

NESTLÉ S.A.

**2022 NESTLÉ INVESTORS SEMINAR BARCELONA, SPAIN
MEDICAL NUTRITION SOLUTIONS TO ADDRESS SPECIFIC MEDICAL NEEDS**

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Speakers:

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Anna Mohl, Head of International Business, Nestlé Health Science**Slide: Title Slide**

All right, well, a very good afternoon to everybody. How many people went and sampled some things over at the Nestlé Health Science booth. All right, so I see a few people who are not yet immune, don't have collagen and don't quite look like Jennifer Aniston. I think you'll have one more shot afterwards.

So, good afternoon. My name is Anna Mohl, I lead the International Business for Nestlé Health Science and I have the great privilege of talking to you today about our Medical Nutrition business.

Slide: Patient Testimonies

Now, I could stand up here and tell you how fantastic our products are and the incredible impact that they have on the lives of our patients and their families, but I think it would be better for you to hear directly from them. [Video]

Truly, truly extraordinary families.

Slide: Broad portfolio to address diverse patient needs across care settings

We offer a broad and deep portfolio that covers a wide range of medical conditions, both acute and chronic, with both oral and tube-feeding products. So, oral meaning that you would drink it, take it by mouth. Tube-feeding means it's a tube that's connected directly to your GI tract or to your stomach.

We look at our products across five different categories. Acute Medical Care offers solutions for adults in the areas of immune-nutrition pre- and post-surgery, oncology, disease-related nutrition, and malnutrition.

Our Pediatric portfolio offers solutions for cows' milk protein allergy, failure to thrive and disease-related malnutrition.

Our Vita-Flow portfolio addresses inborn errors of metabolism or rare metabolic genetic disorders that have very specific nutritional needs that can have quite significant consequences if not managed properly.

Metabolic health addresses obesity and diabetes and our Gastrointestinal portfolio addresses gastrointestinal impairment in the areas of malabsorption, maldigestion and microbiome dysfunction.

Slide: Building on a long history of Medical Nutrition expertise

We have a long history of using our nutritional expertise to improve lives. It goes all the way back to our founder, Henri Nestlé, who developed the world's first infant nutrition product for infants who couldn't breastfeed.

Nearly 100 years later, we quite literally launched a highly specialized product into space to help astronauts make sure they could get the right level of protein and nutrition while out in space. Now, back here on planet earth, we have patients still here today who are using this highly specialized formula if they are not able to digest whole proteins.

And our portfolio today really came together with the acquisition of Novartis Clinical Nutrition in 2007. And then, in 2011, Nestlé Health Science was formed.

Slide: Medical Nutrition is a large growing category, meeting diverse needs

The Medical Nutrition category is large and growing at CHF 12 billion, with a three-year CAGR of 5%, and we expect that growth level to continue into the future. It is a relatively consolidated category, as Greg mentioned, with four global players and then local players market-by-market. Nestlé holds the number two position globally. And we look at the category, as I mentioned, split between oral and tube-feeding and adult and pediatric.

Slide: Providing treatment in institutions and at home

Medical Nutrition is used as part of medical treatment under the care of a healthcare professional, either with a recommendation or a prescription, depending on the specific market.

Products are typically started in the hospital or in a clinic, as I mentioned, under the care of a healthcare professional. And then, may be continued after discharge, either to home, to nursing

homes or to rehab centers. When in the hospital, the product is typically accessed and administered by the hospital. At home the patient can access it through pharmacies, specialty stores, e-commerce or home care companies that will deliver the product and also provide additional healthcare services.

Slide: Specialized products governed by specific regulatory framework

Medical Nutrition is classified as a medical food under the regulatory framework and has different requirements and regulation than general food, food supplements, or pharmaceutical products.

Medical foods are defined as specialized products for the nutritional management of diseases to be used under medical supervision.

