

Nestlé India Limited

(CIN : L15202DL1959PLC003786)

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Your Ref :

Our Ref :

BM: PKR:44:16

Date : **22.08.2016**

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Fort
Mumbai – 400 001

Kind attn. : Mr. Marian D'Souza / Mr. Jaymin Modi (DCS – CRD)

Scrip Code – 500 790

Subject : Presentations to Financial Analysts/ Institutional Investors

Dear Sir,

Pursuant to the requirement of Regulation 30 read with Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the presentations made to the Financial Analysts/Institutional Investors at the meeting held today.

We are also taking necessary action for uploading the Presentations on the Company's website www.nestle.in.

Thanking you,

Yours truly,
NESTLÉ INDIA LIMITED

B. MURLI
SENIOR VICE PRESIDENT – LEGAL & COMPANY SECRETARY

Encl.: Total number of slides : **77**



Over 100 years of Making Quality
& Building Trust

Nestlé India Limited

Financial Analysts and Institutional Investors Meet



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



Good Food, Good Life™

Accelerating Our Game

Financial Analysts and Institutional Investors Meet
22nd August 2016

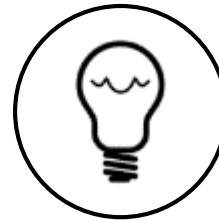
Agenda

- 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



Double digit volume growth



Insight led Innovation



NHW leadership



Execution brilliance

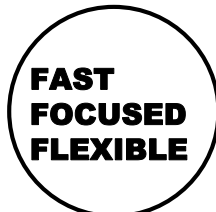
Our Must Win Battles



Reward and Recognition



Responsiveness to environment



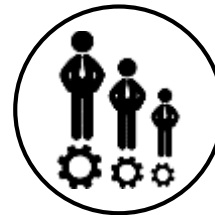
Nimble Footed



100% compliance



Consumer engagement



People fit for battle



Rebound & Rebuild

Accelerate To Market



4	Packaging Material: 42 days »» 9 days
5	Raw Material: 21 days »» 5 days
6	POSM: 60 days »» 20 days
7	System Readiness: 21 days »» 5 days
8	Campaign: 45 days »» 20 days

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

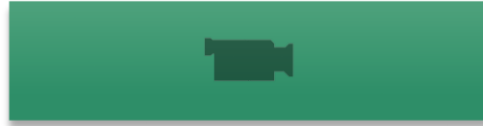
Where do we want to go

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

2 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



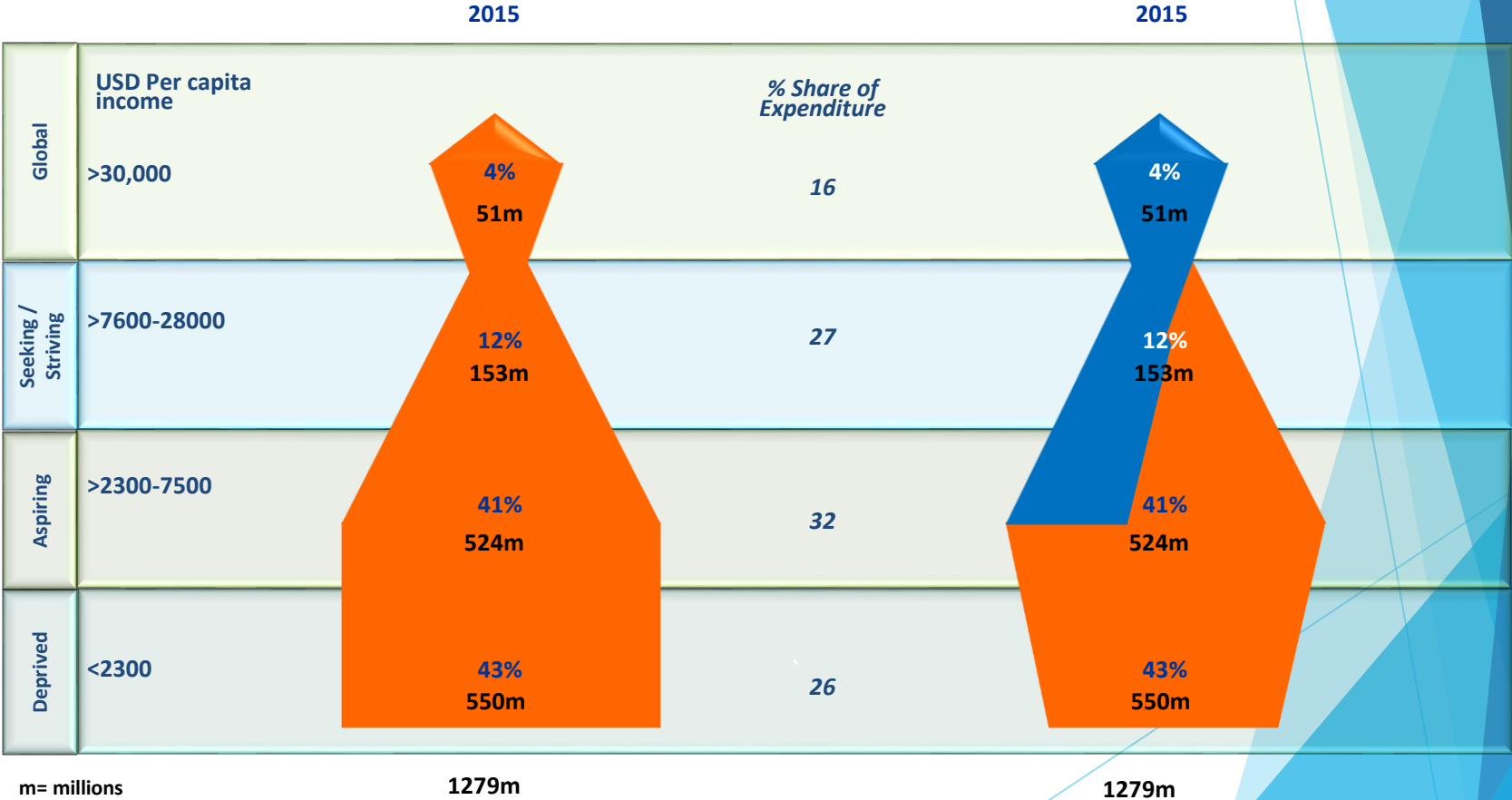
- Process reduction of 30-40%
- Reduction in meetings by 50%
- Zero tolerance for non compliance

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

The Size Of The Opportunity

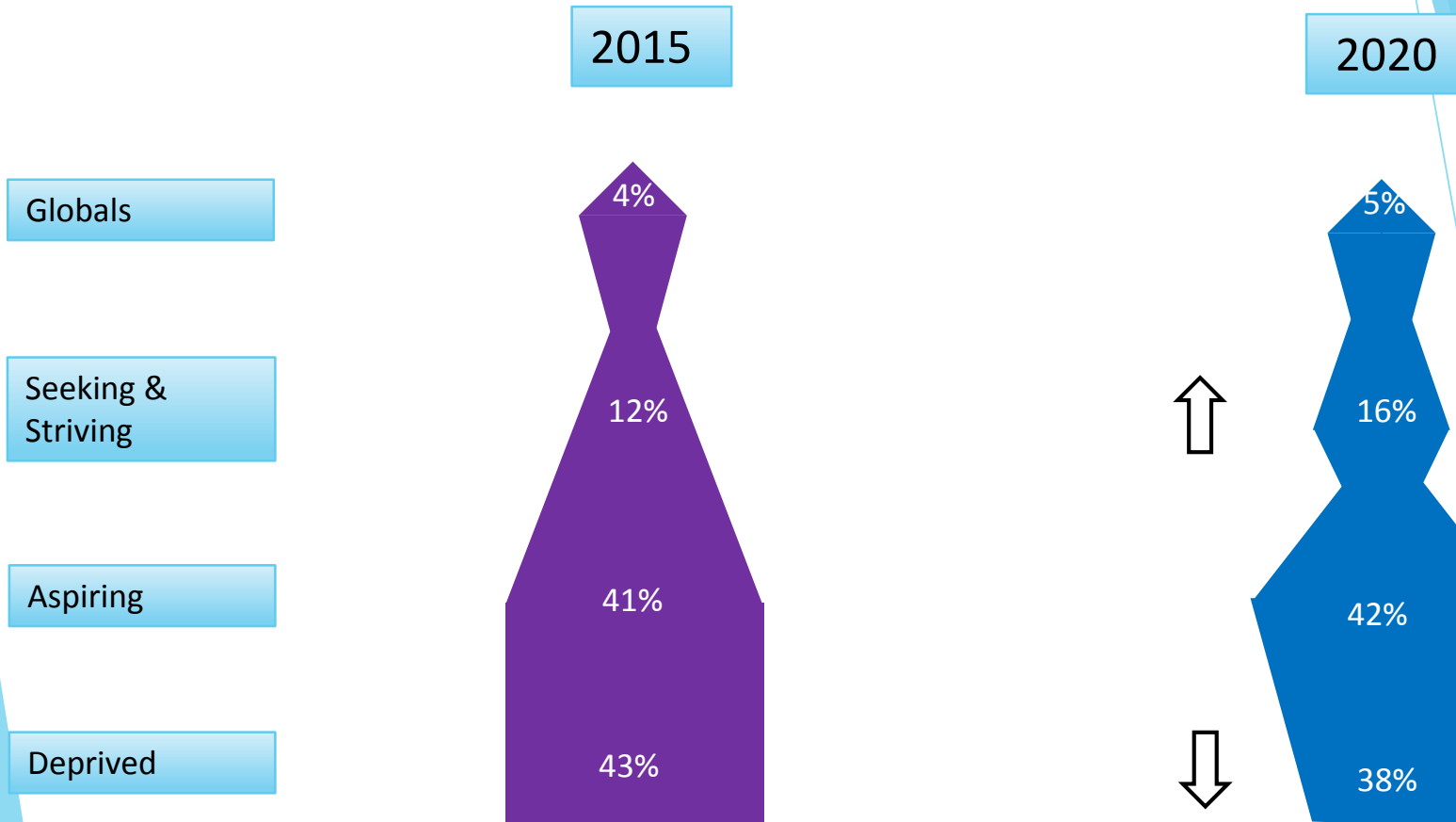
Population and Income pyramid

Nestlé Target Population Urban - 315m



Source: Mckinsey. BCG, Nestlé CI analysis

Consumers: Middle Class Will Expand



In a nutshell:

- Drive volumes
- Sustain profitability



3 How Will We Get There



Drive Penetration and Frequency

Consumer centric innovation across categories

Capture potential of many India's within India

Drive Penetration & Frequency



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

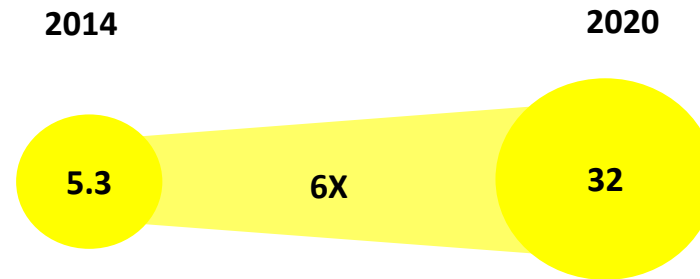


Ecommerce: Tapping The Channel

eCommerce Market

(in Billion US\$)

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



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)



70% Consumers eating out of home at least once in a week



CAGR Gr% Store Count (2010-2016)



Domino's	22%	Current count: 1026
McDonalds	17%	Current count: 223

*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

Our Focus
Areas

Nutrition

Water and Environment Sustainability

Rural Development



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

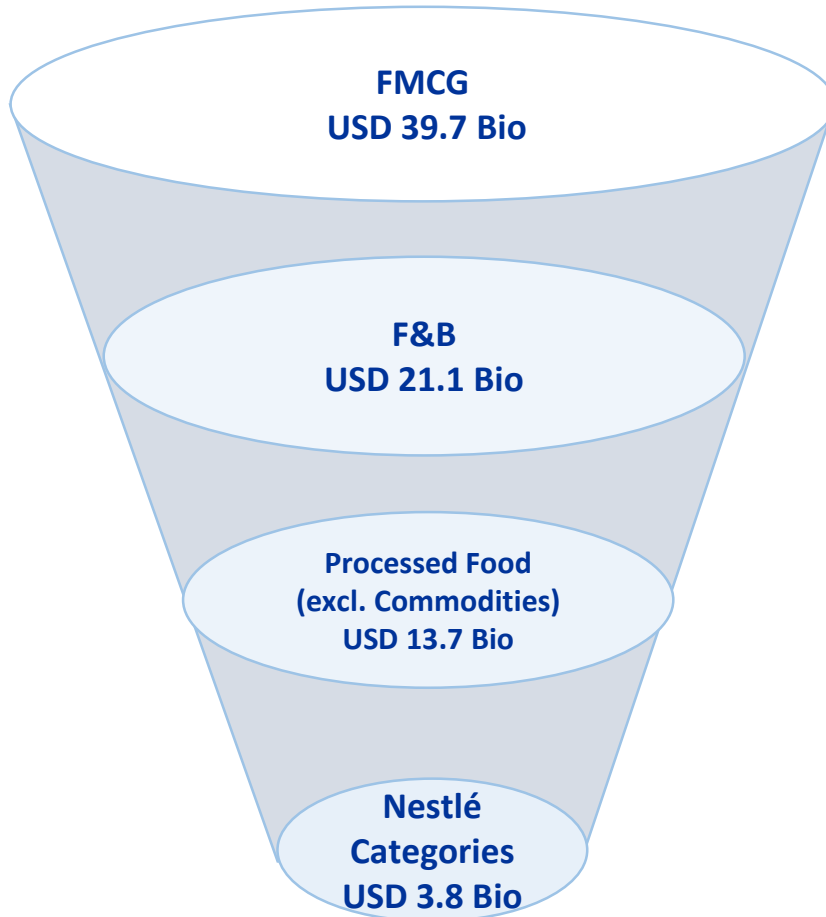
Responsive, committed to society, nimble footed and proud to be Nestlé

