



Nestlé Good food, Good life

Full-year results 2023



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.



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Mark Schneider, CEO



Key messages

Resilient performance in the context of soft consumer demand

- Strong organic sales growth of 7.2%, led by pricing, with slightly negative RIG
- Underlying trading operating profit margin up 40 bps in constant currency
- Underlying earnings per share growth of 8.4% in constant currency
- Free cash flow increased by CHF 3.8 billion to CHF 10.4 billion

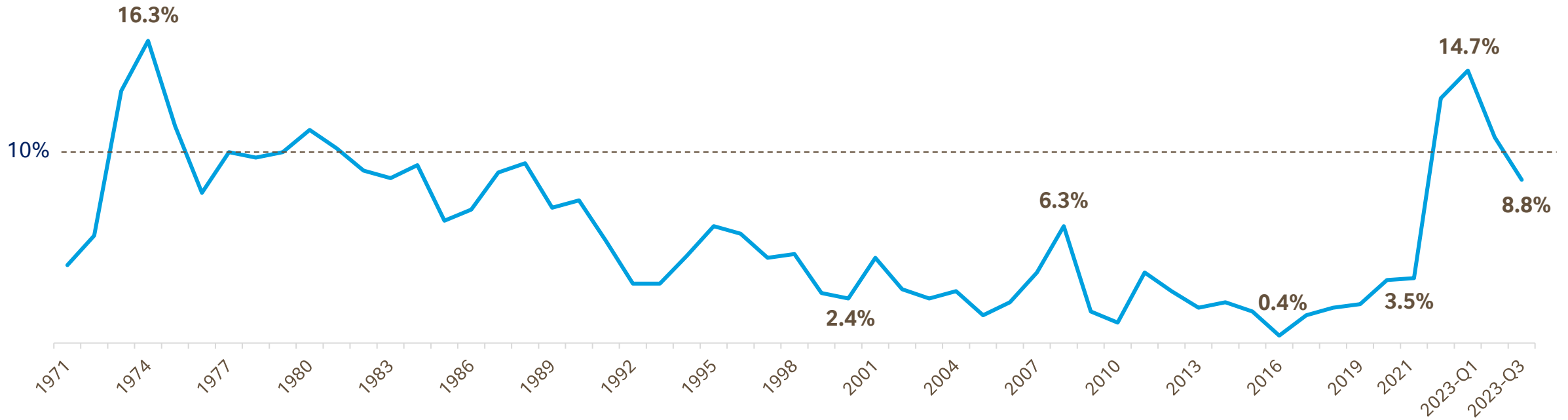
Building for sustainable growth and value creation

- Strong focus on meaningful innovation
- Stepped-up marketing investments
- Continued progress on Good for You, Good for the Planet agenda

Board proposes dividend per share of CHF 3.00, an increase of 5 centimes

Historically high-level of food price inflation

OECD countries: annual food price inflation %



Source: OECD

CPI: Food and non-alcoholic beverages; Annual growth rate (%), 1971 to 2022; Q3 2023 or latest available, Annual growth rate (%), Q3-2023 or latest available

Inflation measured by consumer price index (CPI) defined as the change in the prices of a basket of goods and services that are typically purchased by specific groups of households.



2023 highlights Nestlé's ability to generate growth catalysts

PetCare

Innovation-driven business focused on life-changing nutrition solutions



OG: 12.1%
RIG: 2.8%

Nespresso

Premier D2C business delivering high-quality growth, backed by new brand campaigns



OG: 5.3%
RIG: 2.0%

KitKat

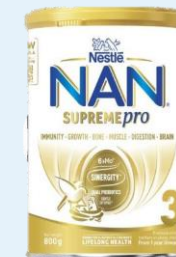
Powerhouse brand with industry-leading sustainability initiatives



OG: 14.3%
RIG: 8.4%

HMO* products

Driving growth in premium segments through science-based innovations



OG: 18.6%
RIG: 8.1%

Nestlé Professional

Pivoting to fast-growing segments through new customer acquisition and distribution expansion



OG: 15.2%
RIG: 5.1%

All numbers refer to 2023; * Human milk oligosaccharides (HMOs)

2024 operational priorities

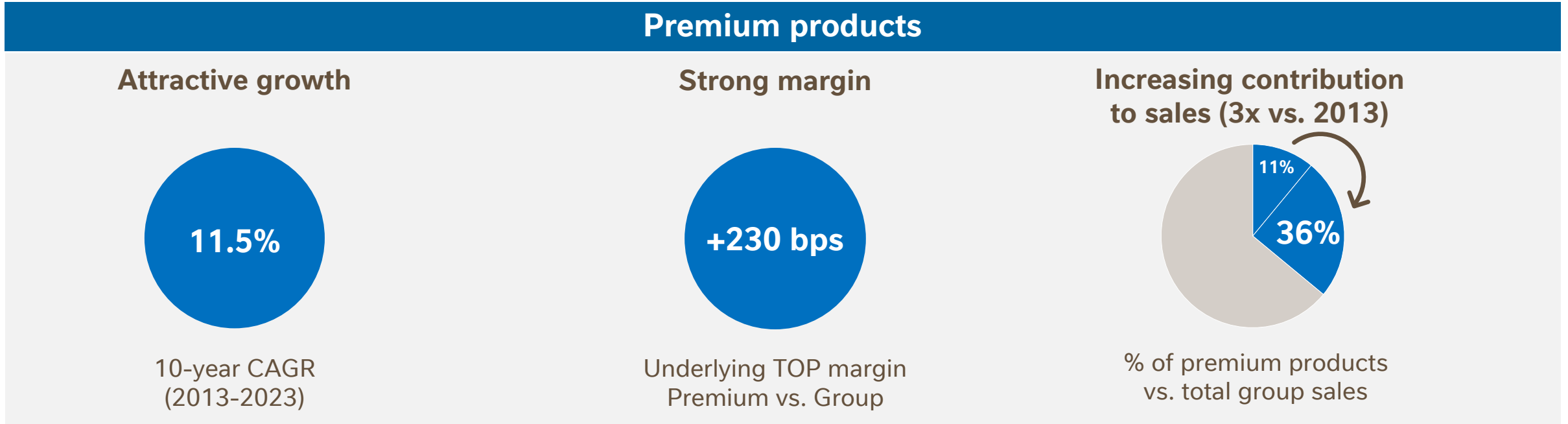
- Ensure **execution excellence**
- Raise **marketing/growth investments**, focus on fast-growing billionaire brands
- Deliver **RIG-led growth**
- Restore **gross margin** and further increase **free cash flow**



Nestlé Health Science: overcoming operational hurdles to capture full strategic potential

- Operating in segments with **attractive long-term trends**
 - **leading positions** in Consumer Care and Medical Nutrition
 - **high single-digit** mid-term growth outlook
 - **strong, focused portfolio** across brands, price points and channels
- 2024 and mid-term priorities
 - **mobilizing full Group resources** to overcome integration challenges
 - **optimizing** operations to secure significant margin improvement
 - **continuing global roll-out**

Premiumization is core to our growth strategy



Driving premiumization through innovation across categories



Premium defined as at least 20% price premium over mainstream offerings in the category

Growing healthy aging solutions

Favorable demographic trend: population over 65 doubling to 1.6 billion by 2050

Active lifestyle support



Collagen



Functional foods

Nutritional balance



Nutritional gaps



High-protein

Life stage transitions



Menopause support



Cardio-health

Preventive care



Immunity support



Cellular nutrition

Leveraging R&D, route-to-market and digital capabilities across categories

Helping consumers on their weight-loss journey

Supporting nutritional needs of GLP-1 consumers

Muscle mass preservation



Preserving lean body mass with high-protein products

Micronutrient deficiencies



Filling nutritional gaps

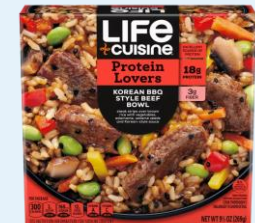
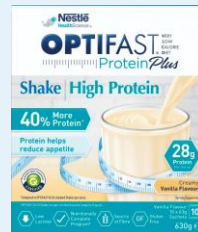
Gastrointestinal health



Managing digestive issues

Managing weight and blood glucose levels

Support and maintain weight loss



Low-calorie and nutrient-dense foods



Good for You: helping people enjoy a tasty, balanced diet

Grow



- **Grow** the sales of more nutritious offerings
- Continue to **invest in R&D** and launch new technologies to reduce sugar and fat
- **Increased share** of more nutritious products* from 57% to 59% in 2023

Guide



- Implement industry-leading **responsible marketing** practices
- Apply **calorie caps** for children's confectionery and ice cream
- Offer **transparency** so people can make informed choices

* Health Star Rating ≥ 3.5 & Specialized Nutrition



Good for the Planet: advancing towards Net Zero



- **>13.5% net reduction of GHG emissions** versus 2018 baseline*
- >15.3% reduction of methane versus the 2018 baseline*
- On track with our Net Zero plan
- **91.9%** of electricity at our sites globally from **renewable sources**

* Covers emissions related to our net zero commitment.



