



# Nestlé

## Investor Seminar 2014

### Ice Cream Nestlé USA




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Nestlé Dreyer's Ice Cream President

*June 3<sup>rd</sup> & 4<sup>th</sup>, 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.

# Ice Cream is a multi-faceted category...

		Segment Size	Segment \$ CAGR <sub>2011-2013</sub>	Segment Dynamics
Super Premium		\$1.6 <sub>bn</sub>	+7.9%	On-trend, consolidated, margin advantaged
Frozen Snacks		\$3.7 <sub>bn</sub>	+0.0%	On-trend, driven by BFY offerings
Premium		\$3.9 <sub>bn</sub>	+0.4%	Highly fragmented, margin challenged
		\$9.2 <sub>bn</sub>	+1.4%	

# ... with evolving consumer & competitive dynamics



**Innovation & Renovation** are the “rules of the game” in a highly indulgent, variety seeking category



Soaring demand for **better-for-you Ice Cream offerings**



Accelerated move towards **clean labels & pure ingredients**



Increased desire for products free from **artificial color and flavors**

Nutrition, Health & Wellness



Rise of the **super premium segment**



Emerging trend for **artisanal** and **gourmet** flavors



Heightened competition from **private label** and **regional players**



Active **new channel** expansion and development

Super Premium

# Nestlé Ice Cream represents \$1.8 billion in sales...

Super Premium



Frozen Snacks



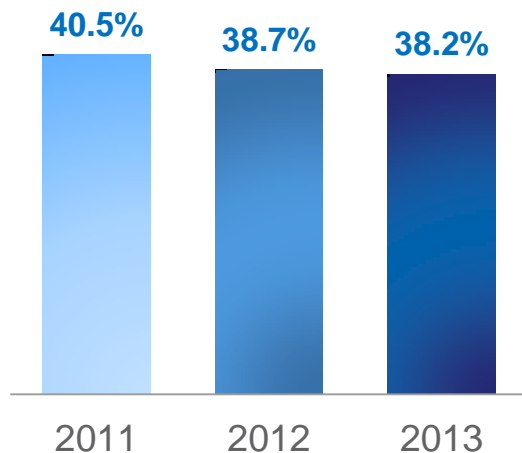
Premium



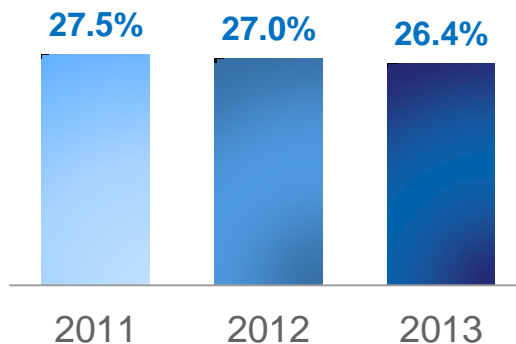
2013 Sales of **\$1.8bn**, with **+0.6%** CAGR<sub>2011-2013</sub>

