Welcome to the Nine-Month Sales Conference
Nine-Month Sales Conference

Paul Bulcke
Nestlé CEO
Nine-Month Sales Conference

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Chief Financial Officer
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 materially 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.
Highlights

- Sales of CHF 66.2 billion, impacted by -7.5% FX
- Organic growth 4.5%
- Real Internal Growth 2.3%
- All geographies contributing to positive growth
- Outlook unchanged: around 5% organic growth with an improvement in margins and underlying earnings per share in constant currencies
## Broad based regional growth

<table>
<thead>
<tr>
<th>Region</th>
<th>Sales (in CHF)</th>
<th>RIG</th>
<th>OG</th>
</tr>
</thead>
<tbody>
<tr>
<td>Americas</td>
<td>28.0 bn</td>
<td>+1.9%</td>
<td>+5.1%</td>
</tr>
<tr>
<td>Europe</td>
<td>18.5 bn</td>
<td>+2.0%</td>
<td>+1.4%</td>
</tr>
<tr>
<td>Asia, Oceania &amp; Africa</td>
<td>19.7 bn</td>
<td>+3.1%</td>
<td>+6.5%</td>
</tr>
</tbody>
</table>

Each region includes Zones, Nestlé Waters, Nestlé Nutrition, Nestlé Professional, Nespresso, Nestlé Health Science and Nestlé Skin Health. OG = Organic Growth, RIG = Real Internal growth.
Developed and Emerging markets growth

<table>
<thead>
<tr>
<th>Sales (in CHF)</th>
<th>Developed</th>
<th>Emerging</th>
</tr>
</thead>
<tbody>
<tr>
<td>36.9 bn</td>
<td>29.3 bn</td>
<td></td>
</tr>
<tr>
<td>% of Group Sales</td>
<td>56%</td>
<td>44%</td>
</tr>
<tr>
<td>OG</td>
<td>+0.5%</td>
<td>+9.5%</td>
</tr>
</tbody>
</table>

OG:
16 October 2014
Nine-Month Sales Conference
Zone Europe

<table>
<thead>
<tr>
<th>Sales in CHF bn</th>
<th>11.1</th>
<th>RIG %</th>
<th>2.0</th>
<th>OG %</th>
<th>1.0</th>
</tr>
</thead>
</table>

- Growth driven by innovation and premium
- *Nescafé Dolce Gusto*, PetCare, Frozen Pizza remain highlights
- Western Europe
  - Solid growth in France, Iberia and Benelux
  - Italy and Germany and UK still subdued
- Eastern Europe:
  - Russia remained the driver of growth

16 October 2014
Nine-Month Sales Conference
Zone Americas

- **North America**
  - Innovation across several categories
  - Challenges in Frozen & Ice Cream
  - *Coffeemate* and PetCare were highlights

- **Latin America**
  - Softer trading environment
  - Brazil solid performance with *Ninho, Nescau* and *Kit Kat*
  - Mexico remained challenging
  - PetCare continued strong momentum

<table>
<thead>
<tr>
<th>Sales in CHF bn</th>
<th>RIG %</th>
<th>OG %</th>
</tr>
</thead>
<tbody>
<tr>
<td>19.3</td>
<td>1.1</td>
<td>4.8</td>
</tr>
</tbody>
</table>
Growth impacted by China, Oceania and pricing taken across many markets

Premium, Milo, Maggi, Ready-to-drink and Creamers were growth drivers

Emerging markets
- Philippines, Turkey, Pakistan and Africa highlights
- China remained challenged in some key categories

Developed markets
- Japan with good growth
- Oceania still subdued
Nestlé Waters

- Continued growth momentum, affected by cooler summer
- International sparkling waters had good global growth

- Developed markets
  - North America continued solid performance
  - Positive growth in Europe impacted by weather

- Emerging markets
  - Double-digit growth
  - Local brands and Nestlé Pure Life contributed
**Nestlé Nutrition**

