



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 km²

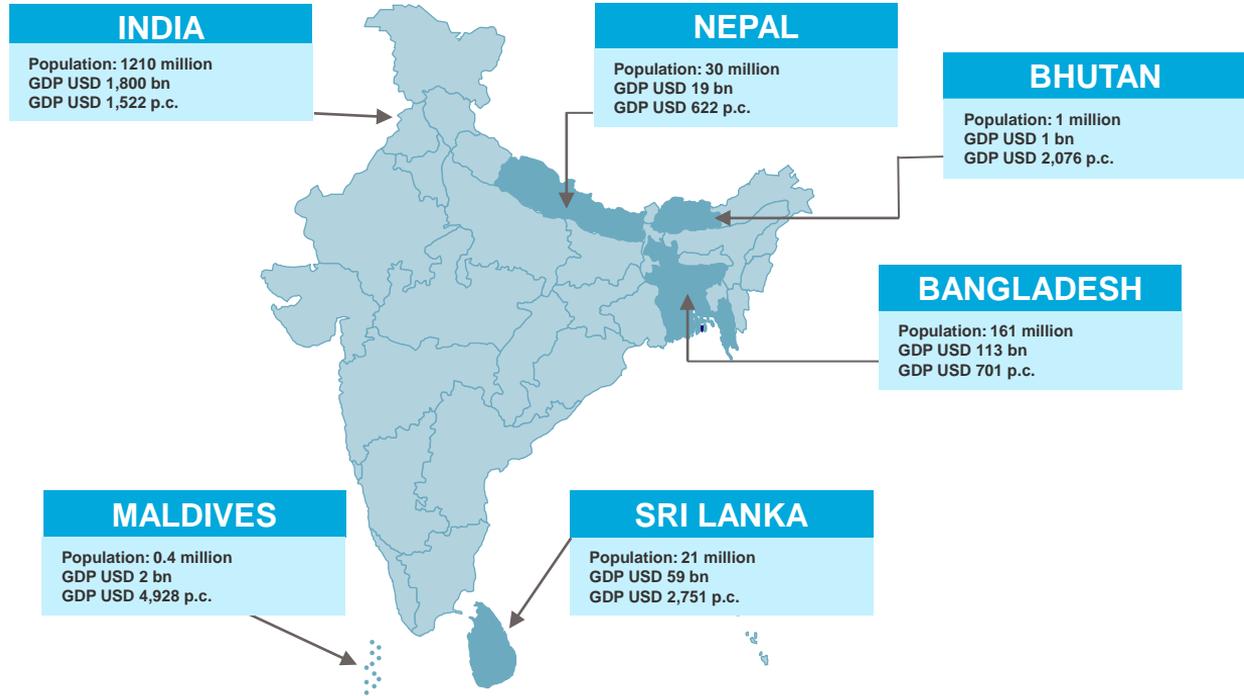
Literacy 74%

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

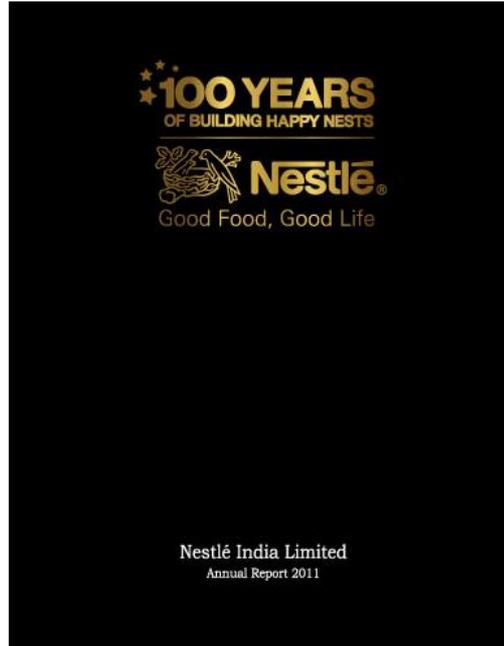
Nestlé India part of India Inc.



GROWTH.
INCLUSION.
LEADERSHIP.



