



Leading and Shaping the New Coffee Reality

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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.

TODAY'S COFFEE MENU

1. The Coffee opportunity
2. Reinvigorate the NESCAFÉ brand
3. Accelerate Innovation Leadership
4. Build competitive gaps through proprietary technology
5. Win in portioned coffee systems

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The exciting New World of Coffee

VARIETY & SOPHISTICATION



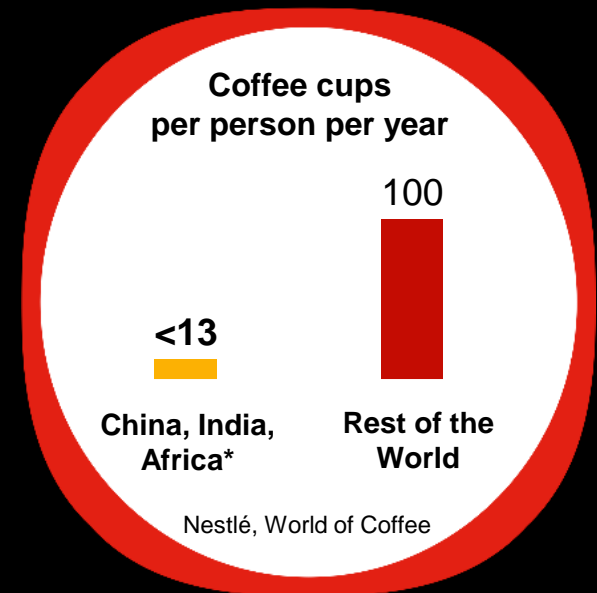
PREMIUMISATION & NEW COFFEE EXPERIENCES



IN-HOME COFFEE-SHOP QUALITY + CONVENIENCE



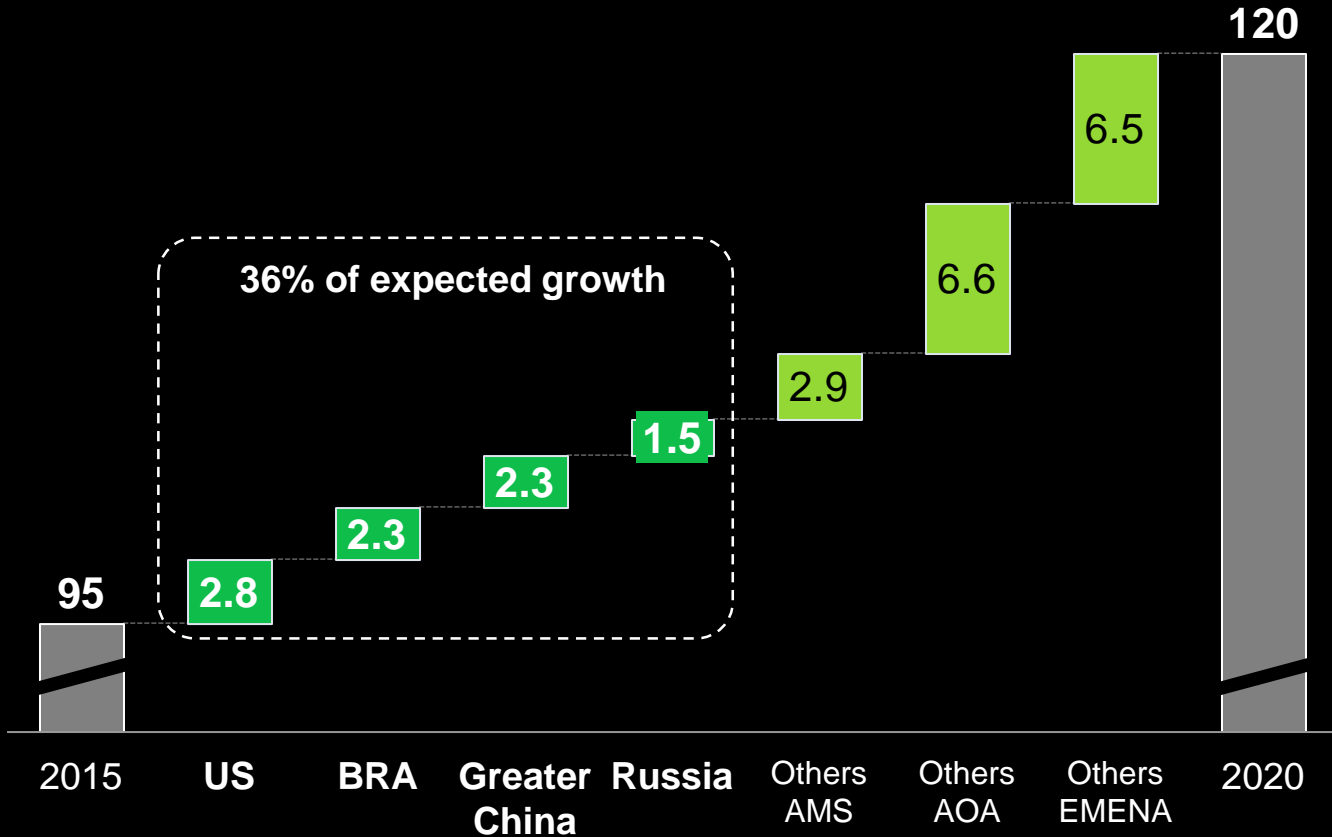
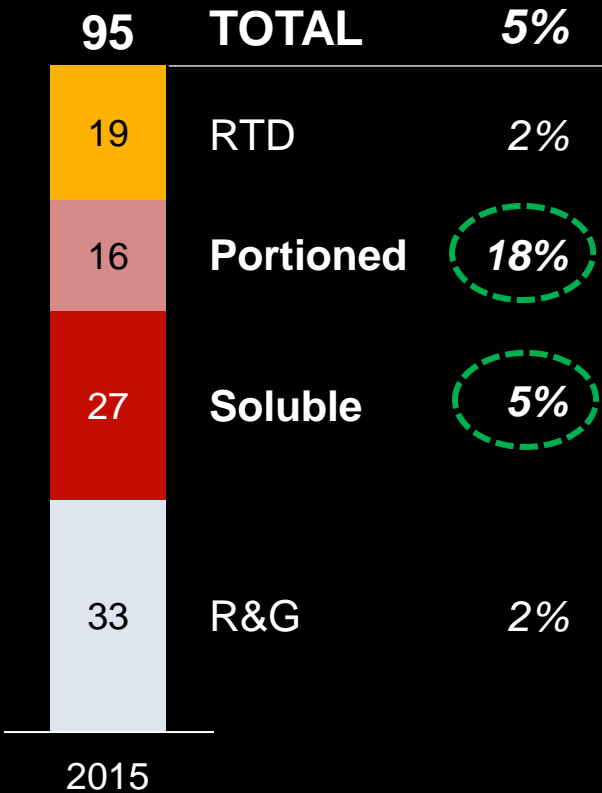
A 3 BILLION CONSUMER POTENTIAL



