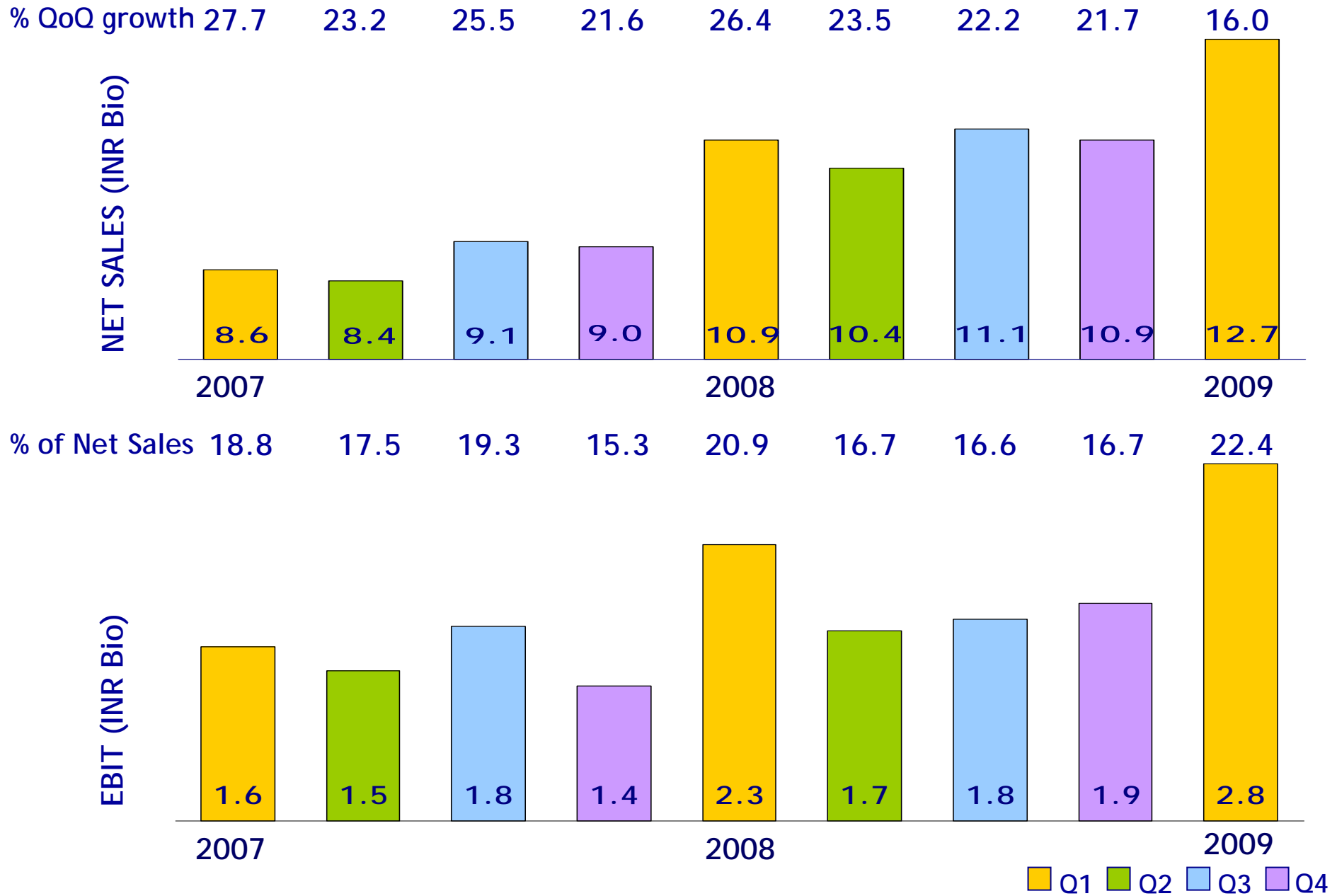


# 1<sup>st</sup> Quarter performance Impacted by

- Exports
- Key Accounts
- Portfolio
- Rationalization
- Out Of Home

- Mix & Realisations
- Commodities
- Exports Incentives
- FOREX

# Sustained performance over quarters

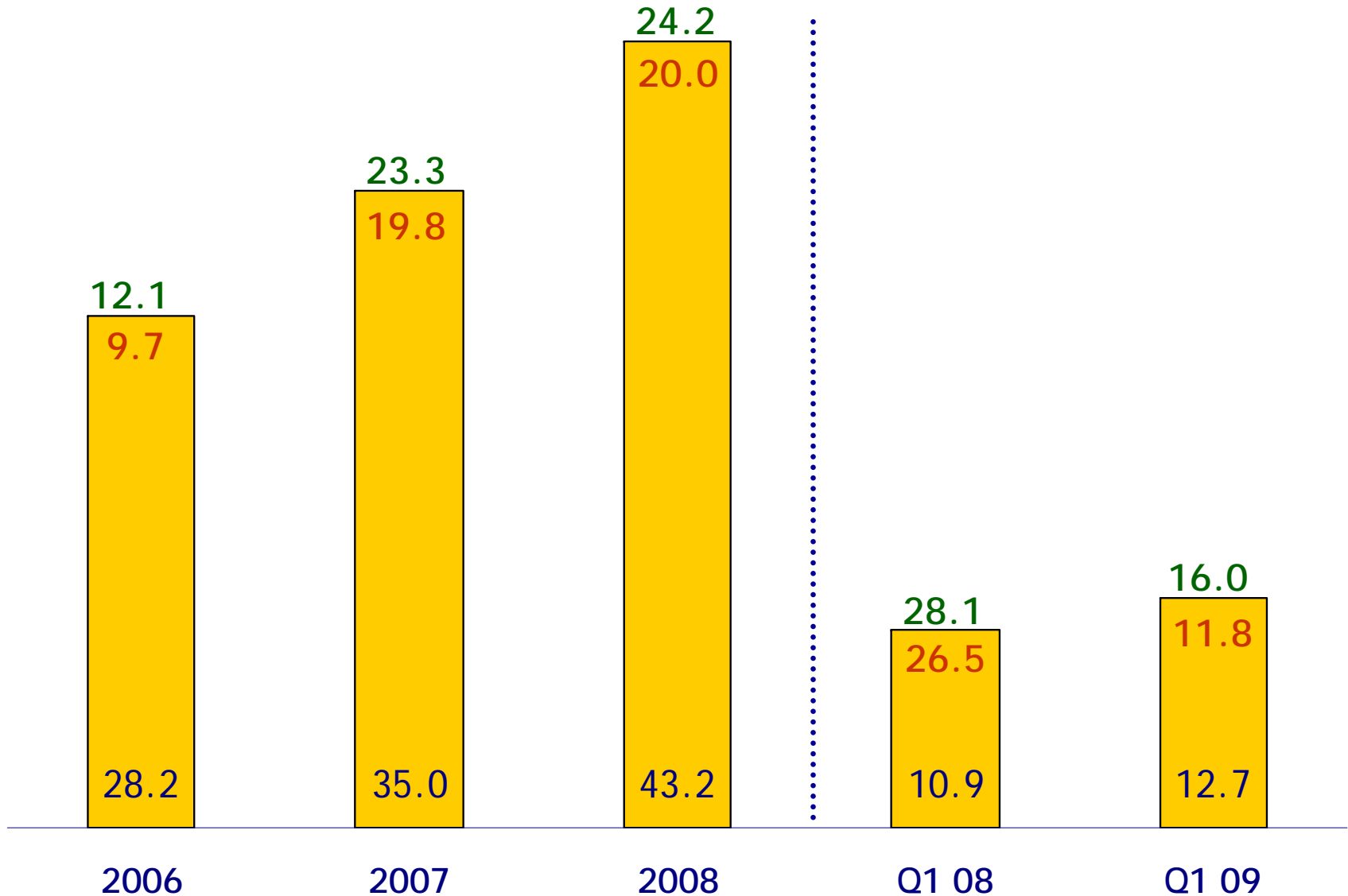


# Continue on the growth trajectory

Organic Growth (%)

Real Internal Growth (%)

Net Sales INR Bio

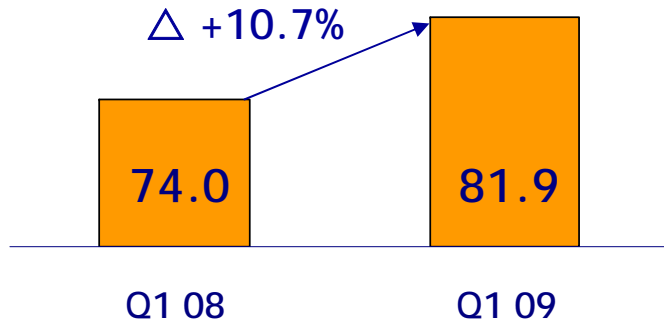


*Includes Figures from Nestlé Internal Reporting Standards*

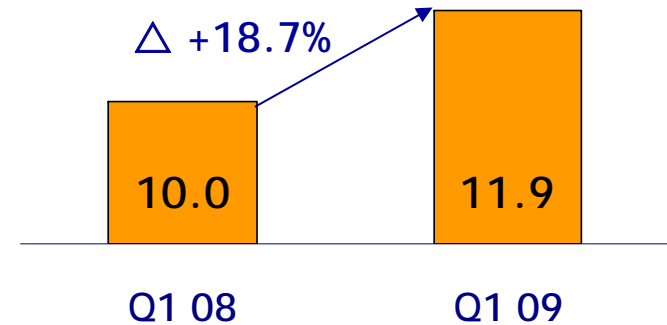
# Strong domestic sales performance

## Domestic Sales

Volume (000' Tons)

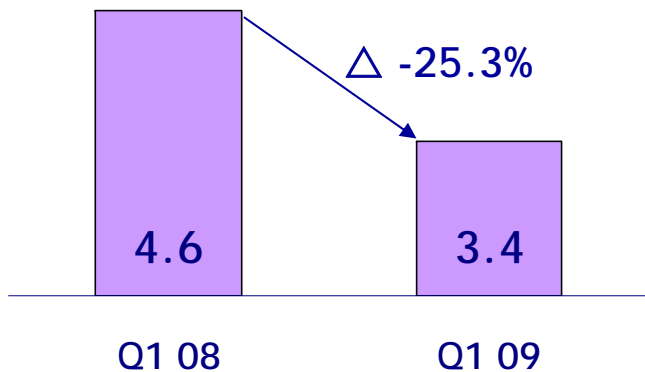


Value (INR Bio)

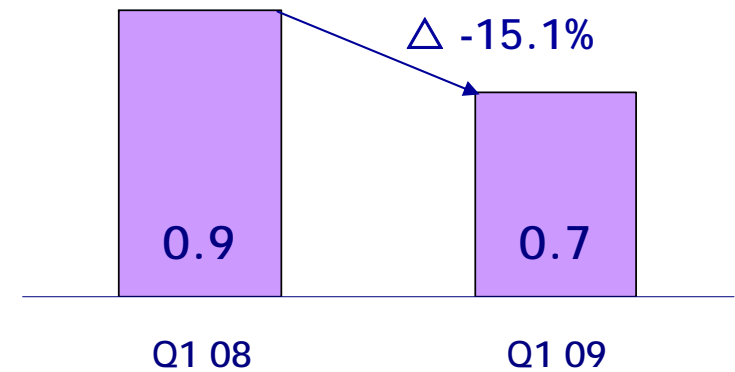


## Export Sales

Volume (000' Tons)



