



Nestlé Good Food, Good Life

Nestlé Waters: Driving sustainable, profitable growth

Maurizio Patarnello
CEO, Nestlé Waters



Disclaimer



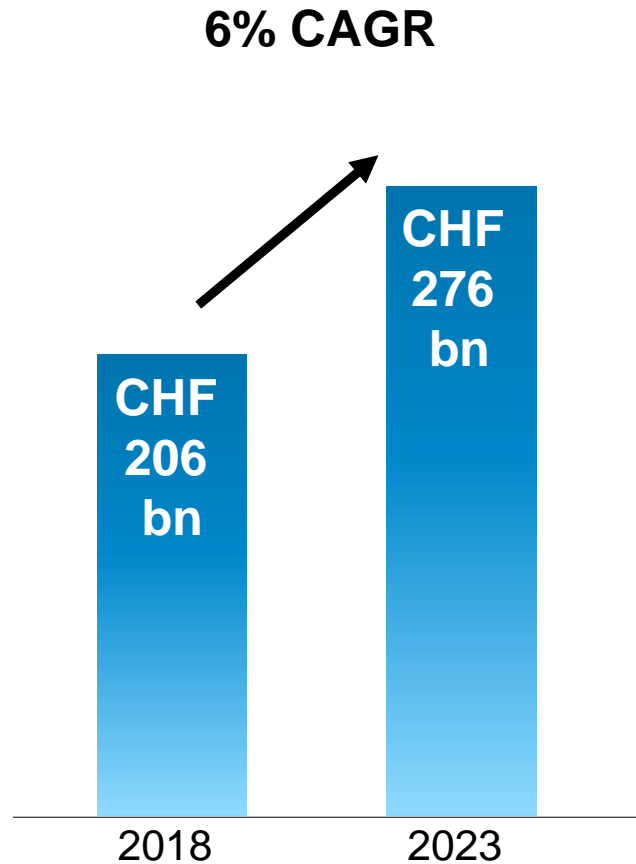
This presentation contains forward looking statements which reflect Management's current views and estimates. The forward looking statements involve certain risks and uncertainties that could cause actual results to differ from those contained in the forward looking statements. Potential risks and uncertainties 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.