Solid growth momentum driven by premiumisation and personalisation

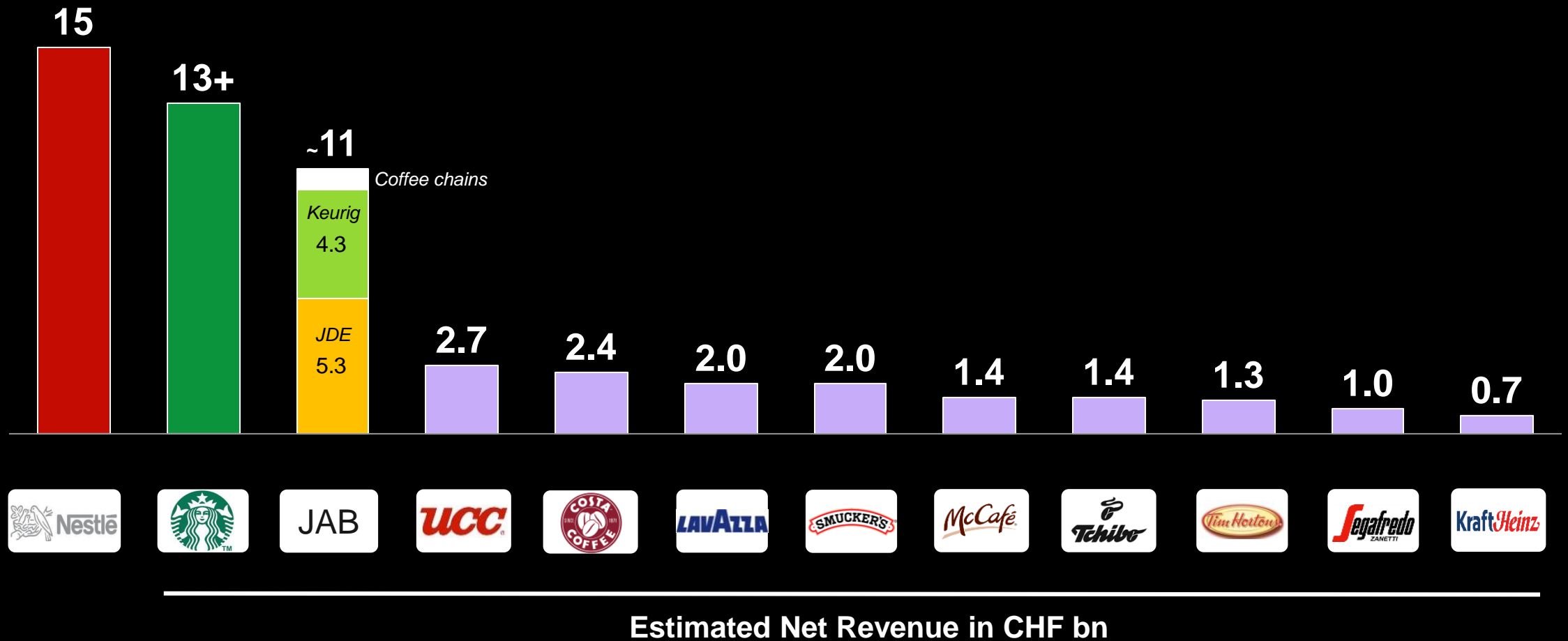
2015 RETAIL COFFEE MARKET in CHF bn

CAGR '10-'15



Source: Nestlé estimates leveraging Euromonitor and Nielsen data. No inflation

Nestlé leading globally in a fast reshaping competitive landscape



Source: Nestlé estimates, based on FY 2015 revenues. JAB and Lavazza including M&A.

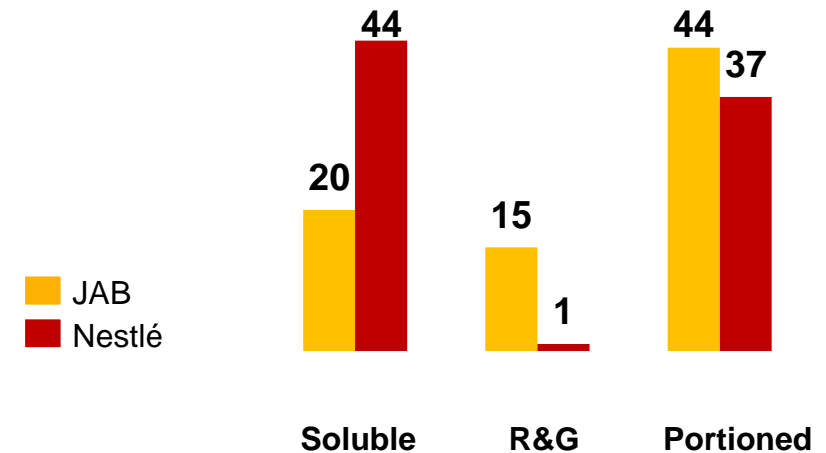
JAB: a different brand portfolio and footprint

Brand portfolio



Categories & geographies footprint

Value share, 2015



75% of sales in Western Europe & US

JAB: 50 brands¹
(50+ licensed
in Keurig)

Nestlé



Note: 1. 34 brands owned by JDE + 20 owned by Keurig + 6 coffee shops brands. Source: Nielsen 2015.

