

Finance enabling transformation



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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.

Strategic Transformation

Transition into a
Nutrition, Health and Wellness company

Organisational Transformation

- Create an **agile fleet of businesses/markets**
- Focus on **demand generation**
- **Leverage scale** through an efficient support structure
- Tackle **under-performers**

Business focuses on **Demand Generation**

Strategic transformation

Brands &

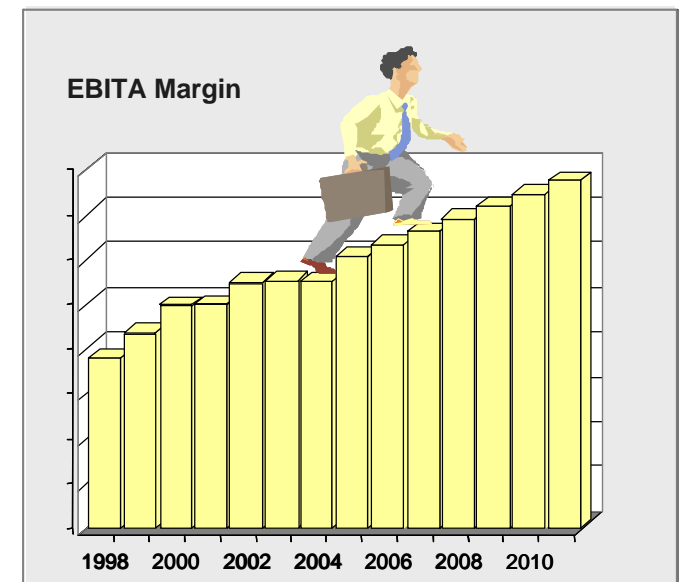
- Innovation ➤ **Generating sales growth**
- **Growing market shares**
- **Enhancing mix**
- **Improving F&B margin**

Organisational transformation

Scale & Structure

- **Driving focus & discipline**
- **Tackling underperformers**
- **Improving F&B margin**
- **Improving working cap/fixed asset turns**
- **Increasing capital efficiencies & returns**

1. Sustainable **Organic Growth** of 5 - 6%
2. Continued year after year improvement of **EBITA margin**
3. Responsible **capital management**
(Working Capital / Business ROIC)

