

Nestlé India Limited

Financial Analysts' Meet

May 19, 2006



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POTENTIAL

Agenda

Introduction & Overview

Martial Rolland

Financials

Shobinder Duggal

Chocolates & Confectionery
Business

Stewart Dryburgh

Questions & answers

ALL



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This presentation may contain statements reflecting Management's current views and estimates, that may be construed as forward looking statements. Actual results might differ materially from those either expressed or implied in the statements, depending on the circumstances.

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



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INTRODUCTION & OVERVIEW



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**Few key and “recent”
“environmental changes”**

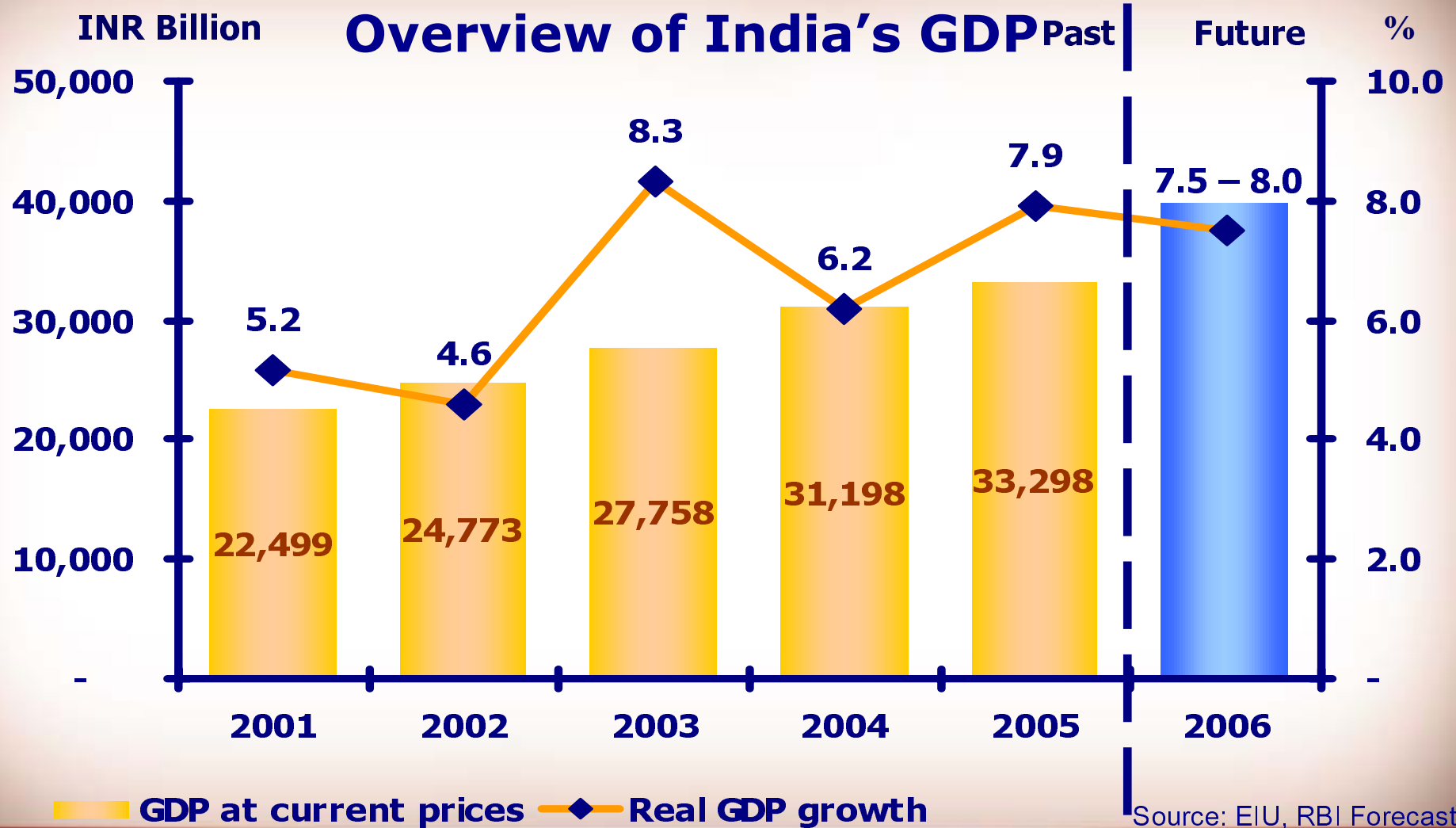


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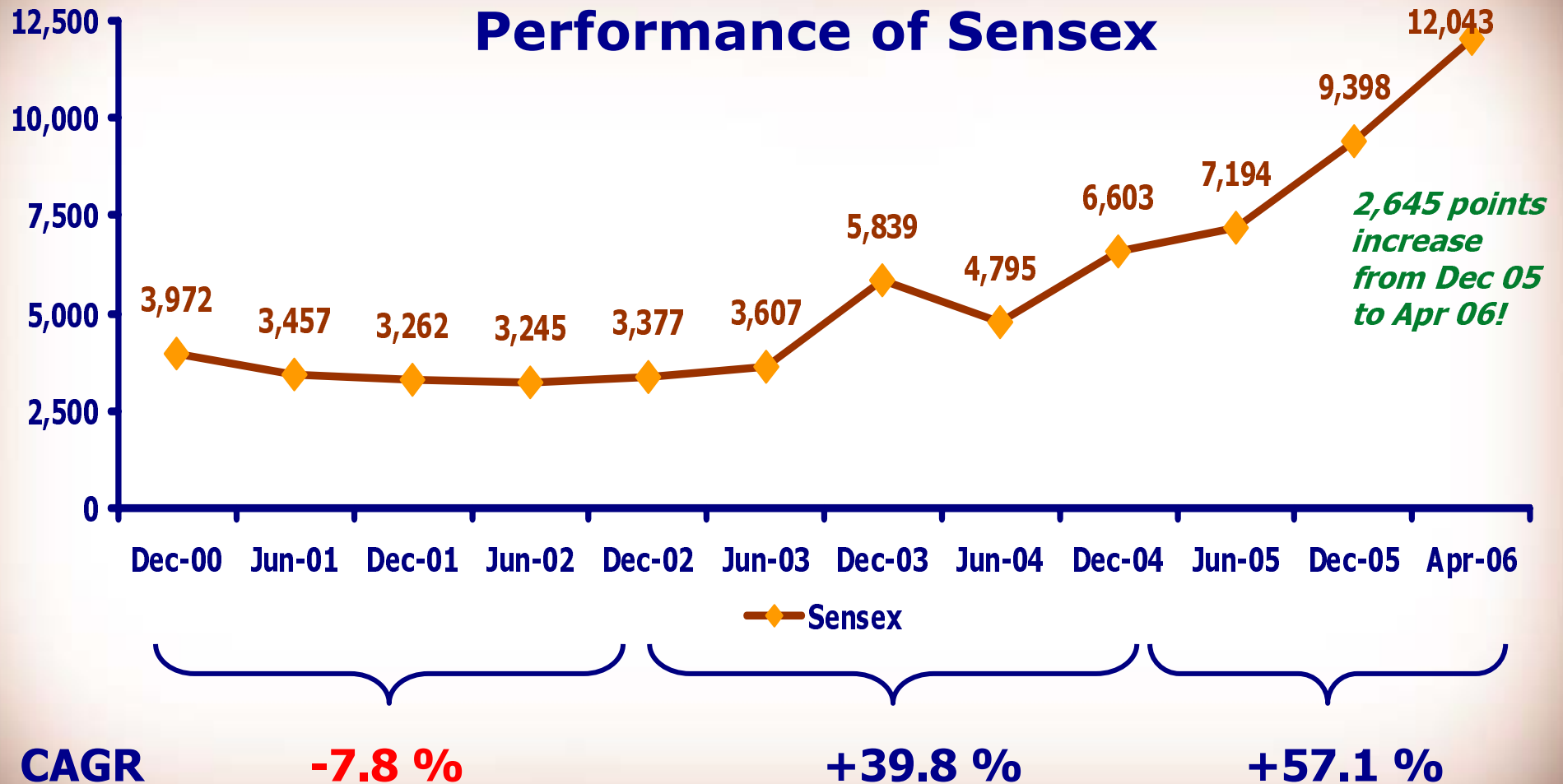
A period of greater wealth creation.....



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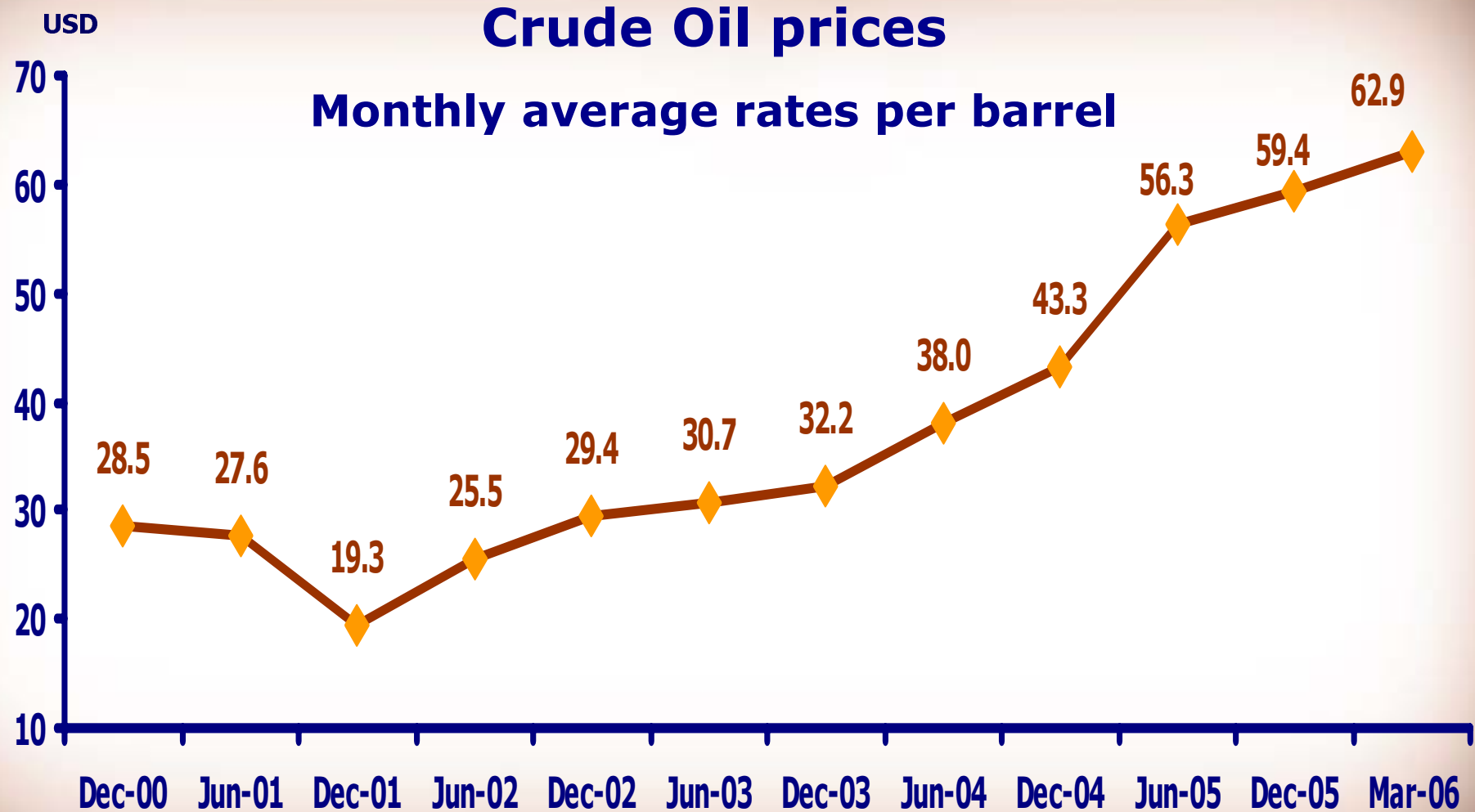
...reflected in greater optimism...



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...however with its share of issues....



