



Nestlé Good Food, Good Life

Growing in Zone EMENA

Marco Settembri,
CEO, Zone Europe,
Middle East and North Africa



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.



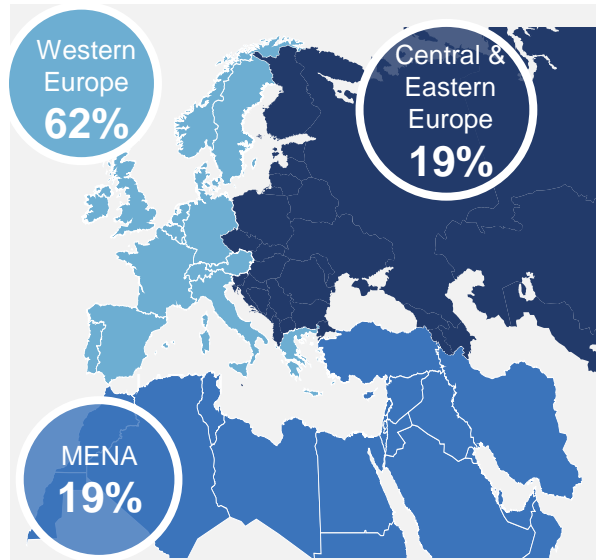
Our business in Zone EMENA

Key 2018 figures

Sales
CHF 18.9 bn

Underlying
TOP
19.0%

Where



What

Beverages
(incl. coffee)

27%

Confectionery

17%

Prepared dishes
& cooking aids

21%

Nutrition &
Health Science

11%

PetCare

18%

Milk products
& Ice cream

6%

Employees

74 000

Factories

101

Top brands

NESCAFÉ



felix



Facing external disruptions



Plastics and waste



Political uncertainty



Brexit



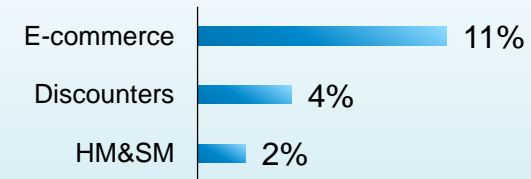
Increasing digitalization



Shifting consumer preferences



Evolving trade environment



Source: Nielsen MAT Dec 2018, value growth



Our virtuous circle

Creating Shared Value

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

Achieving efficiencies

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

Delivering profitable growth

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

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



Nestlé



Evolving our ways of working

 Middle East...

