Nestlé Good Food, Good Life

Growth and returns

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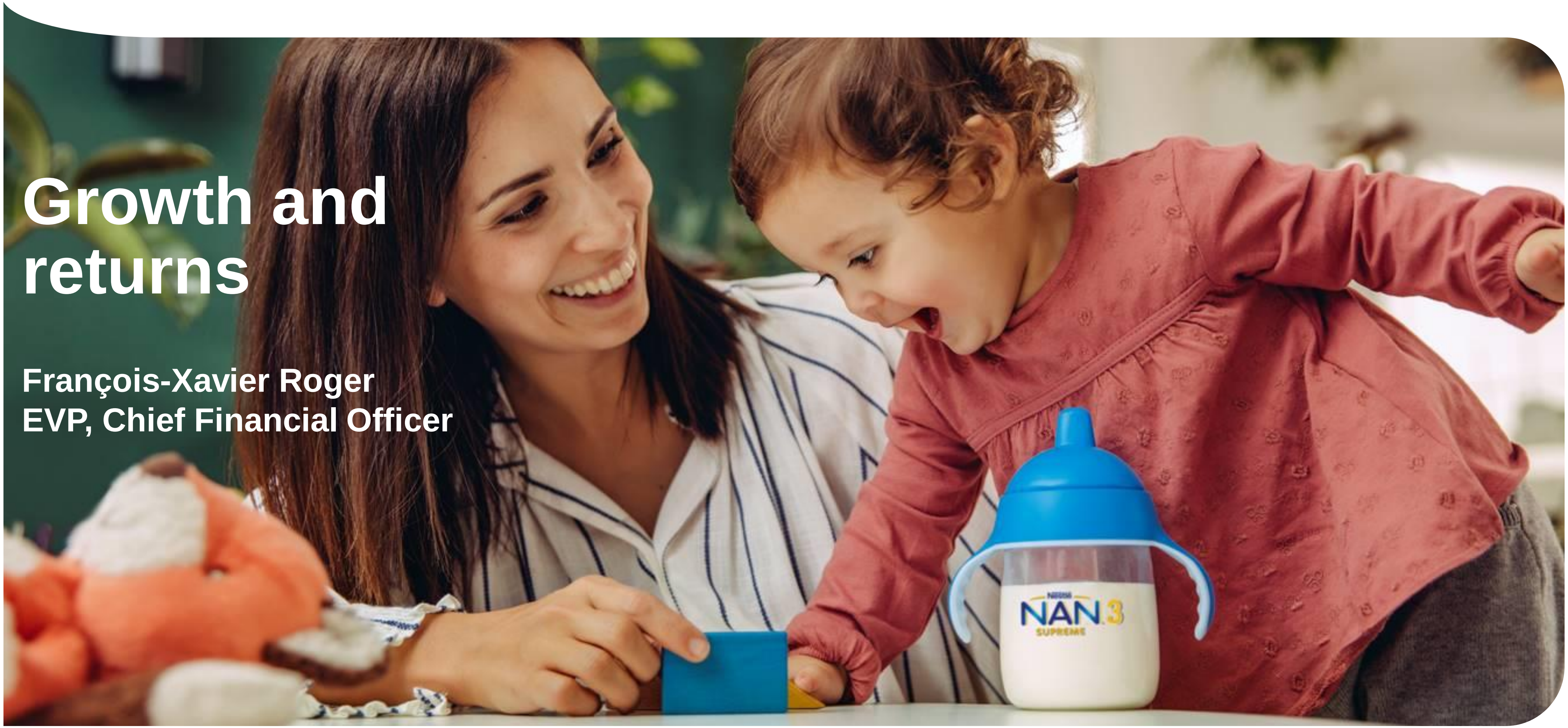

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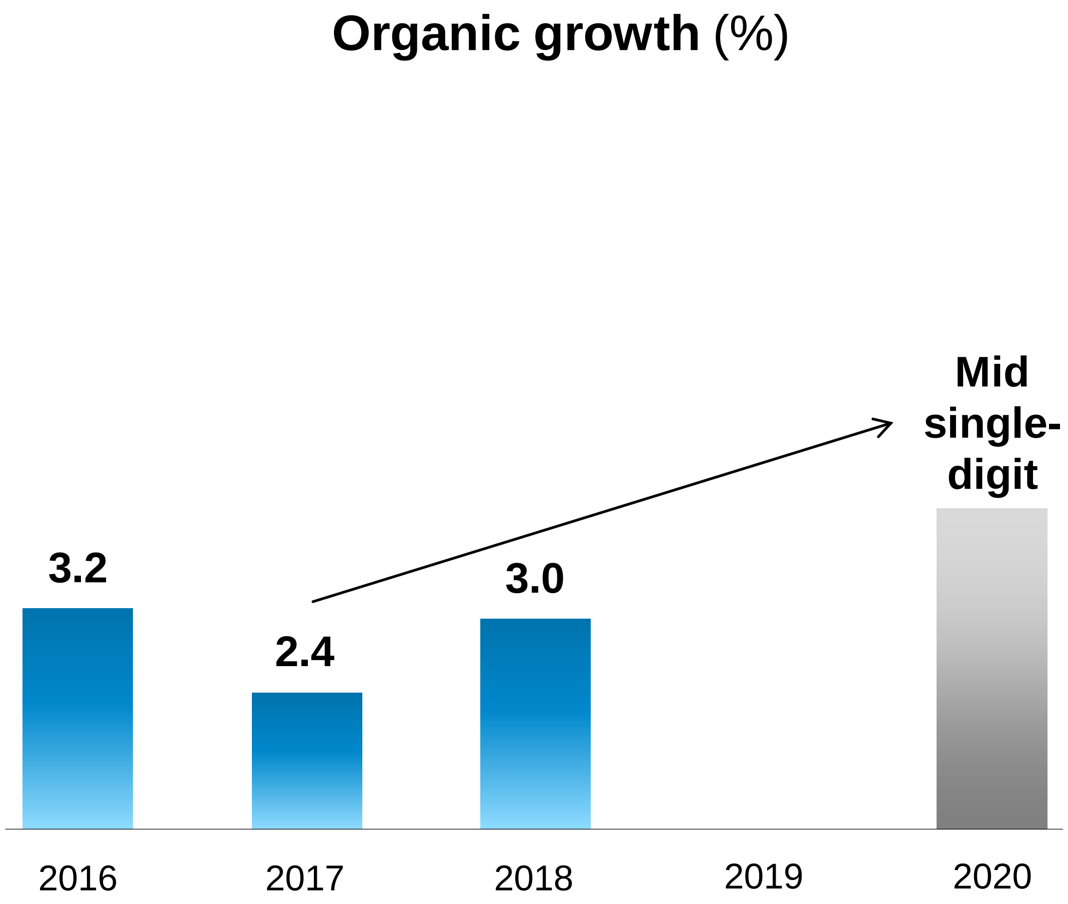
This presentation contains forward looking statements which reflect Management's current views and estimates. The forward looking statements involve certain risks and uncertainties that could cause actual results to differ from those contained in the forward looking statements. Potential risks and uncertainties include such factors as general economic conditions, foreign exchange fluctuations, competitive product and pricing pressures and regulatory developments.

