



Nestlé Good food, Good life

Press Release

Nestlé House, 07th February 2024

Strong momentum in a challenging environment

The Board of Directors of Nestlé India today approved the results for the fourth quarter of 2023. The Financial Year of the Company stands changed from 1st January - 31st December cycle to 1st April - 31st March cycle. Accordingly, the current Financial Year of the Company stands extended up to 31st March 2024 covering a period of 15 months commencing from 1st January 2023 to 31st March 2024 comprising five quarters ("Financial Year 2023-24"). In view of the above, the Company considered the period from 1st October 2023 to 31st December 2023 as a standalone fourth quarter of the Financial Year 2023-24.

Commenting on the results, **Mr. Suresh Narayanan, Chairman and Managing Director, Nestlé India said**, "I am pleased to share that despite external challenges, we have once again delivered a strong performance this quarter. Domestic sales grew by 8.9% on the back of pricing and mix growth, with strong growth momentum in e-commerce and out-of-home channels. The quarter was marked by an increase in brand investments across all product groups. I am also pleased to note that during the year 2023, our total sales grew by over 13.3% and we crossed INR 19,000 crore mark.

All key brands and product groups have contributed to Nestlé India's consistent growth trajectory. This quarter, strong demand for NESCAFÉ CLASSIC and NESCAFÉ SUNRISE propelled the Beverages product group to be our largest contributor to growth. Our beverages business witnessed a double-digit growth and NESCAFÉ gained significant market share. Milk and Nutrition product group posted double-digit growth. Prepared Dishes and Cooking Aids also maintained credible growth this quarter. Confectionery, one of our strong growth drivers also delivered good growth. The growth across all product groups demonstrates the trust consumers placed in us and the unwavering commitment and dedication of our teams.

I am happy to share that our Out-of-Home business continued to accelerate rapidly this quarter by focussing on relevant innovations, potential geographies, and robust penetration in emerging channels with opening of new kiosks in key locations. This clarity of strategies and discipline of execution made our Out-of-Home business to be the fastest-growing business of our company in India.

E-commerce delivered strong growth contributing to 7% of domestic sales in this quarter. Organized trade also witnessed strong growth backed by festive walk-ins and new product launches. The teams excelled in rolling our shopper resonant activities across our large portfolio in both legacy platforms and the fast growing 'quick commerce.

We are very pleased with an uptick in sales in our RUrban markets which has sustained despite the challenging environment. Our RUrban strategies of creating portfolio, infrastructure analytic platforms, activation has supported deeper penetration and distribution expansion that we have witnessed. We expanded our direct coverage and added 5,300 villages this quarter, reaching a total of over 196,000 villages, close to 200,000 villages, which was our ambition. Our customer

ordering app in RUrban markets, NesMitra has resulted in boosting engagement and gaining significant business traction. NesMitra app has over 7,500 active users which is increasing steadily, and it has been recognised in the Nestlé world for driving efficiency and speed. Service excellence and partnership with our retail and distributor partners is our consistent cornerstone of achieving strong results.

Innovation and renovation are key components of our business strategy. We strive to offer our consumers high-quality products that cater to their evolving tastes and preferences. Over the past seven years, we have launched 130 new products by recalibrating our innovation process, which has helped increase our sales and drive growth. Some of our recent launches include MAGGI Korean noodles, MAGGI Oats Noodles with Millet Magic and GERBER Puffs. As we seek new frontiers of culinary experience, I am delighted to announce that we have piloted, through a limited period menu, MAGGI Professional's new plant-based range consisting of burger patty and mince with a committed and competent partner. Offering tastier and better forms of nutrition in a relevant platform is a constant endeavour of Nestlé to delight consumers.

I am also happy to inform you that, we have received the land allotment letter from the government for our 10th factory in Odisha. We have made strong strides toward environmental sustainability by increasing our investments, and regularly assessing the progress of our environmental goals, across four commitment areas such as climate, packaging, sourcing and water. As we walk the path of progress, I would like to express my heartfelt gratitude to our employees, partners, suppliers, distributors and other stakeholders for their resolve, tenacity and extraordinary commitment, even in challenging times.”

