



Nestlé Good food, Good life

Full-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.



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Full-year results 2022

Mark Schneider, CEO



Key messages

Resilient financial performance

- Strong organic sales growth of 8.3%, led by pricing with slightly positive RIG
- Underlying trading operating profit margin decreased by 30 bps to 17.1%, reflecting significant cost inflation, partially mitigated by cost efficiencies and growth leverage
- Underlying earnings per share growth of 9.4% in constant currency

Building for the long-term

- Investing in capex, innovation and sustainability
- Rotated ~22% of portfolio between 2017-2021

Continued progress on Good for You, Good for the Planet agenda

Board proposes dividend per share of CHF 2.95, an increase of 15 centimes

2022 achievements

Categories, regions and channels

- **PetCare:** +14.5%
- **Coffee:** resilient at +8.1%, with Starbucks +CHF 1.5 bn incremental sales since 2018
- **Emerging markets:** +10.0%, supported by growth in affordable offerings
- **Out-of-home channels:** +23.5%

Fixing underperforming businesses

- **China infant nutrition:** back to high single-digit growth
- Addressing **low-margin businesses** and streamlining **SKU portfolio**

Portfolio management

- **Focus Nestlé Health Science** on Consumer Care and Medical Nutrition
- **Food:** creation of a B2B fresh-food platform, combining Freshly and Kettle Cuisine

Good for You: continued progress on nutrition



- **Continuing our journey** to reduce sodium, sugar and saturated fats
- **Targeting continued growth** in plant-based food & beverages
- **Empowering consumers** to make more informed decisions on food and diet choices
- **Delivering on** our transparency and responsible marketing **commitments**

Good for the Planet: progress on greenhouse gas reduction



- **Peak carbon is behind us**
- **Greenhouse gas emissions now below 2018 level**
- **On track to deliver** 20% carbon emission reduction by 2025 vs. 2018 level
- **Significant reduction expected** in 2023 as we reap the benefit of investments made over the last 2 years

Key focus areas for 2023

Strategic

- Accelerate **portfolio optimization**
- Drive **faster, relevant, impactful innovation**
- Lead on **climate, sustainability** and **nutrition** agendas

Operational

- Protect **volume growth**
- Drive **cost efficiencies**
- Step-up **marketing investments**

Financial

- Restore **gross margin** and **cash flow generation**

Accelerating portfolio optimization

Strong delivery to date - expanding scope of portfolio optimization beyond SKUs to brands, segments and geographies

Freeing up resources via
SKU optimization and portfolio pruning



Re-allocating resources toward
high-growth, high-margin products



Select dairy SKUs
Brazil



Frozen food
Canada



2023 guidance

- **Organic sales growth** between 6% and 8%
- **Underlying trading operating profit margin** between 17.0% and 17.5%
- **Underlying earnings per share growth in constant currency** between 6% and 10%



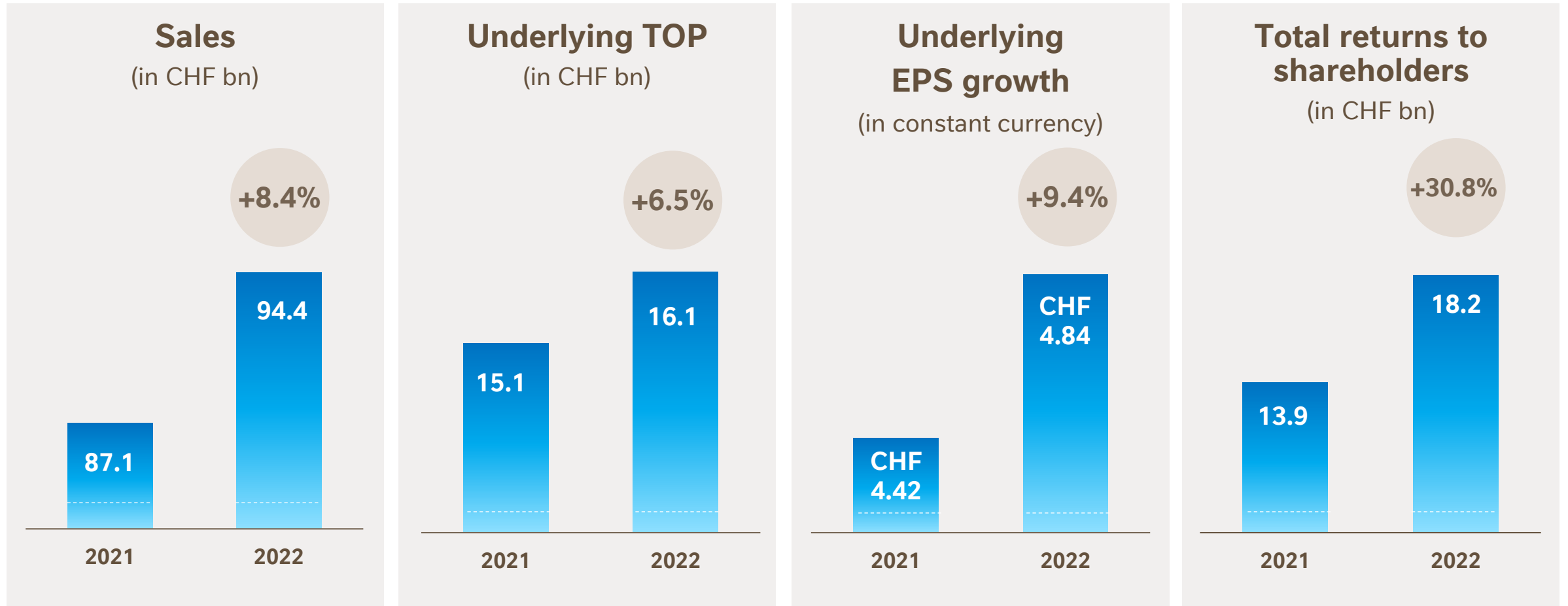
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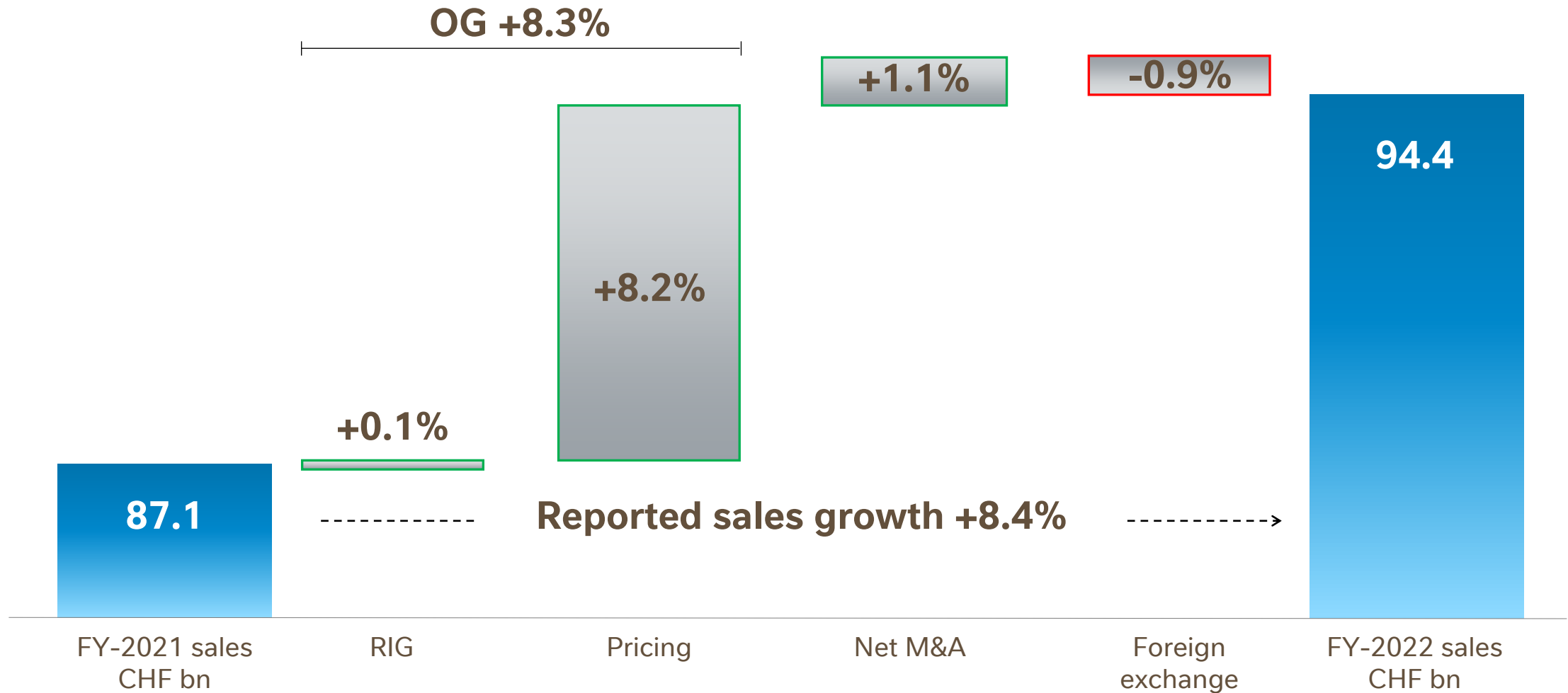
Full-year results 2022

