

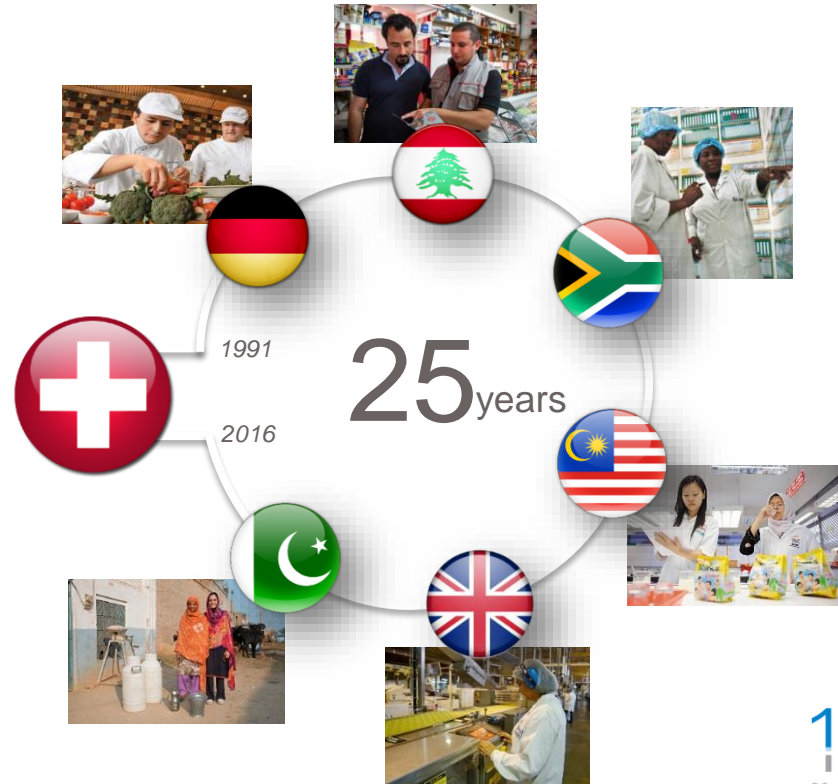
Agility and Cost Efficiency in Operations

