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.
# Segment Dynamics

<table>
<thead>
<tr>
<th>Segment</th>
<th>Segment Size</th>
<th>Segment $ CAGR&lt;sub&gt;2011-2013&lt;/sub&gt;</th>
<th>Segment Dynamics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Super Premium</td>
<td>$1.6bn</td>
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<td>On-trend, consolidated, margin advantaged</td>
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<tr>
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<td>$3.9bn</td>
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<td>Highly fragmented, margin challenged</td>
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<tr>
<td></td>
<td>$9.2bn</td>
<td>+1.4%</td>
<td></td>
</tr>
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</table>

Ice Cream is a multi-faceted category…

Source: Nielsen 3 year end 2011 - 2013

Notes:
The table above summarizes the segment dynamics of different ice cream categories, including Super Premium, Frozen Snacks, and Premium. Each category is characterized by its market size, CAGR over the period 2011-2013, and its dynamics, such as on-trend growth, consolidation, or margin challenges.

- **Super Premium**
  - Market Size: $1.6bn
  - CAGR 2011-2013: +7.9%
  - Dynamics: On-trend, consolidated, margin advantaged

- **Frozen Snacks**
  - Market Size: $3.7bn
  - CAGR 2011-2013: +0.0%
  - Dynamics: On-trend, driven by BFY offerings

- **Premium**
  - Market Size: $3.9bn
  - CAGR 2011-2013: +0.4%
  - Dynamics: Highly fragmented, margin challenged

- **Total Market Size**
  - Market Size: $9.2bn
  - CAGR 2011-2013: +1.4%
… with evolving consumer & competitive dynamics

**Innovation & Renovation** are the “rules of the game” in a highly indulgent, variety seeking category

- Soaring demand for **better-for-you Ice Cream offerings**
- Accelerated move towards **clean labels & pure ingredients**
- Increased desire for products free from **artificial color and flavors**

**Nutrition, Health & Wellness**

- Rise of the **super premium segment**
- Emerging trend for **artisanal and gourmet flavors**
- Heightened competition from **private label and regional players**
- Active **new channel** expansion and development
Nestlé Ice Cream represents $1.8 billion in sales...

2013 Sales of $1.8bn, with +0.6% CAGR 2011-2013
… and has leading market share in all key segments

### Super Premium
- 2011: 40.5%
- 2012: 38.7%
- 2013: 38.2%

### Frozen Snacks
- 2011: 27.5%
- 2012: 27.0%
- 2013: 26.4%

### Premium
- 2011: 20.9%
- 2012: 19.2%
- 2013: 18.5%

Source: Nielsen, December Last 52 weeks
We are leveraging competitive strengths to win

**Leading iconic brands**

- Gelato
- Drumstick
- Outshine

**Leading edge innovation capabilities**

- Bakersfield Product Technology Centre

**A powerful Route to Market**

- 106k customers
- 2k routes
- 4M deliveries each year

- Direct in-store execution
- Faster speed to market and superior in-store merchandizing
- Optimization of in-stock for promotional events
- Greater shelf space
- Fully integrated path to purchase

30k sq ft

Strategically located factories

Global product reach
Delivered substantial cost efficiencies and simplification

**Optimizing Route to Market** (as % of NPS, includes Ice Cream & Pizza)

- From 7 to 4 distribution regions
- Route consolidation & optimization
- Cross-selling Pizza & Ice Cream

-170 bps

**Streamlining Overheads** (MOGE as % of NNS)

- ONE Face to the customer, merging corporate sales force
- Streamline marketing and sales organization

-80 bps

**Simplifying our Business**

-48% SKU count vs. 2012

-30 bps Bad goods vs. 2012
Resulting in enhanced margin and ROIC

+68% CAGR\(^{(1)}\)

<table>
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<th>Year</th>
<th>Trading Operating Profit (in USD)</th>
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+290 bps\(^{(1)}\)

