



Good Food, Good Life

Nestlé India: Investor Update

'Enhancing quality of life and contributing to a healthier future'



March 12, 2019

Disclaimer

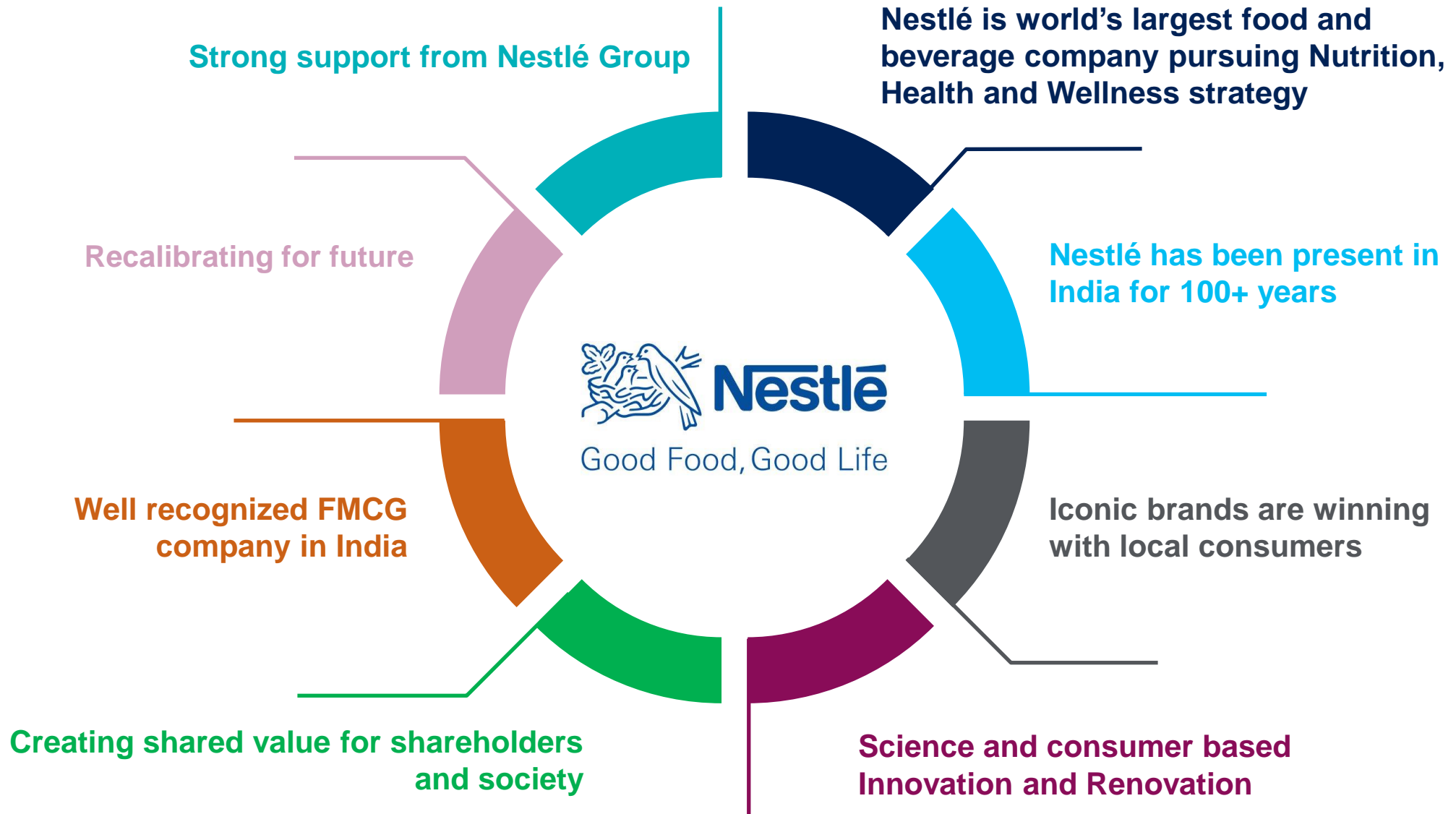
This presentation may contain statements which reflect management's current views and estimates and could be construed as forward looking statements. The forward looking statements involve certain risks and uncertainties that could cause actual results to differ materially from those contained in the forward looking statements. Potential risks and uncertainties include such factors as general economic conditions, foreign exchange fluctuations, competitive product and pricing pressures and regulatory developments. Figures are regrouped / reclassified to make them comparable. Calculations are based on non-rounded figures. 'Analytical data' are best estimates to facilitate understanding of business and not meant to reconcile reported figures. No unpublished price sensitive information pertaining to Nestlé India Limited and/ or Nestlé Group is intended to be shared at any of the investor meetings.

This presentation contains certain financial performance measures which are not defined by Ind AS. Management believes that these non Ind AS measures provide additional useful information to assess the financial and operational performance of the Company. Such measures may not be comparable to similar measures presented by other companies.

Figures from 2016 onwards are as per Ind AS. Effective 1 July 2017, sales and ratios derived from sales are not comparable due to change in structure of Indirect taxes.

Profit from Operations is arrived from 'Profit before Tax' after reducing Other Income and adding back Finance Costs (including interest cost on employee benefit plans), Net provision for contingencies (others) and corporate social responsibility expense.

Key highlights



Nestlé Group: World's largest food and beverage company

Nestlé (2018)

Where we sell (2018 Sales: CHF 91.4 Billion)¹:

AMS
45%

EMENA
29%

AOA
26%

Providing Safe, Quality Nutrition
for more than **150 Years**

2,000+
Brands Worldwide

Around
308,000 Employees

Presence in **190** countries,
with **413** factories

CHF 1.7 Billion
R&D spends

CHF 91.4 Billion
Sales

CHF 285 Billion
Market Cap²

CHF 13.8 Billion
Operating Profit

CHF 15.4 Billion
Operating Cash Flow

34 Billionaire Brands



Note: 1) EMENA: Europe, Middle East and North Africa; AMS: Americas; AOA: Asia, Oceania and sub-Saharan Africa. 2) As on March 11, 2019

Nestlé Group: Largest food & beverages science and innovation network



Nestlé India: Largest listed pure-play F&B company in India

Nestlé India (2018)

Providing Safe, Quality Nutrition
for More than **106 Years** in India

~8,000 Employees

90,000+ Shareholders

INR 992 Billion
Market cap¹

INR 112 Billion
Sales

INR 24 Billion
Operating Profit

INR 21 Billion
Operating Cash Flow

INR 31 Billion
Contribution to exchequer

8 Factories

Diversified portfolio of Brands

Milk Products and Nutrition



Prepared Dishes and Cooking Aids



Confectionery



Powdered and Liquid Beverages



Note: 1) As on March 11, 2019
INR Billion is INR 100 crore.

