NESTLÉ S.A.

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Q &A SESSION

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Speakers:

Paul Bulcke, Chief Executive Officer, Nestlé.S.A.
Wan Ling Martello, Chief Financial Officer, Nestlé S.A.
Chris Johnson, Executive Vice President, Zone AMS, Nestlé S.A.

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Paul Bulcke, Chief Executive Officer, Nestlé S.A.

Introduction

First of all, I want to thank you all for coming so numerously here to Boston, actually a very nice city. And we were lucky with the weather yesterday, not today. But we've done this here in the United States because, as we have been able to share, this is our biggest market and it's where so many things are happening and so many things are shaped or are being shaped that are totally in line with our global strategy.

And it is always good to see and hear from the people leading our operations in the markets who are really leading our global strategy into a reality like the United States. It also has all the different categories and different engagements that we have as a company with society. It's all happening here.

So I hope we could share that with you to a certain extent. And I heard a little bit of feedback from you about the granularity that was maybe a little bit much for two days. But I think it is enriching, showing a strategy in the making.

So I think I don't want to give too many words and to allow as much time as possible for your questions and answers. And I really hope you have been able to see a little bit more of the Nestlé reality in the USA and the different businesses and that through the eyes and the words of our leadership here in the United States.

With that, I think we go straight to questions and answers. We have an hour and a half right? So let's use the time as much as possible for your interesting questions.

Questions on;	**Guidance for Full Year** **Potential share buyback**

Jon Cox, Kepler Cheuvreux;

Paul, I just wondered if you could just have a think about the guidance you've given for the year organic sales growth, approaching 5%, back loaded to H2. Any thoughts on that? Do you think it will be a definitive 5% plus or do you just want to maintain your guidance there?

Second question, just on a potential buyback, you mentioned when you dispose of part of the L'Oréal stake, you're waiting for the cash inflow before making any decision, should we be thinking about, maybe a buyback arrangement around H2 or is this something that you would rather review and maybe wait until full-year results presented next year?

Thank you.

Paul Bulcke;

On the guidance, I would confirm what we said, we said around 5% and I would keep that freedom of the 'around 5%' because as you know, and you heard a lot about growth and how difficult it is. But I still believe that's in reach. We should aim for that definitely.

On the buyback, indeed, we don't want to precipitate there. First, I want to see the money and then we can see and talk. But I know that you have a keen interest there, so whenever we have a decision, you're going to know about that.

But let's say, first have the deal done. I mean that is foreseen, depending on approvals.

Question on;	Portfolio management

Alan Erskine, UBS:

Paul, at the last Investor Seminar, one of the comments you made was that a personal priority for you was to review the organization, to check bits that were performing well and bits that maybe weren't performing so well.

Could you update us on what your thoughts are in that context six months on?

Paul Bulcke:

Your question is a fundamental question about portfolio management. What I said last time was, in light of our six priorities, we were saying no to certain things and saying yes to certain things, which is more discerning portfolio management ; evaluating what the consumer values, where we can get margins out and what we can enjoy as a business. We have now 2,000 cells, because the portfolio management tool is looking at businesses and geographies or countries in a capular way.

So 2,000 cells, last year we had 1,250 cells, now we have 2,000 cells we're looking at. And we have different criteria. To be pretty honest, portfolio management is not completely new to Nestlé, we had portfolio management. We're just sharpening a little bit and we are much more discerning on different criteria.

The first one is strategic alignment with our Nutrition, Health and Wellness agenda. The other one is can we win in the category? Is it a category that grows, what is the resource intensity needed to win in that category?

So we have different criteria that are quite clearly defining and splitting our portfolios over the different axes. To a certain extent SKU management is answering the same criteria. And there we have gone from 107,000 SKUs and now already 70,000 something SKUs, so cleaning up quite a lot.

The same thing has gone through visible businesses like Jenny Craig for example. These were all results of being more discerning in portfolio management. And the same is inducing also the support we give to certain categories.

We have three possible outcomes, and I'll share that with you too. If the category is something that is in line with our strategy and is really adding to the Nestlé model and we are winning in the category gaining market share or at least having the sufficient innovation behind it, well we have to invest maybe more. And we did last year. We have accelerated investments behind certain categories. And some of them have been shared here over the last two days where we are investing or investing more than we would have done without that consideration.

Others are businesses that we can win in, that do have strong brands, but we are not really enjoying it yet. But we have a timeline and a plan to get there, and then we need much more disciplined execution behind it. So we're much sharper internally and going behind the promises or what is committed to and following up on them.

So that is then ‘fix them’ in other words. And then the others you see ways of getting rid of them. If you cannot win there or you cannot enjoy the business in spite of being strategically aligned or it is not strategically aligned, overtime we're going to divest or get rid of them.

So that is expressed market by market, smaller businesses by businesses, brand by brand and sometimes bigger things like Jenny Craig. How far are we with that? I think we've done enough for two or three years very disciplined portfolio analysis. We checked, we know, we have findings and lots of them are ‘fix them’.

The pressure in the organization has increased dramatically on not allowing businesses to underperform for a long time. And the fact is that what you create there is a focus and sharpness of management time to really start fixing them, what we didn't have in the past. So there's less, much less tolerance.

So sometimes you say, "Well, do you divest more?" That will be an outcome that we're going to divest certain businesses surely, or certain sub-categories of certain businesses or certain brands. But the fact is what it creates is an internal focus and sharpness and discipline inside our own organization to fix the problems and not allow them to drag on. And that's a big, I would say, positive outcome of our portfolio management.

Questions on;	**Coffee pricing and volume reaction** **US single serve coffee market**

Warren Ackerman, Société Générale:

Two questions on coffee. The first one is the Arabica prices have doubled year-to-date on Brazilian drought concerns and what we've seen in pricing in powdered and liquid beverages has been flat or down for the last year or so.

And the last time, coffee prices spiked back in 2011, we saw a lot of pricing in this division. I think 8 % back in 2011. So the question is how much pricing do you need to take in coffee at the moment and what kind of volume reaction do you expect?

And then just secondly, you're making a big bet with Vertuoline in the US, the question is what would be a reasonable payback for you? What percentage of the US single-served coffee market is realistic for you on that three-, five-year view?

Thank you.

Paul Bulcke:

Well on coffee prices our answer is, first of all, we don't price centrally. So we don't have a central pricing. So we have a combination of coffee prices in dollars and then the dollar versus the different currencies.

