

Nestlé Pakistan Limited

Corporate Briefing Session

Lahore, 4th September 2020



Good food, Good life

Our business

Key Figures 2019

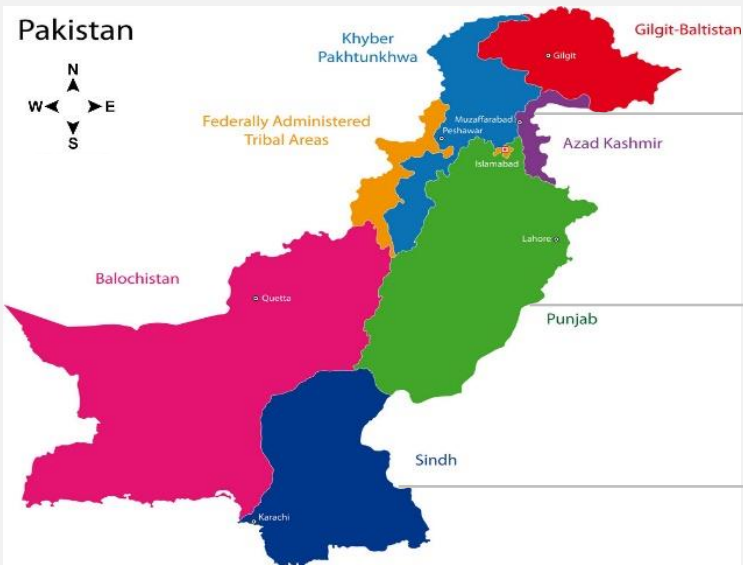
Sales

PKR 116 bn

Operating Profit
13.0%

Net Profit
6.3%

Where



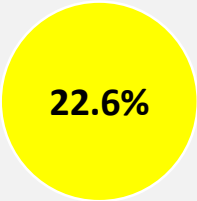
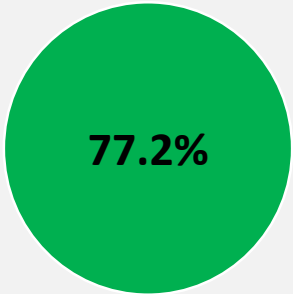
Exports: 1.9%

What

Dairy & Nutrition

Beverages

Others



* Others include Chocolate and Dolce Gusto

Employees

4,063

Factories

4

Top Brands



Contribution to the rural economy


Agriculture
Services

26LAIC62



**PKR 22.5 bio milk
purchase**



72,500 farmers



**Supporting 3,000 small
and medium farms**



**PKR 4.9bio
Procurement of Fruits,
Sugar and Wheat Flour**



**Promoting best farm
practices (Chaunsa
Project)**

Market leading positions across categories



NESTLÉ MILKPAK

36.6%



NESTLÉ EVERYDAY
(PWD+UHT)

