Welcome to the Full-Year Results Conference
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.
Full-Year Results Conference

Paul Bulcke
Nestlé CEO
Full-Year 2015

- **Sales**: CHF 88.8 bn
- **Organic Growth**: 4.2%
- **Real Internal Growth**: 2.2%
- **Trading Operating Profit Margin**: + 10 bps in constant currencies
Full-Year Results 2015

François-Xavier Roger
Chief Financial Officer
Profitable Growth in Challenging Markets

Focus on Cash Flow and Shareholder Return

Organic Growth

Trading Operating Profit*

Free Cash Flow

Underlying Earnings Per Share*

+ 4.2%

+ 10 bps

11.2% of sales

+ 6.5%

*in constant currency
### Broad-based Organic Growth in all Geographies

<table>
<thead>
<tr>
<th>Region</th>
<th>Sales (in CHF)</th>
<th>RIG</th>
<th>OG</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMS</td>
<td>39.1 bn</td>
<td>+2.4%</td>
<td>+5.8%</td>
</tr>
<tr>
<td>EMENA</td>
<td>27.5 bn</td>
<td>+2.8%</td>
<td>+3.5%</td>
</tr>
<tr>
<td>AOA</td>
<td>22.2 bn</td>
<td>+1.2%</td>
<td>+1.9%</td>
</tr>
</tbody>
</table>

Each region includes Zones, Nestlé Waters, Nestlé Nutrition, Nestlé Professional, Nespresso, Nestlé Health Science, and Nestlé Skin Health.
## Developed and Emerging Markets Growth

<table>
<thead>
<tr>
<th></th>
<th>Developed</th>
<th>Emerging</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales (in CHF)</td>
<td>51.0 bn</td>
<td>37.8 bn</td>
</tr>
<tr>
<td>% of Group sales</td>
<td>57%</td>
<td>43%</td>
</tr>
<tr>
<td>Organic Growth</td>
<td>+1.9%</td>
<td>+7.0%</td>
</tr>
<tr>
<td>Organic Growth - 2014</td>
<td>+1.1%</td>
<td>+8.9%</td>
</tr>
</tbody>
</table>
Market share gains

Acceleration in North America
  - U.S. frozen turn-around
  - *Coffee-mate*, Ice cream, and Petcare had good momentum

Latin America had good growth and some inflationary pressure
  - Brazil was resilient with positive growth in a challenging environment
  - Mexico delivered good performance across all categories

Margin drivers: favorable product mix, operational efficiencies, lower input costs, and lower restructuring
Zone EMENA
FY 2015

- Broad-based market share gains
- Highlights: *Nescafé Dolce Gusto* & soluble coffee, Petcare, Pizza
- Western Europe
  - Positive volume-driven growth, despite deflationary environment
  - France, Germany, Benelux solid
- Central and Eastern Europe
  - Growing with positive RIG
  - Russia with careful management of pricing
- MENA
  - Resilient despite difficult political environment
  - Turkey grew nicely
- Margin drivers: positive pricing, cost savings supported increased brand investment

### Sales: CHF 16.4 bn

<table>
<thead>
<tr>
<th>RIG %</th>
<th>OG %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.5</td>
<td>3.7</td>
</tr>
</tbody>
</table>

### Trading Operating Profit

<table>
<thead>
<tr>
<th>TOP %</th>
<th>vs. LY¹</th>
<th>+50 bps</th>
</tr>
</thead>
<tbody>
<tr>
<td>15.7</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Zone AOA
FY 2015

Sales: CHF 14.3 bn

<table>
<thead>
<tr>
<th>RIG %</th>
<th>OG %</th>
<th>TOP %</th>
<th>vs. LY</th>
</tr>
</thead>
<tbody>
<tr>
<td>-0.1</td>
<td>0.5</td>
<td>18.4</td>
<td>-80 bps</td>
</tr>
</tbody>
</table>

