Zone AOA
Reigniting Growth

Wan Ling Martello
EVP, Asia, Oceania, sub-Saharan Africa
Zone AOA: diverse and complex

- 68% of world’s population
- 80% of global births
- 33% of World’s GDP
- 92 countries
- 3 continents
- 15 time zones
- All major religions
Long term trends positive for Nestlé

1. Accelerated Urbanization
2. Growing middle class
3. Fast Digitalization
4. Nutritional Challenges
5. Evolving Consumers
Urbanization: **14 out of 20 largest megacities in AOA**

### World’s Top 20 megacities (2015)

<table>
<thead>
<tr>
<th>City</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tokyo</td>
<td>37.8</td>
</tr>
<tr>
<td>Jakarta</td>
<td>30.5</td>
</tr>
<tr>
<td>Delhi</td>
<td>25.0</td>
</tr>
<tr>
<td>Metro Manila</td>
<td>24.1</td>
</tr>
<tr>
<td>Seoul</td>
<td>23.5</td>
</tr>
<tr>
<td>Shanghai</td>
<td>23.4</td>
</tr>
<tr>
<td>Karachi</td>
<td>22.1</td>
</tr>
<tr>
<td>Beijing</td>
<td>21.0</td>
</tr>
<tr>
<td>New York City</td>
<td>20.6</td>
</tr>
<tr>
<td>Guangzhou</td>
<td>20.6</td>
</tr>
<tr>
<td>Sao Paulo</td>
<td>20.4</td>
</tr>
<tr>
<td>Mexico</td>
<td>20.0</td>
</tr>
<tr>
<td>Mumbai</td>
<td>17.7</td>
</tr>
<tr>
<td>Osalka-Kobe</td>
<td>17.4</td>
</tr>
<tr>
<td>Moscow</td>
<td>16.2</td>
</tr>
<tr>
<td>Dhaka</td>
<td>15.7</td>
</tr>
<tr>
<td>Greater Cairo</td>
<td>15.6</td>
</tr>
<tr>
<td>Los Angeles</td>
<td>15.1</td>
</tr>
<tr>
<td>Bangkok</td>
<td>15.0</td>
</tr>
<tr>
<td>Kolkata</td>
<td>14.7</td>
</tr>
</tbody>
</table>
2
Growing Middle Class: *Ample room for growth*

~2/3 of the world’s population...

...Material share of FUTURE growth...

...and low penetration

Note: Emerging AOA includes Sub-Saharan Africa; Developed AOA includes Hong Kong, Japan, Singapore, South Korea, Taiwan
Source: Lit. search, Euromonitor
Digitalization: *AOA has become the global center of gravity*

Own estimate based on multiple sources
Over 100 Years of presence in many countries
### Highest trust scores in most markets

<table>
<thead>
<tr>
<th>Country</th>
<th>Nestlé</th>
<th>Highest scoring competitor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Philippines</td>
<td>264</td>
<td>152</td>
</tr>
<tr>
<td>China</td>
<td>247</td>
<td>218</td>
</tr>
<tr>
<td>Malaysia</td>
<td>239</td>
<td>148</td>
</tr>
<tr>
<td>Pakistan</td>
<td>237</td>
<td>143</td>
</tr>
<tr>
<td>South Africa</td>
<td>209</td>
<td>168</td>
</tr>
<tr>
<td>Singapore</td>
<td>204</td>
<td>142</td>
</tr>
<tr>
<td>Indonesia</td>
<td>174</td>
<td>155</td>
</tr>
<tr>
<td>Thailand</td>
<td>172</td>
<td>133</td>
</tr>
<tr>
<td>India</td>
<td>142</td>
<td>238</td>
</tr>
<tr>
<td>Australia</td>
<td>119</td>
<td>133</td>
</tr>
<tr>
<td>Japan</td>
<td>84</td>
<td>128</td>
</tr>
</tbody>
</table>

*Corporate Equity Monitor, 2015*
Our brands are part of consumers' lives everyday
Nestlé in AOA: *Broad-based portfolio*

**Zone AOA Sales**

CHF 14.2 Bn

(CHF 22.2 Bn NiM)

