

Nestlé S.A.

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Speech by Paul Bulcke, Nestlé CEO

Disclaimer

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Thank you, Yves.

Good morning ladies and gentlemen.

It's a great pleasure for me to be here today. As Yves already mentioned, Nestlé is not new in the Middle East region. We have been present here for 75 years, bringing meaningful value to society at large by sourcing locally, creating new local employment, offering nutritious products and helping in the further development of the region.

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

I believe these reasons have also allowed Nestlé to withstand economic uncertainty and deliver a 5.7% increase in sales during the first nine months of this year.

A big portion of our growth has, and will come from emerging markets – and some of these markets are right here in the Middle East - where the population is growing and more consumers will have even greater purchasing power. Indeed, last year alone, our sales in the emerging markets amounted to 35 billion Swiss francs or 35% of our turnover and we expect this to grow to 45% in the next ten years.

The Nestlé Middle East region, with its 200 million inhabitants, holds great promise for Nestlé and we have been seeing steady growth over the years. Last year, our business in the region contributed approximately USD 1.4 billion to the Group's turnover.

We have invested more than USD 400 million in this region since its formal inception as Nestlé Middle East in 1997. These capital investments have contributed heavily to creating local jobs, enhancing technological and manufacturing capabilities, and fostering national economies around this region.

Our product portfolio in the region currently exceeds 60 innovative products in a wide range of categories: dairy products and infant nutrition, bottled water, chocolate and confectionery, coffee, creamers, breakfast cereals, culinary products among others. Cerelac, NAN, Nido, KitKat and Nescafé are just some of the brands available in the Middle East.

Our business strategy in the Middle East is no different to that in other regions or countries: in every country where we operate, we wish to be as close as possible to the consumer and offer the consumer products adapted to their local taste and expectations. That's why our products in this region are 100% Halal - manufactured, imported and distributed under the strictest hygienic and sanitary conditions, in accordance with the Islamic faith.

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

In the Middle East, we have already launched PPPs such as Nido powdered milk 25g sachet, Maggi powder bouillon, Nescafe 3in1, Nescafe Matinal and Tola chocolate bar.

At the same time, consumers in this region are also becoming more discerning in their taste and are able to appreciate the pleasure of premium or luxury products. This is clearly demonstrated with the success of Nespresso and the launch of Maggi premium soup range, Kit Kat senses, Nan 3 growing up milk and San Pellegrino water.

Nestlé's presence in Dubai, through our regional headquarters located in the Jebel Ali Free Zone, has played a key role in the company's success over the past few years. The support we have received from the relevant authorities in Dubai throughout our operational existence has encouraged us to invest in a new manufacturing site.

I am therefore delighted to officially open our new manufacturing facility in Dubai TechnoPark, which represents an investment of 500 million dirham for our company. This facility has a total area of 515,000 square feet and will specialize in the manufacturing, canning and packaging of different Nestlé brands such as Nido powdered milk, Kit Kat chocolate and Nestlé Pure Life bottled water. 555 people will work in this new factory.

The Kit Kat factory here in TechnoPark will be Nestlé's first new confectionery factory to be built in over a decade and will become the third largest Kit Kat plant worldwide. Our new facility will enable us to meet the fast-growing demand we anticipate in this region, even allowing us to export to other countries.

As is true of all of our worldwide operations, we are committed to creating shared value in the Middle East region, both for shareholders and local communities. We have defined this as Creating Shared Value. Creating Shared Value is the expression of our conviction that only by creating value for society as a whole can we create long term value for our shareholders. At Nestlé we focus on three areas where we think we can have a meaningful impact, which are nutrition, water and rural development.

An example of this is the recently launched “Nestlé Healthy Kids Global Program – “Ajjal Salima,” an initiative that aims to entrench nutritional awareness, better eating habits and a more active lifestyle among 9-11 year-old schoolchildren. The program will be implemented starting in January 2011 in Lebanon, and will be rolled out across all Nestlé Middle East markets.

Another example is the Eat Right Live Well initiative that seeks to promote healthy eating and lifestyle habits among families by raising awareness of good nutritional practices. The campaign draws on Nestlé’s world-leading expertise in nutrition research, and has so far been rolled out in the UAE, Qatar, Bahrain, Oman, Kuwait, Jordan, Syria and Lebanon.

Project WET (Water Education for Teachers) is another good example of Nestlé’s Creating Shared Value initiatives in the Middle East. Aimed at promoting water education in the region, Project WET has so far been introduced in Lebanon back in 2006 and will be rolled out in the region as well, partnering with ministries of education to launch the WET educational program into private and public schools.

As you see, the Middle East region is a very important part of the Nestlé business and our continued commitment and ongoing investment demonstrate our confidence in the region. Today, with the opening of this new manufacturing facility which will serve our markets across the region, Nestlé is well positioned to further grow our brands with the Middle East consumers.

I thank you all for being here today, on what is an important milestone for the further development of Nestlé in the Middle East.

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