



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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# Full-year results 2023

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

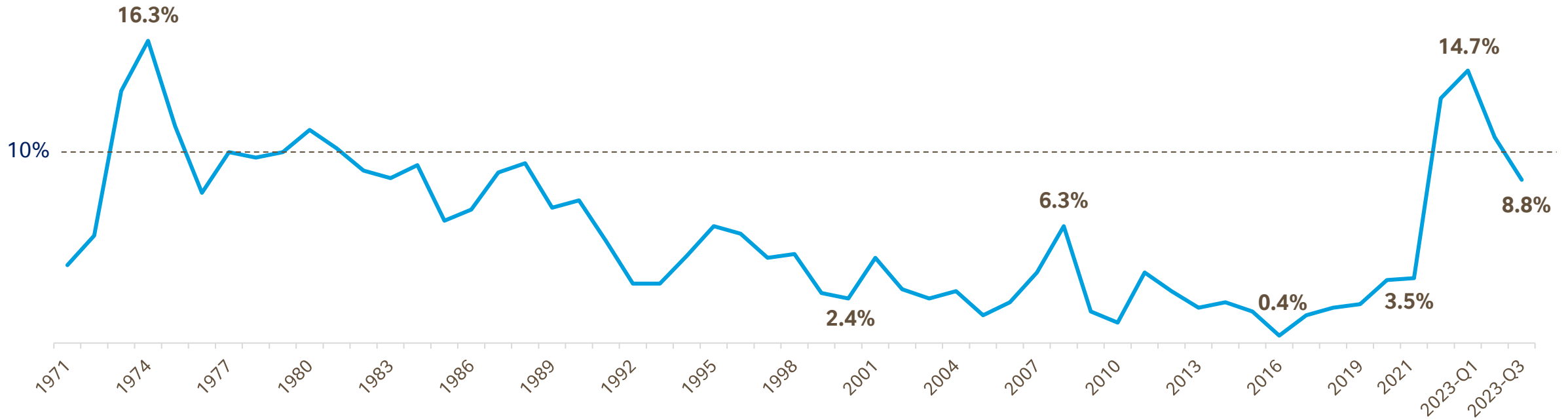
## Building for sustainable growth and value creation

- 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

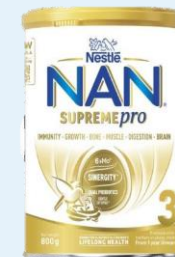
*Powerhouse brand with industry-leading sustainability initiatives*



**OG: 14.3%**  
**RIG: 8.4%**

## HMO\* products

*Driving growth in premium segments through science-based innovations*



**OG: 18.2%**  
**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

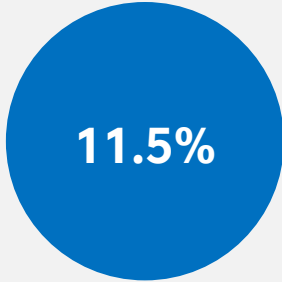
- Operating in segments with **attractive long-term trends**
  - **leading positions** in Consumer Care and Medical Nutrition
  - **high single-digit** growth outlook
  - **strong, focused portfolio** across brands, price points and channels
- 2024 and mid-term priorities
  - **mobilizing full Group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



# Premiumization is core to our growth strategy


## Premium products

**Attractive growth**



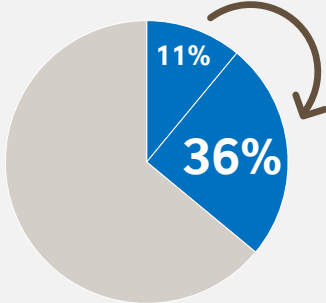
10-year CAGR  
(2013-2023)

**Strong margin**



Underlying TOP margin  
Premium vs. Group

**Increasing contribution  
to sales (3x vs. 2013)**



% of premium products  
vs. total group sales

## 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

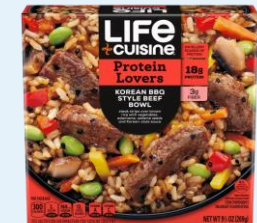
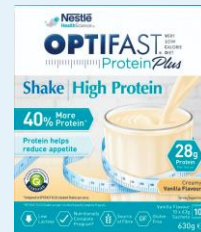
### Gastrointestinal health



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  $\geq 3.5$  & Specialized Nutrition;  
Good for You target is to grow the sales of more nutritious products by CHF 20-25 billion by 2030.



# 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%



Nestlé Good food, Good life

# Full-year results 2023

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**

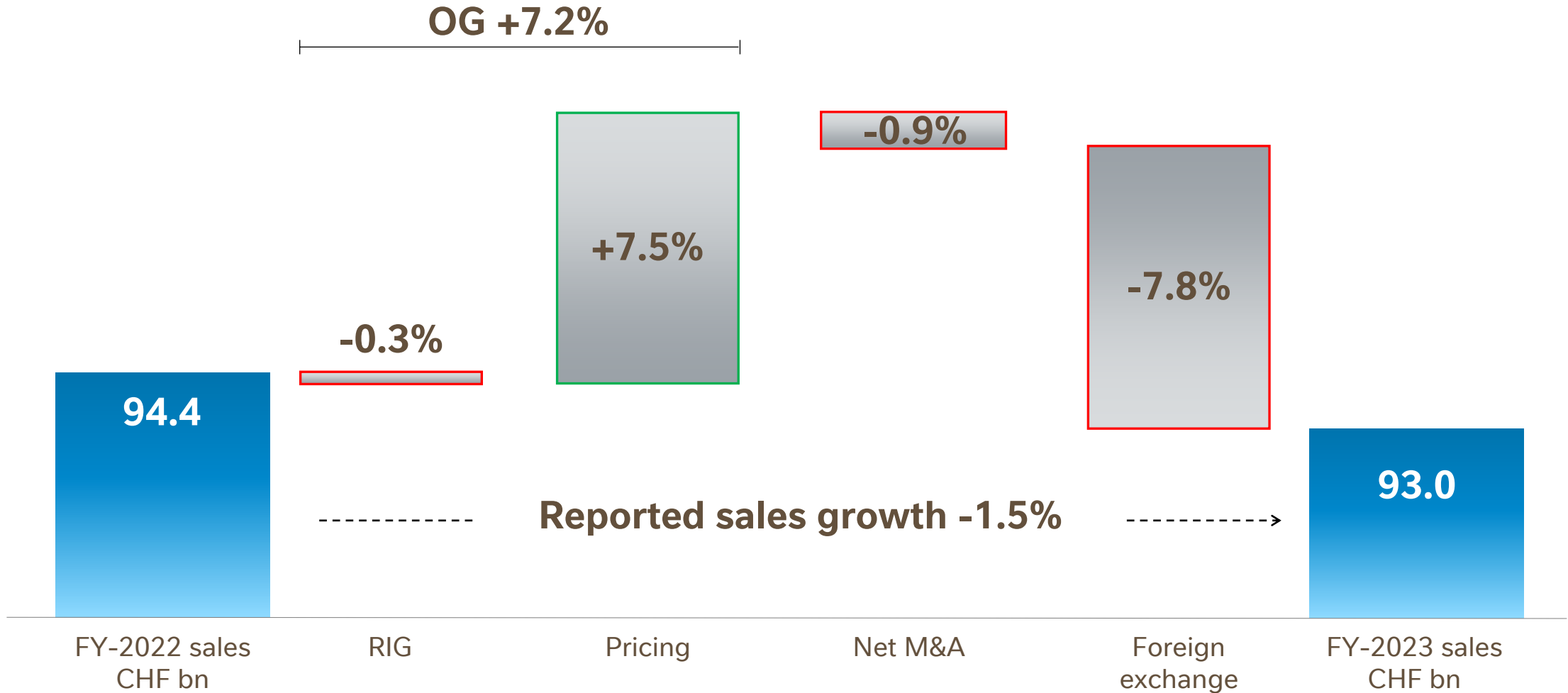
(in CHF)

