

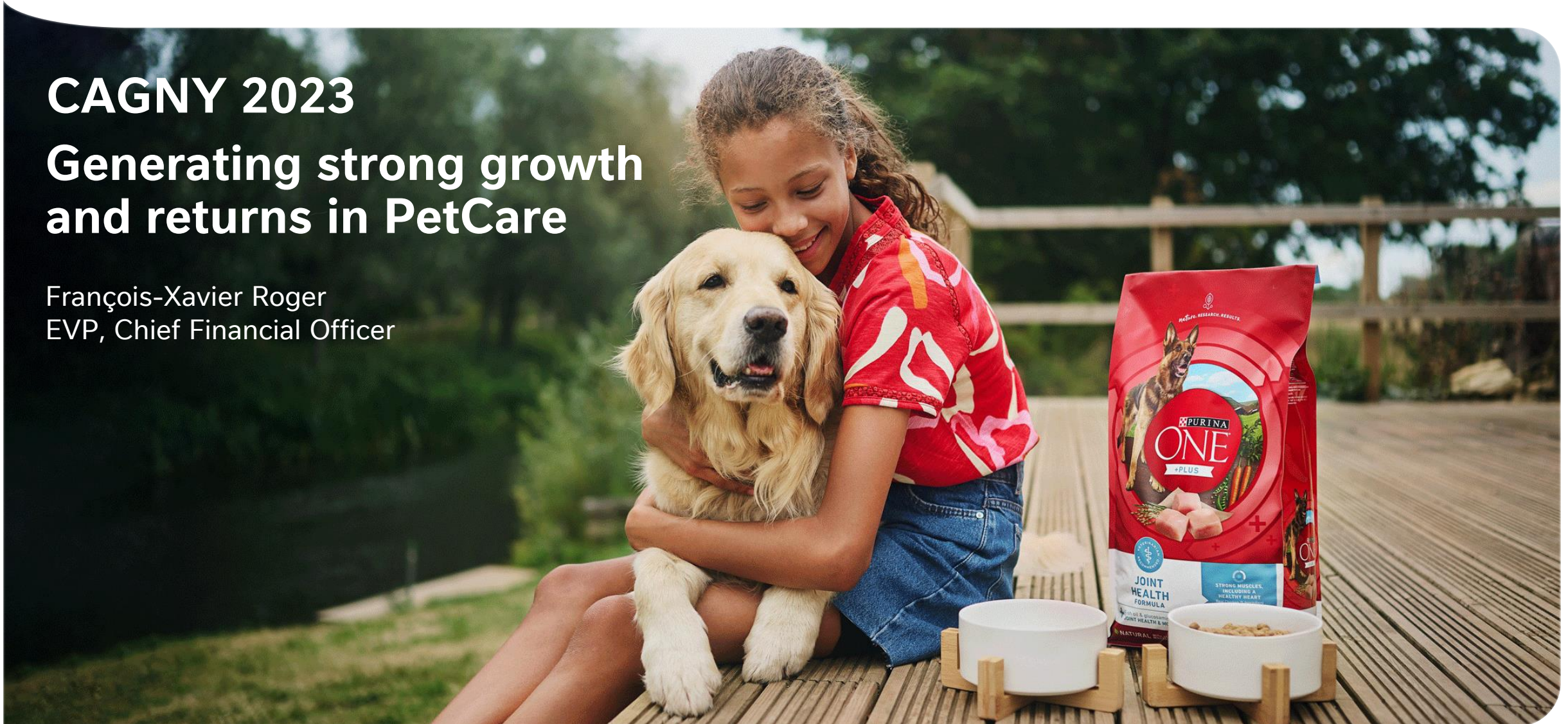


Nestlé Good food, Good life

# CAGNY 2023

## Generating strong growth and returns in PetCare

François-Xavier Roger  
EVP, Chief Financial Officer



# Disclaimer

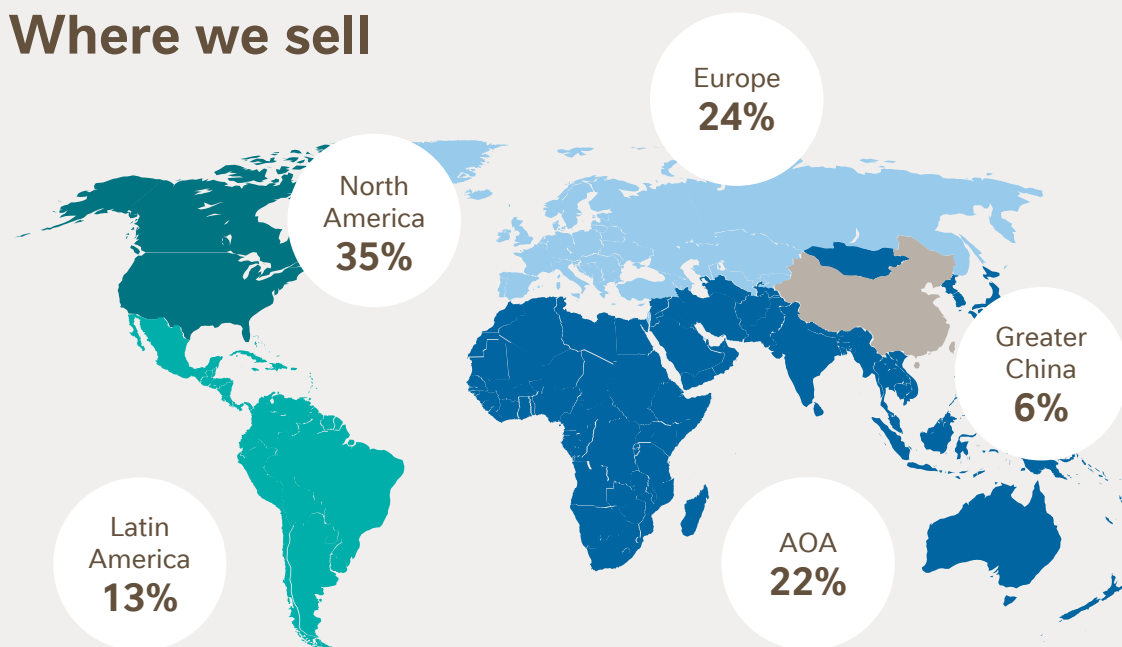
This presentation contains forward looking statements which reflect Management's current views and estimates. The forward looking statements involve certain risks and uncertainties that could cause actual results to differ materially from those contained in the forward looking statements. Potential risks and uncertainties include such factors as general economic conditions, foreign exchange fluctuations, competitive product and pricing pressures and regulatory developments.