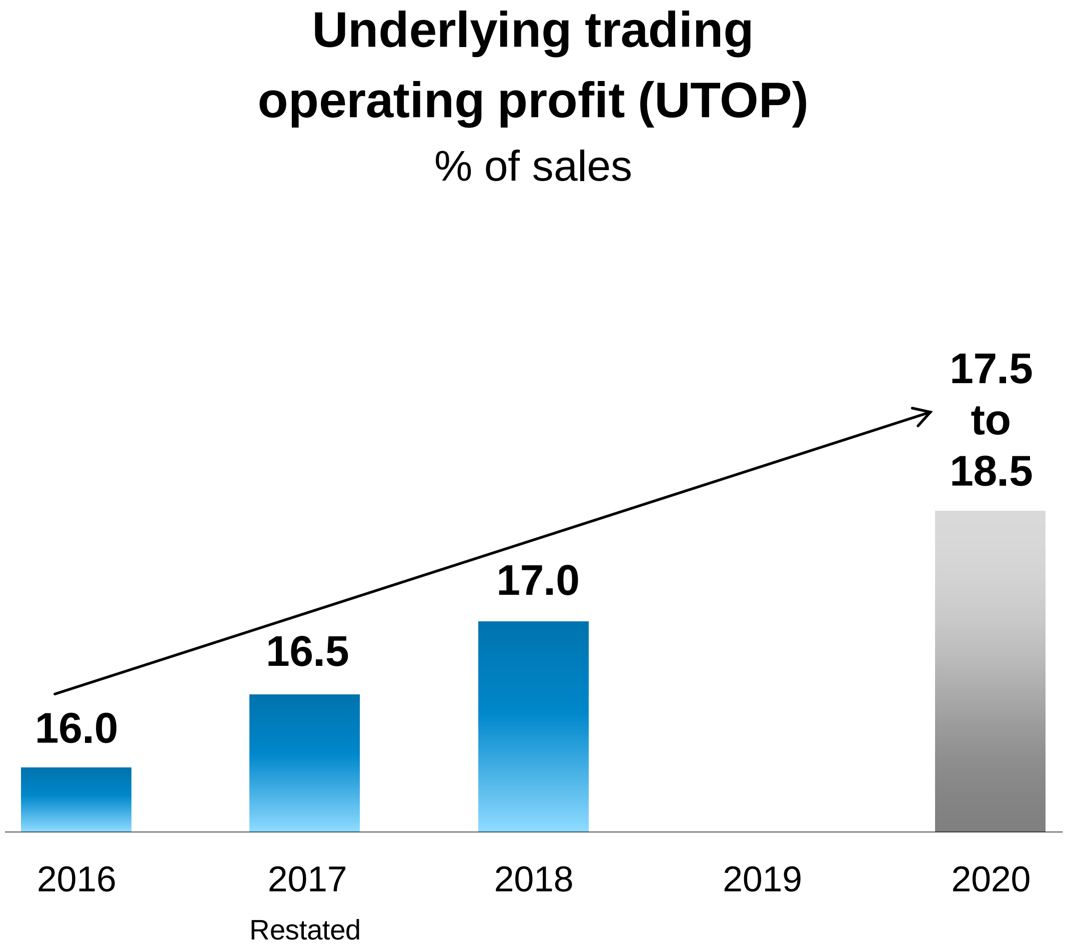
This presentation contains certain financial performance measures which are not defined by IFRS. Management believes that these non-IFRS measures provide additional useful information to assess the financial and operational performance of the Group. Such measures may not be comparable to similar measures presented by other companies and are explained and/or reconciled with our IFRS measures (Consolidated Financial Statements) in the Nestlé Group Alternative Performance Measures (APMs) document available on our Investor Website.

Agenda

- Progress towards our 2020 targets
- Capital allocation
- Return on invested capital (ROIC)
- Earnings per share (EPS)
- Capital structure

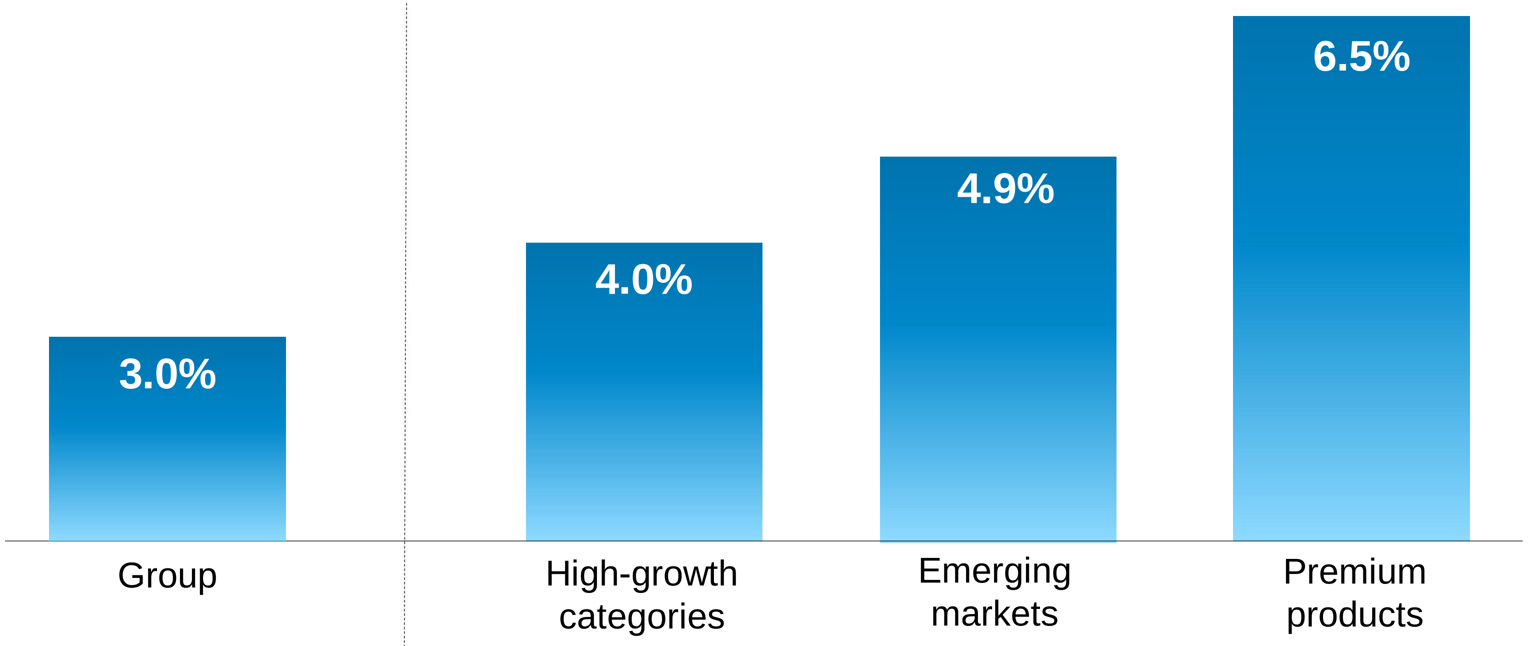
On track to deliver our 2020 targets at the half-way point





