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Nestlé reports three-month sales for 2017

- Sales increased by 0.4% on a reported basis to CHF 21.0 billion (3M-2016: CHF 20.9 billion)
- Organic growth was solid at 2.3%, with 1.3% of real internal growth (RIG) and pricing of 1.0%
- Sales were reduced by foreign exchange (-0.4%) and net divestments (-1.5%)
- Organic growth was 0.8% for developed markets and 4.3% for emerging markets
- Full-year guidance for 2017 confirmed

	Total Group	Zone AMS	Zone EMENA	Zone AOA	Nestlé Waters	Nestlé Nutrition	Other Businesses
Sales 3M-2017 (CHF bn)	21.0	6.4	4.0	4.0	1.8	2.6	2.3
Sales 3M-2016 (CHF bn)	20.9	6.2	4.3	3.9	1.8	2.6	2.1
RIG	1.3%	-1.4%	1.7%	3.0%	2.6%	-0.4%	6.4%
Pricing	1.0%	1.8%	0.0%	1.5%	0.5%	1.5%	-0.6%
Organic growth	2.3%	0.4%	1.7%	4.5%	3.1%	1.1%	5.8%
Net M&A	-1.5%	-0.8%	-5.9%	-0.5%	-0.2%	-0.4%	1.6%
Foreign exchange	-0.4%	3.0%	-2.7%	-3.0%	-1.8%	-0.5%	0.2%
Reported sales growth	0.4%	2.6%	-6.9%	1.0%	1.1%	0.2%	7.6%

Effective as from 1 January 2017, Nestlé Professional is reported as a regionally managed business included in the zones. Effective same date, Venezuela is excluded from RIG, pricing and organic growth to better reflect the underlying business performance.

Mark Schneider, Nestlé CEO: “Organic growth of 2.3% this quarter is within our full-year guidance range. The leap year comparison and other seasonal effects made the start of this year particularly challenging. We were encouraged by the growth in Asia and the resilience of consumer spending in Europe. Consumer demand in the Americas remained soft. Our pricing improved moderately. We confirm our 2017 guidance and have made good progress with our growth and efficiency projects to position our company for enhanced value creation.”

Zone Americas (AMS)

- 0.4% organic growth: -1.4% RIG; 1.8% pricing
- Sales in North America declined slightly on an organic basis due to negative RIG
- Latin America achieved low single-digit organic growth driven by pricing, RIG was slightly negative

	Sales 3M-2017	Sales 3M-2016	RIG	Pricing	Organic growth	Net M&A	Foreign exchange	Reported growth
Zone AMS	CHF 6.4 bn	CHF 6.2 bn	-1.4%	1.8%	0.4%	-0.8%	3.0%	2.6%

Reported sales in zone AMS increased by 2.6% to CHF 6.4 billion. Organic growth was subdued at 0.4% owing to a decline in RIG of 1.4%. Pricing of 1.8% mainly came from Latin America, although North America also saw slightly positive pricing. Net divestments reduced reported sales by 0.8% and foreign exchange was a 3.0% benefit.

North America faced an environment of soft consumer demand. In the US coffee creamers and frozen food maintained good momentum but confectionery and petcare declined. Brazil had a difficult quarter with subdued Easter trading and fragile economic conditions resulting in negative RIG and organic growth. Mexico's growth remained positive but decelerated, reflecting difficult comparables and weaker consumer confidence. Petcare saw good growth across Latin America.

Zone Europe, Middle-East and North Africa (EMENA)

- 1.7% organic growth: 1.7% RIG; 0% pricing
- Western Europe grew slightly on an organic basis with positive RIG but slightly negative pricing
- Central and Eastern Europe achieved mid single-digit organic growth, with both positive RIG and pricing
- The sub-region Middle East and North Africa saw mid single-digit organic growth

	Sales 3M-2017	Sales 3M-2016	RIG	Pricing	Organic growth	Net M&A	Foreign exchange	Reported growth
Zone EMENA	CHF 4.0 bn	CHF 4.3 bn	1.7%	0.0%	1.7%	-5.9%	-2.7%	-6.9%

Reported sales in zone EMENA declined by 6.9% to CHF 4.0 billion. Organic growth was solid at 1.7%, based on resilient RIG of 1.7% and flat pricing. Net divestments reduced reported sales by 5.9%, mainly due to the transfer of ice cream to the Froneri joint venture. Foreign exchange headwinds reduced reported sales by a further 2.7%.

Pricing improved, mainly from increases taken in *Nescafé* throughout the zone. Pricing actions had a moderate impact on RIG. Petcare saw strong growth across the zone, particularly in Russia. Turkey and North Africa performed well, while the Middle East declined as political instability and deflation persisted.

Zone Asia, Oceania and sub-Saharan Africa (AOA)

- 4.5% organic growth: 3.0% RIG; 1.5% pricing
- South-East Asia saw good organic growth and was the largest contributor to the zone's RIG
- China had negative organic growth due to *Yinlu* and the earlier timing of Chinese New Year
- India and sub-Saharan Africa posted strong growth
- Oceania and Japan had solid organic growth with good RIG, partially offset by negative pricing

	Sales 3M-2017	Sales 3M-2016	RIG	Pricing	Organic growth	Net M&A	Foreign exchange	Reported growth
Zone AOA	CHF 4.0 bn	CHF 3.9 bn	3.0%	1.5%	4.5%	-0.5%	-3.0%	1.0%

Reported sales in zone AOA increased by 1.0% to CHF 4.0 billion. Organic growth was strong at 4.5%, comprised of 3.0% RIG and 1.5% pricing. Net divestments lowered reported sales by 0.5% and foreign exchange also had a negative impact, reducing sales by 3.0%.

