



# Why Nescafé Dolce Gusto ?



# 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.**



# Consumers WW looking for versatility, quality and convenience

A desire for

**more choice**

A desire for

**better quality**

A desire for

**more convenience**

**Consumers have the right to be lazy and demanding at the same time**



# The coffee market is changing fast WW trends are emerging

## From

**Do you want coffee?**



## To

**Which coffee  
would you like?**



**Coffee black,  
white, with or  
without sugar**



**Specialty, gourmet  
coffee:  
cappuccino's, latte's**



**Coffee by the pot**

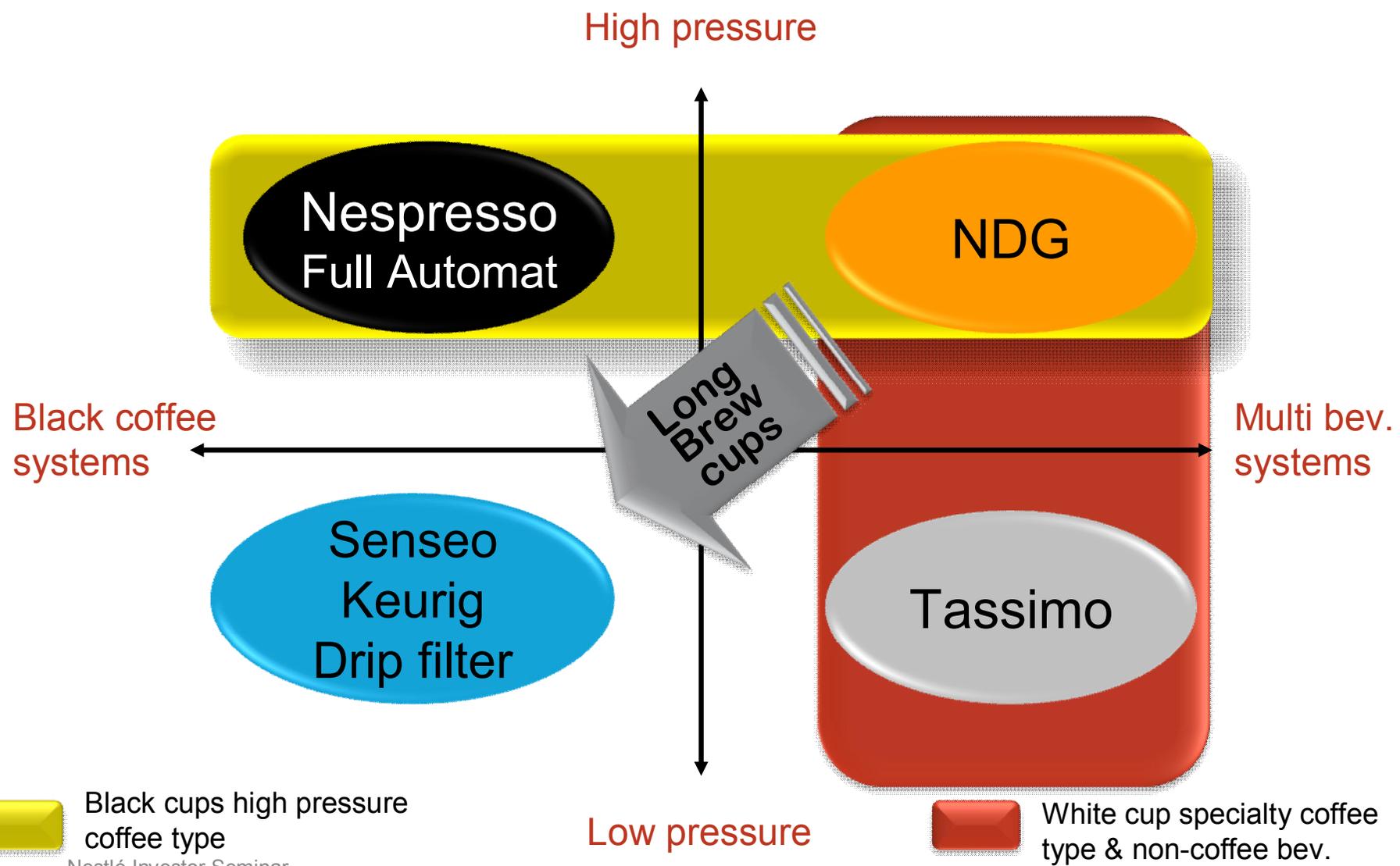


**Coffee by the cup**





# There was a gap in the market





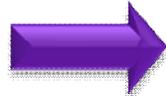
We have the best technology





# Unique proprietary technology Give us an incredible competitive edge

**Unique idea**

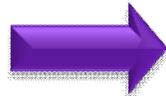


**A single cup extraction cell**

**Customised extraction pressure**

Espresso: 6 bar  
Lungo: 3 bar  
Milk: <1 bar

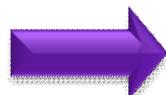
