



Comercial Nutresa

Consolidating The Last Mile

Last Mile Delivey Round Table
MIT – May 21st 2014
Boston. MA

Agenda

- Grupo Nutresa
 - Colombian context
- Comercial Nutresa & Last Mile Operation
- Results
- Challenges



Grupo
nutresa

Overview



NUTRESA at a Glance



Key highlights:

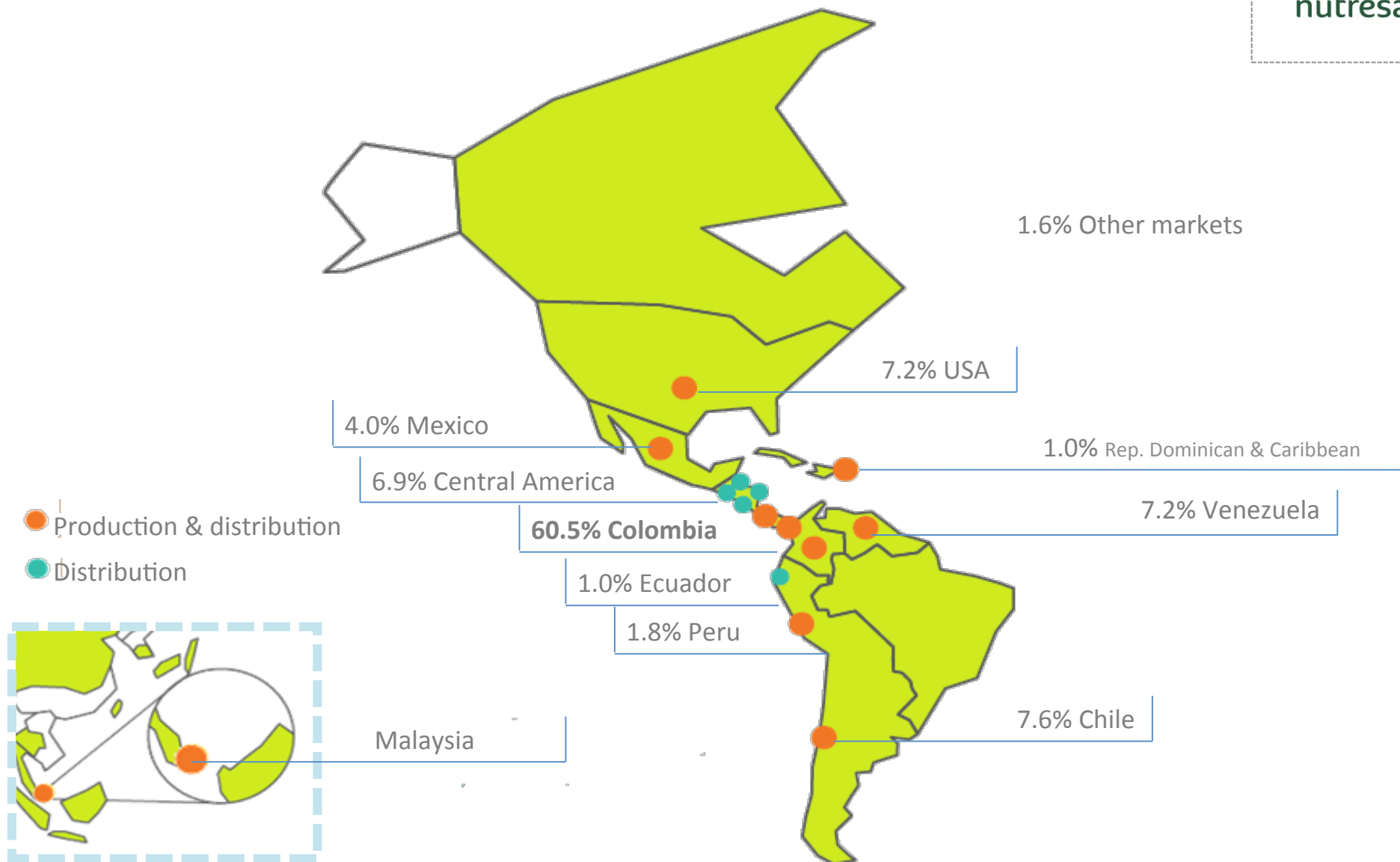
- **4th largest food company in Latin America** by market capitalization
- Close to **100 year** history
- **Well diversified business** in terms of markets. categories & raw materials.
 - **7 business units:** cold cuts. biscuits. chocolates. coffee. ice cream. pasta and TMLUC (PSD & Snacks).
 - Presence in **15 countries**. with 37 manufacturing plants in 11 of these
 - **Products sold in 72 countries**. in 5 continents
 - No single commodity accounts more than 9% of COGS
- Business model based on: **People + Brands + Distribution**
 - **36,726 employees** (**12,045** outside Colombia) (dec-2013)
 - Portfolio of **157 brands** with **17 brands selling more than USD 50mm**
 - **17 Leading brands** in Colombia and Latam
 - **1 million clients attended** with more than 11,500 sellers
- Publicly listed in Colombia. **ADR Level I** and a **market cap of \$6.3 bb** (dec-2013)
- We understand **sustainable development** as economic and social progress that lasts over time. which generates benefits for all and promotes a balance with the environment.



