



Nestlé Good food, Good life

Unwavering **Commitment**,
Resilient **Journey**,
Promising **Horizons!**

Nestlé India
Half Year
Earnings Call

28 July 2022



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- Except for the historical financial information contained herein, this presentation may contain statements which reflect Management's current views and estimates and could be construed as forward-looking statements. You are cautioned not to place undue reliance on these forward-looking statements, which holds only as of the date.
- 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 but are not limited to factors such as changes in general economic, political or market conditions, commodities and currency fluctuations, competitive product and pricing pressures, industrial relations and regulatory developments.
- Significant disruptions in the operations due to unforeseen events (including as a result of the spread of disease)
- Volume and Mix and Organic Growth (OG) are basis Nestlé Internal Reporting Standards.
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Agenda

16:00 - 16:30

Unwavering Commitment,
Resilient Journey,
Promising Horizons!
By
Suresh Narayanan

16:30 - 17:15

Q&A



Unwavering Commitment, Resilient Journey, Promising Horizons!

By
Suresh Narayanan



Key Takeaways Last Time

Sustainable volume led growth



Strong value growth across rural and urban India

Sustainable performance



Innovation continues to be an engine of growth

Implemented future ready plans for our people



Strong commitment to transform using data and analytics

Sustainable initiatives at the core of being a force for good



Immediate concerns on inflation, while the road looks promising



What We Will Go Through Today...

Financial Highlights
– H1'22



On the
Horizon



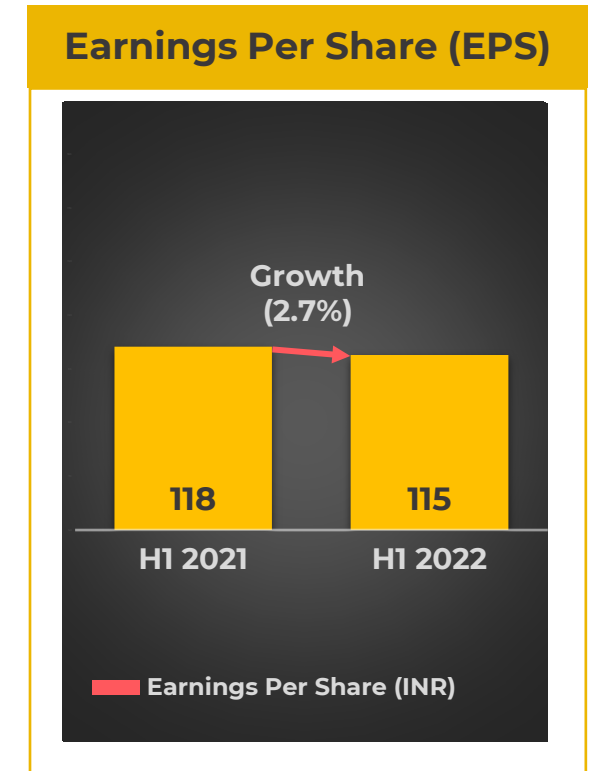
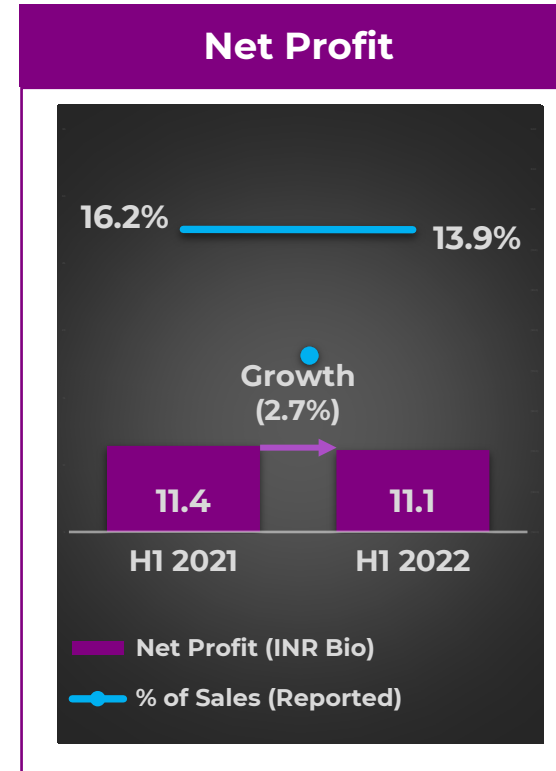
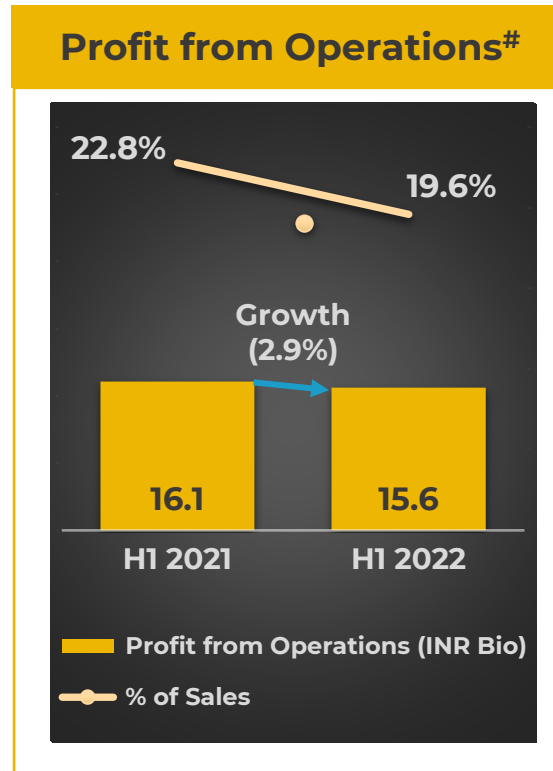
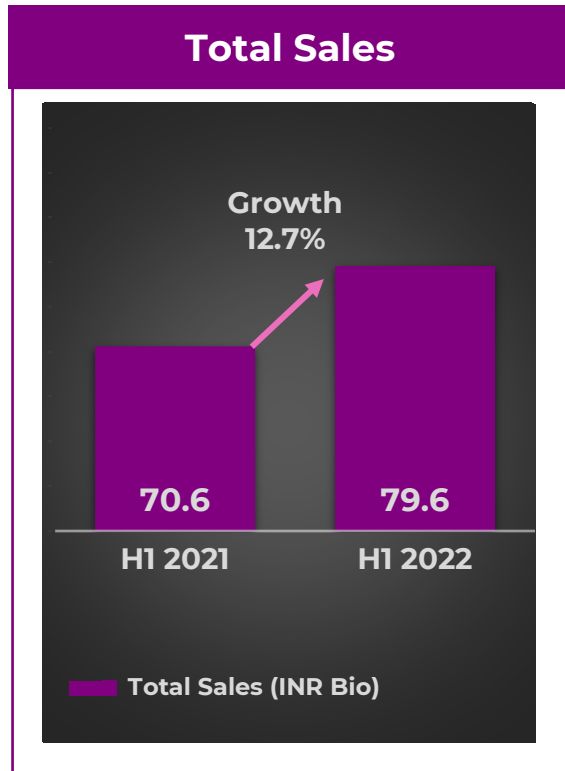
Purina
Pet care