<table>
<thead>
<tr>
<th>Sales in CHF bn</th>
<th>7.1</th>
<th>RIG %</th>
<th>3.4</th>
<th>OG %</th>
<th>7.8</th>
</tr>
</thead>
</table>

- Infant Formula and Infant Cereals remained the growth drivers
- Emerging markets double-digit growth:
  - China still a highlight
- Developed markets:
  - Meals and Drinks impacted by a soft category
- Brand highlights were **NAN**, **S26** and **Illuma** in Infant Formula and **Cerelac** in Cereals
Other Businesses

Nestlé Professional
- Emerging markets maintained growth momentum
- Developed markets soft with some signs of improvement

Nespresso
- Continued global growth, both established and new markets
- VertuoLine launch on track, well received by consumers

Nestlé Health Science
- Solid growth with Europe the highlight
- Peptamen, Impact, Boost and Meritene were the main drivers

Nestlé Skin Health (as from July 2014)
- Good performance in line with expectations
Summary

- Solid organic growth in a volatile trading environment with no tailwinds
- Growth in both Emerging and Developed Markets
- Continued to invest in our long-term strategy
- Full-year outlook unchanged

Organic growth around 5% and improvements in margins, underlying earnings per share in constant currencies and capital efficiency
Nine-Month Sales Conference

Paul Bulcke
Nestlé CEO
Enhancing people’s quality of life through nutrition, health and wellness with science-based innovation
Expanding the boundaries of NHW

Nutritional solutions that change the way we approach the management of health
Expanding the boundaries of NHW

- Set up of Nestlé Health Science
- Creation of Nestlé Institute of Health Sciences
- Definition of our territory
- Strong innovation
Expanding the boundaries of NHW

To enhance the quality of life by delivering science-based solutions for the health of skin over the course of people’s lives.
Growing skin health needs

The skin is the largest organ of the human body and represents the intersection of food, genetics and the environment.

From 2010 to 2020 the population under 9 years of age will grow 6%.
The population over 60+ years of age will grow +35% (79% by 2030).

Holistic approach to Wellness & the skin

Skin

Food & Environment

Pathology

Wellness
Meeting patients’ dermatological needs throughout life

- Babies:
  - Diaper rash
  - Sun Protection

- Kids:
  - Impetigo
  - Eczema

- Teens:
  - Congenital Diseases
  - Infections

- Adults:
  - Acne
  - Psoriasis
  - Hair loss
  - Nail diseases
  - Skin Ageing
  - Photo damage

- Seniors:
  - Skin Cancer
  - Lipo-atrophy
  - Ingrown hair
  - Ulcers

- Others:
  - Pigmentary Disorders
  - Actinic damage
  - Rosacea/Redness
  - Wrinkles
  - Burns
  - Cleaning
  - Burns
  - Sun Protection
  - Ingrown hair

- Other Dermatological Conditions:
  - Actinic damage
  - Ulcers
  - Hair loss
  - Pigmentary Disorders
  - Rosacea/Redness
  - Wrinkles
  - Burns
  - Sun Protection
  - Ingrown hair
  - Ulcers

- Other Conditions:
  - Diaper rash
  - Sun Protection
  - Ingrown hair
  - Ulcers

- Other Relevant Terms:
  - Skin Cancer
  - Lipo-atrophy
  - Ingrown hair
  - Ulcers

- Other Phases:
  - Babies
  - Kids
  - Teens
  - Adults
  - Seniors

- Other Remarks:
  - This presentation emphasizes the importance of meeting patients’ dermatological needs at every stage of life, from babies to seniors, and highlights various skin concerns and solutions throughout the life cycle.
Keeping long-term direction, while delivering short term

Our objective is to be the leader in Nutrition, Health and Wellness, and the industry reference for financial performance, trusted by all stakeholders.
Keeping long-term direction, while delivering short term

