The first 1,000 days: Nestlé US Infant Nutrition

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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 Infant Nutrition in North America

2013 Sales of $1.4bn

- 2600 Employees
- 4 Owned Production Facilities
- 2 Brands
- 1 R&D Center
- 1 Parents Resource Center

Contribution of Sales

- 89% US
- 8% Puerto Rico
- 3% Canada

US  Puerto Rico  Canada
Nestlé Infant Nutrition – US only

2013 Sales of $1.2bn
Our non-negotiable principles

- Quality and Compliance
- Superiority of breast milk
- WHO Code compliance, our infant nutrition cornerstone
- In 2011, Nestlé was included in the FTSE4Good Index for the first time
At Nestlé, our unwavering commitment to mothers and babies carries over to everything we do

We believe...

• In Purpose Driven Branding; doing well, while doing good
• That Good Nutrition begins in the womb and is fundamental for the first 1,000 days
  • In the Primacy of Breastfeeding for the health and wellness of mom and baby
• That all products must deliver on Taste, Nutrition and Developmental Appropriateness
  • In holding ourselves to higher quality standards; products, people and processes

*A child that starts healthy, is more likely to stay healthy*
The first 1,000 days have a profound impact on a child’s ability to develop their full potential.

In 3 years:
- 3x weight increase
- 2x height increase

Energy levels:
- 0-4 months: 517 Kcal/d
- 4-6 months: 590 Kcal/d
- 6-8 months: 640 Kcal/d
- 8-12 months: 700 Kcal/d
- 13-18 months: 800 Kcal/d
- 18-24 months: 900 Kcal/d
- 24-36 months: 1000 Kcal/d
Leveraging the strengths of global pioneers to build a better future

1867
Over a century of scientific innovation in early childhood nutrition

1927
85+ year old brand that stands for happy, healthy babies
Gerber, a brand with unparalleled trust backed by Nestlé science

- Universal brand awareness
- 8 out of 10 moms use Gerber
- Recognized Leader in early childhood nutrition

Gerber, a brand with unparalleled trust backed by Nestlé science.
With the backing of Nestlé’s strong R&D and Quality Leadership

Rigorous Nestlé quality management from ‘farm to spoon’

R&D Leadership

Consumer Centric R&D

PTC Fremont, Michigan
Leveraging a strong and diverse talent pool

Diverse Workforce
Global representation: North & South America, Europe, Australia and Asia

Nutrition & Science Credentials

105 Credentialed Nutritionists (RD, RN, LD and CLC)
50 Scientists
3 Medical Doctors
8 PhDs

Global Opportunities to Develop Talent & Grow Business

9 Employees currently on assignment outside of US
24 International employees currently on assignment in the US
The only Stage-Based Nutrition System across the first 1,000 days

- Gentle: only Formula with FDA Qualified Health Claim
- Soothe: only Formula clinically shown to reduce crying time up to 50%
- Baby’s #1 Food for Iron
- Only aseptically produced puree
- Gentle process preserves nutrients
- Category Pioneer
- Products developed for the nutritional & developmental of toddlers
Formula: Innovation creates greater access in US Infant Formula Market

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<thead>
<tr>
<th>Category</th>
<th>2011</th>
<th>2014</th>
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<tbody>
<tr>
<td>Ext-Hydro</td>
<td>6%</td>
<td>6%</td>
</tr>
<tr>
<td>Premature</td>
<td>3%</td>
<td>2%</td>
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<tr>
<td>Digestive</td>
<td>20%</td>
<td>26%</td>
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<tr>
<td>Older Baby</td>
<td>2%</td>
<td>3%</td>
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<tr>
<td>Soy</td>
<td>9%</td>
<td>8%</td>
</tr>
<tr>
<td>Routine</td>
<td>60%</td>
<td>55%</td>
</tr>
</tbody>
</table>

Breastfeeding Support
Cereal: Strong share growth through innovation

Share +3 pts. with Re-launch

Source: Nielsen Total US xAOC

Strong Innovation Pipeline Driving Up-Age Penetration

1st introduction to multiple textures
Learning to chew and swallow

1st introduction to creamy texture
Learning to chew and swallow

Thicker texture, learn to self-feed
Mastering independent eating
Meals & Drinks: Nestlé and Gerber maintain leadership across all segments

M&D Category Mix

2011

95.3

4.9

2014 YTD

77.5

22.7

Core M&D
Total Pouches

Source: Nielsen xAOC, YTD – data through 4/19/14

Traditional M&D is defined as M&D excluding Pouches
Graduates: Pioneered Up-Age nutrition and committed to evolve and grow

Nutritious Independent Eating While Making Mom’s Life Easier

- Nutritionally adapted for toddlers
- Taste toddlers love
- Designed just right for learning to eat independently

$400m and over 70% market share
The challenges facing the future of US children are real

1 in 3 children are overweight or obese

8.1% of 2-5 year olds are already obese

7% of children (1-5 years of age) are iron deficient

85% Parents concerned about childhood obesity

75% DO NOT worry that THEIR child will be overweight

1 Based on 2011-2012 NHANES data
2 Infant Nutrition Market Study 2010
3 Based on 2011-2012 NHANES data
Our commitment to nurturing a healthier generation through pioneering research

Feeding Infant & Toddler Study
Ground-breaking dietary survey designed to understand nutrient intakes in the first 1,000 days

Dietary Patterns Emerge Early
By 18 months, diets are high in sweets & grains and low in fruits, vegetables & iron
The First 1,000 Days: Our integrated education program provides science based nutrition services & practical advice

The program begins with a promise: Provide mom with the building blocks, the knowledge, and the confidence to know she’s doing it right, from the start…

...and it ends with mom & child able to confidently live a well-balanced and delicious nutritional life

Feeding a Picky Eater
MyGerber.com Video
Leading in community and stakeholder engagement

- FiTS
- Invited to Participate in B24 Project – Developing Dietary Guidelines for 0-24
- USDA Partner – My Plate
- Founding Sponsor of the AAP Institute to Battle Childhood Obesity
- Community Partnerships: “Nestlé Now”, Newark & Alabama
The future for Nestlé Infant Nutrition more important than ever

- Iconic, trusted and “mom owned” brand in Gerber
- Science, technology and consumer insight to support world class solutions
- Opportunity for continued category growth AND better health outcomes
- Passion and mission for a healthier future will nurture a strong future for Gerber and Nestlé in the USA
Nestlé & Gerber: Mom’s partner through her child’s critical first 1,000 days as she raises a happy, healthy baby