



Nespresso VertuoLine: A Game Changer ambition

Nestlé Investor Seminar 2014

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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.



1

Introducing the *Nespresso* concept

2

Nespresso USA growth engine

3

VertuoLine as a game changer



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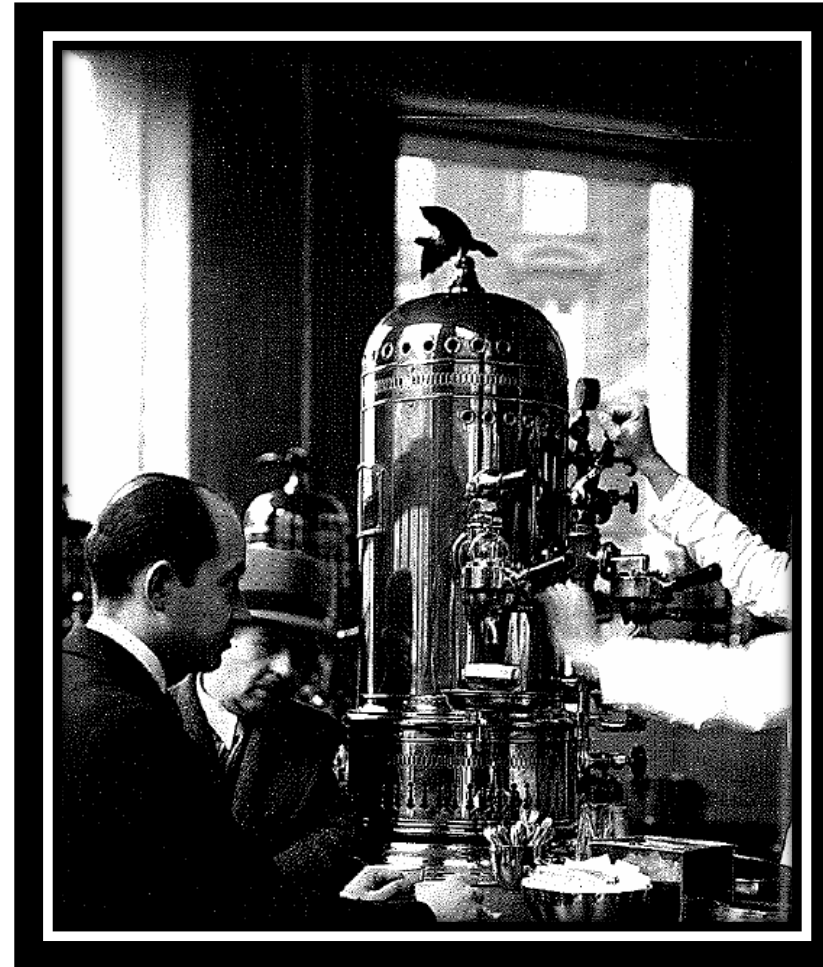
The *Nespresso* story

Turning a simple idea into a winning formula



....create the perfect cup
of espresso with exquisite
crema, tantalising aroma
and full-bodied taste –
just like skilled baristas

