Nestlé India Limited (NIL)

Driving Nutrition, Health & Wellness

15th Financial Analysts’ Meet

Gurgaon, 15th May 2009
Disclaimer

This presentation may contain statements which reflect Management’s current views and estimates and could be construed as forward looking statements. The future involves certain risks and uncertainties that could cause actual results to differ materially from the current views being expressed. Potential risks and uncertainties include such factors as general economic conditions, commodities and currency fluctuations, competitive product and pricing pressures, industrial relations and regulatory developments.

Responses can only be given to questions, which are not price sensitive.

Calculations in this presentation are based on non-rounded figures.

Real Internal Growth (RIG) and Organic Growth (OG) are in relation to third party sales only.
1st Quarter highlights

2009

INR 12.7 Bio

+ INR 1.8 Bio + 16.0%

Volumes & Prices + 26.4% + 170bps + 25.0%

INR 2.8 Bio

2008

Net Sales INR 10.9 Bio

RIG 26.5% OG 28.1%

OPBIT INR 2.2 Bio

20.2%

Economic Profit INR 1.3 Bio

Includes Figures from Nestlé Internal Reporting Standards
1\textsuperscript{st} Quarter performance Impacted by

- Exports
- Key Accounts
- Portfolio
- Rationalization
- Out Of Home

- Mix & Realisations
- Commodities
- Exports Incentives
- FOREX
Sustained performance over quarters

% QoQ growth: 27.7% 23.2% 25.5% 21.6% 26.4% 23.5% 22.2% 21.7% 16.0%

NET SALES (INR Bio):
- 2007: 8.6% 8.4% 9.1% 9.0% 10.9% 10.4% 11.1% 10.9% 12.7%
- 2008: 18.8% 17.5% 19.3% 15.3% 20.9% 16.7% 16.6% 16.7% 22.4%
- 2009: % of Net Sales

EBIT (INR Bio):
- 2007: 1.6% 1.5% 1.8% 1.4% 2.3% 1.7% 1.8% 1.9% 2.8%
- 2008: % of EBIT
- 2009: % of EBIT

Legend:
- Q1
- Q2
- Q3
- Q4
Continue on the growth trajectory

Organic Growth (%)  Real Internal Growth (%)

2006  2007  2008  Q1 08  Q1 09

Includes Figures from Nestlé Internal Reporting Standards
Strong domestic sales performance

**Domestic Sales**

**Value (INR Bio)**

<table>
<thead>
<tr>
<th>Q1 08</th>
<th>Q1 09</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.0</td>
<td>11.9</td>
</tr>
</tbody>
</table>

% share of domestic value increases from 92.0 to 94.2 ~ 220bp

**Volume (000’ Tons)**

<table>
<thead>
<tr>
<th>Q1 08</th>
<th>Q1 09</th>
</tr>
</thead>
<tbody>
<tr>
<td>74.0</td>
<td>81.9</td>
</tr>
</tbody>
</table>

% share of domestic volumes increases from 94.2 to 96.0 ~ 180bp

**Export Sales**

**Value (INR Bio)**

<table>
<thead>
<tr>
<th>Q1 08</th>
<th>Q1 09</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.9</td>
<td>0.7</td>
</tr>
</tbody>
</table>

% share of domestic value decreases from 94.2 to 92.0 ~ 160bp

**Volume (000’ Tons)**

<table>
<thead>
<tr>
<th>Q1 08</th>
<th>Q1 09</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.6</td>
<td>3.4</td>
</tr>
</tbody>
</table>

% share of domestic volumes decreases from 96.0 to 94.2 ~ 180bp

All calculations are based on non-rounded figures
Several growth drivers are in place.

<table>
<thead>
<tr>
<th>Category</th>
<th>Q1 09 % Share</th>
<th>Q1 08 % Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chocolate &amp; Confectionery</td>
<td>13.9</td>
<td>14.1</td>
</tr>
<tr>
<td>Prepared Dishes &amp; Cooking Aids</td>
<td>23.3</td>
<td>21.8</td>
</tr>
<tr>
<td>Beverages</td>
<td>15.8</td>
<td>17.8</td>
</tr>
<tr>
<td>Milk Products &amp; Nutrition</td>
<td>47.0</td>
<td>46.3</td>
</tr>
</tbody>
</table>

Change:
- 0.2% for Chocolate & Confectionery
+ 1.5% for Prepared Dishes & Cooking Aids
- 2.0% for Beverages
+ 0.7% for Milk Products & Nutrition
Domestic sales led categories perform well

Bubble shows Net Sales (INR Bio)

- Prepared Dishes & Cooking Aids: 2.9
- Milk Products & Nutrition: 6.0
- Chocolate & Confectionery: 1.8
- Beverages: 2.0

Value Growth (%) vs. Volume Growth (%)
Milk Products & Nutrition

Sales (000’ tons)

Sales (INR Bio)

