

# Wintergreen Advisers, LLC

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David J. Winters, CEO

March, 2010

# Jardine Matheson



Jardines

an Asian-based

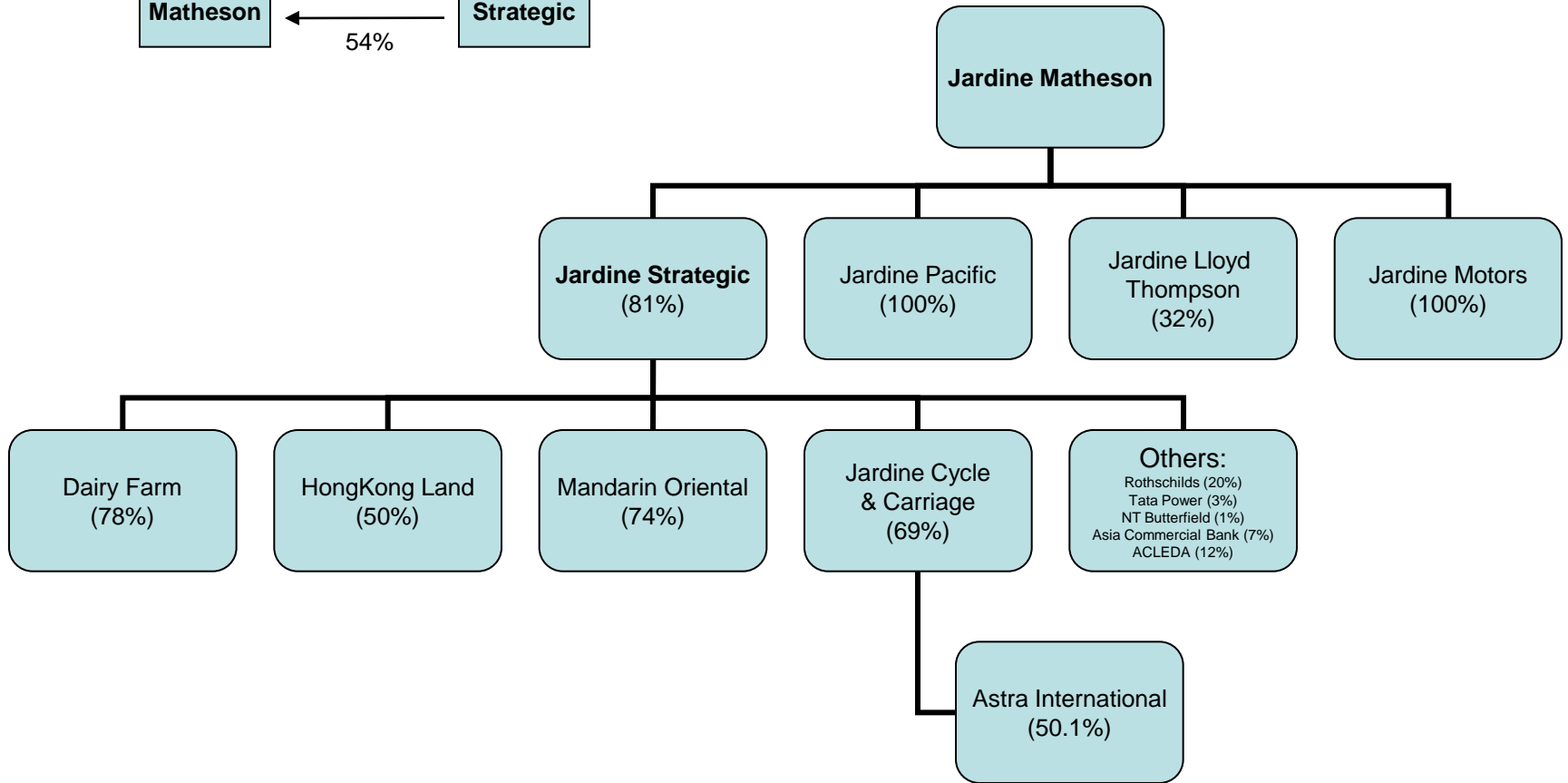
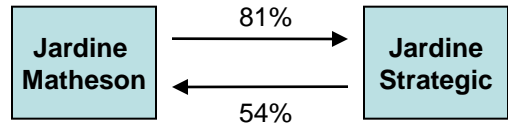
portfolio of

leading businesses



Jardine Matheson (JM), incorporated in Bermuda and listed in Singapore, is a conglomerate focused on the growing Asian consumer. JM and Jardine Strategic (JS), a separately-listed holding company, are collectively referred to as “Jardines.” JM and JS share a cross-holding structure.

