

# Nestlé India Limited

(CIN : L15202DL1959PLC003786)

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Website: www.nestle.in



**PKR:SG: 30:24**

**8<sup>th</sup> April 2024**

## **BSE Limited**

Phiroze Jeejeebhoy Towers,

Dalal Street, Fort,

Mumbai – 400 001

BSE Scrip Code: 500790

## **National Stock Exchange of India Limited**

Exchange Plaza, Plot No. C/1,

G Block, Bandra-Kurla Complex,

Bandra (East), Mumbai - 400 051

NSE Symbol: NESTLEIND

**Subject: Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:  
Presentation to be made to the institutional investors during one-on-one meet**

Dear Madam/ Sir,

Further to our letter PKR:SG: 29:24 dated 8<sup>th</sup> April 2024 intimating about one-on-one meet with the institutional investors, please find enclosed herewith the presentation to be made to the institutional investors during one-on-one meet. The same is also being uploaded on the website of the Company.

Please note that no unpublished price sensitive information is proposed to be shared by the Company during the aforesaid one-on-one meet with the institutional investors.

This is for your information and record.

Thanking you,

Yours truly,

**NESTLÉ INDIA LIMITED**

**PRAMOD KUMAR RAI**

**COMPANY SECRETARY AND COMPLIANCE OFFICER**

Encl.: as above



**Nestlé**

Good Food, Good Life

# Investor Update

Growing Responsibly Together

**APRIL 2024**



# Disclaimer

**This presentation may contain statements which reflect management's current views and estimates and could be construed as forward-looking statements. The forward-looking statements involve certain risks and uncertainties that could cause actual results to differ materially from those contained in the forward-looking statements. Potential risks and uncertainties include such factors as general economic conditions, foreign exchange fluctuations, competitive product and pricing pressures and regulatory developments. 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. No unpublished price sensitive information pertaining to Nestlé India Limited and/ or Nestlé Group is intended to be shared at any of the investor meetings.**

This presentation contains certain financial performance measures which are not defined by Ind AS. Management believes that these non IndAS measures provide additional useful information to assess the financial and operational performance of the Company. Such measures may not be comparable to similar measures presented by other companies.

Figures from 2019 onwards are post Ind AS-116 implementation.

Profit from Operations is derived from Profit before Exceptional Items & Tax less Other Income and adding back Finance Costs (including interest cost on employee benefit plans) and corporate social responsibility expense.



Good Food, Good Life

# Agenda

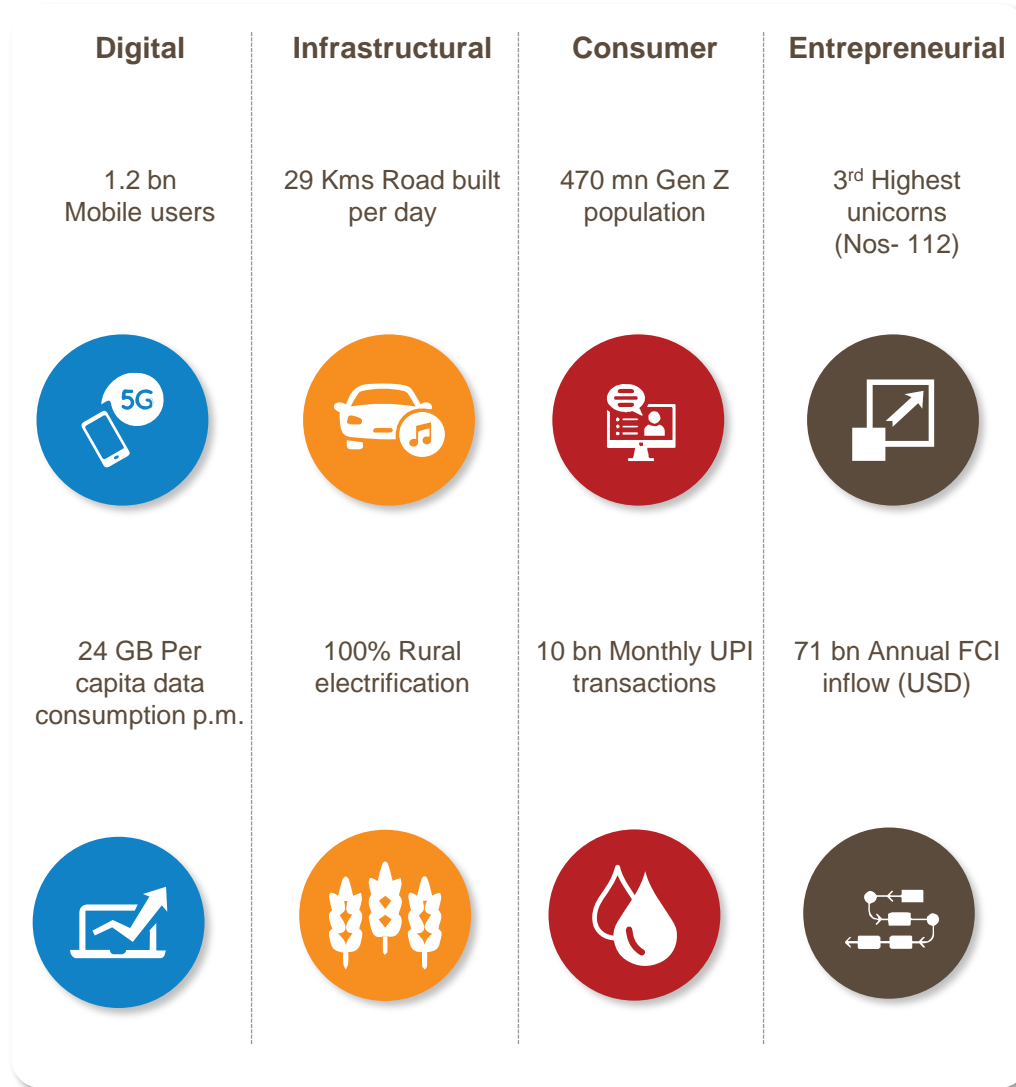
- 1 **The India Opportunity**
- 2 **Nestlé India – Strongly Supported by Nestlé Group**
- 3 **Our Operations & Distribution Capabilities**
- 4 **Living Our Purpose**
- 5 **Winning Brands**
- 6 **Robust Financial Performance**
- 7 **Questions & Answers**

# The India Opportunity



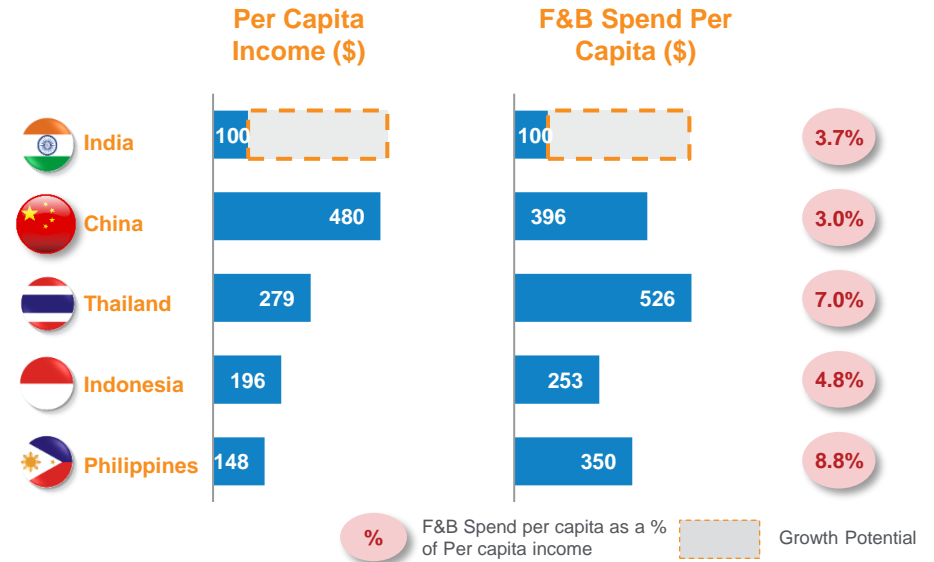
# Indian F&B Market is a Large Opportunity

## Consumer Opportunity and Trends - Robust



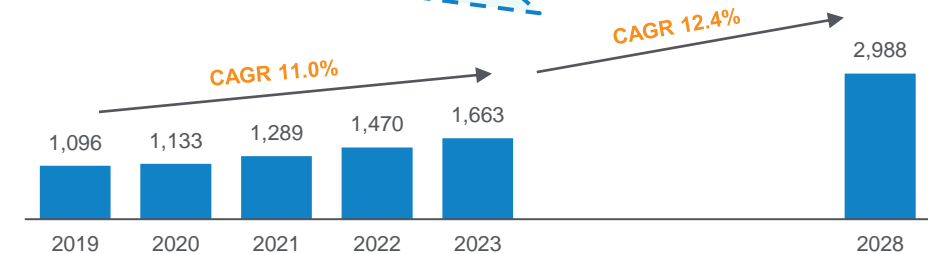
## F&B Spend Correlated with Economic Growth

(Per capita income and F&B spend Indexed to India, India = 100\$)



## Branded Packaged F&B Market Size in India (US\$ Mn)

Branded F&B forms only **c. 1/3<sup>rd</sup>** of the total Indian F&B market indicating massive potential for growth



Strong growth likely to be witnessed in the processed food sector in India with an increasing focus on Nutrition, Health and Wellness.

