



Nestlé Good food, Good life

Deutsche Bank 2023

Leveraging emerging market opportunities

François-Xavier Roger
EVP, Chief Financial Officer



Disclaimer

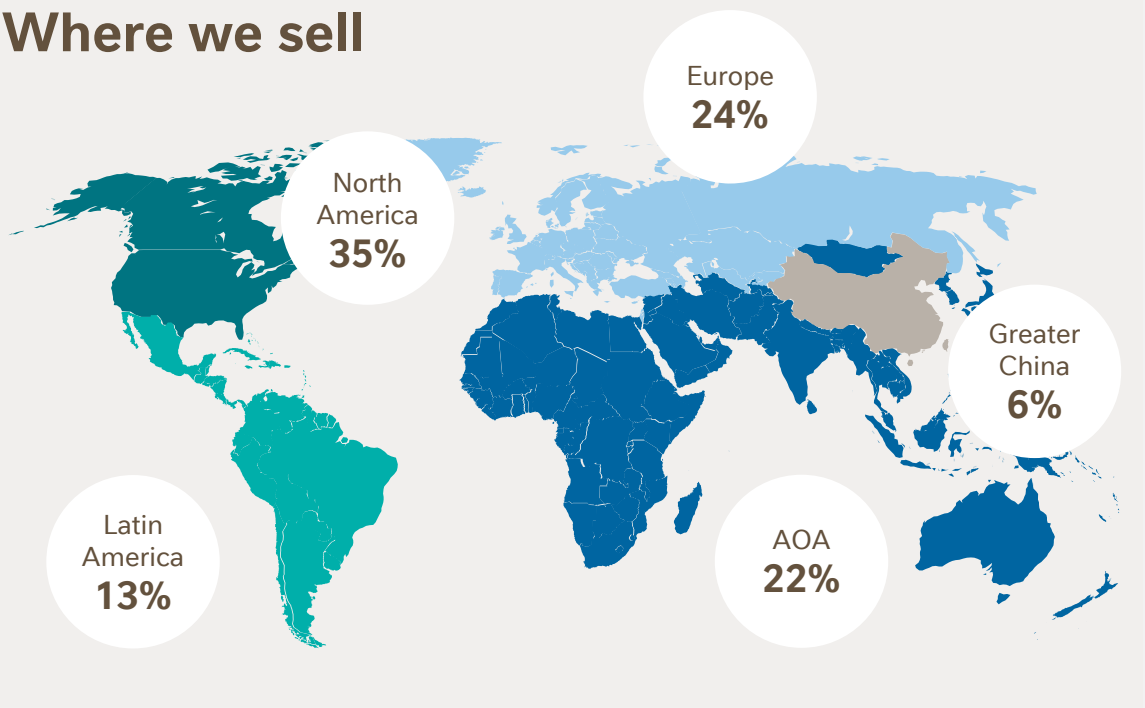
This presentation contains forward looking statements which reflect Management's current views and estimates. The forward looking statements involve certain risks and uncertainties that could cause actual results to differ materially from those contained in the forward looking statements. Potential risks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



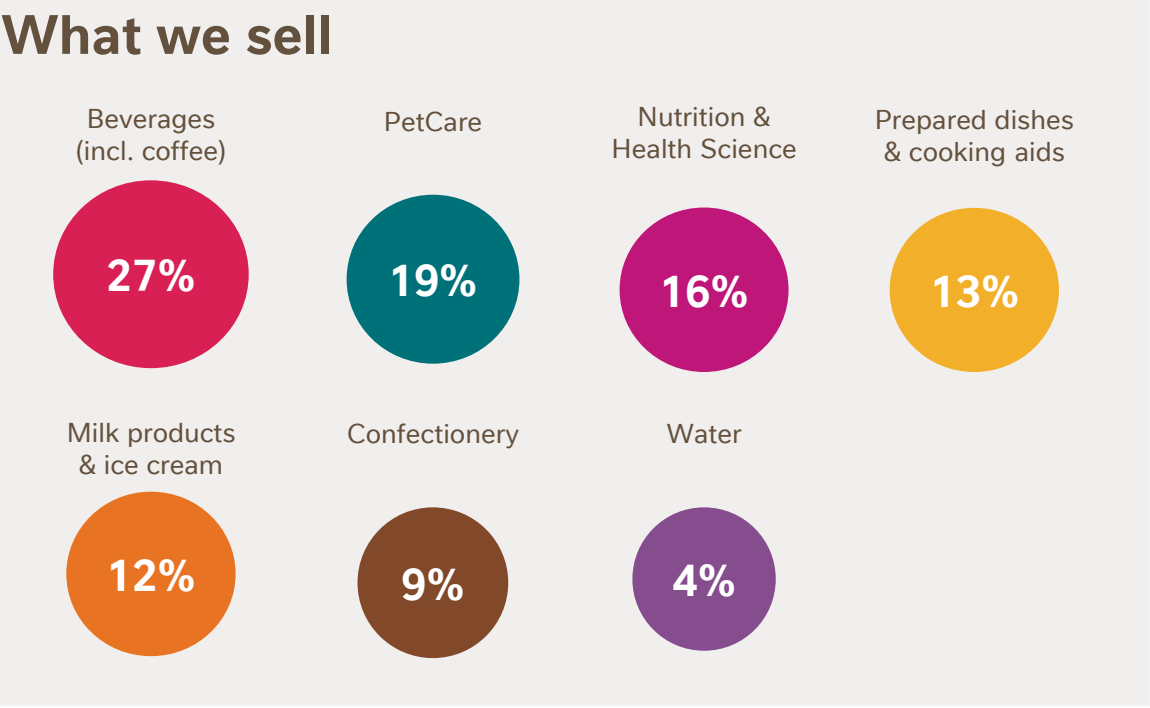
Our business is global, balanced and diversified