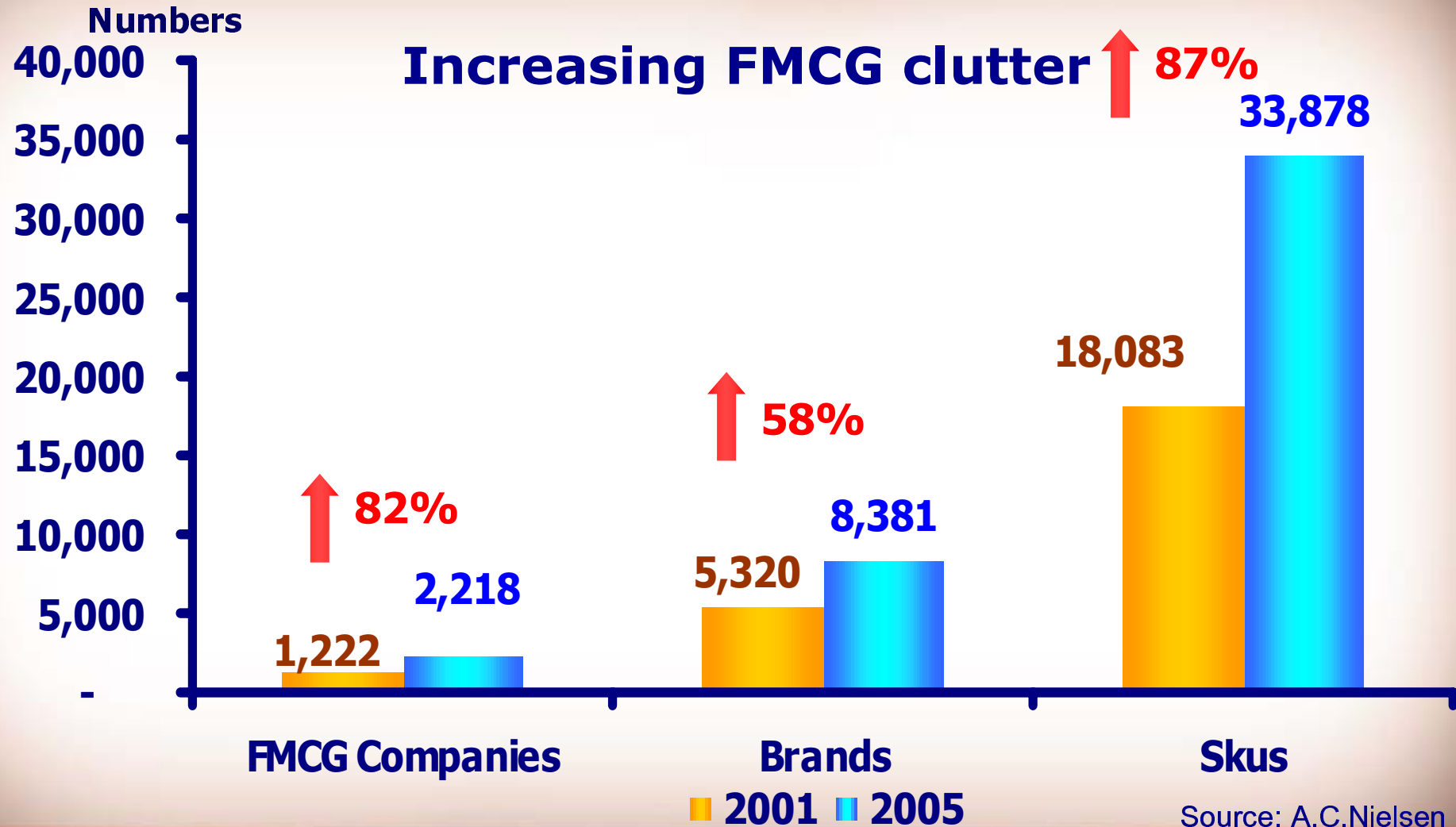
Source: Dow Jones & Company



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... and challenges....



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So there are challenges but overall
environment seems positive
and there are strong opportunities
for our Company



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Directionally we will

- Maintain our strategic focus towards leadership in Nutrition, Health and Wellness.
- Leverage our strong brands and drive harder our superior research-based concept/product delivery.
- Leverage our new organisational structure
- Leverage our greater consumer and customer intimacy
- Drive few but big innovations
- Work towards improving further availability
- Maintain focus on cost efficiency and effectiveness
- Move with greater speed.



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Over to SHD



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FINANCIALS



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Continued focus on the 7 value drivers

VALUE DRIVERS

1. SALES GROWTH
2. PROFIT MARGIN
3. WORKING CAPITAL INTENSITY
4. FIXED CAPITAL INTENSITY
5. INCOME TAX RATE
6. COST OF CAPITAL
7. VALUE GROWTH DURATION



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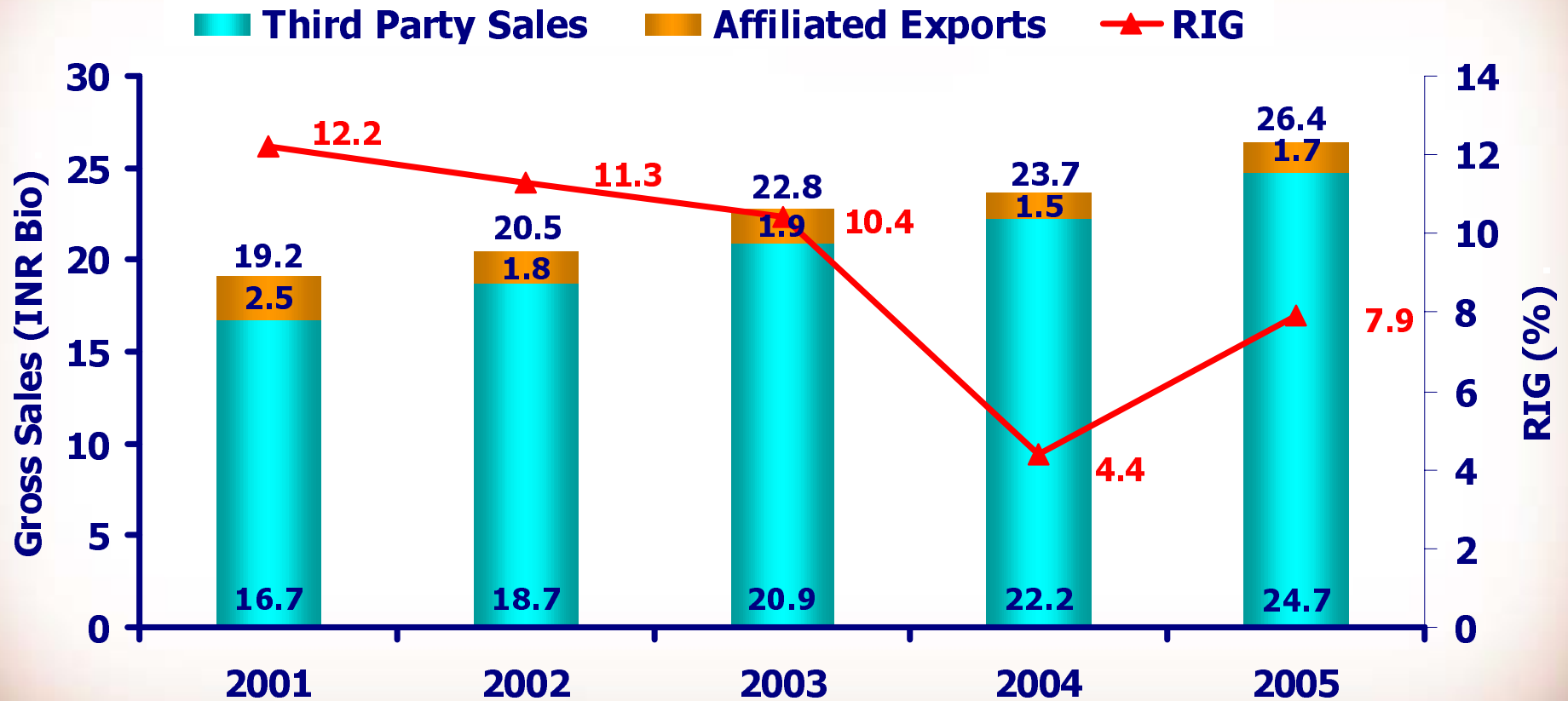
SALES GROWTH



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Sales Evolution

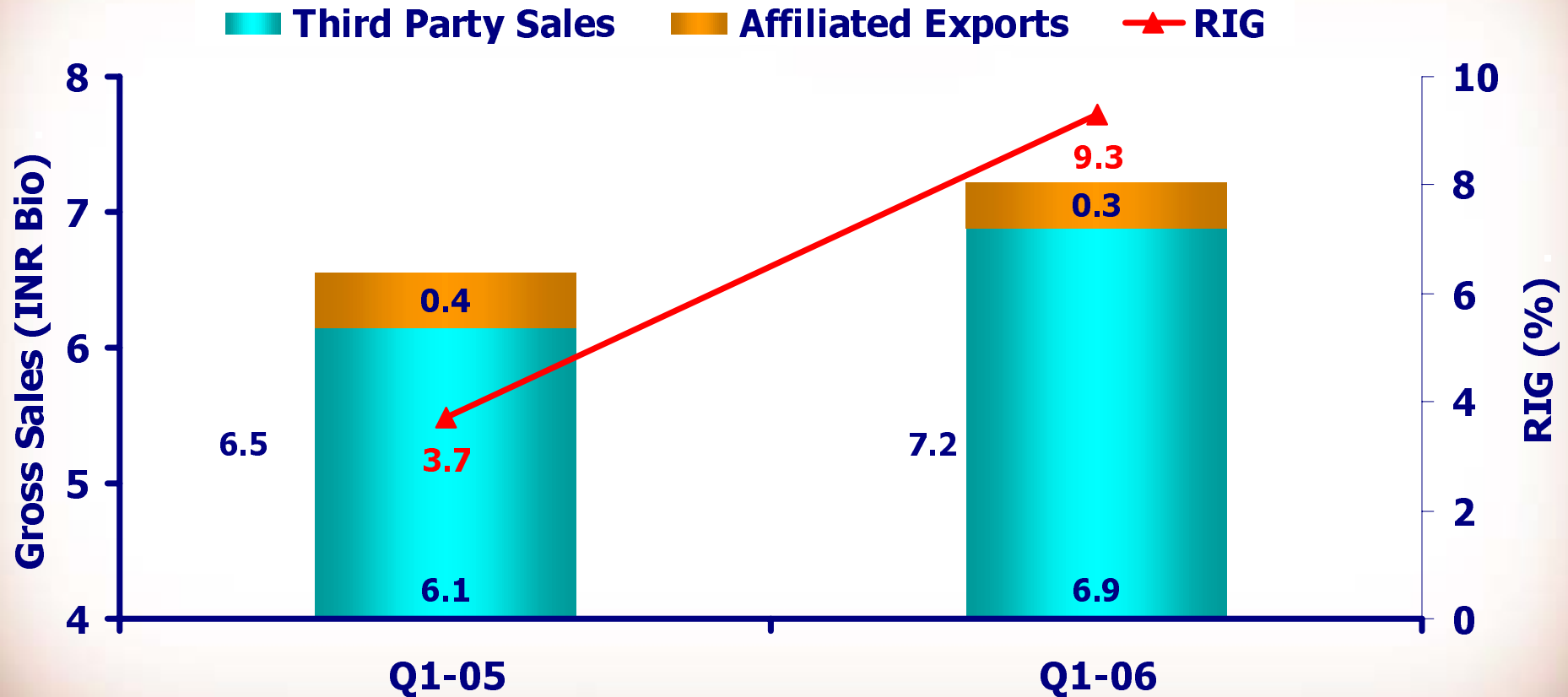


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(RIG in relation to 3rd Party sales basis international accounting standards)

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Sales Evolution (contd.)

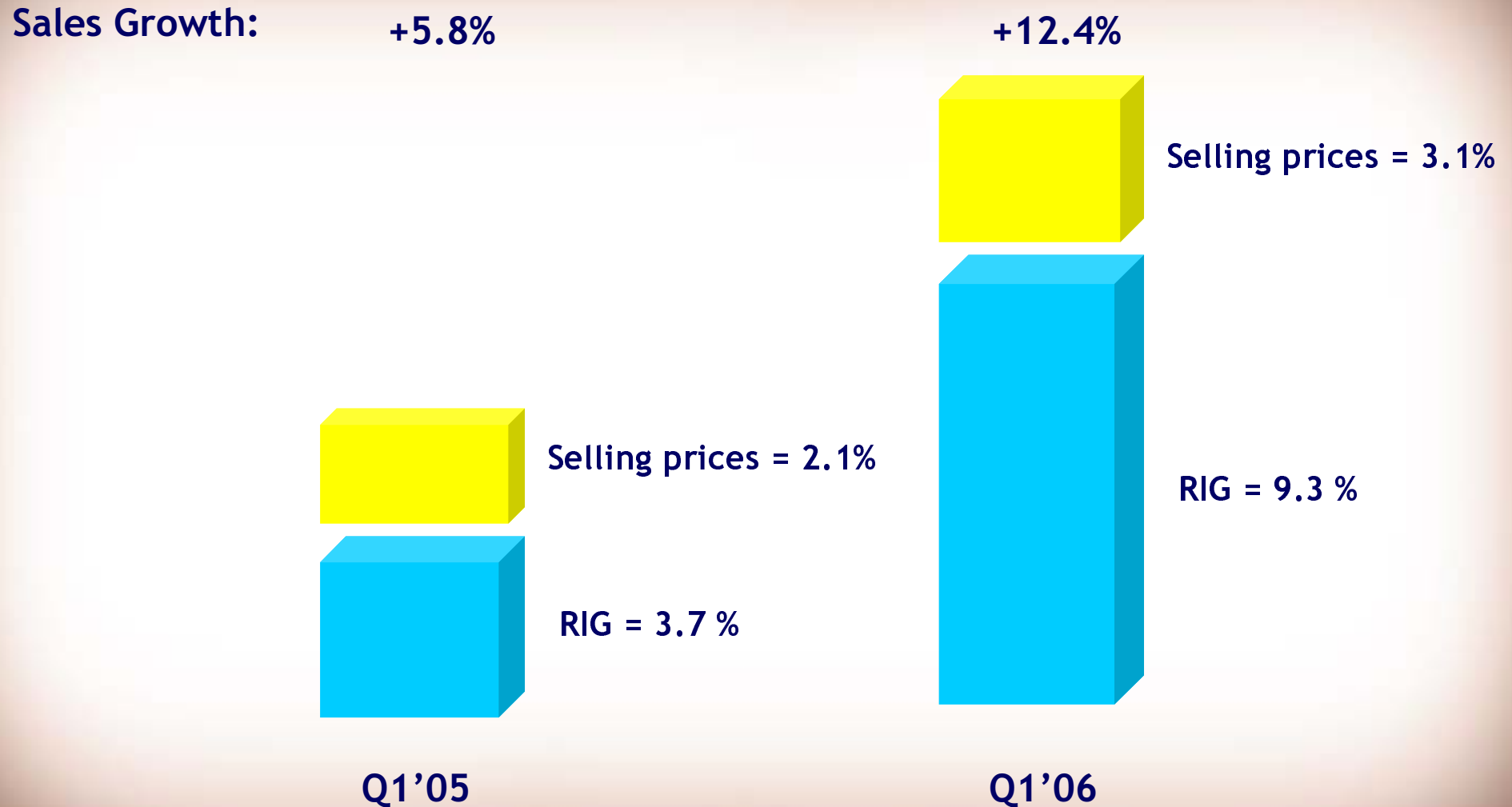


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Sales Decomposition



(Basis international accounting standards)



