

Nestlé India Limited

(CIN : L15202DL1959PLC003786)

Nestlé House

Jacaranda Marg

'M' Block, DLF City, Phase - II

Gurgaon - 122002 - 05, Haryana

Phone 0124 - 3940000

Fax 0124 - 2389399

E-mail investor@IN.nestle.com

Website www.nestle.in



Good Food. Good Life

Your Ref :

Our Ref :

BM: PKR:48:17

Date :

24.08.2017

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

Scrip Code – 500 790

Subject : Presentations to Financial Analysts/ Institutional Investors

Dear Sir,

Further to our letter BM:PKR:47:17 dated 16th August, 2017, intimating about the Financial Analysts / Institutional Investors Meet of the Company, please find enclosed herewith the presentations made to the Financial Analysts/Institutional Investors at the meeting held today, in terms of the requirement of Regulation 30 read with Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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. MURLU

SENIOR VICE PRESIDENT – LEGAL & COMPANY SECRETARY

Encl.: Total number of slides : 59



Financial Analysts
&
Institutional Investors Meet

24th August 2017

Building for the Next 100 Years

Disclaimers

- 1. 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.*
- 2. Real Internal Growth (RIG) and Organic Growth (OG) are basis Nestlé Internal Reporting Standards.*
- 3. Figures are regrouped / reclassified to make them comparable.*
- 4. Calculations are based on non-rounded figures.*
- 5. 'Analytical data' are best estimates to facilitate understanding of business and NOT meant to reconcile reported figures.*
- 6. Answers may be given to non-price sensitive questions.*

AGENDA

Building for the next 100 years (15:30 hrs):

Suresh Narayanan

Financial Highlights (16:15 hrs):

Shobinder Duggal

Floor for Q&A (16:45 – 17:30 hrs)

Building for

THE NEXT 100 YEARS

Key
takeaways
from last
time

Our GST
journey

Where we
are -
Growth
Story

Where we
are
headed -
Continuity
Story

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





Our GST Journey



Prepare

Practice

Partner

3500 suppliers,
1600 distributors

Engaged with
awareness
programs
across India.

Day 1

Sales and
Billing started

Day 3

All Distributors
successfully
migrated to
start sales by
3rd July.

Start has been fairly good, operating issues will get resolved over time



Actions

Commensurate benefits passed on to the consumers

Categories -Dairy Whitener, Sauces, Infant Cereals

Opportunities

Recalibrating distribution infrastructure

Unleashing better economic opportunities

Level playing field to make us more competitive

Will pass on GST benefits to consumers: Nestle
PTI | Updated: Jun 30, 2017, 05.00 PM IST

Business Scenario – Post GST

Impact

June growth was negatively impacted by softer trading

Outlook

Expect registered sales to be lower (excise duty subsumed in GST)



Where We Are

the growth story



Our Mantra: Drive Volumes and Sustain Profitability

- 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

Where We Are

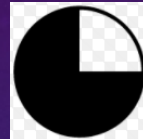
Approximately half of the growth came from non-noodles portfolio



Close to a quarter of the growth came from noodles portfolio



Nearly another quarter of the growth came from new product launches



Secular growth across categories






An energized MAGGI Noodles business

Encouraging responses to our new product innovation and renovation

Based on the figures for the period April – June 2017

Brand Strength & Market Position

Leadership
Position In 5 Out
Of 9 Categories

Category	Brand	YTD (Jan-Jun 2017)	MAT (Jul'16-June'17)	Nestlé's Position
Instant Noodles		59.5	58.7	1
Ketchups & Sauces		24.3	24.4	2
Instant Pasta		65.2	61.4	1
Infant Formula		40.5	40.9	2
Infant Cereals		96.5	96.4	1
Tea Creamer		45.4	45.7	1
Chocolates		14.6	14.5	2
White & Wafers		62.6	62.5	1
Instant Coffee		47.3	47.2	2

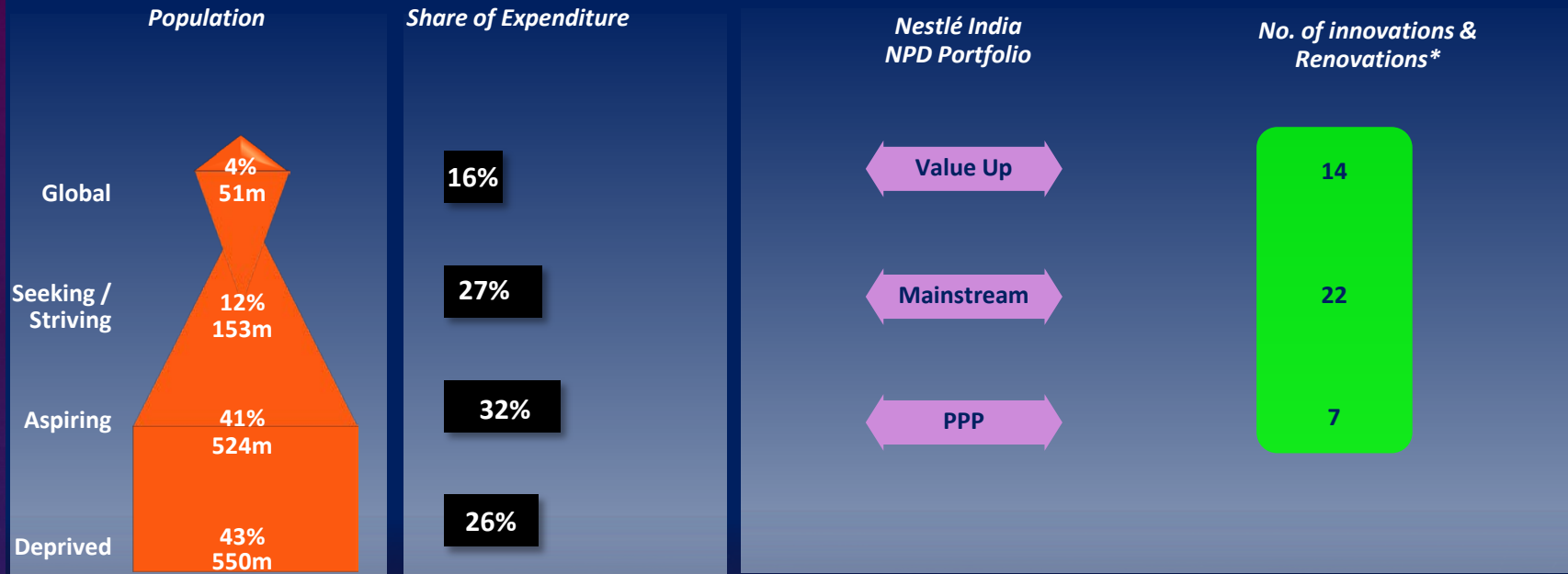
Source: AC Nielsen

Some Of Our New Launches



New Product Launches: Charting a new Course

* Jan '16- May '17



WHAT'S NEW?

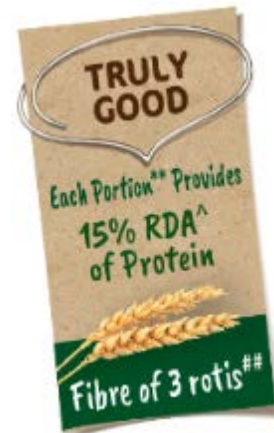


Wholesome proposition targeting the breakfast occasion



With the benefit of an essential nutrient

Protein for performance & Sustained energy



Putting NUTRITION at the heart of what we do

- ✓ Goodness of fibre
- ✓ Loaded with veggies



WHAT'S NEW?

NEW



Nestlé
Milkybar
more Creamy
more Yummy

Per 2 pieces (12.5g)
Energy 61 kcal
4% child's GDA#
Milk is 1st in our recipe

The Healthier Snack
Extra milk protein + Real fruit pieces



Nestlé at+ grekyo
greek yoghurt
litchi
with real Litchis

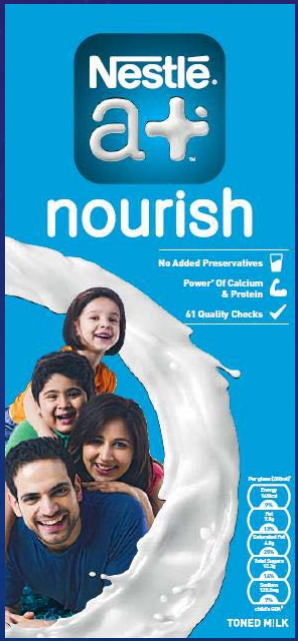
The new
Nestlé Milkybar

**MORE MILK,
LESS SUGAR.
MORE FUN,
LESS TENSION.**



Nestlé at+ nourish

No Added Preservatives ✓
Power* Of Calcium & Protein ✓
61 Quality Checks ✓



TONED MILK

Fortified Milk

Unique Consumer Centric Initiatives



Google meri maggi

All News Images Videos Maps More Settings Tools

About 3,25,000 results (0.47 seconds)

Introducing MAGGI Masalas of India

Pick the 4 flavours you think MAGGI is launching! You can vote everyday. Voting ends midnight on Fri, Apr 21.

0 of 4 votes remaining

[Submit vote](#)

Amrisari Achari	Bengali Jhaal	Gujrati Khaman	Kashmiri Dum
Kochi Malabari	Mumbaiya Chatak	Naga Jolokia	Super Chennai

Unique Consumer Centric Initiatives



Where we are headed

Continuity

Story



Continuity Of Strategy Growth With Sustained Profitability



Volume led growth

Increased penetration and saliency

Innovation and Renovation across brands

Specific initiatives on channel / alternate business opportunities

Need for continued investments to grow portfolio



Enhancing quality of life and contributing to a healthier future



for individuals & families

Enabling healthier and happier lives

for our communities

Helping develop thriving, resilient communities

for the planet

Stewarding resources for future generations



Encouraging over good nutrition and breastfeeding practices through community action

Over 2 million beneficiaries



Creating access to water and sanitation

Over 240,000 students



Reducing water use in agriculture

Nearly 200,000 students



Helping adolescents live healthier

Over 700 employees



Safe and hygienic food

Nearly 2000 vendors



Over 90000 students



Creating awareness about water conservation



Engaging employees in social initiatives



Enhancing rural livelihoods



Over 250,000 farmers

Recycling waste paper at our offices

Over 50 trees saved



Nestlé Cares

Recycle your waste paper

Why Fortify?

70%

Iron Deficiency

65%

Vitamin A Deficiency

45%

Zinc Deficiency



For children below the age of 5, basis national survey 2013-14 conducted by Ministry of Women and Child Development

2-5%

Food items are believed to be fortified with micronutrients

Fortification the solution to micronutrient deficiency



Our task - innovate to support national priorities

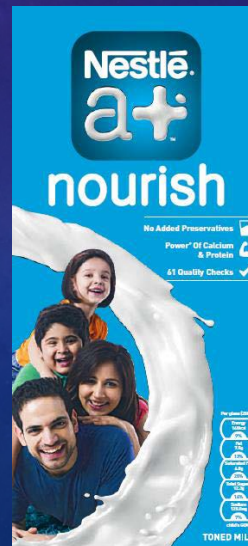
Initiatives

To Manage Malnutrition Via Micronutrient Fortification

Fortification within products/brands

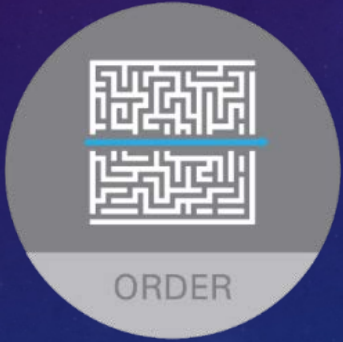


Fortified Milk to hit shelves soon





Institutionalizing Our Learnings



Driven by our purpose and values

Growth plus sustained profits

Focus on penetration + volume to drive growth

Continued efforts towards innovation and renovation

Commitment towards relevant Nutrition Proposition / NHW

Consumer centric initiatives on digital, on ground activation, route to market

People initiatives to internalize change



Agenda

1

Key impacts of transition to Ind AS

2

Financials: January-June 2017

3

Impact of GST on Key Financials

Key impacts of transition to Ind AS

- *Ind AS implemented w.e.f 1st January 2017*
- *Previous period figures restated to make them comparable*

Cost Line	Treatment under IGAAP	Treatment under Ind AS	Change impact	
Excise Duty	Netted from Sales	Separate cost line	Sales	
Incentives to Trade - Marketing - Selling	Adv. & Sales Promotion Selling & Distribution	Netted from Sales	Sales Adv. & Sales Promotion Selling & Distribution	  
Actuarial gains/losses on retirement benefits	Employee Benefits expense	Other Comprehensive Income	Employee benefits	

