



Nestlé®

Good Food, Good Life



# Nestlé in India: Winning in the New Reality

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# Disclaimer

This presentation contains forward looking statements which reflect Management's current views and estimates. The forward looking statements involve certain risks and uncertainties that could cause actual results to differ materially from those contained in the forward looking statements. Potential risks and uncertainties include such factors as general economic conditions, foreign exchange fluctuations, competitive product and pricing pressures and regulatory developments.

# Agenda

## 1. Introducing Nestlé India

## 2. Winning in The New Reality

## 3. Performance

# South Asia is a large, diverse and complex region

## SAR

**Population: 1.42 bn**

20% of world population  
(33% of world poor)

Area: 3.7 million km<sup>2</sup>

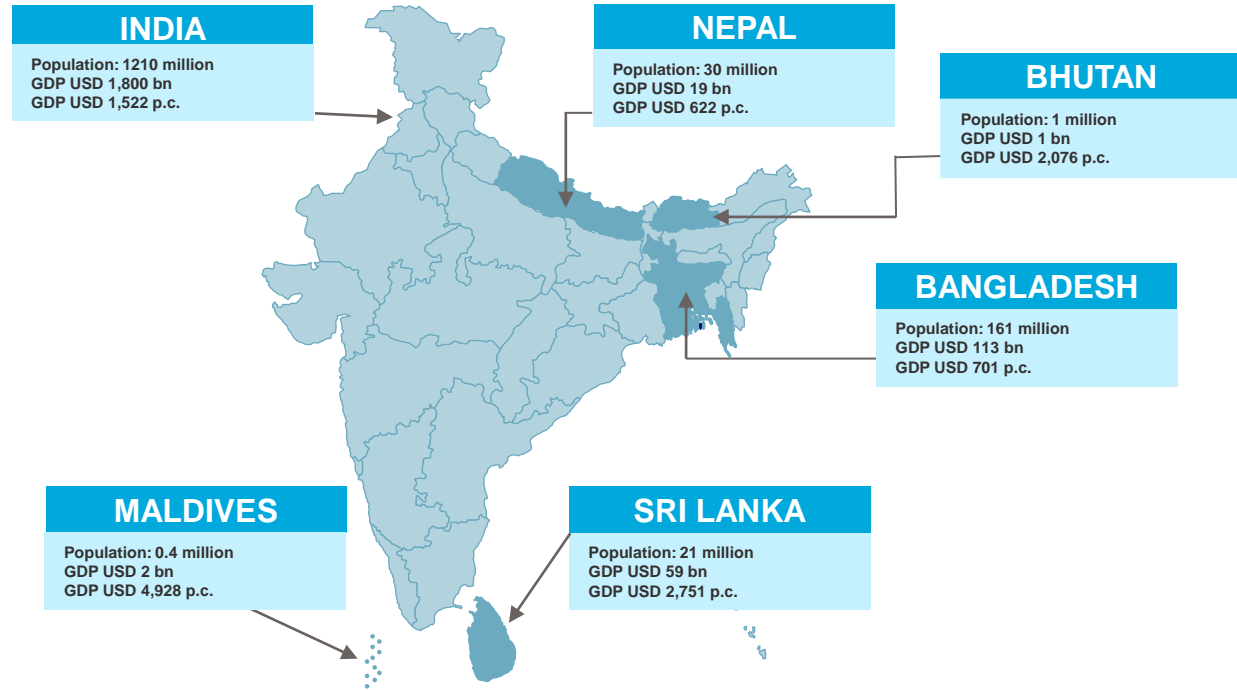
Literacy 74%

Rural 73%

**GDP USD 1990 bn**

2% of world GDP

**GDP USD 1400 p.c.**

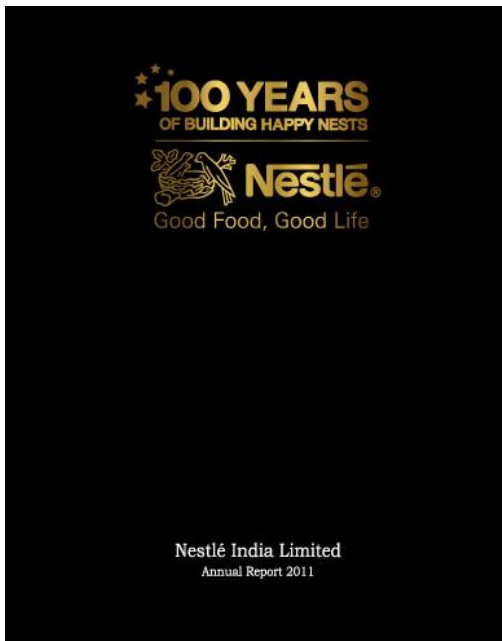


- Huge diversity (literacy, urbanisation, wealth, climate, languages....)
- Growth driven market but volatility & macro-economic concerns recently
- India accounts for 85% of South Asia's population

# Nestlé India part of India Inc.



GROWTH.  
INCLUSION.  
LEADERSHIP.