...at home, in a
convenient and
consistent way

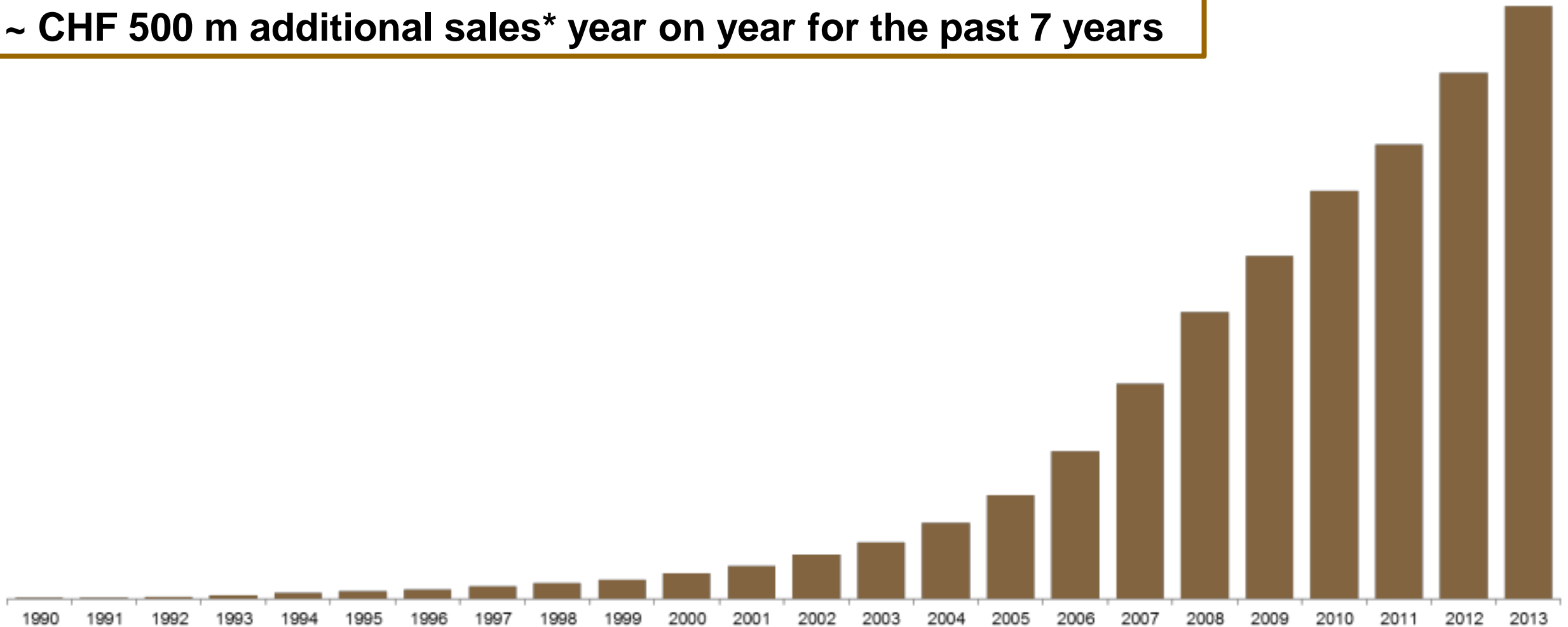


Nespresso sales development

Pioneering the portioned coffee category for 28 years



~ CHF 500 m additional sales* year on year for the past 7 years



* at constant exchange rates

The *Nespresso* concept

A virtuous trilogy



