

NESTLÉ S.A.

2013 FULL YEAR RESULTS
CONFERENCE CALL & PRESS CONFERENCE TRANSCRIPT

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

Slide: Title slide

Good morning, ladies and gentlemen. Welcome to our full year results conference here in Vevey. This conference will be held in English, but you can also follow it in French or German using the headsets provided. Or if you're following, watching the webcast, you can choose the right language by clicking on the respective link on the webcast page.

Now let's start. As usual, we will take this slide as read. Paul, you have the floor.

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

Slide – Title

Thank you. Good morning, all. Welcome to our full year results conference. And thank you for your interest in our company, the people here in person, the people listening in via the phone and also the webcast. Good morning to you all.

Slide – Executive Board

I have here on the podium with me, Wan Ling Martello, our Chief Financial Officer, who

shares this podium with me. I have also the whole Executive Board here in front, in the first row. So for the first time, for the full year results conference, we have Stefan Catsicas, our new Chief Technology Officer; and also, Marco Settembri, Head of Nestlé Waters, who took over in December of last year; Peter Vogt, our Head of Human Resources; and Martial Rolland, who is responsible for Nestlé Professional. They will join us for the question-and-answers.

Slide – Title

You have seen the results this morning and Wan Ling is going to give more details, but let me quickly give some comments on them. These are a good set of results. They're a solid set of operational results for the year.

We can talk about the macro environment that was soft, of soft growth, actually below recent levels in emerging markets, and I would say, minimal or no growth at all in the developed markets. And our response to that has been to accelerate our innovation drive. I have been speaking about innovation every time I have been talking to you, but we have accelerated that. And in fact, 2013 has seen an incredible number of new products and their rollouts worldwide. Combined with that we have increased our brand support and that's very important. We have considerably increased our brand support because that's the link with consumers and in difficult times that's the right way to do it.

Also we have assured that our pricing was reflecting the consumer needs in this environment. So we had substantial soft pricing. That all gave us impetus and what you've seen is that our real internal growth got more momentum. That, combined with our structural and our cost savings efficiencies, has enabled us again to deliver margin improvement and also a very strong cash flow.

So we also intensified our portfolio management. We have been talking about that in recent times, and more specifically, the last time I was sitting in front of you. We have done that by putting the right resources and people behind the right ideas, and also by defining and reinforcing our strategic direction that is Nutrition, Health and Wellness.

A few years ago, we started with Nestlé Health Science, where we spoke about extending the boundaries of Nutrition. A few days ago, we communicated to you the creation of Nestlé Skin Health S.A. by bringing in the 50% stake of L'Oréal, of Galderma, into Nestlé. That's, again, a very important step in the definition of enhancing quality of life, which is all about Nutrition, Health and Wellness. What we are doing there is extending the boundaries of Health and Wellness for Nestlé. We can talk about that later. It's a major platform of growth for the future.

That is a few introductory remarks. And Wan Ling, I hand over to you to comment on our results of last year.

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

Slide – Title

Thank you, Paul. Happy Thursday to everybody here, as well as those listening in.

I am going to touch on those highlights Paul has just mentioned, adding more detail. I will take you through our income statement, our cash flow and operational performance before handing it back.

Slide – 2013 Highlights

So on this slide, which is 2013 full year highlights, you will see that it was a challenging year around the world. Our strong RIG of 3.1% reflects our commitment to be competitive in an environment of generally soft commodity costs and also of subdued consumer sentiment. We have grown. And we have grown, thanks to keeping in touch with our consumers, delivering products that are not only nutritious, great-tasting, but also affordable. And we have done so by focusing on efficient operations and profitable growth, reflected in our increase in trading operating profit.

This margin improvement was delivered while we sharpened our competitive edge by increasing our investment behind our brands. You will see on these following slides how our continued investment in marketing, paired with innovations and excellent execution in the markets, contributed to our 2013 performance. Our operating cash flow remained very strong at CHF 15 billion. This was a great year, with a further reduction in working capital, especially coming on top of the exceptional performance in 2012. Finally, our underlying earnings per share were up 11% in constant currencies.

Slide – Trading Operating Profit Margin

I will now take you through some of the key elements that helped deliver this, but let's first take a look at the evolution of margin in more detail. As I said at the half year, we have experienced a soft cost environment, generally in our raw materials. We have been disciplined in delivering efficiencies from our operations.

NCE, Nestlé Continuous Excellence, once again delivered over CHF 1.5 billion and contributed to a 70-basis-points decline in the cost of goods sold. Distribution costs fell by 10 basis points, and admin costs also fell by 40 basis points, reflecting structural efficiencies, including in our pension plans.

We continued to invest substantially behind our brands, increasing the total marketing spend by 60 basis points, with consumer-facing spend up 16% in constant currencies. Our digital spend was also up, up 40%. Our net other trading expenses increased by 40 basis points, and this was mainly due to restructuring.

Overall, we compensated for the many external events around the world that are expected to be part of doing businesses in about 190 countries. We increased our brand support and had a higher level of restructuring, while also increasing our margin.

Our trading operating profit was CHF 14 billion, and the margin was 15.2%, up 20 basis points reported and up 40 basis points in constant currency.

As a footnote, I know many of you still benchmark us on the previous EBIT margin level. There is a better improvement at that level, 60 basis points before currency impact.

Slide – Income Statement

So moving on to the next slide, to complete the income statement. You can see here the net other operating expenses were up by 90 basis points, and this was due to what Paul mentioned, our intensified portfolio management. Taxes were in line with our guidance of 27% to 28%, with the underlying tax rate of 27%. And underlying earnings per share in constant currencies were up 11%.

Slide – Operating Cash Flow and Working Capital

Looking at the group's operating cash flow; it remained very strong at CHF 15 billion. As we commented in February of 2013, the remarkably strong performance we saw in 2012 was likely not to be repeated. However, the discipline across the organization in managing all aspects of working capital contributed to the positive trend, as you can see on this chart. That completes my review of the group numbers. Let me now move to the review of the businesses, starting with our regional growth.

Slide – Regional Growth

First, let me highlight that we have again achieved growth in both our emerging and developed markets. The emerging markets had an organic growth of 9.3%, now representing 44% of the group's sales. The developed markets grew organically at 1%, but our RIG was, in fact, higher at 1.9%, which I think is very, very impressive.

Despite the differences in trading environments across the three regions, our markets have performed well and have delivered a positive, and in many cases, accelerating RIG performance.

Slide – Operating Segments Growth

Moving on to the growth story in more detail, let's have a look at the zones and globally managed businesses. They all delivered positive organic growth as you can see here, with most also having a solid RIG performance.

Slide – Zone Americas

Looking more specifically at the Americas, the region finished the year broadly in line with how it started. A key part of this was the steadily improving RIG momentum in the second half, especially in Latin America. The Zone's growth was delivered in an environment that remained subdued in the North and in an environment that deteriorated in Latin America.

In North America, there was a continued decline in the frozen food category. Among our portfolio, Lean Cuisine suffered the most. Having said that, Stouffer's had a positive growth, benefiting from our focus on improved ingredient quality.

We dramatically reduced our SKUs in Hot Pockets, while driving the brand's growth. And both DiGiorno and Jack's Pizza brands were able to gain share in the declining category. We have worked hard to strengthen our whole portfolio through innovation, such as DiGiorno Pizzeria, Butterfinger Cups in Confectionery and Salad Additions for Lean Cuisine.

Equally, there have been innovations on the Premium side, sort of creating moments of affordable luxury. Häagen Dazs Gelato ice cream for me and you which, I can personally vouch, is super yummy, as well as things like Fancy Feast for cats. You should try the Gelato on our US roadshow. PetCare North America came under pressure, not only because of our Waggin' Train withdrawal, which we talked about during the year, but also due to intensified competition in some dog segments. Even with those two headwinds, PetCare delivered positive, well-balanced growth.

So moving on to Latin America. Dairy had good momentum throughout the year. I've talked about Acticol, if some of you remember in our previous calls. It's a cholesterol-reducing product in Dairy, and I'm happy to say it continues to do well. Chocolate, which is our second biggest category in Latin America, ended the year with double-digit organic growth. Nescafé Dolce Gusto was a particular highlight across the region. And in Mexico, we have adjusted our Coffee portfolio to remain in touch with our consumers' needs with the rollout of 3-in-1 and by ensuring affordable price points across the Nescafé range.

Brazil continued to be a highlight for the region, with good performances in adult cereals and Nescau. PetCare had double-digit organic growth in Latin America, well-balanced between pricing and RIG. Dog Chow and Proplan were among the main highlights.

Slide – Zone Europe

Moving on to Europe. Trends there were unchanged, but we delivered positive RIG. Our negative pricing reflected the deflationary environment seen across the region and our commitment to be price-competitive for our consumers.

Looking at the zone from East to West. The standout performer was Russia with double-digit RIG. This was driven by soluble Coffee, Confectionery, especially Kit Kat, and Ice Cream, mainly due to PPP, which is our peelable banana, Mövenpick and our premium cones. The rest of Central and Eastern Europe faced difficult economic conditions, especially Ukraine and Poland. Western Europe saw standout performance from Britain, the Netherlands,

Belgium and Austria. The continued investment behind innovations, such as Nescafé Dolce Gusto, Nesquik Opti-Start and in the Maggi range, contributed to our growth.

