

Nestlé India Limited



19th Financial Analysts' Meet - Gurgaon 17th March 2011

Financial Analysts Meet 17th March, 2011

OVERVIEW OF OPERATIONS

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Disclaimer

This presentation may contain statements which reflect Management's current views and estimates and could be construed as forward looking statements. The future involves certain risks and uncertainties that could cause actual results to differ materially from the current views being expressed. Potential risks and uncertainties include such factors as general economic conditions, commodities and currency fluctuations, competitive product and pricing pressures, industrial relations and regulatory developments.

Responses can be given to questions, which are not price sensitive. Calculations in this presentation are based on non-rounded figures. Real Internal Growth (RIG) and Organic Growth (OG) are basis Nestlé Internal Reporting Standards in relation to third party sales only.

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"With the financial results in December, we have delivered 16 consecutive quarters of double digit growth.

However, we have started 2011 with a number of uncertainties, including the intensity of cost increases specially the volatile raw material prices."

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Overview 2010 ...

- Sustained momentum
- Outperforming industry
- Investments in growth
- Acceleration of NCE
- Nestlé S.A. and India R&D

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... and into 2011

- Challenging year ahead
- Cost pressures and uncertainties
- Levy of Excise duty
- Leverage our competitive advantages
- Retain focus on operational efficiency
- Financial performance

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Building for growth

- Branding
- Manufacturing
- Distribution
 - ✓ Wider and deeper
 - ✓ Urban and rural
- Capabilities
 - ✓ Human
 - ✓ Technical
 - ✓ Local insights
 - ✓ Agricultural
- Right Values and stakeholder relationships

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Managing uncertainty

- Started managing 2011 in 2010!
- Dynamic and close alignment across units
- Leveraging scale and best practices
- Effective Procurement
- Working with Nestlé Centers of Expertise
- Long Term Relationships

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Conclusion

- Fully aligned company
- "Anticipation" mindset
- Building and creating competitive advantage along value chain
- Differentiated I&R pipeline
- Strong Market Share performance
- Engaged people

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We are an *and* company!

**"It will be challenging
and
we will work even harder"**

A. Heiko Wasyk

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FINANCIAL RESULTS 2010

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Excerpts from Analysts' Reports 2011 ...

