THIRD POINT PUBLISHES PRESENTATION ON "#NESTLÉNOW"

New York, New York – (BUSINESS WIRE) – Third Point (NYSE: TPRE; LSE: TPOU), a New York-based asset manager with $18 billion of capital, today released a thirty-four-page presentation outlining concrete steps Nestlé (VTX: NESN) should take now to better position itself for the future. The consumer products industry is evolving at an unprecedently rapid pace and Third Point urges Nestlé to embrace change and imbue its culture with a mindset of #NestléNOW to avoid falling irreparably behind.

Third Point's presentation can be found at www.nestlenow.com and its letter to Nestlé's Chief Executive Officer Dr. Mark Schneider, Chairman Paul Bulcke, and Board of Directors is copied below.

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Dear Dr. Schneider, Mr. Bulcke, and the Nestlé Board of Directors:

A year ago, Third Point announced an investment of more than $3 billion in Nestlé (the "Company") and a prescription for the Company to ensure long-term value for its stakeholders by improving profitability, capital efficiency, and its portfolio following years of lackluster financial performance. Over the past year, organic sales have weakened as Nestlé continues to lose market share in key focus areas and the stock has underperformed. Although the Company has taken some steps consistent with our suggestions, the modest pace and magnitude of these changes suggest that Nestlé feels satisfied with its position. Nestlé's Articles of Association (Section 2.3)[1] state that the Company will focus on "long-term, sustainable value creation" in operating its business. We do not believe that the Company is living up to this mandate today with its muddled strategic approach and we are concerned that Nestlé does not fully appreciate the rapidly occurring shifts in consumer behavior that threaten its future.

Today, we have shared a roadmap with you and our fellow shareholders to ensure that Nestlé maintains its competitive position and achieves long-term success. These are not quick fixes intended to generate short-term results. This is a call for urgency – rather than incrementalism – to capitalize on fleeting opportunities and innovations that competitors will capture if Nestlé does not energize itself. We urge Nestlé to adopt a #NestléNOW mindset and become sharper in articulating its strategy, bolder in re-shaping its portfolio, and faster in overhauling its organization.

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[1] https://www.nestle.com/asset-library/documents/library/documents/corporate_governance/articles-of-association-of-nestle-en.pdf

Be Sharper in Articulating Strategy

Nestlé's current strategy is vaguely defined and plagued by internal inconsistencies. Nestlé describes itself as a company focused on "nutrition, health and wellness," but many categories and brands continue to fall outside that definition. Nestlé further highlights coffee, pet care, infant nutrition, and water as key categories for long-term development, yet only about half of the Company's sales are generated from those areas. Nestlé sometimes lumps the rest of its sales into "other categories," nomenclature that neatly captures the remaining mixed bag of businesses that deviate from its focus areas. The message sent by a company executing only half-way on its strategic vision is confusing to all of its stakeholders.

The Swiss Code of Best Practice for Corporate Governance[2] states that the Board is responsible for "the strategic direction and supervision of the Company." Nestlé's Board, which added three new, highly qualified external directors following our investment, is thus accountable for defining a coherent approach to managing the business. It is striking to us that, although Nestlé is the #1 food and beverage company in the world, there is still no Board member with external leadership expertise in the food and beverage industry to assist the Board in defining the Company's strategy.

Be Bolder in Re-shaping the Portfolio

Nestlé's management is not moving quickly enough to exit underperforming and non-strategic businesses. Nestlé has divested less than 2% of sales despite a thriving environment for global M&A. We believe there is little to no chance that the current portfolio can sustainably deliver Nestlé's targeted mid-single digit percent organic sales growth. The portfolio continues to have significant exposure to categories external to its areas of focus that have lower growth, lower margins, and command lower valuations which, in aggregate, erode the strengths of the core businesses.

We believe Nestlé should divest as much as 15% of sales either through sales, spin-offs, or other methods to better align the portfolio around key categories. It is clear that the Company's non-core financial stake in L'Oréal should be sold since the Board remains unable to articulate a compelling long-term strategic rationale for its continued ownership. Nestlé should use the proceeds from these sales to do more M&A in key areas or engage in expedited share buybacks. It is difficult to imagine a better business environment for Nestlé to adopt the #NestléNOW mindset and reshape its portfolio

[2] https://www.economiesuisse.ch/de/publikationen/swiss-code-best-practice-corporate-governance-english.

than this time of elevated multiples and strong strategic demand for some of its lower growth businesses. There is no better illustration of this dynamic than the highly attractive price Nestlé recently received for its struggling North American confectionary business.

Be Faster in Overhauling the Organization

Nestlé's insular, complacent, and bureaucratic organization is overly complex, lethargic, and misses too many trends. The first sentence on the Company's website under "strategy" boasts that:

For over 150 years, we have built a successful business through understanding and anticipating consumer needs, and adapting to succeed in an evolving marketplace. [3]

However, this is precisely what Nestlé has failed to do over the past several years, as the Company has been woefully late to participate in some of the key new trends that have driven growth in food and beverages, allowing incipient brands and more focused competitors to capture market share. Even without internal innovation, Nestlé's growth might have been faster if the Company had adopted a more aggressive approach to acquiring fast-moving smaller brands.

There are too many examples of missed opportunities to claim that Nestlé's organization is well-suited to today's markets. We believe the Company should simplify its overly complex organizational structure and split internally into three divisions organized around beverages, nutrition, and grocery to improve focus, agility, and accountability. Each group of categories has a different outlook and opportunity set and would benefit from the focus and attention of dedicated strategic leaders and sales forces. The fact that Nestlé has survived for over 150 years by doing things the "Nestlé Way" does not ensure continued success. All venerable companies must adapt to a changing world or risk becoming obsolete, as we have seen happen to even legendary brands like General Electric. Nestlé's mandate – to focus on its long-term sustainability – requires management and the Board to look critically at whether it is too bloated operationally to compete in today's fast-moving environment.

Third Point believes the changes we have suggested in today's presentation will materially improve Nestlé's long-term trajectory, double earnings per share by 2022, and create sustainably better performance over time. Without a #NestléNOW focus and an increased sense of urgency, Nestlé will not be able to reverse years of underperformance and reposition itself to thrive in the years ahead.

[3] https://www.nestle.com/aboutus/strategy

We have spoken with many other Nestlé shareholders who support these views. The time for incrementalism has passed and Nestlé’s leadership must show convincingly that it understands what Nestlé needs now.

Sincerely,

Daniel S. Loeb

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