Financial Highlights

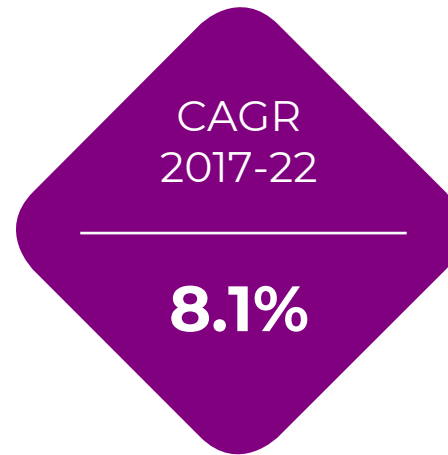
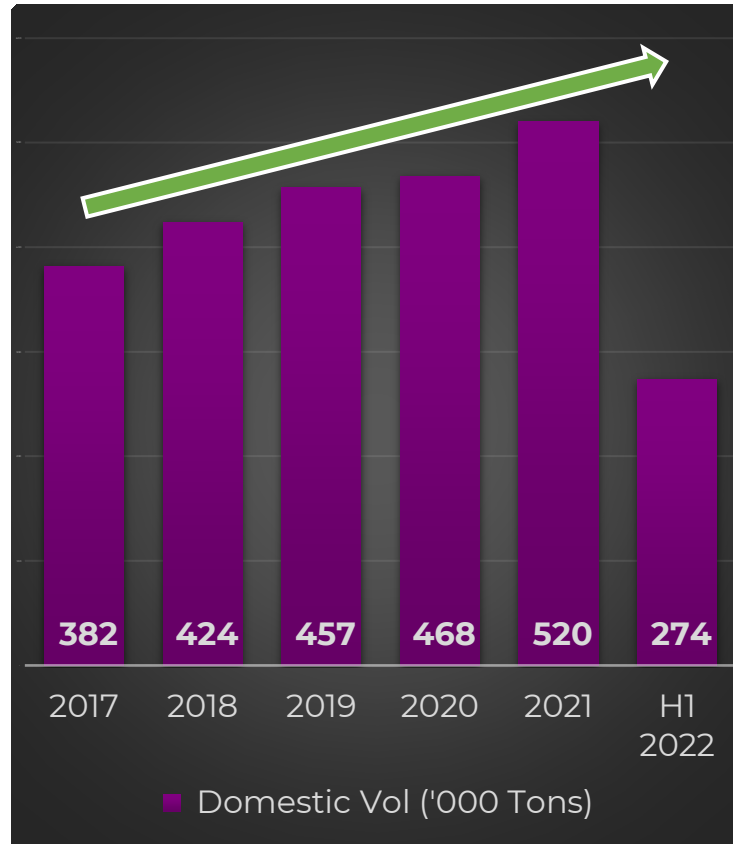


Key Highlights: Sales Growth Robust; Profit From Operations Impacted

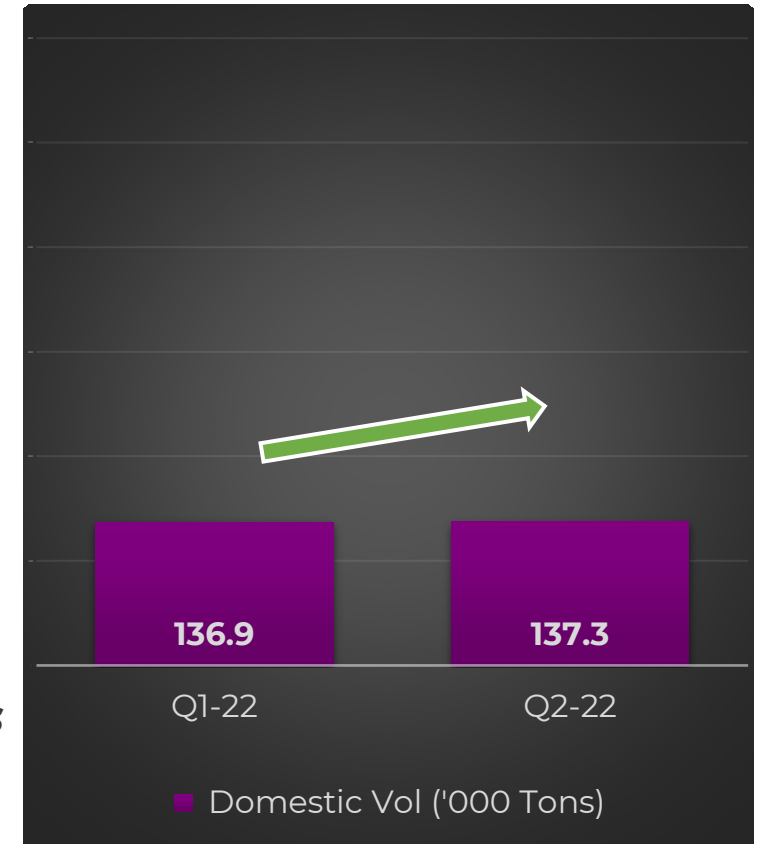


[#]Profit from Operations is derived from Profit before Tax less Other Income and adding back Finance Costs (Including Interest Cost on Employee Benefit Plans), Net Provision For Contingencies (Others), Corporate Social Responsibility Expense and Exceptional Items.

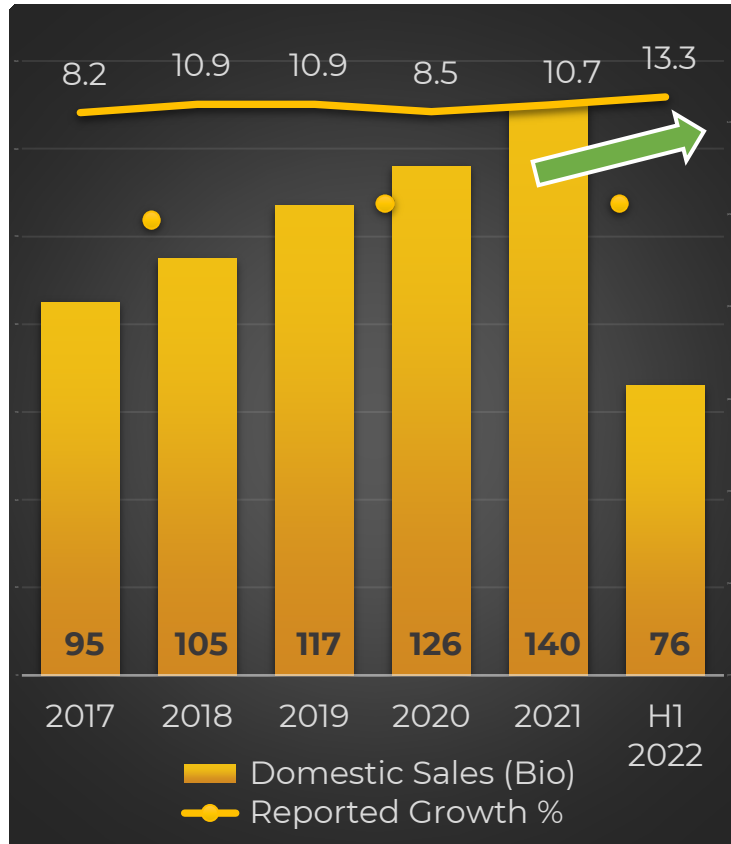
Sustained Volume & Mix Led Growth In Steep Inflation Context



