



Nestlé Dairy's new frontier: healthy ageing

Thierry Philardeau
Head of Dairy SBU

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.

Scope

This presentation focuses on the Adult and Goodlifers strategies of Nestlé Dairy only

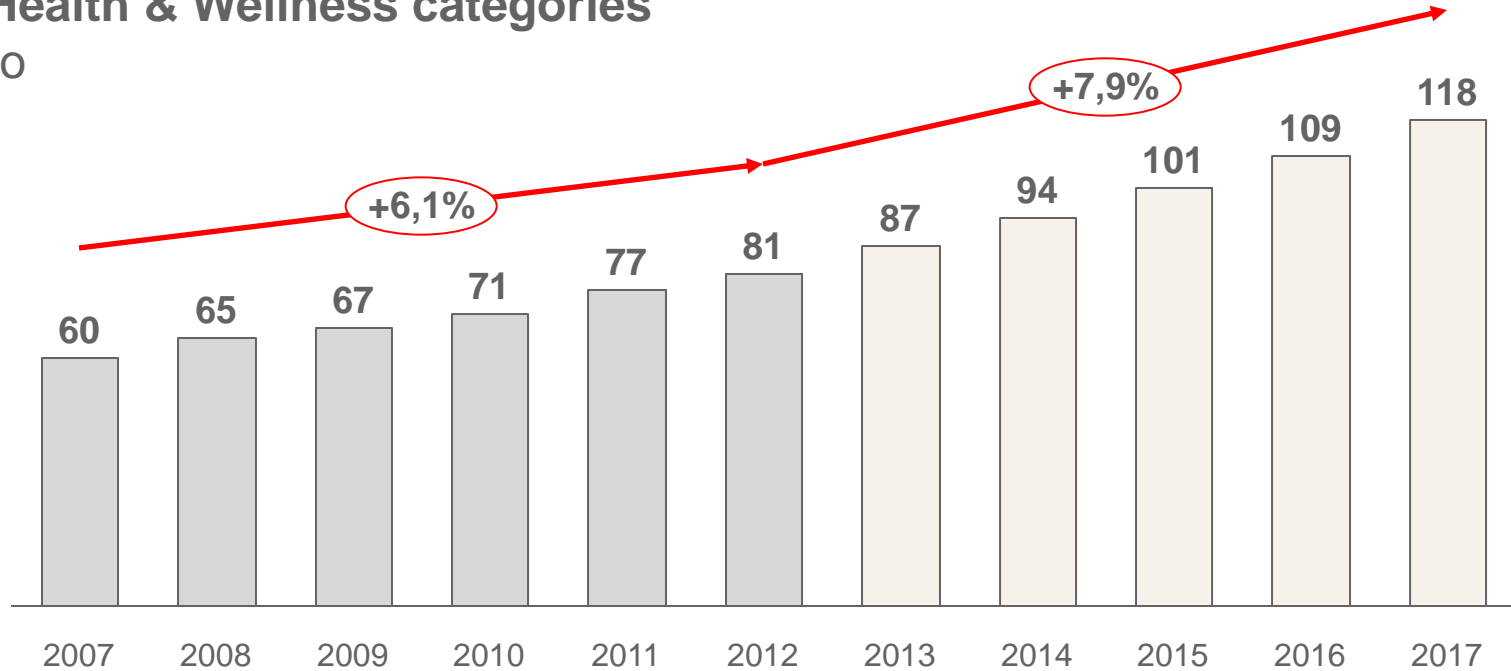
The other Nestlé Business Units and Globally Managed Businesses have developed or may develop other strategies addressing the same consumer segments

Agenda

- **Opportunity in Adult Health, especially Healthy Ageing**
- A winning business for Nestlé
- Vision & approach

