



Nestlé Good Food, Good Life

Sustainable growth in a fast-evolving environment

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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 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.

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Our business in Zone AOA



Key 2018 figures

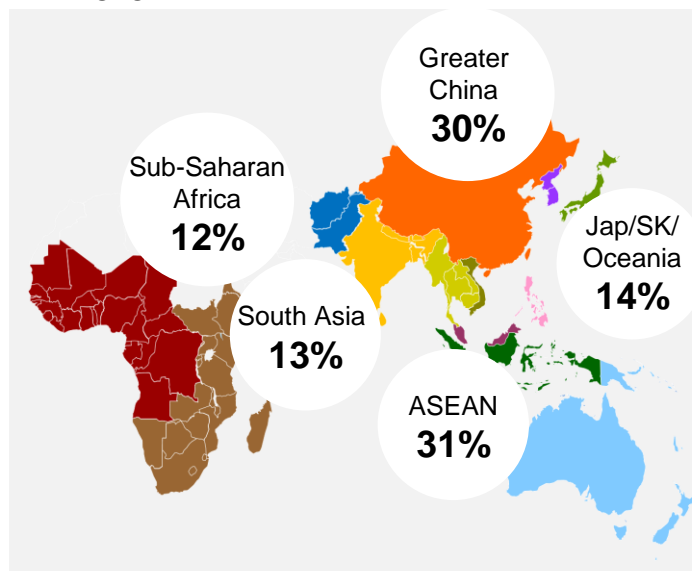
Sales

CHF 21.3 bn

Underlying
TOP

22.8%

Where



What

Beverages
(incl. coffee)

28%

Milk products
& Ice cream

24%

Nutrition &
Health Science

23%

Prepared dishes
& Cooking aids

12%

Confectionery

10%

Pet care

3%

Employees

98 500

Factories

91

NESCAFÉ



Top brands

Forces shaping our environment



Urbanization changing lifestyles



Growing youth & aging populations



Personal income rising



Health trends and premiumization



Digital transforming trade



Increasing local competition





Our virtuous circle

Creating Shared Value

- Nestlé in Society: Plastics, NHW, Youth, Caring for Water
- Safety: 18% improvement in injury frequency rate
- Quality: 14% improvement in number of quality incidents

Achieving efficiencies

- 50 bps improvement in structural costs in 2018
- CHF 450 m savings from projects

Focusing investments on growth platforms

- CHF 2.1 bn CAPEX investment in last 3 years
- 40 bps increase in marketing investment to support innovation and core business
- Active portfolio management

Driving market share gains

- Maintained no.1 position in coffee (while expanding our presence within category) gaining 20 bps from competition in 2018

Delivering profitable growth

- Innovation driving demand
- Expansion in white space geographies
- Increased focus on key categories



Strategic priorities



Strengthen growth in key markets

1



Lead & shape the new coffee world

2



Premiumize through innovation

3



Expand in white space geographies

4



Leverage our category strength

5



Develop digital capabilities to win

6



1 Strengthening growth in key markets: China



Transform with data



Launched Nestlé's 1st in-house data management platform (2017)

Modernize the portfolio



Cold-brew coffee driving significant market share gains (launched 2018)

Drive consumer-centric innovation

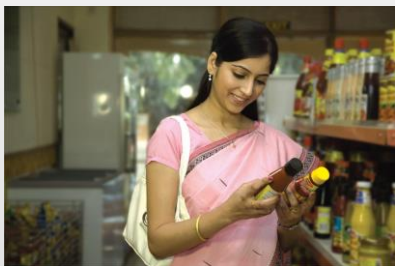


Launched incubator team (2018) driving trend-driven innovation and speeding time to market

1 Strengthening growth in key markets: India



Driving penetration with a focus on urban areas



- Expanding our distribution from 4.5 m outlets in 2018 to 5.5 m by 2020

Accelerating premiumization through innovation



- > 40 innovations launched in the last 3 years
- Premium products now 10% of sales

Expanding our portfolio into new categories



- #1 in 7 of the largest food and beverages categories
- Expansion focused on infant nutrition, food, RTD and confectionery



2 Leading and shaping the new world of coffee

Category growth of ~ CHF 10 bn over 5 years (2018-2023)



