



2014 Half Year Results

Wan Ling Martello
Chief Financial Officer

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.

Resilient performance fuelled by top line growth

Outlook confirmed

Organic Growth

+ 4.7%
(FX - 8.8%)

*Trading Operating Profit
(in CCY)*

+ 30 bps
(- 10 bps reported)

*Free Cash Flow
(in CCY)*

+ CHF 2.9 bn
(+ CHF 2.7 bn reported)

*Underlying Earnings Per Share
(in CCY)*

+ 3.6 %
(- 7.1% reported)

CCY = Constant Currency

Resilient shareholder returns



*Maintaining our
Gold standard & current
Rating Agency Ratios*

“Nestlé Board of Directors approved a CHF 8 bn share buyback programme to be completed by the end of 2015”

Consistent Group Strategy

- Strategic Transformation
- Organisational Transformation



Broad based regional growth

Americas

Europe

Asia,
Oceania &
Africa

Sales
(in CHF)

17.8 bn

12.2 bn

12.9 bn

RIG

+2.4%

+2.3%

+4.2%

OG

+4.9%

+1.4%

+7.5%

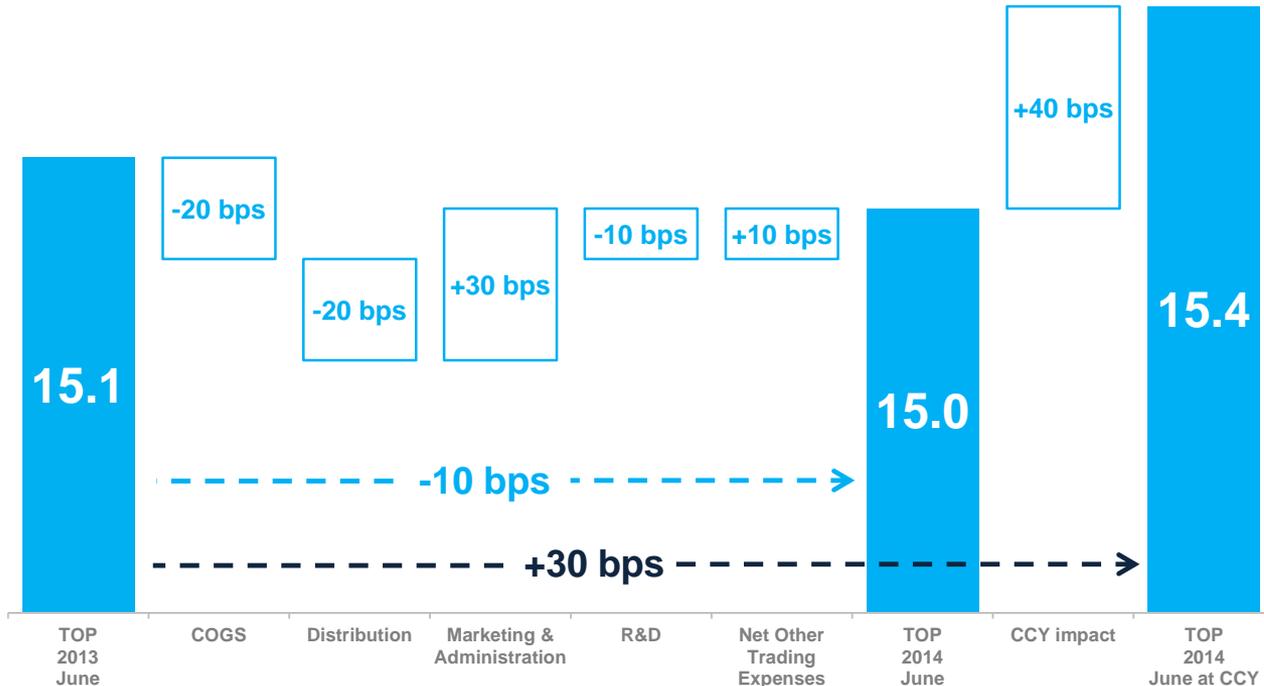
Each region includes Zones, Nestlé Waters, Nestlé Nutrition, Nestlé Professional, Nespresso and NHSc; OG = Organic Growth, RIG = Real Internal Growth

