



The *Nespresso* Winning Formula

Continuous innovation
and highest quality as
cornerstones for
sustainable growth

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Disclaimer



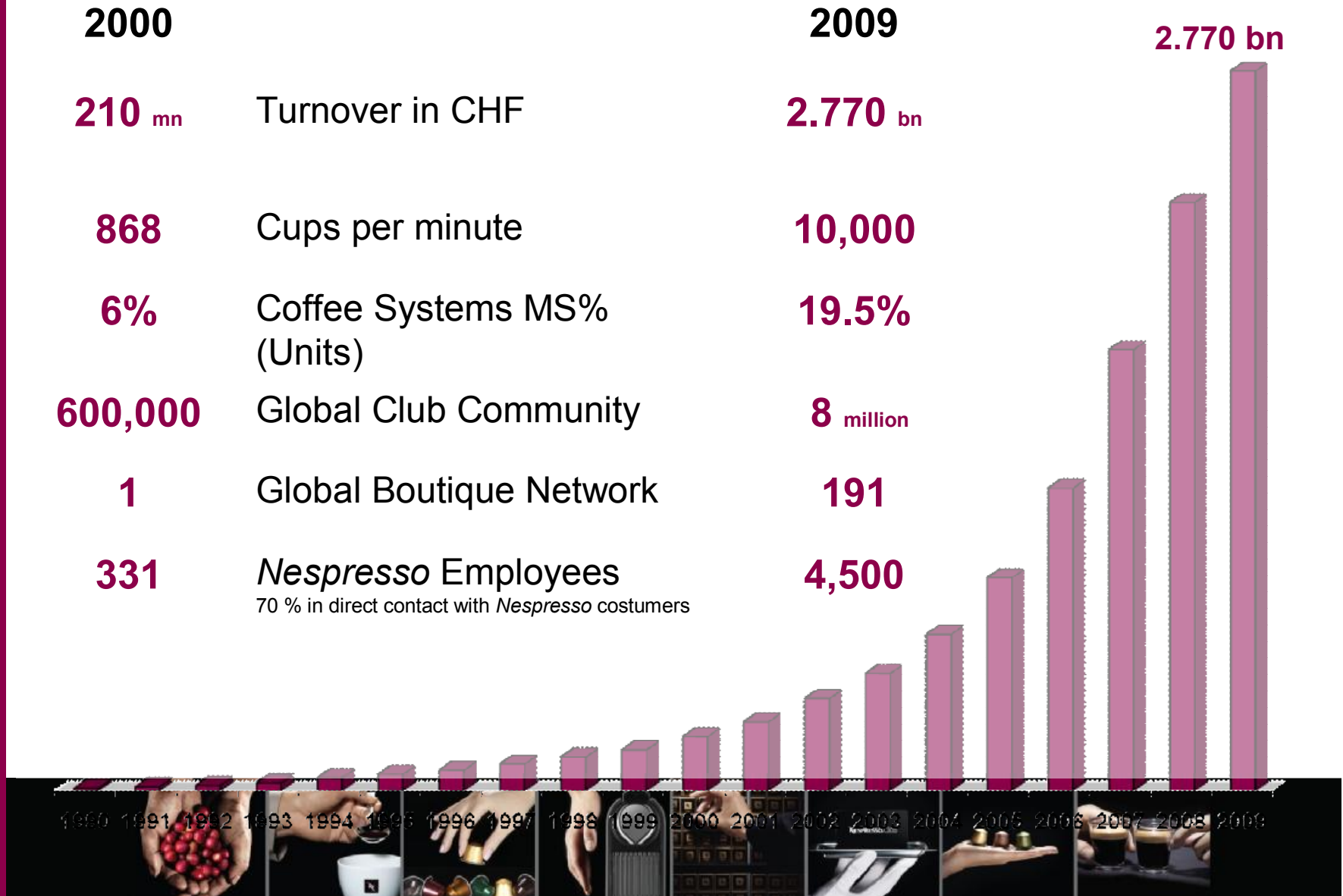
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Impressive continuous growth



