

Welcome to the Full Year Results Press Conference

Paul Bulcke
Nestlé CEO



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.

New Conference Centre



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Nestlé Group Highlights 2010

6.2 % Organic growth



Increased EBIT margin



Growth in all regions and
categories



Continued momentum for 2011



Full Year Results

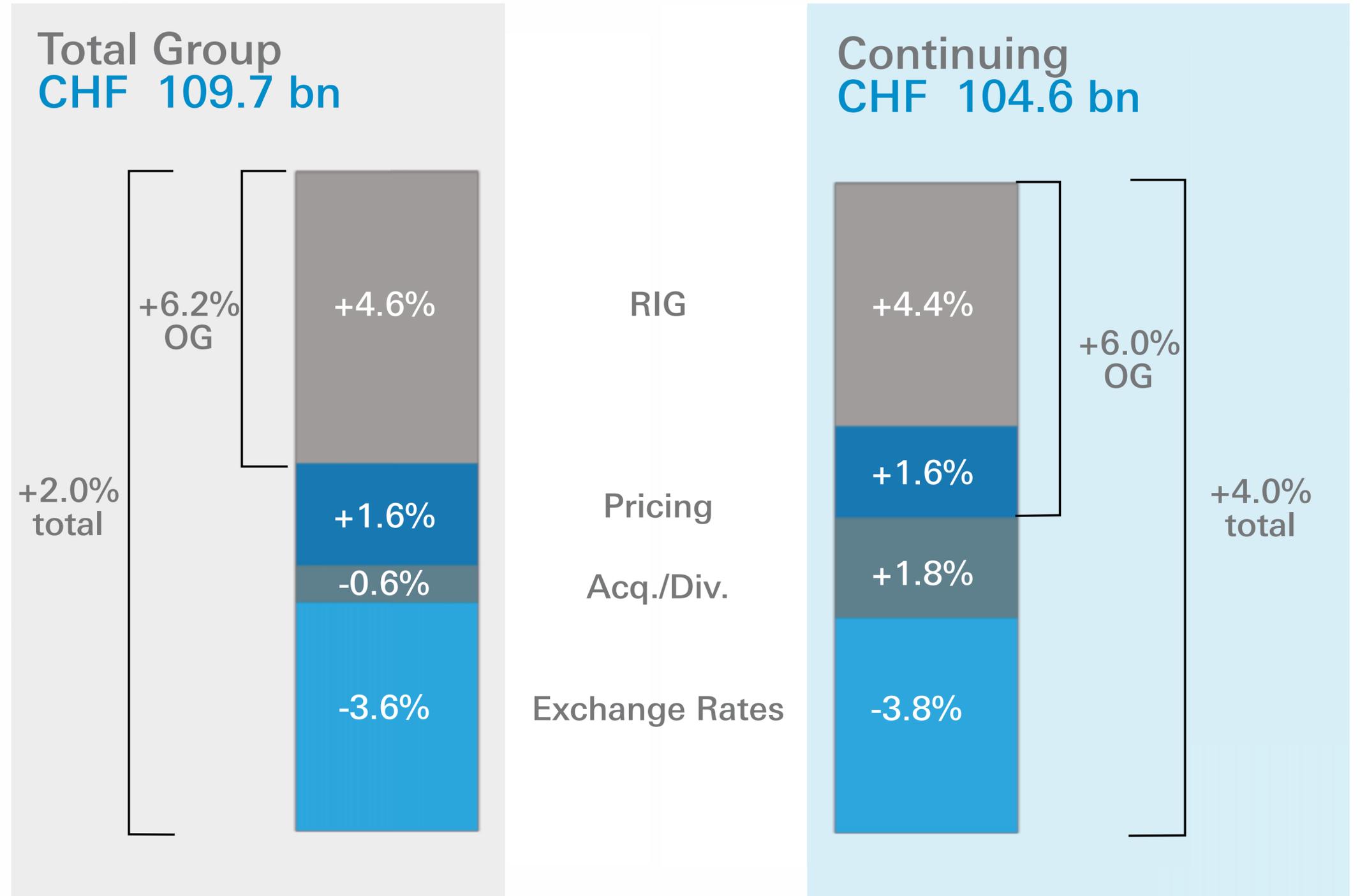
Jim Singh
Chief Financial Officer



Strong Full Year 2010 Performance Improvements in organic growth, EBIT, EPS

	Actuals	
Sales (Group)	109.7 bn	6.2% organic growth, net divestments -0.6%, FX of -3.6%
Net Profit	34.2 bn	Includes 2010 profit on sale of Alcon
Underlying EPS	3.32	+7.4%. +10.3% constant currency Improved operating performance
Operating Cash flow	13.6 bn	Normalisation of working capital after 08/09 volatility
Return on Invested Capital	36.1/15.5%	+100 bps excl. goodwill; -10 bps inc. goodwill
Dividend	6.1 bn	15.6% increase to CHF 1.85 per share
Sales (Continuing)	104.6 bn	6.0% organic growth net divestments +1.8%, FX of -3.8%
EBIT	14.0 bn	+30 bps reported and constant currency
Trade Net Working Capital	7.8 bn	-40 bps to 7.5% of sales