**10.4 bn**

**+3.8 billion**  
vs. 2022

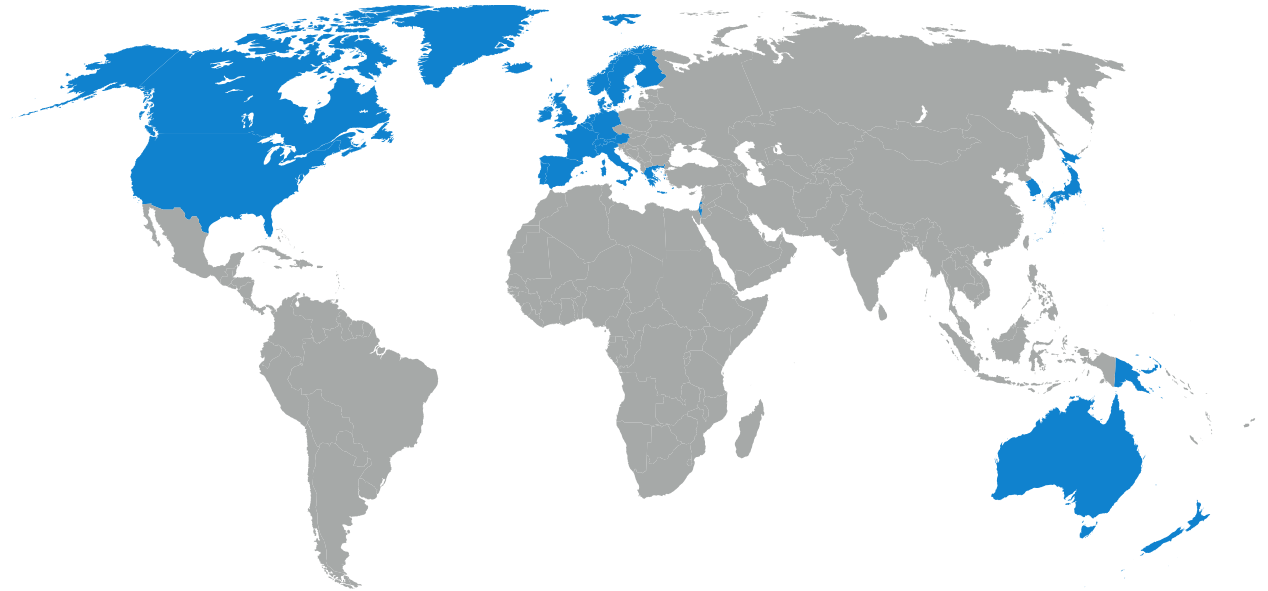


# Full-year sales growth

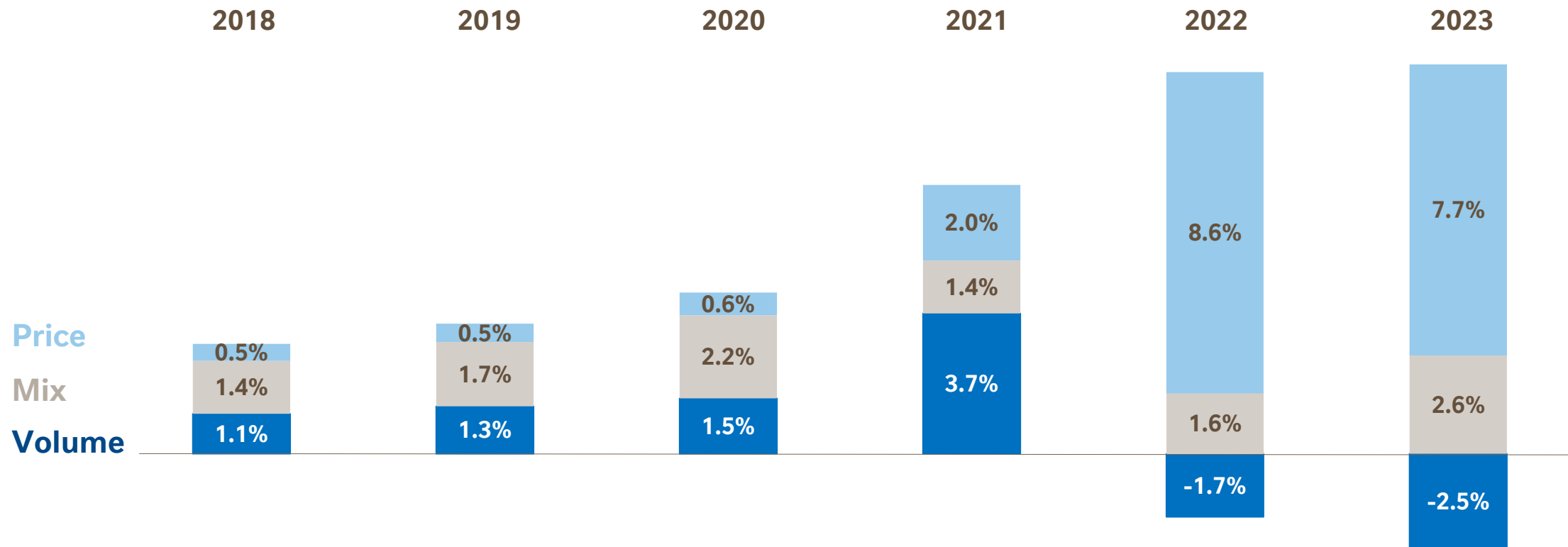


# Strong growth across developed and emerging markets

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



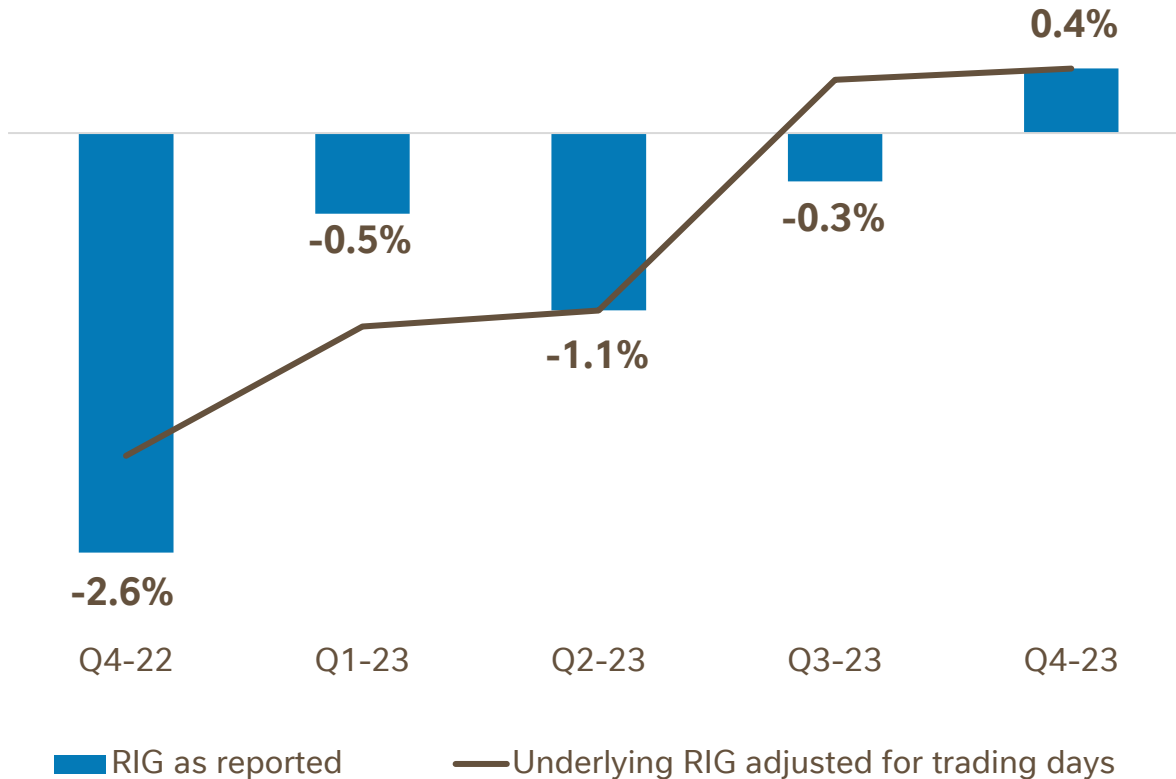
# Strong mix reflects value-added strategy



