



Nestlé Good Food, Good Life

 **Nestlé PURINA.**

Winning in PetCare

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Disclaimer



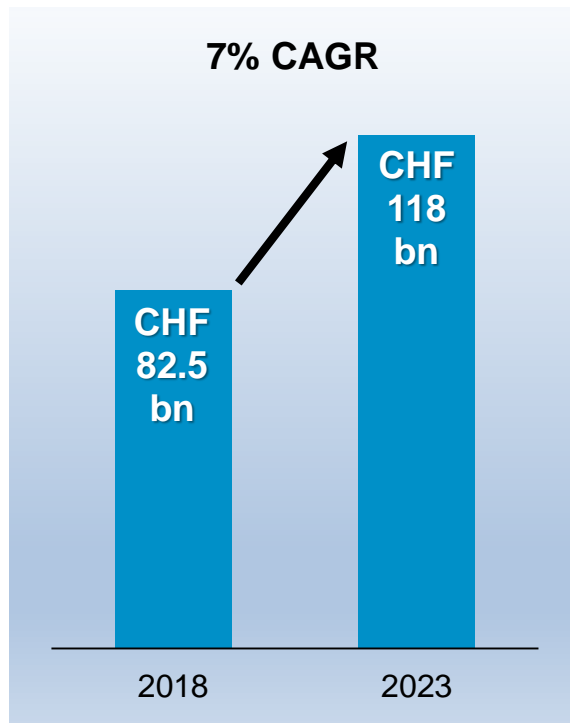
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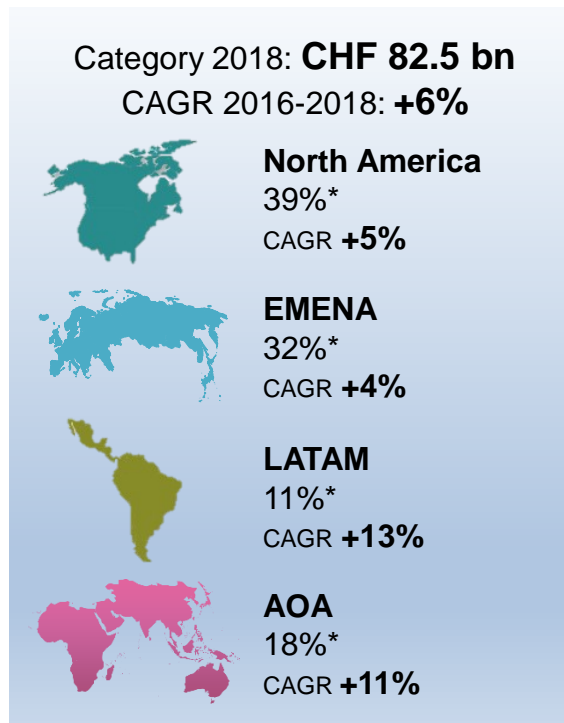