This is not an exhaustive list

Impact on Key Ratios: 2016

	IGAAP (INR Bio)	Ind AS (INR Bio)	Impact*
Total Sales	91.6	94.1	270 bps
Employee Benefits Expense	9.8	9.0	
<i>% Total Sales</i>	<i>10.8</i>	<i>9.6</i>	<i>120 bps</i>
Advertisement & Sales Promotion	5.7	5.0	
<i>% Total Sales</i>	<i>6.2</i>	<i>5.3</i>	<i>90 bps</i>
Selling & Distribution	4.6	4.4	
<i>% Total Sales</i>	<i>5.0</i>	<i>4.7</i>	<i>30 bps</i>
Profit from Operations	15.7	16.5	
<i>% Total Sales</i>	<i>17.2</i>	<i>17.6</i>	<i>40 bps</i>
Net Profit after Tax	9.3	10.0	
<i>% Total Sales</i>	<i>10.1</i>	<i>10.6</i>	<i>50 bps</i>

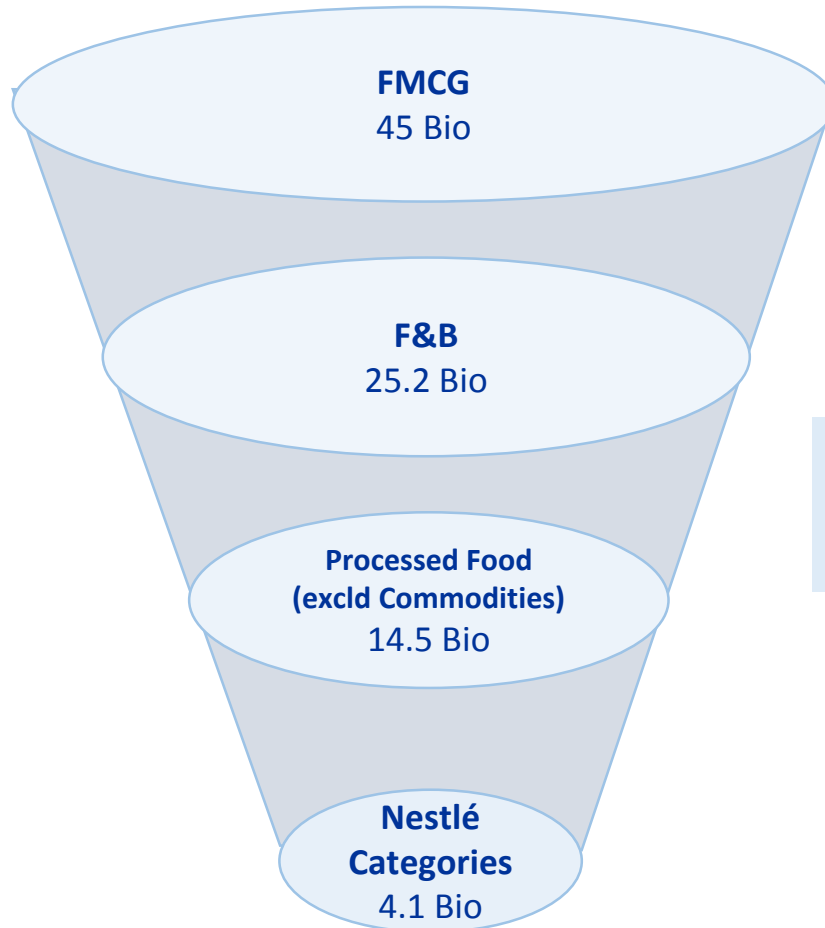
* Includes the denominator Impact

Market Dynamics H1 2017

Source : AC Nielsen

Market Size

2016



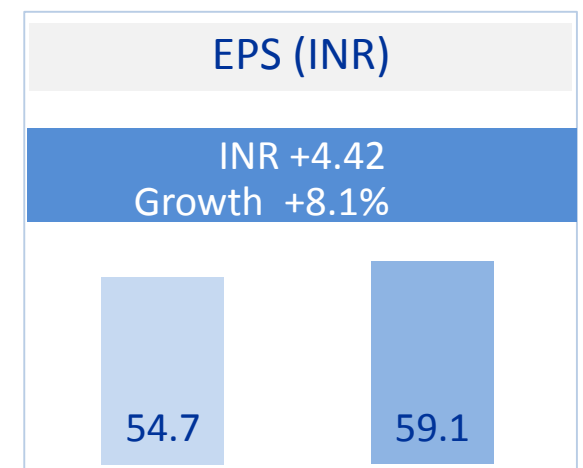
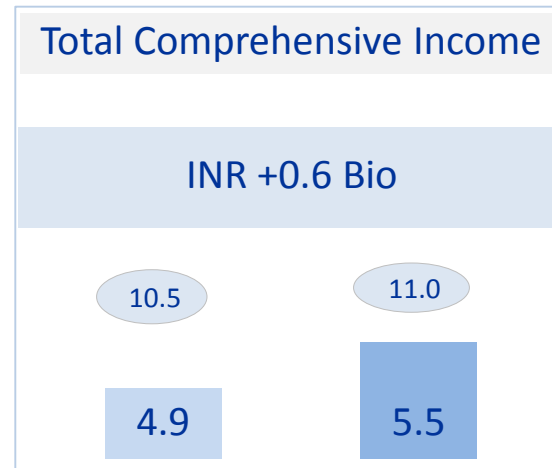
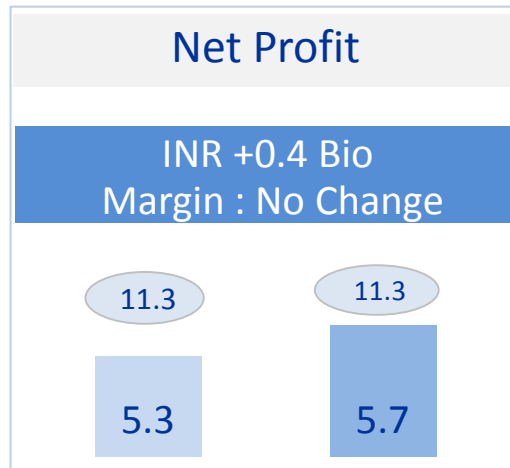
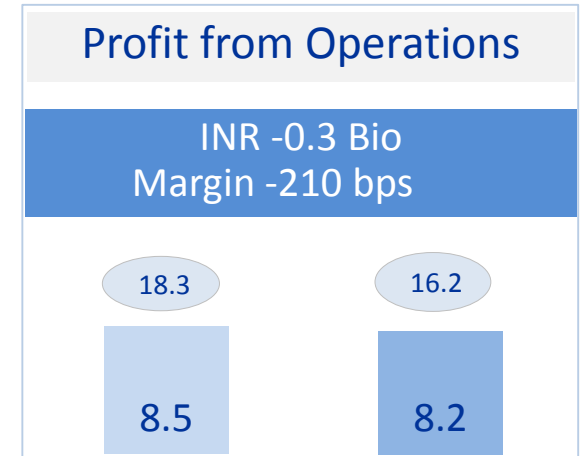
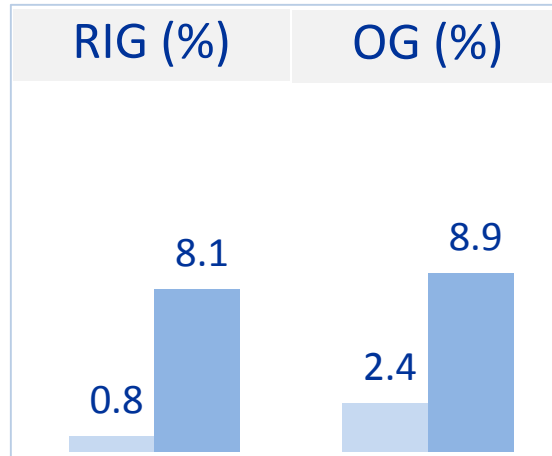
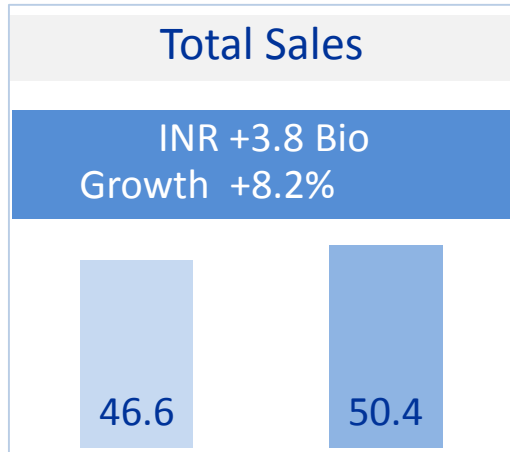
The market momentum remained attractive

Market Size in USD Bio for 2016 (1USD = INR 67.19)

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

Highlights : January - June

Amount in INR billion unless otherwise stated



H1'16
 H1'17
 % of Sales

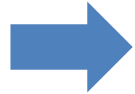
RIG & OG % are based on Third Party Sales

Evolution of Quarterly results

■ Q1 ■ Q2 ■ Q3 ■ Q4

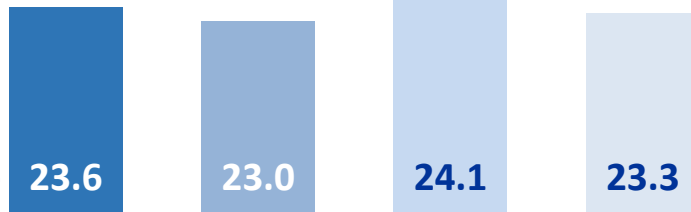
Total Sales

% YoY Growth



12.8			
-7.8	16.4	34.6	15.9

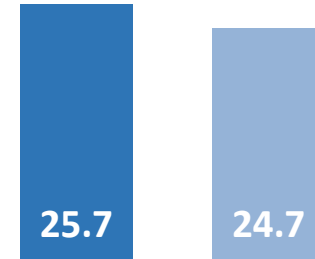
INR Bio



2016

8.2	
9.1	7.3

INR Bio



2017

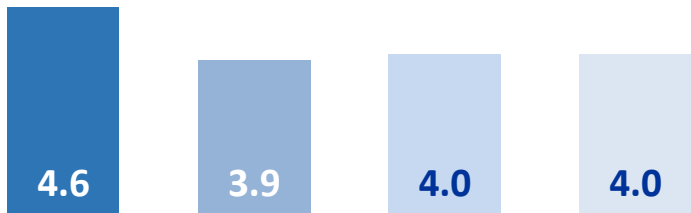
Profit from Operations

% of Net Sales



17.6			
19.4	17.1	16.6	17.2

INR Bio



16.2	
17.0	15.4



Sales Performance

Domestic Sales

93

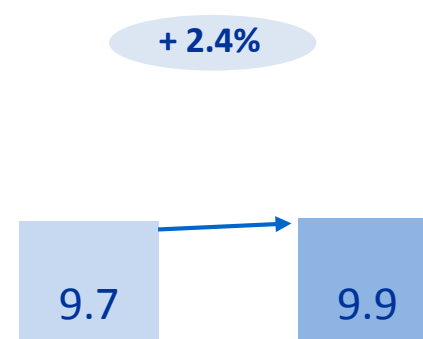
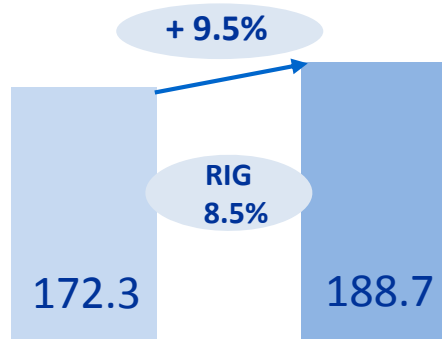
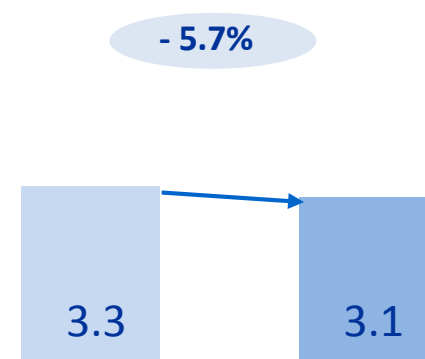
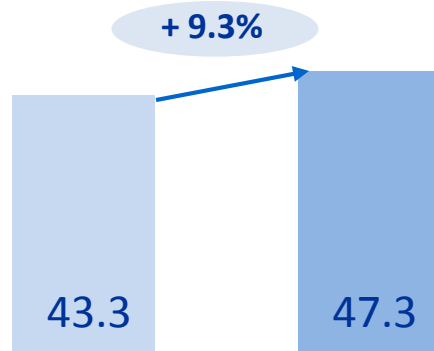
94

