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Press Release

Ad hoc announcement pursuant to Art. 53 LR

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Nestlé reports three-month sales for 2023

- Total reported sales increased by 5.6% to CHF 23.5 billion (3M-2022: CHF 22.2 billion). Foreign exchange decreased sales by 4.0%. Net acquisitions had a positive impact of 0.3%.
- Organic growth reached 9.3%, with broad-based contributions across geographies and categories. Pricing was 9.8%, reflecting significant cost inflation. Real internal growth (RIG) was -0.5%.
- **Full-year 2023 outlook confirmed:** we expect organic sales growth between 6% and 8% and underlying trading operating profit margin between 17.0% and 17.5%. Underlying earnings per share in constant currency is expected to increase between 6% and 10%.

Mark Schneider, Nestlé CEO, commented: *“Nestlé delivered strong organic growth in the first quarter, as our teams worked diligently to protect volume and ensure resilient mix. Portfolio optimization efforts and responsible pricing helped to offset the ongoing pressures from two years of cost inflation.”*

We continued our portfolio management journey with the creation of a joint venture dedicated to the frozen pizza business in Europe. The new partnership provides the best platform to develop the full potential of this business.

Following a strong start to the year, we confirm our full-year 2023 outlook and remain focused on creating value for all stakeholders”.

	Total Group	Zone North America	Zone Europe	Zone AOA	Zone Latin America	Zone Greater China	Nestlé Health Science	Nespresso	Other Businesses
Sales 3M-2023 (CHF m)	23 470	6 312	4 881	4 681	3 032	1 311	1 617	1 567	69
Sales 3M-2022 (CHF m)	22 238	5 800	4 633	4 633	2 697	1 361	1 449	1 602	63
Real internal growth (RIG)	-0.5%	-0.8%	-1.0%	1.3%	-0.6%	-0.8%	-2.2%	-1.1%	12.7%
Pricing	9.8%	12.4%	10.7%	9.1%	13.4%	3.9%	5.0%	4.0%	0.1%
Organic growth	9.3%	11.6%	9.7%	10.4%	12.8%	3.1%	2.8%	2.9%	12.8%
Net M&A	0.3%	-2.3%	1.1%	-0.1%	0.2%	0.0%	10.3%	-1.3%	0.0%
Foreign exchange	-4.0%	-0.4%	-5.4%	-9.2%	-0.6%	-6.8%	-1.7%	-3.8%	-2.3%
Reported sales growth	5.6%	8.9%	5.4%	1.1%	12.5%	-3.7%	11.3%	-2.2%	10.5%

Group sales

Organic growth was 9.3%. Pricing was 9.8%, reflecting significant cost inflation. RIG was -0.5%, impacted by capacity constraints and portfolio optimization actions. Demand elasticity and consumer downtrading remained limited in the context of pricing actions.

Growth was broad-based across most geographies and categories. Organic growth was 8.6% in developed markets, led by pricing. Organic growth in emerging markets was 10.3%, driven by pricing and positive RIG.

By product category, Purina PetCare was the largest contributor to organic growth, fueled by strong momentum for science-based and premium brands *Purina ONE*, *Purina Pro Plan* and *Friskies*. Coffee saw high single-digit growth, with positive sales developments for *Nescafé*, Starbucks and *Nespresso*. Sales in confectionery grew at a double-digit rate, with strong growth for *KitKat* and seasonal products. Growth in Infant Nutrition reached a double-digit rate, with broad-based contributions across geographies and segments. Dairy reported high single-digit growth, with strong demand for coffee creamers and affordable fortified milks. Prepared dishes and cooking aids posted high single-digit growth, led by *Maggi*, *Stouffers* and *Hot Pockets*. Nestlé Health Science recorded low single-digit growth, with continued strong demand for Medical Nutrition and a positive sales development for active nutrition. Despite temporary capacity constraints for *Perrier*, water posted low single-digit growth led by *S.Pellegrino*.

By channel, organic growth in retail sales remained robust at 8.7%. E-commerce sales grew by 13.6%, reaching 16.2% of total Group sales. Organic growth of out-of-home channels was 17.8%.

