



Creating Competitive Gaps Through Manufacturing

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These slides differ to those shown at
the Nestlé Investor Seminar 2011

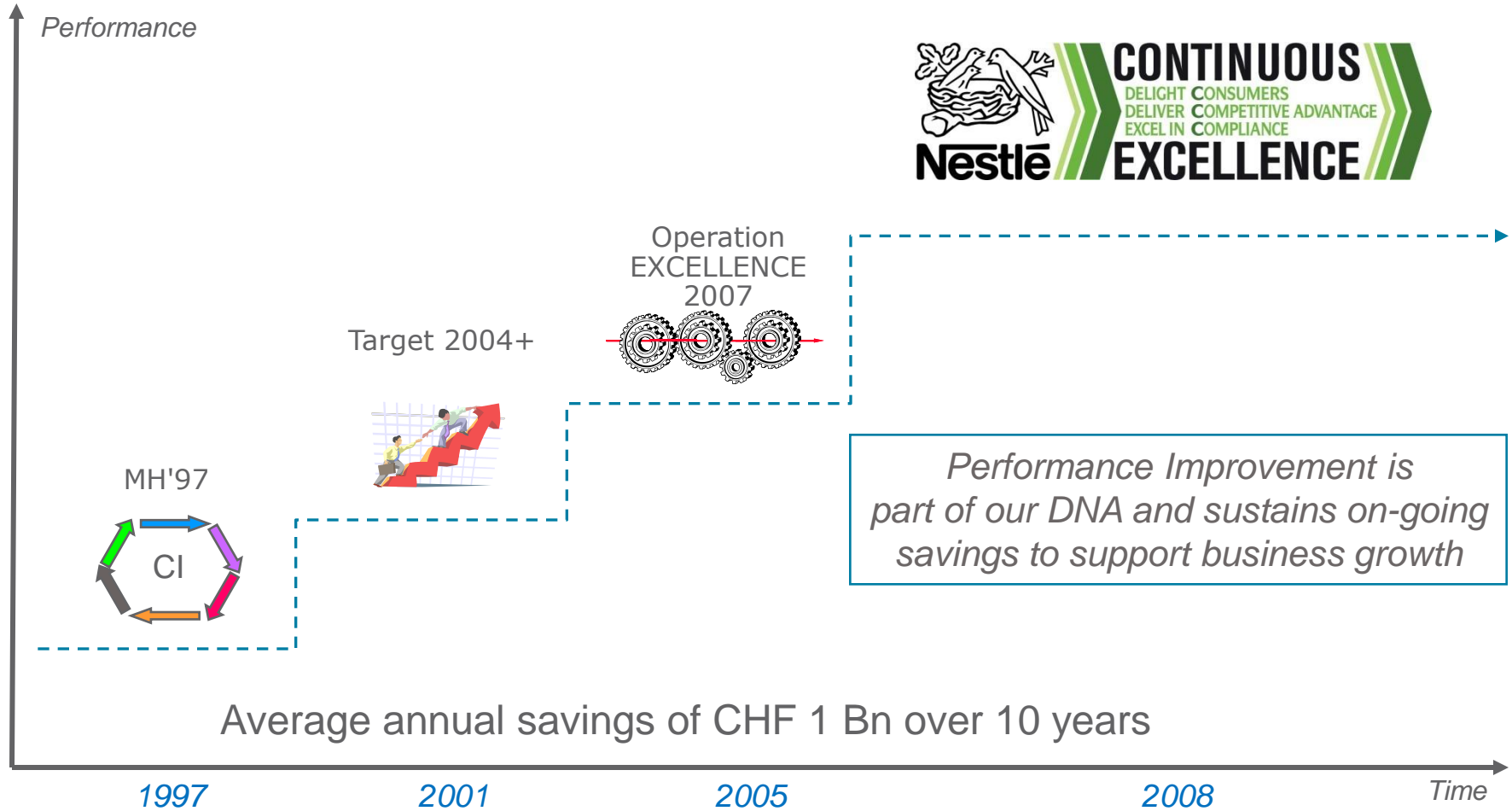
Disclaimer

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.

