

## 24<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 uncertainties and risks that could cause actual results to differ materially from the current views being expressed. Potential uncertainties and risks include factors such as general economic conditions, commodities and currency fluctuations, competitive product and pricing pressures, industrial relations and regulatory developments.

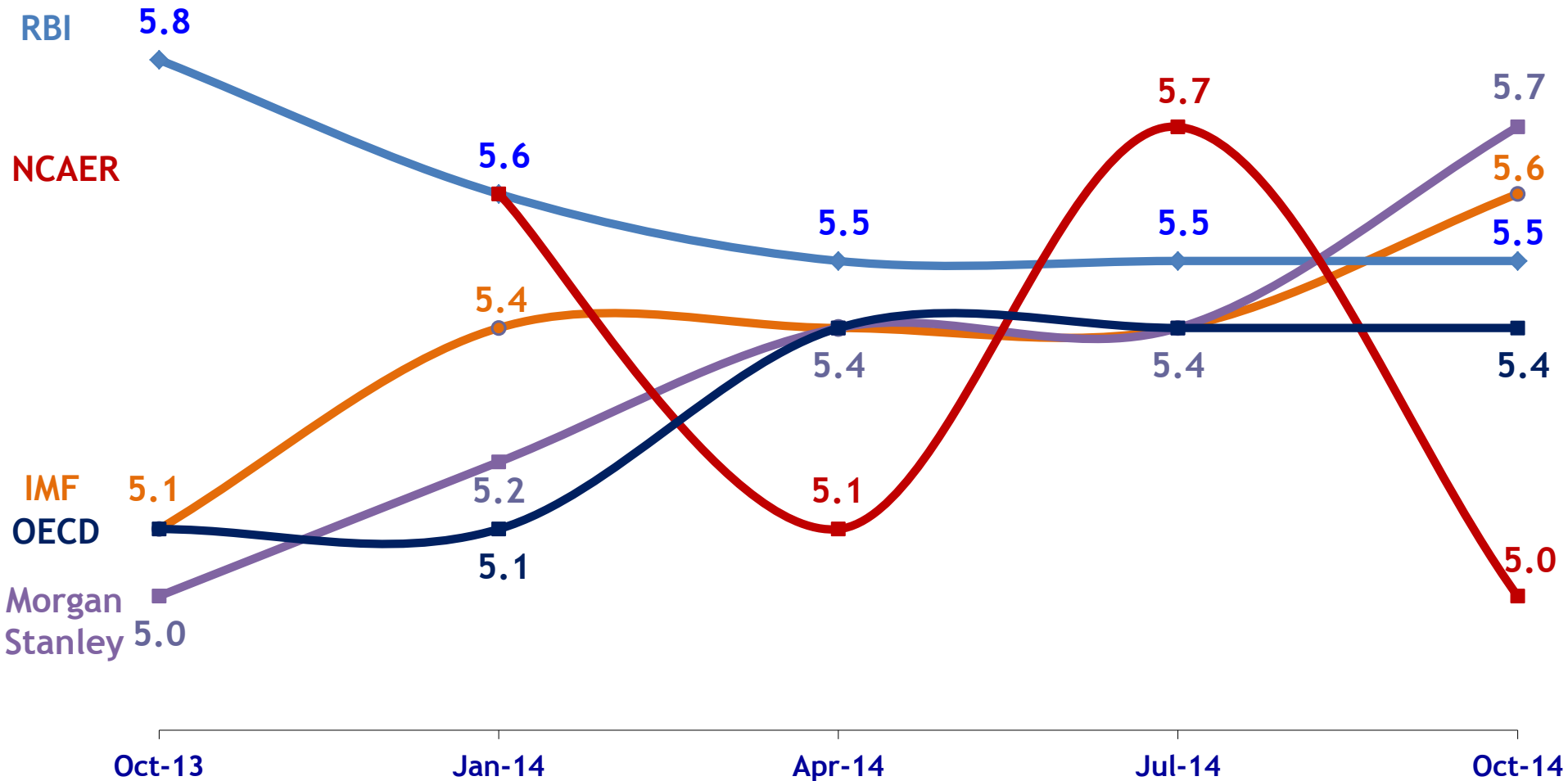
*Responses can be given to questions, which are not price sensitive.*

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

*Real Internal Growth (RIG) and Organic Growth (OG) are basis Nestlé Internal Reporting Standards.*

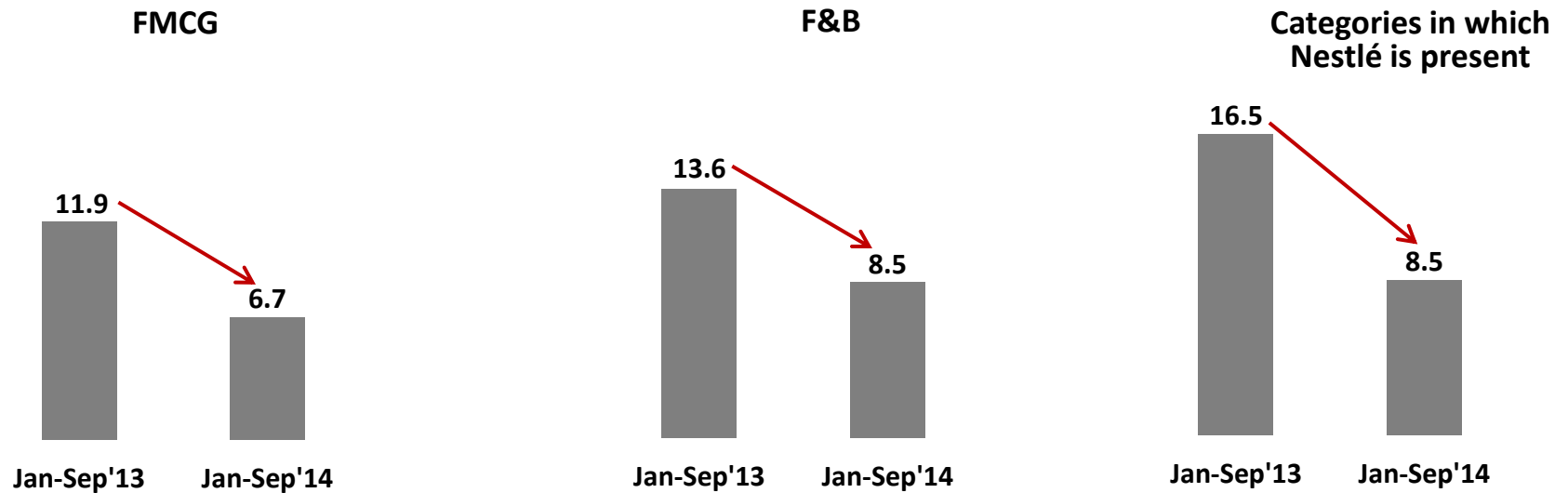
# Not a “clear” consensus on Growth Outlook

## Real GDP Forecast : 2014-15



# Market Growth remains soft

## Value growth %



Source: Nielsen; All India (Urban + Rural)

# Highlights Jan - Sep

2014

INR 72.9 Bio



1.8



7.6

INR 13.0 Bio



17.9% \*

INR 8.6 Bio



11.8% \*

INR 89.02



+ INR 4816 Mio. + 7.1%	Weighted Volumes & Prices	+ INR 73 Mio. - 115 bps	+ INR 228 Mio. - 50 bps	+ INR 2.37 + 2.7%
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2013

INR 68.1 Bio



Net Sales



8.5

RIG  
Third Party Sales



8.4

OG%

INR 13.0 Bio



19.0%\*

Profit from  
Operations

INR 8.4 Bio



Net Profit

12.3% \*

INR 86.65



EPS

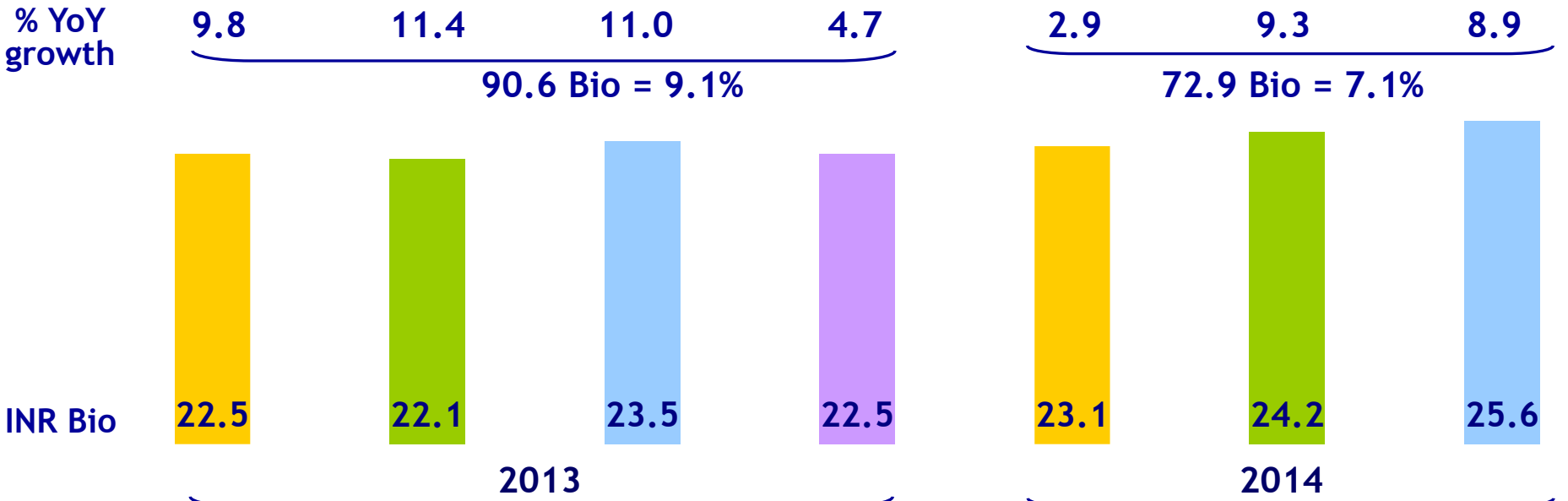
Includes figures from Nestlé Internal Reporting Standards

