Welcome to the Full-Year Results Conference
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.
Full-Year Results Conference

Paul Bulcke
Nestlé CEO
# Nestlé Group Highlights

<table>
<thead>
<tr>
<th>Category</th>
<th>Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>CHF 91.6 bn</td>
</tr>
<tr>
<td>Organic Growth</td>
<td>4.5 %</td>
</tr>
<tr>
<td>Real Internal Growth</td>
<td>2.3 %</td>
</tr>
<tr>
<td>Trading Operating Profit Margin</td>
<td>+30 bps in constant currencies</td>
</tr>
</tbody>
</table>
Full-Year Results Conference

Wan Ling Martello
Chief Financial Officer
Resilient Performance Fuelled by Top Line Growth

- **Organic Growth**
  - + 4.5% (FX - 5.5%)

- **Trading Operating Profit (in CCY)**
  - + 30 bps (+10 bps reported)

- **Free Cash Flow (in CCY)**
  - + CHF 14.7 bn (+ CHF 14.1 bn reported)

- **Underlying Earnings Per Share (in CCY)**
  - + 4.4% (-1.7% reported)

*CCY = Constant Currencies*
### Broad Based Regional Growth

<table>
<thead>
<tr>
<th>Region</th>
<th>Sales (in CHF)</th>
<th>RIG</th>
<th>OG</th>
</tr>
</thead>
<tbody>
<tr>
<td>Americas</td>
<td>39.4 bn</td>
<td>+2.3%</td>
<td>+5.4%</td>
</tr>
<tr>
<td>Europe</td>
<td>25.9 bn</td>
<td>+2.4%</td>
<td>+1.9%</td>
</tr>
<tr>
<td>Asia, Oceania &amp; Africa</td>
<td>26.3 bn</td>
<td>+2.4%</td>
<td>+5.7%</td>
</tr>
</tbody>
</table>

Each region includes Zones, Nestlé Waters, Nestlé Nutrition, Nestlé Professional, Nespresso, NHSc, and NSH.

OG = Organic Growth, RIG = Real Internal Growth.
### Developed and Emerging Markets Growth

<table>
<thead>
<tr>
<th></th>
<th>Developed</th>
<th>Emerging</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong> (in CHF)</td>
<td>51.4 bn</td>
<td>40.2 bn</td>
</tr>
<tr>
<td>% of Group sales</td>
<td>56%</td>
<td>44%</td>
</tr>
<tr>
<td>OG</td>
<td>+1.1%</td>
<td>+8.9%</td>
</tr>
</tbody>
</table>

OG = Organic Growth
Zone Europe

- Good growth driven by innovation and premiumisation despite deflationary environment
- Continued strong contributions from petcare, *Nescafé Dolce Gusto*, frozen pizza and premium soluble coffee
- Western Europe
  - Growth supported by France, Switzerland, Austria, Netherlands, Spain and Portugal
  - UK, Germany, Italy and Greece remained challenging
- Eastern Europe
  - Russia remained growth driver; Ukraine contributed positively
- TOP margin +30 bps: leveraging real internal growth plus efficiencies

<table>
<thead>
<tr>
<th>Sales in CHF bn</th>
<th>15.2</th>
<th>RIG %</th>
<th>2.2</th>
<th>OG %</th>
<th>1.5</th>
<th>TOP %</th>
<th>15.3</th>
</tr>
</thead>
</table>

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Zone Americas

- North America remained subdued, good organic growth in Latin America helped by pricing, reflecting inflationary pressures

- North America
  - Good growth in petcare, coffee creamers, super-premium ice cream
  - Frozen foods challenged, but efforts maintained to turnaround category with innovations

- Latin America
  - Good overall performance despite slowing economic environment
  - Brazil saw good growth in most categories
  - Mexico remained challenging
  - Petcare sustained strong momentum

- TOP margin +60 bps: lower structural costs and net other trading expenses
Zone Asia, Oceania & Africa

- Growth impacted by ongoing challenges in China and Oceania
- Emerging markets
  - Good performance in Philippines, South Asia, Indochina
  - Growth driven by innovations and NHW focus, e.g. fortified Bear Brand Milk Powder, Milo Activ-Go, Maggi Oat Noodles
- Developed markets
  - Innovations in Japan drove performance
- TOP margin -20 bps: slow growth and net other trading expenses

<table>
<thead>
<tr>
<th>Sales in CHF bn</th>
<th>RIG %</th>
<th>OG %</th>
<th>TOP %</th>
</tr>
</thead>
<tbody>
<tr>
<td>18.3</td>
<td>-0.3</td>
<td>2.6</td>
<td>18.7</td>
</tr>
</tbody>
</table>

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Nestlé Waters

- Broad-based growth across all geographies and brands
  - Pure Life continued to be a growth engine
  - International sparkling brands created value in premium segment
  - Good performance of local brands