- Growth improving, but was impacted by India
- Emerging markets
  - China improved, with good performance in *Nescafé* and confectionery; *Yinlu* recovery ongoing
  - India was challenged by *Maggi* case; gradual sales resumption from November
  - Vietnam, Indonesia, and Sub-Saharan Africa did well
- Developed markets
  - Japan was good, driven by innovation in *Nescafé* and *KitKat*
  - Oceania had solid performance, with *KitKat* the highlight
- Margin drivers: decline due to India *Maggi* case, favorable input costs which were partly re-invested into brand support
Good growth momentum across geographies and brands

*Nestlé Pure Life* had double-digit growth

Premium brands *S. Pellegrino* and *Perrier* had high-single digit growth

Local brands continued to be strong: *Buxton* (UK), *Poland Spring* (US), *Erikli* (Turkey), and *Santa Maria* (Latin America)

Margin drivers: volume growth, lower input costs and other cost improvements, enabling brand re-investment

**Nestlé Waters**

**FY 2015**

<table>
<thead>
<tr>
<th>Sales: CHF 7.6 bn</th>
<th>Trading Operating Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>RIG % 6.7</td>
<td>OG % 6.7</td>
</tr>
<tr>
<td>TOP % 10.8</td>
<td>vs. LY +110 bps</td>
</tr>
</tbody>
</table>

Nestlé Full-Year Results 2015
Solid organic growth with accelerating RIG, but
- Difficult comparisons in Asia
- Headwinds in some volatile markets (Middle East, Russia, Brazil)
- Lower contribution from pricing

Infant Formula and growing-up milks positive driven by Wyeth with *Illuma* in China and innovation in *NAN*

Infant Cereals did well, also had market share gains

Margin drivers: portfolio management, lower input costs, control of fixed costs, and lower impairment costs, partly offset by brand investment
Other Businesses

Nestlé Professional
- Emerging markets drove growth
- *Davigel* divestment completed in November as part of portfolio management

Nespresso
- Solid growth across all regions
- Innovation in coffee, machines and services

Nestlé Health Science
- Consumer care strong, driven by *Boost* in US
- Medical nutrition solid, led by allergy portfolio

Nestlé Skin Health
- Double-digit growth, led by Self-Medication and Aesthetics & Corrective

Other Businesses margin drivers
- Impacted by Skin Health (rebate adjustment in Q3), currency effect on Nespresso, and generic competition for *Lotronex*
Broad-based growth across product groups

- % Real Internal Growth
- % Pricing

<table>
<thead>
<tr>
<th>Category</th>
<th>Trading Operating Profit (reported)</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL GROUP</td>
<td>15.1%</td>
</tr>
<tr>
<td>Powdered and Liquid Beverages</td>
<td>21.3%</td>
</tr>
<tr>
<td>Water</td>
<td>11.2%</td>
</tr>
<tr>
<td>Milk products and Ice cream</td>
<td>16.9%</td>
</tr>
<tr>
<td>Nutrition and Health Science</td>
<td>19.6%</td>
</tr>
<tr>
<td>Prepared dishes and cooking aids</td>
<td>13.7%</td>
</tr>
<tr>
<td>Confectionery</td>
<td>14.0%</td>
</tr>
<tr>
<td>PetCare</td>
<td>20.8%</td>
</tr>
</tbody>
</table>

