



Nestlé Good Food, Good Life

Nestlé: Pursuing our value creation strategy

Mark Schneider
Chief Executive Officer,
Nestlé S.A.



Disclaimer



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In my own words...



- We have a clear path to achieving our 2020 targets
- We have sharpened our Nutrition, Health and Wellness strategy
- We pursue growth, margin and capital efficiency for sustainable value creation
- We are innovating faster for a changing world
- We are committed to Creating Shared Value

Progress on improvement areas identified in 2017



Accelerate NHW strategy

- Sharpened focus on core food & beverage and nutritional health products
- Active portfolio management totaling CHF 14.7 bn (2017-2018)

Boost organic growth

- Improved organic growth to 3.0% in 2018, 3.4% in Q1 2019
- Upgraded R&D innovation engine to drive superior and sustainable organic growth

Balance growth and margin

- Structural savings program on track
- Underlying trading operating profit margin increased by 100 bps since 2016

Improve capital efficiency

- ROIC after goodwill increased by 90 bps since 2016, now at 12.1%
- Leveraging balance sheet with CHF 20 bn share buyback (Jul 2017-Dec 2019)

Drive speed and simplicity

- Infant nutrition business integrated into Zones
- Faster and leaner innovation model

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

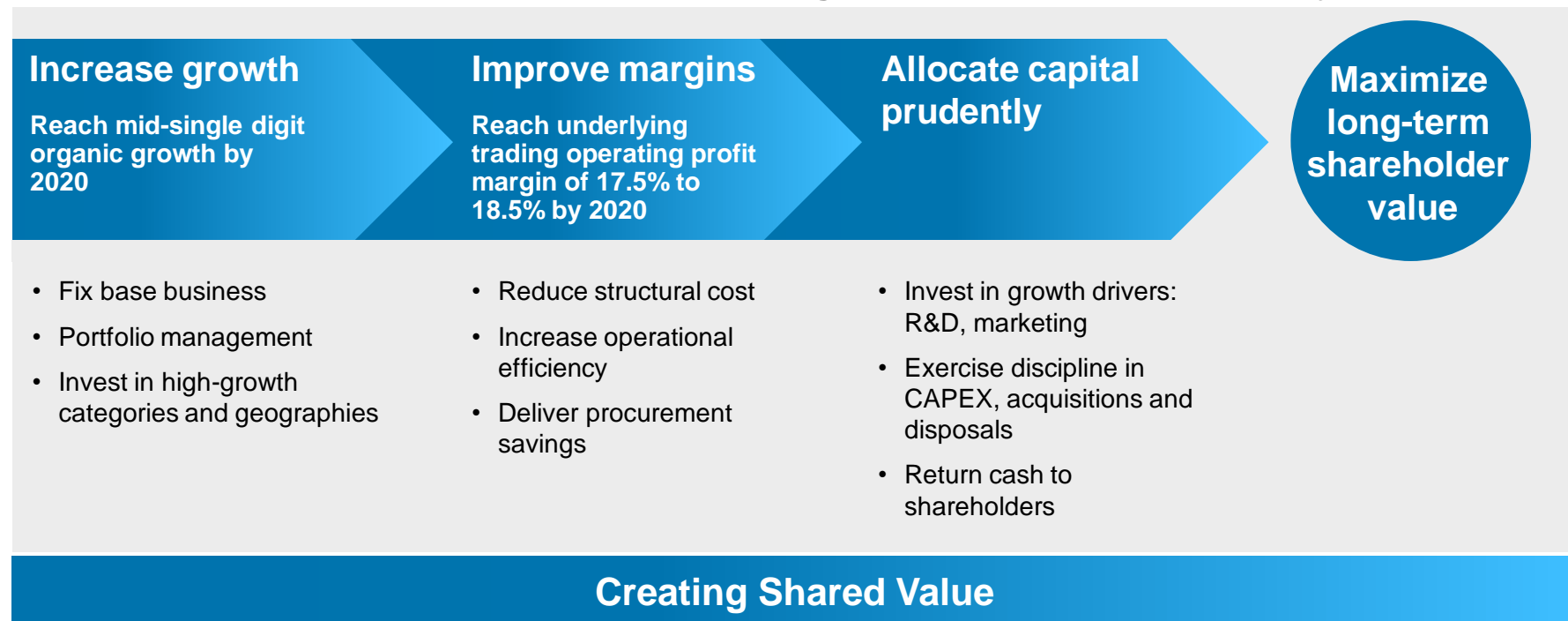
Nestlé Health Science and nutritional health products as an additional growth platform

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



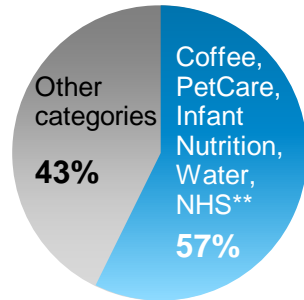
Investing in high-growth categories and geographies...