Portfolio geared for profitable growth

2018 Organic growth



	Group	High-growth categories, Emerging markets, Premium products
UTOP margin	**17.0%**	**>18%**

Portfolio management contributing to growth

Acquired / Invested

~3% of sales

Aggregate pro forma sales growth

+ 12%

Sold / Strategic review

~6% of sales

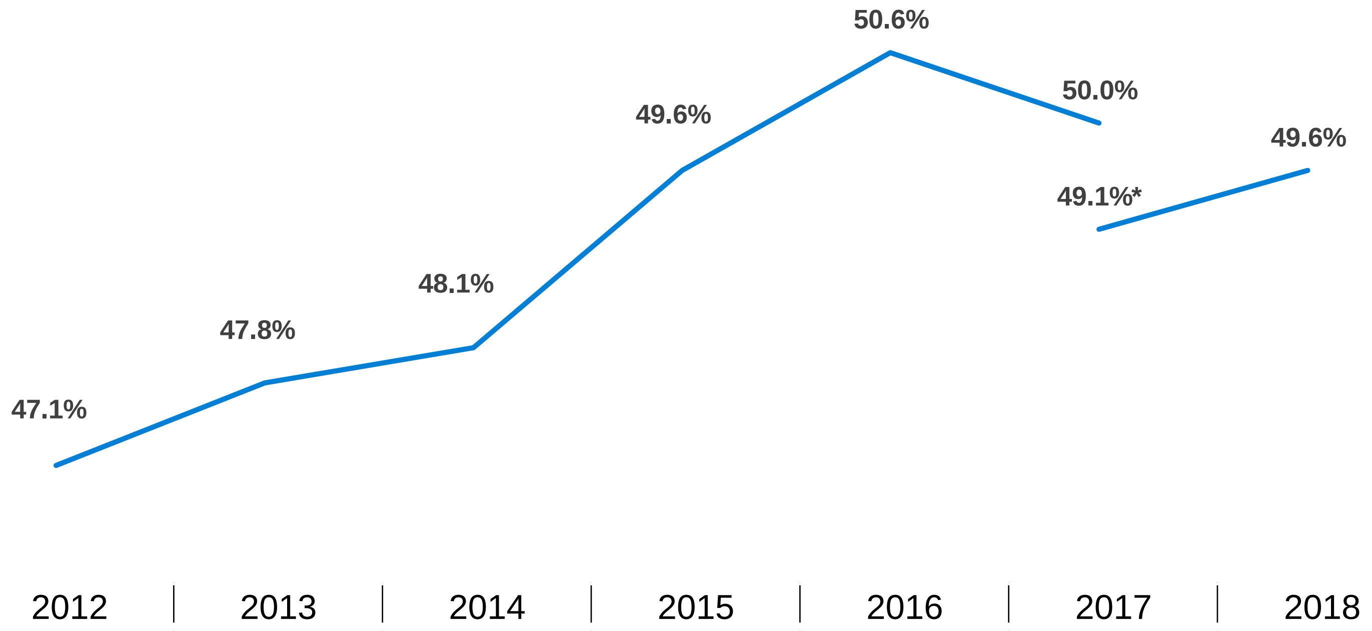
Aggregate pro forma sales growth

< 0%*

*of sold businesses

Gross margin evolution reflects portfolio strength

Gross margin = (Sales - Cost of goods sold) / Sales



Gross margin driven by:

- ✓ Pricing
- ✓ Positive mix
- ✓ Premiumization
- ✓ Volume leverage
- ✓ Industrial productivity
- ✓ Procurement efficiencies
- ✓ M&A

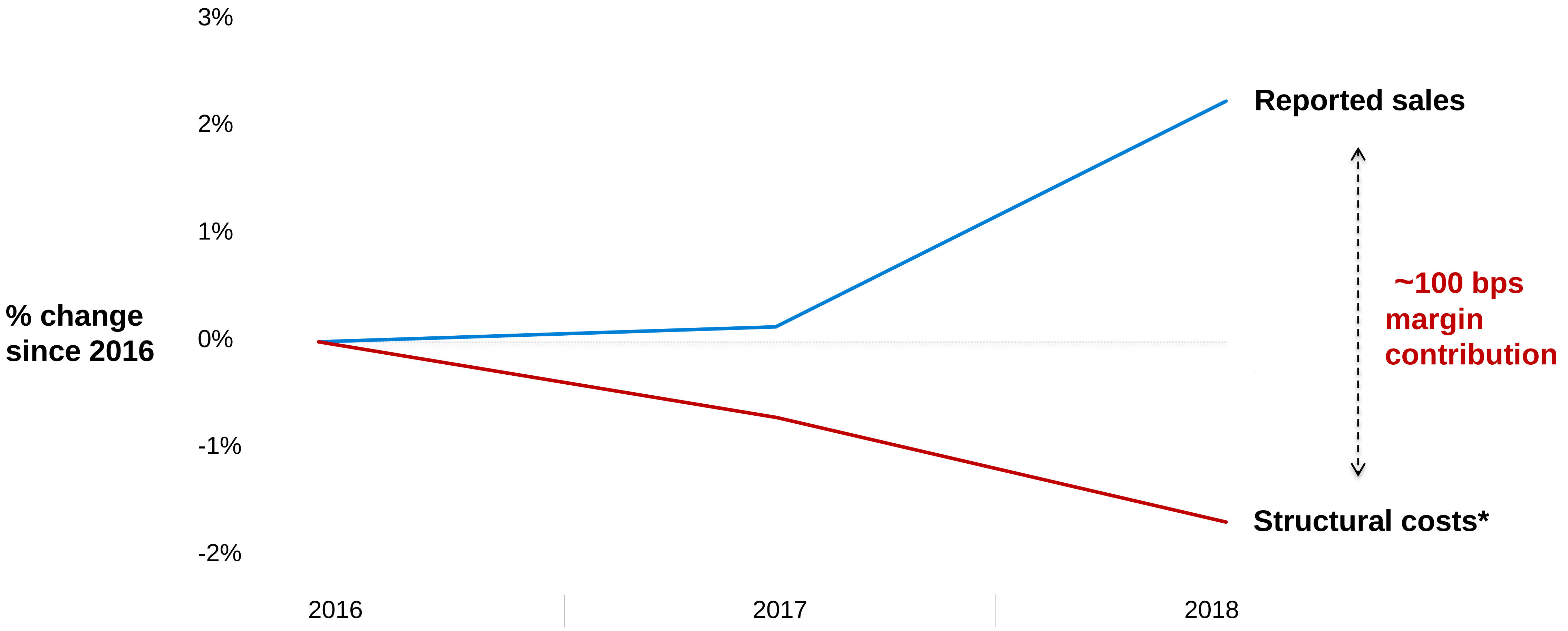
* 2017 restated to reflect implementation of IFRS 15, IFRS 16 and reclassification of certain cost items from marketing and administration to cost of goods sold