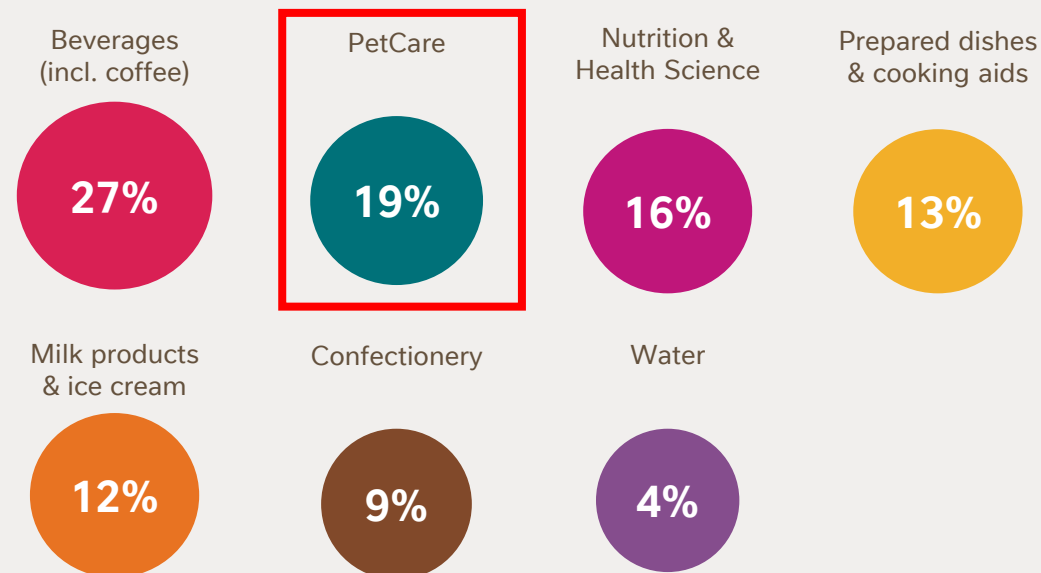
# Our business is global, balanced and diversified

2022 sales of **CHF 94.4 bn**, with an underlying TOP margin of **17.1%**

## Where we sell



## What we sell



## Resources

Number of employees

**275 000**

R&D spend

**CHF 1.7 bn**

Factories

**344**



# At a glance: our Purina PetCare business



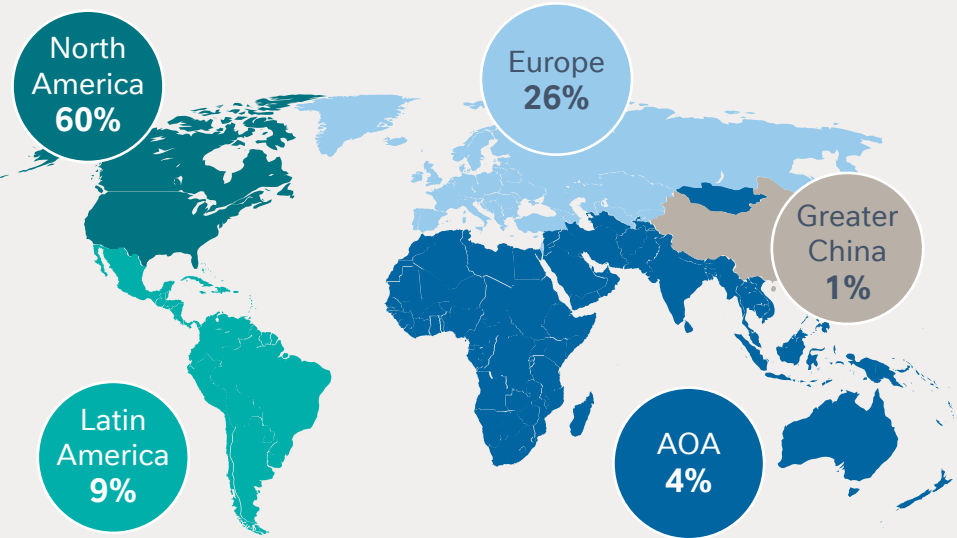
## Sales 2022

CHF 18.1 bn

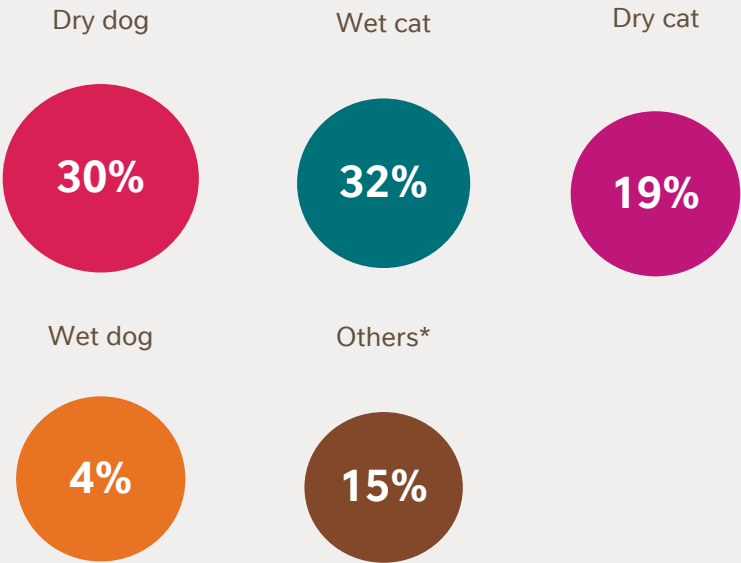
## Underlying TOP margin

20.5%

## Where we sell



## What we sell



\* Other refers to snacks, litter and therapeutic diets / supplements

# 6 billionaire brands

2022 sales CHF



PURINA<sup>®</sup>  
PRO PLAN<sup>®</sup>

2.8 bn



PURINA<sup>®</sup>  
ONE<sup>®</sup>

2.6 bn



PURINA<sup>®</sup>  
Friskies<sup>®</sup>

2.4 bn



PURINA<sup>®</sup>  
Fancy Feast<sup>®</sup>

1.8 bn



PURINA<sup>®</sup>  
felix<sup>®</sup>

1.5 bn



PURINA<sup>®</sup>  
DOG CHOW<sup>®</sup>  
*Always Crafted in the USA*

1.4 bn

Note: Pro Plan includes Veterinary Diets

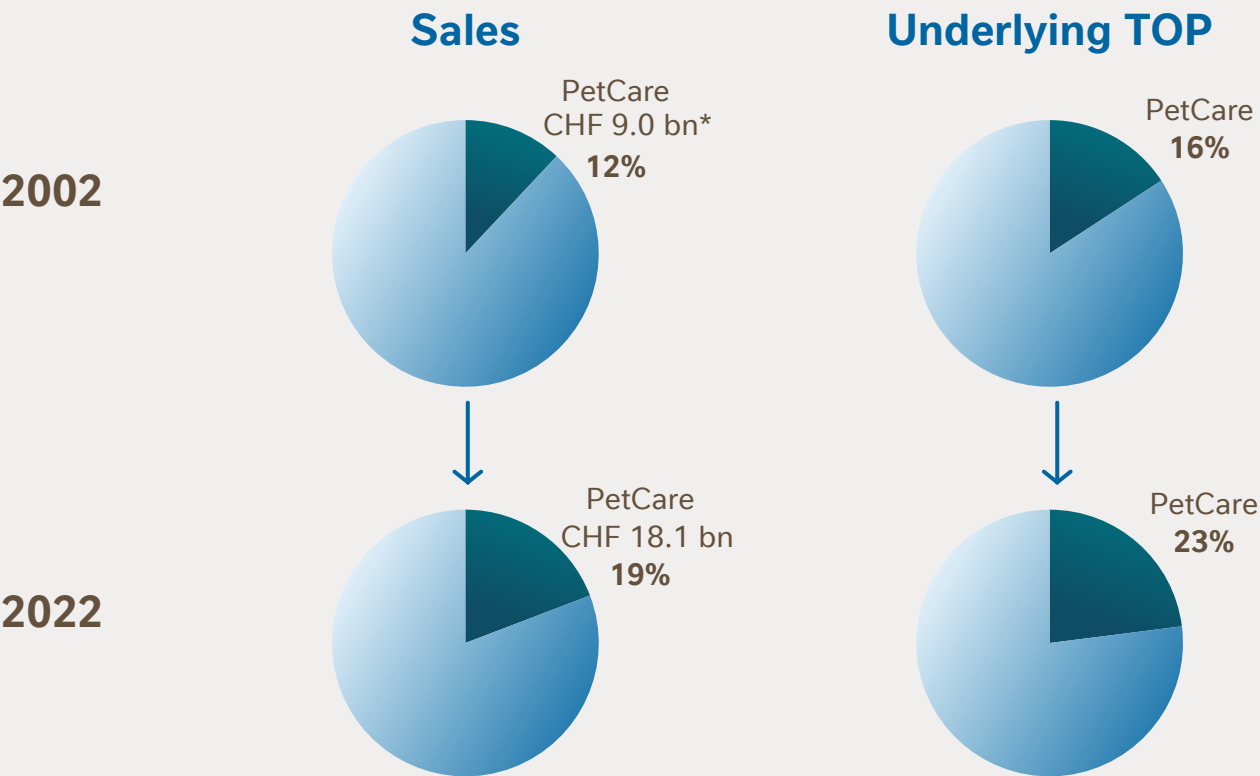
# Successful track record in Purina PetCare