The framework and regulation have very specific requirements, as I mentioned, in terms of allowable claims, scientific substantiation and required market registration, which differs country by country, and therefore requires both local and global expertise, as well as the ability to manage a high degree of complexity.

Slide: Covered by a spectrum of payment models

Medical Nutrition is covered by a range of payment models, from fully reimbursed by public or private insurance to fully self-paid by patients. And it varies by country and by care setting.

Typically, there is more frequent and broader coverage in the hospital than outside the hospital. However, the level of reimbursement in the hospital or the level of reimbursement, I should say, for Medical Nutrition is far lower than for pharmaceuticals. Rather than be reimbursed as a separate line item, it is typically part of the per diem in the hospital or the daily rate to cover the full episode of care. That places a greater burden on the cost of the Medical Nutrition product, as well as the importance of demonstrating the benefit of the product.

Slide: Addresses critical healthcare issues and macro trends

Medical Nutrition addresses critical healthcare issues that have a great impact on the cost of care and the quality of life. Greg mentioned some of these earlier, but I want to highlight three of them just for emphasis.

Globally we see a rise in chronic conditions. You can see the figures here for the U.S. Just to mention two other countries; in China, over 140 million people have diabetes, and in Mexico, more than 75% of the population is overweight or obese.

In many countries we have an aging population. In China over 160 million adults are over the age of 60. In the U.S. over 50 million; 28% of the population in Japan and over 20% of the population in many Western European countries. And we see continued pressure on healthcare spending as healthcare costs have risen 13% faster than the GDP over the last 20 years. Medical Nutrition can make a meaningful difference in addressing these healthcare issues, as I'll show you in just a moment.

Slide: Malnutrition impacts quality of life and creates economic burdens

I want to take a moment to define malnutrition in the context of Medical Nutrition. So, malnutrition, also known as under-nutrition, or disease-related malnutrition, occurs when patients are not getting the right level of nutrition, the right nutrition in the right amount to sustain their health or their life, and they cannot get this through their diet alone. And, in this case, the goal of Medical Nutrition is to fill those nutritional insufficiencies. You can see that the rates of malnutrition are quite high among hospital patients, cancer patients and the elderly.

So, why is this important? It's important because the impact on the cost of care and the quality of life is quite significant. You can see that there is a significant impact in terms of co-morbidities related to malnutrition, including increased complications, higher mortality rates and potentially longer hospital stays. And the cost to treat a malnourished patient can be three times higher than treating a properly nourished patient.

Slide: Medical Nutrition improves quality and cost of care

If we take a look at the numbers in a little more detail and we look at the impact on the costs of care and quality of care, the results really are quite astounding. There is a 52:1 return on investment for using an oral nutritional supplement in the hospital. For spending just \$90 the system can save \$5,000. Now, we're here at an investor conference, so I don't think I need to explain any more about the ROI for that.

And, if we look at more specialized products, we see that the impact is quite similar. If we look at cows' milk protein allergies, we look for cancer patients and for wound healing, the results are

quite similar. Now, you might say it's a total no-brainer to use Medical Nutrition if we see the results like this.

The challenge that we have is that often the budget for the cost of the product and the savings for the treatments accrue to different budgets. And so, what that means, or the savings might actually be a cost-avoidance, such as the prevention of an infection rather than a hard cost reduction. The way we overcome that is we need to make sure that we're selling them the clinical and the health economic benefits at the right level of the system so that they can see what the full picture benefit is.

Slide: Leveraging multi-faceted demand generation and route-to-market

Our business model is multi-faceted and puts the patient and the caregiver at the center. We've talked earlier about the importance of the healthcare professional, and we engage with healthcare professionals in three ways. Our medical and scientific teams collaborate with key opinion leaders and healthcare professionals to develop clinical and health economic data and also develop feeding protocols.