Dairy Health & Wellness is seen accelerating

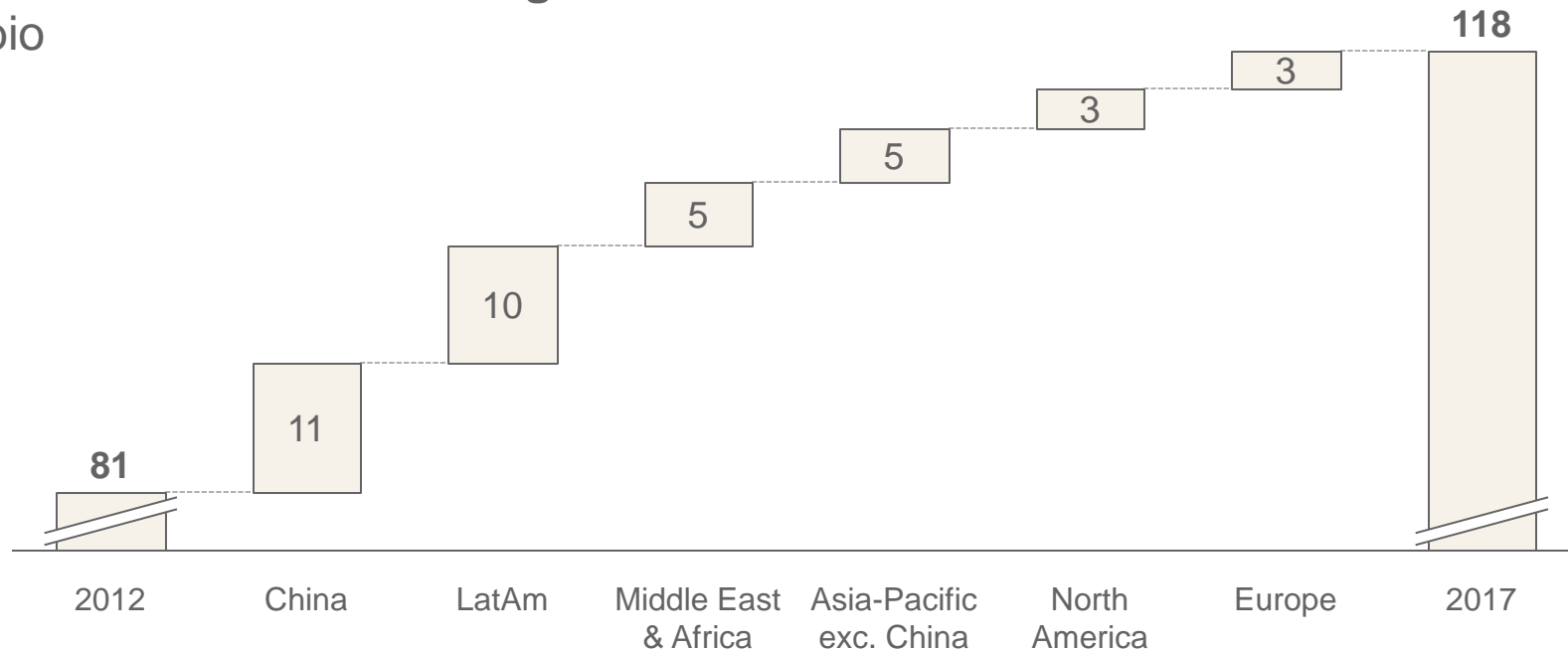
Dairy Health & Wellness categories CHF bio



Source: Euromonitor (excl. Weight Management)

