



Nestlé Good Food, Good Life

Innovation

Surprising and
delighting consumers

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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 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.

An engaged generation continues to drive a new food ideology

CAGR 2016-2018



Naturally healthy +4.5%



Organic +8.3%



Plant-based* +5.3%



Protein +4.2%



Lactose-free +9.5%



Gluten-free +8.0%



Source: Euromonitor data 2018

Market size based on retail sales price, current prices, CAGR % 2016-2018

* Plant-based: Free from meat, and milk alternatives

Bringing vibrancy to timeless consumer favourites



CAGR 2016-2018

Waters +7 %



Nutrition +6.7%



Coffee +5%



PetCare +6.1%



Food +4.2%



Dairy +4.8%



Confectionery +4.2%



Ice cream +4.5%



Source: Euromonitor data 2018

With demanding expectations of brands



The right products



- Clean recipes
- Natural ingredients
- Proximity, authenticity

Connecting and engaging



- Transparency
- Empathy

Experiences beyond product



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

Authenticity and a force for good



- Purpose and values
- Recycling - circular economy
- Zero waste

Our core belief



**Brands are
living creatures.
To thrive they
need to be
constantly
nourished.
And sometimes
disrupted!**



Nourishing and disrupting our brands



With relevant innovation



With engaging brand experiences



With unsurpassed R&D capabilities



Nourishing and disrupting our brands



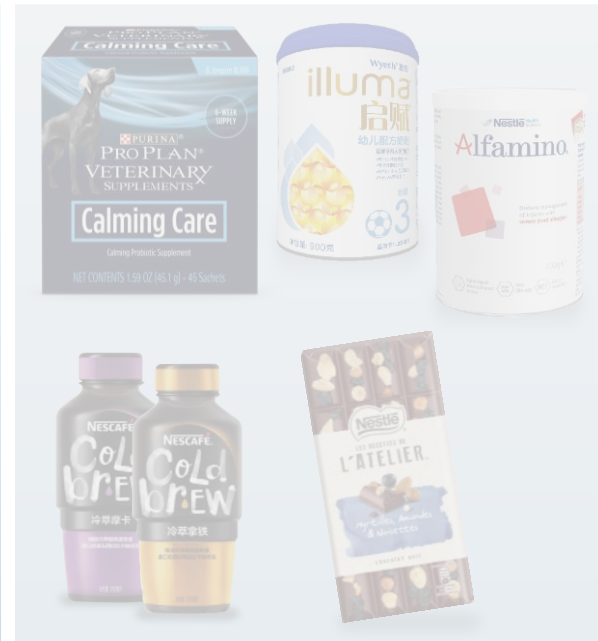
With relevant innovation



With engaging brand experiences



With unsurpassed R&D capabilities



Nourishing and disrupting our brands - Example MILO



Sales 2018: CHF 1.9 bn – OG 2016-2018: +8.6%



Mainstream with active ingredient



No added sugar



Breakfast On-the-Go



High-protein

Example Coffee-mate

Sales 2018: CHF 2.0 bn – OG 2016-2018: +4.8%



Mainstream



'Naturalization'



Plant-based variant



Premiumization

Example KitKat

Sales 2018: CHF 1.5 bn – OG 2016-2018: +6.1%



Mainstream



Cocoa plan



Matcha



Ruby



Volcanic cocoa bean

And leveraging our technologies to accelerate the growth of our acquisitions



A dynamic innovation framework



Seeking authenticity



Desire for **real food, reassurance and transparency**



Seeking healthy lifestyles



Desire to attain or maintain better health with **more conscientious and controlled choices**

Science based: with expected scientifically-proven benefit
New food ideology: driven by consumer perception



Seeking inspirational experiences



Desire for **inspirational, immersive, sensorial and personalized brand experiences** beyond products