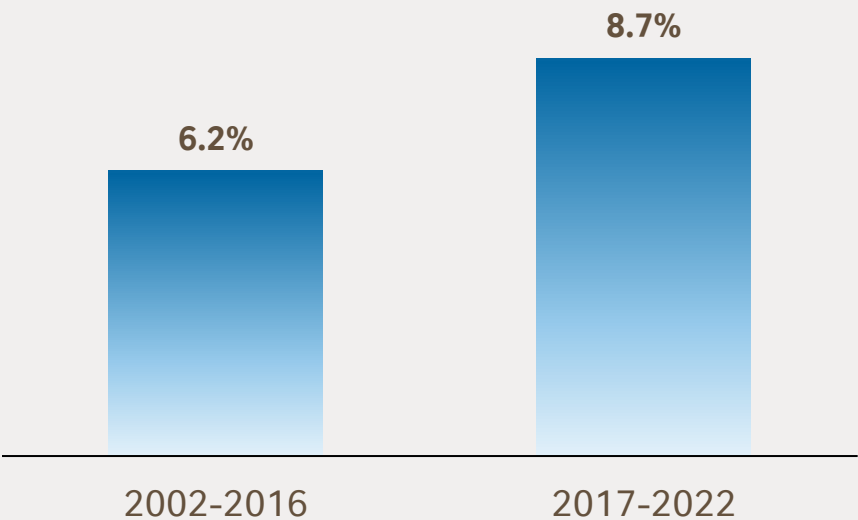
Becoming a global leader in 2001 through the Ralston Purina acquisition



## Increasing contribution to Nestlé results



## Strong organic growth since acquisition, with recent step-up (average)



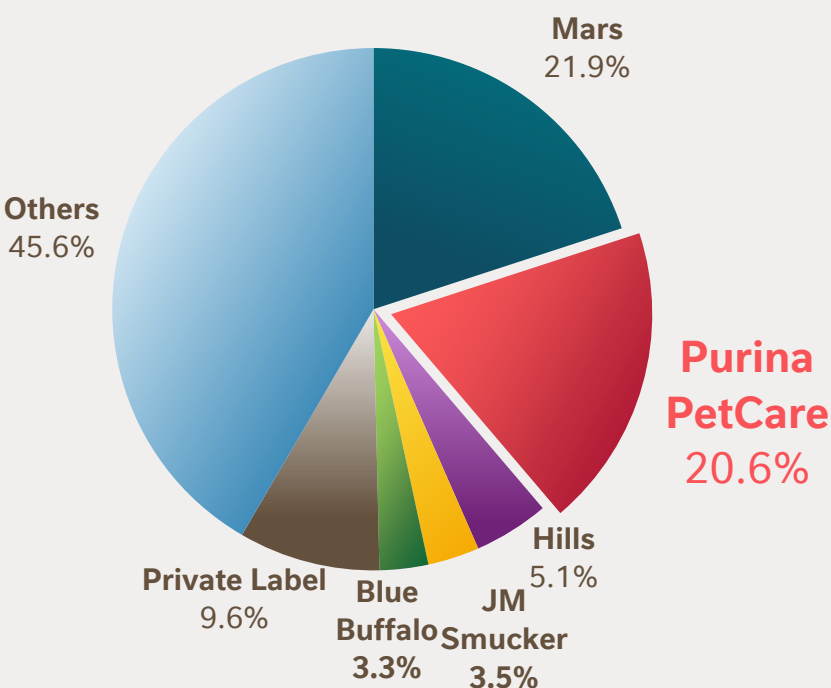
\*2002 sales restated for estimated net sales after trend spend

# Large global player, with further share opportunities



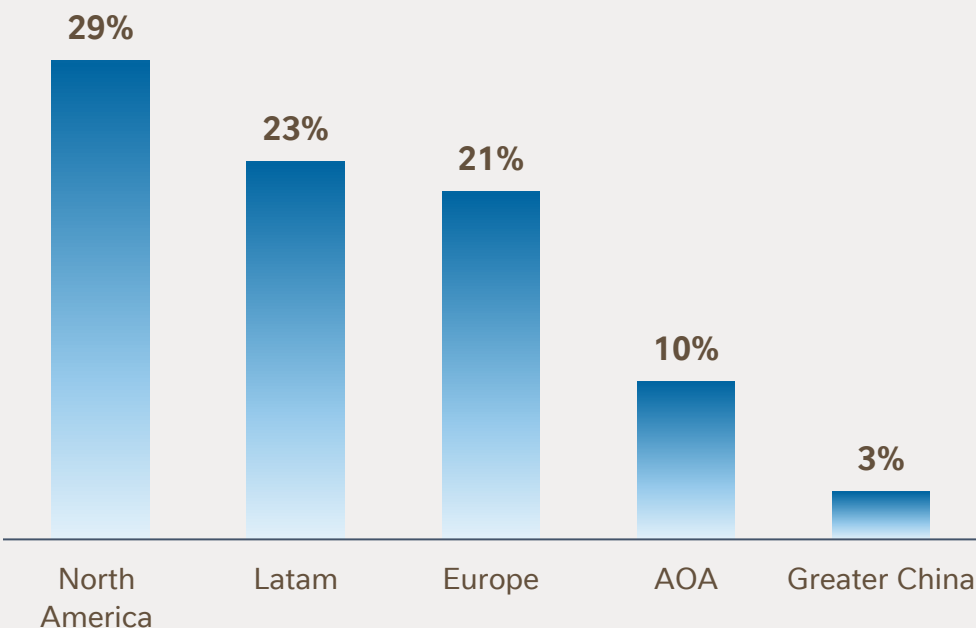
## Strong global position

### Pet care: CHF 96 bn category



Source: Euromonitor

## Significant share opportunity in emerging markets



Source: Nielsen

# Strong market positions in fast-growing segments



	Dry dog	Wet dog	Dry cat	Wet cat	Snacks
					
Market size (CHF bn)	35	10	17	17	15
Market growth (CAGR '17 - '21)	7.5%	7.1%	8.9%	7.5%	9.8%
Market share (2021)	18.0%	11.7%	25.4%	36.3%	9.7%