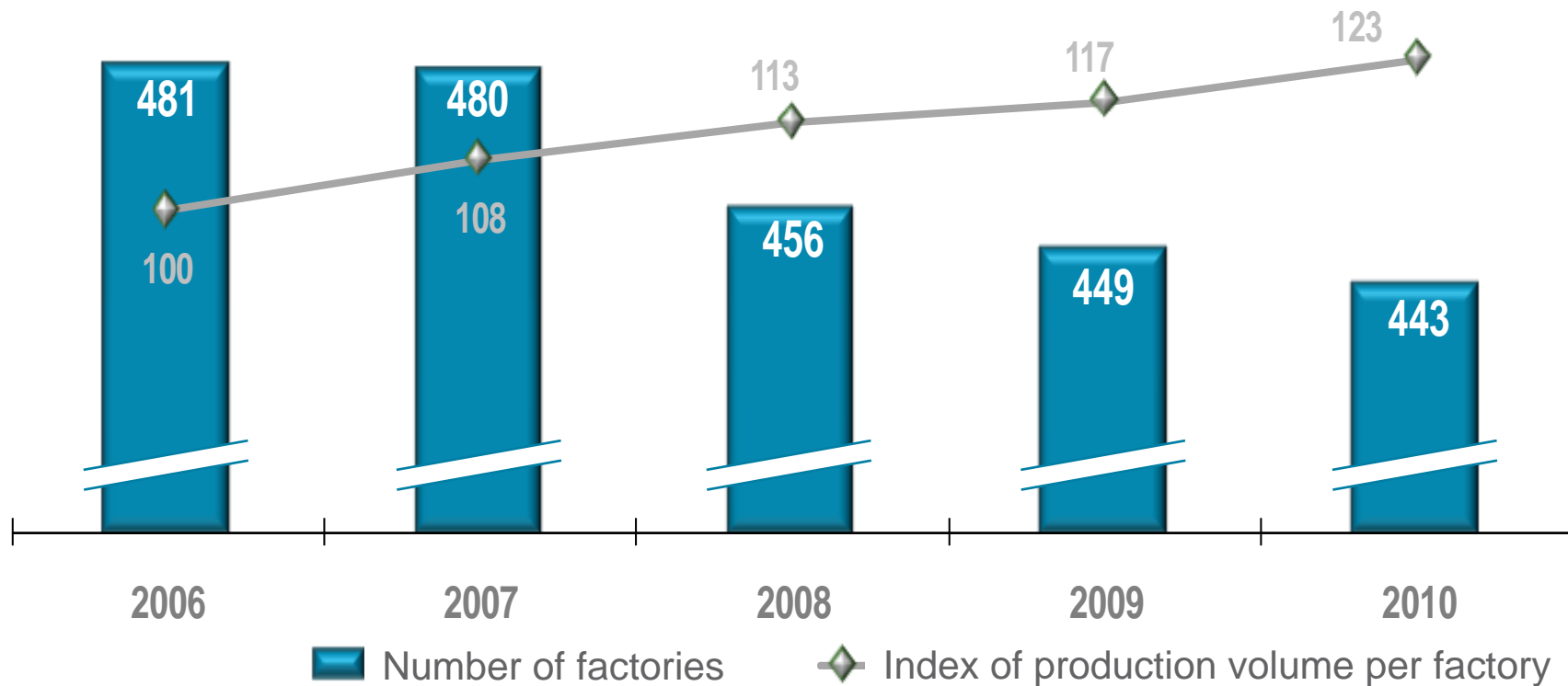
Agenda

- **MANUFACTURING REVIEW**
- MANUFACTURING STRATEGY
- MANUFACTURING EXCELLENCE

We are coming from a long-term commitment to Operational Excellence...

