



Good food, Good life

## Press Release – Q3 2022

Nestlé House, 19<sup>th</sup> October 2022

### **Nestlé India Continues its Path of Strong Growth, Robust Performance and Continued Resilience**

#### **Enhances Consumer Outreach by Launching D2C Platform Initially in Delhi NCR**

The Board of Directors of Nestlé India today approved the results for the third quarter of 2022.

Commenting on the results, **Mr. Suresh Narayanan, Chairman and Managing Director, Nestlé India said**, “I am delighted to share that we have witnessed the highest sales growth during a quarter in the last five years. This achievement has been on continued strong volume and mix evolution with broad based double-digit growth across all categories. Growth has been very strong in the large metros and mega cities and continued to be robust across smaller town classes including rural markets. This vindicates the consumer love and trust in our brands, the unwavering commitment of my team and our partners and the resilience of the organisation to ensure not just our products but our ‘product services’ are relevant, resonant, and accessible to consumers across India.

Consumer relevance and connect is key for a Nestlé that is optimistic about its future. Taking this journey forward, to serve our valued consumers when and where it matters, I am delighted to announce the launch of our first ever ‘direct to consumer’ (D2C) platform – [www.mynestle.in](http://www.mynestle.in). Created specifically keeping the consumer needs in mind, I am confident that MyNestlé will delight the consumer in every way with curated product bundles, personalized gifting, subscriptions, discounts, and much more. Not just this, consumers can also try gourmet recipes on the site and get free nutrition counselling. Initially, MyNestlé will be launched in Delhi NCR and will expand to other parts of the country.

I mentioned “optimistic” about Nestlé’s future in India and there are reasons for this! During the visit of the Global Board of Directors of Nestlé S.A. along with senior leadership team to India they saw the strong sustained business performance, a vibrant young and inspired team, the equity of our brands and our deep community and societal footprint. We underscored our commitment towards environmental sustainability, the digital revolution in India and how we are part of this and the immense potential not just for India but also for Nestlé in India. The visit gave us the opportunity to show case R&D capabilities and endeavour to enhance the nutrition footprint using local grains like millets. The Global Board has strongly supported the direction to accelerate investment focus and the pace of business in India.

This year also marks the seventh year of ‘Project Jagriti’. Through this initiative we have touched the lives of around 8.4 million direct and indirect beneficiaries across India. This is

an important milestone in community service by creating an enabling environment in health, nutrition and hygiene practices by reaching out to vulnerable communities.”

#### **Financial Highlights – Q3 2022:**

- Total Sales of INR 4,567 Crore
- Total Sales Growth at 18.2%. Domestic Sales Growth at 18.3%.
- Profit from Operations at 20.3% of Sales
- Net Profit of INR 668 Crore
- Earnings Per Share of INR 69.3
- The Board of Directors have declared second interim dividend for 2022 of INR 120/- per equity share (Face value INR 10/- per equity share) amounting to INR 1157.0 crore, which will be paid on and from 16 November 2022. This is in addition to the first interim dividend of INR 25.00 per equity share paid on 6 May 2022.

#### **Business Comments – Q3 2022:**

- **E-commerce:** The channel showed strong acceleration with growth being largely fuelled by new, emerging formats such as ‘quick commerce’ and ‘click & mortar’ and contributed 7.2% to the quarterly sales.
- **Organized Trade:** The channel continues to witness strong growth across customers and categories in the wake of high footfalls.
- **Out of Home (OOH):** The channel grew at a robust pace driven by faster channel reopening and business led initiatives.
- **Exports:** Proliferation of Indian product portfolio in new markets and expanding new categories, especially wider offerings in MAGGI and confectionery remain key focus.

#### **Product Group Performance (Domestic) – Q3 2022:**

- **Prepared Dishes and Cooking Aids:** Growth driven by MAGGI noodles, aided by media and distribution expansion.
- **Milk Products and Nutrition:** Product group performed well, strong growth in MILKMAID as well.
- **Confectionery:** Continued strong performance in the product group aided by aggressive media campaigns, festive executions, consumer promotions and focused distribution drives.
- **Beverages:** Strong growth in NESCAFÉ CLASSIC, SUNRISE and vending mixes

#### **Comment on Pet Food Business**

The Company had entered into a business transfer agreement dated 18<sup>th</sup> August 2022 for the acquisition of the Pet Food Business as a going concern on a slump sale basis from Purina Petcare India Private Limited. Nestlé S.A., the ultimate holding company, has 100% ownership of Purina Petcare India Private Limited and 62.76% ownership of Nestlé India Limited. Therefore, Purina Petcare India Private Limited and Nestlé India Limited being subsidiaries of Nestlé S.A., Switzerland are related parties. The Board of Directors of the Company, with only independent directors voting, had on the recommendation of the Audit Committee, approved the acquisition of Pet Food Business from Purina Petcare India Private Limited. In terms of the business transfer agreement, the business has been acquired by the Company after the end of the quarter i.e. with effect from 1<sup>st</sup> October 2022. Based on the valuation report of the registered valuer (PwC) an amount of INR 142.13 crore (after adjusting for change in net asset position between 31<sup>st</sup> March 2022 and 30<sup>th</sup> September

2022) was paid to Purina Petcare India Private Limited after the reporting date as a consideration for the acquisition of the Pet Food Business.

**Commodity Outlook in Short to Medium Term:**

We are witnessing early signs of stability in prices of a few commodities such as edible oils and packaging materials. However, fresh milk, fuels, grains and green coffee costs are expected to remain firm with continued increase in demand and volatility.

**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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