% Contribution

Export Sales

7

6



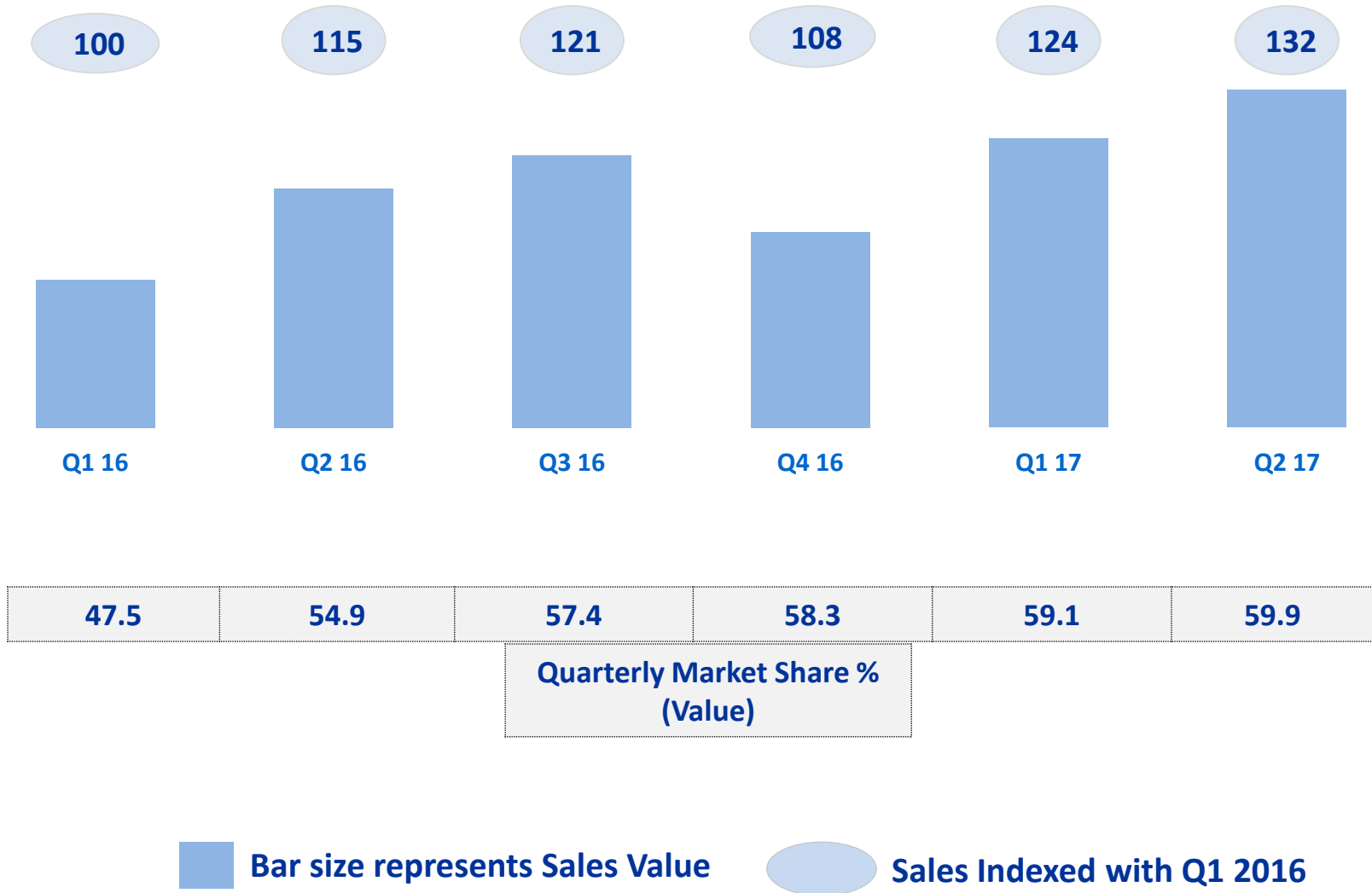
H1'16 H1'17

Domestic Sales - Value Growth



Domestic Sales Growth supported by rebuild of Maggi Noodles and New Products

Rebuilding the MAGGI Noodles business



New Products contributing to growth

% Contribution to domestic sales

0.7

2.2

2.8



H1'16



H2'16

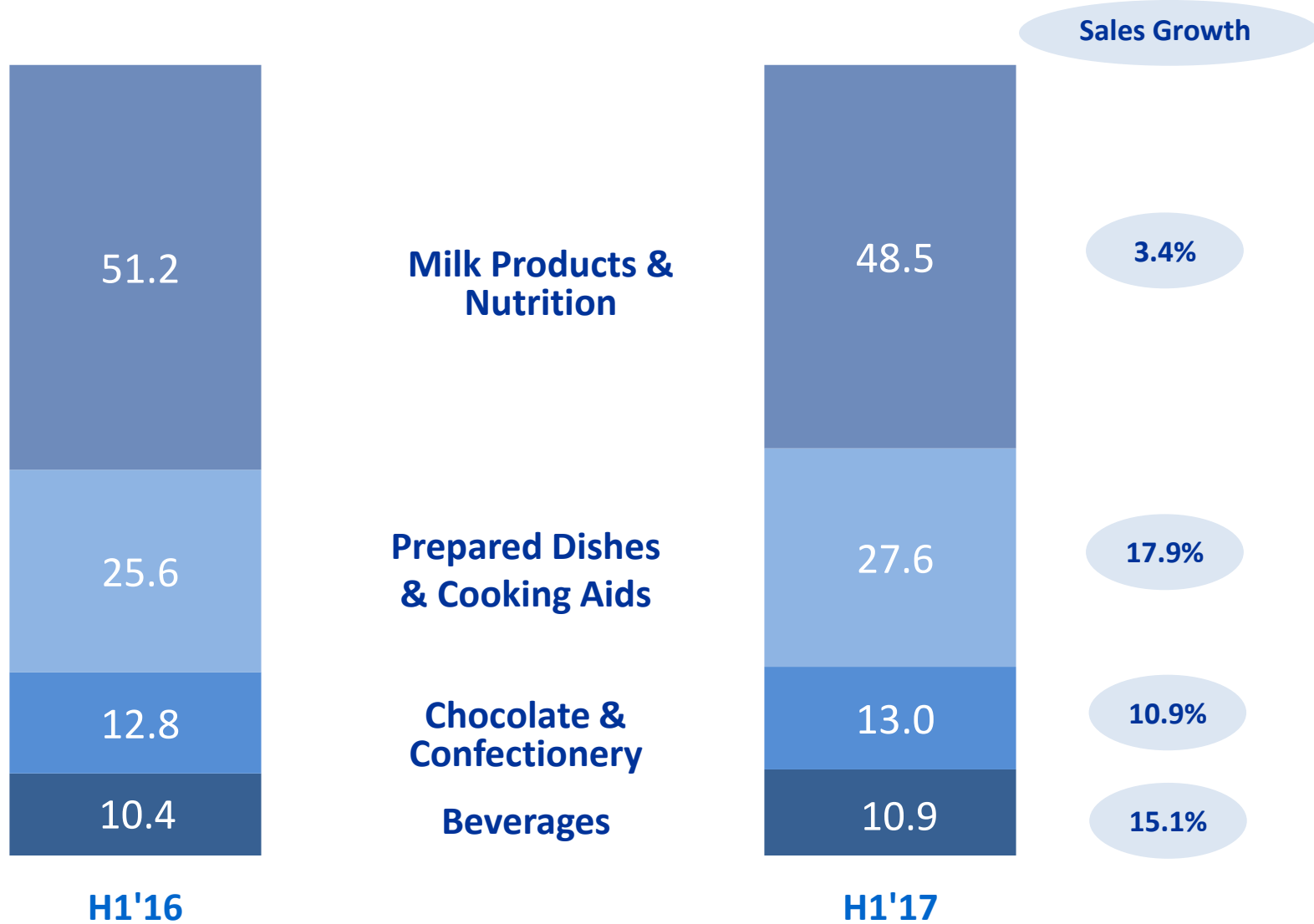


H1'17

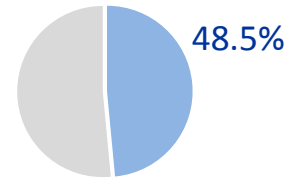
Bar size represents sale of New Products



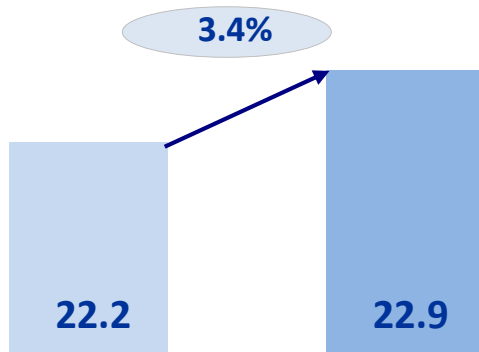
Category Contribution to Domestic Sales



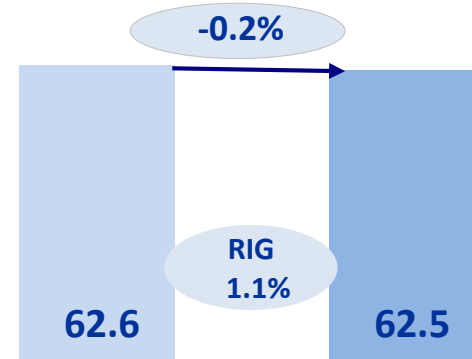
Milk Products & Nutrition - Domestic



Value (INR Bio)



Volume (000' Tons)



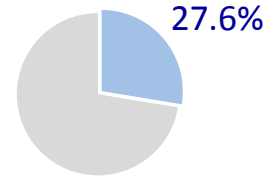
H1'16 H1'17

Strong Growth in NAN and Milkmaid

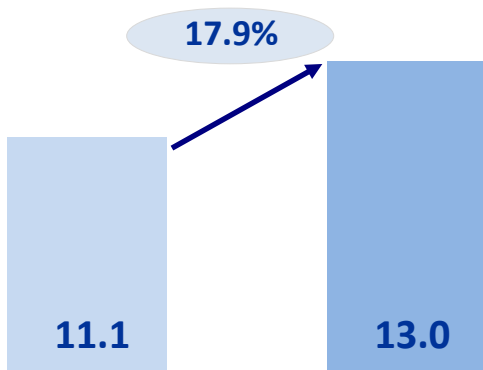
Overall Growth adversely impacted by availability of Surplus Fat.
Value:60 bps, Volume:120 bps, RIG: 90 bps



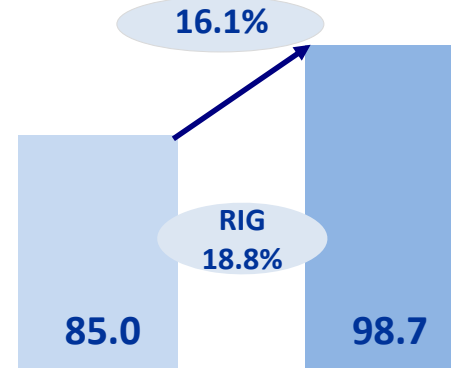
Prepared Dishes & Cooking Aids - Domestic



Value (INR Bio)



Volume (000' Tons)



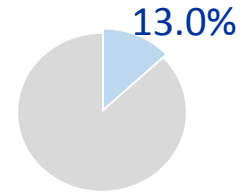
H1'16 H1'17

Rebuilding Maggi Noodles

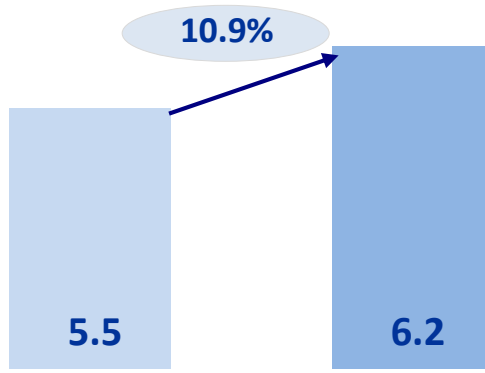
Valuing up the Portfolio



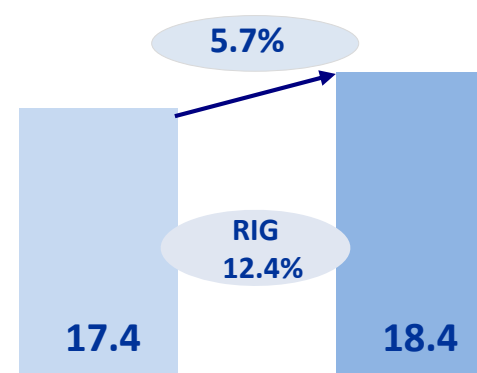
Chocolate & Confectionery - Domestic



Value (INR Bio)



Volume (000' Tons)