Now, the coffee price has been quite erratic and quite dramatically erratic, all going up and going down over the last year. So what we try to do is see the line, the line through it. And we never price on the peaks and that's why we also don't go down when it goes down because we anticipated the underlying line.

Now, there is a need for pricing if you see the Arabica. I think it's going to soften again and you see it's softened already lately. Well we normally have a combined policy on this, first of all seeing the line through then certainly we have some hedging to stabilize our internal cost structure, so that we don't have the nervousness of the market inside our cost structure through all the markets. And third, we have to see also the competitive environment.

What we do see is a competitive environment so sharp that actually nobody is moving. We have moved before. We anticipate. So we're one street in front of them.

Now, is it sufficient? We're going to see, we're covered for the time being, we're covered so we don't have to have the nervousness there. What you do see too is that the roast and ground coffees are much more affected by that and our main competitors are much more affected by roast and ground than we, we are basically not in there.

So the nervousness of coffee pricing creates tension and needs in Nestlé but much less so than for competitors, so that's actually competitive advantage we have there. That's also why we have systems that actually reduce the impact of coffee prices in our offering, in our value creation in the coffee sector.

So let's wait and see what the competitive environment is going to allow us to do there. But we are, in many markets, price setters. So some pricing is going to come.

On the Vertuoline, yes indeed that a big bet, it's a big innovation too. To be honest Coffee is going well for us in general in the United States. Yet on the portion coffee the Coffee system that we have is Nespresso which has a specific espresso experience that is not directly in line with how the North Americans drink coffee.

While with the Vertuoline we gave an answer to that. It's a whole different step change in technology, Centrifusion, and I hope they have explained a little bit. That gives you, I would say, a different way of answering the North American coffee drink.

From the feedback we get, it is really has very strong positive arguments behind it. So do we think we're going be a leader in that segment in the United States in the foreseeable future? I don't think we have to be stupidly ambitious in there.

It's a huge market. We do believe we're going to gain quite substantial market shares, but we want to be a niche player there, like Nespresso is in the world, it has a specific position. It is linked with the super high quality. It has a certain value that consumers value. They do that for the Vertuoline. That's the position we want to make.

The thing is that Nestlé and Coffee in general and that goes worldwide, we have a very strong set of brands. We have actually two brands, Nespresso and Nescafé.

And if you think of the Coffee world, we are in that Coffee world with four strong divisions, you see first of all this Home Nespresso, that's specific value-added highest quality set of premium coffee and systems. That's in Nespresso. We have that now translated also in a machine that allows us to offer a Nespresso quality in an American way of drinking coffee. That's Vertuoline, in Nespresso.

Then we have Nescafé, Nescafé and soluble coffee. There we are gaining more shares in the United States. We have two different dimensions there, we have the Taster's Choice brand which is the Nescafé Premium and then we have also the Classic which is going very well and it has allowed us to have double-digit growth for the last years, a good division there too.

And then we have the Dolce Gusto which has less expression in the United States for the time being, but that is a retail base system that is going very well worldwide. It has still to see some more traction in the United States. We have a little bit of frustration there, but we have the right guys now doing it. But that's a fantastic machine. It is now over 1 billion CHF already, after a few years, and its going very strongly in Europe in spite of all the competitive intensity that we see there.

That's the third division that we have in this battle. And the fourth one is Out-of-Home with a whole set of new machines that are, I would say, really game changers in the professional dimension of coffee serving. And it is because of the coffee econometrics for these operators and it is for the quality. So these are the strong arguments we have.

It's not really expressing itself yet, I'm still frustrated in the sales growth there. It's going to snowball though. It's hard to move operators from one system to another, but whenever we have a little bit more time convincing them, that goes like a snowball.

So in that sense, I would say that it’s not Vertuoline that's going to do the whole work. It is the combination of all Coffee and the knowledge that we have with of machines, pressures, the quality and the supply of coffee that's what really motivates us.

And yes indeed, we see different competitor shaping and framing themselves and I must say it keeps us really on high alert and it motivates us. So we're looking forward for a big battle.

Questions on;	**Manager focus** **Timing of portfolio assessment**

David Hayes, Nomura:

If I could just come back from the portfolio review and rationalization, do you feel in the last two years to some extent, the managers are being distracted by that step up in that review process in terms of distraction from them looking at new market growth opportunities that to some extent that you have to sacrifice that balance of manager focus.

And I guess to the point, you're saying about in the last two years, you've seen a step up in that intensity of assessment. Can you talk about what drove you to specifically implement that two years ago? What has changed? Why is it that you felt you needed to get the group to look more aggressive at what was working and what wasn't working?

Thanks.

Paul Bulcke:

Upside and frustration, these are the two things that motivates to do certain things in that sense. Nestlé in the last years, first of all has had a pretty strong alignment inside -- internally to face quite challenging times in the past five, six years. We had NCE, Nestlé Continuous Excellence that helped us to do whatever we have to do more effectively and efficiently.

We have driven innovation stronger during the crisis, that has helped us for a long time to continuing growing. Then you start saying, "Okay, what's next?" And a new level of the game, top line and bottom line. You challenge yourself more and more, "What do you do?" And then you start seeing what the drag in an organization like Nestlé is, and having this certain complexity by decision.

And then you go into the capular dimension of the drag, which is SKUs, which is some categories, which is then seeing capital expenditures and resources. You start to say, "We’ve got to limit it," because return on resources, in general, return on investment capital is high on the agenda. You start looking and you see that in your backpack you have a few things just dragging on. And why would you do that? Why would you make your life more complex?

Then you see if you have higher margins, like we have been delivering over so many of the last years, well, you start to feel more gravity in these margins. And what do you do to keep them going because I truly believe that our strategic dimension, our strategic direction is added-value. It is added-value. We are more science driven, we have more upfront investments -- and we are living in a riskier place and going riskier places strategically like the Health Science and all that.

That equals more margin. I don't have to explain that to you, you know that better than me. So that's why. And together, higher margin; well, you have to take out what is dragging you down. What is really not adding to the party? And that's the discipline we have.

We have also the tools. We have rolled out these tools, more predominantly, into the whole planning cycle of Nestlé. So you make it part of the normal planning. You don't make is as on top of what they do. And I would say it didn't distract management time. What it actually did, was free up management time, because we don't have stupid discussions about losers, or trying to discuss five times the same problems over. You just say what you have to do and actually you clean up resources for it.