Adult Health & Wellness growth will be led by China, Latin America

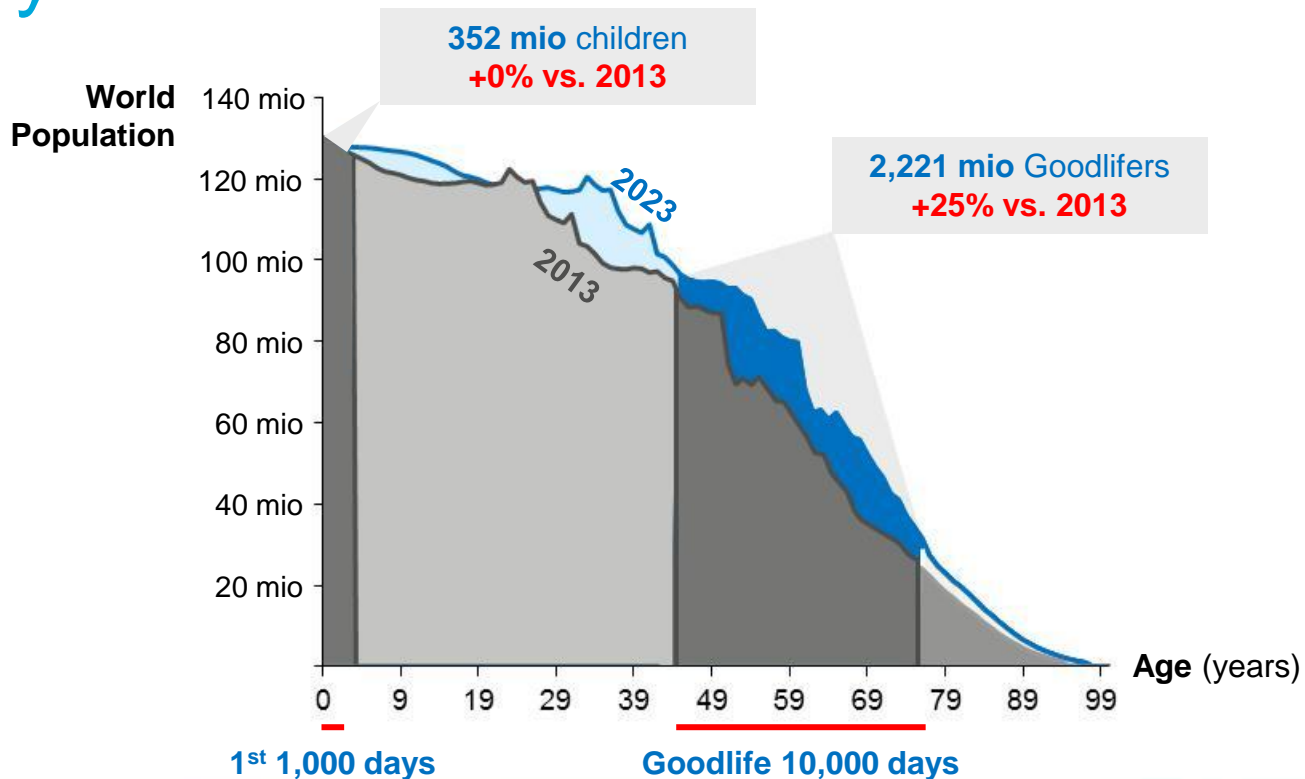
Dairy Health & Wellness categories
CHF bio



Source: Euromonitor (excl. Weight Management)