in bps
-20
-180
+90
+180
-190
+40
+20
+100
Cost benefits reinvested for growth

*in constant currency

TOP FY 2014

COGS & Distribution*

Marketing, Administration, R&D*

Other*

TOP FY 2015*

Currency impact

TOP FY 2015

15.3%

+160 bps

-170 bps

+20 bps

15.4%

-30 bps

15.1%
Underlying EPS +6.5% in constant currency

<table>
<thead>
<tr>
<th>Total Group</th>
<th>FY 2014</th>
<th>FY 2015</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>% of sales</td>
<td>% of sales</td>
<td>bps</td>
</tr>
<tr>
<td>Trading operating profit</td>
<td>15.3</td>
<td>15.1</td>
<td>-20</td>
</tr>
<tr>
<td>Net other operating income/expenses</td>
<td>(3.4)</td>
<td>(1.1)</td>
<td>230</td>
</tr>
<tr>
<td>Net financial income/expenses</td>
<td>(0.7)</td>
<td>(0.7)</td>
<td>-</td>
</tr>
<tr>
<td>Taxes</td>
<td>(3.7)</td>
<td>(3.7)</td>
<td>-</td>
</tr>
<tr>
<td>Income from associates and JVs</td>
<td>8.8</td>
<td>1.1</td>
<td>-770</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>(0.5)</td>
<td>(0.5)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net profit</strong></td>
<td><strong>15.8</strong></td>
<td><strong>10.2</strong></td>
<td><strong>-560</strong></td>
</tr>
<tr>
<td>Underlying EPS (CHF)</td>
<td>3.44</td>
<td>3.31</td>
<td>-3.8%</td>
</tr>
<tr>
<td><strong>Underlying EPS (CHF) in constant currency</strong></td>
<td></td>
<td></td>
<td>+6.5%</td>
</tr>
</tbody>
</table>
Consistent industry-leading free cash flow generation

Free cash flow as a % of sales

*Adjusted for exceptional income due to Givaudan disposal (CHF 1.1 bn)
**Adjusted for exceptional income due to L'Oréal transaction (CHF 4.1 bn)
Continued focus on working capital

Average working capital as a % of sales

<table>
<thead>
<tr>
<th>Year</th>
<th>Working Capital %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>8.5%</td>
</tr>
<tr>
<td>2013</td>
<td>6.5%</td>
</tr>
<tr>
<td>2014</td>
<td>5.3%</td>
</tr>
<tr>
<td>2015</td>
<td>4.7%</td>
</tr>
</tbody>
</table>
Capex discipline while supporting growth

Capex as a % of sales

*Restated following implementation of IFRS 11 and IAS 19
### CHF 13.4 bn cash returns to shareholders

In CHF bn

<table>
<thead>
<tr>
<th>Component</th>
<th>Value</th>
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</thead>
<tbody>
<tr>
<td>Net Debt 31 Dec 2014</td>
<td>-12.3</td>
</tr>
<tr>
<td>Share Buy-Back</td>
<td>-6.5</td>
</tr>
<tr>
<td>Dividends</td>
<td>-6.9</td>
</tr>
<tr>
<td>M&amp;A (net)</td>
<td>-0.3</td>
</tr>
<tr>
<td>FX &amp; Other</td>
<td>+0.7</td>
</tr>
<tr>
<td>Free Cash Flow</td>
<td>+9.9</td>
</tr>
<tr>
<td>Net debt 31 Dec 2015</td>
<td>-15.4</td>
</tr>
</tbody>
</table>

**CHF 13.4 bn returned to shareholders**
Summary

- **Organic growth** at high end of industry
  - Acceleration of **Real Internal Growth**
  - Declining **Pricing** benefits

- **Superior and profitable growth** in challenging environment

- **Reinvestment** of savings and cost efficiencies to support **growth**

- Focus on **sustainable Cash Flow** generation

- **Strong Balance Sheet**
Guidance 2016

We expect to deliver organic growth in line with 2015, with improvements in margins and underlying earnings per share in constant currencies, and capital efficiency.
Continue building our brands
Continue building our brands
Continue building our brands
Continue building our brands
A unique position in coffee

Nestlé Full-Year Results 2015
USA: frozen food
China: growth market
Digital marketing

eBusiness: capabilities to accelerate growth

Dedicated eBusiness team

Strategy & Plans to support each market

Strategic alliances

Listening
Engaging
Inspiring & Transforming
Continuous cost awareness
Full Year Results
Appendix
Operating Segments