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

Where we sell



What we sell



Resources

Number of employees

275 000

R&D spend

CHF 1.7 bn

R&D locations

23

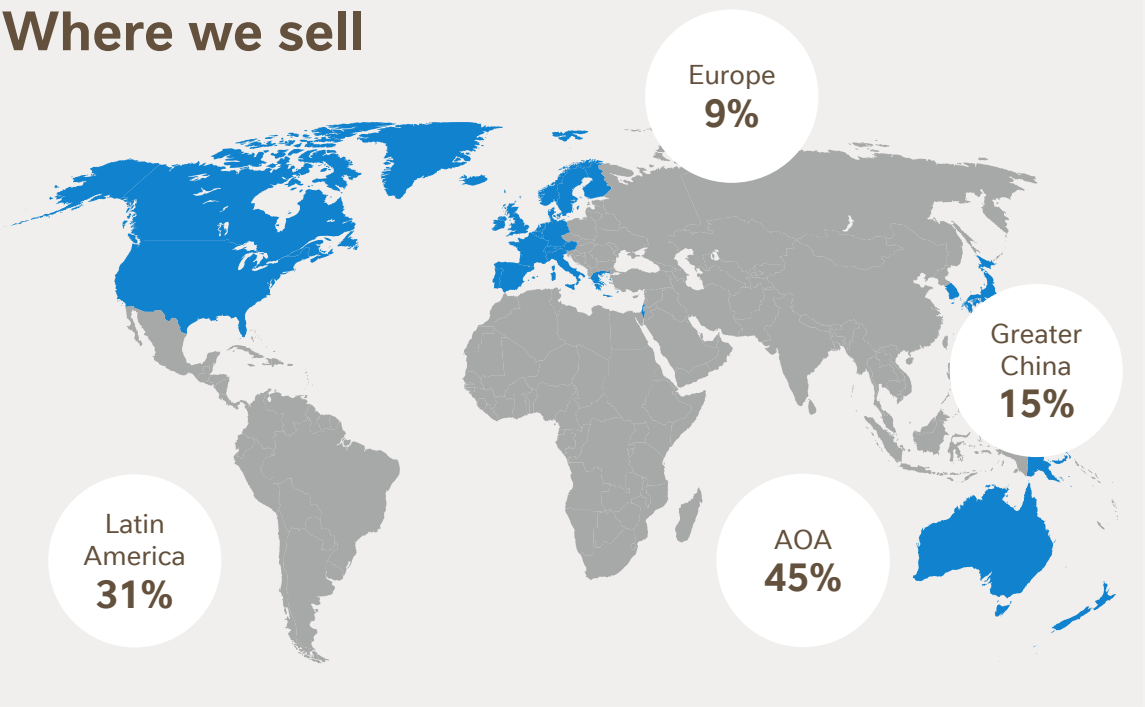
Factories

344

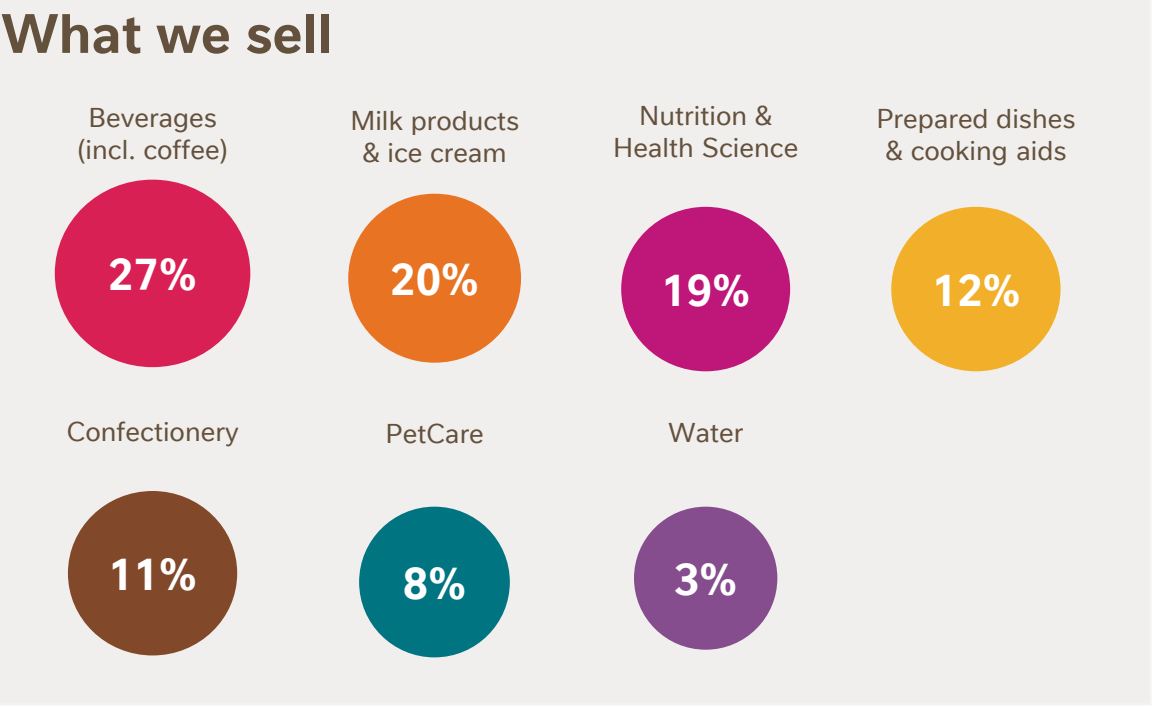
At a glance: our emerging markets business