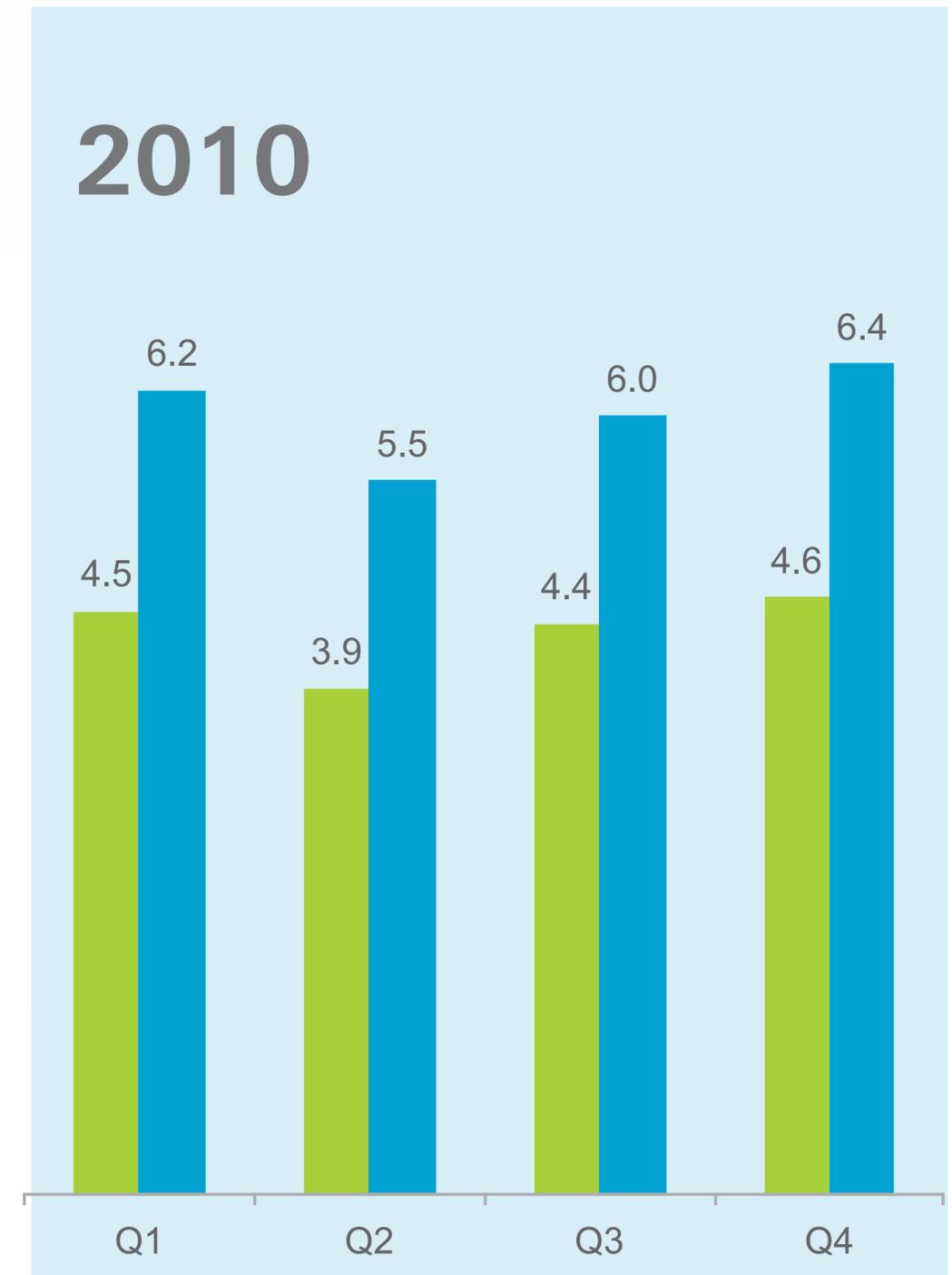
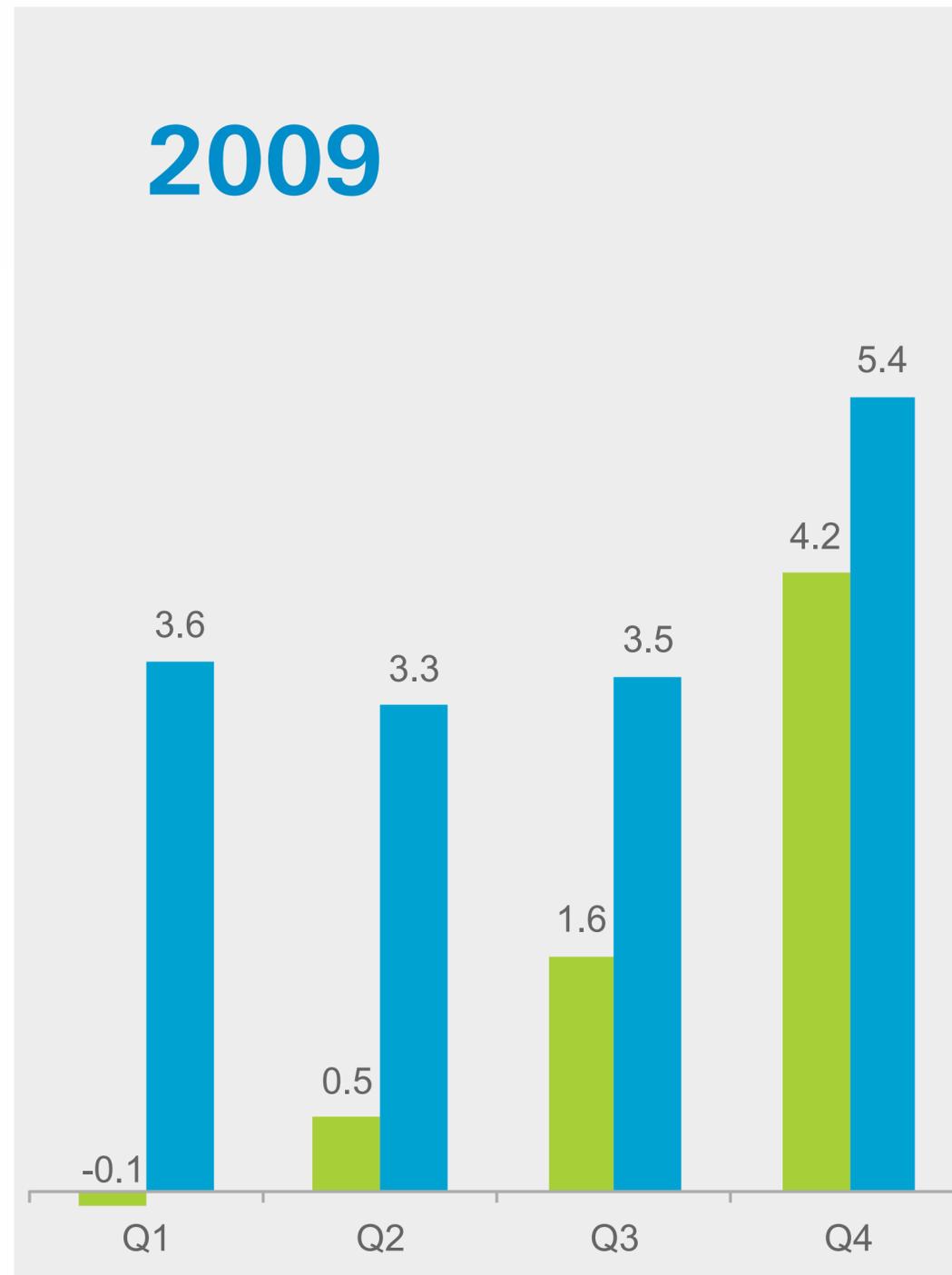
Sales Development Group and Continuing



OG = Organic Growth
RIG = Real Internal Growth

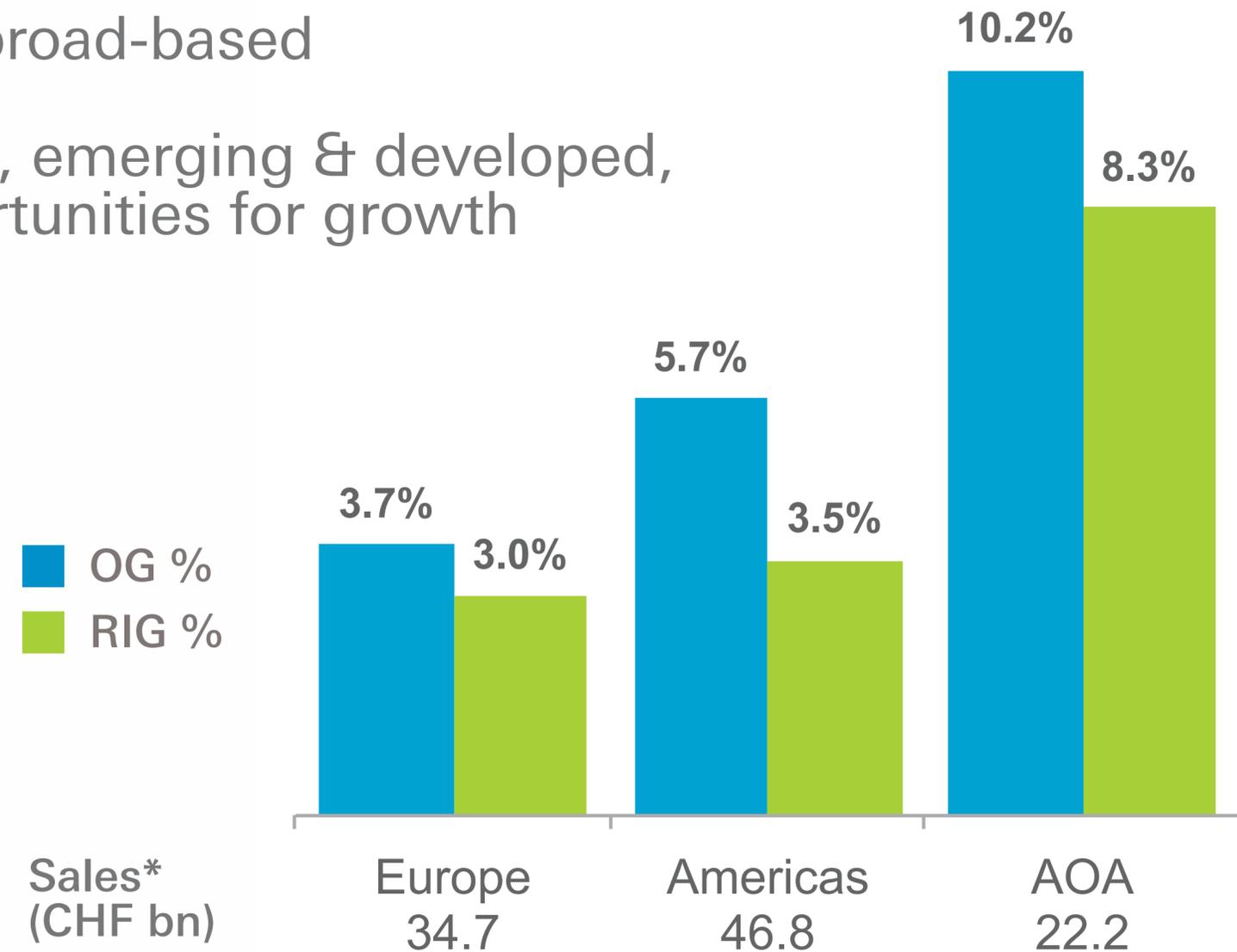
Strong RIG momentum maintained

■ OG
■ RIG
Continuing operations



Total Food & Beverages: growth everywhere

- Market leadership
- Growth is broad-based
- All markets, emerging & developed, offer opportunities for growth



*each region includes the Zones, Nestlé Waters, Nestlé Nutrition, Nestlé Professional, Nespresso and F&B JVs