40.5%



NESTLÉ Juices

35.9%

Source: Nielsen, MAT Dec 2019



Export expansion in focus

Existing Countries



AFGHANISTAN



TAJIKISTAN



UAE



QATAR



KYRGYZSTAN



USA



CANADA



DENMARK



MALAYSIA



AUSTRALIA



GHANA



MOZAMBIQUE

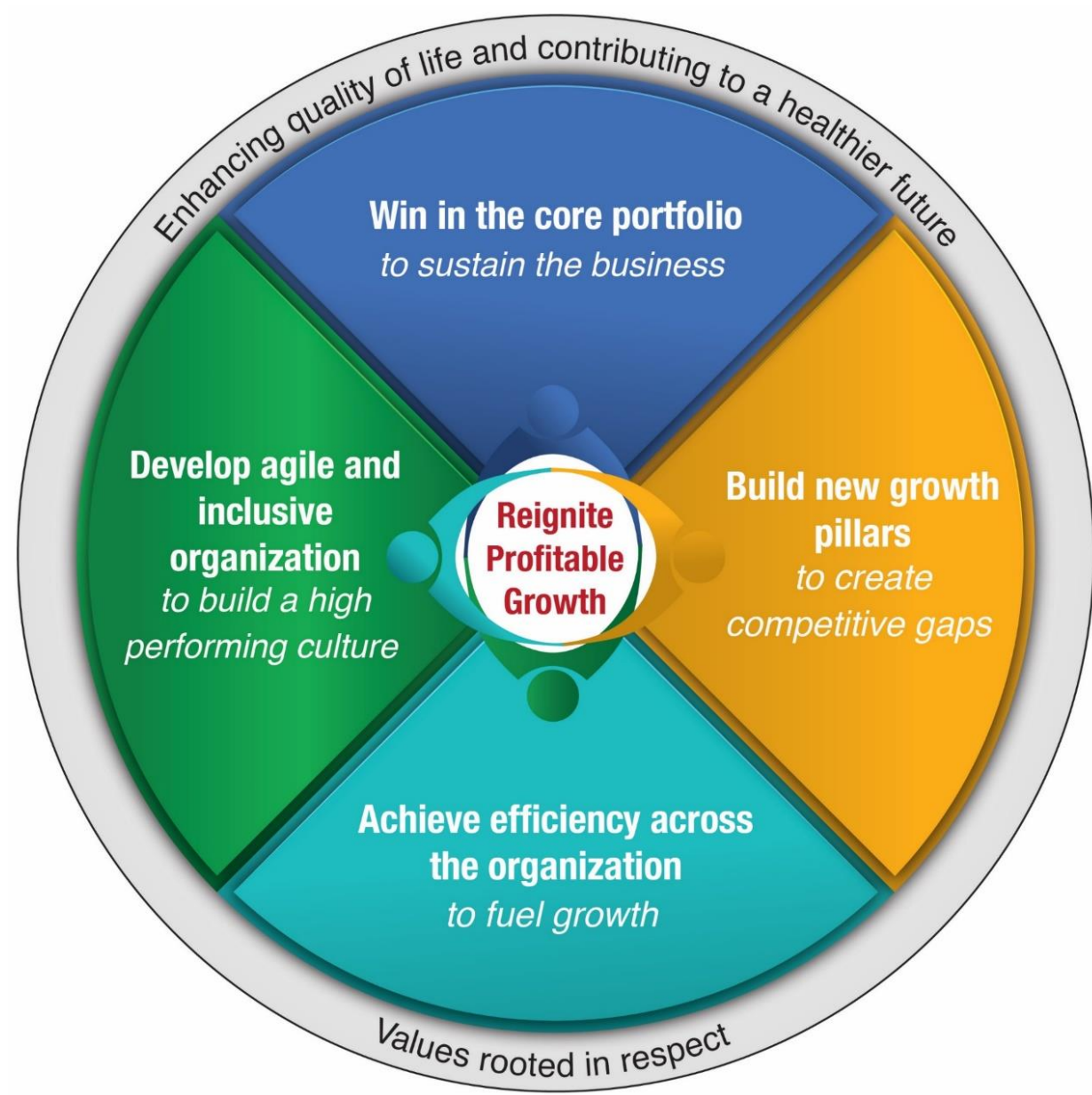


LIBYA

Export Portfolio



Our Strategy



Win in the core portfolio

- Accelerate growth
- Improve margins
- Win with customers and shoppers



Build new pillars

- Drive innovation and renovation
- Exponentially grow in-home and out-of-home
- Strengthen route-to-market capabilities



Enhance efficiency

- Optimize costs across value chain
- Maximize returns on commercial spends
- Simplify processes by leveraging technology



Develop an agile and inclusive organization

- Accelerate diversity and inclusion
- Develop, nurture and retain talents
- Create opportunities for YOUTh