François-Xavier Roger, CFO

Resilient financial performance



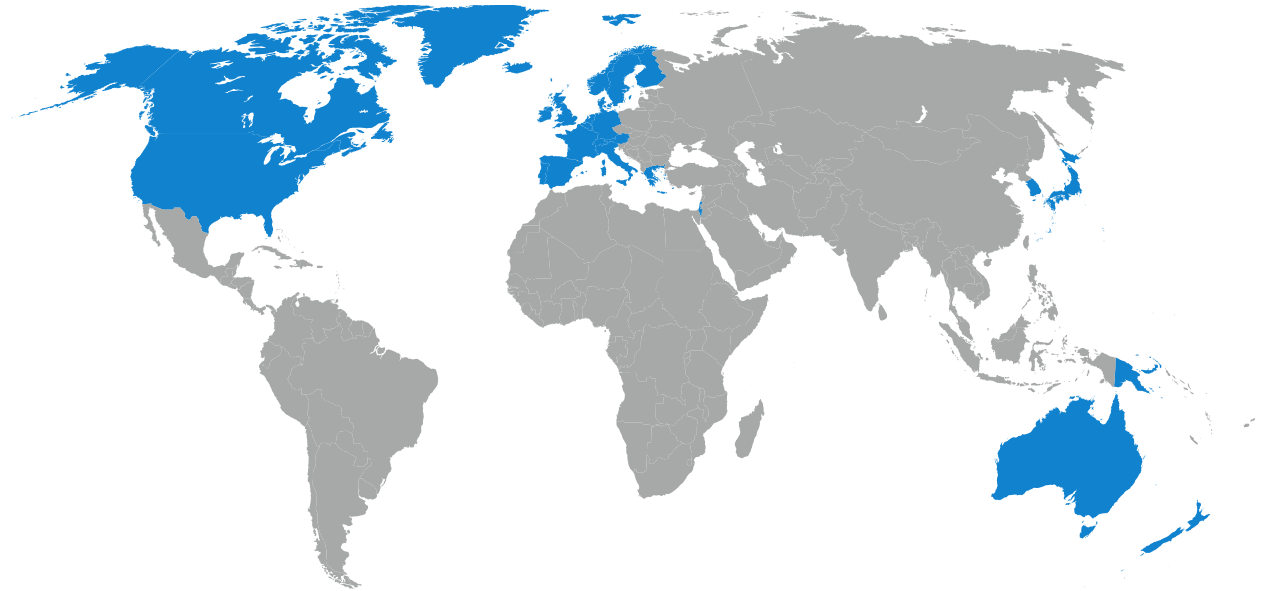
Full-year sales growth



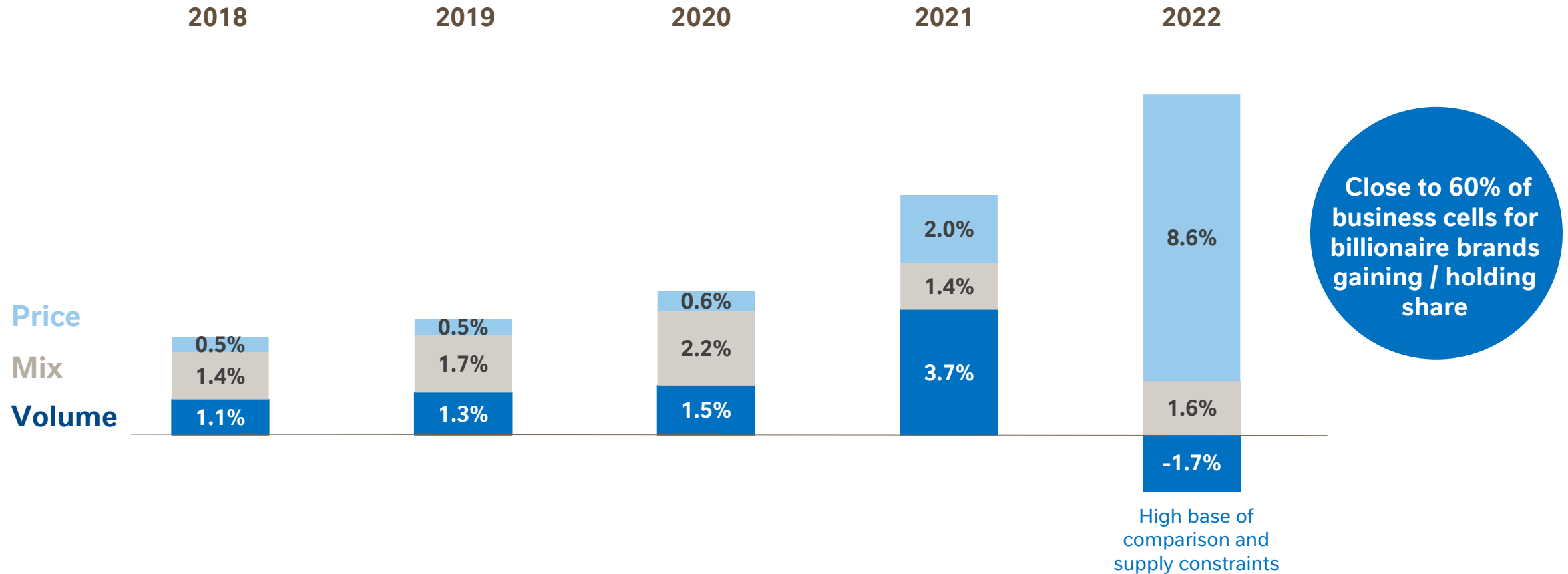
RIG, pricing and organic growth figures exclude the Russia region, with a corresponding impact on the M&A and foreign exchange lines

Strong growth across developed and emerging markets

	Developed	Emerging
Sales (in CHF) % of Group sales	55.1 bn 58%	39.3 bn 42%
RIG	-0.8%	1.4%
Pricing	7.9%	8.6%
OG	7.1%	10.0%



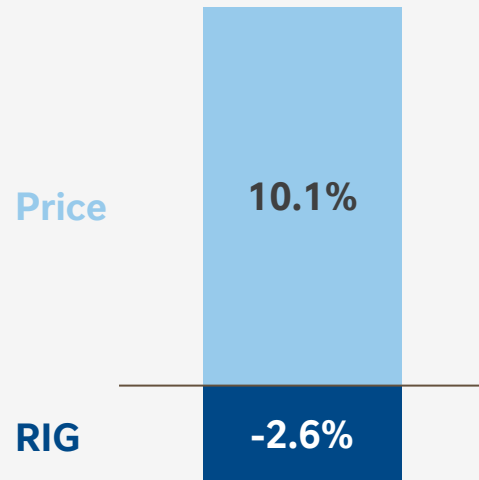
Resilient mix, volume and market share in 2022



Excludes water and Nestlé Health Science; Volume + Mix are equivalent to RIG

Q4-2022 RIG impacted by additional transitory factors

Q4-2022 RIG and Pricing



Factors impacting Q4-2022 RIG decline

- Normalization of out-of-home growth
- Portfolio and SKU optimization
- Temporary capacity constraints in water

Zone North America

Sales	CHF 26.3 bn
Organic growth	10.3%
Real internal growth	-1.3%
Underlying TOP margin	21.0%
vs LY	+70 bps

- Strong organic growth, driven by pricing. RIG impacted by high base of comparison and supply constraints
- Strong operational execution, continued e-commerce momentum and market share gains supported growth
- Purina PetCare, Nestlé Professional, coffee and creamers were the key growth drivers
- Margin +70 bps as pricing, growth leverage and portfolio management more than offset significant cost inflation



Zone Europe

Sales	CHF 19.1 bn
Organic growth	7.2%
Real internal growth	0.9%
Underlying TOP margin	16.4%
vs LY	-190 bps

- Robust organic growth, led by pricing. Positive RIG despite high base of comparison and supply constraints
- Resilient performance in a challenging and disrupted environment
- Purina PetCare, Nestlé Professional and water were the main contributors to growth
- Margin -190 bps as significant cost inflation outweighed pricing, growth leverage and disciplined cost control



Zone Asia, Oceania and Africa

Sales	CHF 18.5 bn
