Good food, Good life

Press Release

Vevey, February 18, 2021 FR | DE

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Nestlé reports full-year results for 2020

- Organic growth reached 3.6%, with real internal growth (RIG) of 3.2% and pricing of 0.4%. Growth was supported by strong momentum in the Americas, Purina PetCare and Nestlé Health Science.
- Foreign exchange reduced sales by 7.9% due to the continued appreciation of the Swiss franc against most currencies. Divestitures had a negative impact of 4.6%. As a result, total reported sales decreased by 8.9% to CHF 84.3 billion (2019: CHF 92.6 billion).
- The underlying trading operating profit (UTOP) margin reached 17.7%, up 10 basis points on a reported basis and 20 basis points in constant currency. The trading operating profit (TOP) margin increased by 210 basis points to 16.9% on a reported basis.
- Underlying earnings per share increased by 3.5% in constant currency and decreased by 4.5% on a reported basis to CHF 4.21. Earnings per share stayed unchanged at CHF 4.30 on a reported basis.
- Free cash flow was CHF 10.2 billion.
- Return on invested capital increased by 240 basis points to 14.7%.
- Board proposes a dividend increase of 5 centimes to CHF 2.75 per share, marking 26 consecutive years of dividend growth. In total, CHF 14.5 billion were returned to shareholders in 2020 through a combination of dividend and share buybacks.
- Continued progress in portfolio management. Nestlé divested the Yinlu peanut milk and canned rice porridge businesses in China and agreed to sell its regional spring water brands, purified water business and beverage delivery service in the U.S. and Canada. Portfolio rotation since 2017 now amounts to around 18% of total 2017 sales.
- **2021 outlook:** 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 improvement. Continued prudent capital allocation and capital efficiency improvement.

Mark Schneider, Nestlé CEO, commented: *"2020 was a year of hardship for so many, yet I am inspired by the way it has brought all of us closer together. I want to thank our employees and our partners - from farmers to retailers - who worked with us to ensure the supply of food and beverages to communities globally.*

In this unprecedented environment, we achieved our third consecutive year of improvement in organic growth, profitability and return on invested capital.

The global pandemic did not slow us down. Our nutrition expertise, digital capabilities, decentralized structure and innovation engine allowed us to adapt quickly to changing consumer behaviors and trends. We advanced our portfolio transformation, continued to build Nestlé Health Science into a nutrition powerhouse and expanded our presence in direct-to-consumer businesses.

At the same time, we remained focused on sustainability and set out our path to achieve net zero greenhouse gas emissions by 2050. This journey is expected to support future growth and be earnings neutral – it will generate value for society and our shareholders.

Looking to 2021, we expect continued improvement in organic growth, profitability and capital efficiency in line with our value creation model."

Group Results

	Total Group	Zone AMS	Zone EMENA	Zone AOA	Other Businesses
Sales FY-2020 (CHF m)	84 343	34 010	20 226	20 730	9 377
Sales FY-2019 (CHF m)*	92 568	37 828	21 464	22 119	11 157
Real internal growth (RIG)	3.2%	4.1%	3.3%	0.0%	7.3%
Pricing	0.4%	0.7%	-0.4%	0.5%	0.6%
Organic growth	3.6%	4.8%	2.9%	0.5%	7.9%
Net M&A	-4.6%	-5.0%	-2.1%	-0.1%	-17.6%
Foreign exchange	-7.9%	-9.9%	-6.6%	-6.7%	-6.3%
Reported sales growth	-8.9%	-10.1%	-5.8%	-6.3%	-16.0%
FY-2020 Underlying TOP margin	17.7%	20.5%	18.6%	22.2%	19.6%
FY-2019 Underlying TOP margin*	17.6%	20.1%	18.1%	22.5%	18.7%

* 2019 figures restated following the decision to integrate the Nestlé Waters business into the Group's three geographical Zones, effective January 1, 2020.

Group sales

Organic growth reached 3.6% in 2020, the highest level in the last five years. RIG accelerated to 3.2%. Pricing contributed 0.4% and improved during the year, particularly in emerging markets.