Demanding socially responsible brands



Seeking authenticity - naturality, origin, craft, clean label



Origin



Craft



Clean label



Natural



Authenticity



Seeking healthy lifestyles – science-based



Sugar-reduced



Lactose-free



High-protein



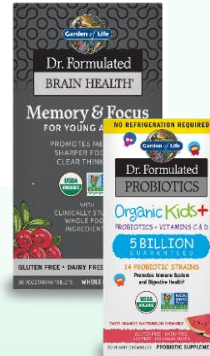
HMO



Probiotics



A2 Formula



Nestlé Health Science

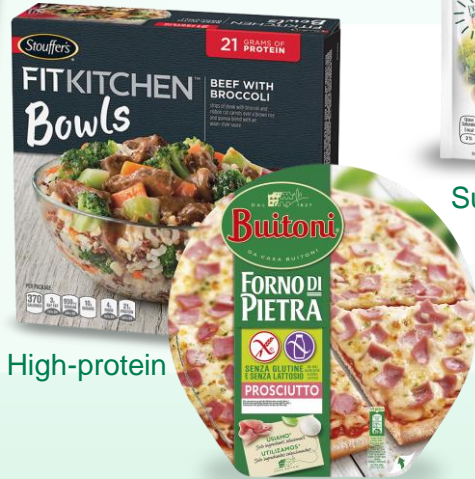




Seeking healthy lifestyles – new diet ideology

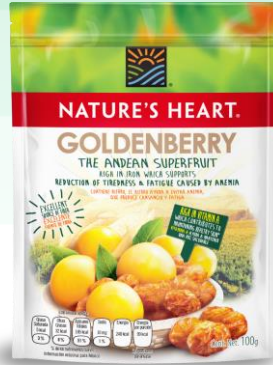


Grains and nuts



High-protein

Gluten-free



Superfruits



Plant-based



Organic





Seeking inspirational experiences – surprising the senses





Seeking inspirational experiences – novel personalized solutions



KitKat Chocolatory



Häagen-Dazs Loop



Personalized health solution for Active Seniors



Personalized nutrition



Digital service



Nespresso boutiques

FRESHLY



Personalized menu

Brands with purpose since 1867






FTSE4Good since 2011

Global ranking: #1 in 2018

ACCESS TO NUTRITION INDEX™







185 bn fortified servings




Plastic commitment



3.5 m cocoa trees distributed + 69 400 farmers impacted + 45 schools built

92% installed recycling capacity

93% sourced responsibly

100 000 farmers



GROWN RESPECTFULLY
— NESCAFÉ @ 1938 —

IN 2018 55% OF OUR COFFEE WAS RESPONSIBLY SOURCED

BY 2020 WE WILL REACH 70%

Accelerating innovation through leaner R&D organization and new ways of working



Earlier translation of science



Rapid prototyping and testing



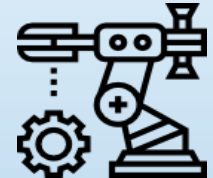
Additional fast-track projects



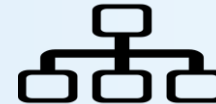
Effective innovation partnerships



Low capital investment for market entrance



Lean and agile R&D organization



Simplification of project management process



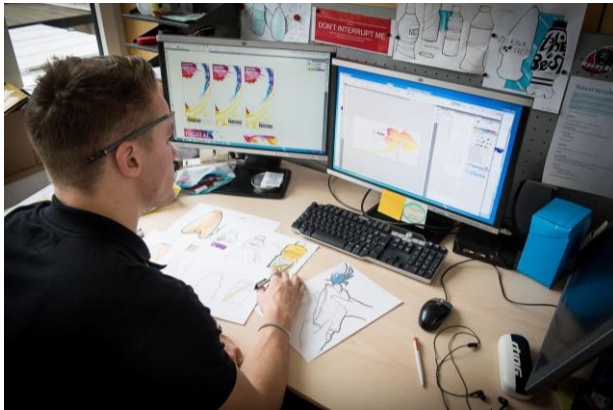
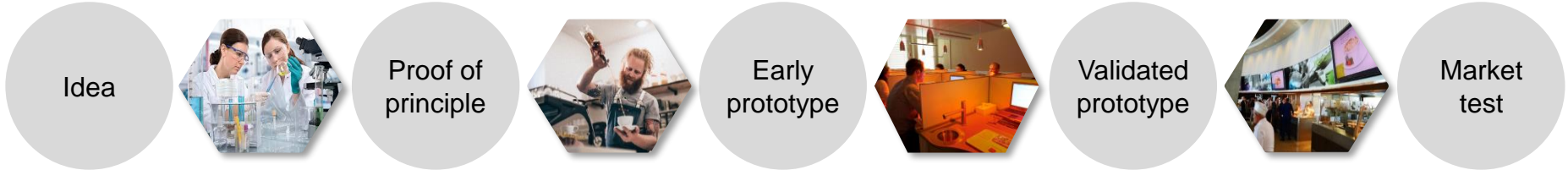
Earlier translation of science