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



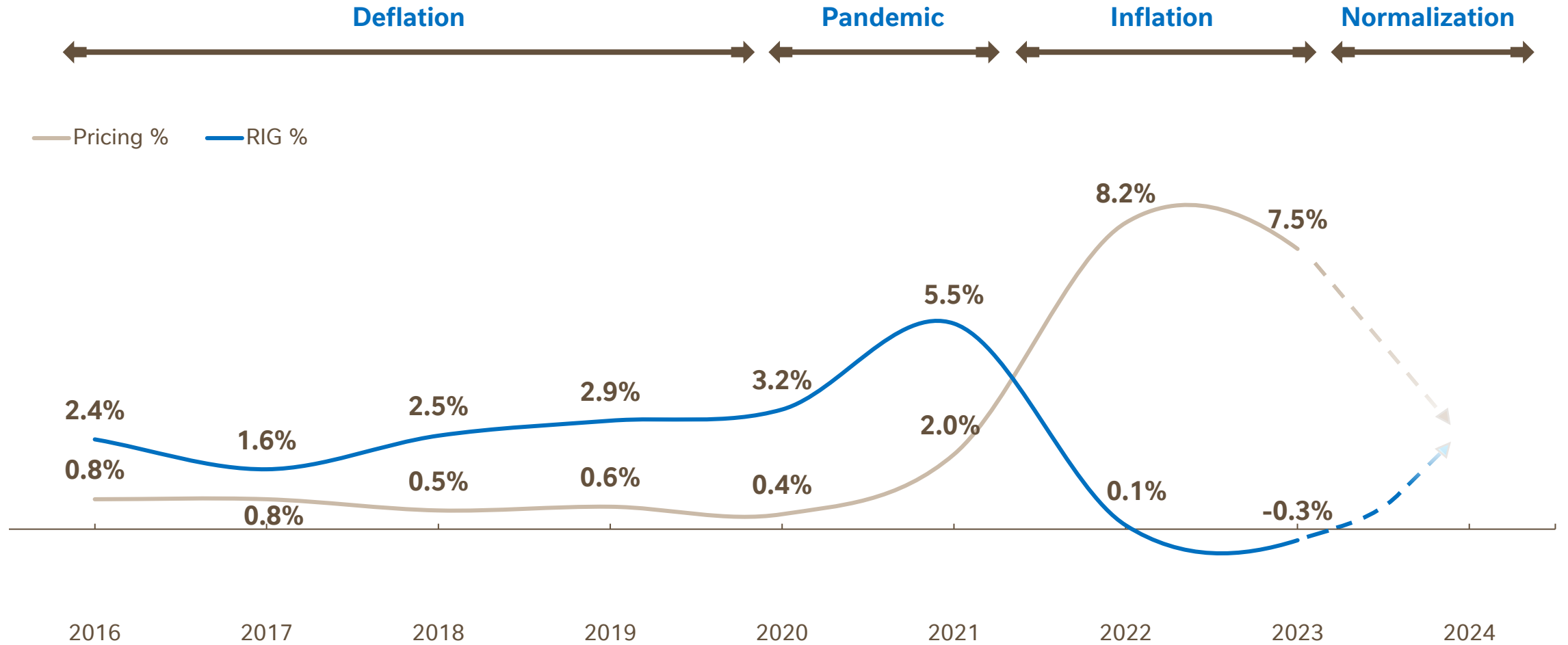
# RIG back to positive territory



## 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                 | <b>CHF 26.0 bn</b> |
| Organic growth        | <b>7.3%</b>        |
| Real internal growth  | <b>-0.3%</b>       |
| Underlying TOP margin | <b>22.2%</b>       |
| vs LY                 | <b>+120 bps</b>    |

- 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                 | <b>CHF 19.1 bn</b> |
| Organic growth        | <b>8.2%</b>        |
| Real internal growth  | <b>-2.4%</b>       |
| Underlying TOP margin | <b>16.4%</b>       |
| vs LY                 | <b>Flat</b>        |

- 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                          | <b>CHF 17.5 bn</b>             |
| Organic growth                 | <b>8.3%</b>                    |
| Real internal growth           | <b>0.3%</b>                    |
| Underlying TOP margin<br>vs LY | <b>23.5%</b><br><b>+60 bps</b> |

- 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                 | <b>CHF 12.2 bn</b> |
| Organic growth        | <b>9.2%</b>        |
| Real internal growth  | <b>0.3%</b>        |
| Underlying TOP margin | <b>20.7%</b>       |
| vs LY                 | <b>-50 bps</b>     |

- 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                 | <b>CHF 5.0 bn</b> |
| Organic growth        | <b>4.2%</b>       |
| Real internal growth  | <b>2.5%</b>       |
| Underlying TOP margin | <b>16.5%</b>      |
| vs LY                 | <b>+40 bps</b>    |

- 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                 | <b>CHF 6.5 bn</b> |
| Organic growth        | <b>1.6%</b>       |
| Real internal growth  | <b>-3.2%</b>      |
| Underlying TOP margin | <b>12.0%</b>      |
| vs LY                 | <b>-160 bps</b>   |

- 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

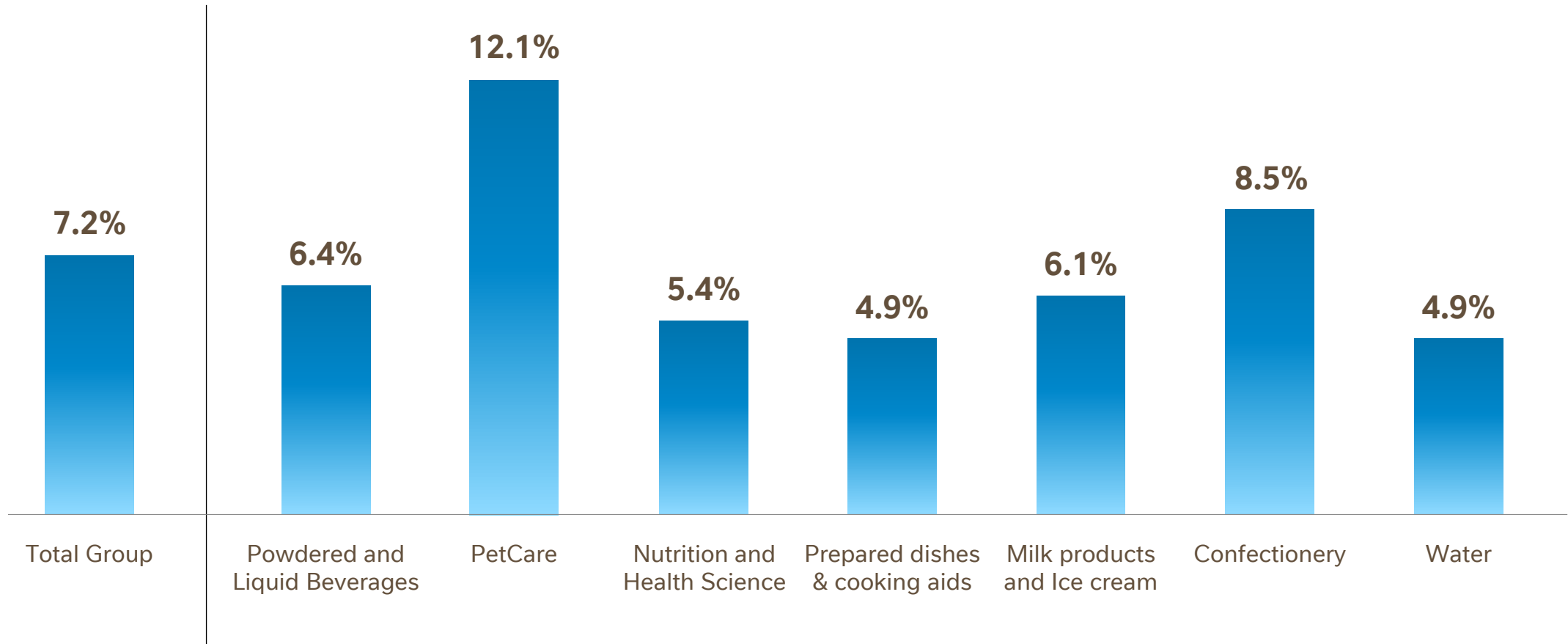
|                       |                   |
|-----------------------|-------------------|
| Sales                 | <b>CHF 6.4 bn</b> |
| Organic growth        | <b>5.3%</b>       |
| Real internal growth  | <b>2.0%</b>       |
| Underlying TOP margin | <b>20.3%</b>      |
| vs LY                 |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