Favorable market dynamics for processed food sector in India

Market Composition¹ (2018)



**Processed Food
(Excluding Commodities)**
US\$ 18.8 Bn

**Nestlé
Categories**
US\$ 5.4 Bn

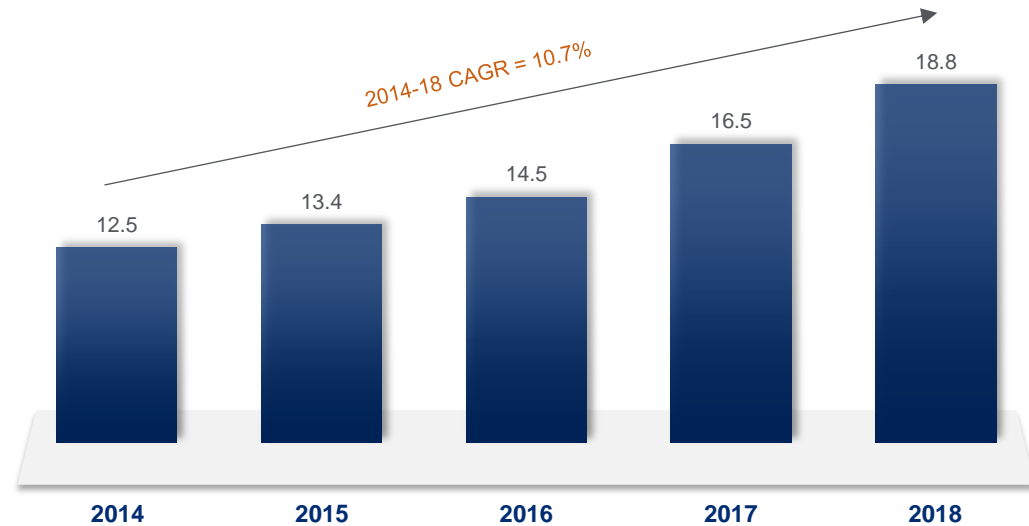
Market Size

Growth Drivers and Market Size (US\$bn)



- Fast growth in urban population
- Increase in disposable income and propensity to spend
- Increasing demand for premium quality products
- Shift from unorganized to organized sector
- Increase of women in the workplace

Will lead to strong growth in the processed food sector in India with an increasing focus on Nutrition, Health and Wellness



Source: AC Nielsen.

Note: 1) Infant Formula and Infant Cereal included in Processed Foods and Nestlé categories

Manufacturing citadels of Nestlé India

Moga (1961)



Choladi (1967)



Instant Tea largely for exports

Nanjangud (1989)



Samalkha (1992)



Ponda (1995)



Bicholim (1997)





Pantnagar (2006)



Tahliwal (2012)



Nestlé's iconic brands winning with local consumers

Category	Brand	Market Share (Value) ¹	Nestlé Position
Infant Cereals		96.3	
Infant Formula ²		67.5	
Tea Creamer		44.9	
Instant Noodles		59.1	
Ketchups & Sauces		21.3	
Instant Pasta		68.9	
White & Wafers	  	61.9	
Instant Coffee		50.5	

Note: 1) A.C. Nielsen. MAT January 2018–December 2018; 2) Excludes Amulspray

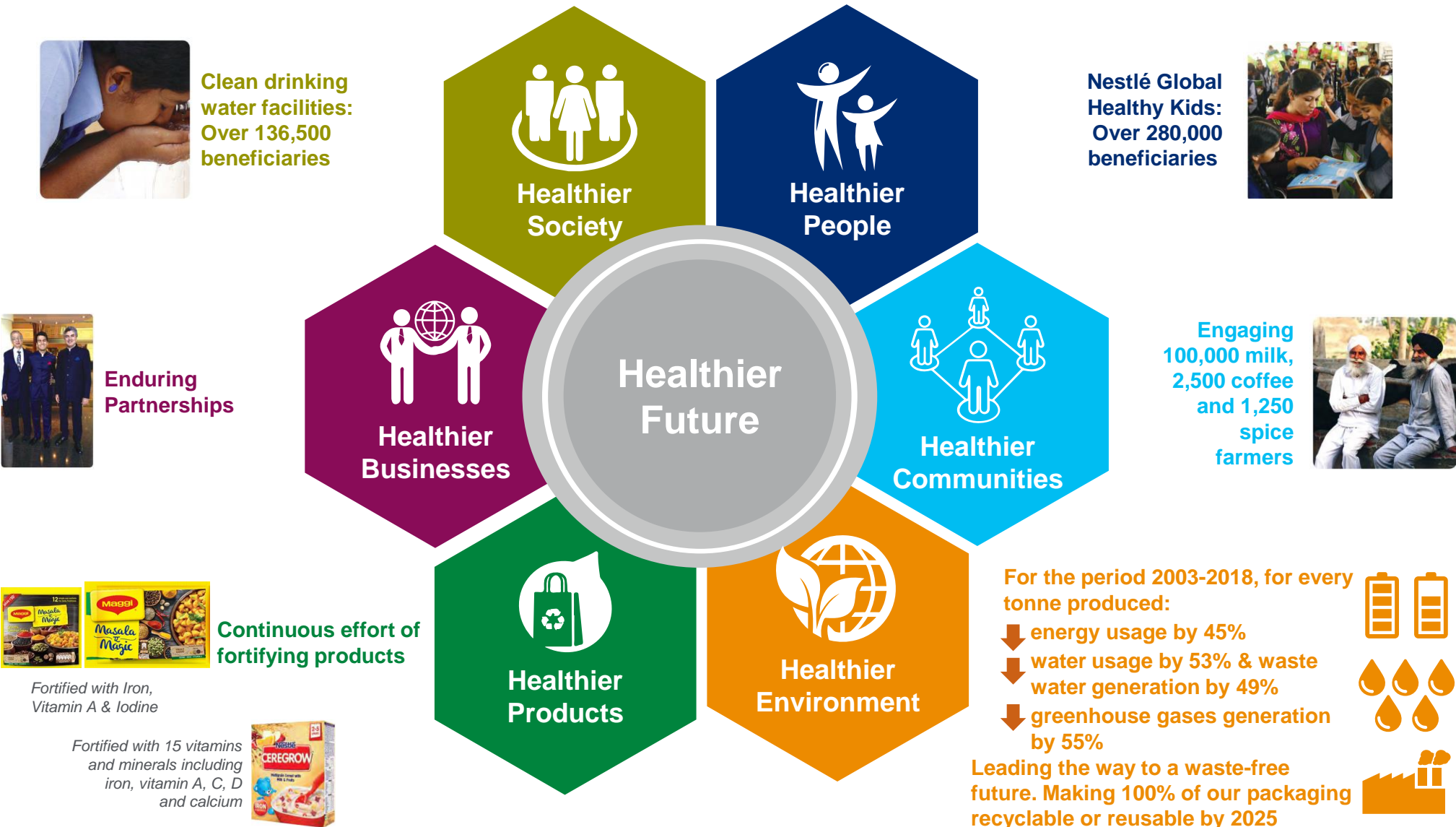
Science and consumer driven innovation & renovation



