

Nestlé India Limited



20th Financial Analysts' Meet - Gurgaon 30th November 2011



Nestlé

Good Food, Good Life

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.

Jan - Sep highlights

Jan-Sep
2011

INR 55.4 Bio



15.5



21.5



INR 10.3 Bio



18.6% *

INR 7.3 Bio



13.2% *



+ INR 9.5 Bio
+ 20.8%



Weighted
Volumes
& Prices



+ INR 1.8 Bio
+ 20 bps



+ INR 1.2 Bio
- 20 bps

Jan-Sep
2010

INR 45.8 Bio



16.3



21.1



INR 8.4 Bio



18.4% *

INR 6.2 Bio



13.4% *

Net Sales

RIG

OG%

OPBIT

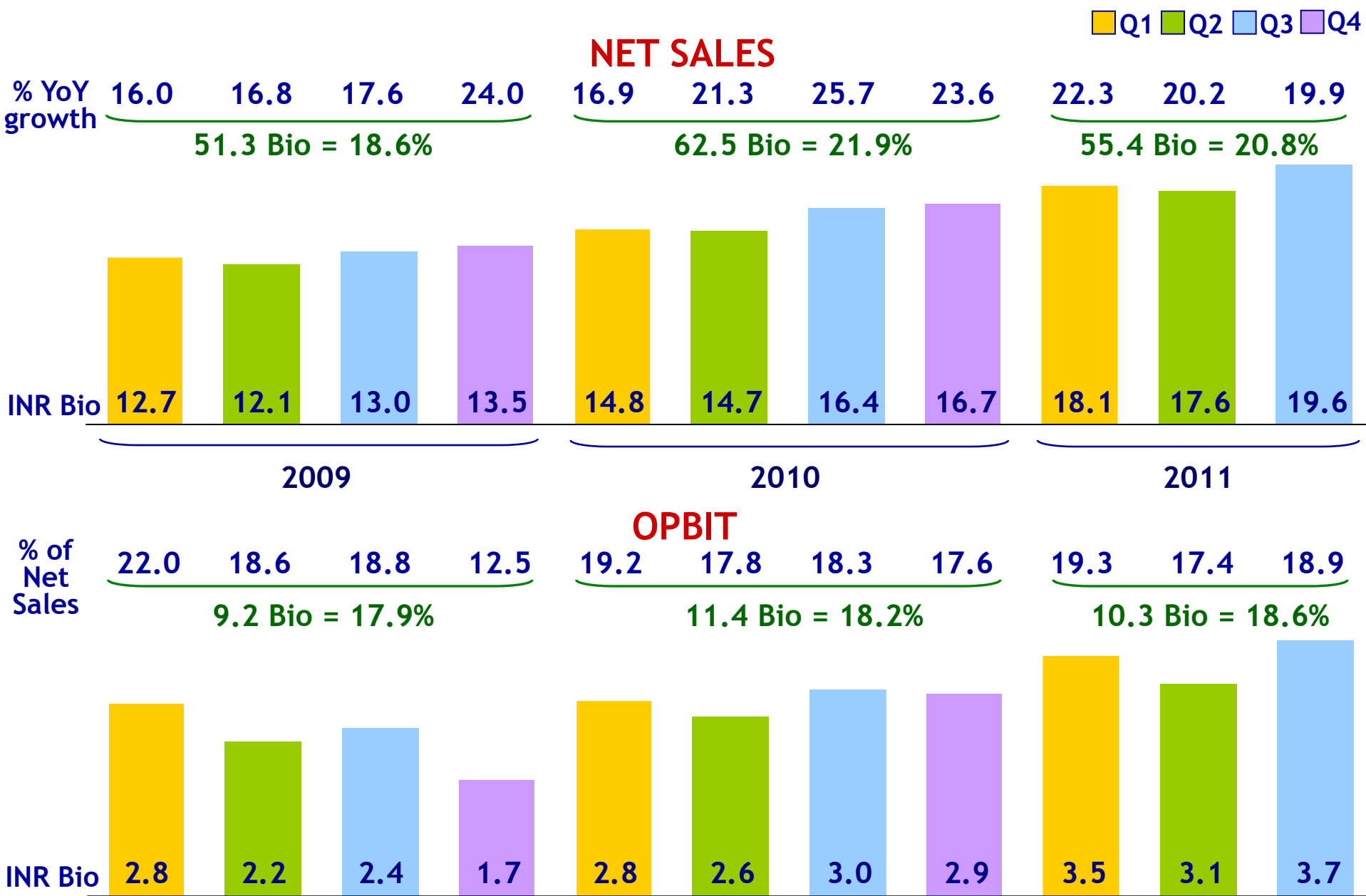
Net Profit

Third Party Sales

Includes figures from Nestlé Internal Reporting Standards

* % of Net Sales

Sustained successive quarters of double digit growth *and* profitability

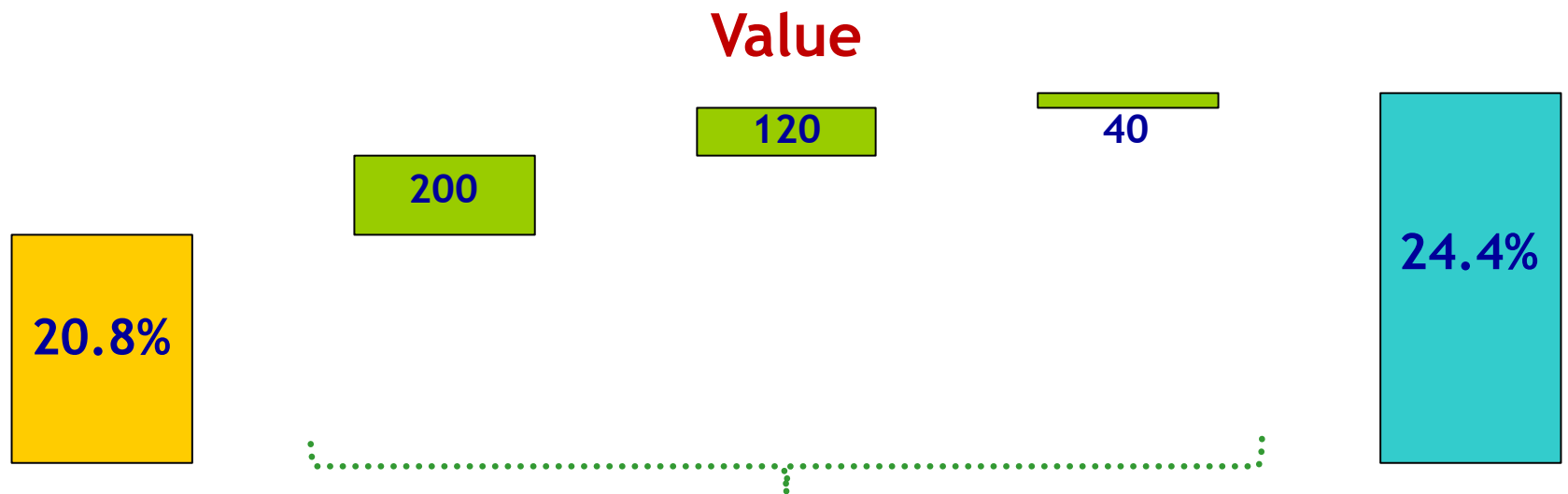
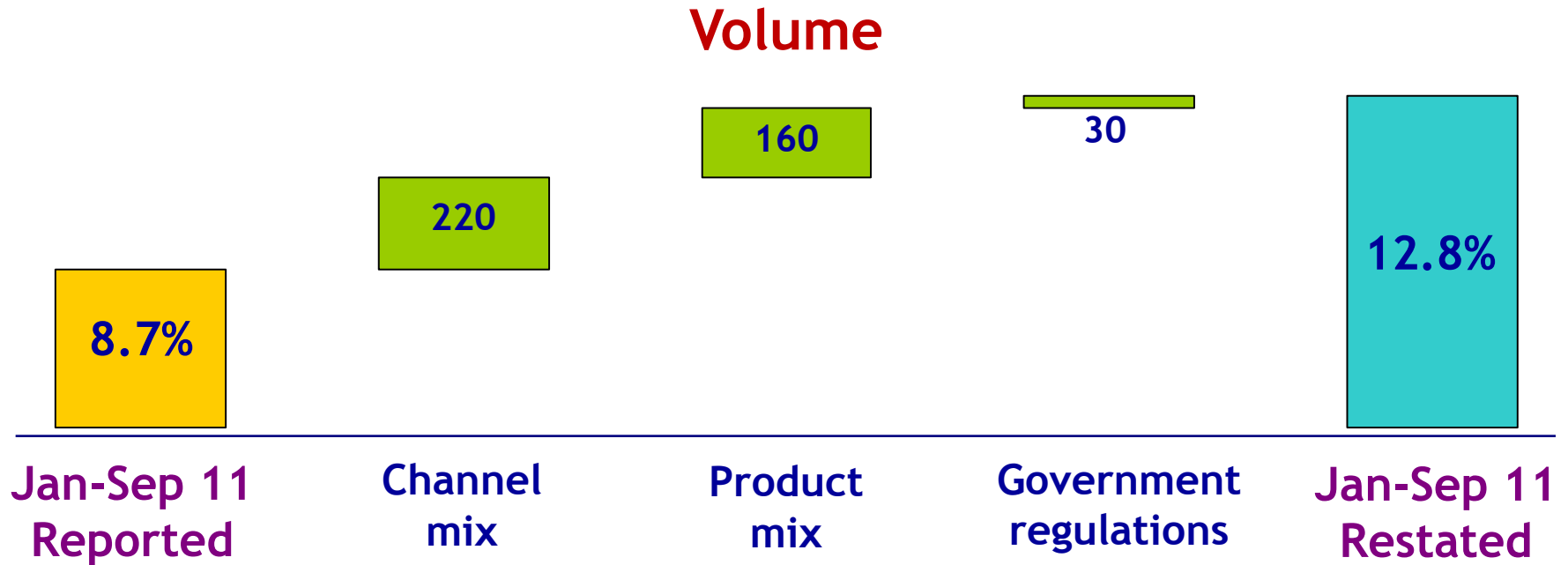


Contributors & diluters to Net Sales



All figures are in INR Bio

Sales growth negatively impacted by...



Impacts computed basis stripping out discontinued/curtailed business from both periods

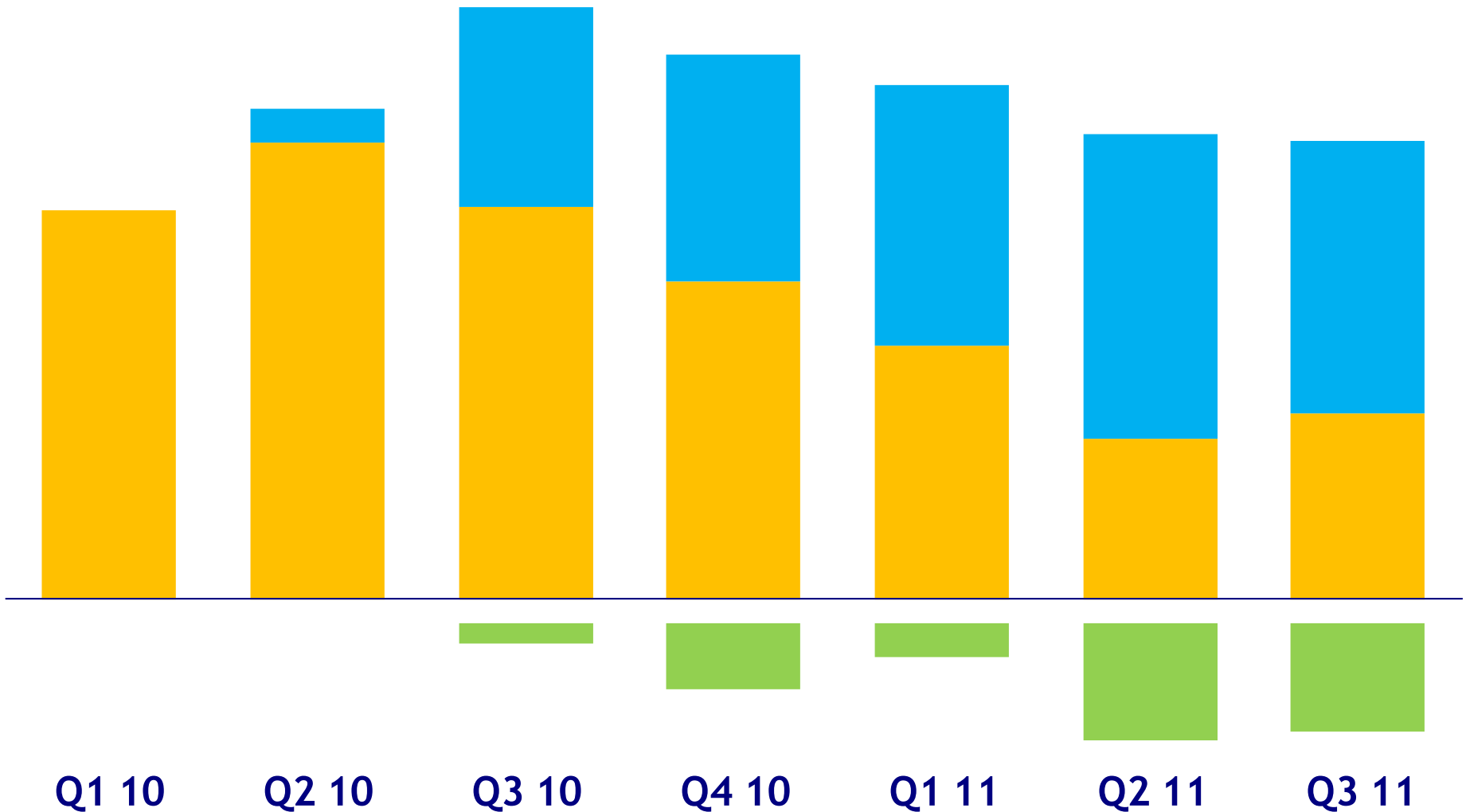
Figures in boxes represent basis points

Underlying factors of Sales growth

Price increase
& Sales Mix

Aggregate of
Volume growth
as reported

Discontinued /
curtailed business
volumes *

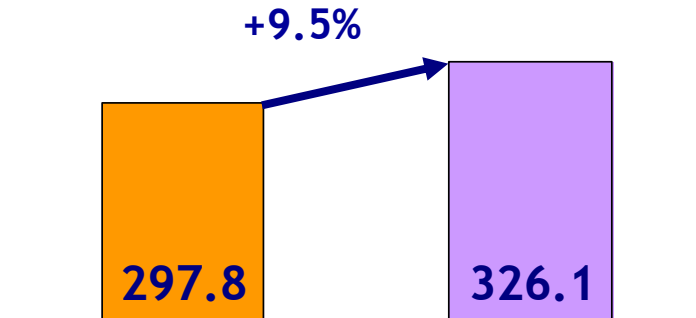


* Impacts computed basis stripping out discontinued/curtailed business from both periods

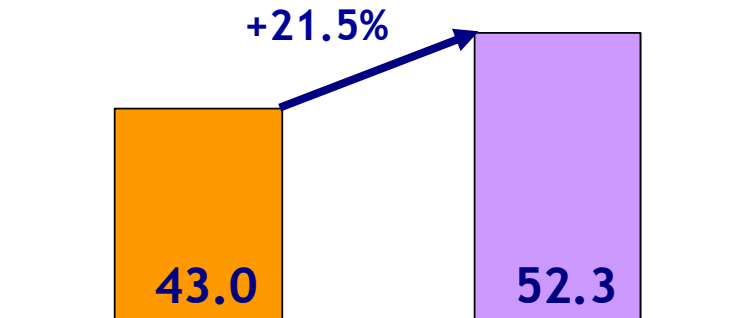
Volume, Price & Mix led growth

Domestic

Volume (000' Tons)

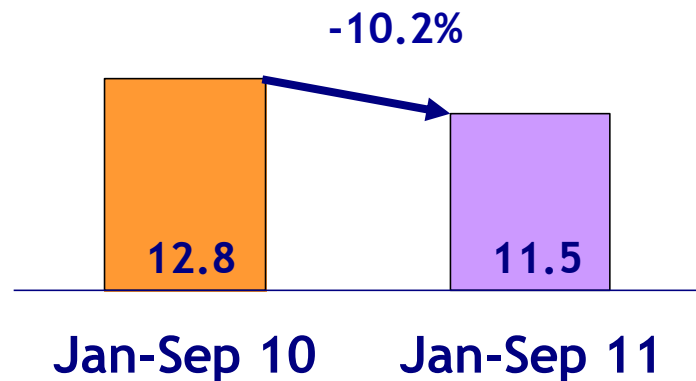


Value (INR Bio)