# Nestlé India – Strongly Positioned to Leverage the Opportunity



# Nestlé India – Strongly Supported by Nestlé Group

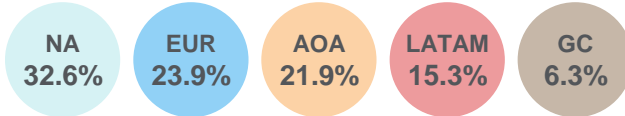




# Nestlé Group: The Worlds largest FMCG Company and Well Diversified Globally

## Nestlé SA (2023)

## Where we sell<sup>1</sup>:



Providing Safe, Quality Nutrition for More than **150 Years**

**2,000+ Brands** worldwide

Around **270,000 Employees**

**340** factories in **76** countries

**US\$1.8 Billion** R&D Spends

**US\$103.6 Billion** Revenue

**US\$ 284.7 Billion** Market Cap<sup>2</sup>

**US\$15.7 Billion** Operating Profit

**US\$17.8 Billion** Operating Cash Flow

## Our broad portfolio of trusted and loved brands



NA – North America, EUR – Europe, AOA – Asia, Oceania and Africa including Middle East, LATAM – Latin America, GC – Gulf Countries

Source: Company filings; Notes: FX Rates assumed: US\$1 = CHF0.898 (1) Excludes revenue from Nestlé Health Science, Nespresso and other businesses (2) Market data as at Mar 31, 2024

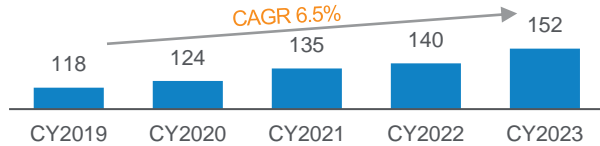
# Nestlé Group: World Class R&D Infrastructure

## Robust R&D Infrastructure and Investments



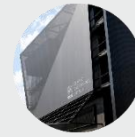
**US\$ 1.8Bn | INR 152Bn**  
R&D Cost in CY2023

### Group R&D Spends (INR Bn)



### Nestlé Research:

Drives science and technology, from basic nutrition to health and applied research



### NSTC<sup>(2)</sup>:

Supports the Coffee and Beverage Businesses with innovative system solutions and end-to-end R&D



### NPTC<sup>(2)</sup>s:

Scientific discoveries translated into innovations, fueling business growth in category-focused technology centres



### NDC<sup>(2)</sup>s and RDC<sup>(2)</sup>s:

Support NPTCs in product development focusing on sub-category / region



**3X spend on R&D**  
compared to peers<sup>1</sup>



**12,000+**  
Patents at the end of CY2023



**4,100 Employees**  
at  
**23 Sites**  
Worldwide

## Resulting in multiple breakthrough innovations



Launch of **millet-based porridges** in India to diversify food choices



Breakthrough technology developed **reducing intrinsic sugar** in key ingredients



Expanding access to **frozen foods** category



Developed **N3 milk with new nutritional benefits** – Launches in China

# Strategic Support from Nestlé Group across Areas

## Strong Brands

Authority through IPR to leverage strong brands; guidance on brand excellence and quality standards

2,000+ Global Brands



Premiumization in coffee through Black Roast Brand



Launch based on Strong Global Positioning

## Technical Assistance and Capability Building

Advanced consumer / marketing and sales insights and digital best practices

25K+ Documents Available

- Factory design approaches
- Digital Consumer Engagement
- SRM Toolkit for Sustainable Pricing

## Digital Data & IT

Digitally empowered back-bone supporting all operations

- Strengthening online position
- Digital Technologies across Value Chain
- Tools for efficiency of online content

1

2

3

4

5

## Innovation

Resources

Processes

Pipeline

Continuous innovation through advanced technologies



- Teenage nutrition needs



- Improving health profile

## ESG

Strategic guidance and assistance for implementing ESG initiatives in India



Dairy Production

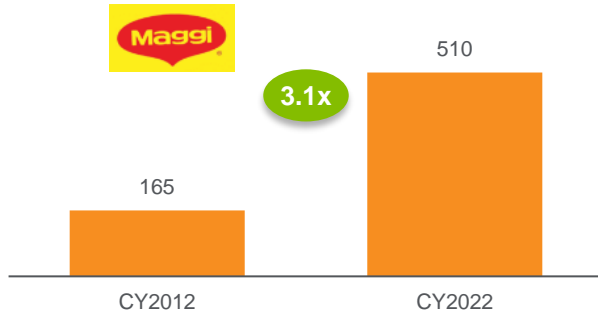


- Packaging waste reduction
- Efficiency waste reduction
- Health focused differentiation

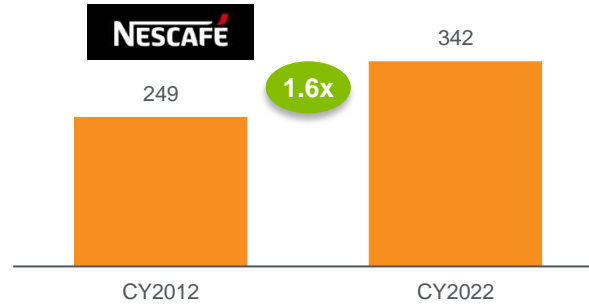
# 1 Strong Brands: Increase in Brand Strength in Key Brands over last 10 Years

## Brand Strength Index

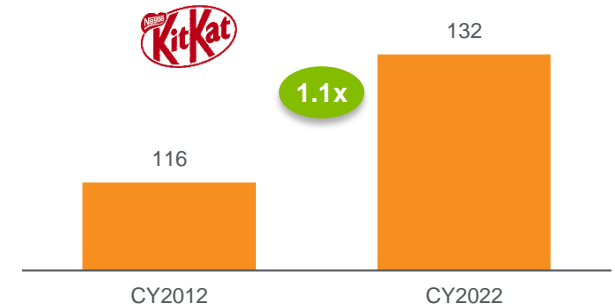
### Prepared Dishes and Cooking Aids



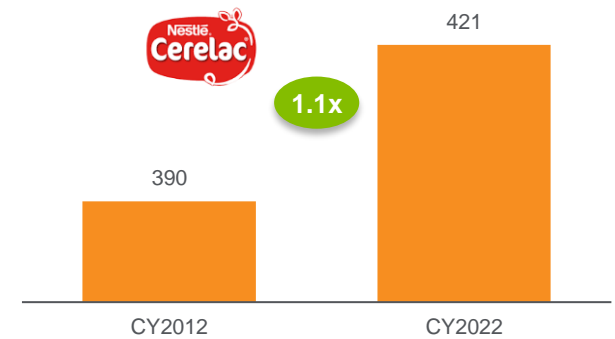
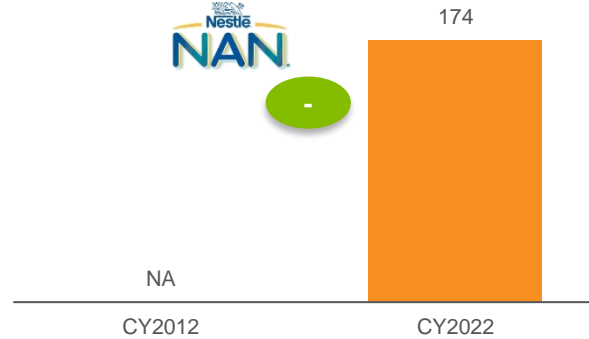
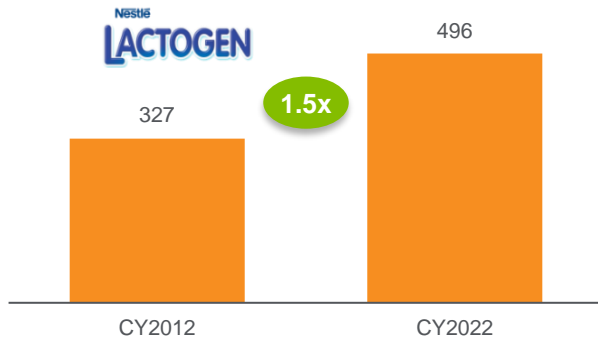
### Powdered and Liquid Beverages