A reminder

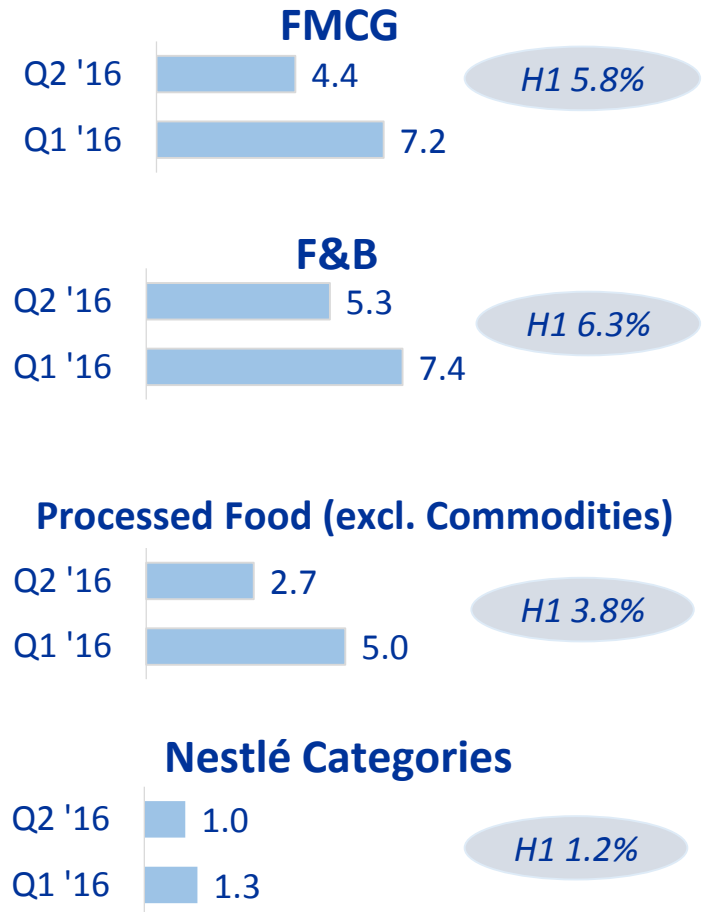
Financial Results for 2016 are being reported in accordance with the Accounting Standards specified under Companies (Accounting Standards) Rules, 2006. IND-AS is applicable w.e.f 1st January 2017.

Market Dynamics

Market Size 2015












Market Growth % 2016

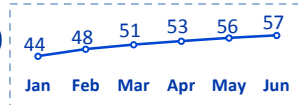


Source : AC Nielsen

Note: Infant Formula and Infant Cereal Segments included in FMCG, F&B, Processed Food and Nestlé Categories

Brand Strength & Market Position

Category	Brand	Market Share % (Value)		Nestlé's Position
		YTD (Jan-Jun 2016)	MAT (Jul'15-June'16)	
Instant Noodles		52.0	42.9	1
Ketchups & Sauces		23.8	24.4	2
Instant Pasta		56.7	50.4	1
Infant Formula		42.4	42.5	1
Infant Cereals		96.6	96.6	1
Tea Creamer		45.4	46.1	1
Chocolates		15.5	15.4	2
White & Wafers		63.7	64.3	1
Instant Coffee		50.4	50.4	1



January – June highlights

Impacted by MAGGI issue in 2015

2016

INR 45.5 Bio



0.8

2.4

INR 8.26 Bio



18.1%*

INR 4.9 Bio



10.8%*

INR 50.80



INR +1.1 Bio

+2.5%

Weighted
Volumes
& Prices

INR -125 Million

-75 bps

INR +2.3 Bio

+500 bps

INR +24.26

+91.4%

2015

INR 44.4 Bio



Net Sales

(11.6)

RIG%

Third Party Sales

(6.5)

OG%

Reported

INR 8.38 Bio



Profit from
Operations

Comparable

INR 2.6 Bio



5.8%*

Net Profit

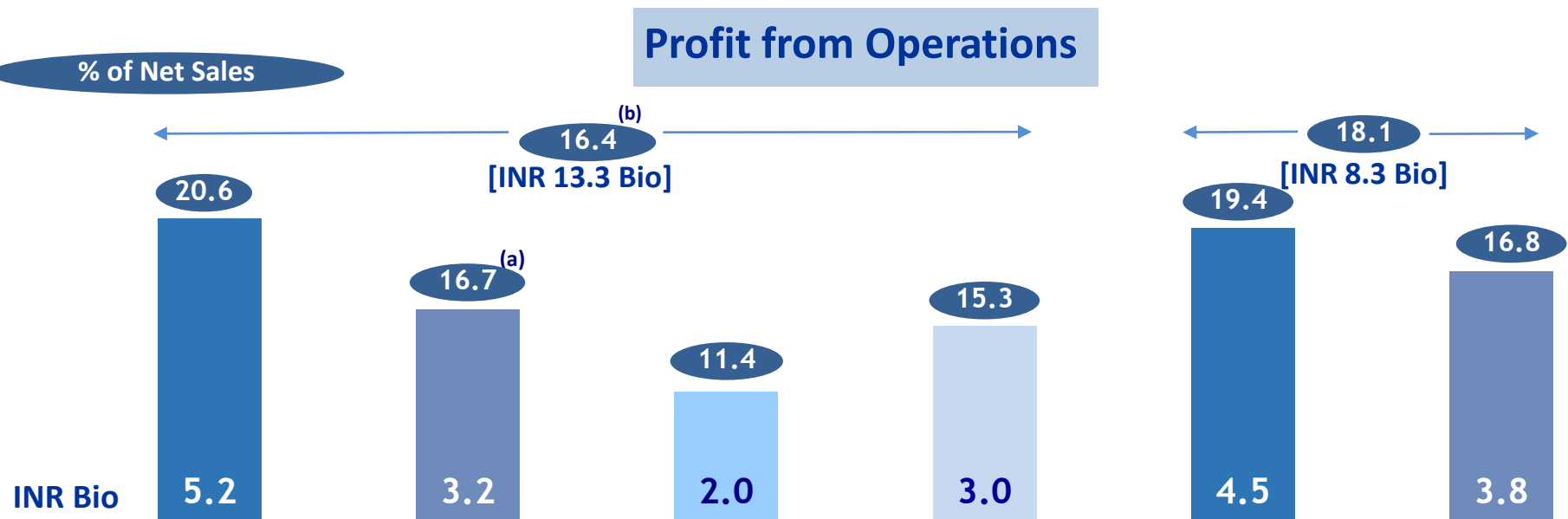
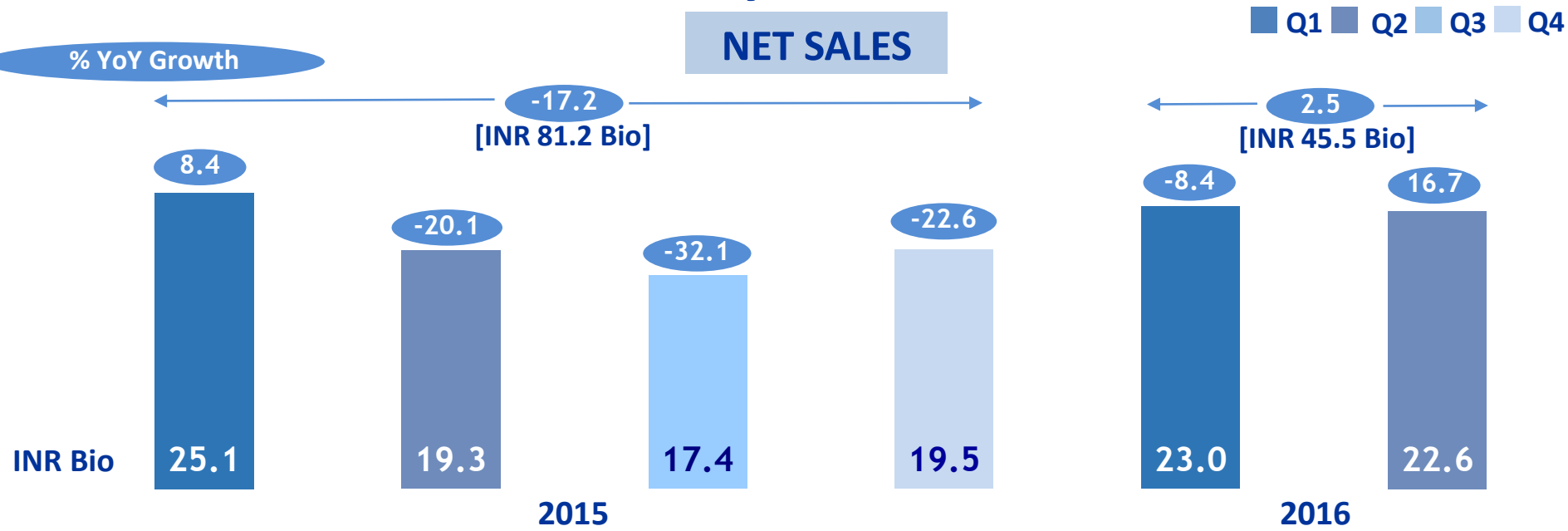
INR 26.54



EPS

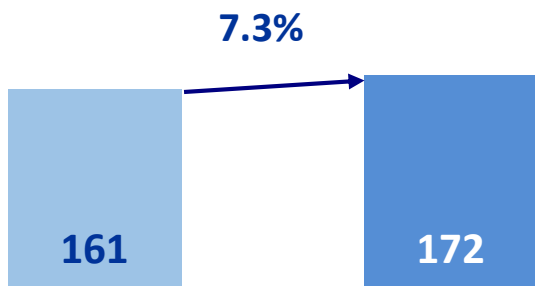
* % of Net Sales

Quarterly evolution

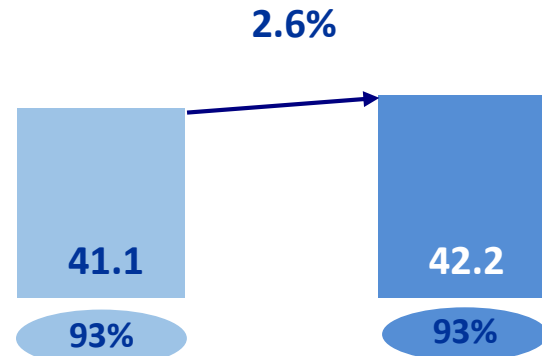


(a) 14.7% before reclassification of fixed cost to Exceptional item and movement in conversion cost due to destruction of MAGGI Noodles stock
 (b) 15.9% before reclassification of fixed cost to Exceptional item and movement in conversion cost due to destruction of MAGGI Noodles stock

Domestic Sales: January-June



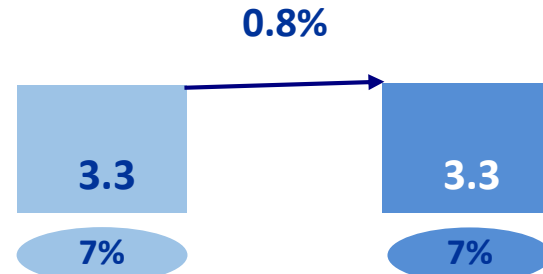
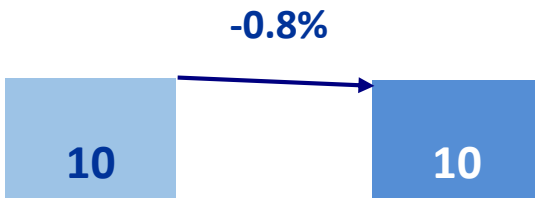
Volume (000' Tons)



Value (INR Bio)

Contribution to Sales

Exports (Affiliates + Third parties)



