

Nestlé to enter partnership with Chinese food company Yinlu

Vevey, 18 April 2011 - Nestlé today announced that it had signed a partnership agreement taking a 60% stake in the Chinese food company Yinlu Foods Group (Yinlu). Yinlu's Chairman, Mr. Chen Qingyuan, will continue to lead the company in the new partnership.

The transaction is subject to regulatory approval in China. Other details of the transaction, including the acquisition price, are not being disclosed.

Family-owned Yinlu is a well established household brand in China and a significant marketer for ready-to-drink peanut milk and ready-to-eat canned rice porridge. The agreement builds on an already successful partnership between the two companies, as Yinlu is a co-manufacturer for ready-to-drink *Nescafé* coffee in China. Yinlu's 2010 sales amounted to around CHF 750 million. Yinlu's products are tailored to Chinese consumers' taste and habits, and complement Nestlé's existing product portfolio in China, which includes culinary products, coffee, confectionery, bottled water, milk powder and products for the foodservice industry. The healthy and nutritious Yinlu products perfectly fit into Nestlé's global portfolio and emphasise its core strategy as the world's leading nutrition, health and wellness company.

Nestlé CEO Paul Bulcke: "We will submit this partnership proposal to the Chinese authorities shortly. It demonstrates our long-term investment in China and our commitment to further developing local brands. We are proud to build this partnership to bring healthy, affordable and tasty products to our consumers in China by combining Yinlu's entrepreneurship, product expertise and consumer understanding with Nestlé's innovation and renovation capabilities."

Yinlu Chairman Chen Qingyuan: "This partnership represents a very important landmark in Yinlu's long-standing aspiration to be a relevant and favourite brand for consumers. Nestlé's proven expertise will undoubtedly provide solid support for Yinlu's continued growth. Together we will continue to develop our brand and manufacturing capabilities, in particular in the Central and Western part of China."

Nestlé has been present in China for over twenty years and today operates 23 factories, two R&D Centres and employs 14,000 people. Nestlé in the China region achieved sales of CHF 2.8 billion in 2010. Main Nestlé brands in China include *Nescafé*, *Nan*, *Maggi*, *KitKat* as well as local brands such as *Haoji* and *Totole*. Nestlé has established several technical assistance initiatives for milk and coffee farmers in China. For example, Nestlé buys fresh milk from thousands of farmers across the country, offering them assistance to increase the quality, quantity and efficiency of their production. In Yunnan province, Nestlé has been encouraging and supporting coffee cultivation for almost twenty years, and nearly 4,100 farmers have received direct training on planting, quality control and processing techniques.

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