Source: Euromonitor

# Future pet care category growth drivers



Expected pet care category CAGR, 2022-2025: **6% - 8%**

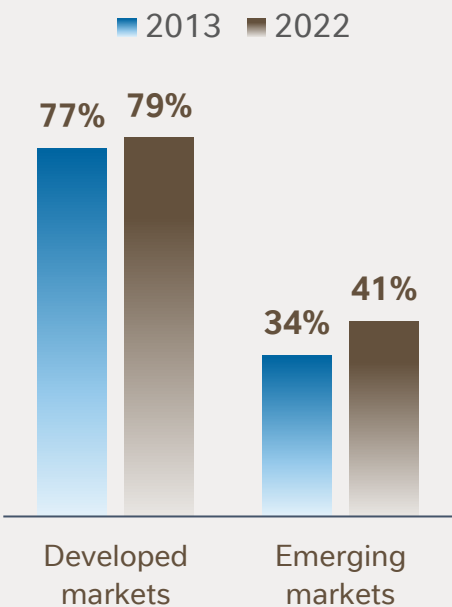
## Pet population



Expected increase in global pet population 2022- 2025

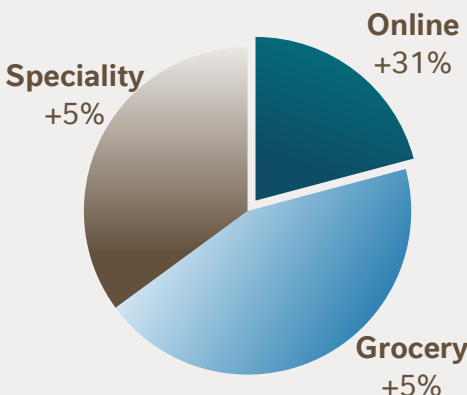
Source: Euromonitor

## Calorific coverage in emerging markets



Source: Internal analysis

## E-commerce



Pet care category sales CAGR 2017-2021

Source: Euromonitor

## Premiumization



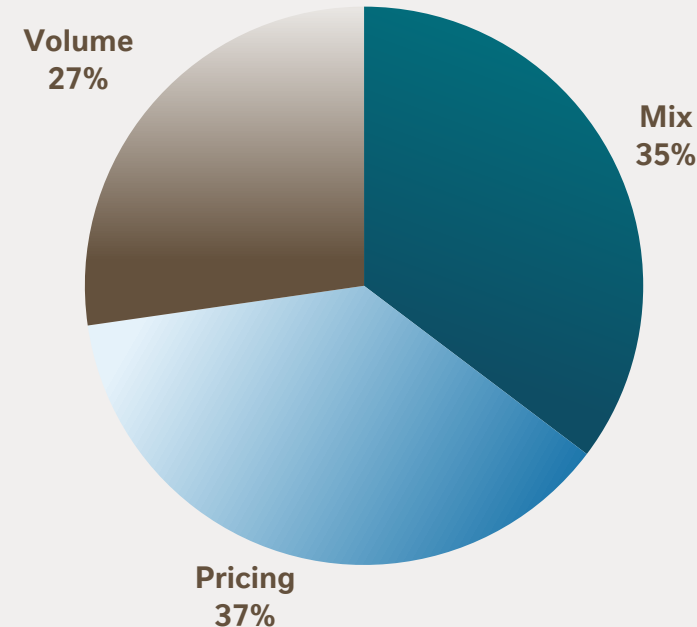
CAGR for premium products vs. economy products, 2013 - 2021

Source: Euromonitor

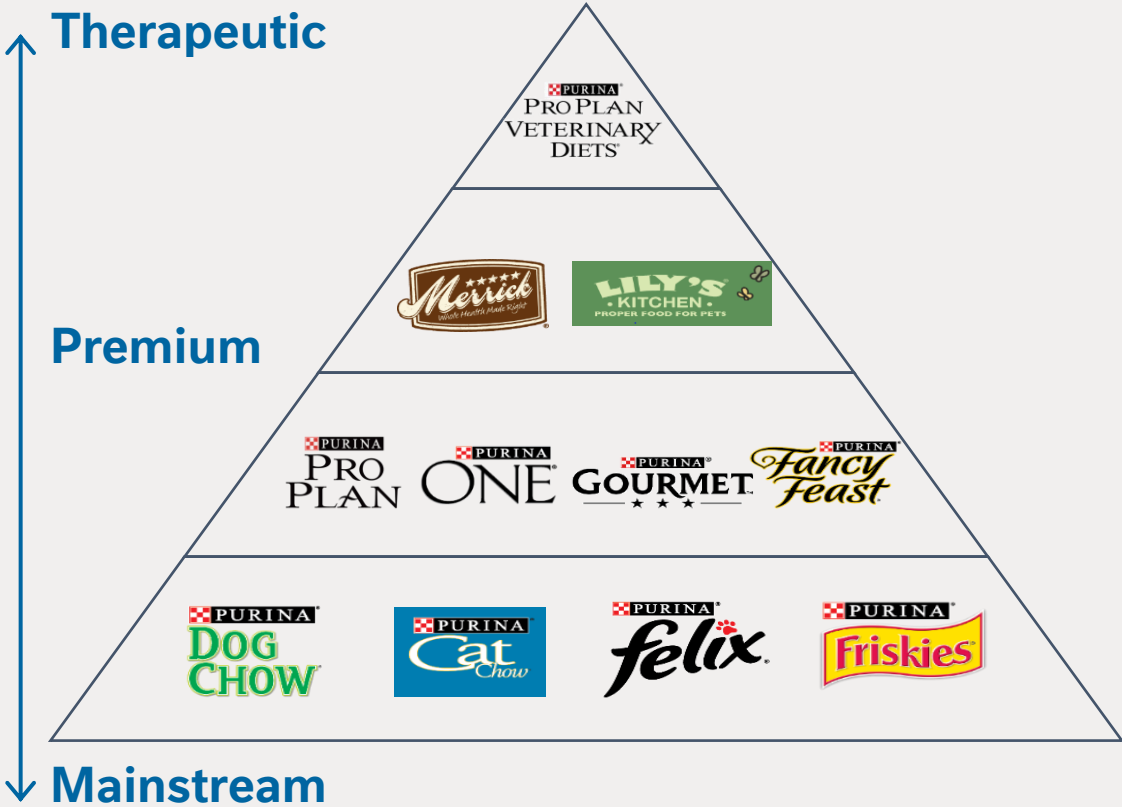
# Balanced growth supported by premiumization



Well-balanced growth  
(Purina PetCare average 2020-2022)