**Perfectly portioned
highest quality
Grand Cru coffees**



**Smart and
easy-to-use
machines**



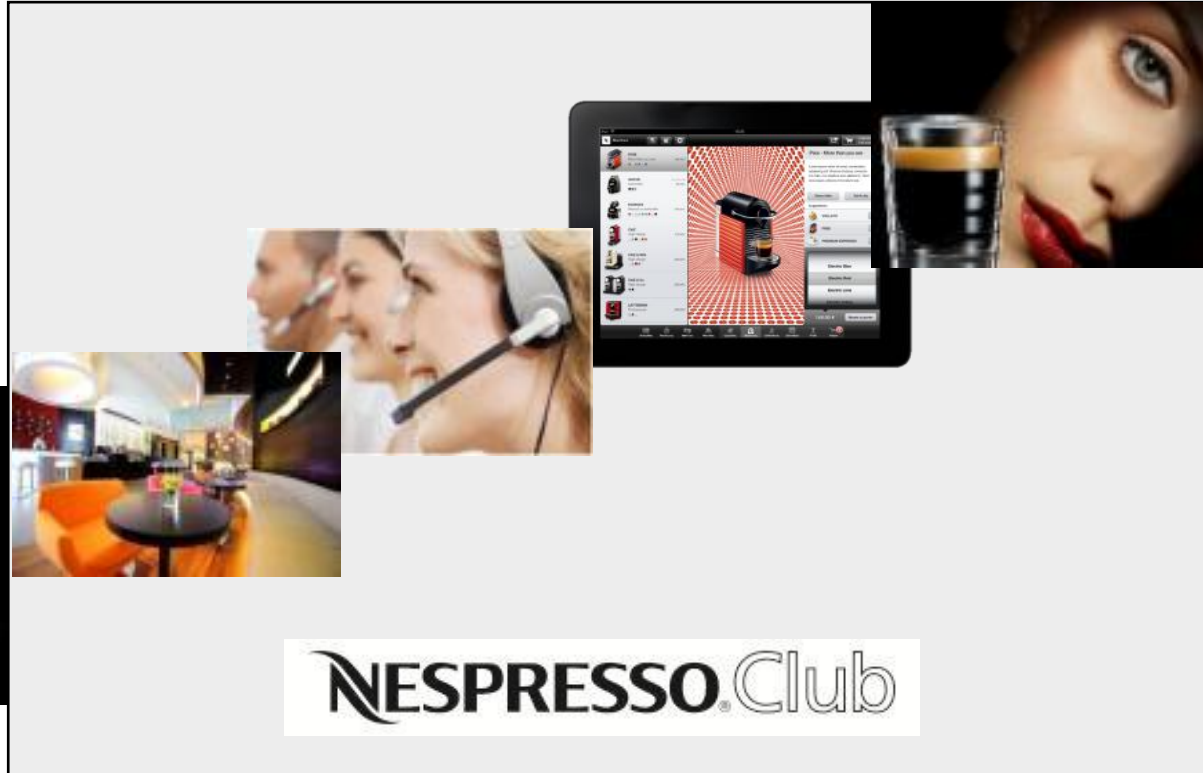
**Personalised &
exclusive
services**

A fully integrated value chain

From the cherry to the cup

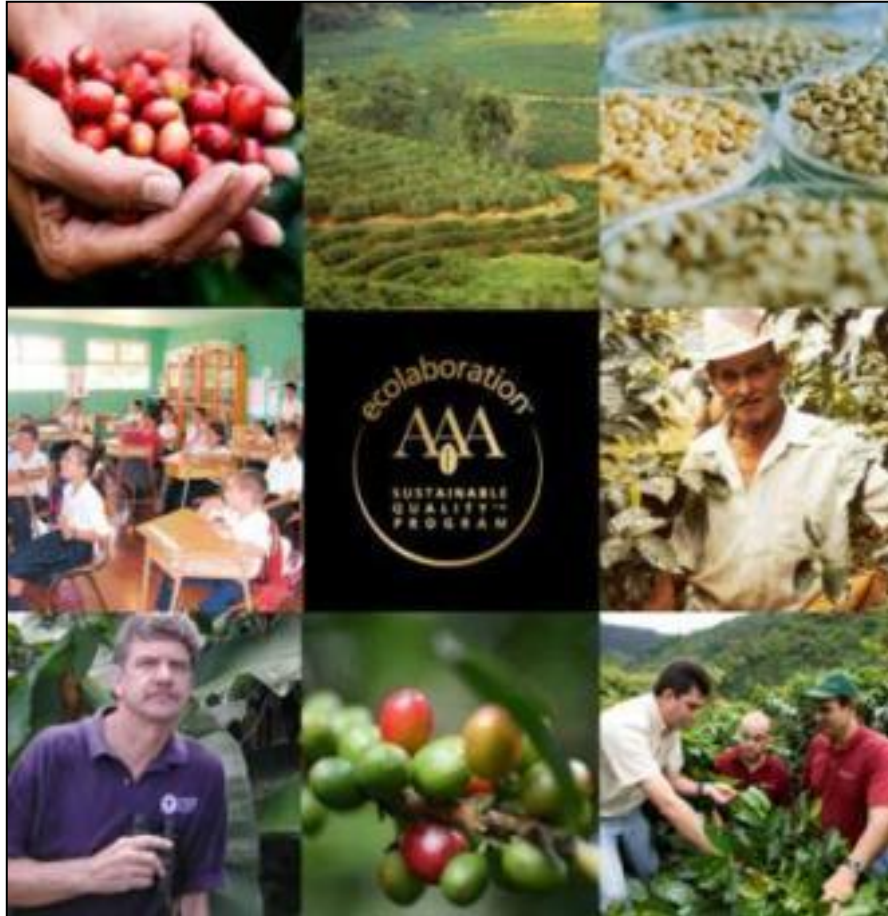


1-2%
of the world's
green coffee crop



Nespresso AAA Sustainable Quality™ program