Organic growth	8.2%
Real internal growth	0.1%
Underlying TOP margin	22.9%
vs LY	-110 bps

- Strong organic growth, reflecting pricing execution across all geographies and categories
- Further recovery of out-of-home channels and innovation supported growth
- Culinary, Nestlé Professional and coffee were the main growth contributors
- Margin -110 bps as significant cost inflation more than offset pricing, growth leverage and cost control



Zone Latin America

Sales	CHF 11.8 bn
Organic growth	13.1%
Real internal growth	1.5%
Underlying TOP margin	21.2%
vs LY	-70 bps

- Sustained double-digit organic growth, with increased pricing and resilient RIG
- Broad-based growth driven by operational execution and continued momentum of out-of-home channels
- Growth was led by confectionery, Purina PetCare and coffee
- Margin -70 bps as one-off items and cost inflation more than offset pricing, growth leverage and cost control



Zone Greater China

Sales	CHF 5.4 bn
Organic growth	3.5%
Real internal growth	1.0%
Underlying TOP margin	16.1%
vs LY	+260 bps

- Solid organic growth, with positive pricing and RIG, despite the impact of movement restrictions
- Strong operational execution, robust e-commerce momentum and continued innovation supported growth
- Infant nutrition, coffee and confectionery were the key growth drivers
- Margin +260 bps as favorable mix and disciplined cost control more than offset inflation



Nestlé Health Science

Sales	CHF 6.6 bn
Organic growth	4.0%
Real internal growth	0.6%
Underlying TOP margin	13.6%
vs LY	Flat
<ul style="list-style-type: none">• Robust organic growth with share gains, supported by pricing, innovation and distribution gains• Consumer Care saw positive growth, as strong demand for active nutrition offset a slight sales decrease for VMS• Medical nutrition recorded double-digit growth, led by pediatric and allergy products• Margin flat as acquisition synergies and growth leverage were offset by cost inflation and growth investments	