Organic growth: broad-based performance

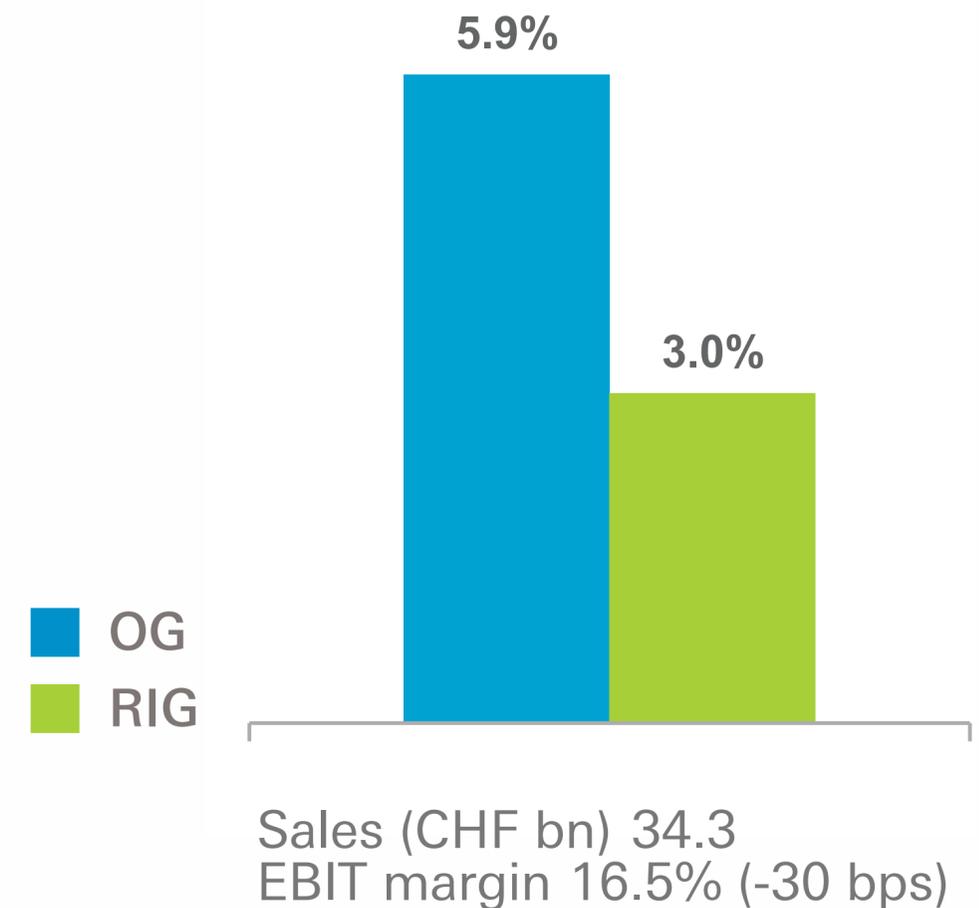


Zone Americas: 5.9% organic growth



- Fourth quarter acceleration
- North America growth driven by PetCare, Confectionery and Beverages Share gain in PetCare & Ice cream among bigger categories

- Broad-based growth in Latin America: double-digit for Region & Ambient dairy, Chocolate, Coffee
- **EBIT%**
Efficiencies, brand investment; acquisition below zone average but accretive to Group

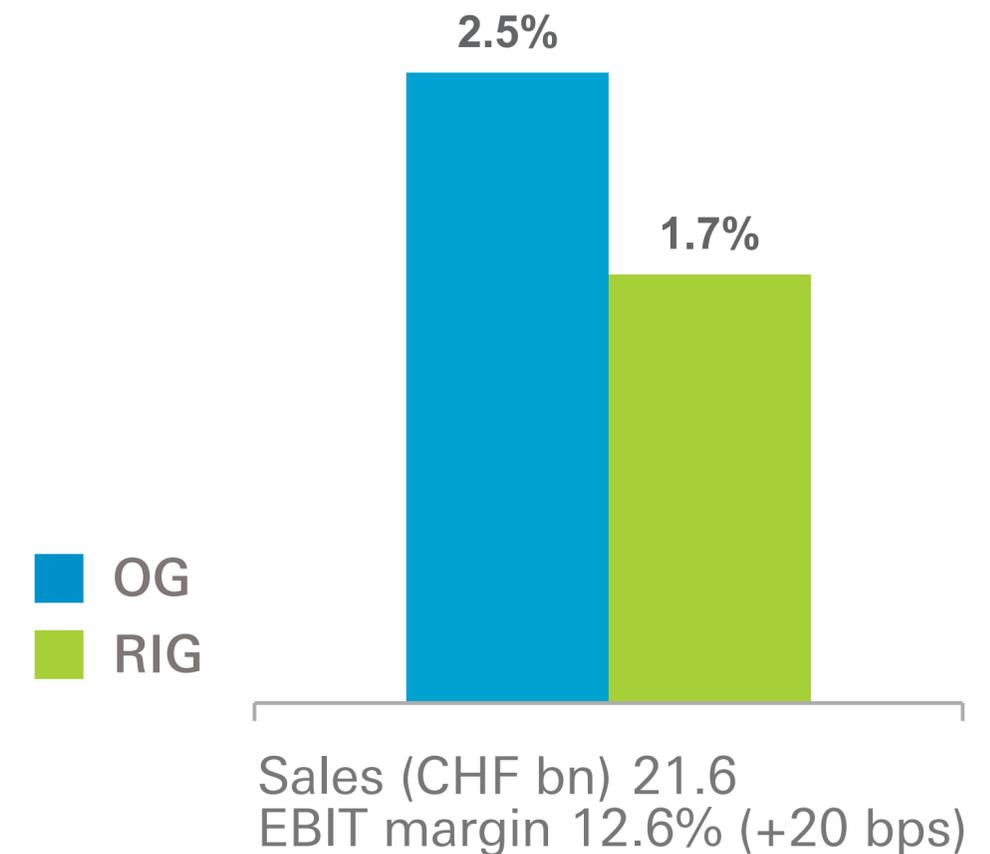


Zone Europe: 2.5% organic growth



- Strong growth with market share gains driven by innovation and brand investments
- All large Western European (WE) markets grew: winning the big battles for share
- Strongest WE categories: PetCare, Soluble Coffee, Frozen Pizzas and Chocolate

- Eastern Europe: impulse challenging, but market shows signs of recovery
- EBIT%
Continued efficiency gains, volume growth, increased brand support



Zone Europe: Key drivers of growth

- Successful innovation: multi-year regional roll-outs
- Appropriate level of brand support
- Ability to drive both category growth and category value
- Market share gains
- Highly efficient operating structure
- High scoring customer service levels



Virtuous circle: efficiency drives customer service; innovation, brand support & ability to create category value driving outperformance

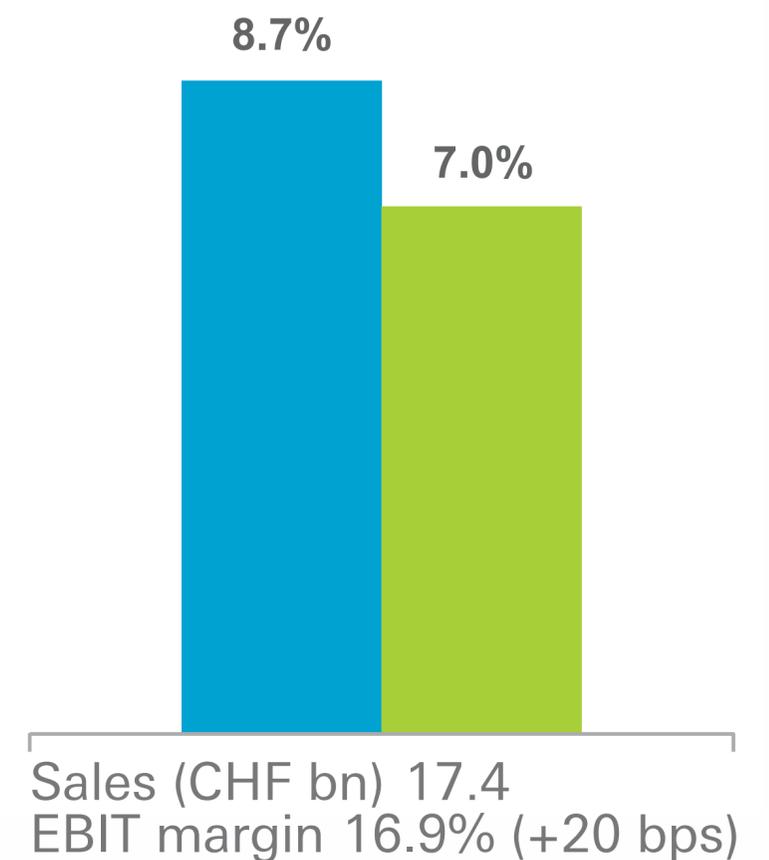
Zone AOA: 8.7% organic growth



- Strong despite tough Q4'09 RIG comps
- Developed markets contribute growth
- Double-digit performance across emerging markets