MEMBER OF
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Sustainability Indices
In Collaboration with RobecoSAM

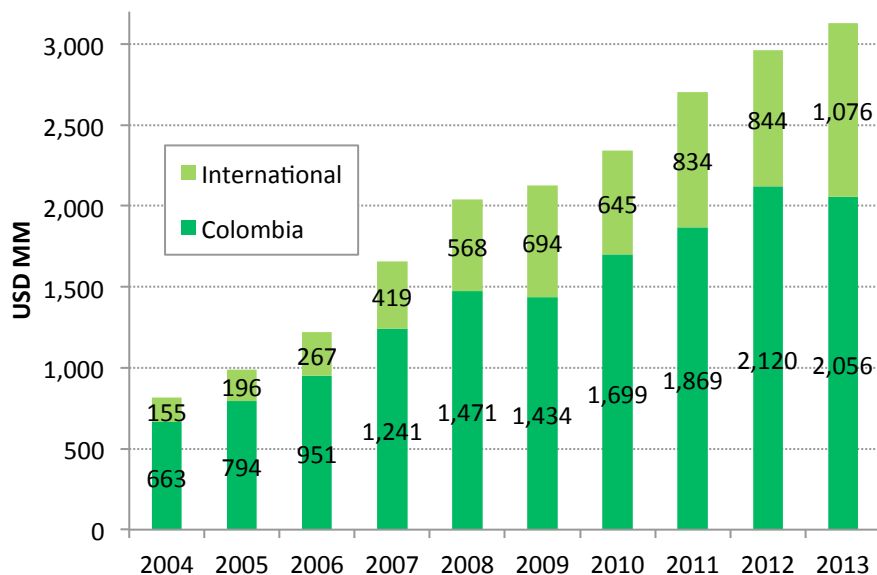


Diversification: 15 countries



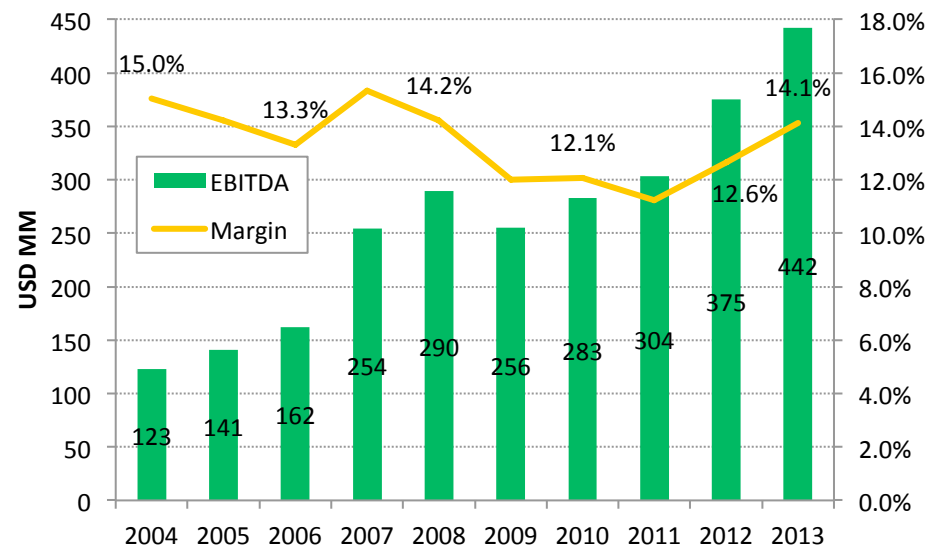
Increasing value generation

SALES



CAGR last 10 yr: 16%

EBITDA



CAGR last 10 yr: 15.3%

Business model: Brands

MARKET SHARE COLOMBIA (59.6%) + TMLUC

Cold Cuts	Biscuits	Chocolates	Coffee	Ice Cream	Pasta	TMLUC
						
73.3% +0.2%	54.6% +0.6%	Chocolate confectionary 67.7% (A) +1.2%	Roast and ground coffee (A) 56.3% -1.0%	N.D.	50.6% -0.4%	Chile PSD* 61.8% (A)
