Capturing the opportunity from new consumer trends

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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.

Being relevant to a new generation

The right products

- Clean recipes
- Natural ingredients
- Proximity
- Authenticity

Experiences beyond product

- Convenience
- Discovery
- Enable self-expression
- Be share-worthy

Earn trust

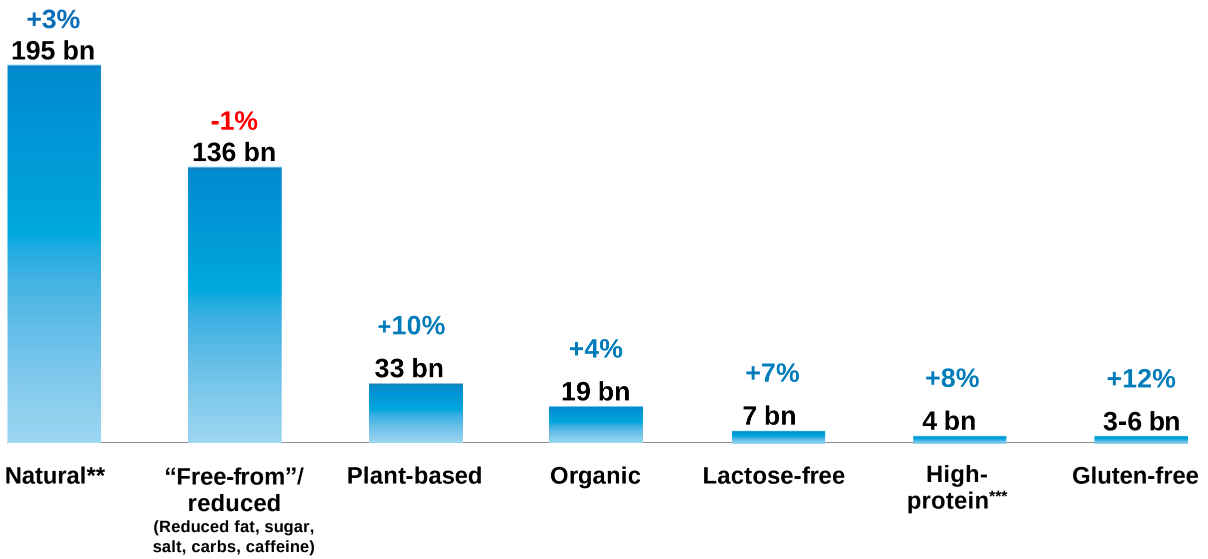
- Transparency
- Empathy
- Engaged

Be authentic and benefit society

- Our purpose and values
- Elevate social dimensions (CSV)

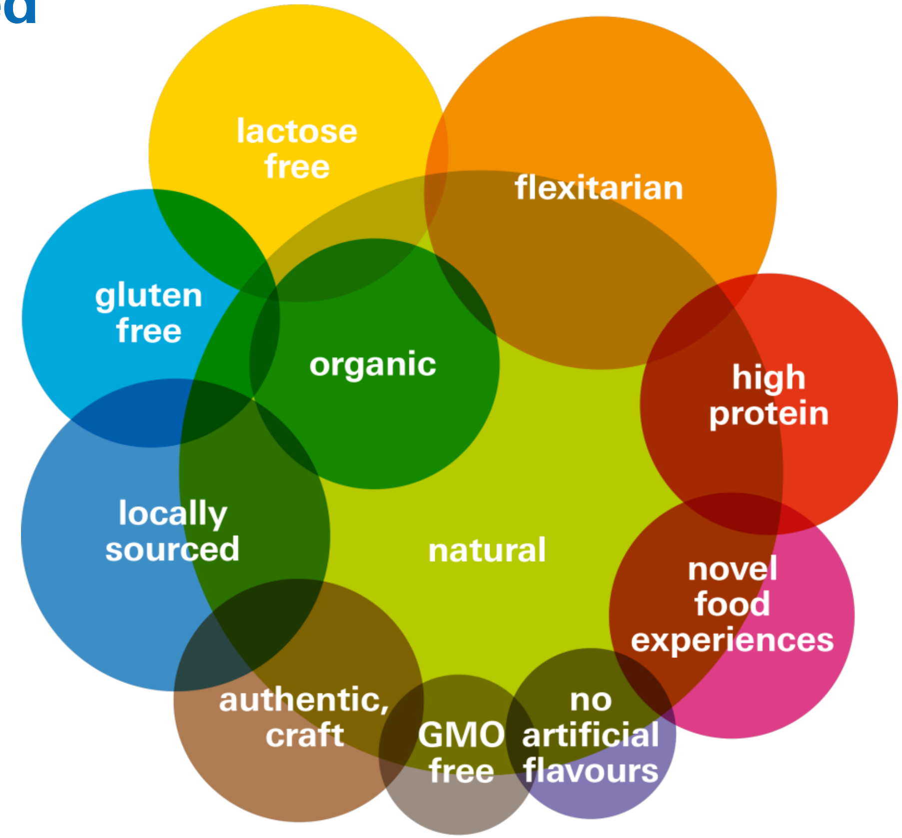
Changing Nutrition, Health and Wellness (NHW) expectations are leading to new growth opportunities

