

**2013 NINE MONTH SALES CONFERENCE CALL TRANSCRIPT**

17 October 2013, 08:30 CET

Speakers:

**Paul Bulcke, Chief Executive Officer, Nestlé S.A.**

**Wan Ling Martello, Chief Financial Officer, Nestlé S.A.**

**Robin Tickle, Head of Corporate Media Relations, Nestlé S.A.**

**Luis Cantarell, President & CEO Nestlé Health Science, Nestlé Nutrition**

**Patrice Bula, Head of SBU, Marketing and Sales, Nestlé S.A.**

**John J.Harris, Nestlé Waters**

**Chris Johnson, Head of Zone Americas, Nestlé S.A.**

**Nandu Nadkishore, Head of Zone AOA, Nestlé S.A.**

**Laurent Freixe, Head of Zone Europe, Nestlé S.A.**

This transcript may have been edited for clarity, and the spoken version is the valid record. This document is subject to the same terms and conditions found at

<http://www.Nestlé.com/Footer/Pages/TC.aspx>.

## **Robin Tickle, Nestlé S.A., Head of Corporate Media Relations**

### **Slide – Title**

Good morning, ladies and gentlemen. Welcome to our nine months' sales conference here in Vevey. The conference will be held in English, but you can also follow it in German and French using the headsets provided. If you're watching the webcast, you can choose the right language by clicking on the respective link on the webcast page.

Now, let's start. Paul, you have the floor.

## **Paul Bulcke, Nestlé SA, Chief Executive Officer**

### **Slide – Title**

Thank you, Robin. Good morning, ladies and gentlemen, and welcome to our nine months' sales conference, and thank you for your interest in our Company.

Also, I want to say welcome to everybody who is following us by the webcast, also thank you for your interest in our Company.

On our podium we have, first, Wan Ling Martello, our CFO; on her left, we have Roddy Child-Villiers, Head of our Investors Relations; and on my right I have Robin Tickle, Head of Corporate Media Relations. And I have here in the front row my colleagues of the Executive Board who are there also to answer questions, maybe, later on.

We're holding this Fall conference back in Vevey after a few years having been travelling. Also we have changed the format; we are combining now the investors'/analysts' call with the press conference, and that's because also, as these events are webcasted, we felt there is an increasing duplication of interesting points that we want to cover and we rather do it in one conference and we give it enough time to answer all your questions.

So that's why we have combined it. We came back to Vevey for once after, I think, three years travelling. First we went to New York, then Paris and last year we were in Shanghai.

What we wanted to convey with also having it in different physical locations was showing and sharing with you how our strategy, that we have been sharing with you in many locations is actually being done in the markets, because that's where the action is; that's where the results are brought in.

So in New York, in our biggest market, we had all the aspects of our strategy explained to you through the different divisions that we have there.

In Paris, we were focusing on innovation because there was already quite a downturn in Europe and how we could grow in Europe, and specifically in France, we shared with you the strength of innovation and how we wanted to go about our own agenda, in spite of all the negative headwinds to innovation.

Shanghai was the dynamism, what's happening in the emerging markets. We speak about the emerging markets, well; it was really to share with you how we have increased our presence there; how we have increased our engagement in this country that has a fascinating prospects.

But it was actually an example of what we are doing also in Africa; what we are doing in Latin America for so many years; it is engaging for the long term and building the capabilities there.

You saw earlier this morning our sales figures of the nine months. I would say they are sound, healthy sales figures. They are growth-based and they show continued acceleration of growth, specifically real internal growth, which is the volume growth.

It is the growth that reflects market position and leadership and it is growth based. It was around the whole categories, also geographies. And we also are quite proud to show that still in Europe, in spite of all the negative consumer confidence, we can show growth way ahead of the market. Also how AOA zone has picked up in growth, again has increased their speed and growth.

But I don't want to steal the show of Wan Ling. So Wan Ling, please, the floor is yours to comment a little bit on our nine months' results.

**Wan Ling Martello, Nestlé SA, Chief Financial Officer**

**Slide – Title**

Thank you, Paul. Good morning, to everyone here in the room and happy Thursday to everyone who is listening in to the webcast.

**Slide – Disclaimer**

I will take the safe harbour statement as read.

**Slide – Highlights**

It has only been two months since we reported our first half results so there should be no surprises for you in our 9 months sales. Our sales, consistent with the first half, were driven by a broad-based improvement in our Real Internal Growth, or RIG as we call. This performance has enabled us to confirm unchanged our guidance for the full year.

Our 9 month sales were 68.4 billion Swiss francs, with an increased RIG of 3% and pricing of 1.4%, which was unchanged from the first half, giving organic growth of 4.4%.

One meaningful issue in the last few months has been the strengthening of the Swiss franc against most currencies. There has also been significant weakness in a number of emerging market currencies, such as those of Brazil and India. Our currency impact for the 9 months was negative 2.5%, down from minus 0.9% at the half year.

Now coming back to RIG, I would highlight in particular the performance of Zone Europe, where we are growing in a “no-growth” environment, and of Zone Asia, Oceania and Africa, where we have seen a strong acceleration in the RIG. This broad-based growth, as Paul alluded to earlier, both in emerging and developed markets, is one confirmation of Nestlé’s commitment to being the “And Company” – a,n,d and- If you recall back in the full-year roadshow, we talked about Nestlé being an *And* company, developed - emerging, PPP - premium, investing for the future as well as delivering for the short term.

So in this case determined not just to benefit from the growth in the more dynamic emerging countries but also to grow in developed markets, as well.

With all the excitement in recent years about the potential for growth in emerging markets, it is sometimes forgotten that developed markets account for around 50% of the world economy. One of the points of difference in Nestlé’s growth has been that we are equally focused on growing in developed markets, seeing no reason why we should limit ourselves to that 50% of the global economy that is driven by emerging markets. With the slowdown in emerging markets, our continued focus on the developed markets is perhaps becoming an

even greater differentiator. In the first 9 months of 2013 we grew 1.1% in the developed world as well as 8.8% in emerging markets.

Among product groups, I would highlight in particular the consistent good growth in PetCare, and the acceleration in both Confectionery and Powdered & Liquid Beverages.

#### **Slide – Operating Segments**

Our pattern of growth, with all areas contributing positively, is the same whether you look at our operating segments, at the Zones and globally managed businesses, which you can see on this slide ...

#### **Slide – Product Categories**

... or whether you look at our product groups, which you can see on this next slide. ALL have contributed positively to our organic growth in the first 9 months.

#### **Slide – Regional Performance**

This next slide pulls together all our globally and regionally managed businesses into the 3 regions. Again, all three grew. In Europe we achieved RIG of 1.9% and organic growth of 0.9%. Somewhat unusually, but it's a pattern we have seen already this year, our RIG in Europe was higher than our organic growth, reflecting deflation in some categories, particularly Coffee and Chocolate. In the Americas, we had RIG of 2% and organic growth of 5.1%, and in Asia, Oceania and Africa we had 5.8% RIG, with organic growth of 6.9%.

These last three slides demonstrate both that our growth is broad based, and that ours is a strong performance, given the economic environment we have today. Let's now look at our performance in more detail, starting with Europe. As I did at the first half, I will discuss both the Zone and globally managed businesses together by region.

#### **Slide – Europe**

There is nothing I can add to the debate about the challenges facing many economies in Europe. What I can say, however, is that our Zone Europe management has refused to give in to the macro-issues, instead, focusing on identifying opportunities to grow the business. Successes have included addressing the needs of cash-strapped households, as you would expect, but also, more counter-intuitive perhaps, innovation focused on premiumising our categories.

They have also been very focused on increasing distribution of our products, ensuring their products are present not just in supermarkets and convenience stores, but in all channels. Channels like hard discounters and e-commerce on-line, newer and faster growing. This has resulted in a good market share performance.

Let's have a look at the categories.

PetCare has continued to deliver mid-single digit growth, with good performances in its key markets in both Western and Eastern Europe. Brand highlights include *Gourmet*, *One*, *Proplan* and *Felix*. PetCare is an example of where we have increased distribution, particularly in Eastern Europe.

Our Coffee activities have also continued to perform well, with both *Nescafé Dolce Gusto* and *Nescafé Gold* gaining shares, while *Nespresso* has continued to accelerate.

The Pizza business has been picking up momentum throughout the year. Both *Wagner* and *Buitoni* brands are accelerating.

Confectionery is also growing, with highlights including Russia, the UK, Germany and France. *KitKat* is performing extremely well.

Turning to our globally managed businesses, Nutrition showed good growth in Russia. The Western European business continues to be generally slow due to economic environment and overall category slowdown. However, our innovations particularly in Infant formula are showing good results.

Waters had a good late summer in Europe. The UK grew double digit, which is a highlight, but there was growth in many markets, including France and Greece. Regional waters performed well, and *Perrier* and *S. Pellegrino* maintained their strong momentum from earlier in the year.

Nestlé Professional's performance is being impacted by the poor dynamics in the out-of-home market in Western Europe, though it continued to enjoy strong growth in Russia.

#### **Slide – Americas**

Moving now to the Americas.

Consumer confidence in North America has, if anything, slightly deteriorated since the half year. Although that was a bit of good news coming out the US last night. Our growth for the 9 months has continued to be driven more by RIG than price.

PetCare continued to show solid growth, fuelled by innovations such as *Beneful Healthy Smile* and *Tidy Cats* lightweight litter.

The Frozen food category remains subdued, particularly the continued weakness in the diet-related segment, impacting our *Lean Cuisine* brand. We are seeing stronger performances in *Stouffer's*, as well as Pizzas, where I would highlight the success of our *DiGorno Pizzeria* launch.