***Engine of growth continues
to be penetration led
volume growth***

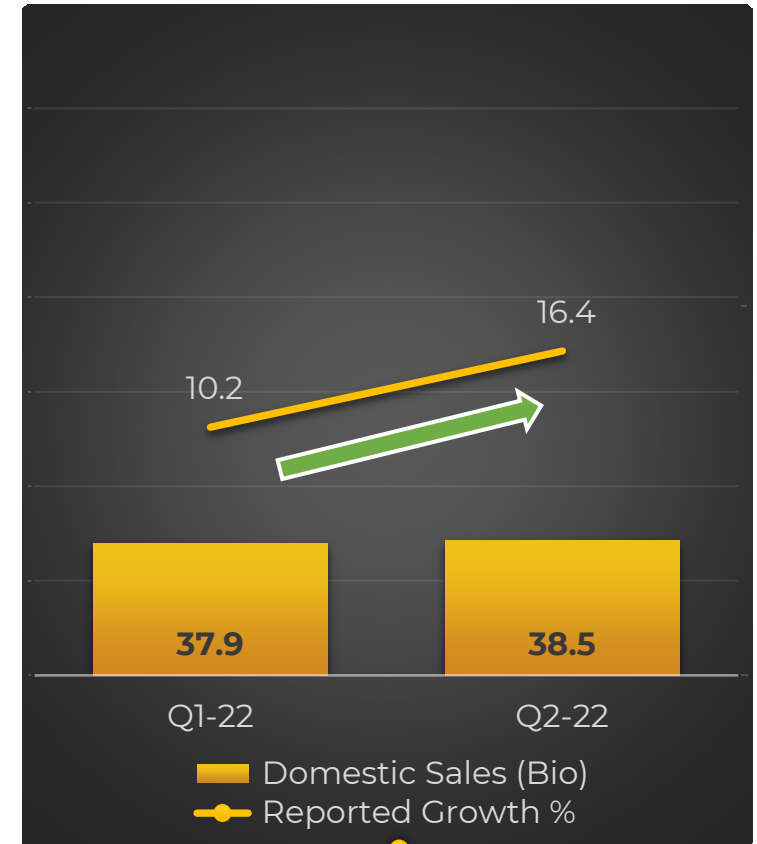


Strong Value Growth



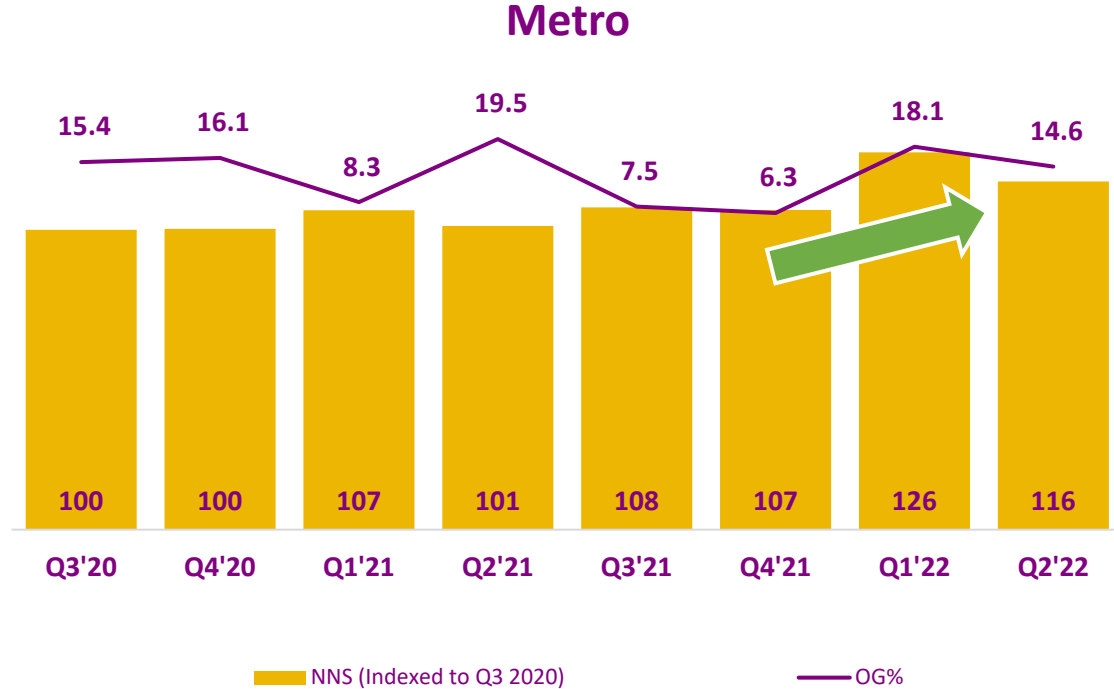
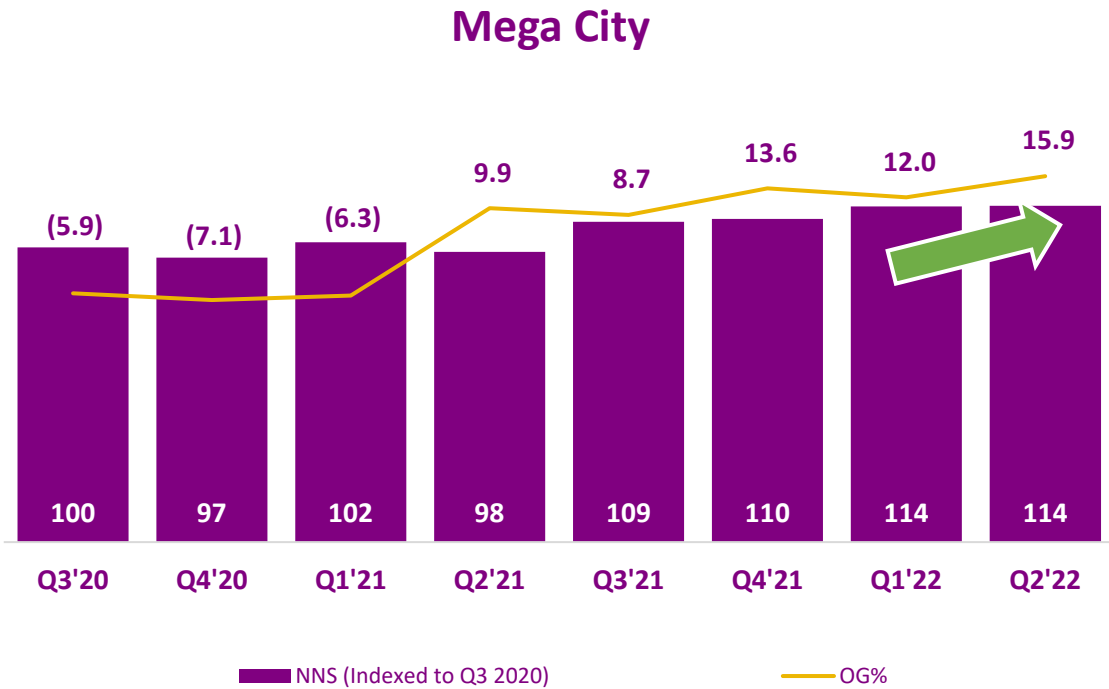
If growth is weakened, the future is compromised!

