

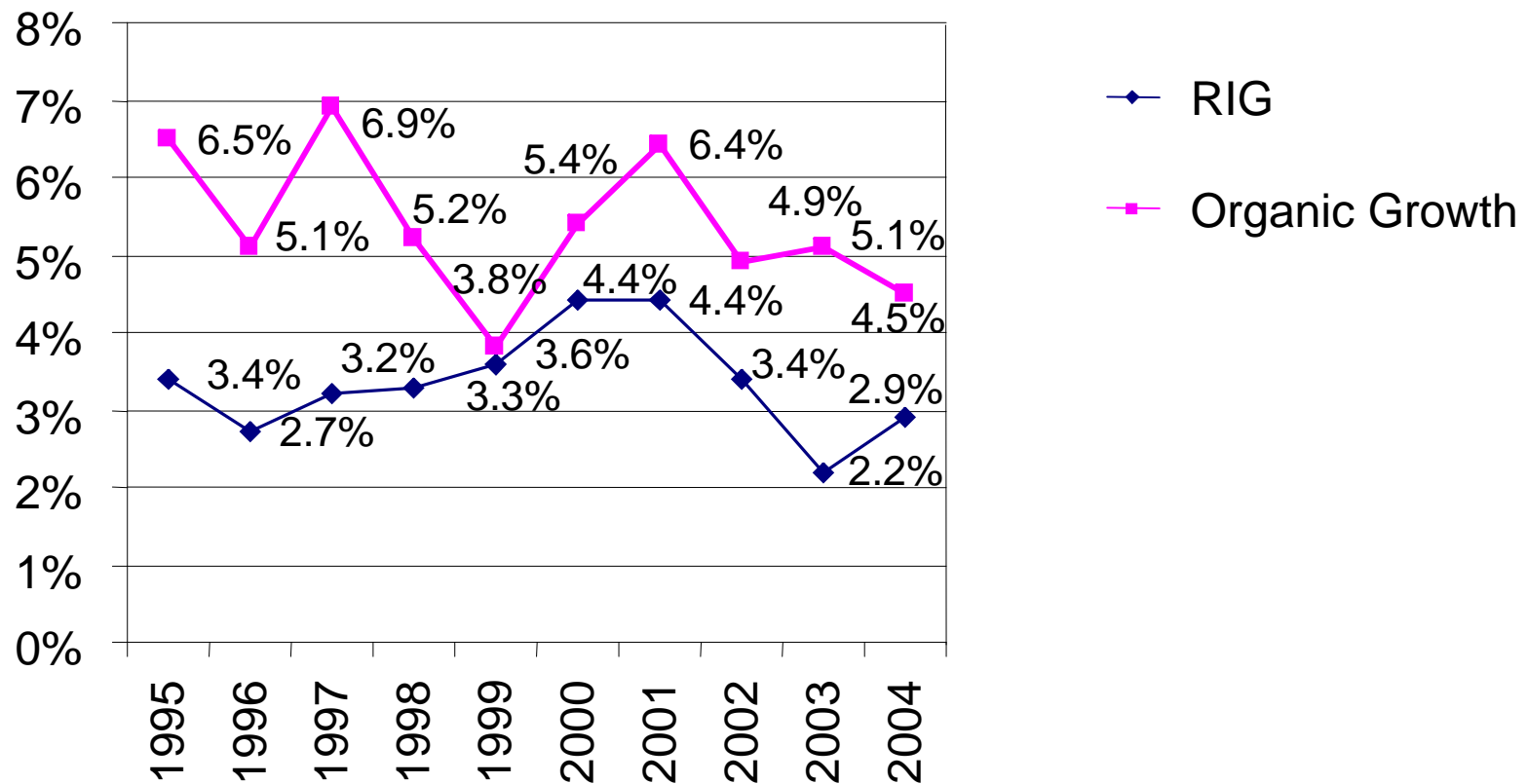
Nestlé Investor Seminar  
Strategic Demand Generation - Ed Marra



