



Nestlé Capital
Markets Day 2024

Leading the world of coffee

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Coffee Brands



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.

Nestlé's #1 business. Market leader in all Zones, with the 3 leading and iconic brands

Performance

23.7 bn
2023 sales (CHF)

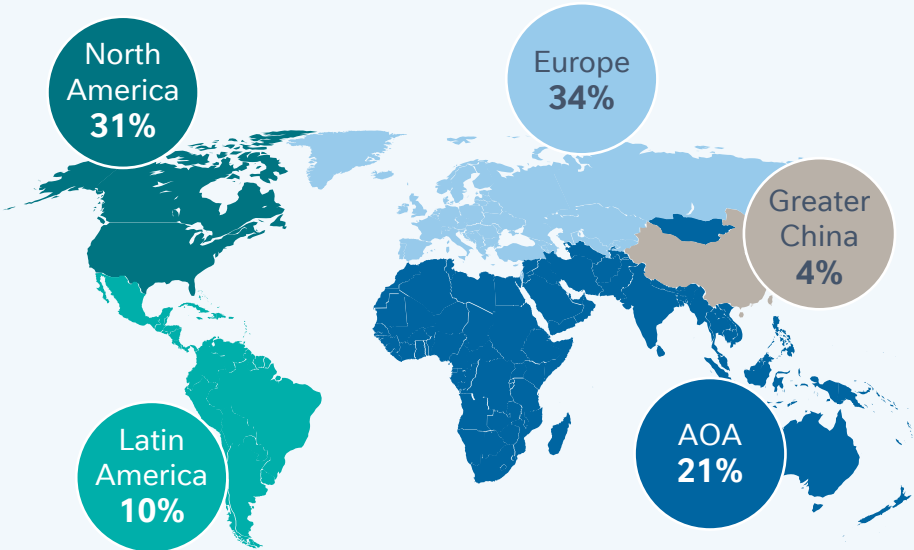
~20%
Underlying
TOP margin

8.2%
3-year average OG
(2021-23)

