



Nestlé Good Food, Good Life

Delivering results with a long-term winning strategy

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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.

This presentation contains certain financial performance measures which are not defined by IFRS. Management believes that these non-IFRS measures provide additional useful information to assess the financial and operational performance of the Group. Such measures may not be comparable to similar measures presented by other companies and are explained and/or reconciled with our IFRS measures (Consolidated Financial Statements) in the Nestlé Group Alternative Performance Measures (APMs) document available on our Investor Website.

Delivering results with a long-term winning strategy

- **Our purpose and our business**
- **Pursuing a long-term value creation model with a sense of urgency**
- **Creating shared value for shareholders and society**
 - Contributing to healthier lives
 - Supporting communities
 - Leading the way to a waste-free future
 - Fostering diversity and inclusion
- **Consistently delivering sustainable, industry-leading financial results**

Our purpose

Enhancing quality of life
and contributing
to a healthier future

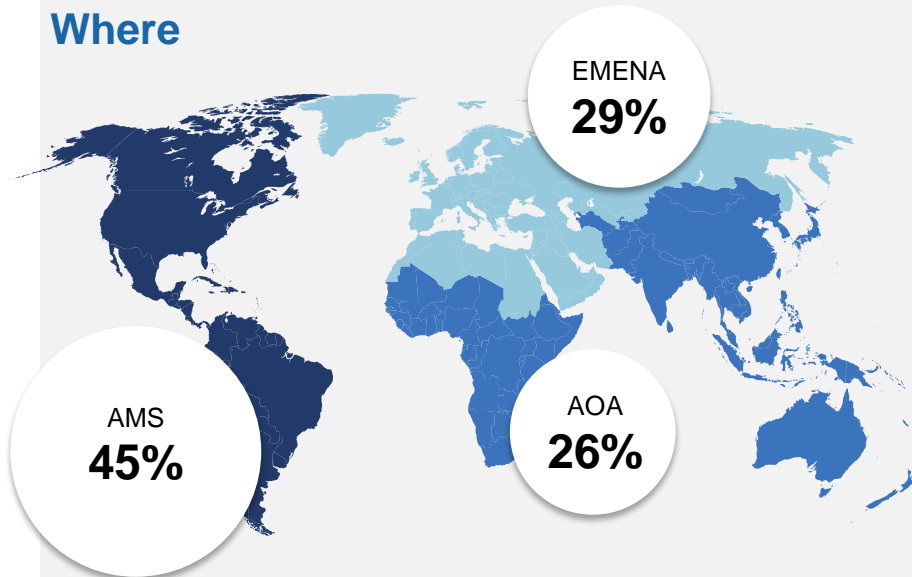


Our business

Sales

CHF 91.4 bn in 2018

Where



What

Beverages
(incl. coffee)

24%

Prepared dishes
& cooking aids

13%

Nutrition &
Health Science

18%

Confectionery

9%

Milk products
& ice cream

14%

Water

8%

PetCare

14%

Number of employees

308 000

Total group salaries and social
welfare expenses (in CHF)

16 bn

Corporate taxes paid in 2018
(in CHF)

3.6 bn

Pursuing our Nutrition, Health and Wellness strategy

- **Food and beverages are core**
 - Healthy, delicious, convenient products for modern time-constrained lifestyles
 - Premiumization in developed and emerging markets
 - Affordable high-quality nutrition in developing countries
- **Nestlé Health Science and nutritional health products as an additional growth platform**
- **Creating Shared Value (CSV) to generate value for shareholders and society**

Our long-term value creation model

Balanced pursuit of top-line and bottom-line growth with capital efficiency

Increase Growth

Reach mid-single digit organic growth by 2020

- Invest in high-growth categories and regions
- Address underperformers
- Drive innovation
- Embrace digital opportunities
- Develop portfolio

Improve Margins

Reach underlying trading operating profit margin of 17.5% to 18.5% by 2020

- Reduce structural cost
- Free up resources
- Drive agility in organization

Allocate Capital Prudently

- Invest in organic growth
- Exercise discipline in acquisitions and disposals
- Return cash to shareholders

Maximize Long-Term Shareholder Value

Creating Shared Value

Cranking up our innovation engine

Science and consumer-driven innovation...



