



Nestlé

Investor Seminar 2014

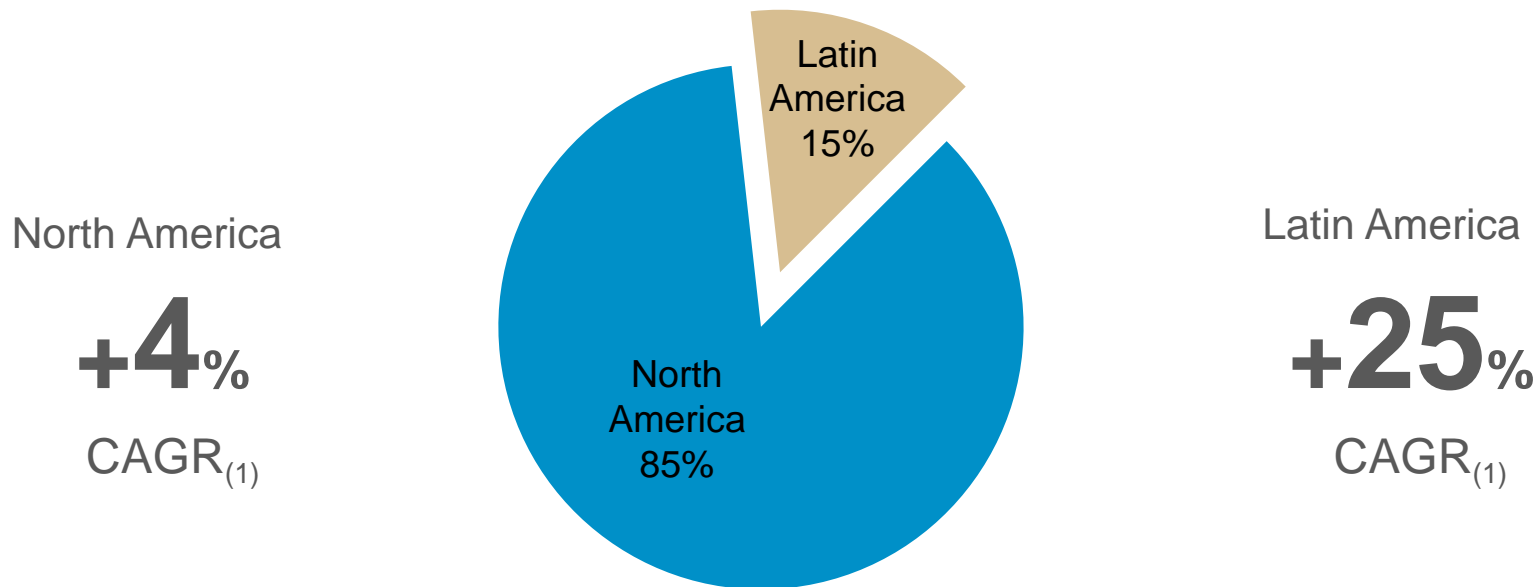
PetCare in the Americas

W. Patrick McGinnis
President & CEO

Nestlé Purina PetCare Company – Americas

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

Nestlé Purina PetCare in the Americas



2013 Sales of **\$8.2** bn, with **+6.7%** CAGR₍₁₎

NPP NA important contributor to Nestlé

- NPP NA represents ~25% of total Nestlé North America sales
- NPP NA is the category leader in PetCare with a 32.4% share
- Purina and Pet nutrition are highly aligned with Nestlé NHW principles
- Strong category growth with a portfolio of leading brands and attractive margins
- R&D-led innovation drives growth



PetCare is a highly attractive category

For pets and the people who love them

- An intense emotional bond
- Pets as members of the family
- 61% of US households own dogs and/or cats