In Ice cream, we continue to see good performances in super-premium and snacks, but weaker development in Premium. *Haagen-Dazs Gelato* launch earlier this year has achieved good traction.

The Chocolate, Creamers and Coffee activities are all performing well.

In Latin America, growth this year has been more driven by price than RIG, reflecting currency weakness in the region. Brazil accelerated driven by the large Dairy category, while Mexico's growth was a little weaker.

The picture was mixed in the other regions, though all contributed to the region's growth. Strong categories for the zone in the region were PetCare, Chocolate, Biscuits, Culinary and Cocoa & malt beverages.

The globally managed businesses continued to have a strong year in the Americas. Water and Infant Nutrition made good progress in North America and continued to be highlights in Latin America, growing double digit.

The North American Water market has been highly promotional, but we have chosen to be more focused on profitable growth than driving market shares in this environment. Our growth there was driven primarily by *Nestlé Pure Life*, *Perrier* and *S. Pellegrino*.

Infant Nutrition's good performance in North America was driven by dynamic growth in its formula business and continued momentum in meals and drinks.

Nestlé Professional also delivered growth in North America, despite the tough trading environment.

We also saw good progress by Nestlé Health Science, and this is a continued good performance by *Boost* in North America.

#### **Slide – AOA**

Next up is Asia, Oceania and Africa.

The trading environment continues to be affected by the broad-based economic slowdown, as it has been for about a year, as well as increasing of civil unrest. That said, we have seen our improving RIG momentum, already evident at the half year point, accelerating further in recent months, such that the Zone achieved 5.1% RIG for the nine months, up from 4% at the half year. It is true that we have benefitted from easier comparables, but growth was also driven by our initiatives in the Zone, as well as by us resolving some of the issues that we discussed earlier in the year, issues including the loss of our Syrian factory and stock levels with distributors.

Most markets contributed to the improved growth. China slowed down. The slowdown there impacted most categories in the Zone. Having said that, our Chinese business continued to outperform the market, delivering high single digit growth for the 9 months.

Markets and regions that have been performing well earlier in the year, such as Japan, Malaysia, Indonesia, Africa and South Asia, which includes India, Sri Lanka and Bangladesh, continued to do so, accelerating in recent months.

We saw an improvement in the Philippines as well as in Indochina, but we still have work to do in both markets to ensure sustainable growth.

The Middle East accelerated, but the region remains extremely unstable – no surprise.

Looking at the Zone's categories, I would highlight the performances of Culinary, Dairy, Chocolate and both Powdered and ready-to-drink beverages in the emerging markets, and Chocolate and Coffee in the developed markets.

Turning to our globally managed businesses, the Water business continued to grow well.

Infant Nutrition further increased its strong momentum, with both formula and cereals contributing. Markets to highlight include South Asia, China, the Middle East and Indonesia.

Nestlé Professional is performing well generally in the region, though its big business in China has slowed during the course of the year.

#### Slide – Summary

That completes my review of the 9 months sales performance. I'd like to summarise:

- The environment continues to be tough. But you know what instead of focusing on underlying trends, we continue to focus on creating our own opportunities to grow
- Our performance is broad-based – with all regions and categories contributing
- We have growth momentum in the business – particularly in RIG, and
- We maintain our full year guidance unchanged, of organic growth around 5%, together with an improvement in margins and earnings per share in constant currencies, as well as in our capital efficiencies.

Thank you very much. I will now hand back it to Paul.

**Paul Bulcke, Nestlé SA, Chief Executive Officer**

#### Slide – Title

Thank you, Wan Ling. Yes, indeed, I call it sound performance because of broad base, but also it shows that the gain in momentum that we have seen already in the second quarter, behind growth, real internal growth, that is driving our position in the markets.

Then to reflect on the 'And Company' that we have been expressing to you too, it is that we combine; we're not going for one or the other. We have it broad based through the categories. Also the different price points that we have been offering to the consumers; that is very relevant when the consumer is subdued. And also, through all the categories.

I also said in the press release that actually in difficult times, and these are not easy times, I don't think there are ever easy times. But we are particularly challenged in these last years, that the difficult environments, difficult times, are ideal times, are good times, to really challenge ourselves, too, and see if we really can enforce even more our fundamentals that are driving our success, that is driving our businesses.

These drivers that are going for growth, like innovation, innovation; like distribution; like how we connect to consumers. Or those that drive our performance, like, are we structured? Like, are we using our structure to the right extent? Are we driving efficiency? Are we leveraging our size into scale and into competitive advantage?

These are the things that actually, when you are challenged, are to be asked also. And yes, indeed, we are permanently challenging ourselves on these, and that has been the driving force and the driving condition, how we have been able to deliver profitable growth during all these years.

#### Slide – Delivering over time – Nestlé Model

You see here the growth, the blue bars, the growth that we had in the last ten years. Giving us an average of 6.1%, and doing that again in the mentality of the *And*, with an increase in margin, as you see in the red line that's on top of that.

So we have been able to drive what we then came to call the Nestlé model, which is the logic of the top line/bottom line increases over the years. The Nestlé model is to do that consistently over a longer time, and do that on a line that we said that we walk, which is a span that is between 5% to 6%.

And you see we have overdone that, in average to 6.1%. Sometimes we were a way above that; sometimes we were slightly under that. But that's the whole line that we want. The Nestlé model is a model that is stretched over time. It doesn't have the nervousness of quarters, and that is how we engineer everything we do around it.

So this is driven by innovation, innovation. This is driven by putting the money and resources behind the right ideas. This is driven by building our capabilities in the world. This is driven by putting the right people in the right places in the past, and it's going to be also in the future.

### **Slide – Our Roadmap – Driving performance**

This is also driven by the fact that every time we challenge ourselves, and we ask ourselves if we do the right things, with the right inspiration. Driving performance over time is, first of all linked with the right inspiration; the right strategic direction. Then also creating the alignment of the whole organization behind that right direction. That is what we've come to call our roadmap.

The roadmap, you see it here, we have shared with you on many occasions, the roadmap is all centred around the Nutrition, Health and Wellness. Nestlé is all about Nutrition, and with that we define clearly what we want to be as a Company. That is giving the purpose of 340,000 people all over the world that wake up in the morning and drive that agenda.

What does it mean, Nutrition, Health and Wellness? It means that we want to, through food and beverages, allow people to make healthier and tastier choices. Every day; every moment of his life. And then by doing so, build quality of life for himself and his family. That is what we want to drive. That is the purpose of this Company. That is what is in the centre of the roadmap.

The roadmap is also defining very clearly, what do we want to leverage? What is our strength that we want to scale up and with which we want to go and drive performance?

And you see the competitive advantages; it is our portfolio, our a mix of brands and products. It is linked with our research and development that is driving the permanent innovation and arguments into that portfolio. It is linked with our worldwide presence, and how we drive our value creation in every part of the world. And it is linked, definitely, with people, because it's people driving everything else.

We have also defined in the roadmap where we want to grow, defining where we're going to look for growth, and we have shared that with you, too. And I think the biggest argument of growth in this Company is what is in the core of our DNA, which is Nutrition, Health and Wellness.

We have shared that also in other occasions; the value-creation potential, just by driving that agenda, just by driving the arguments in our portfolio that is allowing these tastier and healthier choices, and are doing so, creating a better quality for our society. That's the biggest agenda we have.

Growth to be found in the emerging markets, it has been played and argued on many occasions. Out-of-home, 50% of what people spend on Food and Beverages is out-of-home; we want to play there, and we have built, and are building still, our platforms and our base for the future there. Premiumization, we have mentioned that too. So much value, so much rational and emotional arguments to be built in that premiumization.

So we have defined what we want to be; what we want to leverage; where we want to grow. And then we say the third part is, how are we going to do that efficiently and effectively? And that is consumer-centric innovation, really going forward the consumer values, and engineer and create products and portfolios around that. We have efficient operations to do that efficiently and effectively. Then we bring that product where the consumer is looking for it. It is to be everywhere where the consumer wants to touch your products, distribution, and then it is also consumer engagement.



If you have done all that, innovated rightly, done it efficiently, distributed well, you're proud, and you connect with the consumer to say that you're ready for him. And you engage in a dialog which is now through digital media; social media even more easier.

That is all based on our values that we have as a Company; our principles that is driving this dimension, which is most precious to us, trust.

Trust is a base of how we interrelate with society. Trust is what we most cherish as the most important dimension of our relationship. We do that through Creating Shared Value. We feel really that our Company can only be successful if we interrelate well with society and our stakeholders, Creating Shared Value.

Yes that is the Roadmap that has guided us, that has aligned the organization to deliver over time, even in these turbulent times that we live today. And yes indeed, these turbulent times, we call it a VUCA world, volatile, uncertain, complex and vigorous world. We call it a new reality.

#### **Slide – New Reality – Many challenges**

I'm sure we have selective memory, the new reality was always new for everybody, also in the past. Fact is, the new trends in all that is that events have intensified over the last years, and have given the impression of many challenges. New reality is like felt by many challenges. The crisis is indeed deeper and longer. We just came out of one in the United States, so it was good news this morning; still a lot of work to be done, but at least that was the decision on the eleventh hour.

Unemployment is going up, and it's quite sticky, and we see that in many parts of the world. The emerging markets, that have given us so much tailwind, are slowing down a little bit. I see it rather as a good sign, to get back to levels that are sustainable, the sustainable growth, and an environment that allows us to continue on a slope is more important than acceleration and I think that is happening.

#### **Slide – New Reality – Many opportunities**

So we've many challenges. But yet indeed, in the world today, many opportunities too, and that's how you drive a company like Nestlé. It's to be aware of the challenges, but see the many opportunities and I have been sharing them with you, not at least the emerging consumer: 80% of the world population. It's working for a better tomorrow.