- 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



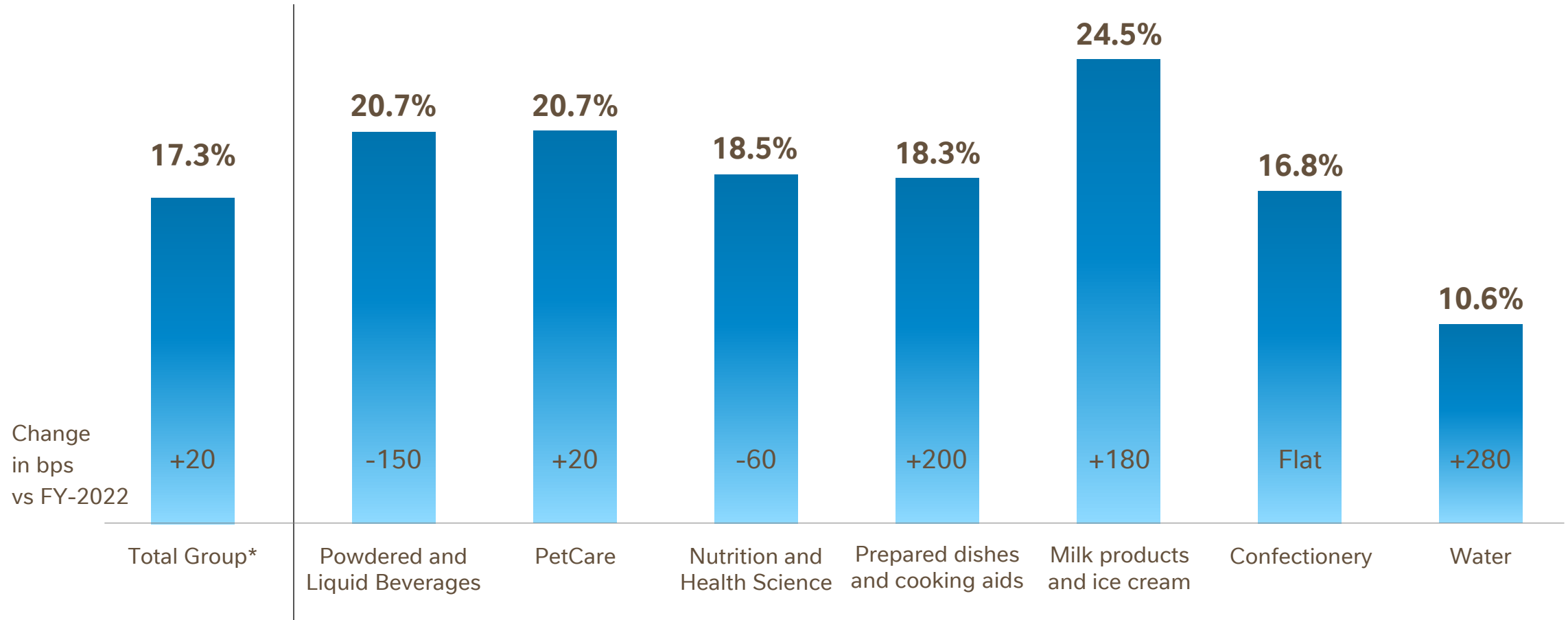
# Broad-based growth across categories

Organic sales growth %



# Underlying trading operating profit margin by category

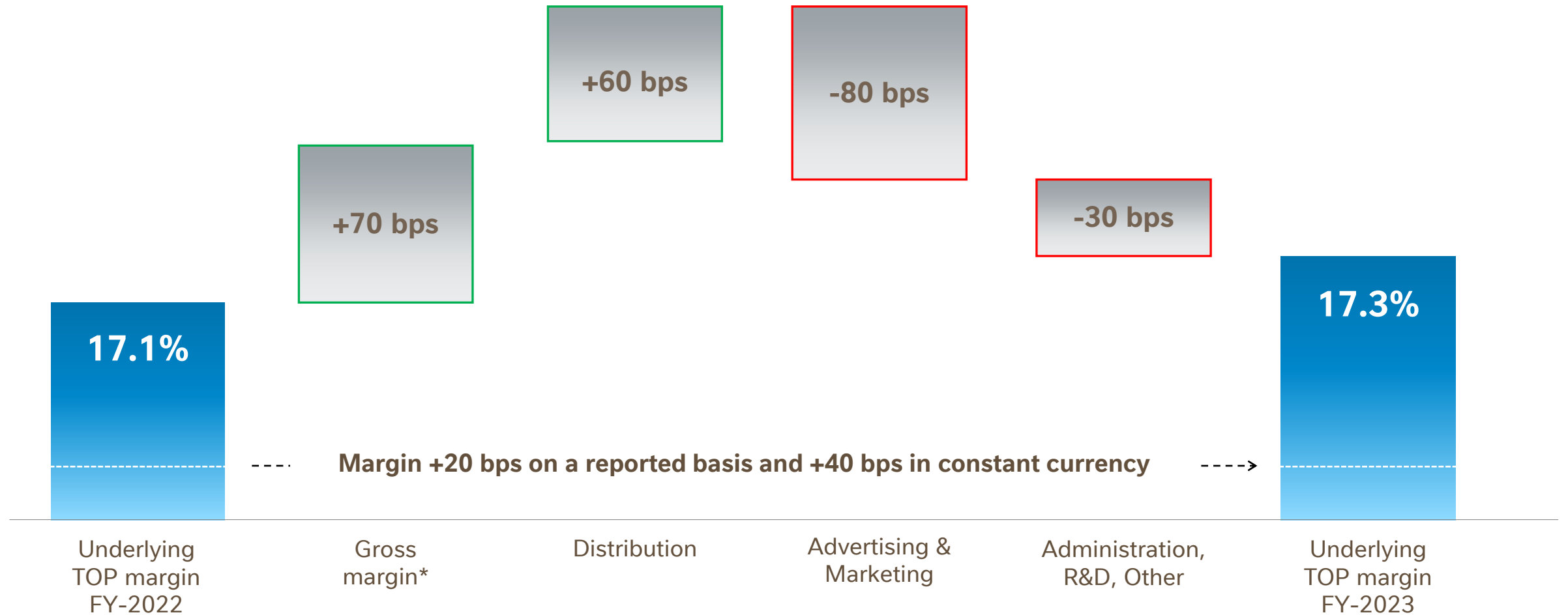
In % of sales



\* Includes unallocated items