For retailers

- High-value shoppers
- Drive in-store traffic and basket size



Pet ownership

Pets play a special role in owners' lives

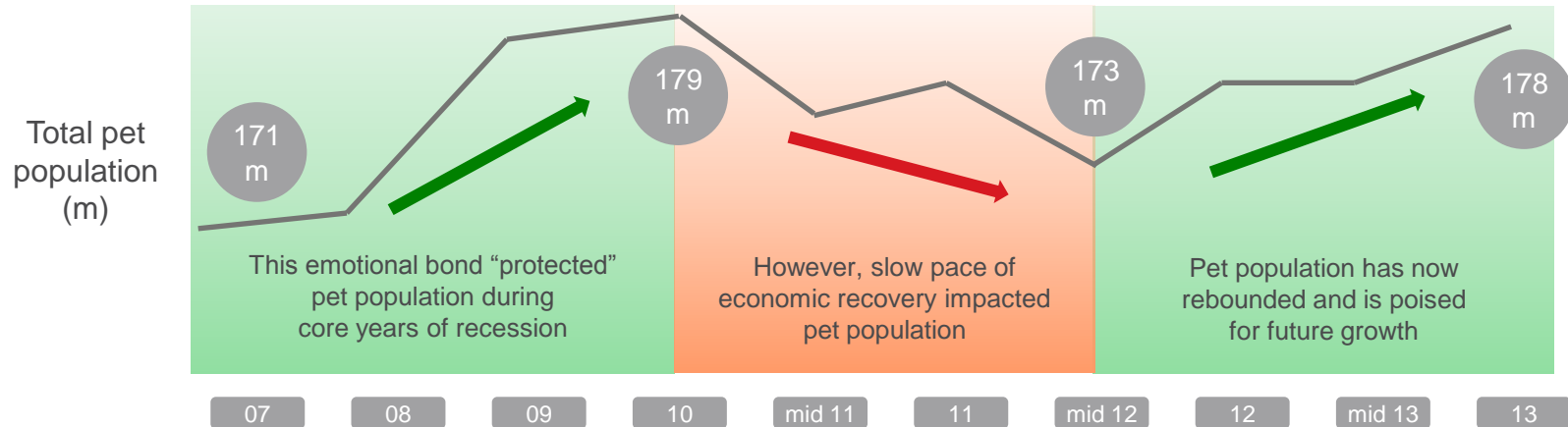
at least **75%** agree:

"A pet is a very important family member"

"Pets are good companions"

"There is a special bond between people and pets"

"Pets help people through difficult times"



Source: *Nielson home scan panel*

Human food trends reflected in PetCare



increasing
desire for **real**
food

*pure
fresh
natural
simple*



using food as
a way to
attain and
maintain
good health



looking for food
to do more
than sustain
the body– to
provide
adventure and
discovery



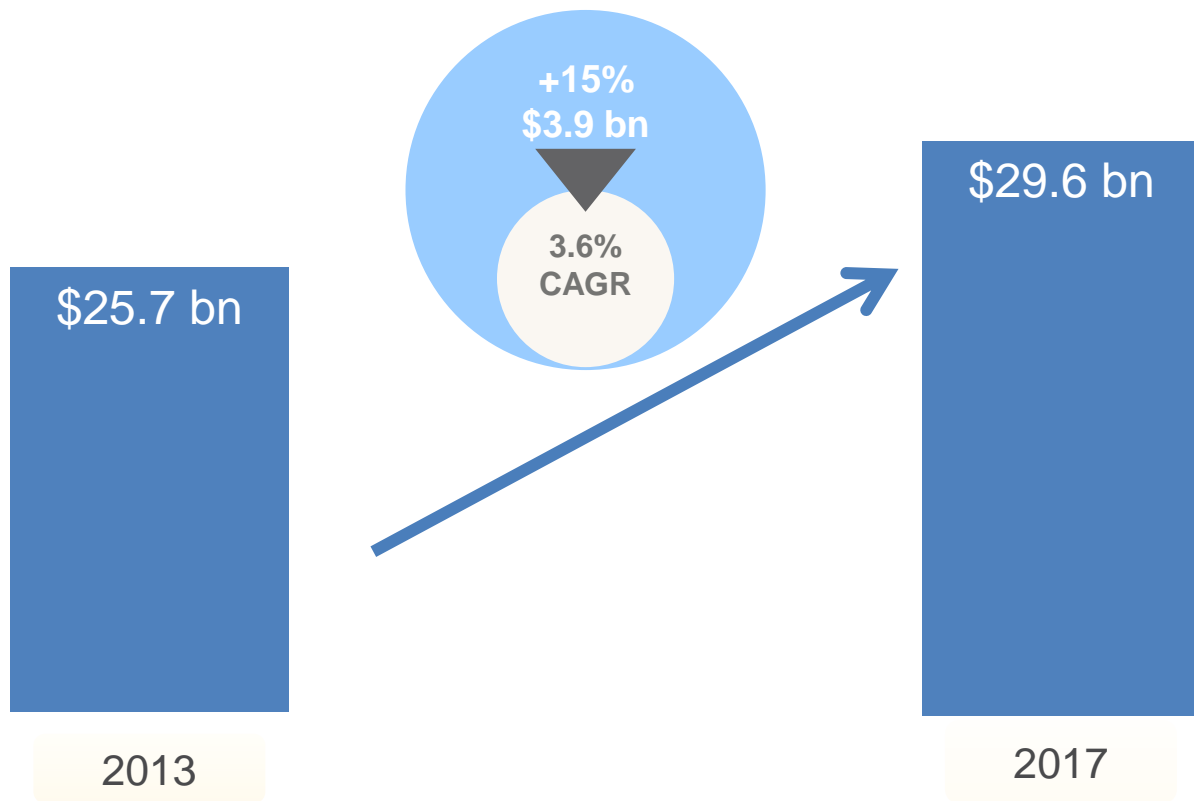
increasingly
using food
choices as
an outward
statement
of values
held



