



Managing the unexpected

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These slides differ to those shown at
the Nestlé Investor Seminar 2011

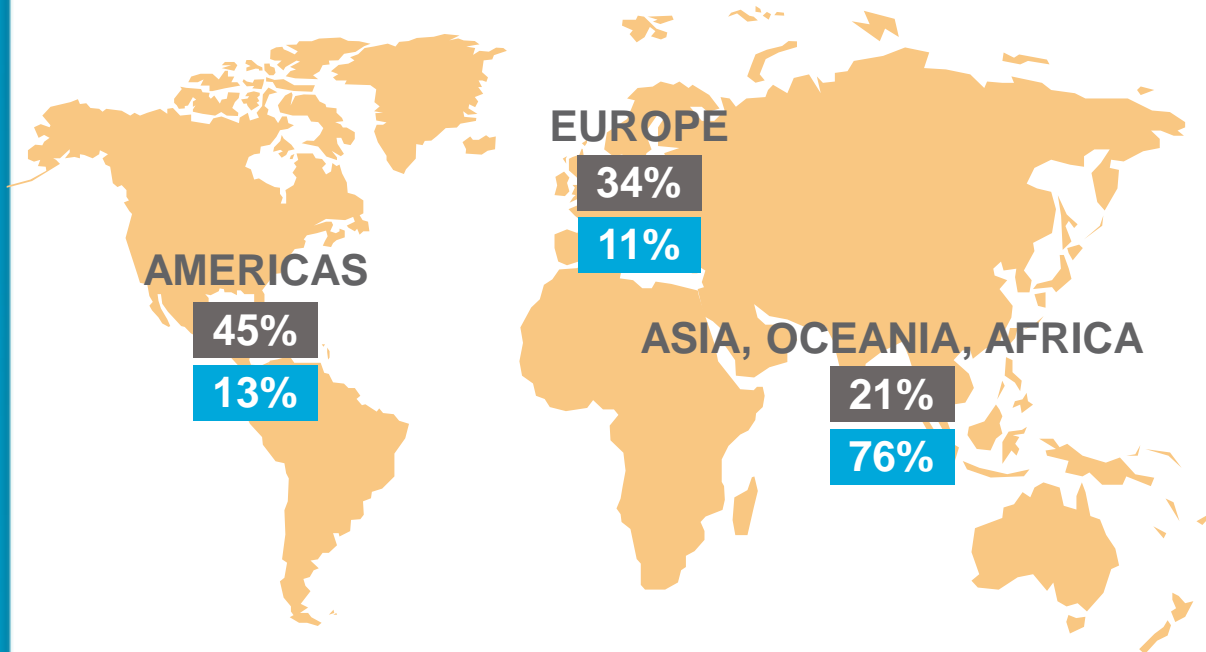
Disclaimer

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.

Zone AOA is a growth driver for the Nestlé Group

Nestlé Sales percentage

Population percentage



Zone AOA :

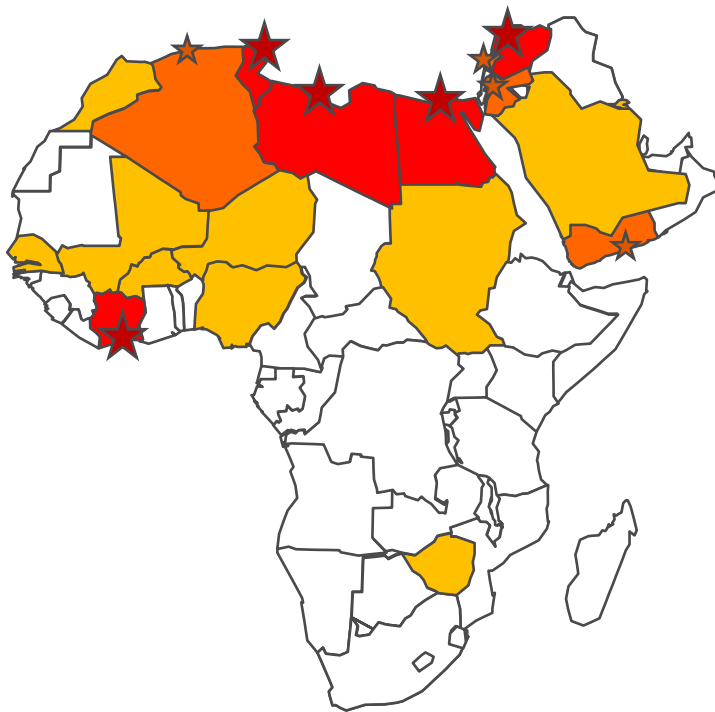
- ➔ 83% of the world's babies
- ➔ Increasing GDP : 3 x G7 countries
- ➔ Increasing population and urbanisation
- ➔ Increasing purchasing power (in Africa, 600million people will be able to afford our products by 2015)

