

Zone AOA: delivering growth in an extraordinary environment

Wan Ling Martello: CEO Zone Asia, Oceania and sub-Saharan Africa



Zone AOA: just extraordinary



Agenda

Extraordinary environment with significant opportunities

Self-funded recovery with sustainable momentum

Growth engine further enabled by digital

Zone AOA: just extraordinary



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Extraordinary environment with
significant opportunities

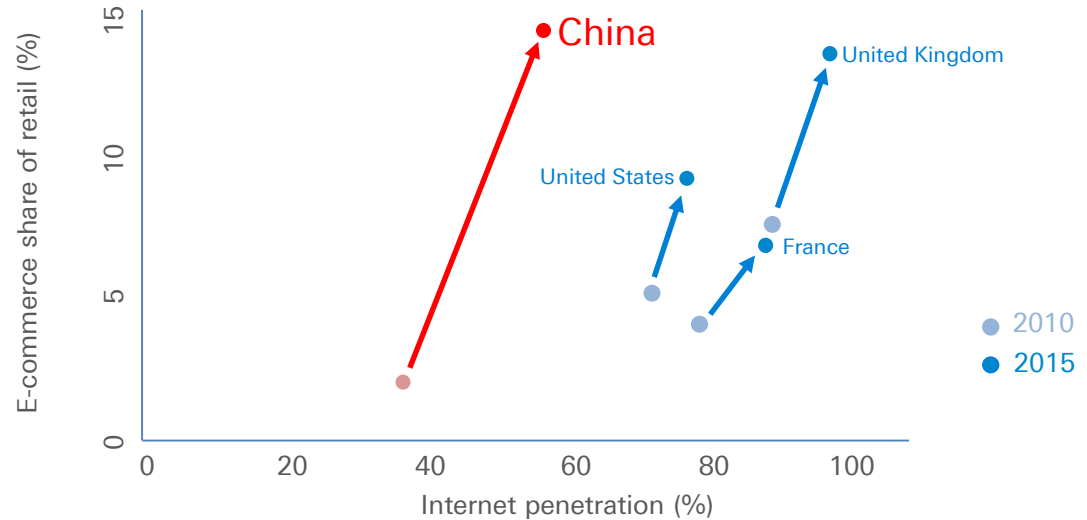
An extraordinary consumer base: diverse and complex



Consumers are embracing digital in all markets



Growth of e-commerce (2010-2015)



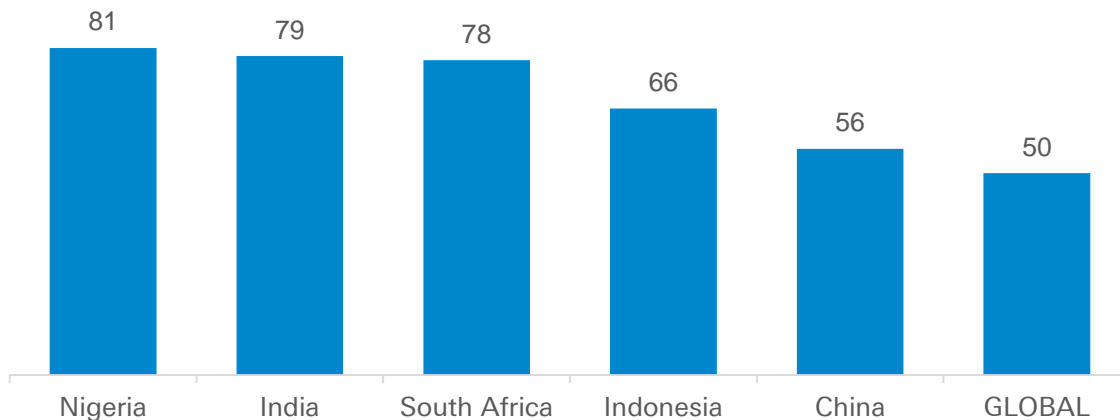
E-commerce has exploded in China, pulling ahead of the West

Sources: Economist Intelligence Unit, Internet World Stats, International Telecommunication Union, World Bank, Euromonitor, BCG Analysis

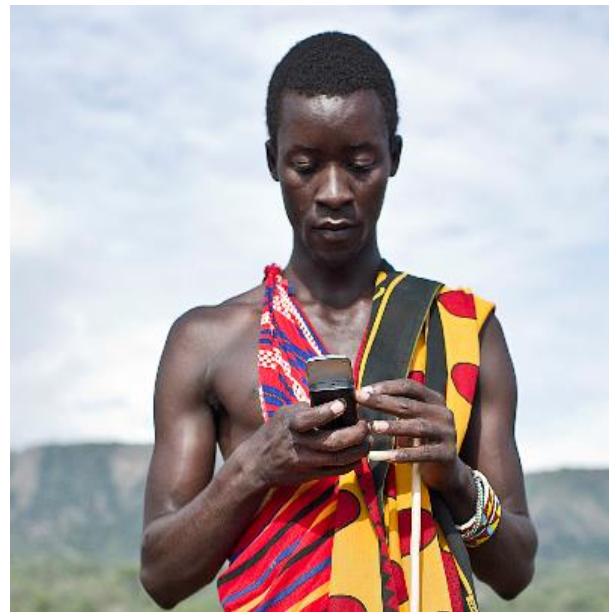
Mobile-first, and in some places mobile-only