- Best categories: Ambient Dairy, Ambient Culinary and Beverages; good share performances
- PPPs double-digit growth
- EBIT%
Driven by strong growth and savings initiatives

■ OG
■ RIG

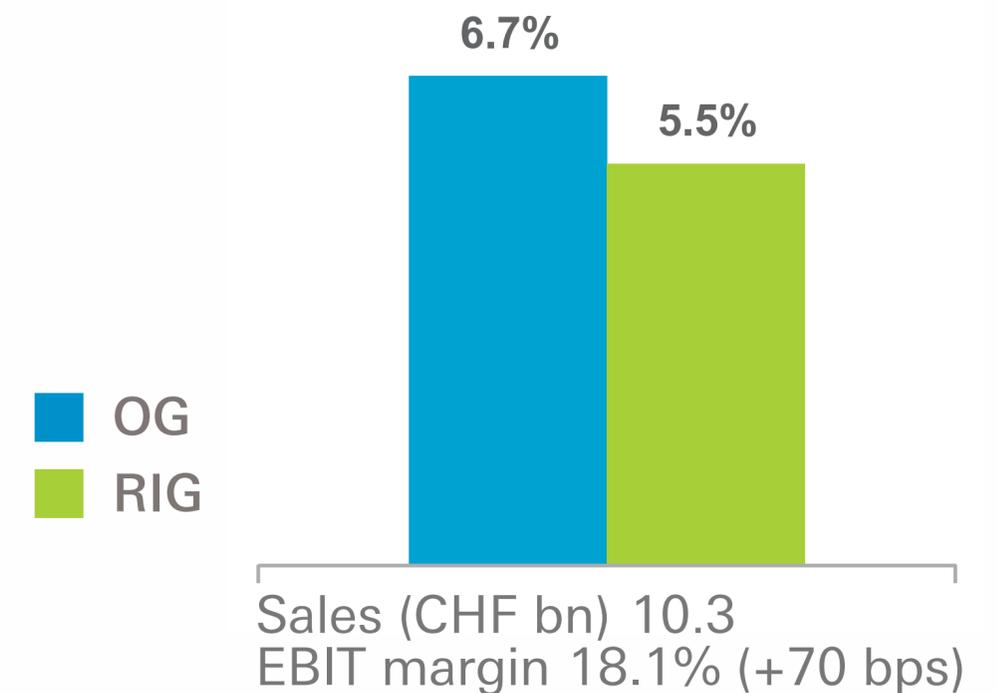


Nestlé Nutrition: 6.7% organic growth



- Continued good organic growth driven by brand investments and new product launches in Infant Nutrition (IN)
- Double-digit growth in emerging markets
Good performance in North America

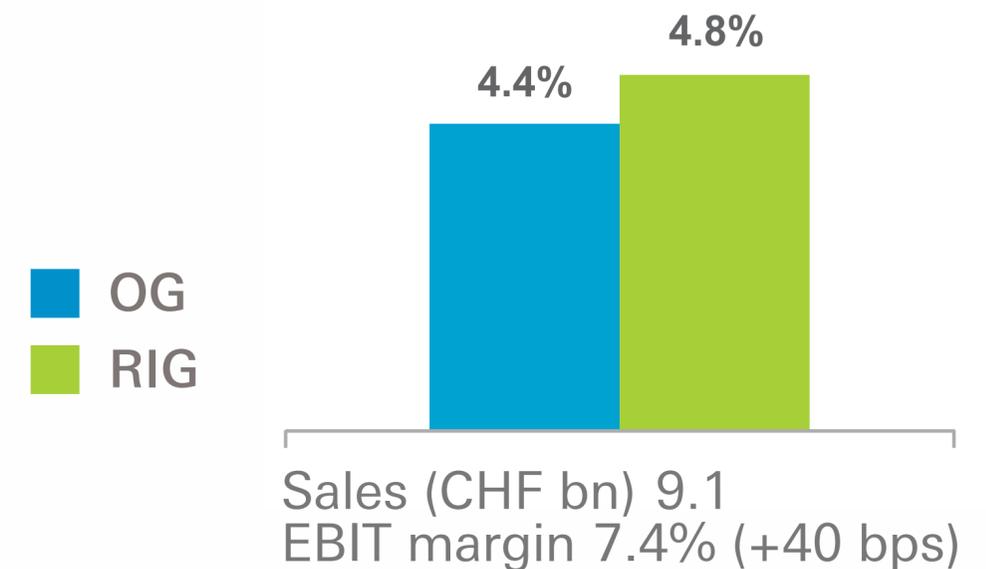
- Good market share performance in our key markets, including *Jenny Craig*
- EBIT%
Sales growth, mix and savings initiatives



Nestlé Waters: 4.4% organic growth



- Positive organic growth in all regions; double-digit in emerging markets
- Share gains in North America; good performances by regional brands & *Nestlé Pure Life*
- Share gains in Europe: Good performances by local brands and *Perrier & S.Pellegrino*
- EBIT%
Growth in developed world & emerging manufacturing & distribution efficiencies

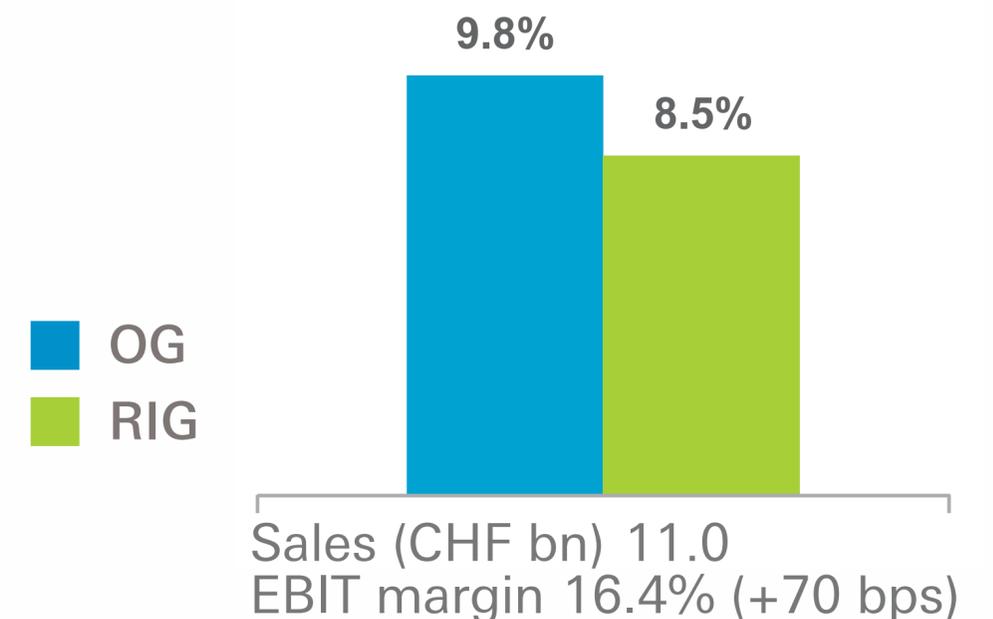


Other Food & Beverages: 9.8% organic growth



- Nestlé Professional
Growth in all Zones driven by Beverages, Ambient dairy & emerging markets
Successful launches of new super-premium *Nescafé* systems solutions
Vitality acquisition going well

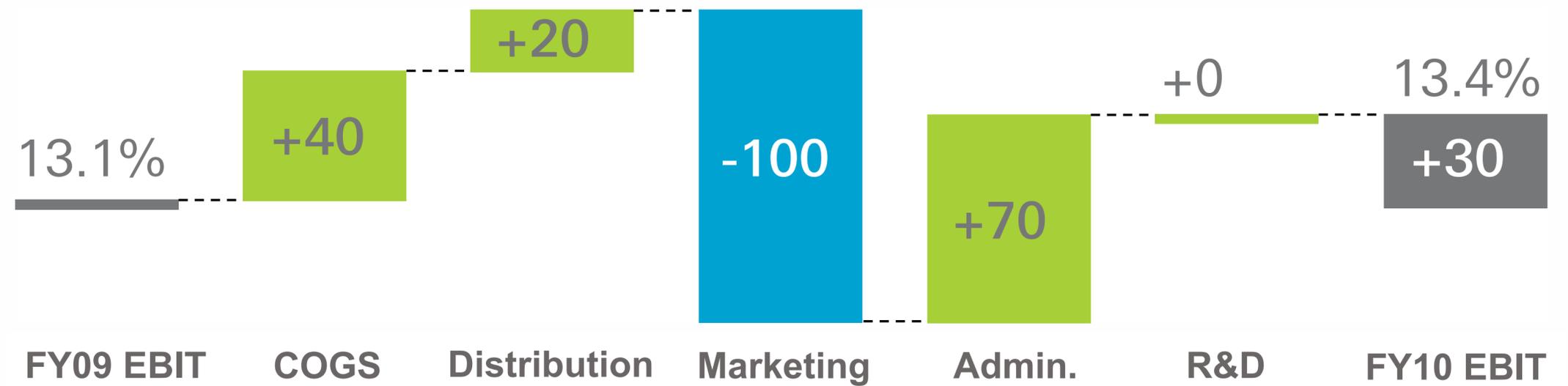
- *Nespresso*
CHF 3bn+, OG 20%+; share up to 19.7%
Double-digit growth in biggest markets
Club membership up 35%
12,300 cups drunk per minute:
up from 10,000 in 2009
- EBIT%
All constituents improved