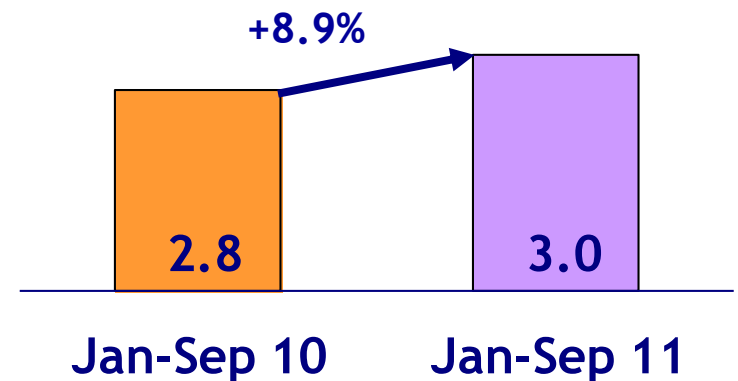


Exports

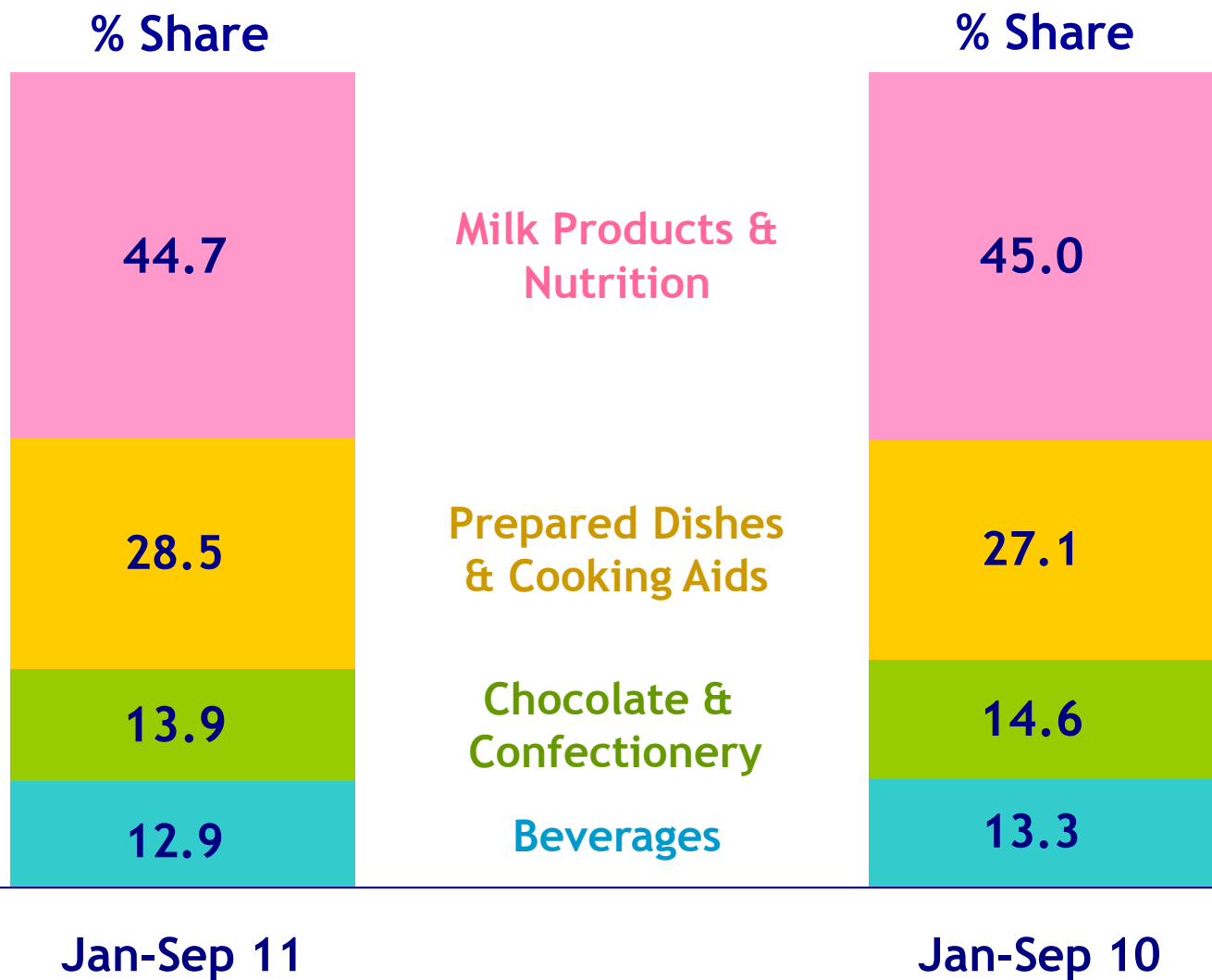
Volume (000' Tons)



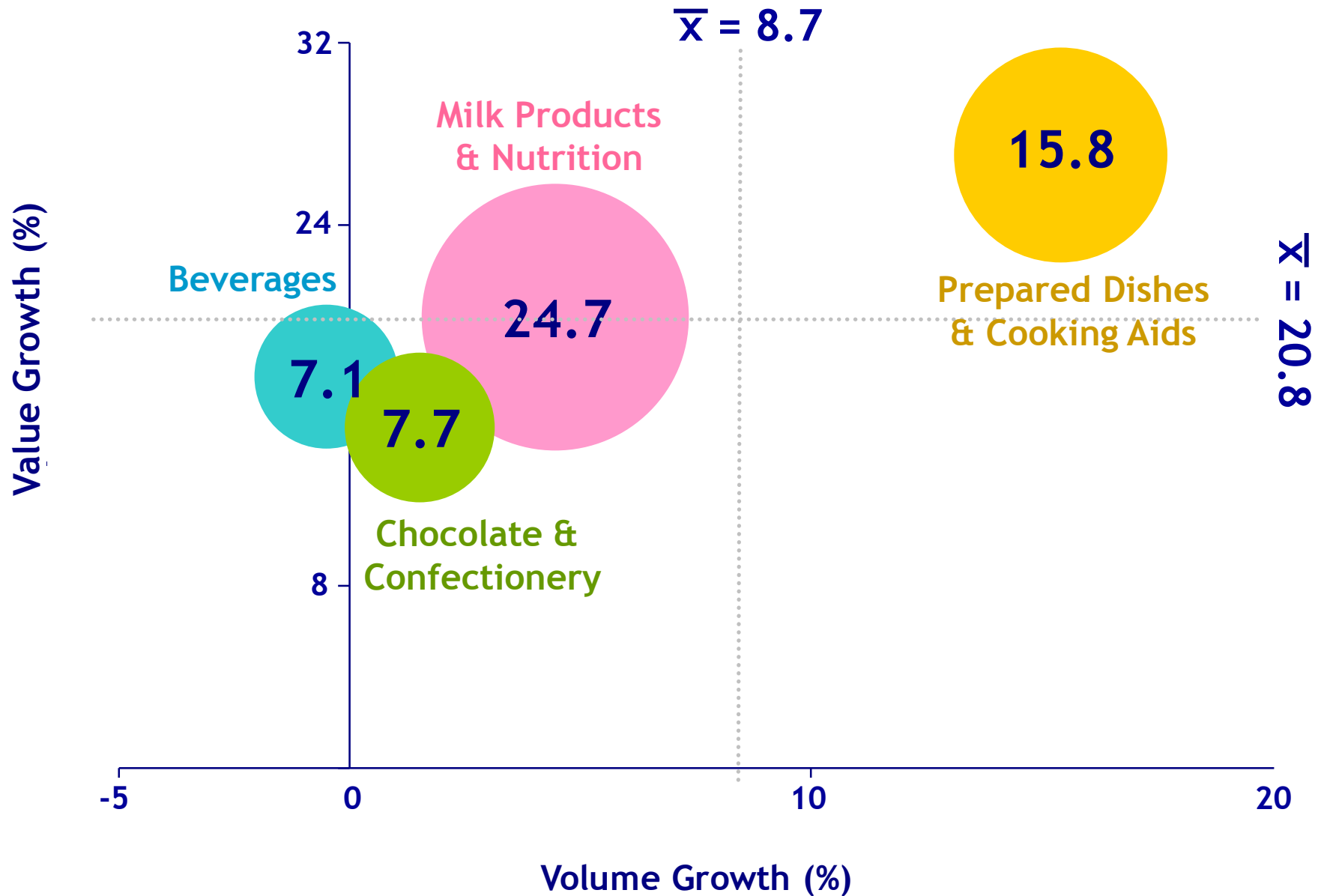
Value (INR Bio)



Contribution of Product categories to Net Sales



All Product categories grow



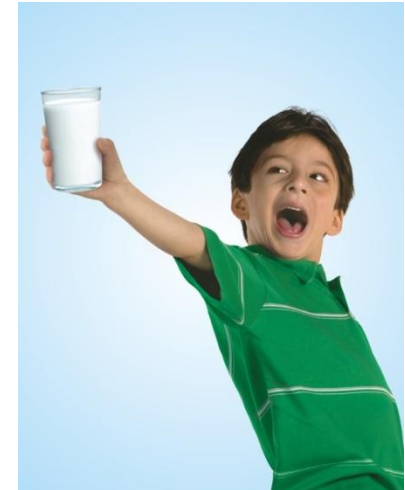
Bubble shows Net Sales (INR Bio)

Jan-Sep 11

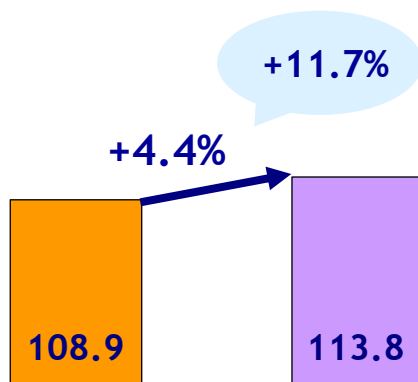
Milk Products & Nutrition

‘Weeded out non-strategic part of portfolio’

Innovation & Renovation

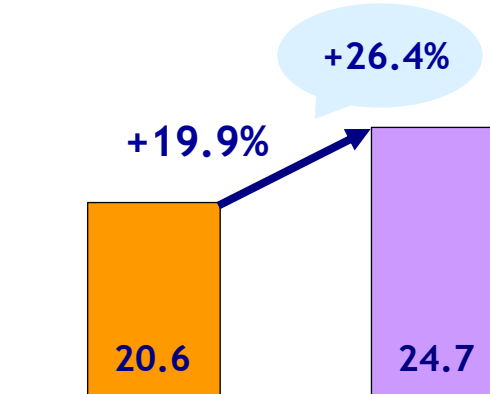


Sales (000' tons)



Jan-Sep 10 Jan-Sep 11

Sales (INR Bio)



Jan-Sep 10 Jan-Sep 11

Market Position (Value)

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

Contribution 44.7%

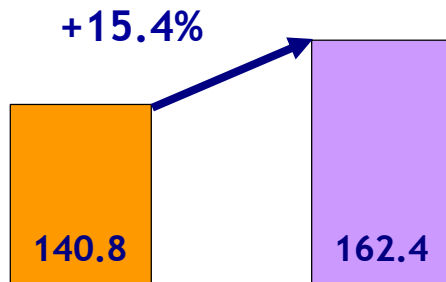
Prepared Dishes & Cooking Aids

‘Recent gains in market shares’

Innovation & Renovation



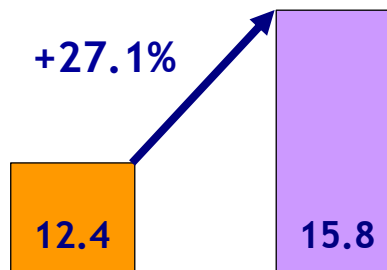
Sales (000' tons)



Jan-Sep 10

Jan-Sep 11

Sales (INR Bio)



Jan-Sep 10

Jan-Sep 11

Market Position (Value)

- No. 1 in Instant Noodles, Sauces & Pasta
- No. 2 in Healthy Soups

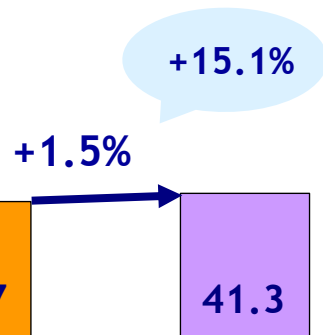
Contribution 28.5%

Chocolate & Confectionery

'Capped non-strategic part of portfolio'



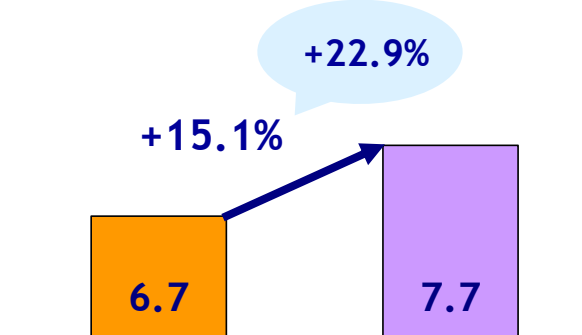
Sales (000' tons)



Jan-Sep 10

Jan-Sep 11

Sales (INR Bio)



Jan-Sep 10

Jan-Sep 11

Market Position (Value)

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

Contribution 13.9%

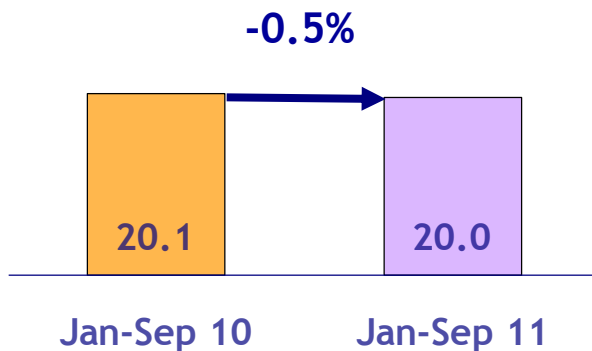
Beverages

'Exports depress overall volume growth'

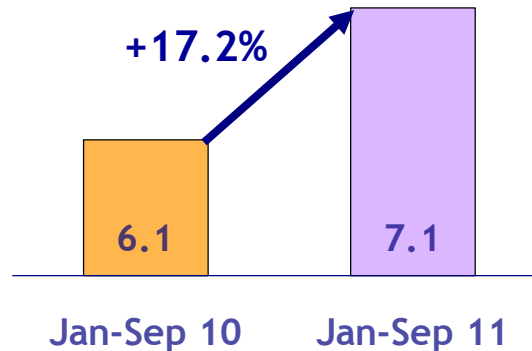
Innovation & Renovation



Sales (000' tons)



Sales (INR Bio)

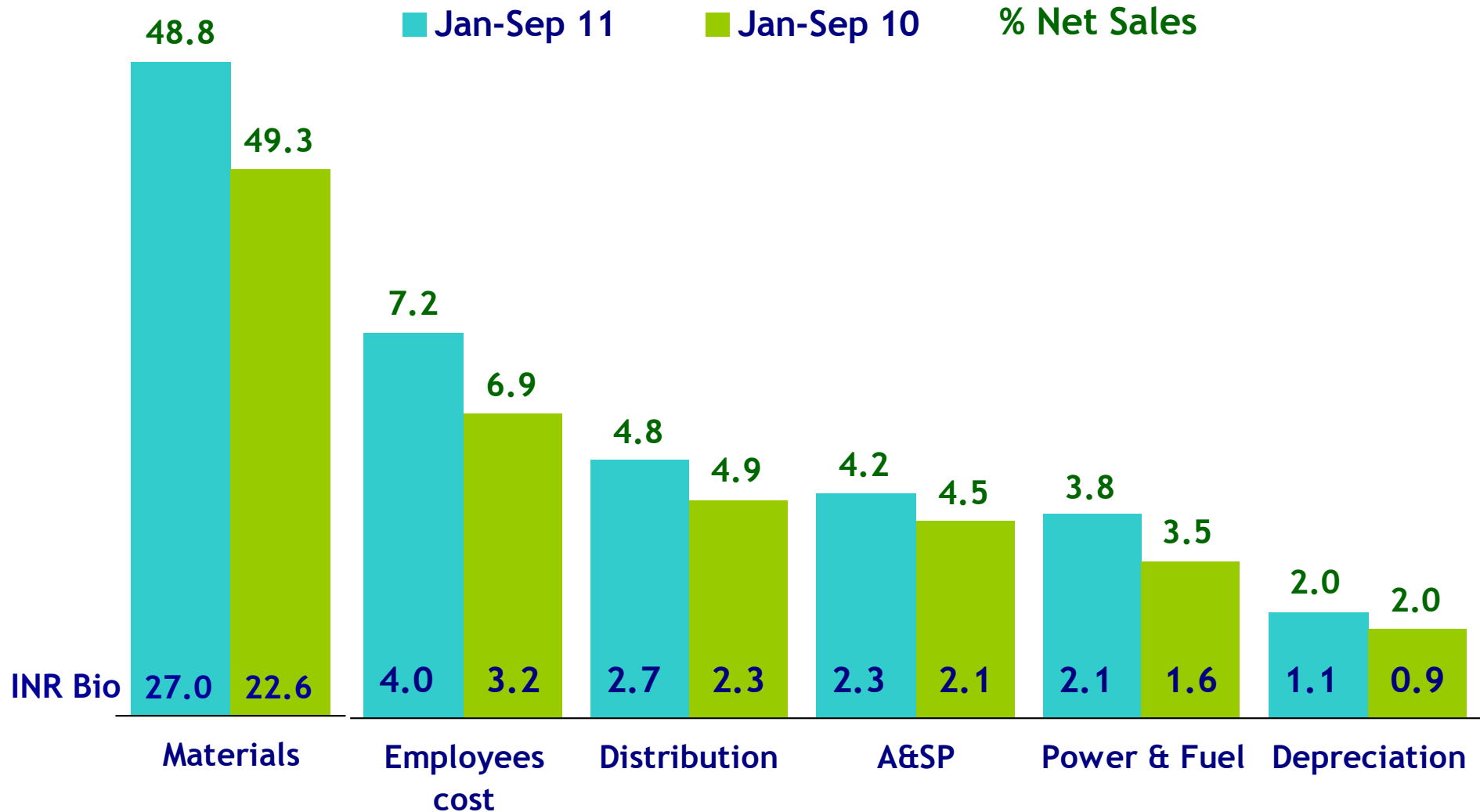


Market Position (Value)

