



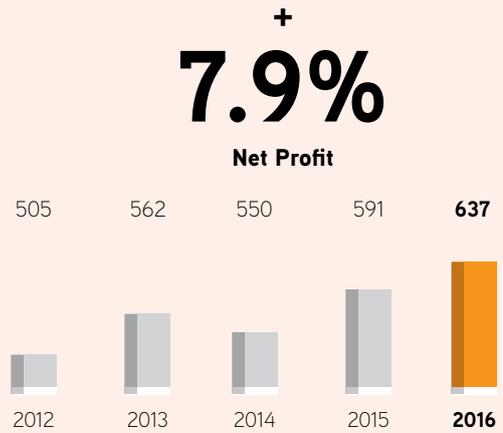
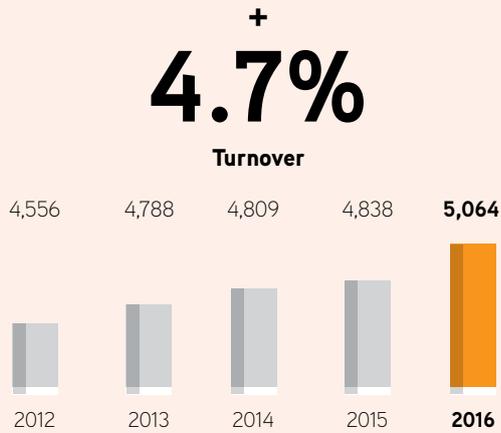
**Nestlé**

Good Food, Good Life

## Corporate Report 2016

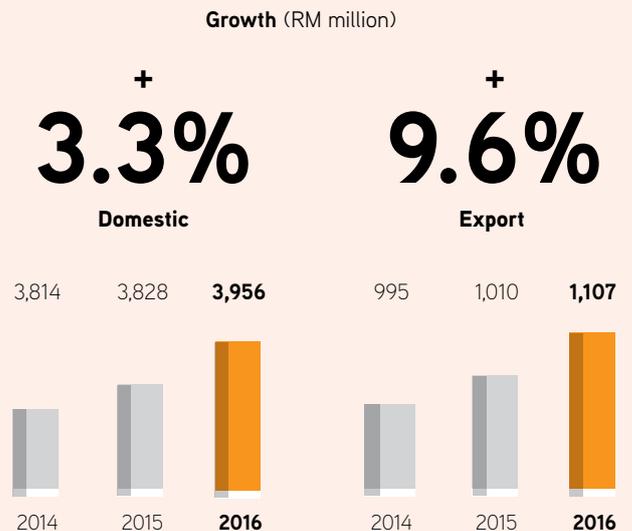
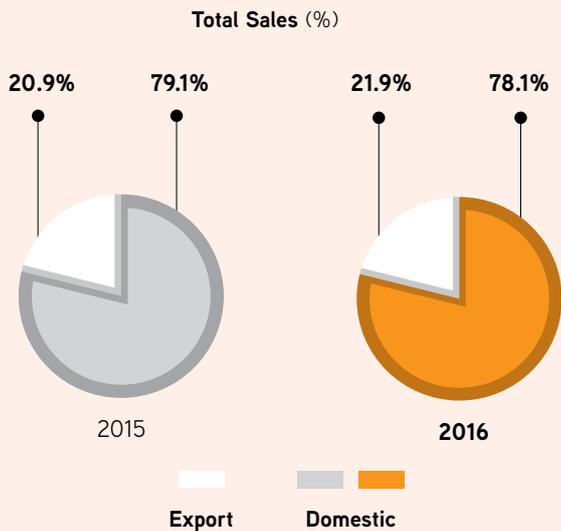
The nation's leading  
Nutrition, Health & Wellness company

# FINANCIAL PERFORMANCE



## KEY HIGHLIGHTS

- Turnover for the financial year ended 31 December 2016 hit a record high, increasing by 4.7% to cross the RM5 billion mark for the first time. Domestic as well as Export business showed strong growth.
- Growth driven by continuous product innovations as well as strong marketing and trade promotions.
- Profit After Tax improved by 7.9% to RM637 million for the financial year ended 31 December 2016.
- Cash Flow after Investments increased by 44%, mainly driven by further optimisation of the working capital.



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# ABOUT THIS REPORT

## OUR REPORTING SUITE

Nestlé (Malaysia) Berhad (110925-W) (“Company”) produces a range of reports to provide our stakeholders with pertinent information that enable them to gain a better understanding of our business operations across the value chain, from suppliers to top management.

### Report

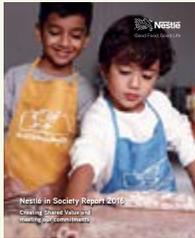
### Assurance



#### Corporate Report

The Corporate Report is the primary source of information about the Company and its subsidiaries (“Group”) and provides an overview of our overall strategy, financial and non-financial milestones as well as key contributors for the year.

We demonstrate accountability and strengthen the trust of our stakeholders by highlighting the performance of our brands and key achievements for the year which link back to the Group’s overall strategic direction. Our stakeholders learn more about our various innovative products, services and initiatives that have contributed to the business.



#### Nestlé in Society Report

This report showcases our commitment to continue nourishing Malaysians and to deliver on our promise of ‘GOOD FOOD, GOOD LIFE’ by highlighting our key Creating Shared Value (“CSV”) initiatives.

We share our progress in delivering on our commitments by communicating transparently on material issues which are relevant to both our internal and external stakeholders. We appoint PricewaterhouseCoopers (“PwC”) to verify that our Report is in accordance with the Global Reporting Initiative (“GRI”) 4.0 Standards Comprehensive.



#### Corporate Governance & Financial Report

Throughout the year, the Group publishes a range of financial statements, including quarterly financial statements and full audited annual financial results, in accordance with the Group’s corporate governance framework.

This Report emphasises our strategy of best practices in corporate governance in order to continue earning the trust of Malaysians for generations to come. Our doctrine and principles of good corporate governance is strongly supported by a comprehensive framework of policies, guidelines and internal controls.

## OUR PRODUCT PORTFOLIO

We enhance lives by offering tastier and healthier food and beverage choices for all stages of life and at any time of day, helping consumers care for themselves and their families. Our food and beverage portfolio is the core of our business, the essence of our strategy.



# ENERGY



Goodness of  
milk, malt and  
cocoa



ACTIV-GO,  
a combination  
of PROTOMALT,  
6 vitamins and  
3 minerals for  
efficient release of  
energy from food



Balanced nutrition  
in every cup



For more information on the  
Energy to Go Further, visit [www.milo.com.my](http://www.milo.com.my)



MS 1500:2009  
1019-05/2004



**Champions Never Give Up**

# MESSAGE TO SHAREHOLDERS

*Chairman*

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

*Chief Executive Officer*

**Alois Hofbauer**



## DEAR SHAREHOLDERS

The year 2016 has indeed been a challenging one, marked by global and domestic economic headwinds. Nevertheless, the Company successfully weathered these challenges, delivering another year of strong profitable growth by leveraging on our resilient strategic business framework and our steadfast commitment to propel the Company to new heights.

On this note, on behalf of the Board of Directors, we are pleased to present the Annual Report of the Company for the financial year ended 31 December 2016.

### Economic Landscape

Financial markets across the world were impacted by global economic volatility in 2016, with lingering uncertainties, hazy prospects and subdued demand in both advanced and emerging markets.

Despite these tough conditions, domestic demand was stable; and on the back of Malaysia's sound fundamentals, we achieved good growth in a difficult year. Our resilience is underpinned by our strong portfolio of successful brands, a highly capable talent pool and above all, our culture of continuous improvement in our operations and emphasis on innovation.

### Reigniting the Growth: Our FIT Approach

Our improved performance for the year was driven by our commitment to reignite the growth of the Company, propelled by our long-term strategy known as FIT. This represents the key pillars of 'Fuel to Grow', 'Innovate to Grow' and 'Transform to Grow'. Our FIT strategy focuses on enhancing efficiencies and encouraging innovation throughout the Company, with highly-engaged employees to fuel our growth.

### Financial Performance

The Group achieved a milestone by crossing the threshold of RM5 billion in revenue, with a turnover of RM5.1 billion for the year.

## Message to Shareholders

The key driver for this performance is reflected in our FIT strategy. In line with this strategy, we continuously invest in marketing and trade activities, product innovations, as well as productivity improvements throughout our operations.

Through these initiatives, we successfully expanded our market share in major product categories and strengthened growth in both domestic and export markets. Domestic sales continued to be a key contributor, achieving solid 3.3% growth despite a soft F&B market in Malaysia. This was driven by the Group's continuous product innovations in tandem with successful marketing and trade promotions. Similarly, the export business demonstrated strong growth with an increase of 9.6%, an excellent improvement compared with the previous year.

### Dividends

We are committed to deliver the best value to our shareholders via consistent dividend payments. In line with this, the Board of Directors proposed a final dividend of RM1.30 per share for the financial year ended 31 December 2016.

Cumulatively, this will bring total dividends for the year to an all-time high of RM2.70 per share.

### Corporate Governance

We believe that the highest standards of corporate governance are critical to the success of our business today. Good governance underpins the delivery of our strategy to become the best at what we do and generate sustainable returns for shareholders. The Nestlé Board of Directors commits itself to ensuring good governance is embedded in the thinking and processes of the business. During the year under review, a tremendous amount of progress went into strengthening our governance processes. We instituted our new Anti-Corruption, Gifts and Entertainment guidelines. We simplified our Monitoring and Review

processes to align better with our Internal Controls and to encourage the sharing of compliance documents. We drove awareness programmes to promote the importance of compliance processes and we revamped both our Corporate Governance, Risk and Internal Control statements to better reflect our commitment to best-in-class governance practices.

### Awards & Recognition

In recognition of our employee engagement efforts, the Company received several top level accolades in 2016, including 'The Most Popular Graduate Employer in the FMCG Category' for the fourth consecutive year by Grad Malaysia, Bronze for Best Graduate Programme at the Asia Recruitment Awards 2016 and Top 3 Most Attractive Employers in Malaysia at the Randstad Award 2016.

For the first time ever, Nestlé Malaysia was also awarded 'Company of the Year' by The Edge Billion Ringgit Club 2016 in recognition of our strong financial results over the years as well as our unwavering commitment towards Creating Shared Value.

The Company was also recognised in the Minority Shareholder Watchdog Group ("MSWG") Awards 2016. This award acknowledges public-listed companies that demonstrate best practices for corporate governance, disclosures, transparency and good corporate governance.

Along with this, MILO earned the leading people's choice award, at the Putra Brand Awards 2016 for its excellent product innovation efforts as well as its commitment to continuously strengthen the brand. MILO also clinched the Gold Award for the Beverages category, once again proving to be the favourite drink of Malaysians.

### Outlook

Although the global economy is set to remain soft and volatile in 2017, domestic demand remains a key engine of growth for Malaysia.

As Malaysia's number one F&B manufacturer, the Company is well-positioned to capitalise on the vast inherent potential of the nation. Supported by strong short-term results, we are focused on ensuring the long-term, sustainable growth of the Company by leveraging on our FIT strategy to maintain our momentum.

As the world's leading Nutrition, Health and Wellness Company, our core objective remains unchanged: to provide Malaysians with high quality, great-tasting nutritious offerings that help our consumers lead healthier lives.

### Appreciation

As we mark the end of another successful year, the Board would like to thank the Management Team for their unwavering commitment and guidance in leading the Company forward.

We would also like to extend our deepest gratitude to all employees for their invaluable contributions to the Company.

Last but not least, to our consumers, partners, distributors and customers, thank you for your continued support and loyalty to our Company and brands.



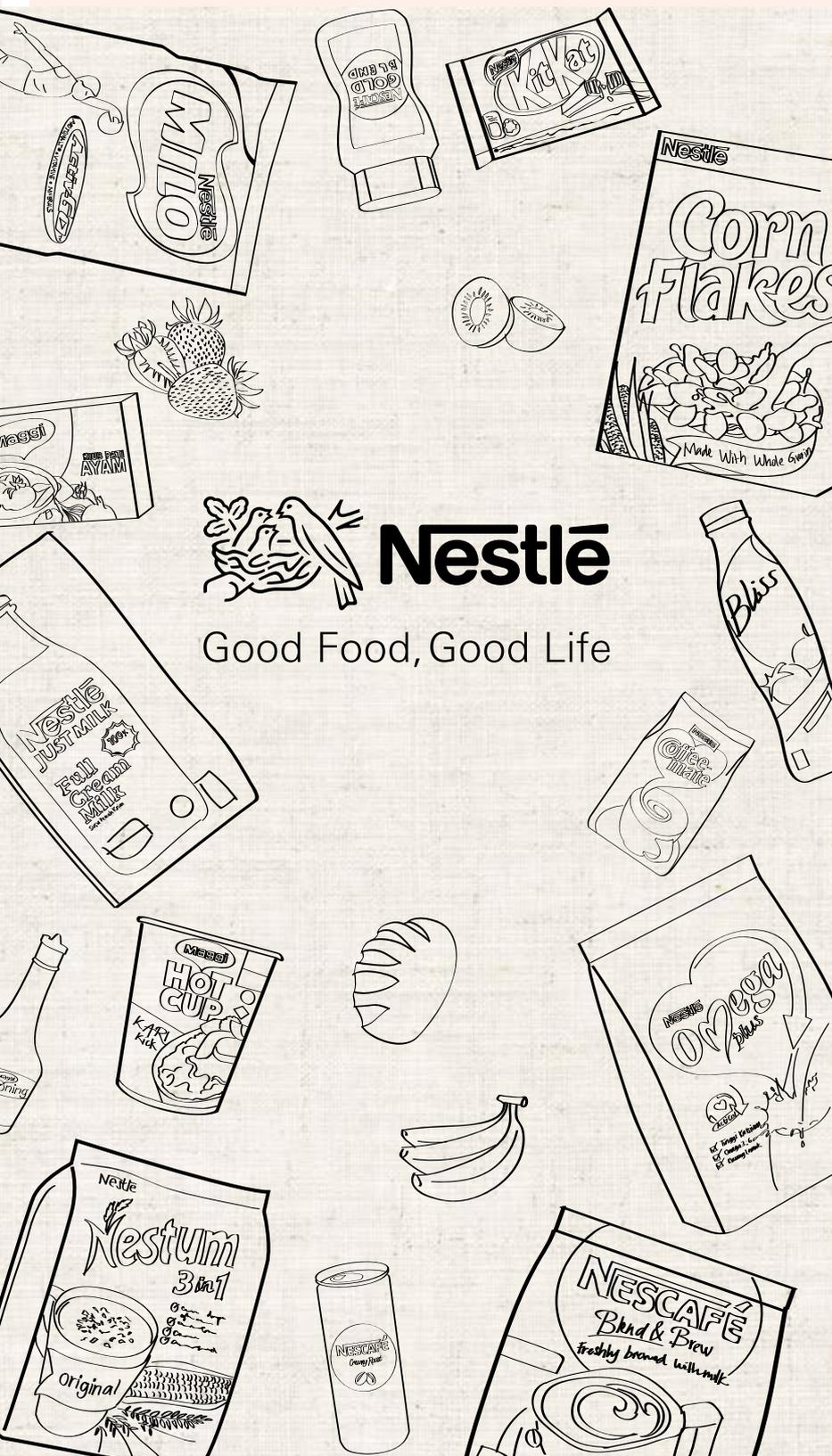
**Y.A.M. Tan Sri Dato' Seri  
Syed Anwar Jamalullail**  
Chairman



**Alois Hofbauer**  
Chief Executive Officer

—

HOW  
OUR  
PASSION  
FOR  
NUTRITION  
INSPIRED  
**'GOOD FOOD, GOOD LIFE'**



**‘GOOD FOOD, GOOD LIFE’** is the commitment we make as a company every day, in every part of the world. In Malaysia, our product portfolio consists of more than 500 Halal-certified products such as MILO, MAGGI and NESCAFÉ which have become well-loved household brands. Our aim is to help people live more enjoyable, healthier lives, by leveraging on **more than 100 years of passion for Nutrition**, delivering products and services that consumers trust.

