



**Nestlé** Good food, Good life



# Full-year results 2019

Press Conference

# 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.





**Nestlé** Good food, Good life

# Full-year results 2019

Mark Schneider, CEO



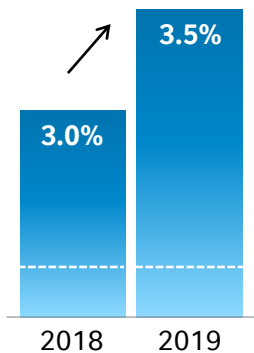
# Key messages 2019

- **Continued progress with our value creation model**
- **Organic growth of 3.5%** led by strong momentum in the U.S. and *Purina* PetCare globally
- **Underlying trading operating profit margin increase of 60 bps to 17.6%**, reaching our 2020 profitability target range one year ahead of plan
- **Portfolio transformation on track with more to come**
- **CHF 16.9 bn cash returned to shareholders** through share buybacks and dividends in 2019
- **Board proposes to raise dividend by 25 centimes per share to CHF 2.70**, 25<sup>th</sup> consecutive annual increase
- **Bold steps in sustainability, diversity and inclusion**

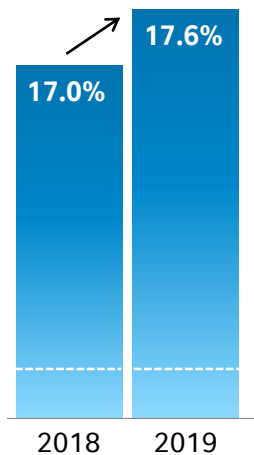


# Strong 2019 financial results

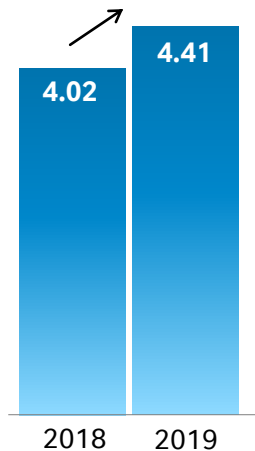
## Organic growth



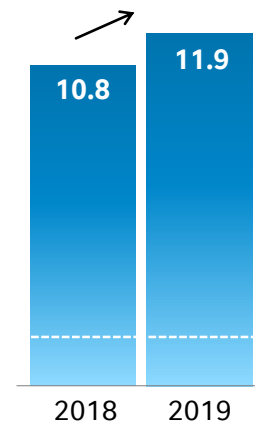
## Underlying trading operating profit margin



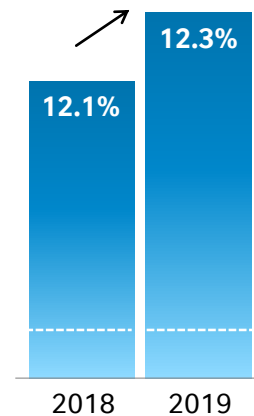
## Underlying EPS (CHF)