Band of insight/strategy

Performance in line with expectations

Capex plans firming up

Cut in dividend payout ratio to 50%

Raw material cost pressure continue

High pricing power

Strong long term growth potential

Margins a major concern

Fading tax sops reduce PAT growth

Positive budget measures to boost F&CO growth

Going ahead based on pressure from input cost

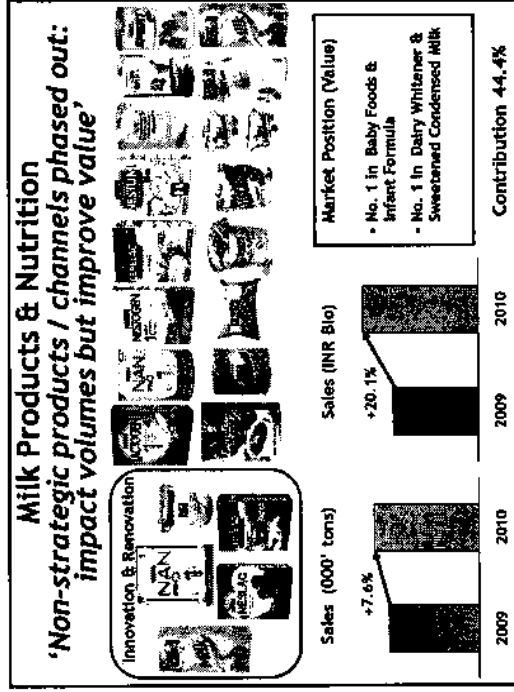
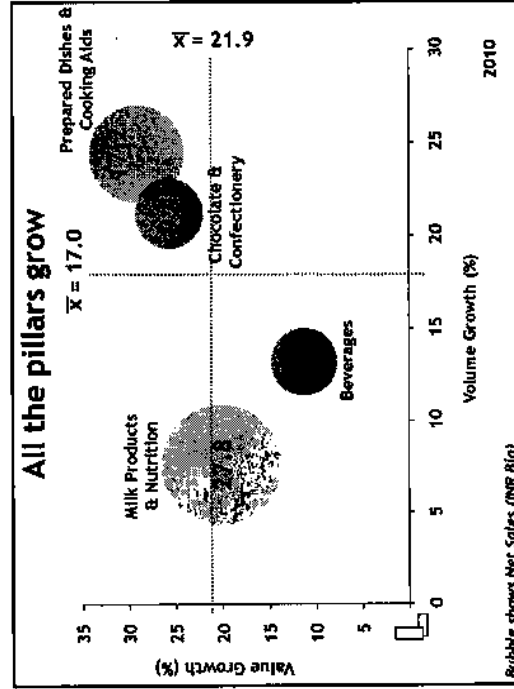
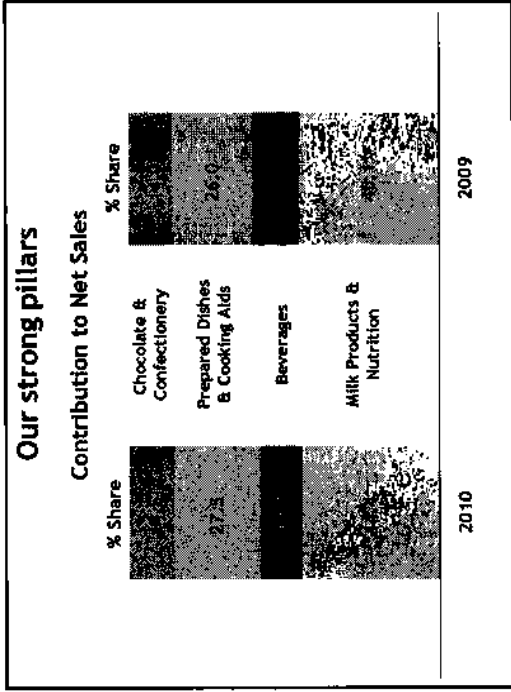
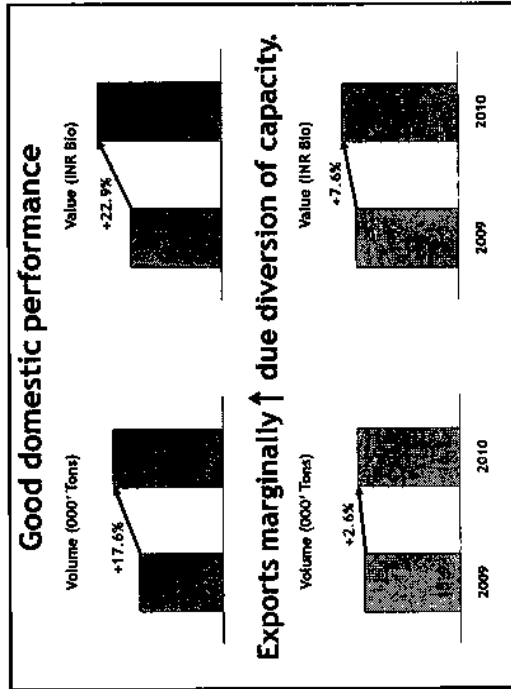
Commodity cost management