2020 Savings program on track at the half-way point

Nestlé

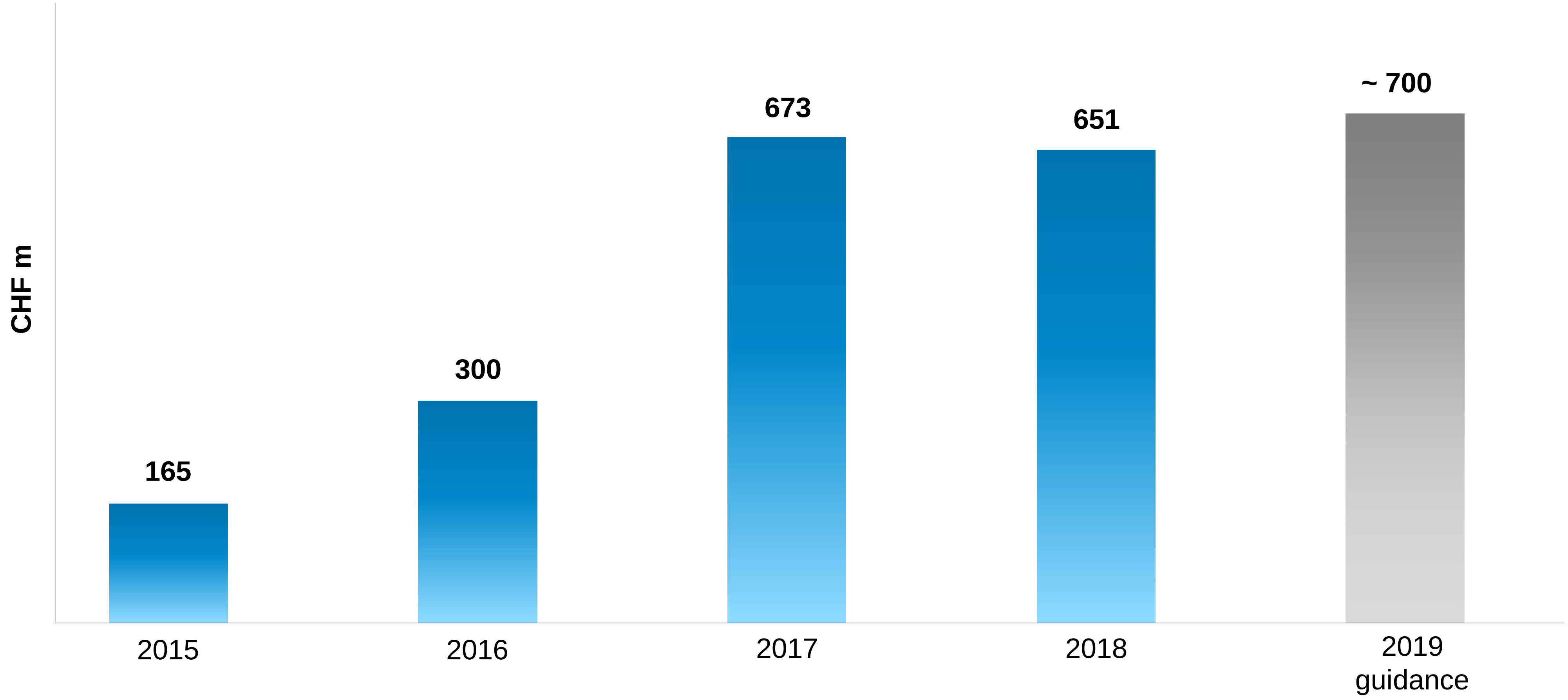
Initiatives	Expected savings (2020 over 2016) (in CHF bn)	Savings delivered (2016-2018) (in CHF bn)	Savings delivered (2016-2018) (in %)
Manufacturing	0.6 – 0.8	0.2	~30%
Procurement	0.5 – 0.6	0.5	~90%
General & administrative	0.9 – 1.1	0.5	~50%
Total savings	**2.0 – 2.5**	**1.2**	~50%

Margin increase supported by growth and cost discipline



* Mainly production, distribution and administrative fixed costs

Accelerated restructuring to support efficiency programs



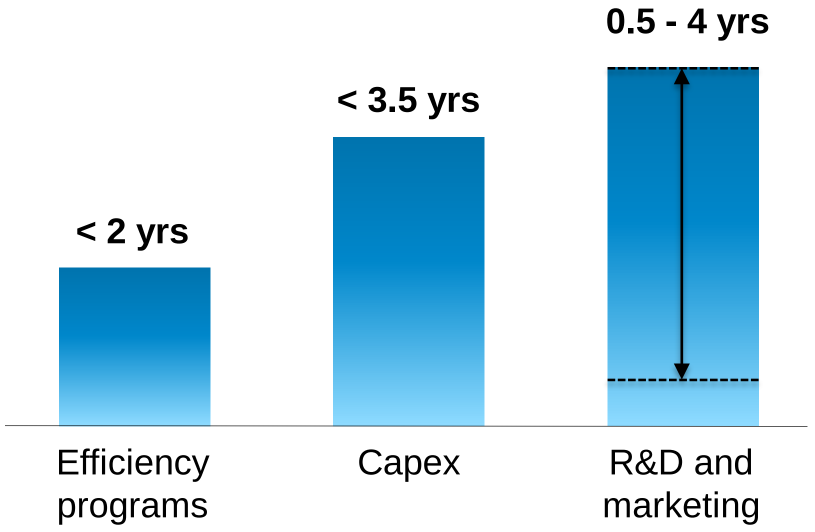
Capital allocation options

Deploying capital for profitable growth		Returning capital to shareholders	
Organic growth	M&A	Dividend	Share buybacks