Nestlé leading globally in the fastest growing Soluble & Portioned segments

Yet with an historical gap in North America

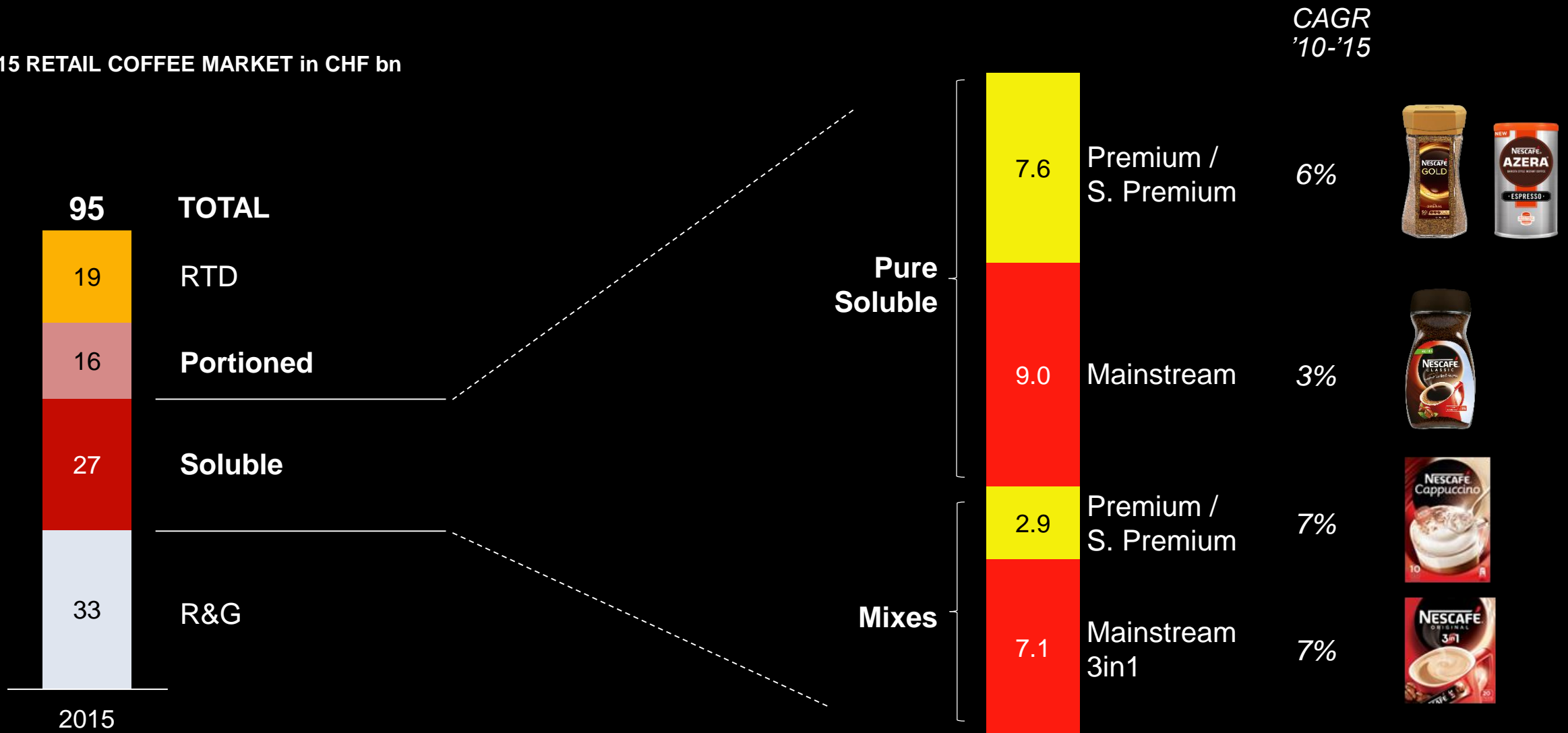


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Soluble coffee: solid growth momentum driven by Premiumisation and Mixes

2015 RETAIL COFFEE MARKET in CHF bn



Source: Nestlé estimates based on Euromonitor (coffee market + RTD) and Nielsen (Soluble segments). Soluble coffee segments represented here are not including Soluble Mixtures (CHF 0.8 bio.).

NESCAFÉ: the leading coffee brand

GLOBAL SCALE

6,000
cups/second

170+
countries

#1 COFFEE BRAND GLOBALLY

44%
share of soluble cups

#1
system for retail
portioned coffee
(excl. N. America)

#3 MOST VALUABLE BEVERAGE BRAND

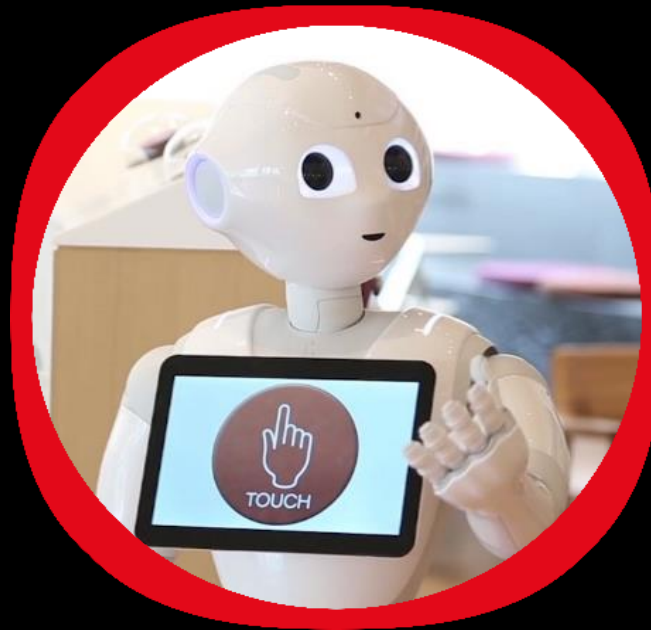


NESCAFÉ: the leading coffee brand

RESTAGE THE BRAND



NESCAFÉ FLAGSHIP



GROWING THE NESCAFÉ PLAN

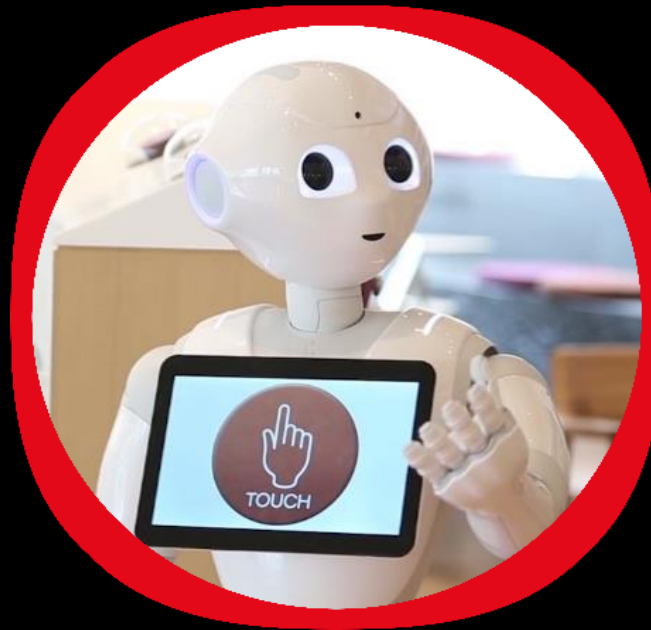


NESCAFÉ: the leading coffee brand

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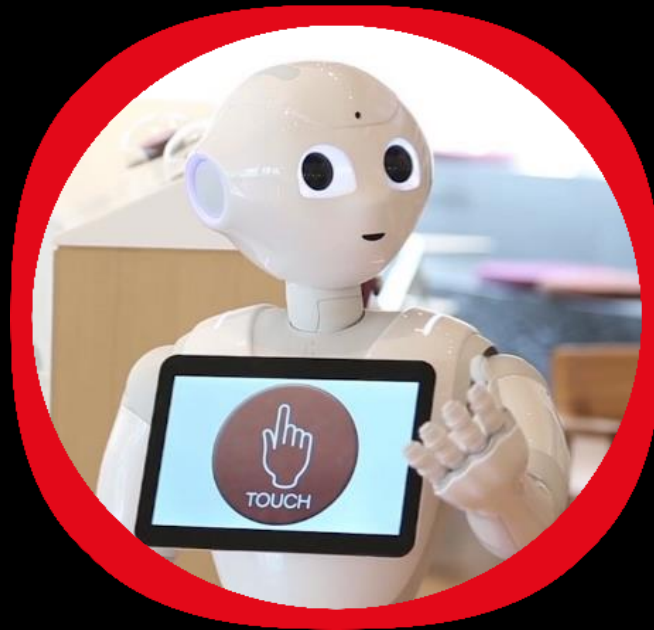