% of total web pages served to mobile phones (Jan 2017)



Mobile's share of web traffic continues to grow across AOA

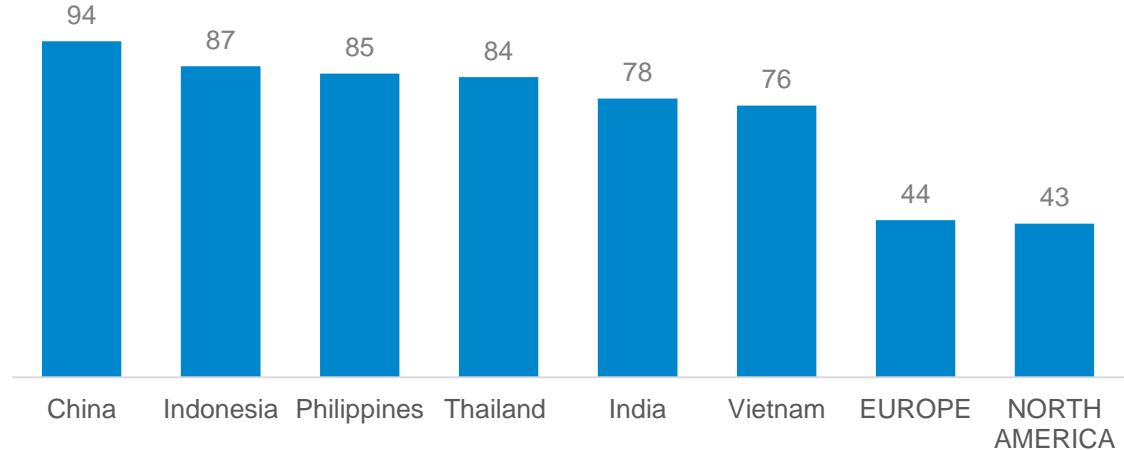


Source: We are Social & Hootsuite 'Digital in 2017 Global Overview'

Disruptive business models changing market dynamics



% likely to use products or services from others in a share community



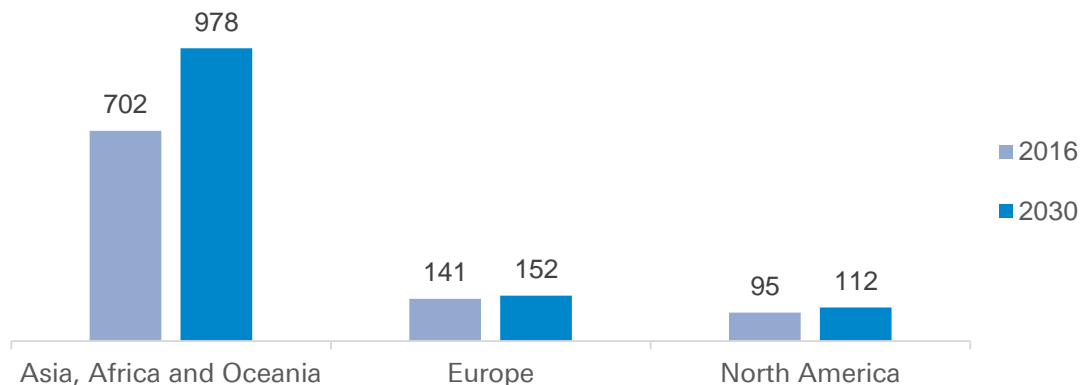
AOA is much more comfortable with the sharing economy

Source: Nielson 'Global Share Community Report 2014'

Newly settled in cities, wanting convenience and quality

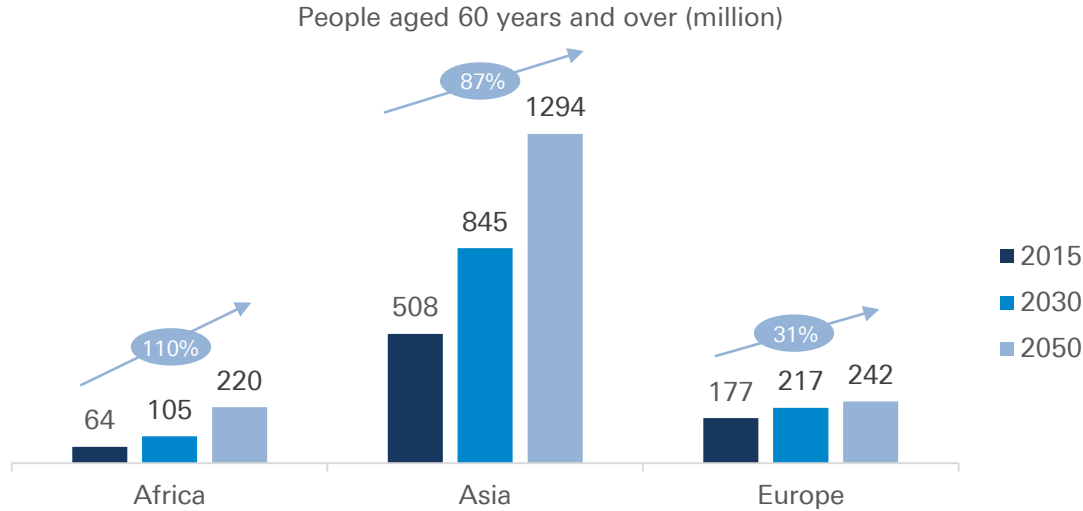


Cities with more than half a million people



There will be 276 new cities of more than half a million people in AOA by 2030, as urban areas expand

