Nestlé India Limited
25th Financial Analysts’ Meet

Gurgaon 20th November 2015
Disclaimers

1. 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.

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

3. Figures are regrouped / reclassified to make them comparable to current period.

4. Calculations are based on non-rounded figures.

5. ‘Analytical data’ are best estimates to facilitate understanding of business and NOT meant to reconcile reported figures.

6. Answers may be given to non-price sensitive questions.
Agenda

• Setting the Context & Strategic Overview
  Suresh Narayanan

• MAGGI Noodles Issue
  Sanjay Khajuria

• Key Financials
  Shobinder Duggal

• Questions & Answers
Getting Stronger after the Storm!

Financial Analysts’ Meet

Nestlé House

20.11.2015
### Setting the Stage

| URBANISATION | • Driving consumption across pyramid  
|             | • Metro towns (>10L) growth >50%  
|             | • Mega metros (>40L) becoming heterogeneous  
|             | • Villages transforming - Rural spends up  
| LITERACY | • Literacy co-relates with income  
|         | • Literacy and consumption +vely related  
|         | • Improved literacy  →  Improved standard of living  
| RISING WOMEN | • Financially enabled women consume differently  
|           | • Working women increasing  
|           | • Changing attitudes of women increasing consumption  
| TECHNOLOGY SURGE | • Surge in internet and mobile penetration  
|           | • Brands/products under scrutiny  
|           | • Growing E-commerce makes markets and consumers more accessible  
| HEALTH | • Double burden on the prowl  
|        | • Deficiency diseases  
|        | • Lifestyle diseases  
|        | • Proactive health  
| NOMADIC CONSUMER | • Shorter shelf life for products, brands, relationships  
|          | • No. of brands increasing  
|          | • Greater social acceptance for switching  
| TRADING UP & DOWN | • Consumers trade down on inflation halo  
|              | • Indians have tendency to trade up  

*Source: Nestlé*
Size of the Prize

<table>
<thead>
<tr>
<th>Category</th>
<th>2010</th>
<th>2015</th>
<th>2020</th>
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<tr>
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<tr>
<td>Seeking &amp; Striving</td>
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<td>240</td>
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<td>Aspiring</td>
<td>164</td>
<td>21</td>
<td>62</td>
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<tr>
<td>Deprived</td>
<td>21</td>
<td>45</td>
<td>672</td>
</tr>
</tbody>
</table>

(Pop in mn) 1186 1267 1372

Source: McKinsey; CI Team analysis
# Consumer Attitudes Change

## MULTIPLE DEMAND MOMENTS
- Increased need for variety
- Nutrition/indulgence boundaries blurring
- ‘Not guilty’ food options
- Instant ‘feel good’ foods

## FREE TO BE ME
- Increasing technology connects each family member to market place
- Increasing technology facilitating choice
- Segmentation on the rise

## VALOURISING VALUE
- Inflation halo- not feeling poor, but stretched
- Searching for low cost, but higher value
- Distribution of premium products/opportunity for PPP

## CITIES WITHIN A CITY
- Straddling many worlds in parallel
- Sub-cities with purchase/consumption patterns
- Home delivery

## SHOPPING 24X7
- Accessibility
- Online shopping
- Home delivery
Getting Stronger....

10 Must Win Battles
Bring Back ‘Double Digit’ Growth
Bring Nestlé India back to stability
Learn to manage Volatility and Adversity

- Fast
- Focused
- Flexible
Revamp to be Fast, Focused, Flexible

- Commercial Structures
- Environment Response Mechanisms
OUR PEOPLE: Enable, Empower, Engage and Energise

- Fit for Battle
- Accountability with responsibility
Zero Tolerance for Non Compliance
Nurture Key Partners back to health & trigger Positive Relationships
Key Priorities

• Consumer Services Engagement
• Digital Media Engagement
• Media Responsiveness
• Friendly Face of Nestlé
Breaking Silos and lethargic responses

Teamwork

Teamwork

Teamwork

Teamwork
Proud to be Nestlé
What to expect
• Greater Innovation
• Moving beyond the crisis
• Greater engagement
• Commitment to CSV
• Greater Talent and People capabilities
MAGGI NOODLES UPDATE

Financial Analysts’ Meet
20 November 2015

Nestlé House, Gurgaon
Background

2014

- At Barabanki, Uttar Pradesh, one sample of MAGGI Noodles taken for analysis in March 2014 and declared misbranded on account of ‘No added MSG’ declaration

- On appeal, one sample sent to referral laboratory at Kolkata. It found:
  
  a) Lead higher than permissible limit
  
  b) MSG and therefore misbranded due to ‘No added MSG’ declaration
Monosodium Glutamate

What is Monosodium Glutamate?

