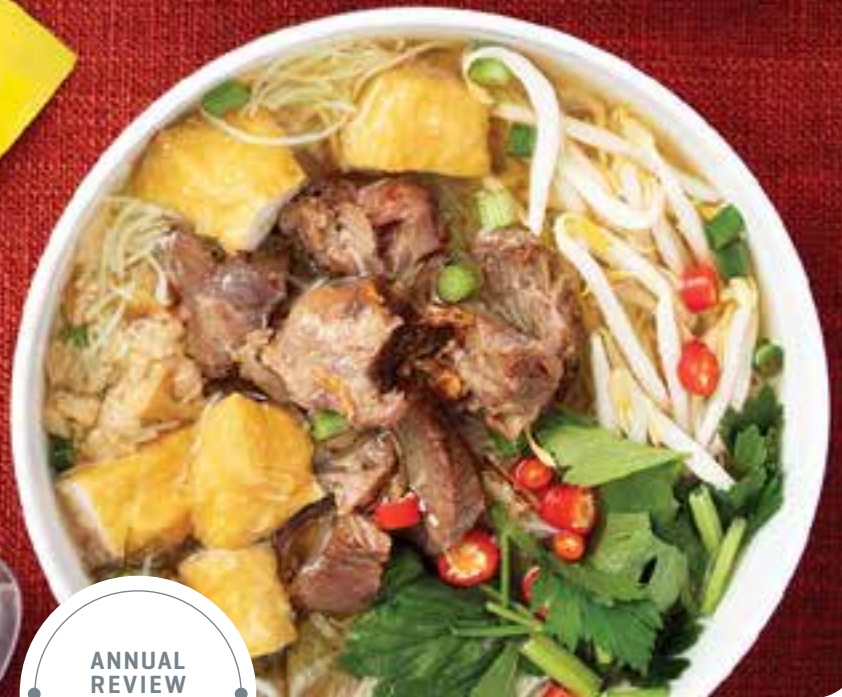




Nestlé

Good Food, Good Life



ANNUAL
REVIEW
2018



Good Food, Good Life



ENHANCING QUALITY OF LIFE AND CONTRIBUTING TO A HEALTHIER FUTURE

We are a company shaped by this purpose. Our firm commitment to stay true to this defines us and forms the foundation of everything we do at Nestlé.
Our purpose-driven resolve enables us to contribute positively to society and ensures the sustainable growth of our Company.

INSIDE THIS REPORT

ABOUT THIS REPORT	2	BUSINESS REVIEW	24
OUR REPORTING SUITE	3	OUR LEADERSHIP	
OUR BUSINESS		Board of Directors and Company Secretary	44
Our Presence	4	Profile of Directors and Company Secretary	46
Organisation Structure	5	Executive Leadership Team	56
Fast Facts	6	Profile of Executive Leadership Team	57
CREATING SHARED VALUE	8	Nestlé Leadership Team	62
MESSAGE TO SHAREHOLDERS	10	CORPORATE INFORMATION	64
OUR STRATEGY	16	CORPORATE DIRECTORY	66
MANAGEMENT DISCUSSION & ANALYSIS	17	NOTICE OF ANNUAL GENERAL MEETING	68
OUR PRODUCT PORTFOLIO	23		

- Proxy Form

ABOUT THIS REPORT

WELCOME TO THE NESTLÉ
ANNUAL REVIEW 2018

ANNUAL REVIEW 2018



With a history spanning

106 years in Malaysia,

Nestlé (Malaysia) Berhad has seen substantial growth over these many years, building on the nation's solid fundamentals and steadfast to our commitment to continue nourishing Malaysians for generations.

REPORTING SCOPE

This Report covers the reporting period between January and December 2018. It encompasses the operations of the Nestlé (Malaysia) Berhad (110925-W) (Company) and its subsidiaries (Group).

The support of our diverse stakeholders is paramount to our success. Dedicated to our purpose of enhancing quality of life and contributing to a healthier future, we feel a deep sense of responsibility to fulfil our promise of 'GOOD FOOD, GOOD LIFE'. Transparency and openness are central in our communications with our stakeholders. We strive to ensure that we provide a clear understanding of our business priorities and strategies, operational policies and the significant measures we have undertaken to create value under our social and environmental pillars.

At the end of each financial year, we produce three dedicated reports depicting the progress of our economic, social and environmental objectives, elaborating on how this was achieved and how well we are performing in each area. Our Annual Review focuses primarily on our economic performance. This Report informs our stakeholders about the Company's overall business strategy, our targets and how we achieve them through operational, marketing and sales initiatives during the financial year.

In the Message to Shareholders, our Chairman and Chief Executive Officer (CEO) provide an overview of our performance for the year. Meanwhile, the Management Discussion and Analysis discusses in detail the progress of our strategic growth plans. Developments in our product portfolio and key brand campaigns we embarked on during the year are highlighted in the Business Review.

Following through from the previous year, we continue to abide by International Integrated Reporting Council (IIRC) guidelines on linking the financial and non-financial aspects of our business, to provide a clear picture of how we operate.

In addition, we continue to adhere to the Securities Commission's Malaysian Code on Corporate Governance issued in 2017. We have also ensured alignment with the Corporate Governance Guide from Bursa Malaysia Berhad.

The entire Report has been approved by the Board of Directors on 5 March 2019.

OUR REPORTING SUITE

Each of our three reports emphasise distinct aspects of our business operations and performance. To complement these annual reports, other documents such as our quarterly financial results, announcements to Bursa Malaysia Securities Berhad and press releases are also made available on our corporate website.

www.nestle.com.my



ANNUAL REVIEW

Reflecting the Group's overall strategic direction, this primary report provides an overview of our strategy as well as financial and non-financial milestones to our Shareholders and other stakeholders.



CORPORATE GOVERNANCE & FINANCIAL REPORT

This report provides key information on the Group's financial performance for the year and the corporate governance framework we have in place to protect the interests of our Shareholders.



NESTLÉ IN SOCIETY

A comprehensive review of the efforts we have undertaken in creating shared value and realising our purpose of enhancing quality of life and contributing to a healthier future for individuals and families, our communities and the planet.

REPORTING FRAMEWORK

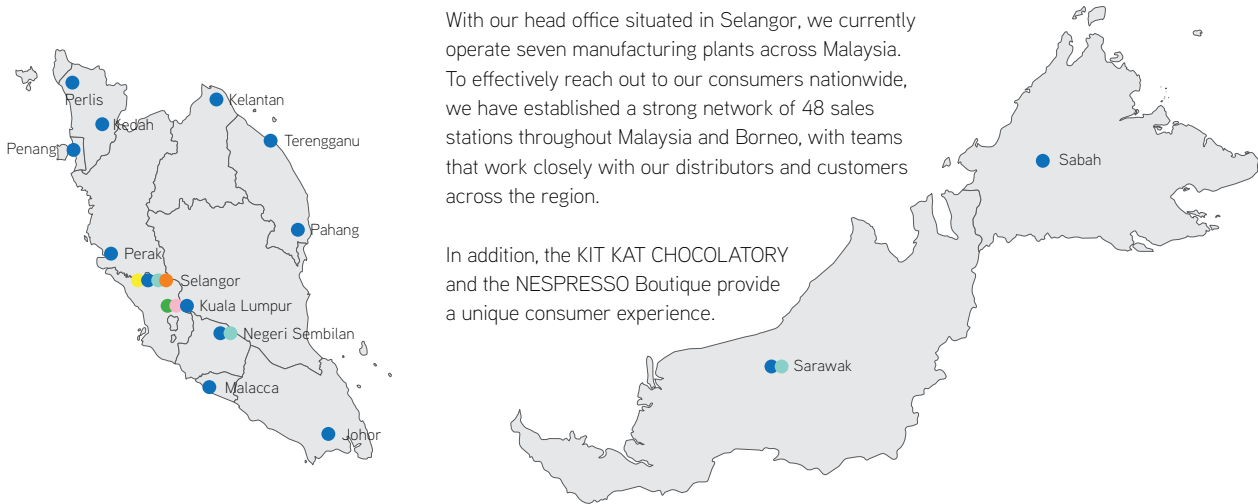
- Main Market Listing Requirements of Bursa Malaysia Securities Berhad
- Companies Act 2016
- Malaysian Code on Corporate Governance
- International Integrated Reporting Framework
- International/ Malaysian Financial Reporting Standards
- Our Nestlé in Society (NiS) report adheres to Global Reporting Initiative guidelines
- IIRC guidelines
- Corporate Governance Guide by Bursa Malaysia Securities Berhad

ASSURANCE

- Internal controls and management assurance
- Compliance and internal audit reviews
- External audit by KPMG PLT on financial information
- External audit by PricewaterhouseCoopers on our NiS Report

OUR BUSINESS

OUR PRESENCE



With our head office situated in Selangor, we currently operate seven manufacturing plants across Malaysia. To effectively reach out to our consumers nationwide, we have established a strong network of 48 sales stations throughout Malaysia and Borneo, with teams that work closely with our distributors and customers across the region.

In addition, the KIT KAT CHOCOLATORY and the NESPRESSO Boutique provide a unique consumer experience.

NESTLÉ MALAYSIA

● Head Office ● Factory ● Sales Station

● Nestlé Distribution Centre ● KIT KAT CHOCOLATORY ● NESPRESSO Boutique



SELANGOR

Head Office

4 Factories
1 Nestlé Distribution Centre
10 Sales Stations

NEGERI SEMBILAN

2 Factories
3 Sales Stations

KUALA LUMPUR

1 KIT KAT CHOCOLATORY
1 Sales Station
1 NESPRESSO Boutique

KELANTAN

2 Sales Stations

TERENGGANU

1 Sales Station

PERAK

6 Sales Stations

PENANG

3 Sales Stations

SARAWAK

1 Factory
4 Sales Stations



PERLIS

1 Sales Station

MALACCA

1 Sales Station

KEDAH

2 Sales Stations

JOHOR

7 Sales Stations

SABAH

3 Sales Stations

PAHANG

4 Sales Stations

ORGANISATION STRUCTURE

CHIEF EXECUTIVE OFFICER

SHARED SERVICES

- ▶ Chief Financial Officer

- ▶ Executive Director
- Technical & Production

- ▶ Executive Director
- Human Resources

- ▶ Executive Director
- Supply Chain

- ▶ Executive Director
- Sales

- ▶ Executive Director
- Legal & Secretarial

- ▶ Executive Director
- Corporate Affairs

- ▶ Executive Director
- Communications

LOCALLY MANAGED BUSINESSES

- ▶ Business Executive Officer
- MILO & Milks

- ▶ Business Executive Officer
- Foods

- ▶ Business Executive Officer
- Beverages

- ▶ Business Executive Officer
- Ready-to-Drink

- ▶ Business Executive Officer
- Confectionery

- ▶ Business Executive Officer
- Ice Cream

GLOBALLY AND REGIONALLY MANAGED BUSINESSES

- ▶ Business Executive Officer
- NESTLÉ PROFESSIONAL

- ▶ Business Executive Officer
- NESTLÉ HEALTH SCIENCE

- ▶ Business Executive Officer
- Nestlé Nutrition

- ▶ Business Executive Officer
- NESPRESSO

FAST FACTS

**NESTLÉ MALAYSIA
OFFERS 9 CATEGORIES
OF PRODUCTS**

Dairy

Beverages

Foods

Ready-to-Drink

Maternal & Child Nutrition

Healthcare Nutrition

Ice Cream

Confectionery

Out-of-Home



HEAD OFFICE

located in
Mutiara Damansara,
Selangor



Employs more than
5,200
people



PUBLIC LISTED

on Bursa Malaysia since 1989



Commercial operations
in Malaysia

SINCE 1912



Turnover of
RM5.5 bil
in 2018



Operates
7

Factories and a Nestlé
Distribution Centre

100%

of our manufacturing
workforce is Malaysian



Market capitalisation of
RM35 bil
as of 31 December 2018



The biggest
HALAL
producer in the
Nestlé world



22% of our total production
is exported to more than
50 countries
across the world



Produces over **500**
Halal products, with locally
made leading household
brand names such as MILO,
MAGGI and NESCAFÉ

CREATING SHARED VALUE

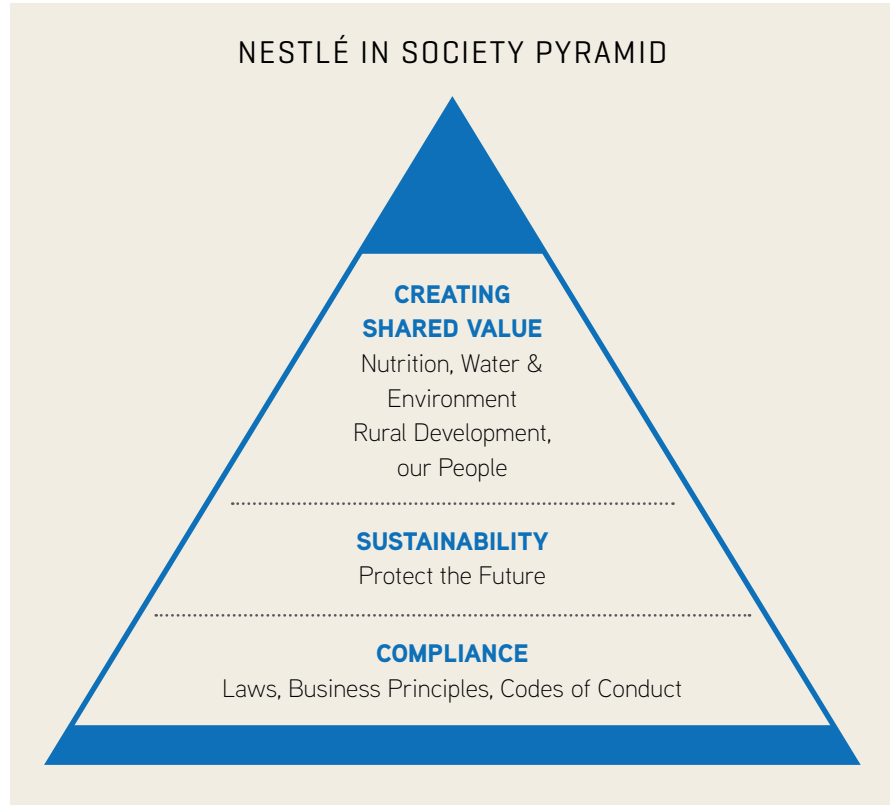
Meeting Our Commitments

At Nestlé, Creating Shared Value (CSV) is at the heart of our organisational culture and is a fundamental guiding principle in how we do business. We realise our purpose of enhancing quality of life and contributing to a healthier future by ensuring that we create value for both our Shareholders and for society as a whole.

Our size and scale as a leading company in Malaysia brings both opportunities and responsibilities. Our CSV priorities are those areas of greatest intersection between Nestlé's business and society. These include Individuals and Families, our Communities and the Planet.

Our aim is to have a positive impact on society while we grow our business. We enable healthier and happier lives for individuals and families, we help develop thriving and resilient communities and finally, we help steward the earth's natural resources for future generations.

To guide us, we have developed long-term ambitions and specific commitments, against which we report our progress transparently each year. Essential to achieving our goals is a robust approach to sustainability, human rights and compliance.



THE BUSINESS CASE FOR CSV

A long-term approach to business has always been part of Nestlé's DNA. Through CSV, we integrate sustainable development into business activities. This is increasingly important to long-term investors. CSV brings business and society together by generating economic value in a way that also produces value for society. Food and beverages with a Nutrition, Health and Wellness dimension help enable healthier and happier lives. Rural development programmes for farmers offer commercial differentiation to consumers, while responsible stewardship of water and other natural resources reduce costs and secures supplies for our businesses.

