



Good Food, Good Life



## The Business of Nutrition

Heiko Schipper, CEO Nestlé Nutrition

# Disclaimer

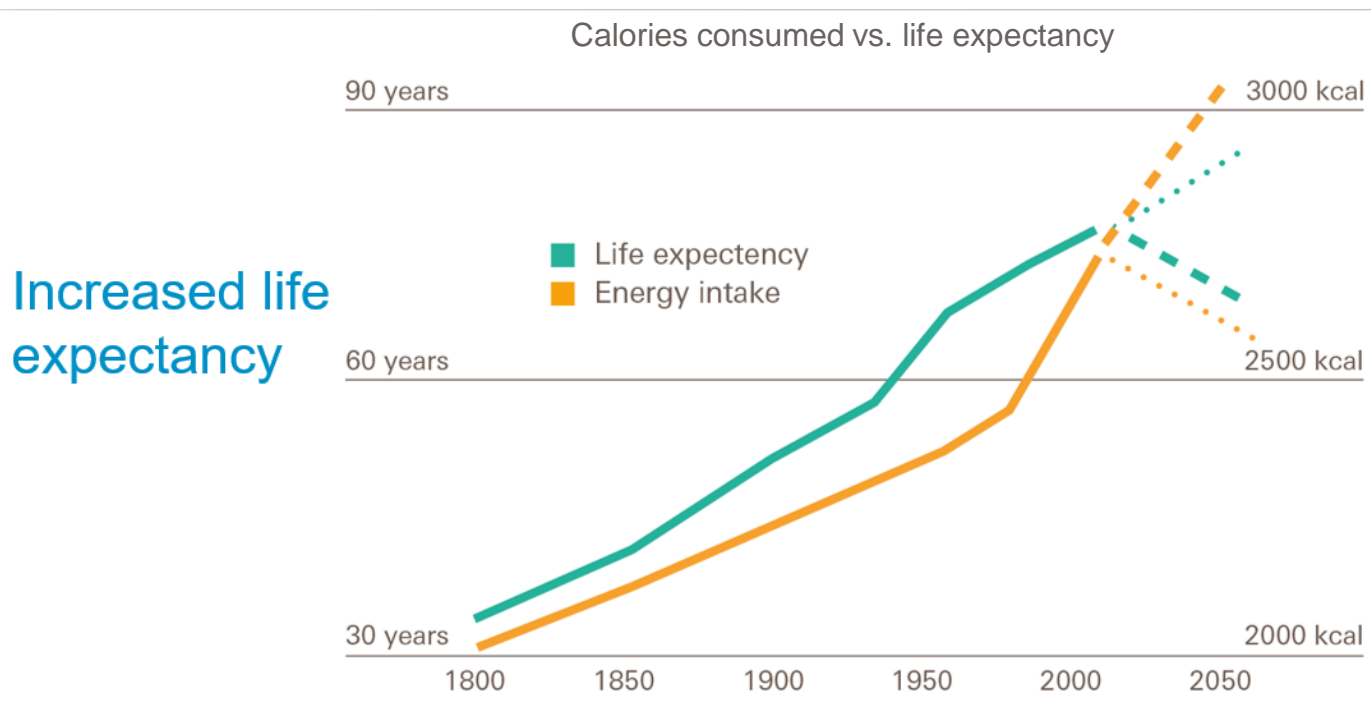
This presentation contains forward looking statements which reflect Management's current views and estimates. The forward looking statements involve certain risks and uncertainties that could cause actual results to differ materially from those contained in the forward looking statements. Potential risks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



# Nestlé at a glance

- CHF 89.5 billion in sales in 2016
- 328 000 employees in over 150 countries
- 418 factories in 86 countries
- Over 2 000 brands
- 1 billion Nestlé products sold every day

# A paradigm shift from quantity to quality of calories





# Eating habits are set in the first 1000 days of life



USA

- **30%** of young children: **no fruits & vegetables** on a given day
- **75%** of preschoolers – **too much saturated fat**



China

- **60%** of pregnant moms are **overweight**
- **40%** of infants between 6-8 months were **not given** any servings of **vegetables**



Mexico

- Introduction of complementary foods at **2–3 months** (e.g. tortillas)
- **63%** of infants consume sweetened beverages by 12 months of age