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

Packaging material specifications

– 15%

Purchasing specifications

– 17%



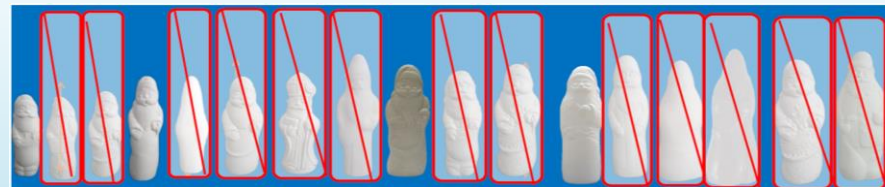
Point of sale display specifications

– 90%

Cocoa butter specifications

– 70%

Reduction in Santa Claus references

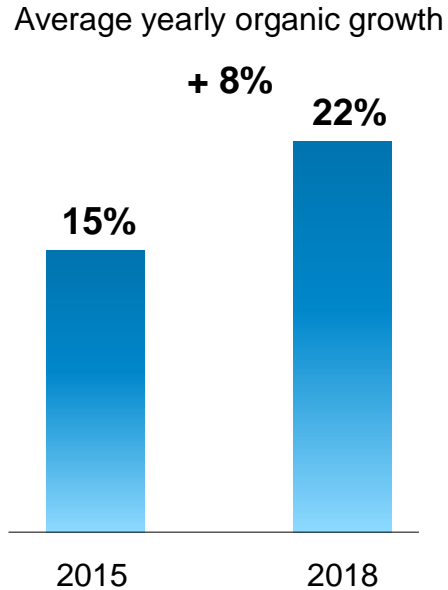


– 75%

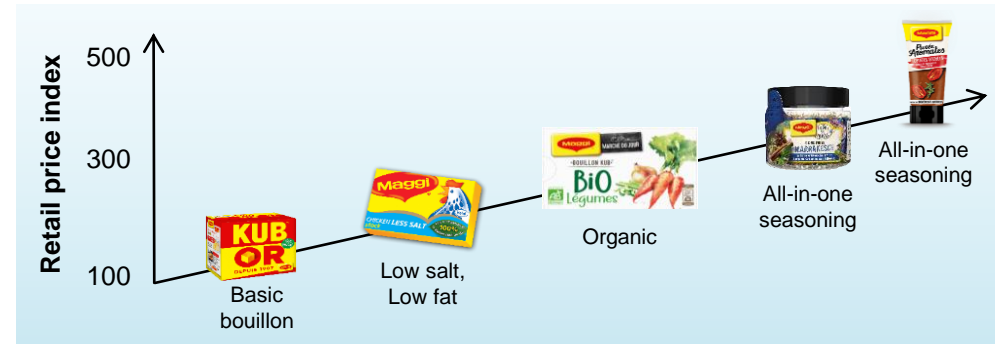
Focus on improving the mix through premiumization