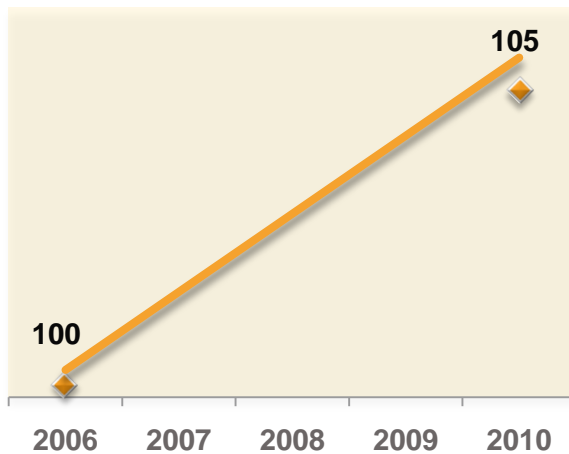


Increasing Production Volume with fewer Factories

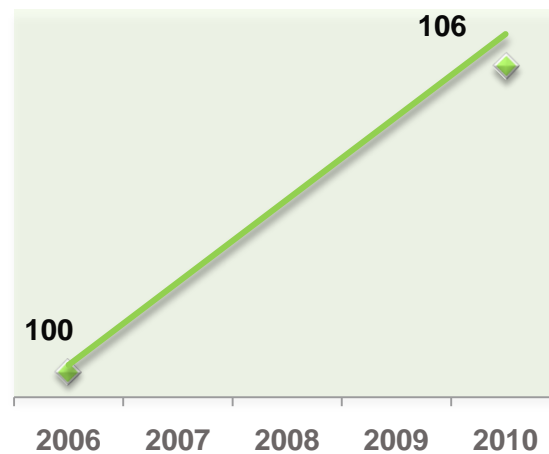


Achieving Efficiency throughout the whole Value Chain

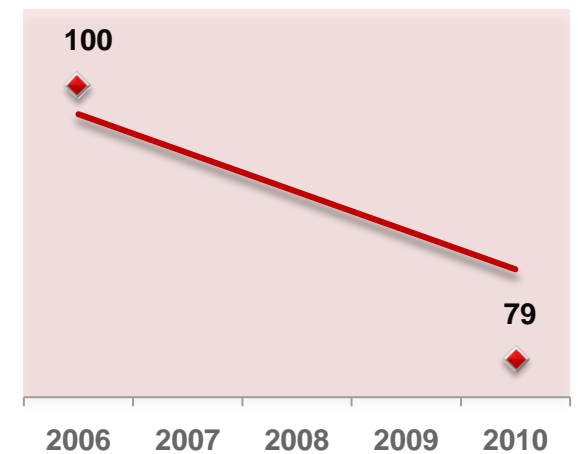
Case Fill Rate Index



FreshNes Index [a]