- No. 1 in Instant Coffee
- Very strong presence in Vending

Contribution 12.9%

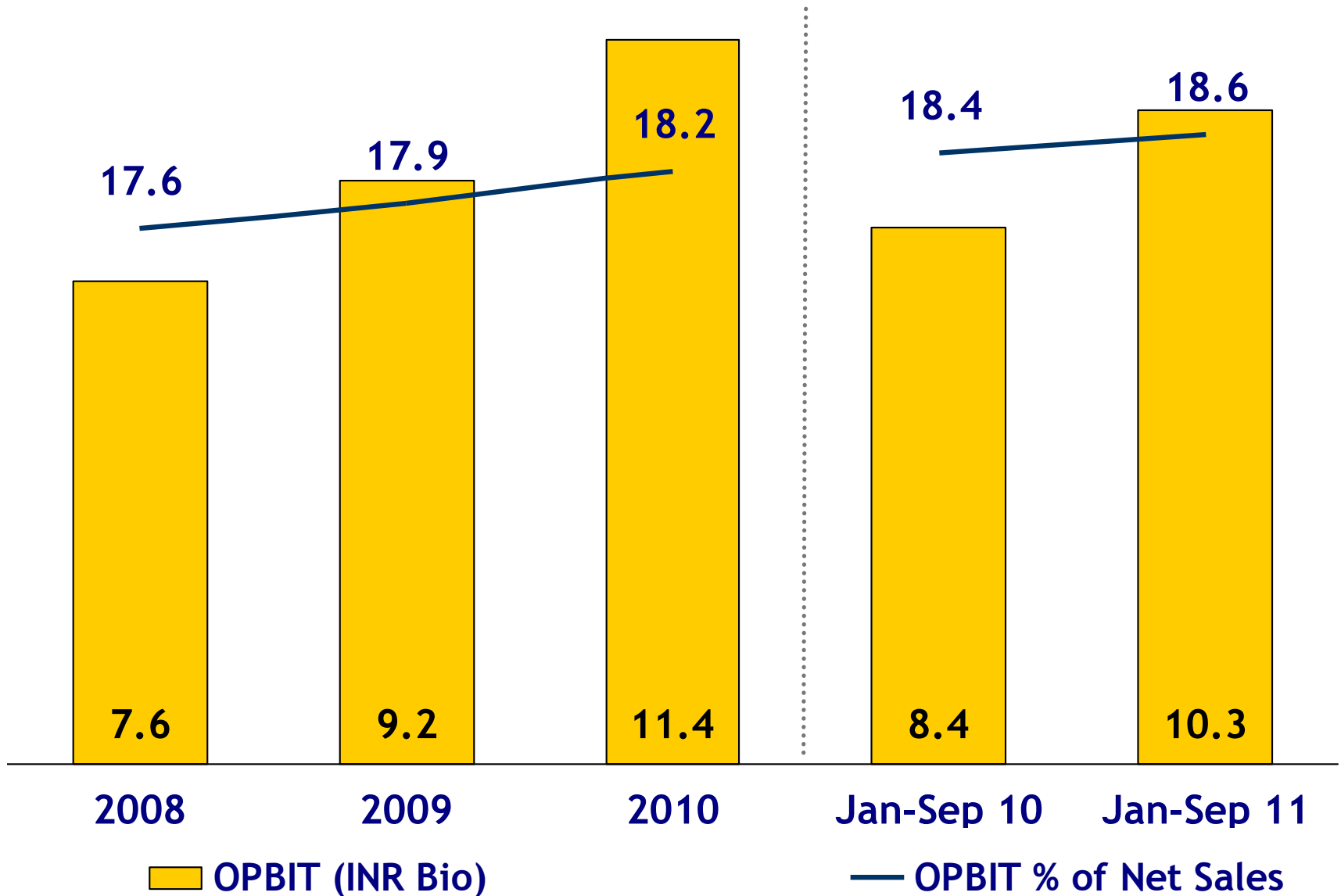
Our Cost Structure



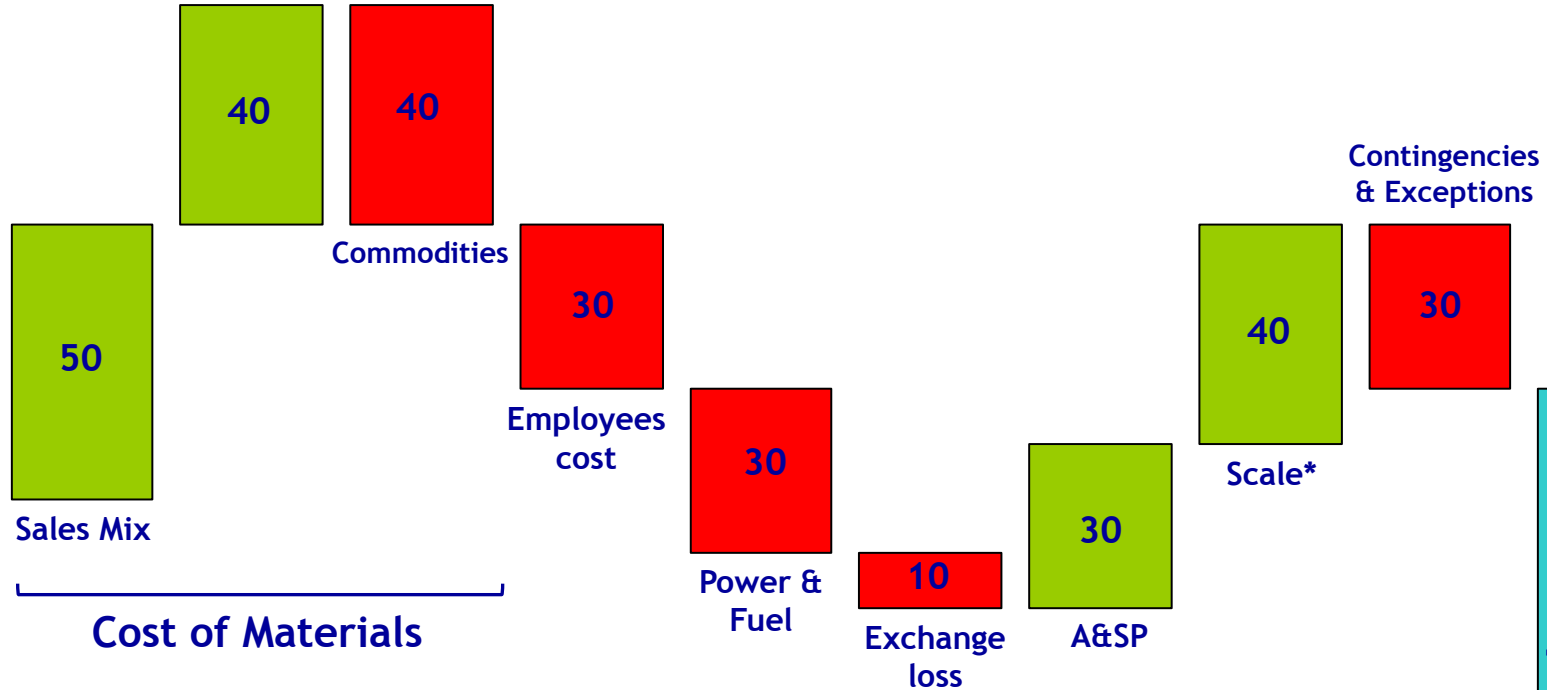
Figures have been regrouped / reclassified to make them comparable.