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

*Market Capitalization end 2011*

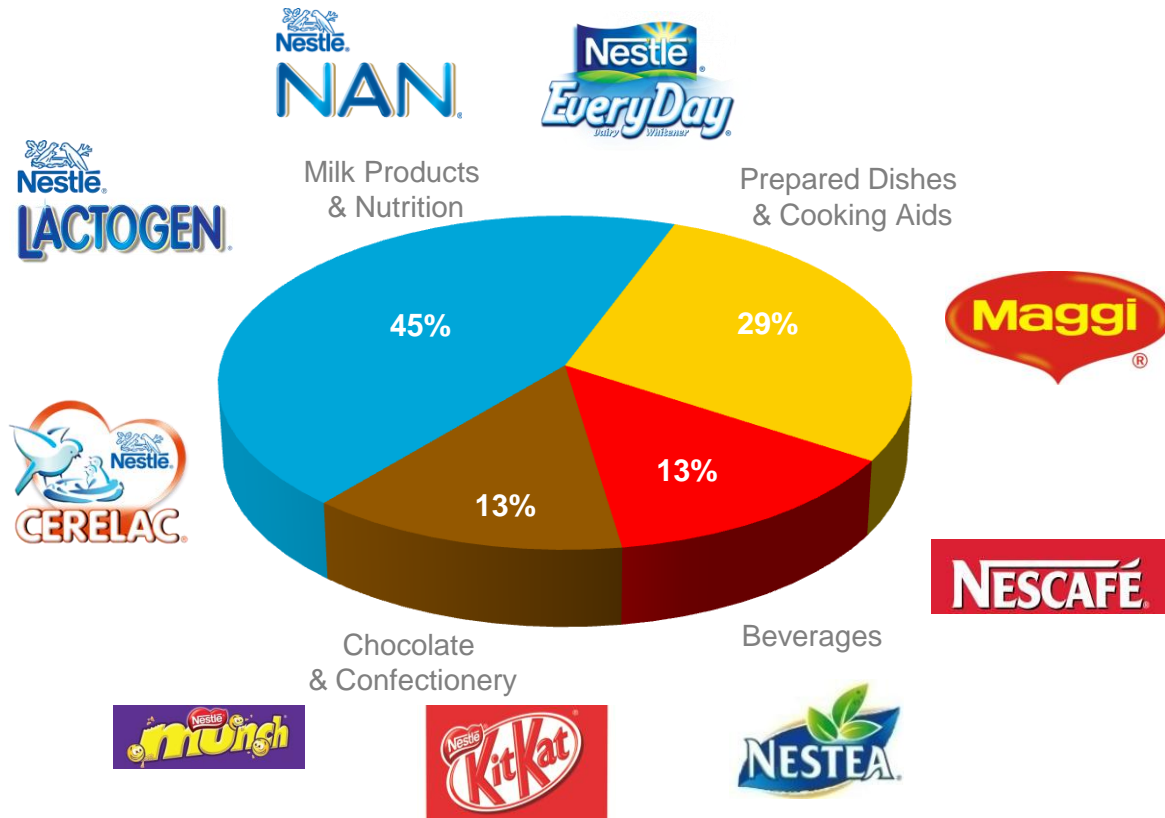
*Exchange rate end 2011: 1 CHF = INR 56.70*

# Balanced portfolio with leading brands

## 2011 Nestlé India:

Sales of INR 74.9 bn\*

8% of Zone AOA Sales



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

# The multi-faceted opportunity & demographic dividend

## Young Population an Asset

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



## Increasing awareness & digitalisation

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



## Urban-rural tiers

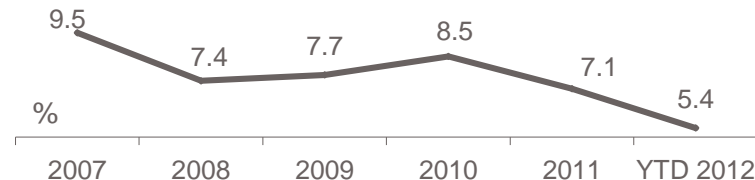
- 69% population is Rural
- 53 cities with 1 million+, 8 cities with 5 million+ population



