



The First 1,000 Days: Nestlé leadership in Infant Nutrition

Heiko Schipper
Global Business Head
Nestlé Infant Nutrition

Disclaimer

This presentation contains forward looking statements which reflect Management's current views and estimates. The forward looking statements involve certain risks and uncertainties that could cause actual results to differ materially from those contained in the forward looking statements. Potential risks and uncertainties include such factors as general economic conditions, foreign exchange fluctuations, competitive product and pricing pressures and regulatory developments.

Agenda: The First 1,000 Days

The 'First 1,000 Days' science & consumer behaviour

Our approach to Infant Nutrition

Business leadership in Infant Formula & Baby Food

The First 1,000 Days

- From conception to the child's 2nd birthday
- A unique window of opportunity – to shape healthier, more prosperous futures
- The right nutrition – a **profound impact on a child's ability to develop their full potential**
- Shaping **society's long-term health and prosperity**



The First 1,000 Days: Nestlé's insights into infants' eating patterns

- **Largest-scale ground-breaking dietary survey designed to:**
 - Understand nutrient intakes and identify key nutrient gaps in the first 1,000 days
 - Identify food intake patterns and dietary behaviours
 - >6,000 pregnant mothers, infants/toddlers initially US/China
- **Sets roadmap for product innovation & renovation and science-based platforms**
- **Important role in shaping the future of infant nutrition:**
 - Influencing Public Health Policy
 - Sharing with Health Professionals
 - Tailoring local education programmes



Consumer eating patterns: US and China examples



US, 2002, 2008

- About **30%** of young children – **no fruit & vegetables** on a given day
- **French fries** -- the **most popular vegetable** among toddlers & preschoolers
- **75%** of preschoolers – **too much saturated fat**
- **> 70%** of toddlers and **84%** of preschoolers – **too much sodium**



China, 2011

- **60%** of pregnant moms are **overweight**
- **18%** of babies already suffer from **allergies**
- **Infants 13-36 months old** consumed **3x higher sodium** than recommended
- **40%** of infants between 6-8 months were **not given** any servings of **vegetables**

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Our vision & commitment: nurturing a healthier generation



- Helping the **next generation** of children to develop their full potential and live healthier lives by providing **high quality, innovative, science-proven nutrition** for mothers and infants in the **first 1,000 days of life**
- Leading the way in **research, development and education** and **partnering** parents and healthcare professionals around the world

Together, nurturing a healthier generation

The First 1,000 Days: Nestlé Infant Nutrition product solutions



Pregnancy



0-6 Months



6-8 Months



9-11 Months




12-23 Months


Maternal Nut




Breastfeeding is Best



Premature



Infant Formula & GUMS









Infant Cereals







Meals & Drinks





The First 1,000 Days: integrated education program



- Nestlé's maternal and infant nutrition education program for the first 1,000 days of an infant's life
- Aims at maximising each child's full potential by ensuring the right nutrition
- Provides science-based nutrition services and practical advice
- Partners with Public Health organisations to address health concerns

First 1,000 Days: R&D leadership in Infant Nutrition

R&D leadership...



Nestlé Research & Development

- 28 PTC and R&D centres across the world.
- >100 ongoing clinical trials
- 3,500 people

Nestlé Nutrition Institute

- Network of > 200,000 health professionals & experts
- 3,000+ publications for health professionals
- 450+ NNI scholarships for health professionals from developing countries



...leading to business leadership

NAN H.A. – Hypoallergenic Infant Formula



- Sold in **more than 90** markets
- Helps to reduce the risk of Atopic Dermatitis in infants & ensures healthy growth: > **37 million babies** over the past 25 years
- **Largest ever clinical trial** with > 2,500 infants (GINI study)
- Recommended by international pediatric associations
- FDA health claim for risk reduction of atopic dermatitis

Nestlé's quality & safety leadership: consumer trust

Raw Materials



Factories



Stores



Consumers



Rigorous Nestlé quality management from 'farm to spoon'

Raw Materials:

- **20-50** tests per delivery
- **Up to 1,000** contaminants analyzed
- Traceability of origin certification
- Management of agricultural practices