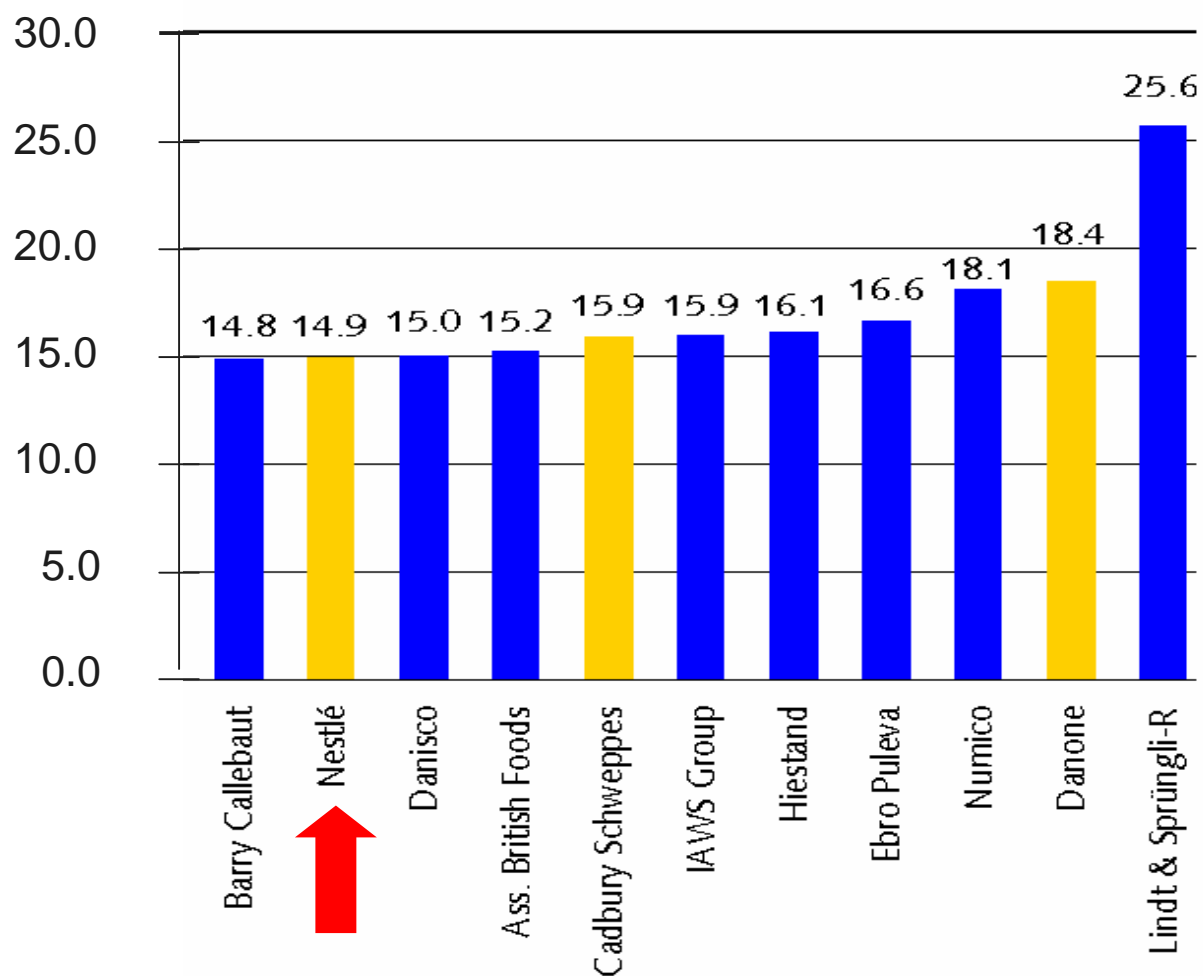


F&B is the main driver of the Nestlé Model

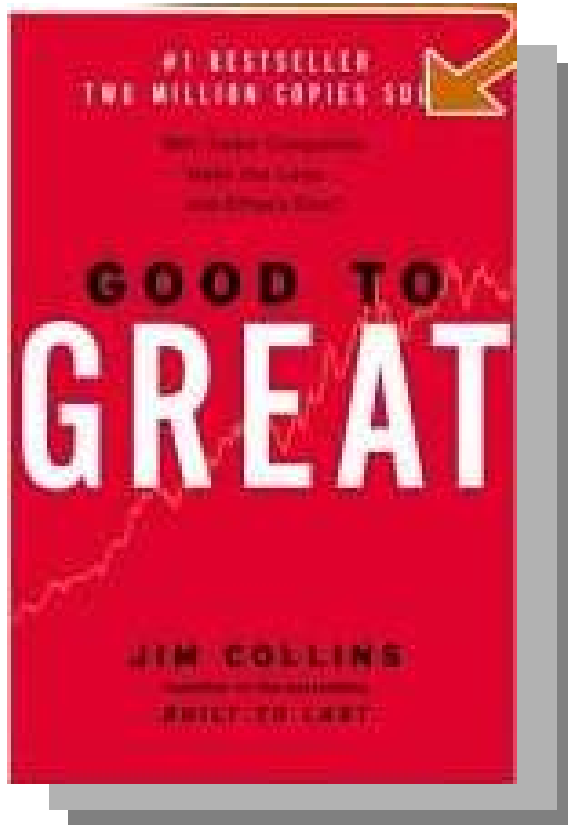
A portfolio of market leading brands



Nestlé P/E ratio below key US and European competitors

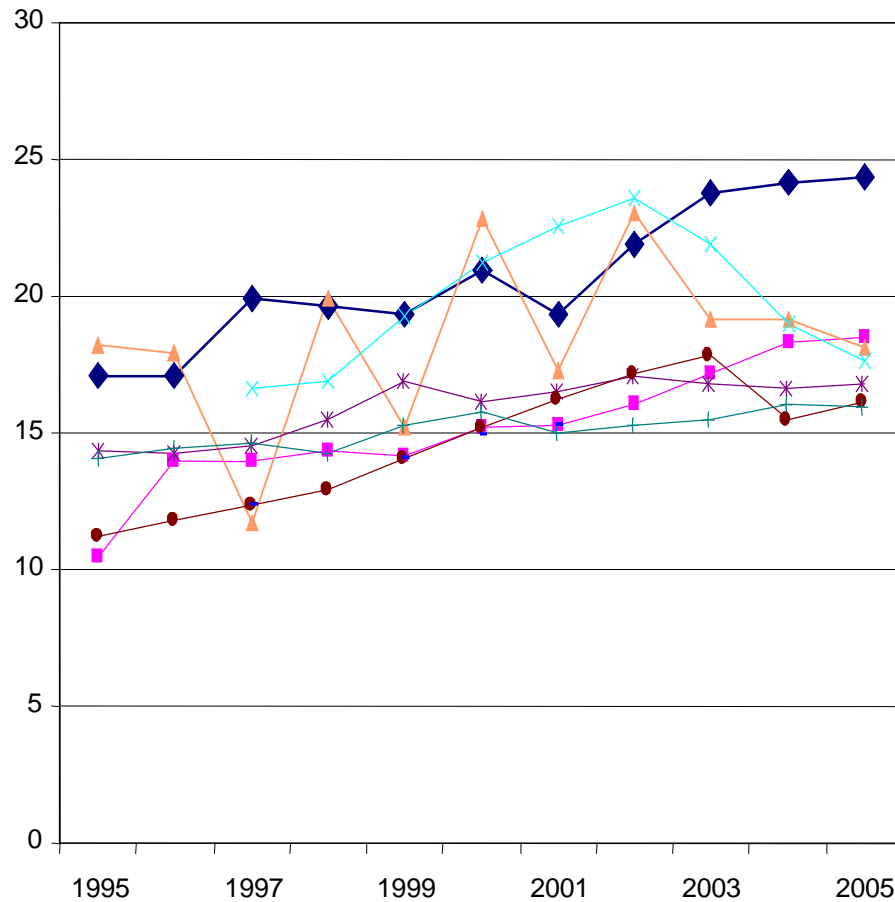


Source: Vontobel Equity Research 3 March 2006



Good to Great: Why
Some Companies Make
the Leap... and Others
Don't

EBITDA margin below peers



EBITDA Margin

	1995	2000	2005
◆ Hershey	17.1	20.9	24.3
■ L'Oréal	10.4	15.2	18.5
▲ Heinz	18.2	22.8	18.1
× Kraft	N.A.	21.3	17.6
* Danone	14.3	16.1	16.8
● Unilever	11.3	15.2	16.2
+ Nestlé	14.1	15.8	15.9