Science-based



Organic / Natural



Food Intolerance



Local Origins



Packaging



Plant-Based



Personalized Nutrition

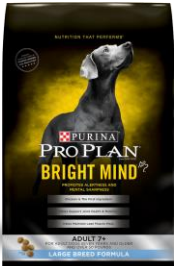


Ready-to-Drink



Convenience

...brought to market faster



Developing our portfolio

Sold

Main criteria for divestiture

- Non-core to business
- Limited ability to win

US Confectionery



Gerber Life Insurance

Under strategic review

Nestlé Skin Health



Herta charcuterie

(cold cuts and meat-based products)



Acquired or invested

Main criteria for acquisitions

- Fit with strategy, culture and price
- Focus on high-growth categories and regions
- Sound financial model; disciplined and thorough financial valuation

Starbucks – Consumer & Foodservice products



Tails.com



Atrium Innovations



Terrafertil



Blue Bottle



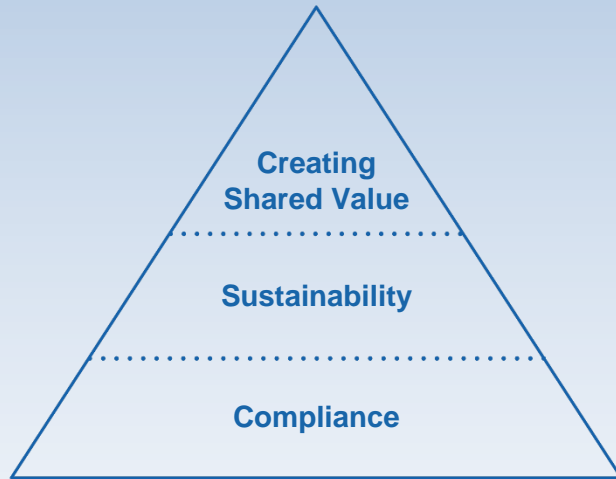
Sweet Earth



Chameleon



Creating Shared Value



Fundamental to business: Optimizing value for shareholders and positive impact for stakeholders







Focusing on areas of greatest intersection between our business and society

Nestlé's materiality assessment

Importance to stakeholders	Major		<ul style="list-style-type: none"> • Natural resource and water stewardship • Climate change 	<ul style="list-style-type: none"> • Supply chain stewardship • Over- and under-nutrition
	Significant	<ul style="list-style-type: none"> • Women's empowerment • Community relations 	<ul style="list-style-type: none"> • Rural development and poverty alleviation • Human rights • Business ethics • Responsible marketing and influence • Product quality • Food and nutrition security • Resource Efficiency, (Food) Waste & the Circular Economy • Land management in the supply chain 	<ul style="list-style-type: none"> • Food and product safety • Changing consumer demographics & trends • Product packaging & plastic
	Moderate	<ul style="list-style-type: none"> • Animal Welfare • Employee Safety, Health & Wellness • Fair employment and equal opportunities 	<ul style="list-style-type: none"> • Product regulation and taxation • Geopolitical uncertainty • Responsible use of technology • Data privacy and cyber security 	
		Moderate	Significant	Major
		Impact on Nestlé's success		



Key issues, sample initiatives and partnerships

Over and under-nutrition	Improving the nutrition profile of our products	
Supply chain stewardship	Responsible sourcing and supply-chain stewardship	
Food and product safety	Food safety stewardship program, core to our business at all levels	
Changing consumer demographics and trends	Innovation, portfolio management and capital allocation	
Product packaging and plastics	Plastics / packaging commitments	
Natural resource and water stewardship	Water stewardship certification program	
Climate change	Climate change leadership	
Women's empowerment, diversity and inclusion	Gender balance and diversity commitments	

Contributing to healthier lives: Improving the nutritional profile of our products



Over 1300 improved products launched for babies, children, expecting and new mothers



R&D drives our health and wellness journey: Improved products grow faster and are more profitable

Supporting communities: Responsible sourcing and supply-chain stewardship



Supporting farming livelihoods and practicing responsible sourcing to safeguard supply chains



Building sustainability into a competitive advantage

Leading the way to a waste-free future: Packaging



Making 100% of our packaging recyclable or reusable by 2025



Supporting a fundamental shift in society:
Product, infrastructure, behavior

Fostering diversity and inclusion: Investing in human capital



Raising the bar on gender-balance inspires ingenuity and innovation



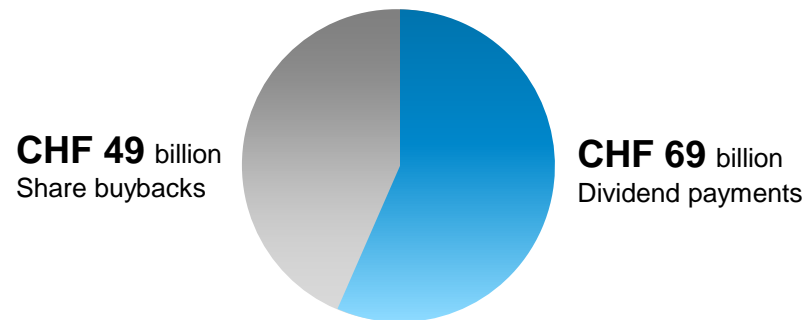
Investing in youth employment opportunities yields high returns

