Nutrition

Winning with science, innovation and speed in the First 1 000 Days

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Infant nutrition, a growing and competitive category

Category outlook

- 3.2% CAGR
- 2018: CHF 70 bn
- 2023: CHF 82 bn

Regional growth

- Category 2018: CHF 70 bn
- CAGR 2016-2018: +6.7%

- AOA
  - 60%*
  - CAGR +8.6%

- EMENA
  - 23%*
  - CAGR +4.4%

- AMS
  - 17%*
  - CAGR +3.3%

Competitive landscape

- 2018 market share

  - Nestlé: 20.0%
  - Danone: 12.7%
  - Reckitt B.: 8.5%
  - Abbott: 7.5%
  - Feihe: 3.0%
  - Kraft Heinz: 2.4%
  - Yili: 3.3%
  - Mengniu: 3.3%
  - Hipp: 3.0%
  - Friesland: 3.3%
  - Others: 37.4%

* % of 2018 category retail sales
Source: Euromonitor, 2016-18 based on current prices, 2018-23 based on constant prices
Category will continue to grow and ample innovation opportunities still exist

**Scientifically-proven innovation**

- Human Milk Oligosaccharides (HMO)

**Naturalization and new food beliefs**

- Naturally healthy
  - Organic
  - A2
  - Goat
  - Plant-based
  - Ancient grains

**Late stage products beyond 1,000 days**
Our business enjoys a unique competitive position

A balanced geographic footprint
Nestlé infant nutrition 2018 sales*

7 billionaire brands – 86% of the business

Supported by unsurpassed nutrition & scientific expertise

An engaged SBU-Zones-Markets organization

223 patents in past 5 years
33 on-going clinical studies
1 fundamental R&D center
4 Product technology centers

15 000 passionate employees
450 nutrition science & technology experts

* Includes infant formula, baby food; Excludes Gerber Life Insurance

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Re-organized to win with speed and agility

Gained speed, agility and efficacy…

- 1 Strategic Business Unit with authority and embedded R&D
- 3 agile regions reporting to Zone leadership
- Markets timely and efficient execution and adaptation of the strategy

having reduced structural costs* in 12 months…

and increased speed to market

<table>
<thead>
<tr>
<th>2017</th>
<th>2018</th>
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-16%

* Refers to above-market structural costs only

44 markets in 12 months
Growth acceleration while maintaining strong margins

Nestlé infant nutrition*

* Includes infant formula, baby food; Excludes Gerber Life Insurance
Our vision

Become a recognized, trusted business and societal leader in infant and parenting nutritional solutions for the First 1 000 Days of Life

- Breastfeeding is the ideal nutrition for babies
- Every child has the right to the best possible first thousand days of life
- All mums should feel respected and at peace with their decision about how to feed their baby
- Deliver cutting-edge innovation and services to all parents and babies
- Lead the industry in responsible marketing practices
Nestlé ‘First 1 000 Days’, together nurturing a healthier generation

Leading products and brands

Essential services for parents and healthcare professionals

Maternal nutrition | Breastfeeding is Best | Infant formula & growing-up milks

Infant cereals

Meals & drinks

Premature

Lactation | First 2 years

Nestlé Baby & me

Nestlé Nutrition Institute

* but under some medical conditions needs to be supplemented
4 key strategic priorities

1. Continue to build our leadership in Greater China Region (GCR)

2. Strengthen infant formula leadership globally

3. Turnaround GERBER US

4. Realize CERELAC full potential
The Chinese market is pivotal to category leadership

Large & growing...

- 1/8 of births
- 1/3 of category sales
- 1/2 of 2018-21 growth

receptive to innovation and premiumization...

- Cutting-edge science

with new business models...