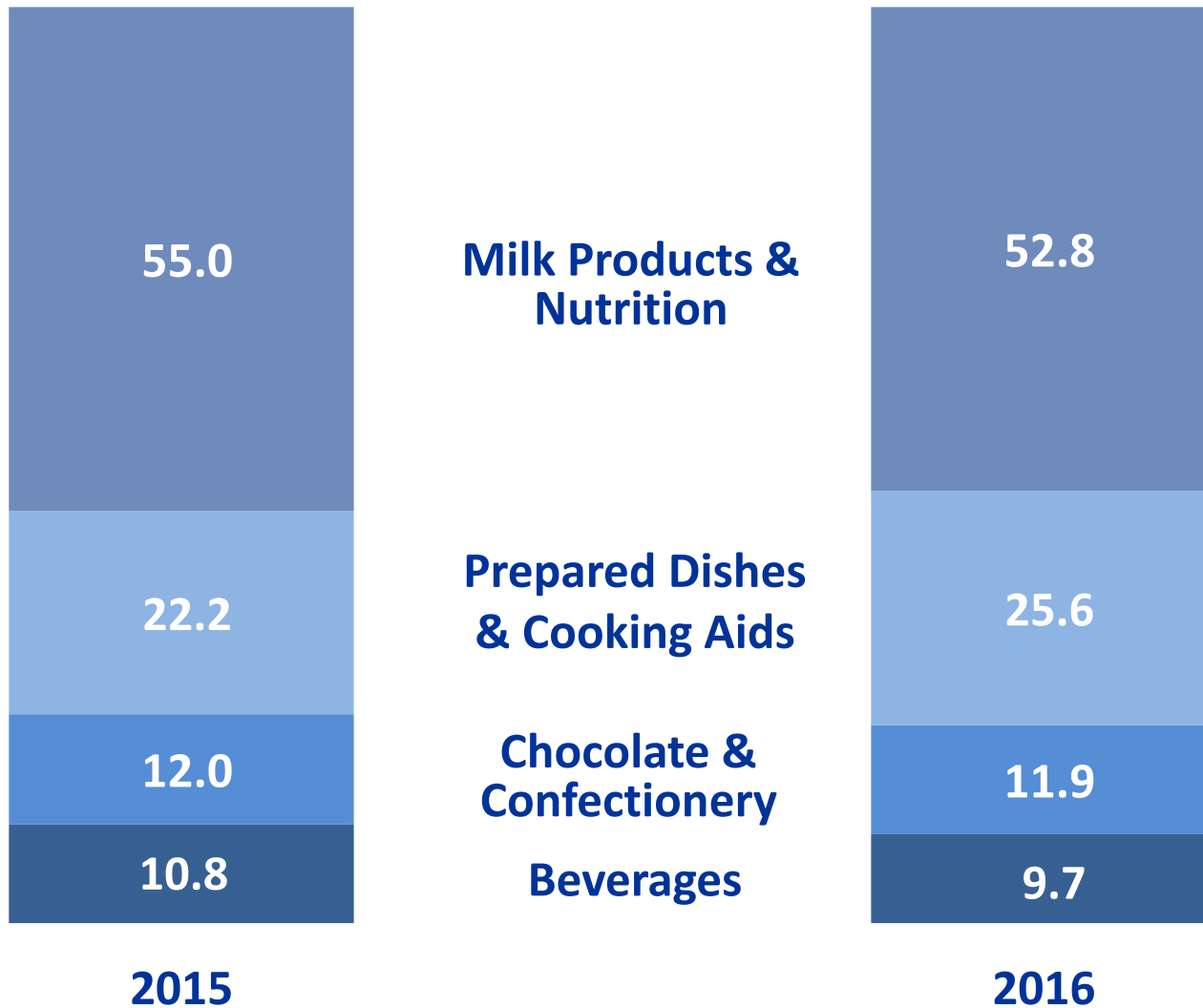
Contribution to Sales

Reported & Comparable Domestic Sales Growth: Jan-June

		Growth%
Volume (Tons)	Reported	7.3
	Comparable*	0.5
Value (INR Mio)	Reported	2.6
	Comparable*	-0.7

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

Category Contribution % to Domestic Sales January - June



Domestic Sales - 2016

	Q1	Q2	H1
Reported Sales in INR Bio	21.3	20.9	42.2
Reported yoy Growth %	-8.7	17.5	2.6
Comparable Growth %*	-2.0	0.7	-0.7

- Innovation & Renovation across categories
- Most other categories recovering

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

3rd Party Sales - 2016

	Q1	Q2	H1
<u>Organic Growth (%)</u>			
Reported	-8.4	16.6	2.4
Comparable*	-2.1	1.2	-0.5
<u>Real Internal Growth (%)</u>			
Reported	-9.7	14.5	0.8
Comparable*	-3.0	0.3	-1.3

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

Materials Cost - 2016

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

Favourable commodity prices with an upward price trend in some commodities

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

	Q1	Q2	H1
Cost in % of Net Sales	12.5	13.1	12.8
yoy movement in bps	40	50	0

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

	Q1	Q2	H1
Cost in INR Bio	1.2	1.5	2.7
yoy increase in %	-26.3	+14.8	-8.1
% of Domestic Sales	5.6	7.1	6.4
yoy movement in bps	-135	-15	-75

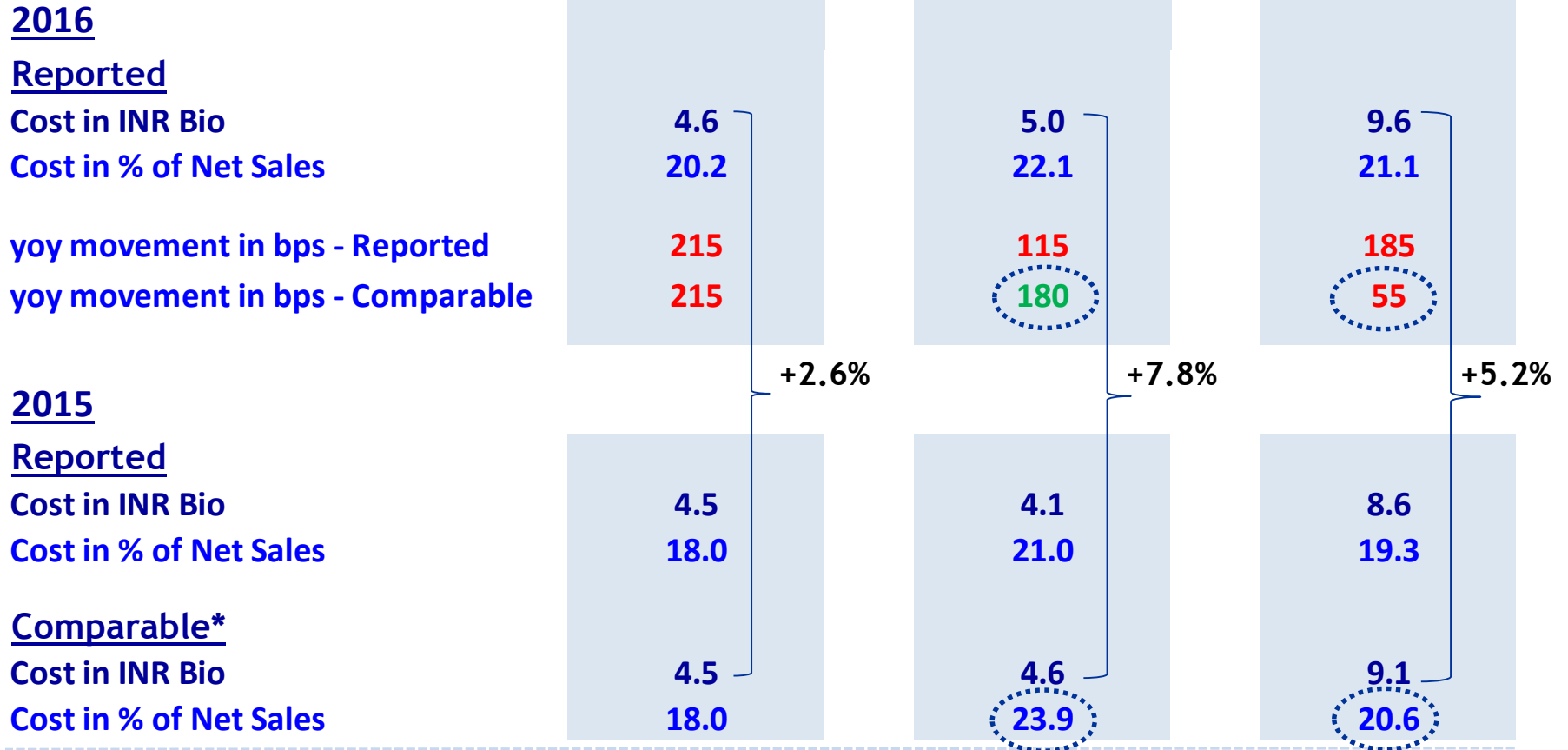
New Media Campaigns across Categories

Stepped up spends on New launches

Base not fully comparable

Includes Media spends, Consumer Sampling and Promotions, Display etc.

Fixed Cost



Before reclassification of fixed cost to "Exceptional Item" in Q2 2015

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

Profit from Operations

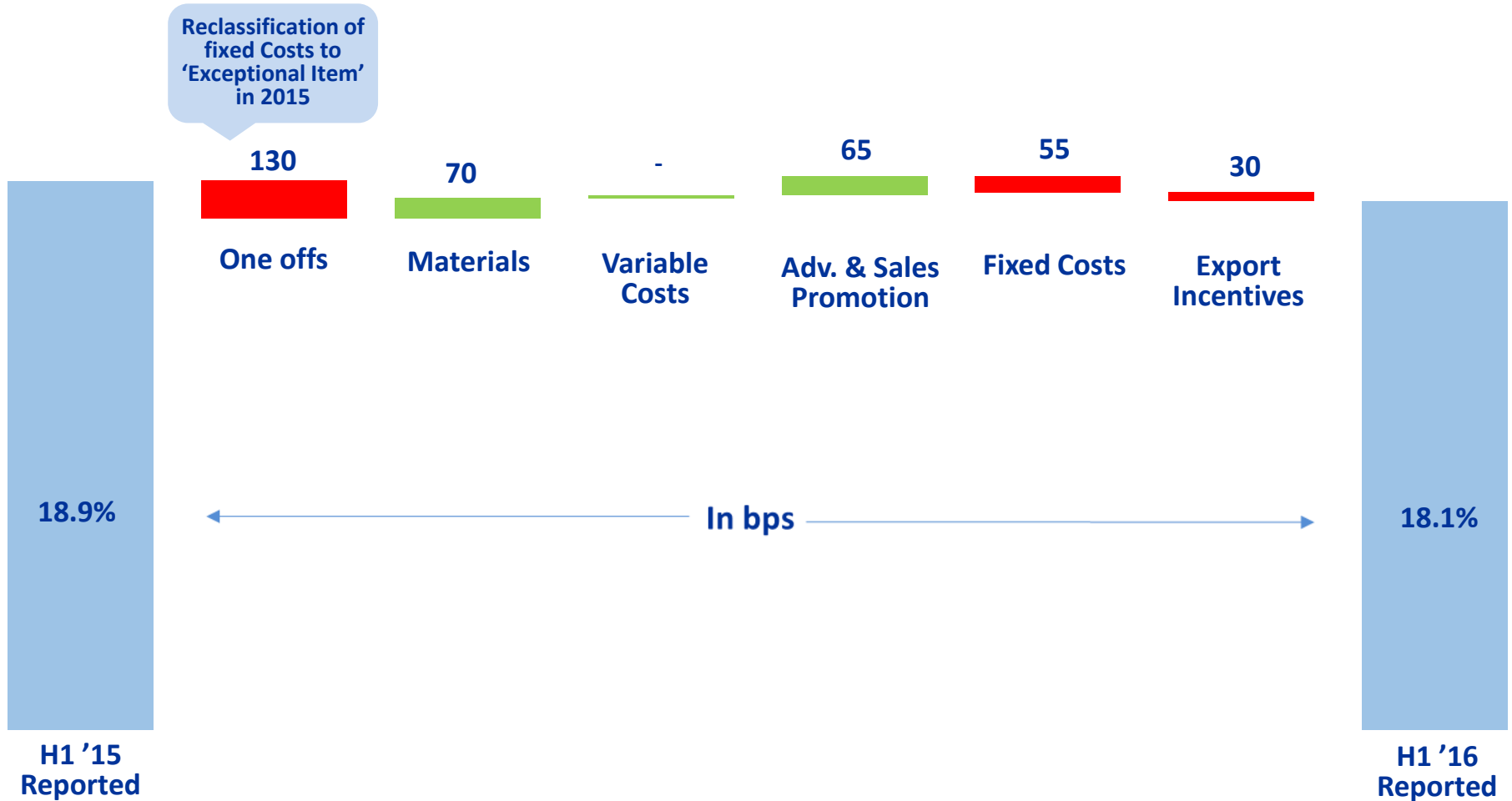
	Q1	Q2	H1
2016			
<u>Reported</u>			
Profit in INR Bio	4.5	3.8	8.3
Profit in % of Net Sales	19.4	16.8	18.1
yoy movement in bps - Reported	115	15	75
yoy movement in bps - Comparable	115	210	10
2015			
<u>Reported</u>			
Profit in INR Bio	5.2	3.2	8.4
Profit in % of Net Sales	20.6	16.7	18.9
<u>Comparable*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

Before reclassification of fixed cost to 'Exceptional item' & Movement in conversion cost due to destruction of MAGGI Noodles stock in Q2 2015

* Before reclassification of fixed costs to Exceptional Item as reported in line with Accounting Standards (AS) 2 & 5 and Movement in conversion cost due to destruction of MAGGI Noodles stock in Q2 2015.

