



Nestlé

Investor Seminar 2014

Nestlé in Brazil

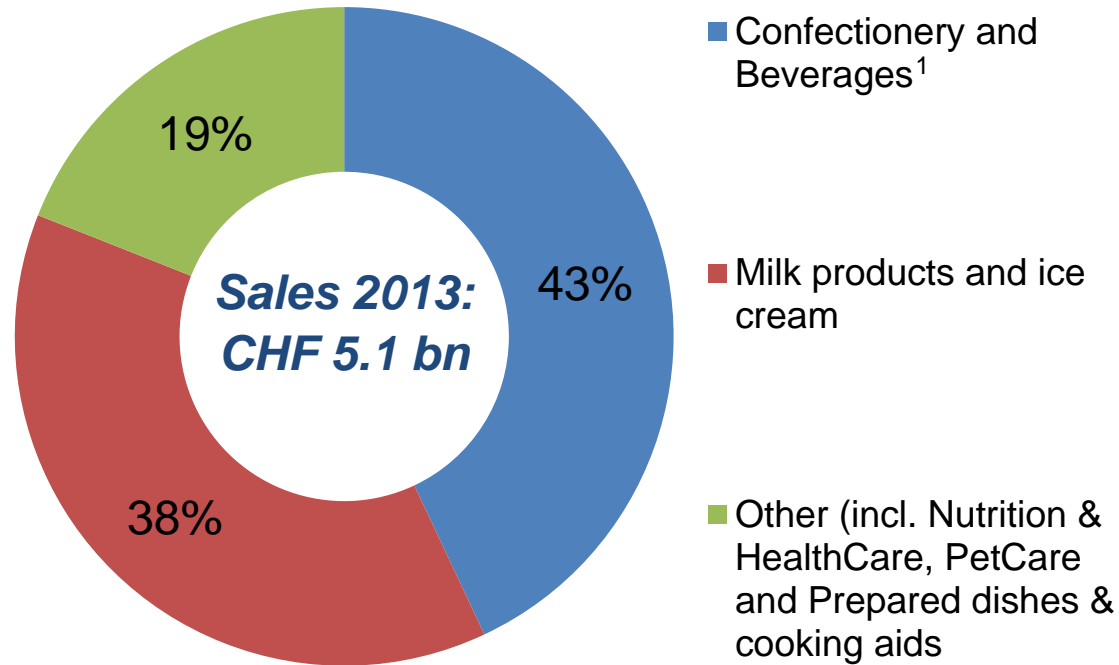
Juan Carlos Marroquín, CEO Nestlé Brazil

June 3rd & 4th, Liberty Hotel, Boston, USA

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 in Brazil: 2013 sales by product category



