

**Nestlé India Limited**

(CIN : L15202DL1959PLC003786)

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'M' Block, DLF City, Phase – II  
Gurugram – 122002, Haryana  
Phone 0124 - 3940000  
E-mail: investor@IN.nestle.com  
Website www.nestle.in

**BM: PKR: 65:19****09.08.2019**

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:60:19 dated 9<sup>th</sup> July, 2019, intimating about the Financial Analysts / Institutional Investors Meet of the Company, please find enclosed herewith the presentations to be made to the Financial Analysts/ Institutional Investors at the meeting scheduled to be 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**



**PRAMOD KUMAR RAI**  
**ASSOCIATE GENERAL COUNSEL**  
**(CORP. LEGAL, GOVERNANCE & COMPLIANCE)**

Encl.: Total number of Slides : 116

Nestlé India  
29<sup>th</sup> Financial Analysts  
& Institutional  
Investors Meet  
9<sup>th</sup> August 2019



# 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 a Healthier Future  
(15:30 hrs): Suresh Narayanan***

***Sustained Growth, Value  
Creation***

***(16:20 hrs): Shobinder Duggal***

***Reaching out to Consumers –  
Route to Market***

***(16:45 hrs): Ravi Ramchandran***

***Q&A***

***(17:00 – 17:30 hrs)***



**Key Takeaways  
From Last Time**

**Speed, Sharpness, Sustainability**

**Innovations at the Core → Improvise but Act !**

**Growth dimension → Thrive not Survive**

**Manage for “Market Share” → Our growth > Category Growth**

**Clusters, Micro targeting, Resourcing for Action**

**Key efficiency enhancement through Nestlé Business Excellence**

**Active engagement with environment and issues**

**People, passion, progress our way of our life**

# Building for a Healthier Future



**Building Value**



**Building Brands**



**Building Capacity**



**Building Society**



**Building People**



# Building Value

# Building Value

What we have achieved

Where we are today

Creating  
Strong  
Growth

Creating  
Shareholder  
Value

H1 2019  
Highlights

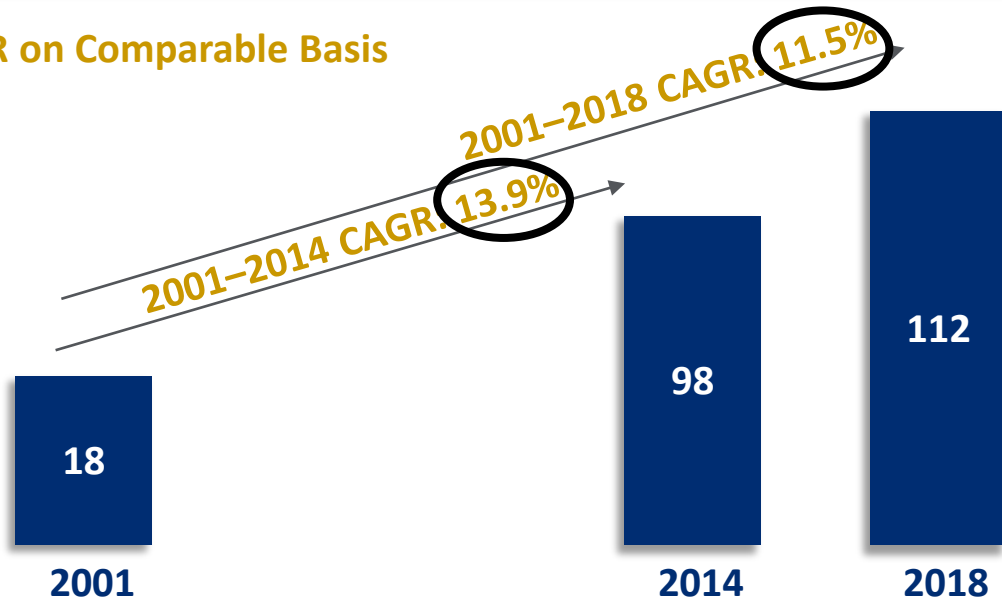
Penetration  
Led Volume  
& Mix  
Growth

Sustainable  
Value  
Growth



## Sales of Products (INR Billion)

### CAGR on Comparable Basis



Figures from 2016 onwards are as per Ind AS. Effective 1 July 2017, sales and ratios derived from sales are not comparable due to change in structure of Indirect taxes.

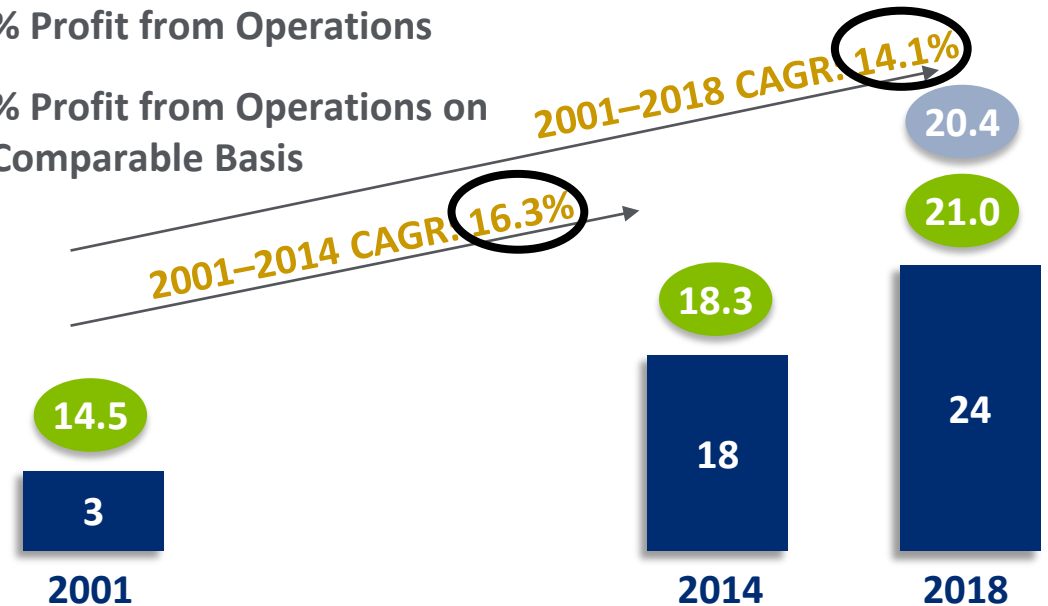
\*Profit from Operations is arrived from 'Profit before Tax' after reducing Other Income and adding back Finance Costs (including interest cost on employee benefit plans), Net provision for contingencies (others) and corporate social responsibility expense.

# A History of Strong Growth

## Profit from Operations\*(INR Billion)

XX % Profit from Operations

XX % Profit from Operations on Comparable Basis



14.5

18.3

21.0

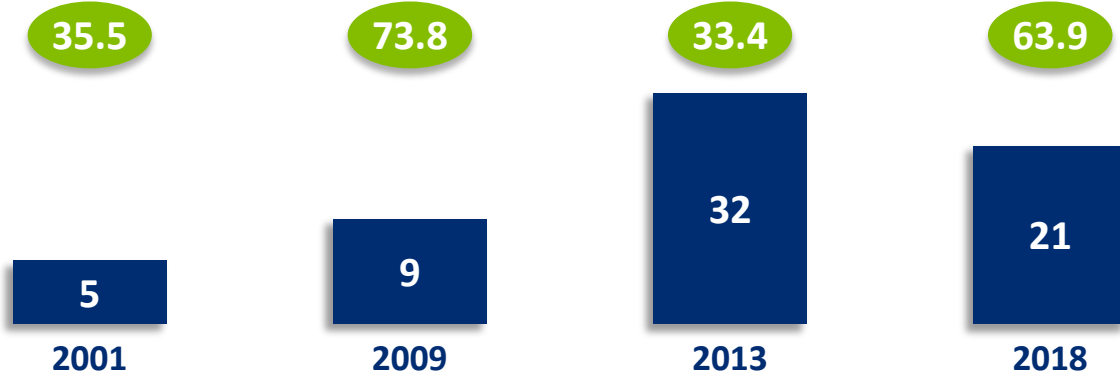
20.4

## Invested Capital\* (INR Billion)

XX% Return on Invested Capital

Capital Expenditure

2001-2009: INR 12 Billion  
2010-2018: INR 44 Billion



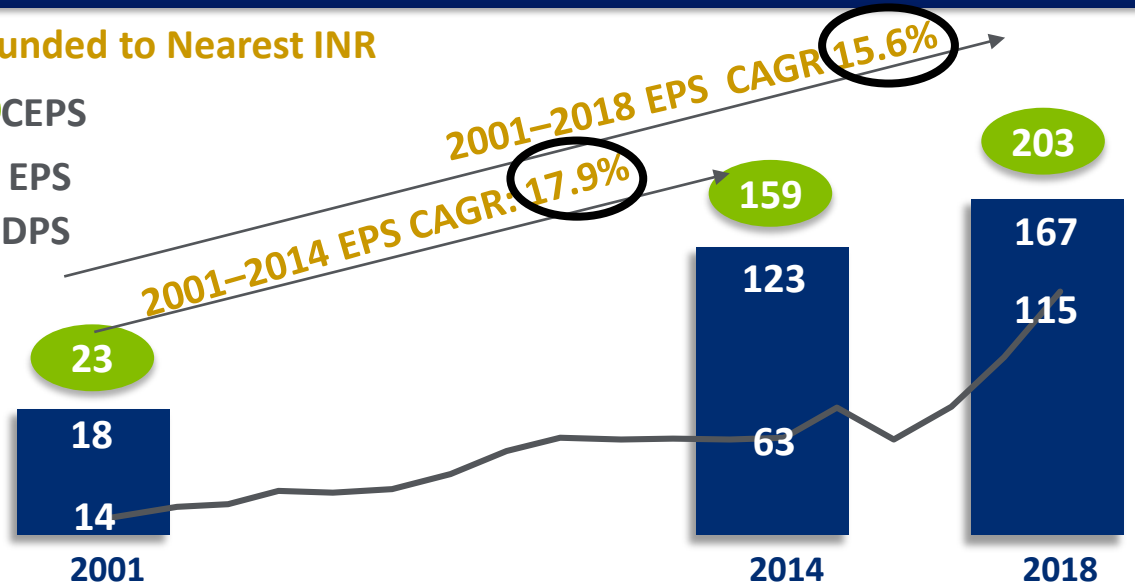
## Evolution of CEPS, EPS and DPS

Rounded to Nearest INR

XX CEPS

■ EPS

— DPS



\*Invested Capital consists of net fixed assets, net working capital (trade and other elements), net deferred tax liability.

CEPS: Cash Earnings Per Share, EPS: Earnings Per Share, DPS: Dividend Per Share..

# Created Significant Value For Investors

## Market Capitalization

Total Shareholders Return **2,234%**

Annualized Return **19.3%**

Up 23.1 times vs. FMCG  
Benchmark Index 11.7 times

INR  
50 Billion

2001

INR  
1,149  
Billion

2019\*

# Continuing Our Momentum

Reported Sales growth at  
10.2%

Sustained profitable  
growth

Market leadership in  
~85% of Portfolio

## H1 2019 Highlights

Strong cash  
generation from  
operations

Domestic Sales growth  
is 11.6%

Penetration led Volume &  
Mix Growth - 10.8%

Increased Dividend  
Payout and Sustained  
Value Creation for  
Shareholders

# 10 Quarters of Sustainable Volume & Mix Led Growth

RIG % - Real Internal  
Growth (Volume & Mix)





Comparable Growths are on estimated basis

■ Domestic Sales (INR Bio)

Leading to  
10 quarters  
of  
Sustainable  
Value  
Growth

\*Reported growth rates are adversely impacted due to lower reported sales by the change in structure of indirect taxes and reduction in realisations to pass on the GST benefits



# Building Brands

# Building Brands – Delighting Consumers

**What we have achieved**

**What we are doing**

**Strong  
Reputation**

**Market  
Leadership**

**Innovation  
and  
Renovation  
Journey to  
continue**

**Leveraging  
e-commerce**

**The Out of  
Home  
opportunity**

**Harnessing  
'cluster'  
opportunities**



















# Strengthening our Trust with Consumers



Source – Relative Equity Index - Corporate Equity Monitor (Internal)

# Leading With Strong Market Shares

| Category          | Brand  | Market Share (Value) | Nestlé India Position   |
|-------------------|--|----------------------|---|
| Infant Cereals    |     | 96.5                 |    |
| Infant Formula    |    | 66.6                 |    |
| Tea Creamer       |     | 44.1                 |    |
| Instant Noodles   |     | 59.2                 |    |
| Ketchups & Sauces |    | 20.5                 |   |
| Instant Pasta     |   | 73.7                 |  |
| White & Wafers    |  | 63.4                 |  |
| Instant Coffee    |  | 50.5                 |  |

MAT JUN'19

Source -  
Nielsen

# Science and Consumer Driven Innovation and Renovation





3.7%  
Contribution  
to Domestic  
Sales in H1  
2019



61  
innovations  
since 2016



And the Innovation Journey Continues This Year.....

# Seizing The Out of Home Opportunity

Where we were

Traditional Hot Beverages

Powder Based Solutions

Limited Category play - Coconut Milk Powder & Milkmaid

Where we are

Entry into Premium beverages with Liquid Milk

Digital Payment based Vending

Leadership in Cold Vending

Wider Portfolio



# Harnessing The 'One Nestlé' Initiative

**Our  
Ambition:  
1000 kiosks**

**Our Goals -  
Accessing Target,  
Offering Variety,  
Enhancing Sampling**

Employment  
Generated:  
**750+ People**

Average 13.5  
million  
footfall across  
all kiosks/per  
annum

Over 400  
kiosks



# Leveraging E-Commerce

Rapidly changing reality

350 million  
connected  
smartphone  
users

400 million  
internet  
users

Average 40  
million  
users  
added  
annually

200 million  
e-commerce  
shoppers

Leading to  
a Digital  
Revolution

## Omnichannel: The growing confluence of online and offline

The rise of omnichannel is enabling consumers to make the most of their online and offline experiences

50%

of organized retail is likely to be influenced by digital in 2020

75%

YoY growth in "mom-to-mom" queries



SoftBank may serve up fresh funds to the tune of \$300-500 million for Swiggy

## THE \$1BN CLUB

Udian is the seventh startup to achieve the unicorn status in 2018, along with Policybazaar, Swiggy, Zomato, Byju's, Paytm and Freshworks

Money and Valuation (USD)

Series A — 10 40m

Series B — 50 220m

Latest round — 225 1bn

The B2B e-comm startup has become the fastest Indian unicorn in just under 2 years

India has the highest number of unicorn startups after the US and China

# Leveraging E-Commerce

Capturing  
Our  
Opportunity



Make your Tea  
Tastier & Thicker with  
Nestle Everyday

Targeted Communication



MAGGI MEGA PACK

Hot & Sweet

2-Minute noodles

Special masala

Masala Magic

Nutri-ticious

Range Selling

Crave a delicious  
multigrain breakfast?

Get a NesPlus™  
Breakfast Cereal pack FREE

ORDER NOW

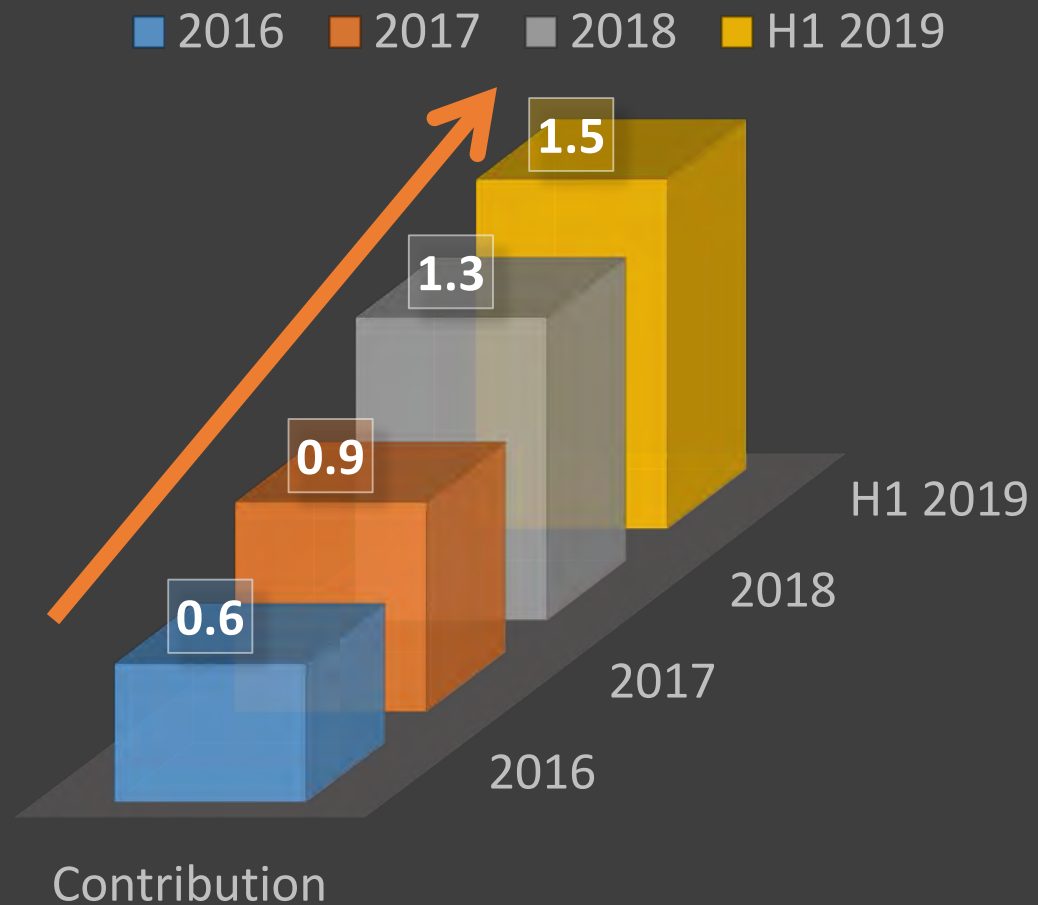
Consumer base for sampling



# Leveraging E-Commerce

What have we achieved

Growing Contribution Of E- Commerce To Domestic Sales



# Harnessing the Consumer Opportunity in Clusters



# Building Capacity

Manufacturing  
Citadels

Our  
Commitment  
to 'Make in  
India'  
continues

Building  
Enduring  
Partnerships  
and New  
Capabilities

Future Ready  
organization

Building  
Capacity

Moga (1961)



Choladi (1967)



Instant Tea largely for exports

Nanjangud (1989)



Samalkha (1992)



Ponda (1995)



Bicholim (1997)



Pantnagar (2006)



Tahliwal (2012)



Manufacturing Citadels

# Our Commitment to 'Make in India' Continues

98% of what we sell is  
'Made in India'

Sanand, Gujarat  
- our 'navratna'

Construction to  
commence soon  
- a dedicated  
MAGGI factory

State of the Art -  
reinforcing our  
sustainability  
journey

Employment  
Generation  
around 400  
people



Initial Investment  
over two years  
INR 700 Crore

Our diversity  
ambition - 50%  
women workforce  
at the factory

Map not to scale

MOGA



# Build Enduring Relationships



2500 coffee farmers



4600 suppliers and 1700 distributors



100,000 dairy farmers



1200 spice farmers

# And Build New Capabilities



Develop a new  
sourcing mindset

Organic grains from  
Rajasthan, Andhra  
Pradesh and  
Karnataka

Natural, real and  
toxin-free organic  
fruits

Milk from  
Rajasthan from  
Cows fed with  
100% organic and  
farm grown fodder

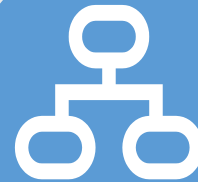
20 member  
supplier  
development team  
– farm to factory



India Organic,  
Jaivik Bharat and  
SGS certified  
products



# Building a Future Ready Organization



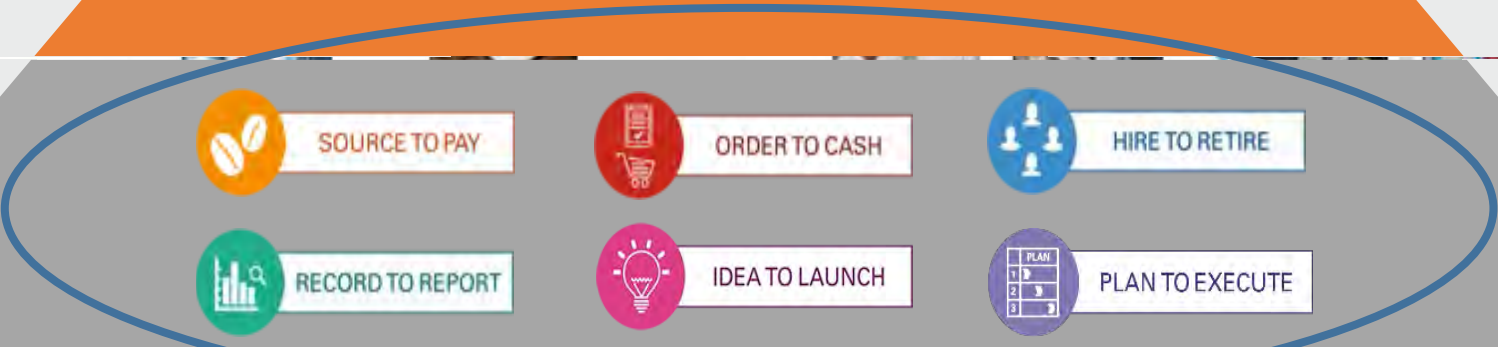
Support Demand Focused Organizations



**Center of Scale (CoS)**

**Center of Competence (CoC)**

Provide World Class Business Services



Optimize Global End-to-End Flows



# Building Society

# Building Society



**Our Philosophy**



**Our Initiatives**



**Commitment to  
a Healthier  
Planet - Plastic  
Waste  
Management**



**Empowering  
Consumers on  
Nutrition– Ask  
Nestlé**



# Our Philosophy of Creating Shared Value and CSR

Programme relevant nationally and resonate with global objective.