CONTRIBUTING TO THE SUSTAINABLE DEVELOPMENT GOALS

Driven by our Company's purpose, our Creating Shared Value approach is closely aligned with the United Nations (UN) 2030 Agenda for Sustainable Development. Having helped to shape the 17 Sustainable Development Goals (SDGs), we, together with the global business community – are committed to doing our part in achieving these goals.

As part of our aim to achieve the UN's 2030 Agenda, we have defined three overarching ambitions and formulated a set of our own 2030 ambitions which will support the achievement of the SDGs.

These global ambitions are:



For Individuals and Families:
Helping 50 million children lead healthier lives



For Our Communities:
Helping to improve 30 million livelihoods in communities directly connected to our business activities



For The Planet:
Striving for zero environmental impact in our operations

→ For further information on our CSV initiatives, please refer to our Nestlé in Society 2018 report, which can be downloaded from our corporate website: www.nestle.com.my.



MESSAGE TO SHAREHOLDERS

DEAR SHAREHOLDERS,

In 2018, Nestlé Malaysia further consolidated its position as the leading company in the dynamic fast moving consumer goods (FMCG) landscape. We generated good growth and maintained our competitive edge by continuing to adapt to the fast changing business environment. Our focus on innovation and continuous efficiency increases delivered sustainable growth and value to our consumers.



JUAN ARANOLS
Chief Executive Officer





A handwritten signature in black ink, appearing to be 'S.A.J.', located in the bottom right corner of the page.

**Y.A.M. TAN SRI DATO' SERI
SYED ANWAR JAMALULLAIL**
Chairman

MESSAGE TO SHAREHOLDERS

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JUAN ARANOLS
Chief Executive Officer

On behalf of the Board of Directors, we are very pleased to present the Company's Annual Report for the financial year ended 31 December 2018.

ECONOMIC LANDSCAPE

2018 saw important changes in Malaysia's political and economic landscape. Consumer sentiment improved after a difficult 2017, and benign international prices for most traded commodities also helped to protect consumers' purchasing power.

In an international context, the world is increasingly defined by disruptive changes in global governance and trade rules that brings more uncertainty at different levels. These trends force companies like ours to remain vigilant and alert towards elements that can potentially impact the business. We also have to be very agile in constantly adapting the business and our organisation to seize new opportunities as well as address challenges.

NESTLÉ MALAYSIA'S STRONG FOCUS ON SUSTAINABLE GROWTH

Nestlé Malaysia is truly privileged to hold a very relevant position in the consumer landscape. Our brands have a proud presence in the lives of Malaysians, at home and out of home. Ensuring that they remain relevant, modern and continue to resonate with the evolving expectations of consumers is our paramount priority.

Throughout 2018, we continued to invest in our brands, not only to drive their short-term growth but more importantly to continue nurturing them for the longer run. Innovation remained an important part of our strategy and we embarked on intense innovation and renovation efforts throughout the year. These efforts saw positive acceptance amongst our consumers and customers. Internally, it was a year of significant change, with the divestment of our Chilled Dairy business and the opening of our new Nestlé Distribution Centre, as well as many other initiatives focused on driving efficiency at various levels. Moving forward, our investment behind brands, product innovation and renovation as well as our constant focus on efficiencies will continue to be at the heart of our strategy.

OUR PURPOSE AND VALUES

We remain fully committed to enhancing the quality of life of Malaysian families and contributing to their healthier future. With 106 years of a successful presence in Malaysia, we will continue to be guided by our values, which are deeply rooted in absolute respect for our community, our people at Nestlé and their families, as well as to a sustainable future. Our aim is to remain a beacon for good practice and the benchmark for Corporate Governance, while being

a reliable and proactive partner in addressing and being part of the solution to complex societal problems, such as rising non-communicable diseases and environmental challenges, starting with the fight against plastic waste. We will actively seek partnerships with the authorities, non-profit organisations and other corporations to translate this intent into concrete actions that can make a positive difference in addressing these challenges.

We at Nestlé feel fully committed and responsible, both individually and collectively, to conduct our business consistently with our purpose and our values as we continue to positively impact and nourish the lives of Malaysians.



FINANCIAL PERFORMANCE



We delivered industry-leading growth at 4.9%, with a market share of 15.7% and increased our profit before tax by 7.8%.



2018 saw another year of good growth, both in our domestic business and in export activities. Profitability remained very strong as we benefited from internal efficiencies and favourability in the prices of traded commodities. We continued to drive marketing and trade investments to ensure the awareness and endorsement of our brands by our consumers and the competitive position of our products on the shelves while we continued to leverage the opportunities offered by the digital and e-Commerce landscape to test new ways of engaging with our consumers.



**Y.A.M. TAN SRI DATO' SERI
SYED ANWAR JAMALULLAIL**

Chairman

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JUAN ARANOLS
Chief Executive Officer

DIVIDENDS

The Board of Directors proposed a final dividend of RM1.40 per share for the financial year ended 31 December 2018, bringing total dividends for the year to RM2.80 per share. This positive evolution over prior years reflects our commitment to continue delivering sustainably high returns to our Shareholders.

CORPORATE GOVERNANCE

We believe that the highest standards of corporate governance should underpin the delivery of our strategies and the success of our business today. We adopt the strictest standards of compliance, accountability and transparency to ensure the trust of all our stakeholders.

In recognition of our good standard of corporate governance conduct and disclosure practices, Bursa Malaysia Berhad has included Nestlé Malaysia as one of the qualified companies under the Green Lane Policy (GLP) since November 2018. GLP aims to acknowledge qualified companies by facilitating a more efficient time-to-market for their corporate proposals.

With this recognition, Bursa Securities will no longer pre-vet circulars issued by our Company, except Complex Circulars. As part of our GLP privileges, Bursa Securities will fast-track the processing of Complex Circulars as well as other applications submitted to Bursa Securities. We are pleased to have been awarded GLP and its privileges, and will continue to maintain and enhance our good corporate governance practices.

AWARDS & RECOGNITIONS

Throughout the year, we were again the proud recipient of numerous prestigious awards. These recognitions are above all a tribute to the hard work and commitment of our teams in the Factories, in our Distribution Centres, in each and every one of our Sales Offices and at our Headquarters in Petaling Jaya. Importantly, we extend these recognitions to all our partners in business, most crucially our partners in distribution and our customers.



LIST OF AWARDS

- Malaysia's 100 Leading Graduate Employers Award 2018
- National Annual Corporate Report Awards 2018
- Global Good Governance Awards 2018
- Thomson Reuters Top 100 Diversity & Inclusion Index 2018
- Halal Development Corporation Awards 2018
- Randstad Employer Brand Awards 2018
- Graduates' Choice Award 2018
- Putra Brand Awards 2018
- Malaysia's Healthiest Workplace by AIA Vitality 2018 Survey



Refer to Awards & Achievements on page 94 of the Nestlé in Society Report 2018 for further information.

OUTLOOK

Looking at 2019, we have a robust plan in place to continue generating healthy, profitable growth despite potential cost inflation in traded commodities and other input costs.

However, we remain confident that the current environment of stability and positive economic momentum will be maintained.

We will continue to strive to create new consumption opportunities for our products, a steady stream of innovations and a mindset of constantly driving efficiencies that can provide the funds needed to increase the investment behind our brands, and hence more growth (a "virtuous circle").

The strong performance of our Company in 2018 could not have been achieved without the dedication and leadership of our Management Team, as well as the efforts and good work of all our employees.

We will once again work in 2019 in partnership with all our employees, customers, suppliers, business partners and Shareholders. With their sustained and staunch support, we look forward to the future with great confidence.

We are also grateful to our consumers and all Malaysians who continue to place their trust in Nestlé and our brands. We at Nestlé Malaysia will continue to help Malaysians meet their daily nutrition needs and achieve their aspiration of leading healthier lifestyles every day.



**Y.A.M. TAN SRI DATO' SERI
SYED ANWAR JAMALULLAIL**

Chairman

OUR STRATEGY

In 2018, Nestlé Malaysia continued to deliver sustainable growth and recorded an increased turnover of RM5.5 billion, driven by strong domestic and export sales.

With Nestlé's strong presence in Malaysia for over a century, the Company has been devoted to deliver on its commitment of nourishing Malaysians with high quality, tasty products at good value. This TRUST in our brands, together with our people, are our greatest assets. Our performance today reflects the effort of the many generations of Nestlé colleagues that came before us, and taking care of this legacy and to continue elevating it is our paramount responsibility.

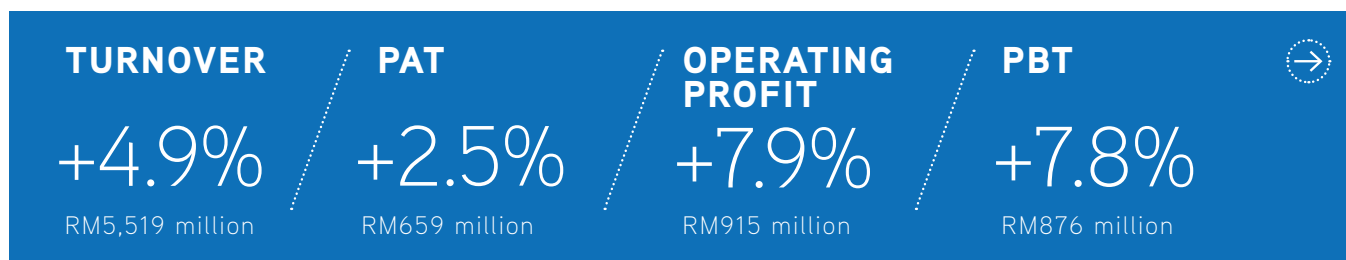
The pillars that have delivered sustainable growth and value creation for all stakeholders in recent years are in place and will be further reinforced moving forward. We will continue our relentless focus on growth, driven by strong brands and products that consumers are willing to buy because of their intrinsic value proposition and the guarantee and certainty offered by the trusted Nestlé name. We will expand the scope of our current business by constantly innovating and renovating our brands, in particular to further improve their nutritional content. As this involves investments, we will continue to support the costs of these initiatives through growth, by leveraging our infrastructure and actively seeking all opportunities for efficiencies.

We will increase our category focus and expertise, as we face increasing competition from category experts who have the advantage of focus. We will foster more entrepreneurship across the ranks of the organisation and will fuel our creativity to identify breakthrough innovations and leverage digital platforms to deepen engagement with those who love our brands. We will leverage our industrial infrastructure and our strong Halal credentials to further drive export opportunities and bring even more Malaysian products to the world.

We will also take bold steps to lead the industry's journey in addressing the challenge of plastic waste and will partner with the authorities to tackle emerging concerns on the impact of sedentary lifestyles and modern diets on obesity and other related challenges.

We will do all this while remaining a company of reference in everything related to governance, compliance and good practices as well as investing in developing our people. Our aim is to ensure that Nestlé remains the employer of choice for the new generations of Malaysians joining the workforce. Last but not least, we remain committed to rewarding our shareholders in the short-term while we continue to further strengthen our business foundation for the long run.

MANAGEMENT DISCUSSION & ANALYSIS



JUAN ARANOLS

Chief Executive Officer

“We are committed to delivering consistent, sustainable results. Building on our strong foundation, we are focused on driving growth and look forward to another year of positively impacting Malaysians.”



FINANCIAL REVIEW

We saw another good year of growth in 2018, driven by strong performance both in our domestic and export businesses. We maintained strong profitability, delivered on the back of internal efficiencies and favourable commodity pricing.

The Group recorded a higher turnover of RM5.5 billion, an increase of 4.9% over the previous year. Domestic sales were driven by successful launches of new products and strong marketing and trade activities. Additionally, improved consumer sentiment in the second quarter of the year coupled with the 0% GST period from June to August 2018 led to increased consumer spending, further contributing to our growth.

The stronger turnover along with better margins resulted in a 9.6% increase in gross profit from RM1.95 billion to RM2.14 billion. Proactive cost management and effective marketing spend contributed to the improved operating profit of RM915 million compared with RM847 million in the previous year, an increase of 7.9%, while profit before tax grew by 7.8%. This was achieved on the back of favourable material prices as well as higher efficiencies and deeper cost improvements throughout the value chain.

The Group also registered a one-off gain of RM9.4 million following the divestment of our Chilled Dairy business. Profit after tax rose by RM16 million, from RM643 million to RM659 million in 2018.

MANAGEMENT DISCUSSION & ANALYSIS

STRATEGY AND PERFORMANCE

The speed, intensity and breadth of change in our world today is unprecedented. Digital disruption is reshaping our industry, our relationships with our suppliers and retailers, and with the people who buy our brands. In today's fast-moving environment, we remain at the forefront of the FMCG industry by identifying consumer trends early and acting quickly to capture them. We are conscious of the need to strengthen our internal framework and streamline our processes, boost innovation and accelerate our speed-to-market in order to continue delivering sustainable growth and remaining one step ahead of our competitors.

Our relentless focus on growth is underpinned by the strength of our brands and the guarantee of our Nestlé quality standards. We consistently innovate and renovate these brands, with a focus on delivering healthier and tastier products. We continue to reinvest through self-generation by looking into ways to reduce costs and improve efficiencies while maintaining high quality products to achieve solid results and deliver sustainable growth. This strategy is encapsulated in our efforts in investing behind our brands, innovation and renovation of our products, as well as maintaining focus on efficiencies within our value chain. Through this robust strategy, we are confident that we will be able to generate and capitalise on strong consumer demand and achieve greater market acceptance of our products.

OPERATIONAL REVIEW

In driving performance and productivity, we have maintained our long-term strategy of implementing continuous efficiency improvements across our operations. Ultimately, our aim is to provide the tastiest and healthiest choices, for all consumption occasions and for all stages of life. Despite soft consumer sentiment in the early part of 2018, our strategic approach of driving efficiencies and reinvesting savings into innovations and renovations of our products enabled us to further strengthen our wide range of brands and overall market presence.

Improving Productivity through Nestlé Continuous Excellence

In 2018, we sustained our momentum through Nestlé Continuous Excellence (NCE), our productivity-improvement platform. This initiative was introduced with the objective of eliminating waste and delivering continuous productivity gains and incremental improvements. Through NCE, we successfully reduced unit costs, increased our savings and enhanced cost optimisation while remaining true to our commitment of producing high quality, nutritious products.

On the back of these concerted efforts, we generated savings of RM197 million in 2018, bringing total savings to over RM1 billion since 2013. We reinvested these savings into growing our brands and strengthening our sales, as well as investing into marketing and trade activities to further propel growth.

Process Improvements for more efficient ways of working

At Nestlé, we fully understand the necessity of transforming the way we work, especially as we operate in an increasingly competitive business environment. Towards this end, in 2018, we launched several new process enhancement projects. We ventured into ways to help us reduce the time we take to bring a new product or service to the market and consumers, as well as to create an impact with every innovation we launch. Besides this, efforts were also concentrated into improving our value chain, from how we source our raw materials to our vendor payment processing, ultimately enhancing our relationship with suppliers, customers and consumers.

Through these process enhancement projects, we have improved efficiencies and productivity in our business operations, subsequently creating greater impact in our innovative efforts to grow the Company. We aim to accelerate sustainable growth through bigger, better consumer experiences, delivered quicker and more efficiently.

