Accelerating growth in 2019

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Our business in Zone AMS

Key 2018 figures

Sales
CHF 31.0 bn

Underlying
TOP
21.1%

Where

North America 66%
LATAM 34%

What

Petcare 28%
Milk products & Ice cream 23%
Prepared dishes & cooking aids 18%
Powdered & Liquid Beverages 13%
Nutrition & Health Science 9%
Confectionery 9%

Employees
85 100

Factories
119

Top brands

PURINA
NESCAFÉ
Coffee-mate
Starbucks
Stouffer's
Challenging external environment

Trade war impact
Input costs
Transportation costs
Latin American currencies
Trade environment
Stricter regulatory environment
Our virtuous circle

Creating Shared Value

• Most trusted company
• NHW, youth, plastics / environment, diversity
• Safety: Zero irreversible injuries
• Quality: Zero major incidents

Achieving efficiencies

• Ambitious end-to-end efficiency plans
• CHF 300 m annual cost savings through redesign

Investing in growth

• CHF 300 m annual CAPEX increase in the last 3 years to support growth
• Increase in marketing investment to support innovation and core business
• Active portfolio management

Delivering profitable growth

• Growth acceleration
• Margin expansion on track for 2020

Driving market share

• Market leadership expansion (800 bps positive gap vs #2)
• Investment in high growth channels & new business models
**Ambitious efficiency plans**

### 2018

**Organizational agility and new capabilities**

- Layer
  - -1

**Relentless focus on cost**

- Structural costs
  - -2%

**Continuous focus on capital efficiency**

- ROIC
  - +30 bps

### 2019 and beyond

- New head offices in US and Brazil
- Organization redesign of PetCare North America
- Media, including programmatic, consolidation in Latin America
- Flawless integration of Starbucks and divestment of US Confectionery

- Exiting company-owned frozen DSD in the US
- One single IT for North America and one for Latin America
- Shared service center in Paraguay
- Industrial setup review completed 1 year ahead of plan

- Portfolio management impact
- CAPEX achieving fast returns
- Continuous improvement in reducing working capital
Focus on high-growth, high-margin businesses

Win in pet care

Win in coffee

Win in infant nutrition
Win in pet care: CHF 8.8 bn of sales

Growth momentum in North America and Latin America

North America growth at 2.9%* with additional production capacity in wet and litter

Latin America growth at 10.9%* and additional production capacity in wet and dry

* 2018

PURINA US e-commerce sales booming, winning market share

Capturing natural and organic trends
Win in coffee: CHF 4.0 bn of sales

Accelerated growth through premiumization and natural

Starbucks flawless integration

Accelerate out-of-home

Latin American deployment
Win in infant nutrition: CHF 2.8 bn of sales

Sustained market share performance in Nestlé infant nutrition

Organic & natural baby food
Infant formula
Supplements
Personalized consumer engagement

Reinventing Gerber

Organic & natural baby food
Infant formula
Supplements
International expansion
Focus on US frozen meals turnaround

Improve relevance of the core

Expand new platforms
Expanding footprint in core categories

- Hartwell, Georgia (2019)
- Allentown, Pennsylvania (2019)
- Bloomfield, Missouri (2020)
- Veracruz, Mexico (2020)
- Silao, Mexico (2018-2019)
- Teno, Chile (2018)
- Nantli, Mexico (2017)
- Montevideo, Uruguay (2019)
Maximizing the mix through portfolio management

Disposed and under strategic review

- US Confectionery
- Gerber Life Insurance
- Brazil Portfolio optimization

Acquisition or investment

- Merrick
- Blue Bottle
- Sweet Earth
- Chameleon
- Freshly
- Terrafertil
- Starbucks
Leveraging trends to innovate

Superior nutrition

Ready-to-Drink

Food intolerance

Convenience

Organic / natural

Local origins

Vegan / plant-based

Super premium
Developing new innovation models

Gaining momentum

What's new

Augmented Reality

Personalized Coffee

Connected Carts
Driving e-business

Focus on e-commerce growth platforms

Drive personalization at scale: Data + Content + Media

E-commerce sales CHF 1.1 bn with 50% growth

Categories

Markets

Initiatives

Market share*

* Available only for US pet care and infant nutrition
Building an intelligent enterprise

Enhance digital capability across the value chain

Sales analytics to improve promotion/assortment and planning
Digitally connected operations to better serve our consumers
Personalized nutrition advice for consumers
Personalized communication experiences
People analytics to improve agility of our organization
Winning with People and Teams

Gender balance

3 Female market CEOs
3 Female market CFOs
27 Female business executive officers

Safety - journey towards zero accidents
Creating Shared Value

- Reach 1.5 million kids/year
- Alliances with 100+ partners
- Helped 1 million young people
- All factories with Caring for Water program by 2021
- First triple zero factories: Montes Claros (BRA), Lagos Moreno (MX)

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Growth momentum is back

Momentum in organic growth

Growth across Zone AMS

- North America and Latin America accelerating
- Brazil back to growth
- E-commerce booming +50%
- Double digit growth in:
  - PURINA Latin America
  - Plata Region, Latin Caribbean
  - NDG and KitKat

* Pro forma figures include the re-organization of Nestlé Nutrition into the Zones
... with improved margins and capital efficiency

**Improved underlying TOP margin**

(as % of sales)

2016: 20.2%
2018: 21.1%

**Improved working capital**

(as % of sales)

2016: 4.1%
2018: 2.9%

* Pro forma figures include the re-organization of Nestlé Nutrition into the Zones. No restatement has been made for accounting changes.
Key takeaways

• Growth momentum is back and accelerating, driven by coffee, pet care, infant nutrition and professional

• Margin is improving and on track to achieve 2020 ambition

• While reshaping organization and portfolio for the new reality