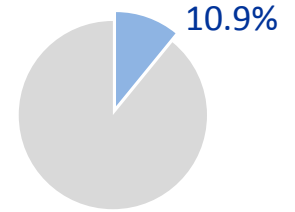
H1'16 H1'17

Strong Growth in KitKat & Munch

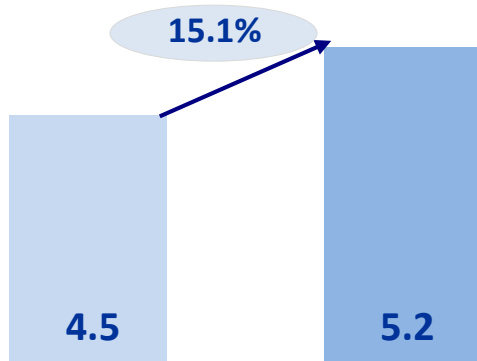
Focused on Value Up and Mainstream



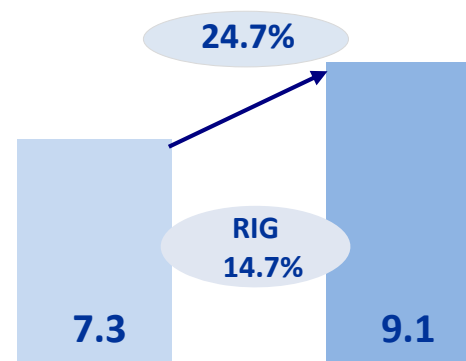
Beverages - Domestic



Value (INR Bio)



Volume (000' Tons)



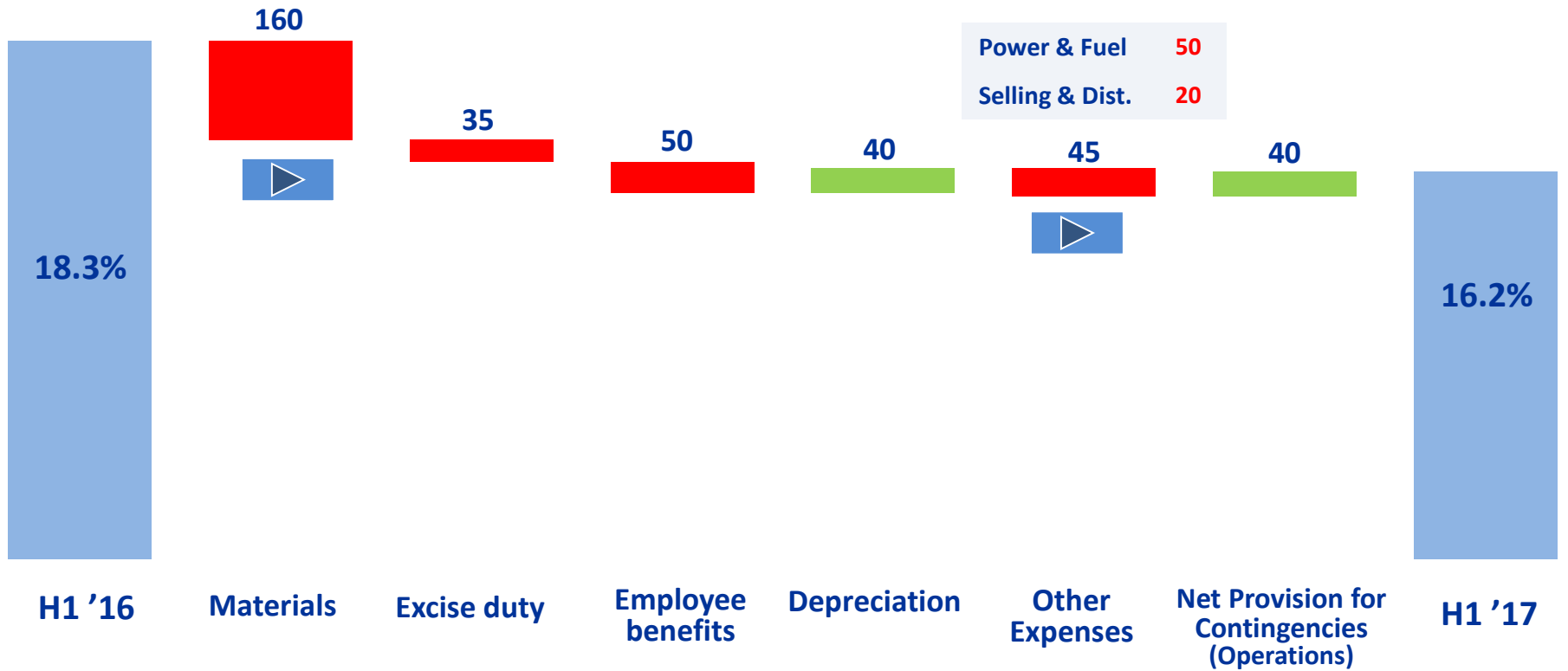
H1'16 H1'17

Strong Growth in NESCAFE Classic

Growth, especially Volume growth, positively influenced by introduction of NESCAFE & MILO RTD

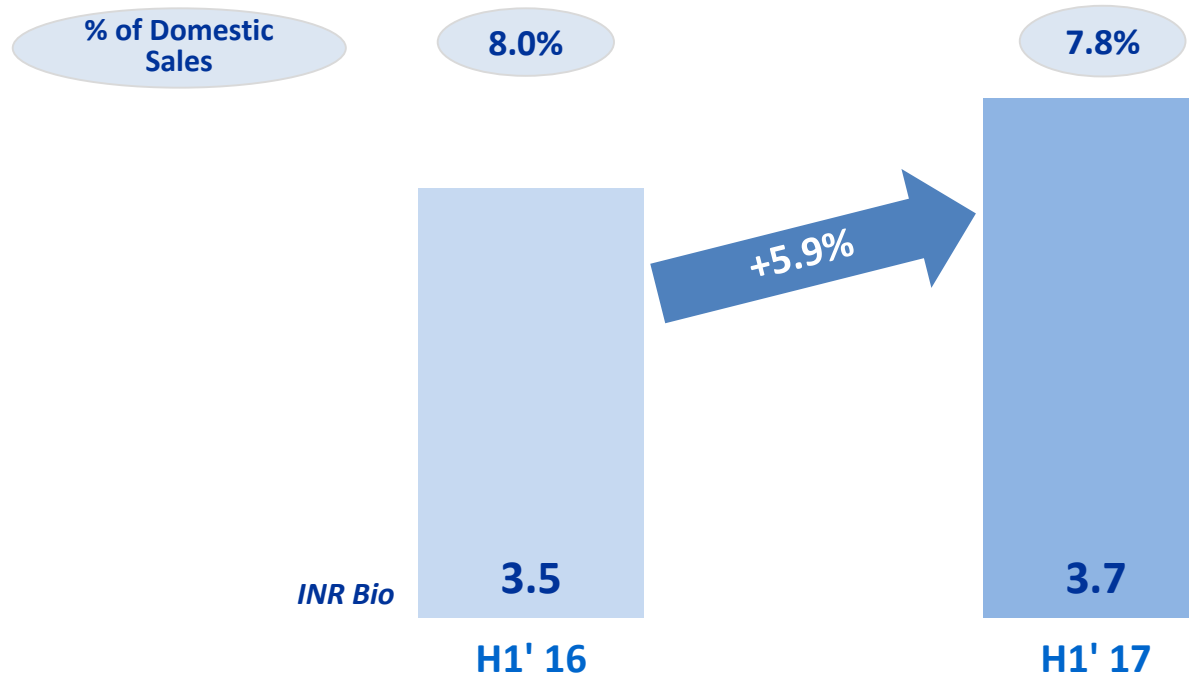


Movement of Profit from Operations



Sharp increase in commodity prices have been only partially passed on to consumers

Marketing Spend

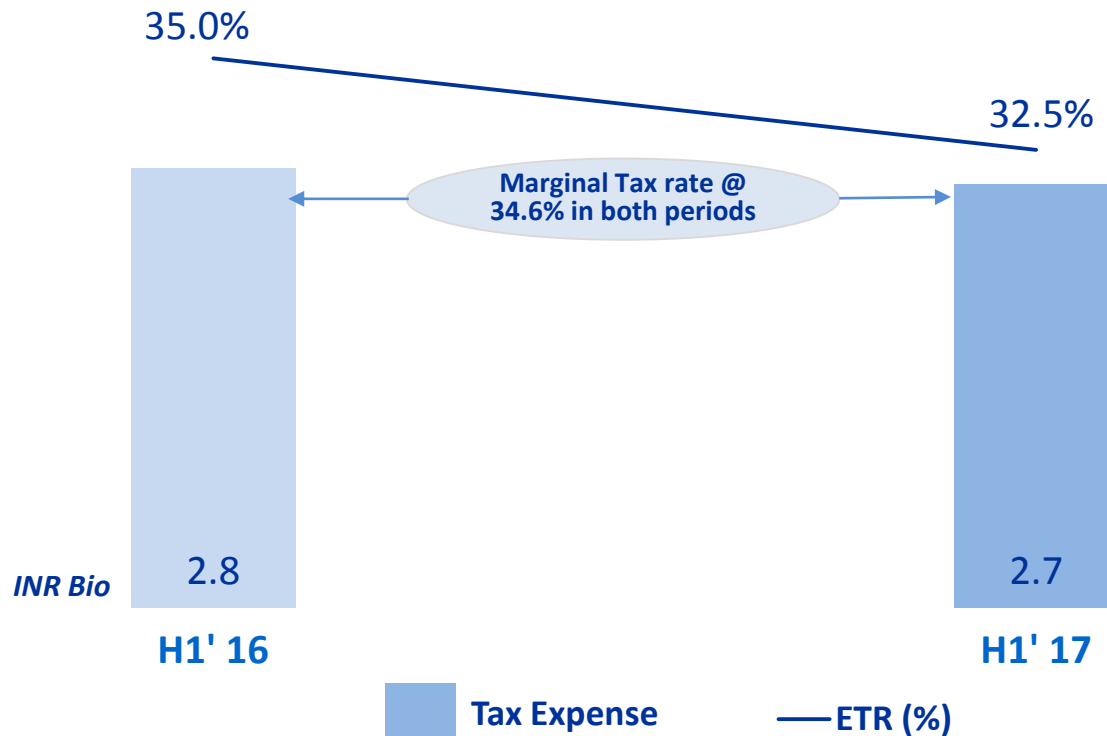


Marketing spends redirected towards New Products

Accelerated spends on digital platforms

**Marketing Spend include: Advertisement & Sales Promotion, Marketing & Selling incentives to trade, free goods to consumers etc.*

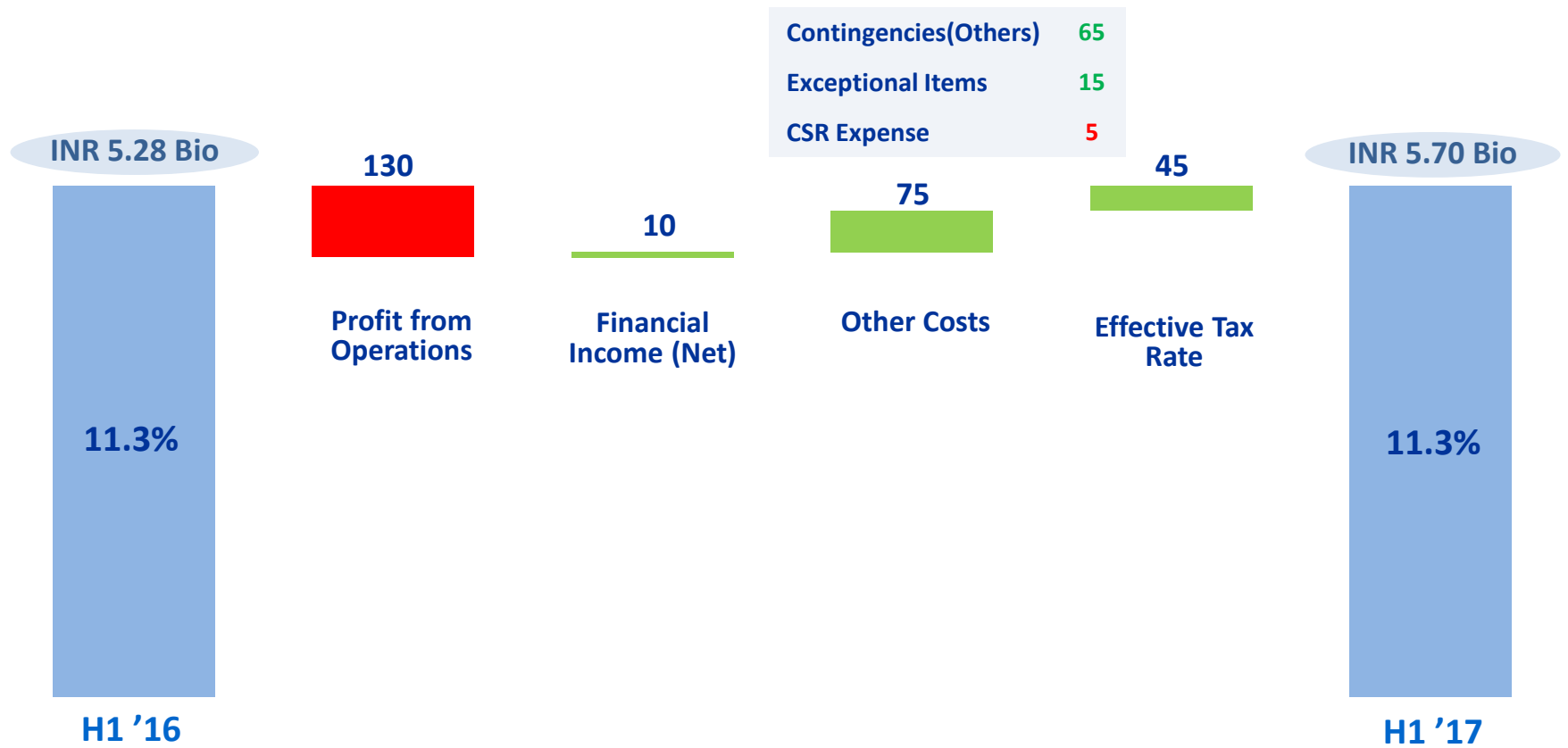
Tax Expense and Effective Tax Rate



ETR improves as H1 '16 had "one offs" and H1'17 has higher tax holiday & tax free income

The first 5 years of tax holiday @ 100% of profits of "Samalkha factory Unit II" ended on 31st March 2017. For the next 5 years, tax holiday is applicable @ 30% of profits.

