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## Press Release

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## Nestlé reports three-month sales for 2022

- Organic growth reached 7.6%, with real internal growth (RIG) of 2.4% and pricing of 5.2%. Growth was broad-based across most geographies and categories, with increased pricing, continued momentum in retail sales and a further recovery in out-of-home channels.
- Total reported sales increased by 5.4% to CHF 22.2 billion (3M-2021: CHF 21.1 billion). Foreign exchange decreased sales by 0.8%. Net divestitures had a negative impact of 1.3%.
- Portfolio management on track. In April, Nestlé Health Science completed the acquisition of a majority stake in Orgain, a leader in plant-based nutrition.
- **Full-year 2022 outlook confirmed:** we expect organic sales growth around 5% and underlying trading operating profit margin between 17.0% and 17.5%. Underlying earnings per share in constant currency and capital efficiency are expected to increase.

**Mark Schneider, Nestlé CEO, commented:** *"In these first months of the year, the war in Ukraine has caused unspeakable human suffering. We remain focused on supporting our colleagues there and providing humanitarian relief, while standing with the international community in the call for peace."*

*Amid this challenging environment, we delivered strong organic sales growth with resilient RIG. We stepped up pricing in a responsible manner and saw sustained consumer demand. Cost inflation continues to increase sharply, which will require further pricing and mitigating actions over the course of the year. The Nestlé team addressed these headwinds and advanced our long-term strategy and sustainability objectives with agility and determination. We confirm our guidance for the year."*

	Total Group	Zone North America	Zone Europe	Zone AOA	Zone Latin America	Zone Greater China	Nespresso	Nestlé Health Science	Other Businesses
Sales 3M-2022 (CHF m)	22 238	5 800	4 633	4 633	2 697	1 361	1 602	1 449	63
Sales 3M-2021 (CHF m)*	21 089	5 887	4 535	4 497	2 357	1 265	1 571	930	47
Real internal growth (RIG)**	2.4%	1.4%	2.8%	1.7%	4.7%	3.8%	0.2%	4.3%	30.7%
Pricing**	5.2%	8.5%	4.1%	4.3%	7.7%	-0.5%	3.1%	1.3%	3.6%
Organic growth**	7.6%	9.9%	6.9%	6.0%	12.5%	3.4%	3.3%	5.6%	34.3%
Net M&A**	-1.3%	-13.6%	0.6%	-0.1%	0.1%	0.0%	0.6%	50.1%	0.0%
Foreign exchange**	-0.8%	2.2%	-5.4%	-2.8%	1.8%	4.2%	-2.0%	0.2%	-0.6%
Reported sales growth	5.4%	-1.5%	2.2%	3.0%	14.4%	7.6%	2.0%	55.8%	33.6%

\* 2021 figures restated following the creation of Zone North America (NA) and Zone Greater China (GC) as of January 1, 2022. Zone AOA includes Middle East and North Africa (MENA) previously included in Zone EMENA.

\*\*RIG, pricing and organic growth figures exclude the Russia region, with a corresponding impact on the M&A and foreign exchange lines. Organic growth would have been higher including the Russia region.

## Group sales

Organic growth was 7.6%, with RIG of 2.4%. Pricing increased to 5.2% to reflect significant cost inflation. Organic growth now excludes the Russia region, given significantly disrupted trading conditions and Nestlé's decision to focus on providing essential food.

Growth was broad-based across most geographies and categories. Organic growth was 6.7% in developed markets, with increased pricing and resilient RIG following a high base of comparison in 2021. Organic growth in emerging markets was 8.8%, with strong RIG and pricing.

By product category, Purina PetCare was the largest contributor to organic growth led by its science-based and premium brands *Purina ONE*, *Purina Pro Plan* and *Fancy Feast* as well as veterinary products. Coffee saw high single-digit growth fueled by continued demand for *Nescafé*, Starbucks and *Nespresso*. Sales in confectionery grew at a double-digit rate, with strong growth for *KitKat* and gifting products. Water posted double-digit growth, driven by a further recovery of out-of-home channels and premium brands *S.Pellegrino* and *Perrier*. Dairy reported mid single-digit growth, with strong sales developments in coffee creamers and ice cream as well as premium and fortified milks. Growth in Infant Nutrition reached a mid single-digit rate, supported by improved sales developments in the Americas and Europe. Nestlé Health Science recorded mid single-digit growth, reflecting high demand for Medical Nutrition and healthy-aging products. Prepared dishes and cooking aids posted low single-digit growth following a high base of comparison in 2021, with continued strong demand for *Maggi* and *Garden Gourmet*.