- Developed markets: solid growth in both North America and Europe

- Emerging markets: double digit growth

- TOP margin +50 bps: leverage of good growth with contained structural costs

<table>
<thead>
<tr>
<th>Sales in CHF bn</th>
<th>RIG %</th>
<th>OG %</th>
<th>TOP %</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.4</td>
<td>6.3</td>
<td>5.4</td>
<td>9.7</td>
</tr>
</tbody>
</table>

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Growth driven by infant formula, cereals, and emerging markets

Emerging markets: strong growth driven by AOA

Developed markets: impacted by soft category growth, and continued focus on value generation in the US

Infant formula brand highlights include NAN, S26 and superpremium Illuma

Meals & Drinks soft but improving with innovations

TOP margin +80 bps: active portfolio management, strong Wyeth Nutrition performance, and efficiencies
Other Businesses

<table>
<thead>
<tr>
<th>Sales in CHF bn</th>
<th>RIG %</th>
<th>OG %</th>
<th>TOP %</th>
</tr>
</thead>
<tbody>
<tr>
<td>13.9</td>
<td>5.6</td>
<td>7.1</td>
<td>19.1</td>
</tr>
</tbody>
</table>

Nestlé Professional
- Growth driven by emerging markets
- Challenging out-of-home environment in North America and Europe

Nespresso
- Broad-based strong growth in all regions, supported by innovation
- *VertuoLine* launch in North America on plan

Nestlé Health Science
- Strong performance in Europe and emerging markets
- Innovations with new products and rollouts in new markets

Nestlé Skin Health (as from July 2014)
- Double digit growth in all businesses and geographies

Other TOP Margin
- +140 bps: good performance on all Other business, including exceptional contribution from Nestlé Skin Health
**Products**

- **% Real Internal Growth**
- **% Organic Growth**

### Sales (in CHF bn)
- **Powdered and Liquid Beverages**: 20.3
- **Water**: 6.9
- **Milk products and Ice cream**: 16.7
- **Nutrition and Health Science**: 13.0
- **Prepared dishes and cooking aids**: 13.5
- **Confectionery**: 9.8
- **PetCare**: 11.3

### TOP %
- **in bps**
  - **Powdered and Liquid Beverages**: +40 bps
  - **Water**: +30 bps
  - **Milk products and Ice cream**: +90 bps
  - **Nutrition and Health Science**: +210 bps
  - **Prepared dishes and cooking aids**: +20 bps
  - **Confectionery**: -210 bps
  - **PetCare**: +60 bps

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Trading Operating Profit Margin

- Trading Operating Profit margin +30 bps in constant currencies
- Consumer facing marketing spend +5.8% in constant currencies

TOP = Trading Operating Profit, CCY = Constant Currencies
# Income Statement

## Total Group

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>% of sales</td>
<td>% of sales</td>
<td>bps</td>
</tr>
<tr>
<td><strong>Trading operating profit</strong></td>
<td>15.2</td>
<td>15.3</td>
<td>10</td>
</tr>
<tr>
<td><strong>Net other operating income/expenses</strong></td>
<td>(1.0)</td>
<td>(3.4)</td>
<td>-240</td>
</tr>
<tr>
<td><strong>Operating Profit</strong></td>
<td>14.2</td>
<td>11.9</td>
<td>-230</td>
</tr>
<tr>
<td><strong>Net financial income/expenses</strong></td>
<td>(0.7)</td>
<td>(0.7)</td>
<td>0</td>
</tr>
<tr>
<td><strong>Profit before taxes, associates and JVs</strong></td>
<td>13.5</td>
<td>11.2</td>
<td>-230</td>
</tr>
<tr>
<td><strong>Taxes</strong></td>
<td>(3.5)</td>
<td>(3.7)</td>
<td>-20</td>
</tr>
<tr>
<td><strong>Income From Associates and JVs</strong></td>
<td>1.3</td>
<td>8.8</td>
<td>750</td>
</tr>
<tr>
<td><strong>Profit for the year</strong></td>
<td>11.3</td>
<td>16.3</td>
<td>500</td>
</tr>
<tr>
<td><strong>of which attributable to non-controlling interests</strong></td>
<td>0.4</td>
<td>0.5</td>
<td>10</td>
</tr>
<tr>
<td><strong>Attributable to shareholders of the parent</strong></td>
<td>10.9</td>
<td>15.8</td>
<td>490</td>
</tr>
<tr>
<td><strong>Basic EPS (CHF)</strong></td>
<td>3.14</td>
<td>4.54</td>
<td>44.6%</td>
</tr>
<tr>
<td><strong>Underlying EPS (CHF)</strong></td>
<td>3.50</td>
<td>3.44</td>
<td>-1.7%</td>
</tr>
<tr>
<td><strong>Underlying EPS (CHF) constant currencies</strong></td>
<td></td>
<td></td>
<td>+4.4%</td>
</tr>
</tbody>
</table>
Free Cash Flow