Investment for profitable growth takes many forms

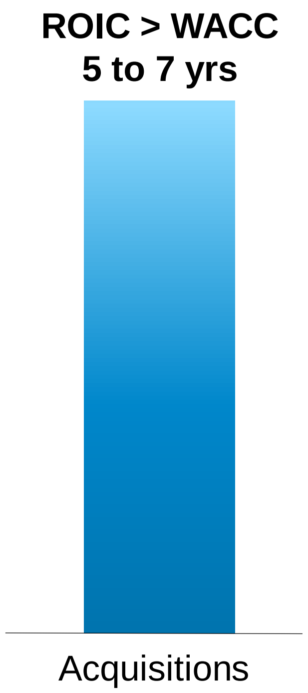
Investment for profitable growth

Indicative targeted payback



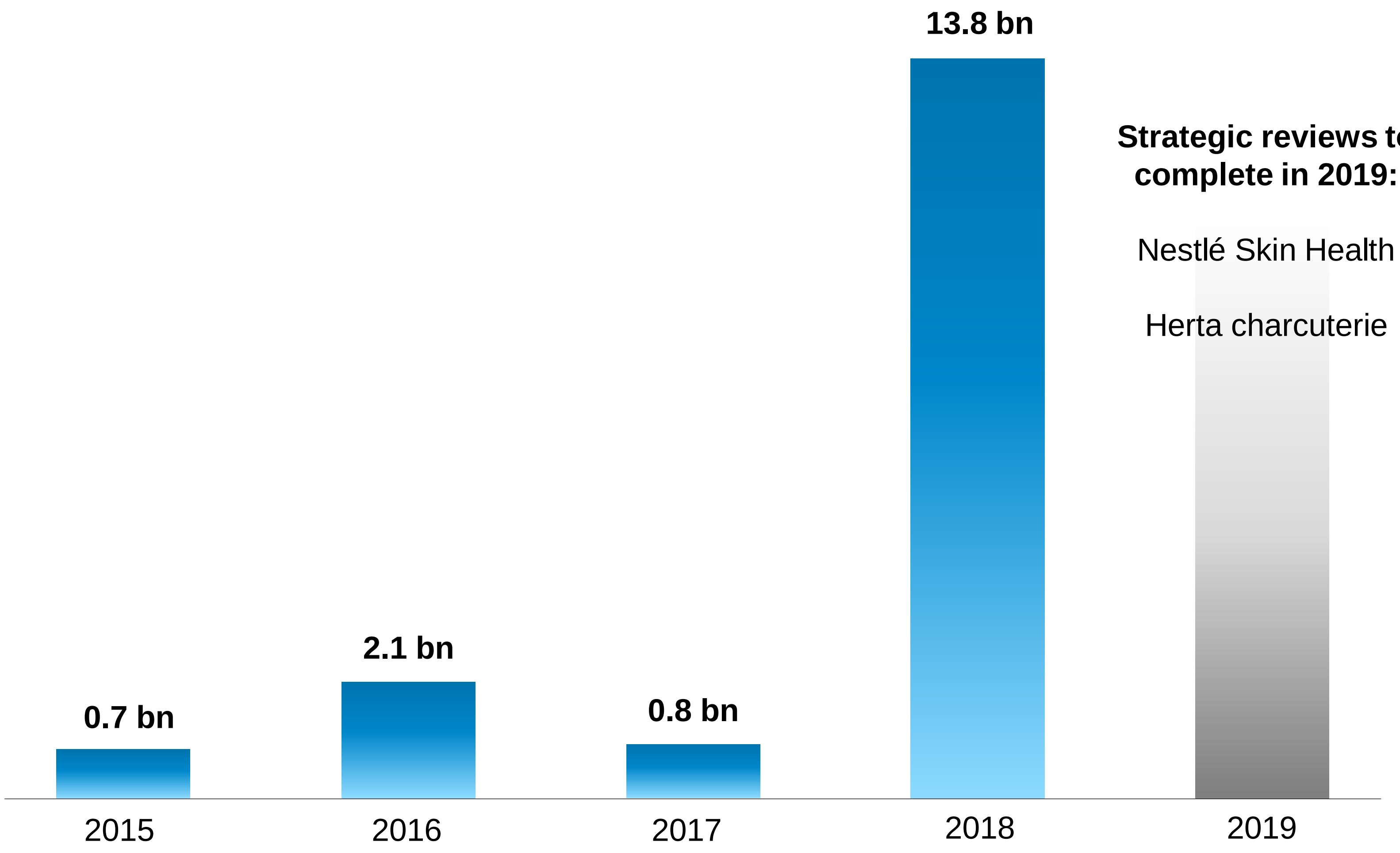
M&A investment

Targeted returns



Pace of M&A transactions has accelerated

CHF value of completed transactions (aquisitions and divestments)