Employee
Coaching
Network



Employee
Mentoring
Network



Digital and
Virtual Learning
Platforms



Employee Digital
Recognition



International
Mission
Assignments



Hai tum pe Yakeen
– PWD Associates



Phir say ker dikhaao -
Returnships

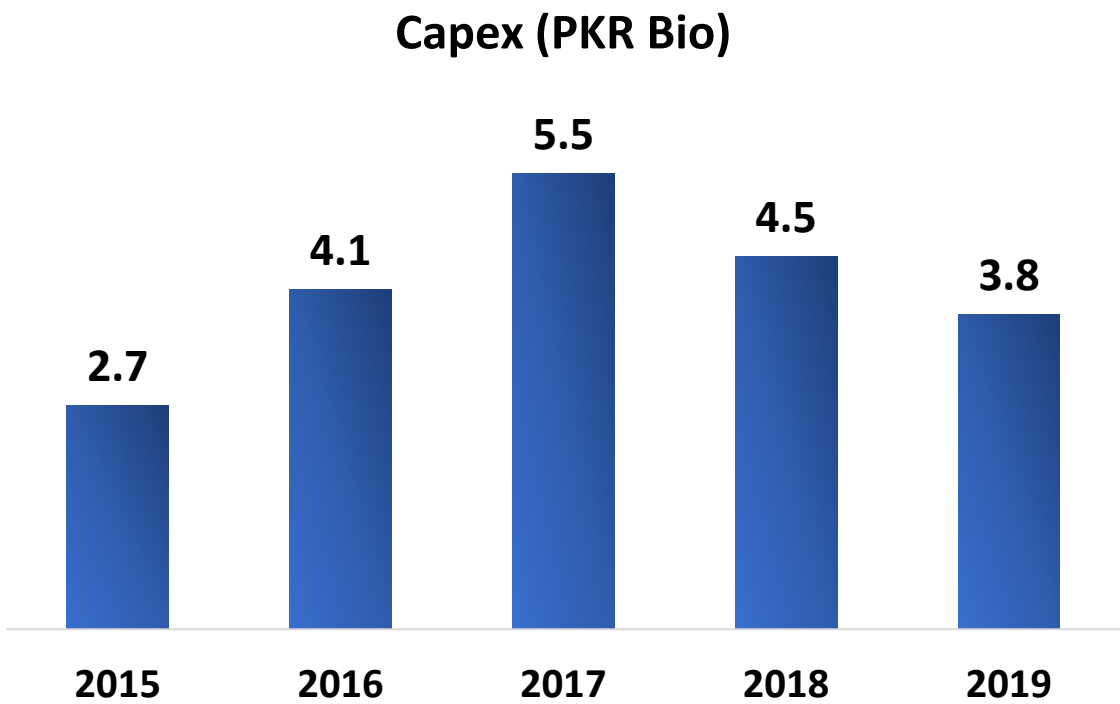


Kero Aitemaad –
Associate Program



Infrastructure
Projects for D&I

Investing for future growth



New launches

DAIRY



JUICES & WATER



COFFEE



Creating shared value - key initiatives

NESTLÉ for HEALTHIER KIDS



Addressing malnutrition among school going children

- Nationwide outreach with **10 Partner**
- **220,000+** children in **280** schools
- Trained over **1100** teachers
- **9** N4HK Rooms



Nestlé BISP Rural Women Sales Program



Addressing poor livelihood for rural women

- **Over 900** Rural Women Sales Agents
- Health and nutrition sessions for over **1900** beneficiaries
- Micro-loans worth **PKR 2 Million** through Akhuwat to over **100** beneficiaries



Nestlé Chaunsa Project



Improving opportunities for Mango farmers

- Partnership with Mango Research Institute
- Farmer development in **150** farms
- Integration into Nestlé's business value chain





Addressing inefficient water management
across sectors, especially agriculture



Manufacturing

AWS Certification

2019: 3 sites certified

In-house Efficiencies

Water consumption per
ton of product reduced by
24% between 2013 &
2019

WASH Pledge

Safe water, sanitation and
hygiene for all employees

Communities

Access to Safe & Clean Drinking Water

6 facilities providing
access to water for more
than **60,000** people per
day

Water Education for Teachers

280 teachers trained
40,000 children in 2019

Agriculture

High Efficiency Irrigation

2019: Water saving of **391**
mio liters through drip
irrigation

Water Sense Project:

Scaling up affordable soil
moisture sensors

Collective action for water

Engaging policy makers
and stakeholders for
responsible water
management



Response to COVID-19 pandemic

Supported vulnerable communities with PKR 100 million +

Over 4 mio servings of food



Donation to Pakistan Red Crescent Society (PRCS) of PKR 5 mio



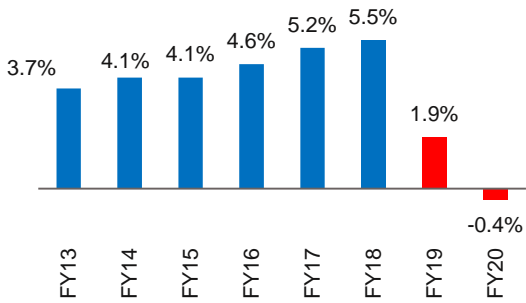
Product support to Government authorities (NDMA, PDMA etc.) and NGOs



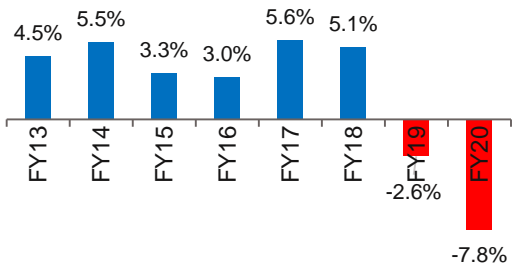
Employee donation contribution (1:1 matching by Nestlé)