2024 guidance

- organic sales growth around 4%
- moderate increase in underlying trading operating profit margin
- underlying earnings per share growth in constant currency between 6% and 10%

2025 mid-term targets fully confirmed

- mid single-digit organic sales growth
- underlying trading operating profit margin range of 17.5% to 18.5%
- underlying earnings per share growth in constant currency between 6% and 10%



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François-Xavier Roger, CFO



Resilient financial performance in 2023

**Organic
growth**

+7.2%

**Underlying
TOP margin**

17.3%

+40 bps
in constant currency

**Underlying
EPS growth**

(in constant currency)

+8.4%

CHF 4.80
reported

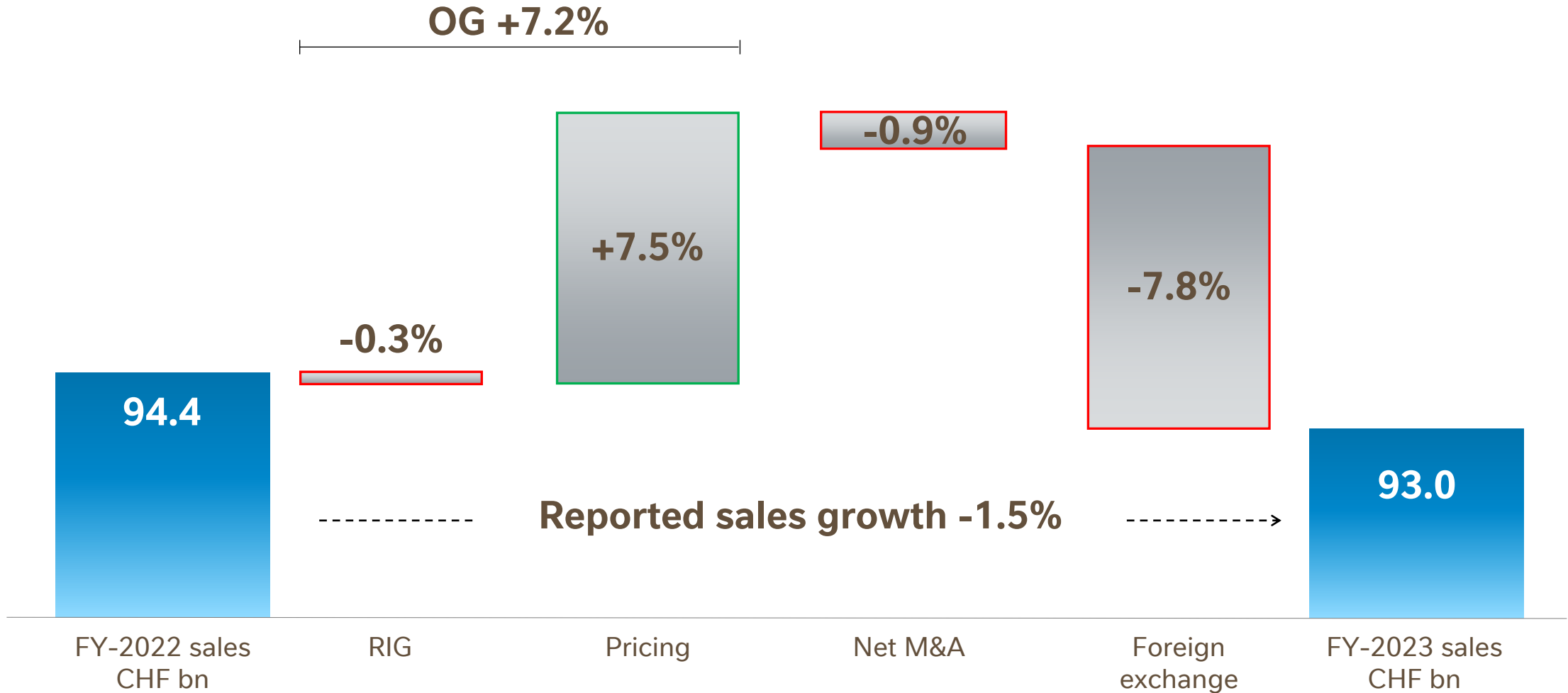
**Free
cash flow**

(in CHF)

10.4 bn

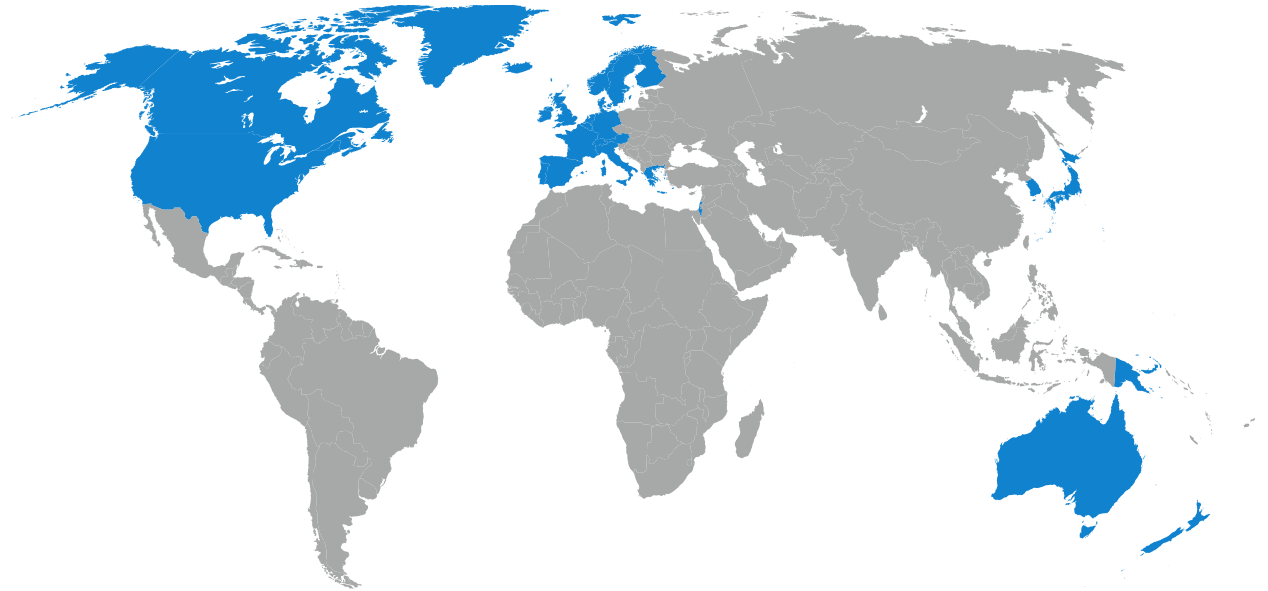
+3.8 billion
vs. 2022

Full-year sales growth

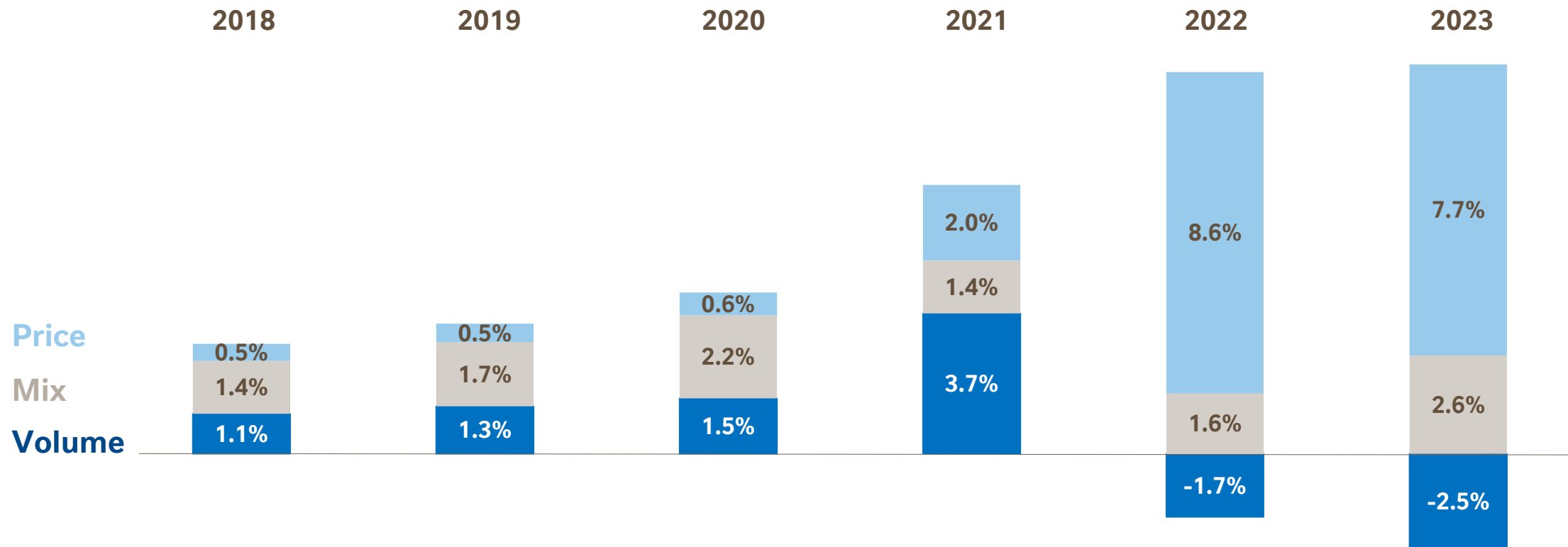


Strong growth across developed and emerging markets

	Developed	Emerging
Sales (in CHF) % of Group sales	54.8 bn 59%	38.2 bn 41%
RIG	-1.1%	0.8%
Pricing	7.5%	7.6%
OG	6.4%	8.4%