% Real Internal Growth

% Pricing

Trading Operating Profit (reported)

in bps

TOTAL GROUP 15.1% 19.4% 15.7% 18.4% 10.8% 22.6% 15.7%

Zone AMS -20 +80 +50 -80 +110 +110 -330

Zone EMENA

Zone AOA

Nestlé Waters

Nestlé Nutrition

Other Businesses

2.2

1.6

3.7

0.5

0.6

6.7

1.4

1.7

5.3

3.7

4.2

5.5

3.9

2.0

1.2

2.5

-0.1

6.7

1.6

2.2

1.0

2.0

3.0

4.0

5.0

6.0

7.0

8.0

TOTAL GROUP

Zone AMS

Zone EMENA

Zone AOA

Nestlé Waters

Nestlé Nutrition

Other Businesses

18 February 2016

Nestlé Full-Year Results 2015

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## Currency Overview

### Weighted average rate

<table>
<thead>
<tr>
<th>Currency</th>
<th>FY 2014</th>
<th>FY 2015</th>
<th>Variation</th>
</tr>
</thead>
<tbody>
<tr>
<td>US Dollar</td>
<td>1 USD</td>
<td>0.92</td>
<td>0.96</td>
</tr>
<tr>
<td>Euro</td>
<td>1 EUR</td>
<td>1.22</td>
<td>1.07</td>
</tr>
<tr>
<td>Chinese Yuan Renminbi</td>
<td>100 CNY</td>
<td>14.88</td>
<td>15.32</td>
</tr>
<tr>
<td>Brazilian Reais</td>
<td>100 BRL</td>
<td>38.90</td>
<td>29.00</td>
</tr>
<tr>
<td>UK Pound Sterling</td>
<td>1 GBP</td>
<td>1.51</td>
<td>1.47</td>
</tr>
<tr>
<td>Mexican Pesos</td>
<td>100 MXN</td>
<td>6.88</td>
<td>6.07</td>
</tr>
<tr>
<td>Philippine Pesos</td>
<td>100 PHP</td>
<td>2.06</td>
<td>2.11</td>
</tr>
<tr>
<td>Canadian Dollar</td>
<td>1 CAD</td>
<td>0.83</td>
<td>0.75</td>
</tr>
<tr>
<td>Russian Ruble</td>
<td>1 RUB</td>
<td>0.024</td>
<td>0.016</td>
</tr>
<tr>
<td>Australian Dollar</td>
<td>1 AUD</td>
<td>0.83</td>
<td>0.72</td>
</tr>
<tr>
<td>Japanese Yen</td>
<td>100 JPY</td>
<td>0.86</td>
<td>0.80</td>
</tr>
</tbody>
</table>
### FX Impact

**FY 2015**

<table>
<thead>
<tr>
<th>Category</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zone AMS</td>
<td>-8.1%</td>
</tr>
<tr>
<td>Zone EMENA</td>
<td>-12.2%</td>
</tr>
<tr>
<td>Zone AOA</td>
<td>-3.1%</td>
</tr>
<tr>
<td>Nestlé Waters</td>
<td>-1.8%</td>
</tr>
<tr>
<td>Nestlé Nutrition</td>
<td>-6.0%</td>
</tr>
<tr>
<td>Other Businesses</td>
<td>-8.2%</td>
</tr>
<tr>
<td>Total</td>
<td>-7.4%</td>
</tr>
</tbody>
</table>
Notes

1 2014 figures have been restated on the following main transfers, effective as from 1 January 2015:
- the Maghreb, the Middle East, the North East Africa region, Turkey and Israel in Zone Asia, Oceania and Africa to Zone Europe;
- Growing-Up Milks business in the geographic Zones to Nestlé Nutrition;
- Bübchen business in Nestlé Nutrition to Other businesses.

Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>OG</td>
<td>Organic Growth</td>
<td>AMS</td>
<td>Zone Americas</td>
</tr>
<tr>
<td>RIG</td>
<td>Real Internal Growth</td>
<td>EMENA</td>
<td>Zone Europe, Middle East, and North Africa</td>
</tr>
<tr>
<td>TOP</td>
<td>Trading Operating Profit</td>
<td>AOA</td>
<td>Zone Asia, Oceania, and sub-Saharan Africa</td>
</tr>
<tr>
<td>FCF</td>
<td>Free Cash Flow</td>
<td></td>
<td></td>
</tr>
<tr>
<td>COGS</td>
<td>Cost of Goods Sold</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>