Nestlé Health Science
Overview

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North America Regional Business Head

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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.
NHSc Video
U.S. Healthcare Environment

- Highest per capita spend globally\(^1\)
- Projected 19.9% of GDP by 2022\(^2\)
- In 5 years, >50% of U.S. adult population > 50 years of age\(^3\)

Unsustainable economics forcing a reinvention of U.S. healthcare

Sources: 1. OECD; 2. CMS National Health Expenditure Projections; 3. U.S. Census Bureau
## The Cost of Malnutrition

<table>
<thead>
<tr>
<th>Disease or Condition</th>
<th>Rate of Malnutrition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pancreatic Cancer</td>
<td>85%</td>
</tr>
<tr>
<td>Lung Cancer</td>
<td>13% - 50%</td>
</tr>
<tr>
<td>Head &amp; Neck Cancer</td>
<td>24% - 88%</td>
</tr>
<tr>
<td>GI Cancer</td>
<td>55% - 80%</td>
</tr>
<tr>
<td>Stroke</td>
<td>16% - 49%</td>
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<tr>
<td>COPD*</td>
<td>25%</td>
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</tbody>
</table>

*COPD = Chronic Obstructive Pulmonary Disease

→ Higher complication rate (27% vs. 17%)

→ Increased length of stay (6 vs. 4 days)

→ 35% higher costs

Source: American Society of Parenteral and Enteral Nutrition
Malnutrition and Disease a Downward Spiral

1. Medical event, fracture, infection, illness
2. Increased nutrient needs, decreased appetite and intake
3. Declining nutritional status and weight loss
4. Prolonged recovery, increased complications
5. Immobility, muscle weakness, risk of fall and fractures
6. Loss of activities of daily living, increased dependency

Institutionalization
Market Dynamics

HEADWINDS
- Healthcare cost pressures
- Lack clear nutrition best practice guidelines
- Medical Foods regulatory framework

TAILWINDS
- Demographics and NCDs*
- Need for better healthcare outcomes (government / hospital KPIs)
- More engaged healthcare consumers (movement toward self-care)

Nestlé Health Science is well positioned to address the headwinds & leverage tailwinds.

* NCD = Non-Communicable Disease
Nestlé Health Science Overview

Market Space: Nutrition therapies for people with medical conditions.

Market Size: Global market sales estimated at $11 billion. North America is the largest region.

Market Growth: Global market growth mid-single digit annually.

Nestlé Market Position: #2 in the U.S. and #1 in Canada.
Nestlé Health Science Platform Areas

Vital Support
Help disease-related frail or malnourished people or in need of nutrition in critical, surgical or intensive care

Gastrointestinal Health
Help people to manage gastrointestinal impairment, food intolerances & food allergies

Brain Health
Help people to retain their cognitive and mental functions in order to remain independent

Metabolic Health
Help people in need to manage their health and weight, restore metabolic balance or to address in-born errors of metabolism

Consumer Health
Help meet the nutritional needs of people at different life-stages with trusted brands, accessible via retail

DIAGNOSTICS / DEVICES
Nestlé Health Science - Ability to Win

- Clinical Sciences
- Health Economics
- Advocacy
**Nestlé Health Science – North America Performance**

2010-2013

<table>
<thead>
<tr>
<th>Category</th>
<th>CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>+7.0%</td>
</tr>
<tr>
<td>Trading Operating Profit</td>
<td>+9.5%</td>
</tr>
</tbody>
</table>

*Excludes businesses acquired in 2011 and 2013. These acquisitions were accretive to profitability.*
Nestlé Health Science North America
### NHSc NAM – Institutional Business Overview