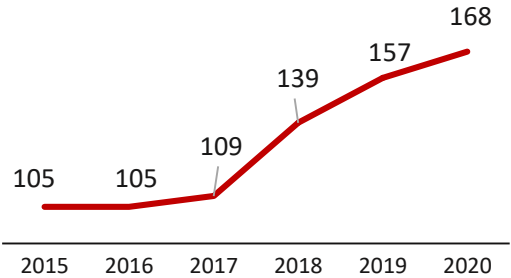
Economy passing through a difficult phase



Declining GDP growth



Manufacturing growth erosion



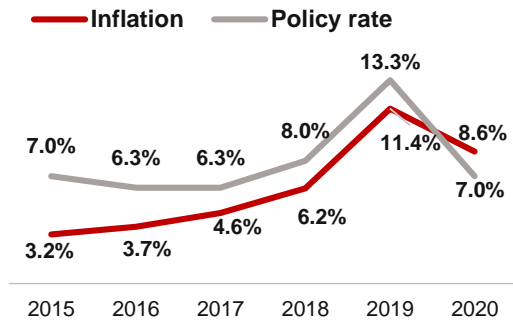
Sharp currency devaluation USD/PKR



FY 2019 hike in prices:

- Fuel by ~25%
- Gas by ~85%
- Electricity by ~20%

Exponential Increase in Utilities



Rising CPI and Policy rate

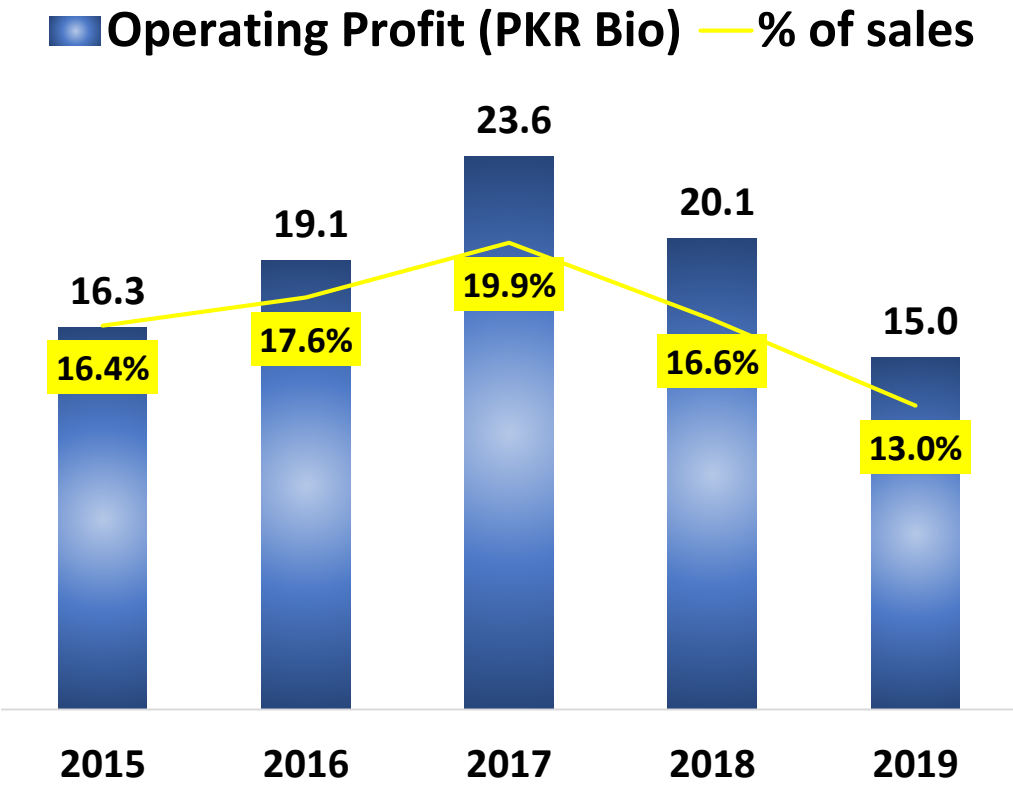
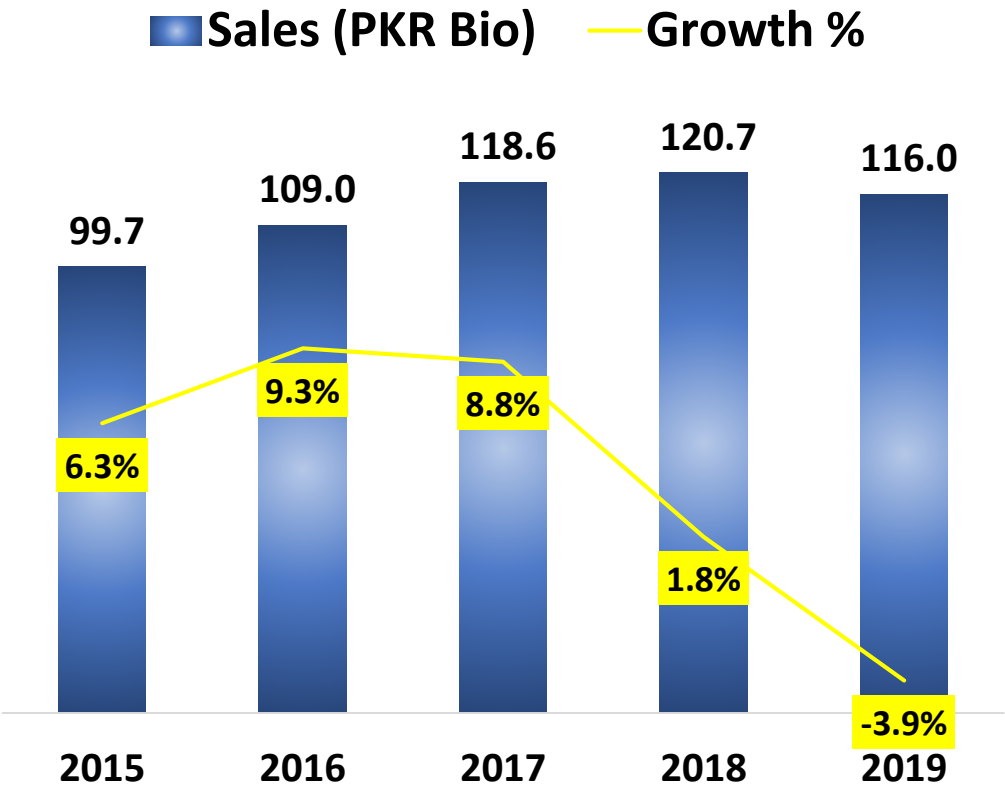
Fiscal budget 2019:

- Tax on Milk Powders (10%)
- FED on Juices (0% to 5%)
- Additional Customs/ import duties (from 2% to 4%)

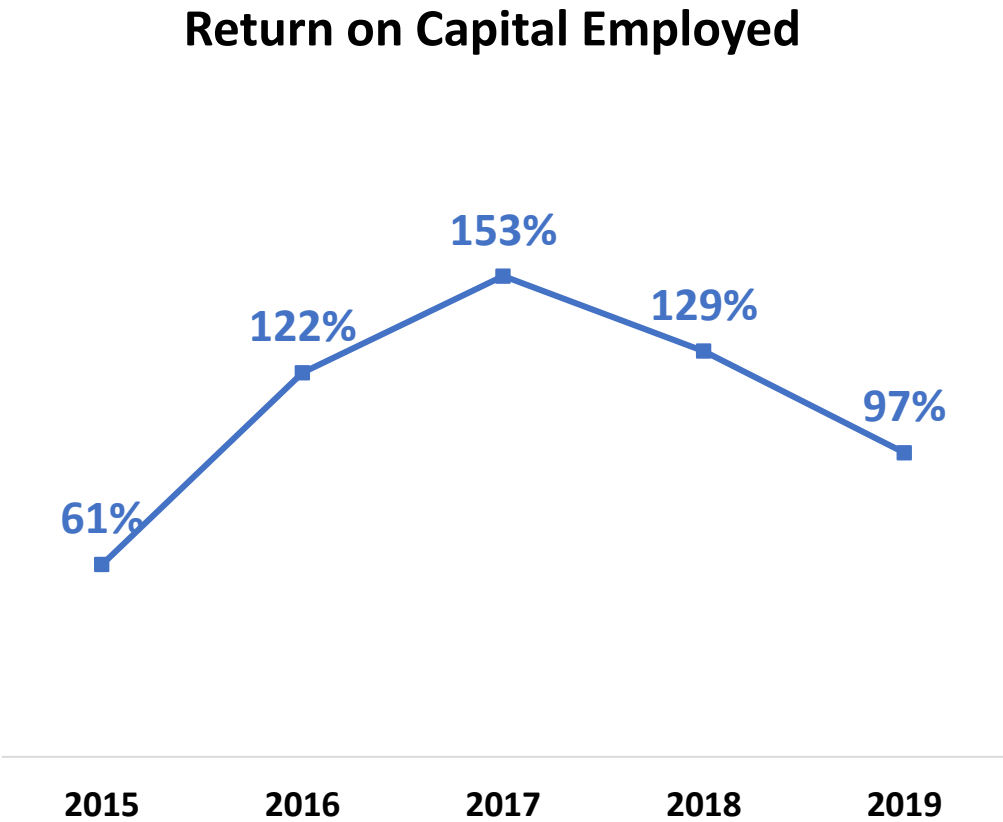
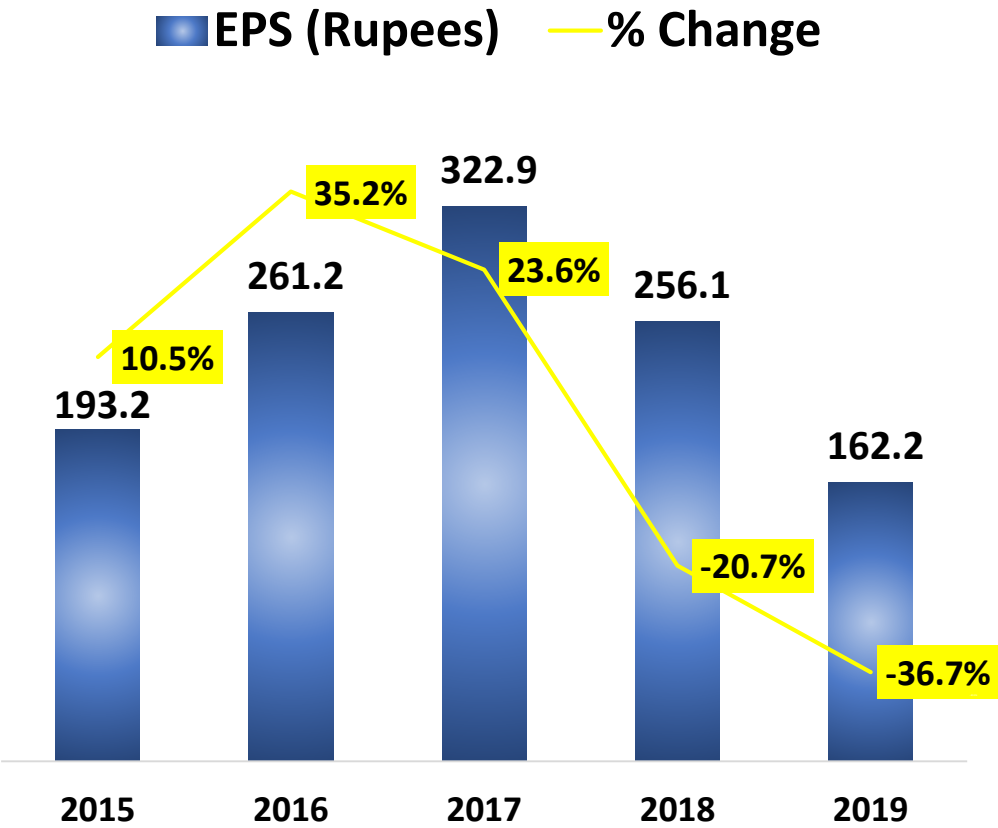
Taxes / Duties



FY 2019 financial results



FY 2019 financial results



H1 2020 Challenges

- Massive decline in impulse, on-the-go and out-of-home consumption
- Drop in exports to neighboring countries due to border closure and backlog
- Significant increase in input costs (fresh milk, sugar)
- Managing production and distribution of products



H1 2020 financial results

Sales (in PKR)