Global pet care category is large and growing

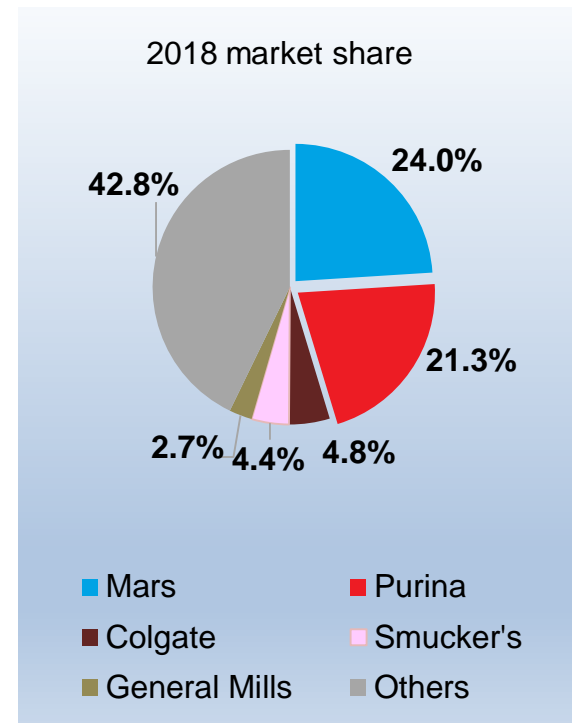
Category outlook



Regional growth



Competitive landscape



* % of 2018 category sales

Source: Euromonitor 2019 edition - Pet care includes only dog & cat food



And has strong drivers for continued growth

Pet population*

Total: 844 m



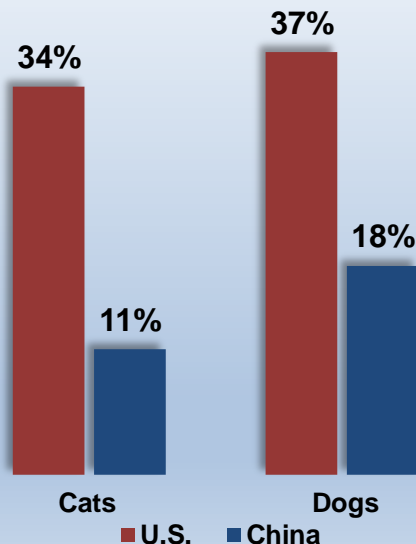
471 m +4.4%



373 m +5.6%

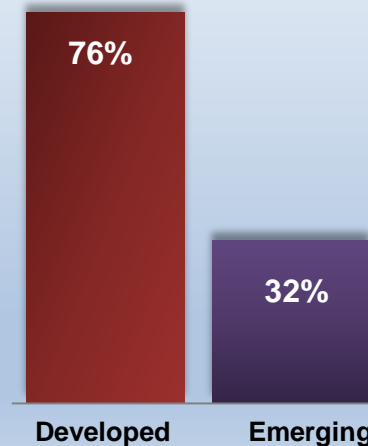
Pet ownership

% Household penetration



Emerging markets

Commercial coverage %**



* Pet population vs. 2017; Source: Euromonitor 2019 edition, 2018

** Commercial coverage refers to % of overall pet nutrition derived from commercially prepared pet food



Younger generations are more valuable than ever

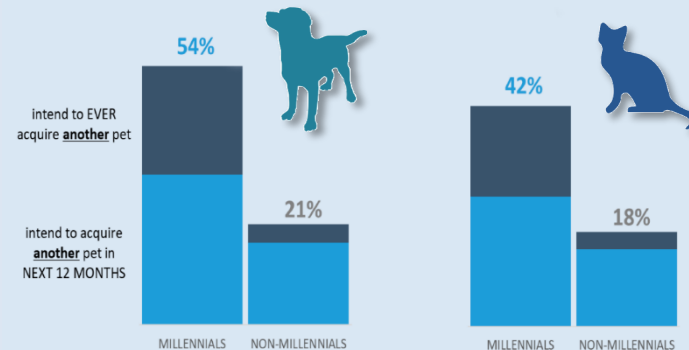
Acquiring pets younger-
8 years earlier*



Already spend more on pet food/treats***



Stronger future intent to acquire pets**



More likely to want to
take pet everywhere****



* Source: Wakefield research (2014)

** Pet attitude study (2017)

*** Directions millennial pet category behavior tracker (September, 2018)

**** Clear millennial study (2018)



Pet care is a highly attractive category

Strong pet owning culture

- Pet ownership highly desirable and aspirational
- Pets considered members of the family

For retailers

- High value shoppers
 - Top tier traffic driver
 - High basket value
- Above average retail margins

For Nestlé

- Highly aligned with Nestlé NHW principles
- Strong category growth with above-average margins
- Pet parents highly brand loyal
- Unsurpassed nutritional science and R&D capabilities



