



NESCAFÉ in China

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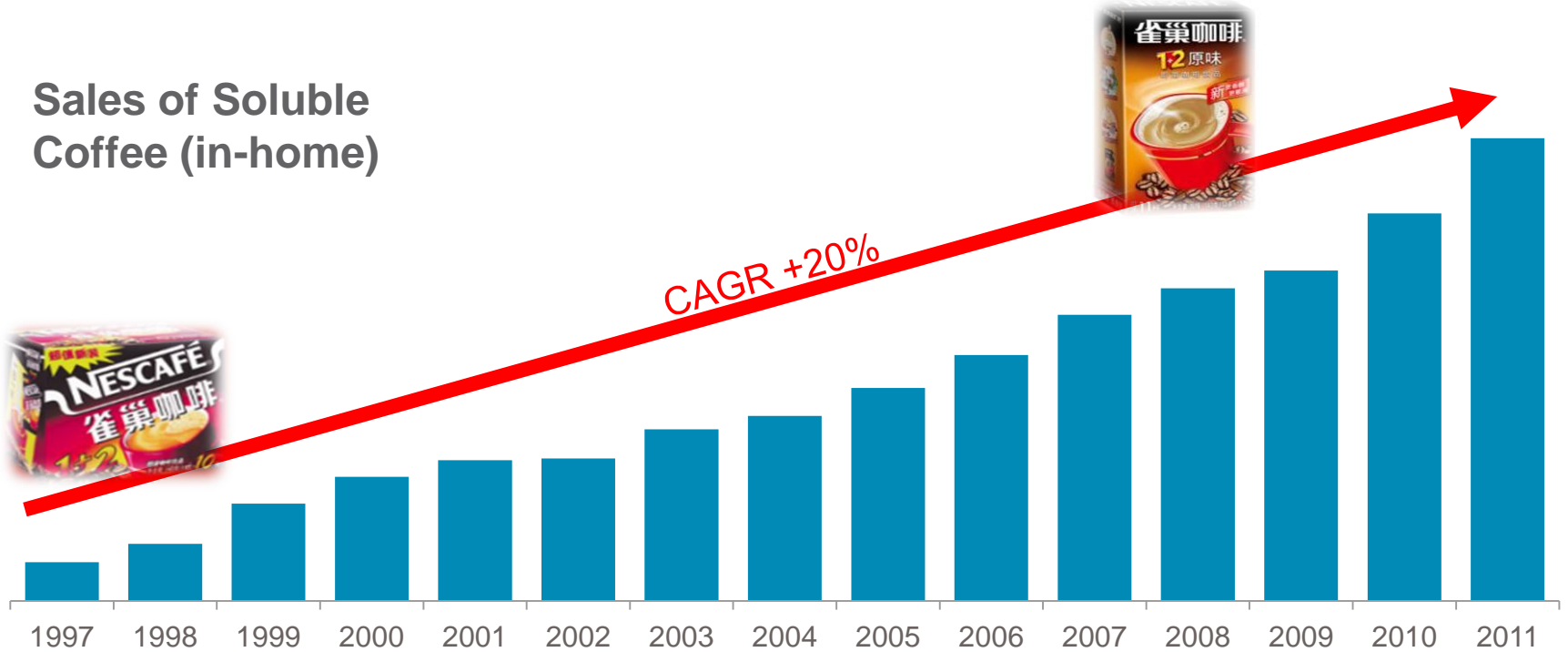
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This presentation contains forward looking statements which reflect Management's current views and estimates. The forward looking statements involve certain risks and uncertainties that could cause actual results to differ materially from those contained 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.