Consumer Pricing for H1 : 6.3%



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Strong Momentum In Mega Cities And Metros!



Town Class based on population

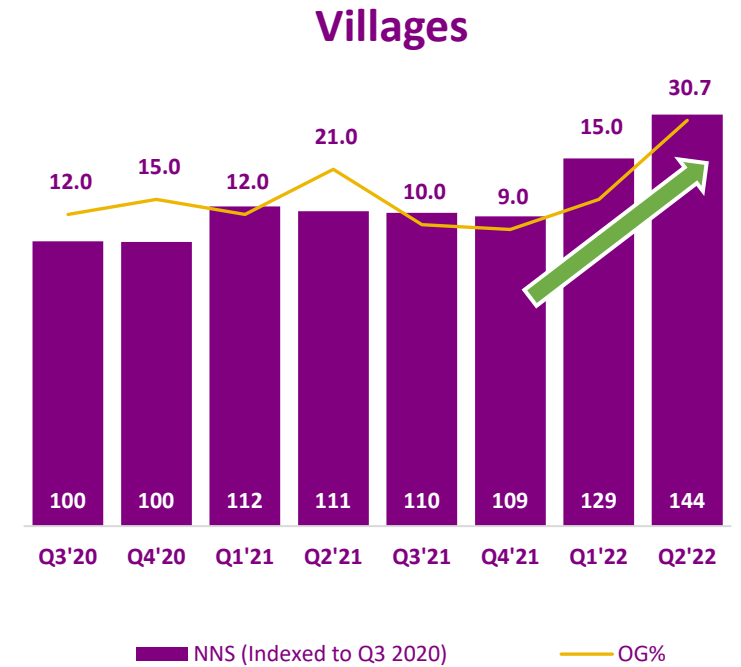
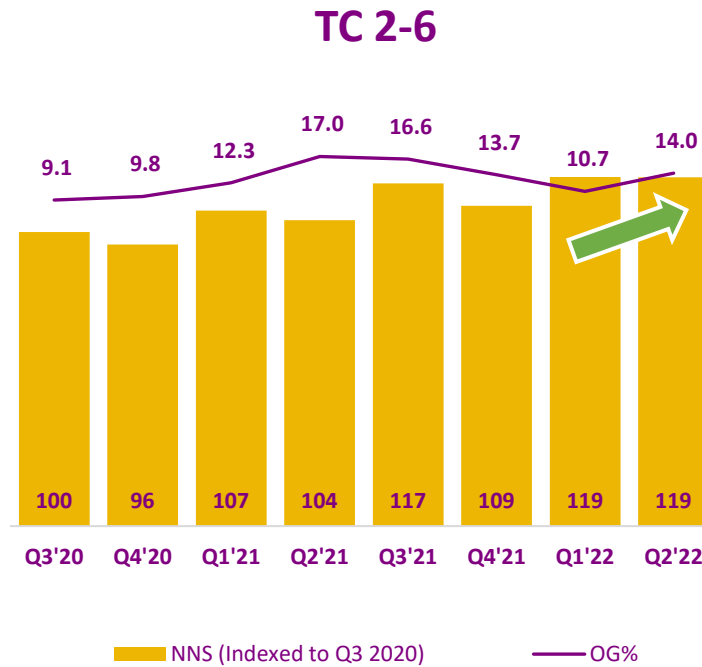
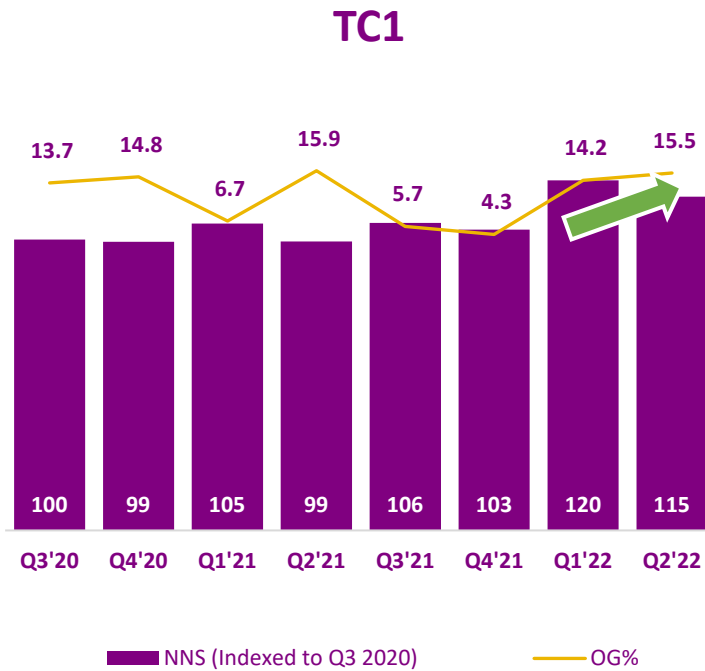
Mega City > 40L

Metro >=10L & <40L



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Small Town Accelerates, Strong Uptick In Rural!



