

Nestlé Posts a 9% Sales Growth in Russia&Eurasia Region, Ca. 4 bln Roubles Invested into Factories Expansion in Russia

Moscow, March 18, 2013 – Today Nestlé Russia announced successful business results for 2012 and plans for nearest future during annual press conference at the Press Center of RIA Novosti. In 2012 Nestlé sales in its Russia-Eurasia region reached 70 bln roubles, showing a solid 9% growth vs. last year.

The CEO of Nestlé Russia&Eurasia Mr. Maurizio Patarnello commented: “In 2012 Nestlé Russia-Eurasia demonstrated significant growth despite the slowing of economy development in some countries. In Russia, Nestlé achieved double-digit growth of sales in five categories of products and considerably strengthened positions of key brands. We are looking into the future with confidence and continue investing into development of our business here. In 2012 we invested about 4 bln roubles into our manufacturing facilities in Russia – green-field and existing ones – to ensure further sustainable growth”.

Nestlé continues investing into long-term development

The company continues to actively develop local production. More than 90% of Nestlé products sold in Russia and CIS countries are produced locally. Investment projects of the company along with consolidation of production facilities shall enable maximum efficiency of Nestlé Group resources for successful development of brands and strengthening Nestlé positions on the markets of Russia and CIS.

In 2013 Nestlé completes construction of the new green-field factory in Vyazniki (Vladimir region). The investments into this project already exceeded 2 bln roubles. At the launch, plant will be producing 25,000 tons of culinary products per year and will give jobs to more than 500 people. The first stage of the factory was already launched in spring 2012, with filling and packing of a wide range of MAGGI culinary products.

This year Nestlé will also be completing expansion of its instant cereals factory in Vologda, with more than 1 bln roubles investment into construction of a new production shop, installation of production and packing lines, warehouse construction, and utilities development. The launch of new production at the end of 2013 will enlarge NESTLÉ infant cereals assortment and strengthen company's leading positions on the markets of Russia and CIS.

Nestlé Purina PetCare factory in Vorsino (Kaluga region) has attracted ca. 1.3 billion roubles direct investment into construction of a new wet pet food shop. Its launch in Q2, 2013 will double factory production capacity and allow the factory to produce nearly the whole range of Nestlé Purina PetCare products sold in Russian and CIS.

Innovations for strengthening leading market positions of Nestlé brands in Russia

Over the last year Nestlé has significantly reinforced its leading market positions in most of the categories in Russia&Eurasia via careful listening to consumers and satisfying their tastes and preferences with a large variety of new products as well as effective marketing support of its strategic brands. In Russia, double-digit growth was achieved in Infant nutrition with GERBER, NAN, NESTLÉ and NESTOGEN brands (13,6%), pet food with PURINA brand (33,8%), ice-cream with NESTLÉ (18%), NESPRESSO coffee-machines and capsules (42,9%), and NESTLÉ PROFESSIONAL solutions (14,4%).

After the first appearance on the Russian market in summer 2010, the new multi-beverage system NESCAFÉ Dolce Gusto managed to gain the popularity with Russian consumers and just in two years became a leader in espresso-machines segment. In 2012 the sales of NESCAFÉ Dolce Gusto coffee-machines grew by 135% as compared with the previous year, and capsules – by 150%. Last year Nestlé Russia reconfirmed its leadership in soluble coffee category with NESCAFÉ brand.

In 2012 NESPRESSO brand continued to enlarge its presence in Russia opening the first NESPRESSO boutique in Yekaterinburg and the third – in Moscow. Last October the first unique MÖVENPICK boutique-café was opened in

Moscow offering a full assortment of MÖVENPICK ice-cream and sorbets. It is also the first boutique of this brand outside Switzerland fully managed by Nestlé.

Last year Nestlé introduced a unique novelty for little gourmets – BON PARI Jungly ice-cream. It is the first ice-cream in the world which can be peeled like banana. Launch of this innovative product became the most successful in ice-cream category in terms of sales.

MAGGI brand confirmed its leadership in culinary category with a market share of more than 45%* in value. Based on 2012 results, MAGGI culinary products got a prestigious national award “Goods of the year 2012” organized by the National Trade Association, winning in nominations “Bouillon cubes” and “Seasonings”.

In 2012 Nestlé Russia has significantly increased and strengthened its share in the segment of pet food with PURINA brand. Successful sales of FELIX and ProPlan cat food greatly contributed to the category dynamics.

Holding leadership on the market of infant nutrition with the brands NESTLÉ, GERBER, NAN, NESTOGEN, last year the company launched a new category for pregnant and lactating mothers NESTLÉ “MAMA and I”. This milk nutrition enriches the organism of future mother with necessary elements, vitamins and minerals ensuring healthy growth and development of the child before its birth. Infant formula NESTOGEN won the national award “Goods of the year 2012” in nomination “Breast milk substitutes/ dry formulas”.

In 2012 Nestlé Russia also kept leadership on the Russian market in the category of breakfast cereals with NESTLÉ brand (market share – about 47%** in value) and instant cereals with BYSTROV brand (market share more than 28%* in value).

Creating shared value

Alongside with business activities Nestlé aims to create shared value for the society and the country in general. School educational “Good Nutrition Program” previously approved by the Russian Ministry of Education helps in promoting good nutrition and healthy habits for children. Extensive experience in running this program confirms its high efficiency. The program has been running over 14 years in 41 regions of Russia with more than 5 million Russian kids involved. The total investment into development and implementation of this program amounted to 290 million roubles.

Since 2006 Nestlé in cooperation with the Russian National Nutrition Institute conducts educational program for parents and pediatricians “Start Healthy, Stay Healthy”. The main task of this program is to promote healthy nutrition habits starting from the child’s birth, to increase parents’ awareness of good nutrition. All educational materials for parents within this program are based on the latest research of the Russian Nutrition Institute and Nestlé R&D institutions as well as analysis of Russian practice aiming to help young parents in choosing correct ration for newborn children.

Every two years Nestlé Russia presents a report about social activities of the company. This document includes information about the company’s activities in such areas as consumers’ well-being, environment and water resources, employees’ development, cooperation with suppliers, participation in the life of local communities. The report allows shareholders, consumers, employees, business partners and other stakeholders to get a full understanding of the company’s activities and its contribution to the development of the Russian society.

The CEO of Nestlé Russia Maurizio Patarnello emphasized: “During 16 years the company has done a lot in terms of business development and social activity. For this period Nestlé’s investments into Russian economy exceeded 1.2 bln USD, while the company spends annually more than 1.5 mln USD on sponsorship of cultural projects and charity.” In particular, since 2010 Nestlé Russia is an official sponsor of the Bolshoi Theater and since 2012 - the general sponsor of the annual international festival of chamber music “Window to Switzerland” conducted under the auspices of Swiss Embassy in the Russian Federation.

Company’s regional branches also take an active part in the social life of the regions where they are located. Every year they support many social and cultural projects including help to charity foundations, sport societies and schools.

*Source: ACNielsen YTD December 2012

**Source: ACNielsen December 2012 – January 2013