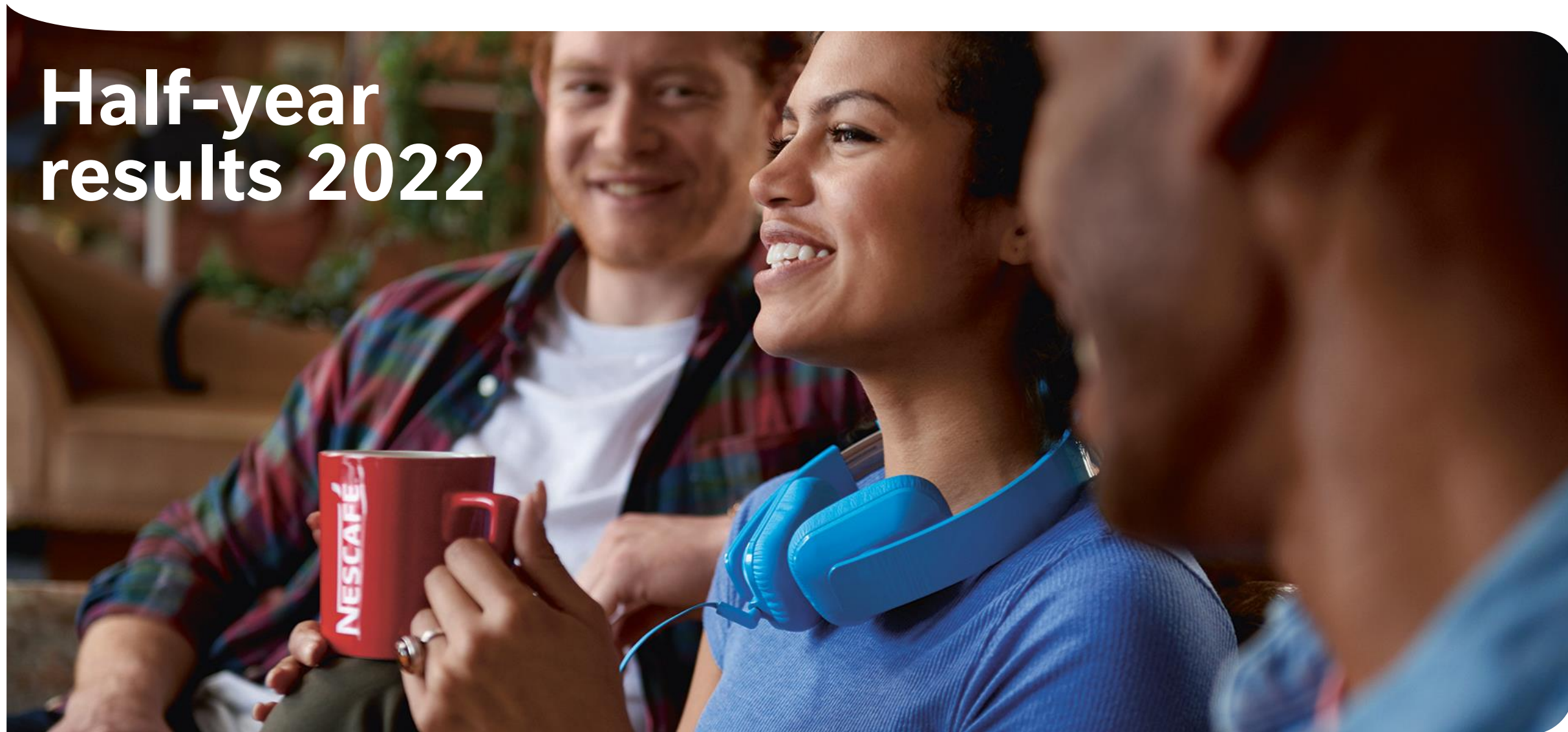




Nestlé Good food, Good life

Half-year results 2022



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



Half-year results 2022

Mark Schneider, CEO

Key messages

- **Strong organic sales growth of 8.1%**, with increased pricing and resilient RIG
- **Underlying trading operating profit margin** decreased by 50 bps to 16.9%
 - margin evolution impacted by time delays between cost inflation and responsible pricing
 - striking a balance between margin protection and volume growth
- **Underlying EPS growth of 8.1% in constant currency**
- **Continued portfolio management progress**

