

Returning to growth in the USA

Steve Presley, Chairman & CEO, Nestlé in the USA



Disclaimer



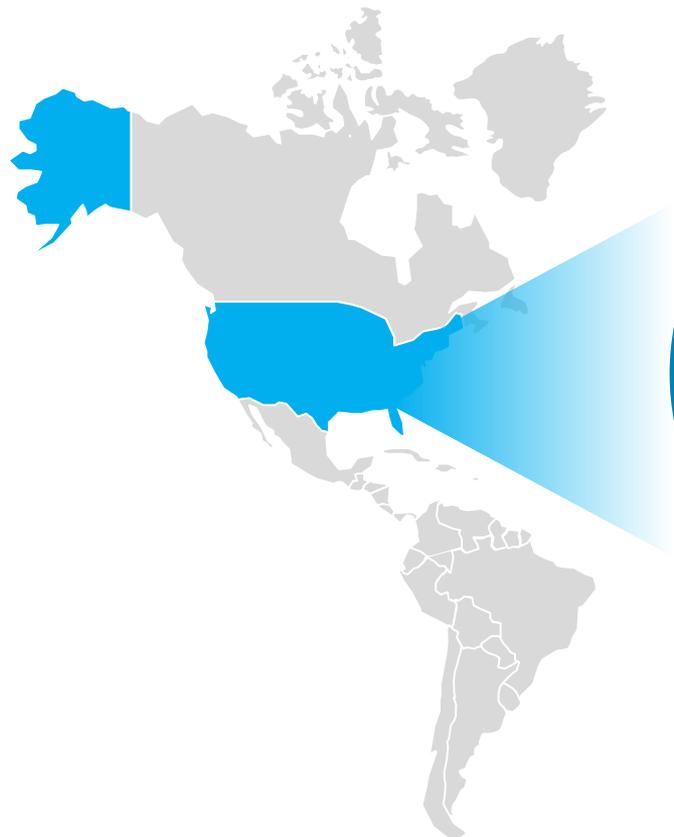
This presentation contains forward looking statements which reflect Management's current views and estimates. The forward looking statements involve certain risks and uncertainties that could cause actual results to differ materially from those contained in the forward looking statements. Potential risks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

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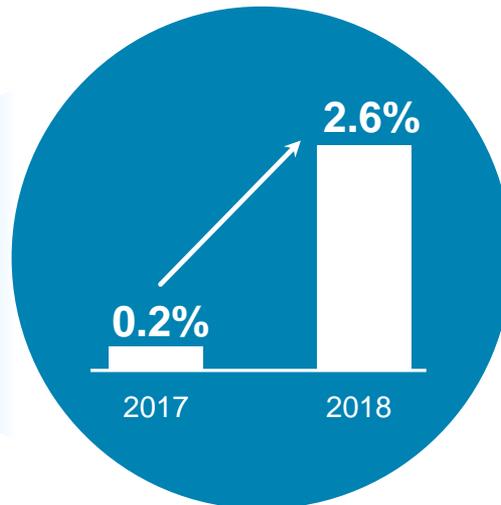
2017 figures have been restated to reflect:

- The implementation of IFRS 15 - Revenue from contract with customers, IFRS 16 - Leases and IFRIC 23 - Uncertainty over income tax treatments as well as other accounting policies and presentation changes; and
- The change in organization of infant nutrition business. Effective January 1, 2018 Nestlé Nutrition is reported in the Zones as a regionally managed business, with Gerber Life Insurance business reported in Other Businesses.