Adults & Goodlifers population is set to grow tremendously

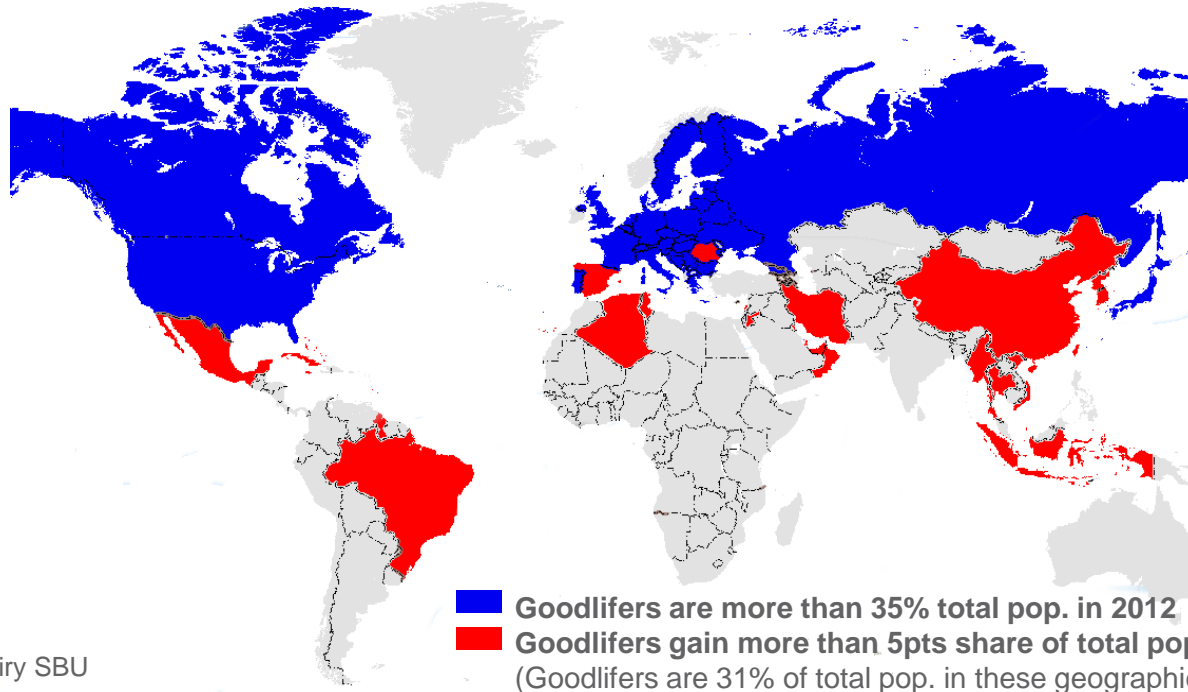
Population by age 2013 - 2023



Source: US Census bureau

Strong increase in Goodlifers expected in China, ASEAN, Brazil, Mexico

Goodlifers (45-75y.o.) demography
2012-2022



Source: Euromonitor, Dairy SBU

4 key benefit areas in Dairy health & wellness



Heart health

30% of all deaths.
Fundamental for
living a long and
meaningful life with
family



Bone & joint health

Key body pillars for
keeping an active
lifestyle with
freedom of
movement



Digestive health

Immediate health
constraint. Digestive
comfort enables
consumers to have
quality of life and
feel good



Vitality & wellbeing

Every time more
aspirational due to
fast active lives and
stressful routines

Segment size
(CHF bio, in dairy)

1.2

10.4

24.5

37.5

Main consumers

Goodlifers

Goodlifers

All adults

All adults

**Functional /
Nutraceutical**



**Healthy
food**

Source: Euromonitor, Datamonitor

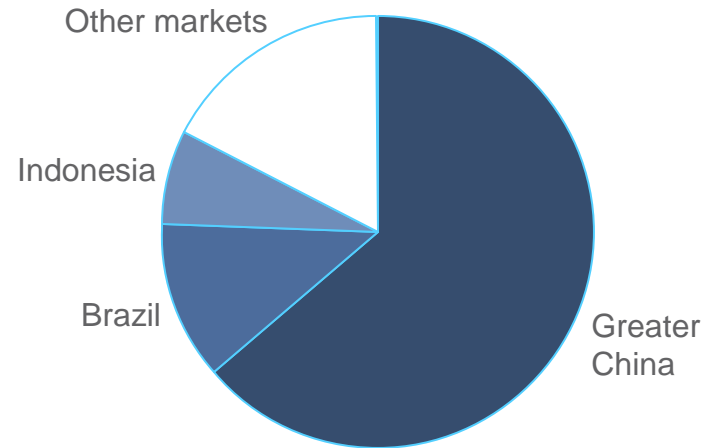
Agenda

- Opportunity in Adult Health, especially Healthy Ageing
- **A winning business for Nestlé**
- Vision & approach

Today a fast growing business for Nestlé

- **CHF 1.5 bio sales**
- **23% est. average OG 2010-2012***

Adult Dairy health & wellness at Nestlé (sales)