**Technical advantage**



**Variable temperature**

**Direct Flow**

**Consumer Benefit**



**Choice (from espresso to brew cup),  
convenience, less cleaning, Quality**



# Exceptional performance in 60/40

- **Chococino vs. Tassimo :**  
**93/07**
- **Cappuccino vs. Tassimo:**  
**73/27**
- **Latte macchiato vs. Tassimo:**  
**68/32**
- **Lungo Mild vs. Tassimo:**  
**64/36**
- **Espresso vs. Tassimo:**  
**59/41**
- **Lungo vs. Tassimo:**  
**58/42**



What  
have  
we built  
so far





1 strong concept supported by...

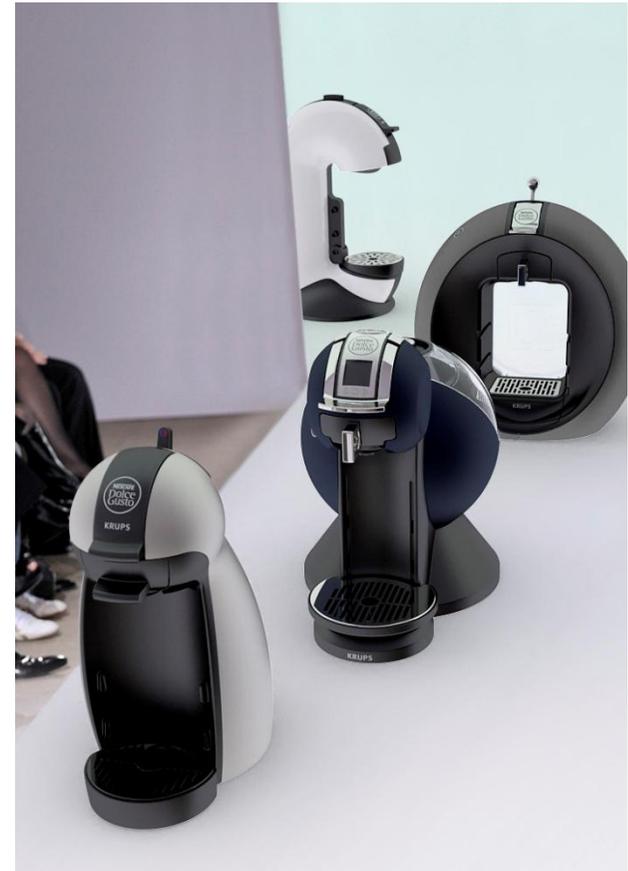


**Coffee-shop  
coffees  
@ home**





# ...a machine range like no other...



- Design
- Cost
- Functionalities



# ...a range of 22 recipes of superior quality...

**Black Coffee**

**Indulgent**

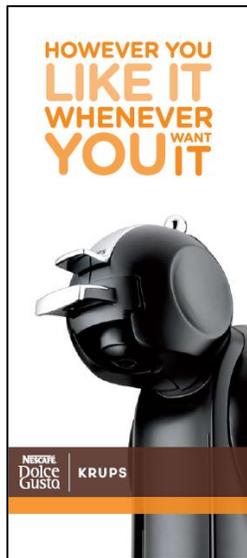
**Morning**

- Moment
- Target
- Need State

**Cold**



# ...a strong and modern brand visual identity...





... unique  
brand personality ...

COFFEE  
BEYOND  
CONVENTION





# ...a big business...

## By the end of 2010:

- Roll-out in 36 markets
- Close to 5 Millions machines sold to the trade
- 2'000'000 registered consumers
- 4<sup>TH</sup> system WW already ahead of Tassimo.