HOW  
OUR  
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INSPIRES  
**'GOOD FOOD, GOOD**





# RECIPE BOOK

Here's where you'll find exciting ways to eat healthier, get more active and take better care of yourself and your family.

Enjoy the rewards of healthier living.



Scan here for more deliciously healthy recipes.

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# HOW OUR PASSION FOR NUTRITION INSPIRES 'GOOD FOOD, GOOD PEOPLE'

## CHICKEN DALCA



Serves

 8 persons

1

Heat oil in a pot and stir-fry **Ingredients A and B** until fragrant.

2

Stir in chicken pieces, cook for 5 minutes.

3

Add in **Ingredients C**, let it boil and simmer for 15 minutes.

### Nutrition Information per serving

Protein 11g

Carbohydrates 10g

Fat 2g

Energy 105kcal

### YOUR GROCERY LIST

**A**

2 **tbsp** corn oil  
2 whole fresh chillies, blended  
2 whole onions, blended  
10g ginger, blended

**B**

½ **tsp** black pepper powder  
½ **tsp** fennel powder  
1 **string** curry leaves  
2 **tbsp** chilli powder  
2 **tsp** cumin powder  
3 **tbsp** coriander powder  
300g chicken, cut into pieces

**C**

¼ **cup** NESTLÉ Natural Set Yogurt  
1 ½ **tbsp** MAGGI CUKUPRASA  
1 ½ **tsp** turmeric powder  
1 whole tomato, cut into wedges  
3 whole green chillies, cut into wedges  
30g tamarind, mix with 100ml water  
50g brinjal, cut into wedges  
50g carrots, cut into wedges  
200g lentils, pre-cooked  
400ml water

# TOM YAM FRIED RICE



Serves

 6 persons

1

Heat oil and stir-fry

**Ingredients**

**A** until lightly browned. Add in Tom Yam paste and fry until aromatic.

2

Stir in prawns and pineapple cubes, fry for 2 minutes.

3

Add in rice, egg and **Ingredients B**, fry until liquid is evaporated.

**Nutrition Information per serving**Protein **3g**Carbohydrates **19g**Fat **1.2g**Energy **102kcal****YOUR GROCERY LIST****A**

4 cloves garlic, minced

5cm ginger, minced

**B**

1 stalk coriander leaves, sliced

6 fresh kaffir lime leaves, sliced

1 tbsp cooking oil

2 packets MAGGI Nasi Goreng Tom Yam paste

3 stalks lemongrass, thinly sliced

15g wild ginger flower, sliced

100g pineapple from can, cubed

200g prawns, peeled

500g rice, cooked

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HOW  
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'GOOD FOOD, GOOD

## CHICKEN, BITTER GOURD & PINEAPPLE SOUP



Serves

 6 persons

1

Boil water in a medium pot, add stock cube, chicken and ginger and simmer on low heat with lid covered for 20 minutes.

2

Add pineapple and bitter gourd and simmer for another 30 minutes with lid covered until bitter gourd turns tender and soft.

3

Add spring onions and season with salt and pepper before serving. Serve with rice.

### Nutrition Information per serving

Protein **8g**Carbohydrates **20g**Fat **1g**Energy **120kcal**

### YOUR GROCERY LIST

**1/4** pineapple, cut into 3cm x 2cm pieces

**1/2** piece small bitter gourd, cut into 3cm x 2cm pieces

**1L** water

**1 pc** MAGGI Chicken Stock Cube (No MSG), crumbled

**5cm** ginger, sliced

**3 stalks** spring onions, cut into 3cm long pieces

**500g** chicken meat, skin and fats trimmed, cut into small pieces and rubbed with **1/2 tsp** of salt

# CORN SOUP WITH CARROT BALLS



Serves

 4 persons

1

To make the carrot balls, mix  
**Ingredients**  
A. Scoop the mixture to make small balls, fry the onions until it is golden brown.

2

Add the corn kernels, milk, chicken stock and spring onions. Bring to boil, add in the carrot balls, cook until they float.

3

Add in the green peas, and let them simmer and serve hot.

## Nutrition Information per serving

Protein 15g

Carbohydrates 28g

Fat 12g

Energy 269kcal

## YOUR GROCERY LIST

A

1 egg yolk  
1 pc MAGGI Chicken Stock Cube (No MSG), crumbled  
2 tbsp plain flour  
100g carrots, grated

100g chicken, minced  
1 tbsp cooking oil  
1 tbsp spring onions, chopped  
2 tbsp frozen green peas  
5 tbsp milk suitable for your child's age, dissolved  
20g onions, finely chopped  
150g frozen corn kernels  
700ml water

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# BERRIES SMOOTHIE



Serves  
 6 persons

1

Place all ingredients in a blender.

2

Blend for 30 seconds or until smooth.

3

Pour into glasses and if desired, decorate with chopped strawberries.

### Nutrition Information per serving

Protein **1g**  
Carbohydrates **13g**  
Fat **0.5g**  
Energy **58kcal**

### YOUR GROCERY LIST

- 1/4 cup cranberries
- 2 cups crushed ice
- 135g NESTLÉ Mixed Berries Yogurt
- 500g NESTLÉ Strawberry Yogurt Drink

# CHOCOLATE MILO SHAKE

Serves

 2 persons


## Nutrition Information per serving

Protein **3g**Carbohydrates **21g**Fat **1.8g**Energy **116kcal**

1

Place all ingredients in a blender.

2

Blend for 30 seconds or until smooth.

3

Pour into glasses and decorate with MILO powder.

## YOUR GROCERY LIST

**2 scoops** NESTLÉ Chocolate Ice Cream

**6 tbps** MILO powder

**250ml** NESTLÉ Low Fat Milk

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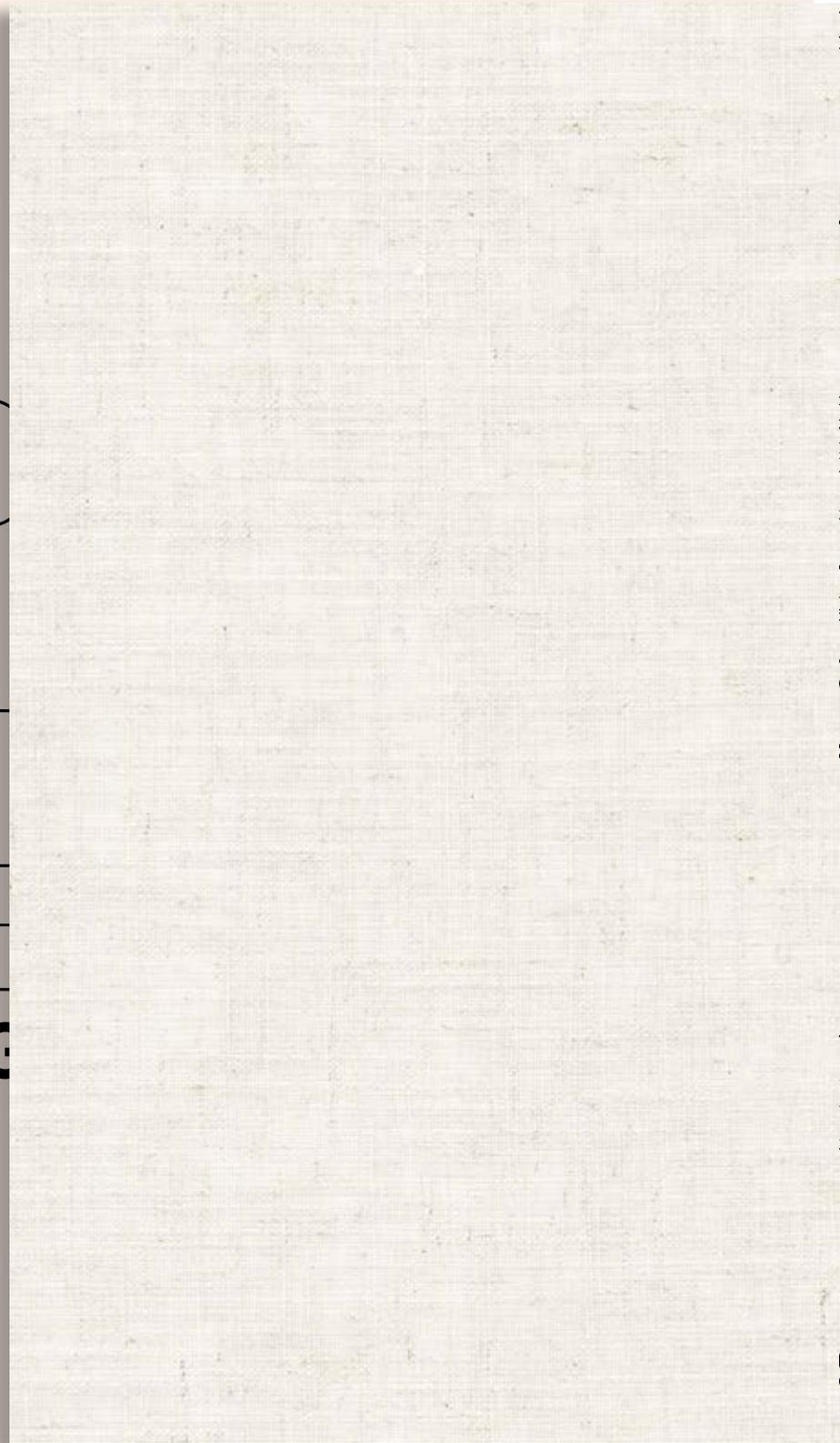


## NOTES

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# Nestlé

Good Food, Good Life

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## MANAGEMENT DISCUSSION & ANALYSIS

The Group's **FIT** strategy, which stands for “**F**uel to Grow”, “**I**nnovate to Grow” and “**T**ransform to Grow”, continued to flourish, as demonstrated by the Group's solid performance for the financial year ended 31 December 2016.



Amidst an adverse economic environment, the Group recorded a higher profit after tax of RM637 million, up by 7.9% from the last financial year. This was achieved on the back of a turnover of RM5.1 billion, a 4.7% increase compared with the previous financial year.

These positive results were primarily attributable to higher domestic sales and strong export growth, buoyed by the Group's innovation and product renovation drive as well as heightened investments in trade and consumer promotions. Favourable commodity prices also had a positive impact. Gross Profit for the year increased by 7.1% as a result of the higher turnover, favourable commodity prices and stronger operational efficiencies in the factories and supply chain. The Group partially re-invested these savings into stronger marketing and trade promotions as well as new product launches.

### Fuel to Grow

We are conscious that improved efficiencies will help to drive our growth. As such, our Fuel to Grow strategy focuses on ensuring that our internal systems are more efficient in order to deliver the savings needed.

These savings are then reinvested to fuel business growth. In line with this, our Group introduced the Nestlé Continuous Excellence (“NCE”) platform, which focuses on strengthening productivity across the organisation.

NCE is the global Nestlé approach to identify and realise efficiency increases within and beyond our operations on a sustainable basis. The aim of our NCE philosophy is to create value and improve efficiency by reducing waste, which in turn encourages more entrepreneurial and creative activities.

## Management Discussion & Analysis



Through this platform, we have harvested substantial savings year-on-year, with as much as RM197 million savings in 2016. These savings have been reinvested into strengthening our brand portfolio to fuel growth. Through these reinvestments, we are able to provide more value to our consumers, which is our key priority at Nestlé.

Further to this, as part of our aim to provide greater value to consumers, we enhanced our in-store activations during the year. On average, we ran 9,000 activations per month, bringing our well-loved brands to consumers across the nation. To attract new consumers, we also actively engaged with over 1.2 million consumers every month through our mobile promotional units.

Meanwhile, through our Supply Chain Transformation programme, we continued to increase efficiency and generate greater savings. Through this programme, our end-to-end logistics network is closely monitored, ensuring that our transport operations are environmentally-friendly and sustainable over the long-term.

### Innovate to Grow

Innovation is the lifeblood of Nestlé and is a key driving force of growth for the business. Understanding that it is crucial to evolve with our consumers, we have embedded the culture of innovation across our Group to deliver more relevant, innovative product solutions faster in the marketplace, in response to consumer demands.

In line with this, we demonstrated strong innovation and product renovation during the year. We introduced a wide variety of new products across categories in different business units, including NESCAFÉ Barista machine, MAGGI OATMEE Mi Goreng Curry Flavour, NESTLÉ OMEGA PLUS Milk with Oats, NESTLÉ BLISS Go and MILO frozen confection. We also launched the first KIT KAT CHOCOLATORY Concept Store in Southeast Asia, featuring limited edition localised Malaysian flavours, offering up to 10,000 kinds of personalisation.

Overall, our product innovations contributed 10% to the Group's total sales in FY2016. As the leading Nutrition, Health and Wellness

company, this is testament to our continuous commitment to provide relevant products that meet consumers' ever-evolving needs, from catering to the rising trend for healthier products to providing premium and customised offerings.

In tandem with new product development, we also innovate in the way we engage with our consumers. This is clearly demonstrated by our 'Wellness Together-Gather' campaign in 2016, which marked the launch of the first multi-brand e-Commerce Wellness store by a F&B company in Malaysia. Leveraging on the immense potential of the e-Commerce segment, this campaign catered to the significant shift in consumer behaviour towards digital platforms, offering our wide range of nutritious, great-tasting, high quality products at great prices, along with great service by providing nutritional information.

We collaborated with leading online retailers Lazada and 11street to set up our flagship e-Commerce stores. In recognition of this successful campaign, Nestlé Malaysia was presented with the Top Brand Award by 11street, based on the Company's strong online sales performance, excellent customer service as well as close collaboration with 11street.

