



## Nestlé in India: Winning in the New Reality

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Chairman and Managing Director  
Nestlé India

Nestlé Investor Seminar, Shanghai  
September 25<sup>th</sup>, 2012

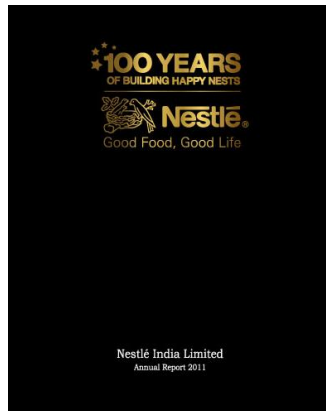
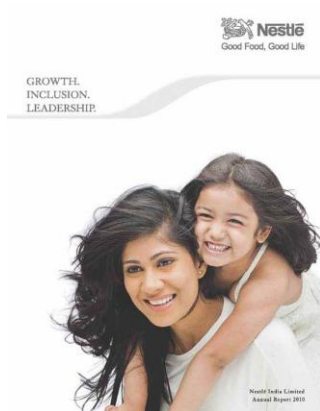
## Agenda

### 1. Introducing Nestlé India

### 2. Winning in The New Reality

### 3. Performance

## Nestlé India part of India Inc.

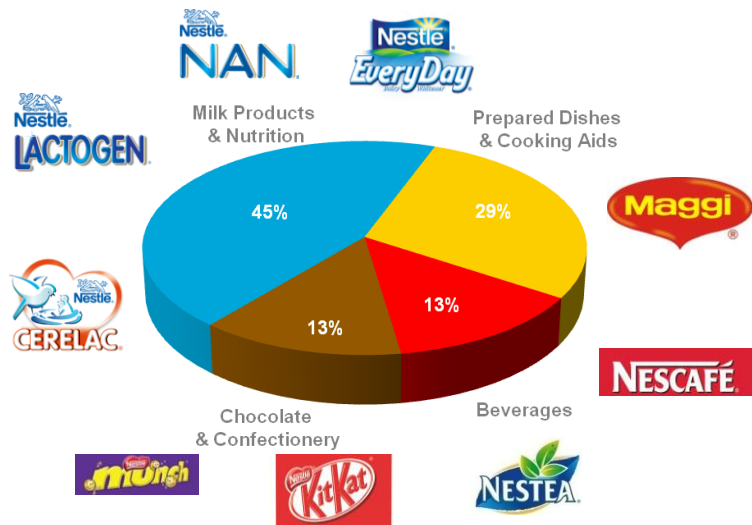


- Nestlé India is a public listed company
- Nestlé SA holds 62.76% share
- Market Capitalization INR 402 bn (7.1 bn CHF)

Market Capitalization end 2011  
Exchange rate end 2011: 1 CHF = INR 56.70

## Balanced Portfolio with Leading Brands

**2011 Nestlé India:**  
Sales of INR 74.9 bn\*  
8% of Zone AOA Sales



\*Exchange rate (Avg.2011): 1 CHF = INR 52.59

# The Multi-faceted Opportunity & Demographic Dividend

## Young Population an Asset

- 54% population below 24 years
- Net growth +1.3% p.a.



## Urban-Rural Tiers

- 69% population is Rural
- 53 cities with 1 million+, 8 cities with 5 million+ population



## Increasing Awareness & Digitalization

- 900 million mobiles
- 84% reach of TV in Urban
- 125 million internet users



## GDP Growth and the New Reality

GDP per capita \$1500+  
Consumer Confidence Index 119 (-4)



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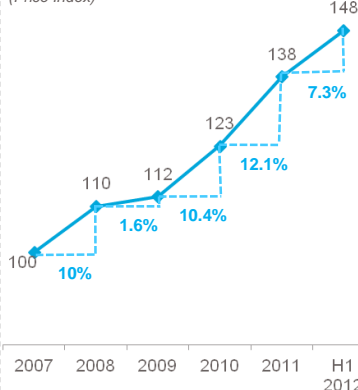
# The New Reality Inflation, rising commodity costs & weakened Rupee