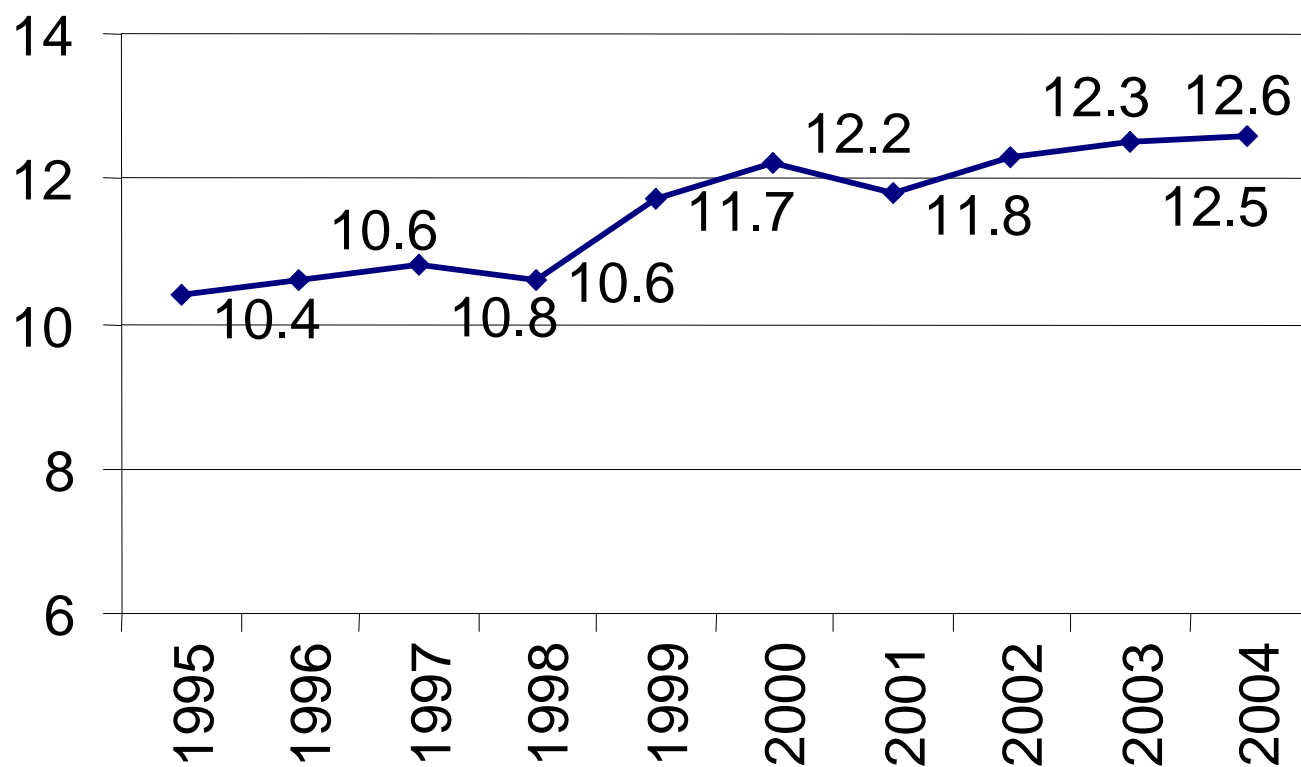
## Disclaimer

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.