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

Where we sell



What we sell



Resources

Number of employees

165 000

R&D locations

5

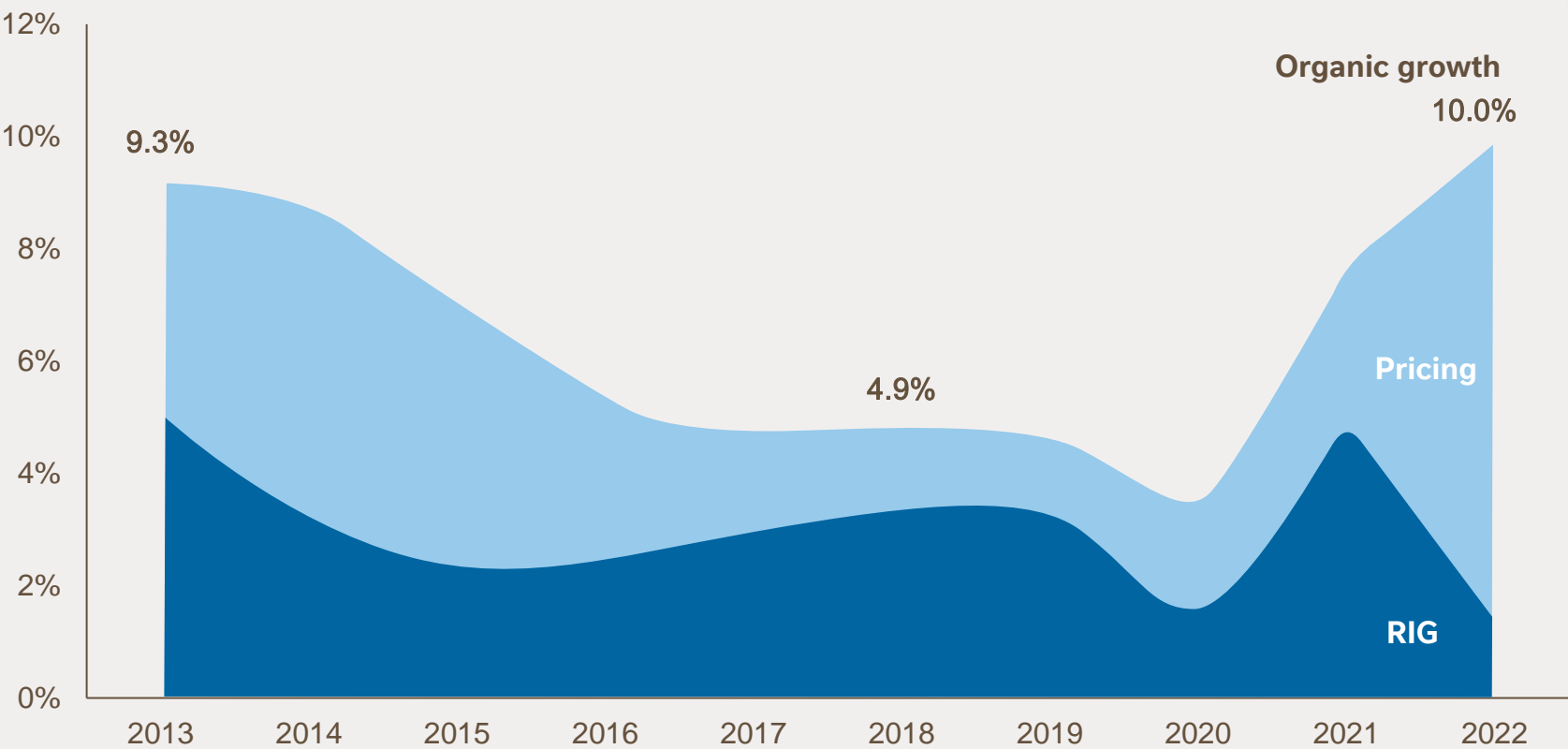
Factories

188

*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
6.6%	4.5%
3.6%	1.9%
3.0%	2.6%

Long and deeply rooted presence in emerging markets

	Greater China	Brazil	Mexico	Philippines	India	Chile
						
Sales (2022, CHF)	5.8 bn	3.8 bn	3.5 bn	2.7 bn	2.0 bn	1.3 bn
Organic growth (10-year average)	Low single-digit	High single-digit	Mid single-digit	Mid single-digit	High single-digit	High single-digit
Years present	115	102	93	112	111	89

Complementary portfolio of both global and regional brands

Global brands represent ~75% of sales in emerging markets

Strong global brands

The Nescafé logo features the word "NESCAFÉ" in a bold, black, sans-serif font. A small red swoosh is positioned above the letter "É".