NESCAFÉ: the leading coffee brand

RESTAGE THE BRAND



NESCAFÉ FLAGSHIP



GROWING THE NESCAFÉ PLAN





— WELCOME TO —
THE COFFEE LANDS
— NESCAFÉ —

Connecting with Millennials



- A fresh brand voice
- New coffee experiences
- Above & beyond innovations

With new coffee experiences



And embracing the Cold Coffee opportunity: 80% of growth expected from Asia



#1 IN GREATER
CHINA, ASEAN,
TURKEY



#1 IN JAPAN
(TAKE HOME)



#1 IN GREECE

And innovating with patented technologies



N. 2 IN CHILLED,
EUROPE



CHINA 2016

Above & beyond innovations



MY MUG

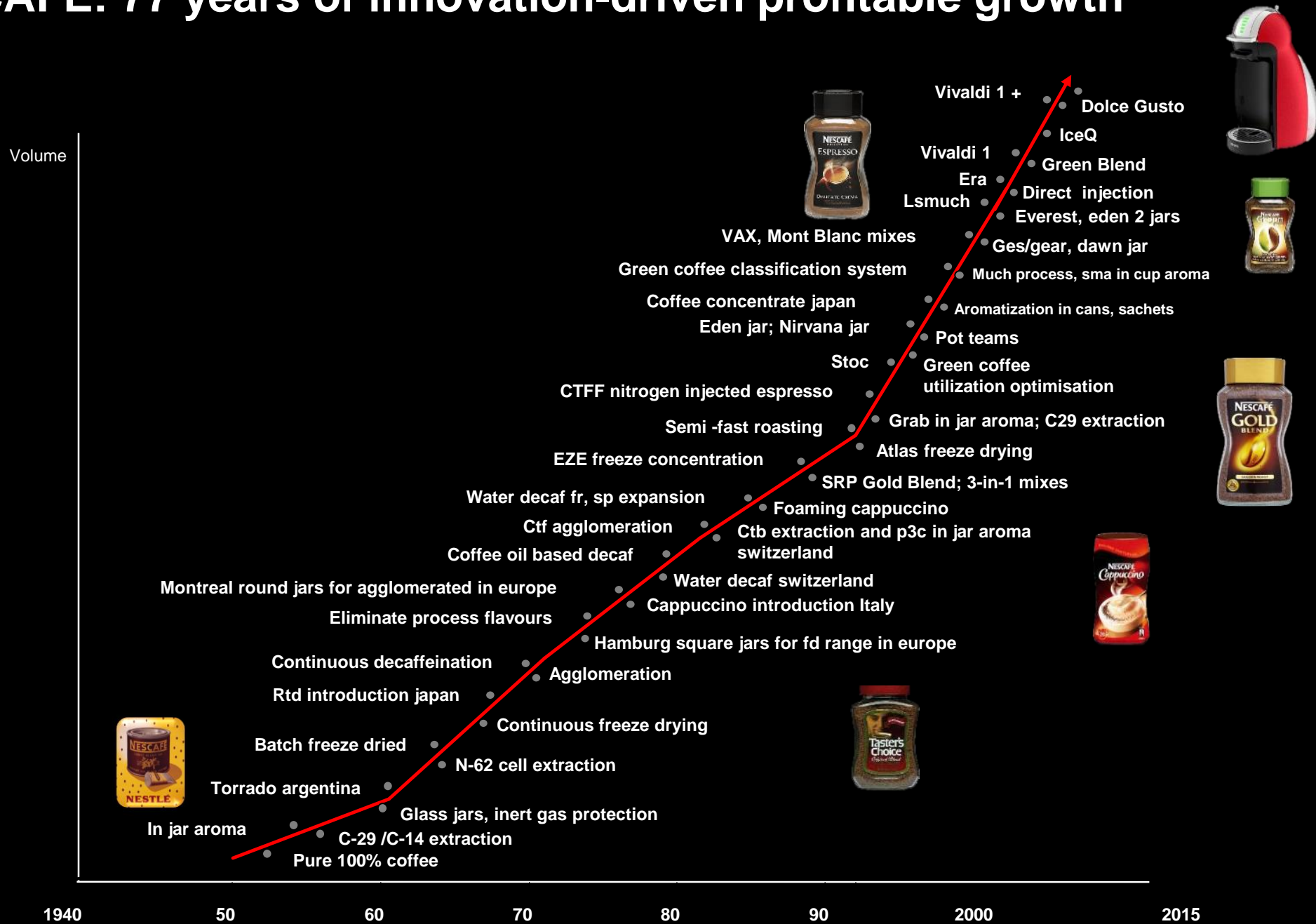


MY WAY

TODAY'S COFFEE MENU

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4. Build competitive gaps through proprietary technology
5. Win in portioned coffee systems

NESCAFÉ: 77 years of innovation-driven profitable growth



2015-16: mainstream NESCAFÉ relaunch

New patented filtering technology



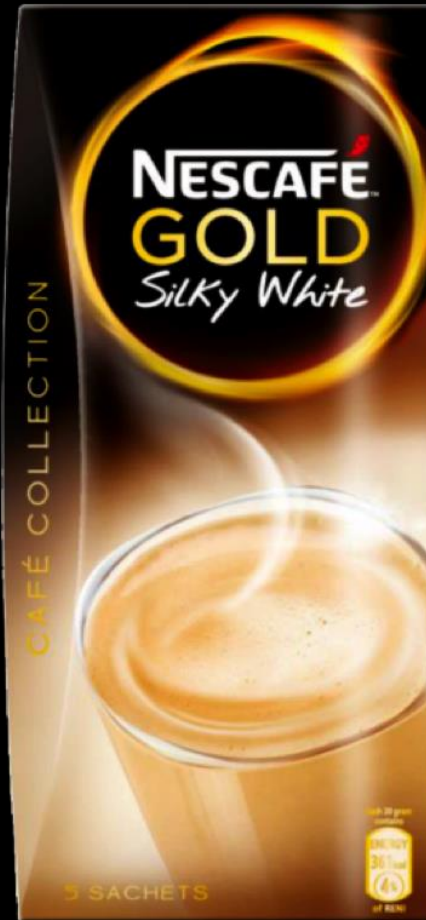
2015-16: capture coffee origins authentic story



Driving Premiumisation in Mixes

Patented mixing and foaming technology

CHINA



Accelerating in Super Premium

Patented yield splitting for intensive in-cup aroma and taste



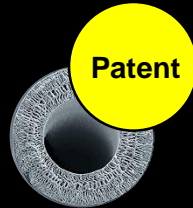
JAPAN: ULTRA-PREMIUM



TODAY'S COFFEE MENU

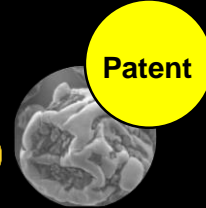
1. The Coffee opportunity
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Building competitive gaps through proprietary technology