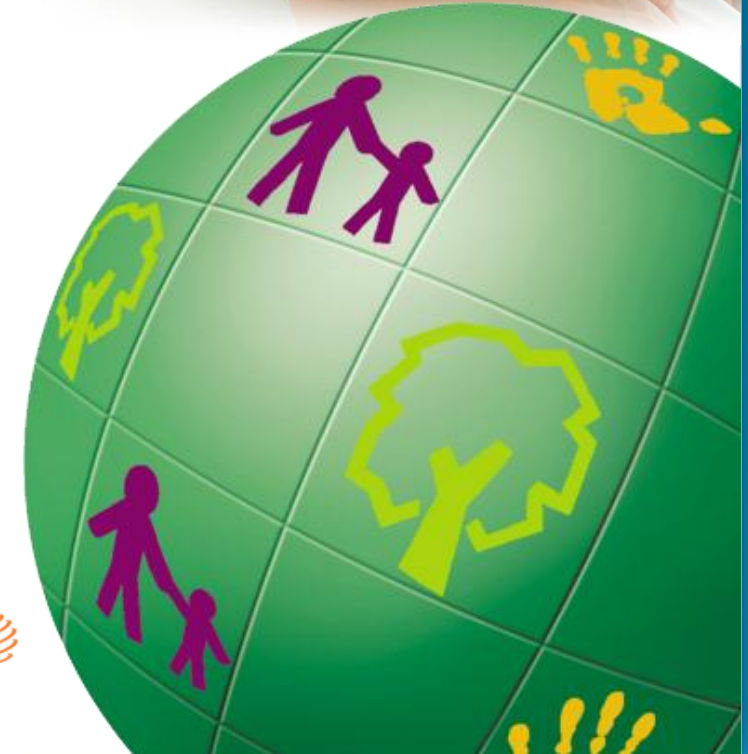
Finished products:

- **50-100** tests per released batch
- **Up to 1,000** tests per recipe/year
- **340,000** nutritional analyses/year for Infant Formula

Expertise: 145 years of experience – **100%** of all manufacturing in-house

Breastfeeding is best

- **Superiority of breast milk**
is the cornerstone of our infant nutrition marketing policy
- **WHO code compliance**
is at the heart of our marketing practices
- **FTSE4Good inclusion**



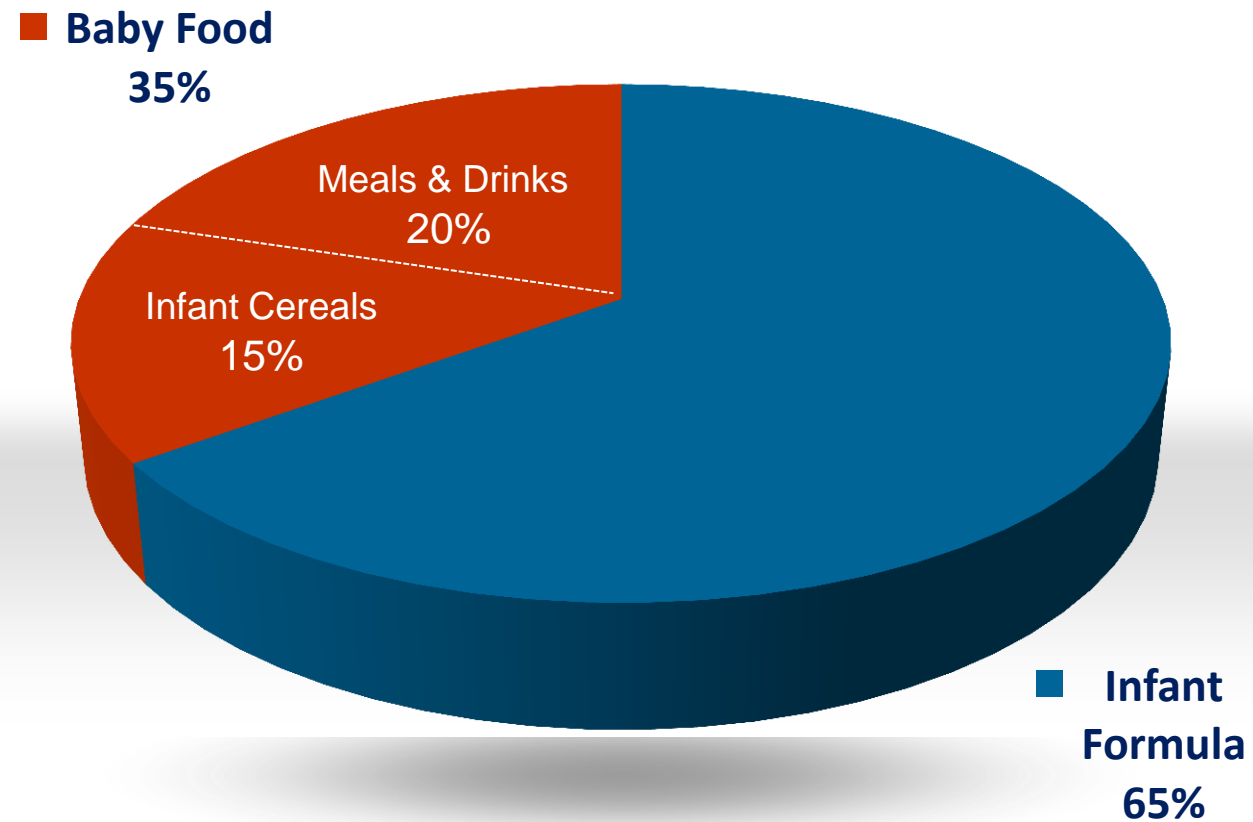
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The 'First 1,000 Days' science & consumer behaviour