Focus on impact rather than just numbers.

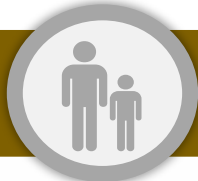
Each programme has deliverables that are measurable.

Programmes are evolved over a period of time



# Our Initiatives

## For Individuals and Families



### Project Jagriti

Encouraging Good Nutrition and Breastfeeding Practices through Community Action

4.6 Mio Beneficiaries



Helping Adolescents Live Healthier

Over 280,000 Adolescents



Engaging Employees in Social Initiatives

Over 1,850 Employees

## For Our Communities



Creating Access to Clean Drinking Water

Over 136,500 Students



Project Serve Safe Food

Over 14,000 Vendors



Sanitation facilities for girl students

Over 182,000 beneficiaries

## For the Planet



Reducing Water use in Agriculture



Creating Awareness about Water Conservation

Over 112,700 Students



Recycling Waste Paper at Our Offices

Nearly 300 Trees Saved





# Our Initiatives

**Project Vriddhi:  
Enhancing the  
quality of life  
for the people  
of Rohira Village  
(Nuh District,  
Haryana)**



**Before Intervention**



**School**



**Work in Progress**



**Water chamber**



# Commitment to a Healthier Planet – Plastic Waste Management

Pioneering  
alternative  
materials

Our ambition is  
to achieve 100%  
recyclable or  
reusable  
packaging by  
2025.

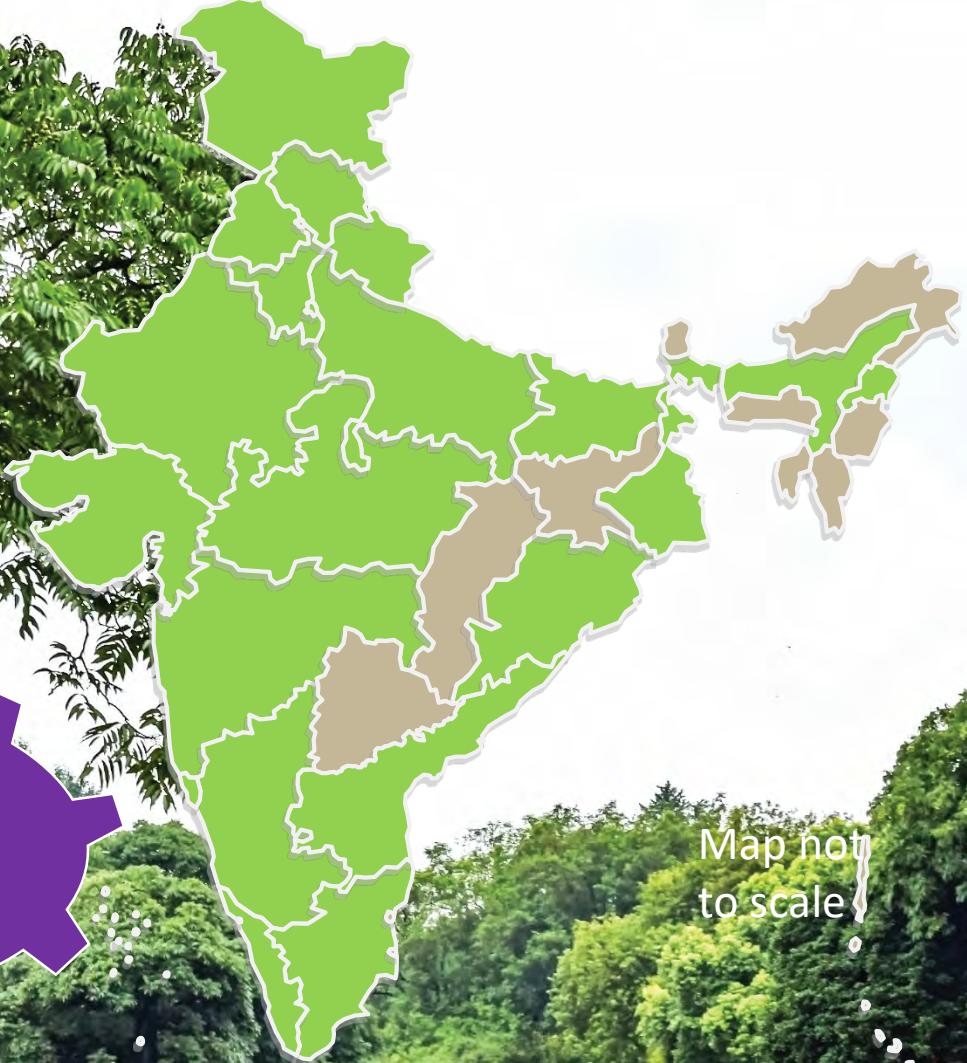
Drive new behaviour

Shaping a waste free future



# Mono-material Packaging roll-out

# EPR Roll out in 20 states in 2019



6000 MT of MLP Collected and Recycled in 2018

# Integrated Media Campaign : Dehradun, Mussoorie & Kumbh 2019



# Collective Change: Establishing An End To End Waste Solid Management System In Mussoorie

2019-21: To be taken forward in Dalhousie, Nainital, Darjeeling, Mahabaleshwar, Ooty, Goa



दिल बदलो  
हिल बदलो

Waste management programs specifically for the Hill states



Plastic Express: In Dehradun & Mussoorie

# Empowering and Respecting Over 100 Waste Workers in Mussoorie

Provision of protective gear

Health camps for regular check-ups.

Regular Recognition



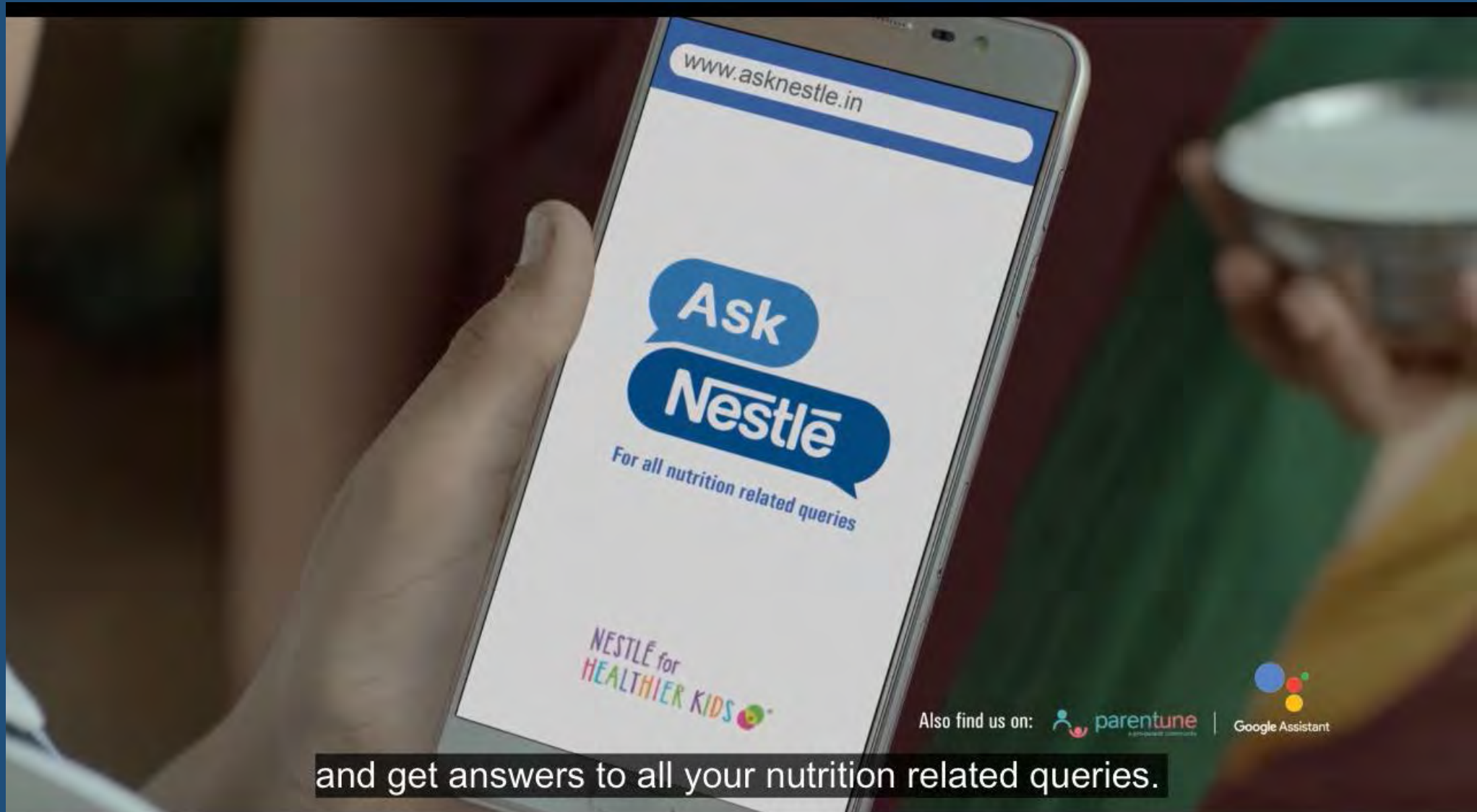


**2000  
volunteers  
participate in  
clean up  
drives across  
India**

**6 Tons of  
Waste  
Collected**

**Our Employees Walk  
The Talk**

# Empowering Consumers on Nutrition - Ask Nestlé



and get answers to all your nutrition related queries.



## Custom Meal Plans

Customized to children's nutritional needs



## Growth Tracker

Track growth against Indian children of similar age



## Food Diary

Bridge gaps in everyday nutrition



## Recipes

Everyday good food recipes

Over 1 MILLION hits in 14 weeks of launch



# Building People



VARGHANAM

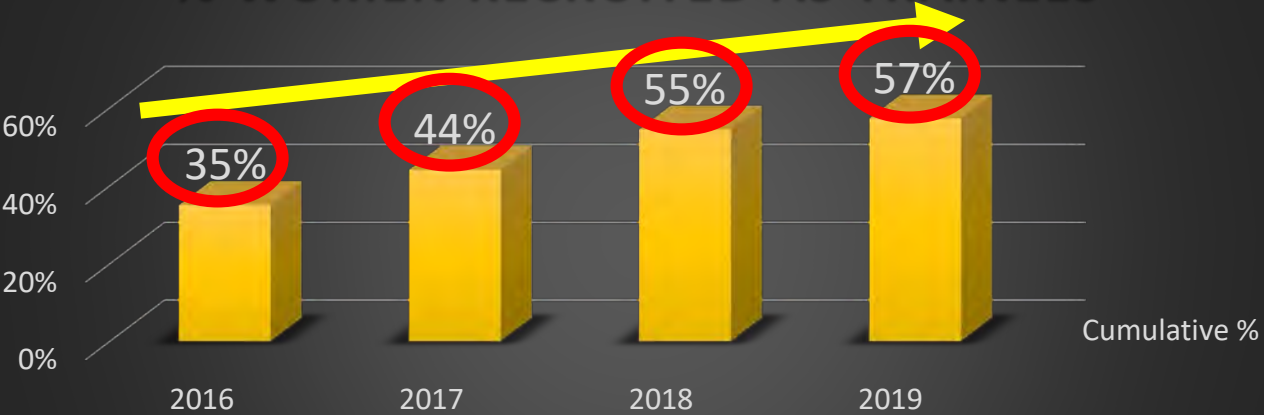
CONTINUOUS EXCELLENCE

HEMAHG

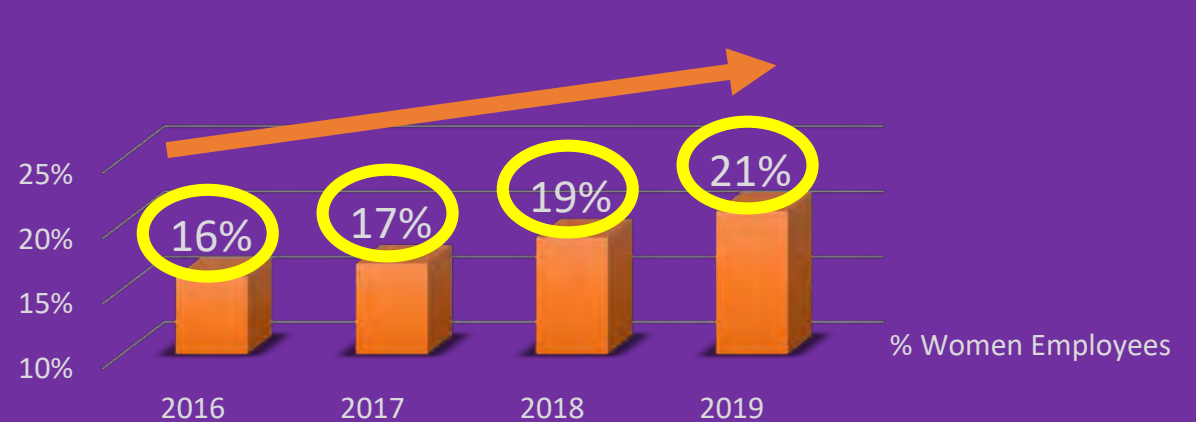


# Gender Balance & Retention

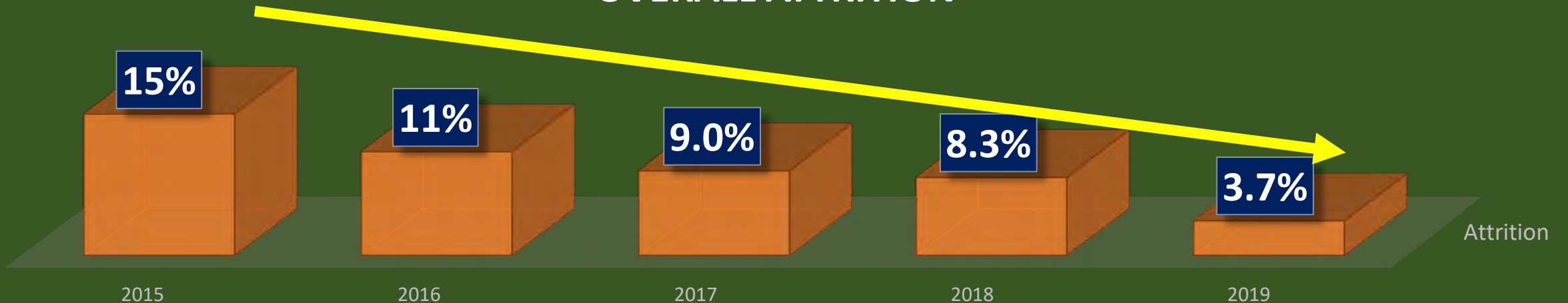
## % WOMEN RECRUITED AS TRAINEES



## % WOMAN EMPLOYEES



## OVERALL ATTRITION





Travel benefit for mothers till the child turns 2



Day Care Reimbursement Policy for kids up to 6 years



Unconscious Bias: Awareness for employees and for people managers

Breaking The Taboo: Menstrual hygiene sessions in factories



# Key Practices & Positive Perception



100 Best Companies For Women In India: Best Of Best Conference 2018



Only FMCG In Top 10 Most-attractive Employer Brands In India (Randstad Employer Brand Research 2019)



# Humbled By The Recognition

Forbes India Leadership Award for Best CEO – MNC

'The Best CFO of a MNC – Large' by YES BANK and Business World

ET Brand Equity Survey Rankings

2017

13

2018

4



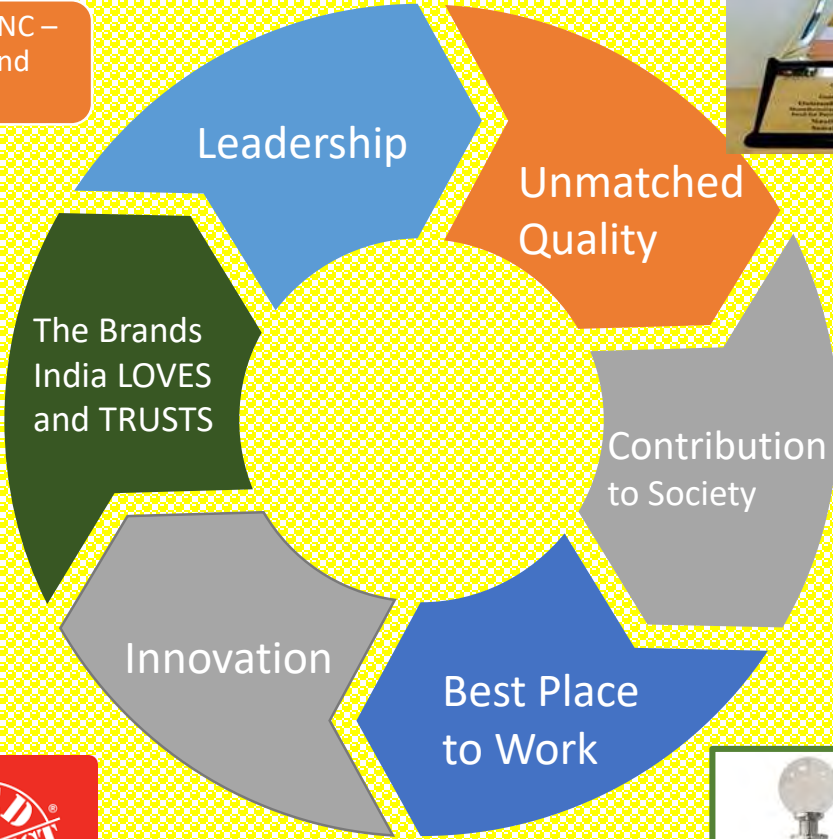
The Brands India LOVES and TRUSTS

6

5

Food Products

Hot Beverages



Consumer Survey of Product Innovation



Strong Value Creation Model

Brands Built on Robust I&R

In sync with the Consumer

Harnessing the Consumer opportunity in clusters

Being future ready with appropriate capacity creation

Integrated with Society to build a healthier tomorrow

Attracting and retaining the very best talent

Key Takeaways  
From Today



**Thank  
You**

# Agenda

**1**

**Market Momentum**

**2**

**Value Creation**

**3**

**Ind AS 116 on Leases**

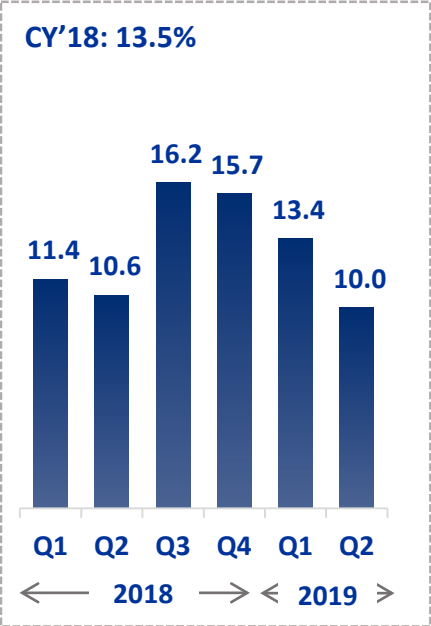
## In a nutshell...

- ✓ The market momentum somewhat moderates.
- ✓ Largely sustained market leadership. KITKAT gains market share.
- ✓ Organic growth broad based across regions driven by strong real internal growth aided by superior performance of premium products.
- ✓ KITKAT, MUNCH, NAN, MAGGI Noodles & Masala-ae-magic are outperformers within our overall product portfolio.
- ✓ Operating margins impacted by headwinds in commodities and investments in new products.
- ✓ Value creation model generates strong operating cash flows.
- ✓ Stepped up dividend per share over the years post the MAGGI issue.
- ✓ Return on equity to improve after the special interim dividend.
- ✓ Built back capital efficiency and economic profitability.