Net acquisitions increased sales by 0.3%, largely related to the acquisition of Orgain. The impact on sales from foreign exchange was negative at 4.0%. Total reported sales increased by 5.6% to CHF 23.5 billion.

Portfolio Management

Nestlé and private equity firm PAI Partners have agreed to set up a joint venture for Nestlé's frozen pizza business in Europe, creating a dedicated player in a competitive and dynamic category. Nestlé will retain a non-controlling stake with equal voting rights alongside PAI Partners, remaining invested in this business and participating in future growth and value creation in the category. The transaction is subject to employee consultations and the approval of regulatory authorities and is expected to close in the second half of 2023.

Zone North America

- 11.6% organic growth: -0.8% RIG; 12.4% pricing.

	Sales 3M-2023	Sales 3M-2022	RIG	Pricing	Organic growth	Net M&A	Foreign exchange	Reported Growth
Zone North America	CHF 6.3 bn	CHF 5.8 bn	-0.8%	12.4%	11.6%	-2.3%	-0.4%	8.9%

Organic growth was 11.6%, with pricing of 12.4%. RIG was -0.8%, with a strong recovery versus the fourth quarter of 2022. Net divestitures reduced sales by 2.3%, as a result of the divestment of a majority stake in *Freshly* as well as the disposal of the *Gerber Good Start* infant formula brand. Reported sales in Zone North America increased by 8.9% to CHF 6.3 billion.

Zone North America saw broad-based growth across brands and categories, driven by pricing, strong operational execution and continued momentum in e-commerce. The Zone saw market share gains in pet food, frozen meals and soluble coffee.

By product category, Purina PetCare was the largest growth contributor, with broad-based demand across channels, particularly e-commerce. *Purina ONE*, *Purina Pro Plan* and *Friskies* all saw strong double-digit growth. Sales for Nestlé Professional and Starbucks out-of-home solutions grew at a strong double-digit rate, supported by distribution expansion. The beverages category, including *Coffee mate*, *Nescafé* and Starbucks products, posted high single-digit growth. Frozen food saw mid single-digit growth, based on strong demand for *Stouffers* as well as *Tombstone* and *Jack's* pizza. In February, the Zone announced the decision to wind down its frozen meals and pizza business in Canada starting from the second quarter. *Gerber* baby food reported double-digit growth and gained market share, with particular strength for healthy snacking products. Confectionery in Canada recorded double-digit growth, led by *KitKat*. Water saw a sales decrease, as temporary capacity constraints for *Perrier* outweighed strong growth for *S.Pellegrino*.

Zone Europe

- 9.7% organic growth: -1.0% RIG; 10.7% pricing.

	Sales 3M-2023	Sales 3M-2022	RIG	Pricing	Organic growth	Net M&A	Foreign exchange	Reported Growth
Zone Europe	CHF 4.9 bn	CHF 4.6 bn	-1.0%	10.7%	9.7%	1.1%	-5.4%	5.4%

Organic growth was 9.7%, with pricing of 10.7%. RIG was -1.0%. Foreign exchange negatively impacted sales by 5.4%, reflecting the appreciation of the Swiss franc against the Euro. Reported sales in Zone Europe increased by 5.4% to CHF 4.9 billion.

Growth in Zone Europe was supported by pricing, sustained e-commerce momentum and a strong sales development for out-of-home channels. The Zone saw market share gains in pet food, confectionery and Infant Nutrition.

By product category, the key contributor to growth was Purina PetCare, driven by premium brands *Felix*, *Friskies* and *Gourmet*. A new celebrity campaign for *Felix* resonated strongly with consumers. Confectionery reported double-digit growth, with strong demand for *KitKat* and seasonal products. Sales in Nestlé Professional grew at a double-digit rate, supported by branded coffee solutions. Coffee saw high single-digit growth, supported by *Nescafé* and Starbucks products. *Nescafé Farmers Origins*, a range of coffee capsules for Nespresso machines, saw strong growth and is now sold in seven markets. Infant Nutrition posted mid single-digit growth, based on continued demand for premium infant formula, particularly *NAN*. Culinary reported low single-digit growth, with particular strength for *Maggi*. Water posted a sales decrease, as the impact of temporary capacity constraints for *Perrier* outweighed a strong sales development for *S.Pellegrino*.