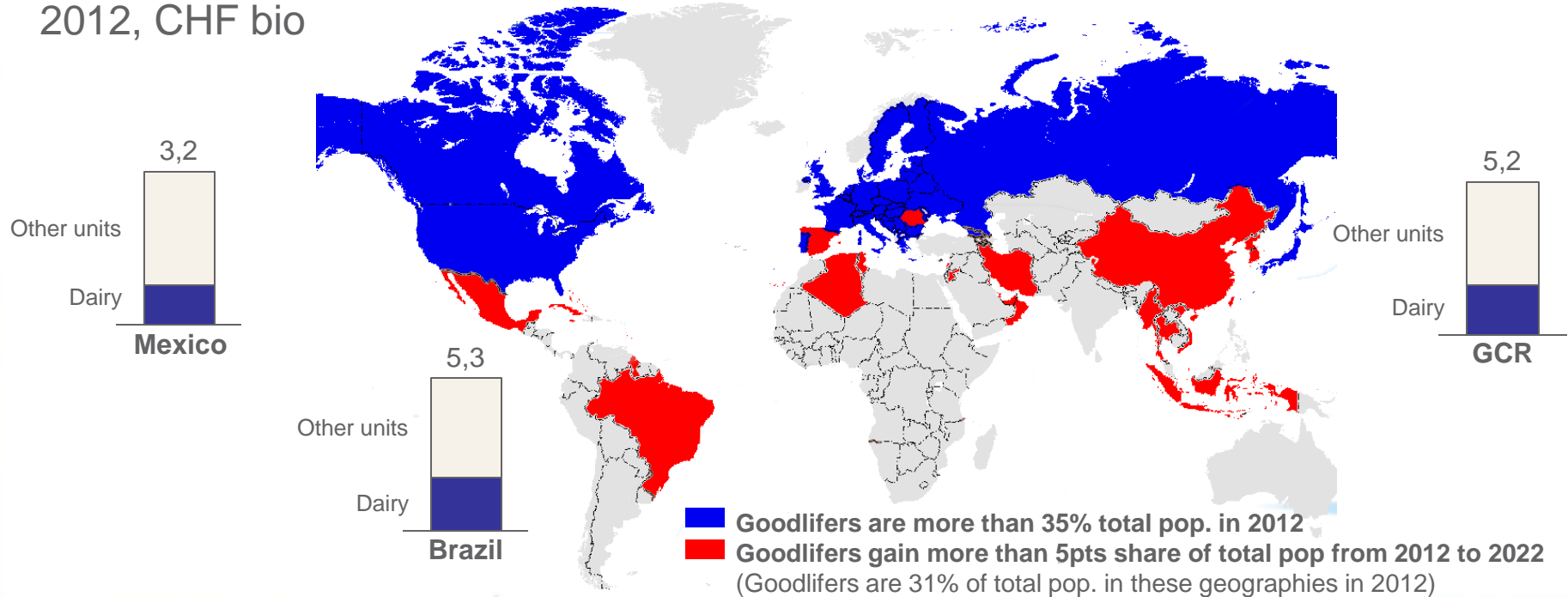


* Including OG of relevant Yinlu products

Nestlé and Nestlé Dairy well positioned to cater to Goodlifers

Nestlé sales (selected countries)

2012, CHF bio



Products & brands portfolio is in place



Heart health



Bone & joint health



Digestive health



Vitality & wellbeing



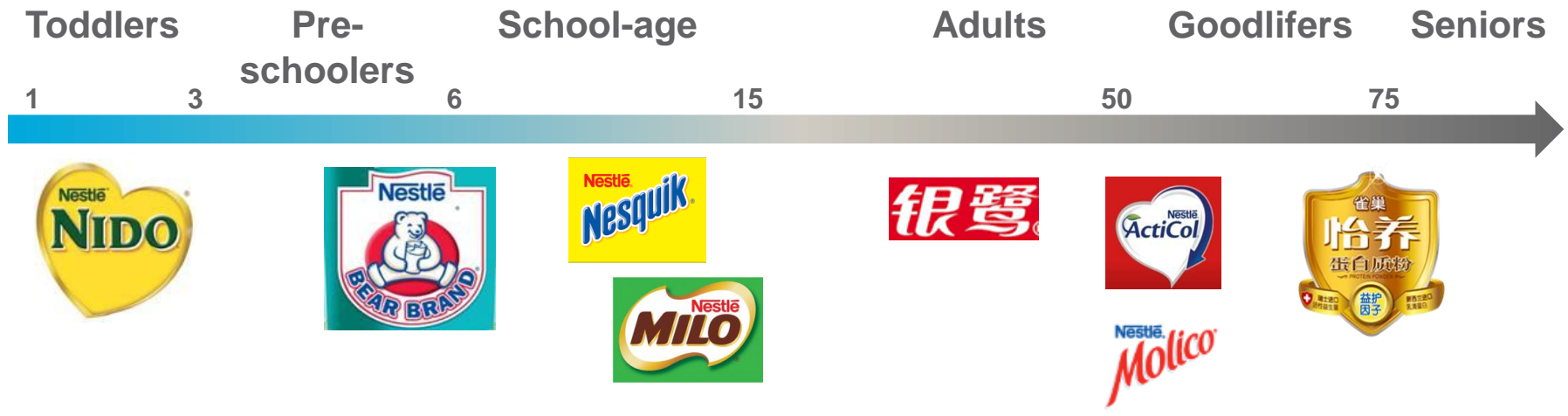
Agenda

- Opportunity in Adult Health, especially Healthy Ageing
- A winning business for Nestlé
- **Vision & approach**