# Market momentum somewhat moderates

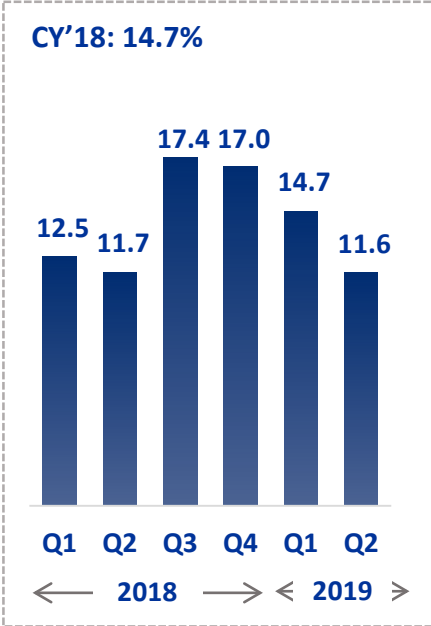
2018 Market Size (USD)

**FMCG (57.8 bio)**

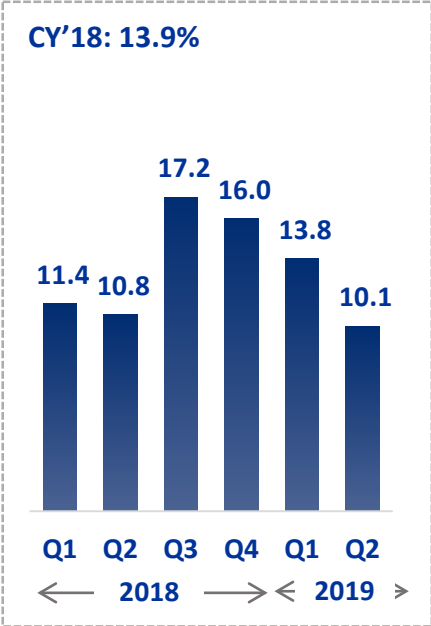


YoY Market Growth%

**F&B (32.8 bio)**

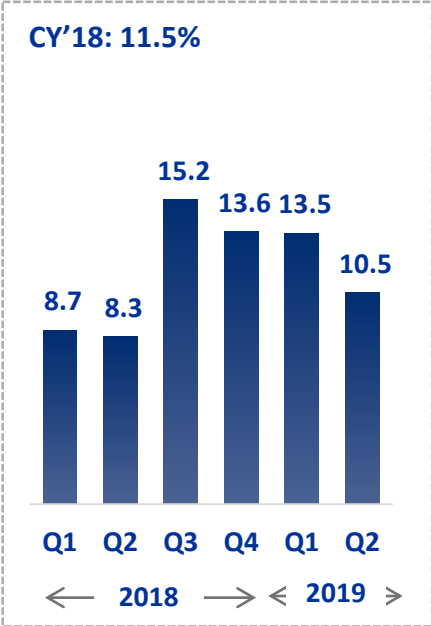


**Processed Food\* (18.7 bio)**



\*Excluding commodities

**Nestlé Categories (5.4 bio)**






Source: Nielsen June 2019. Market Size in USD Bio for 2018 (1 USD = INR 68.4)

Infant Formula and Infant Cereal included. Water, Juices and Carbonated soft drinks excluded from the above data.

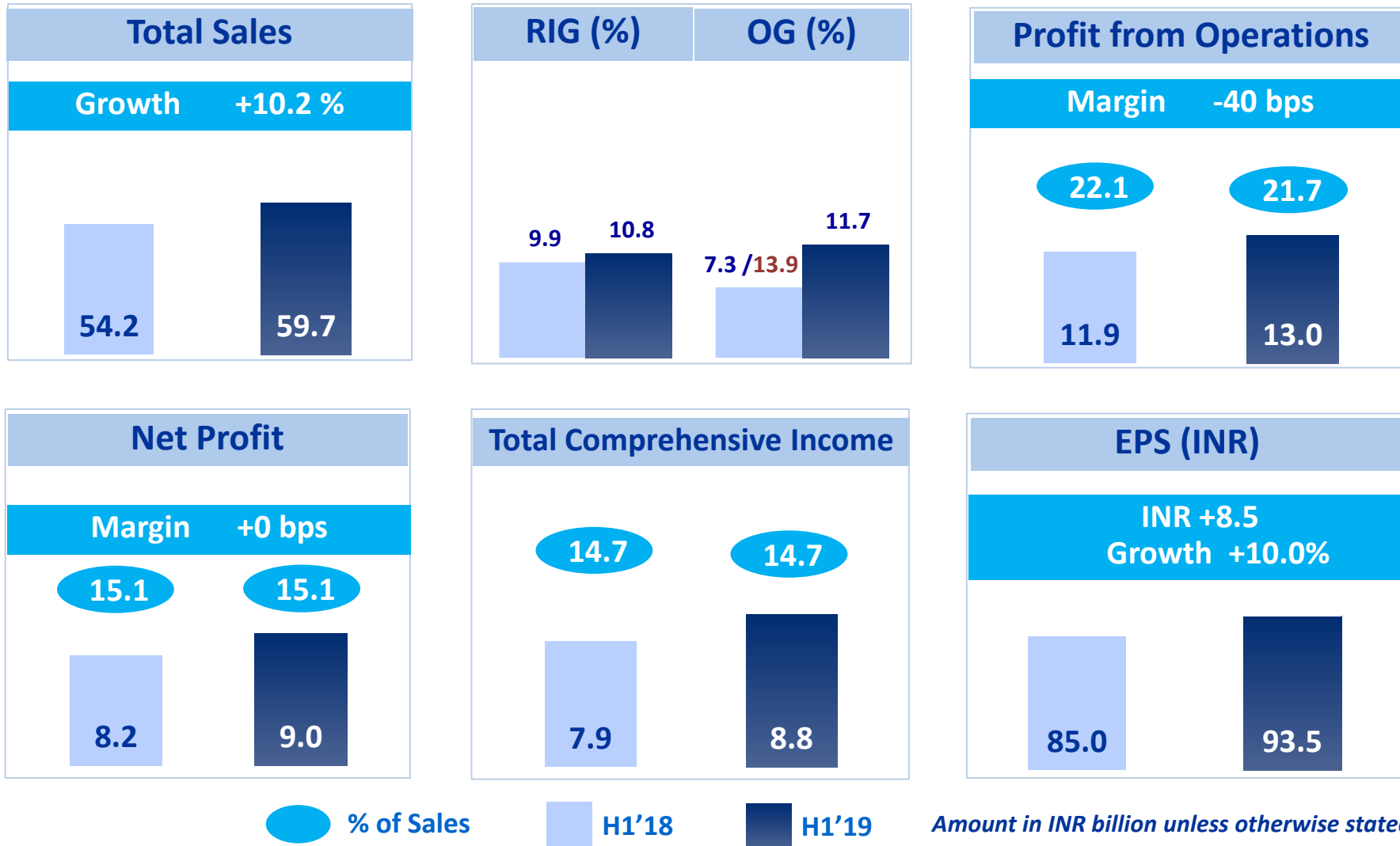
Channels excluded: E-commerce, CSD, OOH, institutional sales to hospitals, hotels.



# Product portfolio holding leading positions

| Category                    | Brand   | Market Share (Value) <sup>1</sup><br>H1 2019 |
|-----------------------------|---|--|
| Infant Cereals              |    | 96.7   |
| Infant Formula <sup>2</sup> |    | 66.3   |
| Tea Creamer                 |    | 43.8   |
| Instant Noodles             |    | 59.6   |
| Ketchups & Sauces           |    | 19.8   |
| Instant Pasta               |    | 76.2   |
| White & Wafers              |   | 64.1   |
| Instant Coffee              |  | 50.9   |
| Condensed Milk              |  | >70.0 <sup>3</sup>                           |

# Growth & Returns : Jan – June



a) RIG & OG % are based on Nestlé Internal Reporting Standards in relation to third party sales

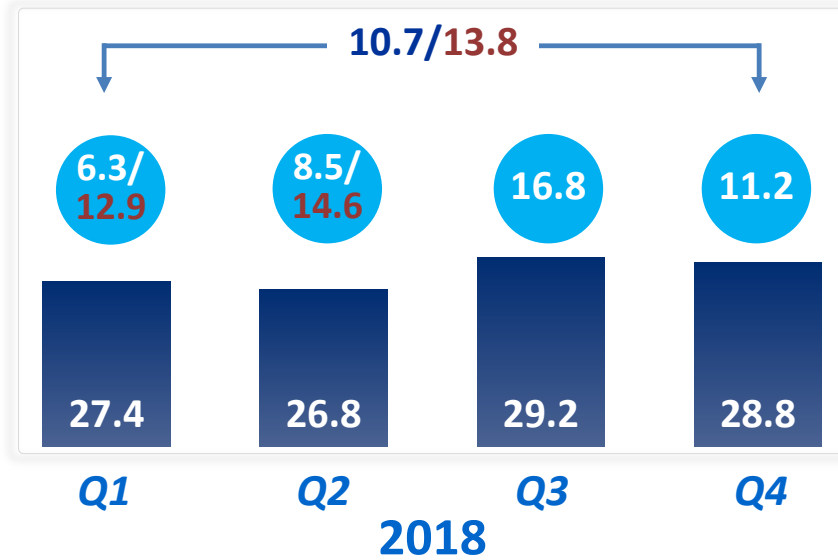
b) Figures in maroon colour represents comparable numbers

# A look at the last 6 quarters...

% YoY Growth →

**Total Sales**

INR Bio

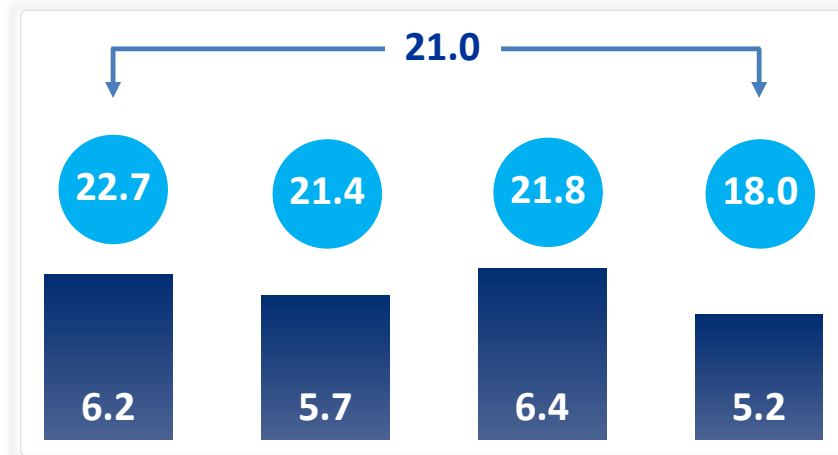


Domestic Sales Growth W/o CSD & Ghee  
Q1'19 12.0% Q2'19 12.0%

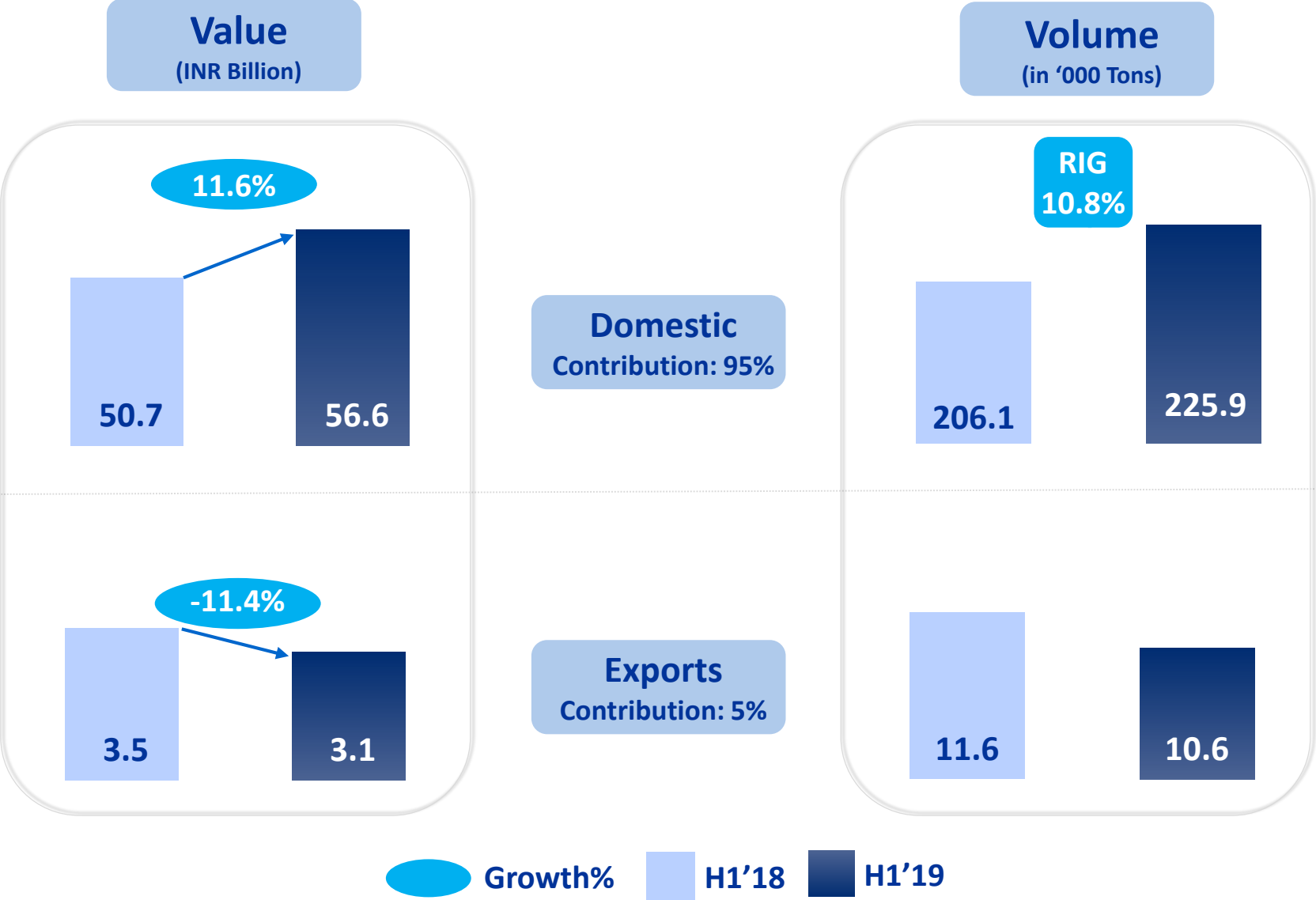
% of Net Sales →

**Profit from Operations**

INR Bio



# Domestic & Export sales



# Domestic sales - Value Growth

Growth (%)

11.6

*Of Which:*

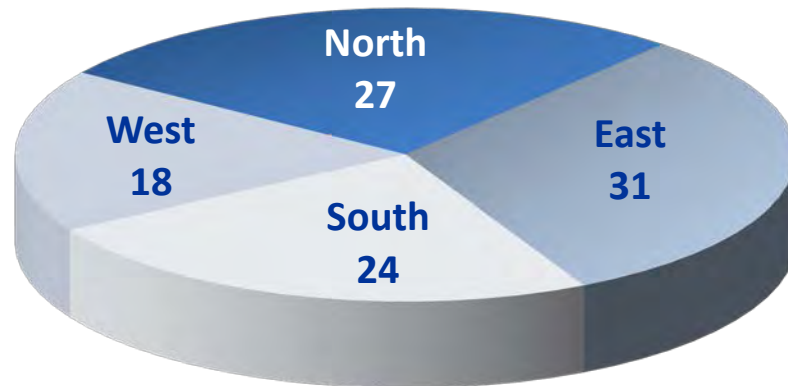
**RIG**  
(Volume & Mix)

10.8

Largely backed by secondary sales

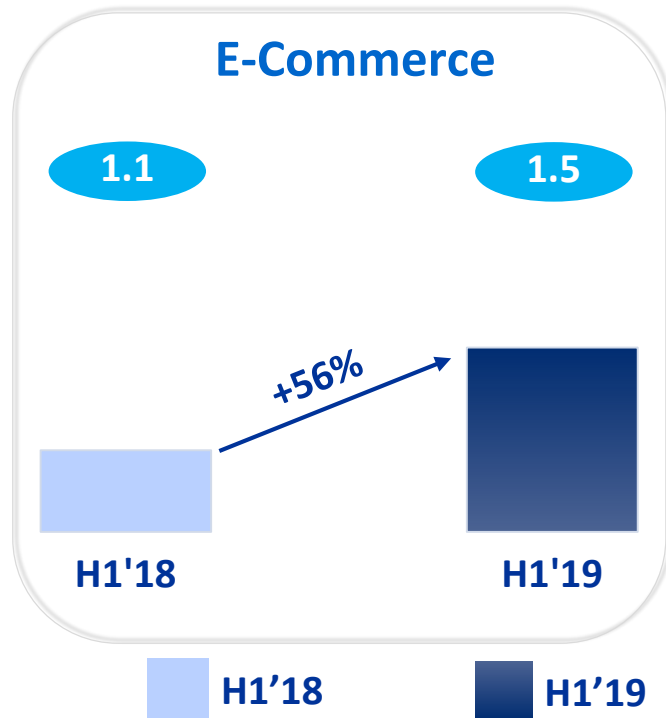
# Balanced growth across regions

**% Contribution to Domestic Sales**



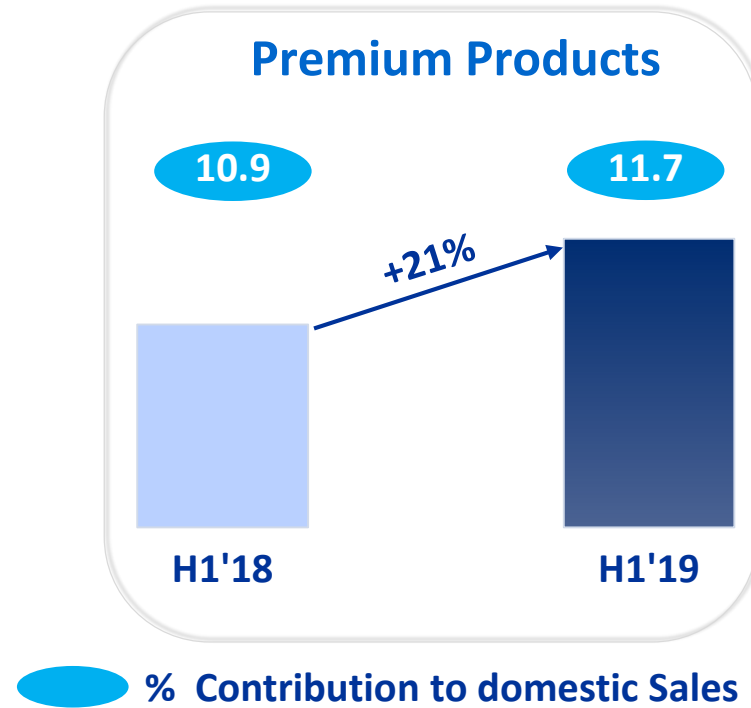
|       | Growth%           |       |
|-------|-------------------|-------|
|       | H1'18             | H1'19 |
| North | 7.9 / <b>14.6</b> | 12.2  |
| East  | 9.4 / <b>16.2</b> | 11.3  |
| South | 3.9 / <b>10.4</b> | 11.4  |
| West  | 6.9 / <b>13.6</b> | 11.8  |
| Total | 7.1 / <b>13.8</b> | 11.6  |

# Other growth enablers



Bar size represents Sales Value

**Strong growth in E-Commerce channel**



**Premium products grew ~2x faster**

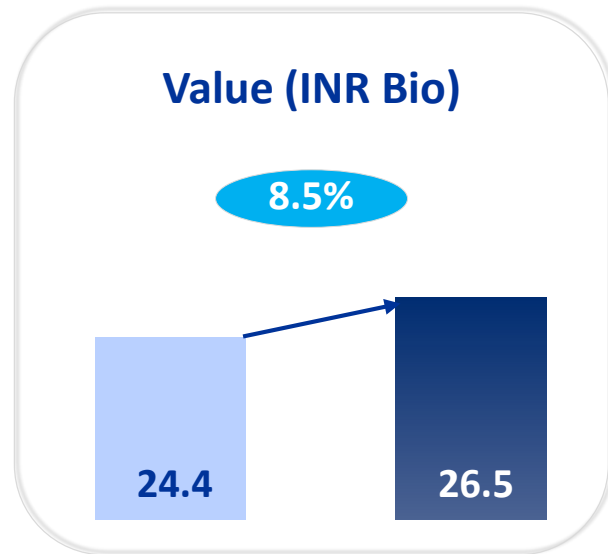
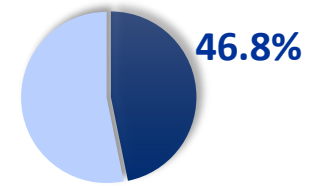
# Category wise domestic performance

| Contribution (%)       | Products & Product Groups  | H1'19 Growth% |
|------------------------|--|---------------|
| 46.8                   |  <p data-bbox="1006 368 1579 411"><b>Milk Products &amp; Nutrition</b></p>     | 8.5           |
| 28.9                   |  <p data-bbox="963 625 1668 668"><b>Prepared Dishes &amp; Cooking Aids</b></p> | 15.0          |
| 13.9                   |  <p data-bbox="1133 882 1449 925"><b>Confectionery</b></p>                     | 22.5          |
| 10.4                   |  <p data-bbox="970 1105 1628 1148"><b>Powdered &amp; Liquid Beverages</b></p> | 4.2           |
| <b>Domestic Growth</b> |  | <b>11.6</b>   |

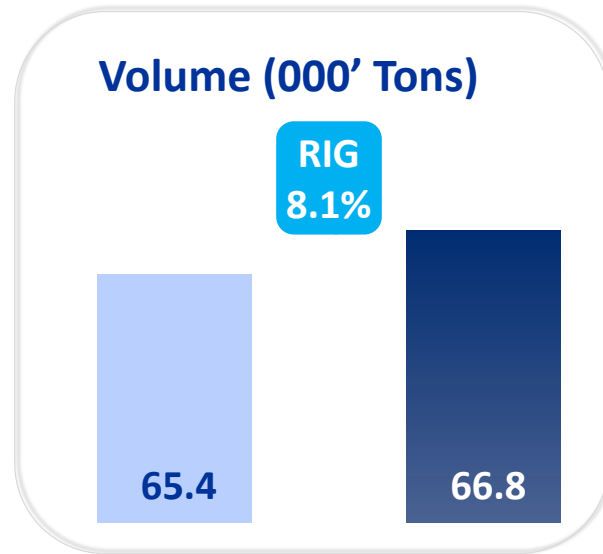
**Domestic Sales: INR 56.6 Billion**



# Milk products & nutrition - Domestic



OG and RIG favourably impacted by higher sales of Surplus Fat (+60 bps each)



● Growth%    ■ H1'18    ■ H1'19

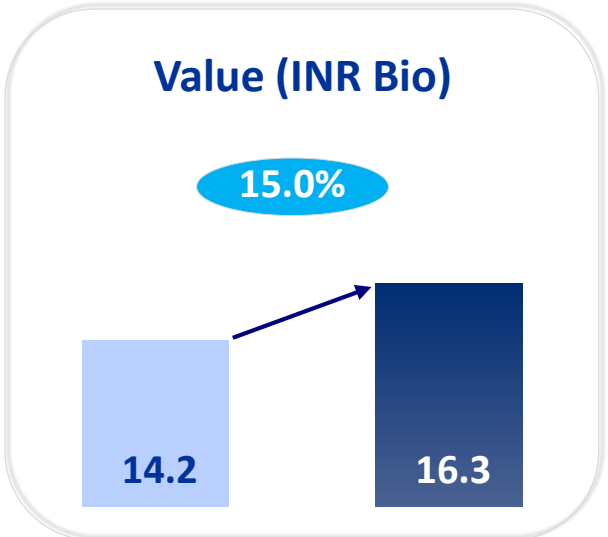
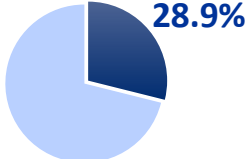
Key products performed well

Sustained performance of I&R : CERELOW & NANGROW.