Not to scale

Margins remain within band



Contributors & diluters to OPBIT%



Jan-Sep
2010

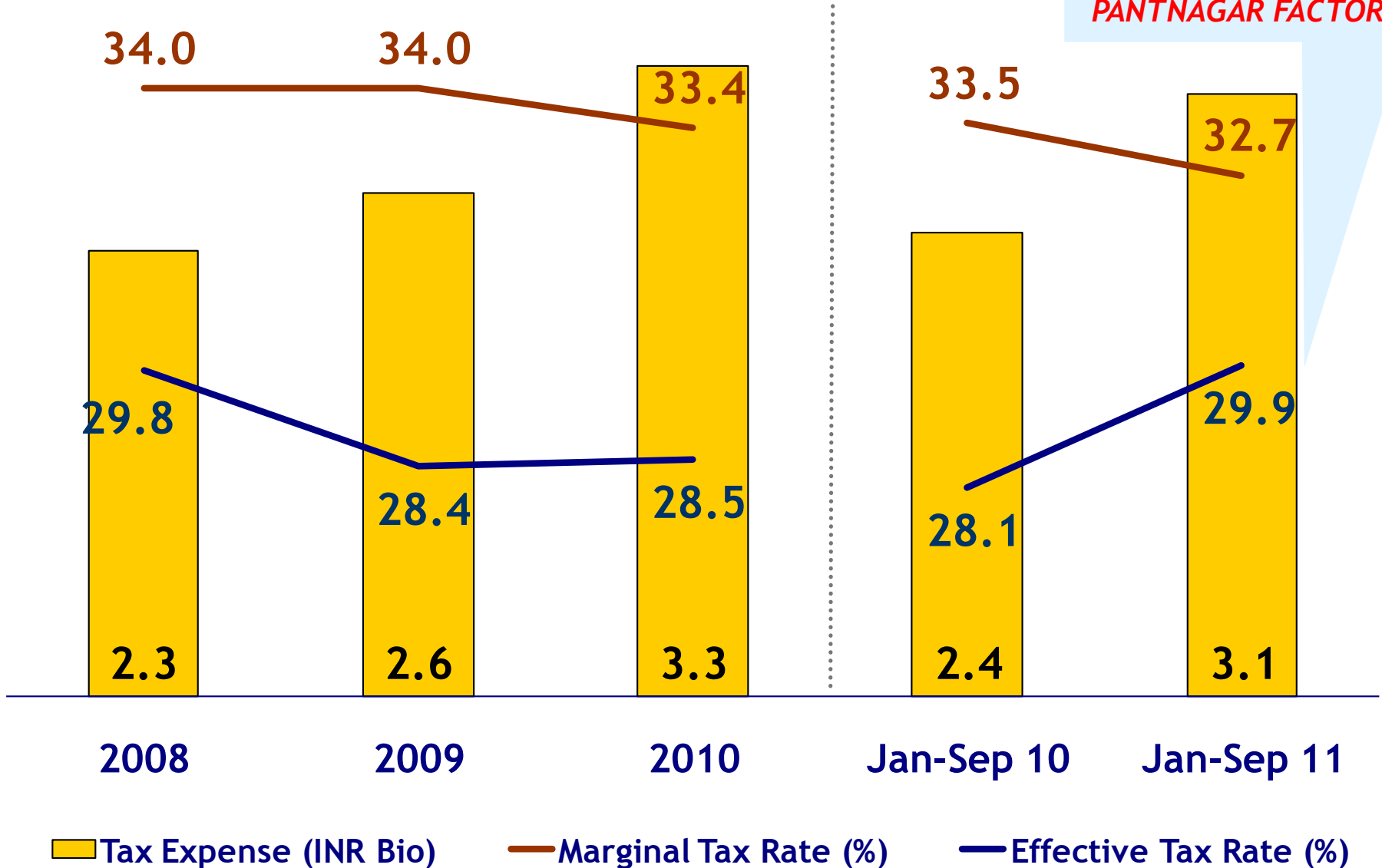
Jan-Sep
2011

% & basis points in boxes are with reference to Net sales

**w/o Employees cost*

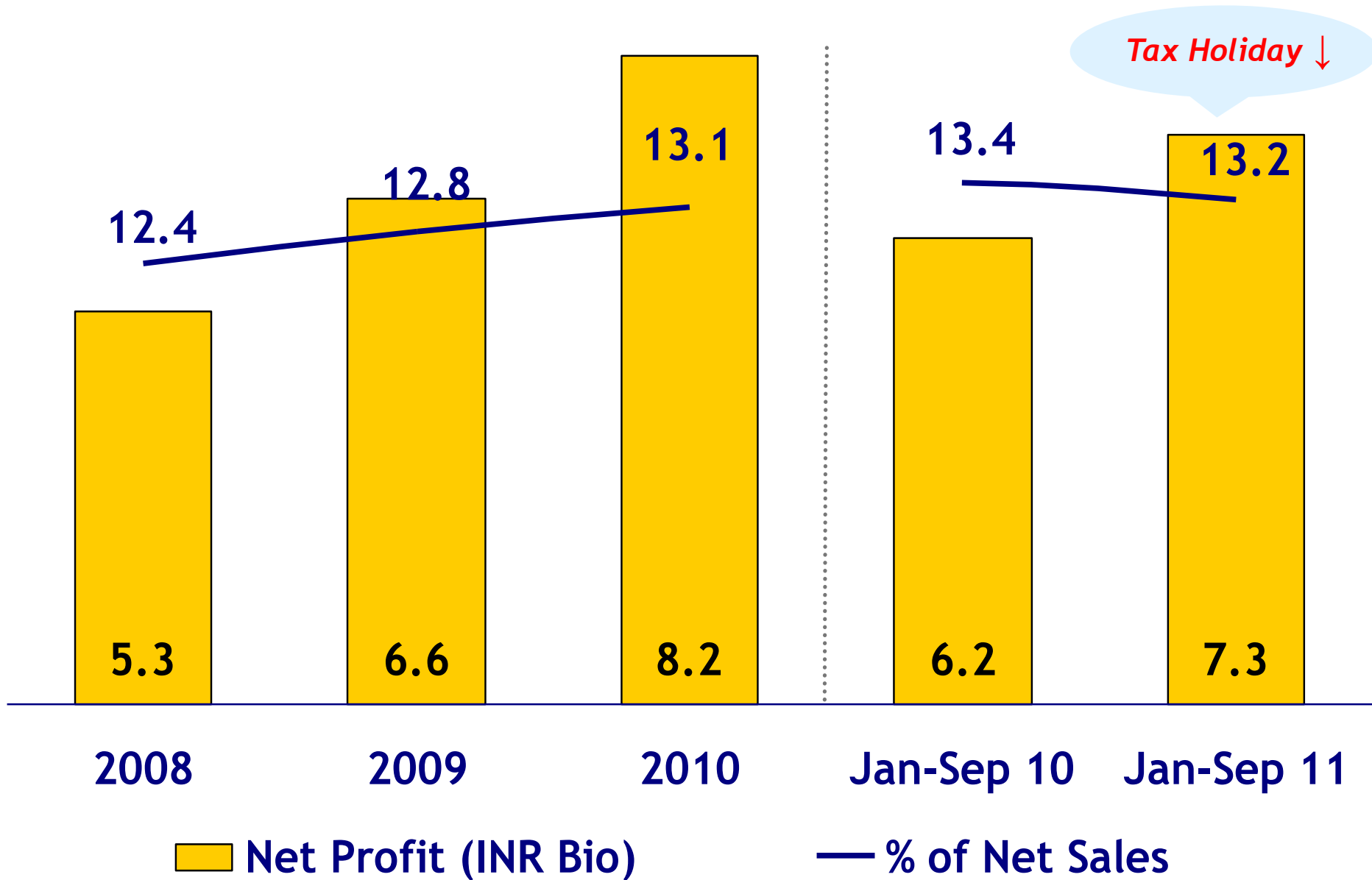
Effective tax rate

100% tax holiday drops to 30% from 1 Apr 2011 for 5 years at PANTNAGAR FACTORY

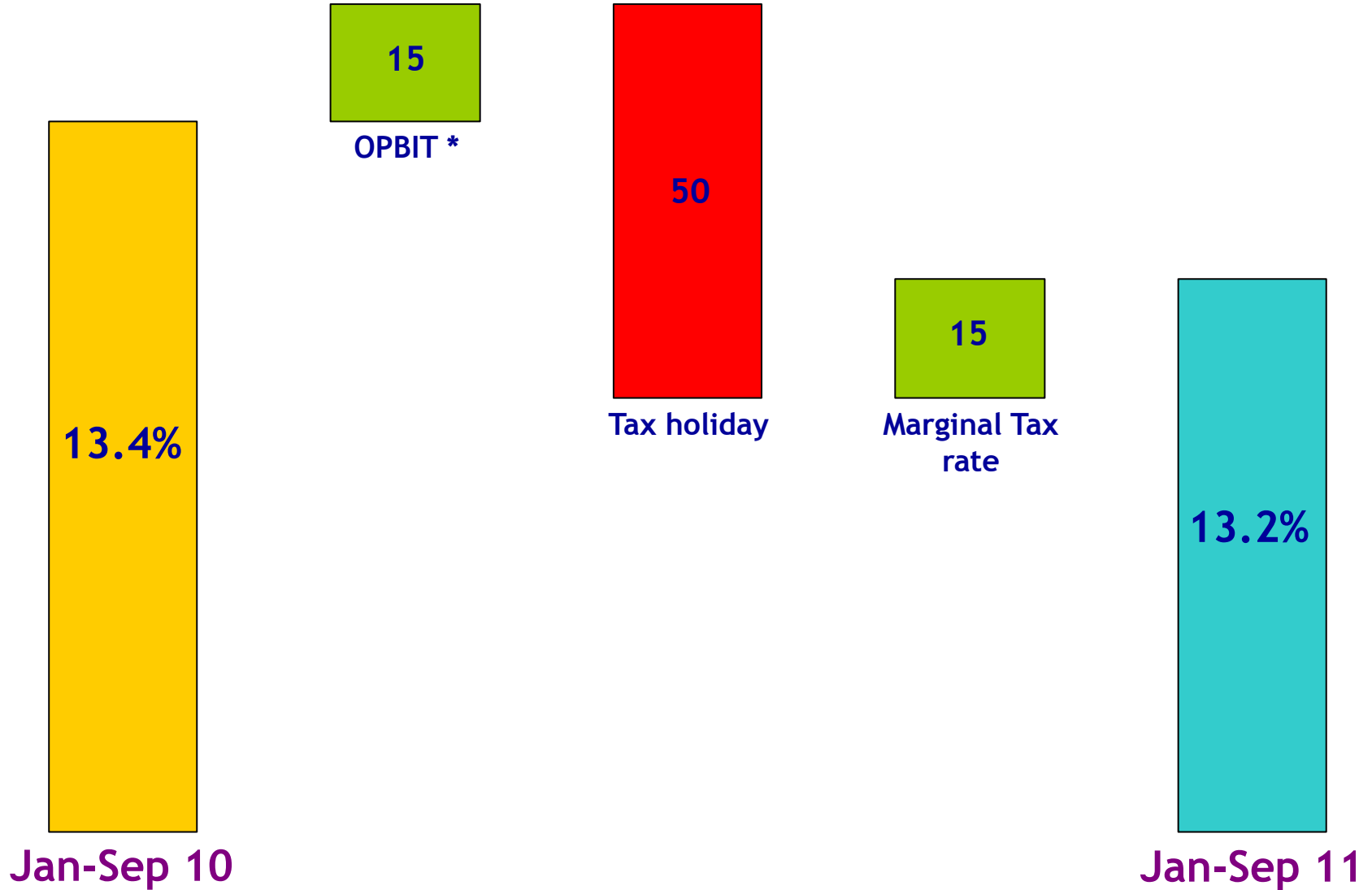


Excludes Fringe Benefit & Dividend Distribution Tax

Net profit



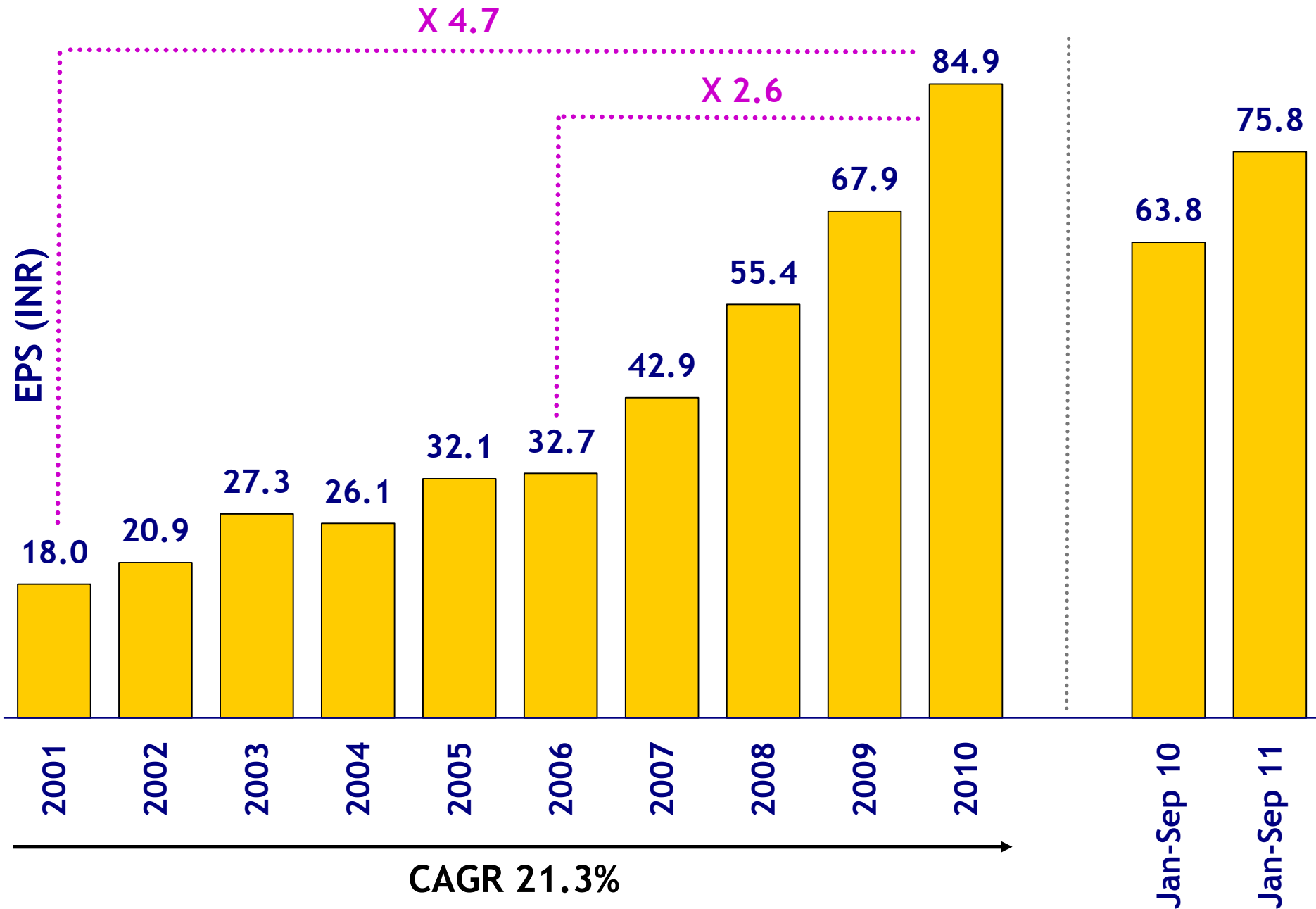
Contributors & diluters to PAT%



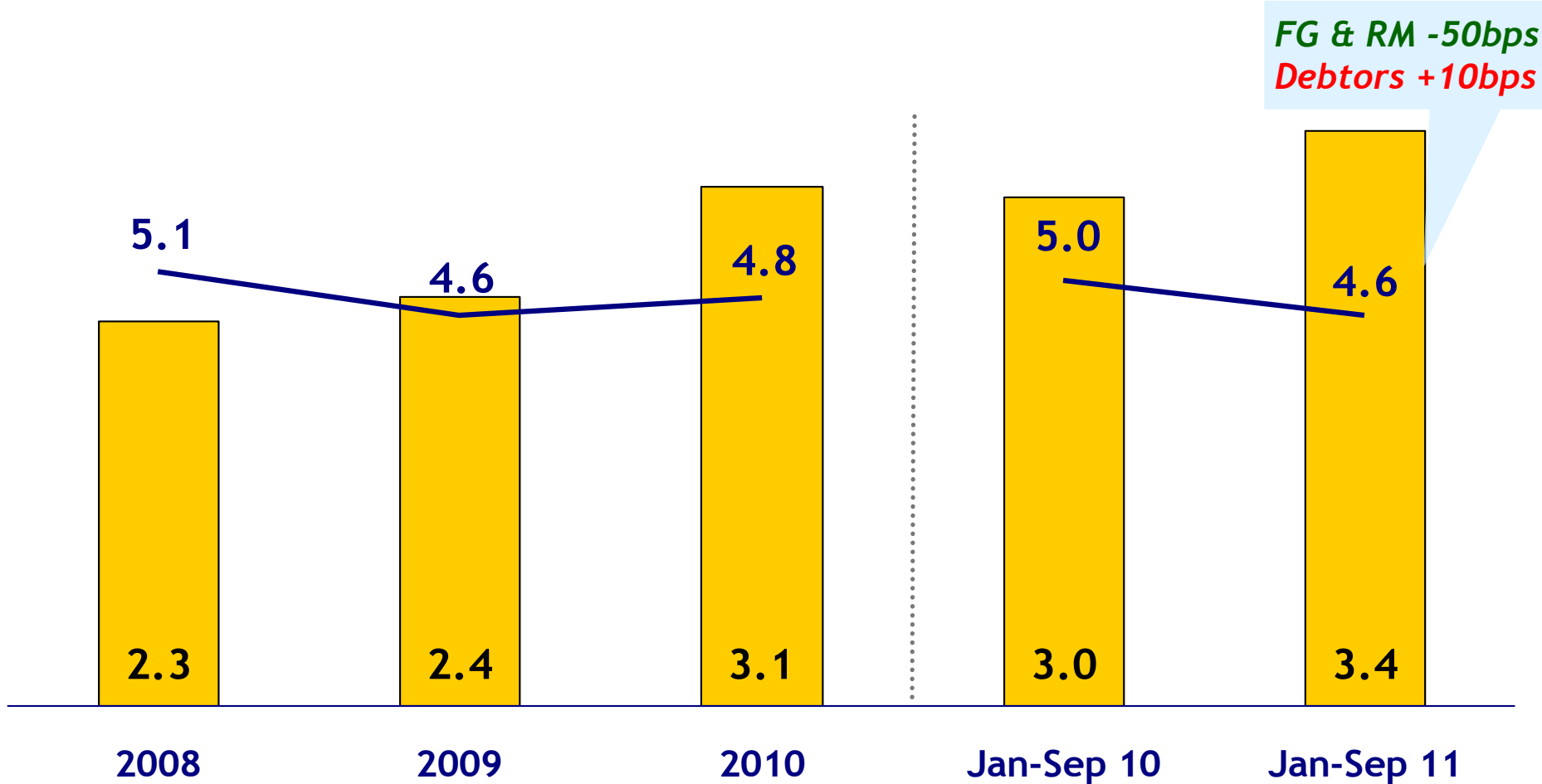
* Net of tax

% & basis points in boxes are with reference to Net sales

Earnings Per Share growth over 10 years



Operating working capital...



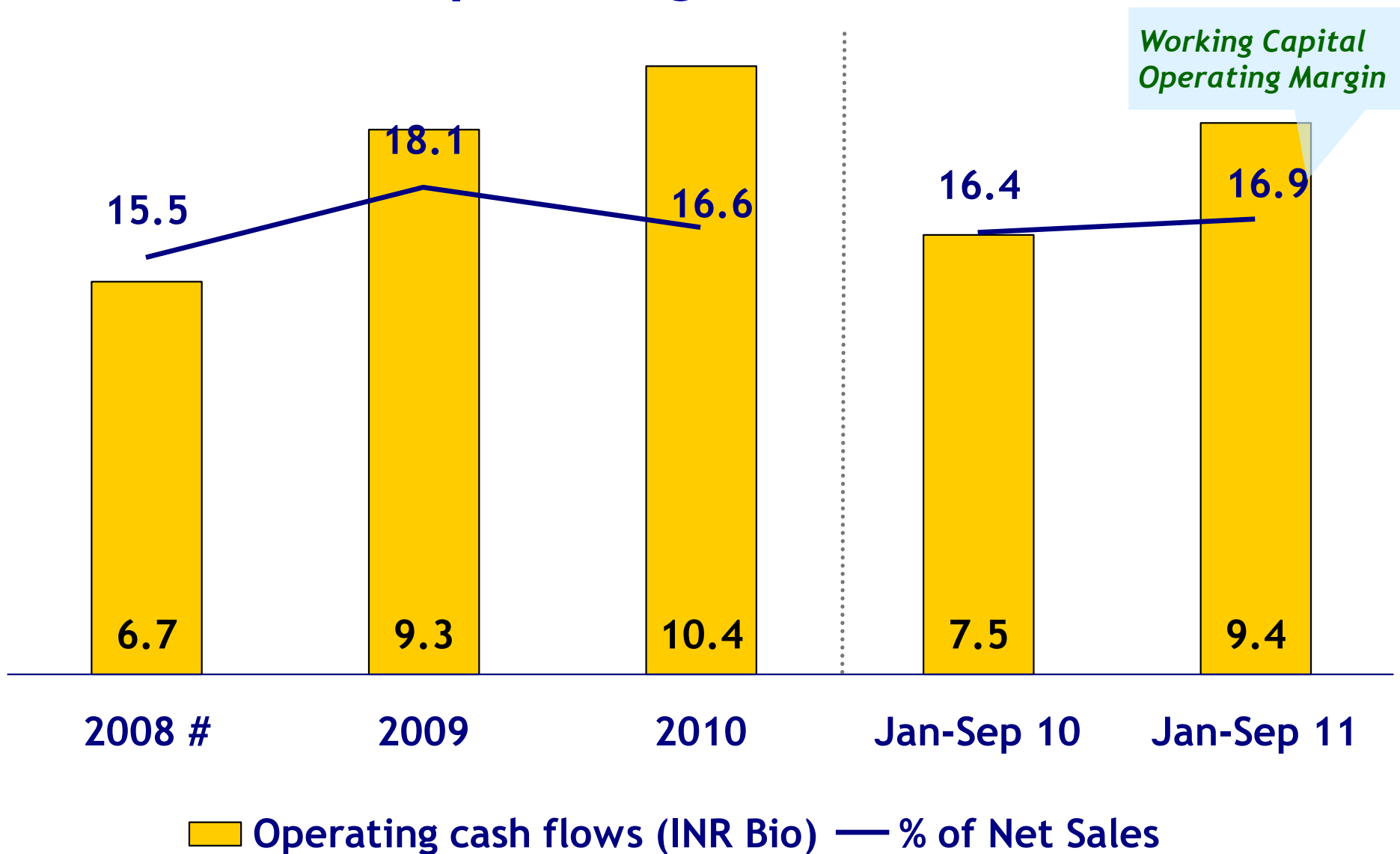
Operating working capital (INR Bio) — % of Net Proceeds of Sales

Operating Working Capital = Inventories + Debtors - Trade Payables (excluding Staff Costs, Contingencies, Capex & Taxes)

Operating Working capital is average for 5 quarter end data points

Basis Nestlé Internal Reporting Standards

Operating cash flow

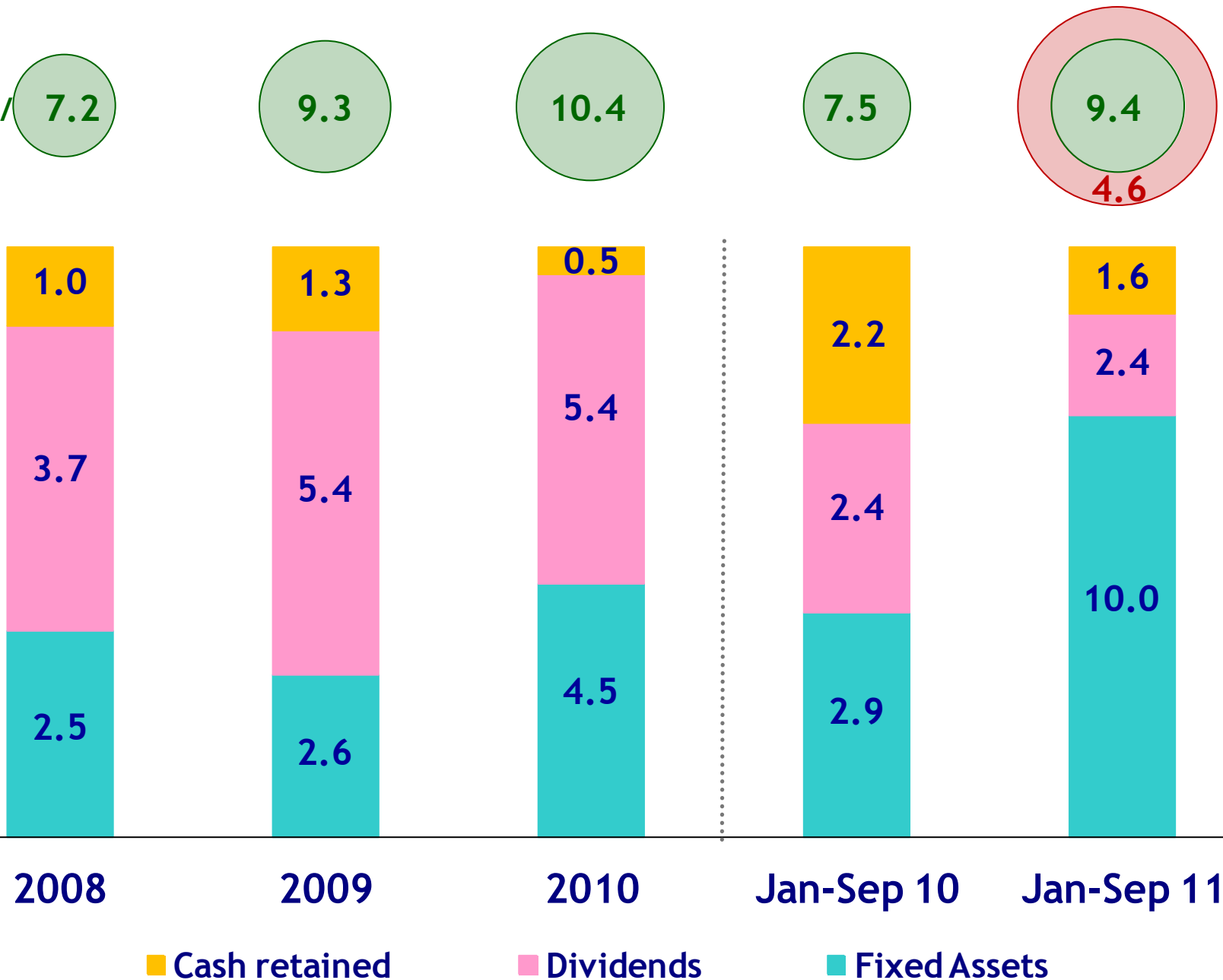


excludes one off inflows. Reported 16.7%

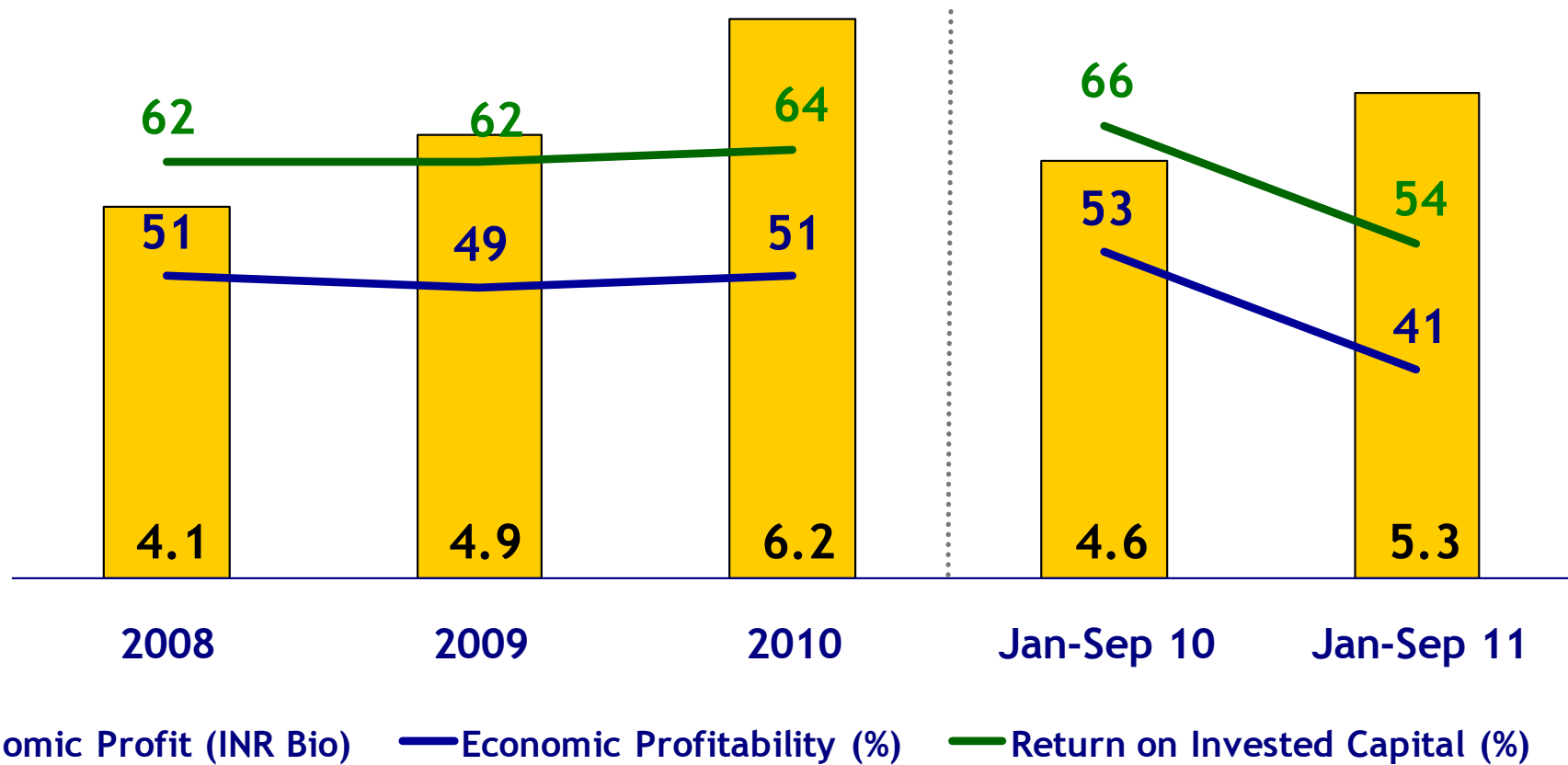
Utilisation of cash generated / borrowed