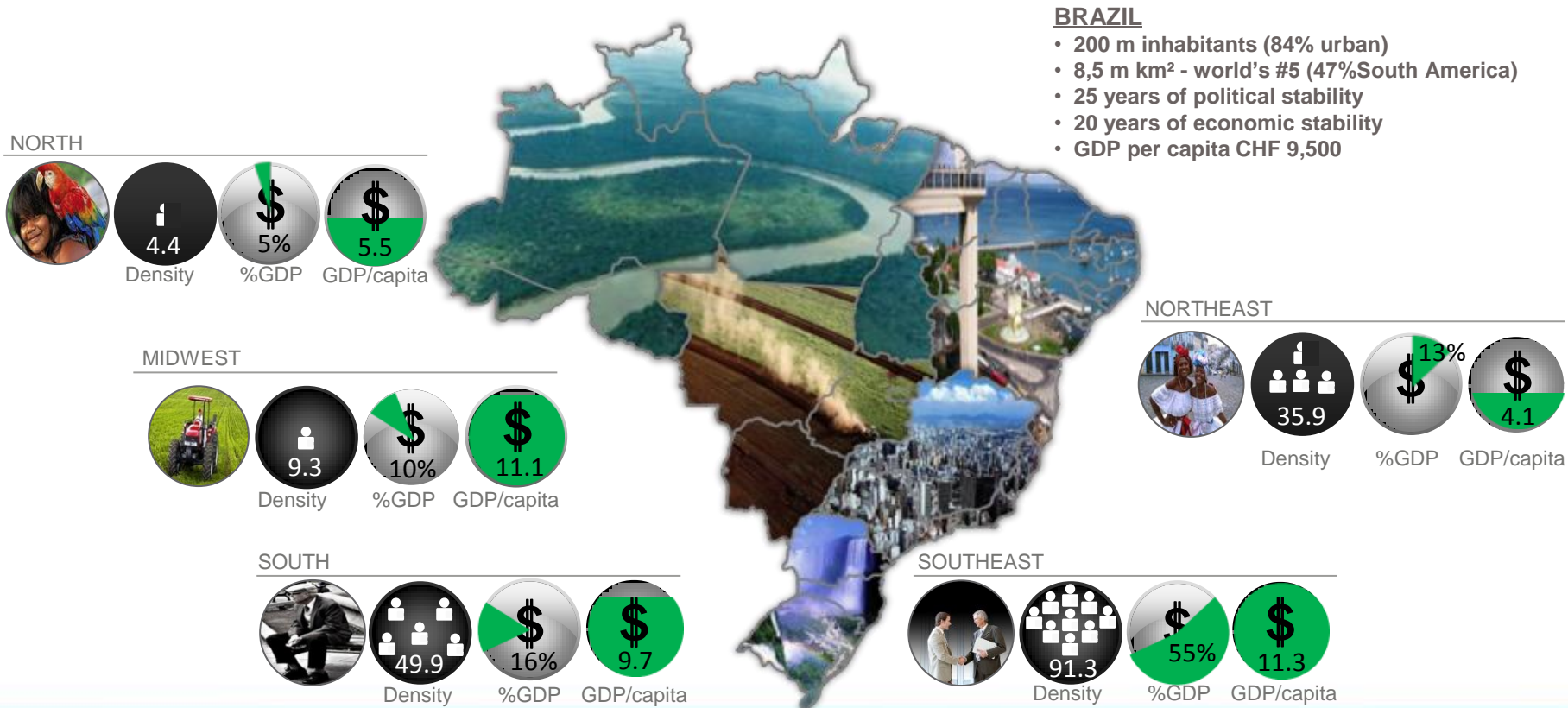
Agenda

- **Brazil continues to be a country of opportunities**
- **Nestlé 93 years in Brazil and recent performance**
- **Our vision and strategies to win in the new reality**

Agenda

- **Brazil continues to be a country of opportunities**
- **Nestlé 93 years in Brazil and recent performance**
- **Our vision and strategies to win in the new reality**

Brazil is the 7th largest consumer market

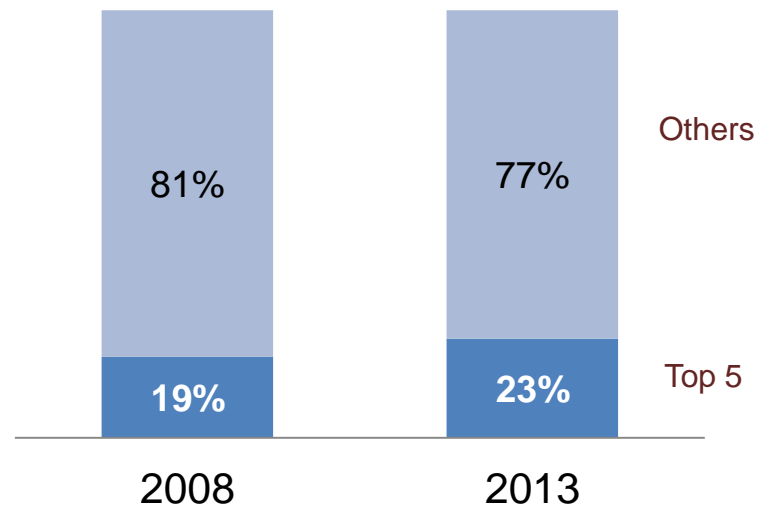


Large growing market, with fiercer competition

F&B Market¹

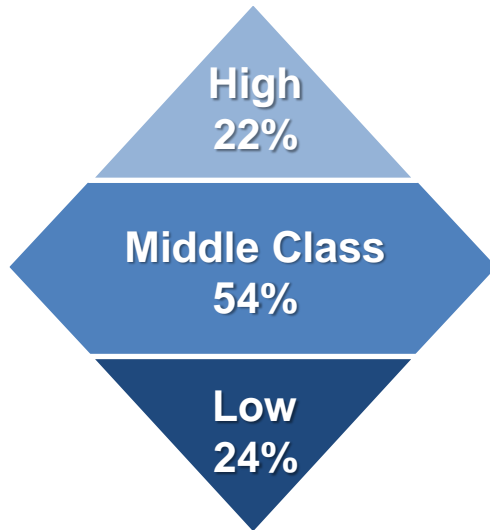
- CHF 217 bn (2013)
- 8.5% F&B Inflation³
250bps > consumer inflation