MANAGEMENT DISCUSSION & ANALYSIS

Optimising resources through our Nestlé Distribution Centre

In a key milestone, we ramped up operations with the launch of our new state-of-the-art Nestlé Distribution Centre (NDC) in 2018. Spanning 515,000 sq. ft, the all-new NDC is now Nestlé's largest distribution centre in Asia. Promoting resource optimisation, the facility boasts a high density warehouse space which can store up to 20% more products despite a 20% reduction in storage area compared to the previous distribution centre. This densification is made possible with the introduction of a new storage and retrieval system. From an environmental perspective, it is noteworthy that the building is fully utilising energy efficient LED lighting. With its larger capacity and high-tech features, the NDC will facilitate the expansion of our business, allowing us to meet growing consumer demand and accelerate growth moving forward.



Our ongoing strategy of reducing costs and improving efficiencies along the entire value chain was key to the Company's strong performance in 2018. As such, the Group is focused on continuously enhancing and enforcing this drive across the organisation to continue offering quality, nutritious products at competitive prices, enabling consumers to reap the benefits of cost optimisation.

BUSINESS REVIEW

Understanding that consumers today seek high quality foods and beverages that are also more nutritious, we remained committed to improving the nutritional content of our product portfolio with relevant offerings. Throughout the year, we continued to invest in our brands, not only to drive their short-term growth and also to further nurture them for the longer term. We focused on expanding into new business areas of opportunity through e-Commerce and continued to deliver on our commitment towards nourishing Malaysians, through the expansion of our

Healthier Choice Logo (HCL) portfolio, and initiatives to encourage healthier lifestyles.

Successful product innovations and renovations

By keeping ourselves relevant in this fast-changing world, we can deliver industry-leading growth. As such, our successful product innovations and renovations were fundamental to our solid business performance in 2018. This was led by our MAGGI noodles range, contributed by the launch of the MAGGI PEDAS GILER variants, which catered to Malaysians' love of spicy food, earning recognition as 'Malaysia's Favourite Spicy Noodle'.

The MILO Less Sugar, with 25% less sugar, was launched in 2018. Consumers continue to enjoy the familiar taste of MILO and benefit from its nourishing energy, packed with essential nutrients. Other key product launches in the year included the CERELAC NUTRIBITES and new ice cream variants such as the all-new Oreo range and Nestlé Yogurt and Lychee ice cream.

In 2018, innovation contributed more than 10% to our annual sales, showing significant growth amounting to over RM400 million compared to RM353 million in the previous year.

MANAGEMENT DISCUSSION & ANALYSIS

Harnessing a culture of innovation

We believe that innovation needs to be harnessed from within and we provide our people with the opportunity to contribute workable, innovative ideas for the growth of our Company. Holding firm to the belief that our people know our Company best, we launched the Innovation Award in 2016. Since then, this award has garnered keen interest from employees in Malaysia and Singapore.

Our Innovation Award 2018 was centred on the theme, 'Embracing Digital in Everything We Do'. To raise awareness amongst our employees on this Award, we held engagement roadshows at all sites, as well as organised design-thinking workshops and inspiration sessions. This saw the submission of over 300 digital ideas from our employees across the Malaysia and Singapore region. These submissions showcased the wide-ranging creativity of our people, encompassing emerging digital trends such as Future of Manufacturing, Industry 4.0, e-Commerce Acceleration of Digital Marketing, among others.

Scaling up e-Commerce

Tapping into the vast potential of e-Commerce, we registered steady growth and strengthened our presence in this arena in collaboration with Rurutiki, our main e-Commerce business partner. Through this partnership, we were able to ramp up operations and manpower support to ensure the timely fulfilment of all e-Commerce orders.



Our successful efforts in e-Commerce were further leveraged through our partnerships with popular online sales platforms, including Shopee and Lazada, where we worked to ensure superior visibility, driving traffic to our Nestlé flagship stores on both platforms.

We further widened our e-Commerce offerings as our KIT KAT CHOCOLATORY kicked off a unique initiative, allowing consumers in Malaysia and Singapore to place online orders for their favourite CHOCOLATORY products from our boutique store in Kuala Lumpur. Providing KIT KAT lovers with the opportunity to enjoy handmade special editions delivered directly to their doorsteps, this initiative enables the KIT KAT CHOCOLATORY to retain its competitive edge in an increasingly borderless world. In collaboration with e-retailers, the KIT KAT CHOCOLATORY also allows consumers to customise and personalise gift packs for special occasions, providing a convenient platform for an enhanced brand experience.

MANAGEMENT DISCUSSION & ANALYSIS

Expanding our Healthier Choice Logo portfolio

As part of our ongoing commitment to deliver not only tastier but also more nutritious products, we continued to nourish Malaysians through the expansion of our Healthier Choice Logo certified product range, from 41 products in 2017 to 59 in 2018. Introduced by the Ministry of Health Malaysia, HCL is an initiative which aims to support Malaysians in making better informed product choices that are healthier. Our growing range of HCL products reflects our unwavering commitment to provide tastier and healthier products for individuals and families in Malaysia.

Promoting healthier lifestyles

Our performance for the year was supported by key initiatives aimed at promoting healthier lifestyles amongst Malaysians. A key programme targeted at enabling healthier lives is our

MILO *Aktif Negaraku* movement which was launched in 2018 with the goal of inspiring five million Malaysians to start leading active lifestyles. This movement brings together a spectrum of grassroots sports platforms that MILO supports, including the MILO Champions Clinic, MILO *ActivJam Senamrobik*, and MILO Malaysia Breakfast Day, under a single banner that will create a multitude of opportunities for Malaysians to get moving and start living an active lifestyle.

Our flagship programme, NESTLÉ FOR HEALTHIER KIDS was launched in 2010 as an educational programme in collaboration with the Ministry of Education Malaysia and Nutrition Society of Malaysia. The programme aims to improve nutrition knowledge and promote active lifestyles among schoolchildren aged 7 to 12 years. In 2018, we extended the programme to schools throughout Peninsular Malaysia, benefiting close to 20,000 schoolchildren.



MILO *Aktif Negaraku*: Inspiring five million Malaysians to start leading active lifestyles.

MANAGEMENT DISCUSSION & ANALYSIS

OUR PEOPLE – AT THE HEART OF OUR COMPANY

In line with our purpose and values and as part of our continuous effort in making Nestlé a great place to work, we encourage our employees to embrace healthy and active lifestyles through various health and wellness programmes. As our most valuable asset, it is crucial that our people understand the importance of adopting healthy lifestyles not just for the benefit of the Company, but more importantly for their own wellbeing and for their loved ones.

Championing employee wellness

In 2018, our people had the opportunity to participate in programmes such as the popular Weight Wellness Challenge, which aimed to help employees achieve a healthier weight. Kick started in 2015, this 100-day competition was opened to all Nestlé Malaysia and Singapore employees to participate in, either individually or in teams to help facilitate their wellness journey. In 2018, a total participation rate of 32% was achieved from employees across the region and 1,558kg of weight cumulatively was successfully reduced.

We also held intra-Nestlé sports tournaments throughout the year, where employees from across our various offices and factories in Malaysia took part in different sports events, including football, *sepak takraw*, netball, hockey and bowling. Apart from encouraging healthier and more active lifestyles, these tournaments also promote camaraderie

At Nestlé, our employee health and wellness initiatives comprise three key pillars:



LEARN

To help employees enhance their health knowledge and become passionate Nutrition, Health and Wellness ambassadors.



FEEL

To help employees access information about, and take ownership of, their own health.



CHOOSE

To help employees develop and maintain healthy lifestyles.

and teamwork amongst employees. Registering more than 1,000 participants throughout 2018, the intra-Nestlé sports tournament is one of the most popular wellness events among our employees.

Encouraging continuous learning and upskilling

We also announced the official Sales Academy rollout, launching brand new training courses and dedicated online resource pages for our Sales employees. These new and targeted training courses include locally developed content as well as Global Sales Catalogue courses. Through this Academy, our Sales community have greater opportunity to enhance their Sales knowledge and develop their skills, ultimately facilitating career progression.

External recognition

We are honoured that our efforts have also been recognised externally. In 2018, we were proud to be awarded Malaysia’s Healthiest Employer Workplace Award for the Large Company category in the Malaysia’s Healthiest Workplace by AIA Vitality 2018 Survey. We were also recognised as one of the top three Most Attractive Employers in Malaysia by the Randstad Employer Brand Awards 2018.

OUR PRODUCT PORTFOLIO



We have a strong portfolio comprising some of the biggest brands in the food and beverage industry, which have become household names in Malaysia. Synonymous with high quality, we offer a wide range of healthier, tastier products for consumers of all ages. Helping consumers care for themselves and their loved ones, our products meet the evolving tastes and needs of Malaysians today and for years to come.



BUSINESS REVIEW

MILO

As the nation's leading nutritious chocolate malt beverage brand, MILO has grown alongside generations of Malaysians. With the combination of the natural goodness of malt, milk and cocoa, enriched with ACTIVGO, a unique blend of PROTOMALT and essential vitamins and minerals, MILO remains committed to our mission of giving Malaysians a strong start to their day and enabling people to achieve their best.

MILO AKTIF NEGARAKU

MILO continues to play a significant role in Malaysia's sports heritage. As a strong advocate of grassroots sports development, we kicked off the MILO *Aktif Negeraku* movement to bring together MILO's many well-loved sports programmes under one banner. This movement had one overarching goal – to inspire five million Malaysians to start leading active lifestyles. A year-long series of grassroots activities and roadshows were conducted nationwide, integrating the spectrum of grassroots sports such as the MILO Champions Clinic, MILO *ActivJam Senamrobik*, MILO *Hidup Bola*, MILO Malaysia Breakfast Day and the all-new MILO *Bola Juara*.



MILO ACTIVJAM SENAMROBIK 2018

The MILO *ActivJam Senamrobik* programme, engaged more than three million primary schoolchildren from 7,170 schools. As part of this programme, the first national level aerobic competition inaugurated in 2018, received encouraging response with participation from 300 schools.

MILO HIDUP BOLA 2018

In 2018, 11,296 young Malaysians participated in the 13th edition of the annual *Karnival Futsal MILO Hidup Bola*. This initiative encourages youth's sports participation and helps pave the way for future national futsal and football players.

MILO MALAYSIA BREAKFAST DAY 2018

In 2018, the MILO Malaysia Breakfast Day returned for its sixth consecutive year to encourage Malaysians to adopt healthier breakfast habits and lead more active lifestyles. This year's event attracted a record 84,000 participants. As a new element, the 2018 event supported a charitable cause with RM5 from every ticket sale channelled towards funding nutritious breakfasts for underprivileged families across Malaysia. In partnership with the Food Aid Foundation, a local non-governmental organisation, a total of RM300,000 was collected to improve the lives of families in need.



NEW MILO TRUCK

In March, MILO unveiled a special range of custom-built MILO trucks, bringing the delicious taste and nourishing energy of MILO to Malaysian adults in offices, universities and malls. Inspired by the hipster aesthetic of shipping container cafes and ‘pop-up’ eateries, the all-new MILO trucks feature a stylish, modern look paired with a cutting-edge built-in digital engagement centre. Apart from offering refreshing ice-cold MILO, these trucks also provide visitors with the opportunity to improve their knowledge on good eating habits and the importance of keeping an active lifestyle via various activities.



DID YOU KNOW?

MILO was first developed in Australia by Nestlé in the 1930s during the ‘Great Depression’ when many children were suffering from poor diets and malnutrition.

Today, MILO is made in over 24 factories around the world and sold in more than 40 countries.

MILO has grown alongside our nation and has been a part of Malaysia’s sports heritage for over 60 years.

FOODS MAGGI

As a trusted household brand in Malaysia, MAGGI understands that cooking goes beyond merely satiating one's appetite. Through its various products, MAGGI strives to empower Malaysians in their culinary journeys, supporting consumers, especially mothers in creating good food moments with their loved ones.

MAGGI PEDAS GILER

In a bid to provide Malaysians with a bold, exciting food experience and to capitalise on the growing trend for spicier food, we continued to accelerate our product innovation drive in 2018 with the introduction of MAGGI PEDAS GILER. Enticing Malaysian taste-buds with extra spicy goodness, the fiery new MAGGI PEDAS GILER comes in local favourite flavours of Roast Chicken, Tom Yam and Seafood. This latest addition proved to be a resounding success gaining strong market share and penetration, which led to MAGGI PEDAS GILER assuming the number one position in the extra spicy segment. This launch was supported by creative marketing campaigns leveraging popular celebrities and engagements with Malaysian university and college students via social

media platforms to spur people to take on the MAGGI PEDAS GILER #KONTROLMACHO challenge.



SAAT BERSAMA, SAAT BERMAKNA

Underlining MAGGI's strong belief that goodness starts with homemade cooking, our MAGGI 2 Minute noodle campaign entitled '*Saat Bersama, Saat Bermakna*' encouraged mothers and their children to bond through cooking and enjoying a meal of MAGGI noodles together. Mothers are encouraged to customise their MAGGI noodle dishes by adding fresh ingredients for a tastier and healthier meal fit for the whole family. This campaign helped us to build strong affinity with our consumers and deliver solid sales growth and strengthen market leadership in 2018.

MAGGI CUKUPRASA

On top of this, 2018 also saw the unveiling of a fresh new look for our all-in-one seasoning, MAGGI CUKUPRASA, with the spotlight on the freshness of its ingredients while

maintaining its signature taste that has made it an essential product in Malaysian households.

**DID YOU KNOW?**

More than two million packs of MAGGI 2 Minute noodles are sold in Malaysia daily.

Our spices are directly sourced from around the world. Only the best spices make the cut!

We introduced the theme 'Cook the Difference' alongside this rebranding, emphasising the message of creating a positive difference through homemade cooking which was brought to life by our MAGGI brand ambassador, Sheila Rusly.

In addition, we collaborated with well-known local personalities including Zulin Aziz, Fizo Omar and Diana Amir to reach out via social media to consumers, demonstrating how MAGGI CUKUPRASA can be used as part of everyday recipes to create wholesome meals.

To spread awareness in East Malaysia, we rolled out the '*Pesta Hebat Rasa MAGGI CUKUPRASA*' roadshow in five districts in Sabah and Sarawak, reaching over 30,000 households. As a result, we continued to create stronger brand awareness and gain market share, once again securing our leadership position in the all-in-one seasoning category in 2018.

BEVERAGES NESCAFÉ

NESCAFÉ has established itself as the most popular coffee brand amongst Malaysians from all walks of life. Through the memories and experiences created with every cup, NESCAFÉ has remained close to the hearts of people over the years. In 2018, the world's largest coffee brand celebrated its 80th anniversary globally. NESCAFÉ remains committed to continuously innovate and deliver the best cup to its loyal consumers.

WINNING WITH NESCAFÉ CLASSIC

In 2018, NESCAFÉ launched the #pagiturezeki campaign to remind consumers to start their day with a great personalised cup of NESCAFÉ. Featuring a compelling story of how NESCAFÉ is the spark that enlightens all possibilities every morning, the campaign kick-started on digital platforms and radio stations. The digital advertisement launched on Facebook in conjunction with the campaign recorded almost three million engagements. Additionally, NESCAFÉ mobile van sampling units were also deployed throughout the country to serve Malaysians a freshly brewed cup of NESCAFÉ, reaching out to more than one million consumers nationwide.



For those who prefer their coffee stronger or more *kaw*, 'NESCAFÉ Kaw' is a familiar beverage enjoyed at local *mamak* eateries and restaurants.

