



2010 Full Year Results Conference Call

James Singh
Chief Financial Officer

Disclaimer

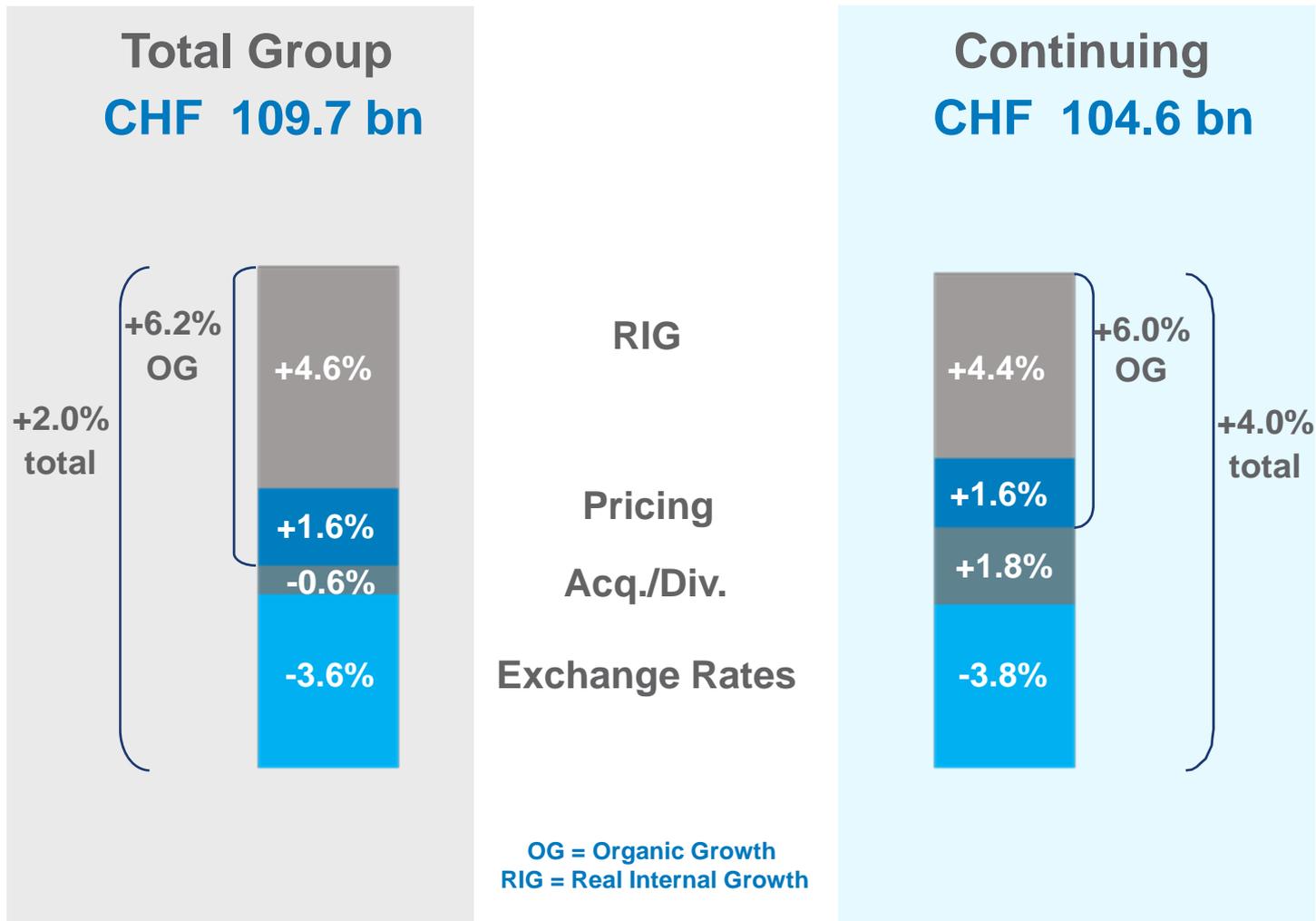
This presentation contains forward looking statements which reflect Management's current views and estimates. The forward looking statements involve certain risks and uncertainties that could cause actual results to differ materially from those contained in the forward looking statements. Potential risks and uncertainties include such factors as general economic conditions, foreign exchange fluctuations, competitive product and pricing pressures and regulatory developments.