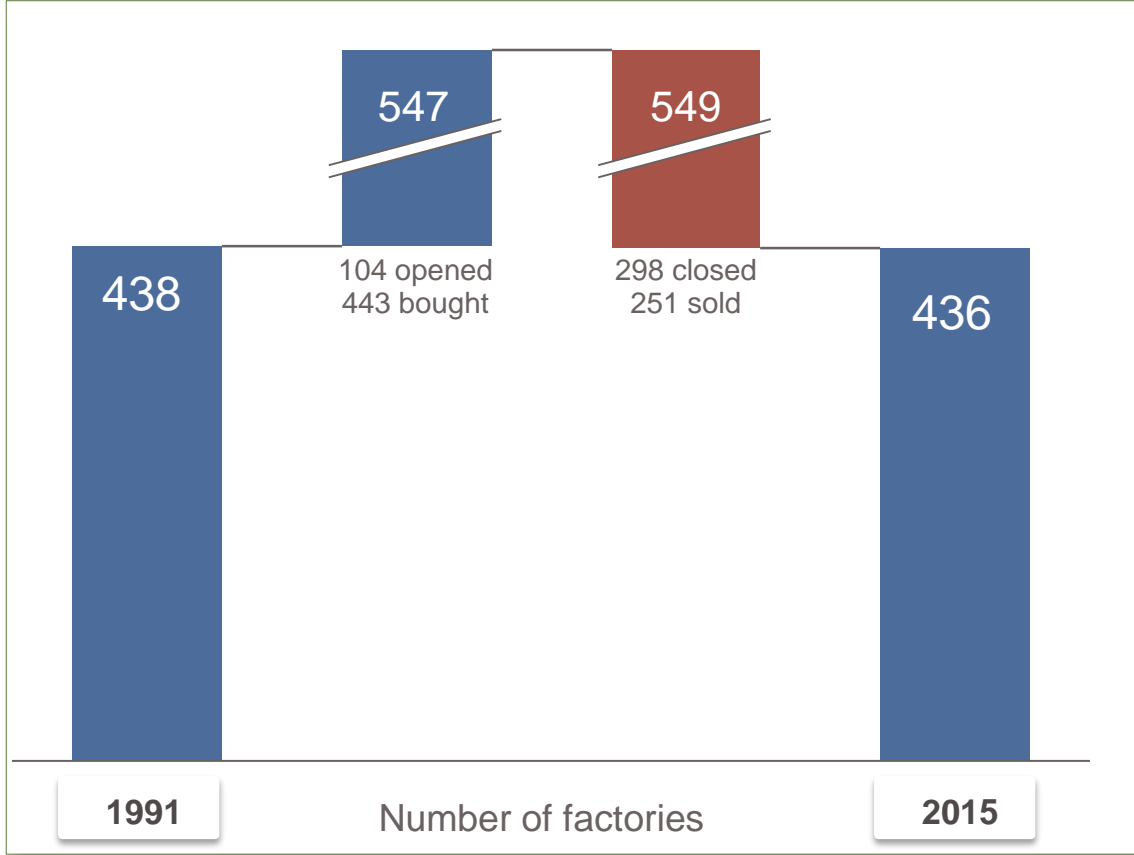
Magdi Batato
EVP, Operations

Nestlé Investor Seminar
24 – 25 May, 2016

Disclaimer

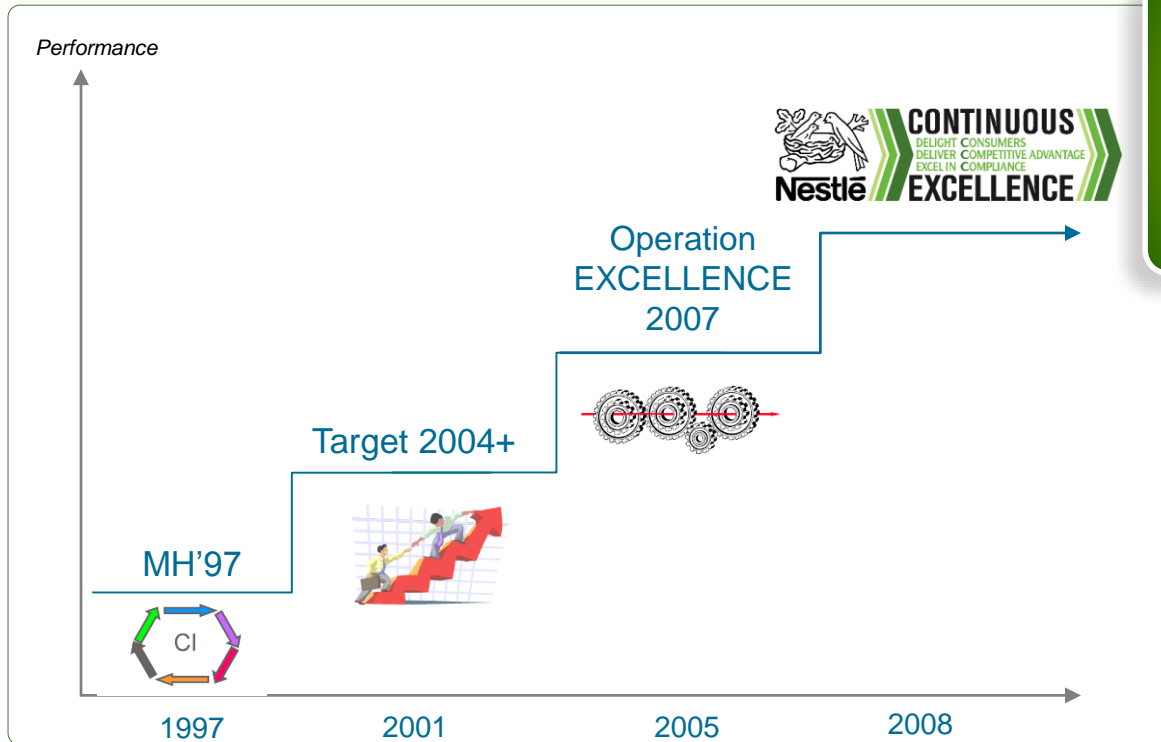
This presentation contains forward looking statements which reflect Management's current views and estimates. The forward looking statements involve certain risks and uncertainties that could cause actual results to differ materially from those contained in the forward looking statements. Potential risks and uncertainties include such factors as general economic conditions, foreign exchange fluctuations, competitive product and pricing pressures and regulatory developments.





...whilst sales have ***doubled*** and production volume has ***tripled***.

We are coming from a long-term commitment to Operational Excellence



Performance improvement is part of our DNA and sustains on-going savings to support business growth



