Nestlé India Limited
Financial Analysts and Institutional Investors Meet

Gurgaon 22nd August 2016
Disclaimers

- 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.

- Real Internal Growth (RIG) and Organic Growth (OG) are basis Nestlé Internal Reporting Standards.

- Figures are regrouped / reclassified to make them comparable.

- Calculations are based on non-rounded figures.

- ‘Analytical data’ are best estimates to facilitate understanding of business and NOT meant to reconcile reported figures.

- Answers may be given to non-price sensitive questions.
Agenda

- Accelerating Our Game: Suresh Narayanan
- Financial Highlights: Shobinder Duggal
- Questions & Answers: Suresh & Shobinder
Agenda

- Recap “Must Win Battles”
- MAGGI Noodles – Rebound & Rebuild
- Way Forward
  - What is the new reality
  - Where do we want to go
  - How will we get there

Disclaimer: All images used in this presentation are for reference purpose only
Our Must Win Battles

- Double digit volume growth
- Insight led Innovation
- Execution brilliance
- Responsiveness to environment
- NHW leadership
- Reward and Recognition
- FAST FOCUSED FLEXIBLE
- Nimble Footed
- Consumer engagement
- People fit for battle
- 100% compliance
- Insight led Innovation
- People fit for battle
Rebound & Rebuild
## Accelerate To Market

<table>
<thead>
<tr>
<th></th>
<th>Packaging Material: 42 days &gt;&gt; 9 days</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>Raw Material: 21 days &gt;&gt; 5 days</td>
</tr>
<tr>
<td>6</td>
<td>POSM: 60 days &gt;&gt; 20 days</td>
</tr>
<tr>
<td>7</td>
<td>System Readiness: 21 days &gt;&gt; 5 days</td>
</tr>
<tr>
<td>8</td>
<td>Campaign: 45 days &gt;&gt; 20 days</td>
</tr>
</tbody>
</table>
Galvanise The Troops

900 Towns*

24,00,000 Outlets*

*Approximate numbers indicating number of towns we have a presence in as well the likely number of total indirect outlets reached
Way Forward

What is the new reality

Where do we want to go

How will we get there
1 What Is The New Reality
Trends: Dynamics Are Favourable

Urbanization  Technology Tide  Women Worth Up  Propensity to Premiumise

Valourising Value  Quest for goodness  Shifting the Sweet spot
We are in an environment defined by competitive intensity but with “upside” opportunities.
Where Do We Want To Go
Our Vision

To be the leading and most trusted NHW company, placing Consumers, Customers and Shoppers at the heart of all we do.
Our Ambition & Our Key Growth Drivers

- Double digit growth (volume driven)
- Consumer Insight led
- Launch new products in each category

- Process reduction of 30-40%
- Reduction in meetings by 50%
- Zero tolerance for non compliance

- Fast, Focused, Flexible in thought and action
- Embrace powerful ways of working
- Enable, empower, engage, energize our colleagues
### Population and Income Pyramid

<table>
<thead>
<tr>
<th>USD Per capita income</th>
<th>2015</th>
<th>Nestlé Target Population Urban - 315m</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt;30,000</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>7600-28000</td>
<td>12%</td>
<td>12%</td>
</tr>
<tr>
<td>2300-7500</td>
<td>41%</td>
<td>41%</td>
</tr>
<tr>
<td>&lt;2300</td>
<td>43%</td>
<td>43%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>% Share of Expenditure</th>
<th>2015</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>16</td>
<td></td>
<td>51m</td>
</tr>
<tr>
<td>27</td>
<td></td>
<td>153m</td>
</tr>
<tr>
<td>32</td>
<td></td>
<td>524m</td>
</tr>
<tr>
<td>26</td>
<td></td>
<td>550m</td>
</tr>
</tbody>
</table>

