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## Press Release

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## Nestlé reports nine-month sales for 2022

- Organic growth reached 8.5%. Pricing was 7.5%, reflecting significant cost inflation. Real internal growth (RIG) was resilient at 1.0%. Organic growth was broad-based across most geographies and categories.
- Total reported sales increased by 9.2% to CHF 69.1 billion (9M-2021: CHF 63.3 billion). Net acquisitions had a positive impact of 1.2%. Foreign exchange decreased sales by 0.6%.
- Portfolio management on track. In the third quarter, Nestlé Health Science completed the acquisitions of Puravida in Brazil and The Better Health Company in New Zealand.
- **Full-year 2022 outlook updated:** we now expect organic sales growth around 8%. The underlying trading operating profit margin is expected around 17.0%. Underlying earnings per share in constant currency and capital efficiency are expected to increase.

**Mark Schneider, Nestlé CEO, commented:** *“We delivered strong organic growth as we continued to adjust prices responsibly to reflect inflation. The challenging economic environment is a concern for many people and is impacting their purchasing power. That’s why we aim to keep products affordable and accessible while considering the interests of all our stakeholders. Our real internal growth remained resilient despite a high base of comparison and continued supply chain constraints, with limited demand elasticity. At the same time, we continue to invest in R&D, marketing and sustainability initiatives, as demonstrated by the recent launch of our Nescafé Plan 2030. We remain confident in the strength of our brands, operational execution and underlying category dynamics which position us well for future growth.”*

	Total Group	Zone North America	Zone Europe	Zone AOA	Zone Latin America	Zone Greater China	Nespresso	Nestlé Health Science	Other Businesses
Sales 9M-2022 (CHF m)	69 132	19 093	13 968	13 899	8 648	3 843	4 674	4 811	196
Sales 9M-2021 (CHF m)*	63 294	17 173	13 736	13 343	7 416	3 585	4 654	3 237	150
Real internal growth (RIG)**	1.0%	0.1%	1.5%	1.1%	2.5%	2.1%	-1.9%	1.9%	28.0%
Pricing**	7.5%	11.1%	5.7%	7.0%	10.5%	2.6%	4.9%	2.6%	3.0%
Organic growth**	8.5%	11.2%	7.1%	8.1%	12.9%	4.7%	3.0%	4.5%	31.0%
Net M&A**	1.2%	-4.8%	2.0%	-0.1%	0.1%	0.0%	-0.1%	42.5%	0.0%
Foreign exchange**	-0.6%	4.8%	-7.5%	-3.9%	3.6%	2.4%	-2.5%	1.6%	0.2%
Reported sales growth	9.2%	11.2%	1.7%	4.2%	16.6%	7.2%	0.4%	48.6%	31.2%

\*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

## Group sales

Organic growth was 8.5%, reaching 9.3% in the third quarter. Pricing was 7.5%, reflecting significant cost inflation. RIG was resilient at 1.0% following a high base of comparison in 2021 and continued supply chain constraints, with limited demand elasticity.

Organic growth was 7.4% in developed markets, mostly driven by pricing with slightly positive RIG. Organic growth in emerging markets was 10.2%, supported by both pricing and RIG.

By product category, Purina PetCare was the largest contributor to organic growth, with continued momentum for science-based and premium brands *Purina Pro Plan*, *Purina ONE* and *Fancy Feast* as well as veterinary products. Sales in coffee grew at a high single-digit rate, with positive sales developments for *Nescafé*, *Starbucks* and *Nespresso*. Growth in Infant Nutrition reached a double-digit rate, with broad-based contributions across geographies. Confectionery reported double-digit growth, reflecting particular strength for *KitKat* and seasonal products. Water posted double-digit growth, despite supply chain constraints, led by premium brands, *S.Pellegrino*, *Acqua Panna* and *Perrier*. Dairy reported mid single-digit growth, with continued momentum for coffee creamers and a recovery for home-baking products. Cocoa and malt beverages saw high single-digit growth, with particular strength for *Milo* as well as *Nesquik* ready-to-drink formats. Prepared dishes and cooking aids posted low single-digit growth, following a high base of comparison in 2021, with continued strong demand for *Maggi*. Sales in vegetarian and plant-based food continued to grow at a double-digit rate, led by *Garden Gourmet*. Nestlé Health Science recorded mid single-digit growth, driven by Medical Nutrition and healthy-aging products.

