

Zone AOA

Growth Reignited

CAGNY

February 23, 2017

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.

Zone AOA: *diverse and complex*



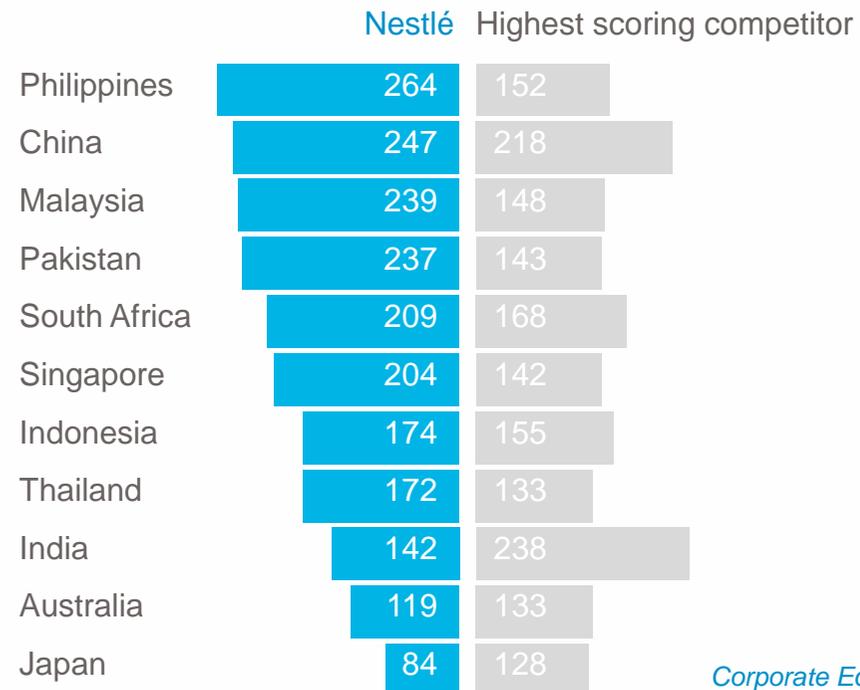
- 68% of world's population
- 80% of global births
- 33% of World's GDP

- 92 countries
- 3 continents
- 15 time zones
- All major religions

Over 100 Years of presence in many countries



Highest trust scores in most geographies



Corporate Equity Monitor, 2015

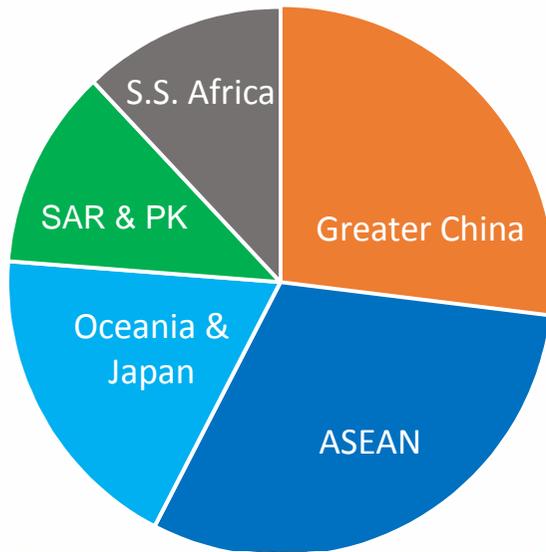


Our brands are part of consumers lives everyday

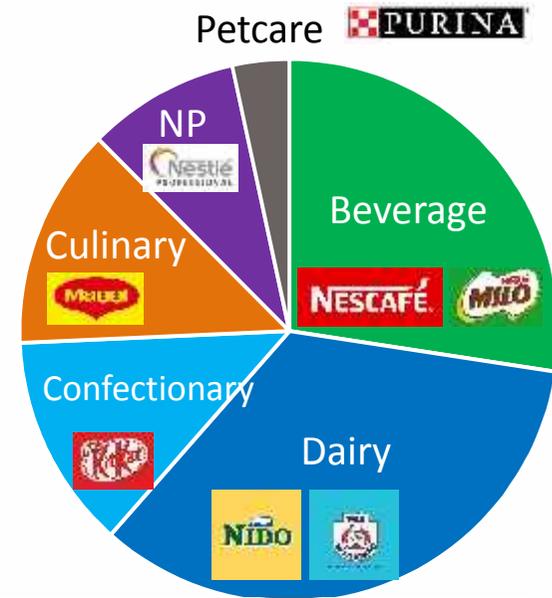


Nestlé in AOA: *Broad-based portfolio*

Sales
Nestlé in AOA
 CHF **22.5** Bio
 of which,
 Zone managed*
 CHF **15.9** Bio



