Nestlé Capital
Markets Day 2024

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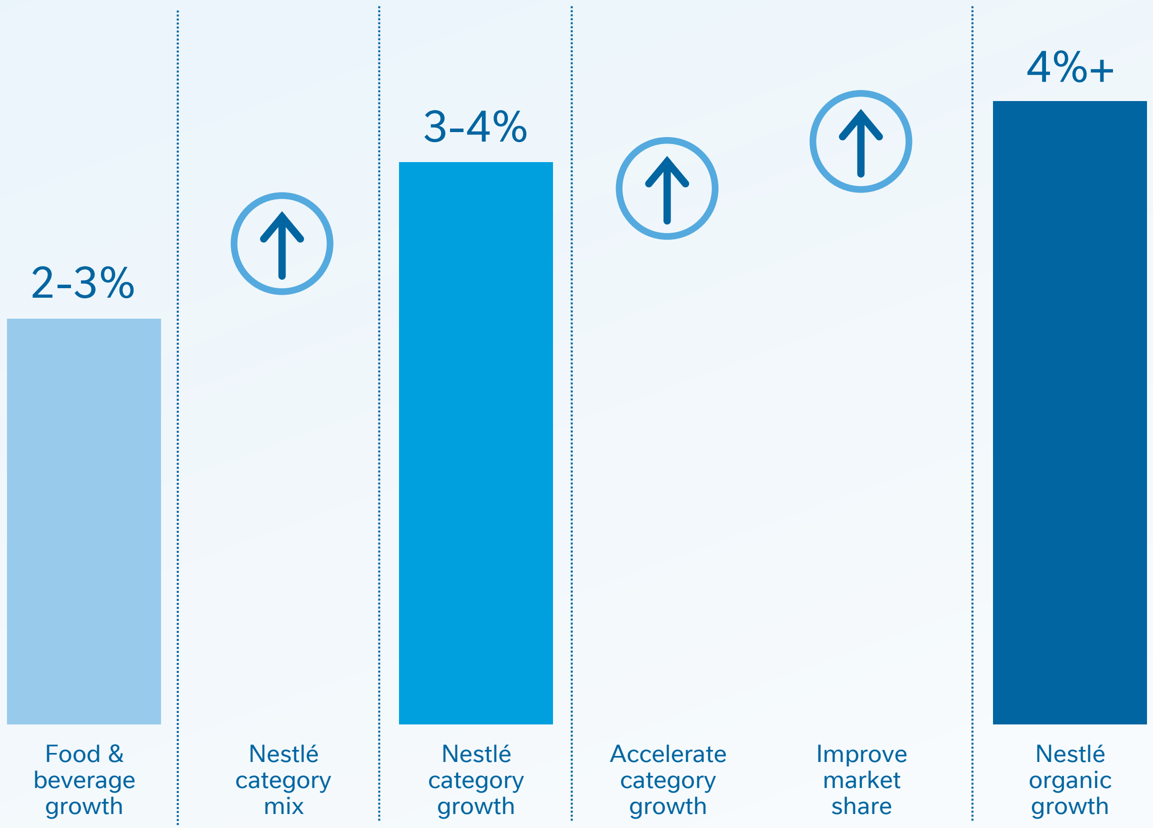
Disclaimer

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.