Source: Citigroup

Nestlé ROCE at lower end of peer group



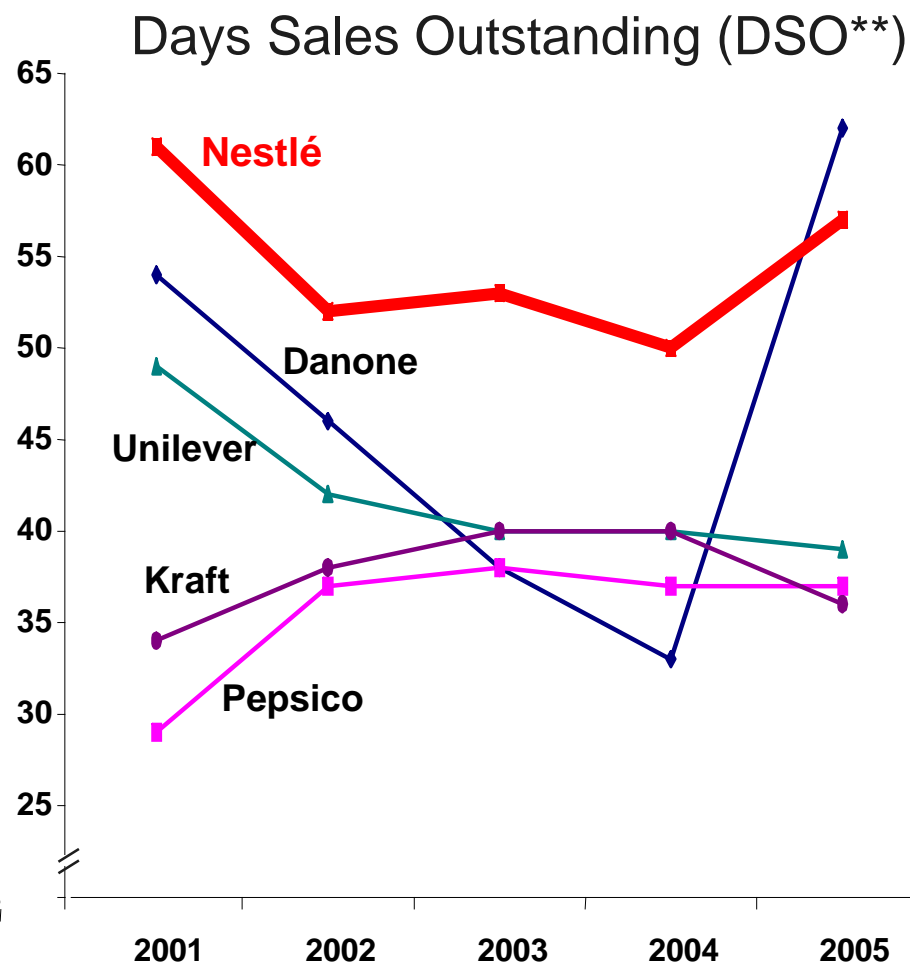
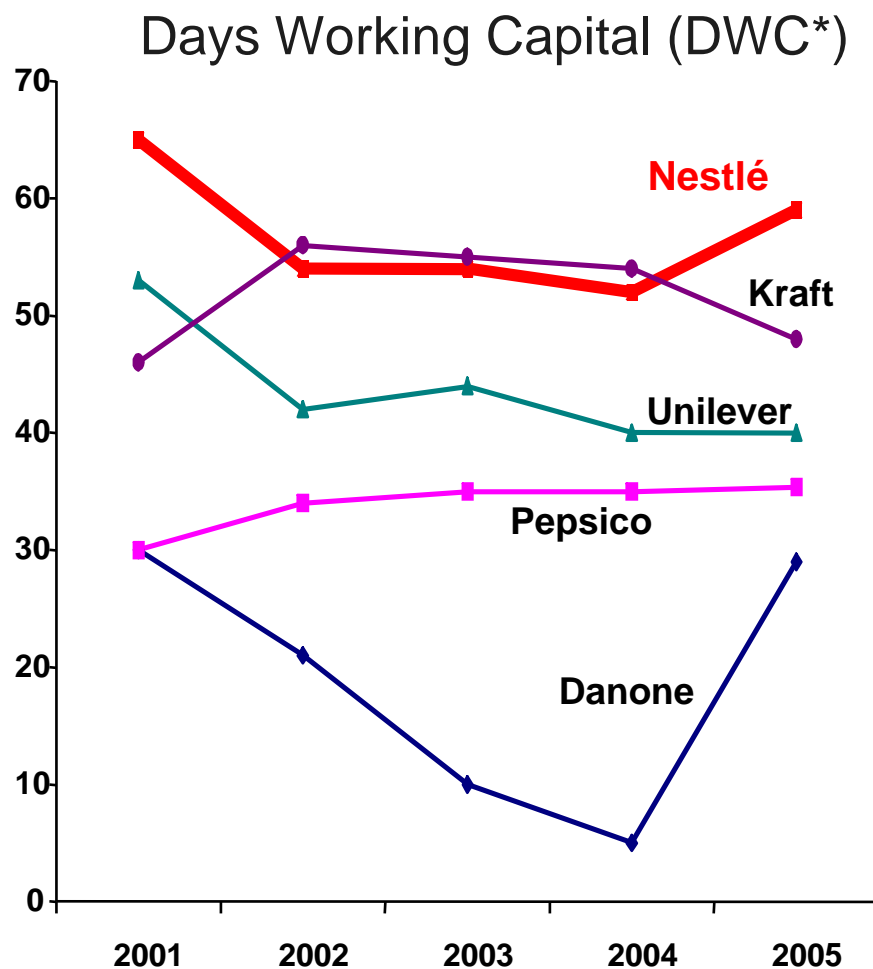
ROCE (%)

including goodwill

	2000	2001	2002	2003	2004	2005	2006
COCA-COLA	35	41	39	37	41	40	41
ESTEE LAUDER	20	13	19	23	23	23	25
DANONE	10	9	12	17	20	22	22
L'OREAL	14	14	16	19	20	20	21
CAMPBELL	22	21	17	17	15	16	17
KELLOGG	20	14	11	13	15	16	17
PEPSICO	22	15	12	14	15	15	15
UNILEVER NV	10	8	11	13	14	14	14
HEINZ	12	14	12	14	15	13	13
SARA LEE	20	16	15	15	13	11	12
NESTLE	12	11	9	10	9	10	11
GENERAL MILLS	25	9	9	9	9	9	9
CADBURY	10	10	10	8	8	7	7
KRAFT	5	7	7	7	7	7	7

Source: Deutsche Bank estimates

Nestlé's working capital performance lags peers



* DWC = Days Working Capital = (Total Receivables + Inventory - Trade Payables) / Sales x 365 ** DSO = Days Sales Outstanding = Total Receivables / Sales x 365

Note: Danone moved to IFRS in 2005. With IFRS, securitized receivables must appear on the balance sheet

