Sustainable growth in a fast-evolving environment

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Our business in Zone AOA

Key 2018 figures

- Sales
  - CHF 21.3 bn
- Underlying TOP
  - 22.8%

Employees
- 98 500

Factories
- 91

Where

- Sub-Saharan Africa 12%
- South Asia 13%
- ASEAN 31%
- Greater China 30%
- Jap/SK/Oceania 14%

What

- Beverages (incl. coffee) 28%
- Milk products & Ice cream 24%
- Nutrition & Health Science 23%
- Prepared dishes & Cooking aids 12%
- Confectionery 10%
- Pet care 3%

Employees
- 98 500

Factories
- 91

Top brands
- NESCAFE
- Maggi
- Milo
- NAN
- Nido
- Nestle

Our strategy
Creating Shared Value
Our performance
Forces shaping our environment

Urbanization changing lifestyles

Growing youth & aging populations

Personal income rising

Health trends and premiumization

Digital transforming trade

Increasing local competition
Our virtuous circle

Creating Shared Value
- Nestlé in Society: Plastics, NHW, Youth, Caring for Water
- Safety: 18% improvement in injury frequency rate
- Quality: 14% improvement in number of quality incidents

Achieving efficiencies
- 50 bps improvement in structural costs in 2018
- CHF 450 m savings from projects

Focusing investments on growth platforms
- CHF 2.1 bn CAPEX investment in last 3 years
- 40 bps increase in marketing investment to support innovation and core business
- Active portfolio management

Delivering profitable growth
- Innovation driving demand
- Expansion in white space geographies
- Increased focus on key categories

Driving market share gains
- Maintained no.1 position in coffee (while expanding our presence within category) gaining 20 bps from competition in 2018
Strategic priorities

1. Strengthen growth in key markets
2. Lead & shape the new coffee world
3. Premiumize through innovation
4. Expand in white space geographies
5. Leverage our category strength
6. Develop digital capabilities to win
### Strengthening growth in key markets: China

#### Transform with data

Launched Nestlé’s 1st in-house data management platform (2017)

#### Modernize the portfolio

Cold-brew coffee driving significant market share gains (launched 2018)

#### Drive consumer-centric innovation

Launched incubator team (2018) driving trend-driven innovation and speeding time to market
1. Strengthening growth in key markets: India

**Driving penetration with a focus on urban areas**
- Expanding our distribution from 4.5 m outlets in 2018 to 5.5 m by 2020

**Accelerating premiumization through innovation**
- > 40 innovations launched in the last 3 years
- Premium products now 10% of sales

**Expanding our portfolio into new categories**
- #1 in 7 of the largest food and beverages categories
- Expansion focused on infant nutrition, food, RTD and confectionery
2 Leading and shaping the new world of coffee

Category growth of ~ CHF 10 bn over 5 years (2018-2023)

- Portioned: CHF +0.4 bn CAGR 8%
- RTD*: CHF +1.7 bn CAGR 4%
- Soluble: CHF +2.1 bn CAGR 9%
- Workplace: CHF +4 bn CAGR 4%
- Hotels: CHF +1.5 bn CAGR 4%

*RTD growth excludes Japan

Source: Nestlé data
Leveraging our strength across the portfolio

Strengthen our core business

Lead in innovation

Embrace the cold opportunity

Accelerate in OOH

Deliver the Starbucks plan
Premiumizing to drive profitable growth

### Premium products in % of Zone sales

- **Average yearly organic growth**: +9%
- **2015**: 7%
- **2018**: 15%

### Premium product sales split by category

<table>
<thead>
<tr>
<th>Category</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infant nutrition</td>
<td>63%</td>
</tr>
<tr>
<td>Beverages</td>
<td>11%</td>
</tr>
<tr>
<td>PetCare</td>
<td>10%</td>
</tr>
<tr>
<td>Dairy</td>
<td>9%</td>
</tr>
<tr>
<td>Food</td>
<td>5%</td>
</tr>
</tbody>
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Our strategy

Creating Shared Value

Our performance

Our business

Our strategy

Creating Shared Value

Our performance

Nestlé Investor Seminar 2019

May 7, 2019

Nestlé Investor Seminar 2019
Premiumizing through innovation

Dramatic shift towards premiumization in China’s infant formula market

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>19</td>
<td>23</td>
</tr>
<tr>
<td>95</td>
<td>27</td>
<td>27</td>
</tr>
<tr>
<td>3</td>
<td>3</td>
<td></td>
</tr>
</tbody>
</table>

- **Super Premium Plus**: CHF >59 / kg
- **Super Premium**: CHF 48-59 / kg
- **Premium Plus**: CHF 39-48 / kg
- **Premium**: CHF 30-39 / kg
- **Economy**: CHF <30 / kg