Germany did have a difficult year, especially in ambient culinary. France faced tough comparatives from last year and sluggish market conditions. Southern Europe remained difficult as consumer confidence continued to be low. To finish Europe on a high note, PetCare delivered strong growth across the zone, driven by Felix, Proplan, ONE and Gourmet. The highest growth rates were in Russia, in France, as well as in Germany for PetCare.

Slide – Zone AOA

Next up is Zone AOA. It ended the year stronger than the first half. This was mainly due to the continued rollout of innovations, together with brand support. Increased momentum in both RIG and price contributed to organic growth of 5.6%. This performance is good, given the political and natural challenges the Zone faced in 2013 on top of the economic slowdown across the emerging markets. It also reflects our ability to build competitiveness in the deflationary environment, demonstrated by overall market share gains. Many emerging markets delivered double-digit growth, most notably in Africa and Middle East.

China did slow down, but held or grew market share in most categories. Ambient Dairy delivered excellent results, including adult and senior nutrition in China. There were good performances from Nesvita, Yiyang, and the premium Yinlu congee, and in Indonesia with Bear Brand.

Returning to the Zone, Kit Kat and Milo had double-digit growth, and Nescafé Dolce Gusto continue to be one of the biggest growth drivers in the zone. Soluble Coffee saw intense competition throughout the year. Our response has been to invest behind innovation and to continue our brand support, and to make sure we win this 60-40 taste preference.

In the Zones' developed markets, we saw trade pressure in Australia. Japan, though, continued to be the bright spot where Kit Kat and our Coffee systems are doing especially well. This was due to innovative market execution and the way they have embraced digital.

Slide – Nestlé Waters

Moving now to our globally managed businesses, starting with Nestlé Waters. Nestlé Waters delivered growth across the world despite pricing pressures in Europe and North America, and a market slowdown in AOA. Our international sparkling brands, including Perrier and San Pellegrino, gained share. Nestlé Pure Life, which is now the world's biggest water brand, continued to grow well in the emerging markets.

Slide – Nestlé Nutrition

Nestlé Nutrition. Nestlé Nutrition grew at 8.2%, the main driver being double-digit growth in Infant Formula. The integration of Wyeth Nutrition has gone extremely smoothly and the business performed well. Our Infant Cereal business also had a good year, a highlight being Brazil with our Mucilon brand.

Slide – Other

In our other activities, Professional did have a challenging year, and that's because of out-of-home environment in both Western Europe, as well as Asia.

Nespresso had another strong year of growth. All its core European markets and the Americas contributed.

Nestlé Health Science had a great year, had a good growth. It also continued to build on its ambition to offer nutritional solutions that address disease and health conditions. And the acquisition of Pamlab strengthened its capabilities in the areas of both brain and metabolic health.

Slide – Operating Segments Margin Evolution

Let us now turn to trading operating profit. The Zones' margins reflect an increased level of restructuring, as well as a higher level of brand investment, partly compensated by NCE, which is Nestlé Continuous Excellence. There was good margin improvement in our globally managed businesses. Nestlé Waters' improvement came mainly from efficiencies in manufacturing and packaging.

Nutrition, on the other hand, benefited from the mix effect of strong growth in accretive Infant Formula, Cereals, among other categories.

Slide – Product Groups Growth

Now a very quick look at the product groups. The profile of RIG and pricing, as you can see here, is similar to that of our Zones', with the exception of Prepared Dishes and Cooking Aids where RIG remained flat. Powdered & Liquid delivered a RIG in line with what we've seen earlier in the year.

Here I'd like to take a moment and highlight the 75th anniversary of Nescafé, today present in over 180 markets. We are investing significantly in this celebration, including a new logo, new communication. Consumer-focused innovation has always been central to Nescafé's success, and we have a strong plan of rollout in 2014. Following that commercial break, let's continue with our other categories.

Dairy and Ice Cream saw improvements in both RIG and pricing during the year, delivering its strongest RIG performance since 2011. Prepared Dishes continues to have its challenges and its RIG remained flat. Ambient remains our strongest performer with Frozen under pressure. Confectionery's RIG was driven by Europe, with particular highlights in Russia and the U.K. and Latin America. And the RIG for PetCare accelerated with especially strong performance in Europe and Latin America.

Slide – Product Groups Margin Evolution

Looking now at the product group margins for 2013. Powdered & Liquid Beverages margins was up 70 basis points. The category benefited from a soft input cost environment, as well as operational efficiencies. It also increased its brand investment. This category has been called out by some of you for its low growth in 2013. This was partly because the category had no need to take any price. Here, you see the other side, the flip side of that coin, a big increase in the margin.

Milk products and Ice Cream had higher commodity costs in the second half, and we continue to invest behind our brands. Ice Cream continued to improve its margin. Prepared Dishes and Cooking Aids margin was down 90 basis points as we increased consumer-facing marketing spend on a global basis and implemented restructuring in North America, as well as in Europe. Confectionery's margin decline of 100 basis points was mainly due to increased marketing spend as we discussed in the first half.

And finally, PetCare. The 60-basis-points decline is entirely due to Waggin' Train impact. We also discussed this at the first half. The impact was somehow mitigated by a good operational performance.

Slide – Full Year Summary

So to recap, despite the many headwinds we faced in 2013, we grew. We grew in all of our businesses and regions. We increased our brand support. We intensified our portfolio and our cash management. We delivered an improvement in our trading operating profit margin. We improved working capital and delivered strong operational cash flow. We increased our underlying earnings per share in constant currencies. And finally, we are proposing a dividend increase to CHF 2.15 per share, which is up CHF 0.10.

With that, I would like to hand it back to Paul who will give you the strategic context of our 2013 performance, as well as talk about how we're shaping the company for the future.

Paul Bulcke

Slide – Title

Well, thank you, Wan Ling, and it is promised, we're going to have a Gelato next week when we're over there in the U.S.A. But I would say these are good results, solid results. And they come on top of good results in the past. I want to walk you through what has driven, is driving and will drive our performance over time, and also in the last year

Slide – Driving our performance

It is linked with a very strong strategic direction that you see here in this chart. A strong strategic direction that is aligning our whole organization behind the right drivers and initiatives, and that converges into solid results over time. It creates value for our company. I have shared this roadmap with for several years and that's the strength of the roadmap. We always challenge it, check it over time, but it is consistent over time. It is valid over time, and that is what strategic direction should be.

We have also defined our priorities, and the priorities are guiding us to face the tough environment we have been living in for 5 years, each year with its own characteristics. Last year it was softer growth and less pricing potential. Each year had its challenge, and we picked our priorities. It is linked with making choices, seeing opportunities in the market in despite being hidden behind lots of challenges. It is linked with defining very clearly, in commercial and marketing terms, what the consumer values which means also taking all the consumer doesn't value. It is linked with engaging with society. The link with the company and society that we have structured in a way that is really meaningful to both. Hence the value that the society and the different stakeholders give to our many initiatives, be it the Cocoa Plan or the Nestlé Creating Shared Value concepts or how we link up with the local communities. It's increasingly important in a society that is asking companies to link up with them in a constructive way.

We have embraced digital and what digital does in all aspects of our commercialization, also how we handle our relation with consumers, and then having the best people. That, I think, that's taken for a given. It is not a given, how we drive or attracting, retaining, training, motivating our people and also aligning them behind the right things.

Last year, we spoke about focus areas; areas that we felt, considering the intensity of the new reality that we had to focus on. That is strengthening our portfolio; we have shared with you this portfolio management and how we go about that, not only management, but also doing something with it. It is also allocating resources and mastering complexity.

And it is this combination, this consistency of the roadmap and this combination of priorities and focus areas. And driving that through the organization with the same discipline that we have here in the Executive Board, driving that through to all ranks of the organization, to all geographies. It is the strength of this company and it is what is behind strong figures.

Slide – Nutrition, Health and Wellness

So let me now share with you the most relevant drivers of success today. And the first one is the Nutrition, Health and Wellness agenda. It is the core of our strategy. It is what we are all about as a company. It is one of the strongest value drivers, explained and expressed in profitable growth that is behind our success and our results. It is driving competitive advantage for our brands.

And you see how we go about this Nutrition, Health and Wellness. It goes through our Food and Beverage portfolio with specific Nutrition products. Nestlé Nutrition, that is translating the specific nutritional needs of people like infants, et cetera, into meaningful products. It is linked with our setting up of Nestlé Health Science a few years ago, as I mentioned before. And now it is linked with setting up Nestlé Skin Health through the taking over Galderma.

Slide – Nutrition, Health and Wellness

Nutrition, Health and Wellness is the strongest and most valuable value driver, expressed in profitable growth and margin increases that we have. That is linked with trends in society, the population growth, middle-class building up in the emerging markets. It is linked with the aging population. It is linked with consumers that are more aware of the nutritional dimensions in their lives and what that means for the quality of life. And that linking up of all these different dimensions is what Nutrition, Health and Wellness is all about.

We are about giving our consumers best-tasting products with nutritional profiles in each of our categories, and that is driven through different dimensions. It is driven through products and R&D. And I cannot stress enough the importance of our 60/40+. It is something we have been talking about for quite a while, and sometimes, we forget. But that is the most important tool and mind-set that drives the Nutrition, Health and Wellness agenda in this company. It is bringing into what we are, the brands we have and the products we have everywhere in the world, these arguments and these benefits. We want to churn our portfolio, each product, each brand everywhere, wherever in the world, through that process of checking on taste and be preferred in taste, and yet, at the same time, having arguments on Nutrition, Health and Wellness. And that is a tremendous effort, where quite a lot of our R&D is focused. It is this permanent momentum that fits the arguments to our product of portfolio and our brands and it gives our competitive advantage.