**Roadmap**

- Operational pillars
- Growth drivers
- Competitive advantages

**Priorities**

- Make choices
- Grasp opportunities
- Value what consumers value
- Engage with the community and stakeholders
- Embrace digital
- Win through people and teams

**Focus areas**

- Strengthening portfolio
- Allocating resources
- Mastering complexity

Expanding the boundaries of NHW

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Nine-Month Sales Conference
Focus areas

- Strengthening portfolio
- Allocating resources
- Mastering complexity
Strengthening portfolio

Cells

SkUs

Strategic Fit
Profitable Growth
Resource Intensity

-30%

2012
2014
Strengthening portfolio

Divest

- Chilled dairy
- Mexico
- Nestlé Waters Direct

Invest

- illuma
- Nestlé MILO
- Pure Life
- Nesquik
- BOOST
- BabyNes
- Nestle Waters
- Direct
- Nestlé Cameron
- Nescafé
- Nestlé Coffeemate
- Friskies
- Purina
- KitKat
- Nescafé Dolce Gusto
- Nestlé
- CERELAC
- Nestlé NIDO
- Nestlé Purina
- Wyeth Nutrition
- Nestlé
- Gerber
- Nestlé Health Science
- Special.T
- Maggi
- Galderma
- S. Pellegrino
- Nestlé
- Beneful
Focusing resources on our growth drivers

CAPEX

MARKETING

R&D

Growth

ROIC

in cc

+ >25%

2011 2012 2013 2014

Growth

ROIC

CAPEX

MARKETING

R&D
Nestlé Infant Nutrition: First 1000 days

Pregnancy

0-6 months
Breastfeeding is Best

6-8 months
Infant Formula & GUMs

9-11 months
Infant Cereals

12-36 months
Meals & Drinks

Maternal Nut

Premature

Nestlé

Infant Nutrition: First 1000 days

0-6 months

6-8 months

9-11 months

12-36 months

Breastfeeding is Best

Infant Formula & GUMs

Infant Cereals

Meals & Drinks

Nestlé Infant Nutrition: First 1000 days

0-6 months

6-8 months

9-11 months

12-36 months

Breastfeeding is Best

Infant Formula & GUMs

Infant Cereals

Meals & Drinks
Redefining Zones

Americas

Europe

Asia, Oceania and Africa
Leverage scale + Enhance focus

Nestlé Business Excellence
A decentralised structure close to the consumer
Harmonisation of business processes

Standardisation of data management

Alignment of IS/IT systems
NCE as permanent efficiency driver

Excellence “from farm to fork”
Excellence in administrative processes
Excellence in manufacturing
Nestlé Business Services

Employee services
Financial Services
Workplace solutions
Services to procurement
Digital and social media services
Leverage scale + Enhance focus

Nestlé Business Excellence
Leverage scale + Enhance focus

Leveraging our scale and skills

Serving our markets effectively and efficiently

Increasing focus on demand generation

Nestlé Business Excellence
Long term and short term
Good Food, Good Life
Operating Segments

<table>
<thead>
<tr>
<th>Zone/Ecozone</th>
<th>% RIG</th>
<th>% OG</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>2.0</td>
<td>1.0</td>
</tr>
<tr>
<td>Americas</td>
<td>1.1</td>
<td>4.8</td>
</tr>
<tr>
<td>Asia, Oceania, Africa</td>
<td>0.7</td>
<td>3.5</td>
</tr>
<tr>
<td>Nestlé Waters</td>
<td>5.8</td>
<td>5.1</td>
</tr>
<tr>
<td>Nestlé Nutrition</td>
<td>3.4</td>
<td>7.8</td>
</tr>
<tr>
<td>Other Businesses*</td>
<td>4.9</td>
<td>6.6</td>
</tr>
</tbody>
</table>

Sales (in CHF bn)

- Europe: 11.1
- Americas: 19.3
- Asia, Oceania, Africa: 13.4
- Nestlé Waters: 5.7
- Nestlé Nutrition: 7.1
- Other Businesses*: 9.6