Food Industry Consolidation²

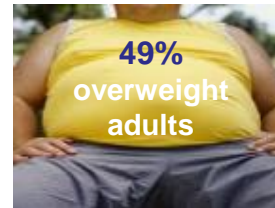


Winning in Brazil requires deep local insights

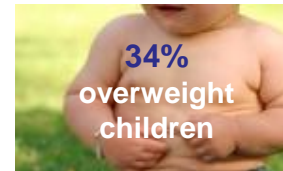
Consumers: Evolving demographics, needs and aspirations



- CHF 1,000+ per capita
- 45 m people
- 40% consumption
- Purchasing power ~ Europe



- CHF 450 per capita
- 110 m people
- 41% consumption
- Over 40 m new people



- CHF 125 per capita
- 45 m people
- 19% consumption
- Shop in small retailers



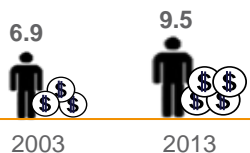
Shoppers

- Brazil is **#1** developing country for retail investment¹
- Preference for small retailers: convenience
- 46% of sales in modern trade
- Pharmacies growing in importance
- Bars losing relevance, but still responsible for 22% of sales

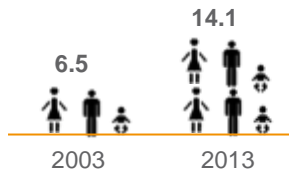
Brazil's journey to become a developed economy

BRAZIL DEVELOPMENTS

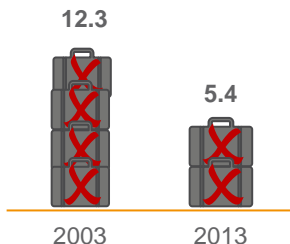
38% increase
GDP per capita¹



Doubled government
incentives to families²



Halved unemployment



World's **largest** exporter



Beef, poultry, coffee,
sugar, orange juice,
soy and tobacco



Brazilian riot



2014 FIFA World Cup
and the 2016 Olympics



Brazilian elections 2014

CHALLENGES AHEAD

Cost of doing business in Brazil is
36% higher than in developed countries and
28% higher than in emerging markets

Reduction of **0.9%** in total productivity in 2013
Negative productivity changes in the last decade