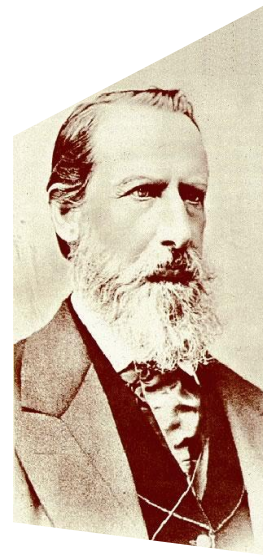
Nestlé's insights into infants' eating patterns



# Nutrition at our core since our very beginning

## Our founder: Henri Nestlé

- Switzerland was faced with malnutrition in the 19<sup>th</sup> Century with **high levels of infant mortality**
- Henri Nestlé **deployed nutrition science and developed a cereal-based milk food** called “Farine Lactée” in 1866, in Vevey, Switzerland
- The product **saved the life of a premature baby**, who could not be breastfed



# In 2001, we accelerated our transformation to Nutrition, Health and Wellness

*« To grow from the respected and trustworthy food company that we are known as now into **a respected and trustworthy food, nutrition and wellness company** »*

***Blueprint for the Future, October 2001***

*P. Brabeck-Letmathe*

# Our Products are subject to our Nestlé Nutrition Profiling System to guide our food and beverage reformulation

## NNPS (NF) competitive advantage

1. Based on food categories



32 categories  
System for  
reformulation

2. Non compensatory algorithm



Includes  
nutritional factors  
to limit and  
promote

3. Target consumers



Based on  
thresholds for  
adults or  
children

4. Reference amount per serving



Reference unit is  
individual serving  
as consumed

Based on WHO Draft Manual (2011), Tetens et al. 2007, EFSA opinion 2008



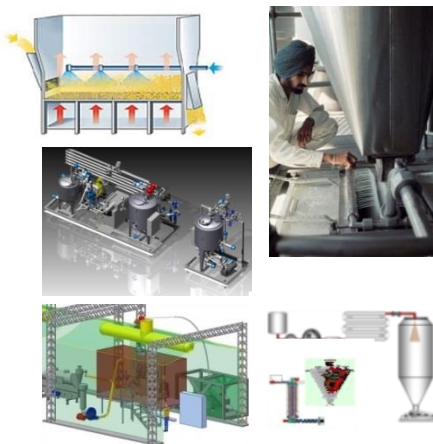
# Our R&D capabilities to innovate

## In-house fundamental research



- Nestlé Institute of Health Sciences
- Nestlé Research Center
- Nestlé Clinical Development Unit