		Hot chocolate 63.1% (B) +0.2%				Pasta 30.4% (B)
		Milk modifiers 25.8% (C) -2.6%	Soluble Coffee (B) 41.2% -1.5%			Coffee 16.2% (C)
		Nuts 45.4% -2.3% (D)				Mexico PSD* 28.8% (D)
#2 Private labels 6.8% #3 Friko 0.8%	#2 Nestlé 12.3% #3 Mondelez 10.8%	(A) #2 Colombina 8.1% (B) #2 Casa Lúker 25.5% (C) #1 Nestlé 68.4% (D) Frito Lay 27.3%	(A) #2 Águila Roja 23.0% (B) #1 Nestlé 45.5%		#2 La Muñeca 30.7%	(A) #2 Carozzi 36.1% (B) #1 Carozzi 43.5% (C) #1 Nestlé 71.6% (D) #1 Mondelez 52.0%

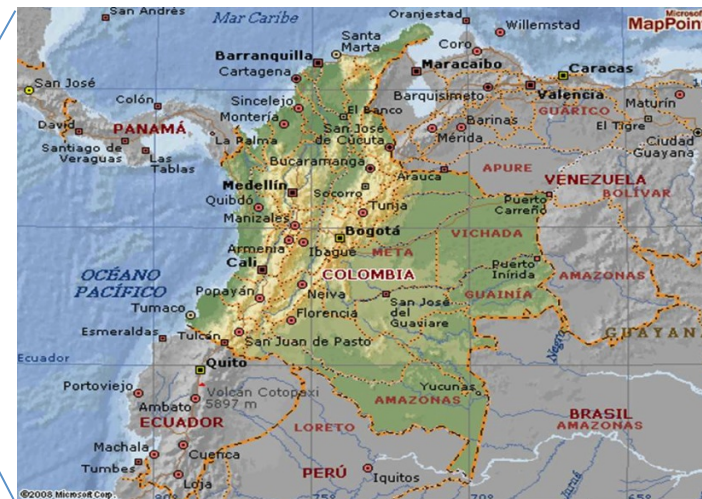
*PSD = Powdered soft drinks

Source: Nielsen October-november 2013.