Organic Cereals launched



# Prepared dishes & cooking aids - Domestic



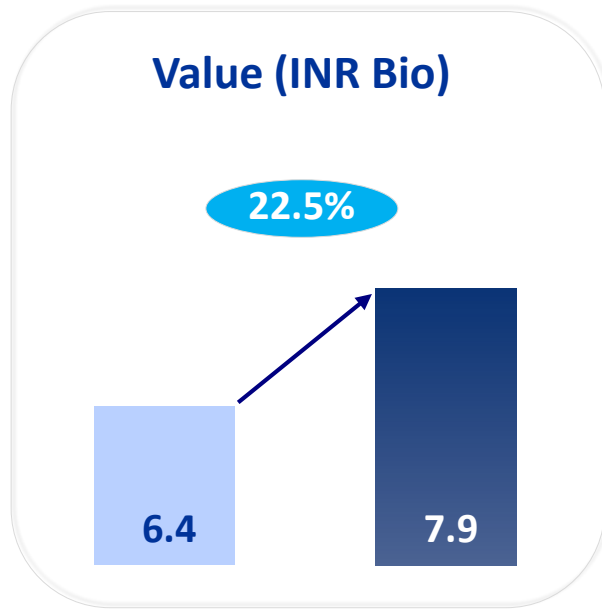
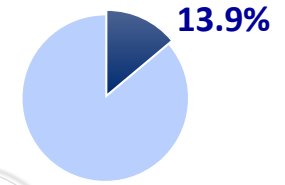
● Growth% 
  H1'18 
  H1'19

**Strong growth in MAGGI Noodles & Masala–ae–Magic**

**MAGGI Noodles surpass pre-crisis level of value & volume**



# Confectionery - Domestic

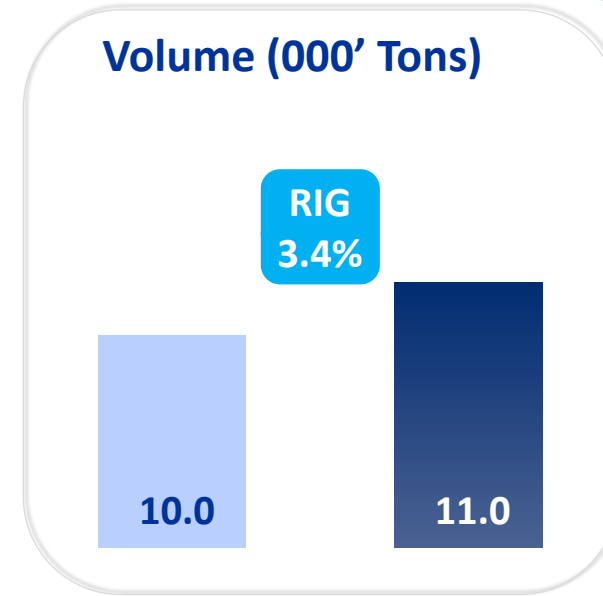
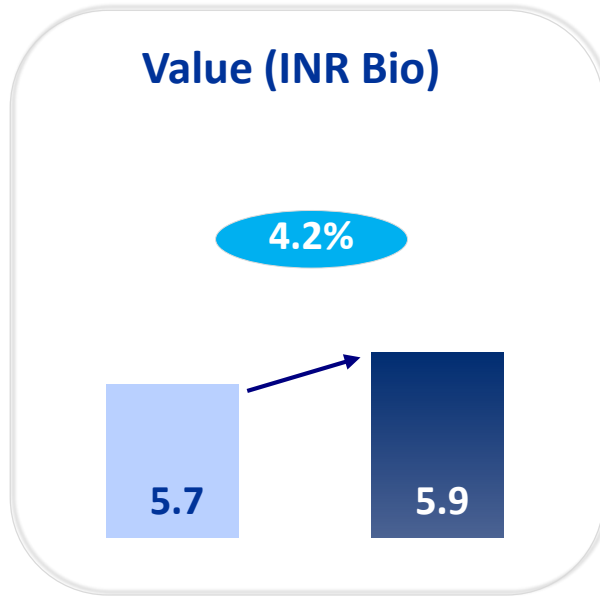
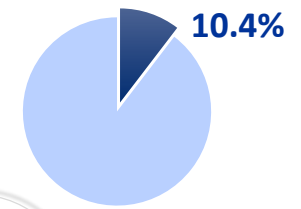


● Growth%    ■ H1'18    ■ H1'19

**Strong Growth aided by market momentum. Kitkat gains market share.**  
**I&R : Kitkat Dessert Delight, Milkybar Moosha, limited editions yield good results**



# Powdered & liquid beverages - Domestic



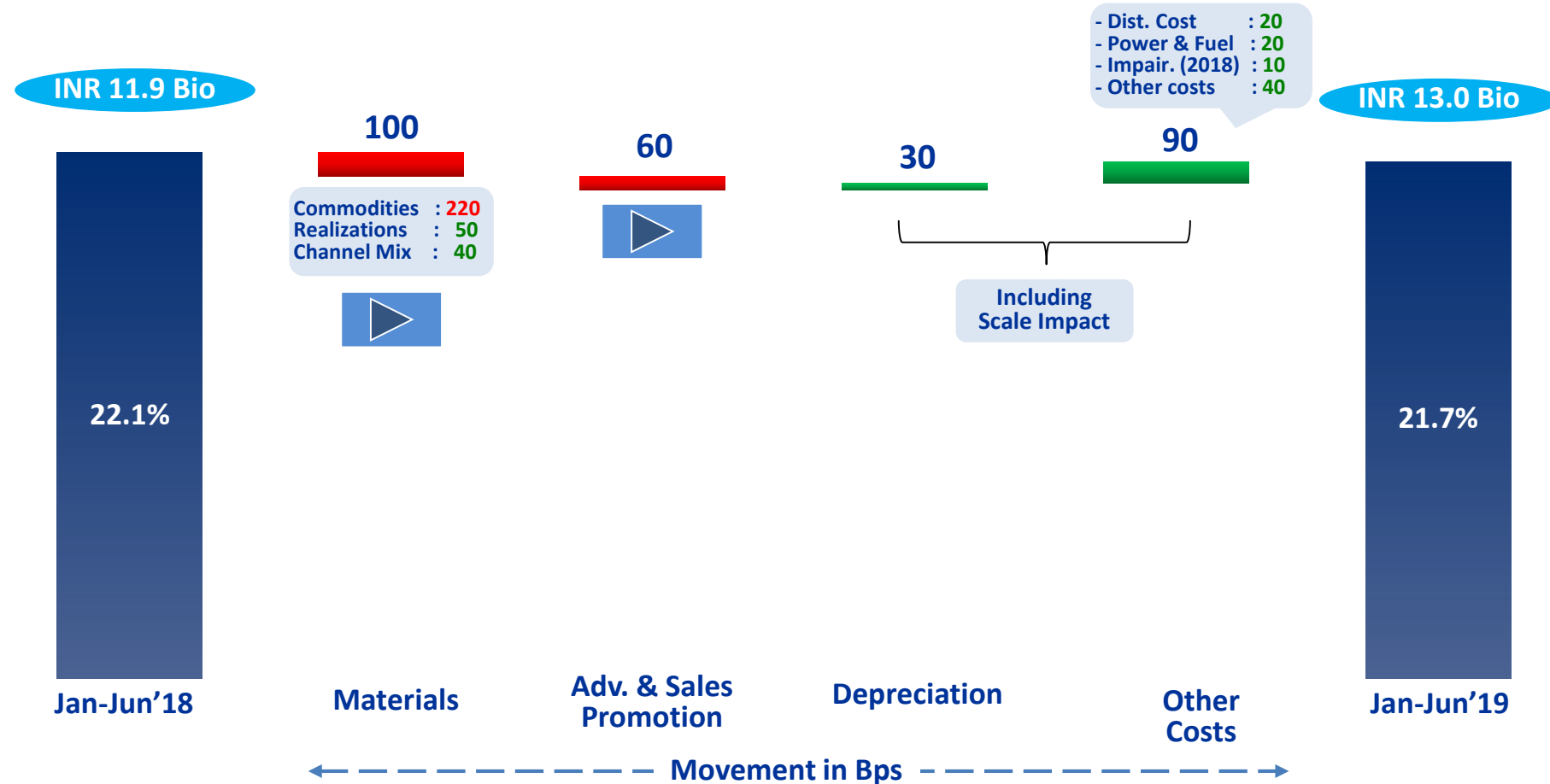
● Growth% 
  H1'18 
  H1'19

Growth adversely impacted by lower sales of instant coffee to CSD (220 bps)

Nescafe RTD continues to grow strongly



# Profit from Operations\*

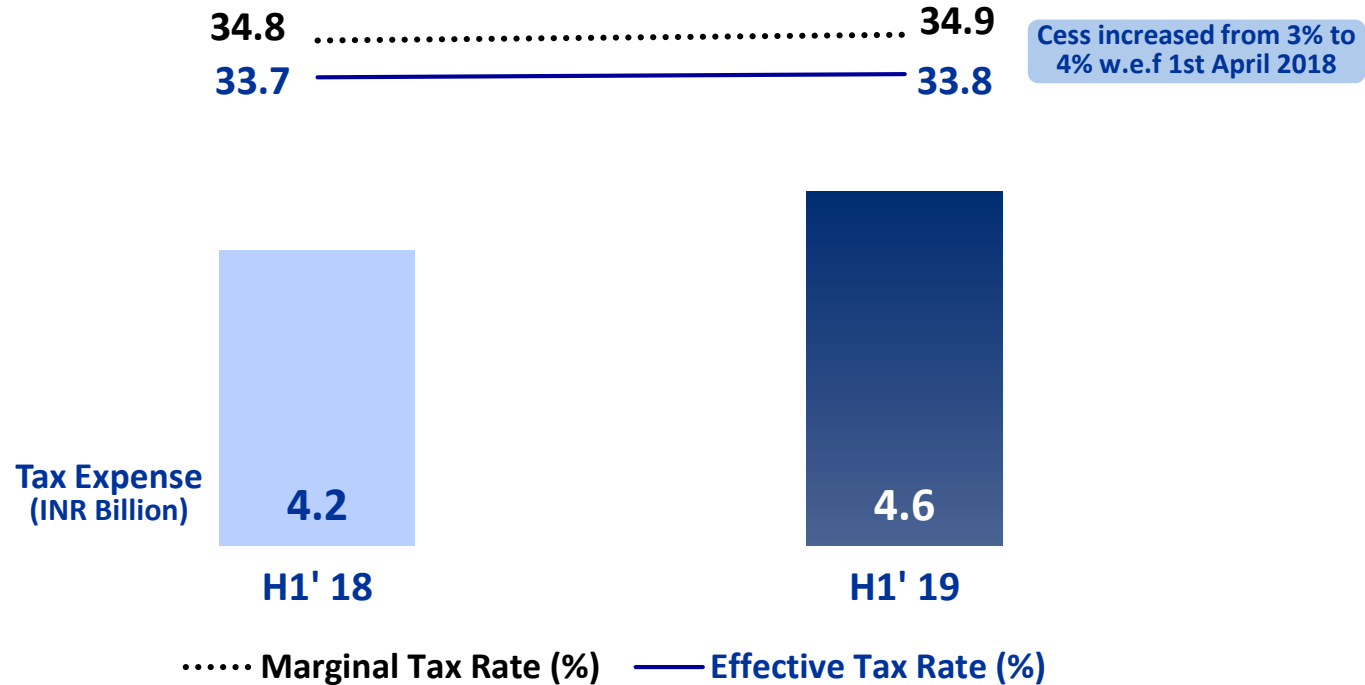


**Margins adversely impacted by input costs and A&SP, partially off-set by operating leverage**

\*Profit from Operations is arrived from 'Profit before Tax' after reducing Other Income and adding back Finance Costs (including interest cost on employee benefit plans), Net provision for contingencies (others) and corporate social responsibility expense.