By channel, organic growth in retail sales was 5.9%. Within retail, e-commerce sales grew by 5.0%, building on very strong growth of 39.6% in the first quarter of 2021. Organic growth in out-of-home channels reached 35.6%, with sales exceeding 2019 levels.

Net divestitures decreased sales by 1.3%, largely related to the Nestlé Waters North America transaction, which closed on March 31, 2021. Divestitures were partially offset by acquisitions, including the core brands of The Bountiful Company. The impact on sales from foreign exchange was negative at 0.8%. Total reported sales increased by 5.4% to CHF 22.2 billion.

## Portfolio Management

On April 1, 2022, Nestlé Health Science completed the acquisition of a majority stake in Orgain, a leader in plant-based nutrition. Orgain complements Nestlé Health Science's existing portfolio of nutrition products that support healthier lives. The deal is expected to be slightly accretive to Nestlé's organic growth, while slightly dilutive to the Group's underlying trading profit margin in 2022. The agreement includes the option for Nestlé Health Science to fully acquire Orgain in 2024.

## Zone North America

- 9.9% organic growth: 1.4% RIG; 8.5% pricing.

	Sales 3M-2022	Sales 3M-2021	RIG	Pricing	Organic growth	Net M&A	Foreign exchange	Reported Growth
Zone North America	CHF 5.8 bn	CHF 5.9 bn	1.4%	8.5%	9.9%	-13.6%	2.2%	-1.5%

Organic growth was 9.9%, with RIG of 1.4%. Pricing reached 8.5%. Net divestitures reduced sales by 13.6%, as the divestment of the Nestlé Waters North America brands more than offset the acquisition of Essentia Water. Foreign exchange had a positive impact of 2.2%. Reported sales in Zone North America decreased by 1.5% to CHF 5.8 billion.

Organic growth in Zone North America was close to a double-digit rate, supported by increased pricing, strong momentum in e-commerce and a further recovery of out-of-home channels. The Zone saw continued broad-based market share gains, led by pet food, coffee and creamers.

By product category, Purina PetCare was the largest growth contributor, supported by strong momentum in e-commerce and premium brands, *Purina ONE*, *Purina Pro Plan* and *Fancy Feast*. Nestlé Professional and Starbucks out-of-home products posted double-digit growth. The beverages category reported high single-digit growth, with strong demand for Starbucks at-home products and *Coffee mate*. Sales in water grew at a double-digit rate, fueled by a recovery for premium brands, *S.Pellegrino* and

*Perrier* as well as continued strong demand for *Essentia*. Growth in Infant Nutrition reached a double-digit rate, reflecting supply shortages in the market. Frozen food saw positive growth, despite supply chain constraints and a high base of comparison in 2021. Positive sales developments in frozen pizza and *Hot Pockets* were partially offset by negative growth for frozen meals. Confectionery in Canada reported double-digit growth, led by *KitKat*.

## Zone Europe

- 6.9% organic growth: 2.8% RIG; 4.1% pricing.

	Sales 3M-2022	Sales 3M-2021	RIG	Pricing	Organic growth	Net M&A	Foreign exchange	Reported Growth
Zone Europe*	CHF 4.6 bn	CHF 4.5 bn	2.8%	4.1%	6.9%	0.6%	-5.4%	2.2%

\*RIG, pricing and organic growth figures exclude the Russia region, with a corresponding impact on the M&A and foreign exchange lines

Organic growth reached 6.9%, with solid RIG of 2.8%. Pricing increased to 4.1%, with an acceleration across most geographies and categories. Foreign exchange negatively impacted sales by 5.4%. Reported sales in Zone Europe increased by 2.2% to CHF 4.6 billion.

Zone Europe reported high single-digit organic growth, supported by higher pricing, sustained e-commerce momentum and a further recovery in out-of-home channels. The Zone continued to see market share gains, particularly in pet food, coffee and plant-based food.