Ever aware of consumer trends, we introduced NESCAFÉ CLASSIC Dark Roast, offering Malaysians a more roasted and aromatic coffee – more *kaw* - to start the day right. To support the launch of this new product, the '*Kaw Memang Kuat*' campaign reached out to coffee lovers via digital platforms, TV and radio, as well as billboards to further increase visibility and engagement. Today, Malaysians can enjoy the exciting *kaw* taste of NESCAFÉ CLASSIC Dark Roast once only served in *mamak* shops, in the comfort of their homes.

NESCAFÉ BLEND & BREW CERTIFIED HEALTHIER CHOICE

In line with our Company's commitment to offer healthier options to consumers, in 2018 NESCAFÉ Blend & Brew became the first coffee mix in Malaysia to be certified with the Ministry of Health's HCL, meeting specified sugar and fat criteria.

In 2018, NESCAFÉ's '*Bangkitkan Semangat Pagi*' campaign featured motivational stories from consumers on social media platforms. Altimet, a well known local singer and poet was leveraged as brand ambassador for the HCL-certified NESCAFÉ Blend & Brew.

DRIVING NESCAFÉ GOLD

In conjunction with Chinese New Year, we established a TV partnership with Astro to build on their key newscasters' popularity to promote NESCAFÉ GOLD. Through this initiative, we emphasised the role of the brand in getting people to reconnect meaningfully, especially during the festive season. We also had strong in-store presence and displayed our dedicated Chinese New Year promotion featuring the NESCAFÉ GOLD bundle pack. In addition to this, we engaged key opinion leaders to share their golden moments with their loved ones, enabled by NESCAFÉ GOLD. Strong on-ground presence via in-store sampling and concourse roadshows were also conducted, achieving almost 65,000 consumer engagements and driving up NESCAFÉ GOLD sales.

Tapping on the rapidly growing e-Commerce sector to build up our digital presence, we took the initiative to partner with Astro Go Shop for the first time in 2018. Through this collaboration, we aimed to drive sales for our popular NESCAFÉ GOLD Barista machine. Available via Astro's Chinese and Malay channels as well as the Go Shop website, the pilot test for this initiative was a great success, with close to 4,000 machines sold.

INTERNATIONAL COFFEE MONTH

In light of all that NESCAFÉ has achieved in Malaysia, NESCAFÉ International Coffee Month roadshows were organised across the nation, celebrating its 80th global anniversary. A NESCAFÉ Employee Engagement Day was also held to celebrate this milestone together with our people in both Head Office and Factory, to recognise and appreciate the people who work hard to deliver the ever-popular taste and aroma of NESCAFÉ. Essentially, the activities organised during International Coffee Month were aimed at thanking everyone involved in making NESCAFÉ a brand loved everywhere in Malaysia.



DID YOU KNOW?

After eight years of research, in 1938, NESCAFÉ was born in Brazil and the global coffee industry was revolutionised with the first ever coffee that could be enjoyed by simply adding water.

Coffee cupping is the practice of tasting coffee. At NESCAFÉ, our professional coffee cuppers make sure that we deliver consistent quality at the highest standard.

READY-TO-DRINK

In today's fast-paced world where people are constantly on the go, our Nestlé Ready-to-Drink (RTD) business continuously innovates to offer relevant products for Malaysians every day. As one of the fastest-growing categories, Nestlé RTD offers convenient formats such as UHT, cans, PET bottles and cups driven by two brands – MILO and NESCAFÉ.



In March, we continued to strengthen our market leader position in the Chocolate-flavoured Cans category by introducing the all-new MILO ICE, which has a cooling sensation to energise consumers. To create excitement for this product, we partnered with 7-Eleven to offer MILO ICE exclusively at their outlets prior to its nationwide launch. The official launch then followed through, leveraging various on-the-go platforms including digital channels, billboards and roadshows. We further invigorated the category by launching MILO KAW canned drink in July, a richer and thicker local favourite taste that Malaysians love. We collaborated with Petronas to have an exclusive pre-launch, followed by the nationwide launch targeting on-the-go channels similar to MILO ICE. As a result of these two new launches, MILO cans achieved strong growth in its category.

Additionally, as a follow-up to the successful launch of MILO NUTRI UP in 2017, we built on this momentum with the first-ever MILO NUTRI UP #UPYOURGAME challenge in March. As a 100% Instagram-focused contest targeting millennials, this initiative was the first of its kind for MILO. The challenge was led by four key opinion leaders (KOLs), Chazynash, Talitha Tan, Dennis Yin and Ann Osman, local sports personalities with strong social media followings and very popular amongst Malaysian millennials. This initiative garnered over 400 user-generated video entries that featured MILO NUTRI UP and generated over 111,000 conversations in the digital sphere.



Driven by the booming café culture trend and the increasing demand for niche and artisanal coffee, we introduced the NESCAFÉ Cold Brew Latte in a can, enabling Malaysians to enjoy a deliciously refreshing cold brew coffee anywhere, anytime. With its young and cool brand image, this product proved to be a big hit especially amongst the millennials as they took to social media. To create hype on this product, we used the tagline, 'NESCAFÉ Cold Brew, brewed cold for more flavour' to make a stronger impact on our target group. Within just two months of its launch, the product had sold over half a million cans.

In July, we also launched the first-ever NESCAFÉ Cups in Malaysia, with the aim of elevating brand image and offering greater premiumisation. With three café inspired flavours – Caramel Macchiato, Smooth Cappuccino and Caffe Mocha, we emphasised how this indulgent cup uses single origin Brazilian beans, giving consumers the opportunity to enjoy an indulgent cup of coffee whenever and wherever they wished.

CONFECTIONERY KIT KAT



The first global confectionery brand to source 100% certified sustainable cocoa through the NESTLÉ COCOA PLAN, KIT KAT is today a leading chocolate brand in Malaysia, manufactured at our factory in Chembong, Negeri Sembilan.

As part of the brand's commitment to continuously offer Malaysians tastier and healthier options, KIT KAT announced a transformation to their recipe, replacing some of the sweetness from sugar with natural ingredients like milk and cocoa. Reducing sugar while maintaining its signature, indulgent taste, the much-loved KIT KAT is now 'More Creamy, More Chocolatey' with no additional additives and flavours.

KIT KAT continued to create excitement throughout the year with a multitude of innovative new flavours. We introduced the limited edition KIT KAT Pink, a chocolate wafer infused with a zesty burst of strawberry encased in smooth milk chocolate. Conscious that Asians are generally more reserved about expressing love, our 'Say It with KIT KAT' campaign encouraged consumers to break away from their shyness and have a heart-warming break with their loved ones. This initiative saw over 300,000 packs sold.

We presented the new and improved KIT KAT Green Tea, featuring added Green Tea leaves imported directly from Japan, as well as reduced sweetness. This treat is aimed at creating an authentic Japanese Green Tea flavoured chocolate experience. In tandem, we unveiled the limited edition KIT KAT Green Tea with Red Bean, dubbed 'a match made in heaven'. We included a gamification element as part of our campaign for this, which amped up consumer interest.

Inspired by the love for local flavours, the KIT KAT Duo Milk Tea which deliciously pairs the signature KIT KAT wafer and smooth milk chocolate with Malaysia's favourite *Teh Tarik* beverage was introduced. This flavour saw an overwhelming response within the social media space, with 4.9 million impressions. KIT KAT undertook unconventional marketing strategies for this product, seeding news out through key influencers. Within the first three months of the launch, over 400,000 KIT KAT Duo Milk Tea packs were sold.

KIT KAT's innovative efforts saw the brand winning Silver in the PUTRA BRAND AWARDS 2018, in the Foodstuff category and a Bronze for Media Idea at the Effie Awards 2018.



ICE CREAM

Our wide range of NESTLÉ ICE CREAM products provide the perfect treat for consumers to create special, indulgent moments with their loved ones. An ideal part of an enjoyable diet, NESTLÉ ICE CREAM continues to delight Malaysians with new and exciting offerings.

During the year, to better serve the needs of our consumers, we invested close to RM50 million to expand our Chembong Ice Cream Factory with the aim of improving the manufacturing capacity, quality and taste of our products. In addition, the investment enabled us to develop more exciting new products including the Baby Shark Pink Fong Ice Lolly and our latest Oreo range of products to strengthen our market position.



The relaunch of our Oreo Ice Cream range was part of a global partnership between the Nestlé-Froneri joint venture and Mondelēz. This leverages on the popularity of Oreo in the ice cream business, as the number one biscuit brand globally. The relaunch saw the introduction of several products in various formats for consumers to indulge. Besides this, we also unveiled the Nestlé Yogurt & Lychee ice cream, a creamy French yogurt-flavoured ice cream with a refreshing layer of lychee-flavoured ice confection. Launched in July, we collaborated with key social media influencers to create hype and excitement amongst young adults.

To reinforce our market leadership in the take-home affordable segment, we introduced the new Nestlé Ais Kacang 1.5l limited edition ice cream. Launched in conjunction with the Ramadan period, the Nestlé Ais Kacang variant was a big success that was enjoyed by Malaysians of all ages, and effectively showcased the relevance of NESTLÉ ICE CREAM products as a delightful dessert for all occasions.

MILKS

NESTLÉ OMEGA PLUS

Conscious of the prevalence of cardiovascular disease amongst Malaysians, NESTLÉ OMEGA PLUS milk supports better heart health with its key anti-cholesterol ingredient, ACTICOL. By raising awareness on the scientifically proven benefits of this innovative product and educating the public on heart healthy habits, NESTLÉ OMEGA PLUS continues to empower Malaysians to live healthier lives.

We kicked off our inaugural 30-Day Challenge from April to September 2018, inspiring people across the nation to proactively take charge of their cardiovascular health and reduce cholesterol levels. Building on our success in previous years, we expanded this initiative to once again collaborate with Institut Jantung Negara and Allianz Life Insurance, organisations which are also strong advocates for heart health.



Offering free cholesterol checks via nationwide roadshows, the challenge was aimed at motivating participants to be more aware of their cholesterol levels, as well as to make a change in their lifestyles to be more physically active and adopt healthier diets. This inaugural challenge saw keen interest from Malaysians, with over 500 people participating. As an added incentive, a grand prize of a brand-new car and life insurance package worth RM80,000 was awarded to the contestant who demonstrated the largest percentage of reduction in cholesterol levels.

Apart from the 30-Day Challenge, we also held other activities throughout the year, including our 17th edition of NESTLÉ OMEGA PLUS Walk-A-Mile, a walking event which encourages Malaysians to adopt healthy habits, particularly focused on heart health. The 2018 edition saw the largest crowd turnout yet, with 4,000 Malaysians pledging to take their first steps towards healthier hearts. Ultimately, these initiatives contributed to sales growth of NESTLÉ OMEGA PLUS, resulting in improved market share.

NESTLÉ EVERYDAY



Formulated with essential nutrients and vitamins, NESTLÉ EVERYDAY milk powder provides nourishment for the whole family. Containing all the goodness of milk, NESTLÉ EVERYDAY helps ensure that both children and adults are able to develop strong, healthy bodies and active minds.

Encouraging good nutritional habits, we launched the 'Complete Your Family Nutrition' campaign in 2018, promoting the benefits of milk consumption for a stronger start to take on the day. Targeting new and existing consumers, especially mothers, the campaign educated consumers on hidden hunger, a form of undernutrition where people do not receive all the nutrients that they need from the food they consume. Through this initiative, we raised awareness on how NESTLÉ EVERYDAY is a convenient and healthy solution to fill nutrient gaps, with two glasses per day providing the daily recommended intake of vitamin C, iron and calcium.

To further engage consumers, the campaign included a nationwide contest with a variety of exciting prizes to be won. We also continued our focus on our sampling activities, handing out 200,000 cups of milk during festive events.

In April, we launched the '*Famili Sihat & Ceria bersama NESTLÉ EVERYDAY*' project to educate consumers on the benefits of eating a healthier breakfast. Through this initiative, we were able to reach out to more than 72,000 households. These efforts helped propel the brand's performance in 2018, recording gains in market share and market penetration for the affordable milk segment.



BUSINESS REVIEW

NESTUM

Packed with nutrient-rich multigrain cereals, NESTUM cereal is a favourite for many Malaysian families. Containing whole wheat, rice and corn and fortified with vitamins and minerals, NESTUM cereal provides a healthy start to the day and continues to delight consumers with wholesome new offerings.

In conjunction with the Ramadan period, we expanded our range in 2018 with the launch of NESTUM Kurma & Prun. Made from real dates and prunes, this special edition hot cereal offers the ideal combination of daily goodness. For the fasting month, we partnered with radio cruiser teams from popular local radio stations to provide consumers on the road with a nutritious breakfast on the go before a day of fasting. In addition, over one million samples were distributed through our roadshows, in-store activities and NESTUM sampling trucks.

With this latest addition to our product range, the brand saw good market growth during the year and successfully captured new consumer segments, leading to strong market penetration.



NESTLÉ JUST MILK

Available in full cream and low-fat variants, NESTLÉ JUST MILK has optimal levels of calcium and protein to meet the nutritional needs of Malaysians. The product continued to resonate with Malaysians seeking the natural goodness of calcium and protein. This was supported via engaging strategic marketing initiatives, including radio advertisements and in-store promotions.

In 2018, the brand organised its annual *Sahur* campaign, offering exclusive promotions and encouraging consumers to begin their day with a bowl of milk and cereal as a healthy pre-dawn meal during the fasting month.



NESTLÉ NUTRITION



Nutrition is at the core of our Company and is at the very foundation of how we began. Nestlé Nutrition today continues to play a prominent role in helping to define the Company's Nutrition, Health and Wellness strategy. We remain as committed as ever to support the evolving needs of children at various stages of development. To this end, Nestlé Nutrition provides products which help nourish children and ensure they have the right foundation to grow up healthy.

As part of our aim to expand our range of nutritious offerings, we launched CERELAC NUTRIBITES in 2018. Made from wholesome ingredients such as wheat, butter, milk and honey, this nutritious snack is high in iron, calcium and vitamins B1, B2 and B6. CERELAC NUTRIBITES is specially adapted to meet the nutritional needs of toddlers above 12 months old and is designed to help them start a fun self-feeding experience during snack time.



We also unveiled the all-new LACTOGROW, a scientifically developed formulated milk powder for children from the ages of one to six years old. LACTOGROW contains beneficial probiotics, *L. reuteri*, to improve children's digestive systems and help in nutrient absorption, high calcium content for strong bones and teeth development, as well as DHA and HAPPY NUTRI, a combination of 15 important vitamins and minerals. This was supported by our 'Grow Happy' campaign and roadshows to raise awareness on healthier lifestyles via stories of happy families, as well as continuous education on child nutrition and care.

Along with this, in the premium milk segment, we introduced new NANKID OPTIPRO packs as part of our campaign, 'The Science of Mother'. The campaign focused on acknowledging and supporting mothers for their dedication and sacrifice in ensuring that their child has the best start in life. This campaign emphasised how the devotion of mothers for their children has been the inspiration behind Nestlé's track record of over 150 years of relentless scientific pursuit towards child nutrition.

NESPRESSO



Since arriving on Malaysian shores in 2016, NESPRESSO has remained true to its aspiration of providing a quality and innovative approach to the art of espresso. To this end, NESPRESSO launched its first boutique in The Gardens Mall, Mid Valley City in May 2018, giving Malaysians an immersive environment to experience coffee. This boutique was established with the aim of enhancing the lifestyles of Malaysian coffee connoisseurs and familiarising them with the NESPRESSO brand.

