

# Nestlé Malaysia Bhd

## Nine Months Results 2014



Financial Analysts' Briefing 28<sup>th</sup> October 2014



# Agenda

Introduction & overview

Financials

Questions & answers



## Disclaimer

This presentation contains forward looking statements which reflect Management's current views and estimates. The forward looking statements involve certain risks and uncertainties that could cause actual results to differ materially from those contained in the forward looking statements. Potential risks and uncertainties include such factors as general economic conditions, foreign exchange fluctuations, competitive product and pricing pressures and regulatory developments.

# FINANCIALS

# Nestlé Model

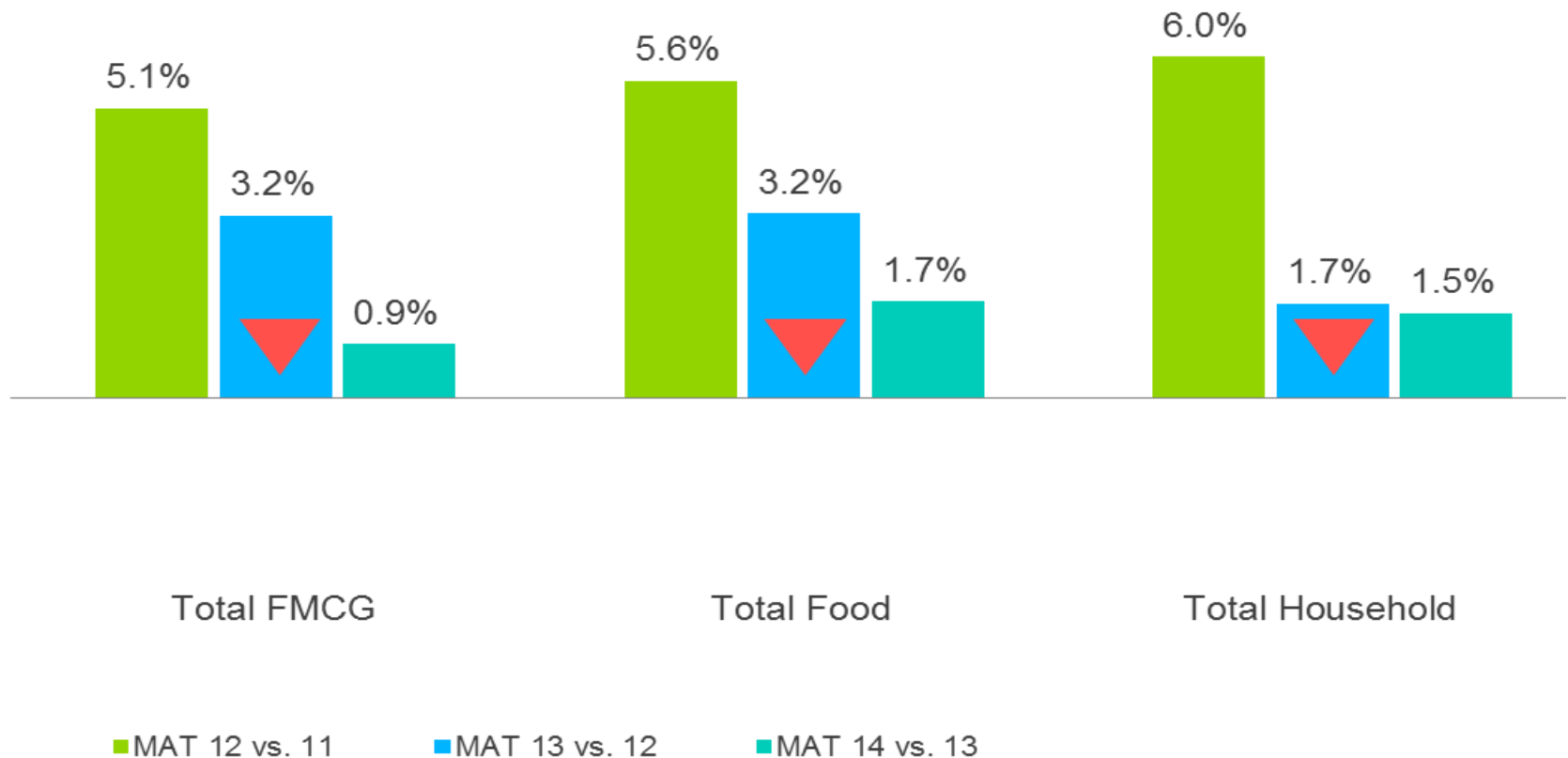
## **Nestlé Model – every year**

- 5%-6% organic growth
- Margin & EPS growth
- Improving capital efficiency
- Market leadership

SALES GROWTH

# Rapid FMCG slow down in Malaysia

## Almost half the growth in Food vs YAGO



Source: KANTAR WorldPanel. *Consumers Insight 2014*

# Spending Power Squeezed

**GST April 2015**



↑ Fuel  
6%-11%



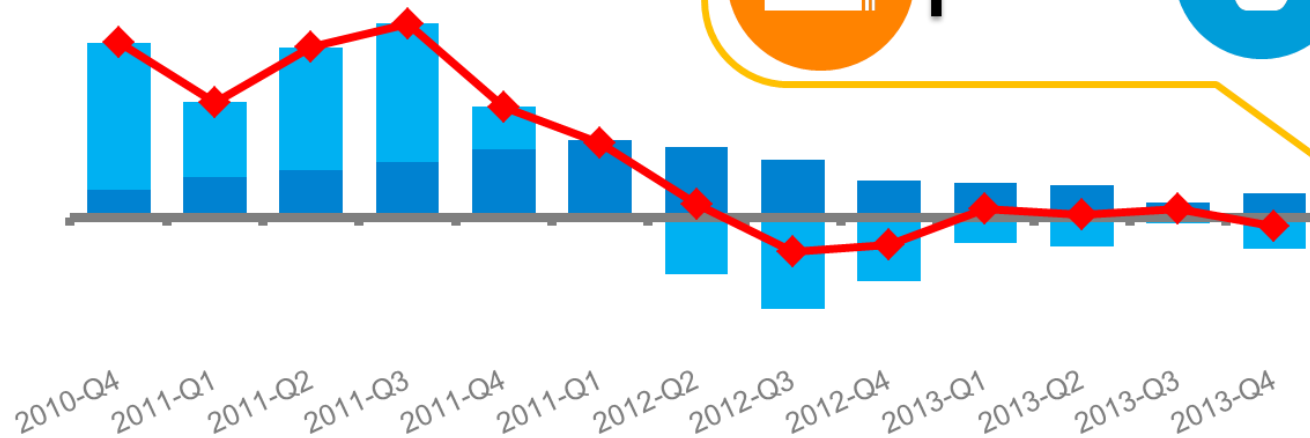
↑ Electricity  
29%



↑ Cigarette  
14%



↑ Sugar  
14%



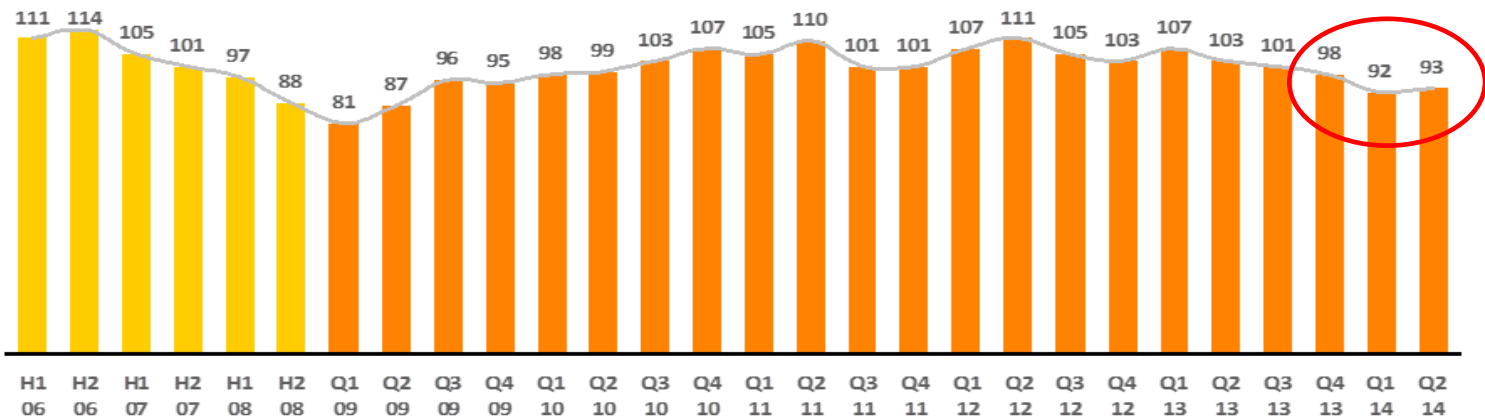
■ Unit value change   ■ Volume change   ■ Nominal growth