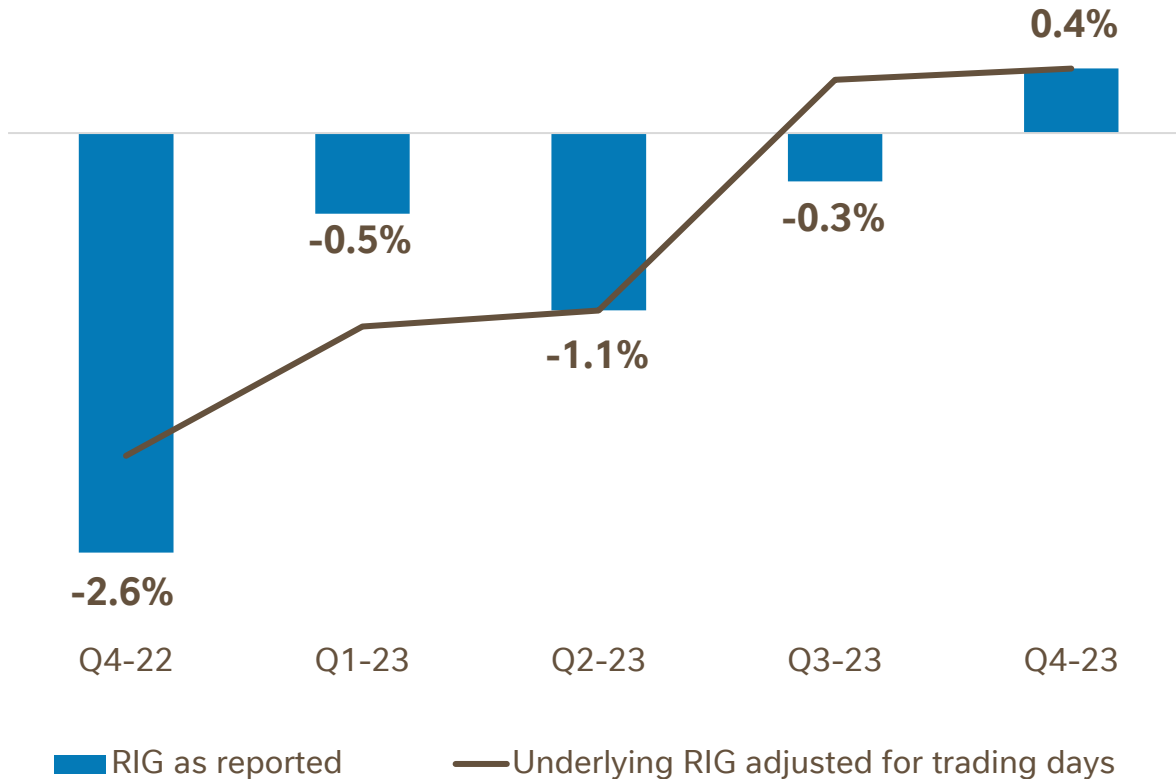
Strong mix reflects value-added strategy



Excludes water and Nestlé Health Science; Volume + Mix are equivalent to RIG



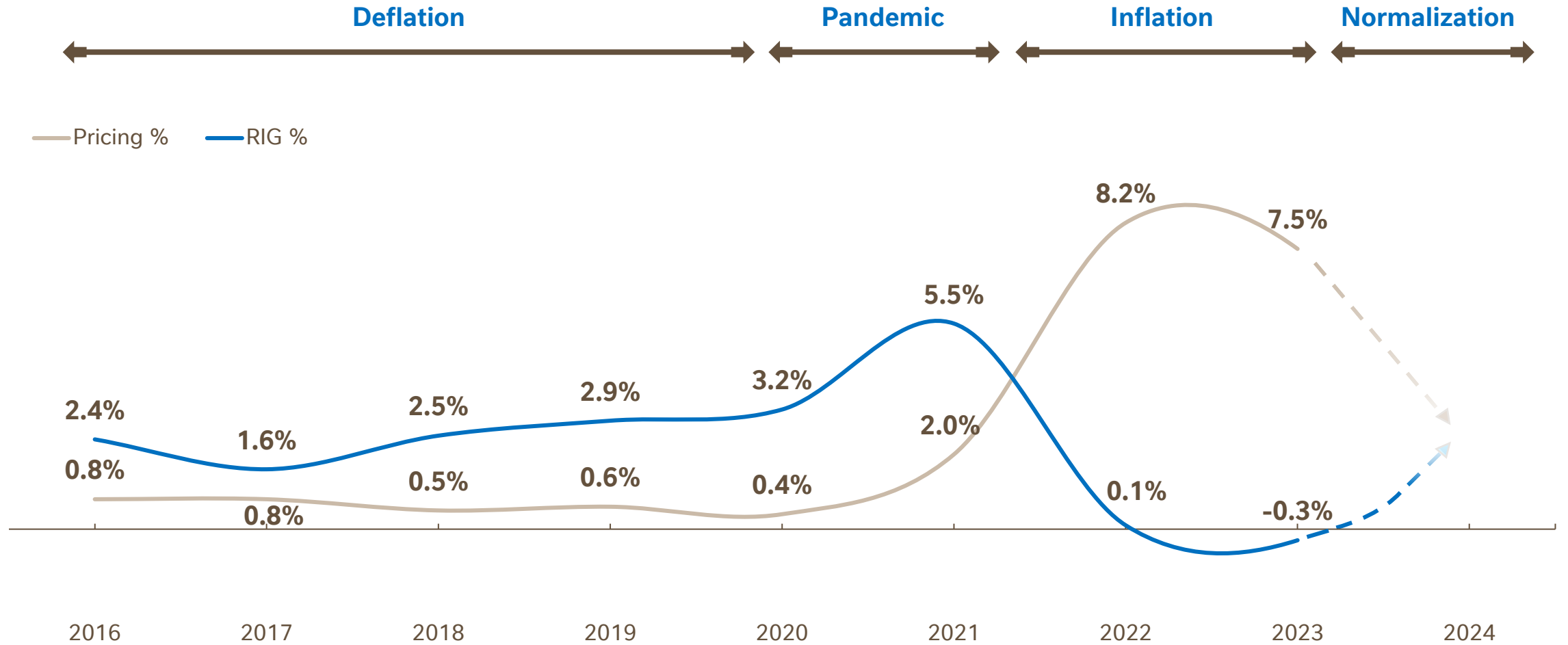
RIG back to positive territory



Key factors supporting RIG recovery despite soft consumer demand

- Moderation of new pricing
- Benefits of portfolio optimization
- Increased marketing investments

Returning to RIG-led growth



Zone North America

Sales	CHF 26.0 bn
Organic growth	7.3%
Real internal growth	-0.3%
Underlying TOP margin	22.2%
vs LY	+120 bps

- Strong organic growth driven by pricing. RIG impacted by soft consumer demand and capacity constraints
- Purina PetCare, Nestlé Professional and Starbucks out-of-home products were the key growth drivers
- Margin +120 bps, mainly as a result of portfolio optimization, pricing and mix



Zone Europe

Sales	CHF 19.1 bn
Organic growth	8.2%
Real internal growth	-2.4%
Underlying TOP margin	16.4%
vs LY	Flat

- Strong organic growth led by pricing. RIG impacted by demand elasticity and capacity constraints
- Purina PetCare, coffee and confectionery were the main growth contributors
- Margin was unchanged



Zone Asia, Oceania and Africa

Sales	CHF 17.5 bn
Organic growth	8.3%
Real internal growth	0.3%
Underlying TOP margin vs LY	23.5% +60 bps

- Strong organic growth, driven by pricing and positive RIG
- Infant nutrition, culinary and coffee were the key growth drivers
- Margin +60 bps reflecting pricing, disciplined cost control and portfolio optimization



Zone Latin America

Sales	CHF 12.2 bn
Organic growth	9.2%
Real internal growth	0.3%
Underlying TOP margin	20.7%
vs LY	-50 bps

- Broad-based organic growth led by pricing, with positive RIG
- Confectionery, coffee and dairy were the main growth contributors
- Margin -50 bps due to one-off items in 2022, cost inflation and higher advertising and marketing expenses



Zone Greater China

Sales	CHF 5.0 bn
Organic growth	4.2%
Real internal growth	2.5%
Underlying TOP margin	16.5%
vs LY	+40 bps