### Confectionery



### Milk Products and Nutrition



3 Updated Versions of “Brand Building the Nestle Way” (BBNW) to build and deploy marketing initiatives

Resources

## New Research Institutes

- ✓ Healthier diets,
- ✓ Packaging waste reduction
- ✓ Sustainable agriculture



### Nestlé Institute of Packaging Sciences (2019)

*Innovation in packaging materials*



### Nestlé Institute of Agricultural Sciences (2023)

*Plant, animal and agricultural system sciences*

Processes

## Idea to Launch (I2L)

Innovation Accelerator Program

### Process and Mindset

- Reduced Delegations
- Focus on more Impactful Projects
- Consumer Centricity

### Benefits

- Focused innovations
- Decreased time-to-market
- Consumer preference-testing
- Regulatory requirement compliance

Pipeline

### Plant Based Foods



Vegan Chocolate Bar



Chicken Alternative



Plant-based Yoghurt with Probiotics



Egg-free Sauce Alternative

### Healthy Diets

Improved nutrition profile



Infant formula for Cognition and Motor Development



Reduced Sugar through proprietary fermentation technology

### Affordable Nutrition



Addressing iron deficiency



High-fibre Porridge



Soy-based egg alternative

### Reduce Packaging Waste



Nescafé Dolce Gusto Neo with compostable coffee pods



Smarties range in 100% Recyclable paper packaging

### Innovative Toddler Launches Register Strong Sales Growth

INR Mn	2018	2023	CAGR
NANGROW	29	517	78.1%
LACTOGROW	-	142	-
Ceregrow	547	1,183	16.7%
<b>Total</b>	<b>576</b>	<b>1,843</b>	<b>26.2%</b>

Over 70 Products Launched in India Since 2018

Innovation Sales contribute over 6% now in 2023

## Commercial Assistance

### Global Best Practices

#### Category growth drivers

Best practices for placement and expansion

#### Impact

- **Productivity increase** in commercial execution and distribution expansion

### SRM<sup>(1)</sup> Support

#### Global SRM toolkit

- Brand pricing / promotion strategy
- Pricing opportunities

#### Impact

- Launch of products in medium-high price points in 2022
- New premium product development



## Manufacturing Assistance

### Production Automation

#### Cross-functional team with aim to improve plant capacity



#### Impact

- Production Capacity Unlock
  - 10% increase in asset intensity

### Transportation Hub

#### Implementation of Transport Hub

Transportation hub implemented across all units

#### Impact

- Cost savings / KPI improvement
  - on-time delivery
  - vehicle fill rate

## Enhanced Training and Development

### Structured Learning Programs

Covering Analytics, GenAI, cyber security etc.



Launched in 2016



Launched in 2023

### International Job Rotations

Majority leadership of Nestlé India with **international experience** at Nestlé – unlocking maximum potential

### ESG Training

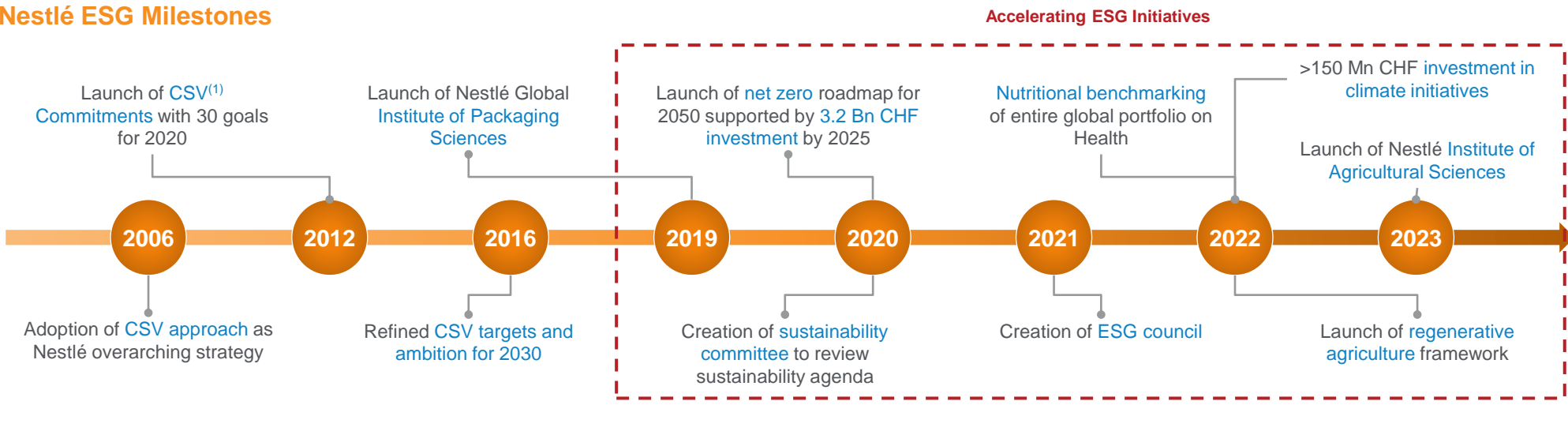
- Environmental **KPI monitoring**
  - Sustainable packaging
  - ESG claims / communication

**25,000+ Documents** available including Tools, Guidelines, Best Practices

Extensive **Technical Assistance** through technical requests on proprietary technologies, tools for performance improvement

(1) SRM: Strategic Revenue Management

## Nestlé ESG Milestones



### Overarching Sustainability Strategy



**Net Zero**

50% emission reduction by 2030



**Sustainable Sourcing**

Deforestation Free Supply Chain, Regenerative Agriculture



**Sustainable Packaging**

Packaging Designed for Recycling



**Water Stewardship**

Water use Reduction

### Tools to Track and Model KPIs



**Greenhouse Gas Performance System**



**Climate Impact Monitoring for Dairy**



**India Dairy Sustainability Roadmap**

### Driving Sustainability Agenda with External Stakeholders



Support creation of a UN treaty on plastic pollution



**Industry associations** to drive climate action, water, sanitation and hygiene (WASH)



Hosting scientists to assess evidence on nutrition and sustainable farming



**Responding to customer** sustainability requests to support sustainability ratings

Note: 1) Creating Shared Value 1) A.C. Nielsen. MAT January 2018–December 2018; 2) Excludes Amul spray

## Key Initiatives in Fresh Milk Procurement Helping Us Grow the ESG Way



### Manure Management

Biodigesters to capture emissions from manure & use the generated biogas

Biodigesters and Biogas Plants: Helping dairy farms produce milk with less environmental impact

5,200+ Dairy Farmers

27 Large Biodigesters

1,020+ Small Biodigesters



### Farm Transformations

Adopting better Genetics, Balanced Nutrition and Farm Management Practices



### Feed & Fodder with Low emissions

Reducing carbon footprint of cattle feed & fodder



### Tree Plantation

Capture carbon by planting trees



# 5 Digital, Data and IT: Bolstering the DD&IT Backbone

## Digital Strategy, Tools and Resources

### R&D and Production

Roll-out of digital technologies across value chain

- **R&D:** Clinical data mining for new discoveries
- **Manufacturing:** Core digital technologies deployed across factories in 60 countries, roll-out of “Plant of the Future” concept
- **Supply chain:** Digital twins for optimizing delivery

### Enabling Functions

Provision of digital and IT back-bone across functions

- **Connected Planning program** deploying advanced planning capabilities
- **Journey to Cloud migration**
- **Remote learning and technical assistance**, e.g., live video connection with NPTCs on plant issues

### Marketing and Sales (M&S)

Group strategic priorities: Direct Consumer Access at Scale, Next Level Content, Channel-Less Commerce, Always on Analytics

- **275 mn+** direct consumer data records
- **1,000+ specialists** added across regions with expertise in digital consumer engagement
- **37 content studios** to produce digital content
- New hub for **data science** in Bangalore to optimize digital spend
- **Global media partnerships** with discount rates
- Key **digital Marketing and Sales tools**
- **Leveraging Global partnerships** for consumer engagement