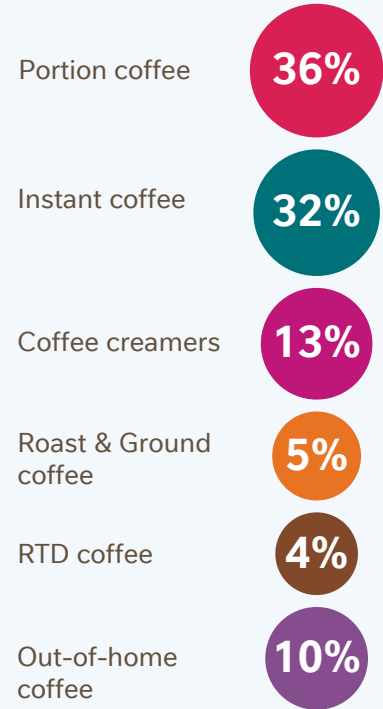
25%
Market share in-home¹

Footprint

Where we sell



What we sell



Our Position

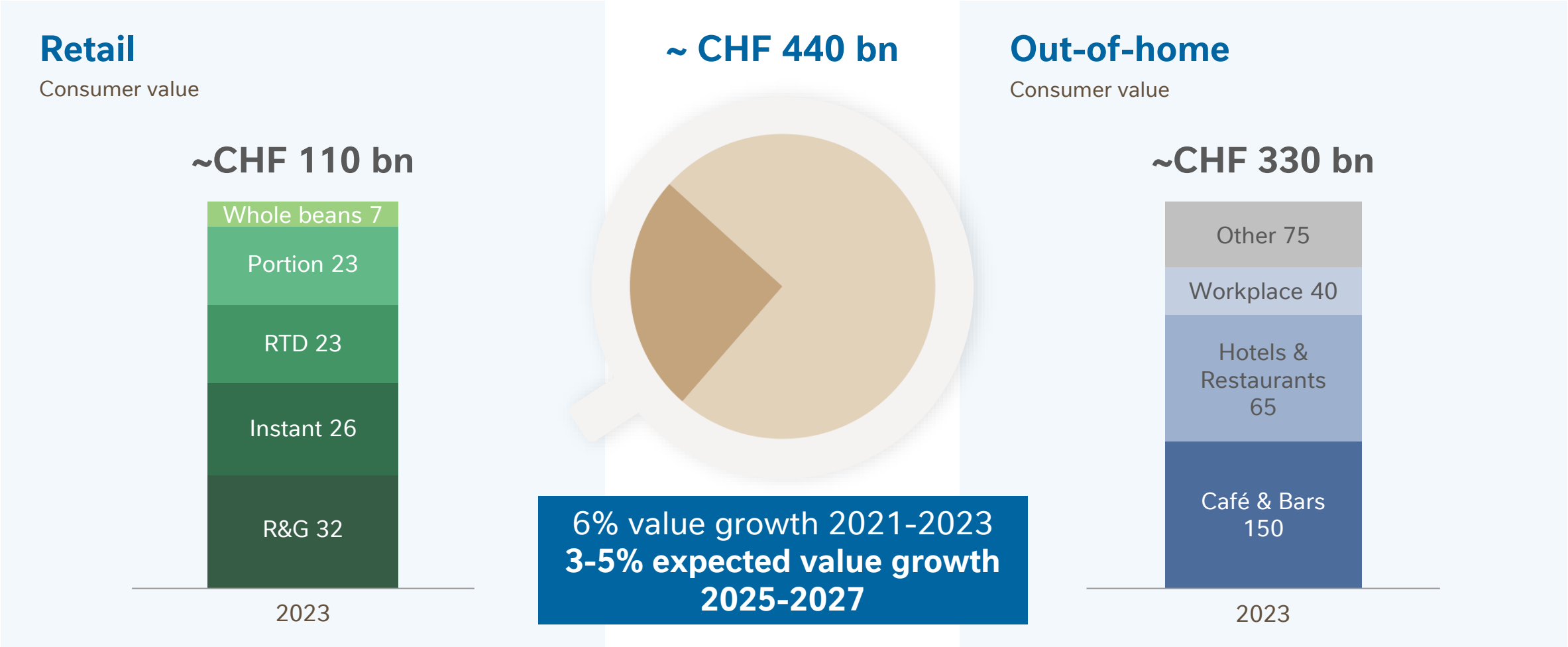
#1
Coffee
company

#1
In every Zone.
In Instant, Portion coffee

3
billionaire brands
The only 3 coffee brands
in Interbrand 100 Best
Global Brands ranking

1. Nestlé estimates, 2023.
Scope of Coffee activities covered in this presentation are reported externally through Powdered and Liquid Beverages mainly and Milk products and Ice cream (i.e., coffee creamers) segments

Coffee: a dynamic and growing category



Growth will be driven by more premiumization, more occasions and more consumers

More premiumization



More consumption occasions

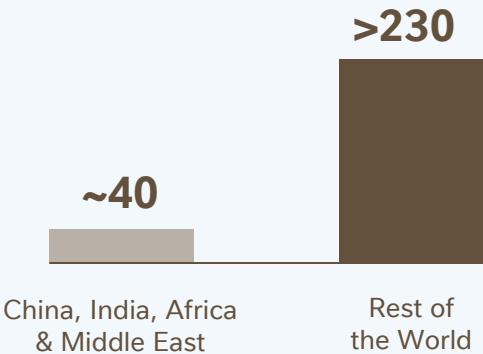
- **Expanded relevance to afternoon indulgence**, driven by cold coffee
- **Cold coffee is part of youth routine**: 2 out of 3 drinking it regularly
- **1 out of 3 cups are incremental**, sourcing from beverages & snacking¹
- **New need-states** expanding (i.e. functional coffee)



More consumers

- **New geographies and youth**

Coffee cups per person per year, 2023



- **Youth cohort driving cups growth** through increasing population and higher consumption