Improving access to affordable nutrition



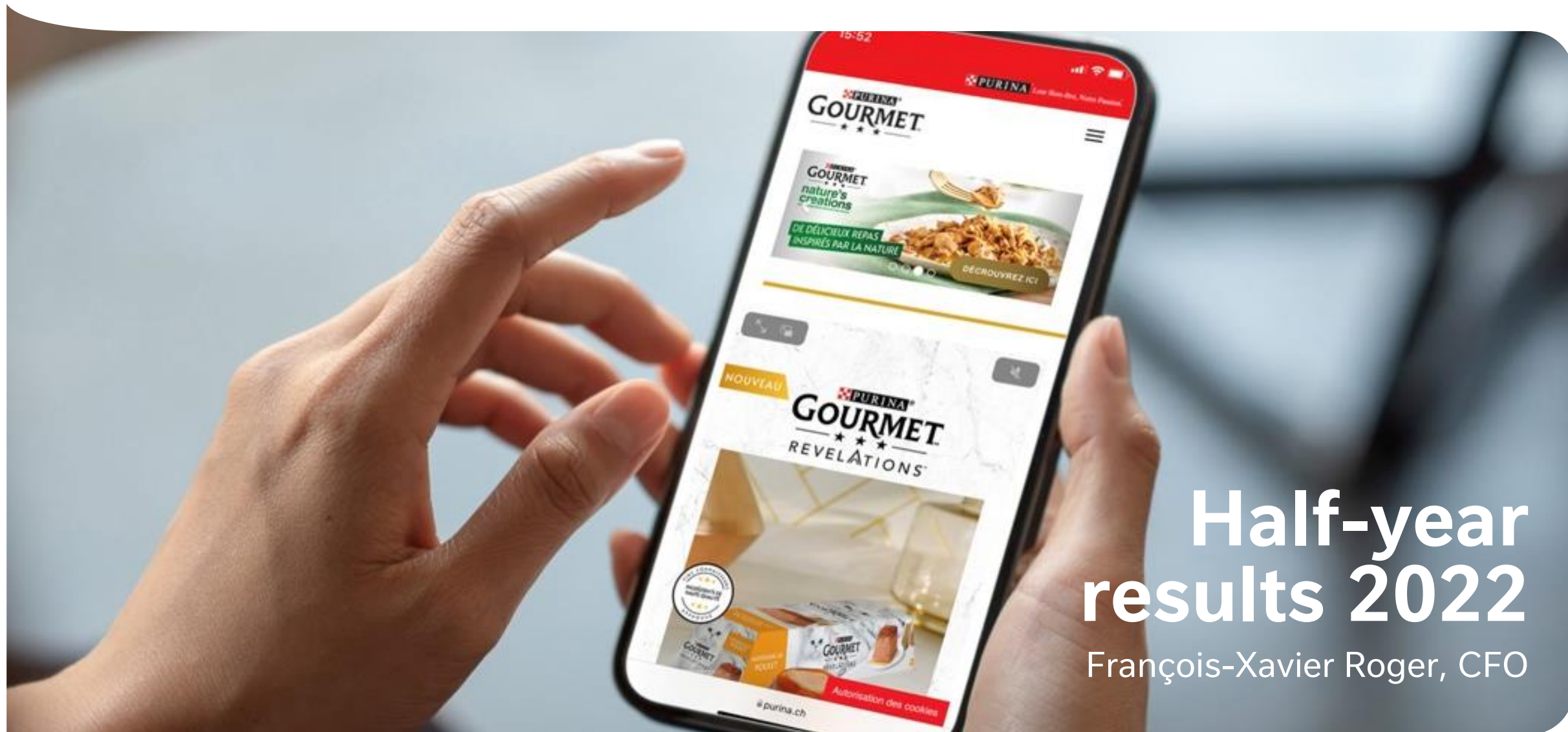
- Addressing health challenges through **micronutrient-fortified products** based on local needs
- Increasing **availability and accessibility of products**
- Working on **value chain optimization** to keep costs low and secure supply
- Expanding **nutrition education programs and partnerships** to help consumers

2022 guidance updated

- **Organic sales growth between 7% and 8%**
- **Underlying trading operating profit margin around 17.0%**
- **Underlying earnings per share in constant currency and capital efficiency expected to increase**