Value (INR Bio)



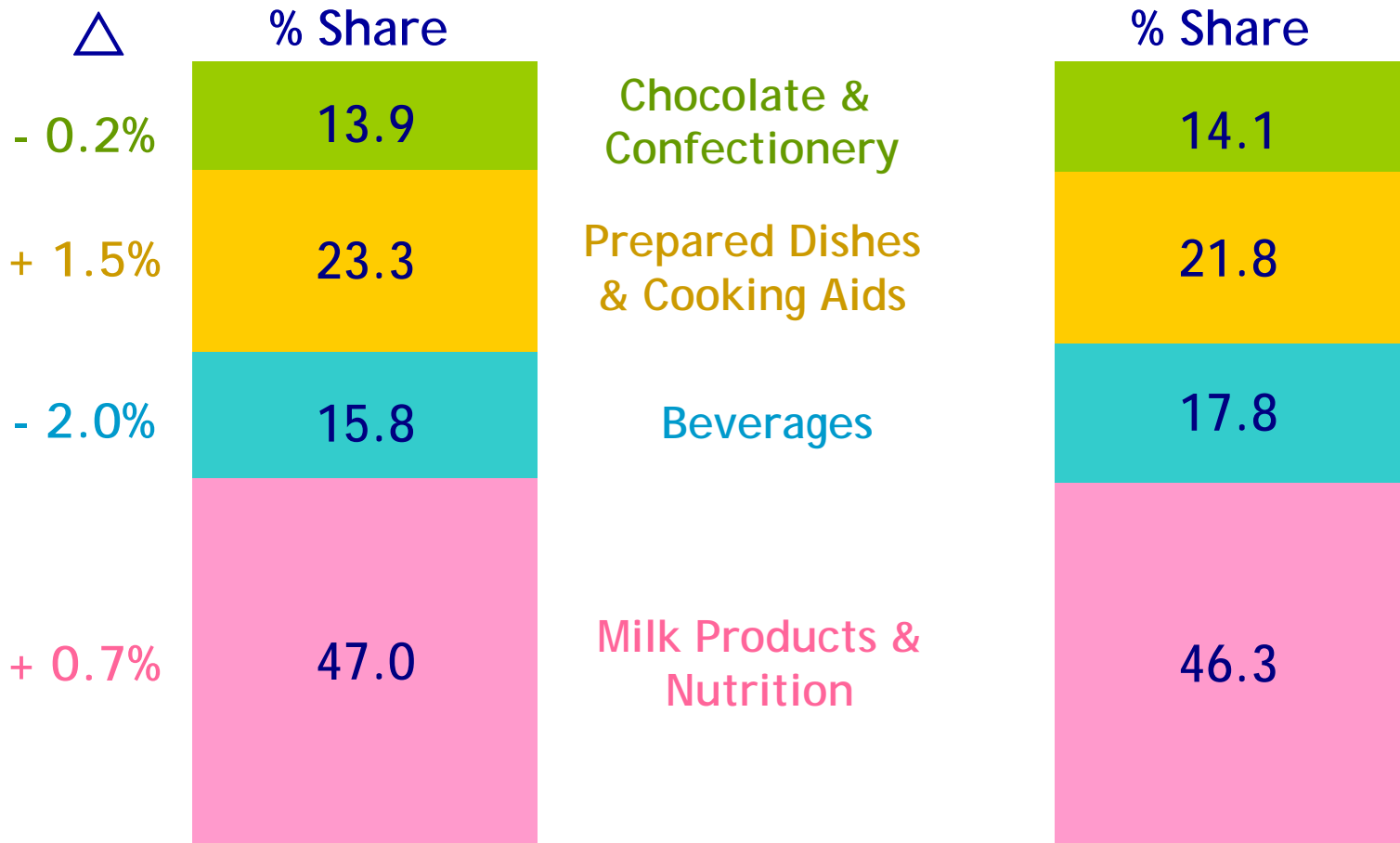
% share of domestic volumes increases from 94.2 to 96.0 ~ 180bp

% share of domestic value increases from 92.0 to 94.2 ~ 220bp

*All calculations are based on non-rounded figures*

# Multiple growth drivers are in place

## Net Sales

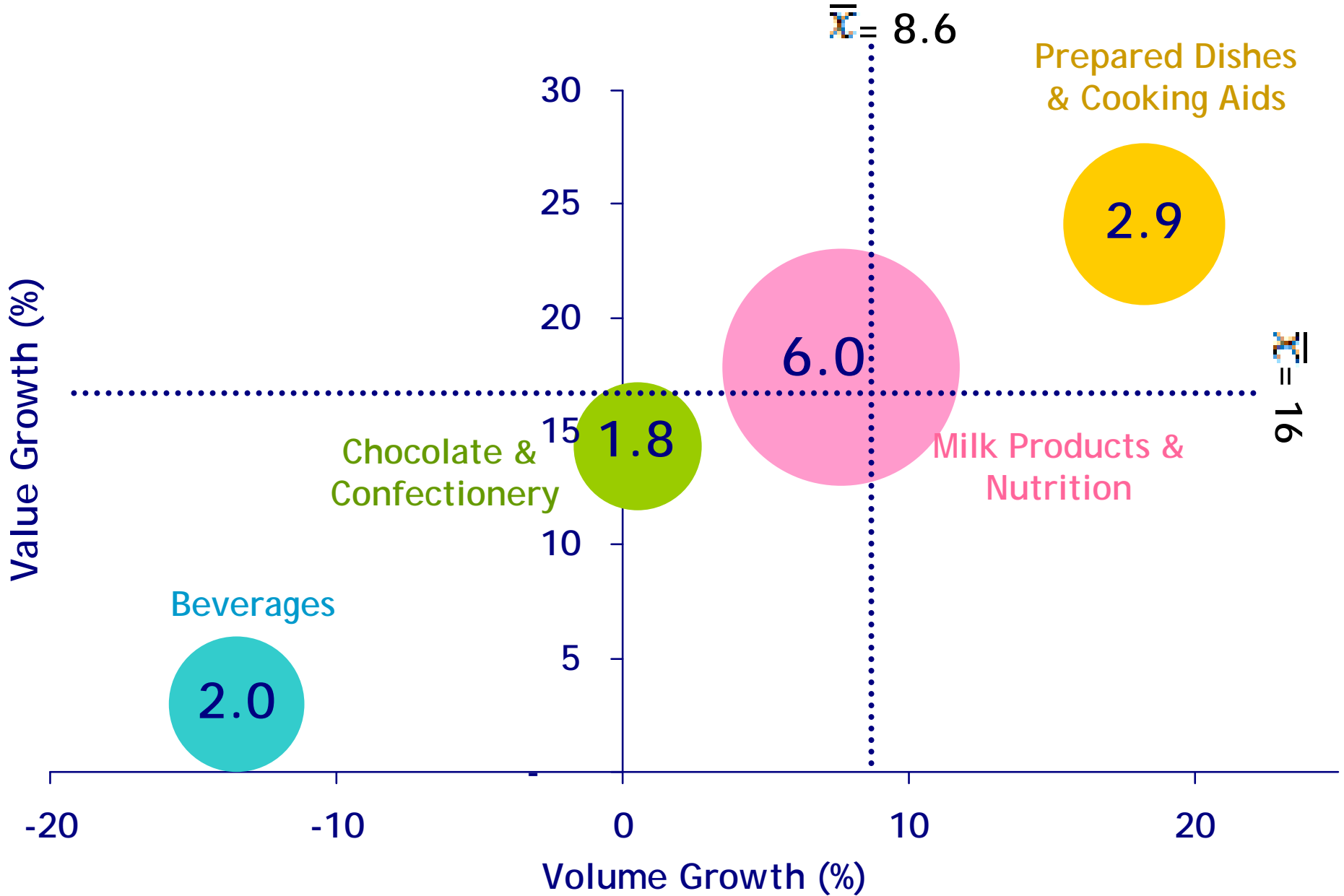


Q1 09

Q1 08



# Domestic sales led categories perform well



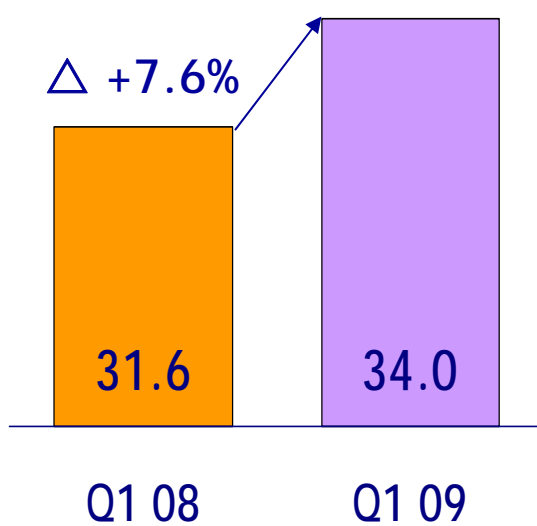
*Bubble shows Net Sales (INR Bio)*

# Milk Products & Nutrition

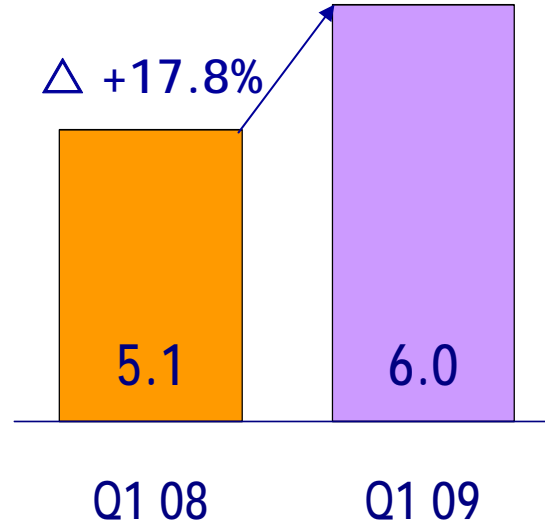
## Innovation & Renovation



Sales (000' tons)



Sales (INR Bio)