### M&S Solutions Developed by Group



Customer Investment Management



Strategic Revenue Management



Commercial Control Towers



Digital Shelf



eB2B









Professional Buyers / Prescribers



Digital Capability Fund  
(Introduced in 2017)

# Summary - Support from Nestlé Group

<p><b>1</b> Strong Brands</p>	<p>Brand Strength Increase</p>  3.1x  1.6x  1.5x  1.1x  NM  NM
<p><b>2</b> Innovation</p>	<p>c.11k additional Patents since 2008 (12k vs 1k)</p> <p>&gt;70 New Products Launched in India Since 2018</p> <p>50+ new Pilot Lines</p> <p>2 new specialized Research Centres Launched</p> <p>Innovation Sales up from c.3% in 2018 to &gt;6% in 2023</p>
<p><b>3</b> Technical Assistance and Capability Building</p>	<p>SRM Toolkit</p> <p>Production Automation</p> <p>Transportation Hub</p> <p>Structured Learning Programs Launched</p> <p>International Job Rotations</p>
<p><b>4</b> ESG</p>	<p>Net Zero Roadmap</p> <p>Water Efficiencies Technology</p> <p>GHG Performance Tool</p> <p>&gt;150 Mn CHF of Climate Investments</p> <p>Biodigesters and Biogas Plants: Helping dairy farms produce milk</p>
<p><b>5</b> Digital, Data &amp; IT (DD&amp;IT)</p>	<p>SRM Tools</p> <p>Cloud Migration</p> <p>D2C Platform Strategy</p> <p>Design and Build</p> <p>Automation Support</p> <p>New Digital Capabilities</p> <p>Global Partnerships with Google, Meta etc.</p>

# Our Operations and Distribution Capabilities



# Manufacturing Citadels of Nestlé India – 9 State of the Art Manufacturing Facilities

## Pan India Footprint



## Consistent Capability Building

(Net Book Value as on last date of the year, INR Bn)

		2018	2023
2	Nanjangud, Karnataka	3.9	7.4
3	Ponda, Goa	3.0	6.0
5	Tahliwal, HP	3.6	3.9
7	Pantnagar, Uttarakhand	1.4	1.8
9	Choladi, Tamil Nadu	1.2	1.4
<b>All Factories</b>		<b>22.3</b>	<b>40.5</b>

~1.8x in 5 years

**Upcoming State-of-the-Art, Factory of the Future being built at Odisha with an investment of INR 8 – 9 Bn**

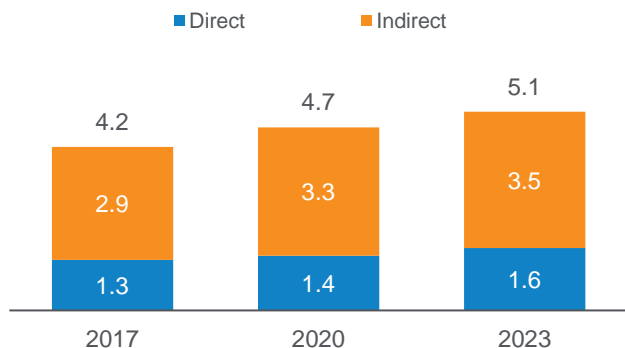
- Zero touch operation
- Intelligent Machines
- Predictive Maintenance
- Carbon Neutral

Notes: Map not to scale

# Deepening Pan India Presence

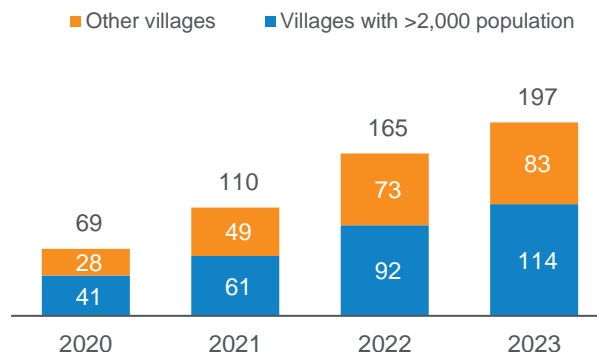
## Expanding Overall Reach

(# million outlets)



## Improving Rural Reach

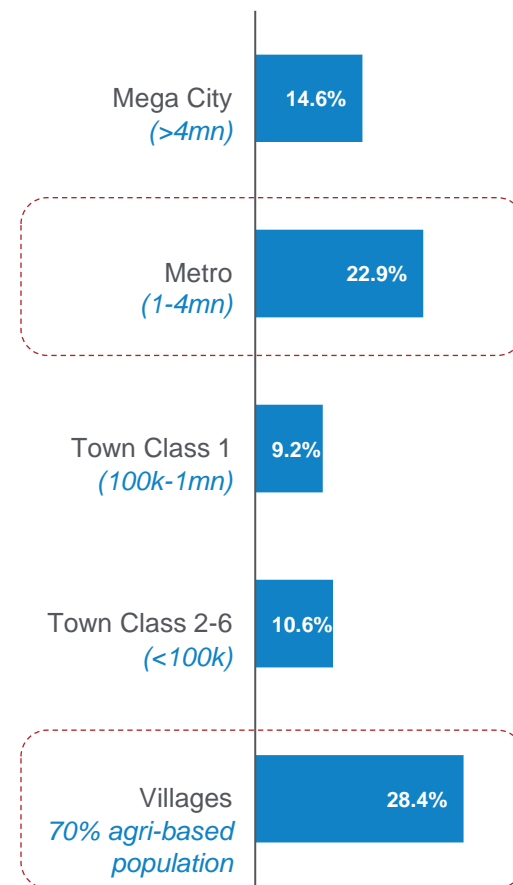
('000 villages covered)



## Growing Penetration

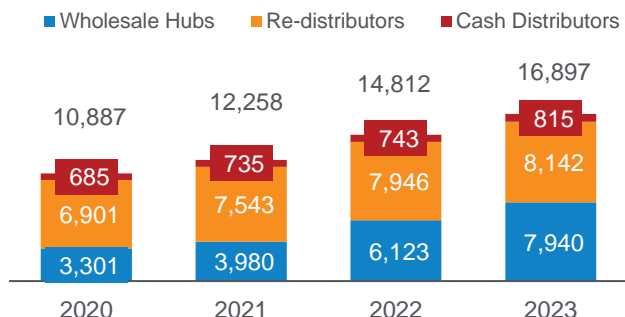
(2021-23 Town Class CAGR across categories)

Growth Across India with Rapid Penetration in Metro and Villages

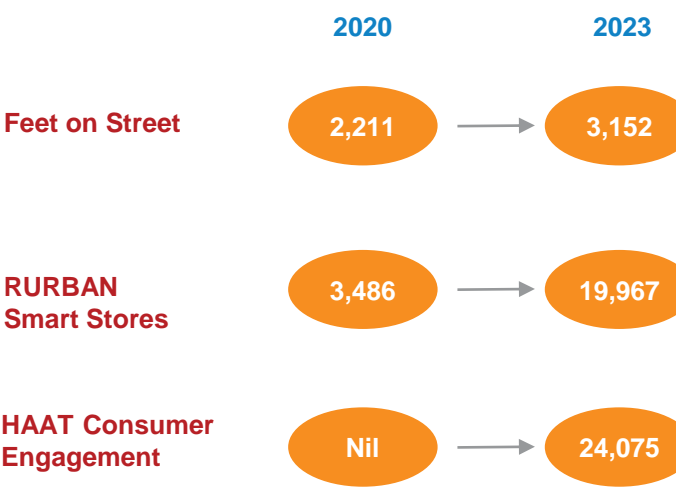


## Increased presence in "RURBAN"

(Distribution Touch Points)



- ✓ Deeper into smaller towns and cities
- ✓ Scaling up on-ground activation, deploying resources, leveraging partnerships to expand coverage