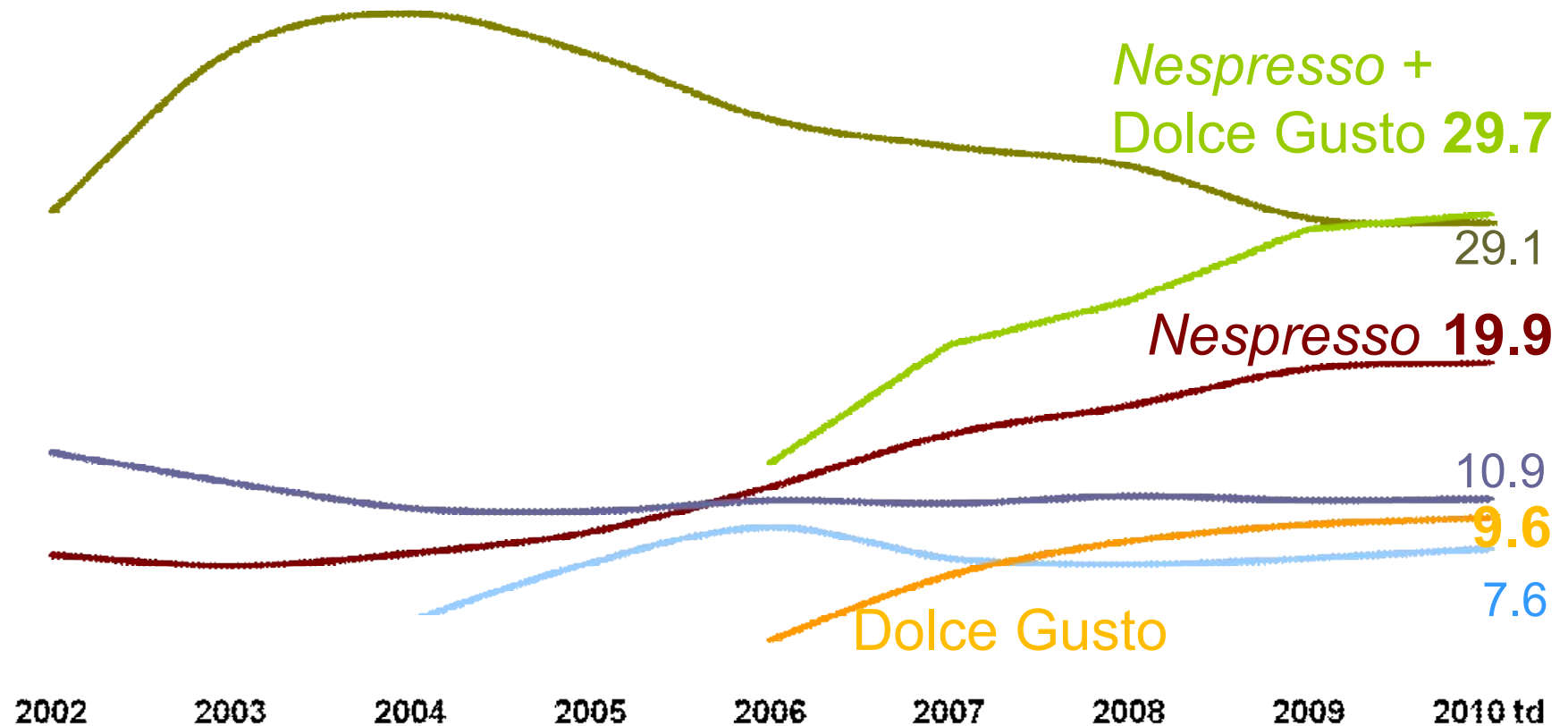
2000		2009
210 mn	Turnover in CHF	2.770 bn
868	Cups per minute	10,000
6%	Coffee Systems MS% (Units)	19.5%
600,000	Global Club Community	8 million
1	Global Boutique Network	191
331	Nespresso Employees <small>70 % in direct contact with Nespresso costumers</small>	4,500



Nestlé takes over segment leadership



Coffee System Evolution by MS % (machine units)



Source: GFK 10 Key European Markets



Total focus on highest quality coffee



Nespresso is a stand alone Globally Managed Business with its own

- global P&L
- global decision-making
- unique business model
- global production centres
- specific route to market

What are the benefits?

