



Nestlé investor
seminar 2022



Unlocking agility and productivity

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Creating value through TASTY and AGILITY

TASTY: SKU, recipe and packaging optimization as well as new technology deployment

- CHF 1 bn P&L benefits in 2022 with additional CHF 1 bn in 2023; program to continue beyond 2023
- Net positive impact on RIG / OG of ~ 20 bps as from 2023

AGILITY: efficiency and effectiveness

- Enhanced ways of working at the headquarters
- Increased speed and effectiveness of decision-making

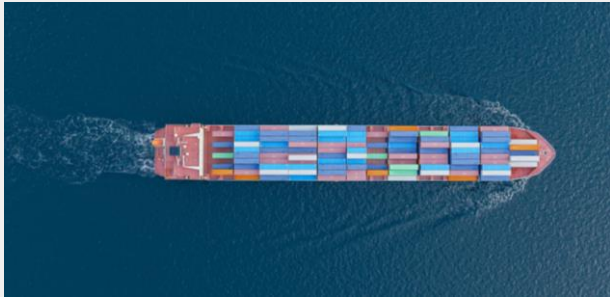
Achieving efficiencies is core to our virtuous circle of value creation



Managing multiple tensions ...

External context

Supply chain crisis



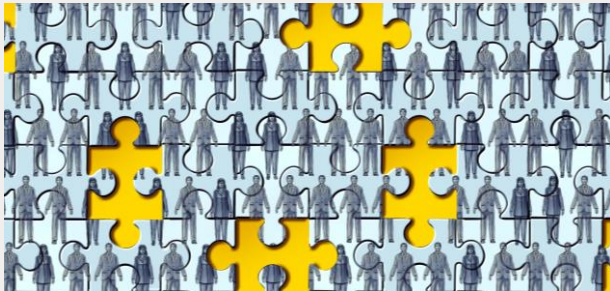
Inflationary pressure



Geopolitical tensions



Labor shortage



Sustainability



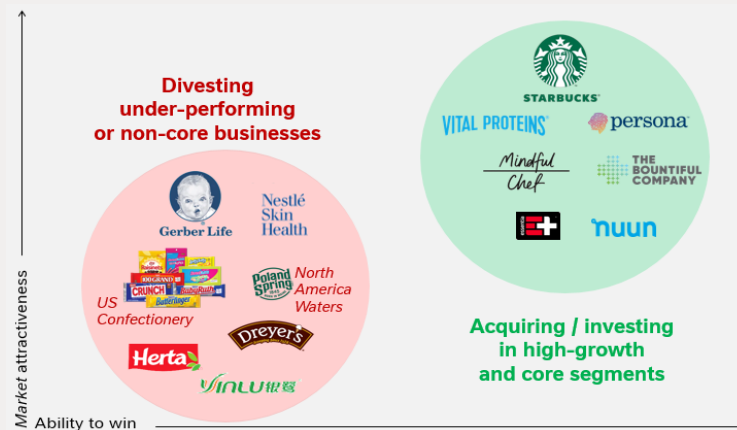
Energy availability



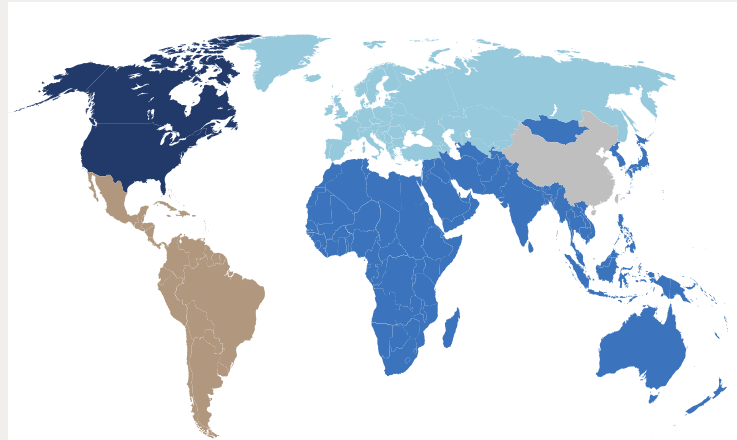
... while becoming more agile, adaptable and productive