Nestlé India Limited
Annual Report 2010



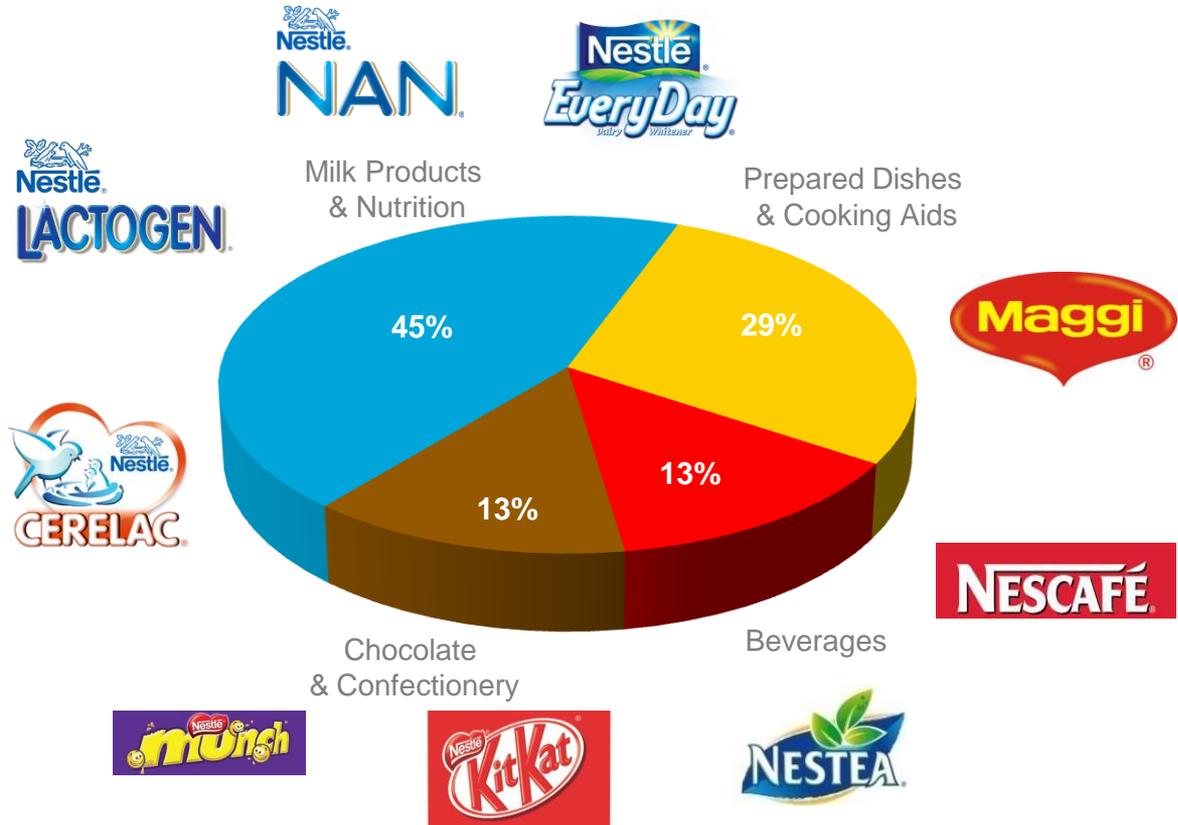
- Nestlé India is a public listed company
- Nestlé SA holds 62.76% share
- Market capitalisation INR 402 bn (CHF 7.1 bn)

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.



Urban-rural tiers

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



Increasing awareness & digitalisation

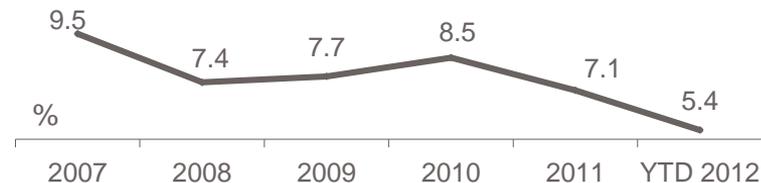
- 900 million mobiles
- 84% reach of TV in urban
- 125 million internet users