\* % of Net Sales

# Quarterly evolution of results

Q1 Q2 Q3 Q4

## NET SALES

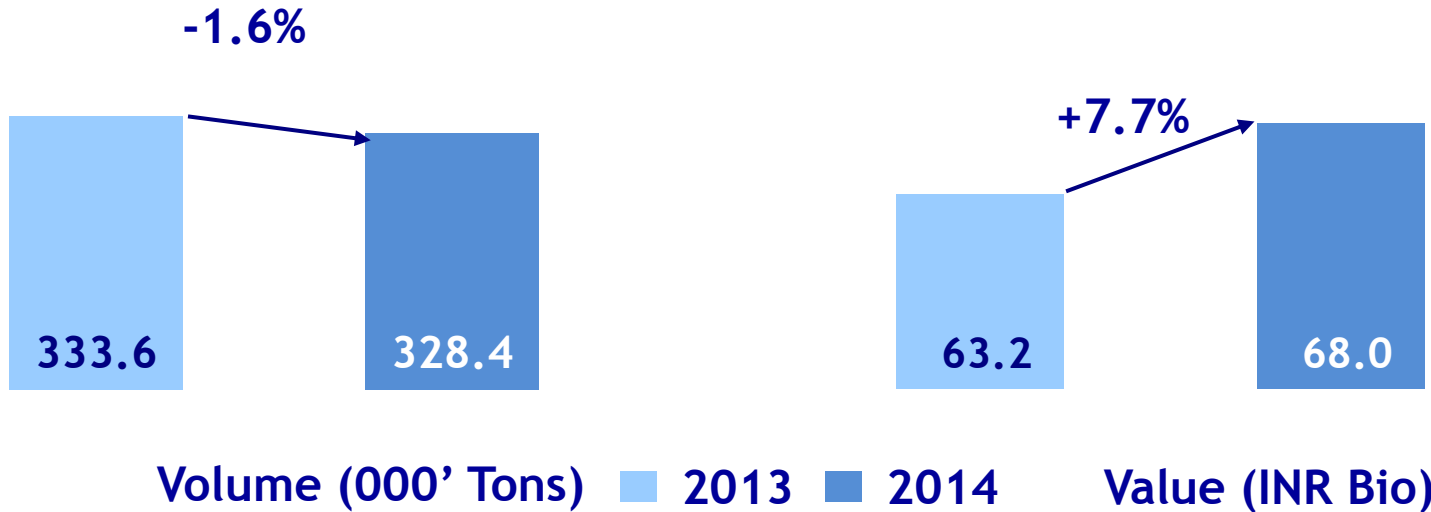


## OPBIT

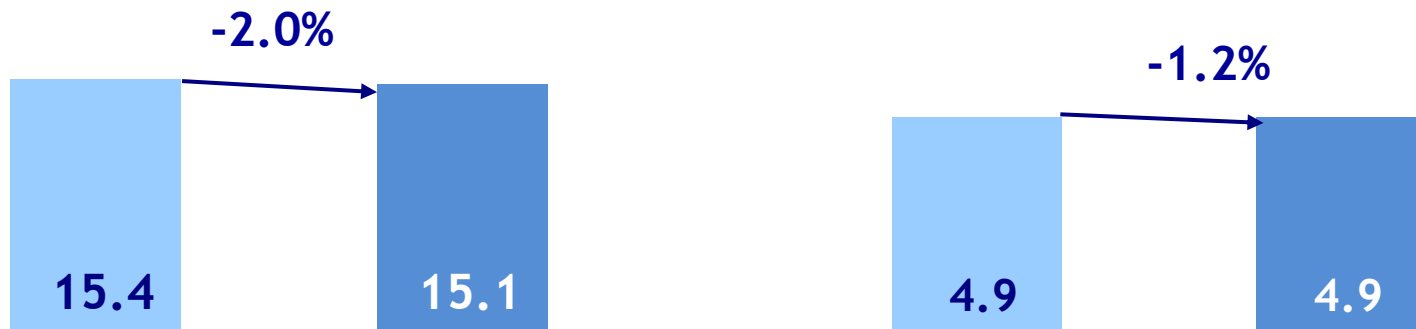


# Jan Sep Sales Growth

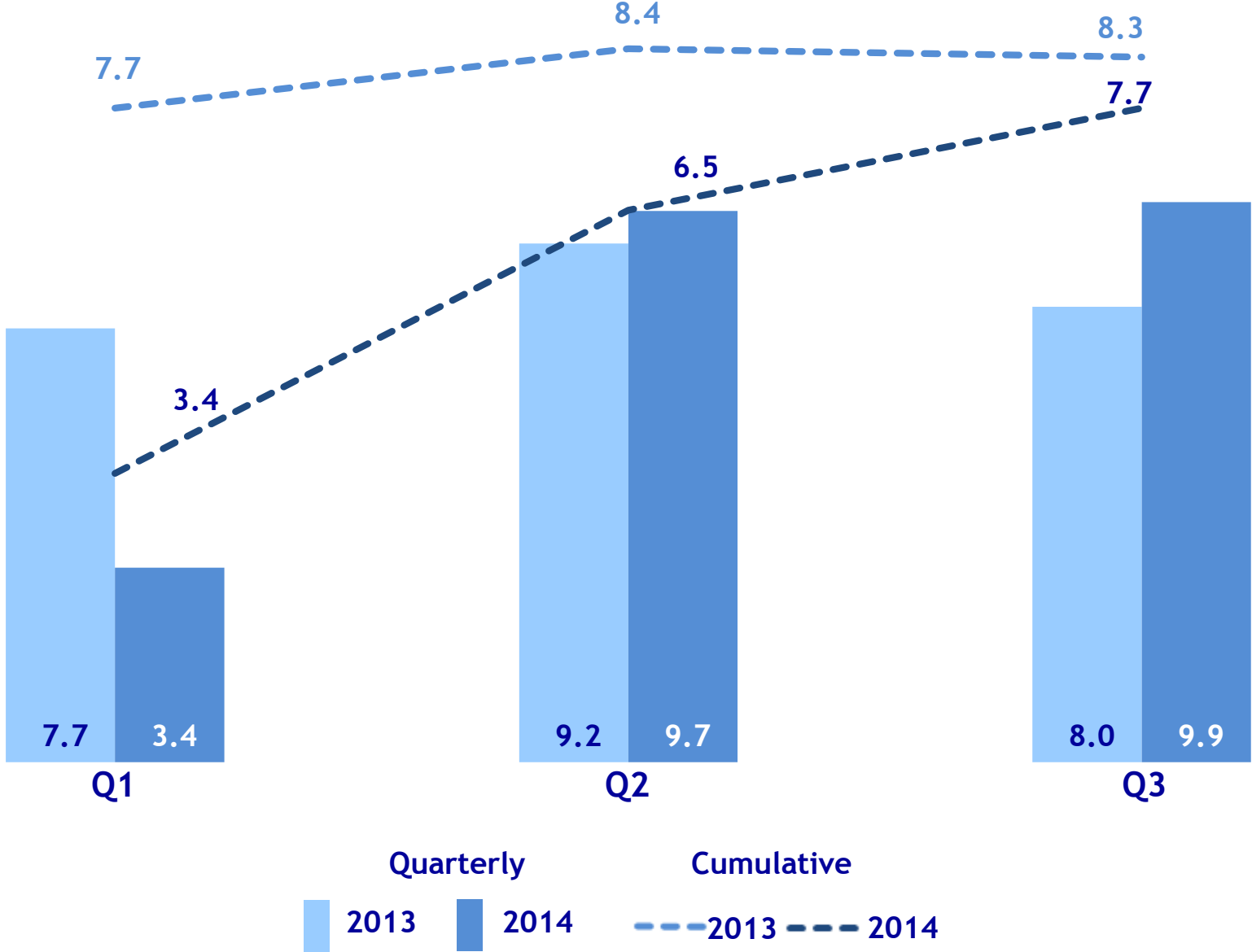
## Domestic Sales



## Exports (Affiliates + Third parties)

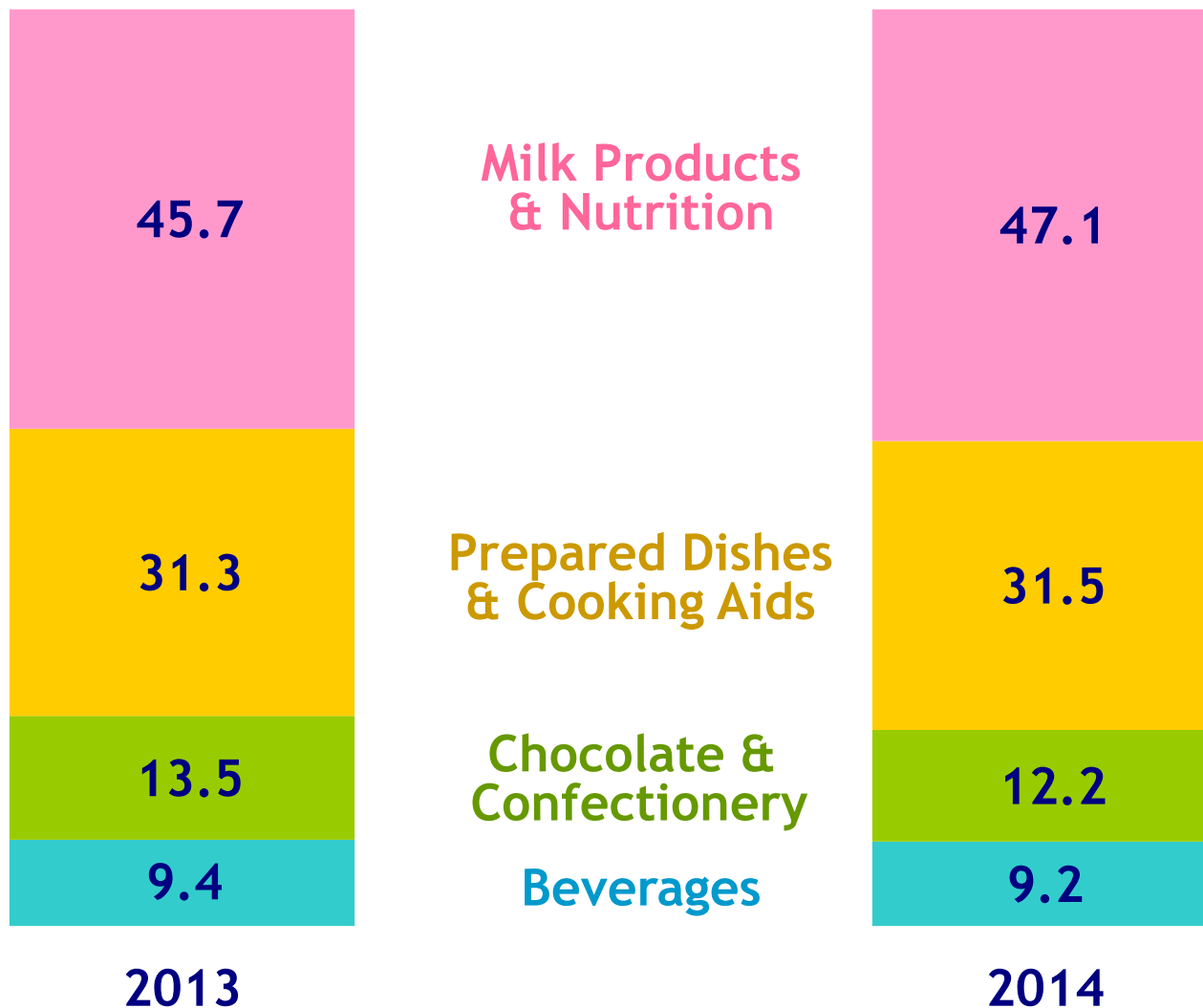


# Domestic Sales Growth Jan - Sep





# % Contribution to Domestic Sales Jan - Sep



# Milk Products & Nutrition



## Innovation & Renovation



## Market Position (Value)

- No. 1 in Baby Foods
- No. 2 in Infant Formula
- No. 1 in Dairy Whitener
- No. 1 in Sweetened Condensed Milk

## SUPER BABY 2.0 CAMPAIGN to promote Breastfeeding



In Just 3 Weeks!

INTRODUCING SUPERBABIES

Take the Pledge

5,200,000 Views

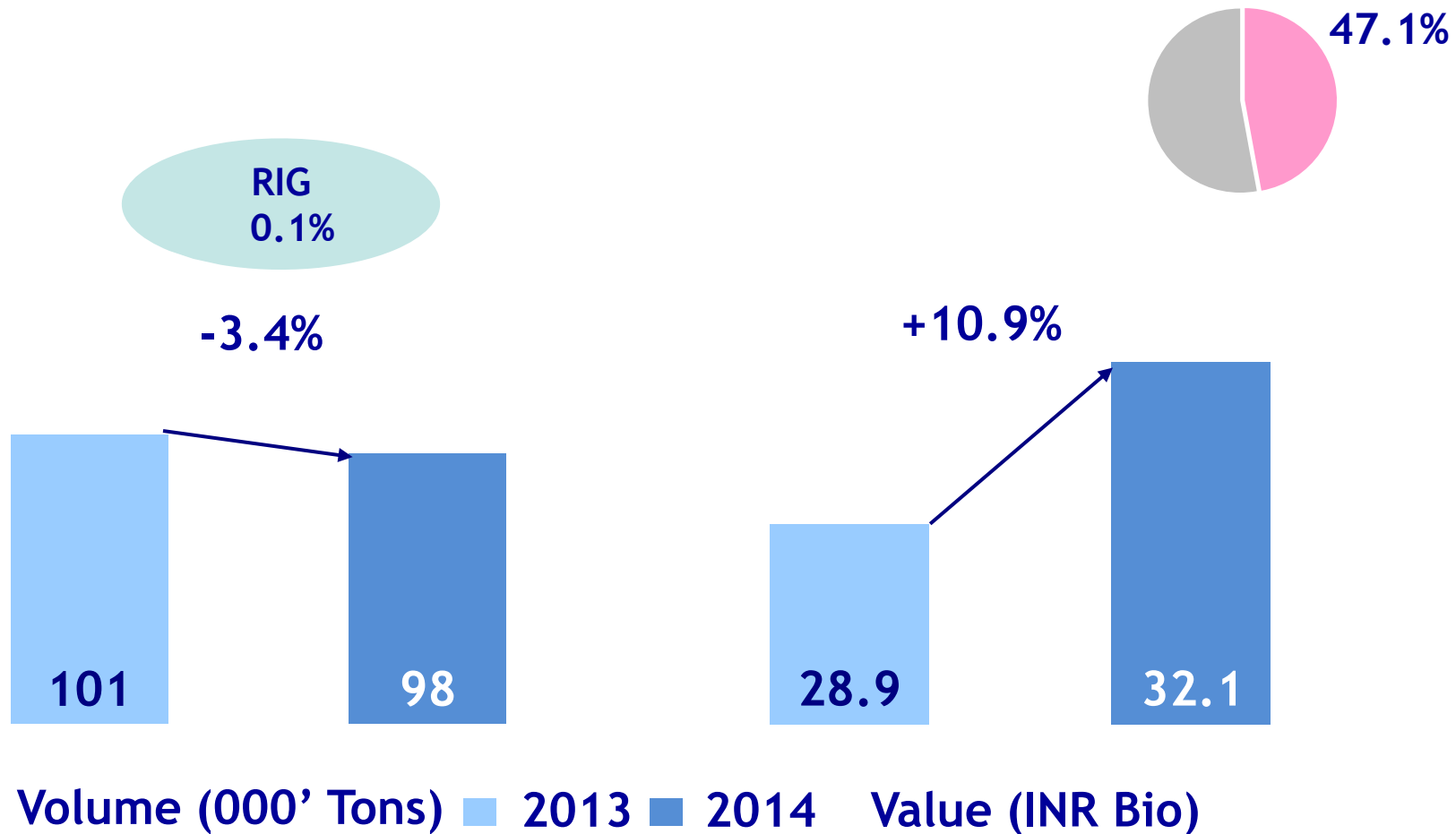
SHARE

900,000 Support Pledges

20,000 HCPs Joined

211,000 Shares

# Milk Products & Nutrition - Domestic



High price led competitive intensity in certain products/ geographies.  
Overall market conditions.