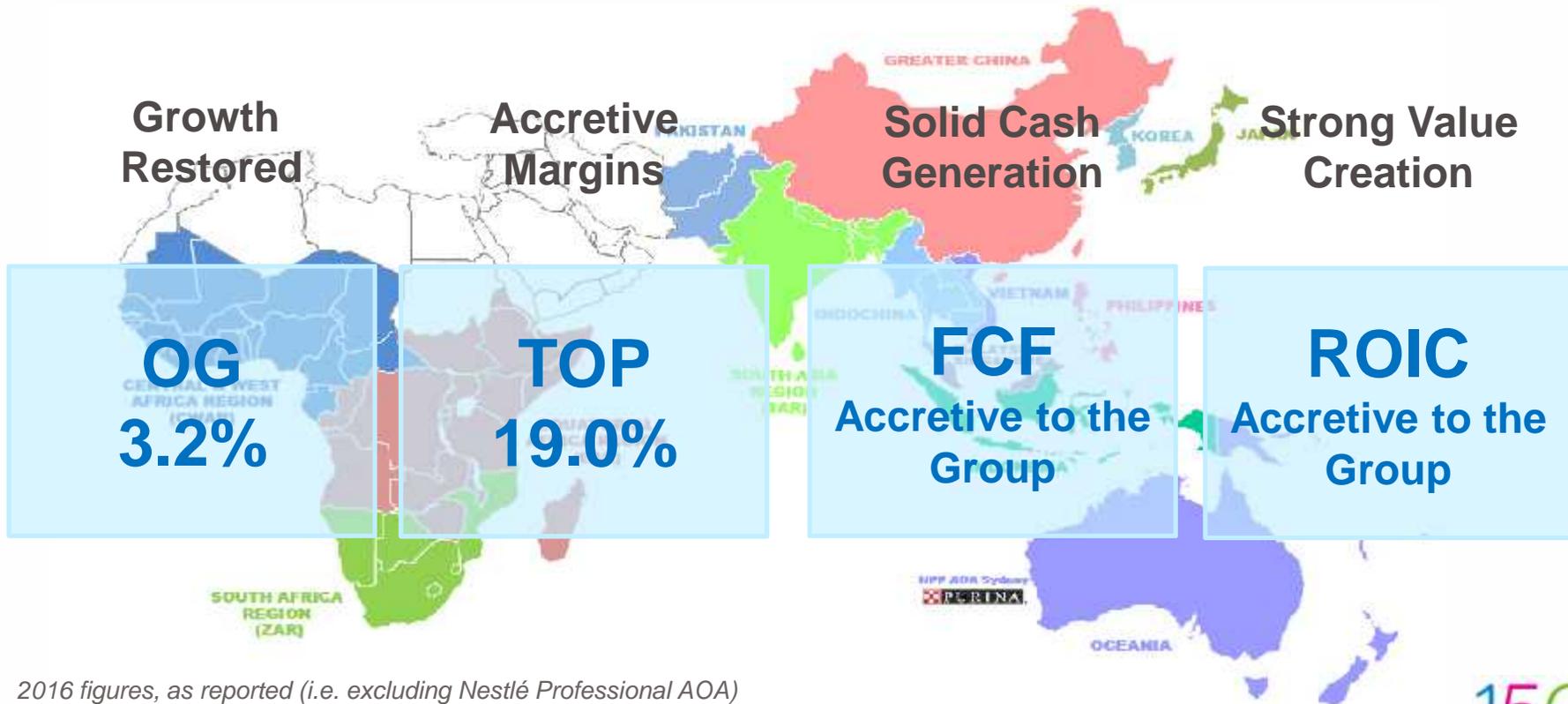
Split of Sales
 Geographies
 &
 Categories



* 2016 Including Nestlé Professional AOA.