Deep competitive advantage across the value chain

Top 3 iconic billionaire brands

NESCAFÉ®

NESPRESSO®



- **Capturing value** across price points, formats and channels
- Obsessed with **Consumers and Customers**

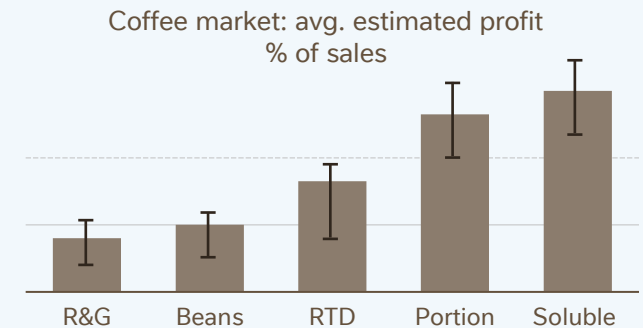
Proprietary technology

- **Irresistible product superiority at lower cost**, via continuous improvement of coffee yields
- **Unlocking end-to-end efficiencies:** CHF 500 m net savings 2022-24



Unique portfolio, unparalleled scale

- Leading the **most profitable segments**



- **Global network:** 28 roasteries, 5 R&D centers
- **Purchasing ~10%** of global coffee production

Strong performance and focus on continuous improvement

Drove core in-home

Nescafé

- Highly relevant, **strong** mid-single digit growth
- Accelerated Cold with Instant and RTD

Nespresso

- **Growing double-digit** in North America¹
- Strong growth in new geographies
- Focus on driving Western Europe

Starbucks

- **Continued growth** trajectory
- Starbucks by Nespresso: > CHF 600 m²
- Expanding the portfolio: creamers, RTD



Accelerated out-of-home

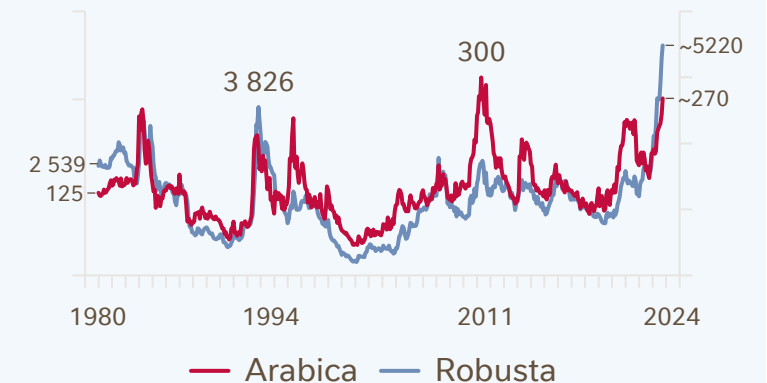
- **Growing double digit**, ahead of channel
- **Strengthening portfolio** of solutions
- Rolling-out **telemetry solutions**



Faced strong headwinds

- Challenging **green coffee prices**
- **Tensions on supply chain**
- **Proactive pricing**, defending our market share

Green coffee prices evolution



...and we are well placed in 2025

Driving the virtuous circle

- Nestlé value creation is **less dependent on green coffee**: brand power, better portfolio, proprietary technology
- We come from a **proactive and broad-based pricing**
- We foresee the need for more **balanced pricing**, we will drive further efficiencies
- We will **reinvest behind our brands and innovation**, acting as the category leader

...and continued investments to secure the long-term

- Improving **quality and yields, supporting farmers' income**
- Accelerating transition to **Regenerative Agriculture**
- Driving impactful commitments, **recognised as the sustainability leader**¹



Driving value creation by delighting our Consumers and Customers



'Coffee Shop at home' experience

variety, cold coffee expansion
and premiumization



New consumers

Youth and new geographies



Expand out-of-home penetration

via unparalleled capabilities
and channel expertise

Bringing the Coffee Shop menu at home



Launched **creamers**, rolling-out **cold and flavored innovations**



Capturing **incremental premium occasions** via **innovations** in functional coffee and beyond