The same thing with innovation renovation; if your R&D spend goes behind categories that are not adding to the party, you lose resources. If you say, "We're going to stop that and we're going to invest," that's what we have been doing here in the USA. In the SKU management there was around 44% of SKUs that were driven out, that's a lot of dead wood. Why would you have dead wood?

And, actually, it is a mind-set rather than a tool that allows you to do that. So the mind-set has changed. And I feel a lot of traction, that the people are happy that we are so discerning, so sharp. Actually sometimes they are waiting for it; waiting for clear instructions, well they got them.

Investment also; you see, to be very honest, we invested sometimes in expansion of capacity on certain hypothesis of growth, and certain margins, and certain this and that. Well, we are following up on that, but sharper, saying, "You said A; you're not getting there. So come back with a plan to get there because we invested for you."

And then you would say, "Well, didn't you do that in the past?" We did, but not with the same intolerance to ourselves than now. That is linked with yes, we have higher margin, so you have to be much more disciplined to get to higher margins now from here.

Question on;	**Reduction of touch points in the organization**

Jeremy Fialko, Redburn:

I guess following up on one of the things that you also talked about last year was how you were to hoping to -- you've done a little work in terms of defining all the linkages between your zones, SBUs, et cetera, and how you're hoping to significantly reduce the number of touch points within the organization. So can you talk about that and what some concrete progress you've made on that, say, over the course of the last nine months to a year. Thanks.

Paul Bulcke:

That's a very interesting and important question. And that's actually not a question that Nestlé has alone. It is linked with two dimensions. There's centralization and decentralization and then the role and the interaction between strategic thinking and executional thinking and how you create alignment. And that is linked with the whole discussion we already have now

The SBU's at Nestlé are the platform of knowledge about a category. There's the pure play dimension of Nestlé on a category if you want. This is where we cluster because reality in the world is not analytical. Each category has a certain dimension that is slightly different in certain geographies, but the SBU is where the knowledge, the understanding of the category, the needs, the competitive understanding of the category in different areas all comes together.

That's where, together with the markets, we translate all that knowledge into strategic direction that is then landed into a global business strategy. For example, Coffee. We have one global business strategy that may have different expressions in different markets depending on the specific situation of each country, but in general, it is a global strategy.

Now then, that has to be translated into the market business strategies. Strategies that certain geographies, like North America, are saying, "We are translating the Coffee business strategy into these action plans". Well, there you start to have some pressure points because sometimes the local market wants to get a shorter time frame because of short term pressure. That's where the Zone is then managing and pacing these things. That's how it works.

And I believe there is upside there in giving more authority, in a more globalized world, with few players coming up more strongly. There's space for more authority and strategy. Let me explain that. We have a strategy for a brand like Nescafé, and we have through the SBU a platform that links up with R&D. With different intensity of competition you have to give certain answers which drive the innovation pipeline that links with reality in the markets. But they should drive that. One labour we have is to take the option of going in a certain direction of development. That should have authority for the whole company and the markets are the dimension of execution.

Well, there we have discussed in the executive board quite extensively on these things, and there's a total alignment that we have to move in that direction. A few weeks ago, we had our market heads meeting. Every two years we bring the market heads in. The country managers, the global business; we have also the business executive managers, et cetera, 200, 250 people in the room where we talk about what's up, what do we have, where do we have to create the alignment globally, strategically for the company, et cetera, but also execution. And we have just discussed that.

The authority of the global business strategies has to have much more force in our organization, I feel. There's upside there. And we privilege decentralization, definitely. We privilege decentralization because food is local. Execution is local and supply chains are local. Yet, at the same time, that should not be on the back of global inspiration and global authority of good ideas, of good developments.

We see it, where it works; Dolce Gusto is a good example of a global idea that is rolled over globally, quite monolithically. To a certain extent and certain markets do have their own brands in the system, but the system is one with a different option, but there's one set of system. Well, we're going to have more of that.

So I do see the discussion internally growing into the dimension for having much more authority on global ideas so that we can drive much deeper R&D and have more focus of resources behind big ideas. And that's an evolution. And that's actually what we have got as a feedback from the markets, that they really embrace that.

And we do have different business models. We have global managed businesses, regional and local. We're going to stay with that model because it is the right model.

Question on;	Rollout of global brands

Alain-Sebastian Oberhuber, MainFirst:

I have a question about the big success in the past you had with the roll out globally of your -- of premium products like Dolce Gusto, the Nespresso, another with Nescafé Green Blend. And is there an aim to have such a big rollout of a big global brand in the future? Could that be Vertuoline?

Paul Bulcke:

Well, it could be. Because we say Vertuoline has given an asset to a way of drinking coffee in the United States, but that's a good coffee. It is a voluminous coffee and we have that. I drink a lot of the coffee, so that would be something I would embrace. But let's first land it very well here in United States. We know that we need all the resources behind Vertuoline here. That's where the big battle is now. But definitely, I can see it rolled out worldwide. It's going to be part of the Nespresso offering.

We don't change, actually, the sharpness of the position of Nespresso, because it is the best long coffee possible. And that's what a Nespresso stands for. But whether they serve in a small or a big cup, it is the best coffee around. And it's a super premium excellence. So I see that potential, definitely.

Questions on;	Bolt-on acquisitions Pricing

Eileen Khoo, Morgan Stanley:

Just a quick question on M&A, I'm just wondering if you could comment, clearly the environment has heated up quite a bit recently with Valeant assets for $1.5 billion. I was wondering if you're still saying that your focus is on bolt-ons. So can you just clarify what size are bolt-ons for you?

And the second question is just on pricing. One of your competitors just said that it's getting hard to pass on pricing emerging markets on the back of currency due to consumers being squeezed by import inflation. Are you seeing that in your local markets? Thanks.

Paul Bulcke:

Well, let me start with pricing. Pricing never is so easy. So, first of all, the pricing in the developed world and in the European world, that is very difficult. We knew that. That's always been the case. I remember when I was in Germany 14 years ago, it was difficult. So it's always difficult. That's why we are not in the pricing business. We're in value-creation business. That's easily said. But it's a good mind-set to manage your people too.

Now, in emerging markets, it's clear that the pricing sensitivity of the emerging consumer is to a certain extent higher. And when you have devaluation, and that's what's happening in many parts of the world, a little bit of a slowing down of growth -- and you have to be very mindful in pricing. Yet, at the same time, pricing is done locally. And we privilege to maintain the substance of the business. It means when you have to price, we have to watch out not to do it too late, because you're always lagging behind for the rest of your days then, afterwards. So we privilege to keep the substance but go for the value, create reasons for the consumer to pay the price that he has to pay.

