

Nestlé Investor Seminar 2008



Nestlé Nutrition update on Acquisitions

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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.

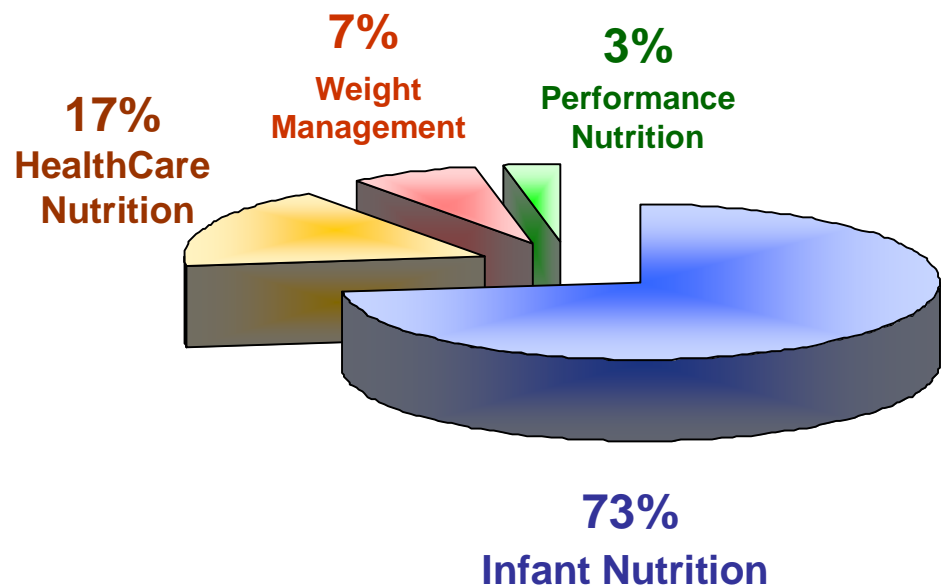
Nestlé Nutrition has doubled its size through organic growth & acquisitions



Strategic acquisitions with CHF 4 billion in sales in 2006/2007



Nestlé Nutrition in 2008: A CHF 11 billion business



Sales (CHF bn):	11*
Business Units:	4
Employees:	20 000
Office locations:	12
Factories:	30
Technical centres:	5

*estimate, at 2007 closing rates

Investor Day June 2007: “Nestlé Nutrition objectives”