Well respected regional brands



Strong market positions and consumer trust

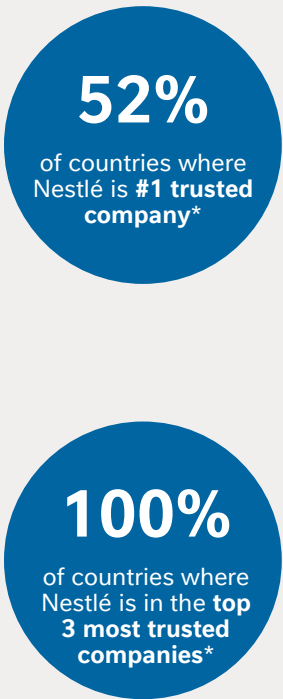
Leading player in food & beverage



Strong market positions



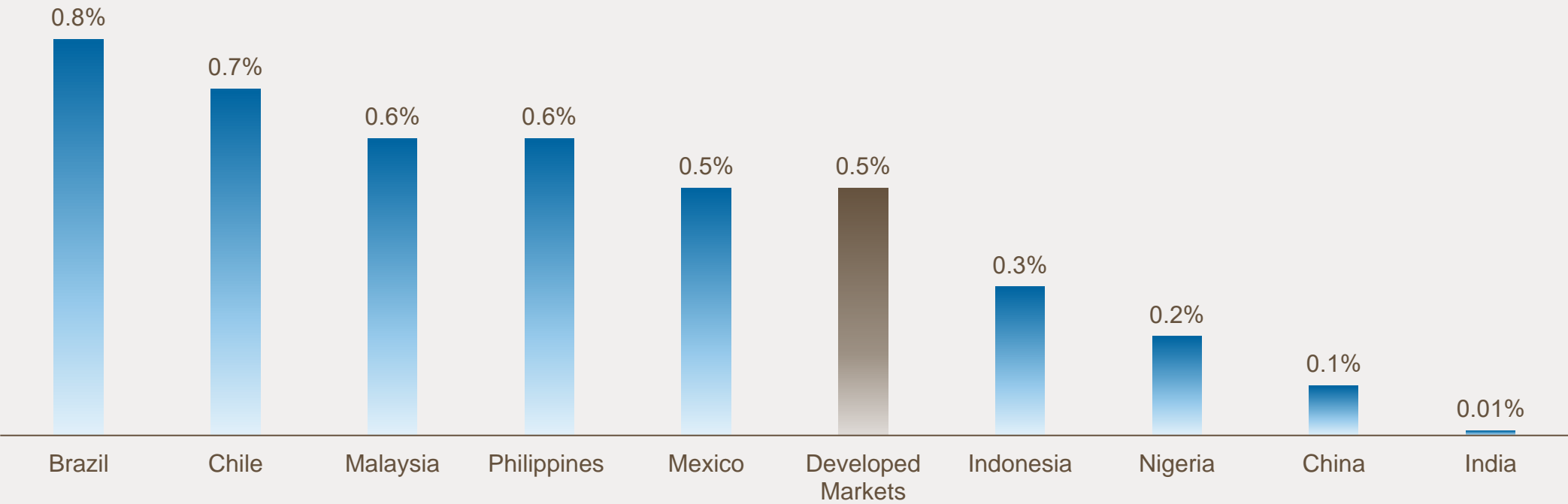
High consumer trust



*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 (%)

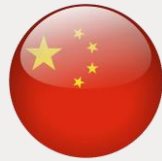


Driving locally relevant innovation

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



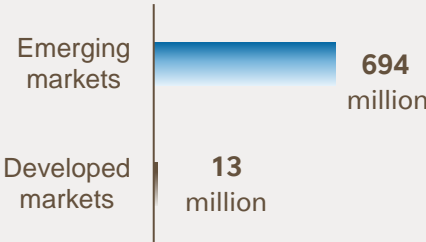
Nutrient blend to accelerate brain myelination
Hong Kong, 2022

Future growth drivers

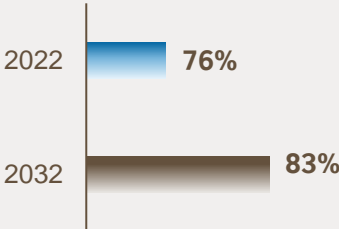
Expected market CAGR, 2023-2025: **Mid single-digit**