Billionaire Brands: 7.1% organic growth

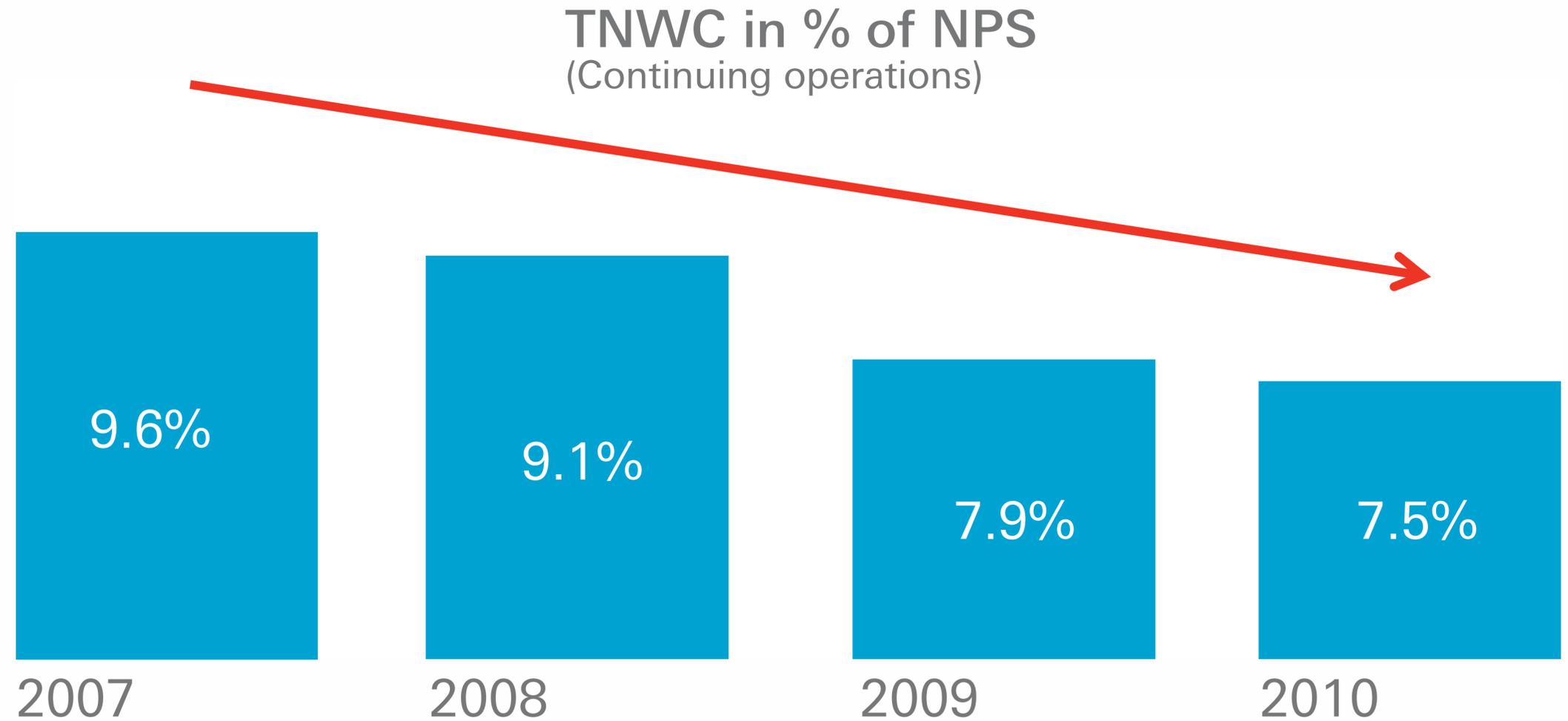
Over 20%	
10.1 to 20%	       
7.6 to 10%	   
5.1 to 7.5%	      
3.1 to 5%	   
0.0 to 3%	 
Below 0%	  

EBIT performance: Continuing Operations



- Cost of goods down 40 bps; distribution down 20 bps
- Marketing up 100 bps, with consumer-facing marketing spend up 13.2% in constant currencies
- Admin costs down 70 bps: fixed costs, growth leverage, pension
- Nestlé Continuous Excellence exceeds CHF 1.5 bn of efficiencies

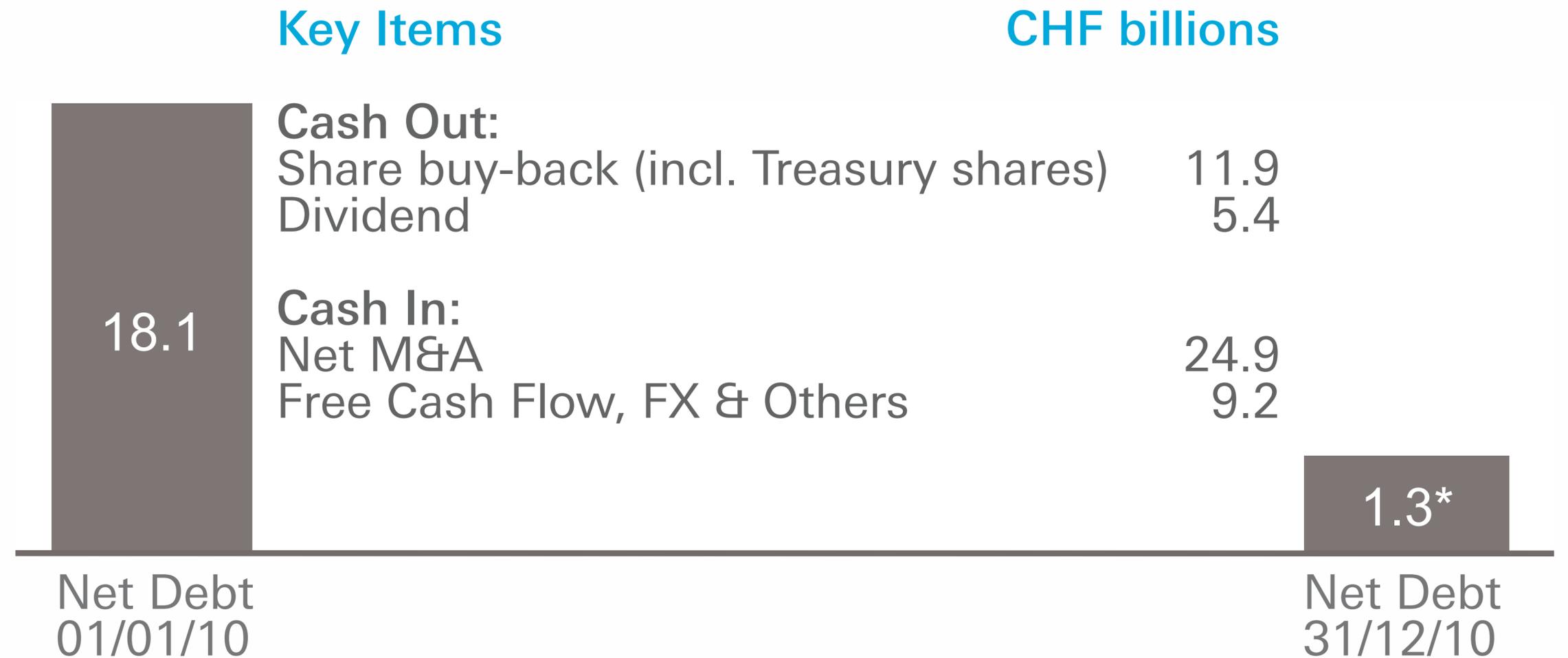
Trade Net Working Capital continues to improve