By channel, organic growth in retail sales remained robust at 7.3%. Within retail, e-commerce sales grew by 8.4%, building on growth of 17.2% in the first nine months of

2021. Organic growth in out-of-home channels reached 26.1%, with sales exceeding 2019 levels.

Net acquisitions increased sales by 1.2%, largely related to the acquisitions of the core brands of The Bountiful Company and Orgain. The impact on sales from foreign exchange was negative at 0.6%. Total reported sales increased by 9.2% to CHF 69.1 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 operating profit margin in 2022. The agreement includes the option for Nestlé Health Science to fully acquire Orgain in 2024.

On September 1, 2022, Nestlé Health Science completed the acquisition of Puravida, a premium Brazilian nutrition and health lifestyle brand. The acquisition will enable Nestlé Health Science to expand its consumer health portfolio in Latin America.

On September 1, 2022, Nestlé Health Science completed the acquisition of The Better Health Company. The acquisition includes the GO Healthy brand, New Zealand's leading supplement brand, and New Zealand Health Manufacturing, an Auckland-based manufacturing facility for vitamins, minerals and supplements. The acquisition will expand Nestlé Health Science's portfolio of vitamins, minerals and supplements in AOA.

### Zone North America

- 11.2% organic growth: 0.1% RIG; 11.1% pricing.

	Sales 9M-2022	Sales 9M-2021	RIG	Pricing	Organic growth	Net M&A	Foreign exchange	Reported Growth
Zone North America	CHF 19.1 bn	CHF 17.2 bn	0.1%	11.1%	11.2%	-4.8%	4.8%	11.2%

Organic growth was 11.2%, with pricing of 11.1%. RIG was 0.1%, with a high base of comparison in 2021 and supply chain constraints. Net divestitures reduced sales by 4.8%, mainly due to the divestment of the Nestlé Waters North America brands. Foreign exchange had a positive impact of 4.8%. Reported sales in Zone North America increased by 11.2% to CHF 19.1 billion.

Zone North America reported double-digit organic growth, driven by pricing, strong momentum in e-commerce and further recovery of out-of-home channels. Nestlé gained market share in the Zone, led by pet food as well as portioned and soluble coffee.

By product category, Purina PetCare was the largest growth contributor with strong momentum across channels, particularly in e-commerce and pet specialty stores. *Purina Pro Plan*, including veterinary products, *Purina ONE* and *Fancy Feast* all posted strong double-digit growth, supported by innovation. Sales in Nestlé Professional and Starbucks out-of-home products grew at a strong double-digit rate. Growth in the beverages category, including Starbucks at-home products, *Coffee mate* and *Nescafé*, was close to a double-digit rate. Infant formula saw strong demand, following continued supply constraints in the market. Baby food posted robust growth, based on new launches in healthy snacking and plant-based offerings. Sales in premium water grew at a double-digit rate, driven by *S.Pellegrino* and *Essentia*. Frozen food reported low single-digit growth, following a high base of comparison in 2021. Both frozen pizza and frozen meals saw positive sales developments. Dairy-based products, including *Carnation* and *Nido*, also posted double-digit growth with market share gains. Ready-to-drink *Nesquik* in the U.S. and *KitKat* in Canada saw double-digit growth, supported by new product launches.

## Zone Europe

- 7.1% organic growth: 1.5% RIG; 5.7% pricing.

	Sales 9M-2022	Sales 9M-2021	RIG	Pricing	Organic growth	Net M&A	Foreign exchange	Reported Growth
Zone Europe*	CHF 14.0 bn	CHF 13.7 bn	1.5%	5.7%	7.1%	2.0%	-7.5%	1.7%

\*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 7.1%, with pricing of 5.7%. RIG was resilient at 1.5%, following a high base of comparison in 2021 as well as supply chain constraints. Foreign exchange negatively impacted sales by 7.5%, reflecting the appreciation of the Swiss franc against the Euro. Reported sales in Zone Europe increased by 1.7% to CHF 14.0 billion.

In a difficult economic environment, Zone Europe reported high single-digit organic growth. Pricing, continued momentum of out-of-home channels and innovation supported growth. The Zone saw market share gains in coffee, Infant Nutrition and plant-based food.

By product category, the key growth driver was Purina PetCare, fueled by premium brands *Gourmet*, *Purina ONE* and *Purina Pro Plan*. Sales in Nestlé Professional grew at a strong double-digit rate, led by beverages. Water posted double-digit growth, with strong contributions from international and local brands. Sales in Infant Nutrition grew at a double-digit rate, based on strong momentum for human milk oligosaccharides (HMOs) products. Confectionery reported mid single-digit growth, with strong demand for *KitKat* and seasonal offerings. In the third quarter, our vegan *KitKat V* was rolled out across 15 European countries. Coffee posted low single-digit growth, led by *Nescafé* soluble coffee and continued strong sales developments for *Starbucks by Nespresso*. Culinary reported a sales decrease, impacted by negative growth in pizza and noodles.