Our R&D team collaborates with healthcare professionals and key opinion leaders to understand those unmet patient needs to differentiate in leading-edge innovation. And our medical sales teams located in countries around the world educate healthcare professionals on the value of Medical Nutrition as well as our products in order to drive usage and prescriptions.

We engage directly with patients and caregivers, both online and offline, to provide education and resources to understand the insights, to understand the patient journey. Again, in order to provide additional education, resources and innovation and also to ensure proper access to the product.

We have many relationships with customers across our multiple routes to market, as we discussed earlier, including hospitals, home care distributors, pharmacies, e-commerce and modern trade. And then, we partner closely with local health authorities, regulatory authorities, industry associations, healthcare professional associations, to assure product access and to assure patient access and to assure reimbursement wherever it is possible.

Slide: Shared capabilities across the portfolio

Both Don and Greg mentioned this earlier; our medical and consumer portfolio is highly synergistic and provides solutions across a continuum of care, putting the patient and consumer at the center, regardless of the route to market or the regulatory classification. And this is powered by our insights, our innovation, our digital, our medical and scientific credibility, our HCPR healthcare professional recommendations, education, as well as our commercial execution across channels.

Slide: Leadership in selected segments and geographies, with continued opportunity for market share gains

We hold the top three market share leadership position in many markets and segments around the world with plenty of opportunity for us to continue to grow and to continue to gain share. Unfortunately, we don't have market share in all of the markets in all the segments in which we compete, so we're sharing some of the ones that we have right here.

Slide: Omnichannel commercial execution drives success

What I'd like to do now is talk a little bit about how we activate the strategic imperatives that Greg shared earlier for our Medical Nutrition business. Our medical sales teams located in countries around the world are the key drivers of our demand generation. We are shifting from a primarily face-to-face model to an omnichannel model, leveraging digital, e-mails, webinars and remote detailing to increase our reach, frequency and quality of our calls.

Our omnichannel strategy is supported by data and technology that allows us to personalize engagement with the healthcare professional to improve the quality and to improve the impact. The result has been an increase in sales, share, prescriptions and also effectiveness of our account coverage around the world.

Slide: Partnerships with external stakeholders shapes innovation and medical practice

External partnerships with research universities, with key opinion leaders and with policymakers allow us to shape the industry and develop leading-edge innovation. Our Vita-Flow team has had a long-standing partnership with the University of London and Great Ormond Street Hospital that has led innovation all the way from concept to launch.

It started several years ago with the hypothesis about the impact of the ketogenic diet on drug-resistant epilepsy; it went through several rounds of pre-clinical and clinical trials, which ultimately showed a 49% reduction in seizures during the duration of the study and resulted in the launch of K-Vita in the UK earlier this year.

In the early days of COVID, during the early waves when the hospitals and the intensive care units were filling up with very sick, mechanically ventilated patients, we needed to work quickly and partner with healthcare professionals and key opinion leaders to figure out how to feed these patients to support their treatment. We very quickly worked with key opinion leaders to do a thorough literature research review of the literature and we quickly developed protocols and feeding recommendations that were rapidly rolled out across Europe.

They leveraged many of our highly specialized products, including Peptamen, which you may have seen over at the booth. And I will talk about it in a little more detail. And we found that they were particularly suitable to feed these very sick patients because of their high protein content and very specialized product composition. And that led to double-digit growth of our specialized products during these early waves of COVID.

We also successfully partnered with policymakers, with industry associations and with patient associations to include nutritional support in the European Union Beating Cancer Plan. We are now working locally with associations of the different markets for the implementation to assure patient access and reimbursement where it is possible.

Slide: Building a leader in China

We see great growth potential in China, and we have been investing there for over ten years in people, capabilities, product pipeline and routes to market. The market dynamics are ripe for Medical Nutrition. There is an aging population, there is a rise in chronic disease, there has been a regulatory shift of Medical Nutrition products which were previously classified as a drug to a medical food status. And we've also seen a change in medical practice from parental nutrition which is by a tube into the bloodstream, to enteral nutrition as I just described tube-feeding into the gut.