## Proprietary high-tech development



- 31 Product Technology Centres and R&D Centres

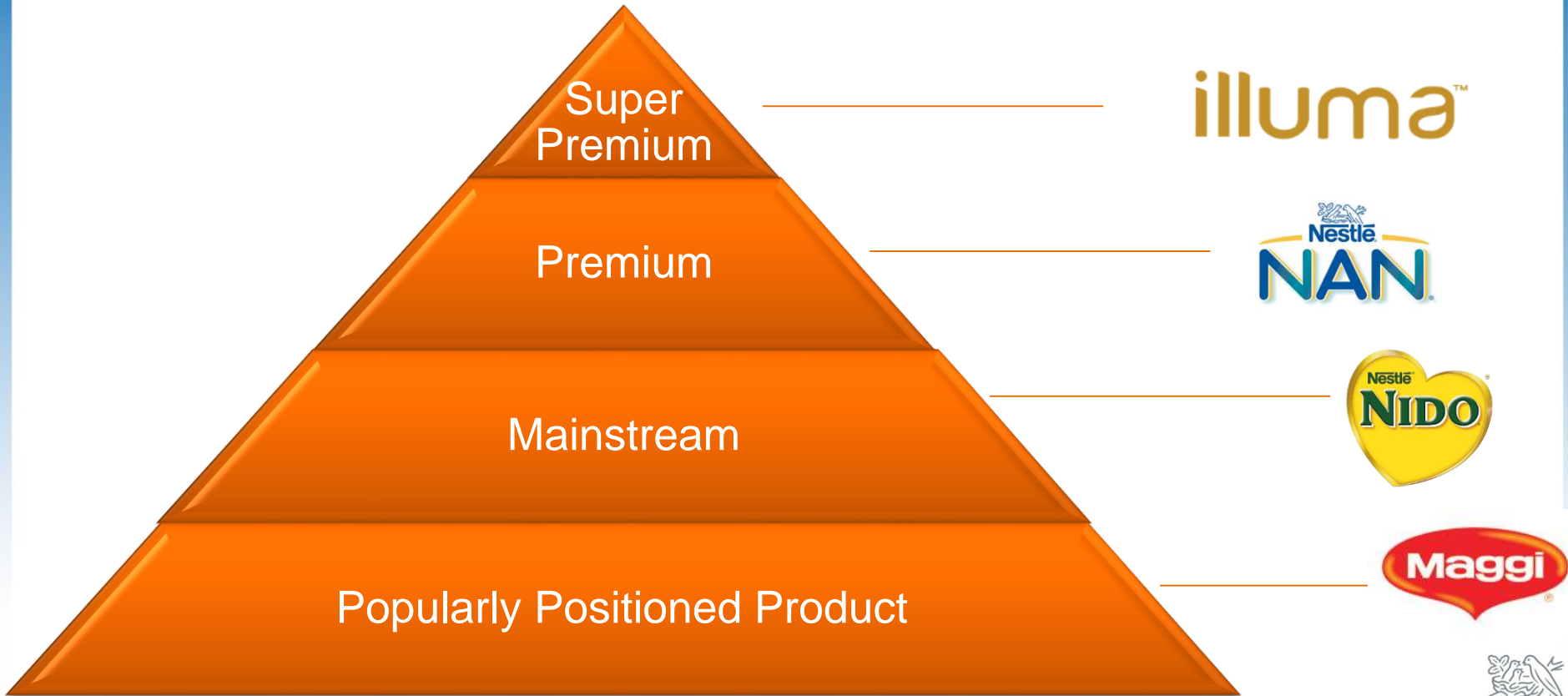
## Dedicated engineering capability



Deployment to 418 factories in 86 countries

**R&D expense** increased from **1.5%** of sales (in 2000) to **1.9%** (in 2016)

# We deploy our nutritional benefits across our Multi-tier portfolio



# Nutritional benefits across our Portfolio

**Functional benefits** added to our product range: e.g. first to launch Probiotics in Growing Up Milks: NIDO 1+, 3+, 6+ age to help strengthen immune system

**Branded active benefits** developed and incorporated into hundreds of products

**Specialty Nutrition Products:** scientifically proven products for people with special needs (infants, children, health conditions)



# Sugar, Sodium and Fats reduced while keeping consumer preference

## Sugar

- Reduced sugar content by 8%,

## Sodium

- Reduced sodium content by 10.5%

## Saturated Fats

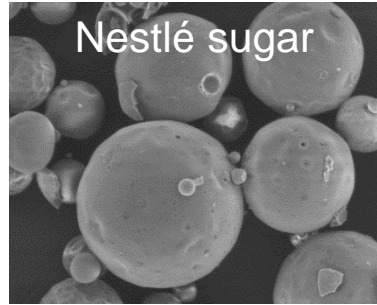
- Reduced saturated fats content by 6.5%



# Nestlé leverages material science to reduce sugar



Slow dissolution



Fast dissolution



2017 → 2019

Natural  
20-40% reduction



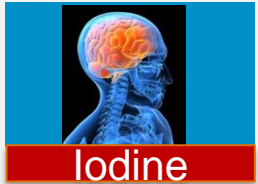
# Addressing undernutrition through micro nutrient fortification