In line with the brand's commitment to sustainability and adherence to a circular economy, the boutique is restorative by nature, with a thoughtful design concept that reduces waste. As part of the global goal to achieve a network of 100% environmentally-friendly boutiques by 2020, the design elements are rooted in coffee, featuring a muted colour palette of rich coffee browns and crema-inspired golds, as well as floor tiles and lamps similar to those used on coffee farms.

There are also lush greenery spaces embedded with coffee plants, bushes and shade trees to mimic the coffee plantations that are part of the NESPRESSO AAA Sustainable Quality Programme.

As consumers across the world become more discerning about their coffee, the NESPRESSO brand continues to provide coffee connoisseurs with more sophisticated and fulfilling coffee experiences. Renowned for its high-quality portioned coffee, NESPRESSO encourages Malaysians to discover new coffee sensations, with its revolutionary espresso machines and flavours offering perfectly-brewed cups.

Malaysians had the opportunity to experience the new Master Origin collection from NESPRESSO, which offers five incredible new coffee aromas and tastes. A unique journey of discovery, each of the Master Origin coffees are sourced from the best coffee planting regions around the world, from the forested mountains of Sumatra through to the highland vales of Nicaragua. Within each region, NESPRESSO collaborated with local farming experts and embarked on a mission to test innovative farming practices, with the goal of crafting new coffee sensations.

To raise awareness amongst the public about the new Master Origin collection, NESPRESSO held a number of marketing initiatives including a press launch,



advertisements as well as digital activations. We also gave opportunity to some of our loyal customers to attend an exclusive Coffee Masterclass with us. Additionally, roadshows were held to share the rewarding and unique tastes of the Master Origin collection with Malaysian coffee drinkers as well as educate them on the people and processes involved in producing these coffees. Through these efforts, the brand succeeded in creating a positive take on the new Master Origin coffee, and this subsequently contributed to an increase in sales for both NESPRESSO coffee machines and capsules.



NESTLÉ PROFESSIONAL



NESTLÉ PROFESSIONAL provides high quality products to out-of-home operators in the food and beverage industry. Offering exciting choices from trusted brands including MILO, NESCAFÉ and MAGGI, NESTLÉ PROFESSIONAL continuously supports the industry through various initiatives such as culinary programmes, concept and recipe development, as well as awards and sponsorships.

From hawker stalls to hotel restaurants, we understand the need of chefs today for efficient kitchen solutions to meet the increasingly fast-paced consumer demand. In line with this, we introduced the MAGGI Paste range in 2018 to help commercial kitchens reduce the complexities of paste preparation. Using these pastes which come in an array of localised flavours including Thai Green Curry, *Rendang*, Tom Yam, Ginger Garlic and Prawn Noodle, chefs can eliminate the amount of time and effort needed in prepping and focus on what they do best – cooking. In addition to this, the MAGGI Paste also seeks to help chefs provide greater consistency when it comes to quality and allow for easy customisation, as chefs have the freedom to adjust the intensity of flavours as well as tailor dishes to the tastes of customers, giving dishes their own signature touch.

When used correctly, a prepared paste provides convenience and introduces greater efficiency without compromise. Prepared pastes cut out a stage of monotonous preparation in commercial kitchens besides eliminating potential food waste from the prepping stage. Also, by better refining ingredients, MAGGI Pastes help to lower food costs. Ultimately, using prepared pastes will not only increase efficiency in the kitchen, but also support restaurants in surviving and thriving in the ever-challenging food business. Combining the utility of prepared pastes with the creativity of their chefs, restaurants are able to better adapt to the changing pace of the food industry in Malaysia.





On the beverage end, SJORA, our premium refreshing juice drink with a touch of milk, continued to make a positive impact in Malaysia in 2018. In line with ever-changing beverage trends driven by consumer demand, the brand reconnected with customers and consumers by highlighting the SJORA brand as a revitalised product that offers a 'better-for-me' experience. We reintroduced SJORA to our target audience of 18 to 35-year olds in a playfully disruptive way, portraying the fun side of the brand and positioning it as 'The Most Outgoing Juice in the World.'

This kicked off with the popular Good Vibes Music Festival in July 2018 (GVF18) in Genting Highlands, an ideal platform to relaunch SJORA. Through this collaboration, SJORA became the Official Juice Drink of GVF18, allowing us to introduce the new brand positioning at this key lifestyle event.

To further support this, we introduced the SJORA Juicy Wagon – our vehicle for the relaunch which allowed us to reignite interest amongst consumers as well as create further awareness about the brand. The SJORA Juicy Wagon was rolled out at the RIUH Arts & Craft Festival in June where we managed to engage more than 224,000 individuals over two days. We continued to



reinforce our efforts by collaborating with lifestyle events and trendy occasions such as the pop-up Tiffin Food Court 2018 at Gasket Alley, and Malaysia's biggest sneaker event, Sneakerlah, at the Mid Valley Convention Centre. We also utilised various digital platforms to engage with target audiences.

As a result of these initiatives, we were able to increase our customer base, especially in the Quick Service Restaurants, and drive sales growth for this increasingly important category.

NESTLÉ HEALTH SCIENCE



Reflecting the Group's commitment to Nutrition, Health and Wellness, NESTLÉ HEALTH SCIENCE is dedicated to providing innovative products and nutritional solutions aimed at shaping and improving health management for consumers, patients and healthcare professionals.

In 2018, we doubled our efforts to raise awareness and educate Malaysians about diabetes management through the 'Start Your Day Right' breakfast roadshows featuring NUTREN UNTUK DIABETIK. Held at 29 hospitals nationwide, we successfully reached out to more than 7,000 patients and 150 healthcare professionals, featuring various activities including product sampling and games promoting the Glycemic Index and ideal meal portions. Effectively increasing brand visibility and share of voice among competitors, our NUTREN UNTUK

DIABETIK product saw strong sales as a result of these roadshows.

Recognising the prevalence of obesity in Malaysian adults, we launched the OPTIFAST Very Low Calorie Diet (VLCD) programme, a clinically proven weight management solution to address overweight and obesity issues. Through this nutritionally complete meal replacement programme marketed to healthcare professionals, patients can achieve a weight loss of 1.0kg to 2.5kg per week on average. OPTIFAST, which comes in Chocolate and Strawberry Shake as well as Tomato Soup flavours, is low on the Glycemic Index and is gluten-free.

With over 80 clinical studies conducted, the OPTIFAST VLCD programme has been clinically proven to be highly effective for short and long-term weight

loss management, and supports the Ministry of Health's fight against non-communicable diseases. Apart from this, we are collaborating with healthcare professionals to update the Obesity Weight Management Guideline with the latest weight management solutions, which was timely, given that the Clinical Protocol Guideline was developed in 2004.



In 2018, we also launched PEPTAMEN Advanced Formula (AF), a high-protein, semi-elemental formula specifically developed for enteral feeding in intensive care unit (ICU) patients. Recommended for critically-ill patients, this product can be adjusted to meet the nutritional needs and tolerance of the patient. To heighten awareness on this product, we held nationwide roadshows highlighting the importance of not only high proteins but also quality proteins for ICU patients. Through these roadshows, we reached out to over 100 healthcare professionals, providing a better understanding on the benefits of PEPTAMEN AF.

CHILLED DAIRY

Well-loved by consumers for its great taste and digestive health benefits, Nestlé Chilled Dairy continues to offer a wide range of drinkable and spoonable yogurt products for all Malaysians to enjoy.

In tandem with Nestlé's commitment to nurture healthier, happier Malaysians, we launched an integrated campaign focused on building and strengthening consumers' education journey, raising awareness on the goodness and versatility of Nestlé Natural Set Yogurt. The campaign promoted the 'endless possibilities' that can be created using this great product. Building on the hype during the festive seasons, we shared recipe videos for delicious festive dishes with our consumers via digital platforms.

To expand the campaign, we collaborated with five key opinion leaders with the aim of strengthening our appeal with our target audience. Celebrities and social media icons, Yana Samsudin, Joanna Soh, Yuyu Zulaikha, Sharifah Sofea, and Ili Sulaiman were engaged to share their experience of using Nestlé Natural Set Yogurt when preparing meals. From these engagements, approximately 20 recipes were shared on social media, which generated a total of one million views.



To engage and educate consumers on the digestive goodness of NESTLÉ BLISS Yogurt Drink, we organised over 100 roadshows across the nation, which enabled us to reach out to almost 200,000 consumers.

In addition, we utilised television and digital platforms to raise further awareness on the health benefits of NESTLÉ BLISS Yogurt Drink, centred on the theme, 'Drink Good, Feel Good'. Supporting this were other promotions such as contests and premiums, providing added value to our loyal consumers.



OUR LEADERSHIP

BOARD OF DIRECTORS AND COMPANY SECRETARY

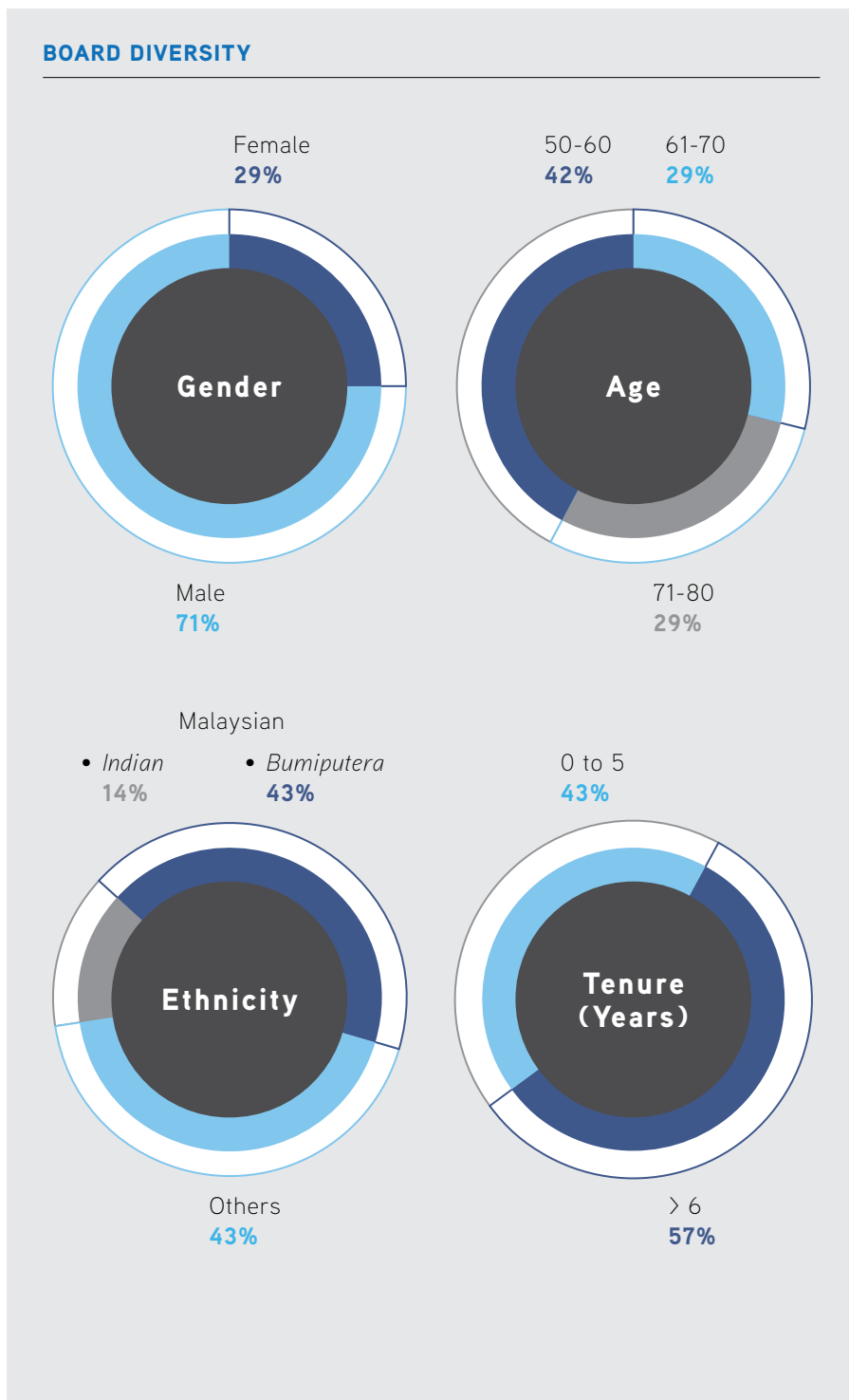


OUR BOARD

- | | |
|--|---|
| 1. Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail
Chairman, Non-Independent Non-Executive Director | 5. Dato' Dr. Nirmala Menon
Independent Non-Executive Director |
| 2. Dato' Mohd. Rafik Bin Shah Mohamad
Independent Non-Executive Director | 6. Juan Aranols
Executive Director, Chief Executive Officer |
| 3. Tan Sri Datuk (Dr.) Rafiah Binti Salim
Independent Non-Executive Director | 7. Craig Connolly
Executive Director, Chief Financial Officer |
| 4. Dato' Frits van Dijk
Independent Non-Executive Director | 8. Tengku Ida Adura Tengku Ismail
Company Secretary |

The Board of Directors of Nestlé (Malaysia) Berhad (Board) comprises a unique mix of highly experienced and qualified individuals who offer valuable expertise, business acumen and insights to the Company. Our Directors come from diverse backgrounds and have held various leadership positions. We are pleased to welcome our newest board members, Dato' Dr. Nirmala Menon, Juan Aranols and Craig Connolly who have extensive leadership and business management experience in various sectors including insurance, health, finance, as well as food and beverages.

We would like to extend our heartfelt gratitude to Tan Sri Datuk Yong Poh Kon, Toh Puan Dato' Seri Hajjah Dr. Aishah Ong, Alois Hofbauer and Martin Peter Kruegel for their immense contributions to the growth of our Company throughout the years. The Company is in a stronger position today as a result of their hard work and dedication. We wish them all the best in their future endeavours.



PROFILE OF DIRECTORS AND COMPANY SECRETARY



Gender: Male
Age: 67
Nationality: Malaysian

Position

- Non-Independent Non-Executive Director
- Chairman of the Board of Directors

Board Committee

- Member of the Audit Committee
- Chairman of the Nomination and Compensation Committee

Y.A.M. TAN SRI DATO' SERI SYED ANWAR JAMALULLAIL

Tan Sri Dato' Seri Syed Anwar Jamalullail has been the Chairman of the Board since 16 April 2009. He is a member of the Audit Committee and the Chairman of the Nomination and Compensation Committee.

He was first appointed to the Board on 25 February 2002 as a Non-Independent Non-Executive Director, representing Lembaga Tabung Haji. On 5 November 2004, he was re-designated as Independent Non-Executive Director, when Lembaga Tabung Haji ceased to be a substantial shareholder of the Company and on 20 February 2018 he was re-designated as Non-Independent Non-Executive Director.

Tan Sri Syed Anwar commenced his career with Malaysian Airlines Systems Berhad in 1975 as a Financial Accountant, before moving on to hold senior positions in various companies. His last executive position was as the Group Managing Director of Amanah Capital Partners Berhad. He is the former Chairman of the Lembaga Tabung Haji Investment Panel, Malaysia Airports Holdings Berhad, Cahya Mata Sarawak Berhad, Malakoff

Corporation Berhad, Pulau Indah Ventures Sdn. Bhd., Media Prima Berhad, MRCB Berhad, DRB-Hicom Berhad, EON Bank Berhad, Uni Asia Life Assurance Berhad and Uni Asia General Insurance Berhad, as well as the former Executive Chairman of Realmild (M) Sdn. Bhd. and Radicare (M) Sdn. Bhd. He was also an Independent Director of Maxis Communications Berhad and Bangkok Bank Berhad.