The zone's growth accelerated for a fourth consecutive quarter, driven by robust performances in South-East Asia, India and sub-Saharan Africa. The zone gained momentum despite a decline in China which was impacted by the earlier timing of Chinese New Year, particularly in confectionery. *Yinlu* continued to weigh on growth, although the pace of decline has reduced.

Nestlé Waters

- 3.1% organic growth: 2.6% RIG; 0.5% pricing
- The US delivered low single-digit organic growth with negative pricing
- Europe achieved solid RIG and organic growth with slightly negative pricing
- The Middle East, Turkey and China slowed but South-East Asia and Latin America had good growth

	Sales 3M-2017	Sales 3M-2016	RIG	Pricing	Organic growth	Net M&A	Foreign exchange	Reported growth
Nestlé Waters	CHF 1.8 bn	CHF 1.8 bn	2.6%	0.5%	3.1%	-0.2%	-1.8%	1.1%

Sales in Nestlé Waters increased on a reported basis by 1.1% to CHF 1.8 billion. Organic growth decelerated but remained solid at 3.1%, with 2.6% RIG and 0.5% pricing. Net divestments and foreign exchange reduced reported sales by 0.2% and 1.8% respectively.

Nestlé Waters continued to grow in all regions although there was some deceleration, partly owing to challenging comparables. The US and Europe had solid organic growth, although intense competition in both regions led to deflationary pricing. Among emerging markets the Middle East, China and Turkey declined but South-East Asia saw good growth and Latin America delivered double-digit organic growth.

Nestlé Nutrition

- 1.1% organic growth: -0.4% RIG; 1.5% pricing
- In China organic growth recovered as category momentum gradually improved
- Price increases in the US, Brazil and Mexico weighed on RIG in these markets
- Organic growth in South-East Asia was strong

	Sales 3M-2017	Sales 3M-2016	RIG	Pricing	Organic growth	Net M&A	Foreign exchange	Reported growth
Nestlé Nutrition	CHF 2.6 bn	CHF 2.6 bn	-0.4%	1.5%	1.1%	-0.4%	-0.5%	0.2%

Reported sales in Nestlé Nutrition increased by 0.2% to CHF 2.6 billion. Organic growth was 1.1%, comprised of -0.4% RIG and 1.5% pricing. Net divestments and foreign exchange reduced reported sales by 0.4% and 0.5% respectively.

Price increases had a mild adverse effect on RIG in the short-term. Growth in China improved moderately, helped by increased demand for first stage products and strong momentum of *illumina* in the super premium segment. Our *NAN Optipro* roll-out continued to deliver good growth across Asia.

Other Businesses

- 5.8% organic growth: 6.4% RIG; -0.6% pricing
- Nespresso achieved mid single-digit organic growth, fuelled by double-digit growth in North America
- Nestlé Health Science maintained mid single-digit organic growth driven entirely by RIG
- Nestlé Skin Health saw double-digit organic growth with a strong RIG contribution

	Sales 3M-2017	Sales 3M-2016	RIG	Pricing	Organic growth	Net M&A	Foreign exchange	Reported growth
Other Businesses	CHF 2.3 bn	CHF 2.1 bn	6.4%	-0.6%	5.8%	1.6%	0.2%	7.6%

Reported sales in Other Businesses increased by 7.6% to CHF 2.3 billion. Organic growth improved to 5.8% as RIG of 6.4% was partially offset by 0.6% of deflationary pricing. Net acquisitions increased reported sales by 1.6%, and a tailwind from foreign exchange added a further 0.2%.

Nespresso's growth was solid as it continued to gain traction in North America. Nestlé Health Science maintained mid single-digit growth, reflecting good growth in Medical Nutrition. Nestlé Skin Health saw strong growth benefiting from low prior year comparables and several new product launches.

Outlook

We confirm our full-year guidance for 2017 and expect organic growth between 2% and 4%. In order to drive future profitability, we plan to increase restructuring costs considerably in 2017. As a result, the trading operating profit margin in constant currency is expected to be stable. Underlying earnings per share in constant currency and capital efficiency are expected to increase.

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Annex

Three-month sales overview by operating segment

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Reported sales growth	0.4%	2.6%	-6.9%	1.0%	1.1%	0.2%	7.6%

Three-month sales overview by product

	Total Group	Powdered & liquid beverages	Water	Milk products & ice cream	Nutrition & Health Science	Prepared dishes & cooking aids	Confectionery	Petcare
Sales 3M-2017 (CHF bn)	21.0	4.8	1.7	3.1	3.7	2.9	2.0	3.0
Sales 3M-2016 (CHF bn)	20.9	4.7	1.7	3.2	3.5	2.9	2.0	2.9
RIG	1.3%	2.2%	3.0%	-0.5%	2.3%	2.4%	-2.6%	0.9%
Pricing	1.0%	1.4%	0.4%	1.8%	0.8%	1.8%	-0.3%	0.4%
Organic growth	2.3%	3.6%	3.4%	1.3%	3.1%	4.2%	-2.9%	1.3%

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