Nestlé India Market Leadership

- Brands:
  - Light Meals
  - Meal Embellishment
  - Dairy
  - Wafers & Whites
  - Conf. Indulgence

  • Nestlé position:
    - #1
    - #1
    - #2
    - #1
    - #1

- Brands:
  - Conf. Refreshment
  - Coffee
  - Baby Food
  - Infant Formula
  - Premium Infant Formula

  • Nestlé position:
    - #2
    - #1
    - #1
    - #1
    - #1
Nestlé India Recognitions

• 2009 - NDTV Profit Business Leadership Award

• 2009 - Runner up ‘Best Value Creator’ [Large Cap] at OUTLOOK Money NDTV Profit awards

• 2009 - MAGGI ‘Most Valuable Food Brand’ ICMR Survey

• 2009 - Business Standard ‘Star Multinational for 2009’

• 2009 - Golden Peacock ‘Environment Management Award’

• 2009 - Greentech ‘Environment Excellence Award’

• 2010 - ‘Me & Meri MAGGI’ campaign wins awards at Goa Festival
Consumer Landscape Evolution

2009
- Global
  - India
    - 18 Mio
    - PCI (USD)
    - USD 5500
  - Aspiring India
    - 149 Mio
    - USD 1100
  - Deprived India
    - 602 Mio
    - USD 500
- Population = 1164 Mio

2015
- Global
  - India
    - 45 Mio
    - PCI (USD)
    - USD 7500
  - Aspiring India
    - 240 Mio
    - USD 1500
  - Deprived India
    - 425 Mio
    - USD 700
- Population = 1227 Mio
Nestlé India
accelerating efficiency improvement
Nestlé India efficient communications

NESCAFE & Deepika Padukone. More active brand connect.
... and we remain confident!
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 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 basis Nestlé Internal Reporting Standards in relation to third party sales only.
First half highlights

Jan-Jun 10

- INR 29.5 Bio
- Volumes & Prices: + INR 4.7 Bio (+ 19.0%)
- INR 5.4 Bio
- Economic Profit: + INR 0.4 Bio (+ 7.0%)
- INR 2.9 Bio

Jan-Jun 09

- Net Sales: INR 24.8 Bio
- RIG%: 13.2
- OG%: 16.9
- OPBIT: INR 5.0 Bio
- Economic Profit: INR 2.7 Bio

Includes figures from Nestlé Internal Reporting Standards
+20% Growth @ healthy margins

**NET SALES**

<table>
<thead>
<tr>
<th>% YoY growth</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>26.4</td>
<td>23.5</td>
<td>22.2</td>
<td>21.7</td>
</tr>
<tr>
<td>2009</td>
<td>16.0</td>
<td>16.8</td>
<td>17.6</td>
<td>24.0</td>
</tr>
<tr>
<td>2010</td>
<td>16.9</td>
<td>21.3</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**INR Bio**

<table>
<thead>
<tr>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.9</td>
<td>12.7</td>
<td>14.8</td>
</tr>
<tr>
<td>10.4</td>
<td>12.1</td>
<td>14.7</td>
</tr>
<tr>
<td>11.1</td>
<td>13.0</td>
<td>13.5</td>
</tr>
</tbody>
</table>

**OPBIT**

<table>
<thead>
<tr>
<th>% of Net Sales</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>INR Bio</td>
<td>20.2</td>
<td>16.6</td>
<td>19.2</td>
</tr>
<tr>
<td></td>
<td>16.8</td>
<td>18.6</td>
<td>17.8</td>
</tr>
<tr>
<td></td>
<td>16.9</td>
<td>18.8</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>12.5</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>2.2</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>2.8</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>2.6</td>
<td></td>
</tr>
</tbody>
</table>
Doubled sales in 4 yrs

Organic Growth (OG) (%)  Real Internal Growth (RIG) (%)  Net Sales (INR Bio)

CAGR +22%

RIG & OG are basis Nestlé Internal Reporting Standards in relation to third party sales only.
Strong domestic Net Sales

Volume (000’ Tons)

<table>
<thead>
<tr>
<th>Year</th>
<th>Volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan-Jun 09</td>
<td>162.9</td>
</tr>
<tr>
<td>Jan-Jun 10</td>
<td>192.0</td>
</tr>
</tbody>
</table>

Value (INR Bio)

