

Nestlé India Limited

14th Financial Analysts' Meet



Gurgaon, 5th August 2008

Agenda

- Opening Remarks Martial Rolland
- Key Financials Shobinder Duggal
- Questions & Answers All

Disclaimer

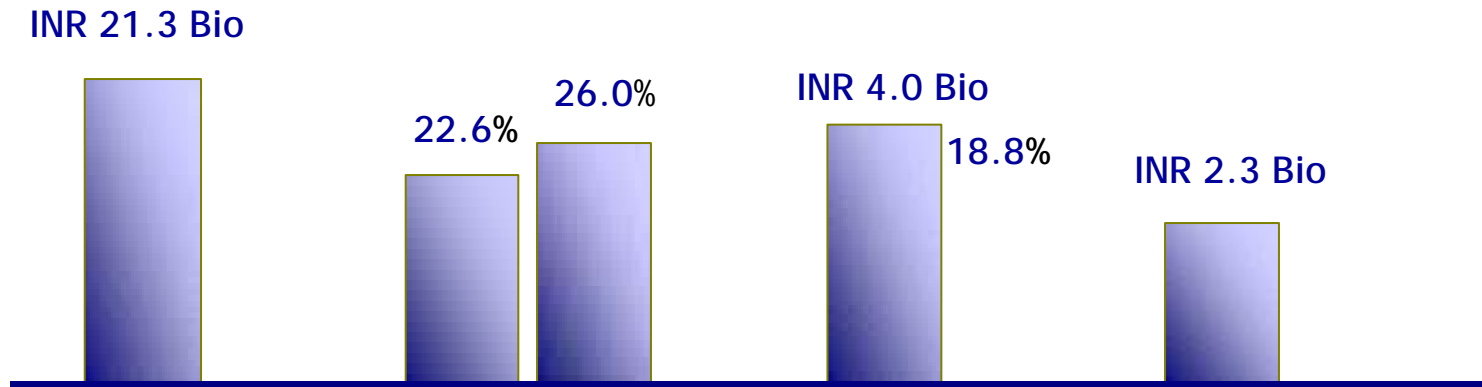
This presentation may contain statements which reflect Management's current views and estimates and could be construed as forward looking statements. The future involves certain risks and uncertainties that could cause actual results to differ materially from the current views being expressed. Potential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

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



1st Half snap shot

2008



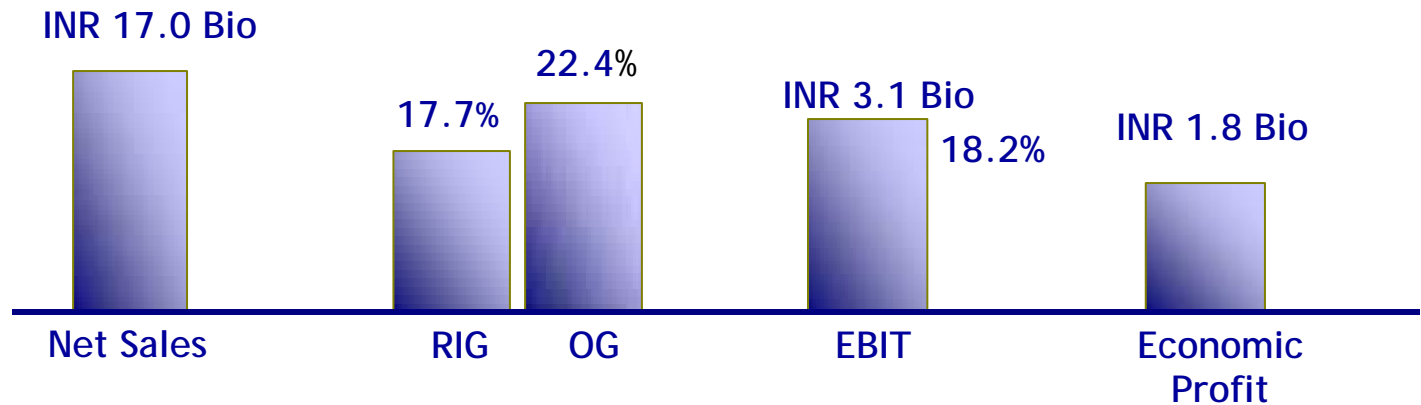
↗
+ INR 4.3 Bio
+ 24.9%

↗
Volumes
& Prices

↗
+ 29.6%
+ 60bp

↗
+ 30.8%

2007



Net Sales

RIG

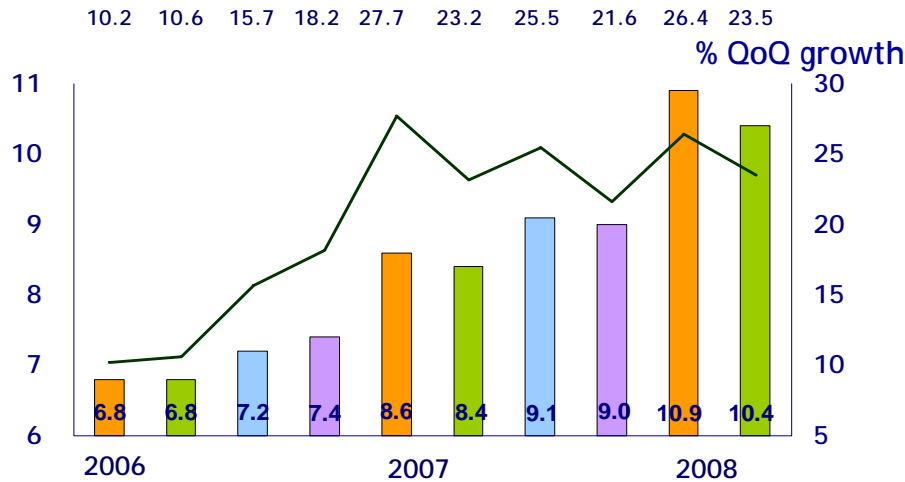
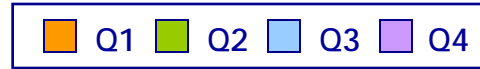
OG