## Our Organic Growth over the last 10 years averages 5.7%



And we have seen continuous and sustainable improvement of EBITA margin



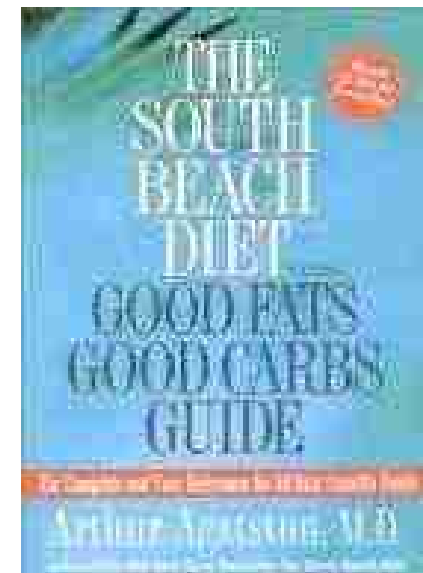
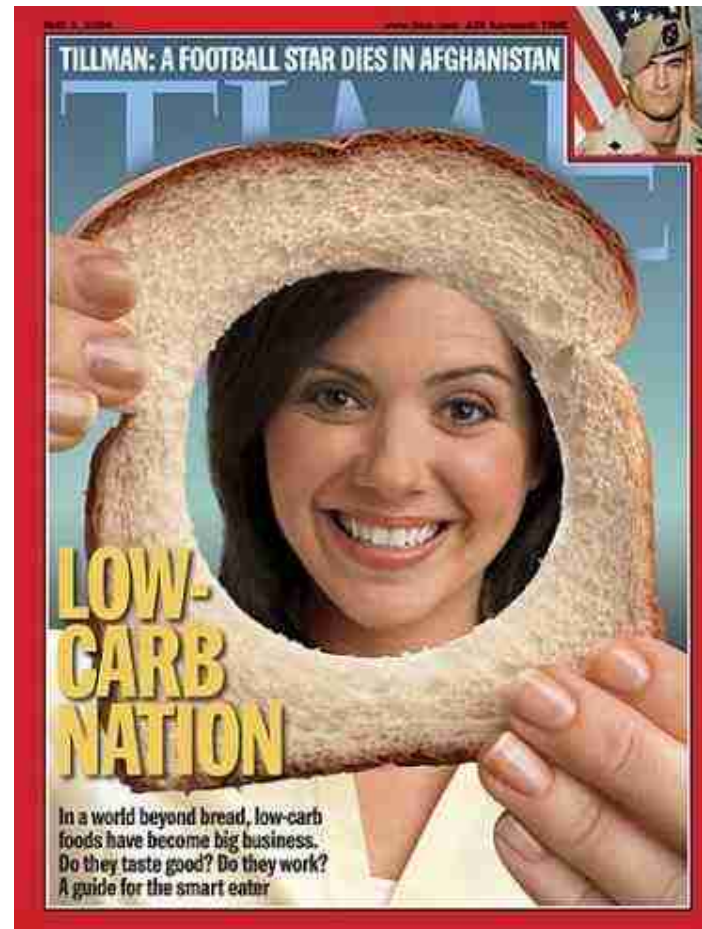
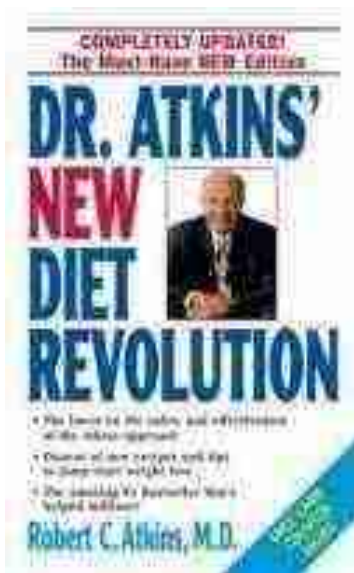
  
NESTEA<sup>®</sup> PURINA<sup>®</sup>

Strong brands alone are no longer enough....

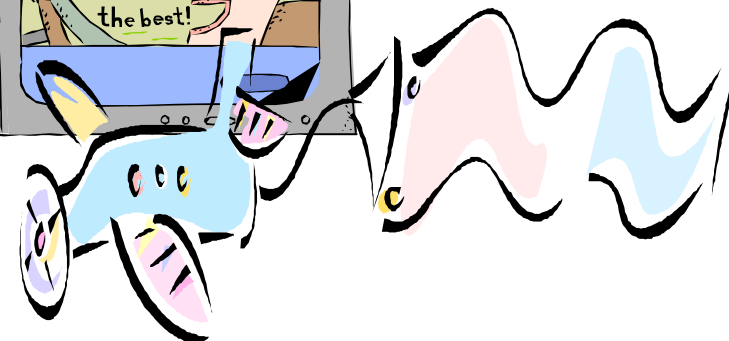




# Consumers are increasingly health conscious



Connecting with consumers  
is a challenge...