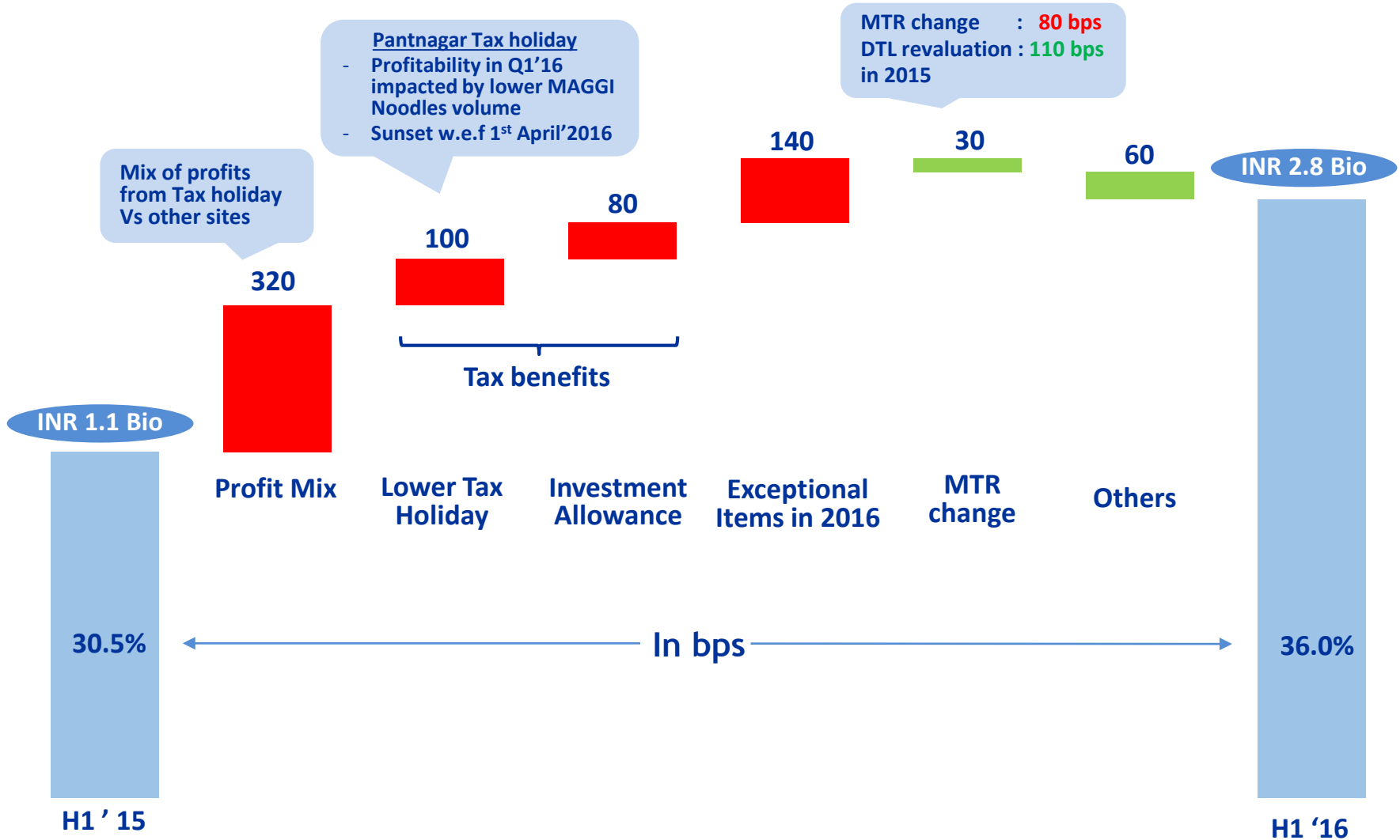
Profit from Operations: January-June

In bps

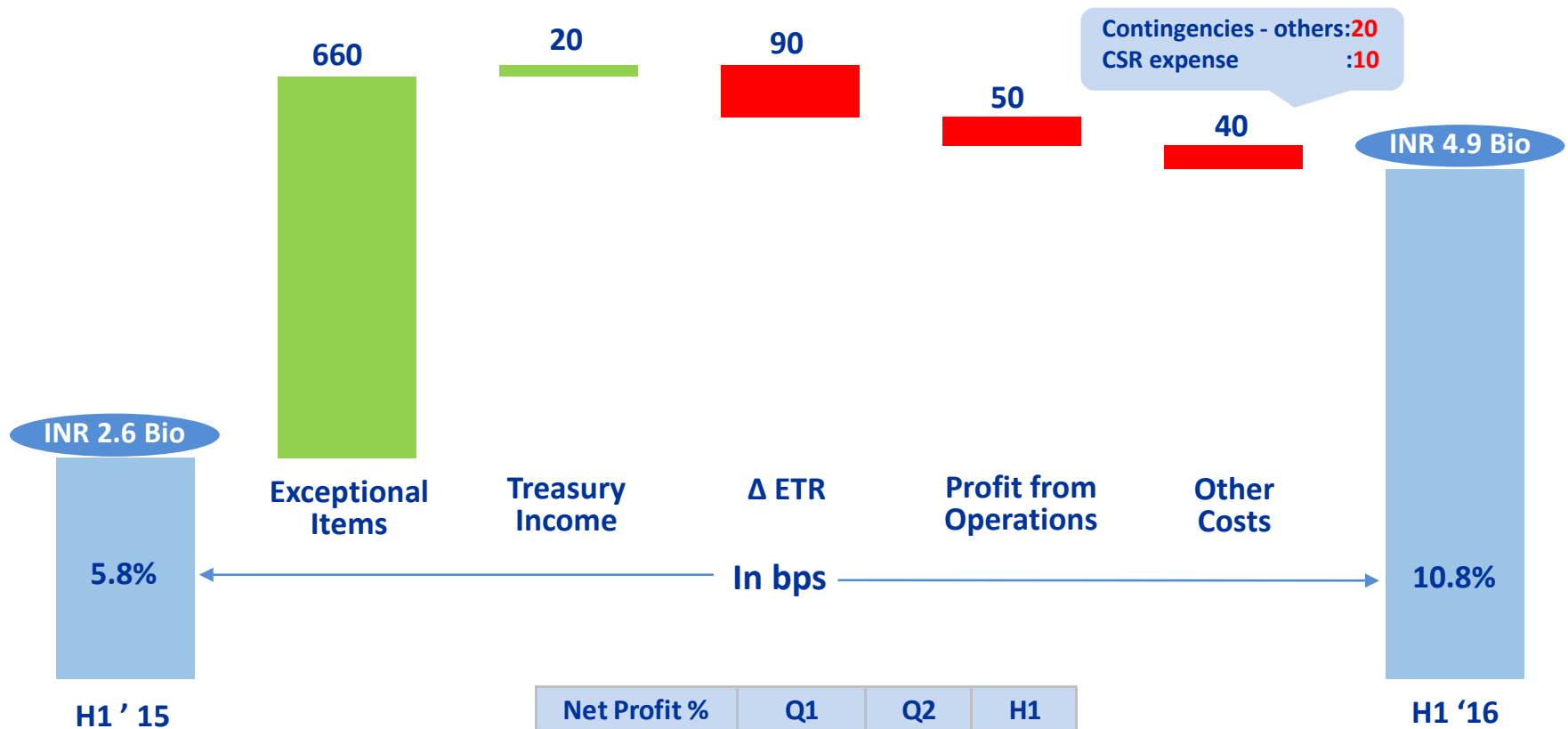


% are with reference to Net sales

Effective Tax Rate (ETR) : January-June



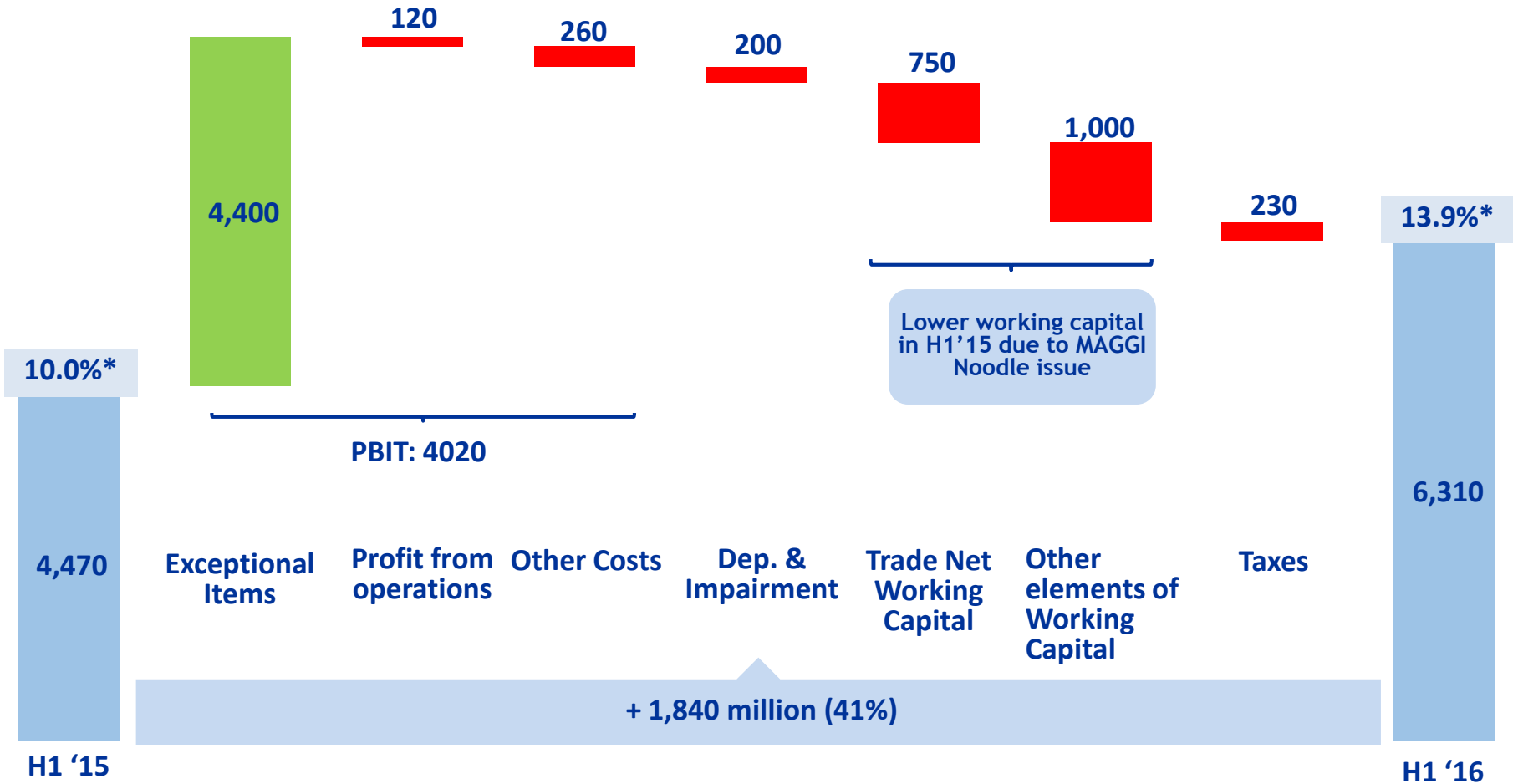
Net Profit after Tax (PAT): January-June



Net Profit %	Q1	Q2	H1
2016	11.3	10.2	10.8
2015	12.8	(3.3)	5.8

Cash generation from Operations : January-June

INR Million



*% are in reference to sales



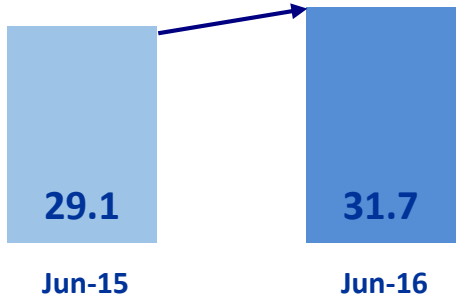
Recovery from an exceptional base

Shareholders Fund (INR Bio)

Debt: Equity

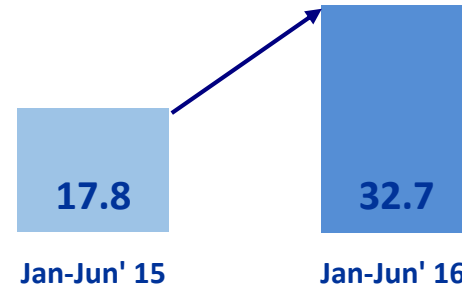
1:99

1:99

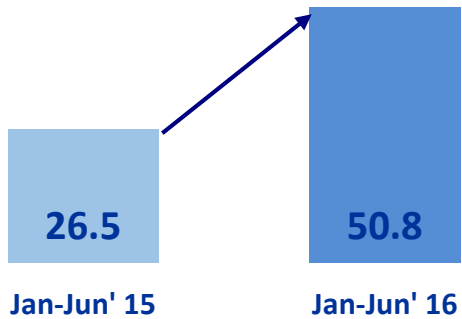


AAA Rating reaffirmed by CRISIL on 18th Nov'15

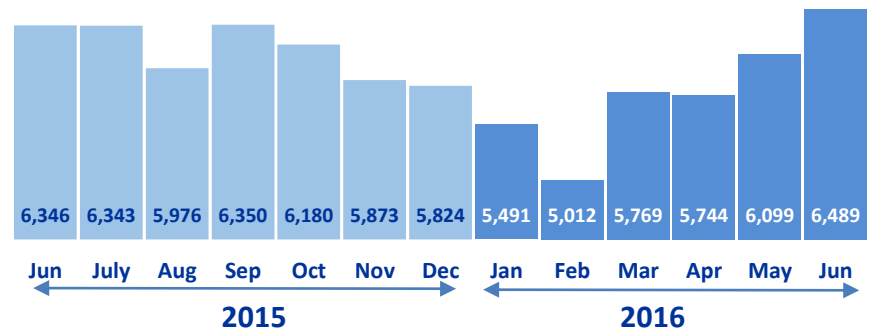
Return on Equity (%)



EPS (INR)