# ...our business grows from the base (the key markets)...

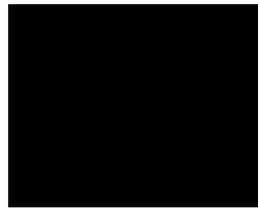
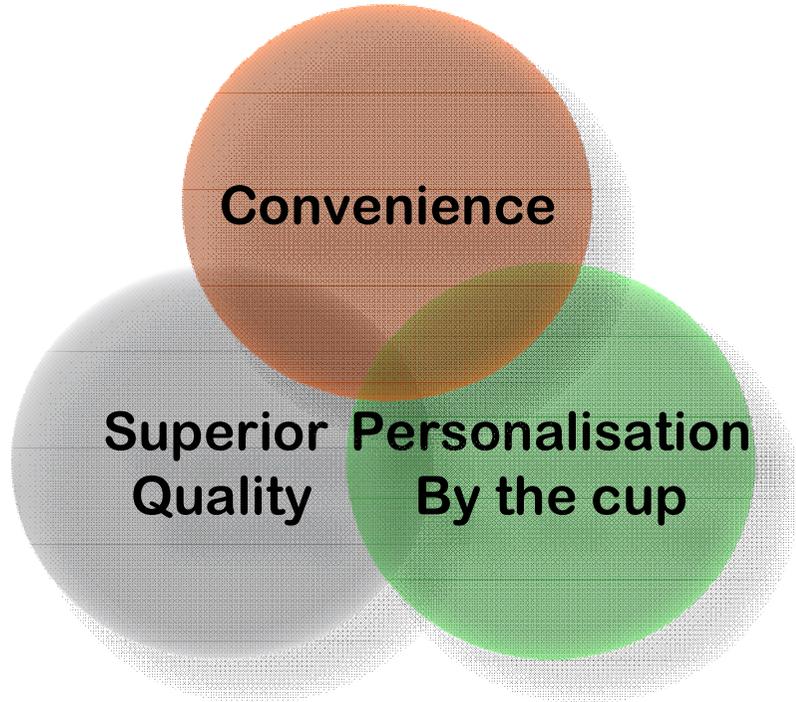
<b>Markets</b>	<b>Launch Year</b>	<b>Share of Business</b>	<b>% evol. '08 vs. '09</b>
<b>Wave 1</b>	2006	<b>39%</b>	<b>+36%</b>
<b>Wave 2</b>	2007	<b>51%</b>	<b>+58%</b>
<b>Wave 3</b>	2008	8%	+183%
<b>Wave 4</b>	2009	2%	+318%



# ... and a new ambition for Nescafé



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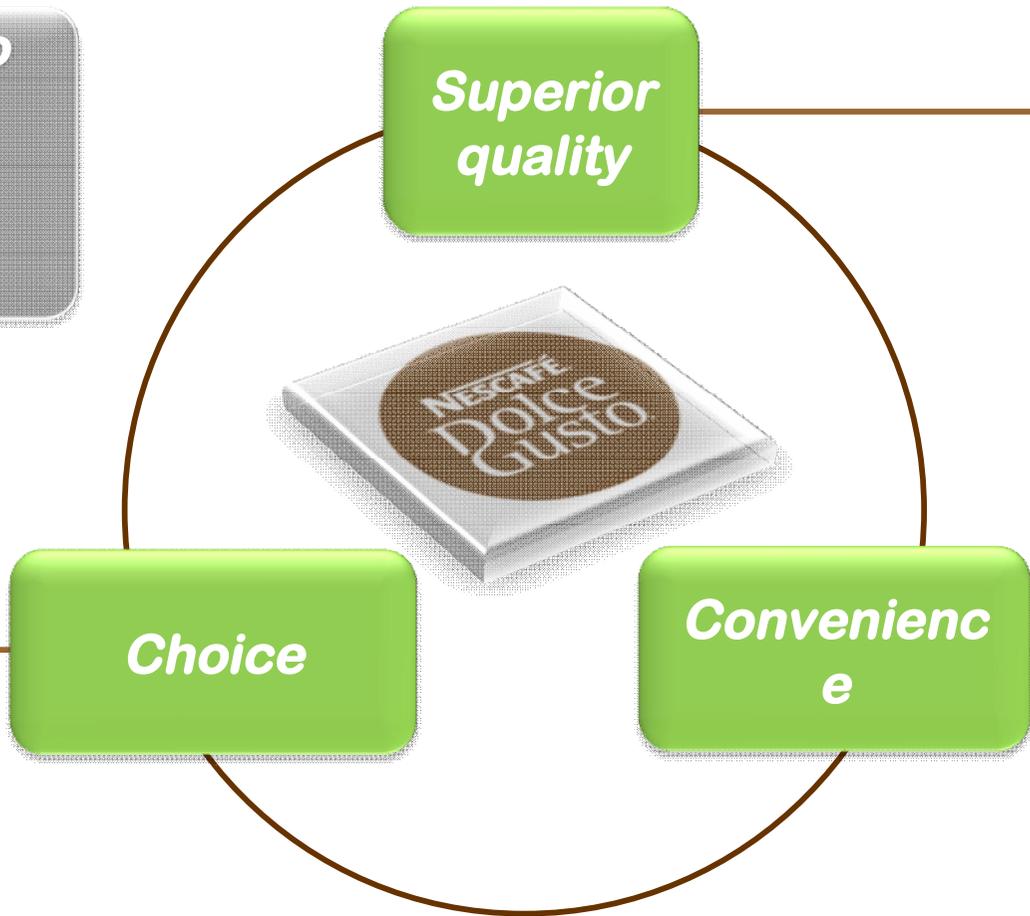
# We are strong on the key drivers of this business