(% share as of october – november 2013 in value and change vs. same period last year)

The Colombian Context

- **Population:** 47.3 MM
 - Urban: 68%
 - Rural: 32%
- **GDP:** US\$8.130/year
- **Geography:**
 - Area: 1,141,000 Km²
(1.6 times Tx)
- **Roads:**
 - 190,000 km (118,000 miles)
 - 8.4% are paved
- **Infrastructure/Distance/Speed:**

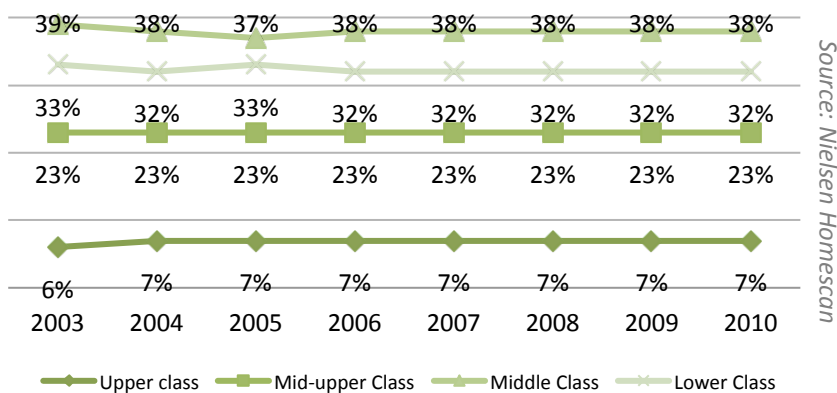


From-To	Road (Km)	Straight (Km)	%	Average (Km/h)
Bogota-Barranquilla	979	707	38%	40,8
Medellín-Barranquilla	700	528	33%	38,9
Cali-Barranquilla	1.124	855	31%	43,2
L.A.-New York	4.482	3.943	14%	81,5

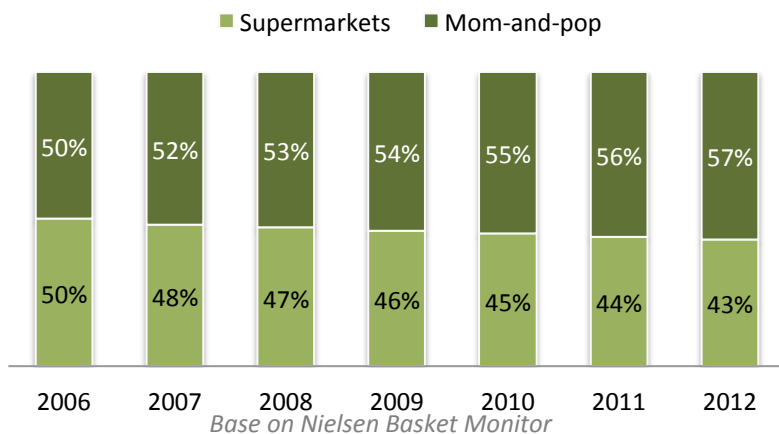
Business model: Distribution

Colombia: a unique distribution challenge

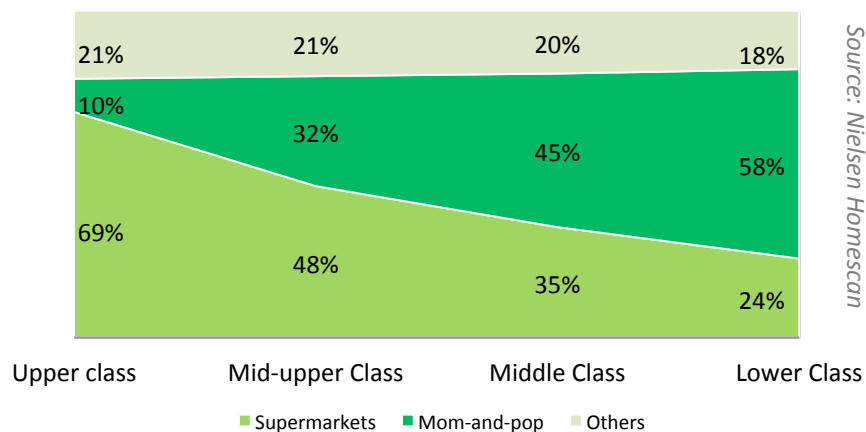
Social class evolution:



Channel evolution:



Where they go for shopping?