- Global business focus
- Faster decision-making
- Consistent global brand
- One centre of competences (coffee, design, R&D, CRM)



Nestlé Nespresso SA HQ Lausanne



Nespresso is becoming a global player



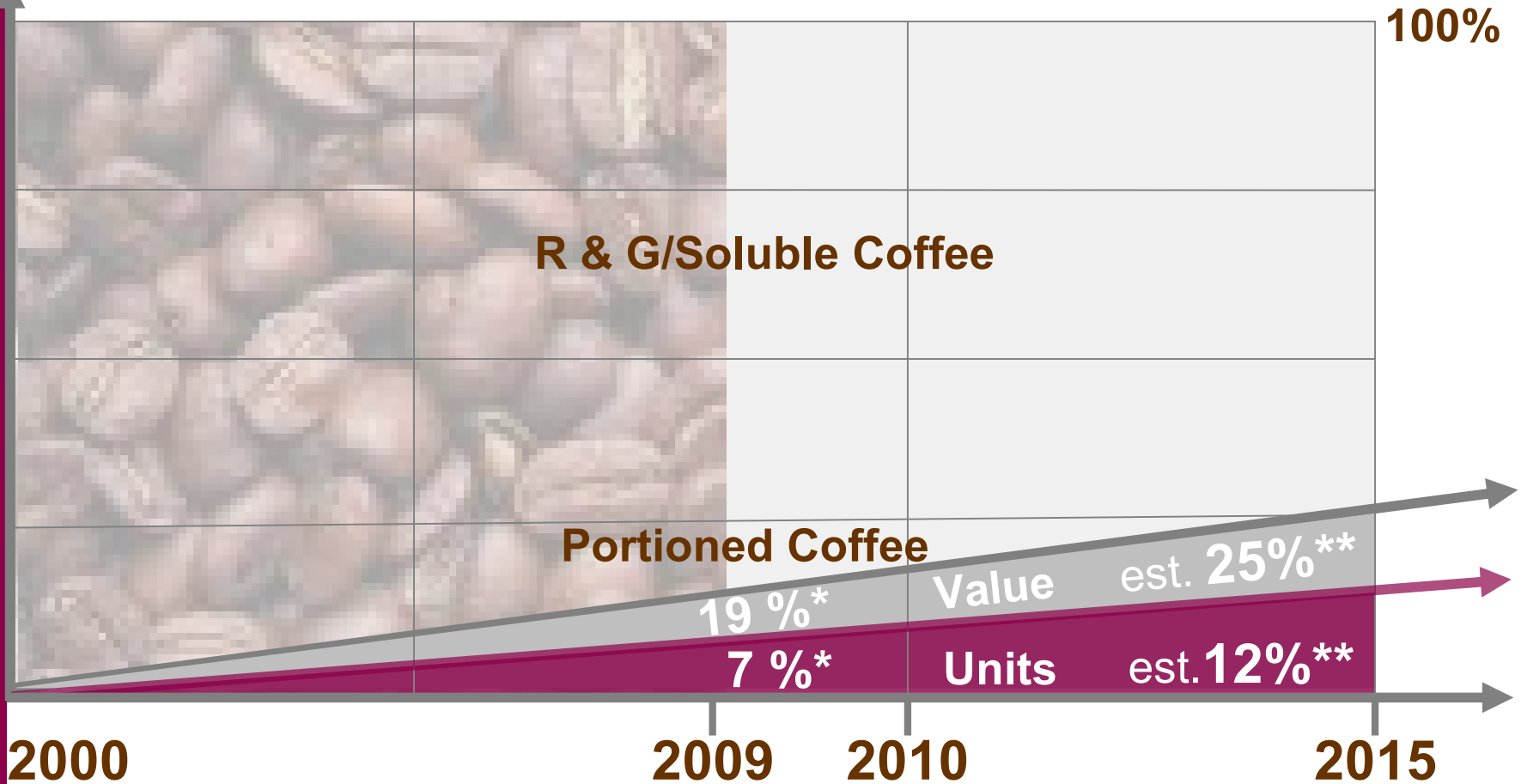
- In 2009 for the first time, Zones AMS and AOA accounted for more than 10% of sales
- 223 boutiques by end 2010



High Potential for Portioned Coffee



Portioned coffee share of total coffee market in cups units/value



* Source: AC Nielsen Europe +North America (12) Coverage

** Source: Nespresso Projection



Nespresso's Winning Formula



Enhancing our competitive advantages while building on our core competences...