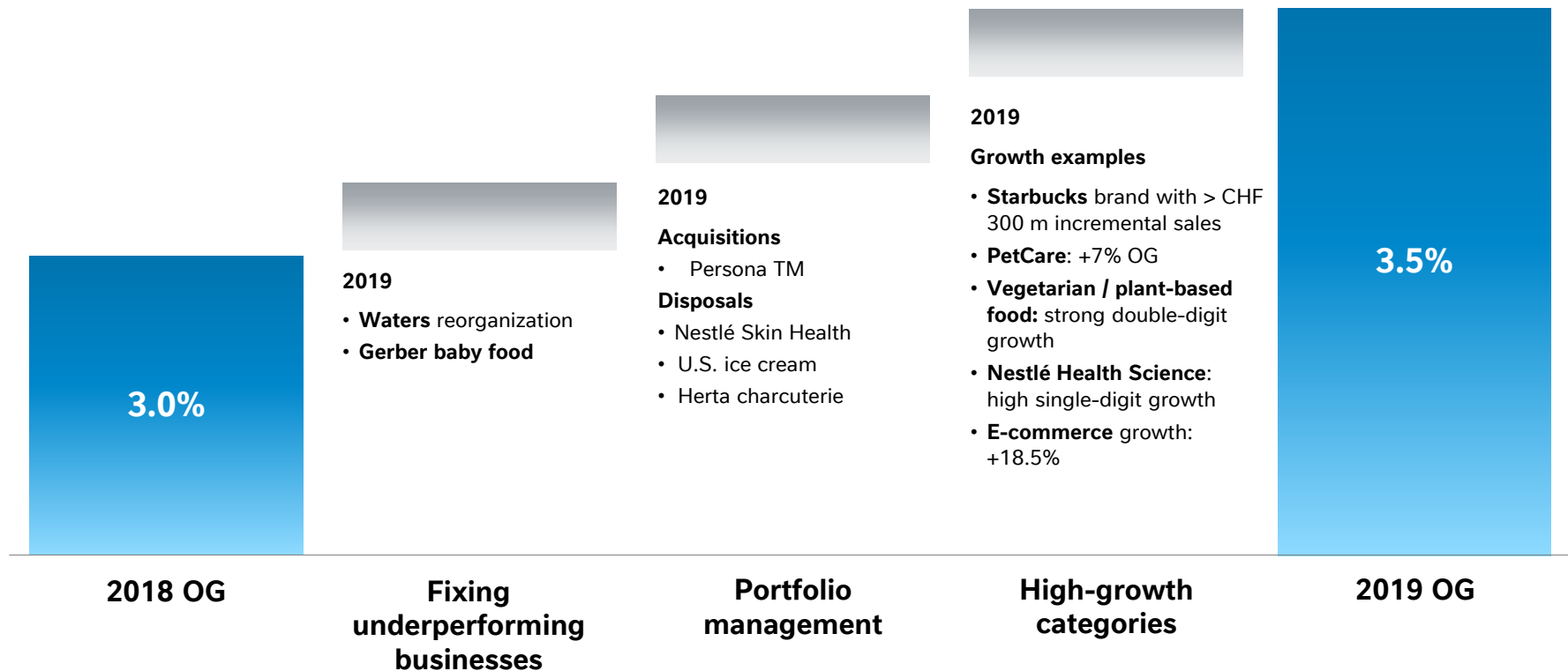
## Free cash flow (CHF bn)



## Return on invested capital



# Continued progress towards mid single-digit organic growth



# Developing our portfolio



**> 50 transactions closed or announced since 2017, equivalent to ~ 12% of Group sales**

**OG contribution in 2019 +35 bps**





# Supporting growth through faster innovation

## Coffee



**Starbucks-branded products**  
> CHF 300 m incremental 2019 sales



**Vertuo**  
> 60% organic growth

## PetCare



**Premium brands**  
strong double-digit organic growth



**Veterinary products and supplements**  
strong double-digit organic growth

## Plant-based food



**Garden Gourmet**  
double-digit organic growth



**Sweet Earth**  
strong double-digit organic growth



# Business as a force for good

## Creating a market for food-grade recycled plastics



- Allocating more than CHF 1.5 bn to incentivize supply
- Sourcing up to 2 m metric tons (2020-25)

## Boosting packaging innovation



- Institute of Packaging Sciences
- CHF 250 m venture fund focusing on start-up companies
- Looking at all options: reuse/refill, recycling, new materials

# 2020 guidance

- Continued increase in organic sales growth, expecting further acceleration in 2021 / 2022 towards sustainable mid single-digit growth.
- Underlying trading operating profit margin with continued improvement.
- 2020 restructuring costs\* are expected at around CHF 500 million.
- Underlying earnings per share in constant currency and capital efficiency expected to increase.
- It is too early to quantify the financial impact of the coronavirus outbreak at this time.