## GDP Growth and the New Reality

*GDP per capita USD 1,500+*

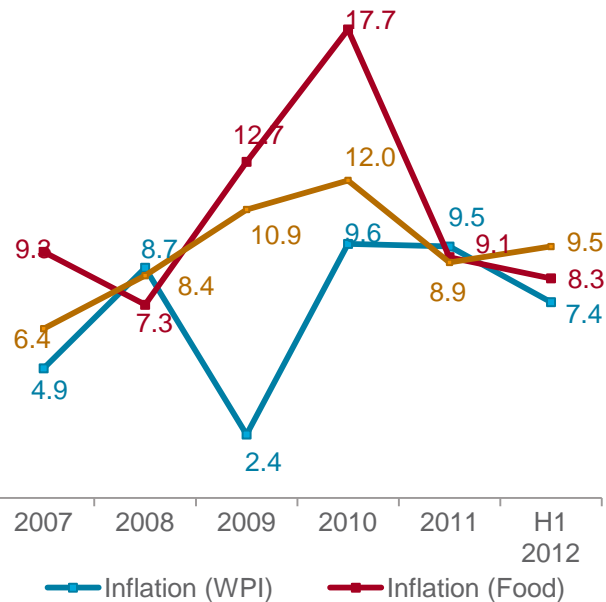
*Consumer Confidence Index 119 (-4)*



# The New Reality

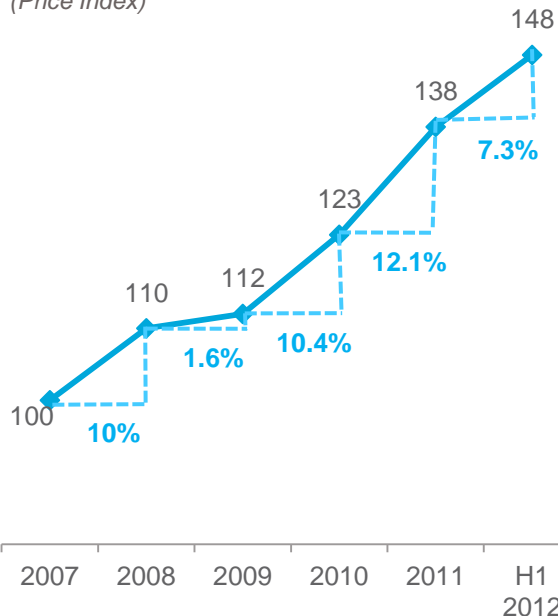
## Inflation, rising commodity costs & weakened Rupee

Inflation Trends

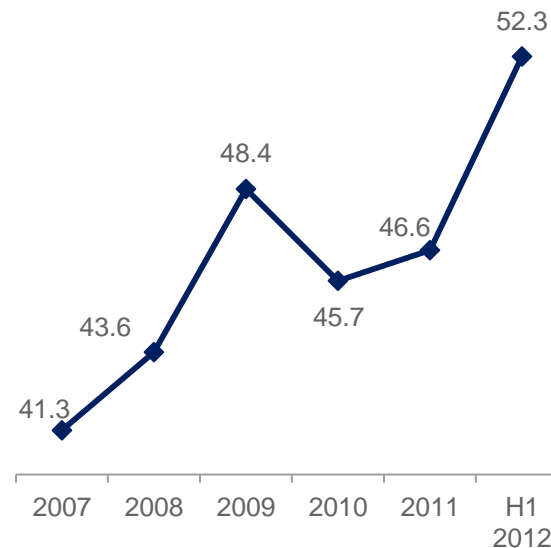


Nestlé India Commodity Basket

(Price Index)