Input cost pressure softens

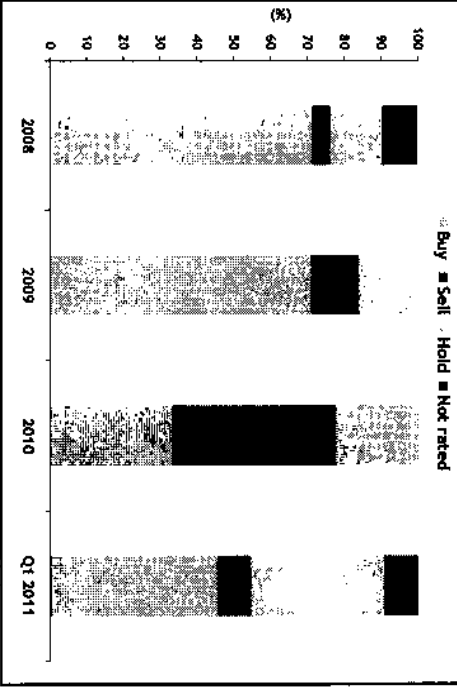
Diversified & dominant product portfolio

Nestlé Market gathers again

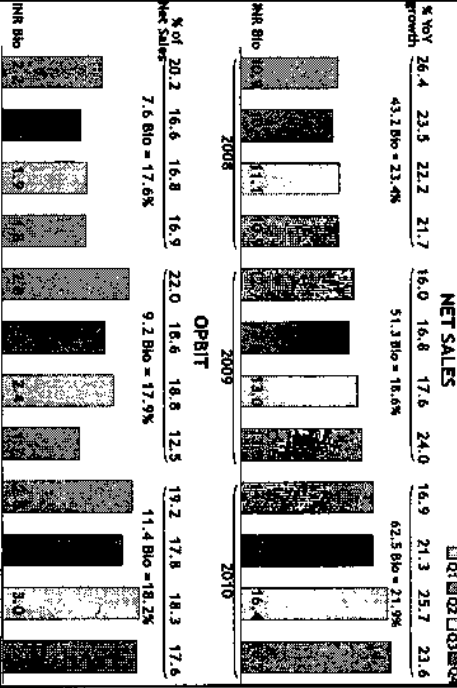
Costs improve due to better pricing



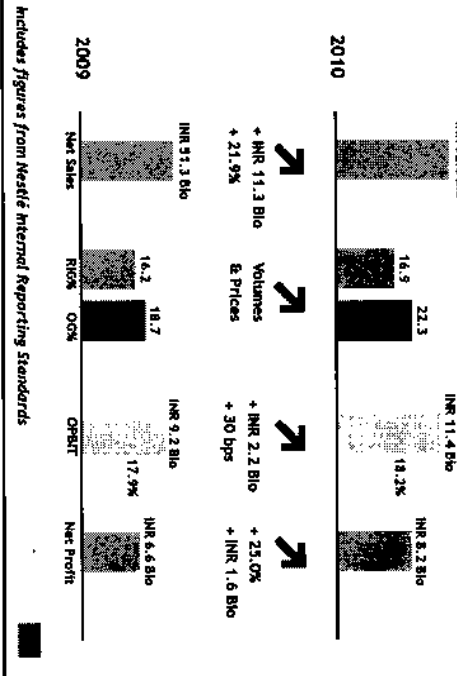
Analysts' Rating on Nestle India



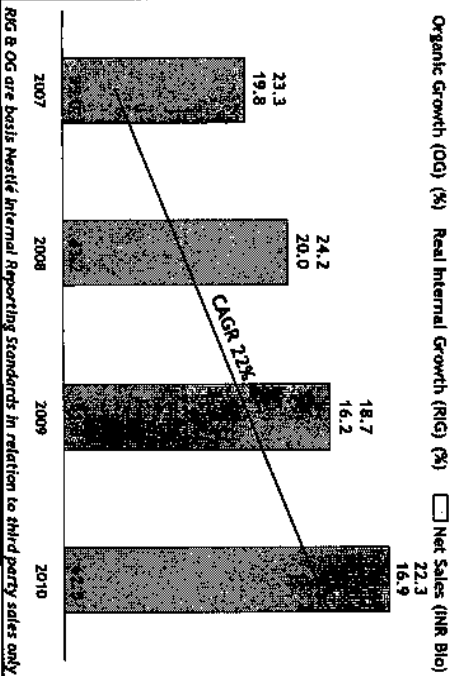
Successive quarters of double digit growth