<table>
<thead>
<tr>
<th>Market Space</th>
<th>Malnutrition, Critical Care, Chronic Illness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary Channels</td>
<td>Hospitals, Home Care</td>
</tr>
<tr>
<td>Major Brands</td>
<td>PEPTAMEN®, IMPACT®, BOOST®, EnteraLite® Infinity®, OPTIFAST®</td>
</tr>
<tr>
<td>Locations</td>
<td>Florham Park, NJ; Toronto; Minneapolis (R&amp;D Center)</td>
</tr>
<tr>
<td>Demand Generation</td>
<td>Medical Detailing</td>
</tr>
</tbody>
</table>
### NHSc NAM – Retail Business Overview

<table>
<thead>
<tr>
<th>Market Space</th>
<th>Self-Care Nutritional Support</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary Channels</td>
<td>Mass Merchandiser, Drug Stores, Grocery Stores</td>
</tr>
<tr>
<td>Major Brands</td>
<td>BOOST®, Carnation Breakfast Essentials®</td>
</tr>
<tr>
<td>Locations</td>
<td>Florham Park, NJ; Toronto; Minneapolis (R&amp;D Center)</td>
</tr>
<tr>
<td>Demand Generation</td>
<td>Medical Detailing, Direct-to-Consumer</td>
</tr>
</tbody>
</table>
## Pamlab Overview

<table>
<thead>
<tr>
<th>Market Space</th>
<th>Neuropathy, Depression, Early Memory Loss</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary Channels</td>
<td>Retail Pharmacy, Mail Order Pharmacy</td>
</tr>
<tr>
<td>Major Brands</td>
<td>Deplin®, Metanx®, CerefolinNAC®</td>
</tr>
<tr>
<td>Locations</td>
<td>Covington/Shreveport, LA</td>
</tr>
<tr>
<td>Demand Generation</td>
<td>Medical Detailing to HCP Specialists</td>
</tr>
</tbody>
</table>
## Vitaflo North America Overview

<table>
<thead>
<tr>
<th>Market Space</th>
<th>Inborn Errors of Metabolism (IEM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary Channels</td>
<td>Hospitals, Home Care, Pharmacies, State Programs</td>
</tr>
<tr>
<td>Major Brands</td>
<td>Cooler®, Gel®, Express®, Lipistart®, MCT Procal®, Glycosade®</td>
</tr>
<tr>
<td>Locations</td>
<td>Alexandria, VA</td>
</tr>
<tr>
<td>Demand Generation</td>
<td>IEM Specialised Centers</td>
</tr>
</tbody>
</table>
## Prometheus Overview

<table>
<thead>
<tr>
<th>Market Space</th>
<th>Inflammatory Bowel Disease (includes Crohn’s Disease &amp; Ulcerative Colitis), Irritable Bowel Syndrome &amp; Celiac Disease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary Channels</td>
<td>General Reference &amp; Hospital Labs, Pharmaceutical Wholesalers, Hospitals, and Retail Pharmacies</td>
</tr>
<tr>
<td>Major Brands</td>
<td>Anser™ IFX, Anser™ ADA, IBD sgi Diagnostic™, PROMETHEUS® Celiac Serology, Celiac Genetics &amp; Celiac PLUS; LOTRONEX®</td>
</tr>
<tr>
<td>Locations</td>
<td>San Diego, CA</td>
</tr>
<tr>
<td>Demand Generation</td>
<td>GI Specialists</td>
</tr>
</tbody>
</table>
The BOOST® Story
Better Compliance through Better Taste

Patient Need
- Approximately 56% of institutional patients\(^1\) and 30% of home-based elderly\(^2\) are at risk of malnourishment
- Patient compliance with prescribed ONS* is a significant challenge

Nutritional Solution
- Improved taste

Clinically Proven
- Recent study indicates $50 in cost savings for every $1 invested in an oral supplement for the hospital-based patient\(^3\)