PURINA PetCare has a global presence



Key 2018 figures

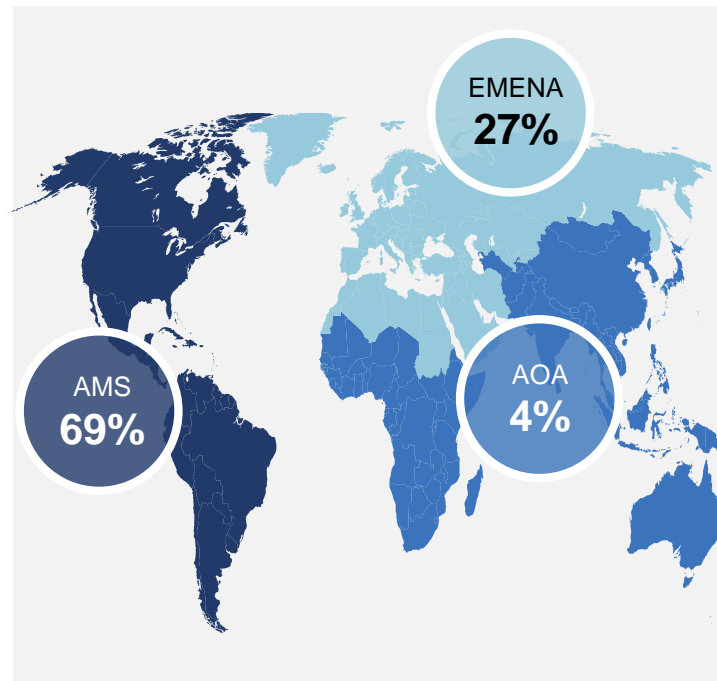
Sales

CHF 12.8 bn

Underlying TOP

21.6%

Where



What

Dry dog

31%

Wet cat

30%

Dry cat

20%

Others*

14%

Wet dog

5%

* Other refers to snacks, litter and therapeutic diets / supplements



Global billion dollar brands

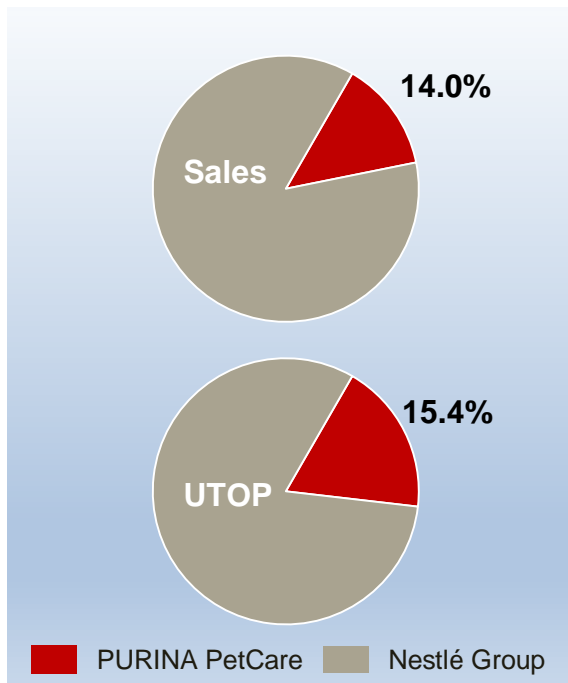


Source: Euromonitor 2018 edition

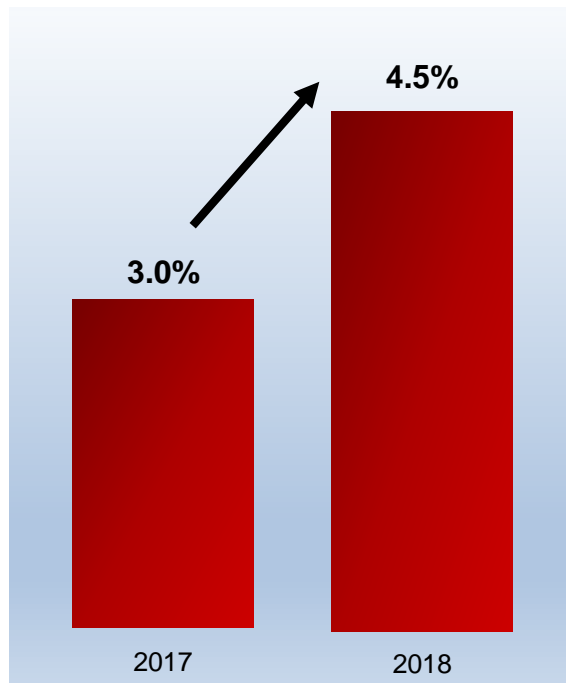


A critical contributor to Nestlé growth and profit

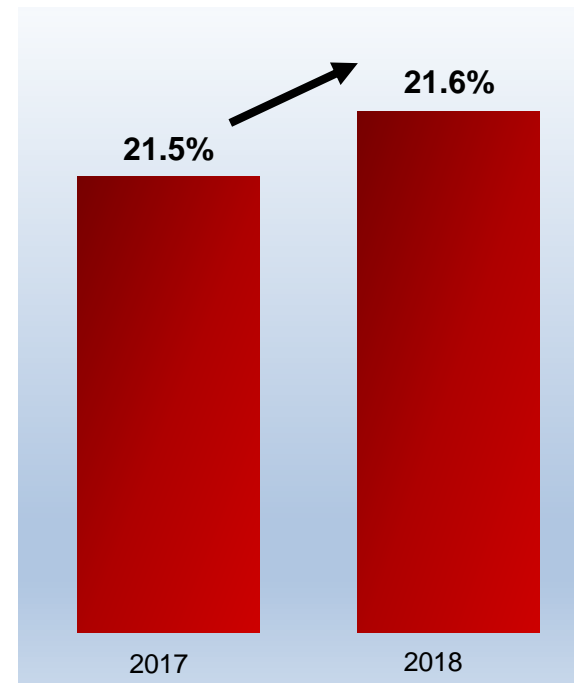
% of Group total (2018)



Organic growth



Underlying TOP*



* Underlying trading operating profit (UTOP) before unallocated items



125
years

US pet care
overview &
PURINA
strategy





US: The largest pet care market in the world

Pet care category: USD 32 bn*

Pet-owning households: 61% own a pet**

Pet population: 178 m**

High-value shoppers:

- High brand loyalty***
- Spend 31% more****
- #2 trip driver***