Internal context

Portfolio evolution



Organizational change



Digital transformation



TASTY: driving productivity, efficiencies and value creation

Objectives

- Drive cost savings
- Protect margins
- Unlock growth

Scope

- Group-wide
- Optimization of
 - SKUs
 - Recipes
 - Packaging

Approach

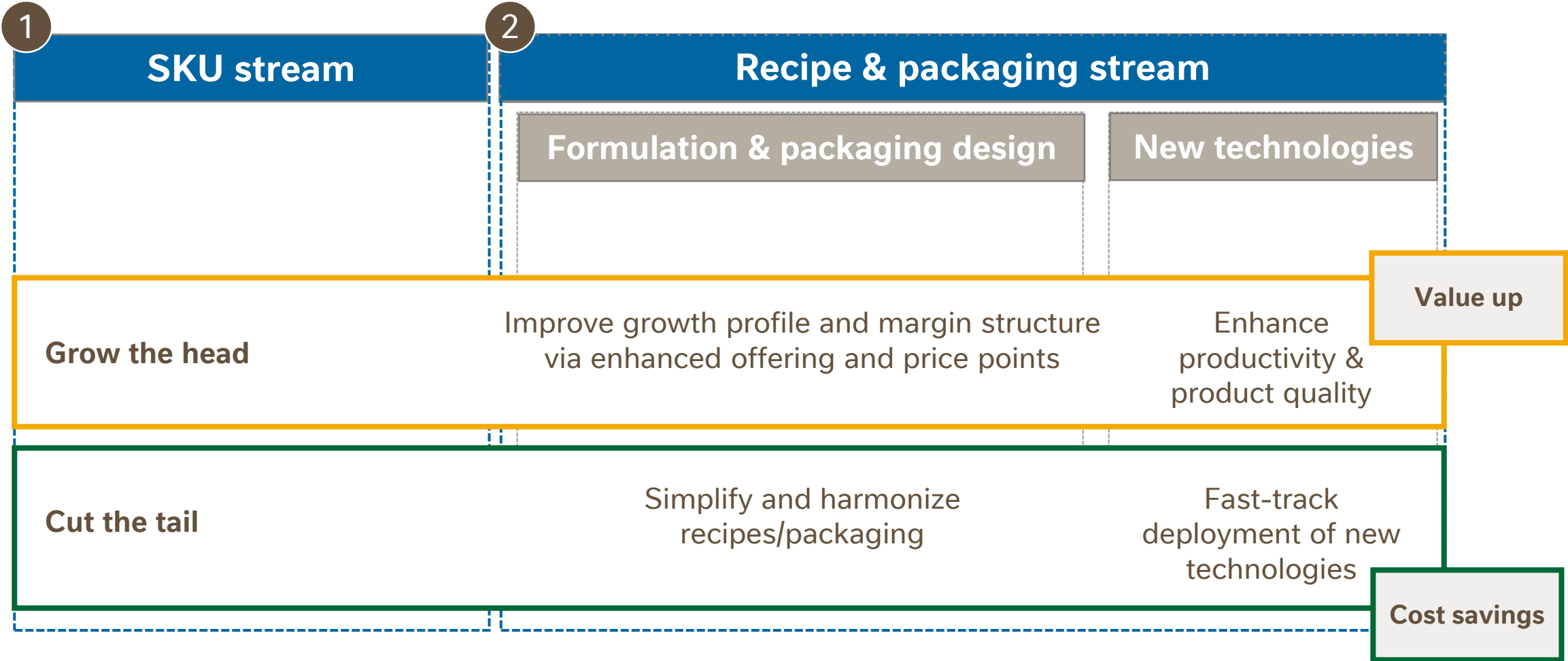
- Data-driven
- Cross-functional
- Sustainability embedded