Growth was based on strong momentum in the Americas and robust sales development in EMENA. AOA saw positive growth. Organic growth in developed markets was strong at 3.8%. Growth in emerging markets improved during the year and reached 3.4%.

By product category, the largest contributor to growth was Purina PetCare and its premium brands *Purina Pro Plan*, *Purina ONE* and *Felix*. Dairy saw high single-digit growth, based on increased demand for home-baking products and fortified affordable milks. Coffee reported mid single-digit growth, boosted by strong consumer demand for Starbucks products, *Nespresso* and *Nescafé*. Sales of Starbucks products reached CHF 2.7 billion, generating incremental sales of over CHF 400 million in 2020. Prepared dishes and cooking aids posted mid single-digit growth, with robust momentum across most categories during lockdowns. Vegetarian and plant-based food offerings continued to see strong double-digit growth, despite reduced demand in out-of-home channels due to the pandemic. Sales in Nestlé Health Science grew at a double-digit rate, reflecting higher demand for products that support health and the immune system. Growth in confectionery was slightly negative, with reduced demand for impulse and gifting products. Water reported a decrease in sales due to its high exposure to out-of-home channels.

Divestitures decreased sales by 4.6%, largely related to the divestment of Nestlé Skin Health, the U.S. ice cream business and the Herta charcuterie business. Foreign exchange reduced sales by 7.9%, reflecting the continued appreciation of the Swiss franc versus most currencies. Total reported sales decreased by 8.9% to CHF 84.3 billion.

Business impact of COVID-19

The effects of COVID-19 on the Group's organic growth varied by product category and sales channel:

- **Product categories:** Demand for at-home consumption, trusted brands and products with nutritional benefits was strong. Purina PetCare, dairy, coffee at-home and Nestlé Health Science reported robust growth. Sales in confectionery and water decreased, reflecting their high exposure to out-of-home channels and on-the-go consumption.

- **Sales channels:** Retail sales posted high single-digit organic growth, reflecting elevated demand for at-home consumption. Sales in out-of-home channels declined significantly.

  E-commerce sales grew by 48.4%, reaching 12.8% of total Group sales. Coffee, Purina PetCare and Nutrition & Health Science were the main growth contributors, with strong momentum in all other categories.

In 2020, COVID-19-related incremental costs were CHF 420 million, including expenses for bonuses paid to frontline workers, employee safety protocols, donations and other staff and customer allowances. Around CHF 260 million of these costs impacted underlying trading operating profit, partially offset by savings such as travel expenses. In addition, the Group absorbed costs of CHF 170 million related to staff and facilities made idle due to lockdown measures. Overall COVID-19-related costs decreased in the second half of the year, as movement restrictions eased.

Underlying Trading Operating Profit
Underlying trading operating profit decreased by 8.3% to CHF 14.9 billion. The underlying trading operating profit margin reached 17.7%, an increase of 20 basis points in constant currency and 10 basis points on a reported basis.

Margin expansion was supported by structural cost reductions, portfolio management and slightly lower consumer-facing marketing expenses[1] which more than offset commodity inflation and COVID-19-related costs. In the second half of the year, consumer-facing marketing expenses[1] returned to a normalized level and increased versus the same period of 2019.

Restructuring expenses and net other trading items decreased by CHF 1 916 million to CHF 670 million, reflecting lower asset impairments and COVID-19-related delays to restructuring programs. As a result, trading operating profit increased by 4.1% to CHF 14.2 billion. The trading operating profit margin reached 16.9%, an increase of 220 basis points in constant currency and 210 basis points on a reported basis.

Net Financial Expenses and Income Tax
Net financial expenses decreased by 14.0% to CHF 874 million, reflecting a reduction in average net debt and a lower cost of debt.

The Group reported tax rate increased by 320 basis points to 24.2%, due to exceptional items in 2019, including the divestiture of Nestlé Skin Health. The underlying tax rate decreased by 50 basis points to 21.1%, mainly due to the evolution of the geographic and business mix.