EBIT

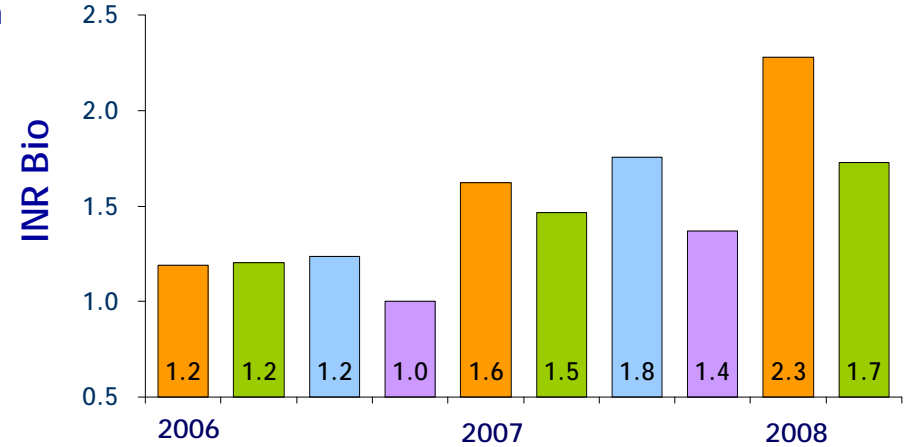
Economic
Profit

Sustaining inclusive growth

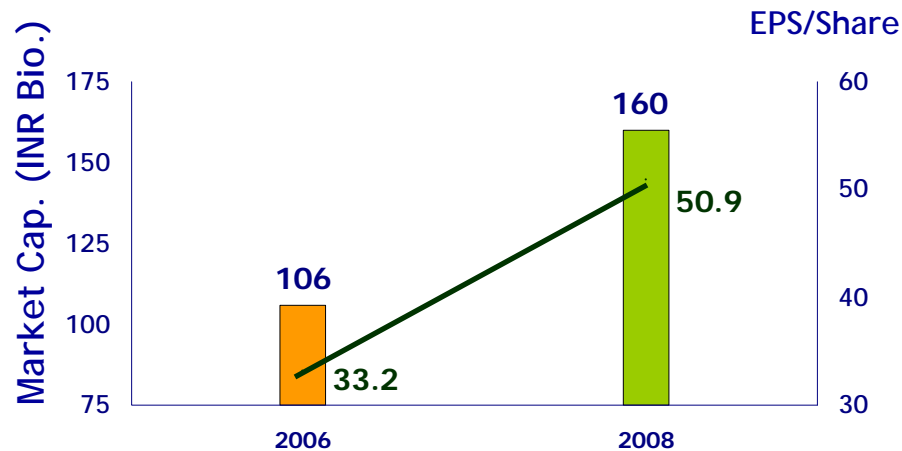
NET SALES



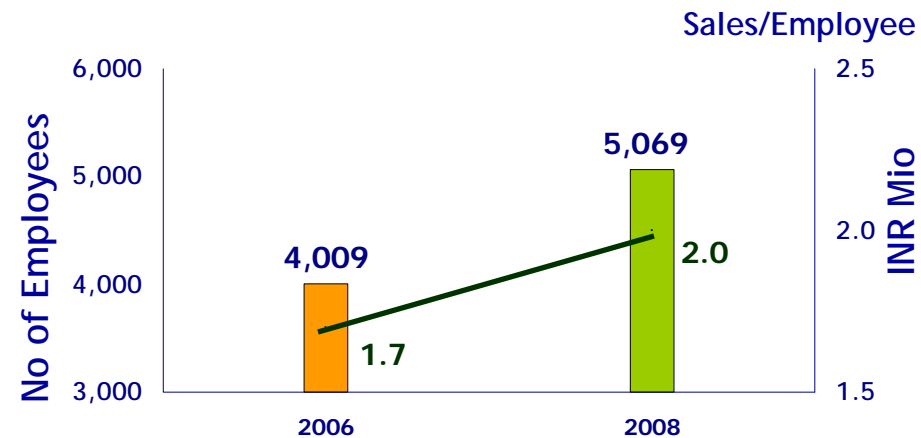
EBIT



Market Cap & EPS

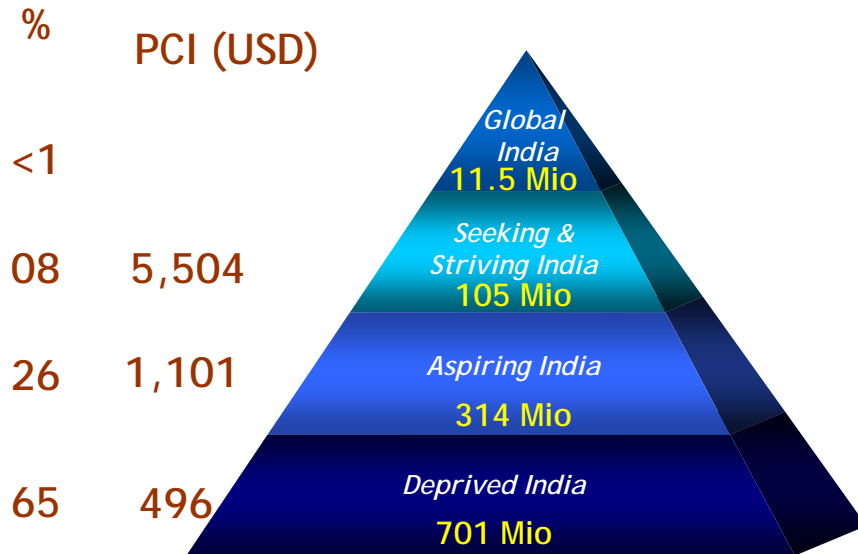


Employees & Productivity



The BOP Opportunity

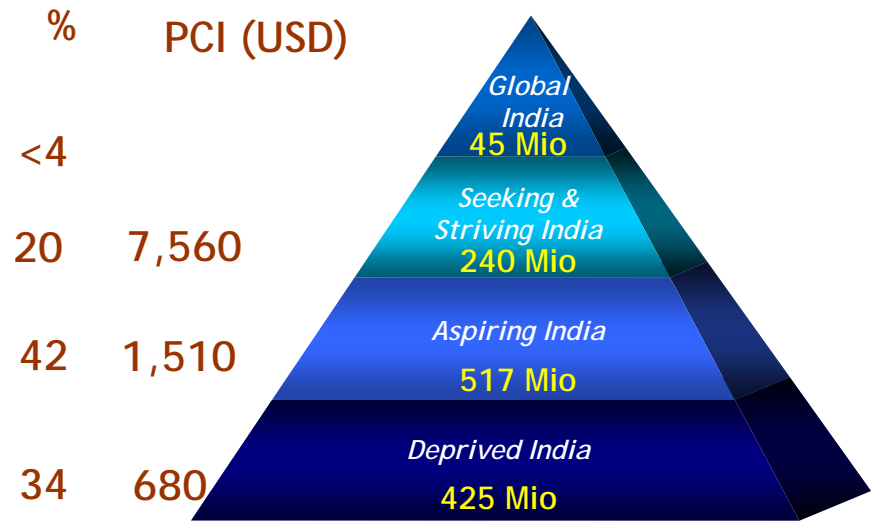
2007



Population 1132 Mio

375 Mio < 1 \$/day &
750 Mio < 2 \$/day

2015



Population 1227 Mio

500 Mio < 2 \$/day

BOP Consumers & PPP Products



INR 10



INR 5



INR 2



INR 1



INR 0.50



Price Points & affordability is key!

PPP is a growth driver

- CONSUMERS highly driven by “Value for Money”.
- More than 40% of FMCG market at prices upto INR 10

- SEGMENT was always important
- Sharpened FOCUS

Growth through PPP

Volumes ('000 MT) / SKUs (Nos.)

NPS (INR Bio)