# Prepared Dishes & Cooking Aids



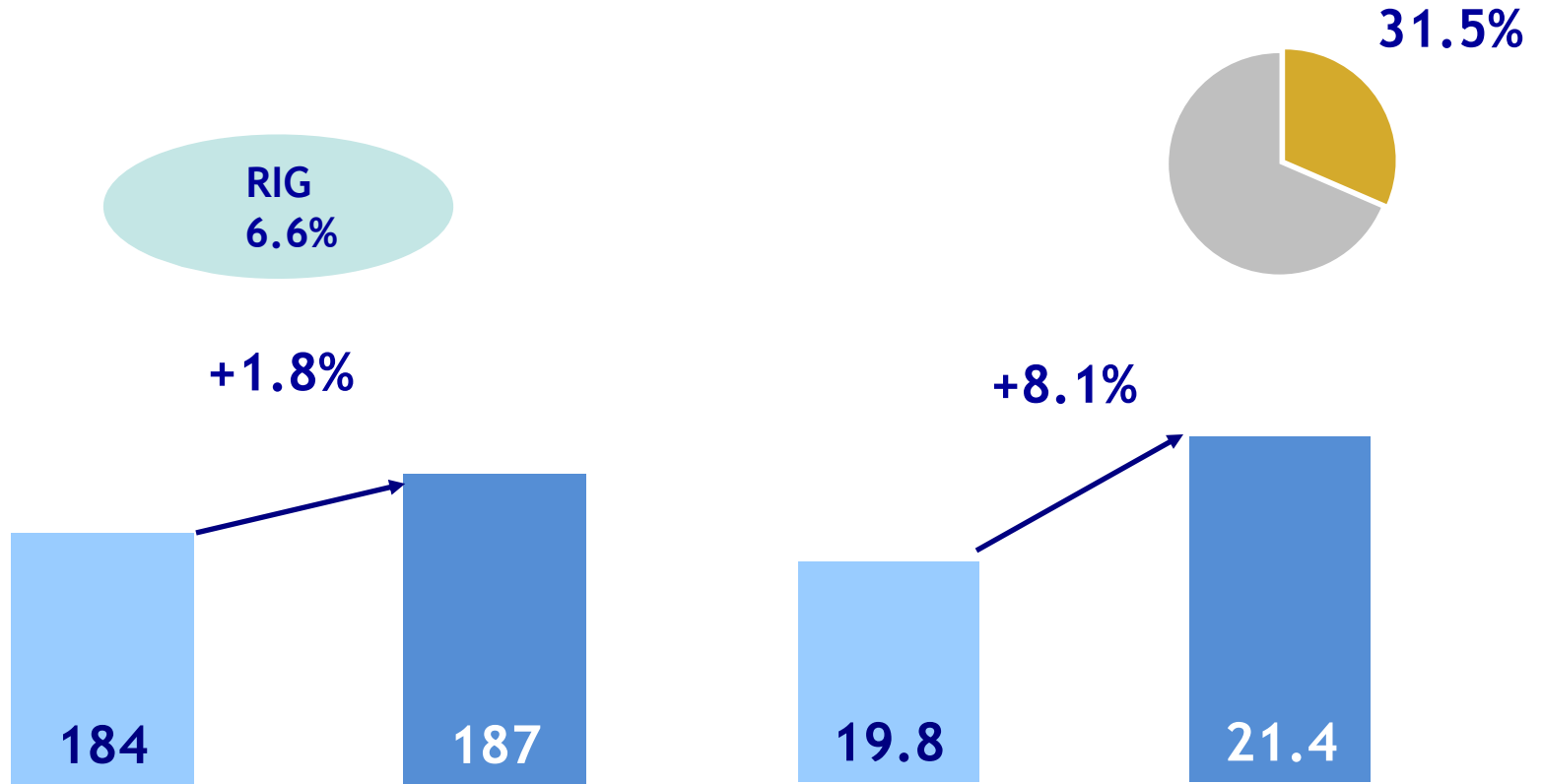
## Innovation & Renovation



## Market Position (Value)

- No. 1 in Instant Noodles
- No. 1 Sauces
- No. 1 Pasta
- No. 2 in Soups

# Prepared Dishes & Cooking Aids - Domestic

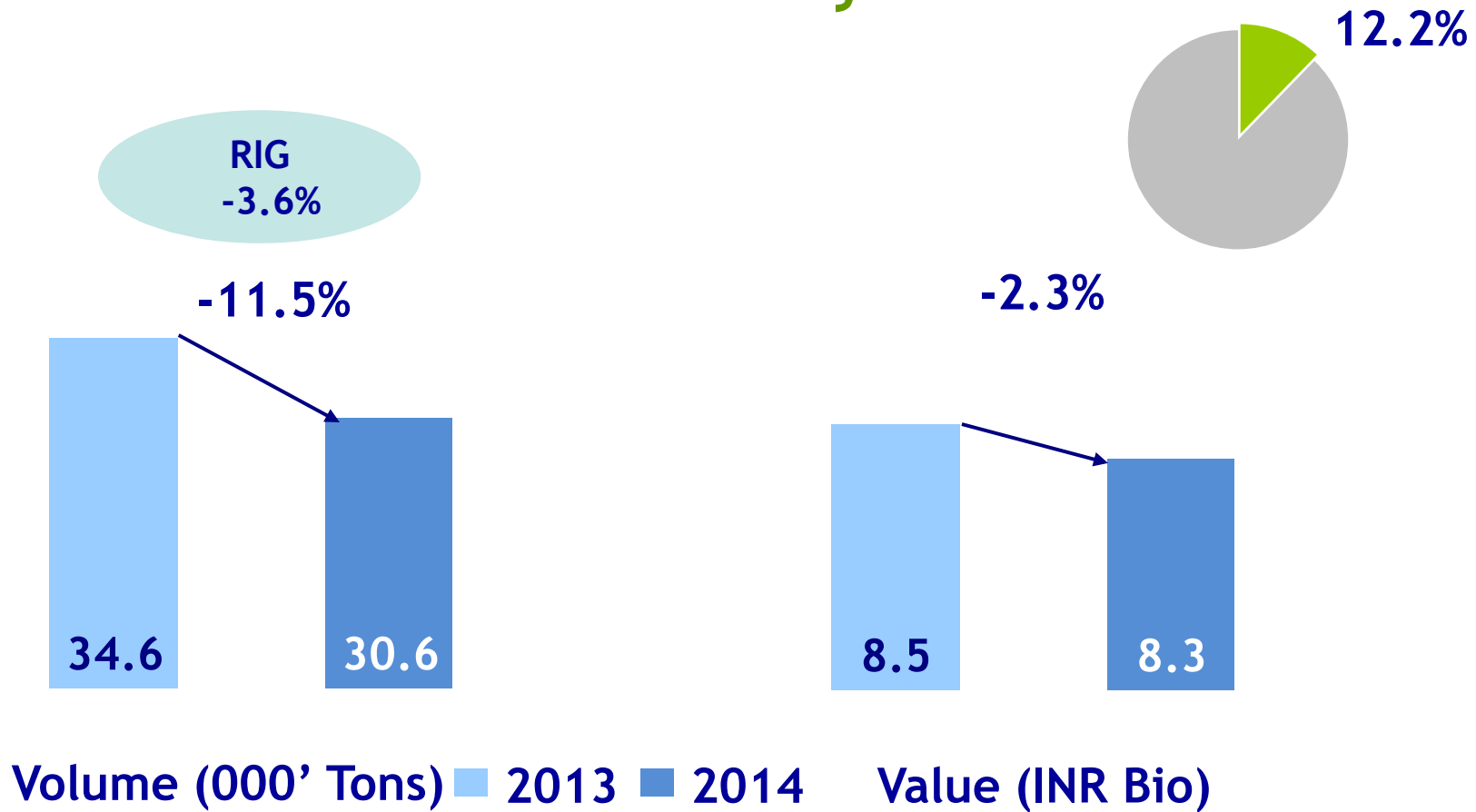


Volume (000' Tons) ■ 2013 ■ 2014 Value (INR Bio)

Value market share stable at ~ 80% in Noodles. Good response to MAGGI Oats Noodles . Strong performance of fortified seasoning.



# Chocolate & Confectionery - Domestic



High price led competitive intensity. Impact of portfolio review.