Source: Mckinsey, BCG, Nestlé CI analysis
Consumers: Middle Class Will Expand

**2015**
- Globals: 4%
- Seeking & Striving: 12%
- Aspiring: 41%
- Deprived: 43%

**2020**
- Globals: 5%
- Seeking & Striving: 16%
- Aspiring: 42%
- Deprived: 38%
In a nutshell:

• Drive volumes

• Sustain profitability
Drive Penetration and Frequency

Consumer centric innovation across categories

Capture potential of many India’s within India
Drive Penetration & Frequency

50% Contribution
Consumer Centric Innovation & Renovation Across Categories

- Consumer insights around NHW
- Value-up and premiumize
- Size of opportunity and our competency
- Sustainability and innovation of an accretive nature
- Building capabilities to expand in new categories
Prepared Dishes and Cooking Aids

New Products

• MAGGI Cuppa Noodles – 4 variants
• MAGGI HOTHEADS – 4 variants
• MAGGI No Onion No Garlic Noodles
Chocolate & Confectionary

New Products
- NESTLÉ BARONE Charge
- NESTLÉ MUNCH Nuts
- Gift Packs
- Premium Chocolates
Milk Products & Nutrition

New Products

- NESTLÉ a+ GREKYO – 4 variants
- NESTLÉ a+ PRO-GROW
- NESTLÉ EVERYDAY Masala Fusion
- NESTLÉ CEREGROW
Beverages

New Products

- NESCAFÉ SUNRISE Insta-Filter
- NESCAFÉ 3-in-1
- NESCAFÉ RTD – 3 variants
- NESTEA – 3 variants
Consumer Centric Innovation & Renovation Across Categories

25 new products & many more to come
Capture Potential Of Many India’s Within India

Calibrated launches basis geography, brand, category and channel potential

Resources to be placed behind national and regional winners

Organization capabilities to be fast, focused and flexible helping to excel in execution
Ecommerce: Tapping The Channel

**eCommerce Market**
(in Billion US$)

Expected to contribute 5%
(5 Bio US$) of FMCG sale by 2020

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.3</td>
<td>6X</td>
<td>32</td>
</tr>
</tbody>
</table>

Our ambition is to grow our business further in this sector
Out Of Home: Opportunity Beckons

Food Services/Eating Out share in Fun Spending (Per Capita = US$42)

Consumers eating out of home at least once in a week

CAGR Gr% Store Count (2010-2016)

*Goldman Sachs: India Consumer Close-Up 2016
Food Regulatory Environment: Positive Winds of Change

11000 additives allowed

Infant & special medical foods under review

Harmonisation with CODEX

Only ingredients approved by FSSR can be used

Fully committed to work with FSSAI
Changing Face of Consumers

24X7 CES Operation Across Channels - India

**2012**

**NUMBER OF CONTACTS**
2,500 Contacts

**TEAM STRUCTURE**
FTE 4

**RESPONSE**
First Response in 24 Hours

**2016**

**NUMBER OF CONTACTS**
Estimated 450,000 Contacts

**TEAM STRUCTURE**
FTE 60

**RESPONSE**
First Response in 30 minutes
Nestlé in Society – 104 Years of Commitment

<table>
<thead>
<tr>
<th>Our Focus Areas</th>
<th>Nutrition</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Water and Environment Sustainability</td>
</tr>
<tr>
<td></td>
<td>Rural Development</td>
</tr>
</tbody>
</table>

![Image with icons representing Nutrition, Water, Rural Development, Environment, Compliance]
Nestlé in Society – 104 Years of Commitment

HEALTHY KIDS Over 46,000 beneficiaries

MAMTA 100,000 beneficiaries

100,000 Milk Farmers

Clean Drinking Water Projects over 15000 beneficiaries

Over 2000 Coffee Farmers
Nestlé in Society – 104 Years of Commitment

In our Manufacturing

Projects completed in our factories during 2015

54 Energy reduction projects

&

40 Water reduction projects

From 2000 to 2015, for every tonne of production, we have:

Reduced the usage of energy by around 47% ↓

Reduced water usage by around 55% ↓

Reduced generation of waste water by around 61% ↓

Reduced specific direct greenhouse gas emissions by 57% ↓

In our Packaging

During 2015, we used 35% recycled material in packaging

800 tonnes reduction in packaging material through packaging optimisation

Consumer Awareness

Expanding the use of QR (Quick Response) codes to provide sustainable consumption tips and guidance on recycling
Our People: Our Stars

We make Nestlé credible

... by leading through example, holding ourselves to the highest standards of integrity and always striving to do what’s right.