- Solid organic growth, driven by RIG and pricing
- Nestlé Professional, culinary and confectionery were the key growth drivers
- Margin +40 bps driven by favorable mix and disciplined cost control



Nestlé Health Science

Sales	CHF 6.5 bn
Organic growth	1.6%
Real internal growth	-3.2%
Underlying TOP margin	12.0%
vs LY	-160 bps

- Pricing-led organic growth, with negative RIG
- Consumer Care saw negative growth, reflecting temporary supply constraints for vitamins, minerals and supplements
- Medical nutrition posted double-digit growth, driven by adult medical care, pediatric and allergy products
- Margin -160 bps due to temporary supply constraints



Nespresso

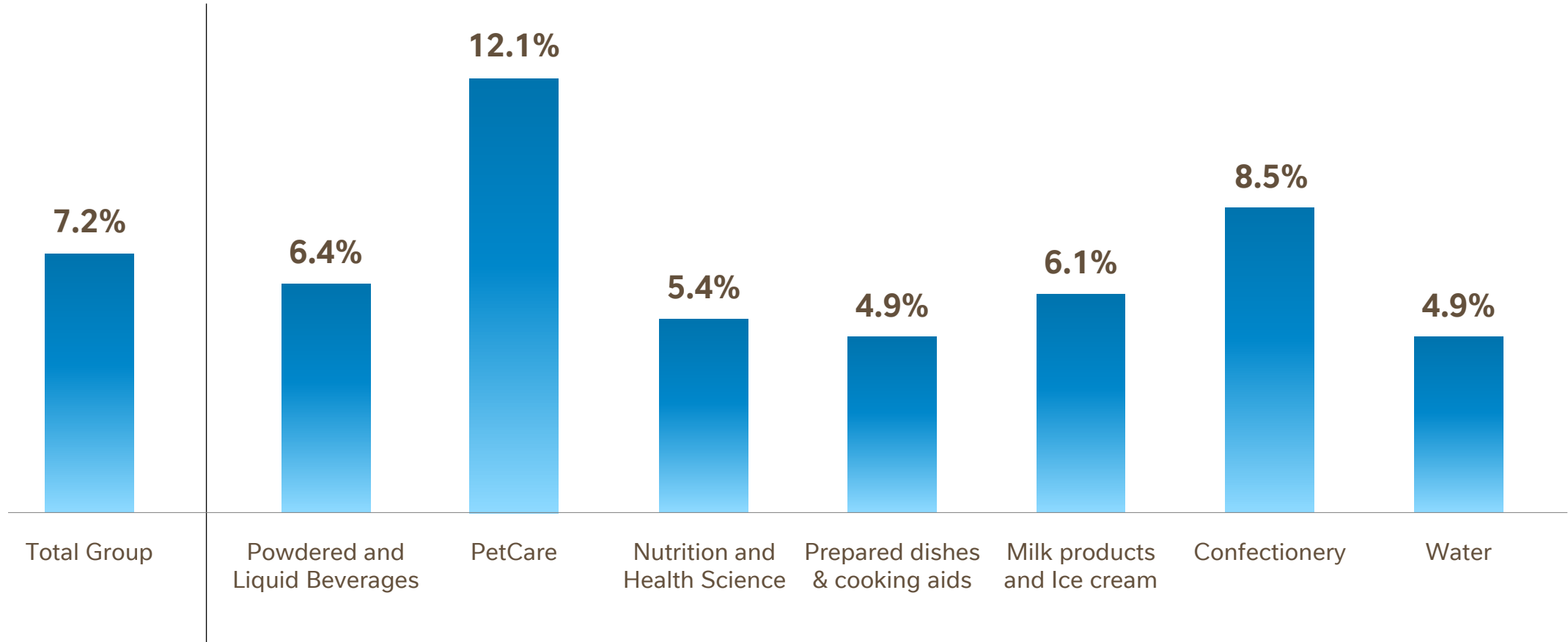
Sales	CHF 6.4 bn
Organic growth	5.3%
Real internal growth	2.0%
Underlying TOP margin	20.3%
vs LY	-120 bps

- Organic growth driven by pricing and RIG
- *Vertuo*, strong demand in out-of-home channels and innovation supported growth
- North America posted double-digit growth. Europe reported low single-digit growth
- Margin -120 bps impacted by cost inflation and the appreciation of the Swiss franc



