

Nestlé
Press conference,
February 19, 2010



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.

Nestlé Press conference, February 19, 2010

Paul Bulcke
Chief Executive Officer
Nestlé S.A.





Richard Laube



John Harris



Laurent Freixe



Luis Cantarell



Frits van Dijk



Jim Singh



Robin Tickle



Werner Bauer



José Lopez



Petraea Heynike

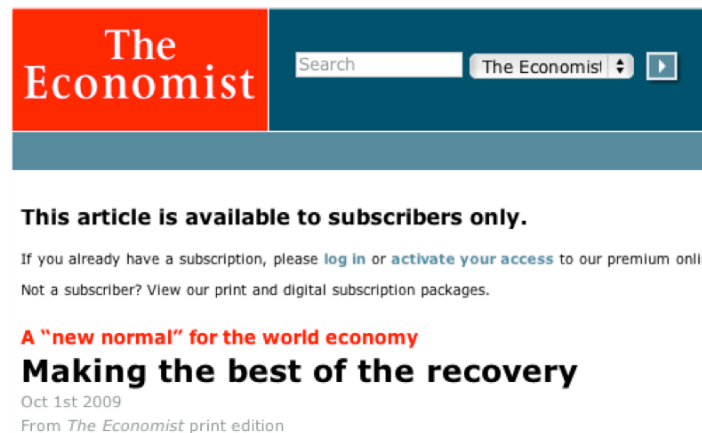


Marc Caira



Jean-Marc Duvoisin

2009 turbulent and challenging environment



The Economist

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A "new normal" for the world economy

Making the best of the recovery

Oct 1st 2009
From *The Economist* print edition



Friday, December 4, 2009

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El-Erian: Bernanke and the "new normal"

Posted by Paul Murphy on Jun 03 17:38.

Pimco's Mohamed El-Erian kindly provided FT.com with a snap commentary on Ben Bernanke's congressional testimony on Wednesday.



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NEWS **Stephanomics** From the BBC's economics

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The New Normal?

Post categories: UK economy, US economy, forecasts, world economy
Stephanie Flanders | 13:25 UK time, Thursday, 28 May 2009

We know that interest rates are going to go up eventually. But no-one wants the cost of borrowing to go up right now - least of all the world's overextended governments.

That's why the ructions in the US government bond market this week has people nervous. The interest rate - yield - on a 10 year US treasury bond is now about half a percentage point higher than it was a week ago, and higher than it's been in six months. UK bond yields have risen as well.

Doing what we always do

Managing the downsides

Market uncertainty

Limited access to capital

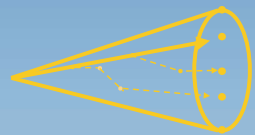
Sales volume and prices under pressure

Scenario planning

Capital discipline

Operational Excellence

Product optimization



Taking advantage of the upsides

Gaining market share

Leverage market opportunities

R&D Excellence
Marketing effectiveness

Portfolio enhancement

- Geographic
- Product/category



Protect Financial Performance

Drive Profitable Growth

Optimize Business Performance

Nestlé 2009



- Faster growth than industry
- Top and bottom line performance
- Investing for future in capacity, R&D and brands

2009 Performance

Organic growth

4.1%



EBIT

CHF 15.7 billion



EBIT margin

+ 30 bps

14.6%



EBIT margin in constant currencies

+ 40 bps



Nestlé Press conference

James Singh
Chief financial officer



2009 Full Year Highlights

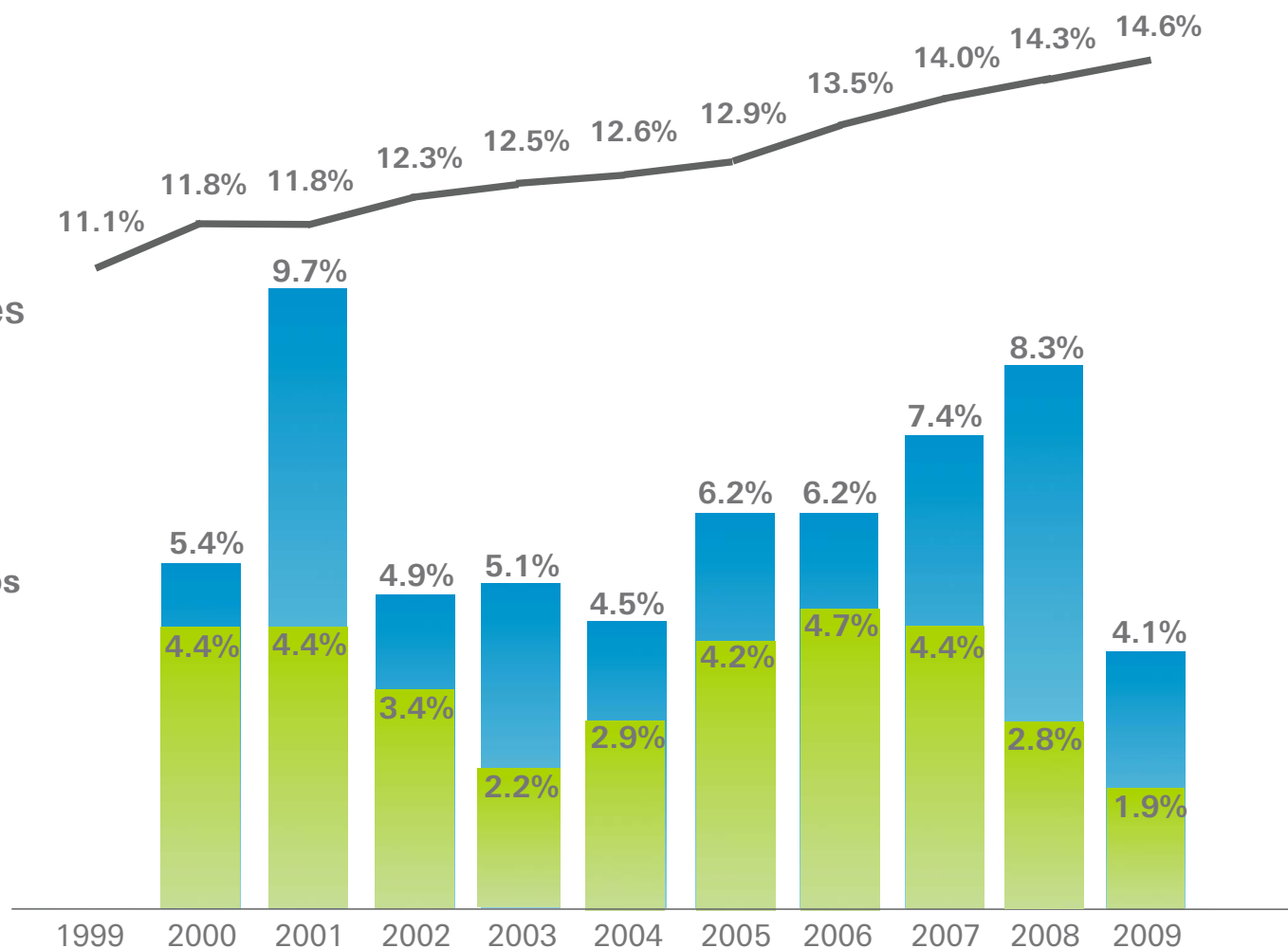
- 4.1% Organic Growth outperformed industry: again an excellent broad-based performance building on momentum throughout the year
- EBIT margin increased 40 basis points (CC) whilst increasing investment in growth
- Nestlé Continuous Excellence: over CHF 1.5 billion efficiencies
- In an uncertain economic environment we propose a:
Dividend increase of 14.3% to CHF 1.60 per share
Dividend pay-out ratio up from 49.6% to 51.8% of underlying EPS
Dividend yield of 3.2% on 31.12.09 share price
- CHF 10 billion share buy-back in 2010
In the period 2005-'09 returned CHF44 billion to shareholders through dividend and share buy-back
- Credit rating remains "Gold Standard" in the industry