Global bottled water category overview

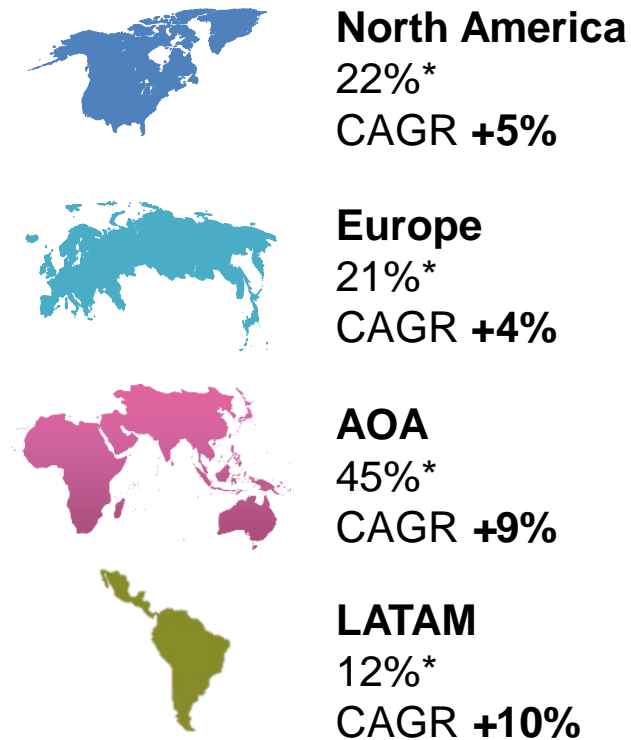


Category outlook



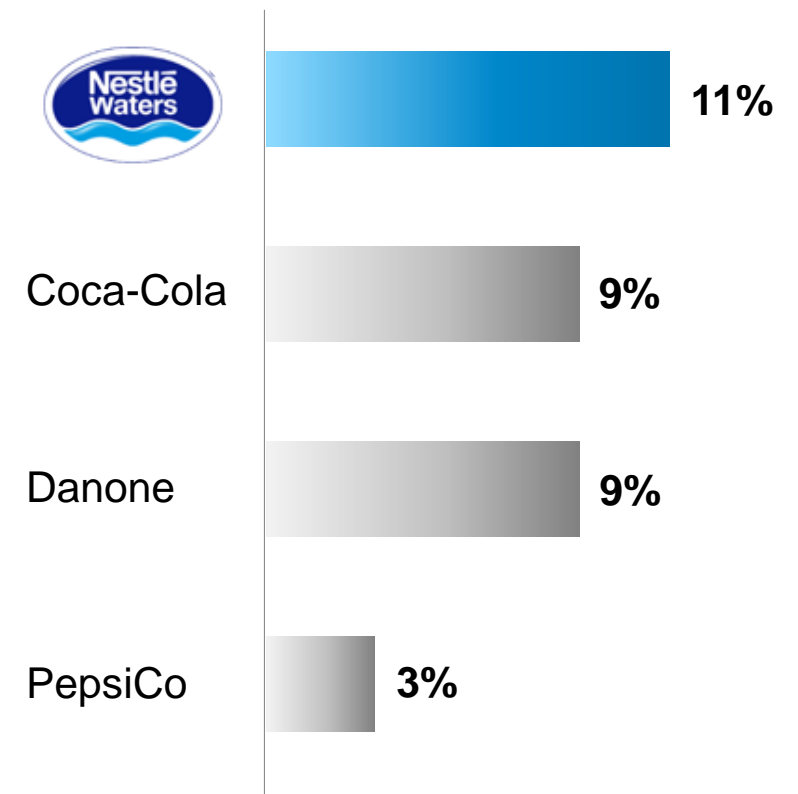
Regional growth

Category size 2018: **CHF 206 bn**
CAGR 2016-2018: **+7%**



Competitive landscape