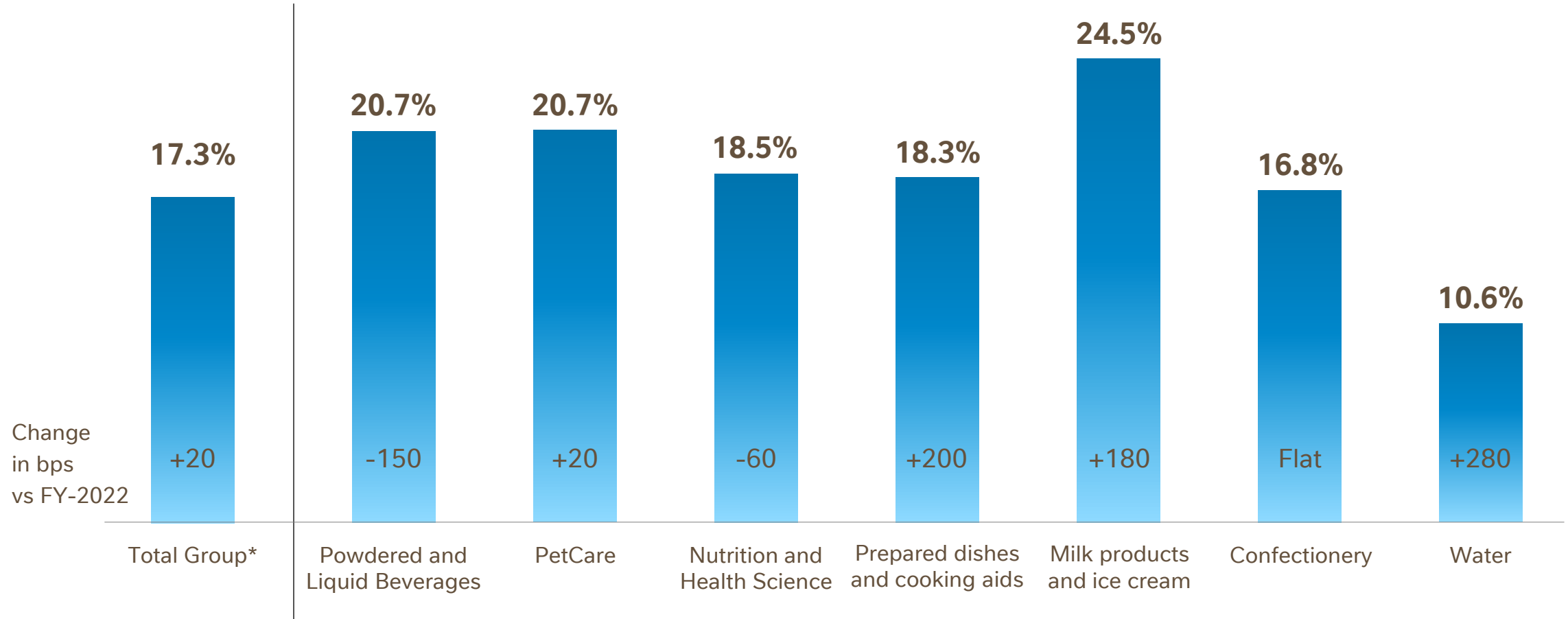
Broad-based growth across categories

Organic sales growth %



Underlying trading operating profit margin by category

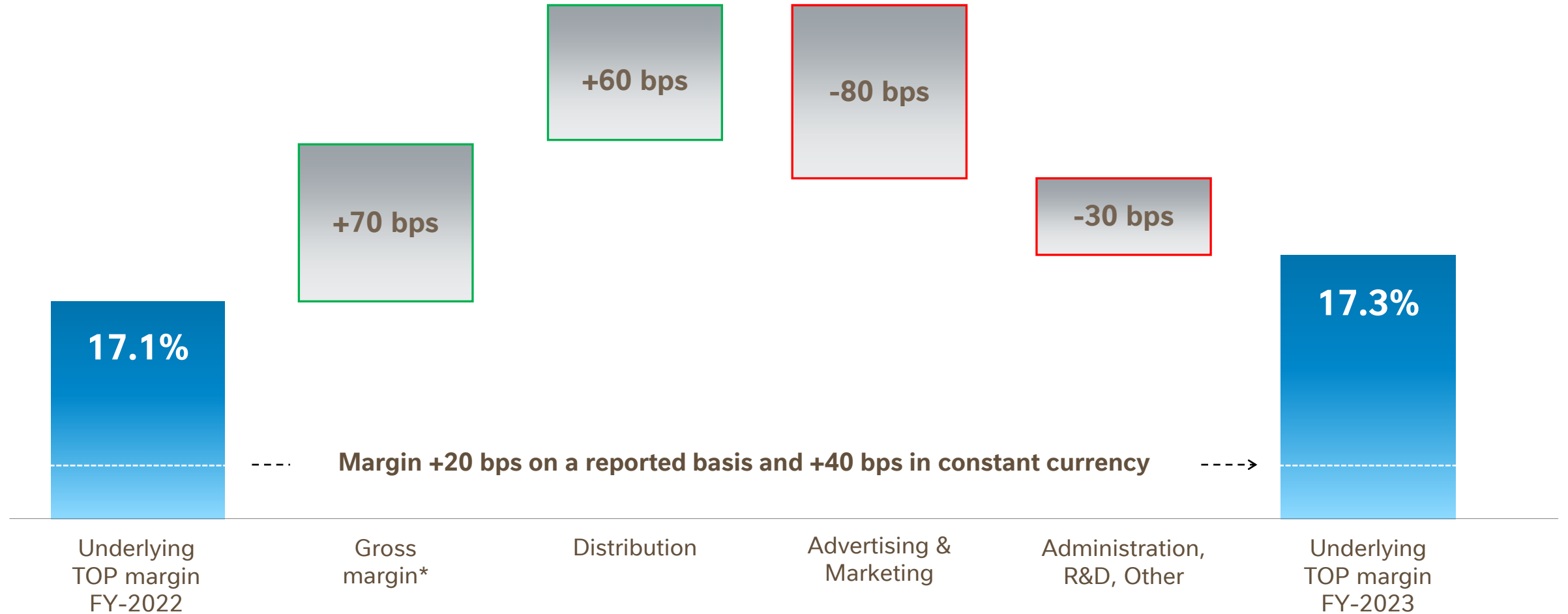
In % of sales



* Includes unallocated items



Gross margin recovery and increased marketing investment

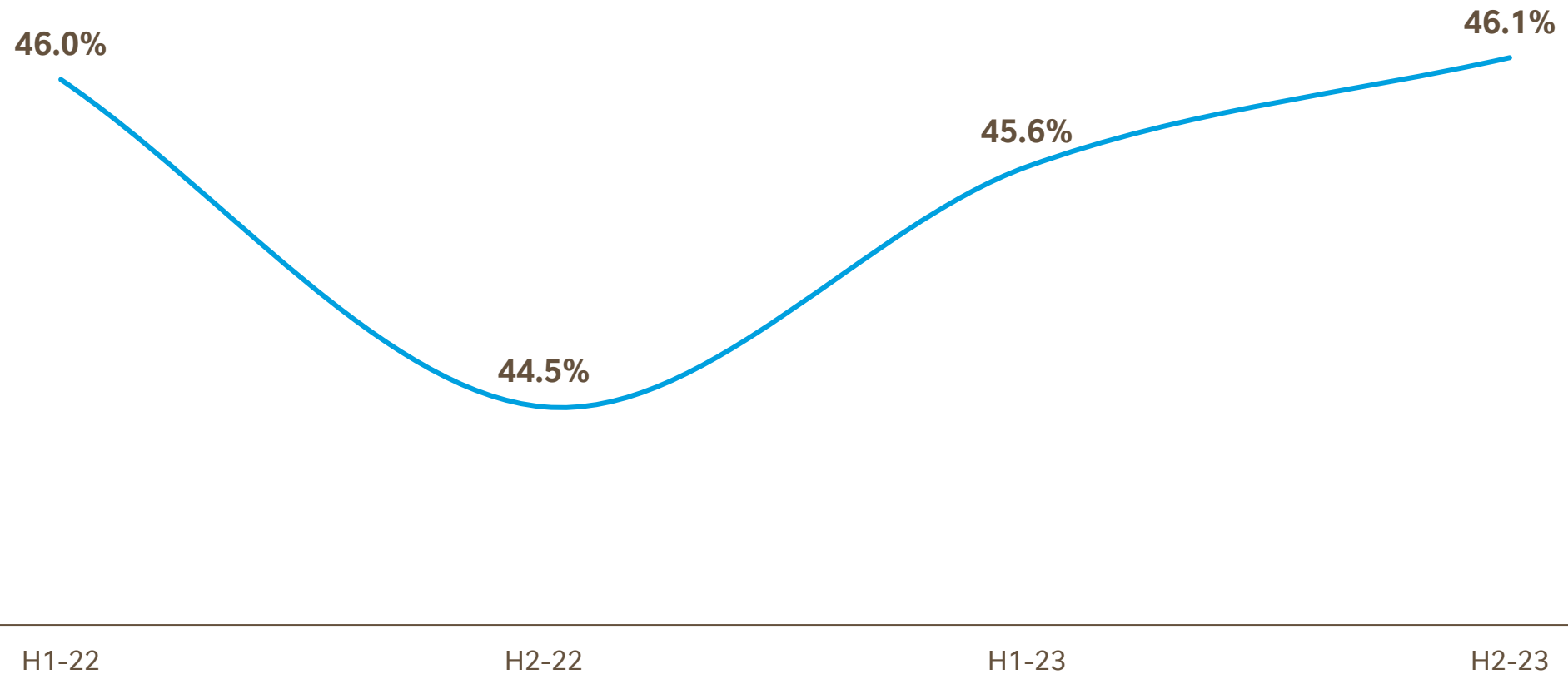


* Gross margin = Sales – cost of goods sold



