



Nestlé Good food, Good life

Full-year results 2020



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 2020

Mark Schneider, CEO

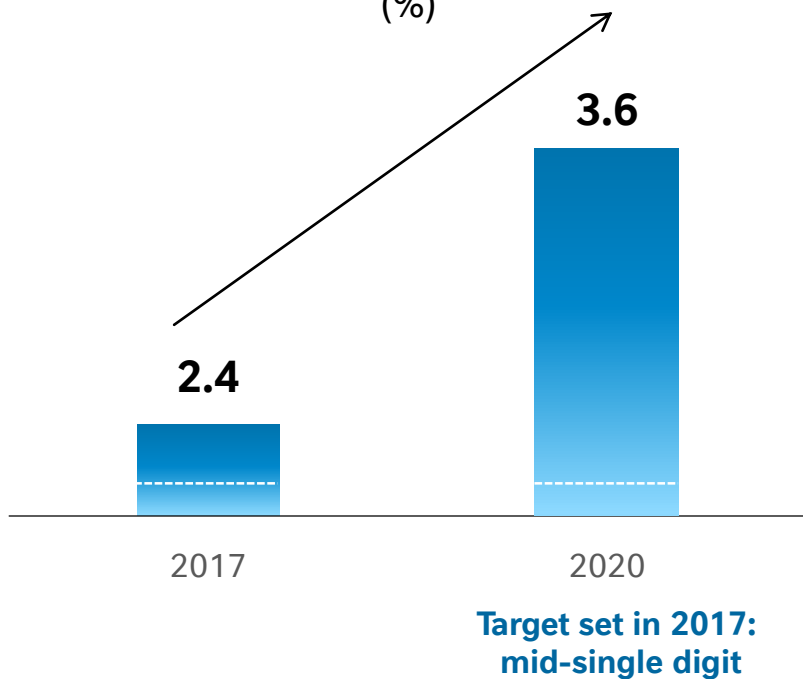
Key messages 2020

- **Rising to the challenge of the global pandemic**
 - Employee safety, business continuity, community support
- **Strong financial results**
 - Organic sales growth of 3.6%
 - Underlying trading operating profit margin increases by 10 bps to 17.7%
- **Portfolio transformation fully on track**
- **Board proposes to raise dividend by 5 centimes per share to CHF 2.75**
- **Detailed roadmap to achieve net zero greenhouse gas emissions by 2050**

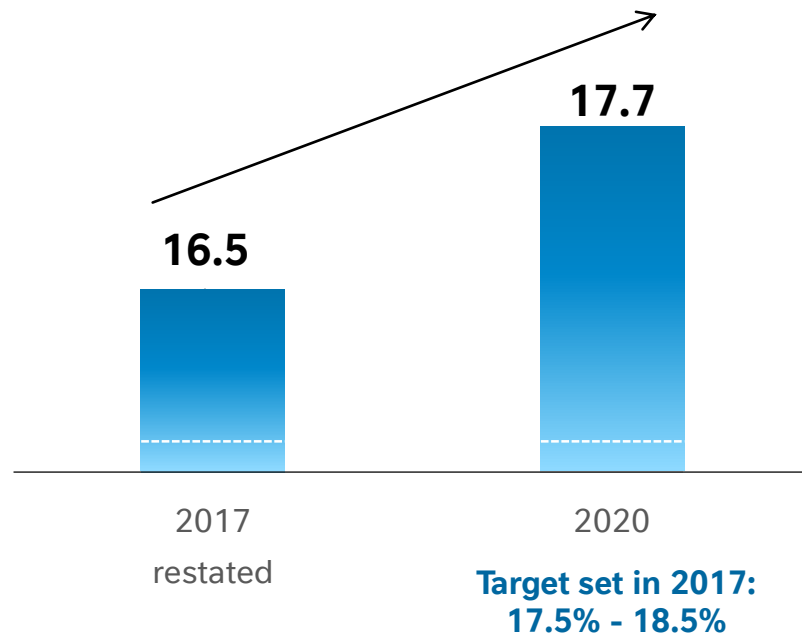


Third consecutive year of improved growth and margins

Organic sales growth
(%)



Underlying trading operating profit
(in % of sales)



Continued progress in 2020 towards mid single-digit organic sales growth

- **High-growth categories and channels**

- **PetCare:** +10.2% organic sales growth
- **Coffee:** Starbucks brand with ~CHF 400 m incremental sales, Nespresso with +7.0% organic sales growth
- **Plant-based food:** strong double-digit organic sales growth
- **E-commerce:** +48.4% organic sales growth

- **Portfolio management**

- **Acquisitions:**

- Building Nestlé Health Science into a nutritional powerhouse: Zenpep, Vital Proteins, Aimmune
- Expanding direct-to-consumer presence: Freshly, Mindful Chef

- **Disposals of non-core businesses:**

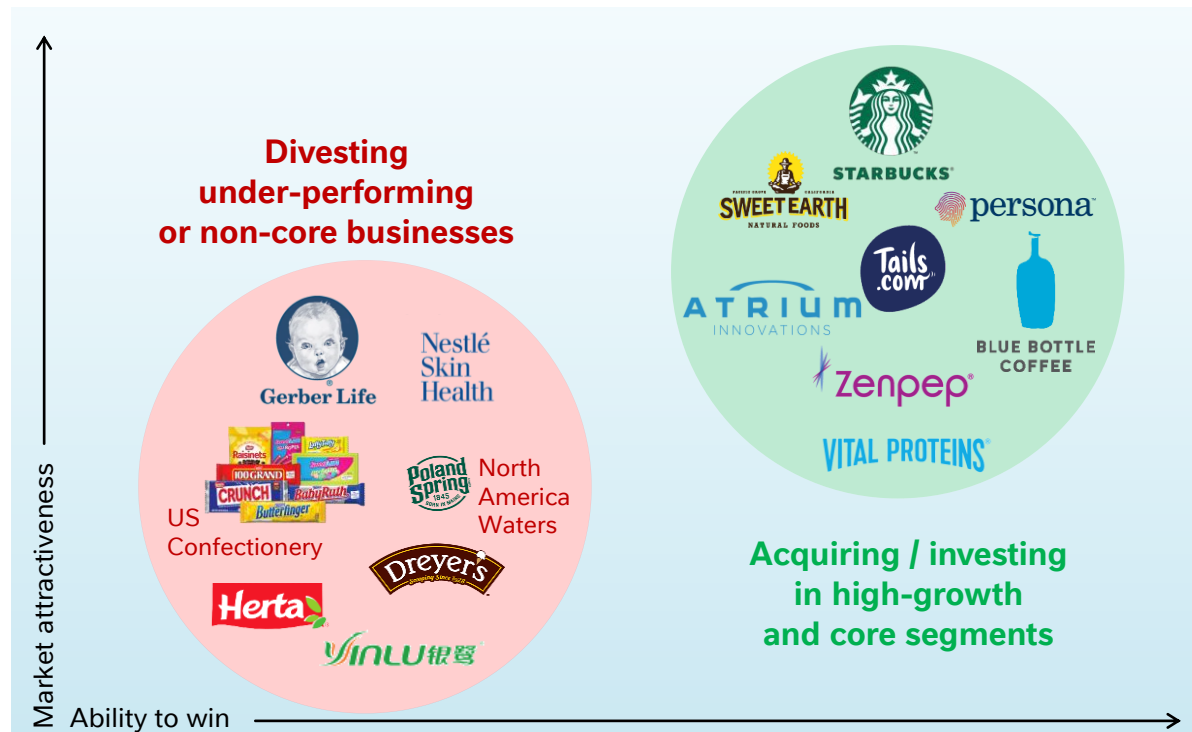
- U.S. ice cream, Herta charcuterie, Yinlu peanut milk/congee
- Agreement to sell regional spring water brands, purified water business and beverage delivery service in the U.S. and Canada

