



Nestlé Good Food, Good Life



CAGNY 2021

Creating value through sustainability leadership

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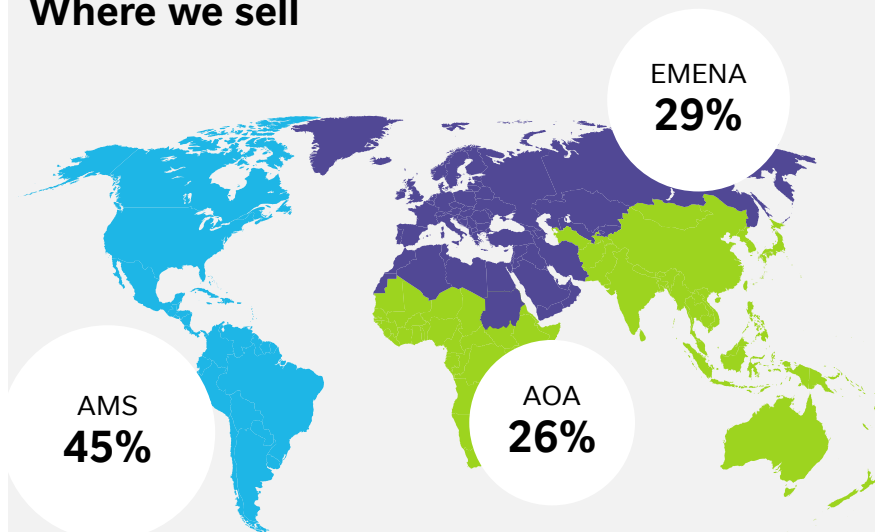
Disclaimer

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.

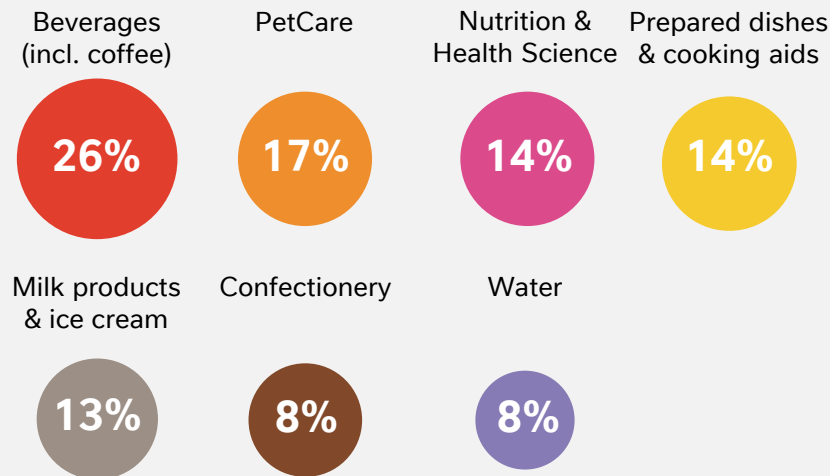
Our business is global, balanced and diversified

