Growth and Innovation through Trends in Food

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EVP, Zone Americas

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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.
Zone Americas

<table>
<thead>
<tr>
<th></th>
<th>RIG</th>
<th></th>
<th>OG</th>
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</thead>
<tbody>
<tr>
<td>FY 2015</td>
<td>1.6%</td>
<td>Q1 2016</td>
<td>5.5%</td>
<td></td>
</tr>
<tr>
<td>FY 2015</td>
<td>2.7%</td>
<td>Q1 2016</td>
<td>5.0%</td>
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TOP +80bps FY 2015
### “State of the Nation”

<table>
<thead>
<tr>
<th>Nestlé in AMS in 3 numbers</th>
<th>Acceleration in North America</th>
<th>Mexico &amp; Chile: Strong and resilient</th>
</tr>
</thead>
<tbody>
<tr>
<td>44%</td>
<td><img src="image1" alt="Natural Bliss" /></td>
<td><img src="image2" alt="Nestlé Coffee" /></td>
</tr>
<tr>
<td>87%</td>
<td><img src="image3" alt="Lean Cuisine" /></td>
<td><img src="image4" alt="Carnation" /></td>
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<tr>
<td>50%</td>
<td><img src="image5" alt="Outshine" /></td>
<td><img src="image6" alt="Sahne Nuss" /></td>
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</tbody>
</table>

**Brazil: Competitive in a tough environment**

- [Nesfit](image7)
- [KitKat](image8)
- [Nestlé](image9)

**Cuba a clear opportunity**

- [Cuban Flag](image10)
Ambition 2016 and beyond: Drive Market Share and OG through RIG

Outlook 2016
- We will continue to operate in a low-growth environment
- Pricing will contribute less to OG

Growth to come more from
- Market Share
- RIG
- North America
- LATAM contribution critical
Economic environment

U.S.
• Engine of world’s economy

LATAM
• Impacted by end of commodity super cycle
External forces shaping the industry

"Big Food" under pressure

Mexico enacts soda tax in effort to combat world's highest obesity rate

Activist Investors

What do you expect to happen to the volume of shareholder activism over the next 12 to 24 months?

- Significantly increase
- Somewhat increase
- Remain the same

Low cost of capital

The digital disruption

3G

Millennials

Internal analysis based on several U.S. based sources and ad hoc research, i.e., Nielsen, Euromonitor, Forrester, ZenithOptimedia, eMarketer, Facebook, Google Analytics
Millennials: Driving Food Trends

86 million strong in the U.S

- Larger than the Baby Boomer generation
- Three times the size of Generation X

New NHW
58% would pay more for Natural & Organic

Discovery
88% interested in trying new foods

Trust
80% want to know more about where their food is grown

Sharing
58% often post online reviews

Internal analysis based on several U.S. based sources and ad hoc research, i.e., Nielsen, Euromonitor, Forrester, ZenithOptimedia, eMarketer, Facebook, Google Analytics
United States: The future of food is changing in 3 key areas

1. How we eat
2. How we shop
3. How we engage

Internal analysis based on several U.S. based sources and ad hoc research, i.e., Nielsen, Euromonitor, Forrester, ZenithOptimedia, eMarketer, Facebook, Google Analytics
Changing the way we eat

**Redefined NHW**
- Natural/organic
- Positive nutrition
- Diet in decline

**Time Constrained**
- Snacking
  - 90% snack multiple times daily
- Modern Cooking (*Speed-Scratch*)
  - 50% of dinners made in <30 min

**Food Globalized**
- 52% of Millennials are multi-cultural
- 60% find new and exotic flavours appealing

Internal analysis based on several U.S. based sources and ad hoc research, i.e., Nielsen, Euromonitor, Forrester, ZenithOptimedia, eMarketer, Facebook, Google Analytics
Changing the way we shop

Smaller format stores & shelf sets

More eCommerce and digital options

Personalized engagement

‘Pure’ growing and Mainstreaming

E-commerce expected to rise by 38% in next 3 years for F&B.

Costco will surpass Whole Foods as top seller of Organic Foods in the US, topping $4BN
## Changing the way we engage

<table>
<thead>
<tr>
<th>Plethora of choices</th>
<th>Multiple devices</th>
<th>Time spent with media expands and shifts</th>
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<tbody>
<tr>
<td></td>
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<td>Connected devices per person: 4.3 by 2017</td>
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<tr>
<td></td>
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<td>Time spent per day</td>
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<tr>
<td></td>
<td></td>
<td>Digital: 5.5 hrs</td>
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<td></td>
<td></td>
<td>TV: 4.2 hrs</td>
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<table>
<thead>
<tr>
<th>Multitasking across screens</th>
<th>Everyone creates content</th>
<th>Always on</th>
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<tbody>
<tr>
<td>80% uses a smartphone while watching TV</td>
<td>69% of internet users have a blog and 49% created an online video</td>
<td>U.S. adults consume 15.5 hrs of media per day outside of work</td>
</tr>
</tbody>
</table>

Internal analysis based on several U.S. based sources and ad hoc research, i.e., Nielsen, Euromonitor, Forrester, ZenithOptimedia, eMarketer, Facebook, Google Analytics
Our strategy in the U.S. puts NHW and Innovation at the forefront

To delight our consumers & customers

1. Delivering outstanding product quality
2. Committing resources and focusing on constant product improvement
3. Executing robust innovation plans with excellence