Developing a compelling coffee menu via instant preparation: **cold coffee, flavors and dessert** editions



Elevating the 'Coffee Shop at home' experience via the next generation of coffee systems



- **Breakthrough technology**, home compostable pods, eco-designed machine
- Irresistible **product superiority** vs. generation 1 and competition
- Connected **machine ecosystem**
- 4 markets launched.
10+ markets planned by 2027

Expanding cold coffee across channels and platforms

Out-of-home

1 out 3 occasions is cold

Freshly-dispensed



Ready-to-drink



Ready-to-prepare



Home-brew



Rolling-out our Ready-To-Drink business in high growth potential geographies



- **Accelerating in Asia:**
China, ASEAN, India, MENA
- Building the category in **LATAM**

Nescafé launching Espresso Concentrate for Barista-style iced-coffee recipes at home

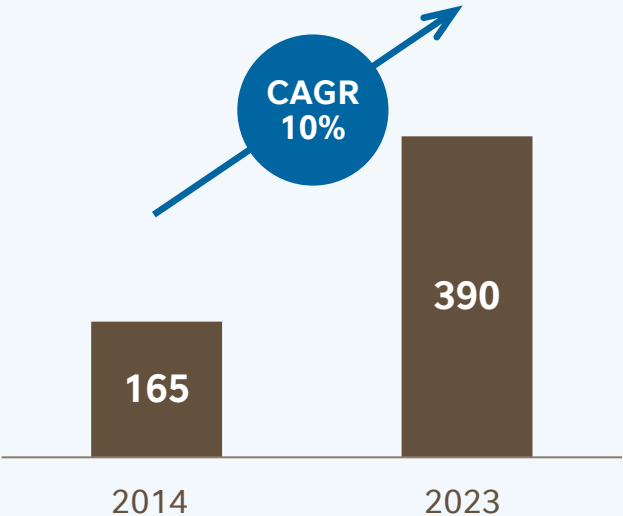


- **Youth recruiter** + incremental consumption occasions¹
- **Value generator:** x10 price per cup vs Nescafé Classic
- **Global roll-out**

Nescafé leading category penetration: the India case study

Strong category growth trajectory

Total coffee category size in India (m CHF)¹

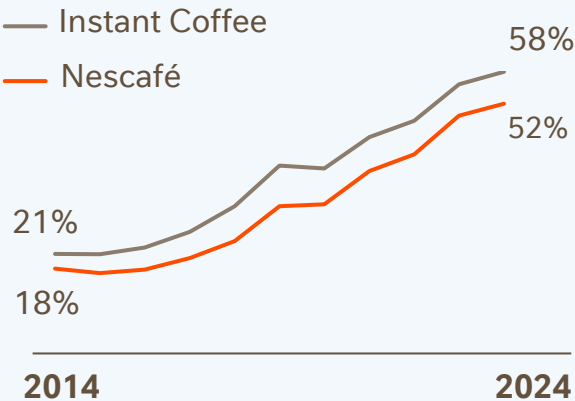


Irresistible product superiority to recruit consumers



Bringing Nescafé to every household

% Household penetration in India³



NESCAFÉ

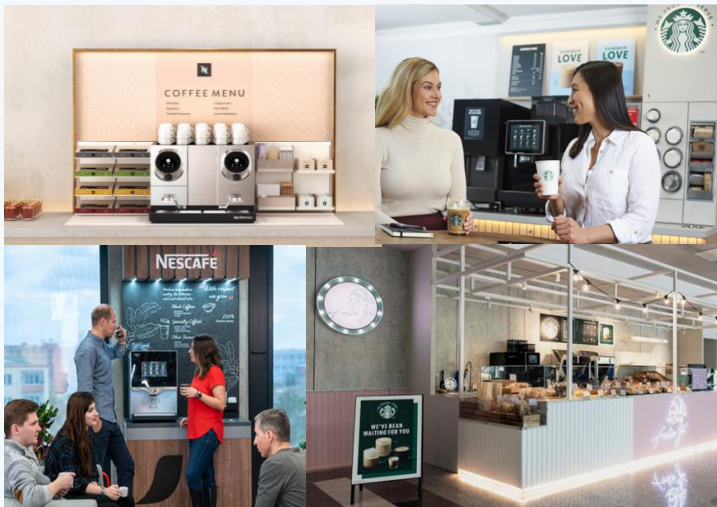
56% market share⁴ ↑
vs. 34% main competitor

