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## **Nestlé nine-month sales: 6.1% organic growth, full-year outlook confirmed**

- Sales up 11% to CHF 67.6 billion
- 6.1% organic growth, 2.9% real internal growth
- 11.7% organic growth in emerging markets and 2.4% in developed markets
- Full-year outlook confirmed: organic growth of 5% to 6%, improved margin and underlying earnings per share in constant currencies

**Paul Bulcke, Nestlé CEO:** “Nestlé’s growth in the first nine months is in line with our expectations. It is the result of the capabilities built over time in innovation, distribution and engaging with consumers. We delivered double-digit growth in emerging markets, where we are expanding our routes to market and enhancing our product offerings. We grew in the intensely competitive developed markets in spite of a general economic malaise and low levels of consumer confidence. Our continued momentum in real internal growth, combined with some easing of input cost pressures, allows us to confirm our full-year outlook.”

**Vevey, 18 October 2012** – In the first nine months of 2012, the Nestlé Group’s organic growth was 6.1%, composed of real internal growth of 2.9% and pricing of 3.2%. Foreign exchange contributed 2.2%, positive for the first time this year. Acquisitions, net of divestitures, contributed 2.7%. Total sales increased 11.0% to CHF 67.6 billion.

### **Business Review**

The Nestlé Group continued to grow in all regions of the world: the Americas achieved organic growth of 6.1%, Europe 2.5% and Asia, Oceania and Africa 10.8%. Our business grew 11.7% in emerging markets and 2.4% in developed markets.

## Zone Americas

Sales of CHF 20.9 billion, 5.5% organic growth, 0.4% real internal growth

- Growth in the zone was broad-based, with most categories and regions contributing.
- In **North America** the trading environment remained subdued, reflecting tough economic conditions and low consumer confidence. The frozen meals and pizza categories continued to decline but our share performance by *Stouffer's* and *Lean Cuisine* improved. The recent launches in pizza, Italian-style favourites and pizza dipping strips continued to perform well. Ice cream improved, whilst there were strong performances in both soluble coffee and coffee creamers: *Nescafé Clásico* and *Coffee-Mate Natural Bliss* were highlights. Petcare maintained the positive momentum seen so far this year, with good performances in the cat category from *Friskies* and *Fancy Feast*, and from *Beneful* for dogs. *Tidy Cats* also did well.
- There was double-digit growth in **Latin America**, with good contributions from most markets and regions. Brazil and Mexico both continued to drive strong growth. The chocolate, soluble coffee and ice cream categories grew well. Petcare reported growth of more than 20%.

## Zone Europe

Sales of CHF 11.2 billion, 1.9% organic growth, 0.5% real internal growth

- The zone's innovation platforms, particularly in beverages and in petcare, continued to create growth in a deteriorating economic environment.
- The Great Britain region, France and Switzerland were highlights among **Western Europe's** main markets. Greece and Benelux also continued to grow.
- In **Central and Eastern Europe**, Russia, Ukraine, the Adriatic region and Romania all made a positive contribution.
- There was good growth in a number of categories. In coffee, both *Nescafé* soluble coffee and the *Nescafé Dolce Gusto* system performed well. Ice cream picked up well in the third quarter, after a slow start to the season. Pizza brands *Wagner* and *Buitoni* were the highlights in the frozen business. Our popularly positioned products were also a key growth driver for the zone, particularly in Russia and the Great Britain and Iberia regions. Petcare continued its strong momentum across Europe.

## Zone Asia, Oceania and Africa

Sales of CHF 14.0 billion, 9.4% organic growth, 6.3% real internal growth

- The zone focused on driving deeper distribution, innovating in all areas from premium to popularly positioned products, enhancing its capacities and integrating Yinlu and Hsu Fu Chi. Total sales for the zone, including the new partnerships, were up 25.9% from CHF 11.1 billion in the corresponding period of 2011.
- The **emerging markets** delivered double-digit growth. Africa grew at twice the zone average and the Middle East also performed extremely strongly. China and Indonesia were among the other markets contributing well. The categories that were the key growth drivers were dairy, powdered beverages and ready-to-drink, particularly *Nescafé*, ambient culinary with *Maggi* and *Totole*, chocolate including *Shark* in China, and ice cream.
- Among **developed markets**, Japan reported growth due to its coffee systems *Nescafé Barista* and *Nescafé Dolce Gusto*, and chocolate, primarily *Kit Kat*.

