



**REMARKS BY PAUL BULCKE,  
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FLOWERGATE FACTORY INAUGURATION  
3 February 2011  
PRESS CONFERENCE**

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Thank you.

Ladies and gentlemen, it's a great pleasure for me to be here today and I wish you a very warm welcome as we celebrate the opening of the latest Nestlé factory: the ultra-modern Flowergate Factory.

Nestlé, as you know, is the largest food and beverage company in the world. It was established more than 140 years ago and now sells over a billion products every day to millions of consumers around the world. Globally, our ambition is to be recognized as the world leader in nutrition, health and wellness. We are confident that we can achieve this objective thanks to our strong brands, our advanced research and development capabilities, our in-depth knowledge of each local market and very importantly our employees.

A big portion of our growth has, and will, come from emerging markets – many of which are right here in Africa - where the population is growing and more consumers will enjoy improved purchasing power in the coming years. Indeed, in 2009, our sales in the emerging markets amounted to 35 billion Swiss Francs or 35% of our turnover and we expect this to grow to 45% in the next ten years.

But let's have a closer look at our ambitions in Africa and particularly at the Popularly Positioned Products business model - a growth driver for our operations in Africa - and why this new factory is key to our growth ambitions in the Central and West Africa region.



Nestlé's commitment to Africa is not new. Nestlé came to Africa towards the end of the 19<sup>th</sup> century and established its industrial presence in 1927 when we opened our first factory in South Africa.

Today, many years later, we operate 27 factories on the African continent and provide direct employment to around 15,500 people. In addition, we also offer indirect employment to more than 50,000 people and even many more farmers are linked with our activities. Nestlé products are now sold in all 53 countries of the African continent and through our expenditure like taxes, salaries, raw material procurement and so on we estimate our contribution to the African economy at 1.5 billion US dollars per year.

We see Africa, with its 1 billion inhabitants, as a continent of limitless possibilities: it is home to 15% of the world population and its population is expected to increase by 50% by the year 2030.

Nestlé in Africa currently represents 3% of our Group Sales, or CHF 3 million, and our ambition is to more than double our sales in Africa by 2020.

The African continent is considered internally as a major contributor to our overall growth and represents significant potential for business development. We have therefore invested more than USD 850 million in our operations in Africa over the past 5 years alone. Over the next two years, we will invest CHF 1 billion in Africa and we plan to grow the number of factories to 32 by 2012.

In every country where Nestlé operates, we want to be as close as possible to the consumer and to offer the consumer products adapted to their tastes, nutritional needs and expectations. This aspiration is no different in Africa or here in Nigeria.

An important part of our strategy for this continent is the Popularly Positioned Products or PPP strategy. The PPP business model is based on in-depth knowledge of the needs of emerging consumers, many of whom are entering into the cash economy and buying branded goods for the first time. As such, PPPs are adapted to meet their specific requirements in terms of price, accessibility and format. A good example of this here in Nigeria is our MAGGI cubes.

We recognize that many of our consumers in developing countries suffer from deficiencies in iron, zinc, iodine and vitamin A and we therefore fortify most of our PPPs with key micronutrients contributing to the wellbeing of our consumers. The PPP model not only improves nutrition but also creates employment opportunities for market stall holders, mobile street vendors and door-to-door distributors.

In 2010, Nestlé sold 600,000 tonnes of iodine-enriched MAGGI bouillon cubes, seasonings and noodles globally. Specifically around 37 billion MAGGI cubes (4g) using iodized salt are sold annually in Central and West Africa alone and approximately 90% of the MAGGI products range now carries added iodine.



But there are also other aspects to our strategy here. Just to mention a few, we will accelerate the growth of brands such as *MAGGI*, *MILO*, *NESCAFÉ*, *NIDO* as well as the All Family Cereals category; we will strengthen the presence of Nestlé Professional, our out-of-home offer, further develop our bottled water and our infant nutrition business.

It is exciting for me to be here in Nigeria as the country is a major growth driver of Africa's development thanks to her large population, the ideal geographic location and its economic dynamism. To indicate the strength of our commitment to Nigeria, I am happy to announce that for the period 2009 to 2011, Nestlé Nigeria Plc will have spent almost CHF 300 million (N42 billion) on productive improvements in our factories in Nigeria.

It is therefore an honour to officially inaugurate the new Flowergate factory, an investment of CHF 87 million (N12 billion). This new factory, which is the 27<sup>th</sup> Nestlé factory in Africa, is key to our growth ambition in Nigeria and in Africa as a whole. The factory will further strengthen Nestlé Nigeria's role as the largest culinary manufacturing operation in Africa.

As is true of all of our worldwide operations, we are committed to creating shared value in Nigeria both for shareholders and in the local community. Creating Shared Value is the expression of our conviction that only by creating value for society as a whole, can we create long term value for our shareholders.

At Nestlé we focus on three areas where we think we can have a meaningful impact. These are nutrition, water and rural development.

Rural development is the backbone of Africa's economy. Today, 80% of Africa's poor live in rural areas and depend mainly on agriculture for their livelihood. Therefore our rural development initiatives in Africa aim to reduce poverty and hunger by adding more value to the raw agricultural products.

As an example, in Central & West Africa, up to 30% of cereal crops are lost to Mycotoxin contamination, caused largely by humidity and poor drying and storage practices. With Nestlé's Grain Quality Improvement Program, 10 000 farmers from the region were able to produce grains within Nestlé standards between 2008 and 2009. Last year, the number rose to 30 000 farmers. Training those farmers and linking them to markets helped them achieve greater yields and higher quality crops which meant increased income and better living standard for them.

Ladies and gentlemen, let me end by saying that we are proud to remain a pioneer of investment in Africa. Nestlé's establishment of this second factory here in Ogun State reflects our commitment to a country in which we have had very successful operations for 50 years and where we will keep promoting agricultural growth and good nutrition and continue to ensure the sustainable use of natural resources.

Thank you.