Capturing out-of-home opportunities via powerful portfolio of brands and solutions

Accelerating in key channels

Stronger value proposition

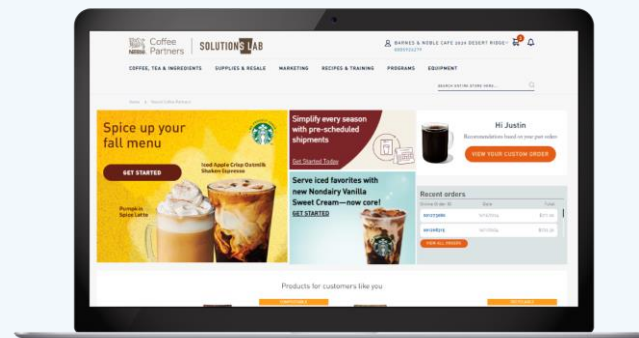
- Leading brand portfolio, capabilities for every occasion & channel unlocking key accounts wins



Increasing customer lifetime value

Services and digitalization

- Customer portal enhancing partnership & business (US: 30% sales via e-commerce)
- Subscription driving consumption and retention



Innovating machines & menu

Improved consumers experience

- Hot & cold menu driving consumption (+30%) and premiumization (limited editions, organic, flavors)





Nestlé Capital
Markets Day 2024

Leading the world of coffee in North America

Steven Presley
CEO Zone Americas



Nestlé Coffee business in North America: leadership position and strong track record

Performance

7.6 bn
2023 sales, CHF

10.7%
3-year average OG
(2021-23)

35%
Market share in-home¹

Footprint

Iconic brands, capturing value across price points



Our position

Winning in all key formats



in 3/5
Cups of Coffee in-home

35%
E-commerce penetration
+800 bps vs. 2021

+31%
Out-of-home 3-year average OG (2021-23)

North America represents the largest coffee market in the world

\$120+ bn growing via premiumization, new occasions and recruitment

More premiumization

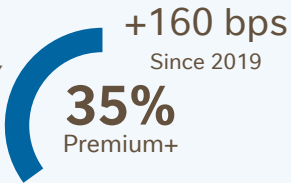
VARIETY

25% of households using 2+ brew methods



WILLINGNESS TO PAY

on the rise



PERSONALIZATION

Driven by socially inspired customization



More consumption occasions

REFRESHMENT



of Gen Z first coffee is **cold**



FUNCTIONALITY



interested in **functional** benefits



More consumers

Gen Z entering coffee **4yrs** earlier



Hispanics w/ highest **affinity** for coffee (90% household penetration)



Driving value creation by delighting our Consumers and Customers



Elevate the Coffee Shop experience at-home

via variety, One Cup expansion and premiumization



Capture the Gen Z opportunity

via Cold, experimentation and new Occasions



Expand out-of-home penetration

via unparalleled capabilities and channel expertise

Capture new households and elevate the coffee experience through Nespresso Vertuo



DEEPLY ON-TREND

Double-digit growth, increasing household penetration, strengthening brand equity and growing market share

ROBUST INNOVATION

Superior coffee menu via flavors, recipes, cup sizes, limited editions, in hot & cold