Everyone benefits from quality

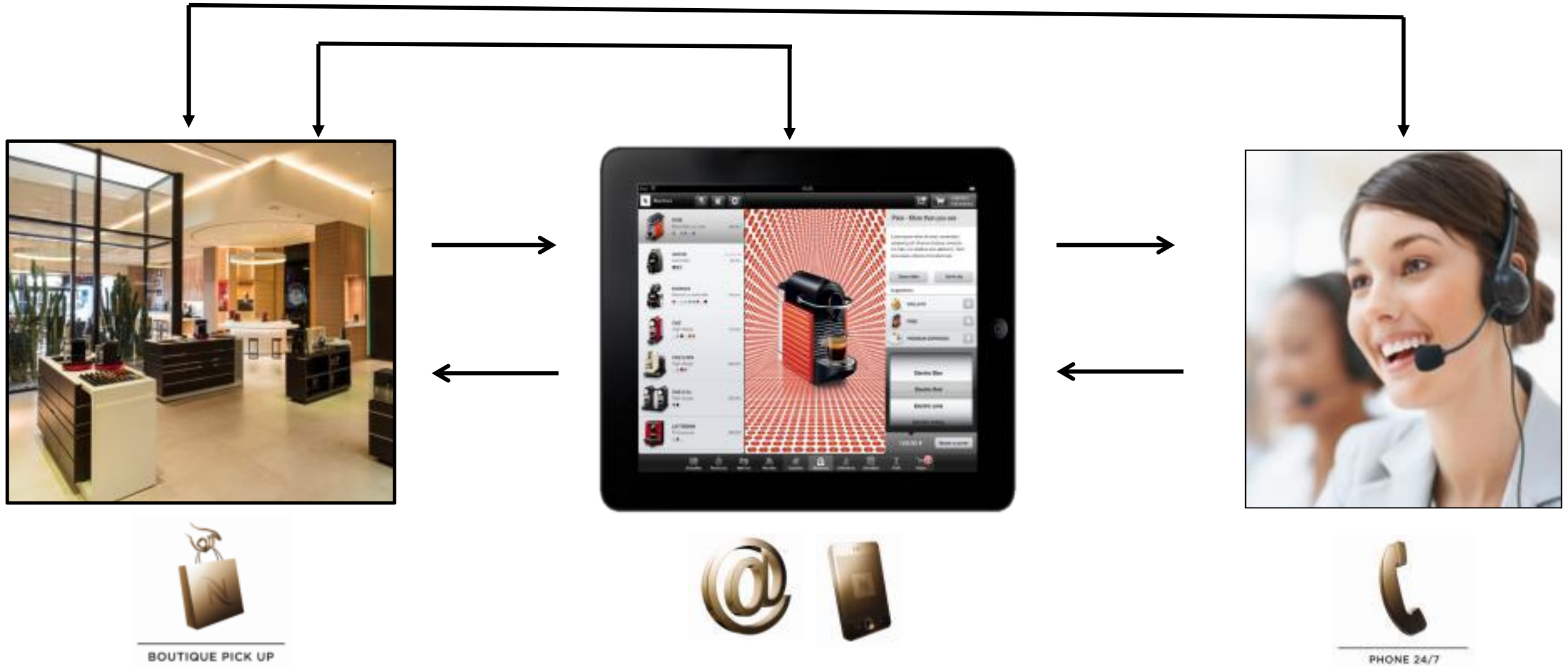


The *Nespresso* sustainability journey started in 2003 with the launch of the *Nespresso AAA Sustainable Quality™ Program* in conjunction with the Rainforest Alliance to ensure the long-term supply of highest quality green coffee through:

- *Sustainable Practices*
- *Economic Viability*
- *Environmental Stewardship*

A multi-channel route to market

Delivering a genuine omni-channel experience



Connecting offline with online

Continuous and holistic innovation

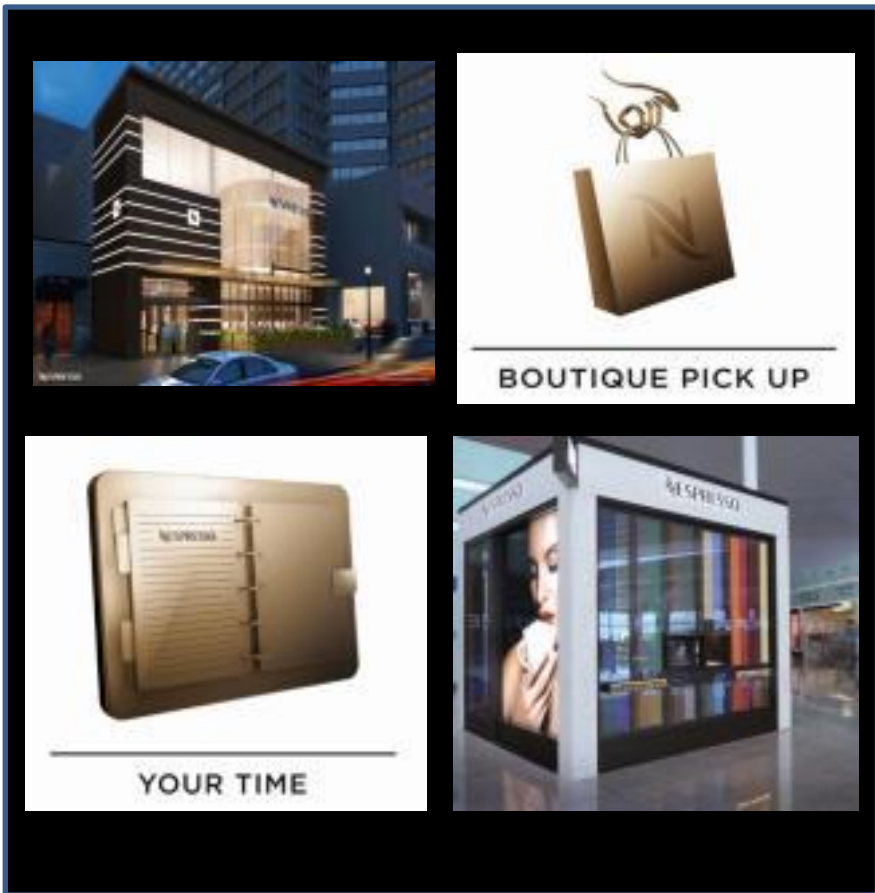
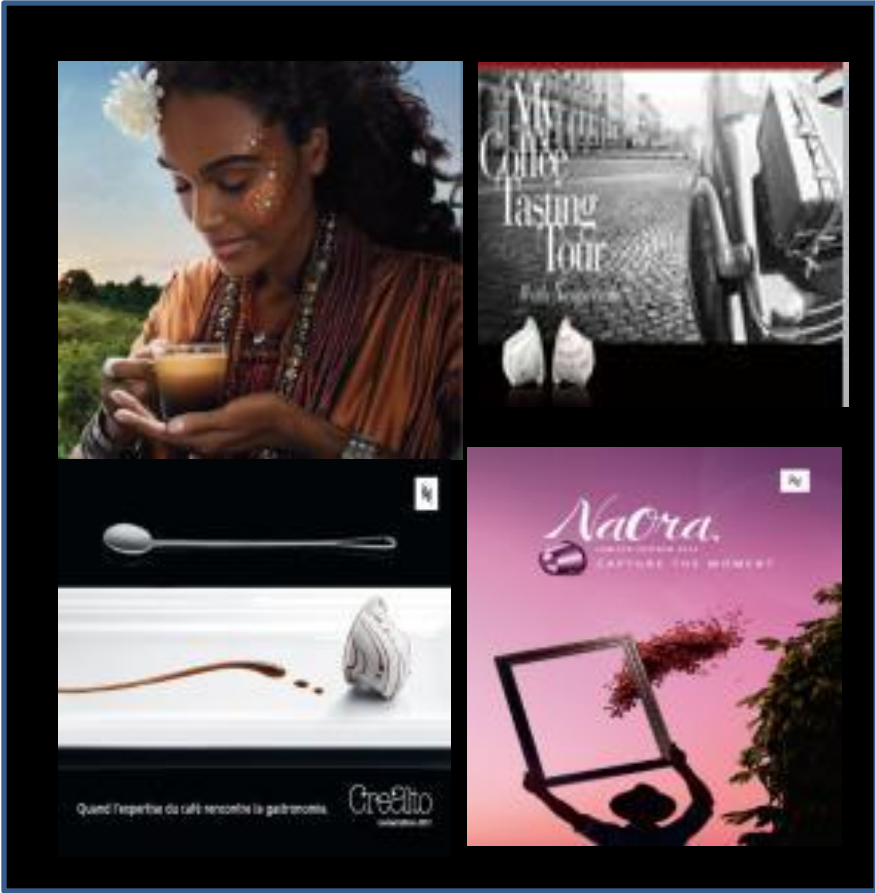
From coffee to service innovations



