



Nestlé Good Food, Good Life



Full-year results 2017 Conference

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.



Nestlé

Good Food, Good Life



Full-year results 2017

Mark Schneider, CEO

Key messages



- Organic growth at the higher end of industry, at lower end of our guidance
- Solid improvement of underlying trading operating margin puts us on track for our 2020 margin target
- Continued focus on organic sales growth and operating efficiencies
- Encouraging progress with our portfolio management strategy
- 2020 growth and margin targets confirmed

2017 performance highlights



Sales

CHF

89.8 bn

Organic growth

+2.4%

Real internal
growth

+1.6%

Underlying TOP
margin*

+50 bps

* In constant currency

Delivering on our commitments



Commitments

- Deliver balanced growth with margin improvement
- Optimize portfolio
- Drive speed and simplicity in our global organization
- Commitment to long-term value creation

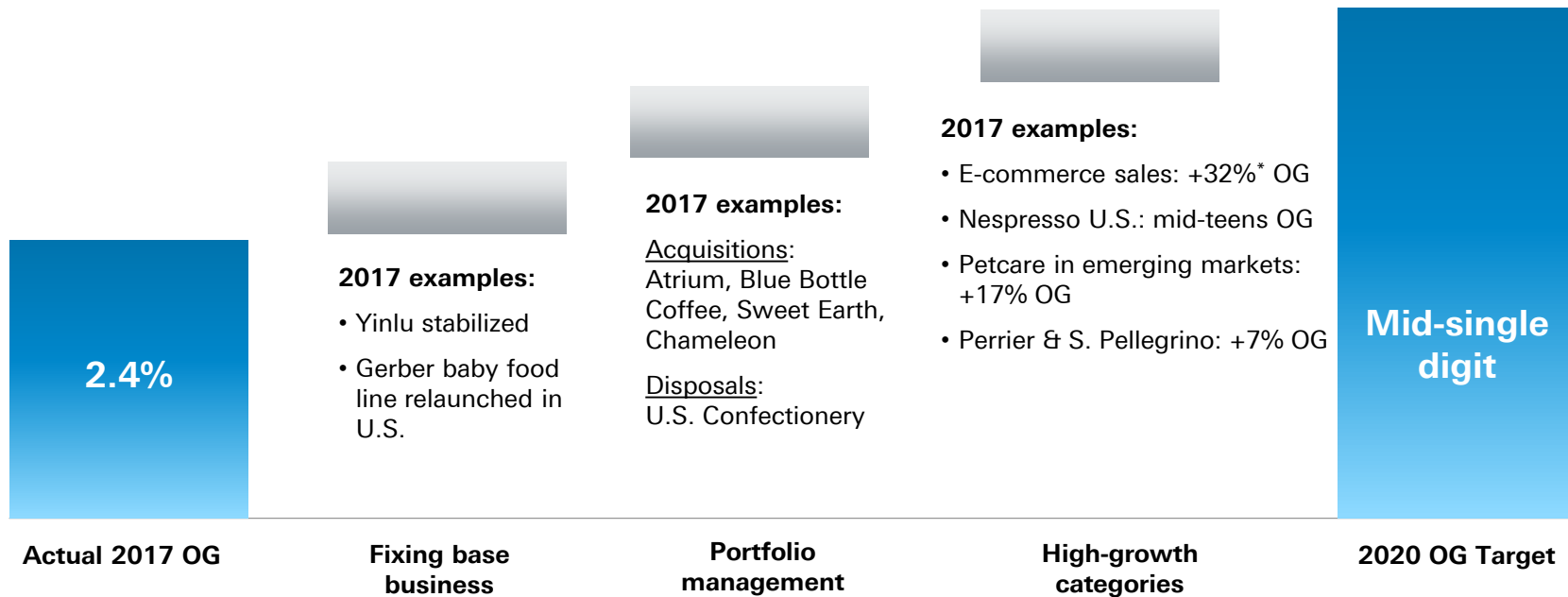
2017 Achievements

- Industry-leading volume growth; all categories with positive sales growth; UTOP +50 bps*
- U.S. Confectionery, Atrium, Blue Bottle Coffee...
- Adjustment of management structures (Nestlé Nutrition, Nestlé Professional)
- 18.2% TSR improvement in 2017**

