



Good Food, Good Life

2011 Full Year Roadshow

Paul Bulcke

Chief Executive Officer

Jim Singh

Chief Financial Officer

Wan Ling Martello

Chief Financial Officer
Designate



Disclaimer

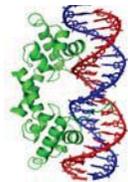
This presentation contains forward looking statements which reflect Management's current views and estimates. The forward looking statements involve certain risks and uncertainties that could cause actual results to differ materially from those contained in the forward looking statements. Potential risks and uncertainties include such factors as general economic conditions, foreign exchange fluctuations, competitive product and pricing pressures and regulatory developments.

2011 Full Year Roadshow



Jim Singh
Chief Financial Officer

Delivering progress sustainably in a New Reality



2011: Strong Full Year Performance

	As reported		At constant exchange rates
Sales	83.6 bn		
Organic Growth	+7.5%		
Real Internal Growth	+3.9%		
Trading Operating Profit	12.5 bn		
Trading Operating Profit Margin (vs. 2010 continuing operations)	15.0%	+60 bps	+90 bps
Net Profit (vs. 2010 continuing operations)	9.5 bn	+8.1%	
Net Profit Margin (vs. 2010 continuing operations)	11.3%	+130 bps	
Underlying EPS (vs. 2010 Group)	3.08		+7.8%
Dividend (proposed)	1.95	+5.4%	