Top 4 players' value share 2017



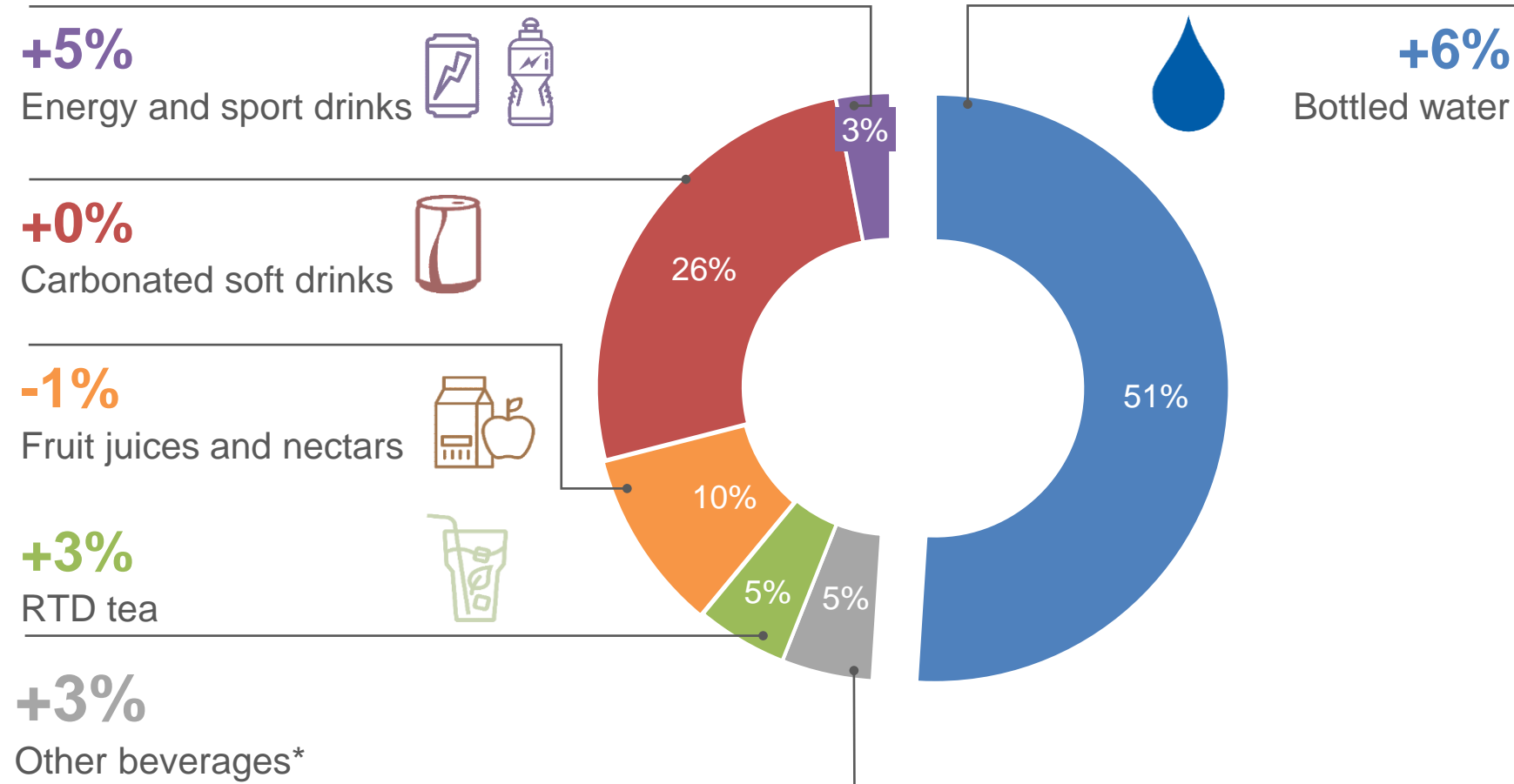
* % of total category retail sales

Source: Global Data 2017; 2018 category and regional growth are based on Global Data forecasts and Nielsen actuals