NPS CAGR 2003-2007 %

PPP '03

24/ 60

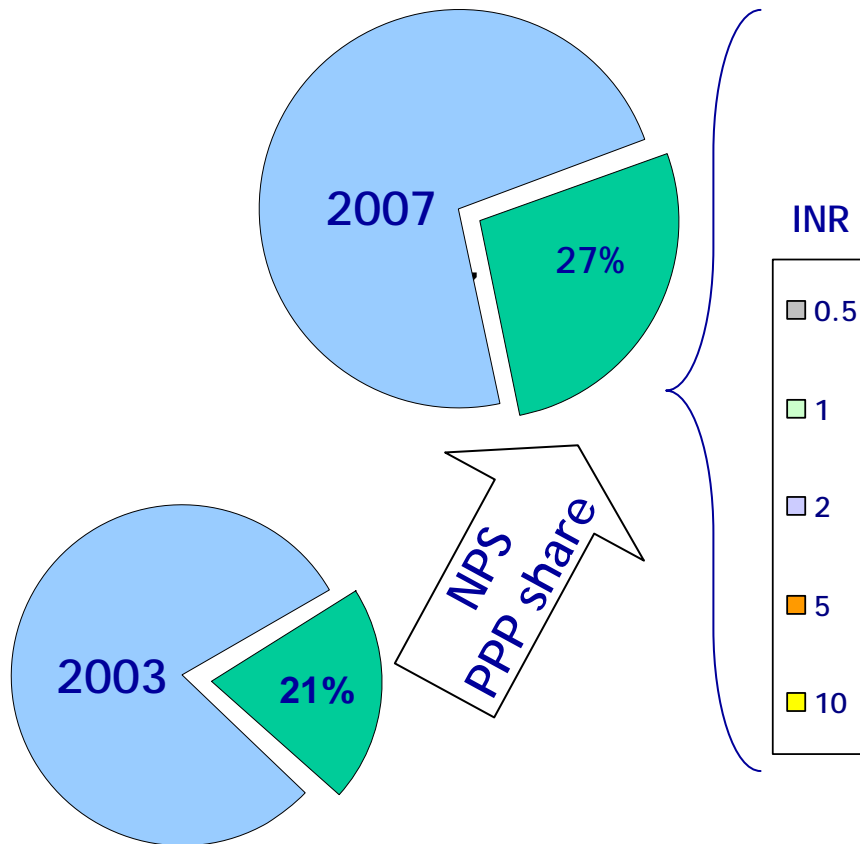
3.3

PPP '07

48 / 50

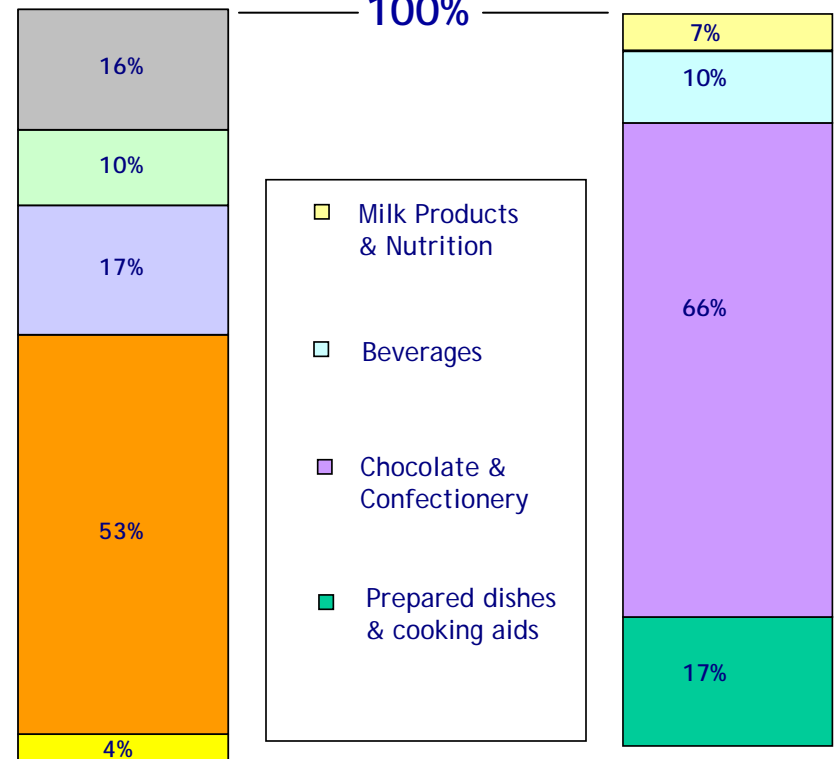
6.9

20



Price Point

Product Category



Conclusion

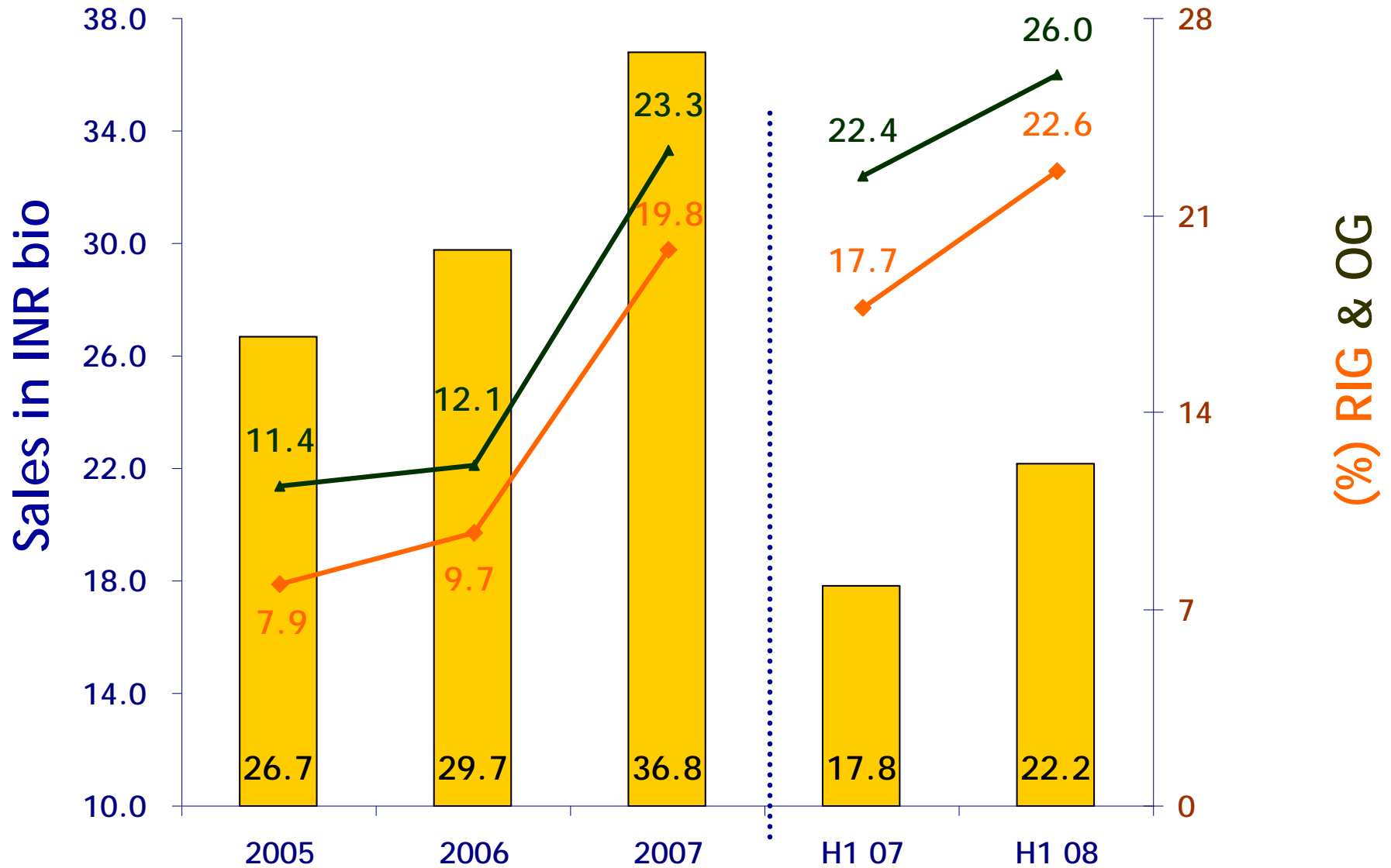
Managing a PPP business demands a creative
'mindset' which challenges traditional thinking
and re-defines paradigms.

SALES GROWTH (1)



Sales Evolution

■ Sales INR Bio ◆ Real Internal Growth (%) ▲ Organic Growth (%)



(%) RIG & OG

Basis Nestlé Internal Reporting Standards

Channel View

Net Sales

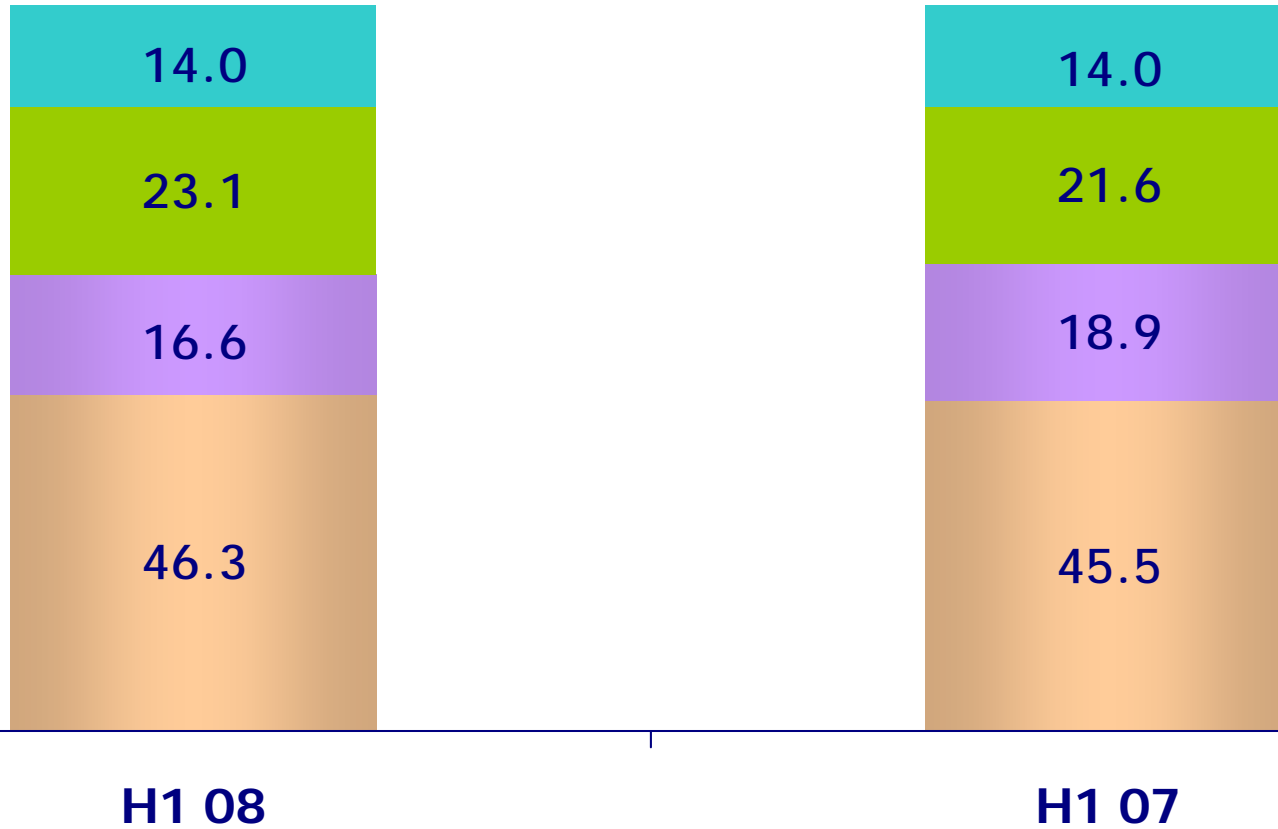
	(000' Tons)			(INR Bio)		
	H1 08	H1 07	Var%	H1 08	H1 07	Var%
Domestic	145.9	122.3	19.3	19.5	15.3	27.0
Exports	8.8	9.0	(2.1)	1.8	1.7	6.1
Total	154.7	131.3	17.8	21.3	17.0	24.9

Contribution (%)

Domestic	94.3	93.1	1.2	91.6	90.1	1.5
Exports	5.7	6.9	(1.2)	8.4	9.9	(1.5)