*Garden Gourmet* plant-based products continued to see strong double-digit growth, reflecting new product launches.

### Zone Asia, Oceania and Africa (AOA)

- 8.1% organic growth: 1.1% RIG; 7.0% pricing.

	Sales 9M-2022	Sales 9M-2021	RIG	Pricing	Organic growth	Net M&A	Foreign exchange	Reported Growth
Zone AOA	CHF 13.9 bn	CHF 13.3 bn	1.1%	7.0%	8.1%	-0.1%	-3.9%	4.2%

Organic growth reached 8.1%, with pricing of 7.0% and RIG of 1.1%. Foreign exchange reduced sales by 3.9%. Reported sales in Zone AOA increased by 4.2% to CHF 13.9 billion.

Organic growth in Zone AOA reached a high single-digit rate, driven by pricing, portfolio optimization and a further recovery of out-of-home channels. The Zone saw market share gains in culinary, ready-to-drink and portioned coffee, as well as Infant Nutrition.

South-East Asia posted mid single-digit growth, led by *Nescafé*, *Maggi* and *KitKat*, particularly in Malaysia. South Asia recorded double-digit growth, with market share gains and continued momentum for *Maggi*, *KitKat* and *Nescafé*. In the third quarter, Nestlé India launched a premium infant cereal range under the *Gerber* brand. Sales growth in Middle East and Africa was close to a double-digit rate, based on strong momentum for affordable offerings across *Maggi*, *Milo* and Infant Nutrition. Japan reported mid single-digit growth, led by ready-to-drink *Nescafé* and Purina PetCare. Sales in South Korea grew at a double-digit rate, driven by Starbucks products and increased demand for *KitKat*. Oceania reported high single-digit growth, with particular strength for *Nescafé* and *Maggi*. Confectionery also saw strong growth, supported by the launch of a new *KitKat* range with *Milo* filling.

By product category, culinary was the largest growth contributor led by double-digit growth for *Maggi*, particularly for cooking aids and noodles. Coffee posted high single-digit growth, with continued strong demand for *Nescafé* and Starbucks products. The Zone launched Starbucks ready-to-drink products in selected markets. Sales in Nestlé Professional grew at a strong double-digit rate across geographies and categories. Infant Nutrition reached high single-digit growth, with a further recovery in the third quarter. Cocoa and malt beverages posted high single-digit growth. Sales in confectionery grew at a double-digit rate, led by *KitKat*. Purina PetCare recorded high single-digit growth, with continued momentum for *Purina ONE*, *Felix* and *Purina Pro Plan*.

## Zone Latin America

- 12.9% organic growth: 2.5% RIG; 10.5% pricing.

	Sales 9M-2022	Sales 9M-2021	RIG	Pricing	Organic growth	Net M&A	Foreign exchange	Reported Growth
Zone Latin America	CHF 8.6 bn	CHF 7.4 bn	2.5%	10.5%	12.9%	0.1%	3.6%	16.6%

Organic growth was 12.9%, with pricing of 10.5%. RIG was resilient at 2.5%, following high single-digit growth in 2021. Foreign exchange had a positive impact of 3.6%. Reported sales in Zone Latin America increased by 16.6% to CHF 8.6 billion.

Zone Latin America maintained double-digit organic growth, with broad-based contributions across categories and geographies. Growth was supported by pricing, strong operational execution and further momentum of out-of-home channels. The Zone saw market share gains in Infant Nutrition, pet food and coffee creamers.

Sales in Brazil grew at a double-digit rate, reflecting strong demand for confectionery, Infant Nutrition as well as cocoa and malt beverages. Mexico saw high single-digit growth, with strong sales developments for Purina PetCare, *Nescafé* and *Carnation*. In July, Nestlé opened a new *Nescafé* factory in Veracruz, Mexico to meet strong consumer demand across the Zone. Sales in Chile grew at a high single-digit rate, led by confectionery and Purina PetCare. Colombia and the Plata Region continued to see strong double-digit growth, supported by volume growth.