Last year, we have reformulated 8,000 products, just last year. If you add it all up, 1/3 of our products is actually in that process. We have spoken about micronutrient fortification. It is

going on continuously. Last year alone, we have delivered 170 billion servings of fortified products in the world, because we have all these products that are potential carriers of these micronutrients. It is a part, an intrinsic part, of our agenda and of also Creating Shared Value as being a positive part of society where you have these deficiencies. And we can do it in a normal, in a natural way. We can build it in in the normal diets of the people wherever they are.

We have also redefined our commitments to the levels of salt, sugar, trans-fatty acids and also saturated fats. You'll find them on the website, very public. It is something that is committing us towards society. It's committing our portfolios towards these targets. And it is actually driving and conditioning us. Our commitment is to be fulfilled, and that is driving quite a lot of the innovation with quite a lot of research and development to deliver these dimensions. It is framing our portfolio quite drastically.

What we have started also, and very important for the future, are studies. Knowing what people eat, and more specifically, knowing what kids and infants eat because a healthy life starts with a healthy childhood. And we have done studies in the past. We're extending them now with what we call the FIT study, which is Feeding Infant and Toddler study that we did in Europe and the United States, which is looking at what kids from 0 to 4 really eat. We have extended now these studies, which are standardized so that we really can use it and also share it with authorities. We have now rolled it out in Poland, Russia, the United Arab Emirates, China, Mexico, and rolling it further out. So that's going to give us a mapping of knowledge that we're going to share. But it is also something that is going to teach how we can gear our portfolio towards that important part of our society. We're adding and complementing these FIT studies with the Kids Nutrition and Health study that is for children from 4 to 12, and rolling that out. Last year was the first year where we rolled it out in United States. We are in preparation now for Mexico, China, Australia, France and the Philippines. That's a complementary study to the FIT study, where we're going to know what kids eat from 0 to 12, and what are their behaviours? What is their diet? And it's different in each country and each region, so it is to be mapped worldwide, but it's going to give us a very broad view. It's going to give us also a bridge of relationship with authorities who are caring for health in society. We do care, too. That is then going to be shared in our R&D system to really guide our innovation that is gearing products that are more specific to the specific nutritional needs of this part of the population.

Slide – Nutrition, Health and Wellness

Another part of Nutrition, Health and Wellness is communication. Again very simple straightforward things. We have been talking about our nutritional compass, which is putting together different dimensions; the nutrition table and the ingredients list, in a meaningful way so that our consumers can connect with us. That is on almost all our products now. It rolled out worldwide. We combined that also with the guideline daily amounts, the famous GDAs that we have now on more than half of our products worldwide. GDAs are basically framed in certain areas or certain geographies or are regulated. We are rolling them out because we feel it's a meaningful way again of connecting with consumers and allowing them to make responsible, meaningful choices for their diets. So that is now rolling out worldwide and we have the intention to roll it out to 100% of our products.

We have websites. We have intensified our call centres, linked to digital too, and social media apps are rolling out. All this is to connect with consumers so that they can know what our products are and how they can fit them in in their normal diets.

Slide – Premiumisation

So Nutrition, Health and Wellness is definitely our group's strongest, profitable growth platform. Another growth platform that is combined with this is premiumisation. And premiumisation is expressed in defining more nutritional benefits. It's defined in permissible taste. It is linked with systems. It is linked with services. It is increased personalization. It is premiumisation in different aspects that creates value for our company.

And it is clear that Nespresso is our best example. It is used and abused, and it's going well. We are pushing very hard the worldwide rollout of this fantastic concept that is, through its success, inviting quite a lot of other players, and that is what is motivating to us. We had again last year, very good growth, and we are all focusing in continuing doing that.

Another example is PetCare. Actually, the whole PetCare success that we have, that we see now reflected in Europe and Latin America, and starting to gain momentum in Asia and Oceania and Africa, too, that is innovation based on premiumisation. It is really linking the proposition of Purina towards added value and nutritional benefits.

We have also Perrier, 150 years of Perrier was celebrated with bringing Andy Warhol back and having a limited-edition of pop art bottles and cans, that's a certain way of premiumisation, on premiumisation. Perrier's a premium brand.

We have Kit Kat. Japan, for example, is a good story. Japan is a country where we are growing quite vigorously this year. It's not an environment where growth was natural, and we are growing. And there we're seeing our business through different angles. Kit Kat isn't a Kit Kat is not a Kit Kat, and they have really premiumised this product very strongly, and it is growing. It is part of the Japanese landscape. They opened a boutique where you have to queue for 3 blocks to get in. Just this intrigue of a brand and how you can make a brand that we've all known for over 75 years, how you can really re-energize that through premiumisation.

But also on other products - Nestlé Nesquik, which has been reformulated with less sugar and also with Opti-start, a new branded active benefit that combines vitamins and minerals to give nutrient support to kids, has been relaunched in Europe and has been growing very vigorously. It's part of the growth in Europe, ideas like that combined with others.

The nice thing about premiumisation is this is not only for the big megacities in the developed world. This is also working very well in the developing world. Remember, an emerging middle-class is allowing premiumisation in these areas of the world, too. That's why we spoke about managing the extremes, premiumisation and also the emerging consumer.

Slide – Unmatched product and brand portfolio

So we have Nutrition, Health and Wellness and our premiumisation. We combined that, and it is a combination that helps us to have the dynamics in our results. It is the combination of Nutrition, Health and Wellness and the premiumisation, rolled out through the whole portfolio of Nestlé which means we can be part of people's lives, everywhere in the world, every moment of the day, every moment of his life. That is what drives the success of this company. That is why we are decentralized because these portfolios have to be managed locally, translated locally, although with global concepts, but translated locally. And that strength of that portfolio and these brands is combined with the innovative drive behind Nutrition, Health and Wellness, and premiumisation is what drives it.

Slide – R&D and Innovation to strengthen our portfolio

I have spoken about innovation and I'm going to not drag on long on this. We have reinforced our R&D set up last year. R&D is where we don't save money for saving money or cut costs. We have invested more. We have invested in our PTCs and research centres all over the world, Beijing, Solon, Orbe with our systems technology centre, in Singapore and others. And as I mentioned before, 2013 has been a record year for innovation. And many of them are still to be rolled out further.

But we have things like Maggi Tender Papyrus in Europe, one of these other elements why Europe is growing. A new concept, a special cooking paper where you don't need to add fat and oil to cook very tastefully.

We have, for example, Nescafé Arabiana in the Middle East, which is a typical Arabic coffee, in instant coffee form, showing how you combine localness, with global ideas. We have a SpecialT that we start launching now in Japan, and I really see there lots of upside, rolling out of good ideas.

We have Butterfinger Cups that we launched a few weeks ago and got quite a lot of attention. So 30% of our sales last year was linked to innovation, renovation of the last 2, 3 years. So innovation, renovation is very strongly behind that.

Slide – M&A to strengthen our portfolio

Our portfolio is also managed through mergers and acquisitions. You saw Wyeth Nutrition that we bought a little bit over a year ago has been now embedded very well into the Nestlé organization. It has delivered on its promise. You remember that we said acquisitions always have to make strategic sense. Definitely, it is complementary on platforms. It has delivered on business, and it has actually outperformed our expectations there nicely. And it has also delivered in being so compatible with the value cultures of this company. So a very good experience there and really motivating.

But we have others. We had also Petfinder, the world's largest website for pet adoption, showing again that Purina is not about pet food, it is about pet care. Here again, with added-value services, we are creating premium on top of the normal offerings.

Pamlab is another acquisition that we made, that gives us capabilities in the United States, connecting, through medical food, with a world that we are exploring in an intensified way.

Sometimes, you have to depart from certain brands, certain products, and we have done that, too, when they don't really fit strategically or they don't give us a business enjoyment. We said we have several dimension, but we have then to divest. We have done that with Jenny Craig which was a sizable one, and also with PowerBar that was announced. But that allows us then to put really the people and resources behind the right things that are working for us, and that is what we did. And de facto our SKU management is the same thing, getting rid of SKUs that don't work. And last year we did a clearing, a cleaning of more than 10% of our SKUs, so that we can really put the right resources behind the good SKUs and that work well for us and also the innovation.

Slide – A strong global footprint

We speak about the strong portfolio that is driven by innovation that is driven by putting resource behind the right things that is driven by mergers and acquisitions. It has to be combined with our geographic footprint. A strong portfolio, a broad portfolio has to be combined with a strong geographical presence. We do have that portfolio, not by adding

parts worldwide. We do have a strong portfolio everywhere. That is a strength that we have, how we link up with our consumers everywhere. And we have been there for many years, are linking up with consumers brand links is emotional I know it works and accumulates over years, and we have been there for so many years. It allows us also to be so decentralized because we do have momentum. We do have minimal sizes in all the markets that we are operating in.

Slide – Growing in developed and emerging markets

We are an 'and' company. We have a combination of added value through Nutrition, Health and Wellness, being driven by innovation, renovation, a broad portfolio of brands and products and the geographical presence that we have. That combination allows us to grow everywhere of the world. We have grown in the emerging markets which is 44% of our total Nestlé sales. It has grown 9.3% last year. We have *de facto*, as fast-moving consumer goods, the biggest absolute presence in the markets, that allows us to have organizations and operations that can be leveraged. We have indeed the biggest presence; I'd call it native presence in the developing markets, which gives us this important platform of growth, together with the emerging and middle class.

