Leading in Pet Care

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Nestlé Investor Seminar
24 – 25 May, 2016
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.
The Global PetCare Category Expected to Grow at 5.2%

Total CHF 67 bn

EMENA
33.7%
CHF 22.5 bn
+3.4%

AOA
12.1%
CHF 8.0 bn
+5.1%

Latam
11.2%
CHF 7.5 bn
+11.8%

North America
43.0%
CHF 28.7 bn
+3.7%

Source: Euromonitor 2016 edition
PetCare Category Expected Growth 2015-20

<table>
<thead>
<tr>
<th>Year</th>
<th>NA</th>
<th>LATAM</th>
<th>EMENA</th>
<th>AOA</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td></td>
<td></td>
<td>11.0%</td>
<td></td>
<td>66.7</td>
</tr>
<tr>
<td></td>
<td>4.4%</td>
<td></td>
<td>4.0%</td>
<td>5.6%</td>
<td>86.1</td>
</tr>
</tbody>
</table>
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CEO, Nestlé Purina Pet Care
Europe, Middle East & North Africa

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The EMENA Market: Key Numbers

- **Market**: 22.5 bn
  - **14.7 bn** in Grocery
  - **7.8 bn** in Specialist
- **NPP EMENA Market Share**: 22.5%
- **+98bps** vs. Last Year (Grocery only)

**203m** Cats & Dogs

- **113m** Cats
  - **1.5%** Last 10 year CAGR
- **90m** Dogs
  - **0.6%** Last 10 year CAGR

Source: Nielsen
Calorific coverage is still a major growth opportunity

Calorific Coverage %

From 3% in Egypt to 93% in Belgium

France: 77%
Germany: 90%
UK: 79%
Russia: 31%
Italy: 58%
Accelerated growth and strong profit improvement

RIG EVOLUTION

TOP
+480 bps
(last 10 years)
Operational savings reinvested in our brands and profit

Total Delivered Cost

-30 bps/yr

2011 2012 2013 2014 2015

SG&A

-15 bps/yr

2011 2012 2013 2014 2015

Marketing Spend

+30 bps/yr

2011 2012 2013 2014 2015

TOP

+40 bps/yr

2011 2012 2013 2014 2015
European Share Growth: Leadership now a realistic goal

Total Cat & Dog Food incl Snacks - Europe Grocery: Value % share
2015: NPP taking leadership in Western Europe

Total Pet Food incl. Snacks - Western Europe Grocery: Value % share
Russia: critical for our European leadership ambition

Total Cat & Dog Food incl. Snacks - Russia Grocery: Value % share
Portfolio transformation: Key Drivers

Portfolio

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accelerate</td>
<td>26%</td>
<td>43%</td>
</tr>
<tr>
<td>Defend</td>
<td>31%</td>
<td>24%</td>
</tr>
<tr>
<td>Fix</td>
<td>4%</td>
<td>26%</td>
</tr>
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</table>

Simplification & Premiumization

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>SKU Count</td>
<td>~12000</td>
<td>3.1</td>
</tr>
<tr>
<td>Sales/kg</td>
<td>1.3</td>
<td>5500</td>
</tr>
</tbody>
</table>

5 Power Brands

- Felix
- ProPlan
- ONE
- Gourmet
- Friskies

Others: 80+%
FELIX has become our largest European brand

Sources: Nielsen GTC, 28 markets, JJ’15 update & Nielsen IDB database
A FELIX campaign
Portfolio Transformation in Milestones

- **2000**: Clean up Spillers Portfolio
- **2001**: Reduction in Eco Dry and Focus on SP Dry
- **2003**: Move from Multi Serve to Single Serve & Grill Technology
- **2008**: Roll Out Felix
- **2010**: Exit of Private Label
- **2012**: Focus on Snacks
- **2016**: Exit of Accessories