Contribution 47%

## 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

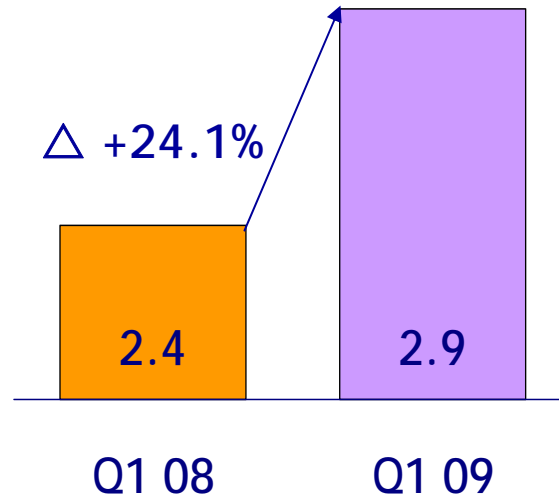
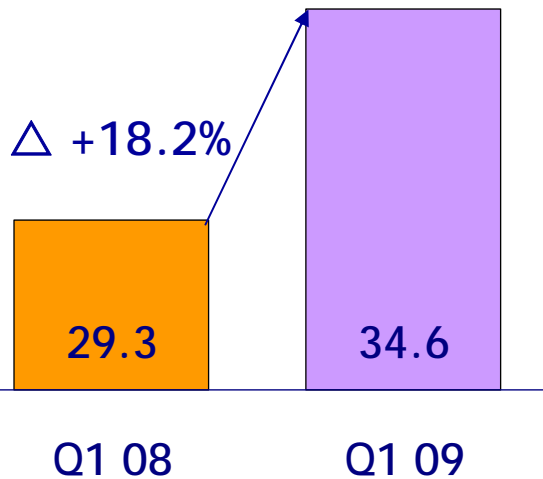
# Prepared Dishes & Cooking Aids

## Innovation & Renovation



Sales (000' tons)

Sales (INR Bio)



## Market Position (Value)

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

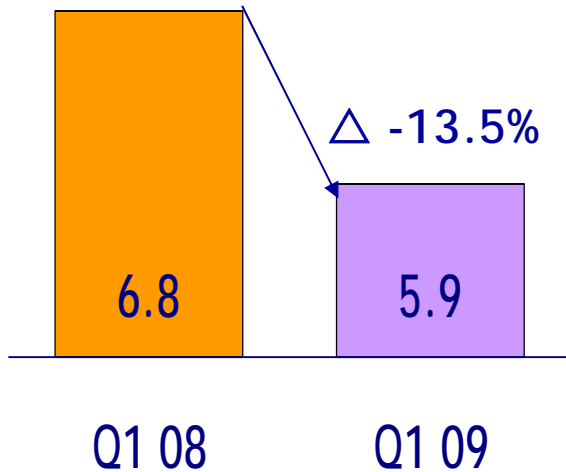
Contribution 23.3%

# Beverages

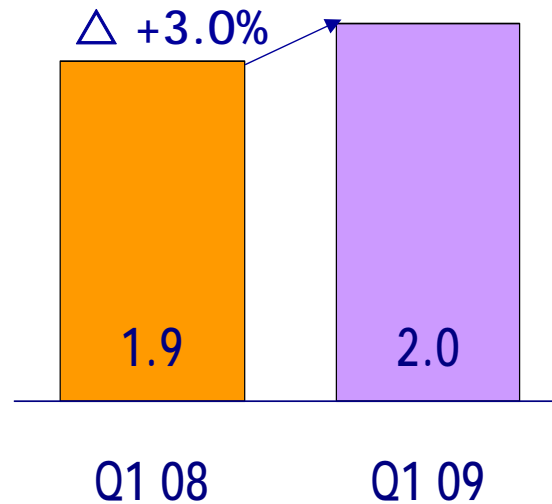
## Innovation & Renovation



Sales (000' tons)



Sales (INR Bio)



Contribution 15.8%

## Market Position (Value)

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

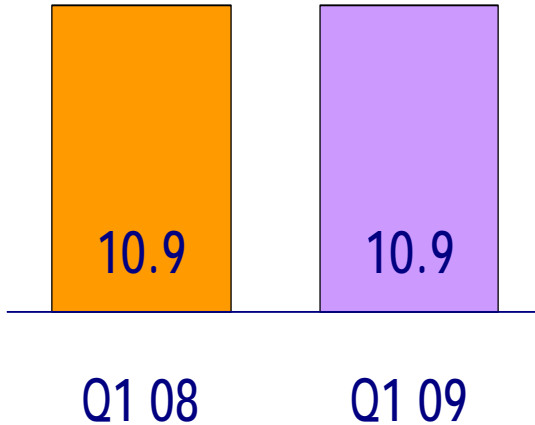


# Chocolate & Confectionery

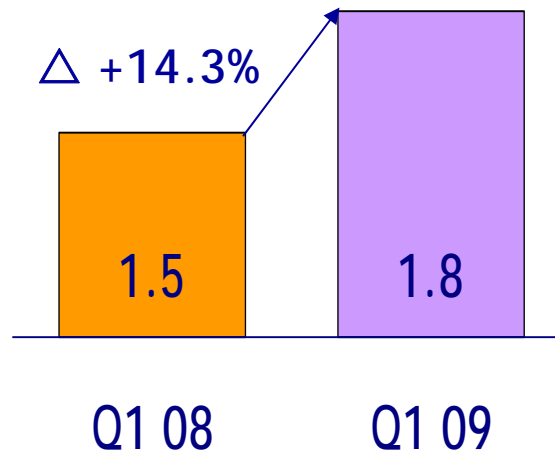
## Innovation & Renovation



Sales (000' tons)



Sales (INR Bio)



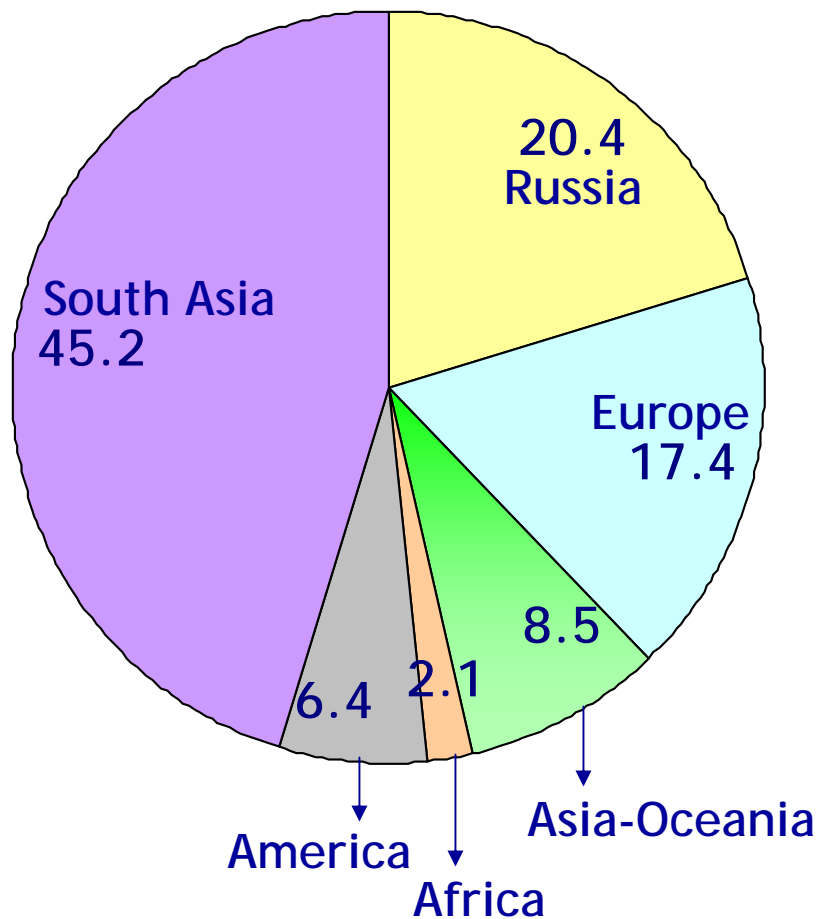
Contribution 13.9%

## Market Position (Value)

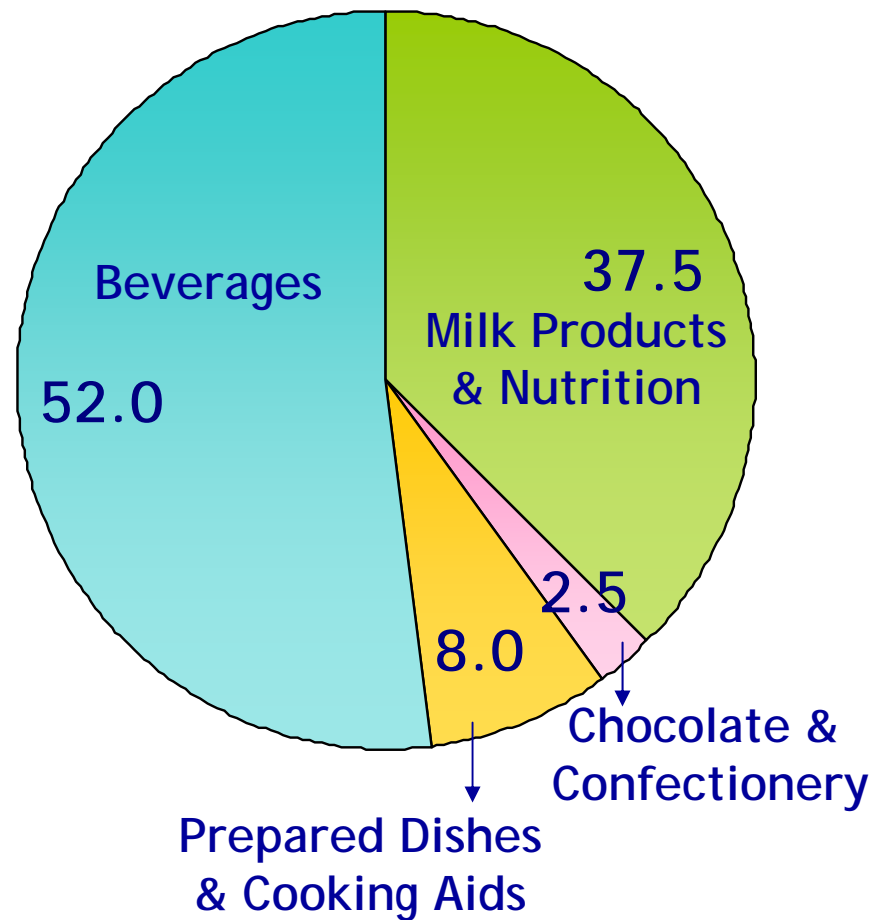
- No. 1 in Wafers and White Chocolates
- No. 2 overall in Chocolate category