Vision

**After 150 years leading Infant Nutrition,
become the leader in Adults and Goodlifers Nutrition,
enhancing their quality of life
with nutritional solutions for heart, bones and digestive health
and for vitality & wellbeing**

Nestlé Dairy encompasses health & wellness throughout our consumers' lives





Tackling heart health with ACTICOL



- Geographic expansion planned
- 27% average OG 2010-2012
- Expected to grow 3-4x in 5 years

Today in **China,**
Malaysia,
Singapore,
Brazil,
Chile





Bones & joints health



Today in 6 markets, including Brazil and China

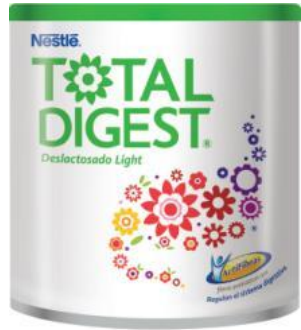


- Geographic expansion planned
- Expected to grow 1.5-2x in 5 years





Digestive health



- Geographic expansion planned
- New formats being developed, fitting consumers' daily diets
- Expected to grow 1.5-2x in 5 years

Today in 11 markets, including China, Mexico, Indochina, Russia



! Vitality & wellbeing



- Geographic expansion planned
- Leadership in protein powder with probiotics in China where launched
- Expected to grow 2-2.5x in 5 years

Today focused on
China & SE Asia



Nestlé Dairy communication From toddlers to goodlifers

1	NIDO Excella Gold	Ipad – 30 sec.	Mexico
2	NIDO RTD	Georgy – 30 sec.	Mexico
3	NIDO Masterbrand	Going to school – 45sec.	Mexico
4	BEAR BRAND	MND Iron – 30sec.	Philippines
5	NESQUIK	Buenos Dias – 45 sec.	Mexico
6	MILO	Winner – 45 sec.	Indonesia
7	MOLICO	Everyday Athletes – 30 sec.	Brazil
8	NESTLÉ YIYANG	Mrs. Yang Lan – 30 sec.	China
9	ACTICOL	Flying packs	Chile

Strong R&D support to win in dairy for Adults & Goodlifers

Integrated R&D network to support all markets

- Central R&D structure: NIHS, NRC, Clinical Development Unit
- Regional R&D units: Europe, China, India
- Local Application Groups in all markets
- 15 Clinical trials on-going and planned

Mastering key technologies across dairy and cereal based products

- Mastering ingredients, including probiotics, non-replicating micro-organisms and traditional Asian medicines
- Mastering taste & texture modulation (In-process flavour generation, extrusion) to achieve local consumer preference
- Mastering technology: high capacity factories, highest safety standards

Supported by a portfolio of 35 patents

Operational enablers

- **Cross-formats, cross-category**

- strong powder know-how, relevant for Goodlifers
- competitive RTD capabilities in key markets (e.g. China, Brazil)
- unique ability to develop brands across formats and categories

- **Unique operational base already in place**

- local milk sourcing in key markets (e.g. China, Brazil)
- local manufacturing in all key markets, common to ambient dairy
- distribution synergies with dairy products for children and with other Nestlé categories

- **Ability to launch in all dairy markets without significant CAPEX**

Healthy Ageing: the next Infant Nutrition...

- **Unique consumer journey in dairy under Nestlé**
- **Right offers, focused on 4 key benefits**
- **Right geographies, where Goodlifers will be**
- **Unique R&D and operational capabilities**



Nestlé Dairy's new frontier: healthy ageing

Thierry Philardeau
Head of Dairy SBU