taking a much
more **casual, less**
planned approach
to food and eating

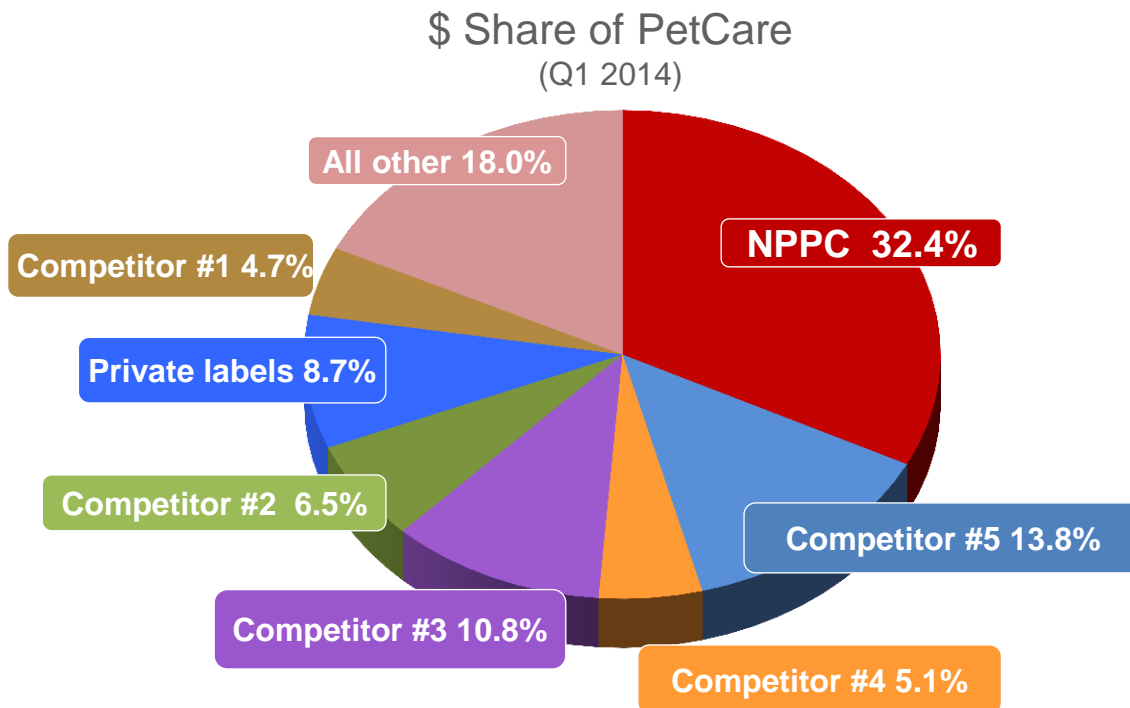
*being able to eat
anywhere, anytime
is the expectation*

US category outlook



Source: NPPC Nielson forecast model Jan 2014

US manufacturer share



\$ Share Change

	Q1 '14 vs YA
A/O	1.3
Competitor #1	0.9
NPPC	0.1
Competitor #2	0.0
Competitor #3	(0.3)
Competitor #4	(1.0)
Competitor #5	(0.3)
Private labels	(0.8)

Source: Nielsen TUS AOC (CY13 = period ending 1/4/14; Q1 '14 = period ending 3/29/14)
GfK TUS Pet Specialty (CY13 = period ending 12/31/13; Q1 '14 = period ending 3/31/14)

NPPC category leadership

Market Share



Purina's Equity is Strong

Advantage over all tracked corporate competitors:

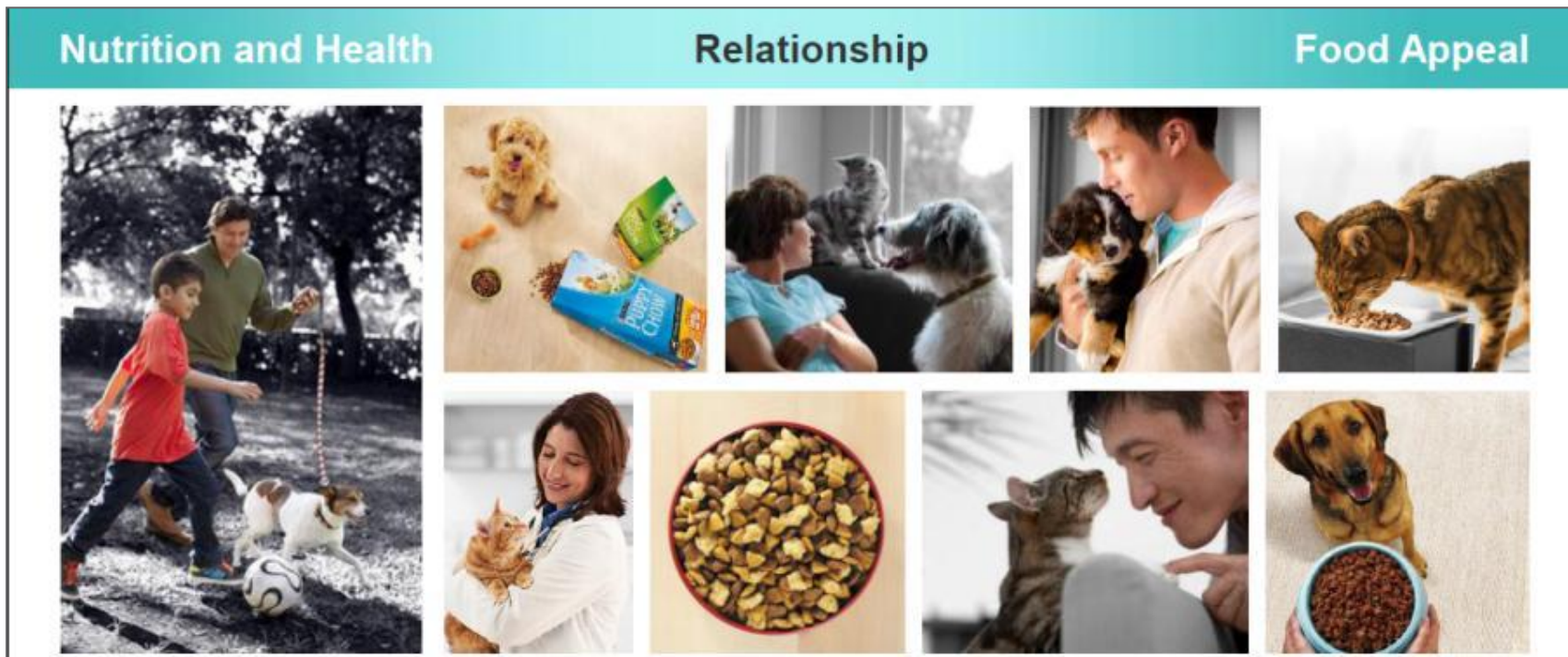
- “understands the relationship between me and my pet”
- “I trust completely”
- “I would definitely recommend to others”
- “passionate about pets”
- “Shares my values related to well-being of pets”



Highly developed portfolio of brands

Deep expertise/insights enable broad portfolio of brands uniquely developed to address range of consumer needs and wants