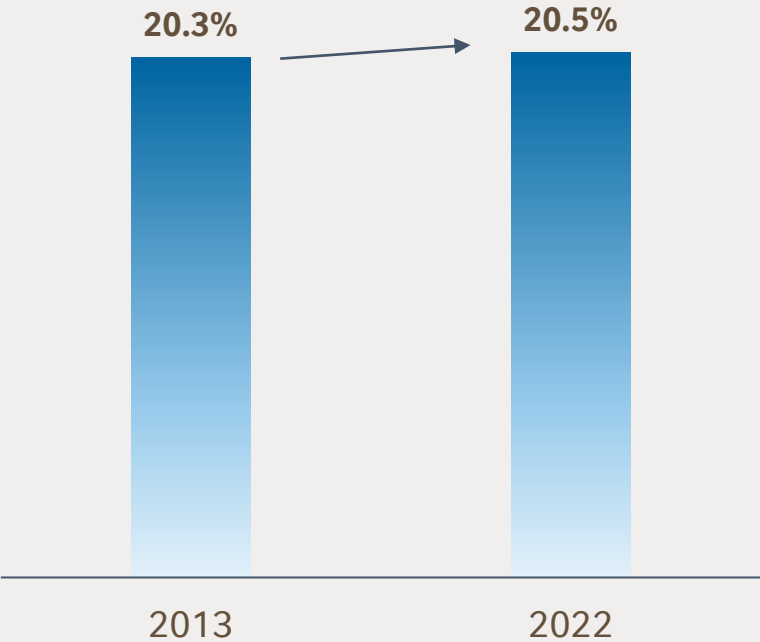
Broad portfolio of strong brands



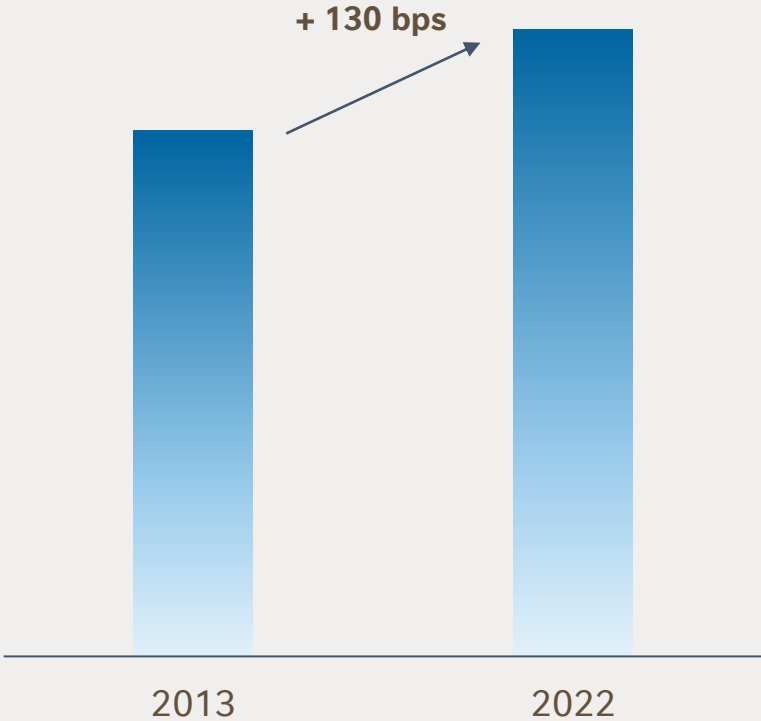
# Strong margin and returns while investing for growth



Purina PetCare underlying TOP margin  
reflecting growth investments



Purina PetCare return on invested capital



# Investing to meet higher demand



## Selected Purina PetCare projects: ~ CHF 3 bn, 2022-2025



**Dry**  
Eden, NC,  
U.S.



**Dry**  
Williamsburg  
Township, OH, U.S.



**Wet**  
Wroclaw, Poland



**Dry & Wet**  
Vargeão,  
Brazil



**Dry & Wet**  
Tianjin, China



**Wet**  
Rayong, Thailand

# United States: Pet care category overview & Purina PetCare strategy

Nina Leigh Krueger  
President & CEO,  
Nestlé Purina, North America



**Caffrey**



**Guinness**



OUR PURPOSE

**Enrich the lives of pets and  
the people that love them**

OUR BELIEF

**Pets and People  
are better together**



# Committed to leading the way in pet nutrition today and tomorrow



# U.S. pet care category overview



# U.S. is the largest pet care market globally

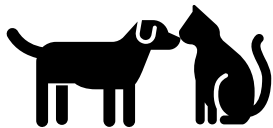


**USD 46 bn** pet care category

pet care = dog & cat food, treats, supplements and litter



**60%** of U.S. households own a pet



**185 m** dog + cat population

**+4.7 m** pets in last 2 years



**2x** total store (xAOC) growth

xAOC = grocery, mass, club, dollar, drugstore, convenience



Source: 52-week category USD sales NielsenIQ xAOC + Pet retail ending (Dec 22) + 1010 data e-commerce + IDEXX vet clinics (Dec 2022); 52-week category growth NielsenIQ xAOC; NielsenIQ homescan panel household + pet pop. Survey 2021

# Three key drivers fueling pet care category growth

Additional **USD 12.6 bn**  
between '19-'22  
(+11% CAGR)

**78%**  
of growth

**22%**  
of growth

## PREMIUMIZATION



SCIENCE-BASED NUTRITION

## EXPANDABLE CONSUMPTION



WET CAT

TREATS

## EMERGING GROWTH AREAS



FRESH

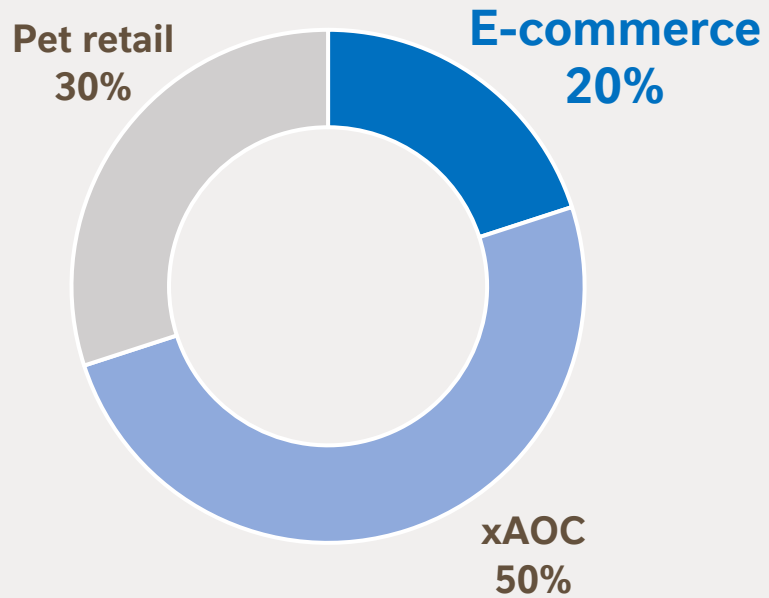
SUPPLEMENTS

Source: Based on NielsenIQ xAOC + Pet Retail + 1010data e-commerce + Idexx Vet Clinics (CY19-22)

# Category growth led by e-commerce, with dog the largest segment

## E-commerce 2x category growth

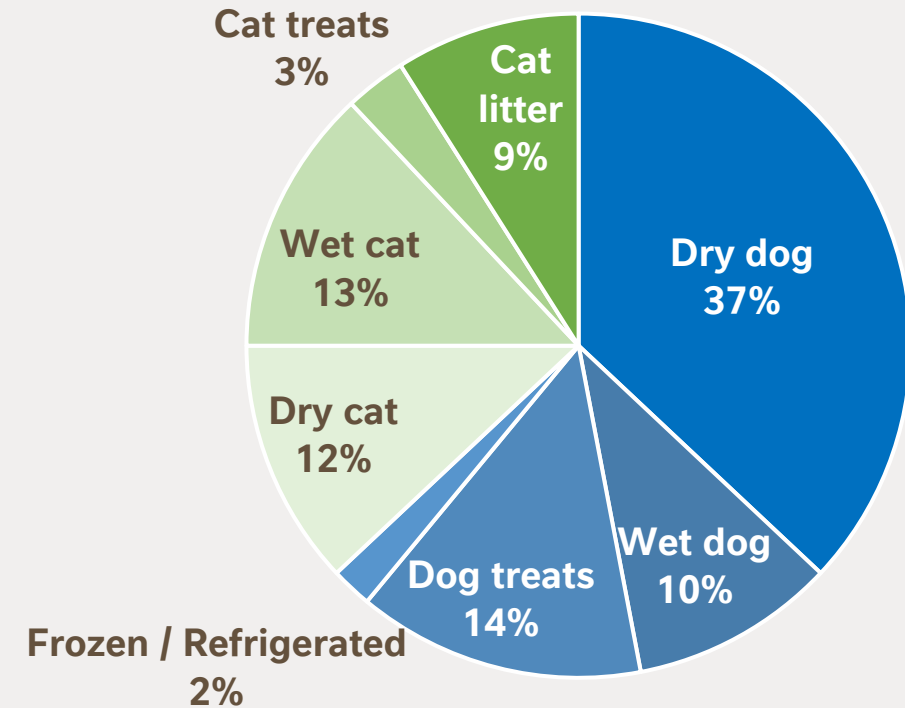
### Pet care category (sales by channel)



