Accelerating our data-driven digital transformation

Bernard Meunier
Head of Strategic Business Units and Marketing and Sales

Aude Gandon
Global Chief Marketing Officer
Disclaimer

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Six emerging trends boosted and confirmed post COVID

- Food as 1st Medicine
- E-commerce / digital acceleration
- Affordable / premium polarization
- Local for local
- Sustained in-home / reinvented OOH
- Sustainability

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## Holding strong positions in large, fast-growing categories

<table>
<thead>
<tr>
<th>Category</th>
<th>Market size (CHF bn)</th>
<th>Market Growth (CAGR ‘18 - ’21)</th>
<th>Nestlé 2021 sales (CHF bn)</th>
<th>2021 market share (where we play)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coffee</td>
<td>100</td>
<td>5%</td>
<td>22</td>
<td>28%</td>
</tr>
<tr>
<td>Petcare</td>
<td>150</td>
<td>9%</td>
<td>16</td>
<td>23%</td>
</tr>
<tr>
<td>Food</td>
<td>370</td>
<td>6%</td>
<td>12</td>
<td>32%</td>
</tr>
<tr>
<td>Dairy</td>
<td>180</td>
<td>4%</td>
<td>7</td>
<td>31%</td>
</tr>
<tr>
<td>Nutrition</td>
<td>70</td>
<td>2%</td>
<td>8</td>
<td>21%</td>
</tr>
<tr>
<td>Confectionery</td>
<td>180</td>
<td>3%</td>
<td>8</td>
<td>22%</td>
</tr>
<tr>
<td>Consumer Care + Medical Nutrition</td>
<td>180</td>
<td>6%</td>
<td>5</td>
<td>14%</td>
</tr>
<tr>
<td>Waters</td>
<td>230</td>
<td>3%</td>
<td>4</td>
<td>9%</td>
</tr>
</tbody>
</table>

Market size relates to retail channel only. Coffee sales include creamers.
The digitalization of food & beverage industry continues

Digital consumption increasing

147 minutes*
Global average for time spent on social media amongst internet users per day in 2022

Online shopping is pervasive

60% of shoppers expect to increase usage of digital shopping channels

New business models emerging

300% expected growth for social commerce by 2025

20% of media spend to go on e-retail media by 2025

Source: Nielsen IQ, Statista 2022, GWI; Wunderman Thompson, Future Shopper Report 2022; Survey Q1-22, Morning consult survey Q2-22; Accenture, Why shopping’s set for a social revolution Q1-22

* Amongst worldwide internet users in age group 16-64

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Data and technology are an essential source of competitive advantage

Building a seamless consumer experience

Navigating a channel-less commerce ecosystem

Source: Amazon.co.uk; Internal content
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Confirming our ambition for digital transformation

<table>
<thead>
<tr>
<th>Ambition</th>
<th>Approach</th>
<th>End game</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accelerate our transformation to lead the F&amp;B industry</td>
<td>3-year digital roadmap</td>
<td>Data-powered, fully digitalized experience-brands company</td>
</tr>
<tr>
<td>400 m consumer data records</td>
<td>25% of sales online</td>
<td>Nestlé 2025</td>
</tr>
<tr>
<td>70% of marketing spend online</td>
<td>70% of marketing spend online</td>
<td></td>
</tr>
</tbody>
</table>

- Direct consumer access at scale
- Next level content
- Always on analytics
- Channel-less commerce
- 31 billionare brands

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Progressing on four strategic priorities to build competitive advantage

Accelerating growth

- Direct consumer access at **scale**
- Next level **content**
- Channel-less **commerce**
- Always-on **analytics**
Making progress to reach 400 m consumer data records by 2025