TNWC determined using the average of the previous 5 quarters

- Trade Net Working Capital -40 bps as a percent of sales

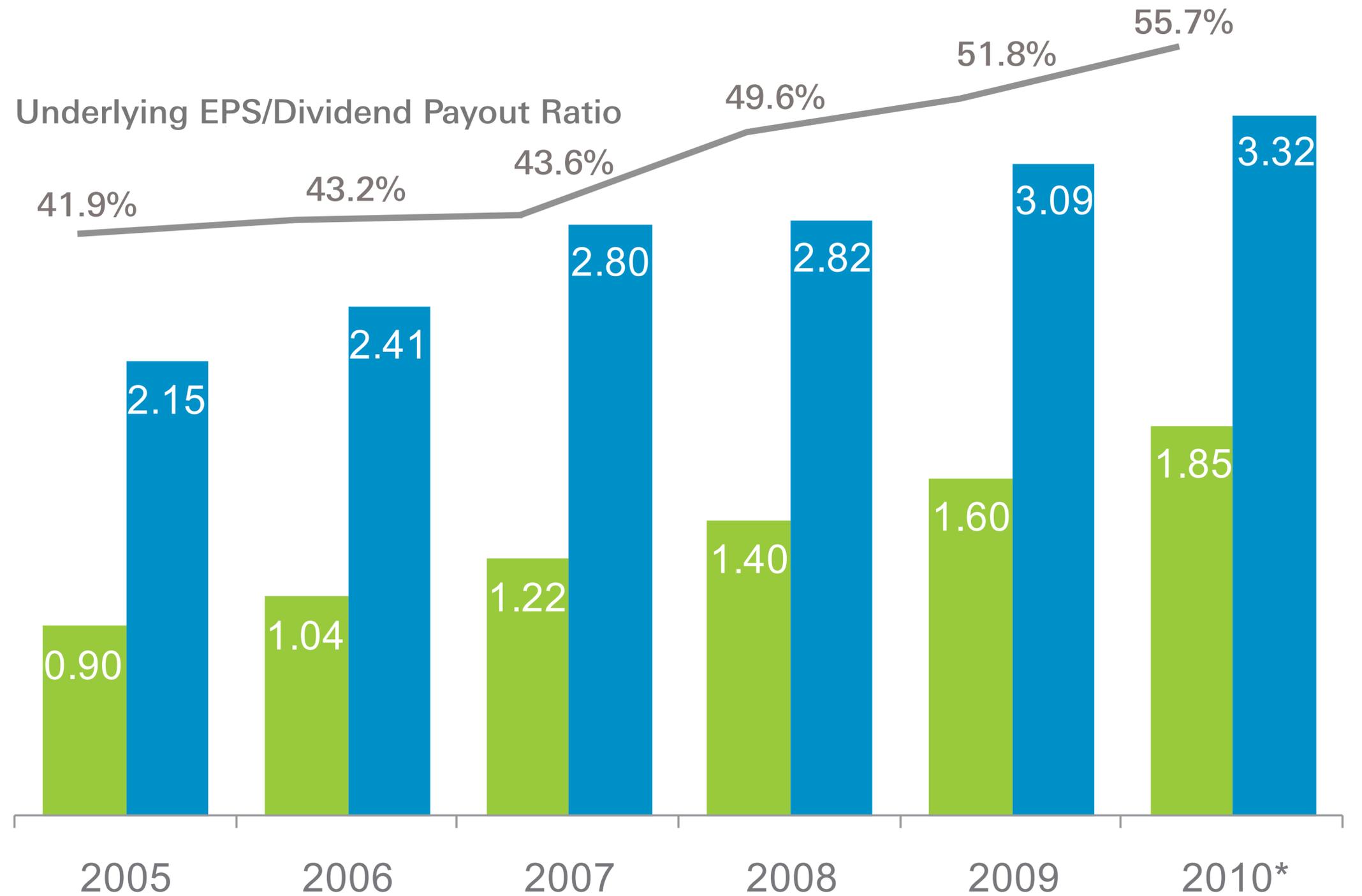
Trend of net debt in 2010



*Adjusted Net Debt including investment of Alcon cash proceeds of CHF 2.6 bn

Increasing dividend and payout ratio

■ Underlying EPS
■ Dividend
(CHF)