Source: Nielsen Growth Reporter



..resulted in much weakened consumer sentiment

MY Consumer Confidence Index



**Consumer Confidence at four year low.**

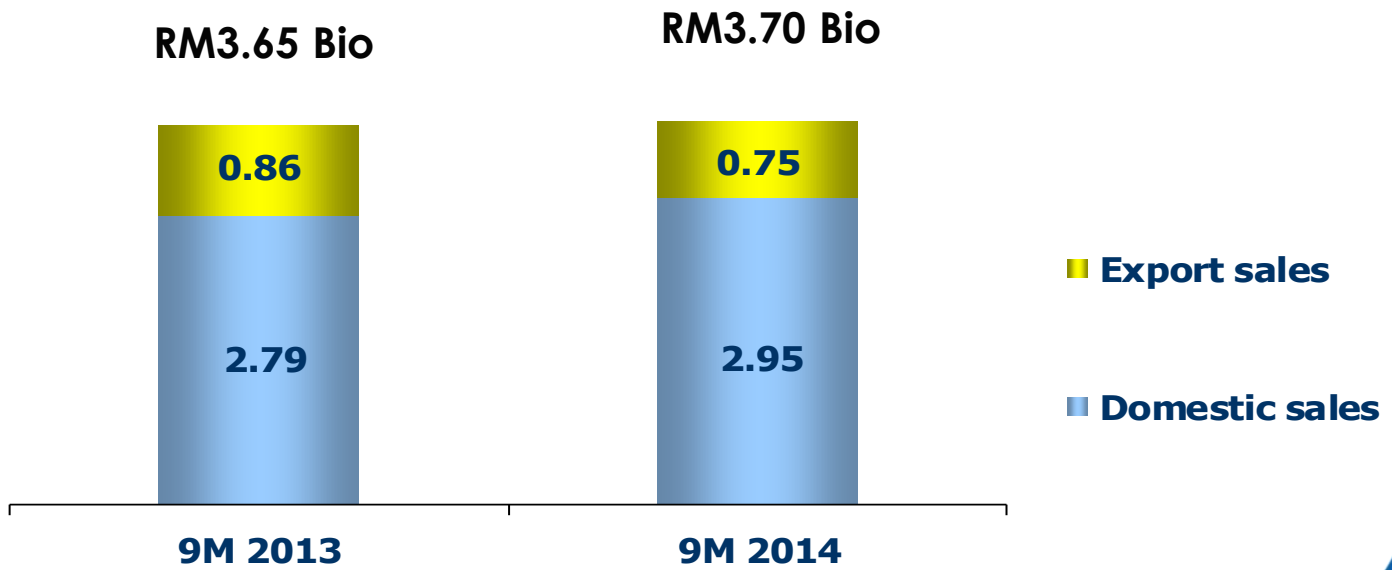
Almost 2/3 of shoppers think the country is in recession and 80% think it will last one year plus

