Emmi Investor Day

Highway to hell – or to heaven?

Thomas Morf
Chief Marketing Officer
Emmi Group

Lucerne, 7 November 2018
We live in a VUCA world

Focus on global brands

A new way to approach innovation

The digital marketing revolution

A new global marketing model @ Emmi

Let’s summarise
We live in a VUCA world

1. Consumer and food trends
2. Our market position(s)
3. Marketing capabilities
1. Food is the new music
2. Coffee is sexy
3. Full transparency
4. Demanding consumer
5. The schizophrenic consumer
6. Digital disruption
7. Political polarization (Trump, GDPR, Brexit)
8. Casual food
9. Demonization of sugar
10. Pressure on milk
Dominant on ECL and solid positions on yoghurt, cheese and desserts
3. Emmi marketing capabilities

From a classic brand management to a consumer centric approach

Marketing capability

Classic brand and category management

Integrated marketing (Cross category approach)

Holistic consumer centric approach

Time
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Let’s summarise
What is my responsibility @ CMO Emmi

- The driver of the Emmi portfolio shift towards branded business
- The strategic guide for all Emmi brands
- The leader of the global marketing team and our global brands
- The enabler of Emmi’s marketing capabilities
- The finger on the pulse of time, the market and society for Emmi
- The voice of the consumer in the Emmi board
- The ROMI challenger
Emmi’s global marketing strategy

**WHY**

we are the **growth catalyst** and the **guardian of Emmi’s brand moments.**
connected to life, people and the future

**WHAT**

01 Global brands
02 Cross-category innovation
03 Digital marketing

**HOW**

Emmi Marketing 40
Emmi House of Brands

The Best Dairy Moments are Emmi Moments

Best Coffee Experience  Refining the Best  Daily Best  The Best Dairy from Switzerland  Tastiest Reward  Optimised Self  Better World

- Caffè Latte
- Kaltbach
- Onken
- FONDü
- Rachelli
- Aktifit
- Gläserne Molkebehi

- Roth
- Yogurtpur
- Raclette
- Divina
- Vitalalt
- Beneol
- Kaiku

- Luzerner
- YoQua
- Fromageree
- Dela
- Sin Factory
- Gooya
- Kaiku

- Cypress Grove
- Gerber
- Comella
- Moments
- Cowgirl Creamery
- Surlat
- Green Valley
- Kaiku

- Cowgirl Creamery
- Nestle
- Begetal
- Emmi
- Green Valley

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WICHTIG IST, WAS DRIN IST.
Coffee is sexy and hot!

Actually, it’s cold…

Coca-Cola buys Costa Coffee Whitbread for £3.9bn

‘Other suits weren’t wearing the right suit or driving the right car’ - Alison Brittain

DER KAFFEE-KRIEG

Nestlé Der Kaffee-Platzhirsch kämpft neuerdings mit potenter Konkurrenz. Denn hier winken heisse Renditen.
Emmi Caffè Latte – a success story

ECL: more than 130 million cups sold in 2018

ECL shipments ex-factory
In million cups per year

Source: internal ex-factory figures in volume of cups;
Emmi Caffè Latte - How high is high?

There is still major potential in the RTD coffee market

<table>
<thead>
<tr>
<th>Introduction</th>
<th>Growth</th>
<th>Maturity</th>
<th>Decline or Renewal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Example of countries</td>
<td><img src="image" alt="Flags" /></td>
<td></td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Per-capita consumption in litres (p.a.)</th>
<th>Hot coffee</th>
<th>RTD Iced Coffee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>90</td>
<td>2</td>
</tr>
<tr>
<td>Switzerland</td>
<td>71</td>
<td>4</td>
</tr>
<tr>
<td>USA</td>
<td>68</td>
<td>2</td>
</tr>
<tr>
<td>Spain</td>
<td>41</td>
<td>0.4</td>
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<tr>
<td>UK</td>
<td>28</td>
<td>0.2</td>
</tr>
<tr>
<td>Japan</td>
<td>18</td>
<td>22 (sic!)</td>
</tr>
</tbody>
</table>


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A brand that has grown up

Our ECL journey: From a lifestyle focus to a quality experience
Best cheese selection out of most important segments

Cheese market segments (CH)

KALTBACK covers 45%

NPDs

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A unique story

The Maîtres of KALTBACH and the unique cave refine the best cheese into a masterpiece.