Product Portfolio

% Share



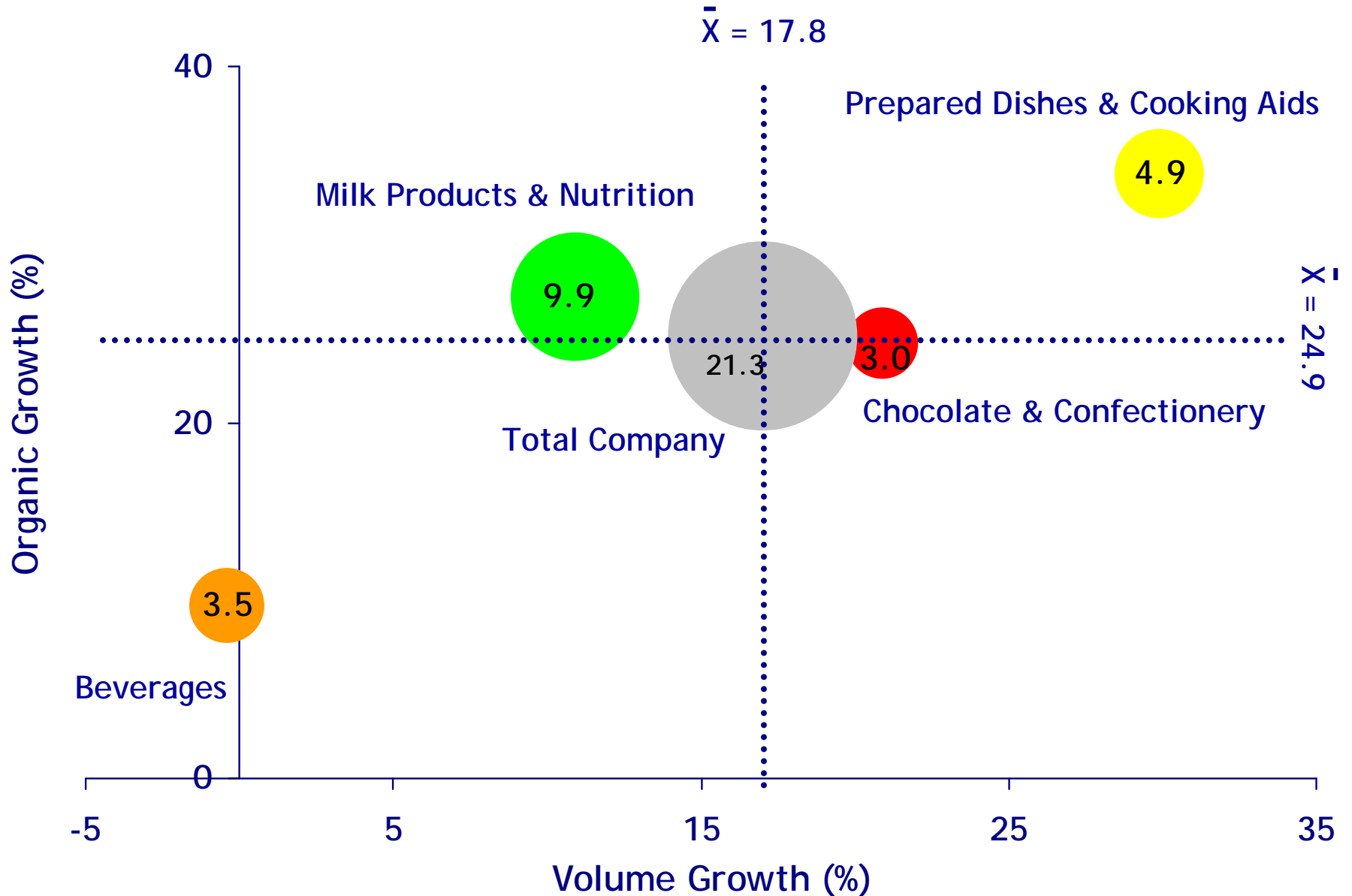
■ Milk Products and Nutrition

■ Beverages

■ Prepared Dishes and Cooking Aids

■ Chocolate and Confectionery

Product Groups



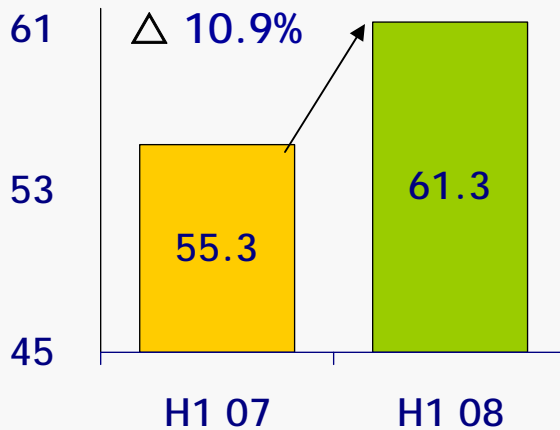
Bubble shows Net Sales (INR Bio)

Milk Products & Nutrition

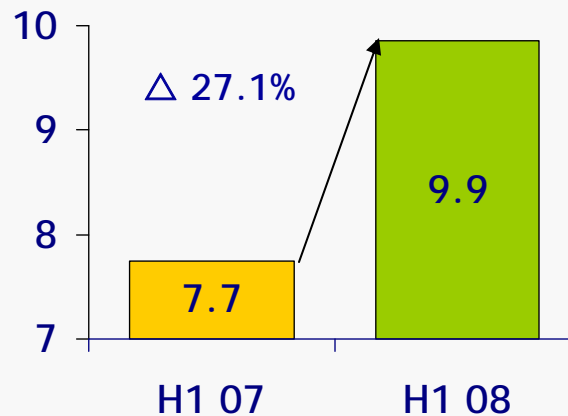
Innovation & Renovation



Sales Volume (000' tons)



Sales (INR Bio)



Contribution 46.3%

Market Position (Value)

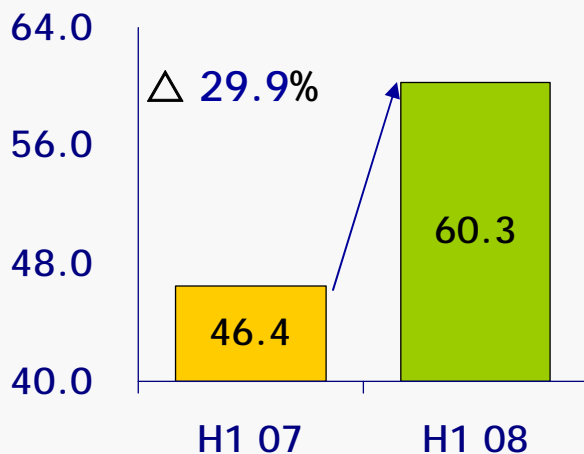
- No. 1 in Baby Foods & Infant Formula
- No. 1 in Dairy Whitener.
- Strong presence in Sweetened Condensed Milk
- Good presence in Fresh Dairy

Prepared Dishes & Cooking Aids

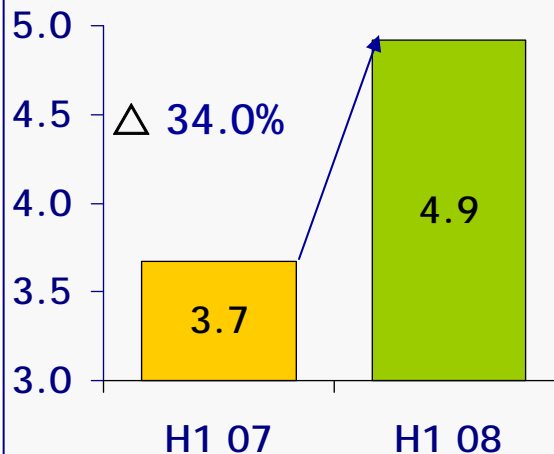
Innovation & Renovation



Sales Volume (000' tons)



Sales (INR Bio)



Market Position (Value)

- No. 1 in instant Noodles and Ketchups
- No. 2 in Healthy Soups

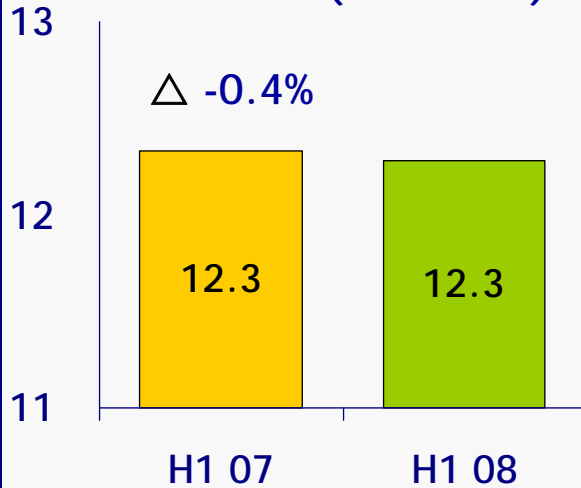
Contribution 23.1%

Beverages

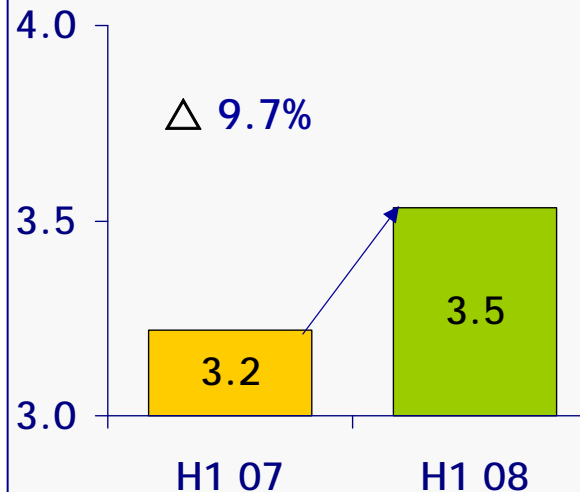
Innovation & Renovation



Sales Volume (000' tons)



Sales (INR Bio)



Market Position (Value)

- No. 1 in Instant Coffee
- Very strong presence in Vending
- Presence in Brown Beverages

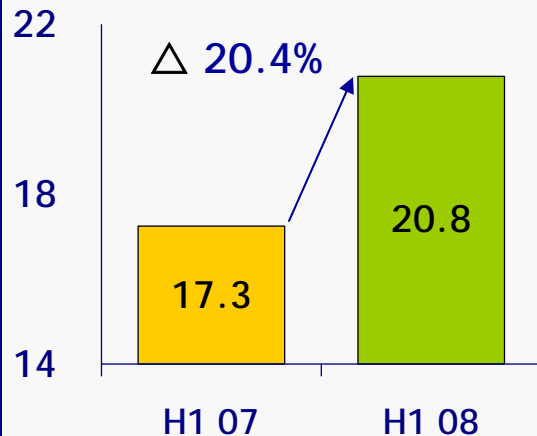
Contribution 16.6%

Chocolate & Confectionery

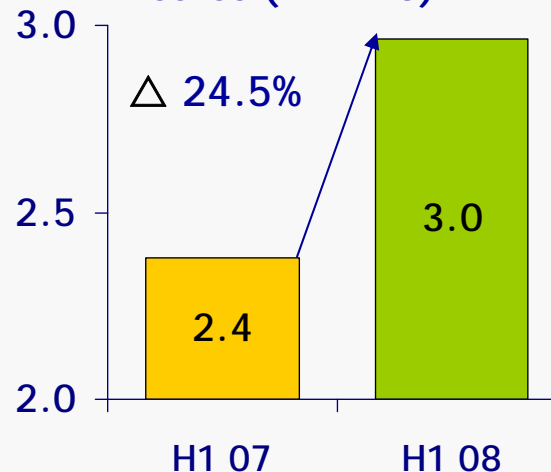
Innovation & Renovation



Sales Volumes (000' tons)