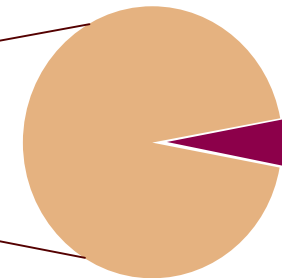
- Unsurpassed coffee quality & deep coffee expertise
- Unstoppable drive for innovation & distinctive design
- Passionate global brand community
- Aspirational iconic global brand
- Exclusive route-to-market with direct consumer relations
- Holistic approach to Sustainable Quality™ development



Unique sourcing of finest green coffee



Only the top 1-2% of the world's green coffee crop meets *our* specific taste/aroma profiles and **Nespresso's** demanding quality standards.



Nespresso
Quality +
Aroma
Profiles
10-20%



Unique way to create Grand Cru Coffees



- **Dedicated *Nespresso* team of coffee experts**
- **Rigorous quality management** from cherry to cup
- **Skillful blending** to create the specific aroma profiles of our 21 Grand Cru coffees and limited editions
- **Extreme care in the drying, roasting & grinding process**



State-of-the-art Production Centres



Avenches + Extension:

- **Total investment: CHF 400 million**
- Building surface: 16,700 m²
- Production capacity (capsules):
 - 4.8 billion (2009)
 - 8.8 billion (2012+)
- Number of employees:
 - 340 (2009)
 - 400 (2010)
 - 800 (2012+)
- Constructed: 2009
- Extension: 2010-2012

Orbe

- **Total investment: CHF 215 million**
- Building surface: 10,200 m²
- Production capacity (capsules):
 - 4.1 billion (B2C & B2B)
- Number of employees:
 - 315 (2009)
- Constructed: 2002



Unique choice of Grand Cru coffees



- The **16 varieties**, each unique, and each a perfect combination of crema, body and taste.
- With distinct **individual aromas and flavor notes** to appeal to every personal taste preference
- Packaged in **hermetically sealed iconic aluminium capsules** designed to conserve the exact proportion of freshly roasted and ground coffee



Unstoppable drive for innovation and design



- Nespresso in-house R&D team
- Deeply routed culture of creativity and innovation
- More than 1,700 patents
- Award-winning design
- Filled innovation pipeline



1986



2001



2004



2005



2007



2009

Innovation Pipeline



Nespresso a global iconic brand



- 1st global roast and ground coffee brand
- Since 2008 among the top 20 risers in brand value ranking



- Nespresso perceived as global super premium brand



Unique way of creating direct relations



- **More than 8 million** coffee connoisseurs form global *Nespresso* fan community
- **More than 3,000 Nespresso Coffee Specialists** have 100,000 contacts every day with **direct customer relations**
- **Best brand ambassadors**
50% of our new customers experience *Nespresso* through current Club Members