* In constant currency

** In CHF (Source: Bloomberg)

Clear path to achieving mid-single digit growth by 2020

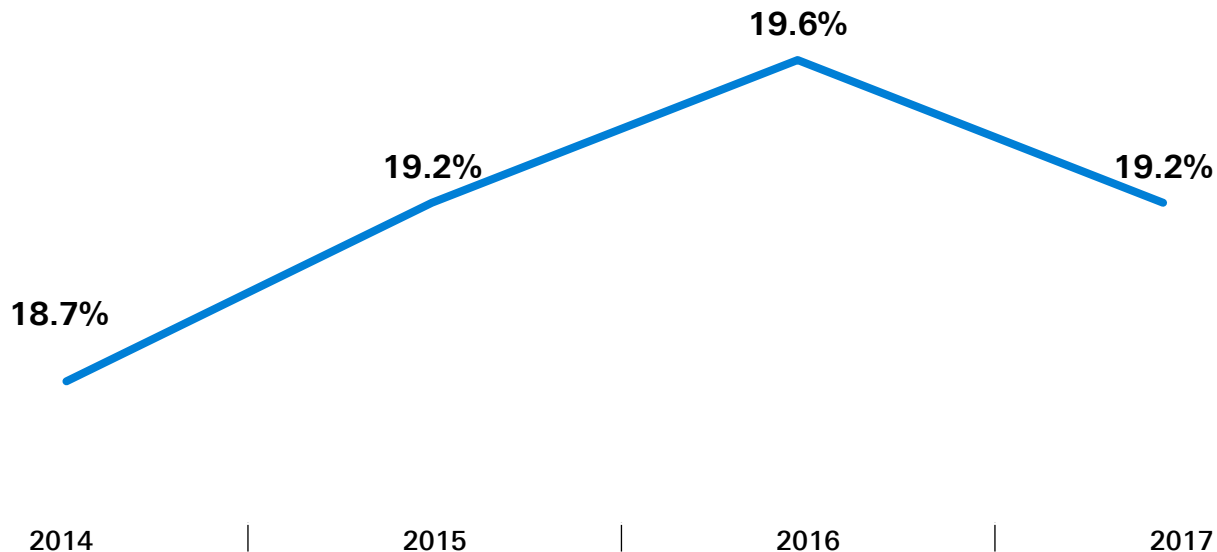


* Excluding Nespresso

Operating efficiencies driving margin improvement



FY structural costs* as a % of sales
(Manufacturing, Procurement, G&A)



* On comparable basis, excluding Froneri

Active portfolio management

U.S. Confectionery/Atrium example



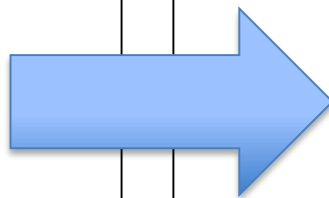
Disposed: USD 2.8 billion

- Sales: ~USD 900 million
- 2015-2017 CAGR: negative sales growth



Acquired: USD 2.3 billion

- Sales: ~USD 700 million
- 2015-2017 CAGR: double-digit sales growth



ATRIUM
INNOVATIONS



2018 outlook



- Organic sales growth of 2% to 4%
- Underlying trading operating margin improvement in line with 2020 target
- Restructuring costs* of around CHF 700 million
- Increase in underlying EPS** and capital efficiency

* Not including impairment of fixed assets, litigation and onerous contracts

** In constant currency



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Full-year results 2017

François-Xavier Roger, CFO

2017 performance highlights



Growth

OG +2.4%
RIG +1.6%

Underlying TOP
margin*

+50 bps

+40 bps on a reported basis

Free cash flow

CHF

8.5 bn

9.5% of sales

Underlying EPS*

+4.7%

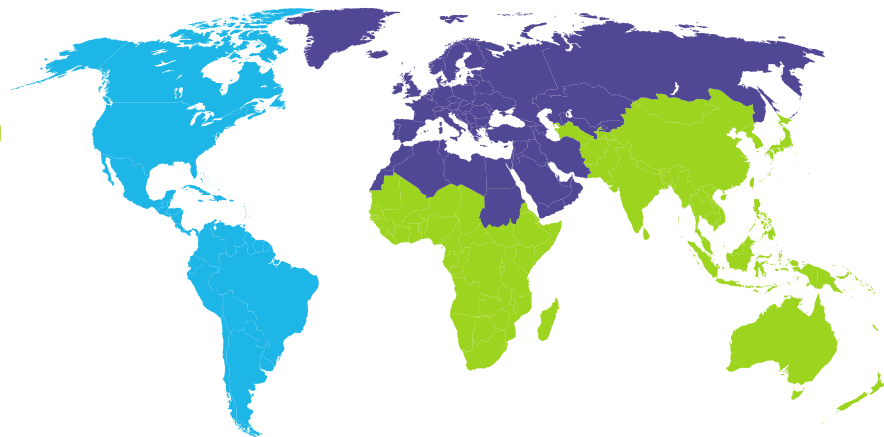
+4.6% on a reported basis

* in constant currency

Broad-based growth across geographies



	AMS	EMENA	AOA
Sales (in CHF)	40.7 bn	26.1 bn	23.0 bn
RIG	0.6%	1.8%	3.3%
OG	1.3%	2.5%	4.3%