Developed and Emerging markets growth

	Developed	Emerging
Sales (in CHF)	23.9 bn	19.1 bn
% of Group sales	56%	44%
OG	+0.6%	+9.7%

OG = Organic Growth

Trading Operating Profit Margin



- Trading Operating Profit margin **+30 bps** in constant currency
- Consumer facing marketing spend **+5%** in constant currency

TOP = Trading Operating Profit, CCY = Constant Currency

Zone Europe



Sales in CHF bn	7.3	RIG %	2.0	OG %	0.6	TOP %	14.8
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- Growth driven by innovation and premium
- *Nescafé Dolce Gusto*, PetCare, Frozen Pizza highlights
Confectionery, Culinary improved momentum
- Western Europe
 - Good growth in Switzerland, Netherlands and Austria
 - France, Italy and Germany improved, UK still subdued
- Eastern Europe:
 - Russia highlight, pick-up in other regions
- TOP margin -10 bps: mainly impairments

Zone Americas



Sales in CHF bn	12.5	RIG %	1.7	OG %	4.9	TOP %	18.0
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- North America
 - Positive RIG in a subdued environment
 - Frozen & Ice Cream still difficult, but with some progress
 - *Coffee-mate* and *PetCare*, good growth due to innovation
- Latin America
 - Double digit growth weighted to pricing
 - Brazil strong mainly due to *Ninho*, *Nescau*, *Nescafé Dolce Gusto*
 - Mexico challenging, good RIG in Coffee
 - *PetCare* continued strong momentum
- TOP margin +10 bps: lower restructuring and others expenses

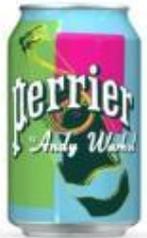
Zone Asia, Oceania & Africa



Sales in CHF bn	8.9	RIG %	1.9	OG %	4.7	TOP %	18.9
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- RIG impacted by higher pricing
- Good growth for *Milo*, *Maggi*, Creamers and premium
- Emerging markets
 - Good growth in Turkey, Pakistan, Africa and Philippines
 - South Asia recovered, China remained challenged
- Developed markets
 - Japan with good start to the year
- TOP margin -20 bps: currency and higher dairy costs

Nestlé Waters



Sales
in CHF bn

3.7

RIG %

7.3

OG %

6.1

TOP %

10.4

- Broad based growth:
 - Premium international brands
 - Regional brands
 - *Nestlé Pure Life*
- Developed markets
 - Good RIG partly offset by pricing
 - UK a highlight
- Emerging markets
 - Growth across most regions
- TOP margin +80 bps: growth and cost reductions

Nestlé Nutrition



Sales
in CHF bn

4.7

RIG %

3.8

OG %

7.9

TOP %

21.1

- Double digit growth in Infant Formula and Infant Cereals
- Emerging markets driving growth:
 - China and Middle East highlights
- US: Focus on value generation
- NAN and Illuma driving Infant Formula growth
- TOP margin +110 bps:
 - Active Portfolio Management
 - Good Wyeth Nutrition performance

Others



Sales
in CHF bn

5.9

RIG %

4.7

OG %

5.9

TOP %

18.4



Nestlé Professional

- Growth momentum from emerging markets
- Soft OOH environment in developed markets

Nespresso

- Strong global growth despite increased competition
- Range extension, new machines and new boutiques
- Good response to the launch of *VertuoLine*

Nestlé Health Science

- Performance driven by innovation
- *Boost*, *Meritene* and *Nutren* with solid growth