Starts with a deep understanding of pet owners



Strong portfolio of brands

US Retail
\$ Sales

> \$900 m



&

> \$500 m



&



< \$500 m



Source: Nielsen AOC + Pet Specialty (no Costco); 52 Weeks ending 3/1/14

Pro Plan — Nutrition that performs



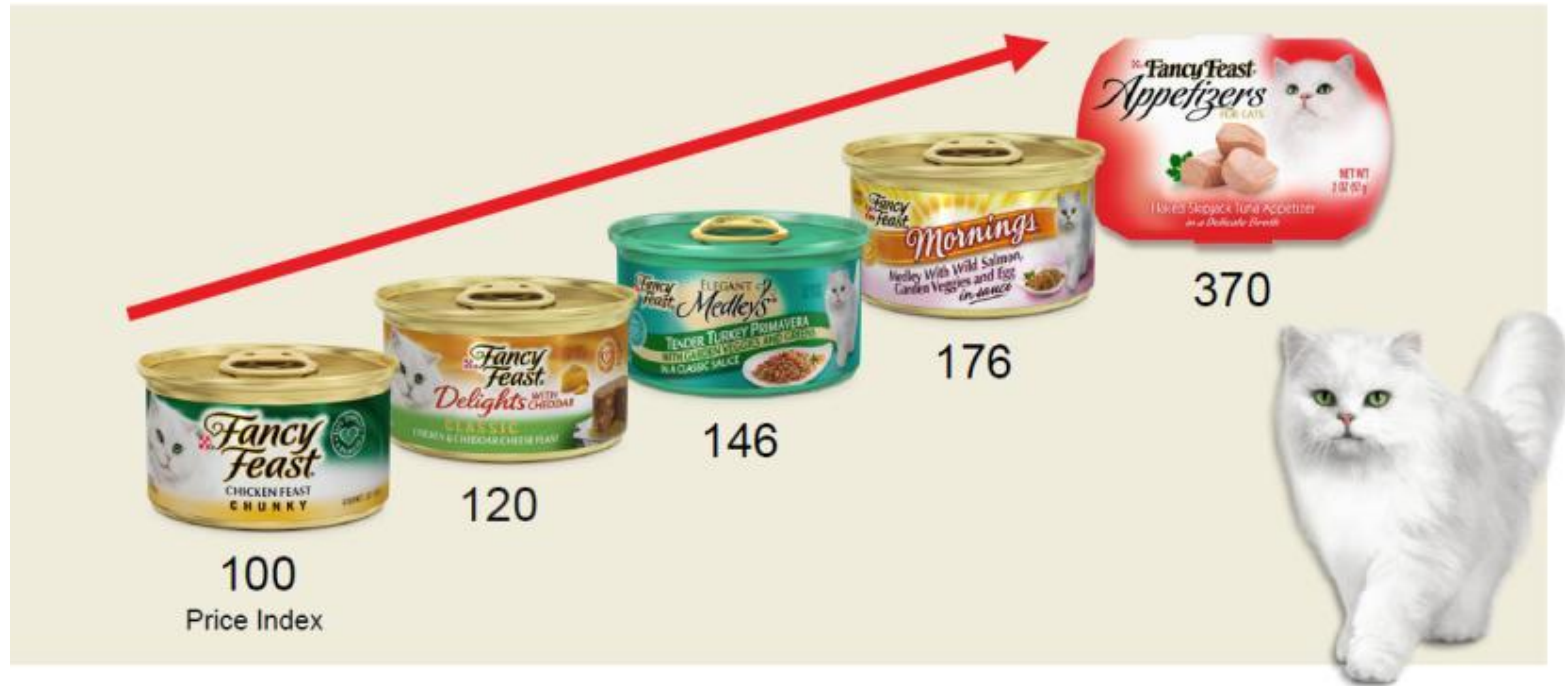
- Pet Specialty exclusive brand
- R&D-led innovation drives growth
- Designed to help your dog be his absolute best

Chosen by Champions

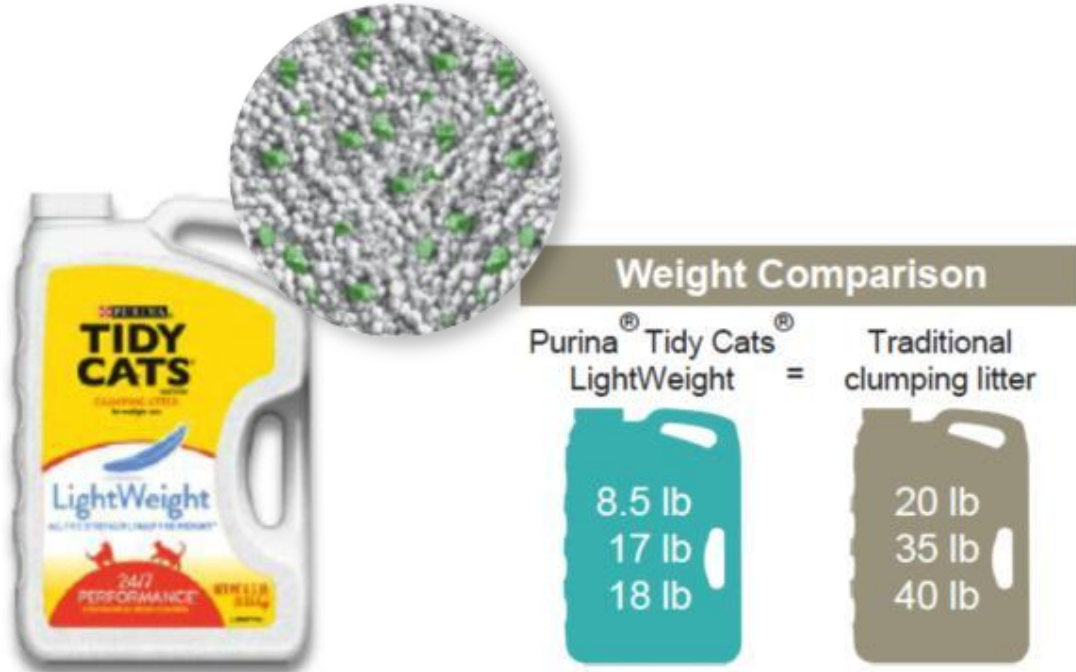


- “Sky” is the eighth consecutive Pro Plan fed Best in Show winner at the Westminster Kennel Club Dog Show
- 80 of the 100 top US sporting dogs are fed Pro Plan

