Accelerating Growth by Building Foundations

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Nestlé Vietnam
Vietnam Today

Population: 91 Mio
Households: 24 Mio
53% Population < 29 years old
31 Mio > 90% penetration

GDP: 2,162 USD/Capita
GDP: 186 Billion USD

World’s 2nd Largest coffee exporter
68% living in rural areas
60% of VN GDP
## About Nestlé Vietnam

### Key Milestones

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995</td>
<td>Nestlé Vietnam Ltd</td>
</tr>
<tr>
<td>1998</td>
<td>Dong Nai Factory</td>
</tr>
<tr>
<td>2006</td>
<td>MILO RTD co-manufacturing</td>
</tr>
<tr>
<td>2011</td>
<td>Binh An Factory</td>
</tr>
<tr>
<td>2013</td>
<td>Tri An Factory</td>
</tr>
<tr>
<td>2015</td>
<td>Tri An Decaf plant</td>
</tr>
<tr>
<td>2016</td>
<td>Ground Breaking for Bong Sen Factory</td>
</tr>
<tr>
<td>2016</td>
<td>Ground Breaking for New Distribution Center</td>
</tr>
</tbody>
</table>

### Our Portfolio

- **Nescafé**: 21%
- **Maggi**: 43%
- **Others**: 29%
- **Milo**: 7%
Our Growth in Vietnam

Sales

<table>
<thead>
<tr>
<th>Year</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>+12.4%</td>
</tr>
<tr>
<td>2015</td>
<td>+15.4%</td>
</tr>
<tr>
<td>Q1 2016</td>
<td>+21.4%</td>
</tr>
</tbody>
</table>
MILO: The Vietnamese Consumer Insight Decoded

- A winning product adapted to local taste 60:40+
- The biggest brand in Nutritious Beverage with 45% market share
- Long term commitment to Vietnam’s grass root sports development in collaboration with Ministry of Education
Tea Culture
LOW coffee consumption

skewed to 3in1 consumed HOT
(influenced by seasonality)

LOW coffee consumption

consumed COLD across both 2in1 & 3in1
85% coffee consumption is iced. Local R&G is the reference for authentic coffee.

Product developed with deep-rooted Vietnamese consumer insight.

Delivering the traditional Vietnamese coffee experience with the convenience of soluble 3in1.
### IN THE VIETNAMESE KITCHEN

<table>
<thead>
<tr>
<th>Main dish/Preparations</th>
<th>Category Opportunity</th>
<th>Opportunity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Soup</td>
<td>Bouillon</td>
<td>56%</td>
</tr>
<tr>
<td>Stir Fry</td>
<td>Bouillon Oyster sauce</td>
<td>30%</td>
</tr>
<tr>
<td>Fry</td>
<td>Bouillon</td>
<td>29%</td>
</tr>
<tr>
<td>Braised</td>
<td>Fish sauce Soya sauce</td>
<td>25%</td>
</tr>
</tbody>
</table>

### ON THE VIETNAMESE TABLE

- Dipping
  - Fish sauce
  - Soya sauce

Dipping:
- Fish sauce
- Soya sauce
Growing Distribution by Going Deeper & Wider

- A dense distribution network of 113 distributors
- 22,000 outlets visited per day
- 1,000 person disciplined sales force working in the Sales Factory

Direct outlet coverage (in '000s)

<table>
<thead>
<tr>
<th>Year</th>
<th>Direct outlet coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>100</td>
</tr>
<tr>
<td>2013</td>
<td>115</td>
</tr>
<tr>
<td>2014</td>
<td>128</td>
</tr>
<tr>
<td>2015</td>
<td>143</td>
</tr>
</tbody>
</table>
The Geographical Expansion Opportunity

Vietnam’s Population Distribution

- Rural: 68%
- Urban: 32%

Nestlé Vietnam’s Sales Contribution

- Rural: 30%
- Urban: 70%

- Urban Vietnam defined by 89 cities
- More than 2/3 of Vietnam resides in the rural heartlands
- Go Rural provides Nestlé Vietnam with future pipeline of growth
Creating Shared Value the Nestlé Vietnam Way

- Vietnam’s **biggest coffee buyer** and biggest 4C coffee buyer
- Working closely with **20,000 farmers**
- Help increase farmer income by 14% with reduction in water & fertilizer usage
- Distributed **11 million** high yielding plantlets
- Nestlé Vietnam **co-chairs** the Public Private Partnership for Agriculture Task Force with Minister of Agriculture
4 Key Takeaways

ACCELERATING GROWTH THROUGH:

1. CONSUMER INSIGHT EXCELLENCE
   Global inspiration, local insights

2. BUILDING COMMERCIAL CAPACITY AND CAPABILITY

3. RTM AND DISTRIBUTION EXPANSION
   Go Rural

4. WINNING AS A LOCAL MULTINATIONAL