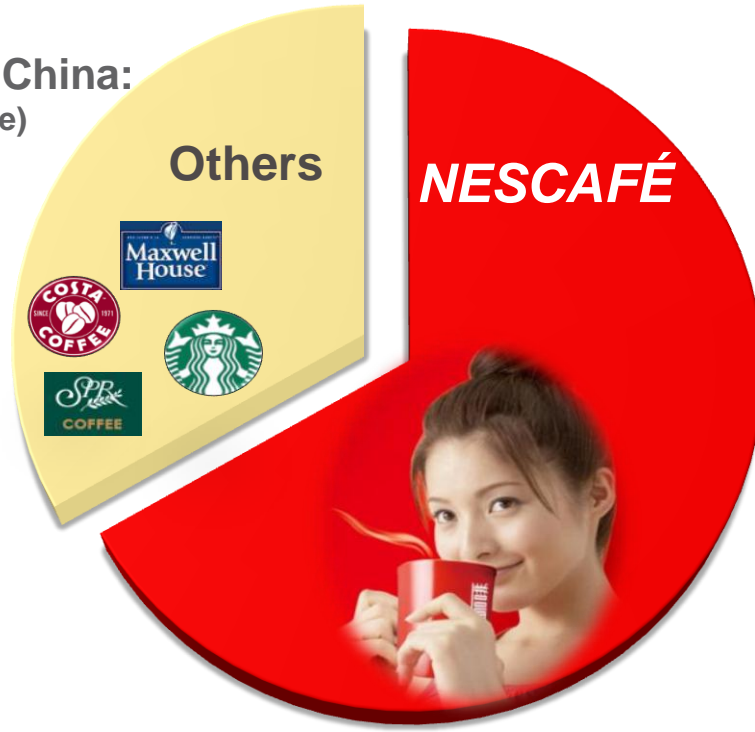
Nestlé created the coffee category in China 20 years ago...

Sales of Soluble Coffee (in-home)



Every 2 out of 3 cups today in China is *NESCAFÉ* (Euromonitor)

Total Coffee Market in China:
(In-home & out-of-home)



Source: Euromonitor, 2011

But only 3 cups per capita

China is **not** homogenous in coffee development...

... and has a huge room for growth

Shanghai

29 cups



Low-tier city

2 cups



Cups per capita

Finland	1,218
France	604
Brazil	539
USA	451
Japan	382
Russia	204
Hong Kong	168
Taiwan	99

Sources: Nestlé intelligence, AC Nielsen

The *NESCAFÉ* brand is popular among youth

NESCAFÉ is **no 1** liked brand among Chinese youth (16-24 yrs)



Top 3 Brands	MEAN	INDEX
<i>NESCAFÉ</i>	4,18	108
Masterkong green tea	4,08	105
Coca-Cola	4,06	105

NESCAFÉ was selected “**Most loved brand**” by Chinese university students (2006-2011)



Source: Ipsos, Understanding Youth Consumers Habits and Attitudes towards Coffee in China, Apr 2011

Organiser: “China Business”(leading media group), voted by students from 1700 universities

Our *NESCAFÉ* strategy



WINNING PRODUCTS

“Deliver the best coffee taste as enjoyed by Chinese consumers”