# JM Shareholding Structure



# Overview: JM's Main Investments

- Dairy Farm: pan-Asian retail group operating 5,000 outlets including supermarkets, hypermarkets, health and beauty stores, convenience stores, home furnishing stores and restaurants. Dairy Farm stores are present in Hong Kong, China, Taiwan, Singapore, Indonesia, Malaysia, India, Vietnam, Macau and Brunei.
- Hongkong Land: property group with 5 million sq. ft. of prime commercial property in CBD of Hong Kong and other grade-A commercial and luxury residential property in SE Asia.
- Jardine Cycle & Carriage: Singapore-based holding company with just over 50% interest in Astra International, an Indonesian conglomerate that dominates the automobile and motorcycle market in Indonesia.

# Overview: Other JM Investments

- Mandarin Oriental International: hotel investment and management group with a portfolio of 41 first-class hotels and resorts worldwide, including 18 under development.
- Jardine Pacific: portfolio of the Group's non-listed Asian businesses, principally in transport services, engineering and construction, restaurants and IT services.
- Jardine Motors: company involved in sales and service of luxury motor vehicles in HK, Macau, China and the UK.
- Jardine Lloyd Thompson: insurance and reinsurance broker based in London.
- Rothschild: financial services company that includes the investment bank N.M. Rothschild & Sons.

# Why Do We Like JM?

- The “Trifecta”
  - Growing portfolio of businesses that stands in the middle of one of the greatest economic trends today: the rise of the Asian consumer
  - Management that works hard on behalf of shareholders
  - Stock trading at a significant discount to “look-through” Net Asset Value (NAV) on a market price basis of underlying listed holdings and on an intrinsic value basis of the holdings

<i>USD millions</i>			
<u>Underlying Investments</u>	<u>Company Valuation @ Market Prices</u>	<u>Company Valuation @ Intrinsic Values</u>	<u>Note:</u>
Dairy Farm	5,505	5,260	20x 2010 earnings
Hongkong Land	4,519	6,050	Fair value as of 12/31/09 per surveyor appraisal
Jardine Cycle & Carriage	3,824	4,166	14x 2010 earnings for Astra
Other Investments and Liabilities, net	3,860	4,277	
Total NAV	<u>17,708</u>	<u>19,753</u>	
Shares outstanding not owned by JM	360	360	
NAV per share (USD)	\$ 49.19	\$ 54.87	
Current share price (USD)	\$ 34.54	\$ 34.54	
NAV discount	<b>30%</b>	<b>37%</b>	