Our approach to Infant Nutrition

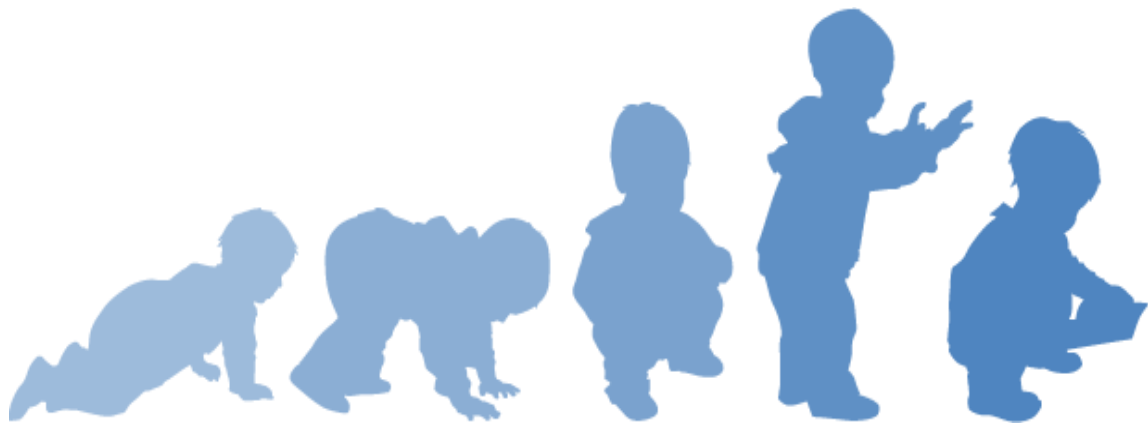
Business leadership in Infant Formula & Baby Food

2012 Infant Nutrition sales



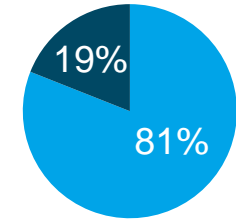
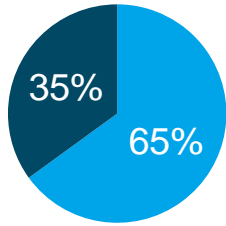
Note: Based on Infant Nutrition 2012 pro-forma sales including Wyeth Nutrition business on which Nestlé acquired control

Infant Formula



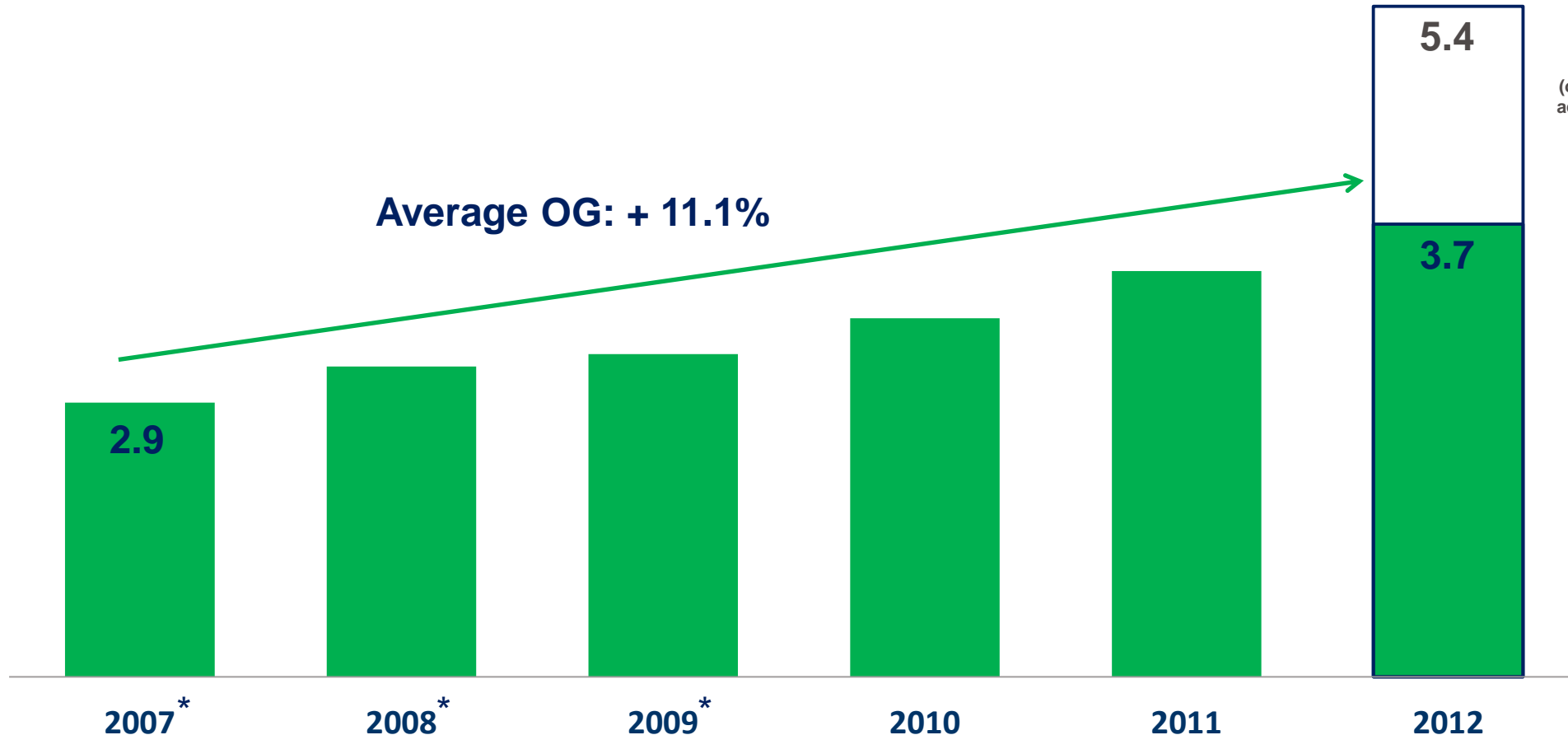
Infant Formula growth (including Wyeth Nutrition)