International customers are consolidating



Discounters are moving into more markets

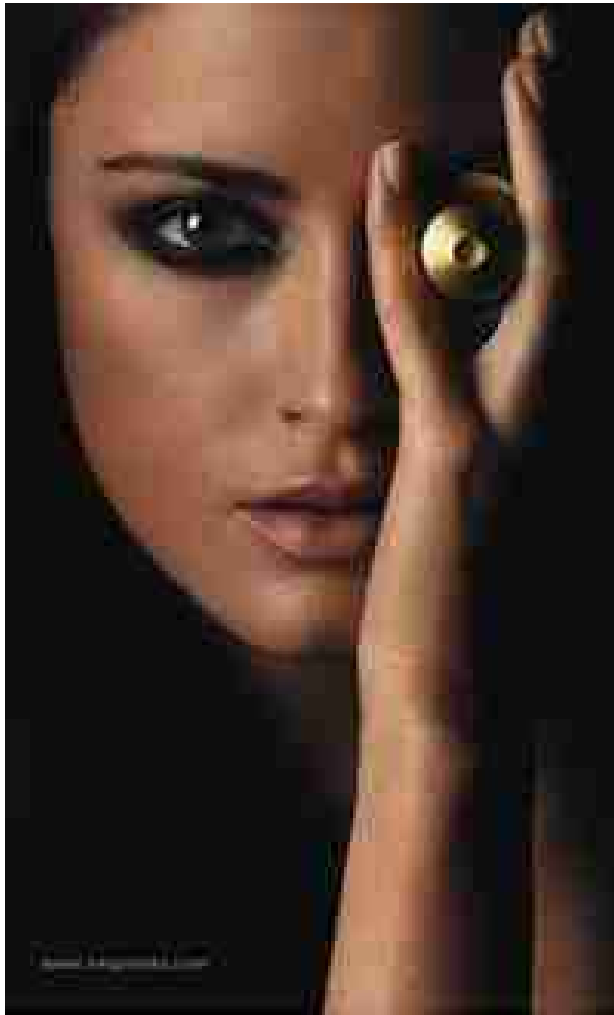




We have focused the Strategic Business Units (SBUs) on...

- I Developing **winning strategies** - consumer, technology, capital and route to market

# NESPRESSO®



- patented technology
- superiour quality
- direct to consumer



We have focused the Strategic Business Units (SBUs) on...

- I Developing **winning strategies** - consumer, technology, capital and route to market
- II Developing and driving **consumer led** Innovation and Renovation

# Continuous Technical Evolution...

# NESCAFÉ®



# NESCAFÉ



- 67:33 preference vs competition
- premium priced
- doubled market share
- increased category earnings



# NESCAFÉ

- attracting youth - first coffee experience
- especially formulated for milky coffee
- category growth
- 60:40 preference vs competition



"Your pets, our passion"



- healthy weight formula
- leveraging brands and technology
- rolling out globally

- 63% of US cats live indoors
- \$53m sales in first year
- 60% of users new to Cat Chow



We have focused the Strategic Business Units (SBUs) on...

- I Developing **winning strategies** - consumer, technology, capital and route to market
- II Developing and driving **consumer led** Innovation and Renovation
- III. **People - Core competence**
  - In SBUs and Markets
  - Strategic
  - Inspired and inspiring leaders