# Gross margin recovery and increased marketing investment

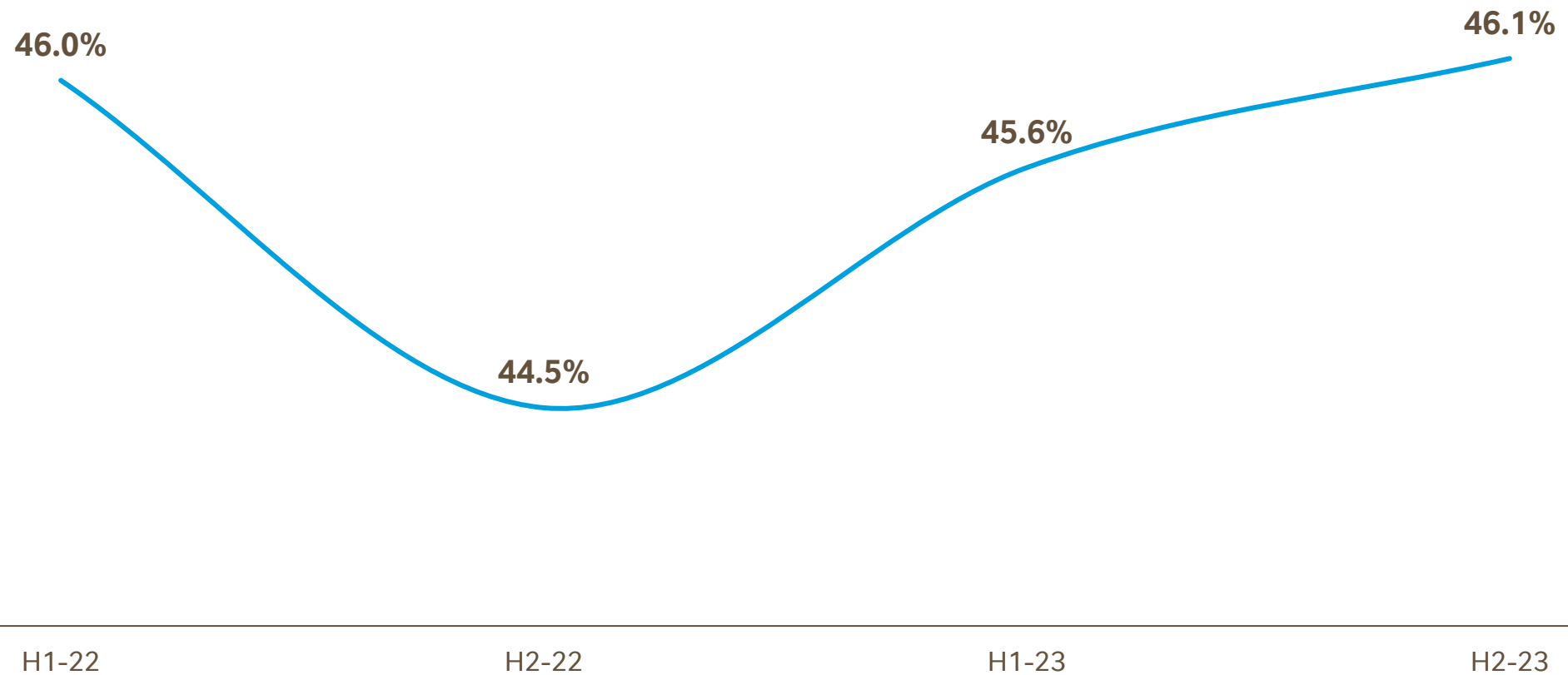


\* Gross margin = Sales – cost of goods sold



# Progress on gross margin restoration

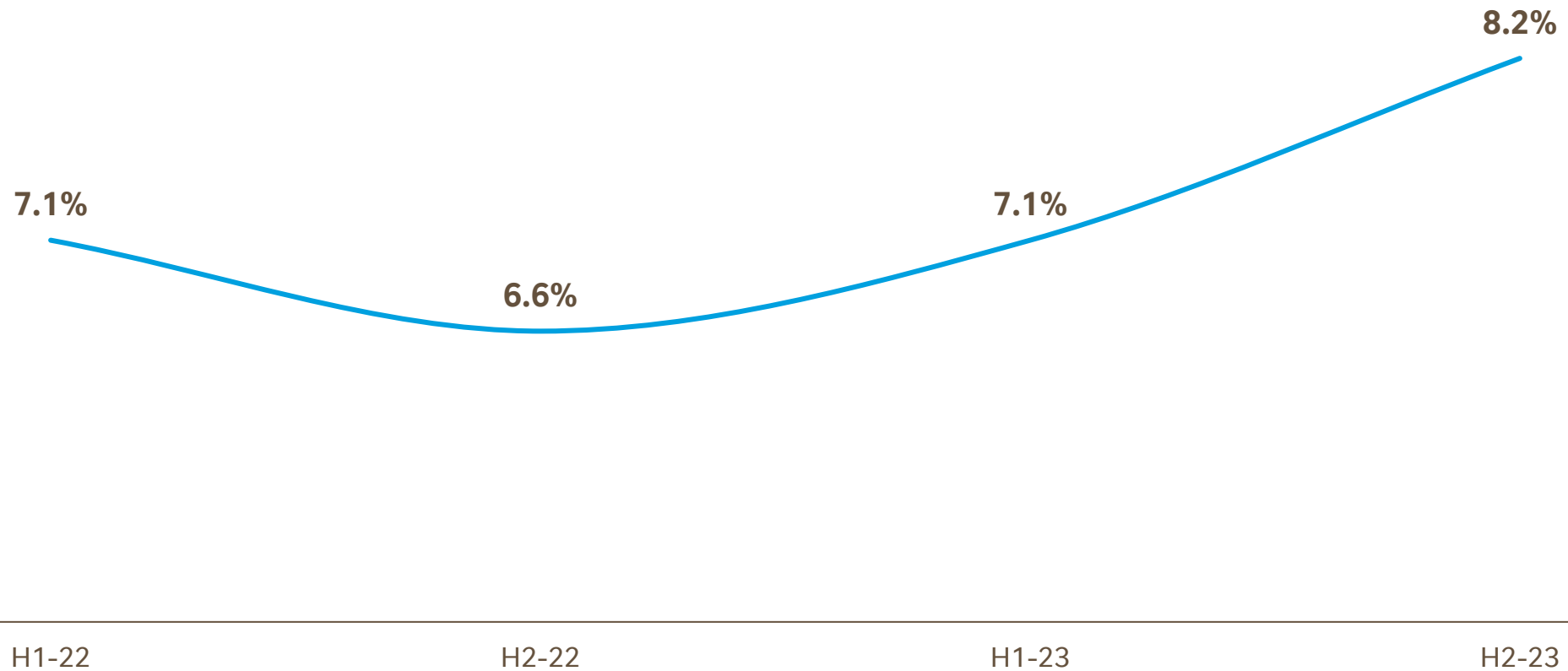
Gross margin = (Sales - Cost of good sold) / Sales