- Emerging
- Developed



Sales in CHF bio

Average OG: + 11.1%



2012 pro-forma sales incl. WN (on which Nestlé acquired control)

*Note: 2007 to 2009 sales estimated to take into account trade spend accounting change

Infant Formula

- Delivering science-based products and innovations that satisfy each life stage
- Meeting therapeutic needs across price tiers
- A strong global footprint – leading where the births are
- Strengthened global leadership with Wyeth Nutrition

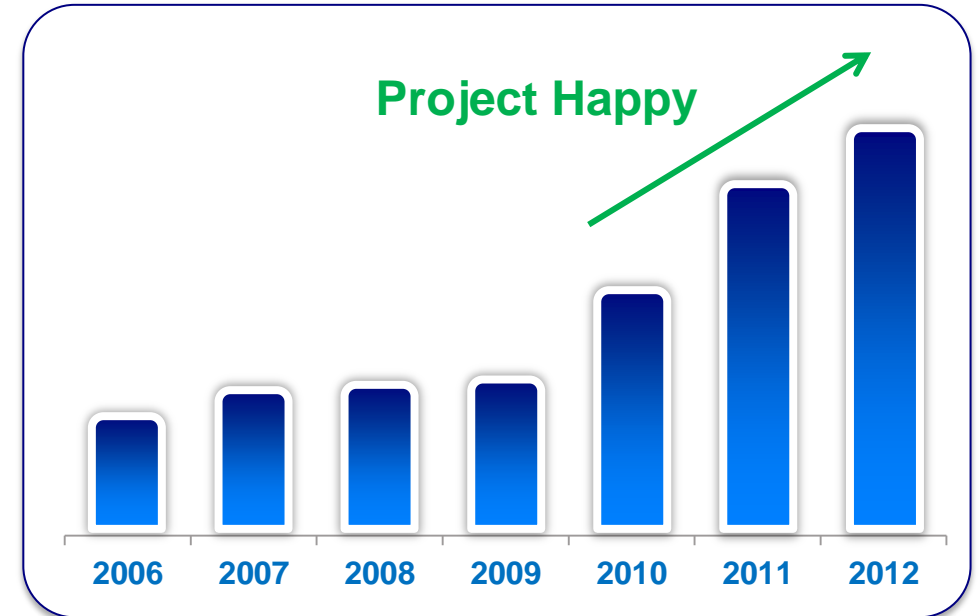
Delivering science-based products that satisfy each life stage



Innovation leadership: gut comfort a growth engine with CHF 430 mio incremental sales

Nestlé Infant Formula with L.Comfortis:

- Exclusive probiotic cultures
- Reduce crying in colicky infants by 74% after one week
- Improve family quality of life by up to 66%
- In 40+ countries with incremental sales of CHF 430 mio (and growing)