The emerging markets are emerging. That I would say is the biggest single driving force, because there are so many collateral trends coming with that that allows so much for this Company to offer and to grow with.

We do have the global awareness of healthier lifestyles that play so much into our hand as a Company, because that's what we want to do; that's part of our DNA. There's new technologies and science that are converging into new platforms that allow this Company also to play and to drive innovation even faster.

There's a continuous change, a continuous dynamism in the world and our roadmap is tested against that and is valid; it is valid. And we always ask, is it in every part of that still driving us in the right direction? And it is; it is more relevant than ever.

It is all done in a faster world and I think, to maintain competitive intensity, we have to drive things faster; we have to increase this sense of urgency that is needed and that we have to challenge.

#### **Slide – Our priorities**

Look at the times of today, the new reality, we have to have clearly six priorities, The first one is making choices. It is really to define things. Say yes to certain things and no, we have to make these choices, sometimes tough, but it is a better of faster, sharper decision making.

And we are decentralized, this is a very important dimension to take as a priority in our organization.

Then another one is seeing these opportunities I talked about, not only identifying them, defining them clearly but then organizing the resources behind it to embrace these opportunities and to really go after them. You have to organize around opportunities.

The third priority was to do that with a very acute sense of what the consumer values. What is it that the consumer values really? Because sometimes we are too inside out and we should be much more outside in, knowing what are the worries. What is it that drives his decision making? What really worries and is valued by that consumer?

That means also the same time, that what he doesn't value we should take out. We should not put resources behind things that are not having any value for the consumer and there's so much upside there too.

This has all to do that we are in a value-creation business, not in a price business. And you have heard that we are very conscious about that too.

Fourth dimension is trust. I mentioned before is Creating Shared Value. How we interrelate with society at large as a Company is a very hot topic. That is very relevant and even more so today than yesterday. We have engaged and are engaging with multiple stakeholders. Everybody has a voice and, what is more, they are heard. Social media is bringing a whole new dimension to that trust building capability that we are engaged in, and brings me then to the fifth priority, embracing digital.

A company like ours has to engage fast and deep into digital, having two phases. First of all, this whole social media and then also on the other side the e-commerce. That's why we have set up our digital acceleration team here in this floor in our building, where we have young people, normally it's linked with young people this whole digital world, from all our markets bringing their knowledge, sharing it with others and creating a corporate knowledge that is much deeper. Then going back to the markets and driving that. So that's why we have now digital acceleration teams in many markets already. We are connected through that world in a much more intensive way.

You see also how we link up with big players in digital like Twitter, or Facebook, or Google for that matter. You may have seen lately how we also with Google have deepened the relationship as they have called their new android KitKat which is really giving you a great break.

Then the sixth one is all about people, and I cannot stress enough how serious we are about looking for the right people. The right people to drive our business, with the right attitudes, the right culture, the right values, because as we are decentralized we have to rely on the right people, definitely.

And there again, we pride ourselves of loyalty, but also on diversity in a world that is globalizing and opening up diversity; it's very important. How we have flexibility and people going from one place to another driving that agenda, but also driving what we value so much, which is our principles and values through the world. Only speaking about diversity, in this building alone, we have almost 100 nationalities, bringing an understanding and making us understand the world in a much deeper way.

Well, we have these priorities. Then we have also the last one, very important, expanding the boundaries of nutrition. Nestlé is all about Nutrition and we do that through this Nutrition, tastier and healthier food and beverage choices that we create permanently, driving the agenda through the whole portfolio there, but yet also we are aware of potential future platforms that we are going to give to this Company.

Big opportunities in the future; it is science driven; it is driven by the fact that we have a much deeper understanding of how nutrients interact with the human body and with health to a large extent in society. That and compared and phased to the healthcare cost in our society, that linked with how the developing world is really developing. And building also these dimensions in the society is a fascinating opportunity.

Now, these are the priorities we have and priorities induce a plan of action and, I would say, a shortlist for action. And I want to share with you three dimensions that are on my shortlist as a consequence of having put these priorities.

#### **Slide – Focus on.....**

I share them with you here. They're linked with strengthening our portfolio and making choices, grasping opportunities and evaluate consumer values. They bring three dimensions to us; three dimensions that are the shortlist for action.

You have it here, it refreshes our focus on certain areas. Where present, we just have to sharpen our focus on them and really give us no escape for them. And it's strengthening our portfolio, going to get very shortly into it, allocating resources too, because at the end of the day it is resource efficiency matters, and then also mastering our complexity.

#### **Slide – Focus on...Strengthening portfolio**

Let me say a few words on the first one, portfolios, and how we want to strengthen them, because I have mentioned before that we were able, and we will be able, to deliver the Nestlé model, because we drive a very strong portfolio. Portfolio of products, portfolio of brands, a mixture of value creators that is accretive to driving our profitable growth.

#### **Slide – R&D and Innovation**

We have done that in the past and you do it through different actions. You do it through innovation, renovation, like we did in the past. You see here only a snapshot of a few that we have done in the last years. It actually started 150 years ago with a very innovative product. That continued with a new chocolate, with the milk chocolate, as with the Nescafé that just before the second world war came into the world, with the Nespresso model that we had later on, with Dolce Gusto later on.

With so many innovations and you have heard over and over again that our Purina and the strength of Purina has been innovation. You see actually classical products like KitKat, where we are exploring flavours, where the consumer is open to that. So it is a permanent drive of innovation, renovation that is, in my eyes, the strongest force behind our dynamics and behind our strength of portfolio.

Also then, through the normal products, because there's bigger even innovation that it is so nice to mention, there is so much small capular innovation behind our brands that is driven by our 60/40+. You know this mind-set that we have in our organization where we drive through all our products and portfolios these pleasure arguments of taste. We should have preference on taste, and yet also, through the plus, the nutritional arguments and that is quite extensive. There are thousands of tests and projects that are driving this 60/40+ mind-set.

One-third of our portfolio can be said to be permanently going through that test and we churn our product portfolio, each of them, over every five, six years we churn them permanently towards that better agenda.

#### **Slide – M&A**

That's one way of driving a portfolio and one very important one. The other one is, yes indeed, acquisition, partnerships and also divestitures. Acquisitions, and you see here quite a few, they should reinforce our strategic directions and they should be accretive to the Nestlé model, drive business. As I always said, this has to be accretive to both sides, and we have Purina, Gerber these last years.

Yinlu and Hsu Fu Chi in China, where we have built our capabilities and presence in a market that is important. Wyeth Nutrition. We need to build even stronger our core of our

business, so Prometheus and Pamlab, the latest linked with this new opportunity of Nestlé Health Science are all nice examples of that.

On the other side are divestitures, and when something doesn't really fit strategically or doesn't really add to the Nestlé model and is a drag, we have to take decisions there and divest. Why should we drag on underperformers and that is what we have done in the past. I think there is opportunity there also for us in the future.

And we have built in a portfolio management tool or -- we actually had it always, but what we have done is now through the enablers like GLOBE, because it gives total global transparency, we have standardized the criteria to manage this whole portfolio management tool.

#### **Slide – Strengthening portfolio**

We have created, in other words, global transparency and we defined a portfolio through building blocks. And the building blocks are categories in markets. We have this dual dimension of each category and market, and each category in a market we call it a cell; we are analysing 1,800 cells worldwide, so this is quite an undertaking. But still, through that transparency, you can agglomerate and you can pull certain cells together, you can open them up so we have different ways of going around this.

And this is what we have been doing the last years, is building that transparency even further. We have created a global standard language to talk about, we have built it into our business plans, be it on markets be it on categories, to make that really more an active part. So products, brands, categories, markets combining there and giving transparency.

Criteria are; how does that cell fit into our strategic direction? It should be accretive to creating our agenda. It should be a profitable growth enabler; why should we stay with categories that have no prospect of adding to that profitable growth. And it should also a test against the resource intensity, one very explicit one is return on invested capital but it's more than that; how much resource we put behind that marketing spend; how much talent and human resources we want to put, R&D resources, etc.

And at the end of the day you have three possibilities. If it's really accretive you invest and invest even more to drive it faster, stronger, deeper. Or you say there's a problem but I believe we can fix it, then you fix it and you have to have deadlines there and milestones instead of just dragging on.

Or you cannot or you don't see the end of the tunnel of underperformers, well then you have to just divest. And that is relatively sharp language but that's what we should do. That is also linked with making choices, really knowing what the consumer values were; you see, again there is logic in there too.

And the fact is, if we have to divest then it's not a matter of if, it's a matter of when and how. And do that in a timeline elegantly, do it as we have to do, and these are the, I wouldn't say the marching orders, but that's the mind-set which we have now in our company going about that.

And I would say a little bit less tolerant. We were a company that really believed in our products but sometimes belief might blind you. If there is no real possibility of certain cells to be accretive - divest. But that means also invest heavily behind the right things too; it's more that part.

#### **Slide – Focus on...Allocating resources**

The second part of focus that came out of these priorities is allocating resources and I as I mentioned resources are multiple. It is talent; it is people; it is our management time; it is R&D time; it is marketing spend; and it is also capital. So let me speak more specifically about capital, the financial resource that we put behind our products.

### **Slide – Investing for growth - Capabilities**

In the last years we have been telling you this is the right time to invest, the world is growing; many parts of the world are starting to grow. We have to invest. It's the right time to invest in people; it's the right time to invest in capabilities; it's the right time to invest in capacities. And we have been building capabilities, specifically in our capacity of innovation through our R&D network.