At the same time we have an advantage again. It's these raw materials internationally that are affected when you have a devaluation. We produce locally. Almost 90%, 95% of all what we sell is produced locally. That's also the strength of our decentralization and localness in our industrial set-up. So that's, I would say, long term, a competitive advantage we have in these markets too. So we may have less need for price increases because of localness of our production and industrial set-up.

On M&A, yes, indeed, you see a little bit of acceleration of deals and big deals and mergers and all that. So we privilege -- and we have said that, we have bolt-on that should cover what we are trying to do. I think we have 1 or 2 billion bolt-ons foreseen always in our plans. These are the bolt-ons in total that we said, just for the cash planning, we foresee in the future.

And now, if there's an opportunity that is bigger, we are very rational people. We have a good set of products, we have a good set of brands, we have a good set of categories, and we are engaged where we want to engage. And so we privilege quite a lot our internal growth of growing what we have in our hands. But that doesn't exclude possible acquisitions.

Question on;	Fast growing AOA markets

Manuel Stotz, THS:

Staying in the emerging markets, would you be able to give us an update on the smaller but fast growing AOA markets, specifically Nigeria and Pakistan?

Paul Bulcke :

Well, we don't give too many details on specific markets per se. Nigeria is already a very big market for us. We have three production units there. It's a difficult market, though. It's always the same. What is difficult is worthwhile. But we have a very good local presence there, and it's growing pretty nicely like the country is growing. We just hope it stabilizes politically because it is a difficult market.

You know why. You see what's happening there but again, it's one of our strengths that we have local management and handling the complexity of these realities. But it's a big market because first of all population, second of all the income which is quite unilaterally linked with the oil, that's a problem. So it is a country that we're aware of the potential risk of tensions that could, yes, spill over, so.

But we have three factories. I actually, about three years ago, inaugurated the huge factory there, that's Culinary that’s very strong there which is very stable business.

Pakistan another complex business and we have again our factories there. We have milk factories, water. I met the management only few days ago. They were in Switzerland for their long-term planning. It's really good to see the enthusiasm in spite of all, because it's not simple. Again, it's not simple to do business there. I think we are the biggest multi-national in that country. We have a local partner who has a small but relevant fraction which is necessary.

So again, the way Nestlé goes about realities, we can adapt to the local reality and know how to handle it. Sometimes with certain risks but finding the right people to do it is our strength. In these countries, it's the brand battle, just landing your brands on time and staying. We have a milk district with something like 160,000 farmers, one factory -- 160,000 farmers bringing you few litres of milk.

It is linked also with how we connect to society, the Creating Shared Value dimension. We have farms something like 5,000 or 6,000 women, because women are holding the farm or the cow and you have to do it in a way that you can do it. Women can only be instructed by women and we have done it with the United Nation development programme. We always think business here, the category, the competition, and the percentages.

If you go to these countries, you see the reality, how you get there, it's heart-warming and also it is competitive advantage building. And that's what we have in Pakistan now. So Pakistan is a good market with the tensions you have but again, we have deeply entrenched in the society. We have local managers. We have international managers who want to go there and they enjoy the growth.

And then you go Afghanistan, question mark, what is that? A huge country too, We are looking to that too.

We're still doing business in Syria. You know that we had a factory that was blown up. It's just a little bit more than a year ago. We don't have the factory anymore. There's no way of building a new factory, it is clear. But we have rewired the whole region that was a regional factory. And still we have a young man there leading our people. That's our strength to some extent. So you spoke about Pakistan and Nigeria, there're so many other countries that we should mention in the same vein.

Question on;	**Investment in developing categories and Nestlé Health Science**

Stuart Reeve, Blackrock:

So you've talked a lot about capital discipline and working capital control to try and boost your return investment capital and we saw that yesterday in a number of businesses in the US. But I think over the last two days, you've left a number of us with the impression that a group level that gets diluted quite a lot by the investment in developing categories and Nestlé Health Science, et cetera, is that fair as an impression to be left with?

Paul Bulcke:

Now, would I say it is fair? No, it's not really fair in the sense of we have always been investing upfront in certain businesses. Everybody speaks about Nespresso, “25 years of which plenty were losing money”, rather than losing money we were investing in the future belief. And I think a company like ours should be able to do that.
I mean, if we cannot organize ourselves to invest upfront in certain dimensions that there are promising future platforms, well then, we wouldn't be as successful as we are today. Because we can do that, invest in Nestlé Health Science, you're totally right. We have expressed only in the institute, the knowledge, and the science platforms. We are investing 500 million in the next 10 years but it's worthwhile. We had done that in R&D in general. As you'll think about we already have a Nestlé Health Science, the resource and all these things, they were upfront investment.

Dolce Gusto, shorter timeframe, as Dolce Gusto only last year started to raise black figures. And so it's a 1 billion business already but only last year. The success of this company is because we do that, we see the timeline. And we can do that because somebody else in front of us, before us did the same.

He invested for something that we're enjoying now that allows us to invest for the next one. And that's the rolling innovation process that also we are inviting the markets to do. If you fall in the trap of short-term is you create anaemia in your brands in anaemia in your product innovation process and the markets has to do the same. They have to invest now and it costs you money. You have to invest in slotting fees, you have to invest in your commercial support.

And the first years, you don't enjoy bottom line profit, but you do that because that's the rolling innovation cycle that we have inviting. And actually, that's something that here in the USA that has to be levelled up.

We got somewhere a little anaemic in Stouffers and Lean Cuisine. And we have to call a spade a spade. And you have to restart that going. That's why also we have sharpened portfolio management, we have sharpened SKU management to free up the resources, to compensate for a certain timing here. And that should roll in because there's much more support behind bigger ideas now than we had in the past.

So, it's fair and unfair. It's fair to say whatever you invest now, we can’t enjoy today so don't invest. It would be unfair for the future but that's the strength of our company. We are long-term conditional thinking company, we keep it going.

You know it all. You have been around and we can increase our bottom line tomorrow and hundreds of basis points. We just cut down our marketing spend, we cut down R&D. Well, that's not what we are paid for. We are paid for giving away a stronger company, after us, than we got, so we're working on that.

But you have to balance it out at times. I can hardly come to you and say, "Look, we're investing in a new huge platform that's called Nestlé Health Science. It's huge, it's promising. I promise you. It's going to be billions. So give me a sabbatical for five years. I'm going to invest 400 basis points more for that platform.” Would you say, "Okay, fine. We'll go with you." No, you wouldn't because that's not your business. So, we have to balance these things out.