Capturing premiumization



Litter — Premiumization through innovation



Snacks innovation — New forms & platforms

Simple Real Ingredients



Meaty - Beggin' Poppers



Dental



Cat Snacks



NPP digital expertise — Engagement

Petfinder

- #1 Pet Digital Property
- Facilitates 50% of all US pet adoptions
- 80% of site visitors own a dog & 50% of site visitors own a cat
- 53% of visitors shop Pet Specialty Channel



Live interaction with Pet Consumers



NPP digital expertise — e-Commerce



Assist our Customers by being a best-in-class partner in on-line sales



Just Right - Personalized dog food, delivered to your door

New natural offerings

Pet Specialty



GRAIN FREE

Widely Distributed

LIMITED
INGREDIENT

GRAIN-
FREE

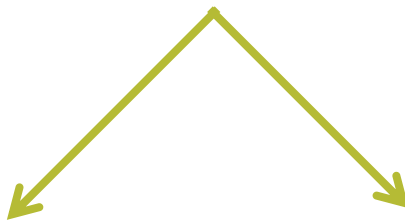
SUPER-
FOODS



Reasserting Purina as voice of the category



**Assert Nutritional
Authority**



**Showcase
Leadership in
Nutrition Innovation**

 **PetsatWork**

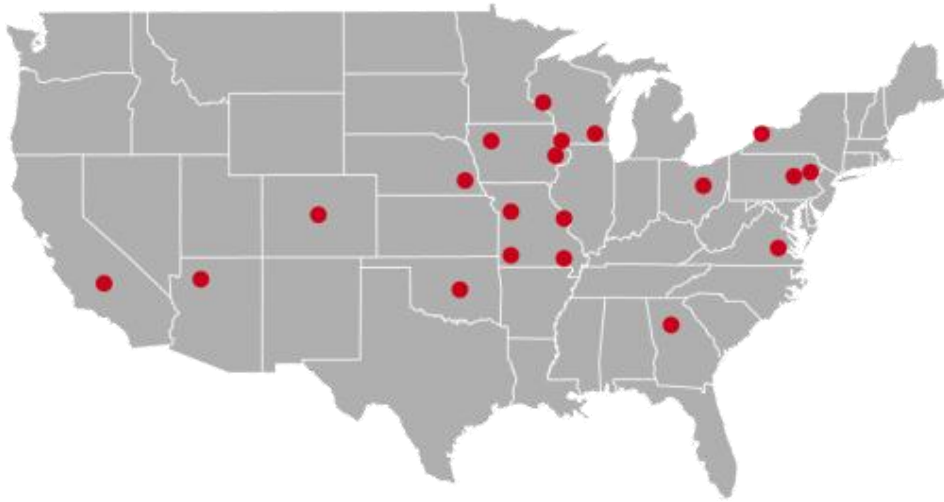
 **TheFeed**

WinSearch

 **BetterwithPets**

 **BetterwithPetsSummit**

Product supply / Supply chain excellence