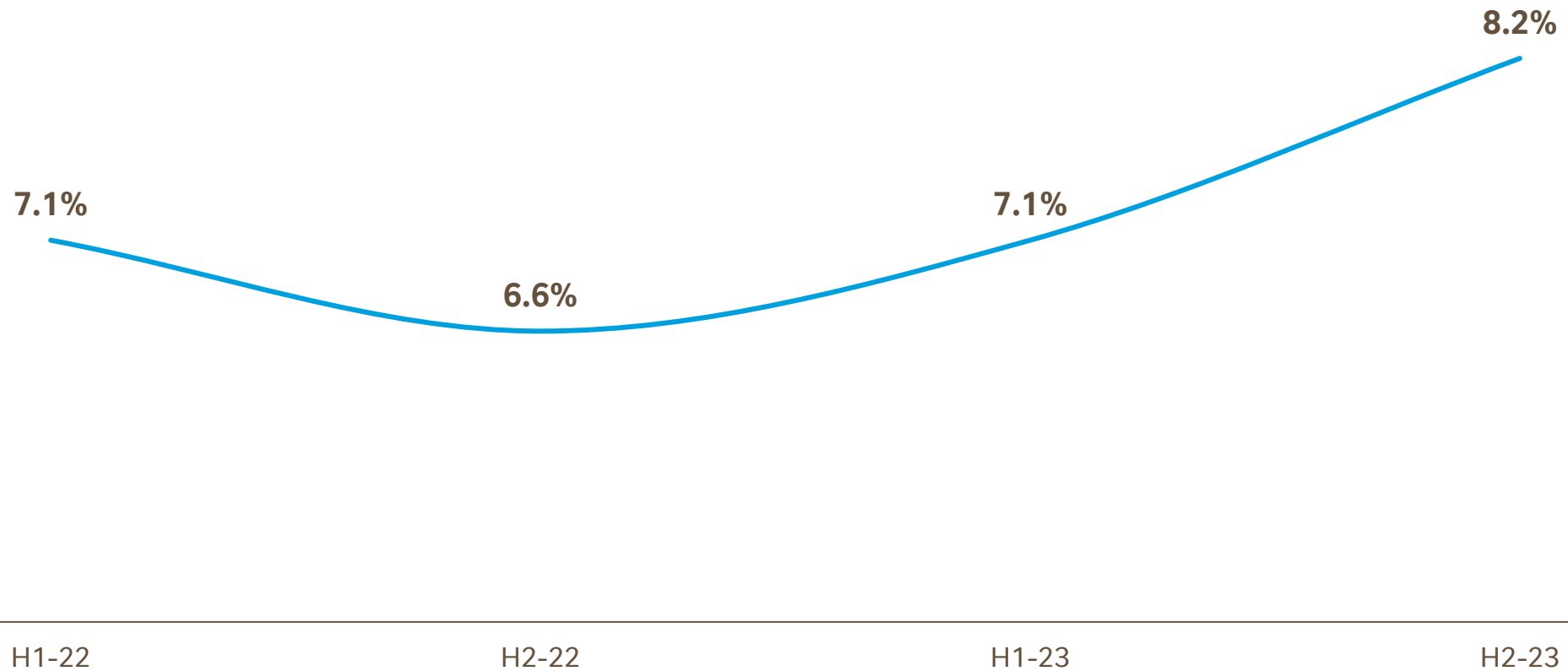
Progress on gross margin restoration

Gross margin = (Sales - Cost of good sold) / Sales

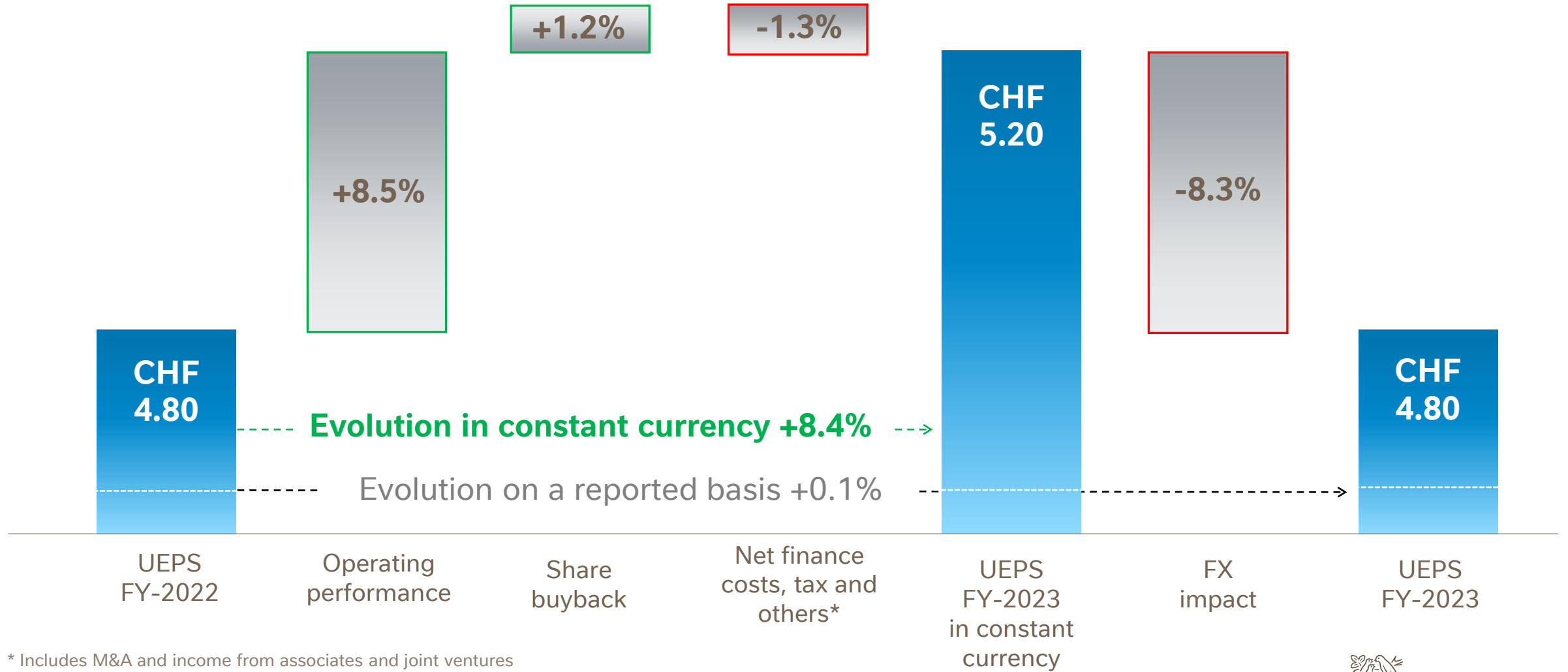


Investing behind our brands to drive growth

Advertising and marketing expenses as % of sales



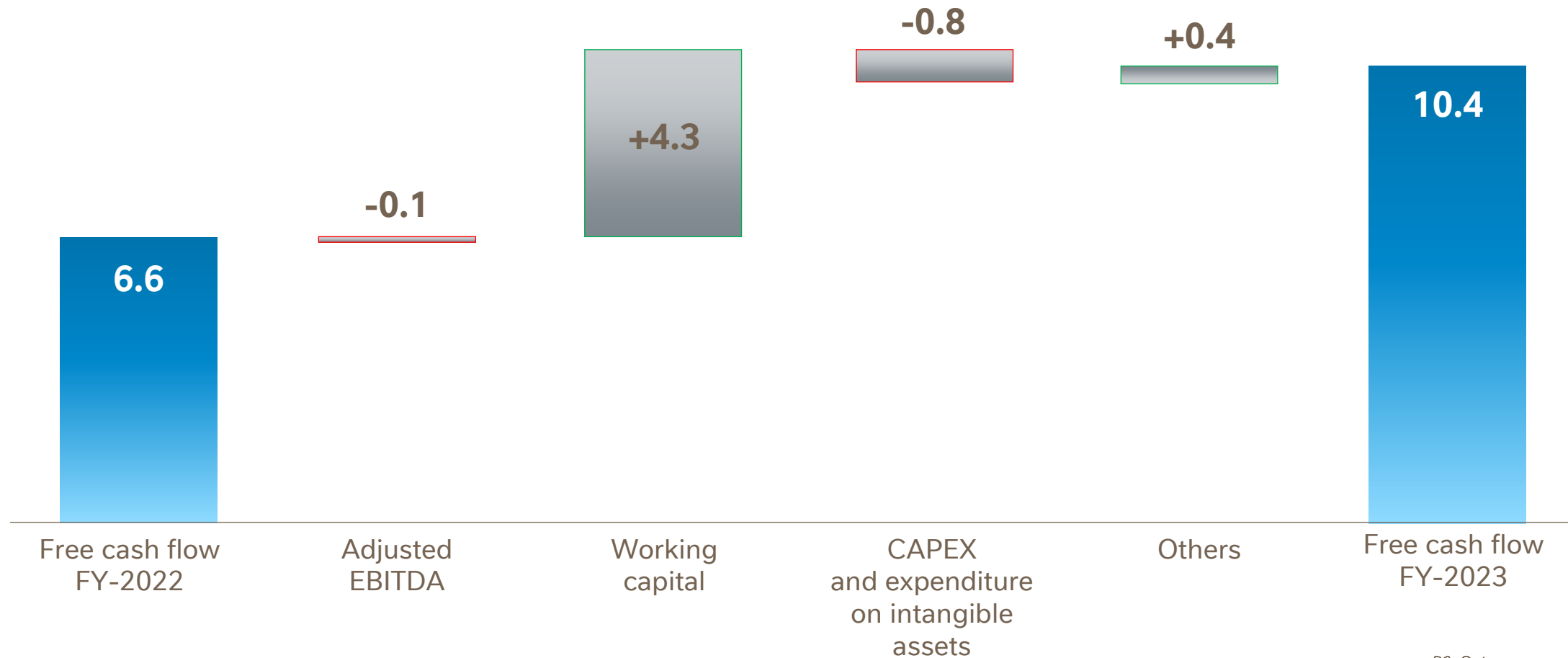
Increase in underlying EPS driven by operating performance