All figures in CHF

Delivering the Nestlé Model in 2011

Former Nestlé Model

Organic growth 5-6%

Increased EBIT margin
in constant currencies

Improvement in capital efficiency

FY 2011

+7.5%

+10 bps

Enhanced Nestlé Model

Organic growth 5-6%

Increased trading operating
margin in constant currencies

Increased underlying EPS
in constant FX

Improvement in capital efficiency

FY 2011

+7.5%

+90 bps

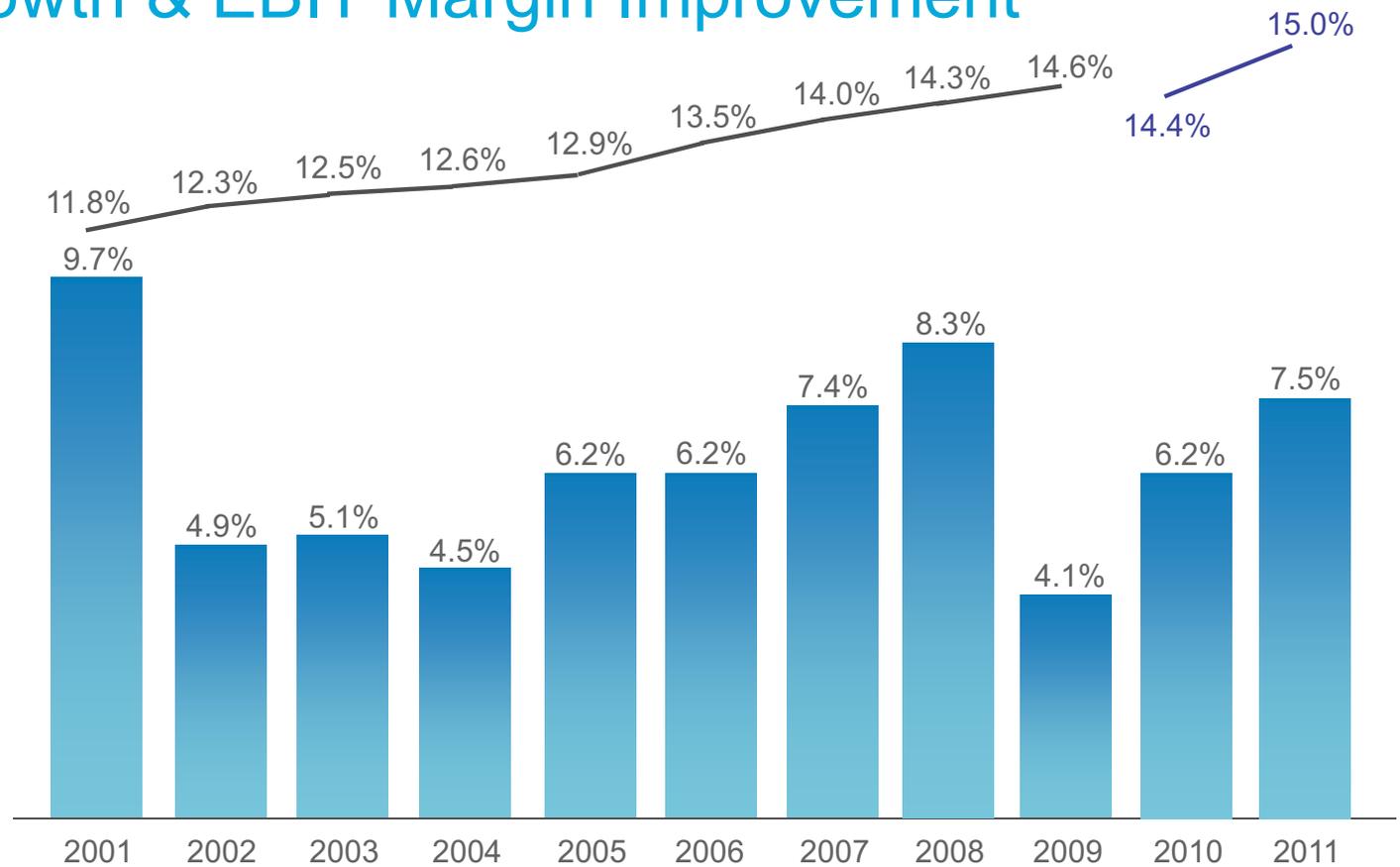
+7.8%

10 years of the Nestlé Model

Driving Organic Growth & EBIT Margin Improvement

10-year annual averages

Organic Growth	6.4%
Real Internal Growth	3.6%

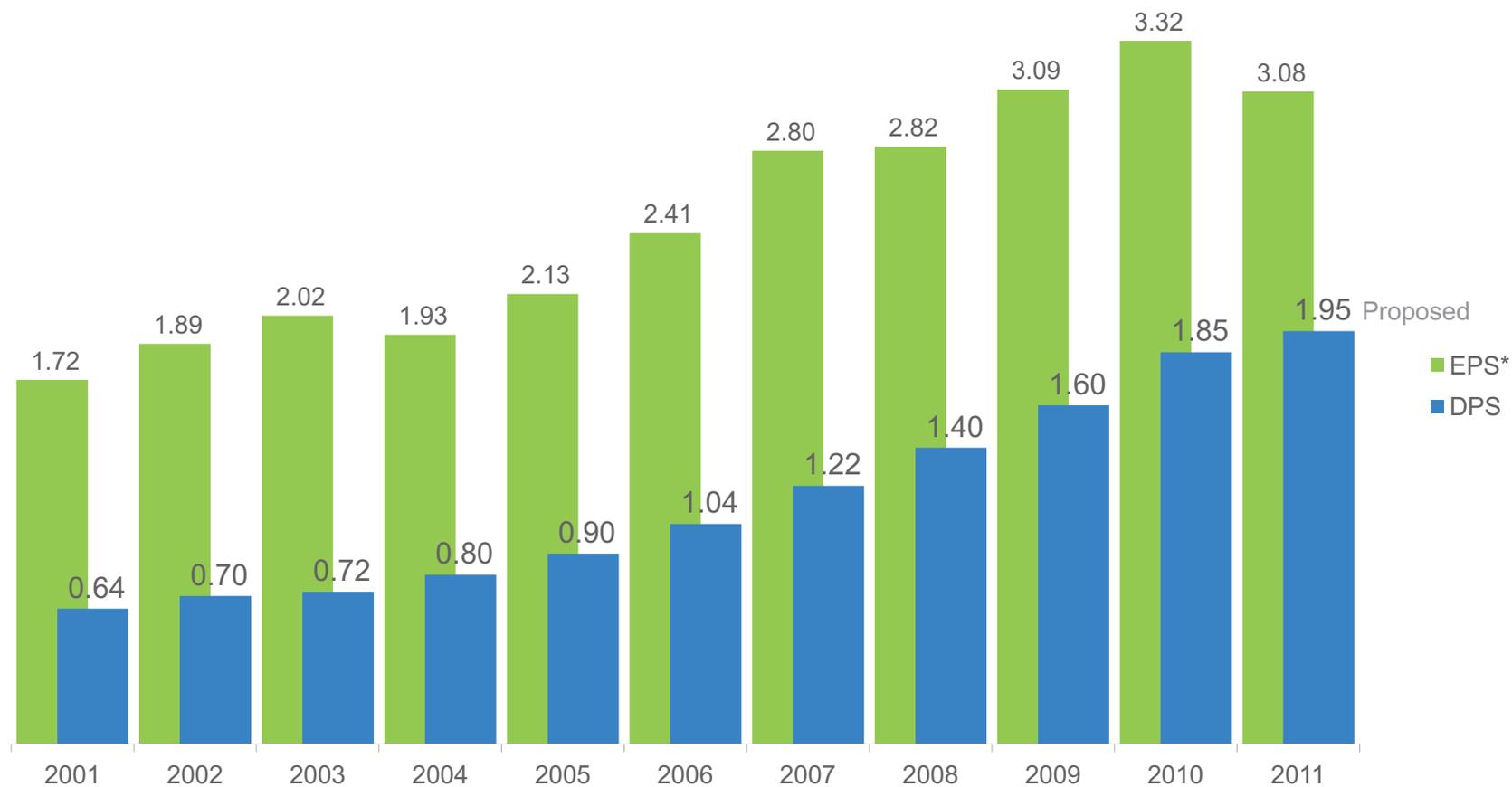


- Organic Growth
- EBIT margin *
- TOP margin

* Before net trading items

Data corresponds to published figures – not restated for accounting changes

Enhancing performance – EPS and DPS evolution



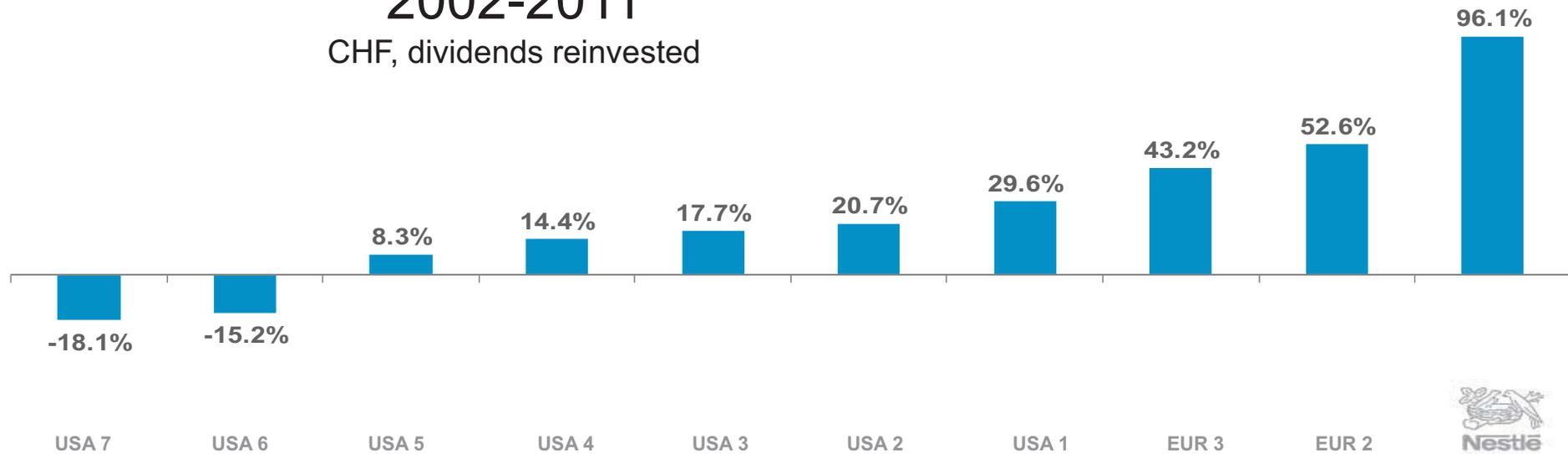
* Underlying EPS, excl. 2001 which is Basic EPS

All figures in CHF

A winning strategy driving superior shareholder returns

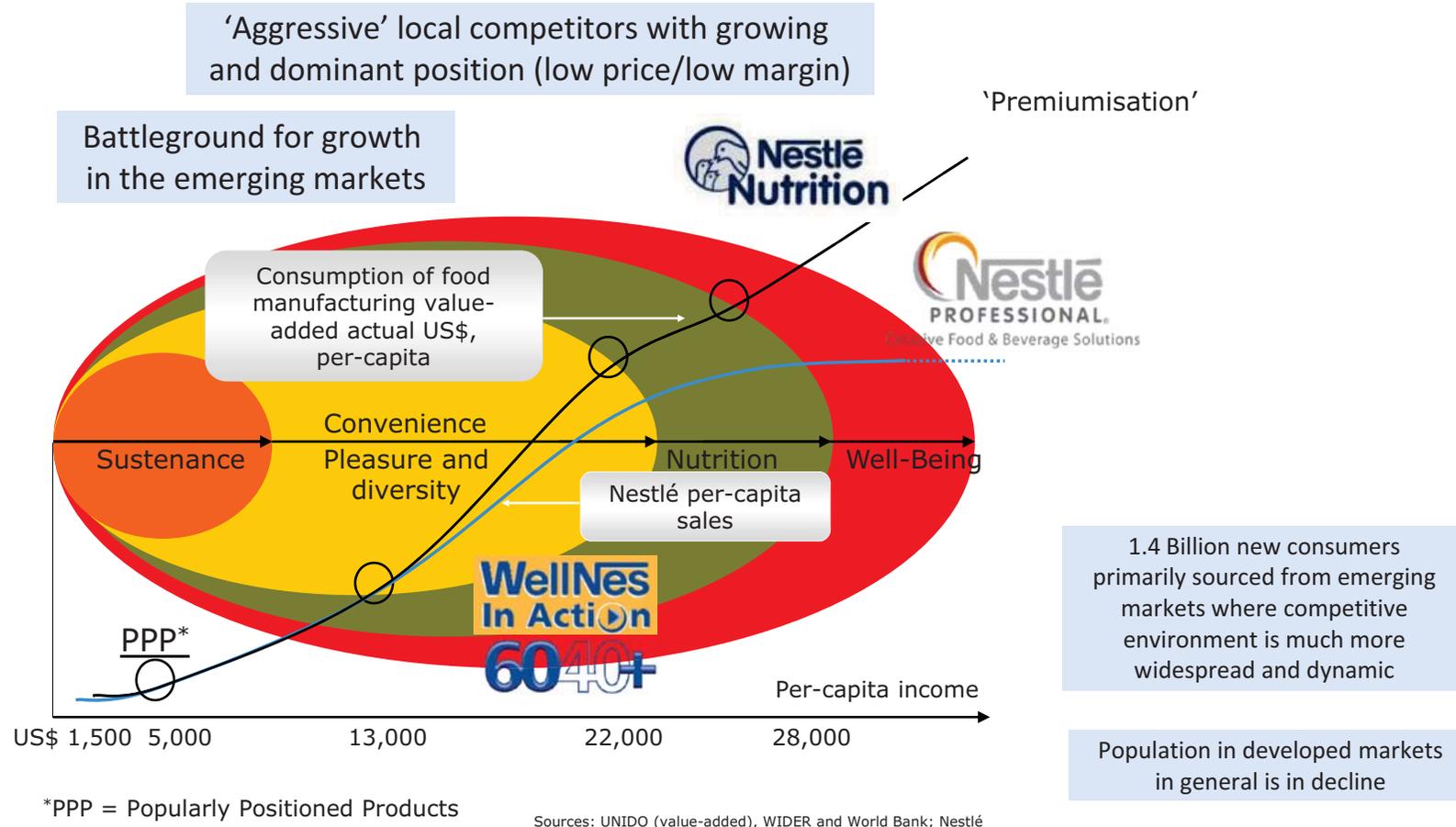
Nestlé SA Total Shareholder Returns 2002-2011

CHF, dividends reinvested



Source: Bloomberg

Growth opportunities – consumers increasingly focusing on Nutrition, Health and Wellness as per-capita income rises



