



Nestlé

Investor Seminar 2014

Beverage Nestlé USA

Rob Case
Nestlé Beverage Division President

June 3rd & 4th, Liberty Hotel, Boston, USA

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 Beverage Portfolio

Coffee Creamer



High
single-digit
growth

Coffee



High
single-digit
growth

Flavored Milk



Mid
single-digit
growth

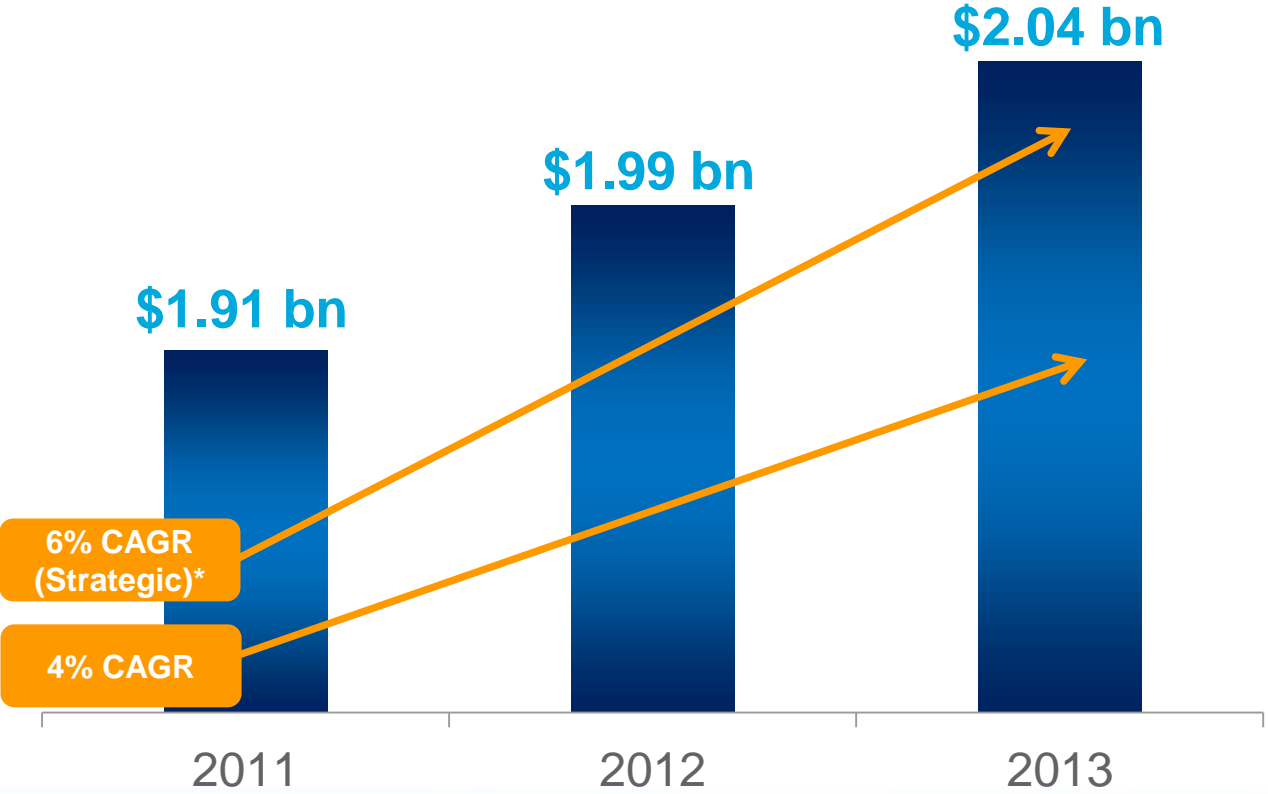
Juice







category
declining

2013 Sales of **\$2bn**, with **+4%** CAGR₂₀₁₁₋₂₀₁₃

Nestlé Beverage provides consistent growth



Beverage is focused on Coffee and Dairy Beverages...