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Channel-wise Sales

	Volume (Tons) – Q1			Value [@] (Mio) – Q1		
	2006	2005	Var%	2006	2005	Var%
Domestic	53,337	48,708	9.5	6,703	5,906	13.5
Exports	3,440	4,537	-24.2	508	648	-21.7
Total	56,777	53,245	6.6	7,210	6,554	10.0

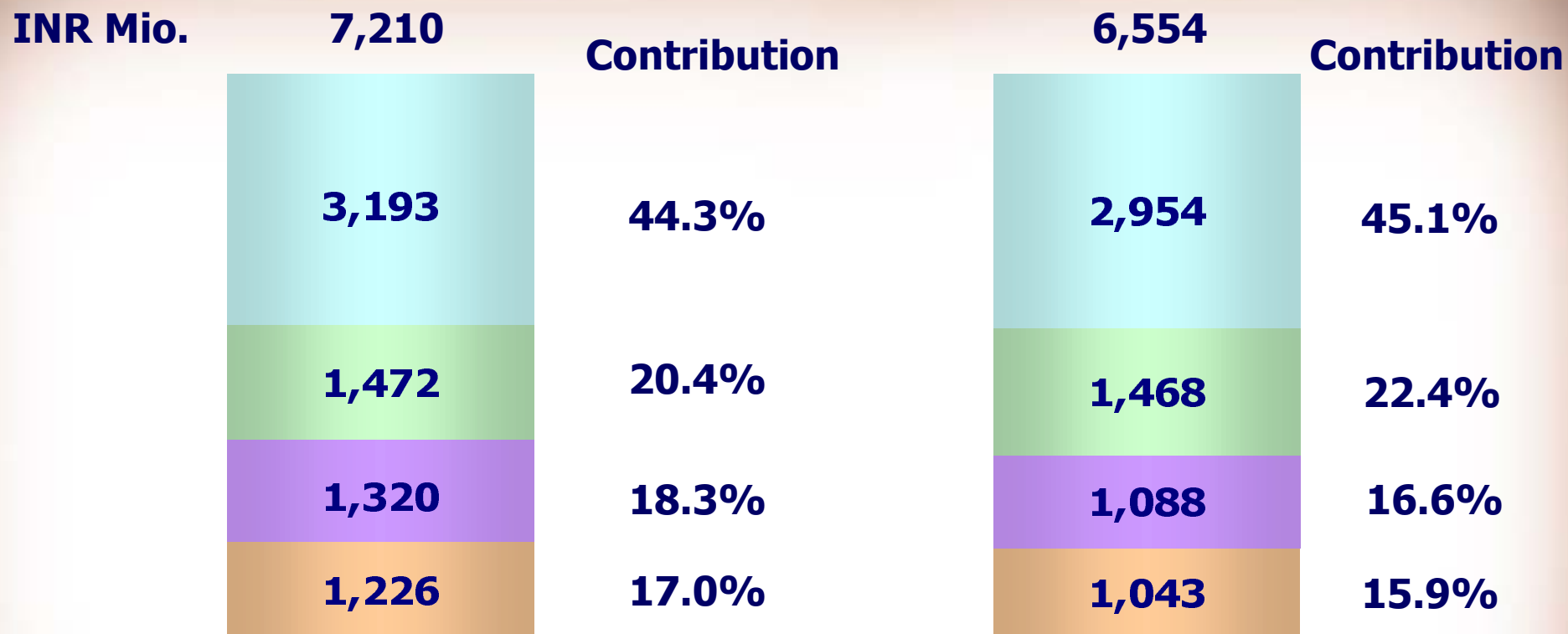
[@] Gross Sales including excise duty



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A Balanced Portfolio



Q1 06

Q1 05

■ Choc./Conf.

■ Prep. Dishes & Cooking Aids

■ Beverages

■ Milks/Nutrition



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Gross Sales including excise duty

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Sales by Product Categories

Brand	Volume (Tons) – Q1			Value [@] (INR Mio.) – Q1		
	2006	2005	Var %	2006	2005	Var %
Milk Products & Nutrition	26,004	25,318	2.7	3,193	2,954	8.1
Beverages	5,525	6,415	-13.9	1,472	1,468	0.3
Prepared Dishes & Cooking Aids	16,917	14,571	16.1	1,320	1,089	21.2
Chocolate & Confectionary	8,332	6,941	20.0	1,226	1,043	17.5
Total	56,777	53,245	6.6	7,210	6,554	10.0



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[@] Gross Sales including excise duty

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OPERATING MARGINS

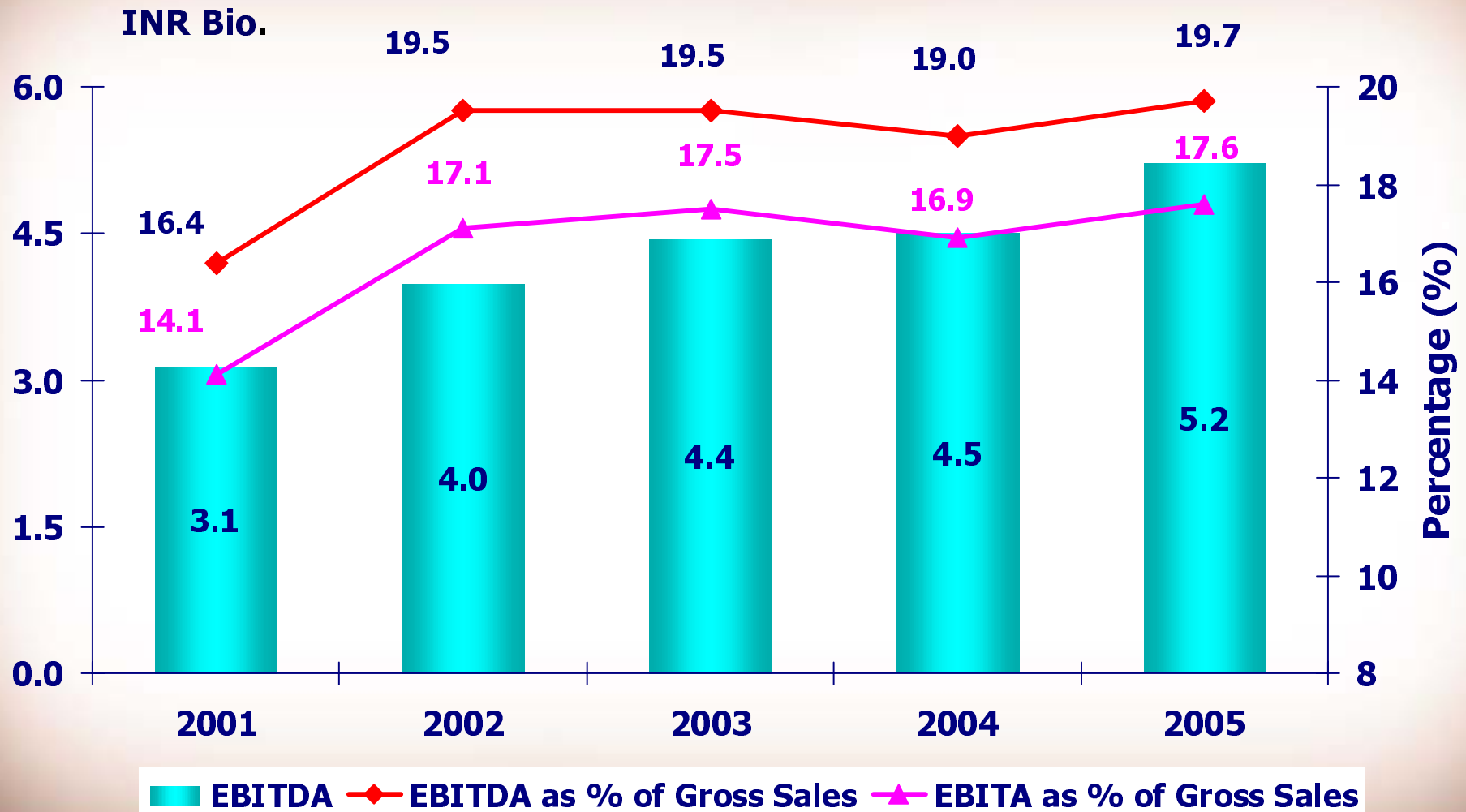


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Evolution of Operating Margins

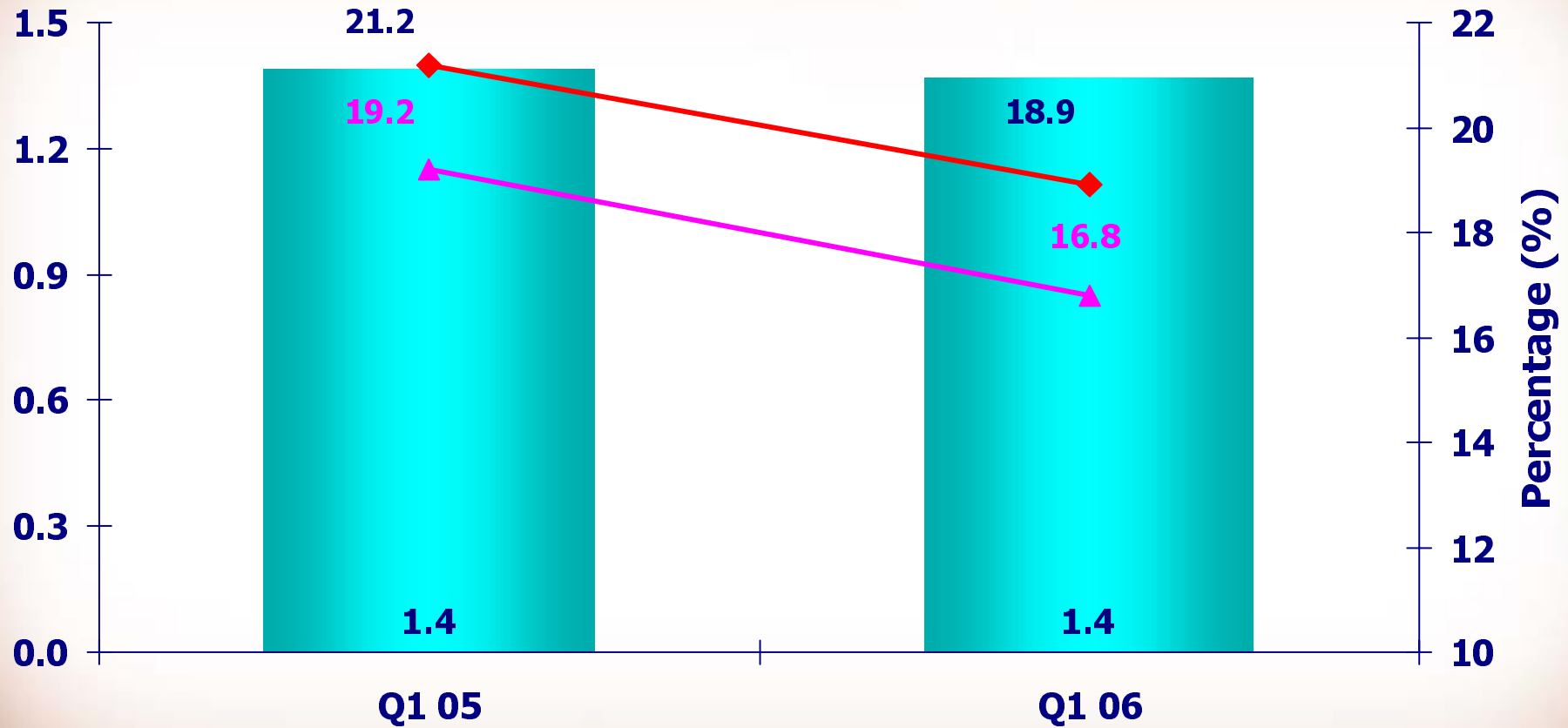


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Evolution of Operating Margins (contd.)

INR Bio.



■ EBITDA ◆ EBITDA as % of Gross Sales ▲ EBITA as % of Gross Sales



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Total Expenditure

INR Mio.