GDP Growth and the New Reality

GDP per capita USD 1,500+

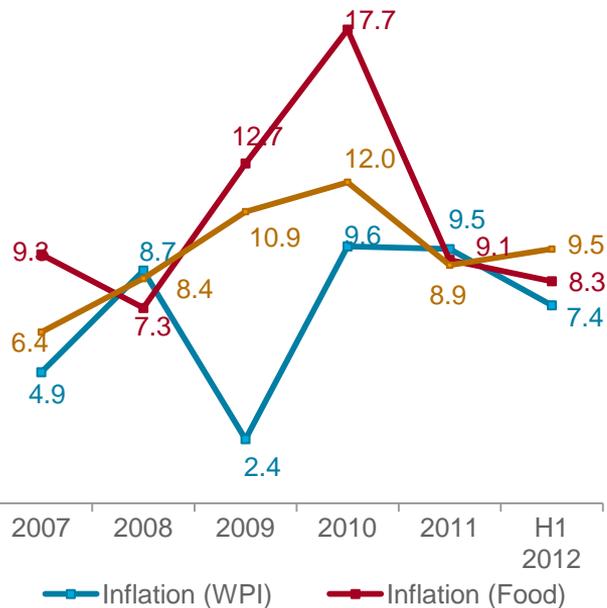
Consumer Confidence Index 119 (-4)



The New Reality

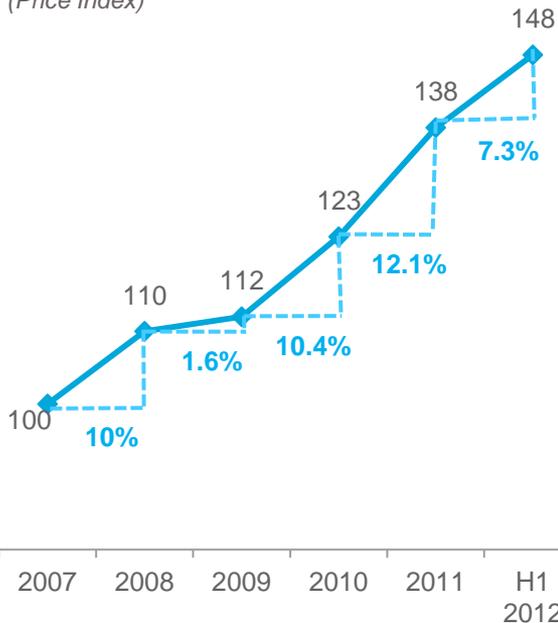
Inflation, rising commodity costs & weakened Rupee

Inflation Trends



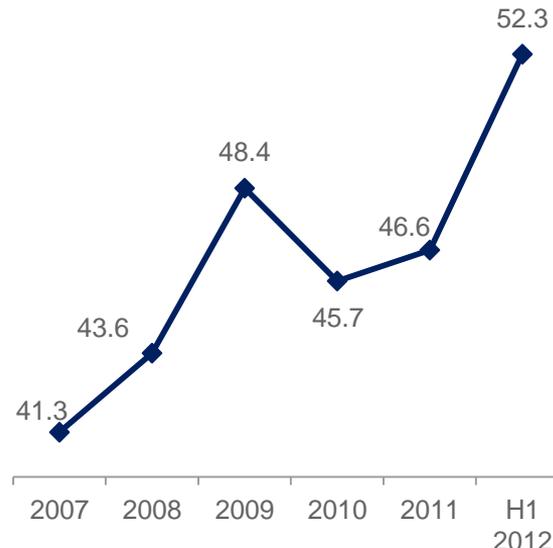
Nestlé India Commodity Basket

(Price Index)