Currently, Tan Sri Syed Anwar is the Chairman of SP Setia Berhad and Lembaga Zakat Selangor. He is also the Chancellor of SEGi University.

Tan Sri Syed Anwar holds a Bachelor of Arts in Accounting from Macquarie University, Sydney, Australia, having qualified in 1974. He is also a Chartered Accountant, member of the CPA (Australia) and the Malaysian Institute of Accountants.

In the financial year ended 31 December 2018, he attended all six meetings of the Board and the AGM.*



➤ **Gender:** Male
Age: 68
Nationality: Malaysian

Position

- Independent Non-Executive Director

Board Committee

- Chairman of the Audit Committee
- Member of the Nomination and Compensation Committee

DATO' MOHD. RAFIK BIN SHAH MOHAMAD

Dato' Mohd. Rafik Bin Shah Mohamad has been a Director of the Company since 1 June 2007, first as a Non-Independent Non-Executive Director before being re-designated as Independent Non-Executive Director on 7 August 2008. He is the Chairman of the Audit Committee and a member of the Nomination and Compensation Committee.

Dato' Mohd. Rafik started his career in 1973 as an Analyst with Esso Malaysia Berhad. He joined the Company in 1981 and retired in 2006 after 25 years of service. During his tenure, he held various significant management positions within the Nestlé group of companies both locally and overseas.

Previously, he was the Chairman of Cold Chain Network Sdn. Bhd. (a subsidiary of Malaysian AgriFood Corp. Berhad), Malaysian AgriFood Corp. Berhad and Biotropics Malaysia Berhad. He was an Independent Non-Executive Director of Handal Resources Bhd., Felda Global Ventures Holdings Sdn. Bhd. and AgriFood Resources Holdings Sdn. Bhd. Currently, Dato' Mohd. Rafik is a Non-Independent Non-Executive Director of Sanicare Hygiene Services Sdn. Bhd.

Dato' Mohd. Rafik is a qualified Chartered Accountant, a member of the Malaysian Institute of Accountants and a Fellow of the Association of Chartered Certified Accountants, United Kingdom. He also attended the Executive Development Programme at the International Institute for Management Development (IMD), Lausanne, Switzerland.

In the financial year ended 31 December 2018, he attended all six meetings of the Board and the AGM.*

PROFILE OF DIRECTORS AND COMPANY SECRETARY



Gender: Female
Age: 71
Nationality: Malaysian

Position

- Independent Non-Executive Director

Board Committee

- Member of the Audit Committee
- Member of the Nomination and Compensation Committee

TAN SRI DATUK (DR.) RAFIAH BINTI SALIM

Tan Sri Datuk (Dr.) Rafiah Binti Salim has been a Director of the Company since 17 April 2009. She is a member of the Audit Committee and the Nomination and Compensation Committee.

Tan Sri Rafiah has excellent service records in both the domestic public and private sectors, as well as at the international level. She has served as a lecturer, Deputy Dean and Dean of the Law Faculty of University of Malaya, Assistant Governor of the Central Bank of Malaysia, Human Resource General Manager of Malayan Banking Berhad and the Assistant Secretary General for the United Nations Human Resource Management in New York. Tan Sri Rafiah was previously an Executive Director of the International Centre for Leadership in Finance and in 2006, she was appointed as the first female Vice-Chancellor in Malaysia posted to the University of Malaya.

She is currently the Chairman of Allianz Malaysia Bhd., Allianz General Insurance Company (Malaysia) Bhd, and a Director of Lotte Chemical Titan Holding Berhad and Minda Global Berhad. Tan Sri Rafiah is also the Chairman of the Board for Malaysian Genomics Resource Centre Berhad and the President of Malay Girls' College/Tunku Kurshiah College Old Girls' Association.

Tan Sri Rafiah holds a Master of Laws and a Bachelor of Laws from Queen's University, Belfast, United Kingdom and was awarded an honorary Doctorate by the same university in 2002. She was called to the Malaysian Bar in 1988.

In the financial year ended 31 December 2018, she attended five out of six meetings of the Board and the AGM.*



➤ **Gender:** Male
Age: 71
Nationality: Dutch

Position

- Independent Non-Executive Director

Board Committee

- Member of the Nomination and Compensation Committee

DATO' FRITS VAN DIJK

Dato' Frits van Dijk has been a Director of the Company since 26 April 2006, first as a Non-Independent Non-Executive Director, and was re-designated as Independent Non-Executive Director as of 19 November 2013. He is a member of the Nomination and Compensation Committee.

He started in 1970 as a Sales Representative with Nestlé UK and has served the Nestlé group of companies for 41 years. Moving up the ranks, he has held various senior positions within the Nestlé group of companies in countries including India, the Philippines, Sri Lanka, China and Japan. Dato' van Dijk was the Chief Operating Officer and subsequently the Market Head of the Company from 1987 until 1995. He has also served as the Market Head of Nestlé Japan and as Chairman and Chief Executive Officer of Nestlé Waters. His last held position was that of Executive Vice President and Head of Zone Asia, Oceania, Africa and Middle East of Nestlé S.A., Switzerland, before retiring at the end of September 2011.

Dato' van Dijk holds a Bachelor's degree in Economics from the School of Economics, Rotterdam (HES), Netherlands, and has attended the Executive Development Programme at the International Institute for Management Development, Lausanne, Switzerland.

In the financial year ended 31 December 2018, he attended four out of six meetings of the Board and the AGM.*

PROFILE OF DIRECTORS AND COMPANY SECRETARY



Gender: Female
Age: 59
Nationality: Malaysian

Position

- Independent Non-Executive Director

DATO' DR. NIRMALA MENON

Dato' Dr. Nirmala Menon was appointed as a Director of the Company since 27 April 2018.

Dato' Dr. Nirmala brings with her over three decades of experience in the medical, insurance and health sectors. She served as a Medical Officer at Hospital Kuala Lumpur for seven years before commencing her career in the insurance sector. Dato' Dr. Nirmala was the first female CEO in the life insurance industry in Malaysia when she was appointed as the President and CEO of ING Malaysia Berhad and thereafter as Head of South Asia at ING Asia Pacific Ltd. She has also served as the Executive Vice President, Head of Designated Markets & Health Asia at MetLife Asia Pacific Ltd. where she was responsible for operations in Hong Kong, Australia, Malaysia, Vietnam, Bangladesh, Nepal and Myanmar. She was also an Independent Director on the Board of Khazanah Nasional Berhad.

Trained as a physician, Dato' Dr. Nirmala obtained her degree from the University of Mysore, India with a First Class Distinction.

In the financial year ended 31 December 2018, since her appointment, she attended all three meetings of the Board.*



➤ **Gender:** Male
Age: 50
Nationality: Spanish

Position

- Chief Executive Officer
- Executive Director

JUAN ARANOLS

Juan Aranols has been appointed as Executive Director and CEO of the Company since 1 December 2018.

Juan Aranols brings over 28 years of experience to the Company, from his key roles across a number of different markets in Europe, Latin America and the global headquarters in Switzerland. He joined Nestlé in 1990 as an auditor for Nestlé Spain before taking on responsibilities in 1995 as a Strategic Business Controller based in Nestlé S.A.'s headquarters, in Vevey, Switzerland. He has also held the position of a Finance Manager for the Nestlé Ice Cream and Frozen Food business in Italy. In 2003, Juan Aranols assumed the role of CFO for the Nestlé Plata region and later for the Nestlé Caribbean Region in 2005. He then moved on to become the CFO for the Iberian region based in Spain in 2007.

Prior to joining the Company, Juan Aranols was based in Nestlé S.A., firstly as head of Group Central and later as the CFO for Zone Asia, Oceania and sub-Saharan African (AOA). He was a member of the Zone AOA Executive Team. During this period, he also had management oversight of the Confectionery and Nestlé Professional businesses in Zone AOA.

Juan Aranols is a graduate of the University of Barcelona, Spain and he also took programmes for Executive Development and Strategic Finance at International Institute for Management Development, Lausanne, Switzerland.


In the financial year ended 31 December 2018, no Board meeting was held subsequent to his appointment to the Board.*



On 26 February 2019, Alessandro Monica was appointed as Alternate Director to Juan Aranols. Profile of Alessandro Monica can be found in page 59.

PROFILE OF DIRECTORS AND COMPANY SECRETARY



 **Gender:** Male
Age: 51
Nationality: Australian

Position

- Chief Financial Officer
- Executive Director

CRAIG CONNOLLY


Craig Connolly has been appointed as Executive Director and Chief Financial Officer of the Company since 1 February 2019.

Craig Connolly has over 30 years of experience in the Nestlé group of companies. He started his career with Nestlé Oceania in 1986, holding various Accounting roles, as Key Customer Service Manager, National Credit Manager and Finance Shared Services Manager. In 2007, he was promoted to the position of Head of Nestlé Business Services (NBS) based in Manila, Philippines, where he was instrumental in the creation and successful development of both the Manila and Cairo NBS Centers, providing finance, costing, employee IT and digital services to the Nestlé Asia Oceania and Africa markets as well as North America.

Prior to joining the Company, Craig Connolly was the CFO of Nestlé Vietnam, a position he held since 2014. He played a key role in accelerating strong growth and transformed Nestlé Vietnam through his strong functional capabilities and leadership skills combined with his passion for continuous improvement.

Craig Connolly is a graduate of Macquarie University, Australia. He has also attended programmes for Executive Development at the International Institute for Management Development, Lausanne, Switzerland and Leadership Training at London Business School.

As he was appointed on 1 February 2019, Craig Connolly did not attend any Board meeting for the financial year ended 31 December 2018.

 On 26 February 2019, Shahzad Umar was appointed as Alternate Director to Craig Connolly. Profile of Shahzad Umar can be found in page 61.



➤ **Gender:** Female
Age: 46
Nationality: Malaysian

TENGGU IDA ADURA TENGGU ISMAIL

(Company Secretary)

Tengku Ida Adura Tengku Ismail has been the Company Secretary of the Group since 2013. She is a certified Company Secretary, being a member of the Malaysian Association of Company Secretaries.

She commenced her career in private legal practice after being called to the Malaysian Bar. Prior to joining the Company, Tengku Ida was a Legal Manager with Kumpulan Guthrie Berhad. She joined the Company in 2005 as Legal Counsel and in 2010, she was expatriated to Nestlé S.A., Switzerland as Legal Counsel for Zone Asia, Oceania, Africa and Middle East. Upon her return in 2013, she assumed the position of Head of Legal and Secretarial, responsible for all legal, secretarial and compliance matters for the Group. She now holds the designation of Executive Director, Legal & Secretarial and is also a member of the Company's Executive Leadership Team.

She presently serves as Vice Chairman of the International Chamber of Commerce (Malaysia) (ICC) and chairs the ICC Corporate Responsibility & Anti-Corruption Working Committee. She is also the Malaysian Trustee representative for the ASEAN CSR Network and a Committee Member of the Federation of Malaysian Manufacturers (FMM) Business Ethics Committee.

She holds a Bachelor of Laws (Hons) from the University of Nottingham, United Kingdom and was admitted as a Barrister-at-Law of the Honourable Society of Lincoln's Inn.

Tengku Ida was in attendance at all six meetings of the Board and the AGM for the financial year ended 31 December 2018.

OUR LEADERSHIP

PROFILE OF DIRECTORS AND COMPANY SECRETARY

The following Directors have retired/resigned since the 2018 AGM.

TAN SRI DATUK YONG POH KON

(Retired on 26 April 2018)

➤ **Gender:** Male
Age: 73
Nationality: Malaysian

Position

- Independent Non-Executive Director

Board Committee

- Member of the Nomination and Compensation Committee

TOH PUAN DATO' SERI HAJJAH DR. AISHAH ONG

(Retired on 26 April 2018)

➤ **Gender:** Female
Age: 74
Nationality: Malaysian

Position

- Independent Non-Executive Director

Tan Sri Datuk Yong Poh Kon was appointed as a Director of the Company on 25 April 2011. He served as a member of the Nomination and Compensation Committee.

During his tenure as an Independent Non-Executive Director, Tan Sri Datuk Yong Poh Kon has contributed to the Board through the sharing of his vast knowledge, experience and expertise as a businessman, as the former President of the Federation of Malaysian Manufacturers and Co-Chair of PEMUDAH (a Special Taskforce to Facilitate Business) and former member of the Economic Council.

Tan Sri Yong graduated with First Class Honours in Mechanical Engineering from the University of Adelaide, Australia in 1968.

In the financial year ended 31 December 2018, before his retirement, he attended all three meetings of the Board and the AGM.*

Toh Puan Dato' Seri Hajjah Dr. Aishah Ong was appointed as a Director of the Company on 28 November 2013.

Toh Puan Dato' Seri Hajjah Dr. Aishah Ong has supported the Board with her knowledge and experience as a medical professional which has helped to strengthen the Company's position as the leading health and wellness company.

Toh Puan Dato' Seri Hajjah Dr. Aishah Ong qualified as a medical doctor from the University of London in 1969 and is an active social worker.

In the financial year ended 31 December 2018, before her retirement, she attended all three meetings of the Board and the AGM.*

ALOIS HOFBAUER

(Resigned on 30 November 2018)

➤ **Gender:** Male
Age: 53
Nationality: Austrian

Position

- Chief Executive Officer
- Executive Director

Alois Hofbauer was appointed as a Director of the Company on 22 February 2013.

He served the Nestlé group of companies for over 28 years and held various senior positions in other Nestlé markets before his appointment as the CEO of the Company.

Alois Hofbauer led and served the Company for more than five years and has helped to establish the Company as one of the best performers on Bursa Malaysia.

Alois Hofbauer is a graduate of University of Innsbruck, Austria and the International Institute for Management Development, Lausanne, Switzerland.

In the financial year ended 31 December 2018, Alois Hofbauer has attended all six meetings of the Board and the AGM.*

MARTIN PETER KRUEGEL

(Resigned on 31 January 2019)

➤ **Gender:** Male
Age: 51
Nationality: German

Position

- Chief Financial Officer
- Executive Director

Martin Peter Kruegel was appointed as a Director of the Company on 1 October 2014.

Martin joined Nestlé Germany in 1995, where he held various positions in Supply Chain, Finance, Accounting and Controlling. He was the Head of Finance & Control in Nestlé Nigeria before being appointed as the CFO of the Company.

During his tenure, he strongly contributed to the good financial performance of the Company.

He holds a Master of Science in Economics from University Erlangen, Germany.

In the financial year ended 31 December 2018, he attended all six meetings of the Board and the AGM.*

*** Additional information on the Board of Directors:**

- None of the Directors own any shares in Nestlé (Malaysia) Berhad.
- None of the Directors have any family relationship with any other Director and/or major shareholder of the Group.
- None of the Directors have any conflict of interest or any personal interest in any business arrangement involving the Group.
- None of the Directors have been convicted of any offence within the past 10 years, other than traffic offences, if any.