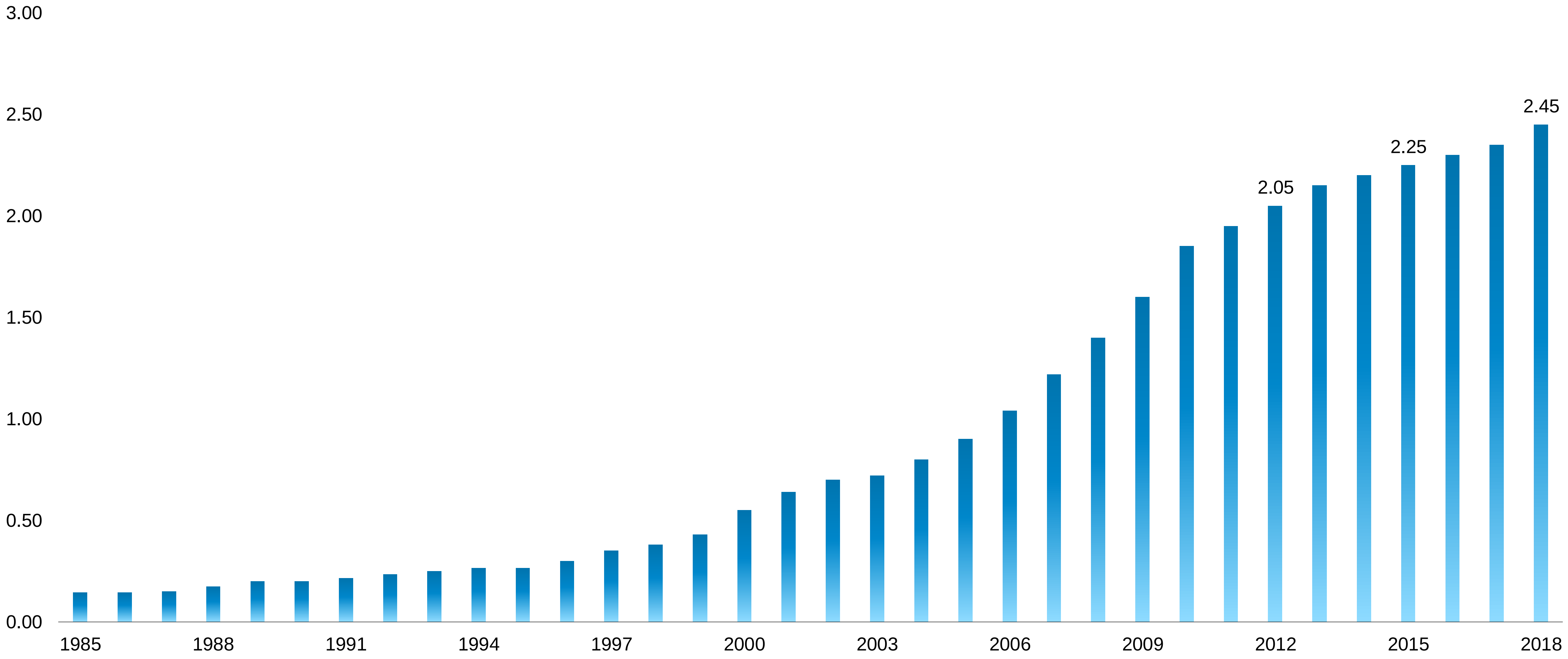


Strategic reviews to complete in 2019:

Nestlé Skin Health

Herta charcuterie

Dividend increased for 24 consecutive years in CHF



A track record of regular share buybacks

Program	2005	2005-2006	2007-2010	2010-2011	2014-2015	2017-2019
Value CHF	**1 bn**	**3 bn**	**25 bn**	**10 bn**	**8 bn**	**20 bn**
Avg share price purchased Avg price of SBB vs share price at 2 May 2019 (CHF 97.34)	**CHF 36** +171%	**CHF 39** +149%	**CHF 48** +101%	**CHF 53** +83%	**CHF 71** +37%	**CHF 82*** +18%

* As at close of 2 May 2019

Historical share prices restated to reflect 1:10 share split which occurred in 2008

Pulling on all ROIC levers

Culture & accountability

- ROIC targets introduced in long-term and short-term incentive KPIs

Profitable growth

- Driven by high-growth categories and geographies
- Cost discipline
- Responsible tax planning

Asset productivity

- Industrial asset productivity
- Optimizing real estate
- Reducing working capital

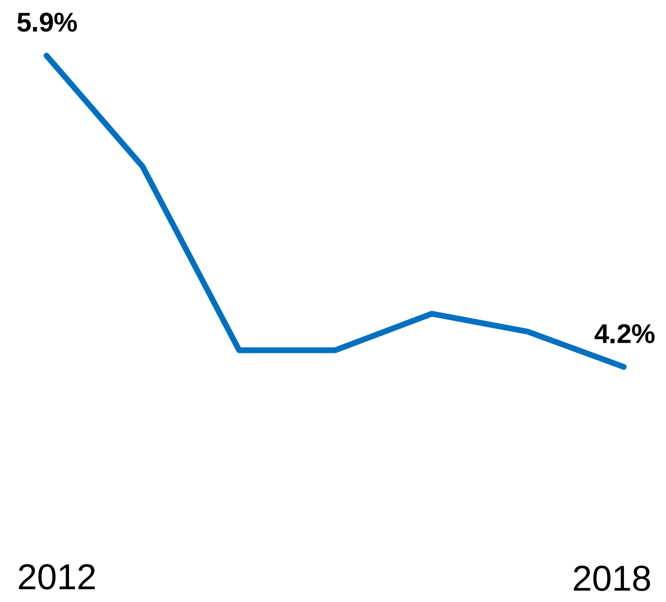
M&A discipline

- CHF 35 bn transaction value reviewed over the last 2 years but not pursued
- CHF 14 bn of deals completed in 2018