Bottled water: #1 non-alcoholic beverage in volume & growth



Non-alcoholic beverage global volumes, CAGR last 5 years



* Other includes syrups, RTD coffee and powders
Source: Global Data 2017

Key trends

Innovation

Healthier drinks

Premium offerings

Sparkling

Our business



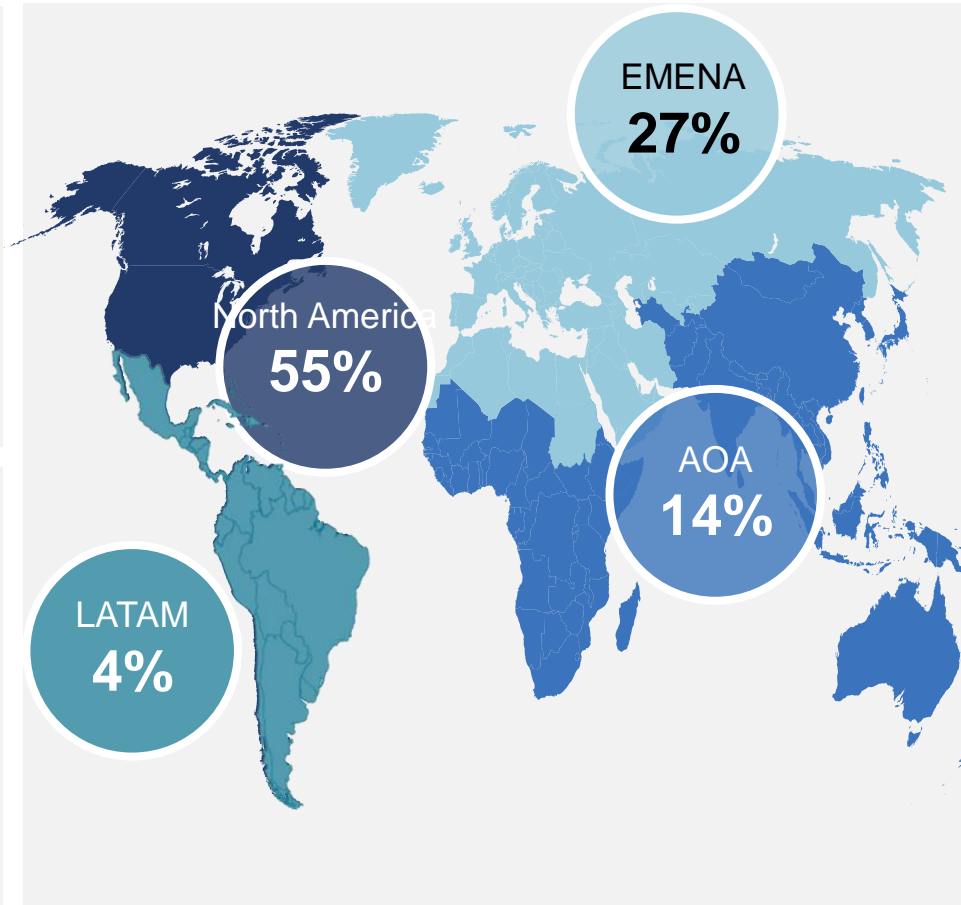
Key 2018 figures

Sales

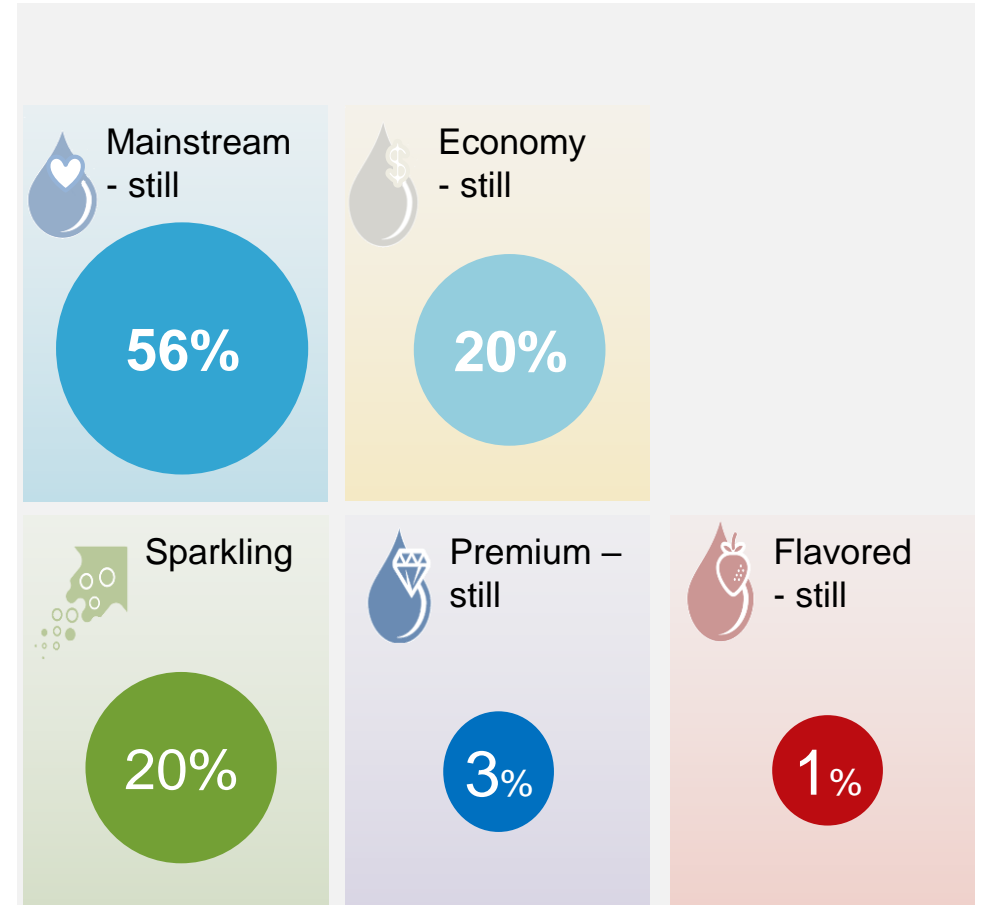
CHF 7.9 bn

Underlying
TOP
11%

Where



Segments



Our strategic priorities: Turn around US and win globally



Sustain the growth of premium brands



Protect the core and premiumize



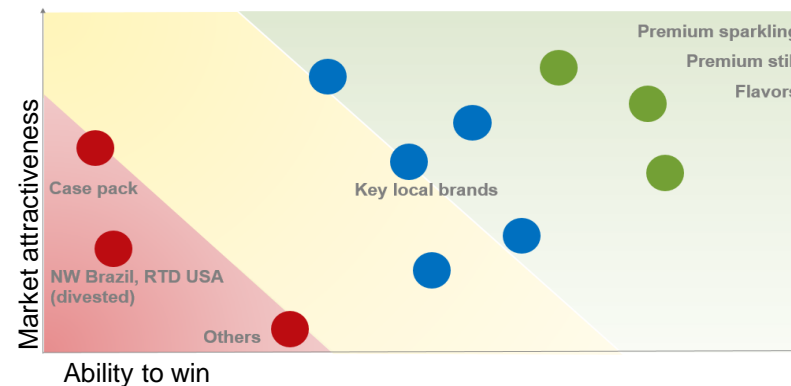
Differentiate through technology and services



Free-up resources to re-invest in marketing



Actively manage portfolio



Put sustainability at the center of our agenda



Sustain growth in premium sparkling



Reinforce **iconic** brand equities