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

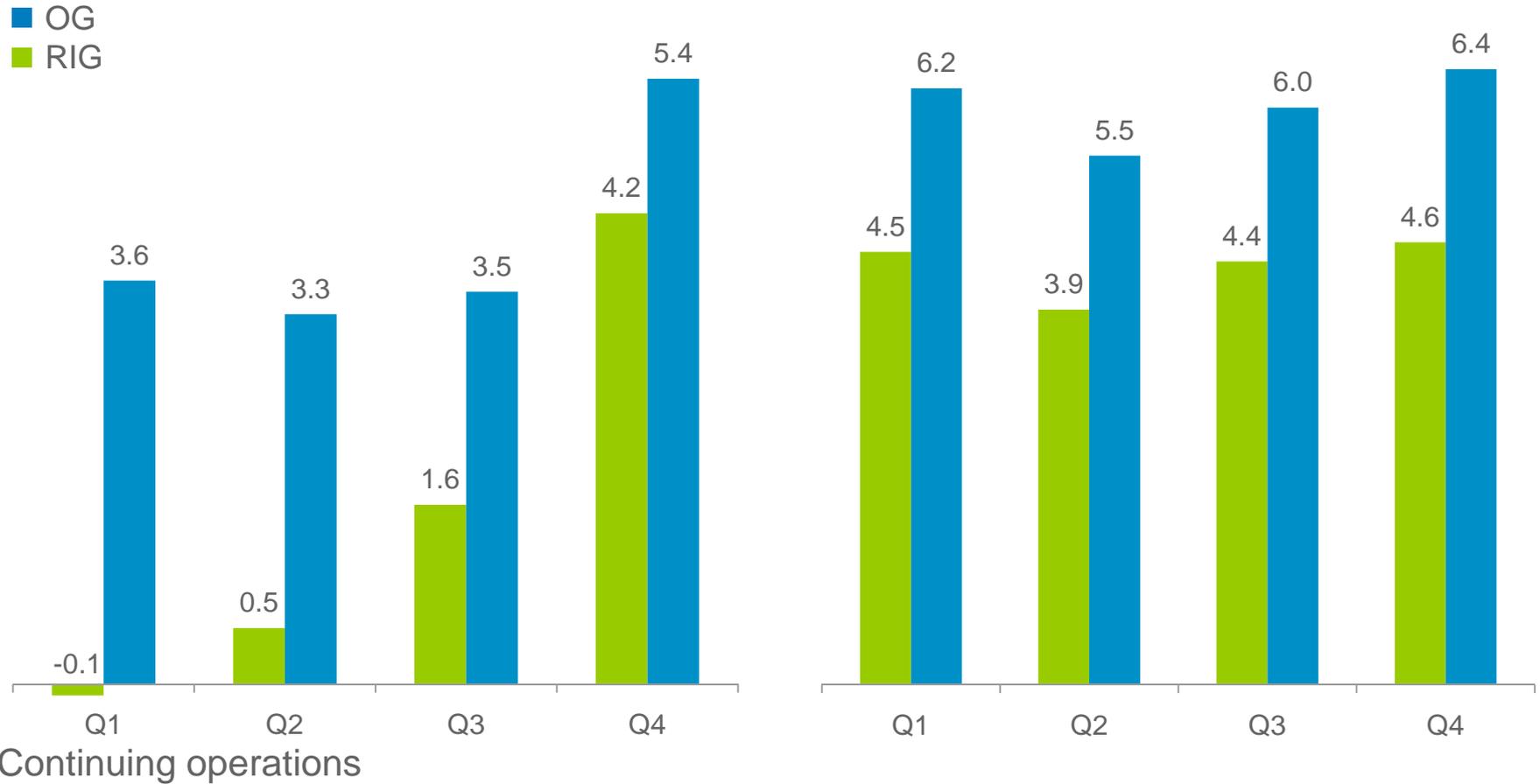
Sales Development Group and Continuing



Strong RIG momentum maintained

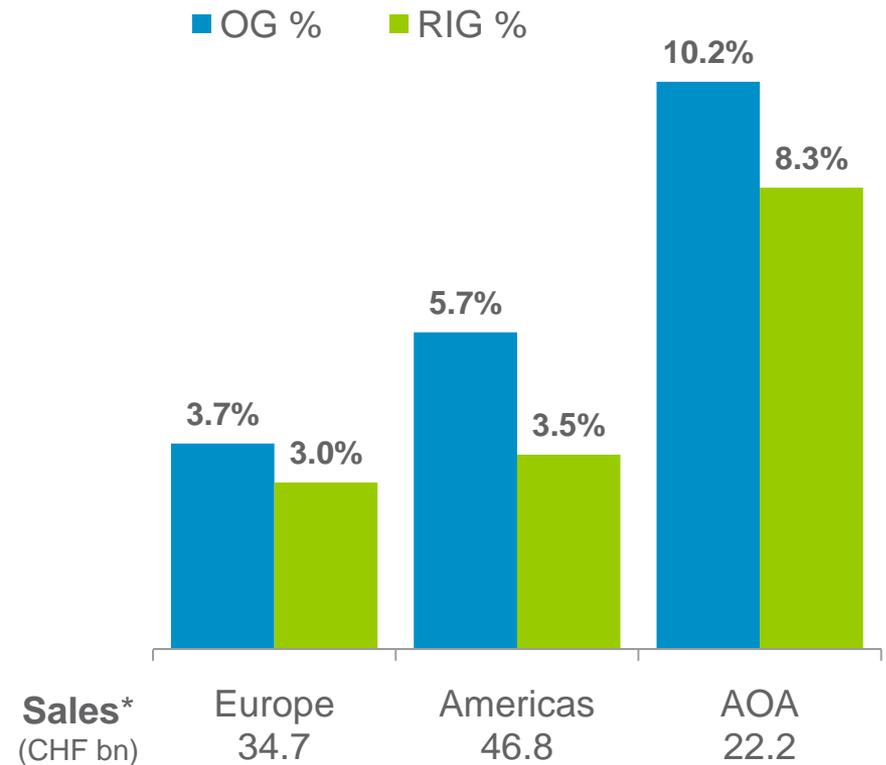
2009

2010



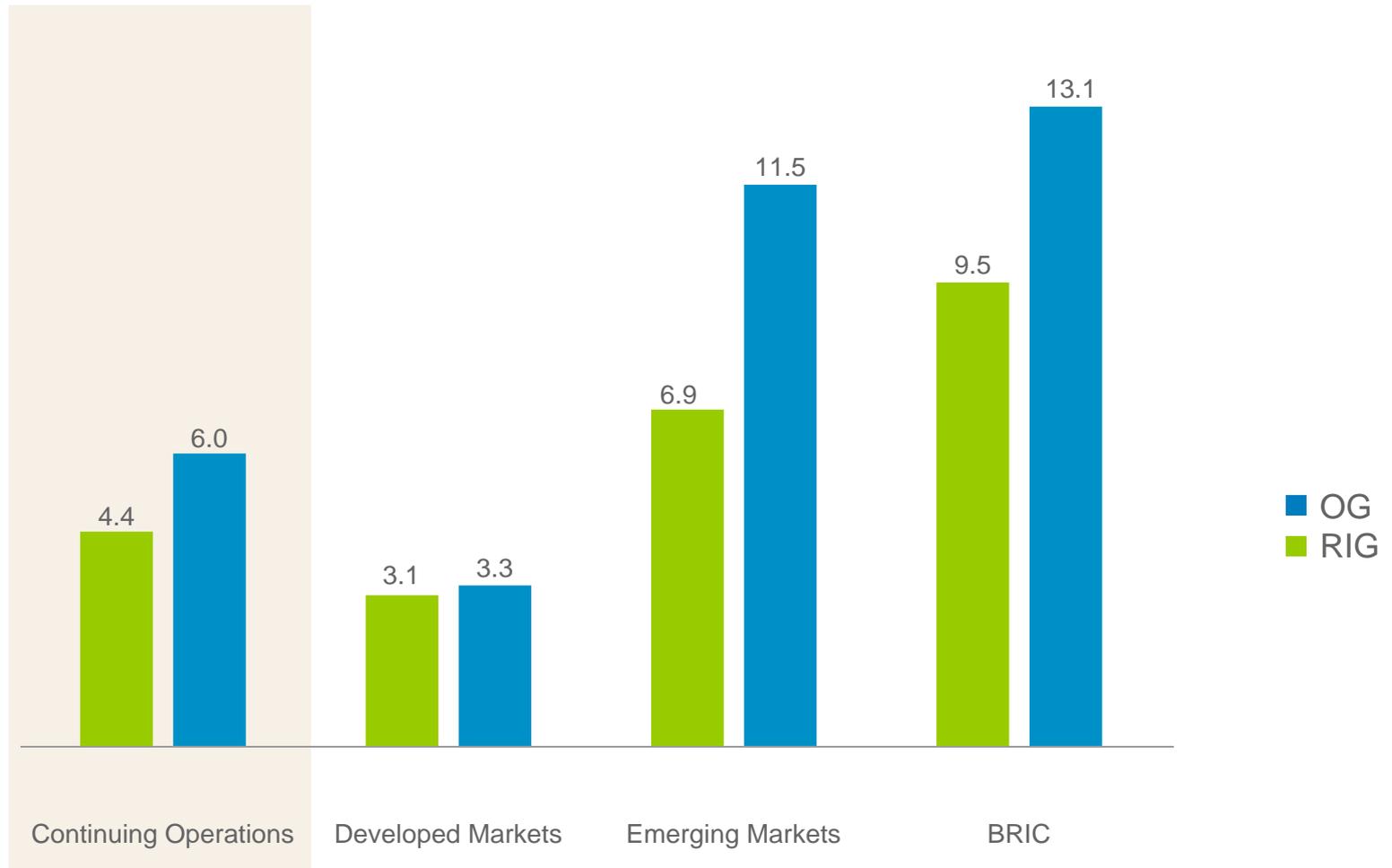
Total Food & Beverages: growth everywhere