By product category, confectionery was the largest growth contributor, reflecting strong demand for *KitKat* and key local brands. Sales in Purina PetCare grew at a double-digit rate, led by *Dog Chow*, *Cat Chow* and *Purina Pro Plan*. Coffee reported broad-based double-digit growth, supported by *Nescafé* soluble coffee, *Nescafé Dolce Gusto* and the continued roll-out of Starbucks products. Dairy posted mid single-digit growth, led by fortified milks and home-baking products. Infant Nutrition saw high single-digit growth, based on robust demand for *Nido* and *NAN* functional products. Sales in Nestlé Professional grew at a strong double-digit rate, with market share gains and sales significantly higher than pre-pandemic levels.

## Zone Greater China

- 4.7% organic growth: 2.1% RIG; 2.6% pricing.

	Sales 9M-2022	Sales 9M-2021	RIG	Pricing	Organic growth	Net M&A	Foreign exchange	Reported Growth
Zone Greater China	CHF 3.8 bn	CHF 3.6 bn	2.1%	2.6%	4.7%	0.0%	2.4%	7.2%

Organic growth was 4.7%, with pricing of 2.6% and RIG of 2.1%. Foreign exchange had a positive impact of 2.4%. Reported sales in Zone Greater China increased by 7.2% to CHF 3.8 billion.

Zone Greater China reported mid single-digit organic growth, despite COVID-19-related movement restrictions. Growth was supported by strong operational execution, e-commerce momentum and continued innovation.

By product category, Infant Nutrition recorded double-digit growth, with improving market share trends for *NAN* and *illumina*. Coffee posted high single-digit growth, led by *Nescafé* soluble coffee and Starbucks products. In confectionery *Hsu Fu Chi* and *Shark Wafer* both reported high single-digit growth. Culinary reported mid single-digit growth, helped by increased distribution to lower-tier cities. Sales in Purina PetCare grew at a high single-digit rate, led by *Mon Petit*, *Fancy Feast* and the recently launched *Dentalife*. Nestlé Professional reported a mid single-digit sales decrease, reflecting restrictions on out-of-home channels.

## Nespresso

- 3.0% organic growth: -1.9% RIG; 4.9% pricing.

	Sales 9M-2022	Sales 9M-2021	RIG	Pricing	Organic growth	Net M&A	Foreign exchange	Reported Growth
Nespresso*	CHF 4.7 bn	CHF 4.7 bn	-1.9%	4.9%	3.0%	-0.1%	-2.5%	0.4%

\*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 3.0%, with pricing of 4.9%. RIG was -1.9% following double-digit growth in 2021 during the pandemic. Foreign exchange negatively impacted sales by 2.5%. Reported sales in Nespresso increased by 0.4% to CHF 4.7 billion.

Nespresso reported low single-digit organic growth, following double-digit growth in 2021, with consumption remaining above pre-pandemic levels. The *Vertuo* system saw further momentum, with broad-based contributions across geographies. During the third quarter, Nespresso launched *Vertuo Pop*, a new compact machine made with recycled materials, in a number of European markets. Growth was also supported by a further recovery in out-of-home channels, with continued expansion of the *Momento* system and improved sales development for the office segment.

By geography, North America posted double-digit growth with continued market share gains. Europe reported a sales decrease. Other regions combined recorded high single-digit growth.

## Nestlé Health Science

- 4.5% organic growth: 1.9% RIG; 2.6% pricing.

	Sales 9M-2022	Sales 9M-2021	RIG	Pricing	Organic growth	Net M&A	Foreign exchange	Reported Growth
Nestlé Health Science*	CHF 4.8 bn	CHF 3.2 bn	1.9%	2.6%	4.5%	42.5%	1.6%	48.6%

\*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 4.5%, following double-digit growth in both 2020 and 2021 during the pandemic. Pricing was 2.6% and RIG 1.9%. Net acquisitions increased sales by 42.5%, largely related to the acquisition of the core brands of The Bountiful Company and Orgain. Foreign exchange positively impacted sales by 1.6%. Reported sales in Nestlé Health Science increased by 48.6% to CHF 4.8 billion.

Nestlé Health Science posted market share gains. Growth was supported by pricing, innovation and geographic expansion.

Consumer Care reported low single-digit growth. Healthy-aging products grew at a double-digit rate, supported by *Boost* and *Nutren*. Growth in vitamins, minerals and supplements was close to flat, following a high base of comparison particularly for immunity-related products during the pandemic. *Vital Proteins* saw double-digit growth, helped by new product launches and further geographic expansion. *Pure Encapsulations*, a super-premium offering recommended by healthcare professionals, posted double-digit growth. Sales of Orgain, the recently acquired plant-based nutrition business, grew at a strong double-digit rate. Growth was based on distribution expansion and innovation, particularly for the kids' protein organic nutrition range.