Innovate to answer **consumer needs**



Taste with no calories



Pleasure with low calories



7% organic growth in 2018

Accelerate in premium still, starting with US



Multiple formats to capture every consumption occasion



At home and on-the-go occasions



HoReCa occasions



Strong consumer communication across all touchpoints



New global campaign



10% organic growth in 2018

Protect the core and premiumize, focus on Poland Spring



Protect
case pack



Support case pack with customers,
rejuvenate image

Differentiate
regional spring waters



Unprecedented media support to
communicate unique spring water origin

Launch
Poland Spring nationally



Premiumize and launch
Poland Spring Origin

Premiumize and differentiate through flavored and functional



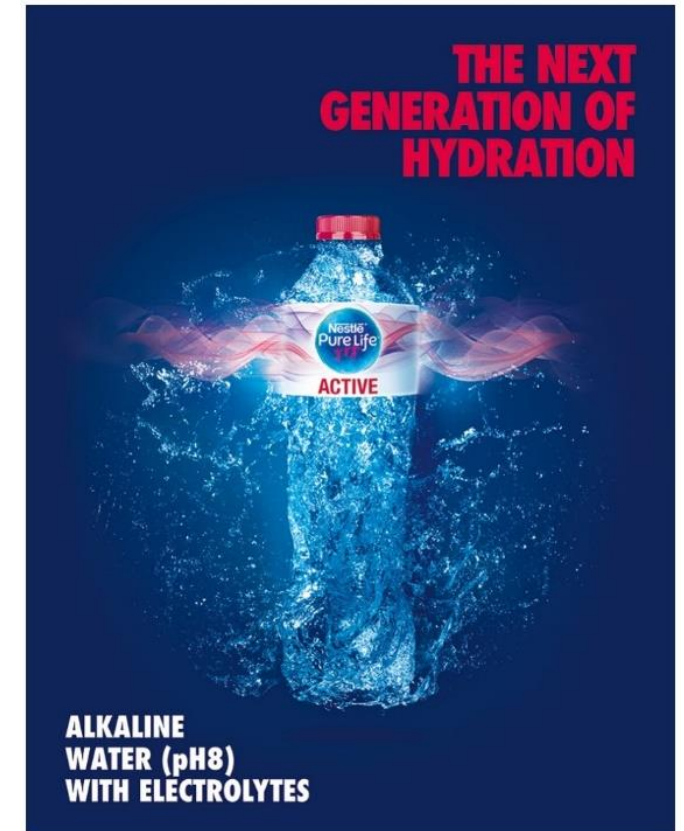
100% natural
spring water
Natural flavors
Refreshing bubbles