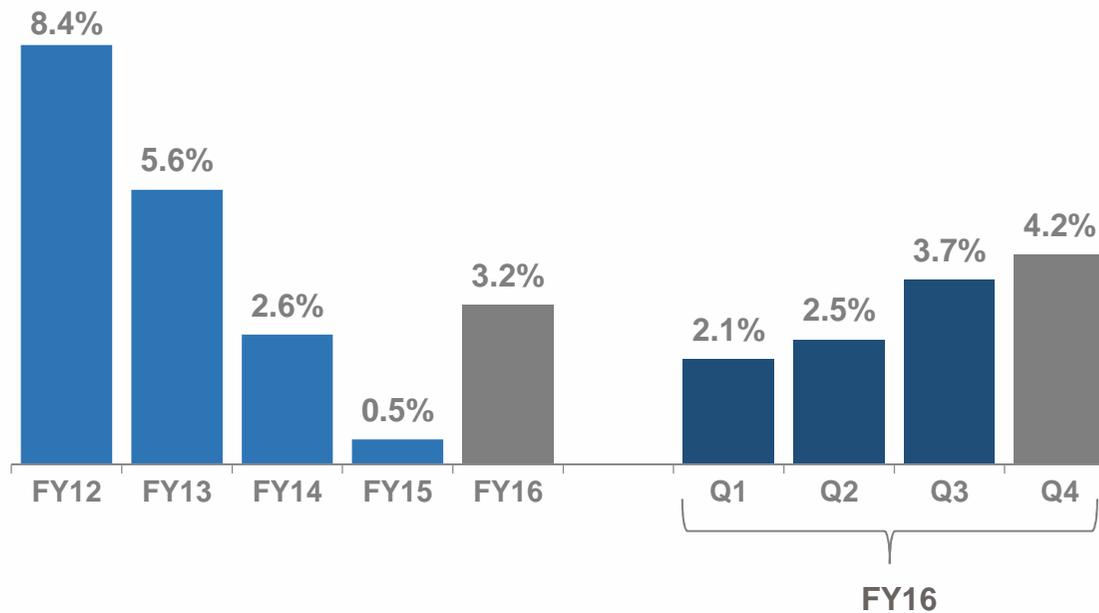


Zone AOA: Accretive to Group in all dimensions



2016: Growth has reignited

OG Evolution 2012 - 2016

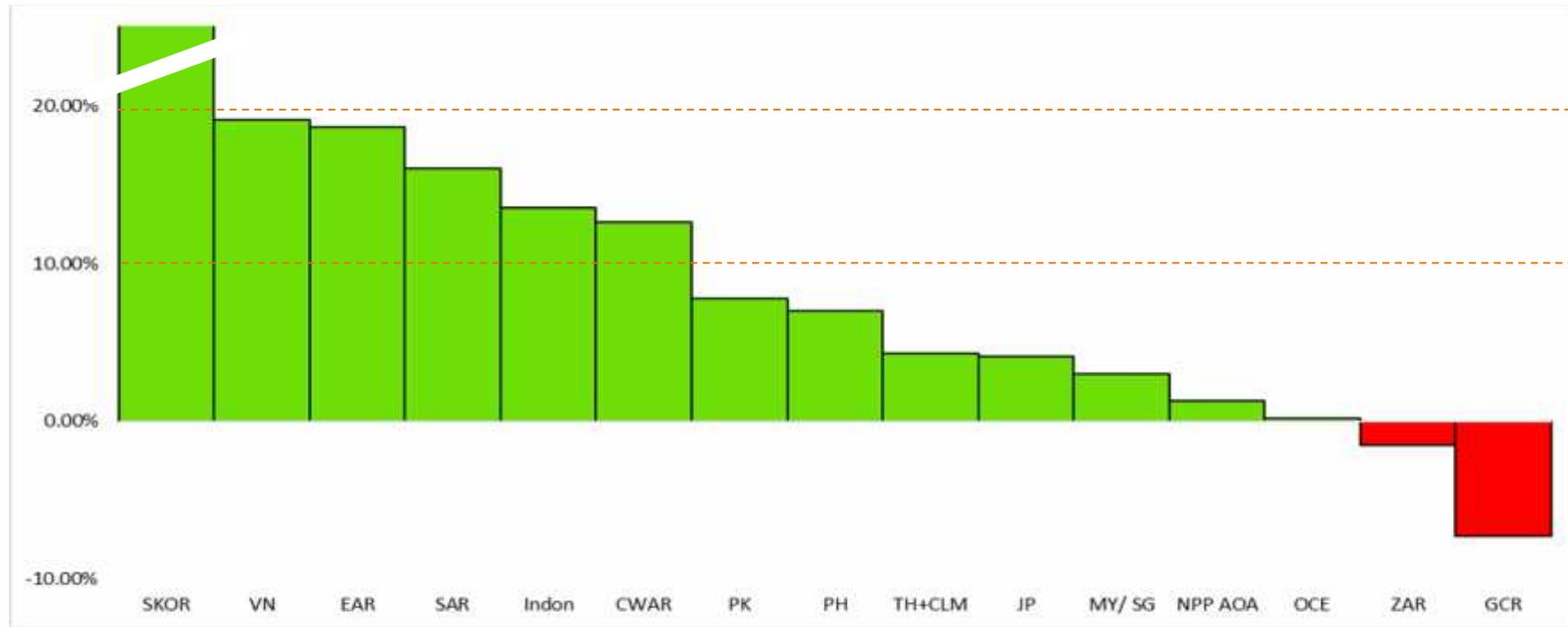


- Sequential improvement
- Yinlu dilution -260 bps
- Driven by RIG

FY 2016 as reported (i.e. excluding Nestlé Professional AOA)

Almost all markets have turned the corner

OG FY 2016



How we reignited growth

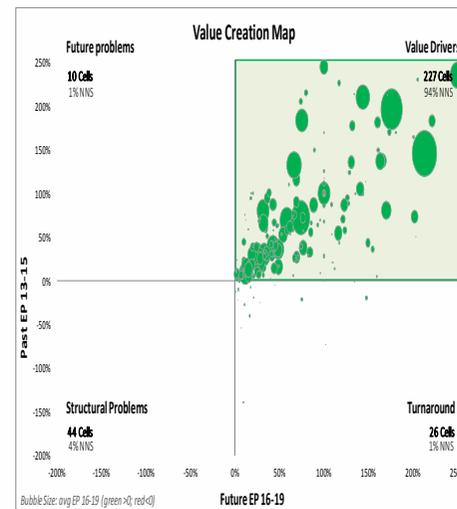
Consumer



Product



Process



People



Strong consumer engagement: #1 enabler of growth





Meet Chinese Consumers



February 2017

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“I want to live a better life because I can afford to...”



Trading Up to Premium

- **44%** Cosmetics
- **24%** Fresh Produce
- **19%** Cookies

Extra Money Spending

- **46%** Food
- **25%** Entertainment
- **23%** Travel

SOURCE: McKinsey, World Travel & Tourism Council, Entertainment Consulting Movie Report, Corporate Marketing analysis
Confidential, internal use only

“I have access to a variety of products 24/7”



**Online Food
Delivery**
CHF 20 Bn,
~ 50% CAGR 3Y

**Mobile
payments**
25% penetration
vs. 16% in US

SOURCE: iResearch Report, Euromonitor, McKinsey CINIC, Corporate Marketing analysis
Confidential, internal use only

eCommerce creates infinite Shelf Space

of Brands
(Coffee & Adult Milk Powder)

