



Nestlé investor
seminar 2022

Meaningful innovation to boost growth

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Transformation of our innovation processes led to significant improvement in speed-to-market and product differentiation

Increasing speed-to-market

-60%

'21 vs. '16

Average **time-to-market**

+12%

'21 vs. '20

Number of launches/shop tests

Increasing differentiation

+25%

'21 vs. '19

More innovation vs. renovation which together contribute to 30% of sales

+90%

'21 vs. '19

Number of patents in priority areas



Our new approach to innovation is based on process simplification, an entrepreneurial culture and external collaborations



Streamlining our R&D footprint allowed us to invest in new innovation capabilities while keeping budgets flat

Reducing number of R&D sites from 33 to 23 ('15 - '19)
Consolidating research

New research institutes and research farms



Dairy research farms
Pilot coffee farms

New innovation centers for China & Latin America



Asean



India



Africa



China



Latin America

14 R&D Accelerators in 9 markets



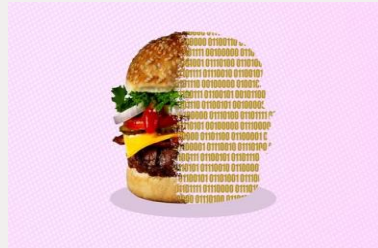
U.S. R&D Accelerator

Our newly developed Artificial Intelligence & Data Processing tools enable scientific discoveries and help to manage complexity

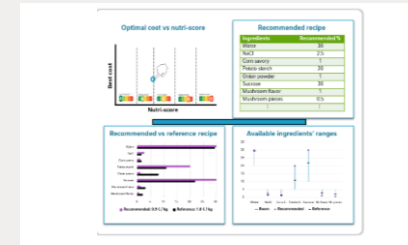
Clinical data mining for new discoveries



AI assisted concept development



AI module for recipe development



Data-based targeted plant-breeding



AI for early identification of issues



AI for real-time surveillance of raw material quality



Machine learning for advanced process control



Machine learning for preventive maintenance



While we continue to develop impactful technologies for our core business, we stepped-up innovation for high growth categories