Also called the Zone « »



Political and social unrest is a known risk, especially in Africa and the Middle East

Z-AOA countries
Potential for political / social conflict



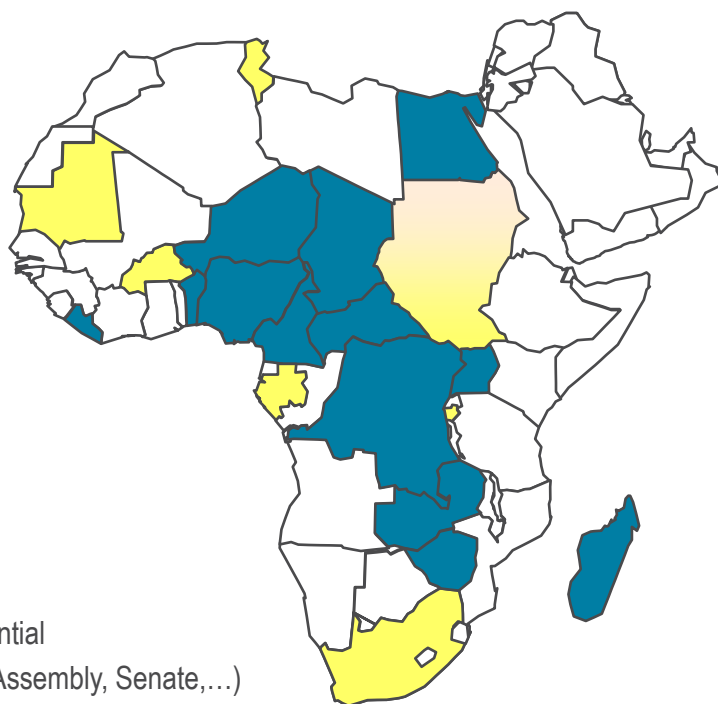
Countries	# employees	# factories
Thailand	2'535	9
Pakistan	2'538	4
Nigeria	2'113	2
Saudi Arabia	4'178	7
Egypt	2'798	3
Lebanon	533	2
Syria	499	1
Morocco	702	1
Kuwait	217	0
Ivory Coast	923	2
Jordan	417	1
Senegal	391	1
Algeria	98	1
Mali	33	0
Tunisia	145	1
Yemen	0	0
Niger	34	0
Libya	0	0
Sudan	0	0

Z-AOA countries affected by international sanctions	Iran	506	2
	Syria	499	1
	Ivory Coast	923	2
	Zimbabwe	157	1
	Sudan	0	0
	Myanmar	0	0

Elections are a catalyst for unrest

In 2011, 26 countries will be holding elections in Africa, including 18 Presidential