Increasing population and purchasing power

Population increase by 2032

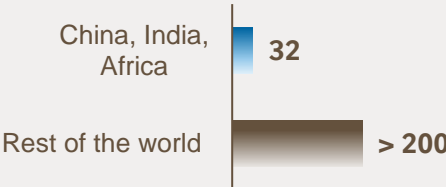


Population with income > USD 4 per day

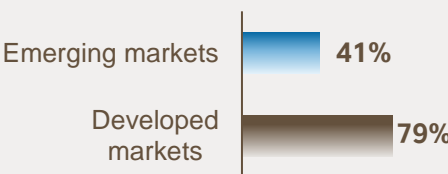


Expanding under-indexed categories

Coffee cups per person per annum

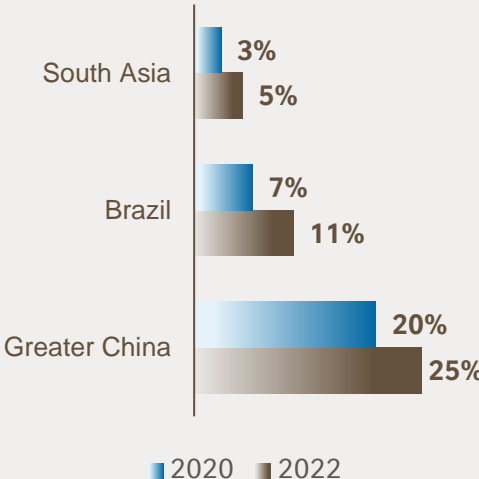


Pet food calorific coverage



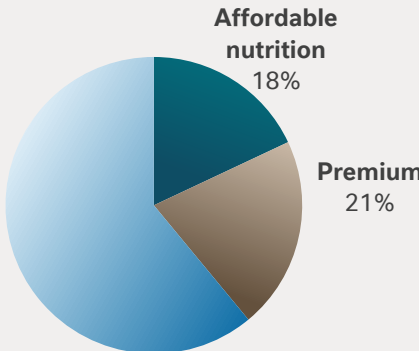
Leveraging digitalization

E-commerce as % of sales



Capturing premium and affordable opportunities

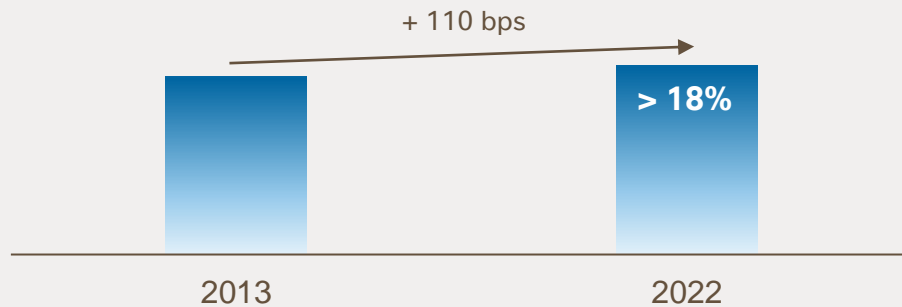
% of emerging markets sales



Source: Euromonitor, United Nations Population Division, World Bank poverty & equality indicator

Attractive financials supported by scale and efficiencies

Underlying TOP margin* in emerging markets



ROIC in emerging markets



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





Nestlé Good food, Good life

Deutsche Bank 2023

Zone AOA: Accelerating “Growth by Choice”

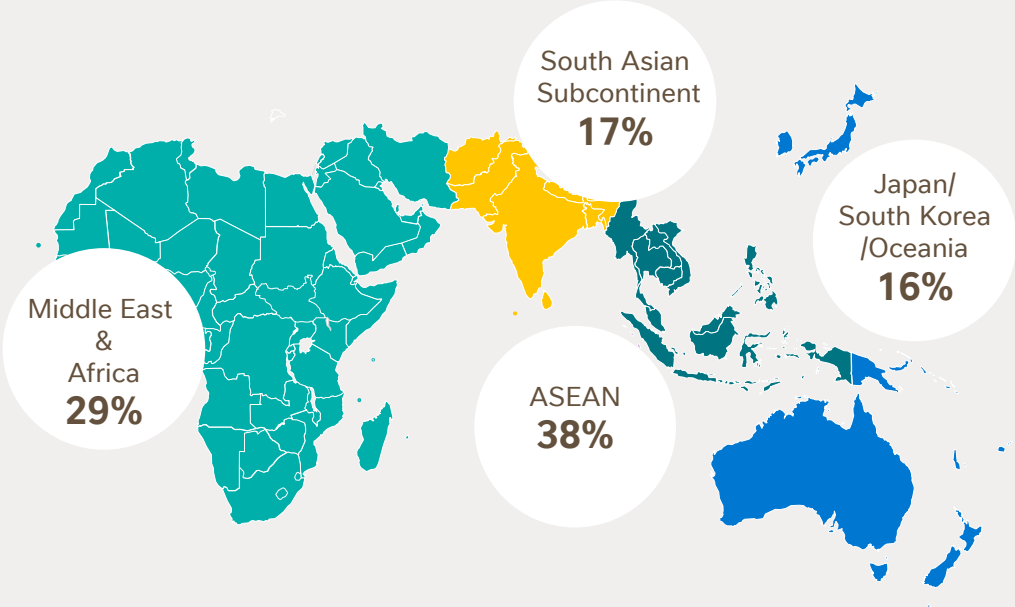
Remy Ejel, EVP, Head of Zone Asia, Oceania and Africa