We have opened up in Beijing in 2008 an R&D centre that goes about Nutrition, Safety and Life science. In Abidjan working in growing materials, cocoa and local raw materials and ingredients. India, also in the same way, working on local raw materials and our Popularly Positioned Products. We have been closer to home in operating our system technology centre because so much value is created now through systems. And we have a scale there again to be leveraged; we have also built out our PTC product technology centre in Konolfingen.

So we have invested quite heavily in capabilities. We have constructed from scratch a Nestlé Institute of Health Science where we're going to build the building stones -- create the building stones for our Nestlé Health Science initiative. We have invested in capabilities.

### **Slide – Investing for growth - Capacities**

Also we invested in capacities and we were proud to communicate new facilities in Nigeria, Turkey, India, Brazil, Dubai, Congo, in China, quite sizeable factories. Also in Europe closer to home, UK we have water factory, in Germany and also a new factory for Dolce Gusto in Spain. So in many areas, also in the UK and the United States.

In short, over time, we have been able to build and strengthen our global presence, and here you see how we have been building these capabilities and capacities. We have been investing really in the capability to innovate and the capacity to grow.

### **Slide – A strong global presence**

You see here the darker points are the new factories and the new R&D capabilities in the world.

You see how we are really mapped into the presence of the world. We have operations in almost 200 countries, 470 factories in almost 100 countries, 34 R&D platforms. Definitely, we have been building and keeping our competitive advantage of, I would say, scale and presence in the world.

### **Slide – Capital Expenditure - Return**

That comes at a price. You have to invest and that is what we did. In the last three, four, five years we felt it was the right time to accelerate our investment in the world and to build these capabilities because we saw and felt that potential and that opportunity. That brings capital investment and that went above the 5% line; we were normally between 4% and 5%.

What I feel is it's the right time now to use it, to leverage it, to sweat the assets and to leverage what we have now. That's why we have imposed ourselves the discipline of bringing it back to the normal levels between 4% and 5%. And that, in an organization like ours, has a meaning. That's a capping, but that's something we did, and it's going to induce also a better resource usage through SKU management and thinking it over and turning the time twice before investing. It's going to create a very healthy discipline of sweating our assets and bringing into the equation much more prominently the dimension of return on invested capital.

### **Slide – Focus on...Mastering complexity**

Then the last thing I have on the shortlist is mastering complexity. And that's always a killer because complexity, we are living in a complex world and we are a complex company; we are a complex company by decision, by strategic decision.

Many years ago, Nestlé opted to be in different categories because we felt if you want to be a Nutrition, Health and Wellness company you have to offer products that can be part of peoples' lives in a meaningful way.

At the same time, if you really want to drive innovation through more science and R&D you need scale. You cannot build a system like we have if you have one category, and you're very focused on that with all the merits of focus, yet we have to see how we combine the growth of the portfolio of products, with that advantage of size and scale, and yet also maintain focus and sharpness.

### **Slide – Mastering complexity**

That is how we are going to go from managing complexity to mastering complexity. That is something that we have been doing these many years and that is what has built our structure. That at first site, you see it here on this chart, may impress by the complexity.

You see here different categories you have there, Powdered and liquid beverages, Water, Milk products, going over PetCare. Then you have Nestlé waters, Nutrition, Professional, different categories, yet we have organized first in a matrix way.

We have geographies that goes over the certain parts of the products and then we have also global managed businesses, so we have indeed a matrix organization. And that is because we have always privileged the generating demand; what drives demand should dictate structure.

We are not 'one-size-fits-all'; we do have different business models and we do have also one fundamental argument, that is, we are a true believer of decentralization. Food is local; bring the decision making as close as possible to where the consumer is. These dimensions are driving the organization like we have it here.

Now we have been building enablers to be able to manage and to master that complexity through Globe that gave the transparency, through the NBS that created the scaling up of the backline and starting to split clear up the backline and the frontline, the Nestlé Business Services, NBSs.

We have been implementing the NCE, Nestlé Continuous Excellence, where we drive value creation and efficiency, driving waste out of the system, specifically more in operations, but driving it further out also to the broader dimension of our Company.

### **Slide – Mastering complexity. From size...to scale...to competitive advantage**

That's the reality. It has a certain complexity, it was and it is a strategic direct decision because it gives us the right arguments. It gives us the right presence. It gives us the possibility of enabling tools, enabling platforms, that really translate size into scale and scale into competitive advantage.

Yet, at the same time, we have to ask the right questions. And permanently say, is this working fine? Is this working well? Is this effective and efficient? And in a human organization like ours, you can always ask these questions and answer them with, yes, we can do better. And these are the questions we are asking.

We are really asking the tough questions like, are we keeping things simple? Are we actually keeping simple things simple? Are we bringing unnecessary complexity? Do we take the right decisions in the right places? Do we have ownership of decisions in the right places? Do we have dual reporting systems? Do we have too much travel? Do we have or are we

using new technologies to the extent that we could drive out bureaucracy or paperwork or, etc.?

I can only tell you that whatever, there's upside. And that is something that we felt, as an Executive Board, we should go after and see also how we organize to really bring in the same mind-set of NCE. This is not a new project. This is just an initiative that allows us and will allow us, to leverage what we have going on in this Company, which is linked with its continuous excellence, asking the right questions.

You see it here, definitely this size to scale to competitive advantage, we have gone a long way. I still believe there's an upside and that is what we will do. It's not managing complexity, but mastering it and making that an intrinsic part of our competitive strength.

#### **Slide – Enhancing our competitiveness to drive performance**

So, ladies and gentlemen, a shortlist for action. Coming out of the six priorities which are embedded in our roadmap, that is what I want to share with you. And it is linked with asking the right questions. And it is linked with the roadmap that gives us a strategic direction. It is linked with six priorities that brings us that shortlist of three things where I feel, personally, we should give the highest attention to.

It translates, in other words, in consequences that are linked with portfolio decisions. It is linked with our resource allocation. And it is linked with accepting our complexity and being invited to really build efficiency into it even more.

So as I said in the beginning, these are challenging times and this is the right time to ask the right questions and to build this Company even stronger. We have been delivering what we call the Nestlé model, which is a model that projects continuing growth around the line of 4% or 5% to 6% with margin increases.

Why? Because it is intrinsically linked with our value creation agenda that is linked to Nutrition, creates more value for the consumer, more margin. And we want to do that in a permanent way, consistently, over time. And for that, we have to build our competitiveness through the questions and through the priorities and through the focus areas I shared with you. With that I am through with my presentation.

#### **Q&A Session**

<b>Questions on:</b>	<b>Organic growth for 2014 Emerging markets</b>
----------------------	---

#### **John Revill, Wall Street Journal;**

Today you've reiterated your guidance for 2013 organic growth; you think it's going to be around 5% this year. I was wondering, Q3 seems to have improved a little bit and a lot of people think that Q4 may improve as well, I wondered what's your view for 2014 on organic growth. That's the first question.

And the second one is, emerging markets seem to have improved a little bit, so do you think you've turned the corner there? Or any concerns over there particularly to do with currencies, because they seem to have taken a big bite out of your emerging markets?

#### **Paul Bulcke, Nestlé S.A., Chief Executive Officer;**

First of all, 2013 like we said, we're going to be around 5% and yes, indeed, I believe that the acceleration that we have should continue into the fourth quarter too.

Now, you asked for 2014. You see, the Nestlé model, this line that we want to walk of 5% to 6%, for all what I said just before, what we want to do, the questions we want to ask, the

answers we want to give, is to assure that, over time, we continue walking the Nestlé model, which is a top and bottom line at the same time; quality growth, profitable growth over time.

So again, do I commit already to that? Well, it looks logical. If this is a model that we want to walk a line year after year, that is the intention we have, clearly.

**John Revill, Wall Street Journal;**

So it's 4%, 5%, 6% next year (inaudible - microphone inaccessible)

**Paul Bulcke, Nestlé S.A., Chief Executive Officer;**

We've got to work for it. I think it should be doable. We see some colours coming back in many areas of the world, in spite of some slowing down. But there's the levels that are totally allowing us to project that growth.

On the emerging markets, you say it's slowing down and turning the corner, it didn't feel they had to turn the corner, per se. What you see is a little bit slowing down of growth in certain emerging markets.

Now, I'm the first to say if you have huge countries growing double digit during many years, it's been shown, over and over again, that you get an overheated engine. And you have to stabilize a little bit to have the capacity or the possibility to have sustainable growth.

And when big economies are growing 7%, 8%, well, I want to be part of that. That's a good pace. And if that is projected in a way that it's more continuous, instead of having a 15% and then a 2% and then a 12% again, then I'd rather go for a 7%, 8% permanently, consistently. That allows society to absorb that growth in a more continuous and sustainable way. So I actually see that rather positively than negative.

What we also have to see is the developed world, really, taking the right decisions there and starting to grow again. And I mentioned before that the crisis is much deeper and longer than we would have expected, although with a little bit of thinking a problem that it was in the making for many years normally takes a few years to get out of it too.

So what we see is different reactions to that. Some governments are more daring to do the right steps. The others are not there yet, but I hope rationality is going to prevail.

<b>Questions on:</b>	<b>Rumours of Ferrero Acquisition Divestiture Time Frame</b>
----------------------	--

**Holger Alich, Handelsblatt;**

I'm sorry to bother with rumours, but if I remember correctly you said on the investor call that there would be no big acquisitions in the near term. So is my thinking correct that the report from La Repubblica this morning that Nestlé is looking at Ferrero is then wrong? So no interest for that.

Secondly, in terms of disinvestment, what is the timeframe? When can we expect to have some concrete decisions and communications on that? Until the end of the year, or next year with the full-year numbers? Just to have some clarity on the timeframe on that. Thank you.