Maîtres of KALTBACH
The master craftsmen are in charge of strict selection, dedicated care and refinement.

KALTBACH cave
A wonder of nature provides the ideal natural climate to refine a world-class cheese.

KALTBACH cheese
Only the best quality cheese gets into the cave to get an excellent, distinctive taste.
Storytelling in an authentic and approachable way

New look & feel:

FROM

Mysterious, idyllic, stylized

TO

Modern, authentic, natural with stronger focus on craftsmanship

360° Campaign:

Print

TV

POS

Online

On Pack
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Let’s summarise
Innovation is in our DNA

We are accelerating innovation even further

Dedicated New Business and Innovation Team

Strategic Innovation Process

1. Business Objective
2. Strategy
3. Ideation
4. Creation/ Business Case
5. Launch/ Approval Management
A consumer centric approach is crucial for generating sustainable concepts.

From "overall food" to "category to concept".

Understanding of fundamental needs, drivers & barriers of the consumer leads to ideas and further to concepts.
We identified seven key growth fields for the future

Each growth field refers to a mega trend in the food sector

- **THE NEW COFFEE EXPERIENCE**
- **CASUAL FOOD**
- **NEW FUNCTIONAL**
- **FOOD AS IT SHOULD BE**
- **INDULGENT ME TIME**
- **PLANT BASED**
- **PERSONALIZED FOOD SOLUTIONS**
Our innovations along the growth fields

- THE NEW COFFEE EXPERIENCE
- CASUAL FOOD
- NEW FUNCTIONAL
- FOOD AS IT SHOULD BE
- INDULGENT ME TIME
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Let’s summarise
Digital as an industry disruptor?

In marketing, for sure!

Leadership processes
- Strategy Process
- Financial Management
- Leadership & Staff Development
- Business Models

Core processes
- Suppliers
- Purchase
- Production
- Distribution
- Planning
- Innovation
- Marketing
- Sales
- Customers

Support processes
- Finance
- HR Services
- IT Services
- Quality Safety Environment

- Optimization = continuous improvement of structure, procedures, processes, but no fundamental change
- Transformation = far-reaching change in organization and processes, but with a clear, tangible target state
- Disruption = partial or complete fundamental change of original business models, structures & processes
Strategic initiative «Digital Consumer Experience»

Current status & challenges

- Strategy & vision
- Transformation components
- Enablers
- Operations

Strategic “digitalization” initiative

- Digital consumer experience transformation
- Hybrid “digital” organization model
  - Cultural change
  - New skills in business & IT
  - Marketing transformation
- Consumer data & analytics capabilities
  - Consumer centric culture
  - Digital / social / mobile
- Digital experience platform
  - Global digital team & local digital community
On the way to data-driven marketing

The areas in which we want to improve

Data
- Personal data
- Interests
- Interactions
- Transactions

Digital Experience Platform
- Multichannel
- Predictive
- Segmentation
- Data

Channels
- E-Mailing
- Push messaging
- Social Media
- Web

Source: Emailvendorselection.com
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How we will evolve marketing @ Emmi

Today

- Strategic Marketing is embraced
- Marketing capabilities are somewhat heterogeneous across the Emmi Group
- Some silo/category thinking
- Digital at industry par

Tomorrow

- Consumer centric approach: From “Overall Food” to “Category” to “Concept”
- Digitally fully native
- Common Emmi Marketing Model which is reflected in an Organization Model
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Let’s summarise
Our context
# The world is increasingly complex and digital and we are adapting to it

Our strategy
# We focus on branded business and on our strongest (Global) positions and brands
# We are evolving our marketing model and approach to match the challenges and are accelerating digital marketing with strategic intent

Our global brands
# The potential of RTD coffee remains significant and we are well positioned to reap that potential
# With KB, we have a Global cheese jewel in our portfolio

Our innovations
# Innovation is strategic for Emmi and we have put in place the necessary approach and resources to continue being highly innovative
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