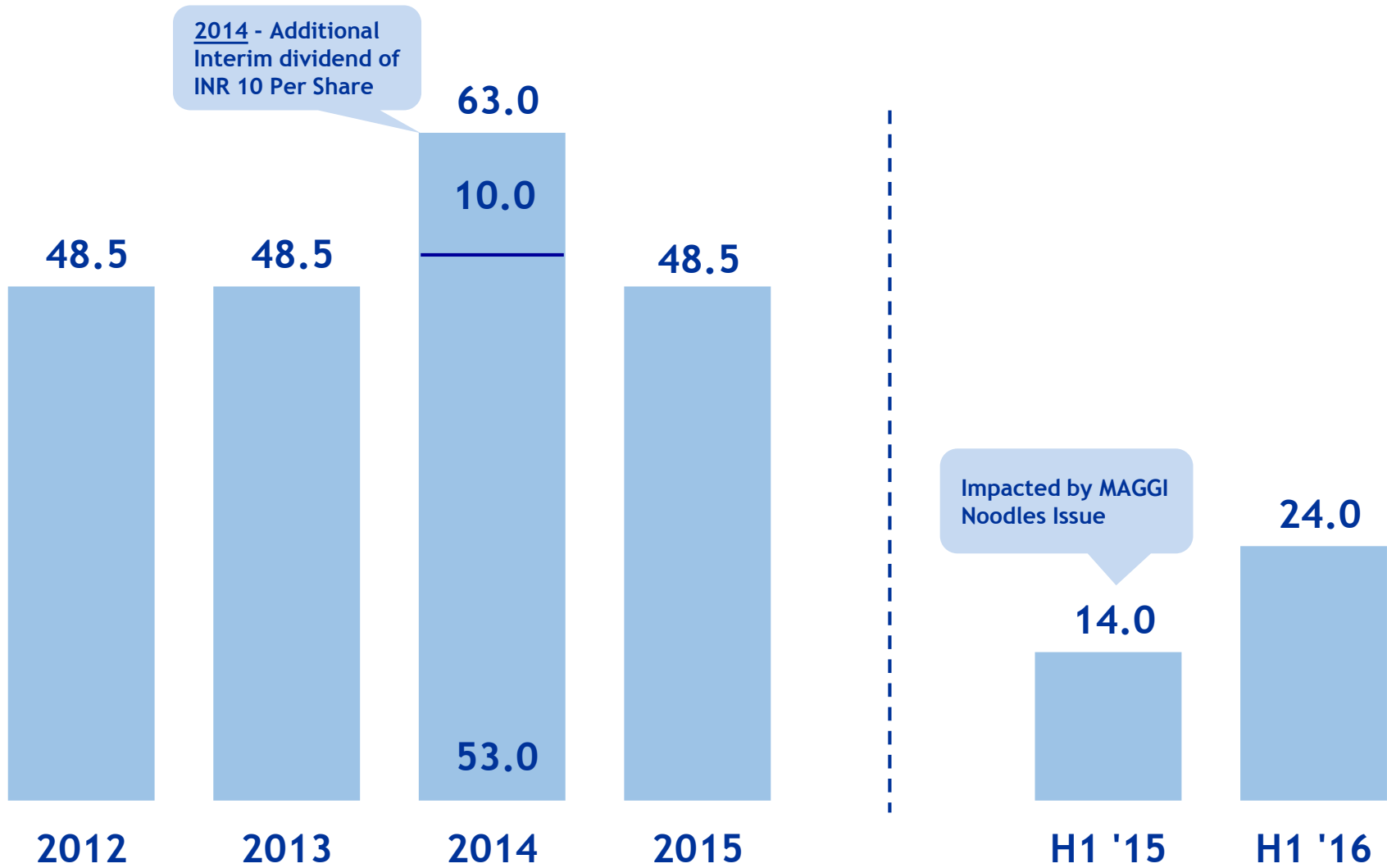
Share Price (INR)



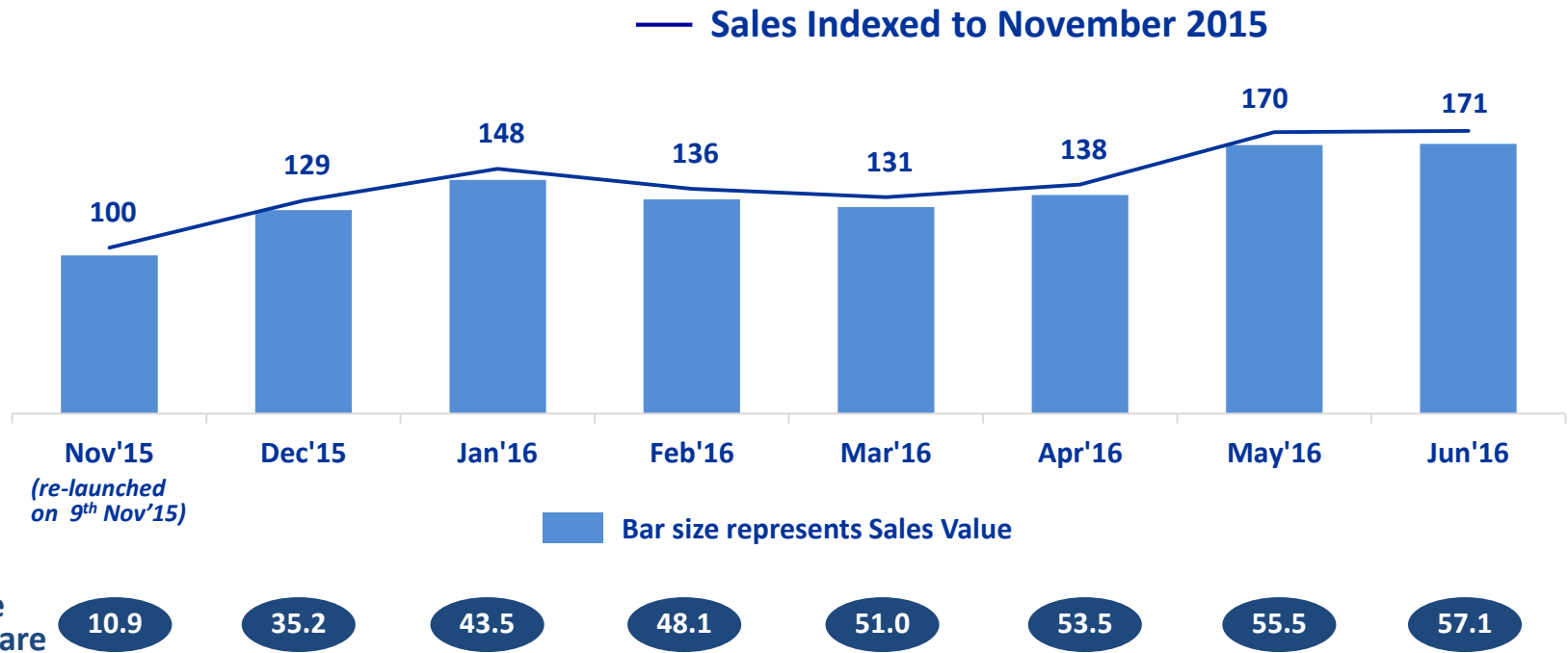
Month end closing share price on BSE57

Dividend

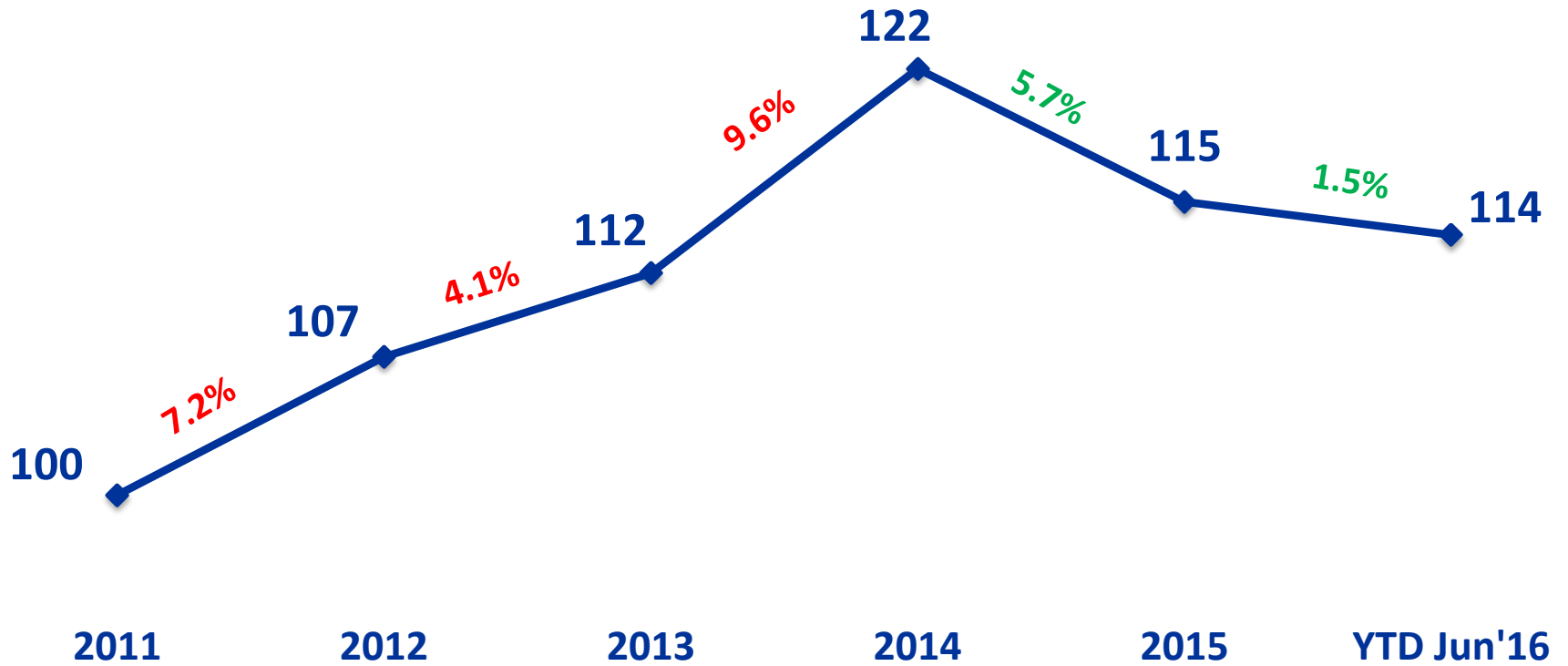
DPS (INR)



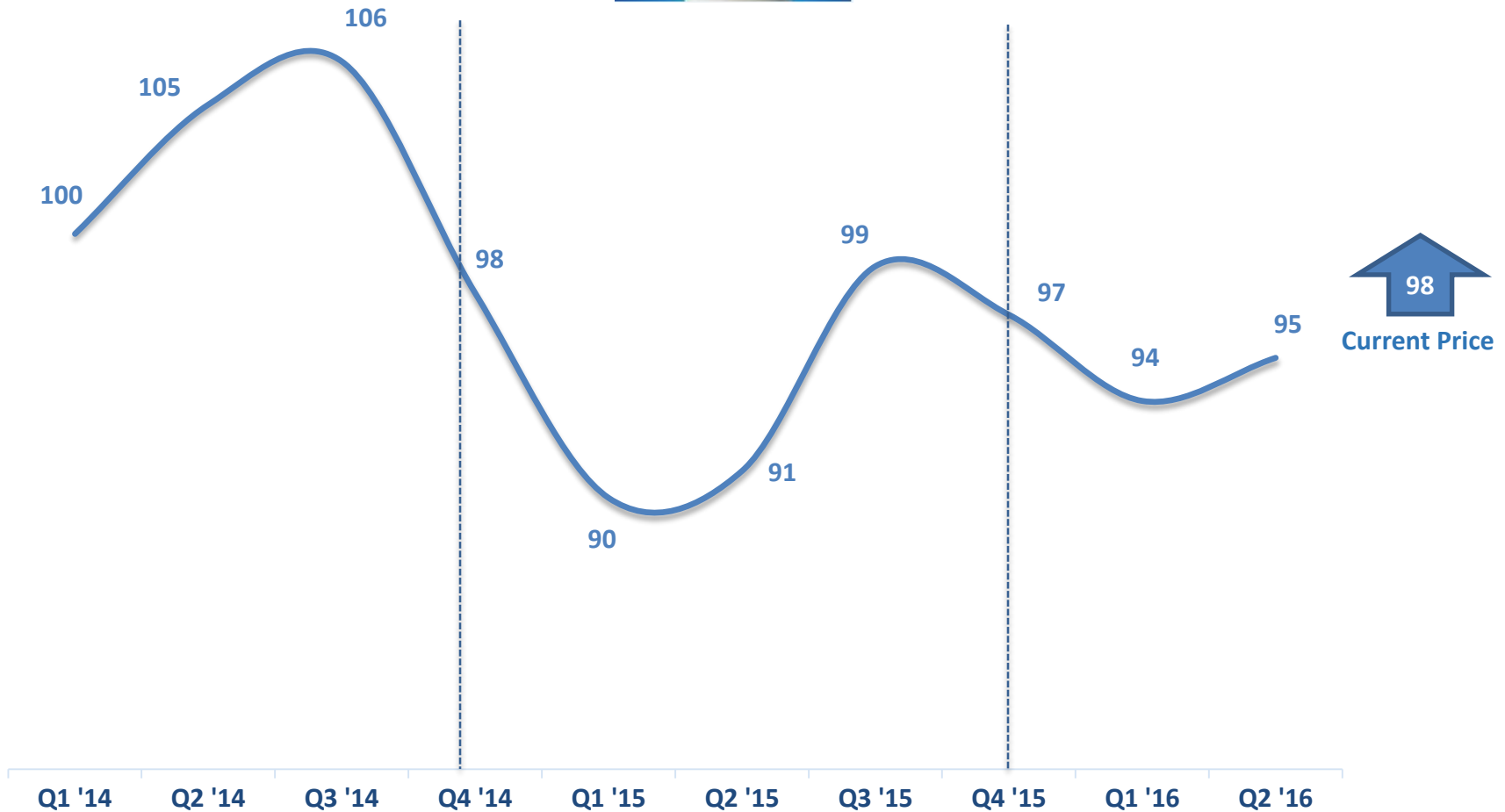
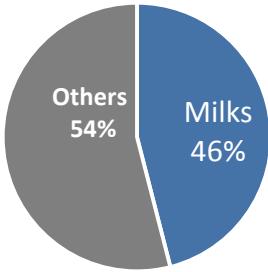
Sales and Market Share Evolution: MAGGI Noodles



