

GLOBAL BUSINESS EXCELLENCE

GLOBE

UNLOCKING OUR POTENTIAL



Nestlé

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.

Why GLOBE?

To unlock Nestlé's potential by:

- Leveraging our size as a strength in a rapidly changing environment
- Uniting and aligning us on the inside to be more globally competitive on the outside
- Enabling Nestlé to manage *complexity with operational efficiency*

GLOBE - Program Objectives

- 1 Implementation of harmonized Nestlé Business Excellence Best Practices
- 2 Implementation of Data Standards and Data Management-
"Managing Data as a Corporate Asset"
- 3 Implementation of standardized information systems and technology

Qin Dynasty Objectives

- 1 Implementation of a standardized written language (Mandarin)
- 2 Implementation of a standardized currency
- 3 Implementation of a standardized length for the axle of an ox cart

2005 GLOBE Program Objectives

- All Markets to implement agreed best practices
- All Markets to implement data standards/data management
- Selected Markets to implement the GLOBE Systems (cumulative 30% of F&B sales by end 2005)
- Total GLOBE/IS/IT annual costs not to exceed 1.9% of F&B Sales
- All activities to be completed within agreed scope, timelines and quality

Note: Benefits tracked through the Nestlé Group Initiatives (Operation Excellence 2007 and FitNes)

Nestlé Business Excellence

- Based upon tested and proven best practices from Nestlé's markets
- Over 800 projects in progress worldwide
- Accelerates benefits and prepares market for smooth system implementation
- Not dependent upon GLOBE SAP systems (uses no systems or existing market systems)

The Nestlé Best Practice Library

<http://intranet.nestle.com/bpm>

The Best Practice Library



The WHY The WHAT The HOW

- 45 Solution Sets
- 1067 Best Practices



CHOOSE YOUR SOLUTION SET / NETWORK -->

- OS/DM Network
- Generating Demand
- Ensuring Supply
- Technical & Production
- Finance & Control
- Human Resources

Basics for Manufacturing
Basics for Quality and Spec...
Materials Handling
Asset & Maintenance Management

BPM Networks



- 4 Networks
- 3000 Subscribers

Share Implementation Experience

Business Excellence Reporting

ZONE AMS - BE Market Progress Report Filter

Project Status Legend: Project on Track (T) / Behind Schedule (L) -

Market	Stream Code	Solution Set	Step Current Month	Status
Argentina	ES	Asset & Maintenance Management	1	
Argentina	ES	Basics for Manufacturing	6	✓
Argentina	ES	Basics for Manufacturing	14	✓