The transformational opportunity

WHAT

Strategic Transformation

From traditional businesses into a Nutrition, Health and Wellness company

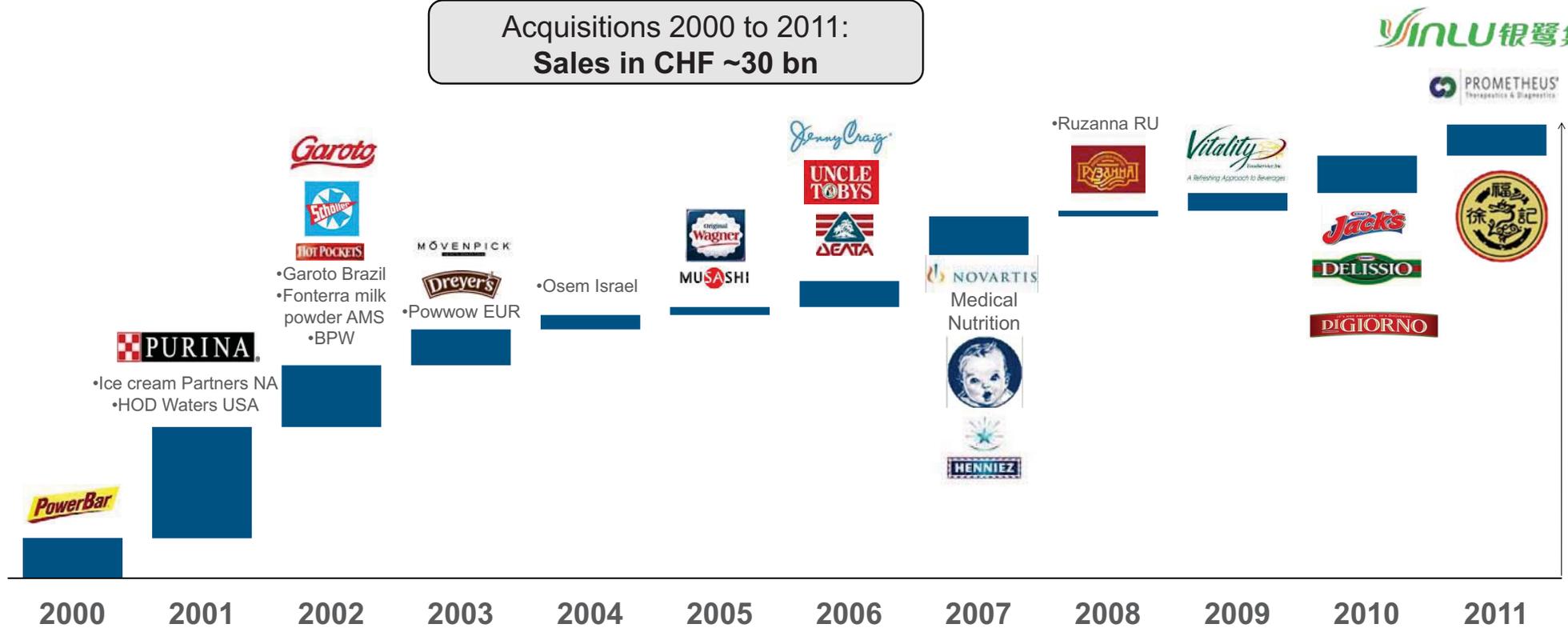
HOW

Organisational Transformation

Create an agile fleet of businesses/markets
Focus on demand generation
Leverage scale through an efficient support structure
Tackle under-performers

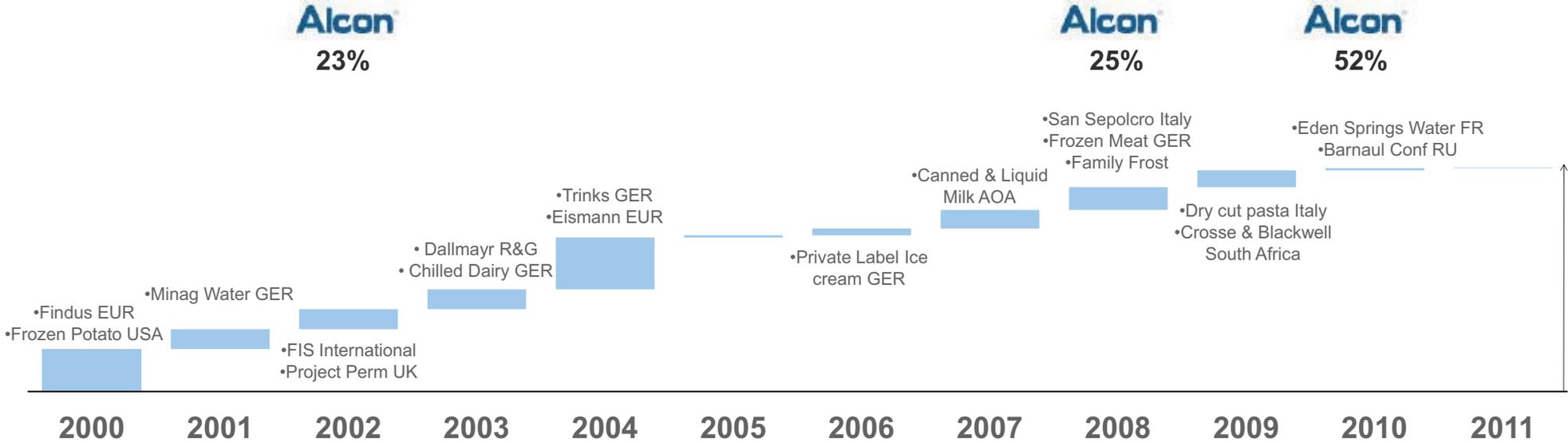
Significant acquisitions added new growth platforms and strengthened market leadership

Acquisitions 2000 to 2011:
Sales in CHF ~30 bn

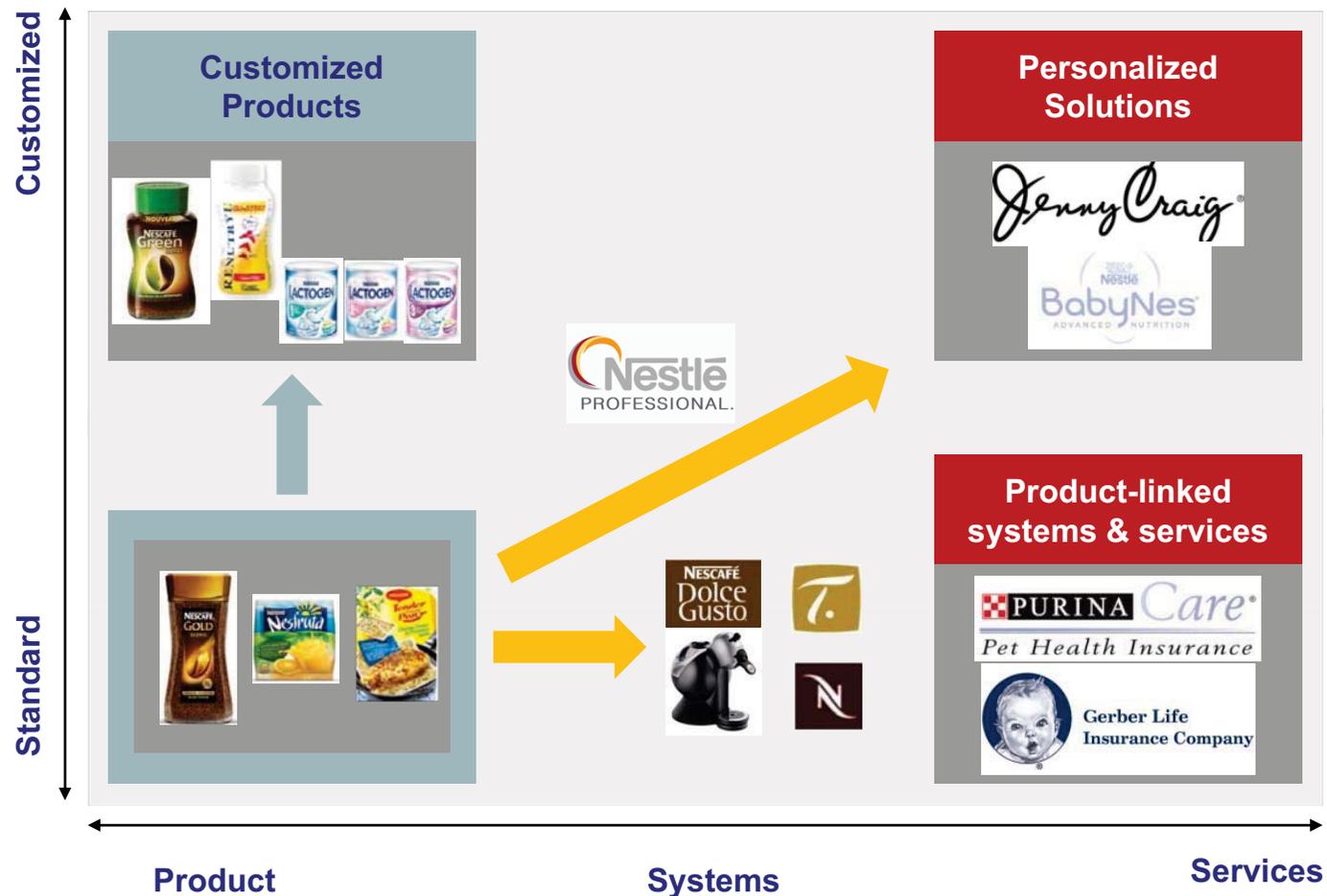


Significant divestitures rationalized the portfolio and eliminated non strategic and loss-making businesses