Beverages
- NESCAFÉ
- NESPRESSO

PetCare
- PURINA
- Wamiz
- Tuile & Compagnie
- Lily’s Kitchen

Infant nutrition
- NIDO
- Baby & me
- NAN

Nestlé Health Science
- Vital Proteins
- Garden of Life
- persona

Culinary
- Garden Gourmet
- Maggi
- NESTLÉ COCINA

205 m
Consumer data records
January 2021

248 m
Consumer data records
HY 2022
Unlocking value via consumer data across geographies and categories

<table>
<thead>
<tr>
<th>United Kingdom</th>
<th>Middle East &amp; North Africa</th>
<th>Thailand</th>
</tr>
</thead>
<tbody>
<tr>
<td>Precision marketing</td>
<td>Occasion-based marketing</td>
<td>Content personalization</td>
</tr>
<tr>
<td><strong>56%</strong> improvement in cost per click (CPC)</td>
<td><strong>25%</strong> improvement in return on ad spend (ROAS)</td>
<td><strong>12%</strong> increase in ad recall</td>
</tr>
</tbody>
</table>
Leveraging consumer data to optimize digital media performance
Capturing more value across the PetCare journey via ecosystems

Notional representation of the petcare ecosystem
Brand-building requires exponentially more platform-specific content

In-store | Display | TVC
MAX 5 - 10 ASSETS PER CAMPAIGN

Social | Publishers | Influencers | TVC
50 - 100 ASSETS PER CAMPAIGN

54%
HY 2022 digital media spend as a % of total media spend

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Using AI to track, correct & enhance > 500 000 digital assets per year

Improving the performance of our digital content

- Ensure adherence to the 5 platform-specific golden rules
- 72% of Nestlé creative assets meet requirements, ahead of CPG industry average (43%)*
- Increase in effectiveness by up to 66%

*Creative X data YTD, CPG Verticals average = 43%; Oct 2022; ROAS measurement executed by Ebiquity on Meta data in 2020
Powering digital content production via agile and cost-effective model

- Multiple digital partners replaced by a network of internal studios
- Deployed at scale: more than 30 studios
- 50% more efficient vs. previous content model
Internalizing marketing expertise across the digital value chain

> 1,000 digital specialists added

Delivering **best-in-class** marketing services

- Website services
- Content services
- Consumer engagement
- CRM services
- Search services
- Digital commerce

Hosted in 7 centers

57% more efficient than traditional marketing services model

Lviv  Cairo
Lisbon  Manila
Ribeirão Preto  Accra
Assunción
Channel-less is transforming the retail landscape

Channel-less features

- Retailers becoming ecosystems
- Consumers switching effortlessly
- Trade fragmentation and blurring lines

Imperatives for Nestlé

- Direct access to consumers
- Analytics capabilities
- Win offline, online and with new models
E-commerce momentum

E-commerce as % of total Group sales

- 2018: 7%
- 2019: 9%
- 2020: 13%
- 2021: 14%
- 9M-2022: ~ 15%
- 2025: 25%

Emerging E-commerce models
Our roadmap to win in e-commerce

Excel in execution

Strategic partnerships

New business models

600+ e-commerce SKUs in Amazon

Amazon, chewy, Walmart, Delivery Hero

Building capabilities

+11 k employees upskilled
Unlocking growth potential by leveraging analytics capabilities

Harness the power of data

Strategic
Improving sales operations effectiveness

Predictive

Real-time
Building a culture of always-on optimization

Making smarter investment decisions

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Advanced analytics solutions for strategic revenue management

**Pricing optimization**

- Additional pricing captured

**Customer investment management**

- Trade spend efficiencies
Always-on analytics for Sales Operations

1. Commercial dashboards
2. Predictive and prescriptive use cases
3. Enterprise-wide

Impact: India market*

- +4% Average purchase per outlet
- 97% Monthly forecast accuracy
- +3-5% Improvement in demand planning accuracy

* Results from India in the scope implemented
Sales operations digitalization
Sales operations digitalization
Nestlé is accelerating its data-driven digital transformation across all categories and geographies.