## Inflation Trends

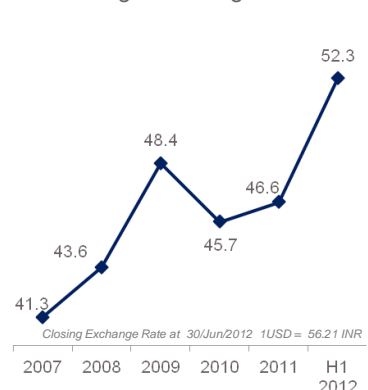


## Nestlé India Commodity Basket

(Price Index)



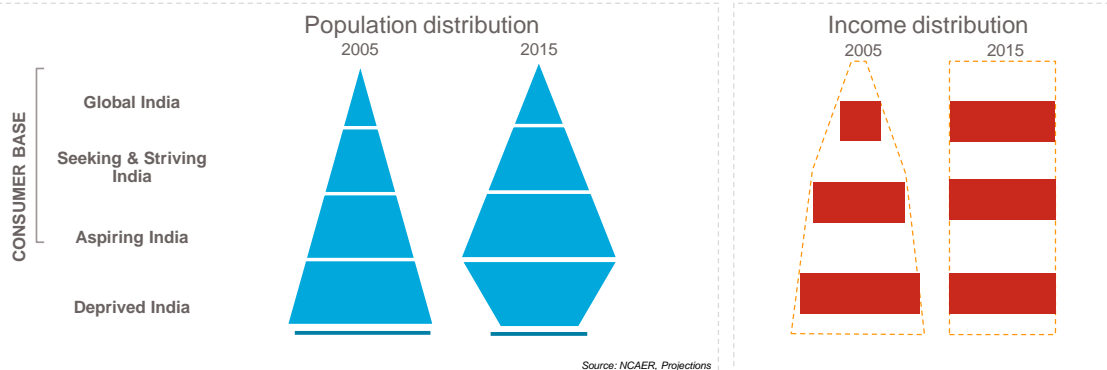
## USD : INR Average Exchange Rate



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## The Multi-tier Income Pyramid offers scope across Premium, Mainstream, PPP



Income pyramid will move from a triangle to a diamond...

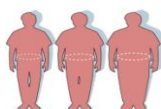
...generating additional genuine inclusive growth...

...equally distributed across income tiers

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## The Double Burden Micronutrient deficiencies and health issues



### Overweight

- 60 million overweight/ obese (BMI>25)



### Diabetes

- From 50 million to 80 million diabetics in India by 2030



### Heart health

- 30 million Coronary Heart Disease
- 120 million hypertension, 60% of cardiac patients in the world are Indians

Health issues

### Micronutrient deficiencies



#### Iron

- 60 million children under 3 years
- 90 million urban Women



#### Vitamin A

- 95 million children under 6 years



#### Iodine

- 7 million children born p.a. unprotected from mental impairment

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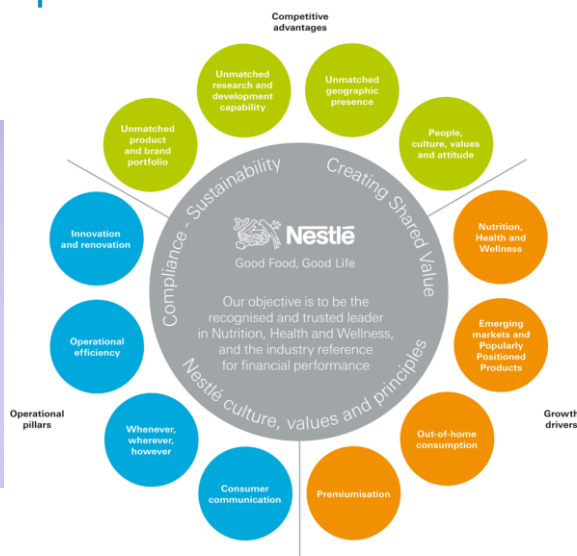
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## The Nestlé Strategic Roadmap to Win in The New Reality