Our Purpose and Values framework



Living our Purpose



Living the Purpose through CSR

For Individuals and Families

Enabling Healthier and Happier Lives





Project Jagriti

Encouraging Good Nutrition and Breastfeeding Practices through Community Action

4.6 Mio Beneficiaries



Helping Adolescents Live Healthier

Over 280,000 Adolescents



Engaging Employees in Social Initiatives

Over 1,850 Employees

For Our Communities

Helping Develop Thriving, Resilient Communities





Creating Access to Clean Drinking Water

Over 136,500 Students



Safe and Hygienic Food

Over 14,000 Vendors



Sanitation facilities for girl students

Over 182,000 beneficiaries

For the Planet

Stewarding Resources for Future Generations





Reducing Water use in Agriculture



Creating Awareness about Water Conservation

Over 112,700 Students



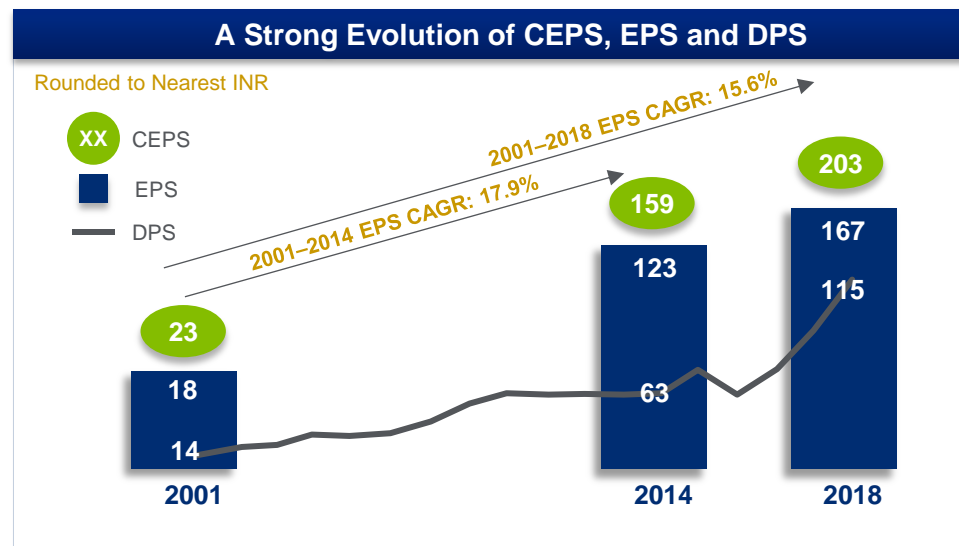
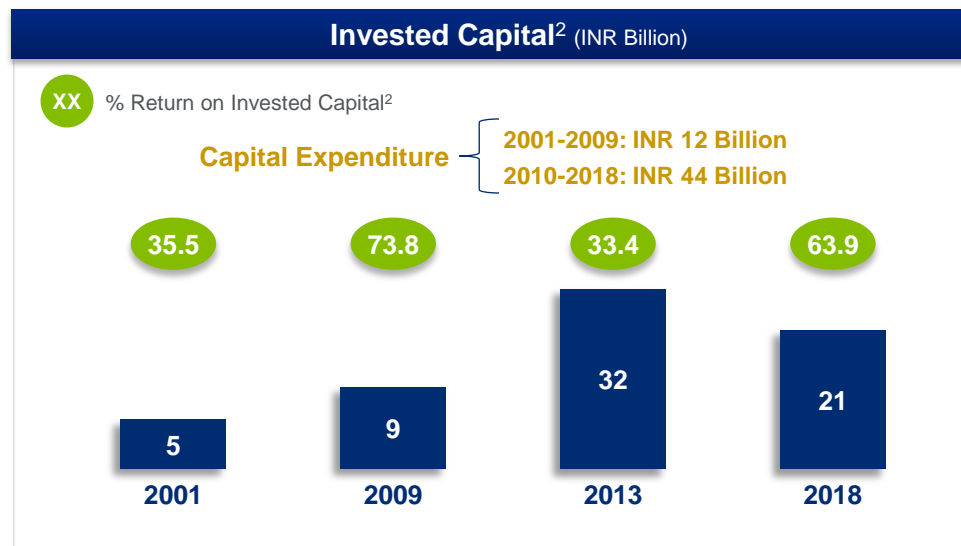
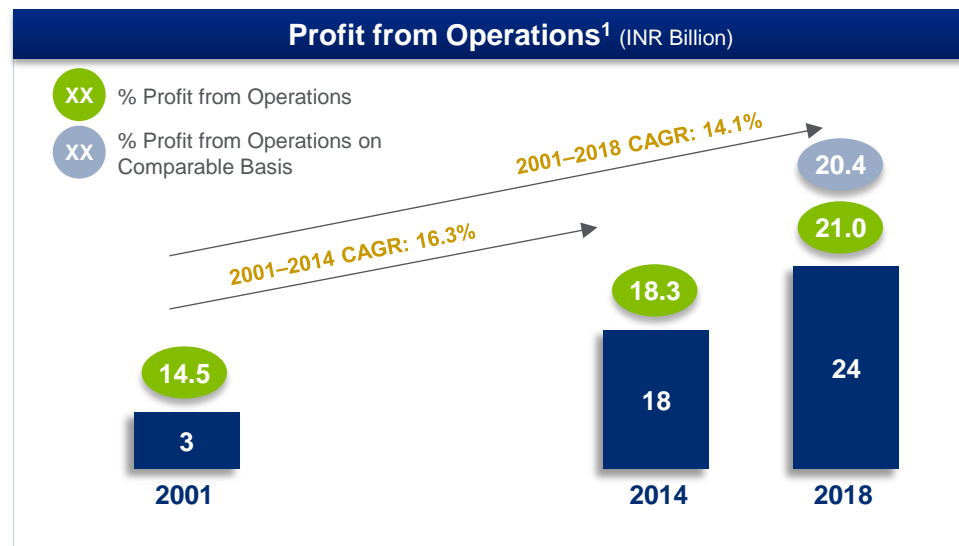
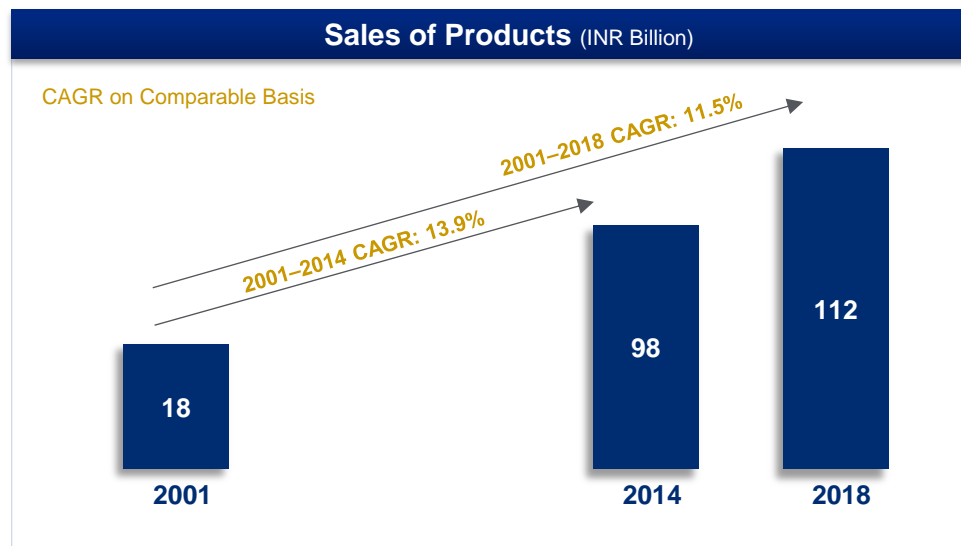
Recycling Waste Paper at Our Offices