Net Profit and Earnings Per Share
Net profit decreased by 3.0% to CHF 12.2 billion. The net profit margin increased by 90 basis points to 14.5%, due to one-off items related to gains on disposals, asset impairments, restructuring costs and revaluation of equity investments.

Underlying earnings per share increased by 3.5% in constant currency and decreased by 4.5% on a reported basis to CHF 4.21. Earnings per share was unchanged at CHF 4.30 on a reported basis. Divestitures had a negative impact of 3.5%. Nestlé's share buyback program contributed 1.4% to the underlying earnings per share increase, net of finance costs.

Cash Flow
Free cash flow decreased from CHF 11.9 billion to CHF 10.2 billion. The reduction was mainly due to the appreciation of the Swiss franc against most currencies and the impact of divestitures. Free cash flow margin decreased by 80 basis points to 12.1%. Free cash flow is expected to remain at around 12% of sales.
Working capital[2] decreased by 60 basis points to 0.0% of sales, marking 9 consecutive years of improvement. This reduction came even as the company increased inventory levels materially to meet COVID-19-related demand.

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[1] Excluding the divestiture of Nestlé Skin Health
[2] Calculated on a 5-quarter rolling average

Dividend
At the Annual General Meeting on April 15, 2021, the Board of Directors will propose a dividend of CHF 2.75 per share, an increase of 5 centimes. If approved, this will be the company's 26th consecutive annual dividend increase. The company has maintained or increased its dividend in Swiss francs over the last 61 years. Nestlé is committed to maintaining this long-held practice to increase the dividend in Swiss francs every year.

The last trading day with entitlement to receive the dividend will be April 16, 2021. The net dividend will be payable as from April 21, 2021.

Shareholders entered in the share register with voting rights on April 8, 2021 at 12:00 noon (CEST) will be entitled to exercise their voting rights.

Share Buyback Program
During 2020, the Group repurchased CHF 6.8 billion of Nestlé shares as part of the three-year CHF 20 billion share buyback program that began in January 2020.

Net Debt
Net debt increased to CHF 31.3 billion as at December 31, 2020, compared to CHF 27.1 billion at the end of 2019. The increase largely reflected share buybacks of CHF 6.8 billion completed during 2020.

Return on Invested Capital (ROIC)
The Group's ROIC increased by 240 basis points to 14.7%, as a result of disciplined capital allocation and improved operating performance.

Portfolio Management
Nestlé completed acquisitions and divestments with a total value of around CHF 8.4 billion in 2020.

- **Divestments:** In January, Nestlé completed the sale of its U.S. ice cream business for USD 4 billion to Froneri. In June, the Group closed the sale of a 60% stake in its Herta charcuterie business to Casa Tarradellas. On December 31, 2020, Nestlé completed the sale of the Yinlu peanut milk and canned rice porridge businesses in China to Food Wise Co., Ltd.

- **Acquisitions:** In April, Nestlé completed the acquisition of Lily's Kitchen, a premium natural pet food business. Nestlé also expanded its presence in direct-to-consumer meal delivery services through the acquisition of Freshly in the United States in November and the purchase of a majority stake in Mindful Chef in the United Kingdom in December.

  Nestlé Health Science continues to build its presence and leadership in the field of nutritional science. The Group completed the purchase of the Zenpep business in May, the acquisition of a majority stake in Vital Proteins in July and the purchase of Aimmune Therapeutics in October.

On February 17, 2021, Nestlé announced that it had reached an agreement to sell its regional spring water brands, purified water business and beverage delivery service in the U.S. and Canada to One Rock Capital Partners, in partnership with Metropoulos & Co. for USD 4.3 billion. The transaction is expected to close in spring 2021.

Zone Americas (AMS)

- 4.8% organic growth: 4.1% RIG; 0.7% pricing.
- North America saw mid single-digit organic growth, with strong RIG and negative pricing.
- Latin America reached high single-digit organic growth, with positive RIG and pricing.
- The underlying trading operating profit margin increased by 40 basis points to 20.5%.