- #2 highest spend per household (>USD 270/year)****



* Source: Nielsen AOC+ Nielsen pet specialty POS (former GfK) +1010data E-Com (2018) Nielsen AOC=Grocery/Mass/Club/Dollar/Drug

** Nielsen homescan panel custom survey (2018)

*** Nielsen category shopping fundamentals study (2017)

**** Nielsen channel facts (2018)

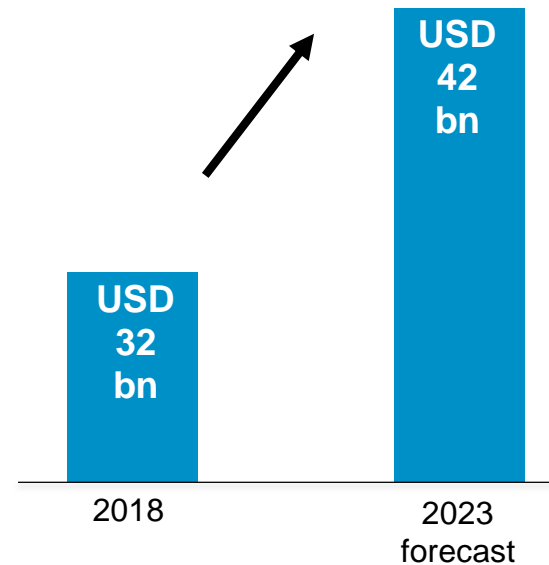


Expected to deliver continued strong growth



US pet care category forecast

6% CAGR



Source: Based on Nielsen AOC; Nielsen pet specialty POS (former GfK); 1010data E-Commerce + internal estimates

Consumer trends shaping the future of pet food category



How we feed

**Human food ideologies
inform choices for pets**



How we shop

**Omnichannel-savvy and
informed**



How we engage

**Personalized
digital 1st engagement**



PURINA is uniquely well-positioned to win

#1
in Pet Care*

#1 Share

- Dry dog
- Dry cat
- Wet cat
- Cat litter

#2 Share

- Wet dog
- Dog treats
- Cat treats



 **PURINA**[®]

Your Pet, Our Passion.[®]