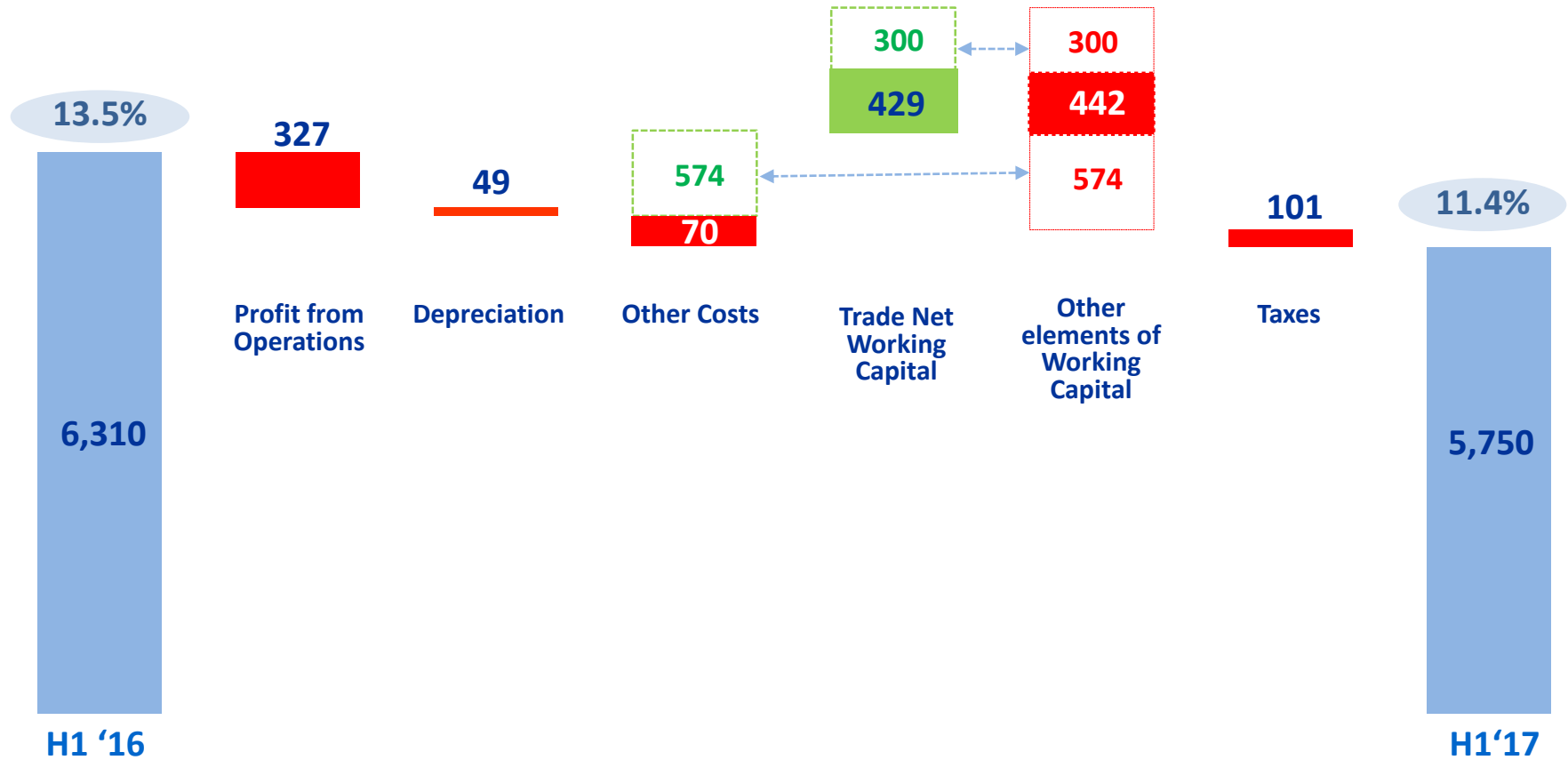
Net Profit after Tax



% and bps movements are net of effective tax & in reference to sales

Cash generation from Operating activities

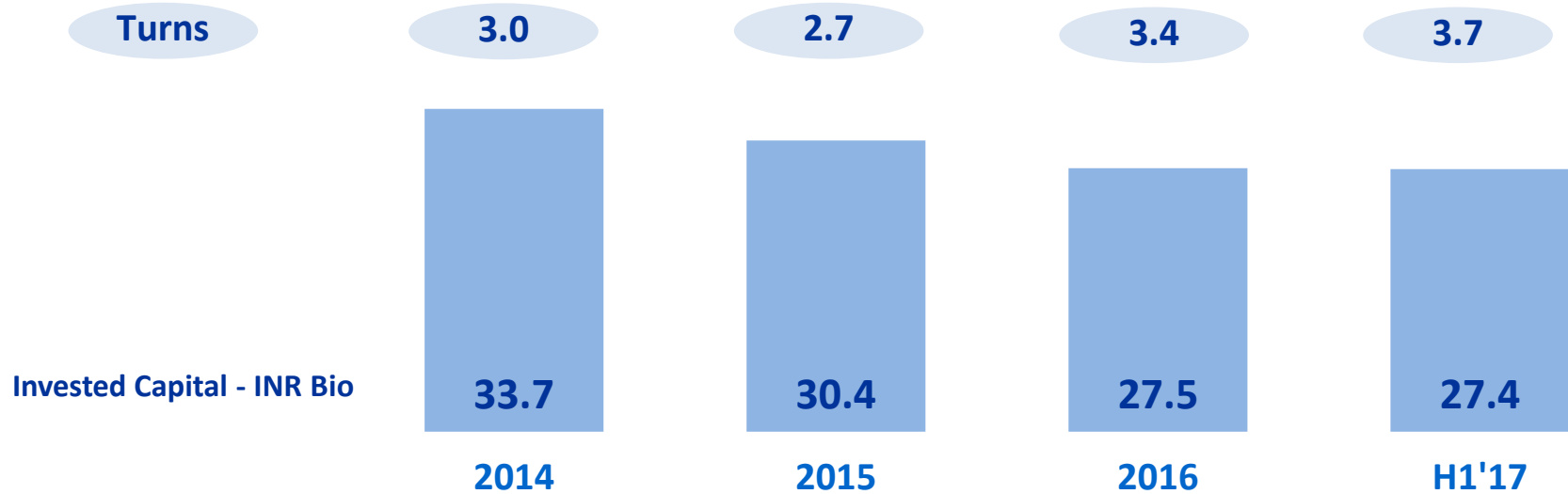
INR Million



% are in reference to sales

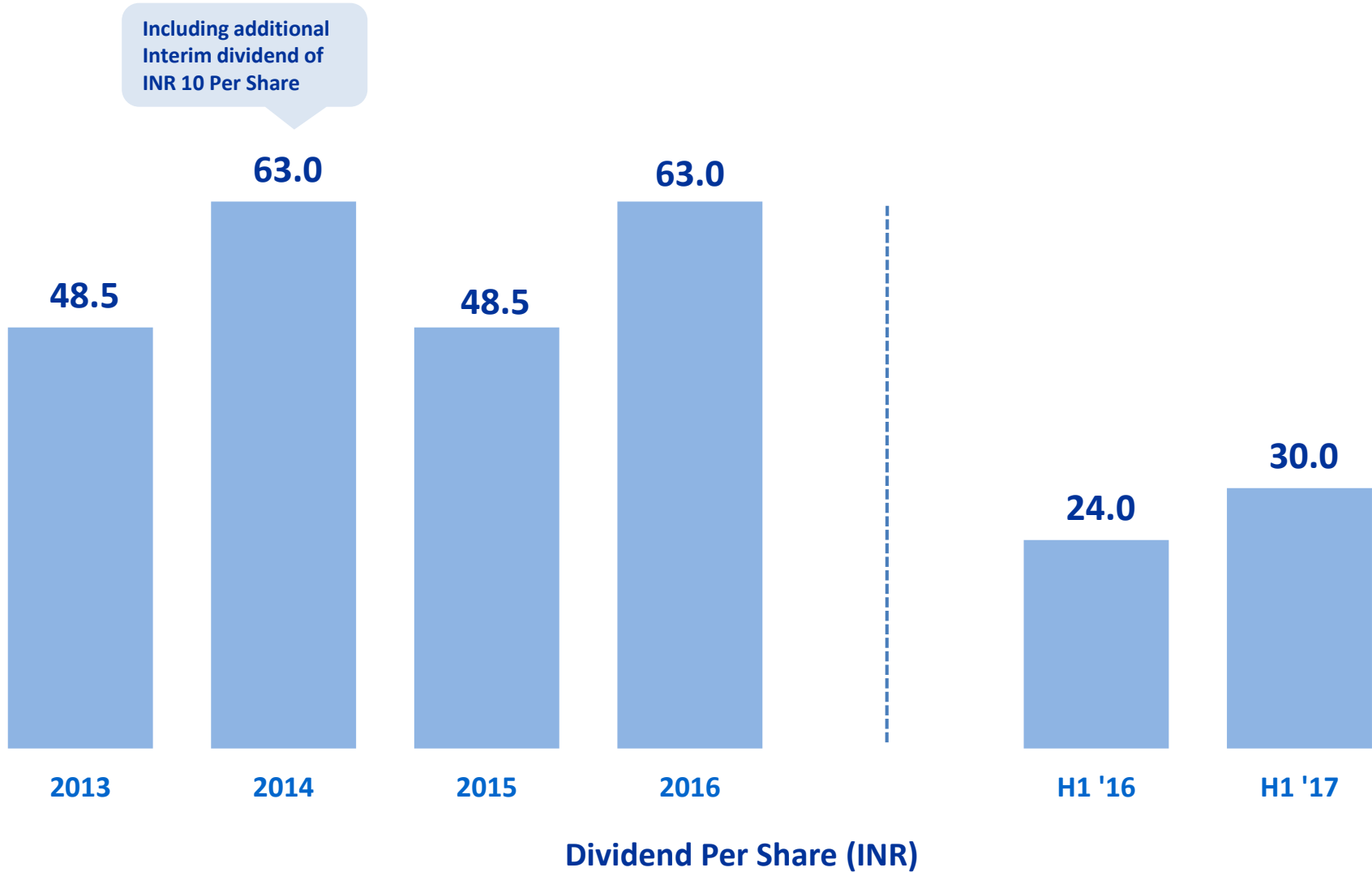
Capital Efficiency & Value Creation Improves