Data in volume of Mainstream/Economy IF range



Meeting therapeutic needs across price tiers

Super Premium



Premium



Standard



Economy



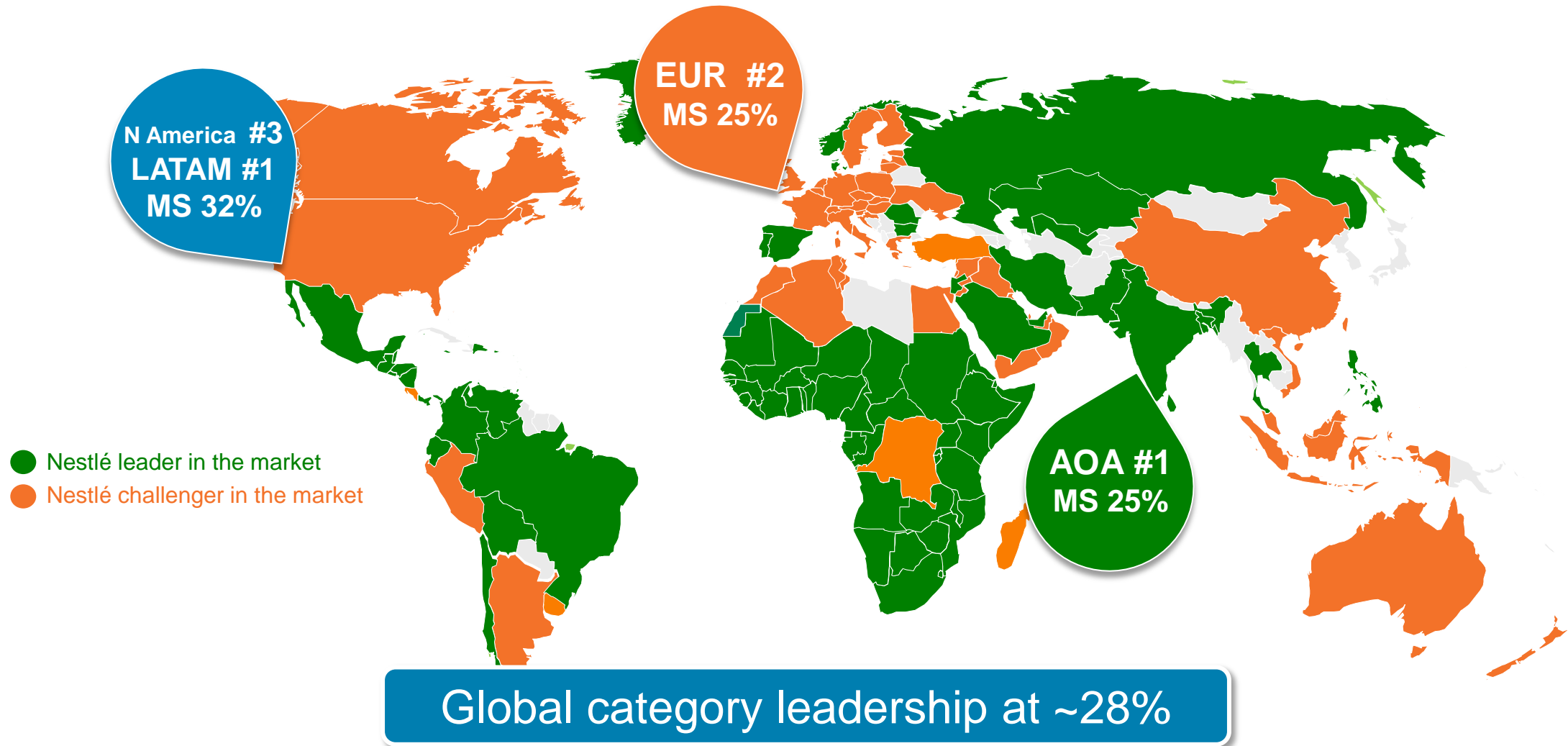
Healthy growth & development

Gut comfort

Immunity

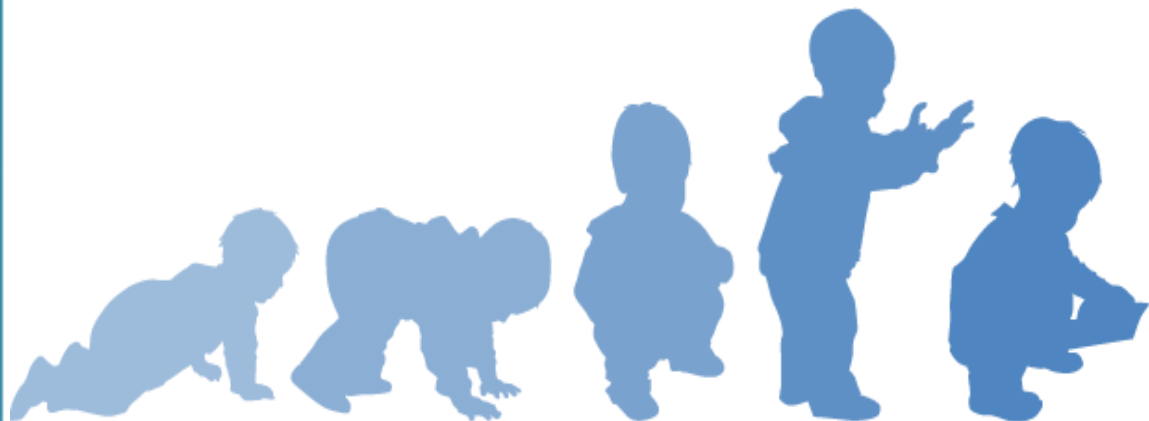
Protection

Infant Formula: strong global footprint



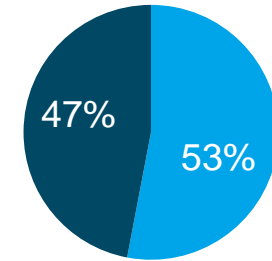
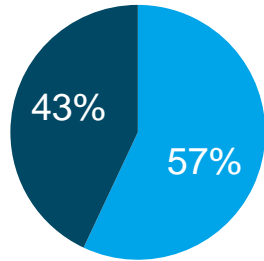
Source: Nielsen MAT April 2013; Coverage: Infant Formula and GUMs (0 – 5 years)