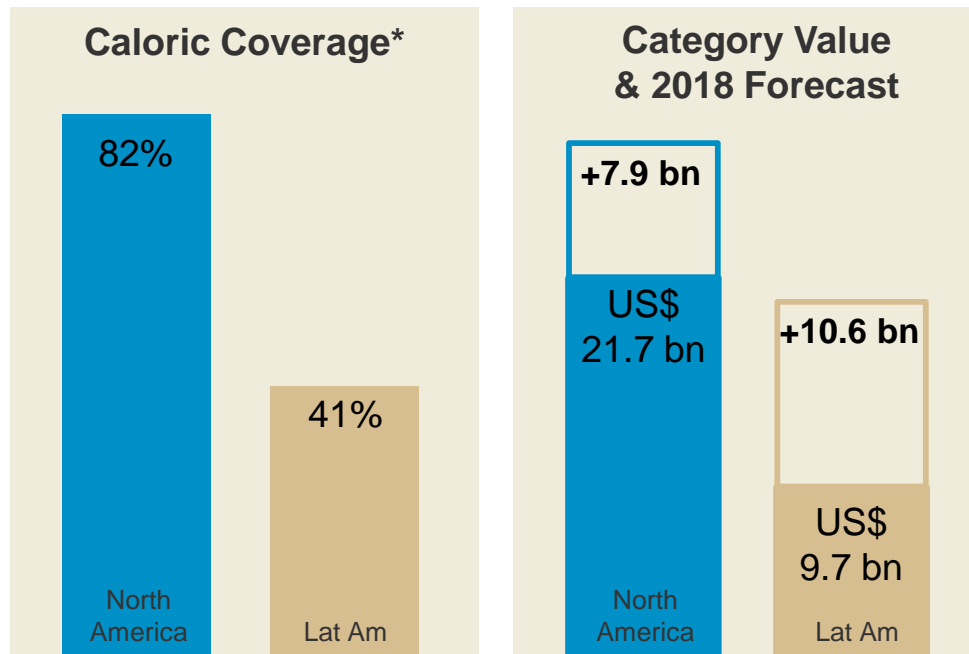
“Make it where we sell it”

- Produce 3.2 m tons of pet food per year
- Each Wal-Mart DC receives over 100 tons per day



- Since 2004 reduced water use at US pet food plants by over 23%
- Purina produces more than 3 billion aluminum and steel pet food cans annually which are widely recyclable in the United States.

All of Americas offer significant 'growth runway'

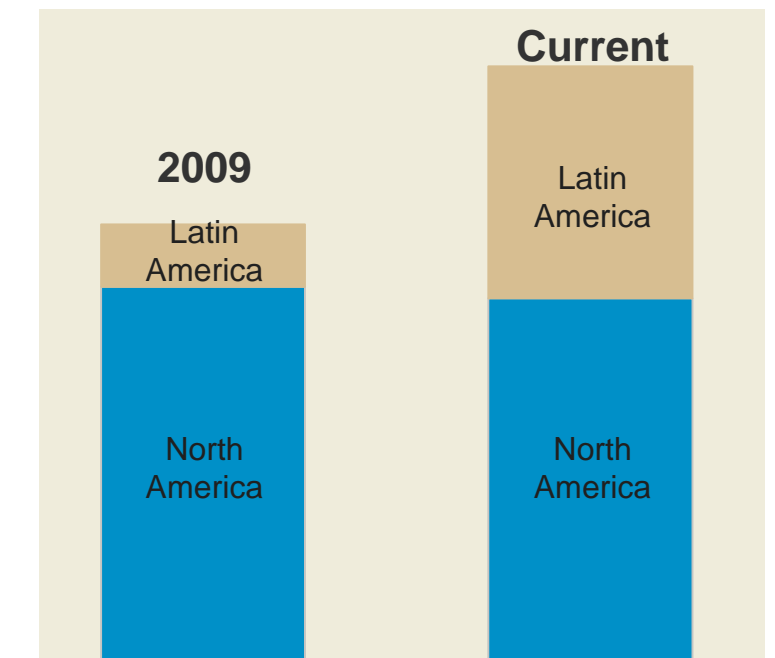


- Consumption shifting from home prepared to 100% complete & balanced
- Latin America category value is forecasted to double by 2018

* Refers to the percentage of overall pet nutrition that is derived from commercially prepared pet food.

Source: Euromonitor 2012 reported and 2018 projections.

Accelerating investment to pursue opportunities in Latin America



Strong portfolio of brands in Latin America

Super Premium

Organic Growth

37.3%



Premium

Organic Growth

36.6%



Brand building and driving growth across sales channels



Open Market (Mexico)

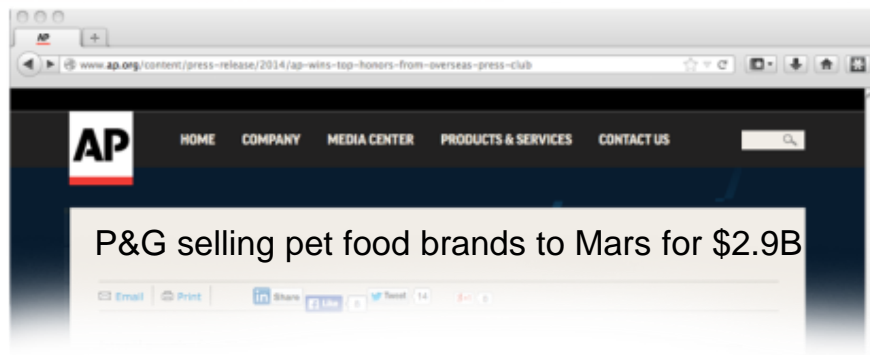


Grocery / Mass (Brazil)