10 years of the Nestlé Model

Driving Organic Growth & EBIT Margin Improvement

10-year annual averages

| | |
|----------------------|--------|
| Organic Growth | 6.2% |
| Real Internal Growth | 3.5% |
| Price | 2.7% |
| EBIT margin | +30bps |



Data corresponds to published figures – not restated for accounting changes

2010 Food & Beverages guidance

- Improve Organic Growth over 2009 level
- Increase EBIT margin in constant currencies
- Total cash returns to shareholders in 2010:
About CHF 15.6 billion
(dividends & share buy-backs)

Strong Full Year 2009 Performance

Improvements in EBIT, EPS; record Free Cash Flow

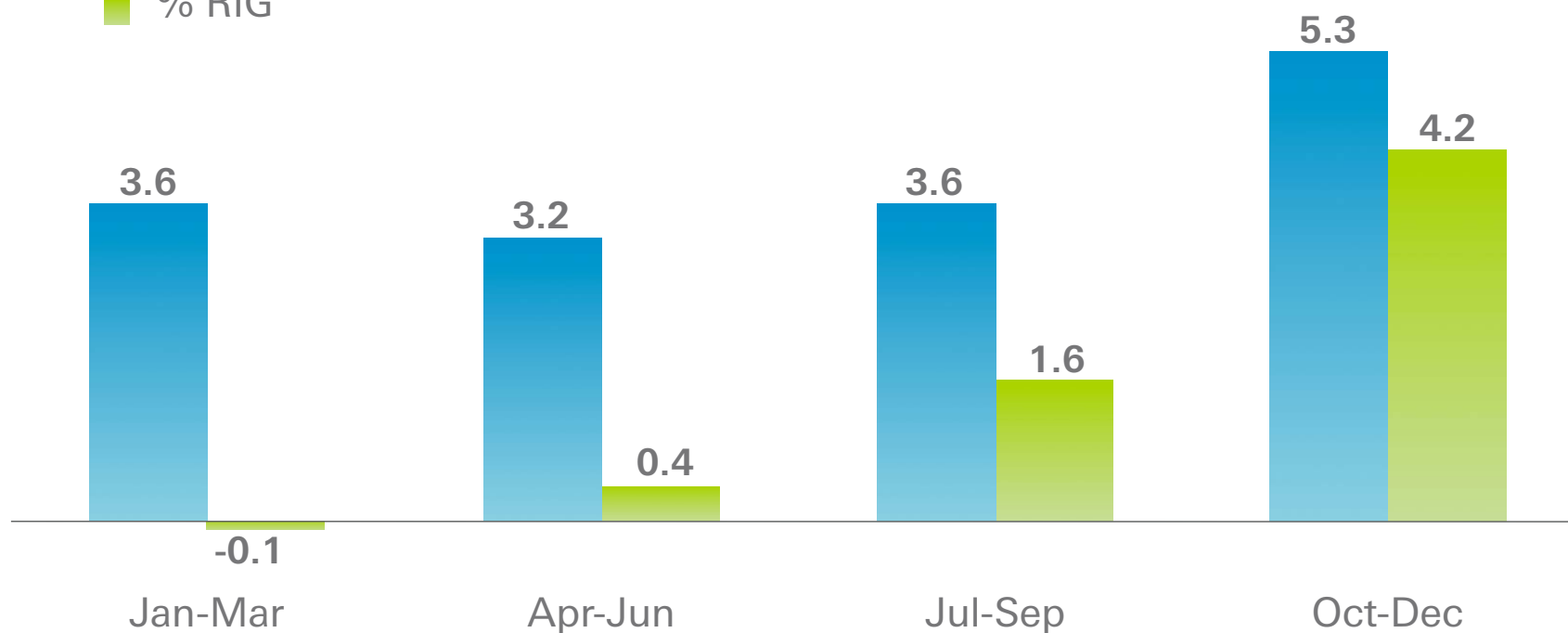
| | Actuals | |
|-------------------------------|-----------|---|
| Sales (Group) | 107.6 bio | Organic Growth 4.1% , net divestments -0.7%, FX of -5.5% |
| EBIT (Group) | 14.6% | Up 30 bps reported and up 40 bps at CCY |
| EBIT (F&B after Center costs) | 13.1% | Up 30 bps reported and up 40 bps at CCY |
| Net Profit % | 9.7% | Not comparable: 2008 includes gain on sale of 24.8% of Alcon |
| Underlying EPS | 3.09 | Underlying EPS: + 9.6% , CCY: + 16.3% |
| Trade Net Working Capital | 7.9 bio | Down 30bps to 10.6% of annualised sales |
| Free Cash flow | 12.4 bio | Up 146%: Working Capital and Cash Flow from operations |