58.4 bn

Sales growth

+1.0%

**Operating Profit
Margin**

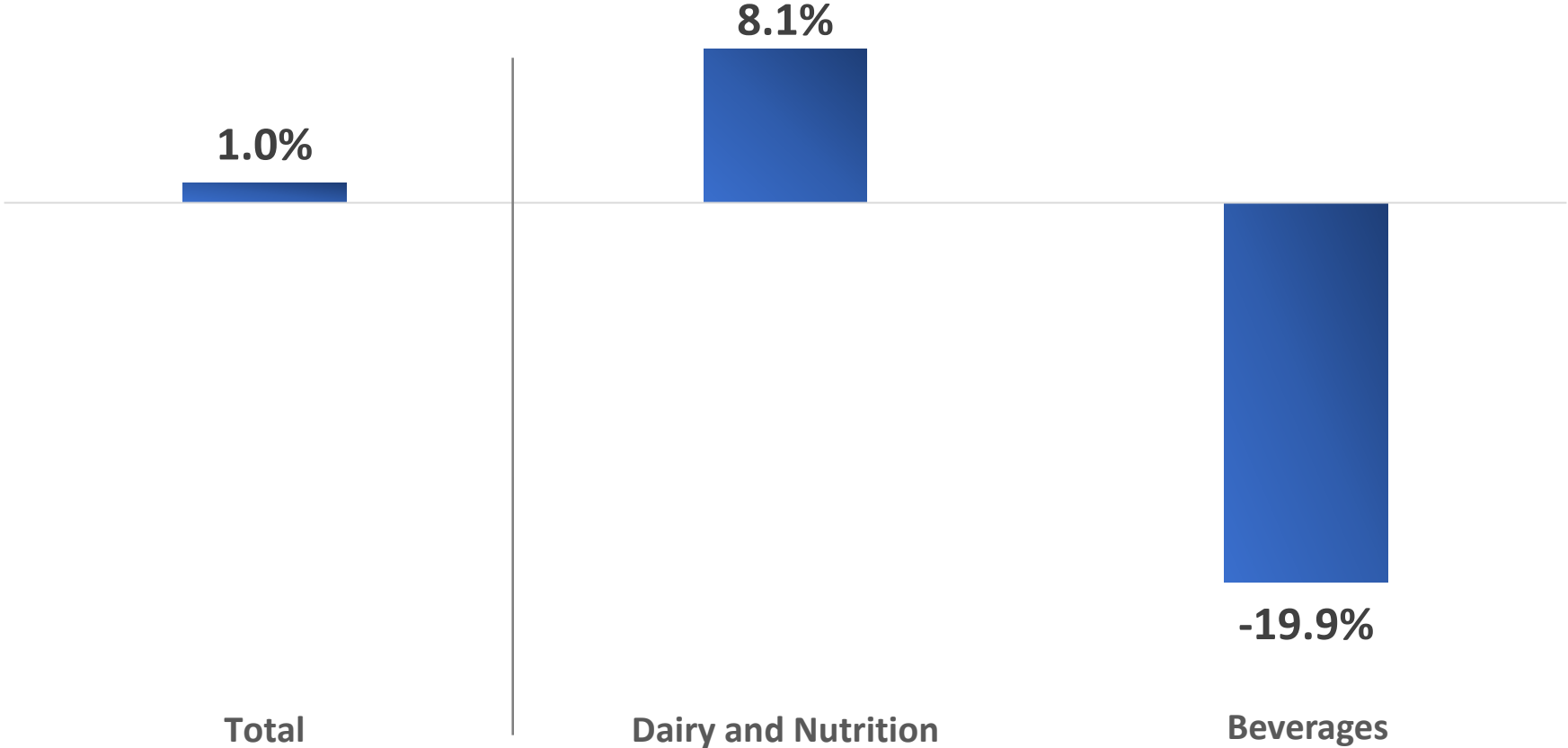
13.6% of sales
-91 bps

EPS (PKR/share)

