Nestlé India Limited

24th Financial Analysts’ Meet

Gurgaon 17th November 2014
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 uncertainties and risks that could cause actual results to differ materially from the current views being expressed. Potential uncertainties and risks include factors such 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.

Figures have been regrouped / reclassified to make them comparable to current period.
Not a “clear” consensus on Growth Outlook

Real GDP Forecast: 2014-15

- RBI: 5.8
- NCAER: 5.6
- IMF: 5.1
- OECD: 5.1
- Morgan Stanley: 5.0
- Not a “clear” consensus on Growth Outlook

Oct-13 Jan-14 Apr-14 Jul-14 Oct-14
Market Growth remains soft

Value growth %

<table>
<thead>
<tr>
<th>Categories in which Nestlé is present</th>
<th>Jan-Sep'13</th>
<th>Jan-Sep'14</th>
</tr>
</thead>
<tbody>
<tr>
<td>FMCG</td>
<td>11.9</td>
<td>6.7</td>
</tr>
<tr>
<td>F&amp;B</td>
<td>13.6</td>
<td>8.5</td>
</tr>
<tr>
<td></td>
<td>16.5</td>
<td>8.5</td>
</tr>
</tbody>
</table>

Source: Nielsen; All India (Urban + Rural)
# Highlights Jan - Sep

### 2014

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Value</th>
<th>Change</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>INR 72.9 Bio</td>
<td>+ INR 4816 Mio.</td>
<td>+ 7.1%</td>
</tr>
<tr>
<td>RIG</td>
<td>7.6</td>
<td>- 115 bps</td>
<td>- 1.8%</td>
</tr>
<tr>
<td>OG%</td>
<td>1.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weighted Volumes &amp; Prices</td>
<td>7.6</td>
<td>- 115 bps</td>
<td>- 1.8%</td>
</tr>
<tr>
<td>Profit from Operations</td>
<td>INR 13.0 Bio</td>
<td>+ INR 73 Mio.</td>
<td>+ 2.7%</td>
</tr>
<tr>
<td>Net Profit</td>
<td>INR 8.6 Bio</td>
<td>+ INR 228 Mio.</td>
<td>+ 11.8% *</td>
</tr>
<tr>
<td>EPS</td>
<td>INR 89.02</td>
<td>+ INR 2.37 Mio.</td>
<td>+ 2.7%</td>
</tr>
</tbody>
</table>

*Includes figures from Nestlé Internal Reporting Standards*

### 2013

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Value</th>
<th>Change</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>INR 68.1 Bio</td>
<td></td>
<td></td>
</tr>
<tr>
<td>RIG</td>
<td>8.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>OG%</td>
<td>8.4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Third Party Sales</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit from Operations</td>
<td>INR 13.0 Bio</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Profit</td>
<td>INR 8.4 Bio</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EPS</td>
<td>INR 86.65</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Includes figures from Nestlé Internal Reporting Standards*
Quarterly evolution of results

**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>% Bio YoY</td>
<td>9.8</td>
<td>11.4</td>
<td>11.0</td>
<td>4.7</td>
</tr>
<tr>
<td>90.6 Bio = 9.1%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>% of Net Sales</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>% Bio</td>
<td>20.5</td>
<td>18.0</td>
</tr>
<tr>
<td>16.9 Bio = 18.7%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**OPBIT**

<table>
<thead>
<tr>
<th>% of Net Sales</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>% Bio</td>
<td>18.0</td>
<td>18.1</td>
</tr>
<tr>
<td>13.0 Bio = 17.9%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Jan Sep Sales Growth

Domestic Sales

-1.6%

Volume (000’ Tons)  2013  2014  Value (INR Bio)

Exports (Affiliates + Third parties)

-2.0%

-1.2%
Domestic Sales Growth Jan - Sep

Quarterly 2013 2014 Cumulative 2013 2014
Q1 7.7 3.4
Q2 9.2 9.7
Q3 8.0 9.9
% Contribution to Domestic Sales Jan - Sep

- **Milk Products & Nutrition**
  - 2013: 45.7%
  - 2014: 47.1%

- **Prepared Dishes & Cooking Aids**
  - 2013: 31.3%
  - 2014: 31.5%

- **Chocolate & Confectionery**
  - 2013: 13.5%
  - 2014: 12.2%

- **Beverages**
  - 2013: 9.4%
  - 2014: 9.2%
Milk Products & Nutrition

SUPER BABY 2.0 CAMPAIGN to promote Breastfeeding

In Just 3 Weeks!

• No. 1 in Baby Foods
• No. 2 in Infant Formula
• No. 1 in Dairy Whitener
• No. 1 in Sweetened Condensed Milk

5,200,000 Views
211,000 Support Pledges
900,000 Shares
20,000 HCPs Joined

Market Position (Value)

Innovation & Renovation
Milk Products & Nutrition - Domestic

High price led competitive intensity in certain products/geographies.