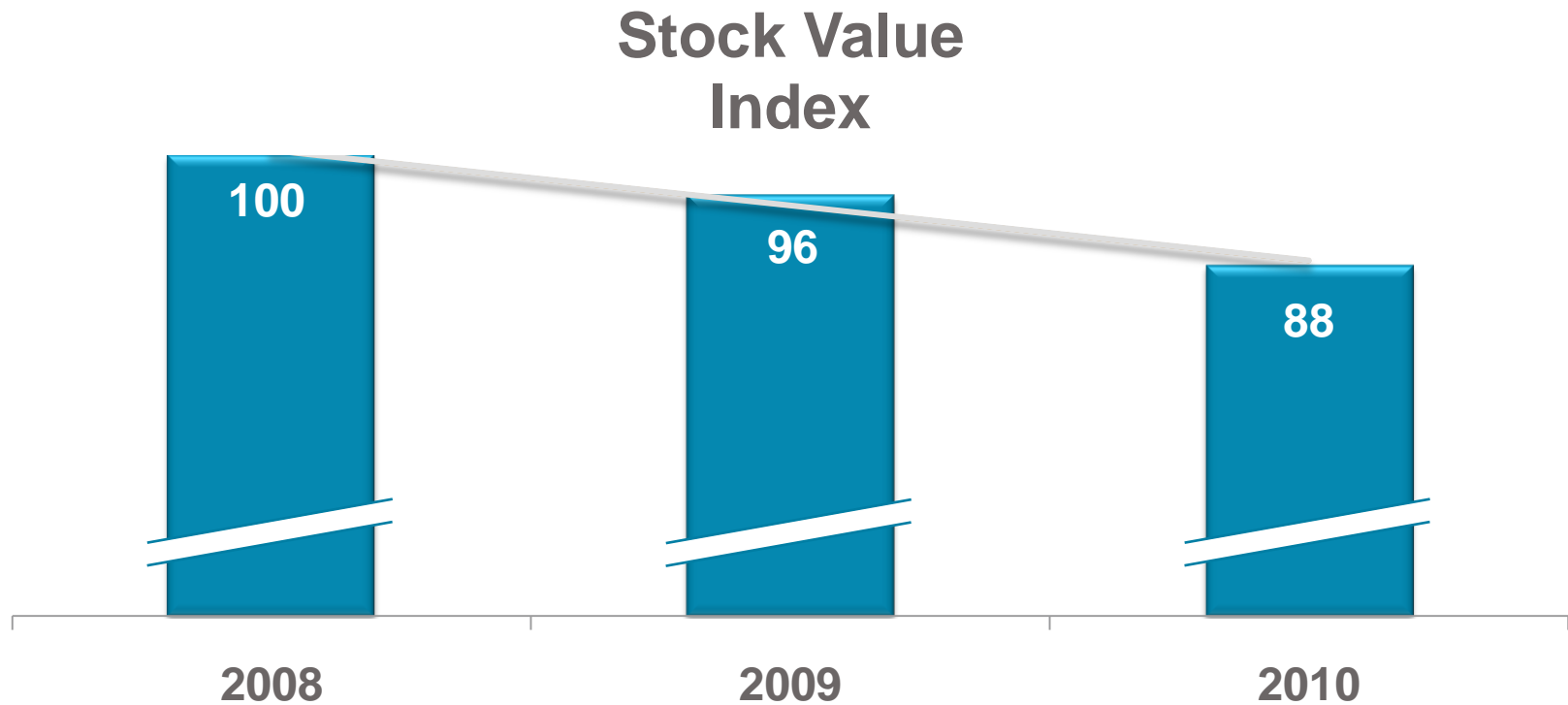


Bad Goods Index



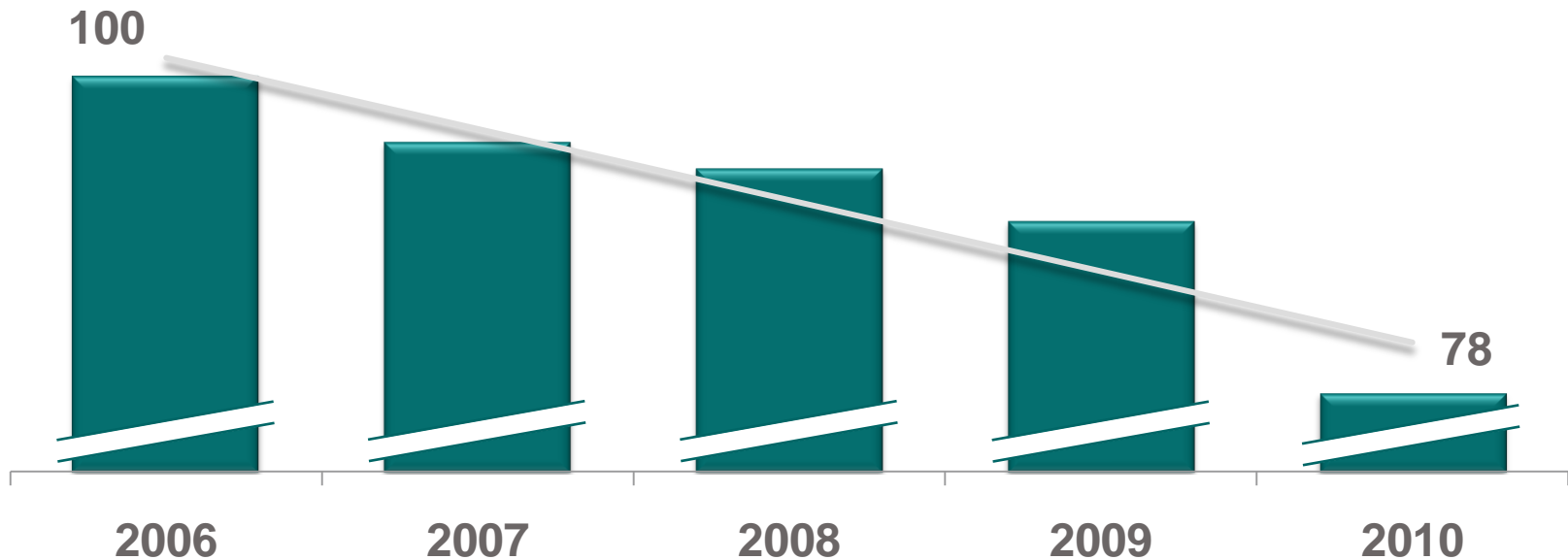
[a] FreshNes Index calculated as FreshNes at Shipment (% of Remaining Shelf Life) multiplied by Case Fill Rate.