Keen to stay active and healthy as they get older



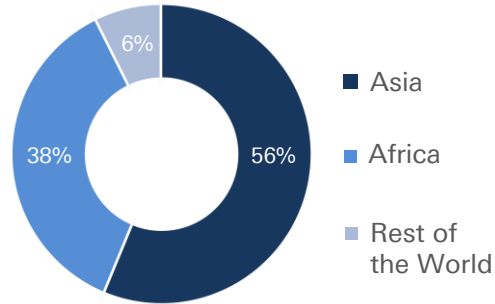
The number of older people is growing more quickly in emerging markets than in developed markets



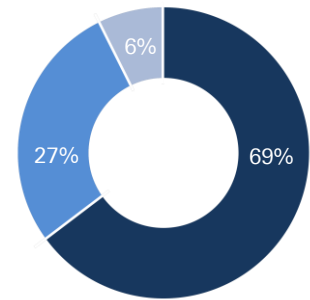
Reliant on affordable nutrition to raise the next generation



% of the world's children who are too short for their age (stunted)



% of the world's children who are too thin for their height (wasted)



Africa and Asia bear the greatest share of malnutrition in all its forms

Source: UNICEF / WHO / World Bank Group Joint Child Malnutrition Estimates 2017 edition

This offers an extraordinary amount of opportunities



We are well-positioned to seize these opportunities

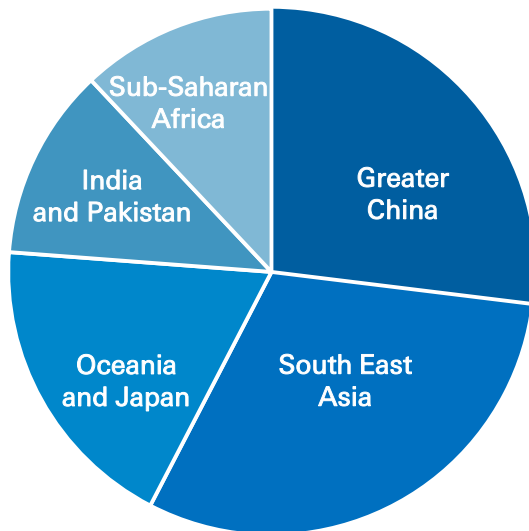


1. Portfolio balanced by category and geography
2. A unique mix of global and local brands
3. Portfolio reaches all consumer segments
4. Highest trust scores in most geographies
5. Experienced and resilient teams succeed amidst volatility

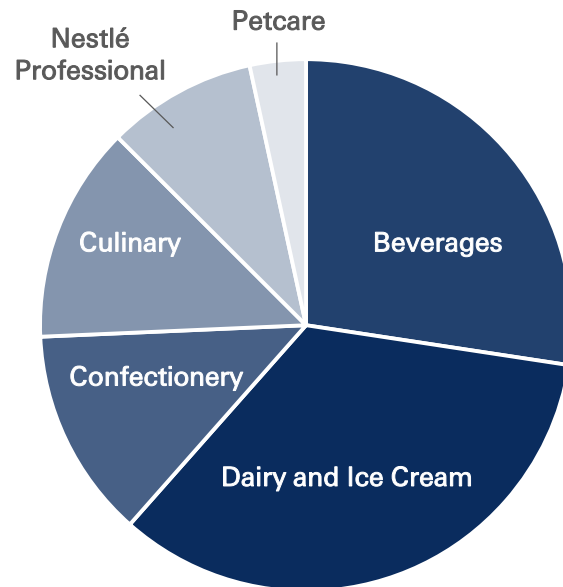
1. Portfolio balanced by geography and category



Zone F&B sales
by geography (2016)



Zone F&B sales
by category (2016)



Sales 2016

Nestlé in AOA
CHF **22.5** billion

of which
zone-managed*
CHF **15.9** billion

(*) 2016 Including Nestlé Professional AOA Asia

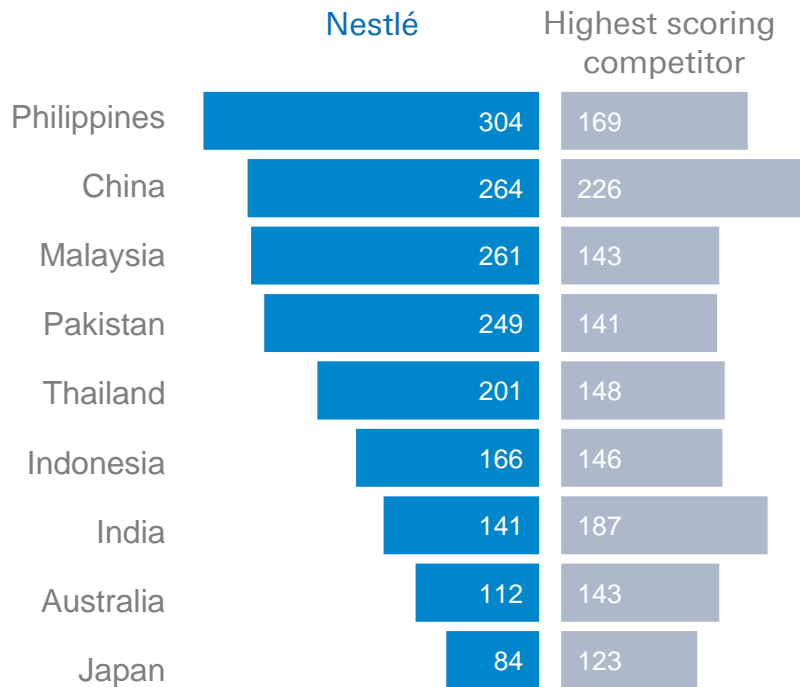
2. Unique mix of global and local brands