How they look?





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Comercial Nutresa - Consolidated Logistics



The Structure of the Business Group



Cárnicos Nutresa	Galletas Nutresa	Chocolates Nutresa	Cafés Nutresa	Helados Nutresa	Pastas Nutresa	Tresmontes Lucchetti
International sales and distribution network						



Time	Business Unit	Mom & Pop				Convenience				Supermarkets			
													
Before	Biscuits												
	Pasta												
	Chocolate												
Today	Comercial Nutresa												

Merging Three Last Mile Operations

Time	Business Unit	Mom & Pop				Convenience				Supermarkets			
Before	Biscuits												
	Pasta												
	Chocolate												
Today	Comercial Nutresa												

Segmentation Model

Niveles de Segmentación

Segmentación por Necesidades

- Vocación del Punto de Venta
- Comportamiento Shopper

Segmentación por Potencial

- Desarrollo esperado del Cliente en las categorías del grupo

Segmentación por Valor

- Venta \$ (Drop Size del Cliente)

Definiciones

Nomenclatura de Segmentos:

- Descriptiva del PdV
- Descriptiva del Shopper

Portafolio Diferenciado:

- Referencias Foco
- Alineado a Mapa Estratégico de Marcas

Apoyos y Activaciones:

- Promociones, Actividades

Términos Comerciales

- Crédito y Descuentos

Modelo de Atención:

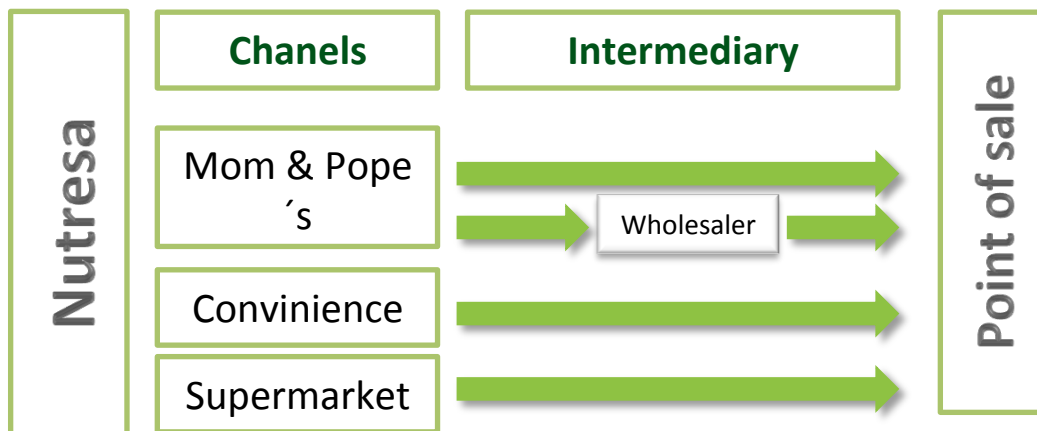
- Frecuencia de visita / Entrega
- Figuras Comerciales de atención



Merging Three Last Mile Operations

Time	Business Unit	Mom & Pop				Convenience				Supermarkets			
Before	Biscuits												
	Pasta												
	Chocolate												
Today	Comercial Nutresa												

Distribution Strategy: "Short Channel"