# Balancing the export portfolio Q1 2009

## Geography



## Product Category



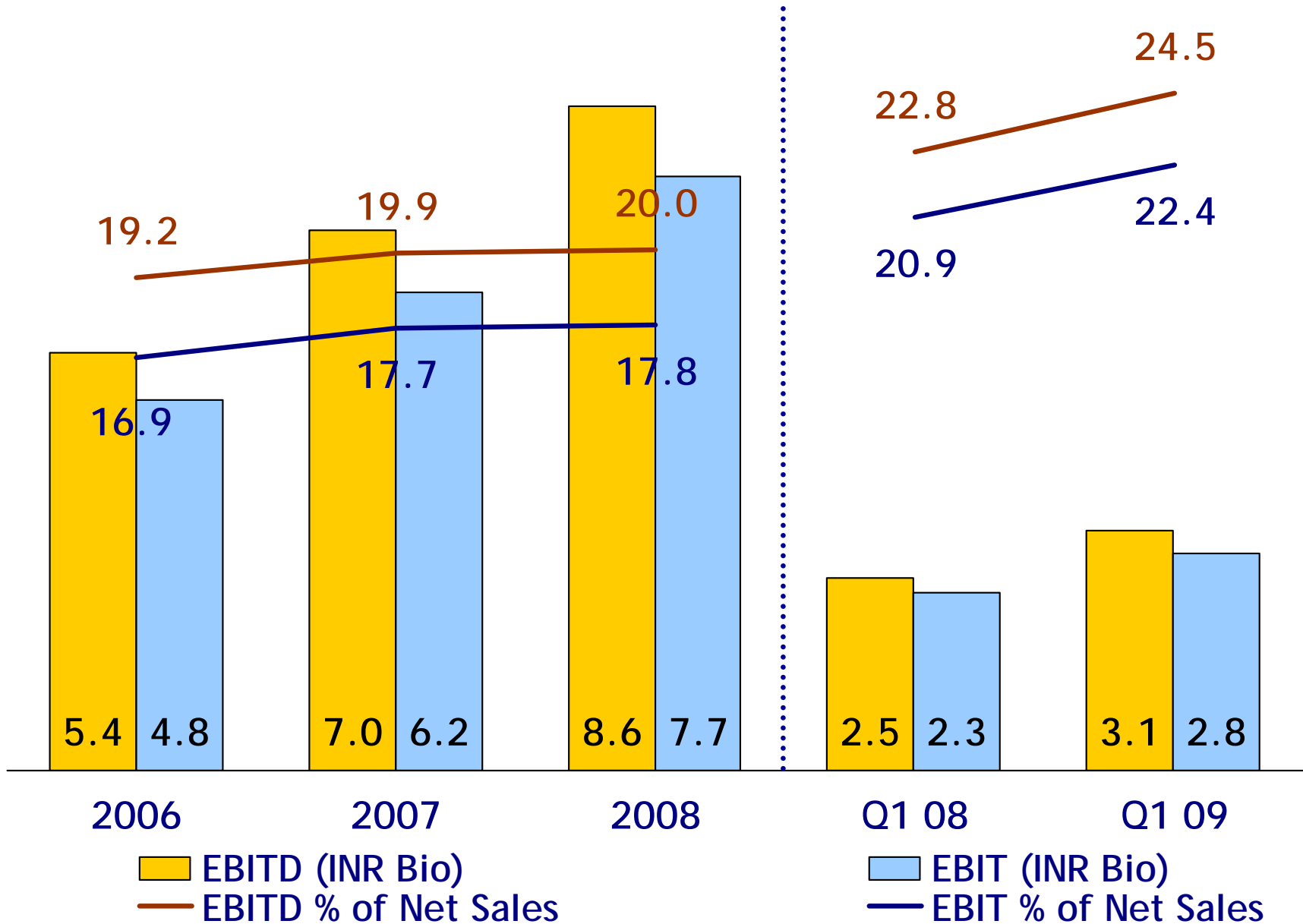
# Driving value out of cost

INR Mio.

Description	Q1 2009	% to OP Income	Q1 2008	% to OP Income	Var.
Expenditure excl. Impairments/ Contingencies from Operations	9,818	77.3	8,630	78.9	13.8
Materials	5,977	47.0	5,201	47.6	14.9
Staff Cost	874	6.9	752	6.9	16.2
Depreciation	256	2.0	211	1.9	21.6
Advt + Sales Promotion	598	4.7	459	4.2	30.4
Distribution	567	4.5	477	4.4	19.0
Power & Fuel	333	2.6	379	3.5	(12.2)

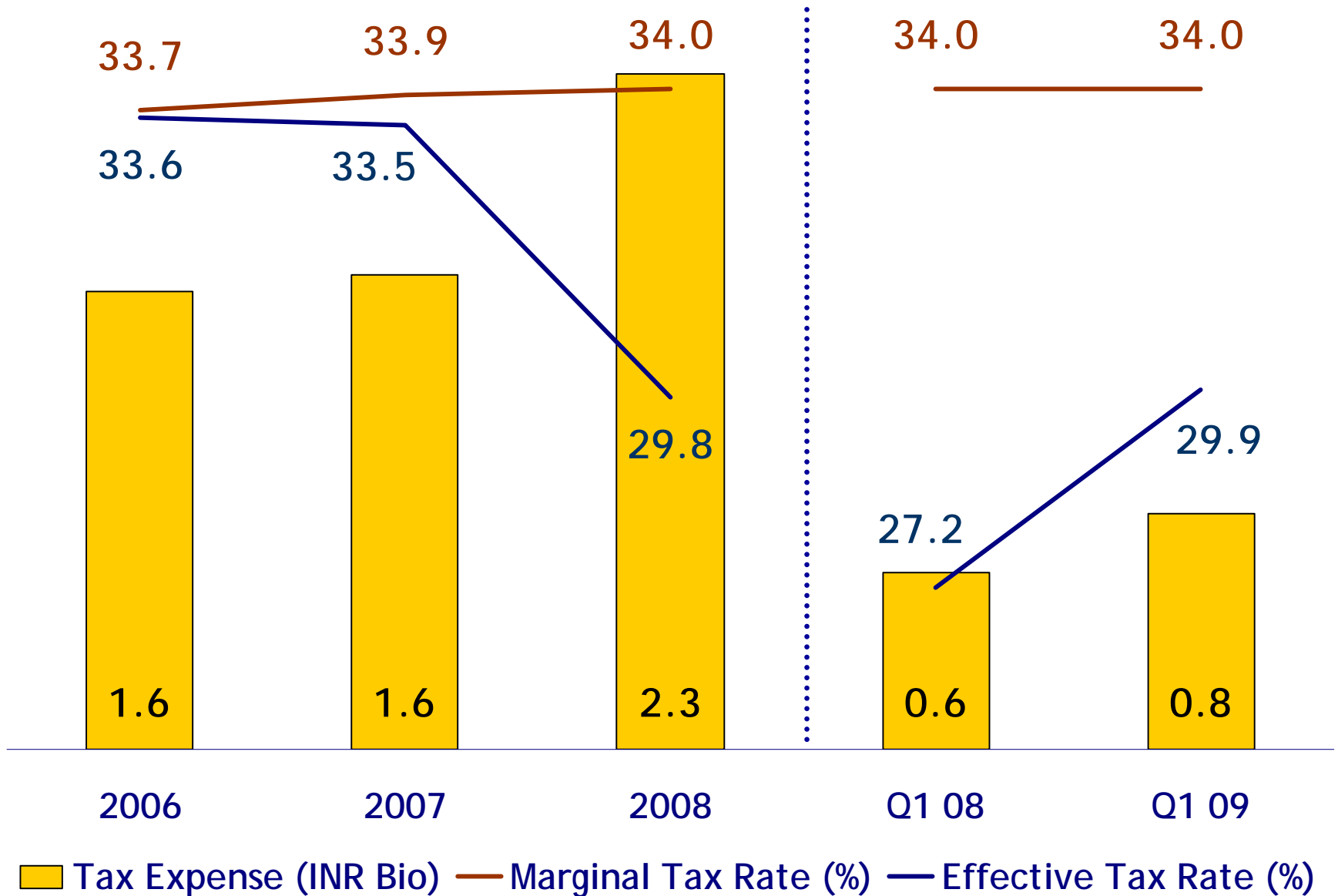
*Figures have been regrouped / reclassified to make them comparable.*