3. Portfolio reaches all consumer segments



4. Highest trust scores in most geographies



Source: Nestlé Corporate Equity Monitor 2016

5. Experienced & resilient teams succeed amidst volatility



India:
GST reform



Japan:
Deflation



Nigeria:
Devaluation



Philippines:
Floods

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Self-funded recovery with sustainable momentum



Delivering on commitments at Investor Seminar 2016

Deliver sequential improvement

Turn around Yinlu

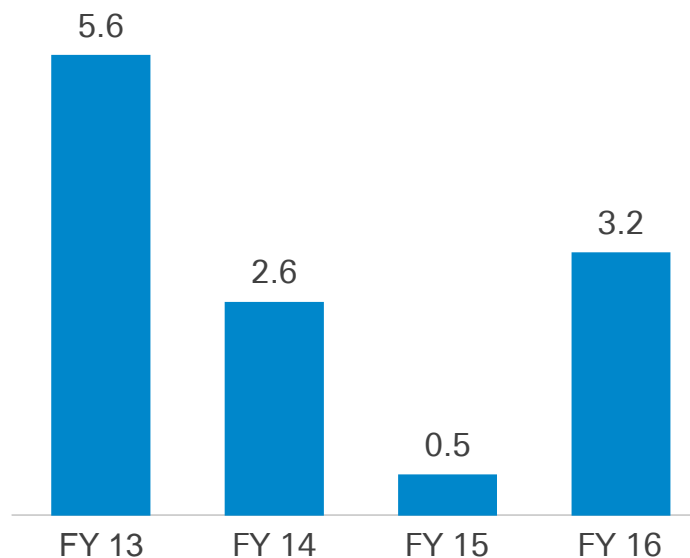
Accelerate digital

Be a source of talent for the Group

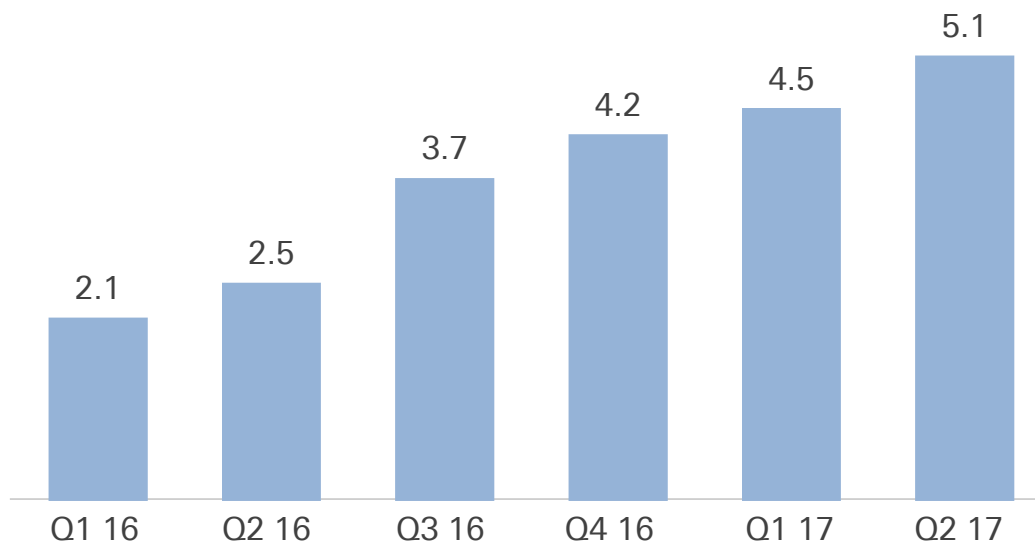
Delivering sustainable growth



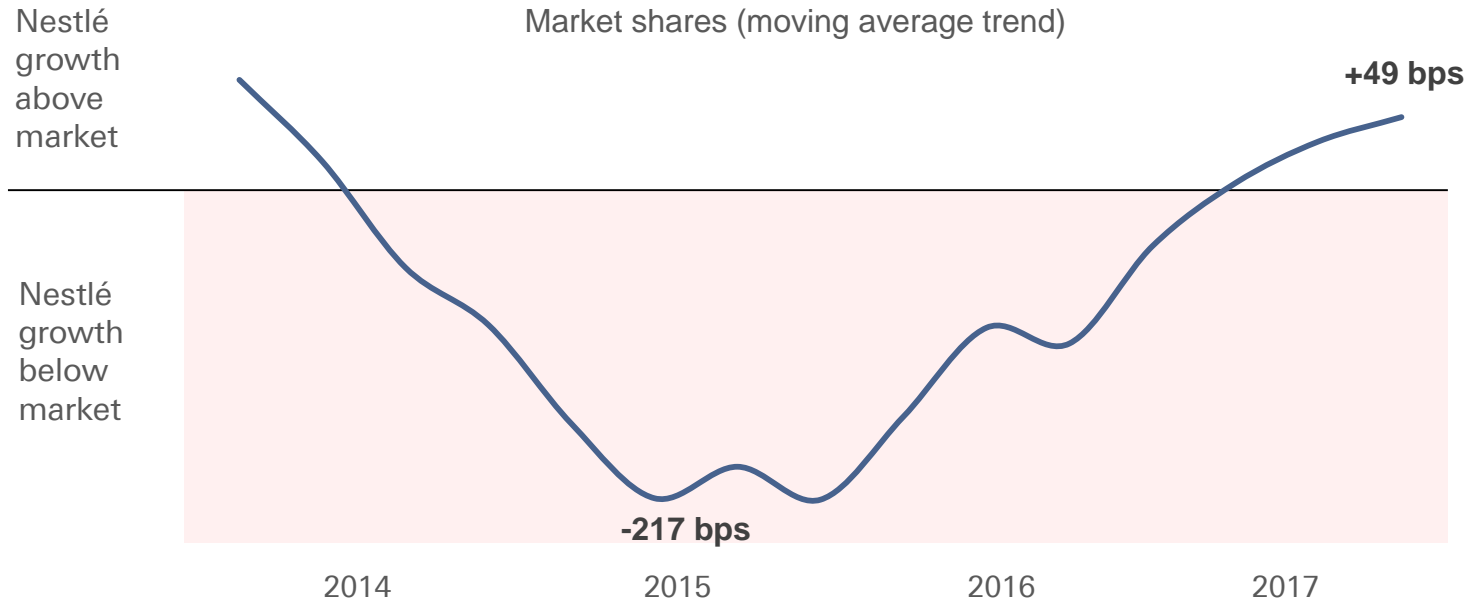
Organic growth by year (%)



Organic growth by quarter (%)



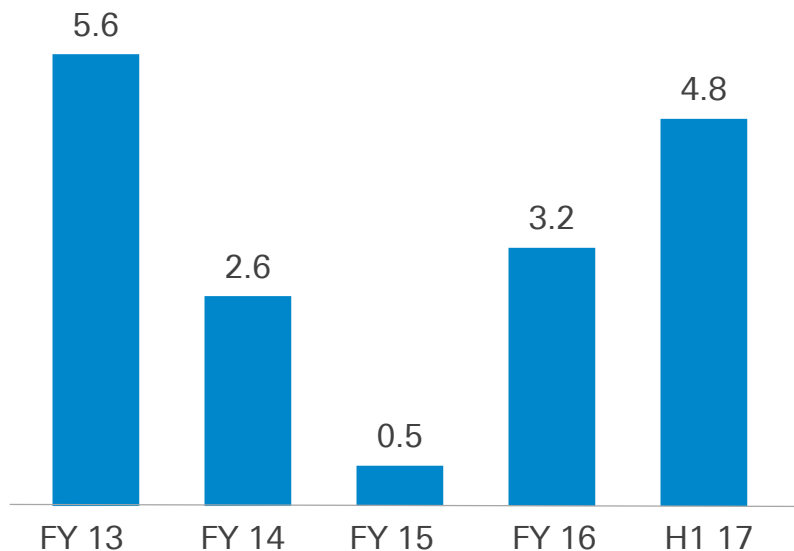
Growth acceleration driven by market share recovery



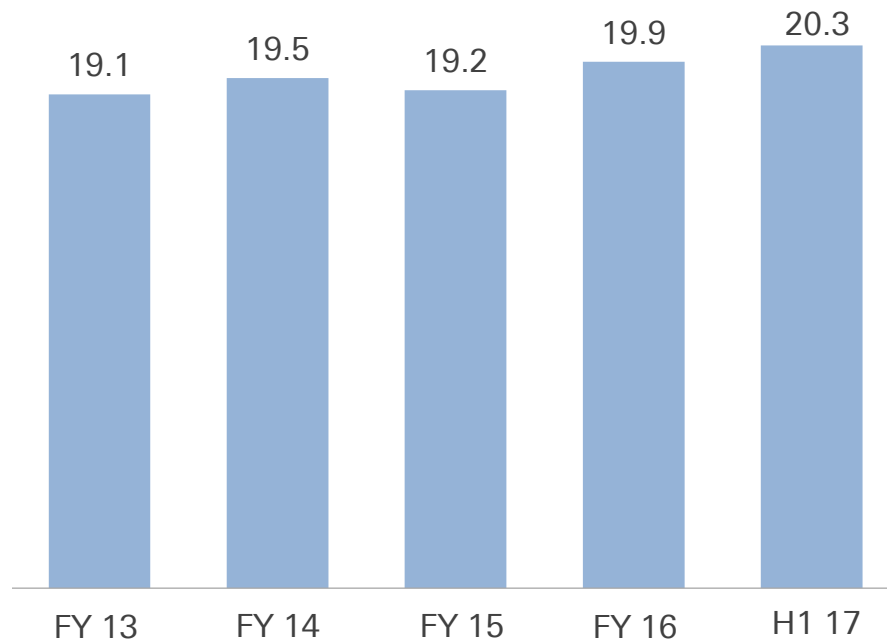
Growth reignition without dilution of high margins



Organic growth (%)