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



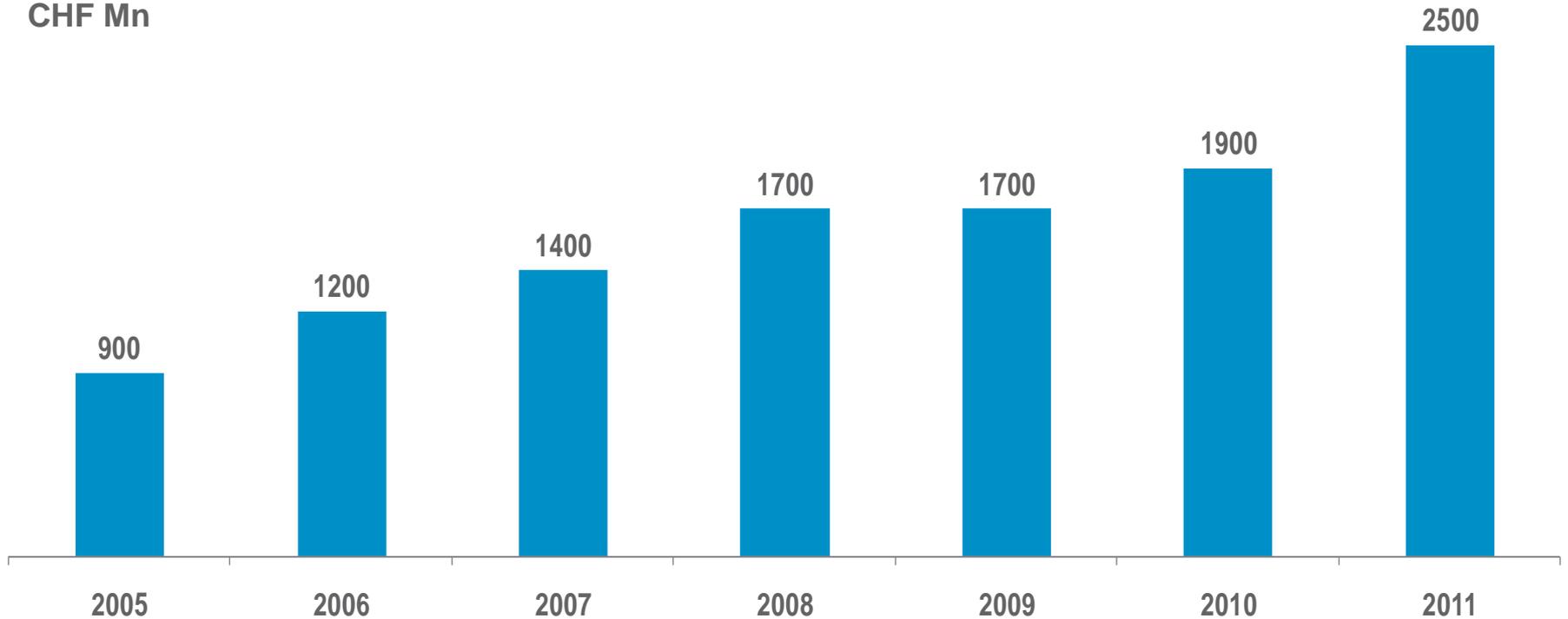
* each region includes the Zones, Nestlé Waters, Nestlé Nutrition, Nestlé Professional, Nespresso and F&B JVs

Organic growth: broad-based performance



Emerging markets Cap-ex: Major commitments in 2011

CHF Mn



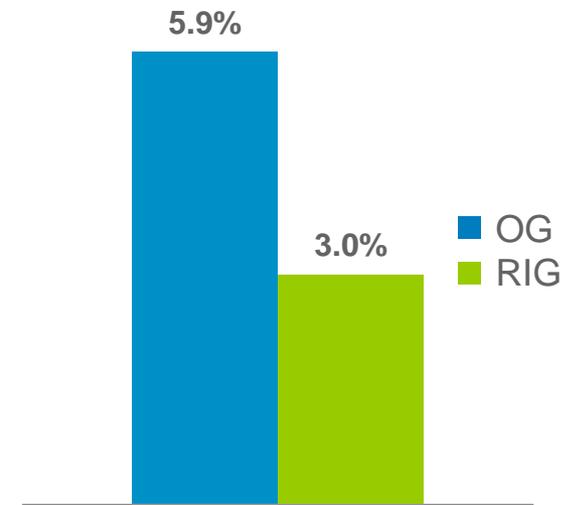
Running above developed markets as % of sales
Building new platforms for proven growth opportunities

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

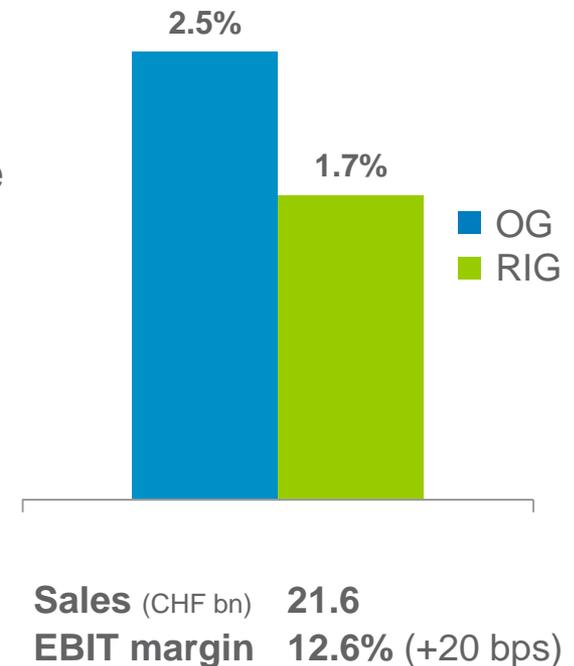


Sales (CHF bn)	34.3
EBIT margin	16.5% (-30 bps)

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



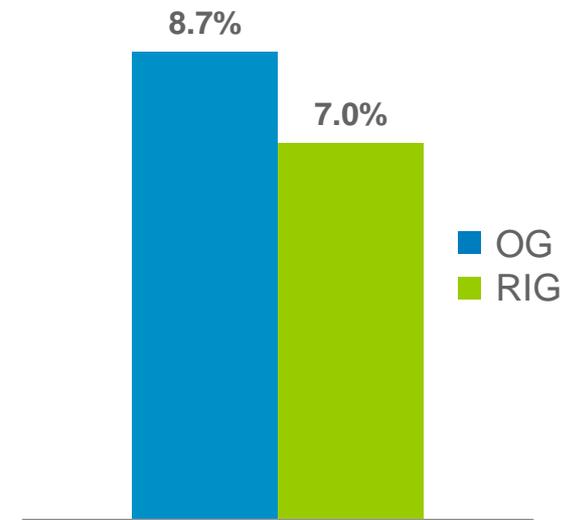
Virtuous circle: efficiency drives customer service; innovation, brand support & ability to create category value drive outperformance