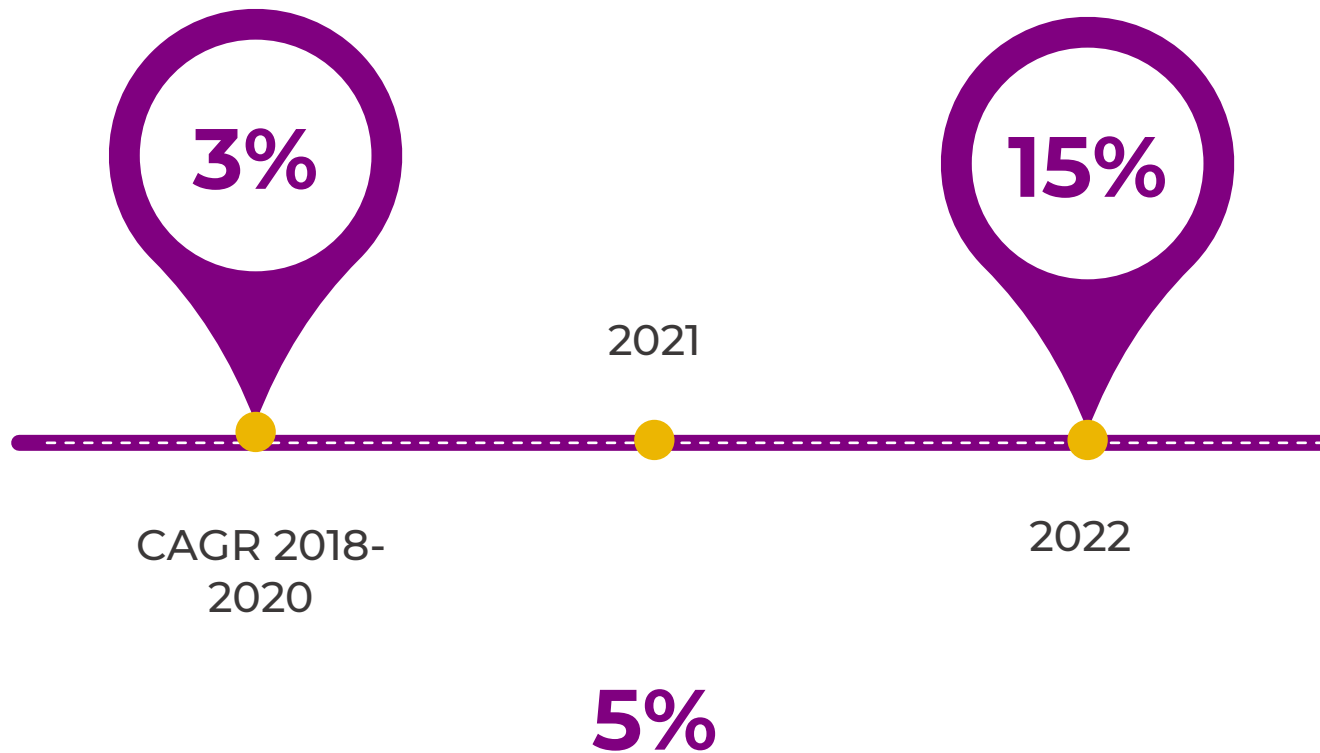
Town Class based on population

TC 1 >=1L & <10L

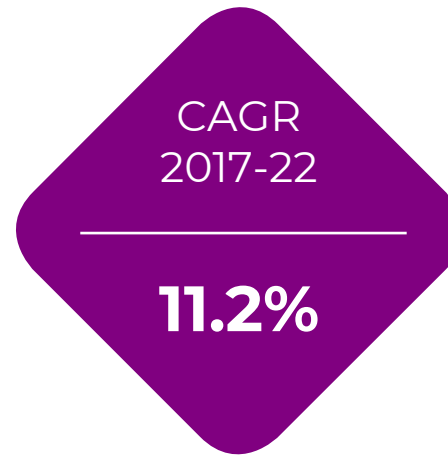
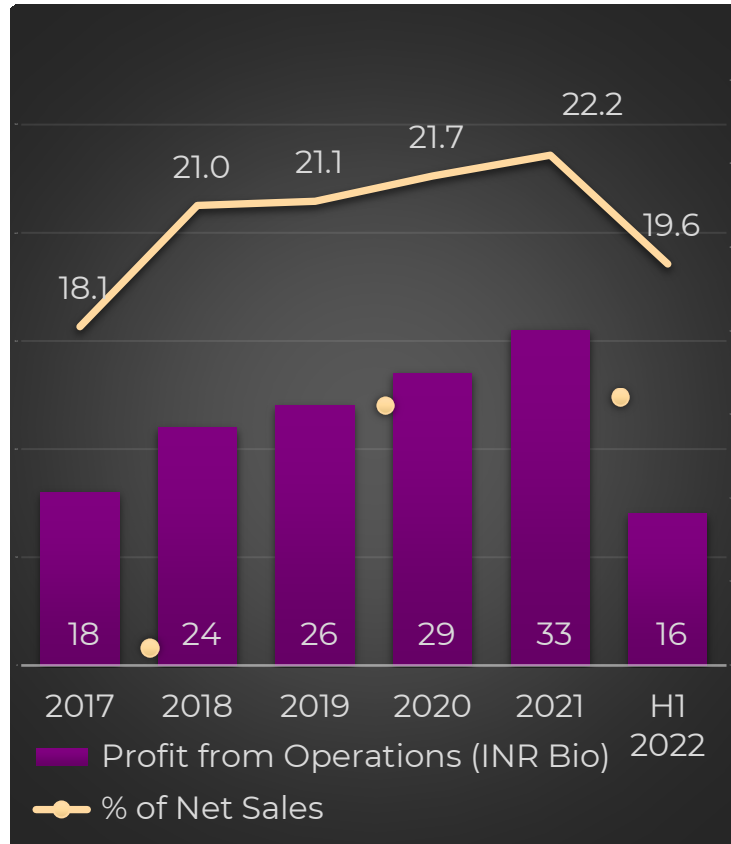
TC 2-6 <1L

Villages: 70%+ population occupation is agriculture

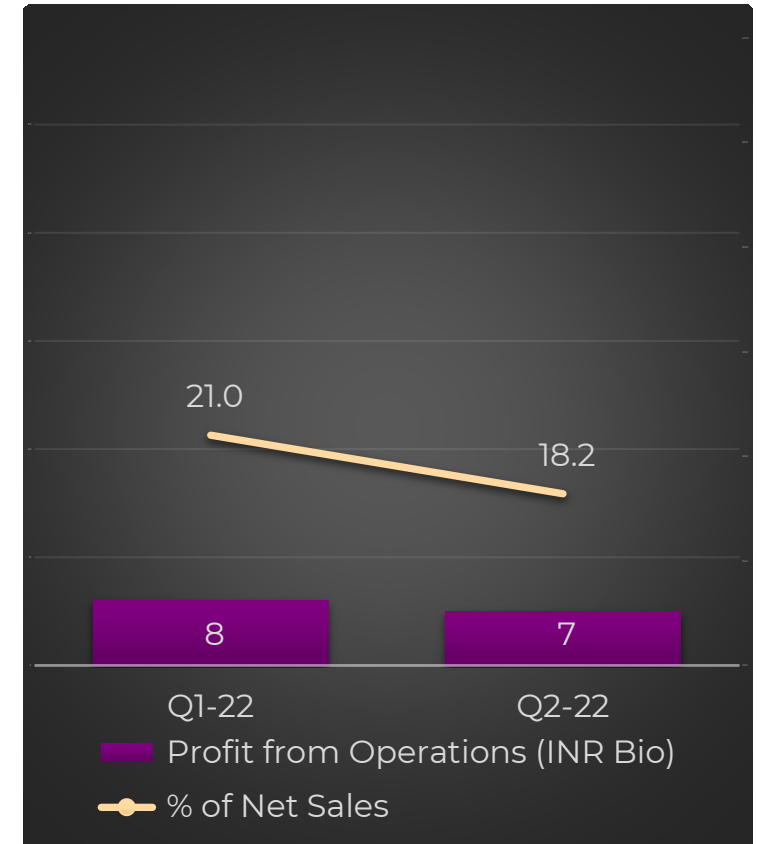
Unprecedented Commodity Headwinds, 2022 Inflation - 5X Of Trend