Source : Nielsen Consumer Confidence Index Survey

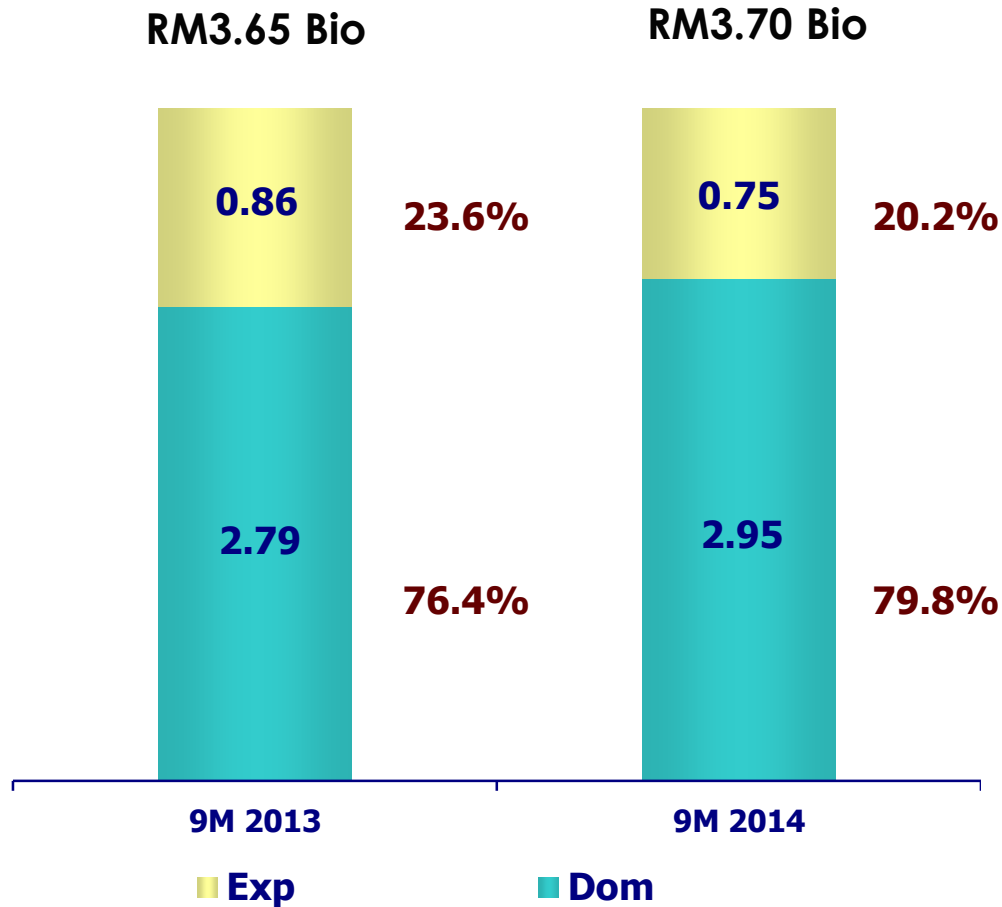
# Sales Evolution

## 9M 2014 vs 9M 2013

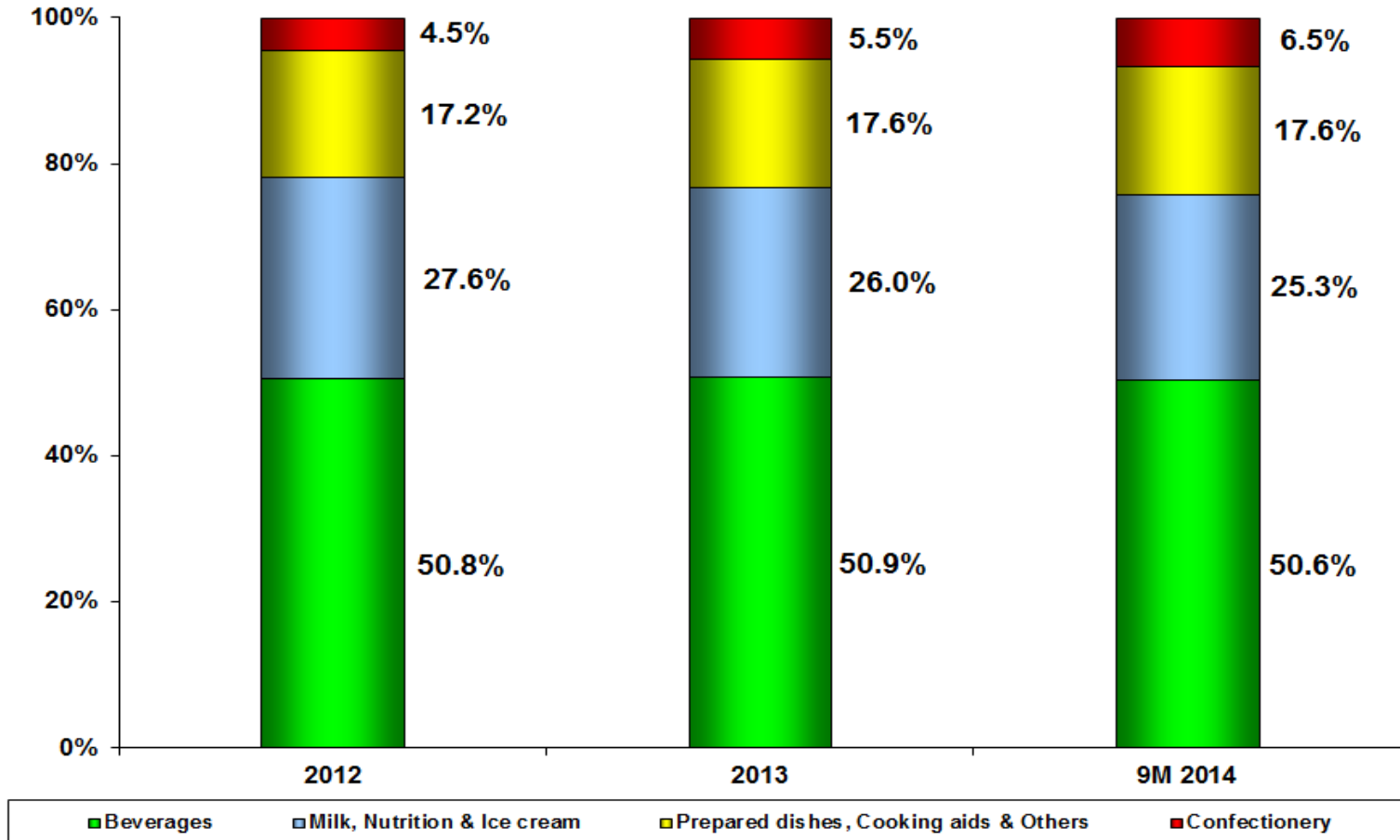
- Domestic Sales +5.8%
  - Export Sales -13.1%
- +1.4%**