		Segment Size*	Segment \$ CAGR ₂₀₁₁₋₂₀₁₃	Segment Dynamics
Strategic	Coffee Creamer 	\$2.7 bn	+7%	On-trend, high growth, high margins
	Soluble Coffee & Mixes 	\$0.9 bn	+1%	Concentrated, high margins
	Flavored Milk 	\$2.1 bn	+3%	Highly fragmented, balanced margins (RTD & Powder)
Local	Shelf Stable Juice 	\$7.3 bn	-3%	Highly fragmented, lower margins

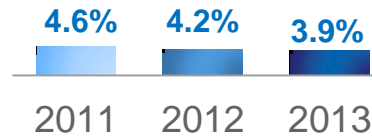
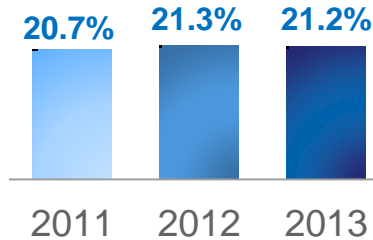
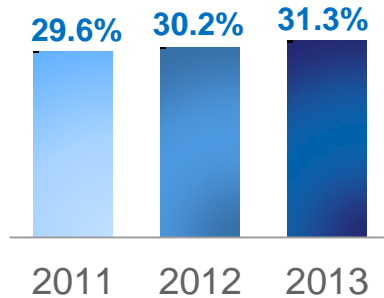
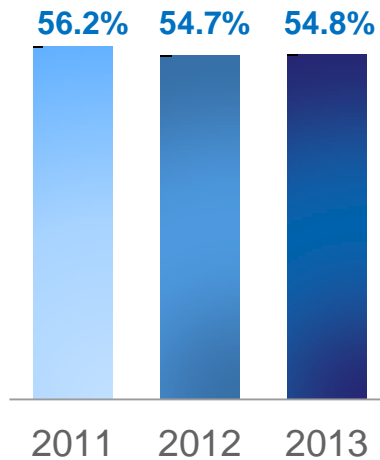
... with leading market share in the strategic segments

Coffee Creamer

Coffee

Flavored Milk

Juice



The competitive environment continues to evolve

Coffee Creamer



Highly indulgent category where **I&R** is accretive



Increased demand for products with **cleaner** labels



Dairy-based creamer showing ability to **grow category**



Desire for **mobility**

Coffee



Single serve coffee on demand



Greater demand for **artisanal and premium** blends



Desire for **mobility**

Flavored Milk



Active **new channel** expansion and development



Sugar reduction is #1 NHW opportunity



Lactose intolerant families are currently underserved

Nestlé has the capabilities to continue above category growth

Leading category brands



RTM flexible to drive distribution



Largest
capacity of
aseptic dairy
in the U.S.

Broad distributor
network of
155,000
points of
distribution



Consistent ability to lead with innovation



#1 Market Position in All Segments

A robust strategic plan to win in the USA



Make choices

- Disciplined portfolio management
- Invest in strategic growth drivers
- Fix or divest underperformers



Grasp opportunities

- Nutrition, Health & Wellness
- Bigger, Better, Bolder Innovation
- New channels & integrated P2P



Value what consumers value

- Remove waste to reinvest
- Operate as ONE Nestlé in NA
- Master complexity



Engage with the community and stakeholders

- Embody Nestlé in Society
- Create Shared Value
- Strengthen Nestlé brand equity



Embrace digital

- Best-in-class Digital capabilities
- Step up on Digital Media
- Leverage e-commerce



Have the best people

- Reflect our consumer diversity
- Best-in-class new capabilities
- Accelerate career development

Driving effective portfolio management

Making Choices



Driving highly margin accretive *growth*

- Increased marketing investment focused on high growth, high margin brands
- Platform-based innovation to optimize risk vs. return
- Next generation distribution build, leveraging aseptic advantage

Coffee-mate: A growth engine

**Leading
Brand 55%
\$ Share**



**Accretive
Margin**

**Strong
Growth**

**On-Trend
Segment**

**Demand
Generation
Scale**

Bigger, better, bolder innovation platforms



0

Trans fat & saturated fat



Best-in-class
Portability



Proprietary
flavors

Engaging our consumers across all media



Paid Media



Reaching Hispanic and Millennial segments

Owned Media

Exclusive customer and celebrity partnerships



Earned Media



Fans generate content, celebrating our brands



Nestlé Coffee Portfolio



NESCAFÉ

The Nescafé logo features the brand name in a bold, black, sans-serif font. A red swoosh is positioned above the 'E' and extends to the right.

Nestlé
PROFESSIONAL
MAKING **MORE** POSSIBLE

The Nestlé Professional logo consists of a circular icon with a gradient from red to yellow, followed by the word 'Nestlé' in a grey serif font. Below it, 'PROFESSIONAL' is written in a smaller, black, sans-serif font, and the tagline 'MAKING MORE POSSIBLE' is at the bottom in a red, sans-serif font.