Reflecting our commitment to continue winning the hearts and minds of Malaysians, our e-Commerce flagship stores offered wellness solutions with nutrition-themed bundles and product discounts, developed based on insights from real searches and social data. In 2016, we saw the number of orders on e-Commerce for Nestlé products more than doubled compared to a year ago.

### Transform to Grow

In order to find fuel to reinvest into the business, and encourage new innovative ideas, we are focused on cultivating a stronger, leaner and more flexible organisation with highly engaged employees.

## Management Discussion & Analysis



*As our most important assets and the backbone of our Company, we place strong emphasis on the overall wellbeing and development of our employees.*

Our people  
are our most  
valuable assets,  
as the driving  
force leading the  
Company forward.

Through our 'Transform to Grow' pillar, we engage with our employees for their feedback at all levels, from the 'shop floor' up. Most importantly, we ensure that these initiatives are supported by our Leadership Team.

Through this pillar, we successfully strengthened the productivity of our sales force by improving sales coverage, call rates and strike rates to generate higher sales. With the continuous support of our long-term partners, we also improved our customer service levels by reducing out of stock items on shelves and increasing product freshness.

We maintained our focus on internal improvements to maximise productivity. During the year, we recorded higher energy and water savings as a result of our ongoing cost management measures in our factories as well as our NESTLÉ PADDY CLUB initiative.

### **Our Best Assets**

Our people are our most valuable assets, as the driving force leading the Company forward. In light of this, we prioritise the overall wellbeing and development of our employees by providing them with ample opportunity for both personal and professional growth.

Nestlé Malaysia conducts the Leadership & Personal Effectiveness Programme 2.1 ("LEAD PEP 2.1") on an annual basis. This programme aims to bridge leadership gaps as well as enhance engagement efforts between mid-level managers and their teams to deliver improved results. Through LEAD PEP 2.1, our leaders learn creative and engaging ways to deal with various challenges, and also to better inspire, guide and coach their respective teams. The programme is in line with the Company's long-term focus on

## Management Discussion & Analysis

developing our people and establishing a pipeline of future leaders.

Apart from that, we also offer a promising career path to fresh graduates through our Management Trainee programme. This comprehensive two-year training programme provides our young, top talent with the opportunity to become the future leaders of Nestlé. Employees under this programme gain a variety of skills and capabilities, as well as exposure to various areas of the business.

In order to support our commitment to the safety, health and wellbeing of our people, we aim to ensure that all our employees are protected by a certified safety and health management system. Our Nestlé Framework for Employee Health which was introduced in 2015 helps us structure and focus our efforts in this area. The Group also continuously enhances our safety and health standards, procedures and processes, through the Nestlé Occupational Safety and Health Management System which is based on the internationally-recognised standard OHSAS 18001:2007.

In 2016, we also conducted our biennial employee feedback survey with all employees, called the 'Nestlé & I Survey', to facilitate open dialogue with employees and obtain their feedback on the business. The survey recorded a high response rate of 99%.

For more details on initiatives with our employees, please refer to our Nestlé in Society Report 2016 on pages 62–79.

### JOM FIT

As the world's leading Nutrition, Health and Wellness company, not only do we promote healthy lifestyles for our consumers, we also encourage our employees to embrace healthier and more active lifestyles. At Nestlé, we believe that being healthy and fit is important for employees to perform their best at work, as well as for their loved ones.

To encourage this, in 2016, we rolled out JOM FIT, an employee wellness programme which saw improved, healthier canteen

As a company that has been successful for 150 years globally and over 100 years in Malaysia, we will continue to embrace these values as part of our strategy to achieve sustainable growth.

menus in all factories, as well as providing fitness, lifestyle and wellness advice to our employees. In addition, we offered financial planning and investment advice to assist our employees.

For more details on our JOM FIT initiatives, please refer to our Nestlé in Society Report 2016 on page 73.

### FIT Moving Forward

We are well-prepared for the tough economic backdrop via our 'Fuel the Growth' strategy, as demonstrated through our strong performance in 2016. This FIT approach will remain a core focus in 2017.

As an integral part of our Nestlé DNA, our single-minded focus on innovation will continue to be a key pillar for the Group as we aim to provide even greater value to our consumers. Moreover, we target to further increase end-to-end efficiencies to support our growth.

In light of continuously challenging market conditions, soft consumer sentiment and intense competition, it will certainly not be an easy year ahead. However, due to its strong fundamentals, Malaysia remains one of the top five markets for Nestlé in Asia.

As Nestlé Malaysia is the leading Halal player in Malaysia and is recognised as the Company's Halal Centre of Excellence, we

are well-prepared to tap into the strong prospects of the Halal F&B industry. We are committed to ensure that all products manufactured, distributed and imported by the Company are certified Halal by the Malaysian Islamic Development Department (JAKIM).

The Company is the largest producer of Halal products within the Nestlé Group globally and we export Halal products to 51 countries. The Halal industry is a thriving market for Nestlé, especially as Malaysia is a key distributor to the international market, which is expected to see rising demand over the next few years.

For more details on our Halal commitment, please refer to our Nestlé in Society Report 2016 on pages 34–37.

With our resilient framework in place, coupled with our strong operational capabilities, we are optimistic that long-term prospects in Malaysia are bright for the Group. Our Creating Shared Value approach has proven to be the cornerstone of our business over these past many years. As a company that has been successful for 150 years globally and over 100 years in Malaysia, we will continue to embrace these values as part of our strategy to achieve sustainable growth.

## BUSINESS REVIEW

# MILO



### Malaysia Breakfast Day 2016

The 4<sup>th</sup> MILO Malaysia Breakfast Day continued to highlight the importance of breakfast as a vital source of energy, reminding Malaysians across the nation to 'Own the Day' with a strong start. The Malaysia Breakfast Day Run 2016 reached out to approximately 50,000 participants in locations across the nation from Malacca, Kuantan, Kota Kinabalu, Johor, Penang, Kuching and culminated in Dataran Putrajaya as the grand finale of the largest breakfast gathering in Malaysia for 2016.

Through this platform, MILO further reinforced its leadership position as Malaysia's favourite malted beverage, as participants enjoyed a wholesome breakfast with MILO after participating in the much-loved MILO Breakfast 3km Family Fun Run and 5km Individual Run.

During the event, participants also joined in on fun and healthy activities such as Zumba, football, educational games and also Body Mass Index checks with nutritionists in

conjunction with Nutrition Month Malaysia. Through these activities, friends and families learnt the importance of leading healthy lifestyles, as well as how malted beverages such as MILO can provide a convenient and nutritious start to their day. Through the Malaysia Breakfast Day, MILO aims to inspire Malaysians to rethink and instill the breakfast habit into their everyday lives.



*Families show up bright and early to start their day with fun activities at the Grand Finale of MILO Malaysia Breakfast Day in Putrajaya.*

Malaysians often miss the first and most important meal of the day – breakfast. Well-aware of this issue that many households face, we continue to highlight the importance of starting the day right with a healthy breakfast and a mug of MILO.

### Champions Never Give Up 2016

In 2016, MILO kicked off its 'Champions Never Give Up' campaign in conjunction with the Olympics Contingent heading to Rio 2016. Through this campaign, the brand's commitment in developing sports at the grassroots level was highlighted by showcasing three athletes who have been part of one of MILO's key initiatives, the Education Ministry Malaysian Schools Sports Council (MSSM)-MILO games.

For many national athletes, the MSSM-MILO games have proven to be a turning point in their athletic careers. During the campaign, MILO highlighted the achievements of

## Business Review

Khairulnizam Mohd Affendy, a national sailor who won the MSSM-MILO games when he was 11 years old and subsequently used this platform to launch his sailing career, eventually representing Malaysia twice in the Olympics. In addition, MILO shared the stories of national swimmer Welson Sim, winner of the MSSM-MILO Sportsboy in 2015 and national diver Dhabitah Sabri, winner of the MSSM-MILO Sportsgirl award in 2015.

MILO's ongoing efforts to grow and develop champions for the nation has borne much fruit over the years. In 2016, MILO also continued to encourage the public to contribute to Malaysia's up-and-coming athletes through the MILO 'Sokong Demi Sukan' Campaign.

### MILO 'Sokong Demi Sukan'

In line with the Group's business philosophy of Creating Shared Value, and to continuously drive grassroots sports development for the nation, MILO pledged to raise RM1.5 million to provide sports equipment to primary schools across Malaysia, including Sabah and Sarawak. Working hand-in-hand with the Ministry of Education Malaysia, as many as 184 schools were selected to be beneficiaries of the MILO 'Sokong Demi Sukan' campaign. These schools were selected based on their display of strong potential in sports.

The campaign which was held between August and September 2016 saw strong public support, with purchases of MILO packs contributing towards the brand's continuous efforts in encouraging grassroots sports development. Through this programme, a percentage from MILO products sold will go towards the distribution of complete sets of quality sports equipment for football, netball, badminton, basketball and track and field, valued at approximately RM8,000 each. Reflecting the Group's long-term strategy to fuel growth, this campaign not only successfully raised RM1.5 million, it also saw Malaysians play a role in contributing towards the nation's future in sports.

### MILO Champions Clinic 2016

MILO continued to unearth and nurture future champions of Malaysia at the grassroots level by launching the second year of the MILO Champions Clinic. This initiative provides children aged 7 to 11 with the opportunity to explore sports in a fun, affordable and safe environment under the guidance of experienced and certified coaches.

In 2016, the sports clinics held in Penang, Johor, Kuching, Miri, Sibul and Selangor reached out to over 560 children. The clinics enabled participants to experience a wide variety of sports including futsal, badminton, bowling, hockey, netball and basketball. To further inspire the children, the clinics featured some of the biggest names in the national sporting scene who are now renowned coaches. Some of these head coaches included Rashid Sidek, Tai Beng Hai, Sim Sin Heng and Choo Kon Lee.

To ensure wholesome development of children, MILO strongly encourages the involvement of parents for support during sports and training sessions. During the Champions Clinic, parents also had the opportunity to engage in various talks with coaches, child psychologists as well as Nestlé's Wellness Team to understand more about the importance of parental support in unlocking their children's potential.

Through the MILO Champions Clinic, MILO aims to pique children's interest in sports, especially during the school holidays in order for them to avoid leading sedentary lifestyles. In addition, the clinics aim to nurture future champions by developing skills and a passion for sports in children across the nation.



*The young participants of the MILO Champions Clinic put their skills to the test on the futsal court.*

### 'Miliki Hari yang Barakah dengan MILO' Campaign

MILO embarked on a call-to-action during the month of Ramadan, urging Malaysians to participate in the 'Miliki Hari yang Barakah dengan MILO' campaign. This campaign aimed to provide nutritious breakfasts to the less fortunate. As strong believers of the importance and effectiveness in establishing dynamic partnerships, MILO worked closely with Tesco and Lazada to ensure the success of this campaign.

During the campaign, MILO pledged to contribute Nestlé Breakfast Baskets to charity homes and organisations, for every 100 points accumulated from MILO purchases with participating partners Tesco and Lazada. Reiterating the Group's commitment to nourish Malaysians, each basket provided up to one month's supply of nutritious breakfast for each beneficiary. Each breakfast basket included MILO powder, MILO Breakfast Cereal, MILO UHT packs, NESTLÉ EVERYDAY Milk and NESTUM.

This initiative received an overwhelming response from the public, with 5,000 Nestlé Breakfast Baskets being distributed to over 20 charity homes and organisations across the nation, including East Malaysia.

The MILO brand is Malaysia's leading nutritious chocolate malt beverage; known for its unique taste that Malaysians love.

## Business Review

# NESTUM



The year 2016 marked yet another exciting period for NESTUM, the well-loved multi-grain cereal that has nourished generations of Malaysians. As a result of various initiatives to meet the ever-evolving needs of consumers, the brand saw strong growth exceeding market performance for both All Family Cereals and Mixes.

In line with the Group's overall strategy to encourage greater innovation through our commitment to Nutrition, Health and Wellness, NESTUM launched a new product in 2016, NESTUM Grains & More Banana Caramel. This latest product provides young, on-the-go Malaysians with wholesome and appetising snacking alternatives and is part of NESTUM's ongoing 'MORE CEREAL, MORE LIFE' campaign. On top of containing essential nutrients from three multi-grains of wheat, corn and rice, NESTUM Grains & More Banana Caramel range also contains authentic, nutritious Cavendish banana flakes and is enriched with caramel.

Additionally, as part of the brand's drive to continue leading in the Raya retail baking

scene, NESTUM held the 'Empayar Kuih NESTUM' campaign in June 2016, inspiring homemakers to share their best festive cookie recipes. This campaign provided a platform for enthusiastic Malaysians to showcase their baking skills as well as the opportunity to become successful entrepreneurs. The winner received personal guidance and coaching from Nestlé on the best ways to commercialise their products.



Participants of the Empayar Kuih NESTUM baking competition showcasing their baking skills during the Semi-Finals.

NESTUM provides nutritious and convenient multi-grain cereals by encapsulating the nutrition of multi-grain (a combination of whole grain wheat, corn and rice) packed with Fibre, Protein, Vitamins A & C and Iron, all made AROMALICIOUS with our expertise.

## Business Review

# NESTLÉ OMEGA PLUS



Amidst a challenging economic climate, NESTLÉ OMEGA PLUS recorded solid growth with an overall market share of 40% in 2016.

These results were driven by a new and innovative variant, the NESTLÉ OMEGA PLUS Milk with Oats, launched in the second quarter of the year. This product features a first-in-market combined action of two naturally-derived cholesterol-lowering ingredients, ACTICOL and Beta-glucan. The introduction of this product is in line with the Group's strategy, focused on growth through innovation.

Taking into account the fact that preventive heart care is not a major concern for most Malaysian adults, NESTLÉ OMEGA PLUS raised awareness on the importance of heart health among Malaysians through initiatives such as free cholesterol checks, samples and running informative advertorials. In addition, the brand provided sustained and consistent reminders on maintaining heart health radio and television commercials, print ads and

programme sponsorships such as Jalan-Jalan Cari Makan and Ho Chak.

Continuing in that vein and mindful of the fact that heart disease is widely prevalent among Malaysians, NESTLÉ OMEGA PLUS once again

NESTLÉ OMEGA PLUS is the only milk that has ACTICOL, plant sterols that help lower cholesterol by blocking the absorption of cholesterol into the bloodstream and also contains high calcium to keep bones strong.

organised the annual 'WALK-A-MILE' event for the 15<sup>th</sup> year, in collaboration with Yayasan Jantung Malaysia. The event which attracted over 3,800 participants featured exciting challenges along the route, health screenings, lucky draws and other fun family activities.



