

## Nestlé nine-month sales: strong, broad-based organic growth of 7.3%

- Sales of CHF 60.9 billion, 7.3% organic growth, 4.1% real internal growth
- Market positions stronger across regions and categories
- Good growth in developed markets; double-digit growth in emerging markets
- Full-year outlook: slight over-performance against our 5-6% long-term organic growth range and we continue to strive for a margin improvement in constant currencies

**Paul Bulcke, Nestlé CEO:** “In a tough environment, we continued to build our capabilities and positions for the future while maintaining strong growth across regions and categories. The constant renovation of our existing product portfolio together with our strong pipeline of game-changing innovations resulted in many market share gains. A high rate of innovation also requires significant consumer-facing marketing support. For the year as a whole, in spite of input cost pressures, we expect to slightly over-perform against our long-term organic growth range of 5-6% and continue to strive for a margin improvement in constant currencies”.

**Vevey, 20 October 2011** – In the first nine months of 2011, the Nestlé Group’s organic growth was 7.3%, including 4.1% real internal growth and pricing of 3.2%. Foreign exchange decreased sales by 15.1%, and divestitures (mainly Alcon) net of acquisitions by 5.7%.

Organic growth of 7.3% for the nine months constitutes broad-based outperformance against the growth rates in our categories and markets. The organic growth was 5.8% in the Americas, 5.0% in Europe and 13.1% in Asia, Oceania and Africa. Developed markets grew 4.0%, while emerging markets achieved around 13.1% organic growth.

### Business Review

#### Zone Americas

Sales of CHF 19.1 billion, 5.6% organic growth, 0.8% real internal growth

- In North America the tough economic conditions and increased pricing led to a decline in consumption in several categories, but new lines like *DiGiorno Pizza Combos*, *Lean Cuisine* snacks, and *Dreyer’s Smoothies* helped mitigate the effects of the slowdown. PetCare saw accelerated growth and market share gains as did frozen pizza. *Coffee-mate* enjoyed strong growth thanks to new varieties of *Café Collections* and a successful launch of *Coffee-mate Natural Bliss*. *Nescafé* also performed well.

- In Latin America the business continued to deliver strong growth. We pushed distribution deeper into the markets across the continent and introduced new product lines. Most categories benefited, recording double-digit growth. Among market launches were *Nescafé Molienda*, a new soluble coffee product with micro-granules in Mexico, and *KitKat* in Brazil.

### **Zone Europe**

Sales of CHF 11.1 billion, 3.8% organic growth, 2.2% real internal growth

- In a challenging environment Nestlé outgrew the European market. In Western Europe there were market share gains in two thirds of the categories. This was achieved by our continued roll-out of innovations like *Nescafé Dolce Gusto* and *Maggi Juicy Roasting* across Europe. France was a particular highlight but there was also good growth across most of Western Europe including Italy, Switzerland and the Benelux countries. Despite the economic crisis, Greece and the Iberian region did well.
- In Central and Eastern Europe, Russia continued to be a tough market, although culinary performed well. Elsewhere in Eastern Europe growth was stronger with Ukraine achieving good results and the Adriatic region growing more than 10%. PetCare performed strongly, with innovations like single serve pouches from *Felix* helping the business build market share.
- Across the Zone, soluble coffee, chilled culinary, ambient culinary, frozen pizza, sugar confectionery and PetCare all delivered good levels of growth thanks to the added value created by innovations. The ice cream category had a poor season and as a result our performance was below our expectations. Strong brand performances included *Nescafé*, pursuing a clear segmentation strategy with products like *Nescafé Green Blend* and *Nescafé 3-in-1*, and also *Maggi*, *Herta* and *Purina ONE*.

### **Zone Asia, Oceania and Africa**

Sales of CHF 11.1 billion, 11.7% organic growth, 8.2% real internal growth

- The Zone's emerging markets delivered double digit growth, and most categories were high single or double digit. We continued to deepen our involvement in the development of Africa, making new investments and expanding our distribution networks to support popularly positioned product rollouts for categories including culinary, dairy, powdered beverages and soluble coffee. In Greater China, South Asia and Indochina we continued to achieve double-digit growth.
- The Zone's developed markets recorded positive growth. In Japan there were market share gains for soluble coffee, chocolate and ready-to-drink beverages. Our *Nescafé* coffee systems, *Dolce Gusto* and *Barista* continued to perform well there and we launched successfully the new *KitKat Black*. In Australia the confectionery, ice cream and PetCare businesses all added market share.
- Across the Zone as a whole, growth was broad-based with pricing increasing over the course of the year. In particular, there was strong growth in ambient dairy with the *Nestlé Nido* brand. *Nescafé*, *Maggi*, *Milo*, ice cream and ready-to-drink beverages also grew rapidly.

## Nestlé Waters

Sales of CHF 5.1 billion, 4.7% organic growth, 3.2% real internal growth

- In Europe our brands delivered growth and gained market share. In France and Belgium the growth in volumes was driven by *Hépar*, *Vittel*, *Perrier* and *S.Pellegrino*. There were gains in the UK, Switzerland and Germany.
- In North America our regional brands came under competitive price pressure, but overall our growth was positive thanks to strong performances from our international brands *Perrier* and *S.Pellegrino*.
- The emerging market business continued to achieve double-digit growth. *Nestlé Pure Life* recorded a strong performance across Africa, Asia and Latin America.