*Mainly impacted by the cash in from the partial disposal of L'Oréal shares*
Continued Focus on Working Capital

Working capital variation, calculated on a quarterly average as a percentage of sales

- 2012: -80 bps
- 2013: -200 bps
- 2014: -120 bps
Evolution of CAPEX

CAPEX as % of sales

2012*: 5.9%
2013: 5.3%
2014: 4.3%

CAPEX in CHF bn

2012*: 5.3
2013: 4.9
2014: 3.9

*Restated following implementation of IFRS 11 and IAS 19
Group Net Debt Decreased by CHF 2.4 bn

Estimated figures in CHF bn

- 14.7
Net debt (1 Jan 2014)

- 1.5
Share buy-back program

- 0.1
Treasury shares (net)

- 6.9
Dividends

- 1.7
Acquisition net of disposals (incl. Minority)

- 1.5
Exchange rates & other

+4.1
Proceeds from sale of L’Oréal shares

+10.0
Free Cash Flow

- 2.4 bn decrease

- 12.3
Net debt (31 Dec 2014)
Managing the Currency Challenge

**FY 2014 Currency Impact**

<table>
<thead>
<tr>
<th>Category</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>- 5.5%</td>
</tr>
<tr>
<td>Operating Performance</td>
<td>- 20 bps</td>
</tr>
<tr>
<td>Underlying EPS</td>
<td>- 6.1%</td>
</tr>
<tr>
<td>Free Cash Flow</td>
<td>- 0.6 bn</td>
</tr>
<tr>
<td>Balance Sheet</td>
<td>+ 3.0 bn</td>
</tr>
</tbody>
</table>

**SNB announcement to remove floor of the EUR vs CHF**

- **Natural hedge** of the underlying business
- **Sustainable dividend policy** in CHF
Sustainable Dividend per Share in CHF

* Proposed
Summary

Delivery of Top Line and Bottom Line

Growth in Emerging and Developed Markets

Improved Operational and Capital Efficiency

Making Choices to Divest, Fix and Accelerate

Delivering in Short Term and Investing in Long Term
Outlook 2015

We aim to achieve organic growth of around 5% with improvements in margins, underlying earnings per share in constant currencies and capital efficiency.
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Paul Bulcke
Nestlé CEO
Delivering today…

… and building for the future

• Our intrinsic strengths
• Challenges we face
• Positioning Nestlé for the future
Delivering today…

… and building for the future

• Our intrinsic strengths
• Challenges we face
• Positioning Nestlé for the future
Our intrinsic strengths

- Our people: commitment and alignment
- Foresight and courage: ideas and markets
- Our organisation: local and global
Delivering today…

… and building for the future

• Our intrinsic strengths
• Challenges we face
• Positioning Nestlé for the future
The Swiss franc

- Natural hedge between revenue and cost (≈ 90% locally produced and sold)
- < 2% of turnover in Switzerland

But impact on

- Export from Switzerland (2/3 of production)
- Structural cost in CHF (R&D, HQ)
- Translation risk – consolidation

Actions for competitiveness

- Supply & logistics reorientation
- Productivity gains
- Structural cost reduction
China

- Changing consumer landscape
- Changing trade landscape
China – adjusting to a changing landscape

Consumers

- Traditional and new
- NHW awareness
- Premiumisation

Trade

- Rebalancing push & pull
- e commerce
- Out-of-home
## US Frozen food

### High penetration

| Household | 96 % |
| Nestlé household | 66 % |

### Sizeable and growing

| Category sales | 23 bn USD |
| 2014 – 2019 | + 3.2 % |

### Leading positions

| Single & multi-serve meals | 29.0 % |
| Single serve diet meals | 38.0 % |
| Sandwiches & handheld snacks | 18.0 % |
| Pizza | 43.0 % |
Enhancing the brands’ relevance to consumers

- Innovate in fast-growing segments and expand the brand franchise
- New health dimensions and culinary trends
- Winning at retail and in digital
- Premiumise and offer on-trend products
Delivering today…

... and building for the future

- Our intrinsic strengths
- Challenges we face
- Positioning Nestlé for the future
Expanding the boundaries of nutrition, health and wellness

Nutritional therapies that change the way we approach the management of people’s health

Science-based solutions for the health of skin

Expanding the boundaries of nutrition, health and wellness

Nutritional therapies that change the way we approach the management of people’s health

Science-based solutions for the health of skin
Healthy Ageing
  • Physical and cognitive autonomy: mobility, energy, body & mind, cognitive capacity

Inborn errors of metabolism
  • Paediatric care & allergy
  • Acute care
  • Metabolic & obesity care
  • US medical nutrition specialties
  • Devices