Shortening timelines of fundamental research projects in average by **20-30%**
through step-by-step introduction of health claims and benefits



Rapid prototyping and testing





40 additional fast-track projects since 2018



Ideas



Pitch to committee



Approval of funding



Execution in 6-12 months

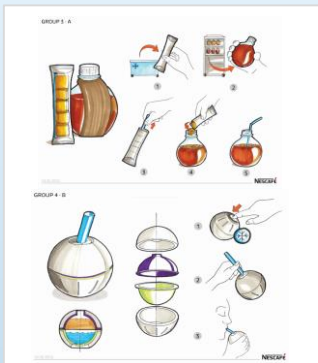




Effective innovation partnerships



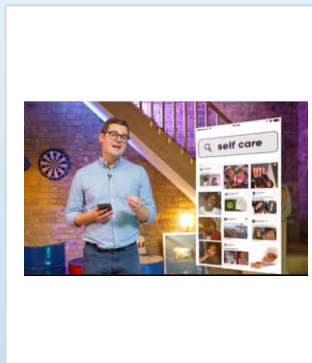
Ideation with students around trends



Intensified collaboration with start-ups



Collaboration with bloggers and influencers



Co-development with key suppliers



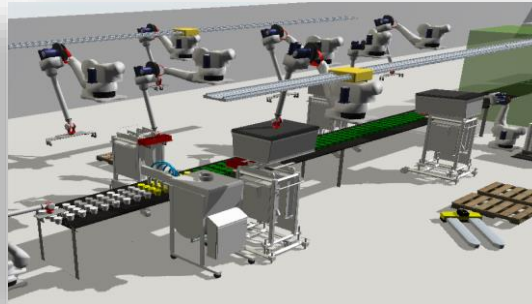
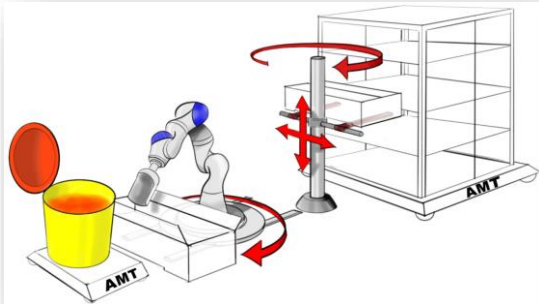