Source: 2001-2004 data from Corporate Executive Board, 2005 data from ValueSearch

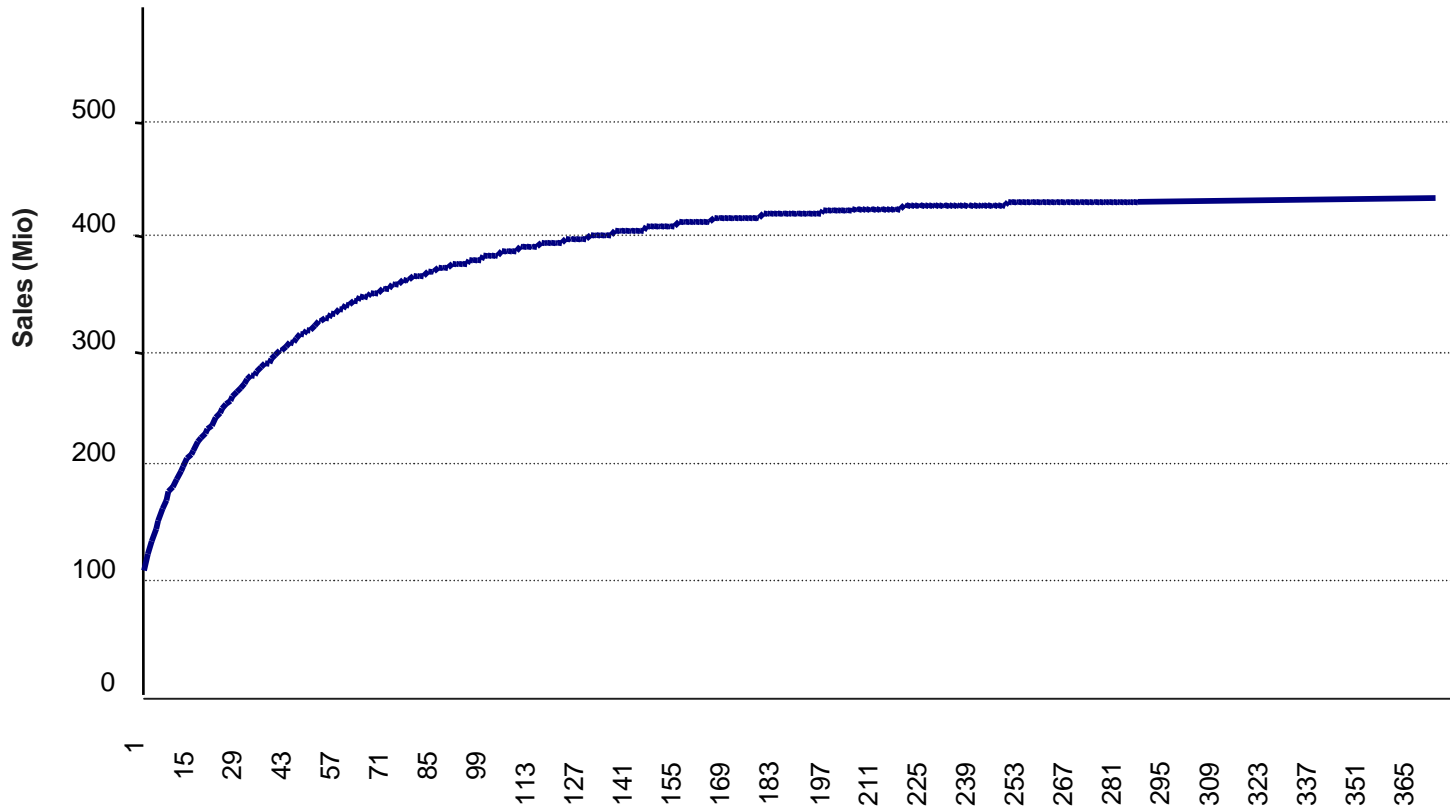
1. Continue delivery the **Nestlé Model**
2. Improve **performance of F&B**
 - EBITA margin
 - ROIC
 - Working Capital
3. Enhance **transparency of F&B**

1. Drive **simplicity** across the businesses
2. Leverage **scale** for competitive advantage
3. Tackle **underperformers** to provide focus/
strengthen core
4. Increase **discipline/ execution** in all we do