Cash
Generated/
Borrowed

INR Bio



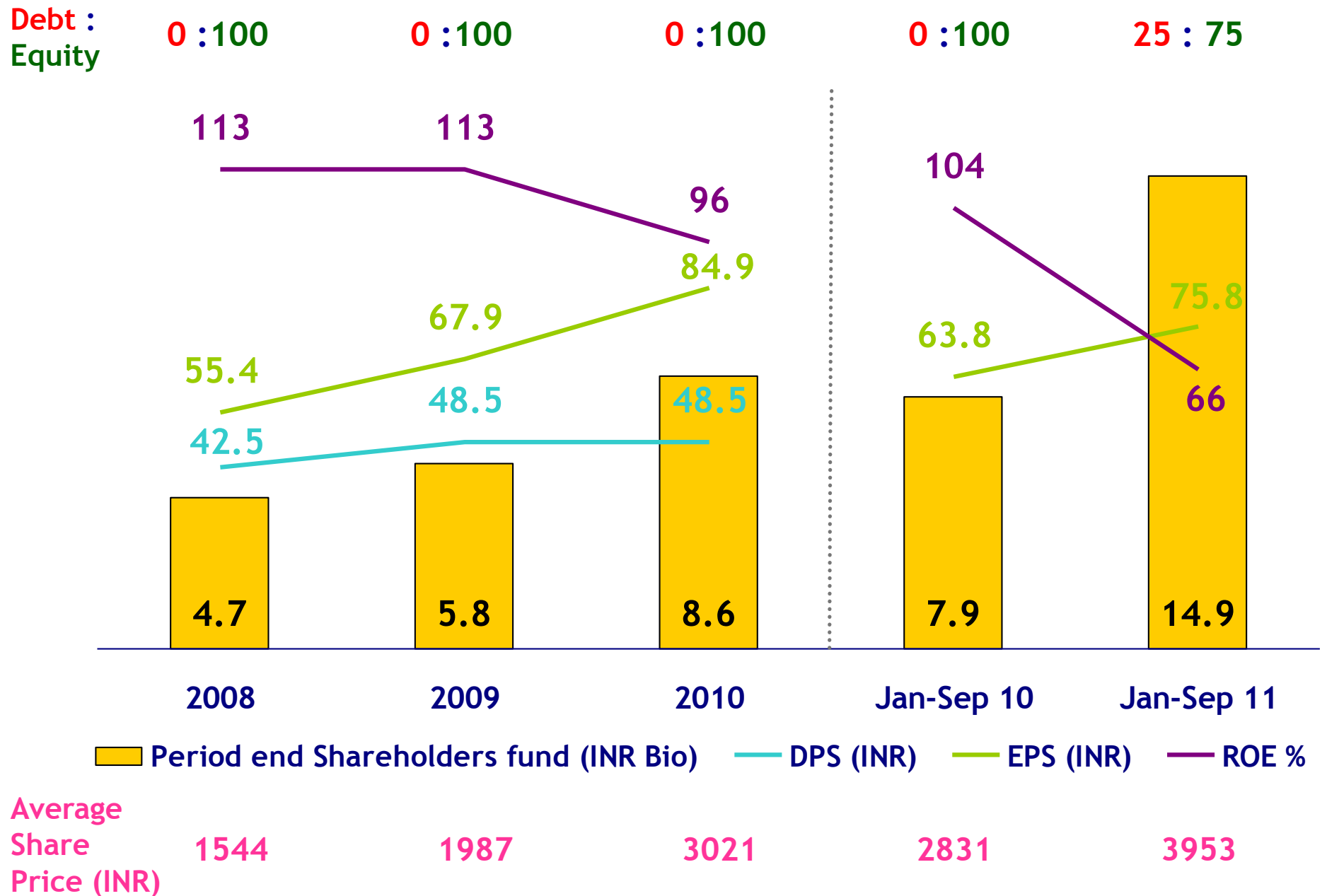
ROIC is 4 times ACC



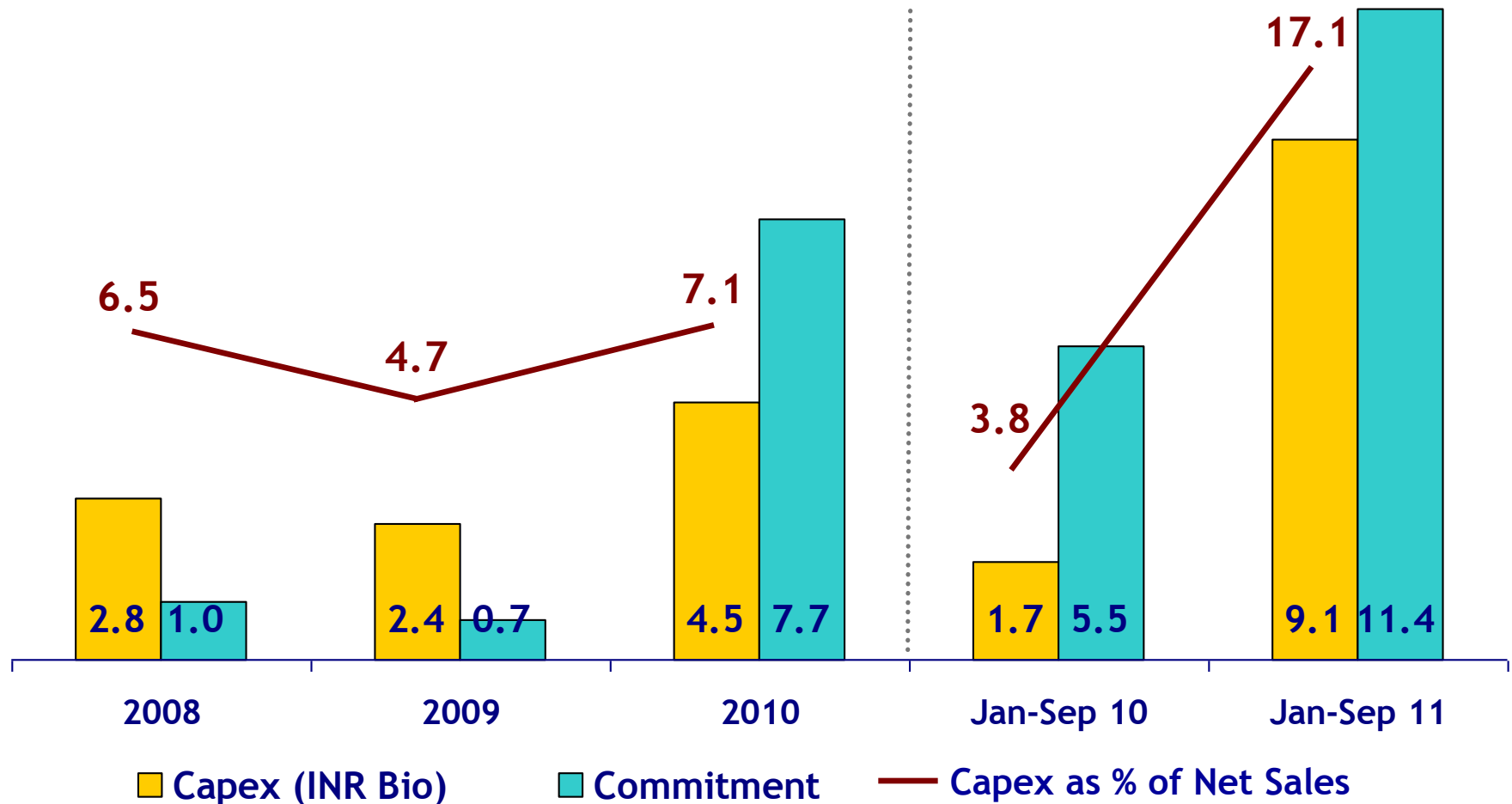
ACC %	11.6	12.8	12.9	13.0	12.9
Risk Free rate %	7.9	8.5	8.0	8.0	8.0
Group risk Premium%	2.5	3.0	3.5	3.5	3.5

Basis Nestlé Internal Reporting Standards

ROE decreases as earning retained to finance expansion



CAPEX on high trajectory



FA Rotation 5.8

5.6

5.4

5.8

4.0

Dep. 0.82
(INR Bio)