What makes Nestlé attractive

- Opportunity to work for iconic brands
- Feeling of involvement in Society
- Culture of ethics and performance
- Continuous upgrading of skills and competencies
Key Takeaways Today

- Priority on growth across the portfolio
- Strong commitment to NHW
- Key role of penetration, frequency and insight led innovation
- Tapping into the many India’s within India – the emerging channels and consumer trends
- Responsive, committed to society, nimble footed and proud to be Nestlé
A reminder

Financial Results for 2016 are being reported in accordance with the Accounting Standards specified under Companies (Accounting Standards) Rules, 2006. IND-AS is applicable w.e.f 1st January 2017.
Market Dynamics

Market Size 2015

- **FMCG**
  - USD 39.7 Bio

- **F&B**
  - USD 21.1 Bio

- **Processed Food (excl. Commodities)**
  - USD 13.7 Bio

- **Nestlé Categories**
  - USD 3.8 Bio

Market Growth % 2016

- **FMCG**
  - Q2 '16: 4.4%
  - Q1 '16: 7.2%
  - H1: 5.8%

- **F&B**
  - Q2 '16: 5.3%
  - Q1 '16: 7.4%
  - H1: 6.3%

- **Processed Food (excl. Commodities)**
  - Q2 '16: 2.7%
  - Q1 '16: 5.0%
  - H1: 3.8%

- **Nestlé Categories**
  - Q2 '16: 1.0%
  - Q1 '16: 1.3%
  - H1: 1.2%

Source: AC Nielsen
Note: Infant Formula and Infant Cereal Segments included in FMCG, F&B, Processed Food and Nestlé Categories
## Brand Strength & Market Position

<table>
<thead>
<tr>
<th>Category</th>
<th>Brand</th>
<th>Market Share % (Value)</th>
<th>Nestlé’s Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instant Noodles</td>
<td>Maggi</td>
<td>52.0 (YTD Jan-Jun 2016)</td>
<td>42.9 (MAT Jul’15-June’16)</td>
</tr>
<tr>
<td>Ketchups &amp; Sauces</td>
<td>Maggi</td>
<td>23.8</td>
<td>24.4</td>
</tr>
<tr>
<td>Instant Pasta</td>
<td>Maggi</td>
<td>56.7</td>
<td>50.4</td>
</tr>
<tr>
<td>Infant Formula</td>
<td>LACTOGEN</td>
<td>42.4</td>
<td>42.5</td>
</tr>
<tr>
<td>Infant Cereals</td>
<td>CERELAC</td>
<td>96.6</td>
<td>96.6</td>
</tr>
<tr>
<td>Tea Creamer</td>
<td>Everyday</td>
<td>45.4</td>
<td>46.1</td>
</tr>
<tr>
<td>Chocolates</td>
<td>Nestlé</td>
<td>15.5</td>
<td>15.4</td>
</tr>
<tr>
<td>White &amp; Wafers</td>
<td>MUNCH, Milkybar</td>
<td>63.7</td>
<td>64.3</td>
</tr>
<tr>
<td>Instant Coffee</td>
<td>NESCAFE</td>
<td>50.4</td>
<td>50.4</td>
</tr>
</tbody>
</table>

*Source: AC Nielsen*
January – June highlights

Impacted by MAGGI issue in 2015

2016

INR 45.5 Bio

- 0.8

- 2.4

- 18.1%*

INR 8.26 Bio

- INR 4.9 Bio

- INR 50.80

3.6%* 

Weighted Volumes & Prices

INR +1.1 Bio

+2.5%

INR -125 Million

-75 bps

INR +2.3 Bio

+500 bps

INR +24.26

+91.4%

2015

INR 44.4 Bio

INR 8.38 Bio

INR 2.6 Bio

INR 26.54

(11.6) (6.5)

Net Sales

RIG%

Third Party Sales

OG%

Profit from Operations

Net Profit

EPS

* % of Net Sales

Includes figures from Nestlé Internal Reporting Standards
Quarterly evolution

**NET SALES**

% YoY Growth

Q1: -17.2% [INR 81.2 Bio]