*Delighted smiles from participants during the 'WALK-A-MILE' event as they gathered to raise awareness on the importance of heart health.*

## Business Review

# NESTLÉ EVERYDAY



In our role as the leading Nutrition, Health and Wellness company, we strive to nurture healthier Malaysian families with our high quality, nutritious and great-tasting products. As a clear reflection of this, in 2016 NESTLÉ EVERYDAY continues to support growth and development in children and adults alike.

Packed with 15 essential nutrients and vitamins, NESTLÉ EVERYDAY Milk is suitable for all life stages, aiding in building stronger bones, healthy muscles, increased alertness and better eyesight. Two daily servings provide 100% of the recommended nutritional intake of Vitamin C, Vitamin B1 and Vitamin B2 that four to six year old children need to grow.

In order to raise awareness on the importance of milk consumption for the whole family, during the year we held the 'Keluarga Sihat & Ceria Bersama NESTLÉ EVERYDAY' nationwide roadshow. Kickstarted in April 2016, we conducted more than 50 roadshows nationwide in Central, North, South, East

Coast and East Malaysia. These campaigns are specifically held in 'Projek Perumahan Rakyat', a government initiative to build homes for lower income families.

NESTLÉ  
EVERYDAY Milk  
is suitable for  
all life stages,  
aiding in  
building stronger  
bones, healthy  
muscles, increased  
alertness and  
better eyesight.

Through these roadshows, we were able to reach out to these communities and extend our support with various activities, including mini carnivals with game stations, telematches, children's colouring activities and educational nutritional talks as well as sharing sessions for parents and children, to build healthier, happier families.



Children participating in a colouring activity during the 'Keluarga Sihat & Ceria Bersama NESTLÉ EVERYDAY' roadshow.

## Business Review

# NESTLÉ JUST MILK



Riding on the growing trend of liquid milk category, NESTLÉ JUST MILK conducted a revamp exercise in 2016, rolling out a new look.

The new packaging features a clean and attractive design with eye-catching colours to stand out amongst competitors on the shelf. The back of pack communicates the journey of the product from farm to shelf, preserving the natural goodness of calcium and protein through a gentle handling process. Understanding consumer perception towards imported milk, NESTLÉ JUST MILK also highlights that the product contains 100% imported ingredients. A new 200ml pack size was introduced as well, tapping on evolving consumer demand for greater convenience and ready-to-go products.

NESTLÉ JUST MILK also utilised digital platforms, with an online campaign to engage with today's technologically-savvy consumers.

Through these initiatives, NESTLÉ JUST MILK successfully strengthened market share, earning Nestlé the second highest ranking in the plain milk category during the first month of the launch.

NESTLÉ JUST MILK, 100% imported ingredients with natural goodness of Calcium and Protein.



The new and attractive packaging of NESTLÉ JUST MILK sets our brand apart from our competitors in stores.

## Business Review

# NESCAFÉ



Following the positive consumer response to NESCAFÉ Latte Caramel which was introduced in 2014, the brand launched two new variants in 2016: NESCAFÉ Latte Coconut and NESCAFÉ Latte Mocha. Aimed at driving coffee consumption amongst non-coffee drinkers and the younger demographic, these variants offer the signature taste of NESCAFÉ without the bitterness of coffee.

The first of its kind in the Malaysian market, NESCAFÉ Latte Coconut leverages on the growing trend for coconut-based products, with the aromatic and creamy coconut flavour bringing consumers the taste of the tropics in a latte. Meanwhile, the NESCAFÉ Latte Mocha is a perfect balance of coffee and cocoa, offering coffee drinkers a treat with the best of both worlds.

In addition, during the year we strengthened engagement with younger consumers with the NESCAFÉ Pop Up Store.

Tapping into Malaysia's rising coffee culture, the Pop Up Store adopted a contemporary approach, featuring cold coffee recipes for NESCAFÉ Latte developed in collaboration

with a barista, with the option of personalising drinks with toppings of choice. This successful initiative reaches out to approximately 800 students a day, reinforcing brand appeal amongst youth. It is also a new innovative way to test out new recipes.

We are conscious that consumer tastes are constantly shifting in tandem with lifestyle changes. With this in mind, our continuous innovation efforts resulted in the introduction of exciting new NESCAFÉ products during the year.



*The NESCAFÉ Pop Up Store proved to be a highly successful initiative and reinforced our brand's appeal amongst young consumers.*

## Business Review

As a result of these innovative product offerings and our creative consumer engagement strategy, NESCAFÉ succeeded in bringing new users to the coffee category.

Along with this, we introduced a new premium product, NESCAFÉ GOLD Latte Mixes. This handcrafted, first-class quality coffee comes in two variants – Dark Latte and Creamy Latte. In conjunction with the launch, we appointed the famous Chinese singer-songwriter Wang Leehom as brand ambassador for NESCAFÉ GOLD LATTE.

As part of our innovation drive, we also aim to elevate the coffee experience for Malaysians and we upped the ante with the launch of the NESCAFÉ Gold Blend Barista Machine. Coffee lovers can now indulge in artisan-quality coffee at home. The NESCAFÉ Gold Blend Barista is the first machine to utilise NESCAFÉ Gold Blend Pure Soluble Coffee to brew five café favourites; Espresso, Lungo, Americano, Cappuccino and Latte, all at the single touch of a button.

Our marketing campaign for the NESCAFÉ Gold Blend Barista Machine included dedicated sampling roadshows along with on-site product demonstrations, resulting in average sales of 300 machines per roadshow. The roadshows enabled consumers to witness first-hand how simple it is to use the machines and enjoy the full coffee experience.

The NESCAFÉ Gold Blend Barista Machine is available in retail outlets as well as via Nestlé's e-Commerce platform. As testament to the success of this new offering, 15,000 machines were sold within four months.



## Business Review

# NESPRESSO



Leveraging on the rising demand for sophisticated and high-quality coffee amongst consumers, the Group introduced premium portioned coffee, NESPRESSO to Malaysian shores in 2016.

With over 30 years of success and innovation in the premium portioned coffee market around the world, Malaysians can now experience NESPRESSO's world-renowned highest quality Grand Cru coffees, easy-to-use, stylish machines and personalised services through the NESPRESSO Club, NESPRESSO's exclusive community for coffee connoisseurs.

As an autonomous globally-managed business of the Nestlé Group, NESPRESSO builds on its legacy to revolutionise coffee drinking habits. Riding on the strength of the brand, the quality of the brand's coffees and its unique service offering, NESPRESSO offers the Group exciting growth opportunities through strong innovation and active engagement efforts with consumers.

During the year, NESPRESSO launched the refreshed design of its iconic CitiZ

machine range to enhance brand awareness and introduce the latest offering in coffee machines to Malaysians. Reiterating the fact that coffee culture in Malaysia's capital city is on par with New York, London, Beijing and Pisa, Kuala Lumpur is one of only five cities in the world to be featured in the launch of the new CitiZ machine. The CitiZ is the ideal accompaniment for any modern kitchen and



Loshini Perinpaselvam, Brand Manager and Geoffrey Dalziel, Business Development Manager of NESPRESSO reveal the newly designed iconic CitiZ machine.

has seen a favourable response from coffee lovers in Malaysia, recording strong sales contributions.

Well-positioned in the most dynamic and fastest-growing segment of the global coffee market, NESPRESSO focuses on both direct-to-consumer and business-to-business sales.



Showcasing the journey from bean to cup at the CitiZ launch.

## Business Review

## FOOD



MAGGI remains one of the most salient Food brands in Malaysia, receiving recognition from the Kantar World Panel for having the highest consumer reach points. Consistent investment in brand building activities, including media and digital communication, value promotions and the introduction of breakthrough new products enabled the brand to increase market penetration. Innovation was a key pillar in the brand's growth strategy, where it took the lead to introduce tasty and healthy noodle products. MAGGI OATMEE Mi Goreng Curry Flavour is a unique combination of Malaysia's favourite curry noodles and 50% whole grain oats from Australia, delivering fibre content that meets 15% of the recommended daily intake for adults. The successful media launch of this first-in-market product was conducted in collaboration with the Malaysian Dietitians Association, which helped raise awareness on the importance of incorporating fibre in one's diet.

To further expand its footprint, MAGGI continued to unlock the potential of premium indulgent noodle products, particularly among urban consumers, via the launch of

a new flavour under the MAGGI ROYALE range. MAGGI ROYALE White Tom Yam is a distinctive culinary creation that was crafted with an award-winning Thai Cuisine Master, Chef Wandee Na-Songkhla. With this new product, MAGGI truly makes it easy to enjoy the ultimate sensory adventure in the comfort of one's home.

Despite challenging market conditions, the MAGGI brand maintained its strong leadership position in 2016, growing its base as it delighted consumers with a wide range of tasty products and recipe ideas. In addition, the brand continued to support mothers in preparing tasty and balanced homemade meals every day to enrich the lives of their families and strengthen bonds.



Students demonstrating their cooking skills during the MAGGI Secondary School cooking competition.

## Business Review



MAGGI OATMEE Mi Goreng Curry Flavour combines whole grain oats with wheat to bring consumers steamed noodles with the added goodness of fibre.

The brand's market penetration in the noodles category was also driven by the accelerated growth of MAGGI Hot Cup, led by the introduction of a new and improved Tom Yam variant.

MAGGI Culinary continues to grow from strength to strength, led by MAGGI CUKUPRASA all-in-one seasoning as well as MAGGI Oyster Sauce. MAGGI CUKUPRASA enhanced visibility through strategic merchandising in the fresh section of top accounts, massive dry sampling, in-store sampling and higher investment in digital to provide recipe ideas. By leveraging on the appeal of a popular celebrity in our communication to consumers, we saw accelerated growth for the business.

MAGGI also strengthened its strategic partnerships with e-Commerce platforms as well as cookware brands such as Tefal to enhance accessibility for its range of culinary solutions. To further increase awareness on the goodness of homemade cooking, the brand leveraged on the power of social media to engage young cooks as it celebrated the 20<sup>th</sup> year of the MAGGI Secondary School

cooking competition in collaboration with the Ministry of Education.

To manage rising input costs, MAGGI maintained its focus on driving efficiency and

removing waste across the value chain. This enabled the brand to maintain the affordability of its products and sustain value creation for its stakeholders.



The MAGGI Team together with representatives from Lazada and Tefal as they announce their collaboration to inspire consumers to prepare great-tasting and balanced homemade meals.

## Business Review

# NESTLÉ CHILLED DAIRY



NESTLÉ Chilled Dairy achieved growth in 2016 amidst a challenging competitive backdrop, driven by engaging marketing campaigns and new product innovations.

In line with the Group's commitment towards nutrition, in 2016 we introduced NESTLÉ BLISS Go, promoting digestive health and more for children. Available in Grape and Strawberry flavours, BLISS Go is a drink that is full of goodness, containing inulin, a prebiotic which encourages the growth of good intestinal bacteria, as well as Vitamin C and Calcium. BLISS Go is packaged in a portable ready-to-drink format and can be conveniently stored in ambient temperatures. Following the launch, within three months BLISS Go achieved 43.2% value market share in hypermarkets and supermarkets.

We also delighted Malaysians with limited editions of NESTLÉ BLISS during the festive seasons of Ramadan and Christmas. This included the Original flavour for Ramadan

and two new variants for Christmas: Apple Banana and Apple Passionfruit Lemon.

Meanwhile, with a view towards inspiring healthier cooking amongst Malaysians, NESTLÉ Natural Set Yogurt launched the nationwide 'Masak & Menang' Cooking

Contest. The competition sought out Malaysia's most creative home cook using Natural Set Yogurt as a healthier, low fat ingredient replacement in their favourite recipes. Prizes worth a total of RM60,000 were up for grabs, including a kitchen makeover for the Grand Prize winner. Finalists faced off in the Grand Finale of the Cooking Contest where they presented their dishes to a panel of judges.

Continuing on its campaign to encourage healthy eating, the brand also rolled out the NESTLÉ Natural Set Yogurt Mobile Sampling Truck and NESTLÉ Greek Style Yogurt Dessert Bar. Visiting various locations, the sampling truck provided cooking demonstrations to consumers in local supermarkets and wet markets on a daily basis, while the Dessert Bar offered a customised guilt-free creamy indulgence, enabling consumers to choose the toppings for their NESTLÉ Greek Style Yogurt.

Additionally, staying true to the brand's proposition to allow consumers to indulge without guilt, in 2016 we launched the latest variant in our NESTLÉ Greek Yogurt range: Salted Caramel and Chia Seeds. This also marked a fresh new look for the range with all-new packaging. These initiatives in 2016 saw NESTLÉ Yogurt growing by 8.4% in value, leading in the category.



Thrilled winners of the nationwide 'Masak & Menang' Cooking Contest who demonstrated creative cooking skills during the Grand Finale.

## Business Review

# READY-TO-DRINK



As part of the Group's strategy to accelerate growth via innovation, the NESTLÉ Ready-to-Drink Business Unit continued to improve its performance by introducing new products in tandem with exciting consumer campaigns and promotions in 2016, primarily driven by two key brands, MILO and NESCAFÉ.

In order to drive sales and encourage greater consumption of MILO on-the-go, MILO UHT held a 'Pack To School' integrated campaign to inspire children to pack a MILO UHT in their recess boxes, thus encouraging them to consume a healthy and convenient breakfast in school.

In line with this campaign, initiatives such as in-store promotions, roadshows, media engagement and a consumer contest were organised to boost awareness. As a result of the 'Pack To School' campaign, MILO UHT reinforced the brand's strong market share, clearly reflecting that MILO remains a favourite among Malaysian households.

NESCAFÉ continued to showcase strong growth in the Malaysian market as it

celebrated International Coffee Day with the launch of its 'Jom NESCAFÉ' campaign. With activation efforts across digital, television, radio and print platforms over a span of five weeks, this campaign successfully elevated awareness and strengthened its familiar brand presence in the nation.

As part of its innovation drive, NESCAFÉ also introduced a new product during the year, NESCAFÉ Tarik. By combining the familiar taste of NESCAFÉ with the 'Tarik' method, a well-known Malaysian beverage-making technique, the brand created NESCAFÉ Tarik, a convenient, ready-to-drink beverage.

This latest product leverages on the fact that NESCAFÉ Tarik is one of Malaysia's most popular drinks. Consumer response has been very positive, especially for busy, on-the-go Malaysians. This contributed to the solid growth for the NESTLÉ Ready-to-Drink Business Unit in 2016.

NESTLÉ Ready-to-Drink Business Unit continued to improve its performance by introducing new products in tandem with exciting consumer campaigns and promotions in 2016, primarily driven by two key brands, MILO and NESCAFÉ.



During the 'Pack To School' Campaign, children were encouraged to pack a MILO UHT in their recess boxes to give them energy to go further in school.

## Business Review

# NESTLÉ ICE CREAM



As part of the Group's continuous drive towards product innovation in order to meet consumers' evolving needs, NESTLÉ Ice Cream recorded a solid year of growth with the launch of various new products in 2016.