Other TOP margin

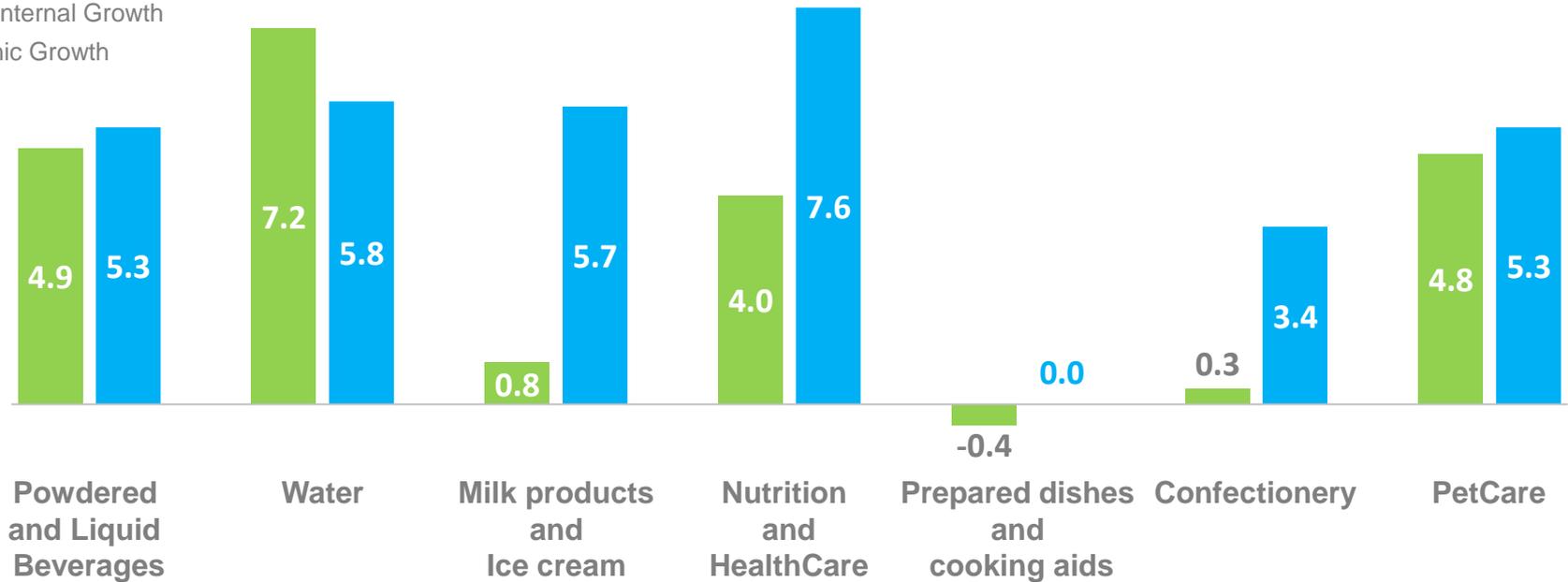
- -80 bps: marketing and currencies



Products

■ % Real Internal Growth

■ % Organic Growth



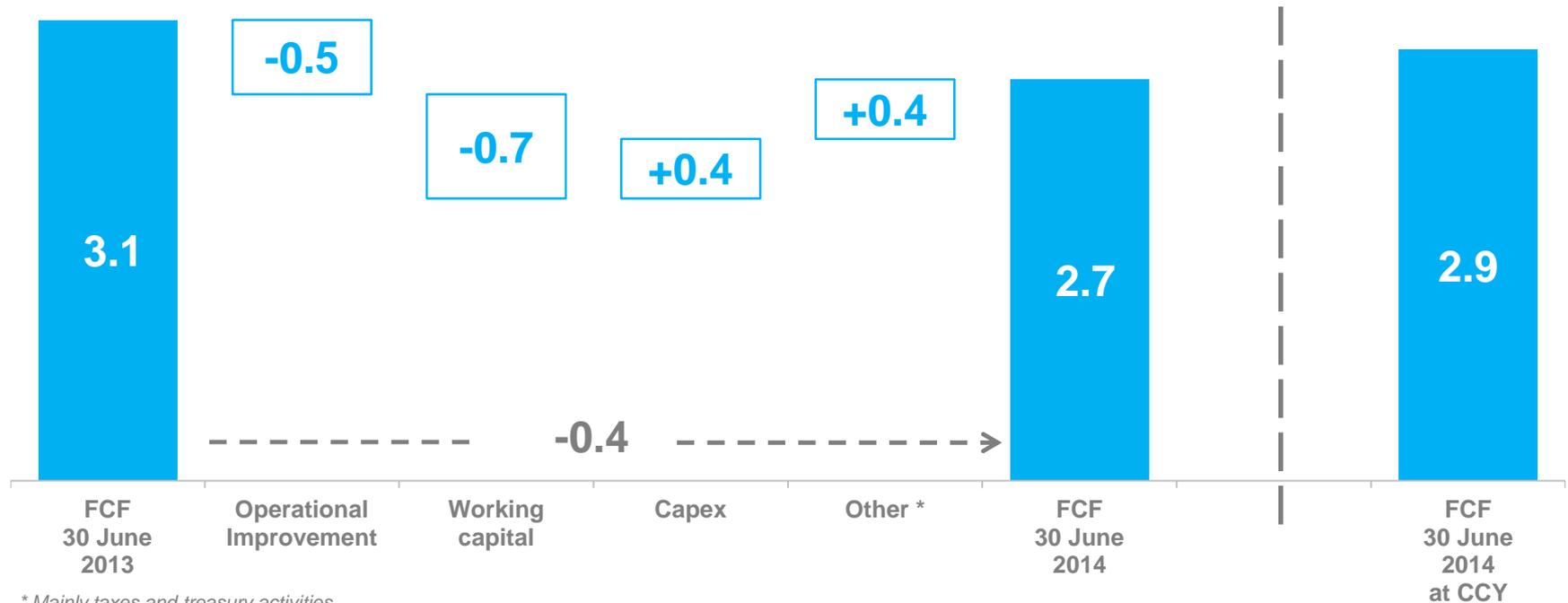
Sales (in CHF bn)	9.8	3.4	8.1	5.7	6.4	4.2	5.4
TOP%	23.8	11.2	16.0	19.9	12.8	10.6	19.9
<i>in bps</i>	-20 bps	+50 bps	+10 bps	+130 bps	-70 bps	-210 bps	+90 bps

Income Statement

Total Group	June 30 2013 %	June 30 2014 %	<i>in bps</i>
Trading operating profit	15.1	15.0	-10
Net other operating income/expenses	(0.2)	(0.6)	-40
Operating Profit	14.9	14.4	-50
Net financial income/expenses	(0.7)	(0.7)	-
Profit before taxes, associates and JVs	14.2	13.7	-50
Taxes	(3.9)	(3.8)	10
Share of results in associates and JVs	1.5	1.4	-10
Profit for the period	11.8	11.3	-50
of which attributable to non-controlling interests	0.5	0.5	-
Attributable to shareholders of the parent	11.3	10.8	-50
Basic EPS (CHF) as reported	1.60	1.45	-9.5%
Underlying EPS (CHF) as reported	1.69	1.57	-7.1%
Underlying EPS (CHF) constant currencies			+3.6%

Free Cash Flow CHF 2.9 bn in Constant Currency

in CHF bn



* Mainly taxes and treasury activities

Discipline in use of cash

- Investment in the business with greater **rigour in capital allocation**
- Maintain a **sustainable dividend policy**
- **Additional return** to shareholders via share buy-back

Summary

- Profitable organic growth in a volatile trading environment
- Both Developed and Emerging markets positive
- Execution of the Nestlé Roadmap
- Full-year outlook confirmed



