

## **1997 to 2007 The Transformational Challenge**



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## Disclaimer

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.

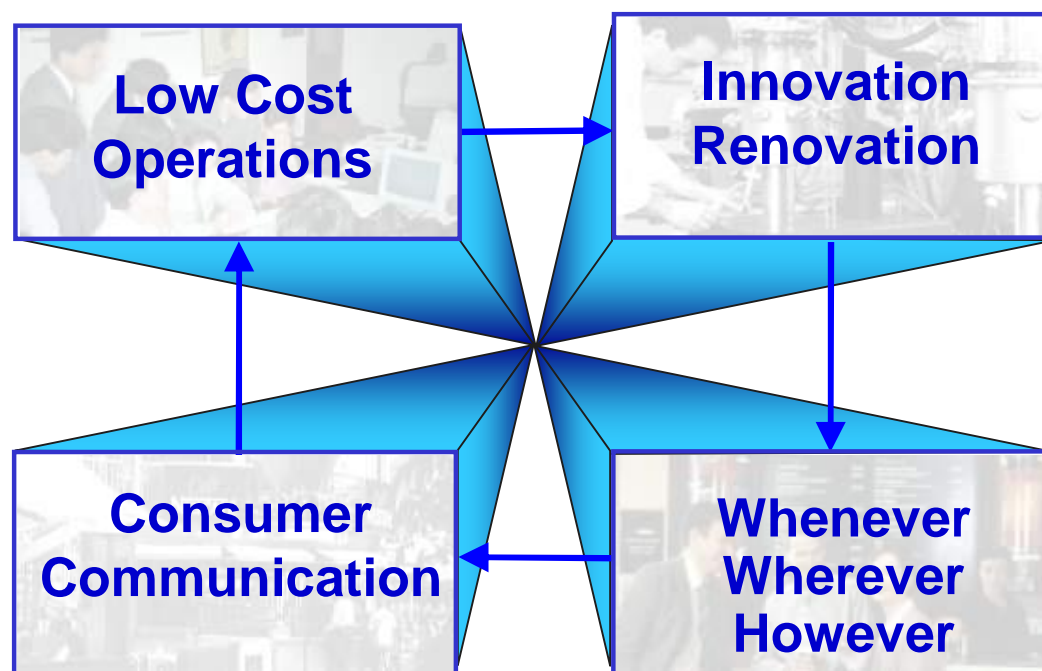
# 1997 to 2007 The transformational challenge



- ü Delivering the "Four Pillar" strategy
- ü Achieving leadership in key areas
- ü Transforming to Nutrition, Health & Wellness
- ü Creating an agile fleet to manage & leverage scale
- ü Enhancing performance & shareholder returns



# Nestlé Four Pillar Strategy



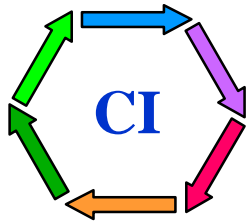
## Operation EXCELLENCE 2007



### Target 2004+




### MH'97



- Ø Continuous Improvements
- Ø Centre: top-down targets  
Markets: ownership

- Ø Target setting
- Ø Best practices
- Ø Industrial Restructuring
- Ø Joint Purchasing/  
Technical effort
- Ø Harmonisation of Raw/  
Pack materials

- 
- Ø Integrated Technical / Supply Chain / Generating Demand effort
  - Ø Optimised planning processes
  - Ø Complexity optimisation
  - Ø Manufacturing/ Distribution network optimisation
  - Ø High performing logistics

## CHF 10 billion of savings in 10 years





- ü Food, systems, technologies, packaging
- ü 60/40+, leveraging nutrition know-how across categories
- ü Open innovation, VC, partnerships
- ü Proprietary, protectable, patented, perceivably better products
- ü Driving differentiation, EBIT margin and growth



• Impulse – Ice cream, Chocolate, Beverages

• Nestlé Nutrition – beyond traditional retail

• Services & Premium – Jenny Craig, Healthcare Nutrition, Nespresso

• FoodServices

• PPP and dedicated distribution in emerging markets

• Successful strategy for European discounters





ü From mass terrestrial to multi-channel & interactive

ü From interactive to one-to-one

ü From brand to brand benefits and company behaviour

ü "Show me don't tell me"