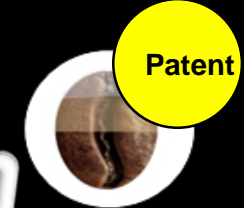


Removing harshness & undesired aroma

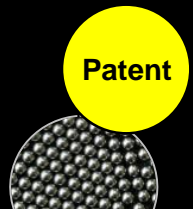
NESCAFÉ
GOLD



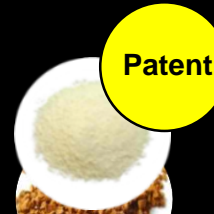
Extra-fine micronised coffee



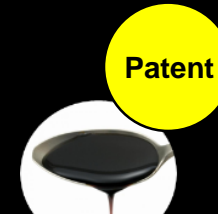
Intensive aroma & taste at affordable cost



Increasing coffeeness



White foam + above the cup aroma



Coffee concentrates for cold solubility

A global R&D set-up:

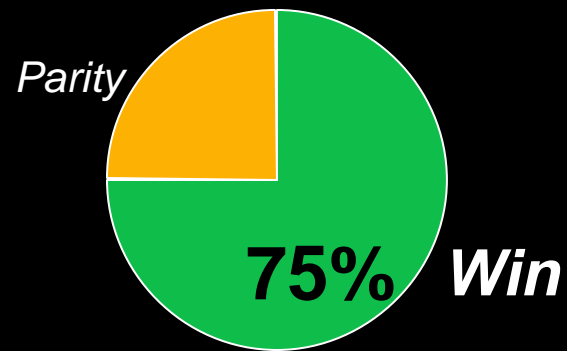
4
Product Technology
Centers

1
System Technology
Center

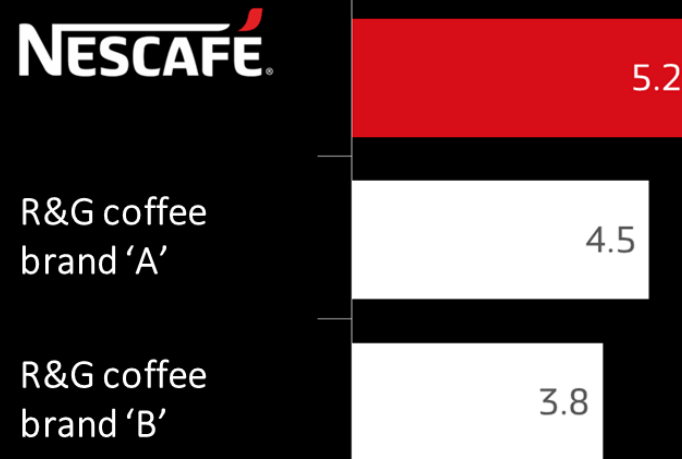
450
experts

Making the difference in the cup

GLOBALLY
winning
consumer preference (60/40)



Example: ITALY
liking scores
vs. leading R&G brands



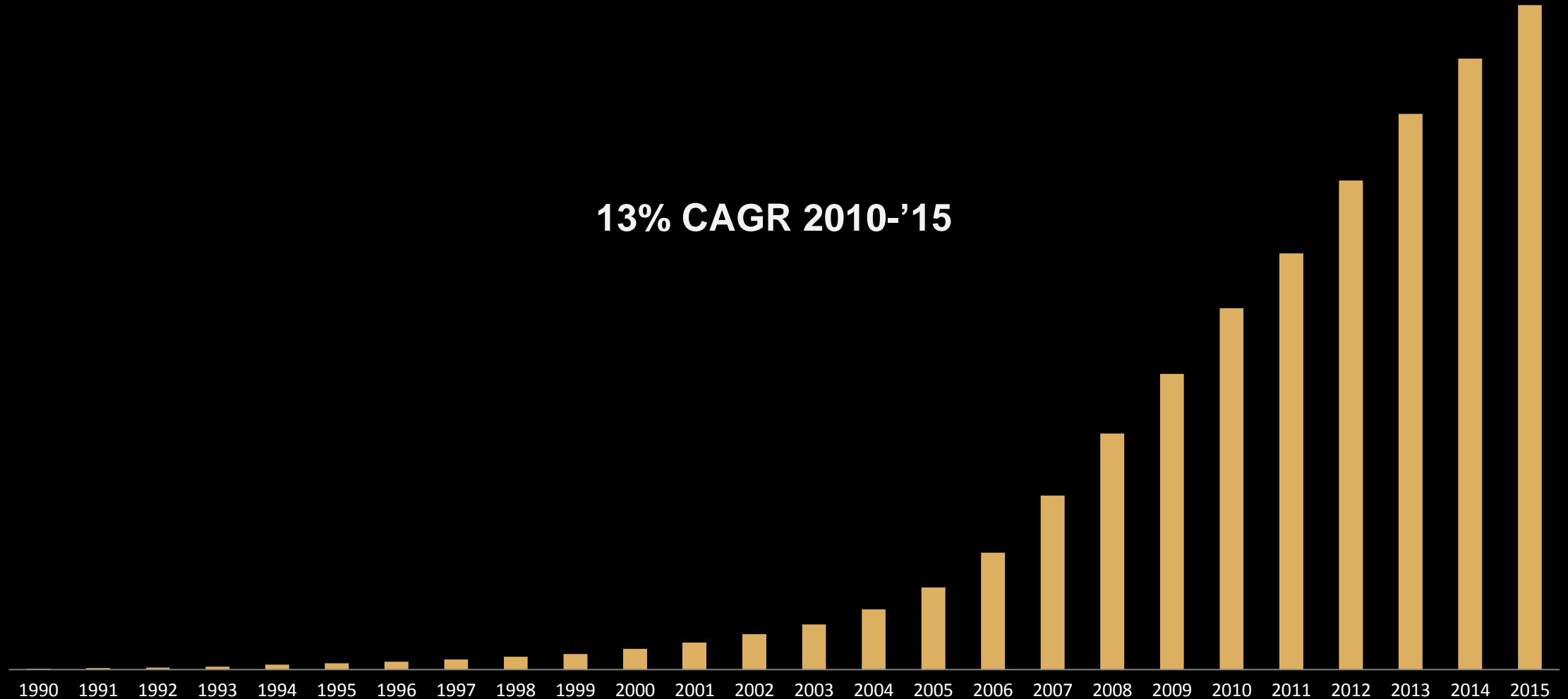
Example: JAPAN
60/40 win
vs. leading coffee-shop brands



TODAY'S COFFEE MENU

1. The Coffee landscape
2. Reinvigorate the NESCAFÉ brand
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4. Build competitive gaps through proprietary technology
- 5. Win in portioned coffee systems**