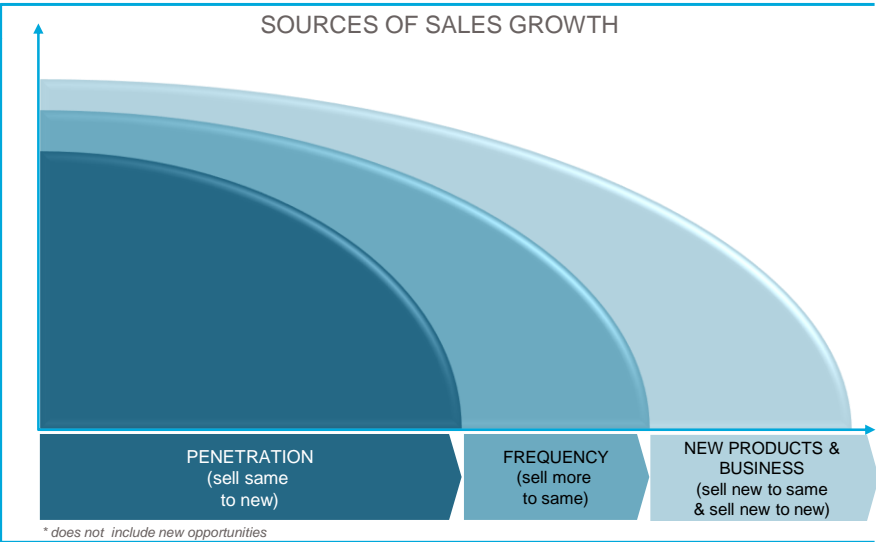
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# Our Overall Strategy

## OUR STRATEGY

- > We will accelerate penetration AND increase frequency AND develop winning concepts
- > We will focus on both growth AND margins



# Value Creation with a Multi-tier portfolio

- Emerging markets and Popularly Positioned Products
- Premiumisation



# Driving Nutrition, Health and Wellness

Nutrition  
Health and  
Wellness



## Engagement with Consumers



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# Out of Home Opportunities abound

Out-of-home  
consumption

## Driving Vending



## NESCAFÉ Corners



## Building Food



## Channels



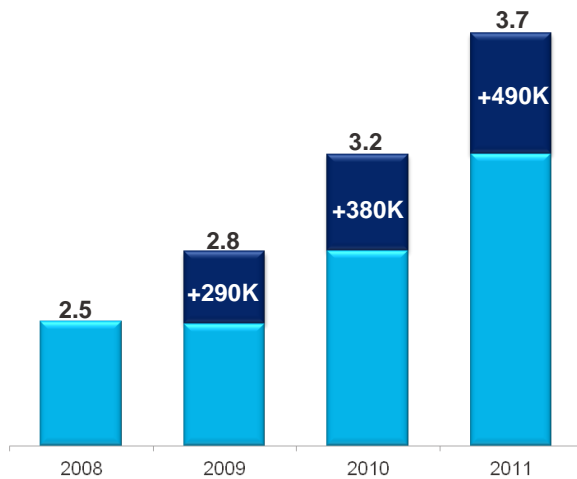
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# Winning with Distribution and Route to Market

Distribution Reach - Million Outlets



General Trade & Organized Trade



Whenever,  
wherever,  
however

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# Milk Products & Nutrition

Enhancing the Quality of life and Delighting consumers, building on the goodness of milk

Innovation  
& renovation

Consumer  
communication

Market Position

- No. 1 in Dairy Whitener
- No. 1 in Baby Food
- No. 1 in Infant Formula

Enhancing the Quality of life



Tea Creaming



Delighting consumers



Health Care Nutrition  
Maternal Nutrition



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# Prepared Dishes & Cooking Aids