Percentages are with reference to sales

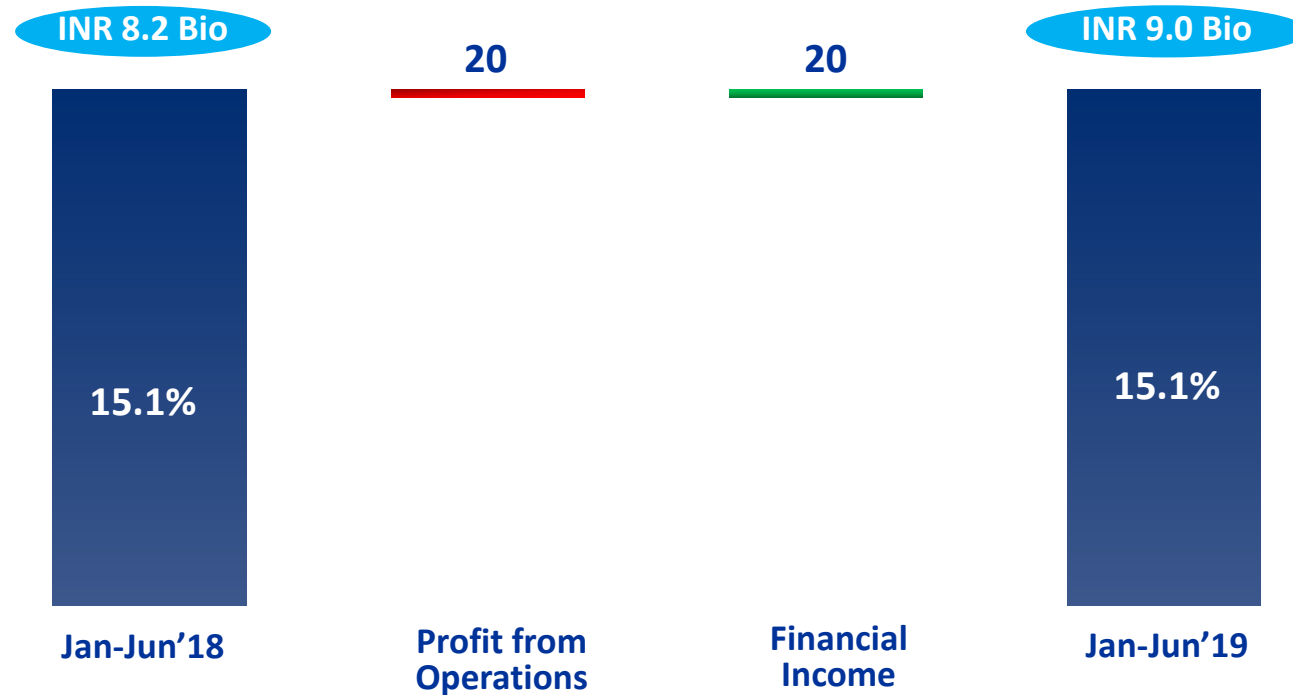
# Tax expense and effective tax rate



Effective tax rate remains stable

“Samalkha factory Unit II” tax holiday ends on 31<sup>st</sup> March 2022

# Net Profit margins sustained

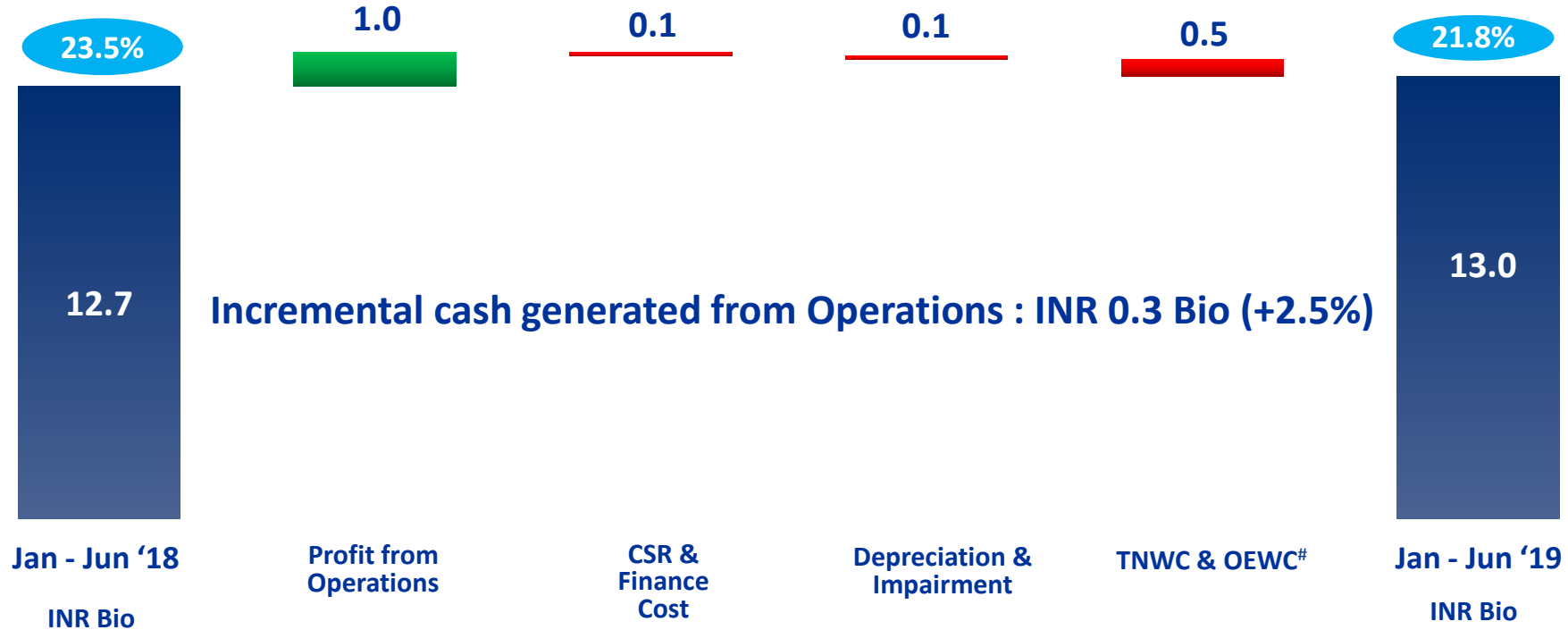


Movement in Bps

Adverse impact of operating margins offset by higher treasury income

Future treasury income will be impacted by payout of special interim dividend

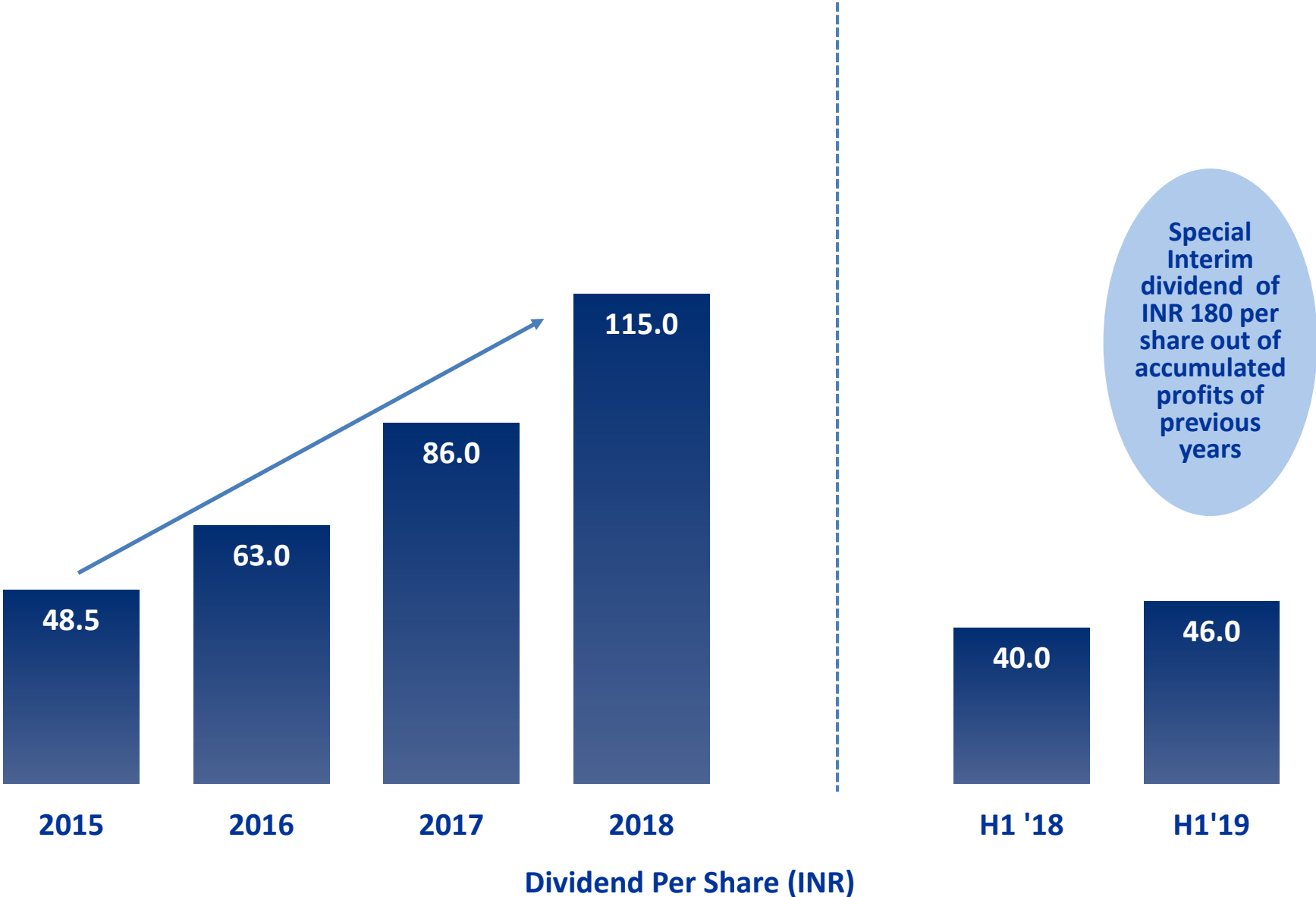
# Healthy cash generation from operations



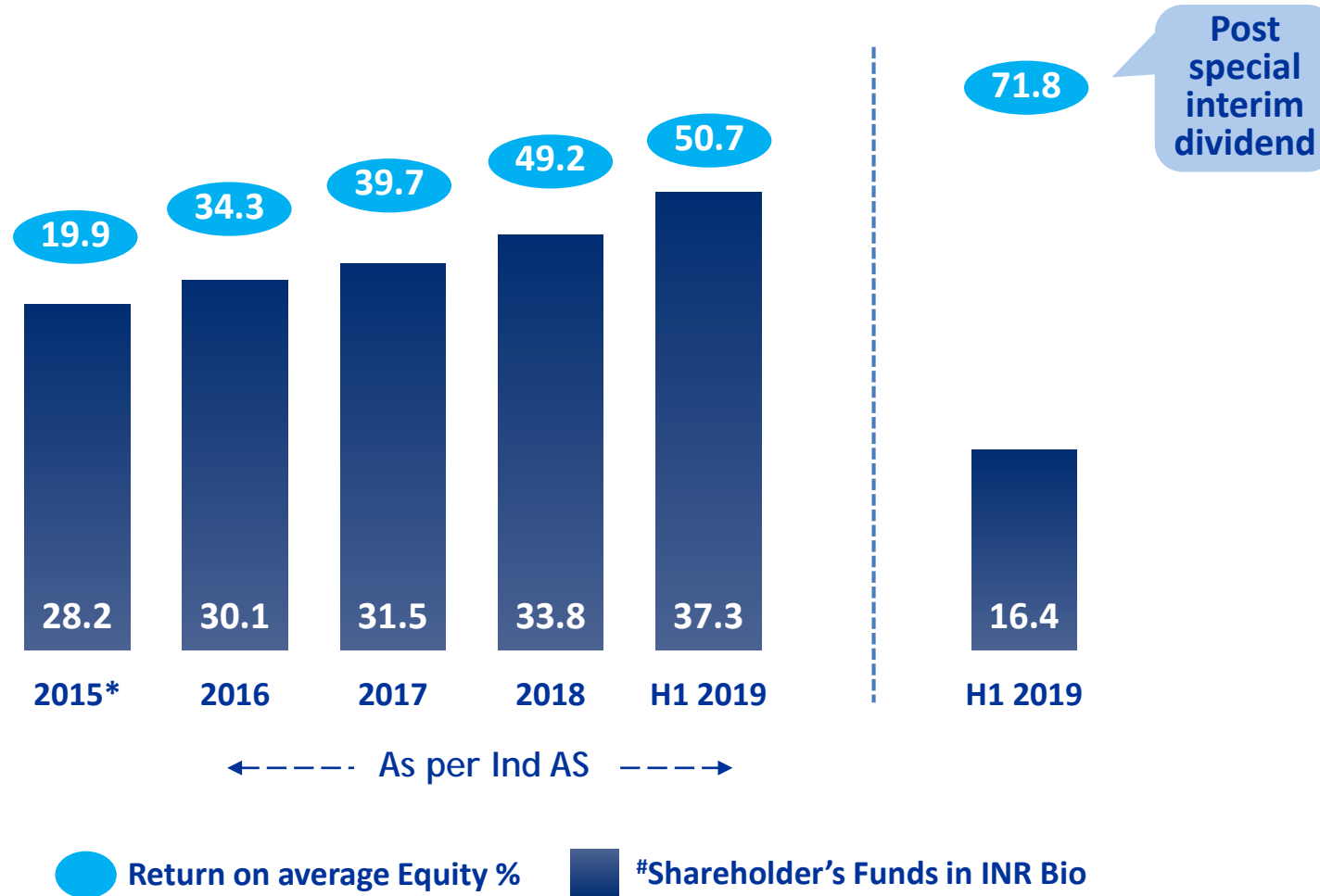
#TNWC & OEWC – Trade Net Working Capital and Other Elements of Working Capital  
*Percentages are with reference to sales*



# Consistently increased dividend per share post MAGGI issue



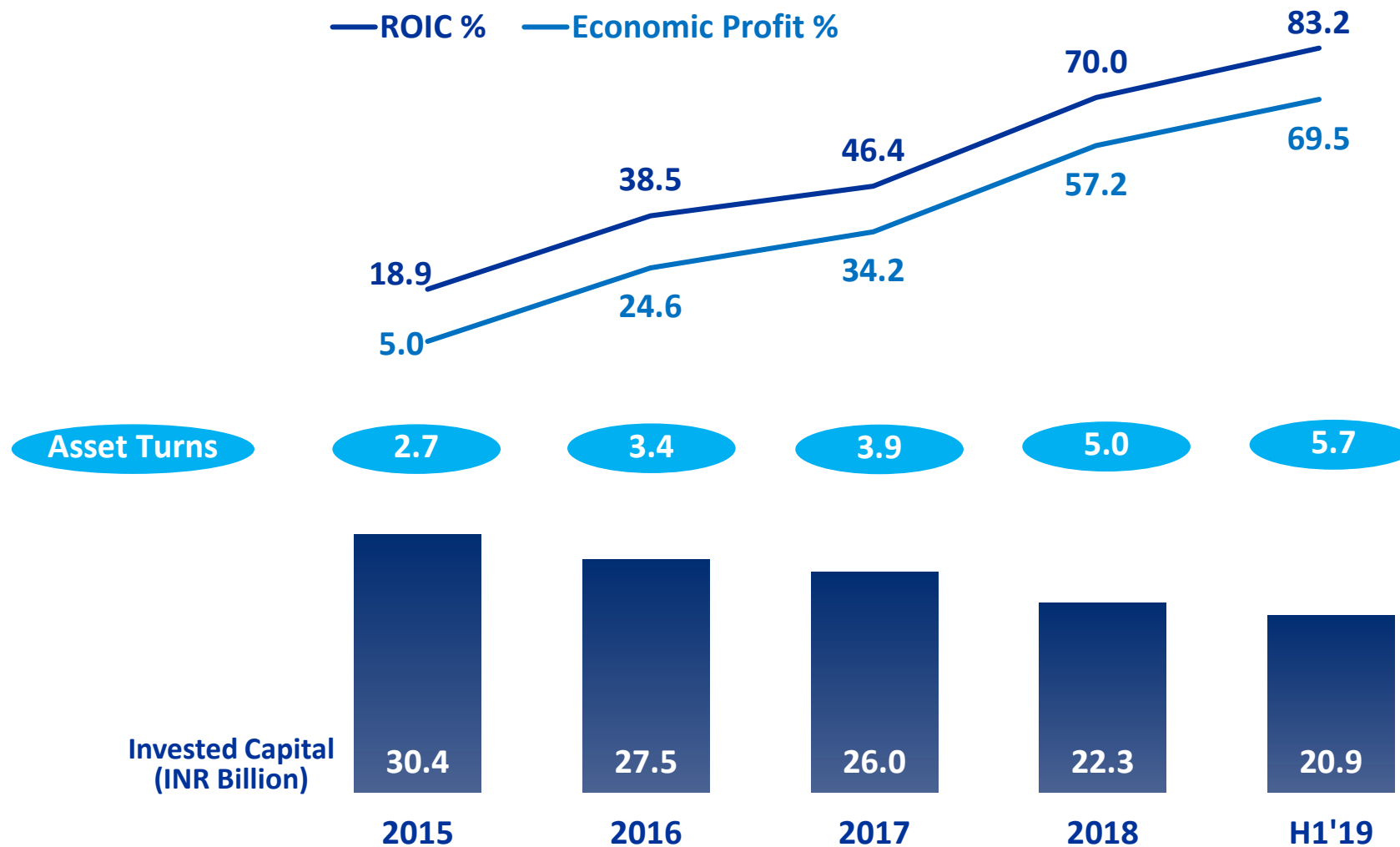
# Return on Equity will further improve after the special interim dividend



\*Impacted by MAGGI Noodles issue

#Shareholder's funds after adjusting final dividend

# Built back capital efficiency & value creation



## Ind AS 116 on Leases

# Ind AS 116 on Leases

Applicable for Nestlé India w.e.f. Jan 1, 2020 with comparatives being restated

Removes distinction between Finance & Operating leases

## Balance Sheet

- All Leases will be recognized as “Right to Use” - Asset and as financial liability

## Income Statement

- Lease payments will be recognized as Depreciation and Interest over the life of the lease

## Cash Flow

- Lease payments will be classified as financing activities

# Ind AS 116 – Estimated impact basis 2018\*

Values in INR Mio

| P&L                      | Current Ind AS 17 | Future Ind AS 116 | Bps        |
|--------------------------|-------------------|-------------------|------------|
| Revenue                  | -                 | -                 |            |
| Depreciation             | -                 | + 500             |            |
| Other expenses           | + 580             | -                 |            |
| <b>Operating Profit</b>  |                   | <b>+ 80</b>       | <b>+ 6</b> |
| Interest Cost            | -                 | + 100             |            |
| <b>Profit before Tax</b> |                   | <b>- 20</b>       | <b>- 2</b> |

| Balance Sheet | Current Ind AS 17 | Future Ind AS 116 |
|---------------|-------------------|-------------------|
| Assets        | -                 | + 1,250           |
| Liability     | -                 | + 1,400           |
| Equity        | -                 | - 150             |

| Cash Flow      | Operating Activity | Financing Activity |
|----------------|--------------------|--------------------|
| Rental Payment | + 580              | - 580              |

Also impacts financial ratios such as ROIC, Asset Turnover etc.

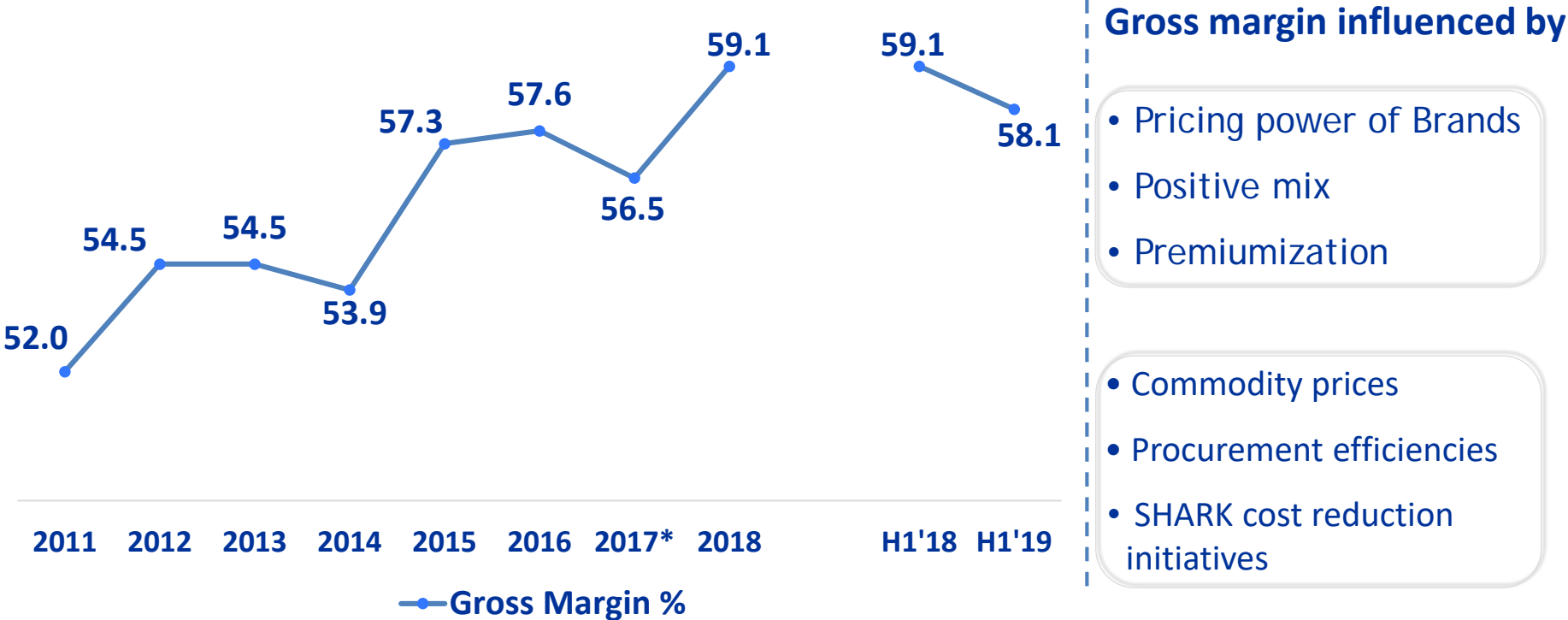
\* Approximate numbers for 2018 basis Nestlé Internal Reporting Standards. Doesn't include deferred tax impact.

**THANK YOU**

# Linked Slides



# Gross margin evolution reflects strength of our business model

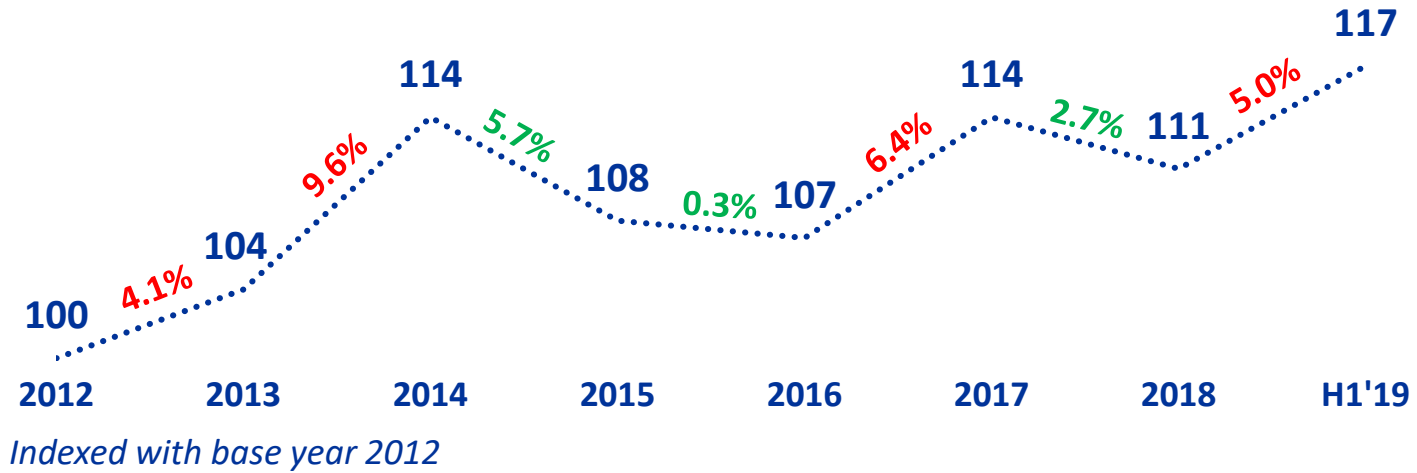


\*Figures from 2017 are as per Ind AS. 2017 numbers adjusted to reflect implementation of GST

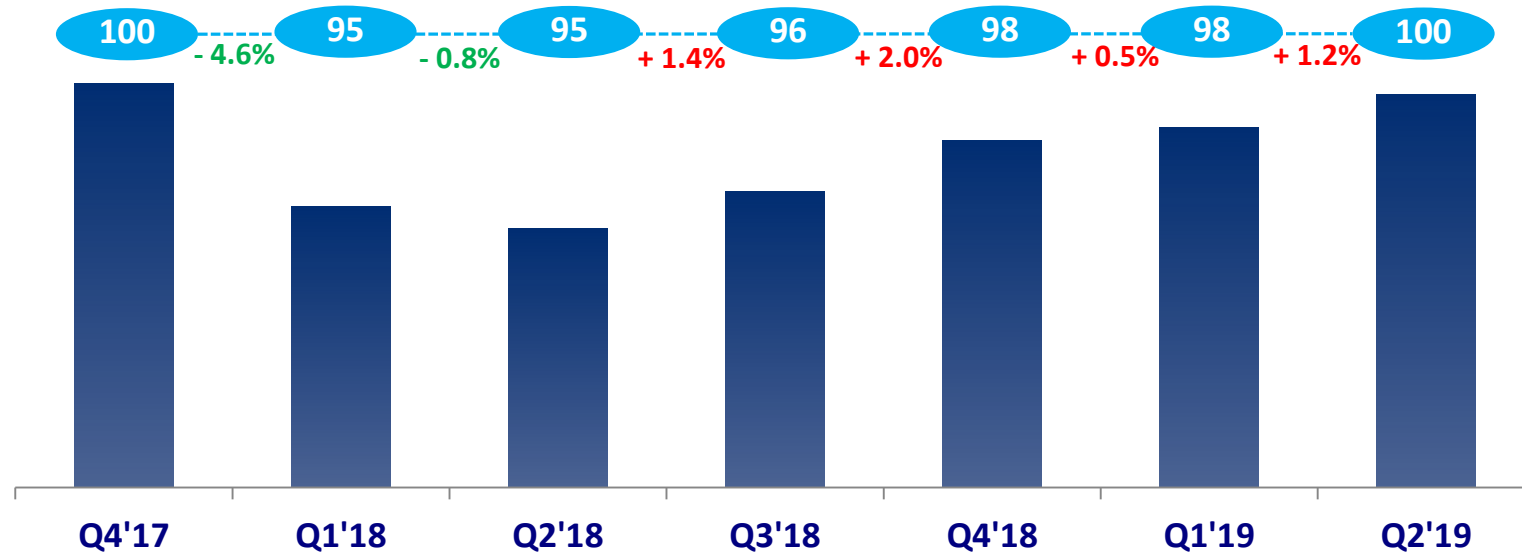
Gross Margin % = (Sales – Cost of materials consumed – Purchases of stock-in-trade – Changes in inventory) / Sales