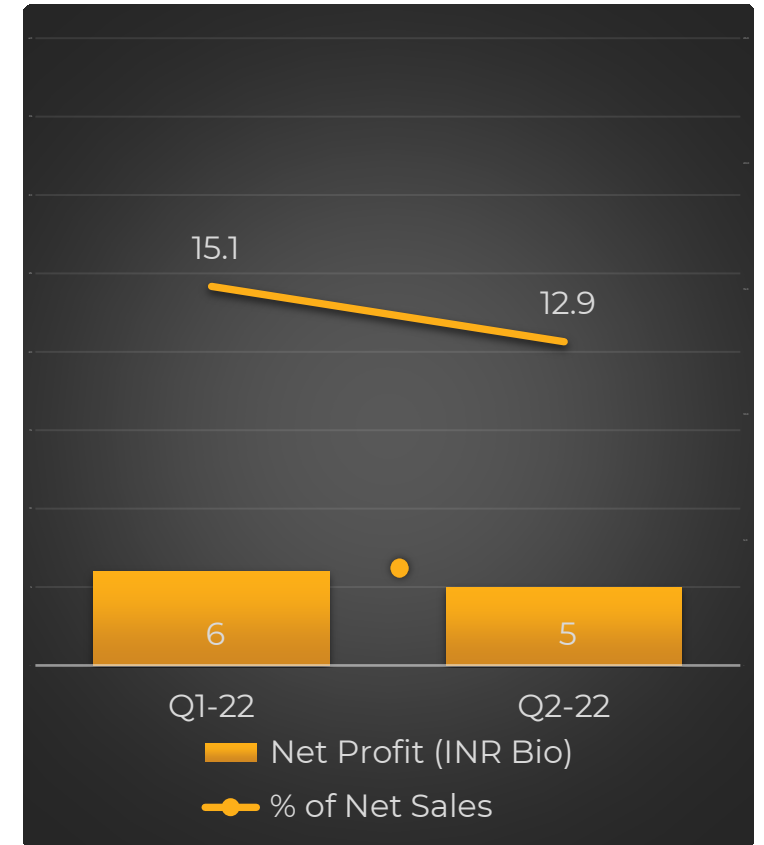
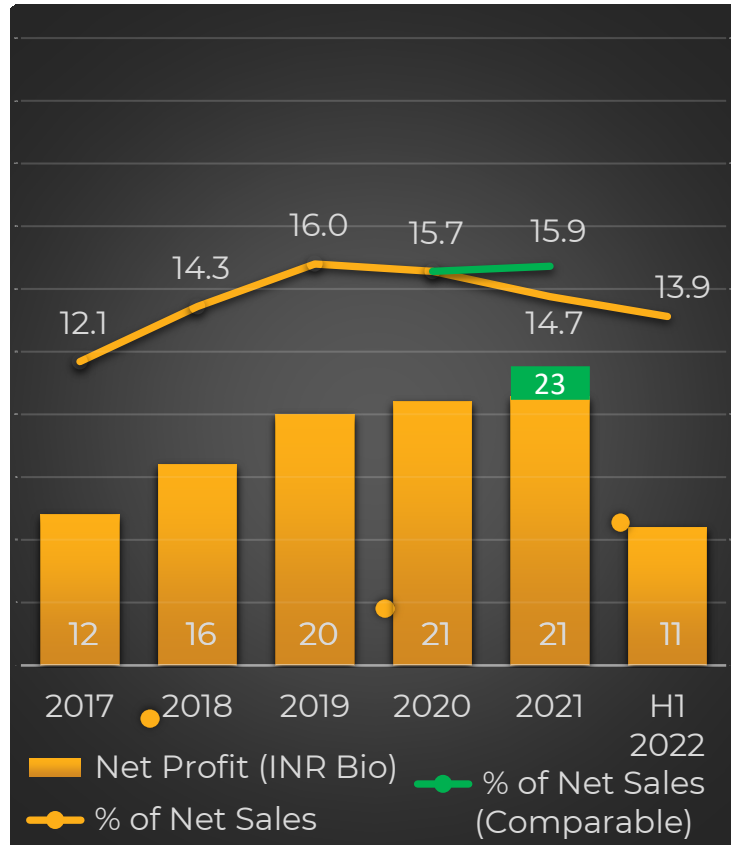
Profit From Operations Impacted By Commodity Headwinds



Early signs of softening in edible oils and packaging materials. Fresh milk, fuels, grains and green coffee costs are expected to remain firm



Thereby Impacting Net Profit



Domestic Sales: Broad Based Performance Across All Product Groups

Milk Products and Nutrition



41.2%

Contribution

7.2%

Growth

Prepared dishes and cooking aids



32.4%

Contribution

13.9%

Growth

Confectionery



15.9%

Contribution

24.4%

Growth

Powdered and liquid beverages



10.5%

Contribution

21.7%

Growth

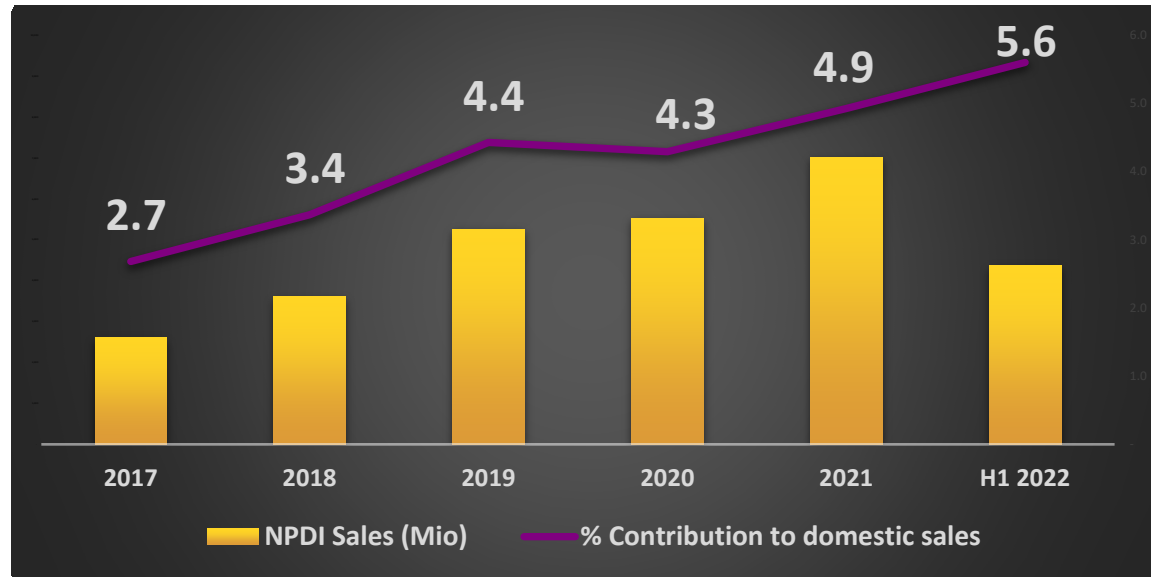
Data represents Jan-June 2022

13.3% Domestic Sales Growth



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Products Launched Since 2015 Now Contribute Over 5% of Sales



Over 100
new
products in
last 5 years

~ 15 new Projects in Pipeline

Thereby, Creating Significant Value For Investors

Total Shareholders Return

3,641%

Annualized Return

19.3%

Market Capitalization

Up 35.9 times vs. FMCG Benchmark Index 16.2 times

INR 1,785 Bn

2022*

USD 22.4 Bn
(1 USD= INR 79.8)

INR 50 Bn

2001

USD 1.1 Bn
(1 USD= INR 47.2)

*As at 26th Jul 2022 (Closing share price INR 18,510)
INR Billion is INR 100 crore.
Source: Bombay Stock Exchange.