Q2: -32.1%  

Q3: -22.6%  

Q4: 2.5% [INR 45.5 Bio]

INR Bio

2015

25.1

19.3

17.4

19.5

2016

23.0

22.6

% of Net Sales

**Profit from Operations**

(b) 16.4% [INR 13.3 Bio]

(a) 16.7%  

11.4  

15.3

19.4

[INR 8.3 Bio]

INR Bio

5.2

3.2

2.0

3.0

4.5

3.8

(a) 14.7% before reclassification of fixed cost to Exceptional item and movement in conversion cost due to destruction of MAGGI Noodles stock

(b) 15.9% before reclassification of fixed cost to Exceptional item and movement in conversion cost due to destruction of MAGGI Noodles stock
Domestic Sales: January-June

Volume (000’ Tons)
- 2015: 161, 2016: 172
- Contribution to Sales: 7.3% (2015), 2.6% (2016)

Value (INR Bio)
- 2015: 41.1, 2016: 42.2
- Contribution to Sales: 93% (2015), 93% (2016)

Exports (Affiliates + Third parties)
- 2015: 10, 2016: 10
- Contribution to Sales: -0.8% (2015), 0.8% (2016)
Reported & Comparable Domestic Sales Growth: Jan-June

<table>
<thead>
<tr>
<th>Volume (Tons)</th>
<th>Growth%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reported</td>
<td>7.3</td>
</tr>
<tr>
<td>Comparable*</td>
<td>0.5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Value (INR Mio)</th>
<th>Growth%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reported</td>
<td>2.6</td>
</tr>
<tr>
<td>Comparable*</td>
<td>-0.7</td>
</tr>
</tbody>
</table>

* Excluding sales of Noodles, Surplus Fat & Product Portfolio Optimisation initiatives.
Category Contribution % to Domestic Sales
January - June

2015

Milk Products & Nutrition

22.2

Prepared Dishes & Cooking Aids

12.0

Chocolate & Confectionery

10.8

2016

Beverages

55.0

52.8

25.6

11.9

9.7
Domestic Sales - 2016

<table>
<thead>
<tr>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>H1</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Reported Sales in INR Bio</strong></td>
<td>21.3</td>
<td>20.9</td>
<td>42.2</td>
</tr>
<tr>
<td><strong>Reported yoy Growth %</strong></td>
<td>-8.7</td>
<td>17.5</td>
<td>2.6</td>
</tr>
<tr>
<td><strong>Comparable Growth %</strong></td>
<td>-2.0</td>
<td>0.7</td>
<td>-0.7</td>
</tr>
</tbody>
</table>

- Innovation & Renovation across categories
- Most other categories recovering

*Excluding sales of Noodles, Surplus Fat & Product Portfolio Optimisation initiatives.*
### 3rd Party Sales - 2016

<table>
<thead>
<tr>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>H1</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Organic Growth (%)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reported</td>
<td>-8.4</td>
<td>16.6</td>
<td>2.4</td>
</tr>
<tr>
<td>Comparable*</td>
<td>-2.1</td>
<td>1.2</td>
<td>-0.5</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Real Internal Growth (%)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reported</td>
<td>-9.7</td>
<td>14.5</td>
<td>0.8</td>
</tr>
<tr>
<td>Comparable*</td>
<td>-3.0</td>
<td>0.3</td>
<td>-1.3</td>
</tr>
</tbody>
</table>

* Excluding sales of Noodles, Surplus Fat & Product Portfolio Optimisation initiatives.