Improving trend in Finished Goods and Raw & Packaging stock



Contributing to positive trend in Working Capital

TNWC Index



Strong Performance on the major Environment Indicators over the last 10 years...

Production Volume: + 73%

Water

(m³/ton)

(absolute change)

-32%

(per tonne of product)

-61%

Energy

(gigajoules/ton)

(absolute change)

-3%

(per tonne of product)

-44%

Green House

Gas

(kg CO₂/ton)

(absolute change)

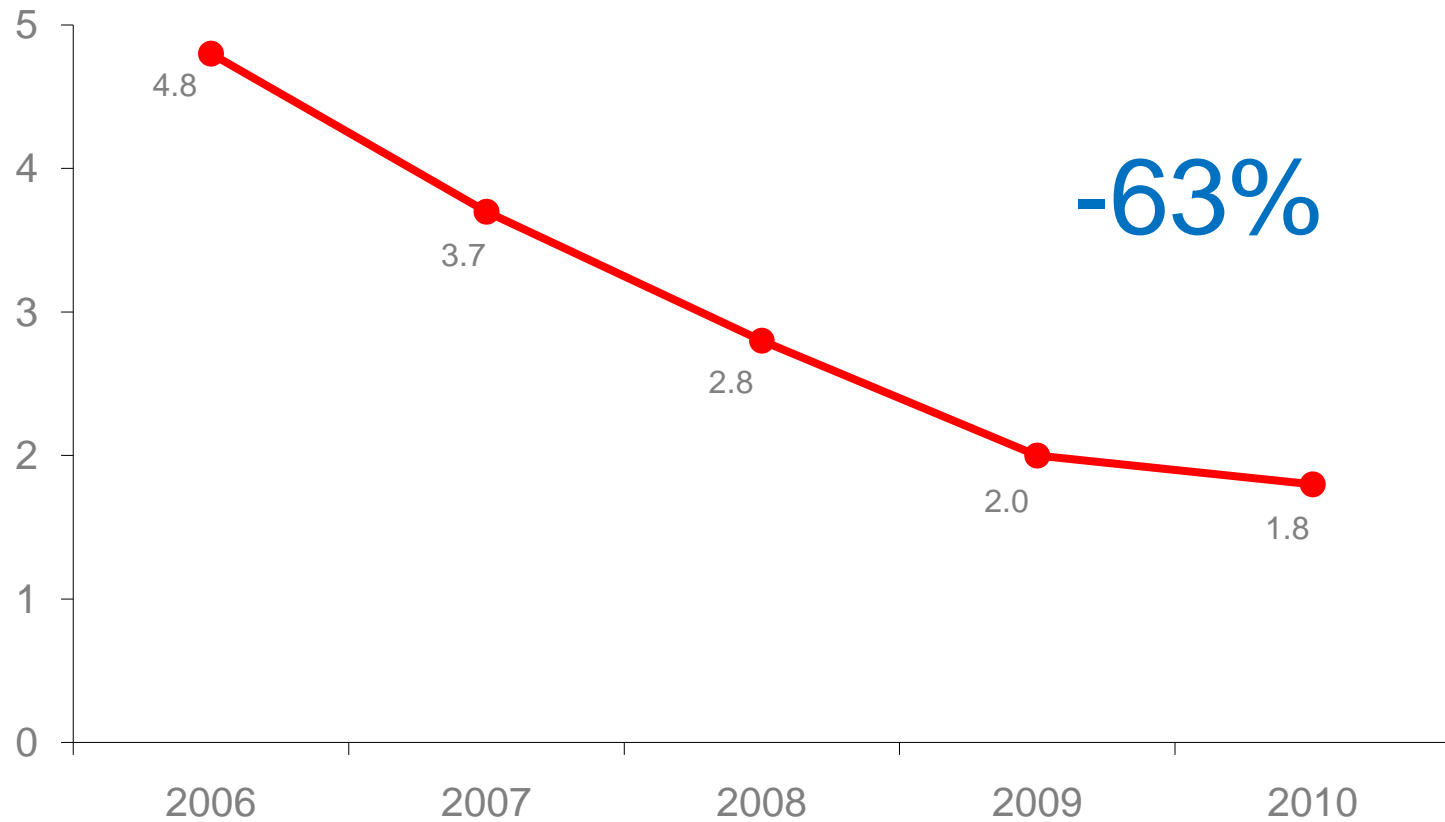
-16%

(per tonne of product)

