Zone AOA: delivering growth in an extraordinary environment

Wan Ling Martello: CEO Zone Asia, Oceania and sub-Saharan Africa
Zone AOA: just extraordinary

Agenda

Extraordinary environment with significant opportunities

Self-funded recovery with sustainable momentum

Growth engine further enabled by digital
Zone AOA: just extraordinary

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Extraordinary environment with significant opportunities
An extraordinary consumer base: diverse and complex
Consumers are embracing digital in all markets

E-commerce has exploded in China, pulling ahead of the West

Sources: Economist Intelligence Unit, Internet World Stats, International Telecommunication Union, World Bank, Euromonitor, BCG Analysis
Mobile-first, and in some places mobile-only

% of total web pages served to mobile phones (Jan 2017)

Mobile’s share of web traffic continues to grow across AOA

Source: We are Social & Hootsuite ‘Digital in 2017 Global Overview’
Disruptive business models changing market dynamics

% likely to use products or services from others in a share community

<table>
<thead>
<tr>
<th>Country</th>
<th>% Likely to Use</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>94</td>
</tr>
<tr>
<td>Indonesia</td>
<td>87</td>
</tr>
<tr>
<td>Philippines</td>
<td>85</td>
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<tr>
<td>Thailand</td>
<td>84</td>
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<td>India</td>
<td>78</td>
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<tr>
<td>Vietnam</td>
<td>76</td>
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<tr>
<td>EUROPE</td>
<td>44</td>
</tr>
<tr>
<td>NORTH AMERICA</td>
<td>43</td>
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</tbody>
</table>

AOA is much more comfortable with the sharing economy

Source: Nielsen ‘Global Share Community Report 2014’
Newly settled in cities, wanting convenience and quality

There will be 276 new cities of more than half a million people in AOA by 2030, as urban areas expand

Keen to stay active and healthy as they get older

The number of older people is growing more quickly in emerging markets than in developed markets

Africa and Asia bear the greatest share of malnutrition in all its forms.
This offers an extraordinary amount of opportunities
We are well-positioned to seize these opportunities

1. Portfolio balanced by category and geography
2. A unique mix of global and local brands
3. Portfolio reaches all consumer segments
4. Highest trust scores in most geographies
5. Experienced and resilient teams succeed amidst volatility
1. Portfolio balanced by geography and category

Sales 2016
Nestlé in AOA
CHF **22.5** billion
of which zone-managed*
CHF **15.9** billion

(*) 2016 Including Nestlé Professional AOA Asia
2. Unique mix of global and local brands
3. Portfolio reaches all consumer segments
4. Highest trust scores in most geographies

Source: Nestlé Corporate Equity Monitor 2016

- Philippines: Nestlé 304, Highest scoring competitor 169
- China: Nestlé 264, Highest scoring competitor 226
- Malaysia: Nestlé 261, Highest scoring competitor 143
- Pakistan: Nestlé 249, Highest scoring competitor 141
- Thailand: Nestlé 201, Highest scoring competitor 148
- Indonesia: Nestlé 166, Highest scoring competitor 146
- India: Nestlé 141, Highest scoring competitor 187
- Australia: Nestlé 112, Highest scoring competitor 143
- Japan: Nestlé 84, Highest scoring competitor 123

Source: Nestlé Corporate Equity Monitor 2016
5. Experienced & resilient teams succeed amidst volatility

India: GST reform
Japan: Deflation
Nigeria: Devaluation
Philippines: Floods
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- Extraordinary environment with significant opportunities
- Self-funded recovery with sustainable momentum
- Growth engine further enabled by digital
Self-funded recovery with sustainable momentum

Delivering on commitments at Investor Seminar 2016

- Deliver sequential improvement
- Turn around Yinlu
- Accelerate digital
- Be a source of talent for the Group
Delivering sustainable growth

Organic growth by year (%)

<table>
<thead>
<tr>
<th></th>
<th>FY 13</th>
<th>FY 14</th>
<th>FY 15</th>
<th>FY 16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth</td>
<td>5.6</td>
<td>2.6</td>
<td>0.5</td>
<td>3.2</td>
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</table>

Organic growth by quarter (%)

<table>
<thead>
<tr>
<th></th>
<th>Q1 16</th>
<th>Q2 16</th>
<th>Q3 16</th>
<th>Q4 16</th>
<th>Q1 17</th>
<th>Q2 17</th>
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<tbody>
<tr>
<td>Growth</td>
<td>2.1</td>
<td>2.5</td>
<td>3.7</td>
<td>4.2</td>
<td>4.5</td>
<td>5.1</td>
</tr>
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</table>
Growth acceleration driven by market share recovery