# Beverages

## Innovation & Renovation

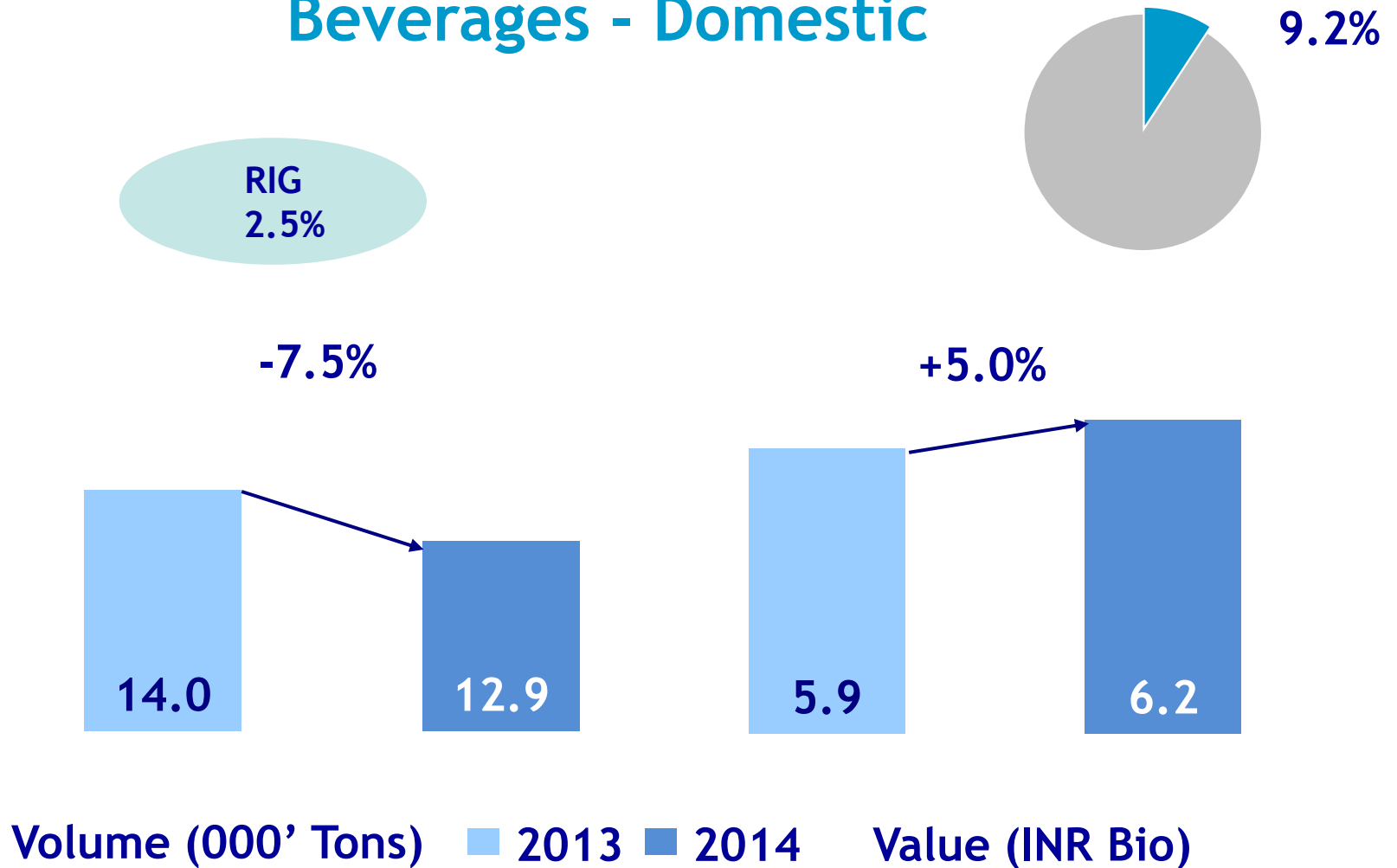


## Market Position (Value)

- No. 1 in Instant Coffee
- Strong presence in Vending

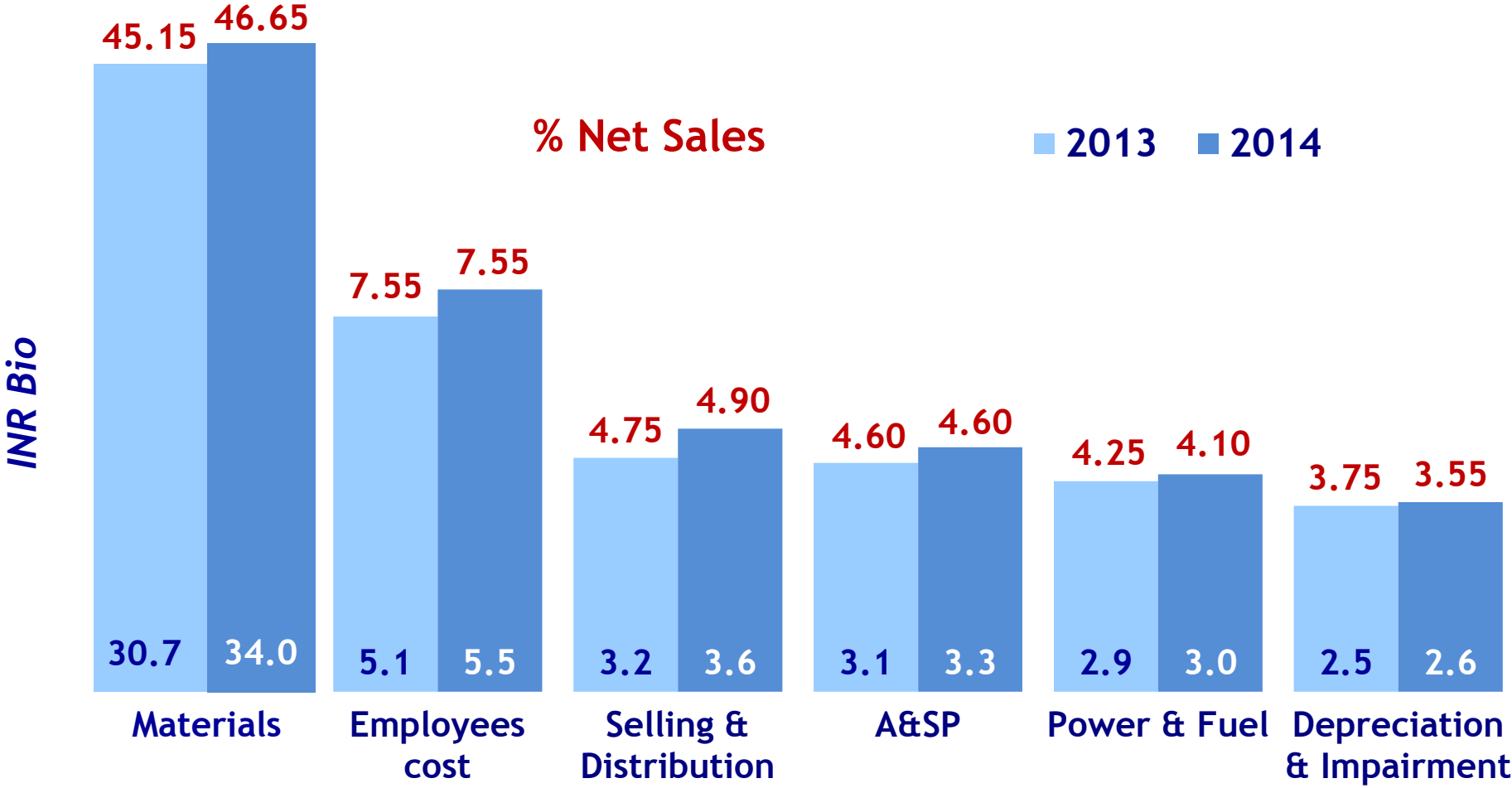


# Beverages - Domestic

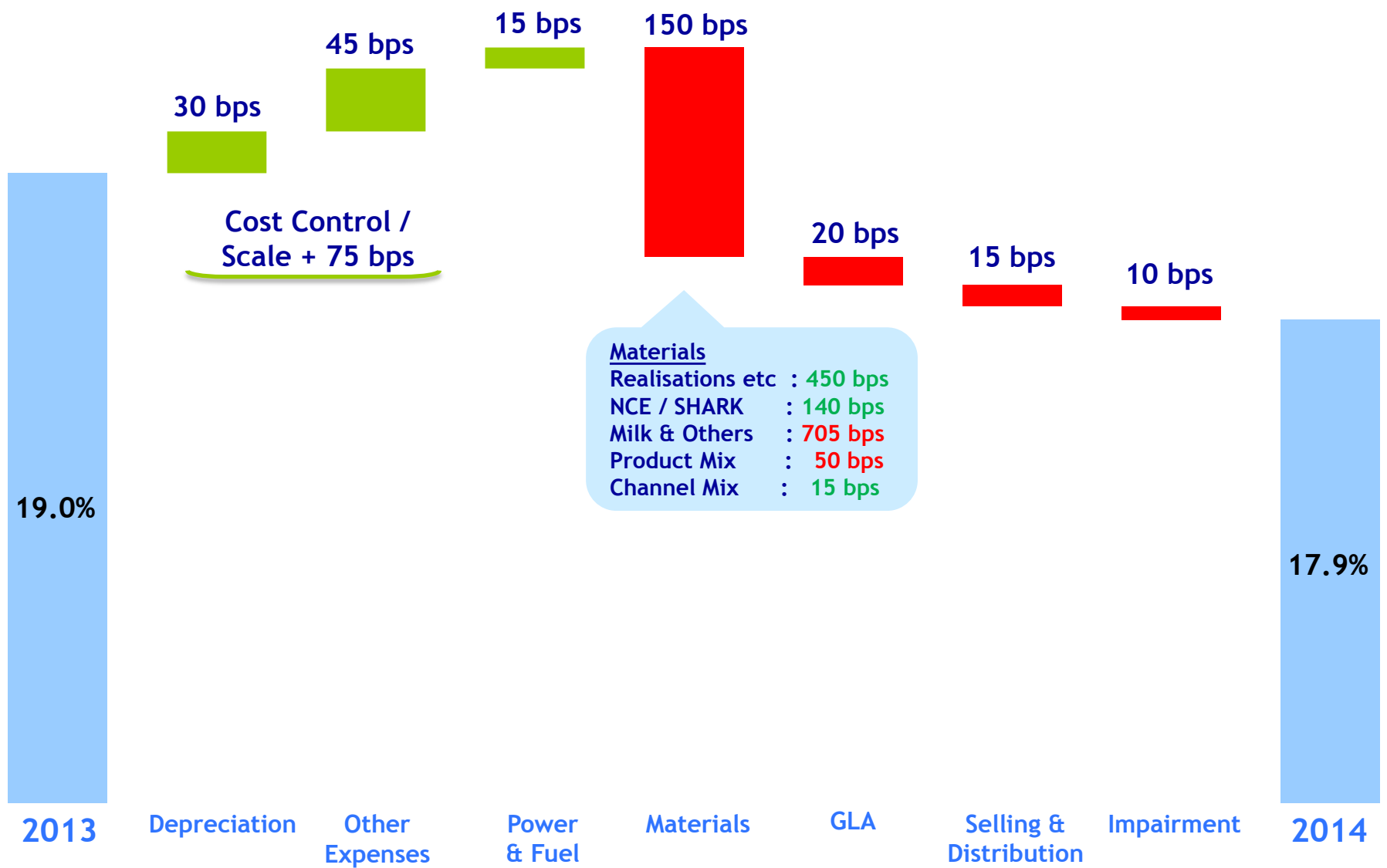


Good performance in Retail. Business model being reviewed in Out of Home. Impact of portfolio review in Retail and OOH.

# High materials cost mitigated by cost containment.



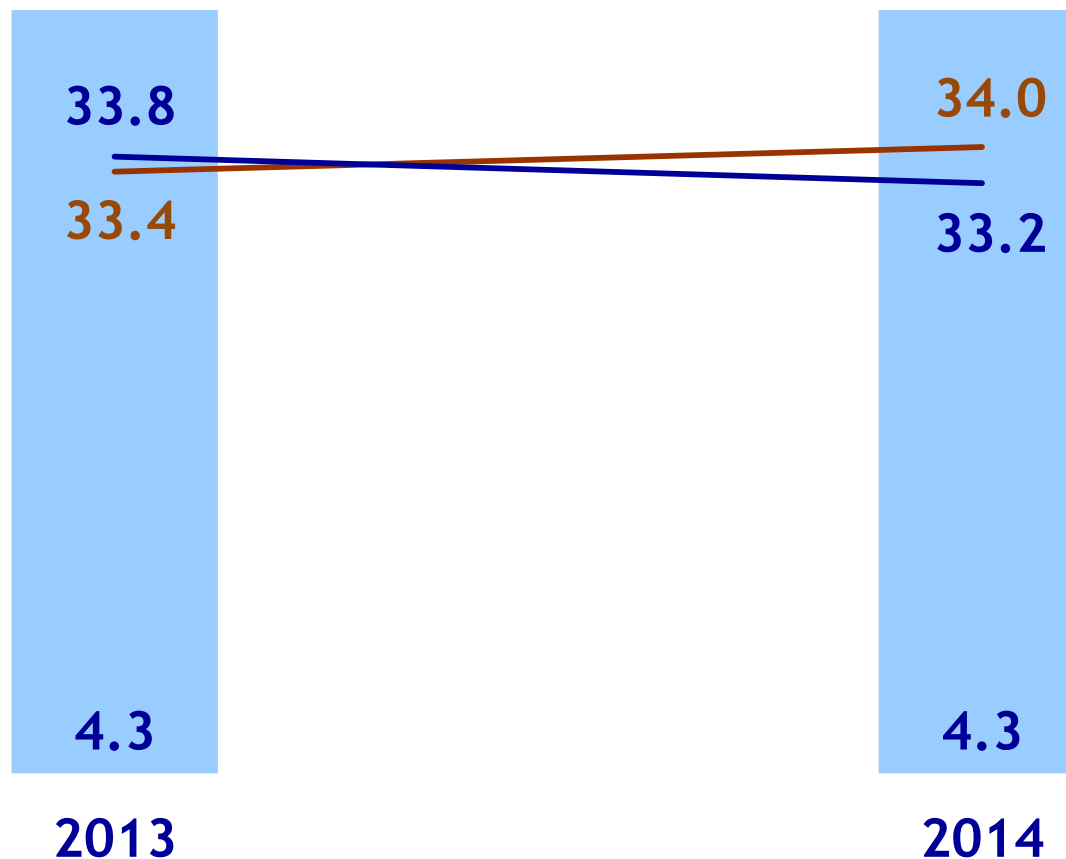
# Materials cost not fully passed to consumers. Partially offset by efficiencies applying Group knowhow.



% are with reference to Net sales

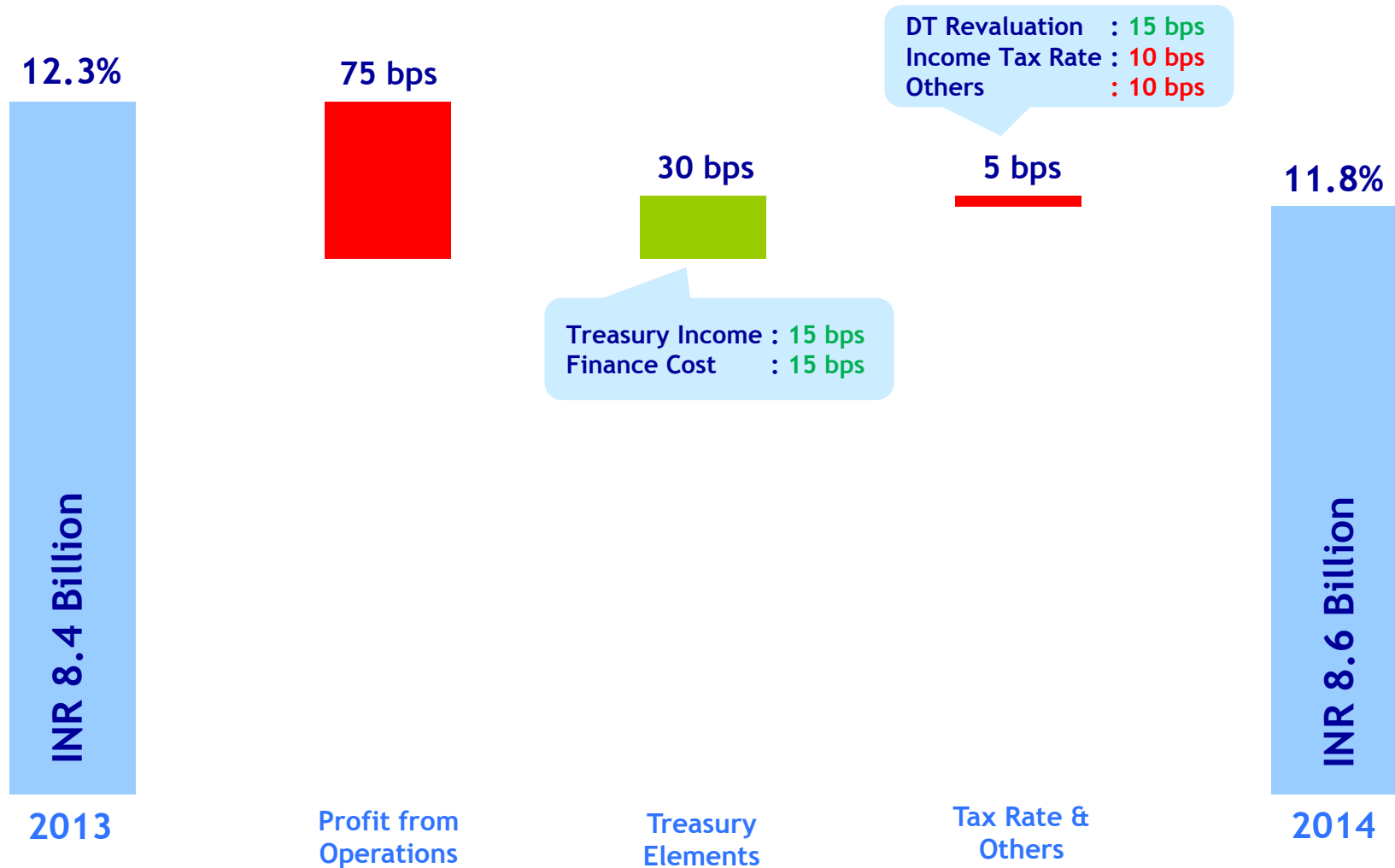
# Continued high contribution to exchequer

MTR increase : 55 bps  
Tax free treasury income : 40 bps  
Deferred Tax revaluation in 2013 : 70 bps

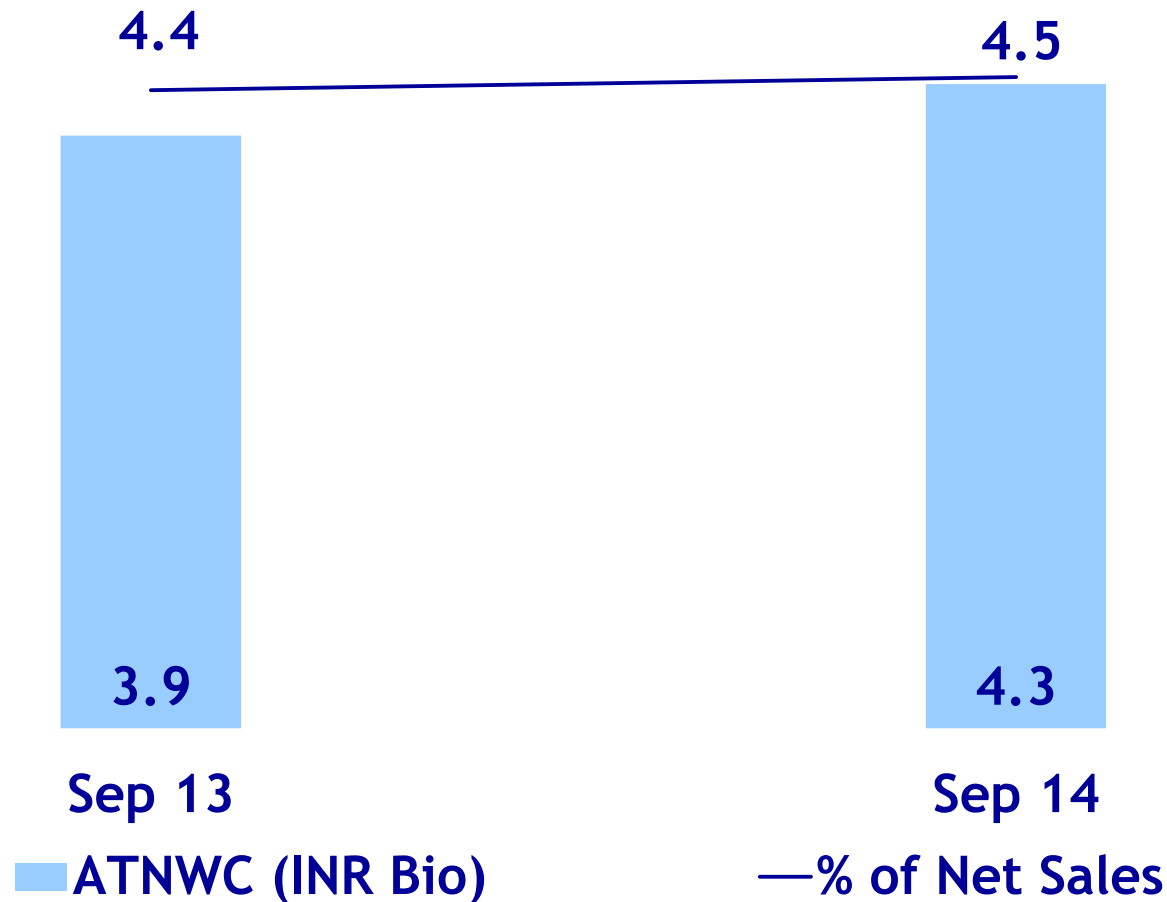


■ Tax Expense (INR Bio) — Marginal Tax Rate (%) — Effective Tax Rate (%)