Current number of trained
problem solvers

30'000

Number of improvement
initiatives per year

27'800

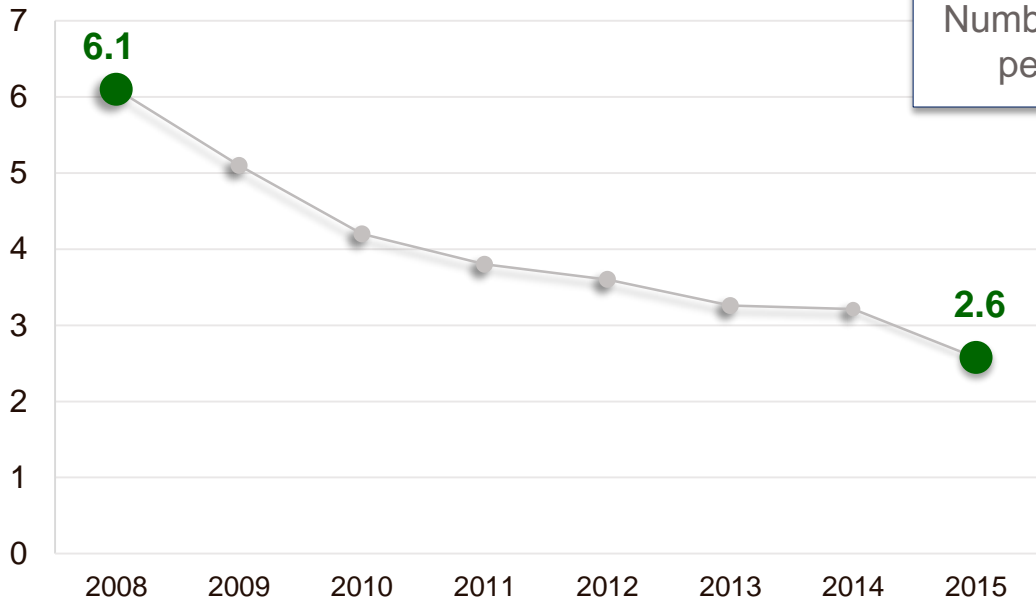


Zero is our mindset to deliver Excellence

Driving Excellence in Safety

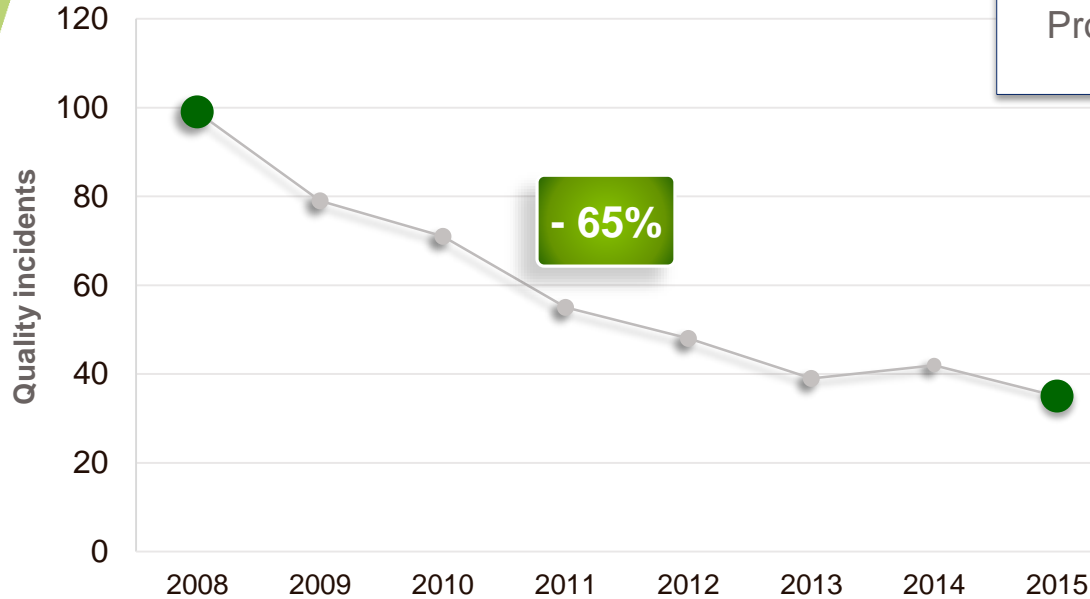


Recordable Injury Rate



Number of “recordable injuries” per million hours worked

Quality throughout the entire value chain



Eliminating waste from our value chain

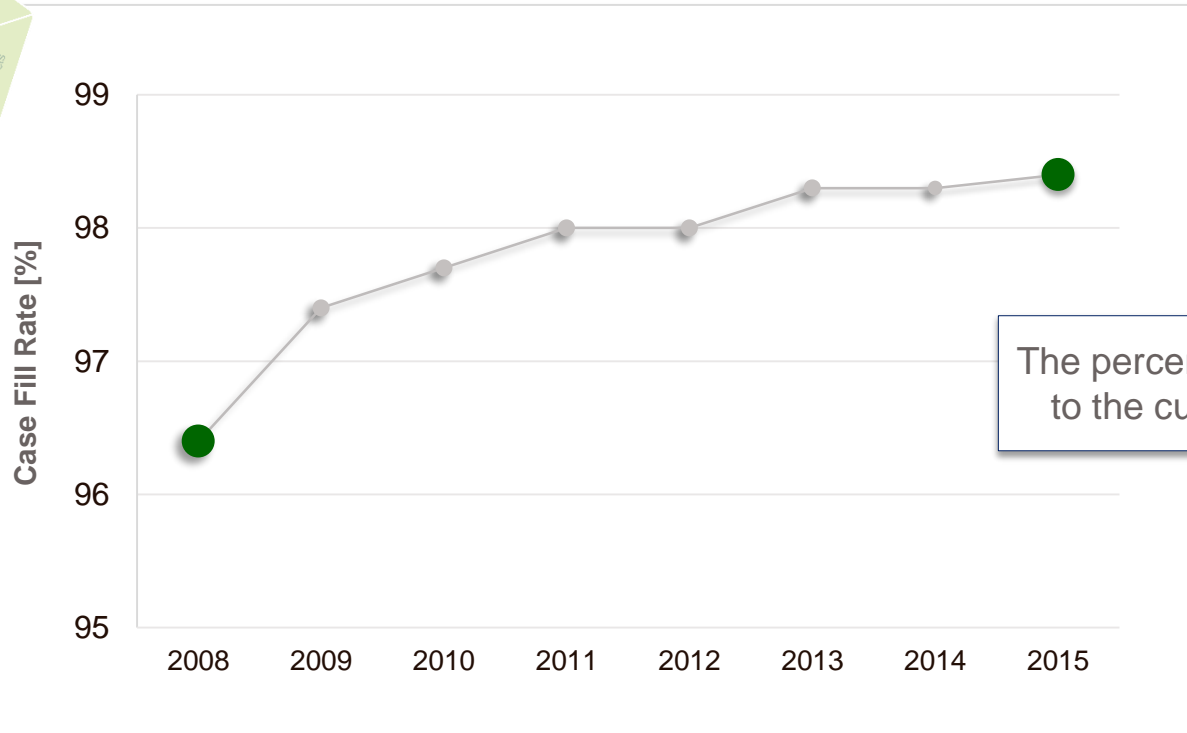


OPEX Cost reduction [CHF million]