* Includes M&A and income from associates and joint ventures

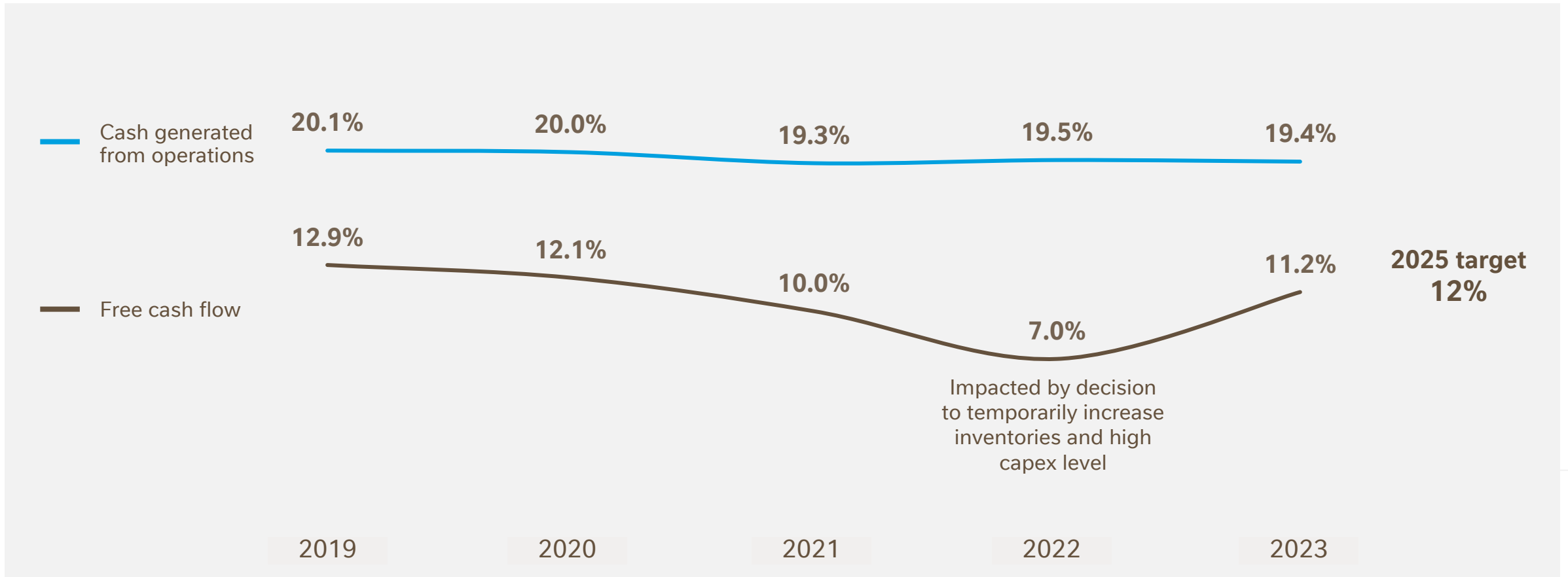
Free cash flow above CHF 10 billion

In CHF billion



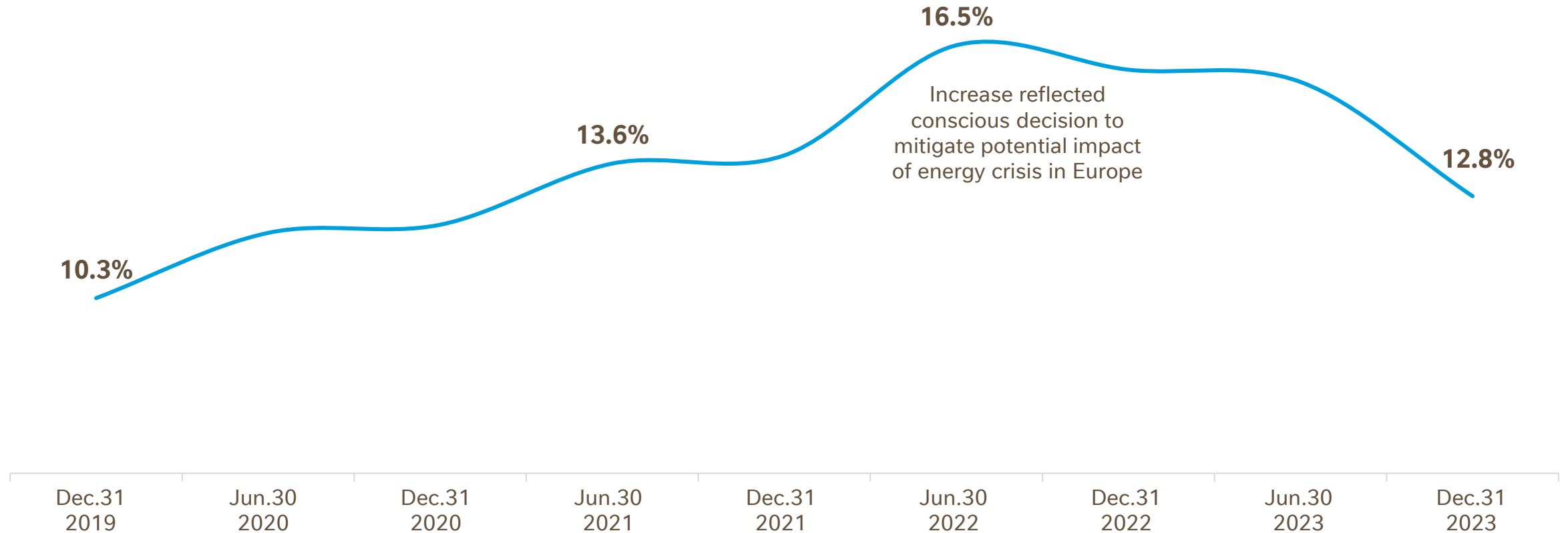
Free cash flow returning to historical levels, on track for 2025 target

Cash flow as % sales



Inventory levels normalizing

Total inventories as % of sales

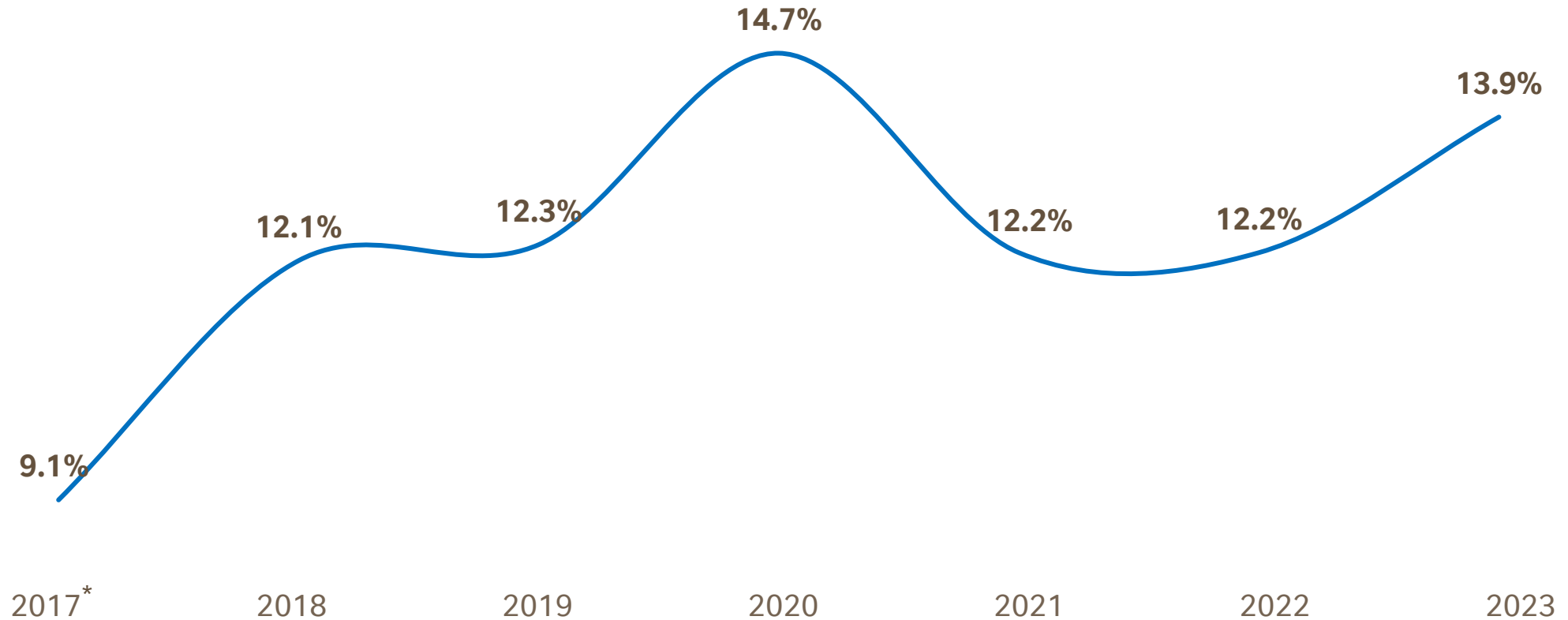


Total inventories, period end closing balances as % of annualized sales



Return on invested capital

After goodwill and intangible assets

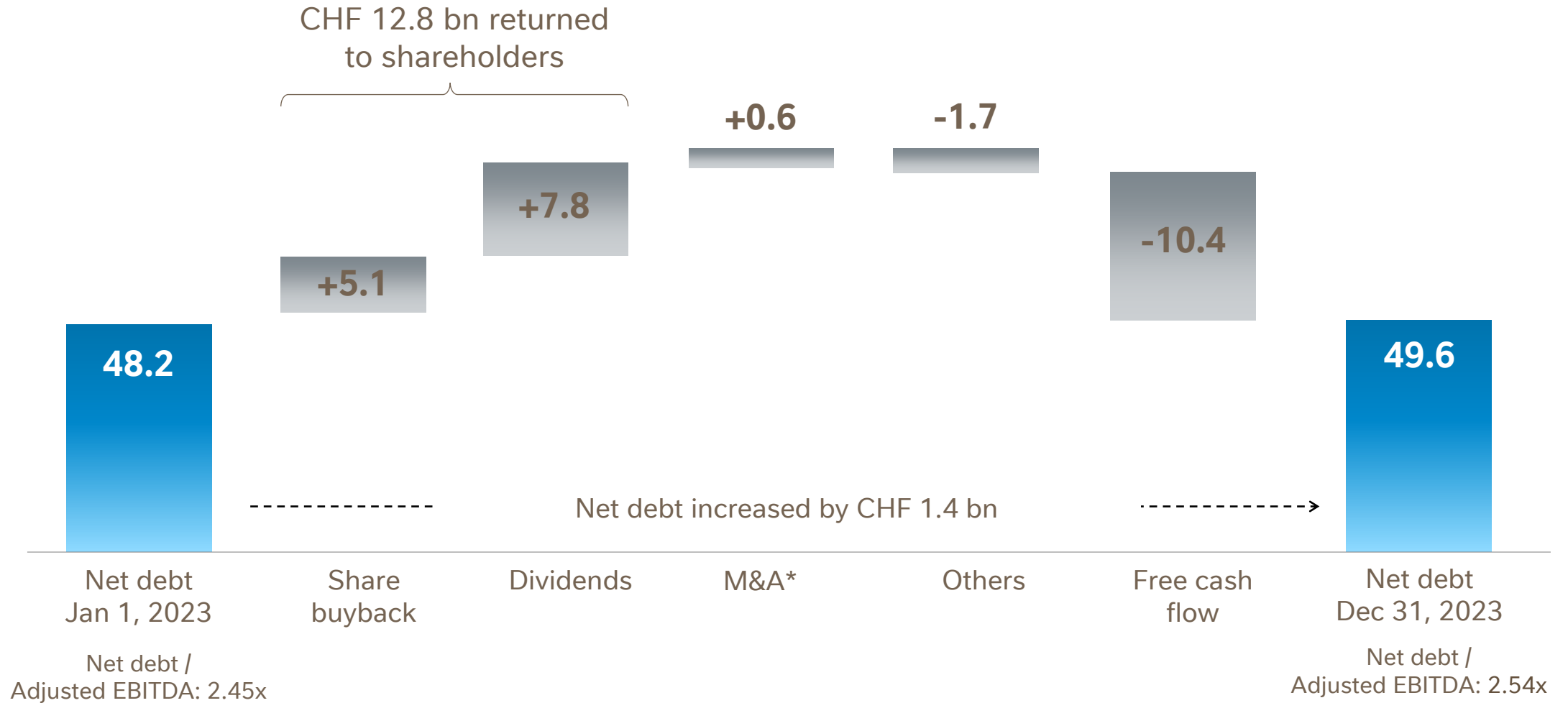


* Restated to reflect implementation of IFRS 15 and IFRS 16 in 2017.