Nestlé India's Commodity Price Index

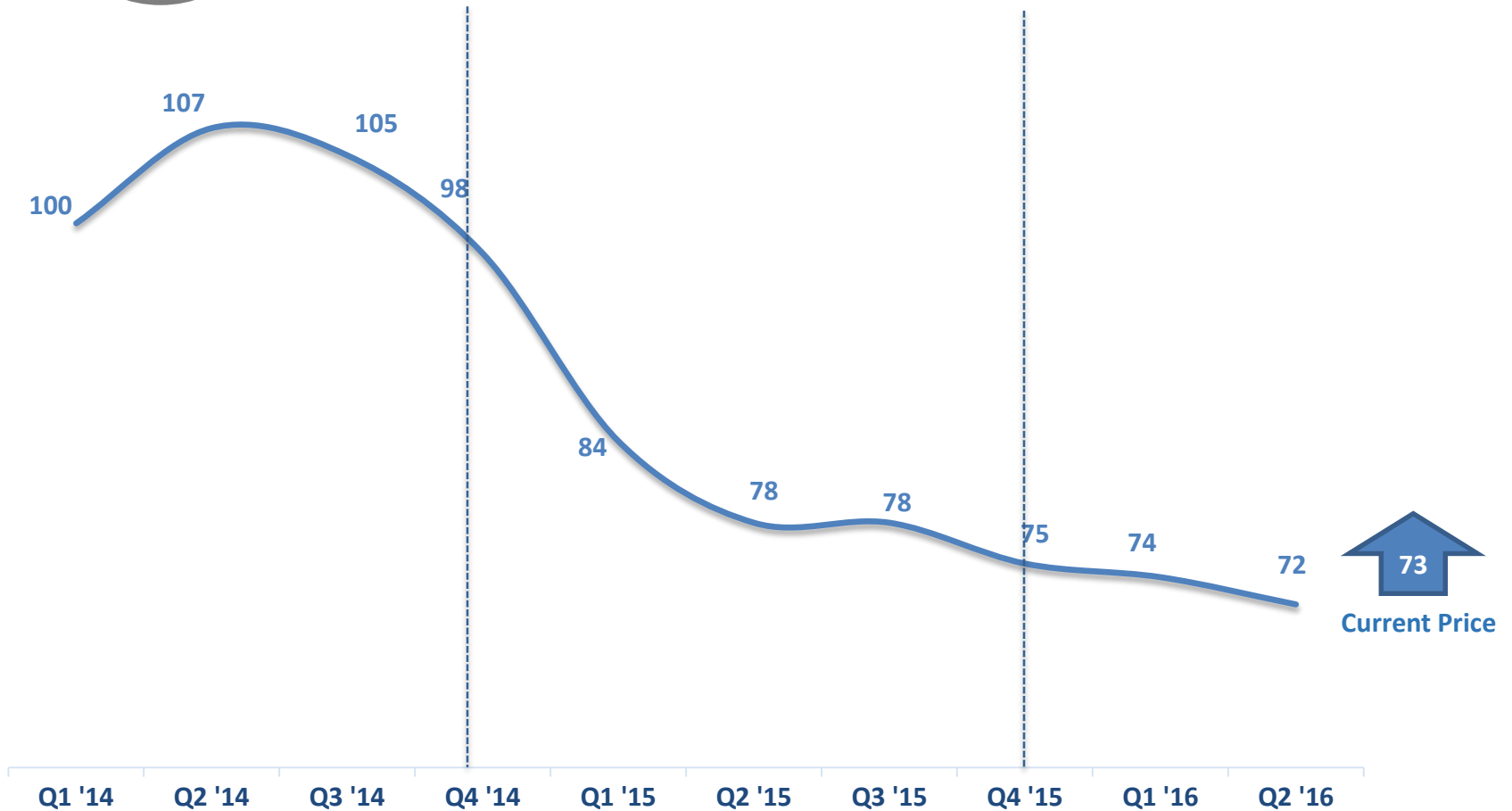
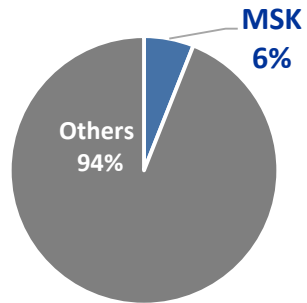