Reinforcing MILO's leadership position as one of Malaysia's most well-loved brands, we launched the MILO frozen confection in 2016 as a new variant of MILO Ice Cream, offering consumers their favourite chocolate malt beverage in an ice cream stick format and multipack format for a cool and refreshing treat. This latest addition contributed to MILO's strong household penetration and market share.

Meanwhile, catering to consumer demand for indulgent and premium products, in 2016 we expanded the LA CREMERIA ice cream range to launch the 750ml pint format, repackaged from the previous tub format, enabling consumers to enjoy a convenient pint-sized treat. In addition, we introduced two new decadent flavours to the LA CREMERIA ice cream range: Luscious Mango Sensation

and Caramelized Macchiato Surprise, for a sumptuous ice cream experience.

During the year, we also unveiled the first new flavour in the premium range of DRUMSTICK ice cream: Caffè de Caramel. Coffee-flavoured ice cream made from the finest coffee beans brewed and frozen to perfection, with roasted almonds drizzled with swirls of caramel, this product resonates well with target consumers, tapping into the rising trend of the coffee culture in Malaysia.

In line with our commitment to satisfying Malaysian taste buds, we also launched the NESTLÉ Tradisi Potong ice cream range this year. A classic Malaysian treat, potong ice cream is well-loved for its localised flavours. Capitalising on this fast-growing segment, the NESTLÉ Tradisi Potong range allows consumers to savour familiar home-grown favourites, offering traditional Malaysian flavours of Coconut & Gula Melaka (Coconut & Palm Sugar), Kacang Merah (Red Bean) and Sirap Bandung Klasik (Rose Syrup with Milk).

NESTLÉ Ice Cream offers to delight, pleasure and enhance everyday occasions as well as life's special moments.



NESTLÉ Ice Cream's unique Combi spotted during the NESTLÉ DRUMSTICK Caffè de Caramel launch at the Surian Tower lobby.

## Business Review

# NESTLÉ CONFECTIONERY



The NESTLÉ Confectionery Business Unit continued to deliver a solid performance in 2016, maintaining its strong position as the market leader in the chocolate category.

In April, NESTLÉ KIT KAT became the first global confectionery brand to source from 100% certified sustainable cocoa through the NESTLÉ COCOA PLAN. Reflecting Nestlé's business philosophy of Creating Shared Value, all KIT KAT products produced worldwide, including those manufactured at the Nestlé Malaysia factory in Chembong, Negeri Sembilan are made from 100% sustainable, high-quality cocoa sourced from Côte d'Ivoire.

In line with the Group's strategy to fuel growth and deliver new and exciting innovative products to consumers, NESTLÉ Confectionery marked yet another significant milestone when KIT KAT launched the KIT KAT CHOCOLATORY, Southeast Asia's first chocolate concept store in October.

Officiated by His Royal Highness Raja Muda of Selangor, Tengku Amir Shah Ibni Sultan Sharafuddin Idris Shah Alhaj, the KIT KAT CHOCOLATORY provides consumers the opportunity to design their own personalised KIT KAT bars, with up to 10,000 possible KIT KAT variations. The KIT KAT CHOCOLATORY also offers pre-made special editions with unique Malaysian flavours such as KIT KAT King of Fruits (Durian) and KIT KAT Nasi Lemak. As a result of excellent consumer response to this innovative concept store, the NESTLÉ Confectionery Business Unit demonstrated strong growth in 2016.



NESTLÉ KIT KAT became the first global confectionery brand to source from 100% certified sustainable cocoa through the NESTLÉ COCOA PLAN.



*Celebrity Chef, Anis Nabilah poses with the latest KIT KAT limited edition flavour, Deconstructed Ice Kacang, in addition to other local favourites such as Nasi Lemak and King of Fruits (Durian) flavours.*

## Business Review

# NESTLÉ PROFESSIONAL



The 9<sup>th</sup> NESTLÉ PROFESSIONAL Culinary Arts Awards provided talented young chefs with the opportunity to demonstrate their culinary skills.

Dedicated to supporting the needs of our clientele, during the year NESTLÉ PROFESSIONAL continued to provide meaningful solutions through our high quality brands and nutritious products.

In 2016, we held a number of programmes aimed at providing growth opportunities for talented young chefs in Malaysia. One such initiative was the NESTLÉ PROFESSIONAL Culinary Arts Awards (CAA). The ninth edition of the programme saw 11 top-performing students from culinary institutions showcasing their skills in a three-day cook-off. The winner went on to take part in the 2016 ASEAN Skills Competition in Kuala Lumpur and received an exclusive internship with an Executive Chef at a leading hotel in Kuala Lumpur.

Additionally, this year marked our inaugural Young Culinary Talent Academy in Malaysia, supported by the Malaysian Association

of Hotels. With a view towards enhancing the employability of culinary students, the four-day programme offered modules on nutrition and professional development, as well as a culinary demonstration, a hands-on degustation session and the chance to interact with top chefs on skills and entrepreneurship.

As part of our commitment to educate children on the importance of healthy eating and nutrition, we also collaborated with World Association of Chefs' Societies to celebrate International Chefs Day. This initiative successfully engaged with 1,140 children, exposing them to the culinary profession and inculcating good eating habits from a young age.

NESTLÉ  
PROFESSIONAL  
continues to  
provide meaningful  
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brands and  
nutritious products.



A NESTLÉ PROFESSIONAL chef assisting young participants to create their own masterpieces with food during the International Chefs Day celebration.

## Business Review

# NESTLÉ INFANT NUTRITION



Chew Soi Ping, Executive Director, Sales of Nestlé Malaysia and representatives from NESTLÉ Infant Nutrition at the launch of CERELAC NUTRIPUFFS during the TCE Baby Expo at Mid Valley Exhibition Centre.

market leadership in the baby food category during the year.

Along with this, our NANKID formulated milk powder continued to see growing popularity among consumers in 2016, with the relaunch of NANKID OPTIPRO 3 and 4. Scientifically formulated with Nestlé's Optimised Protein (OPTIPRO) along with probiotic, DHA and ARA, this product helps to build a nutritional foundation for a child's development. Brand visibility was heightened through various marketing initiatives during the year, including digital platforms.



As a company that prioritises Nutrition, Health and Wellness, we are dedicated to supporting healthy development amongst families, particularly for children. In line with this, NESTLÉ Infant Nutrition continued to lead in 2016, with new product offerings aimed at giving children the best start in life.

This year marked our expansion into the toddler snacking category with the launch of the all-new CERELAC NUTRIPUFFS in Banana & Orange and Banana & Strawberry variants. A cereal snack consisting of whole wheat and fruits and high in micronutrients such as Iron, Calcium and Vitamin B1, CERELAC NUTRIPUFFS supports overall growth and development during a child's growing years. This is aligned with the recommendation by the World Health Organization that a healthy child's diet includes one to two nutritious snacks per day.

In addition to this, CERELAC NUTRIPUFFS are specially designed to be just the right size for

young children's hands, which helps to develop self-feeding skills. The successful launch of this product further strengthened CERELAC's



**IMPORTANT NOTICE:** The World Health Organization recommends exclusive breastfeeding during the first six months of life and continued breastfeeding for as long as possible. As babies grow at different paces, health professionals should advise the mother on the appropriate time when her baby should start receiving complementary foods. NANKID OPTIPRO 3 and NANKID OPTIPRO 4 are formulated milk powders for children aged one year and above. Not suitable for use as breast-milk substitute.

## Business Review

# NESTLÉ HEALTH SCIENCE

NESTLÉ Health Science offers nutritional therapies that change the way we approach the management of consumers' health.



In line with the Group's commitment to Nutrition, Health and Wellness, NESTLÉ Health Science offers innovative products aimed at improving health through nutrition, particularly to support those with certain dietary requirements to manage specific medical conditions.

One such product is NUTREN UNTUK DIABETIK (NUTREN For Diabetics), a nutritional beverage specially formulated according to international diabetes guideline which assists with blood sugar management. During the year, in order to empower those with diabetes to make healthier lifestyle choices, we held a NUTREN UNTUK DIABETIK Healthy Breakfast Roadshow at 15 leading healthcare facilities across the nation. The aim was to reach out to pre-diabetics, people with diabetes and caregivers to raise awareness about diabetes prevention and management.

Distributing healthy breakfast meals featuring specially curated diabetes-friendly dishes made with recipes from NUTREN UNTUK DIABETIK's 'Simply Delicious' booklet, the

Roadshow demonstrated the importance of starting the day right with a healthy breakfast. This initiative was targeted especially for those who need to manage their blood sugar level as we showcased how NUTREN UNTUK DIABETIK can provide a balanced supply of energy for people living with diabetes. During the event, visitors were able to sample NUTREN UNTUK DIABETIK and purchase the product via our partnerships with pharmacies within the hospitals.



*A NESTLÉ Health Science representative explaining the benefits of maintaining a healthy diet which will assist in effective blood sugar management.*

Nestlé in Society:

# CREATING SHARED VALUE AND MEETING OUR COMMITMENTS

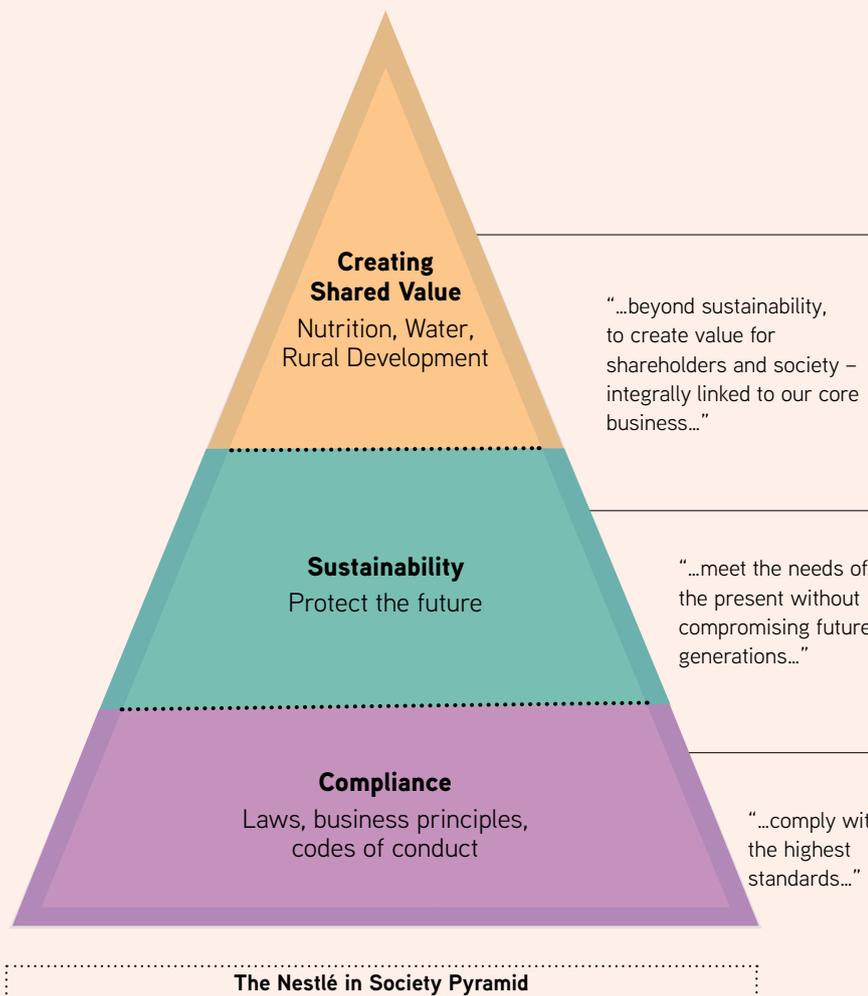
At Nestlé, the concept of Creating Shared Value (CSV) is at the heart of our organisational culture and is firmly embedded throughout our business.

At Nestlé, the concept of Creating Shared Value (CSV) is at the heart of our organisational culture and is firmly embedded throughout our business operations. Our CSV approach is founded in our belief that the success of society and businesses are mutually reinforcing. As such, in order for our

Company to prosper, we must ensure that the communities we have a presence in thrive as well. Creating Shared Value goes one step further than the concept of Corporate Social Responsibility where value creation can be optimised for both the business and society. As a result, the company invests

resources, both in terms of talent and capital, in those areas where the potential for joint value creation is the greatest, and seeks collaborative action with relevant stakeholders in society.

## Our Creating Shared Value concept and focus areas



### Nutrition



Food and nutrition are the basis of health and of our business – it is the reason we exist.

### Water & Environment



Water is one of our most critical resources, the scarcity of which will have a drastic impact on quality of life as well as on our business operations.

### Rural Development



The overall wellbeing of our various stakeholders – farmers, rural communities, employees, small entrepreneurs and suppliers – is key to our continued success and the nation’s development.

## Nestlé in Society: Creating Shared Value and Meeting Our Commitments



*Instilling good values starts young and similarly, the concept of Creating Shared Value needs to be inculcated at an early stage. With the belief that we must create long-term value for society in order for the Company to prosper, Nestlé is committed to consistently deliver on our brand promise, producing only the best for our consumers and creating sustainable opportunities for the communities whom we engage with.*

### Meeting Our Commitment through Our Three Key Pillars

As part of our commitment to CSV, we aim to create joint economic and social value for both our shareholders and society, as this subsequently contributes to the sustainable growth of our Company over the long-term. With this in mind, we focus on the three key areas of Nutrition, Water & Environment, and Rural Development, which are core to our business strategy and vital to the welfare of our stakeholders.

We actively seek engagement and partnerships with the outside stakeholders that optimises positive impact in these areas of focus. Creating Shared Value is not about philanthropy. It is about leveraging core activities and partnerships for the joint benefit of the people in the countries where we operate and of our shareholders,

through our key focus areas and programmes outlined here:

#### **Nutrition**

- NESTLÉ HEALTHY KIDS Programme
- Our Halal Commitment
- Nutritious Product Innovation
- Responsible Marketing

#### **Water & Environment**

- Project RILEAF
- Water Management
- Climate Change

#### **Rural Development**

- NESTLÉ PADDY CLUB
- NESTLÉ CHILLI CLUB
- Responsible Sourcing

In order to further reinforce the trust of our stakeholders, we are deeply committed to upholding our efforts within these key areas.

By ensuring that CSV is incorporated at all levels of our business, we are confident that we will continue to create a win-win situation for both the Company and society. This will ultimately help to address prevalent issues in health and nutrition, sedentary lifestyles, aging populations and rising health costs; agriculture issues and rural poverty; as well as water, energy and climate change.