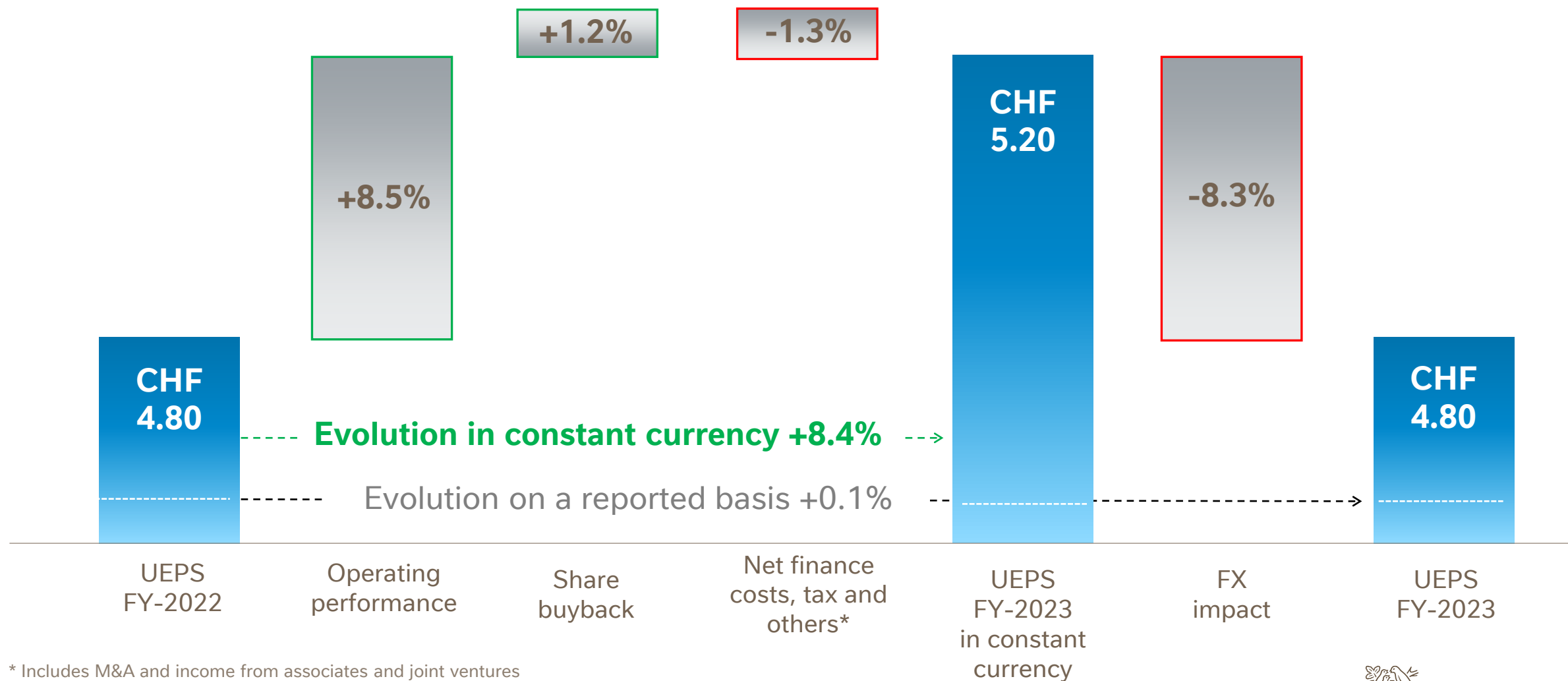


# Investing behind our brands to drive growth

Advertising and marketing expenses as % of sales



# Increase in underlying EPS driven by operating performance

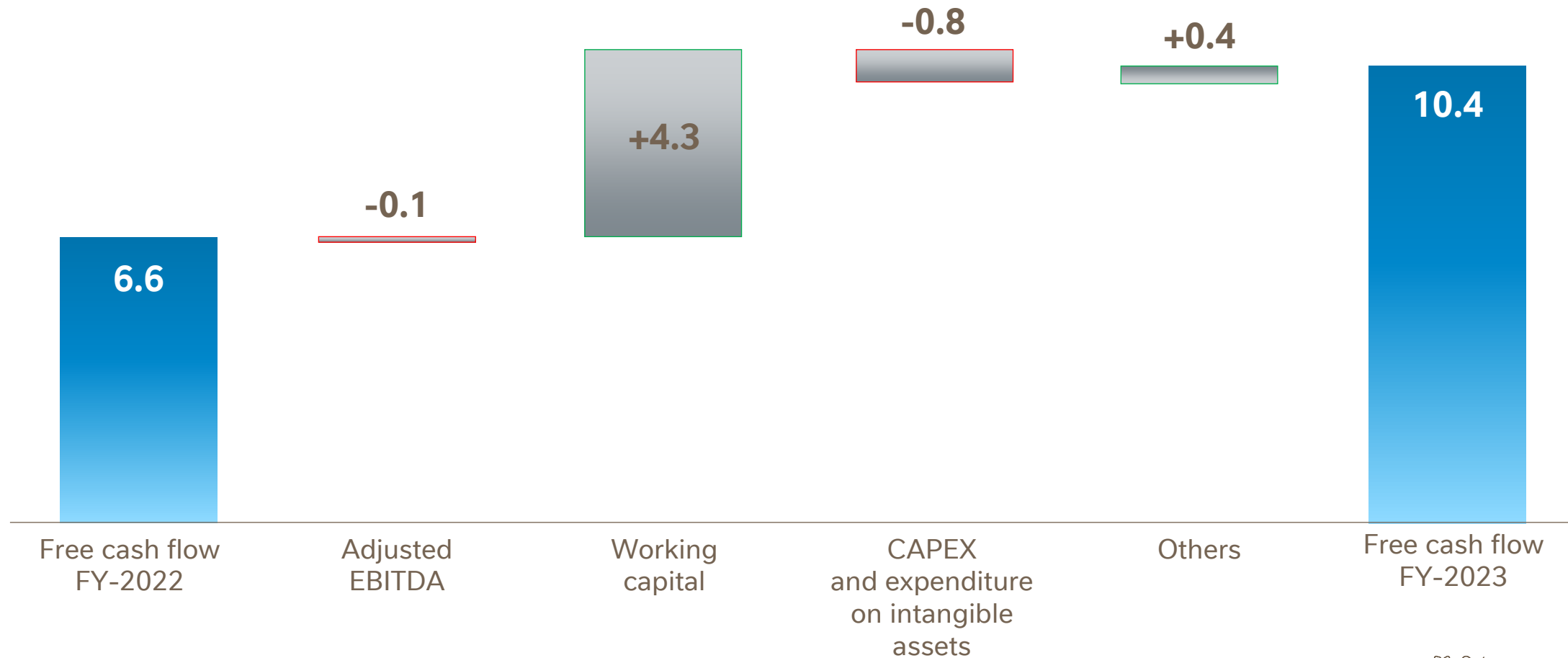