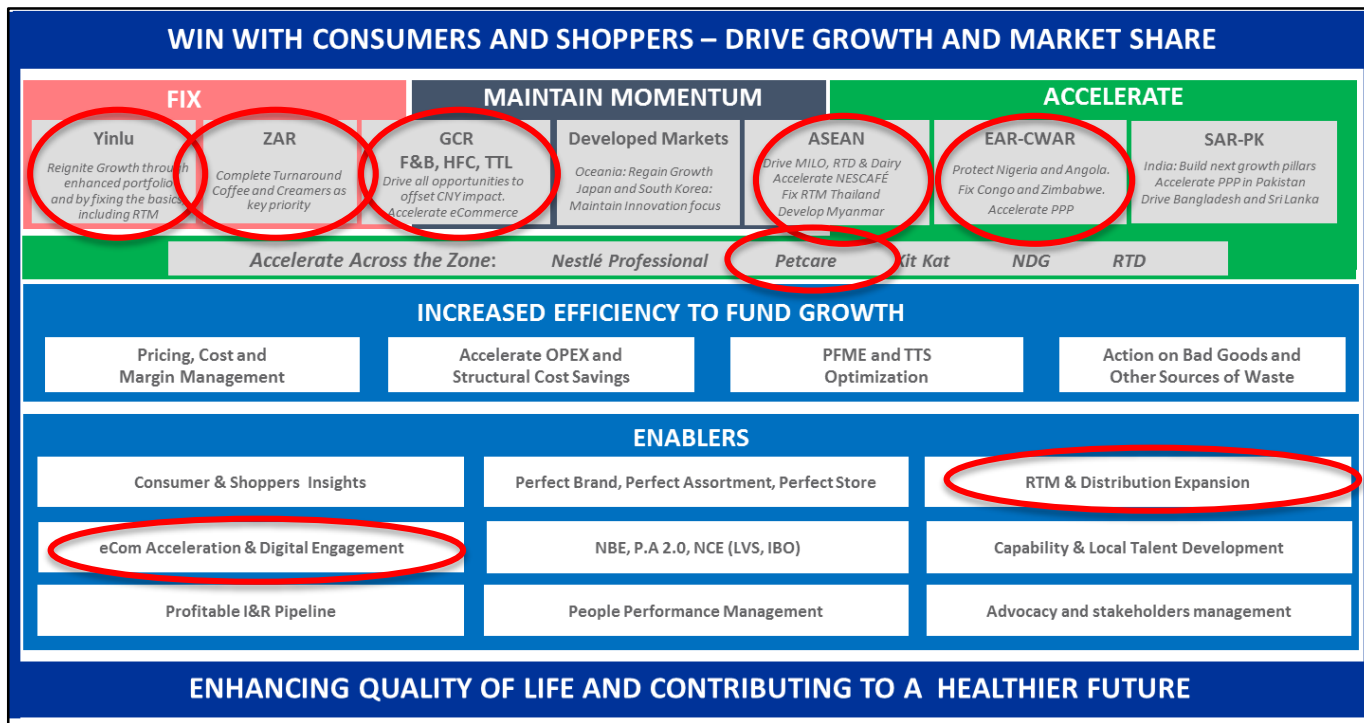


Underlying TOP (%)



FY14 and FY16 restated as published

Our 2017 growth roadmap built upon 2016 momentum



Yinlu: progressing towards a turnaround



Nestlé senior team now in place

Congee returned to growth, but peanut milk still challenging

Nescafé RTD gaining market share with double-digit growth



Greater China: other businesses on track



Nescafé: accelerating innovation to maintain brand leadership through premiumization

Hsu Fu Chi: entering new channels with premium and personalized products

Totole: back to growth following successful ownership transition



Sub-Saharan Africa: growth despite environment



58% of region sales from popularly positioned products

Mega-brands like Maggi driving market share gains

SE Asia: expanding categories, entering new geographies



Expanding our strong product portfolio to address the changing needs of the local consumer

Launching new RTD formats like Bear Brand Yogu in the Philippines

NPP: capturing the potential of the petcare category



Huge potential, given low levels of pet ownership and caloric coverage in most emerging markets

E-commerce and specialist outlets are the dominant channels

Premiumization: reinforcing the relevance of core brands



Introducing Nescafé Gold mixes to reinforce future brand relevance in premium soluble coffee

One aligned concept, product, packaging rolling out across the three continents of the Zone



RTM: driving sales deeper into rural areas for growth



Nearly half a million outlets added in the last 18 months across the zone

New models for route-to-market with micro-distributors

Supply chains: ensuring farmers can grow with us



In Pakistan we are the first FMCG company to offer digital micro-financing lending to dairy farmers

Bringing the basics of digital and financial literacy to communities where before this was unavailable