Estimated market size in 2016* (CHF billion)



Source: Euromonitor data 2016, in Nestlé-relevant categories
* Market size based on retail sales price, CAGR % 2010-2015
** Naturally Healthy: Food & beverage on the basis of naturally containing a substance that improves health & wellbeing beyond the product's pure calorific value
*** High protein data not available directly, as new categories are investing in high protein variants. High protein supplements and nutrition products estimated at CHF 9 bn; meat analogues and vegetarian products estimated at CHF 1.5 bn. Rough estimate related to Nestlé categories : CHF 4 bn.

Consumer expectations are holistic, multi-dimensional and intertwined



Our core strategy: driving our portfolio transformation at scale

Integrating new NHW dimensions into our core brands

Creating new brands

Acquiring "born pure" brands and accelerating their growth

Merrick
Whole Health Made Right

PACIFIC GROVE CALIFORNIA
SWEET EARTH
NATURAL FOODS

Example: driving “naturalization” of our petcare portfolio at scale

“Naturalizing” the core portfolio

CHF 375 million*, 51% CAGR**

Creating new brands

CHF 154 million*, 54% CAGR**

Acquiring “born pure” brands

Ancestral diets

Regionally-sourced

Human-grade quality

Protein-packed for active dogs

CHF 381 million*, 26% CAGR**

*Sales FY 2016, **CAGR (2014-2016)

Integrating organic as part of our brand offer

Infant formula & baby food

2017: China

2017: U.S., EUR, Mexico

Food

2016 - 2018: U.S.

2016 - 2017: U.S.

Dairy

2016: China, Mexico
2017: ASEAN, Middle East

2018: U.S.

Coffee

2018: EUR

Ice cream

2016: Italy

Authenticity: telling genuine brand stories

Waters

Nescafé

Uncle Tobys

Ice cream

Proximity: locally-sourced ingredients

Cailler

Lean Cuisine

Herta

New “free-from / high-with” diets

Gluten-free

7% avoid gluten

Lactose-free

4% avoid lactose

Reduced sugar

56% of European adult consumers reducing sugar

High-protein

75% of consumers increasing protein intake

Accelerating gluten-free new product offering with superior organoleptics

Food

2017: EUR

2015+: U.S.

2016: EUR

2017: U.S., Italy

Maggi food service range
2016: UK & Ireland, Australia, New Zealand, Germany, Switzerland, U.S.

Cereals

2016: EMENA, Mexico, Caribbean, Central America

2016-2017: U.S., Canada, EMENA, Australia

Lactose-free: gaining momentum in LATAM, AOA, as well as premium nutrition

Dairy

2016: Chile, Indonesia

2016: Brazil

2016: Brazil

Nestlé Nutrition

2016: LATAM

Ice cream

2016: Switzerland

Naturally reducing sugar

Dairy

Up to 30% reduced sugar

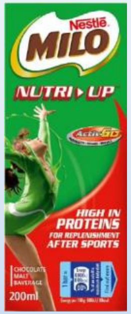
No added sucrose

Confectionery

Up to 30% reduced sugar

High-protein products

Dairy



2016: U.S. 2017: Australia

Food

2017: U.S.

Cereals

2016: EUR

Ice cream

2018: U.S.

