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Strategic Business Unit

• Leading the Category
• Driving Growth
• Creating Value
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 – A Leader in Beverages

2011
CHF 83.6 Bio

- Confectionery 11%
- Petcare 12%
- Powdered and Liquid Beverages 22%
- Waters 8%
- Prepared dishes and cooking aids 17%
- Nutrition 12%
- Milk products and Ice Cream 20%

2011
CHF 24.7 Bio

- 13.7 bio CHF 54%
- 4.5 bio CHF 20%
- 6.5 bio CHF 26%
With Coffee Driving Growth Year after Year

2011
CHF 13.7 Bio

CHF 14 bio business, growing 14%*

*: in 2011, Organic Growth, Numbers rounded
Nestlé is the leader of the two growth segments, driving dramatic changes in consumer behaviour.

The global leader in total coffee

Source: Euromonitor, *CAGR (07-11)
Dramatic Change in Consumer Behaviour

From “Coffee By the Pot”

“What coffee shall I have today?”

To “Coffee By the Cup”

Consumers are becoming more demanding Coffee Connoisseurs
Coffee is a Huge Dynamic Market

- 10% of all beverages
- Number 3 in value
- Close to 1 trillion cups consumed per year

10% of all beverages

Nestlé is leading this change

- Increasing choice: Coffee is not just black
- Premiumisation

Close to 1 trillion cups consumed per year
## Providing Coffee for Every Occasion

<table>
<thead>
<tr>
<th>Consumer Price (CHF/cup)</th>
<th>0.06</th>
<th>0.08</th>
<th>0.10</th>
<th>0.13</th>
<th>0.32</th>
<th>0.35</th>
<th>0.45</th>
<th>0.50 to 1.50</th>
<th>1.50 to 3.50</th>
<th>3.50 to 12.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>Index</td>
<td>100</td>
<td>135</td>
<td>170</td>
<td>220</td>
<td>535</td>
<td>580</td>
<td>750</td>
<td>830 to 2,500</td>
<td>2,500 to 5,800</td>
<td>5,800 to 20,000</td>
</tr>
</tbody>
</table>

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8  | 19th March 2012  | CAGE
– A Global Iconic Brand

Founded in 1986

- 2011 Sales: Over CHF 3.5 billion
- 2011 FY Growth: 22%
- Over 50 countries
- Multi channel strategy
- Online boutique and global retail network of 270 boutiques
Quality, Machine Innovation and Consumer Engagement are at the Heart of Nespresso Success

Perfectly portioned highest quality Grand Cru coffees

Smart and Easy-to-use machines

Personalised Exclusive service
Nestlé – Pioneering the Coffee Market for 75 Years

- Nestlé invented Nescafé in 1938
- Sales over 9 Bio CHF, sold in over 180 countries
- 5th most valuable food & beverages brand in the world
- 56 bio cups sold in out of home
- 5500 cups drunk/second sold in 58 countries
- 53% of Sales from emerging markets with 15%+ growth
- 27 factories, 55% in emerging markets, 3 Coffee R&D centres
- 12% of global green coffee purchase, of which 10% directly from farmers
- CHF 350 Mio will be spent on sustainability in coffee next 10 years

19th March 2012
Why does Nestlé Believe this Market has so much Opportunity to Grow Further?

CUPS PER CAPITA

1 cup/week
1 cup/day

In home
Out-of-home

China
Netherlands

0 100 200 300 400 500 600 700 800 900
The Growth Opportunities are Different from One Market to Another

2 cups / year

3 cups / day
NESCAFÉ,
Creating a Coffee Culture in China
NESCAFÉ – Driving Sustained Category Growth by Increasing Consumption Frequency in Mexico

- Leader in the category with 90% Market Share
- Presence across all product segments

234 coffee cups per capita

Annual Coffee Consumption

<table>
<thead>
<tr>
<th>Year</th>
<th>Consumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>217</td>
</tr>
<tr>
<td>2008</td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>235</td>
</tr>
</tbody>
</table>
Coffee – A Dynamic Category in the Developed European Markets

Coffee was the fastest growing of the top 20 retail categories in Europe in 2011 – Nielsen
France – A Mature Coffee Market with a Traditional Coffee Culture

French consumers are big Coffee Lovers

- 5th Largest coffee market
- 37 Billion cups
- 572 Cups per capita
- 94% Household penetration

Coffee Lovers drink 3 cups per day
Nestlé Leads the Market with a Winning Portfolio

- Soluble Coffee: 20%
- Portioned Coffee: 21%
- Roast & Ground Coffee: 59%

Nescafé
Nespresso
Dolce Gusto
NESCAFÉ – Reinventing Soluble Coffee for 75 Years...

- Enhanced crema espresso
- Coffee-house style cappuccino
- Green Blend
- First espresso technology
- Foaming cappuccino
- Gold Blend; 3-in-1 mixes
- New in-jar aroma and extraction technology
- Gold Blend relaunch in award winning jar
- Agglomerated coffee
- Cappuccino
- Premium freeze-dried coffee
- Glass jars, improved freshness
- Pure 100% coffee

Volume

...for Increasingly Demanding Consumers

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1938</td>
<td>Pure 100% coffee</td>
</tr>
<tr>
<td>1950</td>
<td>Glass jars, improved freshness</td>
</tr>
<tr>
<td>1960</td>
<td>Cappuccino</td>
</tr>
<tr>
<td>1970</td>
<td>Agglomerated coffee</td>
</tr>
<tr>
<td>1980</td>
<td>Gold Blend; 3-in-1 mixes</td>
</tr>
<tr>
<td>1990</td>
<td>New in-jar aroma and extraction technology</td>
</tr>
<tr>
<td>2000</td>
<td>NESCAFÉ Dolce Gusto</td>
</tr>
<tr>
<td>2011</td>
<td>Gold Blend relaunch in award winning jar</td>
</tr>
</tbody>
</table>

First espresso technology
Enhanced crema espresso
Coffee-house style cappuccino
Foaming cappuccino
Green Blend
NESCAFÉ Milano
NESCAFÉ Milano relaunch in award winning jar

Pure 100% coffee
Glass jars, improved freshness
Agglomerated coffee
Premium freeze-dried coffee
New in-jar aroma and extraction technology
Gold Blend; 3-in-1 mixes
Enhanced crema espresso
Coffee-house style cappuccino
Foaming cappuccino
Green Blend
NESCAFÉ Milano
NESCAFÉ Milano relaunch in award winning jar
Nestlé Professional – Creating Value & Meeting Customer Needs
NESCAFÉ Out-of-Home – Meeting Customer Needs Across Channels
Nescafé Dolce Gusto – En Route to be a Billionaire Brand

58 countries

CHF ~600 mio

2006 2007 2008 2009 2010 2011

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Nestlé Leads the Machine Market in Europe

Source: GfK

2007 2008 2009 2010 2011

2011

Nestlé

43%
+390 bps

+140 bps
+250 bps
Why Nestlé will Continue to Win in Coffee

- The Leading Brand and Product Portfolio
- Unmatched Global Presence
- Biggest player in Emerging Markets
- Unrivalled R&D and Innovation Capabilities
- CHF 500 mio sustainability program – Farm to cup
- Consistently driving category value
- Unrivalled investment – brands, technology, capacity, people
Coffee – Aligned with the Nestlé Roadmap
Creating value for years to come
DISCUSSION
During the time we have been discussing coffee...

15'000'000

Cups of NESCAFÉ®

Have Been Consumed!