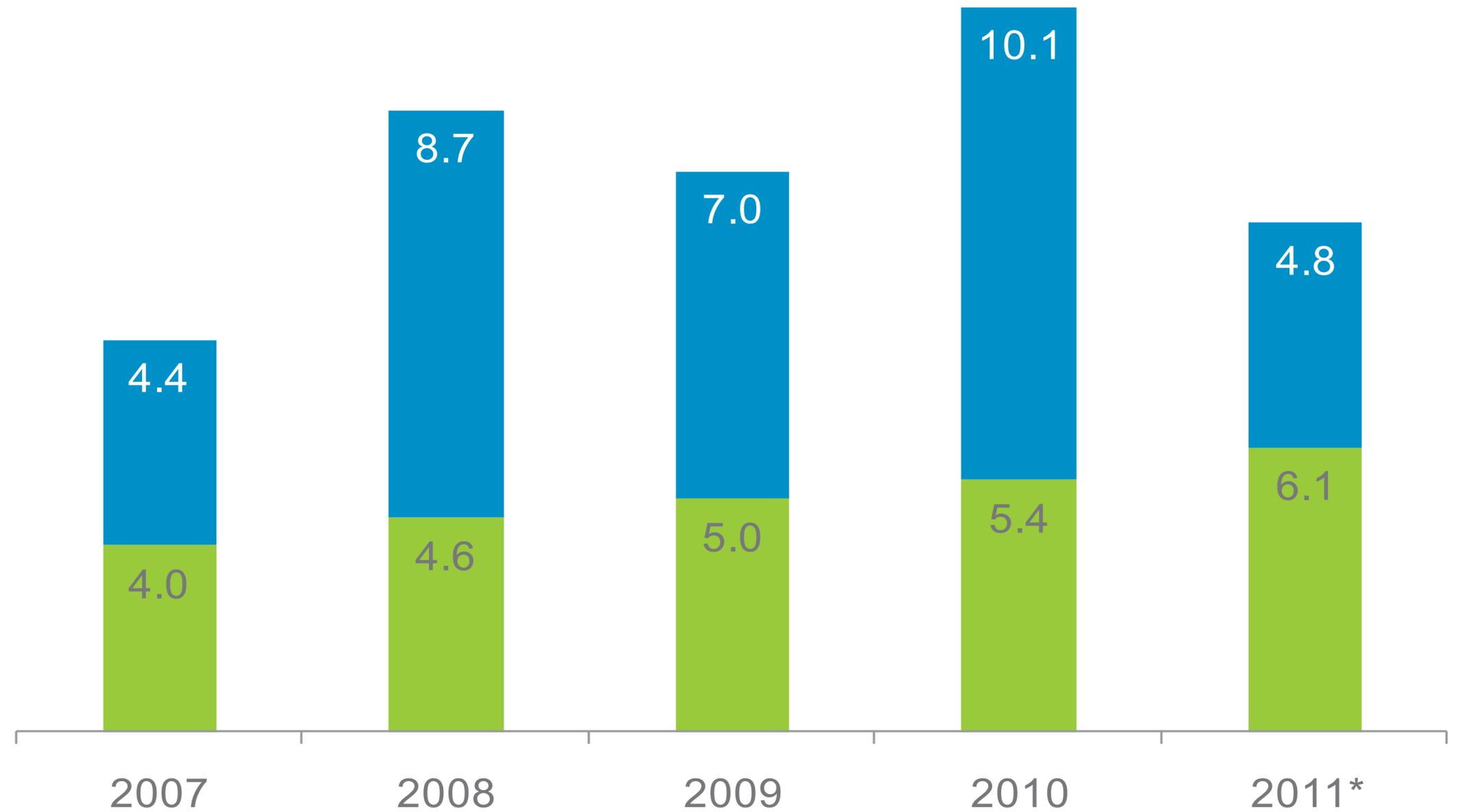


*Proposed dividend

- 2007-2011: CHF 60 bn cash returned to shareholders

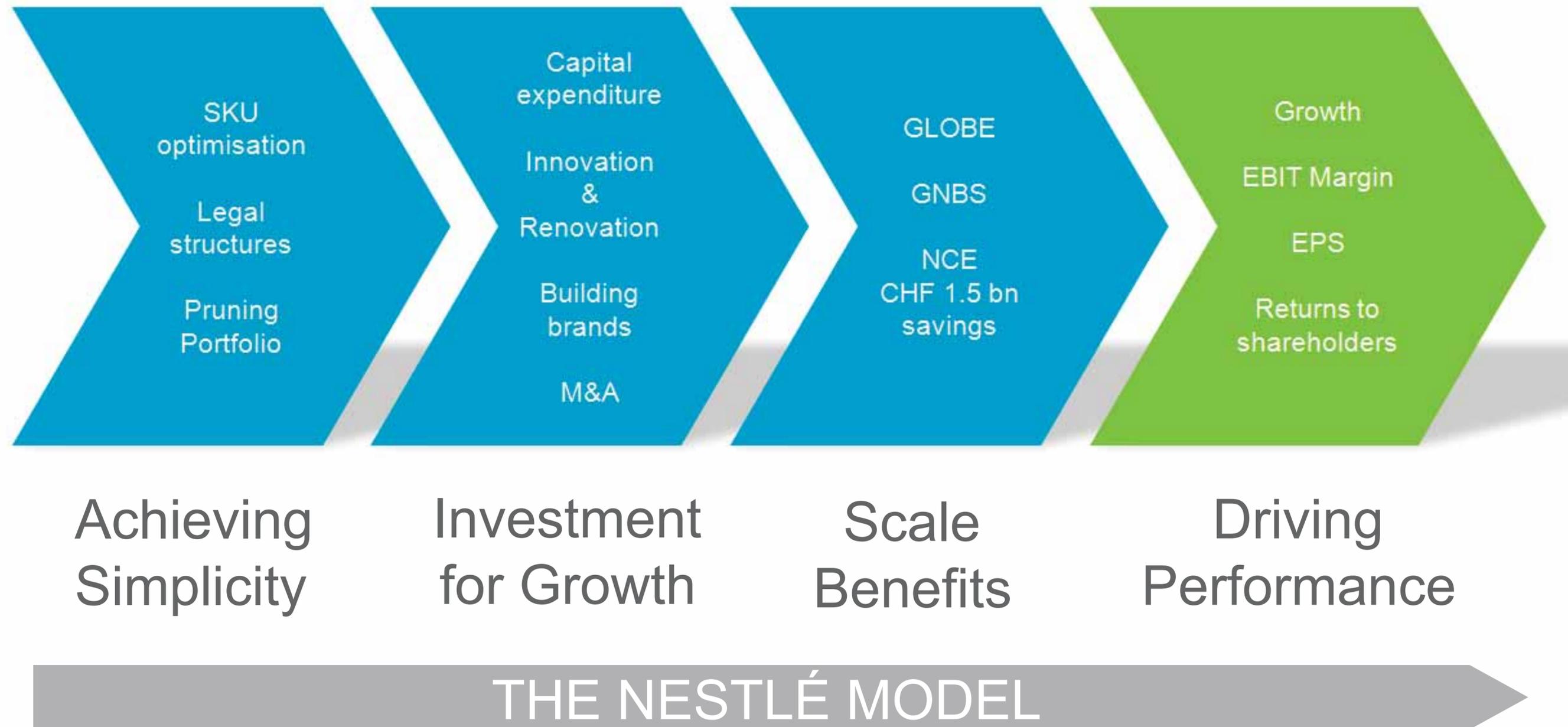
Total cash returned to shareholders

■ Share Buy-Back
■ Dividend
(CHF) bn



*Announced & proposed

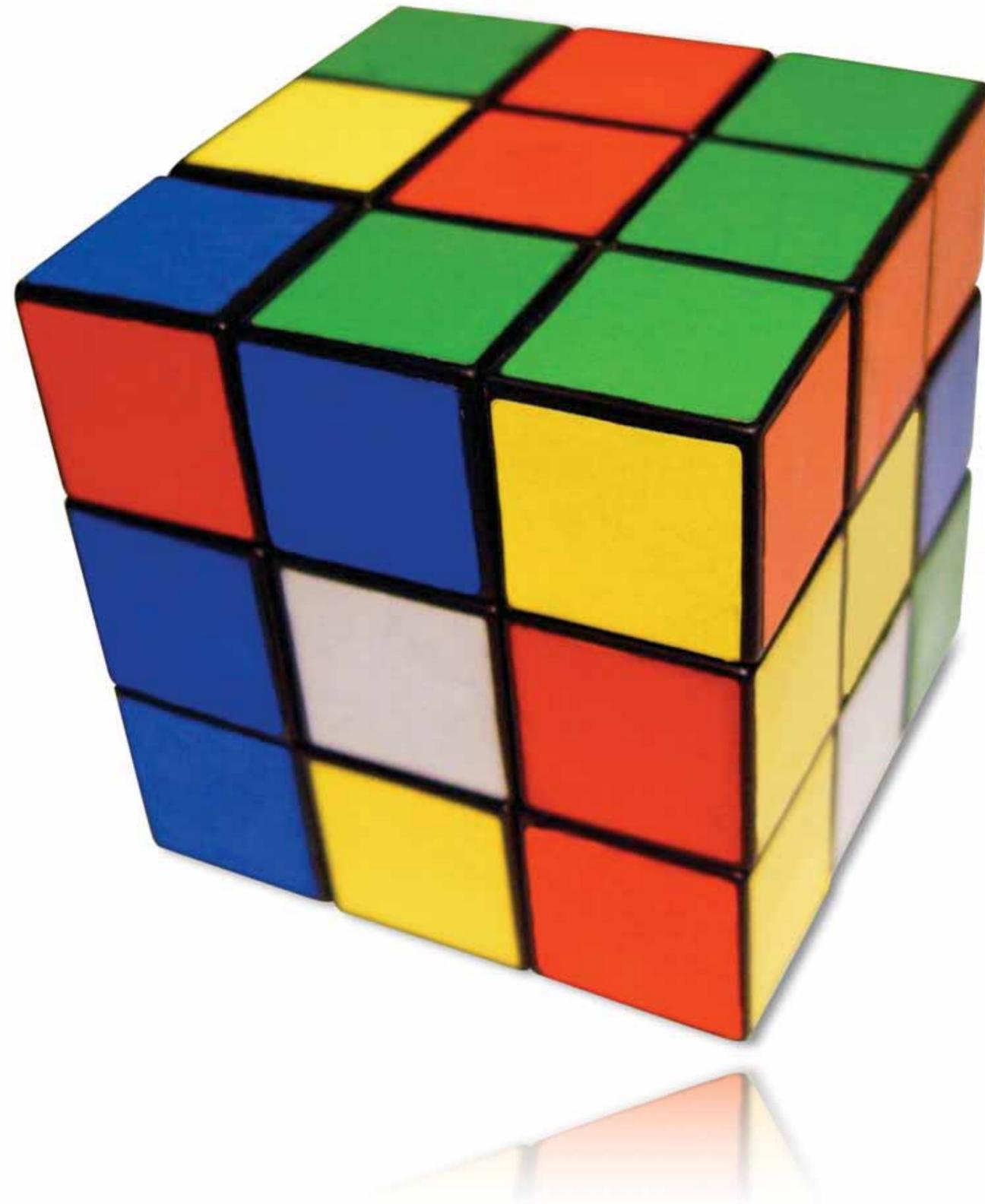
Summary: Total Performance Framework



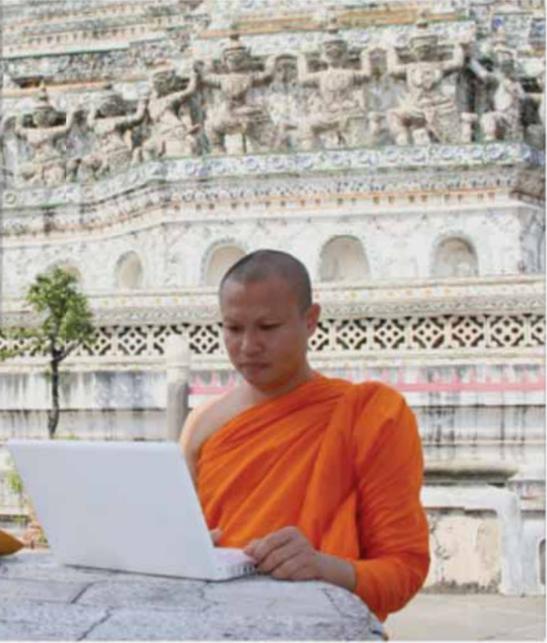


Paul Bulcke
Nestlé CEO

Challenges



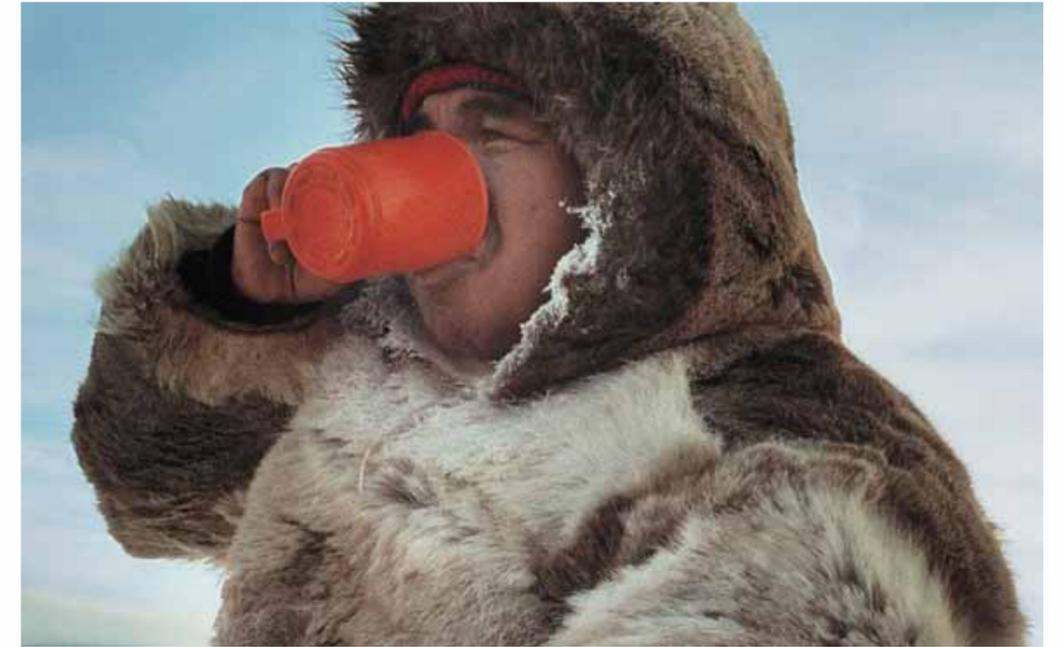
Opportunities



Outperform
in every...



category



region



Nestlé is an
and company

- Long *and* short term
- Developed *and* emerging markets
- Popularly positioned *and* premium products
- Modern *and* traditional trade
- ...

Nestlé in developed markets...



Nestlé in developed markets...

Europe



Nestlé in developed markets...



North America



Japan

... *and* in
emerging
markets



... *and* in emerging markets



... *and* in emerging markets



CHF 39 billion and growing double-digit

Nestlé with Popularly Positioned Products...



Nestlé with Popularly Positioned Products...



Europe



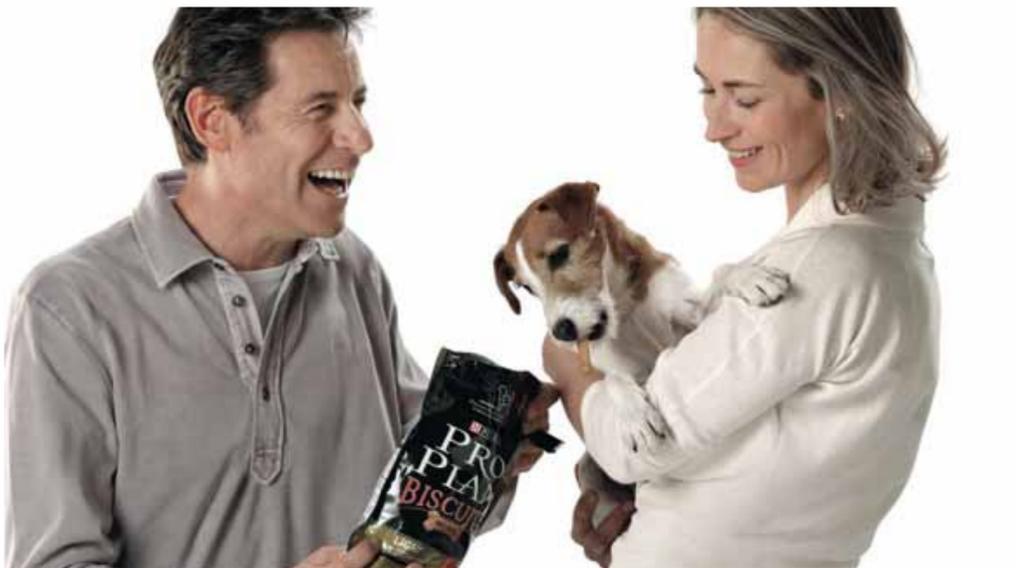
Pakistan



India



... and with premium products



... and with premium products