△ +7.6%  
31.6  
Q1 08

△ +17.8%  
5.1  
Q1 08

△ +7.6%  
34.0  
Q1 09

△ +17.8%  
6.0  
Q1 09

Contribution 47%

Market Position (Value)

- No. 1 in Baby Foods & Infant Formula
- No. 1 in Dairy Whitener.
- Strong presence in Sweetened Condensed Milk
- Good presence in Fresh Dairy

Innovation & Renovation

- No. 1 in Baby Foods & Infant Formula
- No. 1 in Dairy Whitener.
- Strong presence in Sweetened Condensed Milk
- Good presence in Fresh Dairy
Prepared Dishes & Cooking Aids

Innovation & Renovation

Sales (000’ tons)

Q1 08  Q1 09

△ +18.2%

29.3    34.6

Sales (INR Bio)

Q1 08  Q1 09

△ +24.1%

2.4    2.9

Contribution 23.3%

Market Position (Value)

• No. 1 in instant Noodles and Sauces
• No. 2 in Healthy Soups
**Beverages**

**Innovation & Renovation**

- Nescafé Classic
- Nescafé Sunrise
- Nescafé Green Tea
- Nescafé Coffee

**Market Position (Value)**
- No. 1 in Instant Coffee
- Very strong presence in Vending

**Sales (000’ tons)**

<table>
<thead>
<tr>
<th></th>
<th>Q1 08</th>
<th>Q1 09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>6.8</td>
<td>5.9</td>
</tr>
<tr>
<td>△</td>
<td>-13.5%</td>
<td></td>
</tr>
</tbody>
</table>

**Sales (INR Bio)**

<table>
<thead>
<tr>
<th></th>
<th>Q1 08</th>
<th>Q1 09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>1.9</td>
<td>2.0</td>
</tr>
<tr>
<td>△</td>
<td>+3.0%</td>
<td></td>
</tr>
</tbody>
</table>

**Contribution 15.8%**
Chocolate & Confectionery

Innovation & Renovation

Sales (000’ tons)

<table>
<thead>
<tr>
<th></th>
<th>Q1 08</th>
<th>Q1 09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>10.9</td>
<td>10.9</td>
</tr>
</tbody>
</table>

Sales (INR Bio)

<table>
<thead>
<tr>
<th></th>
<th>Q1 08</th>
<th>Q1 09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>1.5</td>
<td>1.8</td>
</tr>
</tbody>
</table>

△ +14.3%

Market Position (Value)

- No. 1 in Wafers and White Chocolates
- No. 2 overall in Chocolate category

Contribution 13.9%
Balancing the export portfolio  Q1 2009

Geography

- South Asia: 45.2%
- Europe: 17.4%
- Asia-Oceania: 8.5%
- America: 6.4%
- Africa: 2.1%
- Russia: 20.4%

Product Category

- Beverages: 52.0%
- Milk Products & Nutrition: 37.5%
- Prepared Dishes & Cooking Aids: 8.0%
- Chocolate & Confectionery: 2.5%
## Driving value out of cost

<table>
<thead>
<tr>
<th>Description</th>
<th>Q1 2009</th>
<th>% to OP Income</th>
<th>Q1 2008</th>
<th>% to OP Income</th>
<th>Var.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenditure excl.Impairments/Contingencies from Operations</td>
<td>9,818</td>
<td>77.3</td>
<td>8,630</td>
<td>78.9</td>
<td>13.8</td>
</tr>
<tr>
<td>Materials</td>
<td>5,977</td>
<td>47.0</td>
<td>5,201</td>
<td>47.6</td>
<td>14.9</td>
</tr>
<tr>
<td>Staff Cost</td>
<td>874</td>
<td>6.9</td>
<td>752</td>
<td>6.9</td>
<td>16.2</td>
</tr>
<tr>
<td>Depreciation</td>
<td>256</td>
<td>2.0</td>
<td>211</td>
<td>1.9</td>
<td>21.6</td>
</tr>
<tr>
<td>Advt + Sales Promotion</td>
<td>598</td>
<td>4.7</td>
<td>459</td>
<td>4.2</td>
<td>30.4</td>
</tr>
<tr>
<td>Distribution</td>
<td>567</td>
<td>4.5</td>
<td>477</td>
<td>4.4</td>
<td>19.0</td>
</tr>
<tr>
<td>Power &amp; Fuel</td>
<td>333</td>
<td>2.6</td>
<td>379</td>
<td>3.5</td>
<td>(12.2)</td>
</tr>
</tbody>
</table>

*Figures have been regrouped / reclassified to make them comparable.*
Healthy operating margins