## Nestlé Waters

Sales of CHF 5.6 billion, 5.8% organic growth, 4.0% real internal growth

- All regions grew, with North America and the emerging markets the key drivers.
- In **North America** we continued to see dynamic growth in the premium waters *Perrier* and *S.Pellegrino*, as well as in the value brand *Nestlé Pure Life*. Among the regional brands, *Poland Spring* and *Ice Mountain* were highlights.
- Growth in **Europe** was good in the third quarter, particularly in France, the UK, Poland and Hungary. *Vittel*, *Buxton*, *Perrier* and *S.Pellegrino* were key contributors.
- The **emerging markets** grew double-digit, with high levels of growth across many markets. *Nestlé Pure Life*, as well as local brands such as *La Vie*, *Erikli* and *Al Manhal* performed well.

## Nestlé Nutrition

Sales of CHF 5.8 billion, 6.6% organic growth, 2.4% real internal growth

- **Infant Nutrition** achieved high growth in emerging markets, driven by infant formula and cereals, both of which continued to benefit from successful innovations and multi-market roll-outs for brands such as *Nestlé NAN*, *Lactogen*, *Nestum* and *Cerelac*. Trading conditions were subdued in a number of developed markets due to category contraction. However, innovations such as pouches for *Gerber* in the US and *NaturNes* plates in France created growth in their categories.
- **Performance Nutrition** achieved positive growth, driven by the US and Europe. **Weight Management** continued to be challenged in its key market, the US.

## Other

Sales of CHF 10.1 billion, 8.9% organic growth, 6.3% real internal growth

- **Nestlé Professional** maintained its momentum, driven by double-digit growth in emerging markets and North America. The food business expanded its product range under the *Chef* and *Maggi* brands following the acquisition of the stocks and sauces business Oscar. The beverage business continued to roll out its beverage systems *Nescafé Milano*, *Viaggi by Nescafé* and *Nescafé Alegria* which are now in sixty countries. It also achieved strong growth in its traditional soluble coffee and ready-to-drink categories.
- **Nespresso** achieved double-digit growth in a period characterised by a high level of innovation, including three limited edition coffee launches and two new machines, as well as 28 boutique openings.
- The **Nestlé Health Science** portfolio of products performed well. The acquisitions are integrated and delivering to plan, or better. The Nestlé Institute of Health Sciences is now beginning to enhance our capabilities through its work on personalised nutritional solutions for specific medical conditions.
- The **Cereal Partners Worldwide** joint venture continued to achieve strong growth in emerging markets and subdued growth, in line with its category, in developed markets. There was high single-digit growth in the **Pharma** joint ventures, driven by dermatology.

## Outlook

As we expected, the tough trading environment, especially in developed markets, is continuing. Our performance year-to-date is in line with our expectations. The capabilities built over time in innovation, distribution and engaging with consumers are driving our growth. This, combined with some easing of input cost pressures, allows us to confirm our guidance for the full year: we are well positioned to deliver the Nestlé Model of organic growth of 5% to 6%, improved margin and underlying earnings per share in constant currencies.

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## Annex

### Nine-month sales overview 2012

|                                  | Jan.-Sept. 2012<br>Sales<br>in CHF millions | Jan.-Sept. 2011<br>Sales<br>in CHF millions | Jan.-Sept. 2012<br>Organic Growth<br>(%) | Jan.-Sept. 2012<br>Real Internal<br>Growth (%) |
|----------------------------------|---|---|--|--|
| <b>By Operating Segment</b>      |   |   |  |  |
| • Zone Americas                  | 20'892                                      | 19'131                                      | +5.5                                     | +0.4   |
| • Zone Europe                    | 11'198                                      | 11'114                                      | +1.9                                     | +0.5   |
| • Zone Asia, Oceania, Africa     | 13'951                                      | 11'082                                      | +9.4                                     | +6.3   |
| Nestlé Waters                    | 5'584                                       | 5'084                                       | +5.8                                     | +4.0   |
| Nestlé Nutrition                 | 5'831                                       | 5'412                                       | +6.6                                     | +2.4   |
| Other                            | 10'112                                      | 9'066                                       | +8.9                                     | +6.3   |
| Total Group                      | 67'568                                      | 60'889                                      | +6.1                                     | +2.9   |
| <b>By Product</b>                |   |   |  |  |
| Powdered and liquid beverages    | 14'441                                      | 13'050                                      | +9.5                                     | +5.7   |
| Water                            | 5'588                                       | 5'089                                       | +5.8                                     | +4.0   |
| Milk products and ice cream      | 14'083                                      | 12'159                                      | +6.4                                     | +1.3   |
| Nutrition & HealthCare           | 7'921                                       | 7'188                                       | +6.7                                     | +3.4   |
| Prepared dishes and cooking aids | 10'419                                      | 10'045                                      | +1.0                                     | -0.9   |
| Confectionery                    | 7'166                                       | 6'282                                       | +4.7                                     | +2.7   |
| Petcare                          | 7'950                                       | 7'076                                       | +7.8                                     | +4.3   |
| Total Group                      | 67'568                                      | 60'889                                      | +6.1                                     | +2.9   |