\* Includes M&A and income from associates and joint ventures



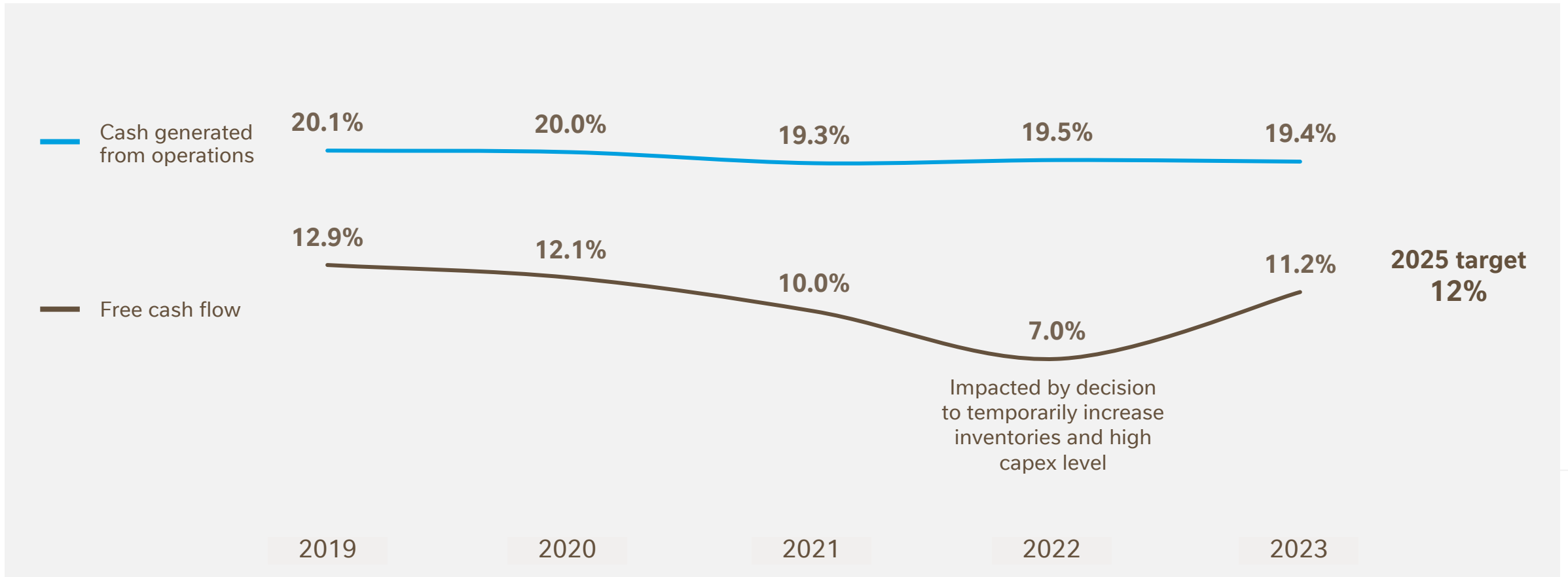
# Free cash flow above CHF 10 billion

In CHF billion



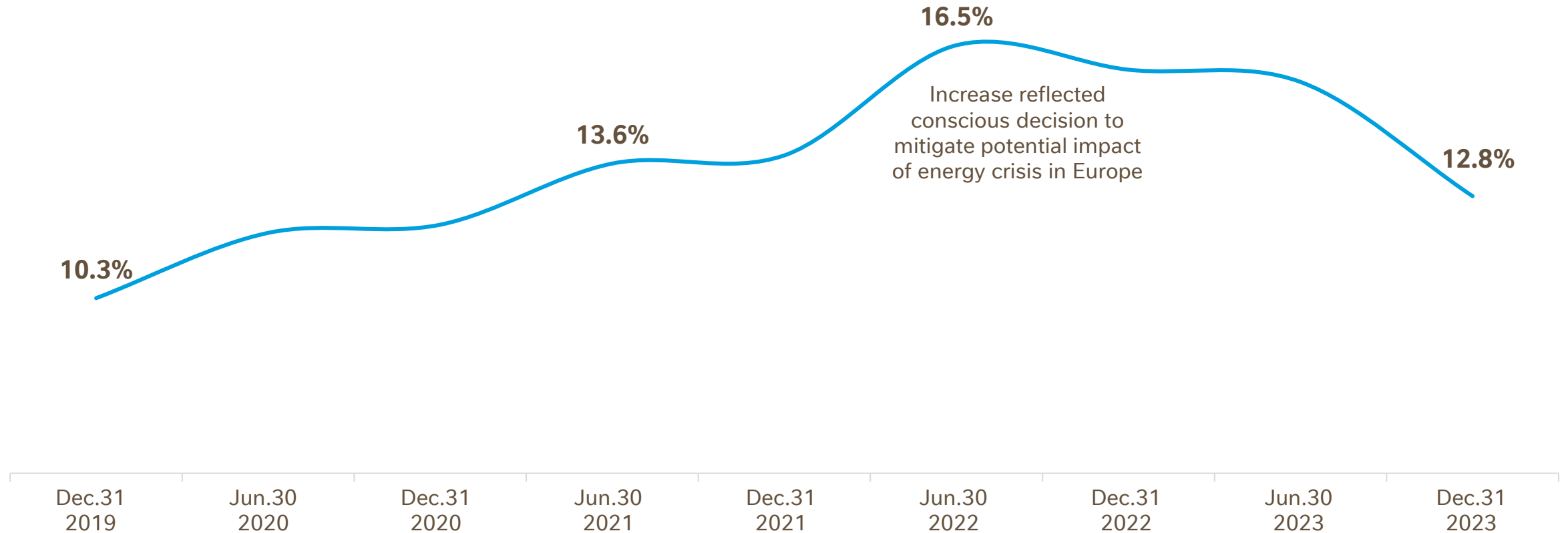
# Free cash flow returning to historical levels, on track for 2025 target

