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.
Agenda

- Overview Of Nestlé
- Long-Term Value Creation
- Structural Cost Saving Initiatives
- Summary
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The Nestlé story

1866
George H. Page
Anglo-Swiss Condensed Milk Company

1867
Henri Nestlé

1905
1929
1938
1947
1960s
1970s
1980s
1990s
2000s
2010
2011
2012
2014

150 years of portfolio evolution

February 23, 2017
CAGNY 2017
A strong global footprint
Very diversified and balanced portfolio

Sales Contribution 2016

- **AOA**: 25%
- **AMS**: 45%
- **EMENA**: 30%

**Beverages**: 22%
- **Nutrition and Health Science**: 17%
- **Milk Products and ice cream**: 16%
- **Prepared dishes and cooking aids**: 13%
- **Petcare**: 14%
- **Confectionary**: 10%
- **Water**: 8%
Strong global and local brands

34 billionaire brands; local jewels
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Commitment to long-term value creation

- Nutrition Health and Wellness Strategy

- Balanced top and bottom-line growth key to long-term value creation:
  - Invest selectively in fast-growing categories and regions
  - Address underperforming businesses
  - Portfolio management
  - Product and business model innovation; Embrace digital opportunities
  - Leverage existing efficiency culture; Execute structural savings projects

- Continuous FCF improvement to support sustainable, growth-oriented dividend

- Prudent approach to capital allocation, including M&A
Quality Organic Growth driven by Real Internal Growth

- % Pricing
- % Real Internal Growth

Industry-leading volumes (RIG)
Cost efficiencies and portfolio management driving gross margin evolution

Gross margin as a % of sales

*Re-stated

*Gross Margin +350bps in 4 years
Continuous margin-improvement over time

Trading Operating Profit (TOP) margin improvement in bps 2012-16 (constant currency)

+28 bps / year
Consistent industry-leading cash flow generation

Free cash flow as a % of sales

<table>
<thead>
<tr>
<th>Year</th>
<th>2012*</th>
<th>2013**</th>
<th>2014***</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>11.0%</td>
<td>10.9%</td>
<td>11.2%</td>
<td>11.3%</td>
<td></td>
</tr>
</tbody>
</table>

*Re-stated
** Adjusted for exceptional income due to Givaudan disposal (CHF 1.1 bn)
*** Adjusted for exceptional income due to L’oréal transaction (CHF 4.1 bn)
Sustainable dividend per share in CHF

22nd consecutive year of increase

Dividend in CHF

Proposed dividend 2016

*Proposed dividend 2016
Balanced Emerging and Developed Markets

Sales contribution 2007

- Developed Markets: 68%
- Emerging Markets: 32%

Sales contribution 2016

- Developed Markets: 58%
- Emerging Markets: 42%
Driving our profitable growth in emerging markets

<table>
<thead>
<tr>
<th></th>
<th>Developed</th>
<th>Emerging</th>
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</thead>
<tbody>
<tr>
<td>Sales</td>
<td>58%</td>
<td>42%</td>
</tr>
<tr>
<td>Annual Growth 12-16</td>
<td>+1.6%</td>
<td>+8.3%</td>
</tr>
<tr>
<td>Growth in Marketing Spend index</td>
<td>100</td>
<td>115</td>
</tr>
<tr>
<td>Profit</td>
<td>&lt;</td>
<td></td>
</tr>
</tbody>
</table>
Quality growth: leading in eCommerce

- **eCommerce Sales (FY15 vs FY16):**
  - Group: +18%
  - Ex-Nespresso: +34%
Playing in the right categories

F&B fastest growing categories (CAGR 2013-16, %)

- Portioned Coffee: 13.2%
- Bottled Water: 9.0%
- Milk Formula: 8.3%
- Yogurt: 7.4%
- Baby Food: 7.1%
- Other Plant-based Hot Drinks: 7.0%
- Fruit Snacks & Nuts: 6.9%
- Oils & Fat: 6.7%
- Sports Energy Drinks: 6.7%
- Powder Milk: 6.7%

Source: Euromonitor (categories above $7 bn value RSP)
... and leading these categories

F&B fastest growing categories (CAGR 2013-16, %)