Pet retail = PetSmart, Petco, PSP, independent pet stores, and vet clinics

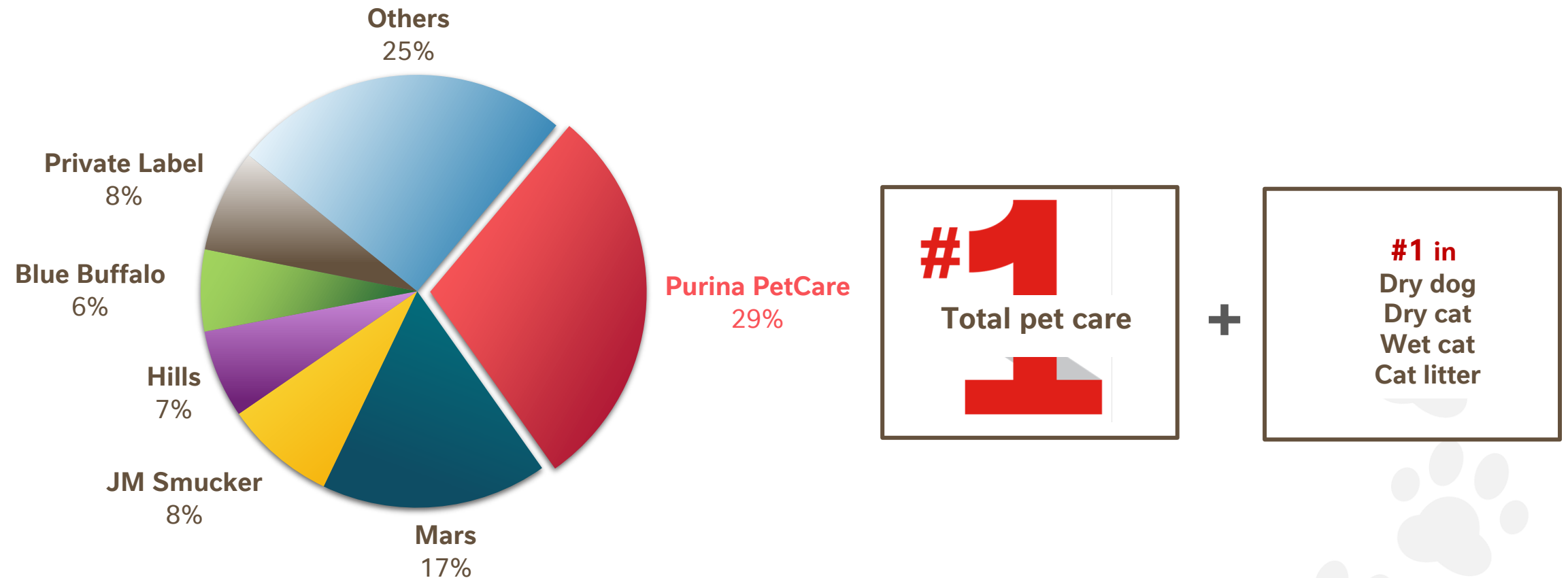
## Dog accounts for ~2/3 category

### Pet care category (sales by sub-category)



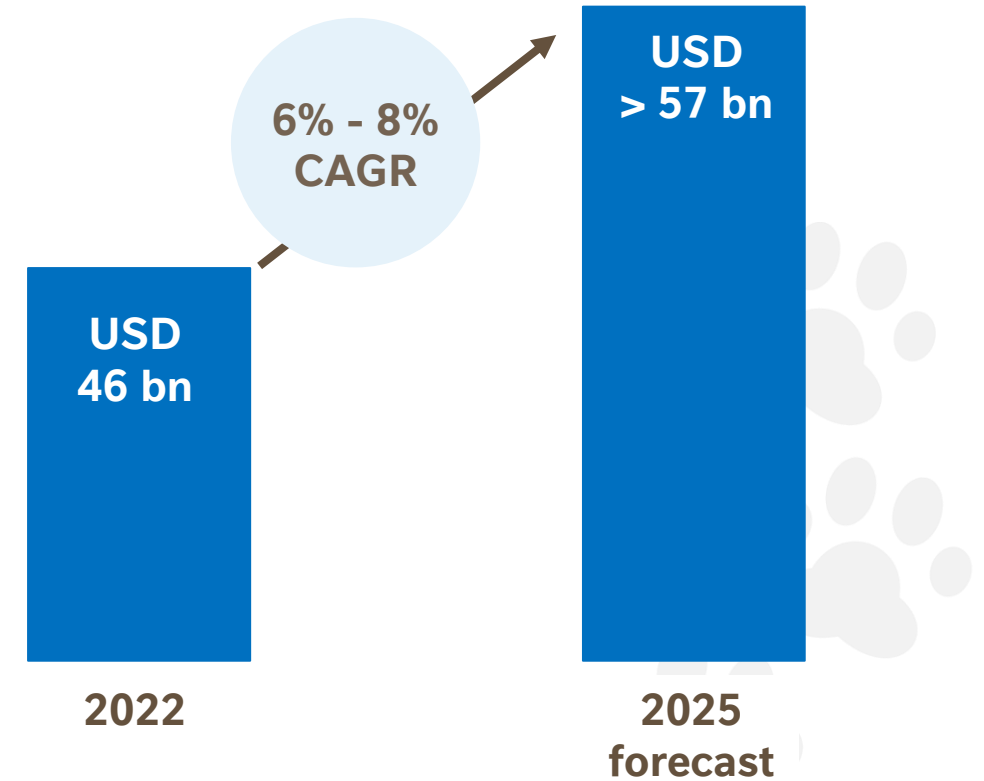
Source: Calendar Year 2022 data for Nielsen xAOC + Pet Retail (through 12/31/22) + 1010data e-commerce (through December 2022) + IDEXX vet clinics (through December 2022)

# Purina PetCare is market leader in U.S. pet care



Source: Calendar Year 2022 data for Nielsen xAOC + Pet retail (through 12/31/22) + 1010data e-commerce (through December 2022) + IDEXX Vet Clinics (through December 2022)

# Pet care category expected to continue delivering strong growth



Source: Internal Estimates based on Nielsen xAOC + Pet Retail + 1010data e-commerce + Idexx Vet Clinics