Divestitures 2000 to 2011:
Sales in CHF ~ -17 bn

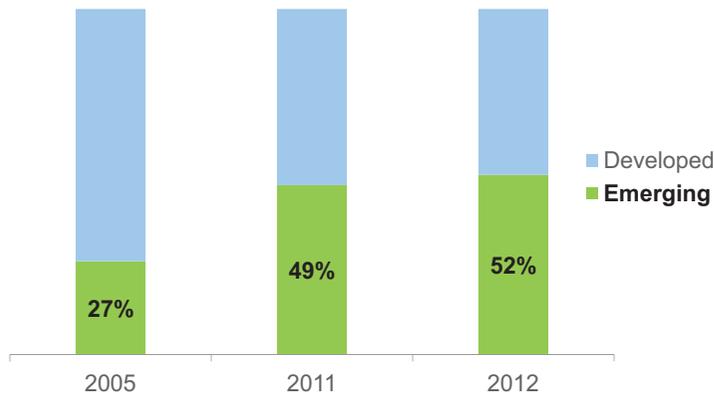


Nestlé Innovation Territory: expanding to new dimensions

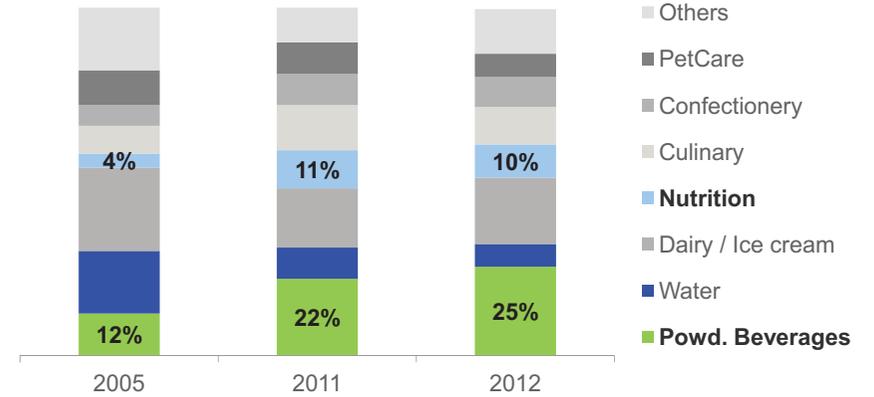


Capital expenditure driven by emerging markets, powdered beverages, nutrition and investments in capacity and new products & technology