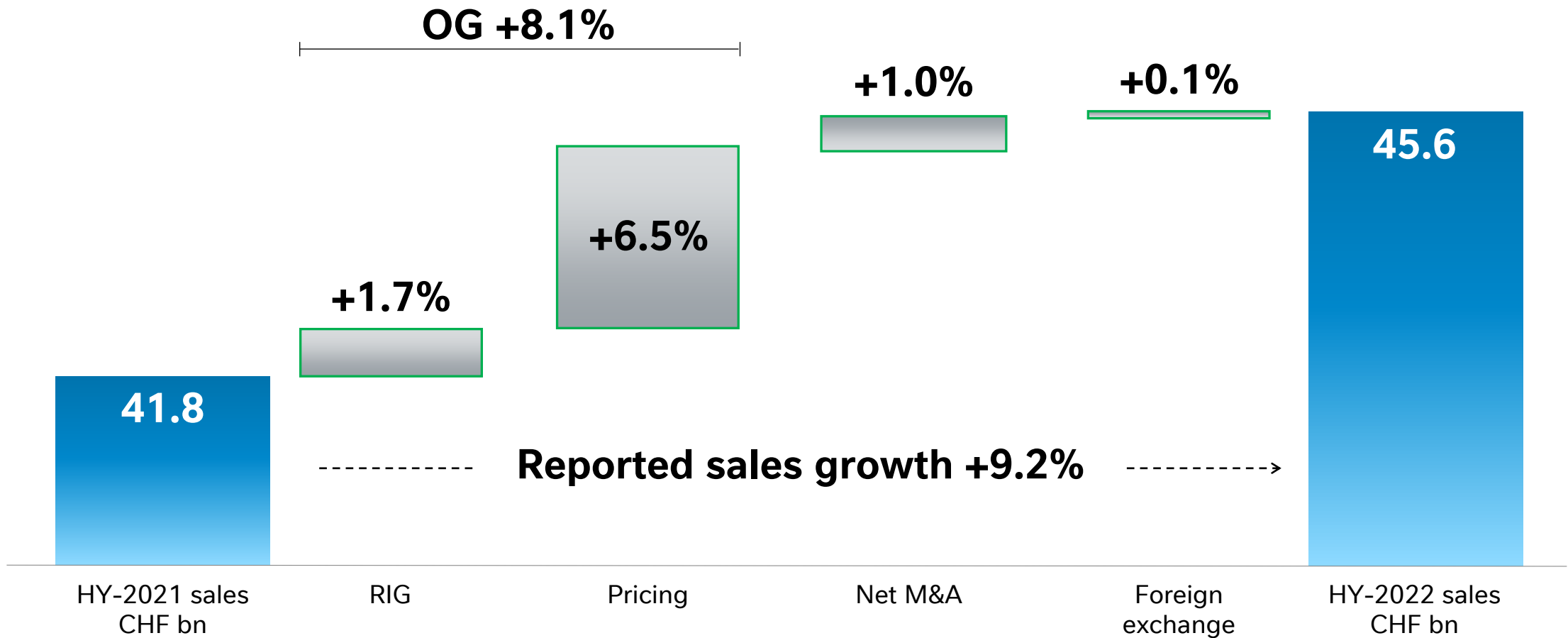
Nestlé Good food, Good life



Half-year results 2022

François-Xavier Roger, CFO

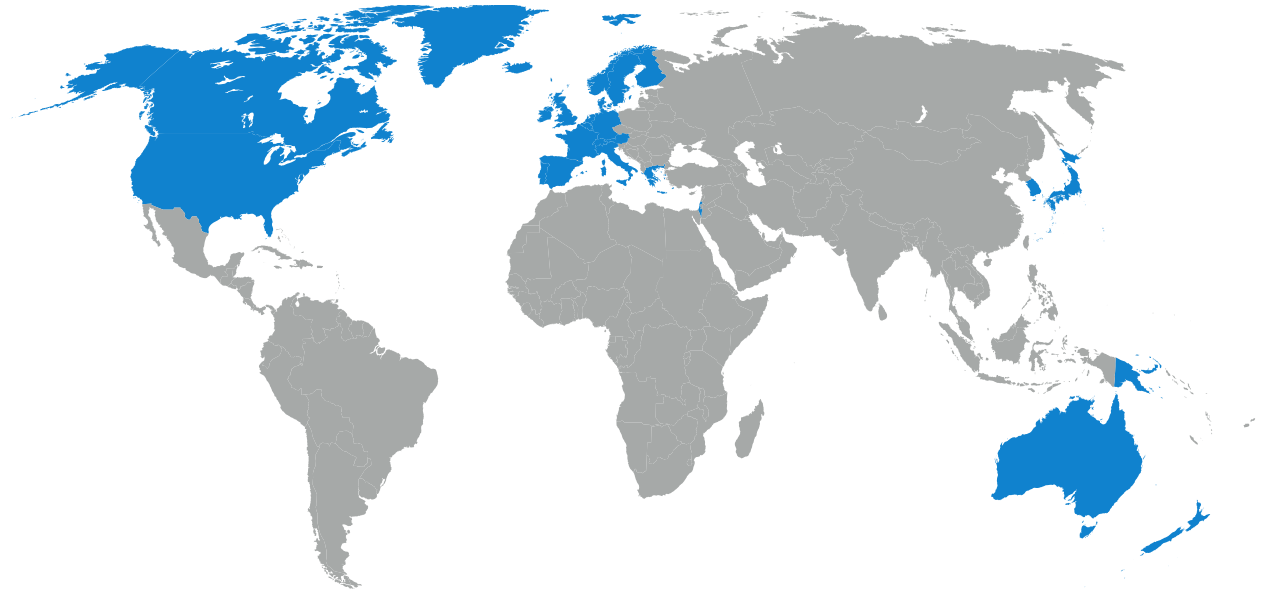
Half-year sales growth



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

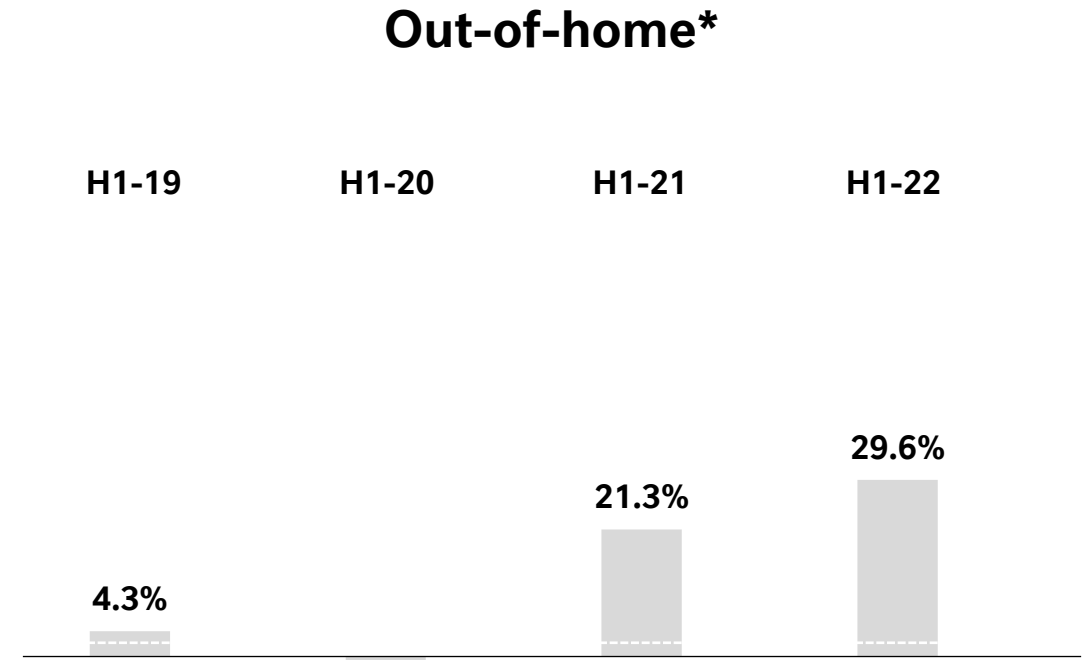
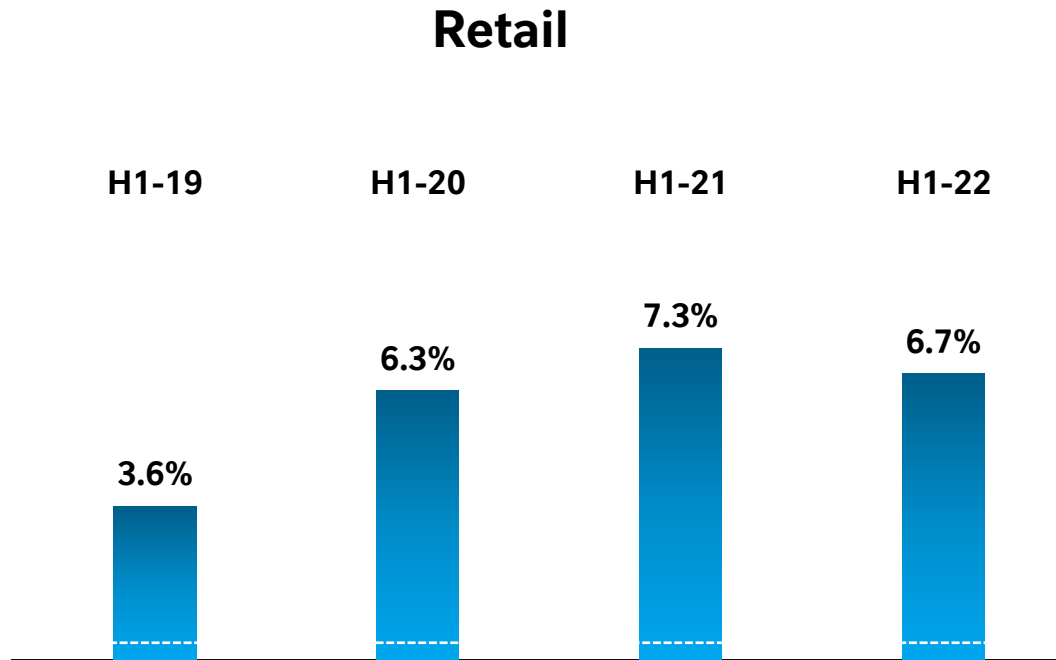
Strong growth across developed and emerging markets