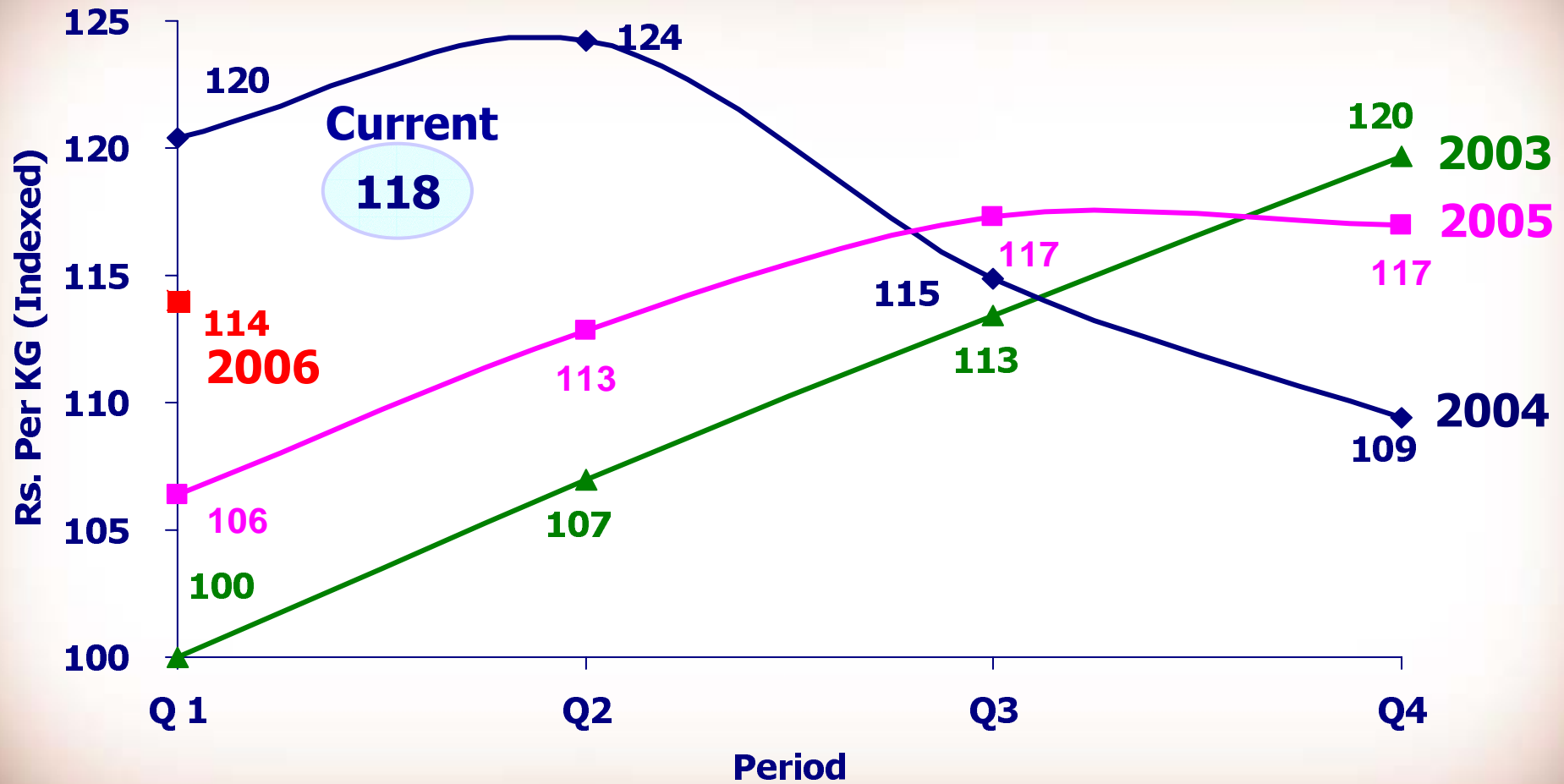
Description	Q1 06	% Net Sales	Q1 05	% Net Sales	Var. %
Tot. Expenses -of which	5,394	79.8	4,748	77.4	13.6
Materials	3,098	45.8	2,711	44.2	14.3
Staff Cost	516	7.6	444	7.2	16.2
Advt + sales Promotion	391	5.8	348	5.7	12.3
Distribution	306	4.5	285	4.6	7.7
Power & Fuel	279	4.1	246	4.0	13.8



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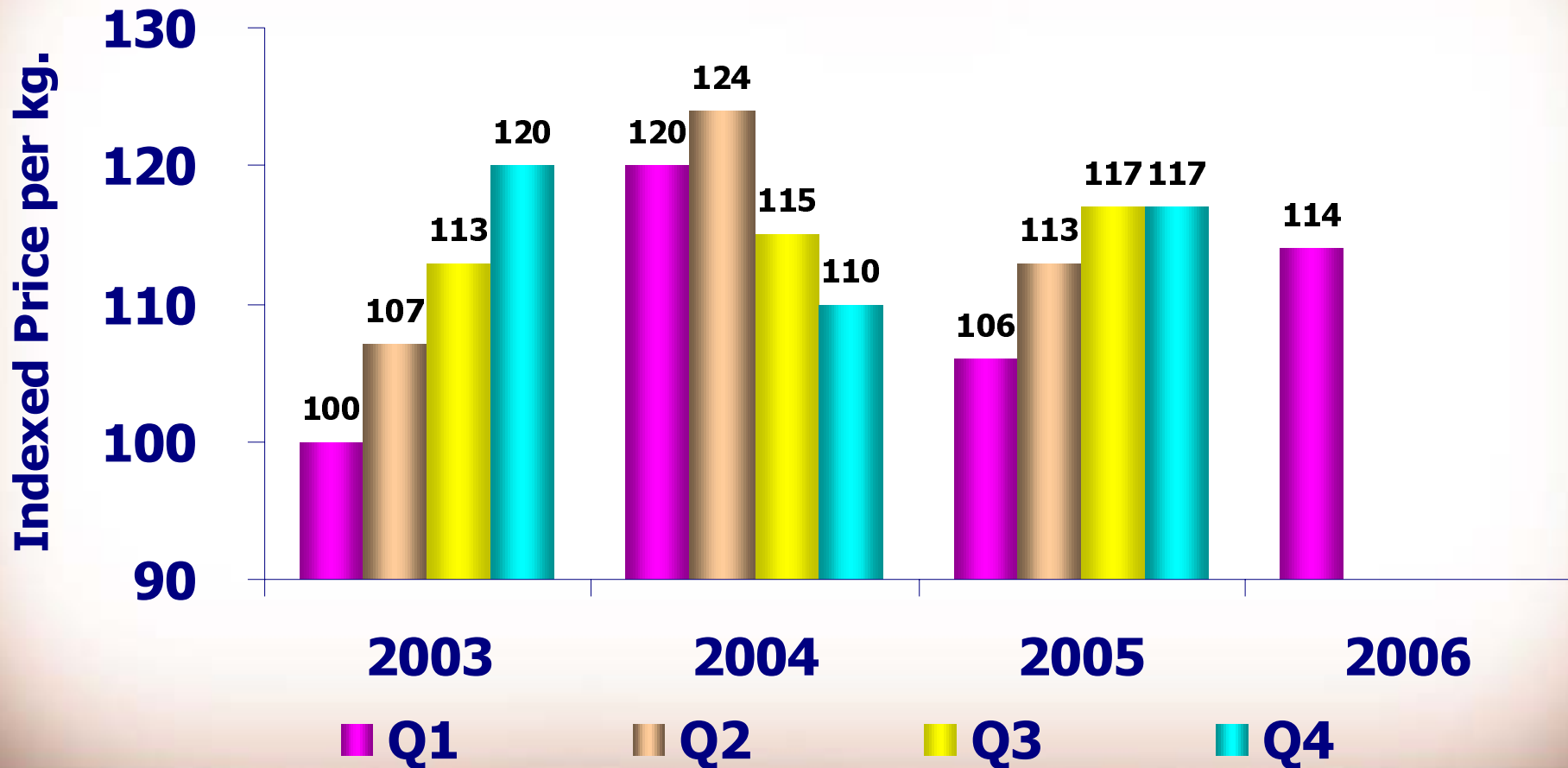
Evolution – Milk Solid Prices



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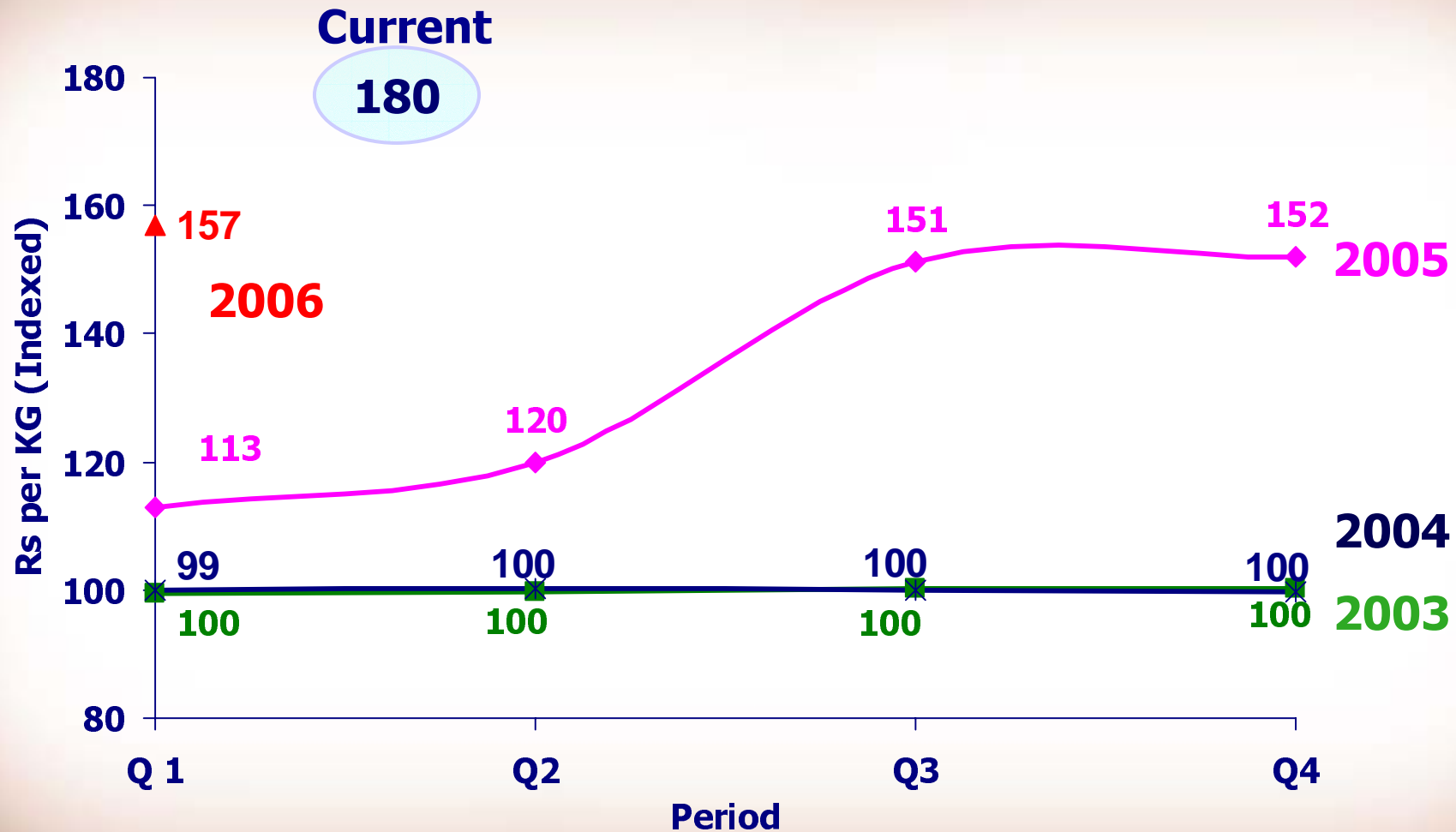
Evolution - Milk Fat Prices



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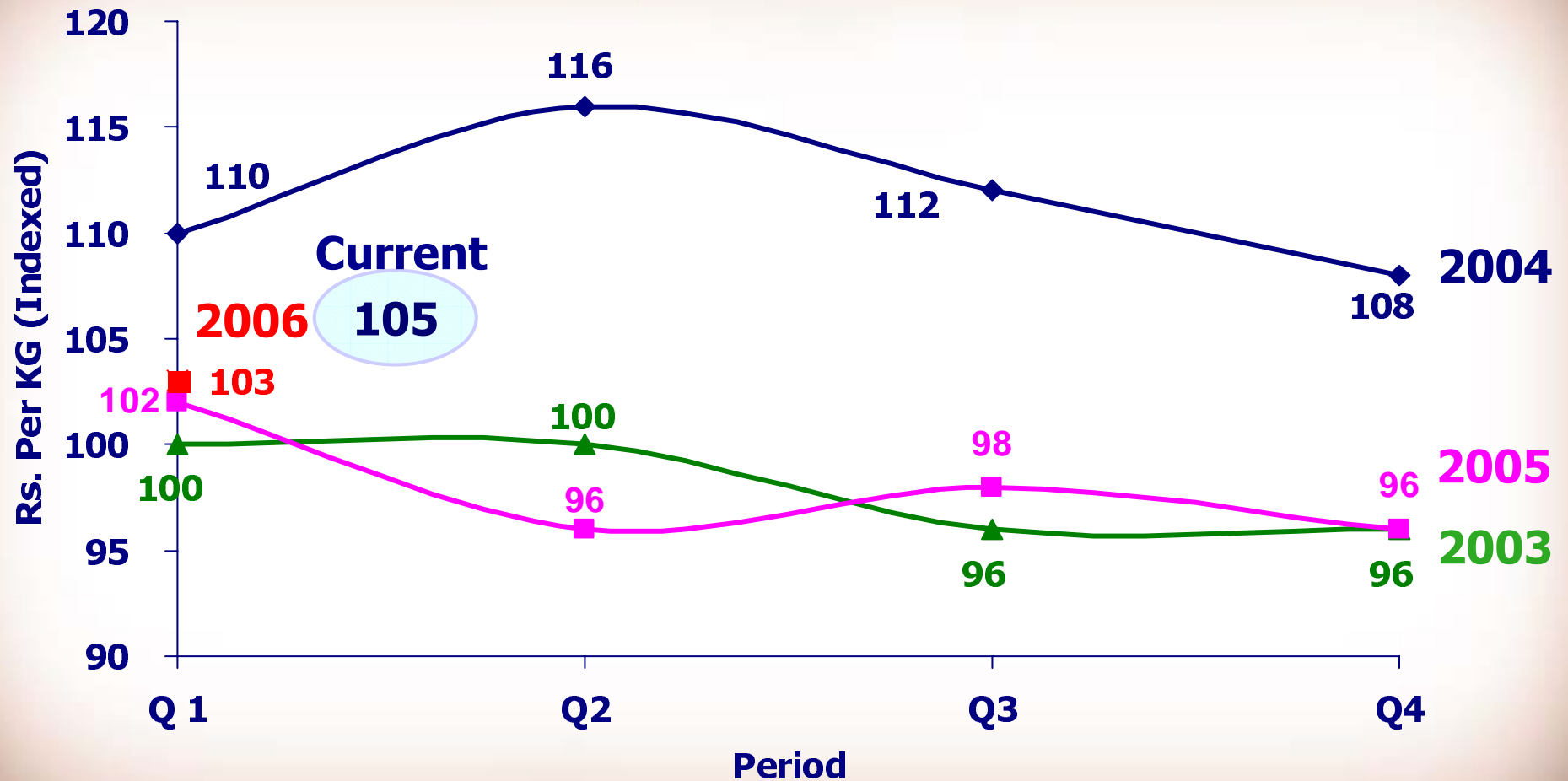
Evolution – Green Coffee Prices