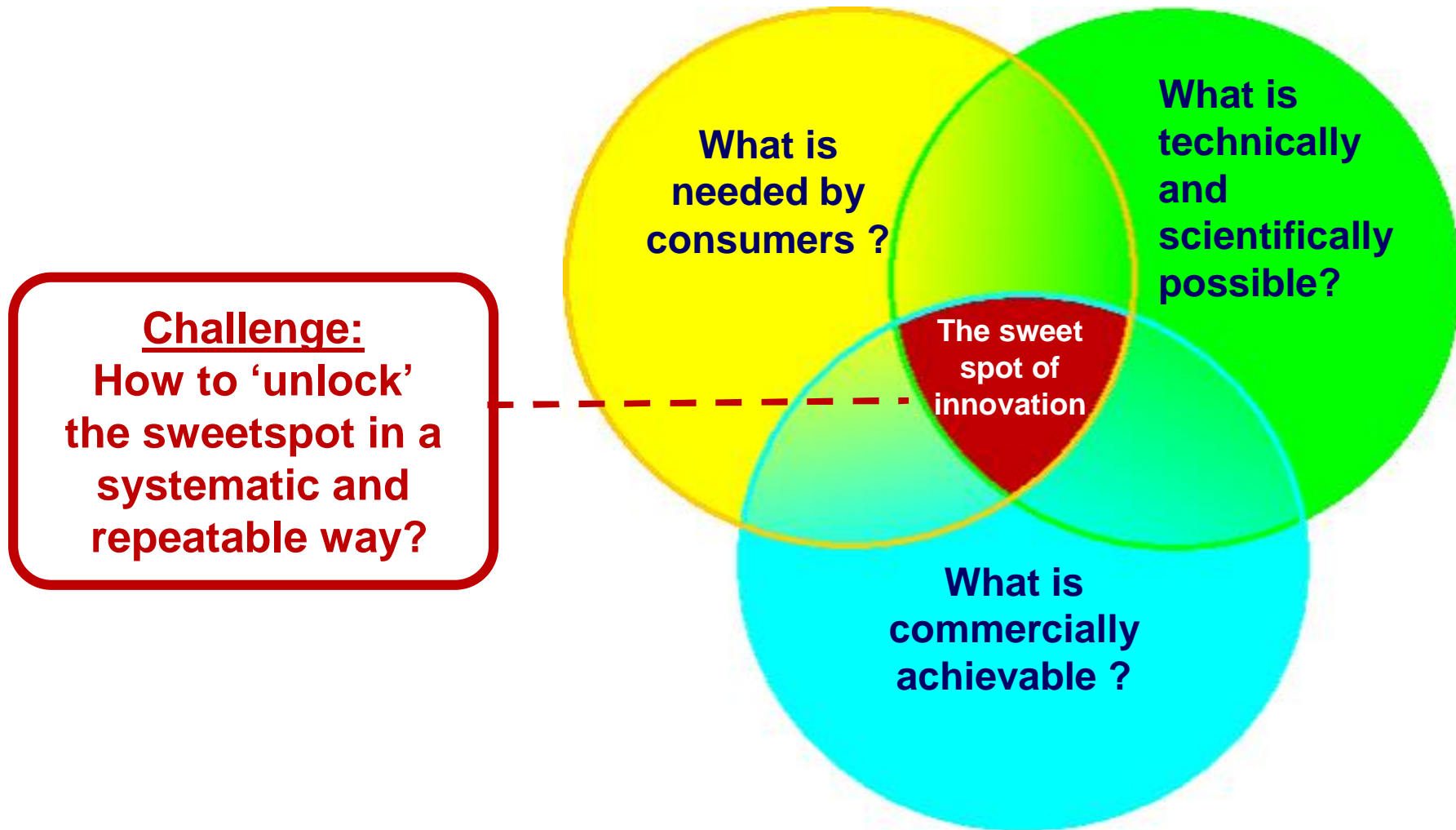
- **Driving innovation:** “Enhance consumers' lives by providing innovative and superior products & services”
- **Deliver 10/20 model:** “Deliver sustainable organic growth of 10% and EBIT margin of 20% or more”
- **Create value from acquisitions:** “Successful integration of Jenny Craig, Gerber and Novartis Medical Nutrition to accelerate growth”