Portioned

CHF +0.4 bn
CAGR 8%



RTD*

CHF +1.7 bn
CAGR 6%



Soluble

CHF +2.1 bn
CAGR 4%



Workplace

CHF +4 bn
CAGR 9%



Hotels

CHF +1.5 bn
CAGR 4%



2 Leveraging our strength across the portfolio

Strengthen
our core business



Lead
in innovation



Embrace
the cold opportunity



Accelerate
in OOH



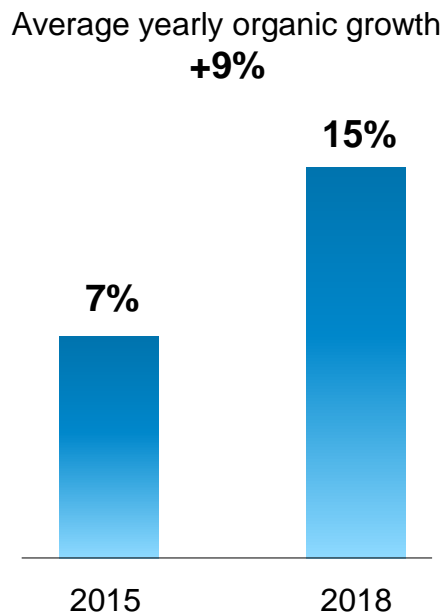
Deliver
the Starbucks plan



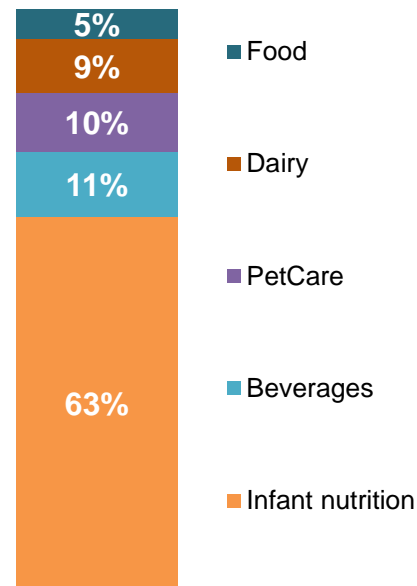


3 Premiumizing to drive profitable growth

Premium products in % of Zone sales



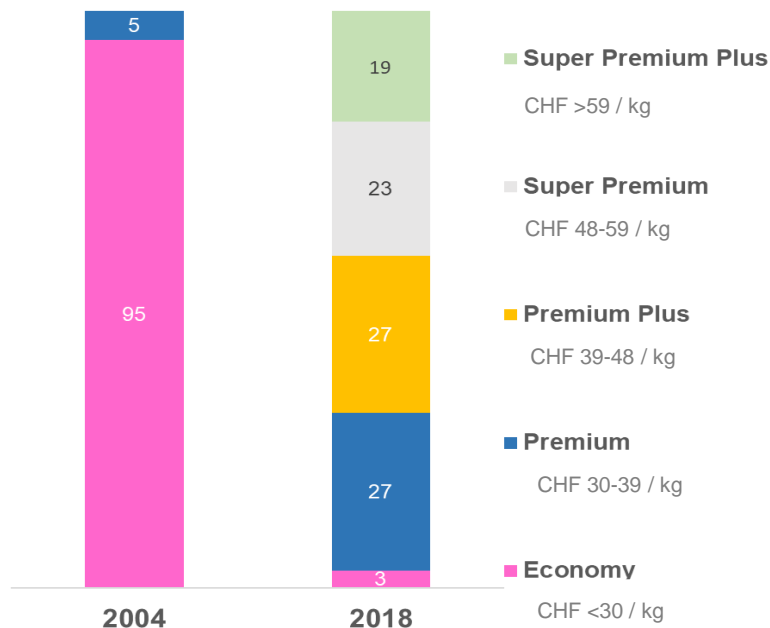
Premium product sales split by category





3 Premiumizing through innovation

Dramatic shift towards premiumization in China's infant formula market



illumina: From single product to billionaire megabrand



Super Premium

Super Premium Plus

Source: Nielsen, Team analysis

3

Adding value to the mainstream through innovation



Maggi noodles in India has been mainstream



A growing middle class has greater expectations

Middle class will double over 10 years



113.8 m households



547 m individuals

~ 41% of total population

New flavors and variants allow us to value-up the core

Portable

Seeking new culinary experiences



Healthy for families and kids



Source: National Council for Applied Economic Research, India



4

Seizing white space opportunities: Sub-Saharan Africa