- Known as the fifth taste – Umami
- Protein rich foods like cheese, milk, ground nut, tomatoes, etc. contain glutamate naturally
- MAGGI Noodles has hydrolysed groundnut protein, onion powder and wheat flour, etc. which contain ‘glutamate’ naturally, so will test +ve

Regulatory provision:

“Every advertisement for and/ or a package of food containing added Monosodium Glutamate shall carry the following declaration, namely –

[This package of ........ (Name of the food) contains added MONOSODIUM GLUTAMATE] NOT RECOMMENDED FOR INFANTS BELOW 12 MONTHS”
Lead

- Lead occurs in the earth’s crust and is present in air, soil and dust
- Safety Limits are therefore fixed by regulators; in this case 2.5 “parts per million”

- We regularly monitors levels of lead in raw materials, water, packaging materials
- All suppliers are audited by us
- Our tests have shown lead to be much below permissible limits
- The High Court mandated 3 independent NABL accredited, FSSAI notified laboratories gave the same findings
At Nestlé, Quality = Trust

- 300 personnel work in India in the area of food safety
- 11 Internal and External laboratories
- NQAC laboratory at Moga factory has NABL accreditation and the capability to test heavy metals, antibiotics and other contaminants
- Moga NQAC is capable of testing “Parts Per Billion”, whereas regulatory limits are only in “Parts Per Million”
- 100 million analyses are carried out every year globally
At Nestlé Quality = Trust

- 3,500 tests done in recent times at accredited labs (internal and external) have shown clear results
- 8 Countries including USA, UK, Singapore, Australia, etc. found MAGGI Noodles exported from India – “Safe for Consumption”
- 3 accredited labs mandated by Hon’ble Bombay High Court have cleared 100% samples (both existing and newly manufactured batches)
Test Results

Lead Result (ppm) - All results Internal & External Labs
Total results 3,566 Nos.

MRL: 2.5 ppm
How it started

- At Barabanki, Uttar Pradesh, one sample of MAGGI Noodles taken for analysis in March 2014 and declared misbranded on account of ‘No added MSG’ declaration

- On appeal, one sample sent to referral laboratory at Kolkata. It found:
  a) Lead higher than permissible limit
  b) MSG and therefore misbranded due to ‘No added MSG’ declaration
Background

- We were compliant and confident and in direct dialogues with stakeholders
- Press Release - 5th June 2015 12:30 AM

“MAGGI Noodles are completely safe and have been trusted in India for over 30 years. The trust of our consumers and the safety of our products is our first priority. Unfortunately, recent developments and unfounded concerns about the product have led to an environment of confusion for the consumer, to such an extent that we have decided to withdraw the product off the shelves, despite the product being safe.

We promise that the trusted MAGGI Noodles will be back in the market as soon as the current situation is clarified.”

- Withdrawal process initiated.
- Around noon on 5th June, FSSAI ordered the ban on manufacture and sale.
FSSAI Order

- Salient features
  - Withdraw and recall 9 approved variants being hazardous and unsafe
  - Stop further production, processing, export, distribution and sale
  - Rectification of label (Re. “No added MSG”)
  - Withdraw MAGGI Oats Masala Noodles – No Product Approval
Proceedings before Hon’ble Bombay High Court

- 11th June – Petition filed in the High Court
- 13th August - Bombay Court set aside the ban
- Salient Features:
  - Principles of Natural Justice not followed
  - Labs conducting tests were not accredited
  - ‘No Added MSG’ declaration – No ground for ban
  - Refile application for MAGGI Oats Noodles
Hon’ble Bombay High Court directed the way forward

- Out of already manufactured stock, samples to be sent to the 3 accredited laboratories mandated by the High Court (samples taken and sent under FDA Officer’s Directions – 100% clear)
- Manufacturing to start, if all samples clear
- Samples from new manufacture to be tested again (100% clear)
- Sales can then Start (Started on 9th November)
We have learnt that Special leave petition against Bombay High Court has been preferred. Notice not yet served.
Efficient and Transparent Withdrawal