# ... and has leading market share in all key segments

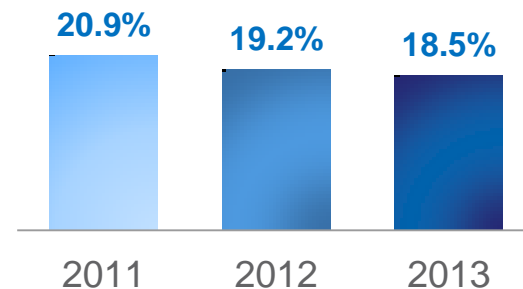
## Super Premium



## Frozen Snacks



## Premium





# We are leveraging competitive strengths to win

## Leading iconic brands



## Leading edge innovation capabilities



**30k sq ft** Bakersfield Product Technology Centre

**Strategically** located factories  
**Global** product reach

## A powerful Route to Market



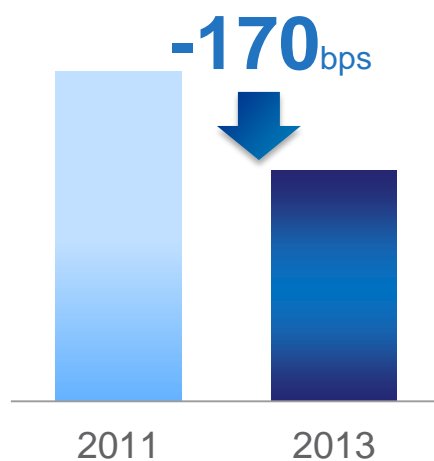
**106k**  
customers  
**2k**  
routes  
**4M**  
deliveries  
each year

- Direct in-store execution
- Faster speed to market and superior in-store merchandizing
- Optimization of in-stock for promotional events
- Greater shelf space
- Fully integrated path to purchase

# Delivered substantial cost efficiencies and simplification

## Optimizing Route to Market

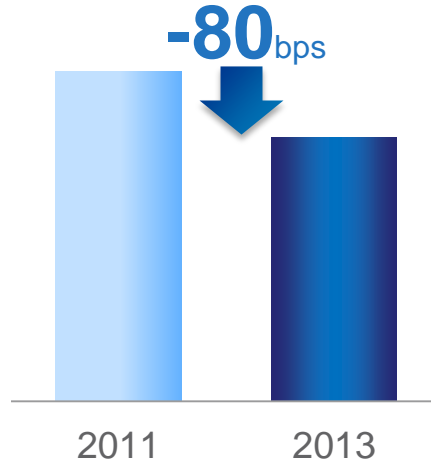
(as % of NPS, includes Ice Cream & Pizza)



- From 7 to 4 distribution regions
- Route consolidation & optimization
- Cross-selling Pizza & Ice Cream

## Streamlining Overheads

(MOGE as % of NNS)



- ONE Face to the customer, merging corporate sales force
- Streamline marketing and sales organization

## Simplifying our Business



**-48%**  
SKU count  
vs. 2012

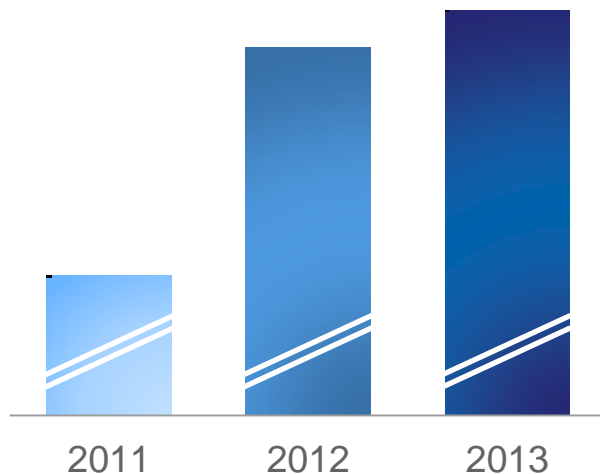
**-30 bps**  
Bad goods  
vs. 2012





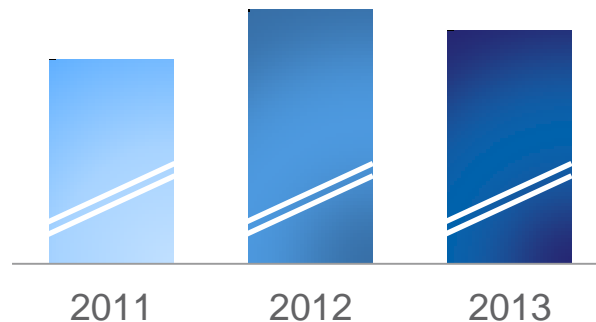
# Resulting in enhanced margin and ROIC

**+68%** CAGR<sup>(1)</sup>



Trading Operating Profit  
(in USD)

**+290** bps<sup>(1)</sup>



Return on Invested Capital<sup>(2)</sup>

# A robust strategic plan is in place to win in the USA



## Make choices

- Disciplined portfolio management
- Invest in strategic growth drivers
- Fix or divest underperformers