Expand penetration

Share and value of household consumption is growing

2015

2025



Nigeria

USD
369
bn

USD
454
bn



Ethiopia, Kenya, South
Sudan & Tanzania

USD
198
bn

USD
309
bn

Affordable nutrition

Accessible, affordable nutrition is still key
for much of the population



We fortify products to help address
micronutrient deficiencies



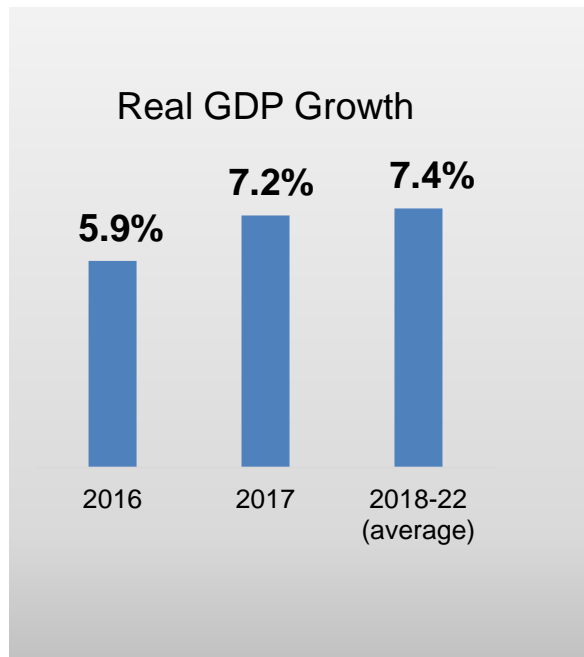
Popularly Positioned Products (PPP) in Sub-Saharan
Africa contribute 26% of PPP sales in AOA

Source: McKinsey



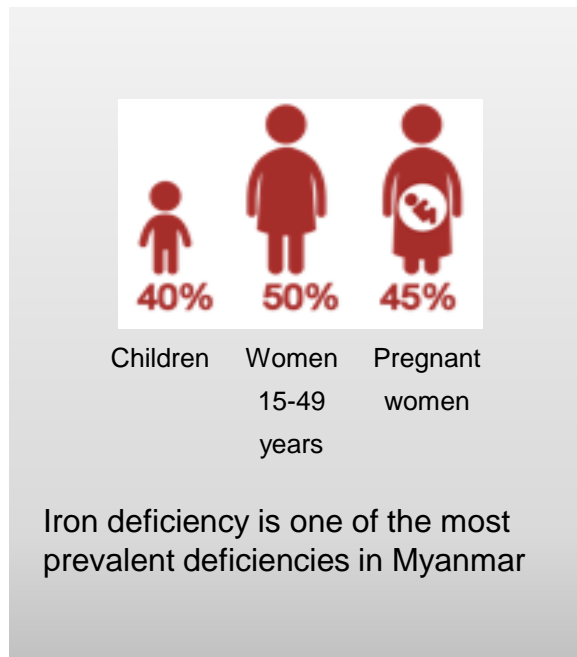
4 Seizing white space opportunities: South East Asia

Myanmar's economy growing strongly



Source: OECD Development Centre (2018), WHO

Nutrient deficiencies prevalent in population of 53 m



Source: WHO

Differentiating with fortification to seize opportunity





5 Further leveraging our existing portfolio

Dairy, pet care and Ready-to-Drink key to drive growth

Dairy in AOA

Market size: **CHF 140 bn**



Build a dairy portfolio journey from childhood to senior

Pet care in AOA

Market size: **CHF 14.6 bn**



Winning with pet professionals and new consumers in AOA

RTD in AOA

Market size: **CHF 206 bn**



Focusing on cross-category strategy, while building relevance with consumers



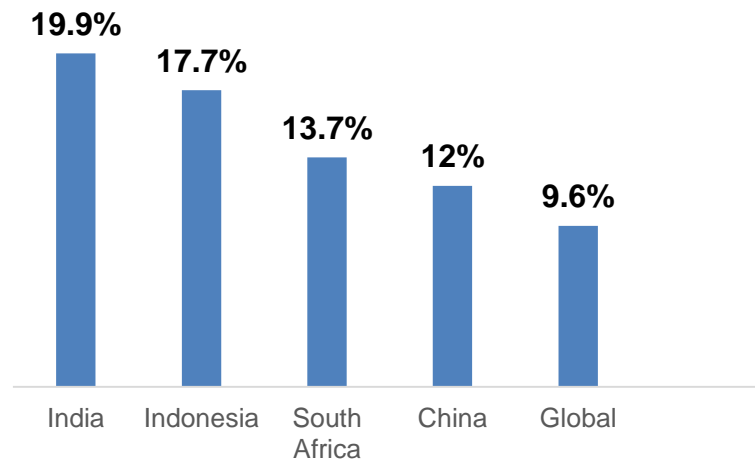
6 Developing digital capabilities to win