2020 sales: CHF 84.3 bn

Where we sell



What we sell



Resources

Number of employees

273 000

R&D spend

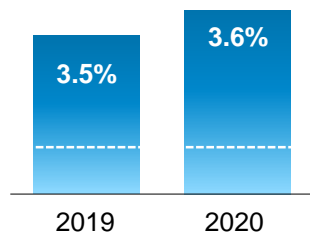
CHF 1.6 bn

Factories

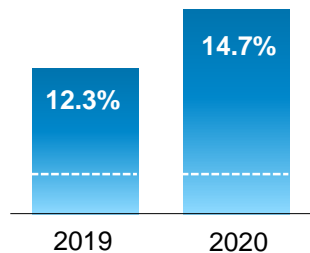
376

Another year of strong financial results in 2020

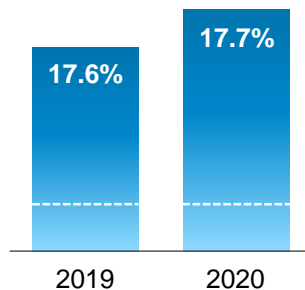
Organic sales growth



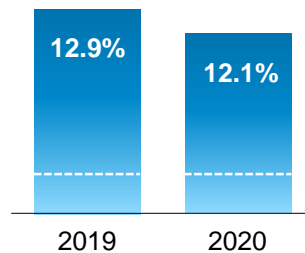
Return on invested capital



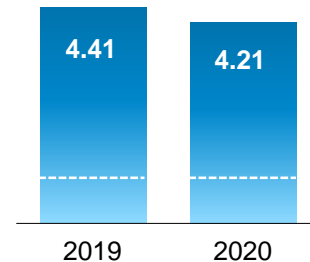
Underlying TOP margin +20 bps in constant currency



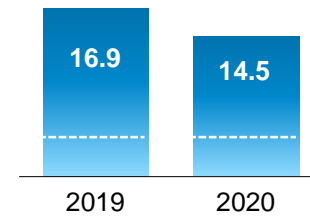
Free cash flow % sales



Underlying EPS (in CHF) +3.5% in constant currency

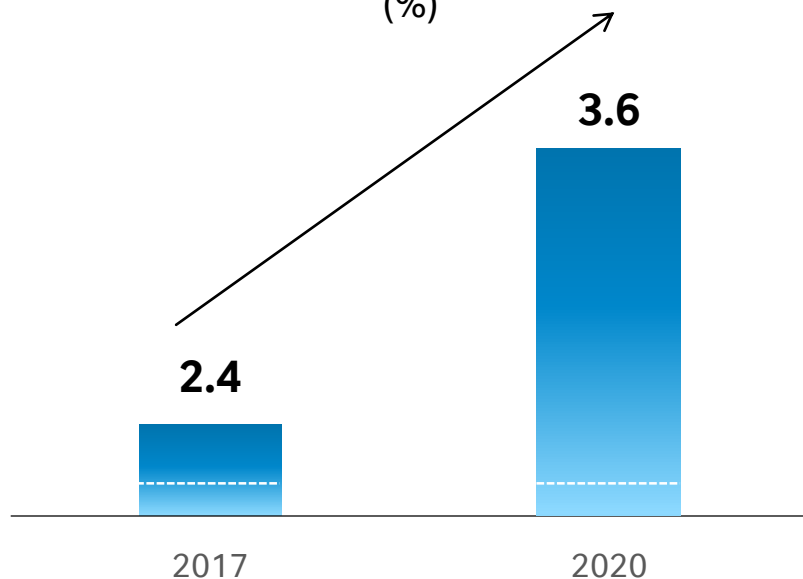


Cash returned to shareholders (CHF bn)

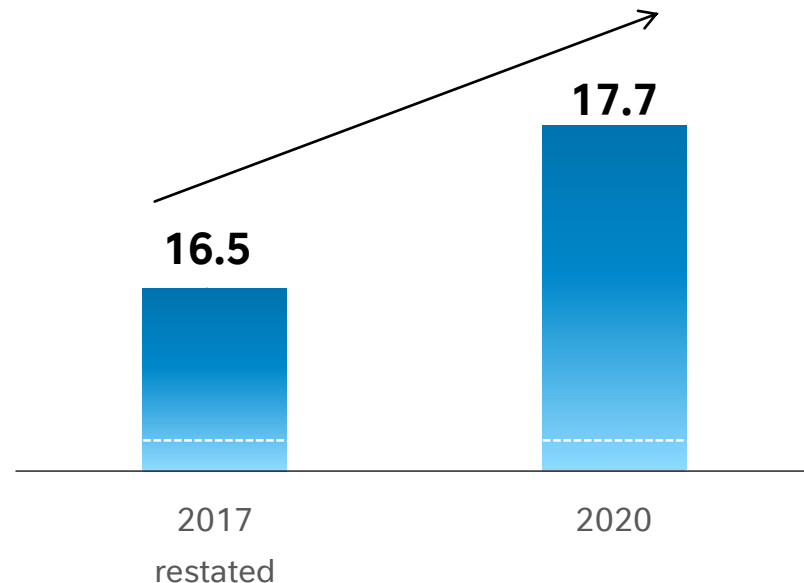


Third consecutive year of improved growth and margins

Organic growth
(%)