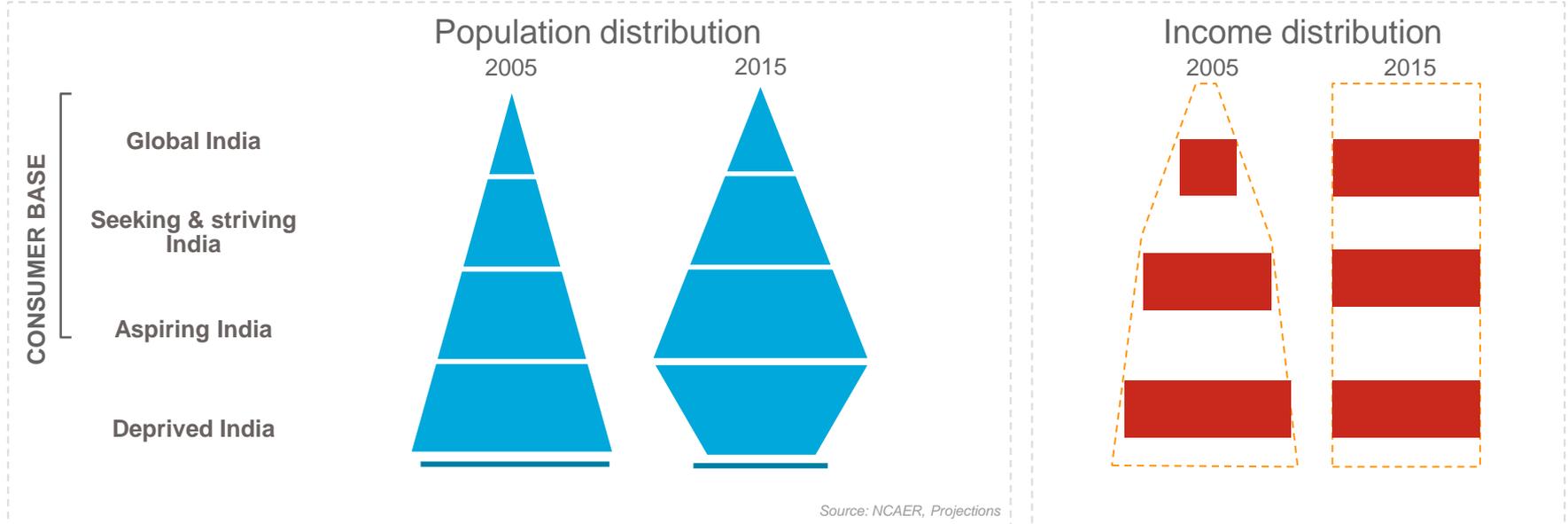
USD : INR

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

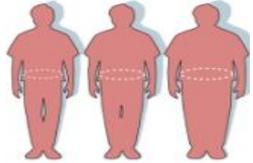


Income pyramid will move from a triangle to a diamond...