Revived growth in the USA



Organic Growth



Underlying Trading Operating Profit



\$28 bn Total USA sales
30% of Global sales

Broad-based growth across strategic categories

Accelerating growth platforms


























Repositioning for growth











Fundamental shifts in consumer behavior



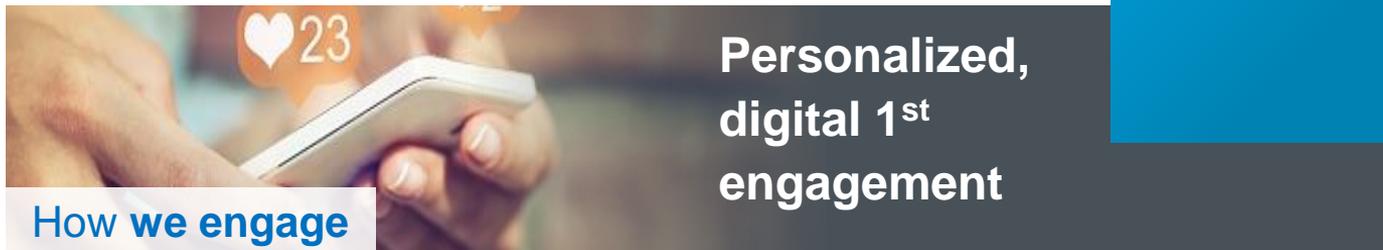
How we eat

Fluid and
exploratory



How we shop

Omnichannel
savvy and
informed



How we engage

Personalized,
digital 1st
engagement

Traditional
CPG model is
quickly
evolving

Three priorities to win



Fueling our hybrid growth model



1 Reimagine the
base business

2 Transform our
portfolio

3 Pursue new
innovation models

Fundamentals as a growth driver



CONSUMER RELEVANCE

both iconic and emerging brands must be on trend

EXECUTE

enhance Marketing & Sales fundamentals

INVEST

opportunity-based resourcing to maximize ROI

INNOVATE

faster, agile, and more effective

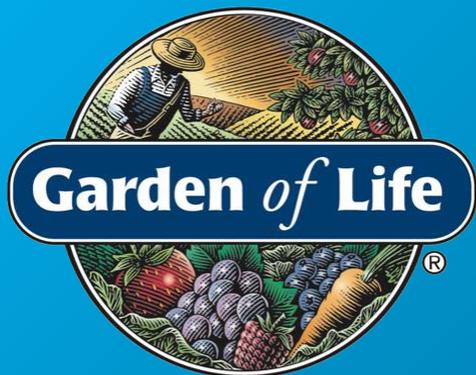


Naturalization and science-based innovation



Making **natural** accessible to all

Elevating life-changing **nutrition**



**Empowering
extraordinary
health**



#1 in health food channel
in e-commerce supplements

Gaining mainstream channel distribution



S.PELLEGRINO



Premiumizing to win in high growth segments



Expanding premium in sparkling



Well-positioned in premium still water



Delighting consumers through taste





Right **Price**
Right **Product**
Right **Communication**

Relentlessly
renovating legacy
brands





Gerber®

Reinventing a beloved icon



Contemporizing
with natural, organic,
and fresh offerings

Spokesbaby that
reflects our values



NESPRESSO®

**Elevated consumer
experiences**

NESPRESSO®

VERTUO

A WORLD OF COFFEE EXPERIENCES





E-commerce

Setting the direction

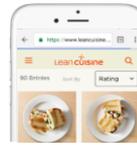
TRADITIONAL

*Pure Play,
Bricks-to-Clicks*

Win the
digital shelf



eContent



Reviews



eSearch



Assortment

EMERGING

*Click & Collect,
Concierge, Same Day
Delivery*

Win omni
shopping early



Order Online...PICK UP at Store.