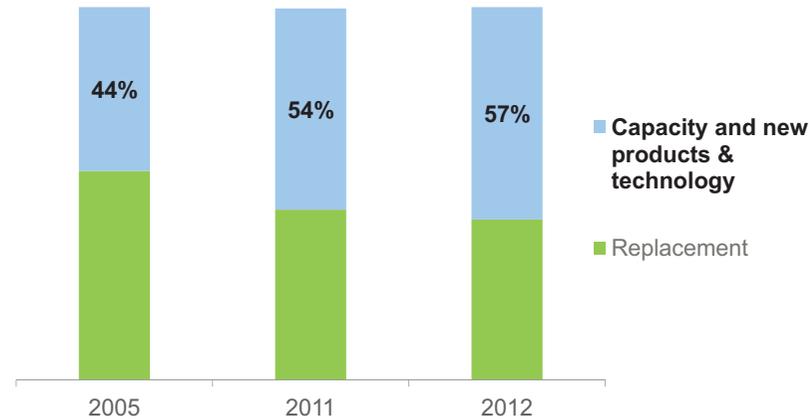
Split by Region



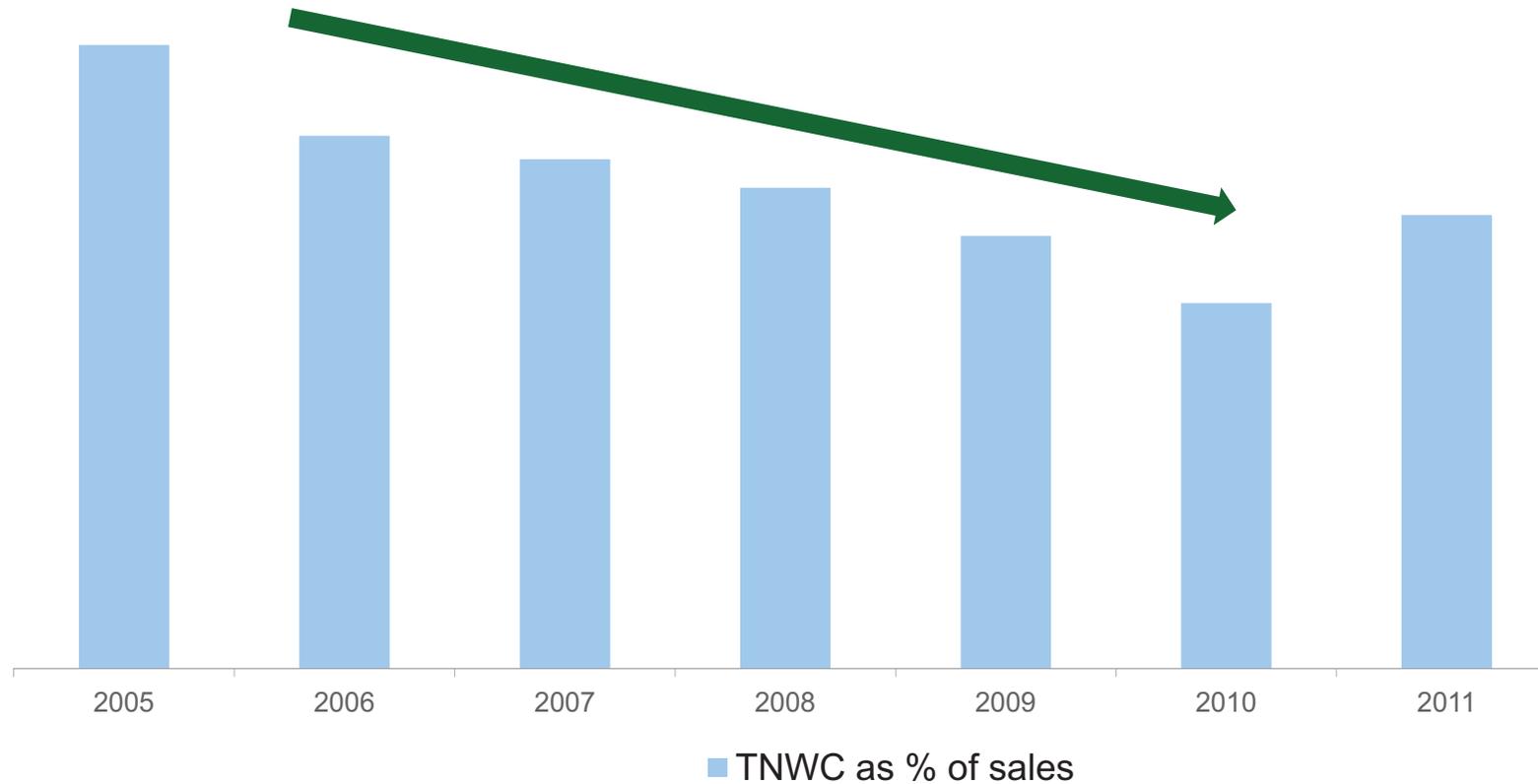
Split by Product Category



Split by Type



Trade Net Working Capital is an area of focus and improvement

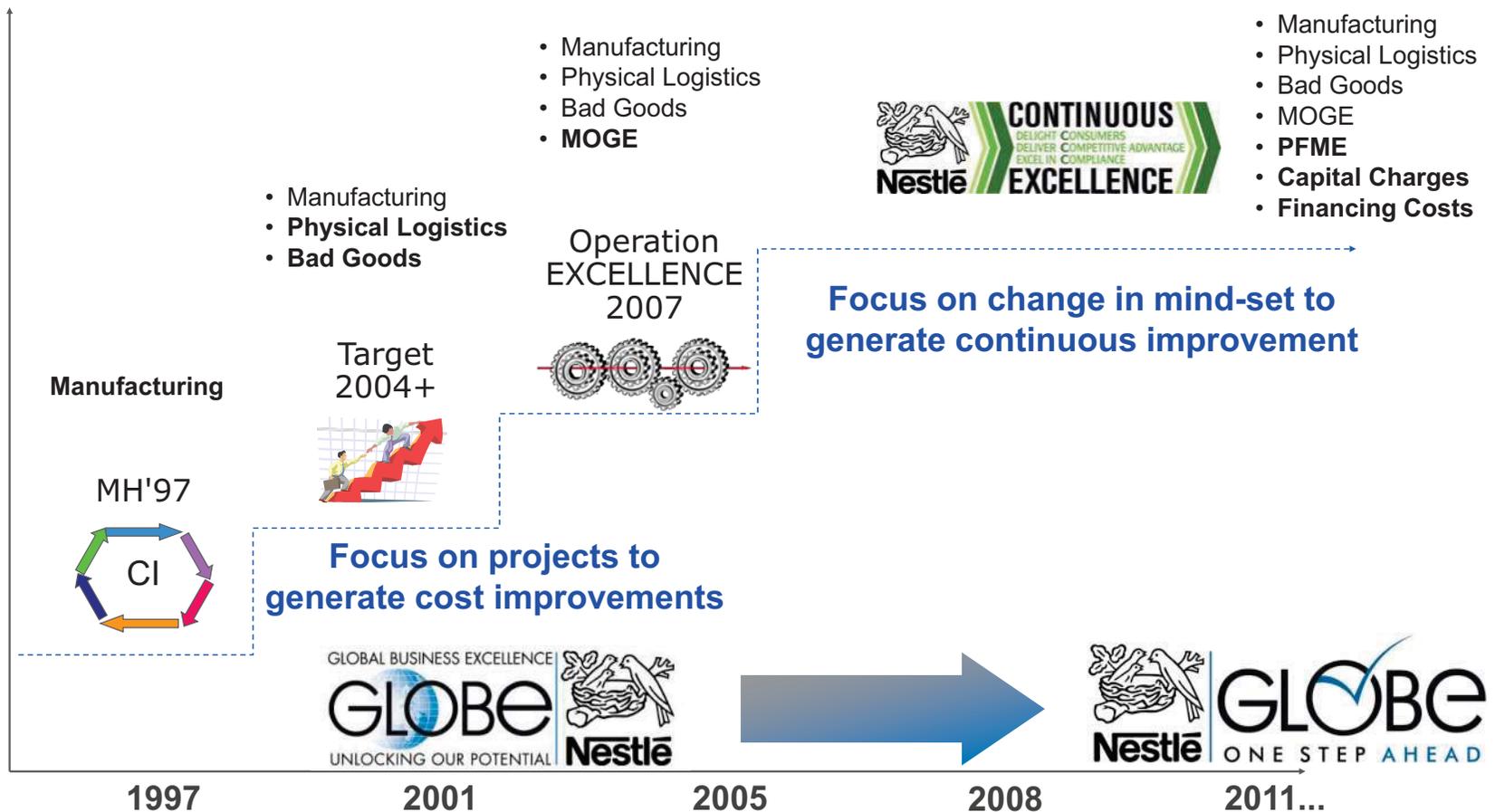


Notes:
Like for like estimate
2010 and 2011 figures exclude Alcon, Hsu Fu Chi and Yinlu

Nestlé's Operational Efficiency

Delivering the highest quality, lowest cost & best customer service leveraging GLOBE

Performance



The Nestlé Model

- Organic growth 5-6%
- Increased trading operating margin in constant currencies
- Increased underlying EPS in constant currencies
- Improvement in capital efficiency

2011 Full Year Roadshow

Paul Bulcke
Chief Executive Officer



Deliver shorter term

Uncertainty and volatility

Different dynamics in different markets

To win:

- **Fast moving**
- **Entrepreneurial**
- **Decentralised**

Deliver shorter term

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Manage for longer term

**Growing populations, global affluence
increasing, health awareness, etc**

To win:

- **Build and innovate brands**
- **Enhance capacities and capabilities**
- **Invest in strategic opportunities**

Deliver shorter term

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Concise strategy

Aligned values

Firm principles

Deliver shorter term

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The Nestlé Roadmap

The Nestlé Roadmap



Appropriate
to the New Reality

Driving
Sustainable
Performance

The Nestlé Roadmap



Addressing changing consumer behaviour – perceived values, expectations and impulses

It's all about Engaging with Consumers



Driving Innovation Globally: NESCAFÉ

	Year I&R	NHW	Premium	PPP	OOH	Zones	Countries → 2011	Countries → 2012
Dolce Gusto	'06		✓			3	56	3
Gold Blend	'11		✓			3	62	0
3-in-1	By Market every 2 yrs			✓		3	70	3
Green Blend	'09	✓	✓			2	29	5
RTD	'07**				✓	2	24	1
Viaggi by Nescafé	'10		✓		✓	1	4	2
Milano	'10		✓		✓	3	20	12
Alegria	'09				✓	3	62	10

** 2007 RTD coffee integrated into NESTLÉ from BPW

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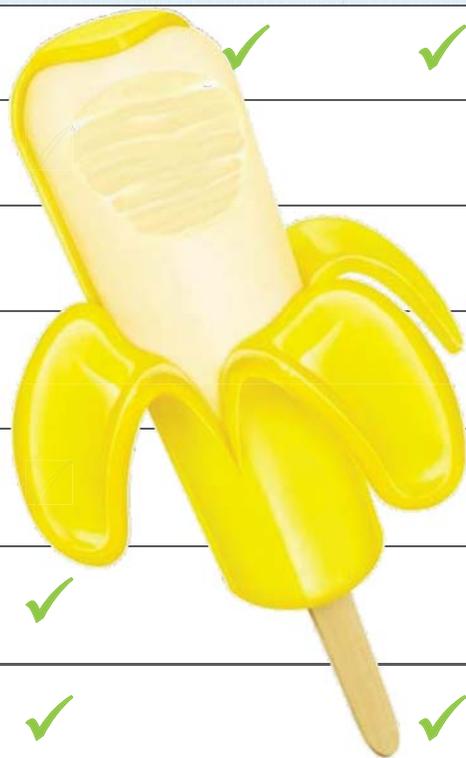
Innovation Aligned with Growth Drivers

Category		Year I&R	NHW	Premium	PPP	OOH	Zones	Countries → 2011	Countries → 2012
Ice Cream	Peelable				✓	✓	3	12	25
Nespresso	Lattissima +						3	30+	20+
Nutrition	L. reuteri						3	16	20
Food	Crispy						3	10	14
Dairy	Nido						2	10	14
PetCare	ONE Beyond						1	1	1
Professional	Milano					✓	3	20	12



Innovation Aligned with Growth Drivers

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Nutrition	Lactogen	'10	✓				3	16	20
Food	Crispy	'11	✓				3	10	14
Dairy	Nido	'11	✓				2	10	14
PetCare	ONE Beyond	'11	✓	✓			1	1	1
Professional	Milano	'10		✓		✓	3	20	12



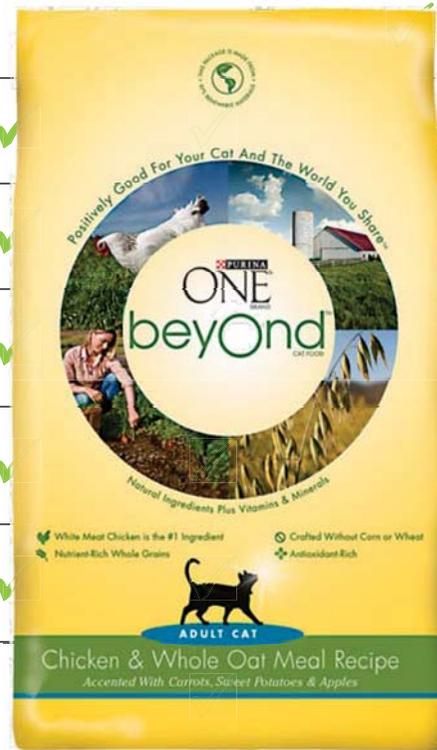
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It's all about Engaging with Consumers



Communication trends



- Buy Space

- Deliver a Message

- Earn Attention

- Start a Conversation

Spend gets brands visibility: **Paid** media
Creativity gets people 'liking' them: **Earned** media

From Brand Communication to Brand Conversation while increasing ROBBI*

*Return On
Brand Building
Investment



How Nestlé is Driving Profitable Brand Conversation

- **Digital opportunities are an integral part of Brand Campaigns**
- **Rapid increase in brand building investment in Digital and Social Media**
- **Build internal Digital competencies as competitive advantages**
- **Nestlé and Social Media – brand conversation in action**