Nearly 300 Trees Saved

12

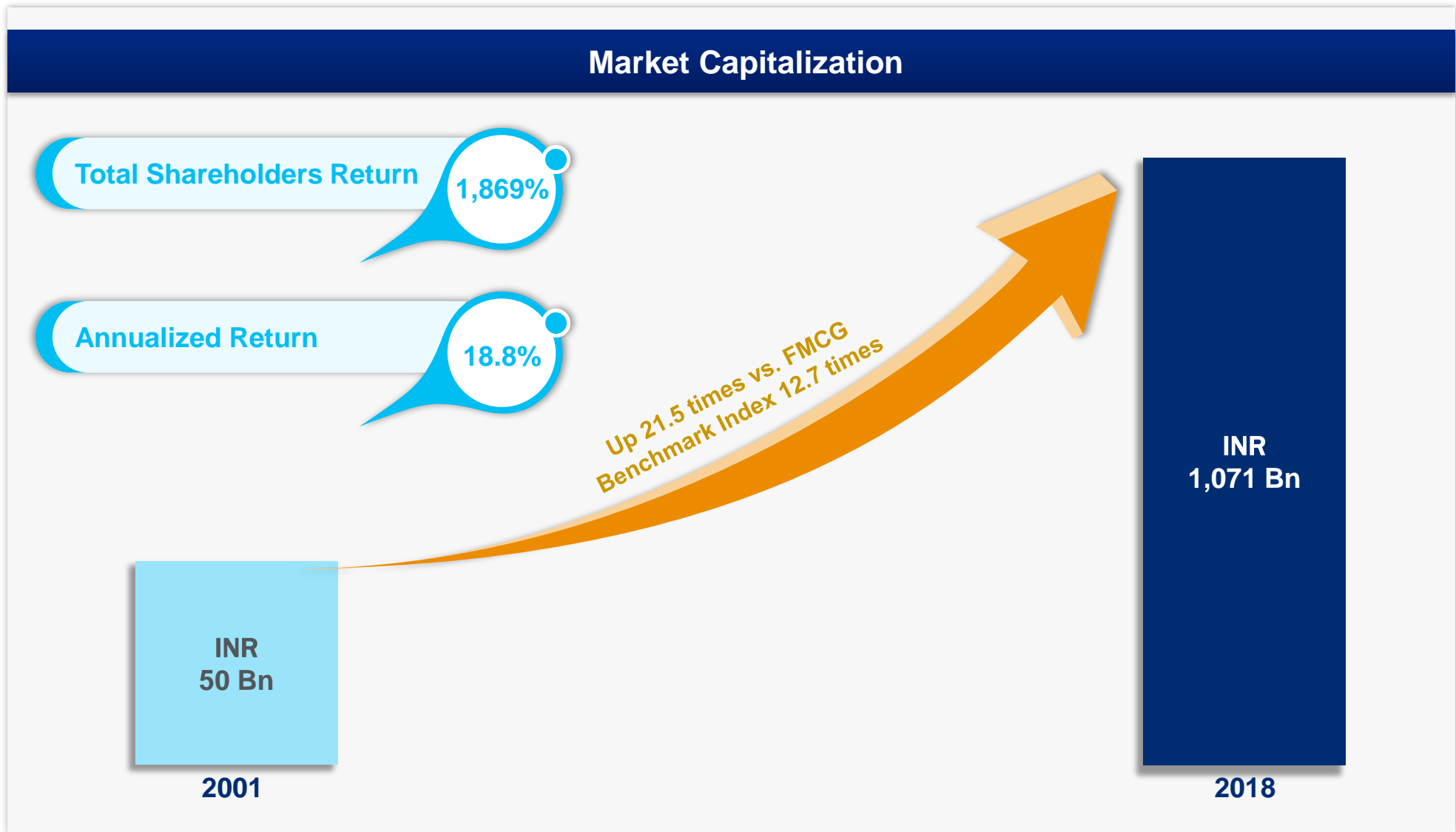


Consistent growth with healthy margins to create economic value



INR Billion is INR 100 crore; Figures from 2016 onwards are as per Ind AS. Note: Effective 1 July 2017, sales and ratios derived from sales are not comparable due to change in structure of Indirect taxes. 1) Profit from Operations is arrived from 'Profit before Tax' after reducing Other Income and adding back Finance Costs (including interest cost on employee benefit plans), Net provision for contingencies (others) and corporate social responsibility expense. 2) Invested Capital consists of net fixed assets, net working capital (trade and other elements), net deferred tax liability. CEPS: Cash Earnings Per Share, EPS: Earnings Per Share, DPS: Dividend Per Share.

Created significant value for investors



Humbled by the recognition



Note: 1) ET Brand Equity Survey Rankings for 2018 haven't been released yet.



2018 key highlights



Products scoring higher on NHW grow faster and are more profitable

Note: 1) Reported growth rates are adversely impacted due to lower reported sales by the change in structure of indirect taxes.
2) Infant Formula considered without Amulspray.