Zone AOA: 8.7% organic growth



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

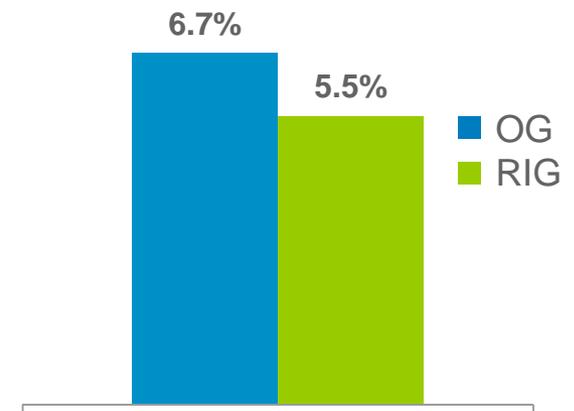
- Best categories: Ambient Dairy, Ambient Culinary and Beverages; good share performances
- PPPs grow double-digit growth
- **EBIT%**
Driven by strong growth and savings initiatives



Sales (CHF bn) **17.4**
EBIT margin **16.9% (+20 bps)**

Nestlé Nutrition: 6.7% organic growth

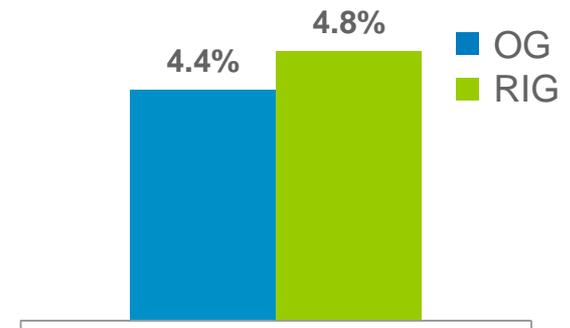
- Continued good organic growth driven by brand investments and new product launches in Infant Nutrition (IN)
- Double-digit growth in emerging markets
Good performance in North America
- The big three IN brands grew double-digit
- Good market share performance in our key markets, including Jenny Craig
- **EBIT%**
Sales growth, mix and savings initiatives



Sales (CHF bn)	10.3
EBIT margin	18.1% (+70 bps)

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



Sales (CHF bn)	9.1
EBIT margin	7.4% (+40 bps)

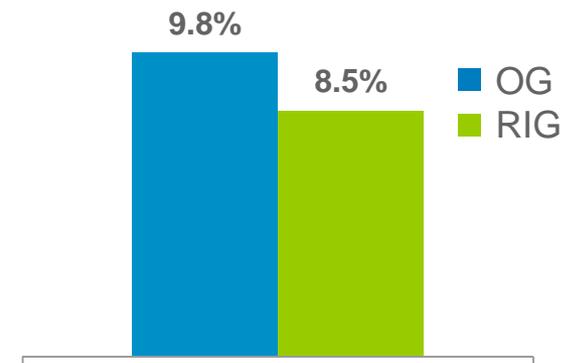
Other Food & Beverages: 9.8% organic growth



- **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



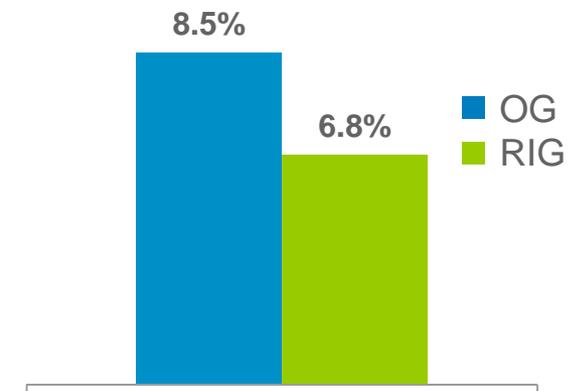
Sales (CHF bn) **11.0**
EBIT margin **16.4% (+70 bps)**

Product Groups



Powdered & Liquid Beverages: 8.5% OG

- **Soluble Coffee – growth on growth**
Innovation, renovation, Premiumisation
PPPs, NHW all driving growth
Highlights: LatAm, China, Middle East,
France, Japan, USA
Market share gains
- **Powdered: near double-digit OG**
Double-digit OG by Milo and Nestea
Nesquik performing well in France and US
- **Ready-To-Drink; double-digit OG**
Excellent growth in all segments
- **EBIT%**
Mix, brand support, launches



Sales (CHF bn)	20.6
EBIT margin	21.0% (-70 bps)

Milk Products & Ice Cream: 6.6% OG

- **Milk Products**

Near double-digit organic growth
 Strong performance in key Zones
 Market share gains globally

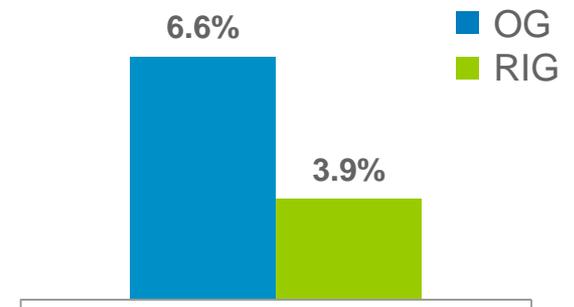


- **Ice Cream**

Market share gains: US, parts of Europe
 US snacks & Cups grew double-digit
 European cones business performing well

- **EBIT%**

Marketing spend up
 Efficiencies & mix in Dairy & Ice cream
 Growth leverage in Dairy



Sales (CHF bn)	20.3
EBIT margin	12.9% (+90 bps)

Prepared Dishes & Cooking Aids: 2.6% OG

■ Frozen & Chilled Food

Pizza performed well overall
US impacted by weak economic environment – *Lean Cuisine*
Buitoni, *Thomy* and *Herta* showing good growth

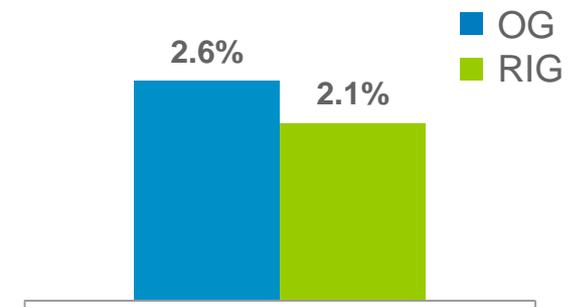


■ Ambient Culinary

Maggi double-digit in emerging markets
Market share gains in Europe, including Germany & France
Innovation in PPPs delivering strong growth

■ EBIT%

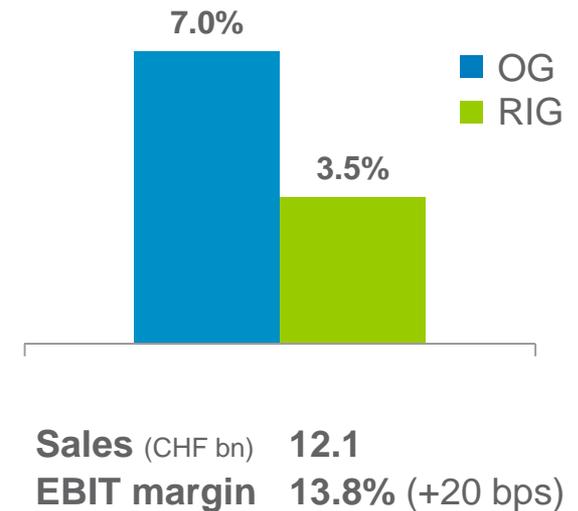
Pizza acquisition costs, brand support and lower sales of *Lean Cuisine*