Overall market conditions.
Prepared Dishes & Cooking Aids

Market Position (Value)
- No. 1 in Instant Noodles
- No. 1 Sauces
- No. 1 Pasta
- No. 2 in Soups

Innovation & Renovation
Recent gains in market shares:

+1.8%  
+8.1%

Prepared Dishes & Cooking Aids - Domestic

Volume (000’ Tons)  2013  2014  Value (INR Bio)

Value market share stable at ~ 80% in Noodles. Good response to MAGGI Oats Noodles. Strong performance of fortified seasoning.
Chocolate & Confectionery

Innovation & Renovation

Market Position (Value)
• No. 1 in Wafers and Whites
Chocolate & Confectionery - Domestic

Volume (000' Tons) 2013 2014

Value (INR Bio)

RIG -3.6%

-11.5% 34.6 30.6

-2.3% 8.5 8.3

12.2%

High price led competitive intensity. Impact of portfolio review.
Beverages

Innovation & Renovation

Market Position (Value)
- No. 1 in Instant Coffee
- Strong presence in Vending
Beverages - Domestic

Volume (000’ Tons)  2013  2014  Value (INR Bio)
14.0  12.9  5.9  6.2

Good performance in Retail. Business model being reviewed in Out of Home. Impact of portfolio review in Retail and OOH.
High materials cost mitigated by cost containment.

Bars Not to scale
Materials cost not fully passed to consumers. Partially offset by efficiencies applying Group knowhow.

Materials
Realisations etc : 450 bps
NCE / SHARK : 140 bps
Milk & Others : 705 bps
Product Mix : 50 bps
Channel Mix : 15 bps

% are with reference to Net sales
Continued high contribution to exchequer

- MTR increase: 55 bps
- Tax free treasury income: 40 bps
- Deferred Tax revaluation in 2013: 70 bps

<table>
<thead>
<tr>
<th>Year</th>
<th>Marginal Tax Rate (%)</th>
<th>Effective Tax Rate (%)</th>
<th>Tax Expense (INR Bio)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>4.3</td>
<td>33.4</td>
<td>33.8</td>
</tr>
<tr>
<td>2014</td>
<td>4.3</td>
<td>33.2</td>
<td>34.0</td>
</tr>
</tbody>
</table>
Treasury initiatives have partially offset the headwinds in materials cost.

% are net of tax & in reference to sales
Average trade net working capital remained stable; but TNWC has increased in 2014 due low base and strategic reasons.

ATNWC: Basis 12 Months Average (Nestlé Internal Reporting Standards)

ATNWC: Inventories + Debtors - Trade Payables (except Staff Costs, Contingencies, Capex & Taxes)
A low TNWC on 1.1. 2014, lower base in 2013 & strategic build of inventories has impacted Operating Cash Flow.

- 2.6 Bio

% are in reference to sales
Entire external commercial borrowings have been repaid.

Operating Cash Flow

2013
- Fixed Assets: 2.6 INR Bio
- Dividends: 0.4 INR Bio
- Loan Repayment: 3.4 INR Bio
- Cash movement: 7.9 INR Bio
- LT Investments: 0.4 INR Bio

Total: 14.3 INR Bio

2014
- Fixed Assets: 1.5 INR Bio
- Dividends: 0.9 INR Bio
- Loan Repayment: 6.2 INR Bio
- Cash movement: (8.4) INR Bio
- LT Investments: 11.5 INR Bio

Total: 11.7 INR Bio
Capital Efficiency maintained despite severe pressure on margins due to materials cost.

<table>
<thead>
<tr>
<th></th>
<th>ROIC %</th>
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<tbody>
<tr>
<td>2013</td>
<td>34.6</td>
<td>2014</td>
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</table>

Invested capital: basis average of 5 quarter end (Nestlé Internal Reporting Standards)
The company is debt free again. ROE impacted by build of shareholders funds.

<table>
<thead>
<tr>
<th>Year</th>
<th>Period end Shareholders fund (INR Bio)</th>
<th>EPS (INR)</th>
<th>ROE %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>24.3</td>
<td>53</td>
<td>86.7</td>
</tr>
<tr>
<td>2014</td>
<td>27.5</td>
<td>45</td>
<td>89.0</td>
</tr>
</tbody>
</table>

Avg. Share Price (INR)

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>4,925</td>
<td>5,153</td>
<td></td>
</tr>
</tbody>
</table>
Increased interim dividend on completion of CAPEX programme

DPS (INR)

<table>
<thead>
<tr>
<th>Year</th>
<th>DPS (INR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>48.5</td>
</tr>
<tr>
<td>2011</td>
<td>48.5</td>
</tr>
<tr>
<td>2012</td>
<td>48.5</td>
</tr>
<tr>
<td>2013</td>
<td>48.5</td>
</tr>
<tr>
<td>YTD 13</td>
<td>18.0</td>
</tr>
<tr>
<td>YTD 14</td>
<td>42.5</td>
</tr>
</tbody>
</table>

Includes additional Interim INR 10 Per Share
Linked Slides
Nestlé India’s Commodity Basket

- Of Which Milks ~ 10%
Milks: 22% Increase over 2013

Indexed with base Q1-12
MSK: 58% Increase over 2013

Indexed with base Q1-12
Wheat Flour: 1 \% Decrease over 2013

Indexed with base Q1-12
Green Coffee: 5% Increase over 2013

Indexed with base Q1-12
Palm Oil: 1% Decrease over 2013

Indexed with base Q1-12
Sugar: 6% Decrease over 2013

Indexed with base Q1-12
Brent from 2008 USD per Barrel
Demand Generating Spends (DGS) - Jan Sep

DGS Include: Media, Consumer Promotions (free goods & Sampling), Trade Spends, Display, Point of Sales etc.

- 2013: 3,879 (DGS (INR Mio))
- 2014: 4,214 (DGS % of Net Sales)

Increase: +8.6%

Marketing Investments Redirected