Disciplined, focused capex with faster returns

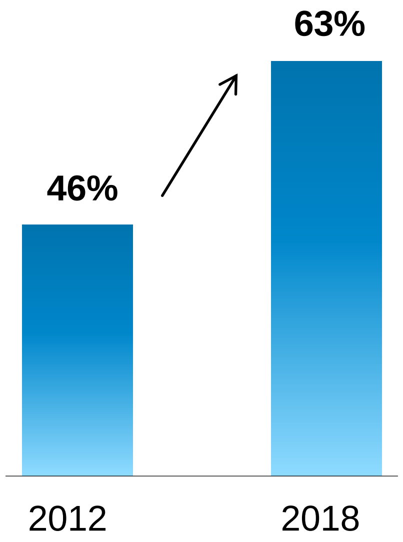
Disciplined approach

Capex as % of sales



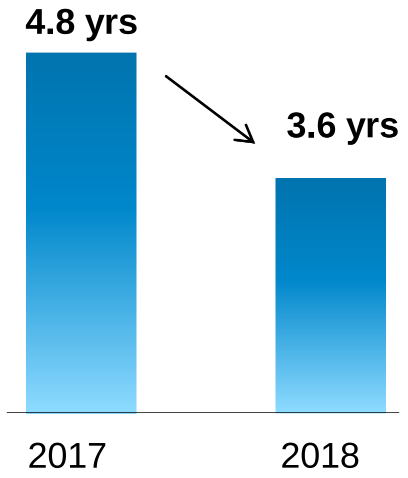
More focused allocation

% of total capex allocated
to high-growth categories



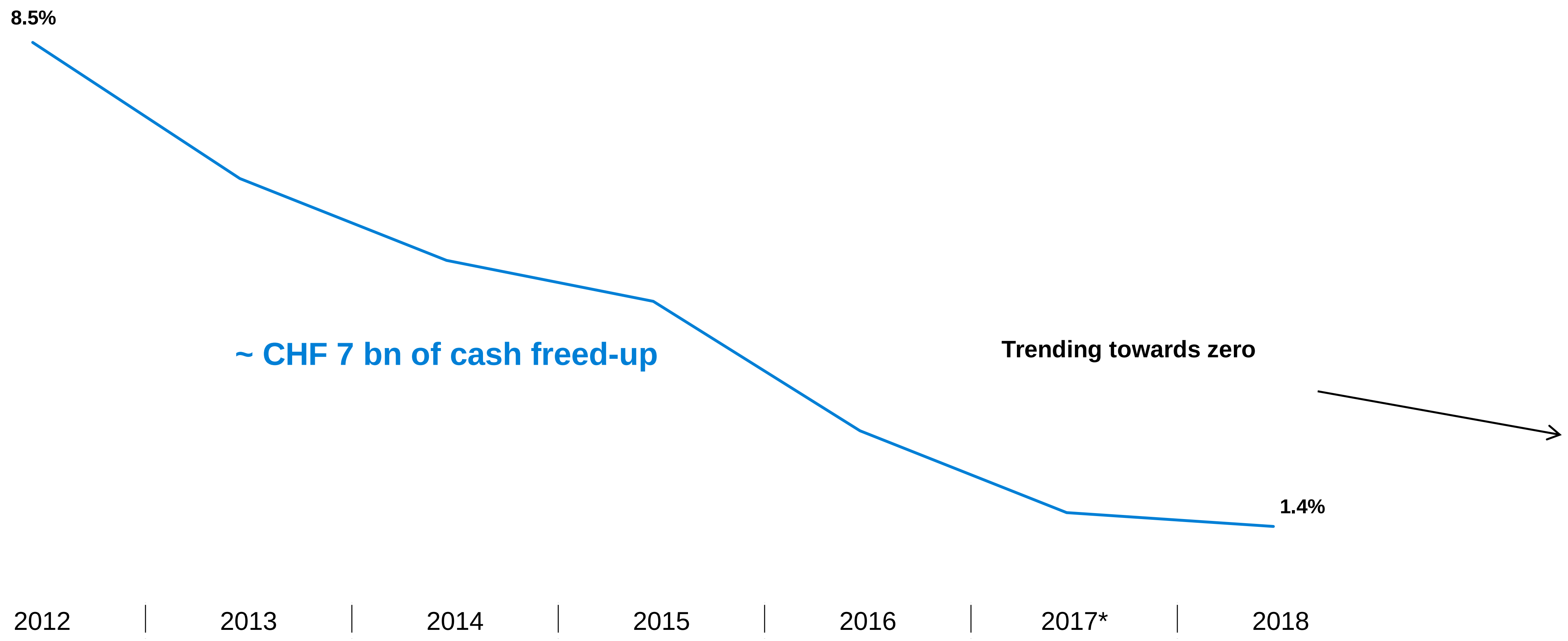
Shorter payback

Payback period
of priority projects above CHF 25 m



Continuous improvement of working capital

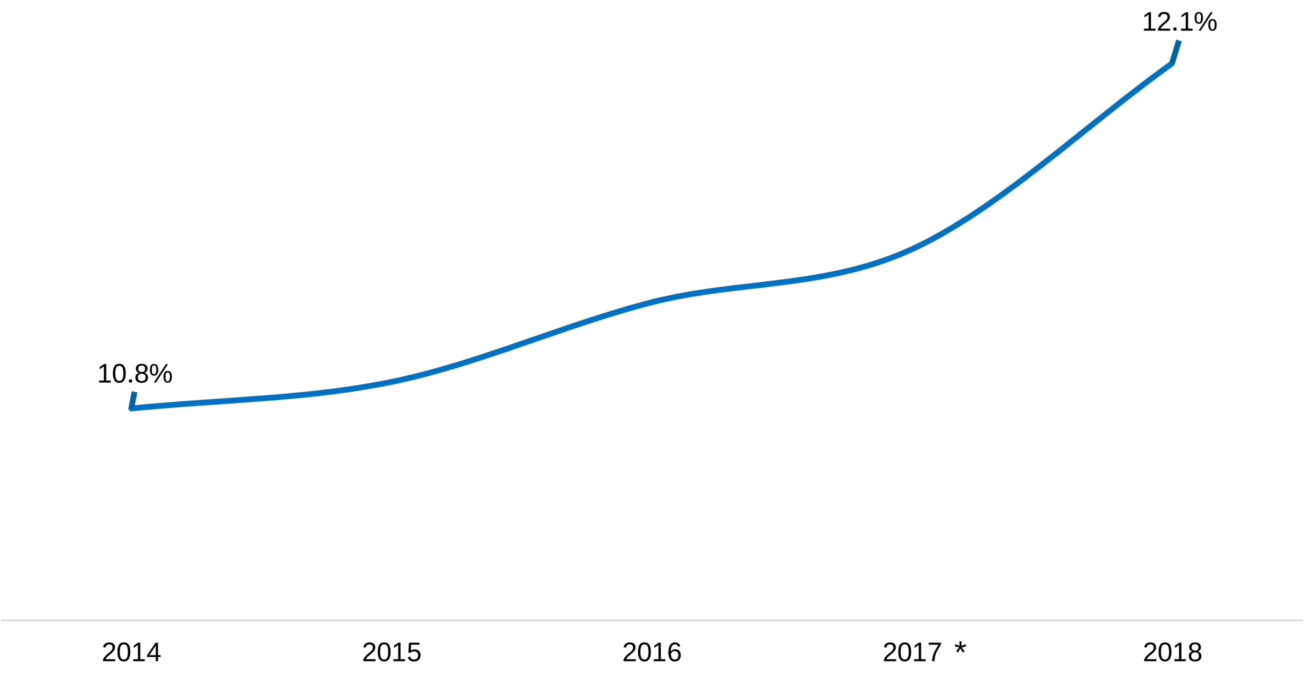
Working capital 5-quarter average (as % of sales)



* 2017 restated, reflecting implementation of IFRS 15 and IFRS 16

Pulling all levers to improve ROIC

Four consecutive years of improvement



Improved returns

- ✓ Sales growth
- ✓ Margin improvement
- ✓ Responsible tax planning

Controlled invested capital

- ✓ Working capital reduction
- ✓ Disciplined capex
- ✓ Industrial asset productivity
- ✓ Disciplined M&A