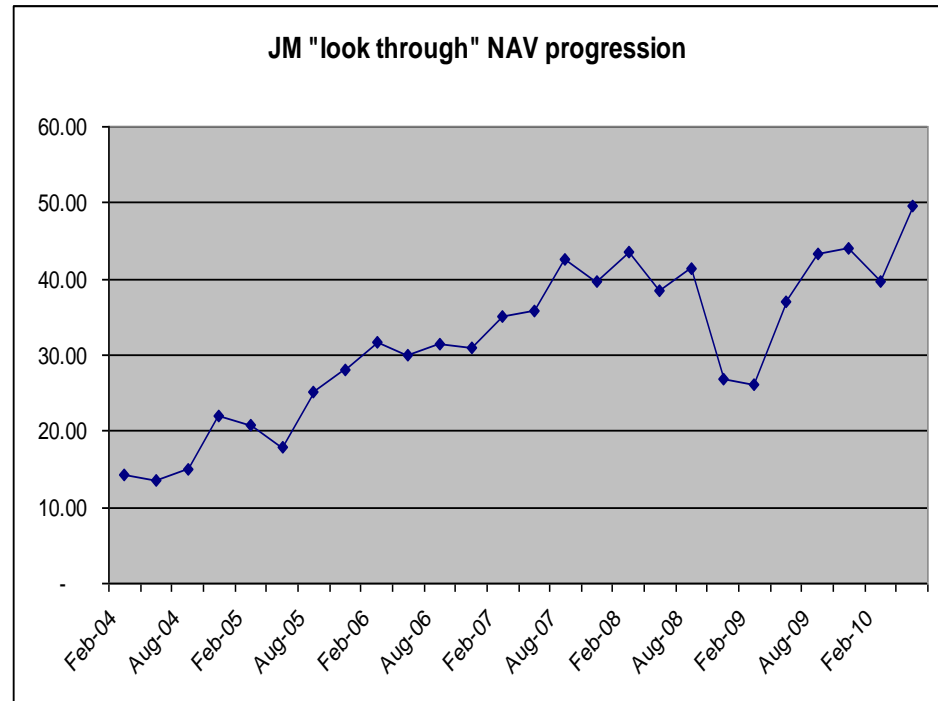
as of:  
3/22/2010

## Why We Like JM, cont'd

NAV has grown at a CAGR of 23% since the beginning of 2004.

JM's "look-through" NAV has resumed its upwards march after the market lows of early 2009.

We believe the strength of the underlying businesses will continue to increase NAV.



## Why We Like JM, cont'd

Through periodic JM share repurchases from JS, management is concentrating ownership of JM. JM has retired shares in both entities, and on March 10<sup>th</sup>, JM announced its latest offer to repurchase 13.9 million shares, or 1.3% of JS outstanding shares, between \$18-19 per share. We estimate this price range represents a 15% discount to the fair market value of JS.

Management has conducted significant buybacks over time at meaningful discounts to NAV, thereby enhancing shareholder value.



# Nestle: An Introduction

- Nestle is the world's largest food company with leading market positions in chocolate, infant nutrition, pet food, frozen meals, coffee drinks, ice cream and bottled water.
- Aspires to be known as the premier “Nutrition, Health and Wellness” company.
- Operates in a mature, competitive industry but management has led the company to above-market growth through a combination of organic growth and strategic acquisitions. Derives over 40% of sales from emerging countries.
- Conducts itself in a very shareholder-friendly way, returning large amounts of cash through share repurchases and dividends.
- Features an attractive valuation for its core business after stripping out its holdings of L'Oreal and cash.



Nestlé

Good Food, Good Life

# Some Well-Known Brands



# Growing Sales and EBIT Margin

- Excluding the impact of currency translations, Nestle has continuously grown sales.
- Meanwhile, efficient management on the cost side has increased the EBIT margin.

<b>Income Statement</b>						
<i>CHF millions</i>						
	2004	2005	2006	2007	2008	2009
Reported Sales	84,690	91,075	98,458	107,552	109,908	107,618
COGS	(35,312)	(37,946)	(40,713)	(45,037)	(47,339)	(45,208)
SGA	(40,201)	(41,409)	(44,443)	(47,491)	(46,893)	(46,711)
EBIT	9,177	11,720	13,302	15,024	15,676	15,699
Other income, net	(661)	(927)	(516)	(590)	7,302	(729)
Interest expense, net	(669)	(574)	(681)	(916)	(1,145)	(615)
Income before taxes, associates and minority interests	7,847	10,219	12,105	13,518	21,833	14,355
Taxes	(2,404)	(2,597)	(3,293)	(3,416)	(3,787)	(3,362)
Share of results of associates	1,588	896	963	1,280	1,005	800
Minority interests	(410)	(523)	(652)	(733)	(1,012)	(1,365)
Net income	6,621	7,995	9,123	10,649	18,039	10,428
Ave diluted shares	4,035	3,999	3,931	3,868	3,725	3,584
EPS	1.64	2.00	2.32	2.75	4.84	2.91
Reported sales growth		7.5%	8.1%	9.2%	2.2%	-2.1%
Sales growth ex FX impact		5.7%	6.5%	8.8%	10.0%	3.4%
5-year reported sales CAGR						4.9%
Recurring EBIT margin	10.8%	12.9%	13.5%	14.0%	14.3%	14.6%