	Developed	Emerging
Sales (in CHF) % of Group sales	26.2 bn 57%	19.4 bn 43%
RIG	0.5%	3.3%
Pricing	6.3%	6.6%
OG	6.9%	10.0%



Sustained momentum in retail and out-of-home channels

Organic sales growth %



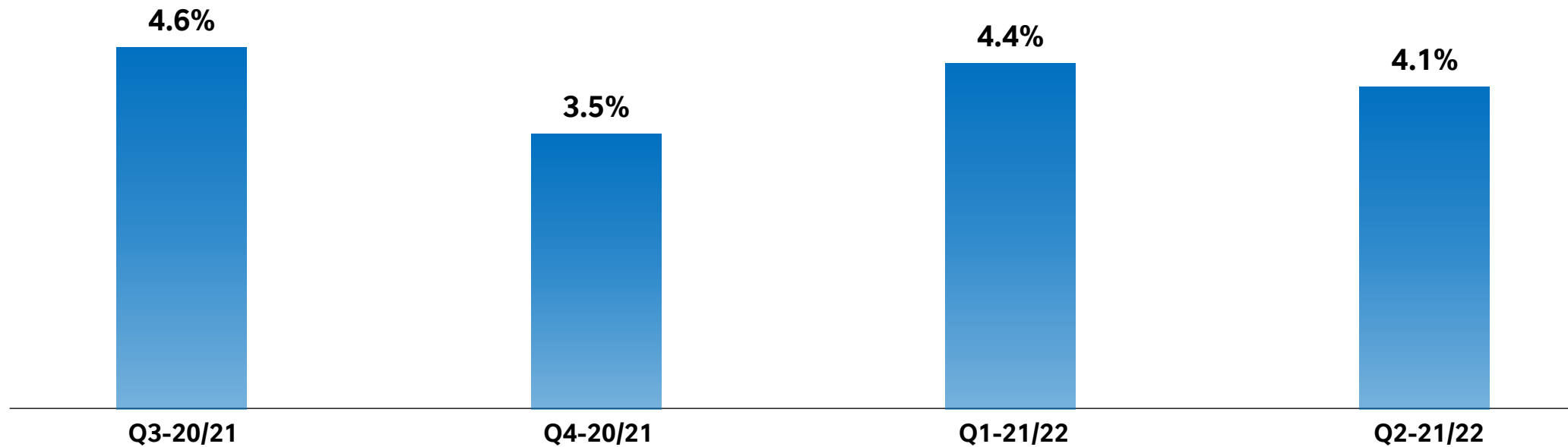
* Includes Nestlé Professional, foodservice activities of Nespresso, Starbucks products and water, travel retail and Blue Bottle

Using multiple levers to offset cost inflation



Resilient RIG

2-year average adjusts for COVID-19-related volatility



Zone North America

Sales	CHF 12.1 bn
Organic growth	9.6%
Real internal growth	-0.2%
Underlying TOP margin	18.8%
vs LY	+30 bps

- Strong organic growth, driven by pricing. RIG impacted by high base of comparison and supply chain constraints
- Continued e-commerce momentum, recovery of out-of-home channels and market share gains supported growth
- Purina PetCare, Nestlé Professional, coffee and creamers were the key growth drivers
- Margin +30 bps as a result of the Nestlé Waters North America brands divestment



Zone Europe

Sales	CHF 9.3 bn
Organic growth	7.1%
Real internal growth	2.1%
Underlying TOP margin	17.3%
vs LY	-140 bps

- Strong organic growth, led by pricing. Solid RIG despite a high base of comparison and supply chain constraints
- Further recovery of out-of-home channels, innovation and market share gains supported growth
- Purina PetCare, Nestlé Professional and water were the main contributors to growth
- Margin -140 bps reflecting significant cost inflation



Zone Asia, Oceania and Africa

Sales	CHF 9.3 bn
Organic growth	8.2%
Real internal growth	2.1%
Underlying TOP margin	23.5%
vs LY	-90 bps

- Organic growth acceleration reflected increased pricing across all geographies and categories
- Further recovery of out-of-home channels and strong execution in the supply chain supported growth
- Culinary, coffee and Nestlé Professional were the main growth contributors
- Margin -90 bps reflecting significant cost inflation



Zone Latin America

Sales	CHF 5.7 bn
Organic growth	13.6%
Real internal growth	4.2%
Underlying TOP margin	21.1%
vs LY	+10 bps
<ul style="list-style-type: none">• Sustained double-digit organic growth, with increased pricing and strong RIG• Broad-based growth driven by recovery of out-of-home channels and sustained momentum for retail sales• Growth was led by confectionery, Purina PetCare and coffee• Margin +10 bps as pricing, growth leverage and disciplined cost control more than offset cost inflation	



Zone Greater China

Sales	CHF 2.7 bn
Organic growth	2.3%
Real internal growth	1.6%
Underlying TOP margin	15.0%
vs LY	+100 bps

- Low single-digit organic growth, with positive RIG and pricing, despite the impact of movement restrictions
- Robust e-commerce demand, innovation and a return to positive growth in infant nutrition
- Coffee, culinary and confectionery were the key growth drivers
- Margin +100 bps due to favorable mix and disciplined cost control



Nespresso

Sales	CHF 3.2 bn
Organic growth	2.6%
Real internal growth	-1.6%
Underlying TOP margin	24.3%
vs LY	-170 bps
<ul style="list-style-type: none">• Low single-digit organic growth driven by pricing. RIG impacted by a high base of comparison• Further recovery of out-of-home channels and sustained momentum for <i>Vertuo</i> supported growth• North America posted double-digit growth. Europe reported a sales decrease• Margin -170 bps impacted by growth investments in the roll-out of the <i>Vertuo</i> system and cost inflation	