# Purina PetCare U.S. key growth strategies & enablers



# Purina PetCare brands well-positioned to win



  
56 m  
households <sup>1</sup>

  
#1 company  
pet parents “trust completely” <sup>2</sup>

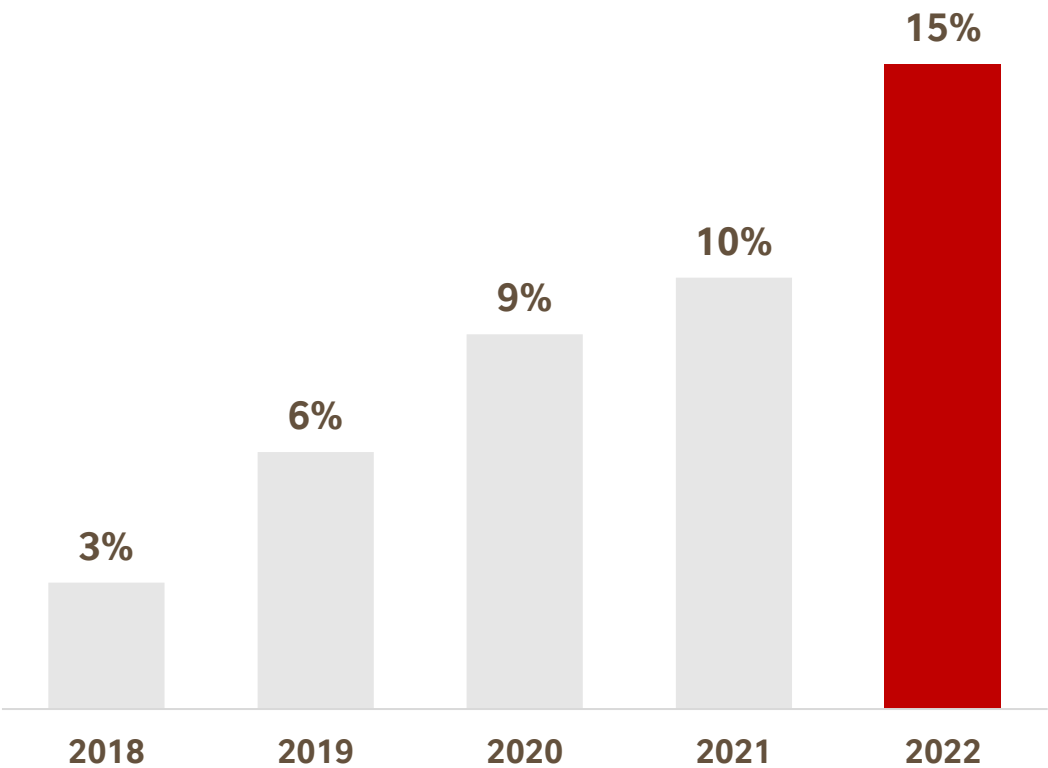
  
#1  
household loyalty <sup>1</sup>

  
#1  
share in e-commerce <sup>3</sup>

Source: 1) NielsenIQ homescan panel, 52w/e Q3-22; 2) Dimensions research, 26w/e June 2022; 3) 1010data, 52w/e through November 2022

# Growth acceleration driven by strong brand portfolio

Purina PetCare sales growth



Two billionaire brands added since 2018



# Scaling and transforming supply to fuel growth

## Commitment to quality & safety



**100 000**  
safety & quality  
checks conducted daily

## Digital transformation



Automation  
Artificial intelligence  
Robotic operations

## Capex to unlock capacity



**USD 2 bn**  
investment by 2025

# Key consumer trends shaping the future of the pet care category



- Evolving human food ideologies
- Proactive health management
- Social responsibility
- Elevated & frictionless experience



# Purina PetCare key growth strategies



1

Extend category leadership through innovation and premiumization

2

Strengthen consumer connection via omni-channel and Purina ecosystem

3

Create shared value via societal contribution for pets, people and planet

# Extending leadership through innovation and premiumization

## Drive science-based solutions



## Elevate feeding experience



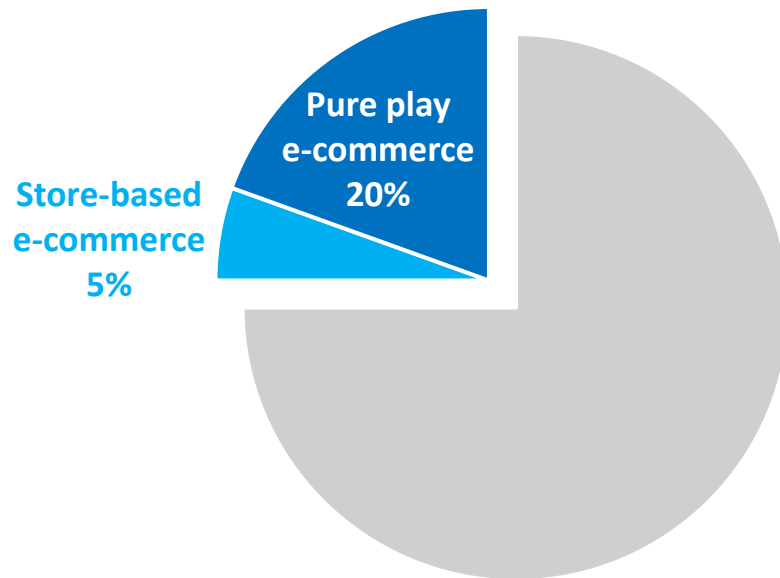
## Increase presence in emerging areas



Source: NielsenIQ AOC + Pet retail + 1010data e-commerce + Idexx Vet Clinics (CY2019-2022)

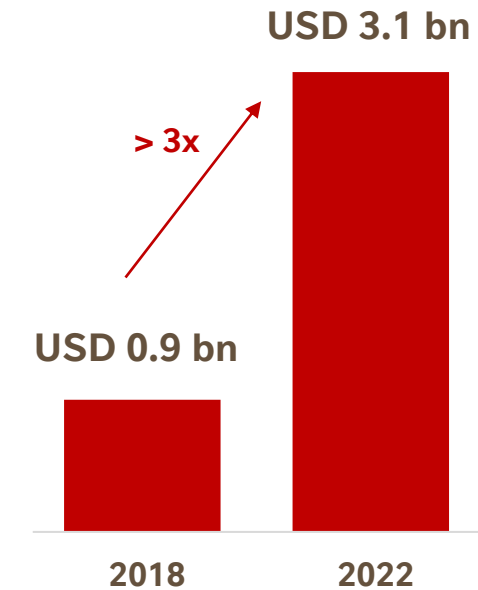
# Driving strong growth via digitally-enabled sales

Digitally-enabled sales expected to increase from 25% of pet care category in 2022 to 30% by 2025



**Digitally-enabled = pure play + store-based e-commerce**

Purina PetCare digitally-enabled sales more than tripled over the last 4 years

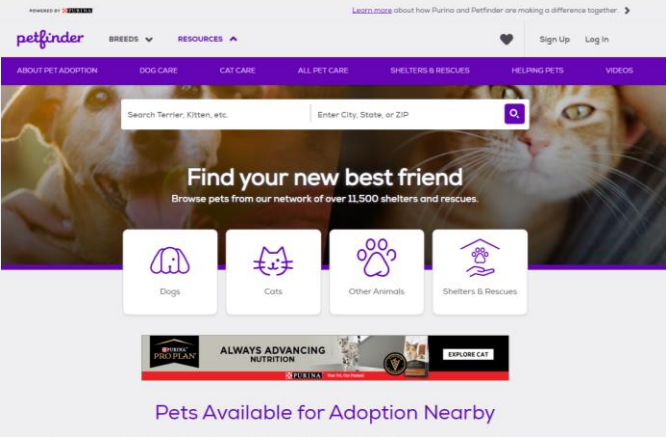


**#1 market share in digitally-enabled**

Source: NielsenIQ AOC + Pet retail + 1010data e-commerce + Idexx Vet Clinics (CY2019-2022)