Source: Nielsen, Team analysis

illuma: From single product to billionaire megabrand

<table>
<thead>
<tr>
<th></th>
<th>Base</th>
<th>Organic</th>
<th>Atwo</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Super Premium</td>
<td>Super Premium Plus</td>
<td></td>
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</tbody>
</table>
3 Adding value to the mainstream through innovation

Maggi noodles in India has been mainstream

A growing middle class has greater expectations

Middle class will double over 10 years

113.8 m households

547 m individuals

~ 41% of total population

New flavors and variants allow us to value-up the core

Portable

Seeking new culinary experiences

Healthy for families and kids

Source: National Council for Applied Economic Research, India
Seizing white space opportunities: Sub-Saharan Africa

Expand penetration
Share and value of household consumption is growing

<table>
<thead>
<tr>
<th>Country</th>
<th>2015</th>
<th>2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nigeria</td>
<td>USD 369 bn</td>
<td>USD 454 bn</td>
</tr>
<tr>
<td>Ethiopia, Kenya, South Sudan &amp; Tanzania</td>
<td>USD 198 bn</td>
<td>USD 309 bn</td>
</tr>
</tbody>
</table>

Affordable nutrition
Accessible, affordable nutrition is still key for much of the population

We fortify products to help address micronutrient deficiencies

Popularly Positioned Products (PPP) in Sub-Saharan Africa contribute 26% of PPP sales in AOA

Source: McKinsey
Seizing white space opportunities: South East Asia

Myanmar’s economy growing strongly

Real GDP Growth

<table>
<thead>
<tr>
<th>Year</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>5.9%</td>
</tr>
<tr>
<td>2017</td>
<td>7.2%</td>
</tr>
<tr>
<td>2018-22 (average)</td>
<td>7.4%</td>
</tr>
</tbody>
</table>

Source: OECD Development Centre (2018), WHO

Nutrient deficiencies prevalent in population of 53 m

- Children: 40%
- Women: 50%
- Pregnant women: 45%

Iron deficiency is one of the most prevalent deficiencies in Myanmar

Source: WHO

Differentiating with fortification to seize opportunity

Our strategy

Creating Shared Value

Our performance
Further leveraging our existing portfolio

Dairy, pet care and Ready-to-Drink key to drive growth

Dairy in AOA
Market size: CHF 140 bn
Build a dairy portfolio journey from childhood to senior

Pet care in AOA
Market size: CHF 14.6 bn
Winning with pet professionals and new consumers in AOA

RTD in AOA
Market size: CHF 206 bn
Focusing on cross-category strategy, while building relevance with consumers
Developing digital capabilities to win

**Strong e-commerce growth for Nestlé in AOA**

<table>
<thead>
<tr>
<th>Year</th>
<th>CHF (bn)</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>0.6</td>
<td>0.8</td>
<td>1.1</td>
<td>37%</td>
</tr>
</tbody>
</table>

**New markets show strongest growth potential**

Forecast market CAGR 2018 – 2022

- India: 19.9%
- Indonesia: 17.7%
- South Africa: 13.7%
- China: 12%
- Global: 9.6%

Source: StatInvestor
Adapting our business model to succeed in ‘New Retail’

E-commerce has changed the retail landscape

• Digitization of retail
• Hyper-connected consumers
• Cross-border e-commerce
• Personalization
• ‘Mobile first’ markets

Requiring new capabilities across channels

• Establishing online channels
• Developing end-to-end online business models
• Partnering with e-commerce leaders

To enable personalization and customization at scale

• Japan: ‘Uber-type’ model for seniors to help cover last mile
• China: R&D social listening platform for increased consumer-centric innovation
• Singapore: Customize gift packs through Facebook and Messenger
Creating Shared Value to ensure we grow sustainably

Enabling healthier and happier lives

- 120 bn servings of fortified foods and beverages in AOA

Helping develop thriving resilient communities

- Each day we source 600 000 litres of milk from Indonesian farmers we started supporting 44 years ago

Stewarding resources for future generations

- Water used per tonne of product in AOA down 27% since 2010
Tackling the plastic waste issue across AOA

Developing the packaging of the future

- Shifting to alternative materials like paper, with solutions already deployed

Helping shape a waste-free future, founded on neutrality

- Supporting transition to a circular economy with Project STOP in Indonesia
- Helping clean up the environment across the Zone

Driving new behavior and understanding

- Using brands to educate consumers and promote collection of packaging
Growth and profitability are accelerating

**Improvement in organic growth**

- 2016 *: 2.4%
- 2017 *: 4.2%
- 2018: 4.3%

**Positive momentum in Underlying TOP**

- 2016 *: 21.9%
- 2017: 22.2%
- 2018: 22.8%

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

• Drive new consumption opportunities with our core strategic brands
• Focus on white space opportunities for growth
• Grow infant nutrition through innovation, expand PetCare and RTD
• Build capabilities and deepening partnerships to win in e-commerce