# Channel Sales



# Sales by Product Categories

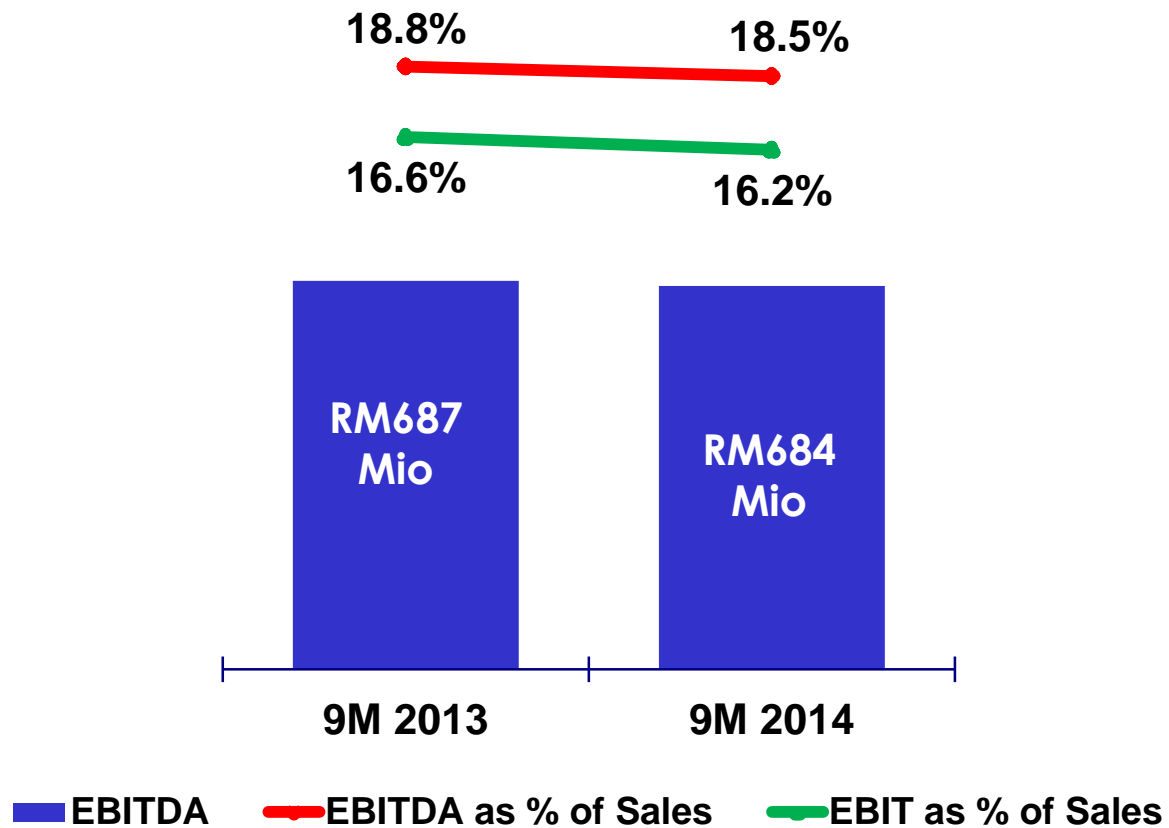


# Innovation Drive 9M 2014



# EBITDA MARGIN

# Evolution of EBITDA

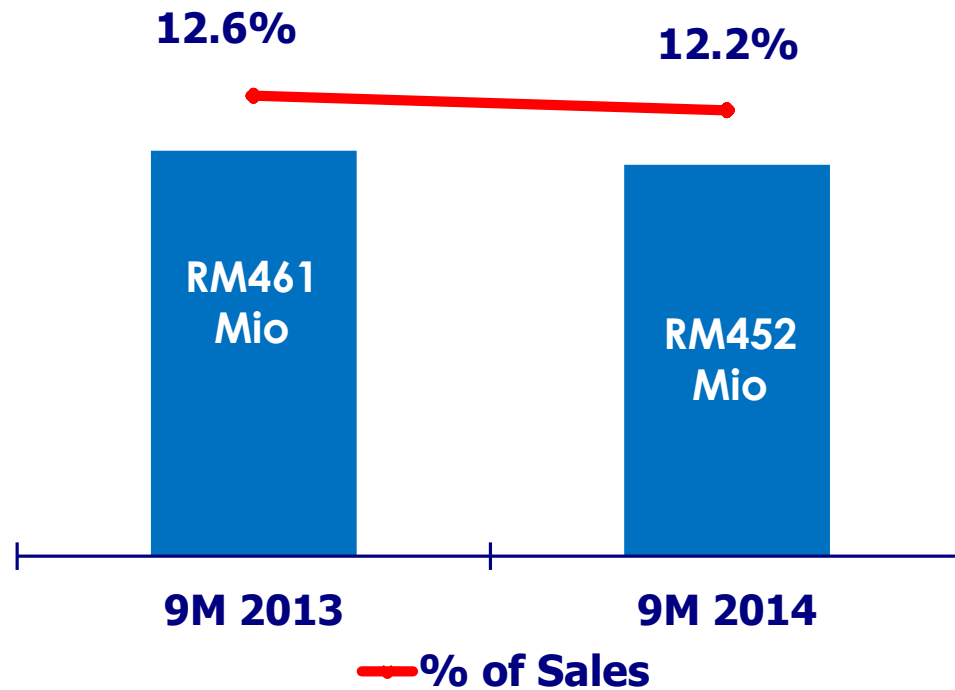


**NESTLÉ MALAYSIA BERHAD**  
**KEY FIGURES**

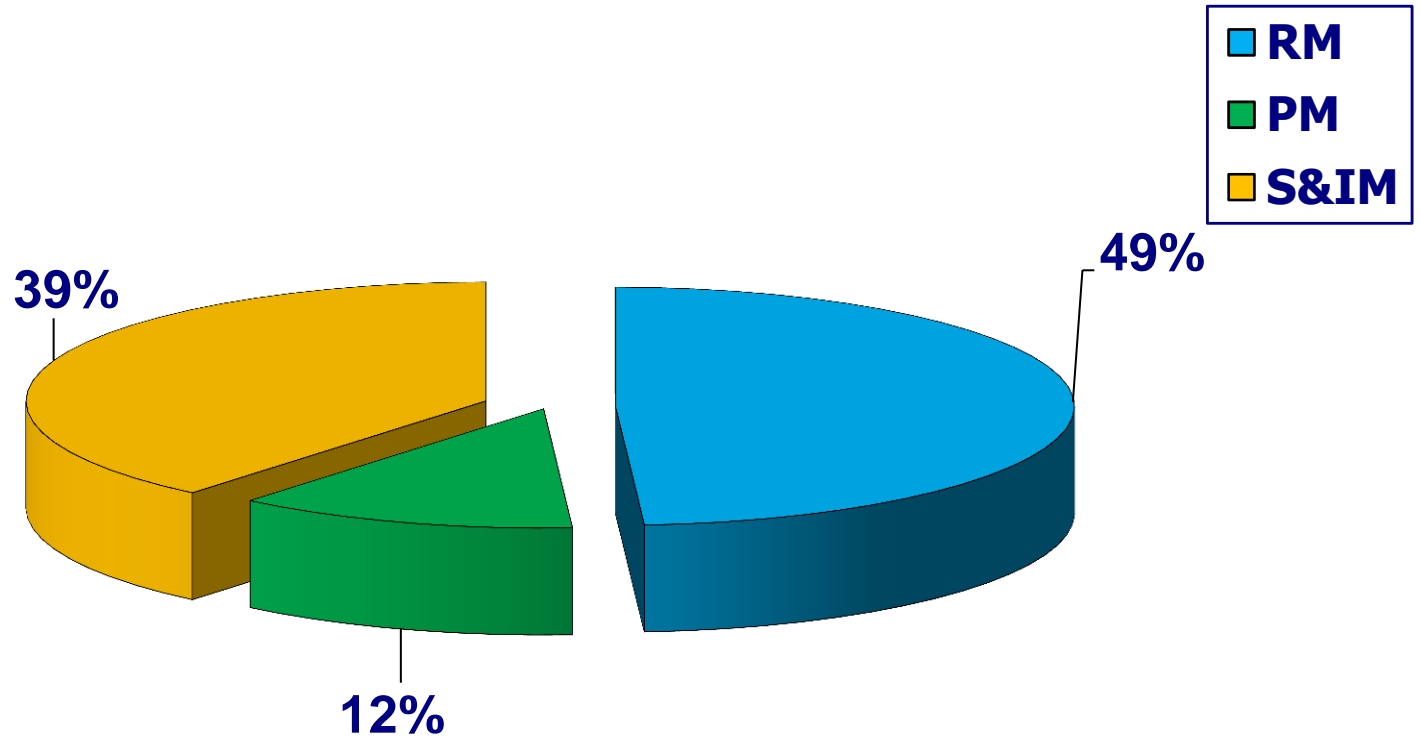
<i>Amounts in RM mio</i>	YTD Sep 2014	YTD Sep 2013	% Change
<b>Sales</b>	3,700	3,650	1.4
Domestic	2,952	2,789	5.8
Export	749	861	(13.1)
<b>Cost of Sales</b>	2,377	2,348	1.2