Zone Asia, Oceania and Africa (AOA)

- 10.4% organic growth: 1.3% RIG; 9.1% pricing.

	Sales 3M-2023	Sales 3M-2022	RIG	Pricing	Organic growth	Net M&A	Foreign exchange	Reported Growth
Zone AOA	CHF 4.7 bn	CHF 4.6 bn	1.3%	9.1%	10.4%	-0.1%	-9.2%	1.1%

Organic growth reached 10.4%, with pricing of 9.1%. RIG was resilient at 1.3%. Foreign exchange reduced sales by 9.2%. Reported sales in Zone AOA increased by 1.1% to CHF 4.7 billion.

Growth in Zone AOA was driven by pricing, improved mix and continued momentum of out-of-home channels. The Zone saw market share gains in culinary, coffee and ice cream.

South-East Asia posted mid single-digit growth, with strong sales developments in *Nescafé* and *Maggi*. South Asia recorded strong double-digit growth across most categories, supported by distribution expansion in rural areas, e-commerce momentum and increased focus on premiumization. Sales in Middle East and Africa grew at a double-digit rate, led by *Maggi*, *NAN* and *Nescafé*. Japan reported mid single-digit growth, driven by coffee, confectionery and Purina PetCare. Sales in South Korea grew at a double-digit rate, fueled by Starbucks products and *KitKat*. Oceania recorded double-digit growth, supported by Purina PetCare, *Nescafé* and *KitKat*.

By product category, Infant Nutrition was the largest growth contributor, led by *Lactogen*. Sales in culinary grew at a double-digit rate, based on distribution expansion and strong execution for *Maggi*. Coffee saw high single-digit growth, with continued robust demand for *Nescafé* and Starbucks products. Confectionery reported double-digit growth, fueled by strong momentum for *KitKat*. Sales in Nestlé Professional grew at a double-digit rate across geographies and categories, supported by distribution expansion. Purina PetCare saw double-digit growth, led by *Supercoat*, *Purina ONE* and *Felix*. Cocoa and malt beverages posted mid single-digit growth, with a solid sales development for *Milo* ready-to-drink products.

Zone Latin America

- 12.8% organic growth: -0.6% RIG; 13.4% pricing.

	Sales 3M-2023	Sales 3M-2022	RIG	Pricing	Organic growth	Net M&A	Foreign exchange	Reported Growth
Zone Latin America	CHF 3.0 bn	CHF 2.7 bn	-0.6%	13.4%	12.8%	0.2%	-0.6%	12.5%

Organic growth was 12.8%, with pricing of 13.4% and RIG of -0.6%. Foreign exchange had a negative impact of 0.6%. Net acquisitions increased sales by 0.2%. Reported sales in Zone Latin America increased by 12.5% to CHF 3.0 billion.

Zone Latin America recorded sustained broad-based growth, supported by pricing, strong operational execution and continued momentum of out-of-home channels. The Zone saw market share gains in Infant Nutrition, pet food and portioned coffee.

Sales in Brazil grew at a strong double-digit rate, led by confectionery, Infant Nutrition and dairy. Mexico reported broad-based double-digit growth, with robust demand for *Nescafé*, *La Lechera* and *NAN*. Colombia saw strong double-digit growth, driven by Purina PetCare, coffee and confectionery.

By product category, confectionery was the largest growth contributor, with strong momentum for *KitKat* and seasonal products. Dairy posted double-digit growth, based on robust demand for fortified milks and home-baking products. Sales in Infant Nutrition grew at a double-digit rate across most segments, with particular strength for *NAN* and infant cereals. Nestlé Professional reported strong double-digit growth, fueled by momentum for coffee solutions and distribution expansion. Coffee saw high

single-digit growth, supported by *Nescafé*. In the first quarter, *Nescafé Dolce Gusto* launched *Neo* in Brazil, the most sustainable system to date with compostable coffee pods. Sales in cocoa and malt beverages grew at a double-digit rate, led by *Nescau*. Purina PetCare reported mid single-digit growth, following a high base of comparison in 2022.