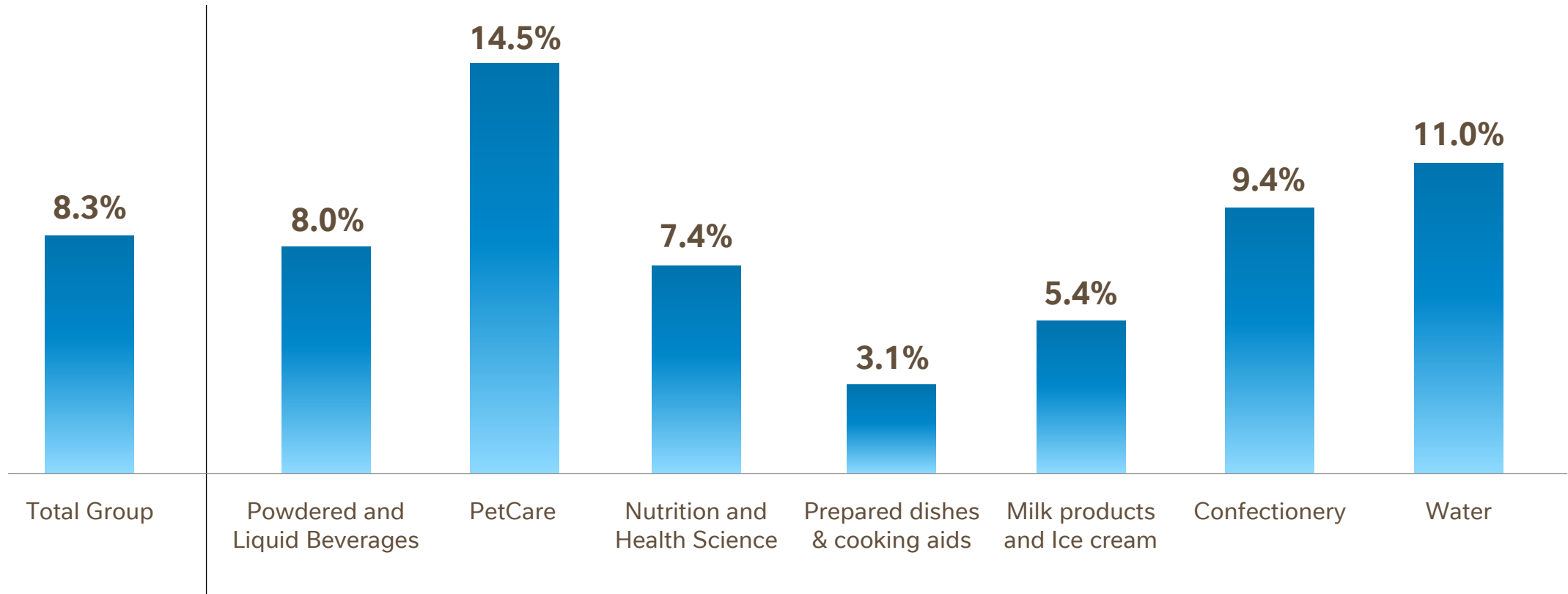
Nespresso

Sales	CHF 6.4 bn
Organic growth	3.5%
Real internal growth	-1.7%
Underlying TOP margin	21.5%
vs LY	-150 bps
<ul style="list-style-type: none">• Organic growth driven by pricing. RIG impacted by a high base of comparison during the pandemic• Sustained momentum for <i>Vertuo</i>, a strong recovery of out-of-home channels and innovation supported growth• North America posted double-digit growth. Europe reported a sales decrease• Margin -150 bps impacted by cost inflation and growth investments in the roll-out of the <i>Vertuo</i> system	