Strong growth acceleration in the last quarter of 2009

Food & Beverages figures

■ % Organic Growth

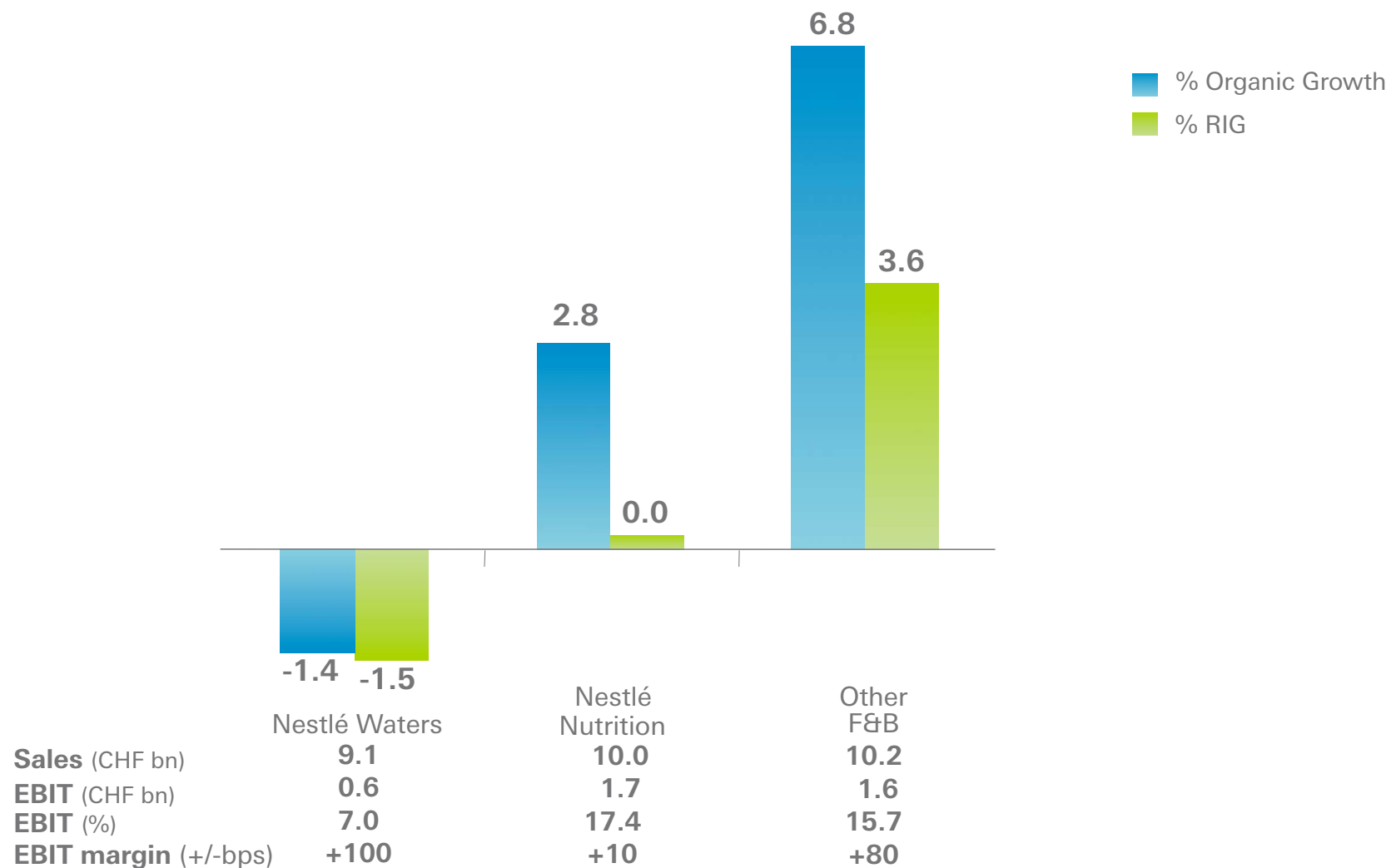
■ % RIG



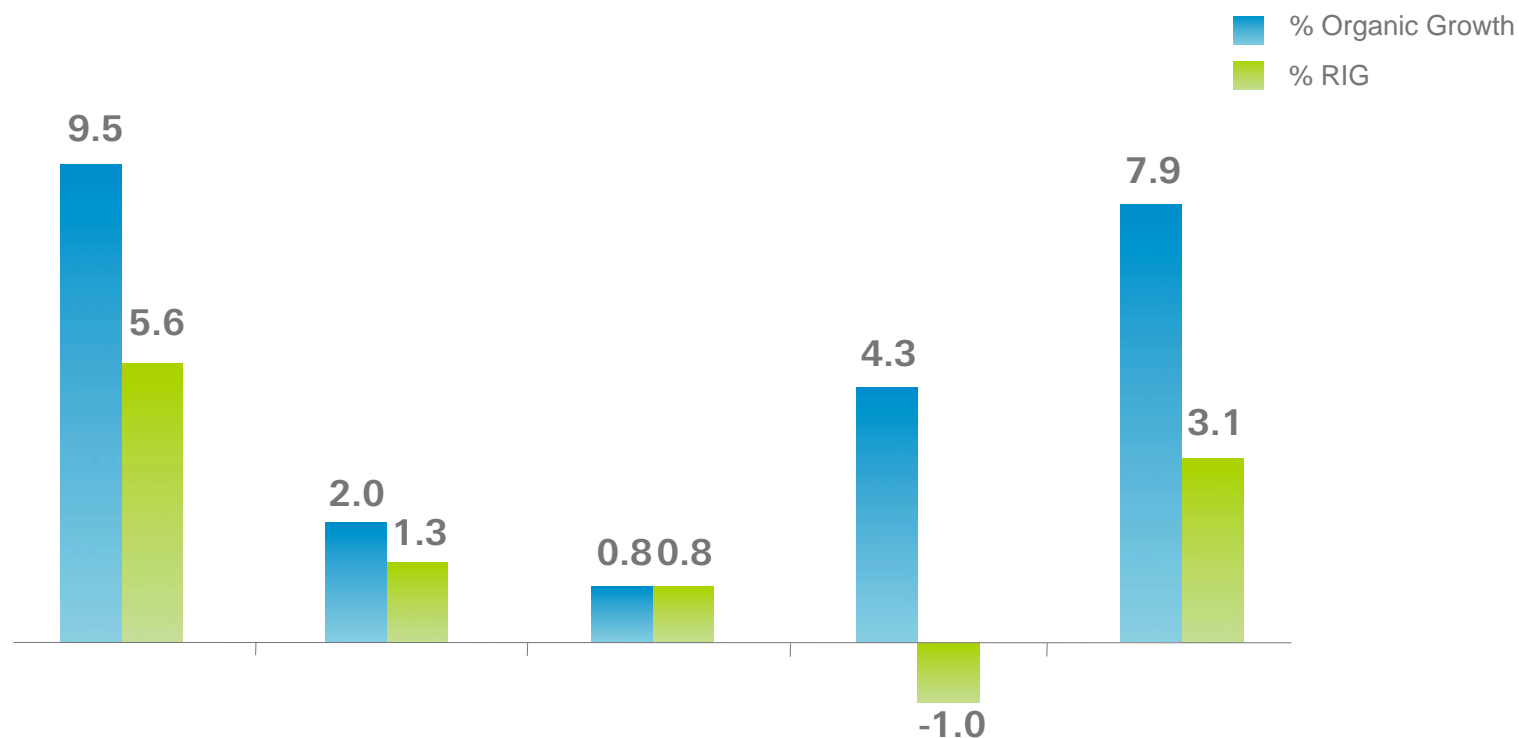
Operating Segments: Zones



Operating Segments: Globally Managed Businesses and Other Food & Beverages



Products: F&B

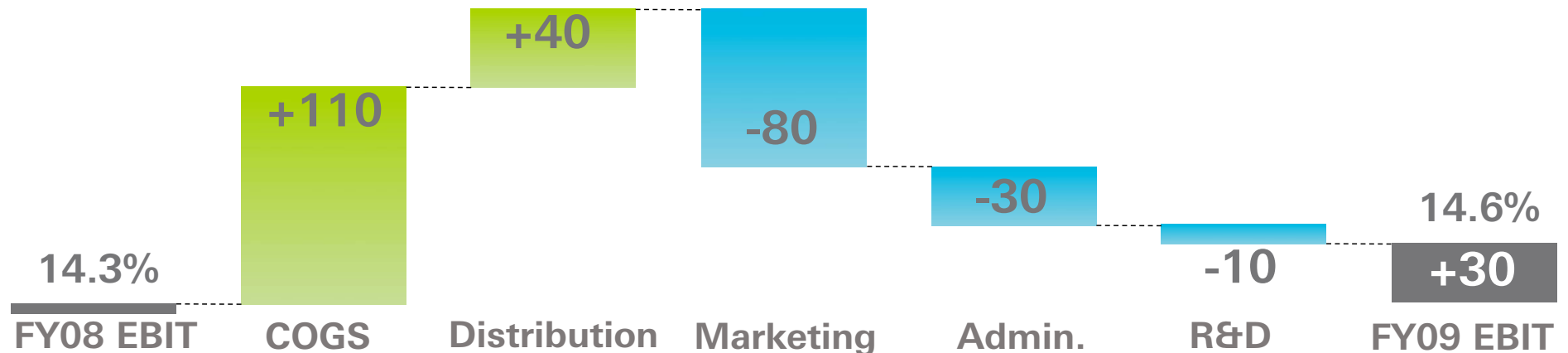


| | Powdered & Liquid Bev. | Milk Products & Ice Cream | Prep. Dishes & Cooking Aids | Confectionery | Petcare |
|-----------------------------|------------------------|---------------------------|-----------------------------|---------------|---------|
| Sales (CHF bn) | 19.3 | 19.6 | 17.2 | 11.8 | 12.9 |