-51%

...Whilst driving Excellence in Safety

Lost time injuries [a]

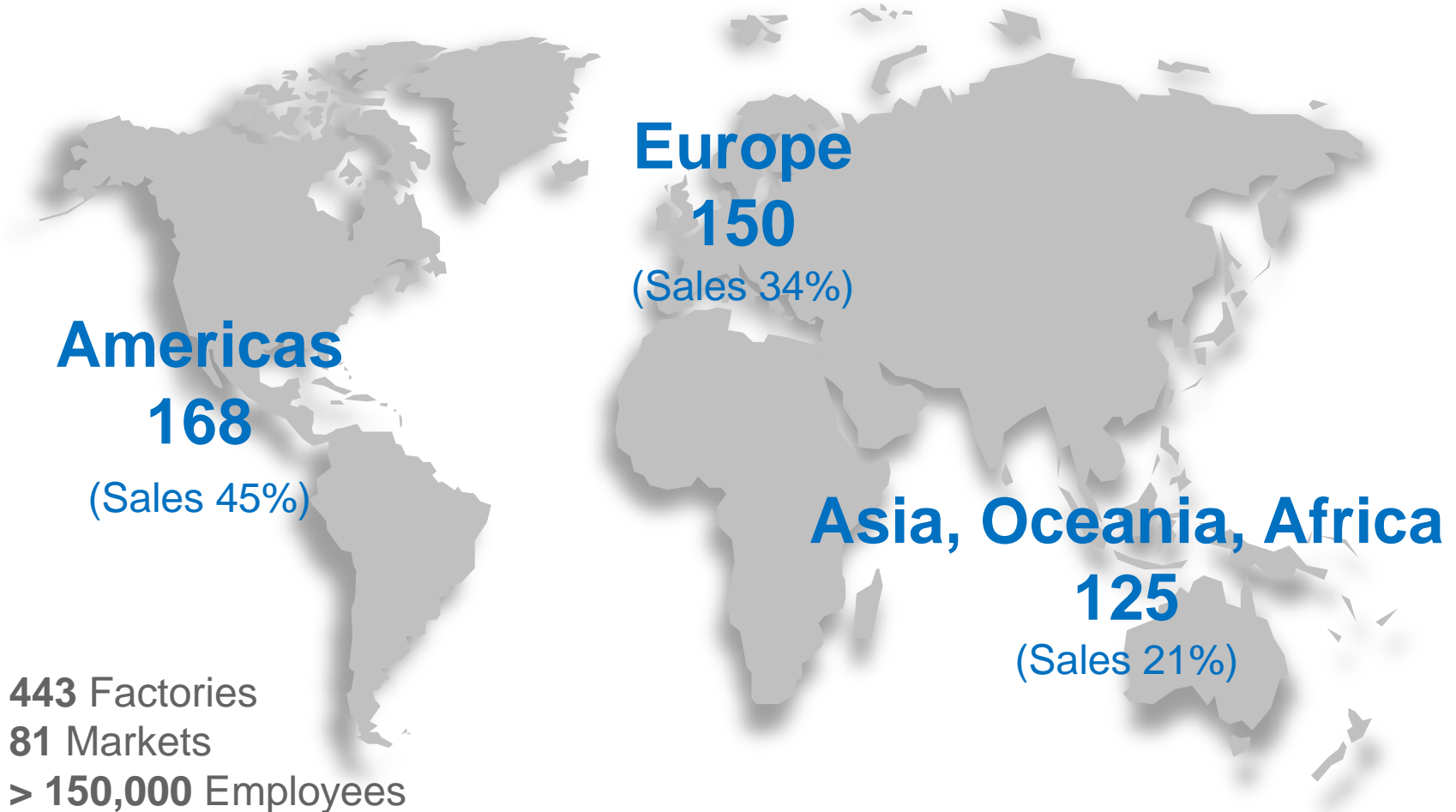


[a] per million of hours worked

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A unique and unmatched spread of Factories around the World



Our Manufacturing Footprint...



Araras – Brazil

World's largest Soluble Coffee exporting
Factory



Feira de Santana – Brazil

Tailored to fit regional needs and boost
economy

...One Strategy does not fit all !