# Treasury initiatives have partially offset the headwinds in materials cost.



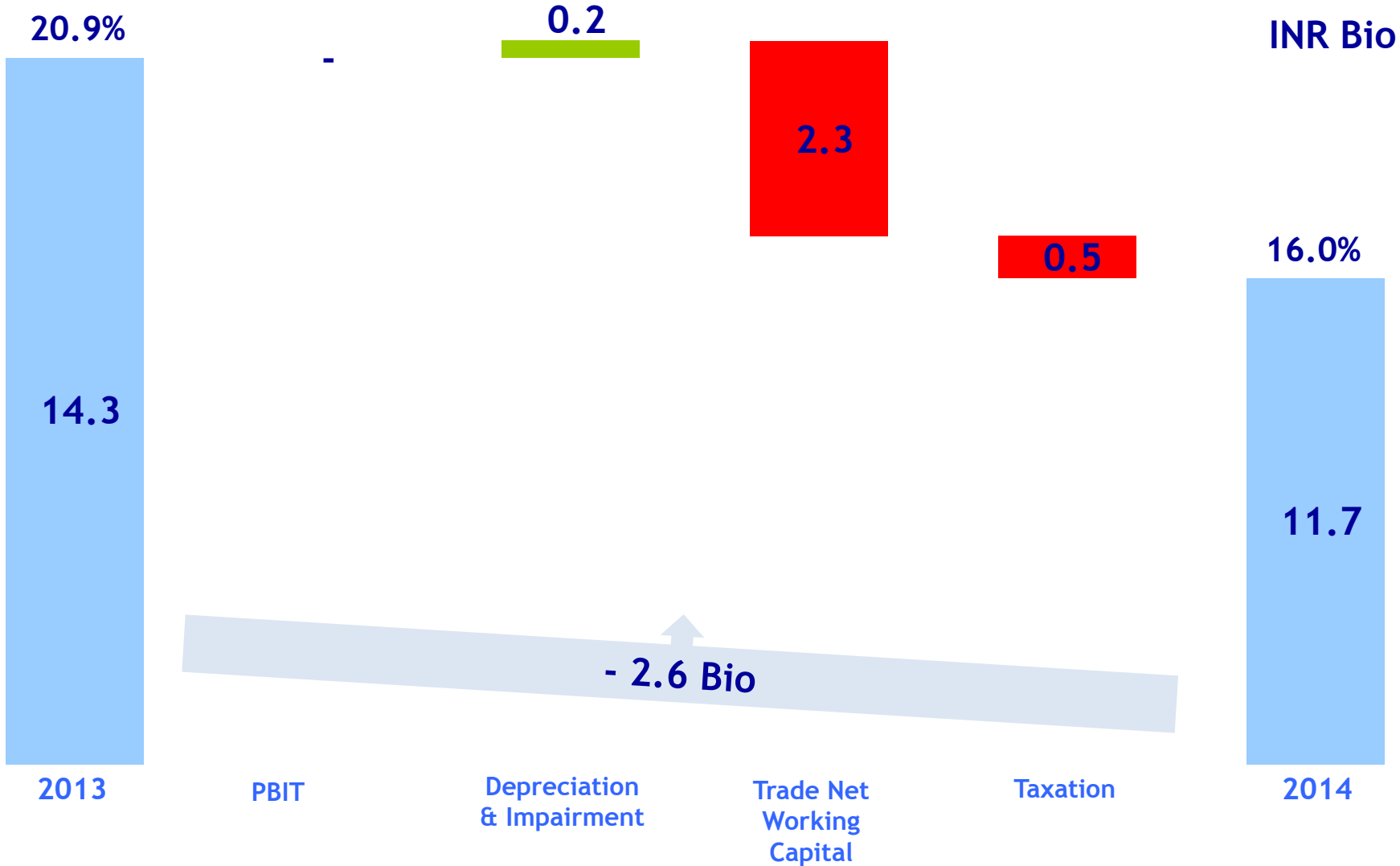
**Average trade net working capital remained stable; but TNWC has increased in 2014 due low base and strategic reasons.**



