Creating value through sustainability leadership

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EVP, Chief Financial Officer
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.
Our business is global, balanced and diversified

2020 sales: CHF 84.3 bn

<table>
<thead>
<tr>
<th>Where we sell</th>
<th>What we sell</th>
</tr>
</thead>
<tbody>
<tr>
<td>EMENA 29%</td>
<td>Beverages (incl. coffee) 26%</td>
</tr>
<tr>
<td>AMS 45%</td>
<td>PetCare 17%</td>
</tr>
<tr>
<td>AOA 26%</td>
<td>Nutrition &amp; Health Science 14%</td>
</tr>
<tr>
<td></td>
<td>Prepared dishes &amp; cooking aids 14%</td>
</tr>
<tr>
<td></td>
<td>Milk products &amp; ice cream 13%</td>
</tr>
<tr>
<td></td>
<td>Confectionery 8%</td>
</tr>
<tr>
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<td>Water 8%</td>
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<td></td>
<td>Water 8%</td>
</tr>
</tbody>
</table>

Resources

<table>
<thead>
<tr>
<th>Number of employees</th>
<th>R&amp;D spend</th>
<th>Factories</th>
</tr>
</thead>
<tbody>
<tr>
<td>273 000</td>
<td>CHF 1.6 bn</td>
<td>376</td>
</tr>
</tbody>
</table>
Another year of strong financial results in 2020

Organic sales growth

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organic sales growth</td>
<td>3.5%</td>
<td>3.6%</td>
</tr>
</tbody>
</table>

Underlying TOP margin

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underlying TOP margin</td>
<td>17.6%</td>
<td>17.7%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underlying EPS (in CHF)</td>
<td>+3.5% in constant currency</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underlying EPS (in CHF)</td>
<td>4.41</td>
<td>4.21</td>
</tr>
</tbody>
</table>

Return on invested capital

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return on invested capital</td>
<td>12.3%</td>
<td>14.7%</td>
</tr>
</tbody>
</table>

Free cash flow

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Free cash flow</td>
<td>12.9%</td>
<td>12.1%</td>
</tr>
</tbody>
</table>

Cash returned to shareholders

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash returned to shareholders</td>
<td>CHF bn</td>
<td>16.9</td>
</tr>
</tbody>
</table>
Third consecutive year of improved growth and margins

Organic growth (\%)

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organic</td>
<td>2.4</td>
<td>3.6</td>
</tr>
</tbody>
</table>

Underlying trading operating profit (in % of sales)

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reversed</td>
<td>16.5</td>
<td>17.7</td>
</tr>
<tr>
<td>Restated</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Mid-term outlook

- Sustained mid single-digit organic sales growth
- Continued moderate underlying trading operating profit margin improvements
- Continued prudent capital allocation and capital efficiency improvements
- Value creation for both society and our shareholders
Sustainability: business as a force for good

- Creating Shared Value is **how we do business** at Nestlé
- **Supporting growth** and enhancing relevance with consumers
- Strengthening the **resilience of our supply chain**
- Retaining and attracting diverse **talent**
- Anticipating **regulation**
Nestlé’s Net Zero Roadmap

Our path to regeneration for future generations

- **Moving faster**
  - **92M** TONNES OF GHG EMISSIONS
  - 20% REDUCTION BY 2025

- **Scaling up**
  - 50% REDUCTION BY 2030

- **Delivering our promise**
  - NET ZERO BY 2050

92m tonnes of GHG emissions

20% reduction by 2025

50% reduction by 2030

Net Zero by 2050
Investing in sustainability

Climate
~ CHF 3.2 bn investment 2020-2025

- Supporting regenerative agriculture
- Rethinking our operations
- Transforming our product portfolio

Sustainable packaging
~ CHF 1.5 bn investment 2020-2025

- Create a market for food-grade recycled plastic
- Develop packaging for the future
- Invest in venture fund supporting innovative solutions (~CHF 250 m)
Sustainability core to consumer expectations

Sustainability is key to purchase decisions

% of consumers by eco-segment

- Eco Actives: 41%
- Eco Considerers: 20%
- Eco Dismissers: 39%

59% (vs. 51% in 2019)

Consumers are increasingly ready to pay a premium

% of Eco Actives consumers

- 2019: 16%
- 2020: 20%

Sustainability integral to our growth strategy

Accelerating the shift to plant-based products

- Building strong portfolio of plant-based brands
- Integrating plant-based innovation in other brands

Increasing focus in Research & Development

- 10% of R&D employees dedicated to plant-based
- Collaborating with external parties

Embracing carbon neutrality for our brands

- By 2022: Nespresso, S.Pellegrino, Garden of Life and Garden Gourmet
- By 2025: Nestlé Waters and Sweet Earth
Sustainability investments expected to be earnings-neutral...

...using a similar resource generation model as we have over the last 4 years
Delivering profitable growth and investing in sustainability

2016-2020

Organic growth leverage and structural cost* control

~ 70 bps resources freed up

Growth & sustainability investments

~ 50 bps underlying TOP margin improvement

2021-2025

Similar resources freed up

Growth & sustainability investments

Moderate underlying TOP margin improvement

*Represents ~19% of net sales, mainly production, distribution and administrative fixed costs
Strong delivery on cost reduction over the last 4 years

Savings of CHF 2.8 bn  
(2020 over 2016)

Examples, 2016-2020

**Manufacturing**  
CHF 1.0 bn

- 27 factories closed
- Fixed factory overheads reduced by ~6% per annum in CHF
- Production line efficiencies* increased by 10 percentage points

**Procurement**  
CHF 0.7 bn

- Global buying increased to 63% from 40%
- Standardized 26% of raw material specifications
- Supplier consolidation (-13%)

**G&A**  
CHF 1.1 bn

- Head office costs reduced by ~20%
- Savings of ~CHF 200m from real estate optimization
- Shared service center penetration almost doubled to 33%

*Measures effective line usage by comparing production time to occupied time
# Further cost savings going forward

<table>
<thead>
<tr>
<th>Savings</th>
<th>Examples, 2021-2025</th>
</tr>
</thead>
</table>
| **Manufacturing** | • Strict control of fixed factory overheads  
  • Further improve production line efficiencies*  
  • Higher share of manufacturing managed by category rather by market |
| **Procurement** | • Further standardization of raw materials specifications  
  • Reduction of packaging materials specifications  
  • Further consolidation of marketing suppliers |
| **G&A** | • Digitalization, automation and increased analytical capabilities  
  • Journey to cloud  
  • Further real estate consolidation |

*Measures effective line usage by comparing production time to occupied time.
Key takeaways

• Sustainability is integral to our growth strategy

• Proven track record of margin improvement through cost reduction and growth leverage over the last 4 years

• Going forward, a similar resource generation model is expected to deliver profitable growth and will enable us to invest further in sustainability