	Sales 2020	Sales 2019	RIG	Pricing	Organic growth	UTOP 2020	UTOP 2019	Margin 2020	Margin 2019
Zone AMS	CHF 34.0 bn	CHF 37.8 bn	4.1%	0.7%	4.8%	CHF 7.0 bn	CHF 7.6 bn	20.5%	20.1%

Organic growth was 4.8%, with robust RIG of 4.1% and pricing of 0.7%. Divestitures reduced sales by 5.0%, largely related to the divestment of the U.S. ice cream business. Foreign exchange had a negative impact of 9.9%, reflecting broad-based currency depreciations against the Swiss franc. Reported sales in Zone AMS decreased by 10.1% to CHF 34.0 billion.

North America posted mid single-digit organic growth, with strong RIG across most product categories. The largest growth contributor was Purina PetCare, which saw strong momentum in e-commerce. Its science-based and premium brands *Purina Pro Plan*, *Purina ONE* and *Fancy Feast* all grew at a double-digit rate. Beverages, including Starbucks products, *Coffee mate* and *Nescafé,* posted double-digit growth, supported by a strong innovation pipeline. Frozen food reported high single-digit growth, led by *Stouffer's*, *DiGiorno* and *Hot Pockets*. Home-baking products, including *Toll House* and *Carnation,* saw elevated consumer demand. *Gerber* baby food posted positive growth, based on strong sales development in e-commerce and for the organic range. Water and Nestlé Professional reported a sales decrease, reflecting reduced demand in out-of-home channels during lockdowns.

Latin America reported high single-digit organic growth, with positive contributions across geographies and most product categories. Brazil posted double-digit growth, with strong broad-based demand, particularly for *Ninho*, *NAN* and *Nescafé*. Growth in Chile reached a double-digit rate, led by dairy, confectionery and ice cream. Mexico saw mid single-digit growth, supported by *La Lechera* and *Nescafé*. By product category, dairy, Purina PetCare, coffee and culinary all posted double-digit growth. Led by Brazil, confectionery reported positive growth reaching a high single-digit rate in the second half. Sales in Nestlé Professional decreased, with growth turning almost flat in the fourth quarter led by delivery businesses and on-the-go products.

The Zone's underlying trading operating profit margin increased by 40 basis points. Operating leverage, portfolio management and structural cost reductions more than offset commodity inflation and COVID-19-related costs.

Zone Europe, Middle East and North Africa (EMENA)

- 2.9% organic growth: 3.3% RIG; -0.4% pricing.
- Western Europe saw low single-digit organic growth with solid RIG, partially offset by negative pricing.
- Central and Eastern Europe reported mid single-digit organic growth, with strong RIG and negative pricing.
- Middle East and North Africa posted low single-digit organic growth, entirely driven by pricing.
- The underlying trading operating profit margin grew by 50 basis points to 18.6%.

	Sales 2020	**Sales 2019**	**RIG**	**Pricing**	**Organic growth**	**UTOP 2020**	**UTOP 2019**	**Margin 2020**	**Margin 2019**
Zone EMENA	CHF 20.2 bn	CHF 21.5 bn	3.3%	-0.4%	2.9%	CHF 3.8 bn	CHF 3.9 bn	18.6%	18.1%

Organic growth reached 2.9%, with robust RIG of 3.3% supported by favorable mix. Pricing decreased by 0.4%. Divestitures reduced sales by 2.1%, largely related to the divestment of a 60% stake in the Herta charcuterie business. Foreign exchange negatively impacted sales by 6.6%. Reported sales in Zone EMENA decreased by 5.8% to CHF 20.2 billion.

Zone EMENA recorded its best organic growth in the last five years. Each region saw broad-based positive growth, with strong momentum in Russia, Germany, the United Kingdom and Israel. The Zone continued to see market share gains, led by pet food, portioned and soluble coffee, as well as vegetarian and plant-based food products.