We invested heavily in scientific data and clinical trials to allow us to locally register our product as what is called an FSMP, a food for special medical purpose. And by registering as a food for special medical purpose, it allows us to have a specific product composition and make specific

health claims. The registration process is very long, it's very cumbersome and has a lot of regulations that change frequently. And it can take up to three to five years to register every product. We also invested in manufacturing and product development, building a factory and an R&D center, the first of its kind in China, and that has allowed us to launch the first liquid food for special medical purpose in China, and the first oral cancer food for special medical purpose in China.

We have an incredible team on the ground driving the business there. We have a fantastic medical sales team that is building relationships with key opinion leaders, it is working closely with healthcare professionals to educate them, both on the new products and the new practices. We have a sophisticated online offline demand generation model that leverages our presence in the hospital and in the stores surrounding the hospital, along with e-commerce and digital. With strong partnerships with JD Mall and TikTok and we have an omnichannel strategy where we connect and engage directly with healthcare professionals as well as with patients.

The result has been continuous growth over the last ten years and a 40% CAGR over the last three years with continuous market share gains and market leadership position in the segments in which we compete.

We continue to invest to grow in Medical Nutrition and we are also investing for growth in Consumer Care where we are leveraging our medical and scientific credibility, our digital capabilities, our team on the ground while also building new capabilities. And, as you saw earlier, Greg mentioned that we currently hold the number three position for probiotics in the VMS segment and we continue to grow and to make inroads into other segments as well.

Slide: Market investment and execution drives growth

I'd like to mention two other examples, two other markets, one mature and one developing, where we are winning in the marketplace, driven by local expertise and excellence in execution.

In France, we leveraged local insight and clinical data to partner or to work with health authorities to get differentiated reimbursement on two specialized products.

Thicken-Up Clear is a product for dysphasia patients, patients who have difficulty swallowing and Sondalis 2.0 is a high-calorie, high-protein tube-feeding product that is frequently used for home care patients.

We are the only products in these segments that are currently reimbursed and, as you can see from the chart, it has led to rapid sales and share gain, allowing us to have a leading market share position in both of these segments.

We have also launched in Turkey. We've invested and we've launched the first locally produced and reimbursed Medical Nutrition products in Turkey, first through a co-manufacture and now through our own factory. And you can see there we have seen sales share and volume gain and we now hold the number one market share position in adult Medical Nutrition.

Slide: Fuel growth through disease-specific innovation to address specific patient needs

Greg talked earlier and Don also talked earlier about our science-based, insight-based iterative innovation process, which we use to drive growth and to launch innovation for disease-specific innovation to meet very specific patient needs. And I would like to discuss a few of those with you right now.

I mentioned Peptamen and hopefully you saw it at the booth, which is a highly specialized proprietary tube-feeding product for patients with GI impairment.

What we do is, we hydrolyze or we break down the protein to allow for better tolerance and absorption of the nutrients. What that means is that patients are better able to metabolize the nutrition so that their bodies can benefit from it. And we also avoid GI distress, such as diarrhea, which is both unpleasant and also causes the use of healthcare resources, particularly nursing care. And we have seen, we continue to see strong growth on Peptamen and also a greater profit.

The second product that I want to mention, and Greg talked about this, hopefully you've had a chance to try it at the booth, is Meritene Clinical Extra Protein, also called Resource Ultra Plus. It is the highest concentration of protein on the market. It is an oral nutritional supplement. We talked about the importance of oral nutritional supplements in the hospital to address both the quality of care and the cost of care, and we've launched this in a variety of flavors, and it tastes great. Again, hopefully you've tried it.

One of the challenges we see with oral nutritional supplements is what we call patient adherence, the patient's ability to continue to use the product. It is often very difficult when you're sick to consume as much product as you need in order to get the nutritional benefit.