Sales (CHF bn)	18.1
EBIT margin	12.3% (-60 bps)

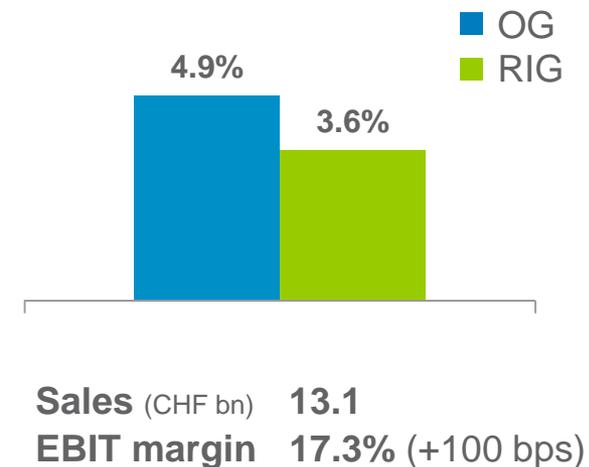
Confectionery: 7% organic growth

- Growth in all segments
Share gains in many markets
- Good growth in US and UK
UK: *Kit Kat* had a strong anniversary year
- Sustained growth in India and China
driven by PPP activities
- Russia dilutive to growth
Sold generic confetti business
- **EBIT%**
Good cost management & leverage from growth



PetCare: 4.9% organic growth

- All segments and regions contribute
Innovation pipeline continues to roll-out
- Lower value products now out of portfolio
- Billionaire brands mid-high single-digit OG
- North America – share gains
Growth in all segments
- Europe – share gains
Good growth specially France, Spain, Russia, UK
- **EBIT%**
Product mix, efficiencies & raw material savings, increased brand investment



PetCare: positive short & long-term outlooks

- Global market share increased four years in a row
- Global No.1 in three segments:
79% of the category
- No.1 in Wet Cat: growing 2x Wet Dog (No. 2)
- No. 1 in Dry Dog – Dog segment is 75% dry
- Dog & cat population increasing 2% p.a.
- Emerging market exposure growing fast



Nestlé leads in the exciting petcare segments

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%	  

Central innovation initiatives deliver 80 bps OG

Systems

Premium

PPP

NHW



Summary: F&B operating performance

Market uncertainty;
cost volatility



Strong organic growth
Efficiencies & effectiveness

Optimise business performance



Leveraging scale: enhance
competitive advantages

Leverage competitive advantages



Improved market shares

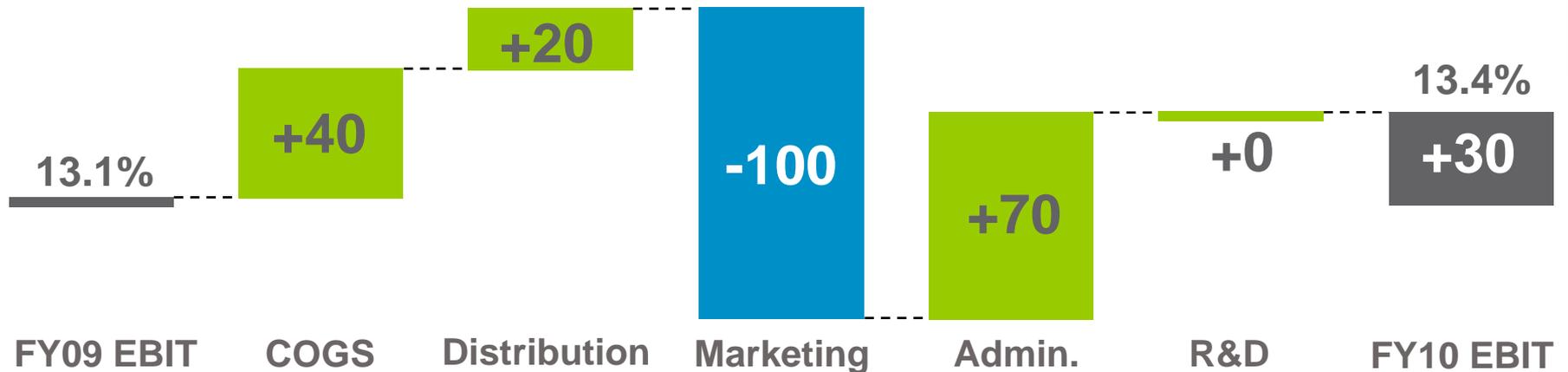
Focus & discipline



Aligned behind the Nestlé
Roadmap to deliver the
Nestlé Model in challenging
environment