A drop of flavor



Infused waters



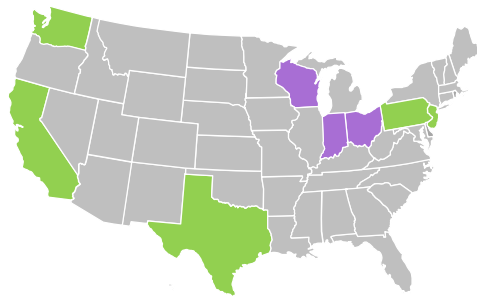
Enhanced hydration

Differentiate through technology and services



Re-engineering Ready Refresh model

Customer base and pricing optimization



Acquisitions

Branch exits

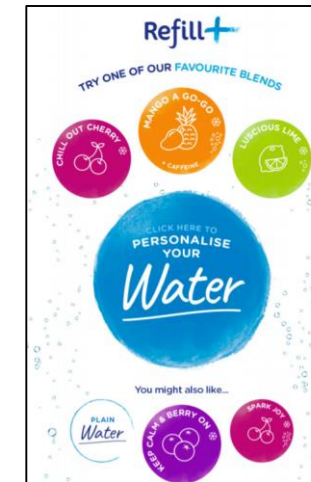


New user-friendly **internet platform** with advanced technology



Innovation – carbonation, digitally connected units

Pioneering customized hydration

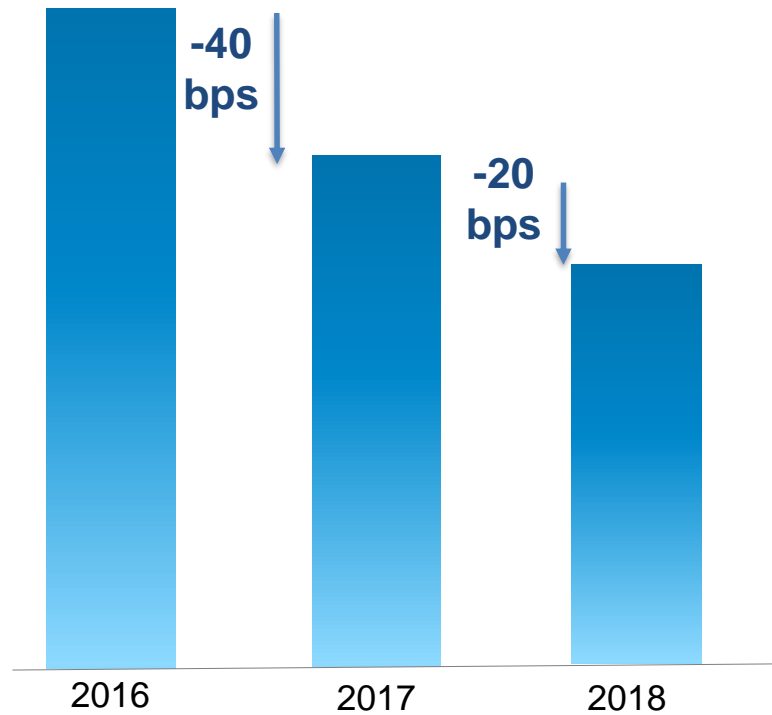


Innovative dispensing system based on refillable bottles

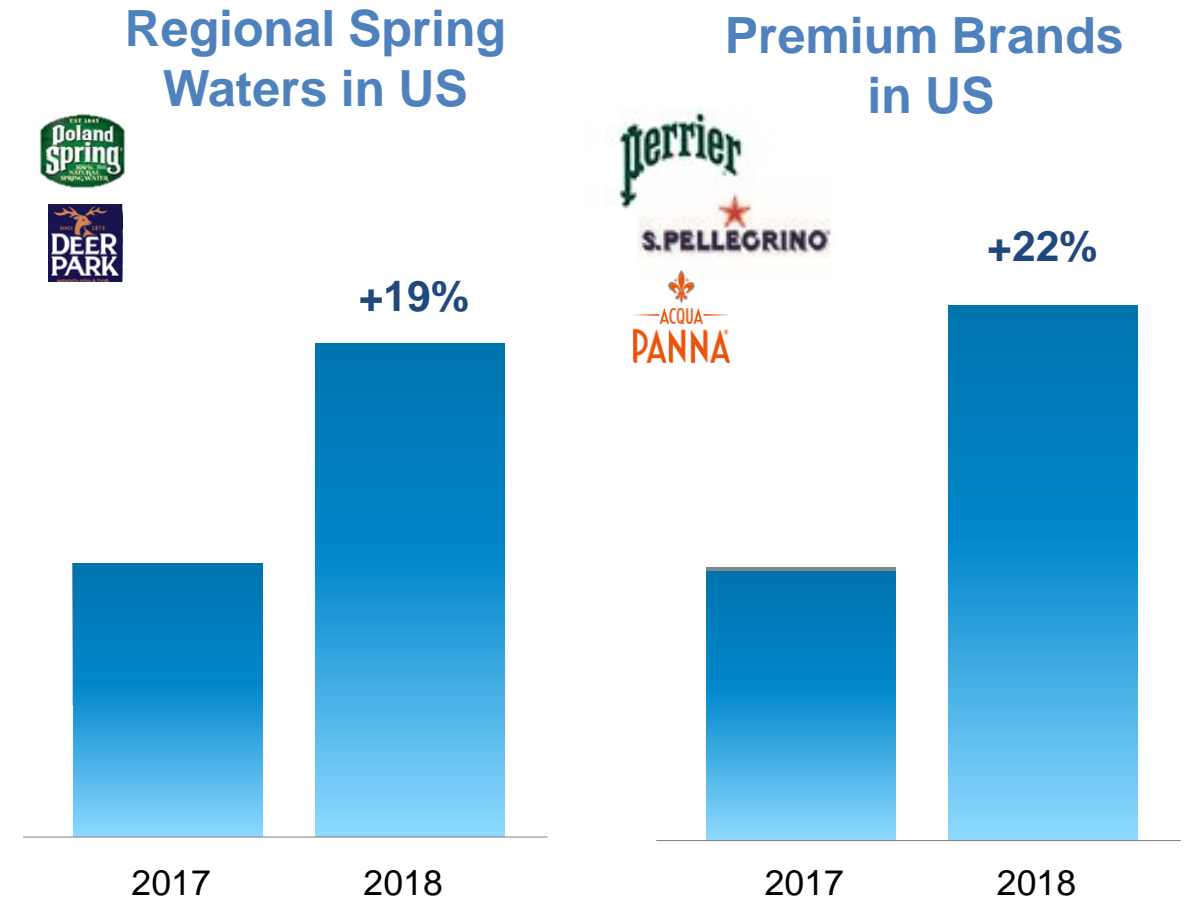
Drive cost efficiencies to reinvest in marketing



Structural costs (as % of sales)



Marketing investment evolution (in CHF m)