Baby Food



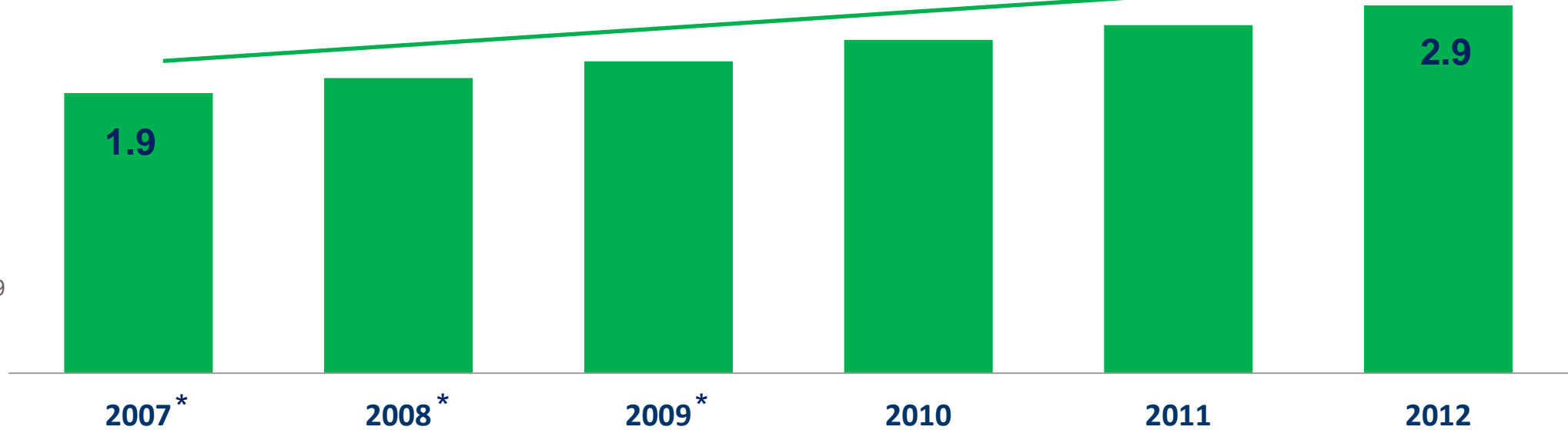
Baby Food growth since 2007

■ Emerging
■ Developed



Average OG: +5.7%

Sales in CHF bio



*Note: 2007 to 2009 sales estimated to take into account trade spend accounting change

Infant cereals: providing essential nutrition from weaning onwards

Infant cereals' high nutrient density brings a nutritional safety bridge to baby's daily diet

Breast Milk

Traditional Complementary foods



At 8 months, 1 bowl of Cerelac provides :

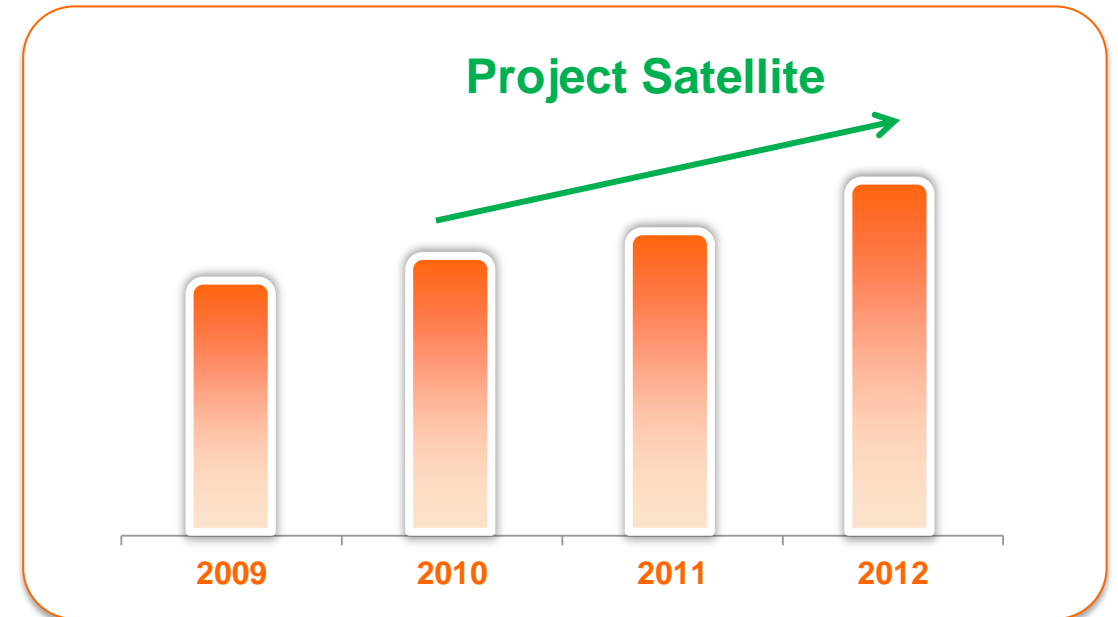
- 54 % of Iron RNIs
- 37 % of Zinc RNIs
- 55 % of Calcium RNIs
- 69 % of Vitamins RNIs