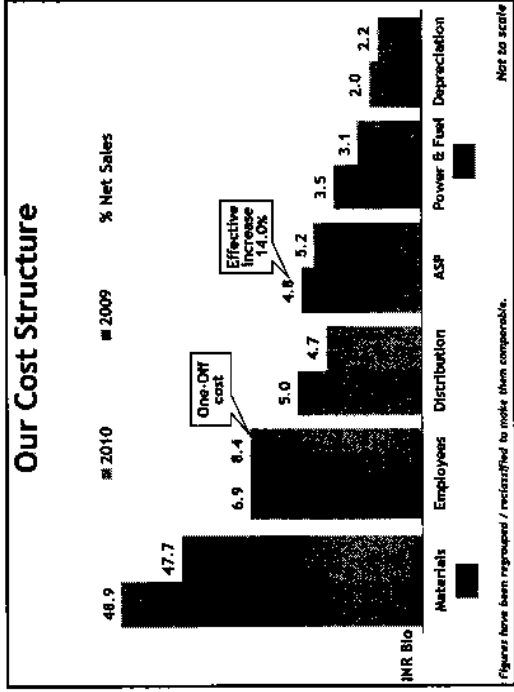
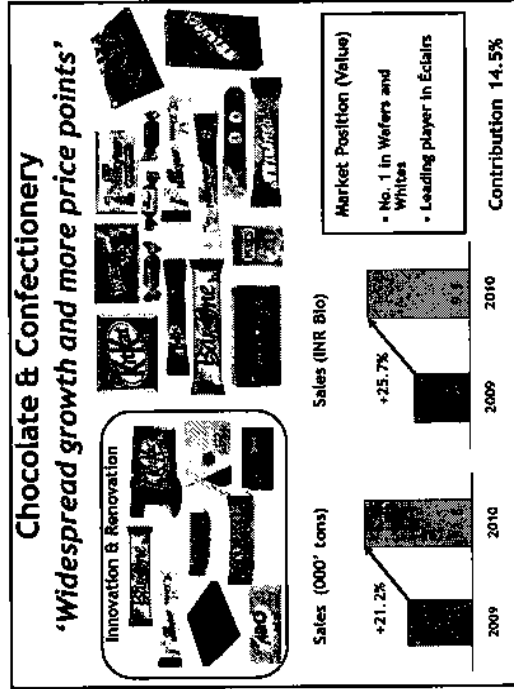
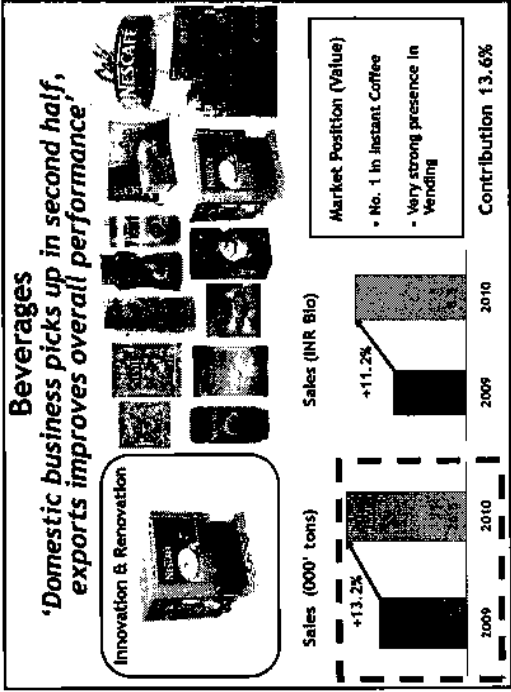
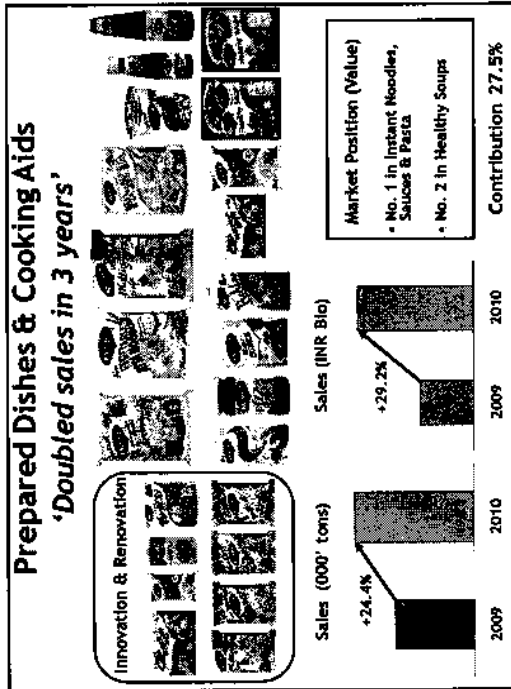