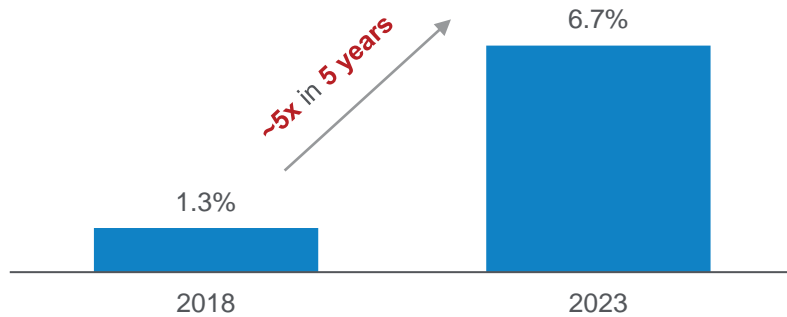


Category description

# Building Robust Digital, Data and IT Capabilities in Collaboration with the Group

## Crafting new channels to reach our customers

### Accelerating E-Commerce Footprint (e-commerce % to Domestic Sales)



### Key Websites

	E-commerce platform, for Nestlé products manufactured in India; In select towns only
	E-commerce platform focused on parents of toddlers helping meet the needs of their young ones
<b>AskNestlé</b>	Platform for providing meal plans and nutritional insights for age groups of 2-50 years
 <b>Maggi.in</b>	Dedicated website for providing recipes and information on the Maggi brand products

## Other Key Capabilities



The 'Retailer Self-Ordering App'- NesMitra, boosts engagement and business traction in deep RURBAN geographies



AI-ML powered Multi-Intelligence Data Analytics System (MIDAS) integrates sales data and equips the teams with actionable insights



Creative X deployed across categories (10K + assets )



Unlocking Power of Gen AI : Secure Gen-AI access to all employees



AI models in Sales and Supply Chain aiding decision making for 20% of our current employee base



Factory Automation and Labor planning across our key plants



Immersive trainings powered by AR at DC points

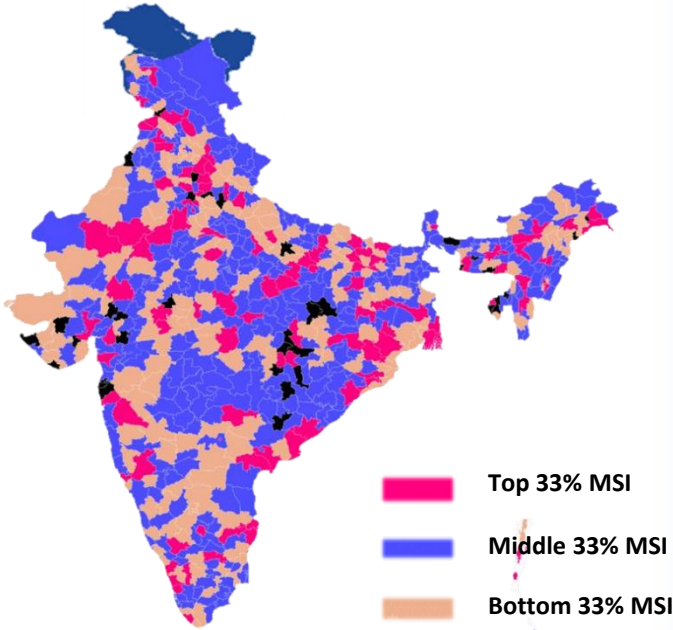


Best in class security shield enabled for our digital assets and securing customer, consumer and employee data

# Strategy - Harnessing Opportunity through Focused Consumer Clusters

## Two-Step Data Driven Process to Identify and Capitalize on Opportunities

### Step 1 Granular Mapping of Clusters



Proprietary surveys to assess market size and prosperity across India

7,935 towns

640K+ Villages

### Step 2 Determination of Development and Distribution Priorities

Clusters Segmented basis Market Size Index (MSI) to be used by Sales and Business units

New product development prioritization

Distribution Expansion

Note: Maps not to scale.

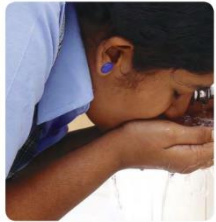
**Living Our Purpose**





# Nestlé - Purpose and Values framework





**Clean drinking water facilities: Over 175,000 beneficiaries**



**Nestlé Global Healthy Kids: Over 555,000 beneficiaries**



**Enduring Partnerships**

2,000+ Distributors (360+ Distributors with 20+ years Association, 400+ Distributors 10-20 years Association)



**Engaging 80,000 milk, 5,000 coffee and 1,500 spice farmers**



**Continuous effort of fortifying products**



Fortified with Iron, Vitamin A & Iodine

Fortified with 15 vitamins and minerals including iron, vitamin A, C, D and calcium



For the period 2008-2023, for every tonne produced:

- ↓ energy usage by 26%
- ↓ water usage by 39% & waste water generation by 49%
- ↓ greenhouse gases generation by 62%



Leading the way to a waste-free future. Making ≥ 95% of our packaging recyclable or reusable by 2025

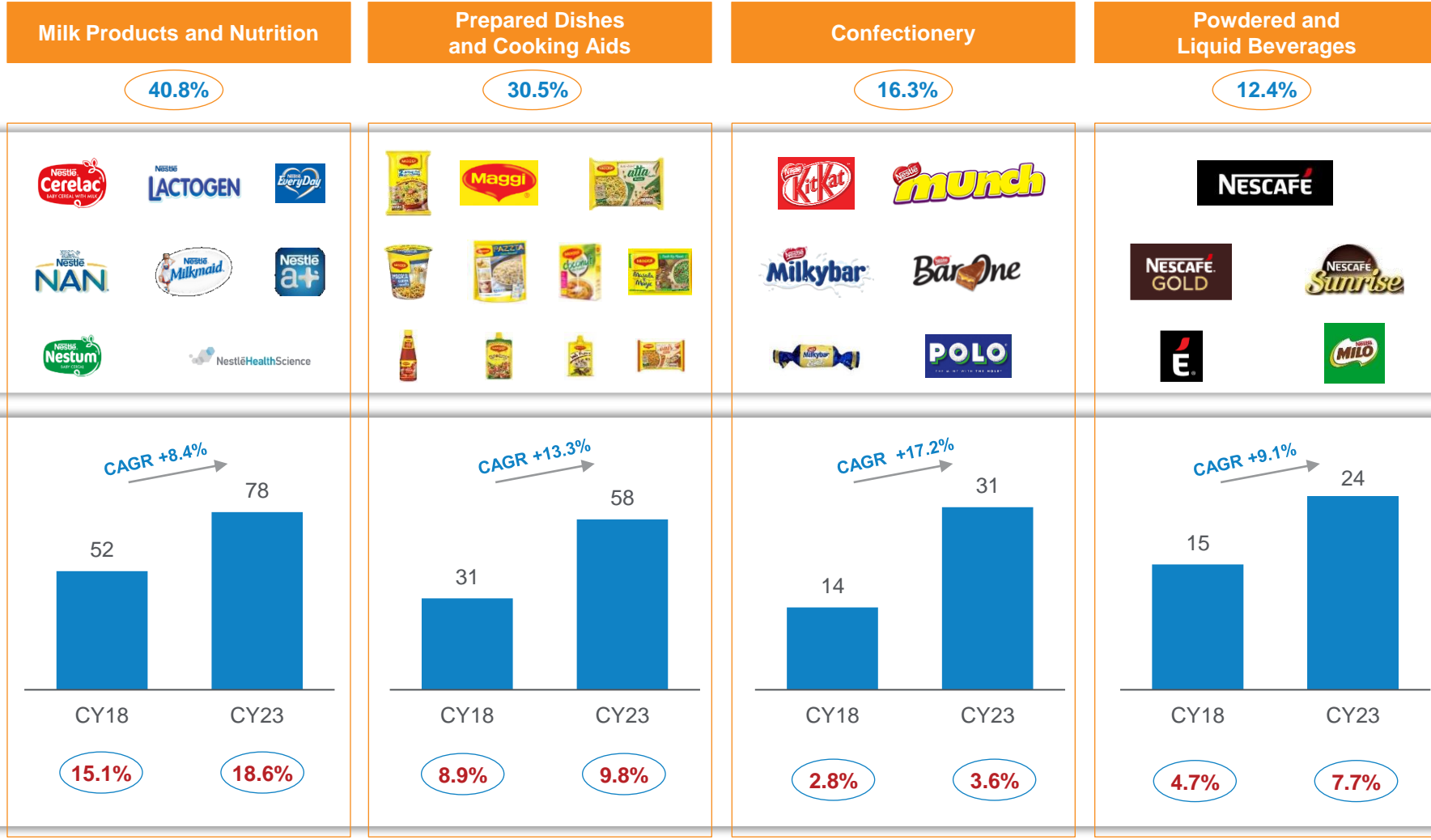


**Resulting in  
Winning Brands**



# Iconic Brands Leveraged by Nestle India

## Diversified portfolio of Brands



**Premium SKUs contribute to 12.1% of Sales in CY2023 as compared to 10.4% in CY2018**

Note: Latest financial year of Nestlé India is January 2023 to March 2024 (15 months). CY 2023 figures for Nestlé India are based on unaudited data for the 4 quarters ended Dec 31, 2023 and used for comparability only.