- **Fixing underperforming businesses**

- **Affordable offerings, Lean Cuisine frozen meals**



Further developing our portfolio



**> 75 transactions
closed or announced
since 2017, equivalent to
~ 18% of Group sales**

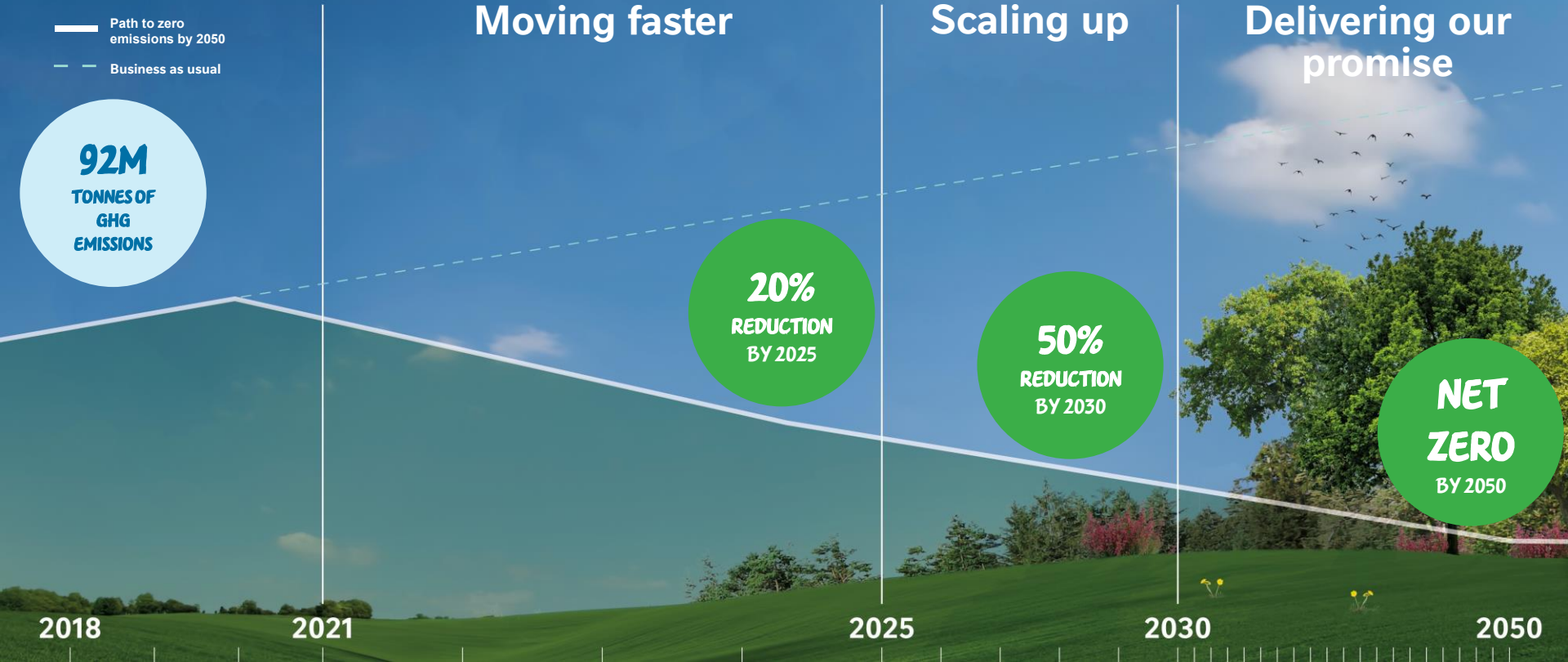
**Organic sales growth
contribution in 2020*
~60 bps**

* From acquisitions between 2017-2020



Nestlé's Net Zero Roadmap

Our path to regeneration for future generations



Sustainability is key to our value-creation strategy

- **Balancing short-term and long-term** stakeholder expectations
- **Creating competitive advantage** by enhancing relevance with consumers, regulators, employee base and investors
- **Keeping sustainability investments earnings neutral** through growth leverage and structural cost reduction

2021 guidance

- **Continued increase in organic sales growth towards a mid single-digit rate**
- **Underlying trading operating profit margin with continued moderate improvement**
- **Underlying earnings per share in constant currency and capital efficiency expected to increase**



Mid-term outlook

- **Sustained mid single-digit organic sales growth**
- **Continued moderate underlying trading operating profit margin improvements**
- **Continued prudent capital allocation and capital efficiency improvements**
- **Value creation for both society and our shareholders**



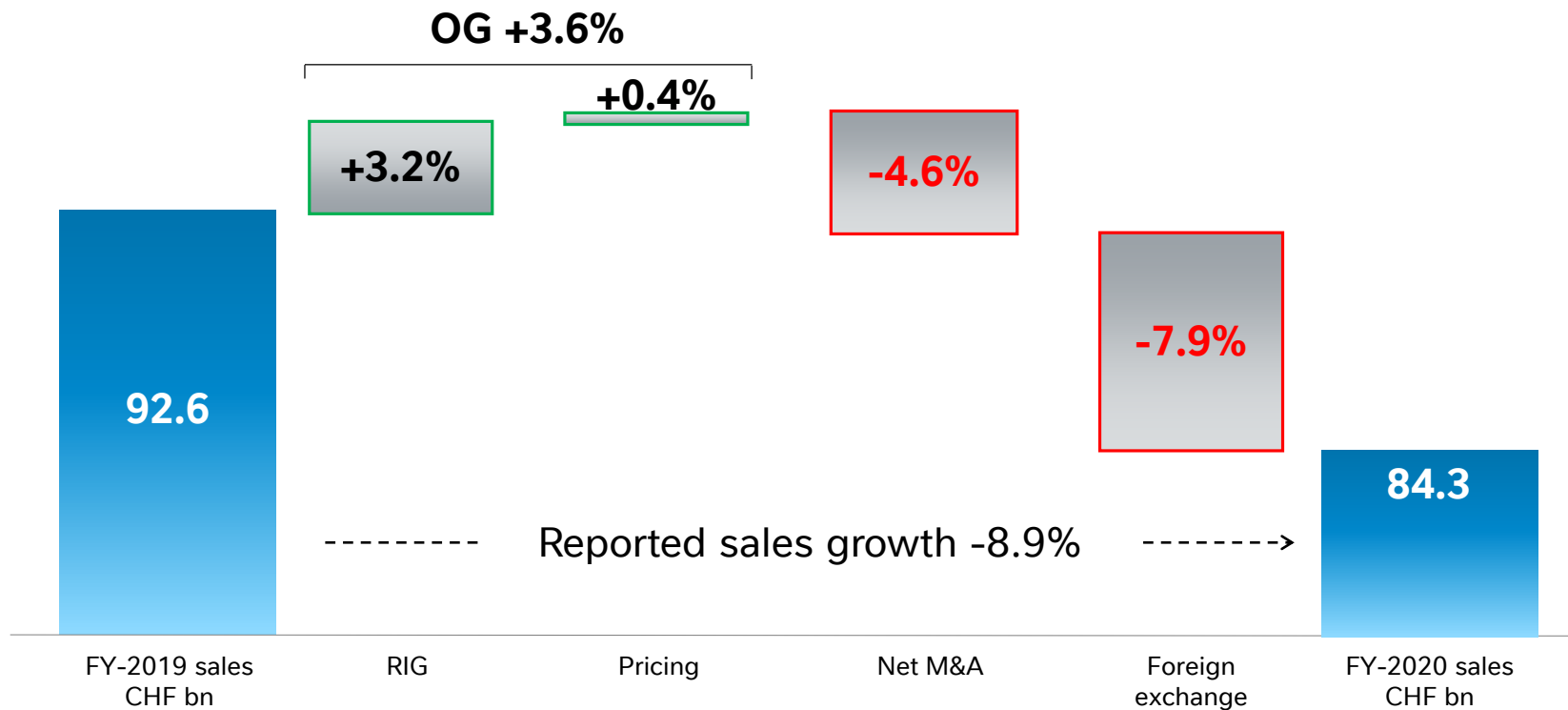
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François-Xavier Roger, CFO

