

## Speech by Laurent Freixe Head of Zone Europe Nestlé S.A.

### 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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Dear Minister-President,  
Dear Minister,  
Guests of Honor and representatives from the media,  
Ladies and Gentlemen,

It is a great honour, privilege and pleasure for me to be here in Schwerin today to announce the construction of a state-of-the-art factory for Nescafé Dolce Gusto.

After many months of preparation and planning, we are delighted to reach this new milestone in the history of Nestlé and the German market. I would personally like to thank, and recognize, all those who have contributed to make this possible. In particular, I would like to mention my appreciation of the cooperation and support we have had from the involved ministries and the state chancellery of Mecklenburg-Vorpommern in getting the necessary permits for the realization of this strategic project.

Nestlé will invest EUR 220 million in the building of this new factory for the production of Nescafé Dolce Gusto, our machine and capsule system for hot and cold drinks.

This investment will lead to the creation of 450 new jobs, creating employment for engineers, operators and sensory experts. This is one of our biggest investments in Europe and highlights our continuous investment in our capacity for innovation in Europe.

We have chosen Schwerin for three reasons: Germany is the number one market in terms of sales for Nescafé Dolce Gusto worldwide. Furthermore, we find here an excellent workforce with highly developed technical capacities. And thirdly, Schwerin benefits from a geographically and logistically favorable location, only 100 km away from Hamburg, the biggest European harbor for coffee imports.

This factory in Schwerin will be operational by the end of next year and will ensure Nestlé can meet increasing consumer demand for Nescafé Dolce Gusto for the years to come. Even in the current tough economical environment, Nestlé delivers continuous growth, not only in emerging markets but also in so-called "mature" markets in Europe. This is due to our ability to continuously drive growth initiatives and innovations such as Nescafé Dolce Gusto.

Nescafé Dolce Gusto is one of Nestlé's most remarkable recent success stories and underlines how committed we are to product innovation. Nescafé Dolce Gusto with its combination of machine and capsules offers consumers a coffee shop experience at home. First launched in Germany, Great Britain and Switzerland in 2006, it is today available in 41 countries across Europe as well as other markets further afield like Mexico and Japan. Nescafé Dolce Gusto is today the leader in the portioned coffee market in 20 countries. With a growth rate of over 50%, it is one of the fastest growing businesses for Nestlé in Europe. By 2013, Nescafé Dolce Gusto should be generating sales of CHF 1 billion.

This spectacular progress and growth is the result of its cutting edge design and technology which has created a unique product range. More than 30 hot and cold beverages such as Espresso, Cappuccino, Latte Macchiato, Nesquik or tea varieties such as Chai Tea Latte can be prepared with the same machine.

With Nescafé Dolce Gusto, Nestlé has been able to create a totally new business in the coffee segment. The site of Schwerin will be the third fully-dedicated Nescafé Dolce Gusto factory, after Tutbury in the United Kingdom and Girona in Spain. It will produce around 2 billion capsules per year for the German, Scandinavian and Eastern European markets.

The story of Nescafé Dolce Gusto shows that growth through innovation that benefits the consumer is possible, even in difficult economic times. But, clearly, this would not be possible without our dedicated employees, and our future employees here in Schwerin.

But this new site does not only reflect our capacity for innovation, it also reflects our long-standing and long-term commitment to Germany.

Nestlé is the world's largest food and Beverage Company with 461 factories in over 80 countries and 328'000 employees. Long-term investment in local markets has always been the fundamental strategy of our company.

Germany is our fourth biggest market worldwide and has always been a source of innovation and inspiration. We believe in its potential and continuously drive the development of our business here.

This belief is reflected by a number of projects we have recently been implementing which led to investments of around EUR 200 million in 2011:

In March last year for example, we opened a new factory in the Bavarian city of Biessenhofen, for the production of hypoallergenic – or allergy risk reducing – infant formula.

In May, our out-of-home consumption business Nestlé Professional extended its Erlenbacher factory for frozen baked cakes and desserts.

Furthermore, in November we announced the extension of our new Wagner pizza factory in South Germany.

I would like to end by saying that Nestlé's establishment of this factory is more than just an important investment to expand our business; it illustrates our deep trust in the country where we have had successful operations for 110 years. We look forward to the future of Nestlé Germany and the site of Schwerin in particular.

On behalf of Nestlé, I again would like to express my sincere gratitude to the involved ministries and the state chancellery of Mecklenburg-Vorpommern for their continuous support to this project and mutual beneficial cooperation.

And with that I would like to hand over to Mr Berssenbrügge who will say a few words about the details of this factory and its importance for Nestlé Germany.