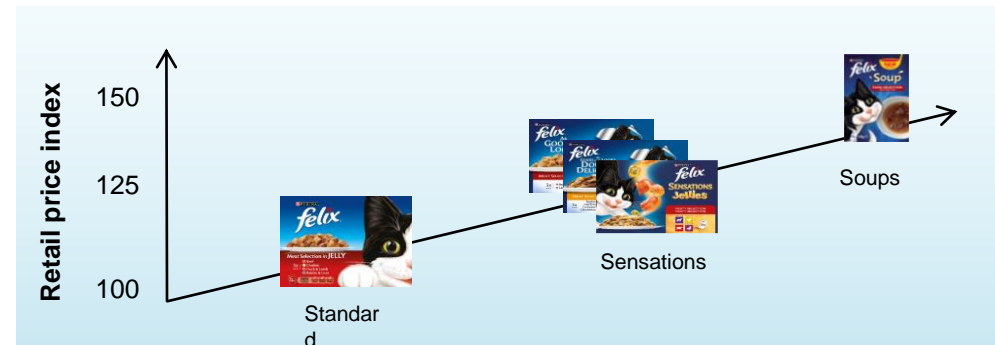
Premium products in % of Zone sales



Maggi



PURINA



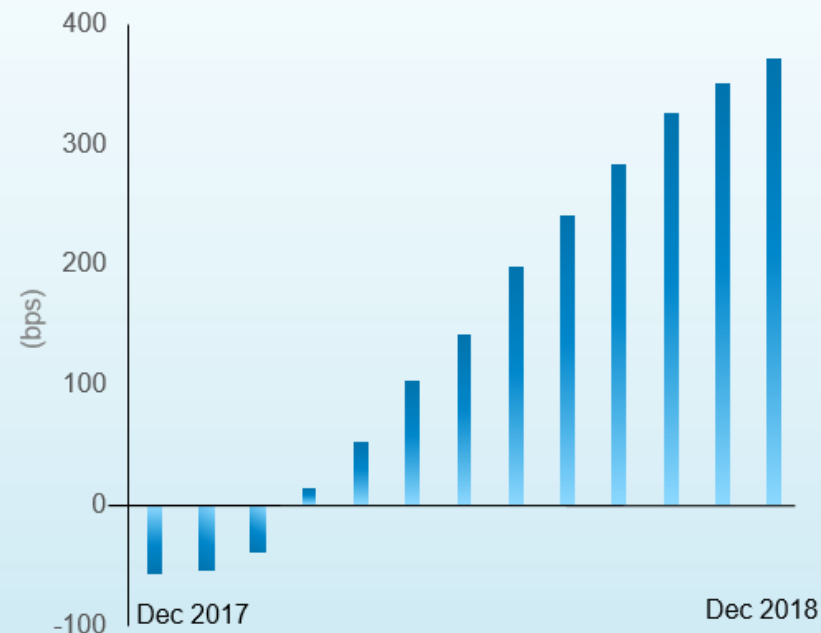


Winning with infant nutrition

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

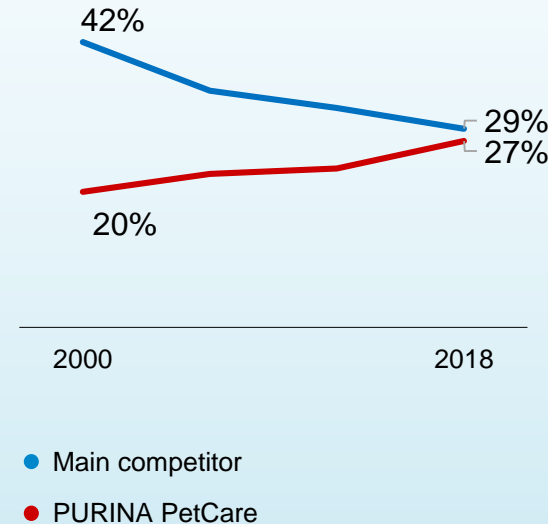
Winning with PURINA PetCare



Key priorities

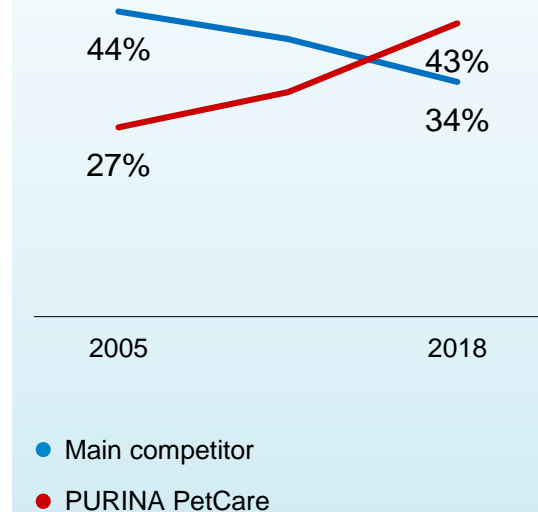
- Portfolio management and premiumization
- Listening and transforming consumer trends into relevant innovation
- Evolving communication in the new digital era

PURINA catching up fast vs main competitor



Source: Nielsen value share (grocery)

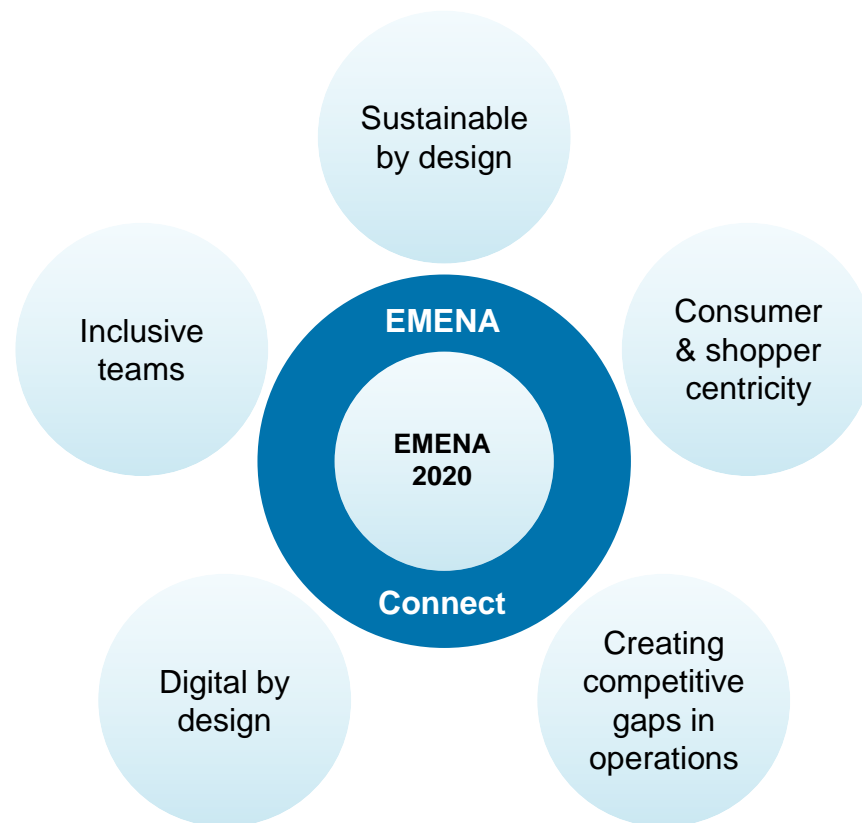
PURINA overtaking main competitor in wet cat food



Source: Nielsen value share (grocery)



Expanding beyond “EMENA 2020”



Offering 'sustainable by design' propositions



Nesquik: All Natural

YES!