By product category, coffee, Purina PetCare and culinary were the largest contributors to growth. Coffee was supported by strong demand for *Nescafé* and Starbucks products. Purina PetCare reported sustained momentum, supported by premium brands, successful innovation and strong demand in e-commerce and specialist channels. *Felix*, *Purina Pro Plan*, *Tails.com* and the newly acquired *Lily's Kitchen* all grew at a strong double-digit rate. Culinary saw elevated consumer demand across all segments, particularly for *Maggi* and plant-based products. *Garden Gourmet* reported almost 60% growth, supported by new product launches and continued distribution expansion across its 20 markets. Infant nutrition posted positive growth, supported by Russia and the Middle East. Growth in confectionery was almost flat, as increased demand for baking products and tablets was offset by sales declines in impulse and gifting products. Water gained market share but recorded negative growth due to a sales decrease in the out-of-home channels. Nestlé Professional saw a significant sales decline.

The Zone's underlying trading operating profit margin increased by 50 basis points. Lower consumer-facing marketing expenses, structural cost reductions and portfolio management outweighed COVID-19-related costs.

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

- 0.5% organic growth: flat RIG; 0.5% pricing.
- China posted a high single-digit decrease in organic growth, with negative RIG and slightly negative pricing.
- South-East Asia saw low single-digit organic growth, with positive RIG and pricing.
- South Asia reported mid single-digit organic growth, with positive RIG and pricing.
- Sub-Saharan Africa recorded double-digit organic growth, led by strong RIG and positive pricing.
- Japan, South Korea and Oceania combined saw almost flat organic growth. Positive RIG was offset by negative pricing.
- The underlying trading operating profit margin decreased by 30 basis points to 22.2%.

	Sales 2020	**Sales 2019**	**RIG**	**Pricing**	**Organic growth**	**UTOP 2020**	**UTOP 2019**	**Margin 2020**	**Margin 2019**
Zone AOA	CHF 20.7 bn	CHF 22.1 bn	0.0%	0.5%	0.5%	CHF 4.6 bn	CHF 5.0 bn	22.2%	22.5%

Organic growth was 0.5%, with flat RIG and pricing of 0.5%. Divestitures had a negative impact of 0.1%. Foreign exchange reduced sales by 6.7%. Reported sales in Zone AOA decreased by 6.3% to CHF 20.7 billion.

Zone AOA reported positive organic growth. A sales decline in China was more than offset by mid single-digit organic growth in the other regions.

China posted negative growth due to the timing of Chinese New Year, declines in out-of-home channels and limited consumer stockpiling during lockdowns. Coffee posted high single-digit growth, supported by strong momentum in e-commerce for *Nescafé* and Starbucks products. Culinary and ice cream delivered mid single-digit growth. Ambient dairy posted positive growth, led by home-baking products and nutritional offerings for adults. Sales in infant formula declined, with improvement in the second half. A positive sales development for *NAN* was more than offset by negative growth for *S-26* and *illuma*. The roll-out of the locally produced *Belsol* brand saw good progress. Infant cereals saw double-digit growth. Sales for Purina PetCare grew at a strong double-digit rate, supported by *Purina Pro Plan* and the launch of veterinary products. Nestlé Professional reported a sales decrease, with growth improving to almost flat in the fourth quarter.

South-East Asia posted low single-digit growth. Sales in the Philippines and Indonesia grew at a high single-digit rate, led by increased consumer demand for *Bear Brand* and *Milo*. Other South-East Asian markets were impacted by sales decreases in the out-of-home channels. South Asia continued to perform well, with high single-digit growth in India and a return to positive growth in Pakistan. In India, *Maggi, Nescafé* and *KitKat* posted robust growth and e-commerce sales saw sustained momentum. Sales in Sub-Saharan Africa grew at a double-digit rate, reflecting strong sales development across most countries and categories. Oceania posted robust broad-based growth, led by Purina Pet Care, coffee and confectionery. Sales in South Korea grew at a strong double-digit rate, driven by coffee. Japan saw a sales decline, with improvement in the second half led by coffee. *KitKat* sales in Japan were negatively impacted by a reduction of inbound tourists.