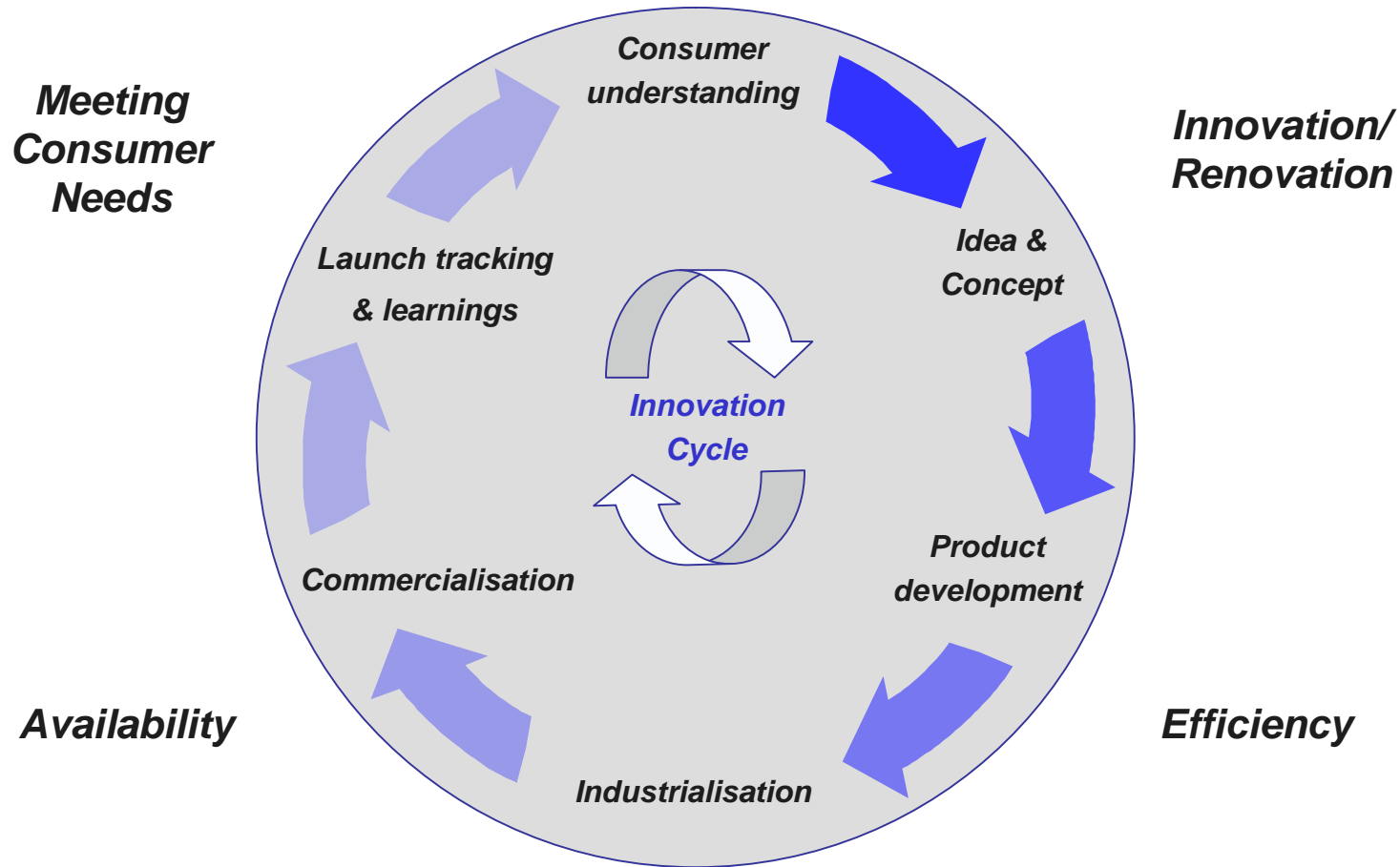
**Today:
Update on progress against our 3 objectives**

- 1. Driving innovation:** “Enhance consumers' lives by providing innovative and superior products & services”
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Challenge of Innovation: Unlocking the sweetspot