% Sales from premium products



# Nestlé's Brands Consistently Winning with Local Consumers

Category	Brand	Market Share 2023 (Value) <sup>1</sup>	Nestlé Position 2023	Nestlé Position 2019
Infant Cereals		96.8		
Instant Pasta		80.2		
White & Wafers		72.9		
Infant Formula <sup>2</sup>		63.9		
Instant Noodles		59.0		
Instant Coffee		54.5		
Tea Creamer		38.8		
Ketchups & Sauces		16.8		

Note: 1) A.C. Nielsen. MAT January 2023–December 2023; 2) Excludes Amul spray

# Respected, Reputed and Recognized across Categories

## Select Rewards and Recognition



Desirable and Health-Conscious Brand

- KITKAT #CatchABreak Bags 3 Metals at Digies 2024
- “Brand Xcel Excellence Award” for Maggi
- 6 prestigious EFFIE awards: 3 for MAGGI, 2 for NESCAFÉ and 1 for CEREGROW - 2024
- Nestlé a+ Masala Millet awarded Best Industry - Product Innovation for Mainstreaming Millets – 2023



Operational Excellence

- Supply Chain & Logistics Excellence Awards 2023 by CII
- Nestlé Pantnagar was 1st Runner Up at CII's 36th Quality circle competition
- 'The Best CFO' in Large Enterprises Manufacturing Industry category – from The Financial Express
- 'National Awards for Manufacturing competitiveness' – Pantnagar Factory won Gold & Sanand Factory won Silver



Sustainability Focus

- 2<sup>nd</sup> position in FICCI Sustainable agriculture Award for building climate-resilient agriculture
- 4<sup>th</sup> Procurement India Leadership Award for Best Sustainability Initiative in procurement
- Ponda & Bicholim Factory won Gold at the 8<sup>th</sup> Edition of India Green Manufacturing Challenge 2022
- Nescafe awarded gold at E4M Impact Digital Influencers Award 2022 for the paper straw campaign

## Awards for Our People Focus

### Best Organizations for Women 2024



Nestlé India recognized at the *ECONOMIC TIMES EDGE* Award



Mr. Suresh Narayanan awarded The Economic Times 'People-Focused CEO' of the Year

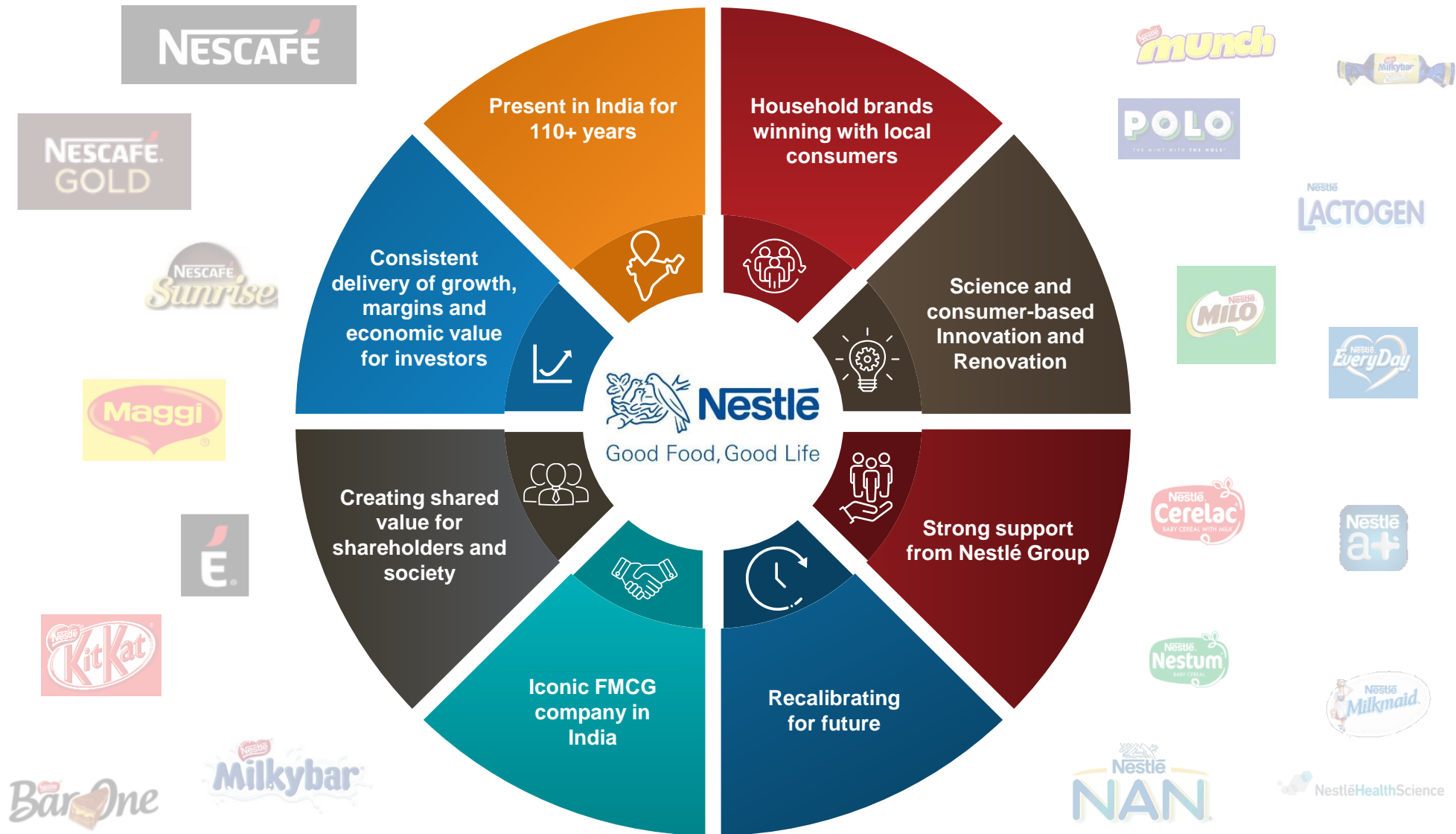
### Milestone in Diversity, Equity & Inclusion



Nestlé India honoured with 'DEI Excellence in People Practices' award at Spark Inclusive Leadership Summit