120 bn servings / year



40 bn servings / year



113 bn servings / year



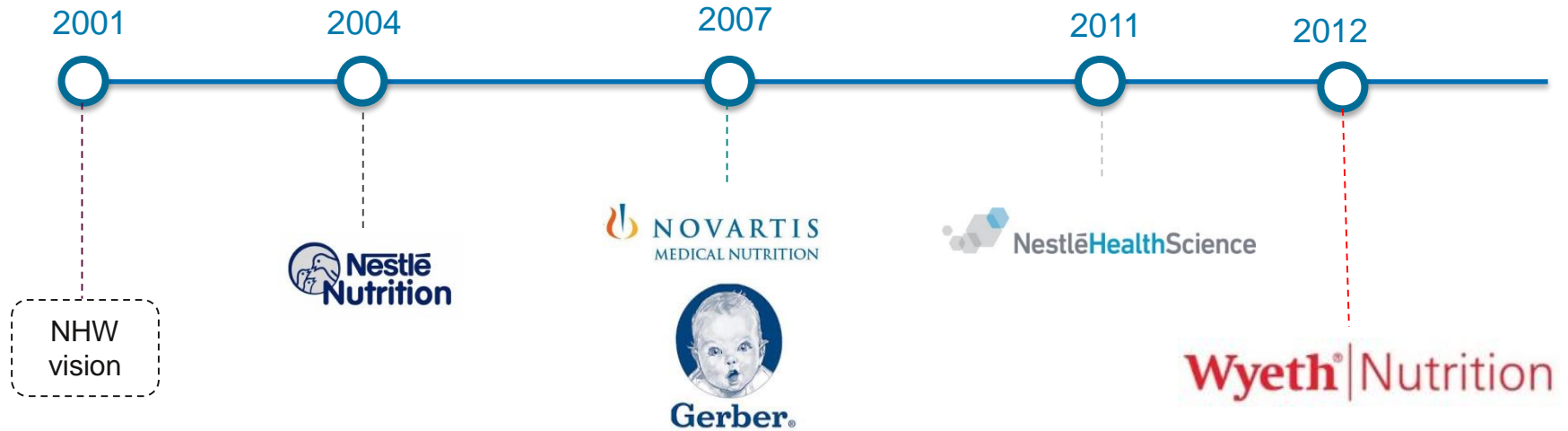
25 bn servings / year

# Proven economic value in investing in tastier and healthier products

*Performance of businesses with Nutrition, Health, and Wellness dimension*

	NHW below average	NHW above average
<b>Sales %</b>	50	50
<b>Growth index</b>	100	<b>235</b>
<b>Marketing spend index</b>	100	<b>110</b>
<b>Profit index</b>	100	<b>140</b>

# Accelerating our Nutrition businesses

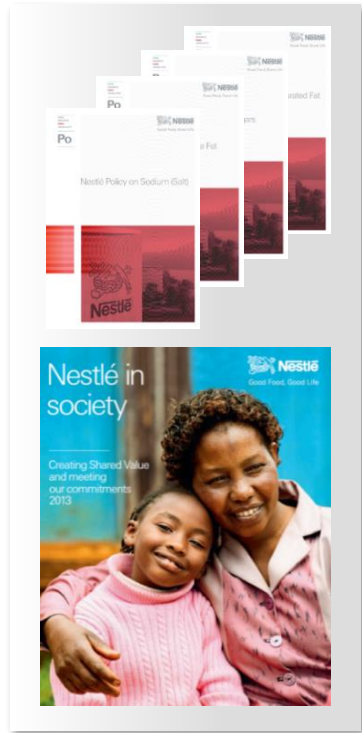


# Innovating, inspired by nature, to meet nutrition needs



- High quality proteins
- The right quantity of proteins
- Deployed at scale

# We have defined 15 Nutrition commitments in our Nestlé in Society Report



**Launch more nutritious foods and beverages, especially for mothers-to-be, new mothers and children**

**Further decrease sugars, sodium and saturated fat**

**Increase vegetables, fibre-rich grains, pulses, nuts and seeds in our foods and beverages**

**Address undernutrition through micronutrient fortification**

**Simplify our ingredient lists and remove artificial colours**

**Support breastfeeding and protect it by continuing to implement an industry-leading policy to market breast-milk substitutes responsibly**

**Empower parents, caregivers and teachers to foster healthy behaviours in children**

**Market to children only choices that help them achieve a nutritious diet**

**Advocate for water as a top choice for healthier hydration**

**Leverage our marketing efforts to promote healthy cooking, eating and lifestyles**

**Apply and explain nutrition information on packs, at point of sale and online**

**Offer guidance on portions for our products**

**Partner for promoting healthy food environments**

**Build and share nutrition knowledge from the first 1000 days through to healthy ageing**

**Build biomedical science leading to health-promoting products, personalised nutrition and digital solutions**



# Supporting healthier lifestyles through our services



Nutrition education services and support for parents



Nutrition education for Healthcare Professionals

NESTLÉ For  
HEALTHIER KIDS

A global initiative federating all Nestlé actions on children's health,  
to help 50 million children lead healthier lives

# Our recognized responsible practices



**Assesses and ranks world's largest manufacturers on nutrition-related commitments, practices and performance**



**FTSE4Good**

**Measures performance of companies demonstrating strong environmental, social and governance practices; only index with independent evaluation of breast milk substitute marketing practices**

# Nutrition at Nestlé

- **Nutrition at the core of Nestlé** since our foundation
- **Unmatched R&D capabilities** to stay at the forefront of innovation and help address consumer needs from infants to 'good lifers'
- Deploying Nutrition benefits **across our vast portfolio**, impact at scale
- Leading to **superior financial results**