## Grasp opportunities

- Nutrition, Health & Wellness
- B<sup>3</sup> Innovation
- New channels & integrated P2P



## Value what consumers value

- Remove waste to reinvest
- Operate as ONE Nestlé in NA
- Master complexity



## Engage with the community and stakeholders

- Embody Nestlé in Society
- Create Shared Value
- Strengthen Nestlé brand equity



## Embrace digital

- Best-in-class Digital capabilities
- Step up on Digital Media
- Leverage e-commerce



## Have the best people

- Reflect our consumer diversity
- Best-in-class new capabilities
- Accelerate career development

# Continue to drive effective portfolio management



## Driving growth *and* optimizing margins

- Marketing investments focused on growing on-trend, margin accretive brands
- Platform-based innovation to optimize risk vs. return
- End-to-end cost optimization (main focus on the premium segment)
- Invested capital optimization

# Häagen-Dazs: Well positioned for growth



# B<sup>3</sup> innovation platforms

Häagen-Dazs



**\$30M**  
in 2013



**+12%**  
Q1 2014 vs.  
Q1 2013



**Launching**  
during 2014



**22%**  
growth in Q1  
Retail Sales\*

**3**  
snack items  
launching  
Q3 2014



# #1 Ice Cream brand advertiser doubling-down

Häagen-Dazs

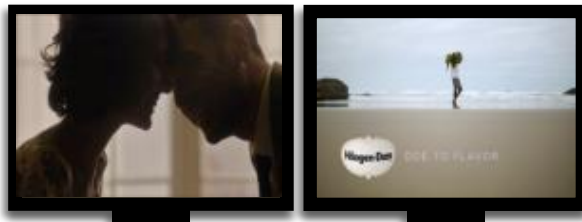
## Digital: Search & Mobile



**20%** of total marketing budget is Digital

## TV & Streaming: Gelato & Ice Cream Bars

**+55%**  
in 2014

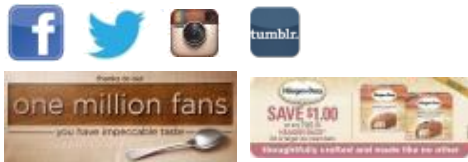


## Print: Gelato, Ice Cream & Bars



Maintaining a significant presence in all relevant titles

## Social Media & In-Store



**>300M**  
Social media impressions in 2014

## PR Campaign & Free Cone Day

**+10%**  
Leverage franchise stores to maximize PR



# Outshine: Capturing the “overt health” opportunity





# Innovating with superior NHW

Outshine

## Delivering Superior Nutrition

**Ingredients:** Strawberries, strawberry juice from concentrate (water, strawberry juice concentrate), water, sugar, natural flavor, citric acid, beet juice color, guar gum, ascorbic acid (vitamin c), carob bean gum, turmeric oleoresin color.

**DISTRIBUTED BY:**  
NESTLÉ DREYER'S ICE CREAM COMPANY  
5929 COLLEGE AVE., OAKLAND, CA 94618  
KEEP FROZEN UNTIL SERVED