Non-negotiables

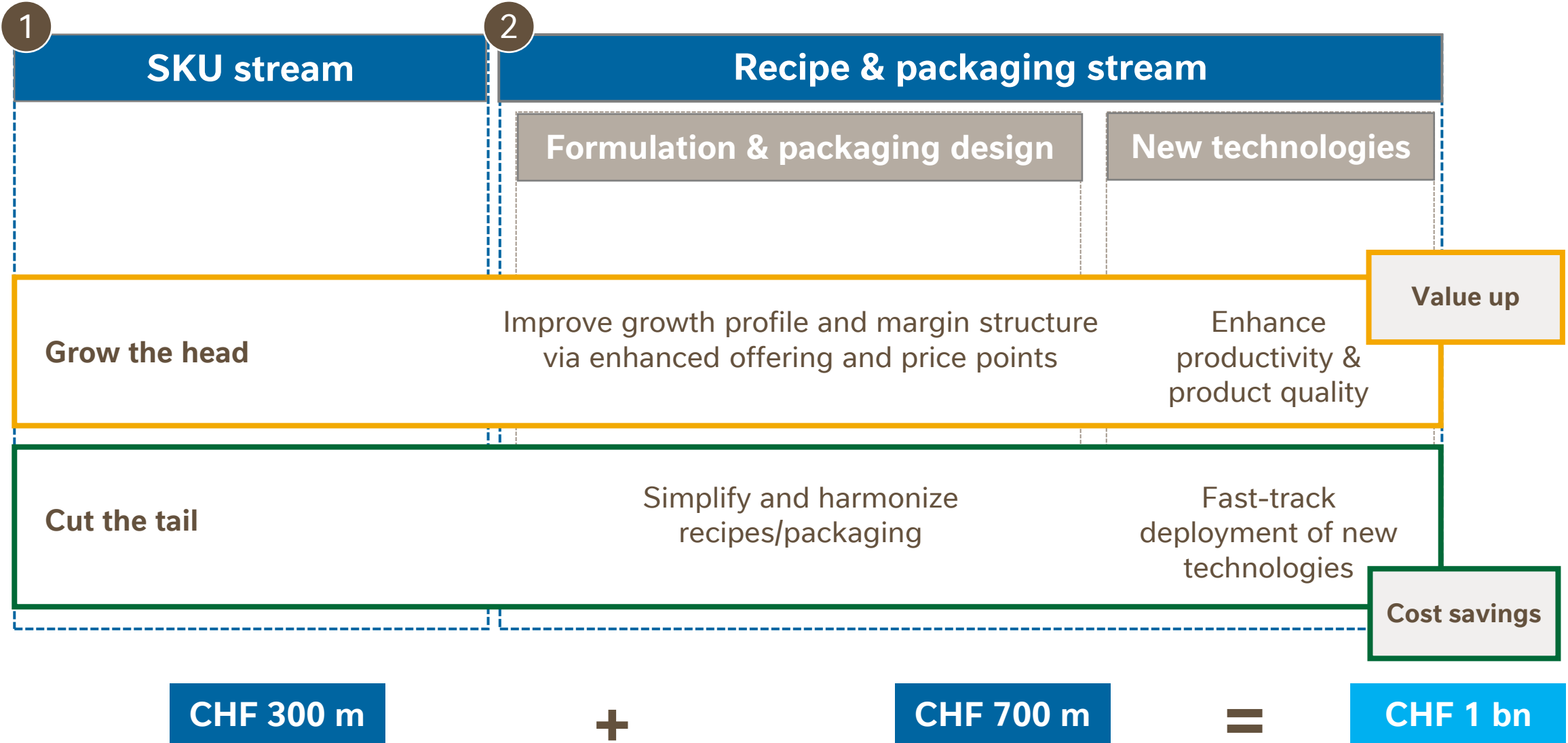
- Quality
- Safety
- Regulatory compliance

