Growing the World`s Coffee Consumption
ICO World Coffee Conference

Nescafé
A Global Brand 'Opening Up' New and Increasing Coffee Demand

Presented by
Gordon Gillett
Senior Vice President Nestec Ltd
World Coffee Consumption

- 2000 105.5 Mn bags = 760 Bn Cups
• 1-2% Long Term Growth
Nestlé's Contribution

• Nestlé
  – 1980 Green Usage = 6.5m bags
  – 2000 Green Usage = 12.2m bags +88%

• World
  – 1980 Green Usage = 80m bags
  – 2000 Green Usage = 105.5m bags +32%
Current Features
Roast and Ground 69%, Soluble 29% and Ready to Drink (RTD) 2%

- In-Home 72% and Out of Home 28%
### World Coffee Market % Volume Growth (1990-1999)

<table>
<thead>
<tr>
<th>Region</th>
<th>R&amp;G</th>
<th>Soluble</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prod/Emerging</td>
<td>24</td>
<td>47</td>
<td>30</td>
</tr>
<tr>
<td>E Europe</td>
<td>3</td>
<td>417</td>
<td>70</td>
</tr>
<tr>
<td>Tea Culture</td>
<td>17</td>
<td>-3</td>
<td>1</td>
</tr>
<tr>
<td>N America</td>
<td>-3</td>
<td>-24</td>
<td>-8</td>
</tr>
<tr>
<td>Cont Europe</td>
<td>-4</td>
<td>13</td>
<td>-1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>6</td>
<td>23</td>
<td>10</td>
</tr>
</tbody>
</table>

- Soluble in Producing/Emerging Markets and Eastern Europe is leading the way.
Regional Shares

- Producing/Emerging Markets now the largest share
Top Ten Soluble Markets

- U.K
- USA
- Japan
- Russia
- Mexico
- South Africa
- Philippines
- France
- South Korea
- Germany

- Top 10 Account for 60% of Sales
Consumption Drivers

- Lower Retail Prices Follow the Green Decline
• World p.c Consumption room for Growth
Opening Up Across the Globe

- The Mature Markets
  - Opening Up the Young Consumer
  - UK

- Eastern Europe
  - Opening up Accessibility
  - Russia

- Producing and Emerging Markets
  - Opening Up Opportunity
  - Philippines to China
Opening Up Mature Markets

- Appealing to the Younger Generation in the UK
Opening Up Eastern Europe

- Increasing Availability in Russia
Opening Up Producing and Emerging Markets

• Affordability and Convenience for China and the Far East
Forecast to 2005
(Mil 60 KgBags)

<table>
<thead>
<tr>
<th>Region/Group</th>
<th>2000</th>
<th>2005</th>
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<tbody>
<tr>
<td>Consumers</td>
<td></td>
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<tr>
<td>N &amp; S America</td>
<td>22.2</td>
<td>23.0</td>
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<tr>
<td>W Europe</td>
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<tr>
<td>Africa</td>
<td>3.3</td>
<td>3.5</td>
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<tr>
<td>Total</td>
<td>80.4</td>
<td>86.5</td>
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<td>Producers</td>
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<tr>
<td>World</td>
<td>25.1</td>
<td>28.5</td>
</tr>
<tr>
<td>World</td>
<td><strong>105.5</strong></td>
<td><strong>115.0</strong></td>
</tr>
</tbody>
</table>

- World Demand at least 115m bags in 2005