We have also grown in the developed markets. Developed markets cannot be stressed enough how important that is to us. We always said, we're not going to back off on the emerging markets when we really got into trouble a few years ago. We embraced the opportunities. We looked for them. We've pooled the resources. We increased our brand support. And that has been showing in 1% organic growth. The price was actually negative in the developed markets, in Europe quite dramatically. We have grown 1% organically. We have actually grown 1.5% Real Internal Growth, volume growth, gaining market shares. Actually, in Europe, it was close to 2%, Real Internal Growth that we had. So it cannot be stressed enough how proud and motivated we are by seeing growth and that when we don't have the growth tailwinds. That is linked lots of innovation. And *de facto* the developed world is in many instances the cradle of innovation, renovation. Many concepts that are born in these countries are then rolled out worldwide, and we have quite a few examples of that.

Slide – Driving our performance

So I come back to this chart. The alignment that it gives, the pulling of resource behind the right things, the discipline over time that it gives cannot be stressed enough. And it allows Nestlé to be really uniquely positioned for the profitable growth in the future, for creating value in the future. And we continue our Nutrition, Health and Wellness journey. That is what guides us. That is what really motivates us. We continue building, constructing and positioning ourselves for future growth.

I said three years ago, we are all about Nutrition, Health and Wellness. We have our Food and Beverage category that is what Good Food, Good Life stands for. A few years ago, we extended the boundaries of Nutrition with the creation of Nestlé Health Science that is backed with the Nestlé Institute of Health and Science.

What we have done and communicated to you this week, with the creation of Nestlé Skin Health, is exactly the same direction. It is extending the boundaries of Health and Wellness by bringing in Galderma and really going after specialized medical skin treatments. And we do that on the same premises that Nestlé used to drive growth in the past and will do in the future. It is to be science-driven, R&D-driven, innovation. That you can really build intrinsic differentiators into your portfolio that also creates value for consumers and by doing that also for society.

We are all about enhancing the quality of life and that is what we are looking for. That is what that stands for. That is what we are constructing for the future. Definitely, Nestlé Skin Health is a very strong, profitable growth platform for the future, and we are happy that we're starting to expand in a meaningful area there, too.

Slide – Delivering the Nestlé Model

Now all these dimensions are behind delivering results and to do that continuously. The results have been there for so many years. And 2013 has just been one of these years that, in spite of all, has been an intrinsic building block of what we call the Nestlé Model, which is creating and delivering, in a consistent way, profitable growth, and to do that with a mind on resource efficiency. We have a band of 5% to 6%, and that is what we delivered in the past. That is what we delivered and will deliver in the future. And last year was actually a very, very firm building block that allows us to do that over time. And I feel there, ladies and gentlemen, that we, for 2014, foresee a year that's going to have quite a lot of the same challenges. The developed world is not out of the woods yet, and they're going to have to have work, to work hard to bring national growth back. But we are growing there.

So in spite of all, we're going to grow also in 2014. It's going to be in line with 2013. We see an acceleration of growth coming during the year, but we're going to again outperform the markets. It would be similar as 2013. We're going to do that with around 5% of organic growth and with a big improvement of margins because all the efforts that we have started to do so many years ago are continuously repeated each year.

We're going to have an underlying earnings per share in constant currencies and also capital efficiency. That's the model. That's what we delivered in the past. That's what we're going to deliver in the future, and 2014 is the first year of the future.

Thank you very much, and we are open now for questions and answers.

Question-and-Answer Session

Question on; Premiumisation

Claudia Gnehm, Sonntagszeitung

Mr Bulcke, and I like your word premiumisation, does that mean if you have, for instance, Kit Kat, and you premiumised it, is it going to be the same price or is everything going to be a bit more expensive?

Paul Bulcke

I wouldn't express it as expensive. What we do with premiumisation is creating more value. It can be more expensive, if you see it like that, but it's going to be still a good deal because you get more from it. So the Kit Kat success in Japan has not been because of premiumisation and pricing. It has done by creative ideas of linking up Kit Kat, for example, with special moments of in the Japanese world's cool growing people. Kit Kat means actually good luck or something like that. So we have used that sound bite which sounds like good luck. We have used that for students doing their exams. We created that emotional link, that's premiumisation, too. Premiumisation is not only adding cost. It is seeing different angles, adding more value for the consumer. If that is linked with more cost, well, we may reflect it in the price, but that's not what I mean by premiumisation per se.

You see a cup of Nespresso and people say 'What else?' because there is a relationship of value that people want they get for it. And that is the whole driver.

If we build micronutrients [into the recipe], we add something. It doesn't per se cost something, but we add something. That is what I mean by premiumisation. And sometimes, it is linked with higher price but not always.

Questions on;	Expansion boundaries Restructuring the portfolio in 2014 L'Oréal sale
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Holger Alich, Handelsblatt Ueli Hoch, AWP

Two questions if I may. First of all, about expanding the boundaries of health, expanding the boundaries of nutrition. With Galderma, some commenters say that this is really out of your core business because it's really more in the business of pharmaceutical companies. So I'd like to know what is for you something beneath that new boundary? So for example, Novartis, just as an example, wants to sell perhaps this OTC business, when that comes then people will say, okay, this is really out of our boundaries. You can tell its knowledge business, it's enhancing the health of people, so because it's quite, well, imprecise that boundary, I would just like to know for you, where is the red line? Where do you say that this is something you won't go in? First question.

And second question concerning the restructuring of your portfolio. There has been lots of action in the last couple of weeks. Will that continue at that pace in 2014? And or are we yet to quite advance, so just a little bit colour on how far we are in that process?

And just come back to in that question on L'Oréal. Mr [Brabeck-]Lemathe made the remark that L'Oréal the participation is strategic but financial, so does that mean now after this transaction, you won't sell anymore stocks of L'Oréal in the next 12 months? Just to have a clear answer on that.

Paul Bulcke

Well, first of all, the expanding the boundaries. We are about enhancing the quality of life. We have said we want to be the Nutrition, Health and Wellness Company. And we have focused on our Food and Beverage business, and we have broadened this whole Nutrition, Health and Wellness dimension through many areas, with 60/40+. I abuse the mind-set we have there. But that is what brings it to really drive our nutritional arguments that bring Health and Wellness through Food and Beverages. That is what we are. That is what we were. That is what we're going to be also in the future, and that is what we embrace.

Now we have said also with new science, new technologies, new needs in society, you have to see the opportunity of these trends. That's why we built, three years ago, Nestlé Health Science. Why did we build it only three years ago and not twenty or a hundred years ago? Because the conditions were not there, society was not there. The healthcare system was not really showing signs of fatigue, in the sense of how do you finance it all.

Is corrective therapeutic health the right equation for societies at large or can we start embracing more inclusive health? By lifestyles, by having more knowledge about health and nutrition, by knowing also and using science to give and to make relationships that were not possible to make in the past because the science was not there. That is why we set up Nestlé Health Science, three years ago because we felt the conditions were there. The need of society, the awareness of inclusive health and how it can help to be a much more efficient

and cost-efficient way of having healthy societies. It is not to get sick; it is to keep people healthy.

That is what we have been looking into. That is what we are building. And that is linked with science, a lot of science that do have certain elements of the healthcare sector because if you're going about personalization well then you have to have diagnostics. If you want to understand how molecules interact with the human body, then you have to have other platforms that we were not so close to. We're bringing them closer, and it makes sense.

The same goes for the skin, and it is the biggest organ in the world for people. It is how you interact with society. It is how you feel quality of life. There are medical conditions of the skin that are have therapeutical dimensions that need a lot of deeper R&D. Galderma is a very R&D-driven organization with a good part of their sales linked with R&D.

It is clear that we, as a company, are increasingly, through these dimensions, through deepening our R&D, even in Food and Beverages, are a company that starts to be more and more R&D-driven. I see an upside there in the sense of knowledge gives answers. Answers give solutions. Solutions are valuable, profitable growth platforms. That is what we see in this whole extending the boundaries of Health and Wellness through Galderma, through Nestlé Skin Health.

So it is indeed, looking round the corner, and seeing value coming in a society that is increasingly defining other needs. You see in the world, the skin and skin health coming up very prominently as one of the biggest growth drivers in that area. We want to be part of that. That is playing with the same equations of R&D, innovation, seeing a little bit further than the nose and seeing these platforms. There is a lot of strategic compatibility there.

Now on the portfolio restructuring, yes, we have intensified. Yes, we have brought discipline. We've got a portfolio tool, a management tool framing. We have created discipline behind it. We have some more visible dimensions and expressions that are creating to the outside world a much deeper intensity.

We have done that to a certain extent permanently and I would say SKU management is an action that is very close to portfolio management. It is performing. We have been doing that. 2014, we keep on going. We always said we're going to maintain. This is not a one-shot tool that we use once, see what comes out and then park it. It's going to be built into our business planning, locally and globally. It's something that we're going to use permanently and it's going to have the same consequence.

We are testing each product in a defined geography. And we have defined 1,800 products, cells we call it, which is a category in a market. We are testing them, 1,800 of them, and that is something that drives our decision-making. A good category we invest, or we fix it or we divest. These are the 3 equations that came out, and that's going to be a permanent thing.

Now you speak specifically about L'Oréal and the figures are out. I'm not going to get into the details of the specific deal. But we stay with 23.3% in L'Oréal, that is a sizable participation, and it has been said very clearly. We are 40 years-plus linked with that company, and that is a very interesting financial, but also strategic participation we have there. And we have been a very loyal and very constructive partner in this company, and that is projected to continue like that.