Brand Building the Nestlé Way

Fundamentals of Brand Building

- Targeting Consumer
- Inspiring Brand
- Big Brand Idea
- Measurable Results



Brand Building the Nestlé Way

Build
Great Brands



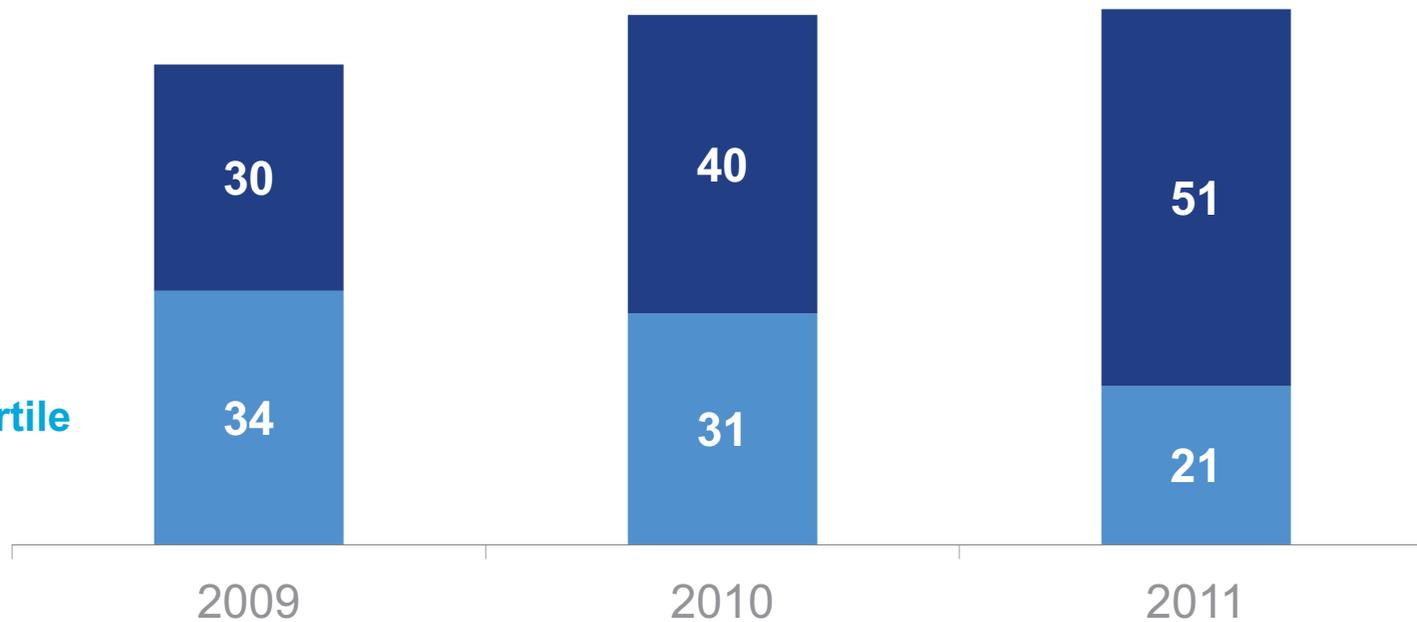
Delight
Consumers

Effectiveness of Nestlé's Messaging

Effective recall and persuasiveness of message

% in Upper quartile

% in Upper middle quartile



Base: All Nestlé Aired adverts
Quartiles are based on all ads on database.



Ipsos ASI



Creating Competitive Gaps for our Markets

**Brand Building
the Nestlé Way**



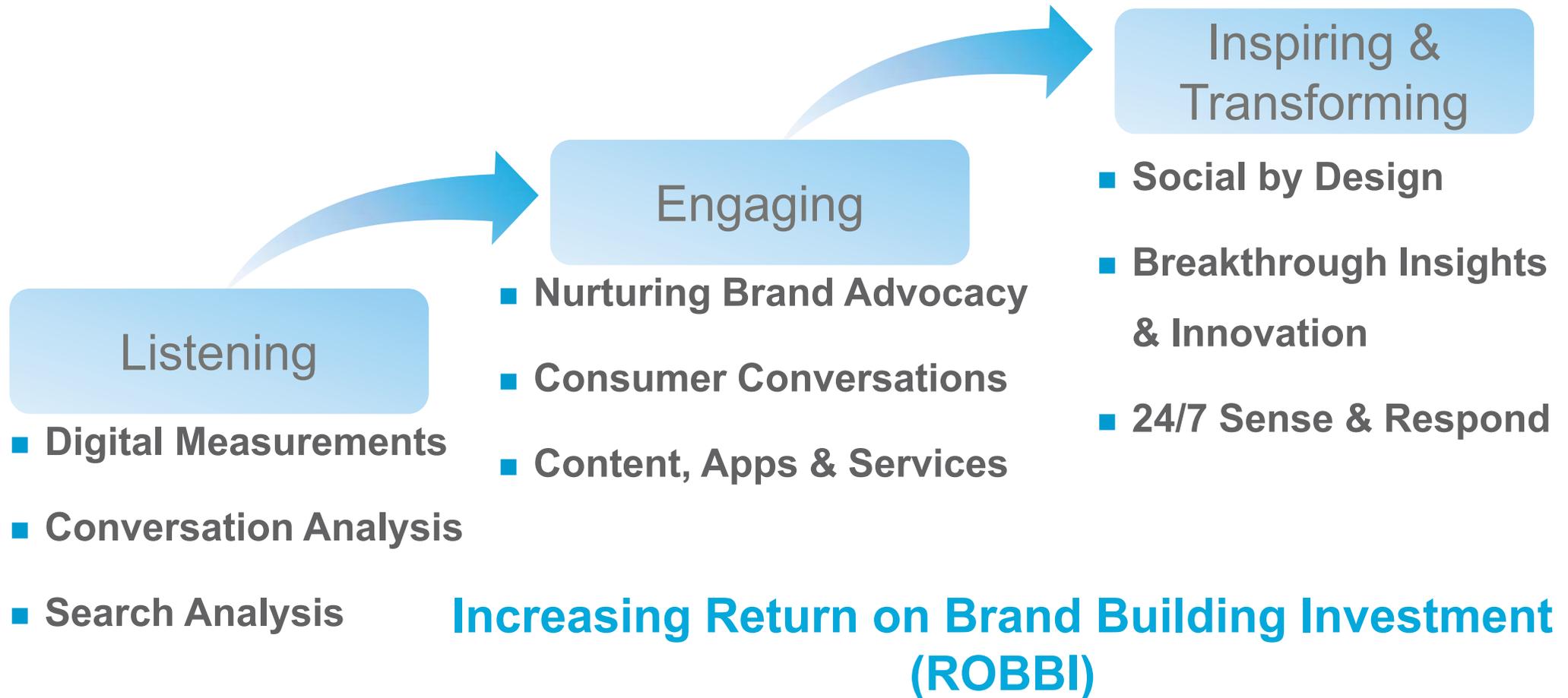
**Excellence
in Brand Building**

**Digital & Social
Media Strategy**



**Excellence
in Listening,
Engaging
and Inspiring**

Winning in Digital & Social Media



How Nestlé is Driving Profitable Brand Conversation

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Trend in Digital Investment



How Nestlé is Driving Profitable Brand Conversation

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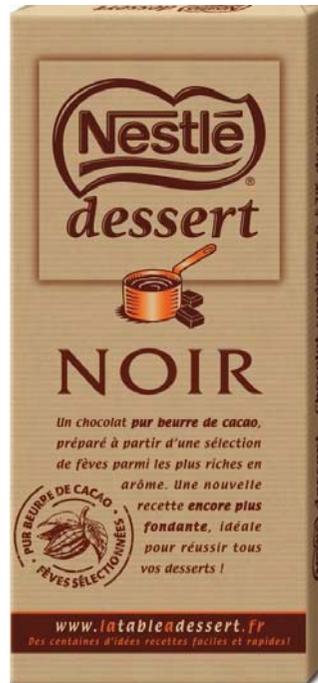
Sharing Internal Digital Best Practices



How Nestlé is Driving Profitable Brand Conversation

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Brand Conversation through Apps



Downloaded by 10% of
smart-phone users in France

Brand Conversation through Apps

France



Germany



Hong Kong



*Maggi Apps launched successfully
across the globe*

Brand Conversation through Facebook



250+ Nestlé brand pages with 40+ million Facebook fans
7 brands have 1+ million fans each

Brand Conversation through Earned Media



Over 10 million earned media viewings each

It's all about Engaging with Consumers



Reaching and Engaging with the Consumer



Reaching and Engaging with the Consumer



Walmart  Save money. Live better. [Shop Top Values for Healthy Living](#) [New customer? Sign In](#) | [Help](#)
[Value of the Day](#) | [Local Ad](#) | [Store Finder](#) | [Registry](#) | [Gift Cards](#) | [Track My Orders](#) | [My Account](#) | [My Lists](#)

[See All Departments](#) Search

Search results for "nestle"

- Search In:
- Matching Departments
- Grocery
 - Bakery & Bread (12)
 - Baking (20)
 - Beverages (24)
 - Condiments, Sauces & Spices (1)
 - Dairy, Eggs & Cheese (54)
 - Deli (1)
 - Fresh Food (67)
 - Frozen Foods (22)
 - Snacks, Cookies & Candy (9)

Refine Results

We found **143 results** for "nestle" in Grocery. [Click here](#) to see results in All Departments.