Strong performance: geographies & categories

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 1.5bn of efficiencies

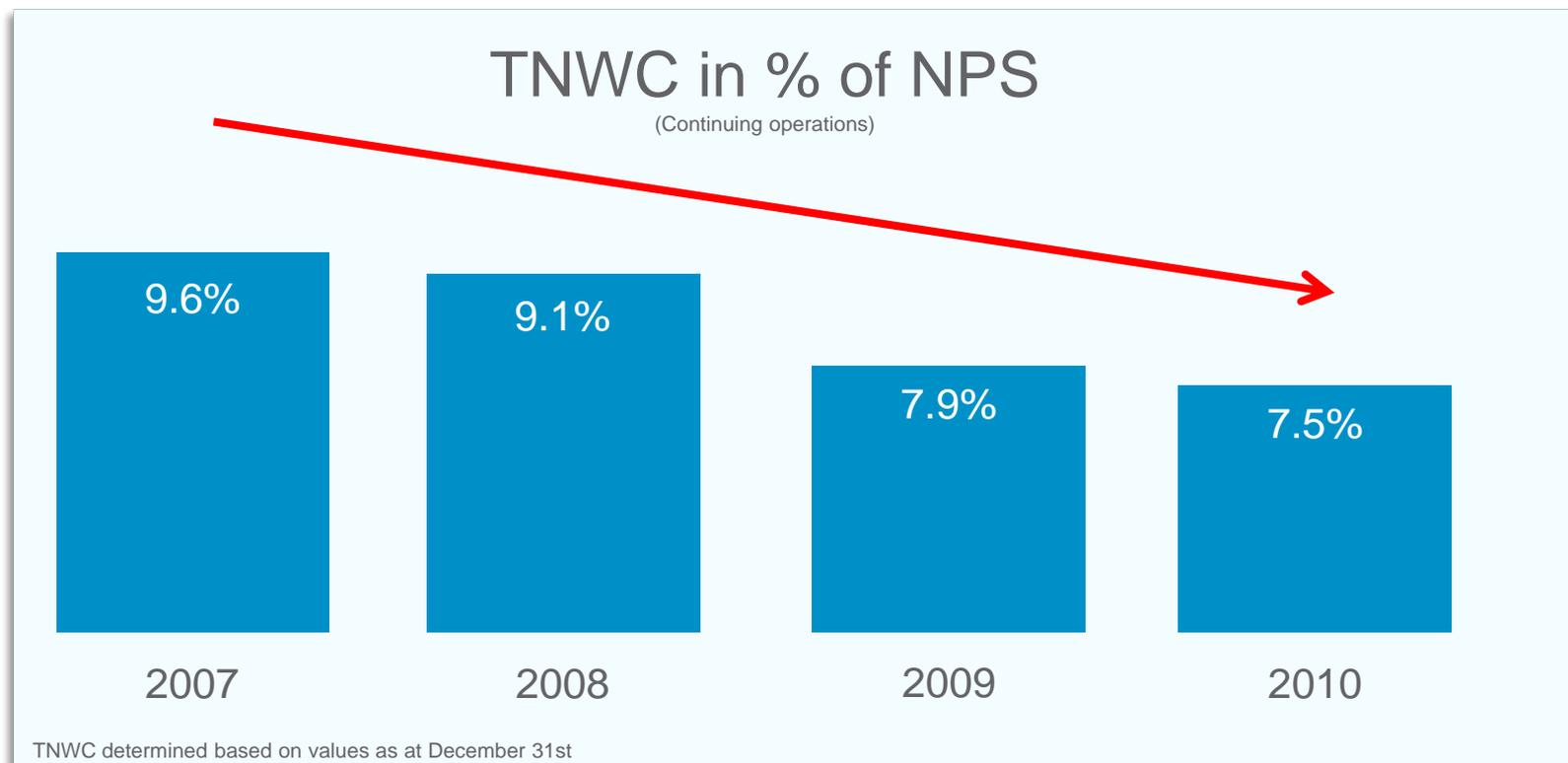
P&L: EBIT to Net Profit: Group

As % of sales	FY 2009	FY 2010	Diff. basis points (rounded)
EBIT	14.6	14.8	N/A
Other income/expenses	(0.7)	20.6	+2130
Net Financial income/expense	(0.6)	(0.7)	-10
Profit before taxes & Associates	13.3	34.7	+2140
Taxes	(3.1)	(3.4)	-30
Share of results of Associates	0.8	0.9	+10
Profit for the period	11.0	32.2	+2120
Attributable to non-controlling interests	(1.3)	(1.0)	+30
Attrib. to the shareholders of the parent (Net profit)	9.7	31.2	+2150
Underlying EPS (CHF)	3.09	3.32	+7.4%
Constant currencies			+10.3%

Cash flow and working capital

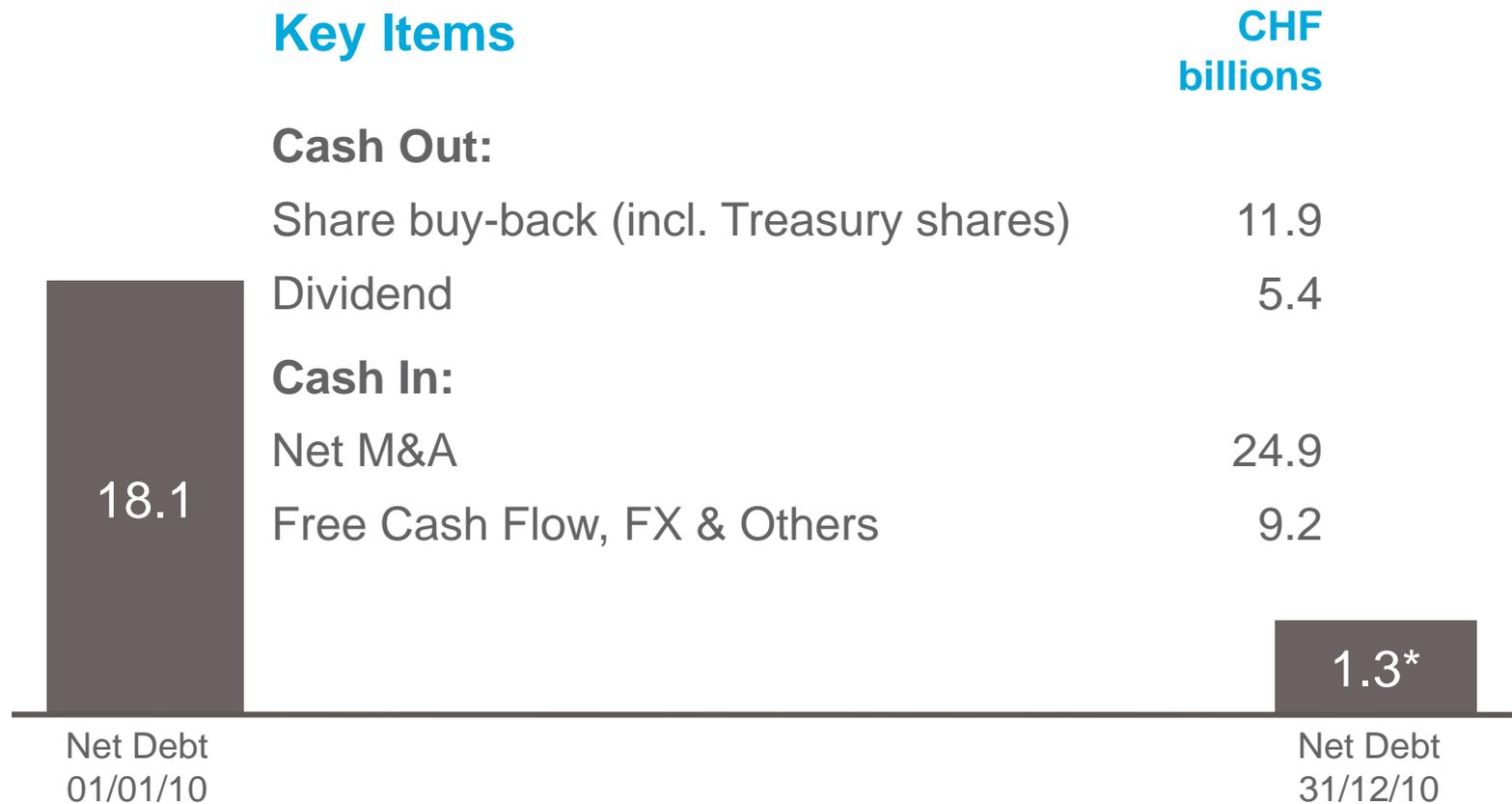
- **Operating Cash Flow of CHF 13.6bn**
- **Impacts of currencies, working capital normalisation, sale of Alcon**
- **Trading net working capital improves as percent of sales**
- **Cash Conversion Cycle accelerates by 3 days**