Sales (INR Bio)



Market Position (Value)

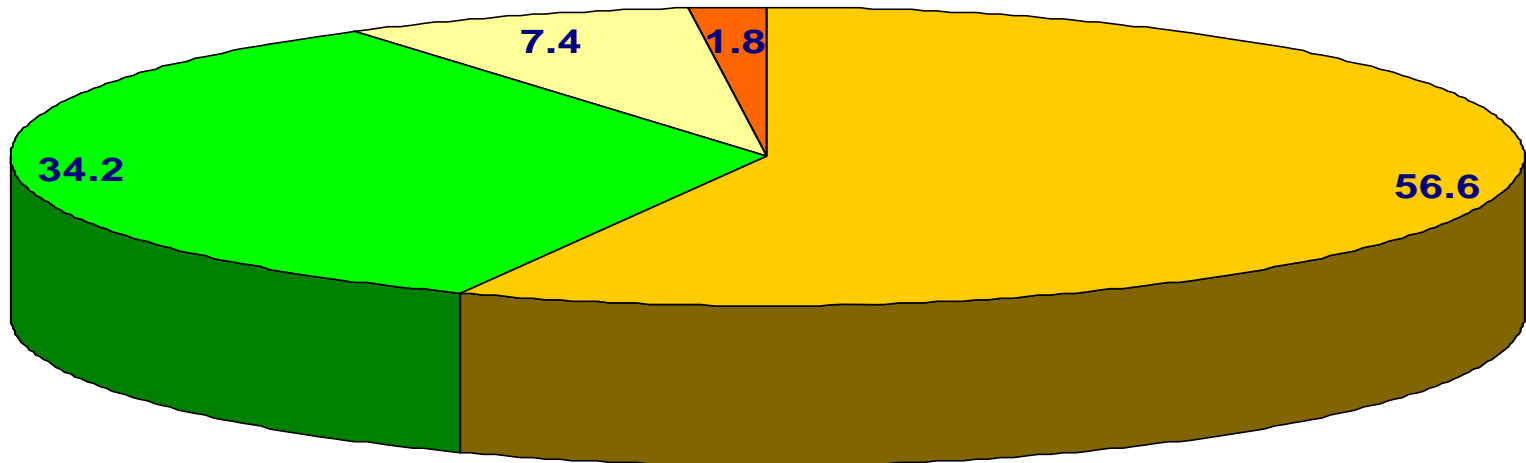
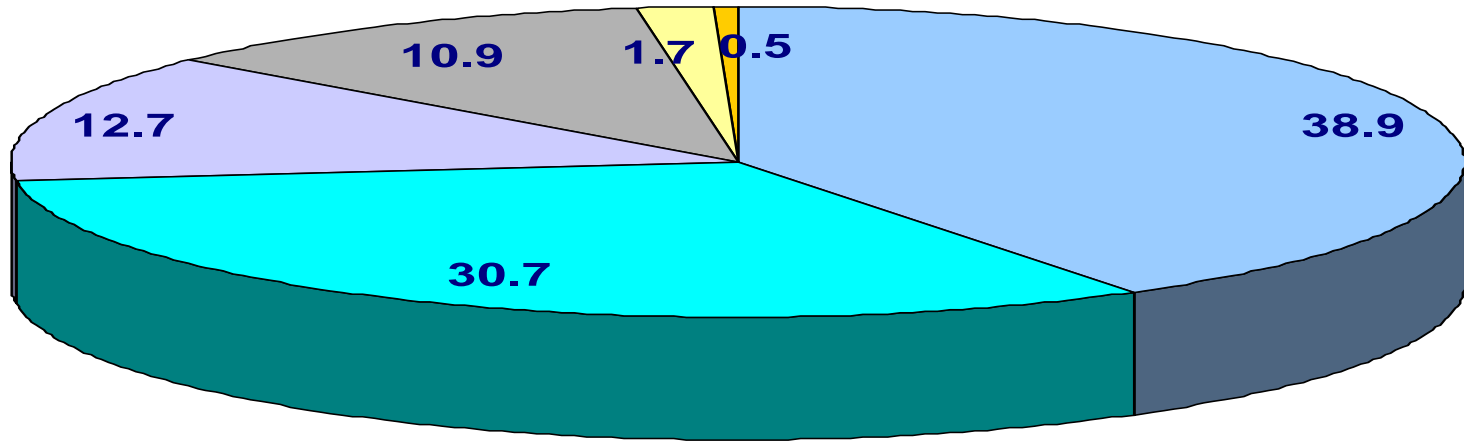
- No. 1 in Wafers and White Chocolates.
- No. 2 overall in Chocolate category
- No. 2 in Eclairs (No. 1 in volumes)

Contribution 14.0%

Export Sales Mix

H1 2008

South Asia Russia Europe
Asia / Oceania-Others Africa America



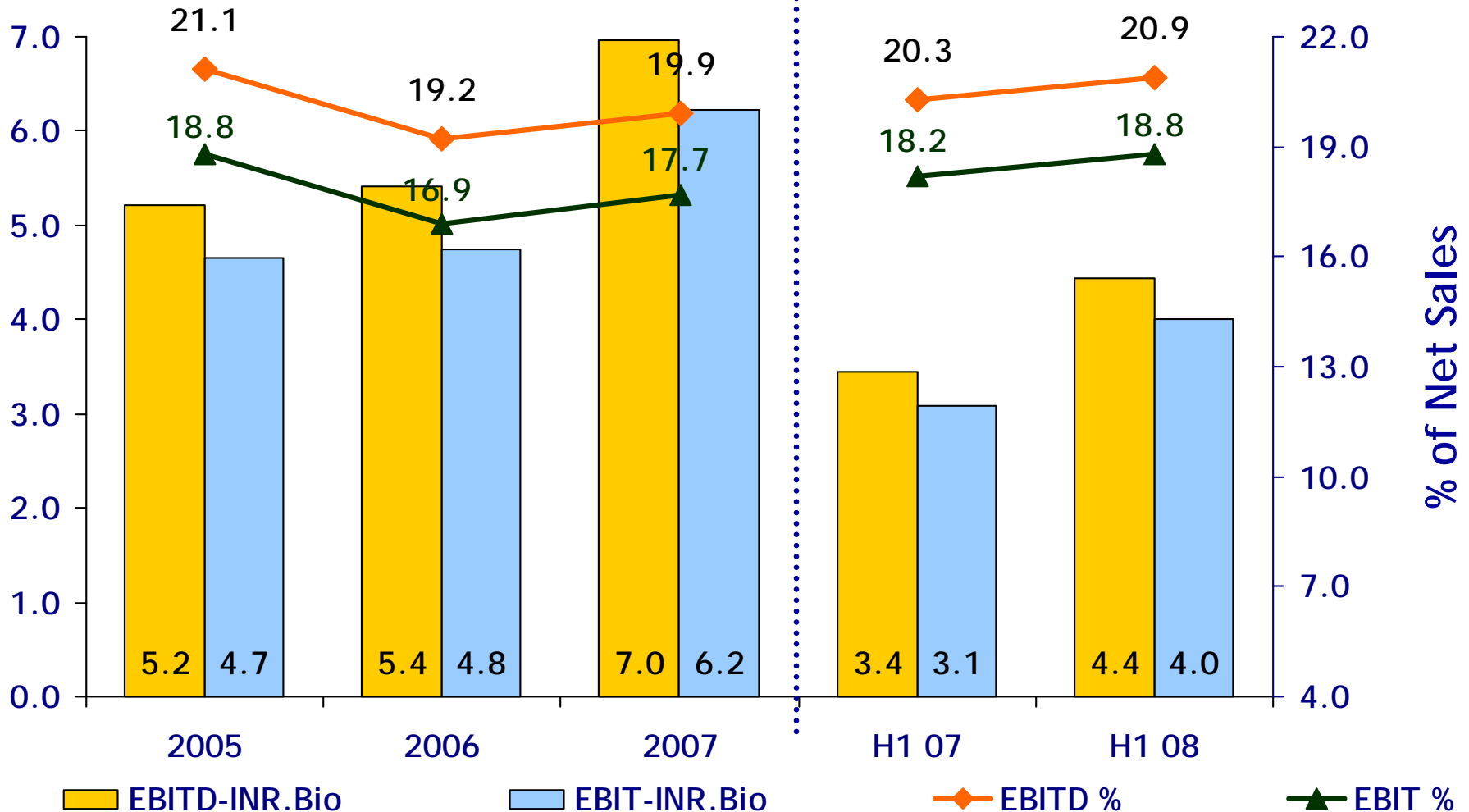
Beverages Milk Products & Nutrition
Prepared Dishes & Cooking Aids Chocolates & Confectionery

PROFIT MARGINS (2)



Evolution of Operating Margins

INR Bio.



Managing Costs

INR Mio.