# Healthy operating margins



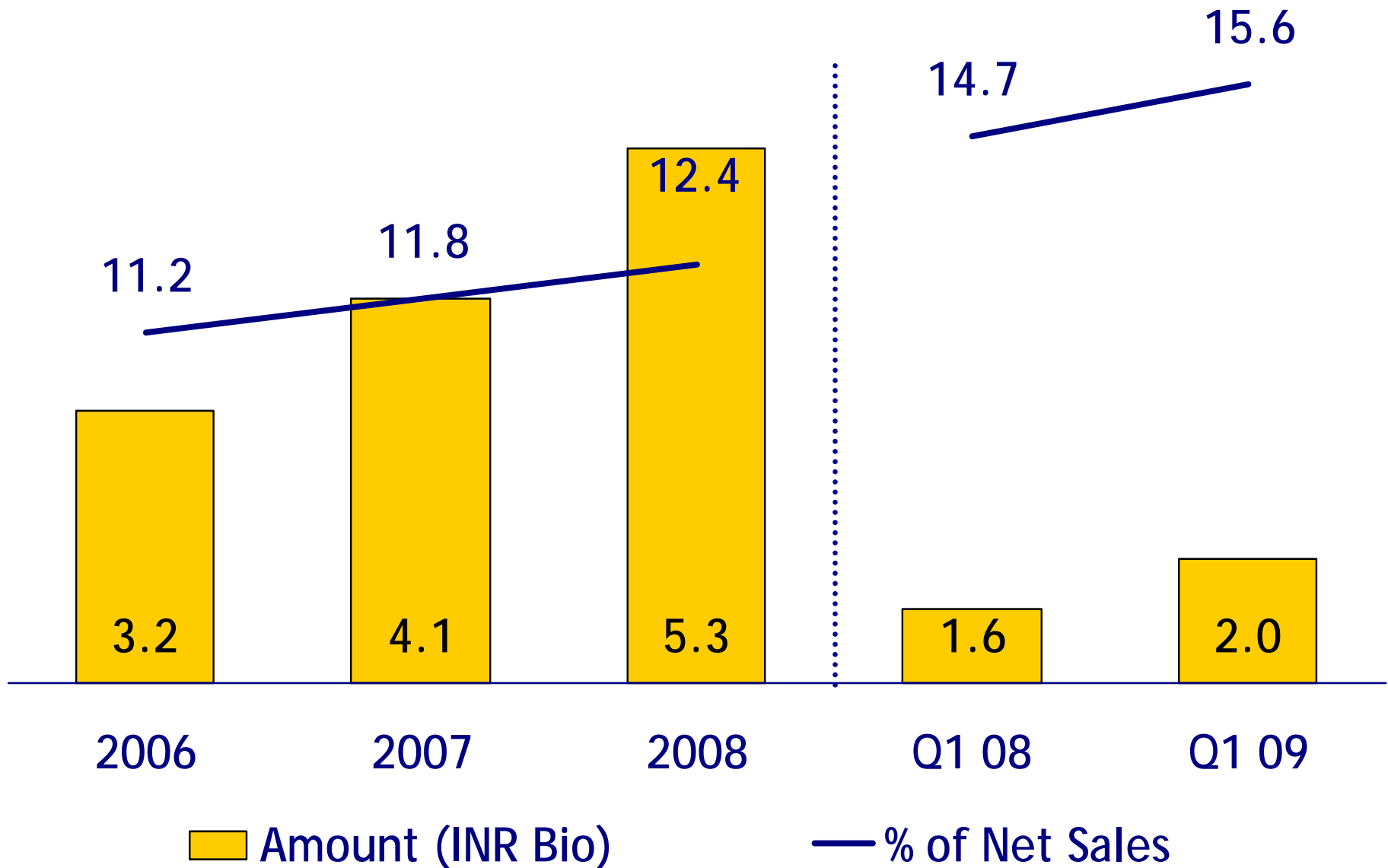


# Income Tax

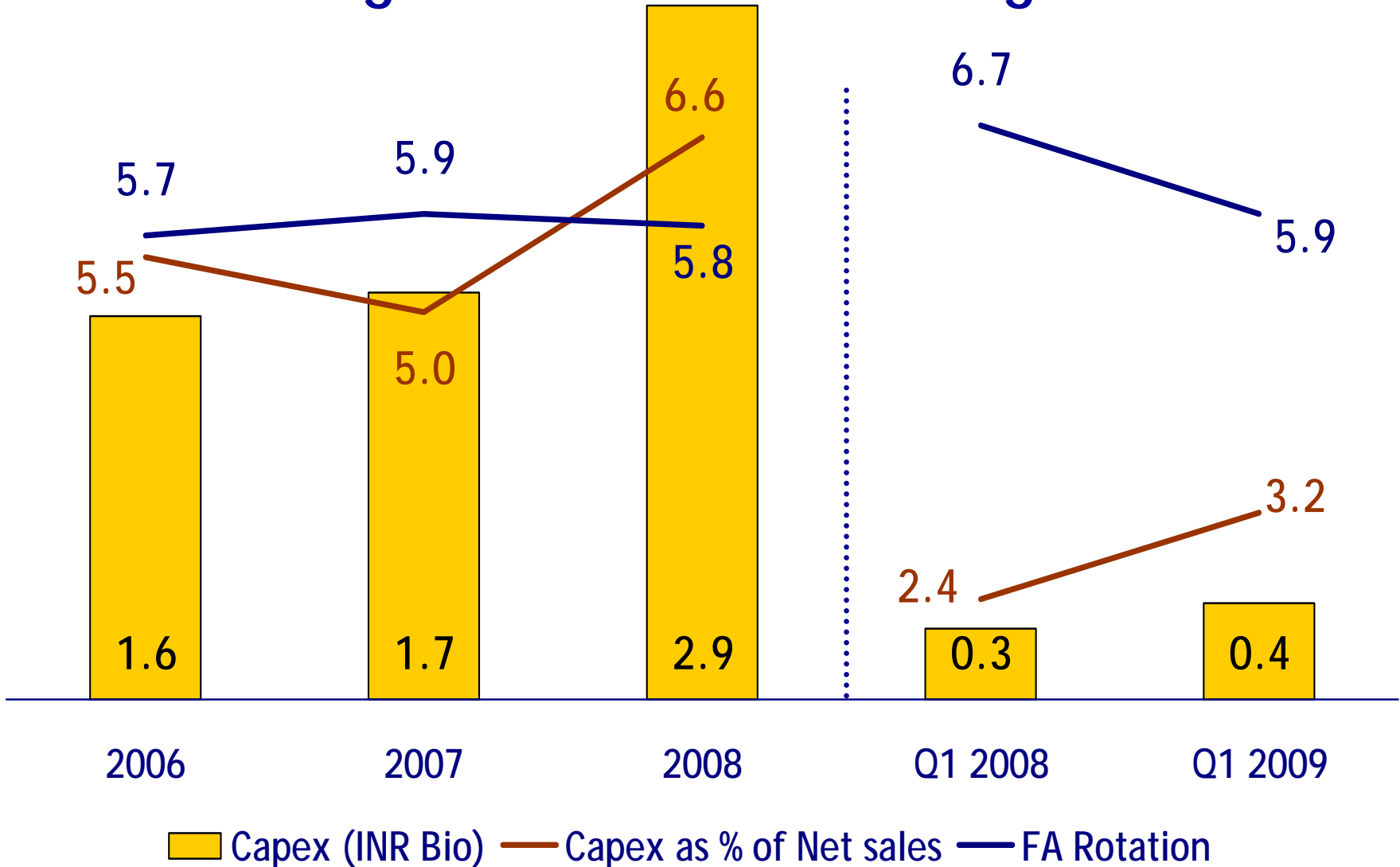


*Excludes Fringe Benefit & Dividend Distribution Tax*

# Maintaining net profit margins



# Investing in fixed assets for growth

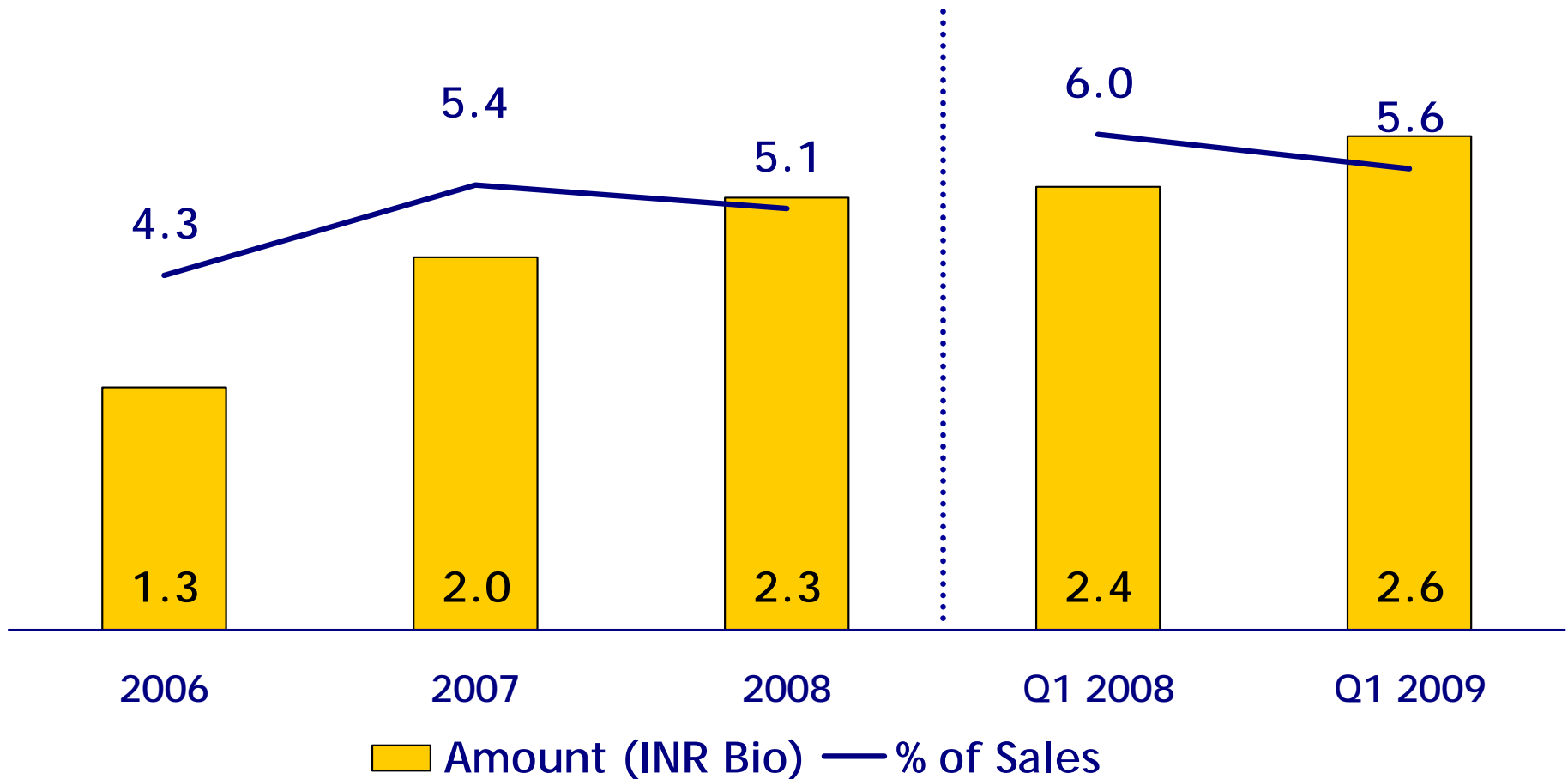


Capex (INR Bio)
  Capex as % of Net sales
  FA Rotation

**Dep. (INR Bio)**    **0.56**            **0.64**            **0.82**            **0.18**            **0.23**

*Fixed Assets exclude Intangibles*

# Average operating working capital

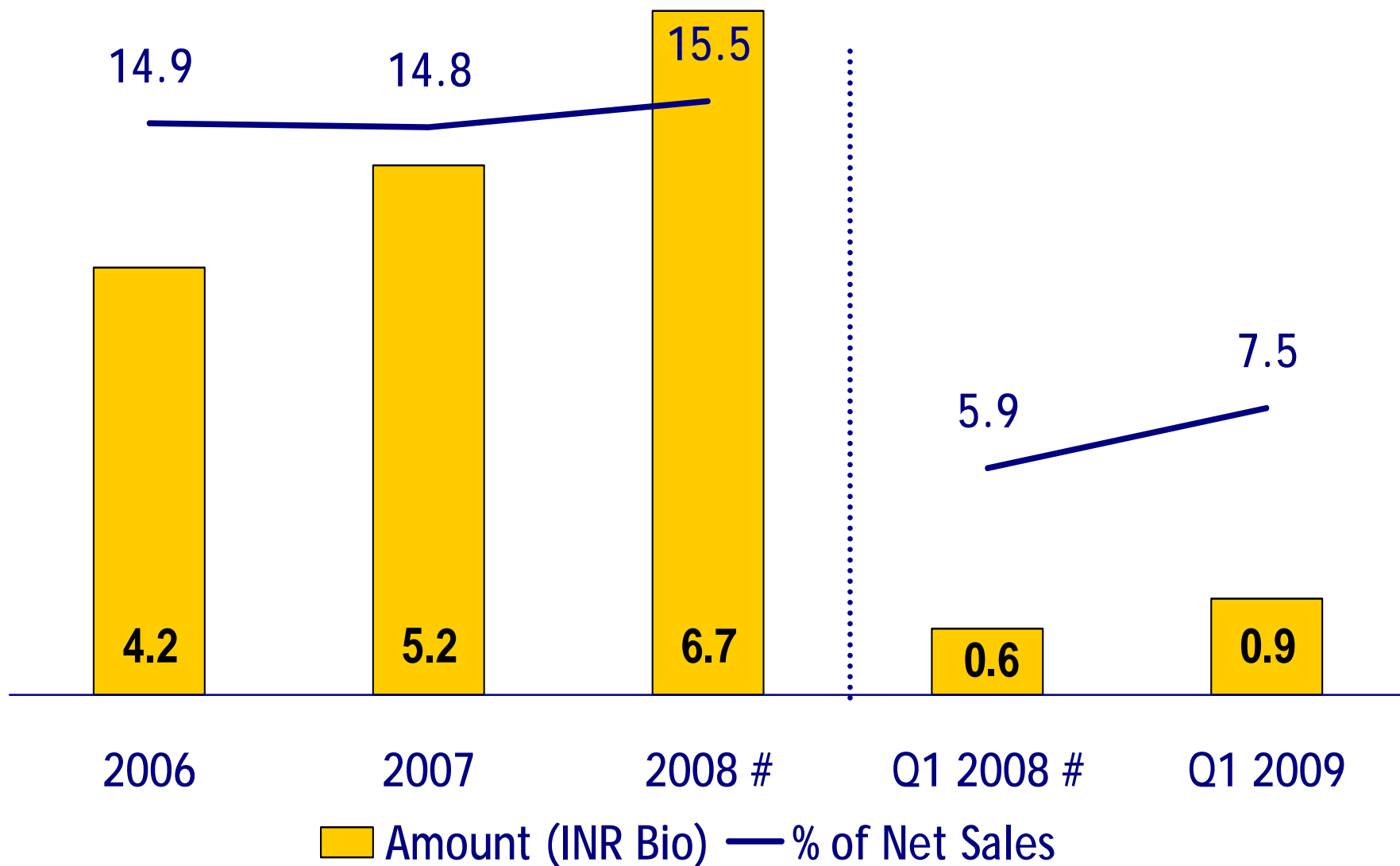


Operating Working Capital = Inventories + Debtors - Trade Payables (excluding Staff Costs, Contingencies, Capex & Taxes)