1.01

1.19

0.87

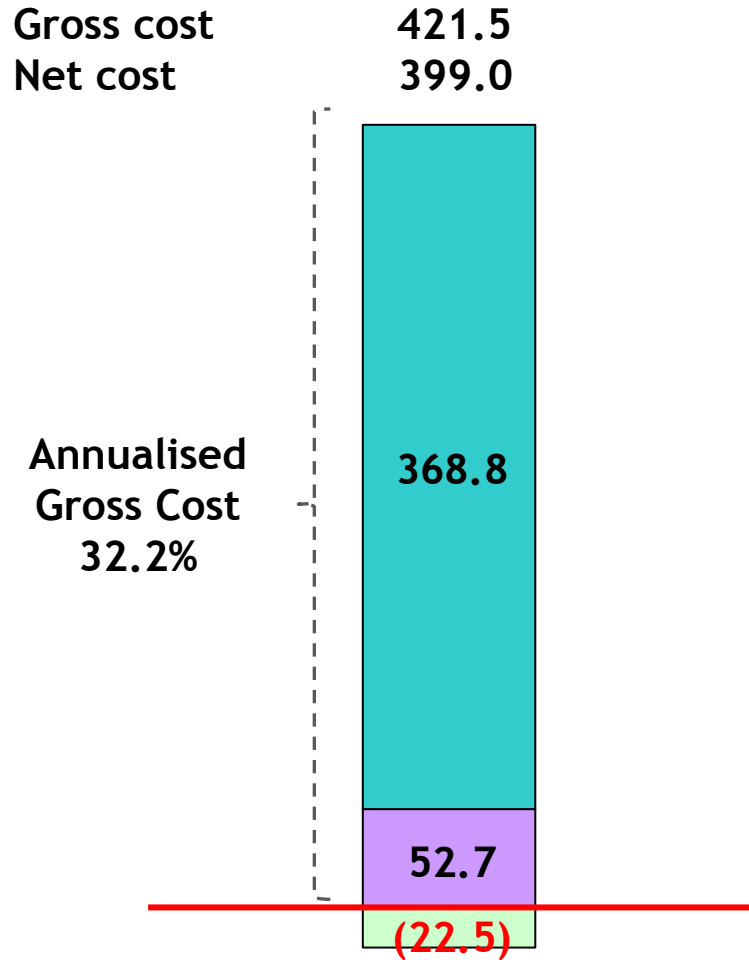
1.09

Fixed Assets exclude Intangibles

Capex excludes Capital advances which are shown in commitments

External Commercial Borrowing (ECB) for CAPEX

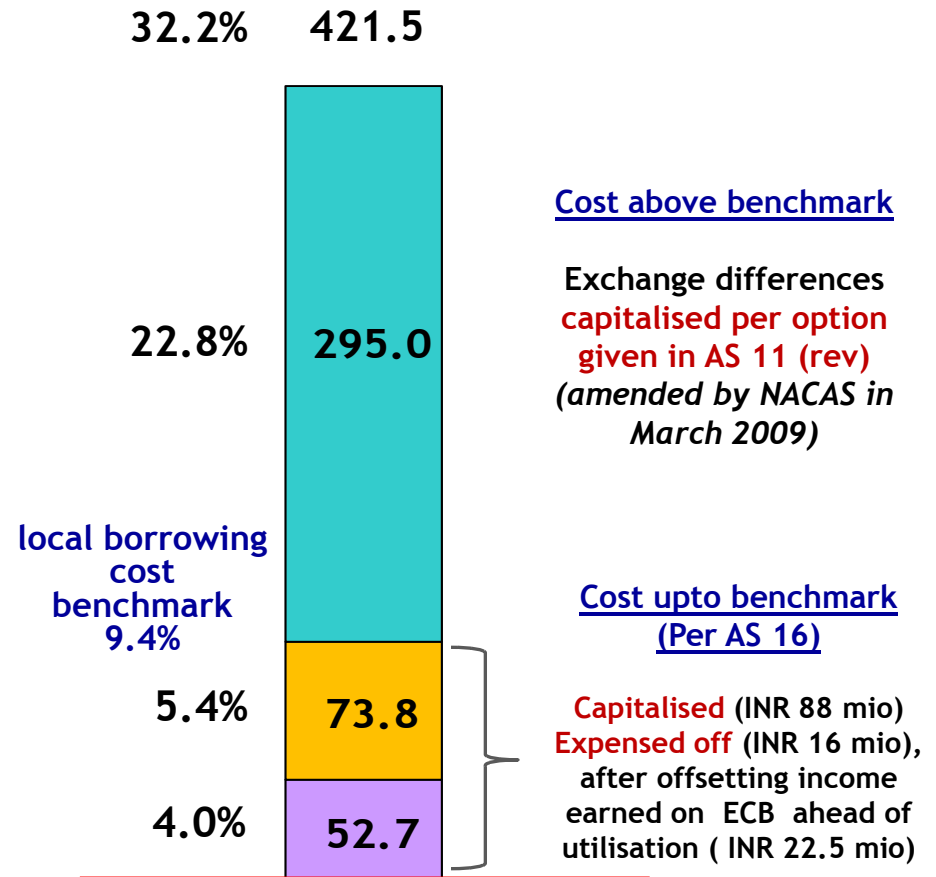
Financing Cost for USD 85 Mio



Jan-Sep 2011

Interest cost FX movement Earning

Accounting Treatment

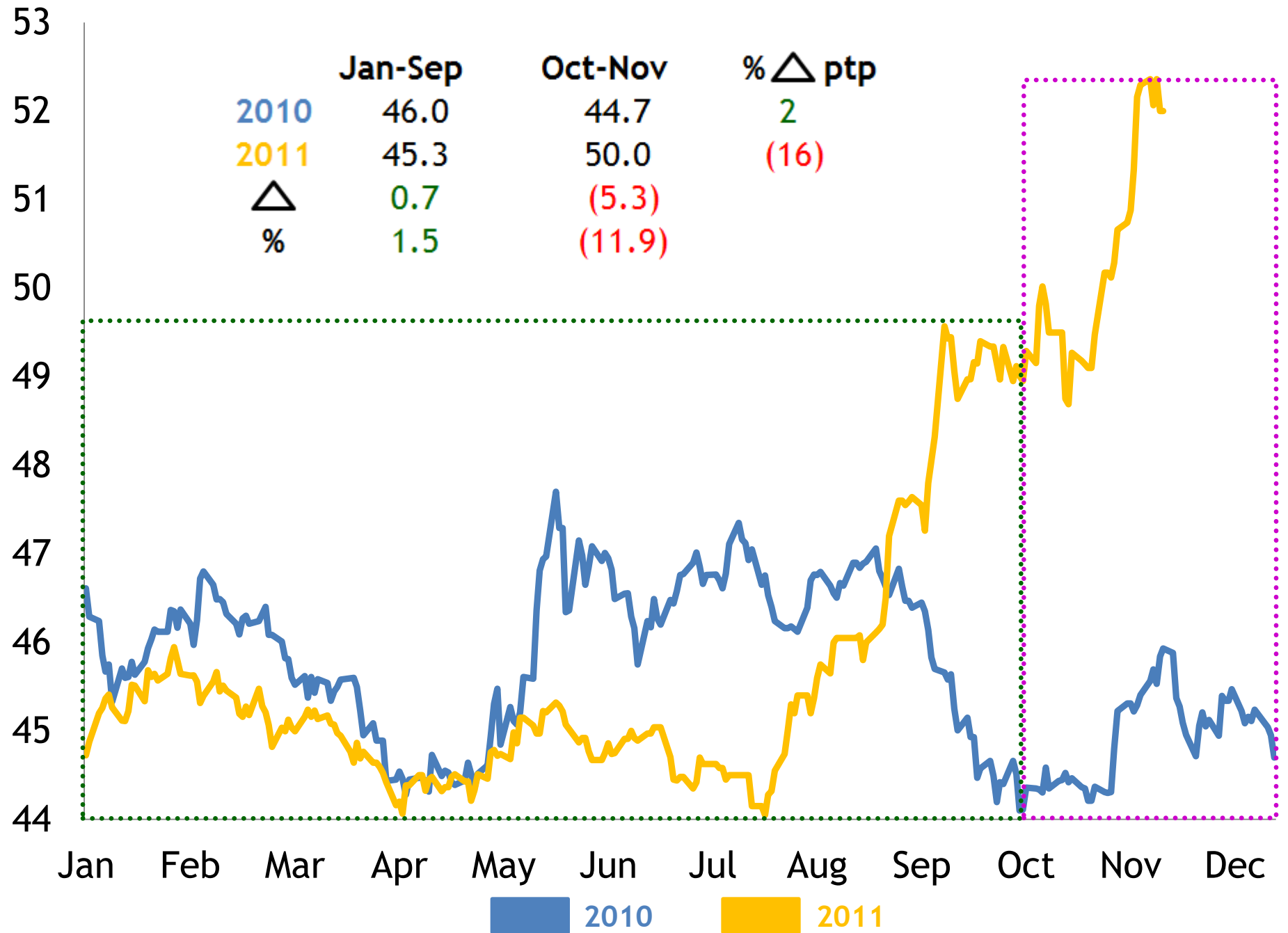


Interest cost
Exchange diff upto benchmark
Exchange diff above benchmark

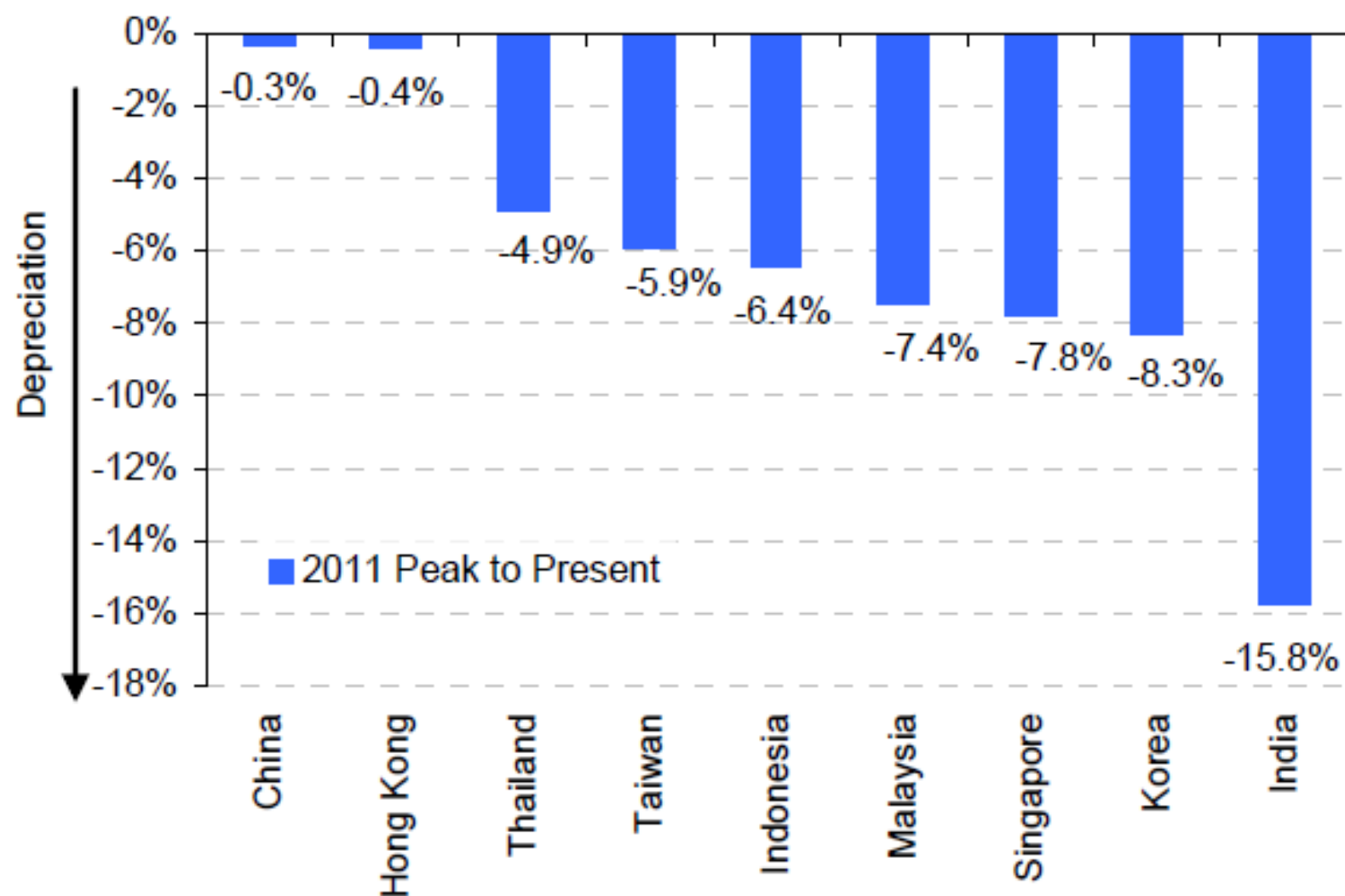
INR Mio

USD:INR Movement

	Jan-Sep	Oct-Nov	% Δ ptp
2010	46.0	44.7	2
2011	45.3	50.0	(16)
Δ	0.7	(5.3)	
%	1.5	(11.9)	



USD/INR – Worst Performer in AxJ



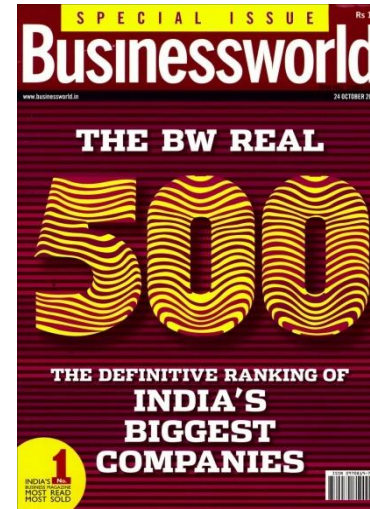
Source: Bloomberg, Morgan Stanley Research

Nestlé India Limited rankings as given by



November 13, 2011

&



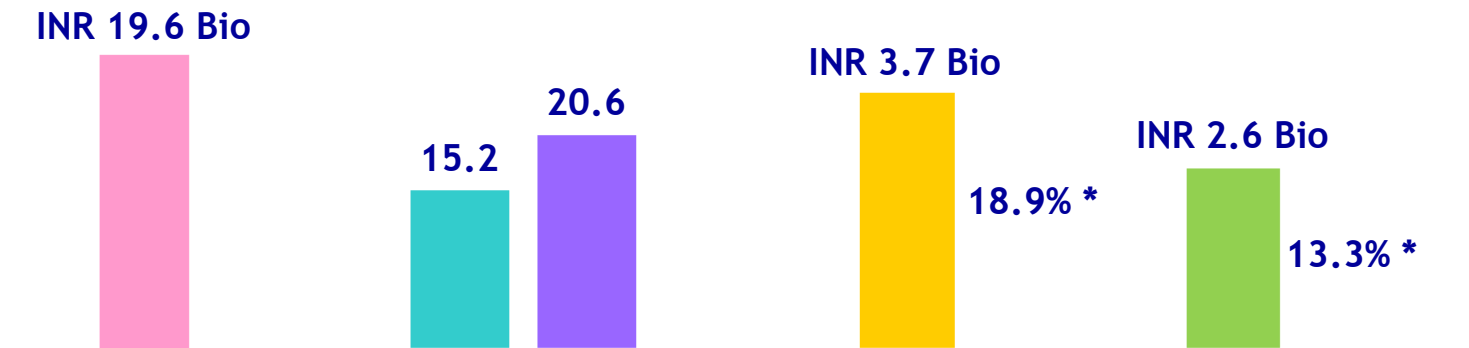
October 24, 2011

Total Income	Net Profit	ROCE	Mkt Cap	EPS	Dividend %	Tax paid	Employee number
100	91	1	34	61	26	53	99