Nestlé Health Science

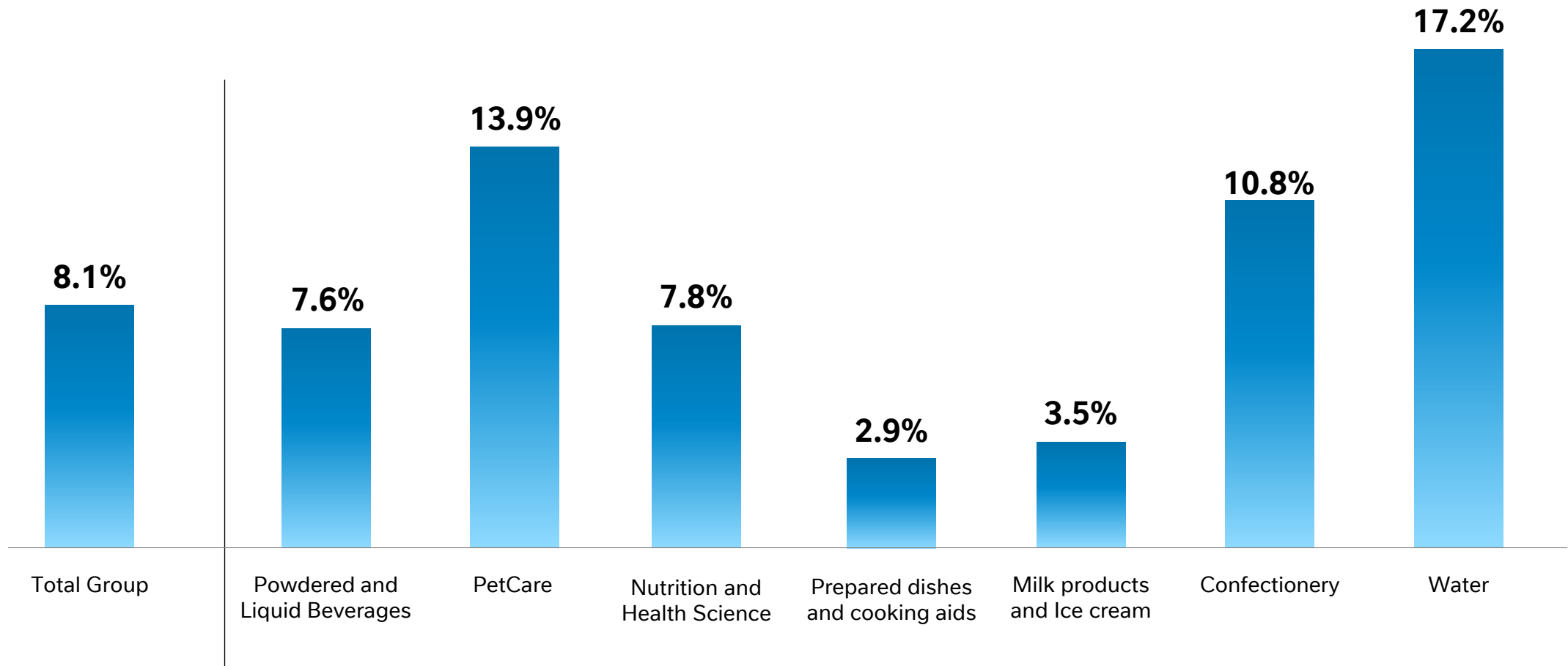
Sales	CHF 3.2 bn
Organic growth	6.6%
Real internal growth	4.4%
Underlying TOP margin	13.7%
vs LY	+20 bps

- Robust organic growth supported by innovation, geographic expansion and market share gains
- Consumer care posted mid single-digit growth, with a strong contribution from healthy-aging products
- Medical nutrition saw double-digit growth, led by pediatric products
- Margin +20 bps as growth leverage and synergies more than offset cost inflation and growth investments