## Nestlé Nutrition

Sales of CHF 5.4 billion, 7.6% organic growth, 5.2% real internal growth

- New products helped drive growth for Nutrition, with the Infant Nutrition division continuing its strong performance both in formula and cereals. Successful launches of new infant cereal products with probiotics and infant formula designed to reduce colic helped achieve the strong growth in emerging markets. Market conditions were tough in the United States. Europe showed continued strong momentum, especially in France. *Nestlé BabyNes* was launched in Switzerland in May. It has showed promising early results with very high consumer satisfaction ratings.
- Jenny Craig remained at low levels in the face of intense competition in the US. The European rollout continued to go well though. Performance Nutrition faced similar challenges in the US but grew well in Zone Asia, Oceania and Africa.

## Other

Sales of CHF 9.1 billion, 11.4% organic growth, 8.8% real internal growth.

- **Nestlé Professional** achieved strong worldwide growth, continuing to introduce innovative products and systems in both beverages and food. Our beverage business was the main driver, recording double-digit growth. Our premium *Nescafé Milano* beverage solution was rolled out to North America, France, Malaysia and Germany, capitalising on its unique branded products, system and service. Launched first in France, *Viaggi*, our new super premium system is now being rolled out to other markets in Europe. Our branded food business continued to perform particularly well in Asia and in Latin America where the out-of-home market enjoyed good momentum. In an effort to stimulate additional growth in Europe, we have introduced *Maggi* bouillons incorporating the latest granulation technology, as well as the second wave of *Chef Jus* and *Fonds* in flakes.
- **Nespresso** continued its strong growth in Europe while the rollout to the rest of the world continued. Four new machines, the *Pixie*, *Lattissima+*, *Aguila* and *Zenius* were launched this year. *Nespresso* is on track to extend its retail network to more than 250 boutiques this year to meet growing consumer demand, with new boutiques opening in locations as far apart as Paris, Johannesburg, Auckland and Osaka.

- **Nestlé Health Science**, established in January, enjoyed good growth and market share gains while at the same time building up its operational capabilities and acquiring *Prometheus Laboratories Inc*, a US firm specialising in diagnostics and licensed speciality pharmaceuticals; *Vitaflo*, a provider of clinical products and *CM&D Pharma Ltd*, a company that specialises in the development of products for patients with conditions like kidney disease and inflammatory bowel disease.
- Among the Group's joint ventures, **Cereal Partners Worldwide** and **Beverage Partners Worldwide** achieved mid-single digit organic growth, whilst **Galderma** grew high single-digit, with strong performances in the emerging markets.

## Outlook

For the year as a whole, in spite of input cost pressures, we expect to slightly over-perform against our long-term organic growth range of 5-6% and we continue to strive for a margin improvement in constant currencies.

---

### Contacts

Media  
Investors

Robin Tickle  
Roddy Child-Villiers

Tel.: +41 21 924 22 00  
Tel.: +41 21 924 36 22

## Annex

### 9 months sales overview 2011

	Jan.-Sept. 2011 Sales in CHF millions	Jan.-Sept. 2010 Sales in CHF millions	Jan.-Sept. 2011 Organic Growth (%)	Jan.-Sept. 2011 Real Internal Growth (%)
<b>By operating segment</b>				
• Zone Americas	19'131	20'951	5.6	0.8
• Zone Europe	11'114	12'156	3.8	2.2
• Zone Asia, Oceania, Africa	11'082	11'437	11.7	8.2
Nestlé Waters	5'084	5'759	4.7	3.2
Nestlé Nutrition	5'412	5'851	7.6	5.2
Other	9'066	9'146	11.4	8.8
Total continuing operations	60'889	65'300	7.3	4.1
Pharma discontinued operations	-	5'109	n/a	n/a
<b>Total Group</b>	<b>60'889</b>	<b>70'409</b>	<b>7.3</b>	<b>4.1</b>
<b>By Product</b>				
Powdered and liquid beverages	13'050	13'220	12.6	7.8
Water	5'089	5'764	4.7	3.2
Milk products and ice cream	12'159	13'095	8.1	3.2
Nutrition & HealthCare	7'188	7'607	7.9	6.0
Prepared dishes and cooking aids	10'045	10'818	4.8	2.3
Confectionery	6'282	6'904	4.4	2.0
PetCare	7'076	7'892	3.9	2.4
Total continuing operations	60'889	65'300	7.3	4.1
Pharma discontinued operations	-	5'109	n/a	n/a
<b>Total Group</b>	<b>60'889</b>	<b>70'409</b>	<b>7.3</b>	<b>4.1</b>

The 2010 figures have been restated for all the changes as a comparable basis. Other changes include the reclassification of Healthcare Nutrition, now part of Nestlé Health Science, from Nestlé Nutrition to "Other", which also includes Nestlé Professional, Nespresso and joint ventures managed on a worldwide basis. In the product groups, "Nutrition and healthcare" includes nutrition, healthcare and pharmaceutical products.