Medical Nutrition reported double-digit growth, with strong sales developments for pediatric and allergy products, *Althéra*, *Alfaré* and *Alfamino*. *Zenpep* posted high single-digit growth with market share gains. *Palforzia*, the peanut allergy treatment, saw further patient adoption.

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



## **Business as a force for good: Reducing greenhouse gas emissions in coffee farming and improving coffee farmers' livelihoods**

Nestlé is on a path to gradually reduce absolute greenhouse gas emissions in its supply chain and to achieve net zero emissions by 2050. For that reason, the company is supporting the transition to a regenerative food system. With the ***Nescafé Plan 2030***, the company is now executing on these ambitions through its largest coffee brand. The *Nescafé Plan 2030* is an integrated strategy that is meant to simultaneously reduce greenhouse gas emissions in coffee farming while boosting the incomes of coffee farmers through the implementation of regenerative agriculture. It builds on *Nescafé's* decade-long sustainability work. The brand will invest over one billion Swiss francs into the Plan by 2030 – an investment that is supported by Nestlé's regenerative agriculture financing.

*Nescafé* will work with coffee farmers to make the transition to regenerative agriculture by providing them with training, financial support and high-yielding coffee plantlets. Some of the regenerative practices that will be encouraged include:

- planting cover crops
- optimizing fertilization, including the use of organic fertilizers
- increasing the use of agroforestry and intercropping and
- pruning or replacing existing trees with disease and climate-change resistant varieties.

*Nescafé* will test, learn and assess the effectiveness of multiple regenerative agriculture practices, prioritizing the seven countries from which it sources 90% of its coffee: Brazil, Vietnam, Mexico, Colombia, Côte d'Ivoire, Indonesia and Honduras. Its goal, in line with the Nestlé Group's ambition for all key agricultural ingredients, is to source 20% of its coffee from regenerative agricultural methods by 2025 and 50% by 2030.

Regenerative farming will improve soil health and fertility. Healthier soil holds more water and captures more carbon from the atmosphere. This will help *Nescafé* reduce its greenhouse gas emissions by 50% by 2030, in line with the Nestlé Group commitment.

*Nescafé* will simultaneously help boost the income of farmers who make the transition to regenerative agriculture. It will pilot a financial support program in selected countries to test the best approach according to local conditions. Some of the measures that may be used include: conditional cash incentives for the adoption of regenerative agriculture practices, income protection through weather insurance and greater access to credit lines for farmers.

*Nescafé* will track the progress and assess the results of its field programs through its Monitoring and Evaluation partnership with the Rainforest Alliance. It is also partnering with Sustainable Food Lab, among others, for topics related to coffee farmers' income assessment, strategy and progress tracking.

With this extensive Plan, *Nescafé* aims to help make coffee farming globally more sustainable.

## Outlook

**Full-year 2022 outlook updated:** we now expect organic sales growth around 8%. The underlying trading operating profit margin is expected around 17.0%. Underlying earnings per share in constant currency and capital efficiency are expected to increase.

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## Annex

### Nine-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
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Real internal growth (RIG)**	1.0%	0.1%	1.5%	1.1%	2.5%	2.1%	-1.9%	1.9%	28.0%
Pricing**	7.5%	11.1%	5.7%	7.0%	10.5%	2.6%	4.9%	2.6%	3.0%
Organic growth**	8.5%	11.2%	7.1%	8.1%	12.9%	4.7%	3.0%	4.5%	31.0%
Net M&A**	1.2%	-4.8%	2.0%	-0.1%	0.1%	0.0%	-0.1%	42.5%	0.0%
Foreign exchange**	-0.6%	4.8%	-7.5%	-3.9%	3.6%	2.4%	-2.5%	1.6%	0.2%
Reported sales growth	9.2%	11.2%	1.7%	4.2%	16.6%	7.2%	0.4%	48.6%	31.2%

\* 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

### Nine-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 9M-2022 (CHF m)	69 132	18 461	2 776	8 267	11 625	9 152	5 640	13 211
Sales 9M-2021 (CHF m)	63 294	17 499	3 230	7 837	9 363	8 873	5 132	11 360
Real internal growth (RIG)**	1.0%	0.7%	6.0%	-3.6%	3.7%	-6.3%	6.4%	4.8%
Pricing**	7.5%	7.3%	9.1%	8.5%	4.8%	8.9%	4.4%	9.6%
Organic growth**	8.5%	8.0%	15.1%	4.8%	8.5%	2.6%	10.7%	14.4%

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