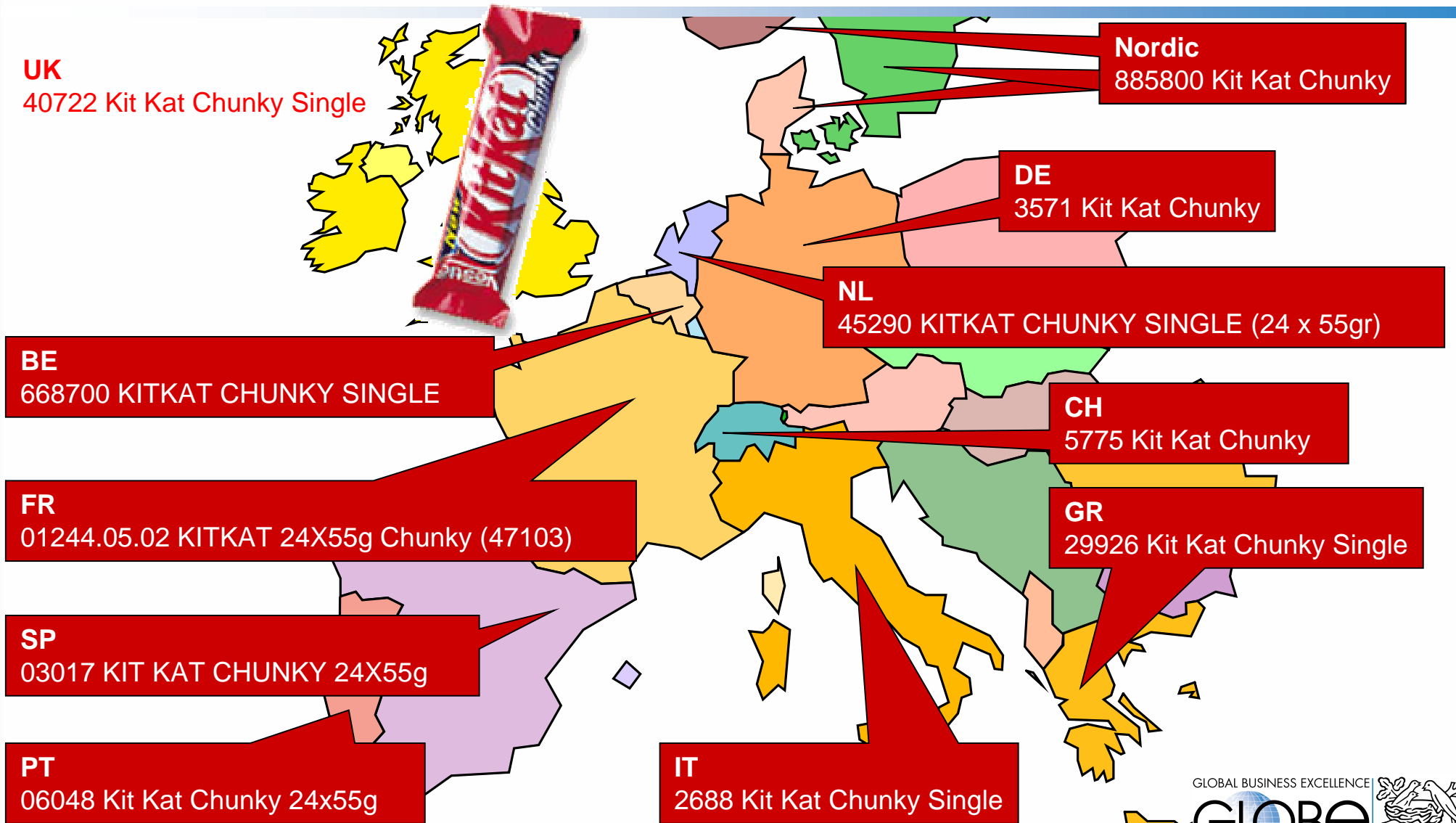
Track Market Progress

- 860 Implementation Projects

Data Standards/ Data Management

- Over 230 global data standards defined
- Markets have cleansed data and registered inter market supply products into the Master Data Repository as of end of 2003
- Markets are implementing data management best practices and realizing early benefits
 - Improved quality of customer addresses and invoices for Nestlé Waters NA Home and Office business (\$ 300,000 savings per annum)

Master Data Alignment Improves Intermarket Supply Operations and Lowers Net Working Capital



Data Cleansing Summary: 2003

➤ Over one-half of key data objects were "garbage"

	Obsolete	Duplicate	Active	Cleansing rate
Material	724'804	29'529	544'383	58%
Customer	1'728'298	105'033	1'733'809	51%
Vendor	1'079'660	23'266	632'952	64%
Total	3'532'762	157'828	2'911'144	56%

Information Systems/Information Technology

- GLOBE Template Version 1.5 (new functionality and new technology platform) has been created
- Global infrastructure (hardware and network) is in place
- GLOBE "three tier" support organization fully operational:
 - Business Technology Center (Vevey)
 - GLOBE Centers (and Central Support Center)
 - Local GLOBE Organizations

"Live" Markets - June 2005

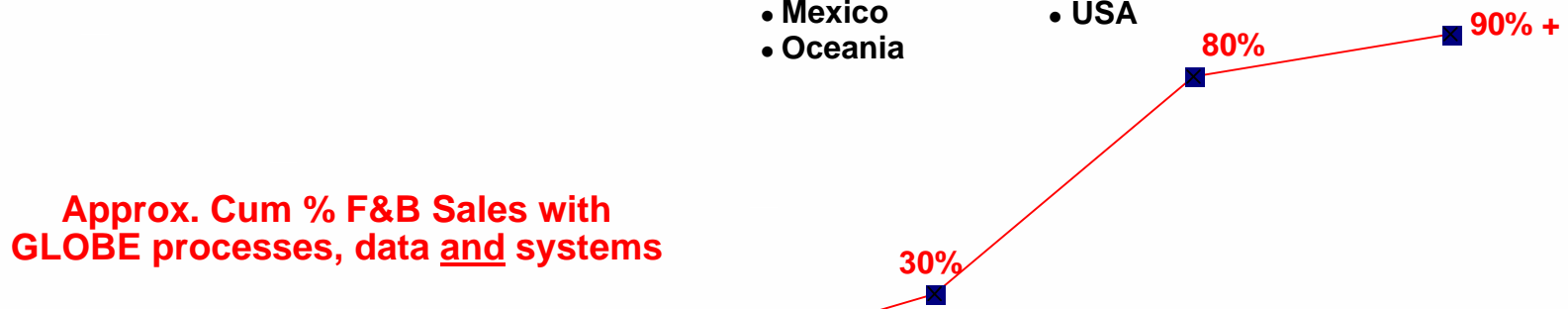
Sixteen markets (Switzerland, Chile/Peru/Bolivia, Malaysia/Singapore, Thailand, Poland, Indonesia, Canada, Philippines, NPPE UK, South Africa, Austria, Pakistan, Russia, Germany, NW HOD UK, South Asia plus the Center and R&D Switzerland) have implemented all three objectives (Processes, Data and Systems)