Feeding more than
55 m dogs and 67 m cats**

* Source: AOC+PS+E-Com 52wk ending 2/23/19 (Nielsen AOC, Nielsen pet specialty POS (former GfK), 1010data E-Commerce)

** Source: Nielsen homescan panel custom survey (2018)



Realizing PURINA's growth potential

1

Accelerate innovation and premiumization

2

Win in high-growth channels

3

Transform through personalization and open innovation



Driving premiumization through innovation

> 80% of pet care category growth from premiumization

Organic / responsible ingredient sourcing

Enhanced functional benefits

Elevated feeding occasions



Source: Based on Nielsen AOC, Nielsen pet specialty POS (former GfK), 1010data E-Commerce + internal estimates



Driving premiumization through innovation



Source: AOC+PS 12wk ending 12/29/18 (Nielsen AOC, Nielsen pet specialty POS (former GfK)



Making natural accessible to all

Natural attributes = 41% of pet food category with PURINA #1

Natural brands



Pet specialty exclusive



AOC focused

Elevated feeding occasions



Outcome-based nutrition



Affordable natural



Source: AOC+PS+E-Com 52wk ending 2/23/19 (Nielsen AOC, Nielsen pet specialty POS (former GfK), 1010data E-Commerce; AOC=Grocery/Mass/Club/Dollar/Drug)

Elevating science-based nutrition



Outcome-based = 23% of pet food category with PURINA #2 and leading growth

Advancing pet health science

PURINA Institute



Veterinary diets



Outcome-based nutrition



Source: AOC+PS+E-Com 52wk ending 2/23/19 (Nielsen AOC, Nielsen Pet Specialty POS (former GfK), 1010data E-Commerce)



Increasing relevancy of core business

Core = 23% of pet food category with PURINA #1

Renovate to meet evolving consumer needs

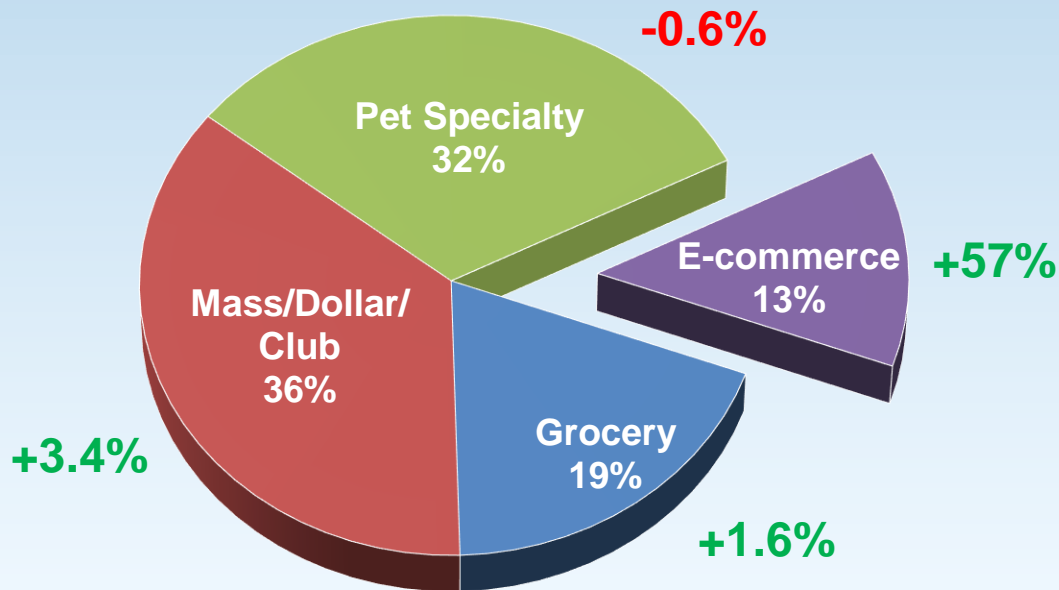


Source: AOC+PS+E-Com 52wk ending 2/23/19 (Nielsen AOC, Nielsen Pet Specialty POS (former GfK), 1010data E-Commerce)