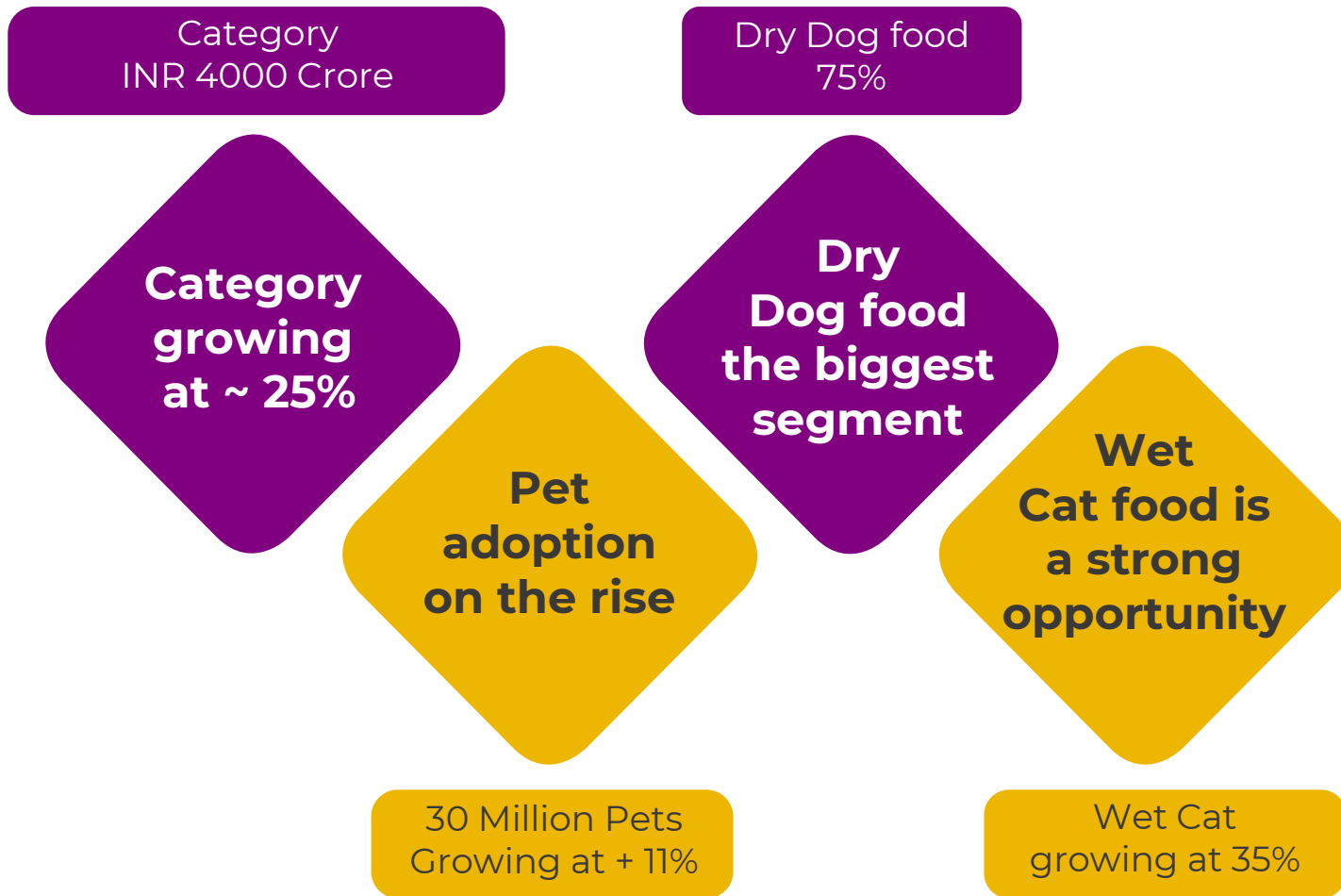
Opportunities for Premiumization



Purina Petcare



Pet Care Has An Exciting Future



Strategy And Learnings Of Purina In India

Built Pet Specialty distribution network in 46 Towns

Nurtured Category Expertise: >70% of sales team with pet category experience of 4+ years

Accelerated growth: 68% in '21 and 51% in H1 '22

Channel strategy has evolved from focus on Specialist Channel to Omni channel approach with e-commerce now contributing ~14%

Leveraged Purina's nutritional expertise of over 90 years with 500+ Scientist and Nutritionists: Pioneer with many firsts in the category including the first extruded pet food

Global investment in Purina Petcare India: INR 126 Crore

Synergy and heft: Leveraging Nestlé India network would further accelerate growth in Organized trade, Quick Commerce and Tier 1 & 2 towns



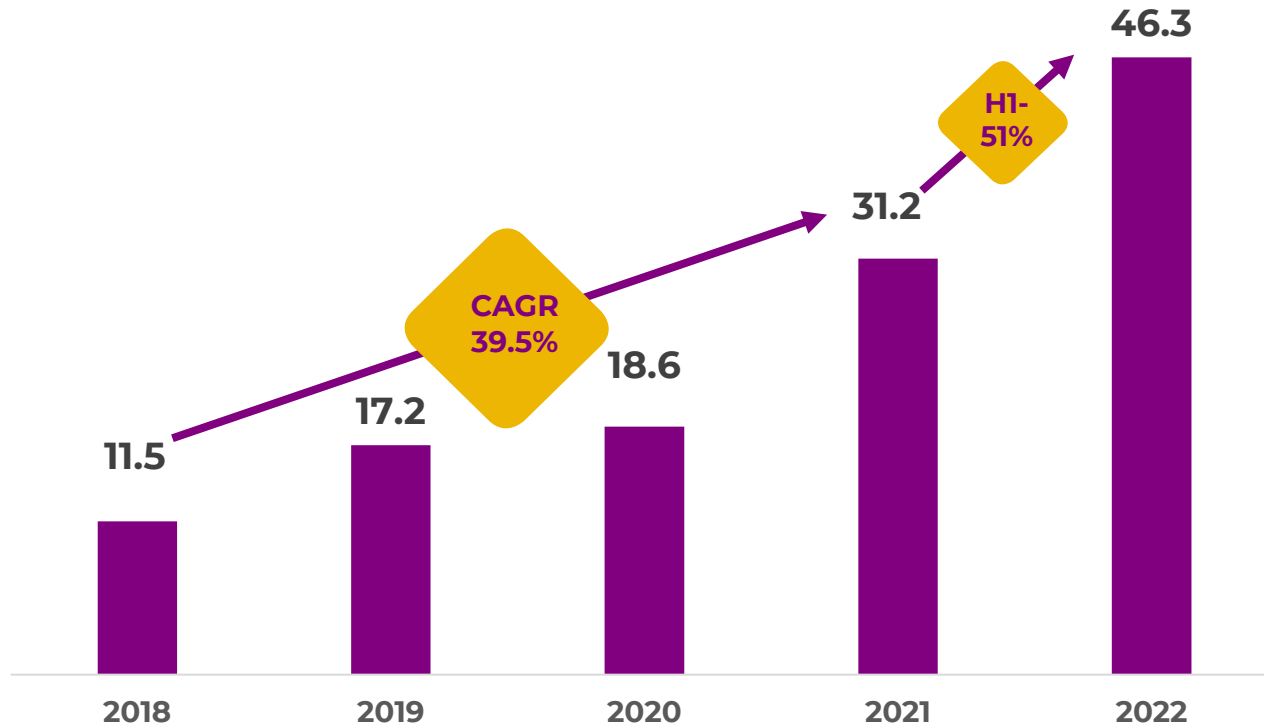
Purina Strategy And Evolving Category Dynamics Has Paved The Way For Higher Synergies