Plant-based diet

Flexitarians

Decide to reduce meat protein intake and actively seek plant-based alternatives

(+14% globally)

Vegetarians

Do not consume meat, fish or poultry but may eat eggs / dairy

(+4% globally)

Vegans

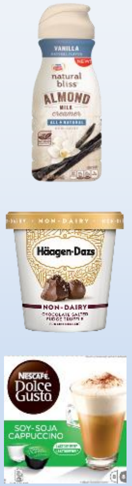
Consume food and drink only from plant sources

(~2% globally)

Offering plant-based alternatives across categories at scale

Starting from a solid base

Accelerating with new launches



Milk-free

Food

Scaling up acquired “ born pure” brands

Offering healthier grain-based snacking across multiple occasions and life stages

Children's breakfast

Grain-based snacking

Handheld snacks

Premiumization: authenticity, simplicity and noble ingredients

Ice cream

2017: U.S.

Culinary

2016: Mexico, ASEAN

Confectionery

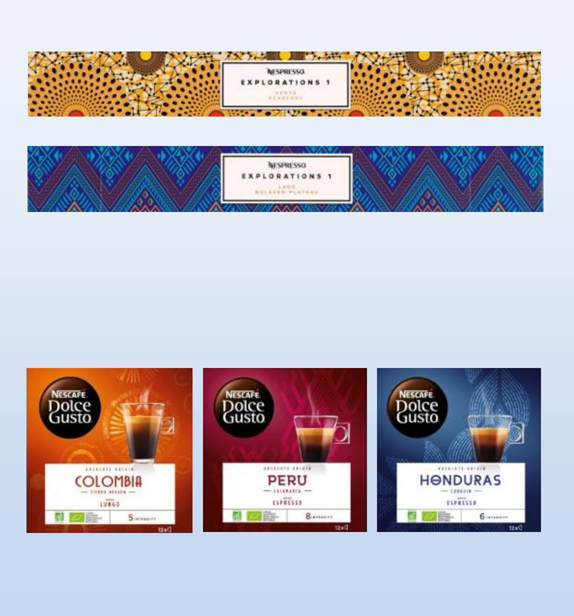
2017: EMENA

Coffee

2018: EMENA

Accelerating Coffee growth through premiumization and new experiences

Premiumization



Cold coffee

Blue Bottle coffee

Novel personalized experience and delivery models

Chocolatory

2017: 15 boutiques + 66 pop-ups*
*pop-ups: 1 to 3 weeks during festive seasons

Nespresso

Direct delivery of personalized menus

Novel personalized services and products

Children / Mother Nutritional service

70’000 kits sold

Personalized Petcare Nutrition

JUST RIGHT
by PURINA

Nutrition for Seniors

Nestlé WELLNESS CLUB

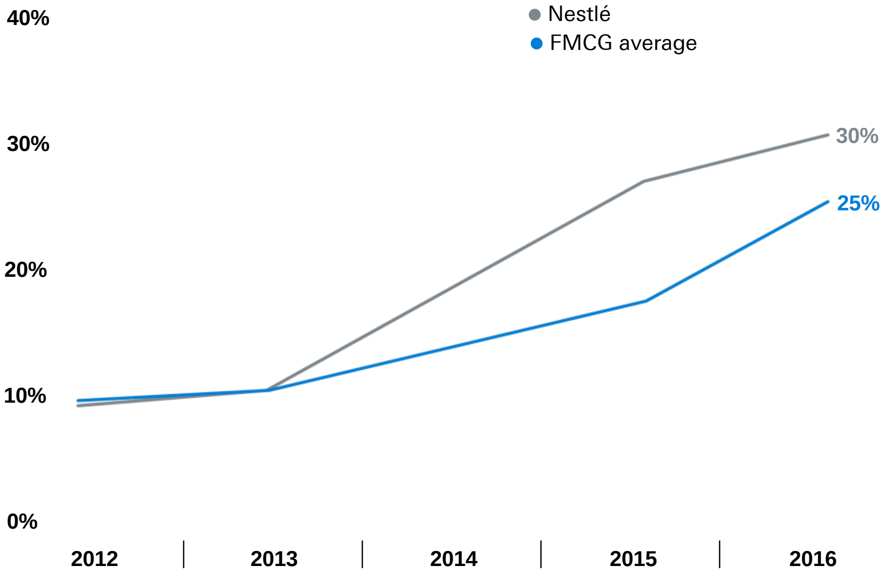
Personalized health solution for Active Seniors