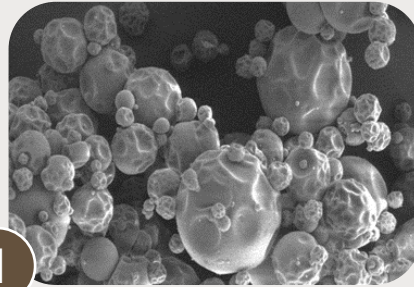
The Basics



Food Safety & Quality



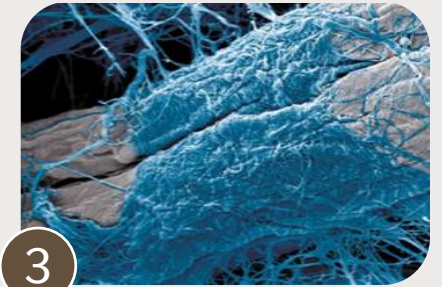
Taste & Aroma



1 Nutrition & Health



2 Affordability



3 Sustainability

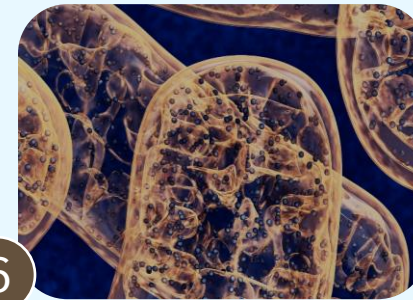
Innovation Focus



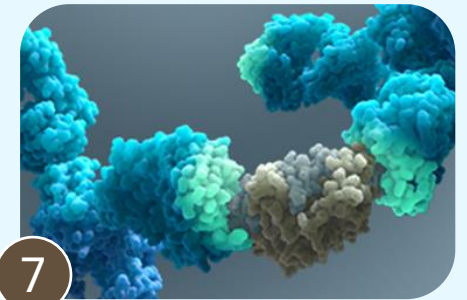
4 Alternative Proteins



5 Coffee & Systems



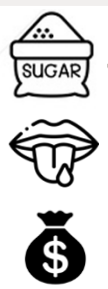
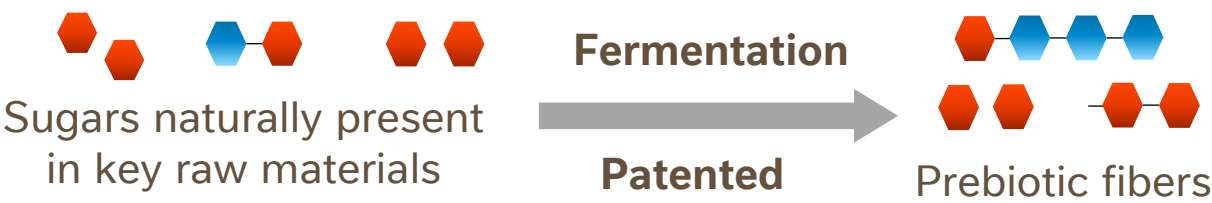
6 Early-life & Medical Nutr.



7 Science-based Pet Nutr.

Our new sugar reduction technology has little impact on taste, is cost effective and also provides microbiome benefits

Additional 11 000 tons sugar eliminated ('21 - '23)
Implemented in > 200 000 tons of product

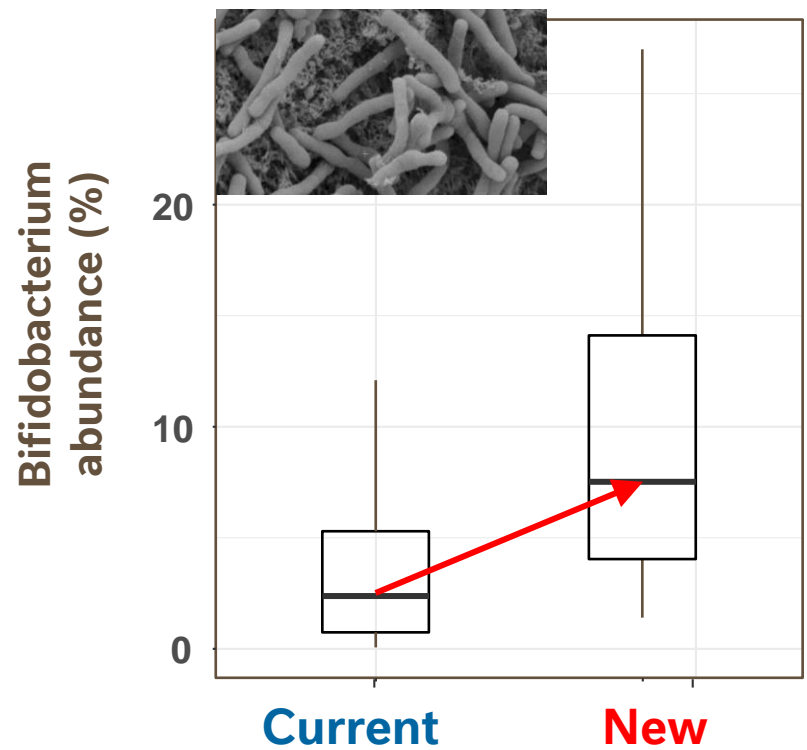


- Up to -50% sugar & -25% kcal**
- Little loss in sweetness**
- Clean label/no additives**
- Cost neutral/small increase**

Examples of launched products



+ claimable microbiome benefits



New proprietary ingredients allow us to develop very affordable products without compromise on nutrition and taste

Spent grain ingredients



High fiber cereal flakes

20% lower cost

Central and West Africa (2021)

Affordable coffee formulas



Tasty ingredients for mixes

20% - 30% lower cost

South Africa, Nigeria, Kenya, India (2021)

Bioavailable & stable iron for dairy



Dairy protein / iron complex

3x bioavailable; long shelf-life

Pakistan (2022)

Tailored plant protein for egg extension



Co-gel with egg protein

30% lower cost

Central America (2022)