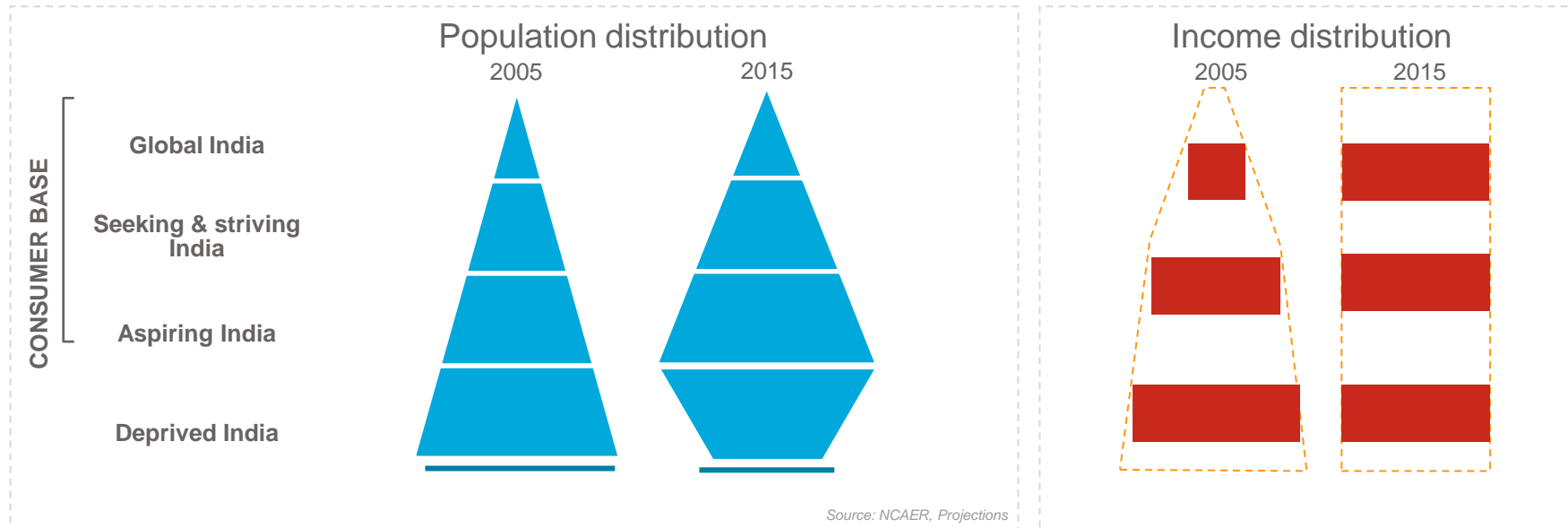


USD : INR  
Average Exchange Rate



Closing Exchange Rate at 30/Jun/2012 USD 1 = INR 56.21

# The multi-tier income pyramid offers scope across premium, mainstream, PPP

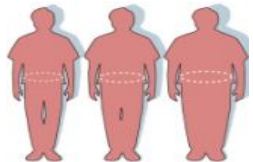


**Income pyramid will move from a triangle to a diamond...**

**...generating additional genuine inclusive growth...**

**...equally distributed across income tiers**

# 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

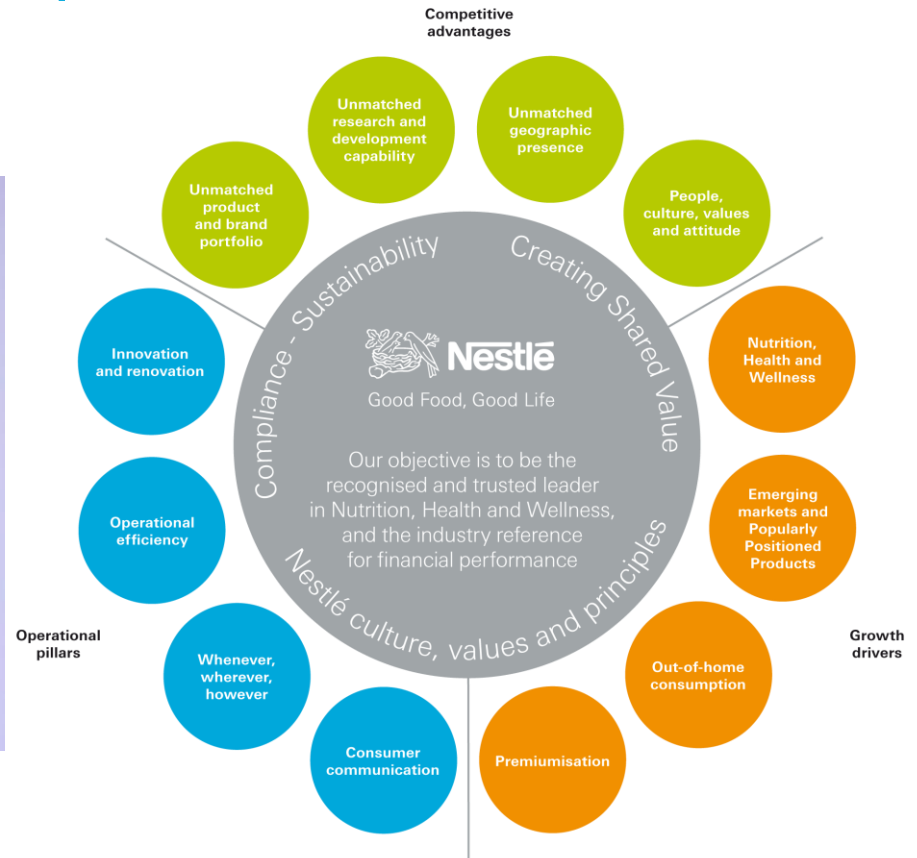
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**3. Performance**