5.4x higher
bank spread



15% currency
devaluation³

65x longer to comply
with fiscal regulations⁴

7.5x longer to
unload and custom
clearance⁵



19% paved roads
1.7 m km total

75%
functional illiteracy



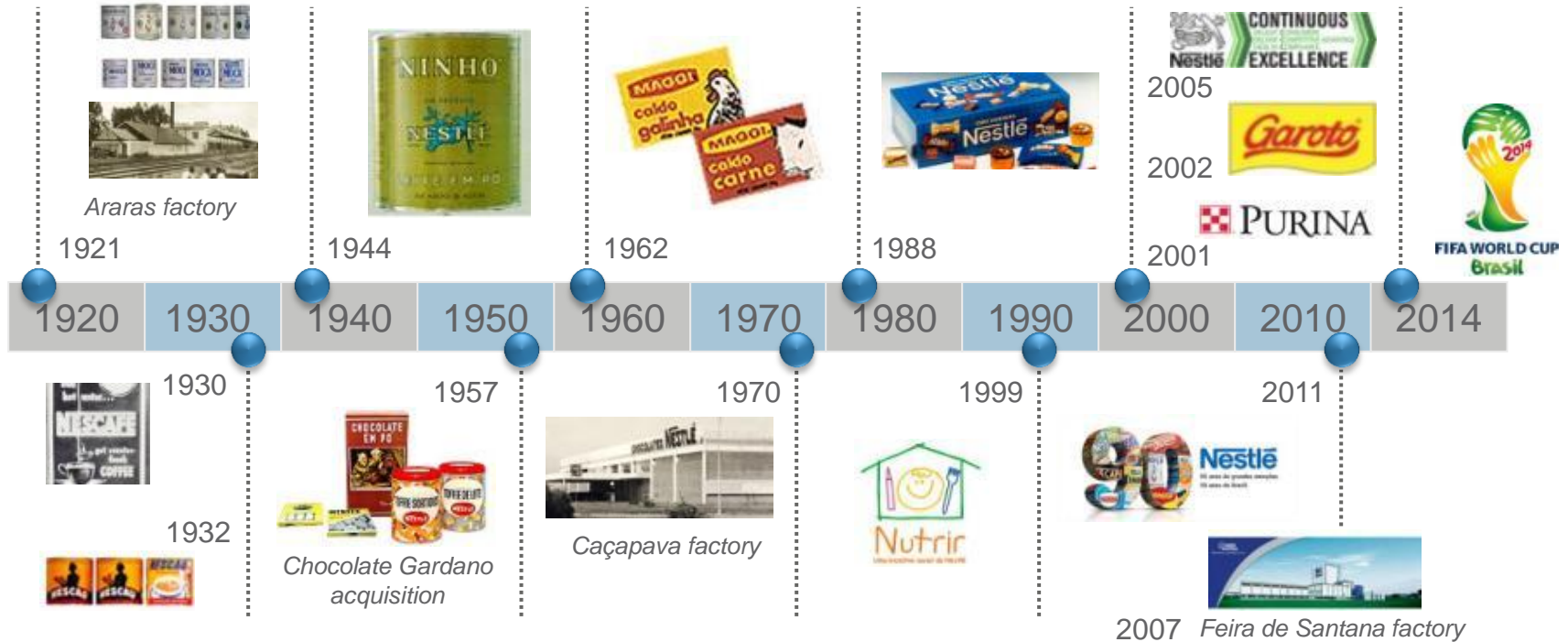
São Paulo has
18% of London
Subway (km)



Agenda





- Brazil continues to be a country of opportunities
- Nestlé 93 years in Brazil and recent performance
- Our vision and strategies to win in the new reality

Nestlé has 93 years in Brazil with presence in 99% of the households

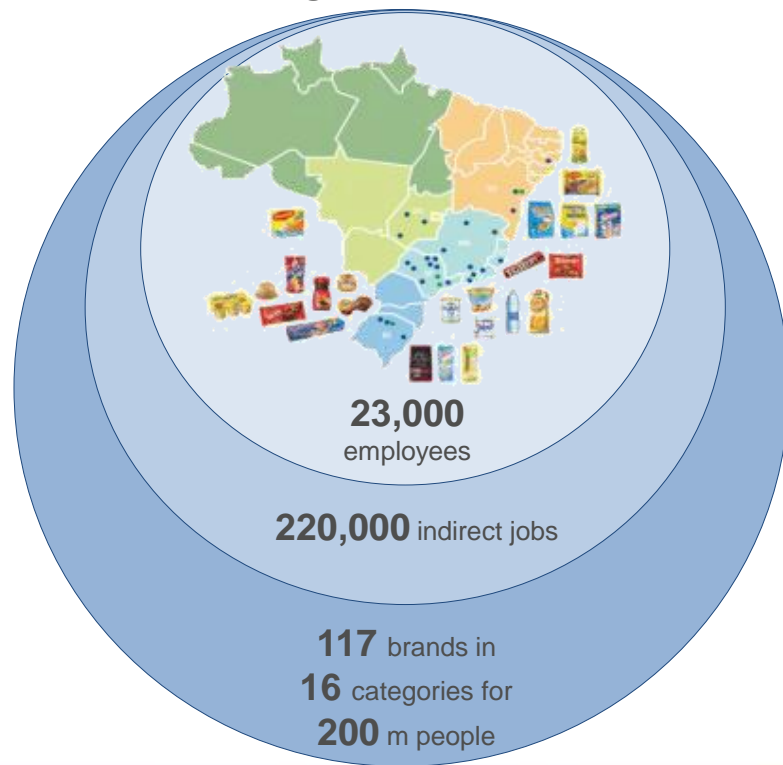


Brazil is the 4th largest Nestlé market

WITHIN NESTLÉ

		Brazil	Brazil:Group
EMPLOYEES		23 k	1:14
FACTORIES		28	1:17
SALES		CHF 5.1 bn	1:18
VOLUME		1.9 m tonnes/year	1:27