Low capital investment for market entrance



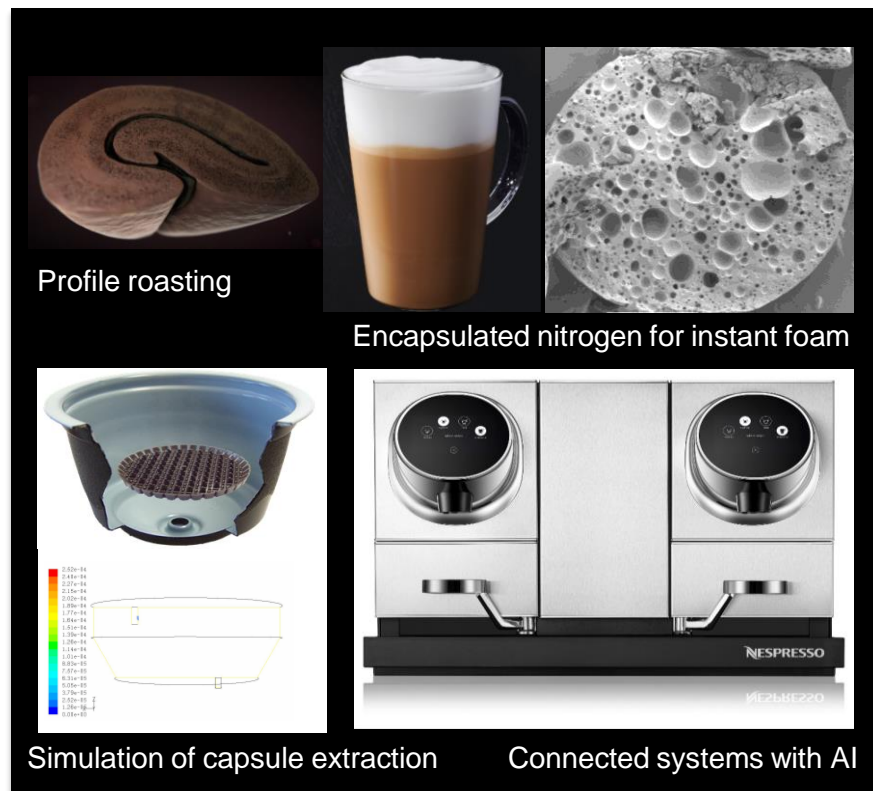
**Manufacturing of first batches
in existing pilot plants**

**Design of flexible
and modular lines**



Starbucks at home

24 new products in 6 months by leveraging proprietary Nestlé technologies

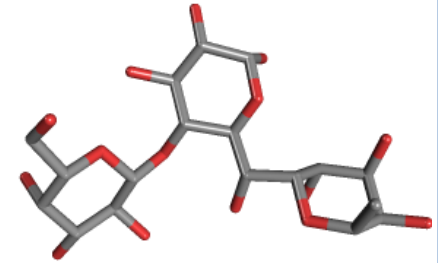


NAN HMO: Formula with Human Milk Oligosaccharides

Roll-out under different brands across 44 markets in 12 months



Bifido bacterium longum



<https://pubchem.ncbi.nlm.nih.gov>

HMO molecule

Fewer respiratory tract infections



Reduced risk of bronchitis



Reduced antibiotics usage

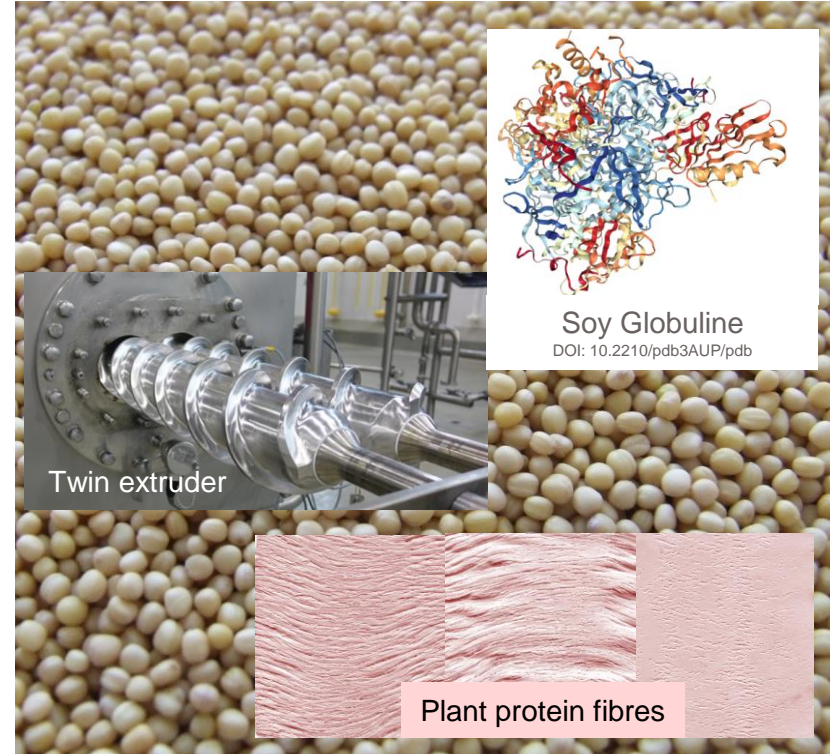


Garden Gourmet Incredible Burger

Developed in 1 year, launched in 10 markets by end of 2019



- Meat-like texture and color
- Sizzling sound and color change during preparation
- Superior nutritional profile