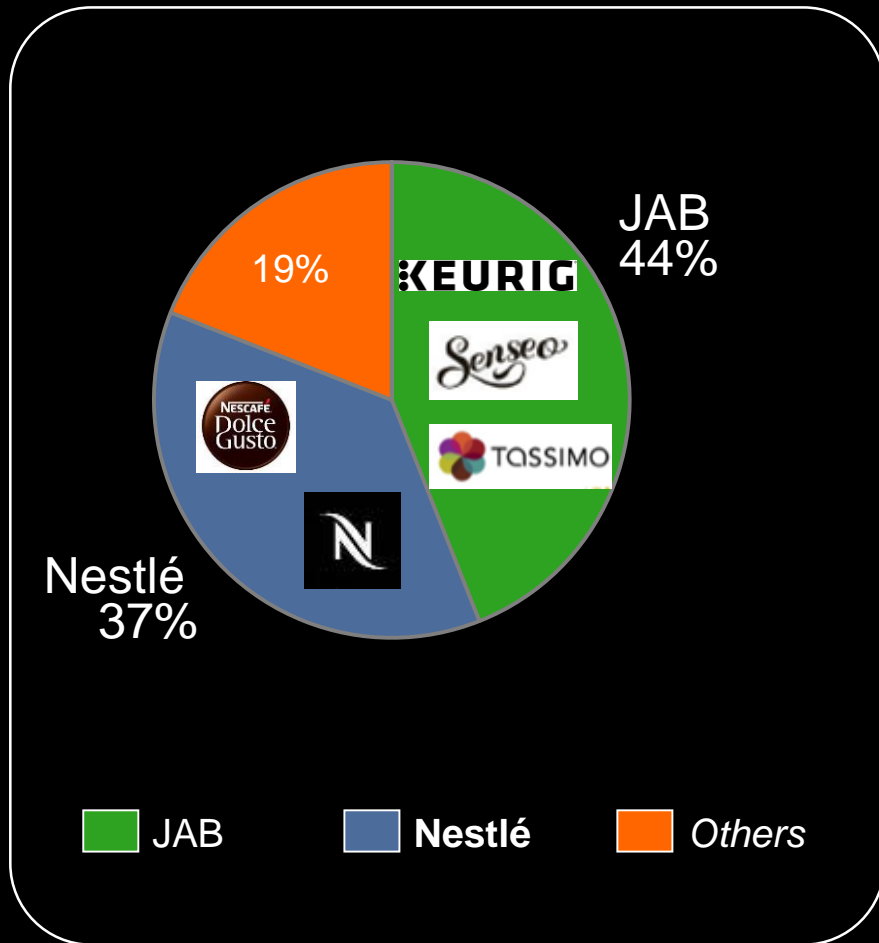
Nestlé pioneering and winning in portioned coffee



Note: at constant exchange rate

Nespresso & NESCAFÉ Dolce Gusto: the leading brands in portioned coffee

Portioned coffee retail value - World



Top 10 coffee capsule brands (vol.) - World

Brands	System
1. NESPRESSO	NESPRESSO
2. PRIVATE LABELS	SENSEO
3. NESCAFÉ DOLCE GUSTO	NESCAFÉ DOLCE
4. SENSEO	SENSEO
5. PRIVATE LABELS	KEURIG
6. GREEN MOUNTAIN	KEURIG
7. PRIVATE LABELS	NESPRESSO
8. STARBUCKS	KEURIG
9. CARTE NOIRE	SENSEO
10. FOLGERS GOURMET	KEURIG

Source: Nielsen + Nespresso sales.