*For further information on our CSV initiatives, please refer to our Nestlé in Society Report 2016: Creating Shared Value and Meeting Our Commitments, which can be downloaded from our corporate website: [www.nestle.com.my](http://www.nestle.com.my). Other CSV-related information can also be obtained from [www.nestle.com](http://www.nestle.com).*

# A GREAT START



Made from a blend  
of Robusta and  
Arabica beans



helps restore  
and maintain  
alertness and  
increases your  
attentiveness



A unique technology  
which seals the aroma  
of freshly roasted beans



To find out how It All Starts with a NESCAFÉ,  
visit [www.nescafe.com.my](http://www.nescafe.com.my)



MS 1500:2009  
1019-05/2004



It All Starts with a NESCAFÉ

## BOARD OF DIRECTORS

**From left to right:**

1. Dato' Mohd. Rafik Bin Shah Mohamad
2. Tengku Ida Adura Tengku Ismail (Company Secretary)
3. Toh Puan Dato' Seri Hajjah Dr. Aishah Ong
4. Tan Sri Datuk Yong Poh Kon



## Board of Directors



**From left to right:**

5. Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail
6. Alois Hofbauer
7. Tan Sri Datuk (Dr.) Rafiah Binti Salim
8. Martin Peter Kruegel
9. Dato' Frits van Dijk

# PROFILE OF DIRECTORS

- 01 **Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail**
- 02 **Dato' Mohd Rafik Bin Shah Mohamad**
- 03 **Tan Sri Datuk (Dr.) Rafiah Binti Salim**
- 04 **Dato' Frits van Dijk**
- 05 **Tan Sri Datuk Yong Poh Kon**
- 06 **Toh Puan Dato' Seri Hajjah Dr. Aishah Ong**
- 07 **Alois Hofbauer**
- 08 **Martin Peter Kruegel**
- 09 **Tengku Ida Adura Tengku Ismail** *(Company Secretary)*

## Profile of Directors

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

Male,  
Aged 65,  
Malaysian

- Independent, Non-Executive Director
- Chairman of the Board of Directors
- Chairman of the Audit Committee
- Chairman of the Nomination Committee



**Tan Sri Dato' Seri Syed Anwar Jamalullail has been the Chairman of the Board of Directors since 16<sup>th</sup> April 2009. Having served the Company for over nine (9) years, Tan Sri was retained as an Independent Director at the 32<sup>nd</sup> Annual General Meeting held last year. He is also the Chairman of the Audit Committee and the Nomination Committee. Tan Sri was first appointed to the Board on 25<sup>th</sup> February 2002 as a Non-Independent, Non-Executive Director, representing Lembaga Tabung Haji. On 5<sup>th</sup> November 2004, he was re-designated as an Independent, Non-Executive Director, when Lembaga Tabung Haji ceased to be a substantial shareholder of the Company.**

Tan Sri 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 position was as the Group Managing Director of Amanah Capital Partners Berhad. Tan Sri was the former Chairman of the Lembaga Tabung Haji Investment Panel. He was also the former Chairman of Media Prima Berhad, MRCB Berhad, DRB-Hicom Berhad, EON Bank Berhad, Uni Asia Life Assurance Berhad, Uni Asia General Insurance Berhad, the 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 is the Chairman of Cahya Mata Sarawak Berhad, Lembaga Zakat Selangor, Pulau Indah Ventures Sdn. Bhd. (a joint venture company between Khazanah Nasional Berhad and Temasek Holdings of Singapore) and Malakoff Corporation Berhad. He is also the Chancellor of SEGi University.

Tan Sri holds a Bachelor of Arts degree in Accounting from Macquarie University, Sydney, Australia, having qualified in 1974. He is also a Chartered Accountant and a Certified Practising Accountant (Australia).

In the financial year ended 31<sup>st</sup> December 2016, Tan Sri Dato' Seri Syed Anwar Jamalullail has attended all five (5) meetings of the Board of Directors.\*

## Profile of Directors

DATO' MOHD. RAFIK BIN SHAH MOHAMAD	
Male, Aged 66, Malaysian	<ul style="list-style-type: none"> <li>• Independent, Non-Executive Director</li> <li>• Member of the Audit Committee</li> <li>• Chairman of the Compensation Committee</li> </ul>



**Dato' Mohd. Rafik Bin Shah Mohamad has been a director of the Company since 1<sup>st</sup> June 2007. He was initially appointed as a Non-Independent, Non-Executive Director and was later re-designated as an Independent, Non-Executive Director on 7<sup>th</sup> August 2008. He is a member of the Audit Committee and the Chairman of the Compensation Committee.**

Dato' commenced his career in 1973 as an Analyst with Esso Malaysia Berhad. In 1981, he joined the Company and retired in 2006 after 25 years of service. During his time he held various significant management positions within the Nestlé group of companies both locally and overseas. Dato' was previously an Independent, Non-Executive Director at Handal Resources Bhd. and also a director of Felda Global Ventures Holdings Sdn. Bhd.

Currently, Dato' is the Chairman of the Malaysian AgriFood Corp. Berhad, Cold Chain Network Sdn. Bhd. (a subsidiary of Malaysian AgriFood Corp. Berhad), and Biotropics Malaysia Berhad. He is also a Director of AgriFood Resources Holdings Sdn. Bhd., Sanicare Hygiene Services Sdn. Bhd. Biotropics Malaysia Berhad wholly owns Phytes Biotek Sdn. Bhd., which is one of the current suppliers of raw materials to a subsidiary of the Company. Be that as it may, Phytes Biotek Sdn. Bhd. carries on business with the subsidiary of the Company on the same terms as other suppliers.

Dato' is a qualified Chartered Accountant from the Malaysian Institute of Accountants and is a fellow of the Association of Chartered Certified Accountants, United Kingdom. He has also attended the Executive Development Programme at the International Institute for Management Development, Lausanne, Switzerland.

In the financial year ended 31<sup>st</sup> December 2016, Dato' Mohd. Rafik Bin Shah Mohamad has attended all five (5) meetings of the Board of Directors.\*

## Profile of Directors

### TAN SRI DATUK (DR.) RAFIAH BINTI SALIM

Female,  
Aged 69,  
Malaysian

- Independent, Non-Executive Director
- Member of the Audit Committee
- Member of the Compensation Committee



**Tan Sri Datuk (Dr.) Rafiah Binti Salim has been a director of the Company since 17<sup>th</sup> April 2009. She is a member of the Audit Committee and the Compensation Committee.**

Tan Sri has excellent service records within both the domestic public and private sectors, and international environments. 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 United Nations Human Resource Management in New York. Tan Sri 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 University of Malaya.

Tan Sri is currently a Director of Allianz Malaysia Berhad, Allianz Life Insurance Malaysia Berhad, Allianz General Insurance Company (Malaysia) Berhad and the Chairman of the Board for Malaysian Genomics Resource Centre Berhad. She is also the President of Pertubuhan Tindakan Wanita Islam (PERTIWI) and the Malay Girls' College/ Tunku Kurshiah College Old Girls' Association.

Tan Sri graduated with a Masters and a Bachelors Degree in Law from the 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.

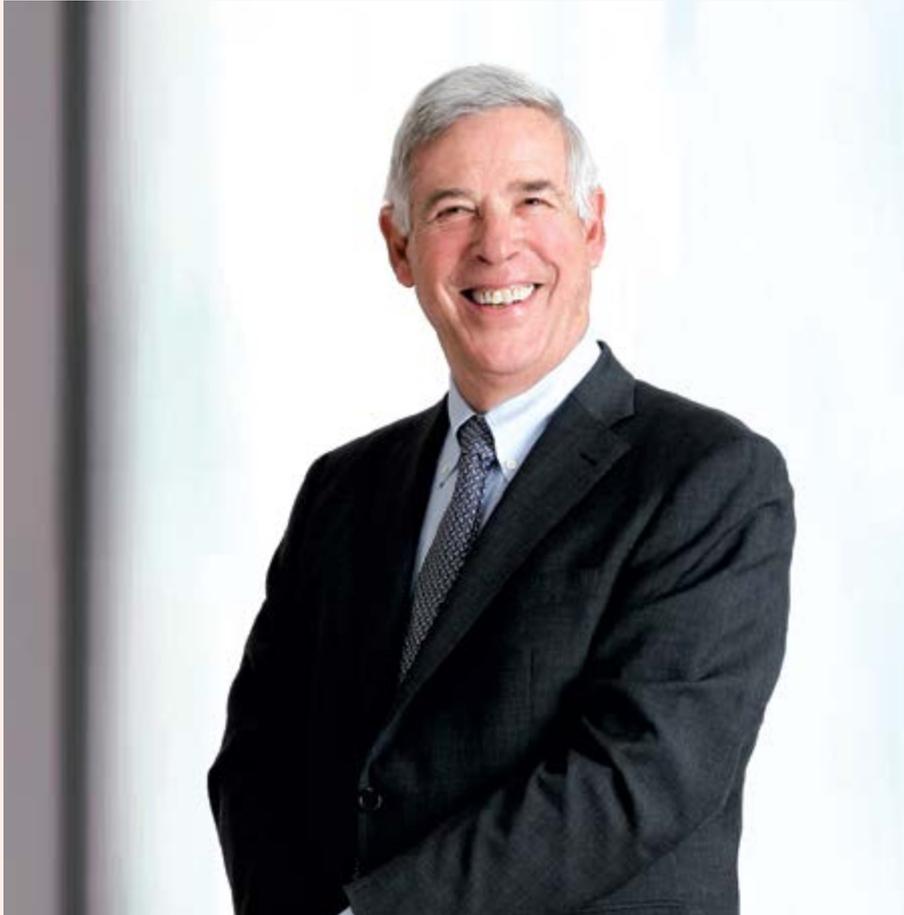
In the financial year ended 31<sup>st</sup> December 2016, Tan Sri Datuk (Dr.) Rafiah Binti Salim has attended all five (5) meetings of the Board of Directors.\*

## Profile of Directors

### DATO' FRITS VAN DIJK

Male,  
Aged 69,  
Dutch

- Independent, Non-Executive Director
- Member of the Compensation Committee
- Member of the Nomination Committee



**Dato' Frits van Dijk has been a director of the Company since 26<sup>th</sup> April 2006. He was initially appointed as a Non-Independent, Non-Executive Director and was later re-designated as an Independent, Non-Executive Director on 19<sup>th</sup> November 2013. He is a member of the Nomination Committee and the Compensation Committee.**

Dato' has served the Nestlé group of companies for 41 years, beginning from 1970 as a Sales Representative with Nestlé UK. He has held various senior positions within the Nestlé group of companies in various countries, such as India, the Philippines, Sri Lanka, China and Japan. Dato' 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, the Chairman and Chief Executive Officer of Nestlé Waters, and the 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' graduated with a Bachelor's Degree in Economics from the School of Economics, Rotterdam, The Netherlands, and has attended the Executive Development Programme at the International Institute for Management Development, Lausanne, Switzerland.

In the financial year ended 31<sup>st</sup> December 2016, Dato' Frits van Dijk has attended four (4) out of the five (5) meetings of the Board of Directors.\*

## Profile of Directors

### TAN SRI DATUK YONG POH KON

Male,  
Aged 71,  
Malaysian

- Independent, Non-Executive Director
- Member of the Nomination Committee



**Tan Sri Datuk Yong Poh Kon has been a director of the Company since 25<sup>th</sup> April 2011. He is a member of the Nomination Committee.**

Tan Sri has served as a Board member of the Malaysian Productivity Corporation, Malaysian Industrial Development Authority and Bank Negara Malaysia. He was also a Member of the National Economic Consultative Council (MAPEN I and II), the Malaysian Communications and Multimedia Commission and a member of the Advisory Board of the Malaysian Anti-Corruption Commission. He was appointed as Co-Chair of PEMUDAH the “Special Task Force to Facilitate Business” together with the Chief Secretary of Malaysia from 2007 to 2013. In 2013, he was appointed as member of the Economic Council of the Prime Minister’s office.

He is currently the Chairman of Royal Selangor International Sdn. Bhd. and GS1 Malaysia Berhad. He is a director of TAHPS Group Berhad, and RAM Holdings Berhad. He is also a Fellow of the Academy of Sciences and the Malaysian Institute of Management. Tan Sri was previously the President of the Federation of Malaysian Manufacturers (“FMM”).

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

In the financial year ended 31<sup>st</sup> December 2016, Tan Sri Datuk Yong Poh Kon has attended four (4) out of the five (5) meetings of the Board of Directors.\*

## Profile of Directors

### TOH PUAN DATO' SERI HAJJAH DR. AISHAH ONG

Female,  
Aged 72,  
Malaysian

- Independent, Non-Executive Director



**Toh Puan Dato' Seri Hajjah Dr. Aishah Ong has been a director of the Company since 28<sup>th</sup> November 2013.**

Toh Puan is the Pro-Chancellor of University of Malaya, having previously served for many years as the Chairman of University Malaya Medical Centre (formerly known as University Hospital). She is also the Chairman of the Institute Jantung Negara Foundation, Cancer Research Malaysia and the Charity Welfare Sub-committee of Badan Kebajikan Isteri-isteri Menteri. She completed two (2) terms as the first Chairman of the Health Promotion Board of the Ministry of Health.

She is also a Founding Trustee of the Alzheimer's Disease Foundation of Malaysia as well as a Trustee of MERCY Malaysia, the Tun Abdul Razak Foundation, the National Council of Women's Organisations, the Women's Aid Organisation and the Dewan Filharmonik Petronas. She is also the Patron of Cancerlink, the Arthritis Foundation of Malaysia, the National Stroke Association of Malaysia, Wanita Pertubuhan Kebajikan Islam Malaysia Wilayah Persekutuan and the Mental Health Association of Malaysia. Toh Puan also presently sits on the Board of the Malaysian Philharmonic Orchestra. She is also a Trustee of the Media Prima Humanitarian Fund.

Toh Puan qualified as a medical doctor from the University of London in 1969 and is an active social worker.

In the financial year ended 31<sup>st</sup> December 2016, Toh Puan Dato' Seri Hajjah Dr. Aishah Ong has attended all five (5) meetings of the Board of Directors.\*

## Profile of Directors

### ALOIS HOFBAUER

Male,  
Aged 51,  
Austrian

- Executive Director
- Chief Executive Officer
- Member of the Compensation Committee



**Alois Hofbauer has been a director of the Group since 22<sup>nd</sup> February 2013. He is a Member of the Compensation Committee.**

In December 1990, Alois joined the Nestlé group of companies, initially as a Sales and Marketing Trainee in Austria. In 1995, he was transferred to Hong Kong in the first of several assignments in the Greater China Region ("GCR") over a period of 15 years. In 1998, he moved to Mainland China, first as Sales Manager, next as Group Brand Manager, Coffee and Beverages, and finally as Business Development Manager for Milks. In 2001, he was appointed Head of the Confectionery business for GCR, before taking up his first general management role in 2004 as the Managing Director of Nestlé Taiwan business. In 2010, Alois Hofbauer was appointed as the Managing Director of Nestlé Sri Lanka, a position he held until his appointment as the Managing Director of Nestlé (Malaysia) Berhad and its group of companies.