...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

Agenda

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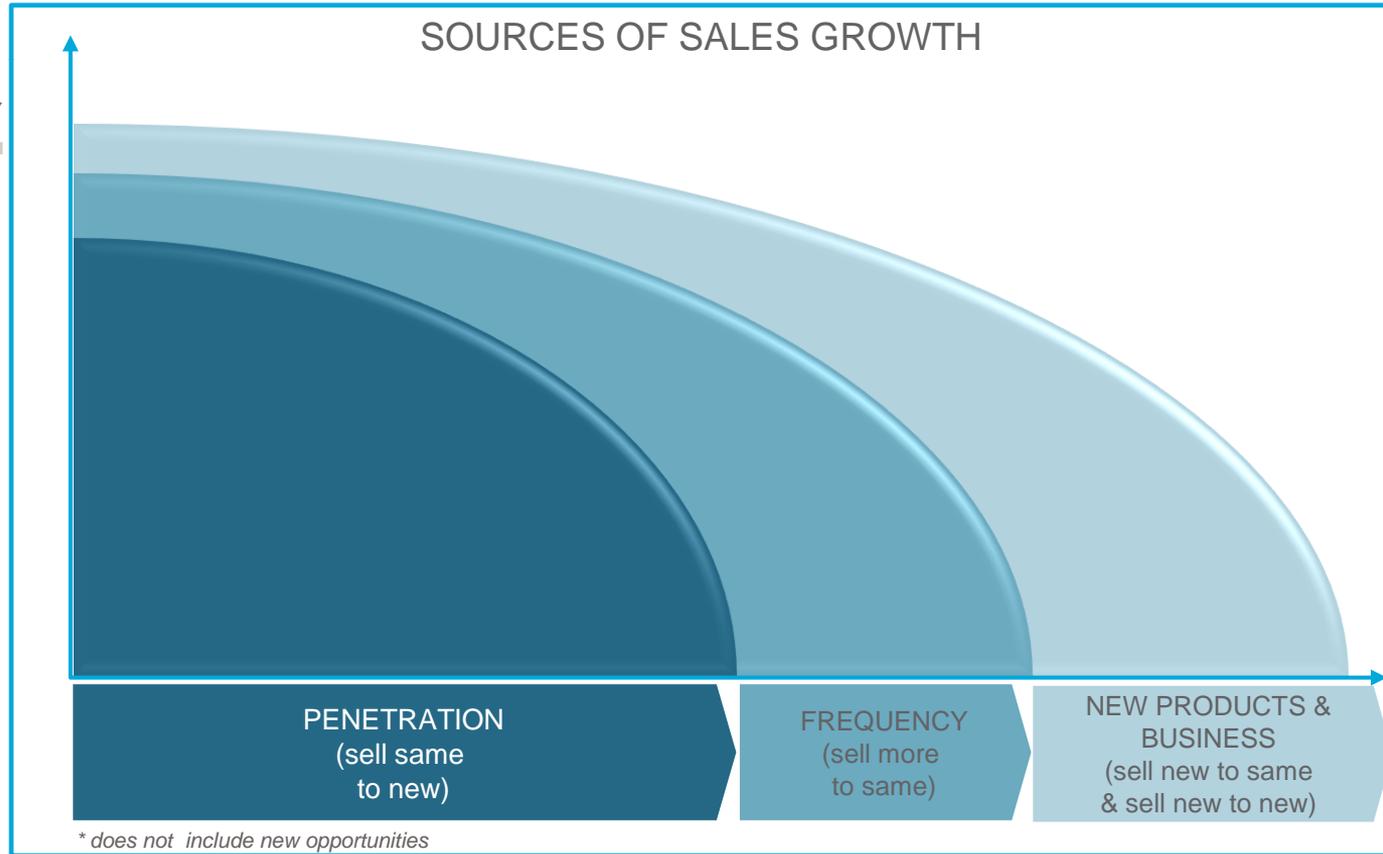
2. Winning in The New Reality