Underlying trading operating profit
(in % of sales)



Mid-term outlook

- **Sustained mid single-digit organic sales growth**
- **Continued moderate underlying trading operating profit margin improvements**
- **Continued prudent capital allocation and capital efficiency improvements**
- **Value creation for both society and our shareholders**

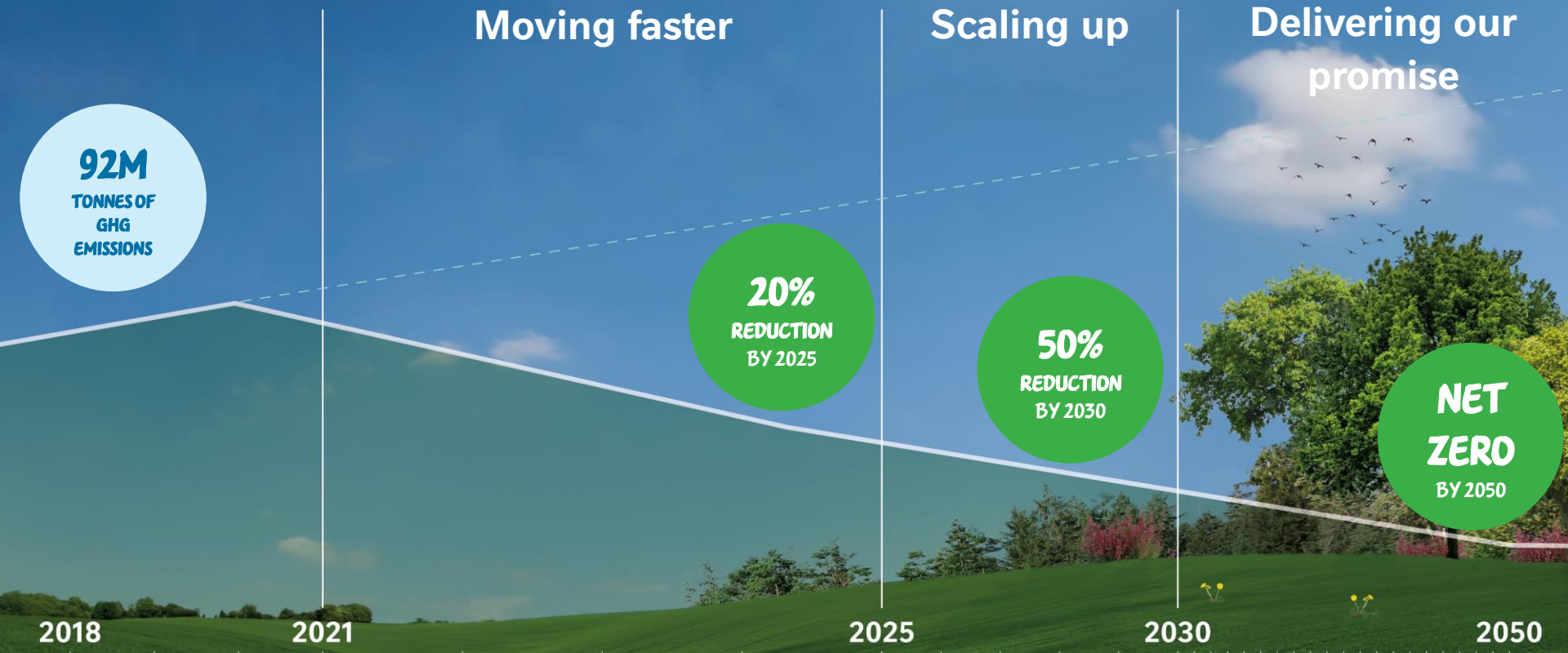
Sustainability: business as a force for good

- Creating Shared Value is **how we do business** at Nestlé
- **Supporting growth** and enhancing relevance with consumers
- Strengthening the **resilience of our supply chain**
- Retaining and attracting diverse **talent**
- Anticipating **regulation**