**Clusters** bring like-markets together



Develop Strategy

Share Best Practices

Drive Innovation Renovation agenda

Achieve synergies effectiveness

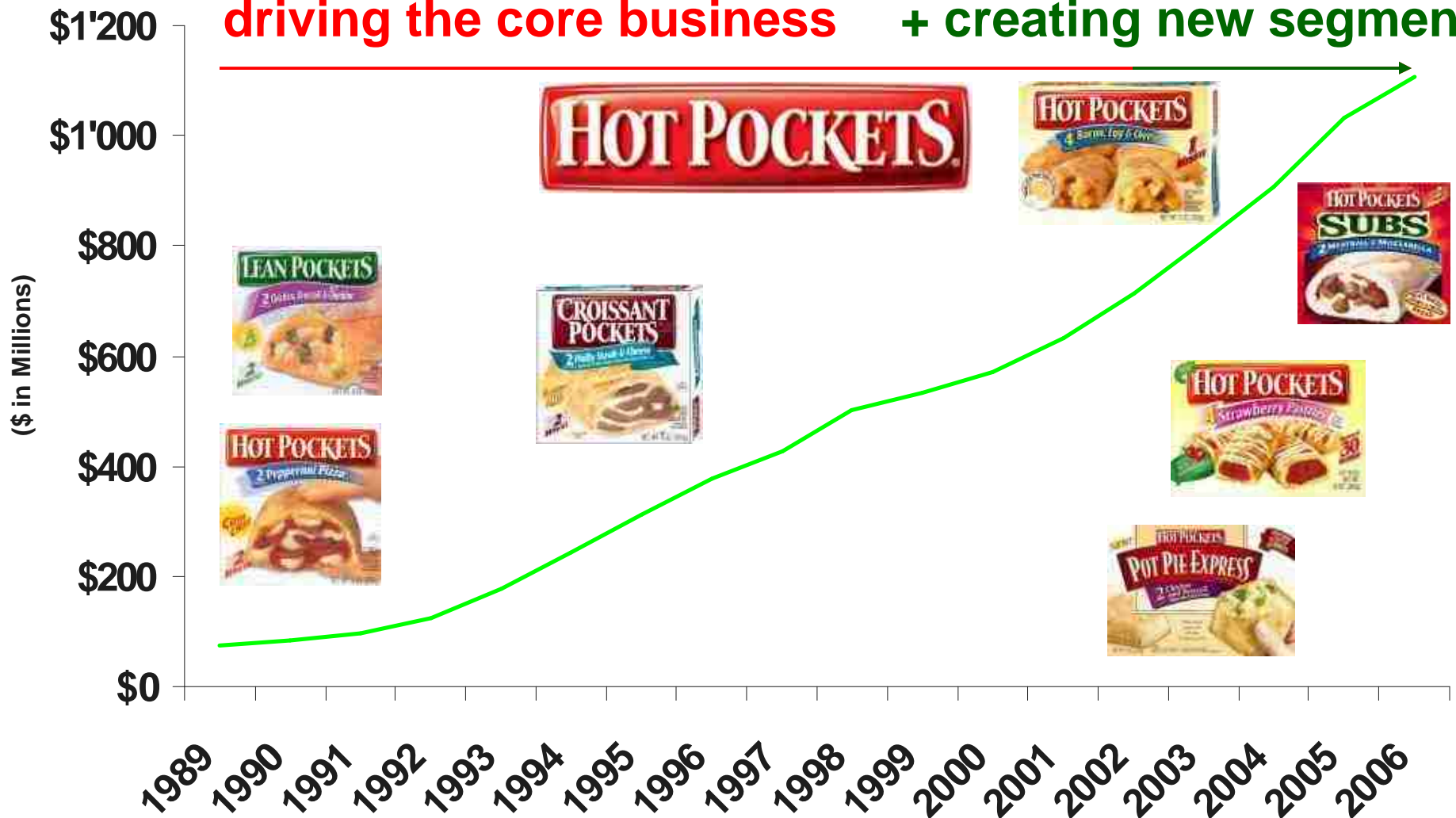
Learning and reapplication





# USA - accelerating growth via innovation and renovation

**driving the core business** + **creating new segments**



# Continuous innovation

2002



**New occasion  
BREAKFAST**

2003



**New form  
new crust**

2004



**New filling  
SWEET**

2005



**New crust  
HEARTIEST**

## Rolling out into Europe





## Breakthrough innovation



- scientifically leading edge
- closest formula to breast milk
- enhanced immune protection and allergy prevention
- rolling out globally within 2 years



## Inspiring a focus on innovation



NESTLÉ INNOVATION AWARDS 2005



Wellness into action

6040+



Wellness Unit evolving Nestlé to a "food, nutrition, health and wellness Company"