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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



Out-of-home opportunities abound

Out-of-home consumption

Driving Vending



NESCAFÉ Corners



Building Food



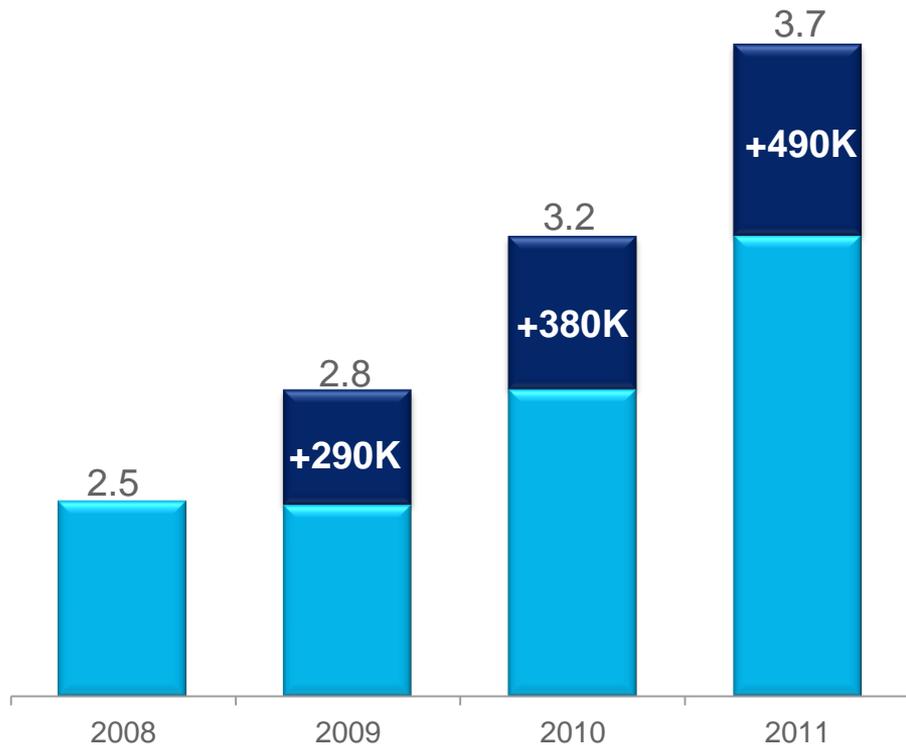
Channels



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

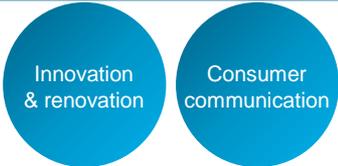


Health Care Nutrition Maternal Nutrition



Prepared Dishes & Cooking Aids

Tasty & balanced food everyday



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



Indian cuisine mastery



Noodle technology



Localised cereals/ chocolates

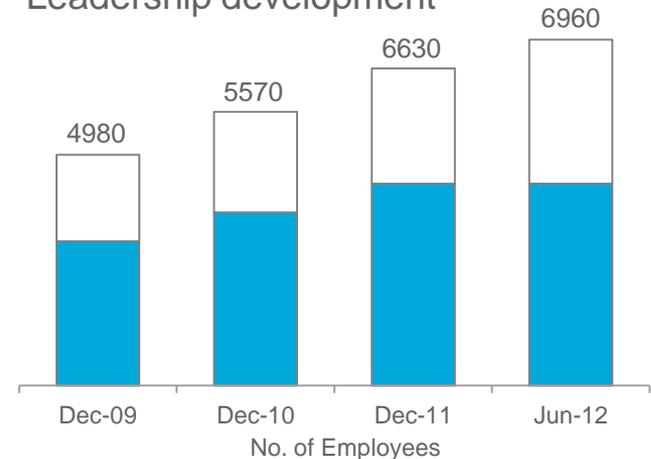


Goal alignment and people engagement

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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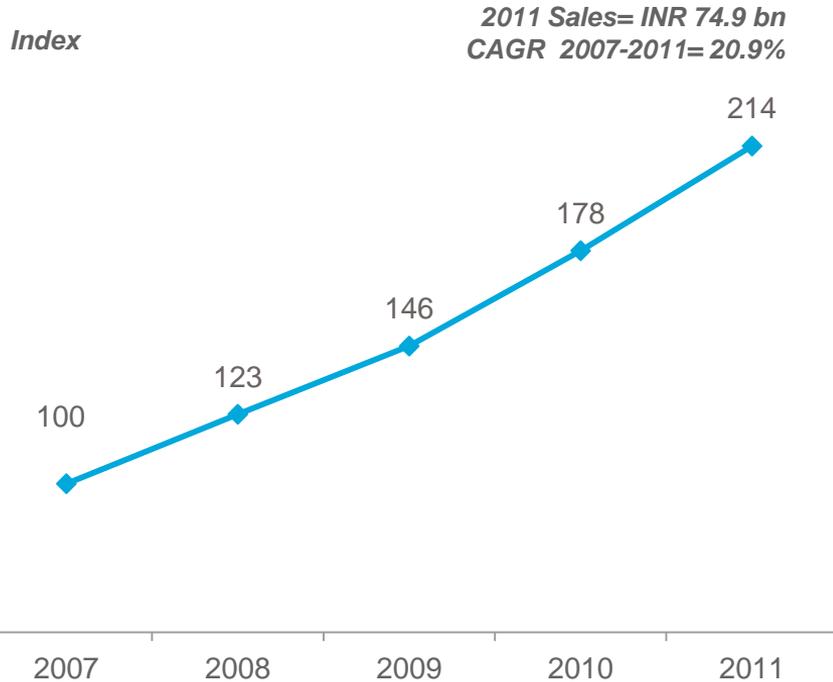
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Nestlé India doubled sales in the last 4 years