Clients in Colombia: 210.000

Nielsen Universe in Colombia: 450.000

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CoNu in figures

- Sales US\$960 MM / Year
- Attends 950 cities and towns (1,132 in Colombia)
- Delivery promise: 24-48 h in cities. 72 h in towns
- Infrastructure in 32 cities
- +1,200 Sku's
- Sales force: Private (670) and 59 commercial agents (1,220)
- + 1,000 car distribution
- Pre-sale 100%



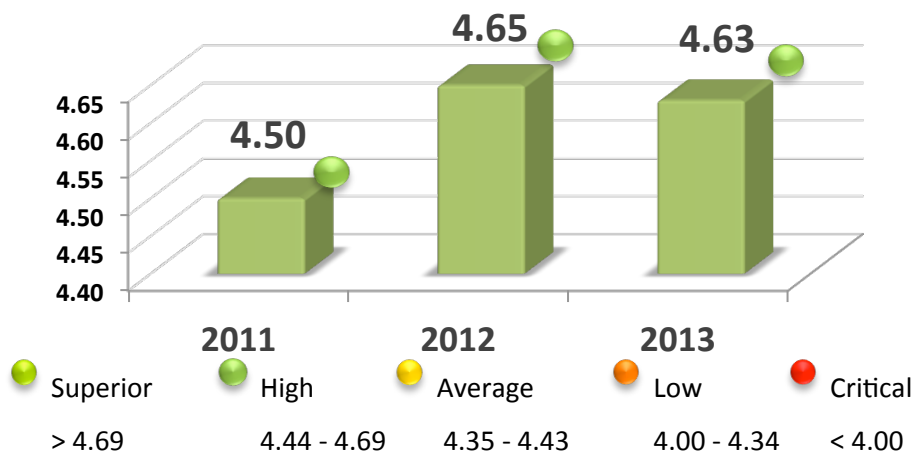
Comercial Nutresa – Goals From Consolidating Operations

- Service Level
 - Qualitative
 - Quantitative
- Sales
- Cost of service



Service

Customer satisfaction



Source: Millward Brown

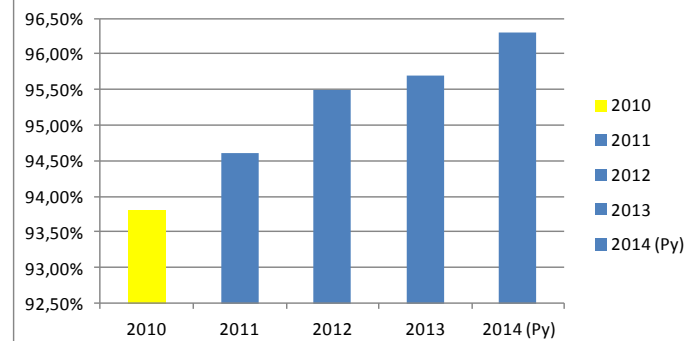
The service attitude of our salespeople and “sales assistants” (Drivers) are the best variables evaluated by our customers.