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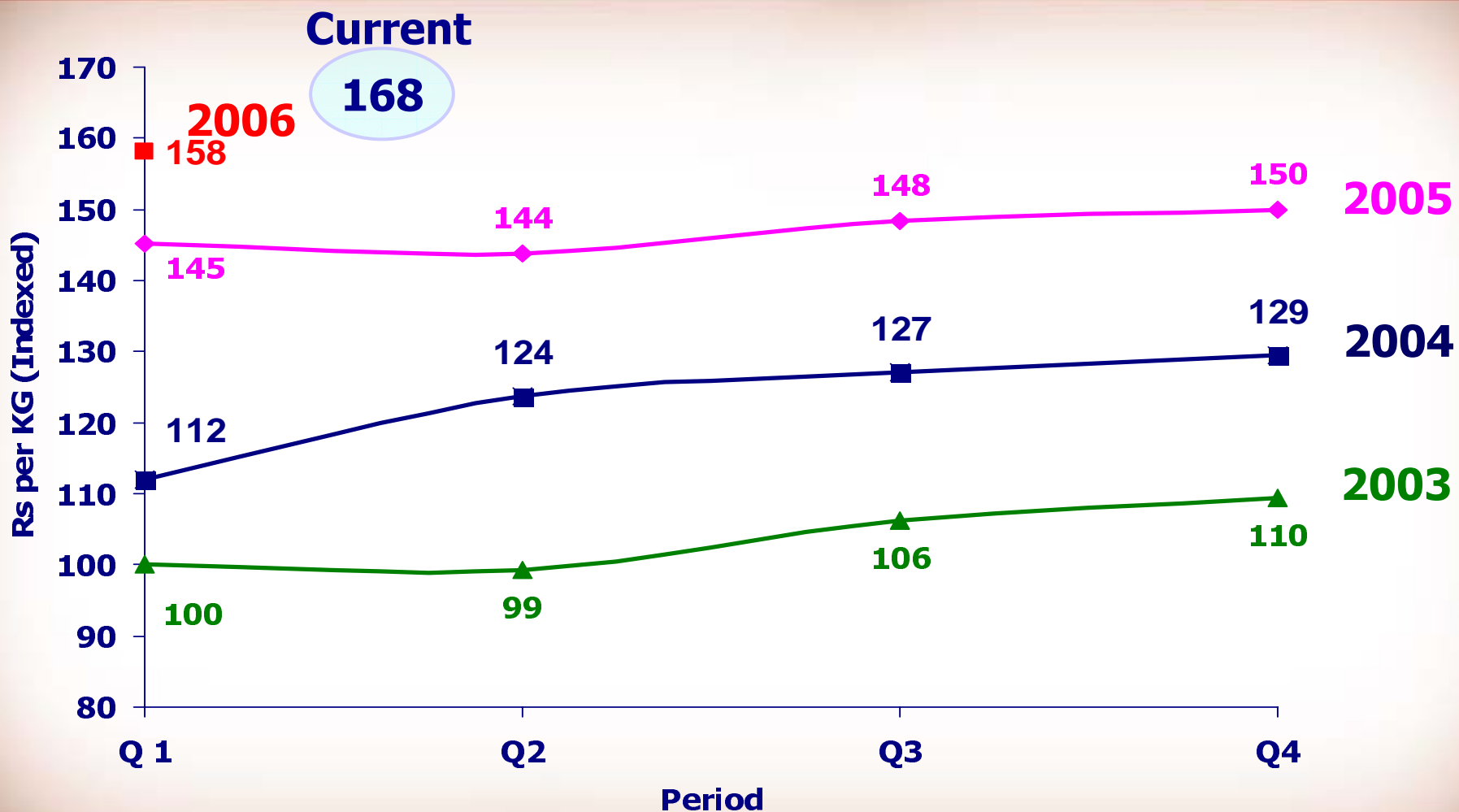
Evolution - HVF Prices



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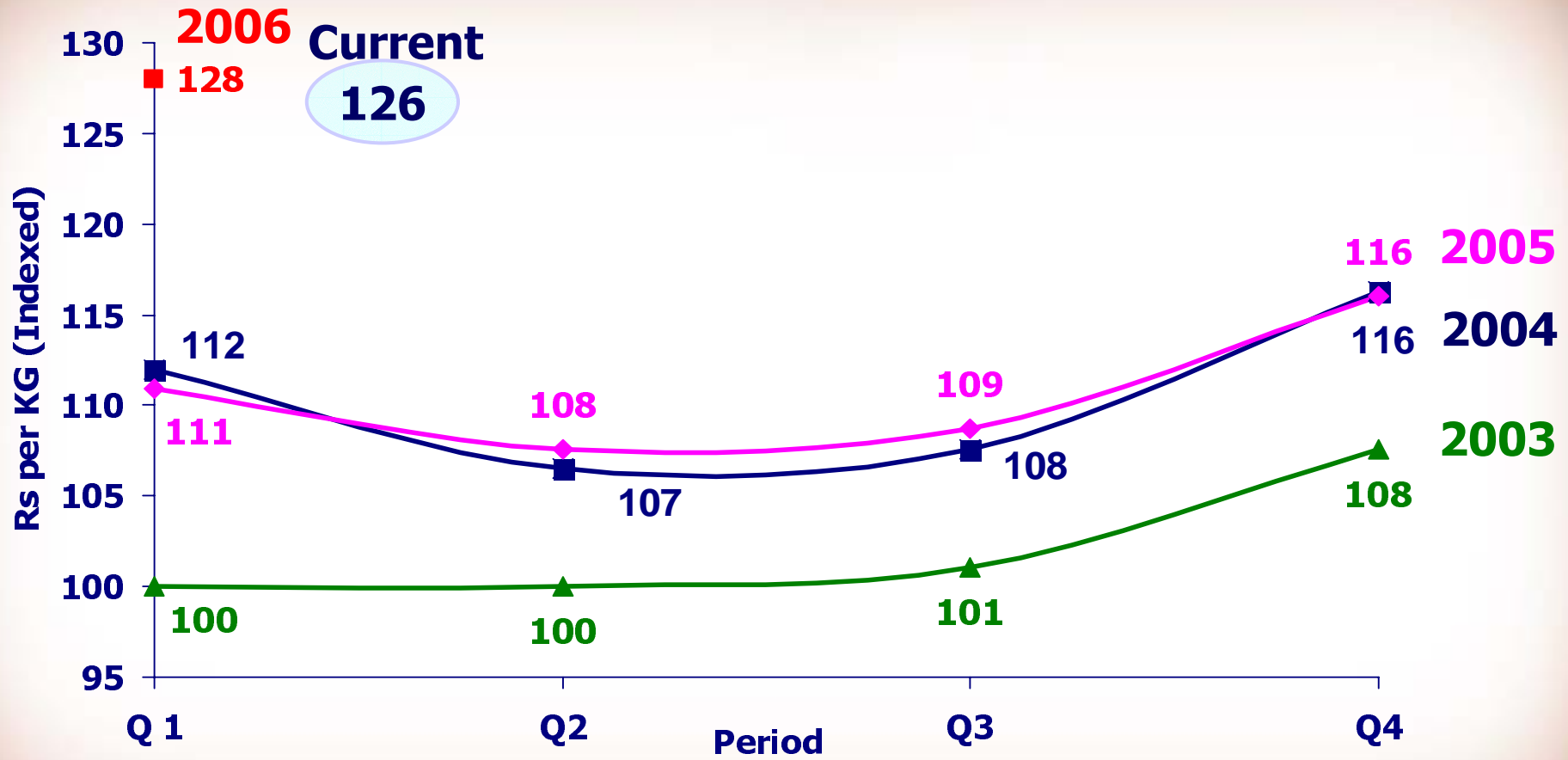
Evolution - Sugar Prices



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Evolution – Wheat Flour Prices



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NET PROFIT MARGIN



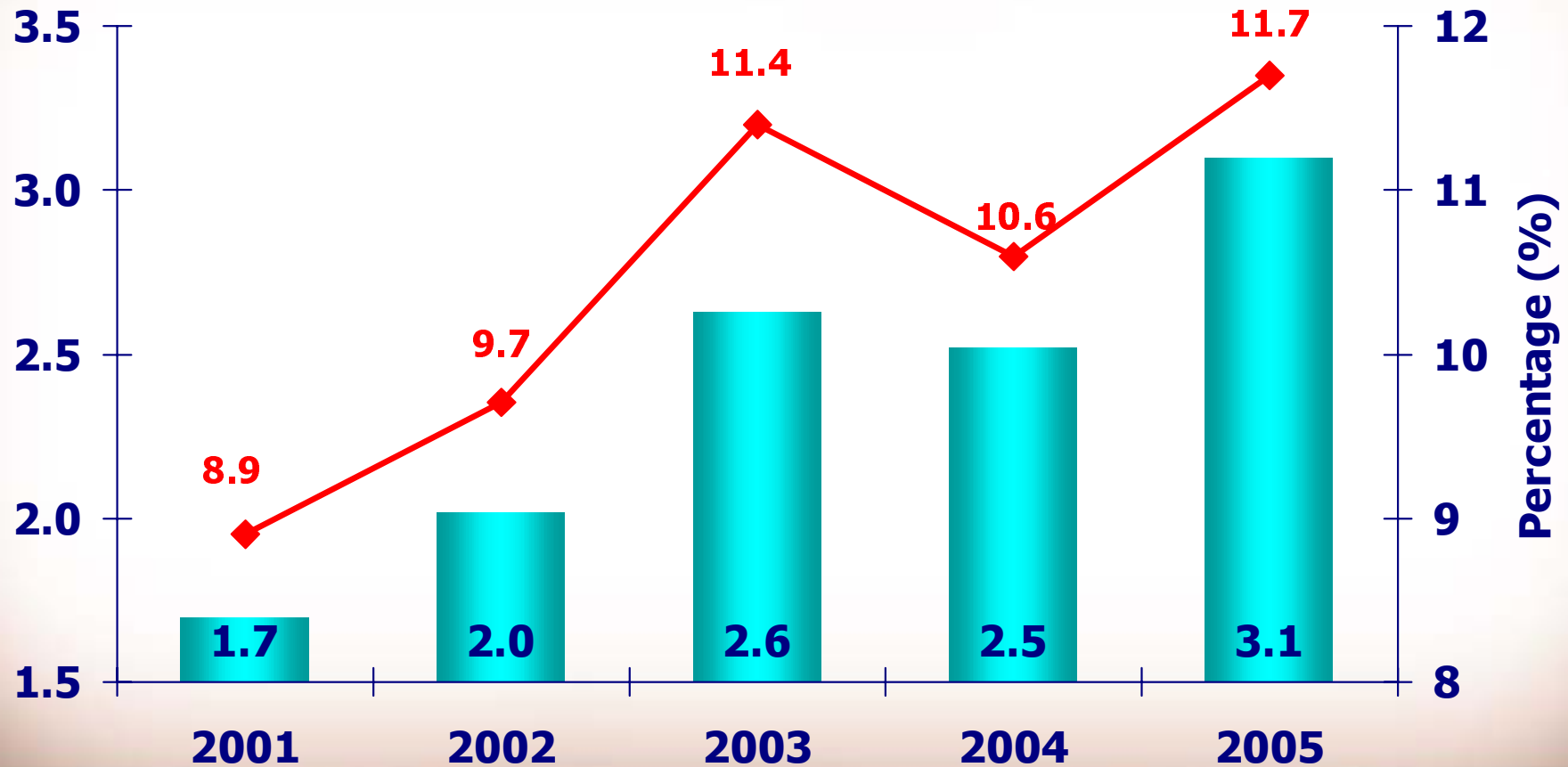
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Evolution of Net Profit Margins

INR Bio.

■ Amount ◆ % of Gross Sales



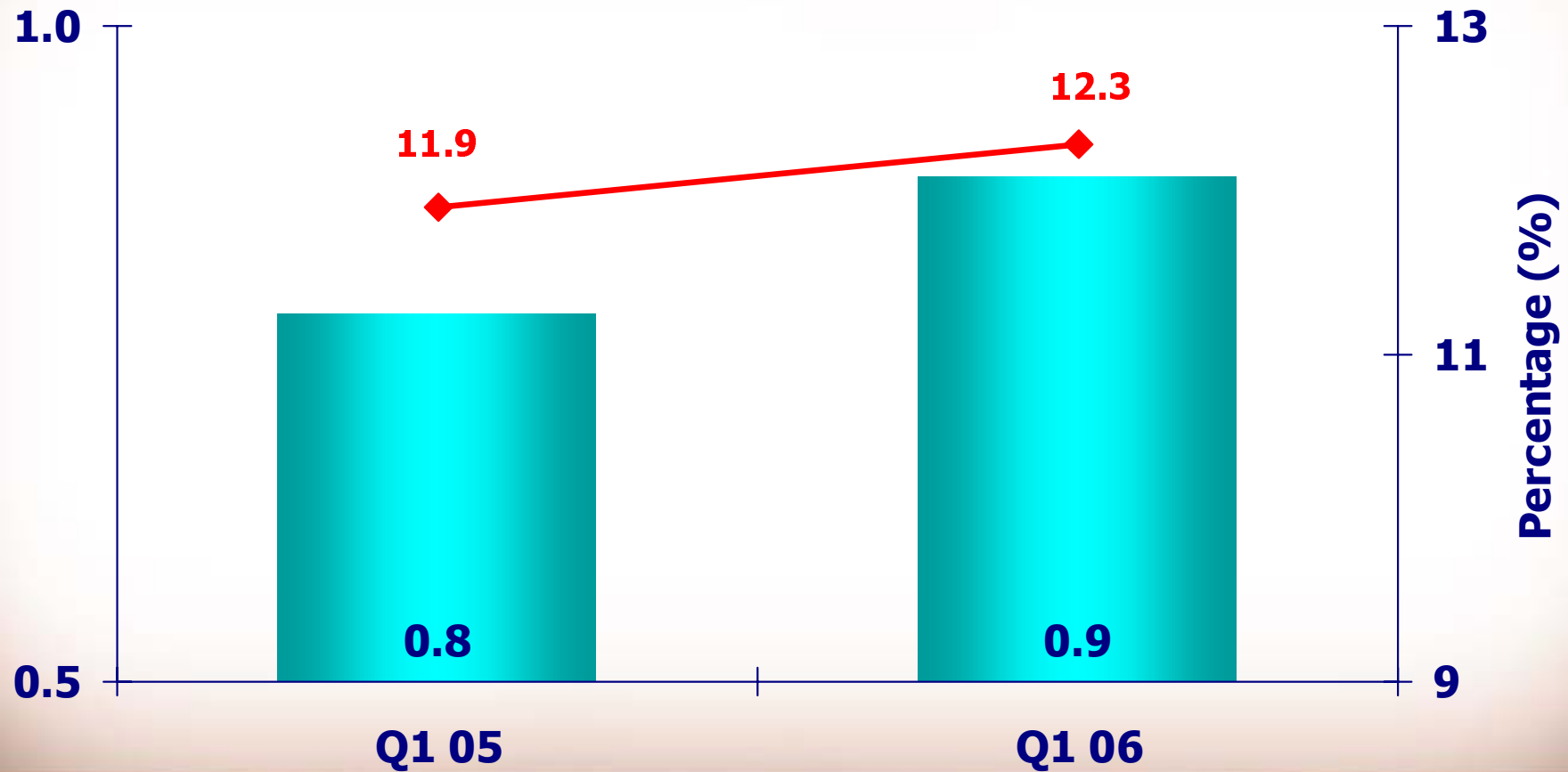
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Evolution of Net Profit Margins (contd.)