42
of brands
offline

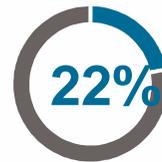
vs. 228
of brands
online

**Import vs.
Locally Made**
(F&B category)

34%
Locally made

+ 66%
Imported

Online Exclusive



Impulse Food
Category



Baby Food
Category



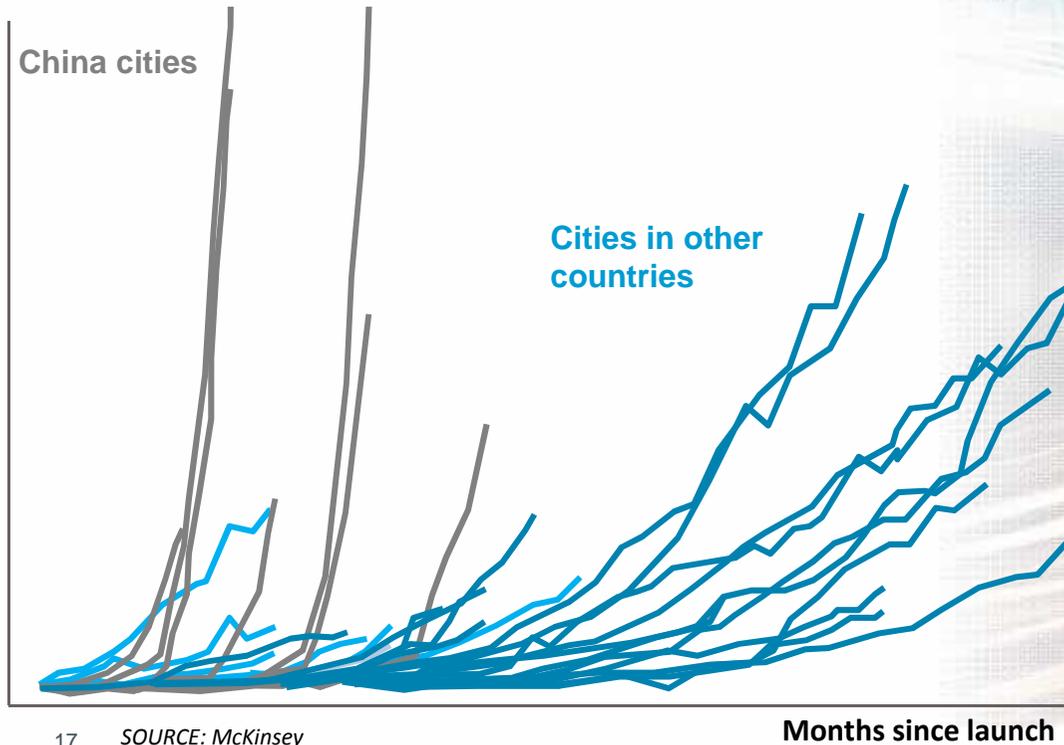
Personal Care
Category

Increased Variety Product Offerings

Change and scale come fast in China

Ride-sharing

Number of Uber trips



17 SOURCE: McKinsey
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Months since launch



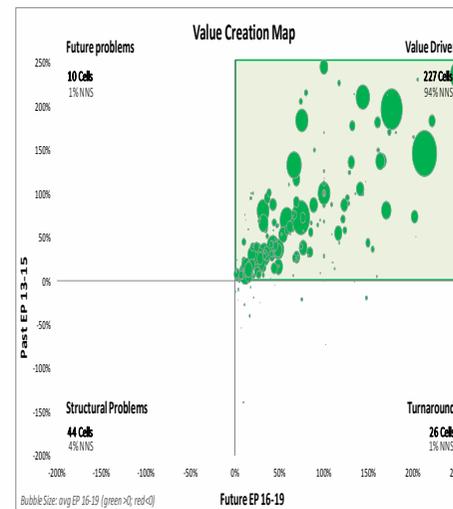
How we reignited growth

Consumer

Product

Process

People



MILO RTD : *Delivering nutrition in the lunch box*



**FY 2016
Growth
+27%**



Global brands with local insights: *NDG Matcha Green Tea*



“Real” Japanese product using traditional techniques available in single serve

Nescafé in ASEAN: *Locally led innovation*



Malaysia



Philippines



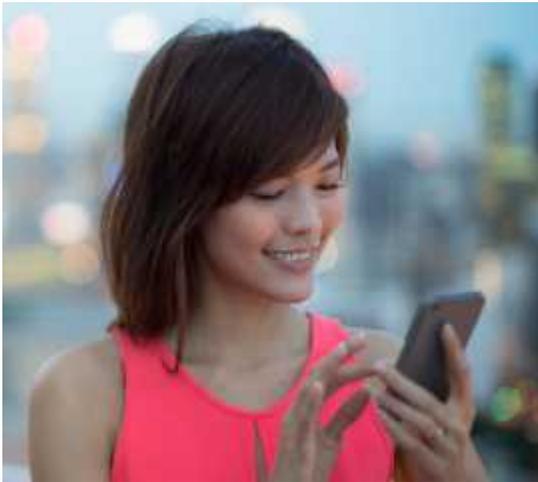
Thailand



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Consumer dynamics pushing innovation beyond products