## Price index of our commodity basket over the years

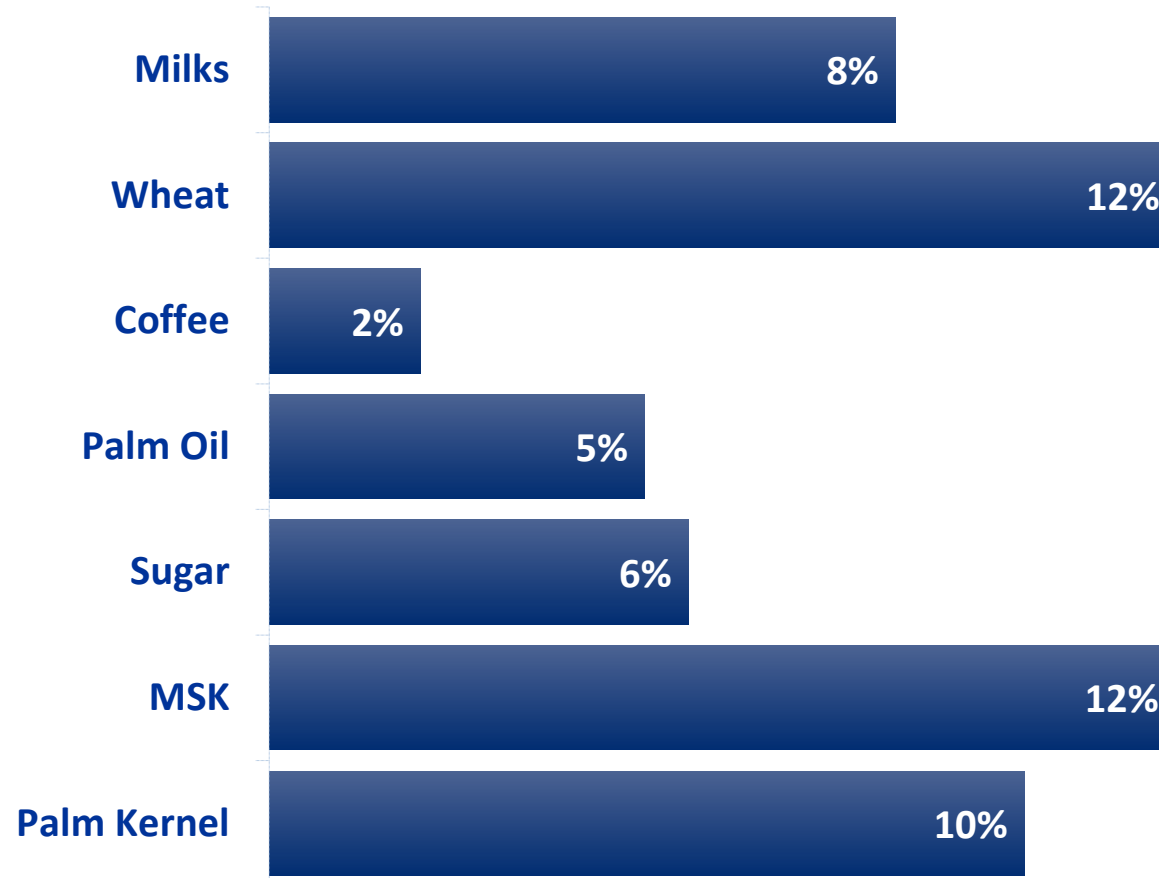


## Price index of our commodity basket over the quarters

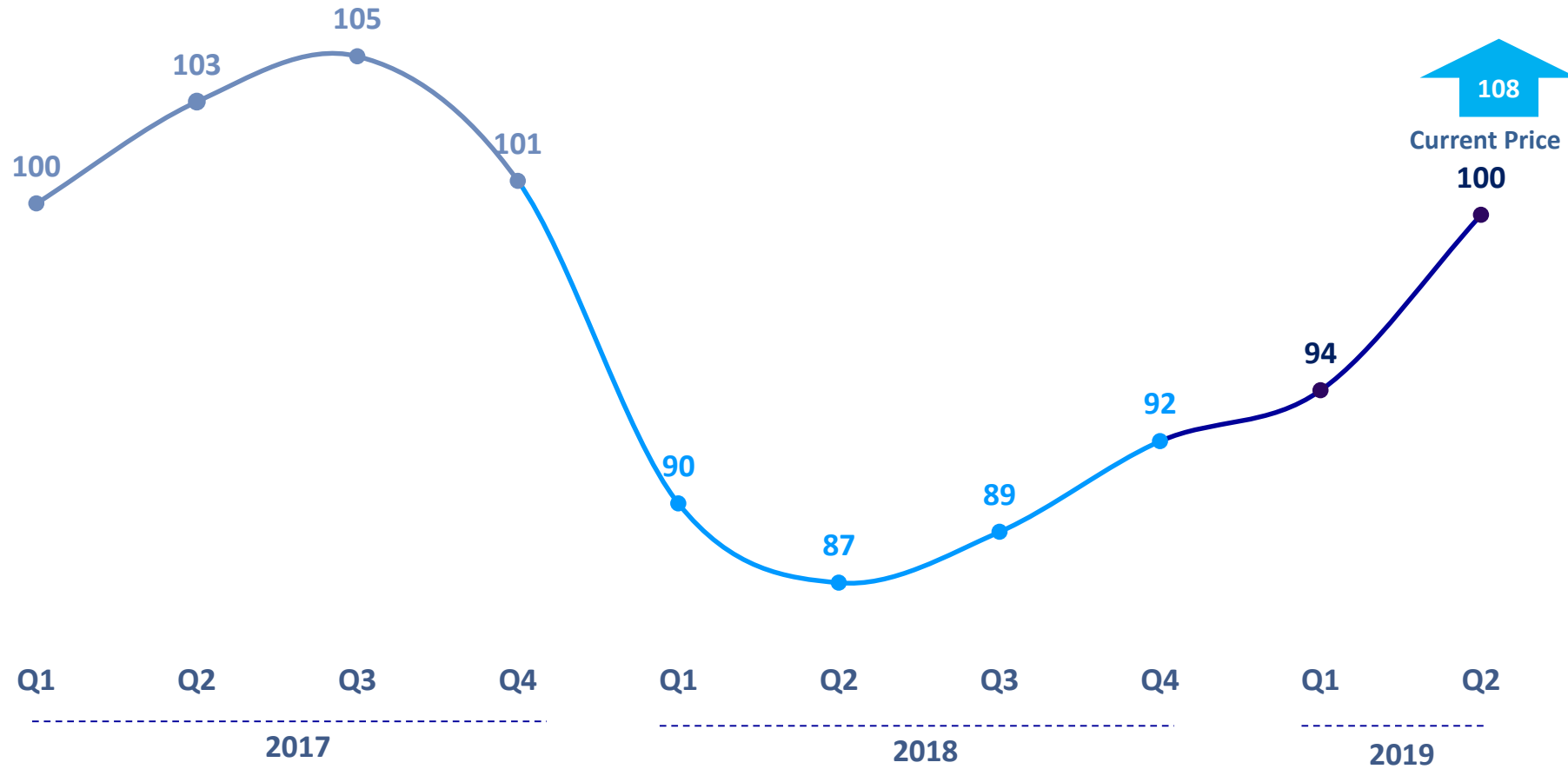
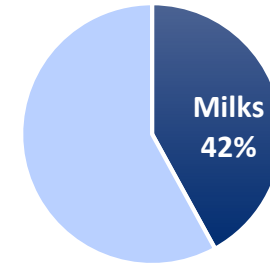


# Price movement of key commodities

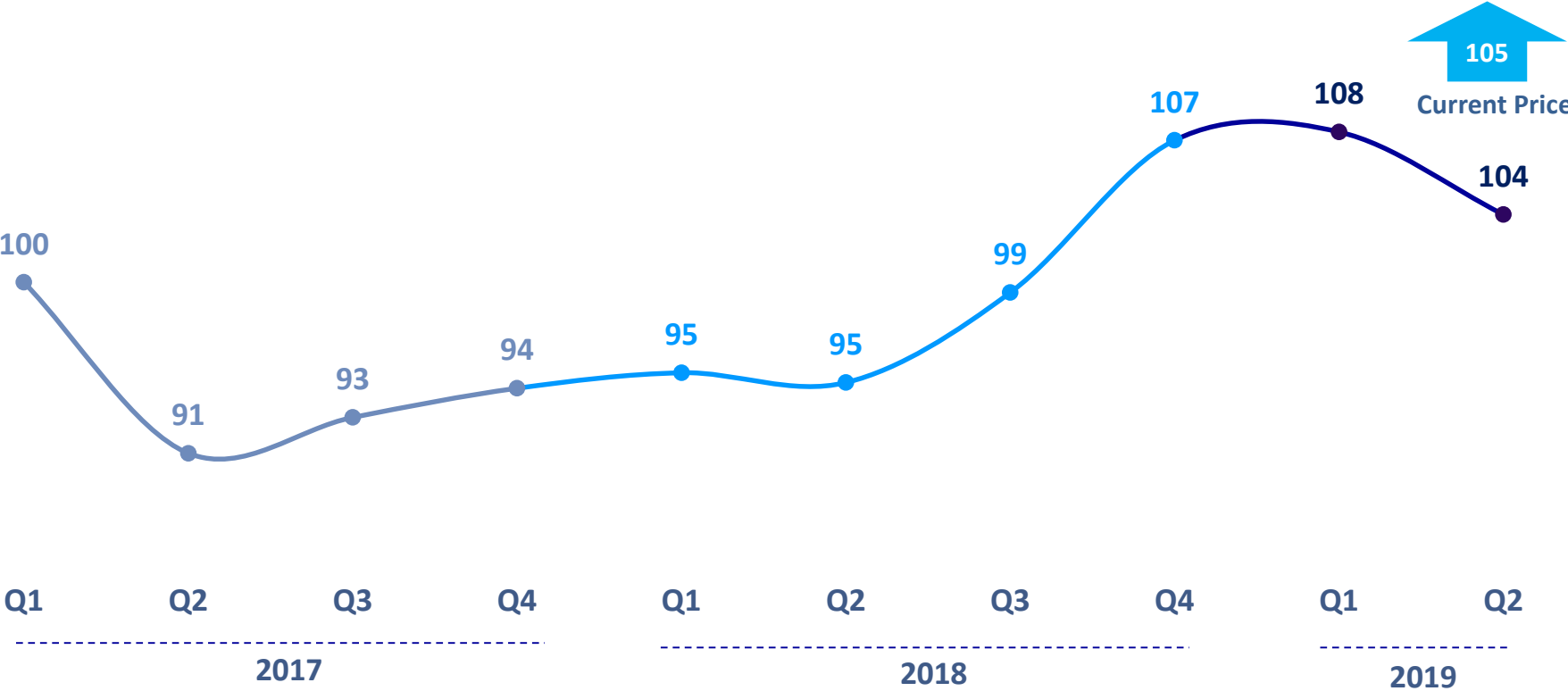
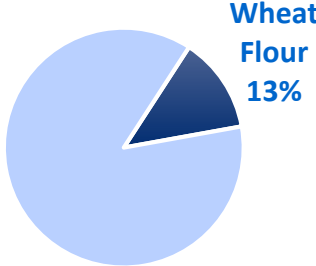
H1'19 Vs H1'18



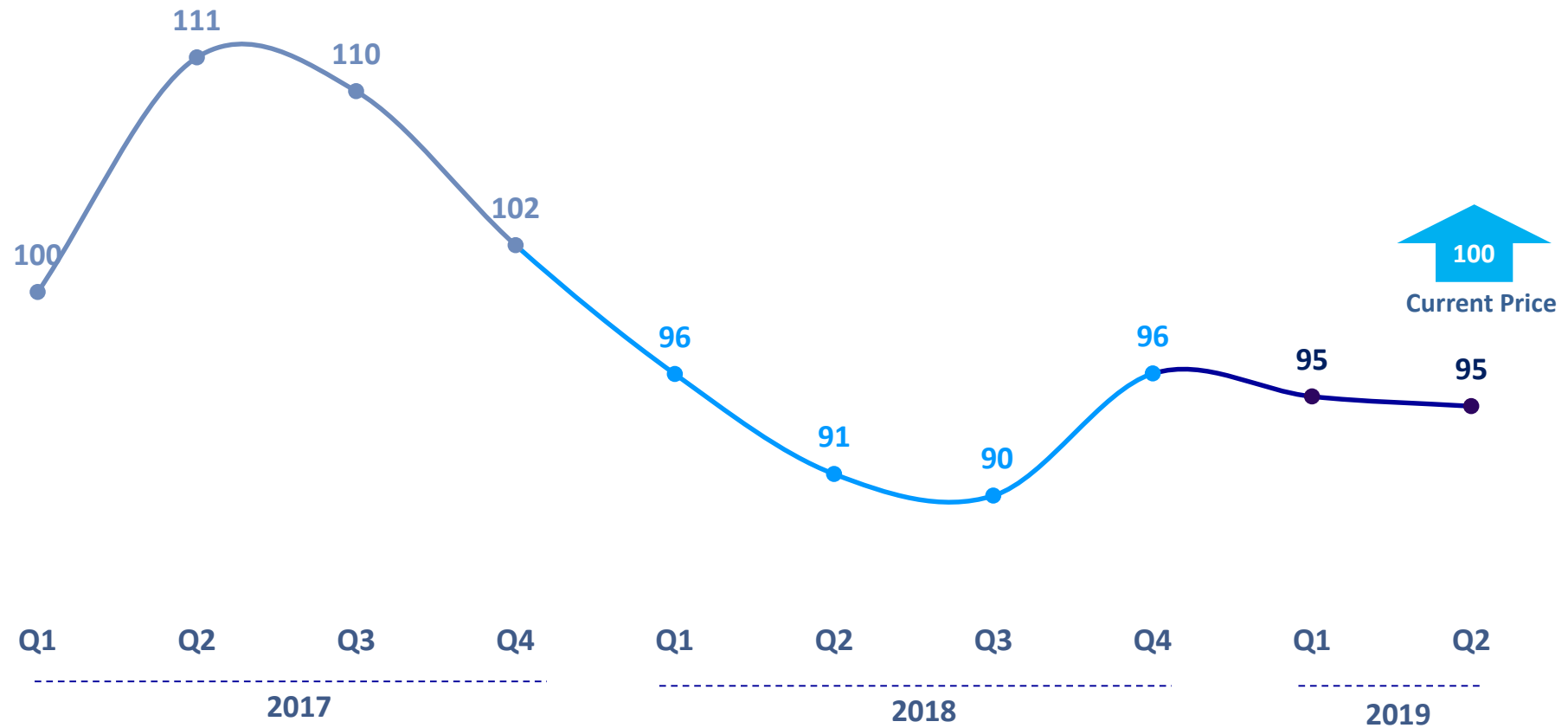
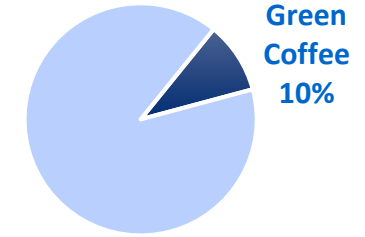
# Price index : Milk



# Price index : Wheat Flour



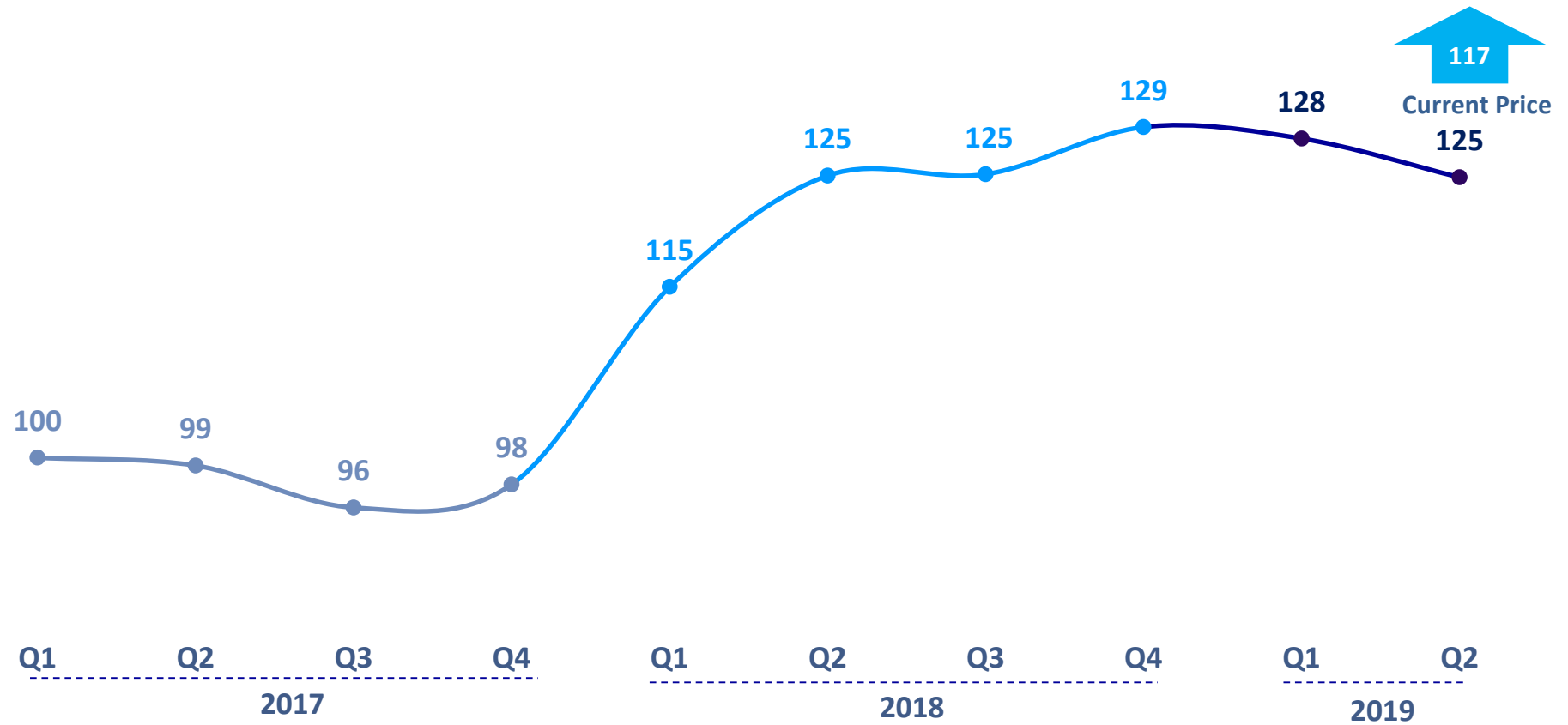
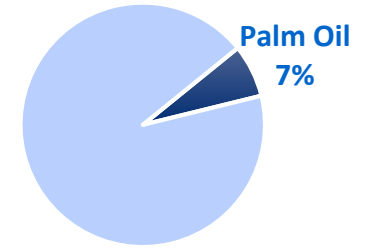
# Price index : Green Coffee



- Indexed with base Q1-17. Indices are on consumption basis

- Q3'17 onwards, rates are net of input taxes with the implementation of GST w.e.f. 1st July 2017

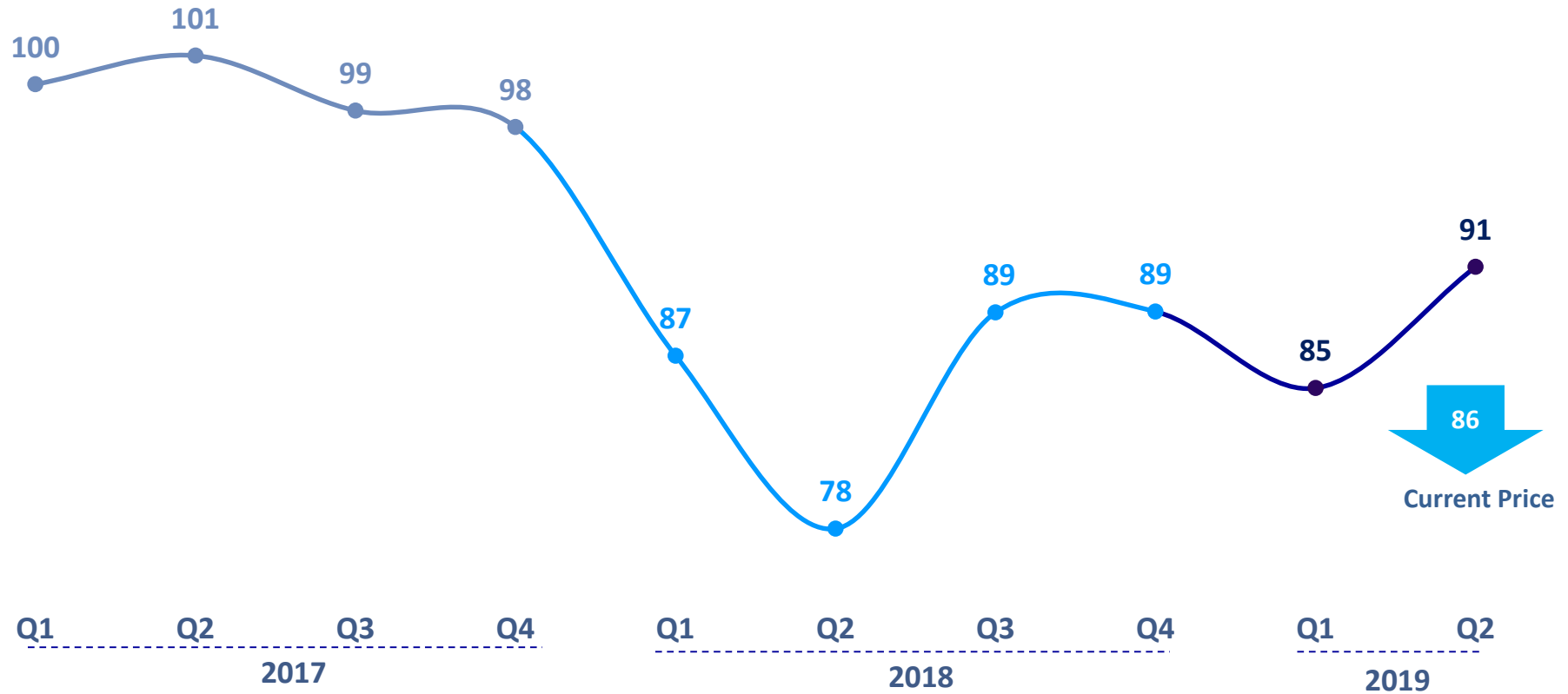
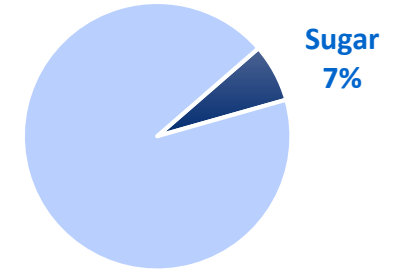
# Price index : Palm Oil



