Deutsche Bank 2023
Leveraging emerging market opportunities

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**
- Europe: 24%
- North America: 35%
- Latin America: 13%
- AOA: 22%
- Greater China: 6%

**What we sell**
- Beverages (incl. coffee): 27%
- PetCare: 19%
- Nutrition & Health Science: 16%
- Prepared dishes & cooking aids: 13%
- Milk products & ice cream: 12%
- Confectionery: 9%
- Water: 4%

**Resources**
- Number of employees: 275,000
- R&D spend: CHF 1.7 bn
- R&D locations: 23
- Factories: 344

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June 8, 2023
Deutsch Bank 2023
At a glance: our emerging markets business

2022 sales of CHF 39.3 bn, with an underlying TOP margin of >18%*

Where we sell

<table>
<thead>
<tr>
<th>Region</th>
<th>Sales Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Latin America</td>
<td>31%</td>
</tr>
<tr>
<td>AOA</td>
<td>45%</td>
</tr>
<tr>
<td>Europe</td>
<td>9%</td>
</tr>
<tr>
<td>Greater China</td>
<td>15%</td>
</tr>
</tbody>
</table>

What we sell

<table>
<thead>
<tr>
<th>Product Line</th>
<th>Sales Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beverages (incl. coffee)</td>
<td>27%</td>
</tr>
<tr>
<td>Milk products &amp; ice cream</td>
<td>20%</td>
</tr>
<tr>
<td>Nutrition &amp; Health Science</td>
<td>19%</td>
</tr>
<tr>
<td>Prepared dishes &amp; cooking aids</td>
<td>12%</td>
</tr>
<tr>
<td>Confectionery</td>
<td>11%</td>
</tr>
<tr>
<td>PetCare</td>
<td>8%</td>
</tr>
<tr>
<td>Water</td>
<td>3%</td>
</tr>
</tbody>
</table>

Resources

<table>
<thead>
<tr>
<th>Resource</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of employees</td>
<td>165,000</td>
</tr>
<tr>
<td>R&amp;D locations</td>
<td>5</td>
</tr>
<tr>
<td>Factories</td>
<td>188</td>
</tr>
</tbody>
</table>

*Underlying TOP margin after allocation of central costs, comparable with Group underlying TOP margin but not comparable with Zone underlying TOP margin which is before allocation of central costs
Delivering strong organic growth

Organic growth in emerging markets

10-year average

Emerging Markets

Nestlé Group

Pricing

3.6%

1.9%

RIG

3.0%

2.6%

Organic growth

Emerging Markets

Nestlé Group

9.3%

6.6%

10.0%

4.5%

2013

2014

2015

2016

2017

2018

2019

2020

2021

2022

0%

2%

4%

6%

8%

10%

12%
Long and deeply rooted presence in emerging markets

<table>
<thead>
<tr>
<th>Country</th>
<th>Sales (2022, CHF)</th>
<th>Organic growth (10-year average)</th>
<th>Years present</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greater China</td>
<td>5.8 bn</td>
<td>Low single-digit</td>
<td>115</td>
</tr>
<tr>
<td>Brazil</td>
<td>3.8 bn</td>
<td>High single-digit</td>
<td>102</td>
</tr>
<tr>
<td>Mexico</td>
<td>3.5 bn</td>
<td>Mid single-digit</td>
<td>93</td>
</tr>
<tr>
<td>Philippines</td>
<td>2.7 bn</td>
<td>Mid single-digit</td>
<td>112</td>
</tr>
<tr>
<td>India</td>
<td>2.0 bn</td>
<td>High single-digit</td>
<td>111</td>
</tr>
<tr>
<td>Chile</td>
<td>1.3 bn</td>
<td>High single-digit</td>
<td>89</td>
</tr>
</tbody>
</table>
Complementary portfolio of both global and regional brands

Global brands represent ~75% of sales in emerging markets

**Strong global brands**

- Nescafé
- Maggi
- Milo
- Nestle Nan
- Nestle Nido
- Nestle KitKat

**Well respected regional brands**

- Bear Brand
- Nestle Bear Brand
- Carnation
- Nestle Ninho
- Garoto
### Leading player in food & beverage

<table>
<thead>
<tr>
<th>Rank</th>
<th>Region</th>
</tr>
</thead>
<tbody>
<tr>
<td>#1</td>
<td>Chile, Philippines, Malaysia and Thailand</td>
</tr>
<tr>
<td>#2</td>
<td>Brazil, Indonesia and Nigeria</td>
</tr>
<tr>
<td>#4</td>
<td>India and Mexico</td>
</tr>
<tr>
<td>#5</td>
<td>China</td>
</tr>
</tbody>
</table>