INR Bio.

■ Amount ◆ % of Gross Sales



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WORKING CAPITAL INTENSITY



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Operating Working Capital

INR Mio

	31-Mar 2006	31-Mar 2005
Trade receivables	462	500
Inventories	3,163	2,589
Less: Trade Payables #	1,806	1,820
Net capital tied up	1,819	1,268
As % of Gross Sales	6.2%	4.8%

Basis International Accounting Standards

Excludes any exceptional payable, if any

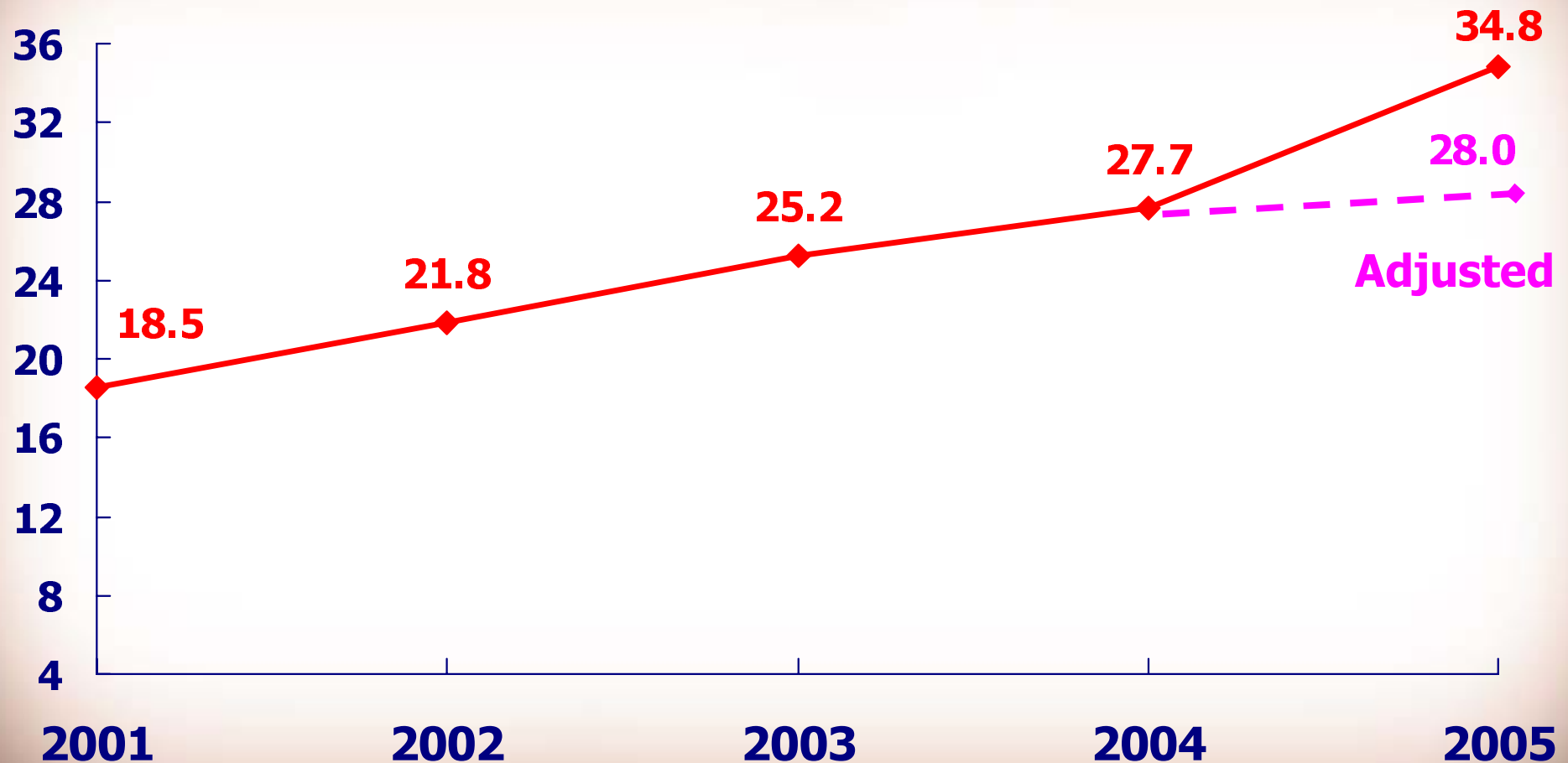


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Rotation of Operating Working Capital

Times

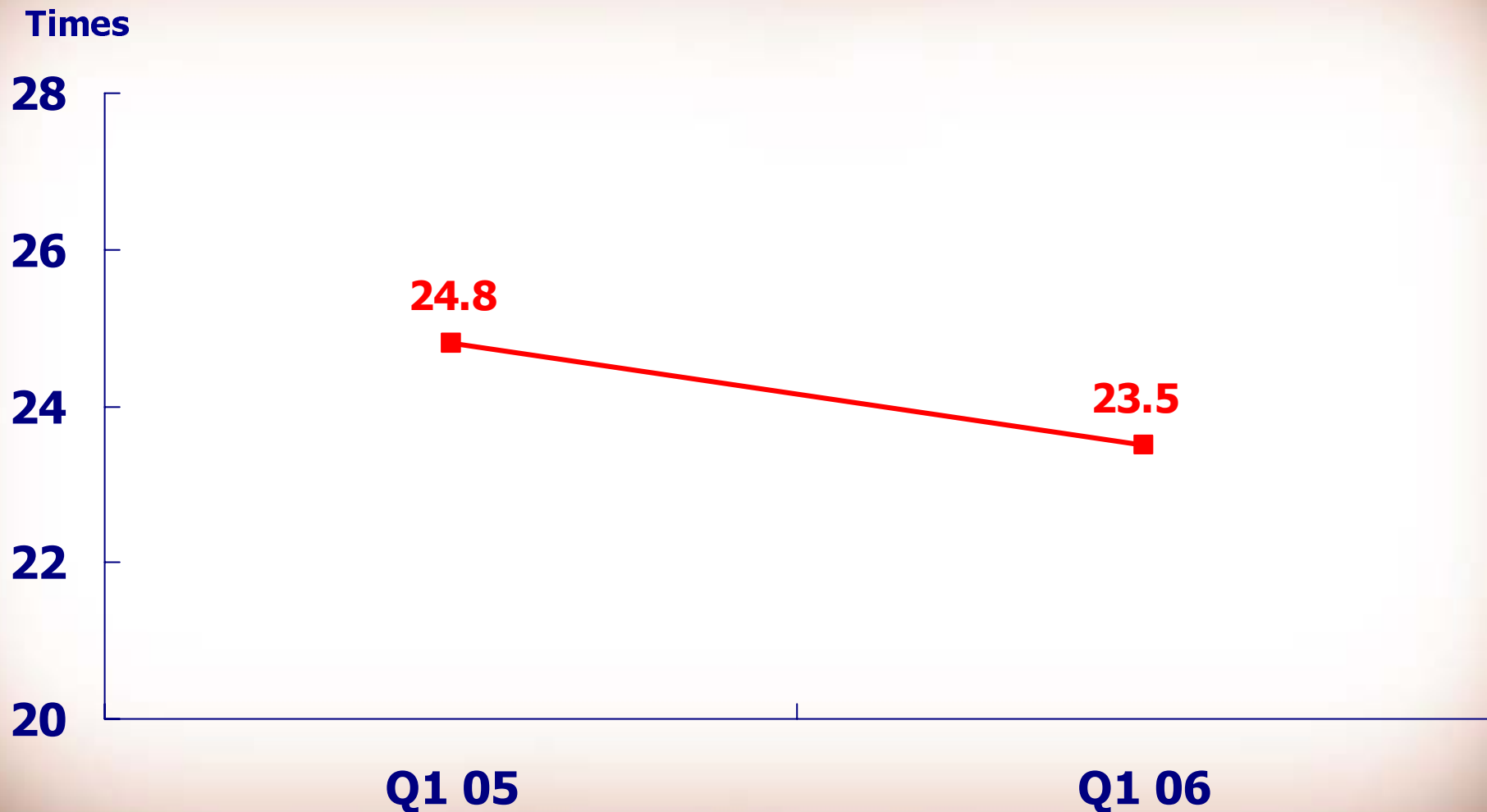


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Basis International Accounting Standards &
average of two period ends

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Rotation of Operating Working Capital



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Basis International Accounting Standards &
average of two period ends

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FIXED CAPITAL INTENSITY



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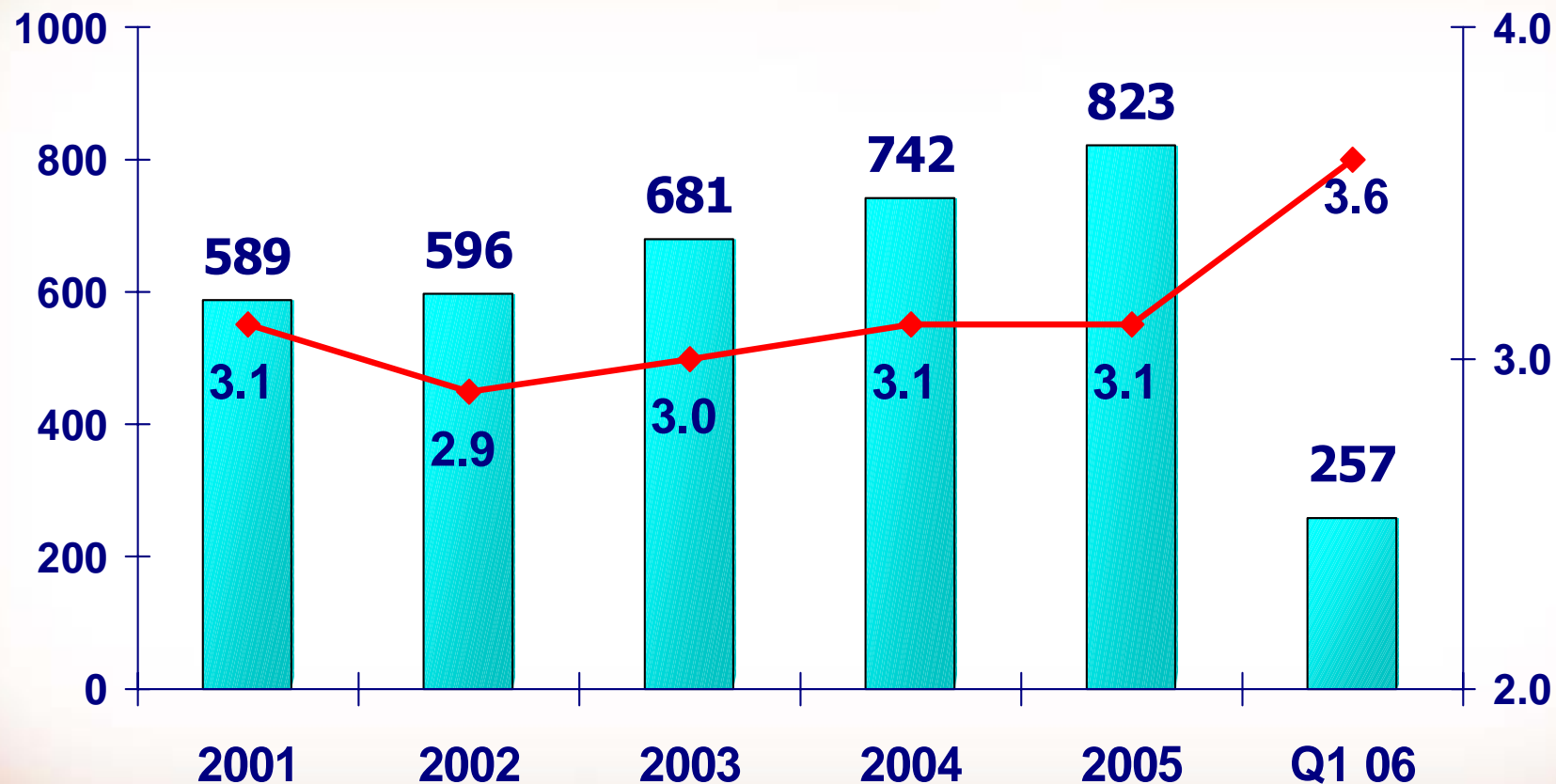
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Investment in Tangible Fixed Assets

INR mio.

