



Nestlé Good Food, Good Life

Enabling profitable growth in Pizza & Ice Cream



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Disclaimer



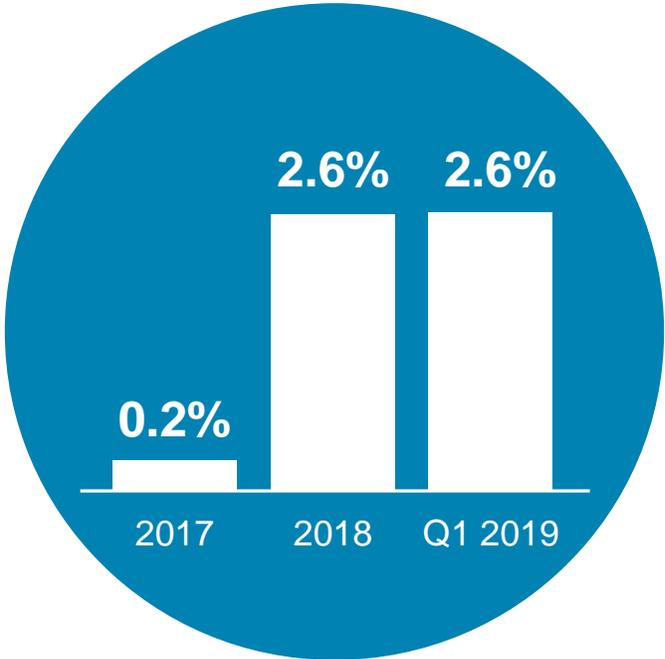
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This presentation contains certain financial performance measures which are not defined by IFRS. Management believes that these non-IFRS measures provide additional useful information to assess the financial and operational performance of the Group. 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.

Continue to revive growth in the US



Organic growth

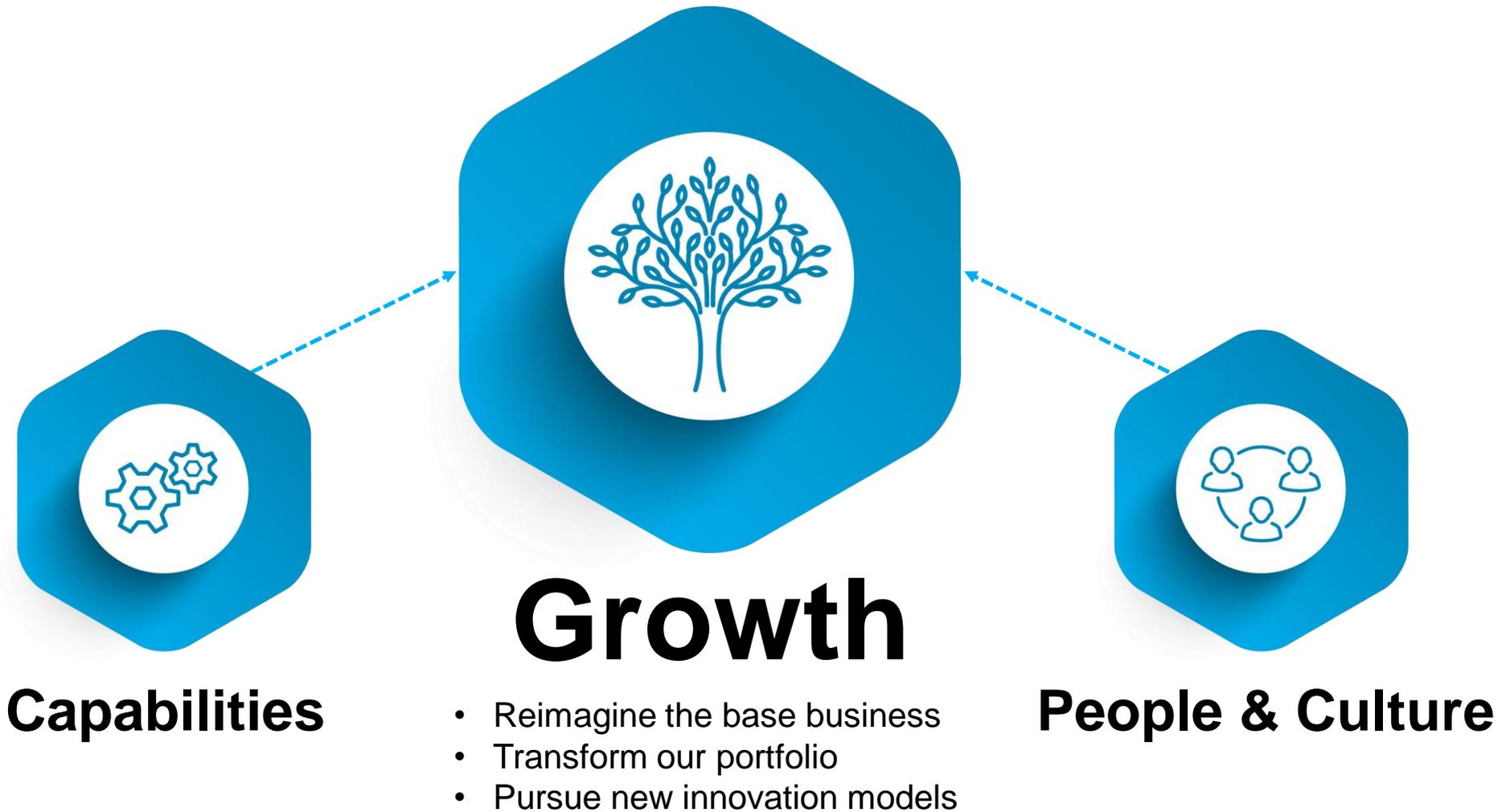


Underlying TOP



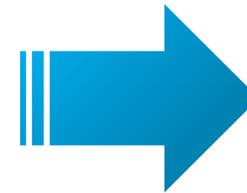
USD 28 bn sales in the US
30% of Nestlé Group sales