Nestlé growth above market

Nestlé growth below market

Market shares (moving average trend)

-217 bps

+49 bps

2014 2015 2016 2017
Growth reinition without dilution of high margins

Organic growth (%)

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<thead>
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<tbody>
<tr>
<td>5.6</td>
<td>2.6</td>
<td>0.5</td>
<td>3.2</td>
<td>4.8</td>
</tr>
</tbody>
</table>

Underlying TOP (%)

<table>
<thead>
<tr>
<th>FY 13</th>
<th>FY 14</th>
<th>FY 15</th>
<th>FY 16</th>
<th>H1 17</th>
</tr>
</thead>
<tbody>
<tr>
<td>19.1</td>
<td>19.5</td>
<td>19.2</td>
<td>19.9</td>
<td>20.3</td>
</tr>
</tbody>
</table>

FY14 and FY16 restated as published.
Our 2017 growth roadmap built upon 2016 momentum
Yinlu: progressing towards a turnaround

Nestlé senior team now in place

Congee returned to growth, but peanut milk still challenging

Nescafé RTD gaining market share with double-digit growth
Greater China: other businesses on track

Nescafé: accelerating innovation to maintain brand leadership through premiumization

Hsu Fu Chi: entering new channels with premium and personalized products

Totole: back to growth following successful ownership transition
Sub-Saharan Africa: growth despite environment

58% of region sales from popularly positioned products

Mega-brands like Maggi driving market share gains
SE Asia: expanding categories, entering new geographies

Expanding our strong product portfolio to address the changing needs of the local consumer

Launching new RTD formats like Bear Brand Yogu in the Philippines
NPP: capturing the potential of the petcare category

Huge potential, given low levels of pet ownership and caloric coverage in most emerging markets

E-commerce and specialist outlets are the dominant channels
Premiumization: reinforcing the relevance of core brands

Introducing Nescafé Gold mixes to reinforce future brand relevance in premium soluble coffee

One aligned concept, product, packaging rolling out across the three continents of the Zone
RTM: driving sales deeper into rural areas for growth

Nearly half a million outlets added in the last 18 months across the zone

New models for route-to-market with micro-distributors
Supply chains: ensuring farmers can grow with us

In Pakistan we are the first FMCG company to offer digital micro-financing lending to dairy farmers

Bringing the basics of digital and financial literacy to communities where before this was unavailable
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Digital acceleration: producing market share gains

In China we are outpacing the Food & Beverage category with Nestlé e-commerce growth of 32% vs. 27% for the category.

Source: Nielsen Tracking Data
Data: driving relevance at scale

Total consumers in the Alibaba universe:

466 million

Matching of data allows more effective targeting:

3x more effective
Augmented reality: connecting to young consumers

Delivering exclusive entertaining experiences for fans of our biggest brands

Merging digital and physical to capture the interest of younger audiences
Voice activation: pioneering nutritional support

China’s first voice-activated family nutritionist, powered by artificial intelligence
Content creation: long-form to capture hearts and minds

Maggi created the most watched online series in French-speaking West Africa

30 episode ‘made for mobile’ long-form content contributed to the 29% volume uplift for Maggi in Senegal during Ramadan
Analog: proving real-life brand experiences still matter

Driving closer personal connections with brands through activations and exclusive opportunities

"Disconnect to Connect" campaign challenged young people to "stop the internet and be a real friend"
Participatory advertising: first to know, first to tell

Maggi Masalas of India: a new range launched via Google Search – a first in India
Personalization: healthy tea for me

Nestlé Wellness in Japan offers a daily tea capsule tailored to your nutritional needs.

Personalized nutrition that meets consumer demand for food and beverages that contribute to health and well-being.
Online / offline: you create, we customize

Chocolatory store

Chocolatory website

KitKat tablets
‘Inspired by Chocolatory’
Committed to be a key contributor to the Group in all dimensions

- High-quality growth
  - 3.0% RIG

- Sustainable momentum
  - 4.8% OG

- Strong margins
  - 20.3% Underlying TOP

- High cash flow
  - and high ROIC
Not satisfied, challenging ourselves

Some regions are underscaled versus the rest of the Zone portfolio, offering clear opportunities for further growth.

Source: 2015 NNS, company internal data
Determined to deliver for each and every consumer
Zone AOA: just extraordinary

extraordinary zone with extraordinary brands managed by extraordinary people seizing extraordinary opportunities to deliver extraordinary value for all stakeholders
Thank you