John Vella
Head of PetCare
Global Strategic Business Unit

Building a Global Leader and Creating Value
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.
John Vella is Senior Vice President and Head of the Global PetCare Strategic Business Unit since 2009, responsible for setting the global strategic direction for Nestlé’s pet care business.

John joined Carnation Company in the U.S. in 1980. Following Nestlé’s acquisition of Carnation in 1985, he moved to a marketing position with Nestlé S.A. in Vevey, Switzerland.

John returned to the U.S. in 1989 and continued his career, progressing through several senior marketing positions. In 1999, John relocated to Sydney, Australia as Vice President and General Manager Friskies PetCare Oceania.

In 2001, John was named Vice President, Global Integration Nestlé Purina. John was then appointed Vice President responsible for North America’s Cat Food Portfolio, adding Pet Snacks in 2006.

John is married and has three sons, a daughter, and a Golden Retriever named Sydney.
PetCare’s importance to Nestlé

Building a Global Leader

Moving Beyond
PetCare is ‘29 years young’ in Nestlé

- 1867: Henri Nestlé launches *Farine lactée*
- 1985: Nestlé acquires Carnation Company and enters pet care category
- 1994: Alpo acquisition
- 1998: Spillers acquisition
- 2001: Nestlé merges with Ralston Purina
Enriching the lives of pets and the people who love them
Pet care is a highly attractive category

For pets and the people who love them
- An intense emotional bond
- Pets as members of the family

For retailers
- High-value shoppers that drive in-store traffic and basket size

For Nestlé
- Highly aligned with Nestlé NHW principles
- Strong category growth with attractive margins
- Pet parents reliance on trusted brands
- R&D-led innovation drives growth
PetCare is an important contributor to Nestlé

Sales & Organic Growth
- 6.8%
- CHF 11.2
- Bio
- 4.6%

Trading Operating Profit
- 19.2%
- CHF 2.2
- Bio
- 15.2%

% of Group Total
- 12.2%
- Sales
- 15.4%
- Trading Operating Profit

Source: 2013 FY Results: Nestlé Purina TOP is before unallocated items / Nestlé Group is after.
PetCare’s importance to Nestlé

Building a Global Leader

Moving Beyond
Making choices: the Nestlé Purina integration

Bolt It Together  Best Of Both  Move Beyond

Friskies + Nestlé PURINA
Starting with a deep understanding of involved pet owners

<table>
<thead>
<tr>
<th>Nutrition and Health</th>
<th>Relationship</th>
<th>Food Appeal</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image1" alt="Nutrition and Health Image" /></td>
<td><img src="image2" alt="Relationship Image" /></td>
<td><img src="image3" alt="Food Appeal Image" /></td>
</tr>
</tbody>
</table>
Built a brand portfolio that appeals to the breadth of consumer needs with products that help improve pets’ lives

Billionaire brands
Innovated across the portfolio with a focus on Nutrition, Health and Wellness
While delighting pets and owners with great tasting and appealing products
And capturing premiumization and affordable luxury opportunities.
Consistently achieving strong sales growth via Innovation/Renovation

Sales at constant currency; Innovation / Renovation % as a rolling three year average.
Eliminated low margin business and reduced complexity

Total Portfolio Sales

Value Dilutors & Portfolio Duplication

16%

Strategic Brand Portfolio

84%

Sales figures are presented as reported.
Optimized pet food industrial footprint and improved operational efficiencies

39 Upgraded  21 Closed  5 New

Tons per Factory

2003  2013

+28%
Delivering 10+ years of top and bottom line growth with strong improvement in return on invested capital

Sales*

- 6.5% CAGR

TOP

- 6.9% CAGR

ROIC**

- +1200 bps

* At constant currency CHF bio.

** Including Goodwill.
And growing market share to become a global leader

**Pet Care Market Share Trends**

<table>
<thead>
<tr>
<th>Competitor 1</th>
<th>Competitor 2</th>
<th>Competitor 3</th>
<th>Competitor 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>+140 bps</td>
<td>+70 bps</td>
<td>-17 bps</td>
<td>-73 bps</td>
</tr>
<tr>
<td>+70 bps</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
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<td>-73 bps</td>
<td>-19 bps</td>
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**Global Market Share**

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<tbody>
<tr>
<td>18.8%</td>
<td>18.6%</td>
<td>4.1%</td>
<td>3.6%</td>
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Source: Euromonitor, 2007-12.
PetCare’s importance to Nestlé

Building a Global Leader

Moving Beyond

- Category Growth
- Emerging Markets
- Innovation
- Creating Shared Value
Moving Beyond in an attractive and growing category

Developed and Emerging markets offer significant ‘growth runways’

- 600 million pets growing +2% annually
- CHF 60 bio category is forecasted to grow +6% annually
- Consumption shifting from home prepared to 100% complete & balanced
- Emerging market category value is forecasted to double by 2018

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* Caloric Coverage*

- Developed: 73%
- Emerging: 34%

* Category Value & 2018 Forecast*

- Developed CHF 44 bio +11 bio
- Emerging CHF 16 bio +15 bio

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* Refers to the percentage of overall pet nutrition that is derived from commercially prepared pet food.

Source: Euromonitor 2012 reported and 2018 projections.
Moving Beyond in emerging markets

Accelerating investments to grasp opportunities

![Bar Chart]

- **2008**
  - Developed
  - Emerging

- **Current**
  - Developed
  - Emerging
Moving Beyond in emerging markets

Making nutrition accessible with a focused portfolio of relevant brands
Moving Beyond in emerging markets

Brand building and driving global growth across sales channels

Open Market
Grocery / Mass
Specialist
Moving Beyond with innovation and NHW

Helping pets to live better and live longer

Healthy Weight Management
Bundled Health Benefits
Healthy Aging
DHA
Moving Beyond with innovation and humanization

New and exciting products with pet and owner appeal
## Reinventing traditional product segments

### Weight Comparison

<table>
<thead>
<tr>
<th>Purina® Tidy Cats® LightWeight</th>
<th>Traditional clumping litter</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.5 lb, 17 lb, 18 lb</td>
<td>20 lb, 35 lb, 40 lb</td>
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Moving Beyond and Creating Shared Value

Bringing pets and people together by helping pets that need it most

Largest pet adoption website

- 20 million pets adopted since launch with millions of unique monthly visitors
- Facilitating adoptions across 14,000 animal shelters
- Opportunity for direct communication with highly involved pet lovers
- Nestlé’s first major acquisition of a digital property
Moving Beyond and Creating Shared Value

Reducing our environmental impact

- Water consumption
- Waste
- Greenhouse gas emissions
- Renewable energy

Impact on ecosystem by creating products from a sustainable source

Nestlé Purina factory in North America.
Nestlé Purina will continue to win in pet care

- Portfolio of leading brands, built on deep consumer insights
- Unsurpassed knowledge of pet nutrition
- World Class R&D to drive innovation
- Commitment to profitable growth in emerging and developed markets
- Creating Shared Value for all stakeholders, pets and their owners
- A passionate, globally focused team
Enriching the lives of pets and the people who love them