- 18 countries
- Approx. CHF 16.7 billion in sales
- Approx. 52,000 users
- 202 factories (102 Nestlé, 100 Co-Packers)
- 225 distribution centers
- 174 sales offices

Implementation Plan - as of June 2005



2002	2003	2004	2005	2006	2007
Version 1.0 Pilots <ul style="list-style-type: none"> • Switzerland • Chile/Peru/Bolivia • Malaysia/Singapore 	Version 1.0 Roll-Out <ul style="list-style-type: none"> • Poland • Thailand • Indonesia 	Version 1.5 Pilots <ul style="list-style-type: none"> • Nestlé Purina UK • Philippines • Canada 	Version 1.5 Roll-Out, incl. <ul style="list-style-type: none"> • Russia • Germany • UK (incl. NW HOD) • India • Mexico • Oceania 	Version 1.5 Roll-Out, incl. <ul style="list-style-type: none"> • France • Spain • Italy • Japan • Brazil • USA 	Version 1.5 Roll-Out, incl. <ul style="list-style-type: none"> • Korea • Middle East • Central America



2005 Major GLOBE "Go-Lives"

- **South Africa (completed)**
- **Austria (completed)**
- **Pakistan (completed)**
- **The Center (completed)**
- **Russia (completed)**
- **Germany (completed)**
- **India (completed)**
- **Nestlé Waters HOD UK (completed)**
- **Mexico**
- **UK/Ireland**
- **Oceania**

RIG Performance 2004 in GLOBE Markets

Go-Live	Market	2004 RIG
2002	Malaysia/Singapore	+ 3.2%
2002	Bolivia	- 9.0%
2002	Peru	+ 5.9%
2002	Chile	+ 3.0%
2002	Switzerland	- 4.3%
2003	Thailand	+ 6.1%
2003	Poland	+ 4.1%
2004	Indonesia	+ 11.7%
2004	Canada	- 1.5%
2004	Philippines	+ 5.5%
2004	Nestlé Purina UK	+ 3.5%