Nourishing and disrupting our brands



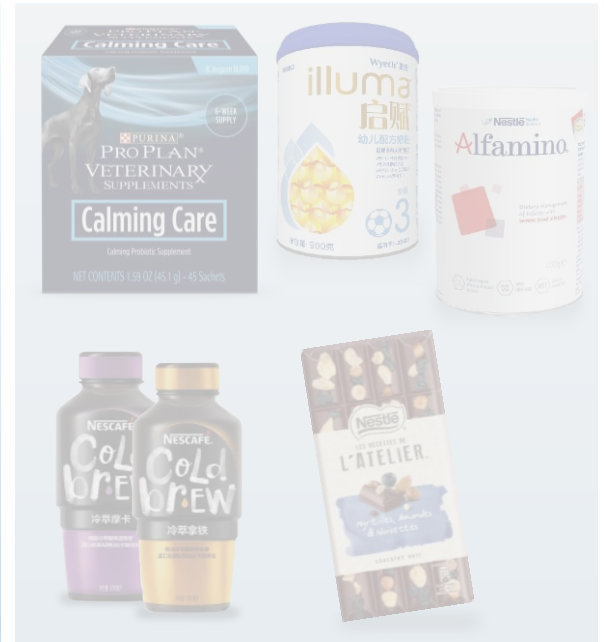
With relevant innovation



With engaging brand experiences



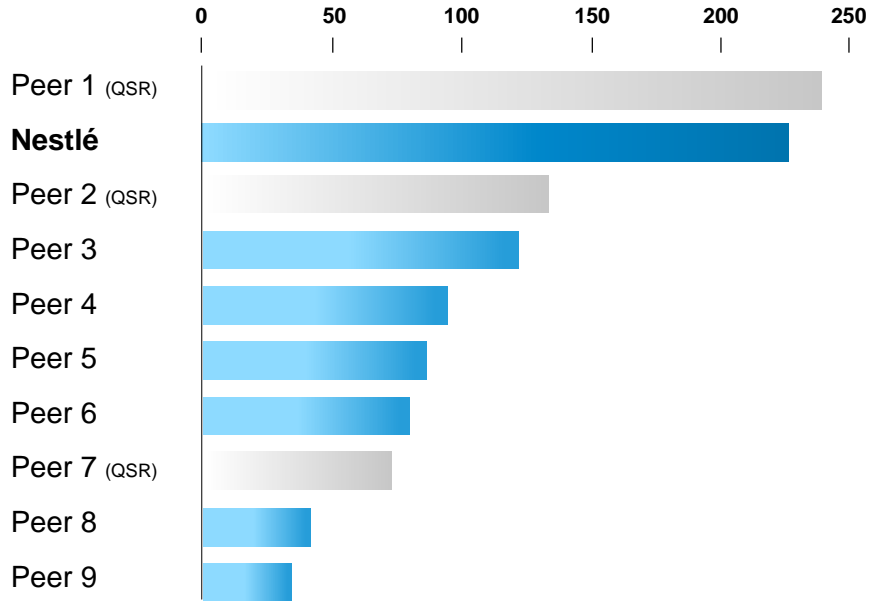
With unsurpassed R&D capabilities



Consistently delivering brand communication excellence

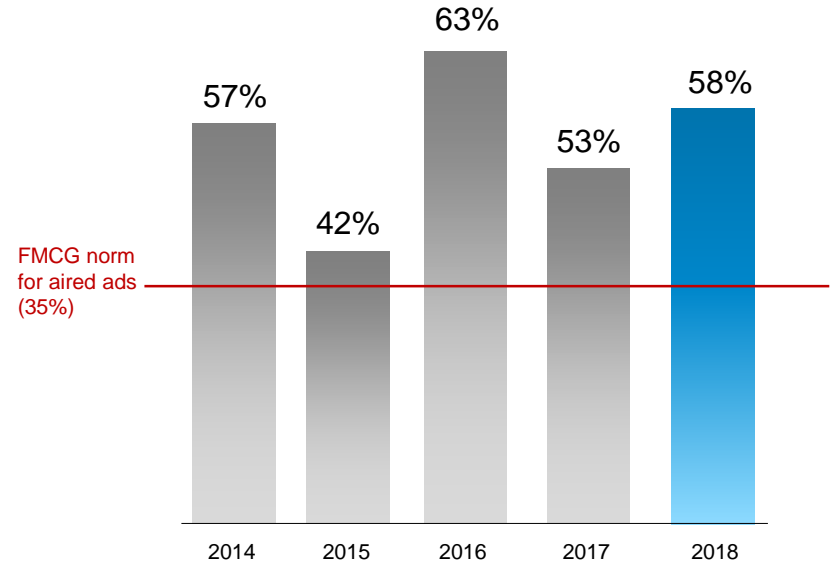


Effie effectiveness index 2019, Food



Source: Effie effectiveness index worldwide 2019, Food category
QSR refers to quick service restaurants

% 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

And driving personalization at scale



Data and audience (who)



- **37% increase** in first-party consumer data
- **100% increase** in consumer attributes captured

Content (what)



- **10% consumer contacts personalized**
- **Double** the number of content studios to **20** – **25% cost reduction** through shared assets

Digital media (when and where)



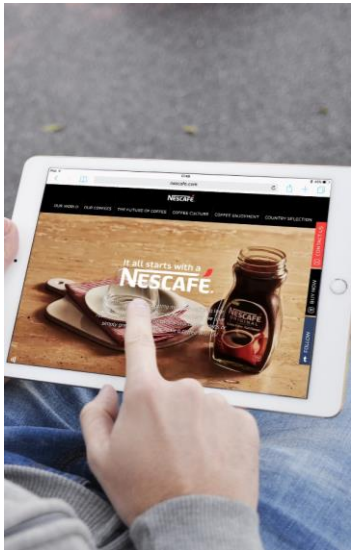
- **65%** of digital media bought programmatic with **25% effectiveness increase**