<b>Operating Profit/(Loss)</b>	600	606	(0.9)
<i>% of Sales</i>	16.2	16.6	
<b>Net Profit</b>	454	461	(1.6)
<i>% of Sales</i>	12.3	12.6	
<b>Operating Expenses</b>	722	695	3.9
<b>Current Assets</b>	959	1,021	(6.1)
<b>Inventories</b>	358	393	(8.9)
<i>Inv (Days)</i>	14	14	
<b>Trade Receivable</b>	223	226	(1.3)
<i>TR (Days)</i>	17	16	
<b>Capital Expenditure</b>	190	65	192.4



# Net Profit Evolution



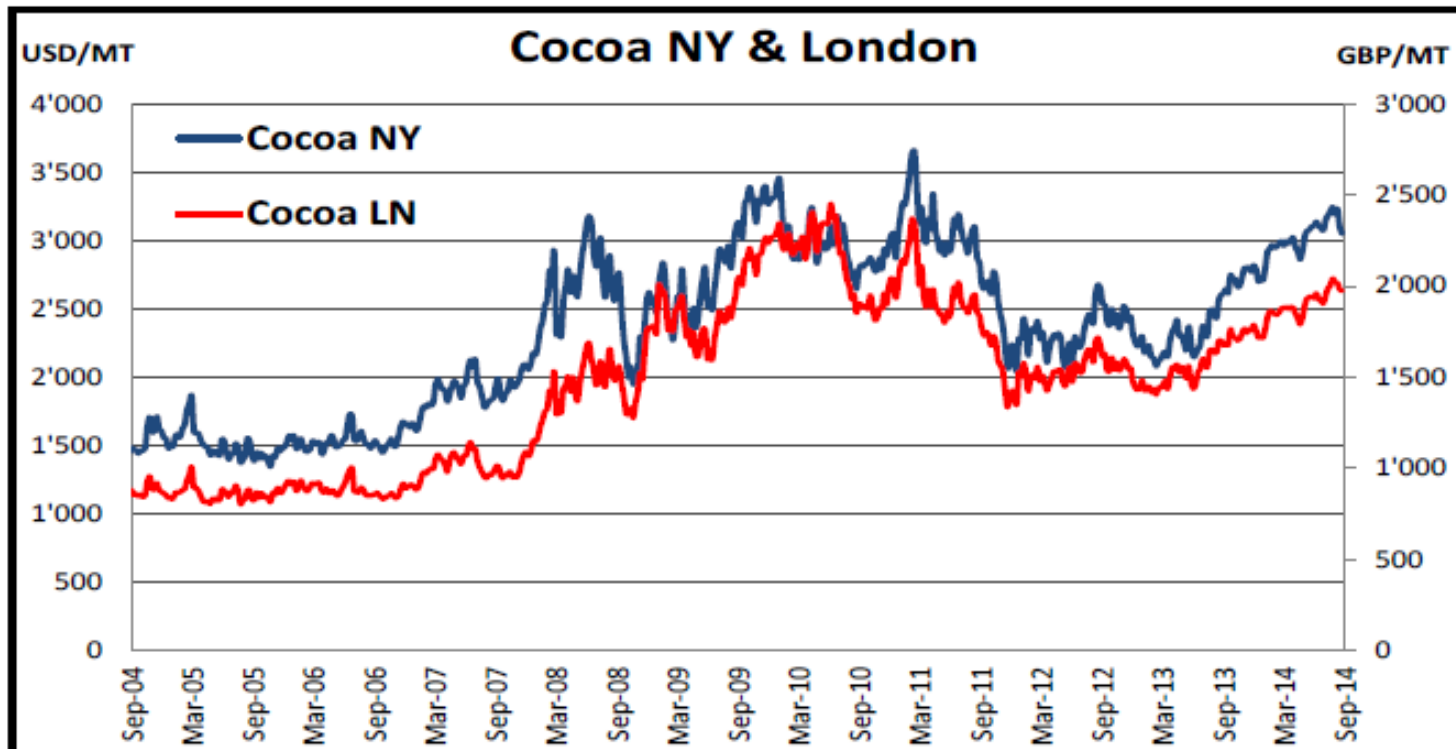
# Breakdown of Material & Services Consumed Jan '14 – Sep '14