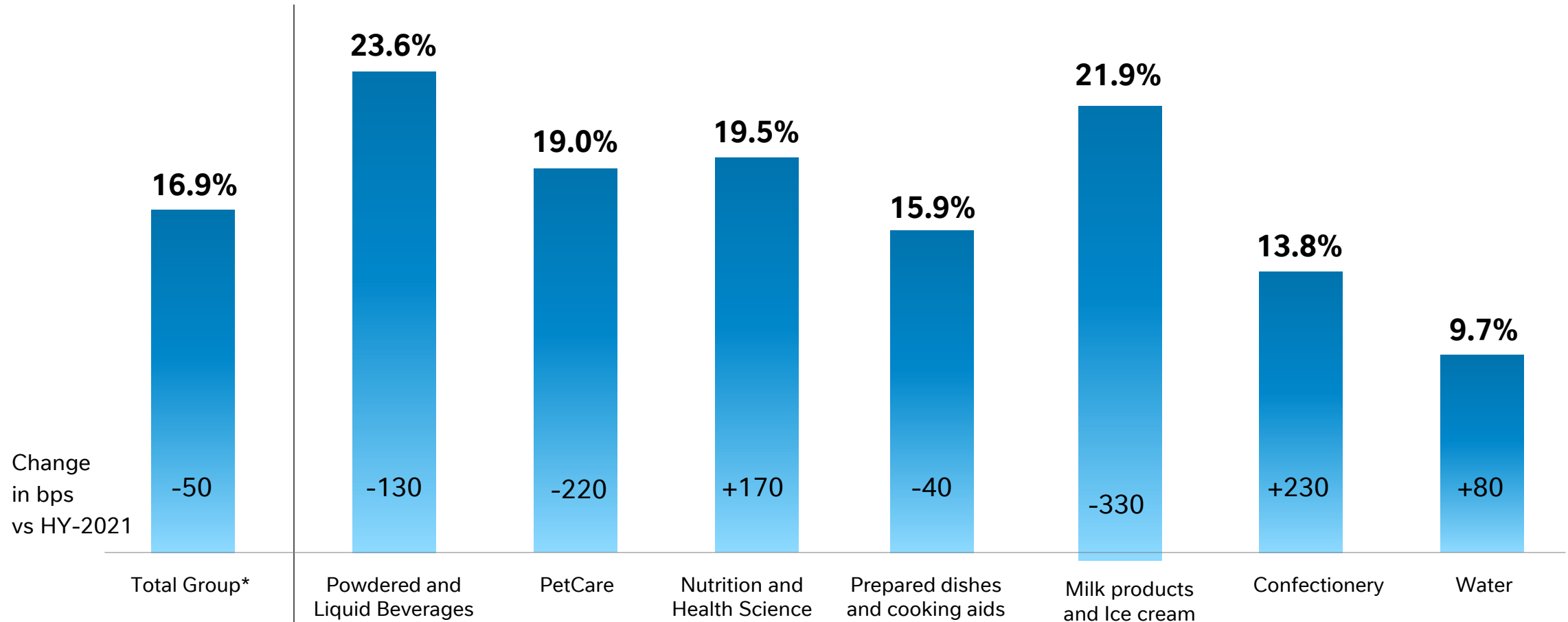
Broad-based growth across categories

Organic sales growth %



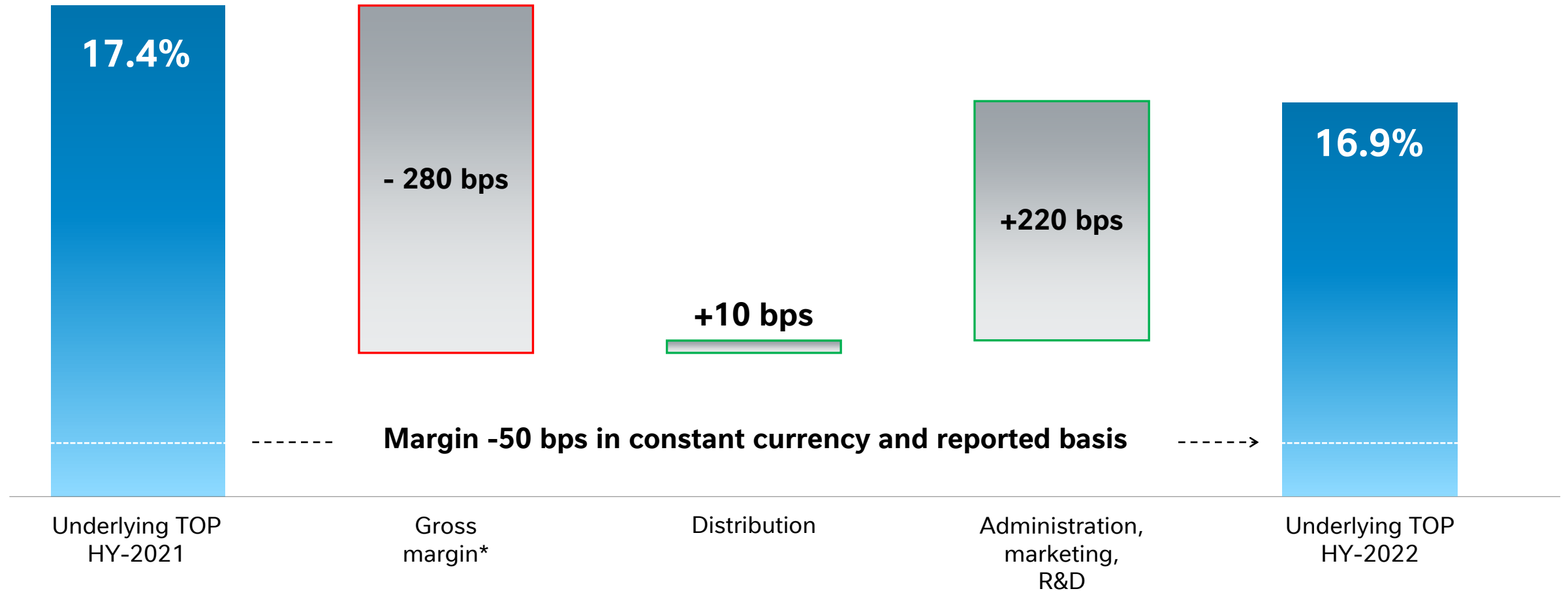
Underlying trading operating profit margin by category

In % of sales



* Includes unallocated items

Pricing, growth leverage and efficiencies mostly offset inflation



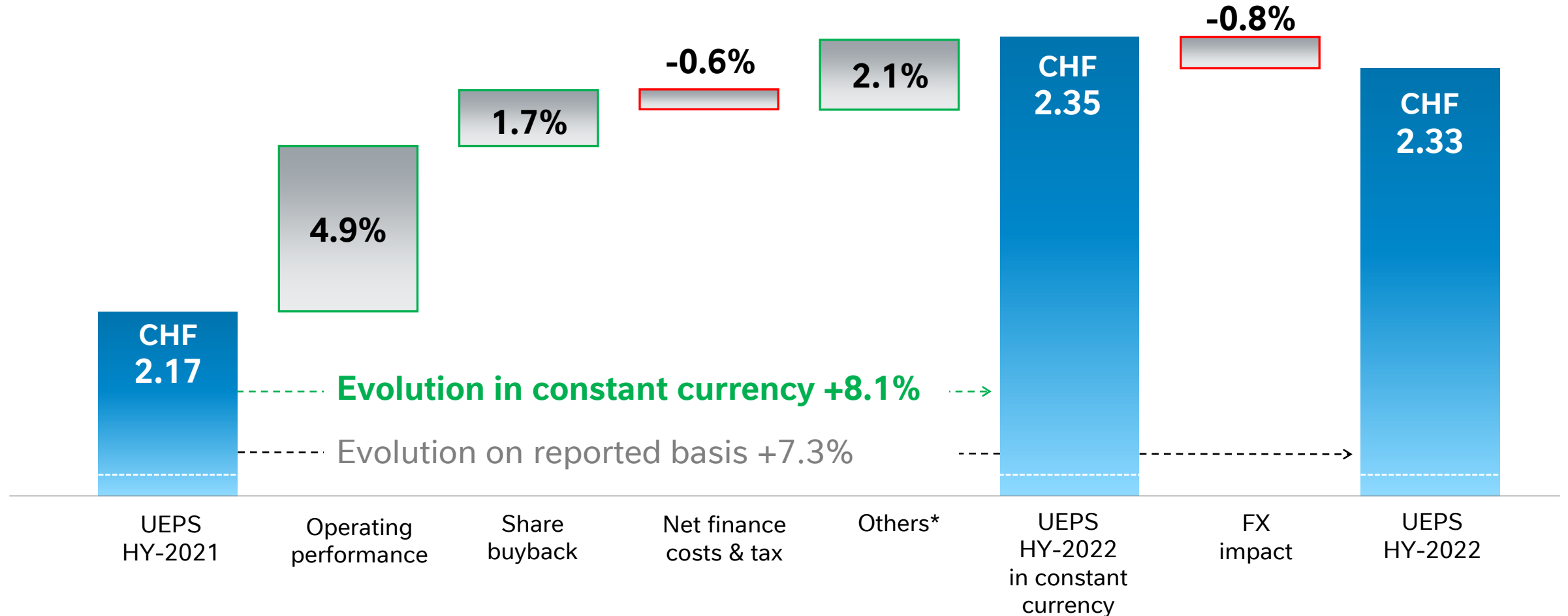
* Gross margin = Sales – cost of goods sold