# Achieving leadership in 3 key categories



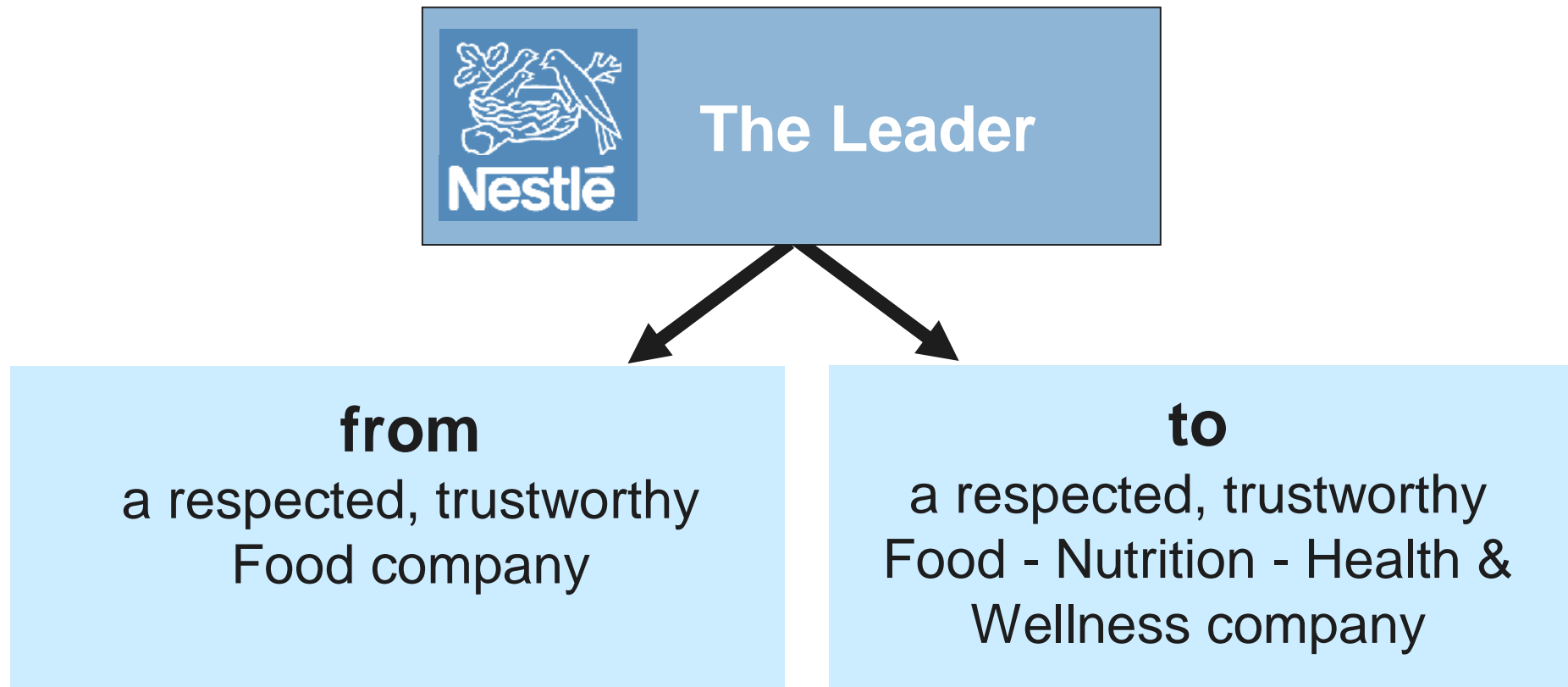
üWater

üPetCare

üIce cream

üAnd building on existing strengths elsewhere









Nestlé  
Nutrition  
+ BABs  
CHF 14 bn +

Nestlé  
Nutrition  
CHF 10 bn +



## BABs



+ 2007 FY run-rate including recent acquisitions

# An agile fleet of businesses



An agile fleet of businesses, each strong and flexible, with its own rules to be successful, led by business specific management

A highly interdependent organisation and efficient support structure, able to leverage our know-how internally and our scale with suppliers, customers, media, governments...