He presently serves on the Council of the Federation of Malaysian Manufacturers ("FMM"). He is also the Chairman of the FMM Ethical Business Practices Committee.

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

In the financial year ended 31<sup>st</sup> December 2016, Alois Hofbauer has attended all five (5) meetings of the Board of Directors.\*

## Profile of Directors

MARTIN PETER KRUEGEL	
Male, Aged 49, German	<ul style="list-style-type: none"> <li>• Executive Director</li> <li>• Chief Financial Officer</li> </ul>



**Martin Peter Kruegel has been a director of the Company since 1<sup>st</sup> October 2014.**

In 1995, Martin joined Nestlé Germany where he held various positions in Supply Chain, Finance, Accounting and Controlling. In 2000, he was promoted to Finance Manager in Maitre Paul B.V. Netherlands, a subsidiary of Nestlé. In 2004 to 2006, he was the Finance Manager for Cereal Partners Germany. In 2006, he was transferred to Nestlé Nordics as Finance Manager, Cereal Partners. In 2008, he was promoted to Head of Finance & Control in Nestlé Nigeria, where he played a strong co-pilot role in operational and strategic business decisions and implemented a very structured communication to institutional and retail shareholders.

Martin Peter Kruegel holds a Master of Science in Economics from University Erlangen, Germany.

In the financial year ended 31<sup>st</sup> December 2016, Martin Peter Kruegel has attended all five (5) meetings of the Board of Directors.\*

## Profile of Directors

### TENGGU IDA ADURA TENGGU ISMAIL

Female,  
Aged 44,  
Malaysian

- 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.**

Tengku Ida commenced her career in private legal practice and prior to joining the Company, she was a Legal Manager with Kumpulan Guthrie Berhad (now known as Sime Darby 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 & Secretarial. She was appointed to the Executive Leadership Team on 1<sup>st</sup> January 2017. 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. She was also called to the Malaysian Bar.

She presently serves as Vice-Chairman of the International Chamber of Commerce (Malaysia) ("ICC") and chairs the ICC Corporate Responsibility & Anti-Corruption Committee. She is also the Malaysian Trustee representative for the ASEAN CSR Network.

Tengku Ida was in attendance at all five (5) meetings of the Board of Directors for the financial year ended 31<sup>st</sup> December 2016.

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

- Details of any interest in securities - Save and except for Dato' Frits van Dijk who holds 8,000 ordinary shares in Nestlé (Malaysia) Berhad, none of the other Directors own any shares in Nestlé (Malaysia) Berhad.
- Family relationship with any director and/or major shareholder - None of the Directors have any family relationship with any other director and/or major shareholder of the Group.
- Conflicts of interests - None of the Directors have any conflict of interest or any personal interest in any business arrangement involving the Group.
- The list of convictions for offences within the past 10 years other than traffic offences - None of the Directors have been convicted of any offence within the past 10 years, other than traffic offences, if any.

## EXECUTIVE LEADERSHIP TEAM



*Standing from left to right:*

- |   |  |  |  |
|---|--|--|--|
| <p><b>1 Adnan Pawanteh</b><br/>Executive Director,<br/>Technical &amp; Production</p> | <p><b>2 Shahzad Umar</b><br/>Executive Director,<br/>Human Resources</p> | <p><b>3 Gavin Schwarzenbach</b><br/>Executive Director,<br/>Supply Chain</p> | <p><b>4 Kumaran Nowuram</b><br/>Executive Director,<br/>Ready-to-Drink</p> |
|---|--|--|--|

*Sitting from left to right:*

- |  |  |   |  |
|--|--|---|--|
| <p><b>5 Nirmalah Thurai</b><br/>Executive Director,<br/>Cereal Partners Malaysia</p> | <p><b>6 Alois Hofbauer</b><br/>Chief Executive Officer</p> | <p><b>7 Chew Soi Ping</b><br/>Executive Director, Sales</p> | <p><b>8 Martin Peter Kruegel</b><br/>Chief Financial Officer</p> |
|--|--|---|--|

- 9 Tengku Ida Adura Tengku Ismail** (not in picture)  
Executive Director,  
Legal & Secretarial  
(Appointed from 1 January 2017)

## PROFILE OF EXECUTIVE LEADERSHIP TEAM

ALOIS HOFBAUER <i>Chief Executive Officer</i>		MARTIN PETER KRUEGEL <i>Chief Financial Officer</i>		GAVIN SCHWARZENBACH <i>Executive Director, Supply Chain</i>	
Nationality/ Age	Gender	Nationality/ Age	Gender	Nationality/ Age	Gender
Austrian/ 51	Male	German/ 49	Male	Swiss & British/ 50	Male
					

**Alois Hofbauer is the Chief Executive Officer of the Company.** He was appointed to the Company on 22 February 2013. A graduate of the Swiss Business School, International Institute for Management Development (IMD) and the University of Innsbruck, Austria, Alois Hofbauer's career with Nestlé began over 20 years ago when he joined Nestlé Austria as a Sales and Marketing Trainee. He has a strong leadership track record in country management and a deep understanding of business in Asia. Over the last 20 years, he has held various Senior Management positions in the region before becoming the Managing Director of Nestlé Taiwan in 2004 and subsequently the Managing Director of Nestlé Sri Lanka in 2010.

**Martin Peter Kruegel is the Chief Financial Officer of the Company.** He joined the Company on 1 October 2014. His career with Nestlé began in 1995 with Nestlé Germany where he held various positions in the areas of Supply Chain, Finance, Accounting and Controlling, after which he was transferred to the Nordics in 2006, where he assumed the role of Finance Manager for Cereal Partners. In 2008, Martin Peter Kruegel was promoted to Nestlé Nigeria as Head of Finance & Control, a position he held until the end of September 2014.

**Gavin Schwarzenbach was appointed Executive Director, Supply Chain on 2 June 2014.** His career with Nestlé began in 1987 when he joined Nestlé United Kingdom in Operations Research. He later embarked on an expatriate career in 1994. He was the Supply Chain Director of Nestlé Denmark from 2001 to 2004, after which he was appointed as Head of Supply Chain for the European Nutrition Business. Gavin Schwarzenbach then moved to Nestlé USA in 2009 as the Head of Supply Chain for Nutrition North America and then to Nestlé S.A. in 2012 as Head of Supply Chain for the Global Nutrition Business, a position he held until the end of May 2014.

## Profile of Executive Leadership Team

<b>NIRMALAH THURAI</b> <i>Business Executive Officer, Cereal Partners Malaysia</i>		<b>ADNAN PAWANTEH</b> <i>Executive Director, Technical &amp; Production</i>		<b>SHAHZAD UMAR</b> <i>Executive Director, Human Resources</i>	
<b>Nationality/ Age</b> Malaysian/ 60	<b>Gender</b> Female	<b>Nationality/ Age</b> Malaysian/ 55	<b>Gender</b> Male	<b>Nationality/ Age</b> Pakistani/ 38	<b>Gender</b> Male
					

**Nirmalah Thurai is the Business Executive Officer for Cereal Partners Malaysia, a position she has held since 2006.** She joined the Company in 1981 as a Market Research Executive. In 1987, she moved to Nestlé United Kingdom for a year, before returning to Malaysia as a Product Executive. Nirmalah Thurai held various managerial positions over the next 12 years in the Food Business, before she was appointed as the Manager for Chilled Dairy Business Unit in 2000. She graduated with a Bachelor's Degree in Arts from Universiti Sains Malaysia.

**Adnan Pawanteh is the Executive Director, Technical & Production of the Company.**

As an Engineering degree holder with a Masters of Business Administration in Management, he began as a Trainee Engineer with the Company in 1984. He subsequently held various positions in the Technical area. In 2001, he was posted to Nestlé Australia where he was assigned to the position of Industrial Performance Manager and Production Manager before returning to Malaysia as the Factory Manager of Nestlé Shah Alam Complex in 2002. In 2010, Adnan Pawanteh was transferred to Nestlé Turkey as Technical Director, a position he held until the end of May 2012.

**Shahzad Umar was appointed Executive Director, Group Human Resources on 1 March 2016.**

He started his career as a Management Trainee with Nestlé Pakistan in 2001, where he held various managerial posts in Human Resources. He was then expatriated to Malaysia in April 2009 as the Group Human Resources Manager for Organisational Development. In June 2012, Shahzad Umar returned to Pakistan where he headed the Human Resources Division of Nestlé Pakistan for more than three years. He 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, Lahore.

## Profile of Executive Leadership Team

<b>CHEW SOI PING</b> <i>Executive Director, Sales</i>		<b>KUMARAN NOWURAM</b> <i>Business Executive Officer, Ready-to-Drink</i>		<b>TENGGU IDA ADURA TENGGU ISMAIL</b> <i>(Appointed from 1 January 2017)</i> <i>Executive Director, Legal &amp; Secretarial</i>	
<b>Nationality/ Age</b> Malaysian/ 57	<b>Gender</b> Male	<b>Nationality/ Age</b> Malaysian/ 46	<b>Gender</b> Male	<b>Nationality/ Age</b> Malaysian/ 44	<b>Gender</b> Female
					

**Chew Soi Ping was appointed as the Executive Director, Sales on 1 October 2015.** He started his career in the Company in 1988 as a Management Trainee, where he first gained experience in Sales. In 2008, he was appointed Executive Director (Ice Cream) in Malaysia before transitioning to the role of Executive Director, Nestlé Continuous Excellence. This was followed by an expatriation to the Philippines as the Senior Vice President (Ice Cream) in 2013, a position he held until August 2015. Chew Soi Ping holds a Masters in Business Administration from the University of Central Arkansas, USA and Bachelor of Science in Marketing (Honours) from the University of Ozarks, Arkansas, USA.

**Kumaran Nowuram was appointed Business Executive Officer, Ready-to-Drink on 1 October 2015.** He began his career with the Company in 1994 as a Management Trainee. In 2002, he became Group Brand Manager for the Dairy business before he was expatriated to Nestlé Middle East in 2003 to head the Dairy business for the region, stationed in Dubai. In 2009, he took up the role of Business Executive Manager (Dairy) based in India, before becoming the Executive Director, Sales of the Company before moving to his current role. He holds a Bachelor's Degree in Social Sciences (Economics) from Universiti Sains Malaysia and has also attended the Programme for Executive Development at the International Institute for Management Development (IMD) in Lausanne, Switzerland.

**Tengku Ida is the Executive Director, Legal & Secretarial and the Company Secretary for the Group, and was appointed to the Executive Leadership Team on 1 January 2017.** She joined the Company in 2005 as a Legal Counsel and was expatriated to Nestlé S.A., Switzerland as Legal Counsel for Zone Asia, Oceania, Africa and Middle East in 2010. Upon her return in 2013, she assumed the position of Head of Legal & Secretarial responsible for the legal, secretarial and compliance functions of the Company. She 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. She was also called to the Malaysian Bar.

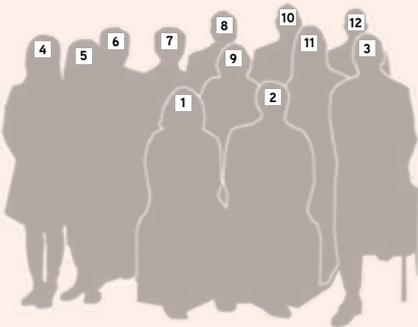
# NESTLÉ LEADERSHIP TEAM

Front row, from left to right:

- 1 Heike Steiling
- 2 Gavin Schwarzenbach
- 3 Alois Hofbauer

Back row, from left to right:

- 4 Yit Woon Lai
- 5 Emilyn Loo
- 6 Chew Soi Ping
- 7 Eugene Chan
- 8 Adnan Pawanteh
- 9 Tengku Ida Adura Tengku Ismail
- 10 Gonzalo Vega  
*(Transferred to Nestlé S.A. Switzerland, as at 1 March 2017)*
- 11 Jasmmine Wong
- 12 Sherif Hani



## Nestlé Leadership Team

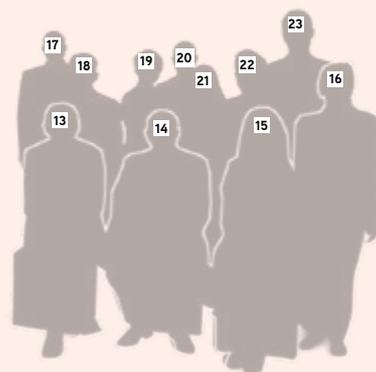


*Front row, from left to right:*

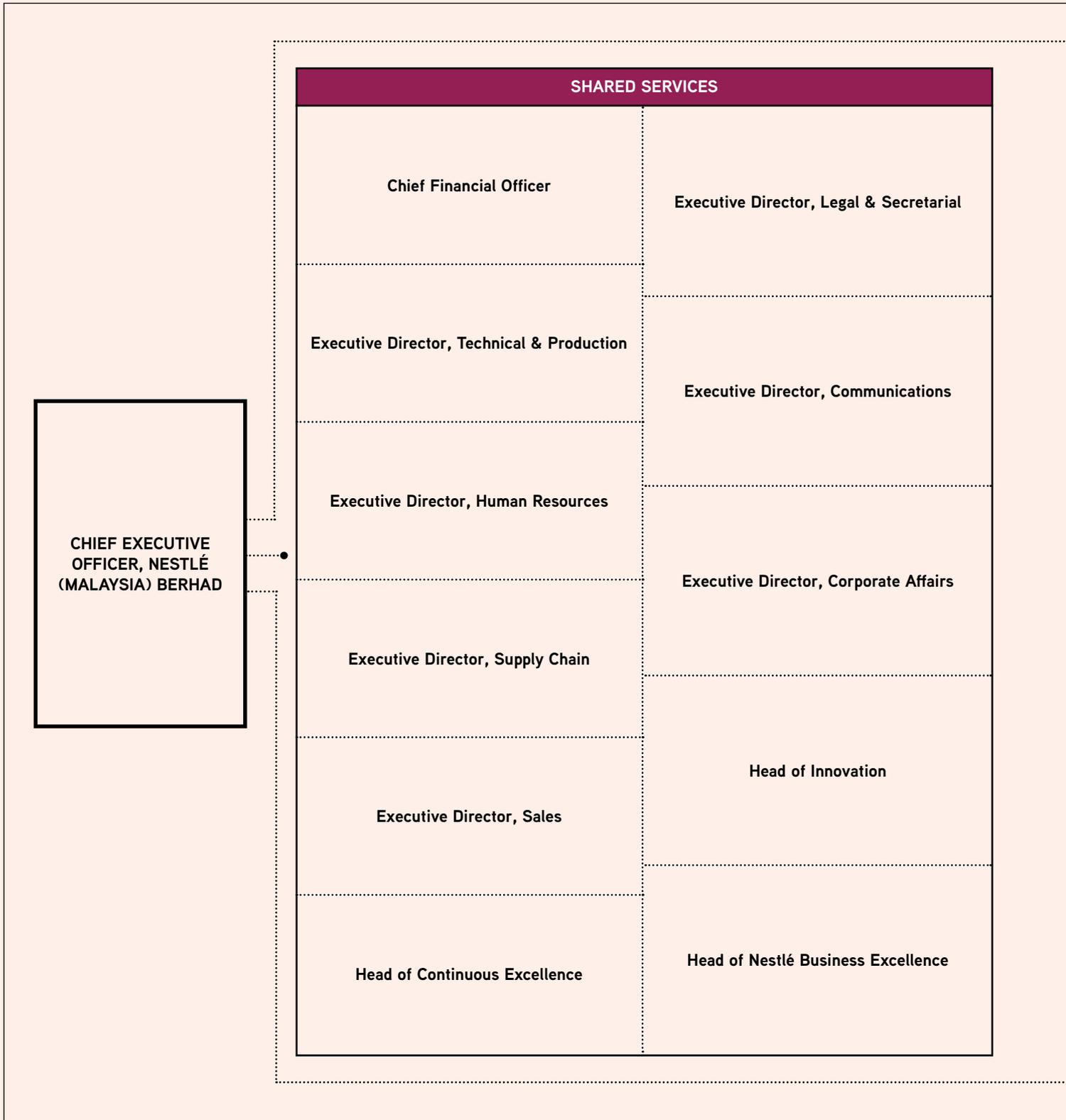
- 13 Xavier Payrard
- 14 Shahzad Umar
- 15 Ng Su Yen
- 16 Nirmalah Thurai