| EBIT (CHF bn) | 4.2 | 2.3 | 2.2 | 1.6 | 2.1 |
| EBIT (%) | 21.7 | 12.0 | 12.9 | 13.6 | 16.3 |
| EBIT margin (+/-bps) | -40 | +50 | +20 | +50 | +60 |

Performance of Billionaire Brands

| 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% |      |

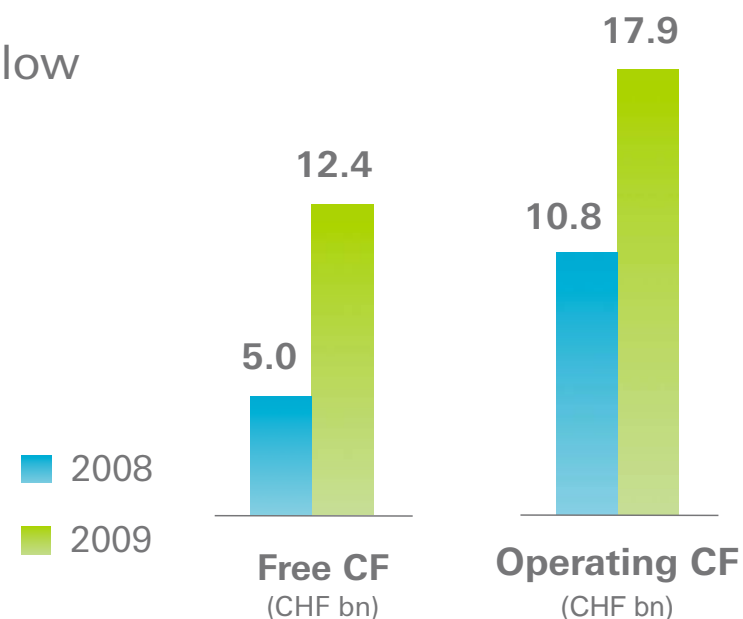
EBIT performance: Continuous year after year sustainable improvement



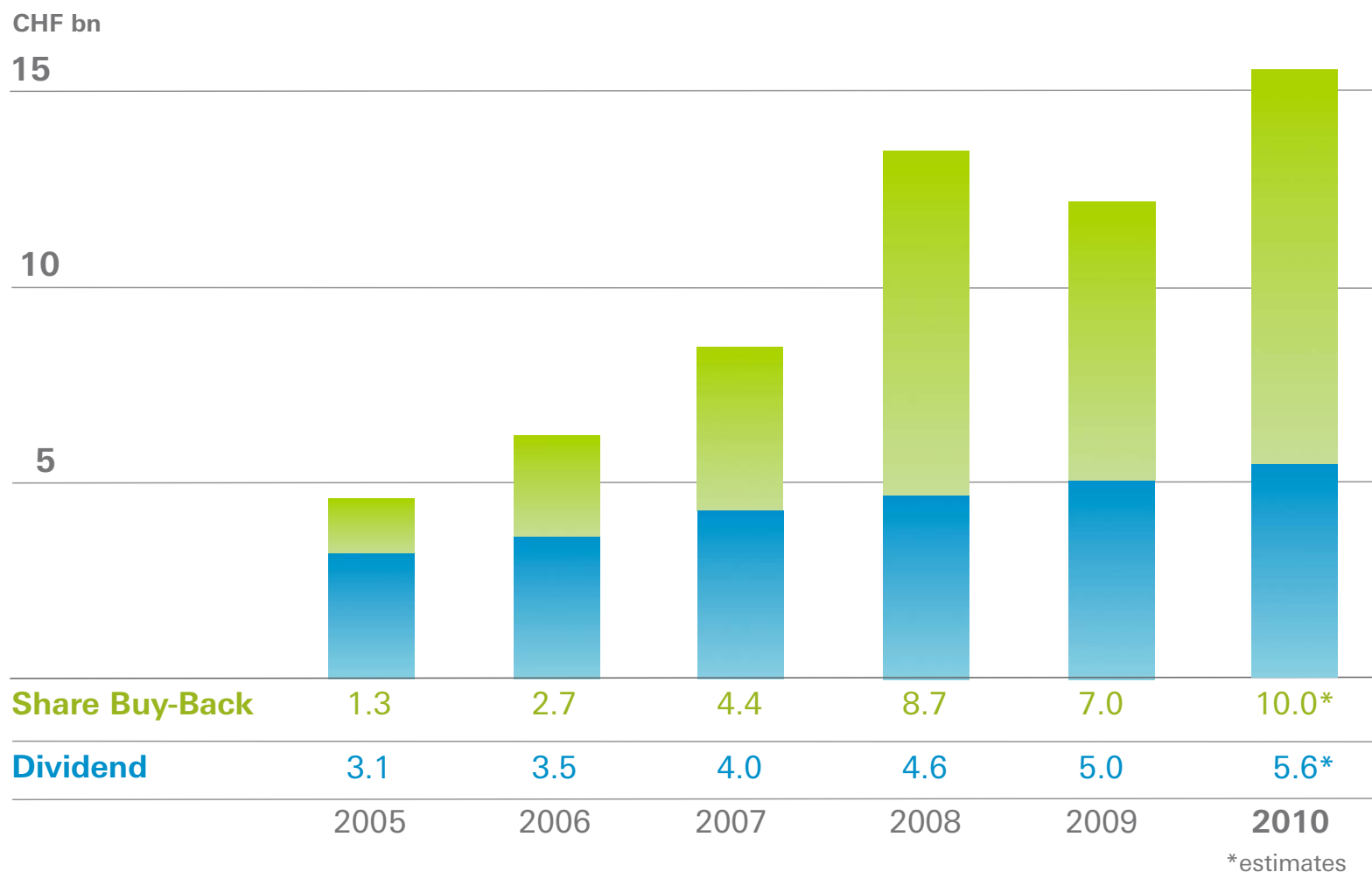
- Nestlé Continuous Excellence exceeds CHF1.5bn of efficiencies
- Gross margin up 110 bps; distribution cost fall 40 bps
- Marketing up 80bps: strong commitment to consumers & customers
- Consumer facing marketing +10.1% constant currencies