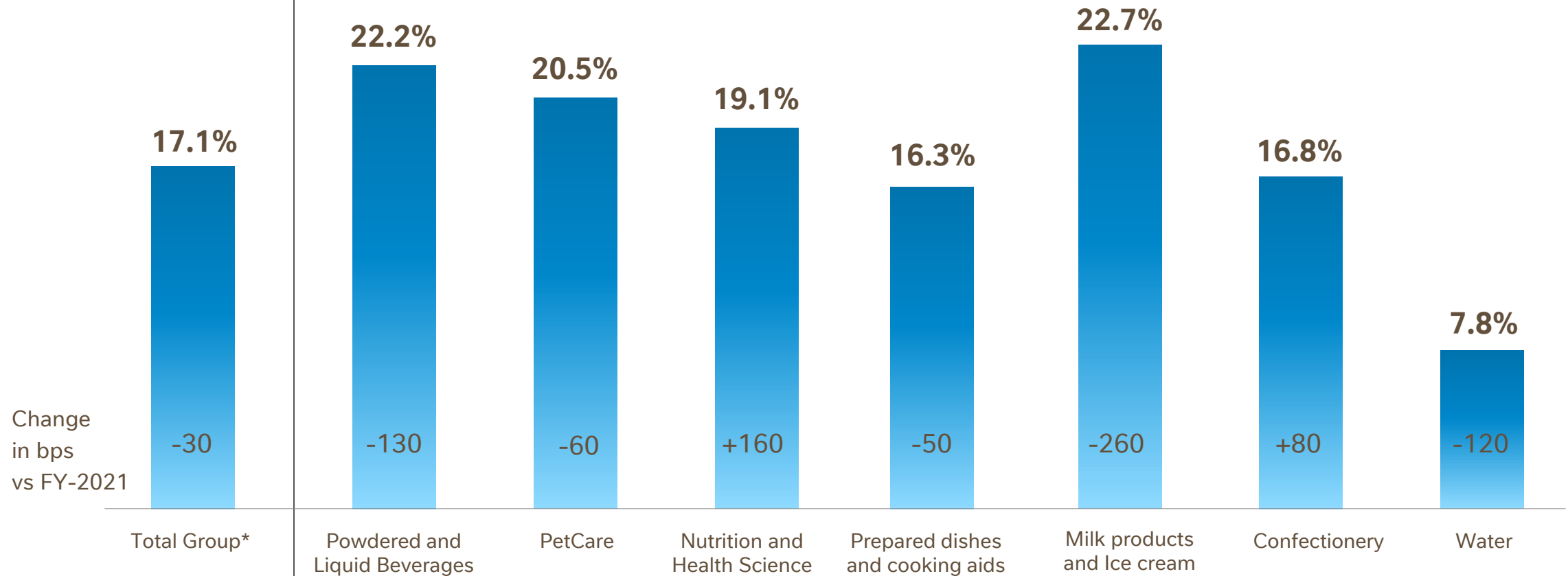
Broad-based growth across categories

Organic sales growth %



Underlying trading operating profit margin by category

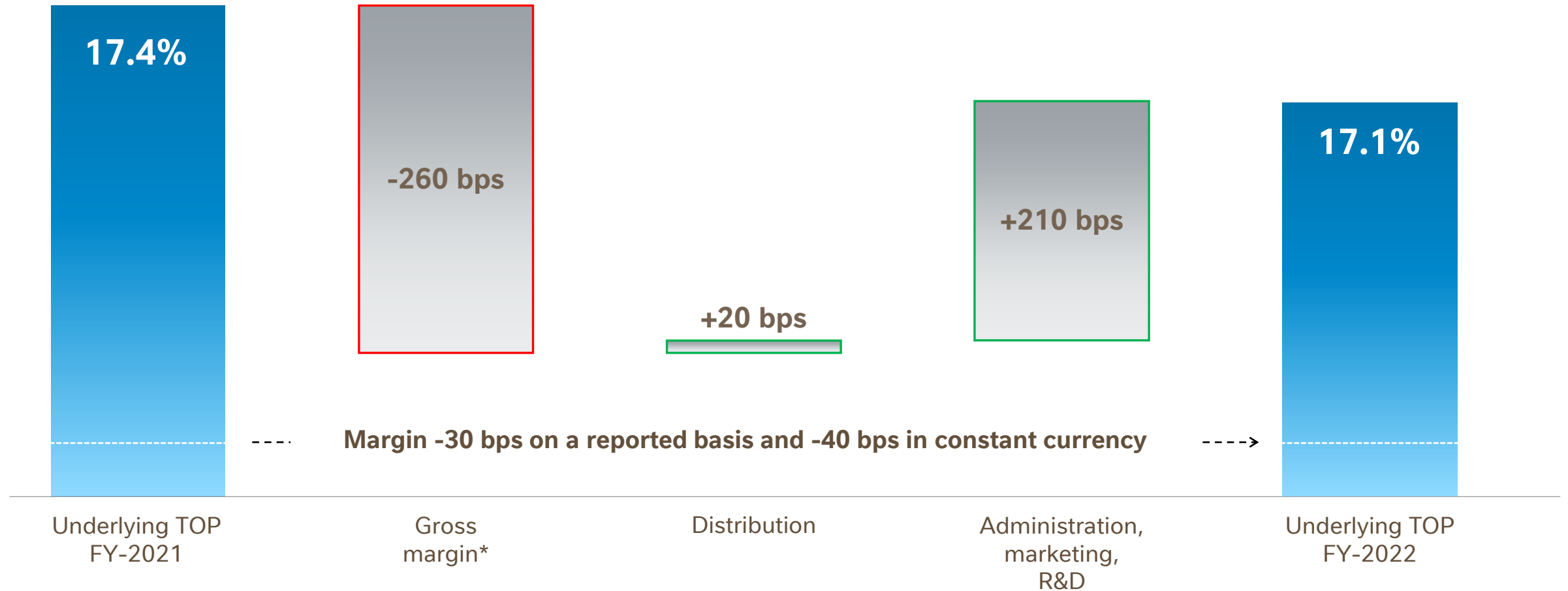
In % of sales



* Includes unallocated items



Inflation more than offset pricing, growth leverage and efficiencies



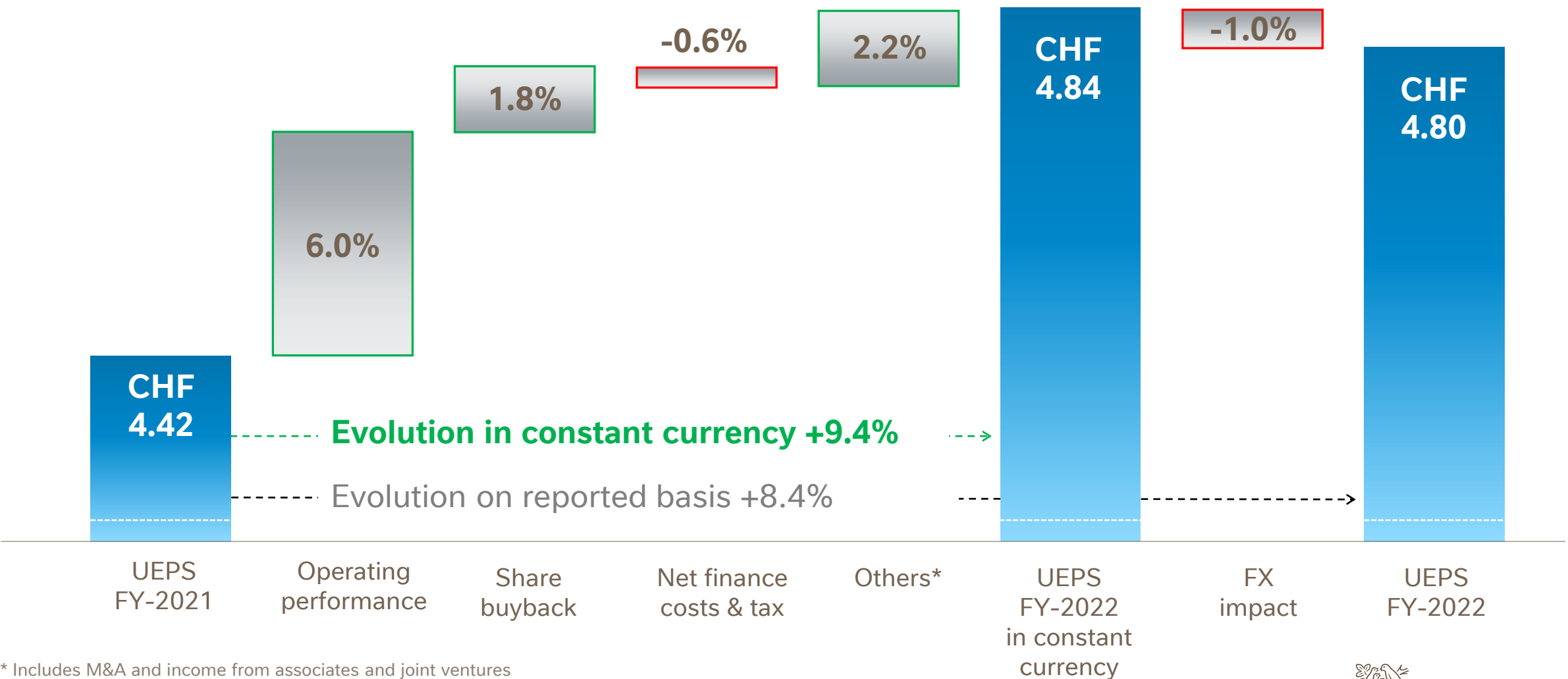
* Gross margin = Sales – cost of goods sold