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan-Jun 09</td>
<td>23.2</td>
</tr>
<tr>
<td>Jan-Jun 10</td>
<td>27.5</td>
</tr>
</tbody>
</table>

Recovery in Exports

Volume (000’ Tons)

<table>
<thead>
<tr>
<th>Year</th>
<th>Volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan-Jun 09</td>
<td>7.2</td>
</tr>
<tr>
<td>Jan-Jun 10</td>
<td>9.3</td>
</tr>
</tbody>
</table>

Value (INR Bio)

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan-Jun 09</td>
<td>1.5</td>
</tr>
<tr>
<td>Jan-Jun 10</td>
<td>2.0</td>
</tr>
</tbody>
</table>
Diversified product portfolio across categories...

**Contribution to Net Sales**

<table>
<thead>
<tr>
<th>Category</th>
<th>% Share Jan-Jun 10</th>
<th>% Share Jan-Jun 09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chocolate &amp; Confectionery</td>
<td>14.3</td>
<td>13.5</td>
</tr>
<tr>
<td>Prepared Dishes &amp; Cooking Aids</td>
<td>26.3</td>
<td>24.4</td>
</tr>
<tr>
<td>Beverages</td>
<td>13.8</td>
<td>14.5</td>
</tr>
<tr>
<td>Milk Products &amp; Nutrition</td>
<td>45.6</td>
<td>47.6</td>
</tr>
</tbody>
</table>

Jan-Jun 10 vs Jan-Jun 09
...and income segments

PREMIUM

MAINSTREAM

PPP
All categories have contributed to growth

\[ \bar{x} = 18.4 \]

\[ \bar{x} = 19.0 \]

- Milk Products & Nutrition: 13.4%
- Prepared Dishes & Cooking Aids: 7.7%
- Chocolate & Confectionery: 4.2%
- Beverages: 4.1%

Bubble shows Net Sales (INR Bio) Jan-Jun 10
Milk Products & Nutrition

‘A good growth’

Sales (000’ tons)

Jan-Jun 09 | Jan-Jun 10
--- | ---
67.7 | 72.4

+7.1%

Sales (INR Bio)

Jan-Jun 09 | Jan-Jun 10
--- | ---
11.8 | 13.4

+14.0%

Market Position (Value)

- No. 1 in Baby Foods & Infant Formula
- No. 1 in Dairy Whitener & Sweetened Condensed Milk

Contribution 45.6%
Prepared Dishes & Cooking Aids

‘Continues on high growth trajectory’

Innovation & Renovation

- Maggi masala magic
- Masala Korma
- Vegetable Multigrain Noodles
- Instant Potato
- Veggie Delight
- Crispy Samosas
- Maggi 2 Minutes Noodles
- Maggi 2 Minutes Masala Noodles
- New Vegetable Atta Noodles
- Maggi Cuppa Mania
- Maggi Cuppa Mania Korma
- Maggi Cuppa Mania Spicy
- Maggi Cuppa Mania Tomato
- Maggi Redkoo
- Healthy Soups

Sales (000’ tons)

<table>
<thead>
<tr>
<th></th>
<th>Jan-Jun 09</th>
<th>Jan-Jun 10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales (000’ tons)</td>
<td>70.6</td>
<td>88.9</td>
</tr>
<tr>
<td>Sales (INR Bio)</td>
<td>6.0</td>
<td>7.7</td>
</tr>
</tbody>
</table>

Market Position (Value)

- No. 1 in instant Noodles & Sauces
- No. 2 in Healthy Soups

Contribution 26.3%
Beverages

‘Exports improves performance’

Innovation & Renovation

Sales (000’ tons)

<table>
<thead>
<tr>
<th>Jan-Jun 09</th>
<th>Jan-Jun 10</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.9</td>
<td>13.9</td>
</tr>
</tbody>
</table>

Sales (INR Bio)

<table>
<thead>
<tr>
<th>Jan-Jun 09</th>
<th>Jan-Jun 10</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.6</td>
<td>4.1</td>
</tr>
</tbody>
</table>

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

Contribution 13.8%
Chocolate & Confectionery

‘Strong recovery’

Innovation & Renovation

KitKat
Nestle
Milkybar
Bar One

Sales (000’ tons)

Sales (INR Bio)

Jan-Jun 09  Jan-Jun 10
20.8        26.1
+25.3%

Jan-Jun 09  Jan-Jun 10
3.3         4.2
+25.8%

Market Position (Value)