Nespresso “ for Chefs ”

Connecting with a new generation

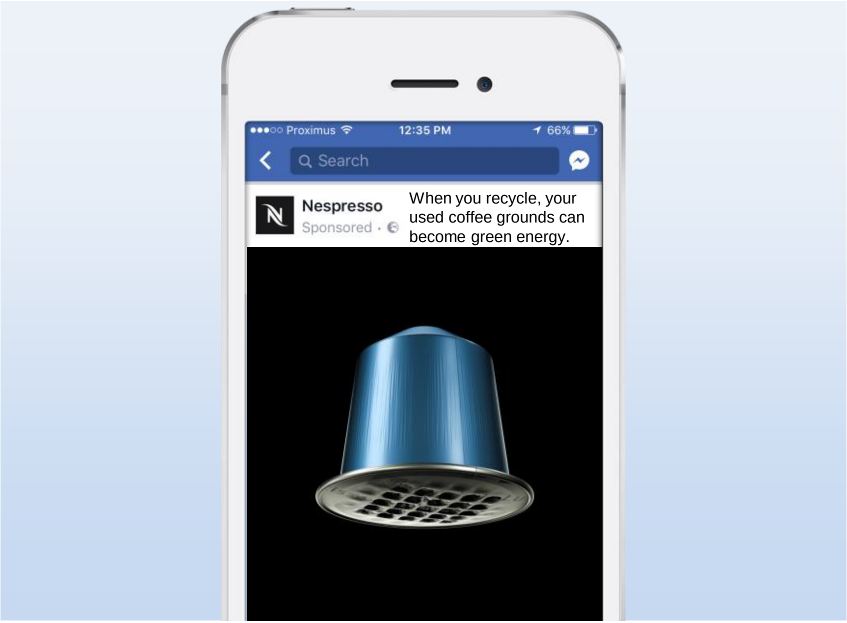
Millennial-centric platform choices

Digital media spend above FMCG industry average



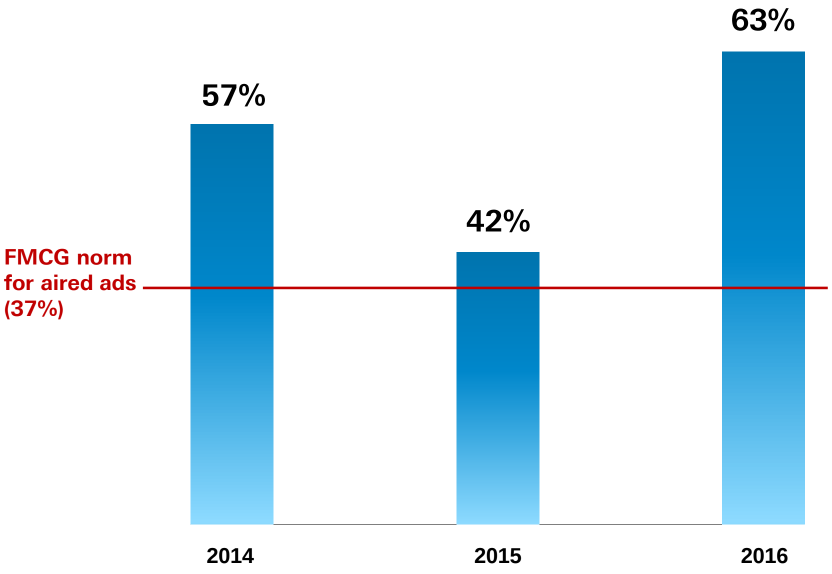
Source: Nestlé media agencies

Mobile first creative design



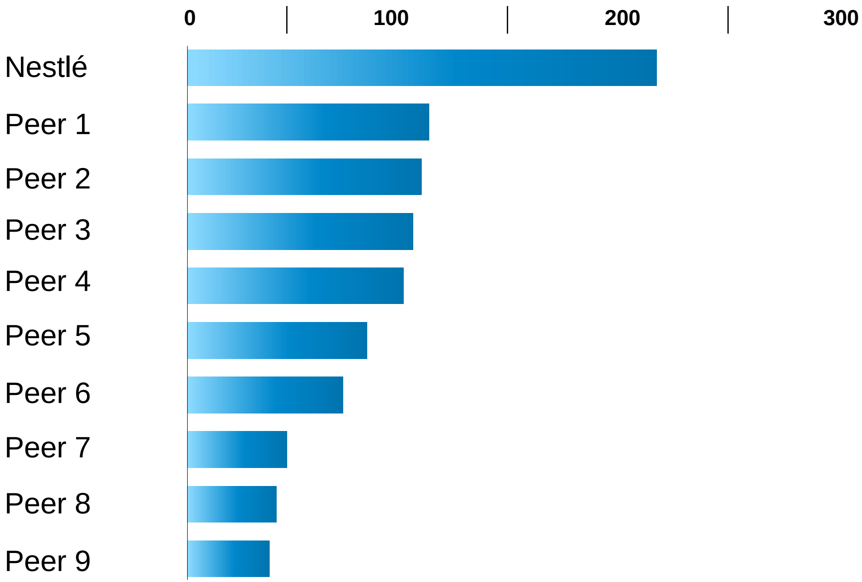
Empirically measured, externally recognized creative effectiveness

% of aired Nestlé ads in top copy effectiveness quartile*