- Biggest withdrawal – handled professionally, transparently and efficiently
- Immediate stoppage of Manufacturing, Blocked Stocks at Depots and Order processing, Customers’ stocks also blocked
- Regular updates to FSSAI
- Dedicated toll free number and customer care centre established
- Recall information ads in leading mainline and regional newspapers
- Picked up MAGGI directly from > 10,000 households
Reverse Logistics in the Withdrawal Process

- Consumers/Shoppers
- Direct Customer (who buy to give MAGGI free with other products)
- Canteen Sales Department
- Modern Trade
- Retailer*
- Wholesalers
- Sub-stockists
- Return through Nestlé employees or distributor employees
- Distributors (1,357)
- Distribution Centers (38)
- Incineration Centers (14)

* Total Retailers in India: 8.8 mio outlets, Estimated Nestlé presence: 3.9 mio Outlets
Social Impact

- Across the Value Chain

- Farming: 397,000 wheat farmers, 15,000 spice farmers
- Suppliers: Over 10,000 employees
- Factory: 3,000 contract workman
- Distributors: 1,357
- Retailors: 3.9 million
NCDRC

- The Consumer Affairs Ministry filed a complaint before NCDRC seeking Rs. 640 Crores
- Main allegations similar to the ones decided by Hon’ble Bombay High Court
- NCDRC has sent 13 samples to CFTRI, Mysore for testing the level of Lead and MSG.
Re-launch 9th November – Present Status

- 33,000,000 Packs sold
- 350 Towns reached
- 120,000 Outlets covered
- 724 Distributors invoiced
Re-launch 9th November – Present Status

![Images of people holding packaged goods and interacting in a store setting.]

20 November 2015 Financial Analysts' Meet 2015
Financial impact of MAGGI Noodles Issue (Jan-Sep’15)

- Net Sales reversal (23,649 Tons) - 3,037 INR Mio
- Exceptional Cost - 4,762 INR Mio
- Stock of MAGGI Noodles obsolete/ destroyed (34,663 Tons) - 2,435 INR Mio
INR 3,148 mio

INR 1,614 mio

- Third party commitments
- Reverse transportation
- Cost of incinerating stock
- Handling, repacking
- Laboratory testing
- Administrative costs

34%

66%

Costs already incurred and reclassified to Exceptional Cost

Incremental costs due to MAGGI Noodles withdrawal

- Cost of finished goods (Variable + Fixed)
- Obsolescence of RM/PM/ WIP
- Duties & Taxes etc.
Stakeholders share in the MAGGI Noodles business

- Suppliers - Materials
- Suppliers - Services
- Transporters
- Distributors & Dealers
- Shareholders
- Exchequer
- Others