Domestic volume led growth

Domestic Sales in INR Billion

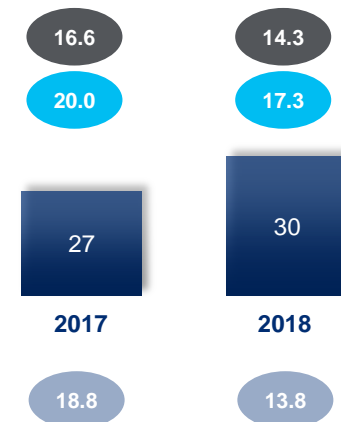
Milk Products and Nutrition

Broad based growth in key brands; Good response to recent launches like CEREGROW, NAN Excella Pro, NAN Grow



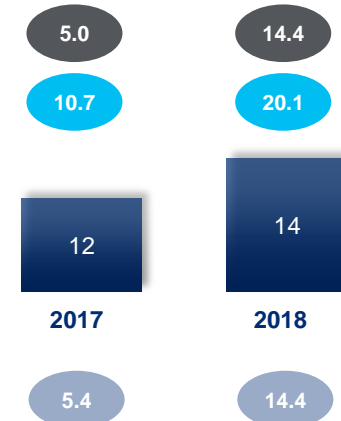
Prepared Dishes and Cooking Aids

Strong performance across MAGGI range; Robust growth in renovated MASALA- AE- MAGIC



Volume growth positively influenced by Liquid Beverages; Strong growth in NESCAFE Classic & Sunrise

Strong growth in KITKAT; Good response to new launches; Focus on Value Up and Mainstream



Powdered and Liquid Beverages

Confectionery

INR Billion is INR 100 crore.

Note: 1) Reported growth rates are adversely impacted due to lower reported sales by the change in structure of indirect taxes.

YoY Reported¹
Value Growth (%)

YoY Comparable
Value Growth (%)

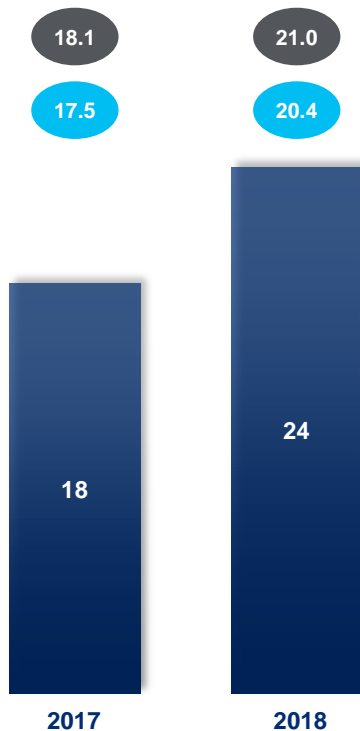
YoY Volume
Growth (%)



Margins and cash flows

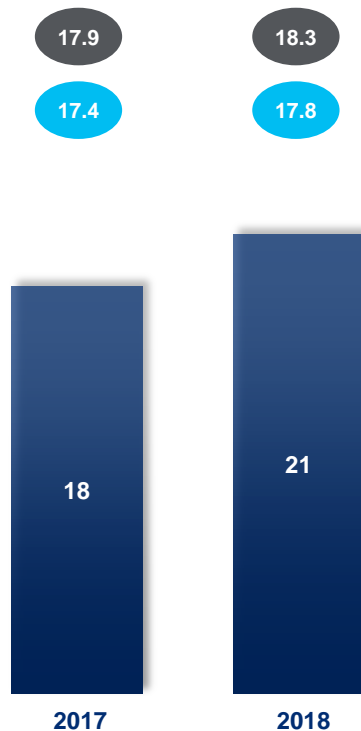
Profit from operations¹ (INR bn)

Margin (%)
Margin on Comparable Basis (%)



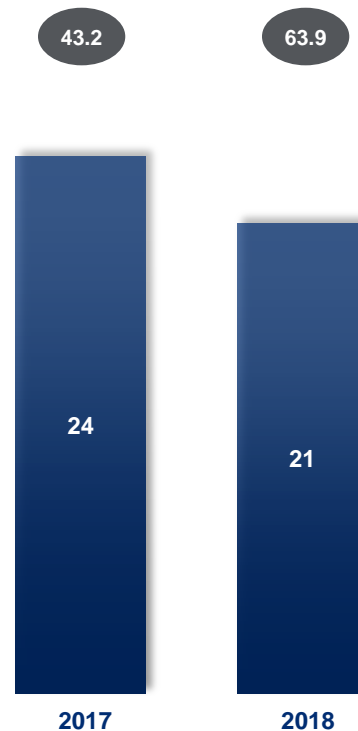
Operating Cash Flows (INR bn)

Margin (%)
Margin on Comparable Basis (%)



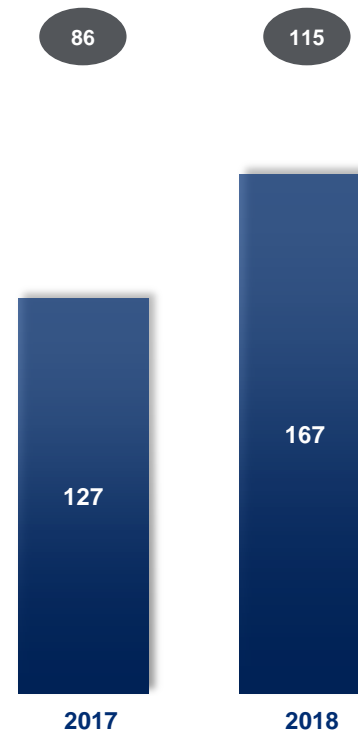
Invested Capital² (INR bn)

Return on Invested Capital² (%)