*Note: Organic Growth (OG) and Real Internal Growth (RIG) are basis Nestlé Internal Reporting Standards.*
### Materials Cost - 2016

<table>
<thead>
<tr>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>H1</th>
</tr>
</thead>
<tbody>
<tr>
<td># Materials cost in % of Net Sales as reported</td>
<td>42.9</td>
<td>42.1</td>
<td>42.5</td>
</tr>
<tr>
<td>## Movement in conversion cost in bps</td>
<td>-90</td>
<td>20</td>
<td>-40</td>
</tr>
<tr>
<td>Net materials cost in % of Net Sales</td>
<td>42.0</td>
<td>42.3</td>
<td>42.1</td>
</tr>
<tr>
<td>yoy movement in bps</td>
<td>30</td>
<td>100</td>
<td>70</td>
</tr>
<tr>
<td>of which</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commodities</td>
<td>100</td>
<td>20</td>
<td>60</td>
</tr>
<tr>
<td>Realisations</td>
<td>40</td>
<td>20</td>
<td>10</td>
</tr>
<tr>
<td>Mix impact (Product mix and Mix of third party &amp; Affiliates)</td>
<td>30</td>
<td>60</td>
<td>20</td>
</tr>
</tbody>
</table>

Favourable commodity prices with an upward price trend in some commodities

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# Materials Cost: Cost of materials consumed + Purchase of stock-in-trade + Change in inventories of Finished Goods & WIP

## Conversion cost embedded in inventories of Finished Goods & WIP
Other Variable Cost - 2016

<table>
<thead>
<tr>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>H1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost in % of Net Sales</td>
<td>12.5</td>
<td>13.1</td>
<td>12.8</td>
</tr>
<tr>
<td>yoy movement in bps</td>
<td>40</td>
<td>50</td>
<td>0</td>
</tr>
</tbody>
</table>

Benefits of Lower crude oil & energy prices offset by higher cost of distribution (impacted by product mix)

*Includes Distribution Cost, General licence fees, Power & Fuel, Rates & Taxes etc.*
## Advertisement & Sales Promotion - 2016

<table>
<thead>
<tr>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>H1</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cost in INR Bio</strong></td>
<td>1.2</td>
<td>1.5</td>
<td>2.7</td>
</tr>
<tr>
<td><strong>yoy increase in %</strong></td>
<td>−26.3</td>
<td>+14.8</td>
<td>−8.1</td>
</tr>
<tr>
<td><strong>% of Domestic Sales</strong></td>
<td>5.6</td>
<td>7.1</td>
<td>6.4</td>
</tr>
<tr>
<td><strong>yoy movement in bps</strong></td>
<td>−135</td>
<td>−15</td>
<td>−75</td>
</tr>
</tbody>
</table>

- New Media Campaigns across Categories
- Stepped up spends on New launches
- Base not fully comparable

*Includes Media spends, Consumer Sampling and Promotions, Display etc.*
## Fixed Cost

<table>
<thead>
<tr>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>H1</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2016</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Reported</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost in INR Bio</td>
<td>4.6</td>
<td>5.0</td>
<td>9.6</td>
</tr>
<tr>
<td>Cost in % of Net Sales</td>
<td>20.2</td>
<td>22.1</td>
<td>21.1</td>
</tr>
<tr>
<td>yoy movement in bps - Reported</td>
<td>215</td>
<td>115</td>
<td>215</td>
</tr>
<tr>
<td>yoy movement in bps - Comparable</td>
<td>215</td>
<td>180</td>
<td>180</td>
</tr>
<tr>
<td><strong>2015</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Reported</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost in INR Bio</td>
<td>4.5</td>
<td>4.1</td>
<td>8.6</td>
</tr>
<tr>
<td>Cost in % of Net Sales</td>
<td>18.0</td>
<td>21.0</td>
<td>19.3</td>
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<tr>
<td><strong>Comparable</strong></td>
<td></td>
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<td></td>
</tr>
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<td>Cost in INR Bio</td>
<td>4.5</td>
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<tr>
<td>Cost in % of Net Sales</td>
<td>18.0</td>
<td>23.9</td>
<td>20.6</td>
</tr>
</tbody>
</table>

*Includes fixed cost reclassified to Exceptional Item as reported in line with Accounting Standards (AS) 2 & 5.*

Before reclassification of fixed cost to “Exceptional Item” in Q2 2015.
## Profit from Operations