Very strong Cash Flow performance

- Operating cash flow up 67% or CHF 7.2 billion to CHF 17.9 billion. Mainly driven by:
 - ➔ Cash in from operations
 - ➔ Decrease of Net Trade Working Capital
- Free Cash Flow up 146% or CHF 7.4 billion to CHF 12.4 billion. Mainly driven by :
 - ➔ Improvement of Operating Cash Flow
 - ➔ Lower Capex
- Cash Conversion Cycle accelerates by 3 days



Total Cash Returned to Shareholders



2005-2009: CHF 44.3bn cash returned to shareholders
 2010: an additional CHF 15.6bn likely to be returned

Total Performance Framework

DRIVING PERFORMANCE

- ▶ Organic Growth 4.1%; F&B 3.9%
- ▶ PPP: CHF 8.8 bio (OG + 12.7%)
- ▶ Growth with Top Ten Customers
- ▶ Net Trade Working Capital: - 30 bps
- ▶ Admin Costs: + 30 bps (Pensions, FX)

ACHIEVING SIMPLICITY

- ▶ Divested businesses, annualised sales > CHF 0.8 bio
- ▶ SKU Rationalisation: reduced by -16 %
- ▶ Factories: -7 from 456 to 449
- ▶ Legal entities: reduced by -4%

Total Performance Framework

SCALE BENEFITS

- ▶ GLOBE enabling efficiencies, transparency, accelerated decision making
- ▶ GNBS: significant improvements in Employee, Financial and Facilities Services. Strong contribution from Procurement
- ▶ NCE: driving operational performance along the value chain; operational Efficiency: CHF 1.5 bio+

INVESTMENT FOR GROWTH

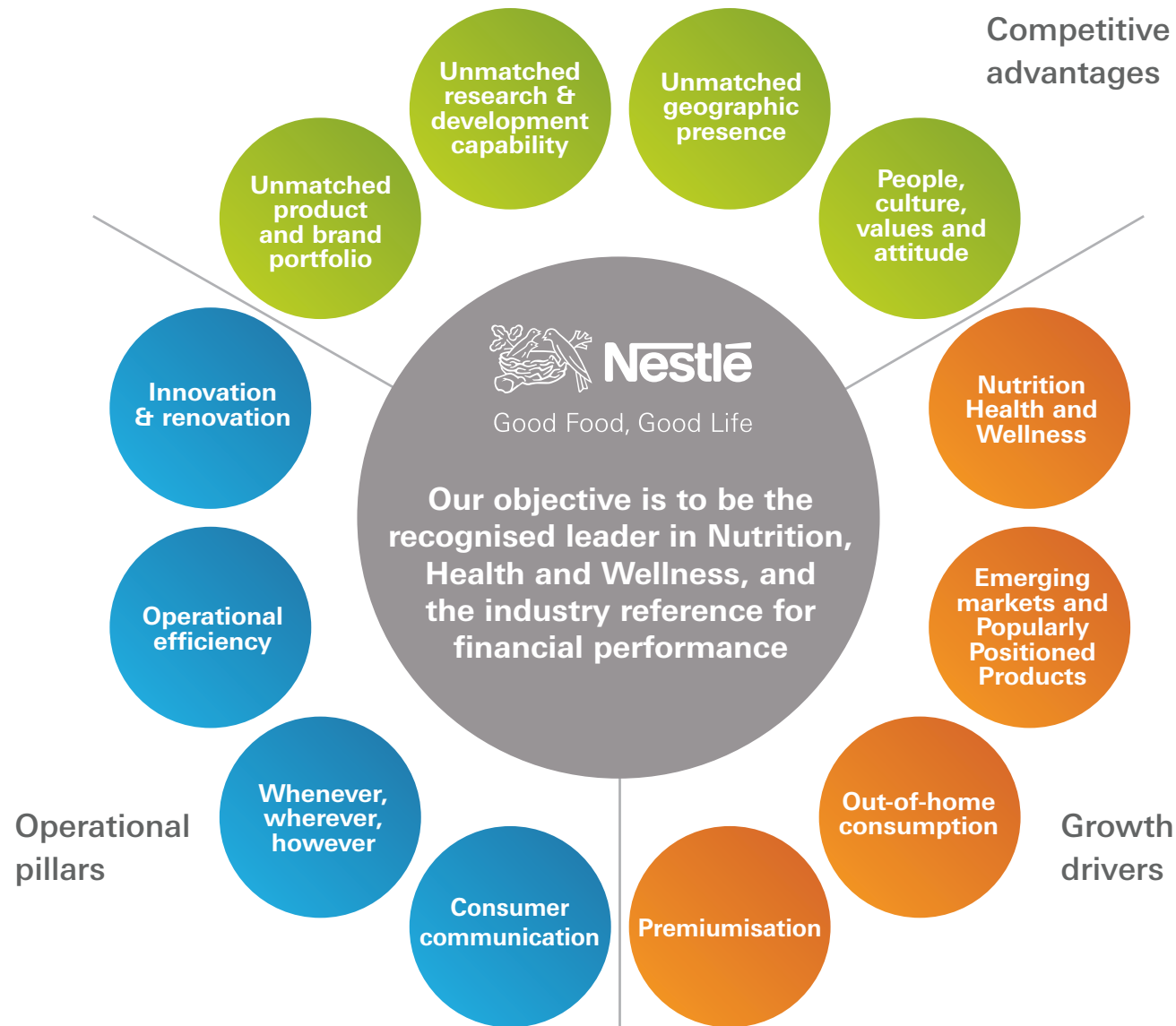
- ▶ Acquisitions of businesses with annualised sales > CHF 2.3 bio inc. Kraft Pizza
- ▶ Capital Expenditure: CHF 4.6 bio / 4.3%
- ▶ R&D expenses: CHF 2.0 bio / F&B CHF 1.3bio
- ▶ Consumer facing marketing: + 10.1% constant currencies