# A Solid Balance Sheet...

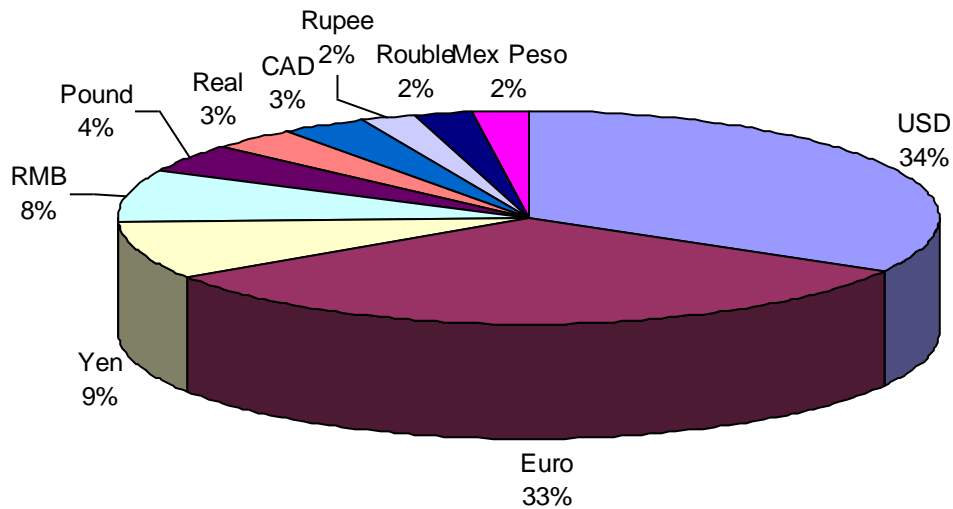
<b>Balance Sheet</b>						
<i>CHF millions</i>						
	2004	2005	2006	2007	2008	2009
<b>Assets</b>						
+ Cash & Equivalents	4,902	4,658	5,278	6,594	5,835	2,734
+ Short-Term Investments	10,380	12,735	6,197	2,902	1,296	2,585
+ Accounts & Notes Receivable	9,587	11,461	11,693	12,025	10,552	9,425
+ Inventories	7,025	8,162	8,029	9,272	9,342	7,734
+ Other Current Assets	3,391	4,749	4,108	4,977	6,023	17,392
<b>Total Current Assets</b>	<b>35,285</b>	<b>41,765</b>	<b>35,305</b>	<b>35,770</b>	<b>33,048</b>	<b>39,870</b>
+ Long-Term Investments	2,410	2,513	2,778	4,213	3,868	4,162
+ Gross Fixed Assets	41,045	44,976	47,077	49,474	46,191	47,086
- Accumulated Depreciation	23,993	26,142	26,847	27,409	25,094	25,487
+ Net Fixed Assets	17,052	18,834	20,230	22,065	21,097	21,599
+ Other Long-Term Assets	32,370	40,285	43,492	53,313	48,202	45,285
<b>Total Long-Term Assets</b>	<b>51,832</b>	<b>61,632</b>	<b>66,500</b>	<b>79,591</b>	<b>73,167</b>	<b>71,046</b>
<b>Total Assets</b>	<b>87,117</b>	<b>103,397</b>	<b>101,805</b>	<b>115,361</b>	<b>106,215</b>	<b>110,916</b>
<b>Liabilities &amp; Shareholders' Equity</b>						
+ Accounts Payable	6,370	7,841	8,923	14,179	12,608	13,033
+ Short-Term Borrowings	14,722	18,805	15,494	24,541	15,383	14,438
+ Other Short-Term Liabilities	7,983	9,172	8,062	4,606	5,649	8,612
<b>Total Current Liabilities</b>	<b>29,075</b>	<b>35,818</b>	<b>32,479</b>	<b>43,326</b>	<b>33,640</b>	<b>36,083</b>
+ Long-Term Borrowings	10,731	8,153	6,952	6,129	6,344	8,966
+ Other Long-Term Liabilities	7,012	7,991	9,526	11,130	11,315	12,236
<b>Total Long-Term Liabilities</b>	<b>17,743</b>	<b>16,144</b>	<b>16,478</b>	<b>17,259</b>	<b>17,659</b>	<b>21,202</b>
<b>Total Liabilities</b>	<b>46,818</b>	<b>51,962</b>	<b>48,957</b>	<b>60,585</b>	<b>51,299</b>	<b>57,285</b>
+ Minority Interest	1,063	1,588	1,857	2,149	4,142	4,716
+ Share Capital	6,330	6,330	6,327	393	383	365
+ Retained Earnings & Other	32,906	43,517	44,664	52,234	50,391	48,550
<b>Total Shareholders' Equity</b>	<b>40,299</b>	<b>51,435</b>	<b>52,848</b>	<b>54,776</b>	<b>54,916</b>	<b>53,631</b>
<b>Total Liabilities &amp; Equity</b>	<b>87,117</b>	<b>103,397</b>	<b>101,805</b>	<b>115,361</b>	<b>106,215</b>	<b>110,916</b>