<table>
<thead>
<tr>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>H1</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2016</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reported</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit in INR Bio</td>
<td>4.5</td>
<td>3.8</td>
<td>8.3</td>
</tr>
<tr>
<td>Profit in % of Net Sales</td>
<td>19.4</td>
<td>16.8</td>
<td>18.1</td>
</tr>
<tr>
<td>yoy movement in bps - Reported</td>
<td>115</td>
<td>15</td>
<td>75</td>
</tr>
<tr>
<td>yoy movement in bps - Comparable</td>
<td>115</td>
<td>210</td>
<td>10</td>
</tr>
<tr>
<td><strong>2015</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reported</td>
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</tr>
<tr>
<td>Profit in INR Bio</td>
<td>5.2</td>
<td>3.2</td>
<td>8.4</td>
</tr>
<tr>
<td>Profit in % of Net Sales</td>
<td>20.6</td>
<td>16.7</td>
<td>18.9</td>
</tr>
<tr>
<td>Comparable*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit in INR Bio</td>
<td>5.2</td>
<td>2.8</td>
<td>8.0</td>
</tr>
<tr>
<td>Profit in % of Net Sales</td>
<td>20.6</td>
<td>14.7</td>
<td>18.0</td>
</tr>
</tbody>
</table>

*Before reclassification of fixed cost to ‘Exceptional item’ & Movement in conversion cost due to destruction of MAGGI Noodles stock in Q2 2015*
Profit from Operations: January-June

% are with reference to Net sales

H1 '15 Reported: 18.9%

H1 '16 Reported: 18.1%

Reclassification of fixed Costs to ‘Exceptional Item’ in 2015

In bps

- One offs: 130
- Materials: 70
- Variable Costs: -
- Adv. & Sales Promotion: 65
- Fixed Costs: 55
- Export Incentives: 30

In bps
**Effective Tax Rate (ETR): January-June**

- **Mix of profits from Tax holiday Vs other sites**
  - Pantnagar Tax holiday
    - Profitability in Q1’16 impacted by lower MAGGI Noodles volume
    - Sunset w.e.f 1st April’2016
- **Profit Mix**
  - INR 1.1 Bio
  - 30.5%
  - H1 ’15
- **Lower Tax Holiday**
  - INR 320
- **Investment Allowance**
  - INR 100
- **Exceptional Items in 2016**
  - INR 80
- **MTR change**
  - 80 bps
- **DTL revaluation**
  - 110 bps in 2015
- **Tax benefits**
  - INR 140
- **Others**
  - INR 30
- **INR 2.8 Bio**

**In bps**

- H1 ’15: 30.5%
- H1 ’16: 36.0%
Net Profit after Tax (PAT): January-June

% and bps movements are net of tax & in reference to sales
Cash generation from Operations: January-June

INR Million

H1 ’15

10.0%*

4,470

Exceptional Items

Profit from operations

Other Costs

Dep. & Impairment

Trade Net Working Capital

Other elements of Working Capital

Taxes

H1 ’16

13.9%*

6,310

PBIT: 4020

Lower working capital in H1’15 due to MAGGI Noodle issue

+ 1,840 million (41%)

*% are in reference to sales
Recovery from an exceptional base

Shareholders Fund (INR Bio)

Debt: Equity 1:99 1:99

AAA Rating reaffirmed by CRISIL on 18th Nov’15

Jun-15 29.1 Jun-16 31.7

Return on Equity (%)

Jan-Jun' 15 17.8 Jan-Jun' 16 32.7

EPS (INR)

Jan-Jun' 15 26.5 Jan-Jun' 16 50.8

Share Price (INR)

Month end closing share price on BSE 57

2015

Jun 6,346 July 6,343 Aug 5,976 Sep 6,350 Oct 6,180 Nov 5,873 Dec 5,824

2016

Jan 5,491 Feb 5,012 Mar 5,769 Apr 5,744 May 6,099 Jun 6,489
2014 - Additional Interim dividend of INR 10 Per Share

Impacted by MAGGI Noodles Issue
Sales and Market Share Evolution: MAGGI Noodles

Sales Indexed to November 2015

% Value
Market Share 10.9 35.2 43.5 48.1 51.0 53.5 55.5 57.1

Bar size represents Sales Value
Nestlé India’s Commodity Price Index

Indexed with base year 2011
Milks Consumption Price Index

Indexed with base Q1-14
Indexed with base Q1-14
Skimmed Milk Powder (MSK) Prices /kg