Related Searches: nestle coffee-mate, nestle coffee-mate original, nestle toll, nestle coffee-mate french, nestle nesquik

All Items (143) Sort by

Items 1- 16 of 143 total **16 32** Per Page

 Nestle Assortment Candy Bars, 30ct	 Nestle Coffee-Mate Original Powder Coffee Creamer, 22 oz	 Nestle Coffee-Mate French Vanilla Powder Coffee Creamer, 15 oz	 Nido Instant Dry Whole Powdered Milk, 12.6 oz (Pack of 12)
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Reaching and Engaging with the Consumer



Reaching and Engaging with the Consumer



A promotional banner for Nescafé Special.T. The background is a stylized map of the world. In the center, a woman in a green dress sits on a floating white basket, holding a green cup. To her left, a woman in a white dress sits on a similar basket. A blue bird is flying to the right. The text 'SPECIAL.T by Nestlé' is at the top left, with the tagline 'Le meilleur du thé vous offre son monde.' Below it. A play button icon is in the center with the text 'DÉCOUVREZ L'INNOVATION SPECIAL.T EN VIDEO'. At the bottom, there are three main sections: 'COMMANDEZ du Thé', 'DÉCOUVREZ LAPSANG SOUCHONG NOTRE NOUVELLE ÉDITION LIMITÉE', and 'PROFITEZ DE NOTRE OFFRE EXCEPTIONNELLE'. A small image of a product box is between the second and third sections. At the very bottom, there is a navigation bar with links: 'NOTRE ENTREPRISE - MENTIONS LÉGALES - CGV - DONNÉES PERSONNELLES - CONTACTER LE CLUB - PRESSE SON' and a 'CHANGER DE PAYS' button with a French flag icon.

Reaching and Engaging with the Consumer



DE - FR Professionnels de santé A propos de BabyNes FAQ Trouver un magasin S'inscrire Se connecter

BabyNes
ADVANCED NUTRITION

ACCUEIL LE LAIT MATERNEL LE SYSTEME BABYNES LA MACHINE LES CAPSULES LES SERVICES **BOUTIQUE EN LIGNE**

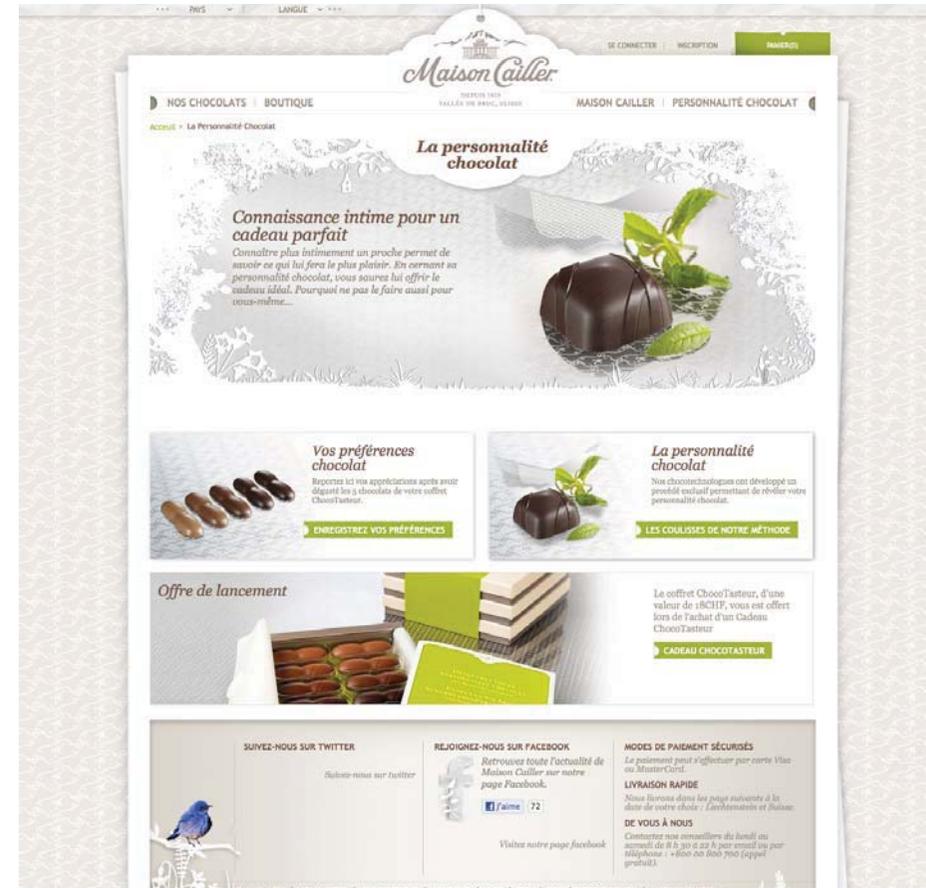
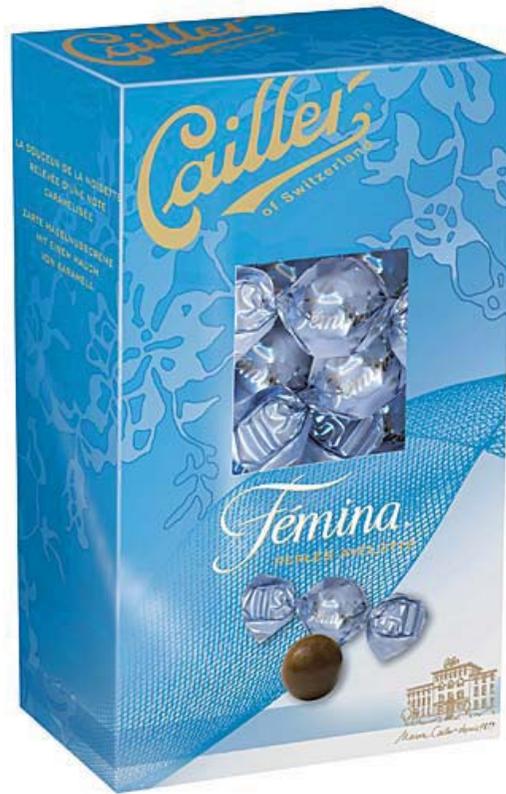
Votre Boutique en ligne

La machine BabyNes
Une technologie de pointe, des conditions d'hygiène optimales et une utilisation intuitive pour préparer un biberon en moins d'une minute.
CHF 249.-
[En savoir plus](#)

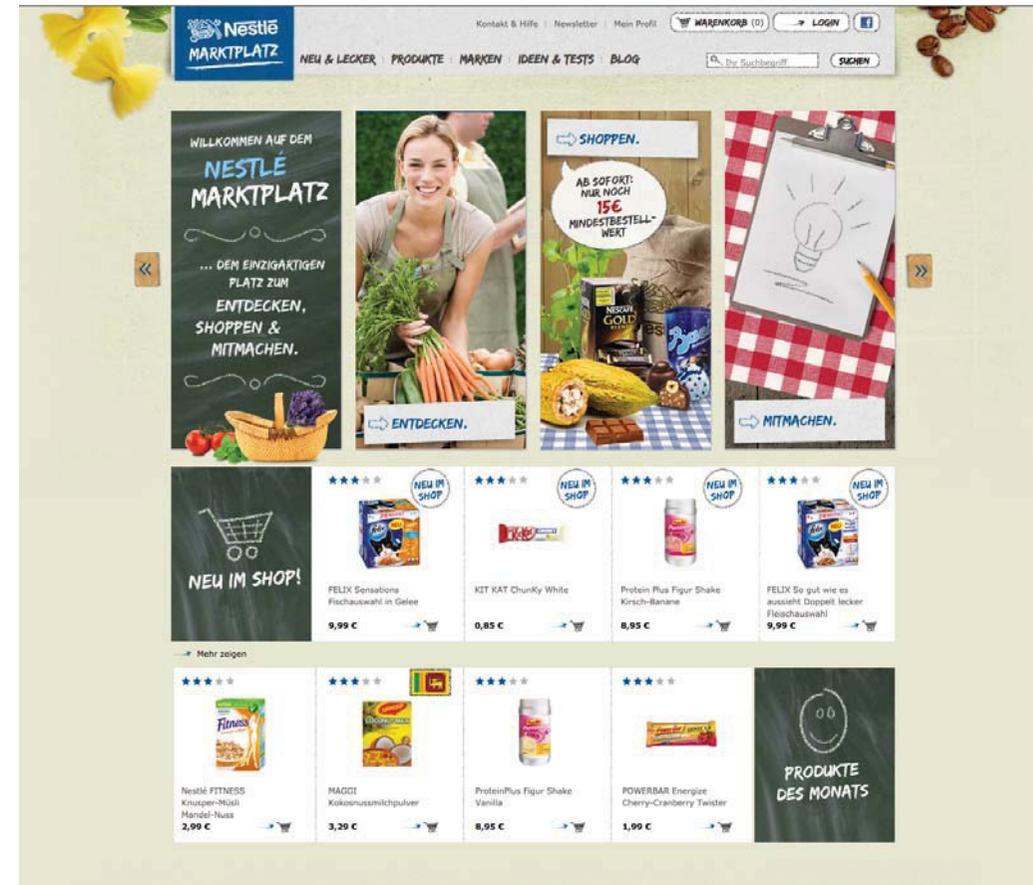
Les capsules BabyNes
Un choix de 6 formules de lait infantile, sous forme de capsules, pour répondre aux besoins nutritifs de votre bébé à chaque étape de sa croissance.
À partir de CHF 49.-
[En savoir plus](#)