**Paul Bulcke, Nestlé S.A., Chief Executive Officer;**

Well, we said no big acquisitions, we spoke about bolt-ons, and so that stands. And I'm not going to comment on speculations that may be in the press this morning. I have no comments on that.

But there are acquisitions, and I'm speaking of this linked with what's in the press now, other acquisitions, indeed, bolt-ons. We did quite a sizeable one with Wyeth, so good one. It gives



us a lot of work and a lot of joy. But it has to be strategically fitting. Again, it should fit into the whole logic of portfolio management, and there we see more bolt-on opportunities than big ones.

So on the timeframe of divestitures, I'm not going to answer it concretely, but when we say we're going to go about that, we are serious. But that doesn't mean that we want to give the timeline the priority. It should be the right thing to do. It should be done in the right way, and that's how we're going to go about that.

But there's firmness behind this focus, so there's things going to be happening in a reasonable timeframe. So just give time to time, as I always say, without losing time.

<b>Questions on:</b>	<b>Boost in North America Details on Growth in China</b>
----------------------	--

**Thomas Russo, Gardner Russo & Gardner;**

Wan Ling, I was impressed to hear your reference to Boost in North America. I just wondered if you could spend a second describing the size and the opportunity of that particular product.

Then secondly, Wan Ling, your observation that China was up high single digits, can you highlight where that growth came from most forcefully?

**Paul Bulcke, Nestlé S.A., Chief Executive Officer;**

Yes. Boost maybe, we have here Luis Cantarell. Luis, if you could answer that question as you are responsible for that and enjoying it.

**Luis Cantarell, Nestlé S.A., President & CEO Nestlé Health Science, Nestlé Nutrition;**

Yes, Thomas, Boost is enjoying good growth, not only this year but also in the last year. We have been completely renovating our offer. We have one of the best-tasting products yet delivering the good nutritional values. And this is a brand that is in the hundreds of millions and we will expect this brand to continue growing as we speak in the future. And we have already plans to continue pushing this brand in US.

**Wan Ling Martello, Nestlé S.A., Chief Financial Officer**

Hi, Tom. I take it you are not in the States or you must be up pretty early. China like I said, did slowdown, but we are really still happy with the rate of growth. And in virtually almost all categories, we are outperforming the market. So that's the good news.

<b>Questions on:</b>	<b>Impact of recent Cocoa Price increase</b>
----------------------	--

**Ueli Hoch, AWP;**

We've seen quite a rise in cocoa prices in the last couple of weeks; could this have an impact on the margins in the next months/quarters in some product categories?

**Paul Bulcke, Nestlé S.A., Chief Executive Officer;**

Well, that's like a rhetorical question. It is clear that the prices have gone up quite sharply again, but that's a little bit the reality we are living in permanently. Other raw materials are going up, others are going down. So cocoa prices, you know it's a very important raw material for us, so we really watch that market very closely. We try to be smart there and do the right things.

And for me, the most important thing is that we shouldn't price to the consumer with the same nervousness that raw material prices are sometimes going; sharp increases and then decreasing again.

We try to read through these nervous trends what the underlying trend is and try to manage our business with these projected lines of cost which are less, much less nervous, because you cannot just price consumers the same nervousness and increase prices, decrease prices, etc.

That is actually what is defining also if you added that all up -- that's the pricing that you see reflected globally in our Company. Back in 2007/2008 when we had this huge spike of all the raw materials, I got the question also, how is Nestlé reacting to that. I answered, we are not going to price on the peak of what we feel is not sustainable. That's going to come and rationalize back into that trend that we have seen.

It's going to be higher though, and that's what actually happened. The raw material prices are higher because the fundamentals are that 80% of the world population is starting to eat differently and more into these raw materials.

So the same thing with cocoa prices. We have to read through these nervousness's of trends create some stability in our prices, although when it confirms, over time, to be higher, our prices are going to be higher too.

But then again, it's not only prices. We have to ask, can we drive more efficiency into it, etc., to compensate, because you cannot do one-to-one pricing to consumers. Less so today when the consumer is really price sensitive.

<b>Questions on:</b>	<b>Details on North America performance Chinese Infant Nutrition</b>
----------------------	--

**Warren Ackerman, Société Générale;**

A couple of questions. The first one is, could we dig into North America in a bit more detail? It's your biggest market representing one-quarter of your sales. There has been a lot of concerns, given competitor comments.

I'd just be interested to know what you think the category growth is in the US in the first nine months of the year, or if you've got a Q3 number. And then what your growth is in the US compared to the category growth. It's hard for us to see that because of Latin America being included in the numbers.

I'm just interested; where are you winning share? Where are you losing share in the US? And are you seeing any evidence of destocking in the US market? That's the first question.

And then the second one is just on Chinese Infant nutrition. I was wondering whether you can give us an update as to the trends that we're seeing in China, especially in light of some of your competitor recalls. What is your growth in Chinese Infant nutrition?

I know Wyeth is not yet in the organic numbers, but if you could give us an idea of the growth rate, year to date or in Q3, maybe your market share position as you see it. It seems to me that you may have taken leadership position now in China, maybe. Is that right? Thank you very much.

**Paul Bulcke, Nestlé S.A., Chief Executive Officer;**

Well, let me organize here. North America, and I'm going to give it to Chris, but in North America, definitely, we have the Americas. North America is more volume-driven growth than price driven growth. And there again, we have different categories, different dynamics.

Maybe, Chris, you can give some light on that question?

**Chris Johnson, Nestlé S.A., Zone Americas;**

Sure. That's very true. We do have in North America very different categories, different dynamics. And it's one of the strengths we have. It's true; it's our biggest market in the Nestlé world. But because of that breadth of products and brands, even in the difficult economic times that we talked about earlier, we don't have the tailwinds when it comes to the economy and to consumer sentiment, we can still do well.

So to talk maybe a little bit about the major categories that we have, the largest category, as you know, is PetCare, and PetCare continues to have very strong leadership in the US, again, driven by strong innovation. Some of them Wan Ling had already mentioned earlier.

The next biggest category is Frozen food for us. If you dig in a little bit deeper into Frozen food, you'll see that it's a bit of a mixed picture. When you look at the regular, or we call them the prepared foods, the frozen prepared foods like our Stouffer's brand, there we're gaining some good share. We're seeing some good, positive momentum in the Stouffer's business. If we look at our Pizza business, last year, as you know, the category in our business was suffering last year. This year, the category has flattened off and we're, in the case of DiGiorno, gaining share and overall basically holding.

Hot Pockets as a segment, the handheld snacks, actually increasing as far as this segment goes. That segment is increasing in volume and we're also growing with Hot Pockets.

The challenge is with Lean Cuisine, in the individual nutritional frozen segment, and here it's a function of a few different things. There's a perception in frozen which seems to be hurting this segment, which we're addressing and addressing as fact on behalf of an industry, talking about the virtues of frozen food as a real ideal way to keep freshness in.

Issues with pricing; we're trying to get the price/value relationship correctly, so we've taken some actions in that range. And also innovation; in the past, this segment has not had the rates of innovation that we've seen in years prior and we're coming back with that now with items like Salad Additions and Honestly Good, which have recently been launched.

But then if you dig down even deeper into other segments, for example, mentioned earlier, Coffee, we're showing growth; coffee enhancers, also good growth, gaining share in powders in this area; and Confectionery, also showing some strong growth.

So it's a mix, but overall, because of our breadth, because of the strength of our brands, positive about the future for North America.

**Paul Bulcke, Nestlé S.A., Chief Executive Officer;**

Thank you, Chris. Then the second question of China, Infant Nutrition, just let me respond to that. Infant nutrition and the whole industry, Milk industry, Infant nutrition specifically is a category that has shown very strong dynamic growth like many other categories but specifically, Infant nutrition is a very sensitive one.

There were some issues. I must say we were not involved in these issues, but still, this environment has some nervousness and that's clear. So it is all about trust and we have two big dimensions there in the sense of Wyeth with their arguments with their trust relationship, etc., Nestlé, and we have to play that in harmony together.

We speak about kids: children and babies, and there is a framing that is really much more explicit there and we welcome that because this is a serious industry that has to be taken serious in every part of that industry. And so we see the self-imposed framing that we have really valued there.

Are we growing? Yes, we are growing. Is it something that helps us in the growth of China? Definitely. It is something that drives us in Infant nutrition worldwide. Yes, there's something that is accretive to that too.

I would not say leadership. This is a market that's still in the making. We have two expressions there, Wyeth and Nestlé and we are doing, I hope, all the right things there to keep that growth going in a very meaningful, responsible way.

**Warren Ackerman, Société Générale;**

Okay. Chris, can I just come back on something? Can you just confirm in the US that you're not expecting any destocking pressures in the next coming quarters, as has been widely reported from the biggest retailer in the US?

**Paul Bulcke, Nestlé S.A., Chief Executive Officer;**

Destocking, I think some of that has happened already, so I hope that the biggest wave is over and that gives us also a bit of a refreshed positive feeling.

<b>Questions on: Nespresso patent infringements</b>
---

**Katsuhiko Hara, Nikkei News;**

I have a question about Nespresso. You had been losing some court cases over the patent of capsules; do you think you will go on and fight even more in the court, or would you consider a change of strategy, maybe just change of distribution: have it sold in the supermarkets in the future?

**Paul Bulcke, Nestlé S.A., Chief Executive Officer;**

Well, first of all there's no change of strategy. The strategy was not only court cases. It was, and we always said, to win in the quality of the cup of coffee; in Nespresso, to have the best Nespresso experience with Nespresso.