Milks Consumption Price Index



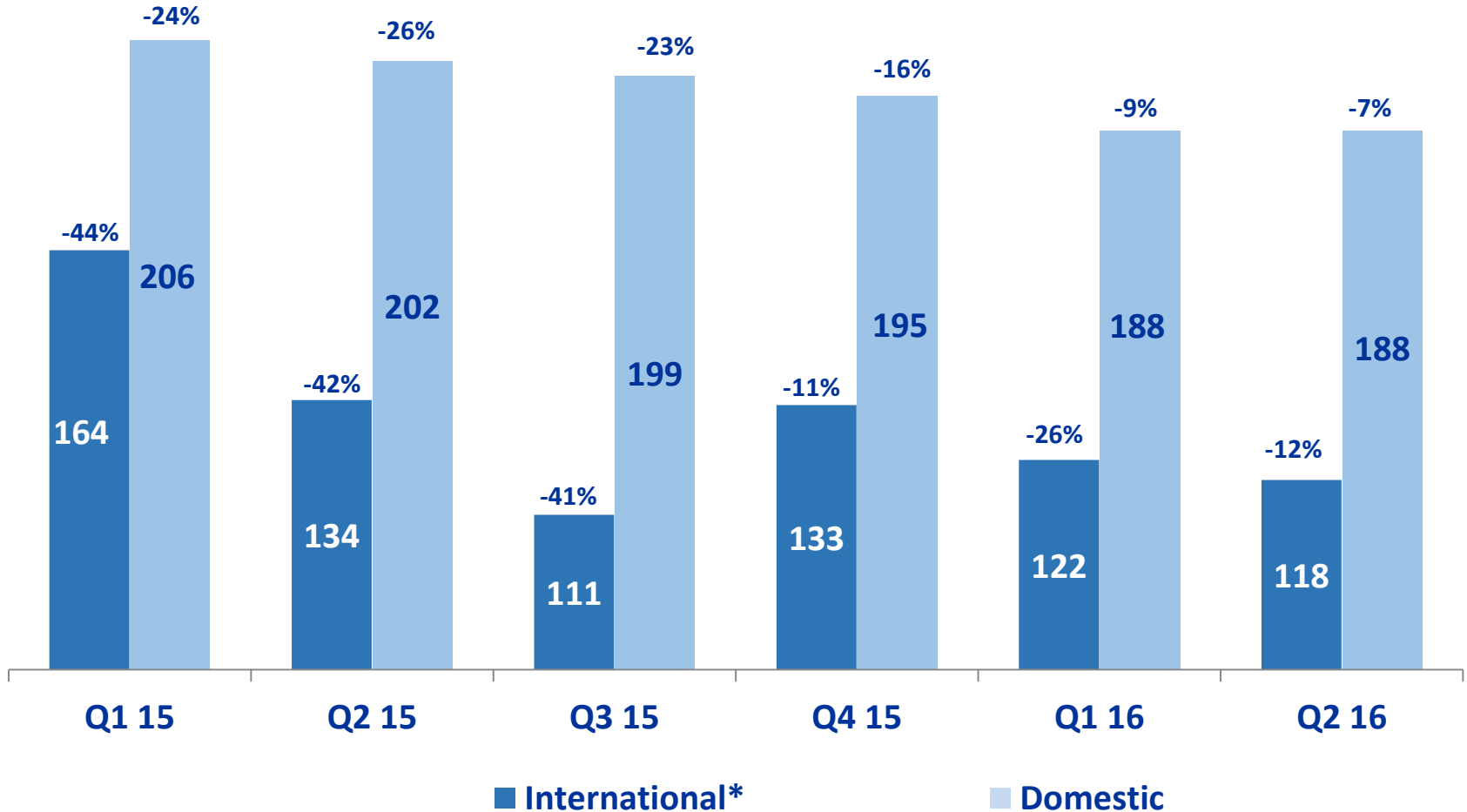
98
Current Price

MSK Consumption Price Index



Skimmed Milk Powder (MSK) Prices /kg

Variance vs LY



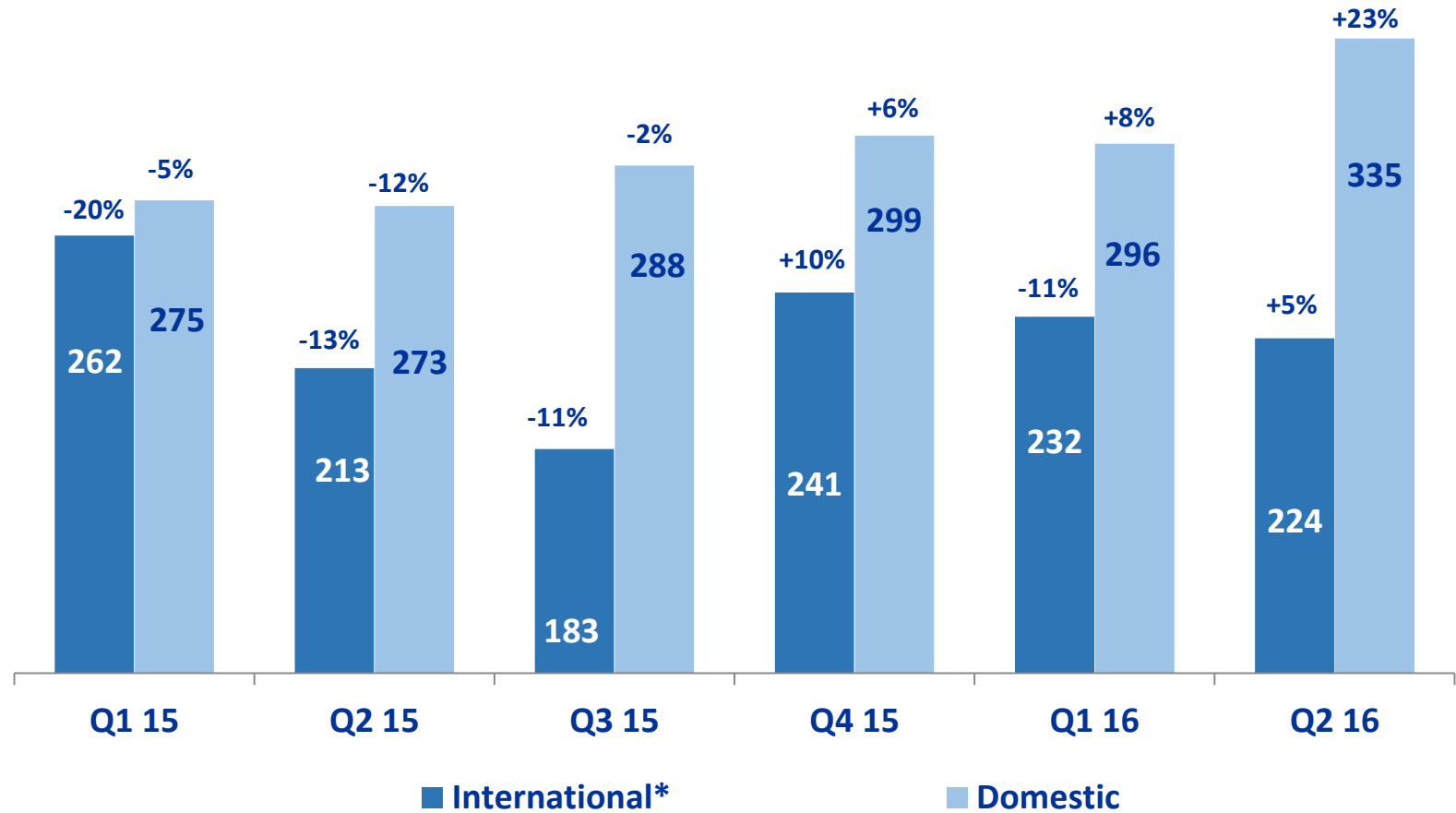
■ International*

■ Domestic

*USD spot Prices /Kg converted to INR

AMF (Ghee) Prices /kg

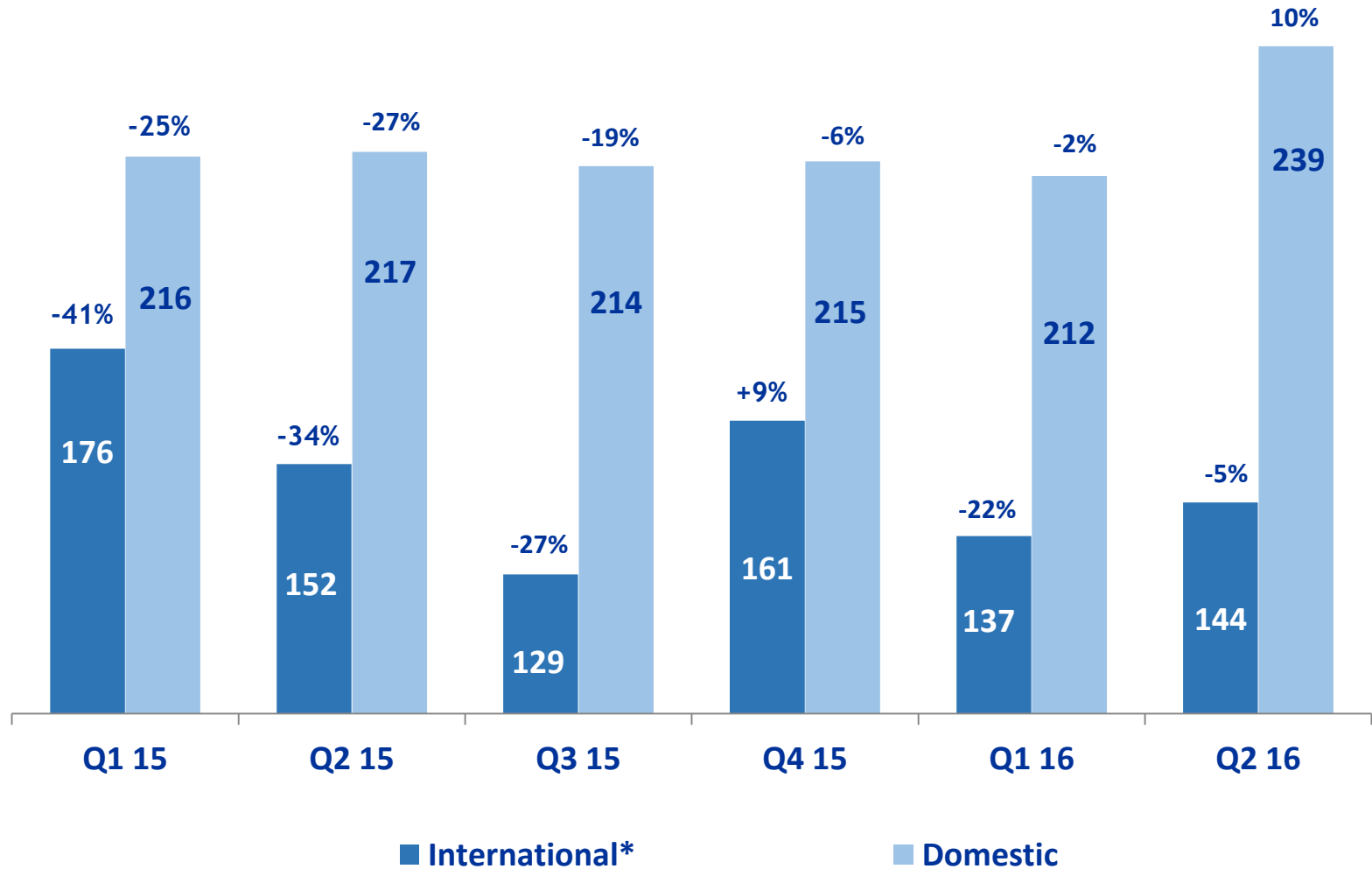
Variance vs LY



*USD spot Prices /Kg converted to INR

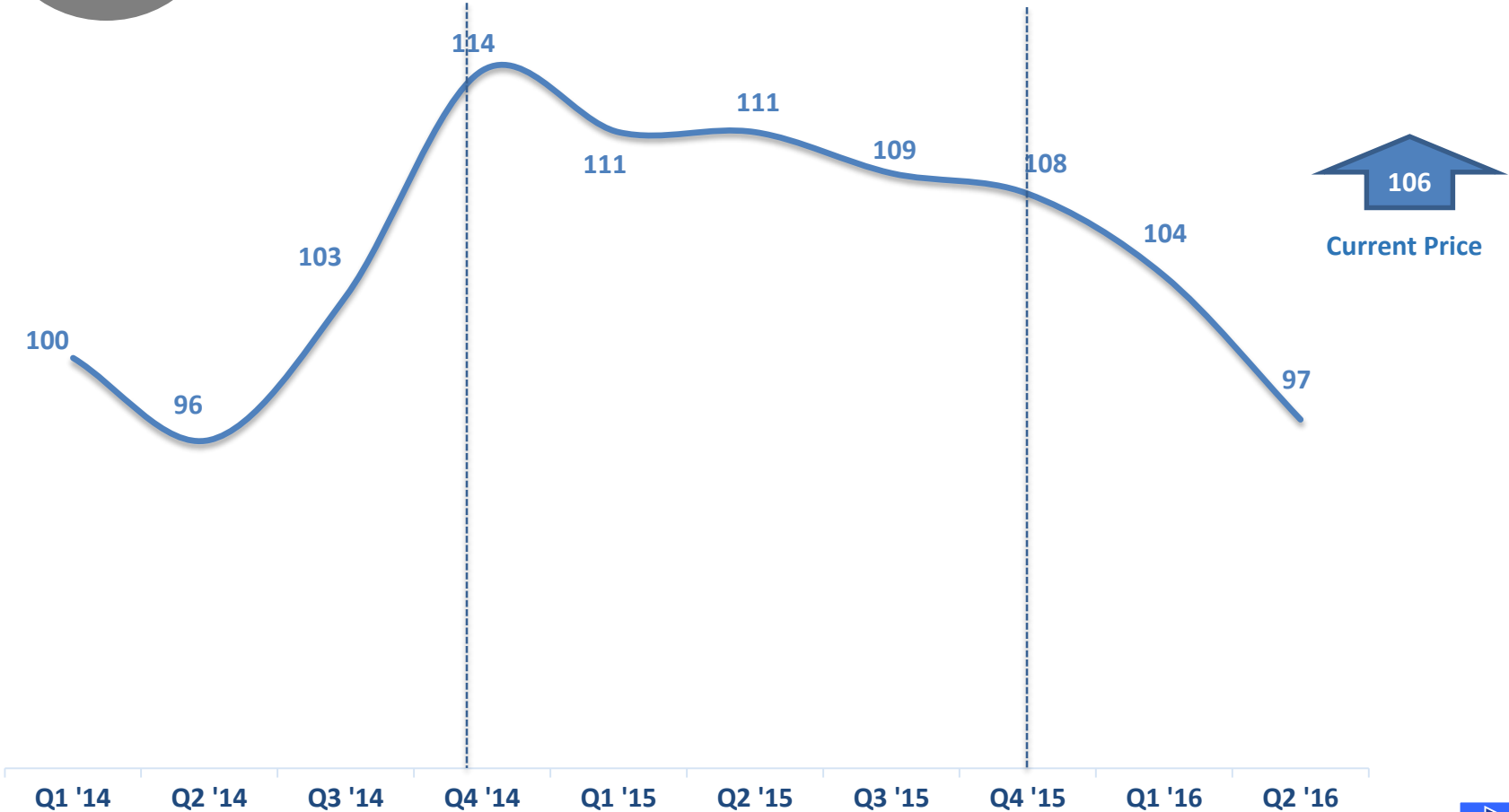
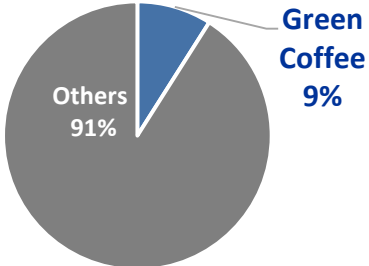
Full Cream Milk Powder(FCMP) Prices /kg

Variance vs LY

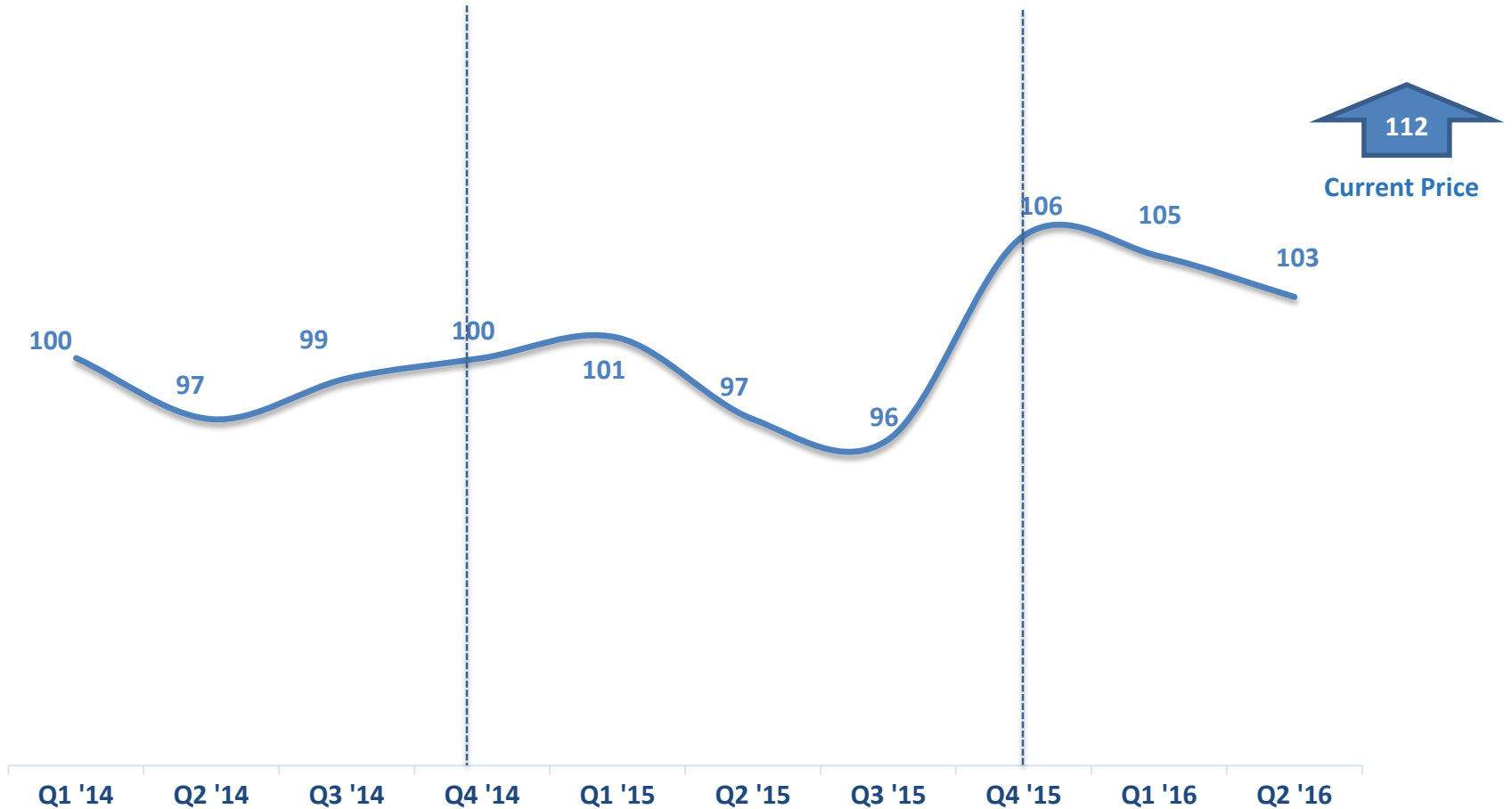
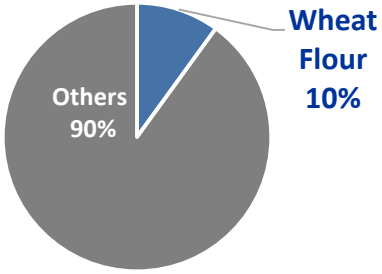


*USD spot Prices /Kg converted to INR

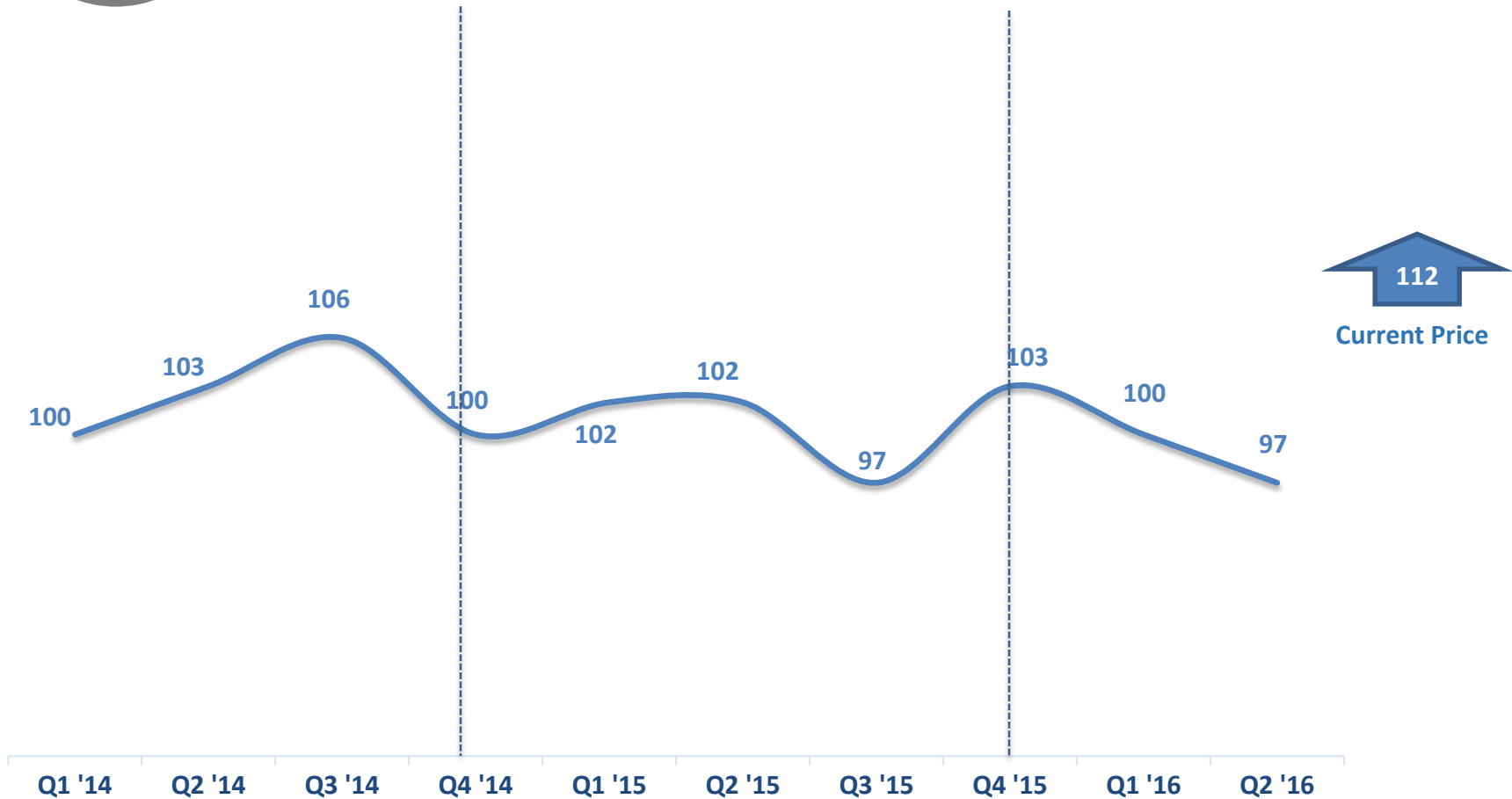
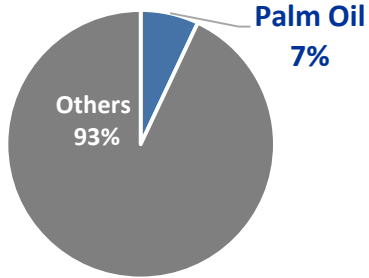
Green Coffee Consumption Price Index