Description	H1 2008	% of Sales	H1 2007	% of Sales	Var.
Expenses above EBIT-of which	17,259	81.2	13,929	81.8	23.9
Materials	10,335	48.6	8,256	48.5	25.2
Staff Cost	1,554	7.3	1,343	7.9	15.7
Depreciation	434	2.0	358	2.1	21.5
Advt + Sales Promotion	920	4.3	713	4.2	29.1
Distribution	943	4.4	767	4.5	23.0
Power & Fuel	742	3.5	613	3.6	21.1

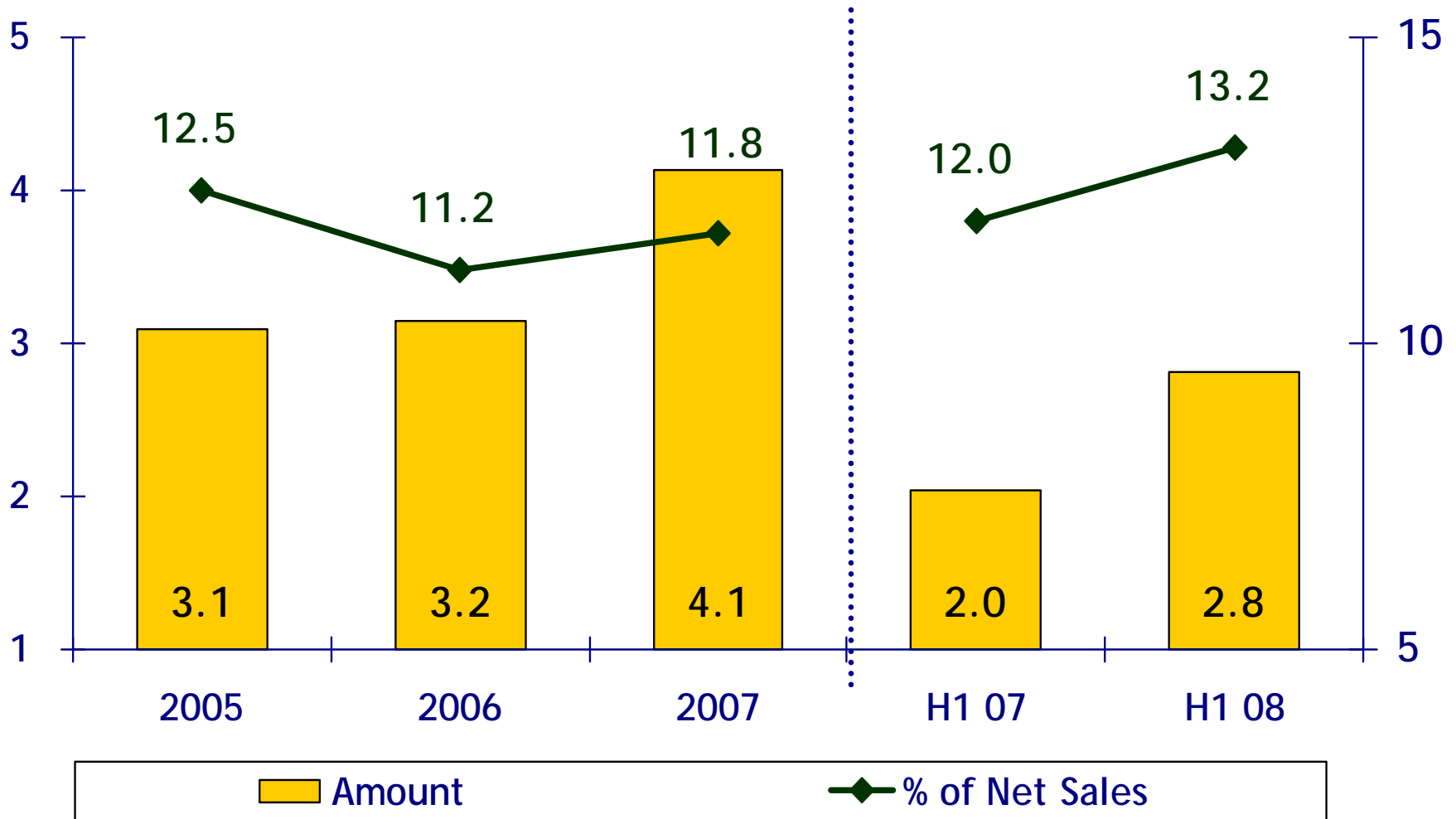


Figures have been regrouped / reclassified to make them comparable.

Evolution of Net Profit Margins

INR Bio.

% of Net sales



WORKING CAPITAL INTENSITY (3)



Trade Net Working Capital (TNWC)

INR Mio

	30 th Jun 2008	30 th Jun 2007
Receivables from Customers	731	629
Inventories	5,161	4,409
Less: Trade Payables *	2,594	1,998
TNWC	3,298	3,040
As % of Sales <i>(12 rolling months)</i>	8.0	9.2

* Excludes payables for taxes, Staff Costs, Capex, provisions for contingencies etc.

Basis Nestle Internal Reporting Standards and including affiliated customers and vendors

Operating Cash Flows

INR Mio

	H1 08	H1 07
Operating Cash Flows #	1,711	647
As % of Sales	7.7	3.6

excluding exceptional inflows

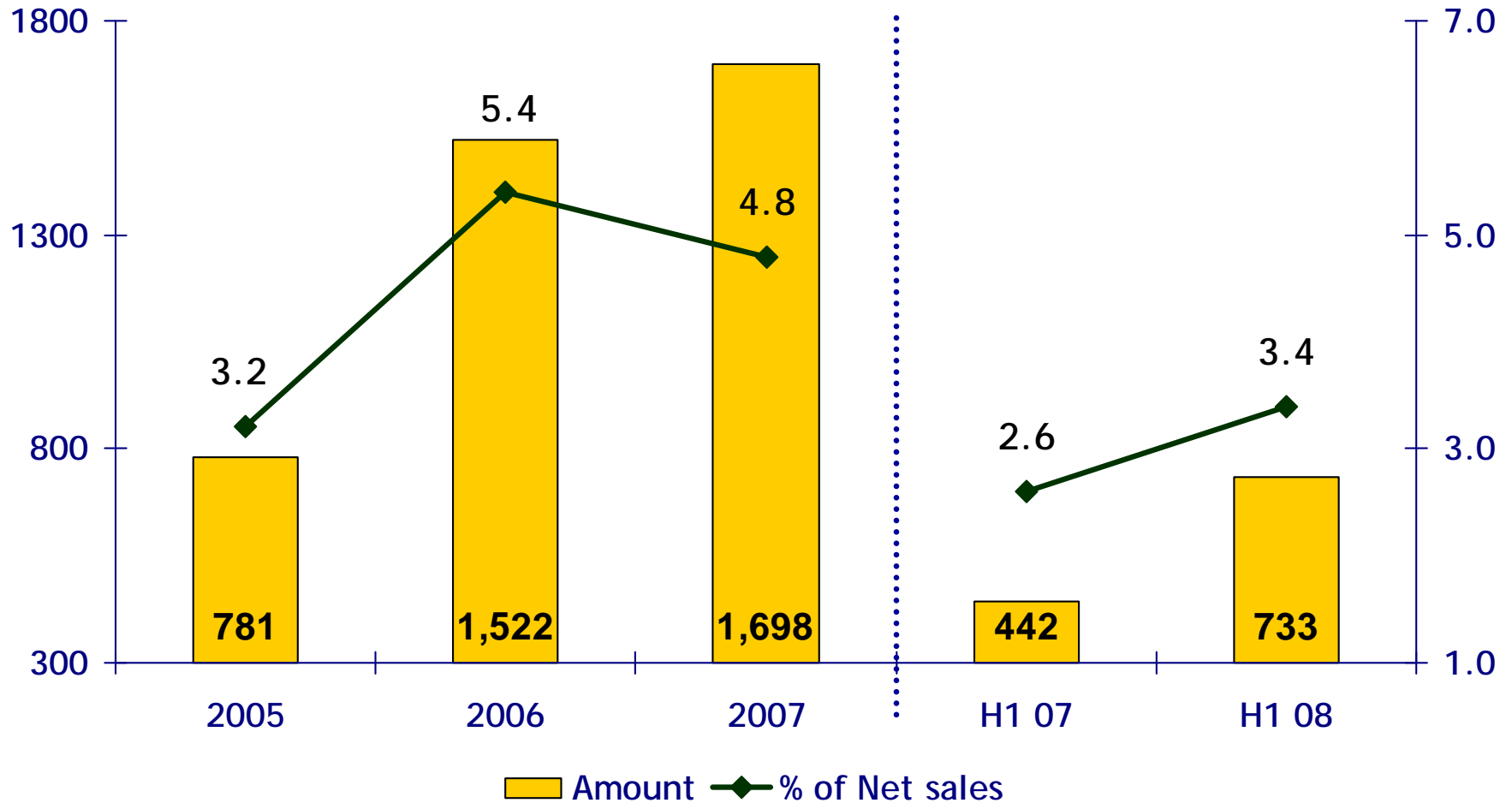
FIXED CAPITAL INTENSITY (4)



Investment in Fixed Assets

INR mio.