ROIC %	35.6	18.9	38.5	39.4
Economic Profit%	21.1	5.0	24.6	27.2

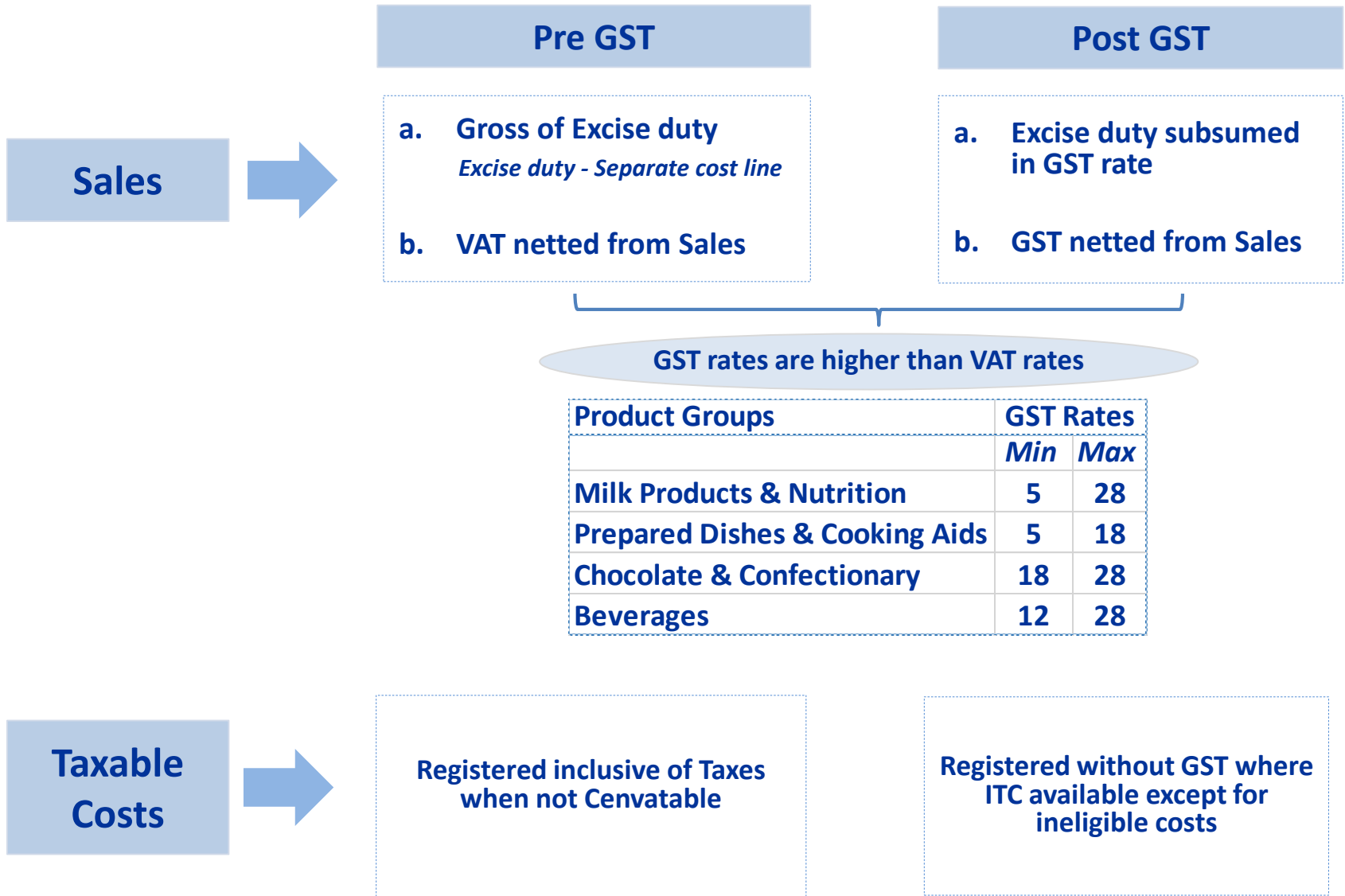


Invested capital : basis average of 5 quarter end (Nestlé Internal Reporting Standards)

Dividend Payout Increased



Impact of GST on Key Financials



Impact of GST on Key Financials

Sales Growth



- **Reported Sales will be lower by ~ 525 bps**
[At Product Group level, the impact is between 150 to 1250 bps]
- **Domestic Growth rate will be adversely impacted till Jun'18**
e.g. H1'2017 domestic sales growth of 9.3% would be 3.6% post GST [-570 bps]

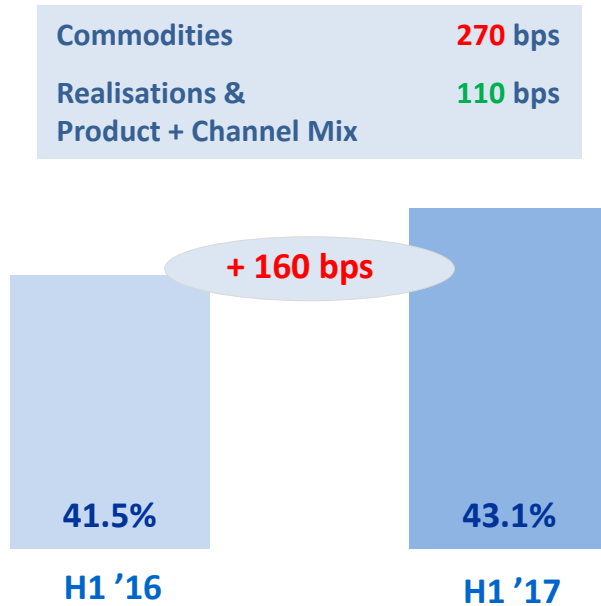
Ratio Analysis



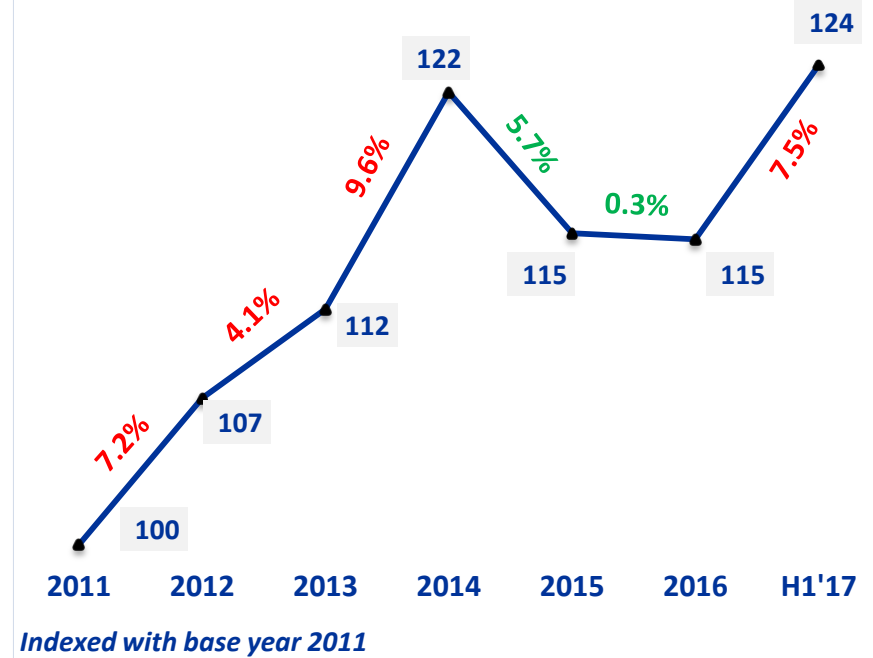
Ratios like Cost in % of sales, Profit Margins, Asset turns, Working Capital turnover etc. will undergo a change and remain impacted till Jun'18

Cost of Materials Consumed

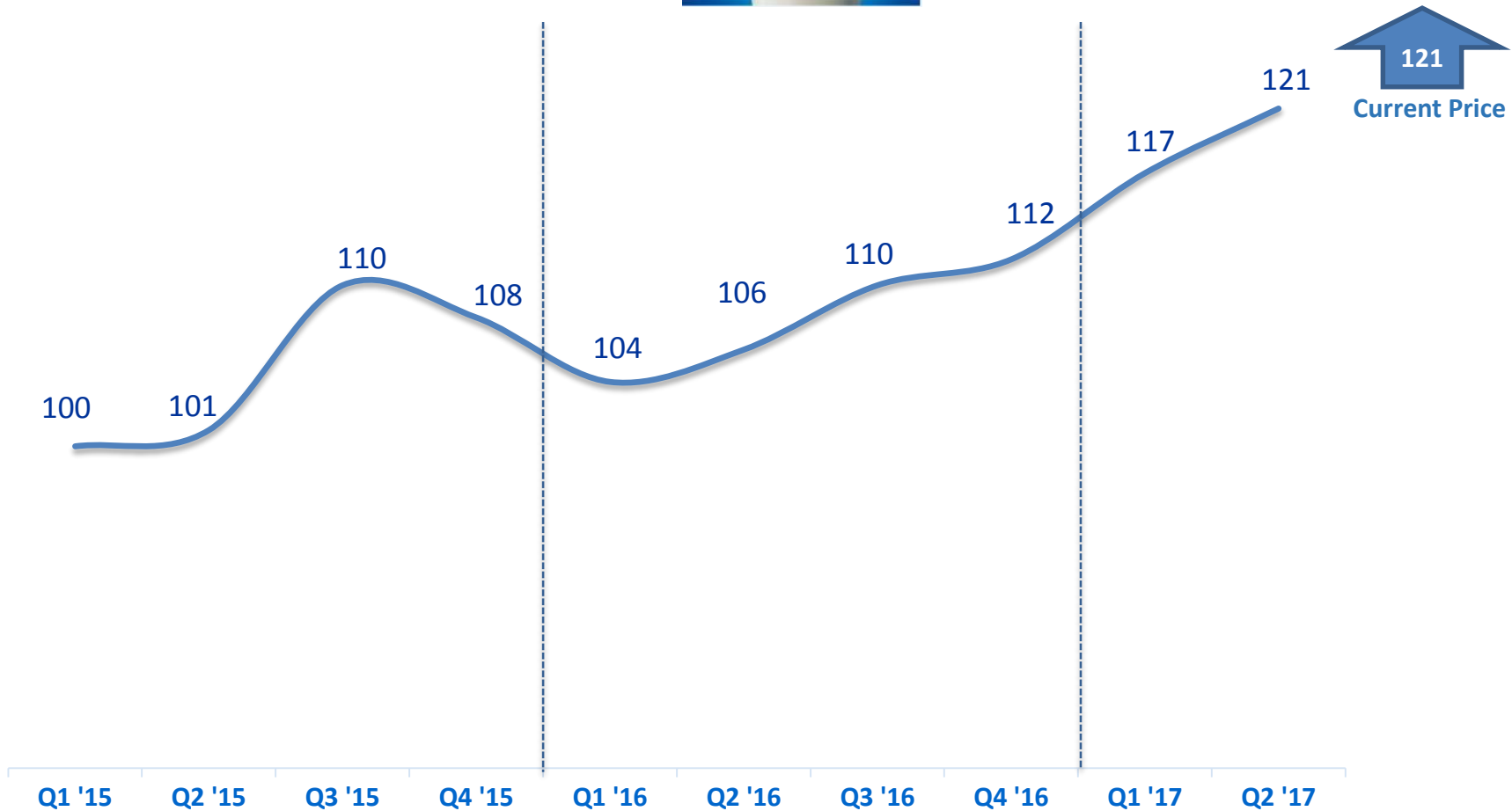
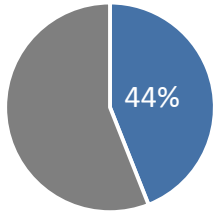
Material Costs (% of Sales)