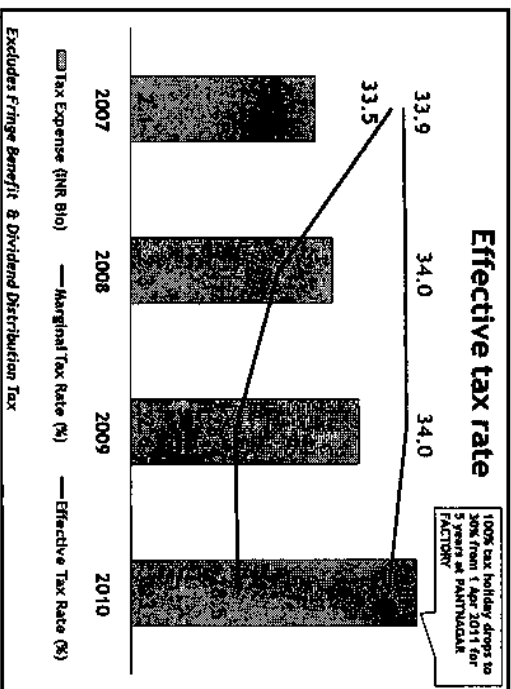
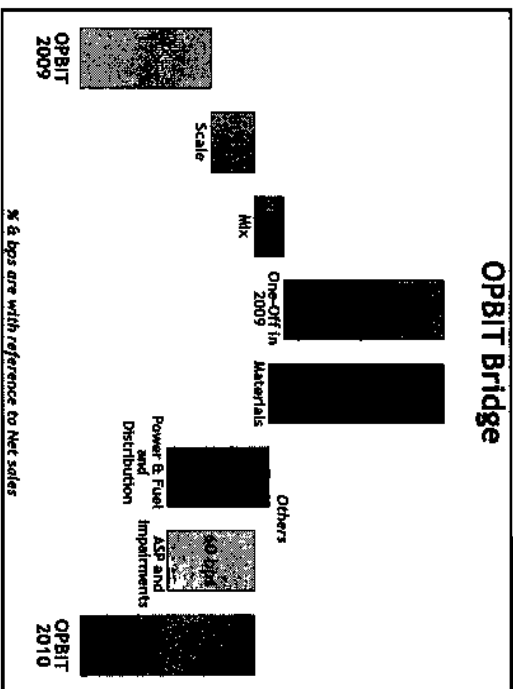
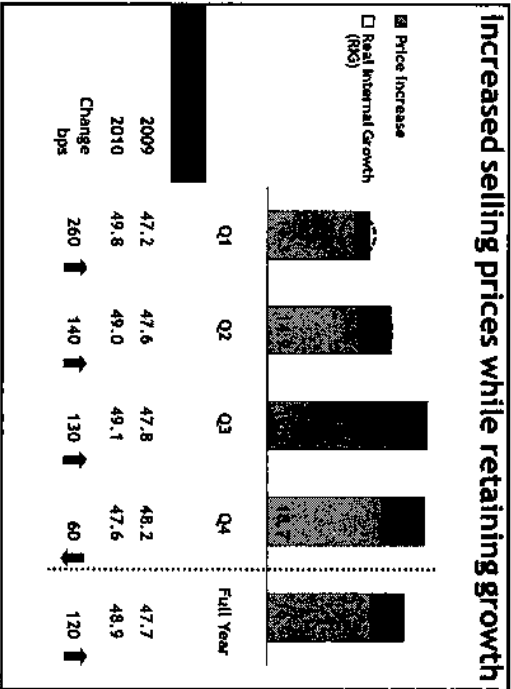
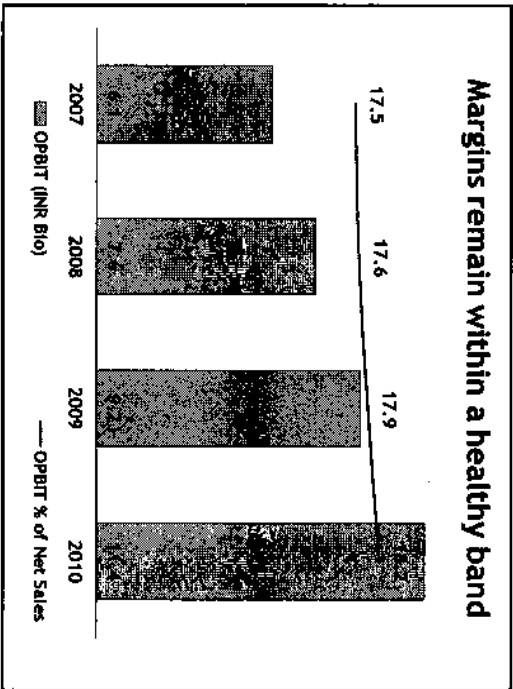
Full Year highlights