Organic growth around 5% and improvements in margins, underlying earnings per share in constant currencies and capital efficiency



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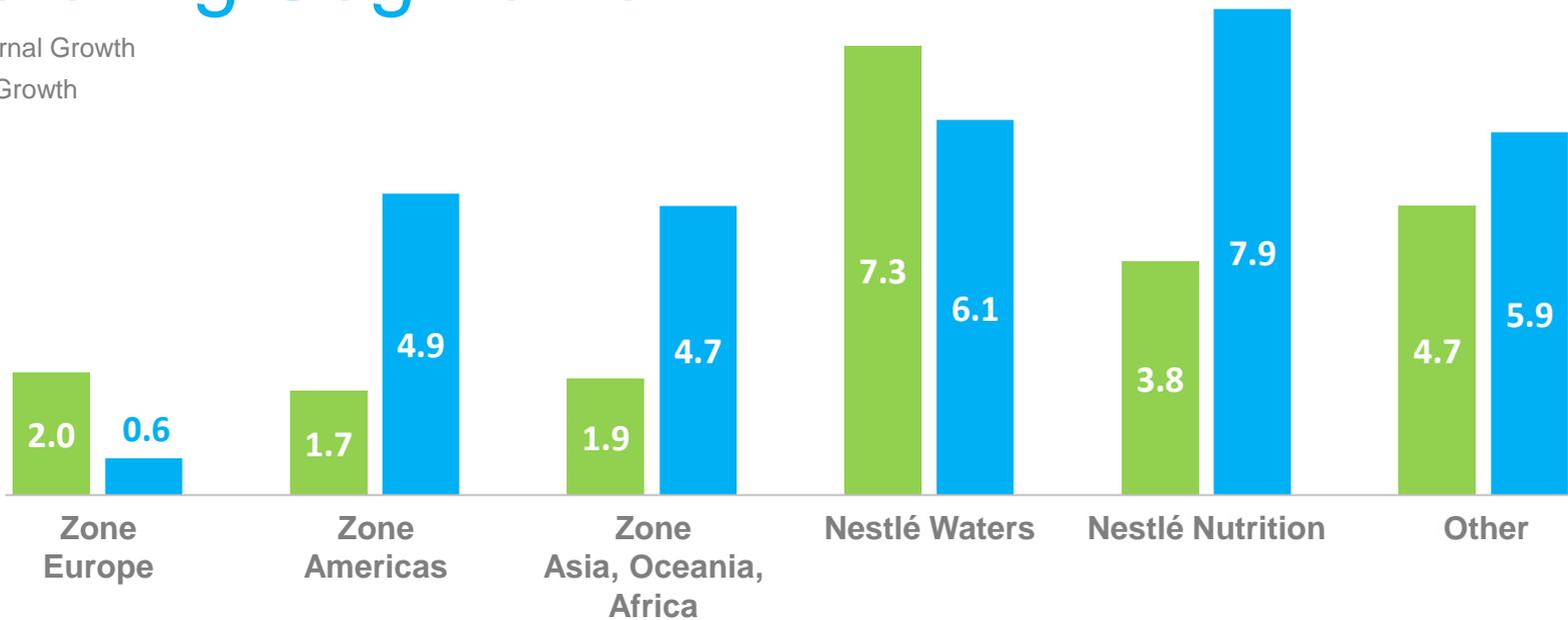
Discussion

Appendix

Operating Segments

■ % Real Internal Growth

■ % Organic Growth



Sales
(in CHF bn)