\* Not including impairment of fixed assets, litigation and onerous contracts





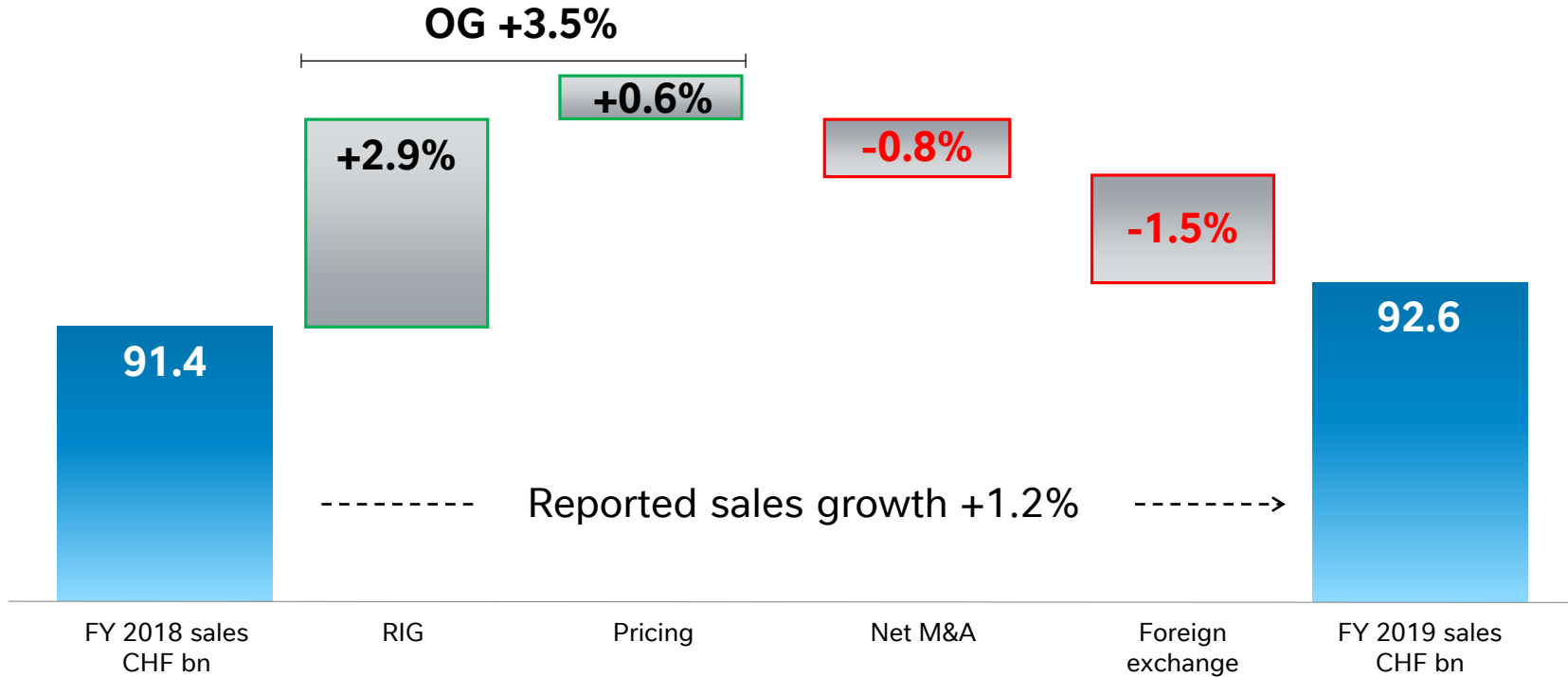
**Nestlé** Good food, Good life



# Full-year results 2019

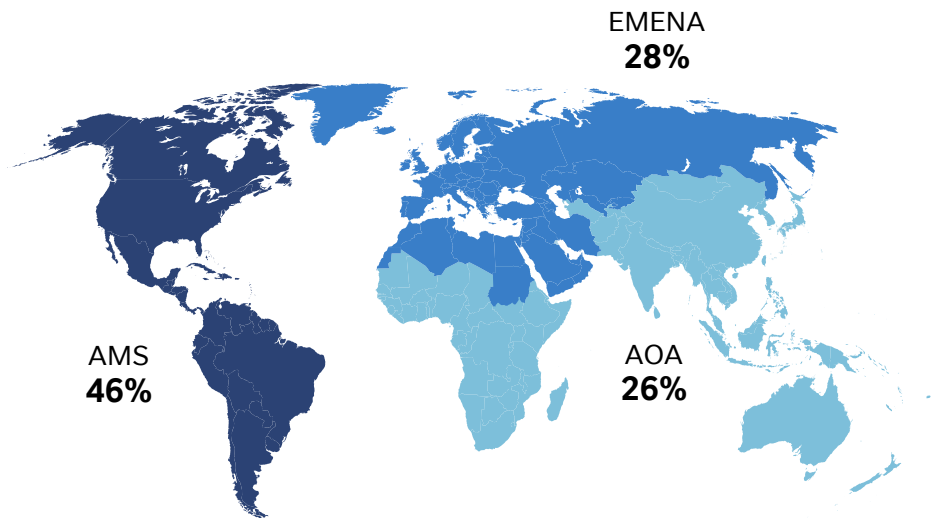
François Roger, CFO

# Full-year sales growth

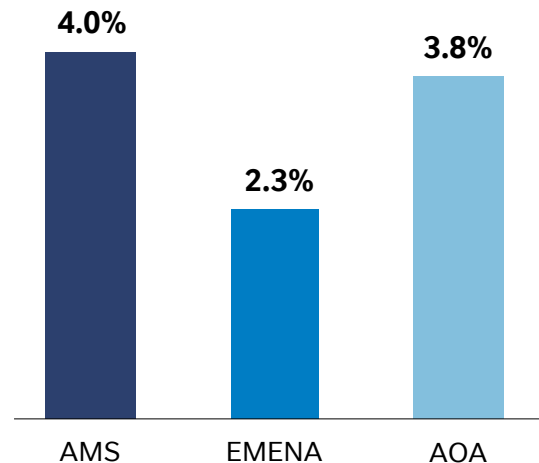