By product category, the key growth driver was Nestlé Professional, with sales exceeding 2019 levels. Sales in Purina PetCare grew at a double-digit rate, driven by premium brands *Purina ONE*, *Purina Pro Plan* and *Gourmet* as well as veterinary products. *Tails.com* and *Lily's Kitchen* also saw strong momentum, supported by continued distribution expansion. Sales in Infant Nutrition grew at a double-digit rate, helped by market share gains. Water posted double-digit growth, led by *S.Pellegrino*. Confectionery reported mid single-digit growth, with a strong recovery for *KitKat* and gifting products. Growth in coffee was almost flat, following strong double-digit growth in the first quarter of 2021. Starbucks products and *Nescafé Farmers Origins*, a new range of coffee capsules for Nespresso machines, resonated strongly with consumers. Culinary posted a sales decrease, following a high base of comparison in 2021. *Garden Gourmet* plant-based products continued to see strong momentum.

## Zone Asia, Oceania and Africa (AOA)

- 6.0% organic growth: 1.7% RIG; 4.3% pricing.

	Sales 3M-2022	Sales 3M-2021	RIG	Pricing	Organic growth	Net M&A	Foreign exchange	Reported Growth
Zone AOA	CHF 4.6 bn	CHF 4.5 bn	1.7%	4.3%	6.0%	-0.1%	-2.8%	3.0%

Organic growth reached 6.0%, with RIG of 1.7%. Pricing increased to 4.3%, with broad-based contributions from most geographies and categories. Foreign exchange reduced sales by 2.8%. Reported sales in Zone AOA increased by 3.0% to CHF 4.6 billion.

Zone AOA reported mid single-digit organic growth, with particular strength in South Asia and Sub-Saharan Africa. Growth was supported by increased pricing, a further recovery in out-of-home channels and continued momentum for affordable offerings. The Zone saw market share gains in most categories, particularly culinary, coffee and ice cream.

South-East Asia posted low single-digit growth, with robust demand in *Maggi* and *Nescafé*, particularly in Malaysia. South Asia recorded double-digit growth, supported by continued distribution expansion and innovation, with strong growth for *Maggi* and *KitKat*. Sales in Sub-Saharan Africa grew at a double-digit rate, based on strong momentum for affordable nutrition offerings particularly in *Maggi* and *Milo*. Middle East and North Africa posted low single-digit growth, as robust demand in culinary was partially offset by a sales decline in dairy. Japan reported high single-digit growth, driven by coffee and Purina PetCare. Sales in South Korea grew at a double-digit rate, driven by coffee. Oceania reported mid single-digit growth, with particular strength in *Nescafé* and *Maggi*.

By product category, culinary was the largest growth contributor, led by *Maggi*. Coffee posted high single-digit growth, with continued strong demand for *Nescafé* and Starbucks products. Sales in Nestlé Professional grew at a double-digit rate. Cocoa and malt beverages grew at a high single-digit rate. The recently launched *Milo Soy* resonated strongly with consumers. Confectionery reported high single-digit growth, with strong demand for *KitKat*. Growth in Infant Nutrition turned positive, driven by *Lactogen*. Sales in Purina PetCare grew at a high single-digit rate, led by *Purina Pro Plan* and *Purina ONE*.

## Zone Latin America

- 12.5% organic growth: 4.7% RIG; 7.7% pricing.

	Sales 3M-2022	Sales 3M-2021	RIG	Pricing	Organic growth	Net M&A	Foreign exchange	Reported Growth
Zone Latin America	CHF 2.7 bn	CHF 2.4 bn	4.7%	7.7%	12.5%	0.1%	1.8%	14.4%

Organic growth was 12.5%, with strong RIG of 4.7%. Pricing increased to 7.7%. Foreign exchange had a positive impact of 1.8%. Reported sales in Zone Latin America increased by 14.4% to CHF 2.7 billion.

Zone Latin America reported double-digit organic growth, building on a high base of comparison in 2021. Growth was supported by strong execution and continued e-commerce momentum, with broad-based contributions across most geographies and product categories. The Zone saw market share gains in pet food, Infant Nutrition and chilled dairy.

Sales in Brazil grew at a double-digit rate, with strong growth in confectionery, cocoa and malt beverages as well as Infant Nutrition. Mexico also reported broad-based double-digit growth, reflecting high demand for *Nescafé*, Purina PetCare and *Carnation*. Sales in Chile grew at double-digit rate, led by confectionery, ice cream and Purina PetCare. The recently acquired direct-to-consumer premium chocolate business, La Fête, saw strong demand in Chile.