Zone Greater China

- 3.1% organic growth: -0.8% RIG; 3.9% pricing.

	Sales 3M-2023	Sales 3M-2022	RIG	Pricing	Organic growth	Net M&A	Foreign exchange	Reported Growth
Zone Greater China	CHF 1.3 bn	CHF 1.4 bn	-0.8%	3.9%	3.1%	0.0%	-6.8%	-3.7%

Organic growth was 3.1%, with pricing of 3.9%. RIG was -0.8%, partly impacted by the timing of Chinese New Year. Foreign exchange had a negative impact of 6.8%. Reported sales in Zone Greater China decreased by 3.7% to CHF 1.3 billion.

Growth in Zone Greater China was supported by strong operational execution, e-commerce momentum and continued innovation. The Zone saw market share gains in confectionery, pet food and ice cream.

By product category, Infant Nutrition was the largest growth contributor, led by *NAN* specialty offerings and *illumina*. Nestlé Professional saw mid single-digit growth, supported by innovation and distribution expansion. Culinary posted low single-digit growth, with solid demand for *Totole*. Confectionery reported low single-digit growth, led by increased distribution for *Hsu Fu Chi*. Purina PetCare recorded double-digit growth, driven by *Purina Pro Plan* dry cat and veterinary products. Coffee saw a sales decrease, as a positive sales development in soluble coffee was offset by negative growth for ready-to-drink coffee.

Nestlé Health Science

- 2.8% organic growth: -2.2% RIG; 5.0% pricing.

	Sales 3M-2023	Sales 3M-2022	RIG	Pricing	Organic growth	Net M&A	Foreign Exchange	Reported growth
Nestlé Health Science	CHF 1.6 bn	CHF 1.4 bn	-2.2%	5.0%	2.8%	10.3%	-1.7%	11.3%

Organic growth was 2.8%, with pricing of 5.0% and RIG of -2.2%, following extraordinary growth over the last three years during the pandemic. Net acquisitions increased sales by 10.3%, largely related to the acquisition of Orgain. Foreign exchange negatively impacted sales by 1.7%. Reported sales in Nestlé Health Science increased by 11.3% to CHF 1.6 billion.

Growth in Nestlé Health Science was driven by pricing, e-commerce momentum and geographic expansion. The business continued to gain market share.

Consumer Care saw a sales decrease, as a positive sales development in active nutrition was offset by negative growth in vitamins, minerals and supplements. Within active nutrition, healthy-aging products, *Vital Proteins* and *Orgain* all saw continued strong momentum. Vitamins, minerals and supplements saw a sales decrease, following three years of strong growth during the pandemic.

Medical Nutrition recorded double-digit growth, with strong sales developments for pediatric and allergy products, *Althéra*, *Alfaré* and *Alfamino*. Acute and adult medical care products, particularly *Resource* and *Compleat*, also posted strong growth.

By geography, North America saw positive growth. Europe reported mid single-digit growth. Other regions combined posted high single-digit growth.

Nespresso

- 2.9% organic growth: -1.1% RIG; 4.0% pricing.

	Sales 3M-2023	Sales 3M-2022	RIG	Pricing	Organic growth	Net M&A	Foreign Exchange	Reported growth
Nespresso	CHF 1.6 bn	CHF 1.6 bn	-1.1%	4.0%	2.9%	-1.3%	-3.8%	-2.2%

Organic growth was 2.9%, with pricing of 4.0%. RIG was -1.1%, mainly due to post-pandemic normalization. Following strong growth during the pandemic, comparable sales were around 30% above 2019 levels. Foreign exchange negatively impacted sales by 3.8%. Reported sales in Nespresso decreased by 2.2% to CHF 1.6 billion.