Slide 3
Most Valuable Brands by Millward Brown

- 8 F&B brands in Top 50
- NESTLÉ at no. 1 in F&B

Overall ranking
- NESTLÉ ranked 15th
- MAGGI ranked 30th

Study Released in Sep 2015

<table>
<thead>
<tr>
<th>Brand</th>
<th>Category</th>
<th>Brand Value 2015 $M</th>
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<tr>
<td>1. HDFC Bank</td>
<td>Banks</td>
<td>12,577</td>
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<tr>
<td>2. HP</td>
<td>Telecom Providers</td>
<td>11,039</td>
</tr>
<tr>
<td>3. State Bank of India</td>
<td>Banks</td>
<td>9,374</td>
</tr>
<tr>
<td>4. ICICI Bank</td>
<td>Banks</td>
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</tr>
<tr>
<td>5. Asian Paints</td>
<td>Paints</td>
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<tr>
<td>6. BAJAJ</td>
<td>Automobiles</td>
<td>3,345</td>
</tr>
<tr>
<td>7. Hero</td>
<td>Automobiles</td>
<td>2,907</td>
</tr>
<tr>
<td>8. AXIS Bank</td>
<td>Banks</td>
<td>2,494</td>
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<tr>
<td>9. Kotak</td>
<td>Banks</td>
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<tr>
<td>10. Maruti Suzuki</td>
<td>Automobiles</td>
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<tr>
<td>11. Idea</td>
<td>Telecom Providers</td>
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<tr>
<td>12. Castrol</td>
<td>Lubricants</td>
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<tr>
<td>13. IndusInd Bank</td>
<td>Banks</td>
<td>1,542</td>
</tr>
<tr>
<td>14. McDowell’s</td>
<td>Alcohol</td>
<td>1,516</td>
</tr>
<tr>
<td>15. Nestlé</td>
<td>Food and Dairy</td>
<td>1,498</td>
</tr>
<tr>
<td>26. Colgate</td>
<td>Personal Care</td>
<td>1,070</td>
</tr>
<tr>
<td>27. Surf Excel</td>
<td>Home Care</td>
<td>1,041</td>
</tr>
<tr>
<td>28. Brooke Bond</td>
<td>Soft Drinks</td>
<td>904</td>
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<tr>
<td>29. Dabur</td>
<td>Food and Dairy</td>
<td>816</td>
</tr>
<tr>
<td>30. Nestlé</td>
<td>Food and Dairy</td>
<td>770</td>
</tr>
<tr>
<td>31. Lux</td>
<td>Personal Care</td>
<td>759</td>
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<tr>
<td>32. ICICI Bank</td>
<td>Banks</td>
<td>712</td>
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<tr>
<td>33. Fair &amp; Lovely</td>
<td>Personal Care</td>
<td>704</td>
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<tr>
<td>34. Lux</td>
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<td>35. Berger</td>
<td>Paints</td>
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<td>36. HDFC Bank</td>
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<tr>
<td>37. MRF</td>
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<td>38. Saffola</td>
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<td>39. IDBI Bank</td>
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<td>40. HDFC Life</td>
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Market Value Growth (%)

FMCG

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<tr>
<th>JAN-SEP 2014</th>
<th>JAN-SEP 2015</th>
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<tbody>
<tr>
<td>6.8</td>
<td>11.9</td>
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F&B

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<tr>
<th>JAN-SEP 2014</th>
<th>JAN-SEP 2015</th>
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<tr>
<td>8.5</td>
<td>12.2</td>
</tr>
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F&B (Nestlé Categories)

<table>
<thead>
<tr>
<th>JAN-SEP 2014</th>
<th>JAN-SEP 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.8</td>
<td>8.1</td>
</tr>
</tbody>
</table>

Source: Nielsen Jan-Sep 2015; All India (Urban + Rural)
Jan-Sep highlights

2015

Net Sales: 61.8 Bio (6.2%)

Weighted Volumes & Prices: -11.1 Bio (-15.3%)

Profit from Operations: 10.4 Bio (16.8%)

Exceptional Item: INR 39.42

EPS: 72.9 Bio (17.9%)

2014

Net Sales: 72.9 Bio

RIG% Third Party Sales: 1.8

OG% Sales: 7.6

Profit from Operations: 13.0 Bio (17.9%)

Exceptional Item: INR 89.02

Net Profit: 8.6 Bio (11.8%)

Includes figures from Nestlé Internal Reporting Standards

* % of Net Sales

Slide 6
Quarterly evolution of results

<table>
<thead>
<tr>
<th>NET SALES</th>
<th>% YoY growth</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
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<tbody>
<tr>
<td>INR Bio</td>
<td></td>
<td>23.1</td>
<td>24.2</td>
<td>25.6</td>
<td>25.2</td>
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<tr>
<td>% YoY growth</td>
<td>2.9</td>
<td>9.3</td>
<td>8.9</td>
<td>11.7</td>
<td></td>
</tr>
<tr>
<td>NET SALES</td>
<td></td>
<td>8.4</td>
<td>(20.1)</td>
<td>(32.1)</td>
<td></td>
</tr>
<tr>
<td>INR Bio</td>
<td></td>
<td>25.1</td>
<td>19.3</td>
<td>17.4</td>
<td></td>
</tr>
<tr>
<td>% of Net Sales</td>
<td>18.0</td>
<td>17.5</td>
<td>18.1</td>
<td>19.4</td>
<td></td>
</tr>
<tr>
<td>OPBIT</td>
<td></td>
<td>20.6</td>
<td>16.7 #</td>
<td>11.4</td>
<td></td>
</tr>
<tr>
<td>INR Bio</td>
<td></td>
<td>5.2</td>
<td>3.2 #</td>
<td>2.0</td>
<td></td>
</tr>
</tbody>
</table>