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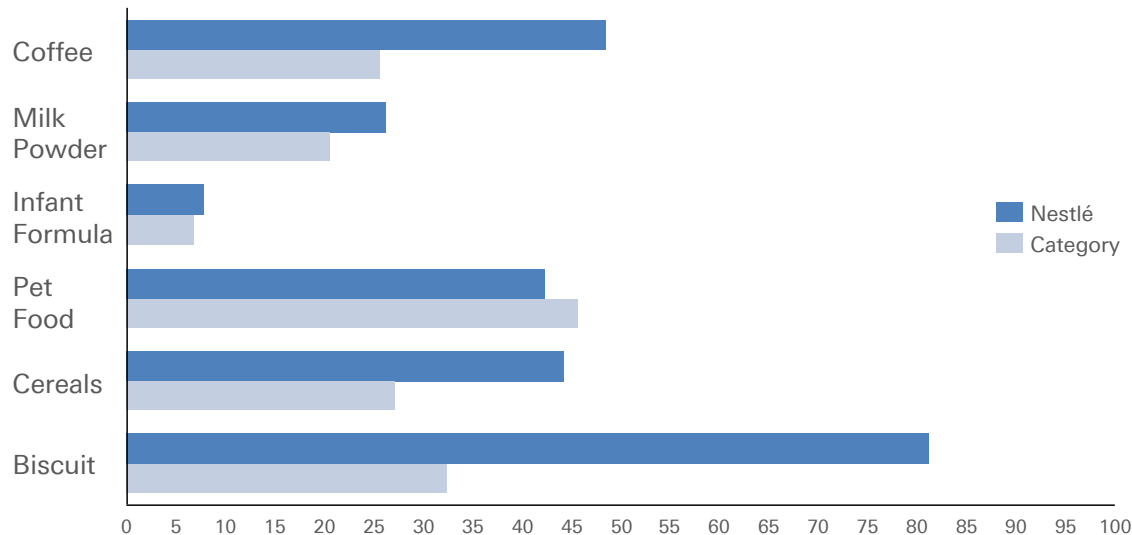
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Digital acceleration: producing market share gains



% e-commerce value growth in China (H1 2017)



In China we are outpacing the Food & Beverage category with Nestlé e-commerce growth of 32% vs. 27% for the category

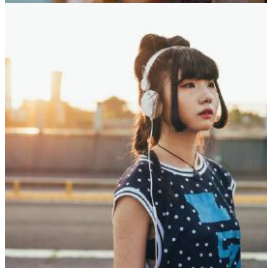
Source: Nielsen Tracking Data

Data: driving relevance at scale



Total consumers in the Alibaba universe:

466 million



Matching of data allows more effective targeting:

3x more effective



Augmented reality: connecting to young consumers



Delivering exclusive entertaining experiences for fans of our biggest brands

Merging digital and physical to capture the interest of younger audiences



Voice activation: pioneering nutritional support



China's first voice-activated family nutritionist,
powered by artificial intelligence



Content creation: long-form to capture hearts and minds



Maggi created the most watched online series in French-speaking West Africa

30 episode 'made for mobile' long-form content contributed to the 29% volume uplift for Maggi in Senegal during Ramadan

Analog: proving real-life brand experiences still matter



Driving closer personal connections with brands through activations and exclusive opportunities

"Disconnect to Connect" campaign challenged young people to "stop the internet and be a real friend"

Participatory advertising: first to know, first to tell



Google

meri maggi

All News Images Videos Maps More Settings Tools

Introducing MAGGI Masalas of India

Pick the 4 flavours you think MAGGI is launching! You can vote everyday. Voting ends midnight on Fri, Apr 21.

4 of 4 votes remaining

Submit vote

Amritsari Achari	Bengali Jhaal	Gujrati Khaman	Kashmiri Dum
Kochi Malabari	Mumbaiya Chatak	Naga Jolokia	Super Chennai



Maggi Masalas of India: a new range launched via Google Search – a first in India

Personalization: healthy tea for me



Nestlé Wellness in Japan offers a daily tea capsule tailored to your nutritional needs

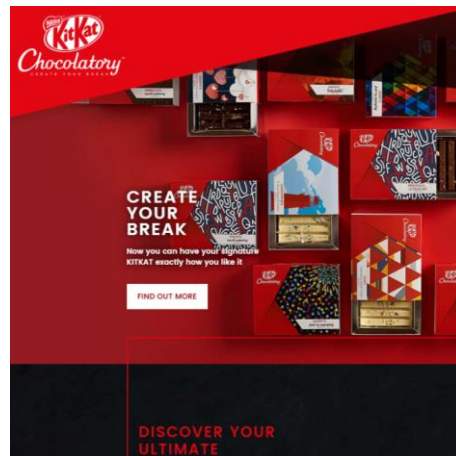
Personalized nutrition that meets consumer demand for food and beverages that contribute to health and well-being



Online / offline: you create, we customize



Chocolatory store



Chocolatory website



KitKat tablets
'Inspired by Chocolatory'