Contents

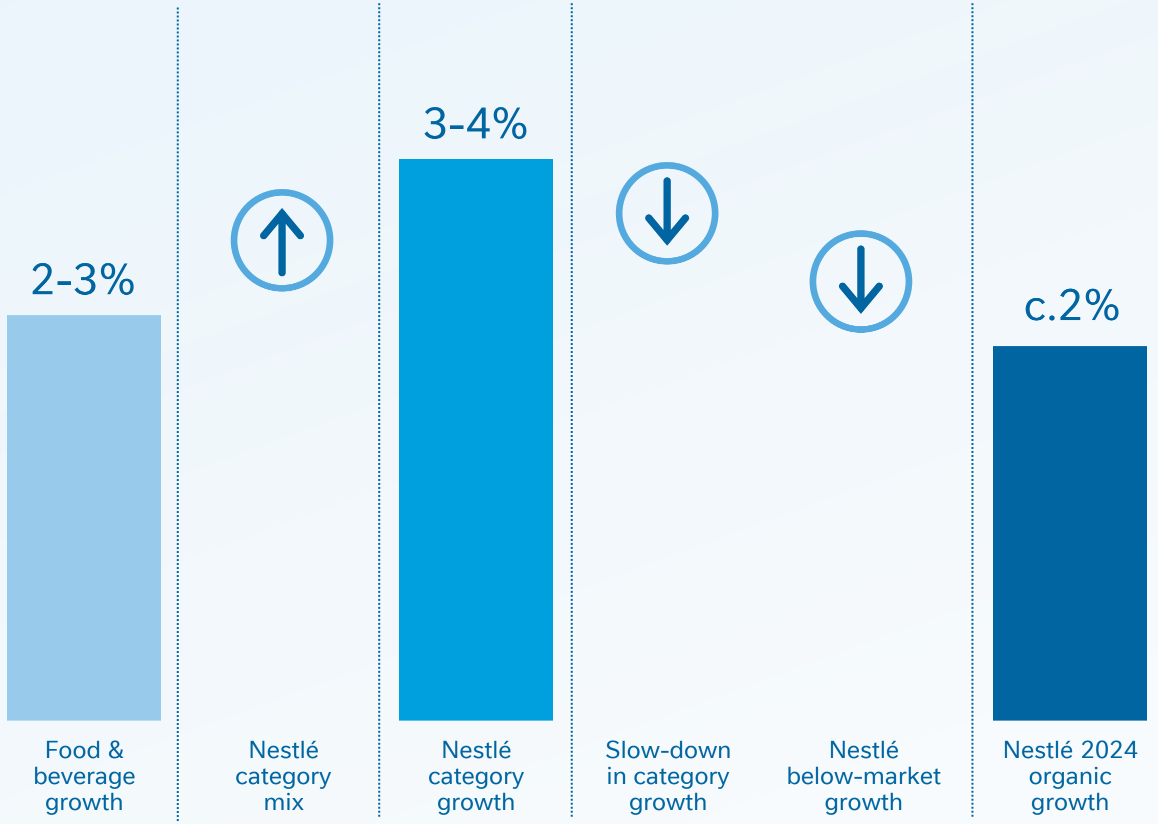
Model supports 4%+ p.a. organic growth in the medium term

- 2-3% food & beverage trend growth p.a.
- 3-4% Nestlé's category trend growth p.a.
- 4%+ Nestlé medium term growth objective
- All in normal market conditions



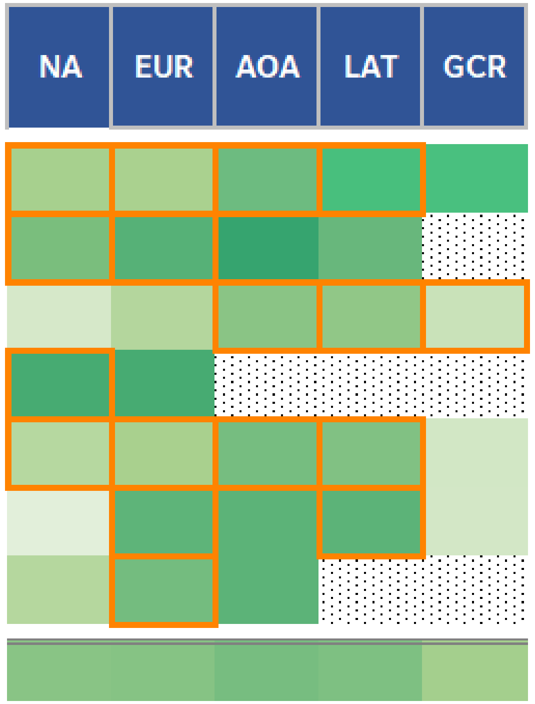
Market share loss and below-trend category growth impacting 2024