Simplicity is the key to leveraging scale

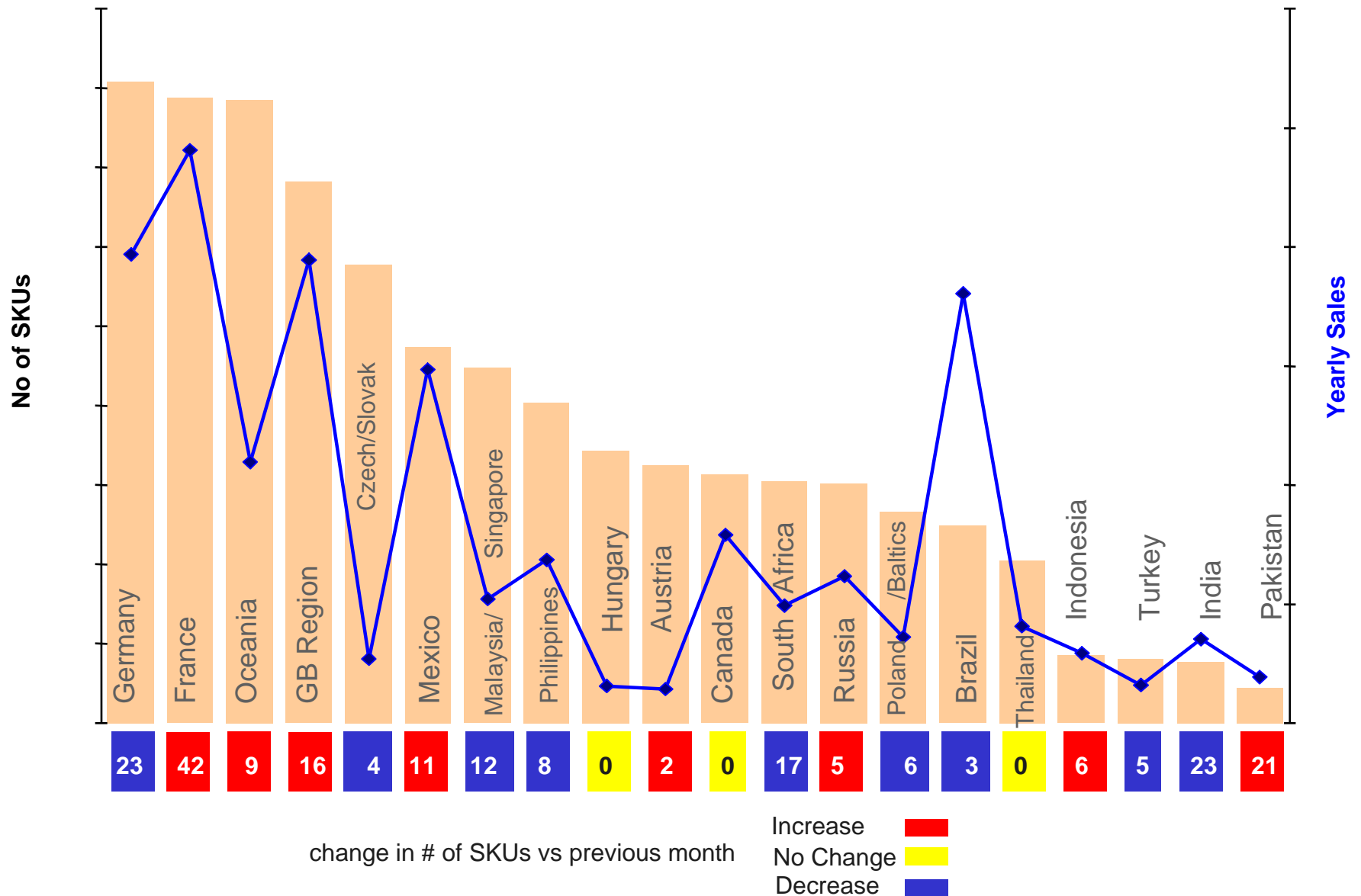
- SKU optimisations
- Sourcing structure
- Legal entities
- Internal reporting