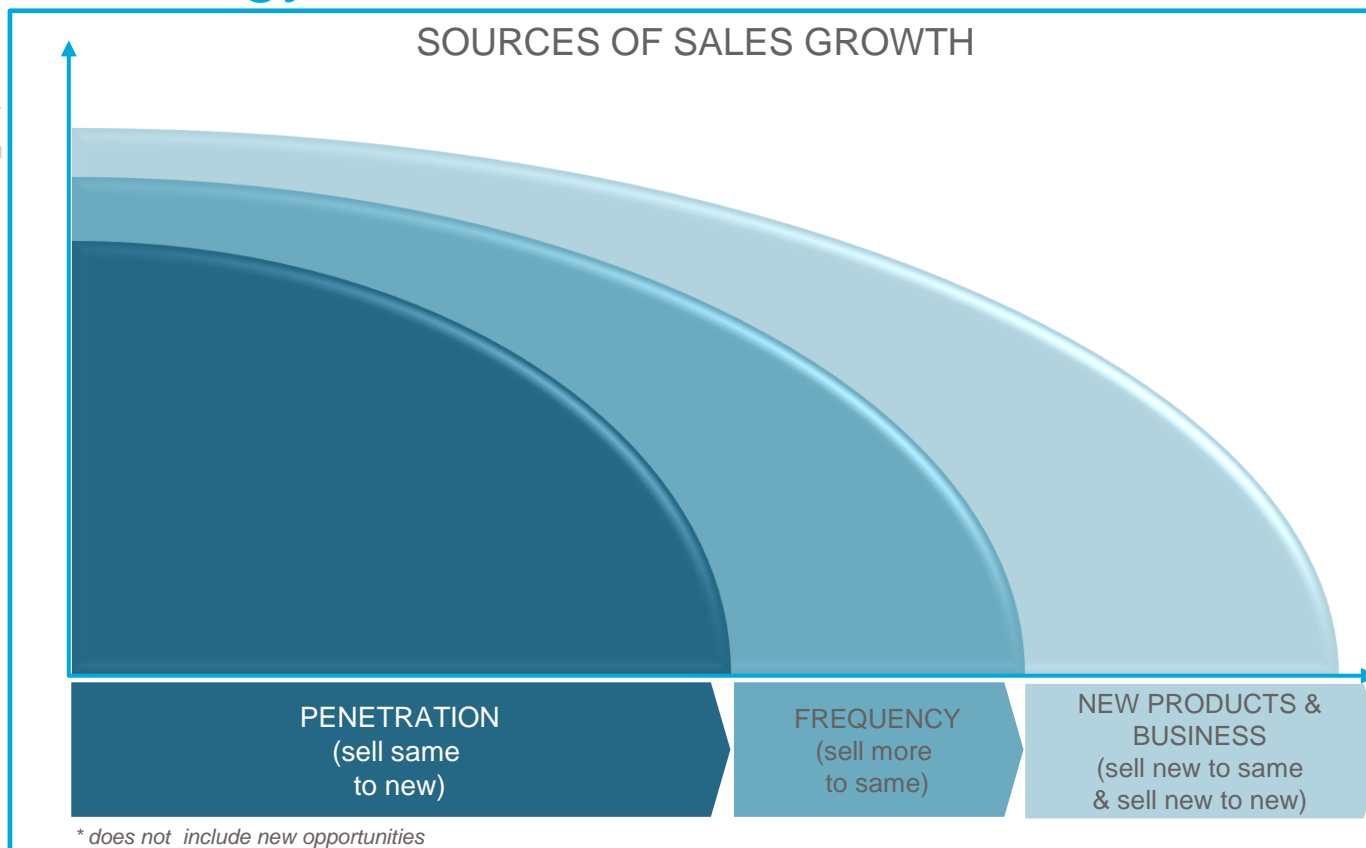
# The Nestlé Strategic Roadmap to Win in The New Reality