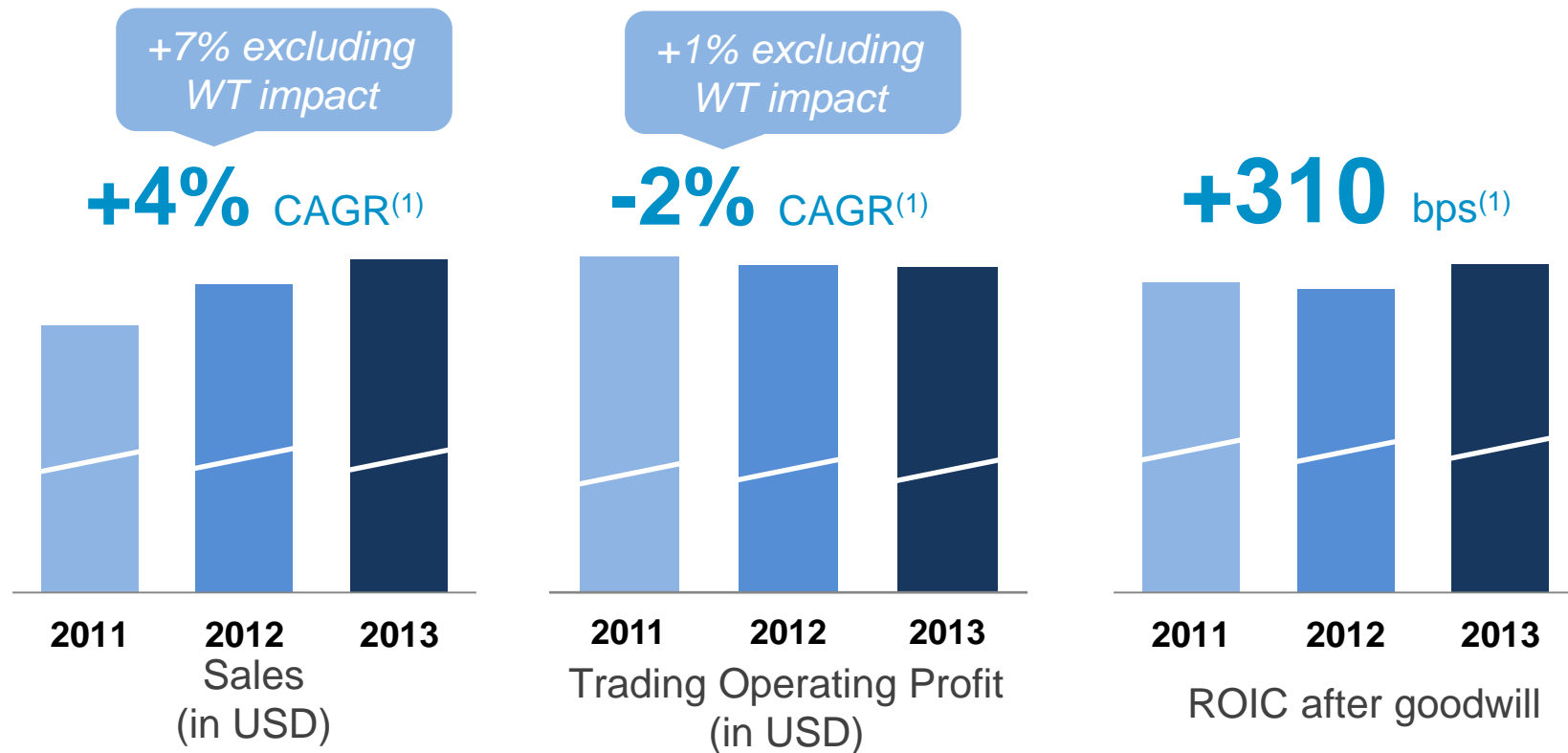


Specialist (Brazil)

PetCare space is dynamic



Strategy delivering resilient financial results in NA



WT: Waggin' Train

Nestlé Purina will continue to win in PetCare

- ✓ Portfolio of leading brands, built on deep consumer insights
- ✓ Unsurpassed knowledge of pet nutrition
- ✓ Global and Local World Class R&D to drive innovation
- ✓ Continue embedding Creating Shared Value to all stakeholders in all we do
- ✓ Commitment to profitable growth