WINNING PARTERSHIPS

Driving reach, Youth appeal and premiumization



VITAL PROTEINS®

Drive premiumization across key brands and segments

Redefining the role of Instant

Powder = Premium
in the eyes of Gen Z



Delivering first-ever OMNI launch with Starbucks Sunsera



...from Cafés
to shelves

Accelerating Starbucks by Nespresso



2023
New Product
Pacesetters

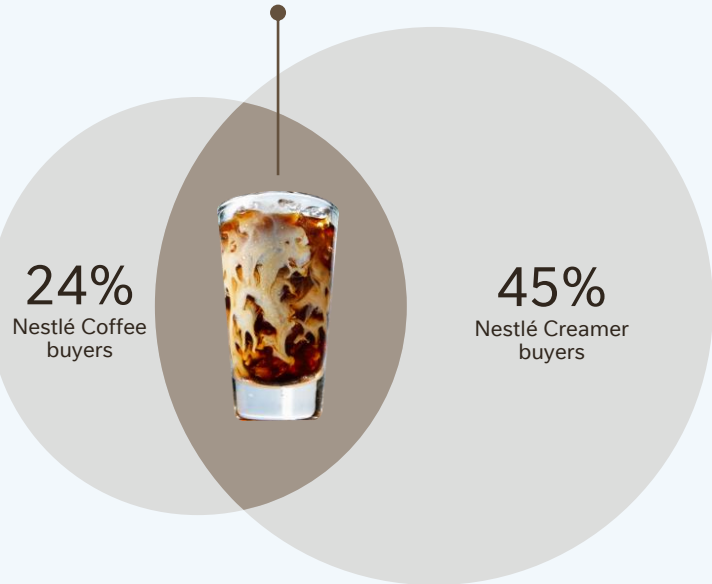
...with
emphasis
on Iced



Unleash the power of 'One Cup'

While > 60% consumers use coffee & creamer...

...only 30% are pairing their purchases



Elevate consumers' cups with consumer-driven brand pairings

...only Nestlé combines leading Coffee and Creamer brands



Executing commercial & category leadership across path to purchase



Reignite creamers to re-set pace as the category leader

Capacity & price key drivers of recent challenges



Capacity
Constrained

Reduced
innovation
& shelf space



Significant
Pricing

in a challenged
environment

Next-level capacity & capability



Facility in Glendale, AZ now open

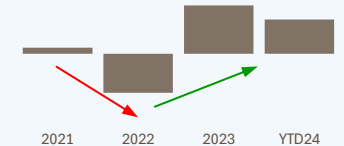
- Increase capacity +50%
- Unlock new / enhanced capabilities
- Combined with Anderson, IN facility the planet's biggest aseptic network
- Sustainable by design

Accelerate pace of innovation, shelf presence and price/promo

Doubling sales from
innovation in 2025¹



Distribution points



Reclaiming
lost space

Re-establishing
value

+30% More
Media

Compelling
Price & Promo²



Capture Gen Z and bring the 4th wave of coffee at home

Innovating in Iced



Driving experimentation



Entering new occasions



Unlock creativity & experimentation with Cold Foam



DEEPLY ON-TREND

> 30% of consumers seek added texture

SUPERIOR PRODUCT

Superior taste & texture

25% less sugar, 25% more servings

UNPARALLELED SUPPORT

Fueled by 360° communication plan, including **National Super Bowl**



Leverage unique capabilities and brands across key channels & customers

Example of a holistic approach at Lodging



LEADING BRAND PORTFOLIO

- Starbucks: #1 Super Premium F/S Coffee
- Nespresso: top-growing OOH Coffee system¹
- Coffee mate: America's #1 Creamer
- Nescafé: global Leader in Instant

CAPABILITIES FOR EVERY OCCASION

From Café-quality - To high-vol solutions



UNPARALLELED CHANNEL INTIMACY

Demonstrating leadership across Lodging, Education, Healthcare, and Workplace

Key takeaways

1. The world's leading coffee company with the world's most iconic brands
2. Obsessed with **delighting customers & consumers**.
4 big priorities: Nescafé Dolce Gusto NEO, ready-to-drink, espresso concentrate, out-of-home
3. Unique ability to lead **growth opportunities in established and emerging coffee markets**