Question on;	Effect of recent political turmoil in emerging markets
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Ueli Hoch, AWP

Could you just give us a bit more colour on how the political turmoil in some emerging market countries and turmoil in some emerging market currencies as well in the last weeks did or do affect your business?

Paul Bulcke

First of all, when you have devaluation -- and we consolidate in Swiss francs, we have less Swiss francs, but that's an impact that we have. And we see so much of the colour coming back of the famous periods in the 70s, 80s of certain continents like Latin America, inflation. And you see some of that coming back to a certain extent. And there's lots of volatility and nervousness on currencies with the Turkish and the Brazilian and the Indian rupee, et cetera. So you see that it's coming back.

How we handle that is linked with our decentralization. We have our factories in every country, give-and-take 90% - 95% of what we sell locally is normally produced regionally or locally. So we have a certain natural hedge there on cost base in the sense of local raw materials. So that's the reality if you go local, buy local.

When you add it all up, yes, indeed, you're consolidate less when you have some currency fluctuations now, but that's how it is. Last year the foreign exchange had an impact of 3.7% negative, again, in consolidation. And it has some shifts, so it affects us in margins sometimes. It depends on the mix and where it happens, and last year, it was 20 basis points affecting our margin. That's why we have actually constant currency, 40 basis points-plus. But these are the impacts on consolidation.

What we have to see, though, is the volatility and also the political turmoil and how the drive of the emerging markets may soften. The emerging middle-class, starting in many countries, which we have embraced, the 1 billion emerging consumers that we have embraced, how fast that's going to continue, how solid that's going to be?

But again that's our strength. We are present in all countries, with operations, with local decision-makers that are aligned but are adapting our offerings, are sensitive to what's happening in these countries. We can change and profile our portfolios and shift priorities, and that's how we react on these things.

I remember well in Latin America, we had inflation. I lived in a country that had an inflation of 1,000% a month, but we were successful, and we were linking up consumers, and we were adapting. And that's what I mean our geographic footprint definitely is a competitive advantage. An adapted portfolio, not 1 product that is global, that is not adapted. We have adapted portfolios and a combination of products, that's the strength that we have.

But it's tough sometimes. I must say when our anchor factory in Syria last year, February, was it, was blown apart and is not operational. We had in that country, with 600, 700 people, that was an anchor factory, means a factory that was also serving a region. And in 1 day, it falls apart and we stayed until the factory was blown up, but we stayed. Many would leave. We stayed because we are local. We have people who are staying and rewiring, re-adapting, -- they're living in a very, very unhealthy environment but they stayed. There are 600, 700 people, their livelihood depends on it, but it was blown up. But these are setbacks that are very important. But then, again, there's rewiring, investing in compatible factories close by, that's how it is. But if you add it all up, we have a little bit of what I have said a natural hedge of diversity in portfolio and diversity in geographies, combined with fantastic people in the front lines.

Wan Ling Martello

The other thing to what Paul touched on, I know it's top of mind for a lot of investors, is you said that you've been in Latin America for so many years. People forget, we are a company that's about to celebrate 150 years in a few years' times. We've been in many of these markets many years. We celebrated 90 years in Brazil a couple of years ago. And so we've been there, done that, got the t-shirt for it. So yes, is it an issue? Of course. But is this something that our people have dealt with? Absolutely. So the sky is not falling, Rome is not burning, so we're going to be okay.

Paul Buckle

It doesn't help though.

Questions on;	Forecast for organic growth Interesting areas for mergers and acquisitions
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Thomas Mulier, Bloomberg News

Regarding your forecast for organic growth, where do you see -- or what's going to improve in the second half compared to the first half? And my second question is, in terms of mergers and acquisitions, what areas would be the most interesting?

Paul Bulcke

You're really curious there. On our organic growth, we just see the comparative base, the dynamics of where we have programmes, we have promotion, we have innovations, renovations, and timelines. And when you add up, our projection, internal projection is that we see it more geared towards [the second half] we have to deliver good growth in the first half, too, but we see it with more momentum because of actions, because of comparatives. And again, it is an accumulation of all these different geographies and initiatives that gives us that impression and we want to be aligned there. That's why.

Thomas Mulier

Is it more value-driven or more price-driven?

Paul Bulcke

Well, the pricing is very soft, we have said that. And that's why the 4.6% that we have last year is basically because there was no pricing need. Although if you see our raw material basket were still some things that went up because we have coffee down, but we have milk that went up. So and if you add it all up. But much less down.

In certain region, we have negative pricing, which was translating the needs of the consumer and the sensitivity to that and the dynamics of the markets like in Europe was negative. So it was low, and we may see some momentum coming back there, too, and that helps. We don't see it coming now. We see it coming in the latter part of the year. So it is a combination of all that, but pricing is part of it, yes.

On M&A. M&A is something that is part of our equation and a tool that we have and dimension that we use to grow, and to prepare or invest in profitable growth platforms. We have always said we have this dimensional bolt-on that we're always going to be looking for. We are present in the world and in the world, you have many small and big opportunities. And the small ones are as important as the big ones. More than that, I cannot say and I will not say, but at this part of our growth dimension. But I privilege, definitely, the internal growth of this company because we are present in all these categories. We have all these initiatives going on. We have already expressed a new platform of growth that brings in a world leader already, so it is for us to grow these platforms internally, but with an eye for possibilities outside, too.

Questions on;	Pricing environment
	Galderma

Celine Pannuti, JP Morgan;

Yes. My first question, it's to rebound on the pricing commentary. Wan Ling, you said that talking about Asia, there was a discretionary environment. And can we, and I know it's going to be difficult too maybe on a global basis, but can we have a bit of a feel for what the pricing environment is? And maybe can we differentiate between Europe, North America and certain parts of -- and either part of emerging market? And I would say also in the light of the the FX weaknesses that you have seen in these countries, how quickly you think you can absorb that?

And my second question would be on -- sorry to come back on the Galderma question, but 50% of what they do is a prescription drug and does that mean that you are comfortable with acquiring this kind of businesses?

Wan Ling Martello

Yes, thank you, Celine. In terms of pricing, we've always said this, right. It's pricing is something that's taken locally. We do not sit here in Vevey and dictate what pricing action need to be taken. And depending on categories, depending on geographies, it very much vary. And you see the dichotomy, especially at H1 last year, where we had pricing. We were able to take pricing in Latin America because the currency situation even though the underlying raw material cost went down. And so if you're specifically interested in pricing in Asia, I can ask Nandu to give you some colour.

Celine Pannuti, JP Morgan Chase

Not specifically pricing in Asia but overall, your ability for pricing in the current economic environment, and I would say many region of the world where you operate are seeing lower currencies, and whether you have the ability to pass on higher prices?

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

Celine, let me take this question. I think Wan Ling's answer was pretty accurate. And indeed, in the specifics of what you're referring to, over the last 10 to 12 weeks, we have seen a lot of currency devaluations across Asian markets and Middle Eastern markets. We have seen also, at the same time, a lot of cost inflation, specifically in milk solids. So both of these, indeed, put cost pressures. The amount of the pressure is different market to market. And depending on the competitive situation, the decision on how to increase prices, how to manage price points, how to make sure that the consumer shock is minimized and we keep

the underlying growth momentum is a case to case decision market by market. I can confirm that across many of our markets in Asia and the Middle East, we have, indeed, taken price increases where relevant and where required.

Celine Pannuti, JP Morgan

And in developed market because I think there were some price cuts last year. Is that something that will remain for 2014?

Wan Ling Martello

Yes. I mean if you look at developed market, you look at Europe, it's actually -- we see that it's a deflationary environment and there is not going to be -- you saw in 2013, there was negative pricing, and we anticipate the same thing going into 2014. Now U.S. might not be as severe as Europe. But its pricing is not going to be easy in a very -- in a deflationary environment.

Paul Bulcke

And then on Galderma. The Nestlé Skin Health is a platform, is a company that's going to provide the portfolio of science-based innovative products that meet the full spectrum of people's skin health needs over the course of their lives. And if you define it like that, and there is, indeed, quite an important part of that business that is done by a prescription. We don't have a strategy that says, we want to stay out of prescription. Prescription is a platform -- is a way of serving some specific needs that need some professional systems, and that's what prescription is about. Well, actually, it is the best expression of some proprietary, deeper science-driven and science-based innovation potential.

So the same thing is going to happen with Nestlé Health Science where we're going to have a prescription dimension channel. So that is again, the best expression of we are an 'and' company. Yes, indeed, brings complexity, yet at the same time, I have the fortune not to have to handle it all myself. So you have specialists doing that, and they know what they do and we embrace these channels and we embrace these ways of connecting with consumers.

Somebody who has to have a prescription treatment for his skin is a consumer, and we want to be part of enhancing the quality of his life, so I see that totally compatible with the science-driven, R&D-driven management of this company.

Questions on;	Organic growth Development of Nestlé Waters in North America
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Alain-Sebastian Oberhuber, MainFirst

I have two questions. The first question is about again the organic growth. Probably, you could give us a little bit more why it's geared into the second half because keeping the base effect, is it because we currently see more competition or is it because your product innovation will be geared more to the second half?

The second question is about Waters. Could you give us a little bit more information about the development of Waters in North America, in particular about the local brands and the premium products, what was the development? And also, if these products had margin improvement as well?