Nestlé Press conference

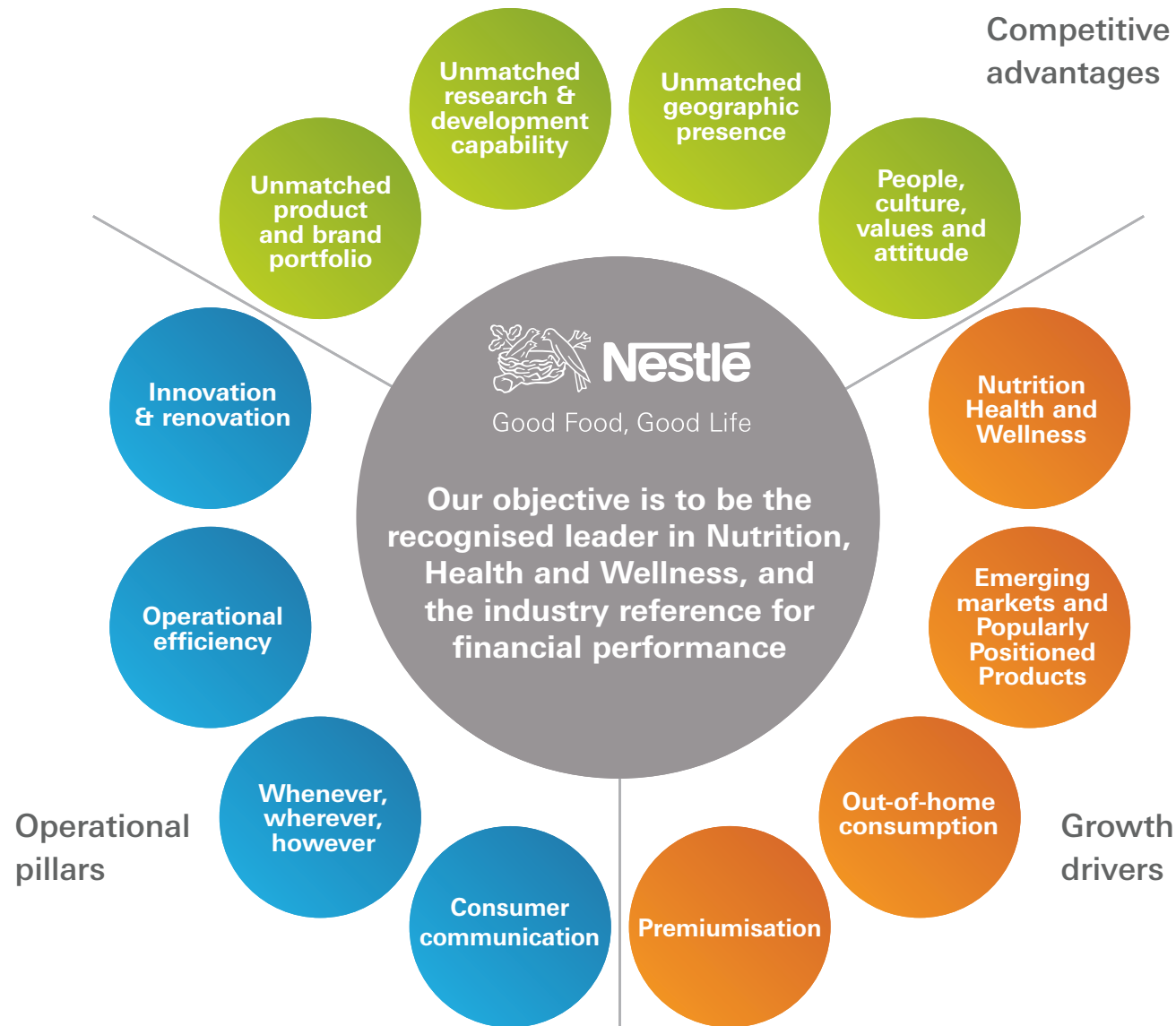
Paul Bulcke
Chief Executive Officer
Nestlé S.A.