The virtuous innovation cycle at Nestlé Nutrition

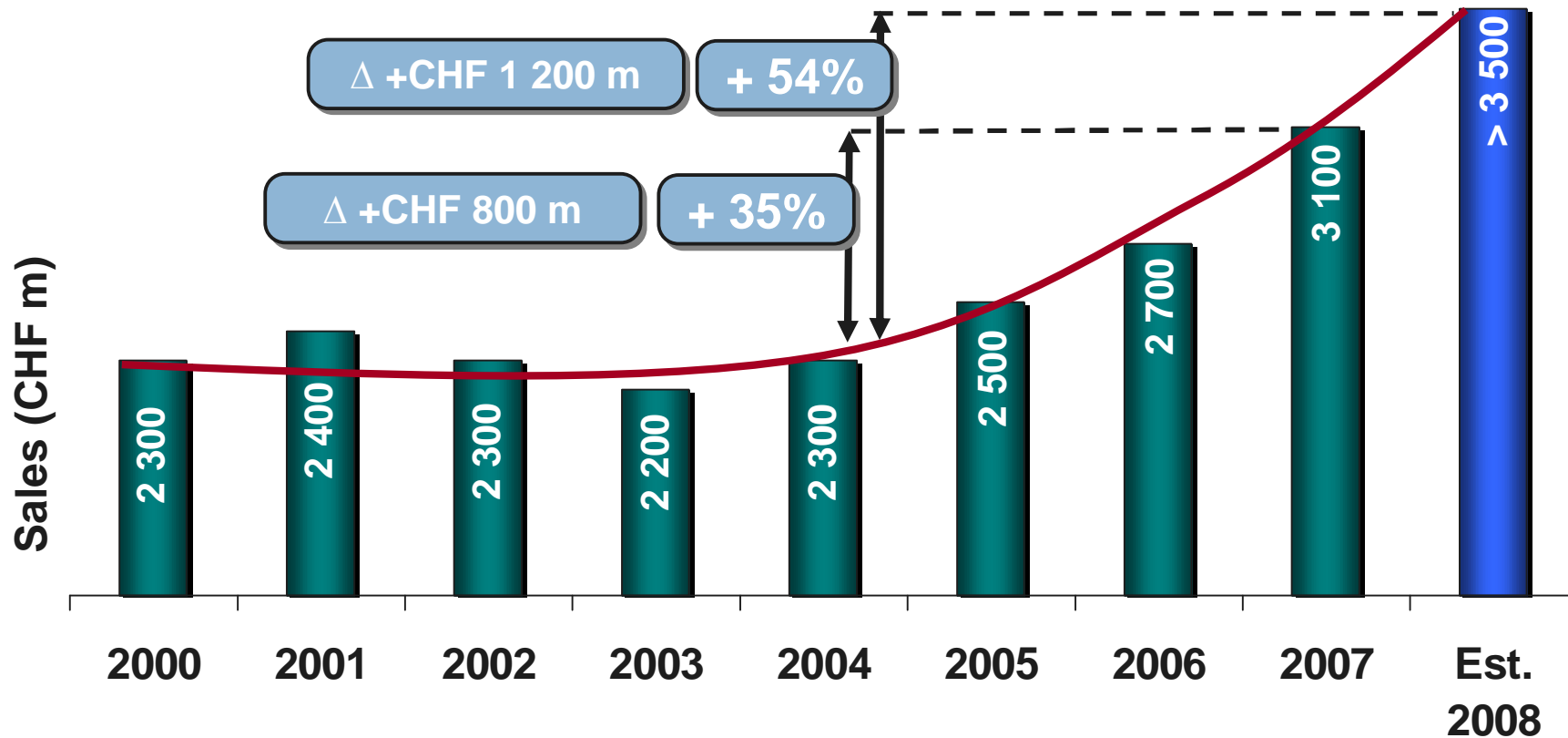


Infant Formula

I/R driving growth since 2005



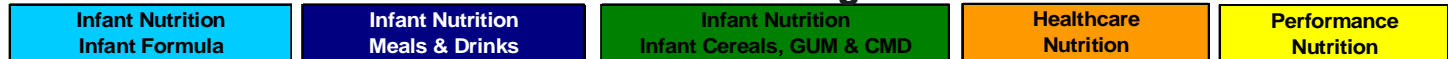
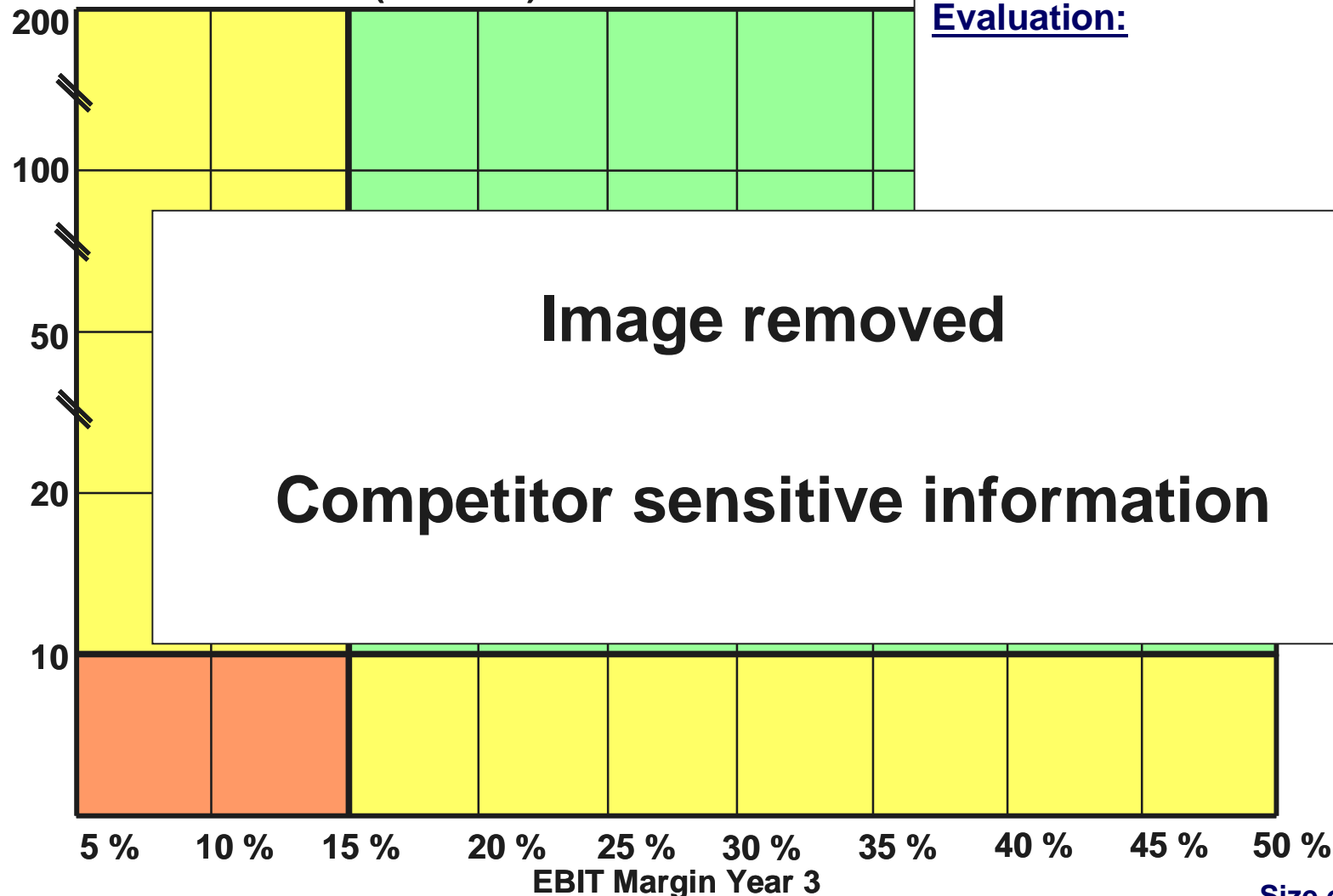
I/R at Nestlé Nutrition – The most important growth driver



We continue to significantly strengthen our innovation pipeline



Incremental NPS Year 3 (CHFmio.)



Size of Bubbles reflect relative R&D Resources

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Delivering 10/20 model: On track!



	2005	2006	2007	2008 Q1
Sales (CHF million)	5 270	5 955	8 434	2 576
Organic growth (%)	5.3	6.1	9.7	14.4
RIG (%)	2.2	2.2	6.5	10.2
EBIT (CHF million)	932	1 005	1 447	>
EBIT margins (%)	17.7	16.9	17.2	>

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Three strategic acquisitions with value creation opportunities



	Jenny Craig	Novartis Medical Nutrition	Gerber
Date	August 2006	July 2007	Sept 2007
Price USD	600 m	2.5 bn	5.5 bn
Sales	1.4x	2.6x	2.8x
EBITDA	n/a	17.6x	15.7x