# Delivering value for consumers via new business models

Acquire  
first-party data



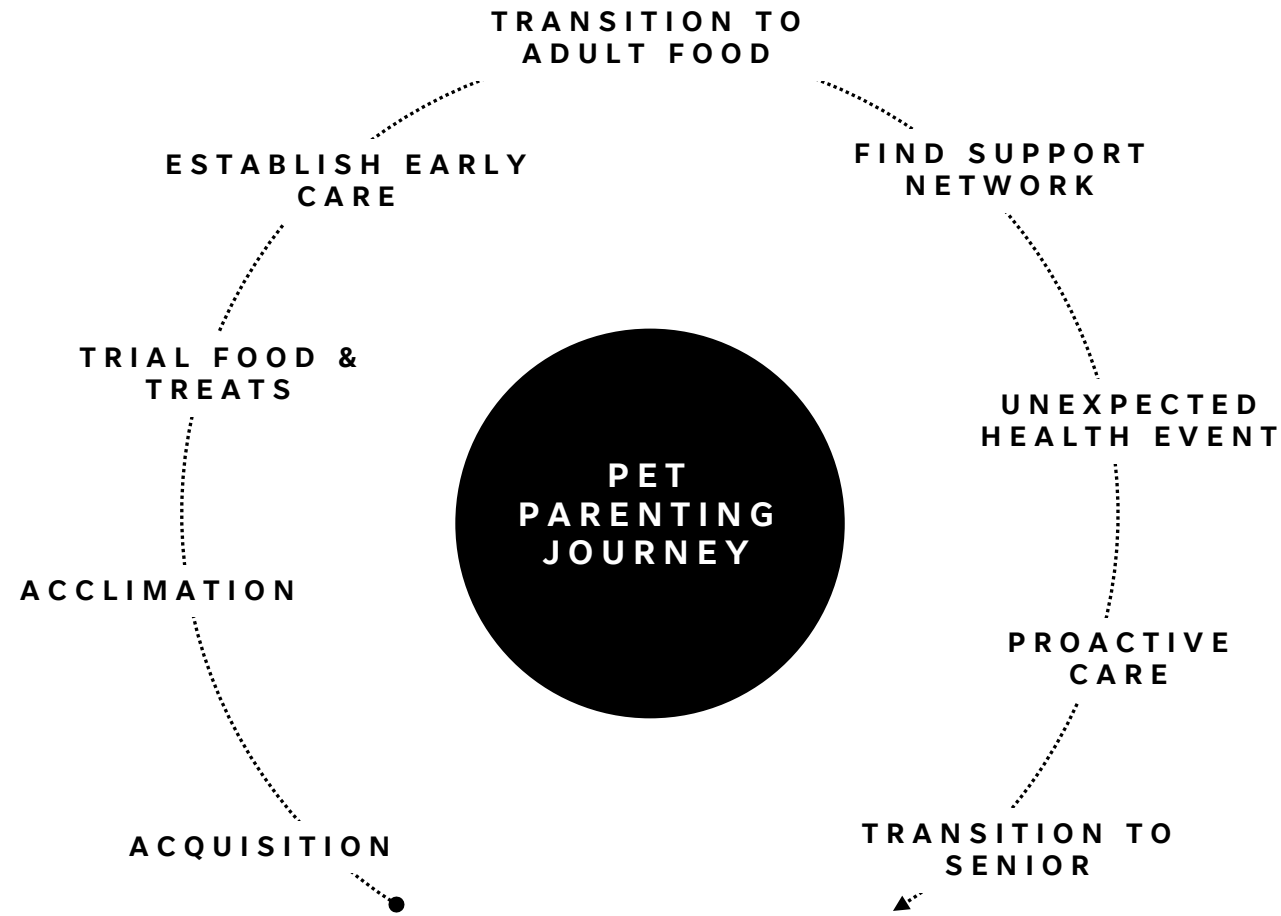
Drive  
loyalty via App



Deliver  
proactive health solutions



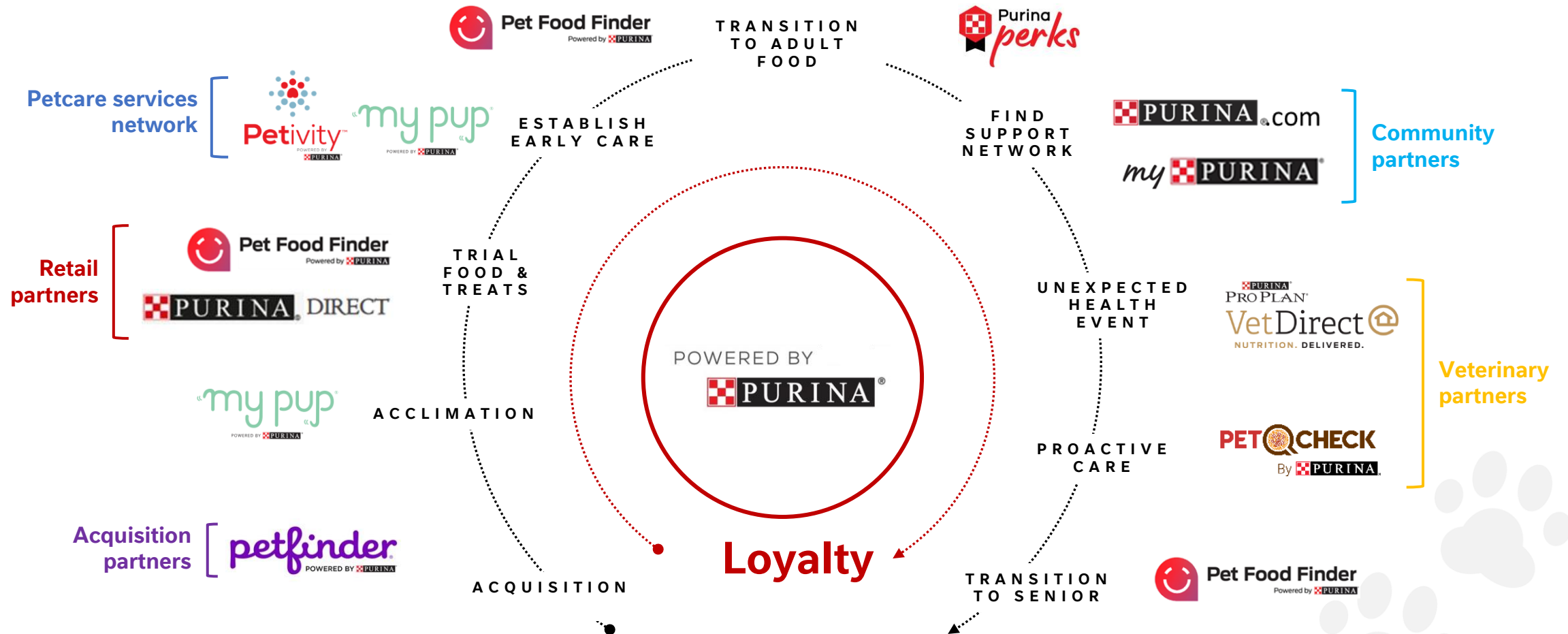
# Simplifying the pet parenting journey



Notional representation of the pet care ecosystem



# Removing friction in pet parenting experience via Purina ecosystem



Notional representation of the pet care ecosystem

**Data-powered insights enable Purina PetCare to drive higher consumer loyalty**

# Creating shared value by addressing key consumer needs

## Individuals



## Families & communities



## Our planet through sustainability



**Purina U.S. reputation score significantly ahead of pet care industry and U.S. average, reaching all-time high in 2022**

Source: 2022 RepTrak survey, N=1065  
PURINA RepTrack score 74.9

# Purina PetCare well-positioned to continue winning in pet care

- Operating in an attractive high-growth category
- Portfolio of leading brands, built on deep consumer insights
- Deep knowledge of pet nutrition to drive world-class innovation
- Committed to continued profitable growth
- Creating shared value for all stakeholders, pets and their owners



# THANK YOU