Drive simplicity SKU optimisations



SKU's ranked by sales (highest to lowest) - illustrative market

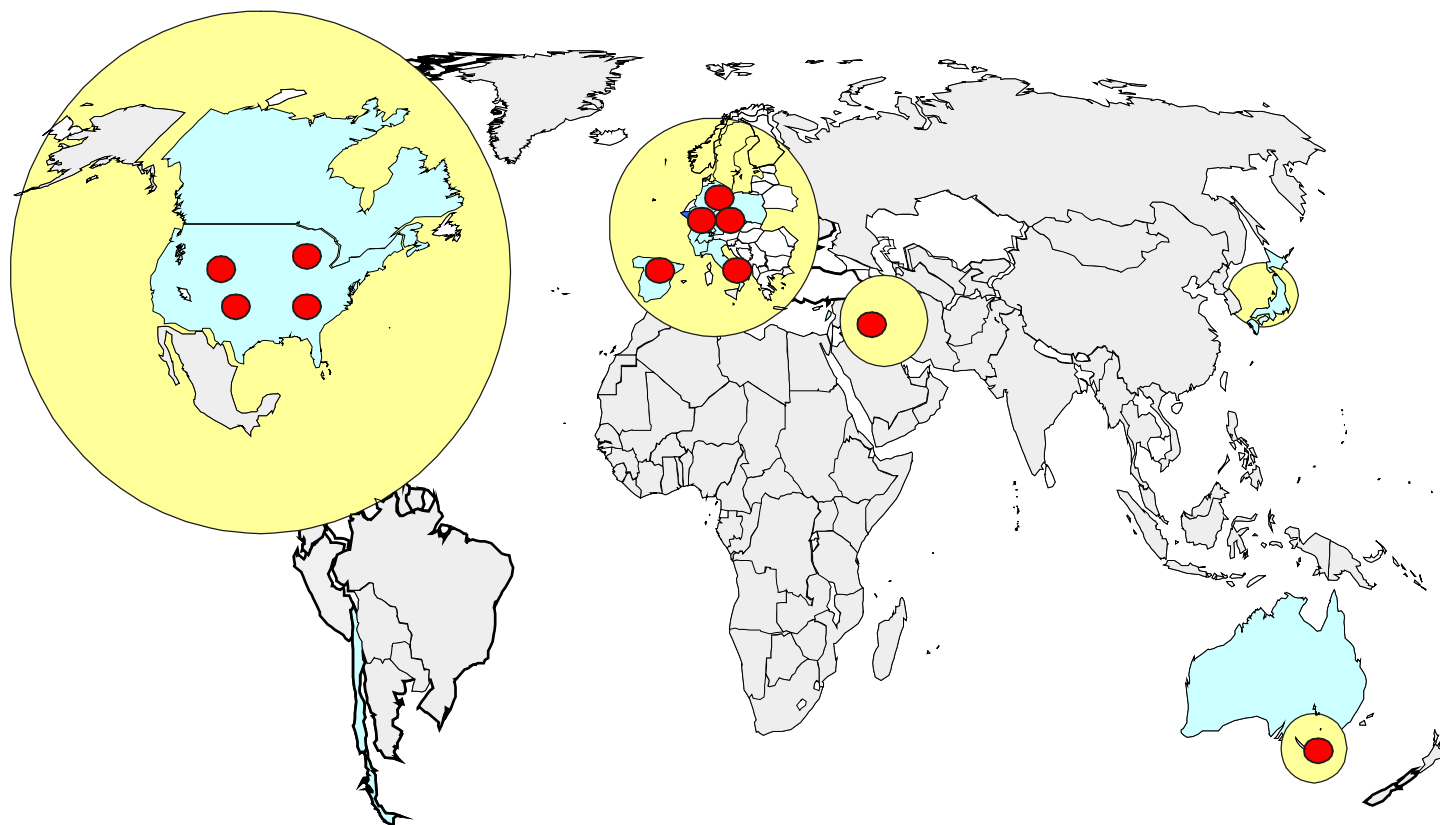
Drive simplicity SKU optimisations



Drive simplicity Sourcing structure

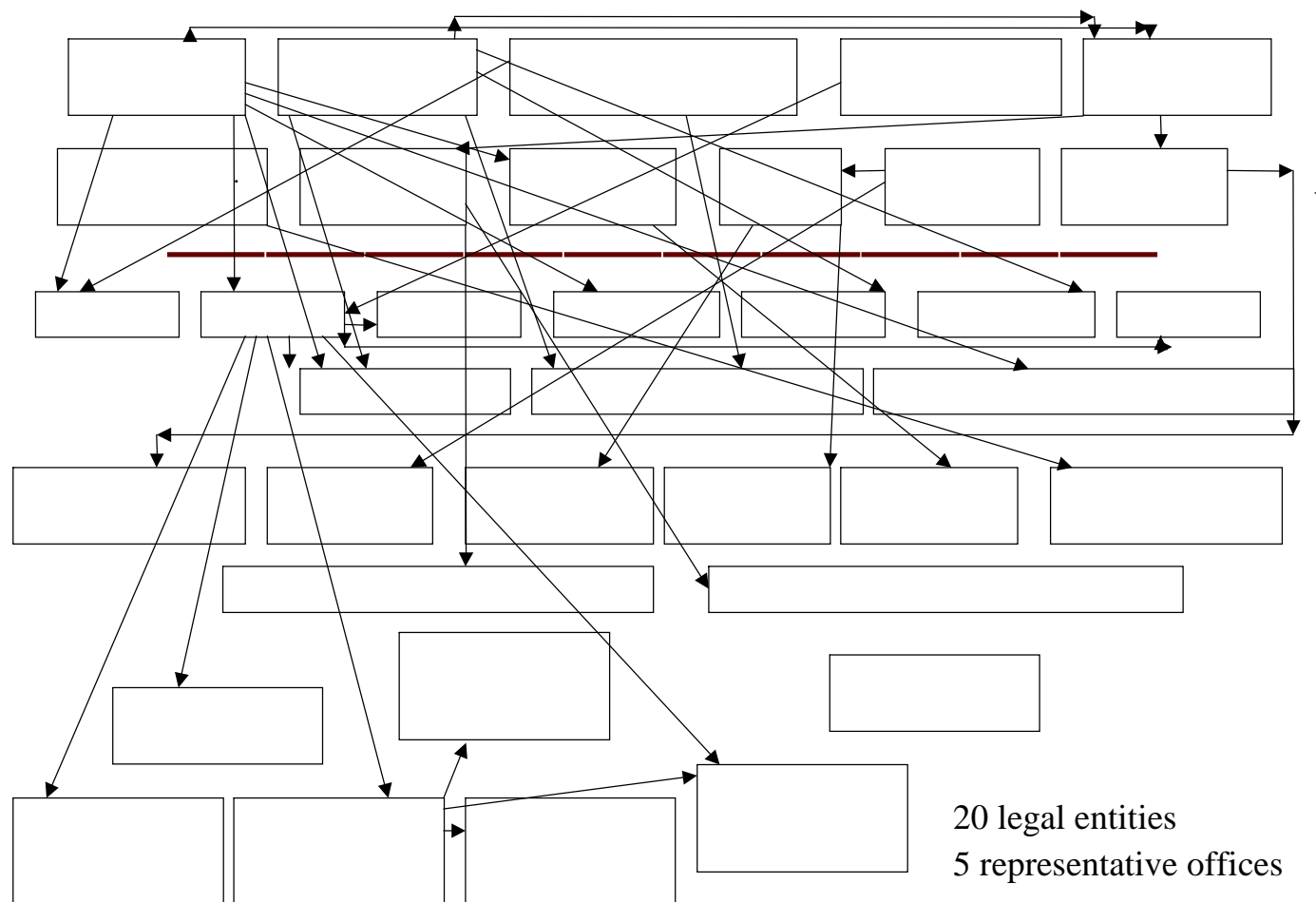


Highly specialized manufacturing in USA Local manufacturing in Europe



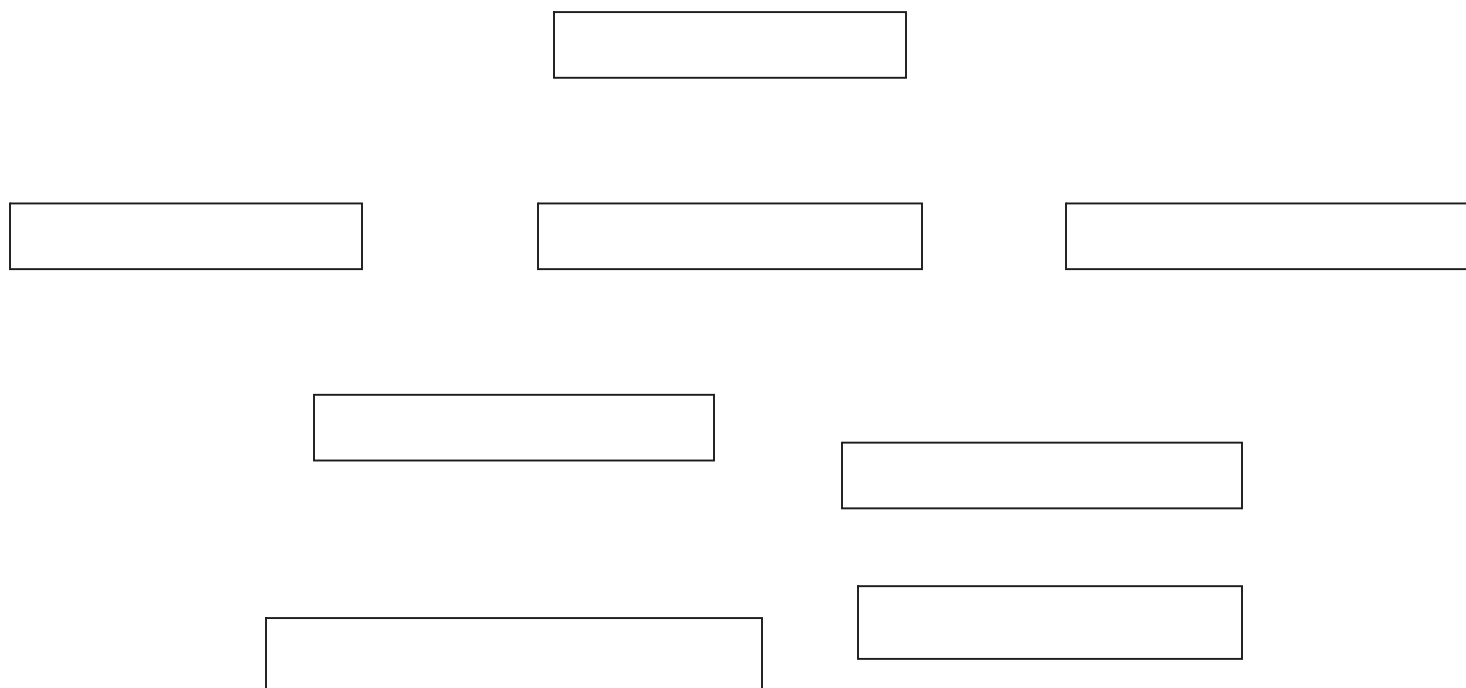