Governance: led by Nestlé Executive Board

TASTY focuses on SKUs, product recipes and packaging



Achieving CHF 1 bn P&L benefits in 2022 & an additional 1 bn in 2023



Expecting positive impact on RIG / OG of ~ 20 bps as from 2023

1

SKU optimization, not just rationalization

CUT THE TAIL

Eliminate

Slow rotation,
low margin SKUs

34% of SKUs – 1% of sales

2022-2023

+

GROW THE HEAD

Accelerate

Fast rotation,
high margin SKUs and innovations

11% of SKUs – 80% of sales

2023-2024

Growing the head drives organic growth and gross margin

1

Accelerate fast-rotation, high margin SKUs



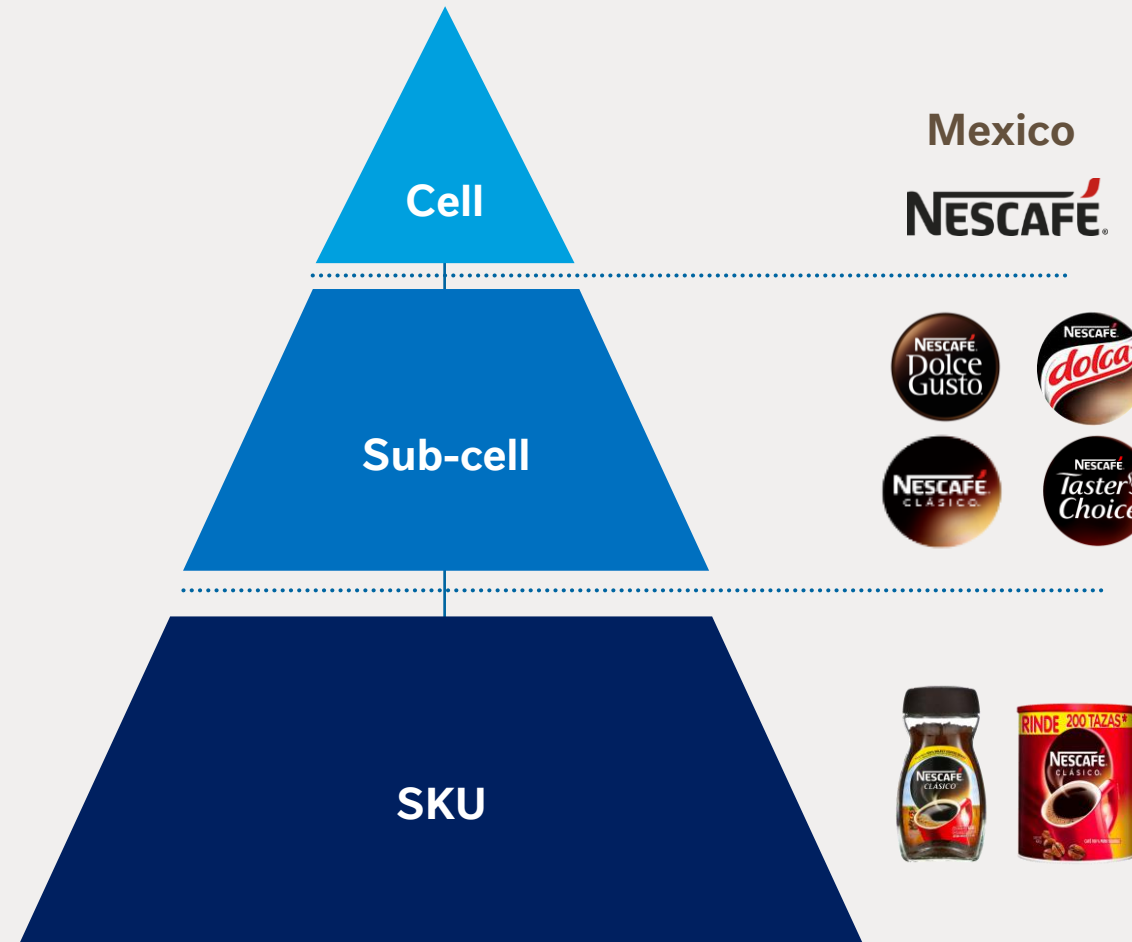
- Priority for resource allocation
- Perfect supply
- Perfect distribution
- On-shelf availability
- Right pricing
- Right tracking & monitoring

Complementing our strategic portfolio management process

1

Strategic
portfolio
management

TASTY



Optimizing cost, ensuring quality, safety and consumer preference

2

Projects	Coffee	PetCare	Dairy	PetCare	Health Science
	New blend	In-sourcing / new formulation	New formulation	New recipe	Complexity reduction
Zone	Global	North America	AOA, LATAM	North America	North America
Savings (CHF)	50 m	30 m	30 m	20 m	15 m
					