- Indexed with base Q1-17. Indices are on consumption basis

- Q3'17 onwards, rates are net of input taxes with the implementation of GST w.e.f. 1st July 2017

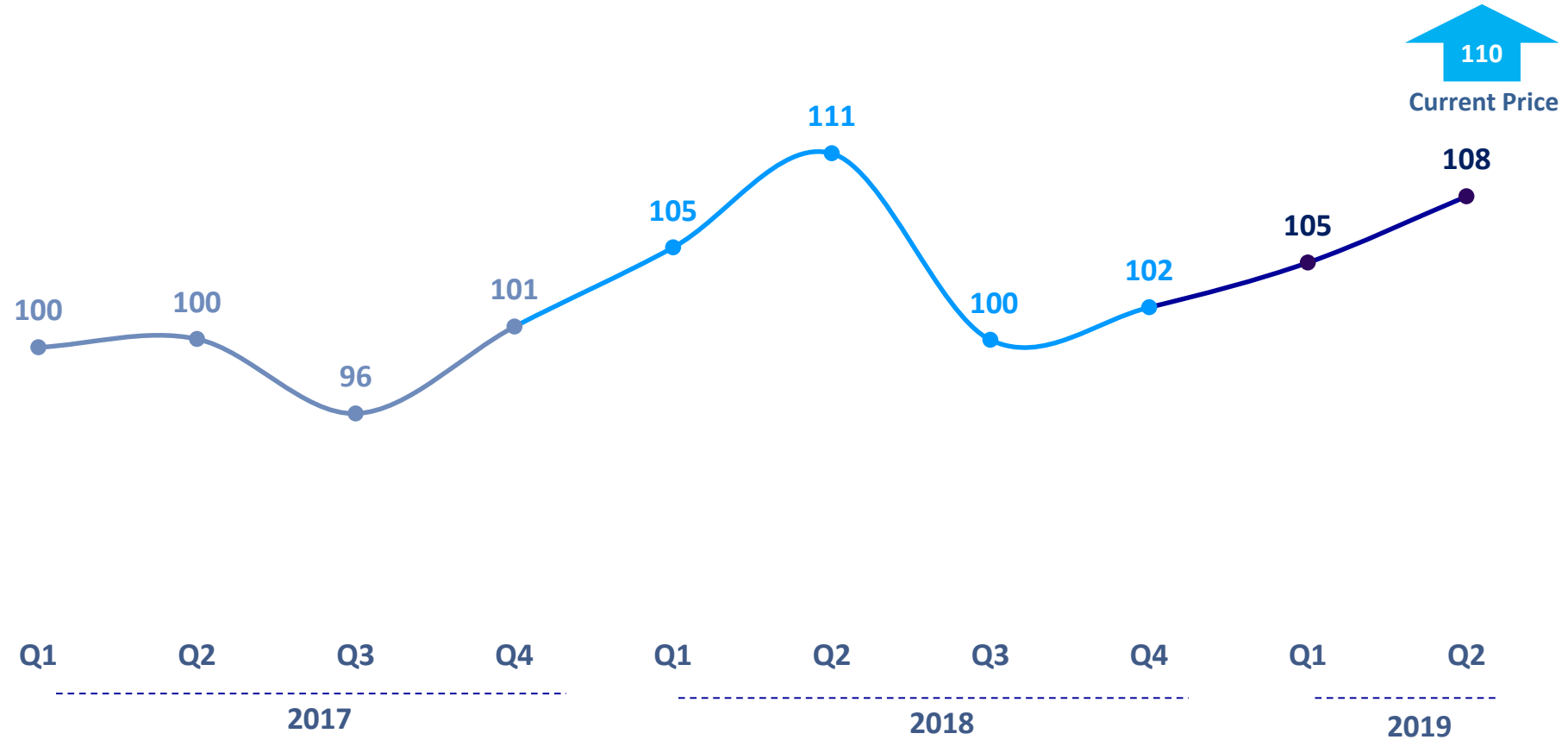
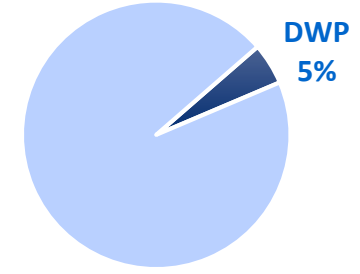
# Price index : Sugar



- Indexed with base Q1-17. Indices are on consumption basis
- Q3'17 onwards, rates are net of input taxes with the implementation of GST w.e.f. 1st July 2017

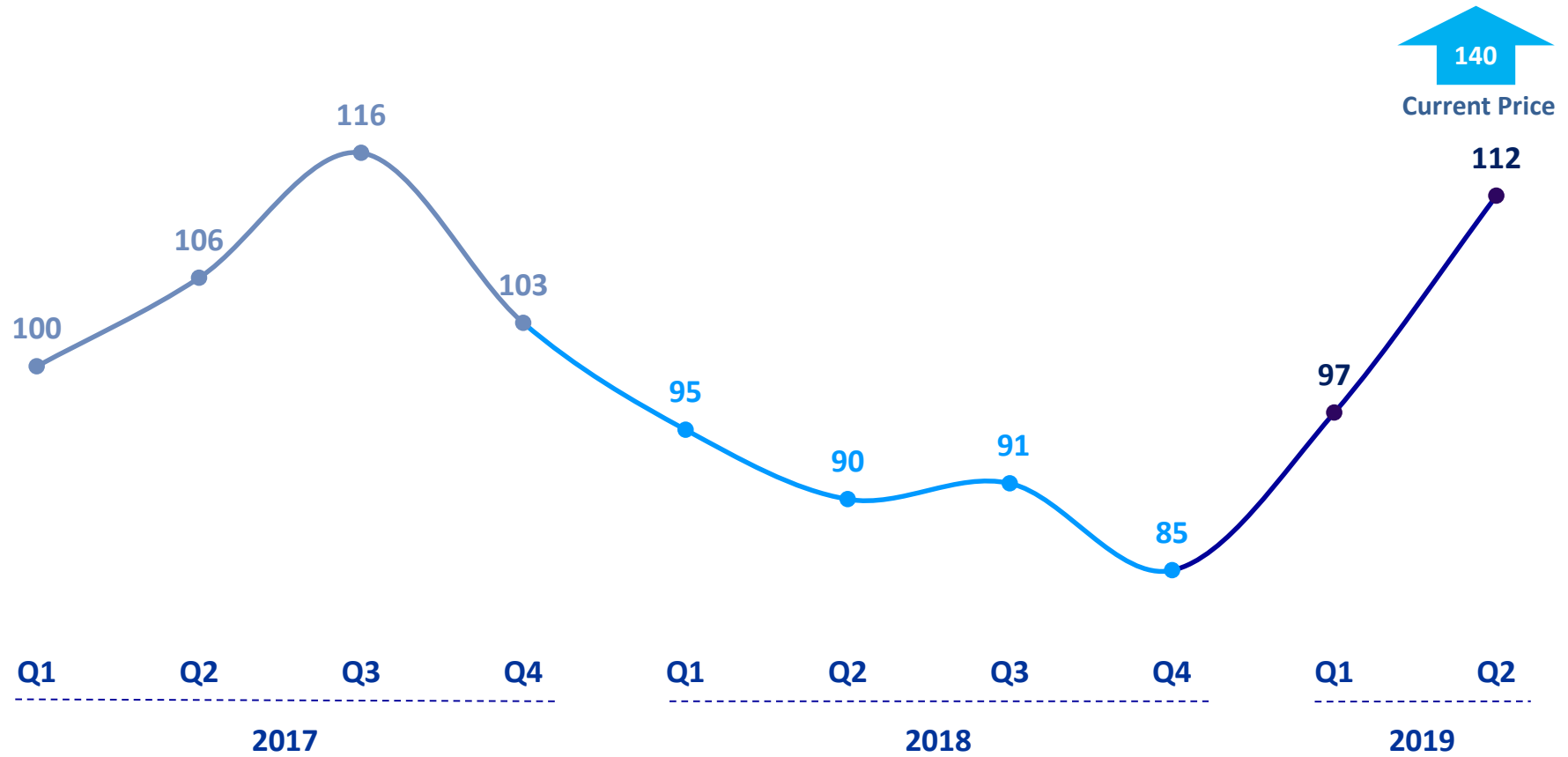
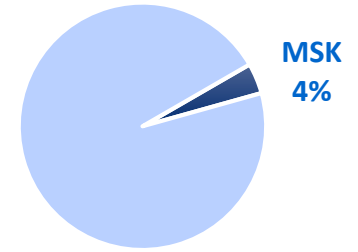


# Price index : DWP



- Indexed with base Q1-17. Indices are on consumption basis  
- Q3'17 onwards, rates are net of input taxes with the implementation of GST w.e.f. 1st July 2017

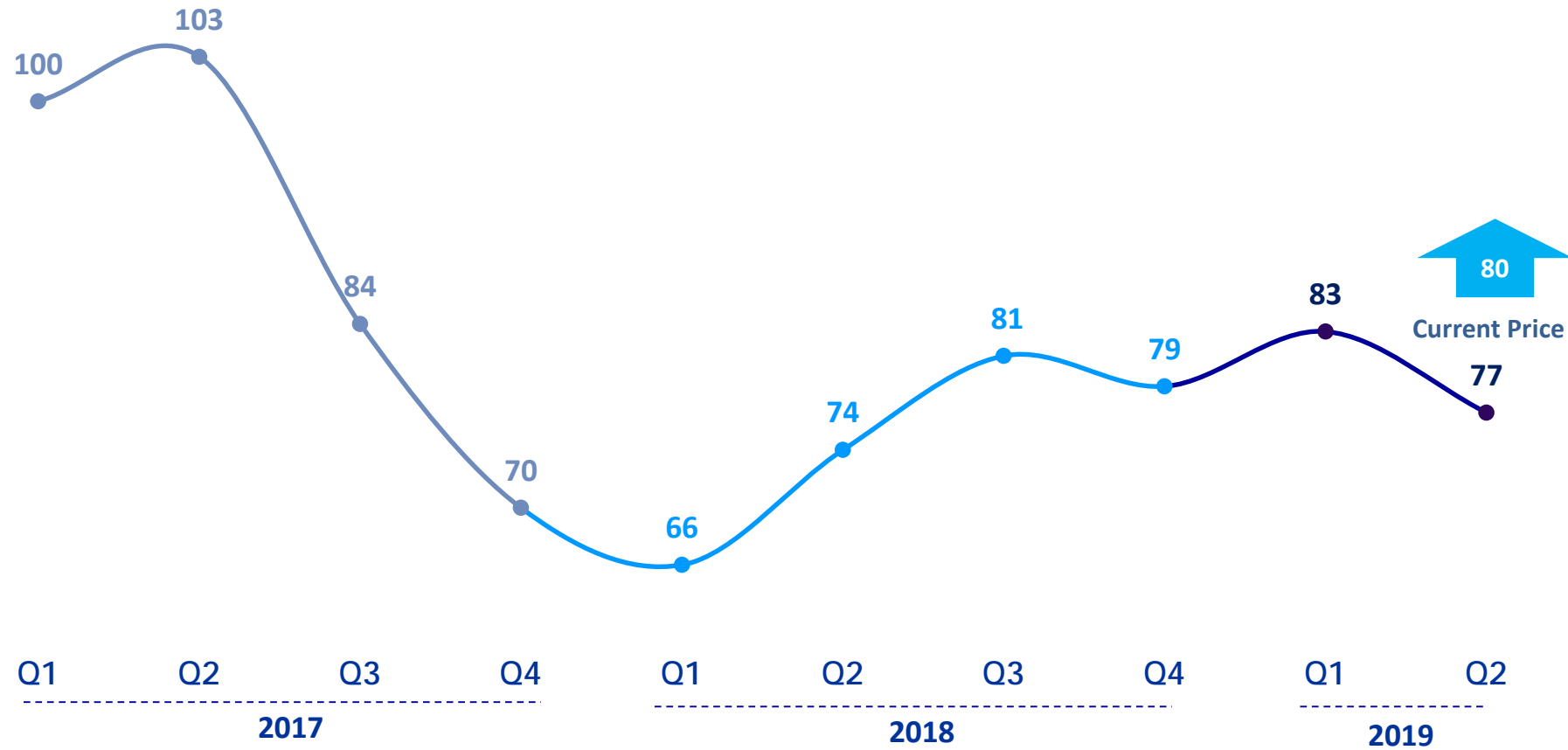
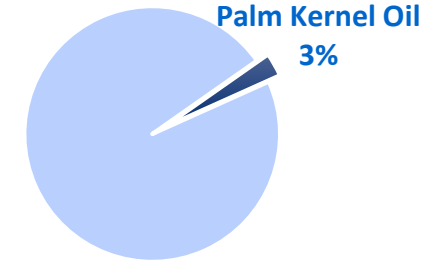
# Price index : MSK



- Indexed with base Q1-17. Indices are on consumption basis

- Q3'17 onwards, rates are net of input taxes with the implementation of GST w.e.f. 1st July 2017

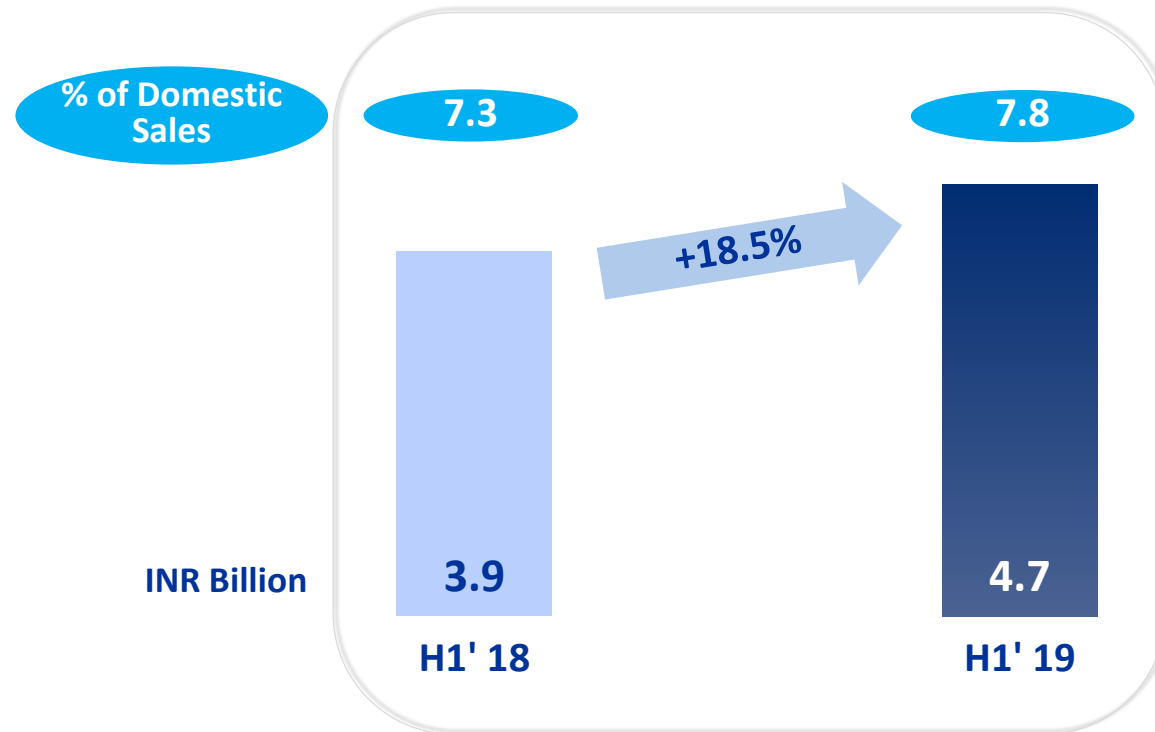
# Price index : Palm Kernel Oil



- Indexed with base Q1-17. Indices are on consumption basis
- Q3'17 onwards, rates are net of input taxes with the implementation of GST w.e.f. 1st July 2017



# Marketing spends\*



Direct Marketing spends continued to grow faster

Sustained investment behind I & R

Digital Media spends growing at CAGR of ~ 45% for past 4 years

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





Reaching out to  
**Consumers...**  
Route to Market

# Presentation Outline



1 Distribution Infrastructure

2 Urban – Coverage, Channel, Shopper

3 Unlocking the Rural Opportunity

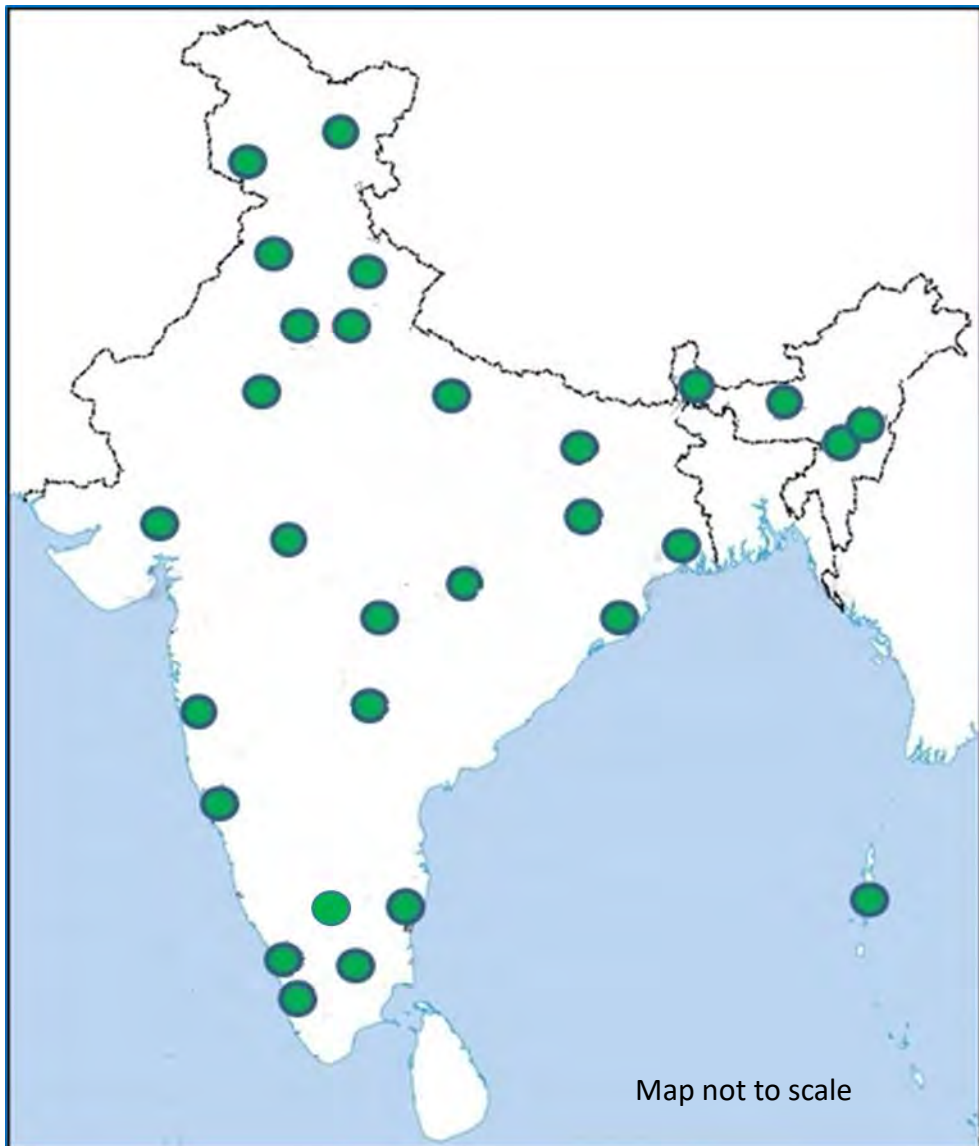
4 Delighting Consumer - Freshness

5 Leveraging Technology

6 Capability development

7 Enduring Partnerships

# Reaching out ... ..



**29 Distribution Centers**



**1700 + Cash Distributors**  
**7000+ Re-distributors**  
**2600 + Wholesale Hubs**



**10000 + Feet on Street**

 Distribution Centers

# Total Reach (Outlets in Mio)

## Nestlé Total Reach Progression





# Urban Town Reach & Coverage model

Towns : ~ 8000

Covered by Cash Distributor & Re Distributor

Leveraging the Cluster approach

1. Split Coverage  
Weighted outlets : By Category



2. Regular coverage  
Regular outlets : All categories



3. Small Outlets coverage  
Ready Stock Units & Tele Callers



\*Source : census 2011

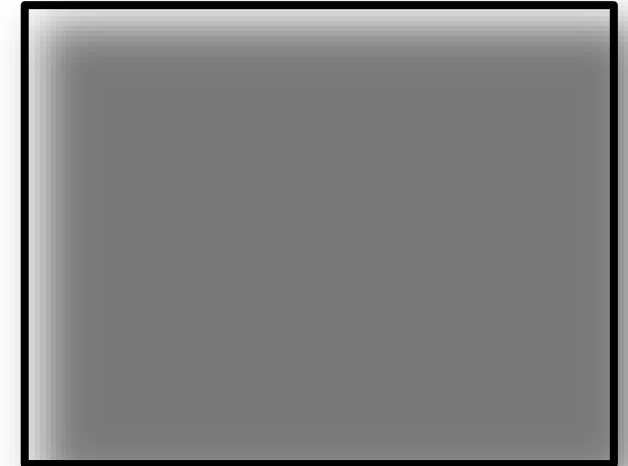
# Channel specific programs to influence the Shopper