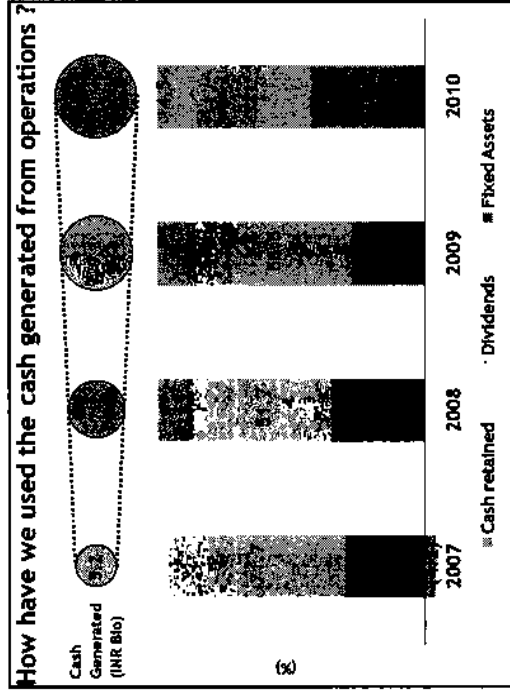
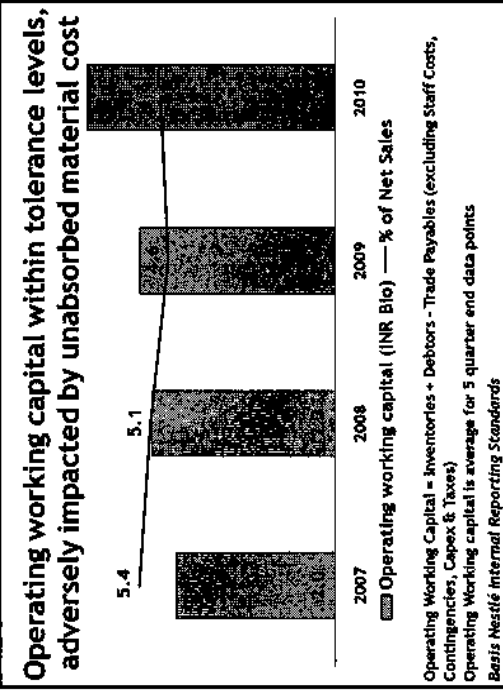
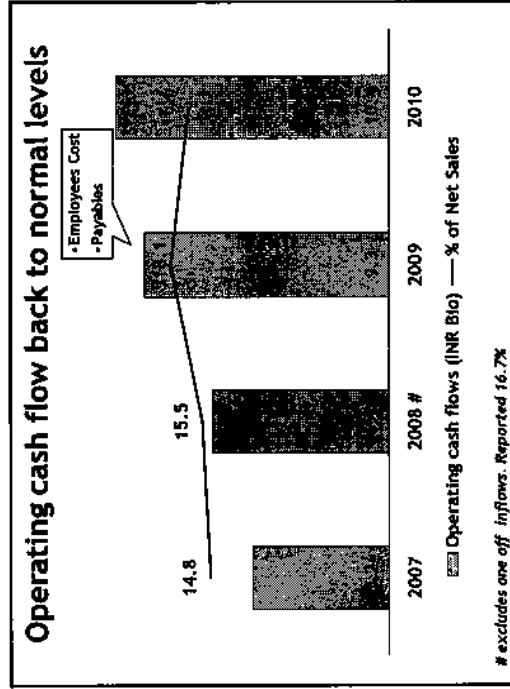
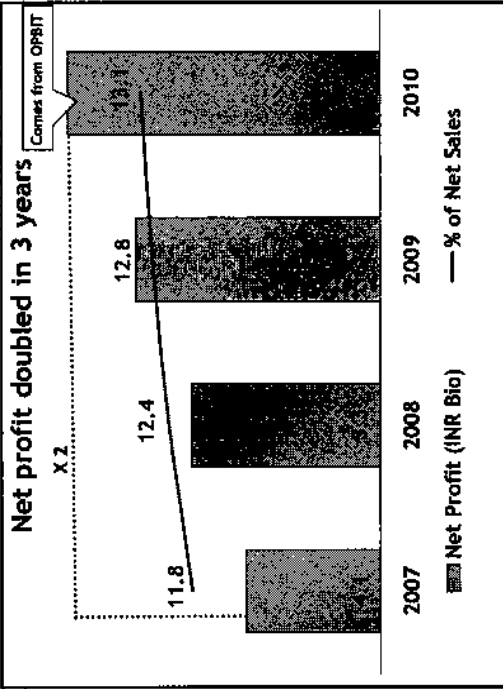