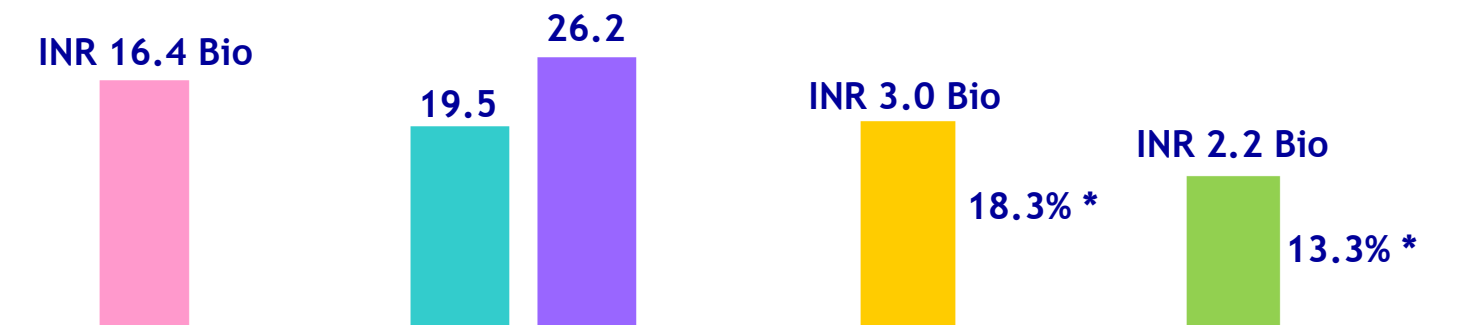
Thank You

July - September Quarter highlights

Q3 2011



Q3 2010



Net Sales

RIG

OG%

OPBIT

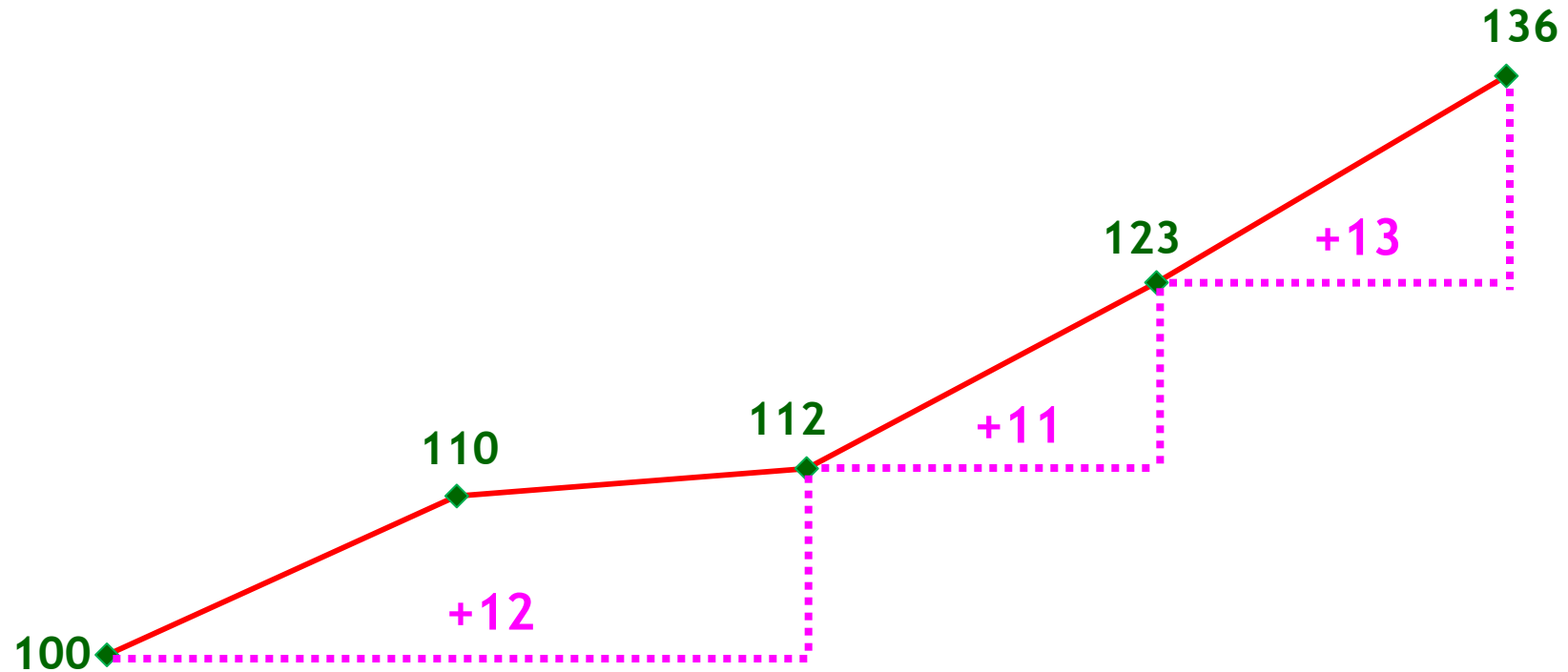
Net Profit

Third Party Sales

Includes figures from Nestlé Internal Reporting Standards

* % of Net Sales

Nestlé India's Commodity Basket Price Index



2007

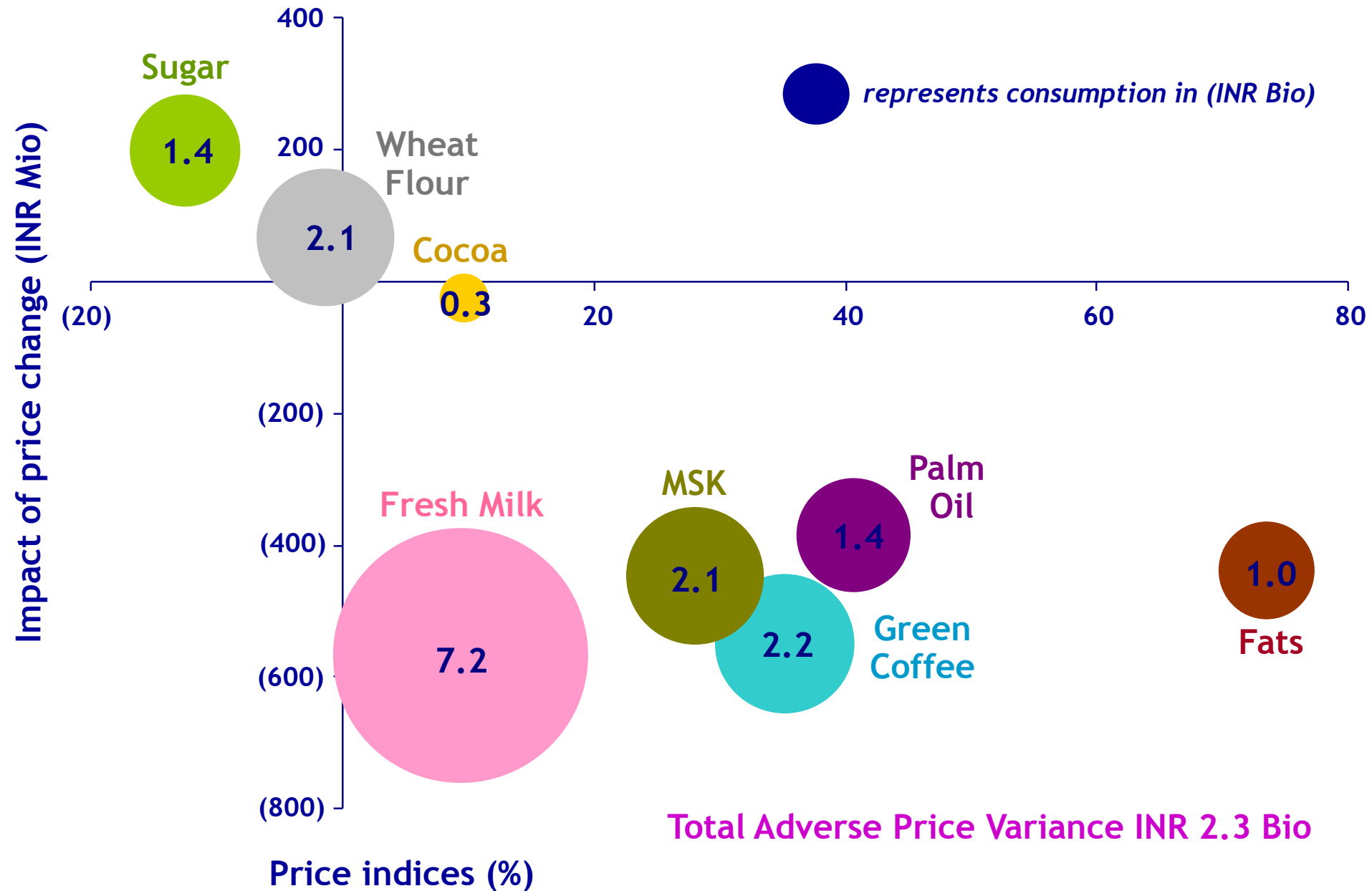
2008

2009

2010

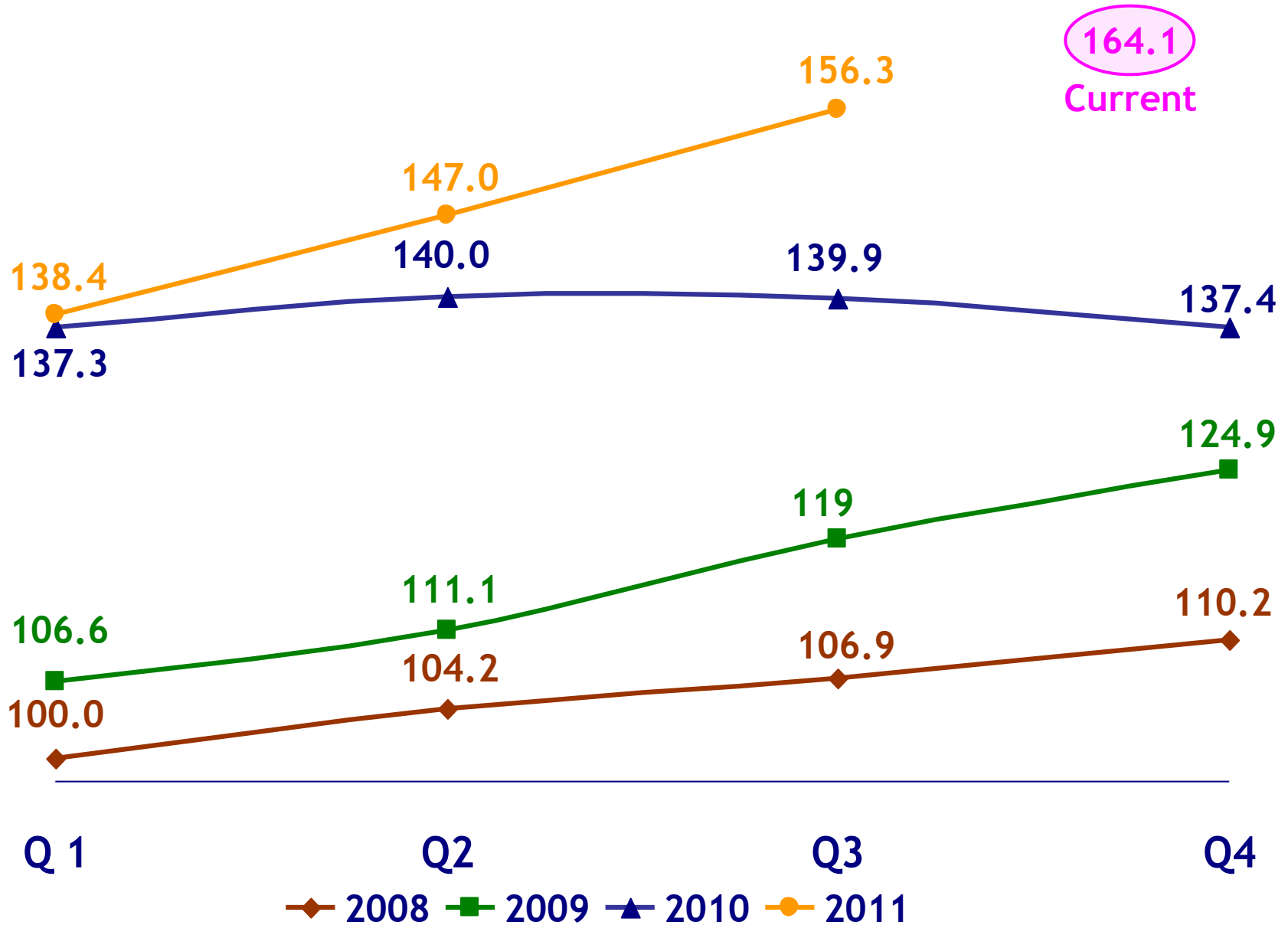
YTD 2011

Key Raw Materials Jan-Sep 11



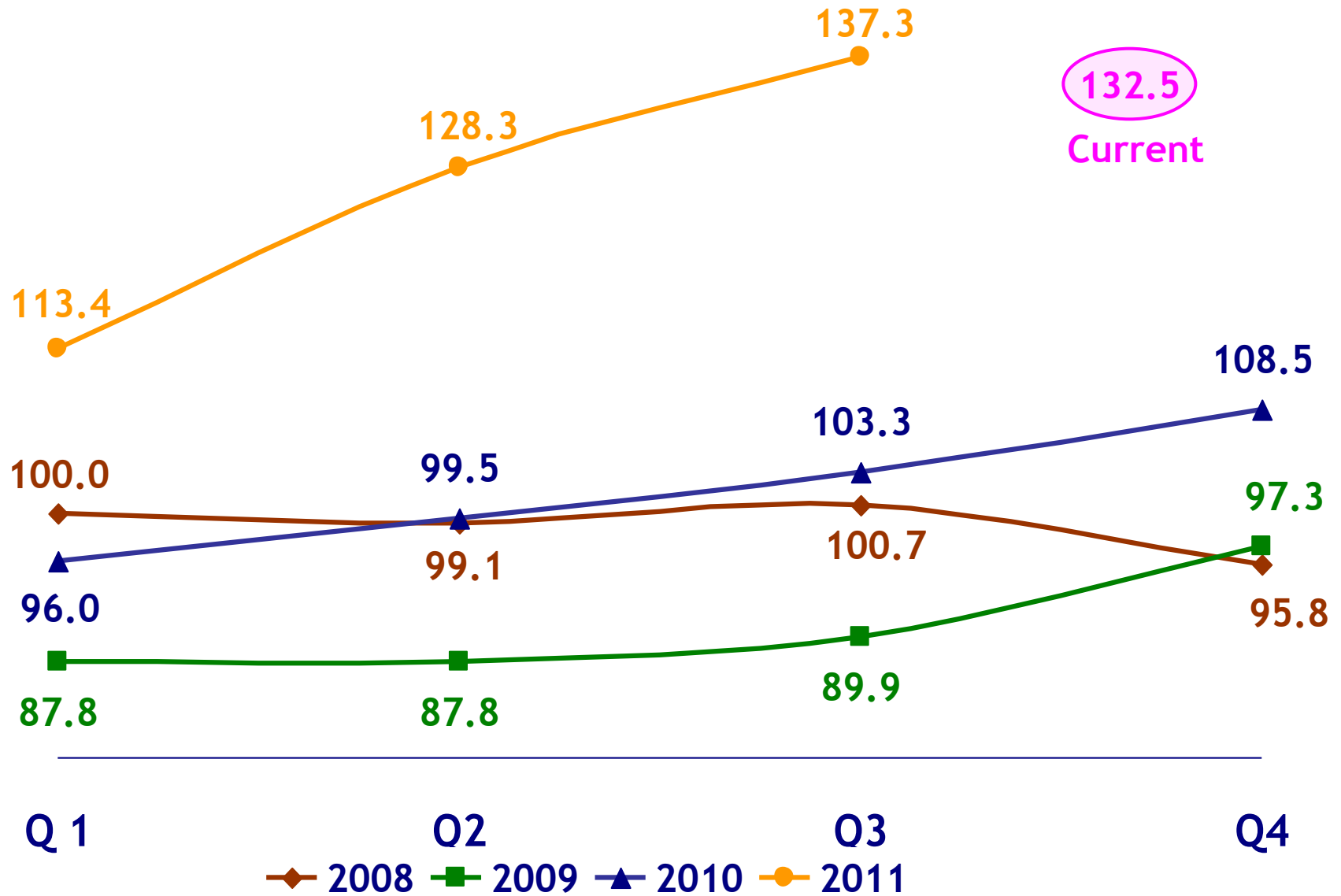
Impact of price change & Price indices reflect YoY change. Based on production and Internal Accounting Standards

Fresh Milk Fat prices ↑ 4.4 % over 2010



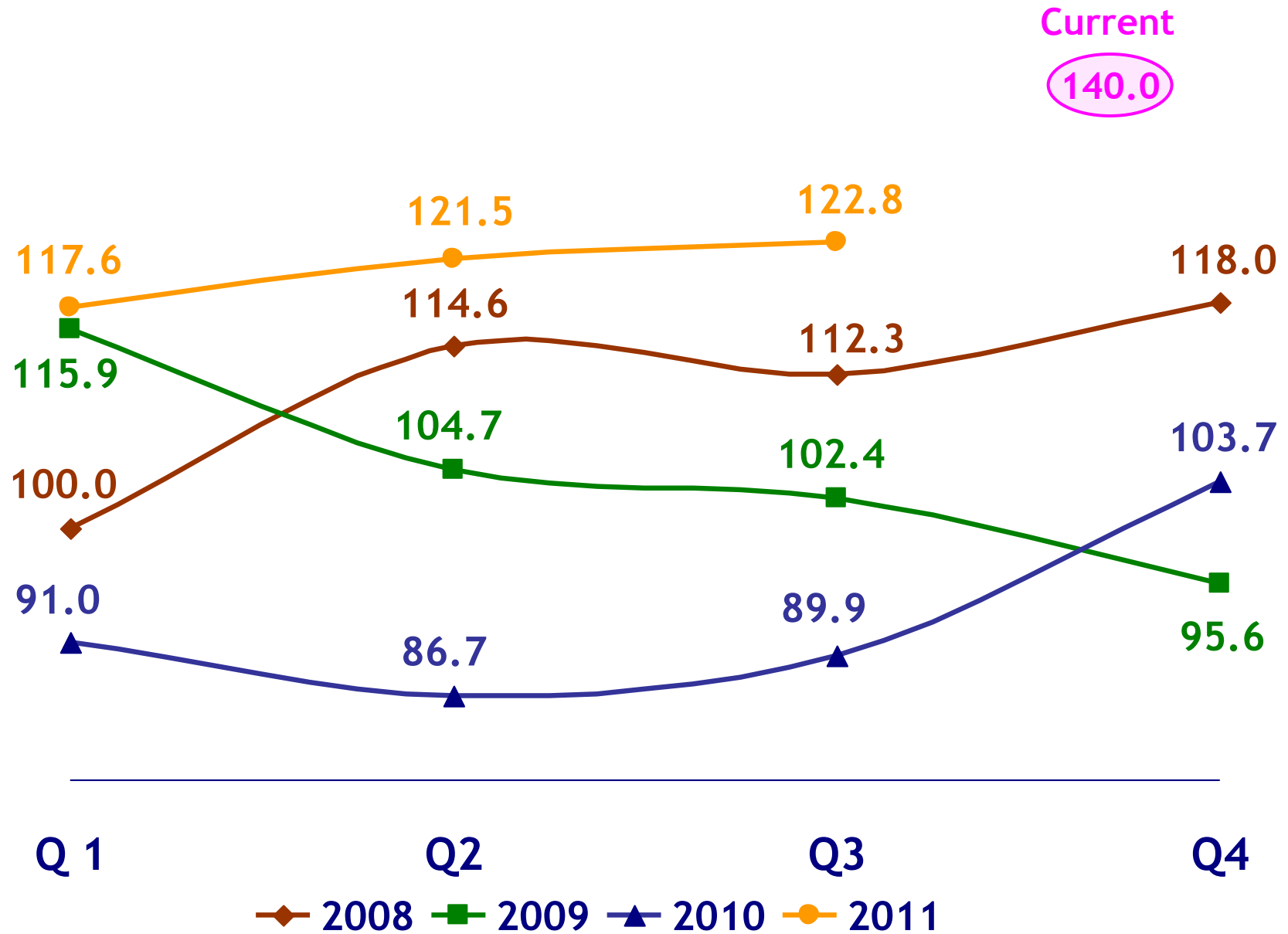
Indexed with base Q1-08

MSK prices ↑ 27.2 % over 2010



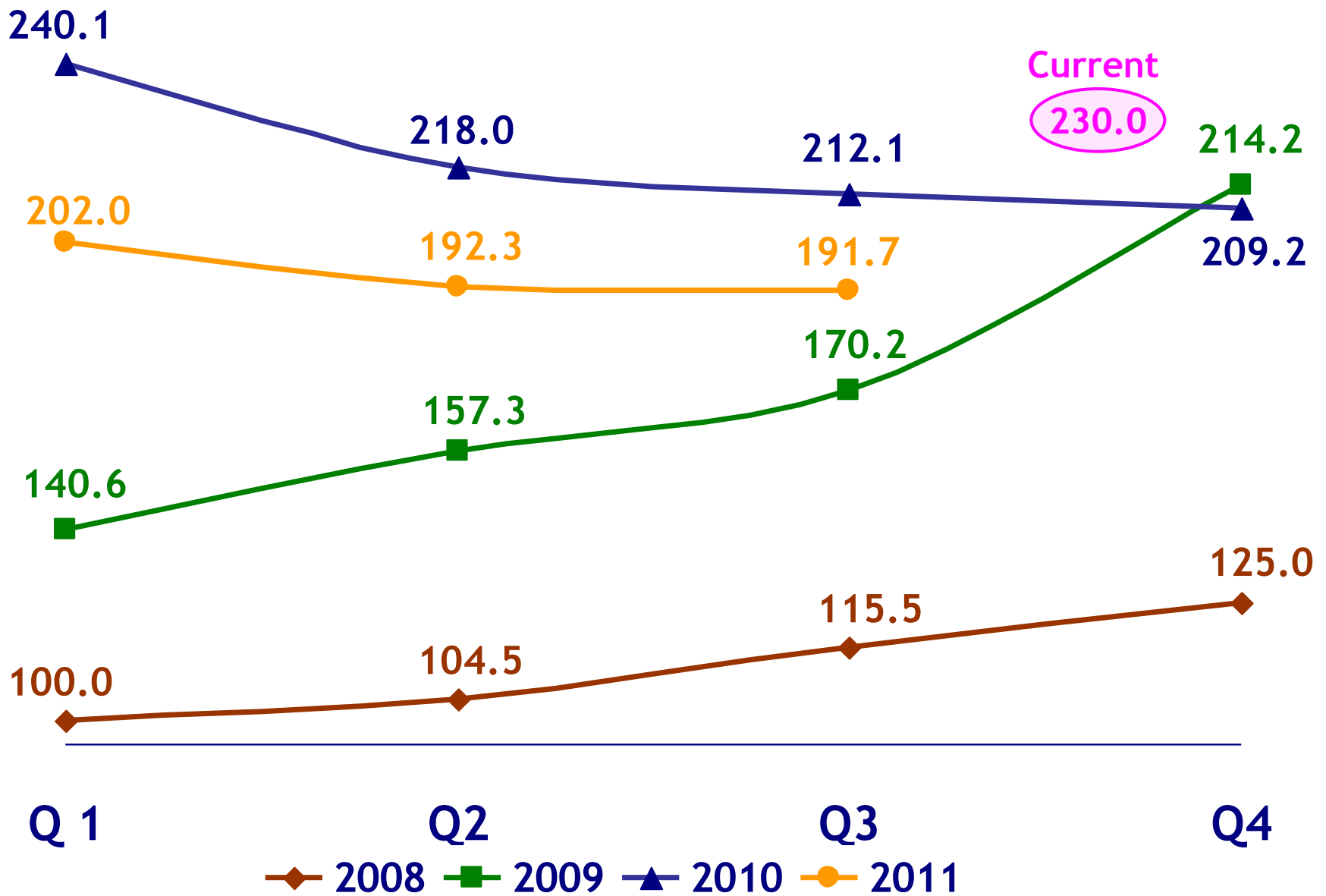
Indexed with base Q1-08

Green Coffee prices ↑ 35.2 % over 2010



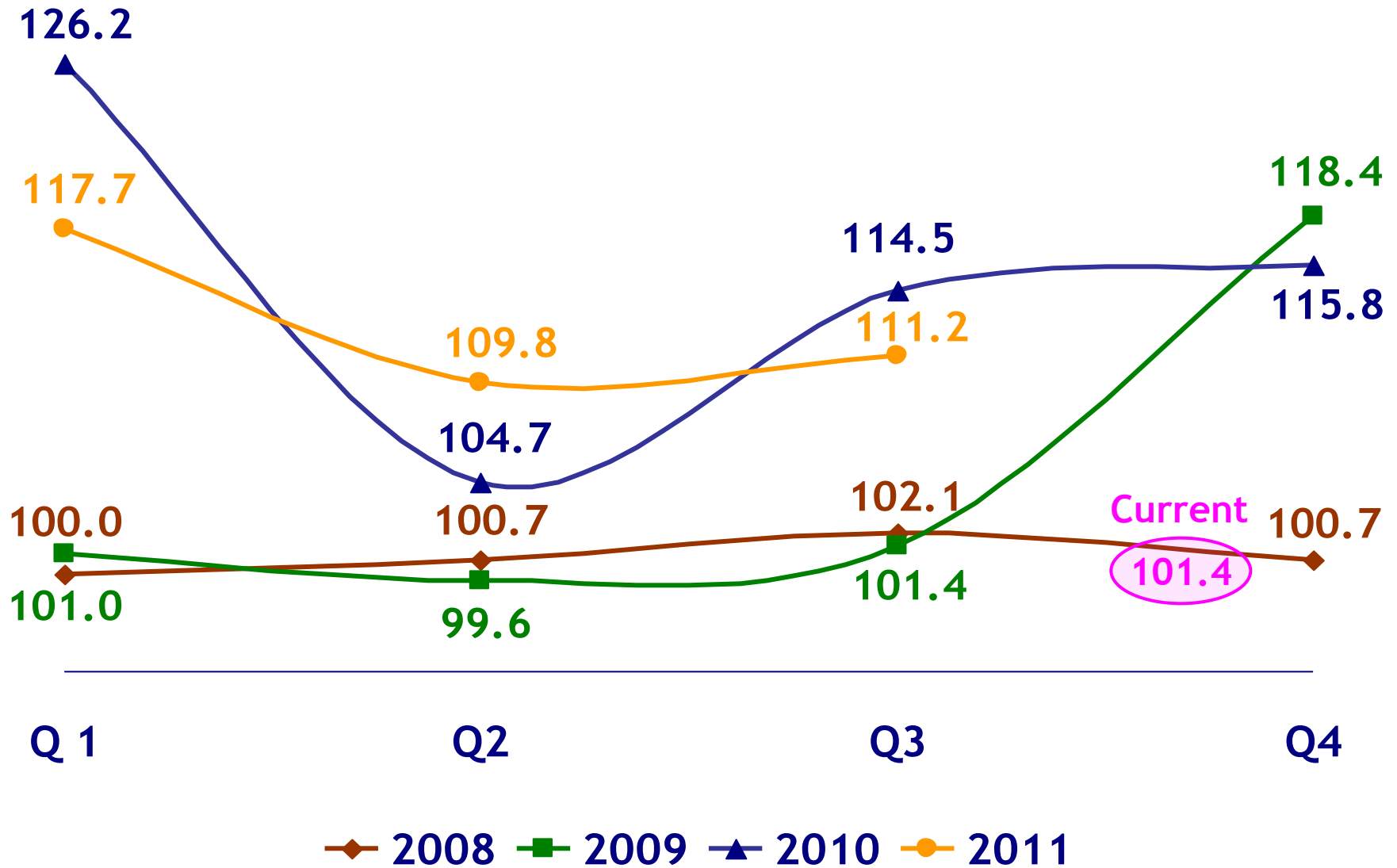
Indexed with base Q1-08

Sugar prices ↓ 12.6 % over 2010



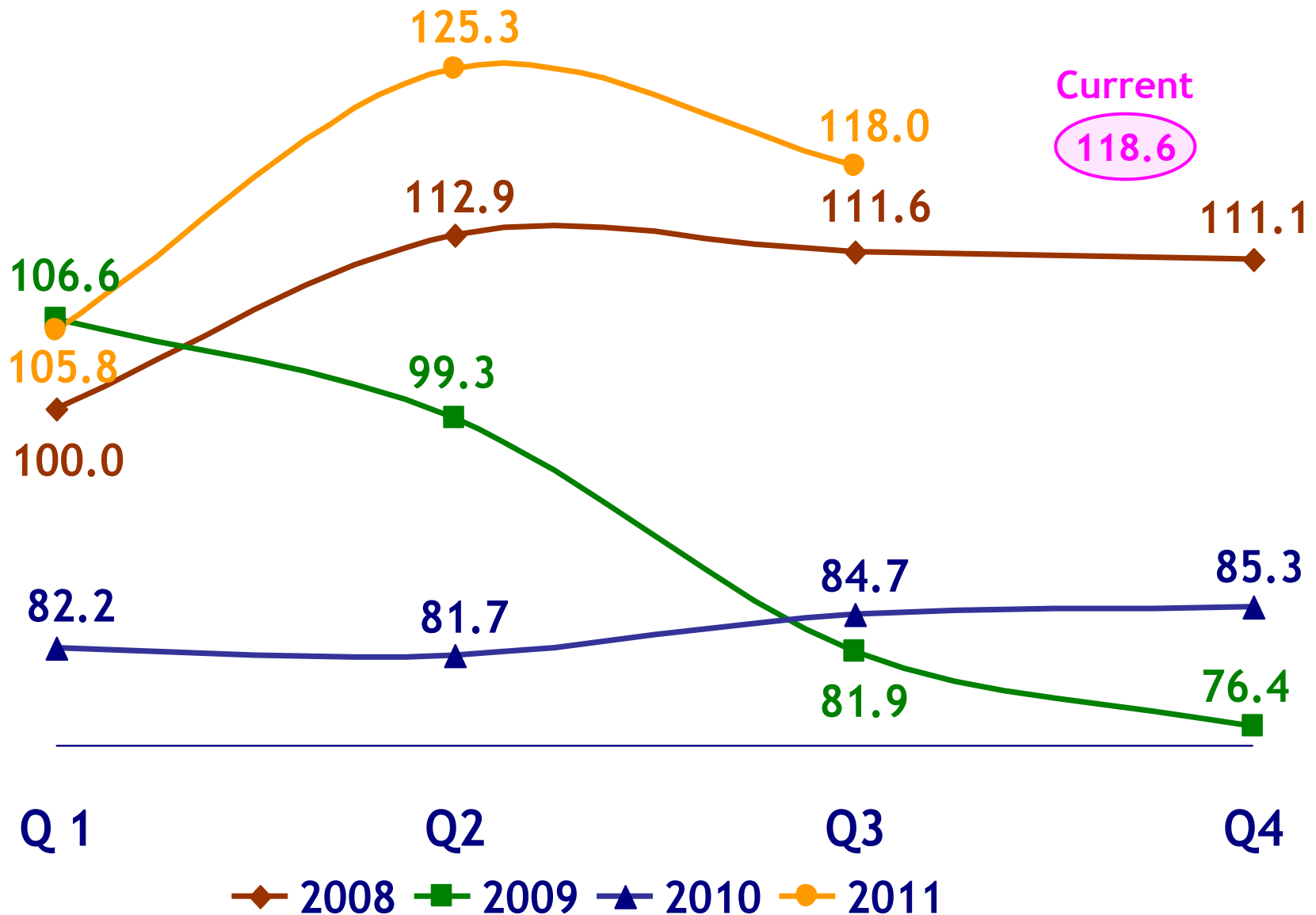
Indexed with base Q1-08

Wheat Flour prices ↓ 1.4% over 2010



Indexed with base Q1-08

Palm Oil prices ↑ 40.7 % over 2010



Indexed with base Q1-08

COFFEE - ROBUSTA [LIFFE]