**Super Market**



**Grocery Large & Bakery**



**Grocery Small**

# Organized Trade



Total 27 customers, ~ 8400 stores

**3 Constituents**

Retail

Cash n Carry

Chain Pharmacy

**Chain Pharmacy Outlet**



**Fast.Focused.Flexible**

# Delighting the Consumer during Festivities

Our merchandising team's core expertise



Fast.Focused.Flexible

# Delighting the Consumer during Festivities



# Delighting the Consumer during Festivities



# Delighting the Consumer during Festivities



# Unlocking Rural Market : Reaching Rural customer

| No. of villages | Villages under direct coverage |
|-----------------|--------------------------------|
| ~ 600,000       | 52,000 +                       |

**1. Re Distributor Model**  
- 7000+ Redistributors



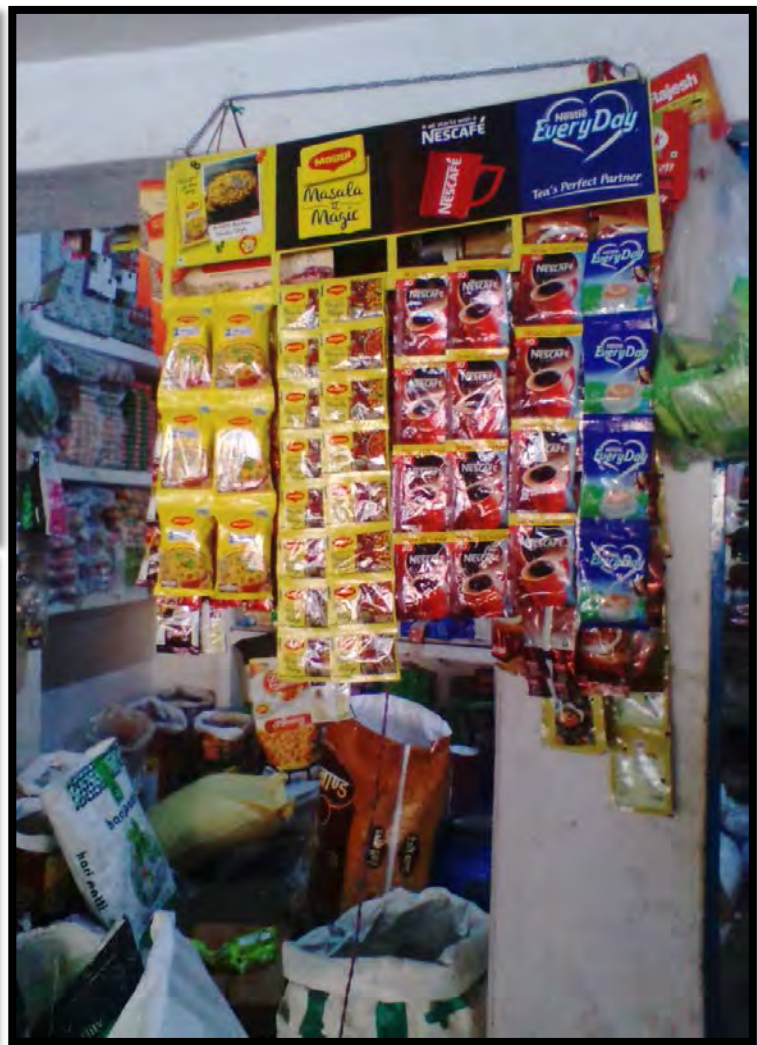
**2. Whole sale Hub Model**  
- 2600+ Wholesale Hub's



\*Source : census 2011



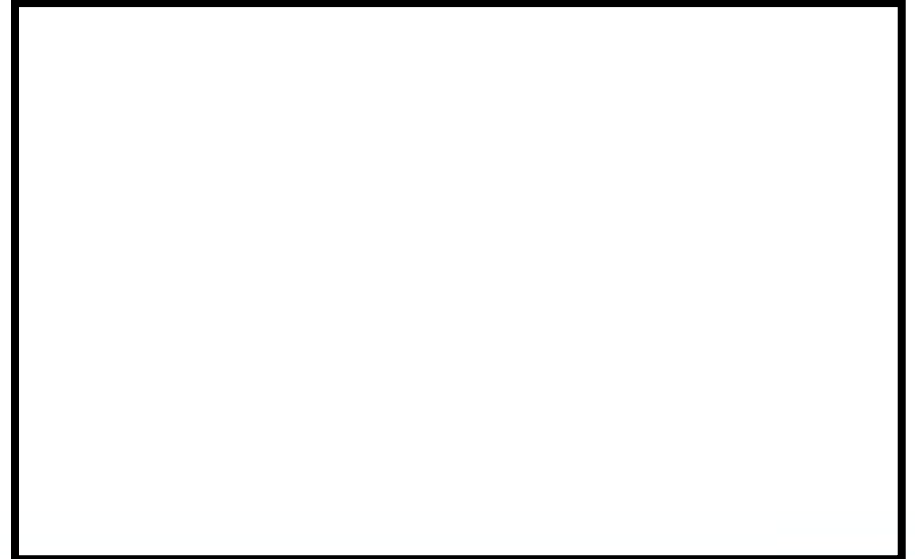
# Reaching out to Rural customer



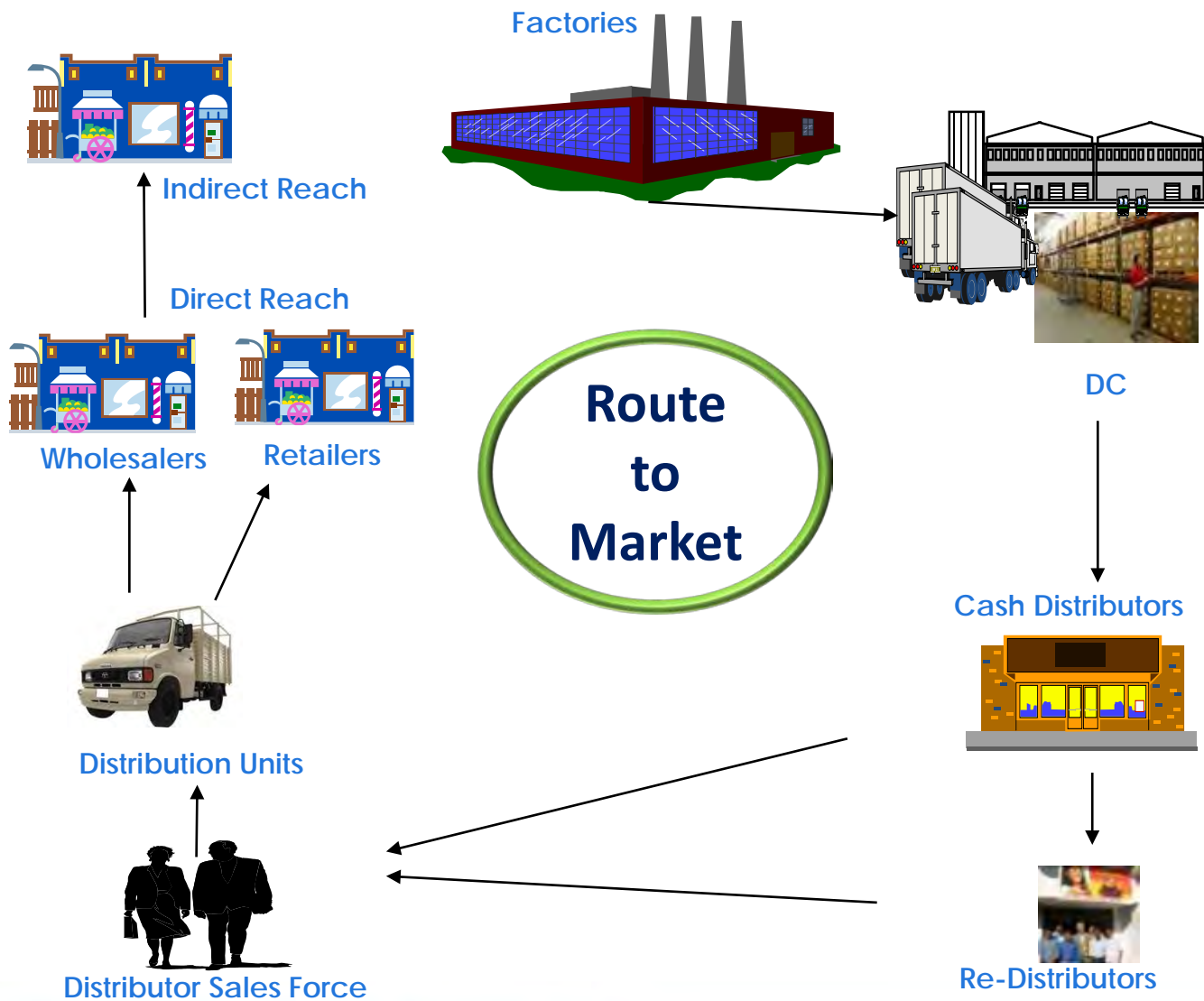
Fast.Focused.Flexible

# Reaching out to Rural consumer

## Village Haat Activity



# Our Promise of Freshness ..



**Right Availability, Freshness, Quality**  
**- Competitive Advantage**

# The Process...

## IDENTIFICATION

- Select Towns
- Select SKUs



## ENLISTMENT

Stores across Channels:  
Groceries, Supermarkets  
Chemist, Bakery



## EXECUTION

- Field salesforce capture data
- Data Analysis
- Upstream & Downstream actions identified

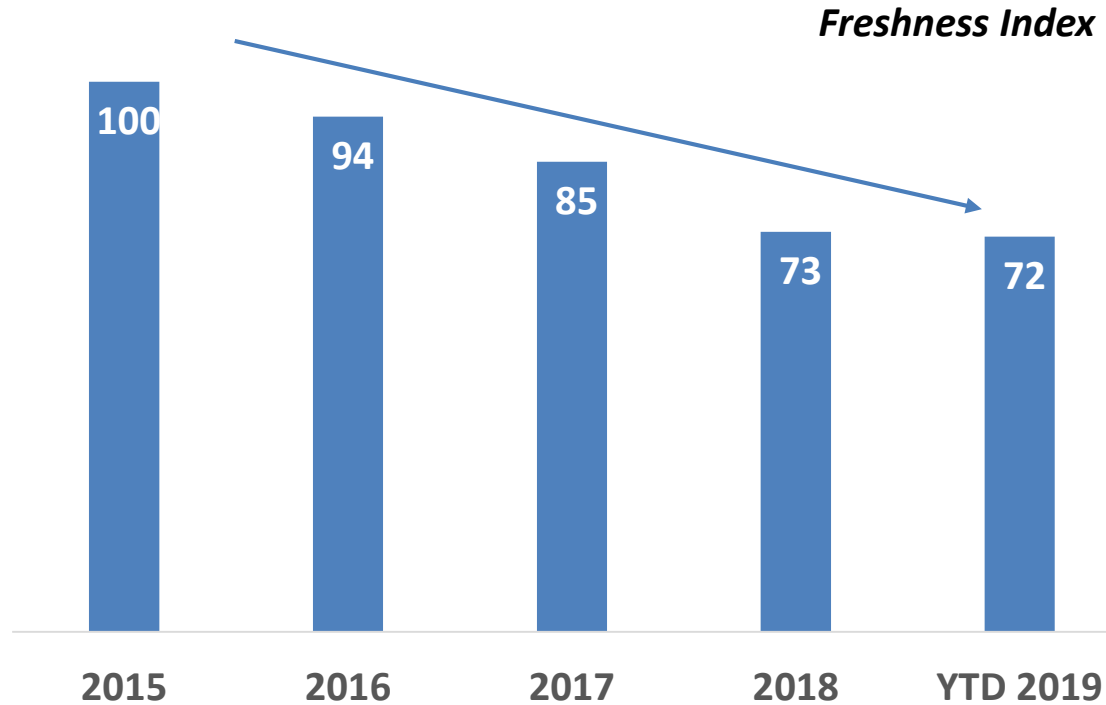


## TECHNOLOGY

- InShelf App
- Nestlé Proprietary tool
  - Accessible to relevant stakeholders



# Our Results ..



## UPSTREAM ACTIONS

- Minimum production run
- Production sequencing
- Transit Time reduction with PIT STOP model



## DOWNSTREAM ACTIONS

- Focused Generating Demand Activities
- Rationalization of SKU : Channel Region
- Statistical Forecast (SAS) led Demand Plan accuracy

# Leveraging Technology & Analytics in Sales

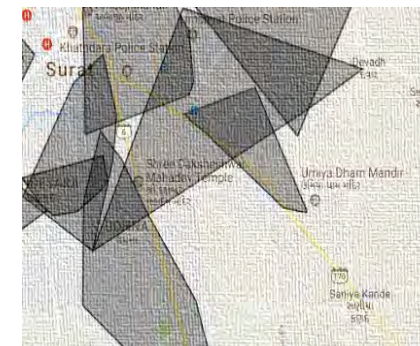


- Retailer creation centrally : 100% accuracy of data
- Real Time Scheme / inputs execution : Zero time lag
- Efficient business transactions with Retailers
- Ease of Operations : Any device , any location access.
- More user friendly Performance dash boards



Retailer Geo Tagging

- Customer database
- **Optimized Sales Route** for Salesman
- Efficiency & Effectiveness
- Reduced cost on market service



Bad Route Plan



Good Route Plan

# Leveraging Technology & Analytics in Sales



## RD Automation

- Pilot Salesman uses HHT while working in RD Markets.
- Re-Distributor (RD) **closing stock** inventory captured
- RD Market **outlet summary** in application
- RD **Secondary Sales** data availability

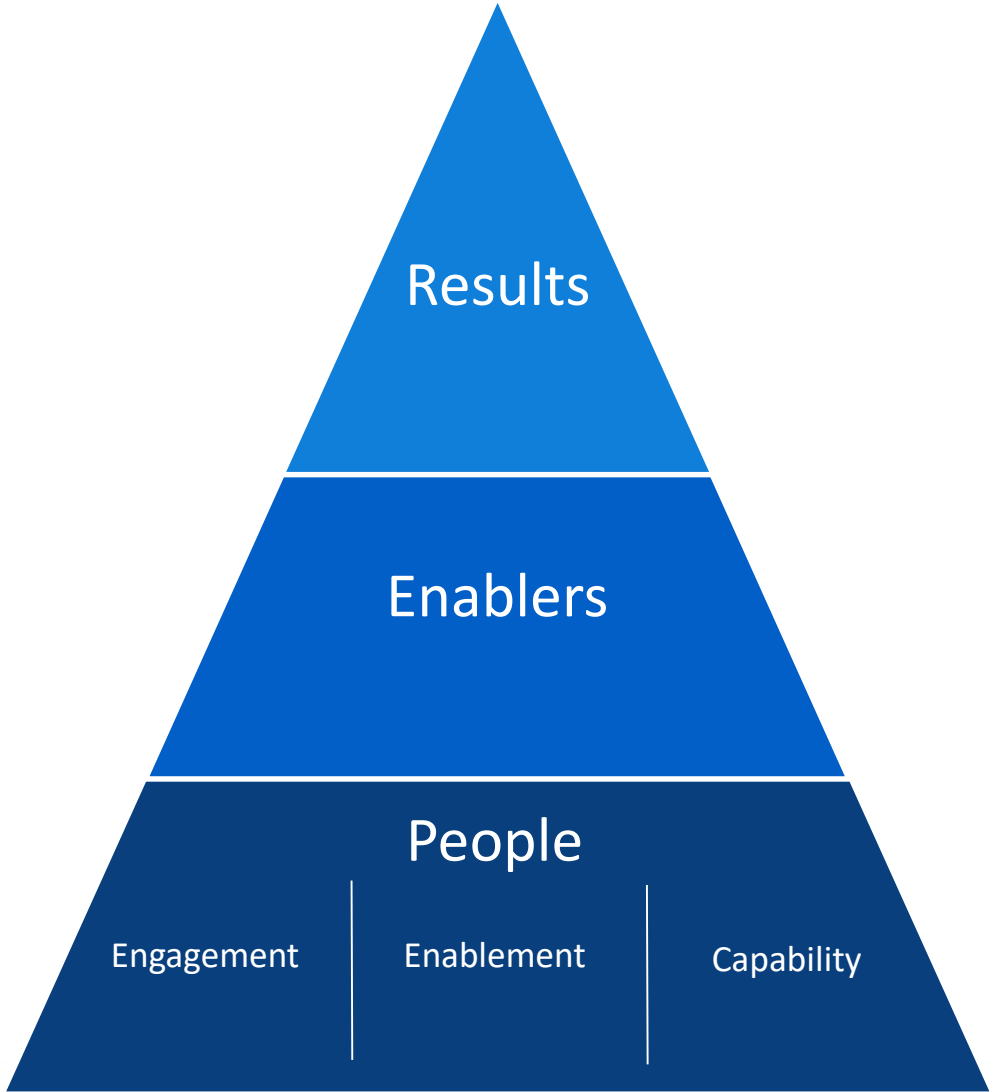


## Visibility Automation

- Merchandisers are using one standard application
- **Live capturing** of Visibility Program execution
- **Picture of success** is evaluated by third party



# Building Capability



## Our Approach







- Need based intervention
- SME trainer Pool
- Localized content
- Lead by line manager
- Leverage global expertise

## Identified Training need Addressed \*

- 94% of Nestle sales force
- 96% of Distributor field force

\* Annual Basis

# #Winning Everyday @ Market Place enabled by **NCE** Ways of Working

## Daily Operation Reviews at Distributor Point



## Benefits

- ✓ Improved Collaboration: Distributor, Secondary Sales Force, Merchandiser, Sales Officer
- ✓ Clear Action Plan
- ✓ Escalate Concerns
- ✓ 360 Degree Evaluation – selling merchandising and collection of payments

| Short Term Action |                     |                                 |       |        |
|-------------------|---------------------|---------------------------------|-------|--------|
| S-No.             | ISSUE               | ACTION                          | WHEN  | STATUS |
| 1.                | DRive Nestea volume | TGT: 238<br>ACH: 206<br>BAL: 32 | 24 .4 |        |
| 2.                | Munch Nutz          | TGT: 19 BAL: 9<br>ACH: 10       | 25.4  |        |
| 3.                | Kittkat 4F          | TGT: 285<br>ACH: 252<br>BAL: 33 |       |        |
| 4.                | Munch Nutz          | TGT: 170<br>Ach: 96<br>BAL:     | 25.4  |        |

# Nurturing partnership with Distributors over decades. Business Partners meet..



**Distributors**  
Partners in progress  
for more than

- 75 years + : 07 CDs
- 50 years + : 31 CDs
- 25 years + : 241 CDs
- 10 years + : 511 CDs



# *Building on .....*



- **Strong Urban Distribution & Increased Focus on Rural**
- **Strong Activation & Leverage Regional Opportunities**
- **Our Promise of Product Freshness**
- **Use Technology for Efficient and Effective operations**
- **Focus on Capability Building**
- **Building Enduring Partnerships**

# Thank You