**ATNWC : Basis 12 Months Average (Nestlé Internal Reporting Standards)**

**: Inventories + Debtors - Trade Payables (except Staff Costs, Contingencies, Capex & Taxes)**

# A low TNWC on 1.1. 2014, lower base in 2013 & strategic build of inventories has impacted Operating Cash Flow.



INR Bio

16.0%

11.7

2014

20.9%

14.3

2013

PBIT

Depreciation & Impairment

Trade Net Working Capital

Taxation

- 2.6 Bio

2.3

0.5

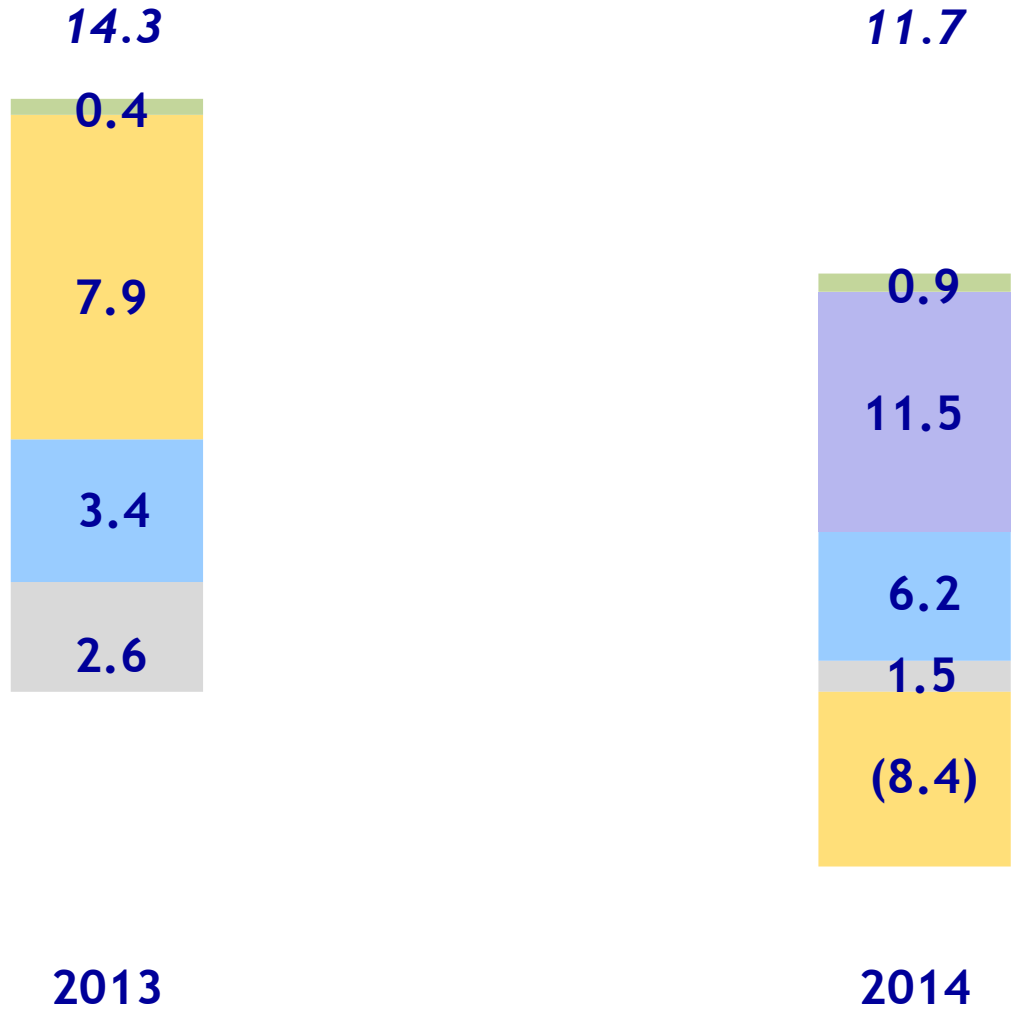
0.2

-

# Entire external commercial borrowings have been repaid.

*Operating  
Cash Flow*

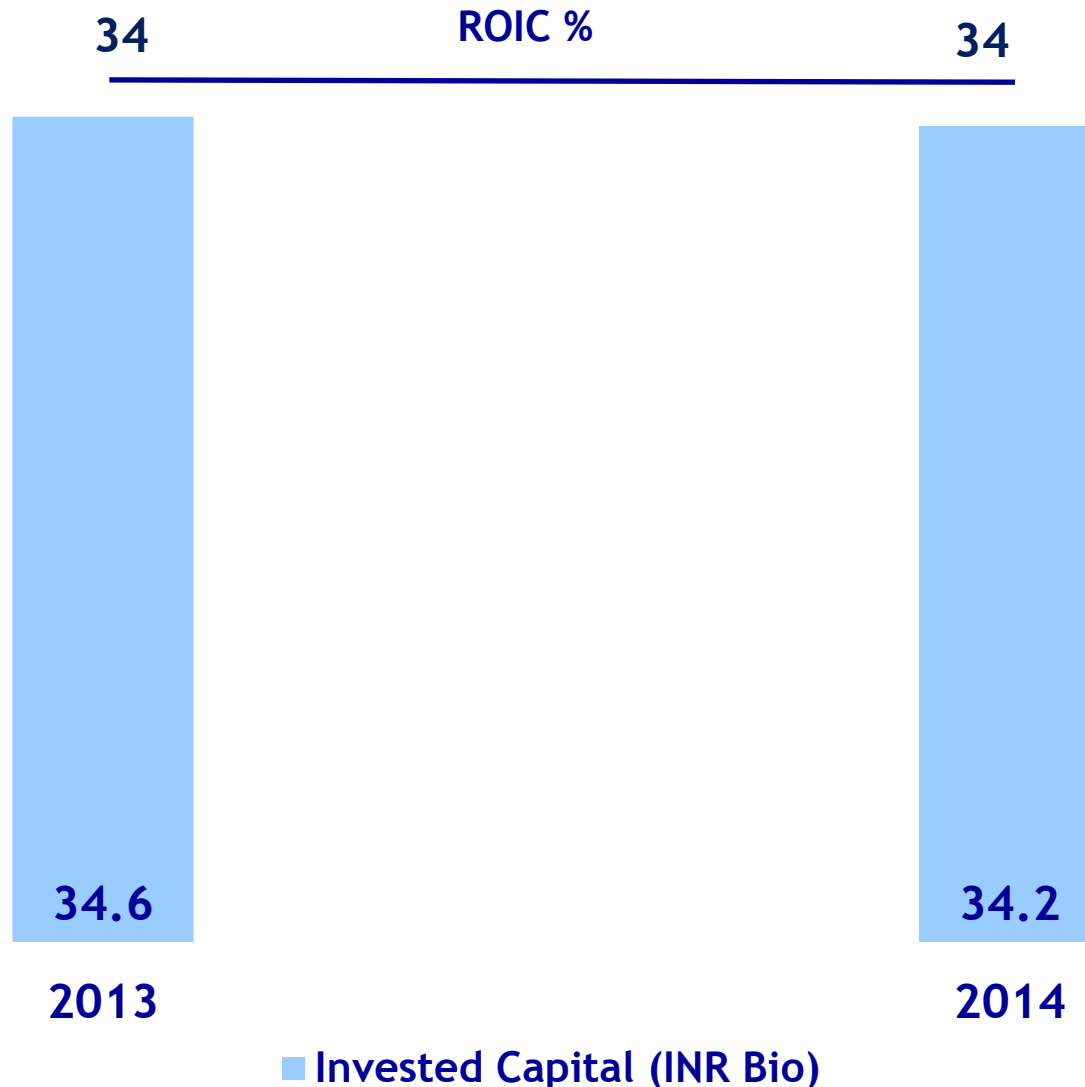
INR Bio



■ Fixed Assets ■ Dividends ■ Loan Repayment ■ Cash movement ■ LT Investments



# Capital Efficiency maintained despite severe pressure on margins due to materials cost.

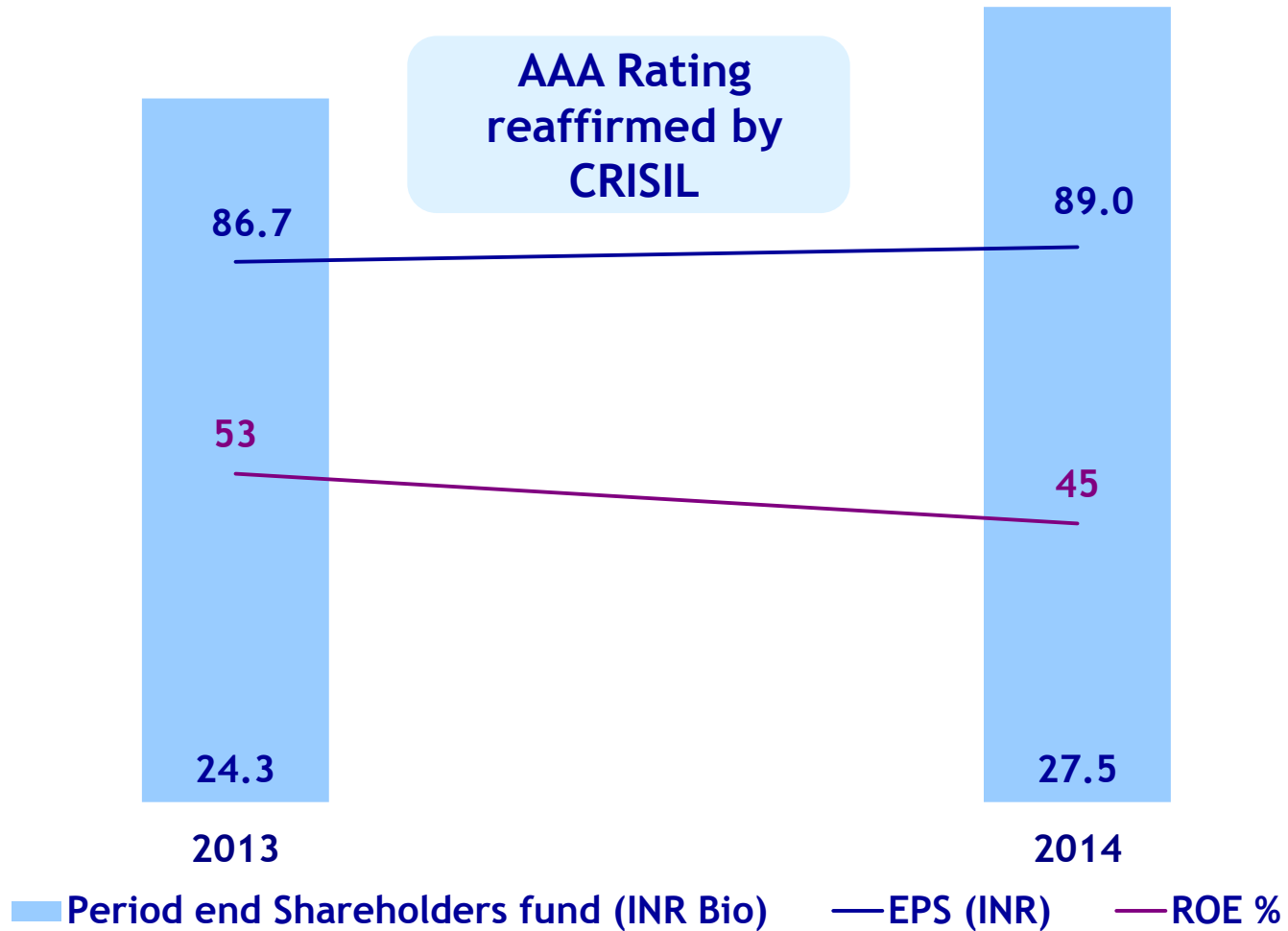


# The company is debt free again. ROE impacted by build of shareholders funds

Debt : Equity

33 : 67

0 : 100



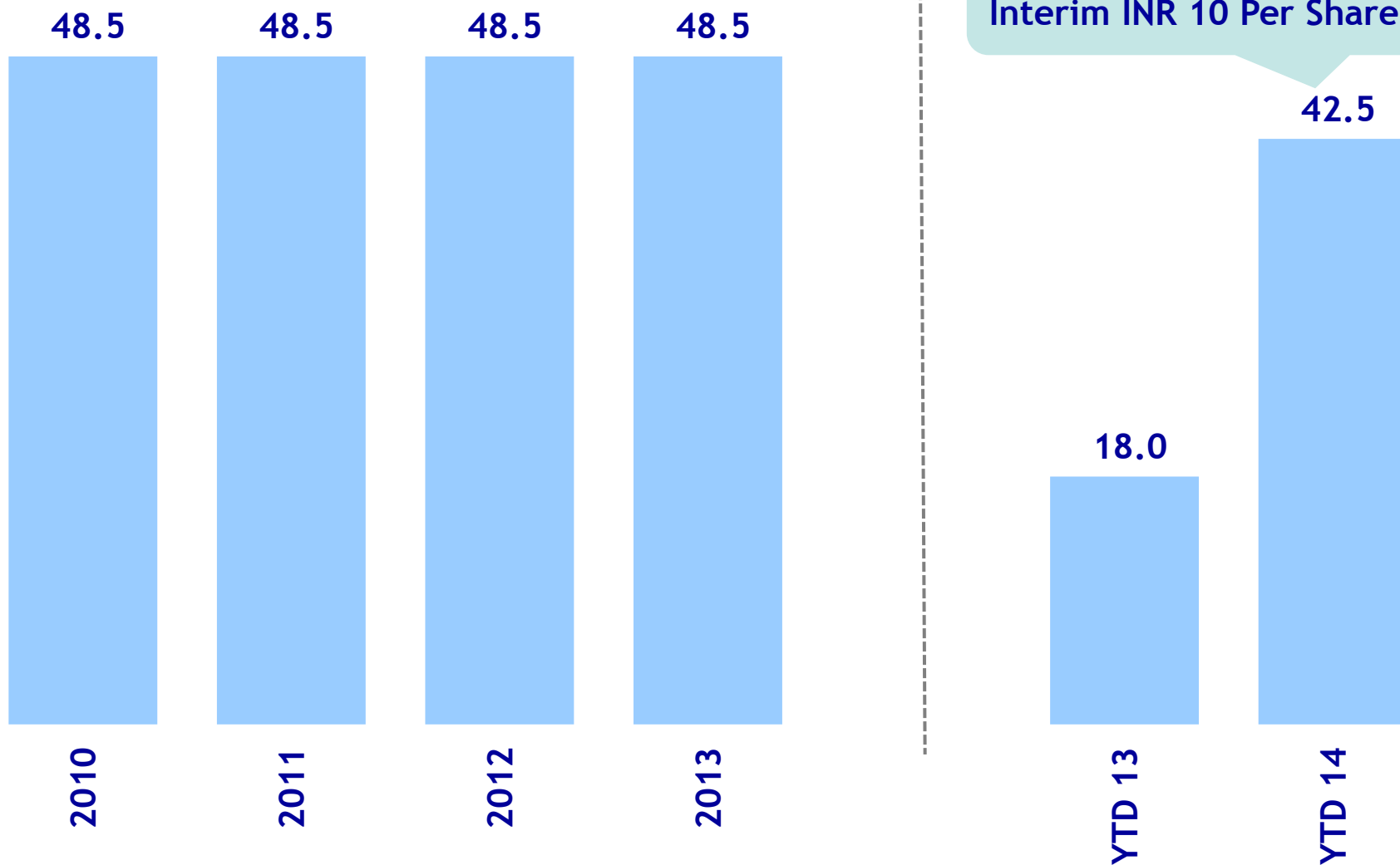
Avg. Share Price (INR)

4,925

5,153

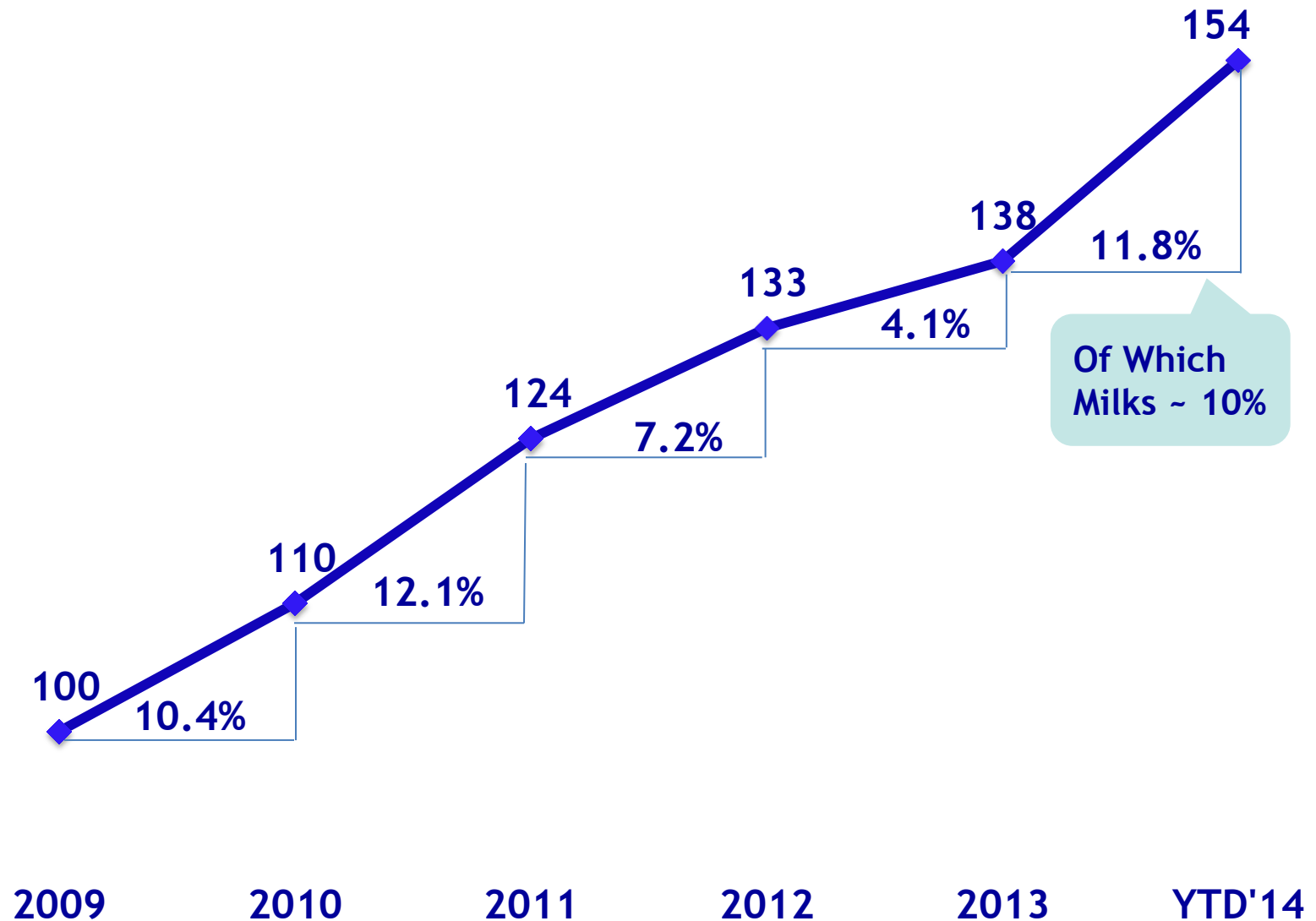
# Increased interim dividend on completion of CAPEX programme

DPS (INR)

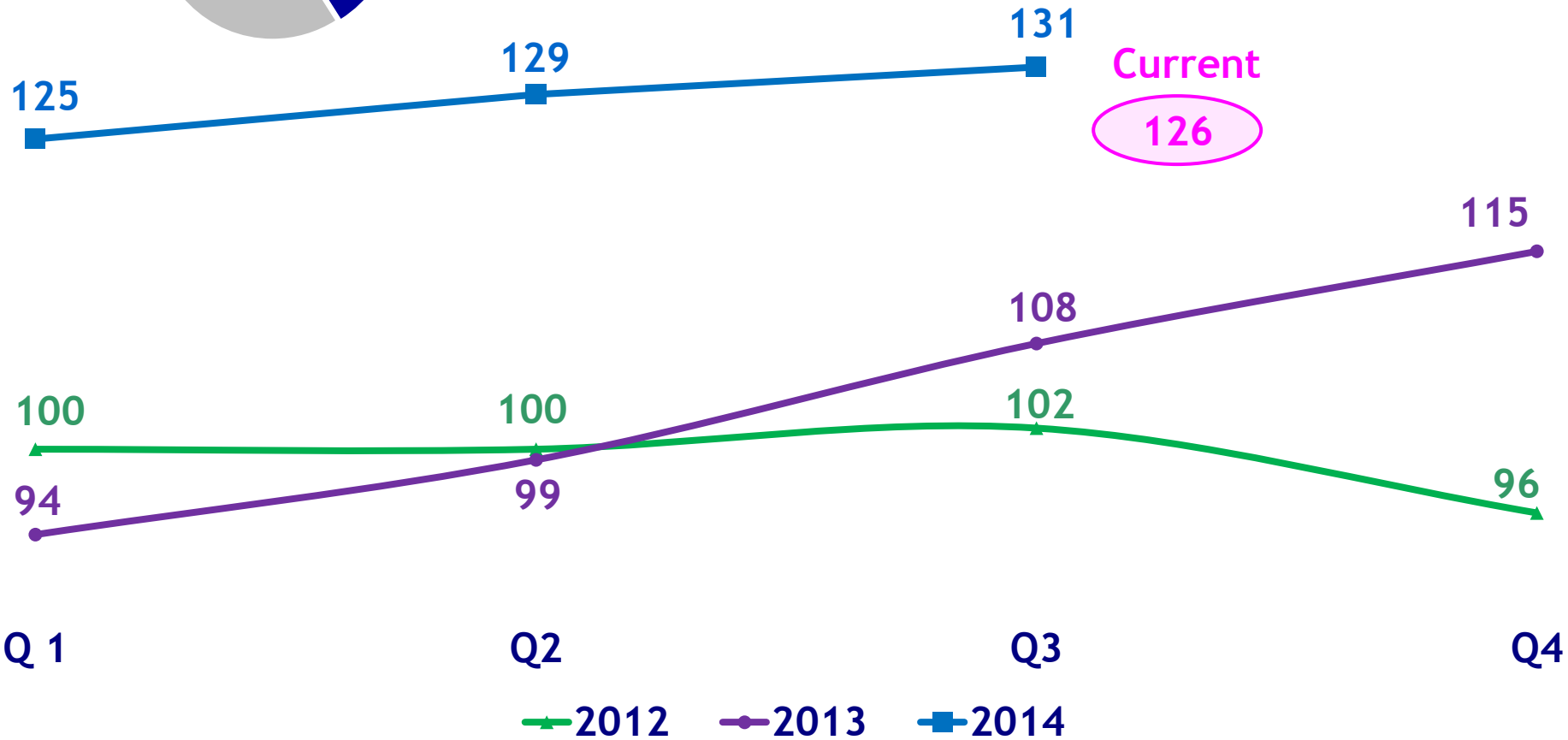
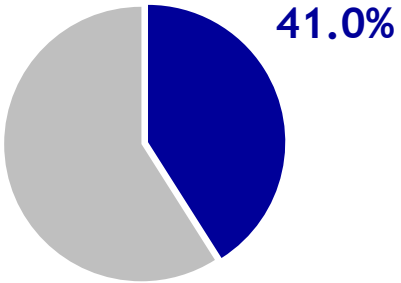