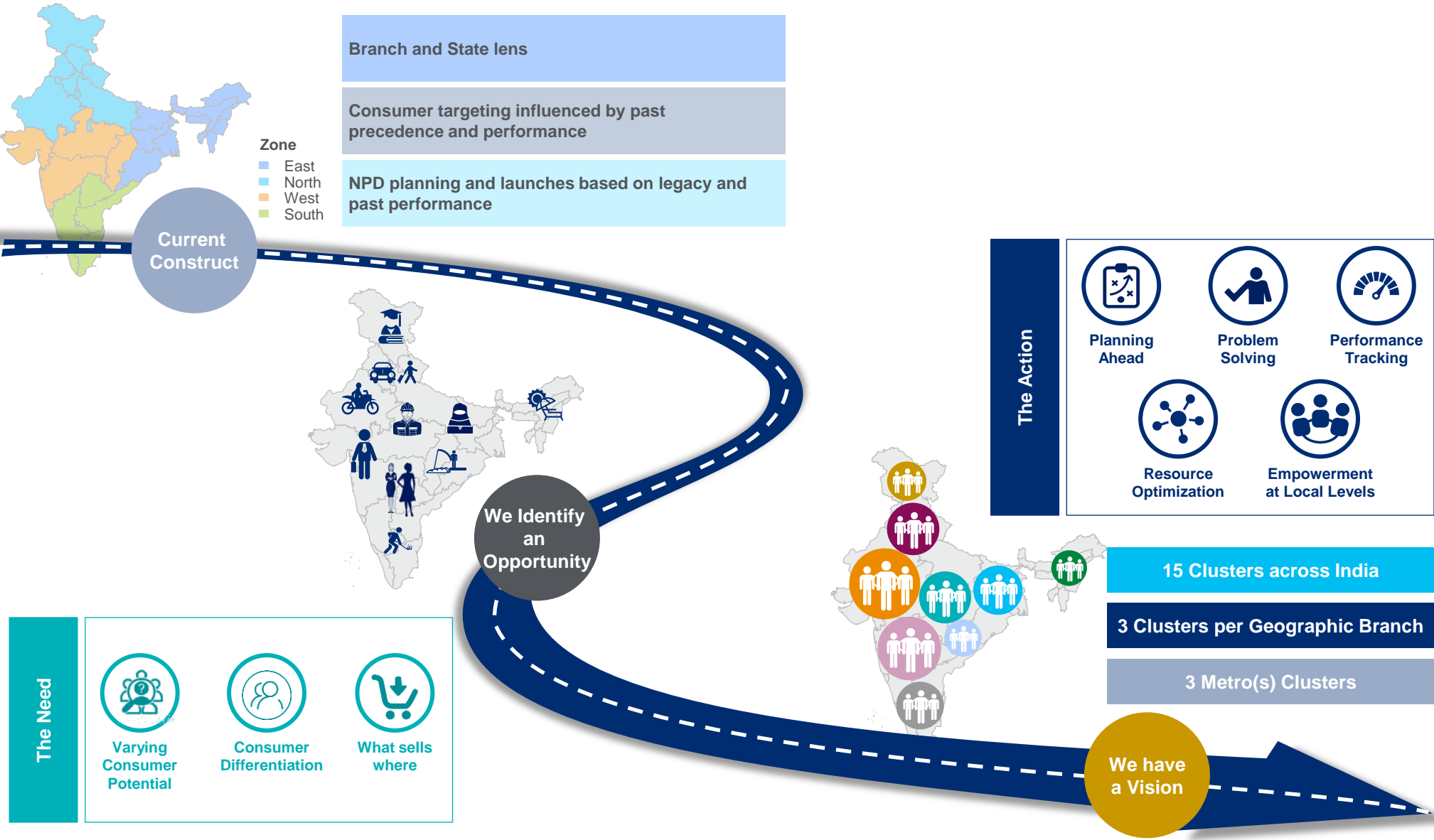
EPS (INR)

DPS (INR)



INR Billion is INR 100 crore. Note: Effective 1 July 2017, sales and ratios derived from sales are not comparable due to change in structure of Indirect taxes. 1) Profit from Operations is arrived from 'Profit before Tax' after reducing Other Income and adding back Finance Costs (including interest cost on employee benefit plans), Net provision for contingencies (others) and corporate social responsibility expense .2) Invested Capital consists of net fixed assets, net working capital (trade and other elements), net deferred tax liability. EPS: Earnings Per Share, DPS: Dividend Per Share.

Harnessing opportunities through focused consumer clusters



Note: Maps not to scale.



Recalibrating for future



Our approach: **Standardize. Simplify. Share.**

Our goals:
Support Demand Focused Organizations



Leveraging Skills and Scale to Drive Agility

Center of Scale (CoS)

Global Expertise and World-class Services

Center of Competence (CoC)

Shareable Judgmental or Competence Driven Activities

Provide World Class Business Services



SOURCE TO PAY



ORDER TO CASH



HIRE TO RETIRE



RECORD TO REPORT



IDEA TO LAUNCH



PLAN TO EXECUTE

Optimize Global End-to-End Flows

Leveraging Skills and Capabilities of Information Technology and NCE

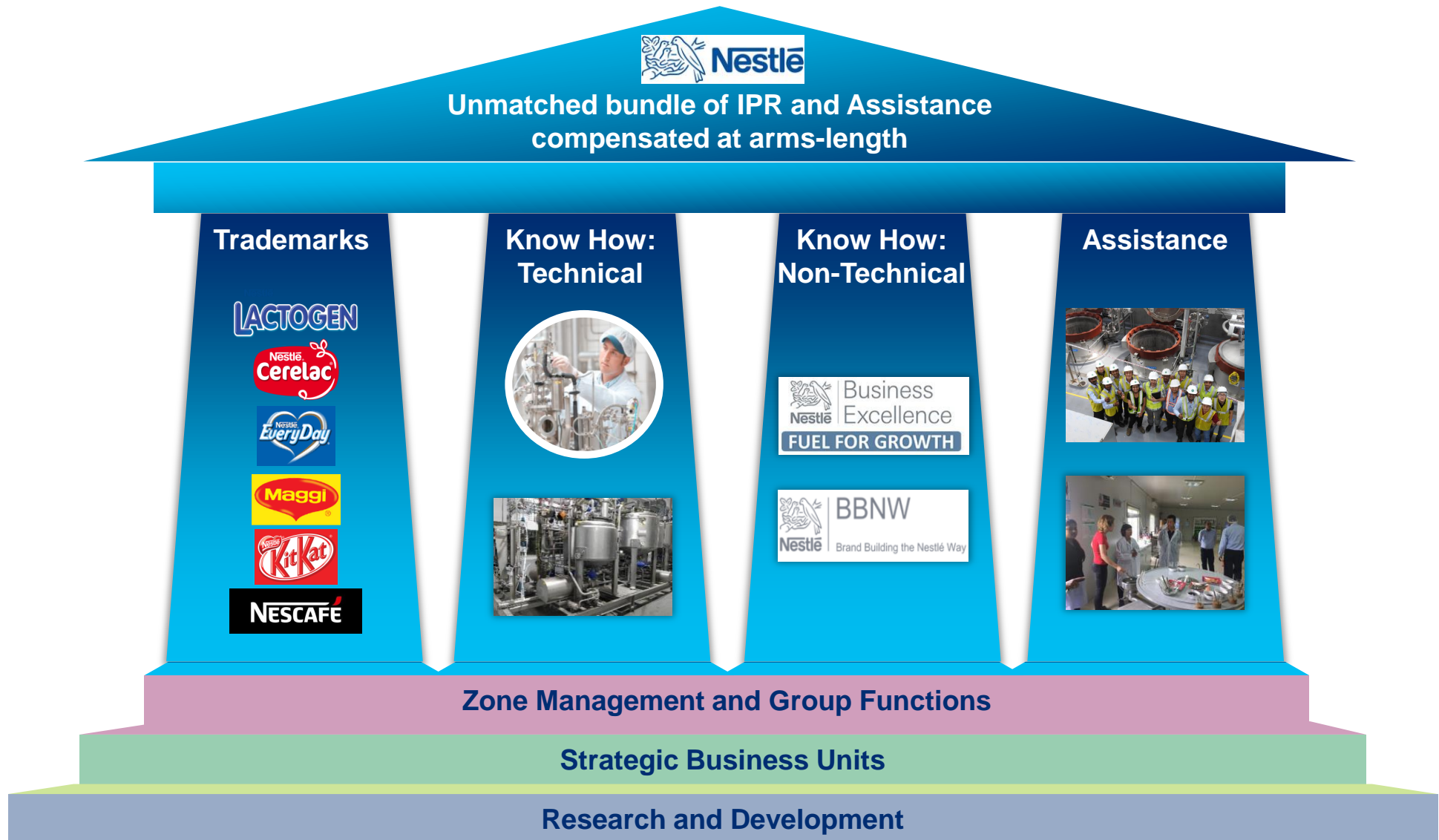


Enable Through People
Alignment, Leadership and Lean ways of working



Enable Through Technology
Processes, Data and Systems

Iconic brands, R&D and know-how: Our strong suits from Nestlé Group



Over 90% of sales in India come from 9 billionaire brands of Nestlé



Access to industry leading R&D...