## Nestlé - A World of Healthy Food

Over 700 products renovated or innovated in the past five years, with wellness in mind



# Scientifically developed foods for every stage of life...



## Wellness in action....



Actigen-E enhances MILO's energy-giving benefits

With BAB's nutritional activator



Full taste and aroma of Nescafé Original and Nescafé Gold Blend, but with half the caffeine





## Wellness in action....



Healthy ageing for dogs



carbs reduced



lower fat



Less than 100 calories per bar

# Nutrition made simple.....and how to find out more

*“Enjoy the delicious taste of fresh yogurt enriched with fruit pieces with no added sugar”*

**IT'S GOOD TO KNOW**

NUTRITION INFORMATION	Per 100 g	Per container
Energy	52 kcal 223 kJ	65 kcal 279 kJ
Protein	4.3 g	5.4 g
Carbohydrate of which sugars	7.8 g 7.3 g	9.8 g 9.2 g
Fat of which saturates	Trace	Trace
Fibre	0.2 g	0.3 g
Sodium	0.08 g	0.09 g
Calcium	138 mg	173 mg

**Good to remember**  
 CHOOSING LIGHTER OPTIONS LIKE THIS SVELTESSE YOGURT CAN HELP YOU TO ACHIEVE A HEALTHY FAT AND SUGAR INTAKE.

**Good to talk**  
 00800 XXX XXX  
[www.nestle.country](http://www.nestle.country)  
 NESTLÉ CONSUMER SERVICES

**Good to know**  
 One delicious container of this Sveltesse yoghurt provides 21.6% of the Recommended Daily Allowance for calcium.  
 CALCIUM IS IMPORTANT FOR HEALTHY BONES.



# On KIT KAT too



And we are increasing the efficiency and effectiveness of our Media investment

## Media Agency Consolidation (Agency of Record)

 GroupM

Getting more value

Improving quality

 ZenithOptimedia

5%  
value  
improvement\*

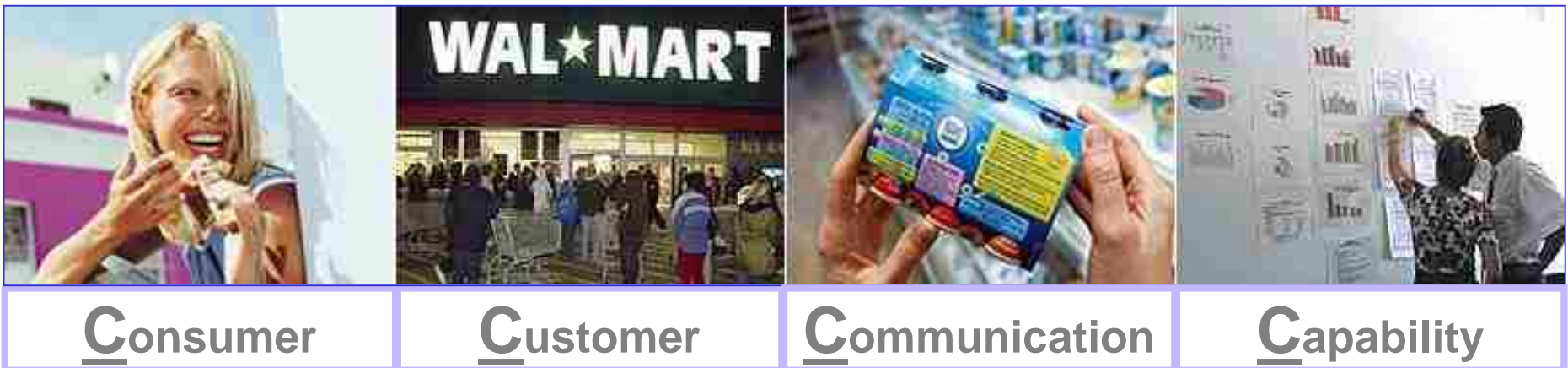


reinvested  
in our  
brands

\* on reported media spend globally



The Strategic Generating Demand Unit will focus on the "4 C's", with a mission to **help markets grow**