# 13.7% without reclassification of fixed cost to Exceptional item
## 2.7 Bio without reclassification of fixed cost to Exceptional item
Domestic Sales: Jan-Sep

Volume (000’ Tons)
-36.7%
328
208

Value (INR Bio)
-16.3%
68.0
57.0

Contribution to Sales
93%
92%

Exports (Affiliates + Third parties)

-10.6%
15
14

-1.1%
4.9
4.8

Contribution to Sales
7%
8%
Jan-Sep Reported & Comparable Domestic Sales Growth

**VOLUME**
- Reported in Tons
  - 2014: 328,399
  - 2015: 207,990
  - % Change: (36.7)
  - Effective%: (6.8)
- Noodles
  - % Change: (29.0)
  - Effective%: (1.0)
- (-)PPO (-)Ghee

**VALUE**
- Reported in INR Mio
  - 2014: 68,045
  - 2015: 56,964
  - % Change: (16.3)
  - Effective%: 1.7
- Noodles
  - % Change: (16.9)
  - Effective%: (1.0)
- (-)PPO (-)Ghee

PPO - Product Portfolio Optimisation initiatives.
### Domestic Sales - 2015

<table>
<thead>
<tr>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reported Sales in INR Bio</td>
<td>23.3</td>
<td>17.8</td>
<td>15.9</td>
</tr>
<tr>
<td>Reported yoy Growth %</td>
<td>7.6</td>
<td>-20.6</td>
<td>-33.8</td>
</tr>
<tr>
<td>Comparable Growth %*</td>
<td>8.4</td>
<td>1.6</td>
<td>-4.5</td>
</tr>
<tr>
<td>Comparable RIG %*</td>
<td>0.7</td>
<td>-3.0</td>
<td>-5.5</td>
</tr>
</tbody>
</table>

*Excluding sales of Noodles & Product Portfolio Optimisation initiatives.*

Turbulent Quarters with “MAGGI Noodles Issue”
# Materials Cost - 2015

## Materials cost in % of Net Sales as reported

<table>
<thead>
<tr>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>42.4</td>
<td>44.2</td>
<td>42.8</td>
</tr>
</tbody>
</table>

## Movement in conversion cost in bps

<table>
<thead>
<tr>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>10</td>
<td>90</td>
<td>40</td>
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</table>

## Net materials cost in % of Net Sales

<table>
<thead>
<tr>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>42.3</td>
<td>43.3</td>
<td>42.4</td>
</tr>
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</table>

## yoy movement in bps

<table>
<thead>
<tr>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>390</td>
<td>420</td>
<td>380</td>
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## of which

<p>| | | | |</p>
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<thead>
<tr>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Commodities</td>
<td>60</td>
<td>240</td>
<td>310</td>
</tr>
<tr>
<td>Realisations</td>
<td>440</td>
<td>200</td>
<td>80</td>
</tr>
<tr>
<td>Mix impact</td>
<td>10</td>
<td>20</td>
<td>40</td>
</tr>
</tbody>
</table>

(Product mix and Mix of third party & Affiliates)

- Favourable commodity prices
- Selling price increases, largely carry over pricing

# Materials Cost = Cost of materials consumed + Purchase of stock-in-trade + Changes in inventories of finished Goods & WIP

## Conversion cost embedded in inventories of finished Goods & WIP
**Other Variable Cost - 2015**

<table>
<thead>
<tr>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost in % of Net Sales</td>
<td>12.9</td>
<td>12.3</td>
<td>12.5</td>
</tr>
<tr>
<td>yoy movement in bps</td>
<td>105</td>
<td>180</td>
<td>165</td>
</tr>
</tbody>
</table>

- Lower crude oil & energy prices
- Also cost optimisation initiatives

Includes Distribution Cost, General licence fees, Power & Fuel, Rates & Taxes etc.
Advertisement & Sales Promotion - 2015

- Includes Media spends, Consumer Sampling and Promotions, Display etc.