Source: Nestlé, data 2018 vs 2017; content and media Q1 2019 vs. 2018

We are committed to deliver CHF 400 million efficiency gain in the next 2 years



Media efficiency



Consolidation of activation agencies



Global arbitration of creative fees



Above market asset development



In-house content studios



Nourishing and disrupting our brands



With relevant innovation



With engaging brand experiences

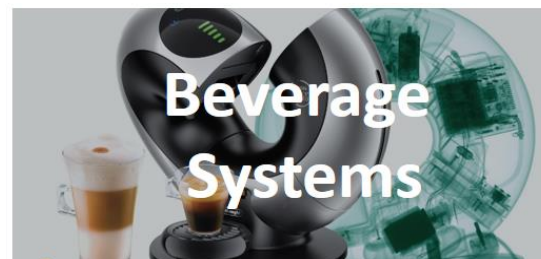


With unsurpassed R&D capabilities



Unsurpassed R&D capabilities

Science & technology platforms leveraged across businesses



Leveraging our coffee roasting platform across brands



Leveraging technologies for dairy alternatives across categories



Special plant varieties



Oat and rice



Legumes e.g. peas and soy



Almonds and nuts



Quinoa / Millet

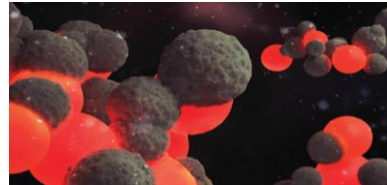
Proprietary technologies



Fermentation and separation