**Get People to upgrade**

- **Variety**  
→ **Recipes**

Black Coffee					
Indulgent					
Morning					

→ **Design**



- **70/30 superiority**  
→ vs. competition  
→ usual coffee solution

- **By the cup**  
→ **Capsule**
- **Cleanliness**  
→ **Direct flow**



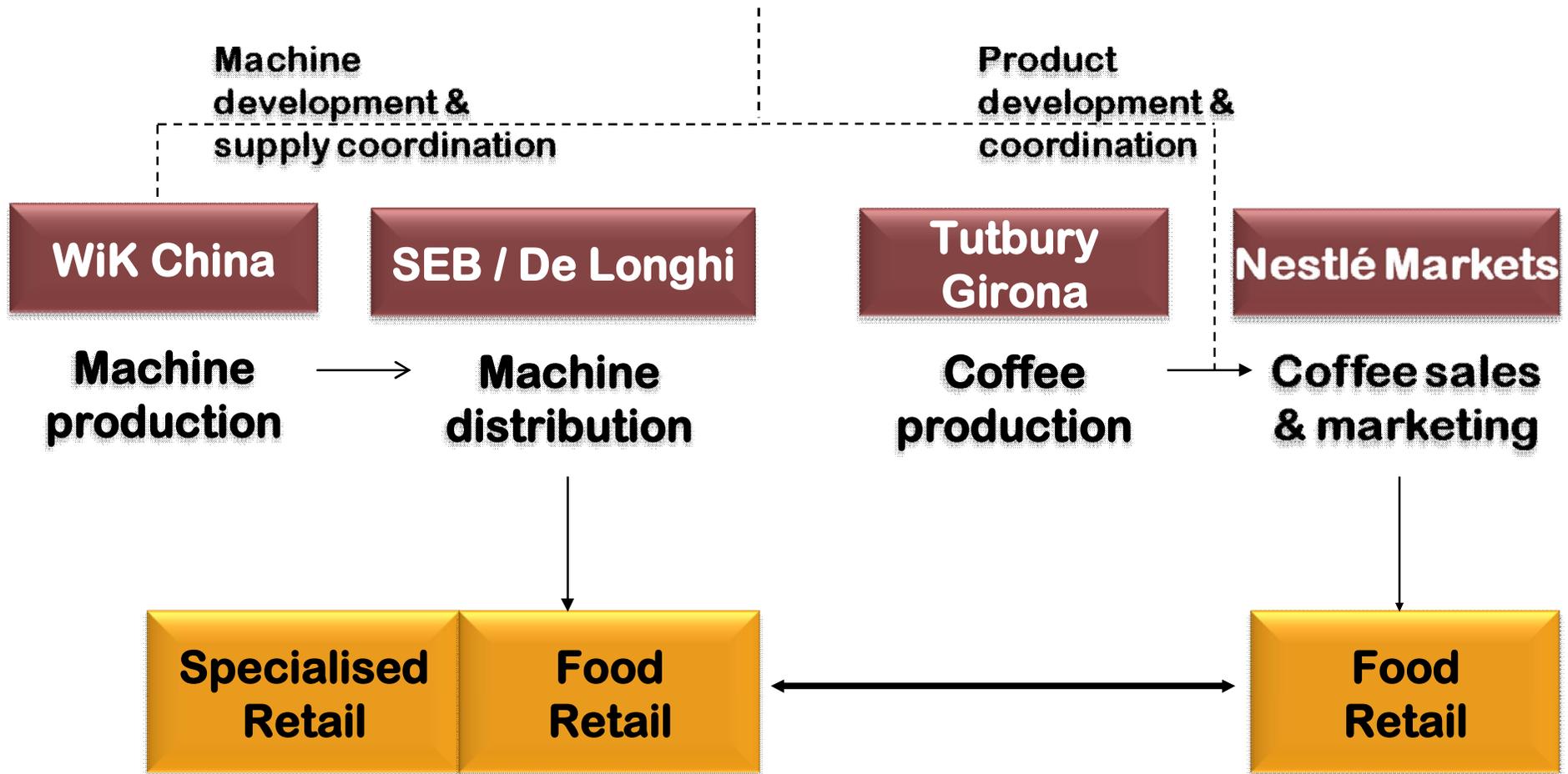
# How do we Operate ?