**Total = RM 2.20 Bio.**

# COMMODITY UPDATES

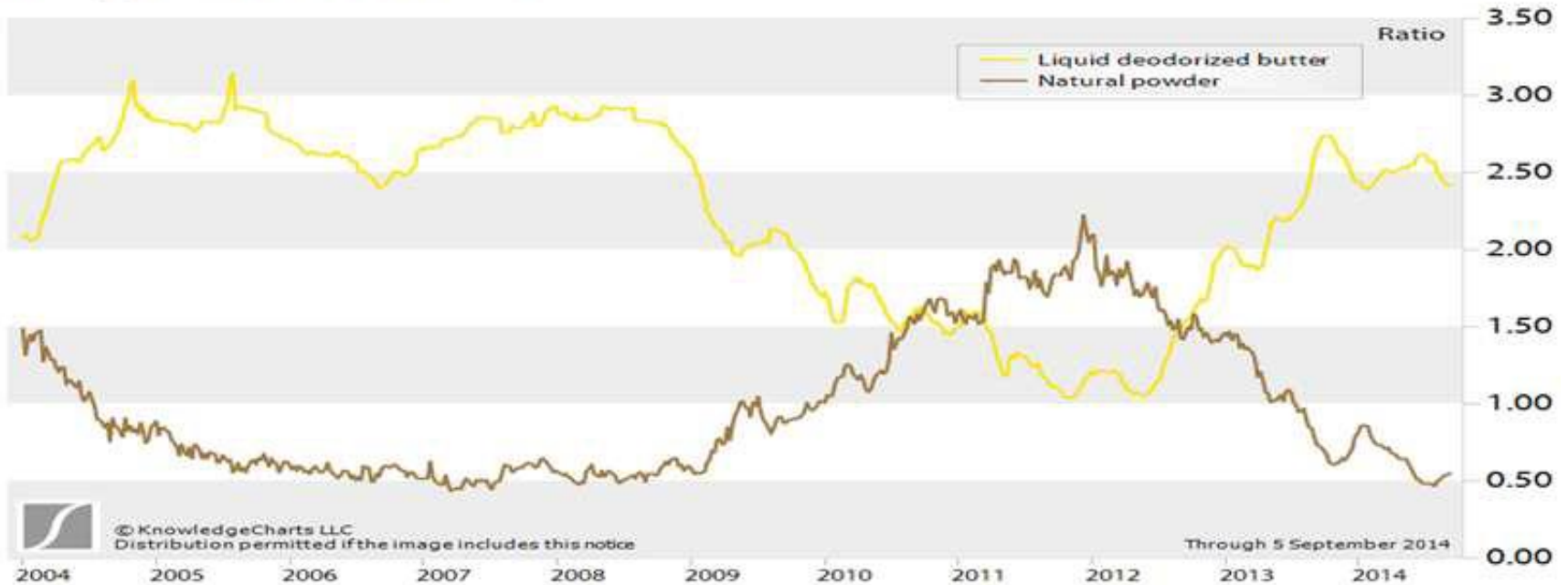
# Cocoa Bean



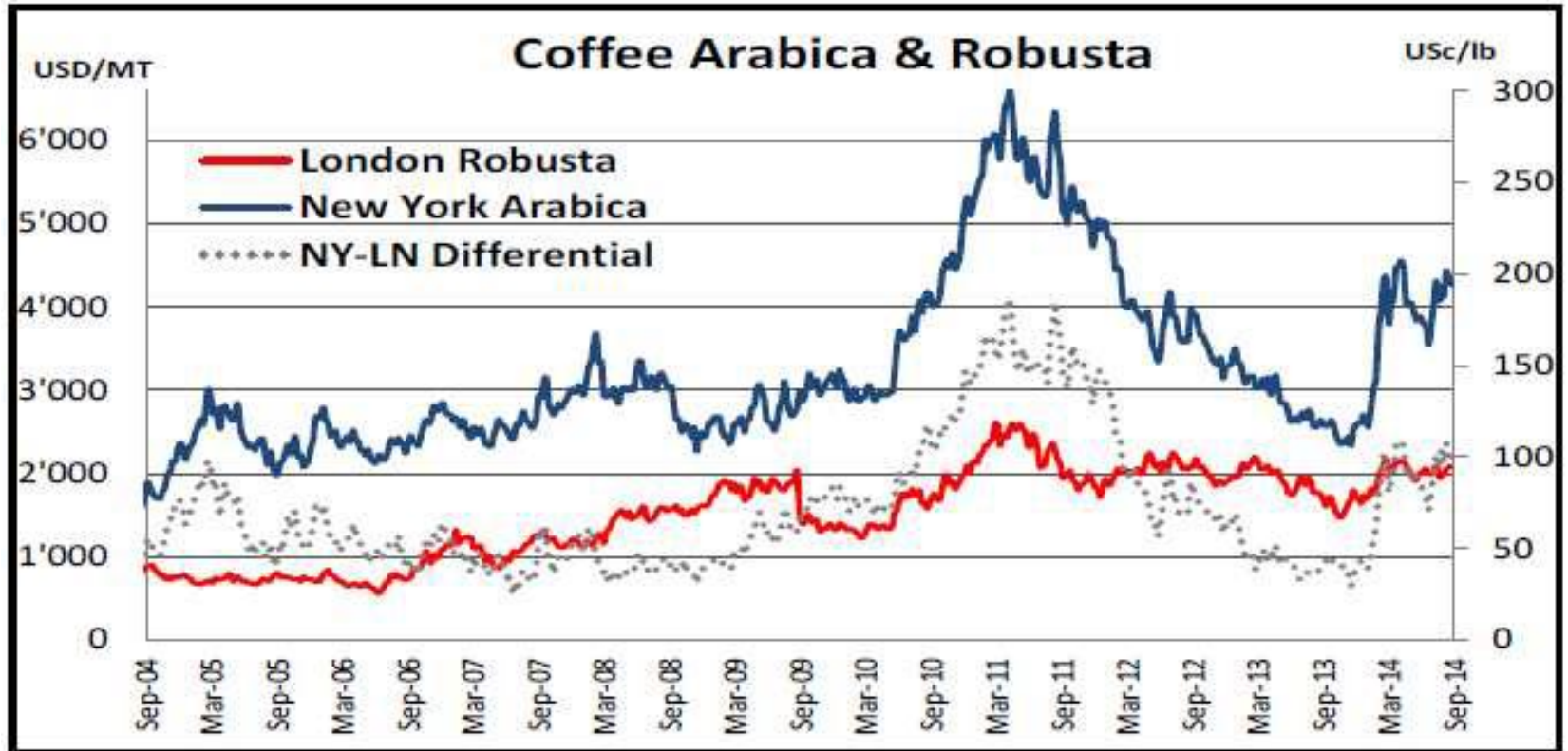
# Cocoa Powder Ratio

## European cocoa products

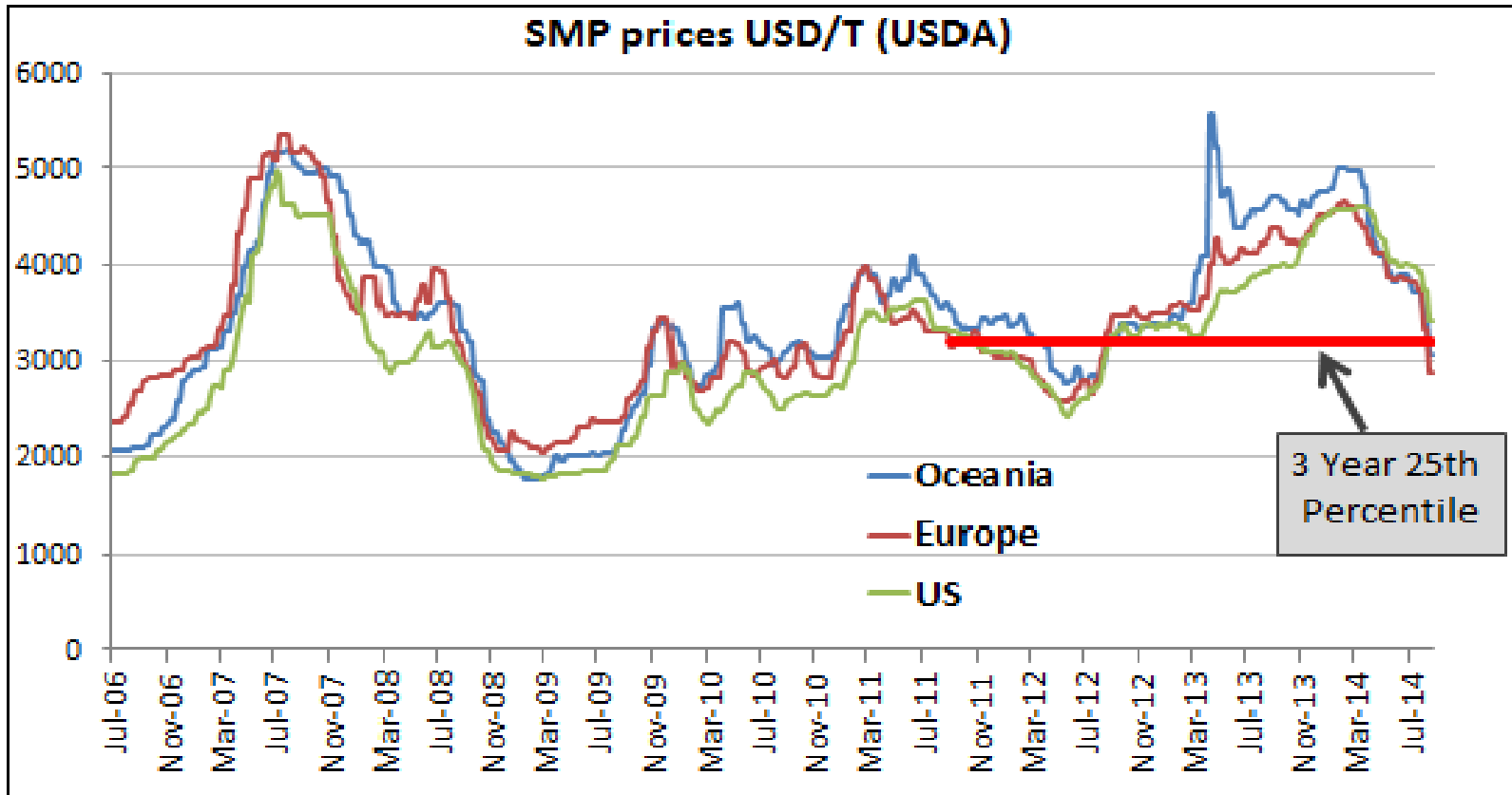
Ex factory against London, six months forward