*Copy effectiveness measured using Millward Brown Short Term Sales Likelihood (STSL) Index. Database includes both aired and non-aired ads

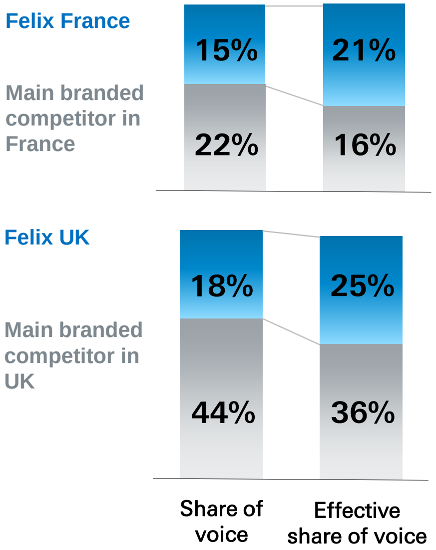
Effie effectiveness index 2017, Food

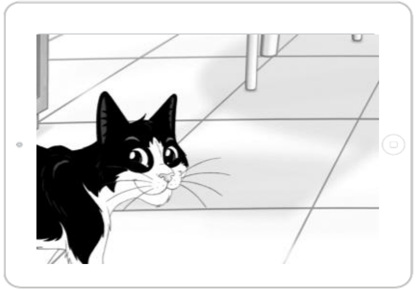


Source: Effie Effectiveness Index worldwide 2017, Food Category

“Non-working” creative excellence working hard for our brands

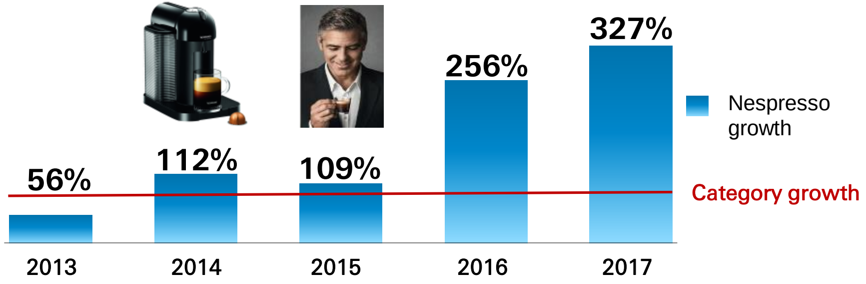
Felix Europe

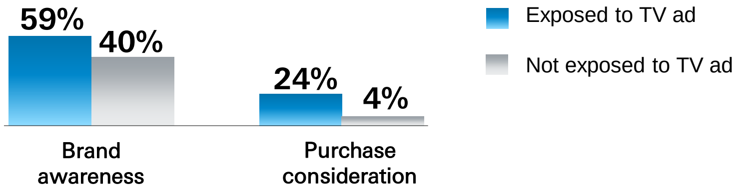




Source: Millward Brown – Share of voice vs. Effective share of voice

Nespresso U.S.