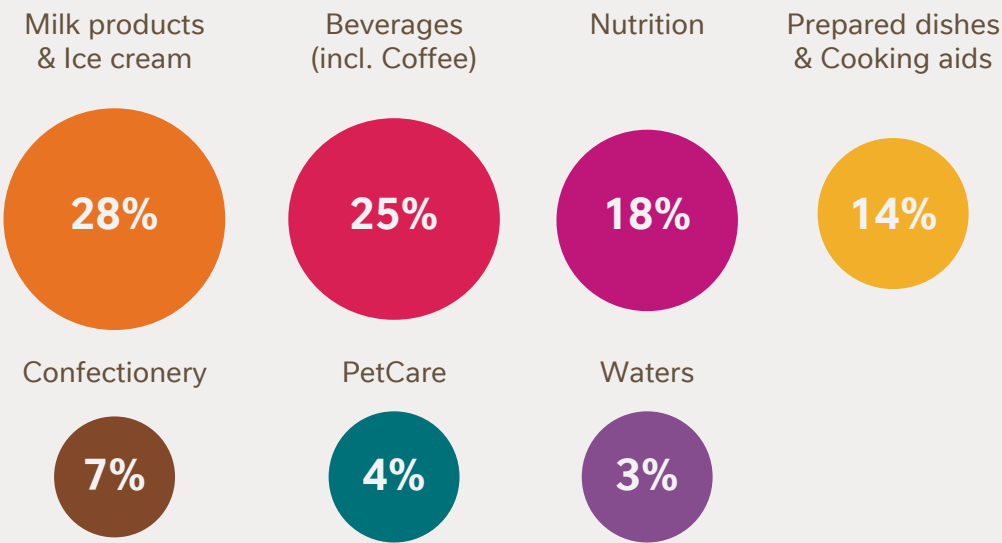
Zone AOA overview

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

Where we sell



What we sell



Resources

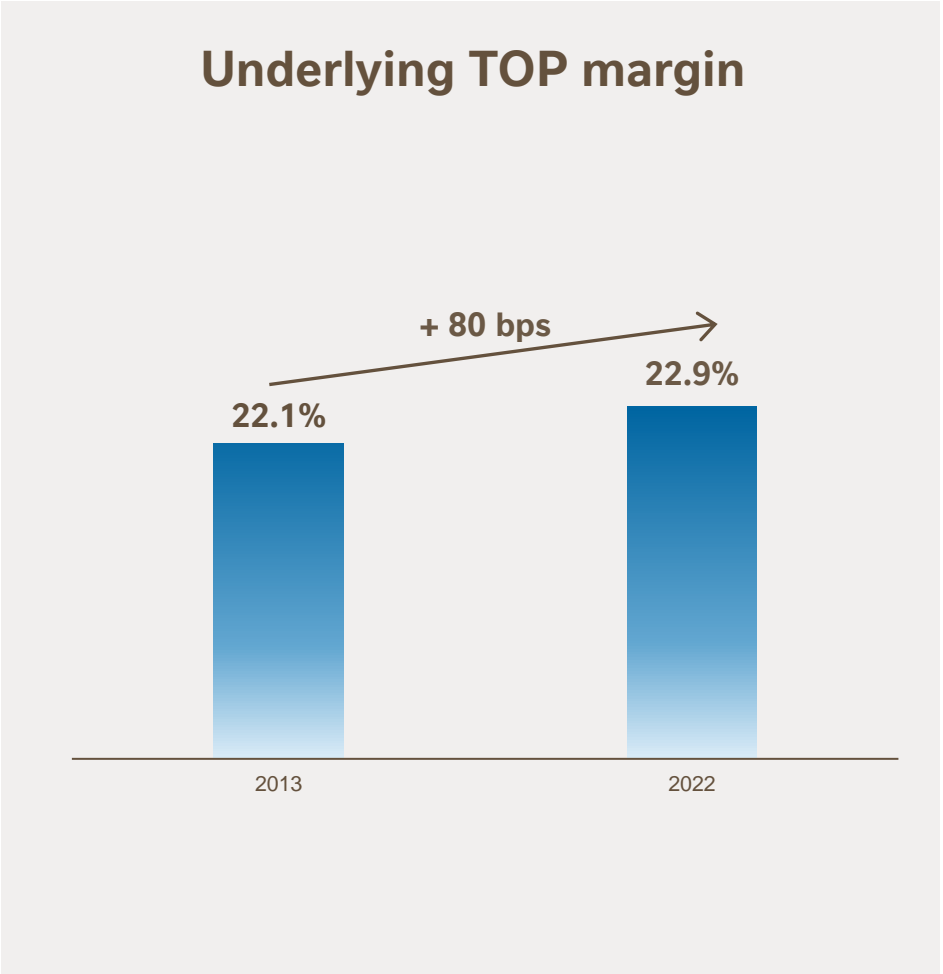
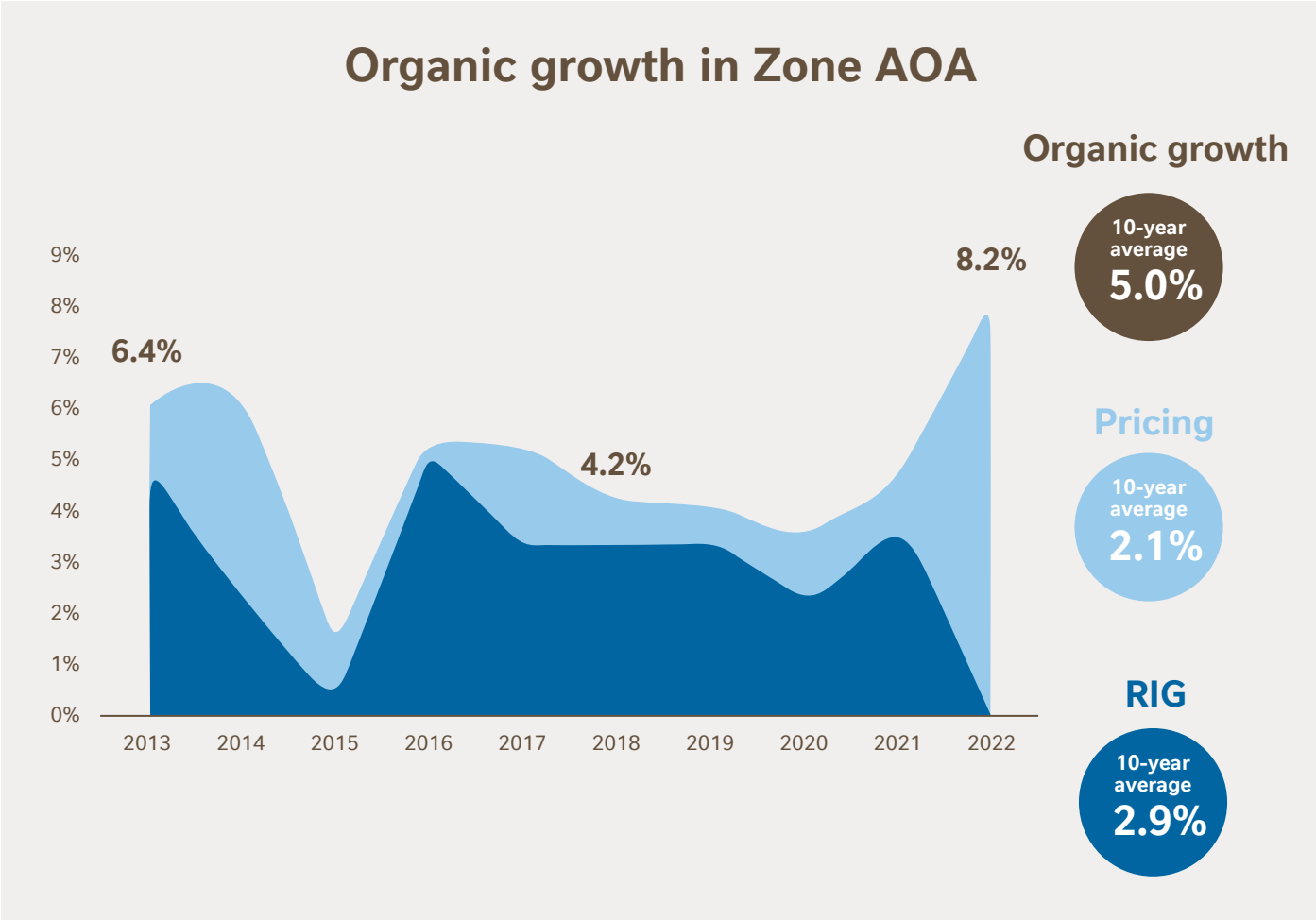
Employees
65 000

