Accelerating our digital transformation
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.
Bernard Meunier
Head of Strategic Business Units and Marketing and Sales

Aude Gandon
Global Chief Marketing Officer
Acceleration is now
Digitalization is dramatically reshaping consumer behaviors

3 BN
Recipes viewed on TikTok every month

30%
of consumers have pivoted to online shopping for food

Food queries on YouTube

x 3

45%
of online shoppers have made a purchase through social platforms

November 17, 2021
Accelerating our digital transformation
Nestlé is leading the transformation

Source: Kantar, GFK, IRI May 2021 projection

Global FMCG industry: e-commerce share of sales

Nestlé: e-commerce share of sales
Successful brands now require a different consumer engagement model

Branding Success

**THEN**

- Solid product concept
- Fight for distribution
- Price accurately
- Support initial awareness with advertising

**NOW**

- Sustainable by design, enhanced by the service
- Customize to win in every channel
- Always-on optimization
- Influenced by digital communities

Direct access to consumer DATA is a key competitive advantage
Acceleration is now

E-COMMERCE

From 12.8% in 2020
to 25%
of sales online
by 2025

Digital Marketing

From 47% in 2020
to 70% &
marketing investment
spent online
by 2025

From 205m in 2020
to 400m
consumer data records
by 2025
Strategic approach
Our focus is to rejuvenate the core and accelerate the new

Digital intensity across all categories
AMPLIFY
digital-centric
businesses

EMBED
& SCALE
core businesses

31 billionaire brands
3 strategic priorities to drive growth through digital

- Direct access to consumers at scale
- Channel-less commerce
- Always-on analytics
3 strategic priorities to drive growth through digital

GROWTH IQ

Direct access to consumers at scale

Channel-less commerce

Always-on analytics
205 M
consumer data records in 2020

+95%

400 M
consumer data records by 2025

Beverages

Nestlé

Nestlé Health Science

BabyCare

Petcare

Culinary

Consumer data records in 2020
**Product personalization**

to grow beyond the core

**Content personalization**
activate with more effective content

**Direct engagement**
increase lifetime value

**Precision marketing**
divid & engage at key demand moments

**Product personalization**
to grow beyond the core
3 strategic priorities to drive growth through digital

Direct access to consumers at scale

Always-on analytics

Channel-less commerce

GROWTH IQ
Next phase of retail is channel-less

**Phase 1**  
TRADITIONAL SUPERMARKETS

**Phase 2**  
HYPERMARKET CASH & CARRY

**Phase 3**  
CATEGORY SPECIALISTS

**Phase 4**  
E-COMMERCE

**EXCEL**  
on every shelf, anytime, anywhere

**THINK**  
end-to-end experience from awareness to shopping

Market development

Format retail development
Maintaining momentum

<table>
<thead>
<tr>
<th>E-commerce</th>
<th>E-market share</th>
<th>Direct-to-consumer</th>
</tr>
</thead>
<tbody>
<tr>
<td>organic growth in the first half of 2021</td>
<td>gaining or holding share in</td>
<td>e-commerce direct-to-consumer businesses represent</td>
</tr>
<tr>
<td>+ 19.2% following + 48.4% organic growth in 2020</td>
<td>~ 60% of business cells we are tracking</td>
<td>&gt; 6%* of total Nestlé sales in the first half of 2021</td>
</tr>
</tbody>
</table>

* Total direct-to-consumer sales across channels represent 9.3% of total Nestlé sales in the first half of 2021
Investing in critical enablers

Fit-for-purpose packaging solutions
MORE THAN 40% of our total e-commerce sales

Direct platform investment
+ 200% IN 2 YEARS digital media spend with e-commerce platforms

Optimizing retailers’ online shelves 24/7
60 MARKETS covering 90% of our online sales

Optimizing retailers’ online shelves 24/7 covering 90% of our online sales

Accelerating our digital transformation
20 November 17, 2021
Nespresso: next-level consumer experience
3 strategic priorities to drive growth through digital

Direct access to consumers at scale

Channel-less commerce

Always-on analytics

GROWTH IQ

November 17, 2021
In an era of increased competition and consumer demands, companies are looking to leverage the power of data to drive strategic, predictive, and real-time decision-making. This approach not only helps in identifying innovation opportunities but also in enhancing sales, pricing, and promotion optimization.