Tasty & Balanced food everyday

Innovation  
& renovation

Consumer  
communication

## Market Position

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



## Noodles/ Light Meals

Fortification/ Goodness of grains



## Retail and Brand Activation



## Among Top 10 Most Trusted Brands in India



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# Beverages

Value Leadership in Instant Coffee & Building the new category of Iced Tea

Innovation  
& renovation

Consumer  
communication

## Market Position

- No. 1 in Instant Coffee
- Strong presence in Vending
- Leading Iced Tea Innovation

## Driving NESCAFÉ



1.5 Million NESCAFÉ Facebook Fans



## Building a new category



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# Confectionery

Delight in every bite – meeting consumer needs for pleasure

Innovation  
& renovation

Consumer  
communication

## Market Position

- No. 1 in Wafers & Whites



## Winning at point of purchase



## Innovation



## Impactful Communication



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# Global R&D center in India strategically placed to leverage local insight and global technology

Unmatched  
research &  
development  
capability

## Popularly Positioned Products



## Indian Cuisine Mastership



## Noodle Technology



## Localized Cereals/ Chocolates



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## Developing Moga milk district



- Nestlé quality collection centers
- Milk Chillers installed at the villages
- Transparency in rates
- Regular payments to ~50,000 farmers
- Better quality & better price for both the farmer & Nestlé

**1+ million liters/day !  
Win Win Model !**



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## Creating Shared Value



### Nutrition



#### Nestlé Healthy Kids Programme

- In collaboration with Universities

#### Nestlé Healthy Kids for Delhi

- Health Camp: Micronutrient awareness
- In collaboration with Drishtee Foundation

### Water



#### Clean Drinking Water Projects

- Access to clean drinking water in village schools across factories

#### Water Awareness Programme

- Creating awareness among village school students

#### International Water management Institute

- Study on the water footprint of Milk, rice and wheat in the Moga region
- Water Awareness Programme for milk farmers

### Rural Development



#### Milk Farmers

- Technical assistance and training to farmers
- Village Women Dairy Development Programme

#### Chicory farmers

- Training, Improve chicory quality and productivity

#### The NESCAFÉ Plan

- Launched on 5th Jan 2012

#### Sanitation facilities

- Sanitation projects benefitting girl students



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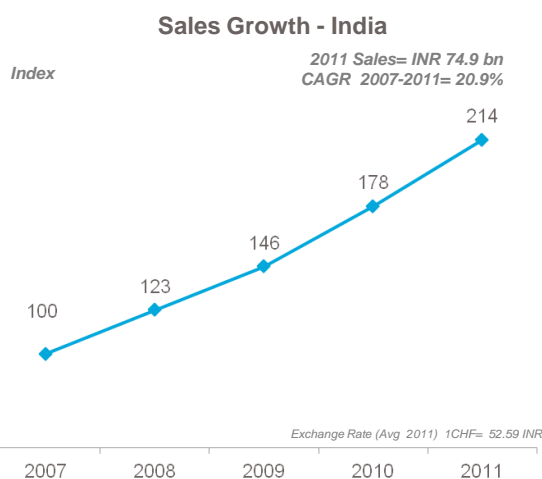
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## Nestlé India doubled sales in the last 4 years