- No. 1 in Wafers and Whites
- Leading player in Éclairs

Contribution 14.3%
Export portfolio

Geography
- South Asia: 27.2%
- Russia: 43.5%
- America: 8.0%
- Africa: 8.7%
- Europe: 6.8%
- Asia-Oceania: 5.8%

Product Category
- Beverages: 70.0%
- Milk Products & Nutrition: 20.3%
- Prepared Dishes & Cooking Aids: 7.0%
- Chocolate & Confectionery: 2.7%

Value (INR Bio): 2.0 (+28.6%)
Volume (000' Tons): 9.3 (+29.3%)
Contribution to sales: 6.7%

Jan-Jun 10
Our Cost Structure

INR Bio

<table>
<thead>
<tr>
<th>Category</th>
<th>Jan-Jun 2010</th>
<th>Jan-Jun 2009</th>
<th>% Operating Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Materials</td>
<td>49.3%</td>
<td>47.2%</td>
<td></td>
</tr>
<tr>
<td>Staff Cost</td>
<td>14.6%</td>
<td>11.7%</td>
<td></td>
</tr>
<tr>
<td>Distribution Cost</td>
<td>7.2%</td>
<td>7.9%</td>
<td></td>
</tr>
<tr>
<td>Advertisement &amp; Sales Promotion</td>
<td>4.9%</td>
<td>4.3%</td>
<td></td>
</tr>
<tr>
<td>Power &amp; Fuel</td>
<td>4.1%</td>
<td>4.3%</td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>3.6%</td>
<td>2.7%</td>
<td></td>
</tr>
</tbody>
</table>

Effective increase 21.5%

Figures have been regrouped / reclassified to make them comparable.
Record high commodity prices impact margins which remain healthy....
... and improvement underway...

<table>
<thead>
<tr>
<th>Year</th>
<th>Qtr 1</th>
<th>Qtr 2</th>
<th>Change bps</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>22.0</td>
<td>18.6</td>
<td>340</td>
</tr>
<tr>
<td>2010</td>
<td>19.2</td>
<td>17.8</td>
<td>140</td>
</tr>
</tbody>
</table>

Change bps: 280 80

....despite commodities pressures....

<table>
<thead>
<tr>
<th>Material cost as % of Net Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year</td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td>2009</td>
</tr>
<tr>
<td>2010</td>
</tr>
</tbody>
</table>

Change bps: 260 150
CPI Inflation

Food has 46.2% weighting in CPI
Effective tax rate improves

Year 2007: Tax Expense (INR Bio) 2.1, Marginal Tax Rate (%) 33.5, Effective Tax Rate (%) 2.1
Year 2008: Tax Expense (INR Bio) 2.3, Marginal Tax Rate (%) 34.0, Effective Tax Rate (%) 2.3
Year 2009: Tax Expense (INR Bio) 2.6, Marginal Tax Rate (%) 34.0, Effective Tax Rate (%) 2.6
Jan-Jun 09: Tax Expense (INR Bio) 1.5, Marginal Tax Rate (%) 34.0, Effective Tax Rate (%) 1.5
Jan-Jun 10: Tax Expense (INR Bio) 1.6, Marginal Tax Rate (%) 33.6, Effective Tax Rate (%) 1.6

Excludes Fringe Benefit & Dividend Distribution Tax
Creating capacities for growth

<table>
<thead>
<tr>
<th>Year</th>
<th>Commitments</th>
<th>Capex (INR Bio)</th>
<th>Capex as % of Net sales</th>
<th>FA Rotation</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>0.7 (INR Bio)</td>
<td>5.0</td>
<td>1.7</td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td></td>
<td>5.8</td>
<td>2.9</td>
<td>5.9</td>
</tr>
<tr>
<td>2009</td>
<td></td>
<td>5.6</td>
<td>4.7</td>
<td>5.9</td>
</tr>
<tr>
<td>Jan Jun 09</td>
<td></td>
<td>4.3</td>
<td>1.1</td>
<td>4.4</td>
</tr>
<tr>
<td>Jan Jun 10</td>
<td></td>
<td></td>
<td>1.3</td>
<td>4.4</td>
</tr>
</tbody>
</table>

- **Capex (INR Bio)**
- **Capex as % of Net sales**
- **FA Rotation**

Dep. (INR Bio):
- 2007: 0.56
- 2008: 0.64
- 2009: 0.82
- Jan Jun 09: 0.59
- Jan Jun 10: 0.73

*Fixed Assets exclude Intangibles*
Satisfactory average operating working capital. Period end up from 6.0 to 8.3% due to low base, margin & inventory build up.