2011 planned Elections

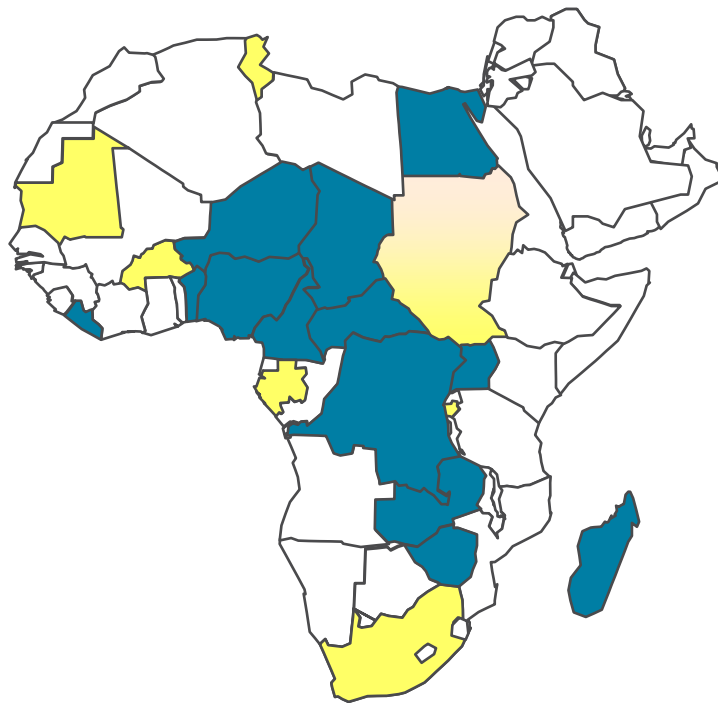


2011 Presidential Elections

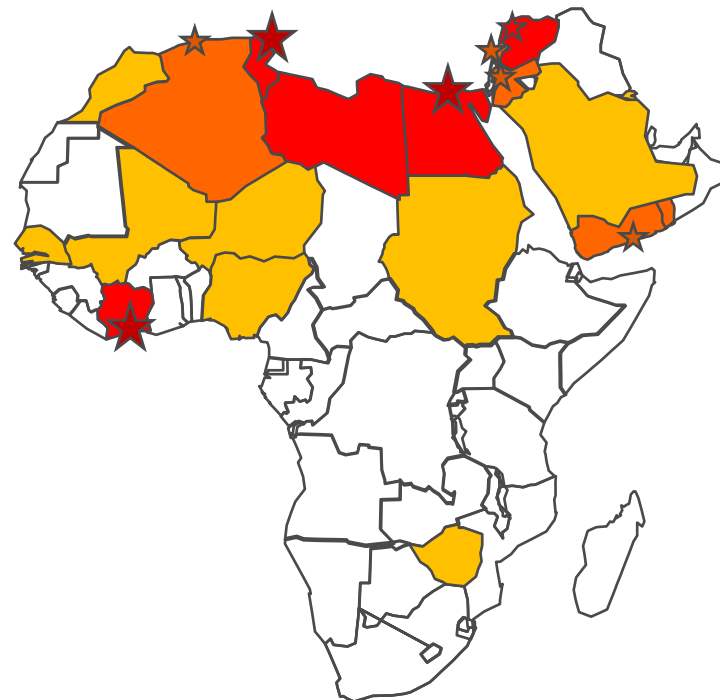
Niger		31 Jan 2011
Central Africa		1st rnd: 23 Jan 2011
Cape Verde	Q1	Feb 2011
Uganda		13 Feb - 9 Mar 2011
Benin		mars.11
Nigeria		9 Apr 2011
Djibouti	Q2	Apr 2011
Zimbabwe		May 2011
Chad		8 May 2011
Madagascar		1 Jul 2011
São Tomé & Príncipe		Jul 2011
Seychelles	Q3	Jul 2011
Egypt		sept.11
Gambia		sept.11
Zambia		Before Oct 2011
Cameroon		oct.11
Liberia	Q4	11.oct.11
DRC		27.nov.11

Comparing both maps ...