By product category, the largest growth contributors were dairy, culinary and coffee. In coffee, there was continued strong demand for Starbucks products. Outside of China, Infant Nutrition saw mid single-digit growth, led by South Asia, Sub-Saharan Africa and Indonesia. Nestlé Professional posted negative growth, with improving sales development in China in the second half.

The Zone’s underlying trading operating profit margin decreased by 30 basis points. Commodity inflation and COVID-19-related costs outweighed lower consumer-facing marketing expenses.

Other Businesses

- 7.9% organic growth: 7.3% RIG; 0.6% pricing.
- Nespresso reported 7.0% organic growth, with strong RIG and positive pricing.
- Nestlé Health Science saw 12.2% organic growth, entirely driven by RIG.
- The underlying trading operating profit margin of Other Businesses increased by 90 basis points to 19.6%.

	Sales 2020	Sales 2019	RIG	Pricing	Organic growth	UTOP 2020	UTOP 2019	Margin 2020	Margin 2019
Other Businesses	CHF 9.4 bn	CHF 11.2 bn	7.3%	0.6%	7.9%	CHF 1.8 bn	CHF 2.1 bn	19.6%	18.7%

Organic growth of 7.9% was based on strong RIG of 7.3% and pricing of 0.6%. Divestitures reduced sales by 17.6%, due to the divestment of Nestlé Skin Health. Foreign exchange negatively impacted sales by 6.3%. Reported sales in Other Businesses decreased by 16.0% to CHF 9.4 billion.

Nespresso sales reached CHF 5.9 billion, with organic growth accelerating to 7.0%, the highest level in the last six years. E-commerce and the *Vertuo* system saw strong double-digit growth, more than offsetting sales declines in out-of-home channels. Growth was also supported by innovations such as *Reviving Origins*, limited-edition products and the launch of Nespresso’s first organic coffee. By geography, the Americas and AOA posted double-digit growth. North America continued to see market share gains, with the United States becoming Nespresso’s largest market. In Europe, a sales decrease in the out-of-home channels was partially offset by mid single-digit growth in the at-home business.

Nestlé Health Science sales reached CHF 3.3 billion, with organic growth accelerating to 12.2%. Growth was supported by high demand for products that support health and immunity. In Consumer Care, *Garden of Life* and *Pure Encapsulations* were the largest contributors to growth, with continued strong momentum in e-commerce. The recently acquired *Vital Proteins*, America's leading collagen products brand, saw strong growth. Healthy-aging products posted double-digit growth, reflecting successful innovations by *Boost* in North America and *Nutren* in Brazil. *Persona*, the subscription-based personalized vitamin business, more than tripled its sales. Medical nutrition posted high single-digit growth, led by pediatric food allergy and adult medical care products.

The underlying trading operating profit margin of Other Businesses increased by 90 basis points, based on operating leverage and structural cost reductions.

Nespresso and Nestlé Health Science will be reported as stand-alone operating segments in Nestlé's published accounts from 2021 onwards. This change reflects their increased financial contribution and provides greater transparency on their performance.

Business as a force for good: making milk more climate friendly

Agriculture accounts for nearly two-thirds of Nestlé's total greenhouse gas emissions, with dairy and livestock making up about half of that. Yet milk is an excellent source of nutrients and one of our key raw materials. Significantly reducing the carbon footprint of dairy is therefore a must. We are working together with our many partners to define innovative solutions. In particular, in traditional dairy markets, such as New Zealand, the U.S., Switzerland and Ireland, we are seeing significant progress.

If you can't measure it, you can't manage it. It starts with knowing the emissions of individual farms. Nestlé uses the Cool Farm Tool, a widely accepted third-party tool, to work with our suppliers to calculate their emissions. The specific, primary data it provides enables us to group thousands of different supplier farms into clusters based on similar characteristics, serving as the basis for defining solutions and measuring their impact. And as more and more companies use this tool, it enables consistency and comparability of data across the industry.

Different farms, different solutions. In designing solutions, we look at individual farms in their local context. We consider the geography and soil of the farm, as well as whether cows can graze freely, are confined, or a combination of both.