Variance vs LY

<table>
<thead>
<tr>
<th>Quarter</th>
<th>International*</th>
<th>Domestic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 15</td>
<td>164</td>
<td>-24%</td>
</tr>
<tr>
<td>Q2 15</td>
<td>134</td>
<td>-42%</td>
</tr>
<tr>
<td>Q3 15</td>
<td>111</td>
<td>-41%</td>
</tr>
<tr>
<td>Q4 15</td>
<td>133</td>
<td>-11%</td>
</tr>
<tr>
<td>Q1 16</td>
<td>122</td>
<td>-26%</td>
</tr>
<tr>
<td>Q2 16</td>
<td>118</td>
<td>-12%</td>
</tr>
</tbody>
</table>

*USD spot Prices /Kg converted to INR
AMF (Ghee) Prices /kg

Variance vs LY

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<tbody>
<tr>
<td>Q1 15</td>
<td>-20%</td>
<td>262</td>
</tr>
<tr>
<td>Q2 15</td>
<td>-13%</td>
<td>273</td>
</tr>
<tr>
<td>Q3 15</td>
<td>-11%</td>
<td>183</td>
</tr>
<tr>
<td>Q4 15</td>
<td>+10%</td>
<td>241</td>
</tr>
<tr>
<td>Q1 16</td>
<td>-11%</td>
<td>232</td>
</tr>
<tr>
<td>Q2 16</td>
<td>+5%</td>
<td>224</td>
</tr>
</tbody>
</table>

*USD spot Prices /Kg converted to INR
Full Cream Milk Powder (FCMP) Prices /kg

Variance vs LY

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<tr>
<th>Quarter</th>
<th>International</th>
<th>Domestic</th>
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</thead>
<tbody>
<tr>
<td>Q1 15</td>
<td>-41% 176</td>
<td>-25% 216</td>
</tr>
<tr>
<td>Q2 15</td>
<td>-34% 152</td>
<td>-27% 217</td>
</tr>
<tr>
<td>Q3 15</td>
<td>-27% 129</td>
<td>-19% 214</td>
</tr>
<tr>
<td>Q4 15</td>
<td>+9% 161</td>
<td>-6% 215</td>
</tr>
<tr>
<td>Q1 16</td>
<td>-22% 137</td>
<td>-2% 212</td>
</tr>
<tr>
<td>Q2 16</td>
<td>-5% 144</td>
<td>10% 239</td>
</tr>
</tbody>
</table>

*USD spot Prices /Kg converted to INR
Green Coffee Consumption Price Index

Indexed with base Q1-14
Wheat Flour Consumption Price Index

Indexed with base Q1-14

Wheat Flour 10%
Others 90%

100 97 99 100 101 97 96 105 106 103
Q1 '14 Q2 '14 Q3 '14 Q4 '14 Q1 '15 Q2 '15 Q3 '15 Q4 '15 Q1 '16 Q2 '16

Current Price 112
Palm Oil Consumption Price Index

Indexed with base Q1-14

Palm Oil 7%
Others 93%
Sugar Consumption Price Index

Indexed with base Q1-14
Brent Crude

USD per barrel

Source: Intercontinental Exchange
Robusta USD per Ton

Source: London Exchange
Source: New York Exchange
Palm Oil
MYR per Ton

Source: Malaysia Exchange
Average Trade Net Working Capital

June 2015: 3.9
June 2016: 3.1

ATNWC (INR Bio) – % of Net Sales

ATNWC: Basis 12 Months Average (Nestlé Internal Reporting Standards)
Inventories + Debtors – Trade Payables for goods and services
Invested capital: basis average of 5 quarter end (Nestlé Internal Reporting Standards)

Capital Efficiency

<table>
<thead>
<tr>
<th></th>
<th>Jan-Jun 2015</th>
<th>Jan-Jun 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return on Invested Capital (%)</td>
<td>32.7</td>
<td>29.0</td>
</tr>
<tr>
<td>Economic Profit (%)</td>
<td>38.9</td>
<td>25.1</td>
</tr>
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</table>
THANK YOU