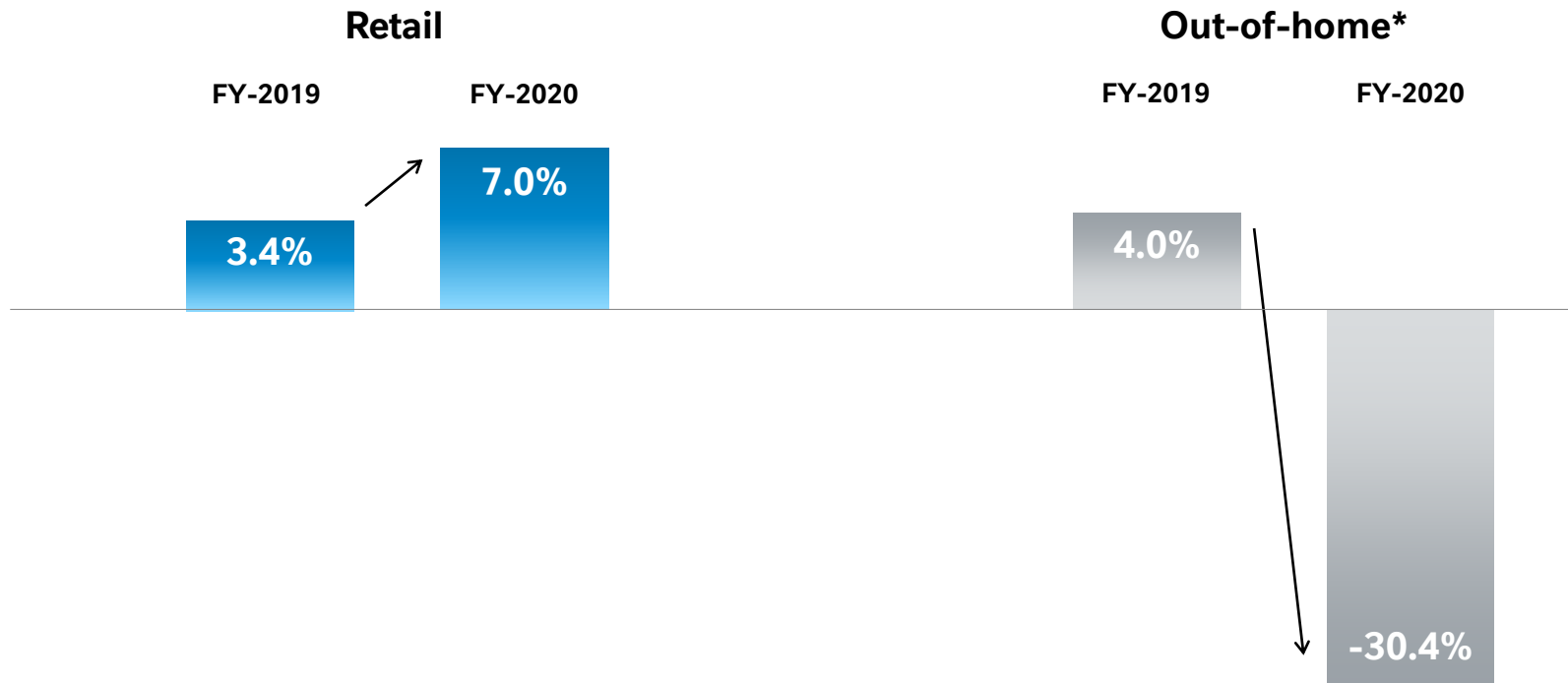


Full-year sales growth



Contrasted momentum by channel

Organic sales growth

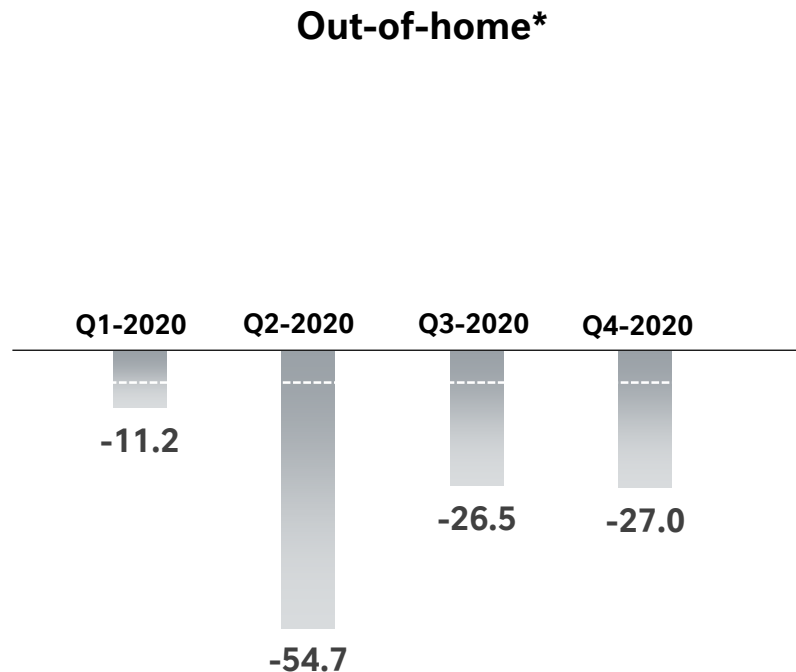
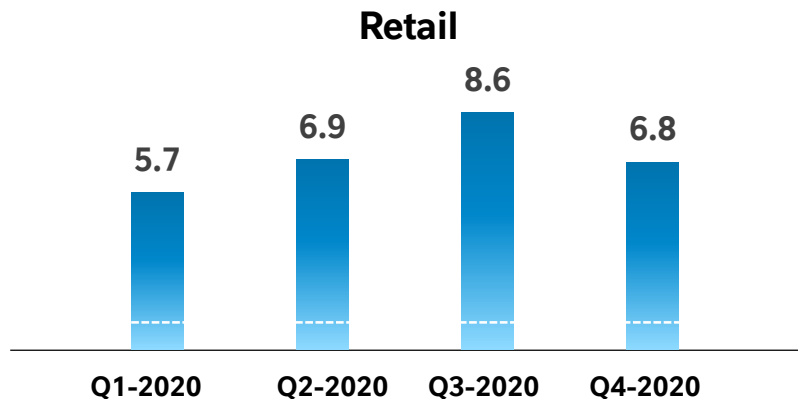


* Includes Nestlé Professional, foodservice activities of Nespresso, Starbucks products and water, travel retail and Blue Bottle



Strong growth in retail sales

Organic sales growth %

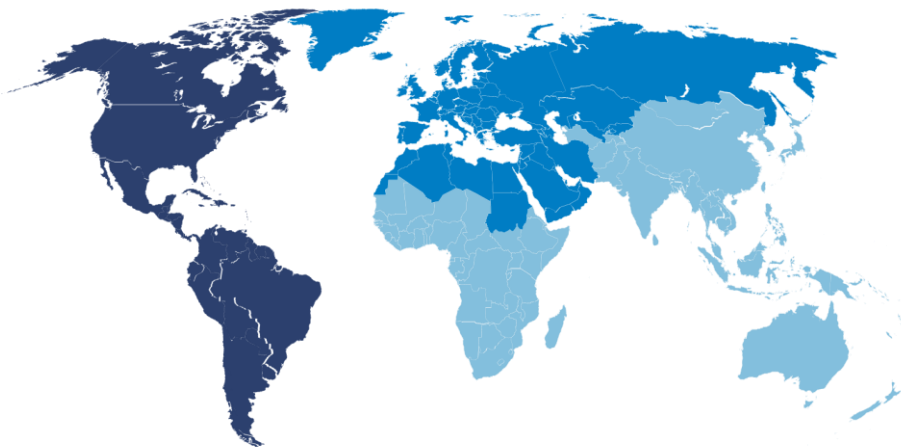


* Includes Nestlé Professional, foodservice activities of Nespresso, Starbucks products and water, travel retail and Blue Bottle