Nestlé's Net Zero Roadmap

Our path to regeneration for future generations



Investing in sustainability

Climate

~ CHF 3.2 bn investment
2020-2025



- Supporting regenerative agriculture
- Rethinking our operations
- Transforming our product portfolio

Sustainable packaging

~ CHF 1.5 bn investment
2020-2025

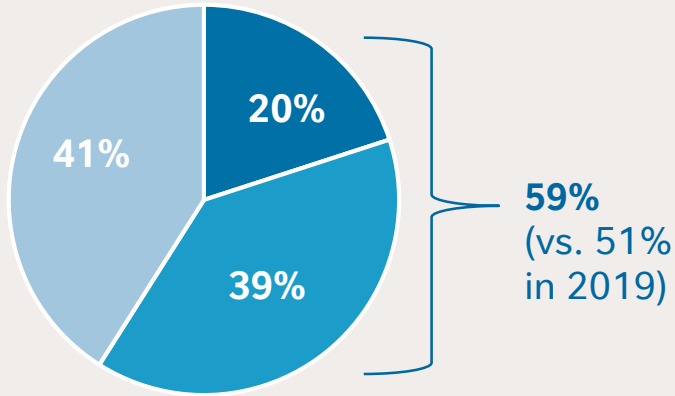


- Create a market for food-grade recycled plastic
- Develop packaging for the future
- Invest in venture fund supporting innovative solutions (~CHF 250 m)

Sustainability core to consumer expectations

Sustainability is key to purchase decisions

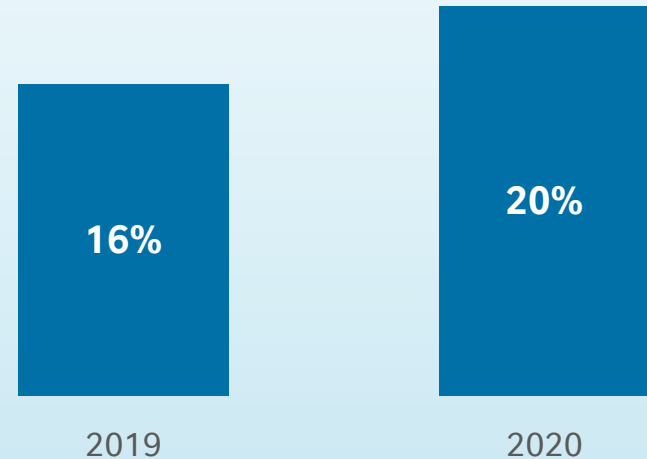
% of consumers by eco-segment



■ Eco Actives ■ Eco Considerers ■ Eco Dismissers

Consumers are increasingly ready to pay a premium

% of Eco Actives consumers



Source: Who Cares Who Does, Kantar (2020), global data



Sustainability integral to our growth strategy

Accelerating the shift to plant-based products



- Building strong portfolio of plant-based brands
- Integrating plant-based innovation in other brands

Increasing focus in Research & Development



- 10% of R&D employees dedicated to plant-based
- Collaborating with external parties