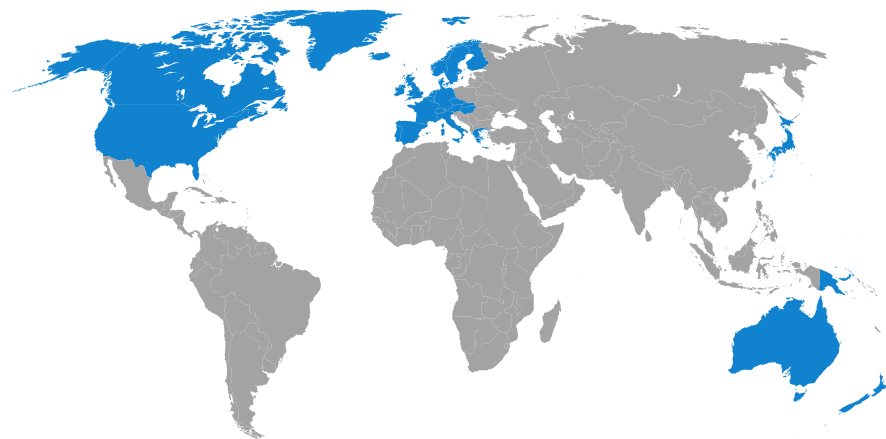


Each geography includes zones, Nestlé Waters, Nestlé Nutrition, Nestlé Professional, Nespresso, Nestlé Health Science and Nestlé Skin Health

Accelerated RIG in emerging markets



	Developed	Emerging
Sales (in CHF) % of group sales	51.3 bn 57%	38.5 bn 43%
RIG	0.7%	3.0%
OG	0.7%	4.8%



Driving growth through innovation

I&R product launches increased by 8% in 2017



Nutrition



Coffee



Petcare



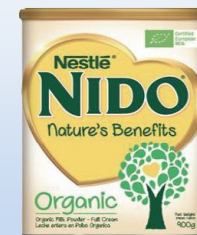
Culinary



Confectionery

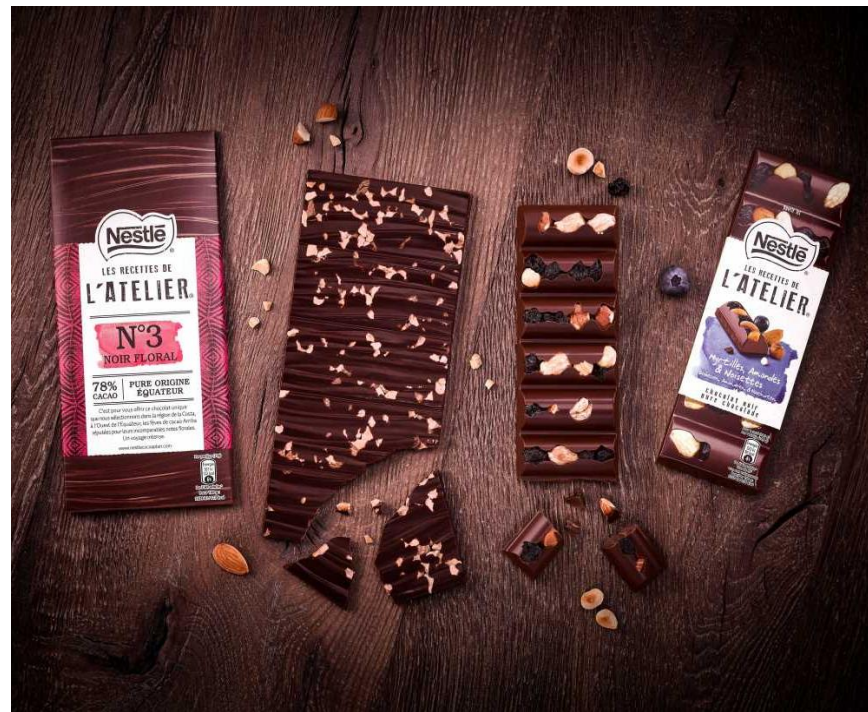
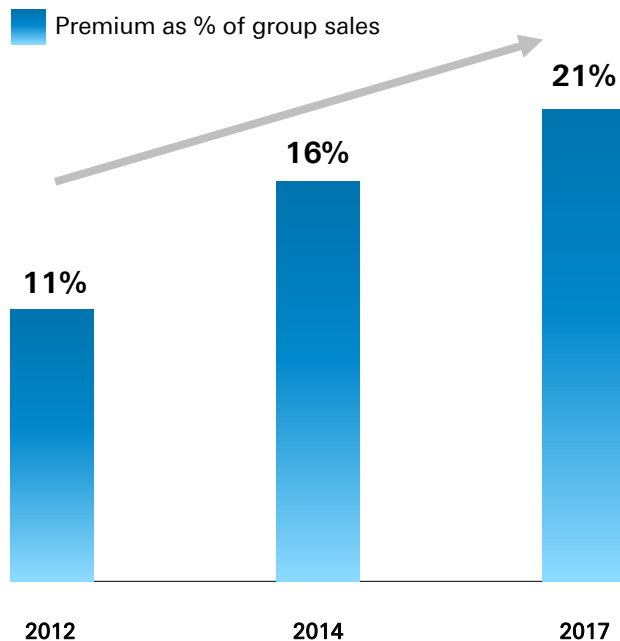