Broad-based growth with strong momentum in the Americas

	AMS	EMENA	AOA
Sales (in CHF)	37.7 bn	24.5 bn	22.1 bn
RIG	5.3%	2.6%	0.5%
Pricing	0.7%	-0.2%	0.3%
OG	6.0%	2.4%	0.8%

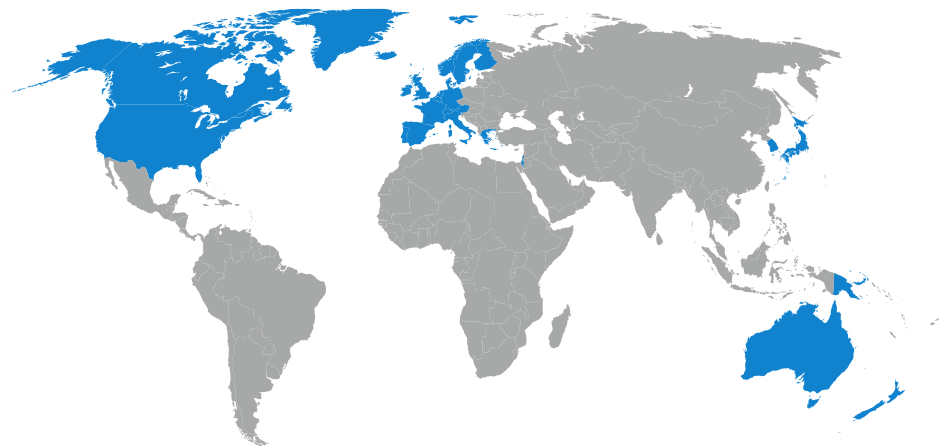


Each geography includes zones, Nestlé Waters, Nespresso, Nestlé Health Science and Nestlé Skin Health



Strong real internal growth in developed markets

	Developed	Emerging
Sales (in CHF) % of Group sales	49.4 bn 59%	34.9 bn 41%
RIG	4.6%	1.4%
Pricing	-0.8%	2.0%
OG	3.8%	3.4%



Zone AMS

Sales	CHF 34.0 bn
Organic growth	4.8%
Real internal growth	4.1%
Underlying TOP margin	20.5%
vs LY	+40 bps

- Strong momentum, supported by robust RIG and positive pricing
- North America saw mid single-digit growth, led by *Purina PetCare*, coffee and frozen food
- Growth in Latin America reached a high single-digit rate, led by Brazil, Chile and Mexico
- Margin +40 bps based on operating leverage, portfolio management and structural cost reductions



Zone EMENA

Sales	CHF 20.2 bn
Organic growth	2.9%
Real internal growth	3.3%
Underlying TOP margin	18.6%
vs LY	+50 bps

- Highest organic growth in the last five years, with broad-based market share gains
- All regions contributed positively, with strong momentum in Russia, Germany, the UK and Israel
- Coffee, *Purina* PetCare and culinary were the main contributors to growth
- Margin +50 bps based on lower marketing expenses, structural cost reductions and portfolio management



Zone AOA

Sales	CHF 20.7 bn
Organic growth	0.5%
Real internal growth	0.0%
Underlying TOP margin	22.2%
vs LY	-30 bps

- Positive organic growth, led by pricing
- China saw negative growth due to the timing of Chinese New Year and declines in out-of-home channels
- Other regions combined grew at a mid single-digit rate, supported by Sub-Saharan Africa, Philippines and India
- Margin -30 bps reflecting commodity inflation and COVID-19-related costs



Other Businesses

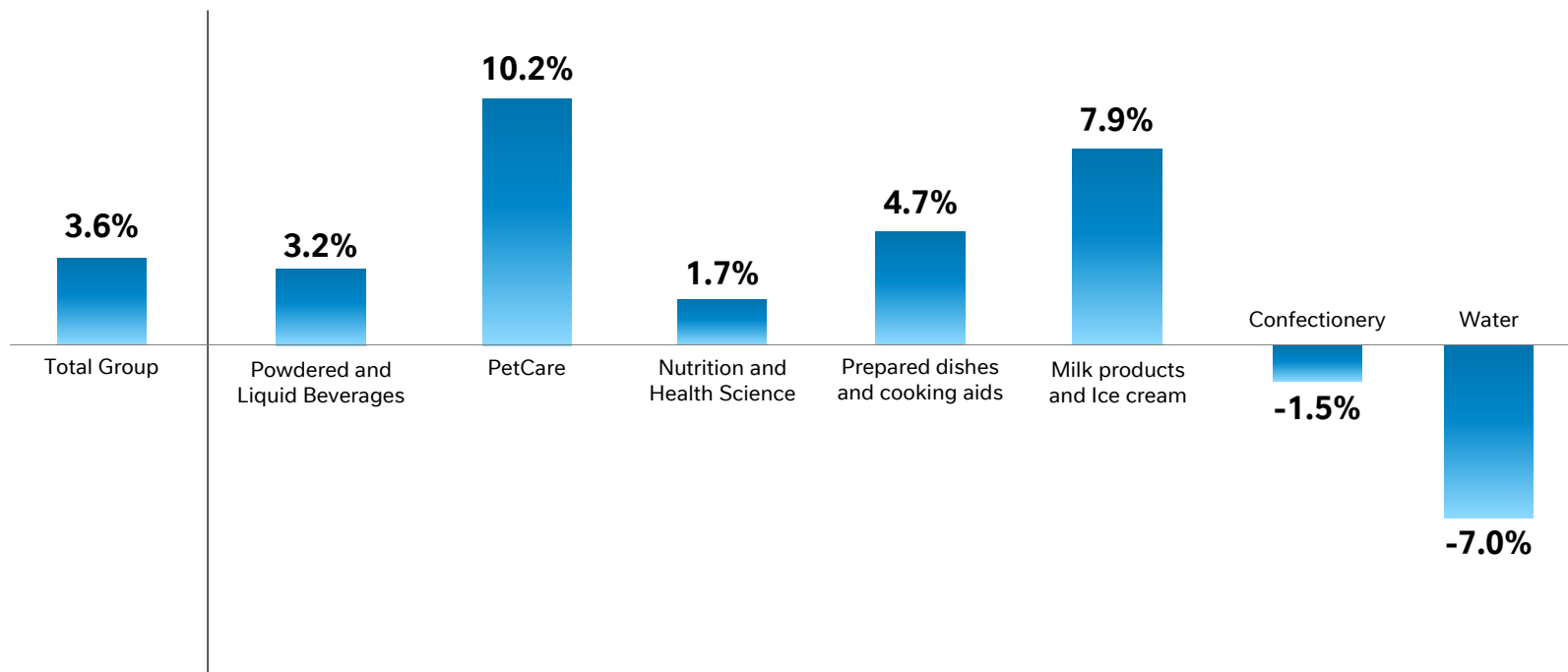
Sales	CHF 9.4 bn
Organic growth	7.9%
Real internal growth	7.3%
Underlying TOP margin	19.6%
vs LY	+90 bps

- Nespresso accelerated to 7.0% organic growth, led by e-commerce and the *Vertuo* system
- Nestlé Health Science posted 12.2% organic growth, with strong demand for products that support health and immunity
- Margin +90 bps based on operating leverage and structural cost reductions