<table>
<thead>
<tr>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost in INR Bio</td>
<td>1.6</td>
<td>1.3</td>
<td>1.1</td>
</tr>
<tr>
<td>yoy increase in %</td>
<td>34.5</td>
<td>41.6</td>
<td>-6.3</td>
</tr>
<tr>
<td>% of Domestic Sales</td>
<td>7.0↑</td>
<td>7.3↑</td>
<td>7.2↑</td>
</tr>
<tr>
<td>yoy movement in bps</td>
<td>+140</td>
<td>+320</td>
<td>+210</td>
</tr>
</tbody>
</table>
**Fixed Cost - 2015**

<table>
<thead>
<tr>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Reported</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost in INR Bio</td>
<td>4.5</td>
<td>4.1</td>
<td>4.7</td>
</tr>
<tr>
<td>Cost in % of Net Sales</td>
<td>18.0</td>
<td>21.3</td>
<td>27.1</td>
</tr>
<tr>
<td><strong>Comparable</strong>*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost in INR Bio</td>
<td>4.5</td>
<td>4.7</td>
<td>4.7</td>
</tr>
<tr>
<td>Cost in % of Net Sales</td>
<td>18.0</td>
<td>24.2</td>
<td>27.1</td>
</tr>
<tr>
<td>yoy movement in bps</td>
<td>120</td>
<td>665</td>
<td>980</td>
</tr>
</tbody>
</table>

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>of which</td>
<td></td>
<td></td>
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<tr>
<td>Impairment</td>
<td>50</td>
<td>-</td>
<td>70</td>
</tr>
<tr>
<td>Depreciation (Companies Act’13)</td>
<td>30</td>
<td>30</td>
<td>30</td>
</tr>
</tbody>
</table>

*Including fixed cost reclassified to Exceptional Item in the reported figures, in line with Accounting Standards (AS) 2 & 5*

**Impact of ‘absorption of fixed cost’ due to MAGGI Noodles Issue**
## Profit from Operations - 2015

<table>
<thead>
<tr>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Reported</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit in INR Bio</td>
<td>5.2</td>
<td>3.2</td>
<td>2.0</td>
<td>10.4</td>
</tr>
<tr>
<td>Profit in % of Net Sales</td>
<td>20.6</td>
<td>16.7</td>
<td>11.4</td>
<td>16.8</td>
</tr>
<tr>
<td>yoy movement in bps</td>
<td>255</td>
<td>80</td>
<td>675</td>
<td>110</td>
</tr>
<tr>
<td><strong>Comparable</strong>*</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit in INR Bio</td>
<td>5.2</td>
<td>2.7</td>
<td>2.0</td>
<td>9.8</td>
</tr>
<tr>
<td>Profit in % of Net Sales</td>
<td>20.6</td>
<td>13.7</td>
<td>11.4</td>
<td>15.8</td>
</tr>
<tr>
<td>yoy movement in bps</td>
<td>255</td>
<td>375</td>
<td>675</td>
<td>205</td>
</tr>
</tbody>
</table>

* Including fixed cost reclassified to Exceptional Item in the reported figures, in line with Accounting Standards (AS) 2 & 5

Impact of ‘absorption of fixed cost’ due to MAGGI Noodles Issue

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* Including fixed cost reclassified to Exceptional Item in the reported figures, in line with Accounting Standards (AS) 2 & 5
Tax Cost and Effective Tax Rate

ETR drops by 260 bps

Of which,
- Higher tax benefits : 100
- Mix of profits from tax holiday and other sites. : 240
- Deferred tax revaluation : 75 (Surcharge 12% Vs 10%)

Jan-Sep 2014
- Tax Expense (INR Bio): 34.0
- Marginal Tax Rate (%): 33.2
- Effective Tax Rate (%): 4.3

Jan-Sep 2015
- Tax Expense (INR Bio): 34.1
- Marginal Tax Rate (%): 30.6
- Effective Tax Rate (%): 1.7
MAGGI Noodles issue impacts Net Profit

<table>
<thead>
<tr>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Profit %</td>
<td>12.8</td>
<td>-3.3</td>
<td>7.2</td>
</tr>
</tbody>
</table>

% are net of tax & in reference to sales

- INR 8.6 Billion
  - Jan - Sep 2014
  - Profit from Operations: 75 bps
  - Treasury Income: 35 bps
  - Contingencies (Others): 30 bps
  - Exceptional Item: 510 bps
  - Treasury Elements: 20 bps

- INR 3.8 Billion
  - Jan - Sep 2015
  - ECB Costs: 25 bps
  - CSR Expense: 15 bps
  - Others: 10 bps