It is clear that as we are an 'And Company', we fight on different fronts and if we feel that our intellectual property, where we have invested so heavily, is being betrayed or used, then we defend.

That's fair play. That's how the industry is settled and set up, and sometimes we win, sometimes we lose. We may agree or not, but we have total respect for the decision made there. We see if we can take that a step further or not.

But the whole focus, all the energy at the end of the day goes to driving the business model of Nespresso, driving the value and the fundamentals of that brand. That is linked with a more holistic experience that starts with the highest quality in the cup, with some excitement of innovation, new flavours, new blends and also linked with design, linked with an experience, linked with being linked up with that society through the Club.

So that is where actually the value lies; that's where we focus. And it is not to be found in the retail. Why? Because the whole concept of Nespresso is geared and engineered around direct relationships.

So we stay put to these principles and think it's the right thing to do. It is showing in our growth and the strength of the brand that it is the right thing to do.

<b>Questions on: Coffee performance in key emerging markets Nescafé Dolce Gusto rollout plans AOA supply chain</b>
--

**Eileen Khoo, Morgan Stanley;**

So two questions. The first one is actually on Coffee. Earlier this year, you mentioned that

you had lost share in some of your key emerging markets, for example, in mixes. Is this recovering now? Can you just update us there?

And then on Nescafé Dolce Gusto specifically, can you update us on where you are with your global rollout plans? How many countries is it in now? How big is the business now for you? And when you say double-digit growth, are we still talking 40% plus?

And then the second question is actually on AOA. Can you please update us on whether you still have any supply chain disruptions here that are still on-going that might actually improve your performance in the coming quarters, or are things pretty much normalized now? Thanks.

**Paul Bulcke, Nestlé S.A., Chief Executive Officer;**

Well, we mentioned in Coffee in certain markets we lost some market share and I would say it was driven by 3 in 1. You may know this is a very strong category with lots of growth. Many players coming in there, so that is something we are working on.

Specifically, we have gained and have good strong market positions there, but as we were, in many markets, the innovator, the initiator, it is clear that when new players come in, they want to be part of the enjoyment. So an answer has to be given again there, through marketing support, through innovation, through quality and we are playing on all these fields.

In Dolce Gusto, I would say the rollout is, indeed, going very strongly. It was quite European-centric when we started it. I think we are now almost 50 countries with Dolce Gusto, 50 countries and rolling out, having some very, very nice growth figures in all these countries where we started.

But what's nice about Dolce Gusto is still in Europe where we started, where it is now for six years or seven years, in the market, we see very interesting growth figures too.

We see that this whole Coffee business, let's take Europe, where we have so many players really playing very well and with very good arguments, how this whole market is dynamic and that, in spite of many other initiatives of other players, that we can keep our agenda going and keep on gaining market share because we are going into the markets with these different offers.

We have Nespresso; we just mentioned it. We have Dolce Gusto in systems; that is retail based and that has additional arguments that other players don't find so easily, through different brands that we have.

Then we have the out-of-home and all the models that we are introducing, be it Milano or be it Nescafé Alegria. So you have these different angles, then you have the Nescafé where super premium is again doing very well, through Nescafé Gold in many markets like Russia.

So that's the nice thing about the Coffee market, that we have this complementarity of going about the market that is showing so many signs of dynamism in an environment that is actually not giving that for free, with a consumer confidence as well.

That same dynamics is translated in all markets in the world, step by step. Nespresso is extending its geographic footprint, in its own way, city by city, country by country. Dolce Gusto is rolled in through retail in these markets. We have the Nescafé arguments and Nestlé Professional is rolling out all their new offerings too.

So it's a fascinating journey. And now, and I may give it shortly to Nandu, who is here also, the supply chain interruptions. I think that's going to be part of AOA, Asia Oceania and Africa. We call it actually sometimes, with a little twinkle in the eye, zone CNN. There is always something in the news.

It's a pity, but it is our reality. It has been our reality for many years, and we have interruptions. We have mentioned to you in Syria, how we held onto our factory, 300 people, 350 people working there, to the last minute, until it was really bombarded and looted

completely. So we are rewiring all these things; it's a permanent issue, a permanent challenge.

But I think we have the right people to do that, and that's one of our strengths, how we can rewire it, but maybe some more light on it. Very shortly, Nandu.

**Nandu Nadkishore, Nestlé S.A., Head of Zone AOA;**

Yes, look if your question is specifically on have we been able to replace the supply that we have lost out of the Syria factory, the answer is yes, we have replaced the supply.

If your question is do disruptions continue? Across the Middle East, across the northern part of West Africa, and other parts of the Zone, disruptions continue, and we have seen -- you read the news and you see impact. In general, the situation is not getting any better, from a stability or trade environment point of view.

But as Paul mentioned, we cope with that. That's what we are good at doing.

**Paul Bulcke, Nestlé S.A., Chief Executive Officer;**

Actually, the Middle East is showing nice growth, with its rewired supply chain, and yes, it would be easier with total stability, but that's why sometimes we're quite unique in being there.

<b>Questions on:</b>	<b>Share buyback Divestiture of Jenny Craig and PowerBar</b>
----------------------	--

**Unidentified participant**

Will you buy back shares and will you divest Jenny Craig and PowerBar?

**Paul Bulcke, Nestlé S.A., Chief Executive Officer;**

Well, buying back shares, no, that's not on the agenda. It's always a possibility, but it's not part of the agenda now.

And on the other side, I will not answer that, because as I said, we're serious about things, and we have to give time to time without losing time and you're going to be time informed.

<b>Question on:</b>	<b>CapEx over the last two years and for 2014</b>
---------------------	---

**Robin Tickle, Nestlé S.A., Head of Corporate Media Relations;**

We have a question via email from Cote d'Ivoire asking about CapEx over the last two years, and for 2014.

**Paul Bulcke, Nestlé S.A., Chief Executive Officer;**

Well, that is linked with part of my presentation where I said our CapEx in the last two years, globally speaking. And my intention of creating that necessary footprint, and capacity capabilities, has been over 5%.

We had in the past, I don't know if you can speak about the cruising speed of capital investments expressed in sales, percentage of sales, but we had a capital investment between I would say 4%, 4.5%, give and take.

And it went up to about 5%, 5% to 5.5%, which was the right thing to do at that time. Now I feel that it's the right time now, to use what we have invested then, and leverage it. We have all the capabilities, we have the capacities now, and that is exactly what we want to do.

So we, for 2014, have said, we want to cap that, definitely under 5%, between 4% and 5%; that's where we are. That's the instructions or the guiding that we have imposed on ourselves too. So it is basically back to a certain cruising speed, so still a sizeable investment though.

<b>Questions on: Portfolio management Price increase potential in Western Europe</b>
--

**Ivan Letessier, Le Figaro ;**

I have two questions. First one about your portfolio management; you said that you had identified 1,800 cells, is that too many?

And you also said that you had a shortlist; can you tell us a bit more, explain us what are your priorities in terms of divestment? Will it be a few non-profitable cells, or mainly small cells that doesn't fit any more with the portfolio?

And my second question was about price, especially in Western Europe. Given the competition between retailers, how do you see room for price increase in the coming months? Thank you.

**Paul Bulcke, Nestlé S.A., Chief Executive Officer;**

Well, first of all, the whole portfolio management, indeed we have many cells. You say are there too many? It's like we have many SKUs, are there too many? There's always some too many. And that's why we have this tool, to give that transparency, because at the end of the day, averages are done by overperformance, underperformance. But how far and how long do you want to have underperformers?

And I don't want to socialize all categories, all sales to the same common denominator, of you have to deliver X and Y. But there has to be judgement, and that judgement should be done with criteria that we all share, so that we have one common language.

This portfolio management is not something new to Nestlé; all of a sudden, we're going to start talk about portfolio. We had already on level of SBUs, our strategic business units, or in the markets, or in the zones, portfolio management.

But what we did is to make it more capular and to have it much more visible and to standardise some criteria. So that when we speak to each other, more when we have agglomerate certain dimensions, sometimes you have to agglomerate because the world is changing, it's integrating.

That is now allowed in a simpler way, through the tool, or the sharpening of our tool that we have now.

In order to do that, you have to have also capabilities of data standardization. That is what Globe gives us, it has enabled us actually to see and to look at the reality, which is complex. I mentioned that we are in many markets, we are in many categories. And when you add it all up, you have 1,800 cells.

But we are able to do that actually, by simplifying with the push of a button. And the axis we are plotting is basically strategic fit; it is resource intensity and you can open that up: resource intensity in CapEx or resource intensity in R&D, so we have many angles to do it. How big is the growth potential? Can we drive and win in these categories? Because you can be in a category that grows, but you have no capability to win. Well, all that is now plotted out. We have one common language and go after it.

If you say what is your shortlist? Well, it is not my shortlist. This is our shortlist here, of all of us, looking into it from different angles and discussing. We're building the answers of that shortlist into the strategic business units, the global business plans, which are based per category worldwide, that this is translated into zone plans that has taken that transparency into consideration.

And then the market business strategy plans. So there it's translated not just in a list of categories or cells that we then shoot down like ducks. That's not how it works. We built it into the logic of a plan, that is more holistic than that.

But it results and you put more resources behind those that need resources, or you fix it or you get rid of it. That is the translation that we have, which is has much more sharpness or intolerance than we had before.

Pricing in Europe, maybe you, Laurent, you're the specialist of that now. But first of all our pricing, we wouldn't like third parties to manage our pricing, because it should reflect the value, consumer value. It's to see what we feel we build into that product, yet we are part of reality, and it's true that there is not a lot of ambience of high pricing, but you've seen also we have been sensitive to that. Also raw material prices have allowed certain things, so it's more a combination of things, but mainly two words on pricing in Europe, and that linked with the retail dimension of Europe.