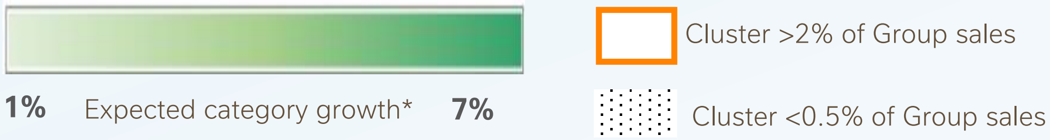
- Nestle category growth currently towards the lower end of the 3-4%
- Market underperformance/share loss is further >100 bps drag on growth
- Clear diagnosis of underperformance, concentrated in 15-20 cells



Confident in our portfolio growth potential

Category	% of 2023 sales	Expected category growth*
Coffee	25%	3-5%
Petcare	20%	4-5%
Nutrition & Dairy	18%	2-3%
Health Science	7%	5-7%
Food	14%	2-3%
Confectionery	9%	4-5%
Waters	4%	3-4%
Total		**3-4%**





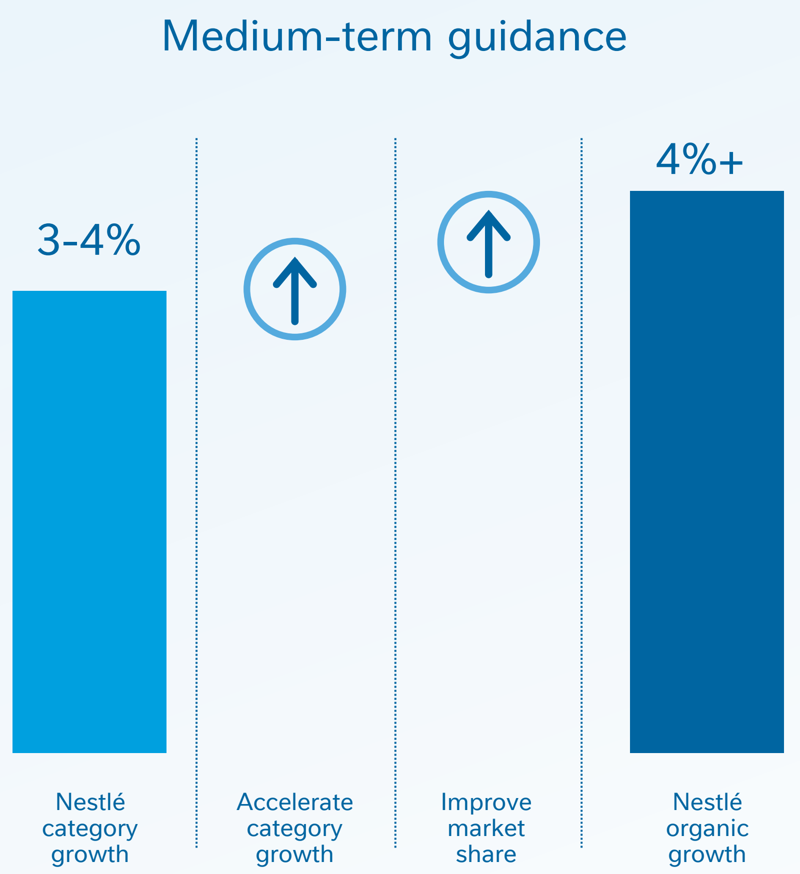
- Portfolio exposure tilted towards higher growth areas
- Opportunities to expand into areas of strength and accelerate category growth
- Granular understanding informs investment decisions and performance management

* Medium-term, in normal market conditions; Nestlé estimates

Action plan supports our growth objective

- Unlock full portfolio potential
  - Expand winners
  - Build new growth engines
  - Address underperformers

- Drive operational excellence
  - Sharpen value propositions
  - Step up investment
  - Focus our innovation