Coffee

Machines

Services





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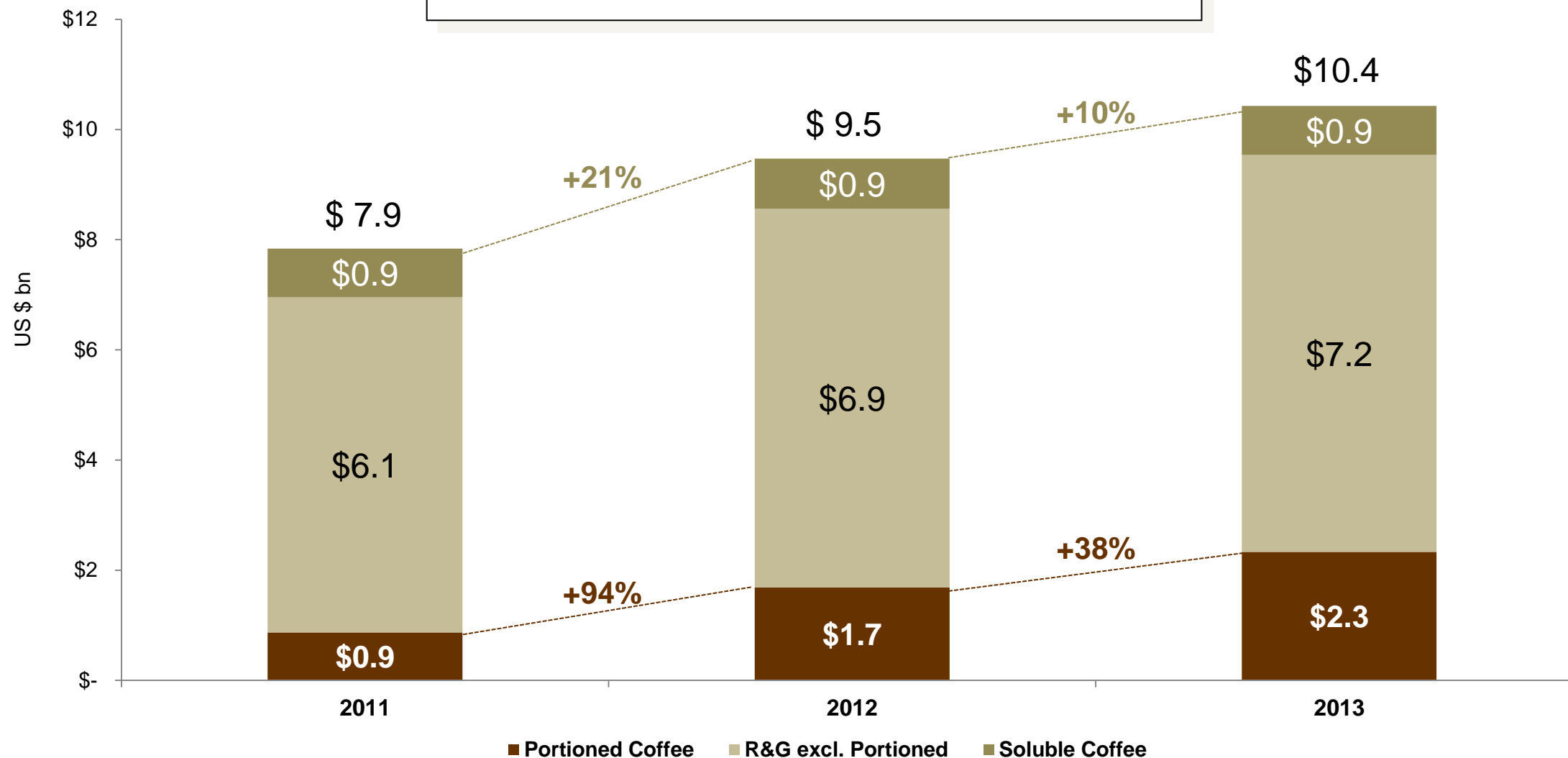
VertuoLine as a game changer