By product category, confectionery was the largest growth contributor, in particular *KitKat* and gifting products. Sales in Purina PetCare grew at a double-digit rate, led by *Dog Chow*, *Cat Chow* and *Purina Pro Plan*. Coffee and Nestlé Professional also reported strong double-digit growth. Infant Nutrition saw mid single-digit growth, based on robust demand for *Nido* and *NAN* functional products. Growth in dairy was flat, following a high base of comparison in 2021.

### Zone Greater China

- 3.4% organic growth: 3.8% RIG; -0.5% pricing.

	Sales 3M-2022	Sales 3M-2021	RIG	Pricing	Organic growth	Net M&A	Foreign exchange	Reported Growth
Zone Greater China	CHF 1.4 bn	CHF 1.3 bn	3.8%	-0.5%	3.4%	0.0%	4.2%	7.6%

Organic growth was 3.4%, with RIG of 3.8% and pricing of -0.5%. Foreign exchange had a positive impact of 4.2%. Reported sales in Zone Greater China increased by 7.6% to CHF 1.4 billion.

Zone Greater China reported low single-digit organic growth, partly impacted by the timing of Chinese New Year. Growth was supported by innovation, with market share gains in culinary, ready-to-drink coffee and confectionery.

By product category, strong sales developments in most categories were partly offset by a sales decline in Infant Nutrition. Turnaround initiatives in Infant Nutrition continued. Coffee posted double-digit growth, based on strong momentum for *Nescafé* ready-to-drink and Starbucks products. Sales in culinary grew at double-digit rate, supported by new product launches. Nestlé Professional reported high single-digit growth, despite regional lockdowns. Confectionery posted high single-digit growth, led by strong demand for *Shark* wafer chocolate and solid growth for *Hsu Fu Chi*.

## Nespresso

- 3.3% organic growth: 0.2% RIG; 3.1% pricing.

	Sales 3M-2022	Sales 3M-2021	RIG	Pricing	Organic growth	Net M&A	Foreign Exchange	Reported growth
Nespresso*	CHF 1.6 bn	CHF 1.6 bn	0.2%	3.1%	3.3%	0.6%	-2.0%	2.0%

\*RIG, pricing and organic growth figures exclude the Russia region, with a corresponding impact on the M&A and foreign exchange lines

Organic growth was 3.3% based on RIG of 0.2% and increased pricing of 3.1%. Foreign exchange negatively impacted sales by 2.0%. Reported sales in Nespresso increased by 2.0% to CHF 1.6 billion.

Nespresso reported low single-digit organic growth, following strong double-digit growth in the first quarter of 2021. Out-of-home channels saw continued recovery, with increased adoption for the recently launched *Momento* system. Growth was fueled by continued momentum for the *Vertuo* system and innovation. New products included limited editions in the *Master Origins* range, *Aged Sumatra* and *Papua New Guinea*, as well as in the *World Explorations* range with *Miami Espresso*.

By geography, North America posted double-digit growth with continued market share gains. Europe reported a sales decrease, following a high base of comparison in 2021. Other regions combined recorded double-digit growth.

## Nestlé Health Science

- 5.6% organic growth: 4.3% RIG; 1.3% pricing.

	Sales 3M-2022	Sales 3M-2021	RIG	Pricing	Organic growth	Net M&A	Foreign Exchange	Reported growth
Nestlé Health Science*	CHF 1.4 bn	CHF 0.9 bn	4.3%	1.3%	5.6%	50.1%	0.2%	55.8%

\*RIG, pricing and organic growth figures exclude the Russia region, with a corresponding impact on the M&A and foreign exchange lines

Organic growth was 5.6%, with robust RIG of 4.3% and increased pricing of 1.3%. Net acquisitions increased sales by 50.1%, largely related to the acquisition of the core brands of The Bountiful Company. Foreign exchange positively impacted sales by 0.2%. Reported sales in Nestlé Health Science increased by 55.8% to CHF 1.4 billion.

Nestlé Health Science posted mid single-digit organic growth with market share gains, building on two consecutive years of double-digit growth. Growth was supported by innovation and geographic expansion.

Consumer Care posted low single-digit growth. Healthy-aging products grew at a double-digit rate, supported by *Boost* and *Nutren*. Vitamins, minerals and supplements

posted slightly positive growth, following a high base of comparison in early 2021 during the pandemic. *Vital Proteins* and *Solgar* continued to see strong momentum.