Awarded “MNC of the Year” by All India Management Association

# Nestlé India: Key Takeaways



# Robust Financial Performance

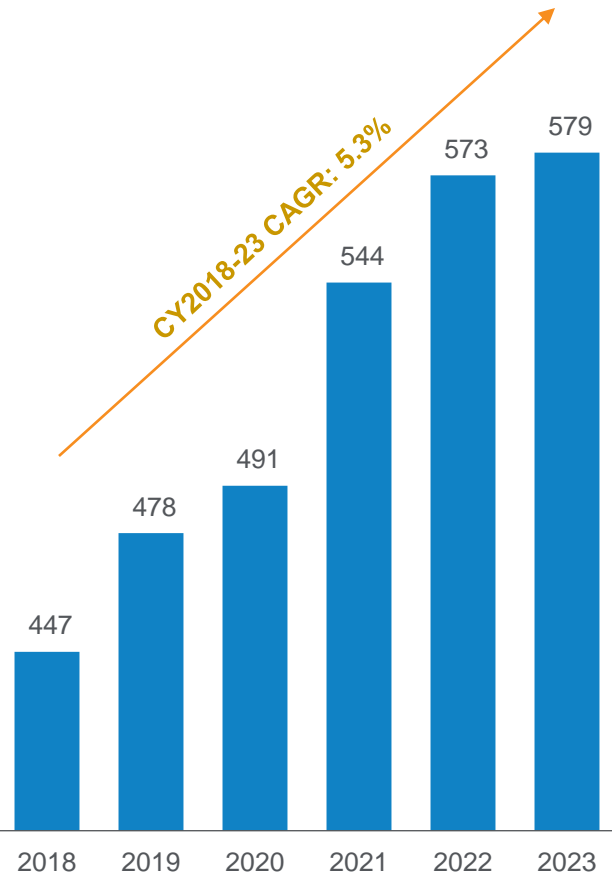




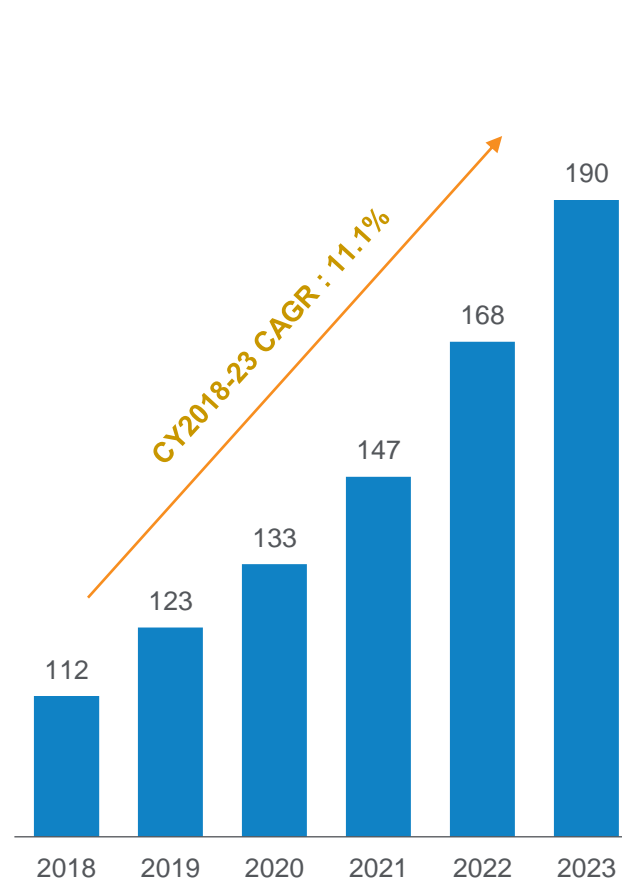
# Consistent Volume Led Growth of Revenue and Operating Profit

## Consistent Year on Year Volume Led Growth

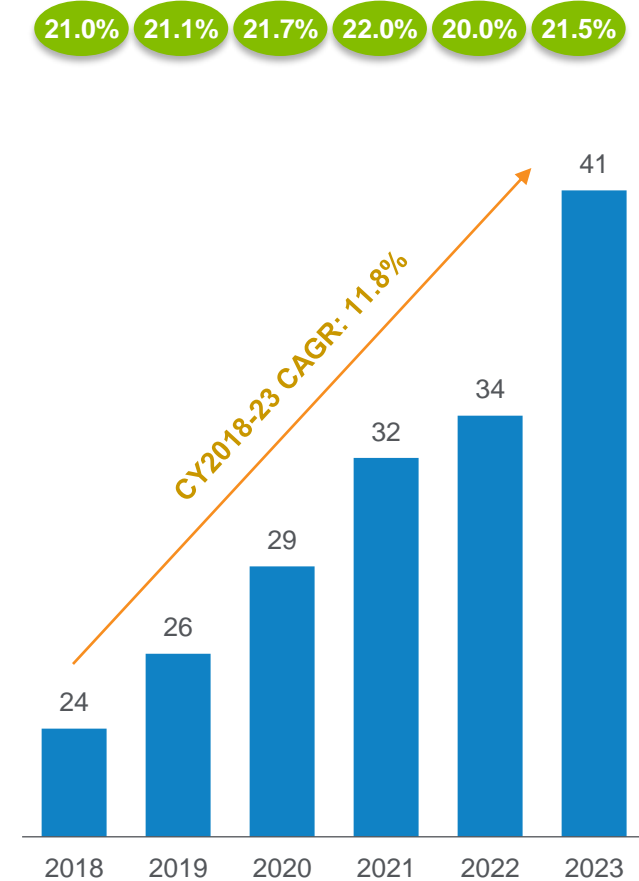
Volume ('000 Tons)



Sale of Products (INR Bn)

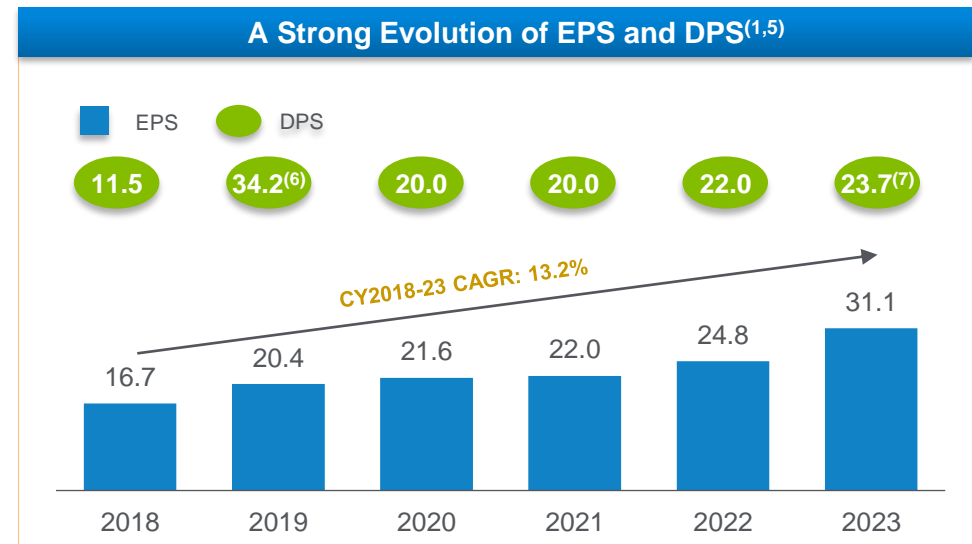
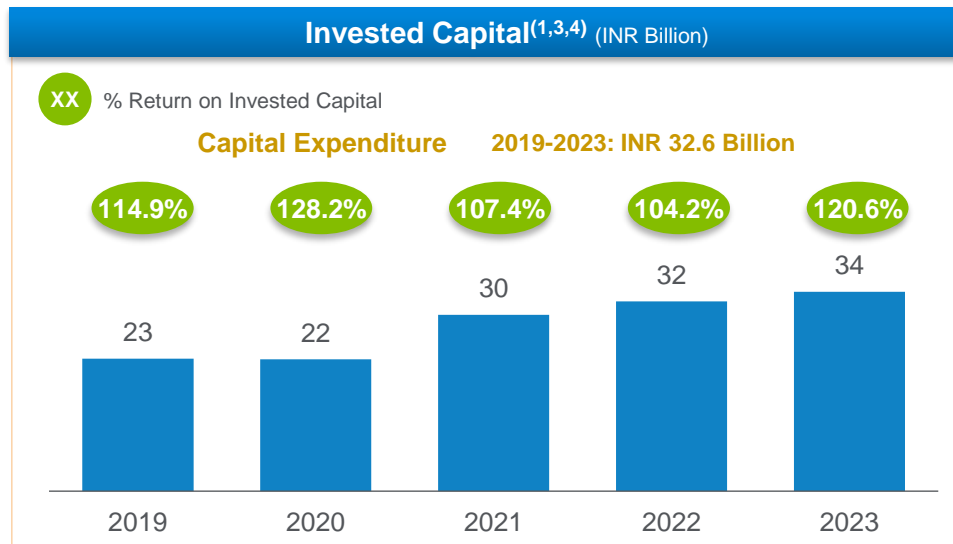
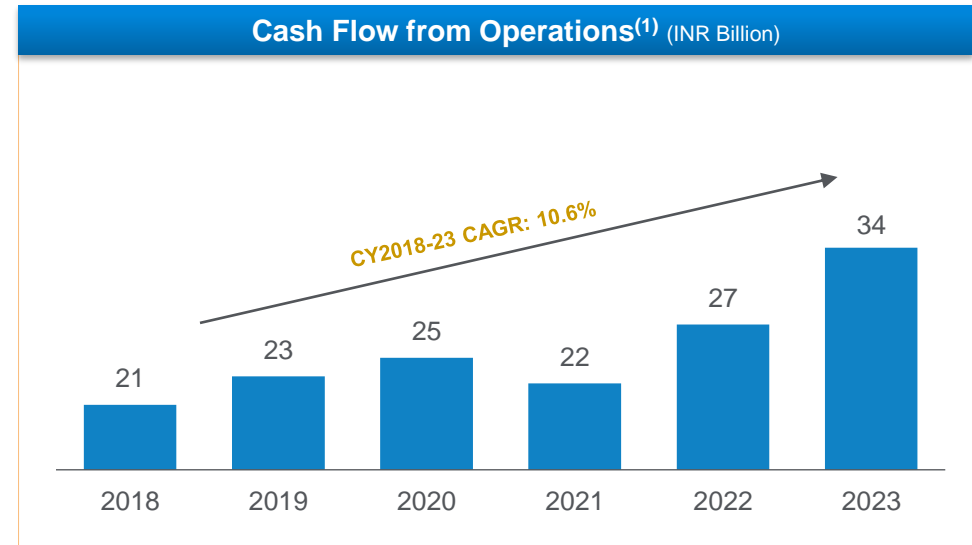
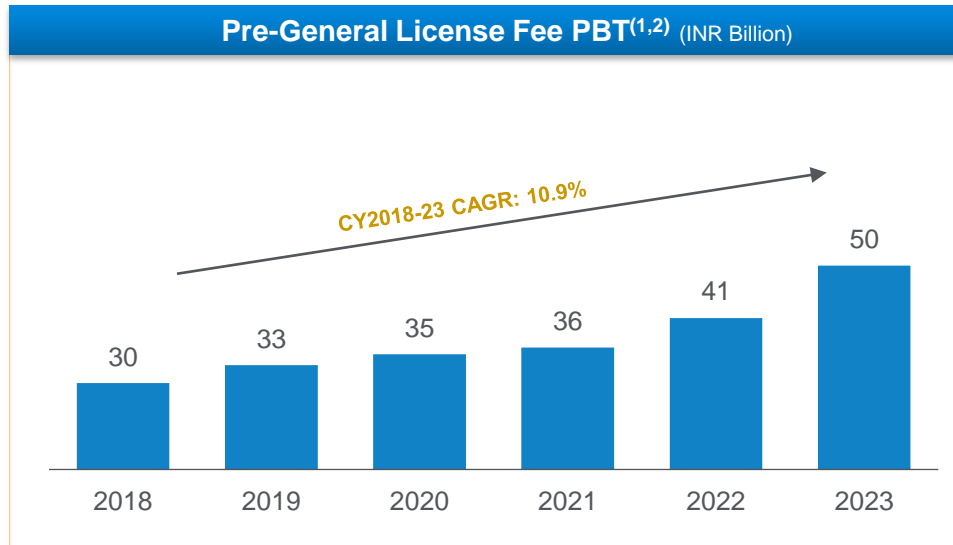