% of Gross Sales



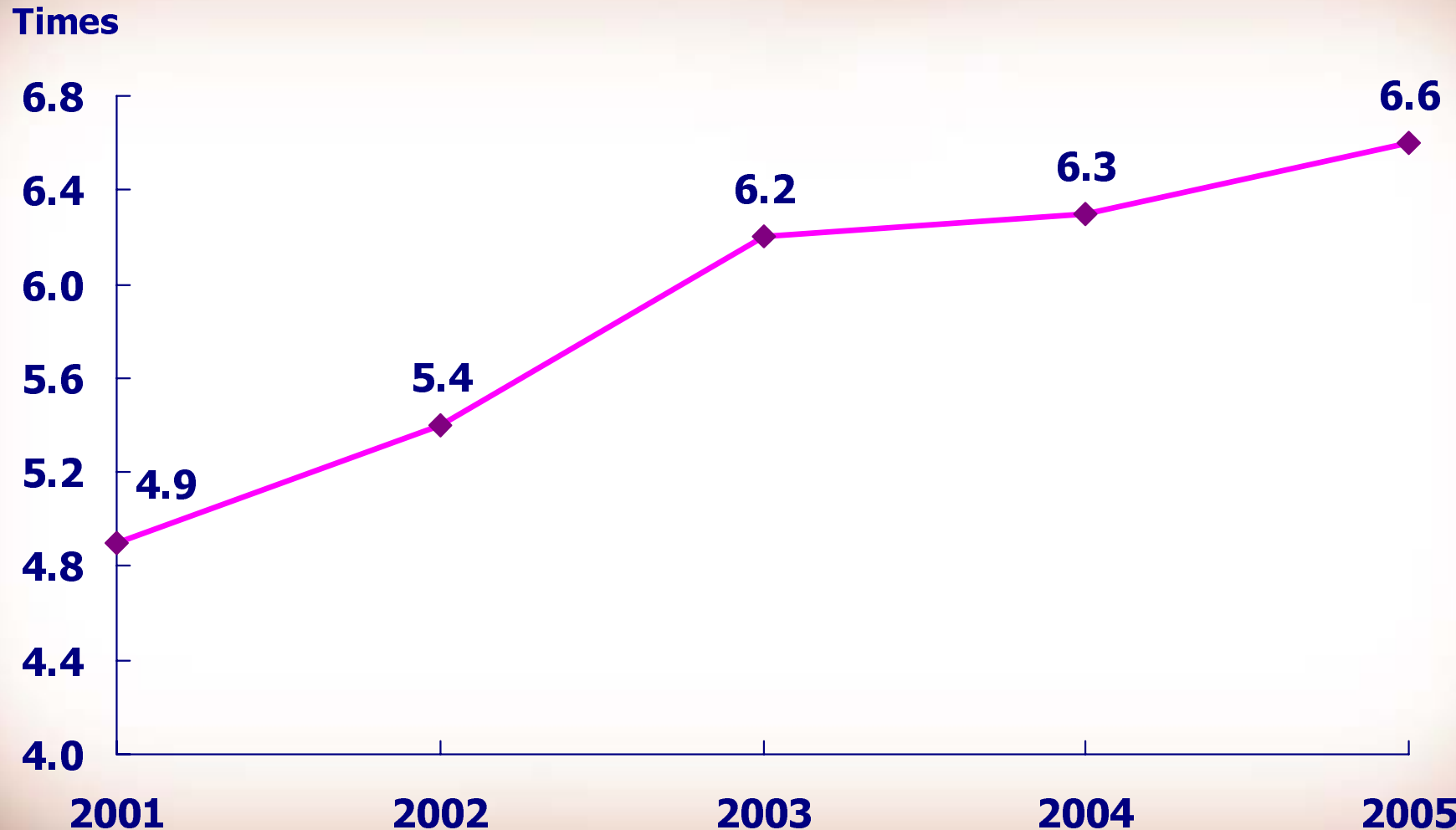
Dep.	2001	2002	2003	2004	2005	Q1 06
Dep.	435	494	463	491	498	131



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Rotation of Tangible Fixed Assets

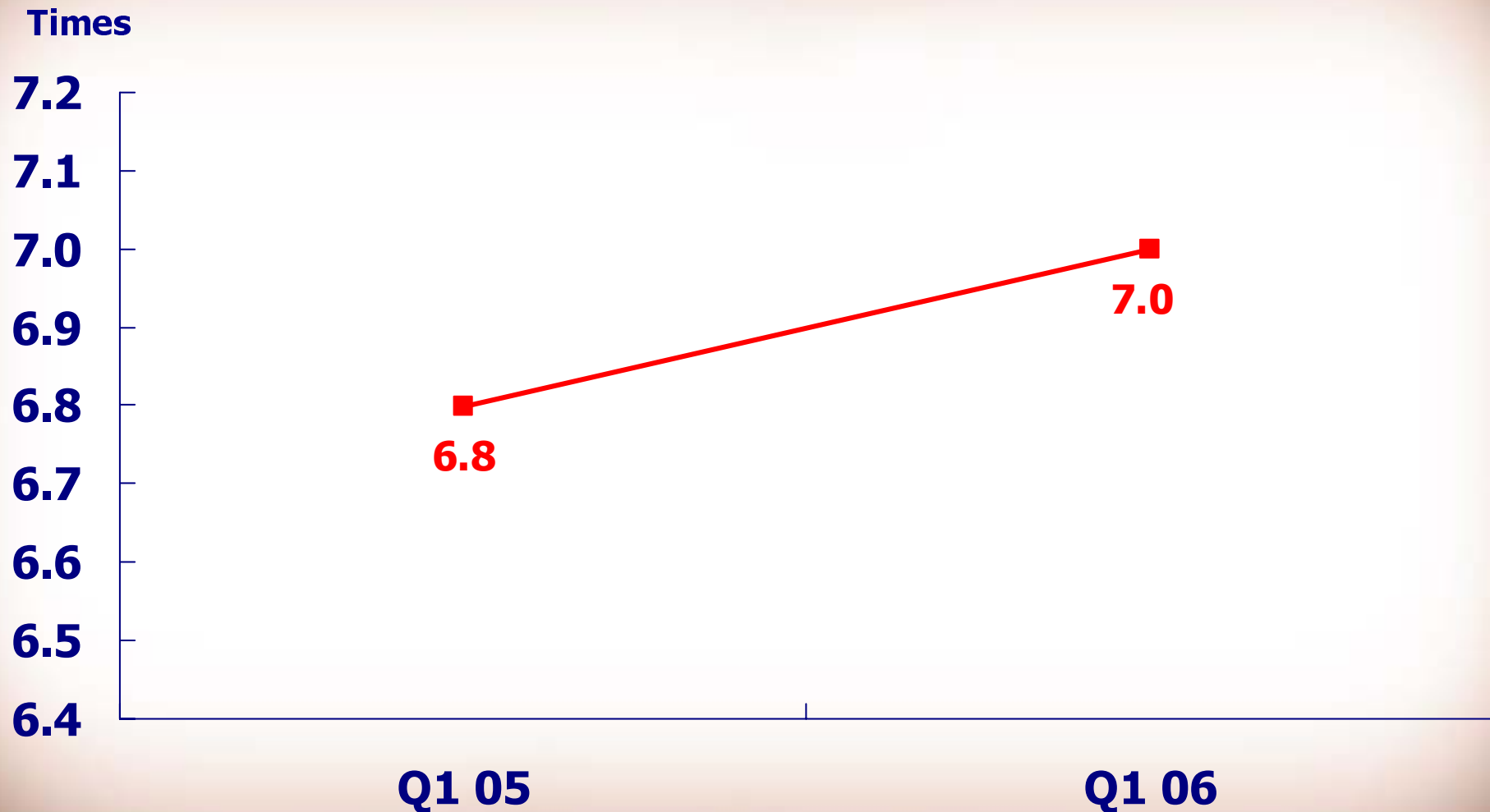


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average of two period ends

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Rotation of Tangible Fixed Assets



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Basis International Accounting Standards &
average of two period ends