Micro milling and homogenization

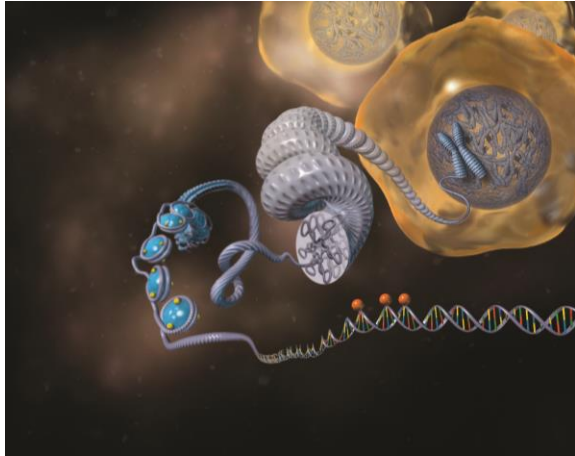


Protein aggregation

Innovative plant-based products

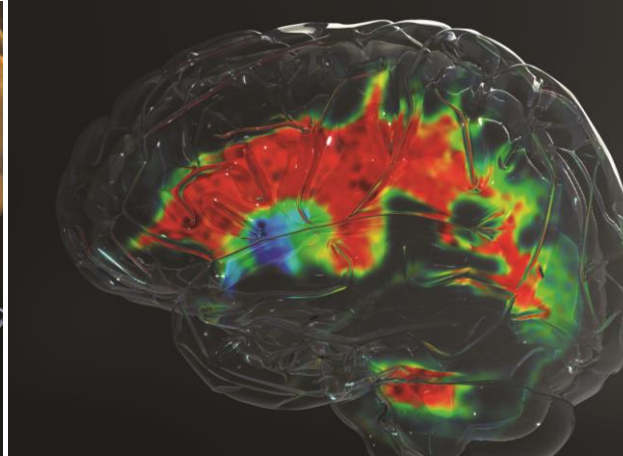


Deep understanding of link between health and nutrition for all stages of life



Impact of nutrition on epigenetics

Metabolic programming during the first 1 000 days of life



Myelination of infant brain impacted by nutrition

Optimal development of physical and cognitive functions in children



Bioactives restoring mitochondrial function

Slow down age-related decrease in physical and cognitive functions

Leveraging fundamental science across categories

Significant physiological similarities between humans and pets



Ketogenic diet and MCTs
for treatment of epilepsy and
improvement of cognition



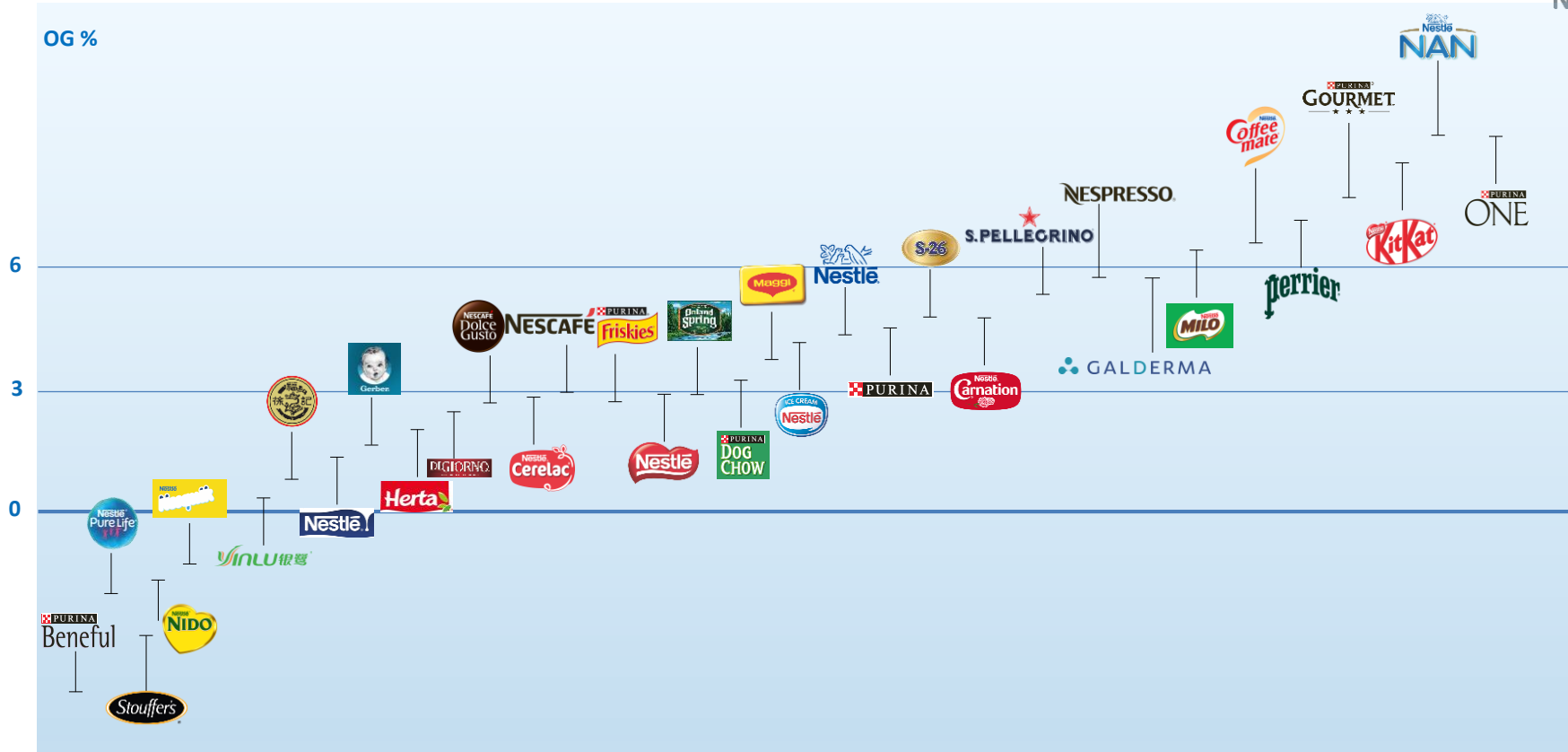
Probiotics and microbiome
for immune defense, healthy gut and
mental health