# Broad-based growth with stronger momentum in the Americas

**2019 Sales: CHF 92.6 billion**



**2019 Organic growth**

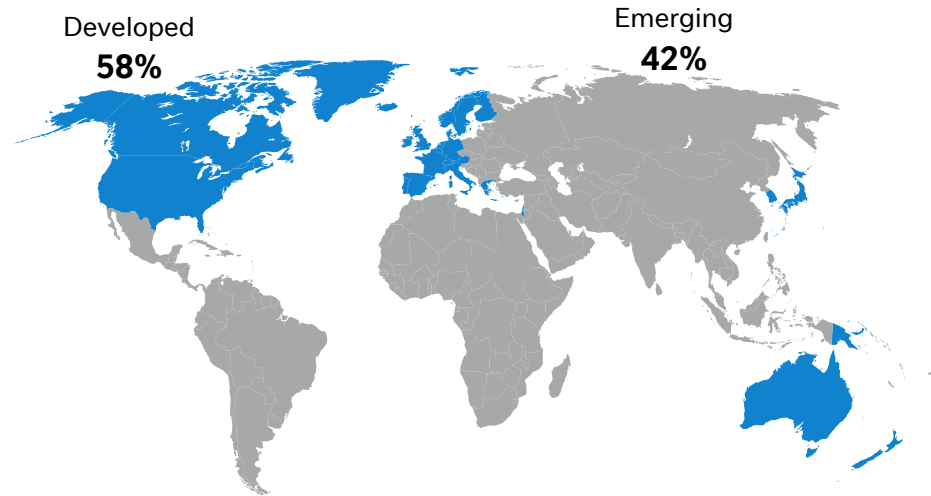


Each geography includes zones, Nestlé Waters, Nespresso, Nestlé Health Science and Nestlé Skin Health

