Expanding the boundaries of nutrition

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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.
Expanding the boundaries of nutrition…

What does it mean?

- Survival
- Secured supply
- Taste / variety
- Health & wellness
- Prevention, treatment, disease management

Food supply
- Food security
- Food pleasure
- Health prevention
- Health science
Enhancing the quality of life...

... with good food & beverages... everywhere...

... with nutritional solutions for disease management

Good Food, Good Life
Macroeconomic & socio-demographic trends

*The New Reality*

- Ageing population
- Rising chronic disease epidemics
- Scientific evolution
- Healthcare costs keep rising
Elevating the role of nutrition

The potential of nutrition is real

- Creating a value message for payers on cost effectiveness
- Building the evidence through clinical and health economics data
- Educating our stakeholders on the role of nutrition to achieve better outcomes
We have assembled a strong team

*NHSc leadership team – diverse experience*
We have defined our territory

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<tr>
<th>Ageing Medical Care</th>
<th>Critical Care / Surgery</th>
<th>Paediatric Medical Care</th>
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<th>Metabolic Health</th>
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HealthCare Nutrition business

Strong and growing…

- Sales: accelerated CAGR OG of 7.2% (2010-2012)
- Ranking: #1 or #2 in 11 of top 16 markets
- Industrial investment driving competitive advantage and operational efficiency
- Vitaflo: high double-digit growth and ongoing geographical expansion
... and we are continuing to innovate

- Convenience and taste

- Unique technologies in tube feeding packaging
  - Enteral nutrition connectors – enhancing patient safety

- Differentiated disease specific solutions
Developing and building capabilities

Acquisitions, partnerships, investments

2011

- Diagnostics (Dx) core capability
- Gastrointestinal and oncology products (Rx)

2012

- Neurological disorders (e.g. Alzheimer’s Disease)
  * Minority interest

2013

- Chronic metabolic and neurologic conditions

2013

- Gastrointestinal disorders
- Traditional Chinese medicine library
  ** JV
Nestlé Institute of Health Sciences innovation

Leading at the new frontiers

- Situated within the EPFL campus
  → linked to innovation network
- Laboratories: 15
- Scientific recognition:
  → 43 publ. and 3 grants (2012/13)
- Employees: 110
  → 63% Ph.D.
  → 19 nationalities
  → Diverse backgrounds: FDA, Novartis, BASF, Apple, …
NIHS – Mission, strategic direction and deliverables

Competence areas

- Systems & computation science
- Molecular signalling & biomarkers
- Mitochondria, cellular models
- Micronutrients, microbiome analysis
- Natural products screening
The Impact story

*Immunonutrition in the management of disease...*

**Disease / patient need**
- High complication rate after elective GI cancer surgery: 31%
- Postoperative complications lead to prolonged hospitalisation & increased costs

**Nutritional solution**

**Clinically proven**
- More than 2,500 patients undergoing surgery for GI malignancies
- Clinical trials: 28
- Immunonutrition reduces
  - risk of post-operative infections: -36%
  - length of hospital stay: -2.6 days
- Cost savings per patient CHF2,600

*IMPACT®*

Immunonutrition
The Meritene story

Nutritional Supplements for adults / kids

- For kids and adults requiring special nutritional support due to:
  - Lack of appetite
  - Picky eaters
  - Illness
  - Ageing
  - Convalescence

- Clinical evidence supporting oral nutritional supplements
- Level A of evidence in most clinical situations
- Recognised in peer publications (i.e. Lancet)
The PKU Story…
For inborn metabolic disorders

- Inborn error of metabolism

Two siblings with PKU. Only the sister had been diagnosed and treated since birth

Nutritional solution

- PKU start (Birth to 1 Year)
- PKU squeezie (6 Months to 10 years)
- PKU gel (6 Months to 10 years)
- PKU cooler system (3 Years to Adult)
- PKU express system (3 Years to Adult)

Clinically proven

- Nutritional therapy is the gold standard
- Vitaflo’s portfolio offers “diet for life” solutions
Our unique innovation model

*Utilising the innovation network*

\[
\begin{align*}
\text{Dx} &= \text{Diagnostics, prognosis & monitoring} \\
\text{Rx} &= \text{Drug treatment} \\
\text{Nx} &= \text{Nutrition}
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Science-based, targeted nutritional solutions to protect health & manage chronic diseases
Unmet needs

- Longer remission periods
- Patient empowerment

Opportunities

- Nutritional solutions
Two new diagnostic launches covering the most broadly used biologic treatments for IBD (Inflammatory Bowel Disease)

Launch 2012
Prometheus® Anser™ IFX

Launch 2013
Prometheus® Anser™ ADA

Greater clarity in understanding loss of response
Backed by clinical evidence
Reports help inform GI specialists in their patient management decisions
10 years to become leader
Building a transformational business

We are executing on our strategy

2 years to build leading organisation
- Innovation network
- Portfolio investments

5 years to build product portfolio & pipeline
- In-house new products
- Innovation network
- Portfolio investments
- HealthCare Nutrition

10 years to become leader
- NHSc Start
- HealthCare Nutrition
- In-house new products
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A forward looking vision
An innovative approach
A coherent, phased strategy
A winning team!

Delivering good results today and ready for the future