NESCAFÉ Dolce Gusto: building the leading global retail coffee system



>1.2 bn sales (CHF)
Double digit growth



82 markets



**#1 in Europe, Latam
& Asia**
Retail machines & capsules sales

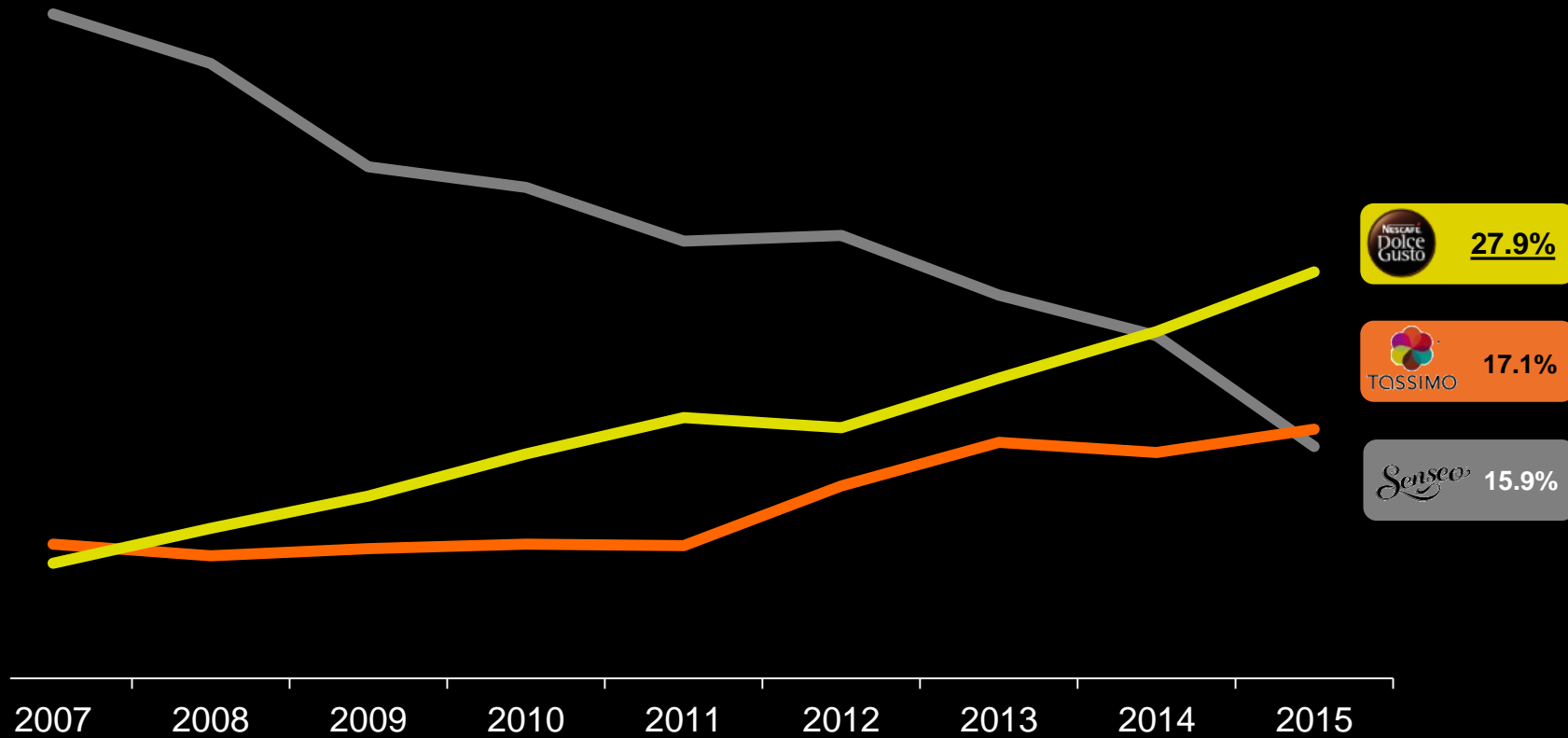


**New factory
in Brazil to support
growth ambition**

NESCAFÉ Dolce Gusto: the fastest growing system in Europe retail



%MS Machines – in units



Source: GFK panel in units 17 Eur. markets retail only

Driving a powerful machine innovation pipeline

2015
Espresso



New unconventional coffee

2015

Suggested Serving - Présentation suggérée



**NESCAFÉ.
Dolce
Gusto.**

LATTE
MACCHIATO
CAMEL

168 g

CAPSULES OF ROAST AND GROUND COFFEE AND CARAMEL FLAVOURED MILK MIX
CAPSULES DE CAFÉ TORRÉFIÉ ET MOULU ET DE MÉLANGE DE LAIT AROMATISÉ AU CARAMEL

8 8

This advertisement for Nescafé Dolce Gusto Latte Macchiato Caramel features a tall glass filled with a layered coffee drink topped with a swirl of caramel sauce. The product name is prominently displayed in a circular logo and below it. Two coffee capsules are shown at the bottom left. The weight is 168 g. At the bottom, there is a line of small text in both English and French, and a graphic showing two coffee capsules with the number 8.

2016

NEW*



**NESCAFÉ.
Dolce
Gusto.**

ESSENZA
DI MOKA

arabica & robusta

8 16

This advertisement for Nescafé Dolce Gusto Essenza di Moka features a white mug filled with coffee. A 'NEW*' badge is in the top right corner. The product name is in a circular logo and below it. A coffee capsule is shown at the bottom left. The coffee type 'arabica & robusta' is mentioned at the bottom. At the bottom, there is a graphic showing a coffee capsule with the number 8 and a coffee mug with the number 16.

And surprising limited editions

2015 Limited Edition



The packaging for the 2015 Limited Edition Nescafé Dolce Gusto Yunnan Espresso features a grey background with a large, expressive red brushstroke. In the top left corner is the Nescafé Dolce Gusto logo. Below it, the text "YUNNAN ESPRESSO" is written in red. A red square with the words "LIMITED EDITION" and a stylized "R" logo is positioned to the left of a clear glass cup filled with espresso. At the bottom left is a small icon of a coffee machine with the number "7". At the bottom right, the text "100% arabica" is displayed next to a dark grey circle containing the number "16".

NESCAFÉ.
Dolce
Gusto.

YUNNAN
ESPRESSO

LIMITED
EDITION

100% arabica

7

16

2016 Limited Edition



The packaging for the 2016 Limited Edition Nescafé Dolce Gusto N'Yumba Lungo features a white background with a large, vibrant blue and yellow spiral graphic. In the top left corner is the Nescafé Dolce Gusto logo. Below it, the text "N'YUMBA LUNGO" is written in blue. A yellow square with the words "LIMITED EDITION" and a stylized "R" logo is positioned to the left of a tall clear glass cup filled with coffee. At the bottom left is a small icon of a coffee machine with the number "7". At the bottom right, the text "100% arabica" is displayed next to a dark grey circle containing the number "16".

NESCAFÉ.
Dolce
Gusto.

N'YUMBA
LUNGO

LIMITED
EDITION

100% arabica

7

16



**The recognised
ultimate coffee experience**



Continue to create competitive gaps

CONTINUOUS
INNOVATION AND
PREMIUMIZATION

CONQUERING NEW
TERRITORIES

CULTIVATING UNIQUE
CUSTOMER
RELATIONSHIP



Innovative rare coffee origins for new coffee experience



Price Index: 106



Price Index: 129



Price Index: 228



Price Index: 340

SULUJA: leveraging our unique direct to farmer sustainability program

“We drank our first cup this summer
and it tasted just a little bit better knowing
that it was from people who have
worked so hard for
normalcy and peace”

