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## Speech Luis Cantarell

Executive Vice President Nestlé S.A.

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### Disclaimer

**This speech might not reflect absolutely all exact words spoken.**

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

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### Introduction

Thank you Paul. I am thrilled to have this opportunity to lead the Nestlé Health Science Company.

Peter and Paul have talked about why we are doing this. I am going to tell you what we want to do, and how.

*Slide 1:*

**Nestlé Health Science vision and ambition**

be a pioneer in the emerging area of  
health science nutrition for  
personalised prevention, improvement and treatment  
of chronic medical conditions  
through nutritional interventions

Prevention Improvement Treatment

The slide features a blue border and a blue footer bar. The main content is white with blue text. At the bottom, three overlapping blue hexagons contain the words "Prevention", "Improvement", and "Treatment" in white text.

**Our vision and our ambition, is that:**

**Nestlé Health Science will be a pioneer in the emerging area of health science nutrition for personalised prevention, improvement and treatment of acute and chronic medical conditions through nutritional interventions.**

By pioneering in this area, we aspire to change the health care paradigm and deliver affordable and effective health benefits which address the critical health concerns of society in a safe, sustainable and cost effective way.

We believe that “health science nutrition” will become personalised, in two different ways.

*Slide 2:*

Firstly, it will become individual and targeted at specific needs.

This journey has already started within our HealthCare Nutrition Business. For example, today we offer products for dysphagia patients. These are patients with swallowing disorders that can lead to complications such as serious lung infections if they don't have the right specialised products.

Secondly, nutrition will gradually become personalised through greater understanding of genetic and environmental interactions with food. An early example is Vitaflo, a company we bought in August this year. Vitaflo has products tailored to people with specific genetic conditions.

We want to use our increasing understanding of the emerging area of “health science nutrition” and personalisation to prevent disease, or where we cannot prevent it, to improve or treat disease.

An example of improving a condition comes from CM&D, a company in our Venture Capital portfolio. CM&D is running clinical trials on a nutrition product to reduce high levels of phosphate in people with Chronic Kidney Disease. Reducing high levels of phosphate would help reduce Chronic Kidney Disease patients' risk of heart attack.

I see these examples as just the start of how we can use “health science nutrition” to improve peoples' lives.

Where nutrition is an effective prevention or treatment, because it is also safe, we can take some of the worry out of peoples' lives and improve their quality of life as people, not just patients.

We already have a strong foundation of products for acute conditions. We want to further address chronic medical conditions because it is here that the everyday nature of nutrition is a strength. Chronic conditions, by definition, last for years and many people suffer from several at the same time.

So nutritional interventions that are effective should be cheaper and safer than drug-based solutions in the longer term. As you have heard, there is a huge need to address the economic burden of chronic disease.

We are starting to see promising results from nutritional interventions – the time is right to build this business.

But how are we going to do this?

Slide 3:

**Nestlé HealthCare Nutrition business**

- CHF1.6bn sales
- Global No. 2 market position
- US, Europe, Asia, South America
- Healthcare professional relationships
- Leading products and brands

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We are starting with a very strong base - we will build Nestlé Health Science Company using our 1.6 billion Swiss franc HealthCare Nutrition business, separating it from Nestlé Nutrition.

Nestlé HealthCare Nutrition is the global number two in this specialist area, and has strong positions in North America, Latin America, Europe and AOA. HealthCare Nutrition sells its products into hospitals, long term care institutions, home care services and pharmacies. We have strong relationships and an excellent reputation with healthcare professionals and key opinion leaders, together with leading products and brands.

Slide 4:

**Today**

HealthCare Nutrition

**2 years to build leading organisation**

Innovation network

Portfolio investments

HealthCare Nutrition

**5 years to build product portfolio & pipeline**

In-house new products

Acquired products

Portfolio investments

HealthCare Nutrition

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Over the next two years, we will build a leading “health science nutrition” organisation from this base. We will strengthen some areas, either by acquisition or by adding key people. We will look at promising opportunities arising from our Venture funds, and strengthen links into Nestlé’s wider innovation network of suppliers, start-ups and universities.

As a member of the Nestlé Venture funds board, I will monitor new opportunities in this area.

In this innovation network, our new Institute will play a key role as a science knowledge hub.

Over the next five years we will build a leading “health science nutrition” product portfolio and pipeline.

How?

The new Nestlé Institute of Health Sciences will enable a quantum leap in our understanding of the mechanisms behind these chronic medical conditions. This understanding will generate many new concepts and products.

The Institute will be complemented by access to Nestlé’s existing world leading nutritional R&D capabilities: the Nestlé Research Centre; our Product Technology and R&D Centres; and our external innovation network.

Also it will benefit from our new clinical trial management organisation. These resources give us the ability to convert concepts into effective products, supported by clinical data.

Our development capabilities will help drive product innovation and organic growth.

But we do not expect to invent everything. We will also acquire or licence products, and use our network to ensure we stay at the leading edge of “health science nutrition”.

When we acquire, we will be very keen to let every company develop with its own culture. Some will need to remain independent, and some will be happy to be part of a more established business.

My responsibility is to create a very open environment that lets entrepreneurship and innovation flourish. This is the continuation of the “Wider Nestlé” initiative we have run for nearly 10 years.

Wider Nestlé brings together leading academics and innovators, our suppliers and partners in a unique enterprise. It has already created strong bonds with leaders in this field.

*Slide 5:*



In ten years, we will be the undisputed leader in this new “health science nutrition” business.

We will have the science, the reputation, the products, the people and the distribution necessary to be the leader.

*Slide 6:*

This is a substantial business opportunity and it is an exciting opportunity to have a positive health impact on peoples' lives.

I am convinced this is a massive opportunity to create shared value, both for Nestlé and for society, by successfully preventing, improving and treating acute and chronic medical conditions.

Today is an exciting day for me and for the new company, because this is just the beginning.

The new company will be officially launched on the 1st of January 2011, which I very much look forward to.

Now I am going to ask Professor Ed Baetge to tell you a little more about the Nestlé Institute of Health Sciences.

Ed....

[END]