*Back row, from left to right:*

- 17 Sachin Goel
- 18 Martin Peter Kruegel
- 19 Philomena Tan
- 20 Kumaran Nowuram
- 21 Rosalyn Simba
- 22 Wilfrid Foo
- 23 Jan-Willem Boezelman



# ORGANISATION STRUCTURE



## Organisation Structure



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

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

Independent, Non-Executive Director  
 Chairman of the Board of Directors  
 Chairman of the Audit Committee  
 Chairman of the Nomination Committee

### TAN SRI DATUK (DR.) RAFIAH BINTI SALIM

Independent, Non-Executive Director  
 Member of the Audit Committee  
 Member of the Compensation Committee

### DATO' MOHD. RAFIK BIN SHAH MOHAMAD

Independent, Non-Executive Director  
 Member of the Audit Committee  
 Chairman of the Compensation Committee

### TAN SRI DATUK YONG POH KON

Independent, Non-Executive Director  
 Member of the Nomination Committee

### DATO' FRITS VAN DIJK

Independent, Non-Executive Director  
 Member of the Nomination Committee  
 Member of the Compensation Committee

## AUDIT COMMITTEE

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

*Members* — **1** Dato' Mohd. Rafik Bin Shah Mohamad  
**2** Tan Sri Datuk (Dr.) Rafiah Binti Salim

## NOMINATION COMMITTEE

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

*Members* — **1** Tan Sri Datuk Yong Poh Kon  
**2** Dato' Frits van Dijk

## 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, 22<sup>nd</sup> 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

## Corporate Information

### TOH PUAN DATO' SERI HAJJAH DR. AISHAH ONG

Independent, Non-Executive Director

### ALOIS HOFBAUER

Executive Director

Chief Executive Officer

(Alternate Director to Martin Peter Kruegel)

Member of the Compensation Committee

### MARTIN PETER KRUEGEL

Executive Director

Chief Financial Officer

(Alternate Director to Alois Hofbauer)

### COMPENSATION COMMITTEE

*Chairman* — **Dato' Mohd. Rafik Bin Shah Mohamad**

*Members* — **1** Tan Sri Datuk (Dr.) Rafiah Binti Salim

**2** Dato' Frits van Dijk

**3** Alois Hofbauer

### COMPANY WEBSITE

[www.nestle.com.my](http://www.nestle.com.my)

### 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

### AUDITORS

KPMG PLT (*Firm No. 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

### PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad  
(127776-V)

Malayan Banking Berhad  
(3813-K)

### STOCK EXCHANGE LISTING

Main Market  
Bursa Malaysia Securities Berhad  
(635998-W)

# CORPORATE DIRECTORY

## HEAD OFFICE

### NESTLÉ (MALAYSIA) BERHAD (110925-W)

22-1, 22<sup>nd</sup> 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

### WEBSITE

[www.nestle.com.my](http://www.nestle.com.my)

### FACEBOOK

<http://www.facebook.com/NestleMalaysia>

## FACTORIES

### 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

### BATU TIGA

NESTLÉ MANUFACTURING (MALAYSIA) SDN. BHD. (315081-K)  
 Lot 3, Jalan Playar 15/1  
 Kawasan Perindustrian Shah Alam  
 40000 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

## Corporate Directory

### 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 Utama 4  
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 Park  
93714 Kuching  
Sarawak  
Tel : +6082 472 800  
Fax : +6082 472 999

### KUCHING (ICE CREAM)

NESTLÉ MANUFACTURING (MALAYSIA) SDN. BHD. (315081-K)  
Lot 915, Block 7  
Muara Tebas Land District  
Sejingkat Industrial Park  
93714 Kuching  
Sarawak  
Tel : +6082 472 800  
Fax : +6082 472 998

### NATIONAL DISTRIBUTION CENTRE

NESTLÉ PRODUCTS SDN. BHD. (45229-H)  
Lot 1, Persiaran Waja  
Kawasan Perindustrian Bukit Raja  
41050 Klang  
Selangor Darul Ehsan  
Tel : +603 3361 7800  
Fax : +603 3361 7801

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1019-05/2004



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## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the 33<sup>rd</sup> Annual General Meeting of the Company will be held at Ballroom B & C, Hilton Kuala Lumpur, 3 Jalan Stesen Sentral, 50470 Kuala Lumpur on Thursday, 27 April 2017 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 2016 and the Directors' and Auditors' reports thereon.

*Please refer to Explanatory Note 1*

2. TO APPROVE the payment of a final dividend of 130 sen per share, under a single-tier system, in respect of the financial year ended 31 December 2016.

**Resolution 1**

3. TO APPROVE the following payments to Directors:

3.1 Fees of RM1,080,000.00 for the financial year ended 31 December 2016.

3.2 Benefits of RM290,000.00 for the financial period from 1 January 2017 to 30 June 2018.

**Resolution 2**

**Resolution 3**

4. TO RE-ELECT the following Directors retiring in accordance with Article 90.1 of the Company's Articles of Association, comprising part of the Constitution of the Company:

4.1 Tan Sri Dato' Seri Syed Anwar Jamalullail

4.2 Dato' Frits van Dijk

**Resolution 4**

**Resolution 5**

*Please refer to Explanatory Note 2*

5. TO RE-APPOINT Messrs. 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:

#### 6. Re-appointment of Directors

THAT the following Directors be hereby re-appointed as Directors of the Company:

6.1 Toh Puan Dato' Seri Hajjah Dr. Aishah Ong

6.2 Tan Sri Datuk Yong Poh Kon

**Resolution 7**

**Resolution 8**

*Please refer to Explanatory Note 4*

## Notice of Annual General Meeting

### 7. Proposed Renewal of Shareholders' Mandate and New 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 29 March 2017.

"THAT approval be hereby given for the renewal of the mandate granted by the shareholders of the Company on 28 April 2016 and new shareholders' mandate 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 29 March 2017 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;

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 authorized by this resolution."

*Please refer to Explanatory Note 5*

### 8. Retention of Independent Director

"THAT Tan Sri Dato' Seri Syed Anwar Jamalullail be hereby retained as an Independent Director of the Company until the conclusion of the next Annual General Meeting, in accordance with the Malaysian Code on Corporate Governance 2012."

*Please refer to Explanatory Note 6*

TO CONSIDER AND IF THOUGHT FIT, to pass the following as Special Resolution:

### 9. Proposed Adoption of New Company's Constitution

"THAT approval be and is hereby given to revoke the existing Constitution of the Company with immediate effect and in place thereof, the proposed new Constitution of the Company as set out in Part B of the Circular to Shareholders dated 29 March 2017 accompanying the Company's Annual Report for the financial year ended 31 December 2016 be and is hereby adopted as the Constitution of the Company AND THAT the Directors of the Company be and are hereby authorised to assent to any modifications, variations and/or amendments as may be required by the relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing."

*Please refer to Explanatory Note 7*

Resolution 9

Resolution 10

Resolution 11

## Notice of Annual General Meeting

### 10. TO TRANSACT any other business of which due notice shall have been given.

**NOTICE IS ALSO HEREBY GIVEN THAT**, subject to the approval of the shareholders at the 33<sup>rd</sup> Annual General Meeting of the Company, a final dividend of 130 sen per share, under a single-tier system in respect of the financial year ended 31 December 2016 will be paid to the shareholders on 8 June 2017. The entitlement date for the said dividend shall be 18 May 2017.

**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 4.00 p.m. on 18 May 2017 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  
29 March 2017

#### 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 Central Depositories Act, he may appoint not more than two (2) 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 (1) 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 he holds.

Where an authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) 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 (1) 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 and 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 19 April 2017 shall be entitled to attend, speak and vote at the general meeting.

## Notice of Annual 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.

#### 2. Re-election of Retiring Directors

Tan Sri Dato' Seri Syed Anwar Jamalullail and Dato' Frits van Dijk are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election.

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

The Board had at its meeting held on 28 February 2017 approved the recommendation by the Audit Committee on the re-appointment of Messrs. KPMG PLT (Firm No. AF 0758) as Auditors of the Company. The Board and Audit Committee collectively agreed that Messrs. 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. Re-appointment of Directors

The proposed Ordinary Resolution under item 6 is to seek shareholders' approval on the re-appointment of Toh Puan Dato' Seri Hajjah Dr. Aishah Ong and Tan Sri Datuk Yong Poh Kon, who had been re-appointed in the previous Annual General Meeting held on 28 April 2016 as Directors under Section 129(6) of the former Companies Act 1965 which was then in force and whose term would expire at the conclusion of this meeting, as Directors of the Company. If passed, the proposed Resolution 7 and Resolution 8 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 and new 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 29 March 2017 accompanying the Company's Annual Report for the financial year ended 31 December 2016.

#### 6. Retention of Independent Director

The proposed resolution is to seek shareholders' approval to retain Tan Sri Dato' Seri Syed Anwar Jamalullail as an Independent, Non-Executive Director. He has served the Company as an Independent, Non-Executive Director since 5 November 2004 for a cumulative period of over nine (9) years and he has served as Chairman of the Board for the last seven (7) years since 16 April 2009. The Nomination Committee has made the necessary assessment and recommended to the Board that he be retained as an Independent Director of the Company based on his ability to maintain his independence of judgment and to express and maintain unbiased views without any influence. His position as an Independent Non-Executive Director has been assessed pursuant to Recommendation 3.2 of the MCG 2012 and it has been agreed to retain Tan Sri Dato' Seri Syed Anwar Jamalullail as an Independent Non-Executive Director of the Board of Directors and as Chairman of the Audit Committee. The recommendation to re-elect Tan Sri Dato' Seri Syed Anwar Jamalullail is based on his exemplary leadership and dedication to his responsibilities as the Chairman of the Board and his in-depth understanding and knowledge of the Company's business as well as the strategies and direction of the Company. His vast knowledge and expertise on corporate matters of different industries and environment and his experience in various companies and capacities suits the Company's required mix of skills and Board diversity. There is no doubt that Tan Sri's leadership has ensured effective check and balance in the proceedings of the Board and the Board Committees and encourages active participations from all members of the Board. He is practical in his analysis and assessment and is able to provide practical guidance to the Management Team in strategy matters. He is also vocal in his outlook and views and has provided the Board with a strong and principled voice. Tan Sri's unwavering support to the Company's initiatives in implementing different strategies in moving the Company forward and strengthening the Company's credibility and reputation as the leader in the food and beverage industry proved to be invaluable to the Company especially in times when the general market outlook has been quite uncertain. The proposed resolution would also allow him to serve as Chairman of the Audit Committee pursuant to the requirements of Paragraph 15.10 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

#### 7. Proposed Adoption of New Company's Constitution

The proposed Special Resolution, if passed, will bring the Company's Constitution in line with the enforcement of the Companies Act 2016 and to enhance administrative efficiency. The proposed new Constitution is set out in Part B of the Circular to Shareholders dated 29 March 2017 accompanying the Company's Annual Report for the financial year ended 31 December 2016.

*This page has been intentionally left blank.*

# 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 \_\_\_\_\_

or failing him/her, \_\_\_\_\_ NRIC No: \_\_\_\_\_ (New)

\_\_\_\_\_ (Old) of \_\_\_\_\_

as my/our proxy to vote for me/us on my/our behalf at the **33<sup>rd</sup> Annual General Meeting of the Company to be held at the Ballroom B & C, Hilton Kuala Lumpur, 3 Jalan Stesen Sentral, 50470 Kuala Lumpur on Thursday, 27 April 2017 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 approve the payment of a final dividend of 130 sen per share, under a single-tier system, in respect of the financial year ended 31 December 2016.		
2.	To approve the payment of Directors' fees of RM1,080,000.00 for the financial year ended 31 December 2016.		
3.	To approve the payment of Directors' benefits of RM290,000.00 for the financial period from 1 January 2017 to 30 June 2018.		
4.	To re-elect Tan Sri Dato' Seri Syed Anwar Jamalullail as a Director of the Company.		
5.	To re-elect Dato' Frits van Dijk 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 re-appoint Toh Puan Dato' Seri Hajjah Dr. Aishah Ong as a Director of the Company.		
8.	To re-appoint Tan Sri Datuk Yong Poh Kon as a Director of the Company.		
9.	Proposed Renewal of Shareholders' Mandate and New 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 29 March 2017.		
10.	Retention of Independent Director.		
11.	Proposed Adoption of New Company's Constitution		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2017

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 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 Central Depositories Act, he may appoint not more than two (2) 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 (1) 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 he holds. Where an authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) 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 (1) 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 19 April 2017 shall be entitled to attend, speak and vote at the general meeting.

*Please fold here to seal*

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stamp

**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

*Please fold here to seal*

---



**www.nestle.com.my**

**Nestlé (Malaysia) Berhad (110925-W)**

22-1, 22<sup>nd</sup> Floor, Menara Surian  
No. 1, Jalan PJU 7/3  
Mutiara Damansara  
47810 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia

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Fax (+603) 7965 6767

Nestlé Consumer Services Free Phone: 1-800-88-3433

Facebook: <http://www.facebook.com/NestleMalaysia>



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