Financial Highlights – Q4 2023:

- Total Sales of INR 4583.6 crore
- Total Sales Growth at 8.3%. Domestic Sales Growth at 8.9%.
- Profit from Operations at 21.9% of Sales
- Net Profit of INR 655.6 crore
- Earnings Per Share of INR 6.80

Business Comments – Q4 2023:

- **E-commerce:** Continued growth momentum with targeted demand generation initiatives across key platforms based on portfolio relevance and shopper needs.
- **Organized Trade:** Delivered robust growth, spurred by festive walk-ins. The channel continued to play a pivotal role in premiumization and new product launches.
- **Out of Home (OOH):** Reported strong growth, fuelled by portfolio transformation and premiumisation, channel prioritization, digital lead generation and new customer acquisition.
- **Exports:** Expanded product offerings across key international markets to delight Indian diaspora exploring multiple markets.

Product Groups Performance – Q4 2023 (Domestic):

- **Prepared Dishes and Cooking Aids:** Growth momentum continued across the portfolio, driven by communications, media investment, shopper engagement and innovations aimed at developing the market across town classes especially RURBAN markets.
- **Milk Products and Nutrition:** Expanded NESTLÉ A+ Masala Millet to Mumbai and MILO for Teenager to key south markets. MILKMAID and PEPTAMEN continued to receive positive consumer response.
- **Confectionery:** Confectionery led by KITKAT and MUNCH delivered good growth aided by consumer led campaigns and new product launches such as MILKYBAR caramel, MUNCH

fruity, POLO watermelon. KITKAT forayed into the premium segment with the launch of three variants, rich chocolate coated wafer, dark chocolate wafer, and caramel chocolate coated wafer.

- **Beverages:** Strong growth delivered across NESCAFÉ portfolio. NESCAFÉ CLASSIC and NESCAFÉ Sunrise registered double-digit growth. NESCAFÉ continued to cement its leadership position with market share gains and increased household penetration.
- **Petcare Business:** Felix wet cat food continued to receive positive feedback from trade and cat parents with e-commerce playing a pivotal role.

Commodity Outlook:

Coffee prices continue to be volatile and are historically high due to limited availability. Healthy milk flush in winter is expected to keep prices stable. Commodities such as wheat and rice are stable as of now. Rain deficit is expected to impact the production of maize, sugar, oil seeds and spices that may impact pricing.

Dividend:

The Board of Directors have declared third interim dividend for the Financial Year 2023-24 of INR 7/- per equity share (face value of Re. 1/- each) amounting to INR 674.91 crore, which will be paid on and from 5th March 2024. This is in addition to the first interim dividend of INR 27/- per equity share (face value of Rs. 10/- each) and second interim dividend of INR 140/- per equity share (face value of Rs. 10/- each) paid on 8th May 2023 and 16th November 2023, respectively.

Sub-division/ split of face value of equity shares:

On and from the Record Date of 5th January 2024, the equity shares of the Company were sub-divided, such that 1 (one) equity share having face value of Rs. 10/- (Rupees ten only) each, fully paid-up, stands sub-divided into 10 (ten) equity shares having face value of Re. 1/- (Rupee one only) each, fully paid-up, ranking *pari-passu* in all respects.

Slump sale of Nestlé Business Services ('NBS') Division

Nestlé SA seeks to leverage business services and specialised capabilities for relevant global markets from the NBS Division of the Company. The Board of Directors of the Company have approved slump sale of the NBS Division of the Company to Purina PetCare India Private Limited, a 100% subsidiary of Nestlé S.A., for an aggregate consideration of INR 79.8 crore. The transaction will be effective from 1st July 2024, subject to customary closing conditions. The Company will continue to receive the services of NBS Division at an arm's length basis and expects to improve its operational efficiencies, cost optimisation, automation and other benefits from the proposed enhanced business services operations.

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.

For more information

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