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

Categories	Lead brand	Market rank
------------	------------	-------------

Noodles		1
---------	---	---

Nutrition		1
-----------	---	---

Coffee		1
--------	---	---

Confectionery		2
---------------	--	---

CHF
2.0 bn

high single-digit OG%

Philippines

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

Categories	Lead brand	Market rank
------------	------------	-------------

Dairy		1
-------	---	---

Nutrition		1
-----------	---	---

Coffee		1
--------	---	---

Cooking aids		1
--------------	--	---

CHF
2.7 bn

mid single-digit OG%

Middle east & north africa

Dynamic region with opportunities across select segments & geographies

Categories	Lead brand	Market rank
------------	------------	-------------

Coffee		1
--------	---	---

Nutrition		1
-----------	---	---

Dairy		1
-------	---	---

PetCare		2
---------	--	---

CHF
2.4 bn

mid single-digit OG%

2022 sales

10-year average organic growth %



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

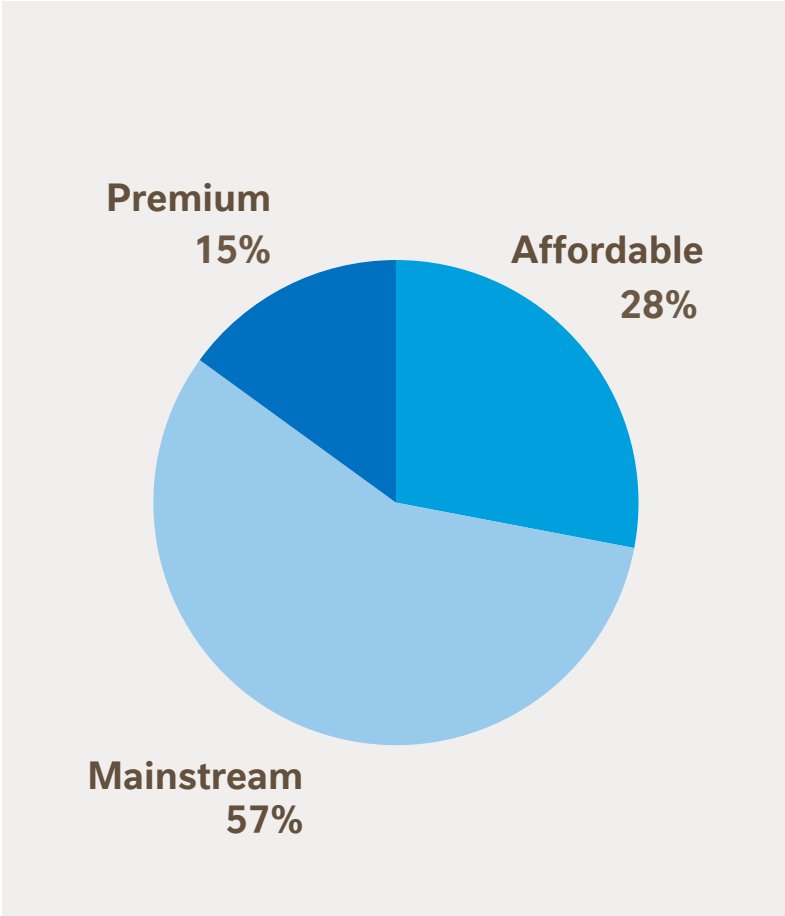
Invest selectively to sustain double-digit growth