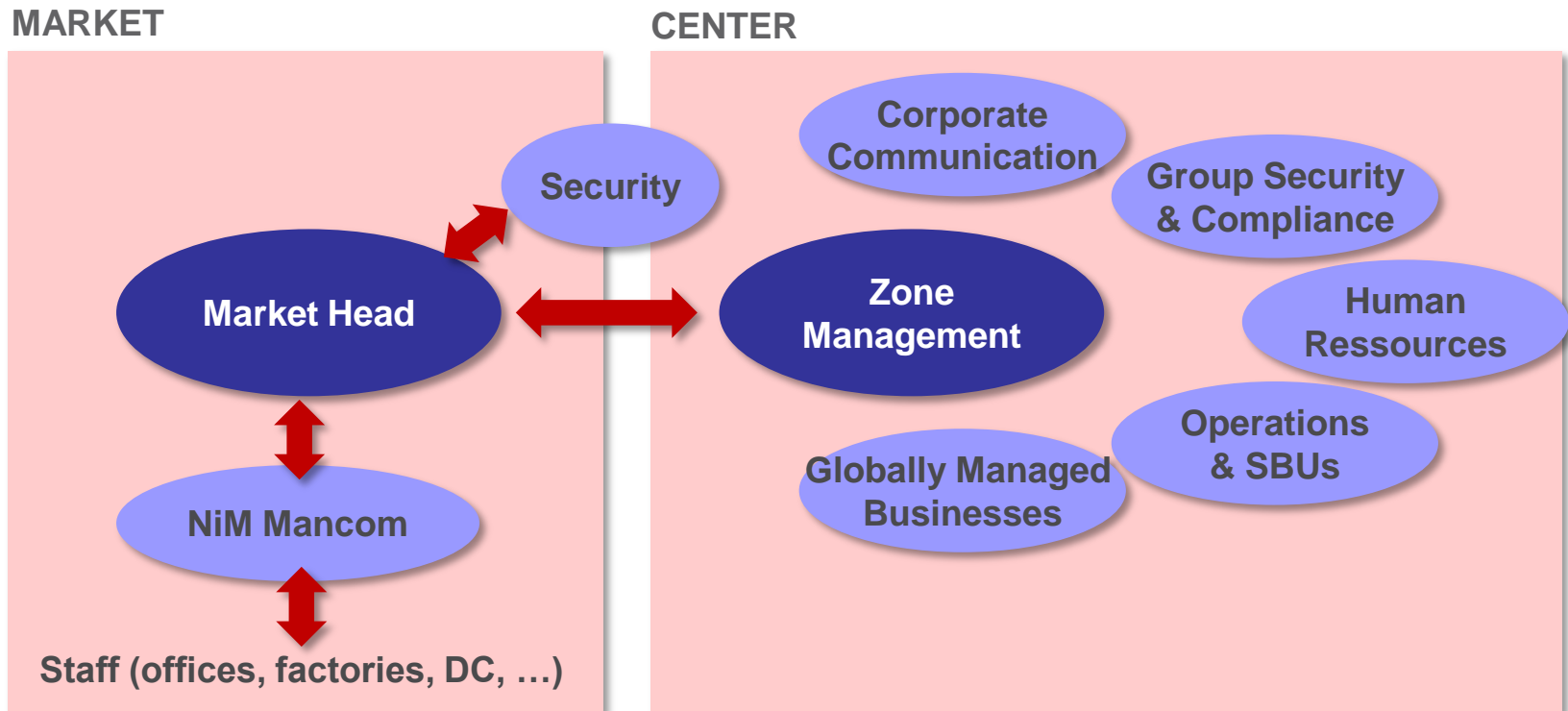
2011 planned Elections



Potential for political / social conflict



Crisis Procedures and Business Continuity Plans ensure people and assets' safety



- Crisis Management Teams
- Situation Updates
- Contingency Plans
- Position Statements

Pakistan – Massive floods in 2010

August 2010 , devastating floods washed away 4500 villages :

- 1600 human casualties, 20 million people displaced
- 300,000 cattle dead, 20% agricultural land with crops flooded
- Major transportation issues during 4 weeks

Longer term impact :

- High food inflation
- GDP dropped from expected 4.5% to 2.8% in 2010
- People below the poverty line increased from 33% to almost 40% of the population



Pakistan – Nestlé flood relief crisis management

- Employees : 2'538
- Factories : 4

Actions Taken

Beyond the usual business procedures...

- Crises Committee and Help desk set-up
- Vigilance committee in the Milk collection operation

... Nestlé Pakistan undertook a series of initiatives during 8 months, to make up for lack of external governance mechanisms :

- Food distribution to more than 80,000 people (first 2 weeks)
- 240,000 litres of drinking water transported in our milk tankers to flood relief camps
- Free vaccinations to over 300,000 animals
- Repairs of damaged CSV projects, i.e. schools and water filtration plants
- Joint Nestlé / SDC project in 17 villages of 10,000 people : food, seed and fertilizers, 370 water pumps and wells rebuild



Pakistan – Nestlé flood relief crisis management

- Employees : 2,538
- Factories : 4

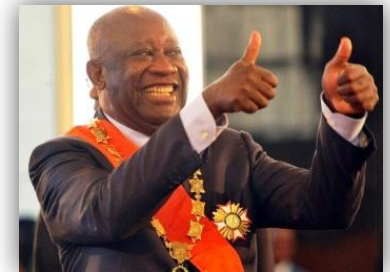
Impact on Nestlé

- **No significant negative impact** : 7% reduction of fresh milk sourcing for four weeks
- **On the contrary, Nestlé Pakistan achieved all business targets thanks to the outstanding attitude and work ethic of the staff**