Sometimes patients get what we call taste fatigue. They are literally tired of drinking the same product in the same flavor.

By offering a product with a high concentration of the nutrition and protein, they are able to consume a lower amount with a great taste and the variety of flavors, they are able to get the benefit.

We launched this earlier this year. We are seeing incredible trial and adoption and we are looking forward to seeing great success in the market.

The third product I'd like to talk about is our Compleat brand, again, hopefully you've seen it over at the booth. Compleat and Compleat pediatric is a range that we continue to expand of real food products, non-GMO. We also offer organic, free from allergen, plant based, vegan and vegetarian options. And this meets the consumer growing preference for more natural and also plant-based products, and also offers excellent tolerance and absorption, particularly for long-term tube-feeding patients.

Slide: Innovation beyond products

Now, while innovation in products is critically important, it is also our innovation beyond products that really helps to differentiate us and provide a holistic ecosystem, as Aude talked about earlier, for patients and healthcare professionals.

We launched the SimpLink feeding technology, which I'll show you here in a moment. This is a proprietary cap that allows the patient to feed directly from the package rather than need to use a pump. It is called bolus feeding and it is particularly prevalent among homecare patients.

And what it does is, as I said, it allows the patient to feed directly from the package, which provides them the freedom, flexibility and also time-savings. It also saves the healthcare system money because you don't need to use pumps or bags and it also reduces waste. We've seen great incrementality since we've launched this product. We've also won some tenders because we're the only manufacturer on the market that has this.

I also want to mention our mini nutritional assessment for the elderly. This is a clinically validated instrument for quickly assessing malnutrition and it is used as a standard of care for hospital admission. We talked earlier about the high rate of malnutrition, both among the elderly and among hospital patients. This allows the clinician to quickly assess the nutritional status

and include nutrition as part of the regimen from the hospital and often leads to the prescription of an oral nutrition supplement.

And then the last two programs I would like to mention are a modular program for Crohn's disease and the Cerebral Palsy program, both of which are for education, resources and digital tools along with product recommendations for a holistic approach for our patients and for healthcare professionals. And, again, we've seen incremental growth since we've implemented this product.

So, hopefully, you're as excited about our Medical Nutrition portfolio as I am and now I am going to turn it back to Greg for some closing remarks.

Greg Behar, Chief Executive Officer, Nestlé Health Science:

Slide: Summary

Thank you, thank you very much Anna, wonderful. I hope that these two hours that we just spent on Nestlé Health Science provide greater depth and understanding in what we do at Nestlé Health Science. But let me just summarise for you and wrap up.

First of all, we are making great progress to creating a leading company in Nutrition and Health. We are focussing on three strategic imperatives to deliver. First of all, boosting growth in our core, this is establishing opportunities and driving distribution, geographic expansion, driving category leadership with our brands and building great customer partnerships.

Second, driving differentiation with great expertise. You saw some of the fantastic innovations that we have, expanding that throughout our portfolio, building ecosystems. And then, third, continuously unlocking opportunities through M&A and portfolio management. That is about delivering our synergies and M&A acquisition plans, but also creating future additional opportunities with bolt-ons.

That means overall driving long-term value by continuously through 2025 driving high single-digit growth rate, and also driving our bottom line with more than 400 basis point improvement, driving our underlying trading operating profit above 18%.

Slide: Overall: Key takeaways

So, as you leave today, here is what I'd like you to remember and take away.

We are operating in a fantastic, attractive category, with great trends that are here to stay for the long term.

We have a portfolio which has and delivers great benefit in nutrition and metabolism with fantastic expertise.

We have a unique scale and now have created that scale to drive further our leadership with great talent and great brands.

And, last but not least, we have a model where we can create significant synergies between consumer care and Medical Nutrition to drive efficiency in top and bottom line. With that, I'll stop here, and Anna and Don will join me here on stage and we will take your question. Thank you.

END OF TRANSCRIPT