Trade Net Working Capital continues to improve



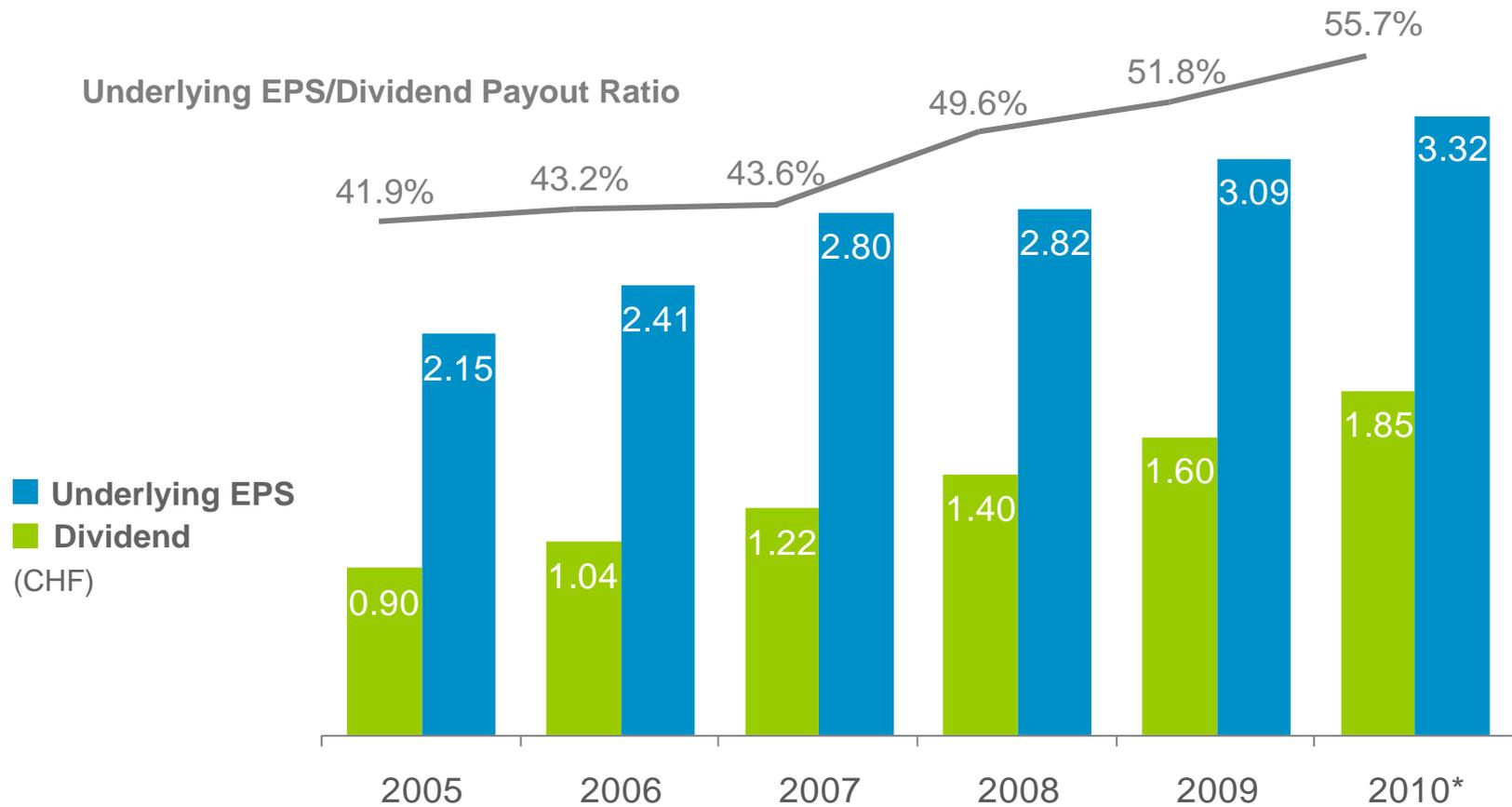
- **Trade Net Working Capital - 40 bps as a percent of sales**