Achieving recognition by consumers & customers for outstanding innovation

Building consumer trust in our brands
NHW at the core of Nestlé USA strategic agenda

Delivering outstanding product quality & NHW

- 10% sodium reduction by 2017
- 100% PHO* free by end of 2015
- 100% with portion guidance by 2016
- 0 artificials by 2016
- 60% sales with 60/40+ win +150 bps every year 2015-2017

Communicating nutritional competitive advantage

- 35 calories
- 0 Trans fat & saturated fat

Leading the industry’s NHW agenda

- 100% with portion guidance by 2016
- 0 artificials by 2016
- 60% sales with 60/40+ win +150 bps every year 2015-2017

*Note: PHO stands for Partially Hydrogenated Oils.
I&R robust pipeline centered around consumer platforms

Wellfood Mainstreaming

Healthy contemporary meals

Pure Freshness

Pure, simple, real, craft

Smeals

Healthier snacking

Speed Scratch

Modern cooking
Enhanced focus on high growth channels
Building Digital leadership to best engage consumers

At Nestlé
Building & Learning

DATs
Activating company wide. Leading select brand listening, engaging, content creation and analytics.

Learning
Silicon Valley and Marketing College 2.0 immersions.

Engaging Consumers
On & Offline

Jetson
Q3 CRM-based platform.
Activates across entire consumer journey, including retail (online/offline)

- Digital investment of total paid media, up +40%.
- Strategies to maximize ROI & equity measures.
- Driving monthly owned reach to 350MM.
Turning around Frozen Food in the U.S.
Stouffer’s: Increasing relevance to consumers

- Creating transparency
- Modernising benefits
- Redefining meal occasions
- Segmenting strategically
Lean Cuisine: In-tune with consumers values

- Strong differentiation on shelf driving reappraisal
- Clear 60/40 winners
- New health benefits that connect with consumers
- Compelling communication: pivot from ‘diet’
Driving ‘Clean and Simple by Design’

INGREDIENTS:
- BROWN RICE,
- WATER,
- CHICKEN BREAST WITH RIB MEAT,
- SNAP PEAS,
- CARROTS,
- RED BELL PEPPERS,
- SUGAR,
- CORN STARCH,
- MOLASSES,
- PINEAPPLE JUICE CONCENTRATE,
- RICE WINE VINEGAR,
- SALT,
- SOYBEANS,
- SESAME OIL,
- GARLIC,
- GINGER,
- MALT EXTRACT,
- POTASSIUM CHLORIDE,
- SALT,
- TAPIOCA STARCH,
- ONION POWDER

102 words

39 words
Lean Cuisine new communication
Ice Cream: Meeting consumers’ expectations on taste and modern health

- **Dreyer's**: High quality ingredients with transparency
- **Outshine**: Real fruits and vegetables
- **Häagen-Dazs**: Clean & Simple by Design
Coffee-mate: Continuous growth thanks to continuous innovation
Nestlé USA: Market Share momentum and profit improvement

Source: Nielsen Data Ending 03/26/16
Pet Care North America: Winning with new consumer trends

- Brand Restaging Plan building pride through people and origins
- Evolution to Clean Label and natural ingredients
- Strong momentum in the Natural Segment 2 years after launch
- Unique, complementary Brands in high-growth segments
NPPC Wet Cat Premiumization

<table>
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<tr>
<th>Brand Proposition</th>
<th>Price Per Oz</th>
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<tbody>
<tr>
<td>Purely Fancy Feast: All natural, complete and balanced meals featuring real, recognizable ingredients</td>
<td>$.65</td>
</tr>
<tr>
<td>Muse (Pet Specialty Exclusive): Natural, balanced meals guaranteed to taste great</td>
<td>$.40</td>
</tr>
<tr>
<td>Beyond: Naturally and nutritionally complete meals with a focus on ingredients and sourcing</td>
<td>$.35</td>
</tr>
<tr>
<td>Pro Plan (Pet Specialty Exclusive): Super Premium Nutrition</td>
<td>$.25</td>
</tr>
<tr>
<td>Fancy Feast: An elevated, gourmet feeding experience for cats. Complete and balanced nutrition</td>
<td>$.20</td>
</tr>
<tr>
<td>Friskies: A wide variety of flavors and forms that deliver complete and balanced nutrition</td>
<td>$.10</td>
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Purina new communication
Merrick communication

THE BEST DOG EVER
LATAM: Leveraging trends early on

The Coffee shop at home

Natural, whole grain

Lactose Free

Speed Scratch
Being an employer of choice for the new generations
First Pacific Alliance Summit for Youth
The Strategic Virtuous Circle in action

- Meeting our commitments with society
- Focus on high-growth channels and new segments, leveraging digital

Disciplined portfolio strategy
Cost optimization and simplification:

1. Achieving Efficiencies
   - Goal Alignment across Businesses
   - 100 Lean Value Stream initiatives
   - Structural Cost optimization across Markets
   - 5-6% Total Delivered Cost improvement
   - All four TNWC levers in focus

2. Focusing Investments on Growth Platforms
   - Robust I&R pipeline at global, regional and local level, based on consumer trends with NHW at the core

3. Driving Market Share Gains

4. Delivering Profitable Growth
Market Share back to positive, driving RIG and profitability

7 out of top 10 markets gaining share
Key Takeaways

1. INNOVATION IN LINE WITH CONSUMER TRENDS
2. GAINING MARKET SHARE
3. GENERATING PROFITABLE GROWTH