# ...and Strong Cash Flows

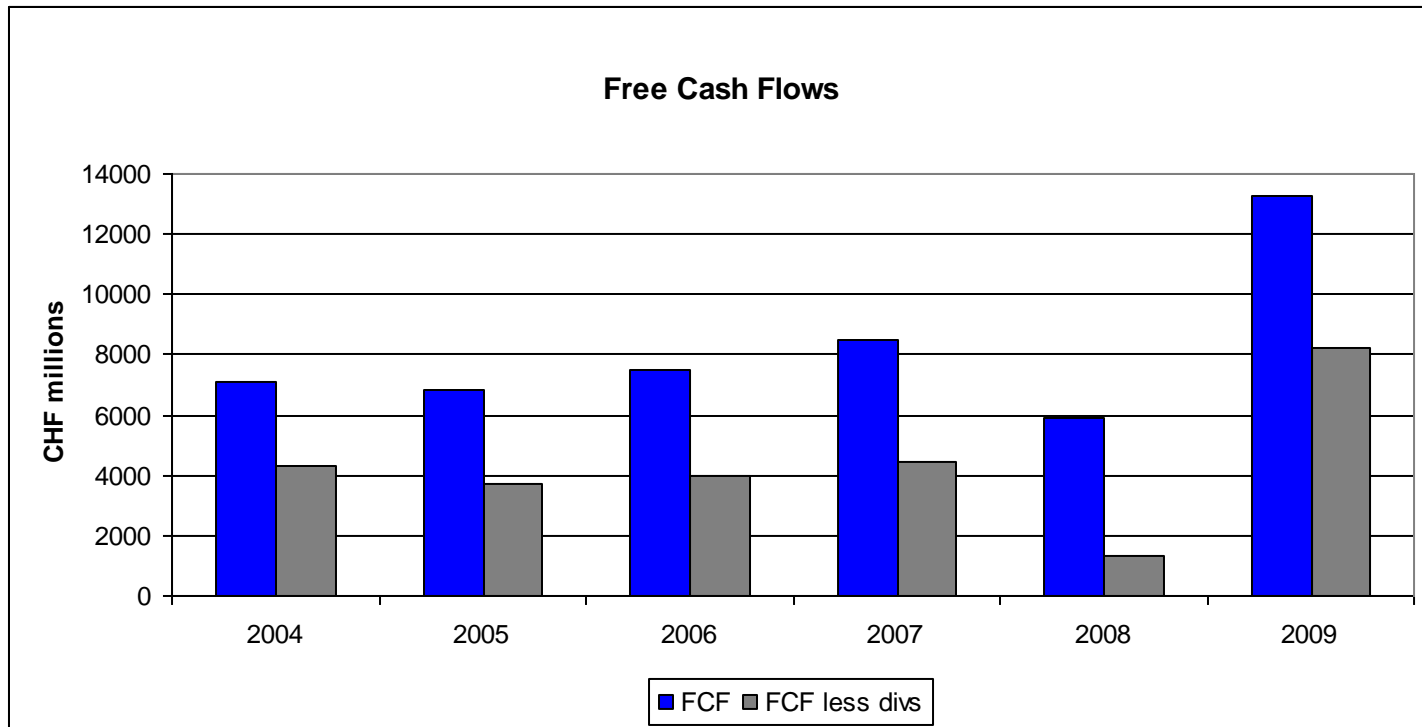
<b>Cash Flow Statement</b>						
<i>CHF millions</i>						
	2004	2005	2006	2007	2008	2009
+ Net Income	6,621	7,995	9,197	10,649	18,039	10,428
+ Depreciation & Amortization	4,383	2,728	3,061	3,211	3,249	3,369
+ Other Non-Cash Adjustments	(819)	(203)	(930)	(381)	(8,394)	1,474
+ Changes in Non-Cash Capital	227	(315)	348	(40)	(2,131)	2,663
<b>Cash From Operating Activities</b>	<b>10,412</b>	<b>10,205</b>	<b>11,676</b>	<b>13,439</b>	<b>10,763</b>	<b>17,934</b>
+ Disposal of Fixed Assets	246	220	98	323	122	111
+ Capital Expenditures	(3,295)	(3,375)	(4,200)	(4,971)	(4,869)	(4,641)
+ Acquisitions / Disposals	(3,489)	(3,413)	(25)	(11,105)	9,446	(869)
<b>Cash From Investing Activities</b>	<b>(6,538)</b>	<b>(6,568)</b>	<b>(4,127)</b>	<b>(15,753)</b>	<b>4,699</b>	<b>(5,399)</b>
+ Dividends Paid	(2,800)	(3,114)	(3,471)	(4,004)	(4,573)	(5,047)
+ Change in ST Borrowings	(1,204)	(492)	(14)	9,851	(6,100)	(446)
+ Increase in LT Borrowings	720	1,896	1,759	2,371	3,177	4,251
+ Decrease in LT Borrowings	(1,748)	(2,650)	(2,620)	(2,879)	(2,412)	(1,919)
+ Increase in Capital Stocks	573	1,295	906	980	639	292
+ Decrease in Capital Stocks	(715)	(1,553)	(2,788)	(5,455)	(8,696)	(7,013)
+ Other Financing Activities	(683)	343	(555)	2,766	1,744	(2,663)
<b>Cash from Financing Activities</b>	<b>(5,857)</b>	<b>(4,275)</b>	<b>(6,783)</b>	<b>3,630</b>	<b>(16,221)</b>	<b>(12,545)</b>
<b>Net Changes in Cash</b>	<b>(1,983)</b>	<b>(638)</b>	<b>766</b>	<b>1,316</b>	<b>(759)</b>	<b>(10)</b>

