Nestlé details value creation plans at annual investor seminar

- Confirms mid-single digit organic growth target for 2020
- Sets underlying trading operating profit margin target of 17.5% to 18.5% by 2020
- Affirms strategic focus on food and beverages, with consumer healthcare as additional growth platform

At its investor seminar today in London, Nestlé will present its strategy for sustainable value creation. The company will detail how it will reach its mid-single digit organic growth target by 2020, and will announce an underlying trading operating profit margin target of 17.5% to 18.5% by 2020, up from 16.0% in 2016.

Nestlé will describe its plans to accelerate organic sales growth, building on its industry-leading volume growth, by capitalizing on recent key consumer trends in categories and markets around the world. Food and beverages remain core to the company’s strategy, with a continued focus on nutrition, health and wellness enabling the company to meet changing consumer demands. Nestlé’s strategy balances growth with increased cost discipline and margin expansion as well as improved capital efficiency.

Mark Schneider, Nestlé CEO: “Nestlé has a strong foundation, a clear path forward and a bright future. We have a proven track record of delivering sustainable, industry-leading performance. In line with today’s accelerating pace of change, we are intensifying our focus on innovation, operational efficiency, and portfolio management. We will grow by remaining at the forefront of consumer trends and offering the brands and products to meet people’s changing needs, especially their demand for a better, healthier life.”

Nestlé will continue to pursue a value creation model that balances growth in earnings per share, competitive shareholder returns, flexibility for external growth, and access to financial markets. The company will increasingly focus capital spending on advancing the high-growth food and beverage categories of coffee, petcare, infant nutrition and bottled water. It will also build on its strong position in emerging markets and pursue growth opportunities in consumer healthcare.

Nestlé will pursue external growth opportunities that fit within targeted categories and geographies, deliver attractive returns, and build on the company’s leadership positions. Nestlé is actively adjusting its product portfolio in line with this strategy, as shown by the recent investments in Blue Bottle Coffee, Sweet Earth, and Freshly, as well as the decision to explore strategic options for its U.S. confectionery business.

Nestlé will also provide an update to the previously announced capital structure review. In June 2017, the company announced its intention to make an additional CHF 20 billion available for M&A and share buybacks over the next three years. In light of its strong cash generation, Nestlé intends to accelerate buybacks by spreading them evenly over three years. The buyback will augment Nestlé’s previous return of over CHF 100 billion to its shareholders over the last 10 years, including CHF 43 billion as share buybacks.

Today’s investor seminar will be webcast live and will be available for replay, along with the slides of the presentations on the Nestlé website.

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