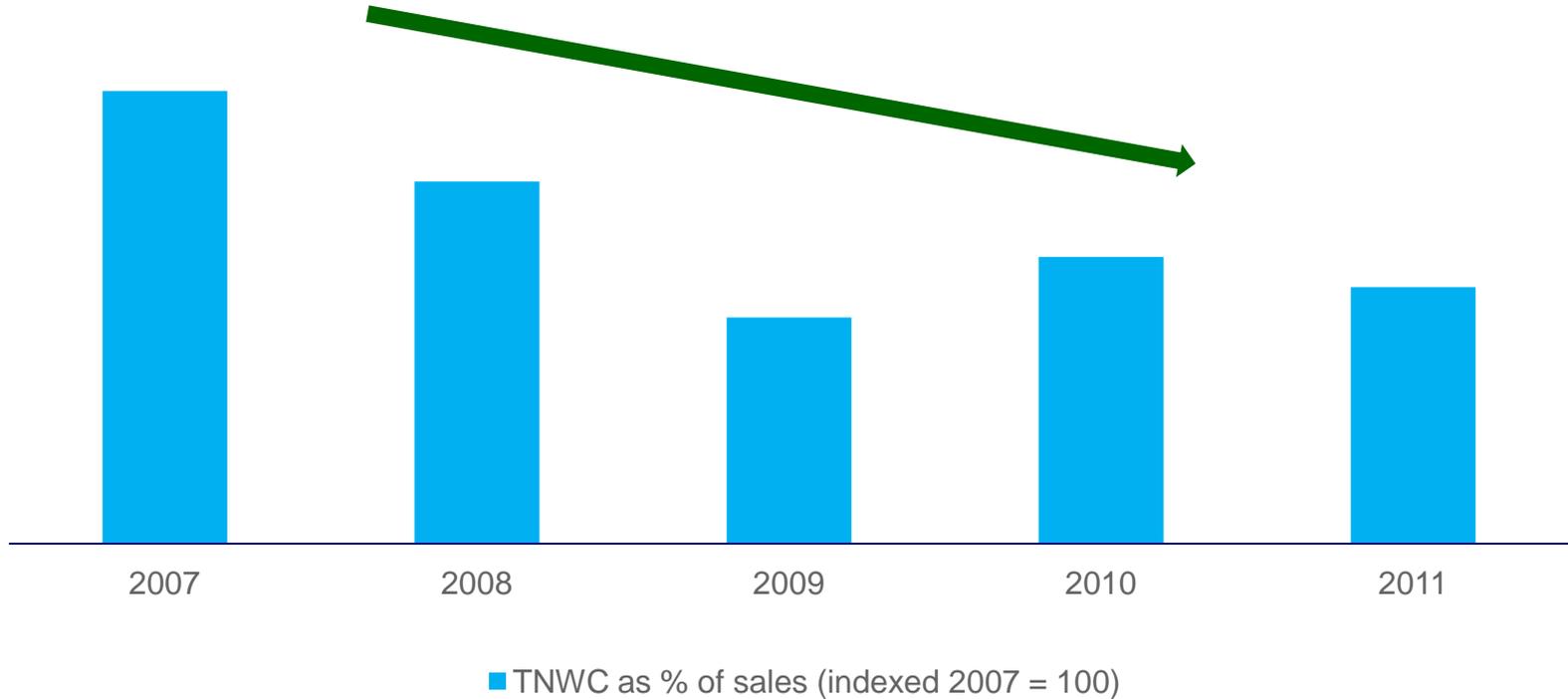
Sales Growth - India



- 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

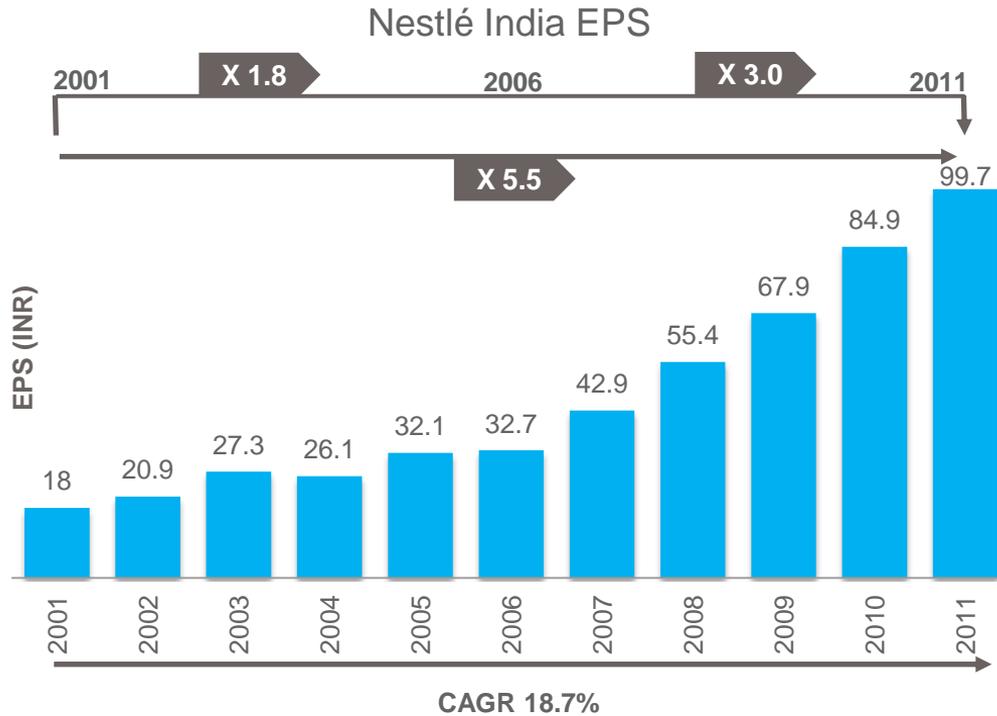
Exchange Rate (Avg 2011) CHF 1= INR 52.59