# A unique route to market

## Central Team





# A centralized model in a decentralized organisation

**A hybrid business → the best of both world**

- ***A Central team (to contain complexity and cost):***
  - Global Strategy,*
  - System I/R,*
  - Partnership management*
  - Global Operations.*
- ***Role of the market is local implementation, flawless execution and ultimately P&L responsibility***

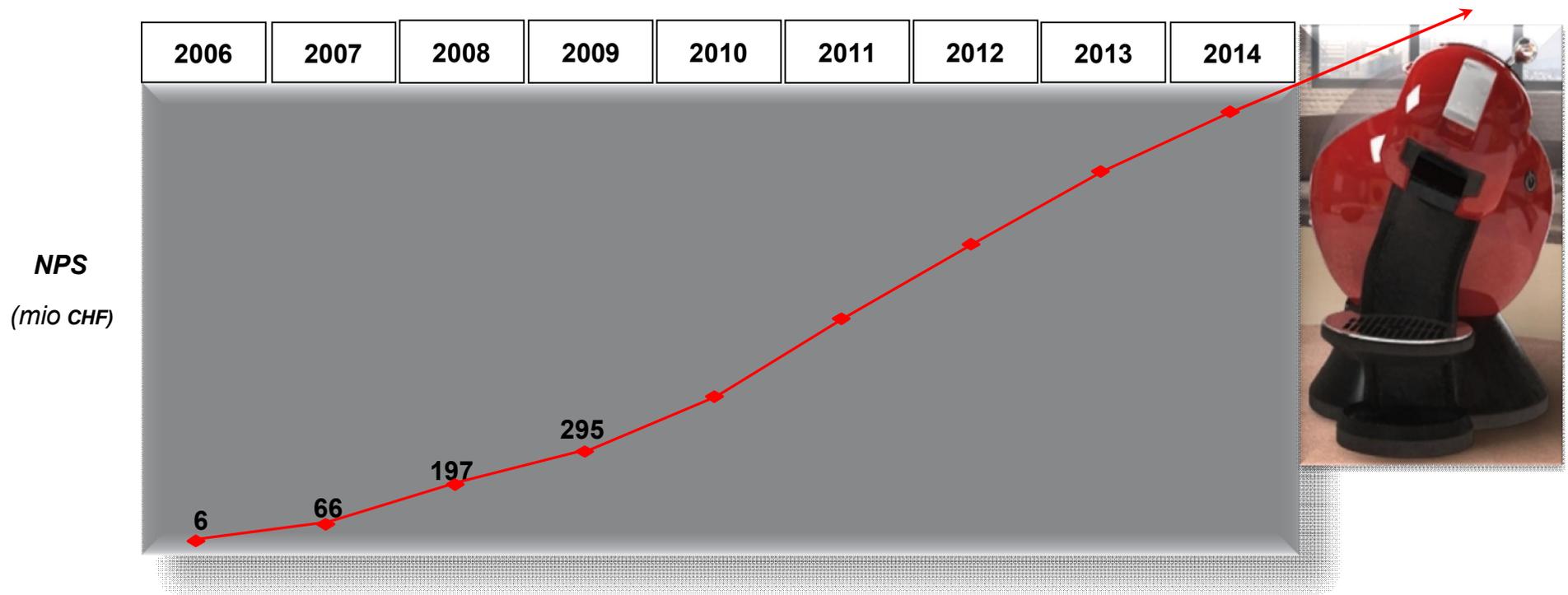


# How do we see the Future





# Our vision CHF 1 Billion business





# Key Learning

- **Breakthrough innovation drives growth even in the most mature businesses.**
- **It can also create huge value in otherwise commoditised markets**
- **Nescafé will find a new dimension thanks to Nescafé Dolce Gusto**
- **Combining centralised with decentralised approaches accelerated growth much faster than using either of the two separately.**
- **The quality of the partnership is critical for success**