Nestlé in modern
and traditional
trades *and* in
other channels



Nutrition, Health and Wellness

We enhance the quality of life...

... with good food
and beverages everywhere...



Nestlé

Good Food, Good Life

Nestlé Health Science

We enhance the quality of life...

... with good food
and beverages everywhere...



Good Food, Good Life

... with
personalised
nutrition
for medical
conditions





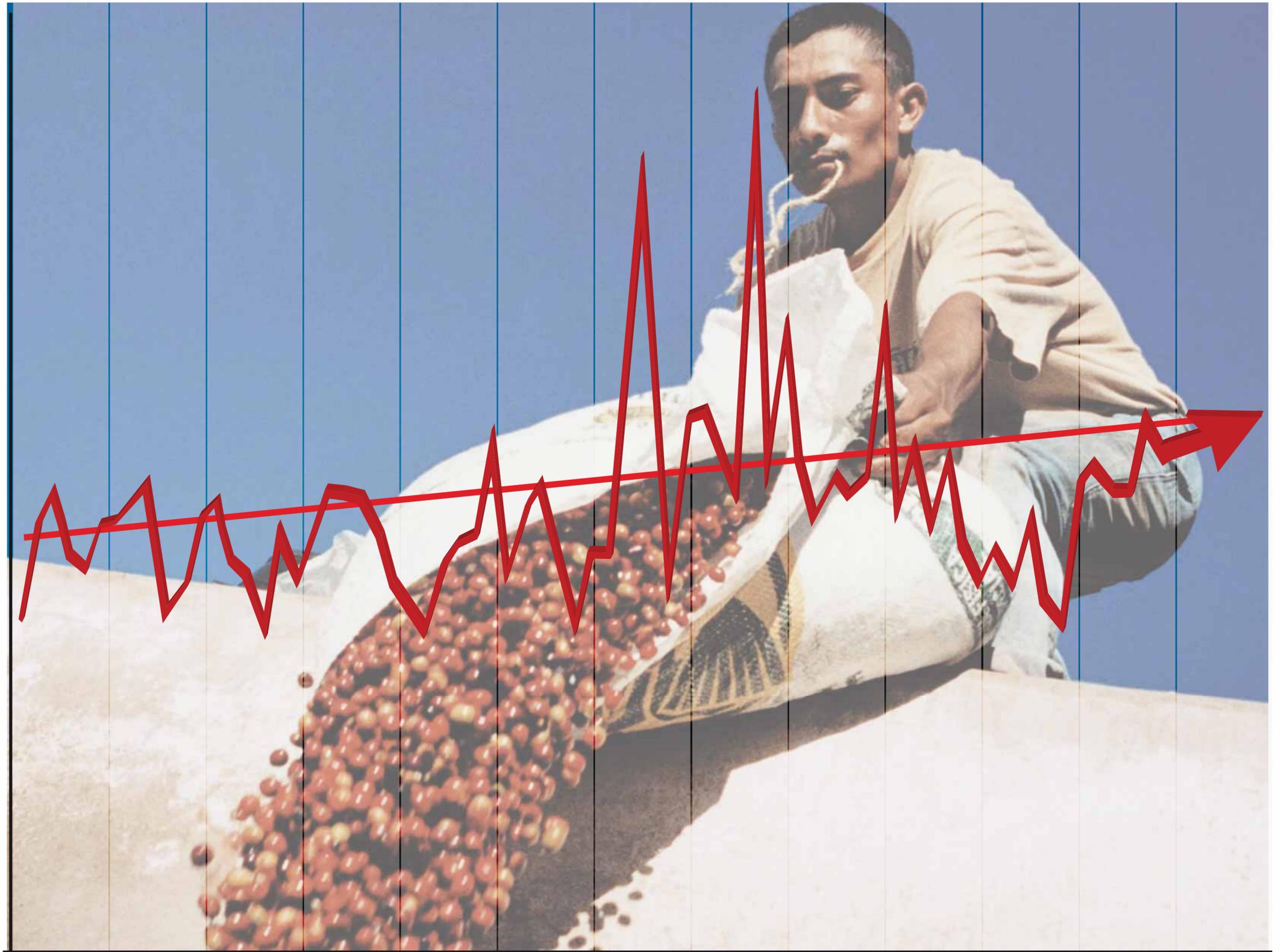
Nestlé**Health**Science

Pioneering science-based nutritional solutions to deliver improved personalised health care for medical conditions

Nestlé Health Science vision and ambition



Facing the challenges:
volatility of raw material prices



A multiple approach to manage volatility of raw material prices



Nestlé Continuous Excellence



Responsible use of resources

From 2000 to 2010
per tonne of manufactured product

Water consumption – 61%

Waste water generation – 66%

Energy consumption – 44%

Greenhouse gases – 51%

From 1991 to 2010

Packaging material – 517'700 tonnes

Creating Shared Value



Nutrition



Water



Rural development



Nestlé Roadmap



Full Year Results Press Conference

Questions & Answers

