



Nestlé Good food, Good life

Press Release – Q3 2021

Nestlé House, 19th October 2021

Nestlé India Continues To Show Resilience Landmark Ninth Factory in Sanand, Gujarat - Reaffirms Strong Commitment to India

The Board of Directors of Nestlé India met today to approve the results for the third quarter of 2021.

Mr. Suresh Narayanan, Chairman and Managing Director, Nestlé India commented, “Nestlé with a 109 year history of serving consumers in India is proud to reach a milestone with our ninth factory, or ‘Navaratna’ as we call it, in Sanand. I am extremely proud of the fact that the Sanand factory was built, equipped and made worthy entirely in the pandemic period. It’s a tribute to the dedication, ingenuity, commitment and tenacity of all my colleagues, our partners, vendors and stakeholders for whom ‘impossible’ was not a word in their dictionary.

With over 60% of the factory workforce being women, it is the largest contingent of any such work force of the Company. This will rank amongst the highest proportion in the manufacturing sector in India. Equipped with a state-of-the-art biomass boiler, Sanand factory aspires to be a zero-carbon emission unit.

In addition, the factory is digitally, the most sophisticated one, enabling efficiency, being paperless and in tune with the youth who work there. In every sense the Sanand factory is a strong statement to the power of diversity, sustainability and digital sophistication. We hope this becomes an inspiration to other industries in a resonant theme of ‘Atmanirbhar Bharat’.

This quarter has once again seen the Company deliver ‘double-digit broad-based value growth’ in domestic sales across categories. Organized trade witnessed a resurgence in the third quarter with strong revenue growth in mid-twenties after a muted second quarter which was impacted by the pandemic second wave. E-commerce channel showed strong acceleration on the back of convenience and pandemic driven consumer behaviour, fully leveraged by a team who used the power of meaningful shopper insights, data analytics, speed, flexibility, sharp communication and customisation for the channel at scale.

Nestlé India continued its path of robust and sustained double digit growth in not just the large metros, but also “small town Bharat’. This reinforces our belief in the power to unlock the potential of small towns with our relevant portfolio. We are firmly and resolutely on a journey to accelerate it further by using a healthy mix of a customized portfolio, enhanced distribution infrastructure and deployment of resources, localized communication, enhanced visibility and building consumer connect.

This sustainable growth is a testimony to the unwavering determination, commitment and resolute focus of our people and partners towards being a ‘Force for Good’.”

Financial Highlights – Q3 2021:

- Total Sales of INR 3,865 Crore.
- Total Sales Growth at 9.6%.
- Domestic Sales Growth at 10.1%. The growth is broad based and largely driven by volume & mix.
- Export Sales increased by 1.3%.
- Profit from Operations at 22.3% of Sales.
- Net Profit of INR 617 Crore.
- Earnings Per Share of INR 64.04.
- The Board of Directors have declared second interim dividend for 2021 of INR 110.00 per equity share (Face value INR 10/- per equity share) amounting to INR 10,605.7 million, which will be paid on and from 16 November 2021. This is in addition to the first interim dividend of INR 25.00 per equity share paid on 19 May 2021.

Business Comments – Q3 2021:

- **E-commerce** : The channel is expected to continue its growth journey and Nestlé India is gaining increasing traction herein. More players have increased their footprint in the E-commerce space along with infrastructure development by existing E-commerce customers. E-commerce as a channel is also developing new models like Quick Commerce (hyper-local) leading to lower delivery lead times, effectively improving shopper experience.
- **Organised Trade**: Decrease in pandemic intensity and increase in vaccination coverage contributed to broad-based growth across all food & beverages categories especially coffee & confectionery.
- **Out of Home (OOH)**: OOH channel is on a recovery path with gradual opening of hotels, restaurants, offices and malls. There are signs of a return to pre-pandemic levels of business traction in some geographies, categories and channels.
- **Exports** : MAGGI Noodles and POLO have been introduced in the markets of Middle East recently. Crunch Wafers have been introduced in ASEAN markets.

Category Performance- Q3 2021:

In overall terms, the third quarter saw strong high single digit volume & mix growth in domestic sales, which reinforces the secular trends.

- **Prepared Dishes and Cooking Aids**: Continuing momentum and improved availability helped achieve good growth despite the high base effect (build-up after Q2'20). MAGGI Noodles and MAGGI Masala-ae-Magic posted healthy growth while MAGGI Sauces had somewhat muted growth due to decreased in-home consumption, high base and increased competitive intensity.
- **Milk Products and Nutrition**: Toddler range (CEREGROW, NANGROW) and MILKMAID posted strong double digit growth.
- **Confectionery**: All power brands KITKAT, MUNCH and MILKYBAR registered high double digit growth aided by media campaigns, attractive consumer promotions and distribution drives.
- **Beverages** : Strong double digit growth in NESCAFÉ Classic led by increased penetration, visibility actions and sustained generating demand inputs.

Commodity Outlook In Short To Medium Term:

Price outlook for key categories like wheat, coffee, edible oils remains firm to bullish while costs of packaging materials continue to increase amid supply constraints, rising fuel and transportation costs. Input prices expected to be on bullish trend both globally and to some extent locally. Fresh milk prices are expected to remain firm with continued increase in demand and rise in feed costs to farmers. The recent announcement of scrapping import duties on edible oils, if continued next year, beyond March 2022, can have positive impact in muting food inflation pressures. We continue to, in an environment of raw and packaging material inflation, keenly look for opportunities for cost optimisation and efficiencies as we have successfully done in the past.

Cautionary Statement:

Statements in this Press Release, particularly those which relate to Outlook, describing the Company's projections, estimates and expectations may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied in the statement depending on the circumstances.

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