**Laurent Freixe, Nestlé S.A., Head Zone Europe;**

Yes, it's clear that we have seen in the last months a deflationary tension building up for a number of reasons. The very first one is that there is no growth in the marketplace, so everyone is fighting for a share of a shrinking pie, and that is building up tensions; that's one.

The second one is that the commodity environment, especially on the Coffee front, has been relatively mild, so that is also fed those deflationary tensions.

What have we been doing? Basically, when we price we tend to first make sure that we stay competitive at all times, and we protect our market share; that's one.

The second one is that we make sure as well that we capture the value of our brand, of our products, in the eyes of the consumers, and protect our gross margins, which we have been achieving if you see the H1 numbers.

Now going forward, I don't see the market will really pick up. You have seen the unemployment numbers that will hamper the growth going forward for a period of time; taxation as well is impacting available income. It's most likely that markets will remain subdued. When we look at the commodities, always difficult to forecast, but we see some inflationary tensions building up; Cocoa has been mentioned, Dairy is another one. So what I can assure you is that we'll make sure we stay price competitive and capture the value of our brands in the eyes of the consumers; that will dictate our pricing strategy, going forward.

<b>Questions on:</b>	<b>Commodity basket outlook Margin progression in second half</b>
----------------------	---

**Liam Rowley, Barclays;**

Just related to that last comment there, you touched on specific commodities that are going in your favour or going against you. But I wonder whether you could give a comment overall how your commodity basket is looking for the second half and maybe into 2014?

And then, related to that, do you still expect margin progression to be slightly softer in the second half than it was in the first half? Thank you very much.

**Wan Ling Martello, Nestlé S.A., Chief Financial Officer;**

Liam, in terms of commodity we will guide commodity assumptions for 2014 during our full year, when we publish our full-year results, so we'll have to wait for that.

In terms of balance of the year, we're not changing our guidance, which is low single digit for the balance of the year.



**Paul Bulcke, Nestlé S.A., Chief Executive Officer;**

Margins projected as they were first half. No, but we have mentioned it first half; we mentioned that projection that we had first half that the margin is 50 basis points now, that doesn't have to be extended too; that's not how we manage the business too. Because the dynamics somehow during the year, but our commitment there is to have margin increase though. In line with what we have been delivering in the past too should be rational.

**Wan Ling Martello, Nestlé S.A., Chief Financial Officer;**

Yes, just confirming what Paul said, our trading operating profit margin was up 20 basis points in H1, and obviously, like Paul said, our commitment is to improve margin year on year. That's all we can say at this point.

<b>Question on:</b> <b>L'Oréal</b>
------------------------------------

**Matt Boyle, Bloomberg;**

Regarding L'Oréal, I know you said you're keeping all options open; I just wanted to know if you'd be able to help us out in terms of the timing of a decision. Do you expect to say something early next year, or do you expect it to be at the AGM? Can you give us any sense in terms of when you expect to let us know about that? Thank you.

**Paul Bulcke, Nestlé S.A., Chief Executive Officer;**

We have mentioned we keep all options open, also to the option of saying when and where we're going to say it. You're right in your first sentence, so we keep that as an option.

<b>Questions on:</b> <b>Organic growth guidance</b> <b>Slowdown in the Water business</b>
--

**Patrik Schwendimann, Zurcher Kantonalbank;**

My first question's regarding your organic growth guidance. You were mentioning a further escalation in quarter four compared to quarter three: which regions and product categories would you expect to accelerate and where would you be a little bit more prudent for the future? That's my first question.

Second question regarding your Water business, which had a slight slowdown in quarter three. You were mentioning a tough promotional environment in North America; could you give us some more flavour what was the growth rate in the Water business in the US, maybe in the emerging markets, and in Europe? Thank you.

**Wan Ling Martello, Nestlé S.A., Chief Financial Officer;**

We expect -- well, we don't manage our businesses on a quarterly basis, but for the balance of the year we do expect that growth should continue to accelerate, which is what you've seen in our nine months' results. And we expect that to come from a broad base, just like nine months, all regions, most of the categories accelerating for the balance of the year.

**Paul Bulcke, Nestlé S.A., Chief Executive Officer;**

The other question about Water, we have John Harris here who is managing our Water business, actually who is here for the last time, because you're retiring, still too young to retire, but you look young because you drink a lot of water. Please comment a little bit on the slowdown and the acceleration in some of the areas, please John.

**John Harris, Nestlé S.A., CEO Nestlé Waters;**

In terms of water, particularly as it pertains to North America, we had a slowdown in July; we

had a very good month in September from a water standpoint, some of it was weather related. We're back on growth then in terms of Water, particularly in North America. North America was hit with a lot of competitive pricing as regards to private label. Private label really took the prices down in the month of July and we decided that we were going to protect our margins, which is what we did, but we are coming back.

I also want to comment on the strength of North America as it pertains to Perrier and San Pellegrino. Both those brands, which are basically our premium sparkling brands, showed tremendous growth, so we're pleased with the growth there in terms of North America on the sparkling brands, which helps us from a margin standpoint and a profitability standpoint.

<b>Questions on:</b>	<b>Cooperation with Google 'Unhealthy' Nestlé products</b>
----------------------	--

**Kristina Gnirke, Bilanz;**

I have two questions. You mentioned your cooperation with Google. Roche does cooperate with Google in getting more information about patients' needs. So wonder could that be an option for Nestlé to cooperate with Google in getting information for customer needs?

The second one would be, you concentrate strongly on the healthiness of your business. On the other hand, the basis of your business is more or less a lot of unhealthy products. How does it fit together, are you going to change anything there? Thank you.

**Paul Bulcke, Nestlé S.A., Chief Executive Officer;**

Patrice, maybe a word or two on Google? You have been behind this fantastic KitKat/Google relationship, but the relationship with Google is much broader than that. Then patients' needs and some ideas about digital and collecting data.

**Patrice Bula, Nestlé S.A. Head of SBU, Marketing, Sales and Nespresso**

Thank you for the question. I think on Google, of course, what has happened with KitKat was, in fact, the result of, or an outcome, of a deep relationship that we have initiated with them now two years ago, in search for excellence in social media, and especially in search, which is, of course, where Google can bring a lot. So we have several projects with Google in several parts of our businesses where we are working together at finding this excellence in search.

One can be, of course, by deepening the relationship and communication, interaction with consumer, we can service consumer better, being patient, being young mother, or young consumer. This we have done, and this is where they came when launching their new android, which, as you may have known, was always branded with some generic confectionery brand. They ask us if we could do things together for the first time for them and brand a new android version KitKat, which we embraced and we did together, I think, very, very well.

The last count, to give you an idea of the impact was we were close to 1 billion tweets exchanged among people with KitKat android brand mentioned in the tweet. This is on top of all social media happening, promotion and so on that we did together, which was a first in the world.

So that's part of it. That's part of the way we work in marketing, cooperation. We have this with Facebook; we work with Twitter. We work with Google because this is the new way that we have an interaction with consumer; that you enter conversation with consumer.

**Paul Bulcke, Nestlé S.A., Chief Executive Officer;**

Thank you, Patrice. Your second question is Nestlé, you all talk about Nutrition, Health and Wellness. You talk about how healthy your products, etc., and you talk about -- and then you have chocolate, shame on you. That's what you're saying. I don't think that's what you

believe and you want to provoke, and I believe there are not really unhealthy products. You can have [unhealthy products], but we don't have these. It's easy to say you have unhealthy diets, but we should be part of building healthier diets and more understanding.

We have said actually our agenda Nutrition, Health and Wellness goes about first pleasure, balance and understanding. We have to be part of driving these three. Pleasure, because people stay with things that they like. You're not going to force something as being part of people's daily life that he doesn't really like at all. So pleasure's important; that's why we have 60/40. We want to be preferred as a taste.

Second, we have to have balance, this means it has to be possible to be part of a diet, of a healthy diet, but for a healthy diet you need peoples' understanding. So we have to do education. You have to be transparent on the label about the intrinsic qualities and the nutrition of the product you serve. You have to link up with that label through the digital media now and Internet so that you can even go deeper into explaining what the product is all about; how it is made up, what is here, what is there.

Also you have to educate people in Nutrition. We were not educated in Nutrition before. When I was at school I never was. We see that coming in; we are pushing that. We have Nestlé Healthy Kids programme that is just about that. It is nutritional education in schools, and it's not just our programme; we're just driving with the authorities in their respective countries, their programme and building, or educating, children that can go in a more balanced way about a healthier diet. So we bring in, in our portfolio, whatever pleasure we can with more goodies and less baddies.

We are investing an incredible amount of money in how can we deliver preference of taste with less sugar, or less calories in general, or less fat. We have our internal policies that are really driving this agenda, where we're putting in an amazing amount of talent and resources behind just to do that, and it is possible. Science is being created to be able to do that.

So we are definitely a company that thinks about healthier diets in a more holistic way, driving that agenda, which is not only products. It is products, education, transparency, etc., R&D, science, so I think that's a much more honest answer to the question than saying, let's get disengaged from whatever maybe seen as negative. We know it's going to be part of people's lives anyhow, but let's disengage our understanding, our R&D, our science, our knowledge, let's disengage from that category.

I'd rather have a company that says, no, we want to be there. We can leverage our science there too, and bring and be part of a broader dimension of healthier diets and healthier lifestyles. Yes indeed, we accept that we may be criticized for it, but we're going stay engaged. That's why I said engage with stakeholders, in that dialogue.

So we do truly believe that we're sometimes pushed in a corner as – you are a big part of the problem - and I honestly believe, we are rather part of the solution if we work together on this in a more balanced and honest discussion.