AVAILABILITY

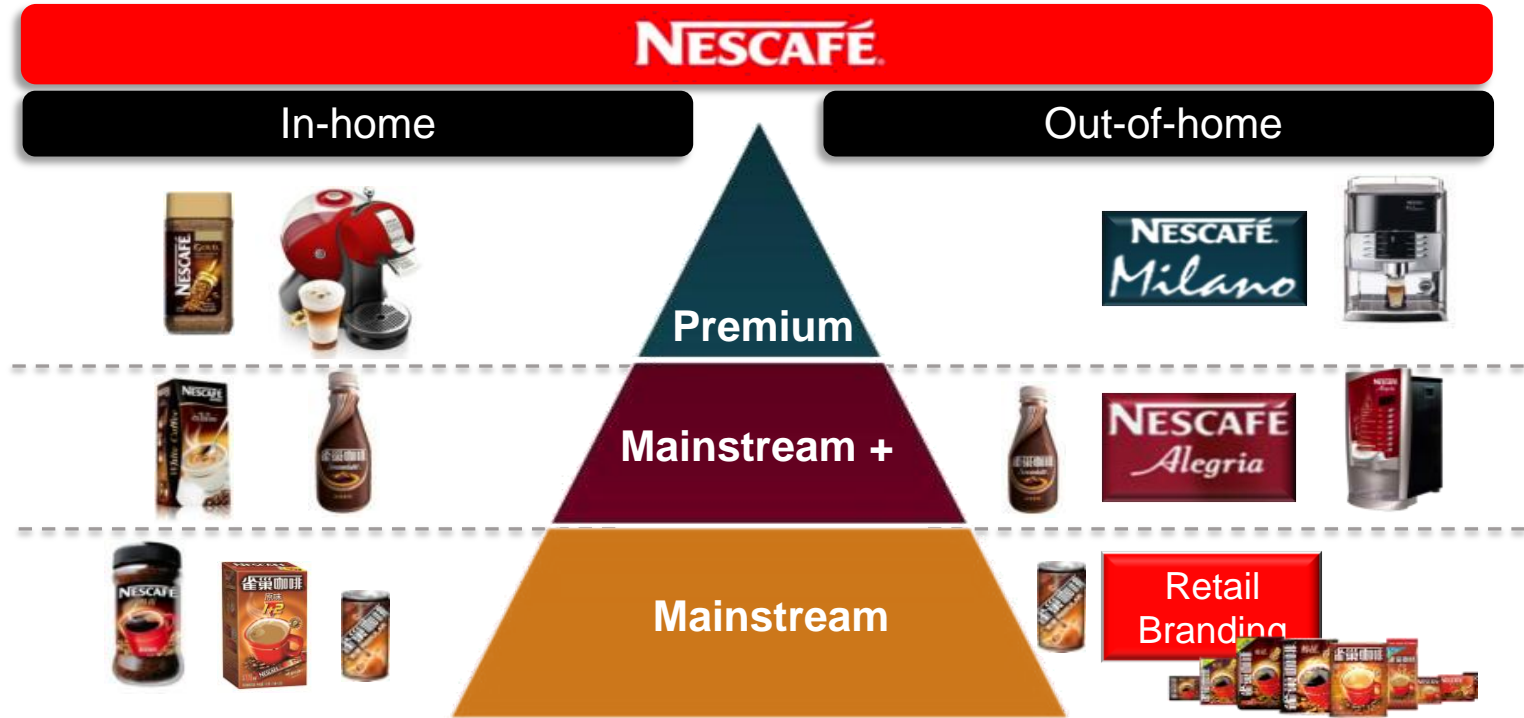
“Be where the consumers are”



COMMUNICATION

“Engage consumers with *NESCAFÉ*”

Winning portfolio: The right products & solutions in-home and out-of-home



Innovating on taste & format, driving strong growth

Smoovalte Ready-To-Drink



Perfect balance of milk and coffee
with smooth mouth-feel for new
users and on-the-go consumption

1+2 Mainstream Mixes Milky



Recruiting new users in
tier 2-3 cities with
mild & milky coffee mix

Café Collection Premium White Coffee



Bringing the coffee house
experience in home

Availability: Whenever, wherever & however coffee is consumed

White collar day of life



NESCAFÉ communication strategy

**Engaging with the
post 90's Chinese
youth consumers**



**Encouraging them to
experience coffee and
live out their dreams**



**Brand spokesperson:
Han Han
China's most popular
writer/blogger
with 7 million fans**



Creating Shared Value...

Benefiting 20,000 farmers in Yunnan through the NESCAFÉ plan

20 years of partnership

- CHF 10 million investment in Pu'er
- 7,000 coffee growers trained, +1,000 every year

10,400 tonnes of coffee purchased during the 2011/2012 season

- Direct procurement from coffee growers (of which 73% are small farmers)



World Business and Development Award June 19th, 2012 – Rio, Brazil

***Innovative & productive business practices
that benefited Chinese society***



Expanding our industrial footprint in China



**Shanghai
(2009)**

**Qingdao
(2013)**

**Dongguan
(1991)**

Qingdao

Shanghai

Dongguan

Dongguan coffee factory at a glance

- NESCAFÉ first production: November, 1991
- No. of regular employees: 620 people
- Product categories:

Nescafé



Coffee Creamer



Nescafé 1+2



Nescafé Ready-To-Drink



Nescafé Gift Box



NESCAFÉ

Thank you & enjoy your trip in China!