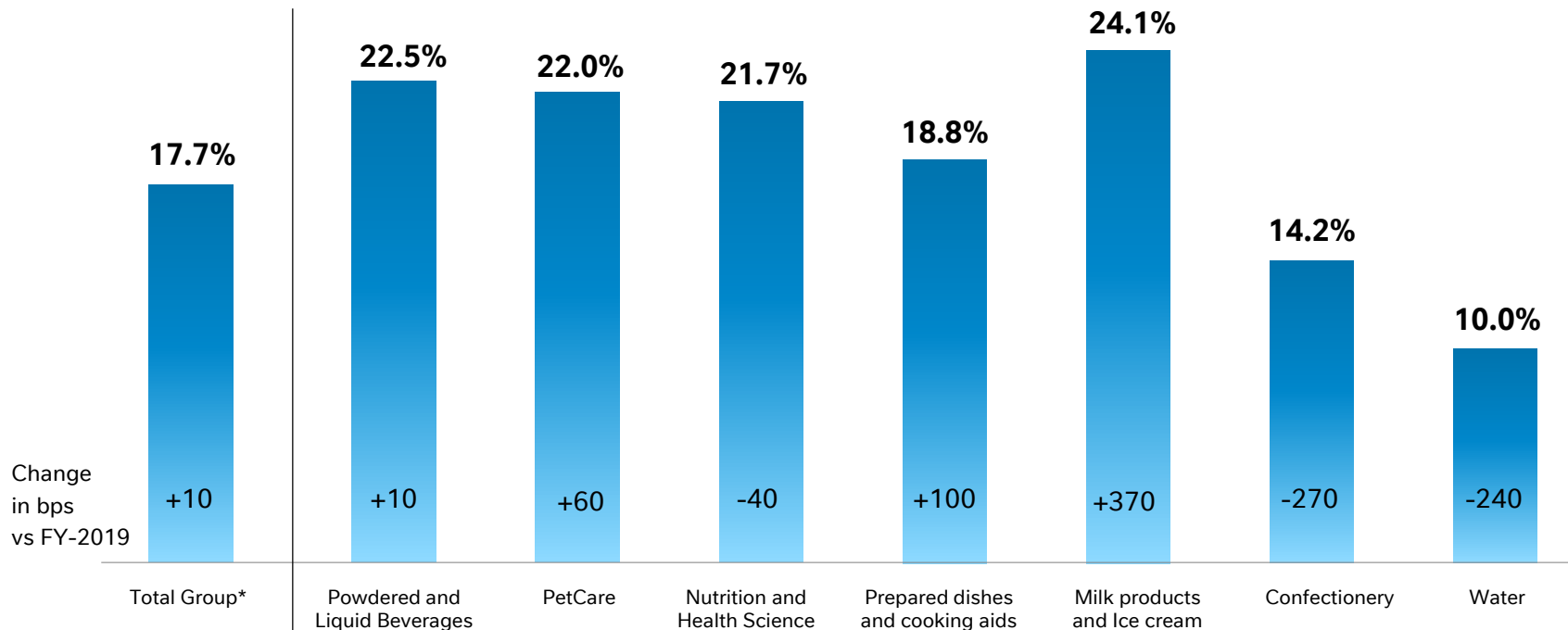
Contrasted category dynamics

Organic sales growth %



Underlying trading operating profit margin by category

In % of sales



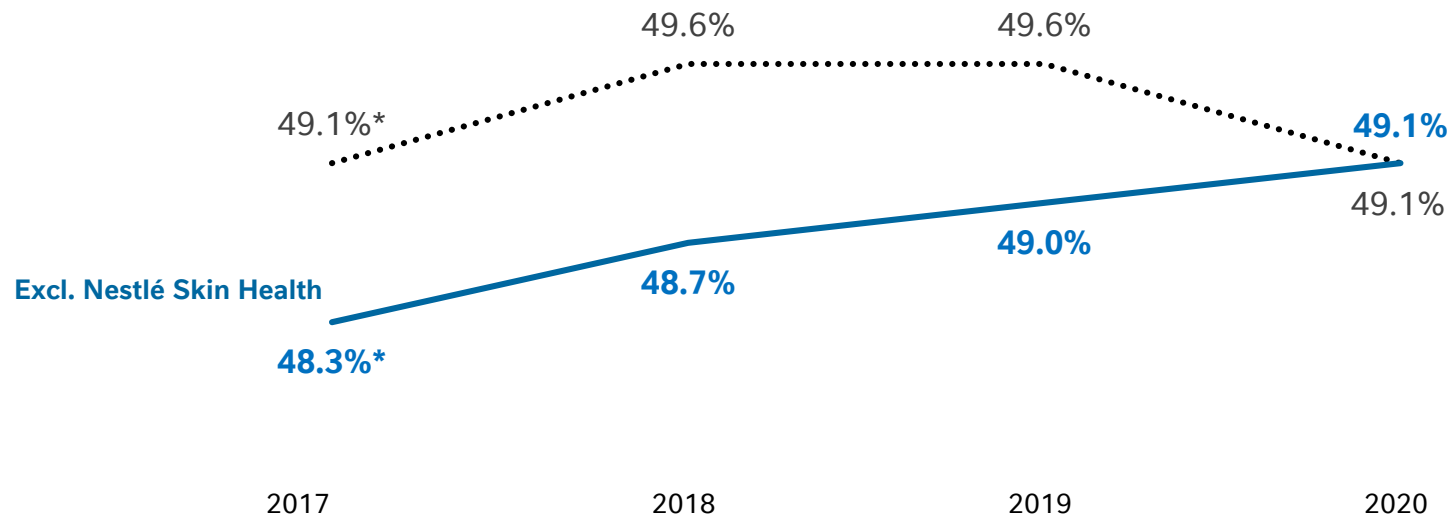
* Includes unallocated items



Further improvement in gross margin

Excluding Nestlé Skin Health

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

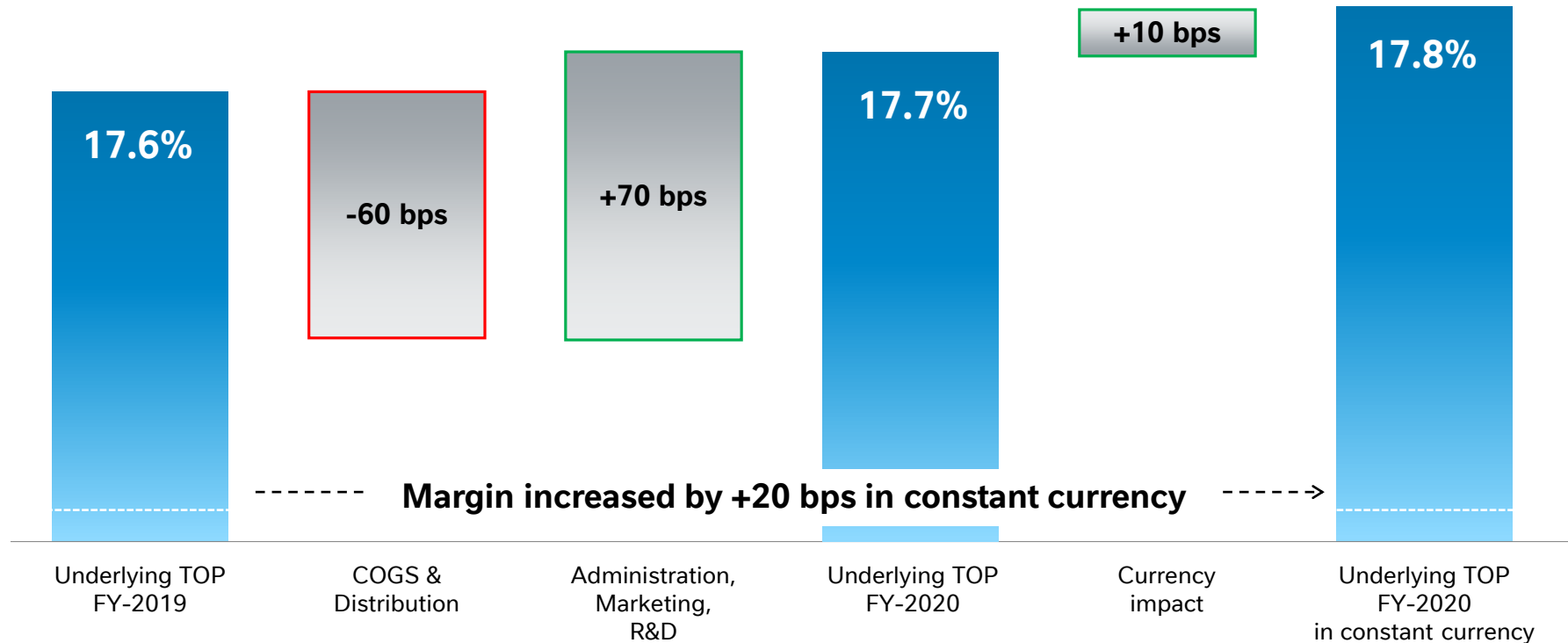


* Restated to reflect implementation of IFRS 15, IFRS 16 and reclassification of certain cost items from marketing and administration to cost of goods sold



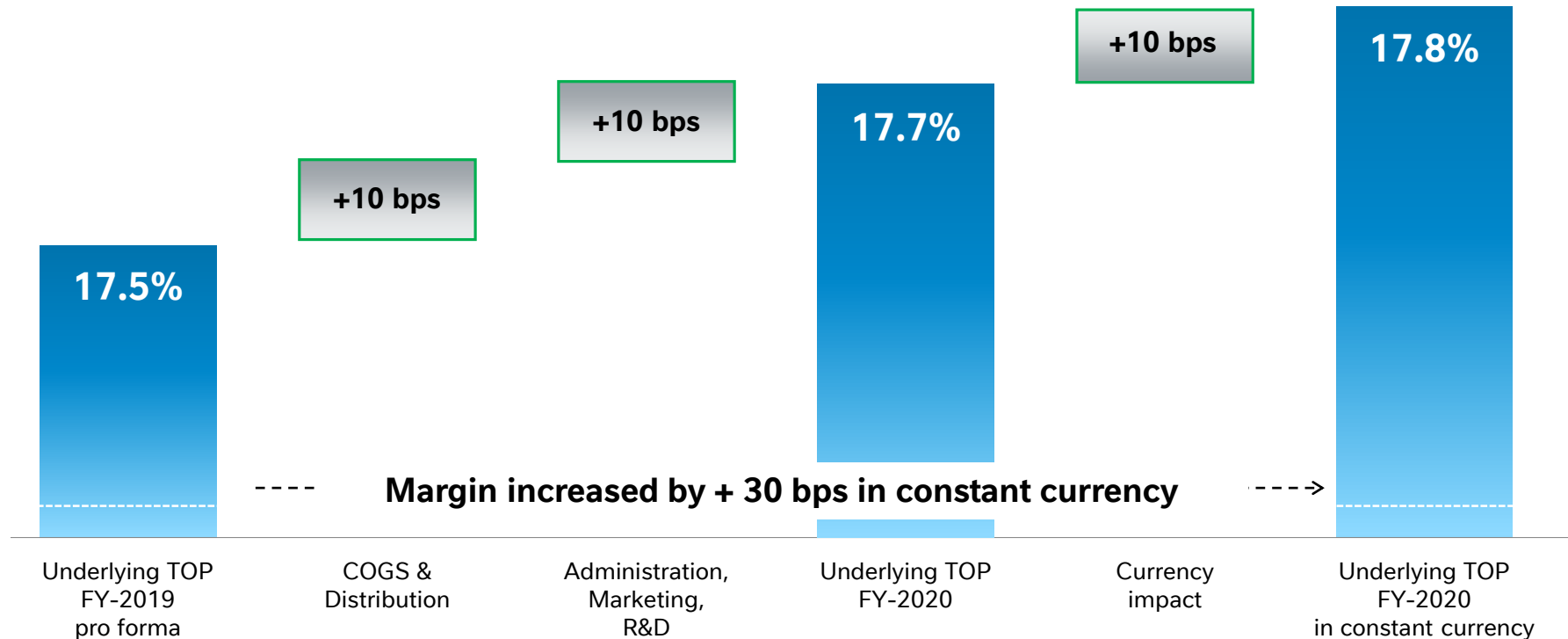
Continued margin expansion

Underlying TOP margin, including Nestlé Skin Health