Brazil – World's Biggest Soluble Coffee Plant



Araras



Leveraging economies of scale and expertise whilst increasing flexibility of supply

Production: **237,000 T**



Switzerland – World's Biggest Center of Coffee Excellence



Nespresso – Avenches



Leveraging economies of scale and expertise to deliver exclusivity and differentiation

Production Capacity: **8.8 Bn Capsules**
(incl. extension to 2012)

North America – World's Biggest Water Plant



Hollis Maine



Leveraging economies of scale to market the uniqueness of the source

Production Capacity: **4.1 Bn Bottles**

China – World's Biggest Culinary Factory



Totole, Shanghai



Newly launched product



Totole's best selling product

Leveraging economies of scale whilst being local for local

Production Capacity: **206,000 T**
(incl. extension to 2015)

Producing closer to our Consumers and localising Opportunity



Feira de Santana, Brazil
PPP Factory

Production Capacity: **92,500 T**

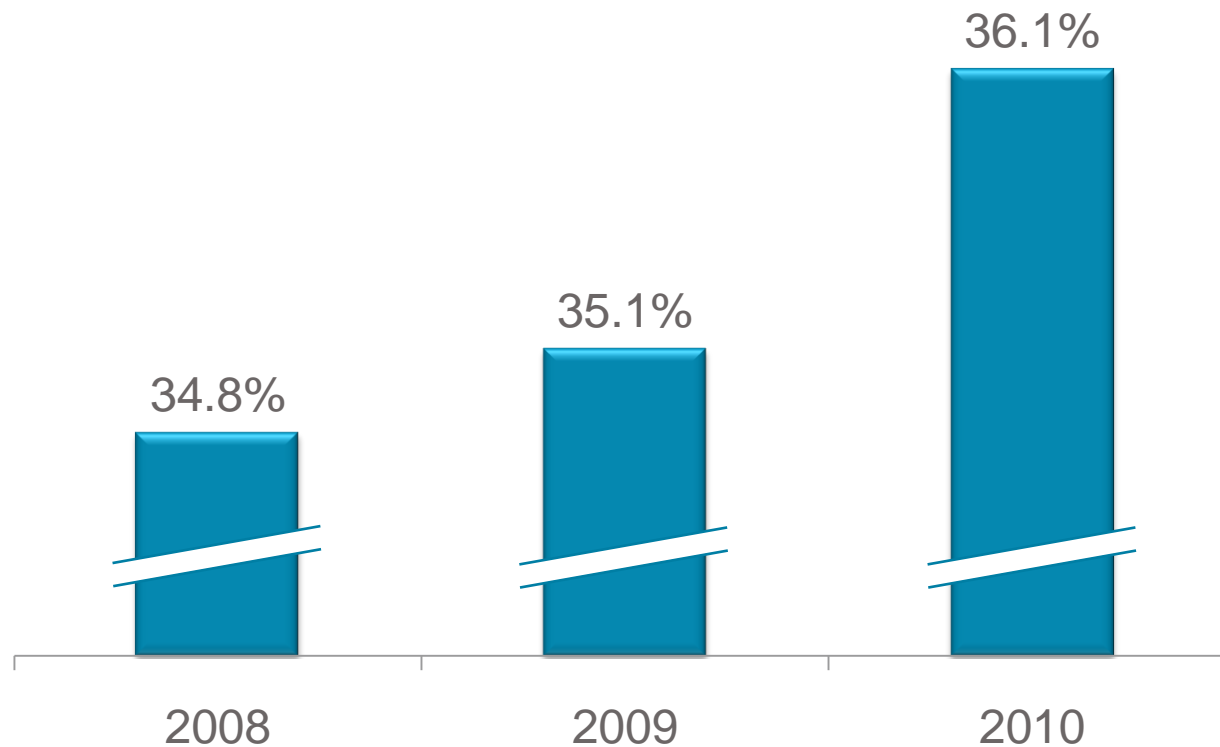


Feira de Santana



*Leveraging economies of scale
whilst servicing one consumer
at a time*

This Manufacturing Strategy supports our ROIC



Excluding Goodwill

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Summary

- Nestlé has delivered significant improvements in operational efficiency over many years
- Our Manufacturing Strategy follows what best serves our Consumer and Customer needs
- Nestlé Continuous Excellence (NCE) is accelerating efficiency improvements
- And we expect to deliver this for many years to come...



Nestlé