29 of our 34 billionaire brands grew in 2018



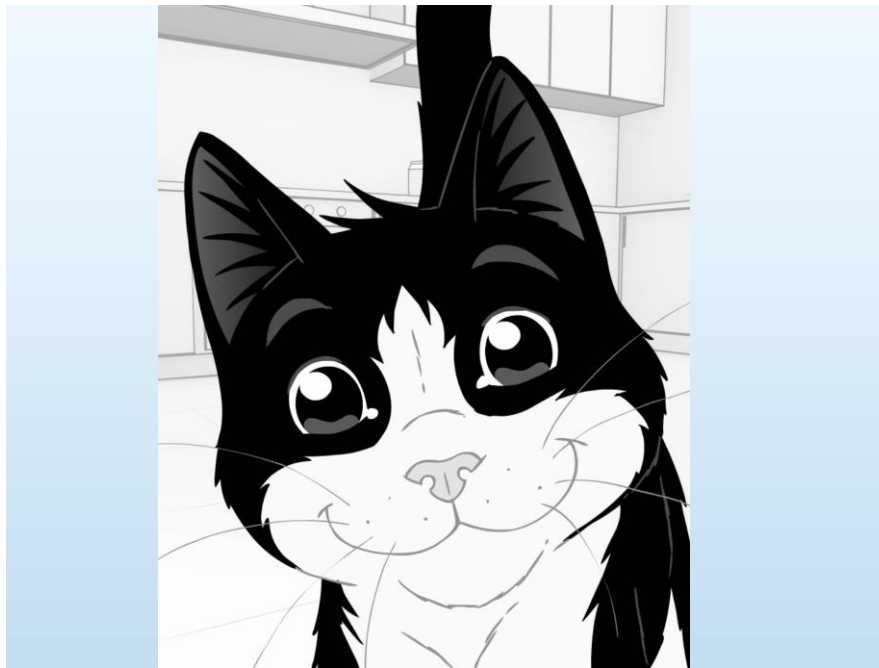
OG %



And we added two new ones



Felix CAGR 2016–2018: 8.6%



illumina CAGR 2016–2018: 13.9%



It is less about
'big food' vs.
small brands...



**Than it is about
great brands
genuinely
surprising and
delighting
consumers**



Thank You