Kit Kat: *Engaging with today's consumer*



- Kit Kat Growth +8% in 2016
- Chocolatory live in Japan, Australia, Malaysia
- Craftmanship creating unique brand experience
- Special editions for gifting and inspiration for innovations in retail and through eCom

Creating value for consumers through systems & services

Nescafé connecting people and growing at 5% the last 2 years



eCom enables quick testing and learning

Australia Country Fair with Alibaba generated excitement, selling out in record time



00:08
minutes



03:00
hours

MYOWBU: A *win-win model*



- Fostering entrepreneurship
- Bringing Nescafé to consumers
- Enabling distribution
- Over 3.000 operators in Subsaharan Africa

How we reignited growth

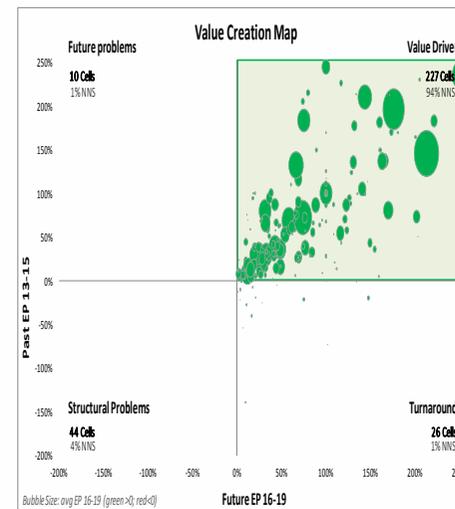
Consumer



Product



Process



People

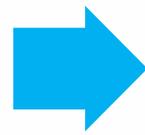
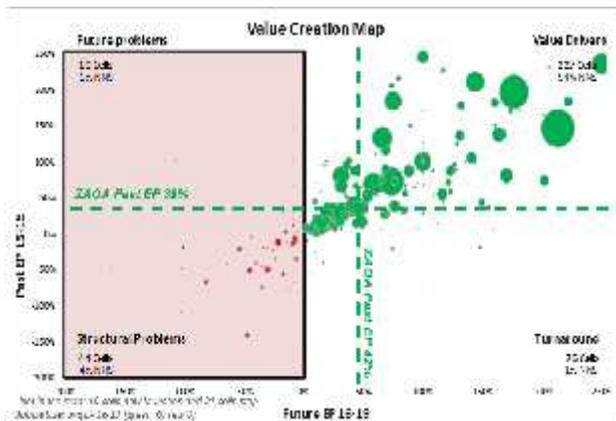


Internally developed tools to bring rigour and focus

ATLAS

Portfolio Optimization through:

- One common language
- Granularity market/cell



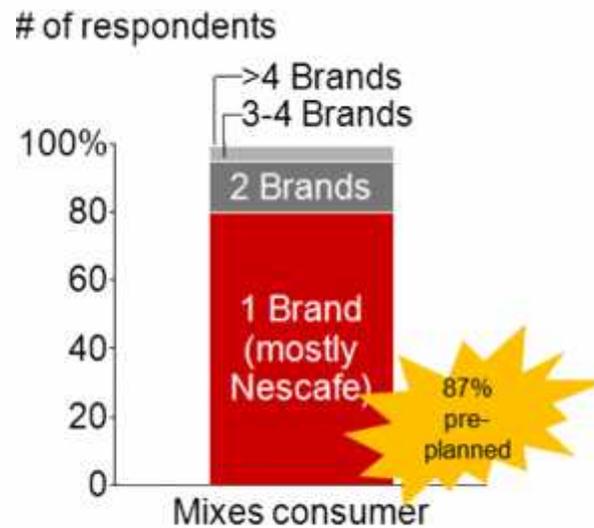
Nestlé Brand Accelerator

- Perfect Brand
- Perfect Assortment
- Perfect Store



Perfect Brand: *Right marketing mix*

Thailand: NESCAFÉ 3 in 1 Mixes



■ Key findings

- **Loyalist brand** but activation was overly **focused on promo**
- **Media spend well below competition**

■ Key actions

- Optimize **promo spend and calendar**
- Drive a **Marketing reset** including **digital**

Perfect Assortment: *Focus behind Hero SKUs*

Australia : Focus strategy on 4 key brands



Indonesia : Making choices in pack sizes



- Accelerating MILO key SKUs
- Discontinued 14g, 150g & 600g
- FY 2016 Growth +17%

Perfect Store: *Win at the point of purchase*



- Outperforming 3x channel growth

Nestlé Malaysia



- Increase in Market Share
- Increase in Quality of store presence

Nestlé Pakistan



Perfect Store: on-line to celebrate 150 years of Nestlé brands in China



June 2016: **Planet of Wonder** campaign to delight Chinese consumers with more than

150

local and global products



11 mio

Unique Visitors

2X

Sales Target

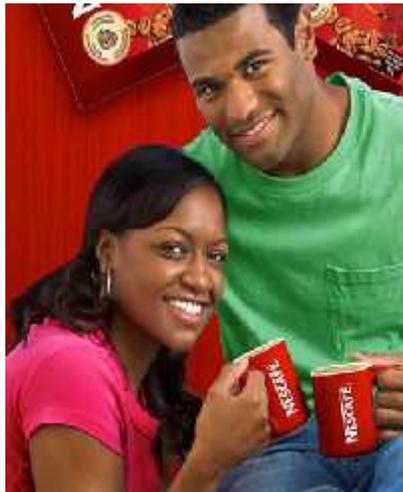
70%

New Buyers



How we reignited growth

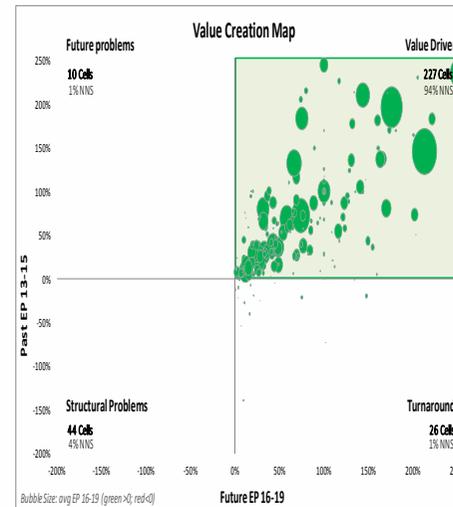
Consumer



Product



Process



People



It's all about people!!

- **Right people in right chair**
 - 25% Changes in Leadership
- **People development**
 - >400 3-party discussions
- **Engagement and Commitment**
 - Nearly 100% engagement in Nestlé & I survey
 - All 15 dimensions tracked showing improvement



Leadership in Action: Maggi Noodles



- **Noodles:**
 - Back to 60% market share
 - >70% pre-crisis volumes
 - Brand Trust back to 95%
 - Jumping from #95 to #25 in India's Most Loved Brands List
- **Demonetization**
 - Progressively back to normal
 - Team effectively ensuring continuity

Leadership in Action: Floods disruption avoided in Philippines

6days after the FLOOD...



AOA: very important pillar for the Group

1

EXCITING OPPORTUNITIES IN AOA

2

**ALMOST ALL BUSINESSES BACK TO GROWTH.
WILL GET YINLU BACK ON TRACK**

3

WILL LEAD THE GROUP IN DIGITAL

4

SOURCE OF ENTREPRENEURIAL TALENT

THANK YOU