Cash flow as % sales



# Inventory levels normalizing

Total inventories as % of sales

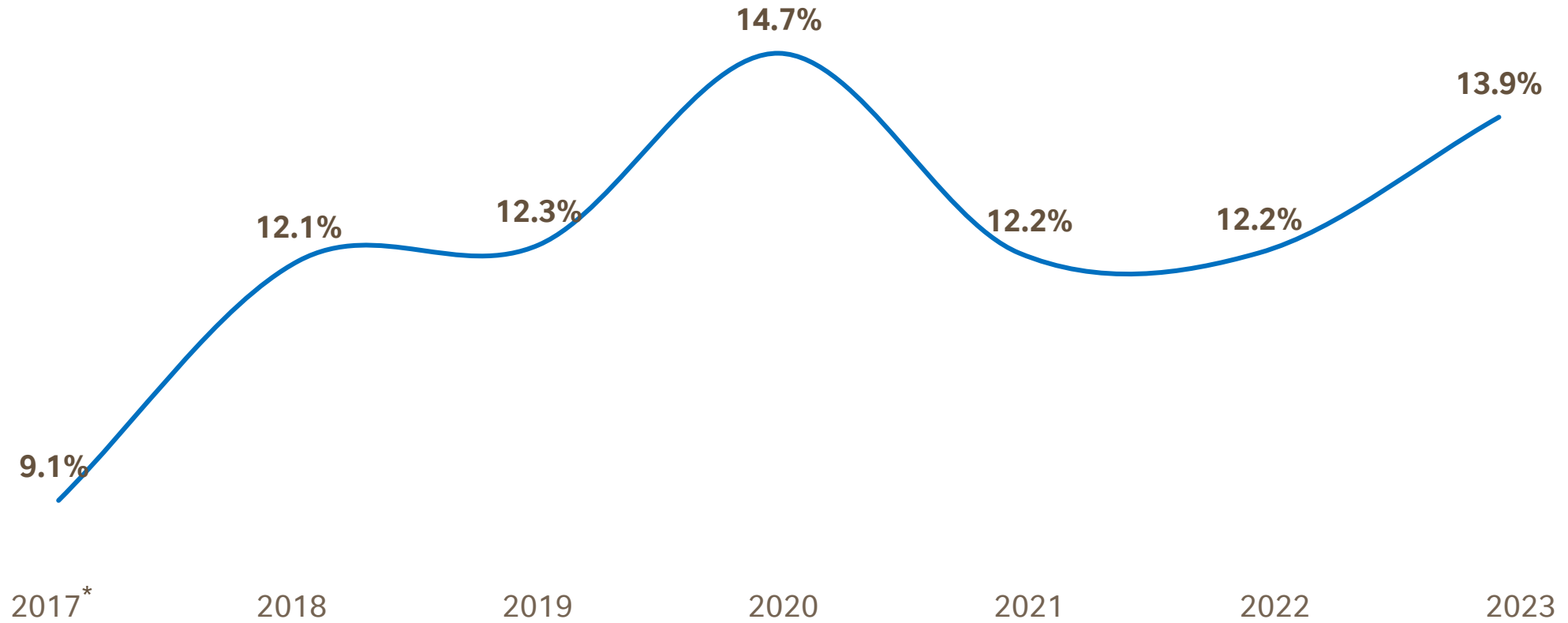


Total inventories, period end closing balances as % of annualized sales



# Return on invested capital

After goodwill and intangible assets

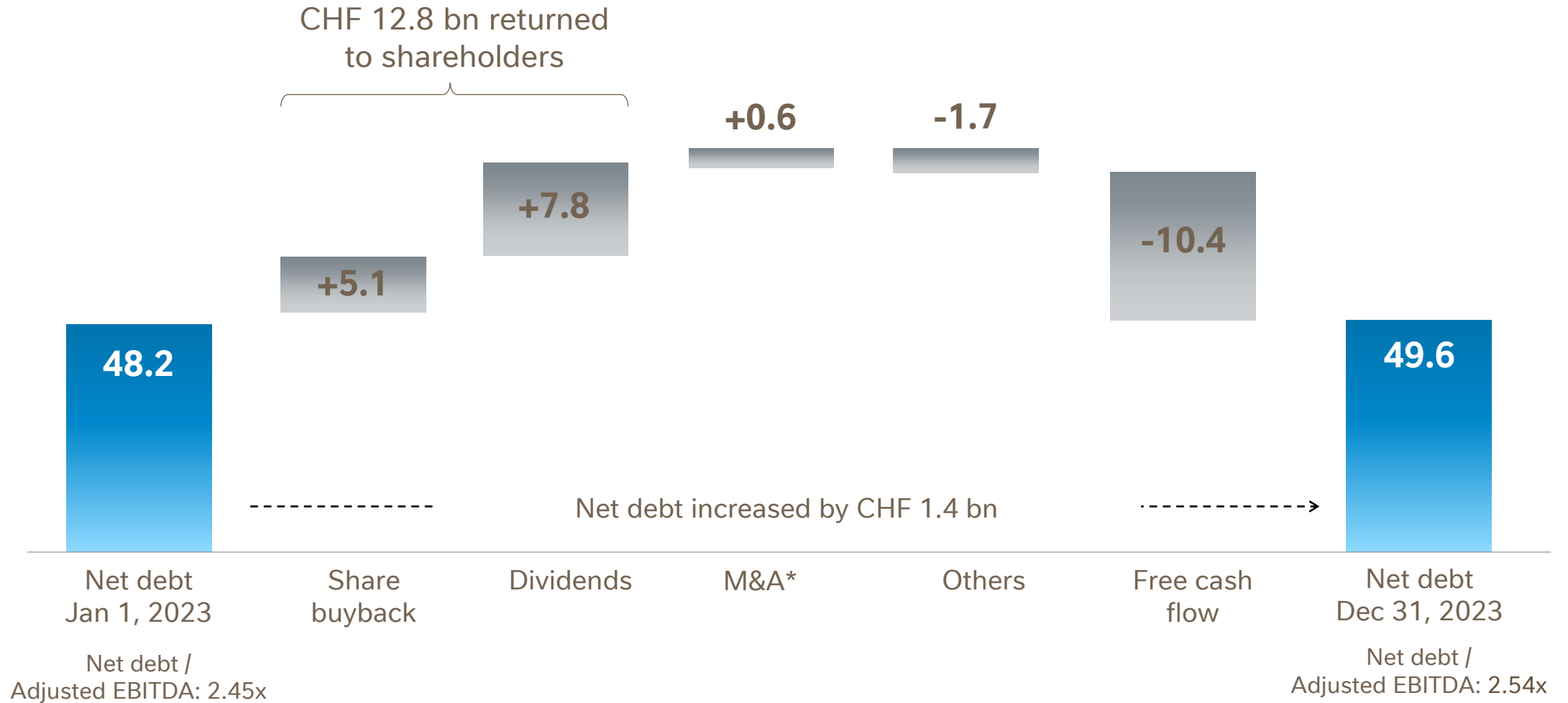


\* Restated to reflect implementation of IFRS 15 and IFRS 16 in 2017.



# 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<br>(CHF m) | RIG<br>%   | Pricing<br>% | OG<br>%    |
| 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       |
| <b>Total Group</b>    | <b>24 169</b>    | <b>0.4</b> | <b>5.2</b>   | <b>5.7</b> |



# FY-2023 Operating segments – topline summary

|                       | FY-2023 sales    |             |              |            |              |             | Reported sales growth |
|-----------------------|------------------|-------------|--------------|------------|--------------|-------------|-----------------------|
|                       | Sales<br>(CHF m) | RIG<br>%    | Pricing<br>% | OG<br>%    | Net M&A<br>% | F/X<br>%    | %                     |
| 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                   |
| <b>Total Group</b>    | <b>92 998</b>    | <b>-0.3</b> | <b>7.5</b>   | <b>7.2</b> | <b>-0.9</b>  | <b>-7.8</b> | <b>-1.5</b>           |

# FY-2023 Products – topline summary

|                                  | FY-2023 sales    |             |              |            |
|----------------------------------|------------------|-------------|--------------|------------|
|                                  | Sales<br>(CHF m) | RIG<br>%    | Pricing<br>% | OG<br>%    |
| 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       |
| <b>Total group</b>               | <b>92 998</b>    | <b>-0.3</b> | <b>7.5</b>   | <b>7.2</b> |



# 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)                         |
| <b>Total Group</b>    | <b>92 998</b> | <b>16 053</b>                       | <b>14 520</b>            | <b>(1 533)</b>                      | <b>(490)</b>   | <b>(723)</b>                 | <b>(3 458)</b>                |

# 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)                         |
| <b>Total Group</b>               | <b>92 998</b> | <b>16 053</b>                       | <b>14 520</b>            | <b>(1 533)</b>                      | <b>(490)</b>   | <b>(723)</b>                 |



# FY-2023 EPS reconciliation (1 of 2)

## From net profit to underlying net profit

|  | In CHF m      |               |
|--|---------------|---------------|
|  | FY-2022       | FY-2023       |
| <b>Net Profit</b>  | <b>9 270</b>  | <b>11 209</b> |
| 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)          |
| <b>Underlying Net Profit</b>   | <b>12 988</b> | <b>12 710</b> |
| Weighted Average number of shares outstanding (million)              | 2 707         | 2 646         |
| <b>Underlying EPS (in CHF)</b>                                       | <b>4.80</b>   | <b>4.80</b>   |





# FY-2023 EPS reconciliation (2 of 2)

From underlying trading operating profit  
to underlying net profit

In CHF m

|   | FY-2022       | FY-2023       |
|---|---------------|---------------|
| <b>Underlying trading operating profit</b>              | <b>16 103</b> | <b>16 053</b> |
| 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)         |
| <b>Underlying Net Profit</b>                            | <b>12 988</b> | <b>12 710</b> |
| Weighted Average number of shares outstanding (million) | 2 707         | 2 646         |
| <b>Underlying EPS (in CHF)</b>                          | <b>4.80</b>   | <b>4.80</b>   |



# Net profit impacted by exceptional items

|  | % of sales   | 2023 vs 2022    |
|--|--------------|-----------------|
| <b>Underlying trading operating profit</b>                           | <b>17.3%</b> | <b>+20 bps</b>  |
| Restructuring  |              | -50 bps         |
| Impairment of assets   |              | +160 bps        |
| Onerous contracts, litigations and other operating income / expenses |              | +30 bps         |
| <b>Trading operating profit</b>                                      | <b>15.6%</b> | <b>+160 bps</b> |
| 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         |
| <b>Net profit</b>  | <b>12.1%</b> | <b>+230 bps</b> |



# 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)