7.3

12.5

8.9

3.7

4.7

5.9

TOP%

14.8

18.0

18.9

10.4

21.1

18.4

in bps

-10 bps

+10 bps

-20 bps

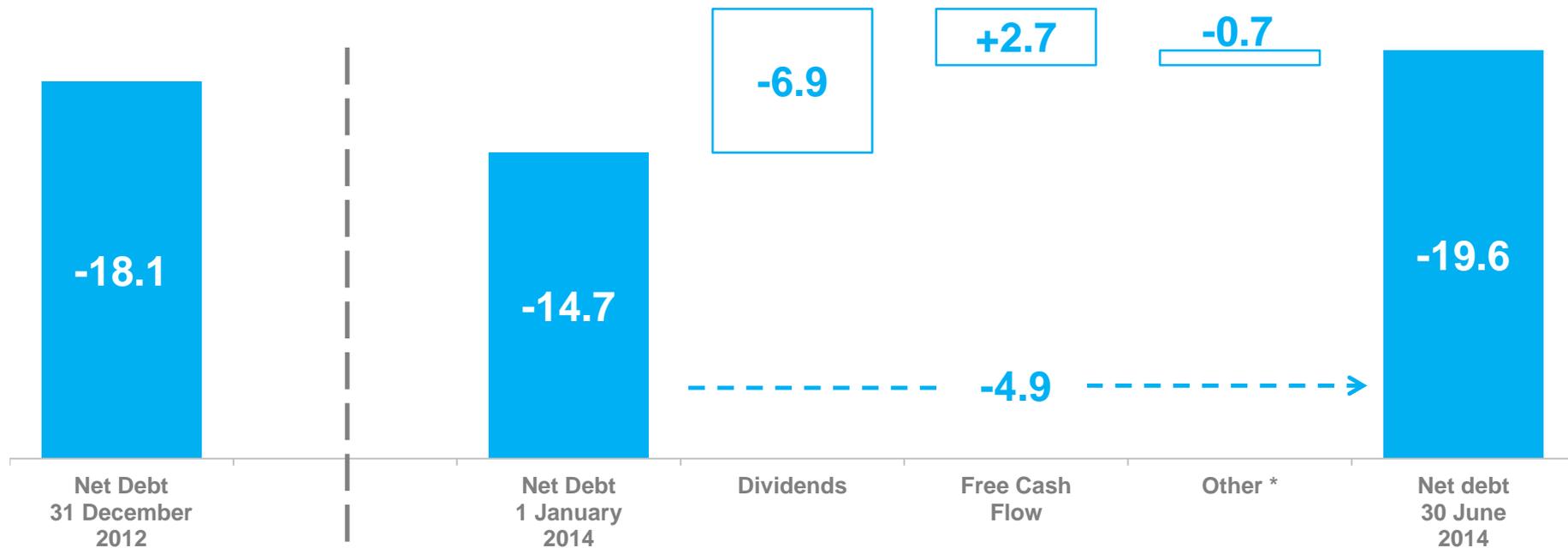
+80 bps

+110 bps

-80 bps

Net Debt evolution impacted by the dividend

in CHF bn



* Mainly Treasury shares, M&A and FX

Currency overview

			Weighted average rate		
			HY 2013	HY 2014	% Var.
1 US Dollar	USD	0.94	0.89	-4.9	
1 Euro	EUR	1.23	1.22	-0.7	
100 Brazilian Reais	BRL	46.22	38.79	-16.1	
100 Chinese Yuan Renminbi	CNY	15.12	14.48	-4.2	
100 Mexican Pesos	MXN	7.46	6.79	-8.9	
1 Pound Sterling	GBP	1.44	1.49	2.9	
1 Canadian Dollar	CAD	0.92	0.81	-11.8	
1 Australian Dollar	AUD	0.95	0.82	-14.0	
100 Philippine Pesos	PHP	2.27	2.00	-11.7	
100 Japanese Yen	JPY	0.98	0.87	-11.1	

FX impact

	FX Impact
	HY 2014
Zone Americas	-12.8%
Zone Europe	-2.8%
Zone AOA	-10.0%
Nestlé Waters	-5.9%
Nestlé Nutrition	-10.3%
Other	-5.8%
Total	-8.8%