### Strong market positions

<table>
<thead>
<tr>
<th>Country</th>
<th>Percentage of sales in #1 position</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>38%</td>
</tr>
<tr>
<td>Philippines</td>
<td>70%</td>
</tr>
<tr>
<td>Brazil</td>
<td>71%</td>
</tr>
<tr>
<td>Chile</td>
<td>77%</td>
</tr>
<tr>
<td>India</td>
<td>77%</td>
</tr>
<tr>
<td>Mexico</td>
<td>81%</td>
</tr>
<tr>
<td>Central &amp; West Africa</td>
<td>93%</td>
</tr>
</tbody>
</table>

### High consumer trust

- **52%** of countries where Nestlé is #1 trusted company*.
- **100%** of countries where Nestlé is in the top 3 most trusted companies*.

*In the food & beverage industry. Ipsos independent trust survey conducted in 23 of Nestlé’s emerging markets.
Significant opportunity to increase share of stomach in large markets

Nestlé’s share of food & beverage consumer expenditure (%)

- Brazil: 0.8%
- Chile: 0.7%
- Malaysia: 0.6%
- Philippines: 0.6%
- Mexico: 0.5%
- Developed Markets: 0.5%
- Indonesia: 0.3%
- Nigeria: 0.2%
- China: 0.1%
- India: 0.01%
Driving locally relevant innovation

### Regional R&D centers
- Abidjan
- Beijing
- Manesar
- Santiago
- Singapore

### Locally-tailored innovation
- **Functional milk powder supporting blood glucose management**
  - China, 2023
- **Functional RTD energy drink**
  - Vietnam, 2023
- **Fortified noodles with vegetables**
  - India, 2022
- **Affordable plant protein for egg extension**
  - Guatemala, 2022

### Key global launches in emerging markets first
- **New coffee system with paper pods**
  - Brazil, 2022
- **Soluble coffee tailored for cold consumption**
  - China and Mexico, 2023
- **Nutrient blend to accelerate brain myelination**
  - Hong Kong, 2022
Future growth drivers

Expected market CAGR, 2023-2025: **Mid single-digit**

### Increasing population and purchasing power

- **Population increase by 2032**
  - Emerging markets: 694 million
  - Developed markets: 13 million

- **Population with income > USD 4 per day**
  - 2022: 76%
  - 2032: 83%

### Expanding under-indexed categories

- **Coffee cups per person per annum**
  - China, India, Africa: 32
  - Rest of the world: > 200

- **Pet food calorific coverage**
  - Emerging markets: 41%
  - Developed markets: 79%

### Leveraging digitalization

- **E-commerce as % of sales**
  - South Asia: 3% (2020), 5% (2022)
  - Brazil: 7% (2020), 11% (2022)
  - Greater China: 20% (2020), 25% (2022)

### Capturing premium and affordable opportunities

- **% of emerging markets sales**
  - Affordable nutrition: 18%
  - Premium: 21%

Source: Euromonitor, United Nations Population Division, World Bank poverty & equality indicator
Attractive financials supported by scale and efficiencies

Underlying TOP margin* in emerging markets

- 2013: 110bps
- 2022: >18%

ROIC in emerging markets

- ROIC > Group ROIC

in Zone Latin America, Zone AOA and Zone Greater China

Attractive financials supported by:

- Selective and attractive category exposure
- Leading positions and strong brands
- Scale and efficiencies
- Local production and deep distribution

*Underlying TOP margin after allocation of central costs, comparable with Group underlying TOP margin but not comparable with Zone underlying TOP margin which is before allocation of central costs
Deutsche Bank 2023
Zone AOA: Accelerating “Growth by Choice”

Remy Ejel, EVP, Head of Zone Asia, Oceania and Africa
Zone AOA overview

2022 sales of **CHF 18.5 bn**, with an underlying TOP margin of **22.9%**

**Where we sell**

- South Asian Subcontinent: 17%
- Japan/South Korea/Oceania: 16%
- ASEAN: 38%
- Middle East & Africa: 29%

**What we sell**

- Milk products & Ice cream: 28%
- Beverages (incl. Coffee): 25%
- Nutrition: 18%
- Prepared dishes & Cooking aids: 14%
- Confectionery: 7%
- PetCare: 4%
- Waters: 3%