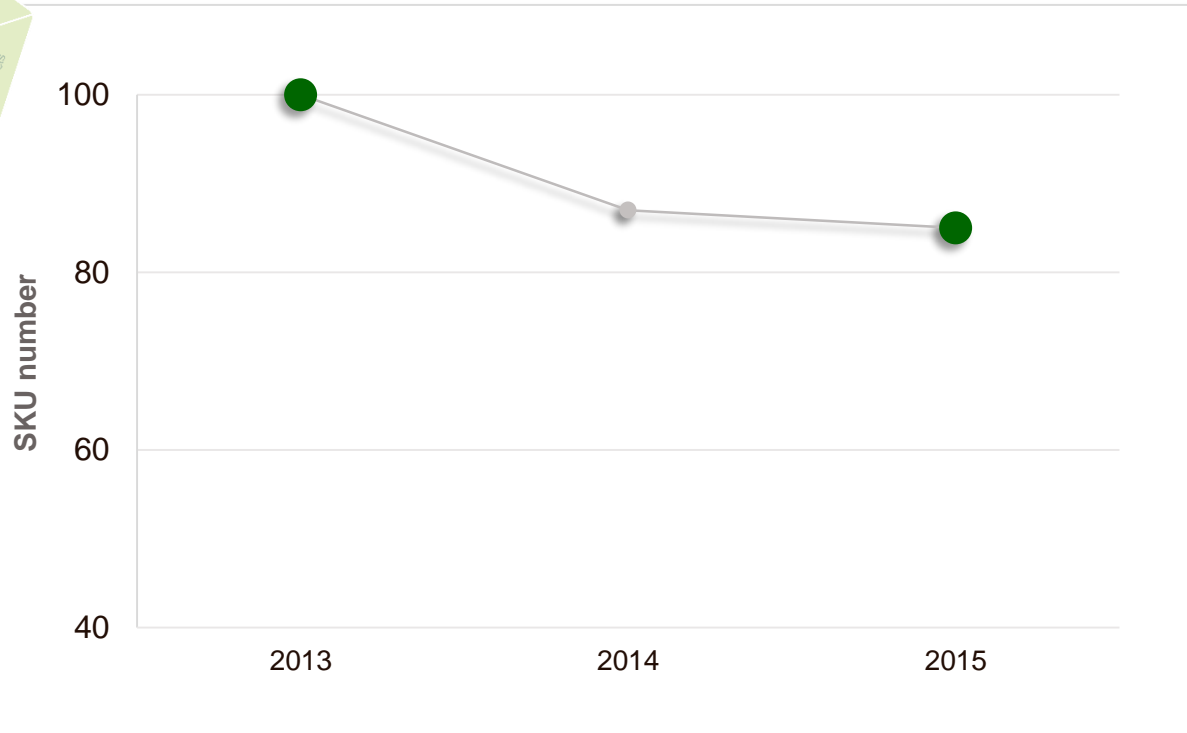


Operational Excellence (OPEX) captures projects generating cost reduction

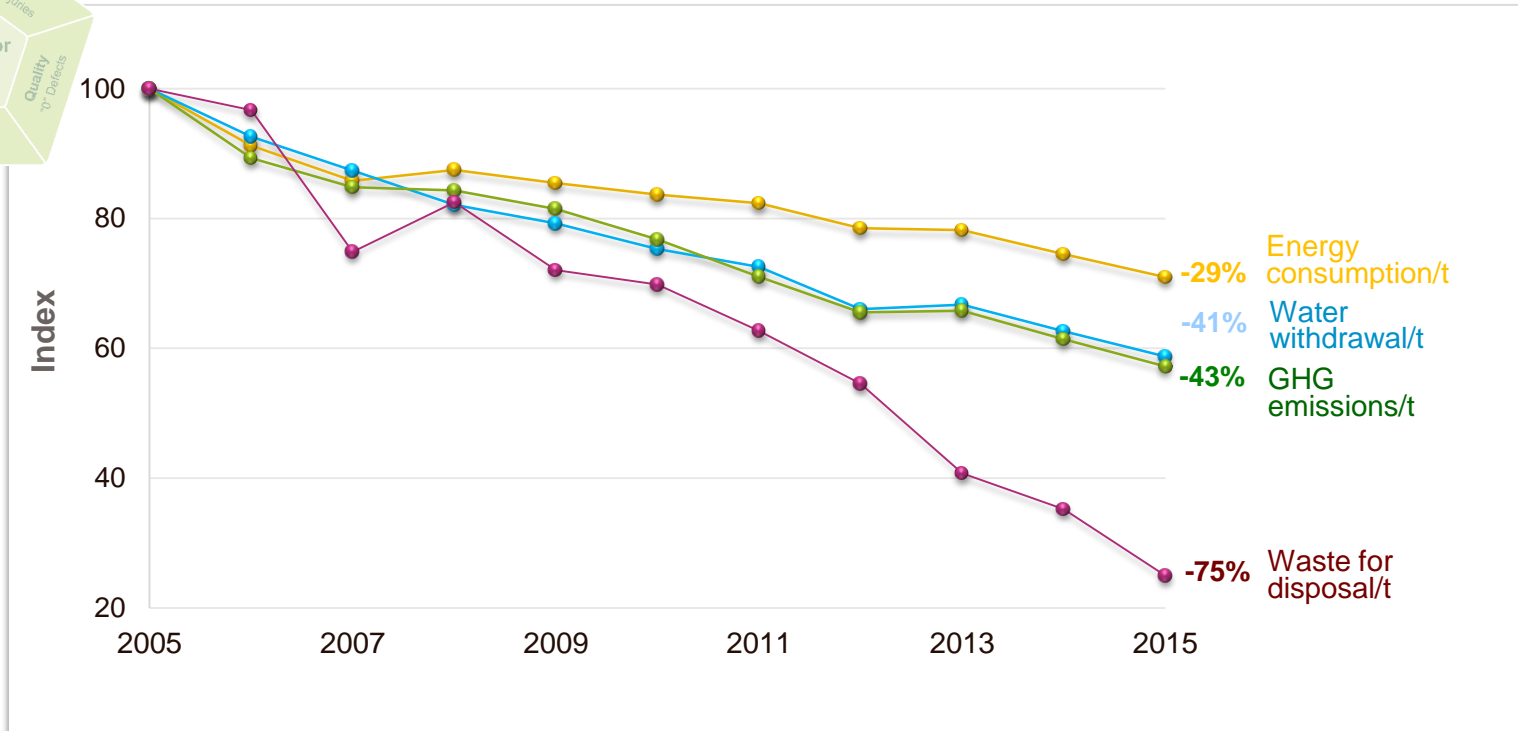
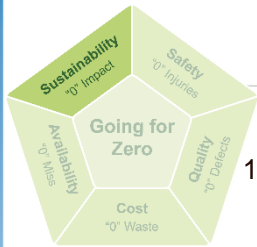
Delivering the right product at the right time