Low & further improving operating working capital

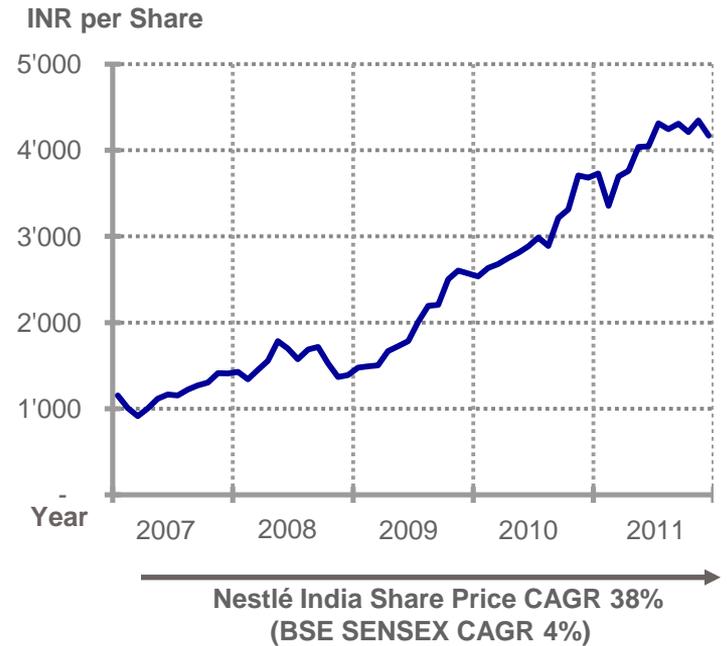


Basis Nestlé Internal Reporting Standards

Nestlé India earnings per share multiplied 5.5 times in 10 years



Nestlé India Share Price Movement

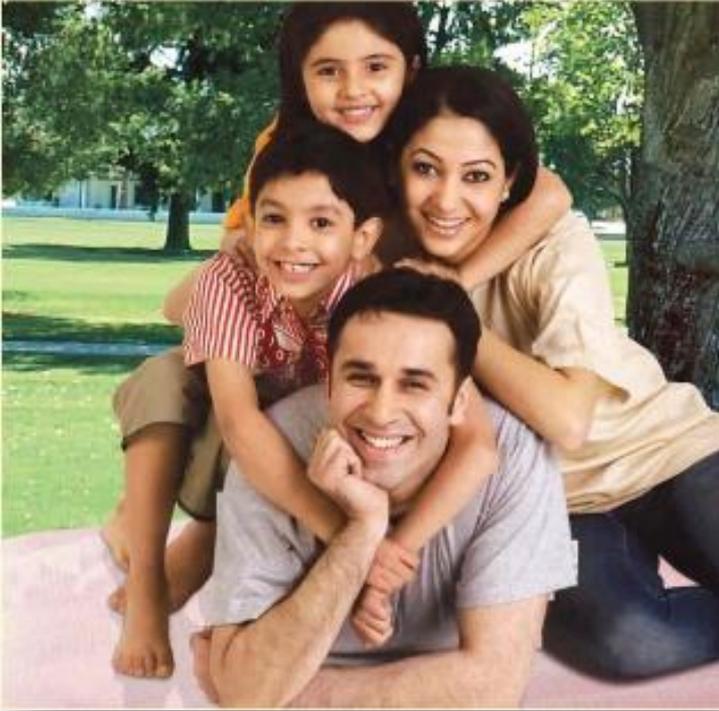


Nestlé India ranks among the top companies in India Dun & Bradstreet Business Insight 2011

	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





Nestlé®

Good Food, Good Life



100
YEARS
OF BUILDING
HAPPY NESTS