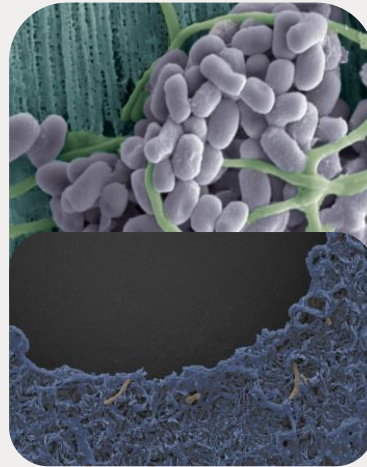
New packaging materials and agricultural solutions help to improve the environmental footprint of our portfolio

3

Easy to recycle plastic packaging Compostable & recyclable barrier papers



New generation of
barrier papers

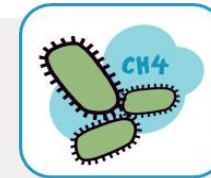
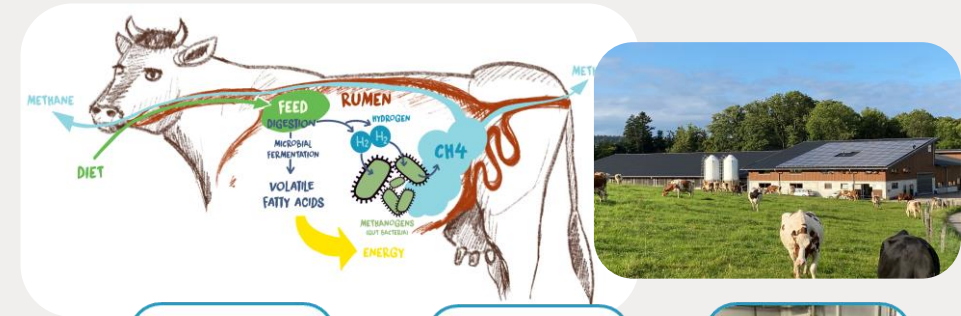


Biodegradable
bioplastics

Examples of deployed paper solutions:

5 bn straws, 250 m *Smarties* packs
2 bn *Quality Street* wrappers

Farming practices and feed solutions for low-carbon dairy



Feed
supplements



Soil
emissions



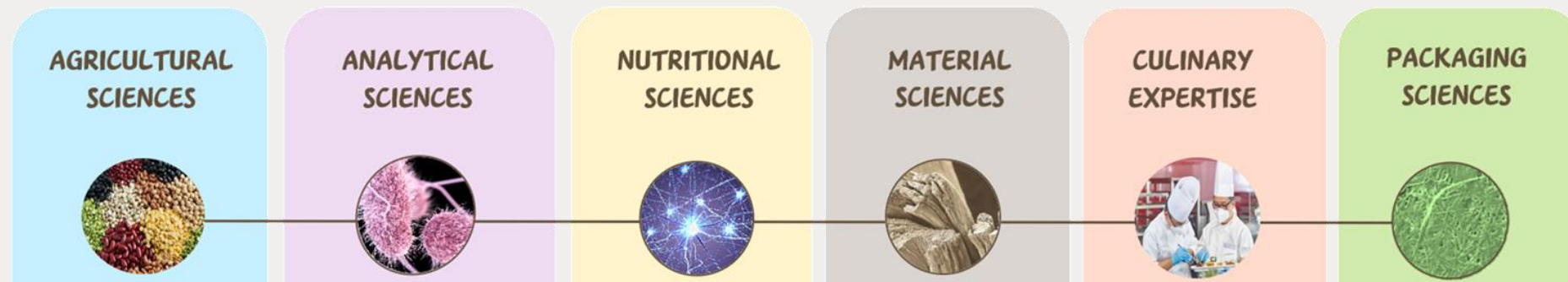
Manure
management

Combinations of measures will allow > 30%
reduction in greenhouse gas emissions

We launched over 100 plant-based innovations in 2 years across brands, formats and geographies⁴