Continued margin expansion

Underlying TOP margin pro forma, excluding Nestlé Skin Health



Increased underlying EPS in constant currency

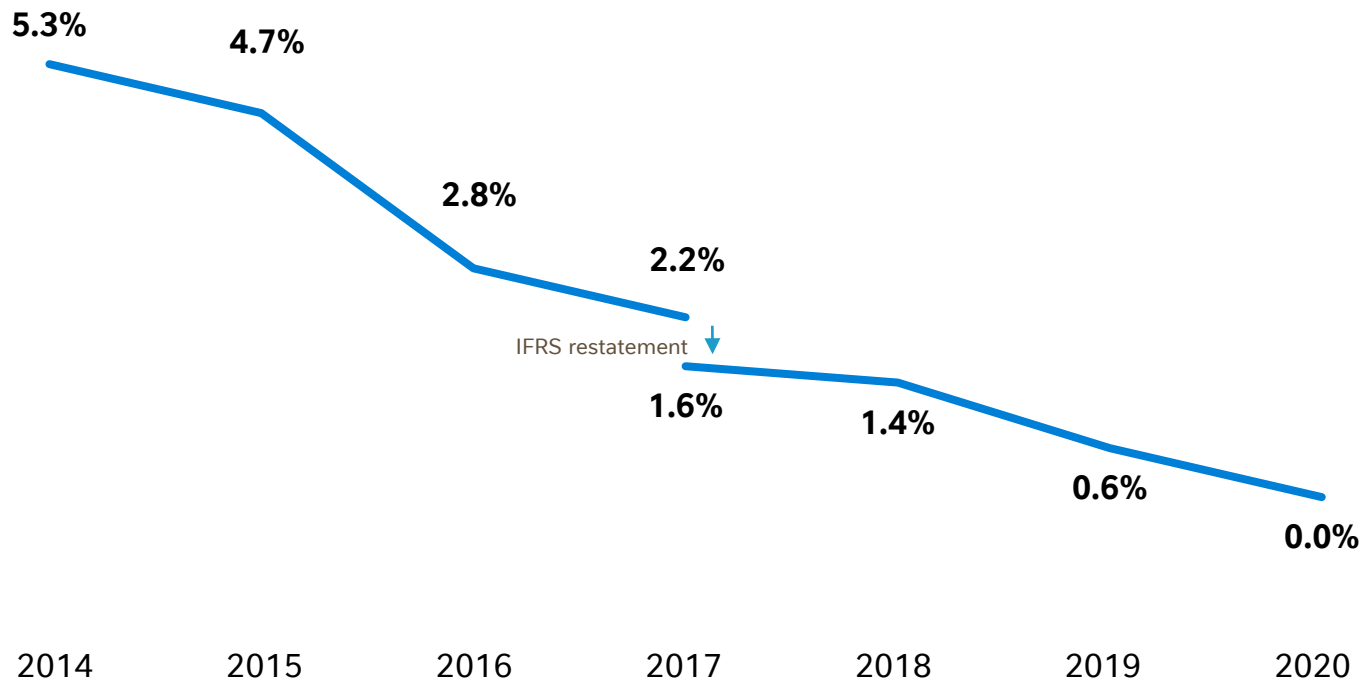
	% of sales	2020 vs 2019
Underlying trading operating profit	17.7%	+10 bps
Restructuring		+30 bps
Impairment of assets		+130 bps
Onerous contracts, litigations and other operating income / expenses		+40 bps
Trading operating profit	16.9%	+210 bps
Gain / loss on disposals		-170 bps
Taxes		-60 bps
Income from associates / joint ventures		+120 bps
Others		-10 bps
Net profit	14.5%	+90 bps
Weighted average number of shares outstanding	2 845 m	-2.9%
Underlying EPS	CHF 4.21	+3.5%*