<table>
<thead>
<tr>
<th>Category</th>
<th>CAGR (%)</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portioned Coffee</td>
<td>13.2</td>
<td>#1</td>
</tr>
<tr>
<td>Bottled Water</td>
<td>9.0</td>
<td>#2</td>
</tr>
<tr>
<td>Milk Formula</td>
<td>8.3</td>
<td>#1</td>
</tr>
<tr>
<td>Yogurt</td>
<td>7.4</td>
<td>&lt;#2</td>
</tr>
<tr>
<td>Baby Food</td>
<td>7.1</td>
<td>#1</td>
</tr>
<tr>
<td>Other Plant-based Hot Drinks</td>
<td>7.0</td>
<td>#2</td>
</tr>
<tr>
<td>Fruit Snacks &amp; Nuts</td>
<td>6.9</td>
<td></td>
</tr>
<tr>
<td>Oils &amp; Fat</td>
<td>6.7</td>
<td></td>
</tr>
<tr>
<td>Sports Energy Drinks</td>
<td>6.7</td>
<td></td>
</tr>
<tr>
<td>Powder Milk</td>
<td>6.7</td>
<td>#1</td>
</tr>
</tbody>
</table>

Source: Euromonitor
(categories above $7 bn value RSP)
Growth driven by innovation
30% of sales come from products innovated or renovated in the last 3 years

Premiumisation

Les Recettes de l’Atelier
Nespresso Vertuoline

Nescafé Gold Barista
Coffee-mate Natural Bliss

Nutrition and Added-value Science

Nido FortiGrow
Milo ready-to-drink

ProNourish
Wyeth Illuma
Focusing on our billionaire brands*

<table>
<thead>
<tr>
<th></th>
<th>Billionaire brands</th>
<th>Rest of the Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>77%</td>
<td>23%</td>
</tr>
<tr>
<td>Growth</td>
<td>+5.2%</td>
<td>+1.9%</td>
</tr>
<tr>
<td>Marketing spend</td>
<td>80%</td>
<td>20%</td>
</tr>
<tr>
<td>Profit</td>
<td>83%</td>
<td>17%</td>
</tr>
</tbody>
</table>

*Figures represent averages 2012 - 2016
Addressing the polarization of consumer trends

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Premium</td>
<td>16%</td>
<td>19%</td>
</tr>
<tr>
<td>Mainstream</td>
<td>71%</td>
<td>67%</td>
</tr>
<tr>
<td>Affordability (PPP*)</td>
<td>13%</td>
<td>14%</td>
</tr>
</tbody>
</table>

Average OG over the period 2014-2016
* PPP: Popularly Positioned Products

Premium & Affordable grow > mainstream
Driving our NHW profitable growth journey

Performance of businesses vs. NHW dimension*

<table>
<thead>
<tr>
<th></th>
<th>NHW below average</th>
<th>NHW above average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales %</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>Growth index</td>
<td>100</td>
<td>180</td>
</tr>
<tr>
<td>Marketing spend index</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Profit index</td>
<td>100</td>
<td>150</td>
</tr>
</tbody>
</table>

* NHW dimension measured by % of Net Sales with 60/40 win and Nutritional Foundation – Analysis excluding categories which are 100% NHW
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Identified eight structural savings beyond NCE

1. Operations
   - Raise our asset intensity by 10 percentage points

2. Procurement
   - Leverage on scale through global sourcing (from 40% today to 60%)

3. G&A Expenses
   - Consolidate Nestlé in the markets, delayer functions, improve facility management and increase shared services

Estimated structural savings by 2020

>200bps

3 Pillars to our structural savings projects
2016 Achievements: Operations

Objective

“Sweat” assets:

• Reducing conversion and distribution costs
• Optimize our industrial footprint
• Increase capacity utilization

Achievements 2016

• Accelerated # of lines under TPM* from 12% to 22%
• Increased asset intensity by 400bps
• Full factory footprint review concluded
• 8 factories closed or sold

* TPM: Total Performance Management
2016 Achievements: Procurement

Objective

- Implementing ONE procurement model across Nestlé
- From 40 to 60% of Global Buying
- Optimize purchasing back-office

Achievements 2016

- 3 global hubs of purchasing organization set up: 60% of positions staffed
- 6 markets go-live
- 3 categories go-live: Dairy, Metals and Media
2016 Achievements: NBE

Objective

Achievements 2016

- Four out of six new business process designs completed
- Increase in Shared Service Center coverage +60% (cost coverage from 6% to 10%)
- Set-up two new Shared Service Centres in China and Portugal, taking total to nine
2016 Achievements: Site Optimization

**Objective**
- Consolidate Nestlé in the markets
- Improve facility management
- De-layer functions

**Achievements 2016**
- Announced consolidation of Nestlé USA HQ and support functions in East Coast and Ohio
- Commenced restructuring of US sales-force
- Commenced site optimization process at Group HQ in Vevey

Site optimization commenced in USA
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- Long-Term value creation through balance of top and bottom line growth
- Increased cost discipline and progress structural saving initiatives
- Continuous FCF improvement to support sustainable, growth-oriented dividend
- Prudent approach to capital allocation, including M&A
- Manage change, faster decision-making and execution
Thank you!