Net Profit %:
- Q1: 12.8%
- Q2: -3.3%
- Q3: 7.2%
Cash generation from Operations

Jan - Sep 2014
- Exceptional Item: 4.8
- Finance Cost, Other income, Exceptional item & Tax expense: 11.7

Jan - Sep 2015
- Trade & Other elements of Working Capital: 2.3
- Depreciation & Impairment: 1.0
- Taxation: 1.3
- Exceptional item: 2.8

% are in reference to sales

16.0% (Jan - Sep 2014)
11.6% (Jan - Sep 2015)

- 4.6 Bio
We remain debt free
ROE & EPS impacted by MAGGI Issue

Debt : Equity
1 : 99

AAA Rating reaffirmed by CRISIL on 9th June’15

Jan-Sep 2014
Shareholders fund (INR Bio) as on 30th September
89.0
45
27.5

Jan-Sep 2015
39.4
17
30.4

Avg. Share Price (INR)
5,155
6,578

EPS (INR)
ROE %
Interim dividend curtailed due to MAGGI Issue

DPS (INR)

2011: 48.5
2012: 48.5
2013: 48.5
2014: 63.0

2014 - Additional Interim dividend of INR 10 Per Share

Jan - Sep 2014: 32.5
Jan - Sep 2015: 14.0
Linked Slides
Nestlé India’s Commodity Basket

- 2010: 100
- 2011: 112 (12.0%)
- 2012: 120 (7.2%)
- 2013: 125 (4.1%)
- 2014: 137 (9.6%)
- YTD Sep'15: 129 (-5.9%)

Graph shows the growth of Nestlé India’s Commodity Basket from 2010 to YTD Sep'15.
Indexed with base Q1-13
Indexed with base Q1-13
Skimmed Milk Powder (MSK) Prices /kg

Variance vs LY

*USD spot Prices /Kg converted to INR
**AMF (Ghee) Prices /kg**

**Variance vs LY**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Year</th>
<th>International*</th>
<th>Domestic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 14</td>
<td></td>
<td>327</td>
<td>289</td>
</tr>
<tr>
<td>Q2 14</td>
<td></td>
<td>245</td>
<td>289</td>
</tr>
<tr>
<td>Q3 14</td>
<td></td>
<td>207</td>
<td>289</td>
</tr>
<tr>
<td>Q4 14</td>
<td></td>
<td>220</td>
<td>289</td>
</tr>
<tr>
<td>Q1 15</td>
<td></td>
<td>262</td>
<td>289</td>
</tr>
<tr>
<td>Q2 15</td>
<td></td>
<td>213</td>
<td>289</td>
</tr>
<tr>
<td>Q3 15</td>
<td></td>
<td>183</td>
<td>289</td>
</tr>
</tbody>
</table>

*USD spot Prices /Kg converted to INR*
Full Cream Milk Powder (FCMP) Prices /kg

Variance vs LY

<table>
<thead>
<tr>
<th>Quarter</th>
<th>International*</th>
<th>Domestic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 14</td>
<td>299</td>
<td>289</td>
</tr>
<tr>
<td>Q2 14</td>
<td>230</td>
<td>296</td>
</tr>
<tr>
<td>Q3 14</td>
<td>176</td>
<td>263</td>
</tr>
<tr>
<td>Q4 14</td>
<td>148</td>
<td>229</td>
</tr>
<tr>
<td>Q1 15</td>
<td>176</td>
<td>216</td>
</tr>
<tr>
<td>Q2 15</td>
<td>152</td>
<td>217</td>
</tr>
<tr>
<td>Q3 15</td>
<td>129</td>
<td>214</td>
</tr>
</tbody>
</table>

*USD spot Prices /Kg converted to INR
Indexed with base Q1-13
Indexed with base Q1-13
Brent Crude

USD per barrel

Source: Intercontinental Exchange
Arabica US Cent per Pound
New York Exchange
Sugar
US Cent per Pound
New York Exchange

Daily QSBc5

04-Dec-14 - 24-Nov-15 (NYC)

Price
USc
17
17.5
18
18.5
19
19.5
20
20.5
21
21.5
22
22.5
23
23.5
24
24.5
25
25.5
26
26.5
27
27.5
28

Q4 2014  Q1 2015  Q2 2015  Q3 2015  Q4 2015

00-Nov-15, 14:36, NIA, Ind.