Committed to be a key contributor to the Group in all dimensions



High-quality
growth

3.0% RIG

Sustainable
momentum

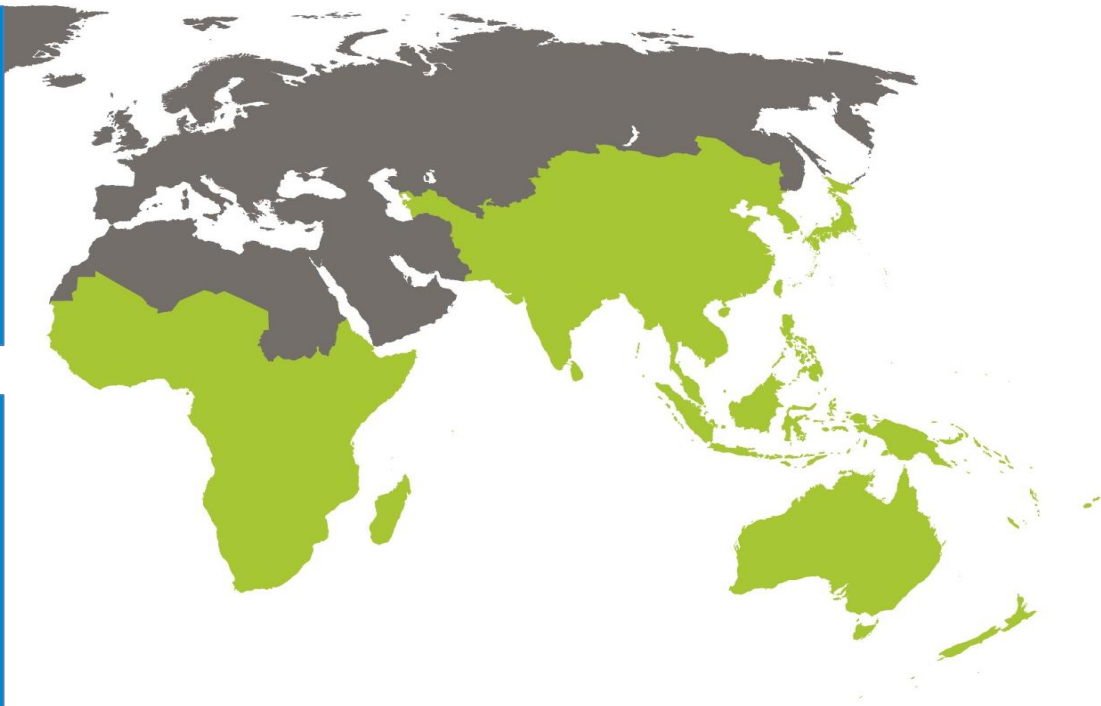
4.8% OG

Strong margins

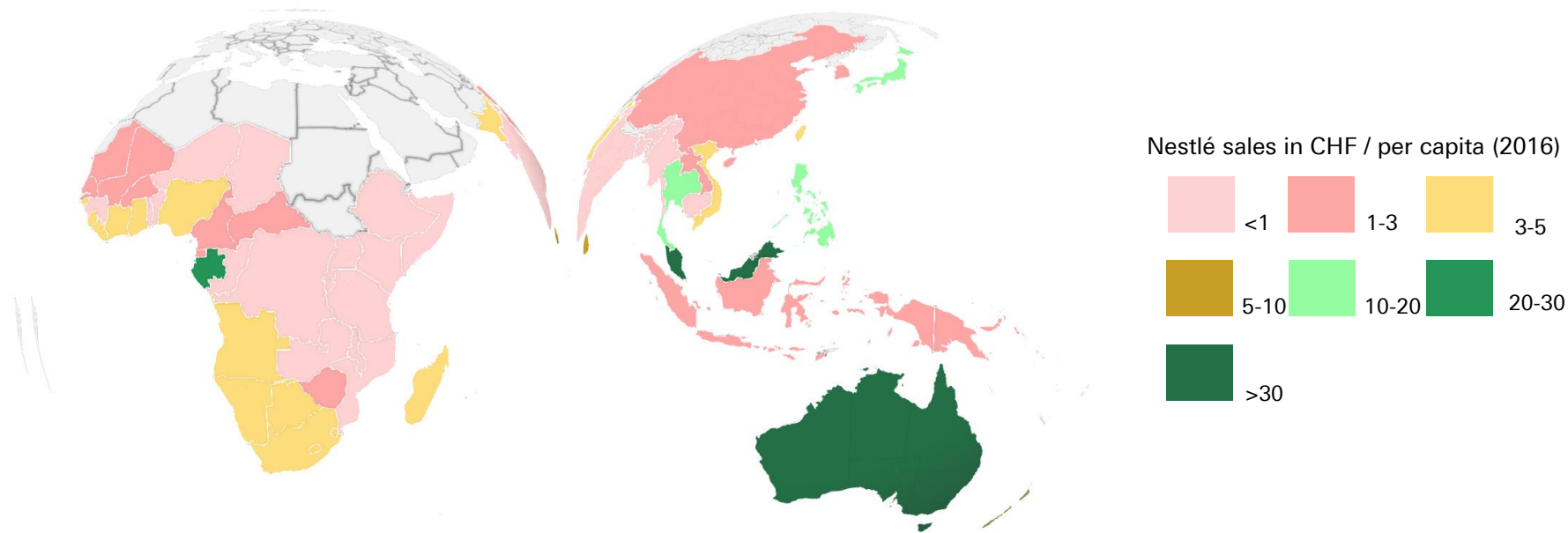
20.3%
Underlying TOP

High
cash flow

and
high ROIC



Not satisfied, challenging ourselves



Some regions are underscaled versus the rest of the Zone portfolio, offering clear opportunities for further growth

Determined to deliver for each and every consumer



Zone AOA: just extraordinary



extraordinary zone with
extraordinary brands managed by
extraordinary people seizing
extraordinary opportunities to deliver
extraordinary value
for all stakeholders

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Faafetai



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谢谢

Enkosi

Dankie

شكرا

Terima kasih

Salamat

Thank you

អរគុណ

धन्यवाद

ຂອບໃຈ

Asante

ਤੁਹਾਡਾ ਧੰਨਵਾਦ

धन्यवाद

고맙습니다

ありがとうございました

Mauruuru

Cảm ơn bạn

Ngiyabonga