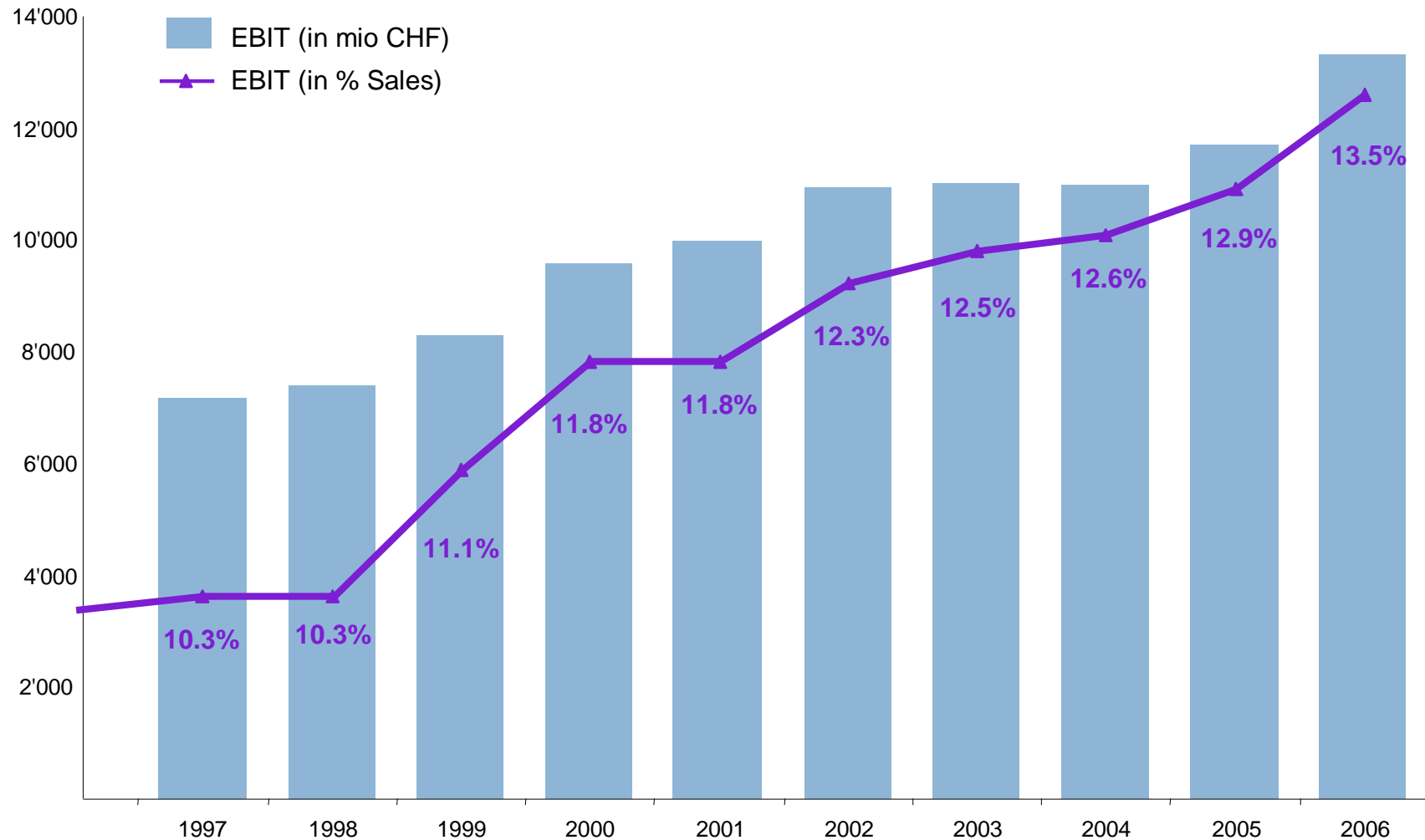




# Enhancing performance - Organic Growth 5.8% average over last 10 years

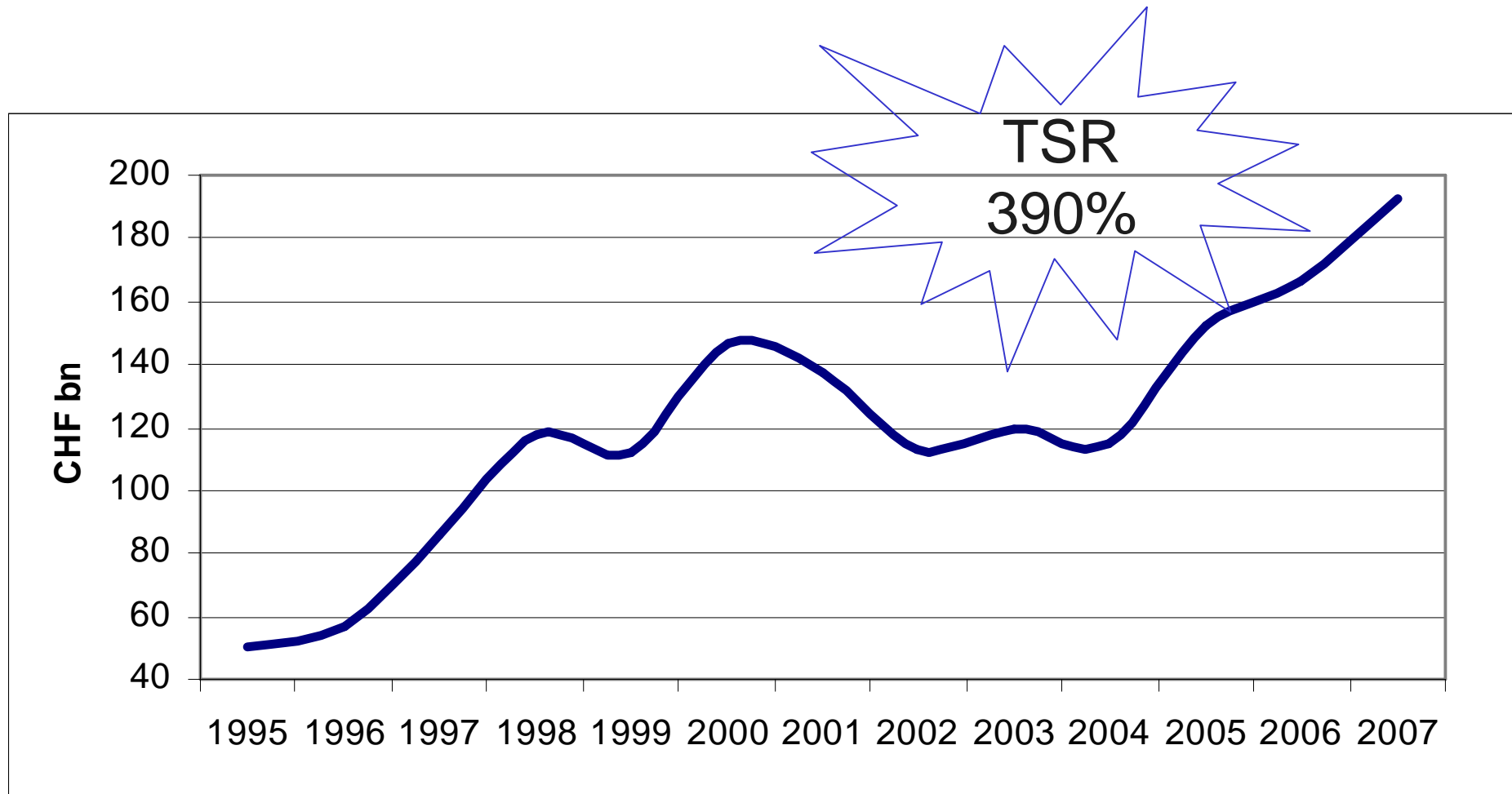


## Enhancing performance - EBIT Margin 30 bps average improvement per annum



Figures correspond to published figures - not restated for accounting changes

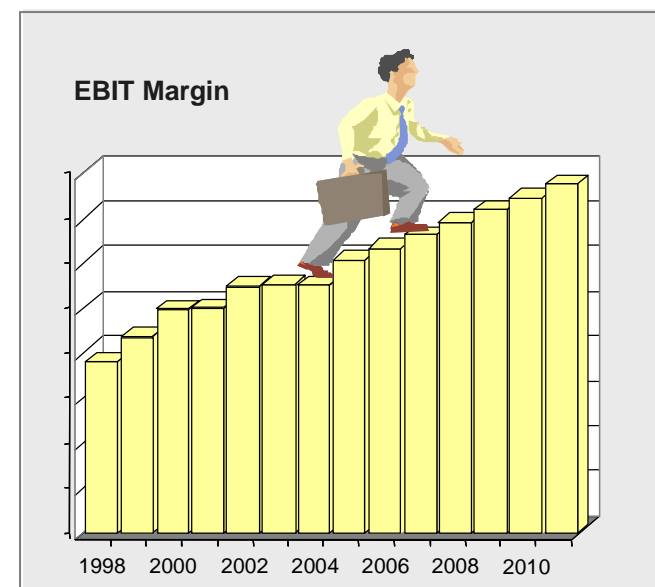
# Enhancing performance: Nestlé valuation and TSR since PBL CEO announcement



Source: Bloomberg, Temple Bar Advisory LLP

Sustainable 5 - 6% Organic Growth  
+  
Annual improvement of EBIT margin  
+  
Improving trend in ROIC

**To deliver an industry  
outperforming, long-term  
total shareholder return**



**We plan to deliver the Nestlé Model  
annually over the next 10 years**



The course of  
the company  
has been set

Now our people  
must see the  
journey through



# Nestlé Investor Seminar 2007