**Resources**

- Employees: 65,000
- Factories: 91
- Countries: 113

Figures exclude Globally Managed Businesses (GMBs): Nestlé Health Science, Nespresso

Underlying TOP margin before allocation of central costs, not comparable with Group underlying TOP margin or emerging market underlying TOP margin which are after allocation of central costs.
Solid performance over the last 10 years

Underlying TOP margin before allocation of central costs, not comparable with Group underlying TOP margin or emerging market underlying TOP margin which are after allocation of central costs.
Diverse forces shaping Zone environment and opportunities

Demand for affordability & ...

... premium products

Traditional trade & ...

... digitalization of routes-to-market

Growing youth & ...

... aging populations
Strategic priorities and key growth drivers

1 Accelerate in key markets

2 Lead in coffee and petcare

3 Capture value-up opportunities

4 Leverage innovation across all life-stages

5 Optimize portfolio rigorously

6 Evolve channel strategies to unlock growth

7 Good for you, Good for the planet

8 Enablers: local talent & agile teams, technology, category ecosystems
# 1 Growth by choice: key market presence and growth foundations

## India
Consistent profitable growth driver, leading in fast-growing categories

<table>
<thead>
<tr>
<th>Categories</th>
<th>Lead brand</th>
<th>Market rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Noodles</td>
<td>Maggi</td>
<td>1</td>
</tr>
<tr>
<td>Nutrition</td>
<td>LACTOGEN, NAN</td>
<td>1</td>
</tr>
<tr>
<td>Coffee</td>
<td>NESCAFE</td>
<td>1</td>
</tr>
<tr>
<td>Confectionery</td>
<td>KitKat</td>
<td>2</td>
</tr>
</tbody>
</table>

- CHF 2.0 bn high single-digit OG%

## Philippines
Largest market for the Zone, number 1 globally for child nutrition

<table>
<thead>
<tr>
<th>Categories</th>
<th>Lead brand</th>
<th>Market rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dairy</td>
<td>LACTOGEN, NAN</td>
<td>1</td>
</tr>
<tr>
<td>Nutrition</td>
<td>S26, NAN</td>
<td>1</td>
</tr>
<tr>
<td>Coffee</td>
<td>NESCAFE</td>
<td>1</td>
</tr>
<tr>
<td>Cooking aids</td>
<td>Maggi</td>
<td>1</td>
</tr>
</tbody>
</table>

- CHF 2.7 bn mid single-digit OG%

## Middle east & north africa
Dynamic region with opportunities across select segments & geographies

<table>
<thead>
<tr>
<th>Categories</th>
<th>Lead brand</th>
<th>Market rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coffee</td>
<td>NESCAFE</td>
<td>1</td>
</tr>
<tr>
<td>Nutrition</td>
<td>NAN, S26</td>
<td>1</td>
</tr>
<tr>
<td>Dairy</td>
<td>NIDO</td>
<td>1</td>
</tr>
<tr>
<td>PetCare</td>
<td>PURINA Eukanuba, FRISKIES</td>
<td>2</td>
</tr>
</tbody>
</table>

- CHF 2.4 bn mid single-digit OG%

2022 sales
10-year average organic growth %

June 8, 2023 Deutsche Bank 2023
2 Growth by choice: lead in coffee and petcare

Coffee
Lead category via penetration and expanded consumption base & gain share

- Leverage complementary brand architecture to capture opportunities across price points
- Capture incremental growth via cold coffee, especially ready-to-drink
- Drive recruitment & penetration via affordability offerings in emerging coffee markets
- Expand and scale portioned coffee opportunity

PetCare
Invest selectively to sustain double-digit growth

- Lead in wet cat single serve
- Accelerate growth in super premium dry
- Leverage secure supply and local production capacity to seed and scale key markets
### Portfolio overview

- **Premium**: 15%
- **Affordable**: 28%
- **Mainstream**: 57%

% of Zone sales 2022

### Base

<table>
<thead>
<tr>
<th>Category</th>
<th>Premium</th>
<th>Affordable</th>
<th>Mainstream</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dairy</td>
<td>CHF 0.20</td>
<td>CHF 0.30</td>
<td>CHF 0.40</td>
</tr>
<tr>
<td>Food</td>
<td>CHF 0.15</td>
<td>CHF 0.30</td>
<td>CHF 0.55</td>
</tr>
<tr>
<td>Coffee</td>
<td>CHF 0.25</td>
<td>CHF 0.41</td>
<td>CHF 2.50</td>
</tr>
</tbody>
</table>