* In constant currency



Continued improvement in working capital

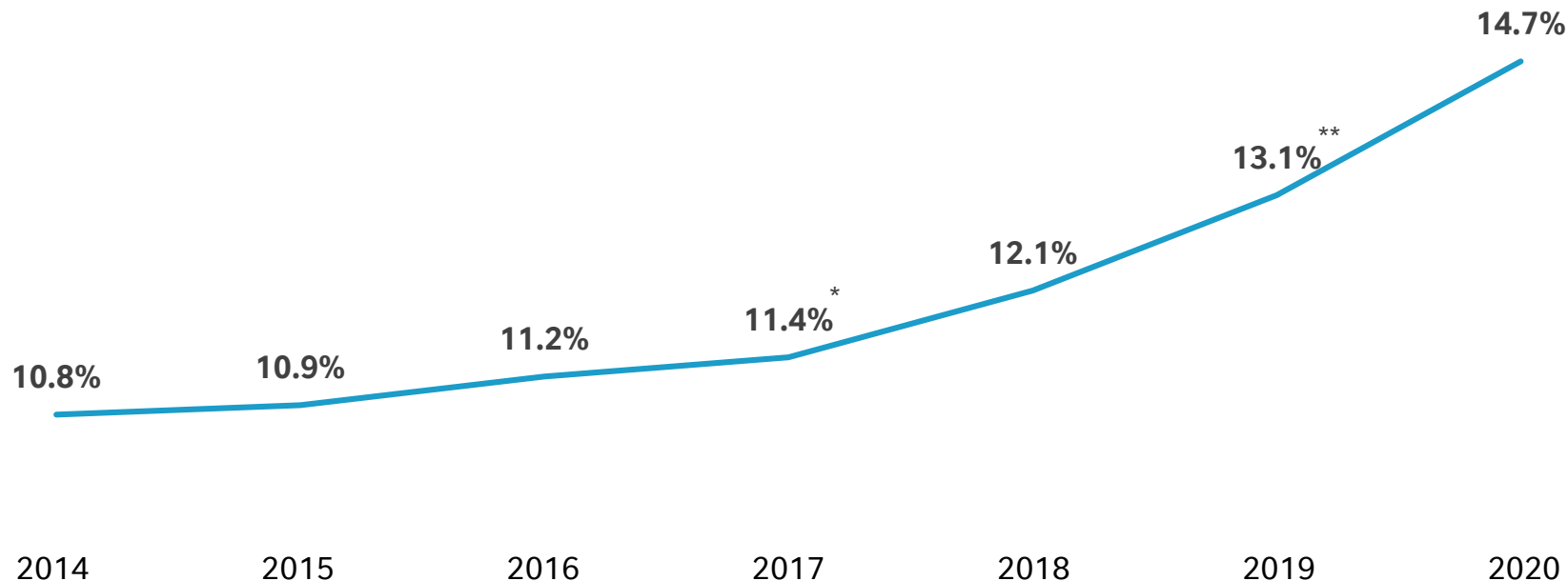
Working capital as a % of sales, calculated on a 5-quarter average



Note: 2017 restated, reflecting implementation of IFRS 15 and IFRS 16



Steady progress in ROIC, led by disciplined capital allocation



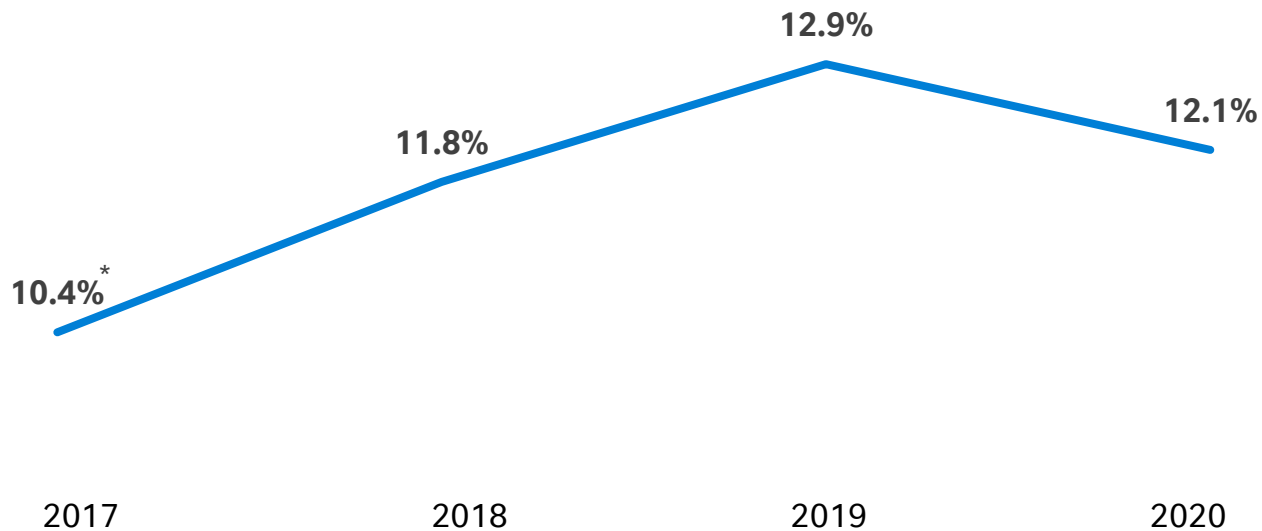
* Excludes impairment of Nestlé Skin Health and restated to reflect implementation of IFRS 15 and IFRS 16