FOR BRAZIL



Strong market positioning

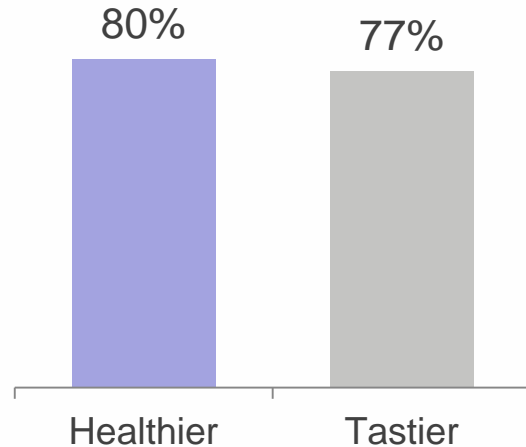


- 1st or strong 2nd in the largest majority of our portfolio

- Undisputed leadership in several NHW carrier categories – infant nutrition, cereals, dairy, breakfast cereals

Relentless in offering healthier and tastier options to consumer through innovations

SUPERIOR PORTFOLIO



14 bn of fortified servings per year

INNOVATIONS



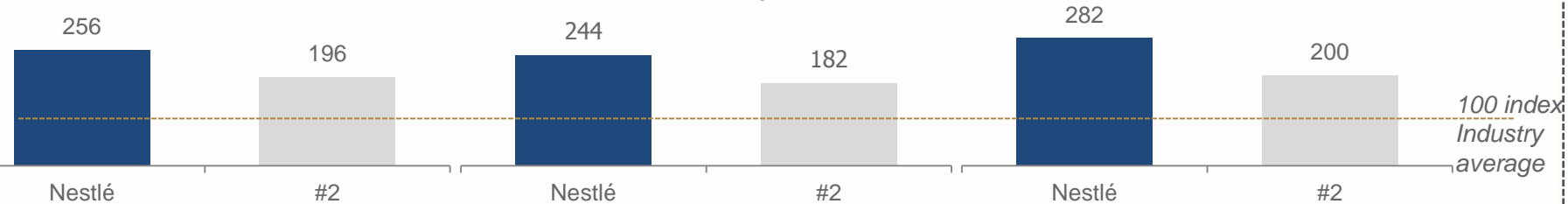
Nestlé Brazil superior reputation

NESTLÉ BRAND IMAGE: recognized by **41%** as expert and leader in Nutrition (2nd player with 17%)

Trust

Advocacy

Tastier and Healthier Choices



Source: Corporate Equity Monitor (CEM) 2013

SELECTED AWARDS



Top of Mind in
Food, Chocolate and Milk



Respect to
our consumers

DATA POPULAR
Pesquisa • Consultoria • Monitoria

"Brands of the Brazilian
middle class heart"



#1 most admired
Company in F&B



6x Most
Reliable Brand



Agenda

- Brazil continues to be a country of opportunities
- Nestlé 93 years in Brazil and recent performance
- Our vision and strategies to win in the new reality

Driving our performance



Roadmap



Priorities

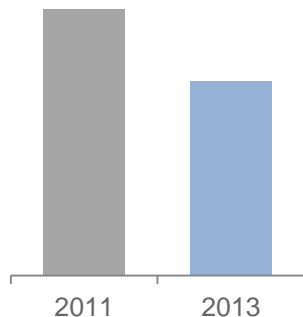


Focus areas

Making choices

SIMPLIFICATION

SKUs
25% REDUCTION



- Focus on top 20% SKUs
- Flawless execution

CLEAR PORTFOLIO STRATEGY

- In confectionery, biscuit portfolio transformation towards NHW brought NESFIT from 6th to 2nd brand
- Focused efforts for performance improvement and capital efficiency
- Cost-savings compensation plans over CHF 100 m

Grasping opportunities

COFFEE



- Brazil is the second coffee market in volume
- Already 1st market in Latam
- Largest coffee exporter



LIQUIDS

- Growth and Profitability
- 3rd largest category in Brazil
- New mindset & model



3 focus brands

CHOCOLATE

KIT KAT – Market Share



Market share in snack segment

FIFA/CBF



NUTRITION JOURNEY

- Strengthen nutrition territory
- Pharma channel growth
- Enhanced nutritional benefits under a bolder communication



Strengthening our foundation

COMMUNICATION

Strengthen our brands
with consumers (BBNW)