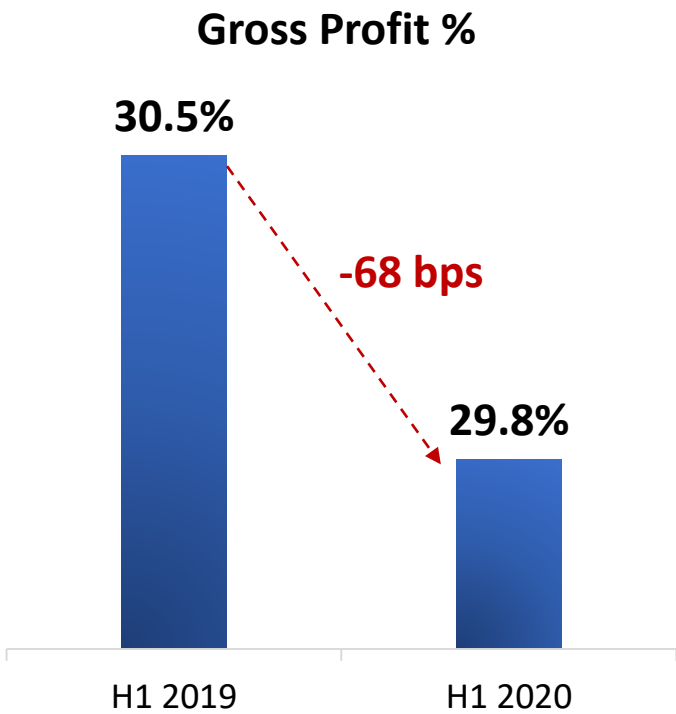
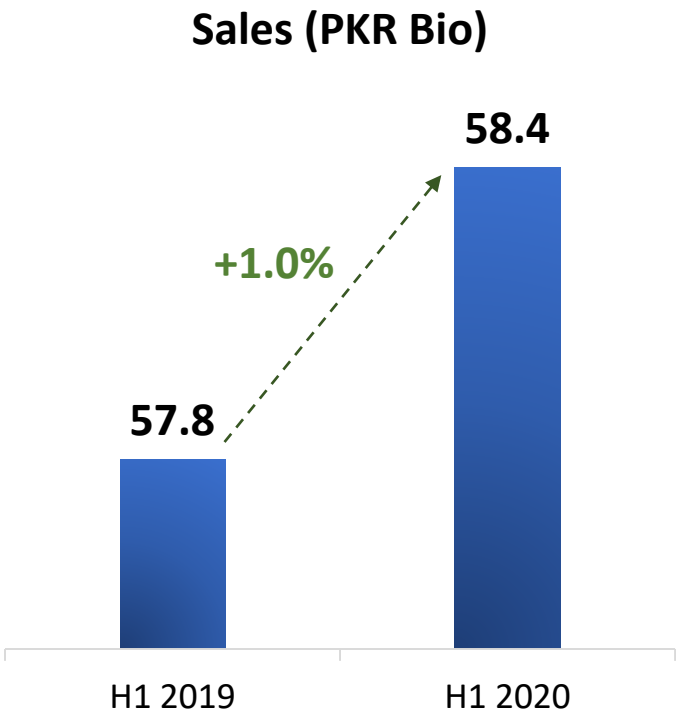
85.5
-13.3%



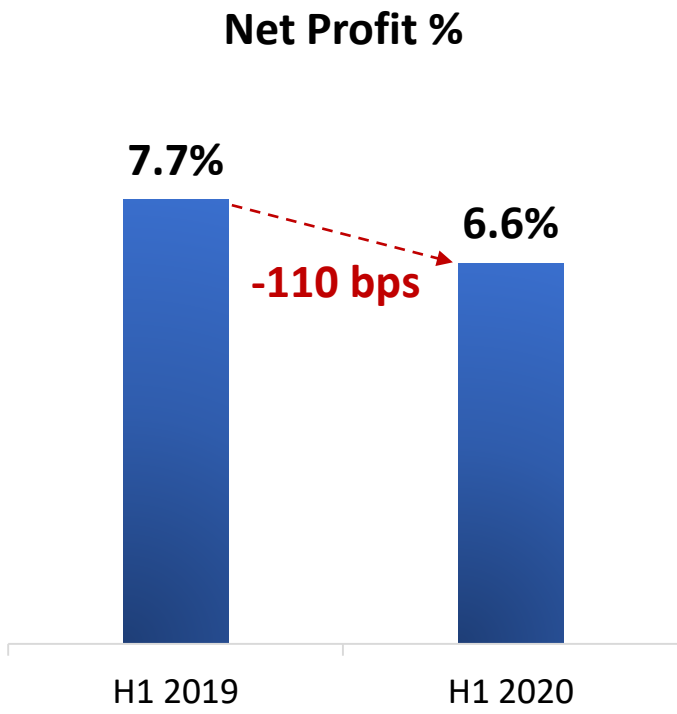
Sales growth – H1 2020



Key financials – H1 2020



Gross Profit = PKR 17.4 bn.



Net Profit = PKR 3.9 bn.



Key highlights – Dairy and Nutrition

H1 2020

Sales (PKR Bio)	46.5
Sales Growth	8.1%
Operating profit margin	17.2%

- Strong growth in both liquid and powder portfolio
- Significant increase in sales in e-commerce channel, pharmacies and key accounts
- Operating profit margin marginally improved due to portfolio mix and cost saving initiatives



Key highlights – Beverages

	H1 2020
Sales (PKR Bio)	11.8
Sales Growth	-19.9%
Operating profit margin	-0.3%

- Sales impacted by massive decline in impulse, on-the-go and out-of-home consumption
- Partial recovery in June with easing in lockdown
- Operating profit impacted by drop in sales



Q&A