Brain health
  • Gastrointestinal health
  • Diagnostics
  • Nutrient-based technology platforms
Nestlé Skin Health

**Prescription**
Pharmaceutical products prescribed by healthcare professionals

**Self-medication**
Disease and non-disease specific therapeutic skin care solutions

**Aesthetic & Corrective**
Medical solutions and services for minimally invasive aesthetic and corrective treatments

**Well-being**
Genetics

**Environment**
Nutrition

Aesthetic & Corrective
Nestlé Business Excellence

Simplify  Standardise  Share
Nestlé Business Excellence… fuel for growth

Highly efficient support structures

Speed and quality of execution

Increased business focus
resilient, innovative, consistent
Operating Segments

<table>
<thead>
<tr>
<th>Segment</th>
<th>% Real Internal Growth</th>
<th>% Organic Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zone Europe</td>
<td>2.2</td>
<td>1.5</td>
</tr>
<tr>
<td>Zone Americas</td>
<td>1.1</td>
<td>5.0</td>
</tr>
<tr>
<td>Zone Asia, Oceania, Africa</td>
<td>-0.3</td>
<td>2.6</td>
</tr>
<tr>
<td>Nestlé Waters</td>
<td>6.3</td>
<td>5.4</td>
</tr>
<tr>
<td>Nestlé Nutrition</td>
<td>7.7</td>
<td>3.6</td>
</tr>
<tr>
<td>Other Businesses</td>
<td>5.6</td>
<td>7.1</td>
</tr>
</tbody>
</table>

Sales (in CHF bn)

- Zone Europe: 15.2
- Zone Americas: 27.3
- Zone Asia, Oceania, Africa: 18.3
- Nestlé Waters: 7.4
- Nestlé Nutrition: 9.6
- Other Businesses: 13.9

TOP %

- Zone Europe: 15.3
- Zone Americas: 18.8
- Zone Asia, Oceania, Africa: 18.7
- Nestlé Waters: 9.7
- Nestlé Nutrition: 20.8
- Other Businesses: 19.1

in bps

- Zone Europe: +30 bps
- Zone Americas: +60 bps
- Zone Asia, Oceania, Africa: -20 bps
- Nestlé Waters: 50 bps
- Nestlé Nutrition: 80 bps
- Other Businesses: 140 bps
## Currency Overview

### Weighted average rate

<table>
<thead>
<tr>
<th></th>
<th>FY 2013</th>
<th>FY 2014</th>
<th>% Var.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 US Dollar USD</td>
<td>0.93</td>
<td>0.92</td>
<td>-1.1</td>
</tr>
<tr>
<td>1 Euro EUR</td>
<td>1.23</td>
<td>1.21</td>
<td>-1.3</td>
</tr>
<tr>
<td>100 Chinese Yuan Renminbi CNY</td>
<td>15.06</td>
<td>14.88</td>
<td>-1.3</td>
</tr>
<tr>
<td>100 Brazilian Reais BRL</td>
<td>42.99</td>
<td>38.90</td>
<td>-9.5</td>
</tr>
<tr>
<td>1 Pound Sterling GBP</td>
<td>1.45</td>
<td>1.51</td>
<td>4.0</td>
</tr>
<tr>
<td>100 Mexican Pesos MXN</td>
<td>7.26</td>
<td>6.88</td>
<td>-5.2</td>
</tr>
<tr>
<td>100 Philippine Pesos PHP</td>
<td>2.18</td>
<td>2.06</td>
<td>-5.6</td>
</tr>
<tr>
<td>1 Canadian Dollar CAD</td>
<td>0.90</td>
<td>0.83</td>
<td>-7.7</td>
</tr>
<tr>
<td>1 Russian Ruble RUB</td>
<td>0.03</td>
<td>0.02</td>
<td>-17.5</td>
</tr>
<tr>
<td>1 Australian Dollar AUD</td>
<td>0.90</td>
<td>0.83</td>
<td>-7.9</td>
</tr>
<tr>
<td>100 Japanese Yen JPY</td>
<td>0.94</td>
<td>0.86</td>
<td>-8.7</td>
</tr>
</tbody>
</table>
## FX Impact

<table>
<thead>
<tr>
<th>Zone</th>
<th>FX Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zone Americas</td>
<td>-8.2%</td>
</tr>
<tr>
<td>Zone Europe</td>
<td>-3.6%</td>
</tr>
<tr>
<td>Zone AOA</td>
<td>-5.3%</td>
</tr>
<tr>
<td>Nestlé Waters</td>
<td>-3.1%</td>
</tr>
<tr>
<td>Nestlé Nutrition</td>
<td>-6.4%</td>
</tr>
<tr>
<td>Other Businesses</td>
<td>-3.3%</td>
</tr>
<tr>
<td>Total</td>
<td>-5.5%</td>
</tr>
</tbody>
</table>