Ivory Coast – Disputed election

- Elections on November 28th, 2010 : 2 Presidents claiming victory
- EU ban issued on January 14th (including the 2 ports)
- **Ouattara camp takes actions to freeze Central Bank and exports, impacting progressively all the country's activity**
- March 28th, pro-Ouattara forces moved towards the south reaching Abidjan in 3 days
- **Gbagbo arrested on April 11th**
- **The four-month-long conflict resulted in a high level of insecurity and humanitarian distress** : over 1 million people displaced, hundreds killed, shortages in electricity, food, water and medicine



Ivory Coast – Nestlé activity affected

- Employees : 923
- Factories : 2

Actions Taken

Business continuity ensured :

- Crisis Committees at Market and Center level
- Contingency plans (MAGGI and NESCAFE) for importing markets

March 28th :

- **Activity suspended as employees' safety couldn't be guaranteed any more**
- All staff requested to stay at home and not to report to work until further notice
- GLOBE suspended to protect data
- Last expats evacuated

Impact on Nestlé

- **All staff is safe**
- **R&D Centre & Yopougon factory looted** (cash, vehicles, computers) despite negotiation attempts with armed groups
- **Impact on sales estimated at CHF 30 million**



Egypt – Mubarak's fall

- Demonstrations from January 25th until **President Mubarak's resignation on February 11th**
- **Strike movements affecting most companies**
- Referendum on March 19th resulted in a massive yes (77%) to keep the current constitution
- Presidential elections planned in November
- The stock market opened after 55 days
- **Country security is still an issue with limited presence of police force.** Curfew reduced to 3 hours per day from 2 to 5 AM



Egypt – Strong Nestlé performance

- Employees : 2'798
- Factories : 3

Actions Taken

- Crisis committees set-up
- Operations stopped during several days, to ensure staff security
- Expatriates families were evacuated on February 2nd. The expatriates stayed
- **Protection of the physical assets ensured, partly by Nestlé employees, who spontaneously volunteered**
- Transfer of NBS Cairo to Dubai and Manila within 3 days

Impact on Nestlé

- Despite numerous strikes affecting local and multinational companies, **Nestlé operations were not affected thanks to on-going dialogue and pro-active actions with the Unions**
- **Strong performance maintained during the events thanks to the outstanding team leadership and staff commitment**

Japan – Crisis 2011

- Date/Time: March 11th, 2011 / 14:46 (JST)
- Magnitude: 9.0M
- Epicenter: 130km east of Sendai
- Aftershocks: 1000+ (60+ above 6.0M)
- Tsunami: up to 38 meters waves

Total Damages:

- **People: 27,000+ death or missing**
- **Infrastructure Damage: CHF 170-285 Bn**
- **Fukushima Daiichi Nuclear Plant : Level 7 (Major Accident)**



Japan - Impact to Nestlé locally

Actions Taken

- **2 affected Nestlé Sites:**
 - Sendai Sales Office : all employees relocated to other offices
 - Kasumigaura factory : back to normal operation from end March
- Expats : 5 families in Tokyo relocated to Osaka/Kobe. 2 expat's pregnant wives evacuated to their home countries
- **Daily Radiation Monitoring at all 25 Nestlé Sites**
- Established evacuation trigger point at 10,000 μ SV/cumulative per annum (vs. 50,000 government standard at)

Impact on Nestlé

- **No physical harm to employees or families**
- **Total Nestlé in Japan impact cost : CHF 9 Mn**
- **Nestlé was first F&B supplier to get back to normal daily delivery of goods**

Sendai Sales Office



Kasumigaura Factory

Despite this volatile context, the Zone has shown a continuous growth

Zone AOA F&B - Organic Growth



To conclude

Zone AOA is used to operate in turbulent times,

solid **Business Continuity Plans** are in place in all locations.

We are prepared !

In Chinese, Crisis = “Wei Ji”

危 機

“Wei” = Danger

“Ji” = Opportunity