** Excludes impairment of Yinlu



Strong free cash flow

Free cash flow in % of sales

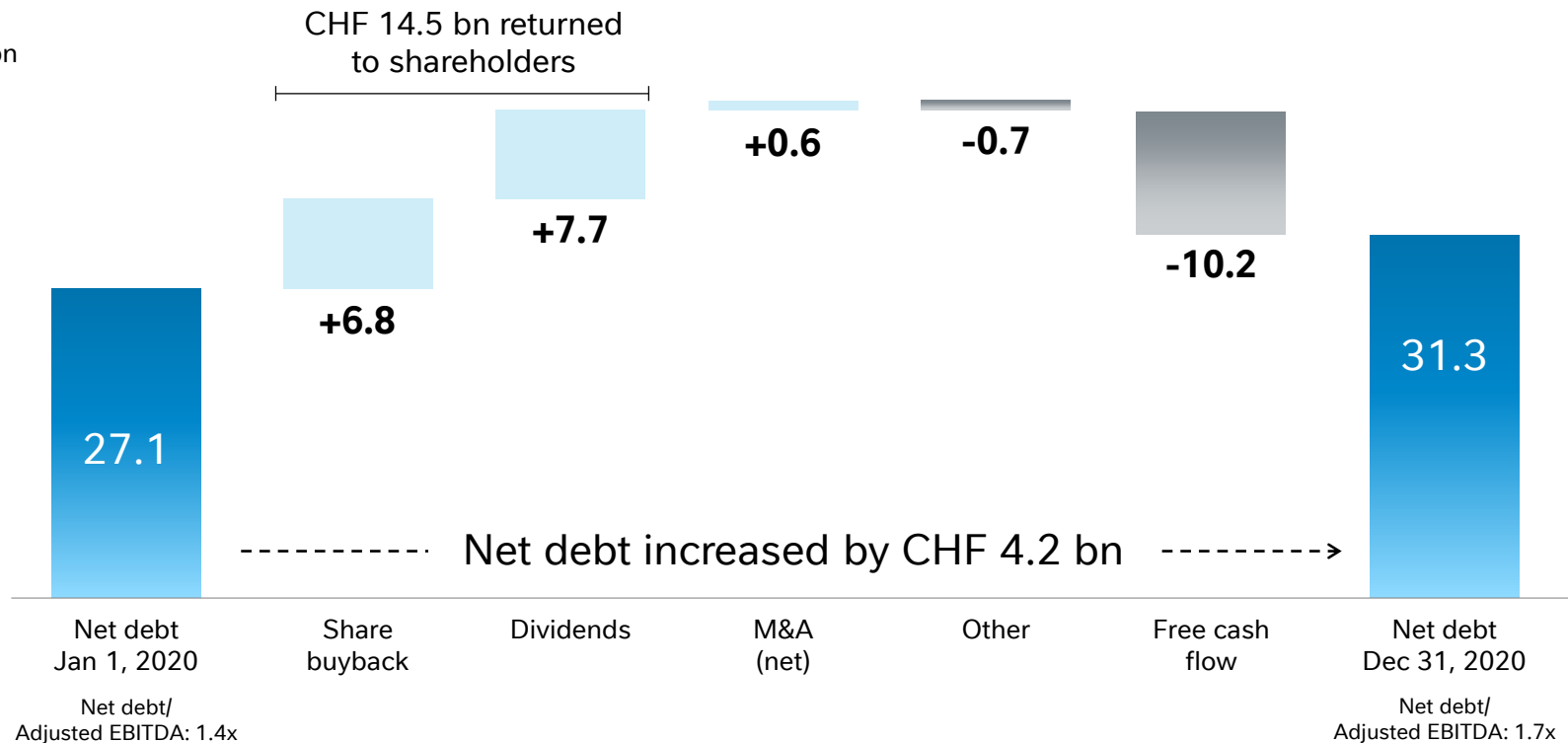


* Restated, reflecting implementation of IFRS 15 and IFRS 16



Net debt

In CHF bn





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Full-year results 2020

Q&A





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Full-year results 2020

Supporting slides

FY-2020 Operating segments – quarterly summary

	Q4-2020 sales			
	Sales (CHF m)	RIG %	Pricing %	OG %
Zone AMS	9 019	2.6	1.6	4.2
Zone EMENA	5 274	3.3	-0.2	3.1
Zone AOA	5 479	0.7	0.9	1.6
Other Businesses	2 659	8.7	0.5	9.2
Total Group	22 431	3.0	0.9	3.9



FY-2020 Operating segments – topline summary

	FY-2020 sales						
	Sales (CHF m)	RIG %	Pricing %	OG %	Net M&A %	F/X %	Reported sales growth %
Zone AMS	34 010	4.1	0.7	4.8	-5.0	-9.9	-10.1
Zone EMENA	20 226	3.3	-0.4	2.9	-2.1	-6.6	-5.8
Zone AOA	20 730	0.0	0.5	0.5	-0.1	-6.7	-6.3
Other Businesses	9 377	7.3	0.6	7.9	-17.6	-6.3	-16.0
Total Group	84 343	3.2	0.4	3.6	-4.6	-7.9	-8.9



FY-2020 Products – topline summary

	FY-2020 sales			
	Sales (CHF m)	RIG %	Pricing %	OG %
Powdered and liquid beverages	22 256	2.8	0.4	3.2
Water	6 421	-5.5	-1.5	-7.0
Milk products and ice cream	11 007	5.6	2.3	7.9
Nutrition and Health Science	12 160	1.2	0.5	1.7
Prepared dishes and cooking aids	11 523	4.7	0.0	4.7
Confectionery	6 975	-1.1	-0.4	-1.5
Petcare	14 001	9.7	0.5	10.2
Total Group	84 343	3.2	0.4	3.6



FY-2020 historical eight quarters

Period	RIG %	Pricing %	OG %
Q1-2019	2.2	1.2	3.4
Q2-2019	3.0	0.9	3.9
Q3-2019	3.9	-0.2	3.7
Q4-2019	2.5	0.5	3.0
Q1-2020	4.7	-0.4	4.3
Q2-2020	0.5	0.8	1.3
Q3-2020	4.8	0.1	4.9
Q4-2020	3.0	0.9	3.9



FY-2020 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 AMS	34 010	6 975	6 724	(251)	(126)	--	(1 106)
Zone EMENA	20 226	3 766	3 575	(191)	(43)	(162)	(852)
Zone AOA	20 730	4 599	4 466	(133)	(82)	(53)	(705)
Other businesses	9 377	1 841	1 796	(45)	(28)	(4)	(530)
Unallocated items	--	(2 278)	(2 328)	(50)	(23)	(1)	(272)
Total Group	84 343	14 903	14 233	(670)	(302)	(220)	(3 465)



FY-2020 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	22 256	5 008	4 824	(184)	(93)	(38)
Water	6 421	639	522	(117)	(19)	(77)
Milk products and Ice cream	11 007	2 652	2 615	(37)	(20)	(5)
Nutrition and Health Science	12 160	2 640	2 490	(150)	(55)	(37)
Prepared dishes and cooking aids	11 523	2 171	2 147	(24)	(24)	(40)
Confectionery	6 975	990	874	(116)	(67)	(28)
Petcare	14 001	3 081	3 089	8	(1)	6
Unallocated items	--	(2 278)	(2 328)	(50)	(23)	(1)
Total Group	84 343	14 903	14 233	(670)	(302)	(220)



FY-2020 currency overview

			Weighted average rate		
			FY-2019	FY-2020	Variation in %
US Dollar	1	USD	0.993	0.937	-5.6%
Euro	1	EUR	1.112	1.070	-3.8%
Chinese Yuan Renminbi	100	CNY	14.366	13.596	-5.4%
UK Pound Sterling	1	GBP	1.269	1.202	-5.3%
Brazilian Reais	100	BRL	25.118	18.175	-27.6%
Philippine Peso	100	PHP	1.920	1.893	-1.4%
Mexican Pesos	100	MXN	5.159	4.395	-14.8%
Canadian Dollar	1	CAD	0.749	0.698	-6.8%
Japanese Yen	100	JPY	0.911	0.877	-3.7%
Indian Rupee	100	INR	1.410	1.267	-10.1%
Russian Federation Ruble	100	RUB	1.537	1.292	15.9%
Australian Dollar	1	AUD	0.692	0.646	-6.6%



FY-2020 underlying EPS reconciliation (1 of 2)

From net profit to underlying net profit

	In CHF m	
	FY-2019	FY-2020
Net profit	12 609	12 232
Restructuring costs	553	220
Impairments of property, plant & equipment, goodwill and int. assets	2 336	711
Net result on disposal of businesses	(3 416)	(1 678)
Other adjustment in Net other income/(expense)	710	854
Adjustment for income from associates and joint ventures	285	(577)
Tax effect on above items & adjustment of one-off tax items	(135)	400
Adjustment in non-controlling interests	(20)	(179)
Underlying net profit	12 922	11 983
Weighted Average number of shares outstanding (m)	2 929	2 845
Underlying EPS	4.41	4.21



FY-2020 underlying EPS reconciliation (2 of 2)

From underlying trading operating profit to underlying net profit

In CHF m

	FY-2019	FY-2020
Underlying trading operating profit	16 260	14 903
Net financial income / (expense)	(1 016)	(874)
Adjusted taxes	(3 294)	(2 965)
Adjusted income from associates and joint ventures	1 286	1 238
Adjusted non-controlling interests	(314)	(319)
Underlying net profit	12 922	11 983
Weighted Average number of shares outstanding (m)	2 929	2 845
Underlying EPS	4.41	4.21



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
- Adjusted EBITDA As per definition in Alternative Performance Measures (APM)