Net profit

	% of sales	HY-22 vs HY-21
Underlying trading operating profit	16.9%	-50 bps
Restructuring		-10 bps
Impairment of assets		-120 bps
Onerous contracts, litigations and other operating income / expenses		-20 bps
Trading operating profit	14.7%	-200 bps
Gain / loss on disposals		-60 bps
Taxes		-60 bps
Income from associates / joint ventures		-10 bps
Others		+60 bps
Net profit	11.5%	-270 bps



Underlying earnings per share

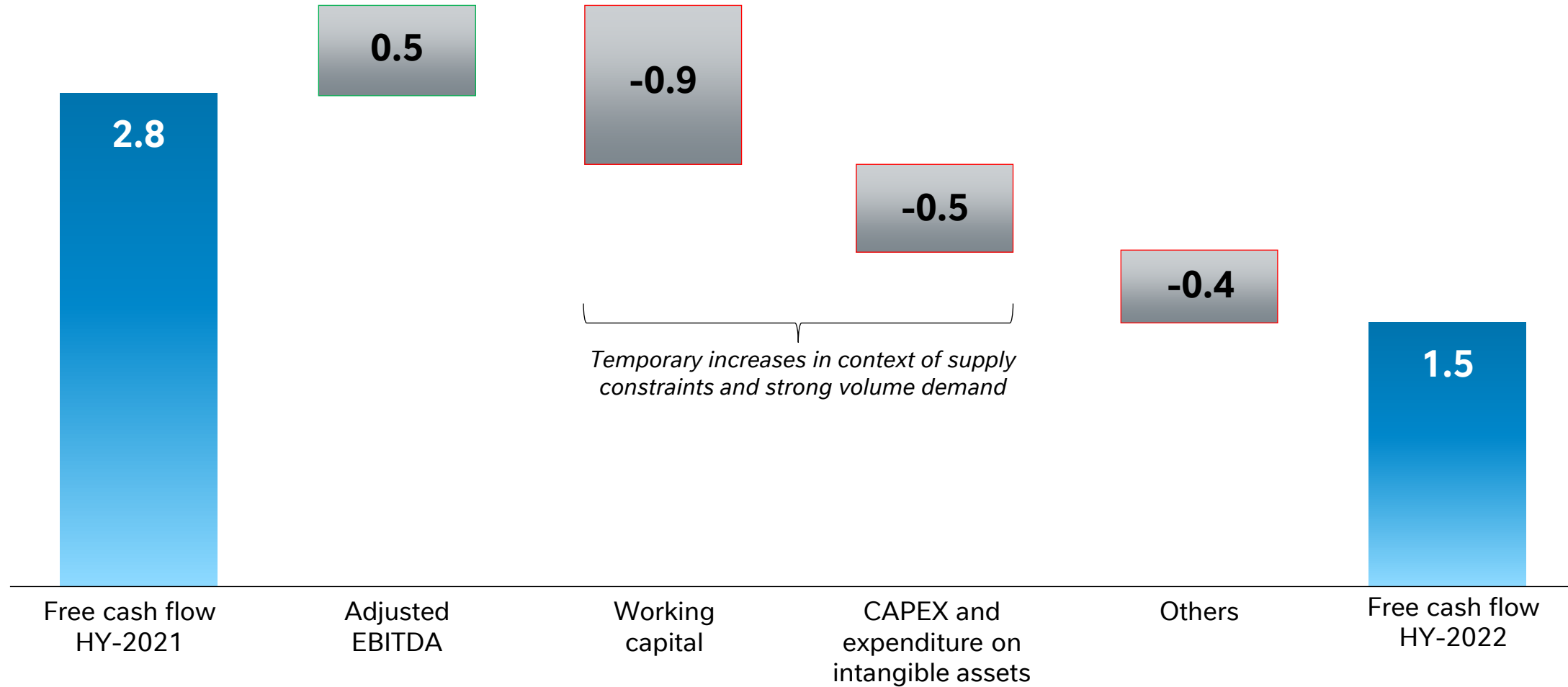


* Includes M&A and income from associates and joint ventures



Free cash flow

In CHF billion





Nestlé Good food, Good life



Half-year results 2022

Q&A

Supporting slides



HY-2022 Operating segments – topline summary

	HY-2022 sales						
	<i>Sales</i> (CHF m)	<i>RIG</i> %	<i>Pricing</i> %	<i>OG</i> %	<i>Net M&A</i> %	<i>F/X</i> %	<i>Reported sales growth</i> %
<i>Zone North America</i>	12 138	-0.2	9.8	9.6	-7.1	4.3	6.8
<i>Zone Europe</i>	9 283	2.1	4.9	7.1	1.6	-5.7	2.9
<i>Zone AOA</i>	9 335	2.1	6.1	8.2	-0.1	-3.0	5.2
<i>Zone Latin America</i>	5 659	4.2	9.4	13.6	0.1	4.3	17.9
<i>Zone GCR</i>	2 677	1.6	0.7	2.3	0.0	3.8	6.0
<i>Nespresso</i>	3 190	-1.6	4.2	2.6	0.1	-1.7	1.0
<i>Nestlé Health Science</i>	3 167	4.4	2.2	6.6	57.2	1.7	65.5
<i>Other Businesses</i>	131	31.1	2.7	33.8	0.0	0.3	34.1
Total Group	45 580	1.7	6.5	8.1	1.0	0.1	9.2