UNLEASHING
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POTENTIAL

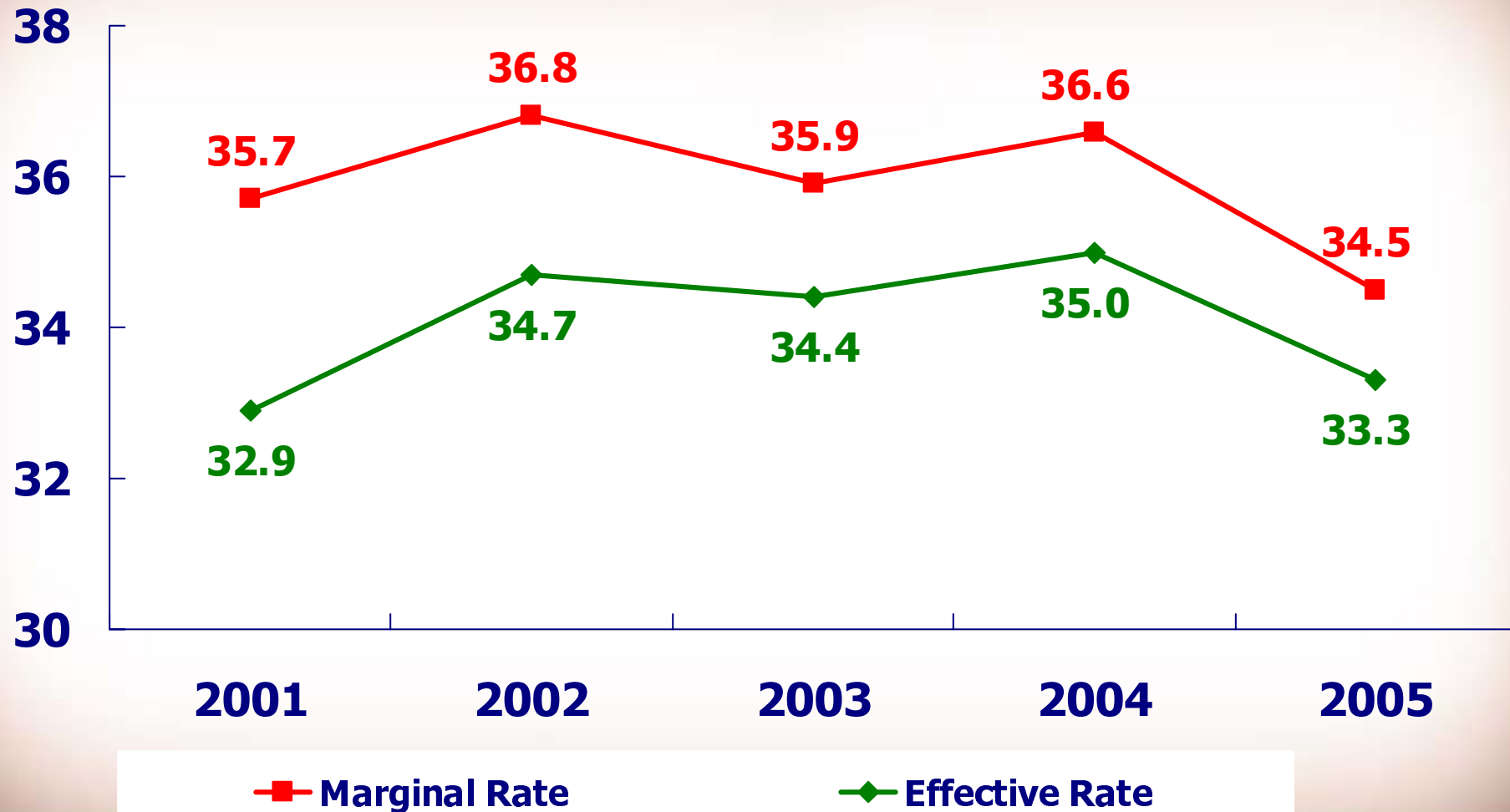
INCOME TAX RATE



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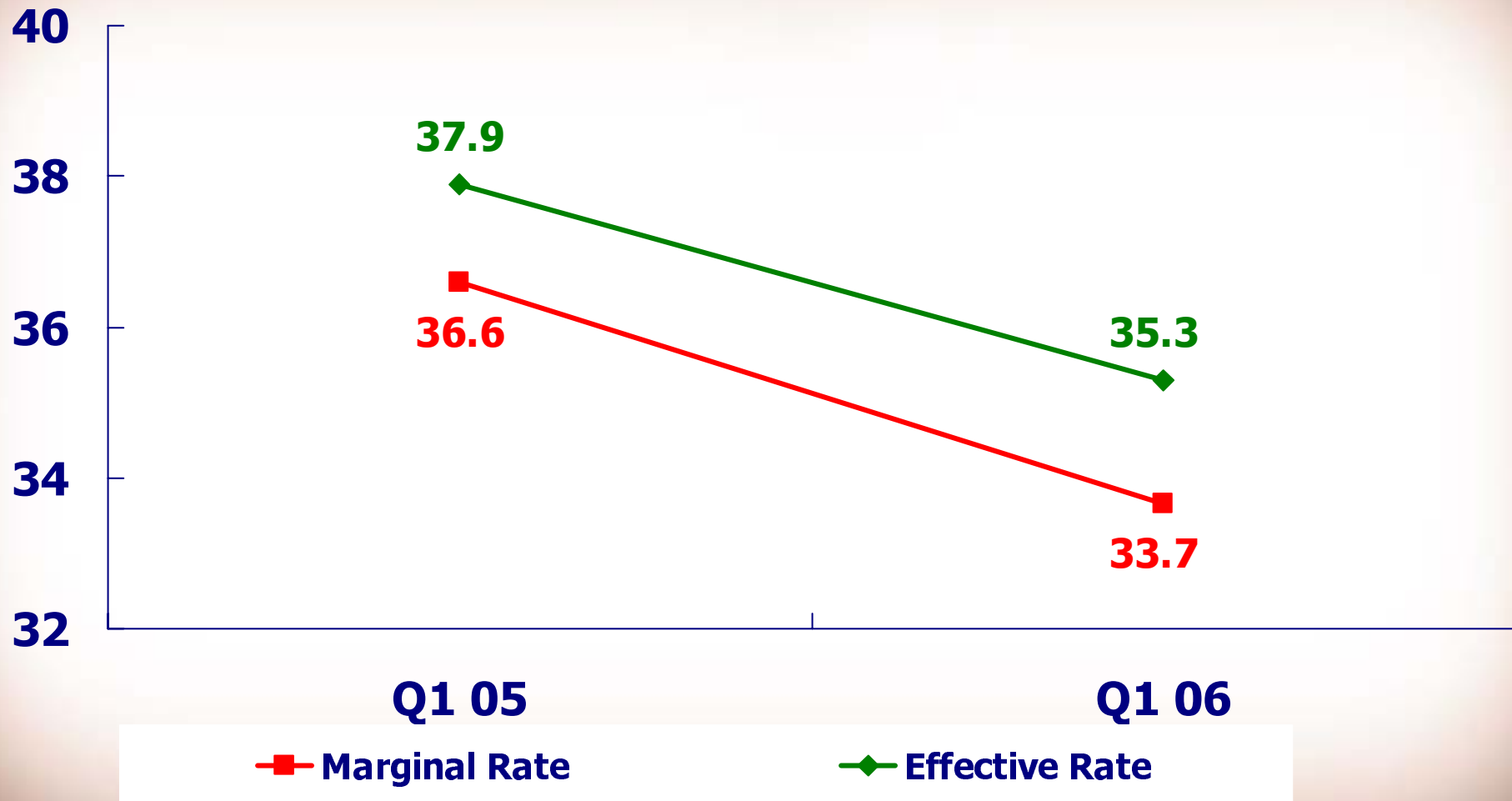
Evolution of Tax (as % of pre-tax profit)



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Evolution of Tax (as % of pre-tax profit)



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COST OF CAPITAL

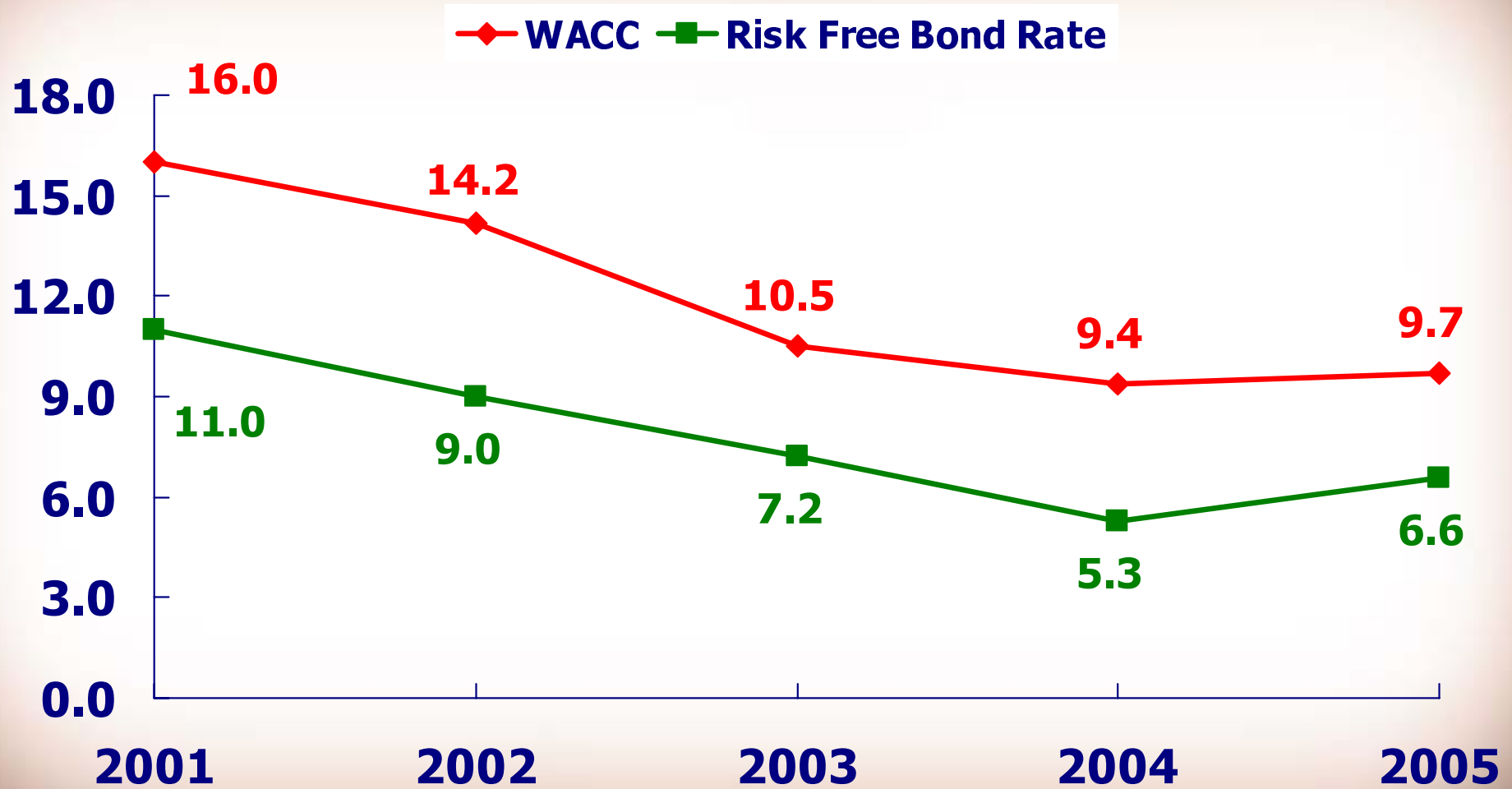


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Evolution of WACC - %

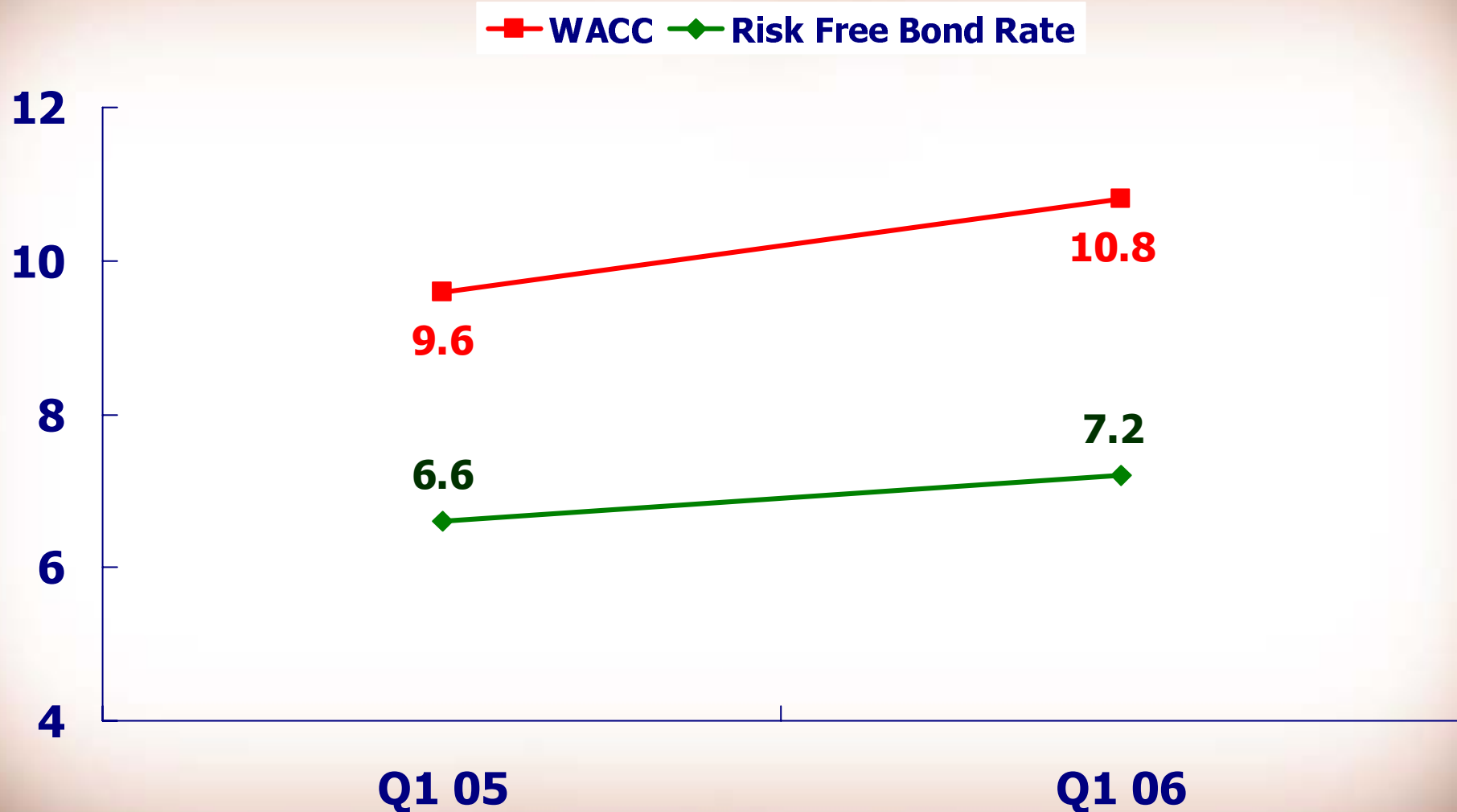


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Basis International Accounting Standards

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Evolution of WACC - %



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VALUE GROWTH DURATION



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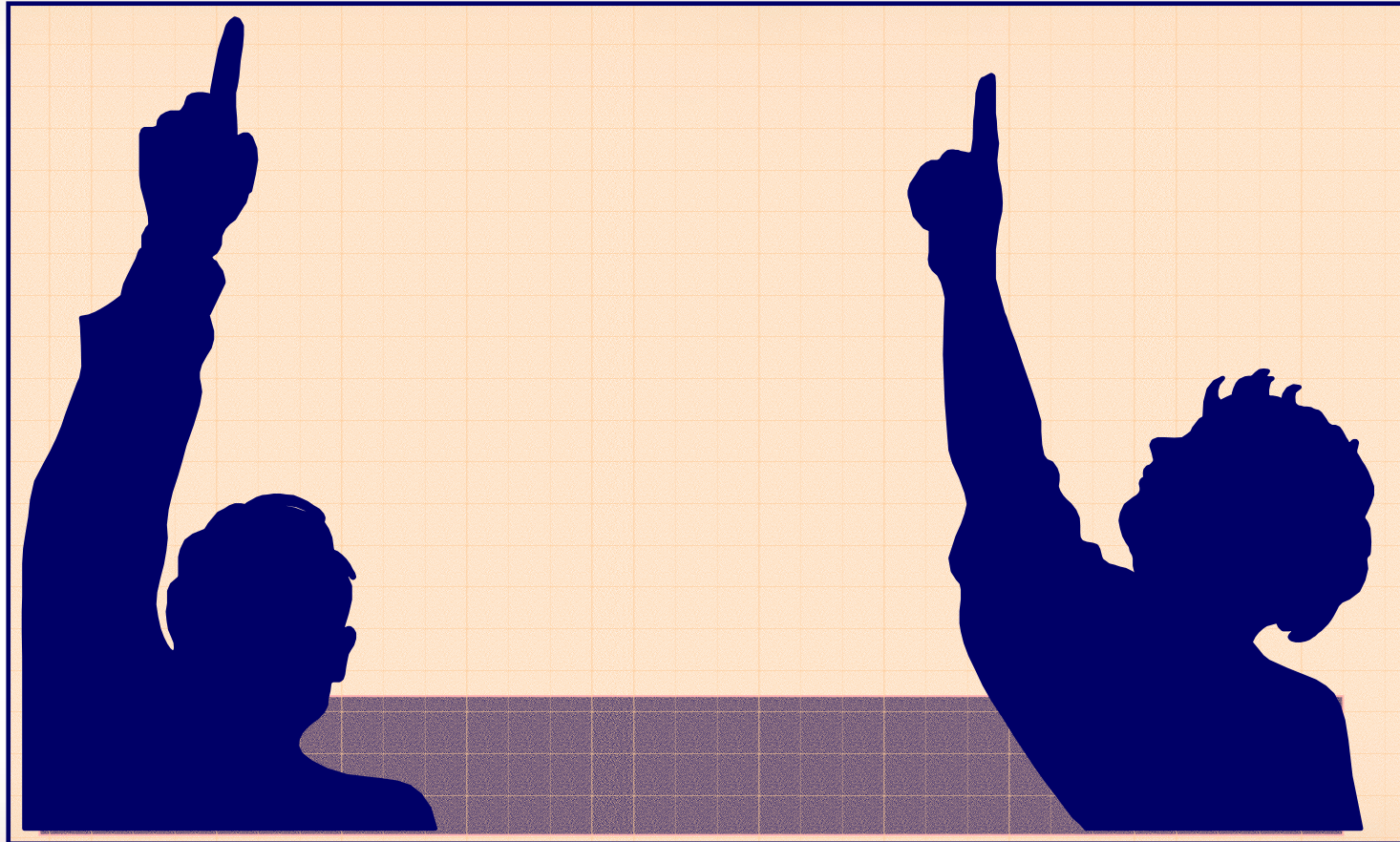
Value Growth Duration



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QUESTIONS



Thank You



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