Included in incentives

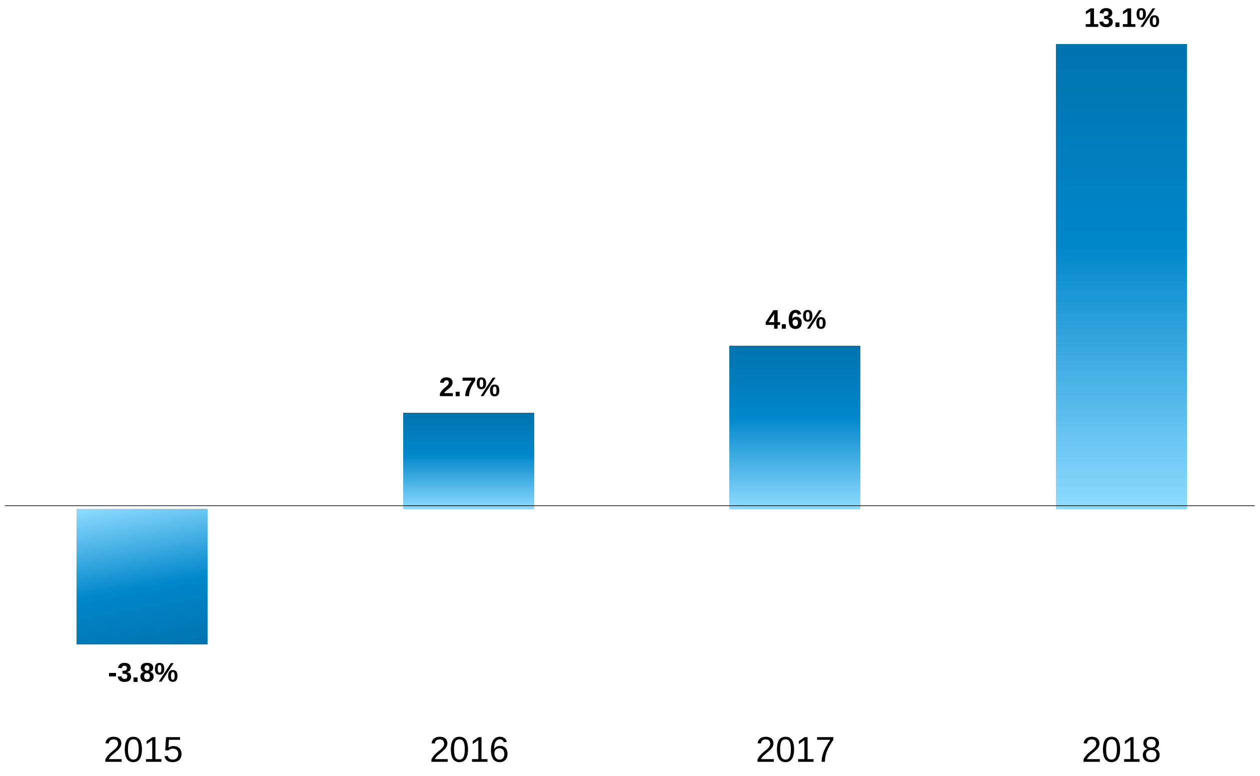
* 2017 restated and excluding Nestlé Skin Health impairment

Underlying EPS on an improving trend

Underlying EPS growth in CHF (as reported)

Avg. growth p.a. in CHF: +4%

In constant currency: +7%



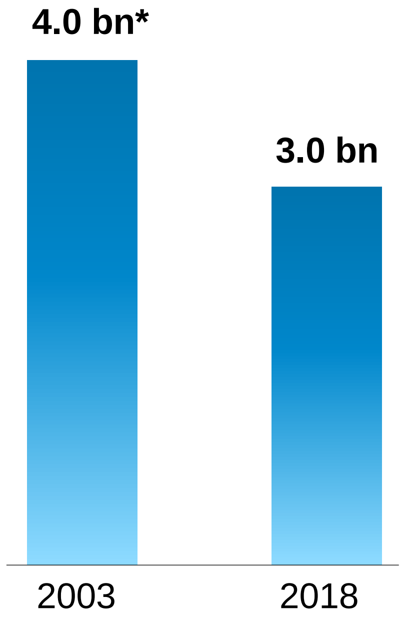
Pulling all levers:

- ✓ UTOP
- ✓ Finance costs
- ✓ Responsible tax planning
- ✓ JV's & Associates
- ✓ Share count
- ✓ 50% of LT incentives

A more efficient capital structure

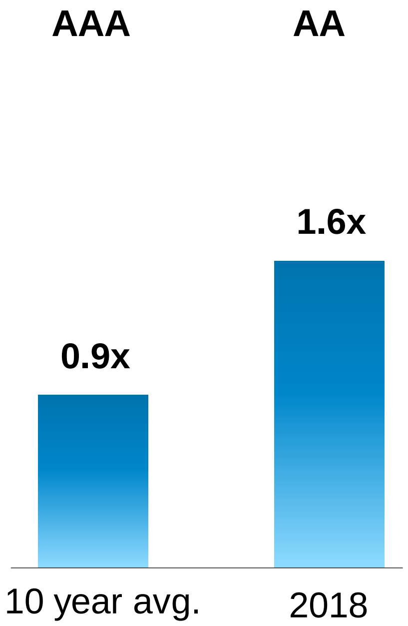
Lower share count

25% fewer shares
in issue vs 2003



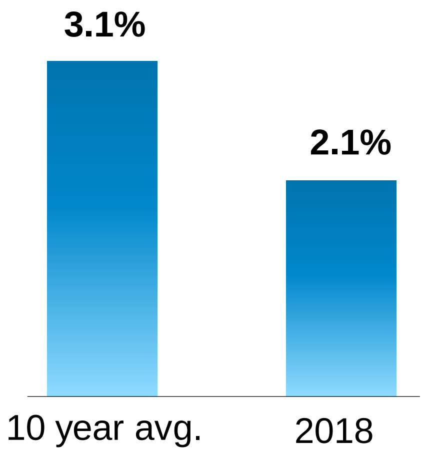
Net debt / EBITDA

Leveraging
our balance sheet



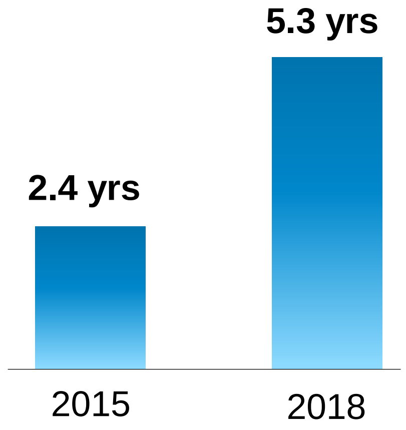
Cost of debt

Low cost
of net debt



Debt maturity

Average debt maturity
extended, securing
liquidity



* Share count restated to reflect 1:10 share split which occurred in 2008

2019 guidance and 2020 targets

2019: Confirmed full year guidance. Continued improvement in organic sales growth and underlying trading operating margin towards our 2020 target

2020: Confirmed targets of mid single-digit organic growth and underlying trading operating profit margin of 17.5% - 18.5%

The DSD exit and ongoing strategic reviews are factored into these targets

Key Takeaways

- Confirmed 2020 targets
- Disciplined capital allocation, with clear priorities and accountability
- Increased focus on both ROIC and EPS
- Optimized and efficient capital structure

Abbreviations

OG	Organic growth
RIG	Real internal growth
AMS	Zone Americas
EMENA	Zone Europe, Middle East, and North Africa
AOA	Zone Asia, Oceania, and sub-Saharan Africa
EPS	Earnings per share
COGS	Cost of goods sold
FCF	Free cash flow
TOP	Trading operating profit
UTOP	Underlying trading operating profit
ROIC	Return on invested capital
Structural costs	Mainly production, distribution and administrative fixed costs
SBB	Share buyback