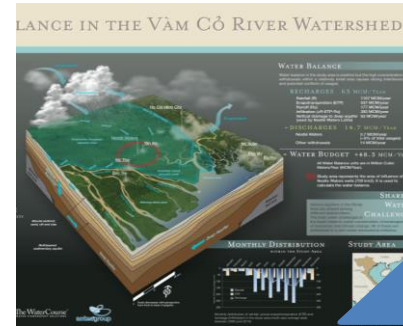
Our water stewardship journey



SAVE WATER



PROTECT THE
SOURCE & THE
CATCHMENT



SHARE OUR
KNOWLEDGE
TRANSPARENTLY



CONTRIBUTE
TO
COMMUNITIES

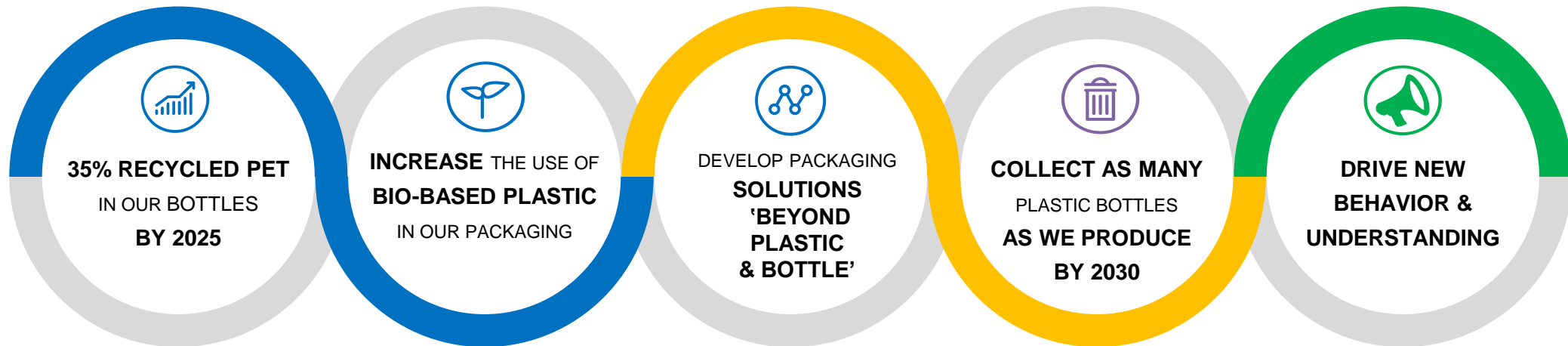


STRIVE FOR
COLLECTIVE
SOLUTIONS



By 2025: all Nestlé Waters sites to be AWS certified

Our strategy on single-use plastic and solutions beyond



COLLABORATION & ENGAGEMENT, ADVOCACY, COMMUNICATION

Convert commitments into actions



Recycled PET



Bio-based and biodegradable



Collection initiatives



Brands with
**50% recycled
PET by 2025**



Bottles
**100% recycled
PET in 2019**



Using **Extended Producer Responsibility** and **Deposit Refund Schemes** where appropriate

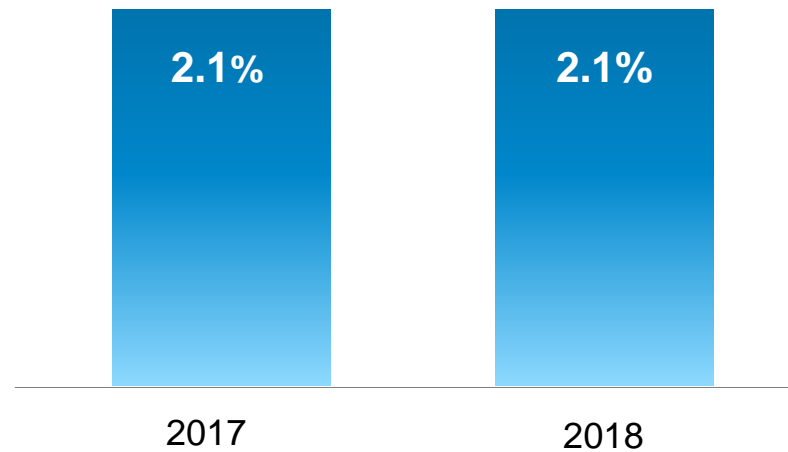


Source: picture from Danimer

Our performance

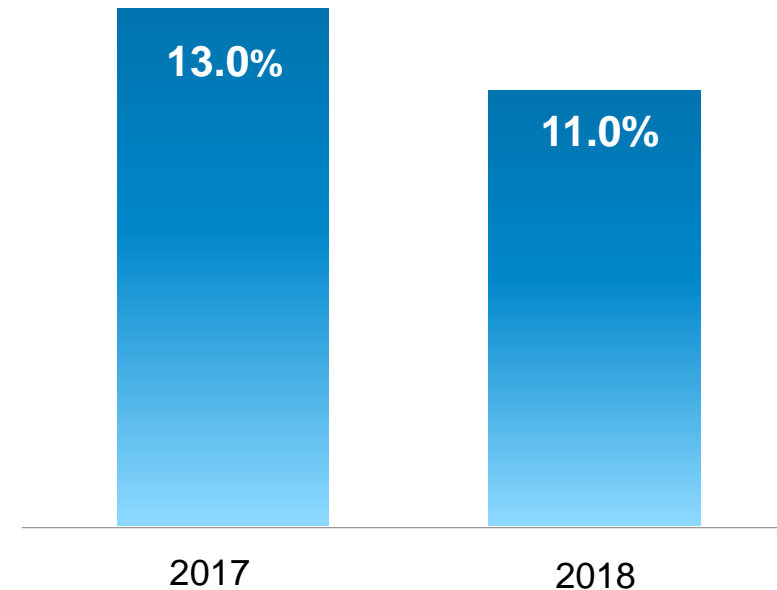


Organic growth



Organic growth: negatively impacted by a decrease in volumes (-0.6% RIG) due to price increase in the US

Underlying TOP



Margin: -330 bps due to an increase of plastics and transport cost in US, partially offset by price increases and structural cost reduction

Key takeaways



Drive growth

- Accelerate our premium brands
- Premiumize our unique still water brands
- Differentiate through flavored and functional
- Increase use of technology & services

Fund growth

- Accelerate structural cost reduction
- Actively manage our portfolio

Enable sustainable growth

- Water stewardship
- Plastic roadmap