Growing in Zone EMENA

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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.
Our business in Zone EMENA

Key 2018 figures

- Sales
  - CHF 18.9 bn
- Underlying TOP
  - 19.0%

Where

- Western Europe 62%
- Central & Eastern Europe 19%
- MENA 19%

What

- Beverages (incl. coffee)
  - 27%
- Prepared dishes & cooking aids
  - 21%
- PetCare
  - 18%
- Confectionery
  - 17%
- Nutrition & Health Science
  - 11%
- Milk products & Ice cream
  - 6%

Employees

- 74 000

Factories

- 101

Top brands

- NESCAFÉ
- Maggi
- felix
- KitKat
- NIDO
Facing external disruptions

Plastics and waste

Political uncertainty

Brexit

Increasing digitalization

Shifting consumer preferences

Evolving trade environment

Source: Nielsen MAT Dec 2018, value growth
Our virtuous circle

Creating Shared Value

- Healthier Kids
- YOUth initiative
- Zero environmental impact across operations

Delivering profitable growth

- Underlying TOP margin: +80 bps in 2018
- Margin increase helped by portfolio management

Achieving efficiencies

- Distribution costs in % of sales: -10 bps in 2018
- Overheads in % of sales: -40 bps in 2018

Investing in growth

- CHF 24 m of additional consumer marketing investment in 2018

Driving market share

- 59% of cells gaining or maintaining share
Our transformational journey ‘EMENA 2020’

Creation of 7 regionally-managed businesses

Evolving our ways of working

Winning together in the market

- Combining the best of category focus and local market competence
- Aligned decision making
- Clear decision rights on local and above market processes

P&L responsibility at category level
Category focus unlocks value from operations

Driving efficiencies

- Reduction in number of underutilized lines
  - 25%
- Reduction in structural costs
  - 120 bps

Reducing complexity in confectionery

<table>
<thead>
<tr>
<th>Packaging material specifications</th>
<th>Purchasing specifications</th>
</tr>
</thead>
<tbody>
<tr>
<td>- 15%</td>
<td>- 17%</td>
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<table>
<thead>
<tr>
<th>Point of sale display specifications</th>
<th>Cocoa butter specifications</th>
</tr>
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<tbody>
<tr>
<td>- 90%</td>
<td>- 70%</td>
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Reduction in Santa Claus references

- 75%
Focus on improving the mix through premiumization

**Premium products in % of Zone sales**

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>15% Organic growth</td>
<td>+8% Premiumization</td>
<td>22% Premiumization</td>
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**Maggi**

- Retail price index
- Basic bouillon
- Low salt, Low fat
- Organic
- All-in-one seasoning

**PURINA**

- Retail price index
- Standard
- Sensations
- Soups
Winning with infant nutrition

Key priorities

- Focus on science-based innovation and renovation
- **Flawless execution** towards customers, health care professionals and consumers
- Innovate in infant formulas and infant **cereals** through value added natural and organic offerings
- **Address complexity**, harmonize recipes, reduce SKUs and specifications

Gaining market share in infant nutrition

Source: Nielsen value share gap
Winning with PURINA PetCare

Key priorities

- Portfolio management and premiumization
- Listening and transforming consumer trends into relevant innovation
- Evolving communication in the new digital era

PURINA catching up fast vs main competitor

2000 2018

20% 29% 42%

27%

Main competitor

PURINA PetCare

Source: Nielsen value share (grocery)

PURINA overtaking main competitor in wet cat food

2005 2018

27% 44% 43%

34%

Main competitor

PURINA PetCare

Source: Nielsen value share (grocery)
Expanding beyond “EMENA 2020”

Sustainable by design

Inclusive teams

Consumer & shopper centricity

Digital by design

Creating competitive gaps in operations

EMENA 2020 Connect
Offering ‘sustainable by design’ propositions

Nesquik: All Natural

- Recyclable paper packaging
- 9 months from concept to launch

YES!

- Fast-tracked launch, already in 9 countries

PURINA Beyond

- Full range in cat and dog, wet and dry segments in 18 countries after 2 years
Consumer centricity: The PURINA example

Ultra premium natural

Terra Canis

14% annual organic growth 2016 to 2018

Personalization

Tails.com

47% organic growth in 2018

Vet ecosystem

IVC Group

Strategic partnership with IVC Group (1 100 clinics in Europe)
Addressing the needs of the omnichannel shopper

Aligned approach to international customers

E-commerce organic growth +12% in 2018

Sales growth with discounters +5% in 2018
Creating competitive gaps in operations

Collaborative robots for flexibility and agility

Automated warehouses

Paperless operations

100% of factories equipped by 2021

70% of factory warehouses by 2021

100% of factories by 2021
Digitalization: A key driver in infant nutrition

Closer to parents with WhatsApp consumer service

- 3,000 live users at any time
- 4.5 / 5 feedback

Ecosystem connecting parents, pediatricians and retailers

- 67% growth in e-commerce
- Nestlebaby.ru #1 ‘baby’ website

Harnessing the power of influencers

- Reach 6.5 m impressions
- Ad recall + 36% vs. average
Zone EMENA: Business as a force for good

Healthier Kids

5 m children reached in 2018

Sugar reduction: 4 000 tons (2017-2018)
Accelerating launch of more nutritious products
480 healthy kid and family product launches

YOUth initiative

4 000+ apprentices & trainees in 2018
Apprenticeship schemes active in 18 countries (2019)

Zero environmental impact across our operations

75% 'zero waste' factories: 72 out of 96

Top-5 Happy Trainees ranking
Improving margins through lower structural costs, portfolio management, and steady growth

Zone EMENA: Underlying TOP and structural cost evolution (in % of sales)

Organic growth figures before 2018 are pro forma and include the reorganization of Nestlé Nutrition and Nestlé Professional into the Zones. No restatement has been made for accounting changes before 2017.
Key takeaways

• Growing ahead of peers in a low volume growth environment thanks to premiumization, digital innovations and emerging markets

• Delivering market share gains and solid profit improvement

• Optimizing costs through reduction of complexity and optimal industrial set-up

• Allocating resources through category focus