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
Cash flows impacted by period end working capital & margins

- Base effect of working capital
- Non cash costs in 09
- Margins

<table>
<thead>
<tr>
<th>Year</th>
<th>Operating cash flows (INR Bio)</th>
<th>% of Net Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>5.2</td>
<td></td>
</tr>
<tr>
<td>2008 #</td>
<td>6.7</td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>9.3</td>
<td></td>
</tr>
<tr>
<td>Jan-Jun 09</td>
<td>3.9</td>
<td></td>
</tr>
<tr>
<td>Jan-Jun 10</td>
<td>2.6</td>
<td></td>
</tr>
</tbody>
</table>

# excluding exceptional inflows
Continue to create strong economic value

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>Jan-Jun 09</th>
<th>Jan-Jun 10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic Profit (INR Bio)</td>
<td>50</td>
<td>51</td>
<td>49</td>
<td>59</td>
<td>53</td>
</tr>
<tr>
<td>Economic Profitability (%)</td>
<td>3.3</td>
<td>4.1</td>
<td>4.9</td>
<td>2.7</td>
<td>2.9</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Measure</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>Jan-Jun 09</th>
<th>Jan-Jun 10</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACC %</td>
<td>11.3</td>
<td>11.6</td>
<td>12.8</td>
<td>12.9</td>
<td>13.0</td>
</tr>
<tr>
<td>Risk Free rate %</td>
<td>7.7</td>
<td>7.9</td>
<td>8.5</td>
<td>8.5</td>
<td>8.0</td>
</tr>
<tr>
<td>Group risk Premium%</td>
<td>2.5</td>
<td>2.5</td>
<td>3.0</td>
<td>3.0</td>
<td>3.5</td>
</tr>
</tbody>
</table>

Basis Nestlé Internal Reporting Standards
Increased Shareholders wealth

Average Share Price (INR)

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>Jan-Jul 09</th>
<th>Jan-Jul 10</th>
</tr>
</thead>
<tbody>
<tr>
<td>EPS (INR)</td>
<td>33.0</td>
<td>42.5</td>
<td>48.5</td>
<td>9.0</td>
<td>9.0</td>
</tr>
<tr>
<td>DPS (INR)</td>
<td>42.9</td>
<td>55.4</td>
<td>67.9</td>
<td>37.3</td>
<td>41.1</td>
</tr>
<tr>
<td>Dividend (INR Bio)</td>
<td>3.2</td>
<td>4.1</td>
<td>4.7</td>
<td>0.9</td>
<td>0.9</td>
</tr>
</tbody>
</table>

2008 figures include special dividend of Rs. 7.5/Share
Contribution to Nation building

Over the years, Direct & indirect contribution to Exchequer around 1/4 of net sales
THANK YOU
Evolution of Commodity Cost

Impact of price change (INR Mio)

Price Indices (%)

- Green Coffee
- Palm Oil
- Fats
- MSK
- Wheat Flour
- Cocoa
- Sugar
- Fresh Milk

Bubble size represents the consumption in Jan-Jun 10 (INR Bio)
Evolution - MSK Prices

Indexed with base Q1-07
Evolution - Green Coffee Prices

Indexed with base Q1-07
Evolution - Sugar Prices

Indexed with base Q1-07
Evolution - Palm Oil Prices

Indexed with base Q1-07
Evolution - Crude Oil Prices [NYMEX]

Mean Jan-Jun 09
51.9 USD/Barrel

+ 50.1%

Mean Jan-Jun 10
77.9 USD/Barrel

New York Mercantile Exchange
Fuel Oils

Furnace Oil

- Price: Rs./litr
- Jan-Jun 10: 30.5
- Jan-Jun 09: 19.2
- Increase: +58.9%

HSD

- Price: Rs./litr
- Jan-Jun 10: 33.2
- Jan-Jun 09: 30.2
- Increase: +9.8%

Share % in total Power & Fuel cost
- Furnace Oil ~ 49%
- HSD ~ 14%
GDP Quarterly growth (%)

All Sectors

Mean 7.1

Services

Industry

Mean 7.8

Agriculture

Mean 8.5

Mean 1.0

Source: CSO (basis Calendar year)