And yes, indeed, the platforms we have investing in for the future are deeper in science. So they ask for more money. That's true. That's a little bit the tension I have because if you really go into the dimension of science you need for Nestlé Health Science, the promise is big but the pre-investment is a little bit heavier than reformulating a bouillon cube. You understand that.

But that's something a company like ours should be able to manage. That's why Wan Ling is also sharp on portfolio management. That's why we don't allow ourselves to have laggers, because we don't have the luxury anymore because we are investing more heavily for future. And I think it's the right thing to do.

Questions on;	**Penetrating fast growing distributions channels Priorities for acquisitions and investments**

James Targett, Berenberg:

Two questions. Firstly, I just wondered how in developed markets, how successful you think Nestlé has been penetrating the faster and growing distribution channels such as discounters and club stores. And then secondly, just globally in terms of which categories and geographies do you think are biggest priorities for acquisitions and investment, thank you.

Paul Bulcke:

Let me first talk about the categories, products and geographies. I'm the first to say, I'm not somebody who manages by saying, these are the 10 biggest priorities for me and 10 biggest markets, I go to some very small markets too. I think part of our success is that we are scaling everything the same to a certain extent in relation to the consumers and geographies I would say.

That's also why we say we are an 'AND' company. When the crisis hit, we have been growing in the emerging markets AND in the developed markets. We never had one year that we decreased growth that we decreased our sales in the developed markets like Europe. So, that's the strength we have.

Now, saying also, we moved everything to the emerging market because the emerging markets are emerging. No. Again we didn't do that. We go about our opportunities and the dynamics category-by-category in the markets. You ask about acquisitions and categories and we showed you the charts to show how we can be part of people's lives. We focused also in the first thousand days and then 12 years and we feel we have the good set of categories that cover well our purpose and our strategic direction of enhancing the quality of people's lives through Nutrition, Health and Wellness. And do we have to accelerate certain position to be able to do and fulfil that promise? I don't feel that there is a specific need for that.

Now again, if there is a merger or acquisition bolt-on, it is a dimension of our company when we have an opportunity to accelerate or to strengthen that makes sense to us, we're not going to let go. But there is no such thing as we need to bind into a branch to be able to deliver on our strategic direction. There is no conditional need for that, although if there are opportunities we go after them.

In the developed markets, speaking about the new channels and you spoke about specifically discounters and club stores and a new challenge is also e-commerce. And again, it's in the developed markets phenomenon. I feel United States do feel it strongly, the club stores.

In 2000, I was in Germany. I can tell you discounters were all over the place. So there's no such thing as new channels for -- that's pretentious saying that for Nestlé. But we have been coping with them for a very long time. Now, you have the new dimensions here in United States.

I was just in a top to top with Tesco in London, they have the same phenomenon. You have the Lidls and the Aldis really eating – quite a bit of their reality. These are channels that we embrace as much as the others because they are part of the retail landscape. And very efficient retailing actually.

We have to engage faster with these people to see where we can create value together. I know they have a total different business model that is all geared to efficiency and low price but low price because of efficiency. The margins are quite inviting for us. And so, it's not something that we suffer per se. We have to be all channel and also E. And then, that moves us to another dimension, e-commerce, what is e-commerce for us? And we have good spots like Nespresso where if you see 60% of Nespresso in the United States and globally as e, as e-commerce.

So we have certain experience. And yet I do believe we have much more opportunity, opportunity in the developing world and e-commerce, why? Because for me, e-commerce is going to lead connection with the emerging consumers because you go to villages in Africa and all that, you're not going to have a Walmart on every corner in these villages. You don't have infrastructure. You don't have roads getting there. What's going to get there is e-commerce.

But why because in Africa, one billion people live in Africa, you have 115 million cell phones, all connected with internet. China, second, third, fourth tier cities, how do you get there? E-commerce. So you see, it's like a cell phone, the cell phone is going faster in the emerging markets than in Europe for example, why? Because we had fixed lines to defend - not in the emerging market. So the same thing is going to happen in the e-retailing. So we are engaging there that's why we have put digital and e-commerce as one of the priorities. But maybe you can talk about the channels here, these discounters and club stores.

Chris Johnson, Executive Vice President, Zone AMS, Nestlé S.A

Well, we talked about a little bit yesterday with Paul it’s an area for growth, we're focusing in that area. We've shown some better returns over the last couple of years. Thanks to that focus. And yes, we'll continue to do that.

Question on; Threats to Nestlé’s scale advantage

David Hayes, Nomura:

Hi. Just to bring back to that to the US, you could argue there's a bit of a step up in the consolidation in food and beverages, perhaps been demanded for a long while now. As we look at that, do you think that becomes a threat for Nestlé in terms of the likes of Hillshire and 3G doing Heinz and maybe doing more on top of that? But those players become more efficient and also eat away almost to some extent that scale advantage.

Conversely, do you think there's element of pricing rationality benefit that comes from that? And then I guess finally does Nestlé have to -- it's the solution for the US to some extent but Nestlé has to get bigger in the US and key that scale advantage moving away and basically participate in that consolidation. Thanks.

Paul Bulcke:

Maybe you go after that for USA, but you mentioned 3G. A consumer is not available to pay for your inefficiency. Now efficiency and inefficiency is relative term because the pricing and the price differential and the value you create versus that price is comparative. You can compare it with the competition.

Just to be clear, you see certain dimension coming from driving waste out, now, you have to balance the short term efficiency and the long term and dimension of the company too. And that's again where we have to play both and when we speak about portfolio management, when we speak about the results efficiency and when you speak of all these things it's actually in anticipation of certain new dimensions.

The bar is being set differently maybe and we can say, yes, but it's going to be short term because if you lose hold of your management somewhere you pay it later. These are all nice things to talk about but you have to -- you have to have intensity to take it too. So we have to combine both. Long term, keep the capabilities in and the right resources in, yet at the same thing versus a comparative base of efficiency, that is to some extent reset. We're aware of that.

And that we said before of efficient portfolio management, less tolerance all that is all going in that line. And if the company like ours should be aware of what's happening around and should play up to it. And that's what we are doing. I mean, we've quite a more exclusive intensity, that's for sure.

So then Nestlé in North America, should we be bigger? Well, we do have a certain size. I mean we're just not perceived like that. I always make a joke and you may have felt it here and it has been said several times but you go to immigration here and they throw you the classical question, what are you coming to do here in the United States? Well, for business. Yes, what business you're in? Nestlé. Oh chocolate.