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

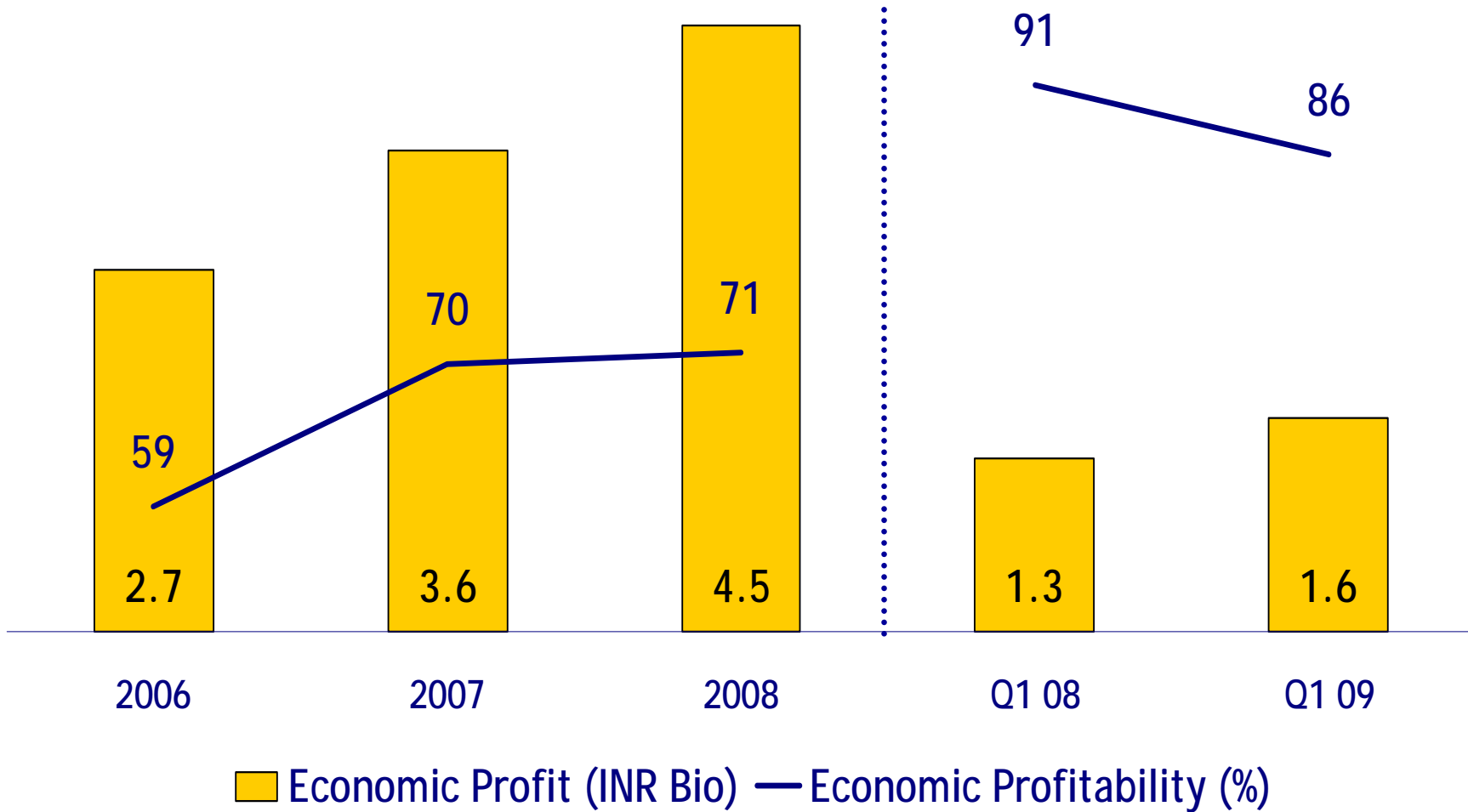
*Basis Nestlé Internal Reporting Standards*

# Operating cash flows



*# excluding exceptional inflows*

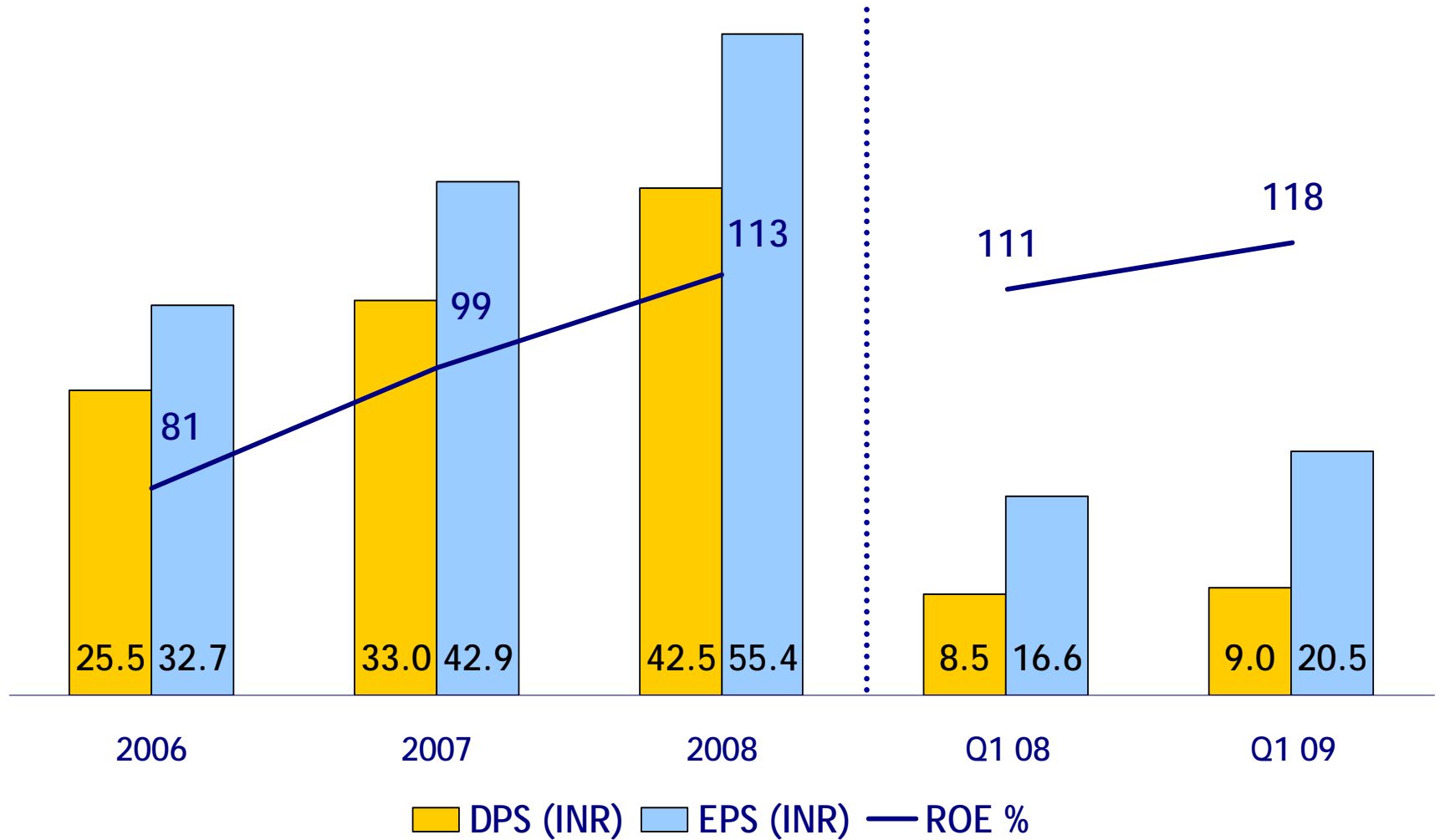
# Creating strong economic value



ACC %	10.5	11.3	11.6	11.6	12.7
Risk Free rate %	7.2	7.7	7.9	7.9	8.5

*Basis Nestlé Internal Reporting Standards*

# Managing shareholders' expectations



Dividend  
(INR Bio)

2.5                      3.2                      4.1                      0.8                      0.9