Stable net debt

In CHF billion



* M&A line incl. associates/ joint ventures and non-controlling interests



Full-year results 2023

Q&A



Thank you!



FY-2023 Operating segments – quarterly summary

	Q4-2023 sales			
	Sales (CHF m)	RIG %	Pricing %	OG %
Zone North America	6 968	1.2	4.4	5.6
Zone Europe	4 954	-2.8	9.0	6.2
Zone AOA	4 296	1.4	6.1	7.5
Zone Latin America	3 057	2.7	4.5	7.2
Zone Greater China	1 413	3.1	-0.6	2.5
Nestlé Health Science	1 648	-6.7	5.7	-1.0
Nespresso	1 755	3.1	2.7	5.8
Other Businesses	78	20.7	2.4	23.1
Total Group	24 169	0.4	5.2	5.7



FY-2023 Operating segments – topline summary

	FY-2023 sales						Reported sales growth
	Sales (CHF m)	RIG %	Pricing %	OG %	Net M&A %	F/X %	%
Zone North America	25 995	-0.3	7.6	7.3	-1.7	-6.8	-1.3
Zone Europe	19 098	-2.4	10.6	8.2	-3.4	-4.9	-0.2
Zone AOA	17 519	0.3	8.0	8.3	-0.1	-13.5	-5.2
Zone Latin America	12 196	0.3	8.9	9.2	-0.2	-5.8	3.2
Zone Greater China	5 037	2.5	1.7	4.2	0.1	-10.2	-5.9
Nestlé Health Science	6 498	-3.2	4.8	1.6	3.1	-6.2	-1.6
Nespresso	6 372	2.0	3.3	5.3	-0.5	-6.0	-1.2
Other Businesses	283	11.5	1.7	13.2	0.0	-5.7	7.4
Total Group	92 998	-0.3	7.5	7.2	-0.9	-7.8	-1.5



FY-2023 Products – topline summary

	FY-2023 sales			
	Sales (CHF m)	RIG %	Pricing %	OG %
Powdered and liquid beverages	24 786	0.0	6.4	6.4
Water	3 320	-5.1	10.0	4.9
Milk products and Ice cream	10 981	-1.6	7.7	6.1
Nutrition and Health Science	15 278	-1.6	7.0	5.4
Prepared dishes and cooking aids	11 666	-2.5	7.4	4.9
Confectionery	8 107	1.5	7.0	8.5
Petcare	18 860	2.8	9.3	12.1
Total group	92 998	-0.3	7.5	7.2



FY-2023 historical eight quarters

Period	RIG%	Pricing %	OG %
Q1-2022	2.4	5.2	7.6
Q2-2022	0.9	7.7	8.7
Q3-2022	-0.2	9.5	9.3
Q4-2022	-2.6	10.1	7.5
Q1-2023	-0.5	9.8	9.3
Q2-2023	-1.1	9.1	8.0
Q3-2023	-0.3	6.3	6.0
Q4-2023	0.4	5.2	5.7



FY-2023 Operating segments – revenue and results

		In CHF m					
	Sales	Underlying Trading Operating Profit	Trading Operating Profit	Net other trading income/ (expense)	Of which impairment of property, plant and equipment	Of which restructuring costs	Depreciation and amortization
Zone North America	25 995	5 768	5 546	(222)	(83)	(84)	(701)
Zone Europe	19 098	3 127	2 698	(429)	(71)	(267)	(812)
Zone AOA	17 519	4 109	3 944	(165)	(89)	(57)	(508)
Zone Latin America	12 196	2 520	2 346	(174)	(19)	(36)	(390)
Zone Greater China	5 037	832	468	(364)	(170)	(191)	(159)
Nestlé Health Science	6 498	777	670	(107)	(16)	(47)	(300)
Nespresso	6 372	1 291	1 283	(8)	(16)	(8)	(274)
Other businesses	283	(12)	(15)	(3)	(2)	-	(37)
Unallocated items		(2 359)	(2 420)	(61)	(24)	(33)	(277)
Total Group	92 998	16 053	14 520	(1 533)	(490)	(723)	(3 458)

FY-2023 Products – revenue and results

	In CHF m					
	Sales	Underlying Trading Operating Profit	Trading Operating Profit	Net other trading income/ (expense)	Of which impairment of property, plant and equipment	Of which restructuring costs
Powdered and Liquid Beverages	24 786	5 130	4 945	(185)	(70)	(104)
Water	3 320	351	161	(190)	(41)	(99)
Milk products and Ice cream	10 981	2 688	2 601	(87)	(26)	(40)
Nutrition and Health Science	15 278	2 831	2 291	(540)	(207)	(267)
Prepared dishes and cooking aids	11 666	2 136	1 849	(287)	(97)	(113)
Confectionery	8 107	1 364	1 231	(133)	(11)	(41)
PetCare	18 860	3 912	3 862	(50)	(14)	(26)
Unallocated items		(2 359)	(2 420)	(61)	(24)	(33)
Total Group	92 998	16 053	14 520	(1 533)	(490)	(723)



FY-2023 EPS reconciliation (1 of 2)

From net profit to underlying net profit

	In CHF m	
	FY-2022	FY-2023
Net Profit	9 270	11 209
Restructuring costs	273	723
Impairments of property, plant & equipment, goodwill and int. assets	2 726	647
Net result on disposal of businesses	79	221
Other adjustment in Net other income/(expense)	699	399
Adjustment for income from associates and joint ventures	391	345
Tax effect on above items & adjustment of one-off tax items	(418)	(799)
Adjustment in non-controlling interests	(32)	(35)
Underlying Net Profit	12 988	12 710
Weighted Average number of shares outstanding (million)	2 707	2 646
Underlying EPS (in CHF)	4.80	4.80



FY-2023 EPS reconciliation (2 of 2)

From underlying trading operating profit
to underlying net profit

In CHF m

	FY-2022	FY-2023
Underlying trading operating profit	16 103	16 053
Net financial income / (expense)	(1 040)	(1 360)
Adjusted taxes	(3 148)	(3 113)
Adjusted income from associates and joint ventures	1 431	1 465
Adjusted non-controlling interests	(358)	(335)
Underlying Net Profit	12 988	12 710
Weighted Average number of shares outstanding (million)	2 707	2 646
Underlying EPS (in CHF)	4.80	4.80



Net profit impacted by exceptional items

	% of sales	2023 vs 2022
Underlying trading operating profit	17.3%	+20 bps
Restructuring		-50 bps
Impairment of assets		+160 bps
Onerous contracts, litigations and other operating income / expenses		+30 bps
Trading operating profit	15.6%	+160 bps
Impairment of Goodwill and non-commercialized intangible assets		+70 bps
Taxes		+40 bps
Income from associates / joint ventures		+10 bps
Gain / loss on disposals		-10 bps
Others, including financing costs		-40 bps
Net profit	12.1%	+230 bps



FY-2023 Currency overview

			Weighted average rate		
			FY-2022	FY-2023	Variation in %
US Dollar	1	USD	0.956	0.898	-6.1%
Euro	1	EUR	1.004	0.971	-3.3%
Chinese Yuan Renminbi	100	CNY	14.148	12.689	-10.3%
Brazilian Real	100	BRL	18.555	17.989	-3.1%
Philippine Peso	100	PHP	1.752	1.614	-7.9%
UK Pound Sterling	1	GBP	1.175	1.116	-5.0%
Mexican Peso	100	MXN	4.750	5.063	+6.6%
Canadian Dollar	1	CAD	0.735	0.665	-9.4%
Japanese Yen	100	JPY	0.725	0.637	-12.2%
Australian Dollar	1	AUD	0.663	0.596	-10.0%
Indian Rupee	100	INR	1.216	1.088	-10.5%



Abbreviations

- OG Organic growth
- RIG Real internal growth
- AOA Zone Asia, Oceania, and Africa
- LATAM Zone Latin America
- GC Zone Greater China
- EPS Earnings per share
- COGS Cost of goods sold
- FCF Free cash flow
- TOP Trading operating profit
- UTOP Underlying trading operating profit
- Adjusted EBITDA As per definition in Alternative Performance Measures (APM)