- 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

3 Growth by choice: capture value-up opportunities

Portfolio overview



% of Zone sales 2022

	Base	Value up Premiumization	On-the-go	Market example
Dairy	 CHF 0.20	 CHF 0.30	 CHF 0.40	
Food	 CHF 0.15	 CHF 0.30	 CHF 0.55	
Coffee	 CHF 0.25	 CHF 0.41	 CHF 2.50	

Price per serve

4 Growth by choice: leveraging innovation across life stages

Infant



Diet diversity
microbiome
India

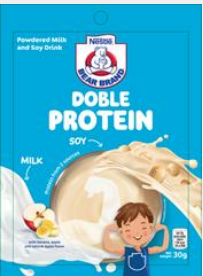
5 HMO blend
Microbiome, immunity
Multiple markets



Functional formula
Thailand

Sustainable packaging
East Africa

Growing-up



Affordable, high protein
plant-milk nutrition blend
Philippines



Sugar reduction technology
Malaysia-Singapore

Adult



Fortified Adult Milk
Philippines

Low sodium bouillon
Ivory Coast



Sustainable packaging
Australia

Connected machine
Japan

Healthy aging



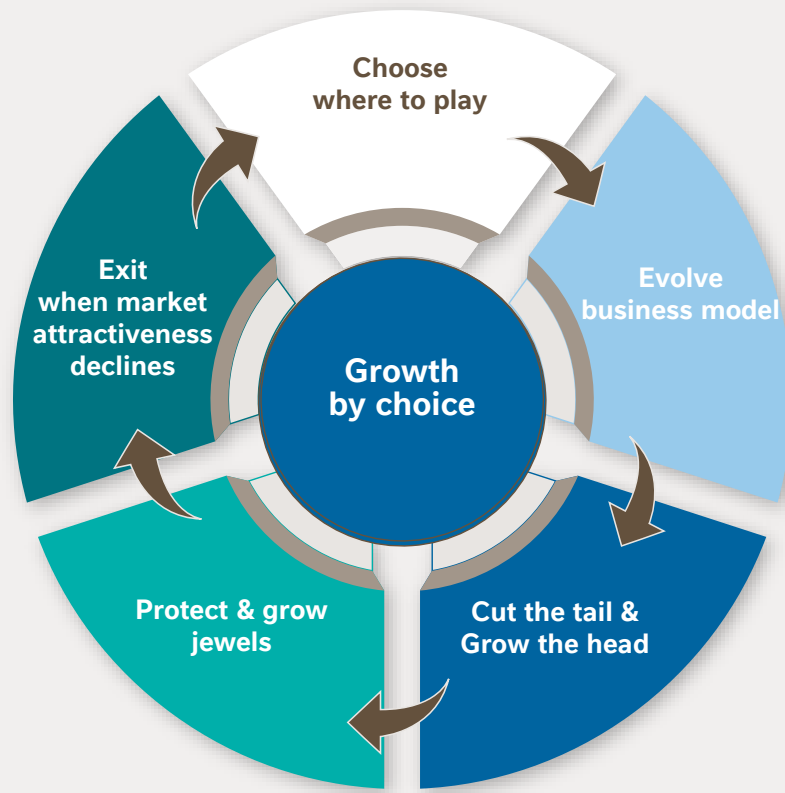
Skin and joint health
Korea



Immunity, Joint health
Thailand

5 Growth by choice: optimize portfolio rigorously

Portfolio choices



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



120 bn
micronutrient
fortified servings
2022

Sugar
reduction



~15%
sugar reduction in
malt extract
ingredients

Good for the planet

Accelerating
climate action



2.7 m tons
GHG reduction
vs. 2018 baseline

Addressing
plastic waste



10
plastic neutral
markets

Managing
water stress



20%
of waters sites
water positive

8 Growth by choice: enablers

People

Engaged, entrepreneurial talent



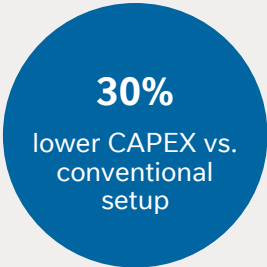
Technology

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)



Category ecosystems

Offline-online engagement model



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**