Recyclable paper packaging
9 months from concept to launch



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

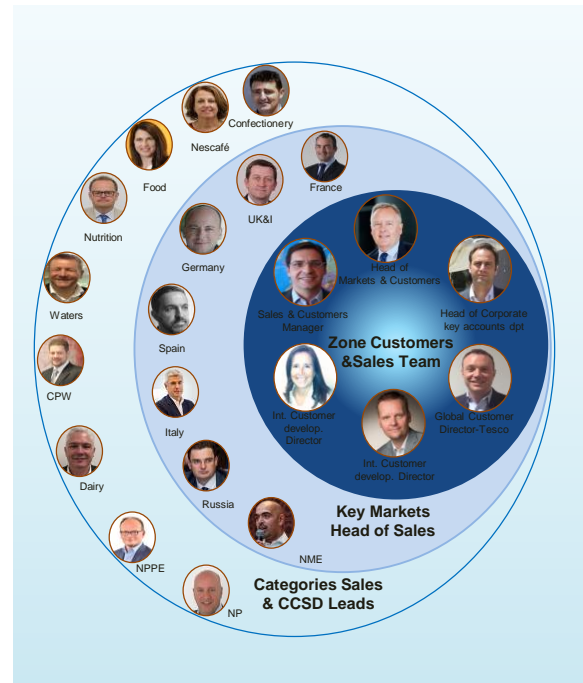


Strategic partnership with IVC Group
(1 100 clinics in Europe)

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



100% of factories equipped by 2021

Automated warehouses



70% of factory warehouses by 2021

Paperless operations



100% of factories by 2021

Digitalization: A key driver in infant nutrition



Closer to parents with WhatsApp consumer service

Israel



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

Ecosystem connecting parents, pediatricians and retailers

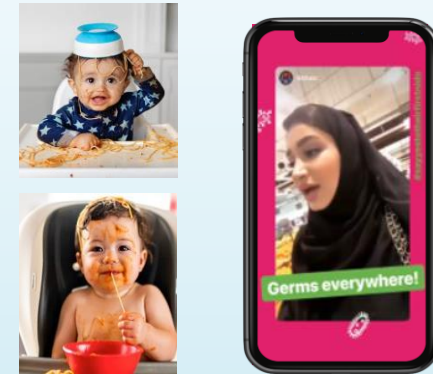
Russia



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

Harnessing the power of influencers

Saudi Arabia



- 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)*



**Top-5
Happy
Trainees
ranking**

Zero environmental impact across our operations

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



PROGRESS ON
ENVIRONMENTAL
SUSTAINABILITY IN OUR
FACTORIES IN EUROPE,
MIDDLE EAST AND
NORTH AFRICA

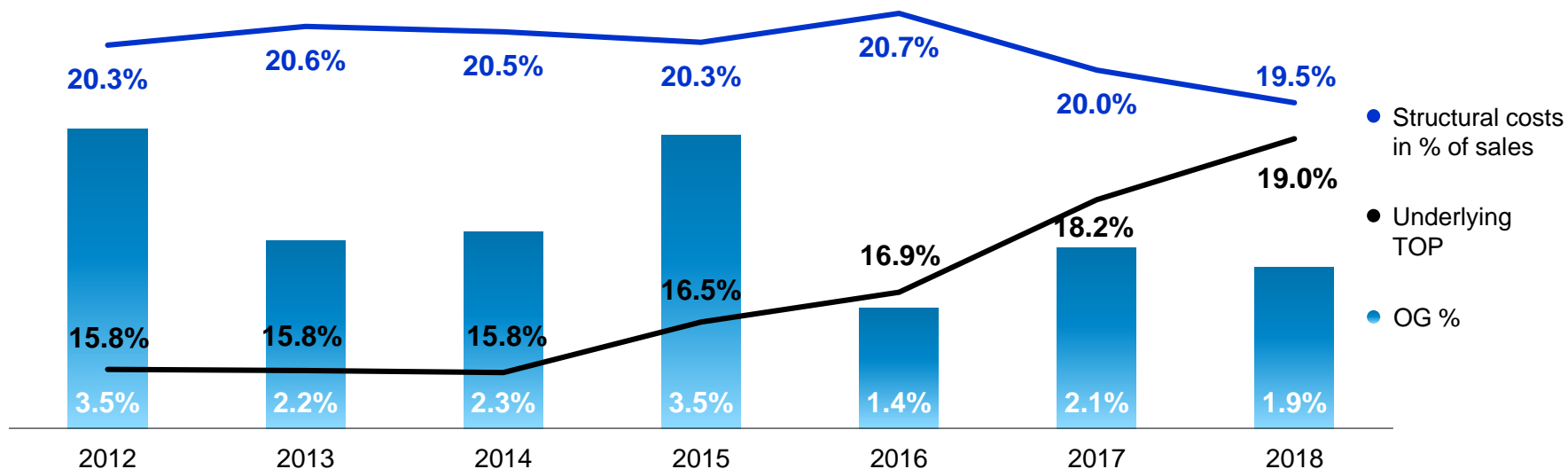


PROGRESS ON
ENVIRONMENTAL
SUSTAINABILITY IN OUR
FACTORIES IN EUROPE,
MIDDLE EAST AND
NORTH AFRICA



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