Nestlé Infant Cereals: leading through innovation

Nestlé Infant Cereals with bifidus probiotics:

- **Global innovation**
 - Fortified with bifidus probiotics and immunonutrients
- **Rolled out to more than 110 countries**
- **Strong performance**
 - Incremental CHF 100 mio sales since launch
 - Increased global share leadership by 500 bps



Meals & Drinks: supporting healthy growth & development in the first 1,000 days, and healthy eating habits for life

Appropriate nutrition



Covering micro and macro nutrient needs

Taste exposure



Promoting acceptance of a broader variety of foods later in life

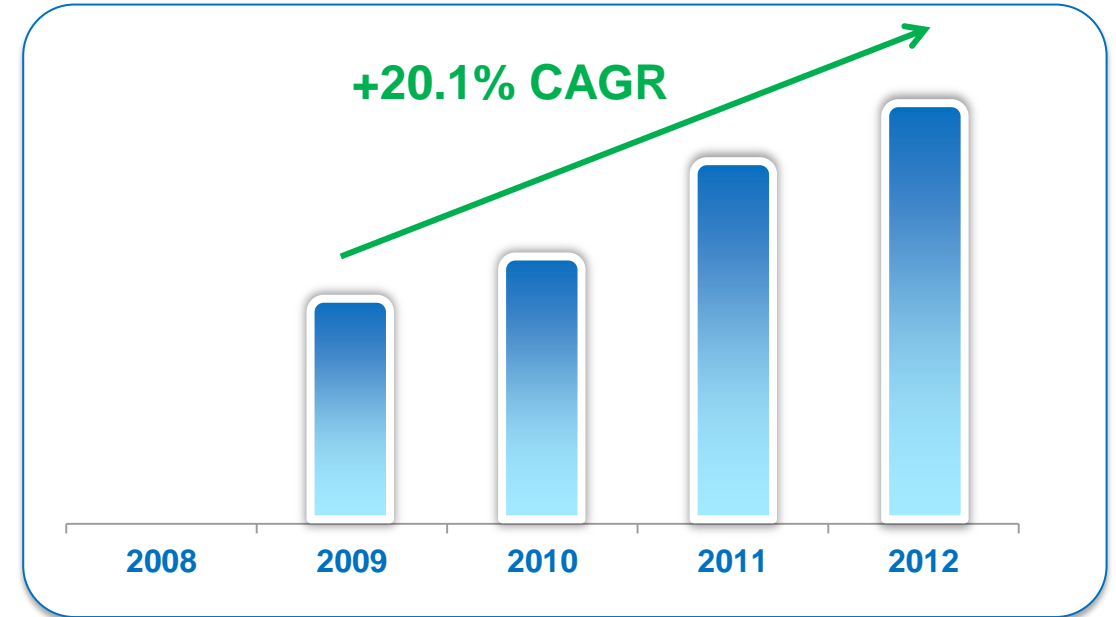
Developmental appropriateness



Safely supporting development of proper eating skills

GERBER created the shelf-stable dairy segment in the US baby food aisle in 2009

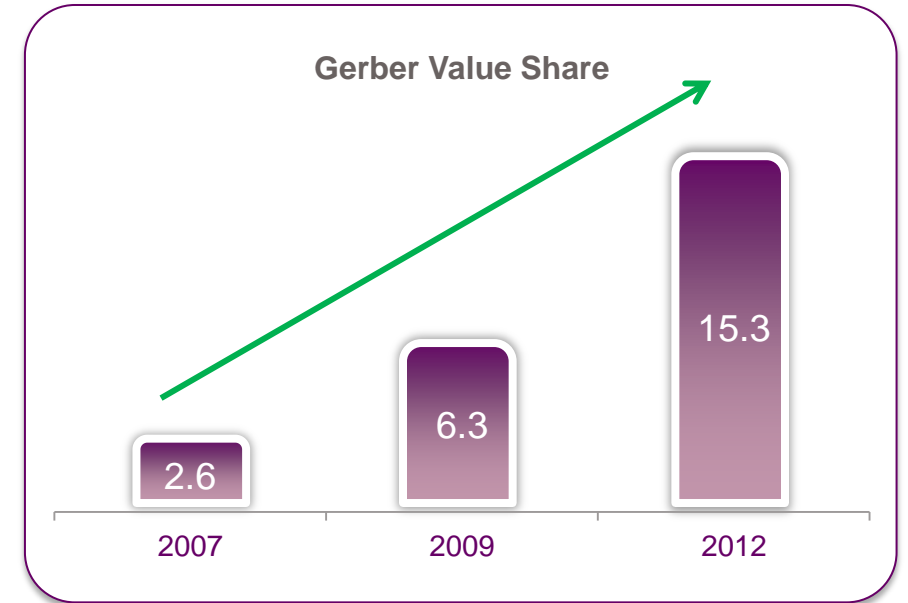
- Leveraging GERBER brand equity
- Incremental dairy sales into the baby food aisle
- Undisputed market leadership strengthened by innovation