**Split of Sales Geographies & Categories**
Zone AOA: *Highly accretive to Group on most dimensions*

<table>
<thead>
<tr>
<th></th>
<th>Group 2015</th>
<th>AOA</th>
</tr>
</thead>
<tbody>
<tr>
<td>OG</td>
<td>4.2%</td>
<td>Red</td>
</tr>
<tr>
<td>TOP%</td>
<td>15.1%</td>
<td>Green</td>
</tr>
<tr>
<td>FCF</td>
<td>11.2%</td>
<td>Green</td>
</tr>
<tr>
<td>WC%</td>
<td>4.7%</td>
<td>Green</td>
</tr>
<tr>
<td>ROIC</td>
<td>29.9%</td>
<td>Green</td>
</tr>
</tbody>
</table>
Top line growth under pressure in recent years

Organic Growth 2009-2015

- Economy slowing down
- Commodity deflation dilutes pricing ability
- Market slowdown exposed some internal gaps

Source: Nestlé F&C
However, growth momentum across the Zone

(*) Indicates other smaller countries under the same Market responsibility scope.
Market Shares also recovering

Zone AOA Market Share Tracking (growth gap vs. Market)

- Total of Zone
- Total Excluding Noodles
AOA Execution Plan: Building Blocks to Reignite Growth

WIN WITH CONSUMERS AND SHOPPERS – DRIVE GROWTH AND MARKET SHARE

Accelerate
- Sub Saharan Africa: Accelerate Maggi and MILO
- ASEAN: Improve Nescafé, Accelerate MILO, RTD
- China: Get Back to Growth, Fix Yinlu

Fix
- India: Relaunch MAGGI Noodles, Build new Pillars

Innovate
- Australia & Japan: Lead as Innovation Hub

Nestlé in Society
- INNOVATION: R&D / NHW, eComm, Digital Transformation
- OPS EXCELLENCE: On shelf freshness & pipeline management, SG&A Excellence, NBE
- HIGH-PERFORMANCE ORG: Talent Development, Performance recognition, Diversity and Inclusion

WIN WITH NESTLE IN SOCIETY
AOA Execution Plan: Building Blocks to Reignite Growth

### WIN WITH CONSUMERS AND SHOPPERS – DRIVE GROWTH AND MARKET SHARE

**Accelerate**
- Sub Saharan Africa
  - Accelerate Maggi and MILO
- ASEAN
  - Improve Nescafé, Accelerate MILO, RTD
- China
  - Get Back to Growth
  - Fix Yinlu
- India
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  - Build new Pillars
- Australia & Japan
  - Lead as Innovation Hub

**Fix**
- NESCAFÉ Dolce Gusto & Nestlé Purina Petcare

### Accelerators
- **INNOVATION**
  - R&D / NHW
  - eComm
  - Digital Transformation

- **OPS EXCELLENCE**
  - On shelf freshness & pipeline management
  - SG&A Excellence
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AOA Execution Plan: *Building Blocks to Reignite Growth*

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|  |  | Australia & Japan  
  Lead as Innovation Hub |

**Nestlé**

- NESCAFÉ Dolce Gusto
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### WIN WITH NESTLE IN SOCIETY
Accelerators: Strengthening the basics across AOA

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Nescafé Dolce Gusto & Nestlé Purina Petcare

Accelerators:

1. Consumer Insights Excellence
2. Perfect Brand, Perfect Assortment, Perfect Store
3. RTM: Expand Distribution

INNOVATION
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WIN WITH NESTLE IN SOCIETY
Consumer Insights Excellence

Nescafé in ASEAN: *Locally led Innovation*

Malaysia

Philippines

Thailand
Nescafé in ASEAN: Locally led Innovation

Malaysia

Philippines

Thailand
Nescafé in ASEAN: *Centrally led Innovation*

- Consumers prefer ‘Café Style Coffee’
- May’16 Launch Thailand & Philippines

PH: 65% of consumer preference vs competition

TH: 80% of consumer preference vs competition
Milo Champions Program: Driving consumer engagement to the next level, while reinforcing the brand’s positioning