Wan Ling Martello

You're exactly right. There are a couple of dynamics going on beyond just -- if you look at the quarterly split, our expectation is there is some shift in terms of Easter in Q1. In terms of product launches, we are anticipating some product launches that will sort of pick up pace in H2, but in terms of Waters, you want, Marco?

Paul Bulcke

Marco, here is going take up there. In North America specifically, there is indeed a price war going on. And you can engage in price wars. And sometimes, you have to be price-sensitive but you don't jump in a price cliff. And so we didn't engage there. And then it has affected us, it kept our margins. But Marco, yes, specifically, on the specific local brands.

Marco Settembri, Nestle S.A., Head of Nestle Waters

Yes, you answered already the question. In reality, the second part of the question was about the premium brand, the international brands. Perrier and San Pellegrino are doing extremely well in the United States. So the development of these 2 brands in the United States has been extremely good, double-digit growth, so that's a very good element of the improvement that we have in North America.

In terms of regional brands, it's exactly what Paul is commenting here. So we look for profitable growth, so when there is a situation in which there is a real price war, we try to keep market share or to have a profitable growth in order not to lose market share, but we don't just seek growth for that. And then the situation of the market is also is growing, but not growing at the level that was growing in the past.

**Questions on; Growth targets in West Africa
Skin Care products for West Africa**

Robin Tickle

We have a question by e-mail from Wole Famurewa CNBC Africa and Lagos. What are your growth targets of your business in West Africa, and are you considering expanding your West Africa product portfolio to skin care?

Paul Bulcke

Well, it looks, Nandu, you're quite requested today. But let me first say on this, skin care and all. Galderma is present in 70 countries and has 5,000 collaborators, employees all over the world. So they have already worldwide presence. Now I have to see how specific they are there. If there is a market, they must be there, but we have to see a little bit later on. But that's not the highest priority, I would say, now there.

And are we growing in West Africa? It's a fantastic good region. I don't know if you want to give some more colour, Nandu. But it is clear that in West Africa, we have a very deep footprint there. We have factories. And we are in -- in Ghana, we have actually our Shared Service Centre in Ghana, serving the whole region, and extending to the whole of Africa in time. So we have very many years there. We have fantastic management team over there. I remember when Ivory Coast was in trouble; how we had the right people there in place to really rewire the whole business. So I think we definitely are in there for growth together with the countries.

Questions on;	Portfolio review Share buy-back
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John Revill, Wall Street Journal;

A couple of questions. I like to get a bit more sort of colour on your portfolio review in terms of how far are you through it, and how many more divestments or sales do you expect? And then linked to that, what's the plan that you're going to do with the money from it? You got some money from the L'Oréal sale, and then also you said you're going to have a buy back, so is the buyback going to be limited purely to the cash from the L'Oréal sale or more, and when would that be?

Wan Ling Martello

Yes. In terms of portfolio management, I want to, first of all, take a step back. It's not just about divestiture. It's also about where to accelerate. It's important to be doing both. And so when people think about portfolio management, the first thing they always think about is, "Oh, you're going to sell more," but what we've done last year is not only walking away from businesses that we are no longer the best owner for it but also to accelerate investment behind products or categories or geographies where we can win and we can really win, do much better than others.

So the other thing also when we look at portfolio management with the leadership in our strategic business unit, it's not just looking at businesses as a whole but even within those -- that business. And so it's looking at how can we resource allocation CapEx, it's R&D, its people resources. So it's back to 1 of the 6 priorities that Paul had outlined last year -- or 2 years ago in making choices. So it's a broader context and not just saying we're divesting. So that's -- so it's an on-going thing. And it's something that needs to be and has been embraced by our market, our people in the frontline, people who run a category in a certain market. So it's not us sitting here or the executive board dictating which were we need to sell and et cetera.

So in terms of cash, we had in our press release on the Galderma transaction indicated that it's our intent to -- with the cash proceeds from this transaction, it's our intent to launch a share buyback program. We have not obviously communicated the specifics in terms of how much and when. We'll wait to see when the transaction closes and we'll come out with an announcement then.

Question on;	Consequences of vote on immigration in Switzerland
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Jenni Thier, Sonntags Blick ;

I have got a question concerning the outcome of the Swiss vote on Sunday. What consequences do you expect for Nestlé?

Paul Bulcke

Well, Nestlé is a company that is present worldwide and actually do under 2% of our activities in Switzerland. So we have here in this headquarters quite a lot of foreigners, but that's the vote of the people. We have to respect that. So we're going to see -- and I'm confident that they are going to translate that in a workable framing, legal framing. We have to see, but it is indeed a dimension that creates, for the time being, uncertainty. And we are looking to the evolution of that pretty closely, but that's what I can say. We respect the vote,

but it has created some uncertainty and I would invite to neutralize that uncertainty as soon as possible, and I hope it's going to be wisely.

Questions on;	Credit rating and Share buyback
	Organic sales growth

Jon Cox, Kepler Cheuvreux

Now just following up from John Revill's question. You seem to have indicated you don't really want to go back to an AAA credit rating. And you've said -- and that seems to have indicated that you don't really need net debt to go below 1x EBITDA. Obviously, net debt now is at below CHF 15 billion. EBITDA is around CHF 18 billion on 2013. I think some people are probably scratching their heads, wondering why you didn't announce some sort of buyback today, particularly after you've raised CHF 3 billion notes from the L'Oréal disposal. I wonder if you could just give us some sort of clarity on that. Is it because you want to go back to an AAA credit rating? Or is it because you want to keep hold of that cash because you see M&A? Or should we expect buybacks in the future, as you've indicated? That is the first question.

Now the second question, just on the organic sales growth. And I understand what you're saying, but it seems, actually, organic sales growth accelerated in Q4, the emerging market sales actually accelerated in Q4. I'm just still not sure why you think you'll be weighted towards H2 given the comparable base in emerging markets and your organic sales growth is actually going to be a little bit tougher. And I'm just wondering why you've been somewhat subdued in your outlook, saying it would be similar to 2013 given the fact you are seeing this acceleration in Q4.

Paul Bulcke

The first question, "Do you want the money now?" You have to first have it. So we announced the deal where we don't have the money, and so but maybe you can [speak], on the triple A.

Wan Ling Martello

No, Jon, we are not going back to the AAA. We're very happy and very proud, and we're the only one in our peer group company that's in an AA rating. And so that's something we're very proud of, but no intention of going back to the AAA. And no, we will be announcing something on the share buyback. We're very proud of what the organization has been able to do in terms of the cash flow performance from 2013. So like Paul said, people want the money now or just have to wait a little longer, but we'll announce it soon.

Paul Bulcke

And that's also why we have announced it, obviously. We have expressed the intent to have a buyback later on, and that is just showing that we're sensitive to the asks of our investors. And so I think we have always been very mindful and respectful to our shareholders, and we'll maintain that relationship of respect. But it's good to have your feedback on this, there is some urgency.

On the organic growth, as I said, we saw some acceleration coming at the end of the year. They're still in proportion. It is volume driven. So it's good to feel that RIG is having strength. But we do still have plans. We do have innovations. We do have launches. We do have also

comparative basis and see the dynamics of the different paces of the different geographies in the world. We pull them together, and that's what we call a dynamic forecast, and that gives us a more pronounced -- it's not dramatically but a more pronounced growth dynamic in the latter part of the year. That's why. We don't speak from minus to plus, but we speak from softer to stronger. That is linked with many dimensions that are linked with our operations and the launches, et cetera.

Question on;	Effect of possible immigration restrictions on Nestlé investment in Switzerland
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Yutaka Ishiguro, The Yomiuri Shimbun

My question is relating to last Sunday's vote on mass immigration, then it is a follow-up, that you talked about uncertainty created by this decision, by this result. If this uncertainty continues without being solved, do you think that it is having the important impact on the decision of investment of Nestlé here in Switzerland?

Paul Bulcke

Well, these are hypotheses. Again, you have to see how they're going to translate that vote into a law and how that then may affect. And it's clear that we are setting up a new factory of -- in Romont for Nespresso. We projected 350 people. Well are we going to find them? Is it going to be -- we have people coming in from -- coming in here to help shape and to gain experience here without permits, but these are only all speculation from my side. So I respect the vote. It shows something underlying and worries of the society. You have to respect that. You have to actually read, what does it mean this vote. And how do you translate it? But that's the uncertainty we have now. Look, it's not the first time we live in uncertainty, but I would like to see that landed pretty fast.

It's not only that, there is also, what is Europe going to do? That's part of the uncertainty. And we have said, more than half of the production of these -- all these factories of Nestlé here in Switzerland, creating all in all, over 10,000, 11,000, 12,000 jobs, half that is exported. And the biggest export market for quite a lot of these categories is Europe now. And Europe is linked in free flow of people and goods so they're alike. They're in the same line. So that's the uncertainty I speak about, but I -- as I said too, I'm confident we're going to be wise.

Question on;	Changes to Executive board
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Dieter Bachmann, Basler Zeitung

I have a question concerning the change in the board. I mean you have stated that you remain -- will remain committed to L'Oréal. Does this mean that you will continue the cross-involvement by replacing Mr Meyers with somebody else from the L'Oréal or the Meyers-Bettencourt family?

Paul Bulcke

No, what we have communicated is that Jean-Pierre Meyers is leaving our board. We didn't say more than that, so...

Dieter Bachmann

Yes, that's what -- that's why I'm asking whether there will be a replacement from somebody else coming from L'Oréal or the family.