Data in volume



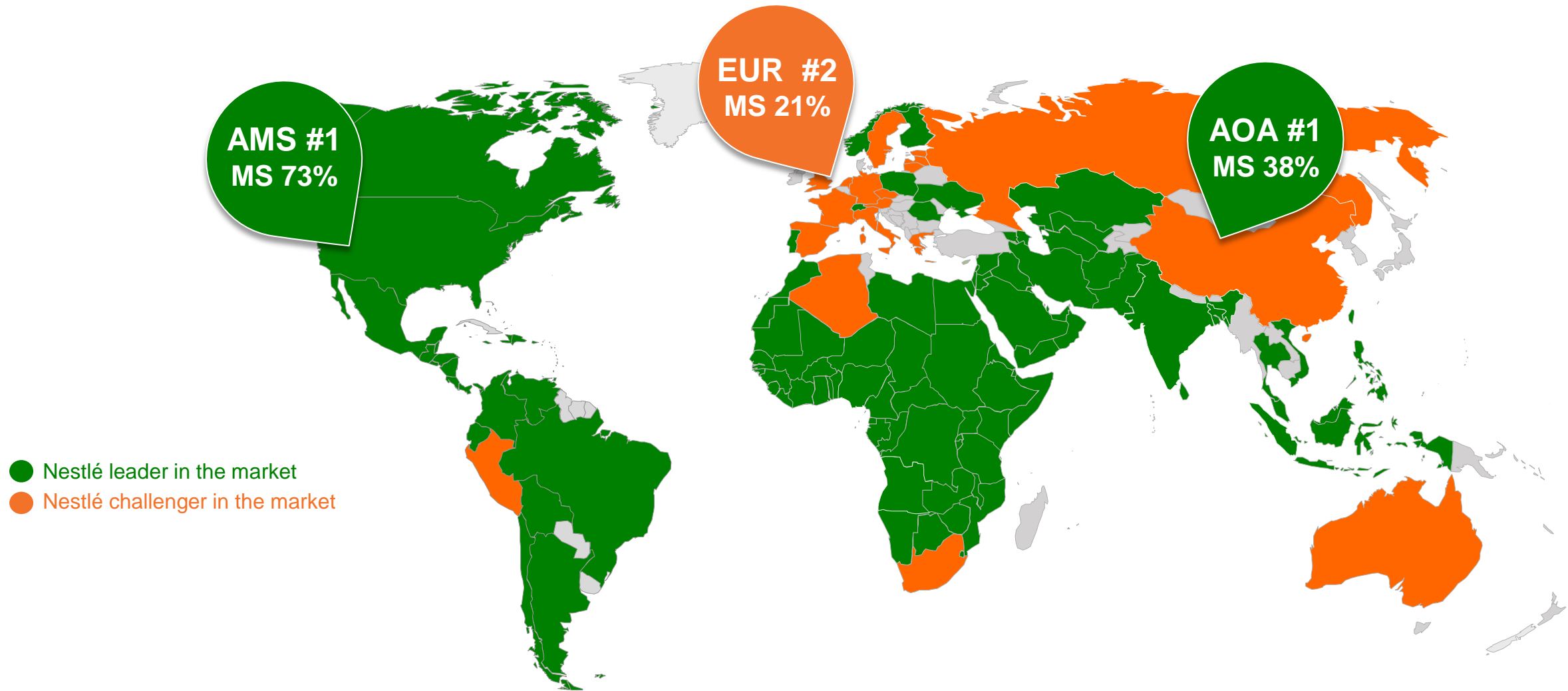
Bringing GERBER to Europe: N°1 premium brand in Russia



Source: MEMRB-IRI 2007-2009, AS Nielsen 2013



Nestlé Baby Food with global leadership



- Nestlé leader in the market
- Nestlé challenger in the market

Summary

- **Nestlé's approach & business fundamentals**
 - rooted in building healthier generations
 - applying science-based solutions for over 140 years
 - deep and insightful understanding of consumer needs
- **Nestlé's competitive advantage**
 - through superior understanding of science and innovation pipeline
 - through leading geographic presence
 - through its comprehensive product portfolio addressing the needs in the first 1,000 days



The Future: continues to be full of opportunities

- Benefitting from a rich innovation pipeline
- Leveraging leadership position in high-birth markets
- Winning jointly with Wyeth Nutrition
 $1+1=3$





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