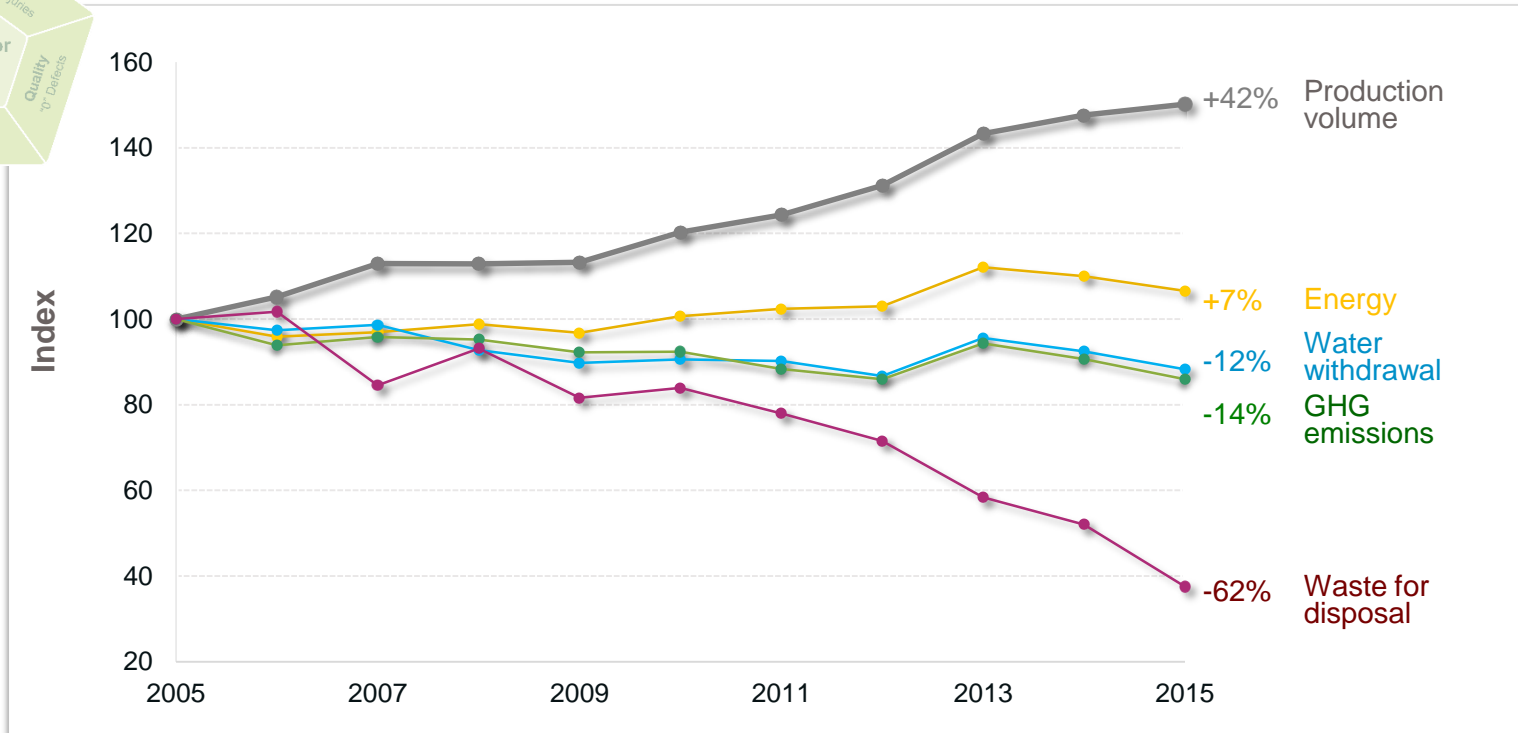
Delivering the right product at the right time



Strong performance on environmental indicators



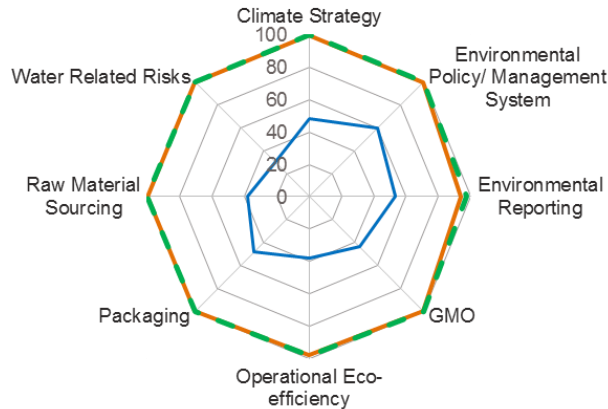
Strong performance on environmental indicators