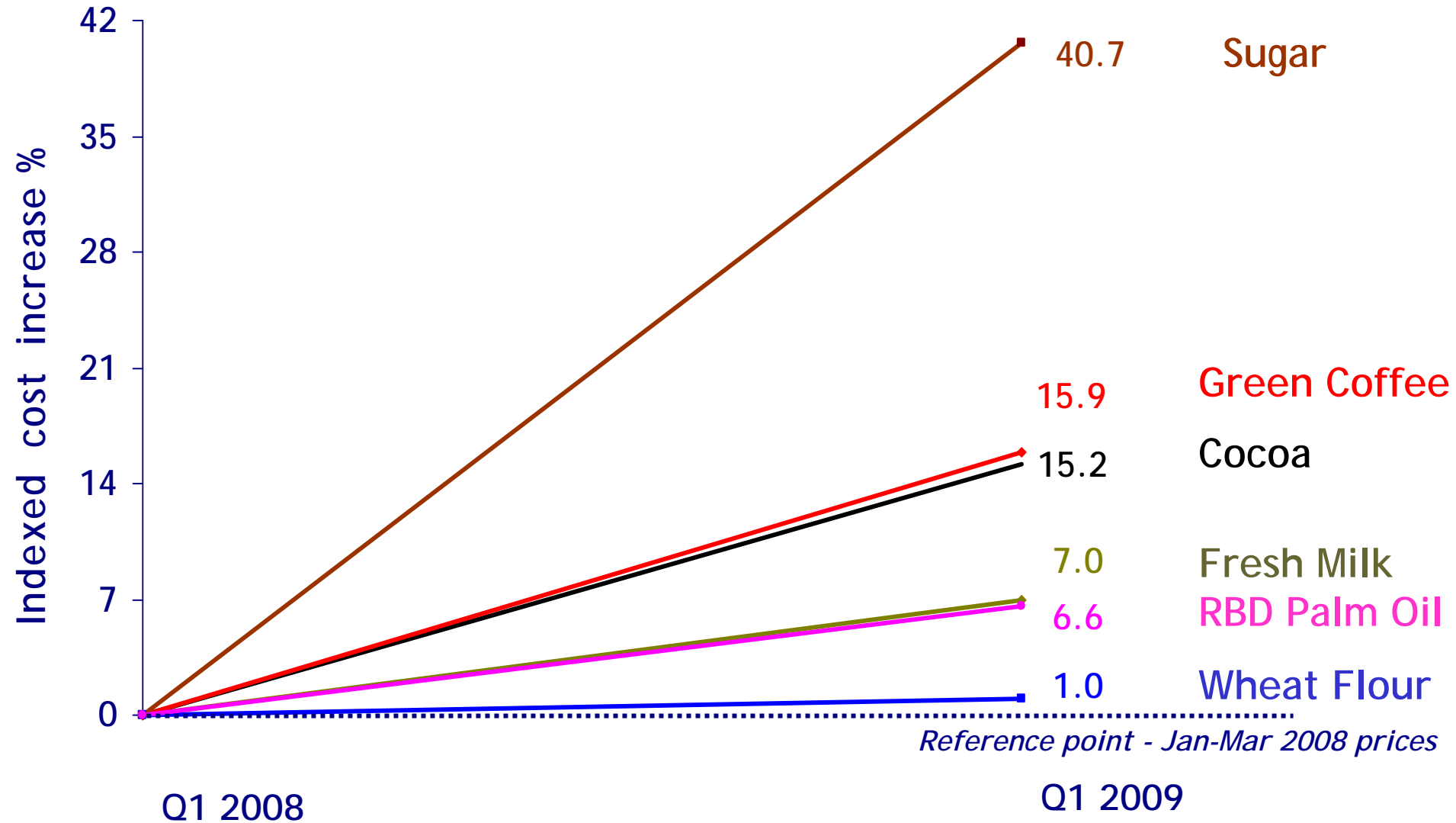
*2008 - Includes special dividend of Rs. 7.5/Share*