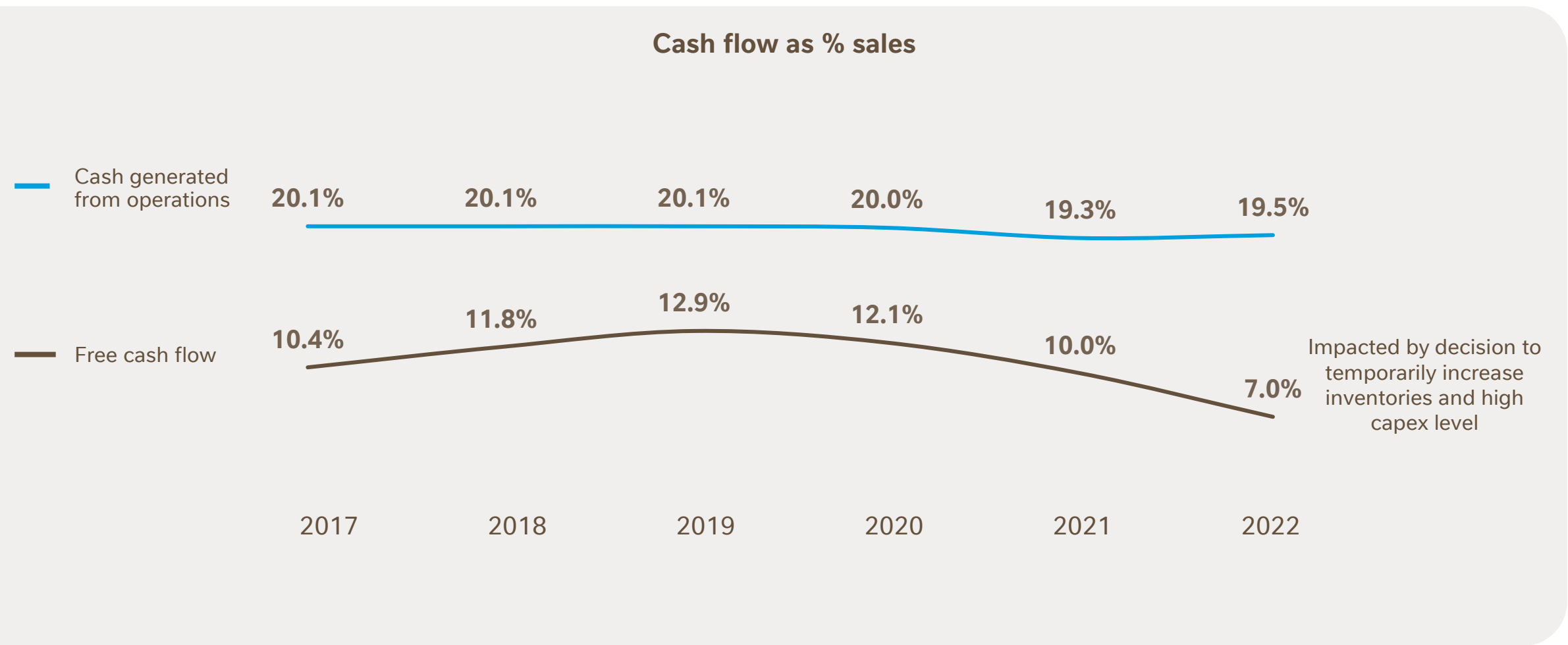
Net profit impacted by exceptional items

	% of sales	2022 vs 2021
Underlying trading operating profit	17.1%	-30 bps
Restructuring		+10 bps
Impairment of assets		+20 bps
Onerous contracts, litigations and other operating income / expenses		Flat
Trading operating profit	14.0%	Flat
Gain / loss on disposals		-40 bps
Taxes		-30 bps
Income from associates / joint ventures (incl. L'Oréal share disposal in 2021)		-880 bps
Others		-10 bps
Net profit	9.8%	-960 bps

Strong increase in underlying earnings per share

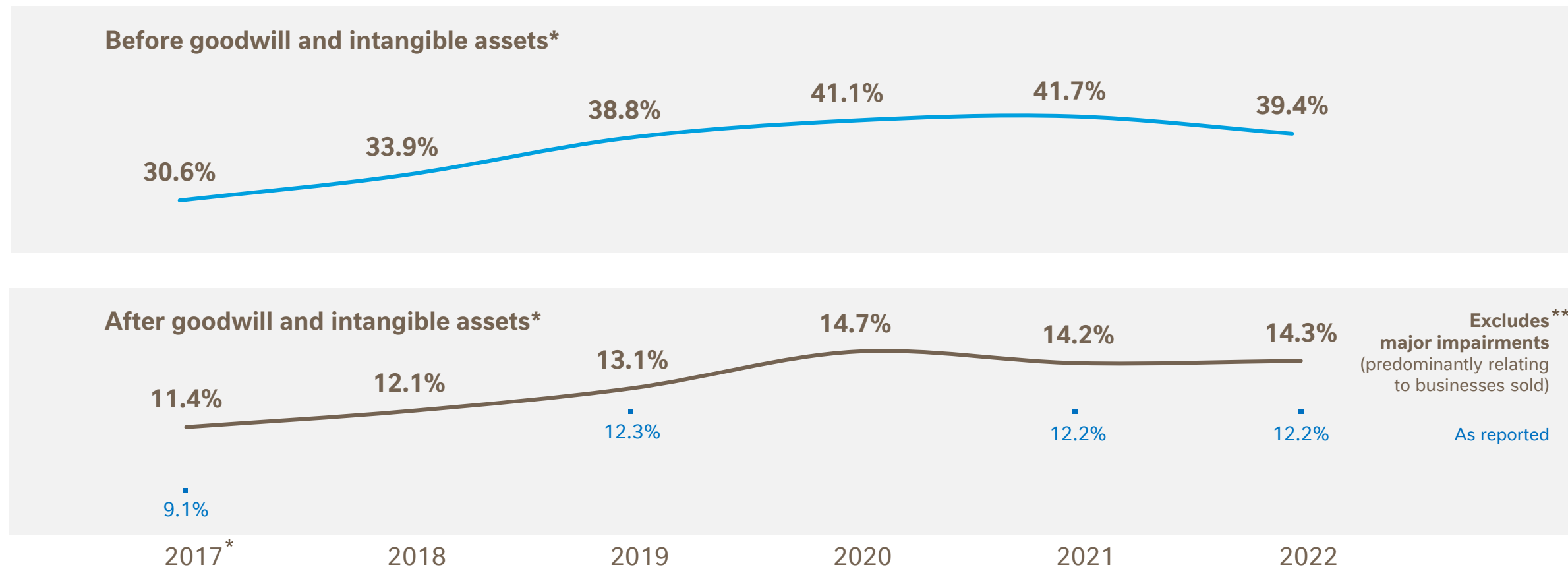


Sustaining strong operating cash flow generation



Cash generated from operations before changes in working capital; 2017 restated, reflecting implementation of IFRS 15 and IFRS 16