NESPRESSO

The Nespresso logo features the brand name in a bold, black, sans-serif font. The 'N' is stylized with a long, sweeping tail that curves under the rest of the letters.

NESCAFÉ
Dolce
Gusto

The Nescafé Dolce Gusto logo is a dark brown circle containing the brand name 'NESCAFÉ' in a white, sans-serif font at the top, and 'Dolce Gusto' in a white, serif font below it.

Nescafé: Investing to drive growth

**Leading
Brand 31%
\$ Share**

NESCAFÉ[®]

**Strong I&R
for Next
Generation
Consumers**

**Strong,
Consistent
Growth**

**Proven Best
Tasting Coffee**

**On-Trend
Benefit Single
Serve**

Innovating around quality



Transition to
Glass



Launch
**Reserve
Blends**



Launch
**Ready
Cup** with
Coffee-mate



Launch
**Coffee
2 Go**

A new line for the next generation

NESCAFÉ

Grasping Opportunities



Everyday Premium



Everyday Mainstream



Nesquik: Growing with families through NHW

**Leading
Brand 21%
\$ Share**



**Benefit Driven
I&R Platform**

**Strong, Single
Serve - RTD
Growth**

**Growing
Reach of
Brand via
Distributors**

**On-Trend
Segment
“Early
Nutrition”**

Innovating around NHW and proprietary flavors



25%
less sugar

maintained
taste
preference

&



Proprietary
flavors

Nesquik RTD: Presence Marketing



Grasping Opportunities



5k live activations per year



155 brand ambassadors

+15k points of distribution since 2011

10 markets

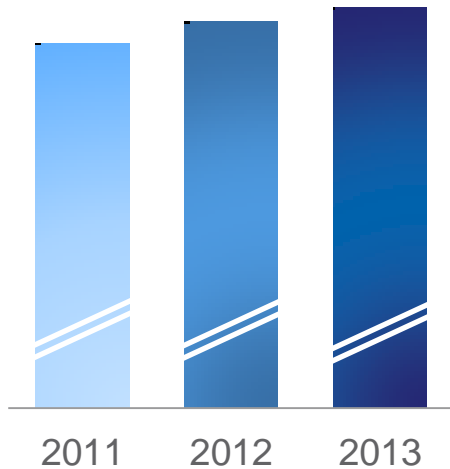


45M impressions in 2013



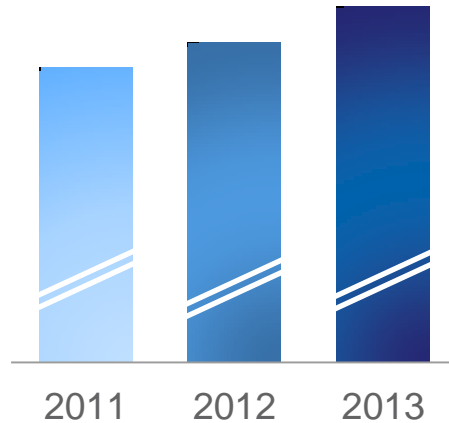
Driving highly value-accretive growth

+4% CAGR⁽¹⁾



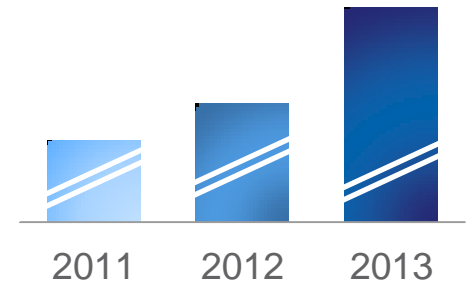
Sales
(in USD)

+10% CAGR⁽¹⁾



Trading Operating Profit
(in USD)

+730 bps⁽¹⁾



Return on Invested Capital⁽²⁾

In summary...



- ✓ **Leading brands**, growing share in all strategic categories
- ✓ **High growth and high margin** business that is very accretive to Nestlé
- ✓ A **powerful aseptic operation and distributor RTM**, extending reach of brands
- ✓ **World-class capabilities** to drive innovation and create competitive gaps
- ✓ Disciplined **portfolio management** to drive growth and hold high margin
- ✓ A **global team focused and trained to win**