Our CSV efforts are recognised



No 1 in environmental dimension



— Nestlé - - - Industry best — Industry average



No 1 in climate change
Leader position in Water programme



No 2



No 2



Certified

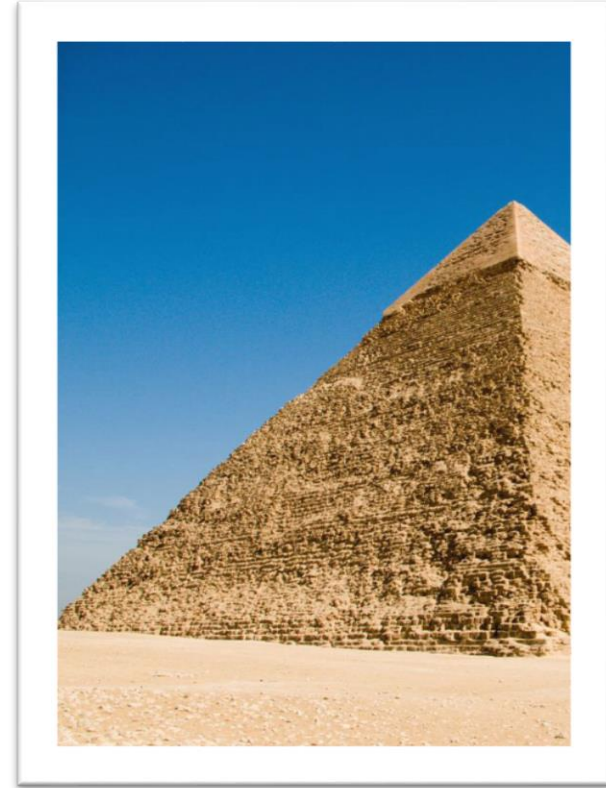


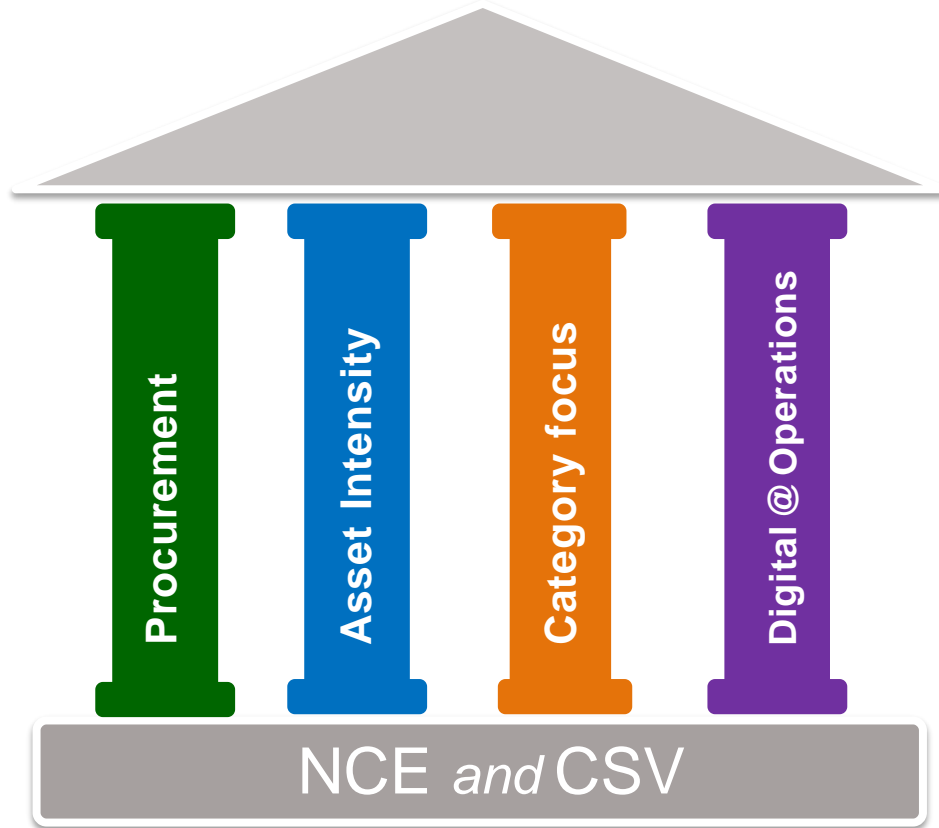


Zero is our mindset to deliver Excellence



Our NCE and CSV
are providing long
term stability





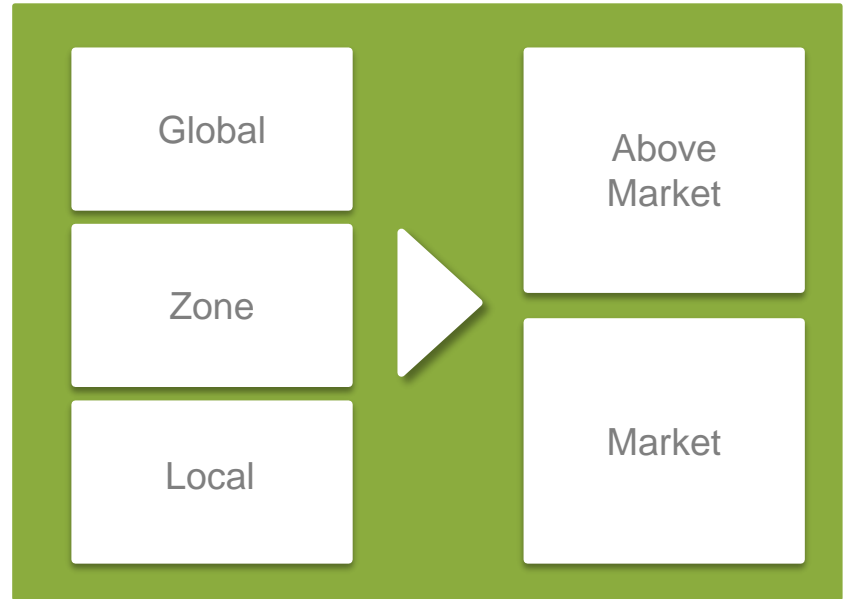
Procurement



Ensure competitive and sustainable sourcing:

- Leveraging our scale, knowledge and skills, while being connected to the business
 - Implementing ONE procurement model across Nestlé –
The Nestrade Procurement Company
-

Benefit over 3 years: CHF 0.5 billion



Asset Intensity



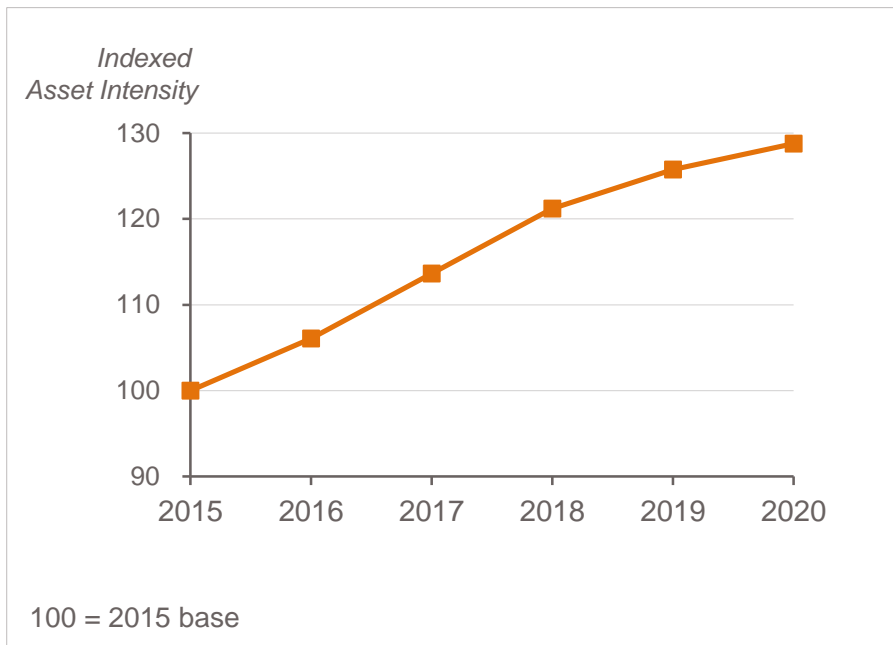
“Sweat” Operations assets:

- Reducing conversion and distribution costs
- Optimising our industrial footprint

Whilst continuing to:

- Increase Safety, Quality and Service
- Reduce our environmental footprint

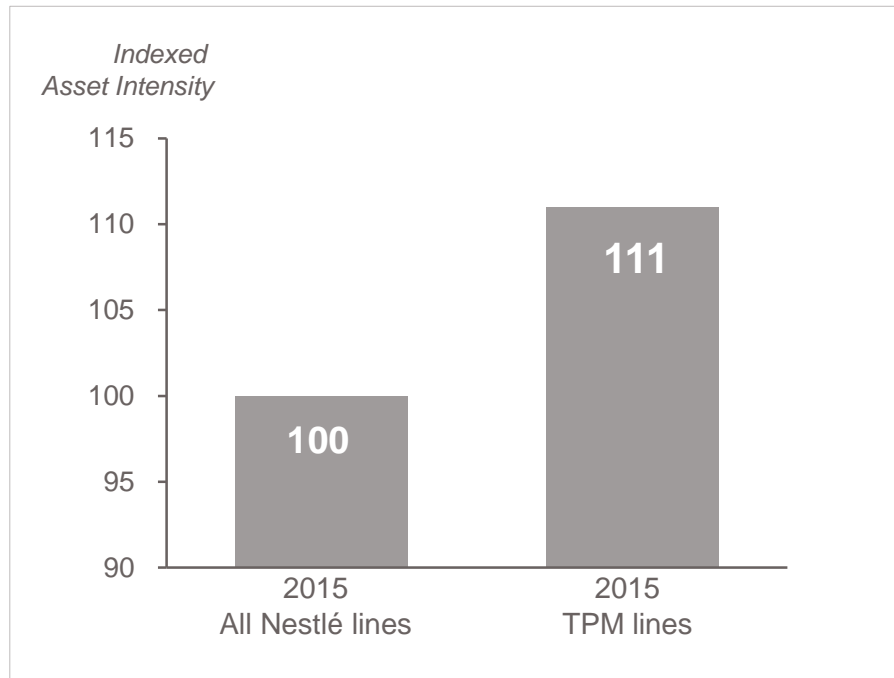
Benefit over 3 years: CHF 1 billion



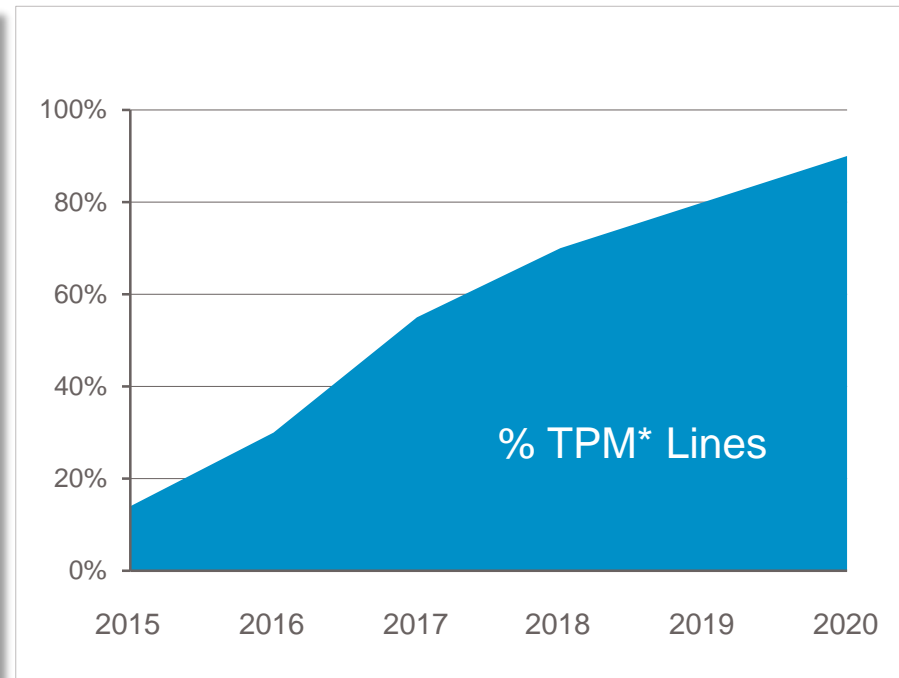
Accelerating TPM to achieve benefits earlier



TPM lines with higher Asset Intensity



TPM implementation in Key Markets and Categories



* Total Performance Management



Category focus



Increase Category focus:

- Better aligning from Strategy to Execution
- Accelerating Manufacturing performance improvement
- Increasing agility and speed – e.g. faster introduction of new products

Benefit over 3 years: CHF 1 billion (cost avoidance)



Digital @ Operations



A further step change in Operations:

- Leveraging disruptive technologies
 - Starting first pilots
-



Nestlé Operations combines two skills – Farming and Hunting



- Land preparation and planting
- Removing obstacles and stones
- Managing water and enriching the soil
- Controlling weeds
- etc.

STABILITY

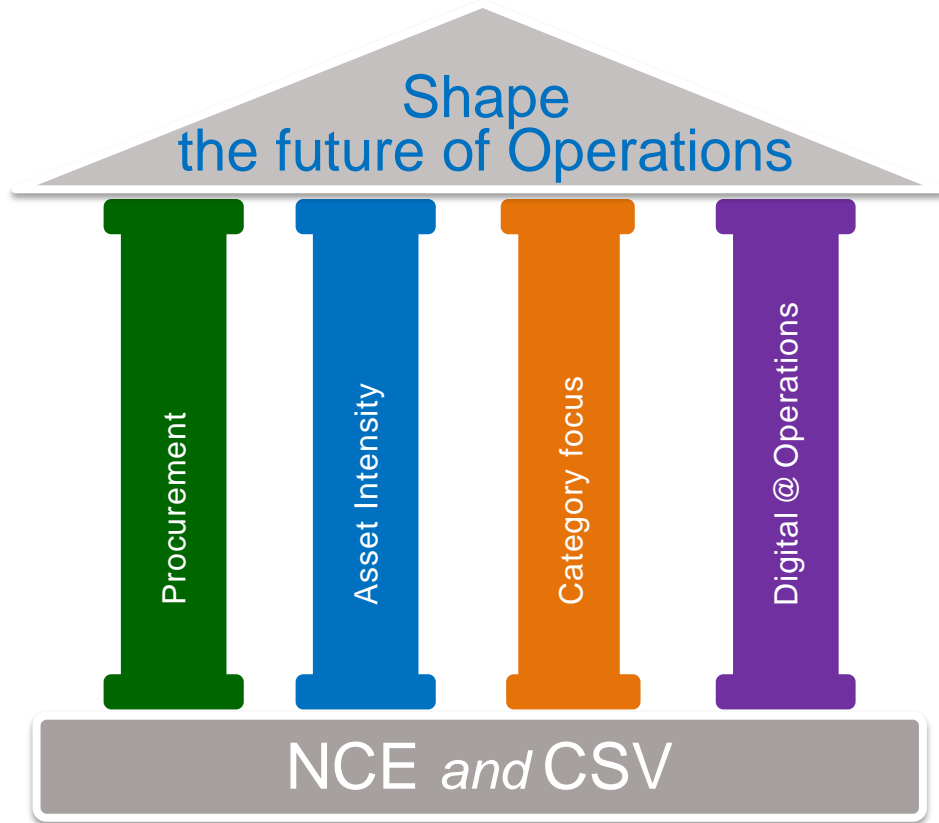
and



- Seeking targets
- Deciding how to approach the target
- Being fast
- Aiming at first realistic opportunity
- etc.

AGILITY

Moving from a gradual approach to a leapfrog approach



AGILITY

STABILITY

3 Key Takeaways

1

NCE AND CSV DELIVER LONG TERM **STABILITY** TO NESTLÉ

2

FOUR IMPACT ACCELERATORS STRENGTHEN OUR ABILITY TO **MOVE FAST AND TO BE RESPONSIVE**

3

BOTH STABILITY AND AGILITY ENABLE OUR COMPANY TO **SHAPE THE FUTURE**