And if you see now, we are slightly bigger than that and have more expressions. But it's not known, it's not seen and actually what we have been trying to convey is that first of all the awareness of the size, relative size of the different businesses we have. And how they are managed and who is managing them and what's happening here one by one. And this big deficiency when you think about Purina it's 6 billion plus or these are big sizes and they're actually on their own multinational per se. But there's upside in scaling up even more and that's what Paul must have shared with you. And so do we have to be bigger? I'm asking you.

Chris Johnson:

What's clear is that I think you heard over the last -- well yesterday and today, the game is changing I mean that's clear. And we need to be more efficient and I think you saw yesterday there're opportunities even to drive that efficiency. And the idea with that money, with those moneys that are saved and to reinvest that back in the business, that's the model that we're looking for and we're looking to drive in the US.

It's not just to save and then that's it. But you really in order to be competitive, be able to be competitive against this more focused competitors that we're seeing develop in the US and in other countries around the world. And that's the plan. Now it's just our job to do it.

Questions on;	**Producing for private label** **Premium chocolate** **Previsions of direct sales in 5-10 years**

Jon Cox, Kepler Cheuvreux:

Maybe just a couple of questions, it's been two years now since this 'sweat the assets' battle cry as it were and you seemed to be saying maybe you've over CapExd a little bit assuming some organic growth is going to come through and it hasn't.

And you're talking about working the assets a little bit more. What do you think about actually making products for white labelling or private label? I think you've done in the past. Obviously you phased it out maybe is it time to think about doing again? That's one question for you.

Second question on premium chocolate, any thoughts? And then just the last question just going back to that retail question from my colleague just imagine it's 2020 or even 2030, what proportion of your sales do you think would be direct to customers rather than using traditional retail channels. Thank you.

Paul Bulcke:

Private label, producing for private label, no. Maybe I should explain that. It's not our *métier*. That's not what we aim for. I mean we are bad at it in other words, we want to bad at it. We are a company that goes after brand builders, added value, innovation, that costs money and that's from the investment. And that's what we are, that's our DNA. I think you have to stick to the business and that's why.

And there are enough other people who want to do it.
Jon Cox, Kepler Cheuvreux:

All custom manufacturing for other companies for example. Not just private label but…

Paul Bulcke:

Yes, yes. But that's just basically the same thing. So no. And we have been in it because we bought certain companies that did it. We honour our commitments and there you go, but whenever we can we phase out. And I hope we never have to say, "Look, we should consider that because we miscalculated it so much, we have huge factories waiting for volume." I mean that would be, no. And so that's one.

Premium chocolate is my small intimate frustration. We do have premium offerings in certain markets but we don't -- and you refer to a certain brand that is coming from the same country. And I'm coming from a country that has premium brands too in stores, Godiva.

But that's not our *métier*, a store and all that. But the other brand, yes. And we have a fabulous brand which is Cailler and we could have, we should have and that's my frustration. I'm going to try to answer that. It's going to be long-term journey though, but we do have the quality in the chocolate and we do have the knowledge, we do have the *métier* in chocolate. We just have to do it.

And again there I must say, there somewhere our privileging decentralization has gone against us. You never win it all. You see we tried premium brands. And that's very honest what I'm saying, premium brands. And we had this Nestlé Gold brand in certain markets and Nero in other markets with the same design. Then Noir in other markets then this, then that. That's where decentralization goes against you. Because super premium luxury chocolate brand should be monolithic worldwide, like Nespresso. And that goes against the DNA of our organization.

So we're going to have to find ways to go about that. That's where with premiumization Nestlé has a little bit of a challenge to organize it. And Chocolate is a good example. So, yes not good. There's upside there. What they can do, we can. We have the knowledge and all that.

Then this crystal ball - 2030 retail, how much are direct sales going to be? I couldn't answer that because that would be just an unscientific wild ass guess, I mean I don't do that. I don't know but the fact is we go direct not to bypass retail.

If the motivation for direct would be to bypass retail that will be a wrong motivation. Because at the end of the day you would alienate your best partner which is retail although sometimes they don't see it like that. It's for us to make them feel we are partnering at the end of the day and that's the way we want to go about our relationship.

Now they are going quite a E too. So how can we guard of their e-journey and that doesn't mean we should not go in E on ourselves with certain direct E platforms. I mentioned that the developing emerging markets, there're E dimensions in these markets that are not retail based because retail is not even there.

You see it in China for example. Yes, we have Alibaba we have the other one there, help me to…

Wan Ling Martello, Chief Financial Officer, Nestlé S.A.:

360 Buyer.

Paul Bulcke:

360 Buyer and all. They don't have stores. It's not a retailer going E, so we're not going to say, no we go classical, we go with them too. So definitely, it's going to be more but that's not direct too. You go to an organization, you see. Nespresso is a direct model because it's intrinsically the offering. We have Special T the same concept. But then again we have Dolce Gusto which is retail based. And so how much, I don't know. It's going to know more important but I think the message there is direct is not to bypass retail.

Question on;	**Influence of M&A situation on portfolio management decisions**

Andrew Lazar, Barclays:

You've got a number of questions around the portfolio analysis that you've undertaken the last -- for the last two years. I guess one of things that changed perhaps more recently are the sheer magnitude of evaluations that some buyers are clearly willing to pay for some assets both quality and maybe assets of somewhat lower quality.

And dare I say we might not see valuations like these again and I don't know for a long, long time maybe in our respective careers. And so I'm curious how does that play in to the portfolio work that you've done and does that increase the sense of you urgency or the timing around some of those businesses that you're clearly in the fix mode.

I imagine that has to come into plan somewhat. Thank you.

Wan Ling Martello:

Yes. Maybe I should clarify few things when it comes to portfolio because you know the question earlier from David Hayes about distraction.

The first thing is it's the common language. It's a tool but it's more importantly a mind-set shift. The idea is we want to major in the majors. And so whether it's brand or SKUs, do we really want to be when you run the line for instance for a SKU and you produce enough inventory for the full year.

That's not the right thing to do, right? It's interesting the narrative has changed. So for instance we love our noodle business in Asia. And because of concerns like this, this mind-set shift which is towards like Capital efficient and return on invested resources.