Our long-term approach delivers strong total shareholder returns

Consistent TSR* Performance

	10 year	5 year	3 year	1 year
Nestlé	250%	55%	13%	2%
STOXX F&B	216%	49%	5%	-4%

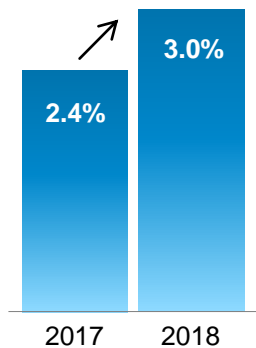
**CHF 118 billion returned
to shareholders since 2008**
2008–2018



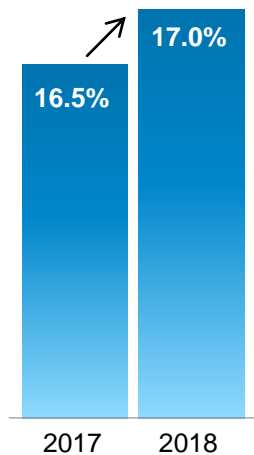
* Total Shareholder Returns: Share price appreciation plus dividend reinvestment. Both Nestlé and peer median STOXX 1800 Global Food and Beverage are calculated in EUR. All data is gross except STOXX 5 and 10-year where net data is used (gross values unavailable).. Source Bloomberg Data as of 31.12.2018

2018 results

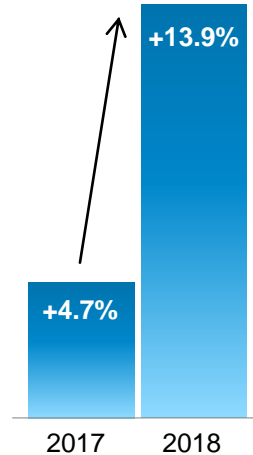
Organic growth



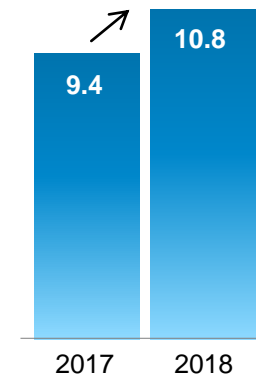
Underlying trading operating profit margin



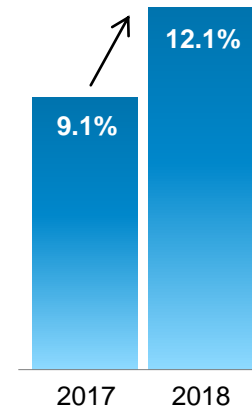
Underlying EPS (% annual increase in constant currency)



Free cash flow (CHF bn)



Return on invested capital



Aligning the interest of key stakeholders: Strong governance supports sustainable value creation

	Year Added to Board	Nationality	Public Company CEO / CFO	Int'l Business	FMCG	Retail / Brand / Marketing	Financial / M&A	Technology	Gov't /NGO
Paul Bulcke	2008	Belgian/Swiss	✓	✓	✓	✓	✓		
Mark Schneider	2017	American/German	✓	✓	✓	✓	✓		
Henri de Castries	2012	French	✓	✓			✓		
Beat Hess	2008	Swiss		✓			✓		
Renato Fassbind	2015	Swiss	✓	✓		✓	✓		
Jean-Pierre Roth	2010	Swiss					✓		✓
Ann M. Veneman	2011	American			✓				✓
Eva Cheng	2013	Chinese		✓		✓			
Ruth K. Oniang'o	2015	Kenyan			✓				✓
Patrick Aebischer	2015	Swiss		✓				✓	
Ursula M. Burns	2017	American	✓	✓				✓	
Kasper Rorsted	2018	Danish	✓	✓	✓	✓		✓	
Kimberly A. Ross	2018	American	✓	✓	✓	✓	✓		
Pablo Isla	2018	Spanish	✓	✓		✓	✓	✓	✓

Pulling it all together

Through
enhancing quality of life
and contributing
to a healthier future,

we create value
for shareholders and society,

we deliver sustainable,
industry-leading
financial performance.