# Linked Slides

# Nestlé India's Commodity Basket

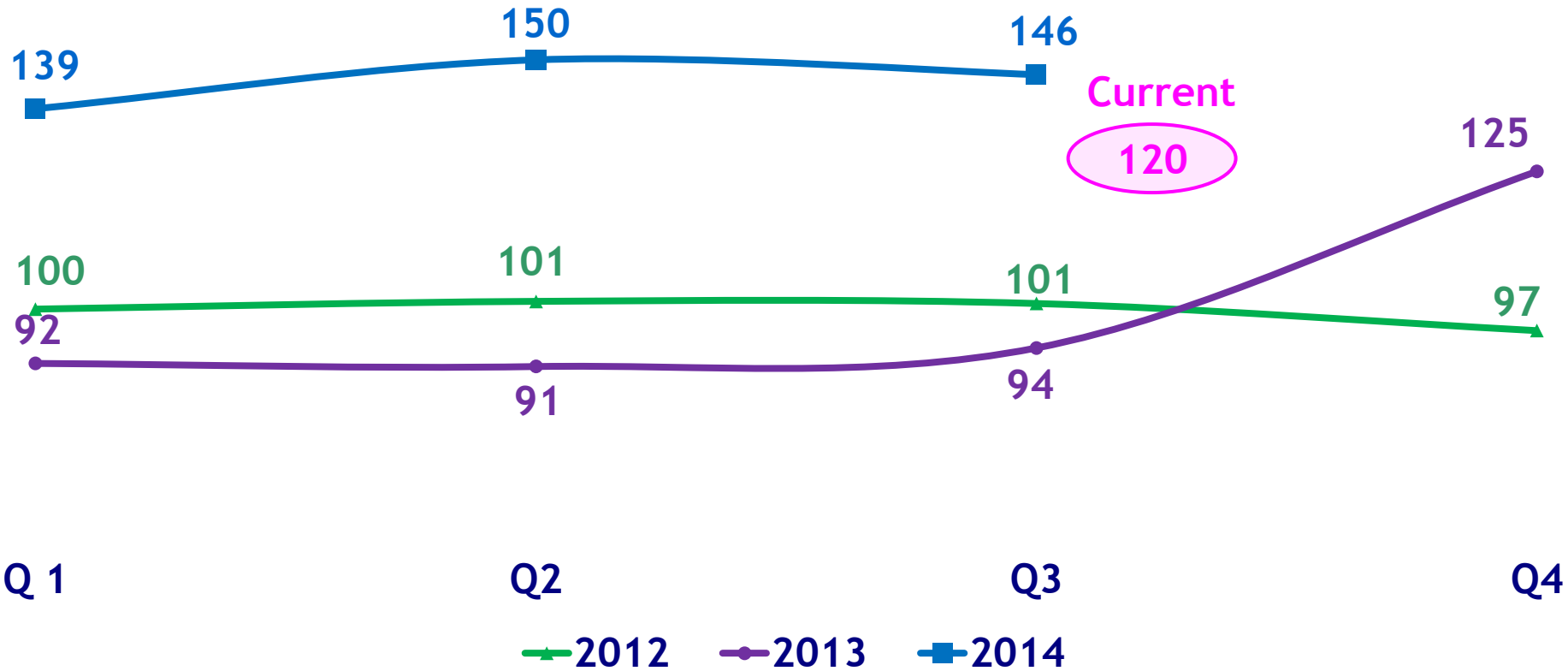
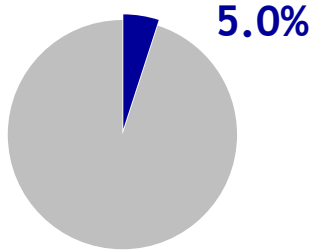


# Milks: 22% Increase over 2013



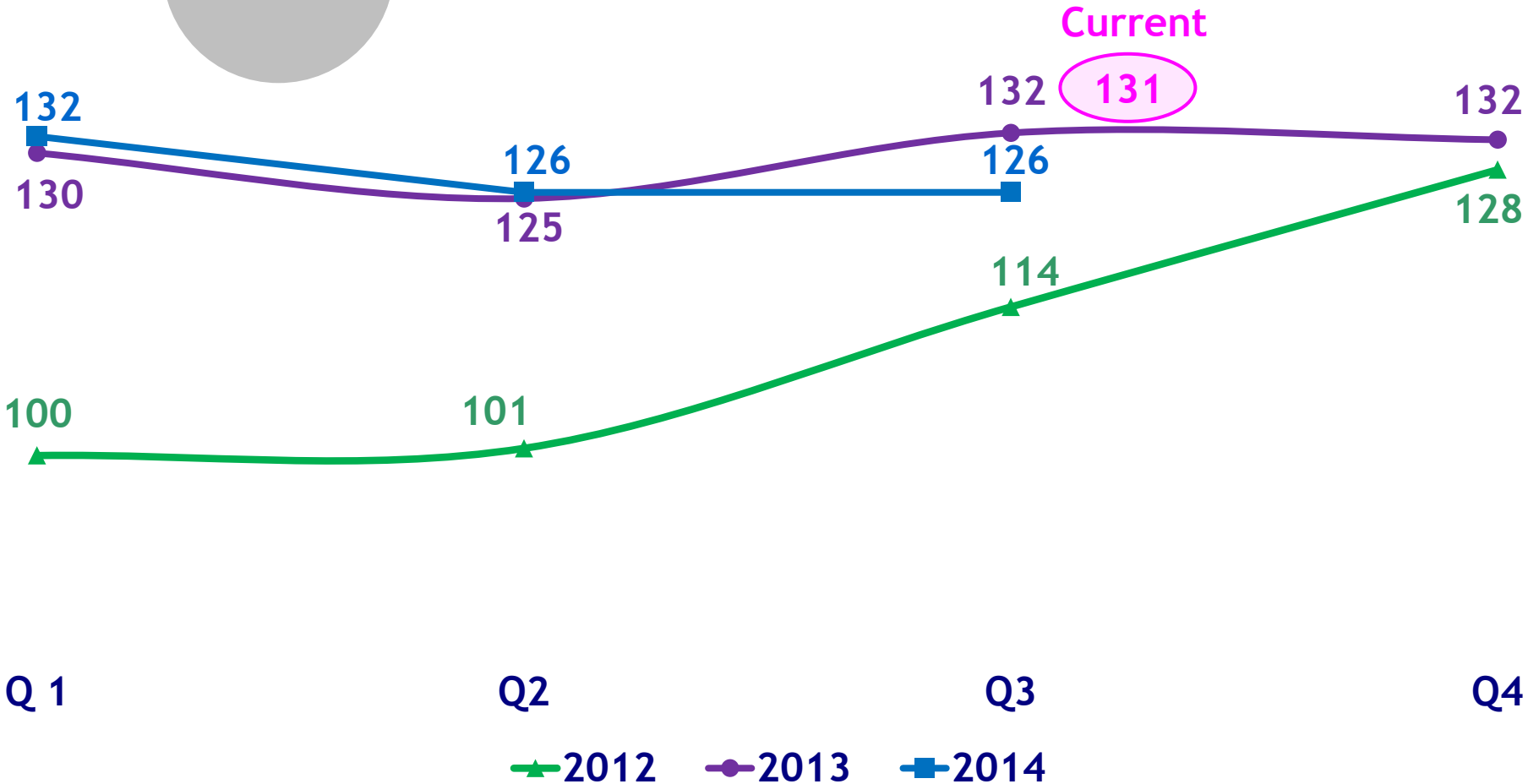
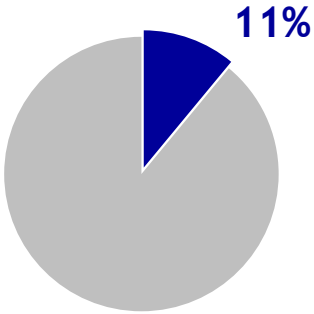
*Indexed with base Q1-12*

# MSK: 58% Increase over 2013



*Indexed with base Q1-12*

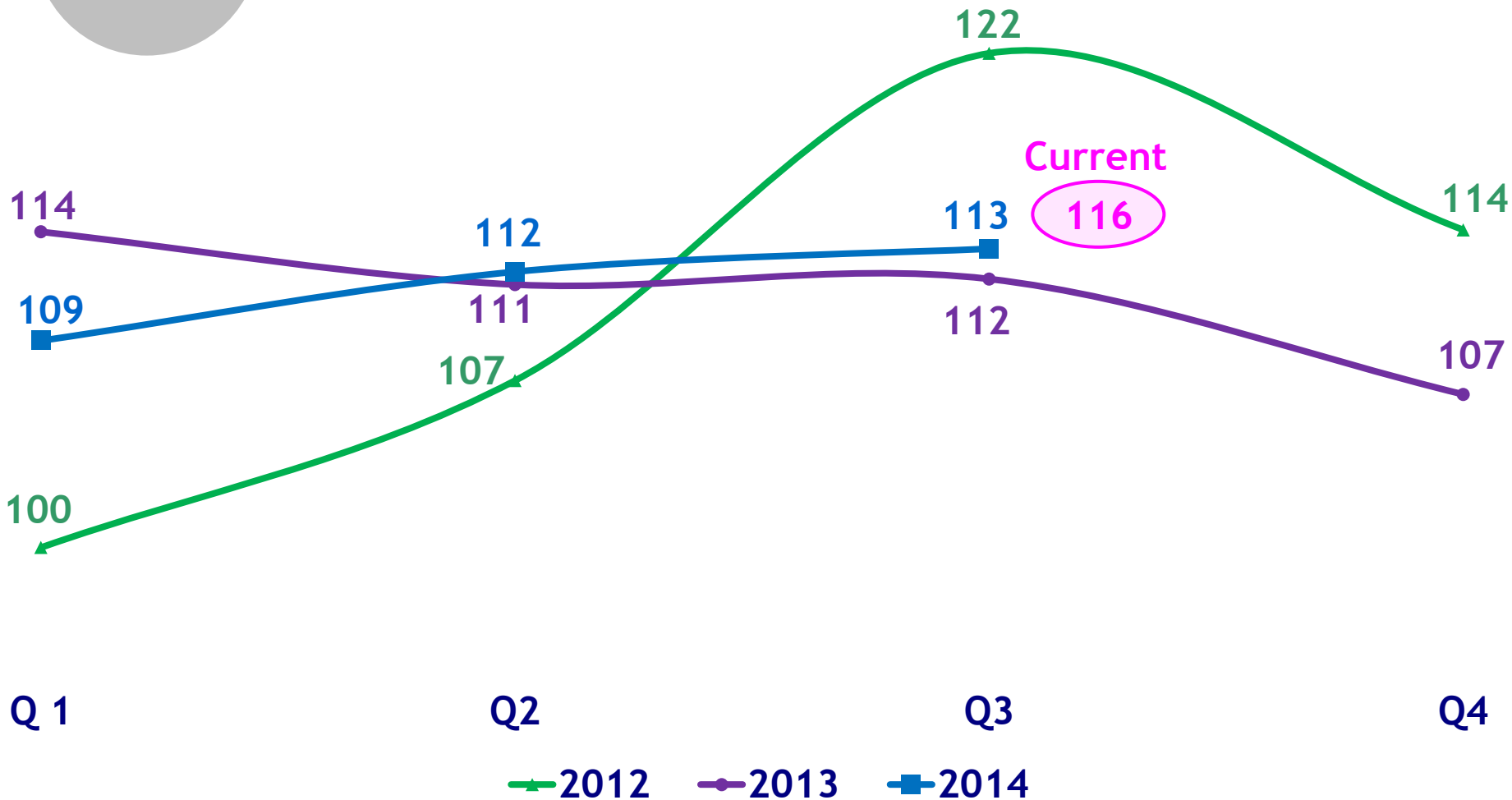
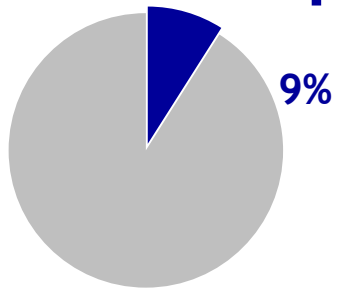
# Wheat Flour: 1 % Decrease over 2013