Trend of net debt in 2010



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

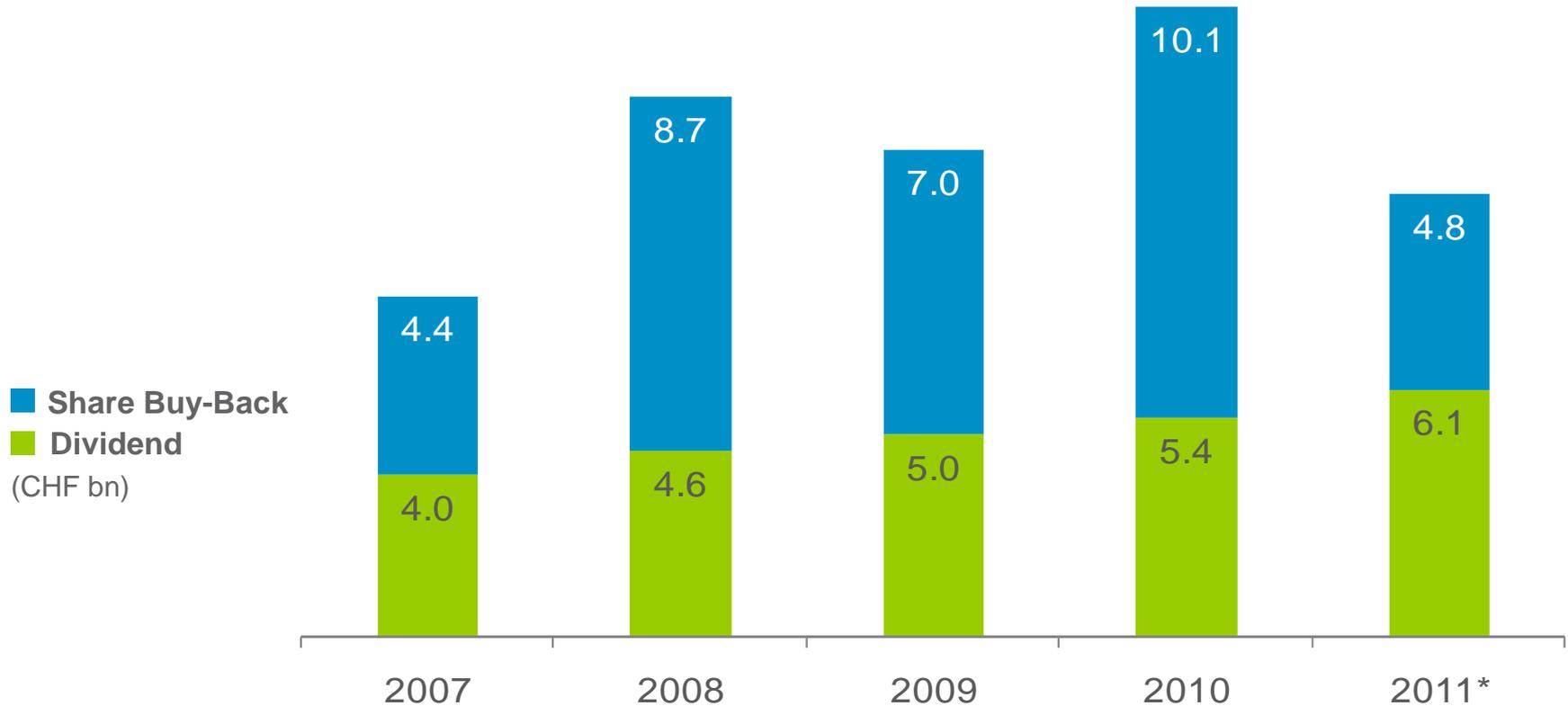
Increasing dividend and payout ratio



*Proposed dividend

Total cash returned to shareholders

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

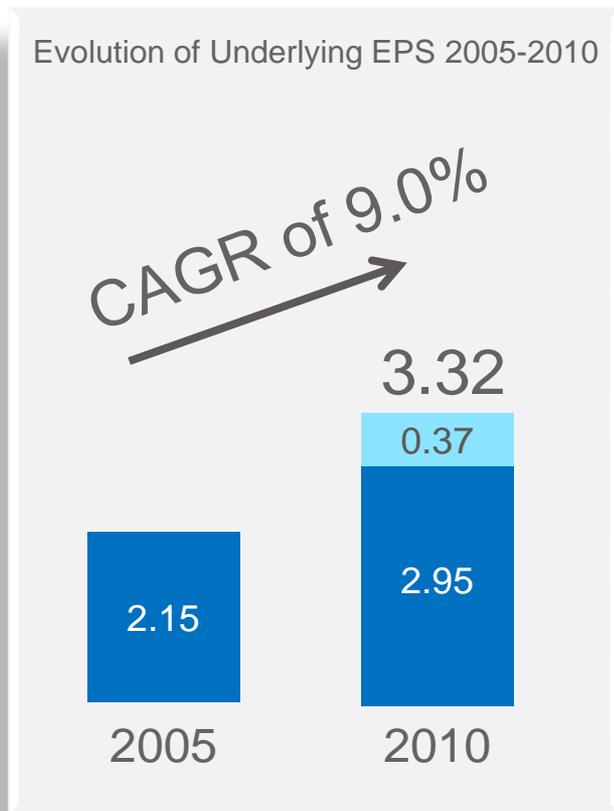


* Announced & proposed

Alcon disposal: value-creation

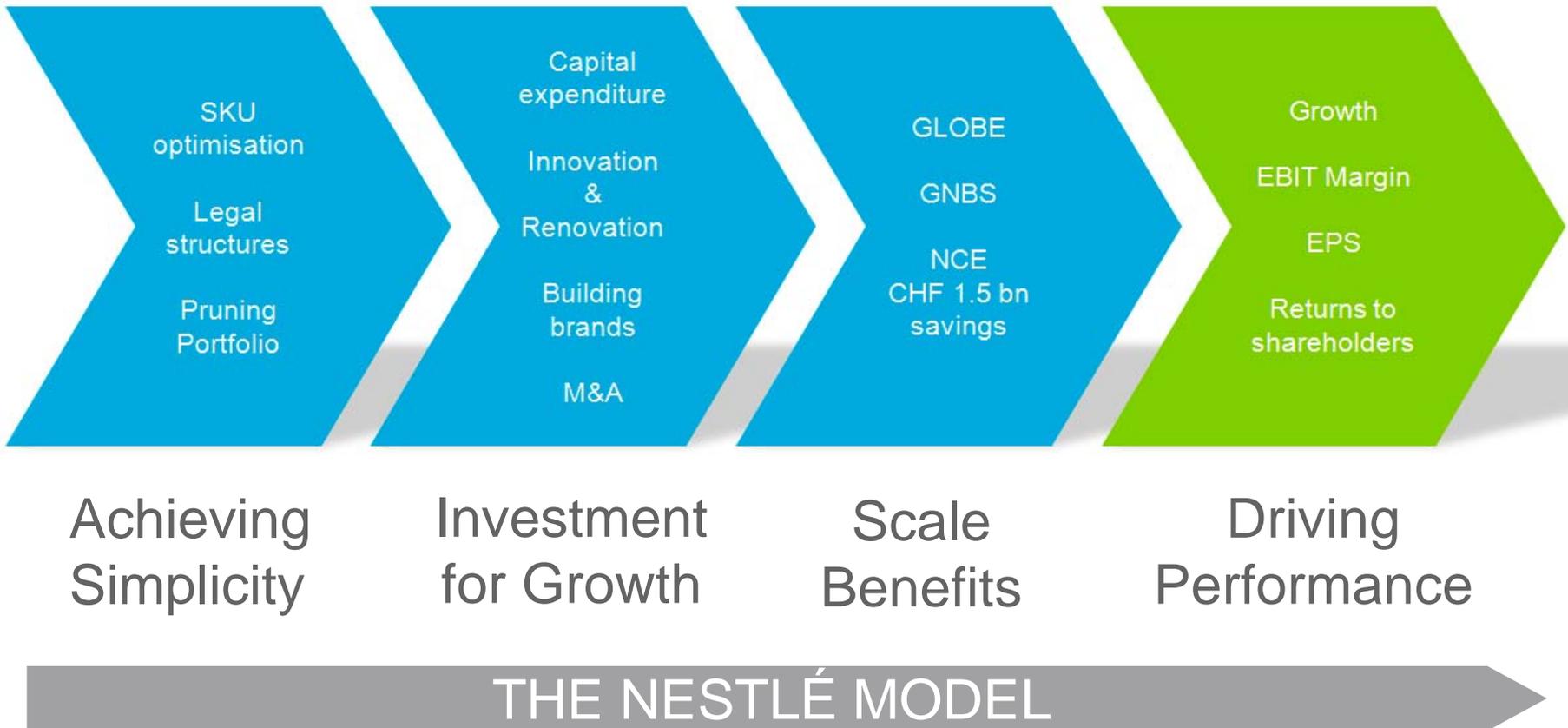
	Alcon cash proceeds	Share buy-backs
2002	4.1 bn	
2005		- 1.3 bn
2006		- 2.7 bn
2007		- 4.4 bn
2008	10.7 bn	- 8.7 bn
2009		- 7.0 bn
2010	29.9 bn	- 10.1 bn
2011		- 4.8 bn
TOTAL	44.7 bn	- 39.0 bn

The share buy-back programmes contributed to improvement of EPS



- Over the last 5 years, we have repurchased 718.9 mn of shares
- The four share buy-back programmes contributed about CHF 0.37 to the EPS in 2010
- Without the share buy-back, CAGR would have increased by only 6.5%

Summary: Total Performance Framework



2010: Summary and conclusion

- We entered 2010 with a good understanding of the challenges we faced
- We were aligned behind our roadmap, but fast, flexible and entrepreneurial in our markets
- We delivered top line and bottom line: all geographies and categories contributed
- We have had our strongest market share performance since we had this granularity of measurement
- We outperformed our industry and built momentum through the year, providing impetus for 2011

2011: another set of challenges; another opportunity to outperform

- We understand the challenges we face
- We are taking a holistic, total value-chain approach to managing them
- Our innovation pipeline is rich – bringing differentiation & added value
- We have strong momentum with positive mix effect
- Our objective: to deliver the Nestlé Model

Long-term inspiration with short-term delivery



Foreign Exchange Movements

CHF per	FY 2009	FY 2010	(%)
U.S. Dollar (1)	1.08	1.05	- 3.5
Euro (1)	1.51	1.38	- 8.6
£ Sterling (1)	1.69	1.61	- 5.1
Real (100)	54.98	59.14	+7.6
Mex. Peso (100)	8.03	8.24	+2.6
Yen (100)	1.16	1.19	+2.6

Weighted Average Exchange Rates

Operating Segment FX Impact On Sales

(%)	1Q10	HY10	9M10	FY10
Zone Europe	-0.7	-2.8	-5.3	-6.7
Zone Americas	-4.9	-2.5	-3.2	-3.9
Zone AOA	+0.5	+3.1	+2.4	+1.7
Nestlé Waters	-4.6	-3.0	-4.2	-4.8
Nestlé Nutrition	-3.6	-1.9	-2.9	-3.8
Other F&B	-1.1	-1.3	-3.1	-4.3
Total F&B	-2.6	-1.5	-2.8	-3.8



2010 Full Year Results Conference Call