Paul Bulcke

Well, we said what we said because we didn't want to give an answer to your question. But it is what it is and what you read. And Jean-Pierre Meyers, who has been a very constructive board member of Nestlé, is leaving after many years at the board of Nestlé.

Dieter Bachmann

Did he give any reason for that?

Paul Bulcke

Well, there are actually many reasons. First of all, he has been involved for many years. And governance is dictating also limits of age, of number of years, et cetera. And so it's also a decision he has taken.

Question on; Consumer buying power in Africa region in 2014

Robin Tickle

Thank you. We have another question by email again from Femi Adekoya, The Guardian Nigeria in Lagos asking about the prospects for the region in 2014 in the context of customers buying power, which is expected to drop.

Paul Bulcke

Okay, Africa. You're really -- because it's nice to see so many questions from Africa. I say hello to Africa.

Nandu Nandkishore

Thank you, Paul. Look, in 2013, as Wan Ling mentioned earlier, Africa had excellent double-digit growth, so also the Middle East. So we see in the foreseeable future Africa continuing to grow and continuing to be an important growth engine for us. We continue to invest. What you say about purchasing power and inflation is very true, but this is not new, these are conditions we have faced before. We have overcome these conditions and we hope to do so again as we go forward. We do not make specific forecasts by region, as you know. The only forecasts we make are corporate, which were made by our CEO already.

Questions on; Acceleration in Nutrition, specifically in China and Wyeth US Business - weaknesses

Eileen Khoo, Morgan Stanley

Paul and Wan Ling, a couple of questions from me. The first one is on Nutrition. In terms of the acceleration in the fourth quarter, almost 13%, how much of this was driven by Jenny Craig no longer being a drag, as well as your performance in China? Can you just update us on trends in China specifically? I understand you introduced new SKUs at higher price points. And can you also tell us what Wyeth's organic growth was in the quarter? And then secondly, in terms of the U.S. business, I mean, clearly, the whole package to the states has

been under pressure for some time and there appears to be no improvement despite macro indicators going slightly better, and you're seeing this particularly in your frozen business. Could you give us your view on what you think is driving this weakness? Is it the economy? Or is it a somewhat structural shift towards healthy/natural foods? And if so, do you think you have the right portfolio in the U.S. to address this shift? And what are your plans to improve category growth?

Paul Bulcke

Eileen, I try to formulate the question because we didn't have a good hearing here of your question. But the first question was, Nutrition has shown an acceleration of organic growth in the latter part of the year, in the last months, is that also because Jenny Craig went out and was it also because Wyeth came in? And what is the organic growth of Wyeth?

First of all, we don't give all the details on the organic growth of individual parts of it, but it is clear that Jenny Craig not being in the comparative base is helping there. But it is specifically the strong growth of our Infant Nutrition business worldwide. And in specific areas that is coming more true because they didn't have this dimension that was dragging them a little bit down. So the figures are really coming out that are comparative to some competitors. And I we don't normally give the figures specifically on each of the other underlying parts of the business. And I think we can go to the U.S.A. U.S.A. frozen food, it's like not getting the colour back in the category of frozen food. In general, what are we doing? There are different trends, but maybe you, Chris, can...

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

What we speak of the U.S. overall, and Wan Ling talked about it earlier, and Eileen, also you mentioned, I mean the overall environment there is challenging. Demand is subdued. And if we look at our portfolio in the U.S., we were fortunate last year as well as this year to grow both real internal growth and organic growth because of the breadth of the portfolio we have.

Wan Ling first mentioned about PetCare, which is the largest single category that we have there, again through good innovation in a number of areas, gaining good share in cat food and litter as well.

The second biggest area in the U.S. is the one you alluded to, which is frozen food. And there, we participate in 4 segments. And each of those segments has different dynamics. We can say overall that Frozen food is subdued as a category.

But starting with the biggest one that we participate in, which was in Frozen Pizza, which we, as you know, acquired from Kraft in 2010, saw this year actually an improvement. The category last year had declined -- or 2 years ago, it declined like around 4%. This last year was fairly stable. We were able to actually grow share, as we've mentioned earlier, in DiGiorno's and JACK'S.

If you look at -- the second biggest area is Stouffer's, the Frozen Prepared Meals. There, we grew share. We grew both in volume and value. And there, we did it through good value, good products in this particular segment.

Hot Pockets was mentioned earlier. Snacks as a category is growing, we also grew in that category. And there, we did it actually by rationalizing SKUs. I think we cut out around 50% of the SKUs in that category and still grew.

The challenge is the fourth one, and that is in Lean Cuisine where both that segment and our participation in that segment, our share and our volume, actually declined. And there, we're taking a number of actions to deal with that. One is, and we started last year, making sure we have the price-value relationship correct in this segment. We're also addressing this segment through a lot of innovation. Innovation, for example, last year, we had kicked off with the Salad Additions, which are value-added components to salad. This year, we're complementing that with Wrap Additions.

Also, getting into the breakfast category, another segment that Lean Cuisine has not participated in, in the segment of Frozen that is growing. And last year also, we participated and started to participate in this more natural segment with Honestly Good, which we're continuing now to roll out. It's still early days, but this is the way that we're also looking at that particular growth area in Frozen.

So again, just to follow up then on the U.S., if you looked at retail Water, we had growth in Water. We had growth in Nutrition, if you factor out Jenny Craig. Good growth in Coffee: Coffee-Mate, Nesquik. And Confectionery, as we've mentioned earlier, also showed some good promise. So overall, to summarize, difficult environment in the U.S. We don't see this necessarily changing as we move ahead, but our opportunity to grow even in these difficult environments, I think, we have the opportunity to do.

Paul Bulcke

Thank you, Chris. Do you want to say, Wan Ling?

Wan Ling Martello

Let me go back, Eileen, your question about you're trying to get some more colour in terms of Nutrition growth. Paul is exactly right. We do not provide the breakdowns, but I just want to share with you that, the Jenny Craig, the stop period where by the time we sold Jenny Craig, the impact -- the -- is not material on Nutrition's performance. And equally, for Wyeth Nutrition, remember, we only started to have an impact on organic growth starting only in December. So, yes.

Questions on;	Nestlé Model Single Serve coffee performance and Nespresso growth 2013
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Warren Ackerman, Société Générale

I've also got two questions. The first one is for Paul and it's just going back to the Nestlé Models. I mean, obviously, the Nestlé Model is 5% to 6% organic growth, but you've guided to around 5% for the last two years. So I'm just kind of wondering whether 5% is a new Nestlé model. And I'm looking at my own model of Nestlé and I can't remember 2 consecutive years, and even going back more than a decade, where growth could be lower than the Nestlé Model. That's the first question.

And then secondly, could you talk about the competitive environment in Coffee, specifically pricing where we've been seeing a decelerating trend? What are you seeing in single-serve Coffee following the Mondelez launch in Europe? And what was the Nespresso growth in 2013? And did you add the CHF 500 million to the revenue base that you usually target?

Paul Bulcke

Well, first of all, the Nestlé Model. And you didn't find two years in a row in the last 10 years. We didn't ever have, of course, a situation and an environment like this in the last 10, 20 years either. So you have to -- we can all dream. You have to be realistic. And there is no pricing need. We're not going to price where we're getting two levels off. The model is something over time. I say that over and over again. It is a band that we want to walk in over time. In the last 10 years, we did 6.1% and nobody came and say, "Oh, you didn't do it right. You went over the 6%." It was an average of 6.1%.

That's the model. It is to go and aim and gear the organization, "go for the growth" platforms, invest where you have to have the 5% to 6% happen over time, with an acute sense of reality, and that's the Nestlé Model, and to do that holistically, the 'and' company. It is top line and margin improvement, and that combination is the strength. And to do that efficiently with resource efficiency.

Actually, it is what the company should do over time. It is to go for profitable growth and do that resource efficiently. And that's a 5% to 6% because we felt that, worldwide perspective over time, the world is going to grow 3%, 4%. We want to have accretive value on that normal growth because we are a worldwide company, so you're flourishing and going with an environment, but we want to outperform that environment and that's how we get to 5% to 6%. That's the model over time.

And I feel 2013 was exactly that. Considering the environment, considering the soft pricing needs and intensity, that is what comes out. That is what allows us to construct the Nestlé Model over time. That is what we did. That's why I feel last year was exactly a good year, in line with the Nestlé Model over time. And this year, these colours are the same. We're going to do whatever it takes, and that's why we say we're going to grow around 5%. It would not be realistic to push an organization like this, I would say, unhealthily to just be in a range when the pricing or whatever is not there. So that's the health. That's, I feel, also the guiding health of the Nestlé Model. It guides you. And then you have expectations, but it guides also an organization to reality. It's a challenging reality that we want to create for ourselves over time. It is a challenge. It is a target. It is something we work for. It is guiding. And it is something that we do. With an acute good sense of reality. And also, relative to the market, outperforming. Without jeopardizing this near future. You can always force the near future.

We do maintain long-term perspective on things. We are investing heavily, pushing something back on our margins. We are investing heavily for things we're going to enjoy in 5, 10, 20 years' time, like people did before us and that we are having now that enables to do that. That's the Nestlé Model. It is a band, it is a focus on a possibility of 5% to 6% growth with a permanent margin increase. Now why permanent margin increase? Because we are getting more and more added value, more research based, more argument based. And a more volatile environment needs more return. That's also a logical thing.

So I'm really confident. And I'm very -- I'm not at ease. We are very intense. But I am very, honestly, relaxed into the nervousness of getting to 5% or 5.5%, average. Actually, we have done 6.1% over the last 10 years.