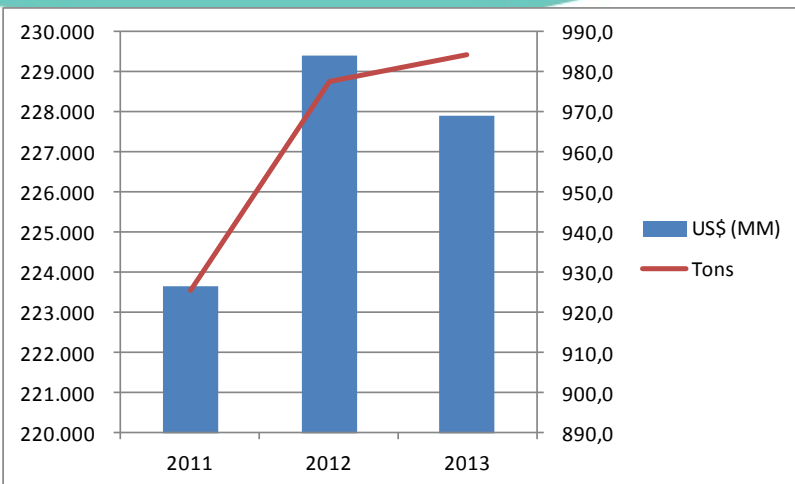
Invamer Gallup Oct 2013

* Invamer Galup

Fill Rate

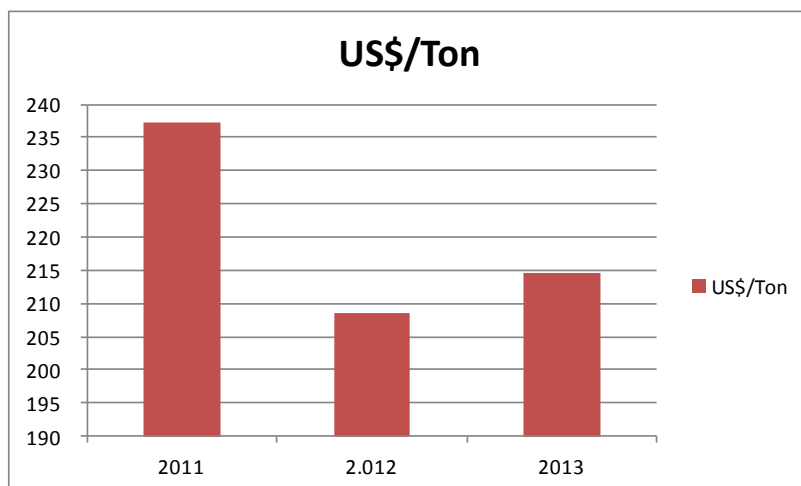


Sales & Cost to Serve



Sales

Cost /Ton

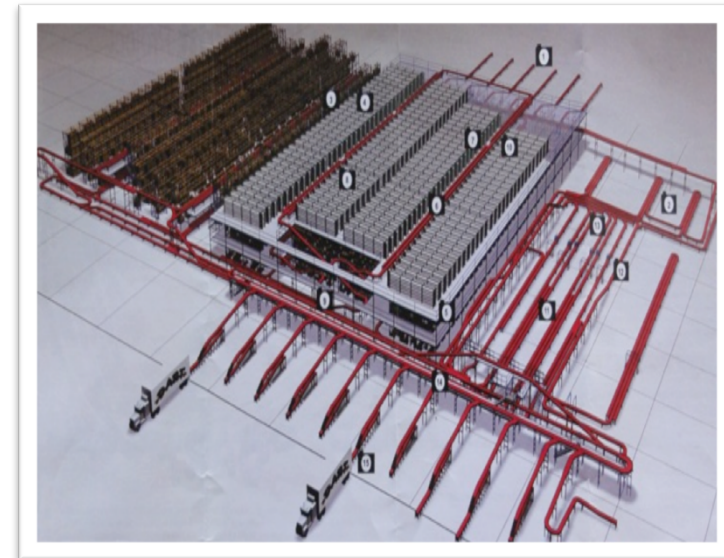




Main Achievement:

Sustainable Logistics Operation

- **Infrastructure investment: US\$ 66 Millions 2013-2020**
- Technology for distribution centers
- Technology for transportation
 - Traffic management
 - Mobile
 - Vehicules
 - Electrical
 - Hybrids
 - Other technologies
- S&OP: Rebuilt
- People care
 - PEL: Proyect Logistics Ergonomy (US\$700M)
 - Self care campaing (Continuous)





Comercial Nutresa

Business model challenges



Our Challenges

How to build an efficient sales and distribution model with these characteristics

- How to reach in a profitable way **284,000** grocery clients and **475,000** candy clients of which **80%** are served on a weekly basis and **20%** biweekly basis.
- How to efficiently serve a drop size in our traditional channel in which **70%** of the transactions are made for less than **US\$2**.
- How to manage **420** portfolios for **24** different segments of clients.



Thank you!

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