**Setting Direction**

+

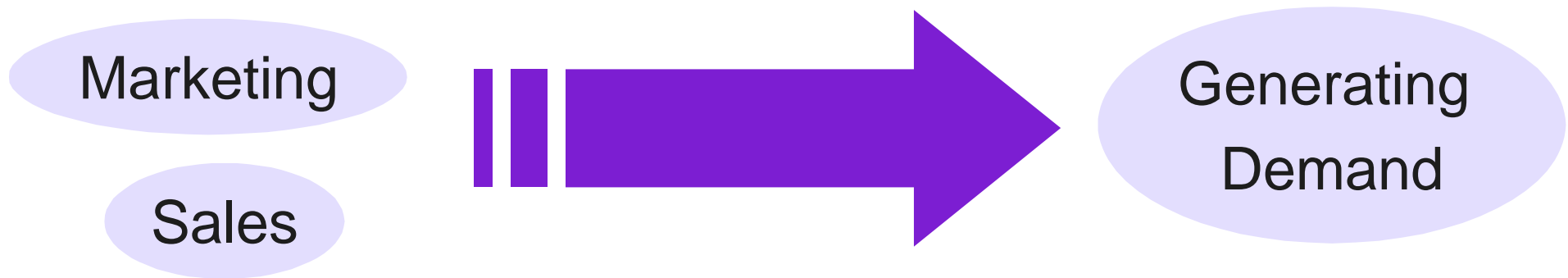
**Building Capability**

What to do

How to do it



Harnessing the power of two functions  
into one team



with a common goal...

To inspire consumers  
to spend more on Nestlé brands

## Key global initiatives so far...

Global supplier\* contracts review



\* of information, research, packaging

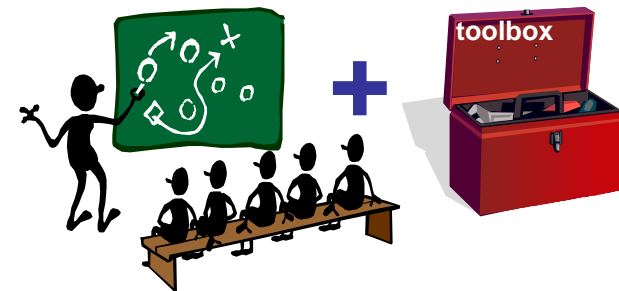
## Key global initiatives so far...

### Consumer Insight

- Nestlé Way
- Proprietary methodology
- Best in class



- Global training programme



## Re-energising KIT KAT

- **Insight:** "I love eating KIT KAT but sometimes it just doesn't excite me"
- Roll Out: Japan, Oceania, UK, Canada, Germany



## Making fun of water

- **Insight:** "I wish it was easier to get my kids to drink water - it is so good for them".
- **Results:** Premium priced, category growth, market leader

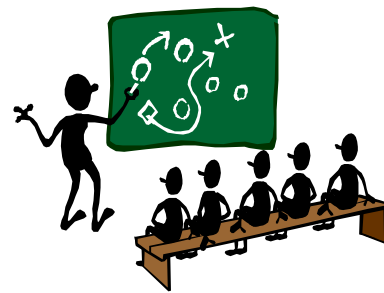




## Consumer Value Pricing



- Nestlé Way
- Proprietary methodologies
- Best in class



- Global training programmes



## Integrated Commercial Planning

## Customer Management

- Joint business planning



- Global Customer teams, aligned local approaches

- Building capability of our Customer teams

# Global to local - Tesco



New Tesco global intranet site for Nestlé

All Strategic Generating Demand work is aligned with...

GLOBAL BUSINESS EXCELLENCE

 GLOBE

UNLOCKING NESTLÉ'S POTENTIAL

In summary...

- Consumers drive our **growth** agenda
- SBUs provide business leadership for **growth**
  - winning strategies, innovation, people
- Strategic Generating Demand Unit provides functional leadership for **growth**
  - "what to" and "how to"
- Delivering 5-6% organic **growth**, with improving EBITA margins, is why we do it all





NEVER LOSE THAT  
"PASSION TO WIN"



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