Dairy



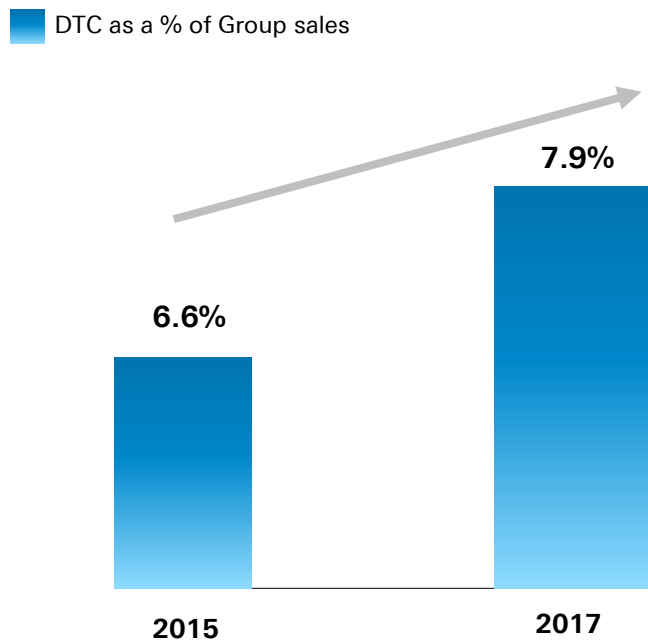
Driving value through premiumization

Premium products grew twice as fast as group average in 2017

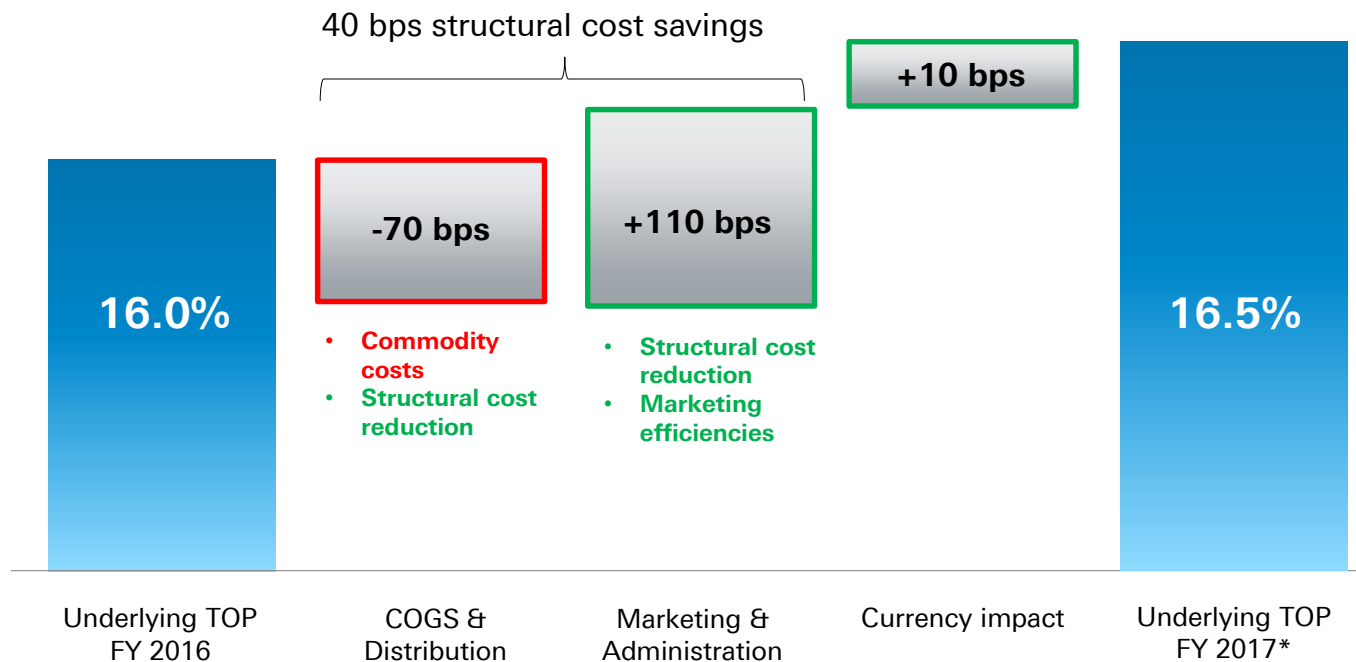


Channel innovation by going direct to consumer

DTC channel contributing an increasing share of sales



Underlying TOP +50 bps* driven by structural cost reduction

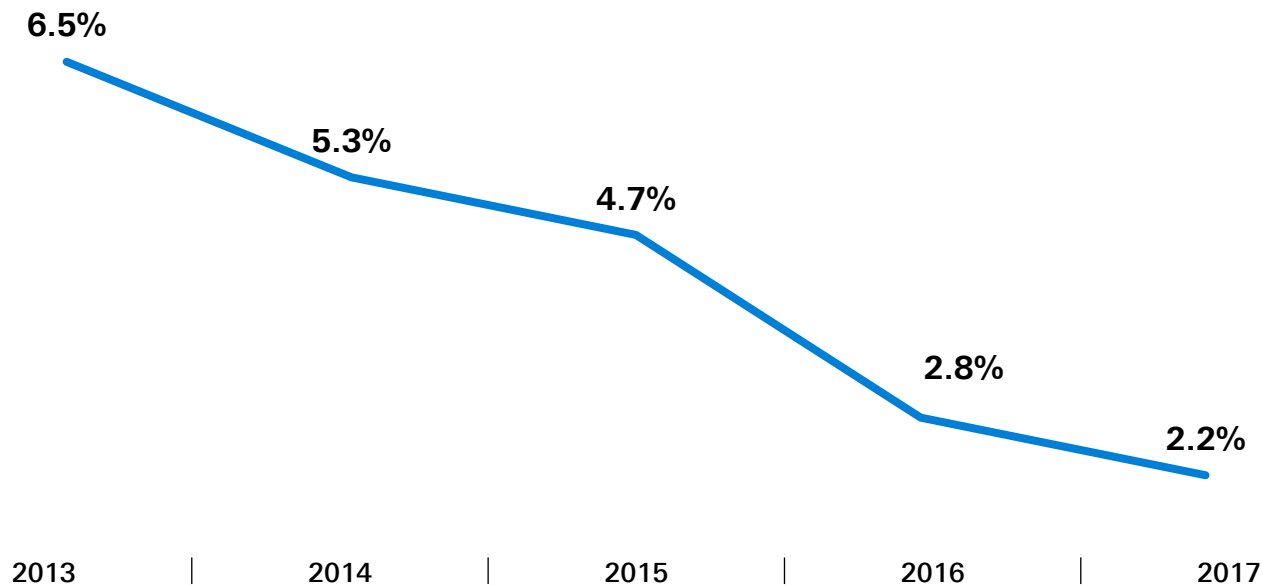


*In constant currency

Further progress on working capital



Working capital as a % of sales, calculated on a 5-quarter average



2018 priorities

- Maintain volume growth
- Margin improvement, in line with our 2020 target
- Continued focus on structural savings program
- Capital efficiency

2018 outlook

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Discussion

Abbreviations



OG	Organic growth
RIG	Real internal growth
AMS	Zone Americas
EMENA	Zone Europe, Middle East, and North Africa
AOA	Zone Asia, Oceania, and sub-Saharan Africa
EPS	Earnings per share
COGS	Cost of goods sold
FCF	Free cash flow
TOP	Trading operating profit
Underlying TOP/ UTOP	Trading operating profit before net other trading income / (expenses). Net other trading income / (expenses) includes restructuring, impairment and results on disposals of PP&E, onerous contracts and litigations.