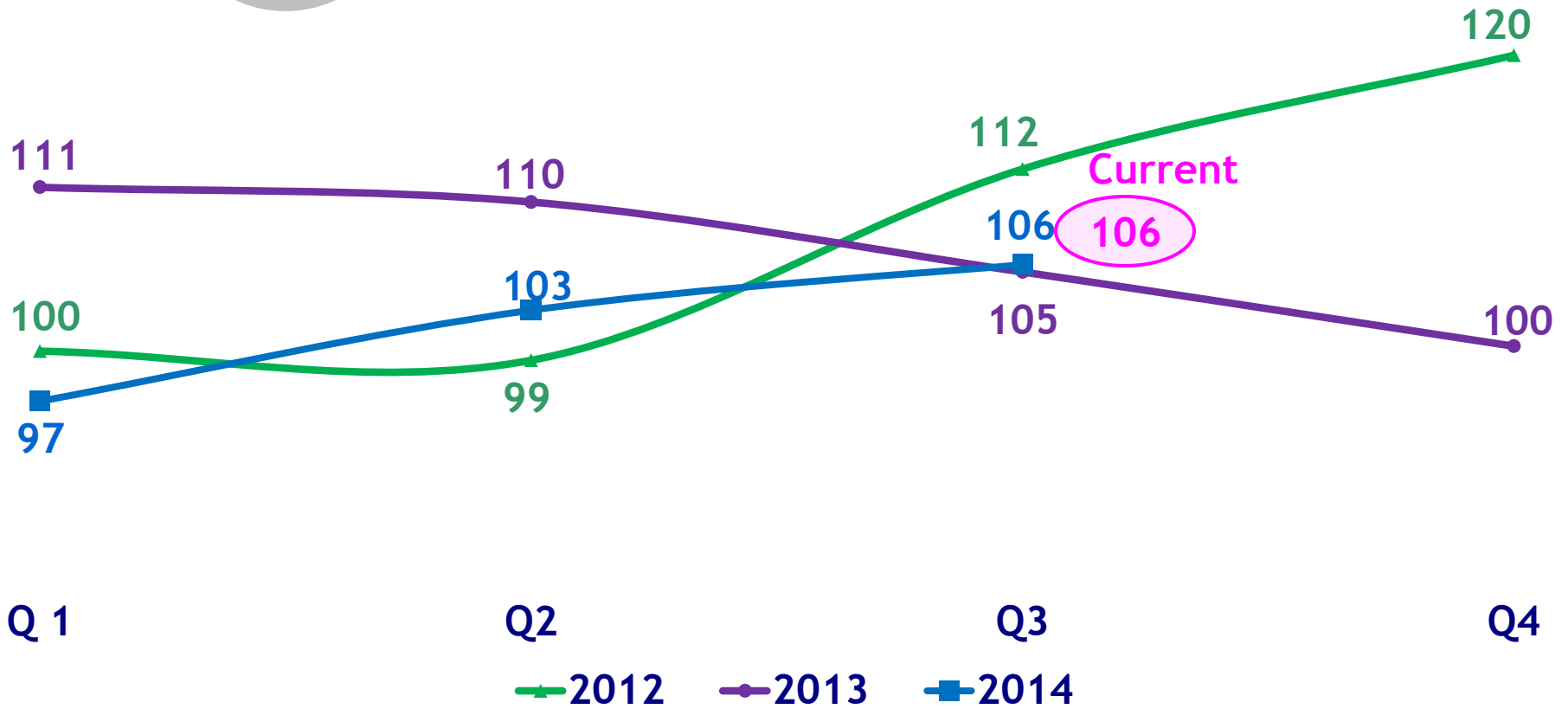
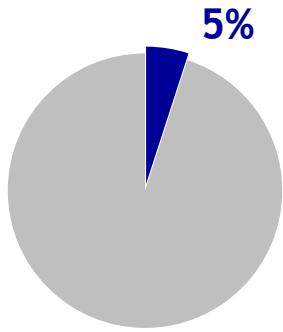




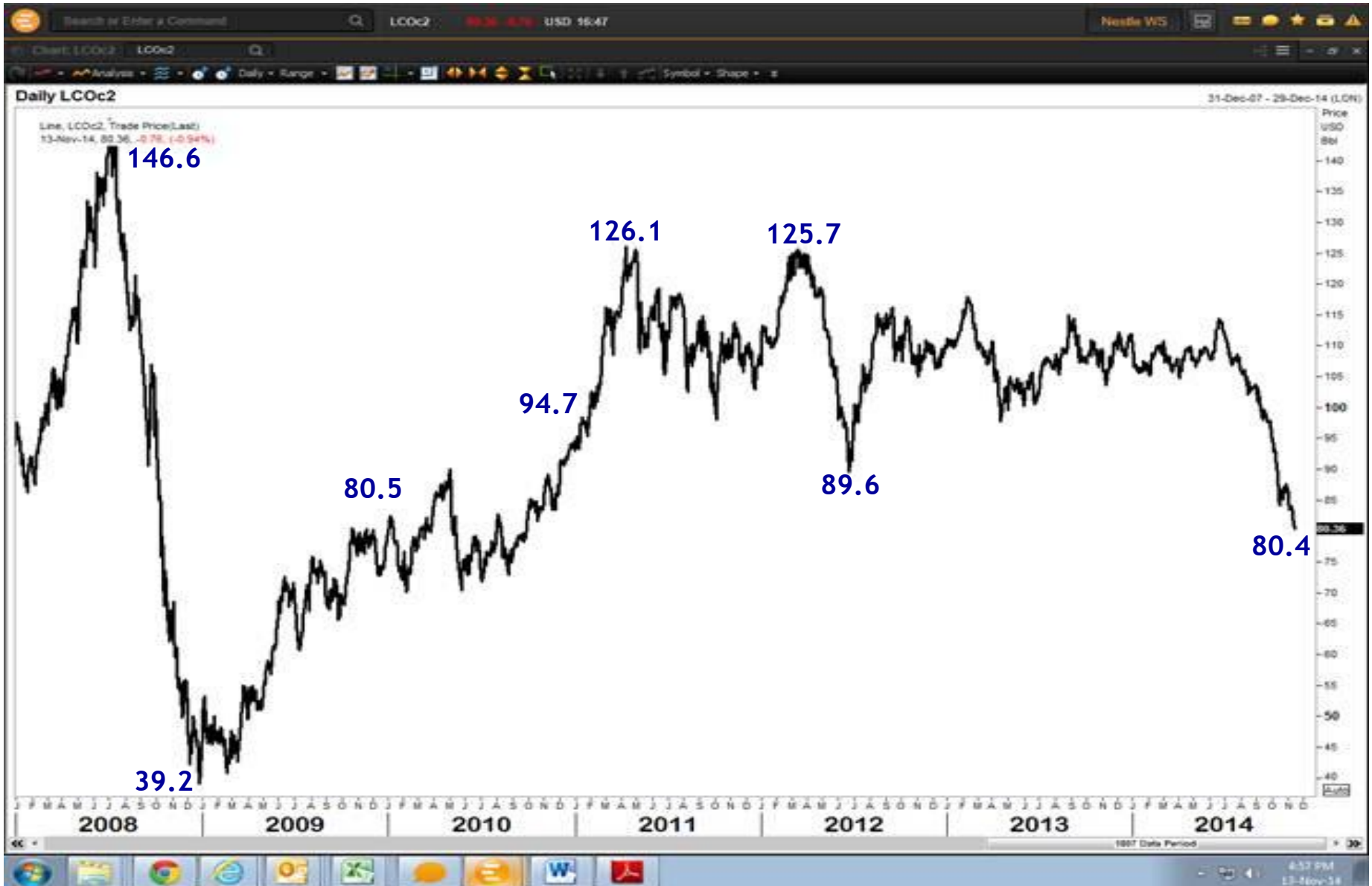
# Palm Oil: 1% Decrease over 2013



# Sugar: 6% Decrease over 2013

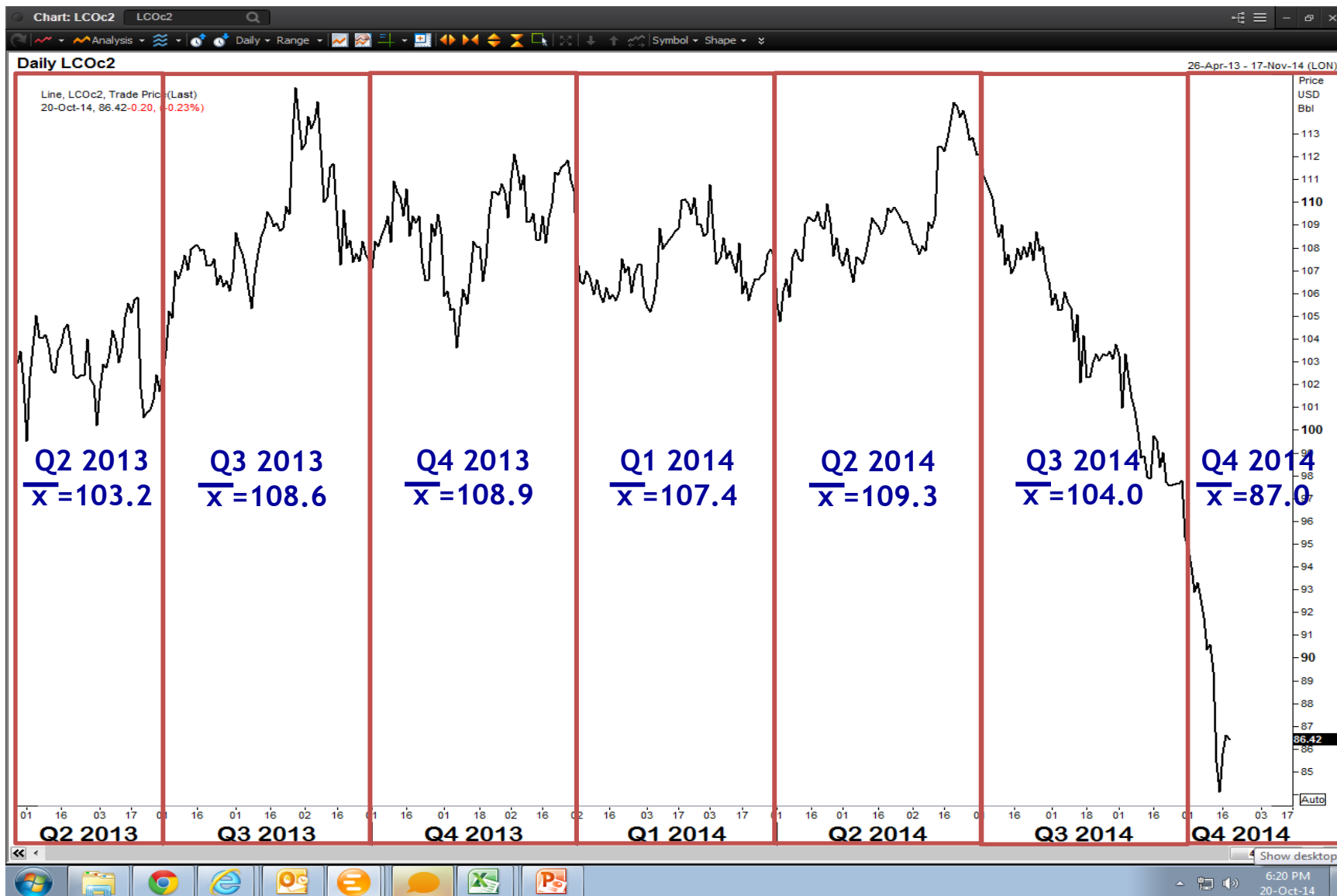


# Brent from 2008 USD per Barrel



# Brent

USD per Barrel



# Robusta US Cent per Pound London Exchange



# Arabica

## US Cent per Pound

### New York Exchange



# Sugar

## US Cent per Pound

### New York Exchange

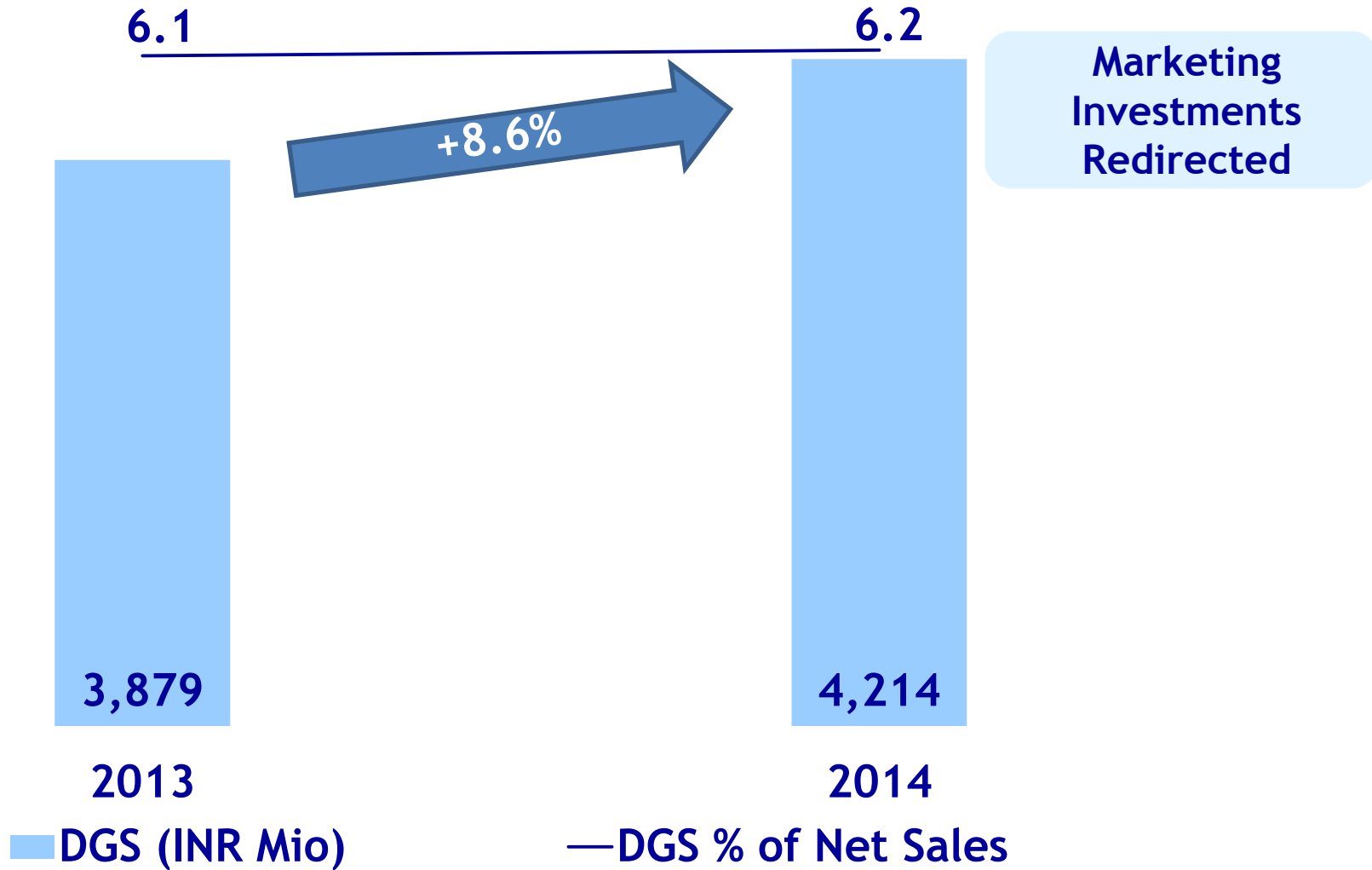




# Palm Oil MYR per Ton Malaysia Exchange



# Demand Generating Spends (DGS) - Jan Sep



*DGS Include : Media, Consumer Promotions (free goods & Sampling), Trade Spends, Display, Point of Sales etc.*