We are fundamentally transforming our business



Moving to a warehouse model for Pizza and Ice Cream

Direct store delivery
(DSD)



Frozen warehouse
distribution

- Creating a **win-win** for Nestlé and retail partners
- Enabling **reinvestment** to drive brands and innovation
- Optimizing our **best-in-class** frozen warehouse distribution

Frozen DSD is a highly complex and costly operation



Overview of Nestlé USA Frozen DSD



Connected

4 000 employees

230 facilities

1 400 trucks



Complex

2 000 routes

3 million annual deliveries



Costly

DSD

>

Warehouse

Historical benefits of frozen DSD are diminished



Historically, frozen DSD provided advantages



Retailer lens

- Improved performance on-shelf
- Incremental displays



Consumer lens

- Extended channel reach
- Increased speed to shelf

Today, benefits are diminished

- Consolidated, centrally negotiated planograms
- Duplicative customer and third party supply chains
- Same lift for warehouse and frozen DSD products

Different operating model *versus* ambient DSD (e.g., frozen has lower merchandising and shelf velocity)

Simplified model leverages existing strong capabilities



Current



Future



Unmatched breadth and depth in frozen warehouse

* 2018 sales

Move is a win-win for Nestlé and retail partners



VALUE CREATION

- Improved margins for Nestlé and retail partners
- Improved capital efficiency



GROWTH

- Increased investments in highly responsive demand generation categories
- Simplifies route-to-market to execute the business

Route-to-Market change has financial implications



Warehouse < DSD

Lower distribution costs contributing to underlying TOP margin improvement



One-time sales impact

Sales impact due to price reduction and assortment optimization



**One-off costs* of
~ USD 0.5 bn**

Treating affected employees with respect and providing support

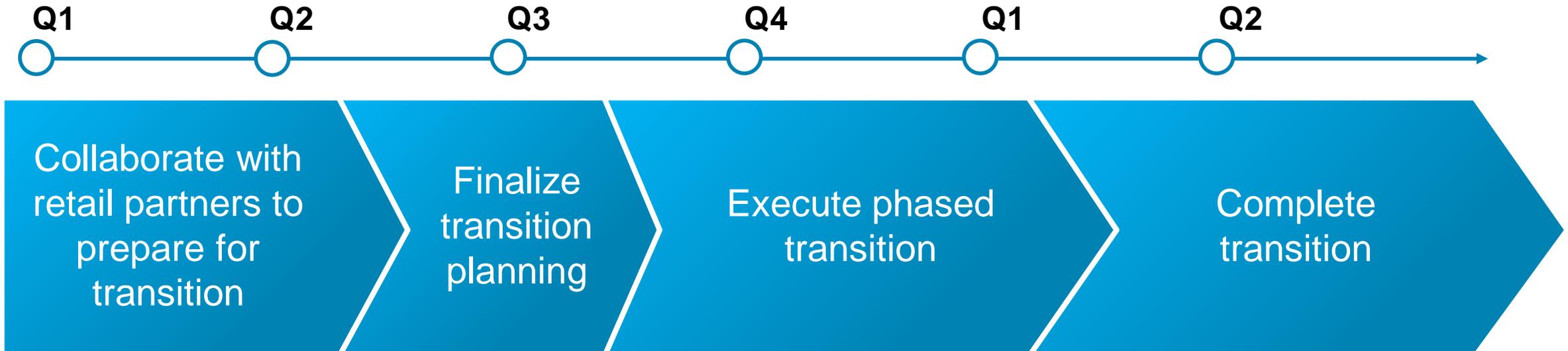
* Mainly restructuring costs, impairments and onerous contracts

Phased execution in 2019, value capture in early 2020



2019: Transition

2020: Realize value



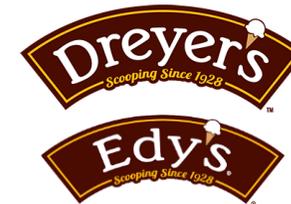
Unlocking fuel to drive growth



Pizza: +3.1%
Nestlé retail sales growth*



Ice cream: +3.5%
Nestlé retail sales growth**



> USD 350 m of new products introduced over the past 36 months

* Nielsen, last 52 weeks: Nestlé retail sales growth (as of March 23, 2019)

** IRI, last 52 weeks: Nestlé retail sales growth (as of March 24, 2019)



Evolving our foundation for future growth

Improving
**leading
positions** in
Pizza and Ice
Cream

Maximizing
our **best-in-
class frozen
warehouse
distribution**

Creating a
win-win for
Nestlé and
retail partners

Fueling
acceleration
of our
**growth
model**

Transitioning
in 2019 with
**value
capture in
2020**

Mindset of continuous transformation across all elements of business