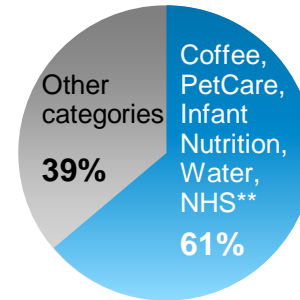
2018

High-growth
categories

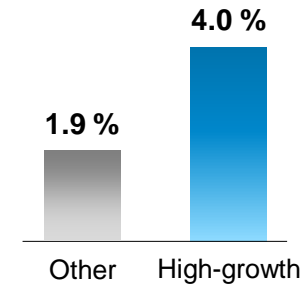
Sales



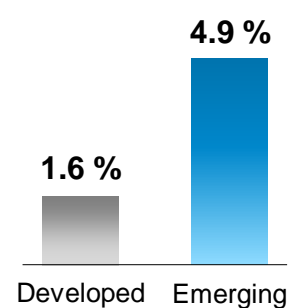
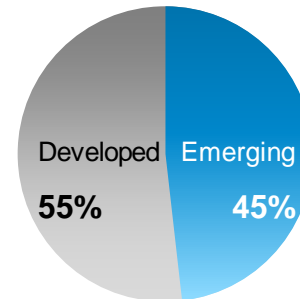
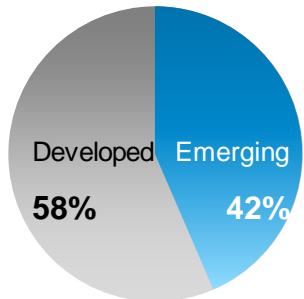
Underlying TOP*



Organic growth



High-growth
geographies



* Underlying trading operating profit (UTOP) is before unallocated items

**NHS refers to Nestlé Health Science

...while capturing opportunities in other categories



Maggi

High single-digit growth in AOA



Milo (Ready-to-Drink)

Double-digit growth



KitKat

High single-digit growth



Sweet Earth and Garden of Eatin'

Strong double-digit growth



Bear Brand and Yiyang

Adult milk with double-digit growth



Häagen-Dazs

Mid single-digit growth

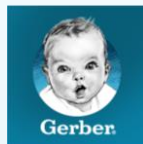


Addressing underperformers



Nestlé Skin Health

- Significant progress in past two years
- Developed convincing growth strategies
- Regained competitive cost structure
- Exploring strategic options



- Contemporizing with organic offerings and healthy snacks



- Transforming visuals



- Accelerating innovation frequency
- Expanding new platforms: plant-based and other food trends
- Investing in growth channels



- Innovating beyond plain water



- Premiumizing key local brands



- Focusing on sustainability

Developing our portfolio



**Divesting / reviewing
under-performing or
non-core businesses**



**Acquiring / investing in
high-growth and core
segments**

~ 50 transactions / reviews
since 2017,
equivalent to
~ 9% of Group sales

Bringing relevance to consumers



Science- and consumer-driven innovation...



Science-based



Organic / Natural



Food intolerance



Local origins



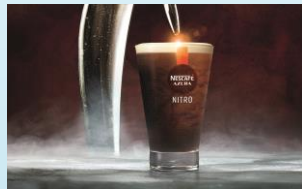
Packaging



Plant-based



Personalized nutrition



Ready-to-Drink



Convenience

...brought to market faster...



... and continuously updated to resonate with consumers



Driving organizational agility



Fast



- De-layering
- Increased accountability
- Enhanced decision-making
- Increased risk appetite

Simple



- Streamlined processes
- Increased automation
- Economies of scale

Digitally switched on



- Connected
- Data-driven
- Platform-focused

Creating Shared Value



Creating Shared Value: Living our purpose and values



**Contribute
to healthier lives**



**Lead the way towards
a waste-free future**



**Foster diversity
and inclusion**



**Build strong communities
and supply chains**



Brands with purpose: Garden Gourmet

Sustainable and responsible by design



Sustainability at the core



- Journey to 100% plant-based ingredients
- Responsible raw material sourcing
- Veganizing assortment to minimize carbon footprint

Ambition to become a role model in packaging

Recyclable All packaging components 100% recyclable by **2019**

Responsible Minimize packaging materials used

Plastic-free Move to non-plastic alternatives **2022 +**



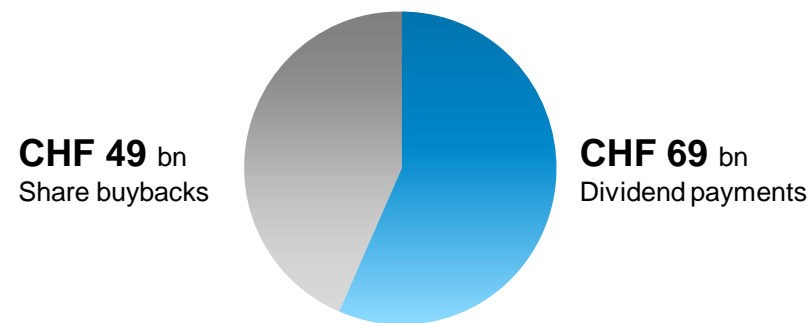


Our long-term approach delivers strong total shareholder returns

Consistent TSR* performance

	10 year	5 year	3 year	1 year
Nestlé	373%	79%	44%	37%
STOXX F&B	282%	70%	25%	19%

CHF 118 bn returned to shareholders since 2008 2008–2018



* Total Shareholder Returns (TSR): Share price appreciation plus dividend reinvestment. Both Nestle 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 as gross values are unavailable. Source Bloomberg Data as of 30.04.2019

Much done, more to come



Accelerate NHW strategy

- Further evolve portfolio towards high-growth categories and geographies

Boost organic growth

- Accelerate innovation and improve pricing

Balance growth and margin

- Deliver consistent, sustainable improvement on both dimensions

Improve capital efficiency

- Maintain capital deployment discipline and increase accountability

Drive speed and simplicity

- Continue to speed up to stay ahead of changing markets / competition