Plant-based food growing consistently at a double-digit rate since 2019



Together with start-ups we explore precision fermentation and cell cultures to close sensory gaps in plant-based foods

Precision fermentation



Animal-free dairy type beverage
based on **cultured β -lactoglobulin**

Shop test in USA, Q4 2022

Cell-based muscle or fat tissue



Cultured-meat components that do not
compromise on taste or sustainability

Shop test planned for 2023

We continue to innovate along the coffee value chain for taste, aroma, efficiency and sustainability

High yield & drought resistant coffee varieties

+50% yield and -30% carbon



Drought resistant vs. standard

Revolutionary roasting & brewing technologies

New taste territories & yield increase



Our new coffee system *Neo* and compostable capsules for Nespresso deliver great coffee with reduced environmental footprint

Next generation coffee system for
Nescafé Dolce Gusto



38
patents

**Paper pods (70% less packaging)
20% lower carbon emissions per cup**

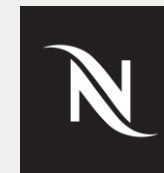


Systems
Technology Center



Institute of
Packaging Sciences

New home-compostable capsules
for Nespresso

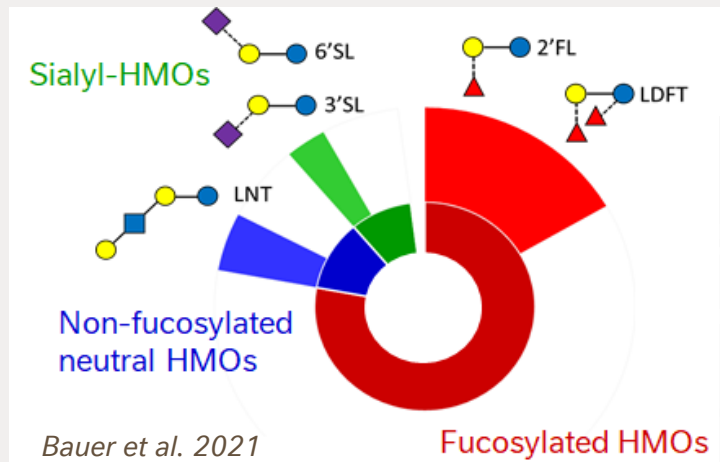


44
patents

**Paper/Bioplastic capsule
with 30% lower carbon footprint**

We continue to translate great discoveries in infant nutrition into impactful global launches

Human Milk Oligosaccharides (HMOs) for immunity & microbiome



> 30
patents

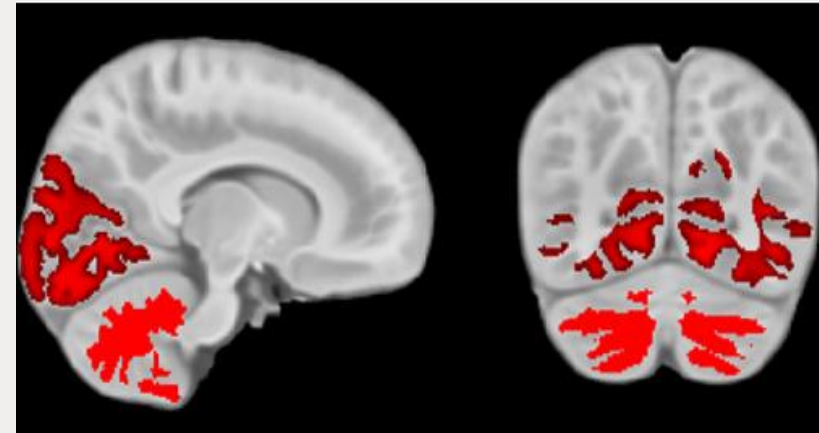


Oligosaccharides found in human milk

Generation 1 (2 HMOs):
50 markets; CHF 1.3 bn sales; 15% growth (FY 2022)

Generation 2 (5 HMOs):
20 markets (by end 2022)