* Renamed following the acquisition of Galderma
Products

<table>
<thead>
<tr>
<th>Category</th>
<th>% RIG</th>
<th>% OG</th>
</tr>
</thead>
<tbody>
<tr>
<td>Powdered and Liquid Beverages</td>
<td>-0.2</td>
<td>-1.1</td>
</tr>
<tr>
<td>Water</td>
<td>5.3</td>
<td>4.1</td>
</tr>
<tr>
<td>Milk products and Ice cream</td>
<td>5.7</td>
<td>0.3</td>
</tr>
<tr>
<td>Nutrition and Health Science*</td>
<td>-0.2</td>
<td>4.7</td>
</tr>
<tr>
<td>Prepared dishes and cooking aids</td>
<td>0.3</td>
<td>4.7</td>
</tr>
<tr>
<td>Confectionery</td>
<td>5.0</td>
<td>4.7</td>
</tr>
<tr>
<td>PetCare</td>
<td>6.7</td>
<td>5.0</td>
</tr>
</tbody>
</table>

Sales (in CHF bn)

- Powdered and Liquid Beverages: 14.7 CHF bn
- Water: 5.3 CHF bn
- Milk products and Ice cream: 12.5 CHF bn
- Nutrition and Health Science*: 9.2 CHF bn
- Prepared dishes and cooking aids: 9.7 CHF bn
- Confectionery: 6.7 CHF bn
- PetCare: 8.2 CHF bn

* Renamed following the acquisition of Galderma
## Currency Overview

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1 US Dollar</td>
<td>USD</td>
<td>0.94</td>
<td>0.90</td>
<td>-3.9</td>
</tr>
<tr>
<td>1 Euro</td>
<td>EUR</td>
<td>1.23</td>
<td>1.22</td>
<td>-1.1</td>
</tr>
<tr>
<td>100 Brazilian Reais</td>
<td>BRL</td>
<td>44.29</td>
<td>39.29</td>
<td>-11.3</td>
</tr>
<tr>
<td>100 Chinese Yuan Renminbi</td>
<td>CNY</td>
<td>15.15</td>
<td>14.60</td>
<td>-3.6</td>
</tr>
<tr>
<td>100 Mexican Pesos</td>
<td>MXN</td>
<td>7.38</td>
<td>6.85</td>
<td>-7.2</td>
</tr>
<tr>
<td>1 Pound Sterling</td>
<td>GBP</td>
<td>1.45</td>
<td>1.50</td>
<td>3.8</td>
</tr>
<tr>
<td>1 Canadian Dollar</td>
<td>CAD</td>
<td>0.91</td>
<td>0.82</td>
<td>-9.8</td>
</tr>
<tr>
<td>1 Australian Dollar</td>
<td>AUD</td>
<td>0.92</td>
<td>0.83</td>
<td>-9.7</td>
</tr>
<tr>
<td>100 Philippine Pesos</td>
<td>PHP</td>
<td>2.22</td>
<td>2.03</td>
<td>-8.6</td>
</tr>
<tr>
<td>100 Japanese Yen</td>
<td>JPY</td>
<td>0.97</td>
<td>0.87</td>
<td>-9.8</td>
</tr>
</tbody>
</table>
## FX Impact

<table>
<thead>
<tr>
<th>Zone/Category</th>
<th>9M 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zone Americas</td>
<td>-11.3%</td>
</tr>
<tr>
<td>Zone Europe</td>
<td>-3.0%</td>
</tr>
<tr>
<td>Zone AOA</td>
<td>-7.7%</td>
</tr>
<tr>
<td>Nestlé Waters</td>
<td>-4.9%</td>
</tr>
<tr>
<td>Nestlé Nutrition</td>
<td>-8.8%</td>
</tr>
<tr>
<td>Other Businesses</td>
<td>-4.8%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>-7.5%</strong></td>
</tr>
</tbody>
</table>