DIRECT TO CONSUMER

Personalize and
drive loyalty





Personalization

Tailoring to individual consumer needs

Build new business models

petfinder



Provide services



Anticipate consumer needs



NESPRESSO®

Communication **customized** to machine and purchasing behavior

Fueling our hybrid growth model



1 Reimagine the base business

2 Transform our portfolio

3 Pursue new innovation models

Transform our portfolio

6%

Divesting
businesses with
low ability to win



12%

Acquiring
leverageable
growth platforms



Acquired brands growing double-digit¹

Starbucks Alliance creates a powerhouse

#1 US Coffee
company



Starbucks Alliance unlocks significant opportunities



Consumer brand continuum



Omnichannel



Channel development



Retail:
Signature Aisle

Out of Home:
Premium On-
The-Go
Experience



Portfolio growth



Fueling our hybrid growth model



1 Reimagine the
base business

2 Transform our
portfolio

3 Pursue new
innovation models

Pursue new innovation models



INTERNAL INCUBATOR

Use lean development model to launch on-point products



Leveraging incubation to enter new growth spaces



OPEN INNOVATION

Support and coach startups with innovative ideas



Assessing & engaging with startups



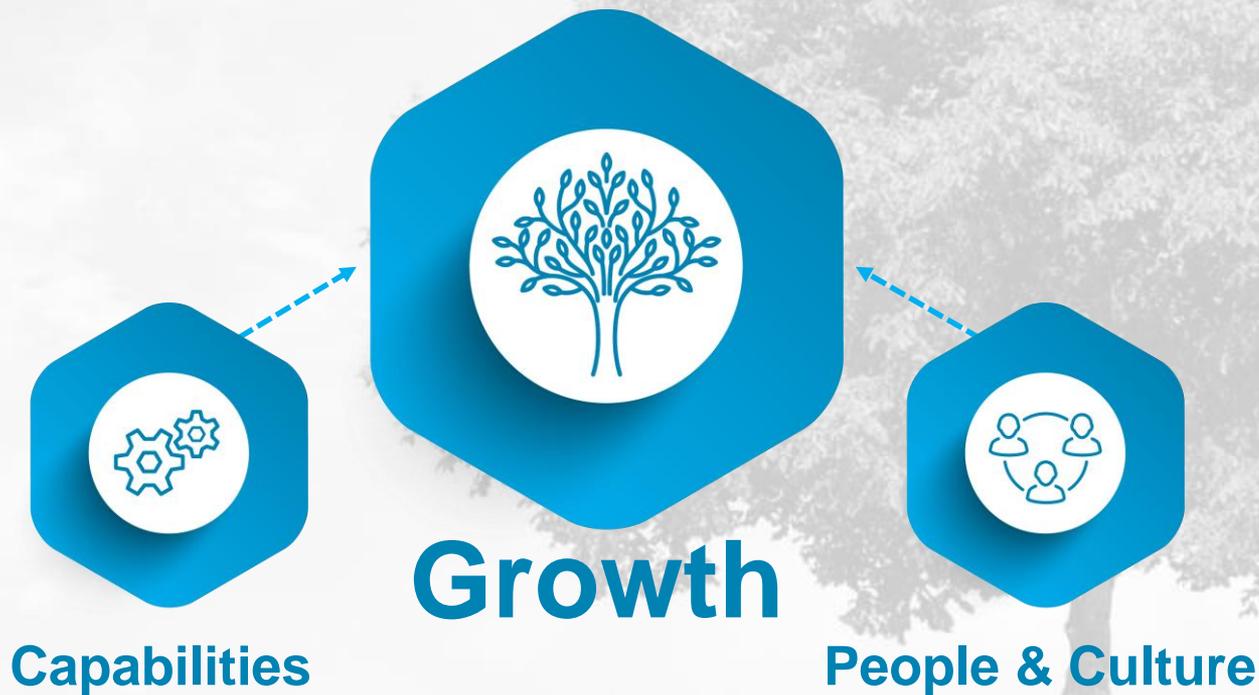
CROWD-SOURCING

Harness the collective intelligence of our employees



5 new products launching soon

Three priorities to win



Continuously driving the Virtuous Circle



Organizational redesign



Portfolio management



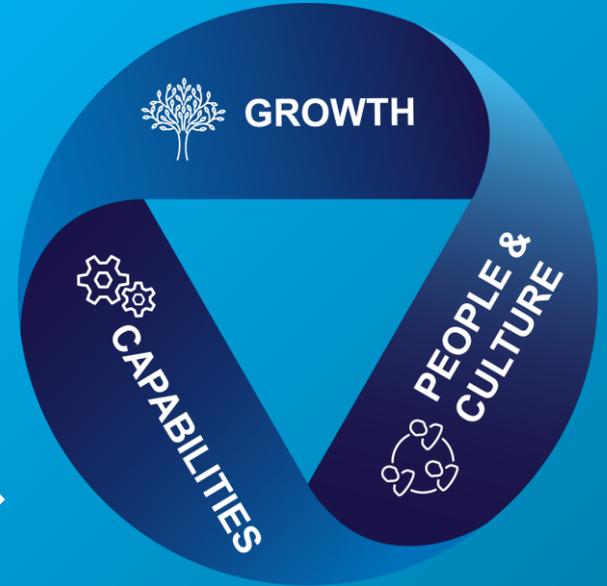
Lean supply chain



Revenue management



Shared service optimization



> \$600 m savings

2016-2020



DRIVING GROWTH ABOVE INDUSTRY AVERAGE

**Revived US
growth,
contributing to
2020 targets**

**Driving the
hybrid
growth
model**

**Powerful
growth
platforms to
leverage**

**Talent &
Capabilities
as growth
drivers**

**Mindset of
Perform &
Transform &
Experiment**

Consumer obsessed and customer focused