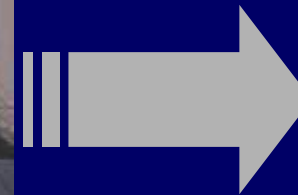
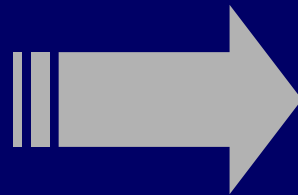
Average* sales multiple
2.6x

*weighted by purchase price



- Adding a fourth Business Unit, Weight Management, a focus growth area for Nestlé Nutrition
- Proven and effective weight management direct-to-consumer model
- Sustainable weight loss with 'food, body, mind' solution - delivered through 1-1 counselling
- Retention of experienced management team

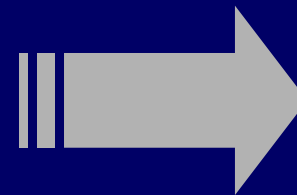
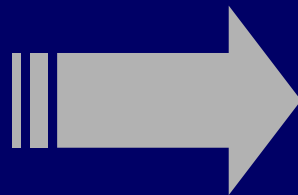
Jenny Craig Business Model



**Marketing
Call to action:
1-800-JENNY-20**

**Contact with
Jenny Craig**

**Enrolled in a Jenny
Craig centre or Jenny
Direct**



**YourStyle
Profile**

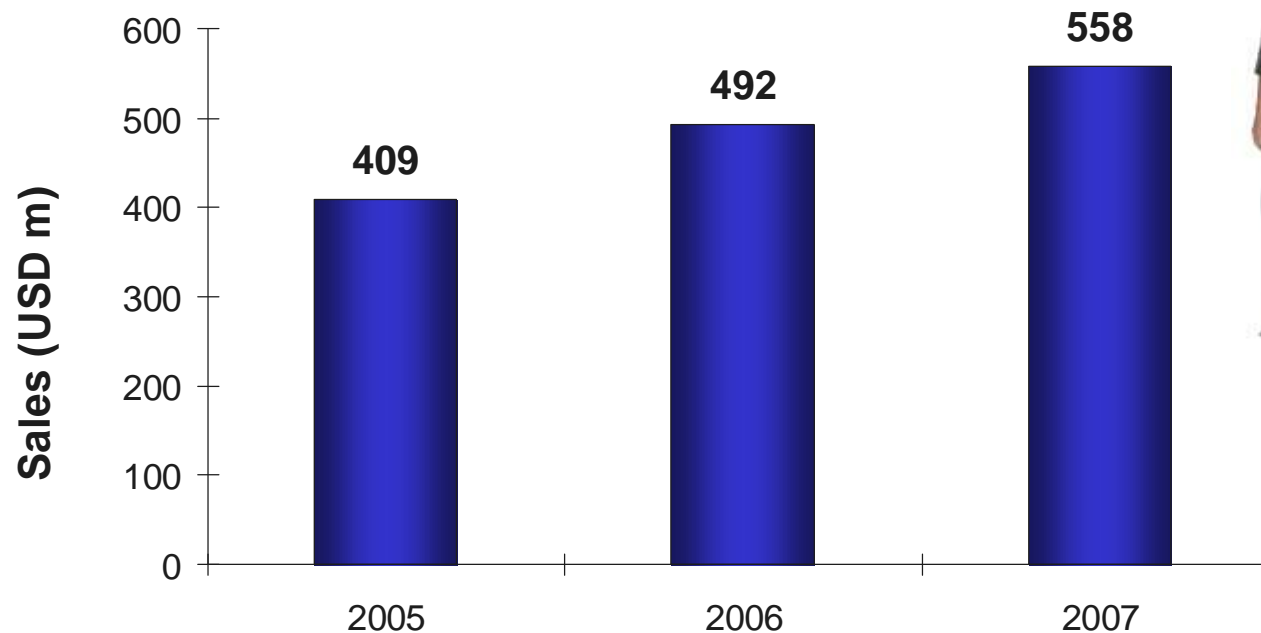
Counselling & menu plan

**Ongoing weekly visits:
Lose weight & keep it off**

Jenny Craig Financial Update



- Strong sales growth continuing in 2008...