Together with the livestock farmers on the ground, we build comprehensive, innovative tailored solutions that focus on several key areas. We aim to reduce the methane produced by cows during digestion; to use local, sustainably produced feed for livestock; to improve the management of manure; to enhance grassland management; to optimize herd structure and ensure animal health and welfare; and to expand the use of renewable energy. We simulate different combinations of measures to see which will have the greatest impact and make the most economic and ecological sense.

Across the globe, efforts from our milk sourcing team to upgrade farms have already led to a reduction of emissions. In China, for example, we have helped thousands of smallholder farmers ramp up and modernize their farms with training and technology through the Dairy Farming Institute, established in Shuangcheng in 2014. This year, we will begin work on nine new net zero pilot farms in all regions of the world to learn and roll out best practices across dairy farms. In the U.S., for instance, we are supporting the Net Zero Initiative to develop four net zero farms across the U.S. to showcase the future of farming. In South Africa, we will complement efforts to reduce farm emissions with measures to improve soil health to make a first pilot farm net zero by the end of 2023.

Outlook

2021 outlook: 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 improvement. Continued prudent capital allocation and capital efficiency improvement.

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Annex

Full-year sales and underlying trading operating profit (UTOP) overview by operating segment

	Total Group	Zone AMS	Zone EMENA	Zone AOA	Other Businesses
Sales FY-2020 (CHF m)	84 343	34 010	20 226	20 730	9 377
Sales FY-2019 (CHF m)*	92 568	37 828	21 464	22 119	11 157
Real internal growth (RIG)	3.2%	4.1%	3.3%	0.0%	7.3%
Pricing	0.4%	0.7%	-0.4%	0.5%	0.6%
Organic growth	3.6%	4.8%	2.9%	0.5%	7.9%
Net M&A	-4.6%	-5.0%	-2.1%	-0.1%	-17.6%
Foreign exchange	-7.9%	-9.9%	-6.6%	-6.7%	-6.3%
Reported sales growth	-8.9%	-10.1%	-5.8%	-6.3%	-16.0%
FY-2020 Underlying TOP (CHF m)	14 903	6 975	3 766	4 599	1 841
FY-2019 Underlying TOP (CHF m)*	16 260	7 608	3 878	4 977	2 089
FY-2020 Underlying TOP Margin	17.7%	20.5%	18.6%	22.2%	19.6%
FY-2019 Underlying TOP Margin*	17.6%	20.1%	18.1%	22.5%	18.7%

Full-year sales and underlying trading operating profit (UTOP) overview by product

	Total Group	Powdered & liquid beverages	Water	Milk products & ice cream	Nutrition & Health Science	Prepared dishes & cooking aids	Confec-tionery	PetCare
Sales FY-2020 (CHF m)	84 343	22 256	6 421	11 007	12 160	11 523	6 975	14 001
Sales FY-2019 (CHF m)	92 568	23 221	7 391	13 268	14 990	12 188	7 888	13 622
Real internal growth (RIG)	3.2%	2.8%	-5.5%	5.6%	1.2%	4.7%	-1.1%	9.7%
Pricing	0.4%	0.4%	-1.5%	2.3%	0.5%	0.0%	-0.4%	0.5%
Organic growth	3.6%	3.2%	-7.0%	7.9%	1.7%	4.7%	-1.5%	10.2%
FY-2020 Underlying TOP (CHF m)	14 903	5 008	639	2 652	2 640	2 171	990	3 081
FY-2019 Underlying TOP (CHF m)*	16 260	5 197	914	2 706	3 314	2 170	1 332	2 919
FY-2020 Underlying TOP Margin	17.7%	22.5%	10.0%	24.1%	21.7%	18.8%	14.2%	22.0%
FY-2019 Underlying TOP Margin*	17.6%	22.4%	12.4%	20.4%	22.1%	17.8%	16.9%	21.4%

* 2019 figures restated following the decision to integrate the Nestlé Waters business into the Group's three geographical Zones, effective January 1, 2020.