The conversation is like, great. Noodles are growing really nicely, its generating top line growth. It's got a nice margin. We didn't realize, it’s not so capital efficient, so what do we need to do to tweak the line, production in order to make it capital efficient. It’s not a distraction, it's focusing management time, management brain cells on highly productive efforts. So that's one thing.

And so to the question also that came up yesterday a lot about timing. It's really great to see our business leaders thinking about their businesses not just from a P&L perspective but also being keenly aware of the impact on the balance sheet and the cash flow.

And so when they come in they talked about MBS we have a lot of acronyms at Nestlé. MBS is Market Business Strategy and so for instance Paul Grimwood will come to Vevey and present to Chris and Chris' colleagues on a three-year time span. And so they would have a plan to say, okay we will for instance if we pick ice cream, this is what we're looking at and this is the timeframe.

What we do now is we look at our numbers in three ways, absolute, relative and from the trend perspective. So if we have business cells that are from an absolute perspective destroying value then it's a very short, very easy conversation like Paul said. And that now, then at a group level we have to look at it in a relative basis. And so if a business even if it's improving but in relative terms it's not as attractive as where we would like to focus from an investment standpoint then that's another dialogue that we will have.

And also from a trend perspective is it if somebody presents a plan and so we hold business accountable, if corporate grants a business a three-year timeframe we want to review it at the end of six months, at the end 12 months. So we hold them accountable from a timeline perspective. So in the context of this really hot M&A market it’s an ongoing discussion at the group level anyway as we look at business cells in relative perspective.

We always look at is there a combination/permutation that make sense whether it's internally -- Paul talked about how we combine Hot Pockets with Pizza. And so we look at combinations like is it better run if we do it this way. If we think an exit at some point is it now, is it -- that something that we take into account. But it's not something that we say, "Oh, this is such a hot market. Let's quickly look at our portfolio and what to do divest."

Even from the divestment standpoint even once we make a decision like, okay, this business we will exit, we also want to look at it in a way that we can do something to fix the business and so we capture some value versus divesting it today. That's also something we need to think about. Because there're some things that could be fix in a year or so and get a lot more value for it.

And so there's many dynamics that go into it. It's not a simplistic as saying the environment is conducive to us divesting and so, Hope that helps.

Questions on;	**Extending the focus of Nestlé Health Science** **AOA market development in H2**

Celine Pannuti, JPMorgan:

I have two questions. My first one is on Health Science. Yesterday we were told the market that you're looking at, people who are sick and need nutrition, is worth about 11 billion dollars. And whilst this is an interesting category, you also mentioned that there was I think two key structural shifts, one is a health care changes and as well as population aging which makes me feel maybe there is a bigger pot. We're looking at people who are not sick and maybe who will not go to the doctor and would want to prevent becoming sick. So why is it right now you use to limiting yourself to looking after the sick people in your Nestlé Health Science when the pot could be bigger?

And my second question is on AOA. I think we will be comping easier comps as we go into the second half. We are already almost half into the year. How do you see the market developing in most bigger countries there and do you think that they would be effectively a bit of a pickup in the second half? Thank you.

Paul Bulcke:

Well, on AOA second half we hope there's a pick up. The first part was a bit soft per se, of course we knew it. There's also a part of our growth that is linked with pricing. Pricing is going to come in a little bit stronger in the second part. So we foresee growth picking up a little bit. Also we're going to see what's happening in India, a big market, now that the elections are over. China should pick up also a little bit.

So we are quite positive although we're not euphoric because we know that the emerging markets have softening growth. And actually I'll be the first to say softened to a reasonable level because countries growing over a double digit for a long time, they overheat. Somewhere there's a little bit of consolidation of certain structures and certain trends in these markets that are in my eyes socially to a certain extent healthy.

Now, you speak about Nestlé Health Science and saying you're focusing on sick. And you say two biggest trends that are along we have to protect a nice potential are the healthcare cost and the population trends. It's just clear that Nutrition and Nestlé Health Science it is an initiative, a Nestlé platform that we're building, that is going after a non-defined market.

I have explained that before, it is like quite a few people circling around that logical potential. We not really defining it here, this is a market that we're making and actually the market is about health. Health through Nutrition, it is actually conducive to health too. And that goes into your question. It is not corrective, therapeutic health alone. It's not trying to make sick people better or healthy again and it's also keeping healthy people healthy. And we know that the best medicine is food and the best health keeper is healthy diets and healthy lifestyles and all that. And we want to be part of that.

Now, the trends behind that opportunity are many fold. It's only the healthcare cost going to the roof. We are speaking about the health care cost that is trillions, trillions. And in healthcare costs the trillions are only the developed worlds because the emerging markets are starting to build up their healthcare systems. I know that you see an increased build-up of middle classes and middle classes are the dimension in society that creates these social dimensions and structures.

So the potential is huge if you can translate part of the healthcare needs of the future into a much cheaper, conducive health [solutions] which is nutrition, nutritional solutions. That is a huge value creator for society because there's so much more efficient way of going about health and society in general.

Aging population is one of the trends that we have mentioned. The aging population growth is such but their needs are not answered today, but we start to understand more what and how nutrition can come into play and interface with these specific needs. And I think you saw a few products there like Resource senior plus and others that go about that in a much more, I would say, conducive, cheaper way. I think twelve billion is the first expression of potential. But the platforms, the needs, the interrelationship with health and the human body these are all dimensions that we have to establish.

That's why we have the upfront investment in these platforms. That's why we invest where we are investing.

Why are we doing it? Because we truly believe that you have a healthcare cost that is growing dramatically and there's not even in many parts of the world and that's going to be established. We're speaking billions here as a potential market. That's why you have many people circling around it, to see.

We have defined five platforms you saw them they shared them with you Aging, Brain Health, Intensive care, Paediatrics and Gastrointestinal. So you go about these platforms, which is just fraction of that market, but that's the ones we want to focus on. And that's why we are very cautious too to say, "Look we're not going to start promising billions here let's walk the distance. Let's be first and pioneering there so that we have a privileged position in the market in the making." It's not a clear market, it's not a clear category. There's lot of dust that's got to settle but we want to be in the driver's seat and that's why we are investing in it.

Question on;	**CapEx reduction details**

Warren Ackerman, Société Générale:

Paul, you'd said many times over that CapEx is coming down from 6% of sales down to 4% to 5% of sales but on the other hand you also say in the Health Sciences and this more value added platforms need more investments. So I'm struggling to reconcile those two things. How can you reduce CapEx when these new businesses are actually more CapEx intensive? So I'm just wondering therefore where is the CapEx actually coming down? Thanks.