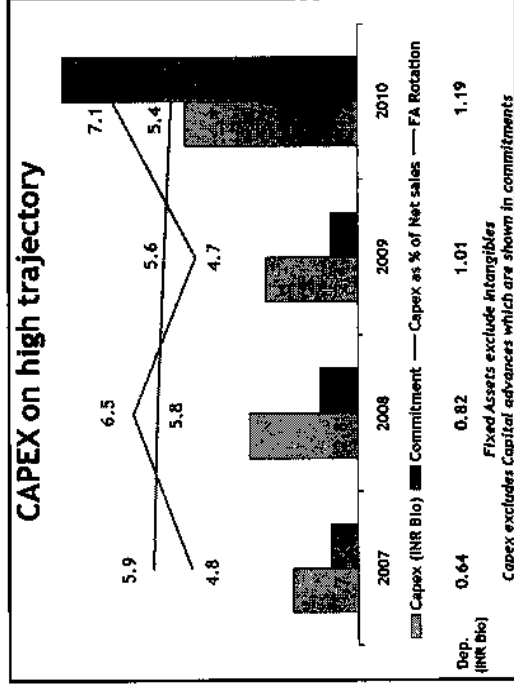
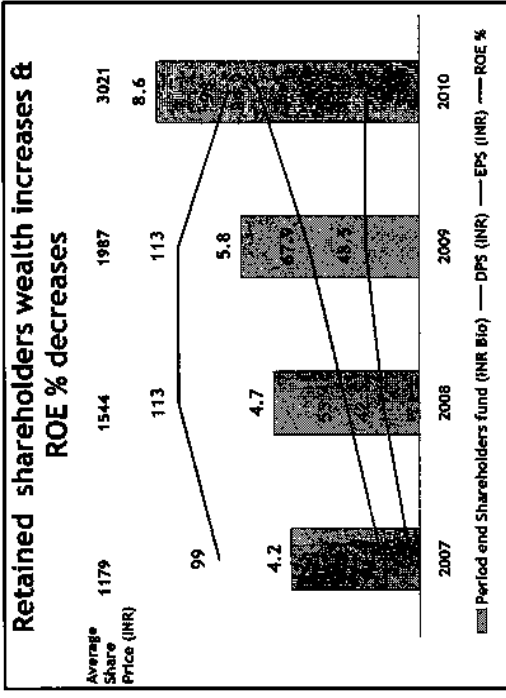
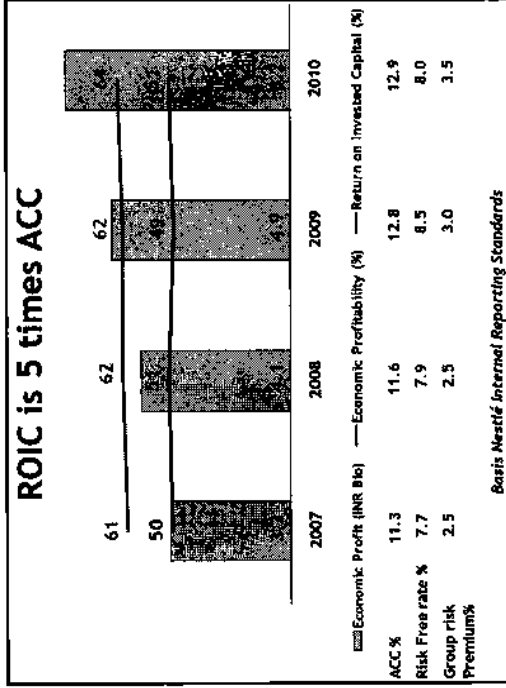
Doubled sales in less than 4 years