% of Net sales



Depreciation

498

555

640

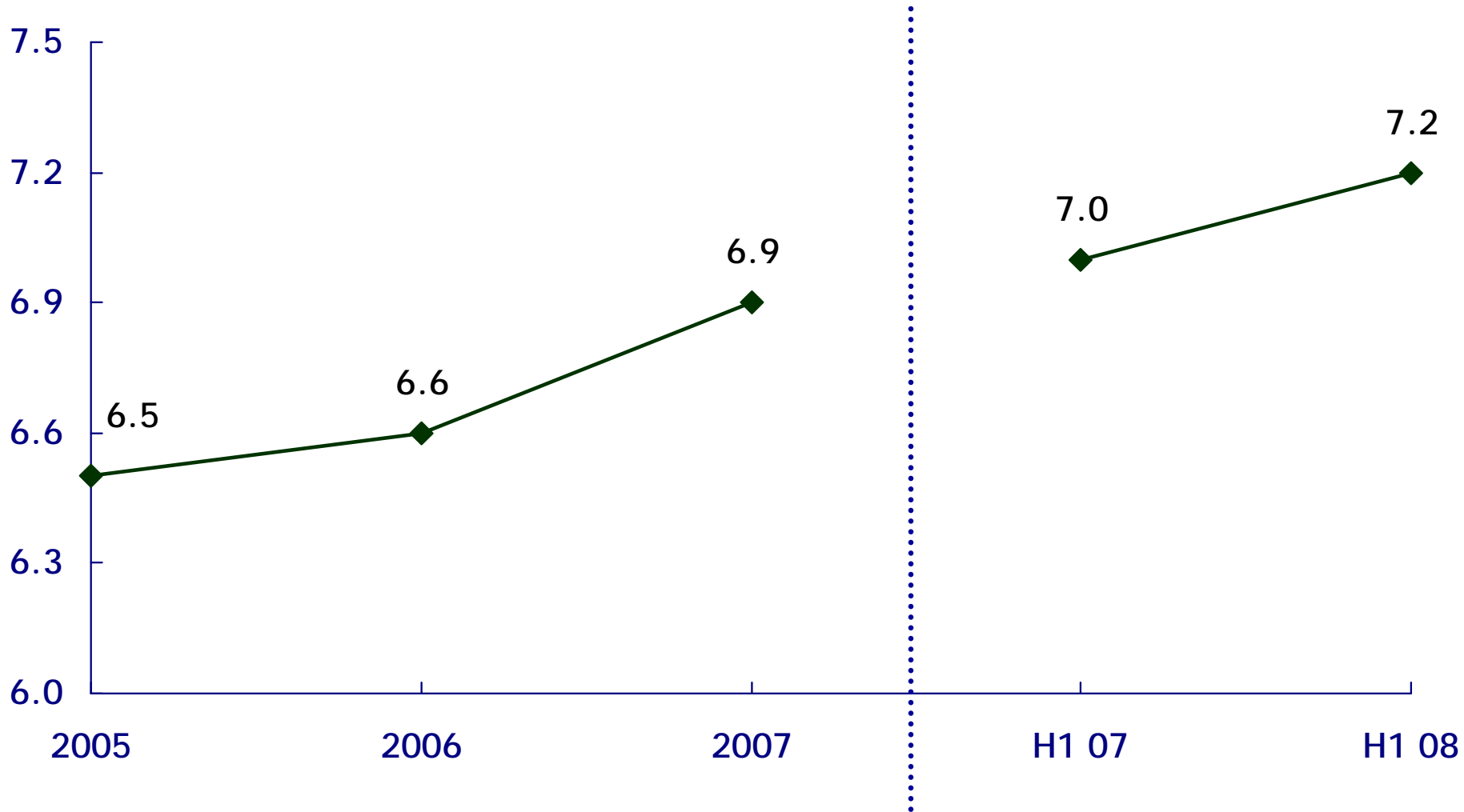
305

381

Excludes Intangibles

Rotation of Average Tangible Fixed Assets

Times



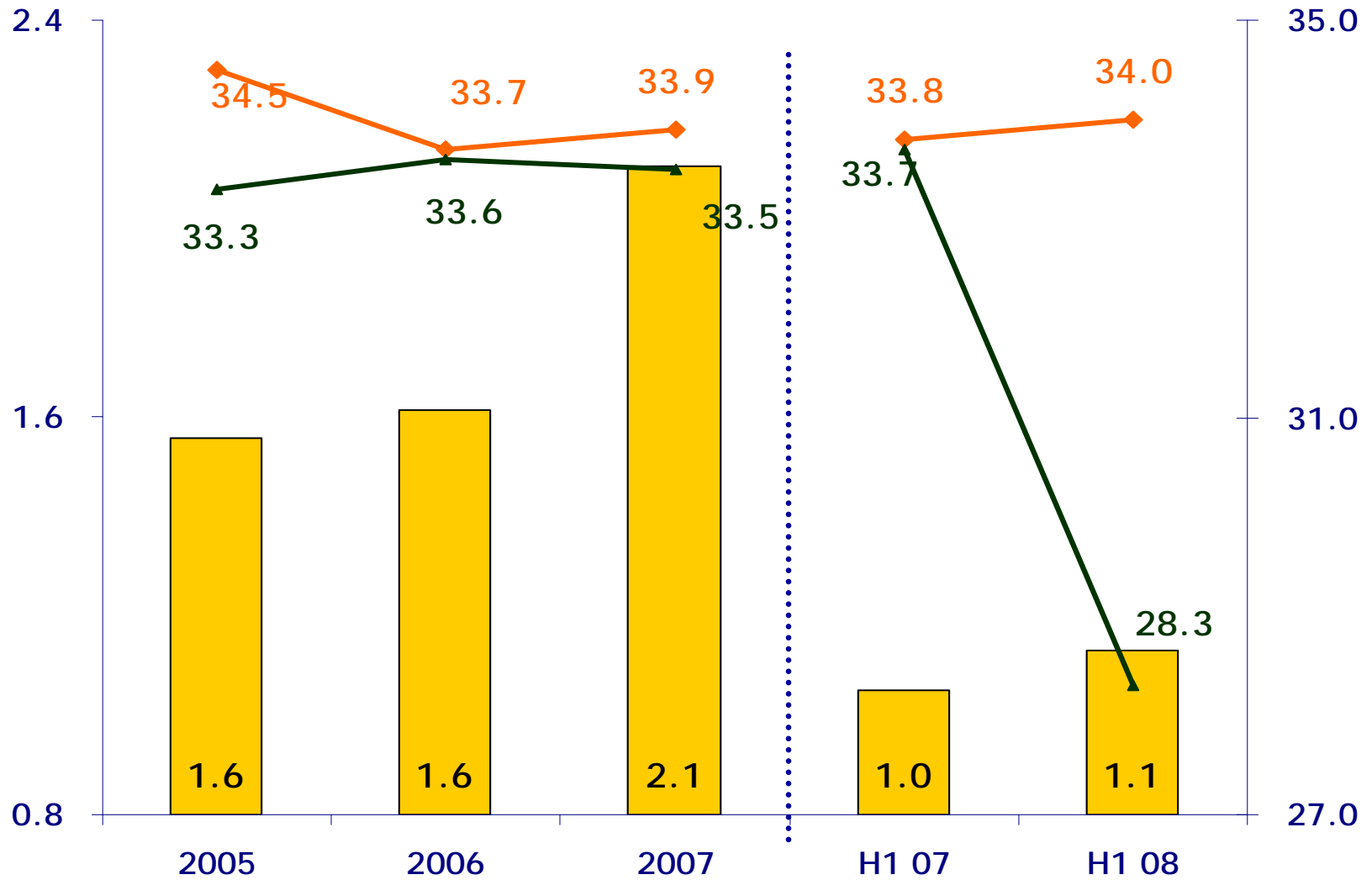
INCOME TAX RATE (5)



Income Tax

INR Bio.

% Tax rate



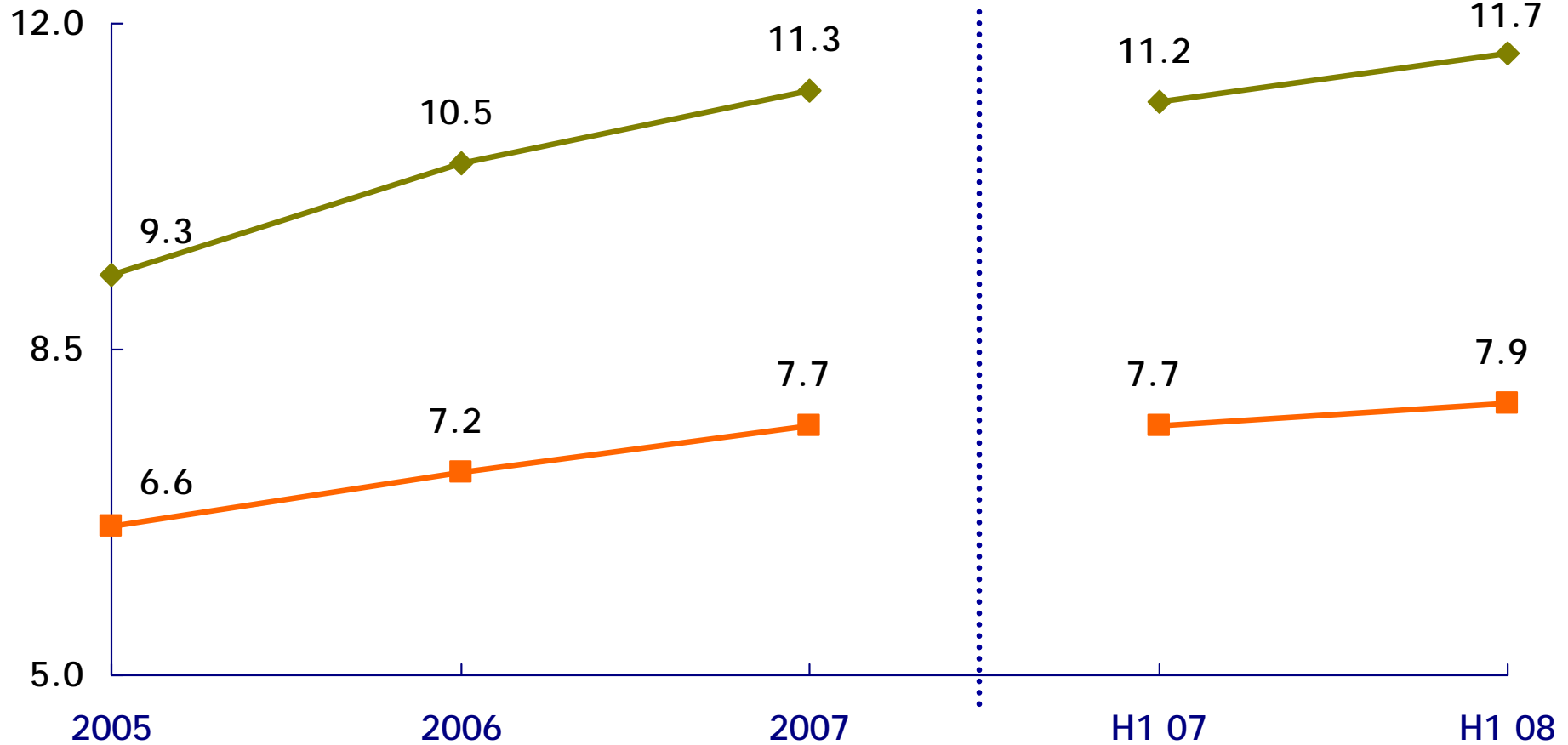
■ Tax Expense ◆ Marginal Tax Rate ▲ Effective Tax Rate