# Nestle Sells Its Products Around the World

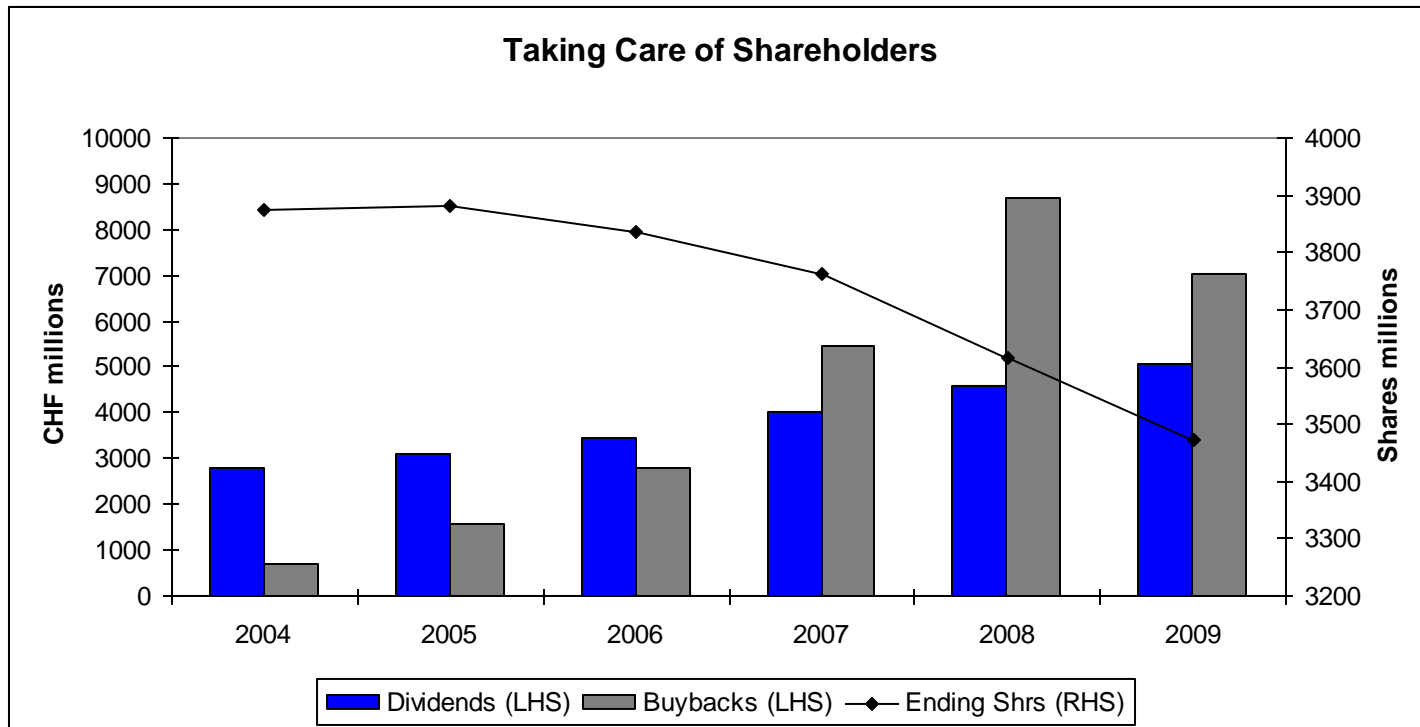
**Global Revenue Streams -  
Top 10 Currencies**