Wheat Flour Consumption Price Index



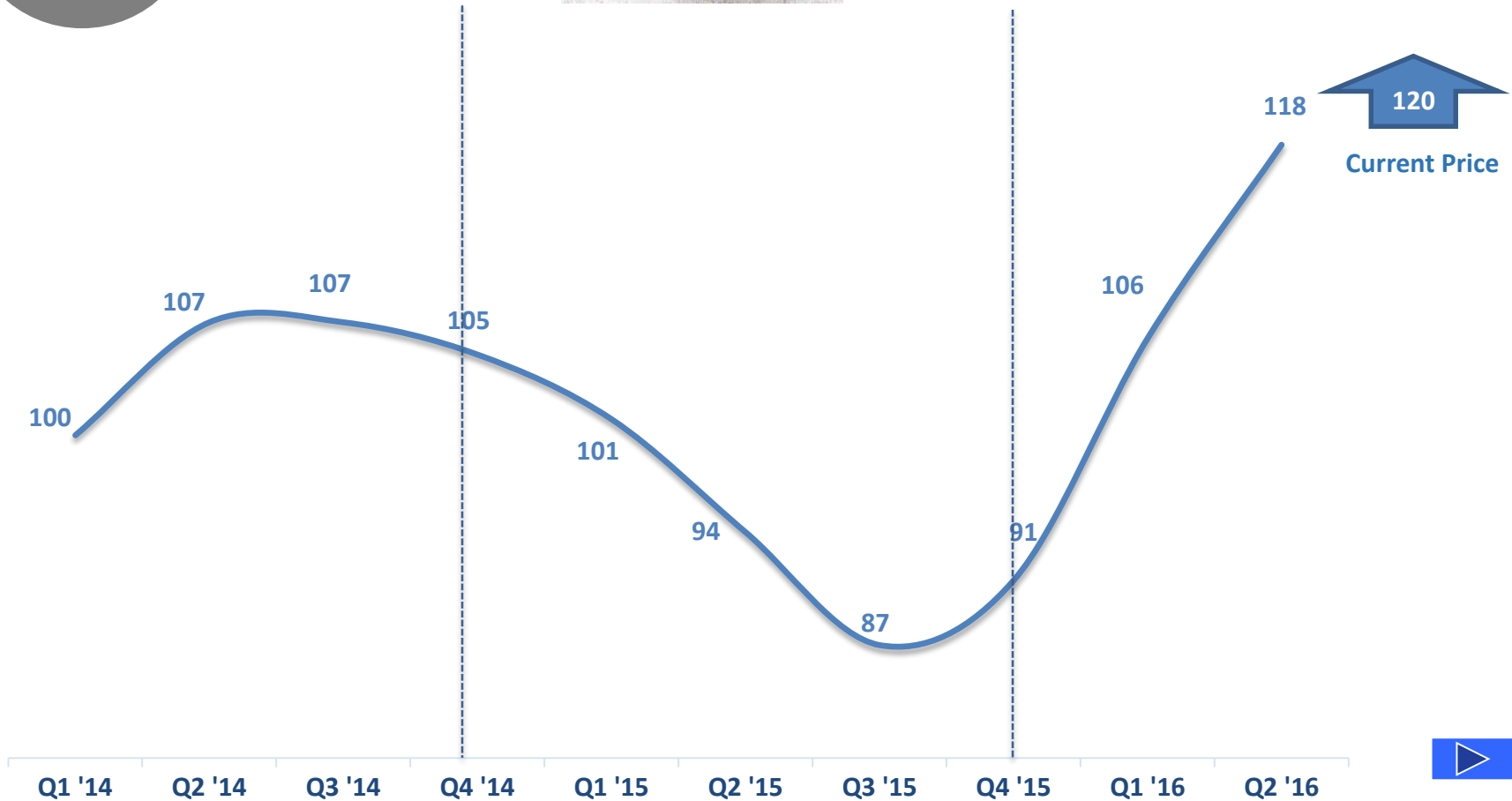
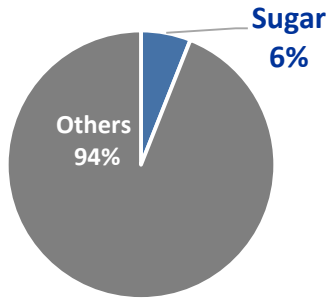
Palm Oil Consumption Price Index



Indexed with base Q1-14

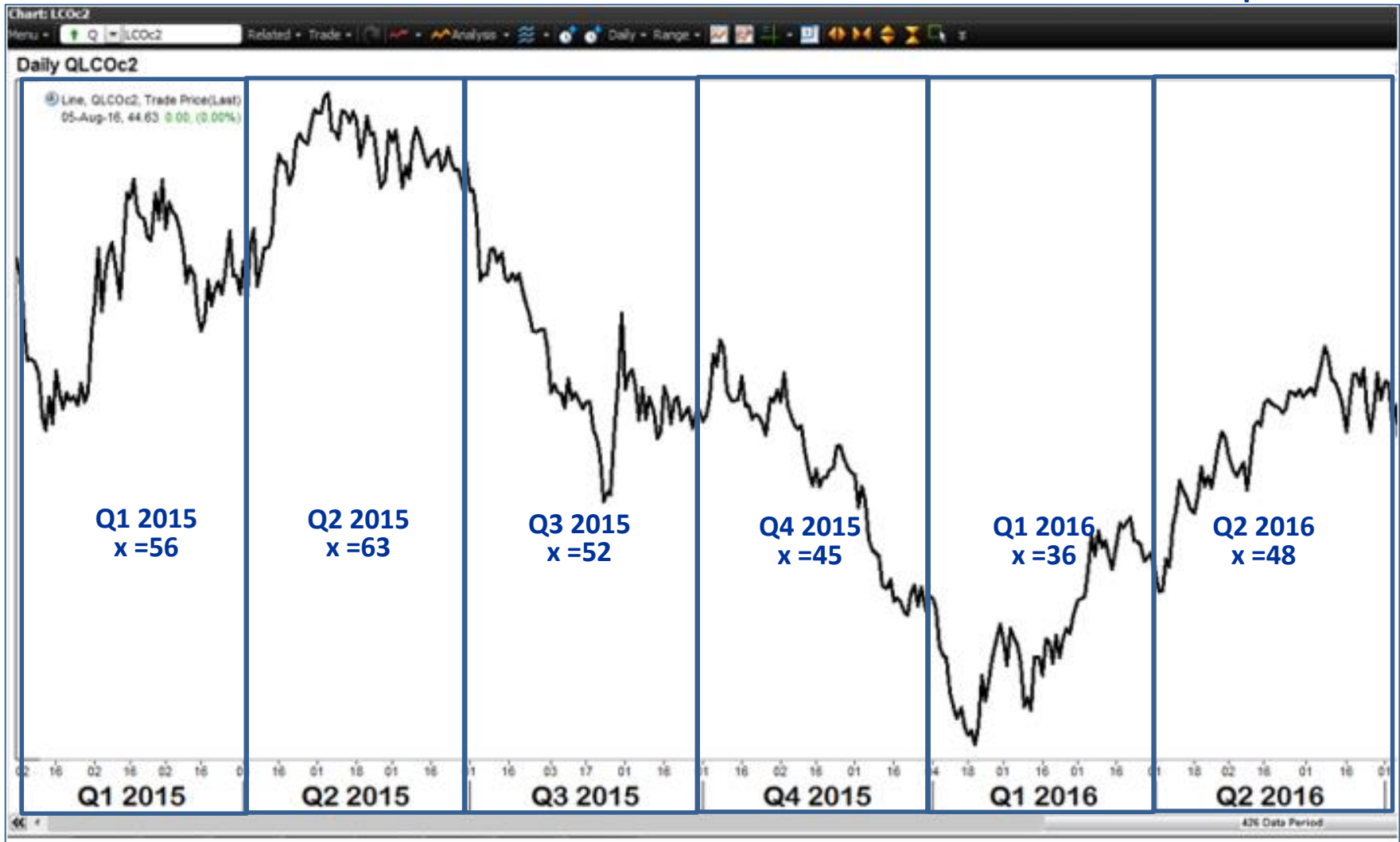


Sugar Consumption Price Index



Brent Crude

USD per barrel



Robusta USD per Ton



Arabica

US Cent per Pound



Palm Oil

MYR per Ton

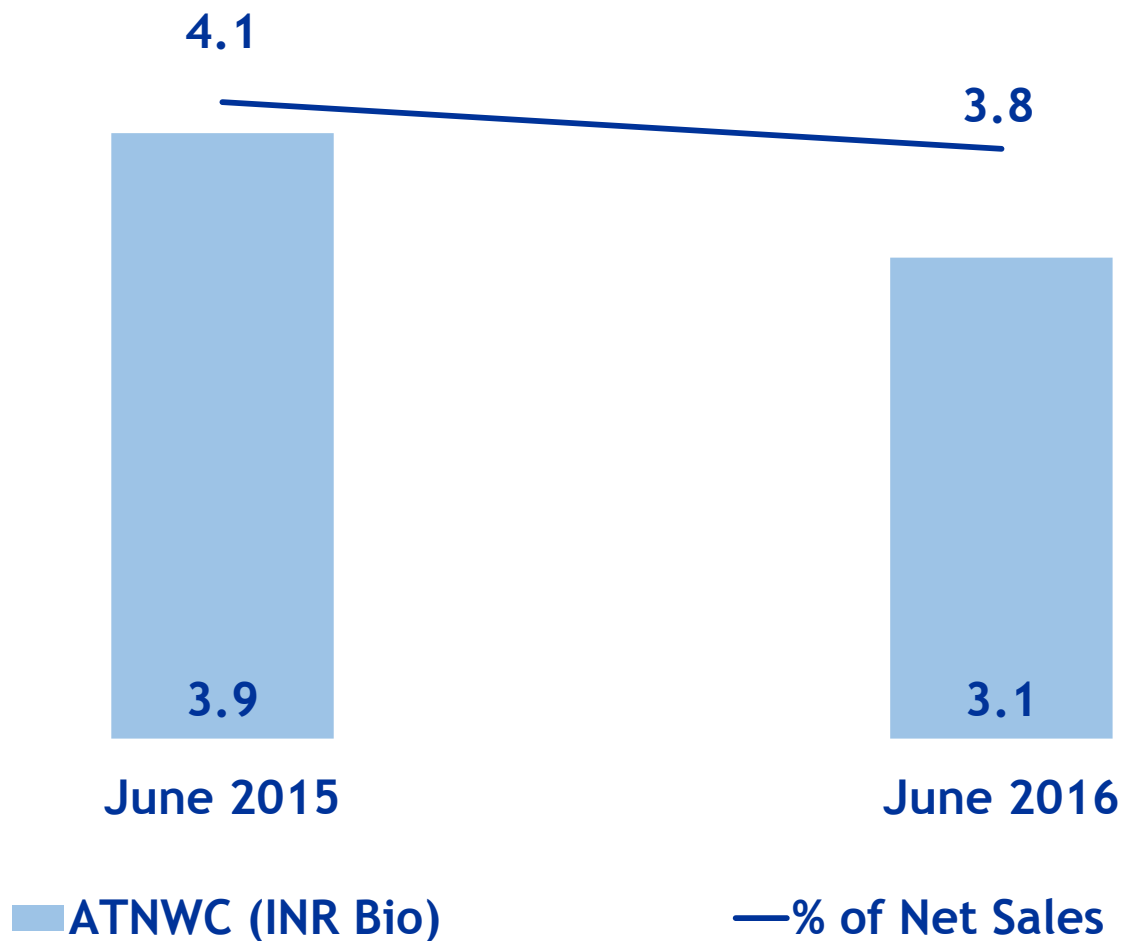


Sugar

INR per Quintal



Average Trade Net Working Capital



ATNWC :Basis 12 Months Average (Nestlé Internal Reporting Standards)
:Inventories + Debtors – Trade Payables for goods and services



Capital Efficiency

Return on Invested
Capital (%)

17.2

38.9

Economic Profit (%)

3.3

25.1



Jan-Jun 2015



Jan-Jun 2016

■ Invested Capital (INR Bio)

Invested capital : basis average of 5 quarter end (Nestlé Internal Reporting Standards)



THANK YOU