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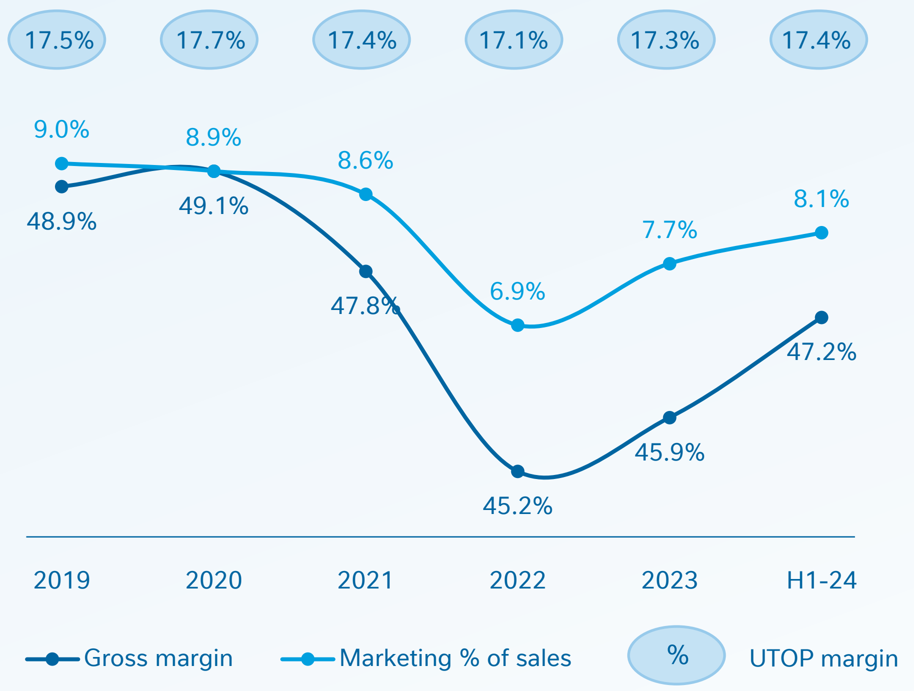
Margin outlook underpinned by structurally strong profitability

- Categories with attractive profitability
- Strong competitive advantages
- Innovation to deliver against consumer needs at the right margin structure

Resilient recent margin performance helped by reduced investment

- Gross margin pressure over last 5 years, but limited reduction in UTOP margin
- Lower investment, especially in marketing
- Going forward margin delivery through RIG-led growth

Managing input cost pressure



Excludes Nestlé Skin Health in 2019

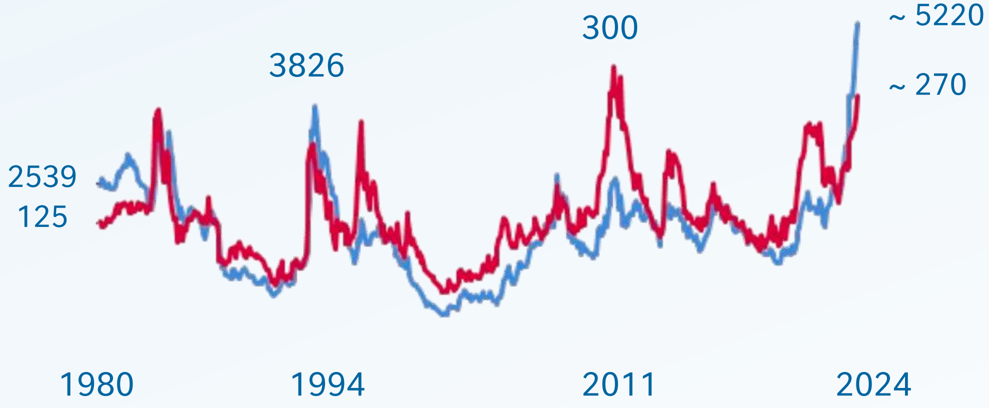
Medium-term UTOP margin target of 17%+

- Input cost increases are a headwind in the short term
- Investment level stepping up through 2025
- Efficiencies will fund incremental investments, but with a lag