Excludes FBT

COST OF CAPITAL (6)

Cost of Capital

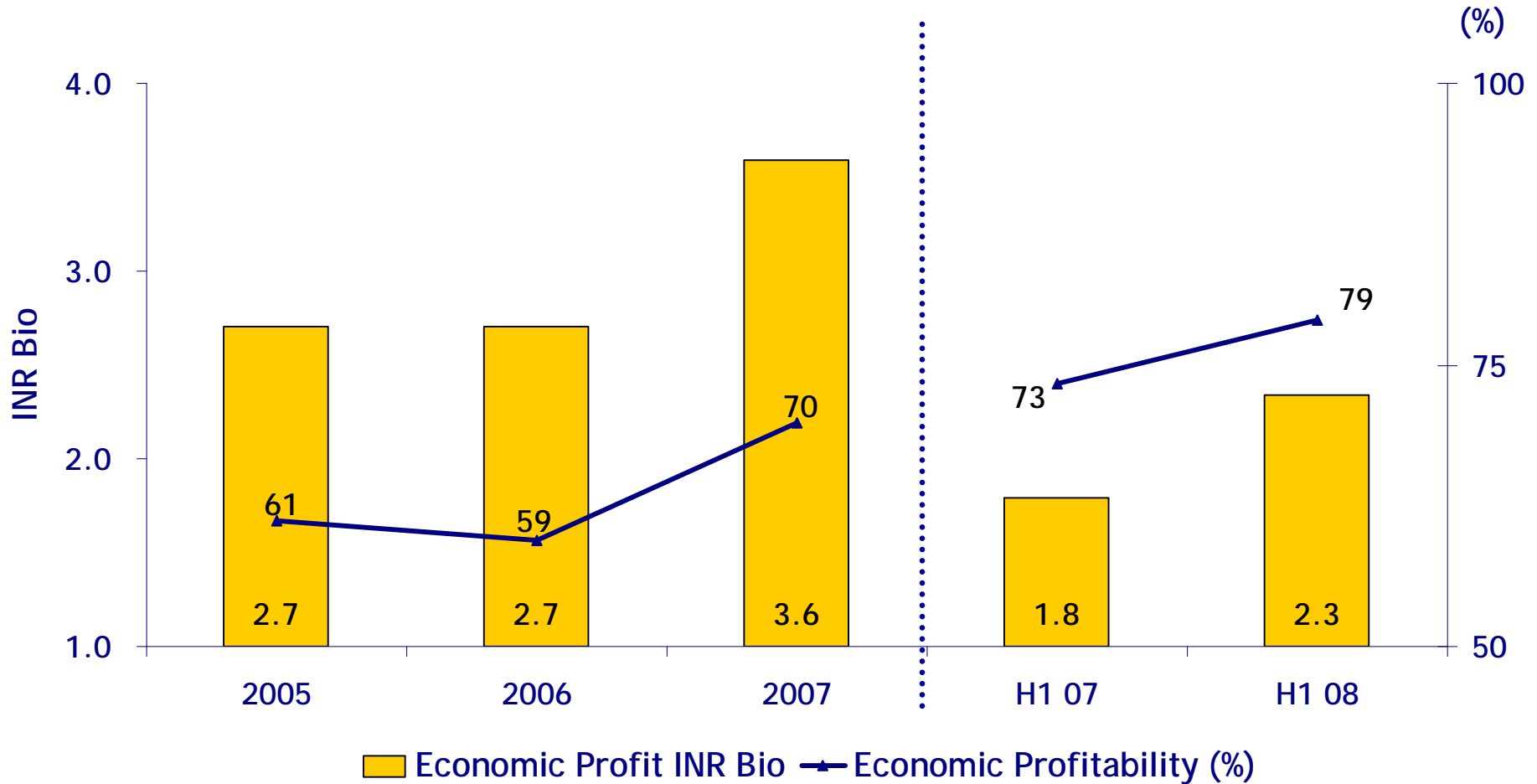
Adjusted Cost of Capital (ACC) Risk Free Rate



VALUE GROWTH DURATION (7)

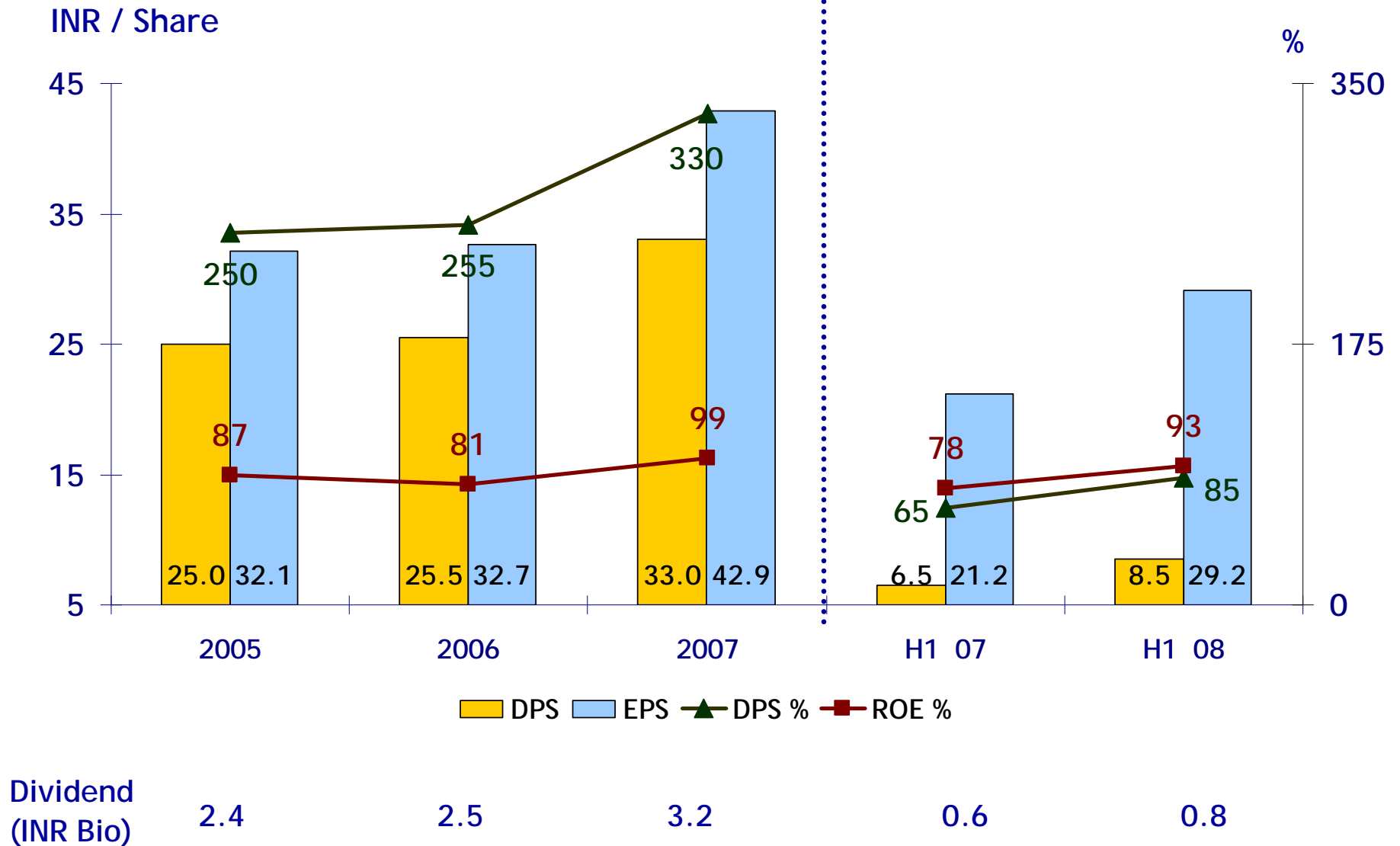


Creating Economic Value



Basis Nestle Internal Reporting Standards

Shareholders' Wealth



THANK YOU



Commodity Costs - Ongoing Challenge