Paul Bulcke:

Well, I think the new businesses are not CapEx more intensive in proportion to sales as they are more added-value intensive. So what we have is more science intensive. That's different. And so we are investing more in science there and that's why we have the Institute of Health Science.

But it's a big difference. We spoke about capital expenditures that's true that we reduced them. We were going up; they went up the last so many years, to be very honest. It's not that we historically we're so high. But as we saw acceleration of emerging markets we increased our investment, we took positions in certain geographies with local production capabilities and all that. We have increased also our R&D presence in these markets. So that was the CapEx we've spoke about.

Nestlé Health Science is more R&D intensive, the production cost of these products as they are more science added-value is actually less in percentage. And we have a quite few factories that can be used and we can use capabilities and capacities in existing factories to produce these products.

Question on;	**Risk in investing in China**

Adam Spielman, Citi:

I've got a question about China please. And the question is do you think it is a more risky country maybe deserving a higher risk premium than in previous years? And the reason I'm asking that question is not just what happened to Danone there but also what's happened to Glaxo, the tensions with Japan and how Japanese businesses are finding it.

So again the question is do you think China is riskier as a place to invest than it was two or three years ago?

Paul Bulcke:

Well, it's a hard to have a measurement of risk. We spoke about Nigeria, we spoke about Pakistan. So we have a bit of a possible risk spread there too and we have different businesses, we have local partners there. In other words we adapted the way we do business there to that risk profile. And it is a complex market there. Its $1.3 billion so it's a huge opportunity. So the potential is big there too.

Do we need to adjust with that risk profile? Well, that's why we are going for higher added value products there too in a sense. So if you see Infant Formulas, you see our local production in Yinlu and you see our classical businesses and what we go about that.

So, yes, China is one of these different markets that it's difficult - not difficult but risky to be there, question mark, but it will be stupid not to be there. So the upside compensates. But we go off to higher margins in China because we has lot of up from investment in China that's for sure. So we're going to monitor closely the return on investment capital in China like we do with all different categories and different markets. And it should be a compensation for the risk that's for sure. But we have a risk spread - in China and in the world and different areas, so.

Question on;	**Driving compliance with SBU initiatives**

Unidentified Audience Member:

Just to follow up on this topic of centralization. You know one thing you've seen P&G do I mean I guess maybe 10 years ago now it's to give more authority to there what they call GBU but your SBU equivalent they gave P&L authority to the GBUs. I was wondering would you ever consider giving P&L authority to the current zone business units to the SBUs? And if that's not a way to give them more authority what are the ways we can give more authority to the SBUs to drive compliance with -- drive zone compliance with the initiatives?

Paul Bulcke:

Fundamentally no, I would not do that. Remember SBU it's a Strategic Business Unit. It's a platform of convergence of knowledge and understanding, strategy, brand ownership and driving the innovation process together with R&D. Executional dimensions are markets, zones, P&L is there. And that's why we have to make sure that that intersection works and works well. It's working quite well for us but I do believe there's upside of giving more authority to strategy and give more value to execution in the markets, more value, perceived value.

And we have some people here in the front line who maybe not going to like what I'm going to say but in the market sometimes people feel really important when they write the next 20 years strategy for the company. Well, that's not their job. They should feel the pride and the value of their job in executing well a defined strategy of which they have been part of before.

In my mind it's very clear. But you have human behaviour you have to make it to ourselves but that's how I see it. And that's what we're going to enforce.

Strategic business units are strategic. They define the longer term perspective of the businesses. They define and see as they have global overview of the category. They have perspectives that a local markets and maybe doesn't see or cannot see and they have to drive also the timeline of innovation of this longer term, medium term. That's their job. If we blurry that off you might fall between two chairs and, no, I'm not seeing strategy anymore and you're falling the trap of short terms. And we don't want to see that happen, so.

Question on;	**Length of tenure for SBU heads**

Alan Erskine, UBS:

Paul just going on from that question. I mean, do you think as a consequence the SBU heads should have more longevity; they should stay in their positions for longer than they have been historically to create that greater authority and greater alignment?

Paul Bulcke:

Yes. But very clear, yes, you have a point. And that's something that we ought to impose ourselves and sometimes don't because all of a sudden you have short term need. And we have to have the best talents in the SBU’s (inaudible - interference on audio). So definitely. So that's a permanent pressure we have.

But I feel also we should have people longer in their jobs everywhere. Not staying forever in a job but the knowledge, the complexity of our world, the knowledge of a country. Before you really get understanding and traction, before you have the interaction with your people that working for you or your colleagues, that takes some time. And we have a bit the tendency of moving people because we need someone there and we have the privilege to say, "No. We're not going to do it. We look for alternatives."

But that person is two, three years in the job and that's even more so in strategic business units. Why, because of the complexity, because you have to have to knowledge of every part of that category in the world. You have to know the business executive managers in the different countries. Part of their job is also to manage the talent management and you can only do that if you know the people; you have met them several times. And if you move people too quickly around you lose all the positive knowledge. You're totally right and I totally agree of you. And that's something we have to put more self-discipline in ourselves.

One of the most difficult jobs at the end of the day in the company like ours is the strategic business unit, it is the job of Patrice Bula whom you have met on several occasions. That's a very, very tricky job. It's a very, very important one. And that's why we want to keep the right people there for as long as possible and we should have the self-discipline.

Wan Ling Martello:

Okay. This is working out well. Our time is up.

Paul Bulcke:

Oh, dear. One question more.

Wan Ling Martello:

You want one question more, how about that?.

Paul Bulcke:

The question is when is lunch served?   Well then with that we call our investment seminar closed. Once more thank you very much for coming over and being part of that. It's important to us. And I hope we could share really part of our reality as it is. I think the best relationships are when it's transparent and open. And we do have challenges. I do feel we have many more opportunities that we have to organize around them. And North America is one of these good examples of how things are in Nestlé.

Thing to cover, thing to do, things to correct but huge opportunity in the strength of the company; it's linked with alignment, and it's liked with scale -- or size that we want to translate into scale and to competitive advantage. With that maybe Wan Ling, it's your show, if you have a few words to end the whole thing, but I want to thank you also for the questions.

You know your questions are always good because they make us think. You have a good view and a different angle in things and that is always refreshing it. I thank you for that.

Wan Ling Martello:

So, with that the 2014 Nestlé Investor Seminar comes to a formal end. Thank you for your participation and your engagement. Thank you everybody.

END OF TRANSCRIPT