US coffee in-home market: USD 10.4 bn

Portioned coffee drives coffee category growth



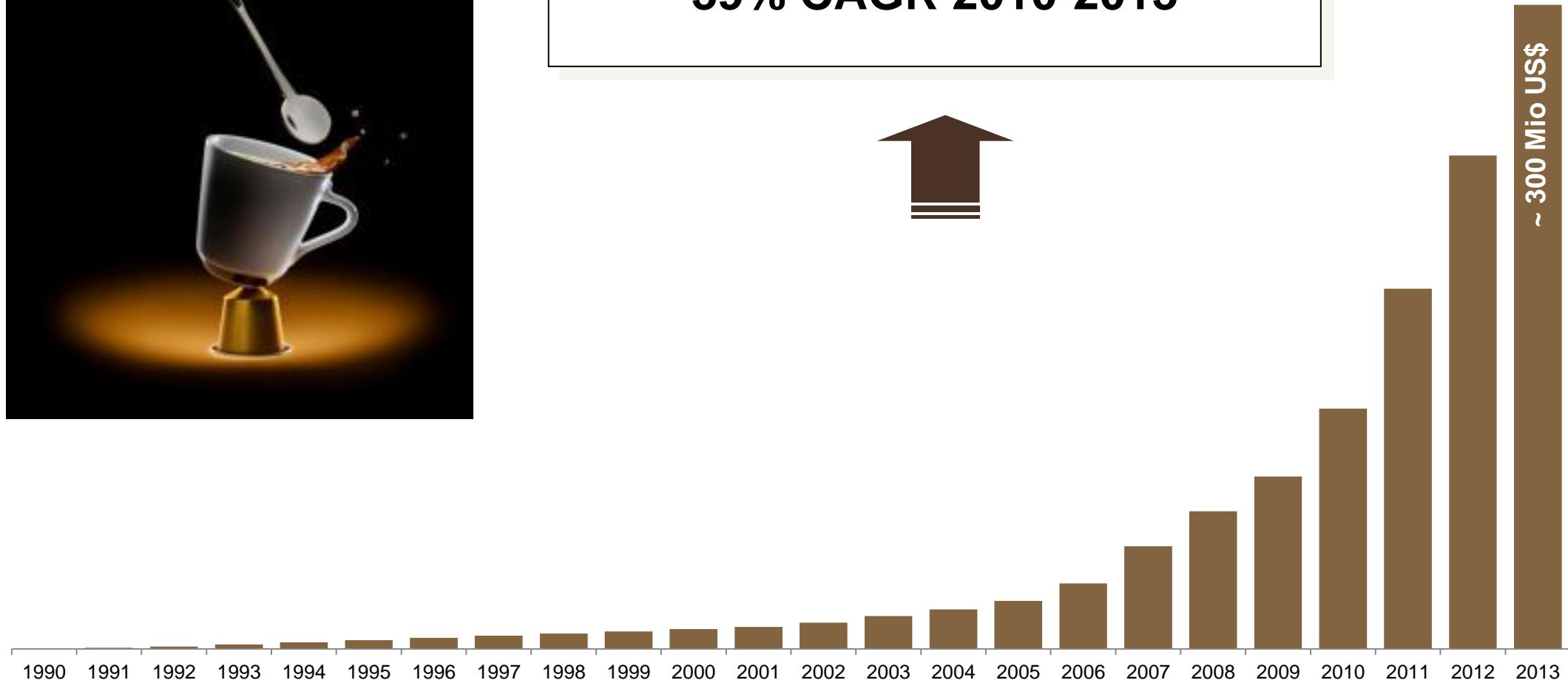
Total coffee: +15.3% CAGR 2011-2013

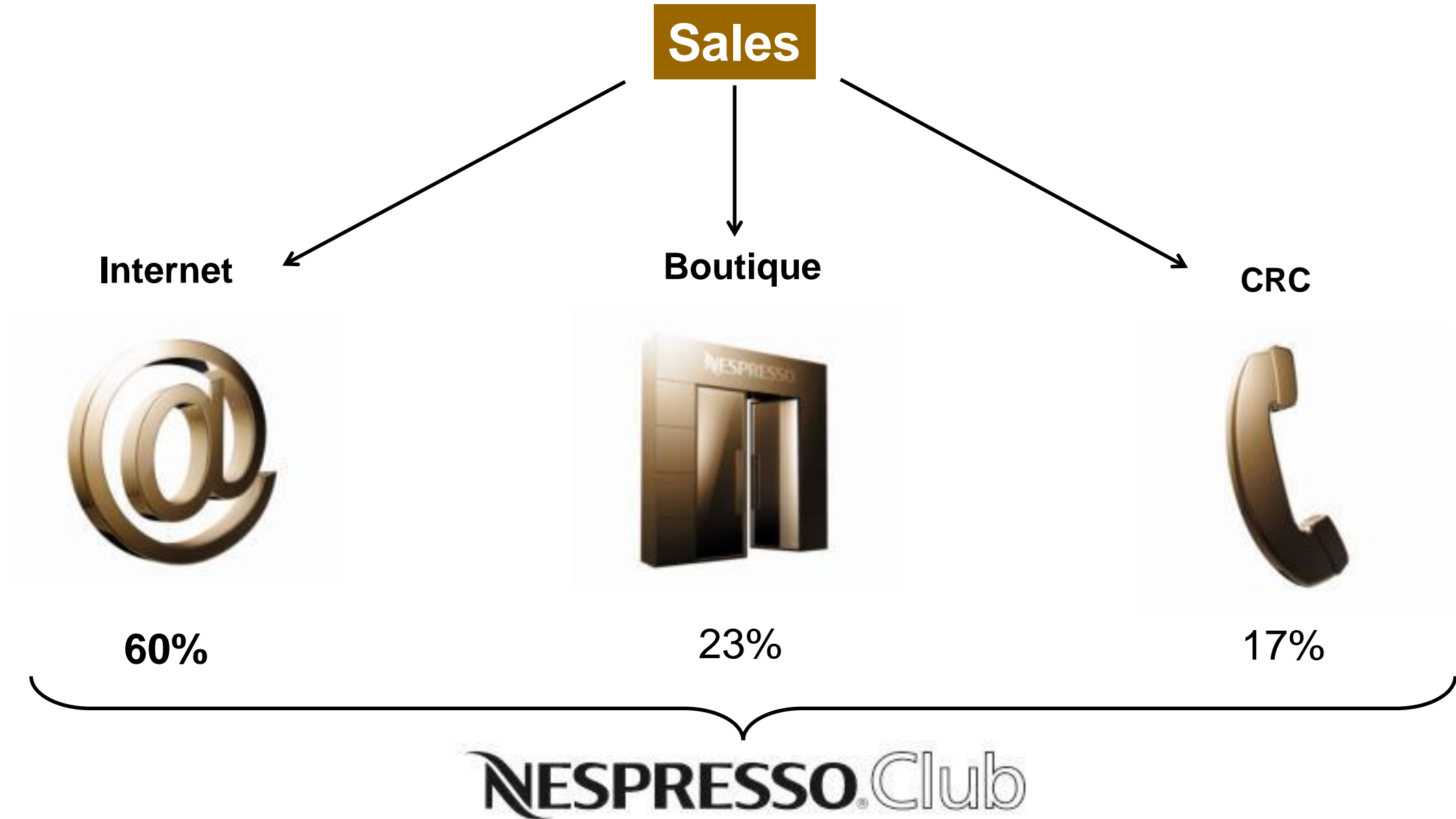


Source: Nielsen excl. Nespresso - Dec. 2013



39% CAGR 2010-2013





Nespresso USA Boutique network

Multi-format retail set-up



7 Flagships

2x NYC, SF, LA, Miami, Boston, Dallas



23 Boutique-in-Shops

Sur la Table, Bloomingdales, Macy's

San Francisco Flagship

Opened Q1, 2013



Beverly Hills Flagship

Opened Q4, 2013





1



Introduce **Innovation** designed for the US market

2



Accelerate **Brand Awareness**

3



Strengthen **Availability**

4



Leverage our **Omni Channel** model to deliver superior Customer Experience

Presentation roadmap



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VertuoLine as a game changer

NESPRESSO
VertuoLine

Nespresso introduces VertuoLine

A game changer ambition



2014

Nespresso VertuoLine and Nespresso OriginalLine

Two differentiated positionings



NESPRESSO
VertuoLine



The system that reinvents freshly brewed coffee

NESPRESSO
OriginalLine



The state of the art 'espresso based' system

Both designed for your home, delivering the undisputed Nespresso superior in-cup result in the most convenient way