*ONS = Oral Nutritional Supplements

BOOST® Retail Market Share

Source: AC Nielsen

USA

<table>
<thead>
<tr>
<th>Year</th>
<th>Market Share</th>
</tr>
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<tbody>
<tr>
<td>2009</td>
<td>19.4%</td>
</tr>
<tr>
<td>2010</td>
<td>20.0%</td>
</tr>
<tr>
<td>2011</td>
<td>20.6%</td>
</tr>
<tr>
<td>2012</td>
<td>22.5%</td>
</tr>
<tr>
<td>2013</td>
<td>23.1%</td>
</tr>
<tr>
<td>2014 Q1</td>
<td>24.9%</td>
</tr>
</tbody>
</table>

CANADA

<table>
<thead>
<tr>
<th>Year</th>
<th>Market Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>27.5%</td>
</tr>
<tr>
<td>2010</td>
<td>27.7%</td>
</tr>
<tr>
<td>2011</td>
<td>30.6%</td>
</tr>
<tr>
<td>2012</td>
<td>32.0%</td>
</tr>
<tr>
<td>2013</td>
<td>32.5%</td>
</tr>
<tr>
<td>2014 Q1</td>
<td>38.4%</td>
</tr>
</tbody>
</table>
The PEPTAMEN® Story
Superior Tolerance for Improved Outcomes

Patient Need
- 40% to 60% of ICU patients do not meet their feeding goals\(^1\)

Nutritional Solution
- Superior Tolerance and Absorption

Clinically Proven
- 60+ clinical studies
- PepUp study validated a significant increase in achieving feeding goal \((p<0.01)\)\(^2\)
  - Protein: + 12%
  - Calories: + 14%

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\(^1\) Doig GS et al. JAMA 2008;300:2731-2741.
The Metanx® Story

Nutritional Management of the Symptoms of Diabetic Peripheral Neuropathy (DPN)

Patient Need

- Over 12 million patients suffer from DPN and incurs up to $13.7 billion in healthcare costs\(^1\)
- DPN is associated with debilitating symptoms of burning, tingling, shooting pain, and loss of sensation which can reduce ability to function and increase likelihood of amputation

Nutritional Solution

- Total symptoms of DPN were significantly reduced after dietary management of study patients with Metanx® resulting in improved quality of life in a prospective double-blind placebo controlled study\(^2\)
- Five open label studies
- DPN patients taking Metanx were found to reduce hospitalization by 4.4% and reduce medical expenses by $2,228 in first year\(^3\)

Clinically Proven

The Anser™ Story
Personalizing Patient Care

Patient Need
- About 50% of patients with Inflammatory Bowel Disease (IBD) lose response to treatment with infliximab or adalimumab
- Loss of treatment response may be due to low drug levels or the development of drug antibodies
- Without knowing the cause, empiric treatment modifications often fail the patient

Diagnostic Solution
- Provide valuable insights as to the reasons for loss of drug response
- Enable personalized & informed medical decisions to optimize patient outcomes

Clinically Proven
- The Anser™ tests were developed with over 3,000 patient samples
- Collectively, this data indicates that the presence of antibodies and low drug concentrations result in worse clinical outcomes
- Supported by >20 peer reviewed scientific and clinical publications
- Utilized in multiple ongoing clinical trials globally

About 50% of patients with Inflammatory Bowel Disease (IBD) lose response to treatment with infliximab or adalimumab. Loss of treatment response may be due to low drug levels or the development of drug antibodies. Without knowing the cause, empiric treatment modifications often fail the patient.

The Anser™ tests were developed with over 3,000 patient samples. Collectively, this data indicates that the presence of antibodies and low drug concentrations result in worse clinical outcomes. Supported by >20 peer reviewed scientific and clinical publications, they are utilized in multiple ongoing clinical trials globally.

Leave Questions in the Past
10 Years to Build a Transformational Leader

2010

HealthCare Nutrition

2 YEARS
To Build Leading Organization

Innovation Network
Portfolio Investments
HealthCare Nutrition

5 YEARS
To Build Product Portfolio & Pipeline
In-House New Products
Acquired Products
Portfolio Investments
HealthCare Nutrition

10 YEARS
To Become Leader