- EBIT margins lifted from high single-digit to mid double-digit
- Very strong start in 2008 with significant increase in consumer leads following new campaigns

Novartis Medical Nutrition - July 2007



- Adding CHF 1.2 bn to our CHF 0.8 bn HealthCare Nutrition business
- Now strong No. 2 in global healthcare nutrition market with potential for global leadership
- Strengthening benefit platforms, e.g. cancer, critical care and ageing
- Complementary set of capabilities and pipelines

Novartis Medical Nutrition

Integration highlights



- Integration has gone very well and is on track
- The organisation is now in place - 'one face to the customers' and a single sales force in all countries
- Aligned R&D organisation and creation of aligned global marketing organisation to accelerate growth
- Duplicate functions between both companies eliminated
- Key markets moved into GLOBE (US in Q3 '08) and shared services established with relevant Nestlé functions
- Divestments of Spain and France completed

Novartis Medical Nutrition

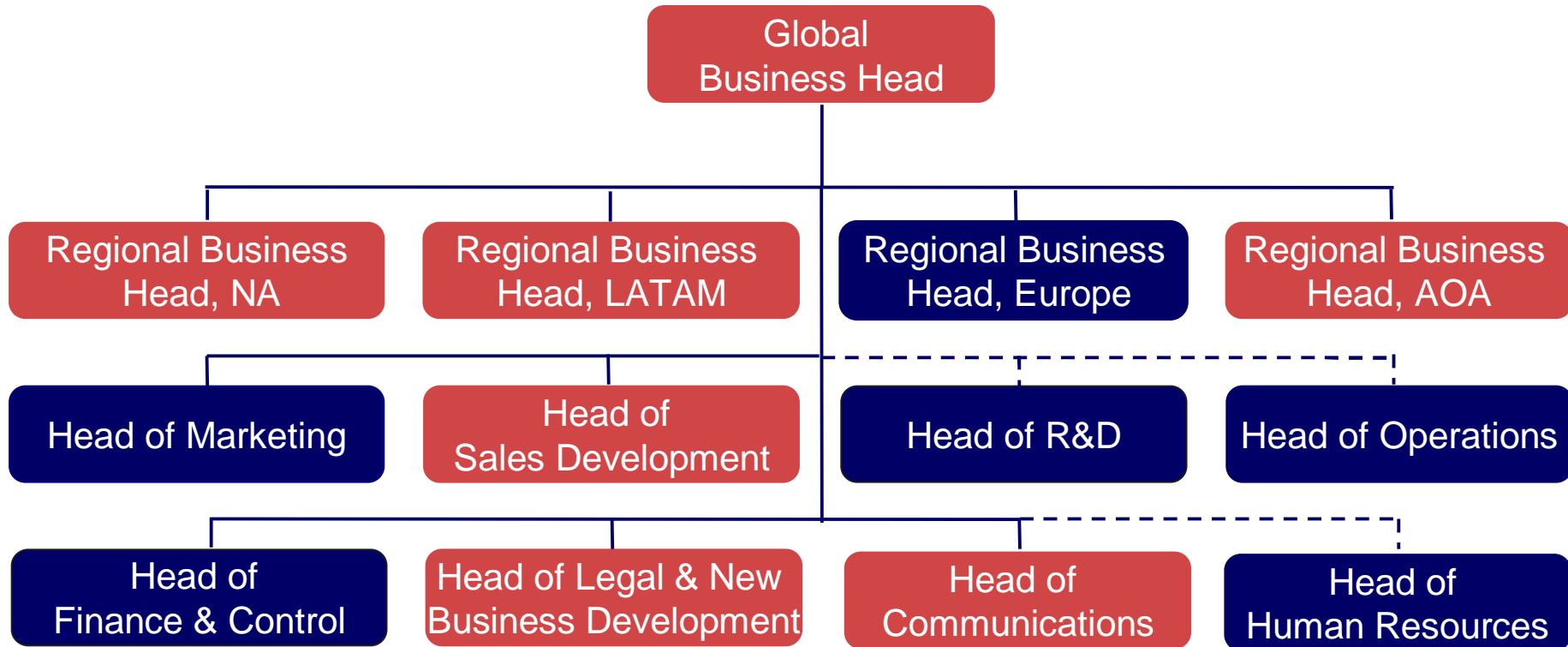
Financial update



- Combined business exceeded expectations for 2007
- Cost synergies in line with acquisition plan (projected at 5% for Year 3) and 'on track'
- Double-digit sales growth Canada, Brazil, Spain, UK - very strong single digit growth in Japan, France, Italy
- US performing in line with expectations despite challenging economic environment



A Global Leadership Team well balanced between both companies



- Nestlé
- Novartis

HealthCare Nutrition - Facts & figures

- Sales: CHF 2.0 billion in 2008
- Present in 30 markets, organized in four regions
- Employees: 2500
- HQ in Gland (CH)





- Adding > CHF 2.3 bn to our Infant Nutrition business
- Iconic brand in US
