

NESCAFÉ

2ND ICO WORLD COFFEE CONFERENCE September 2005

LESSONS FROM THE CRISIS
"SEIZING THE OPPORTUNITY"


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Content




- INTRODUCTION
- LOW PRICED PERIODS
 - Post Quotas 1989-1992
 - Free Market 1999-2003
 - CAUSE - EFFECT - RESULT - CORRECTION
- CONSUMPTION
 - What has been the impact of low prices on consumption?
 - Where has growth occurred?
 - What type of products, where they are consumed and by whom?
 - Where will consumption be in 10 years time?

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Cause

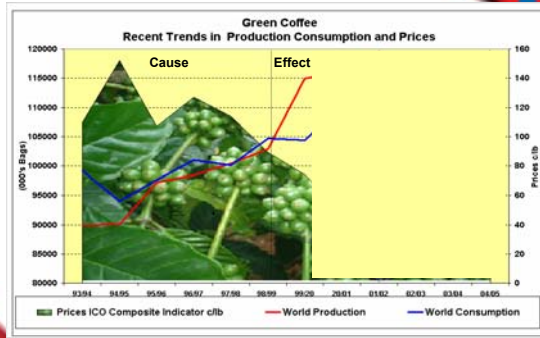


- Mid 1990's supply shortfall and high prices

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Effect

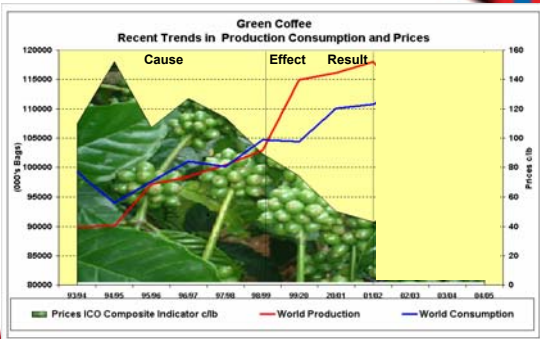


- Significant production increase

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Result

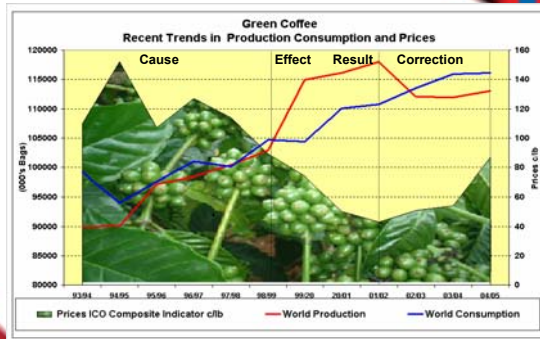


- Over production creates structural surplus
- Prices fall

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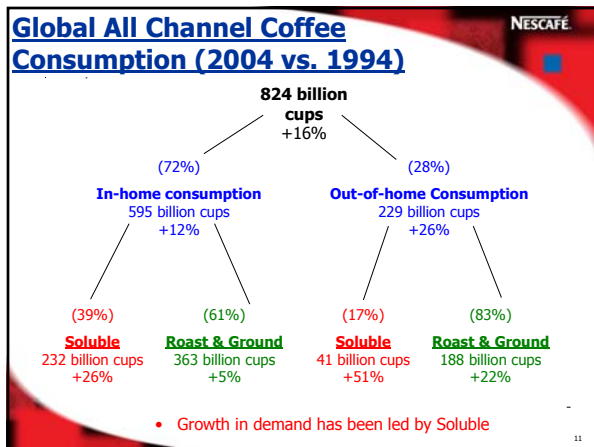
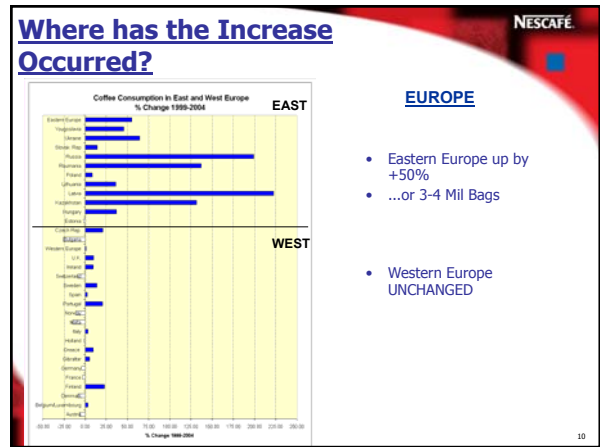
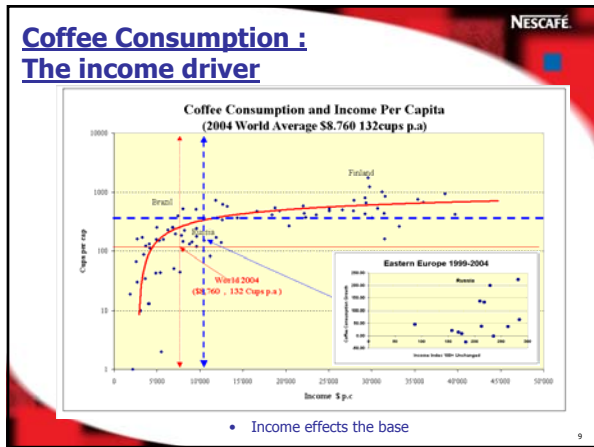
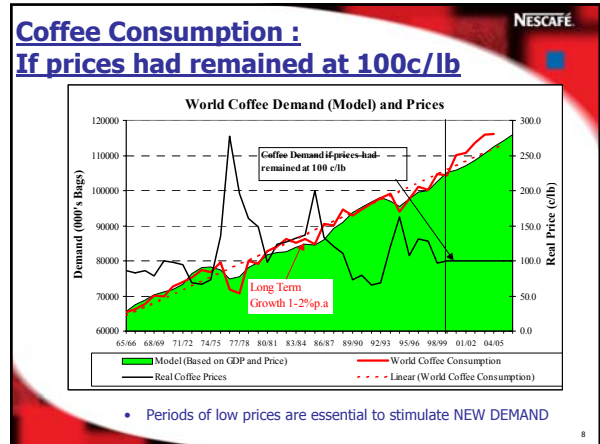
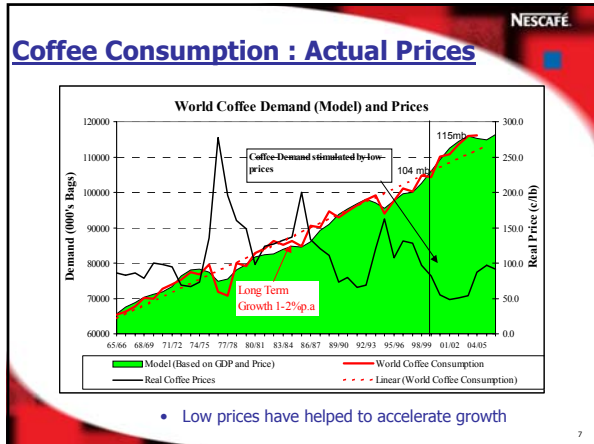