Financing Strategy on track

- Dividend maintained at 2009 level - INR 48.5/ Share=485%.
- Payout is 74% (including DDT) of the distributable profits.
- RBI approves ECB USD 450 Mio. from foreign equity holders.
- Other elements of strategy in progress

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Impact of Union Budget 2011

Impact basis 2010 actual

BUT without factoring mitigating measures

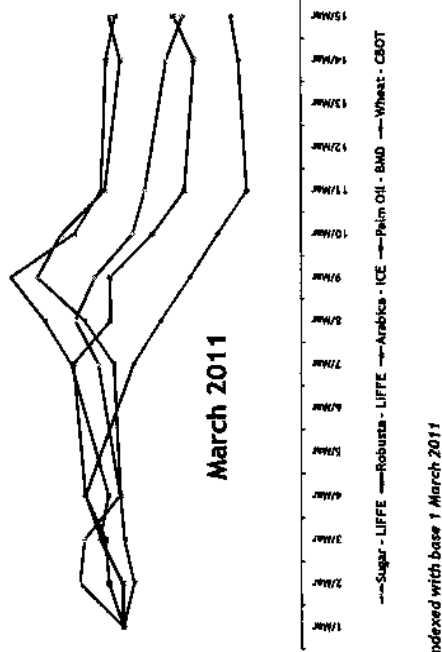
Negative Impact on OPBIT
(Excise Duty & Service Tax) - 50 bps

Positive impact in Direct Taxes - 10 bps

Negative impact on PAT - 22 bps

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Volatility in commodity prices!



Thank You

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Nestlé India's Commodity Basket Price Index