OUR LEADERSHIP

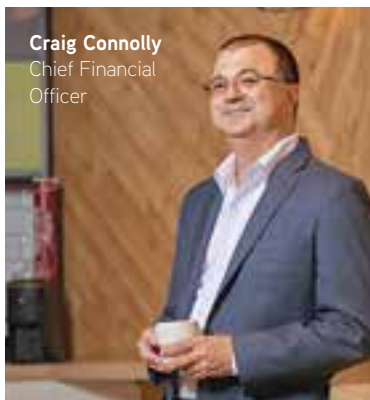
EXECUTIVE LEADERSHIP TEAM



Chew Soi Ping
Executive Director,
Sales



Kumaran Nowuram
Business
Executive Officer,
MILO & Milks



Craig Connolly
Chief Financial
Officer



Juan Aranols
Chief Executive
Officer



Nirmalah Thurai
Executive Director,
Corporate Affairs



Tengku Ida Adura Tengku Ismail
Executive
Director, Legal
& Secretariat



Salman Nazir
Executive
Director,
Supply Chain



Shahzad Umar
Executive
Director,
Human
Resources



Alessandro Monica
Executive Director,
Technical & Production

PROFILE OF EXECUTIVE LEADERSHIP TEAM

Nationality
Spanish

Age
50

Gender
Male

**JUAN ARANOLS**

Chief Executive Officer

Juan Aranols assumed his current position as Chief Executive Officer on 1 December 2018. He began his career with the Company in 1990, joining Nestlé Spain as an Internal Auditor. In 1995, he was appointed Strategy Business Controller for Nestlé Vevey, supporting several categories. He then moved to Nestlé Italy in 1998, taking on the role of Controller of the Ice Cream and Frozen Food business. In 2003, he assumed the role of Chief Financial Officer for the Plata region based in Argentina, and in 2005 took on the same position for the Nestlé Caribbean Region based in the Dominican Republic. In 2007, he moved on to become the CFO for the Iberian region based in Spain, before returning to Vevey as Group Controller in 2012. In 2015, he was appointed CFO and member of the senior management team for Zone AOA, where he also managed the Confectionery and NESTLÉ PROFESSIONAL businesses, before taking up his current position. Aranols holds a Degree in Economic Sciences from the University of Barcelona.

**Juan Aranols replaces former Chief Executive Officer, Alois Hofbauer as of 1 December 2018.*

Nationality
Australian

Age
51

Gender
Male

**CRAIG CONNOLLY**

Chief Financial Officer

Craig Connolly assumed his current position as Chief Financial Officer on 1 February 2019. He started his career with Nestlé Oceania in 1986, taking on various Accounting roles, including Key Customer Service Manager, National Credit Manager and Finance Shared Service Manager. In 2007, he was promoted to Head of Nestlé Business Services (NBS) in the Philippines, where he spearheaded the creation and successful development of both the Manila and Cairo NBS Centres, providing services to Asia, Oceania and Africa markets, as well as North America. In 2014, he was appointed CFO of Nestlé Vietnam, where he played a key role in accelerating strong double-digit growth and profitability, improving margins, and reducing working capital and investment in portfolio expansion. Connolly graduated from Macquarie University, Australia. He also attended the Executive Development programme at IMD, Lausanne, Switzerland and Leadership Training at London Business School.

**Craig Connolly replaces former Chief Financial Officer, Martin Peter Kruegel as of 1 February 2019.*

PROFILE OF EXECUTIVE LEADERSHIP TEAM

Nationality
Malaysian

Age
59

Gender
Male



CHEW SOI PING

Executive Director, Sales

Chew Soi Ping is the Executive Director, Sales of the Company. He started his Nestlé career in 1988 as a Management Trainee, gaining brand management experiences with increasing responsibilities in MAGGI, Chilled Dairy, Milks and NESTLÉ ICE CREAM, among others. In 2006, he was expatriated to Nestlé S.A., Switzerland as Zone AOA Regional Zone Assistant Adviser for the ASEAN, India, Sri Lanka and Bangladesh markets. Upon his return, he was appointed General Sales Distribution Manager for Ice Cream. Since then, he has held a number of roles including Executive Director for the Ice Cream business as well as Nestlé Continuous Excellence. This was followed by an expatriation to the Philippines as Senior Vice President, Ice Cream in 2013. Chew Soi Ping holds a Masters in Business Administration from the University of Central Arkansas, USA and a Bachelor of Science in Marketing (Hons) from the University of Ozarks, Arkansas, USA. He completed a Marketing Course in 1996 from IMD in Lausanne, Switzerland and a Leadership Course from London Business School in 2018.

Nationality
Malaysian

Age
62

Gender
Female



NIRMALAH THURAI

Executive Director, Corporate Affairs

Nirmalah Thurai is the Executive Director, Corporate Affairs of the Company. She first joined the Company in 1981 and moved to Nestlé United Kingdom in 1987 for two years before returning to Malaysia. Over her 30-year career with Nestlé Malaysia, she has held various portfolios, which include managing Consumer Insights, NESCAFÉ, Chilled Dairy and NESTLÉ HEALTH SCIENCE businesses, as well as Sales. Prior to her current position, Nirmalah Thurai headed the Nestlé Breakfast Cereal business for 12 years, overseeing the Malaysia and Singapore markets. She also holds the Chairperson position of the FMM Malaysian Food Manufacturing Group. She graduated with a Bachelor's degree in Arts from Universiti Sains Malaysia.

OUR LEADERSHIP

Nationality
Italian

Age
48

Gender
Male



ALESSANDRO MONICA

Executive Director, Technical & Production

Alessandro Monica is the Executive Director, Technical & Production of the Company. He first joined Nestlé Italy in 1998, where he held various posts including Head of Engineering for Ice Cream and Frozen Food; Market Safety, Health and Environment Officer; and Factory Manager for Ice Cream, Culinary, Chilled and Nutrition. He was transferred to Nestlé Switzerland in 2011 as Operations Manager for the Ice Cream Strategic Business Unit. Alessandro Monica played a key role in the implementation of competitive operations improvement strategies along the value chain. In addition, he made strong contributions to the step change of managing total cost competitiveness. In 2017, he joined Nestlé Malaysia to take up his current position. Alessandro Monica graduated with a degree in Mechanical Engineering from the University of Parma, Italy.

Nationality
Pakistani

Age
56

Gender
Male



SALMAN NAZIR

Executive Director, Supply Chain

Salman Nazir is the Executive Director, Supply Chain of the Company. He began his career at Nestlé Pakistan in 1993 as a Management Trainee. With close to 25 years of experience in Pakistan, his responsibilities included Factory Controlling, Project Management, IT, Procurement and Supply Chain Management. From 2002 to 2004, he was a Procurement Specialist at Nestec S.A., Switzerland. He then returned to Nestlé Pakistan and held the role of Corporate Procurement Manager before being appointed Head of Supply Chain in 2006. Prior to his current position at Nestlé Malaysia, he was the Supply Chain Director at Nestlé South Africa for three years. Salman Nazir graduated with a Bachelor of Science degree from Punjab University Lahore, Pakistan. He has also completed the Executive Development programme at the IMD Business School in Lausanne, Switzerland and Organisational Leadership at London Business School.

OUR LEADERSHIP

PROFILE OF EXECUTIVE LEADERSHIP TEAM

Nationality
Malaysian

Age
46

Gender
Female



TENGGU IDA ADURA TENGGU ISMAIL

Executive Director, Legal & Secretarial

Tengku Ida is the Executive Director, Legal & Secretarial and the Company Secretary for the Group. Her career with Nestlé started when she joined Nestlé Malaysia in 2005 as a Legal Counsel. In 2010, she was expatriated to Nestlé S.A., Switzerland as the Legal Counsel for Zone Asia, Oceania, Africa and Middle East. In 2013, she returned to head the Legal & Secretarial department, and is responsible for the legal, secretarial and compliance functions of the Group. Tengku Ida graduated with a Bachelor of Laws (Hons) from the University of Nottingham, United Kingdom and was admitted as a Barrister-at-Law of the Honourable Society of Lincoln's Inn, London. She was also called to the Malaysian Bar.

Nationality
Malaysian

Age
48

Gender
Male



KUMARAN NOWURAM

Business Executive Officer, MILO & Milks

Kumaran Nowuram is the Business Executive Officer, MILO & Milks of the Company. He joined the Company as a Management Trainee in 1994. He transitioned to Group Brand Manager for the Dairy business in 2002 before he was expatriated to Nestlé Middle East in 2003 to head the Dairy business for the region, based in Dubai. In 2009, he was appointed Business Executive Manager, Dairy business based in India. Thereafter he returned to Malaysia as the Executive Director, Sales and was later appointed Business Executive Officer of the Ready-to-Drink business. Today, he heads the Dairy businesses – MILO and Milks. He holds a Bachelor's degree in Social Sciences (Economics) from Universiti Sains Malaysia and has also attended the Executive Development programme at the IMD Business School in Lausanne, Switzerland.

Nationality
Pakistani

Age
40

Gender
Male



SHAHZAD UMAR

Executive Director, Human Resources

Shahzad Umar is the Executive Director, Group Human Resources of the Company. He began his career as a Management Trainee with Nestlé Pakistan in 2001, holding several managerial posts in Human Resources since. In April 2009, he was expatriated to Malaysia as the Group Human Resources Manager for Organisational Development. He then returned to Pakistan to head the Human Resources Division in June 2012, a role he held for over three years. In addition to his current responsibilities, he now assumes the Nestlé Business Excellence portfolio for Nestlé Malaysia and Singapore. Shahzad Umar holds a Masters of Business Administration from the University of Nottingham, Malaysia Campus and a degree in Mechanical Engineering from the University of Engineering and Technology in Lahore, Pakistan.

NESTLÉ LEADERSHIP TEAM



Sitting Row (Left to Right)

1. Yit Woon Lai

2. Craig Connolly

3. Juan Aranols

4. Tengku Ida Adura
Tengku Ismail

5. Alessandro Monica

Standing Row (Left to Right)

6. Kumaran Nowuram

7. Eu Khean Wong

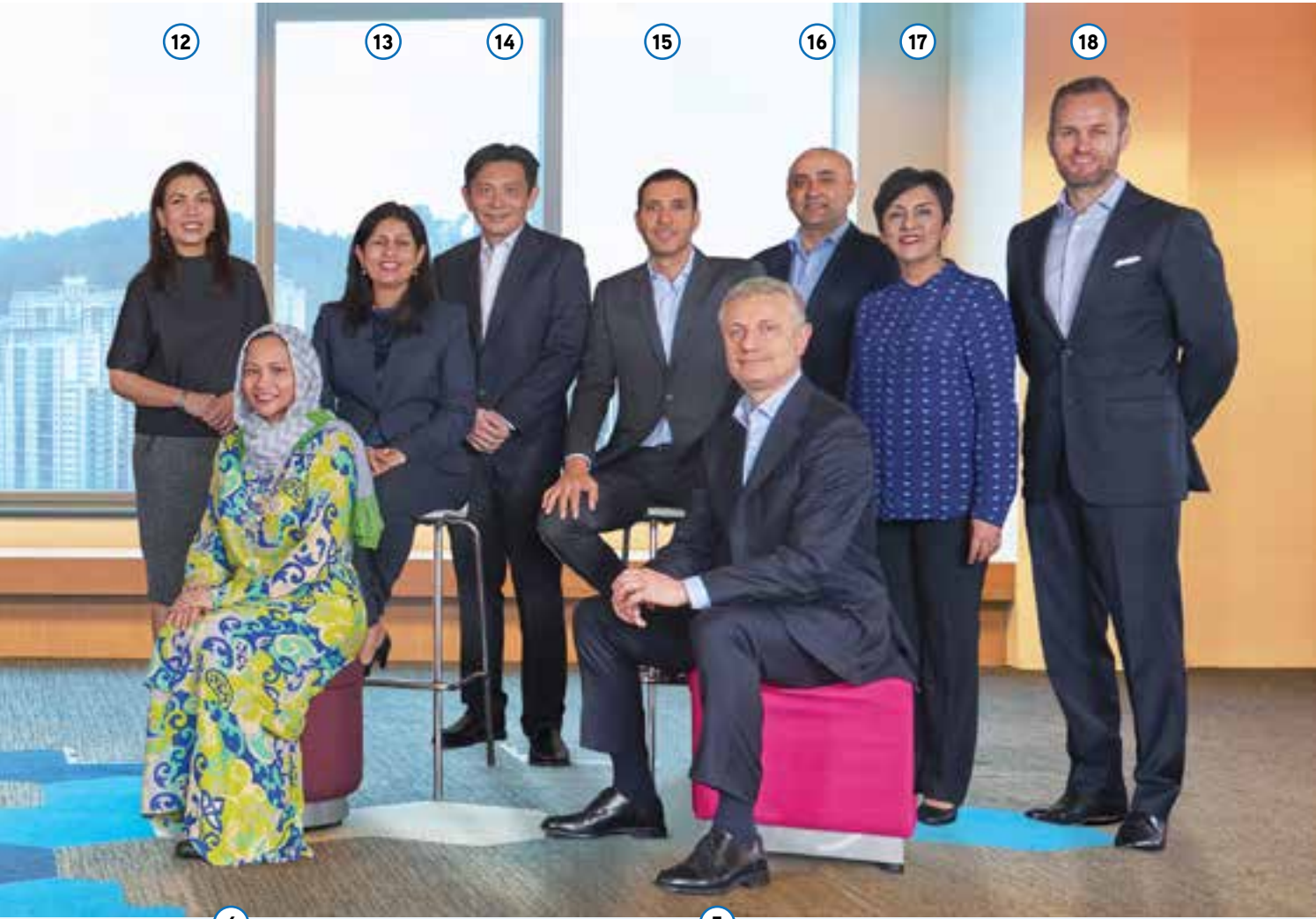
8. Sachin Goel

9. Salman Nazir

10. Ng Su Yen

11. Chew Soi Ping

OUR LEADERSHIP



12. Maria Rica Mier

15. Othman Chraibi

18. Geoffrey Dalziel

13. Geetha K. Balakrishna

16. Shahzad Umar

14. Teo Heng Keat

17. Nirmalah Thurai

CORPORATE INFORMATION

BOARD OF DIRECTORS

**Y.A.M. TAN SRI DATO' SERI SYED ANWAR
JAMALULLAIL**

Non-Independent, Non-Executive Director
Chairman

DATO' MOHD. RAFIK BIN SHAH MOHAMAD

Independent, Non-Executive Director

TAN SRI DATUK (DR.) RAFIAH BINTI SALIM

Independent, Non-Executive Director

DATO' FRITS VAN DIJK

Independent, Non-Executive Director

DATO' DR. NIRMALA MENON

(appointed on 27 April 2018)
Independent, Non-Executive Director

JUAN ARANOLS

(appointed on 1 December 2018)
Executive Director
Chief Executive Officer

CRAIG CONNOLLY

(appointed on 1 February 2019)
Executive Director
Chief Financial Officer

TAN SRI DATUK YONG POH KON

(retired on 26 April 2018)
Independent, Non-Executive Director

TOH PUAN DATO' SERI HAJJAH DR. AISHAH ONG

(retired on 26 April 2018)
Independent, Non-Executive Director

ALOIS HOFBAUER

(resigned on 30 November 2018)
Executive Director
Chief Executive Officer

MARTIN PETER KRUEGEL

(resigned on 31 January 2019)
Executive Director
Chief Financial Officer

AUDIT COMMITTEE

Chairman

Dato' Mohd. Rafik Bin Shah Mohamad

Members

**Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail
Tan Sri Datuk (Dr.) Rafiah Binti Salim**

NOMINATION AND COMPENSATION COMMITTEE

Chairman

Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail

Members

**Dato' Mohd. Rafik Bin Shah Mohamad
Tan Sri Datuk (Dr.) Rafiah Binti Salim
Dato' Frits van Dijk
Tan Sri Datuk Yong Poh Kon** (retired on 26 April 2018)