Return on invested capital



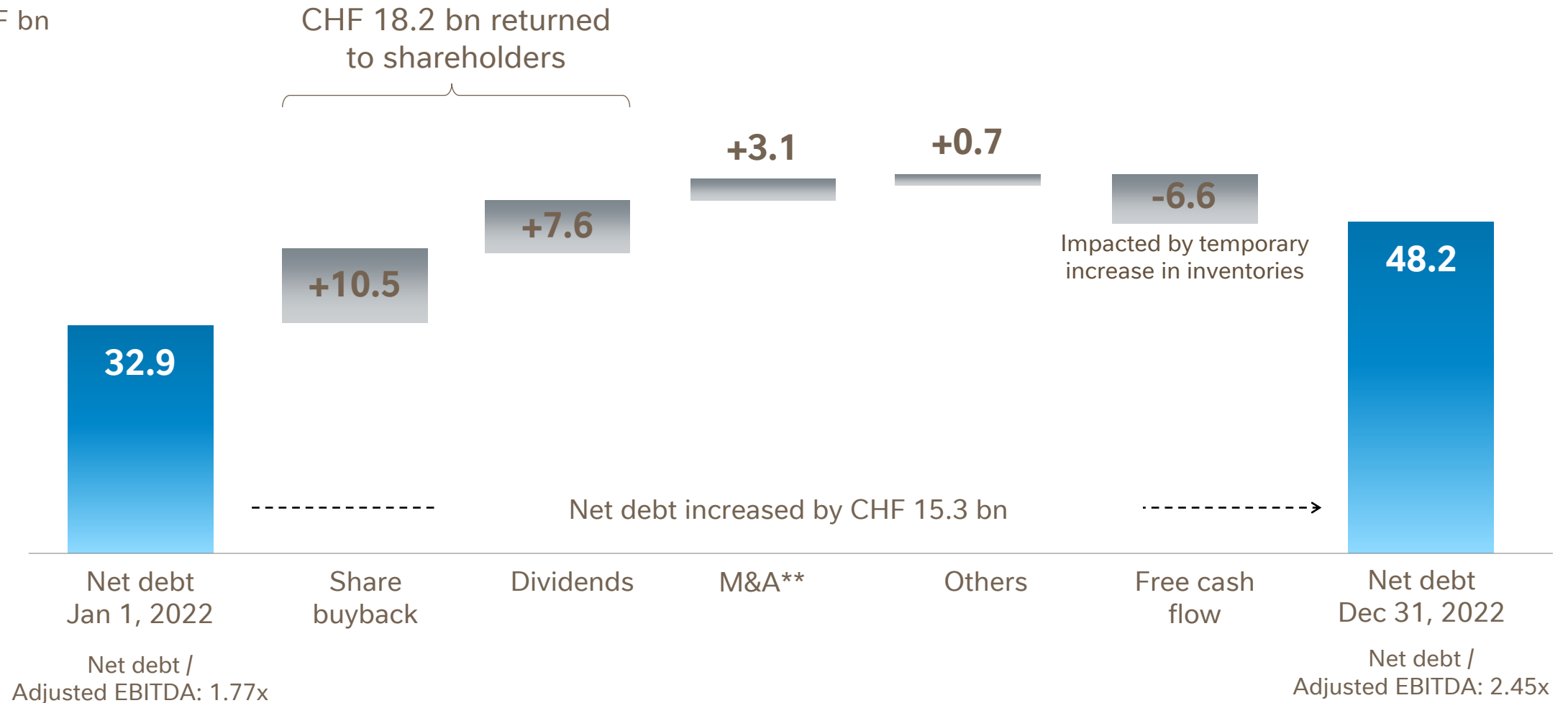
* Restated to reflect implementation of IFRS 15 and IFRS 16 in 2017.

** Excludes impairment of Nestlé Skin Health in 2017, Yinlu in 2019, Wyeth in 2021 and Aimmune and Freshly in 2022



Net debt

In CHF bn



* M&A line incl. associates/ joint ventures and non-controlling interests



Full-year results 2022

Q&A



Thank you!



FY-2022 Operating segments – quarterly summary

	Q4-2022 sales			
	Sales (CHF m)	RIG %	Pricing %	OG %
Zone North America	7 235	-4.9	12.8	7.8
Zone Europe	5 160	-0.8	8.3	7.5
Zone AOA	4 585	-2.8	11.2	8.4
Zone Latin America	3 171	-1.3	14.8	13.5
Zone Greater China	1 508	-1.6	2.2	0.6
Nespresso	1 774	-1.2	5.8	4.6
Nestlé Health Science	1 791	-2.9	5.6	2.7
Other Businesses	68	17.7	3.7	21.4
Total Group	25 292	-2.6	10.1	7.5



FY-2022 Operating segments – topline summary

	FY-2022 sales						
	Sales (CHF m)	RIG %	Pricing %	OG %	Net M&A %	F/X %	Reported sales growth %
Zone North America	26 328	-1.3	11.6	10.3	-3.8	4.7	11.1
Zone Europe	19 128	0.9	6.4	7.2	2.1	-7.6	1.8
Zone AOA	18 484	0.1	8.1	8.2	-0.1	-4.9	3.3
Zone Latin America	11 819	1.5	11.6	13.1	0.1	4.0	17.2
Zone Greater China	5 351	1.0	2.5	3.5	0.0	-0.1	3.4
Nespresso	6 448	-1.7	5.2	3.5	-0.3	-2.7	0.5
Nestlé Health Science	6 602	0.6	3.4	4.0	31.5	1.5	36.9
Other Businesses	264	25.2	3.2	28.4	0.0	-0.1	28.3
Total Group	94 424	0.1	8.2	8.3	1.1	-0.9	8.4



FY-2022 Products – topline summary

	FY-2022 sales			
	Sales (CHF m)	RIG %	Pricing %	OG %
Powdered and liquid beverages	25 218	0.2	7.8	8.0
Water	3 536	2.2	8.9	11.0
Milk products and Ice cream	11 289	-4.3	9.6	5.4
Nutrition and Health Science	15 678	1.7	5.7	7.4
Prepared dishes and cooking aids	12 484	-6.9	10.0	3.1
Confectionery	8 118	4.8	4.7	9.4
Petcare	18 101	4.3	10.2	14.5
Total group	94 424	0.1	8.2	8.3

