Nestlé Investor Seminar 2014

PetCare in the Americas

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Nestlé Purina PetCare Company – Americas

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Nestlé Purina PetCare in the Americas

2013 Sales of $8.2 bn, with +6.7% CAGR(1)

North America:
- +4% CAGR(1)
- 85%

Latin America:
- +25% CAGR(1)
- 15%

(1): 2011 to 2013 change
NPP NA important contributor to Nestlé

- NPP NA represents ~25% of total Nestlé North America sales
- NPP NA is the category leader in PetCare with a 32.4% share
- Purina and Pet nutrition are highly aligned with Nestlé NHW principles
- Strong category growth with a portfolio of leading brands and attractive margins
- R&D-led innovation drives growth
PetCare is a highly attractive category

For pets and the people who love them
- An intense emotional bond
- Pets as members of the family
- 61% of US households own dogs and/or cats

For retailers
- High-value shoppers
- Drive in-store traffic and basket size
Pet ownership

Pets play a special role in owners’ lives

- “A pet is a very important family member”
- “Pets are good companions”
- “There is a special bond between people and pets”
- “Pets help people through difficult times”

Total pet population (m)

- 171 m in 2007
- 179 m in 2008
- 173 m in 2009
- 178 m in 2013

- This emotional bond “protected” pet population during core years of recession
- However, slow pace of economic recovery impacted pet population
- Pet population has now rebounded and is poised for future growth

Source: Nielson home scan panel
Human food trends reflected in PetCare

- **SEEKING AUTHENTICITY**: increasing desire for **real food**
  - pure
  - fresh
  - natural
  - simple

- **HEALTHIER THROUGH NUTRITION**: using food as a way to **attain and maintain good health**

- **FOOD AS EXPERIENCE**: looking for food to do more than sustain the body - to provide **adventure and discovery**

- **VALUES BASED FOOD CHOICES**: increasingly using food choices as an outward **statement of values held**

- **MEAL REDEFINITION**: taking a much more **casual, less planned** approach to food and eating
  - being able to eat anywhere, anytime **is the expectation**
US category outlook

Source: NPPC Nielson forecast model Jan 2014
US manufacturer share

$ Share of PetCare (Q1 2014)

- NPPC 32.4%
- Competitor #1 4.7%
- Competitor #2 6.5%
- Competitor #3 10.8%
- Competitor #4 5.1%
- Competitor #5 13.8%
- Private labels 8.7%
- All other 18.0%

$ Share Change

- NPPC: 0.1
- Competitor #1: 0.9
- Competitor #2: 0.0
- Competitor #3: -0.3
- Competitor #4: -1.0
- Competitor #5: -0.3
- Private labels: -0.8
- A/O: 1.3

Source: Nielsen TUS AOC (CY13 = period ending 1/4/14; Q1 '14 = period ending 3/29/14)
GfK TUS Pet Specialty (CY13 = period ending 12/31/13; Q1 '14 = period ending 3/31/14)
NPPC category leadership

Market Share

No. 1 Overall Market Share

#1 share
- dry dog
- dry cat
- wet cat
- litter

#2 share
- wet dog
- dog snacks
- cat snacks

Purina’s Equity is Strong
Advantage over all tracked corporate competitors:

- "understands the relationship between me and my pet"
- "I trust completely"
- "I would definitely recommend to others"
- "passionate about pets"
- "Shares my values related to well-being of pets"

Highly developed portfolio of brands
Deep expertise/insights enable broad portfolio of brands uniquely developed to address range of consumer needs and wants
Starts with a deep understanding of pet owners
Strong portfolio of brands

US Retail $ Sales

> $900 m

Friskies
Beneful
Fancy Feast
Purina Dog Chow
Purina Puppy Chow

> $500 m

One
LightWeight
Cat Chow
Kitten Chow
Alpo

< $500 m

ProPlan
Kit & Kaboodle
Beyond
Busy
Waggin Train
Zuke's

Source: Nielsen AOC + Pet Specialty (no Costco); 52 Weeks ending 3/1/14
Pro Plan — Nutrition that performs

• Pet Specialty exclusive brand
• R&D-led innovation drives growth
• Designed to help your dog be his absolute best

Chosen by Champions

• “Sky” is the eighth consecutive Pro Plan fed Best in Show winner at the Westminster Kennel Club Dog Show
• 80 of the 100 top US sporting dogs are fed Pro Plan
Capturing premiumization
Litter — Premiumization through innovation
Snacks innovation — New forms & platforms

Simple Real Ingredients

Meaty - Beggin’ Poppers

Dental

Cat Snacks
NPP digital expertise — Engagement

• #1 Pet Digital Property
• Facilitates 50% of all US pet adoptions
• 80% of site visitors own a dog & 50% of site visitors own a cat
• 53% of visitors shop Pet Specialty Channel

Live interaction with Pet Consumers
NPP digital expertise — e-Commerce

Assist our Customers by being a best-in-class partner in on-line sales

Just Right - Personalized dog food, delivered to your door
New natural offerings

Pet Specialty

Widely Distributed

LIMITED INGREDIENT

GRAIN-FREE

SUPER-FOODS
Reasserting Purina as voice of the category

Assert Nutritional Authority

Showcase Leadership in Nutrition Innovation
“Make it where we sell it”

- Produce 3.2 m tons of pet food per year
- Each Wal-Mart DC receives over 100 tons per day

- Since 2004 reduced water use at US pet food plants by over 23%
- Purina produces more than 3 billion aluminum and steel pet food cans annually which are widely recyclable in the United States.
All of Americas offer significant ‘growth runway’

- Consumption shifting from home prepared to 100% complete & balanced
- Latin America category value is forecasted to double by 2018

Source: Euromonitor 2012 reported and 2018 projections.

* Refers to the percentage of overall pet nutrition that is derived from commercially prepared pet food.
Accelerating investment to pursue opportunities in Latin America

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Strong portfolio of brands in Latin America

Super Premium
Organic Growth 37.3%

Premium
Organic Growth 36.6%
Brand building and driving growth across sales channels

Open Market (Mexico)  
Grocery / Mass (Brazil)  
Specialist (Brazil)
PetCare space is dynamic

“Much of the petfood market's growth has been in organic, natural and premium petfoods, which have all grown at nearly 20 percent per year for the past two years.”
Strategy delivering resilient financial results in NA

+7% excluding WT impact

+4% CAGR(1)

-2% CAGR(1)

+310 bps(1)

WT: Waggin’ Train

(1): 2011 to 2013 change
Nestlé Purina will continue to win in PetCare

✓ Portfolio of leading brands, built on deep consumer insights
✓ Unsurpassed knowledge of pet nutrition
✓ Global and Local World Class R&D to drive innovation
✓ Continue embedding Creating Shared Value to all stakeholders in all we do
✓ Commitment to profitable growth