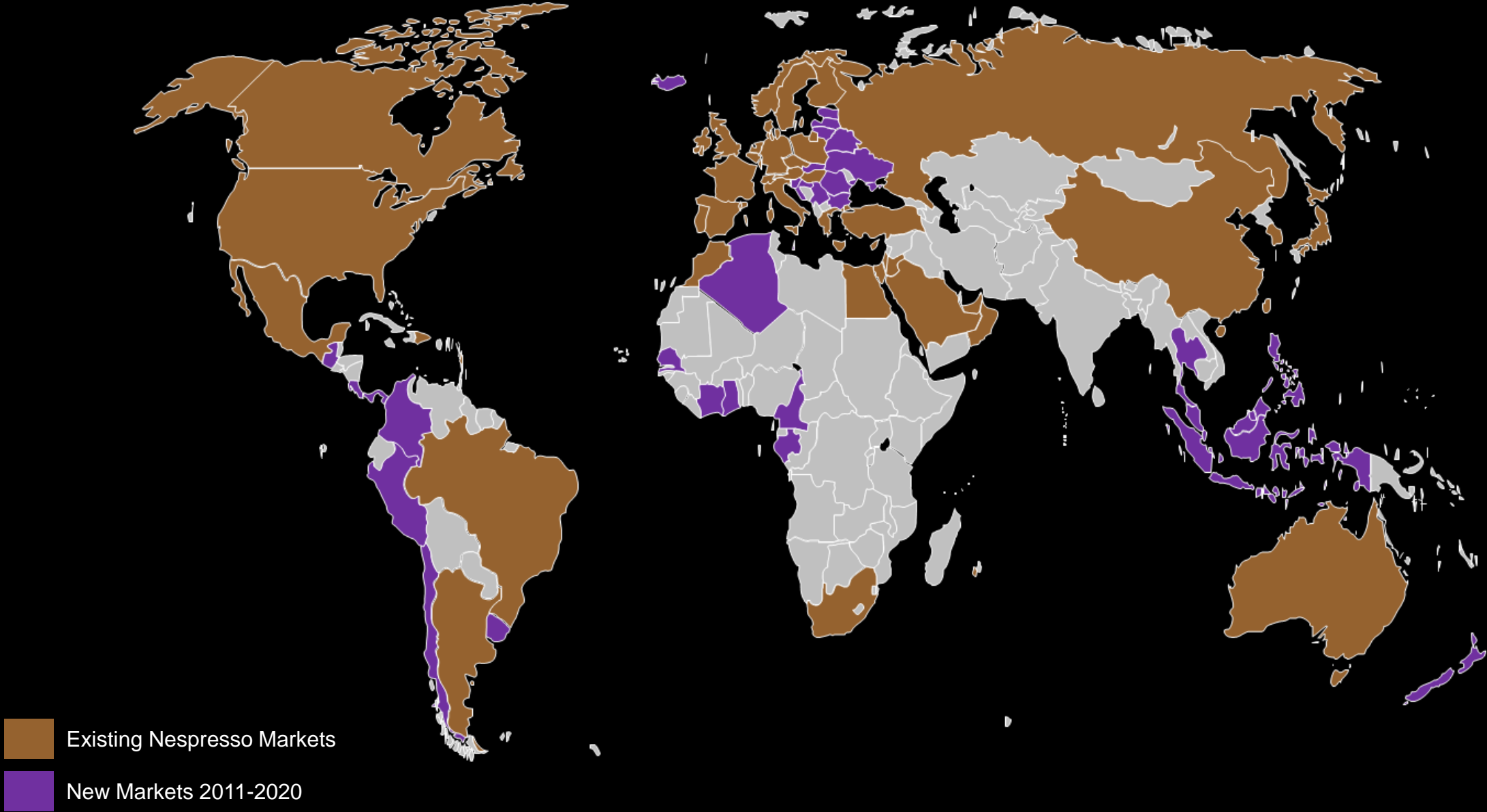
George Clooney, Bloomberg 2015



Creating gaps in machine design and functionalities



20+ new markets and 50 boutique openings/year



A focused strategy to win in the USA

UNIQUE LONG CUP
COFFEE EXPERIENCES



PREMIUM BRAND
CAMPAIGN



RETAIL
EXPANSION



Vertuoline: revolutionising premium long cup coffee experiences

NOVEL IN-CUP QUALITY

UNIQUE SYSTEM
VERSATILITY

SUPERIOR MACHINE
DESIGN &
CONVENIENCE



The Brand Campaign



Nespresso Training Day - (00:30)



GC Testimonial – Long (02:55)

**MCCANN
NESPRESSO**

**"TRAINING DAY" :30
MUSEUM/ SUSHI/ WALK REV
WORKPRINT & SCRATCH MIX
10/20/15**

WORKPRINT

The Brand Campaign



Nespresso Training Day - (00:30)



GC Testimonial – Long (02:55)

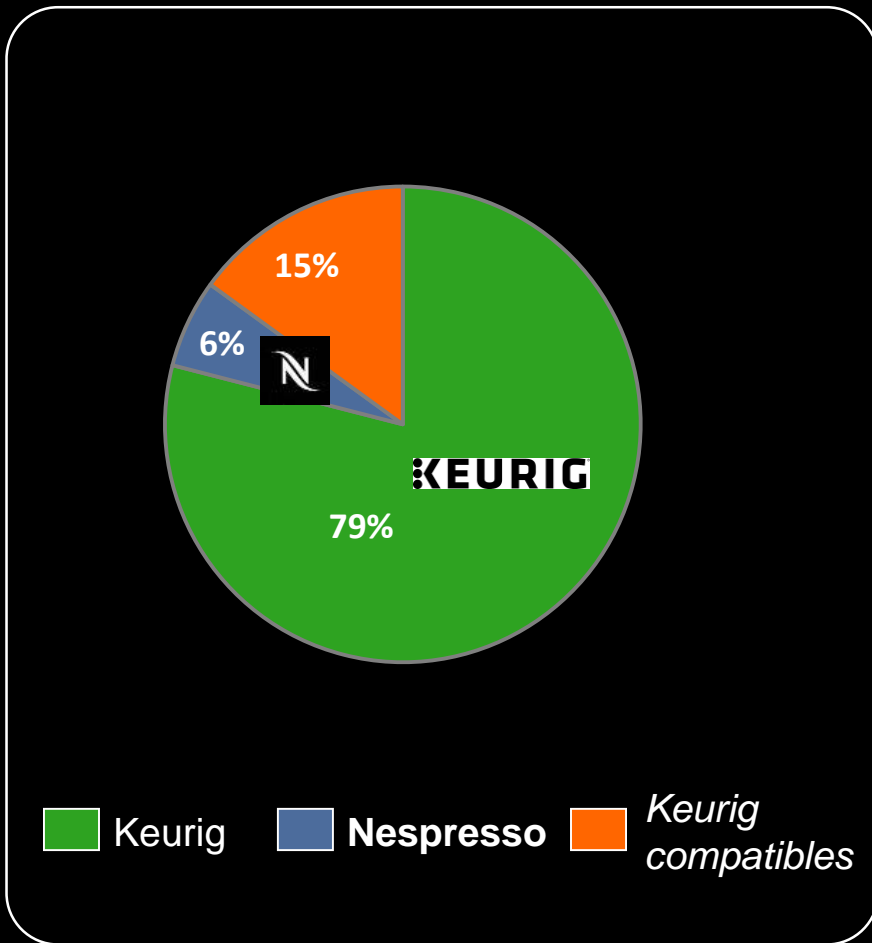
Expanding our retail footprint: 30+ new boutique openings



USA: Nespresso brand steadily gaining shares

+33% CAGR 2009-'15

Portioned coffee Market Share (vol.) - USA



Top 10 portioned coffee brands (vol.) - USA

Brands	System
1. PRIVATE LABELS	KEURIG
2. GREEN MOUNTAIN COFFEE	KEURIG
3. STARBUCKS	KEURIG
4. FOLGERS GOURMET	KEURIG
5. NESPRESSO	NESPRESSO
6. EIGHT O'CLOCK COFFEE	KEURIG
7. AUTH. DONUT SHOP	KEURIG
8. MAXWELL HOUSE	KEURIG
9. MCCAFE	KEURIG
10. GEVALIA	KEURIG

Source: Nielsen + Nespresso sales.

Aggressively addressing the Out-of-Home opportunity

CONTINUE TO
LEAD IN FINE DINING

PURSUE AGUILA
SUCCESSFUL LAUNCH
WITH NEW RANGE

INCREASING COFFEE
OFFER AND SERVICE
LEVEL



- 750 top chefs
- 2&3 Michelin star restaurants
- Personalised blends

Cultivating unique Customer Relationship

INNOVATING IN NEW
RETAIL FORMATS &
EXPERIENCES

IMPROVED DIGITAL
EXPERIENCE

BUILDING UNIQUE
RELATIONSHIPS WITH
OUR CONSUMERS



NESCAFÉ®



Uniquely positioned to seize the coffee category potential



**INNOVATION
CAPABILITIES**

- ✓ **Technology lead**
- ✓ **Coffee expertise**
- ✓ **Global brands and unique market agility**

**FAVORABLE
POSITION**

- ✓ **Accelerating in Portioned**
- ✓ **Leading in Soluble**
- ✓ **RTD opportunities**

**WINNING
IN KEY TERRITORIES**

- ✓ **Gaining share in US**
- ✓ **High ambition in Brazil**
- ✓ **Solid leadership in Russia and China**

***Leading,
Inspiring,
Delivering!***



Thank you!