Les accessoires BabyNes
Simplifiez votre quotidien : pratiques et astucieux, nos accessoires ont le sens du service !
[En savoir plus](#)

Reaching and Engaging with the Consumer



Reaching and Engaging with the Consumer

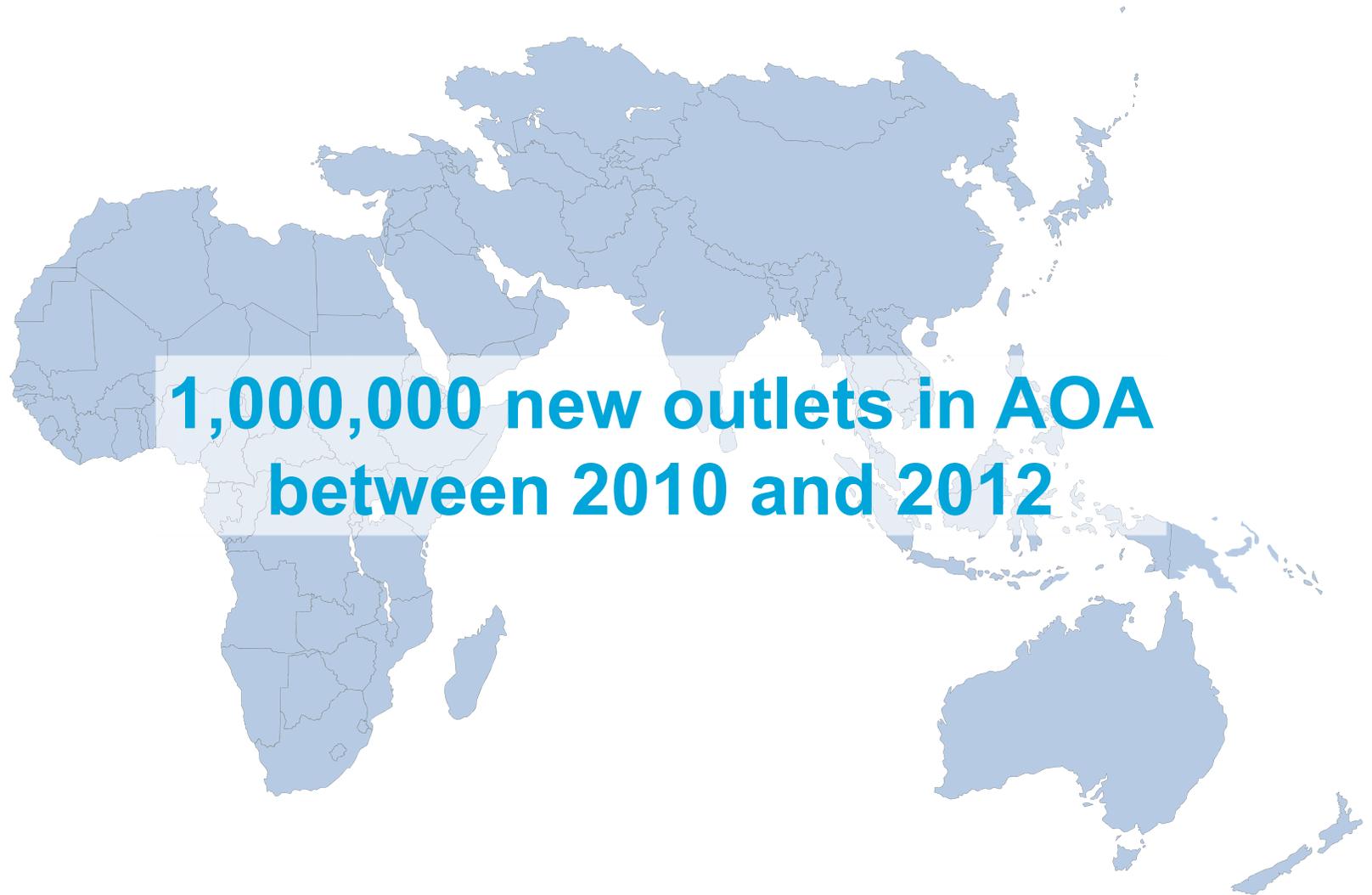


Reaching and Engaging with the Consumer B2B



Reaching and Engaging with the Consumer





It's all about Engaging with Consumers



COFFEE CAN BE SURPRISING

A black and white photograph of a woman in a cinema wearing 3D glasses. She is holding a coffee cup and looking surprised. Another woman in the background is also wearing 3D glasses.

Discover the latest little machine from Nescafé Dolce Gusto. An ultra compact design that packs 15 bars of pressure to deliver the greatest coffee experiences. Find out more on dolce-gusto.co.uk



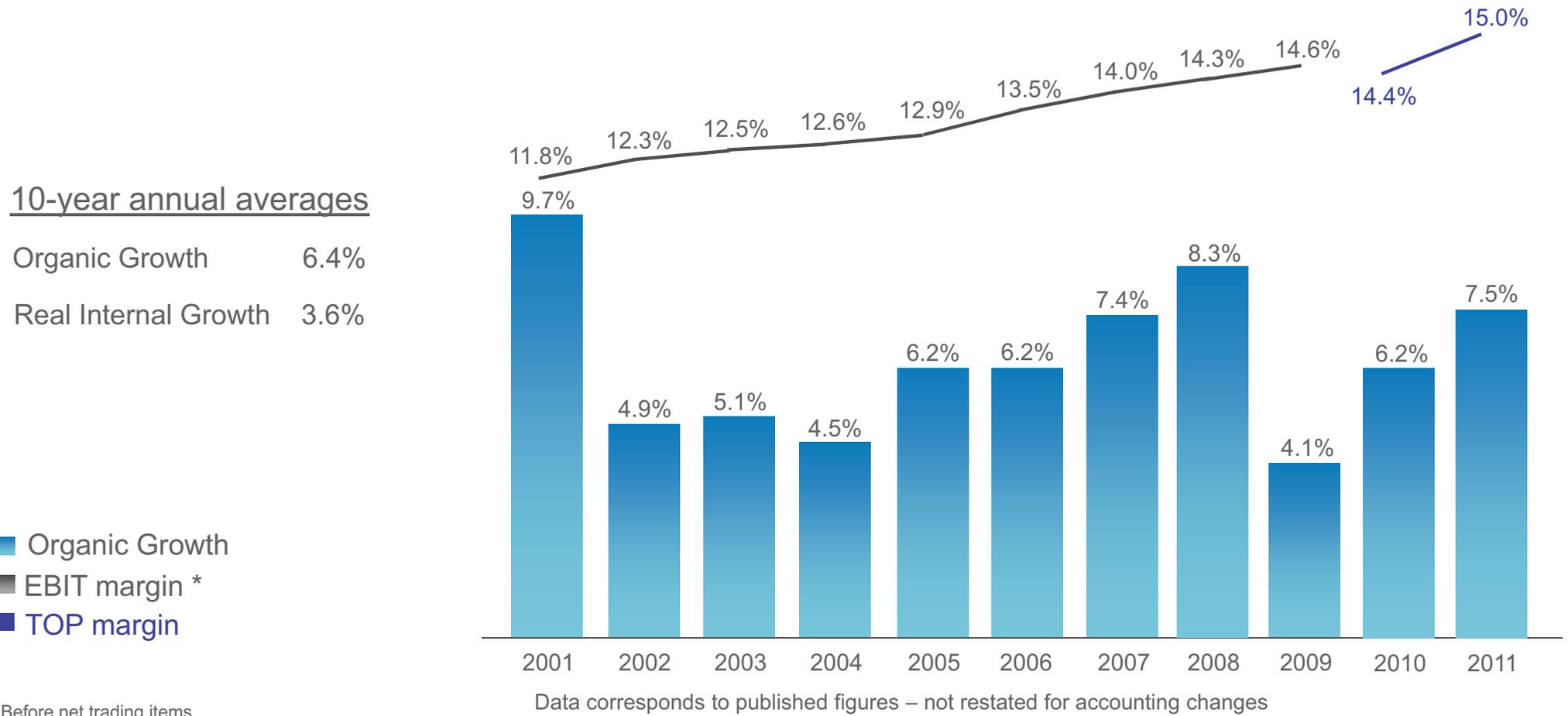
COFFEE IS NOT JUST BLACK



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Wan Ling Martello
Chief Financial Officer
Designate

Driving Organic Growth & Margin Improvement



The Nestlé Model

- Organic growth 5-6%
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- Improvement in capital efficiency



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Discussion

