

Nestlé enters agreement for the perpetual global license of Starbucks consumer and foodservice products



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Nestlé today announced an agreement granting the company perpetual rights to market Starbucks consumer and foodservice products globally, outside of the company's coffee shops. This transaction provides Nestlé with a strong platform for continued growth in North America with leadership positions in the premium roast and ground and portioned coffee businesses. It also allows Nestlé to capture exciting new growth opportunities in the rest of the world with Starbucks premium products. As a complete provider of coffee solutions, Nestlé will accelerate growth in out-of-home channels. The two companies will work closely together on innovation and go-to-market strategies to bring the best coffee to customers around the world.

This global coffee alliance will bring the Starbucks experience to the homes of millions more around the world through the reach and reputation of Nestlé," said Kevin Johnson, president and ceo, Starbucks.

This historic deal is part of our ongoing efforts to focus and evolve our business to meet the changing consumer needs, and we are proud to work alongside a company that is committed to our shared values."

This transaction is a significant step for our coffee business, Nestlé's largest high-growth category,

said Mark Schneider, CEO, Nestlé.

With Starbucks, Nescafé and Nespresso we bring together three iconic brands in the world of coffee. We are delighted to

have Starbucks as our partner. Both companies have true passion for outstanding coffee and are proud to be recognized as global leaders for their responsible and sustainable coffee sourcing. This is a great day for coffee lovers around the world.

As part of this transaction, Starbucks will receive an up-front cash payment of USD 7.15 billion for a business which generated annual sales of USD 2 billion. The transaction does not include the transfer of any fixed assets, which facilitates a smooth and efficient integration. Nestlé expects this business to contribute positively to its earnings per share and organic growth targets as from 2019. Nestlé's ongoing share-buyback program will remain unchanged.

Approximately 500 Starbucks employees will join the Nestlé family to drive performance of the existing business and global expansion. Operations will continue to be located in Seattle.

The agreement is subject to customary regulatory approval and is expected to close by the end of 2018. The agreement excludes Ready-to-Drink products and all sales of any products within Starbucks coffee shops.

Nestlé will host an investor conference call led by CEO Mark Schneider and CFO François-Xavier Roger on Monday, 7 May at 7:30 p.m. CEST (1:30 p.m. EST) to provide further details.

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