FROZEN FOOD BUSINESS (excl. hand held)

Example of a typical Nestlé market



Drive simplicity

Projected simplified legal structure



2. Leverage scale through an efficient support structure

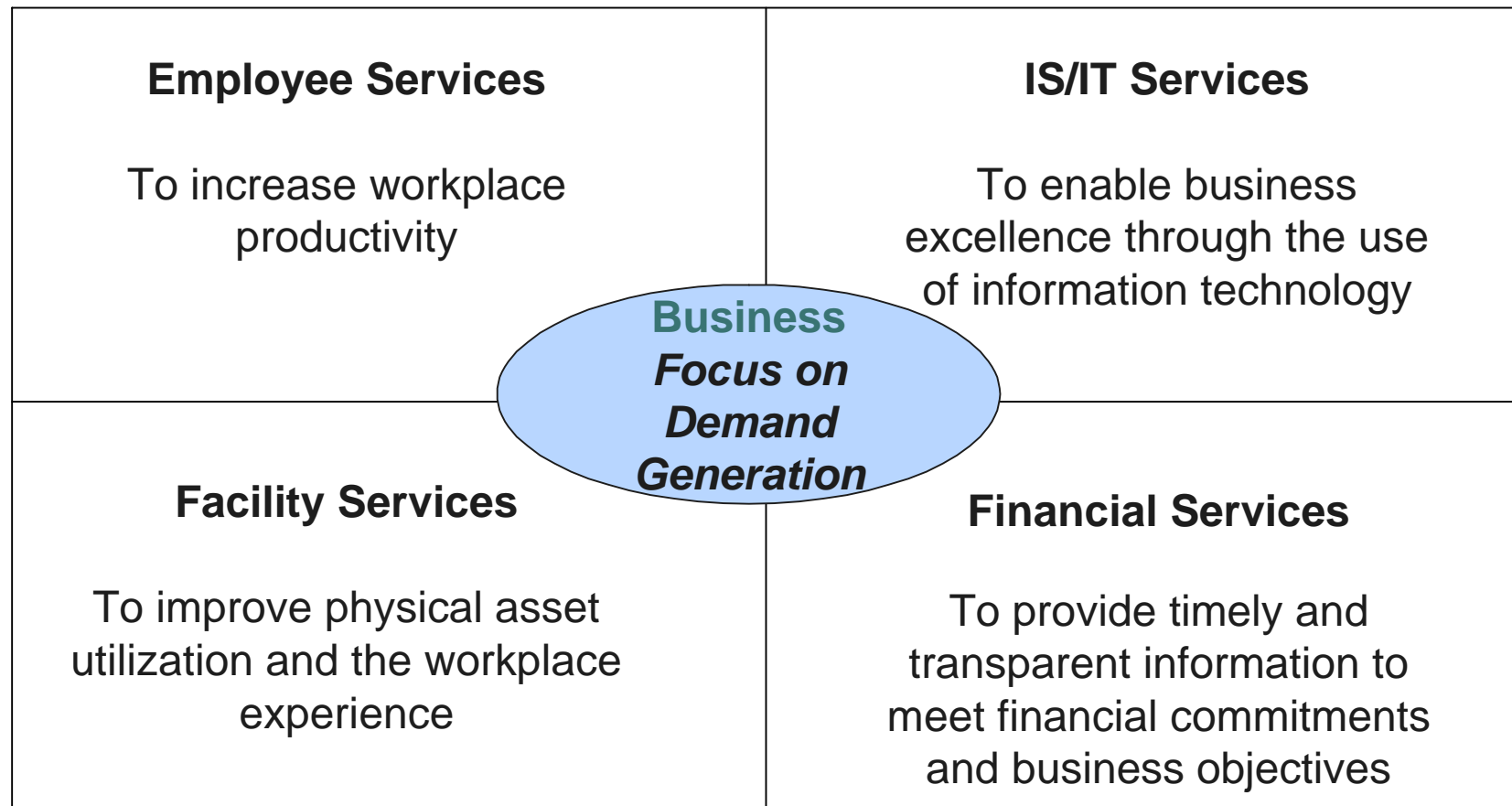


- Leverage **GLOBE**
- Accelerate **Shared Business Services**
- Optimise **Procurement & Sourcing**