# 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



# Out-of-home opportunities abound

Out-of-home  
consumption

## Driving Vending



## NESCAFÉ Corners



## Building Food



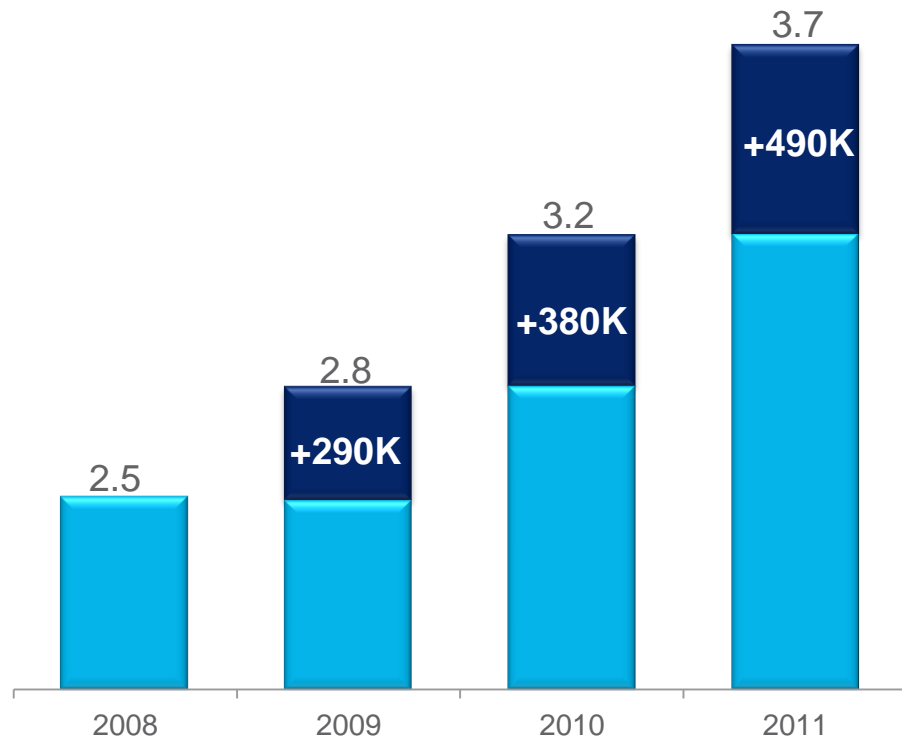
## Channels



# Winning with distribution and route to market

Whenever,  
wherever,  
however

Distribution reach - Million outlets



General trade & Organised trade



# 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



# 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



Source: Economic Times, 2011

MAGGI  
MASALA-E-MAGIC

# Beverages

Value leadership in Instant Coffee & building the new category of Ice Tea

Innovation  
& renovation

Consumer  
communication

## Market position

- No. 1 in Instant Coffee
- Strong presence in Vending
- Leading Ice Tea innovation

## Driving NESCAFÉ



1.5 Million NESCAFÉ Facebook Fans



## Building a new category



# Confectionery

Delight in every bite – meeting consumer needs for pleasure

Innovation  
& renovation

Consumer  
communication

## Market position

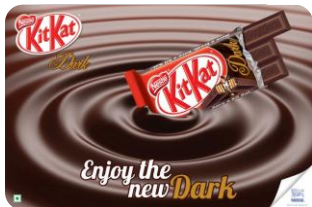
- No. 1 in wafers & whites



## Winning at point of purchase



## Innovation



## Impactful communication





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

Unmatched  
research &  
development  
capability

## Popularly Positioned Products



## Noodle technology



## Indian cuisine mastership



## Localised cereals/ chocolates

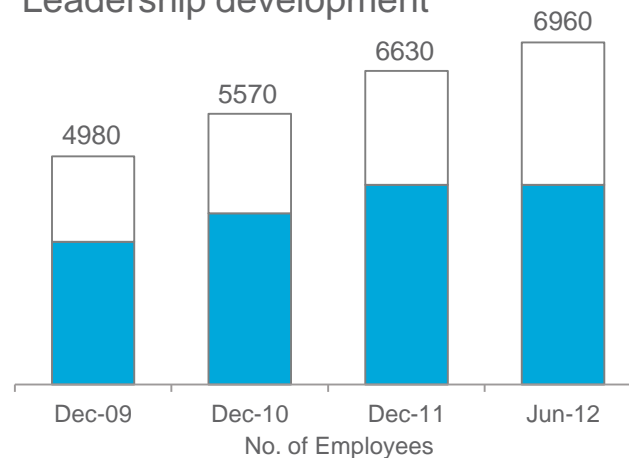


# Goal alignment and people engagement

People,  
culture,  
values &  
attitude



- Goal alignment and people engagement
- Instill the “Desire to Win”
- Healthy industrial relations
- War for talent
- Leadership development



# Developing Moga milk district



- Nestlé quality collection centres
- 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 !**



# 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 SAR 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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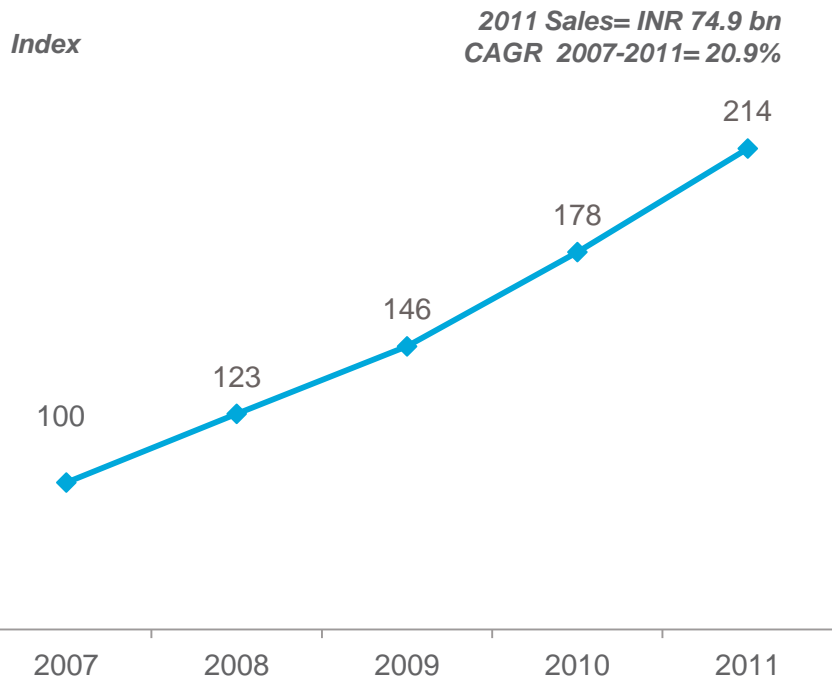
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# Nestlé India doubled sales in the last 4 years