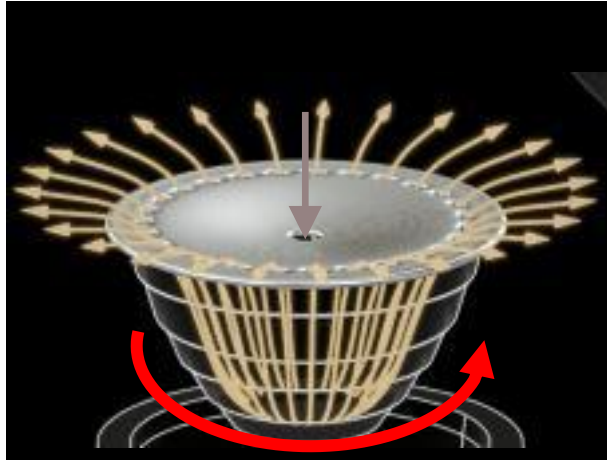
Nespresso VertuoLine and Nespresso OriginalLine

Two distinct technologies



VertuoLine

Patented
technological
breakthrough



Centrifusion™ technology
7,000 rotations per minute (RPM)

2 capsule sizes
(up to 13g of coffee)

Capsule recognition (bar code)

**Freshly brewed large cup coffee with
crema & authentic espresso**



High pressure pump
19 bars

1 capsule size
(up to 6g of coffee)

No capsule recognition

Authentic espresso

OriginalLine

First disruptive
innovation by
Nespresso

Nespresso VertuoLine key consumer benefits



1 Unmatched in-cup quality with crema



2 Unique system versatility



3 Superior machine convenience



4 Nespresso experience



PHONE 24/7

The VertuoLine circle

Igniting the coffee revolution



In summary...



- Highly **Attractive Single Serve Segment**
- Introduction of a Unique **Innovation designed for the American Market**
- Revolutionary **Coffee Extraction Technology** and **Unrivalled Versatility**
- A Differentiated Brand Experience based on a **Direct-to-Consumer Relationship**
- An Exclusive Route to Market delivering a genuine **Omni Channel Experience**
- 28 years **R&D and Innovation Capabilities** in portioned coffee
- A Passionate and Focused **Team**