Daily Q/LRc2

31/12/2009 - 18/11/2011 (LON)



COFFEE - ARABICA [ICE]

Daily Q/KCc2

31/12/2009 - 18/11/2011 (NYC)



SUGAR - [NCX]

Daily QSUG-MMZR-NCX

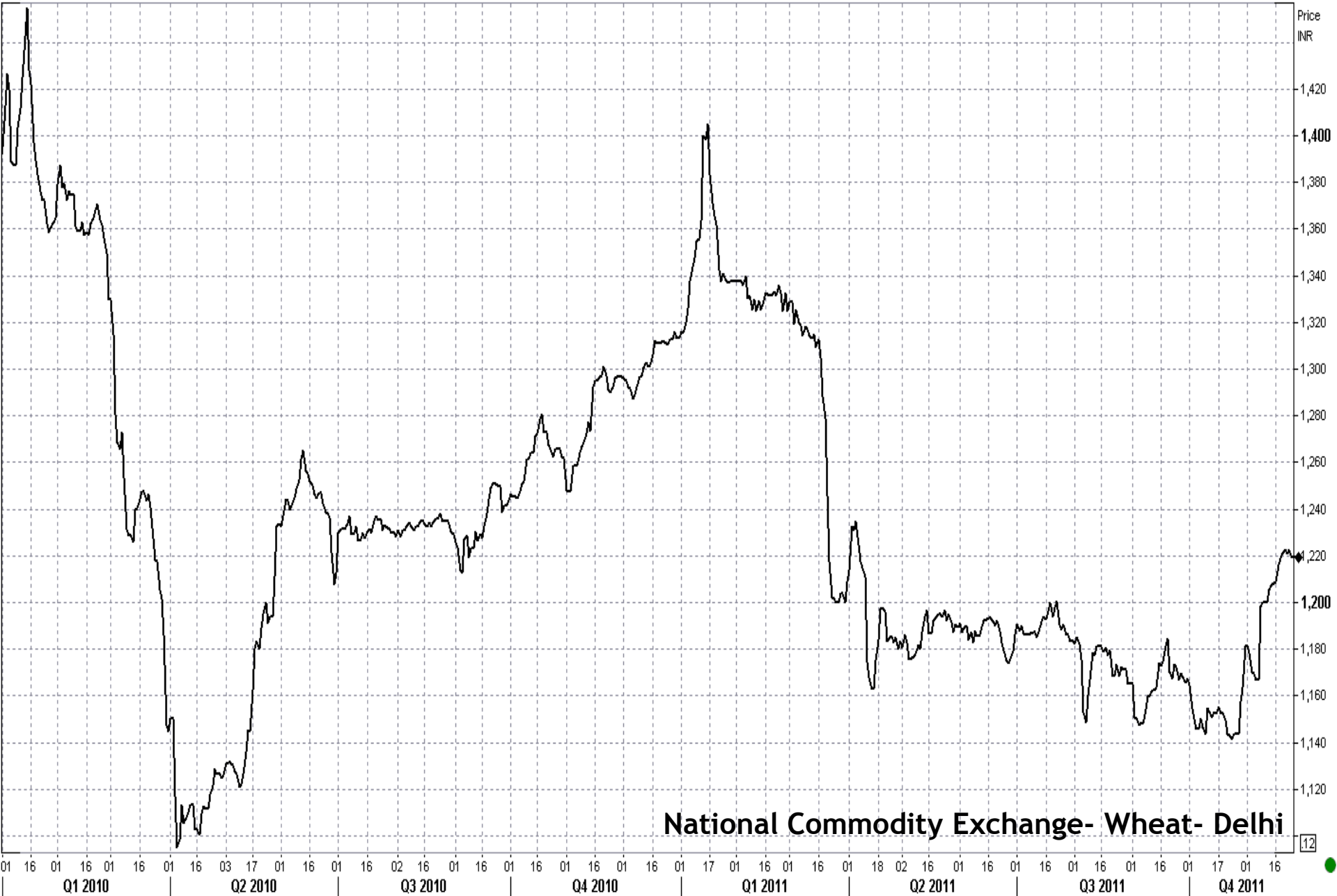
01/01/2010 - 25/11/2011 (BOM)



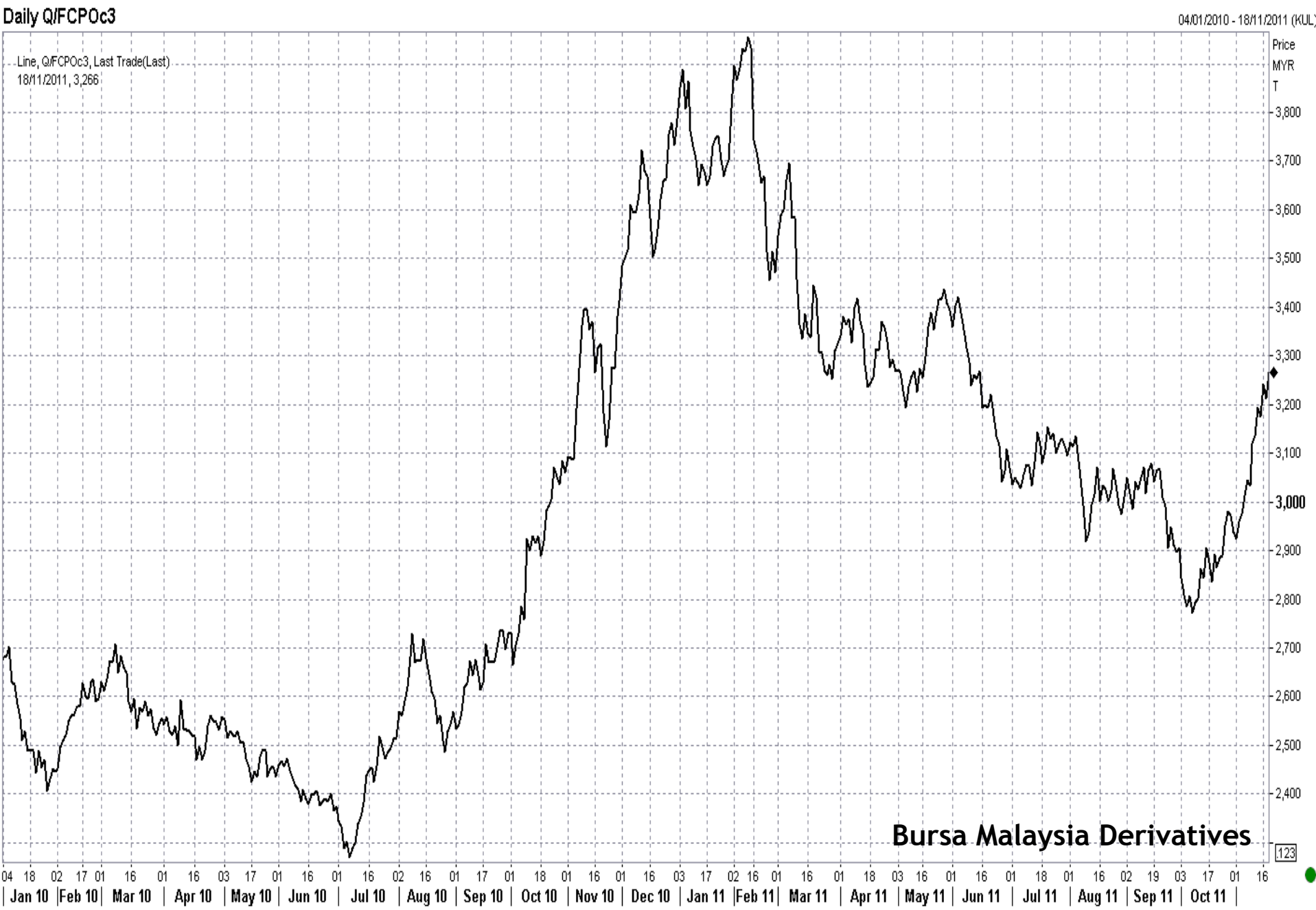
WHEAT - [NCX]

Daily QW-STDELI-NCX

01/01/2010 - 25/11/2011 (PAR)



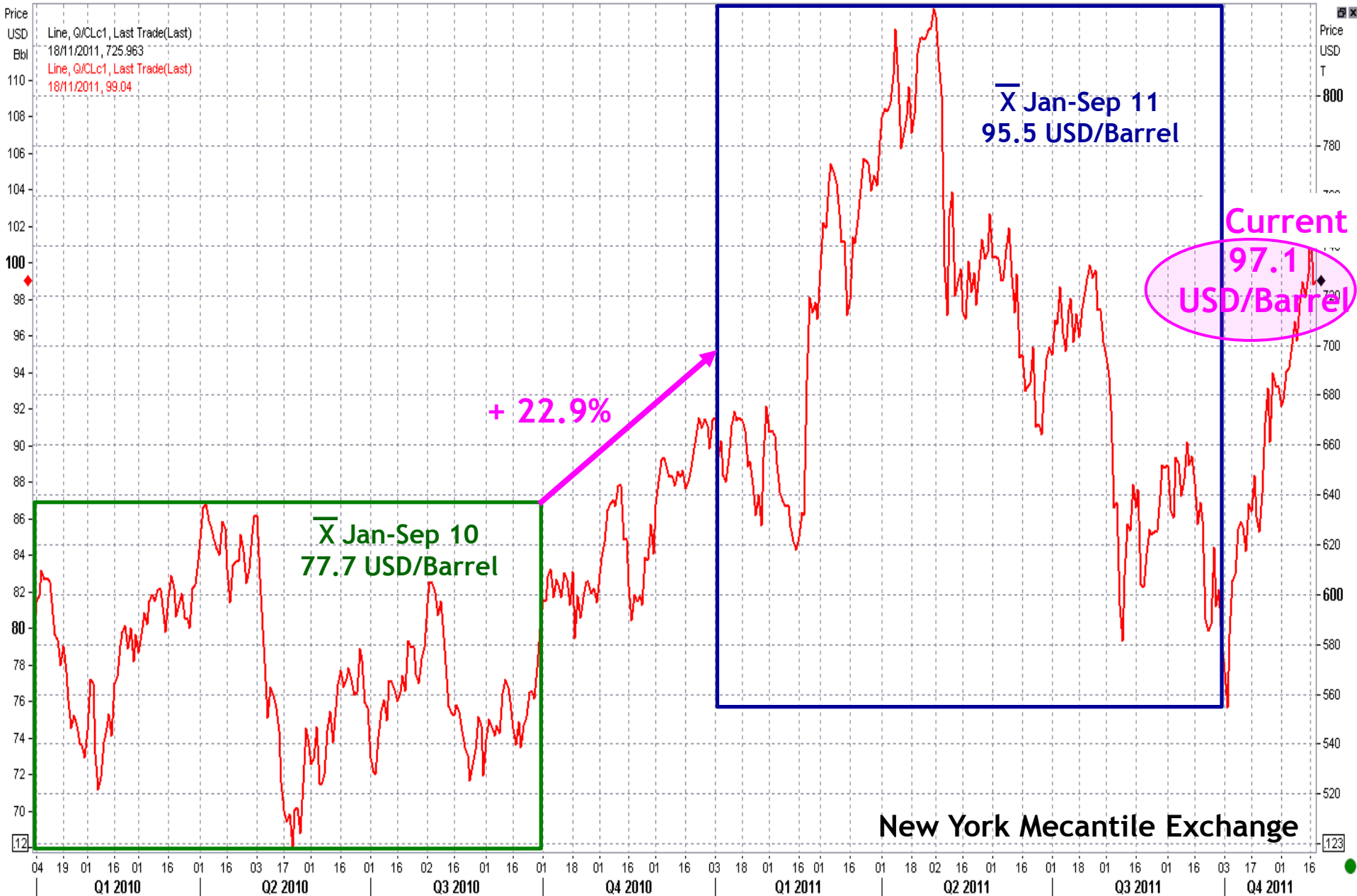
PALM OIL - [BMD]



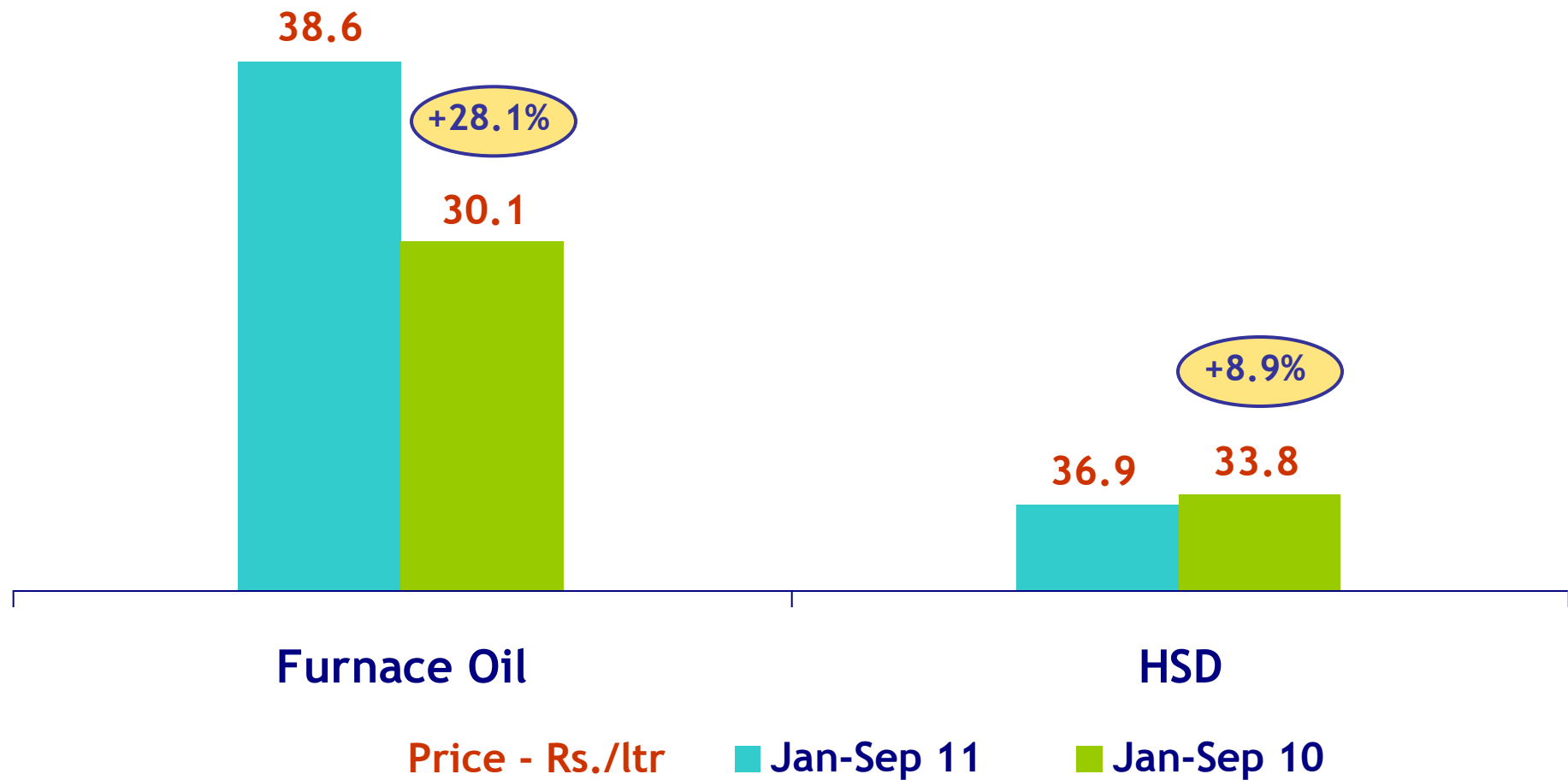
Evolution - Crude Oil Prices [NYMEX]

Daily Q/CLc1, Q/KPOc3

31/12/2009 - 18/11/2011 (NYC)



Fuel Oils



Share % in total Power & Fuel cost

Furnace Oil ~ 55%

HSD ~ 10%

Materials Cost as % of Net Sales

	Q1 10	Q2 10	Q3 10	Q4 10	Q1 11	Q2 11	Q3 11
PY	47.2	47.6	47.8	48.2	49.8	49.03	49.1
CY	49.8	49.0	49.1	47.6	48.8	49.45	48.2

Change
bps

260 ↑

140 ↑

130 ↑

60 ↓

100 ↓

42 ↑

90 ↓