THANK YOU

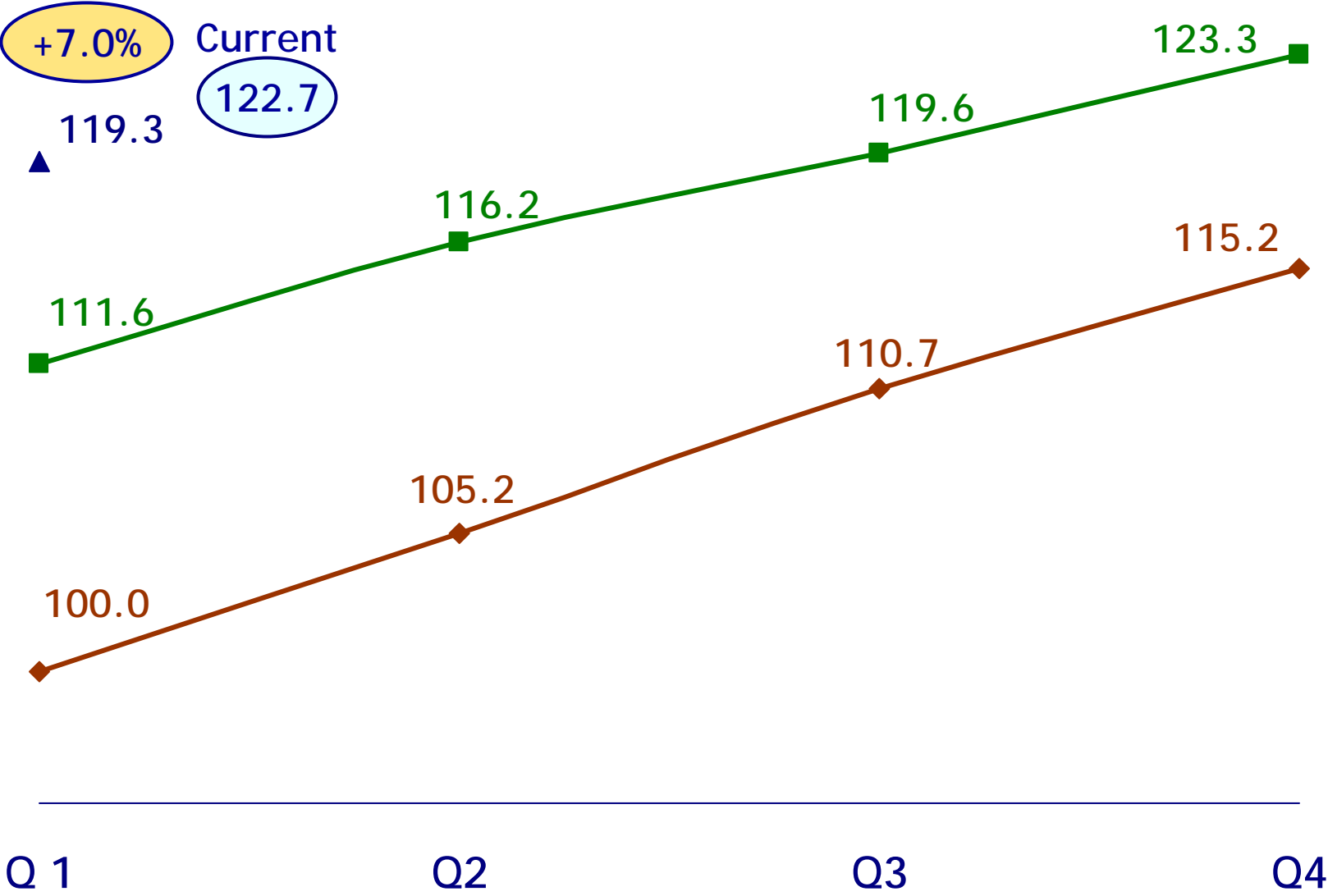




# Commodity Costs - Ongoing Challenge



# Evolution - Fresh Milk Fat Prices

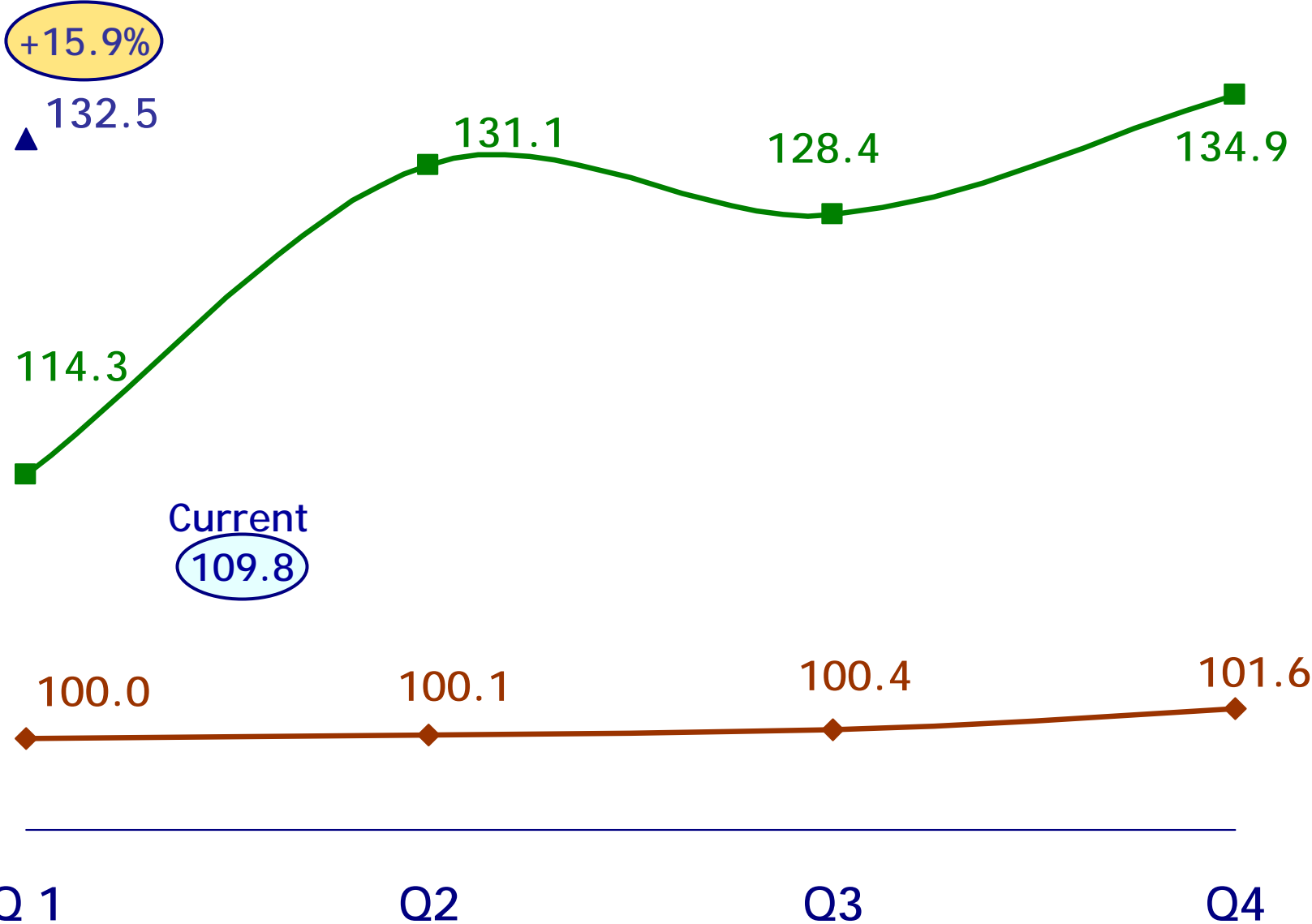


+7.0% Current  
122.7

*Indexed with base Q1-07*

◆ 2007 ■ 2008 ▲ 2009

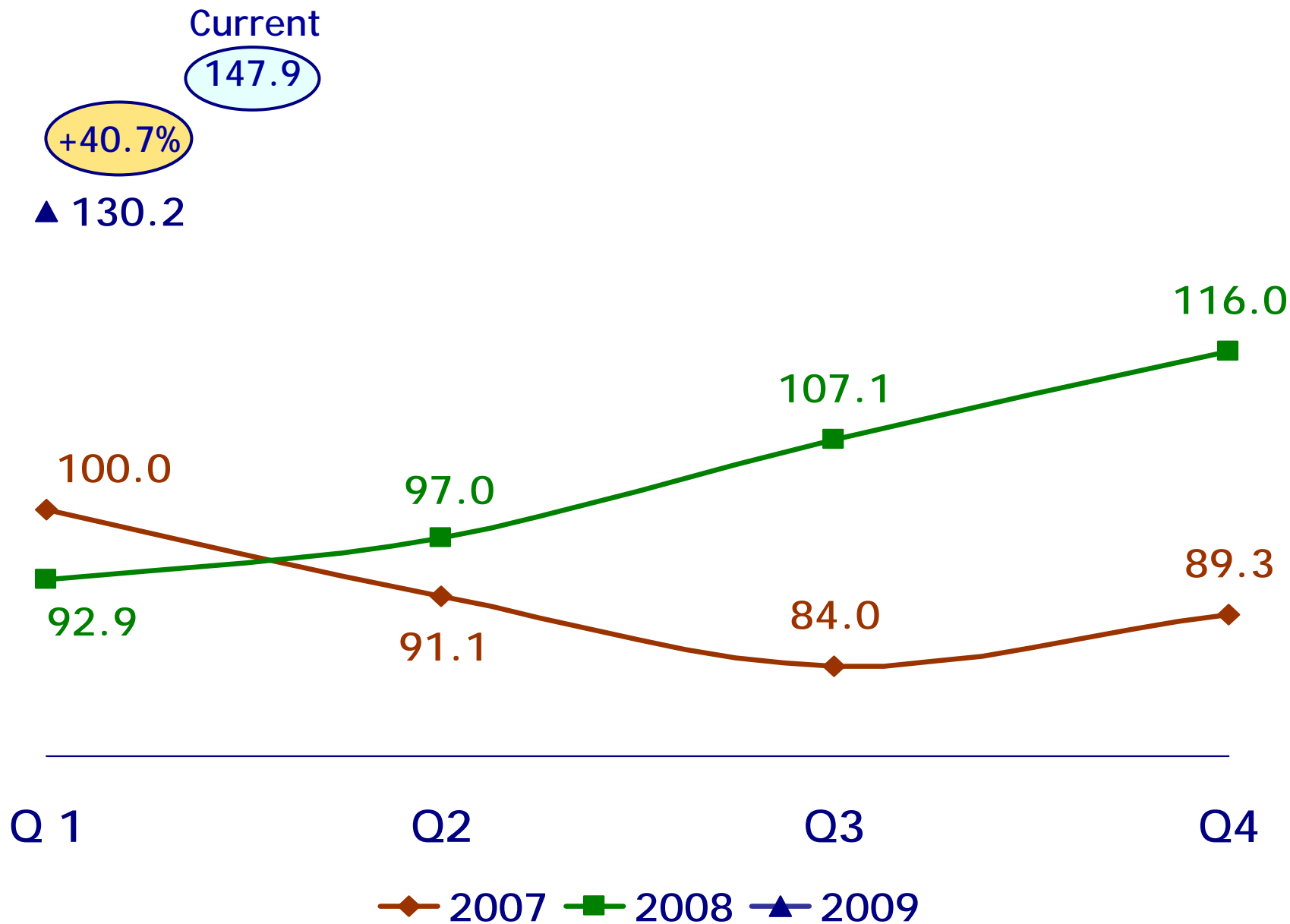
# Evolution - Green Coffee Prices



—◆— 2007 —■— 2008 —▲— 2009

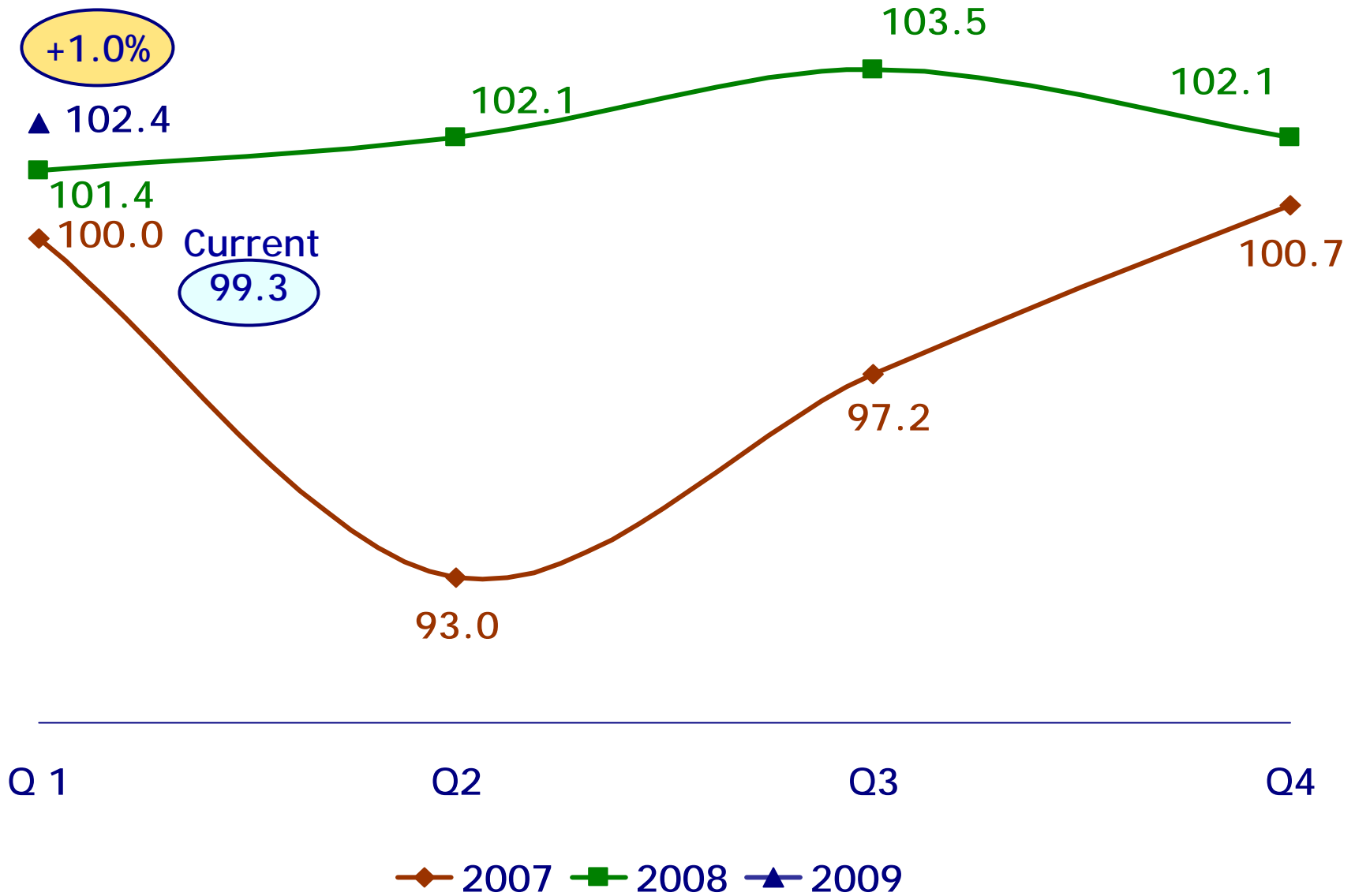
*Indexed with base Q1-07*

# Evolution - Sugar Prices



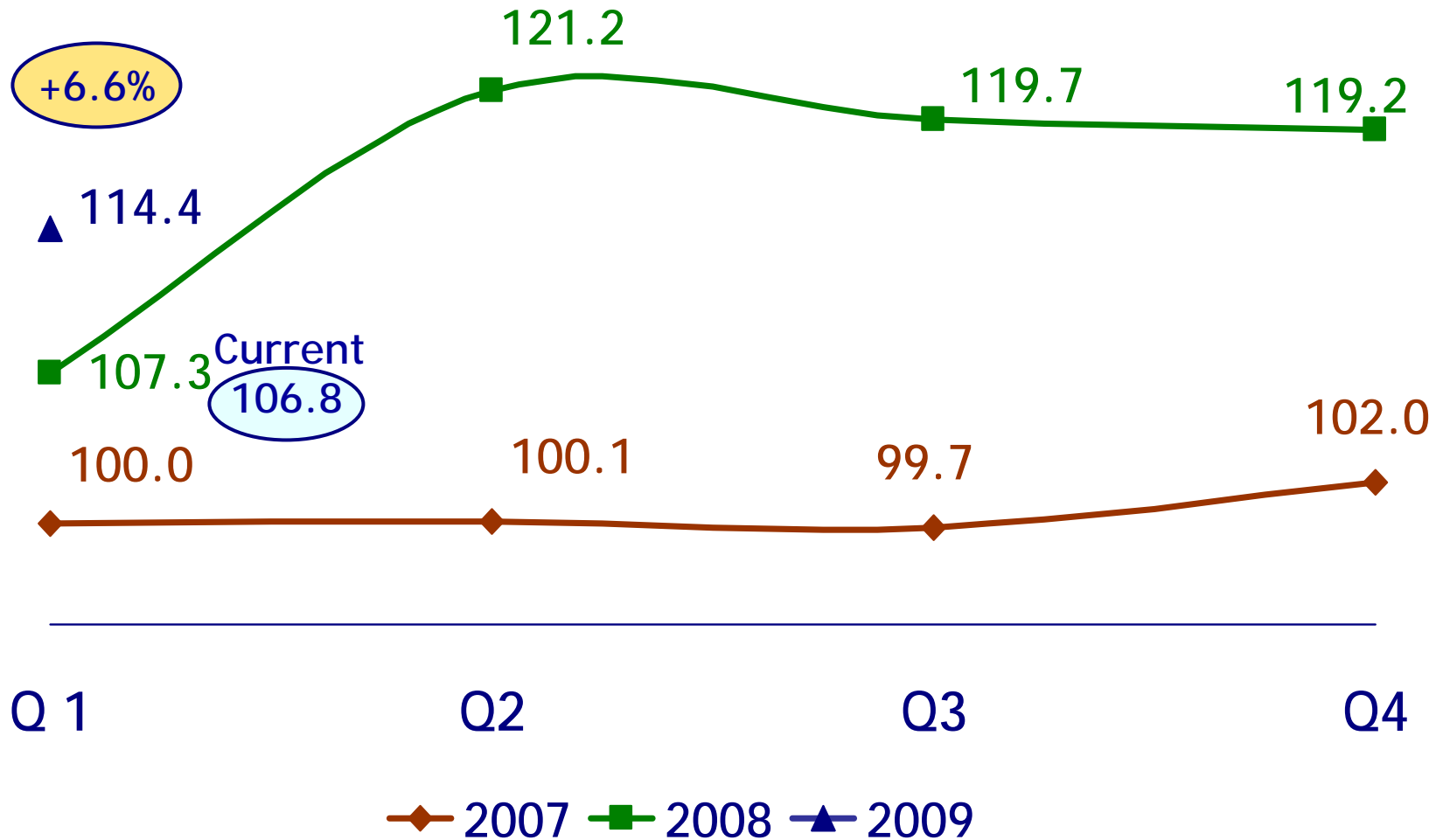
*Indexed with base Q1-07*

# Evolution - Wheat Flour Prices



*Indexed with base Q1-07*

# Evolution - RBD Palm Oil Prices



*Indexed with base Q1-07*

# Evolution - Crude Oil Prices

Line, Q/CLc3, Last Trade(Last)  
28/04/2009, 51.28

**Mean Q1 08-  
96.8 USD/Barrel**

**Mean Q1 09-  
48.6 USD/Barrel**