Nestlé roadmap



Nestlé's ambition



Competitive advantages

**Unmatched
product
and brand
portfolio**

**Unmatched
research &
development
capability**

**Unmatched
geographic
presence**

**People,
culture,
values and
attitude**



Nestlé

Good Food, Good Life

Growth drivers

**Nutrition
Health and
Wellness**

**Emerging
markets and
Popularly
Positioned
Products**

**Out-of-home
consumption**

Premiumisation



Nestlé

Good Food, Good Life

Operational pillars

**Innovation
& renovation**

**Operational
efficiency**

**Whenever,
wherever,
however**

**Consumer
communication**



Nestlé

Good Food, Good Life

Creating Shared Value

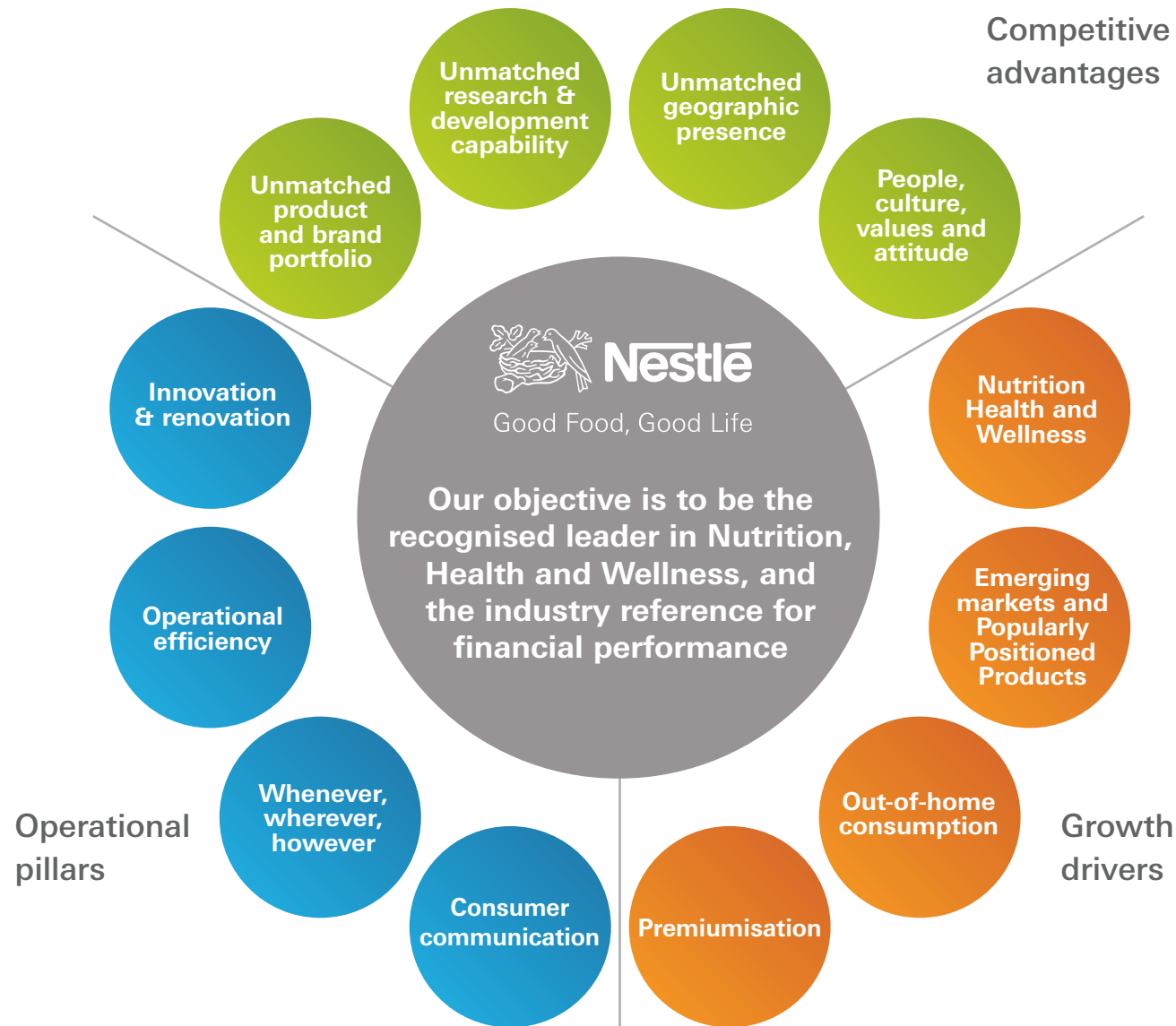


Nestlé

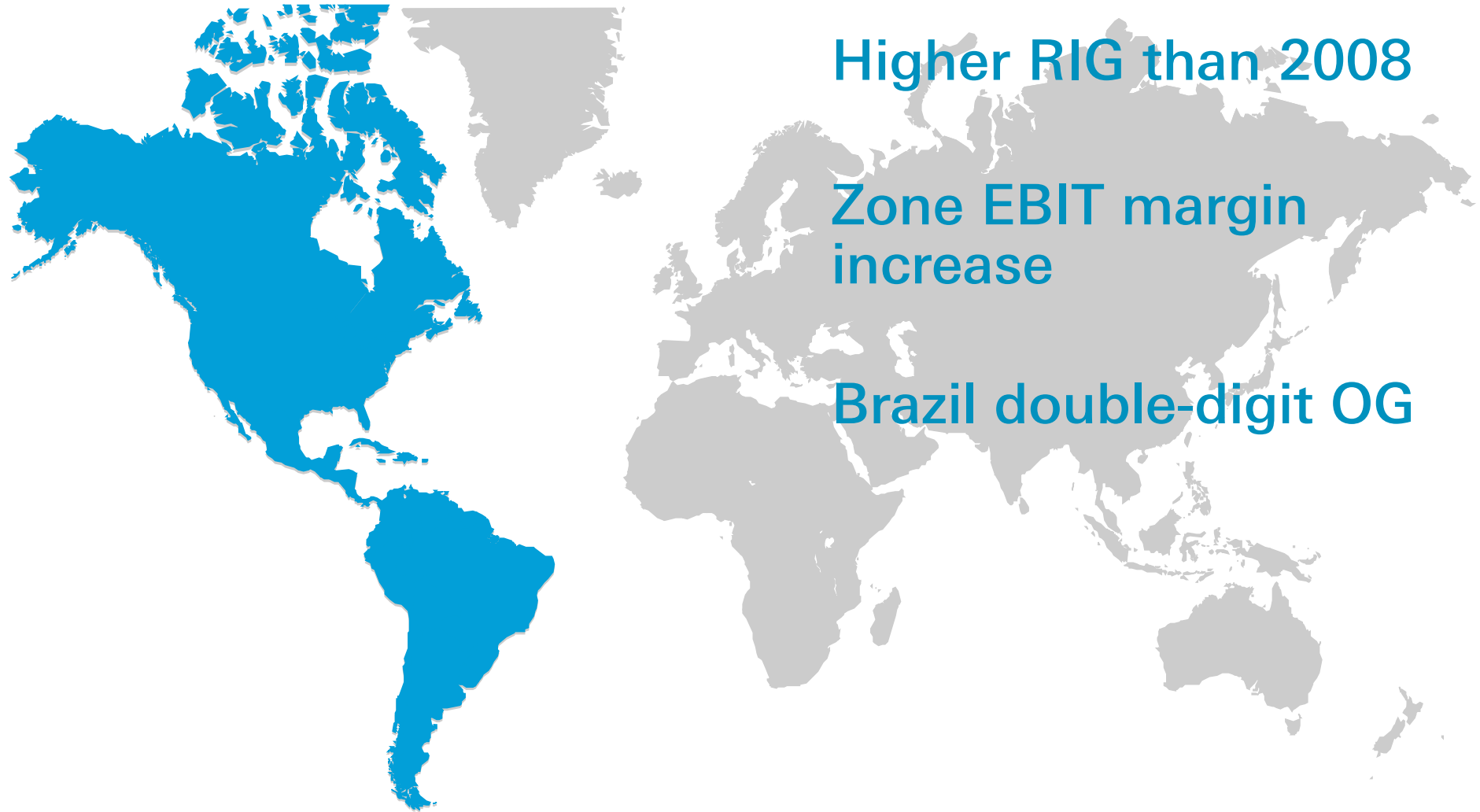
Creating Shared Value

Nutrition | Water | Rural Development

Nestlé roadmap



Zone Americas 2009



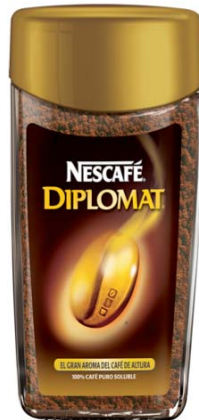
Zone Americas 2009

Anderson RTD factory, USA



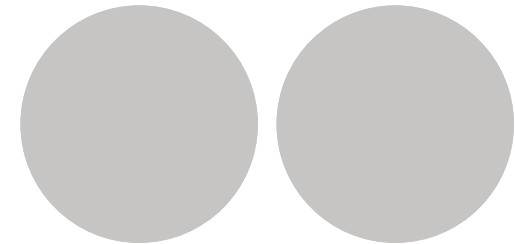
Zone Americas 2009

Toluca Nescafé factory, Mexico



Zone Americas 2009

Skinny Cow ice cream products



Zone Americas 2009

Kraft Frozen Pizza business



Zone Americas 2009

Gerber Graduates



Zone Americas 2009

Vitality acquisition



Zone Americas 2009

Nestlé Pure Life



Zone Europe 2009



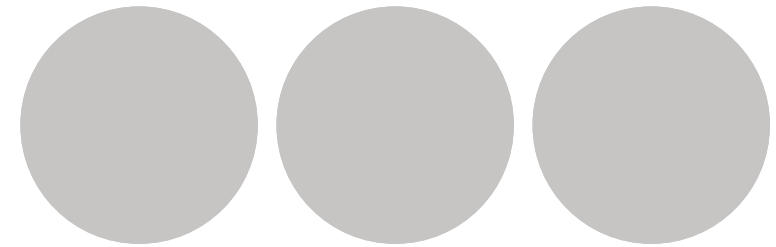
Market positions
defended

Growth accelerated
over year

Brand support
and innovation

Zone Europe 2009

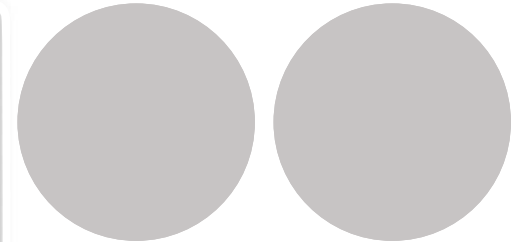
Nescafé Dolce Gusto



- 24 markets
- Sales: CHF 300 million
- 2010: 10 more markets

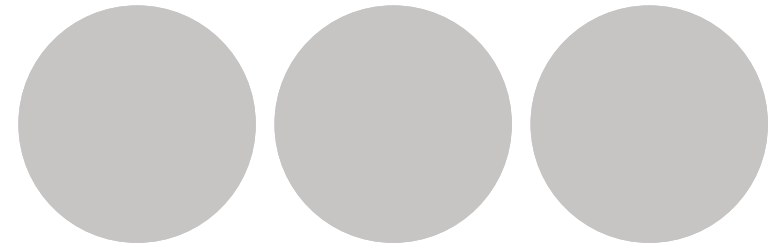