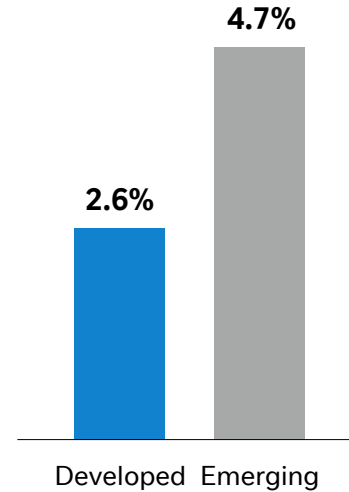


# Growth acceleration driven by developed markets

**2019 Sales: CHF 92.6 billion**



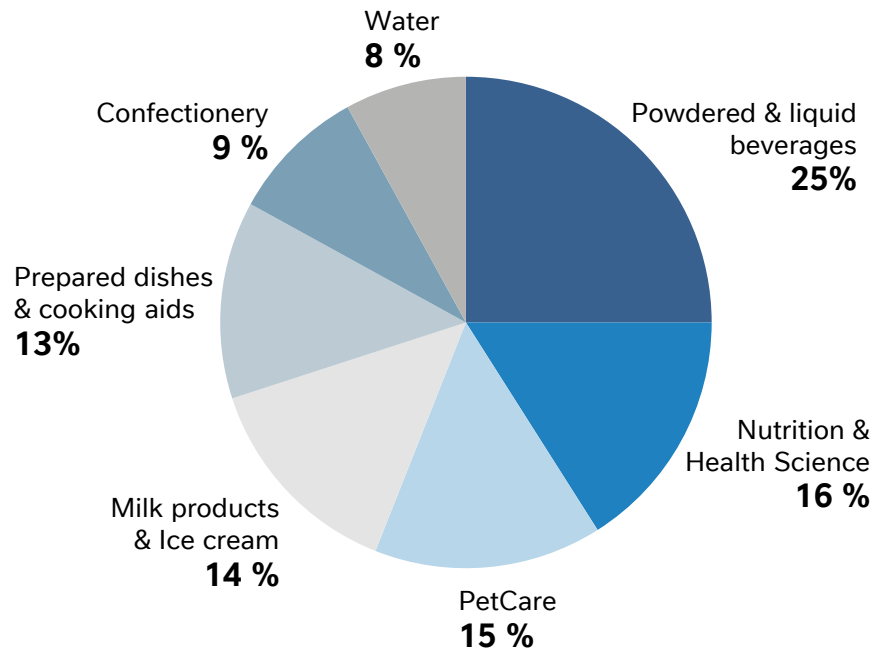
**2019 Organic growth**



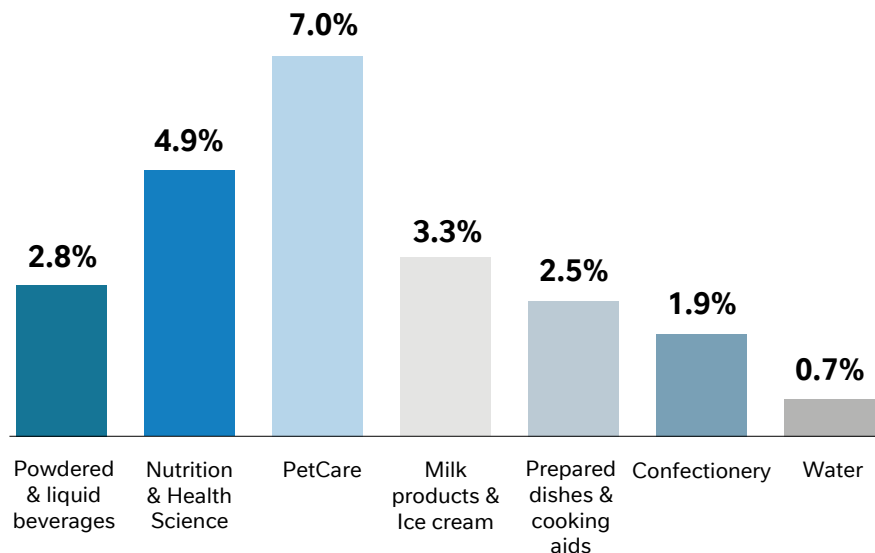


# Positive organic growth in all categories

2019 Sales: CHF 92.6 billion

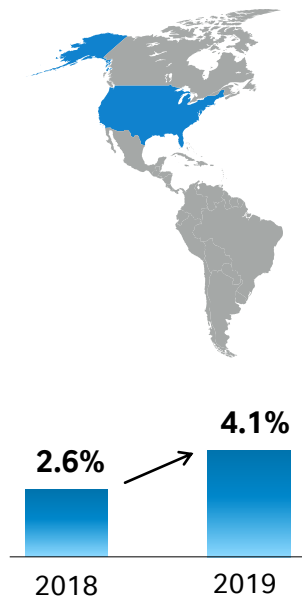


2019 Organic growth

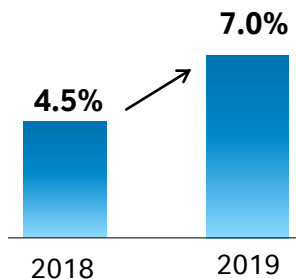


# Key growth platforms

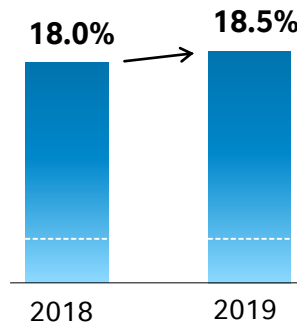