Embracing carbon neutrality for our brands

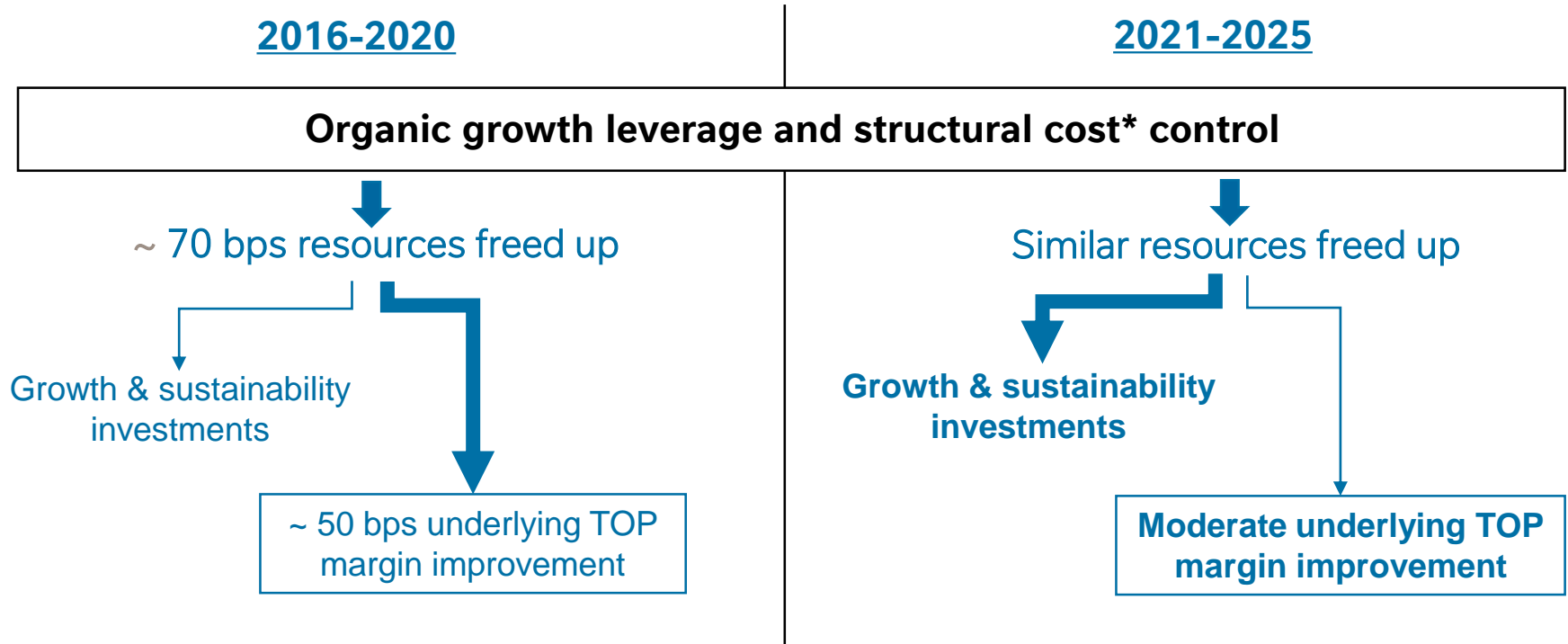


- By 2022: *Nespresso, S.Pellegrino, Garden of Life and Garden Gourmet*
- By 2025: *Nestlé Waters and Sweet Earth*

**Sustainability investments expected to be
earnings-neutral...**

**...using a similar resource generation
model as we have over the last 4 years**

Delivering profitable growth and investing in sustainability



*Represents ~19% of net sales, mainly production, distribution and administrative fixed costs



Strong delivery on cost reduction over the last 4 years

Savings of CHF 2.8 bn
(2020 over 2016)

Examples, 2016-2020

Manufacturing

CHF 1.0 bn

- 27 factories closed
- Fixed factory overheads reduced by ~6% per annum in CHF
- Production line efficiencies* increased by 10 percentage points

Procurement

CHF 0.7 bn

- Global buying increased to 63% from 40%
- Standardized 26% of raw material specifications
- Supplier consolidation (-13%)

G&A

CHF 1.1 bn

- Head office costs reduced by ~20%
- Savings of ~CHF 200m from real estate optimization
- Shared service center penetration almost doubled to 33%

*Measures effective line usage by comparing production time to occupied time



Further cost savings going forward

Savings

Examples, 2021-2025

Manufacturing

- Strict control of fixed factory overheads
- Further improve production line efficiencies*
- Higher share of manufacturing managed by category rather by market

Procurement

- Further standardization of raw materials specifications
- Reduction of packaging materials specifications
- Further consolidation of marketing suppliers

G&A

- Digitalization, automation and increased analytical capabilities
- Journey to cloud
- Further real estate consolidation

*Measures effective line usage by comparing production time to occupied time



Key takeaways

- **Sustainability is integral to our growth strategy**
- **Proven track record of margin improvement through cost reduction and growth leverage over the last 4 years**
- **Going forward, a similar resource generation model is expected to deliver profitable growth and will enable us to invest further in sustainability**



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