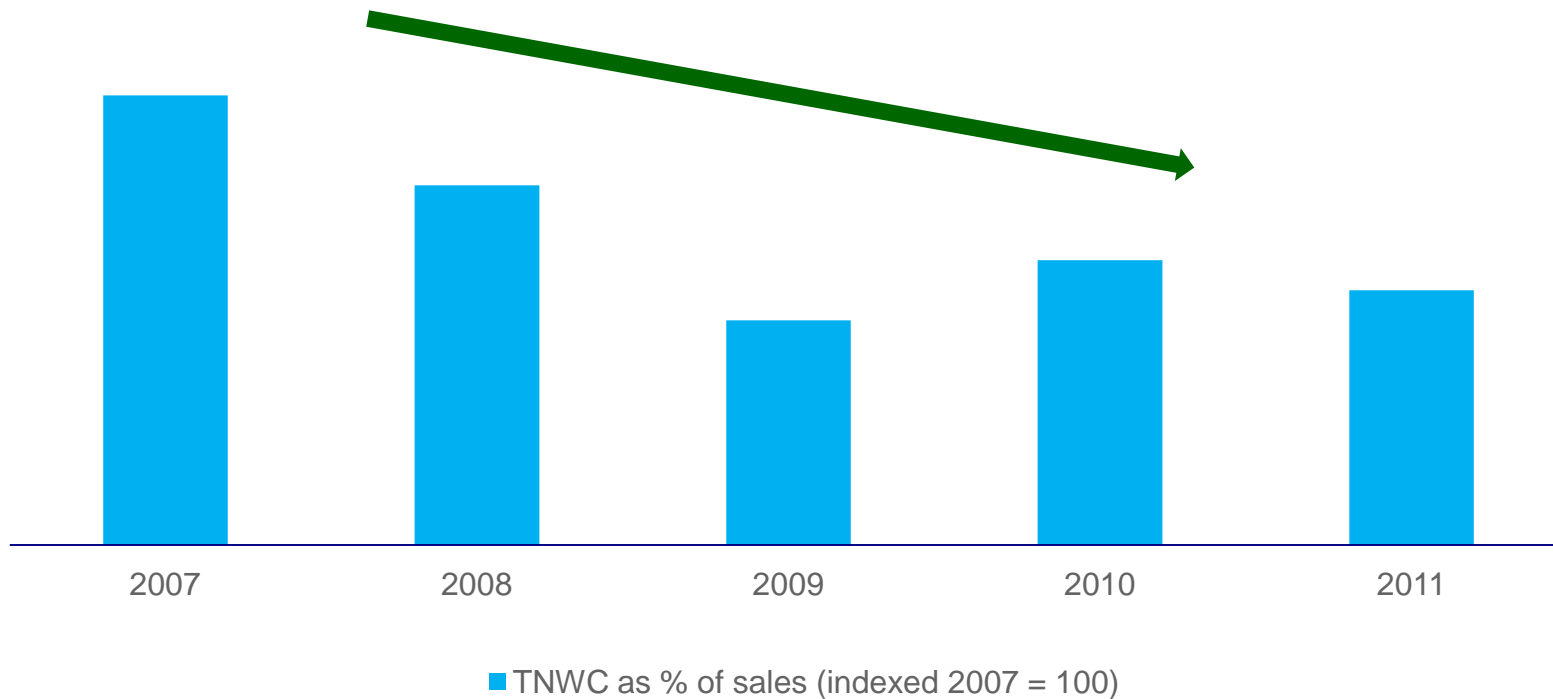
## Sales Growth - India



- 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

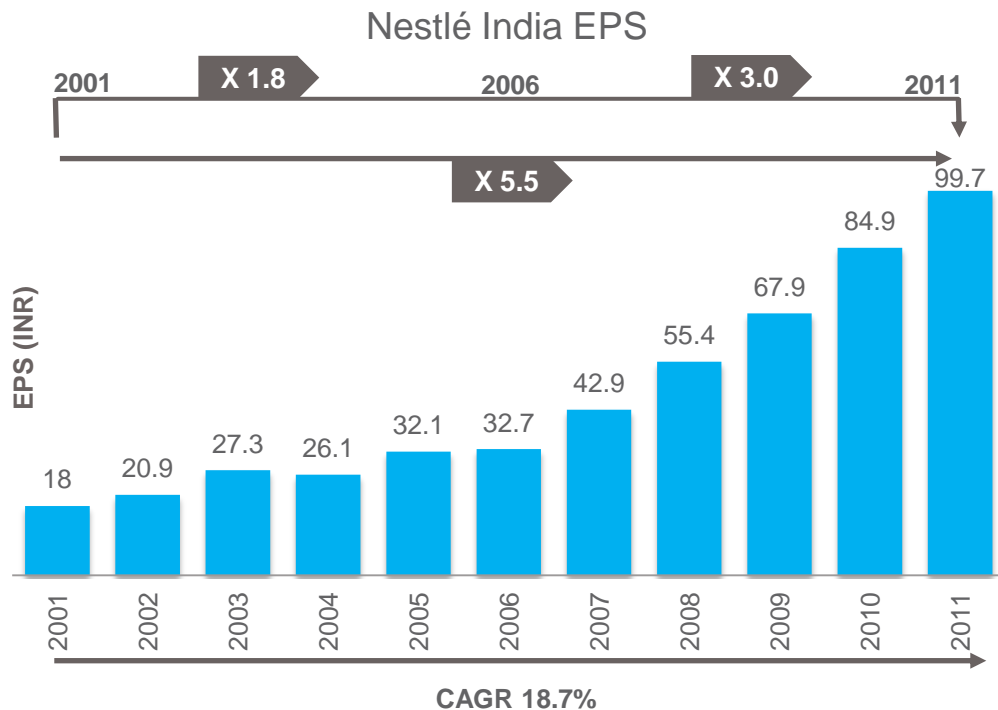
Exchange Rate (Avg 2011) CHF 1= INR 52.59

# Low & further improving operating working capital

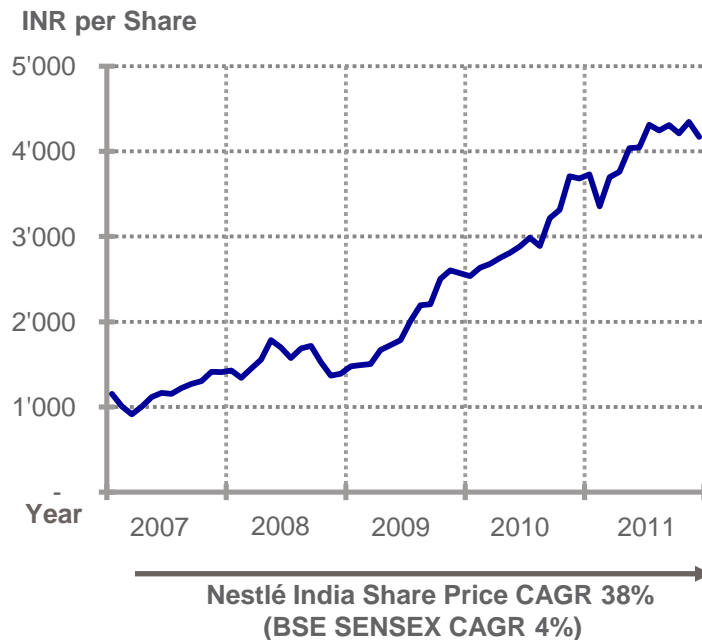


Basis Nestlé Internal Reporting Standards

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



Nestlé India Share Price Movement