The key growth contributor was the *Vertuo* system, which continued to see broad-based momentum. Growth in out-of-home channels was also strong, with further adoption for the *Momento* system, particularly in the office segment. Innovation continued to resonate with consumers, including the expansion of the *Ispirazione Italiana* range through the launch of the *Milano Intenso* coffee.

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

Business as a force for good: Material progress on plastic packaging

Nestlé is reducing plastic usage through less packaging, better packaging and better systems. The company passed peak virgin plastic consumption and peak greenhouse gas emissions in 2019, while the business continued to grow.

Global estimates show that over 180 million tonnes of plastics are used for packaging in a year*. In 2022, Nestlé used 0.9 million tonnes of plastics for packaging, representing 0.5% of the plastic packaging globally.

Nestlé strives to use only the minimum amount of plastic packaging necessary to ensure food safety. The company is accelerating the development and scaling of next-generation packaging solutions. These include delivery models like reuse and refill with 20 pilots in 12 countries, recyclable paper in products like *Quality Street* and *KitKat*, as well as compostable packaging such as coffee pods. It is also continuously reducing packaging by volume and weight.

Nestlé has reduced its use of virgin plastic in packaging by 10.5% since 2018 and is on track to reduce virgin plastic usage by one third by 2025. For example, the company phased out the use of 4.5 billion plastic straws per year and replaced them with paper straws globally.

In 2022, the company cut the weight of its total product packaging by 200 000 tonnes while reducing the number of pieces by 14 billion. This reduction in total packaging weight combined with packaging redesign led to greenhouse gas reductions of 280 000 tonnes in 2022.

At year-end 2022, 81.9% of the company's plastic packaging was designed for recycling. By 2025, Nestlé aims to reach over 95%. Ultimately, it aims for 100% reusable or recyclable packaging and a waste-free future.

The company takes its responsibility to advance the circular economy seriously and is determined to keep effecting change through a collaborative approach. Nestlé is collaborating with supply chain partners, civil society and government stakeholders to act on infrastructure as well as the UN Treaty on Plastics Pollution.

* Source: *OECD Global Plastics Outlook 2022*

Outlook

Full-year 2023 outlook confirmed: we expect organic sales growth between 6% and 8% and underlying trading operating profit margin between 17.0% and 17.5%. Underlying earnings per share in constant currency is expected to increase between 6% and 10%.

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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	Nestlé Health Science	Nespresso	Other Businesses
Sales 3M-2023 (CHF m)	23 470	6 312	4 881	4 681	3 032	1 311	1 617	1 567	69
Sales 3M-2022 (CHF m)	22 238	5 800	4 633	4 633	2 697	1 361	1 449	1 602	63
Real internal growth (RIG)	-0.5%	-0.8%	-1.0%	1.3%	-0.6%	-0.8%	-2.2%	-1.1%	12.7%
Pricing	9.8%	12.4%	10.7%	9.1%	13.4%	3.9%	5.0%	4.0%	0.1%
Organic growth	9.3%	11.6%	9.7%	10.4%	12.8%	3.1%	2.8%	2.9%	12.8%
Net M&A	0.3%	-2.3%	1.1%	-0.1%	0.2%	0.0%	10.3%	-1.3%	0.0%
Foreign exchange	-4.0%	-0.4%	-5.4%	-9.2%	-0.6%	-6.8%	-1.7%	-3.8%	-2.3%
Reported sales growth	5.6%	8.9%	5.4%	1.1%	12.5%	-3.7%	11.3%	-2.2%	10.5%

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-2023 (CHF m)	23 470	6 223	761	2 800	3 880	3 107	2 030	4 669
Sales 3M-2022 (CHF m)	22 238	6 063	790	2 709	3 596	3 098	1 873	4 109
Real internal growth (RIG)	-0.5%	-1.1%	-7.3%	-3.7%	0.3%	-4.3%	5.9%	3.5%
Pricing	9.8%	8.3%	10.5%	11.8%	7.9%	11.1%	7.6%	12.2%
Organic growth	9.3%	7.2%	3.1%	8.1%	8.2%	6.8%	13.5%	15.7%