- Purina business performing strongly, registering high double-digit growth
- Strong consumer confidence in brands; **SUPERCOAT brand is voted 2021 Product of the Year**
- Portfolio expansion in fast-growing segments like Wet Cat Food
- New Route to market opportunities have come in last couple of years. Expansion to Tier 1 towns and e-commerce is playing a big role.
- Scope to unleash full potential of business now



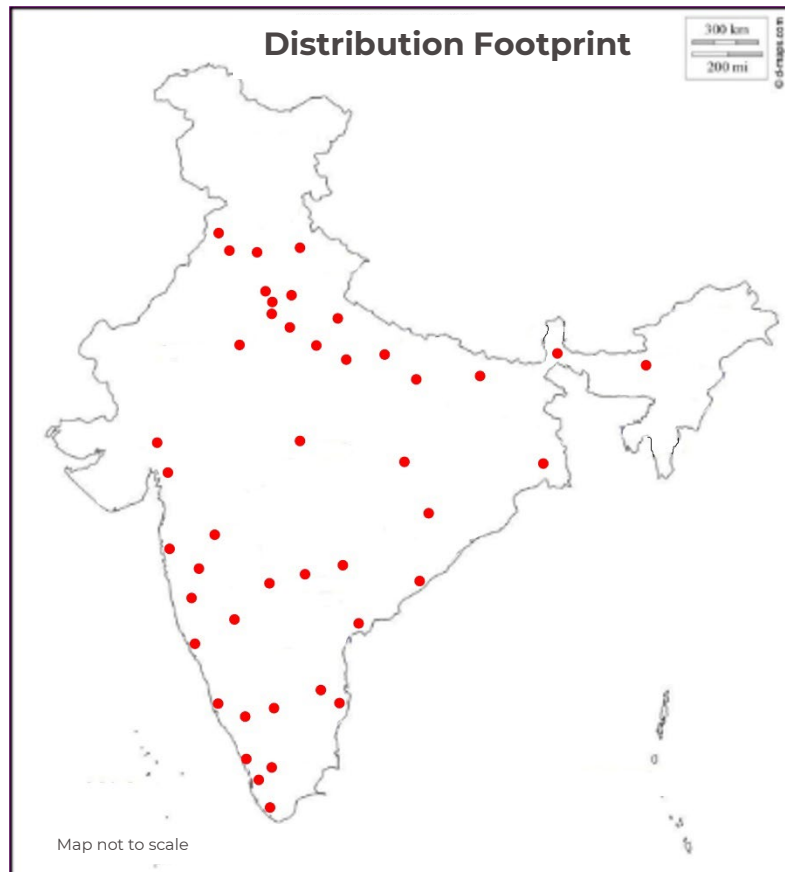
A Promising Business With Encouraging Growth

Sales Progression (INR Crore)



Built On The Backbone Of A Robust Network

Purina business is driven by Specialist Channel distribution network



46 Towns with 50 CDs



185 Suppliers



Leveraging Global Expertise

**Amata
(Thailand)**



Brands: SUPERCOAT, FRISKIES

**Blayney
(Australia)**



Brand: PRO PLAN

While Offering Renowned Brands Adapted To Local Needs

Premium
Dry Dog



Super Premium
Dry Dog



Premium
Dry Cat



Super Premium
Wet Cat



Purina – What We Said Then Vs Now

2018

Pet care as a category is still evolving in India

No synergy with Nestlé India's business

Limited route to market and category marketing expertise

2022

Pet care has an exciting future with adoption on the rise post pandemic

There are far greater synergies with evolution in channel strategies. Leveraging Nestlé India network would further accelerate growth.

See significant competitive advantage and expertise to leverage



On the Horizon





Redefining our Mission:

*Nutrition is not a mature
business!*

The Emerging Toddler Segment (2-6 years)



Designed for the mother who is **uncompromising in her choices** when it comes to her little one

She's a **self-assured young achiever** constantly trying to upgrade her and her family's life.

This mother is constantly **updated about the latest in nutrition**;

reads food labels, parenting blogs and consults multiple sources before deciding on what to give her child

Size of the market stands at

~ INR

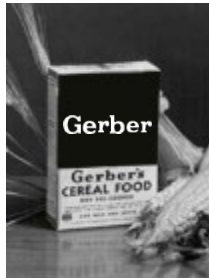
3500 crore

Source – Internal Estimates

Key Milestones Of An Iconic Brand

It all starts with the GERBER family in Michigan

1928



The first GERBER TV Commercial aired

1950



GERBER Graduates bring the toddler range to life

2002



Meet Dotti – GERBER's personalized expert

2009



1931

The first GERBER Cereal is launched



1960

The first GERBER glass jar



2007

GERBER joins the Nestlé family



2022

GERBER comes to India

Our Promise To Indian Moms

Since 1928
Gerber®

With **90 years of experience globally**, we understand your needs and reassure you of the best **nutrition for your toddlers.**

Our range of power blend cereal has been developed for **Indian toddlers** combining the benefits of four diverse groups – Cereal, Legumes, Milk and Fruits/Vegetables with age-appropriate fortification to offer

a nutritious, healthy and tasty product.
GERBER® Cereals with powerblend®

Anything for Little Ones!



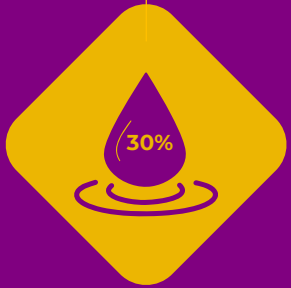
Made in India
Made for India



The Gerber Pledge

We promise

'Communities' and not **'Communication'**
'Co-creation' and not **'Unilateral Brands'**



Our Gerber cereals are made in a factory that recycles up to **30%** water

We promise to collect and responsibly manage equivalent quantity of plastics created by our products



Key Takeaways This Time

Robust performance continues



Pet care offers vibrant opportunities



Securing Growth Matters



Confidence and Capability of Strong Brands to withstand

Gerber entry a sign of the market potential



Thank You