Nestlé Group has sustained R&D investment of CHF 1.7 Billion p.a. over time

DISCOVER



Nestlé Research:

Drives science and technology, from basic nutrition and health research to applied research for product development and application.

DISCOVER & DEVELOP



Nestlé System Technology Centre (NSTC):

Supports the Coffee and Beverage Businesses with innovative system solutions and end-to-end R&D.

DEVELOP



Nestlé Product Technology Centres

(NPTCs):

Scientific discoveries are translated into innovations fueling business growth in category-focused technology centres.

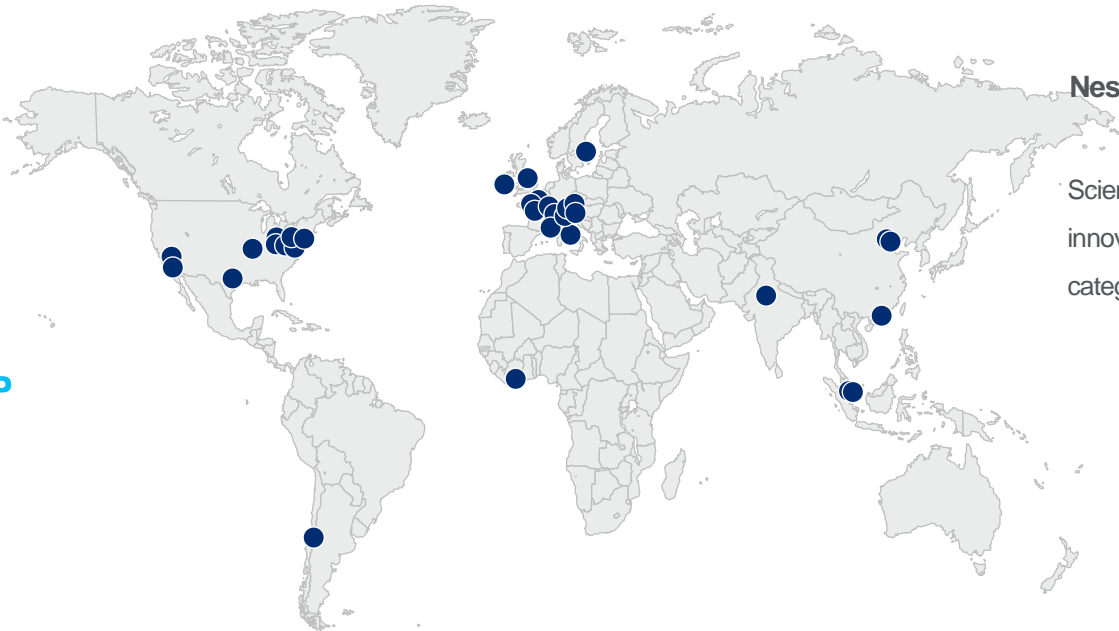
DEVELOP



Nestlé Development Centres

(NDCs) and R&D Centres (RDCs):

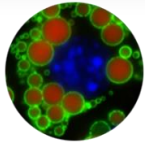
Support NPTCs in product development focusing on a sub-category or a region



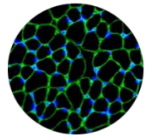
...State-of-the-art research, patents and technology...