Growth Acceleration

- **2000 - 2001**: 1.7%
- **2001 - 2003**: 3.1%
- **2003 - 2016**: 6.4%

OG CAGR
Innovations bringing strong incremental value

Innovation-driven Incremental Sales in CHF m

- 2011: 60
- 2012: 144
- 2013: 158
- 2014: 132
- 2015: 128

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<tbody>
<tr>
<td>2011</td>
<td>60</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>68</td>
<td>144</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>79</td>
<td>118</td>
<td>158</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>78</td>
<td>137</td>
<td>145</td>
<td>132</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>96</td>
<td>118</td>
<td>164</td>
<td>145</td>
<td>128</td>
</tr>
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</table>
Premiumising innovation accelerates value growth

Gourmet – premiumisation within the brand

Each innovation builds greater consumer value

Purina ONE – moving consumers towards more premium offers

2.87/kg

2015
350 m CHF

1.49/kg
Digital acceleration as a competitive advantage
<table>
<thead>
<tr>
<th>Challenge</th>
<th>Insights</th>
<th>Solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Almost 50% of pets classified as aging (7yr+)</td>
<td>Pets play strong role with elderly people with physical activity, socialization &amp; mental functions.</td>
<td>Proprietary ingredient / active brain protection blend for enhancing pet alertness &amp; mental sharpness</td>
</tr>
<tr>
<td>Cognitive functions start to diminish.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>% of Over-weight Dogs in UK</td>
<td>Pet weight-control is compromising emotional connection.</td>
<td>Proprietary weight management program with visible weight loss</td>
</tr>
<tr>
<td><img src="chart.png" alt="Chart showing weight percentage from 2005 to 2020" /></td>
<td></td>
<td></td>
</tr>
<tr>
<td><img src="image1.png" alt="Proprietary ingredient" /></td>
<td></td>
<td><img src="image2.png" alt="Proprietary weight management program" /></td>
</tr>
<tr>
<td>Cats are highly sensitive animals. Compromised immune system can lead to impaired quality of life</td>
<td>Cat owners can’t ‘see’ an immunity deficit but do witness the visible impact via digestive issues</td>
<td>Proprietary NRM (functional bacteria) with proven enhanced immune benefits</td>
</tr>
<tr>
<td><img src="image3.png" alt="Proprietary NRM" /></td>
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</table>
Our Natural Approach: 4 Pillars

- **Purina Brand as a competitive advantage**
- **Natural cues in existing Portfolio**
- **Natural Brands**
- **Customized natural foods**
# Building trust in Purina through our commitments

We believe that when people and pets bond, life becomes richer.

<table>
<thead>
<tr>
<th>Our Products</th>
<th>Environment &amp; Society</th>
<th>Pet Wellbeing</th>
<th>Pet Role in Society</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Lead the industry in pet nutrition and health research</td>
<td>- Create job for young people below 30 years</td>
<td>- Promote pet adoption through collaboration and partnerships</td>
<td>- Champion pets in the workplace via 'Pets at Work' initiatives</td>
</tr>
<tr>
<td>- Deliver accessible product information &amp; pet care advice</td>
<td>- Implement responsible sourcing</td>
<td>- Help reduce pet obesity risk through collaborative prevention programmes</td>
<td>- Promote responsible pet ownership via our 'Pets at Schools' initiatives</td>
</tr>
<tr>
<td>- Remove artificial colours from our products</td>
<td>- Improve environmental performance of our packaging</td>
<td></td>
<td></td>
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First BETTER WITH PETS Forum in Brussels
We are starting a movement on social networks

#WEAREBETTERWITHPETS
#WeAreBetterWithPets
4 Key Takeaways

1. **20 YEARS OF SUCCESS**
   20 Years of profitable growth and continuous market share gains.

2. **NHW COMPANY**
   Purina is a strong contributor to the Nestlé NHW ambition and to the Group’s Premiumisation strategy.

3. **OUR AMBITION**
   is to be the most trusted name in Petcare, become a Market Leader in Grocery and continue to be a strong growth contributor.

4. **FUTURE GROWTH**
   will come from engaging pet owners with health enhancing solutions, underpinned by deeper corporate trust.