# Generates Substantial Free Cash Flow



# A Shareholder-Friendly Company





We have been buyers at cheap valuations of the core business.

	2009	2010 YTD
<b>Ave. Purchase Price by Wintergreen</b>	<b>40.45</b>	<b>48.78</b>
<b><u>Per Nestle Share</u></b>		
<b>Alcon investment (1)</b>	<b>5.59</b>	<b>-</b>
<b>L'Oreal investment (1)</b>	<b>3.97</b>	<b>5.55</b>
<b>Cash (2)</b>	<b>2.04</b>	<b>9.63</b>
<b>Free Cash Flow (3)</b>		<b>1.00</b>
<b>Total</b>	<b>11.60</b>	<b>16.18</b>
<b>Nestle Core Share Price</b>	<b>28.85</b>	<b>32.60</b>
<b>EPS Core</b>	<b>2.69</b>	<b>3.09</b>
<b>PE Core</b>	<b>10.7</b>	<b>10.5</b>
<p>(1) appx. value of investments per Nestle share when Nestle shares were purchased  (2) includes pro-forma net proceeds from Alcon sale for 2010 YTD period  (3) after dividends</p>		

# Trades at a Discount to Competitors

- Core\* business (excluding the stake in L'Oreal) trades at a 12-13x PE, less than the multiples of peers.

\*For purposes of comparability, cash and FCF for Nestle not excluded from PE calculations.

Company	Revenue	Currency	Gross Margin	EBIT Margin	Debt/EBITDA	PE 2010	PE 2011	FCF Yield	Div Yield
Nestle	100,579	CHF	56.8	12.6	1.5	<b>12.9</b>	<b>12.6</b>	7.4	2.9
Unilever	39,823	Euro	47.3	14.8	1.4	15.8	14.5	7.2	4.3
Danone	14,982	Euro	52.9	14.9	4.3	17.1	15.4	5.1	2.7
Pepsi	43,232	USD	53.5	18.6	0.8	15.8	14.2	4.9	2.9
Kraft	40,386	USD	36.2	13.5	3.0	14.3	12.7	9.3	3.9
Coca-Cola	30,990	USD	64.2	26.6	1.3	15.8	14.4	4.6	3.3
General Mills	14,691	USD	35.6	15.5	2.6	15.9	14.7	7.5	2.7
Kellogg	12,575	USD	42.9	15.9	2.1	14.7	13.4	6.2	2.8
Heinz	10,148	USD	35.3	14.7	2.9	16.5	15.1	8.2	3.6
Campbell Soup	7,586	USD	39.9	15.6	1.8	14.3	13.3	7.5	3.1
Hershey	5,299	USD	38.8	15.9	1.5	18.6	17.6	11.5	3.0
		Mean	45.8	16.2	2.1	15.6	14.4	7.2	3.2
		Median	42.9	15.5	1.8	15.8	14.4	7.4	3.0

# Wintergreen Advisers, LLC

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David J. Winters, CEO

March, 2010