Managing short-term pressures on input costs

- Short-term pressures on input costs, especially in coffee and cocoa
- We manage according to the situation
  - – Take price to cover cost
  - – Drive efficiencies in procurement
  - – Innovate to protect gross margin
- Recovery of our gross margin over time

Green coffee prices evolution

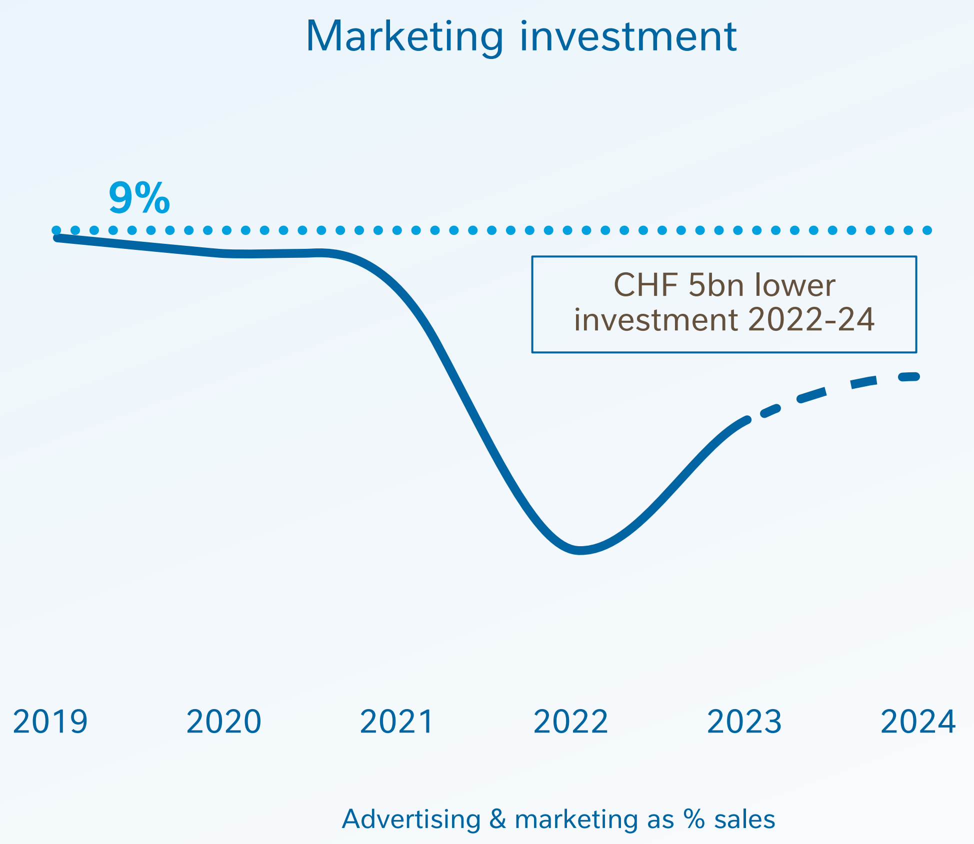


Incremental cost efficiencies to fund the increased investment

- Targeting incremental cost savings of CHF 2.5 billion by the end of 2027, in addition to existing efficiency initiatives
- Key initiatives already underway:
  – procurement
  – commercial investment
  – operational efficiencies
- Rigorous monitoring of execution, commitment to reporting externally

Increasing investment to drive growth and support our brands

- Consumer-facing investment reduced by cumulative CHF 5bn over the last 3 years
- Intention to step up investment; advertising and marketing increasing to ~9% of sales
- Investment will be more focused, and returns tracked rigorously