Zone Europe 2009

Maggi juicy chicken bag and spices



Zone Europe 2009

KitKat



Zone AOA 2009

Importance
of emerging consumers

Nestlé sales
share projection:
45% by 2020

1 billion new
consumers by 2020

Local market expertise



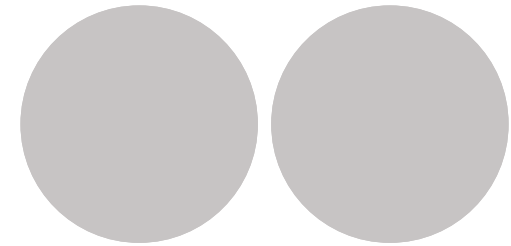
Zone AOA 2009

Totole bouillon factory in Shanghai, China



Zone AOA 2009

Nutritional milk for seniors in China



Zone AOA 2009

Nesvita CalciPlus, Malaysia



Zone AOA 2009

Fortified affordable milks



The world of Nestlé



Nestlé Continuous Excellence



- Driving effectiveness and efficiency
- Aligning action
- CHF 1.5 billion savings

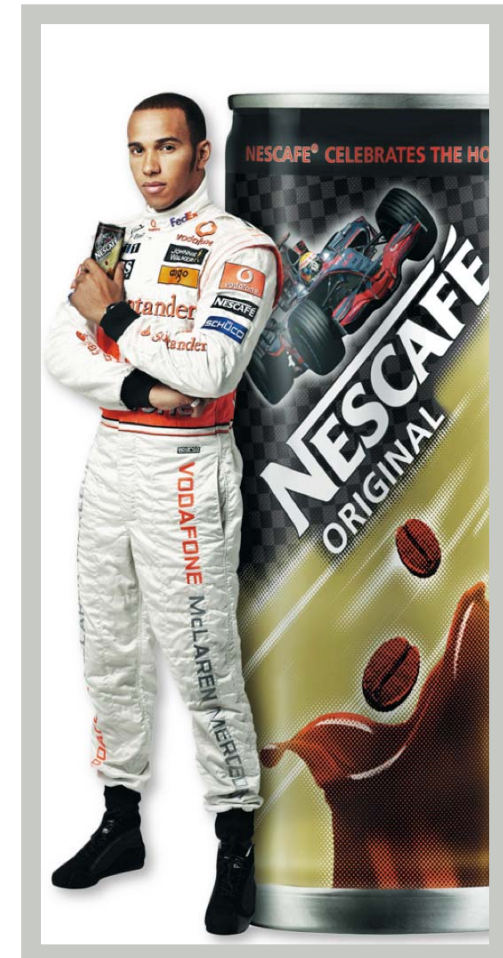
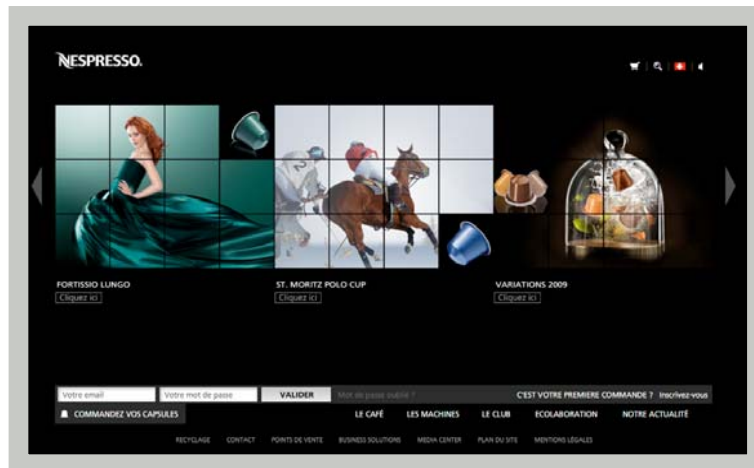


Investing for the future

... in manufacturing capacity and R&D network and capabilities



Investing for the future ... in consumer facing marketing





Nestlé

Good Food, Good Life

... captures the very essence
of Nestlé and the promise
we commit ourselves
to everyday, everywhere
as the leading Nutrition, Health
and Wellness Company



Food is about pleasure



Food is about balance



Food is about understanding



Three dimensions

Pleasure



Balance

Understanding

Nestlé 2009

- Faster growth than industry
- Strong top and bottom line performance
- Investment in capacity, R&D and brands

Nestlé 2010 outlook

In constant currencies:

- higher organic growth in Food and Beverages than 2009
- EBIT margin increase

Our confidence is reflected by:

- increased dividend proposal
- share buyback plans for 2010



Questions and answers



Nestlé

Good Food, Good Life