Nespresso's unique route-to-market



Nespresso Sales in % by Channel



50%



20%



30%

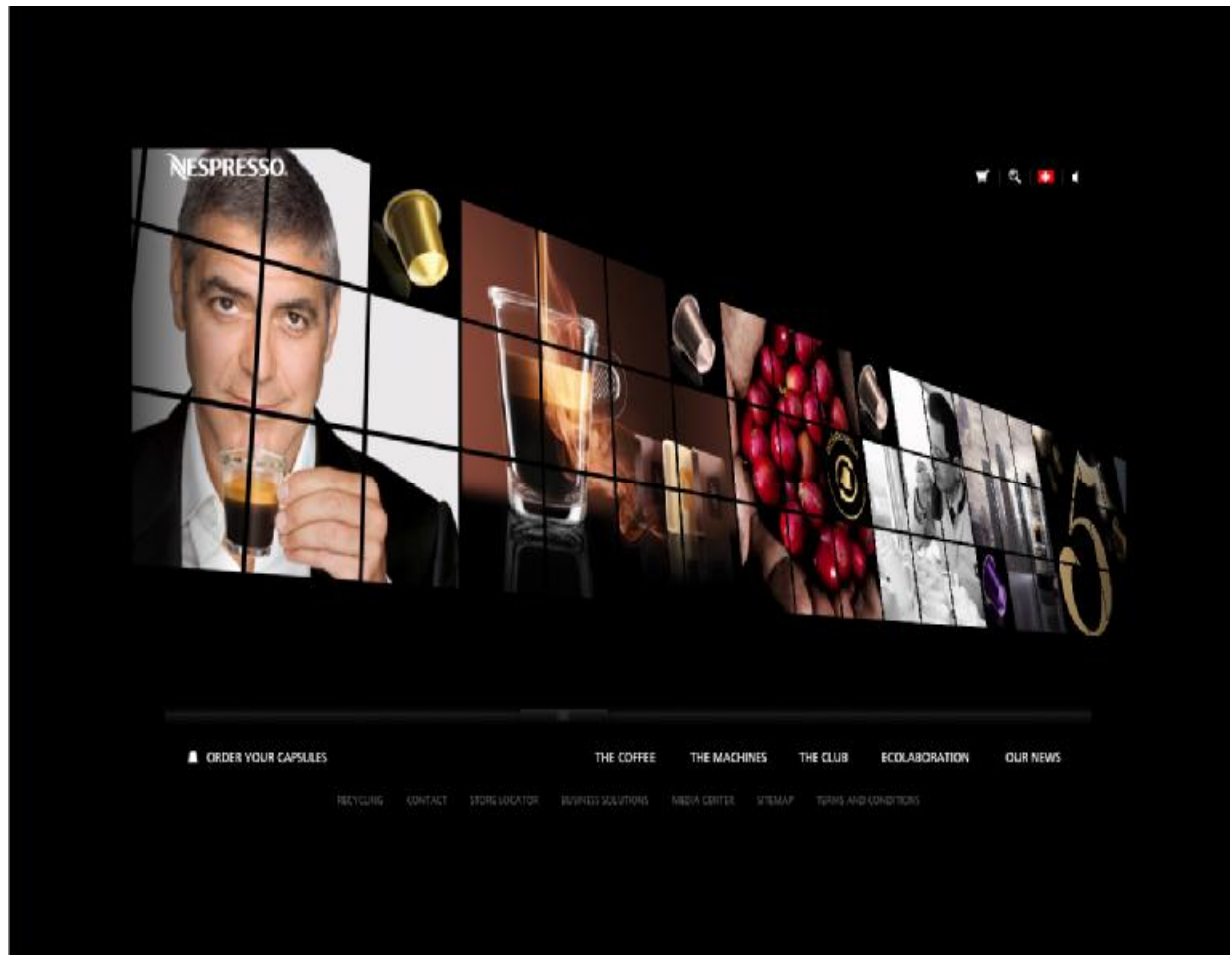
Source: Nespresso Statistics excl. Export 2009



Biggest shop window www.nespresso.com



- 7million visits in 2009 with an average time spent of 6 minutes



Global Nespresso Boutique Network



223 boutiques by the end of 2010

Europe: 142

AMS: 29

AOA: 52



Improving quality at every step of the value chain



Nespresso, a unique business model,
allows us to guarantee quality
from cherry to cup



Ecolaboration™ Nespresso's holistic approach for sustainable development



Building on the principles of the Nestlé “Creating Shared Value” approach, the *Nespresso Ecolaboration™* framework aims to bring stakeholders and *Nespresso* partners together with the ultimate objective of continuously improving the sustainability performance of the *Nespresso* value chain



Source 80% of our coffee through the unique *Nespresso* AAA Sustainable Quality™ Program, incl. Rainforest Alliance certification



Put systems in place to triple our ability to recycle used capsules to 75%



Reduce the overall carbon footprint required to produce every cup of *Nespresso* coffee by 20%



Creating sustainable future growth



Capitalise on strengths of unique business model and luxury brand image

■ Conquer new geographies through a targeted urban expansion strategy

- grow to 223 boutiques with more than 30 locations including Miami, Brussels, New York (Soho), Munich
- expansion outside Europe: Shanghai, Cape Town & Johannesburg
- step change in B2B strategy to increase share in top gastronomy and offices

■ Strengthen innovation capabilities in core areas

- defend and grow intellectual property portfolio
- new Boutique concept (starting in Munich) & new dynamic e-commerce platform
- new exclusive, personalised services in all touch points
- roll-out of 5 new machines in both B2C and B2B channels within next 12 months

Creating
highest quality
Grand Cru coffees

Creating
long-lasting
consumer
relationships

Creating
sustainable
business success

Enhancing our competitive advantage to even higher standards while building on our core competences to deliver double digit growth rates





Thanks