Win in high-growth channels

2018 U.S. pet care category sales by channel



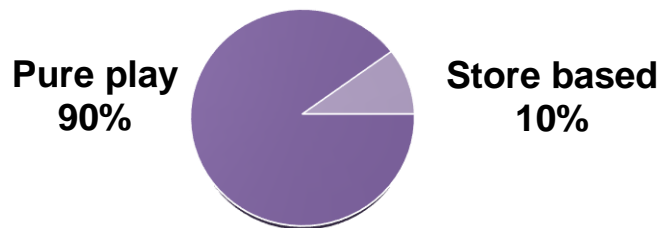
Source: Nielsen AOC, Nielsen pet specialty POS (former GfK), 1010data E-Commerce – 52wk ending 12/29/18



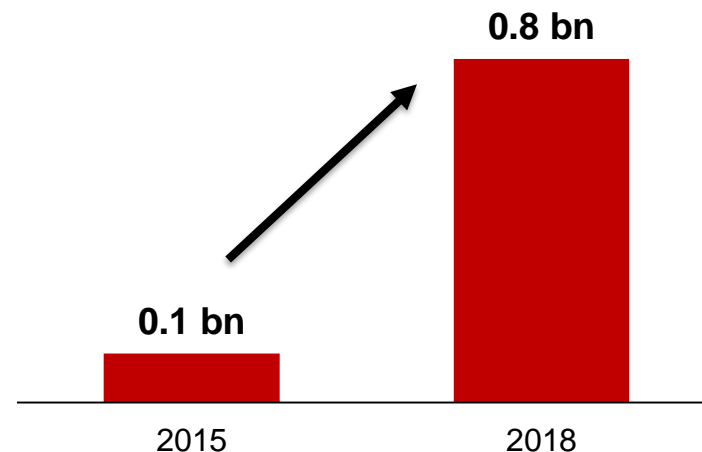
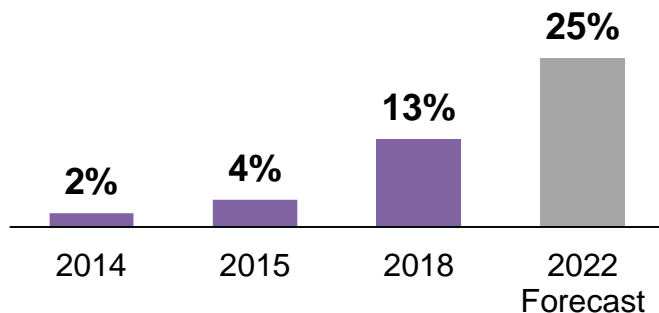
PURINA leads growth in e-commerce channel

Category: E-commerce pet care in USD

PURINA PetCare USD Sales: E-commerce



E-commerce share of total category



- #1 market share in e-commerce
- Fastest growing manufacturer in 2017 and 2018

Source: 1010data E-Commerce – 52wk ending 12/29/18 and internal estimate for 2022



Critical pillars for future growth in e-commerce

Pure play



Win the digital shelf

Store-based



Drive adoption & win early

Direct-to-consumer




Drive loyalty




Transform through personalization

petfinder



Digital solutions



Customized pet food solutions

Applying insights from other regions





Transform through open innovation



SQUARE
VENTURES

 **Nestlé**
Ventures

Pet Care
Innovation
PRIZE powered by  **PURINA**



Sustainability and creating shared value



 **PURINA** Institute

Advancing Science for Pet Health

petfinder



The Nature Conservancy




DUCKS
UNLIMITED





Key takeaways

- Portfolio of leading brands, built on deep consumer insights, and delivering relevancy and personalization
- Unsurpassed knowledge of pet nutrition
- World-class R&D driving unrelenting innovation
- Commitment to profitable growth
- Creating shared value for all stakeholders, pets and their owners
- A passionate, globally focused team



We will lead, others will follow.