Nestlé India's Commodity basket Price Index

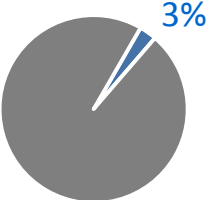


Milks Consumption Price Index

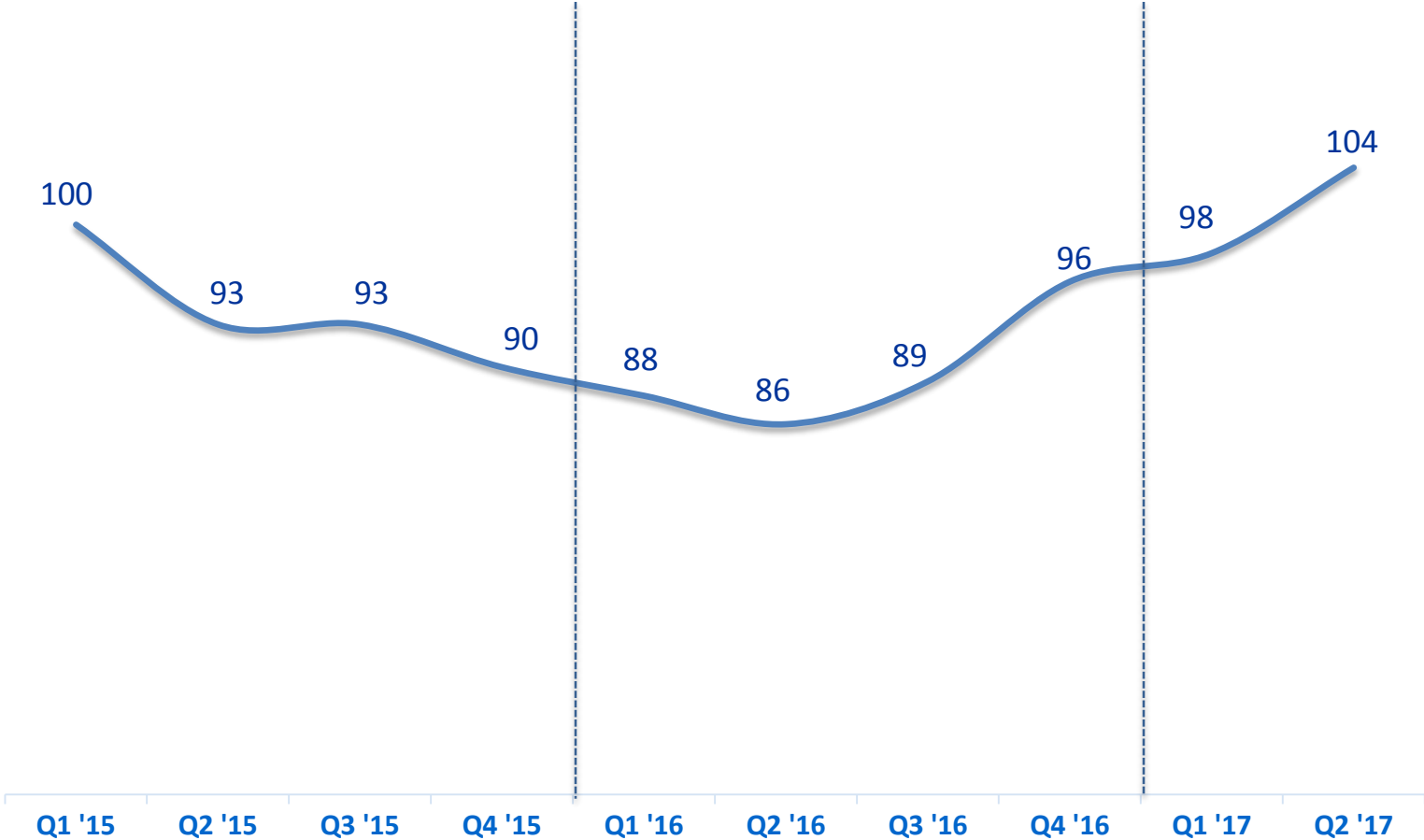


Indexed with base Q1-15

MSK Consumption Price Index

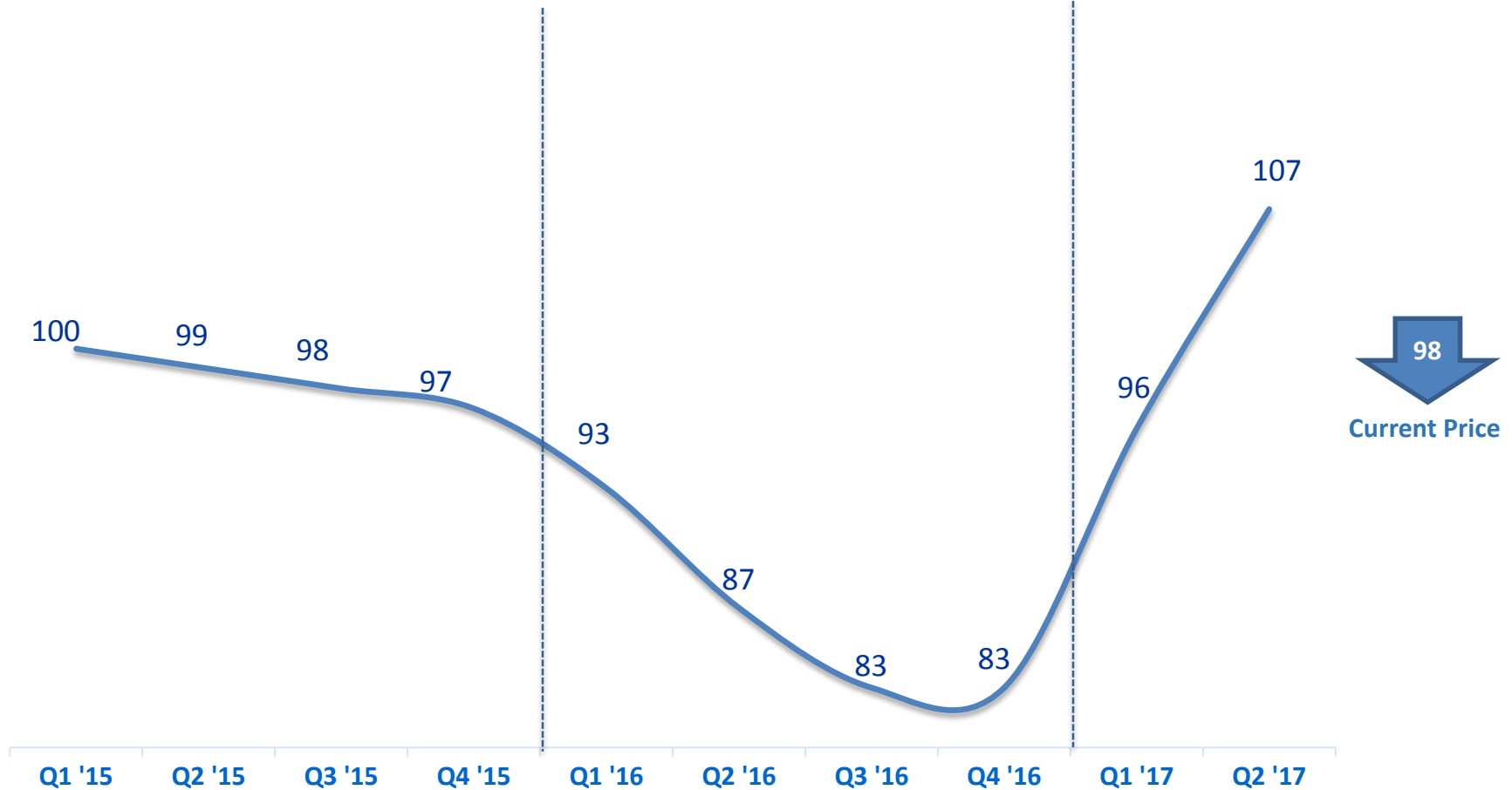
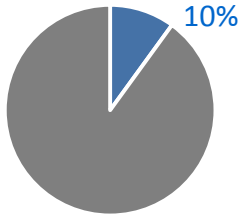


105
Current Price



Indexed with base Q1-15

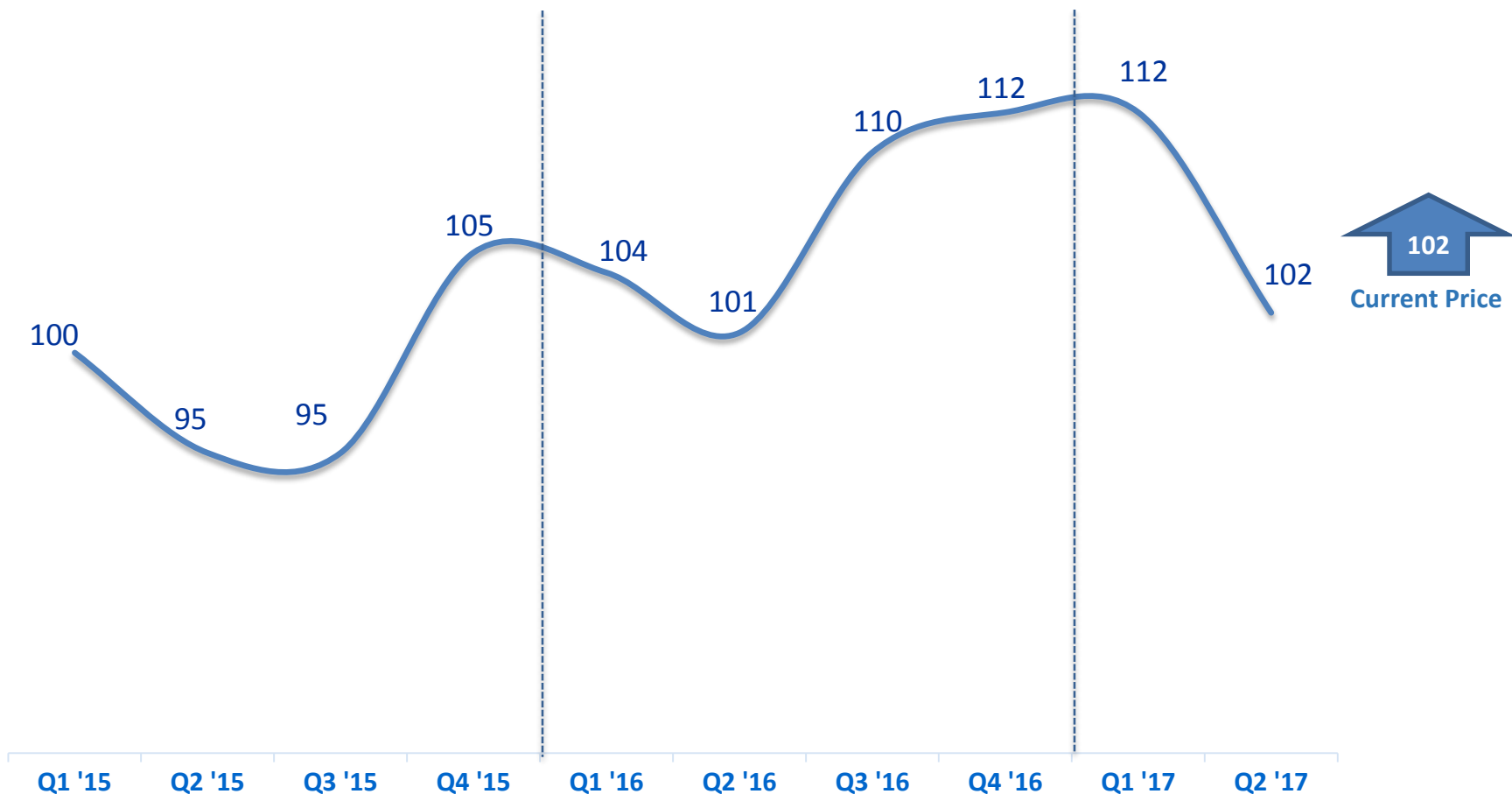
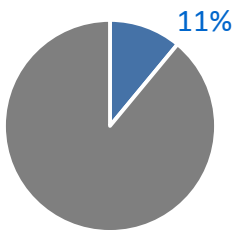
Green Coffee Consumption Price Index



98
Current Price

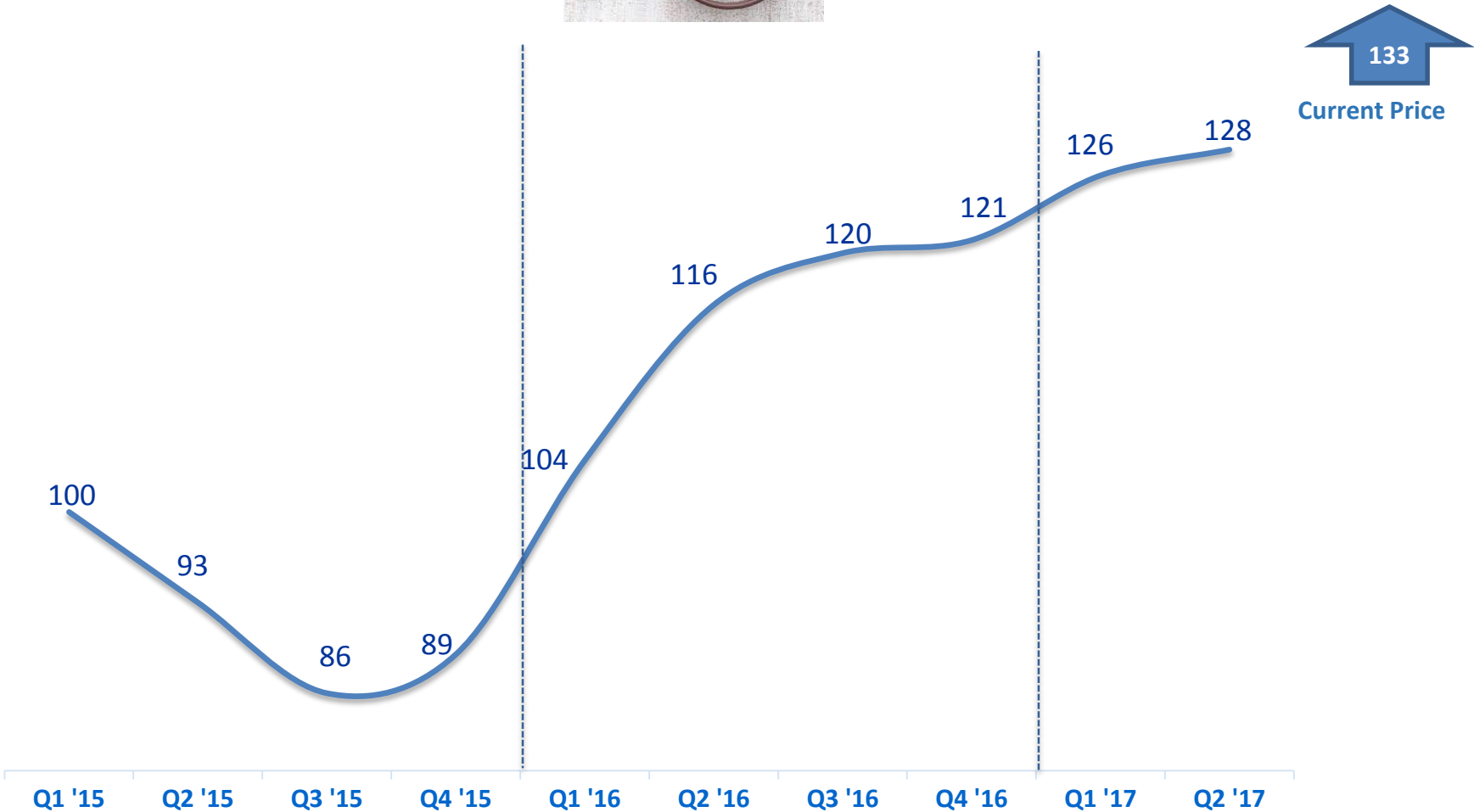
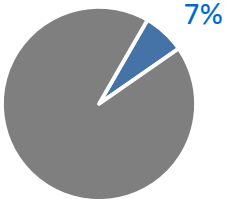
Indexed with base Q1-15