Leverage scale Accelerate Shared Business Services

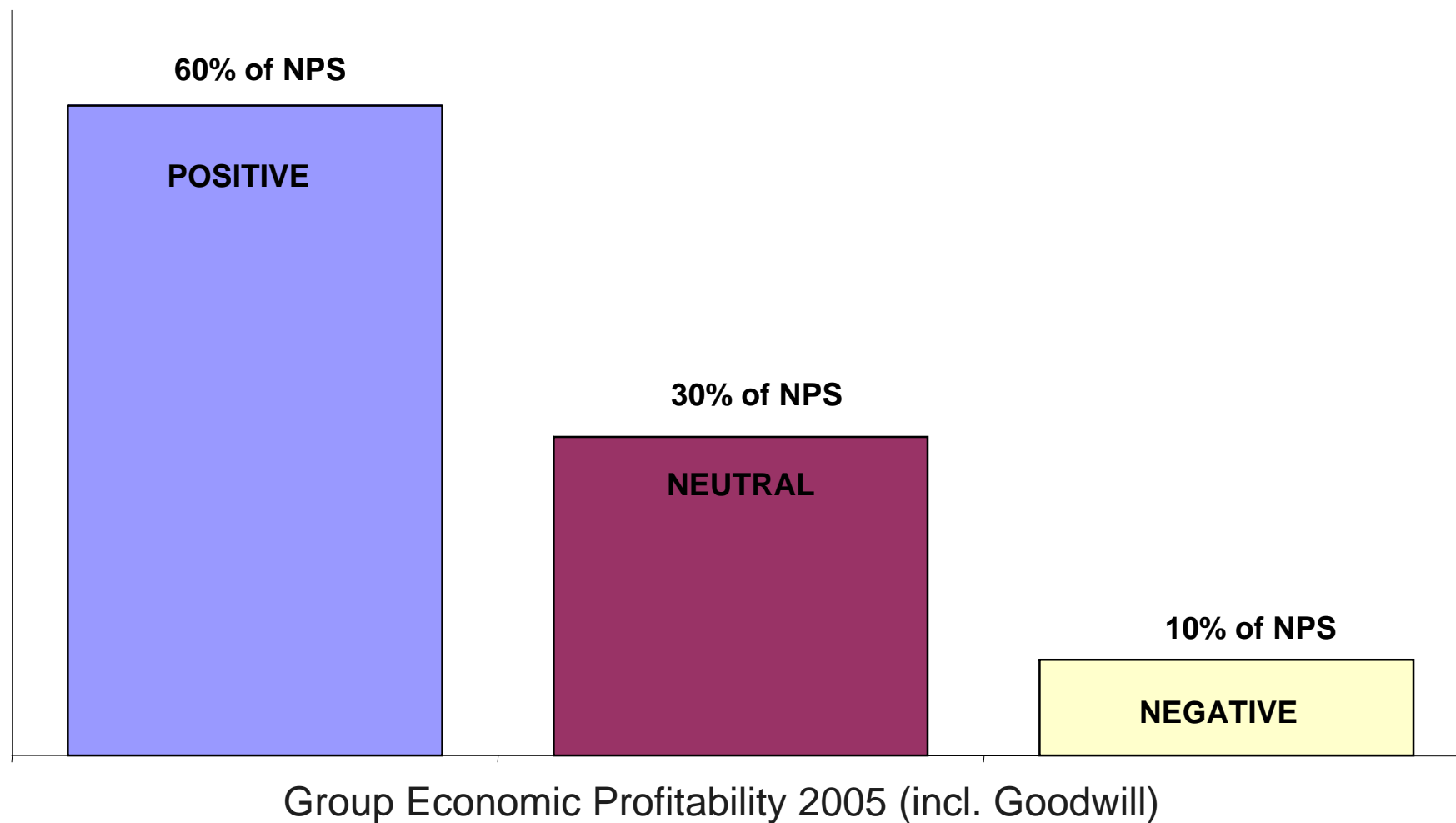


GNBS deliver the right service at best in class costs through:



We will leverage preferred outsourcing relationships to establish a global, regional and local service delivery model

3. Tackle underperformers



- Investment phase, **path to improved performance**
- Long-term underachievers, **core/ strategic**
- Long-term underachievers, **non-core**
- Strengthen **core business**

Strengthen core business Invest in winners



- Iconic brand, established 1893
- High brand awareness (98% aided)
- Highly trusted (ahead of main competitor)
- UT means: Natural, Nutrition & Vitality
- Cereal Success derived from UT brand name



UNCLE TOBYS

UNCLE TOBYS	RTE Cereal	Hot Cereal	Nutritious snacks	Instant Soup	Popcorn
Ranking	#2	#1	#1	#2	#1
Market Share (Value)	18%	71%	39%	27%	32%

Source AC Nielsen Scan Track - Retail Grocery Share, November 2005

4. Increase discipline in execution



- Dynamic Forecast
- Top 10 project tracking globally
- Real time data – full transparency (GLOBE)

Monthly tracking of Working Capital Objectives



	Zone EUR	Zone AOA	Zone AMS
➤ % Markets improving	↗		
➤ % Markets not changing			
➤ % Markets not submitted			
➤ % Markets deteriorating	↘		
Of which deteriorating:			
○ Receivables	%	%	%
○ Raw & Packaging Materials	%	%	%
○ Finished Goods	%	%	%



- ↗ Up from last month
- ↘ Down from last month
- No arrow = unchanged

1. Drive **simplicity** across the businesses
2. Leverage **scale** for competitive advantage
3. Tackle **underperformers** to provide focus/strengthen core
4. Increase **discipline/ execution** in all we do

The Finance Team will transform Nestlé's
scale and culture into a competitive
advantage by driving increased
Transparency, Focus and Discipline

The markets and businesses will focus
on **Demand Generation/
Profitable Growth**

Nestlé Investor Seminar



Nestlé Investor Seminar - Vevey June 8-9, 2006