- Innovative baby stores
- Advanced e-commerce
- Unique cross-border

and a uniquely competitive landscape

Nutrition market shares %

- Nestlé: 14.3%
- 250+ brands from non top 10 players: 8.5%
- 37.5%
- 7.7%
- 6.0%
- 5.8%
- 4.7%
- 4.5%
- 4.3%
- 3.5%
- 3.3%

Source: Euromonitor

1

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Seize new opportunities to strengthen our leadership

Lead in innovation to strengthen our 3 large brands

Execute tailor-made strategy in 3rd/4th tier cities

Accelerate domestic and cross-border e-commerce

Expand in baby food with organic

Partner with reference players, category captainship

Accelerate launch of innovation via cross-border

Dedicate cross-border e-commerce organization

Source: National Bureau of Statistics
Strengthen further our infant formula global leadership

Balanced geographic footprint

Nestlé infant formula 2018 sales

Strong market position
(Euromonitor data)

Nestlé sales  Nestlé rank

2018

59%

22%

15%

3%

# 1

# 2

# 3

# 4 and beyond

Delivering profitable growth

Organic growth

+470 bps

Underlying TOP

+60 bps
Lead innovation to create further gap

With cutting-edge nutrition, clinically proven

With organic and new ‘naturality’

With the latest innovation for specific baby conditions

With age adapted nutrition through the 1 000 days and beyond

Happy healthy growth 5 markets

# 1 in HMOs 44 markets

Organic formula 24 markets

Clear leader in Hypoallergenic

Comprehensive suite for a variety of baby conditions

Motor skills

Social skills

Autonomy

NAN, protein expert 70 markets

Organic formula

A2

NAN, protein expert

70 markets
Relaunch executed

Restaged the core
- Impactful new design
- Pouch acceleration
- Variety and on-trend ingredients

Accelerated organic
- Dedicated line
- Innovation across segments

Needs further acceleration

Gaining momentum in organic

<table>
<thead>
<tr>
<th>Year</th>
<th>GERBER Market share in organic</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>16.5%</td>
</tr>
<tr>
<td>2018</td>
<td>17.1%</td>
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</tbody>
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Need to reinvent the core

<table>
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<tr>
<th>Year</th>
<th>Baby food market growth</th>
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<tbody>
<tr>
<td></td>
<td>2017</td>
</tr>
<tr>
<td></td>
<td>Organic: 73%</td>
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<tr>
<td></td>
<td>Core: -2.7%</td>
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<tr>
<td></td>
<td>2018</td>
</tr>
<tr>
<td></td>
<td>Organic: 71%</td>
</tr>
<tr>
<td></td>
<td>Core: -2.7%</td>
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</tbody>
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Source: Euromonitor, Nielsen
Execute a profound transformation of our business

**Bring ‘naturality’ to the core range**
- Clean labels
- Stringent farming practices

*20 launches Q2 2019*

**Further deepen our organic offer**

*21 launches Q2 2019*

**Win in growing channels**

**Lead with best-in-class personalized services**
- 10,000 personalized interactions / month
- 24/7 service
- Real advice from Infant Nutritionists
CERELAC: fully realize the potential of infant cereals

Clear leadership in weaning food...

Global market share in infant cereals

- Nestlé: 36%
- Main competitor: 26%
- Other identified competitors: 9%
- Unnamed competition: 29%

Nestlé market share in top 10 markets (72% global market)

- China: 24%
- Brazil: 76%
- India: 74%
- Nigeria: 64%
- Saudi Arabia: 88%
- Vietnam: 26%
- Russia: 24%
- US: 49%
- Indonesia: 55%
- Pakistan: 32%

and still ample growth opportunities

Geographic expansion

- Sub-Saharan Africa: 0.7 kg / baby*
- China: 1.5 kg / baby*
- Brazil: 11.3 kg / baby*

Consumption occasions

State of the art nutrition

* Estimated as number of annual births
Source: Euromonitor, Nielsen, internal market data
Realize CERELAC full potential

- Rollout no-added sugar and zero sucrose: 20 markets
- Drive new ‘cereals’ ideology: 11 markets
- Drive affordability to conquer new markets: 12 markets
- Expand consumption to snacking and meals: Healthy snacks 18 markets

Organic
Ancient grains
Leading the industry in responsible marketing

- **Industry-leading policies to market breast milk substitutes responsibly**

- **External and internal auditing**
  - FTSE4Good
  - ATNI
  - Internal audits
  - 28 internal and external audits
  - 11 employees dismissed after due process

- **Progressive Maternity Protection Policy**
  - 425 breastfeeding rooms at Nestlé
  - 5,437 external breastfeeding rooms
We are well positioned to continue to win

• 7 trusted brands

• Innovation based on unsurpassed early life nutrition science

• Advantaged geographical footprint

• A complete portfolio of nutritional solutions for the ‘First 1 000 Days’