

Nestle Still Sweet on Crisis-Stricken Russia

By [The Moscow Times](#)

March 24, 2015

The  Moscow Times

Swiss food group Nestle said it had faith in the long-term potential of the Russian market and would try to use more local materials and ingredients to mitigate currency volatility.

International companies are grappling with a weak Russian economy and a plunge in the value of the ruble after the West imposed sanctions against Moscow over its role in the Ukraine crisis and prices of oil, Russia's main export, dropped sharply.

"We are doing everything we can to continue development despite the slowdown of the Russian economy. We are still confident in Russia's long-term prospects," Maurizio Patarnello, Nestle Russia CEO, said Tuesday.

Nestle, maker of Nescafe coffee and Pro Plan pet food, has nine manufacturing facilities in Russia. It invested 1.7 billion rubles (\$29 million) in 2014 into a new factory producing baby food, out of total Russian investment of 4.6 billion rubles last year.

Patarnello said that some 80 percent of packaging and 65 percent of raw materials used in production in Russia were already sourced locally.

"When you manufacture 90 percent of what you sell here, then you have to engage mostly with local suppliers. This is an effort that we have been continuously doing since we started to manufacture in this country," Patarnello said following a news conference.

The company has nevertheless had to increase prices in response to the plunging ruble, he said, but added that the company focused on staying competitive when doing so.

Patarnello added that Nestle could increase its advertising expenditure in Russia this year.

"We believe that these times are also [times of] opportunities, not only crisis," he said.

Nestle's sales in the Russia-Eurasia region rose 13 percent last year in local currency terms to 86.4 billion rubles, while the group's total organic sales, which exclude currency swings and acquisitions, grew 4.5 percent.

Nestle, the world's largest packaged foods maker, last month forecast sales growth around 5 percent this year, at the low end of its long-term goal, as it grapples with deflation in Europe and a slowdown in China.

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