- Launch of a connected sports bracelet
- Australia launched. ASEAN markets to follow
- One brand platform, multi-countries content building and sharing
Kit Kat: *Premiumization with new consumer engagement*

**JAPAN:**
KIT KAT Chocolatory

**AUSTRALIA:**
KIT KAT STUDiO

- Consumer excitement
- Premiumization
- Ultimate brand experience
Consumer Insights Excellence

Increased focus on Lunch Box consumption occasions in ASEAN

Increase in marketing support, category adjacency & distribution points

+35% Growth in Q1
Consumer Insights Excellence

Making nutritional products affordable and accessible to lower income consumers

NESTUM in ANGOLA

• Leveraging strong nutritional credentials to develop a local recipe, highly affordable that consumers love.

• Dedicated RTM to reach the target
Perfect Brand, Perfect Assortment, Perfect Store

### MAKE CHOICES

**PRIORITIZE CELLS & CATEGORIES**

- **ATLAS** Portfolio Management & Simulation Tool

Prioritize cells and categories based on Value Creation Opportunity

Strategic Resource Allocation

### RIGOROUS PLANNING FOR IMPROVED EXECUTION

**STEP 1: BRAND**

- Define brand and channel priorities for each business
- Review advertising and trade spend mix

**STEP 2: ASSORTMENT**

- Maximize distribution of “Hero” brand/SKUs
- Review and optimize range to focus behind winners

**STEP 3: STORE**

- Optimize shelf and 2nd placement configuration
- Optimize promo, trade terms and pricing

### REPEAT

**ROLL-OUT & REPEAT**

Drive learning cross-markets & cross categories

Speed up, repeat and embed as a key Nestlé process
Indonesia:
- Accelerating MILO (key SKUs)
- Discontinue 14g, 150g & 600g
- +12% Growth in Q1’16
Winning in differentiated trade channels

Winning in Convenience Channel

Thailand: +24% growth in Q1’16

Winning in Specialty Channel

Indonesia: +49% growth in Q1’16
Myowbu expanding beyond Africa: *Creating Shared Value while driving growth*

- Fostering entrepreneurship
- Enabling distribution to lower income consumers
- Over 1500 Operators in Sub Saharan Africa
- Roll out to Bangladesh
Accelerators: Strengthening the basics across AOA

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WIN WITH NESTLE IN SOCIETY
# Geographic Building Blocks

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## WIN WITH NESTLE IN SOCIETY
Zone AOA

Reigniting Growth

Wan Ling Martello
When have times not been turbulent?

1930s
- 1930s Great Depression
- 1939-1943 World War II
- 1933 New Deal starts
- 1937 Hindenburg disaster
- 1945 UN founded
- 1953 DNA discovered
- 1950-53 Korean War

1940s
- 1945-early 1970s Post War boom
- 1952 Cuban Missile Crisis
- 1951 Korean War
- 1955-75 Vietnam war

1950s
- 1961 First Man in Space
- 1962 Energy crisis
- 1969 First man on the moon

1960s
- 1970s Stagflation
- 1972 Watergate
- 1973 Oil crisis
- 1979 Energy crisis
- 1981 IBM launches PC

1970s
- 1981 First Man on the moon
- 1981 Watergate
- 1982 Swine Flu
- 1989 Berlin wall falls

1980s
- 1990 Stagflation
- 1991 Invention of WWW
- 1995 Oklahoma City bombing
- 1996 Dot.com bubble

1990s
- 1995-2000 Dot.com bubble
- 1991 Oil crisis
- 1999 Operation Desert Storm
- 2002 Euro introduced

2000s
- 2001-2002 Terrorists attacks
- 2002 Euro introduced
- 2003 SARS, Ebola

2010s
- 2011 Japanese earthquake
- 2010 Asian Tsunami
- 2011 Swine Flu
- 2000s Swine Flu
- 1995-2000 Dot.com bubble

Source: Bain Analysis
SUMMARY: AOA

1. BULLISH ON AOA GROWTH OPPORTUNITIES
2. MOST BUSINESSES HAVE TURNED AROUND
3. WILL LEAD THE GROUP IN DIGITAL

AOA WILL EMERGE STRONGER WITH ENHANCED CAPABILITIES
THANK YOU