And then the Coffee environment, the Mondelez, Nespresso portion coffee: It's a fantastic market. I may give that to Patrice Bula, who has a global view on these things. It's a fantastic, fantastic dynamic market, I must say. So Patrice?

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

I think you have said it. Coffee is probably one of the categories where we operate in and in the food industry that has been the more dynamic, creative, innovating and premiumising

over the last 10 years. And of course, we are very proud to be in the forefront of this, through Nespresso, which is now 25 years old, but also Nescafé Dolce Gusto, but also in Soluble Coffee. So to paint the picture: Coffee is a buoyant, growing and premiumising category in all dimensions of the depths of these categories.

To start with Soluble Coffee, we have seen and we have had, we have talked about, success of Japan, but also in some European market, in a difficult environment where we have had price pressure on Coffee. We have been able also to premiumise with new technology a product called Azera in the U.K and. Koumibaisen in Japan, and getting growth through better cup of coffee and bringing people there. We have also developed specialities product, cappuccino and so. And you will see in 2014 even more innovation to continue to drive this very, very dynamic category.

Capsule coffee is, of course, where it's been the more visible part of this premiumisation of Coffee. You have talked briefly about Mondelez. We don't want to comment about competitor, but just to give you an idea: Today, we have more than 130 systems competing in capsule coffee, of which 90 do claim to be compatible with Nespresso. So I would just say Mondelez is one of it. And while this is a reality, it's a reality that has stimulated Nespresso. We have grown strongly. Last year, we have grown in proportion in Swiss franc at the same level as before. We have opened new markets. We have opened 48 new boutiques. We have opened new distribution channel. So we continue to compete on our unique business model of unique blends, unique distributions channel, unique machines and outstanding services. So some of these 90 big companies and brands will fight on the shelf for a supermarket. We are in direct relationship with our consumer. And I have to say that all of them are seem to be extremely satisfied with us. So look out for more growth. This is a category, and the capsule coffee will continue to grow. I will say also that, if you have seen results of some important brand launching also system in the U.S., so you will see that it's not so easy to succeed. It's not easy to succeed. You can have a brand, but you need also the technology and the system. We are leading in there. We have an extraordinary program in R&D to continue to deliver better products, system and services to the clients.

Paul Bulcke

Thank you, Patrice.

Wan Ling Martello

The -- yes. The other thing that Warren asked: Warren, credit to you for not asking the growth rate of Nespresso because you know very well, 2 years ago, we stopped doing that. But to your question about, did Nespresso deliver against our commitment a few years ago for growing the business at CHF 0.5 billion a year, we are very much on track.

Questions on;	Pension efficiencies
	Growth slow down

Robert Waldschmidt, BofA Merrill Lynch

Two questions. One, you mentioned pension efficiencies as a source of gain this year. If we look at the footnotes in the annual report there, it looks like the service costs have gone down. And in particular, I'm just wondering if you could give some more clarity about that boost to your earnings this year.

And then secondly, when we think about the growth, I mean in terms of second half weighted, you've clearly given some reasons on that. If we just take the first half versus the second half, I mean, clearly, with lower comparators in the first half and then normalizing out Easter, it would still seem to imply that you're expecting some further slowdown in markets. And I'm wondering if you could call out which markets in particular you might be expecting to slow down given it sounds like you're expecting similar growth trends in the U.S. and Europe?

Wan Ling Martello

Yes. Hi Robert and you can actually see on the financial statements that we released today, this morning, you will see, and in terms of pension, there are actually 2 components. There is the Swiss pension plan where we switched it from defined benefit to defined contribution. We also had a onetime benefit in terms of the U.S. medical plans. So that's what's driving it. And you can catch all the details in our financial statements that were released this morning.

Paul Bulcke

So it's definitely a change from one plan to another that has reduced the liabilities. That's why.

On growth, you referred to the fact, Robert, that I have explained already why and all that. Do we see a further slowdown? I mean I see more stabilizing on growth. Europe is not getting better, it doesn't get colour back very faster, starts to smell like deflation, where you have to see what's happening there, I hope it doesn't go in that spiral. North America, that we always say, is bouncing faster back. It doesn't do that this time. It is way too structural, way too profound a problem to have a very fast turnaround there.

The emerging market is growing slower. I think they got a pace that is possible to maintain. I speak in general, country by country can be different. We see some headwinds in certain countries of Latin America but also in Asia. You saw the projections, of China, 7-plus per cent is that we're going to see. But we don't see Africa slowing down, but it's going to be different in different areas. So I don't see our comment coming from a feeling that the world is going to slow down in the second half of the year. No, definitely not. It is more the combination of pricing needs and then inflation in certain countries that are going to go for pricing in the latter part of the year. And a combination of launches and marketing plans that are going to get on stream in the latter part. So basically, that's a combination of factors that induces us to say more geared to the latter part of the -- of 2014.

Questions on;	Input costs 2014 Confectionery margin
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Patrik Schwendimann, Zürcher Kantonalbank AG, Research Division

Paul, Wan Ling, what's your best guess expectation for input costs for 2014? That's my first question. And secondly, regarding the Confectionery margin, it was down 100 basis points last year. You were mentioning increased marketing investments. What should we expect here for the future for the Confectionery margin, some margin improvement from this lower level?

Paul Bulcke

On raw materials, do you want to?

Wan Ling Martello

Yes. Patrik, on raw material, our guidance is low single digit, so for 2014.

Paul Bulcke

On Confectionery, your question, just to make sure that I have the right question, you said that the margin went down?

Patrik Schwendimann - Zürcher Kantonalbank AG, Research Division

100 basis points last year, in 2013. And you were mentioning increased marketing investments. So what should we expect here for the future, any more pressure coming from marketing investments? Or shall we expect some margin improvement from this lower level now?

Wan Ling Martello

Yes. We should be. I mean, in 2013, a big part of it was in Brazil where we were investing in marketing, especially ahead of -- I'm not a sports person, so it's the World Cup? And so that should obviously not be repeated in 2014. We had prepaid spending. That's obviously for this year.

Paul Bulcke

But again, there, it's a combination of things. First of all, this was indeed a heavy marketing spend, specifically Brazil. But also, cocoa prices went up. So there again, the dynamics of pricing, costing, efforts and marketing plans. The fact is the Confectionery has -- in the last years, been driving up its margin dramatically in the last years. And this is not a setback. That's a reflection of investment, which is a reflection of trust in the category.

Robin Tickle

Okay. Thanks, Paul. We have time for the last question from the room.

Questions on;	Effect of Immigration vote on recruitment policy Emerging market performance
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Nathalie Olof-Ors

Two; question. Want to come back on the immigration vote. I think you've got over 90 nationalities represented here in Switzerland. Could you let us know how the immigration for the quarter is now going to affect your recruitment policy here?

And second questions, in emerging markets, some of your competitors have mentioned a rebound during the fourth quarter. Could you give us an indication of how emerging markets have performed with Nestlé and whether the competitive environment is getting tougher in these regions?

Paul Bulcke

On the rebound on the emerging markets, I must say, first, what you saw was quite a -- and we were very early on to see that. You may remember, in 2012, in the 9-month result, we

really felt the emerging markets slowed down a little bit. It looks like we have a very good barometer. Before others, we were talking about that. We really felt that. And what you saw then is like a pendulum and it comes back, but it's not vigorous growth going back to the -- we got used to positive things so easily there, we got higher growth rates. I was the first to say too that, a country that is growing 15% year-after-year, there is always the engine overheat. And why? Because, first of all, it's grow on growth, and -- but also social structures, the mind-set. The fabric of the country doesn't -- cannot fall 15%. So many markets are going back to normal, what I say, sustainable growth levels. And we see that combined with some crises, be it political, social political, in certain areas that affect. Again, it's a basket of things.

What you saw, though, is an overreaction of slowing. And there is some confidence coming back in certain emerging markets. So that could give some, better figures coming in, not of the same level as it was but better than we would expect.

Your second question was immigration, again I mean it looks to be it is -- it was last Sunday, that's why we're asking. But we are indeed 90 nationalities, but we don't go from here to the countries to take people in. It's people working in operation in Nestlé somewhere who come here, who have their experience and who then go back to their relative markets. And so we have a flux of people. Just like me, I'm an immigrant, so ask all the questions because maybe next year I'm not here.

That's why I said, considering the dynamics we have, hundreds of people -- Peter, how many per year? It must be hundreds and hundreds of people and coming in and going back into the markets. And we have factories. There are quite a lot of people who are coming in from other countries, over the board, to work in our factories too.

So we're going to see how that sorts now. But if I trust in the wisdom and the wisdom of the Swiss people to see through the short term and see what is at stake here. Also in the votes, whatever they're going to do in the future, that they see what is at stake there, to see the underlying interrelationships of things. Also in the regulation that they're going to have now to set up on this that they see, and to do that wisely so that we don't actually break something that has gone so well for this country. But I'm really confident that's going to be the case. So it's actually a good note to say. I'm confident on many things.

And I think, with that, we basically are there. I want to thank you all for -- first of all, for your presence, also for listening in and seeing in, for your questions. And yes, indeed, 2013 was not an easy one, but the bigger the challenge, the greater the glory. But 2014 is not going to be easy either, but again, I feel we have invested in the right things. We have focused on the right things. We have defined the right things. And we have understood the challenges ahead, and I think we're going to answer them.

So once again, thank you very much. And well, all of you, have a good year. Thank you very much.

END OF TRANSCRIPT