Contributing to our sustainability agenda

GHG reduction via new formulations

LATAM / AOA



Savings (CHF)

8 m

28 m

5 m

GHG reduction
(tonnes)

175 k

59 k

48 k

Plastic reduction via packaging optimization

Gerber United States

Before



After



Savings (CHF)

6 m

Virgin plastic
reduction (tonnes)

2.3 k

Vittel France

Before



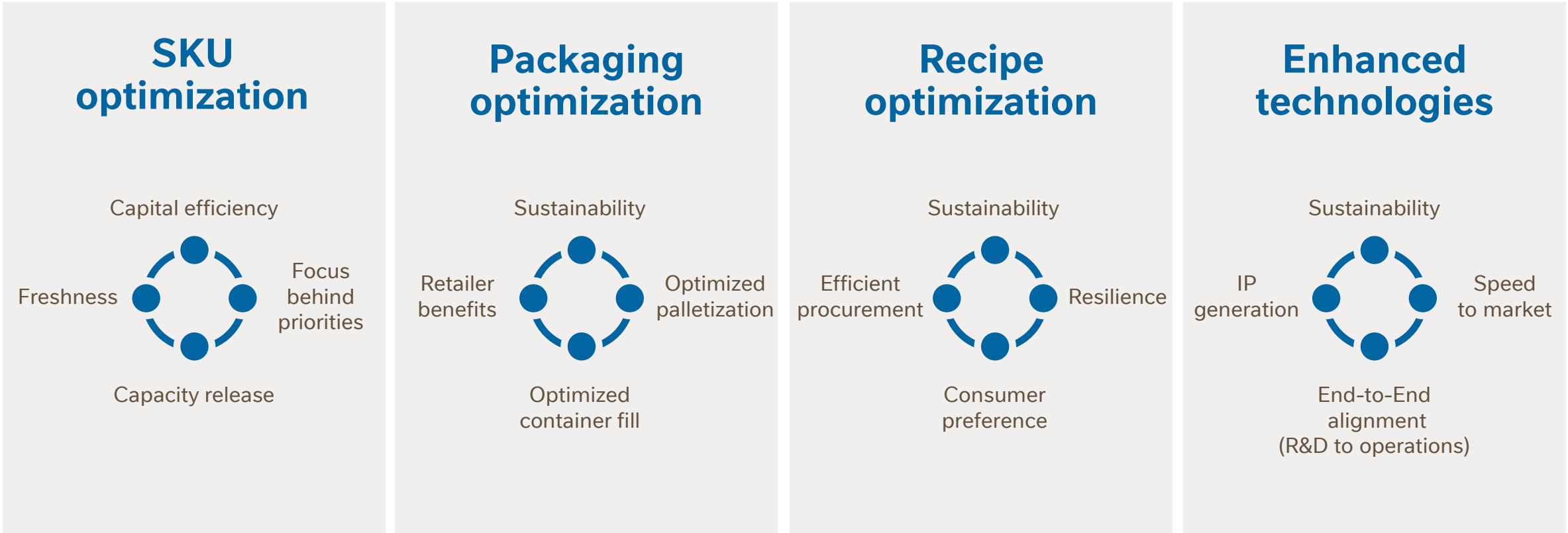
After



~1 m

0.7 k

TASTY generates additional benefits ...



... while enhancing ways of working

**Led and owned
by the business**

Sense of urgency

Internal inspiration

Technology powered

Agile mindset

Resilience by design

Building on TASTY, now launching AGILITY

Launched in Q3 2022, impact expected from H2 2023

Objectives:

- **Shape** more innovative and efficient headquarters
- **Increase** speed and quality of decision-making
- **Identify** improvements to current ways of working across headquarter locations
- **Leverage** business transformations implemented across Zones



Key takeaways

Adapting to a changing environment with purpose and ambition

TASTY

- **Freeing up resources**
 - Expecting to generate CHF 1 bn P&L benefits in 2022 and an additional CHF 1 bn in 2023
 - Continuing program beyond 2023
- **Expecting net positive impact on RIG / OG of ~ 20 bps as from 2023**
- **Enhancing** ways of working

AGILITY

- **Sharpening** focus, effectiveness and efficiency of the headquarters