**Price per serve**

### Value up

- **Premiumization**
- **On-the-go**
- **Market example**

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**3 Growth by choice: capture value-up opportunities**
### 4 Growth by choice: leveraging innovation across life stages

<table>
<thead>
<tr>
<th>Infant</th>
<th>Growing-up</th>
<th>Adult</th>
<th>Healthy aging</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diet diversity</td>
<td>Affordable, high protein plant-milk nutrition blend</td>
<td>Fortified Adult Milk</td>
<td>Skin and joint health</td>
</tr>
<tr>
<td>microbiome</td>
<td></td>
<td>Philippines</td>
<td>Korea</td>
</tr>
<tr>
<td>India</td>
<td></td>
<td>Low sodium bouillon</td>
<td></td>
</tr>
<tr>
<td>5 HMO blend</td>
<td></td>
<td>Ivory Coast</td>
<td></td>
</tr>
<tr>
<td>Microbiome, immunity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Multiple markets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Functional formula</td>
<td>Sugar reduction technology</td>
<td>Sustainable packaging</td>
<td>Immunity, Joint health</td>
</tr>
<tr>
<td>Thailand</td>
<td>Malaysia-Singapore</td>
<td></td>
<td>Thaland</td>
</tr>
<tr>
<td>Sustainable packaging</td>
<td></td>
<td>Connected machine</td>
<td></td>
</tr>
<tr>
<td>East Africa</td>
<td></td>
<td>Japan</td>
<td></td>
</tr>
</tbody>
</table>

Images of products from different regions are shown, highlighting innovations in nutrition and health across various life stages.
5 Growth by choice: optimize portfolio rigorously

Portfolio choices

- Choose where to play
- Evolve business model
- Protect & grow jewels
- Cut the tail & Grow the head
- Exit when market attractiveness declines

Portfolio actions

Choose where to play
- **Multiple-markets**: Avoided commoditized growth segments i.e., soya sauce, wheat flour

Evolve business model
- **Myanmar**: Switched to third-party distributor model

Cut the tail & grow the head
- **MENA**: Cut low growth, low margin tail SKUs by 22%

Protect & grow jewels
- **Philippines**: Re-organized nutrition business leading to market share gains

Exit / scale-back
- **Japan**: Optimization of KitKat Chocolatory boutiques
6 Growth by choice: evolve channel strategies to unlock growth

**Traditional**
- Optimize distribution & boost reach by digitalizing RTM
- Expand product range via sales recommendation engine

**Modern trade**
- Optimize trade & promotional investment via analytics
- Accelerate category management with retailers

**E-commerce**
- Scale with regional & local pure-play partners
- Accelerate in quick commerce & e-B2B via tailored assortments

**Out-of-home**
- Scale opportunities in R&G, Starbucks, plant-based
- Leverage new business models (revenue share, etc.)

Digitalization: **AI-powered analytics, tailored 1st-party data acquisition model, marketing ROI engine**
7 Growth by choice: good for you, good for the planet

Good for you

- Micronutrient fortification
- Sugar reduction

**120 bn** micronutrient fortified servings 2022

**~15%** sugar reduction in malt extract ingredients

Good for the planet

- Accelerating climate action
- Addressing plastic waste
- Managing water stress

**2.7 m tons** GHG reduction vs. 2018 baseline

**10** plastic neutral markets

**20%** of waters sites water positive
8 Growth by choice: enablers

**People**
Engaged, entrepreneurial talent

**Technology**
AI powered decision-making

- **CHF 5 m**
  Incremental sales generated from India pilot in 2022

- **15–25%**
  Increase in marketing return on investment from Indonesia pilot in 2022

  **Plug & play**
  Fast Deployment Modules (production)

- **30%**
  Lower CAPEX vs. conventional setup

**Category ecosystems**
Offline-online engagement model

- **30%**
  Uplift to first party data and engagement

80% local senior leadership
Key takeaways

Leading in key geographies, with strong market positions in growing categories

Building on local heritage, established brand equity and dynamic team

Making clear, timely and bold choices to ensure sustained profitable growth by:

Expanding presence in fast-growing and fast-emerging segments

Bringing impactful innovation to keep diverse portfolio relevant, differentiated and accessible

Enhancing competitive advantage through digitalization