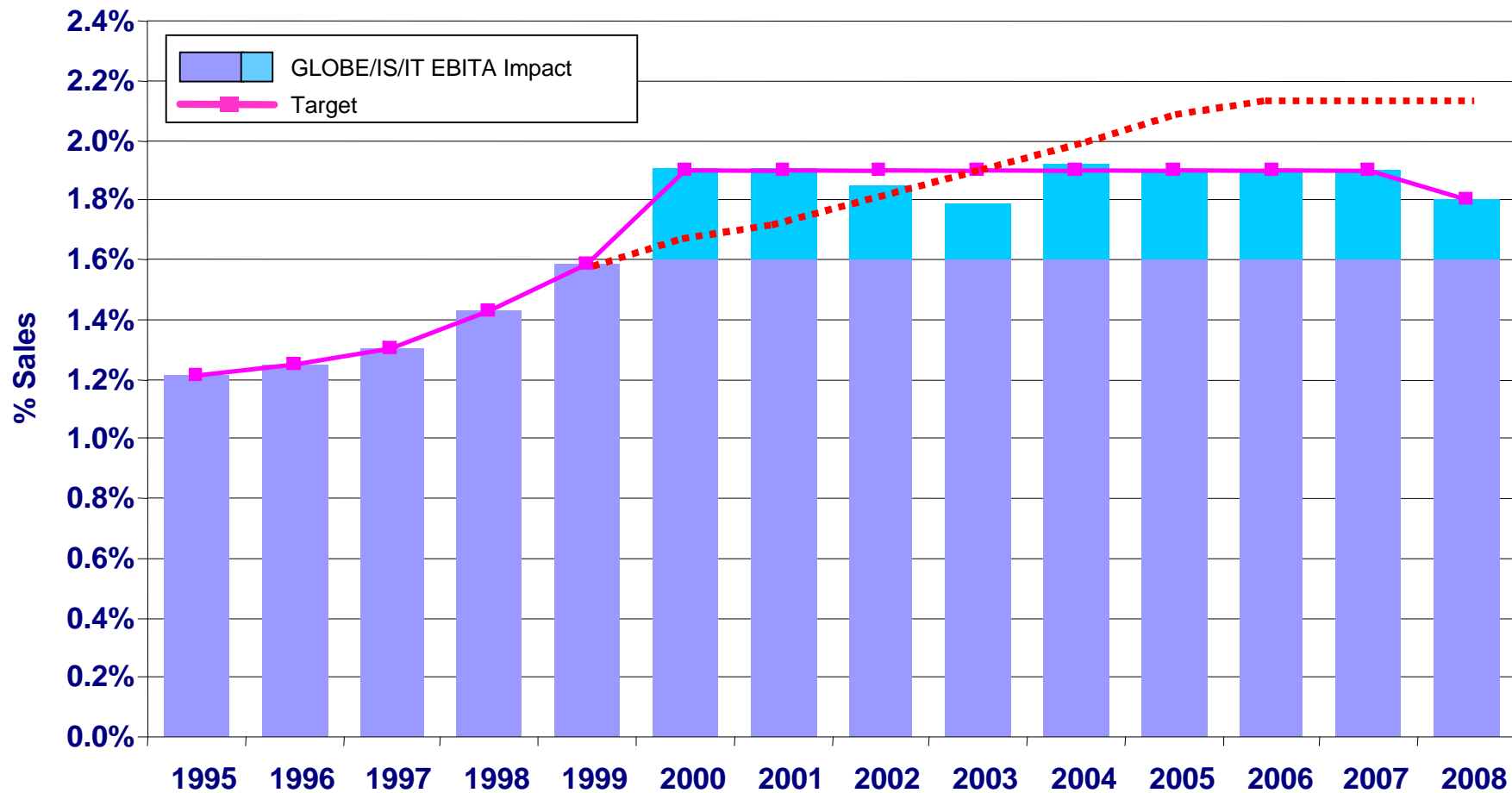
Key Issues in "Live" Markets

- Decision Support
- System Management
- Trade Promotion Management

Keys to a Successful GLOBE Systems Implementation

- Early implementation of best practices
- Close attention paid to data
- Focus on testing and training
- Business Ownership
- Best People
- Attitude

GLOBE/IS/IT EBITA Impact



Targets 2005 and onwards for F&B, excluding Dreyer's and BPW

GLOBE Enabled Benefits: Operation Excellence 2007

- **Oceania:** "*Purchasing*": Implementation of best practices and "P-cards" has enabled annualized savings of AUD\$21 million in 2004 and projected AUD\$20 million in 2005
- **Russia:** "*Specification Management*": Common raw materials have been identified across 6 factories resulting in a 60% reduction in specifications (181 to 70)
- **France/Nestlé Waters:** "*Finished Product Tracking*": Loading customer claims reduced by 90%

GLOBE Enabled Benefits: FitNes

- **Former Andean Region** (Chile/Peru/Bolivia): "*Accounting Shared Services*": Consolidation of administration improves quality of data/visibility and saves over US\$500,000 per annum
- **South East Africa**: "*Accelerated Close*": Year end book closing reduced from 14 to 5 days, reduced cost (CHF 1 million), better management information
- **Greece**: "*Customer Service*": Centralized customer service improves responsiveness and reduces headcount (from 23 to 11)

GLOBE Enabled Benefits: Profitable Growth

- **Israel:** "*Integrated Commercial Planning: Nescafé*": Implementation has increased market share from 37% to 41%; total trade spend (TTS) has been reduced by 2.5% during first quarter 2005
- **France:** "*Outlet classification*": 25% reduction in database management time, 66% reduction in data; new business opportunities identified
- **Turkey:** "*Order to Cash*": Best practices increased customer service levels (6 point increase), improved resolution time and customer/channel focus

GLOBE Enabled Benefits: Reduced Net Working Capital

- **Chile:** "*Customer Service*": Improved collection process yielded over US\$200,000 in 2005
- **Mexico:** "*Accounts Receivable*": More accurate and real-time customer information; reduction in credit days outstanding will realize at least US\$3.5 million in 2005
- **Waters in North America and Europe:** "*Intermarket Supply*": reduced stocks and write-offs (EUR 1.3 million in 2002/2003)

Nestlé's Future with GLOBE

- Speed to share and implement new best practices
- Provide better information for better decisions
- Enable shared services
- Facilitate organizational change
- Allow for focus on generating demand activities

Summary

- GLOBE is on time
- GLOBE is on budget
- GLOBE works
- GLOBE enables benefits (with and without systems)
- GLOBE has become Nestlé's way to do business

GLOBE enables Nestlé to manage complexity with operational efficiency

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