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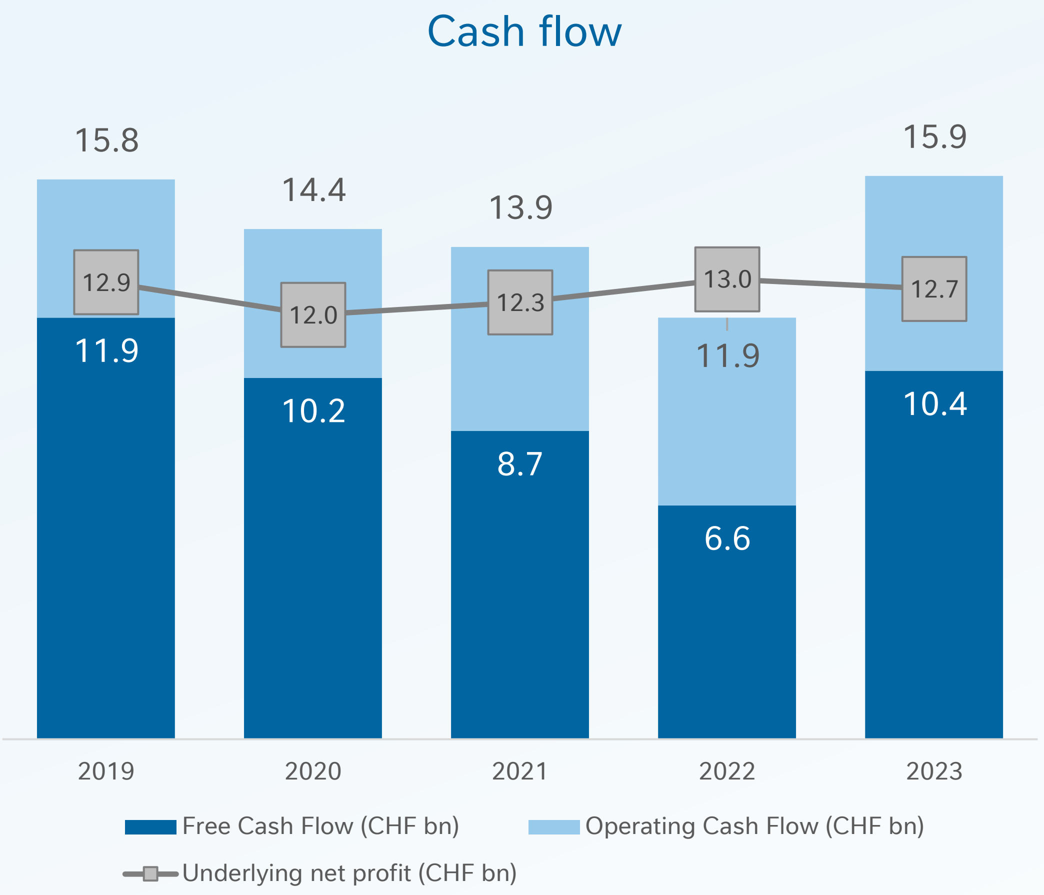
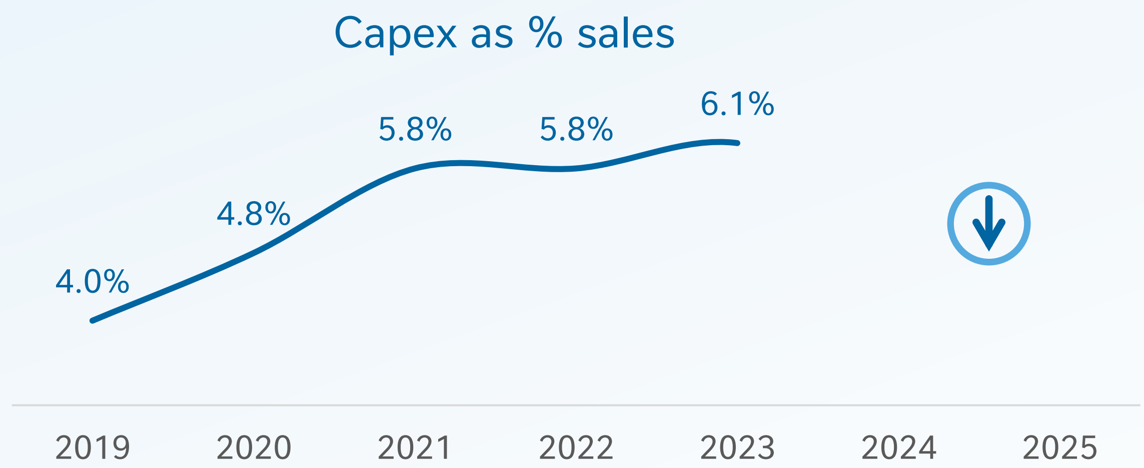
Cash flow generation is a priority going forward