Operating Profit (% of Sales of Products) (INR Bn)



Note: Latest financial year of Nestlé India is January 2023 to March 2024 (15 months). CY 2023 figures for Nestlé India are based on unaudited data for the 4 quarters ended Dec 31, 2023 and used for comparability only.

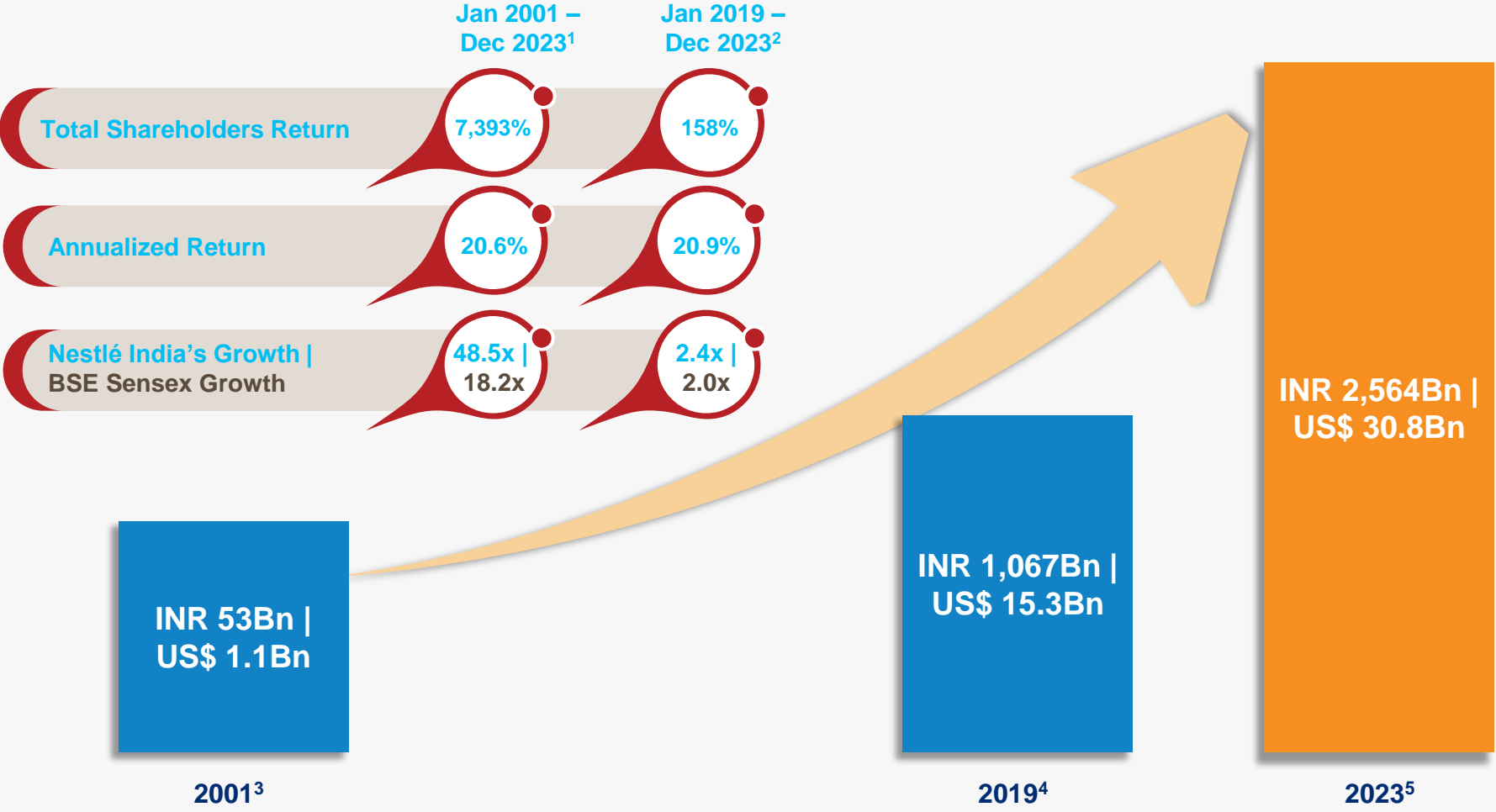
# Consistent growth with healthy margins to create economic value



Notes: (1) Latest financial year of Nestlé India is January 2023 to March 2024 (15 months). CY 2023 figures for Nestlé India are based on unaudited data for the 4 quarters ended Dec 31, 2023 and used for comparability only. (2) Computed as Profit Before Taxes plus General License Fee payments including withholding taxes (3) Invested Capital consists of Property, plant and equipment, Right of use assets, Inventories, Trade receivables less Trade Payables. ROIC = Profit from Operations / Invested capital (4) Numbers from 2019 onwards, post IndAS 116 implementation (5) Figures adjusted for share split of 1:10 completed on and from the record date of 5<sup>th</sup> Jan 2024 (6) In 2019, special interim dividend of INR180 per share (INR 18 per share post adjustment for split) was paid out of accumulated profits of previous years (7) Includes interim dividends of INR27/- per equity share (INR 2.7 per share post adjustment for split), second interim dividend of INR140 per equity share (INR 14 per share post adjustment for split) paid on 8<sup>th</sup> May 2023 and 16<sup>th</sup> November 2023, respectively, and third interim dividend of INR 7 per share to be paid by 3<sup>rd</sup> May 2024.

# Multi-decade Track Record of Shareholder Value Creation

## Market Capitalization



Source: Factset, Spot FX Rates Assumed: Jan 1, 2001 – USD1 = INR46.680; Jan 1, 2019 – USD 1 = INR69.815; Dec 31, 2023 – USD1 = 83.214  
 Notes: (1) Data from 29 Dec 2000 till 29 Dec 2023 (2) Data from 1 Jan 2019 till 29 Dec 2023 (3) Closing market value as of 1 Jan 2001 (4) Closing market value as of 1 Jan 2019 (5) Closing market value as of 31 Dec 2023

# Key Financial Takeaways

1

**Strong Revenue Growth led by Volume Growth and Increased Realizations**

2

**Robust Strength of Operations Exemplified by Consistent Delivery of Operating Profit Margins, even During Covid**

3

**Strong Pre-General License Fee profits is a strong indicator of Group support helping in driving performance**

4

**Track Record of Delivering 100%+ Return on Invested Capital (Amongst Highest in the Industry)**

5

**Business Outperformance has Translated into Healthy Returns for Shareholders**

**Thank you!**