Wheat Flour Consumption Price Index



Indexed with base Q1-15

Sugar Consumption Price Index

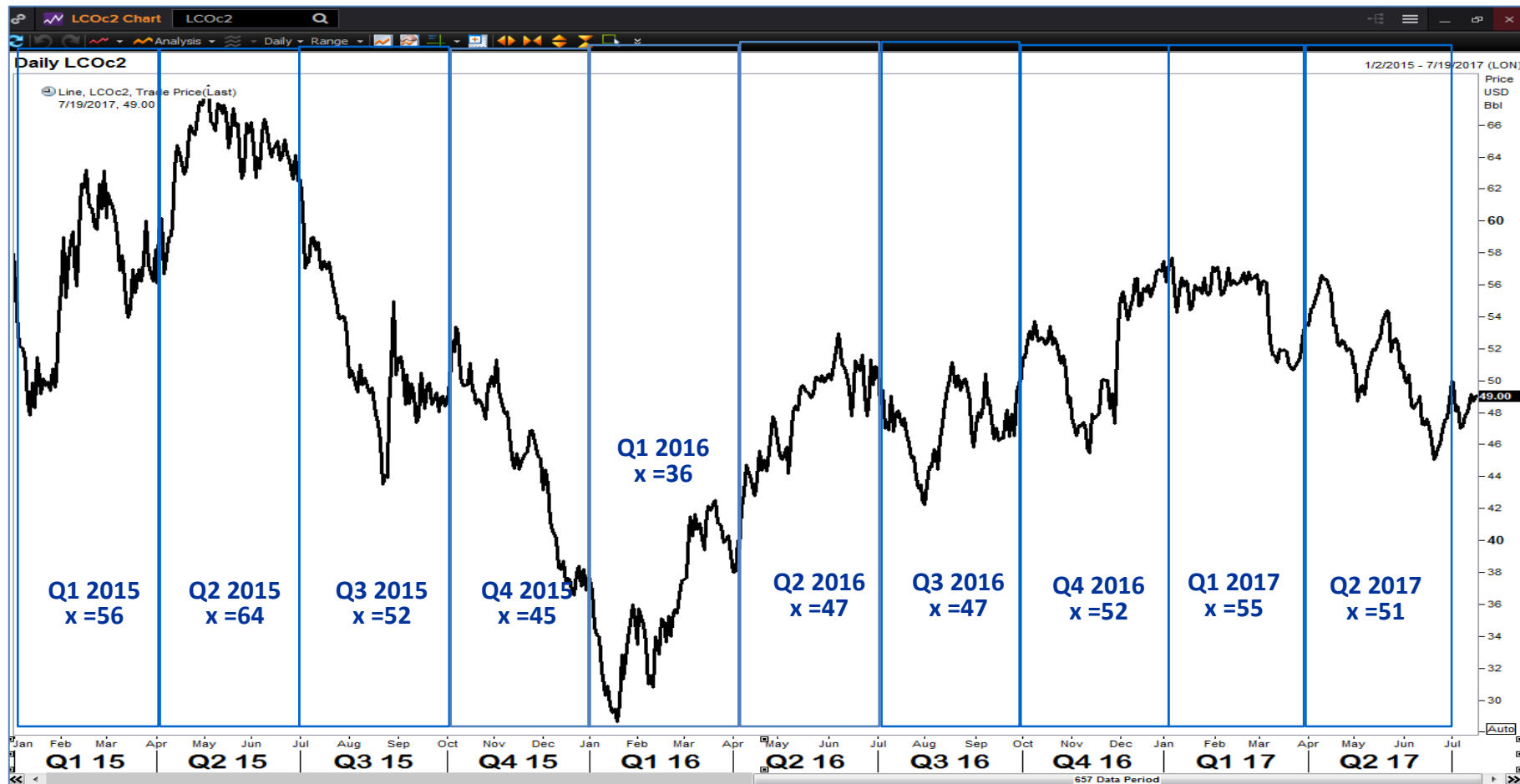


Indexed with base Q1-15

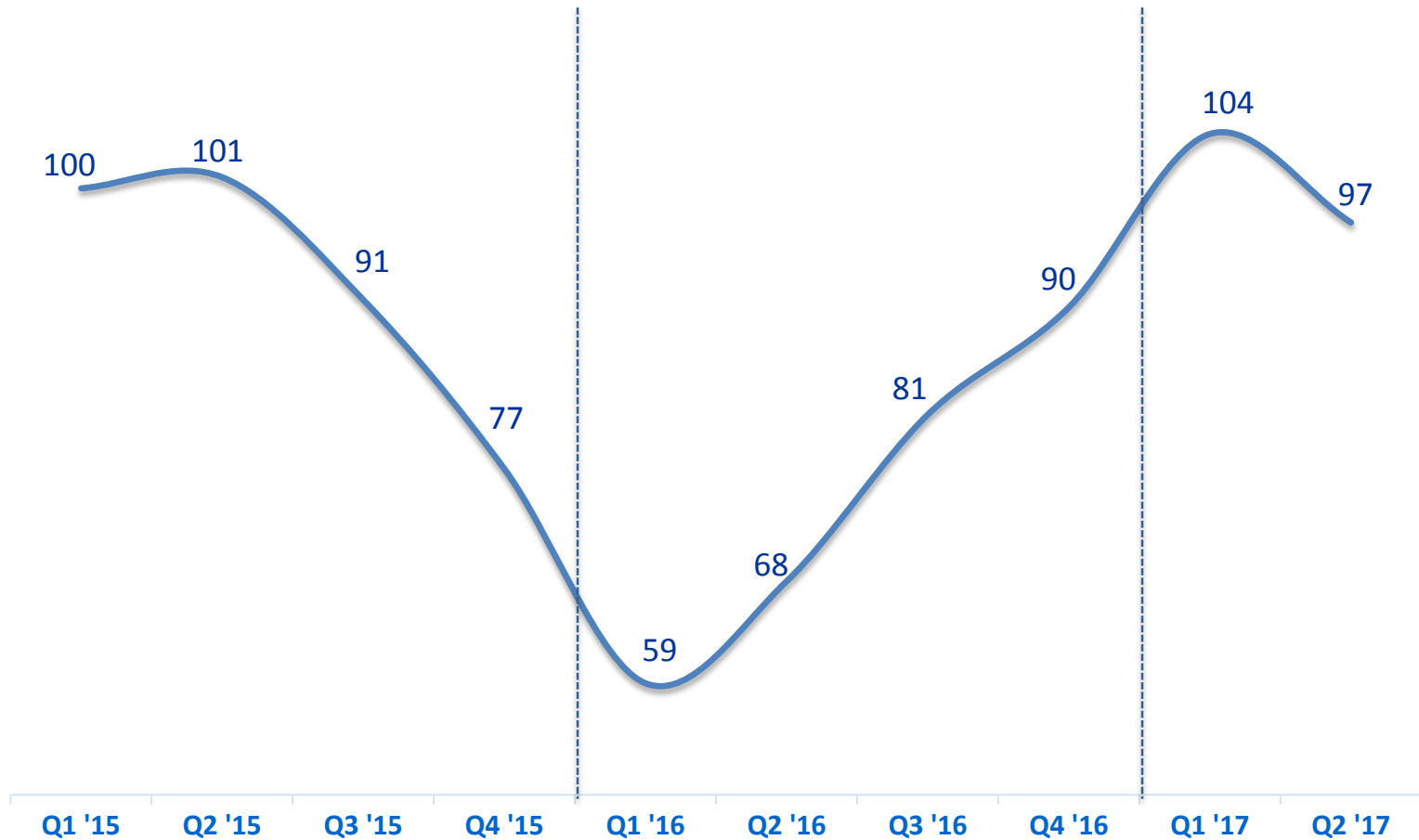


Brent Crude

USD per barrel

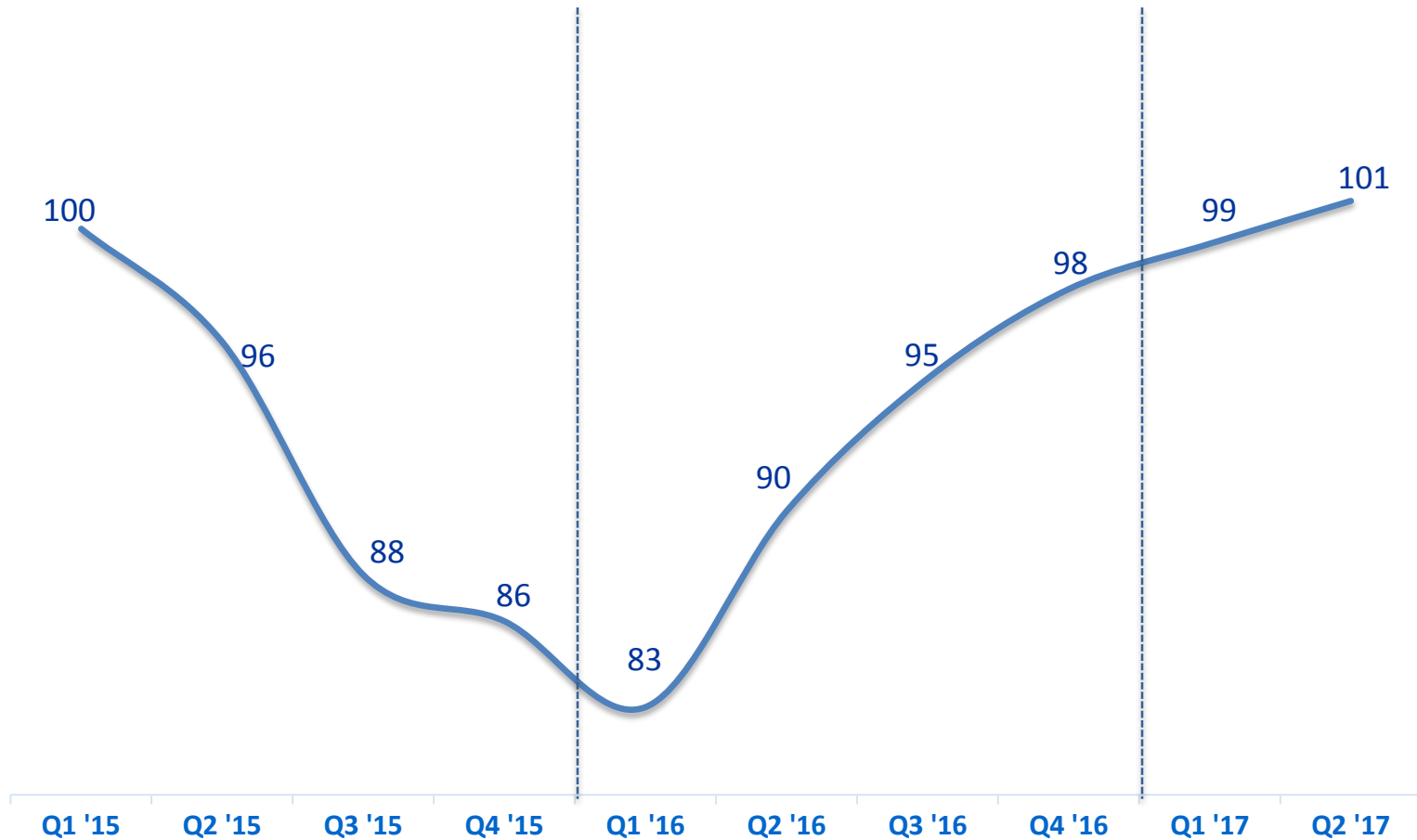


Furnace Oil Consumption Price Index



Indexed with base Q1-15

High Speed Diesel Consumption Price Index



Indexed with base Q1-15