- **Strategic**: Focusing on long-term goals and objectives to gain a competitive edge.
- **Predictive**: Using data analytics to forecast trends and predict consumer behavior.
- **Real-time**: Enabling quick responses to market changes and capturing immediate opportunities.

Harnessing the power of data is essential for companies to accelerate their digital transformation and meet the evolving expectations of consumers.
Next generation Strategic Revenue Management & AI powered sales teams
~ 5% uplift in incremental sales

Emerging markets

U.S.

India

Smart identification of priority store outlets and must-sell items & total investment optimization

Resulting in incremental sales of ~ 2-4%
Nestlé China: innovation agility through real-time consumer data
Always-on analytics

Direct access to consumers at scale

Channel-less commerce

GROWTH IQ

Accelerating our digital transformation

November 17, 2021
Always-on analytics

Direct access to consumers at scale

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GROWTH IQ

Accelerating our digital transformation

November 17, 2021
Raising Growth IQ through our people
Investing in our people

- New digital experts added in the last 24 months to business teams, Integrated Marketing Services or Analytics Services
- 31,000 people upskilled with Google / Facebook training programs
- 31 000 people upskilled with Google / Facebook training programs
- + 500 experts in digital*

* New digital experts added in the last 24 months to business teams, Integrated Marketing Services or Analytics Services

Raising the bar
enhancing digital literacy
across the organization

Expert networks
Empowering
creating a digitally
creative culture

+ 500 experts in digital*
Fast-paced trial and error

Nestlé R&D accelerators

Rapid prototyping
In-housing talents to build more effective end-to-end content engines
Starbucks global roll-out: leveraging new digital content capabilities
Key takeaways
ACCELERATION IS NOW

THE FUTURE OF OUR INDUSTRY:
TECHNOLOGY & DATA-DRIVEN

NESTLÉ WILL LEAD THE TRANSFORMATION
3 strategic priorities

Direct access to consumers at scale
Channel-less commerce
Always-on analytics

Develop our Growth IQ
GROWTH IQ TAKES CENTER STAGE

31,000 UPSKILLED
+ 500 DIGITAL EXPERTS
+ 35 CONTENT STUDIOS

TO CREATE A CULTURE OF DIGITAL CREATIVITY WORLDWIDE
Thank you!
François-Xavier Roger
Chief Financial Officer
Our virtuous circle of value creation

1. Freeing up resources
2. Focusing investments on growth platforms
3. Driving market share gains
4. Delivering profitable growth

Creating shared value for society and shareholders
Driving efficiencies to invest for growth

**Structural costs (in % of sales)**

- **2016:** Structural costs represent ~19% of net sales, mainly production, distribution and administrative fixed costs.
- **2020:** -300 bps

**Trade spend, consumer-facing marketing investments and R&D (in % of sales)**

- **2016:** Trade spend includes allowances and discounts granted to customers which are deducted from reported sales.
- **2020:** +200 bps

- **Freeing up resources**
- **Cost discipline**
- **Savings across manufacturing, procurement, G&A**
- **Marketing**
- **R&D & technology**
- **Sustainability**
Increasing the return on marketing investments

Accelerating systematic ROI* tracking

- Systematic ROI analysis used across ~50% of media investments (+40% increase in 2020)
- In test markets, increased tracking resulted in a 10% increase in ROI in 2020

Increasing digital investment

- Digital media investments increased to 47% of total spend (vs. 32% in 2017)
- Average ROI on digital media at Nestlé is ~2x higher than traditional media**

* ROI = Return on marketing investment, calculated as incremental sales divided by working media spend
** ROI measured differs by categories and level of investment

% of tracked media investments

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>35%</td>
<td>50%</td>
<td></td>
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~2x
~2x
~3x
Supporting our value creation model

Becoming faster and more effective

Freeing up resources to invest in:
- Digitalization
- Technology
- Innovation
- Sustainability

Unlocking opportunities to deliver sustainable profitable growth

Creating shared value
Thank you!