Nestlé Institute of Health Sciences

Improving health through nutrition



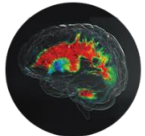
Metabolic Health



Musculo-Skeletal Health



Gastro-Intestinal Health



Brain Health



Nutrition & Dietary Recommendations



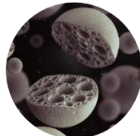
Cell Biology



Multi-omics

Nestlé Institute of Medical Sciences

Making healthier the preferred and the tastier choice



Sugar, fat, salt reduction while not compromising taste



Healthful carbohydrates, lipids and plant proteins



Delivery of micronutrients and bioactives



Clean label solutions for taste and texture



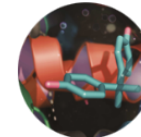
Emerging ingredients and technologies



Conceptualization and Prototyping

Nestlé Institute of Food Safety & Analytical Sciences

Driving trust and innovation



Advanced tools in toxicology and microbiological safety



Pathogen control in mildly processed food



Rapid profiling based on multi-omics principles



Identification of foodborne contaminants

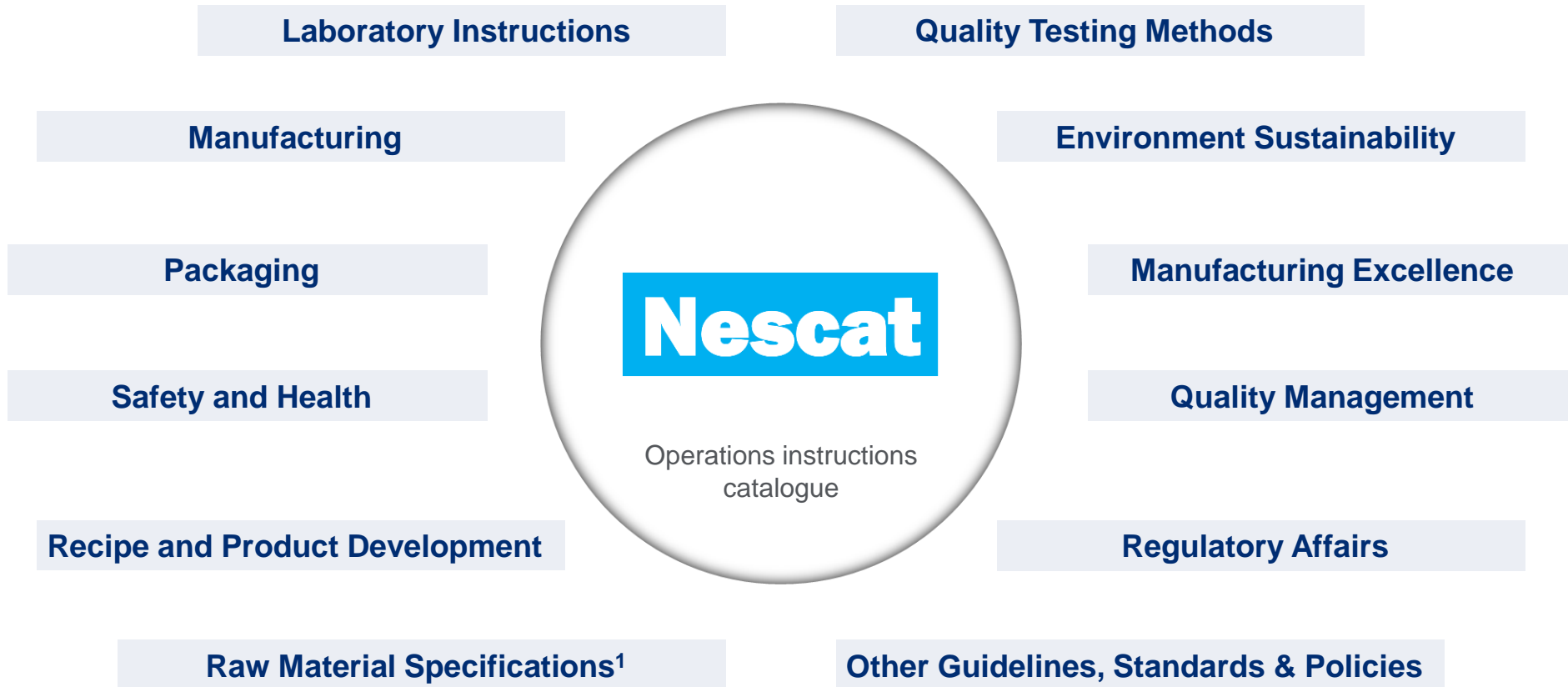


Environment friendly packaging solutions



Big data solutions

...Extensive library of technical know-how documents...



Note: 1) Access to relevant users available through GLOBE (Information Technology)

...Enabling best-in-class products and processes

Product Innovation and Renovation



Nutritious milk drink containing high quality whey proteins, DHA¹, probiotics and immunonutrients, to support the overall growth and development of the child



Intended for dietary management of individuals with diabetes. Has low Glycemic Index, contains 20 vitamins and minerals and high quality protein



Manufacturing Technologies and Processes

- Salt, sugar, fat reduction



↓ Sodium
↓ Fat

- Digital Process Control



Infant Formula
Advanced manufacturing process based on analytics and predictive control

- Automated Cleaning in Process

Optimization and Cost Efficiencies

- Improvement in yields



↑ Green coffee extraction while preserving aroma and taste profile

- Optimization of specifications
- Reduction in processing losses
- Energy efficiency

Environmental Sustainability

- Sustainable use of natural resources



Recycling water extracted from milk and reuse it for processing, leading to reduction in ground water withdrawal by 25%

- Plastics Management

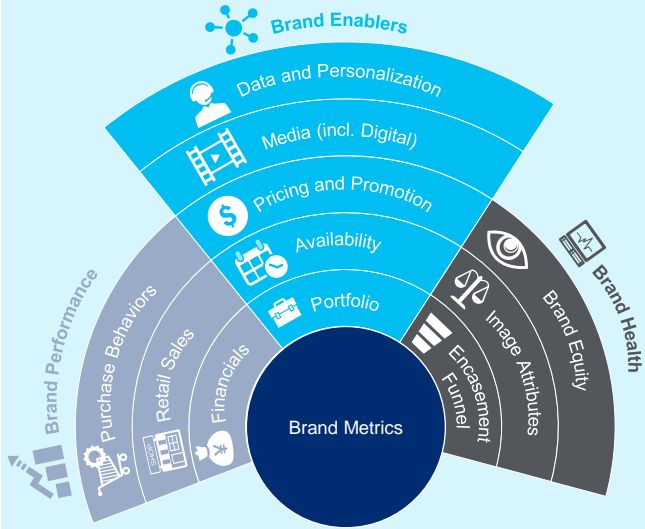


Transiting to Recyclable Mono-material laminate

Ongoing access to best practices across the value chain

Comprehensive Repository of Best Practices, Tools, Standards

Commercial



Operations

Demand and Supply Planning

Simplified Unbundlor Cycle

Container Forecasting Tool

Routine Early Shipment Benefit Calculation

DSP Leader Cockpit

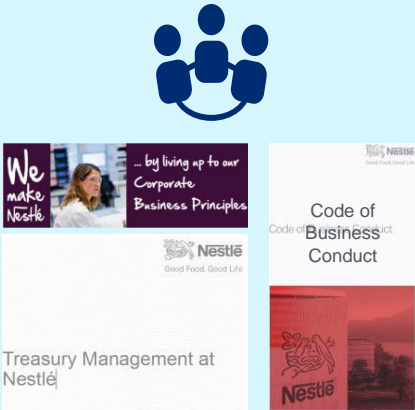
SKU Rationalization Report

Globe DSP Solutions Catalogue

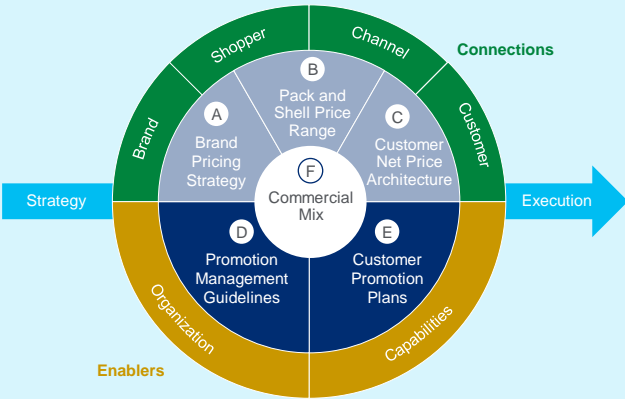


Support Functions Finance, HR, IT...

HR Competency Framework



Strategic Revenue Management



Assistance from experts



**Coffee Extraction Cell Project Team
(PTC-Orbe)**



Offsite Support



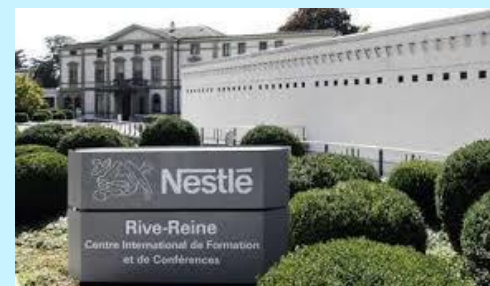
Implementation especially Complex Projects



Consistent Capability Building



Learning Management System



**International Training and Conference Centre,
Switzerland**

Key takeaways

1

Strong heritage built over 100 years in India

2

Powerful brands winning with local consumers

3

A proven track record of sustained value creation for investors and communities

4

Market with significant opportunity and potential

5

Iconic brands, R&D, know-how & expertise provided by Nestlé Group are key to Nestlé India's success



Good Food, Good Life

Q&A



March 12, 2019