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Correction



- Supply declines and demand strengthens
- Prices recover

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Coffee Growth Opportunities

	World Population	World Coffee
"Sophisticated" (1cup/day and plus)	19%	73%
"Intermediary" (1cup/week - 1cup/day)	20%	22%
"Starting" (1cup/week and less)	61%	5%
	100%	100%

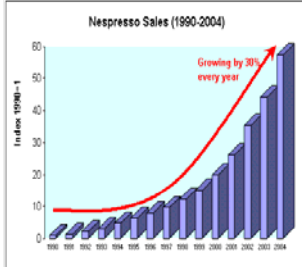
(source: Nestle internal statistics)

Nestlé's role in increasing demand in mature, high income markets

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Nespresso Activities

- Nestlé's Gourmet / Speciality coffee involvement
- Roast & Ground
- Individual one cup servings
- Linking specific high quality coffees with a Nespresso product
- Traceability

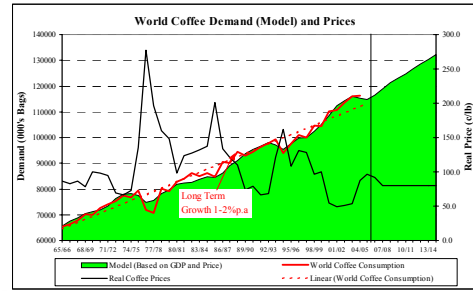


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Projected World Demand

Assumption Global GDP +3.5% p.a and Coffee Prices 80 c/lb

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- 2014/15 World Green Coffee 130 mil bags

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THANK YOU FOR YOUR ATTENTION

During this presentation close to **5 million cups** of Nescafé have been enjoyed around the world

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