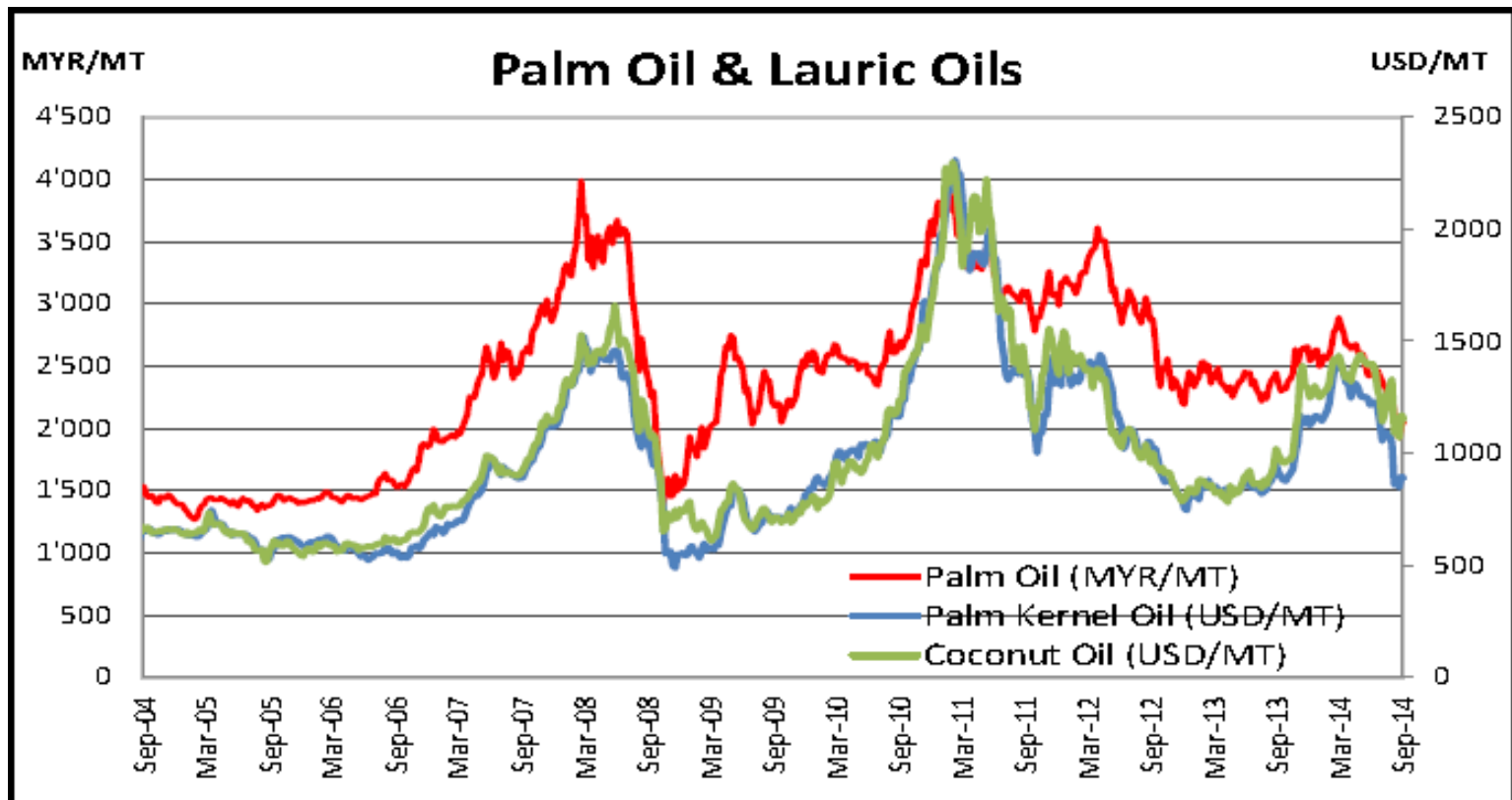
# Coffee bean



# Milk Solids

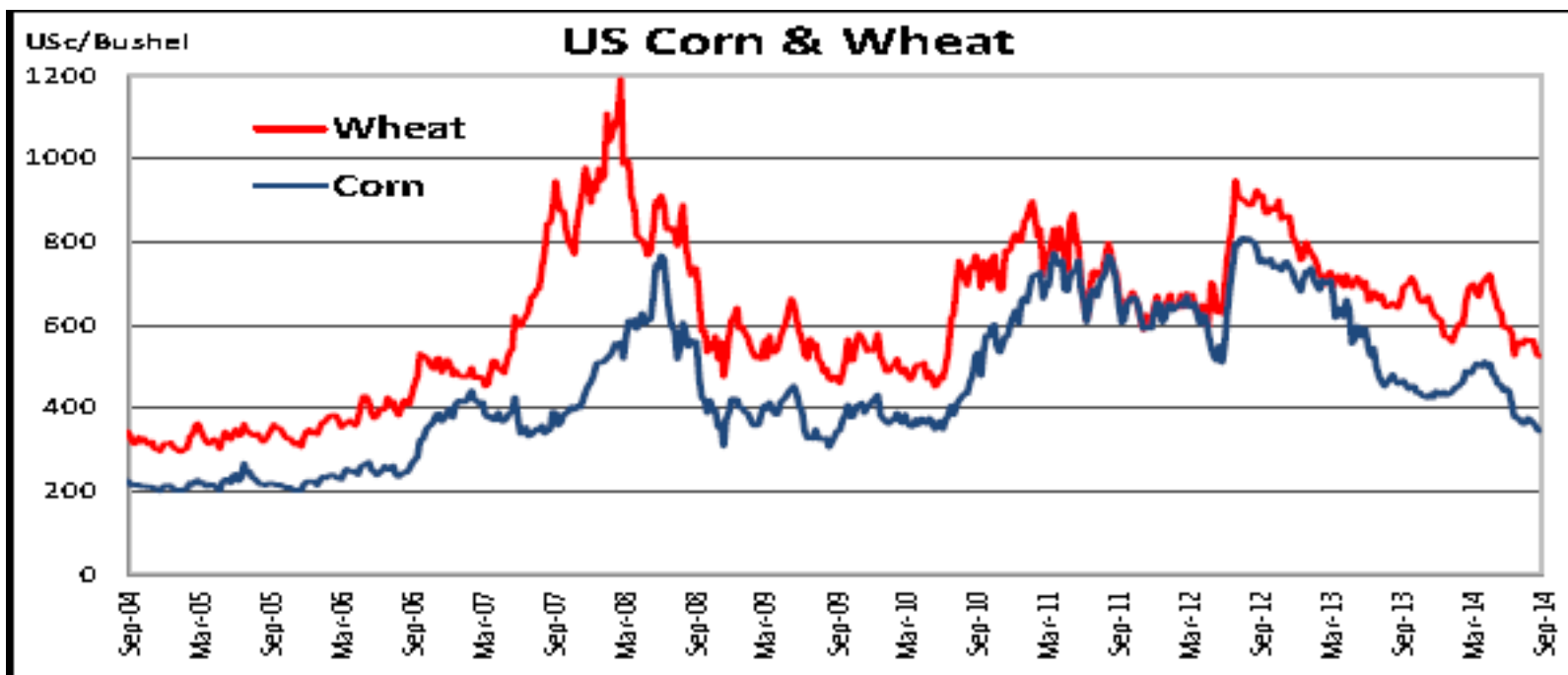


# Crude Palm Oil

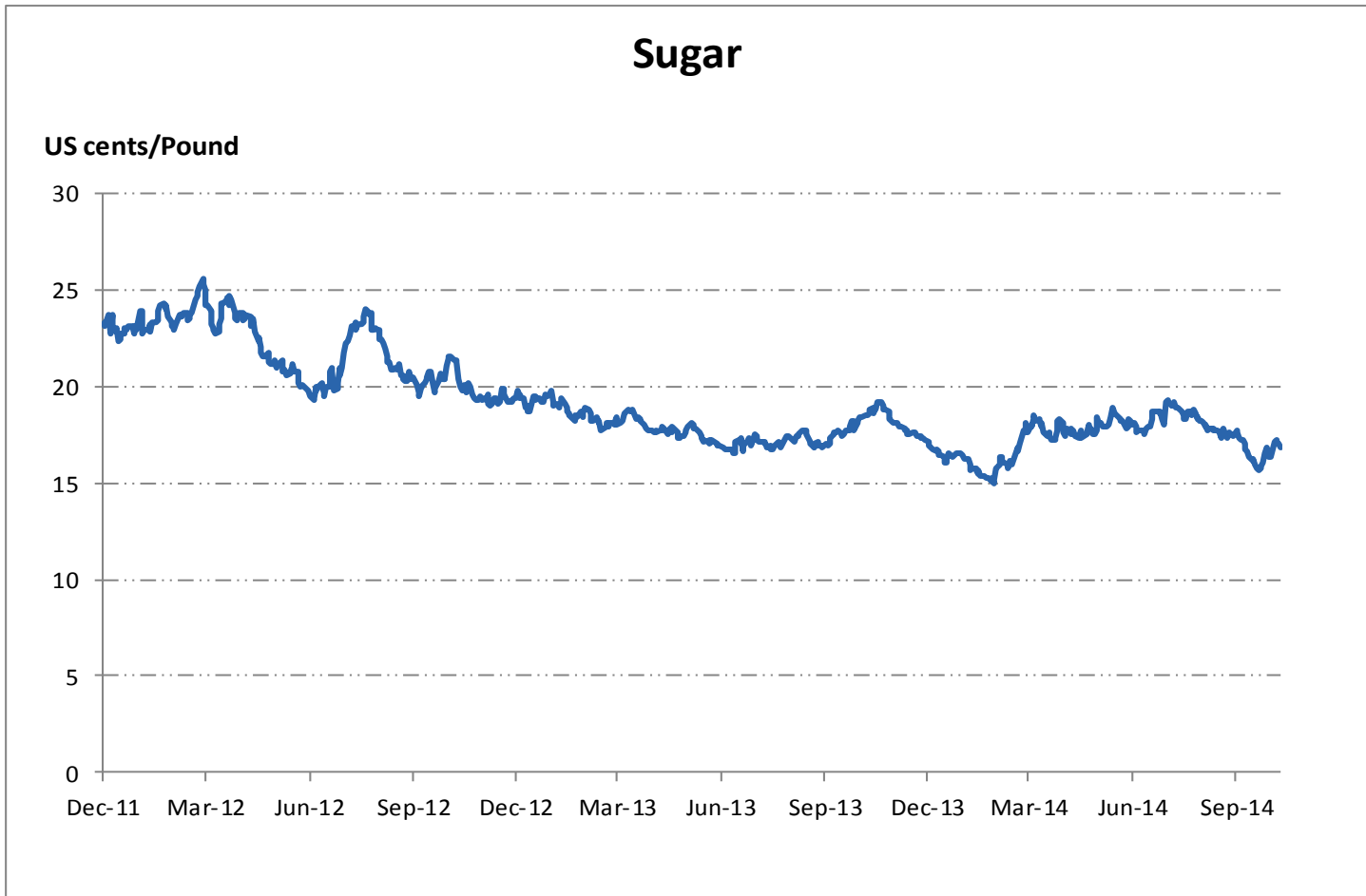




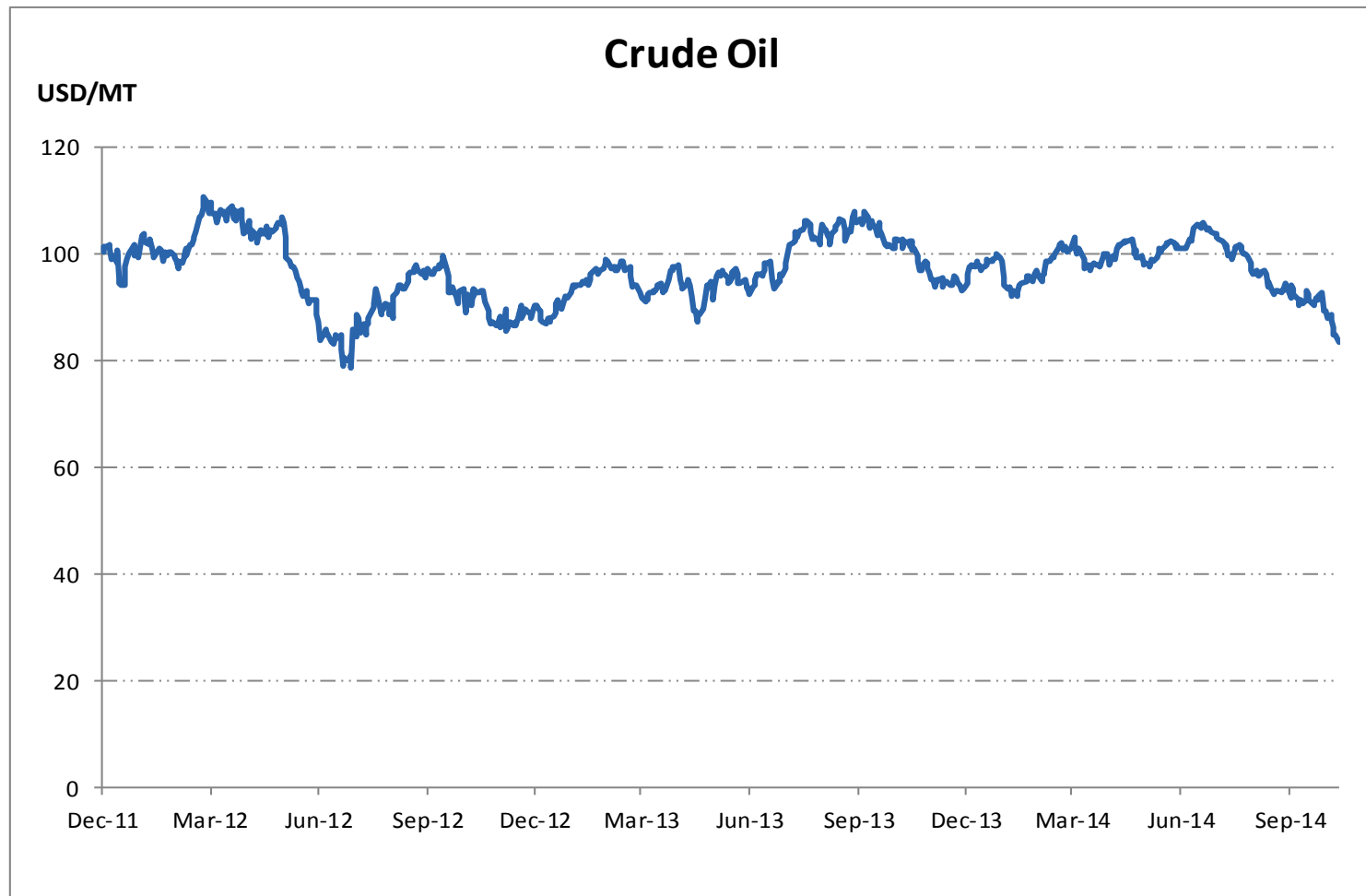
# Wheat



# Sugar

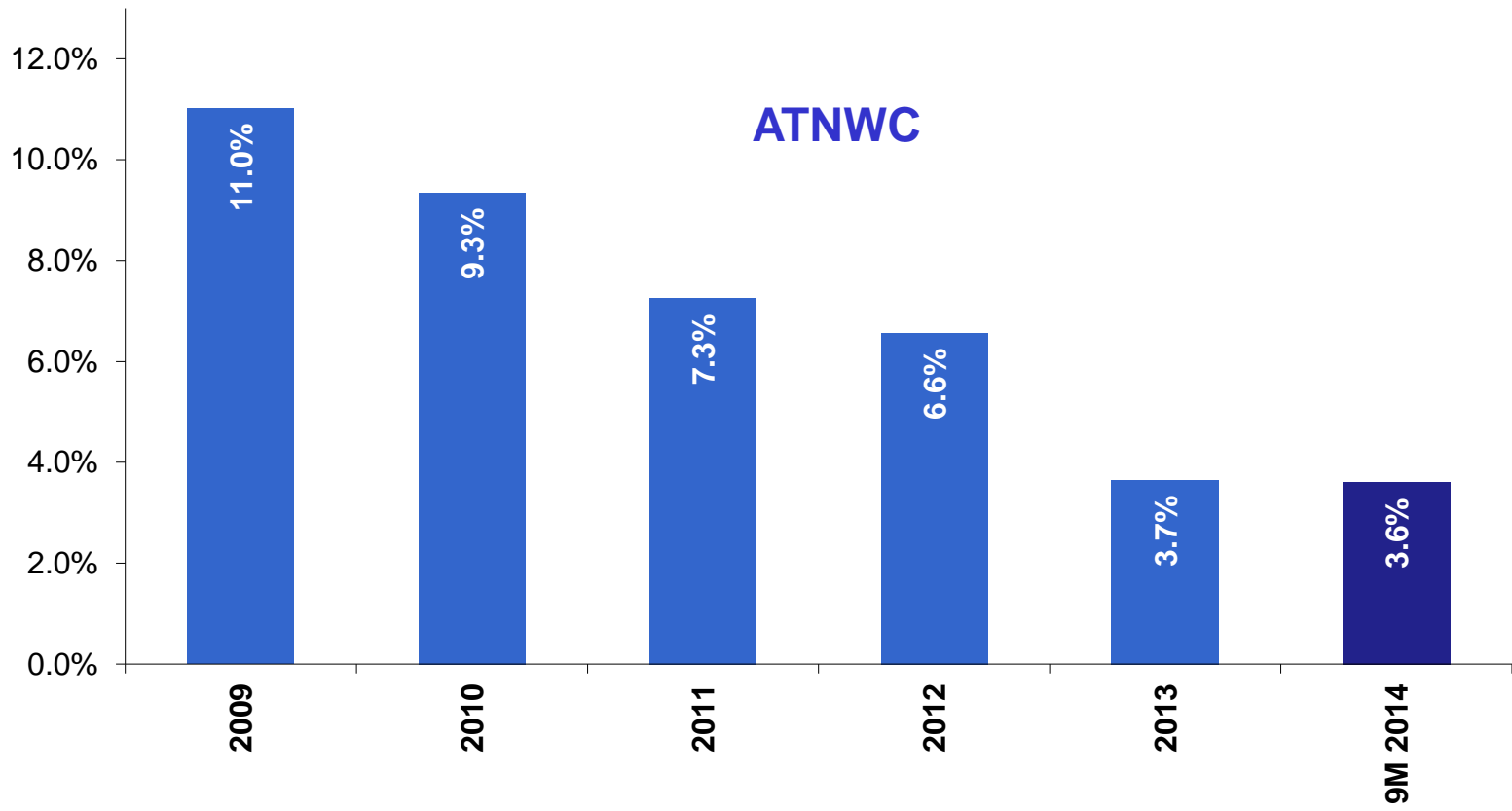


# Crude Oil



# NET PROFIT MARGIN

# MY Trade Net Working Capital



# Cash Flow 9M 2014

	<u>RM (Mio)</u>	
	<b>9M 2014</b>	<b>9M 2013</b>
➤ <b>Profit Before Tax adjusted for depreciation &amp; interest</b>	<b>684</b>	<b>687</b>
➔ (Increase) / Decrease in working capital	(60)	(44)
➔ Income tax & others	(104)	(115)
➤ <b>Net cash from operating activities</b>	<b>520</b>	<b>528</b>
➔ Capital Investments	(190)	(65)
➔ Others	2	5
➤ <b>Cash Flow after Investing activities</b>	<b><u>332</u></b>	<b><u>468</u></b>

**Thank You**