NUTRILEARN®CONNECT lipid nutrient blend to accelerate brain myelination



10
patents



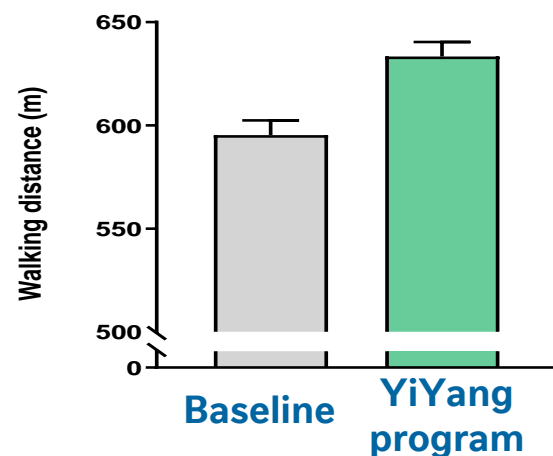
Progressing myelination in infant brain

Myelination impacts **cognitive, language and motoric function** in 6-month babies

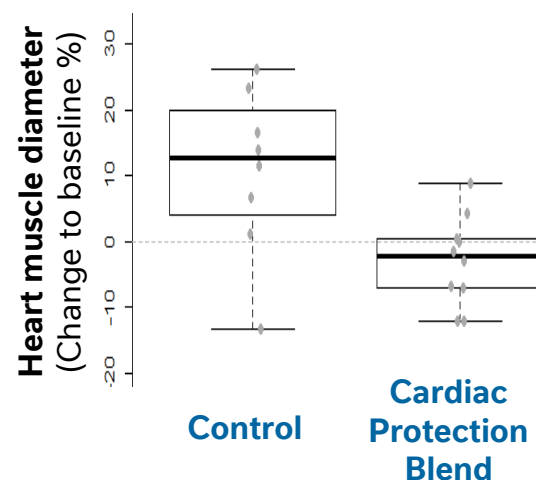
Launch in **Hong Kong & China (2022)**

Our research teams continue to discover novel nutritional solutions for healthy ageing

Bioactives to improve mobility in elderly humans



Nutrient blend for heart health in ageing dogs



Bioactives to restore mitochondrial function in humans



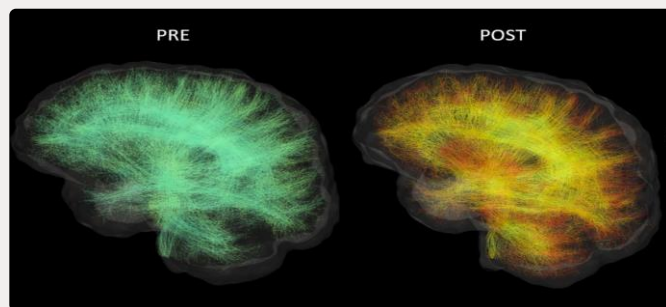
Urolithin A restores mitochondrial function



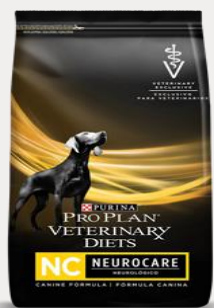
Nestlé's unique portfolio enables us to leverage synergies between clinical research for humans and pets

6
7

Special lipids (MCTs) as an alternative energy source for the ageing brain of humans & dogs



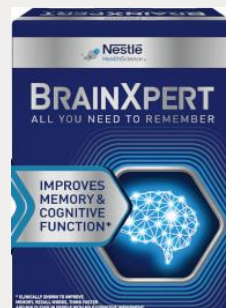
MCTs improving brain metabolism & cognition



Purina diet



YiYang milk powder



NHSc supplement

Benefit areas where we leverage clinical results across species

Gut & Digestive Health



Glucose & Prediabetes



Mobility & Muscle



Anxiety & Stress



What's next

Drive growth via impactful innovation & renovation and accelerated translation of science

Contribute to cost reduction (TASTY) via recipe optimization & new technologies

Continue to validate highly differentiated innovations in partnership with retailers

Enable sustainability agenda through agricultural science and novel packaging materials

Pilot external incubation for discoveries requiring special expertise and capabilities