<table>
<thead>
<tr>
<th>Year</th>
<th>EBITD (INR Bio)</th>
<th>EBITD % of Net Sales</th>
<th>EBIT (INR Bio)</th>
<th>EBIT % of Net Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>5.4</td>
<td>16.9</td>
<td>4.8</td>
<td>19.2</td>
</tr>
<tr>
<td>2007</td>
<td>7.0</td>
<td>17.7</td>
<td>6.2</td>
<td>19.9</td>
</tr>
<tr>
<td>2008</td>
<td>8.6</td>
<td></td>
<td>7.7</td>
<td>20.0</td>
</tr>
<tr>
<td>Q1 08</td>
<td>2.5</td>
<td></td>
<td>2.3</td>
<td>22.8</td>
</tr>
<tr>
<td>Q1 09</td>
<td>3.1</td>
<td></td>
<td>2.8</td>
<td>22.4</td>
</tr>
</tbody>
</table>
Income Tax

Tax Expense (INR Bio)  Marginal Tax Rate (%)  Effective Tax Rate (%)

2006: 1.6  1.6  2.3  0.6  0.8
2007: 33.6  33.5
2008: 33.7  33.9  34.0  27.2  29.9
Q1 08: 34.0
Q1 09: 34.0

Excludes Fringe Benefit & Dividend Distribution Tax
Maintaining net profit margins

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount (INR Bio)</th>
<th>% of Net Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>3.2</td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td>4.1</td>
<td>11.8</td>
</tr>
<tr>
<td>2008</td>
<td>5.3</td>
<td>12.4</td>
</tr>
<tr>
<td>Q1 08</td>
<td>1.6</td>
<td>14.7</td>
</tr>
<tr>
<td>Q1 09</td>
<td>2.0</td>
<td>15.6</td>
</tr>
</tbody>
</table>
Investing in fixed assets for growth

Dep. 0.56 0.64 0.82 0.18 0.23
(INR Bio) (INR Bio)

Fixed Assets exclude Intangibles
Operating Working Capital = Inventories + Debtors - Trade Payables (excluding Staff Costs, Contingencies, Capex & Taxes)
Sales are on rolling 4 quarters basis and Operating Working capital is average for rolling 4 quarters
*Basis Nestlé Internal Reporting Standards*
Operating cash flows

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount (INR Bio)</th>
<th>% of Net Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>4.2</td>
<td></td>
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<tr>
<td>2007</td>
<td>5.2</td>
<td></td>
</tr>
<tr>
<td>2008 #</td>
<td>6.7</td>
<td></td>
</tr>
<tr>
<td>Q1 2008 #</td>
<td>0.6</td>
<td></td>
</tr>
<tr>
<td>Q1 2009</td>
<td>0.9</td>
<td></td>
</tr>
</tbody>
</table>

# excluding exceptional inflows
Creating strong economic value

<table>
<thead>
<tr>
<th>Year</th>
<th>ACC %</th>
<th>Risk Free rate %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>10.5</td>
<td>7.2</td>
</tr>
<tr>
<td>2007</td>
<td>11.3</td>
<td>7.7</td>
</tr>
<tr>
<td>2008</td>
<td>11.6</td>
<td>7.9</td>
</tr>
<tr>
<td>Q1 08</td>
<td>11.6</td>
<td>7.9</td>
</tr>
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<td>Q1 09</td>
<td>12.7</td>
<td>8.5</td>
</tr>
</tbody>
</table>

Basis Nestlé Internal Reporting Standards
Managing shareholders’ expectations

2008 - Includes special dividend of Rs. 7.5/Share
THANK YOU
Commodity Costs - Ongoing Challenge

Indexed cost increase %

Q1 2008

Q1 2009

Reference point - Jan-Mar 2008 prices

Commodity Costs - Ongoing Challenge

- Green Coffee
- Cocoa
- Fresh Milk
- RBD Palm Oil
- Wheat Flour
- Sugar

Indexed cost increase:
- Green Coffee: 15.9%
- Cocoa: 15.2%
- Fresh Milk: 7.0%
- RBD Palm Oil: 6.6%
- Wheat Flour: 1.0%
- Sugar: 40.7%
Evolution - Fresh Milk Fat Prices

Indexed with base Q1-07

- 2007
- 2008
- 2009

Q1 2007: 100.0
Q2 2007: 105.2
Q3 2007: Current 119.3
Q4 2007: +7.0%

Q1 2008: 111.6
Q2 2008: 116.2
Q3 2008: 119.6
Q4 2008: 123.3

Q1 2009: 115.2
Q2 2009: 110.7
Q3 2009: 119.6
Q4 2009: 123.3

Indexed with base Q1-07
Evolution - Green Coffee Prices

Indexed with base Q1-07

+15.9%
Evolution - Sugar Prices

Indexed with base Q1-07
Evolution - Wheat Flour Prices

Indexed with base Q1-07

Current: 99.3

+1.0%
Evolution - RBD Palm Oil Prices

Indexed with base Q1-07

Current +6.6%
Evolution - Crude Oil Prices

Mean Q1 08-96.8 USD/Barrel

Mean Q1 09-48.6 USD/Barrel