CORPORATE INFORMATION

**COMPANY
SECRETARY**

Tengku Ida Adura Tengku Ismail
(MACS 01686)
Tel : +603 7965 6000
Fax : +603 7962 7213
E-mail : TengkuldaAdura.Tengkulsmail@
my.nestle.com

**REGISTERED
OFFICE**

22-1, 22nd Floor, Menara Surian
No. 1, Jalan PJU 7/3
Mutiara Damansara
47810 Petaling Jaya
Selangor Darul Ehsan
Tel : +603 7965 6000
Fax : +603 7965 6767

AUDITOR

KPMG PLT
(Firm No. LLP0010081-LCA & AF 0758)
Chartered Accountants
Level 10, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel : +603 7721 3388
Fax : +603 7721 3399

**SHARE
REGISTRAR**

Tricor Investor & Issuing House
Services Sdn. Bhd.
(11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : +603 2783 9299
Fax : +603 2783 9222

**PRINCIPAL
BANKERS**

HSBC Bank Malaysia Berhad
(127776-V)

Malayan Banking Berhad
(3813-K)

**STOCK
EXCHANGE
LISTING**

Main Market
Bursa Malaysia Securities Berhad
(635998-W)

**COMPANY
WEBSITE**

www.nestle.com.my

CORPORATE DIRECTORY

HEAD OFFICE

NESTLÉ (MALAYSIA) BERHAD

(110925-W)
22-1, 22nd Floor, Menara Surian,
No. 1, Jalan PJU 7/3, Mutiara Damansara,
47810 Petaling Jaya, Selangor Darul Ehsan
Tel : +603 7965 6000
Fax : +603 7965 6767

CONSUMER SERVICES	1 800 88 3433
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WEBSITE	www.nestle.com.my
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FACEBOOK	http://www.facebook.com/Nestle.Malaysia
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FACTORIES & DISTRIBUTION CENTRE

BATU TIGA

NESTLÉ MANUFACTURING (MALAYSIA) SDN. BHD.
(315081-K)
Lot 3, Jalan Playar 15/1
Kawasan Perindustrian Shah Alam
40700 Shah Alam
Selangor Darul Ehsan
Tel : +603 5522 5600
Fax : +603 5510 6263

SHAH ALAM COMPLEX

NESTLÉ MANUFACTURING (MALAYSIA) SDN. BHD.
(315081-K)
Lot 5, Jalan Playar 15/1
Kawasan Perindustrian Shah Alam
40700 Shah Alam
Selangor Darul Ehsan
Tel : +603 5522 5600
Fax : +603 5522 5999

SRI MUDA

NESTLÉ MANUFACTURING (MALAYSIA) SDN. BHD.
(315081-K)
Lot 75 & 76, Jalan Playar 15/1
Kawasan Perindustrian Shah Alam
40700 Shah Alam
Selangor Darul Ehsan
Tel : +603 5520 6400
Fax : +603 5520 6500

PETALING JAYA

NESTLÉ MANUFACTURING (MALAYSIA) SDN. BHD.
(315081-K)
25, Jalan Tandang
46050 Petaling Jaya
Selangor Darul Ehsan
Tel : +603 7787 7400
Fax : +603 7787 7599

CHEMBONG

NESTLÉ MANUFACTURING (MALAYSIA) SDN. BHD.
(315081-K)
Lot 691, Jalan Perusahaan Utama
Kawasan Perindustrian Chembong
71300 Rembau
Negeri Sembilan
Tel : +606 686 3900
Fax : +606 686 4080

CHEMBONG (ICE CREAM)

NESTLÉ MANUFACTURING (MALAYSIA) SDN. BHD.
(315081-K)
Lot 3857 – 3862
Jalan Perusahaan
Kawasan Perindustrian Chembong
71300 Rembau
Negeri Sembilan
Tel : +606 686 3900
Fax : +606 686 4095

KUCHING

NESTLÉ MANUFACTURING (MALAYSIA) SDN. BHD.
(315081-K)
Lot 844, Block 7
Muara Tebas Land District
Sejingkat Industrial Estate
93714 Kuching
Sarawak
Tel : +6082 472 800
Fax : +6082 472 999

NESTLÉ DISTRIBUTION CENTRE

NESTLÉ PRODUCTS SDN. BHD.
(45229-H)
Lot 7316 (PT3609)
Jalan Klang-Banting
Mukim Telok Panglima Garang
42500 Telok Panglima Garang
Selangor Darul Ehsan
Tel : +603 3123 3000
Fax : +603 3123 3001

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the **35th Annual General Meeting** of the Company will be held at **Ballrooms B & C, Hilton Kuala Lumpur, 3, Jalan Stesen Sentral, 50470 Kuala Lumpur** on **Thursday, 25 April 2019** at **10.00 a.m.** for the transaction of the following business:

AGENDA

As Ordinary Business

1. TO RECEIVE the statutory financial statements for the financial year ended 31 December 2018 and the Directors' and Auditors' reports thereon.

Please refer to Explanatory Note 1

2. TO RE-ELECT the following Directors retiring in accordance with Article 97.1 of the Constitution of the Company:

2.1 Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail

2.2 Dato' Frits van Dijk

Resolution 1

Resolution 2

Please refer to Explanatory Note 2

3. TO RE-ELECT the following Directors retiring in accordance with Article 106 of the Constitution of the Company:

3.1 Dato' Dr. Nirmala Menon

3.2 Juan Aranols

3.3 Craig Connolly

Resolution 3

Resolution 4

Resolution 5

Please refer to Explanatory Note 2

4. TO RE-APPOINT KPMG PLT (Firm No. AF 0758) as Auditors of the Company and to authorise the Directors to fix their remuneration.

Resolution 6

Please refer to Explanatory Note 3

As Special Business

TO CONSIDER AND IF THOUGHT FIT, to pass the following as Ordinary Resolutions:

5. TO APPROVE the payment of a final dividend of 140 sen per share, under a single-tier system, in respect of the financial year ended 31 December 2018.

Resolution 7

NOTICE OF ANNUAL GENERAL MEETING

6. TO APPROVE the following payments to Directors:

6.1 Fees of RM1,298,700.00 for the financial year ended 31 December 2018.

Resolution 8

6.2 Benefits of RM250,000.00 for the financial period from 1 July 2019 to 30 June 2020.

Resolution 9

7. TO RETAIN the following Directors who have served for a cumulative term of more than nine years as Independent Directors in accordance with Article 97.3.1 of the Constitution of the Company and in accordance with the Malaysian Code on Corporate Governance (“MCCG 2017”):

7.1 Dato’ Mohd. Rafik Bin Shah Mohamad

Resolution 10

7.2 Tan Sri Datuk (Dr.) Rafiah Binti Salim

Resolution 11

Please refer to Explanatory Note 4

8. Proposed Renewal of Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature as set out under Section 2.3(a) of the Circular to Shareholders dated 25 March 2019.

“THAT approval be hereby given for the renewal of the mandate granted by the Shareholders of the Company on 26 April 2018 pursuant to paragraph 10.09 of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad, authorising the Company and/or its subsidiaries to enter into the recurrent related party transactions of a revenue or trading nature as set out in Section 2.3(a) of the Circular to Shareholders dated 25 March 2019 with the related parties mentioned therein which are necessary, for the Company and/or its subsidiaries’ day-to-day operations and which are carried out in the ordinary course of business on terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of minority Shareholders.

THAT the authority conferred by such mandate shall commence upon the passing of this resolution and continue to be in force until:

- (i) the conclusion of the next Annual General Meeting (“AGM”) of the Company following the forthcoming AGM at which such mandate is approved, at which time it will lapse, unless by a resolution passed at the next AGM, the mandate is renewed;
- (ii) the expiration of the period within which the next AGM of the Company after the forthcoming AGM is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
- (iii) revoked or varied by resolution passed by the Shareholders in a general meeting;

whichever is earlier;

NOTICE OF ANNUAL GENERAL MEETING

THAT the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this resolution.”

Resolution 12

Please refer to Explanatory Note 5

9. TO TRANSACT any other business for which due notice shall have been given.

NOTICE IS ALSO HEREBY GIVEN THAT, subject to the approval of the Shareholders at the 35th AGM of the Company, a final dividend of 140 sen per share, under a single-tier system in respect of the financial year ended 31 December 2018 will be paid to the Shareholders on 30 May 2019. The entitlement date for the said dividend shall be 9 May 2019.

FURTHER NOTICE IS HEREBY GIVEN THAT a depositor shall qualify for entitlement only in respect of:

- A. Shares transferred into the Depositors’ Securities Account before 5.00 p.m. on 9 May 2019 in respect of ordinary transfers; and
- B. Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the rules of the Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

TENGGU IDA ADURA TENGGU ISMAIL

Company Secretary (MACS 01686)

Petaling Jaya
25 March 2019

NOTICE OF ANNUAL GENERAL MEETING

Notes:

- (i) A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his place. A proxy may, but need not be, a member of the Company.
- (ii) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or if the appointor is a corporation either under the corporation's seal or under the hand of an officer or attorney duly authorised.
- (iii) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, he may appoint not more than two proxies in respect of each Securities Account he holds with ordinary shares of the Company standing to the credit of the said Securities Account. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

Where an authorised nominee appoints two proxies, or where an exempt authorised nominee appoints two or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

- (iv) An authorised nominee or an exempt authorised nominee with more than one Securities Account must submit a separate instrument of proxy for each securities account.
- (v) The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority shall be deposited at the office of the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn. Bhd. (Company No. 11324-H), at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposed to vote, or in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid. The Share Registrar will also provide a box for drop-in of proxy forms at Customer Service Counter, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
- (vi) In respect of deposited securities, only members whose names appear in the Record of Depositors on 17 April 2019 shall be entitled to attend, speak and vote at the general meeting.

Explanatory Notes on Ordinary Business:**1. Audited Financial Statements**

This item of the Agenda is meant for discussion only. The provisions of Section 340(1) of the Companies Act 2016 require that the audited financial statements and the Reports of the Directors and Auditors thereon be laid before the Company at its Annual General Meeting. As such this Agenda item is not a business which requires a resolution to be put to vote by Shareholders.

NOTICE OF ANNUAL GENERAL MEETING

2. Re-election of Retiring Directors

Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail, Dato' Frits van Dijk, Dato' Dr. Nirmala Menon, Juan Aranols and Craig Connolly are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election.

3. Re-appointment of KPMG PLT (Firm No. AF 0758) as Auditors of the Company

The Board had at its meeting held on 26 February 2019 approved the recommendation by the Audit Committee on the re-appointment of KPMG PLT (Firm No. AF 0758) as Auditors of the Company. The Board and Audit Committee collectively agreed that KPMG PLT (Firm No. AF 0758) has met the relevant criteria prescribed by Paragraph 15.21 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Explanatory Notes on Special Business:

4. Retention of Independent Directors

The proposed Ordinary Resolution under item 7 is to seek Shareholders' approval on the retention of Dato' Mohd. Rafik Bin Shah Mohamad and Tan Sri Datuk (Dr.) Rafiah Binti Salim who had been retained in the previous Annual General Meeting held on 26 April 2018 as Independent Directors in accordance with MCCG 2017 and whose term would expire at the conclusion of this meeting. If passed, the proposed Resolution 10 and 11 will authorise the continuation of the Directors in office from the date of this Annual General Meeting onwards.

5. Recurrent Related Party Transactions

The proposed resolution is to seek a renewal of Shareholders' mandate to allow the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature. For further information, please refer to the Circular to Shareholders dated 25 March 2019 accompanying the Company's Annual Report for the financial year ended 31 December 2018.

PROXY FORM

Nestlé (Malaysia) Berhad (110925-W)
(Incorporated in Malaysia)

No. of shares held	
CDS Account No.	

I/We _____ NRIC No: _____ (New) _____ (Old)
of _____ being a member
of Nestlé (Malaysia) Berhad, hereby appoint *the Chairman of the meeting or _____
_____ NRIC No: _____ (New) _____ (Old)
of _____
and/or failing him/her, _____ NRIC No: _____ (New)
_____ (Old) of _____

as my/our proxy to vote for me/us on my/our behalf at the **35th Annual General Meeting** of the Company to be held at the **Ballrooms B & C, Hilton Kuala Lumpur, 3, Jalan Stesen Sentral, 50470 Kuala Lumpur** on **Thursday, 25 April 2019** at **10.00 a.m.** and at any adjournment thereof.

**Delete if not applicable*

My/Our proxy is to vote as indicated with an "X" below. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his discretion.

No.	Resolutions	For	Against
1.	To re-elect Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail as a Director of the Company.		
2.	To re-elect Dato' Frits van Dijk as a Director of the Company.		
3.	To re-elect Dato' Dr. Nirmala Menon as a Director of the Company.		
4.	To re-elect Juan Aranols as a Director of the Company.		
5.	To re-elect Craig Connolly as a Director of the Company.		
6.	To re-appoint Messrs. KPMG PLT (Firm No. AF 0758) as Auditors of the Company and to authorise the Directors to fix their remuneration.		
7.	To approve the payment of a final dividend of 140 sen per share, under a single-tier system, in respect of the financial year ended 31 December 2018.		
8.	To approve the payment of Directors' fees of RM1,298,700.00 for the financial year ended 31 December 2018.		
9.	To approve the payment of Directors' benefits of RM250,000.00 for the financial period from 1 July 2019 to 30 June 2020.		
10.	To retain Dato' Mohd. Rafik Bin Shah Mohamad as an Independent Director.		
11.	To retain Tan Sri Datuk (Dr.) Rafiah Binti Salim as an Independent Director.		
12.	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature as set out under Section 2.3(a) of the Circular to Shareholders dated 25 March 2019.		

Dated this _____ day of _____ 2019

Witnessed by : _____

Signature : _____

Address : _____

Company Stamp : _____

Occupation : _____

Signature of Shareholder or Common Seal

Notes:

- (i) A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy may, but need not be, a member of the Company.
- (ii) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or if the appointor is a corporation either under the corporation's seal or under the hand of an officer or attorney duly authorised.
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Where an authorised nominee appoints two proxies, or where an exempt authorised nominee appoints two or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
- (iv) An authorised nominee or an exempt authorised nominee with more than one Securities Account must submit a separate instrument of proxy for each Securities Account.
- (v) The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority shall be deposited at the office of the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn. Bhd. (Company No. 11324-H), at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposed to vote, or in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid. The Share Registrar will also provide a box for drop-in of proxy forms at Customer Service Counter, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
- (vi) In respect of deposited securities, only members whose names appear in the Record of Depositors on 17 April 2019 shall be entitled to attend, speak and vote at the general meeting.

Please fold here to seal

Tricor Investor & Issuing House Services Sdn. Bhd.

(Company No. 11324-H)

Unit 32-01, Level 32, Tower A

Vertical Business Suite, Avenue 3

Bangsar South, No. 8, Jalan Kerinchi

59200 Kuala Lumpur

Tel: (03) 2783 9299 Fax: (03) 2783 9222

Affix Postage
Stamp

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NESTLÉ (MALAYSIA) BERHAD

(110925-W)

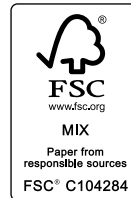
22-1, 22nd Floor, Menara Surian
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Nestlé Consumer Services Free Phone
1-800-88-3433

Facebook
<http://www.facebook.com/Nestle.Malaysia>

Website
www.nestle.com.my



Cover
Printed on FSC® Mix Certified
300gsm A Snow

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Printed on FSC® Mix Certified
120gsm A Snow