## United States



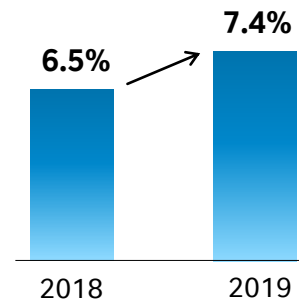
## PetCare



## E-commerce



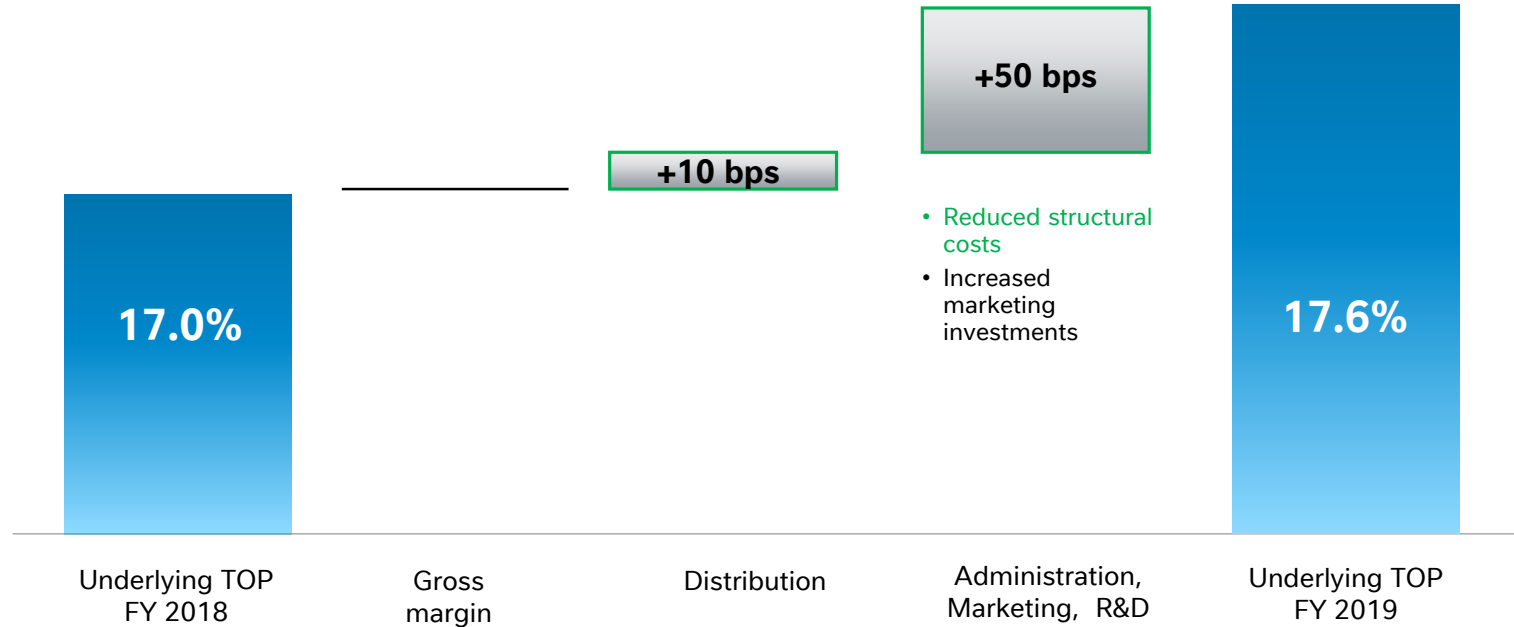
## Premium products



All figures relate to organic growth

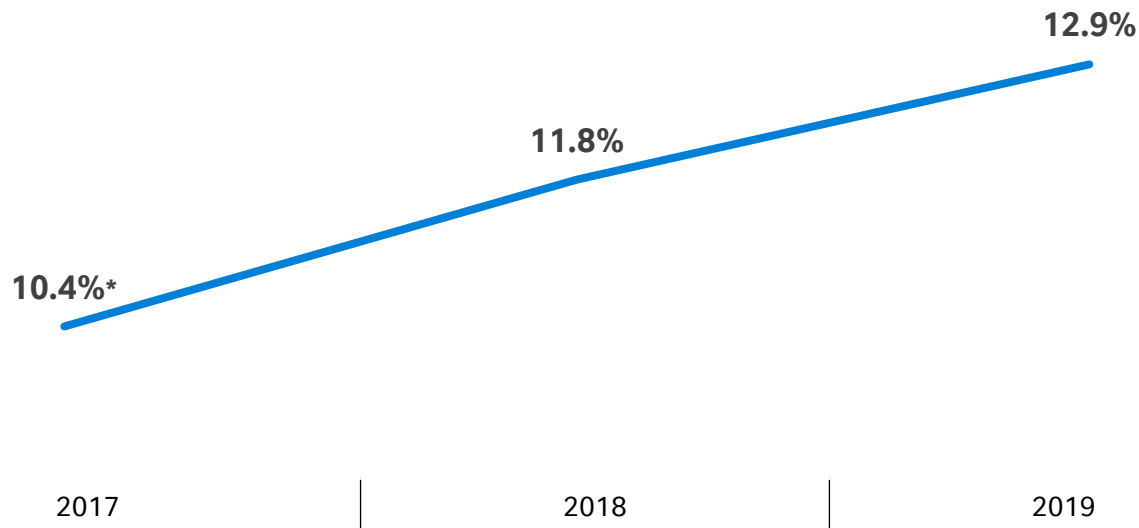


# Margin expansion supported by structural cost reductions



# Strong free cash flow of CHF 11.9 bn

Free cash flow in % of sales



\* Restated, reflecting implementation of IFRS 15 and IFRS 16





Nestlé Good food, Good life



# Abbreviations

- OG Organic growth
- RIG Real internal growth
- AMS Zone Americas
- EMENA Zone Europe, Middle East, and North Africa
- AOA Zone Asia, Oceania, and sub-Saharan Africa
- EPS Earnings per share
- COGS Cost of goods sold
- FCF Free cash flow
- TOP Trading operating profit
- UTOP Underlying trading operating profit
- Structural costs Mainly production, distribution and administrative fixed costs