We do see an incredible openness of all parties involved in shaping that Nutrition I mentioned in our societies. It's so much part of healthier lifestyles and yet, at the same time, it could be part, if we don't go about it seriously, honestly and responsibly, could be part of driving unhealthier. So we want to be proactive on the first dimension, or being part of the solution.

<b>Questions on:</b>	<b>Latin American performance Nestlé Professional in Europe</b>
----------------------	---

**Robert Waldschmidt, Bank of America Merrill Lynch;**

Yes, just a couple of questions, if I may? You've talked about North America and what's going on there. I was wondering if you could give us some colour on Latin America, given there's been some concerns about slowdowns at market levels there and what you're seeing in market levels and, indeed, within your business, given it sounded like you're seeing accelerations in those regions as well.

And then also, back on Europe, you mention that Professional is not doing so great. Can you give us a steer in terms of is that actually literally negative and, if so, how much? Thank you.

**Paul Bulcke, Nestlé S.A., Chief Executive Officer;**

Well, let me answer that, Latin America. Well, Latin America is still Latin America, this means we see some inflation coming back, some nervousness too in big countries and you know Latin America is basically shaped and made by two countries, Brazil and Mexico.

They have their challenges; Mexico, linked with North America. But I do see that the arguments of labour is coming back, so the factories, the industrial dimension, is taking some new colour and that should give growth in the future.

Brazil has some questioning that they do to themselves and I think rightly so. There are certain things that have to be sorted out. There's some worldwide events coming up too that create some nervousness and some opportunism in certain areas too.

So I feel also these countries and what you see in general, apart from some exceptions, but in general, the democracies in these countries are, in my eyes, the fundamental basics that I believe this continent is going to continue growing.

The political authorities or leadership in these countries have seen that through democracy, through stability, there's so much value to be created. They do still have, in my eyes, in many areas, to do the structural reforms that would allow to have even more growth flourishing through these countries on the longer term.

So what we see though is indeed, some inflation, far from what we've known, but some inflationary dimensions coming back. That is linked in with price increases; linked in also with a more subdued demand which goes hand in hand. I believe that the fundamental balance is still there, though, for growth.

Nestlé Professional has two dimensions. First one which is external. The external one is that a big part of the business of Nestlé Professional, as we had it, was linked with the parts of the world, the developed markets that are subdued, where consumers are cutting on their spending, of going out-of-home, where we were so that is one, so external headwinds.

And internal not headwinds, but internal things that we are doing is we that a few years ago, we defined and said in this huge market that we have, which is out-of-home, we have to pick our battles. We have said we're going to go for branded beverage solutions and really building the capabilities and answers there in a very strong and proprietary way, and then also to customize food solutions, branded food solutions too.

So what we're actually doing is, I would say, one step back to jump better. So actually to see how we build the capability. That's where we are with these two trends combined. That's a little bit what is reflected in our results there. I'm a true believer that we are doing the right things and that we're going to enjoy that Nestlé Professional dimension, which is one of our growth pillars, definitely, we're going to enjoy that in the future.

<b>Questions on:            Impact of Brazilian Currency valuation</b>
--

**Assis Moreira, Folha de São Paulo**

Mr. Bulcke, what was really the impact of the valuation of the Brazilian currency on the business this year?

Secondly, we can expect that Nestlé will increase still more in the price in Brazil since the inflation is getting higher?

**Paul Bulcke, Nestlé S.A., Chief Executive Officer;**

Well, I'm going to answer that because impact on our business well, it's impacting on consolidation too. The Real has lost a little bit of colour. It was one of the stronger ones a few years ago and now it lost some colour, so at the end of the day, although we sell the same or even more things or chocolates or milk, if you consolidate, in Swiss Francs it's less.

So that's how it is. That's something we cannot drive, at the end of the day, but what it does though as mentioned before, it creates, because of the import dimension that you still have in certain areas, it creates inflation. Inflation is translated into price increases.

We had to increase certain prices. We do that holistically in a sense that we try to compensate as much as possible. We are very local producing, so we have actually competitive edge there in a sense our local production capabilities that we have are much more linked to the realities and the dynamics of cost structures of the markets per se or the countries per se.

It would be worse if we were to import everything and Brazil, which is for Nestlé actually, an exporting market, this is not really affecting us directly there in that sense. So we almost produce everything that we sell, with a few small exceptions, everything we sell in Brazil is produced in Brazil. So that is a competitive edge we have.

<b>Questions on: Pricing in Zone AOA</b>
--

**Jeremy Fialko, Redburn;**

I have one question on your pricing in the AOA zone. That sounds like you had a very good acceleration in RIG in the quarter, but your pricing actually turned slightly negative. So really, could you talk about where you're seeing that negative pricing? I'm guessing that Coffee will be where you're getting most of it. And how you might think it's going to evolve, given the fact you have had some quite big currency devaluations and, therefore, would need to put up prices to offset those. Thank you.

**Nandu Nandkishore, Nestlé S.A, Head of Zone AOA**

Yes. Firstly, zone AOA, you have to understand, 25% of our business is developed markets, where the dynamics are similar to Europe, in terms of the inflationary environment. And 75% of our business is emerging markets. In emerging markets, the bulk of our business comes from the PPP segment. And it's the lower population groups which really face the pressure of an economic slowdown and inflation, at the same time.

So what we have chosen to do is to build volumes; is to grow market share; to improve gross margins, and to do this all at the same time that we also drive cash flow and working capital. So personally, I see this as a very positive evolution of our business competitiveness and strength, going forward.

**Paul Bulcke, Nestlé S.A., Chief Executive Officer;**

And generally, I would say we have low pricing, which is -- sometimes we have higher pricing, lower pricing. Pricing gets linked with many factors; the major drivers are raw material prices and costs. But we have very low pricing in general now. Is there a best proof that we are sensitive to consumers' expectations and needs, and how we reflect our cost structures, also our efficiency drives, and all that, into the prices. So I would see that as rather positive.

<b>Question on: Performance of smaller markets in the Emerging markets region</b>
---

**Binta Drave, Exotix;**

I just have one question. You mentioned a recent slowdown in emerging markets. I just

wanted to know if you could shed some light on smaller markets in the EM region, i.e., Africa, and more specifically, Nigeria, just to have an understanding of what's going on at the moment, and what's your expectation for fiscal year 2014. Thank you.

**Paul Bulcke, Nestlé S.A., Chief Executive Officer;**

It looks like, Nandu, quite a lot of interest in your zone, many things happening. But I give that to you. Africa is a continent that we always believed in, very, very early on; many, many years there. We have invested heavily. And it is also a continent that has quite a lot of stories to tell; fascinating, but also, a lot of volatility and turbulence, so --

**Nandu Nadkishore, Nestlé S.A., Head of Zone AOA**

Yes. Thank you, Binta, good question. Across Africa, we see continued growth. That's the underlying story. Now, within that, we, of course, see pressures, as I mentioned earlier, political disturbance, when you take the northern part of West Africa, where safety starts to become a concern. So it's not as easy to reach products and distribute products as it was there earlier. So those effects continue.

In general, inflation or a currency devaluation has an effect also on purchasing powers, so those issues continue. But we know how to deal with that. Our market shares are strong; our market shares are growing. And our business continues to gain in strength and penetration in West Africa, in Equatorial Africa, in South Africa, and also in the northern part of Africa, in Egypt and Libya. We see good acceleration of our business across the continent.

**Question on: Organic growth target**

**Jeff Stent, Exane BNP Paribas;**

Just a very quick question. Is 4.5% around 5%? That's the question.

**Paul Bulcke, Nestlé S.A., Chief Executive Officer**

I don't know, but Versailles is around Paris. Look, around 5% is our commitment, and we'll see where we get.

**Jeff Stent, Exane BNP Paribas**

Okay. Thank you.

**Paul Bulcke, Nestlé S.A.**

Good question, though. A little bit of a strange question for the final question. Is there some other question from the room here? No, it doesn't look like. But anyhow, thank you for the last question.

Once again, thank you for following us and being here for us, for the persons here in front of me. But also, for you watching and following us through the webcast, I really thank you for your interest in our Company. It's always nice to be able to share with you what is in our minds, what is pushing us, what is enthusing us, what is challenging us.

And sometimes we are called – and I take it actually as a compliment, they say, Nestlé is like a *force tranquille*. Yes, it's a compliment, at the same time I say wait. Because if they just could know, the internal competitive intensity we have, and how we really ask tough questions; and how we are challenging ourselves literally, and ourselves collegiately; and how we go and build capabilities; and how we send people out there in difficult places that many of us wouldn't like to go to; and how we find people with their families doing it.

So this intensity, but then also how we have built in this external looking permanently into our way of deciding, of evaluating our actions. That is something we want to share. It's sometimes difficult because we are sitting in this room or in the webcast through these new technologies, and then you look out and you see the lake, and it's all pleasant and nice. Well, I can tell you, there is a lot of intensity that drives these performances. It doesn't come from nowhere. It is driven by people; it is driven by the 340,000 people we are.

So with that, I just want to close here. Maybe you'll say a few words. These new formats, we're going to be open to your comments on them, to see we drive that further. I must say, for us, it's helpful to do it combined because we can really build all messages together, and share that with you with a little bit more time. But I leave a little bit also to your feedback.

**Robin Tickle, Nestlé S.A., Head of Corporate Media Relations**

Thank you, Paul. As usual, we are happy to take any follow-up questions via email or Twitter, and I'm sure you know the addresses. Thank you very much.

**Paul Bulcke;**

Thank you. Thank you, all.

**END OF TRANSCRIPT**