Strong e-commerce growth for Nestlé in AOA

	2016	2017	2018	CAGR
CHF (bn)	0.6	0.8	1.1	37%

New markets show strongest growth potential

Forecast market CAGR 2018 – 2022



Source: StatInvestor



6 Adapting our business model to succeed in 'New Retail'

E-commerce has changed the retail landscape



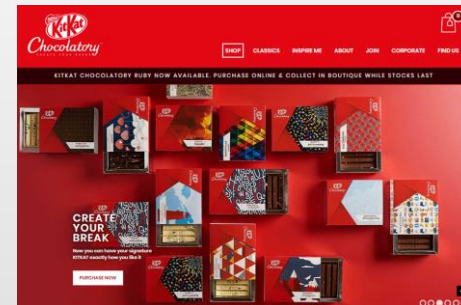
- Digitization of retail
- Hyper-connected consumers
- Cross-border e-commerce
- Personalization
- 'Mobile first' markets

Requiring new capabilities across channels



- Establishing online channels
- Developing end-to-end online business models
- Partnering with e-commerce leaders

To enable personalization and customization at scale



- **Japan:** 'Uber-type' model for seniors to help cover last mile
- **China:** R&D social listening platform for increased consumer-centric innovation
- **Singapore:** Customize gift packs through Facebook and Messenger

Creating Shared Value to ensure we grow sustainably



Enabling healthier and happier lives



120 bn servings of fortified foods and beverages in AOA

Helping develop thriving resilient communities



Each day we source 600 000 litres of milk from Indonesian farmers we started supporting 44 years ago

Stewarding resources for future generations



Water used per tonne of product in AOA down 27% since 2010

Tackling the plastic waste issue across AOA



Developing the packaging of the future



- Shifting to alternative materials like paper, with solutions already deployed

Helping shape a waste-free future, founded on neutrality



- Supporting transition to a circular economy with Project STOP in Indonesia
- Helping clean up the environment across the Zone

Driving new behavior and understanding

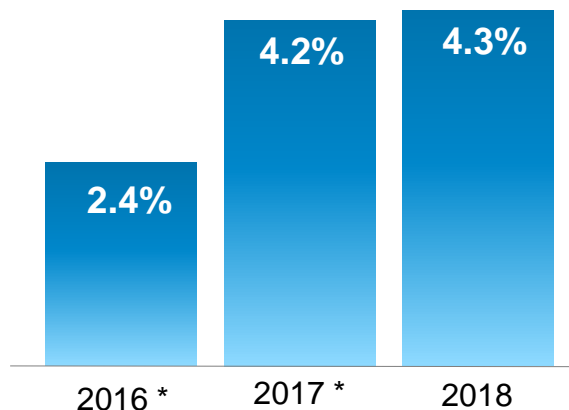


- Using brands to educate consumers and promote collection of packaging

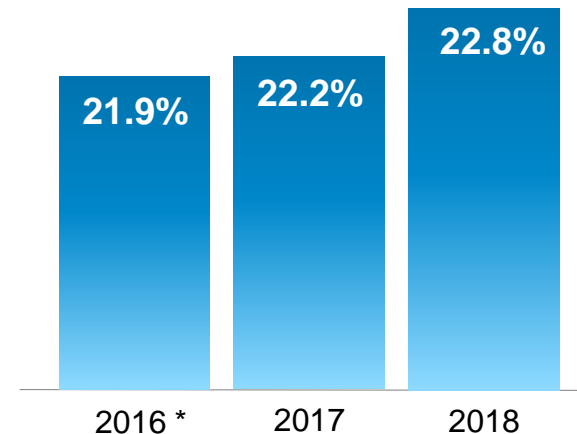
Growth and profitability are accelerating



Improvement in organic growth



Positive momentum in Underlying TOP



* Pro forma figures include the reorganization of Nestlé Nutrition into the Zones. No restatement has been made for accounting changes

Key takeaways



- Drive new consumption opportunities with our core strategic brands
- Focus on white space opportunities for growth
- Grow infant nutrition through innovation, expand PetCare and RTD
- Build capabilities and deepening partnerships to win in e-commerce