FY-2022 historical eight quarters

Period	RIG%	Pricing %	OG %
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
Q3-2022	-0.2	9.5	9.3
Q4-2022	-2.6	10.1	7.5

FY-2022 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 North America	26 328	5 528	4 904	(624)	(82)	(43)	(713)
Zone Europe	19 128	3 138	2 719	(419)	(199)	(92)	(829)
Zone AOA	18 484	4 237	4 133	(104)	(26)	(44)	(566)
Zone Latin America	11 819	2 501	2 401	(100)	(16)	(11)	(366)
Zone Greater China	5 351	862	840	(22)	(12)	(15)	(179)
Nespresso	6 448	1 388	1 309	(79)	(24)	(7)	(290)
Nestlé Health Science	6 602	899	(596)	(1 495)	(41)	(42)	(287)
Other businesses	264	(17)	(19)	(2)	(4)	-	(38)
Unallocated items		(2 433)	(2 496)	(63)	1	(19)	(273)
Total Group	94 424	16 103	13 195	(2 908)	(403)	(273)	(3 541)



FY-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	25 218	5 593	5 358	(235)	(63)	(47)
Water	3 536	277	241	(36)	(8)	(21)
Milk products and Ice cream	11 289	2 568	2 508	(60)	(17)	(16)
Nutrition and Health Science	15 678	2 990	1 323	(1 667)	(62)	(68)
Prepared dishes and cooking aids	12 484	2 038	1 508	(530)	(101)	(57)
Confectionery	8 118	1 364	1 259	(105)	(42)	(14)
PetCare	18 101	3 706	3 494	(212)	(111)	(31)
Unallocated items		(2 433)	(2 496)	(63)	1	(19)
Total Group	94 424	16 103	13 195	(2 908)	(403)	(273)

FY-2022 EPS reconciliation (1 of 2)

From net profit to underlying net profit

	In CHF m	
	FY-2021	FY-2022
Net Profit	16 905	9 270
Restructuring costs	311	2 73
Impairments of property, plant & equipment, goodwill and int. assets	2 614	2 726
Net result on disposal of businesses	(235)	79
Other adjustment in Net other income/(expense)	750	699
Adjustment for income from associates and joint ventures	(7 270)	391
Tax effect on above items & adjustment of one-off tax items	(684)	(418)
Adjustment in non-controlling interests	(57)	(32)
Underlying Net Profit	12 334	12 988
Weighted Average number of shares outstanding (million)	2 788	2 707
Underlying EPS (in CHF)	4.42	4.80



FY-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 (in CHF)

FY-2021

FY-2022

15 119

16 103

(873)

(1 040)

(2 945)

(3 148)

1 381

1 431

(348)

(358)

12 334

12 988

2 788

2 707

4.42

4.80



FY-2022 Currency overview

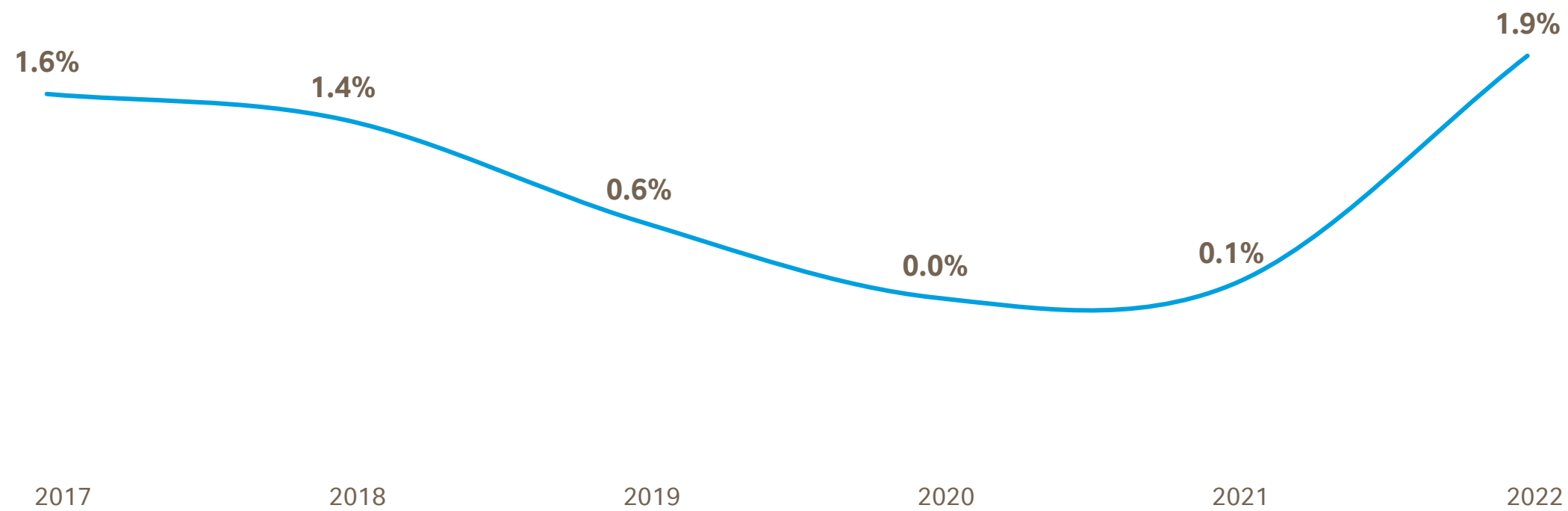
US Dollar	1	USD
Euro	1	EUR
Chinese Yuan Renminbi	100	CNY
Brazilian Real	100	BRL
Philippine Peso	100	PHP
UK Pound Sterling	1	GBP
Mexican Peso	100	MXN
Canadian Dollar	1	CAD
Japanese Yen	100	JPY
Australian Dollar	1	AUD
Indian Rupee	100	INR

Weighted average rate		
FY-2021	FY-2022	Variation in %
0.915	0.956	+4.5%
1.081	1.004	-7.1%
14.179	14.148	-0.2%
16.988	18.555	+9.2%
1.855	1.752	-5.5%
1.257	1.175	-6.5%
4.505	4.750	+5.4%
0.730	0.735	+0.6%
0.831	0.725	-12.7%
0.686	0.663	-3.5%
1.236	1.216	-1.6%



Temporary increase in working capital expected to reverse

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



* 2017 restated to reflect IFRS 15 and IFRS 16

Free cash flow impacted by temporary items

In CHF billion



Abbreviations

• OG	Organic growth
• RIG	Real internal growth
• AOA	Zone Asia, Oceania, and Africa
• LATAM	Zone Latin America
• GC	Zone Greater China
• 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)