HY-2022 Products – topline summary

	6M-2022 sales			
	<i>Sales</i> (CHF m)	<i>RIG</i> %	<i>Pricing</i> %	<i>OG</i> %
<i>Powdered and liquid beverages</i>	12 335	1.3	6.2	7.6
<i>Water</i>	1 792	8.8	8.4	17.2
<i>Milk products and Ice cream</i>	5 443	-3.3	6.8	3.5
<i>Nutrition and Health Science</i>	7 689	4.2	3.6	7.8
<i>Prepared dishes and cooking aids</i>	6 137	-5.0	7.9	2.9
<i>Confectionery</i>	3 595	6.8	4.0	10.8
<i>Petcare</i>	8 589	5.1	8.8	13.9
Total group	45 580	1.7	6.5	8.1

HY-2022 historical eight quarters

Period	<i>RIG</i> %	<i>Pricing</i> %	<i>OG</i> %
Q3-2020	4.8	0.1	4.9
Q4-2020	3.0	0.9	3.9
Q1-2021	6.4	1.2	7.7
Q2-2021	7.3	1.3	8.6
Q3-2021	4.4	2.1	6.5
Q4-2021	4.0	3.1	7.2
Q1-2022	2.4	5.2	7.6
Q2-2022	0.9	7.7	8.7



HY-2022 Operating segments – revenue and results

In CHF m							
		Underlying		Net other	Of which		
		Trading	Trading	trading	impairment of	Of which	Depreciation
		Operating	Operating	income/	property,	restructuring	and
	Sales	Profit	Profit	(expense)	plant and	costs	amortization
					equipment		
Zone North America	12 138	2 284	1 829	(455)	(33)	(41)	(348)
Zone Europe	9 283	1 606	1 494	(112)	(85)	(14)	(411)
Zone AOA	9 335	2 198	2 170	(28)	(5)	(10)	(290)
Zone LATAM	5 659	1 196	1 160	(36)	(6)	(4)	(178)
Zone GC	2 677	400	403	3	2	(6)	(93)
Nespresso	3 190	777	757	(20)	(8)	-	(143)
Nestlé Health Science	3 167	435	101	(334)	(6)	(8)	(144)
Other businesses	131	(5)	(3)	2	-	-	(20)
Unallocated items		(1 208)	(1 227)	(19)	(1)	(4)	(129)
Total Group	45 580	7 683	6 684	(999)	(142)	(87)	(1 756)

HY-2022 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	12 335	2 915	2 873	(42)	(14)	(7)
Water	1 792	175	176	1	1	(2)
Milk products and Ice cream	5 443	1 192	1 174	(18)	(2)	(2)
Nutrition and Health Science	7 689	1 502	1 106	(396)	(9)	(18)
Prepared dishes and cooking aids	6 137	974	599	(375)	(52)	(10)
Confectionery	3 595	498	464	(34)	(11)	(6)
PetCare	8 589	1 635	1 519	(116)	(54)	(38)
Unallocated items	-	(1 208)	(1 227)	(19)	(1)	(4)
Total Group	45 580	7 683	6 684	(999)	(142)	(87)



HY-2022 EPS reconciliation (1 of 2)

From net profit to underlying net profit

	<i>In CHF m</i>	
	<i>HY-2021</i>	<i>HY-2022</i>
Net Profit	5 945	5 247
<i>Restructuring costs</i>	62	87
<i>Impairments of property, plant & equipment, goodwill and int. assets</i>	177	741
<i>Net result on disposal of businesses</i>	(212)	52
<i>Other adjustment in Net other income/(expense)</i>	358	184
<i>Adjustment for income from associates and joint ventures</i>	60	82
<i>Tax effect on above items & adjustment of one-off tax items</i>	(259)	(16)
<i>Adjustment in non-controlling interests</i>	(50)	(13)
Underlying Net Profit	6 081	6 364
<i>Weighted Average number of shares outstanding (million)</i>	2 799	2 729
Underlying EPS	2.17	2.33



HY-2022 EPS reconciliation (2 of 2)

From underlying trading operating profit to underlying net profit

In CHF m

Underlying trading operating profit

Net financial income / (expense)

Adjusted taxes

Adjusted income from associates and joint ventures

Adjusted non-controlling interests

Underlying Net Profit

Weighted Average number of shares outstanding (million)

Underlying EPS

HY-2021

HY-2022

7 251

7 683

(416)

(434)

(1 380)

(1 515)

777

798

(151)

(168)

6 081

6 364

2 799

2 729

2.17

2.33

HY-2022 Currency overview

			Weighted average rate		
			HY-2021	HY-2022	Variation in %
US Dollar	1	USD	0.908	0.945	+4.1%
Euro	1	EUR	1.094	1.032	-5.7%
Chinese Yuan Renminbi	100	CNY	14.011	14.568	+4.0%
Brazilian Real	100	BRL	16.914	18.723	+10.7%
Philippine Peso	100	PHP	1.882	1.813	-3.7%
UK Pound Sterling	1	GBP	1.261	1.226	-2.8%
Mexican Peso	100	MXN	4.497	4.649	+3.4%
Canadian Dollar	1	CAD	0.729	0.744	+2.0%
Japanese Yen	100	JPY	0.843	0.766	-9.0%
Australian Dollar	1	AUD	0.701	0.680	-2.9%
Russian Federation Ruble	100	RUB	1.223	1.236	+1.0%



Abbreviations

- **OG** *Organic growth*
- **RIG** *Real internal growth*
- **AOA** *Asia, Oceania, and Africa*
- **LATAM** *Latin America*
- **GCR** *Greater China region*