- Category leadership in all key accounts
- Deep consumer understanding
- Unique consumer & competitive research capabilities

Gerber

Integration highlights



- Phase 1 : 'Early Stabilization projects' complete
 - Global HQ locations are established
 - Strong management team represents the 'best of both'; Gerber management leads US, Mexico & Poland (3 largest Gerber markets)
- Phase 2 : 'Fully Operational implementation' on track
 - Migration of infrastructure & IT
 - Sales & distribution alignment – single face to the customer
 - R&D alignment – Global R&D Centre established for Infant Meals & Drinks in Fremont, Michigan
- Similar cultures ease transition
 - Science, Health & Wellness are the foundation
 - Consumer-centric innovation is the key driver



- Cost synergies on track
 - Full potential to be realised after GLOBE implementation
- US sales growth maintained despite challenging economic environment
- Other markets show strong growth:
 - Mexico: over 20% sales growth YTD
 - Poland: double digit sales growth
 - Russia: growing very rapidly off a small base, aided by strong penetration of Gerber range

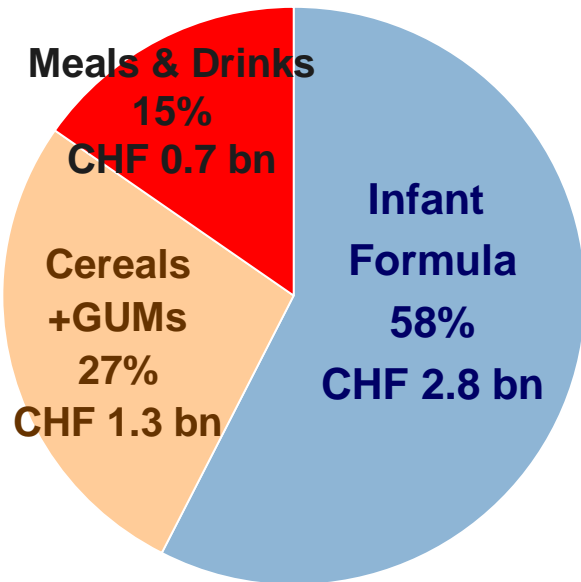


Global Infant Nutrition incl. Gerber



2006 – Sales CHF 4.8 bn

2008 est. – Sales CHF 8.0 bn



Nestlé Nutrition Update

Conclusion



- Good progress against our 3 stated objectives for 2008
- The base business is performing strongly with a good start in 2008 – 10/20 remains our mid-term objective
- The integrations are going very well - in line with/above our original acquisition plans

⇒ We continue our relentless pursuit of innovation to accelerate growth...

... and are the spearhead of Nestlé's transformation to The world's leading Nutrition, Health & Wellness company



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