Medical Nutrition saw double-digit growth with continued strong sales developments for pediatric products, particularly *Althéra*, *Alfaré* and *Alfamino*. *Palforzia*, the peanut allergy treatment, saw signs of increased adoption after COVID-related delays.

By geography, sales in North America grew at a mid single-digit rate. Europe saw a slight sales decrease. Other regions posted double-digit growth.

### **Providing humanitarian relief to the people of Ukraine**

Since the beginning of the war, Nestlé has focused on supporting its employees, their families and the people of Ukraine. The company has mobilized teams across the region to get food and essential supplies to the local population. Working in partnership with Ukrainian charities, Nestlé has also organized direct humanitarian support in the war zone.

Nestlé is one of the few companies that continues to keep shelves stocked for the population in Ukraine. The company was able to largely maintain operations in the west of the country, whereas operations of its factory in Kharkiv were halted due to heavy shelling. Nestlé employees volunteered to transform the company's Kharkiv Distribution Center into a donation center to provide food to the local community. To date Nestlé has donated more than 40 million servings of food, beverage and nutrition products across the country.

Nestlé has been and continues to be in close contact with its 5 800 employees in Ukraine. Among other measures, the company is providing them with advance salary payments, one-off payments to support relocation, salary continuance for the foreseeable future and job offers in other Nestlé operating companies.

Additionally, Nestlé has set up support hubs in neighboring countries, such as Poland, to welcome employees and their families who have fled Ukraine. For example, part of the company's factory in Rzeszow, Poland has been converted into accommodation for those fleeing, and temporary housing has been arranged in other parts of Central and Eastern Europe.

Nestlé employees all over the world are bringing to life the company's long tradition of humanitarian support. They are supporting humanitarian relief efforts through donations to The International Federation of Red Cross and Red Crescent Societies (IFRC), with the company matching all contributions to double their impact. The company has also supported Global Citizen's #StandUpForUkraine campaign, pledging monetary support to Global Giving that will provide critical relief for refugees who have fled Ukraine. In total, Nestlé has committed more than CHF 15 million in monetary and product contributions to the people of Ukraine this year.



## **Outlook**

**Full-year 2022 outlook confirmed:** we expect organic sales growth around 5% and underlying trading operating profit margin between 17.0% and 17.5%. 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

	Total Group	Zone North America	Zone Europe	Zone AOA	Zone Latin America	Zone Greater China	Nespresso	Nestlé Health Science	Other Businesses
Sales 3M-2022 (CHF m)	22 238	5 800	4 633	4 633	2 697	1 361	1 602	1 449	63
Sales 3M-2021 (CHF m)*	21 089	5 887	4 535	4 497	2 357	1 265	1 571	930	47
Real internal growth (RIG)**	2.4%	1.4%	2.8%	1.7%	4.7%	3.8%	0.2%	4.3%	30.7%
Pricing**	5.2%	8.5%	4.1%	4.3%	7.7%	-0.5%	3.1%	1.3%	3.6%
Organic growth**	7.6%	9.9%	6.9%	6.0%	12.5%	3.4%	3.3%	5.6%	34.3%
Net M&A**	-1.3%	-13.6%	0.6%	-0.1%	0.1%	0.0%	0.6%	50.1%	0.0%
Foreign exchange**	-0.8%	2.2%	-5.4%	-2.8%	1.8%	4.2%	-2.0%	0.2%	-0.6%
Reported sales growth	5.4%	-1.5%	2.2%	3.0%	14.4%	7.6%	2.0%	55.8%	33.6%

### 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-2022 (CHF m)	22 238	6 063	790	2 709	3 596	3 098	1 873	4 109
Sales 3M-2021 (CHF m)	21 089	5 771	1 389	2 598	2 995	3 016	1 700	3 620
Real internal growth (RIG)**	2.4%	2.4%	14.1%	-1.4%	2.5%	-3.5%	7.5%	5.8%
Pricing**	5.2%	4.9%	7.2%	5.6%	2.0%	6.4%	3.0%	7.7%
Organic growth**	7.6%	7.3%	21.3%	4.2%	4.5%	2.9%	10.5%	13.6%

\* 2021 figures restated following the creation of Zone North America (NA) and Zone Greater China (GC) as of January 1, 2022. Zone AOA includes Middle East and North Africa (MENA) previously included in Zone EMENA.

\*\*RIG, pricing and organic growth figures exclude the Russia region, with a corresponding impact on the M&A and foreign exchange lines. Organic growth would have been higher including the Russia region.