- Free cash flow generation reduced over recent years
- Key drivers have been temporary increase in capital expenditure and working capital
- Driving cash flow generation is a focus going forward

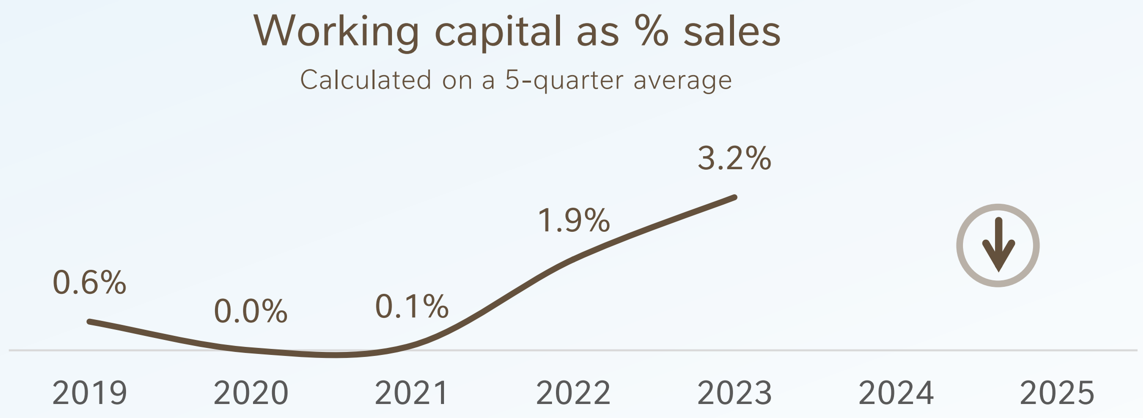


Working capital and capex expected to reduce

- Capex increased mainly due to capacity additions in PetCare and Coffee
- Expected to reduce going forward as new capacity additions slow



- Working capital increased during period of supply chain challenges
- Level of working capital should reduce as we optimize across all areas



ROIC remains an area of focus

- Margin reduction in 2024-25 impacts ROIC
- Medium-term opportunity to improve through:
  - Sales growth
  - Margin improvement
  - Disciplined capital investment

Capital allocation priorities are organic growth and dividend

Deploying capital for profitable growth		Returning capital to shareholders	
Organic growth	**M&A**	**Dividend**	**Share buybacks**
Targeted growth investments with rigor on returns	Potential bolt-ons in areas with proven ability to win	Practice of year-on-year dividend increase in CHF	Use of excess cash, when available
High priority	Lower priority	High priority	Lower priority

Financial leverage target range unchanged at 2-3x net debt to EBITDA

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Guidance and outlook

	2024 guidance	2025 outlook	Medium-term guidance
Organic sales growth	Around 2%	Improving vs 2024	4%+ in normal market conditions
Underlying trading operating profit margin	Around 17.0%	Investing for growth	17.0%+

Key takeaways

- Driving category growth and improving market share are key priorities
- Targeting incremental cost savings of CHF 2.5 billion by the end of 2027, in addition to existing efficiency initiatives, to fund increased investment
- Investment will be more polarized with rigorous performance management to deliver returns
- Improving cash flow generation is a focus
- Capital allocation priorities are organic growth and dividend
- Portfolio strength and action plan support 4%+ organic growth and 17%+ UTOP margin in the medium term