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<th>Year</th>
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\(^{(1)}\): 2011 to 2013 change
\(^{(2)}\): excludes goodwill
A robust strategic plan is in place to win in the USA

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

Engage with the community and stakeholders
- Embody Nestlé in Society
- Create Shared Value
- Strengthen Nestlé brand equity

Grasp opportunities
- Nutrition, Health & Wellness
- B³ Innovation
- New channels & integrated P2P

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

Value what consumers value
- Remove waste to reinvest
- Operate as ONE Nestlé in NA
- Master complexity

Have the best people
- Reflect our consumer diversity
- Best-in-class new capabilities
- Accelerate career development

Grasp opportunities
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Have the best people
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- Best-in-class new capabilities
- Accelerate career development
Continue to drive effective portfolio management

Driving growth and optimizing margins

- Marketing investments focused on growing on-trend, margin accretive brands
- Platform-based innovation to optimize risk vs. return
- End-to-end cost optimization (main focus on the premium segment)
- Invested capital optimization
Grasping Opportunities

Häagen-Dazs: Well positioned for growth

- Leading Brand
- Accretive Margin
- Strong Growth
- On-Trend Segment
- Market Scale
B³ innovation platforms

$30M in 2013

22% growth in Q1 Retail Sales*

+12% Q1 2014 vs. Q1 2013

Launching 3 snack items launching Q3 2014 during 2014

*Source: ACN Q1 2014 Total US XAOC
Grasping Opportunities & Embracing Digital

**#1 Ice Cream brand advertiser doubling-down**

- **Digital:** Search & Mobile
  - 20% of total marketing budget is Digital

- **Social Media & In-Store**
  - >300M social media impressions in 2014

- **TV & Streaming:** Gelato & Ice Cream Bars
  - +55% in 2014

- **Print:** Gelato, Ice Cream & Bars
  - Maintaining a significant presence in all relevant titles

- **PR Campaign & Free Cone Day**
  - +10% Leverage franchise stores to maximize PR
Outshine: Capturing the “overt health” opportunity

- Leading Brand
- Strong Growth
- Building Penetration & Loyalty
- On-Trend Segment “Overt Health”
- Strong I&R

Grasping Opportunities
Innovating with superior NHW

Delivering Superior Nutrition

Fruit first & lower sugar

No artificial color or flavor

Excellent source of vitamins

Introducing Winning Products

Outshine

Penetration
+22%

since brand conversion

Vegetables make up 25% of every bar

Pursuing Future Expansion Opportunities

Expanded day parts

Healthier snacking options

New forms & categories
Communication step-change

National TV
- First time ever on TV

Digital & Social
- 25% of working media to develop Healthy Snacking Community
- >250M Social media impressions in 2014

National Print
- 35% of spend on sampling, trial and community efforts

Consumer Sampling
- Bonus pack of Fruit & Vegetable bars
- A Million Ways To Outshine (Apr-Aug)
Wonka Peel-a-Pop: A revolution in the kids segment

Grasping Opportunities

Developing brands across categories

An exciting consumer experience

70 calories

1.5 grams of fat

100% Nutritional Foundation

Leveraging global platform innovation
A winning strategy, enhancing margin and ROIC

+0.6% CAGR\(^{(1)}\)

Sales (in USD)

2011 2012 2013

+68% CAGR\(^{(1)}\)

Trading Operating Profit (in USD)

2011 2012 2013

+290 bps\(^{(1)}\)

Return on Invested Capital\(^{(2)}\)

2011 2012 2013

(1): 2011 to 2013 change
(2): excludes Goodwill
In summary…

✓ **Leading brands**, uniquely positioned to capture the growth of super premium IC and BFY snacks

✓ **A powerful route to market**, with enhanced cost-efficiency

✓ **World-class capabilities** to drive innovation and create competitive gaps

✓ Disciplined **portfolio management**: on a journey to enhanced **margins** and **ROIC**

✓ **A team fit to win**

Driving growth and Optimizing margins