Preserve strong position of
Nestlé Faz Bem and
positively impact kids' lives

ROUTE-TO-MARKET



Leverage our size into scale



Best in Class Broker model to traditional trade



Focused & simplicity in commercial planning

DIGITAL

Rich & relevant proprietary content w/ **2 m** visits/month



GAROTO is
Brazil #1 fan page¹

#NegrescoDesenrola

Over **1 m** views in a
single day



1st chocolate
co-created
on fan-page

PORTFOLIO

Premium



Mainstream



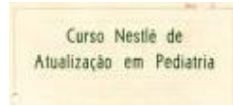
Popular



Creating Shared Value



1.7 m children impacted



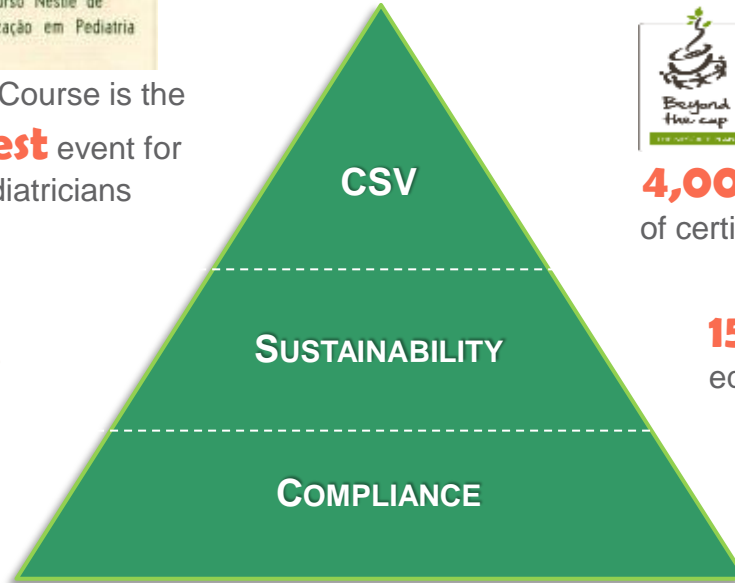
Nestlé Course is the **largest** event for pediatricians



Sustainability Awards



Food Quality certification in Araras (DPA), Goiânia and Vila Velha



NHS Young Nutritionist Program: **120** new/year

94% of employees feel proud to work at Nestlé



4,000 tonnes of certified coffee



10% increase milk producer productivity

15 years of continuous efforts – reduction is equivalent to the consumption of a city with:

- Water: 310 k population
- CO₂: 115 k population
- Energy: 125 k population

9 m quality tests

Having and developing the best people

DEVELOPMENT



Career Acceleration Programs



Company of the dreams for youngest

#1 F&B company for leadership (Hay Group)

98% aligned with succession plan

RECOGNITION



Formal Recognition Programs



N-Cards

GENDER BALANCE

34% Women in succession plan for management position

PEOPLE AT THE CENTER OF EVERYTHING WE DO

FAVORABILITY INDEX AT TOP QUARTILE

NESTLÉ CORPORATE BUSINESS PRINCIPLES



IR System
Strong Commitment
Campaign & Training

INTERNATIONAL MOBILITY



Website to Expats/ Inpats

71 Expats

64 Inpats

Over **23,000** employees

EDUCATION & TRAINING

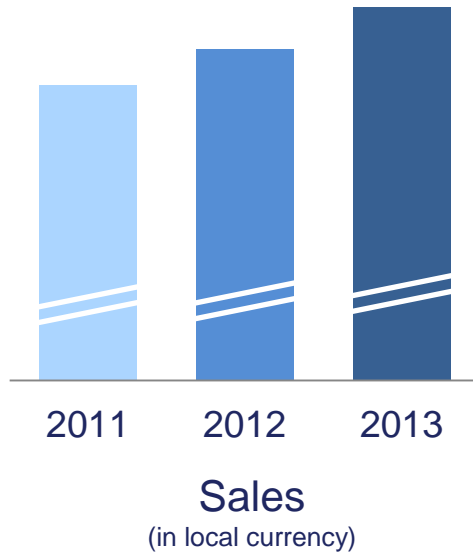
Over **440k** training hours (half week per employee)



Tailor to diversity and special needs

Nestlé in Brazil financial figures

+12%
CAGR (1)



+14%
CAGR (1)



Winning proposition: build on our heritage to accomplish even more