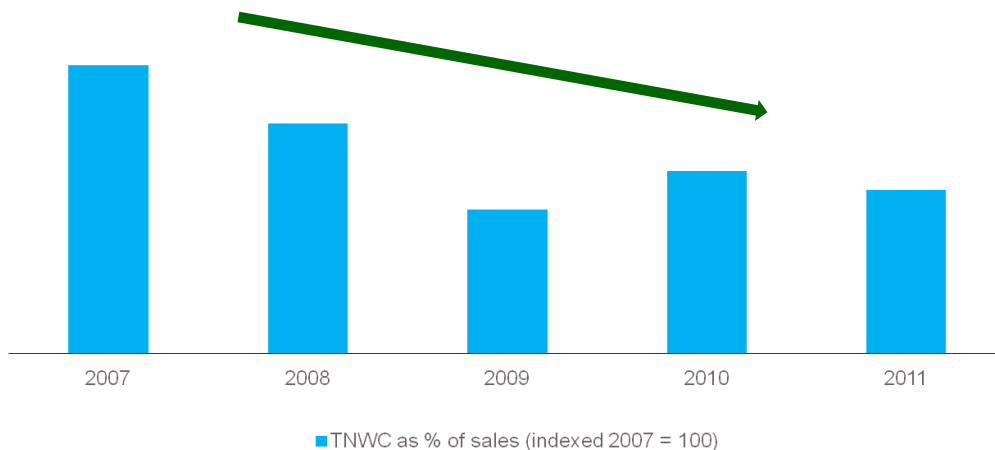


- Doubled sales in the last 4 years
- Operating Profit 18.5% in 2011
- ROIC 50% in 2011
- 500 million CHF Capex in 2010-12
- Healthy working capital 4.7% in 2011

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## Low & further improving operating working capital

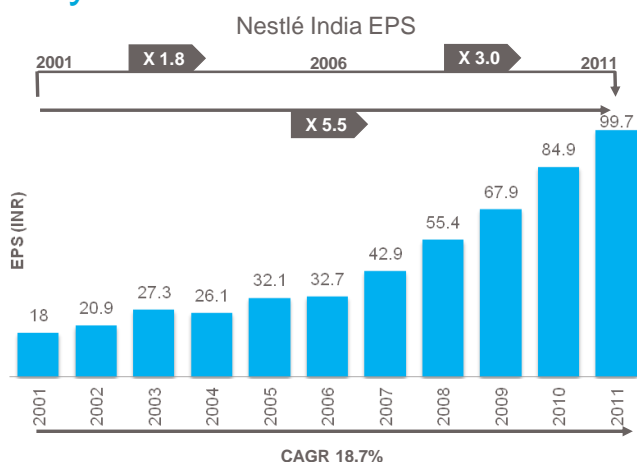


Basis Nestlé Internal Reporting Standards

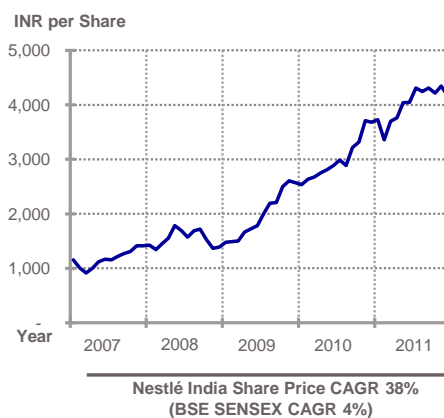
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## Nestlé India earnings per share multiplied 5.5 times in 10 years



### Nestlé India Share Price Movement



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## Nestlé India ranks among the top companies in India Dun & Bradstreet Business Insight 2011

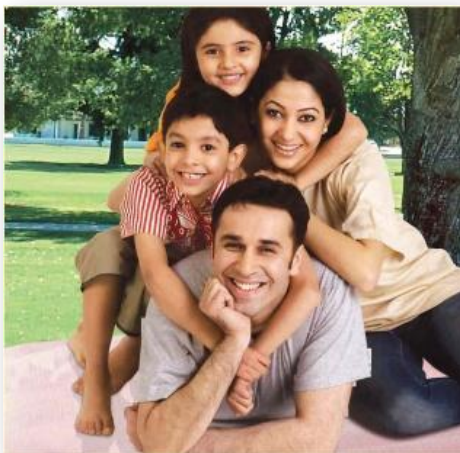
	Total Income	Net Profit	Market Cap	RONW
Rank among Top 500 companies across industries	97	90	43	1

RONW: Return on Net Worth or Return on average equity is computed as follows  
NET PROFIT FOR THE YEAR / AVERAGE OF OPENING AND CLOSING SHAREHOLDER FUNDS FOR THE YEAR

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## Nestlé India continues to unlock opportunities and invest for the future



- Strong profitable growth
- Taking into account the new reality
- Investing for the future
- Well poised to capture the opportunities



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Nestlé®

Good Food, Good Life