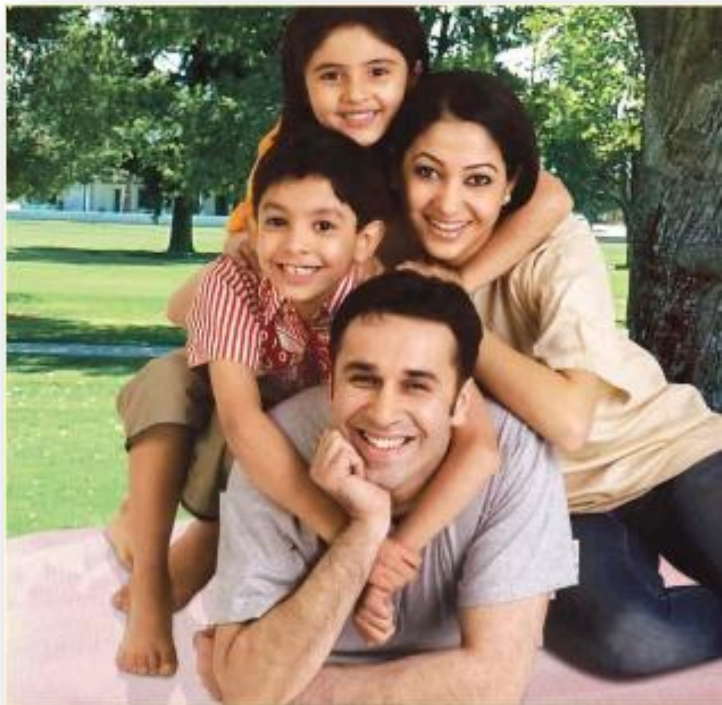
# Nestlé India ranks among the top companies in India

## 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  
$$\text{NET PROFIT FOR THE YEAR} / \text{AVERAGE OF OPENING AND CLOSING SHAREHOLDER FUNDS FOR THE YEAR}$$

# 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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100  
YEARS  
OF BUILDING  
HAPPY NESTS