**Fruit first  
& lower  
sugar**

**No artificial  
color or  
flavor**



**A E  
& K**

**Excellent  
source of  
vitamins**

## Introducing Winning Products

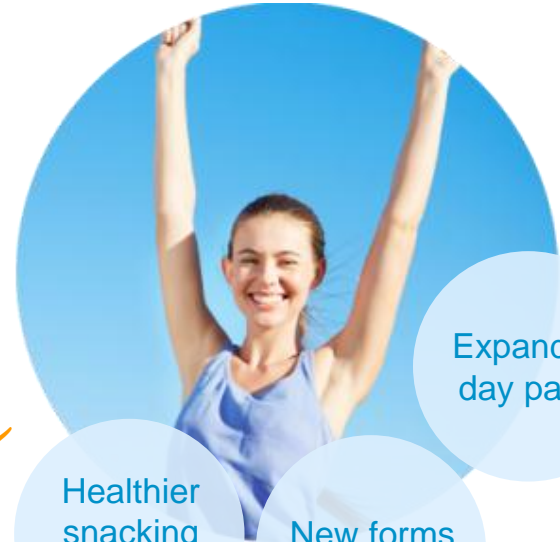
**Outshine**

**+22%** *Penetration*  
since brand  
conversion



*Vegetables*  
make up  
**25%**  
of every bar

## Pursuing Future Expansion Opportunities



Expanded  
day parts

Healthier  
snacking  
options

New forms  
& categories

# Communication step-change

Outshine

## National TV



*first*  
time ever on TV

## Digital & Social

**25%**

of working media  
to develop  
Healthy Snacking  
Community



**>250M**

Social media  
impressions in  
2014

## National Print



**35%**  
of spend on  
sampling,  
trial and  
community  
efforts

## Consumer Sampling



Bonus pack of Fruit &  
Vegetable bars



A Million Ways To  
Outshine (Apr-Aug)

# Wonka Peel-a-Pop: A revolution in the kids segment



**WONKA™**

Developing  
brands across  
categories

An exciting  
consumer  
experience



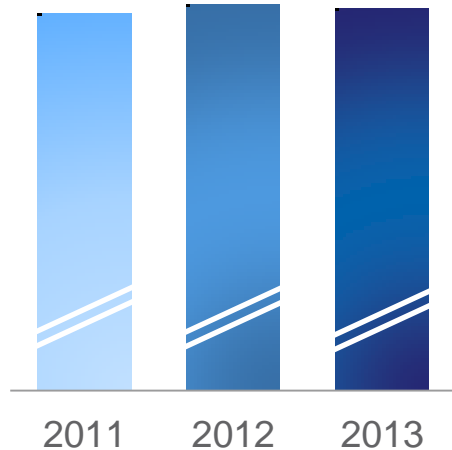
**70** calories **1.5** grams  
of fat  
**100% Nutritional Foundation**

Leveraging  
global  
platform  
innovation



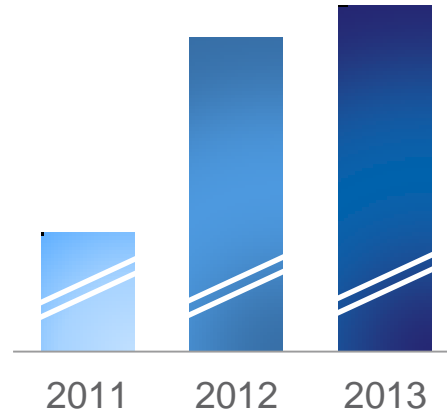
# A winning strategy, enhancing margin and ROIC

**+0.6% CAGR<sup>(1)</sup>**



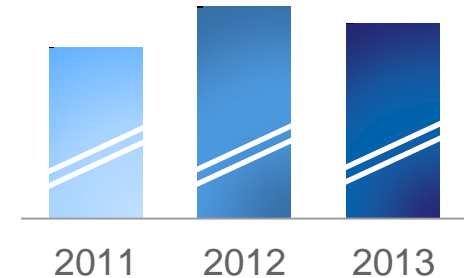
Sales  
(in USD)

**+68% CAGR<sup>(1)</sup>**



Trading Operating Profit  
(in USD)

**+290 bps<sup>(1)</sup>**



Return on Invested Capital<sup>(2)</sup>



## In summary...

- ✓ **Leading brands**, uniquely positioned to capture the growth of super premium IC and BFY snacks
- ✓ A **powerful route to market**, with enhanced cost-efficiency
- ✓ **World-class capabilities** to drive innovation and create competitive gaps
- ✓ Disciplined **portfolio management**: on a journey to enhanced **margins** and **ROIC**
- ✓ A **team fit to win**

Driving growth *and* Optimizing margins