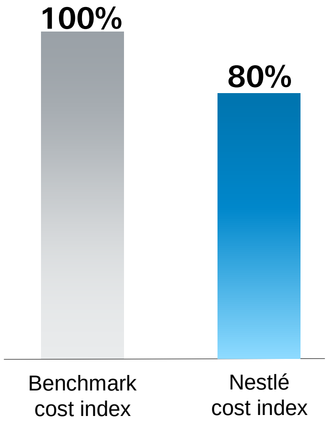
Source: UBS Global Research August 2017; Kantar TNS Brand Tracker

- Nescafé Gold (EMENA)
- Ideal (Brazil)
- ContreX (EMENA)
- Coffeemate (USA)
- Milo (India)
- Purina Beyond (Global)
- Illuma (China)
- Nespresso (USA)
- Nespresso «the choices we make» (Global)

Media effectiveness

Outperforming competition in media buying

20% cost advantage vs. industry benchmarks



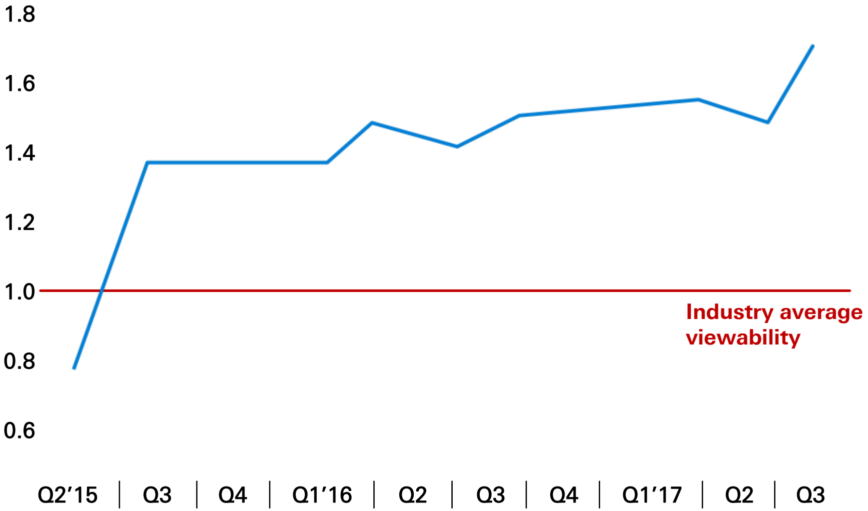
accenture High performance. Delivered.

ebiquity Data-driven insights

Source: Audit of markets representing 80% of global media spend

Enhanced transparency and data integrity

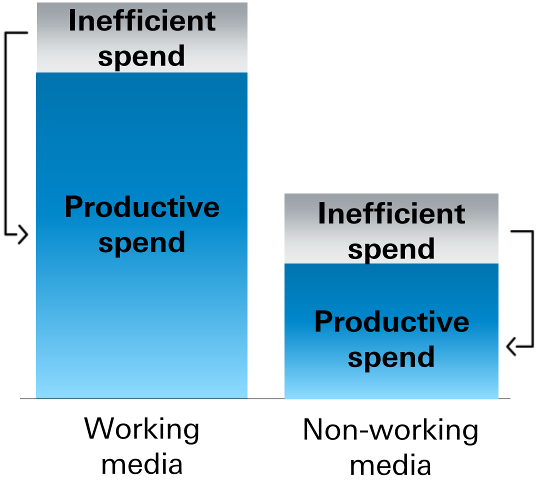
Nestlé online video viewability indexed to industry average



Source: Moat, an independent vendor for measuring viewability, brand safety, fraud and attention of online advertising. Industry average is among Moat clients for Q2 2017. All data desktop + mobile.

More than CHF 500 million in savings have been reinvested in productive brand building

- Media vendor negotiations
- Competitive agency reviews



- Research agency negotiations
- Competitive reviews
- Production decoupling
- E-auctions
- Digital agency consolidation
- Creative agency fee management

* Marketing spend cost savings 2015, 2016 and projected 2017

In summary

- We are integrating consumers’ new NHW expectations across our entire portfolio
- Acquired ‘born pure‘ businesses will bring additional sources of growth, as well as inspiration
- Our brands will continue to strive to connect and dialogue with consumers through creative excellence, new digital layers of services and personalization
- We will continue to gain efficiency in all dimensions of our brand building
- **It is less about “big food” vs. small brands, than it is about great brands genuinely answering new consumer expectations**

Thank you