



Nestlé Good food, Good life

Full-year results 2023



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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Mark Schneider, CEO



Key messages

Resilient performance in the context of soft consumer demand

- Strong organic sales growth of 7.2%, led by pricing, with slightly negative RIG
- Underlying trading operating profit margin up 40 bps in constant currency
- Underlying earnings per share growth of 8.4% in constant currency
- Free cash flow increased by CHF 3.8 billion to CHF 10.4 billion

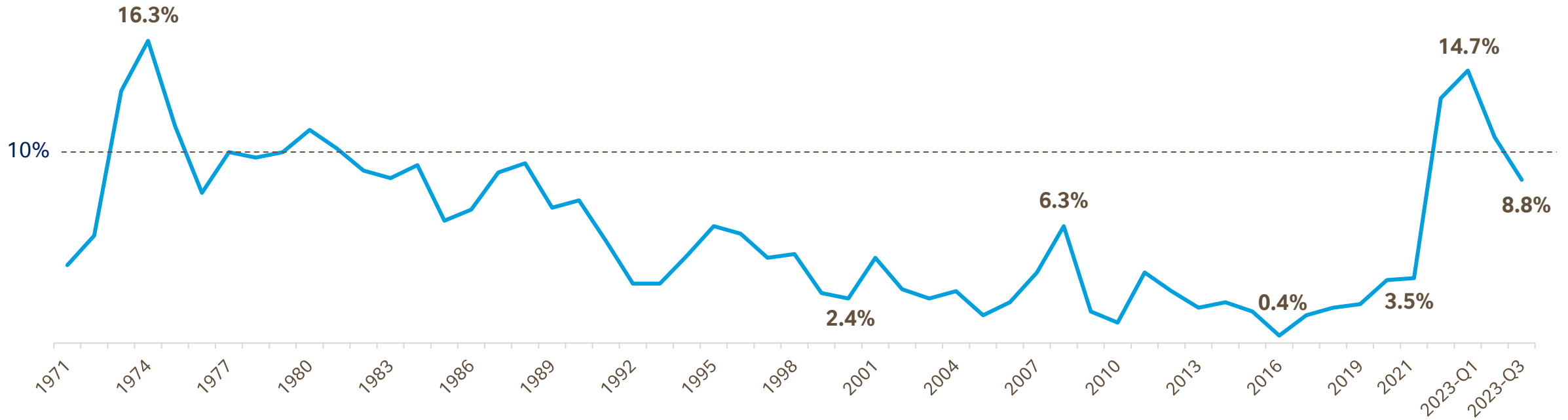
Building for sustainable growth and value creation

- Strong focus on meaningful innovation
- Stepped-up marketing investments
- Continued progress on Good for You, Good for the Planet agenda

Board proposes dividend per share of CHF 3.00, an increase of 5 centimes

Historically high-level of food price inflation

OECD countries: annual food price inflation %



Source: OECD

CPI: Food and non-alcoholic beverages; Annual growth rate (%), 1971 to 2022; Q3 2023 or latest available, Annual growth rate (%), Q3-2023 or latest available

Inflation measured by consumer price index (CPI) defined as the change in the prices of a basket of goods and services that are typically purchased by specific groups of households.



2023 highlights Nestlé's ability to generate growth catalysts

PetCare

Innovation-driven business focused on life changing nutrition solutions



OG: 12.1%
RIG: 2.8%

Nespresso

Premier D2C business delivering high-quality growth, backed by new brand campaigns



OG: 5.3%
RIG: 2.0%

KitKat

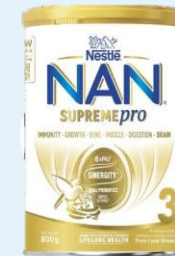
Powerhouse brand with industry-leading sustainability initiatives



OG: 14.3%
RIG: 8.4%

HMO* products

Driving growth in premium segments through science-based innovations



OG: 18.2%
RIG: 8.1%

Nestlé Professional

Pivoting to fast-growing segments through new customer acquisition and distribution expansion



OG: 15.2%
RIG: 5.1%

All numbers refer to 2023; * Human milk oligosaccharides (HMOs)

2024 operational priorities

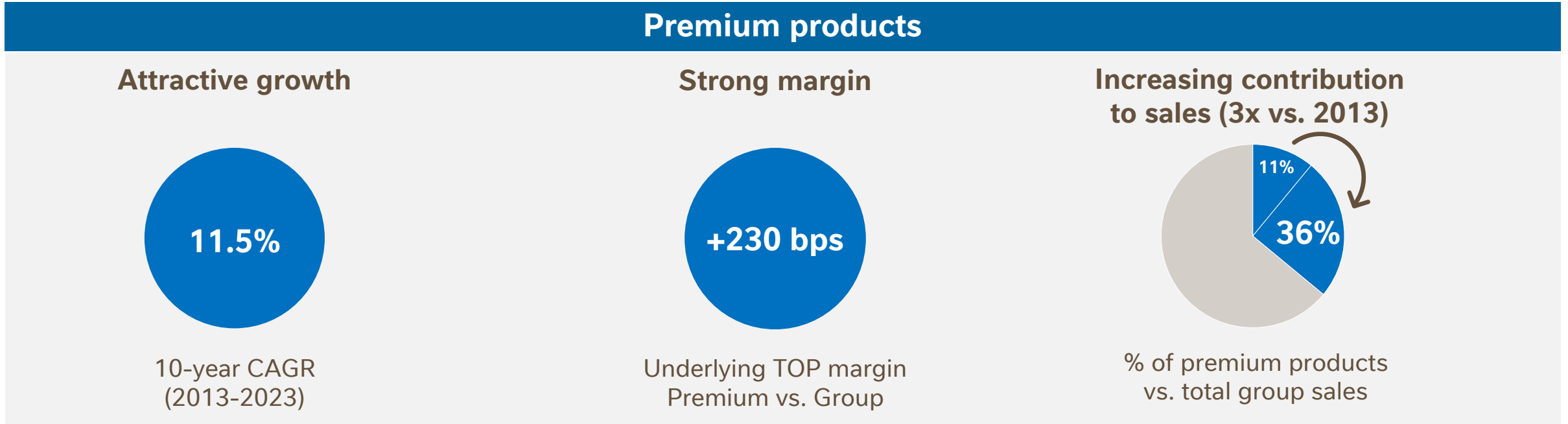
- Ensure **execution excellence**
- Raise **marketing/growth investments**, focus on fast-growing billionaire brands
- Deliver **RIG-led growth**
- Restore **gross margin** and further increase **free cash flow**



Nestlé Health Science: overcoming operational hurdles to capture full strategic potential

- Operating in segments with **attractive long-term trends**
 - **leading positions** in Consumer Care and Medical Nutrition
 - **high single-digit** mid-term growth outlook
 - **strong, focused portfolio** across brands, price points and channels
- 2024 and mid-term priorities
 - **mobilizing full Group resources** to overcome integration challenges
 - **optimizing** operations to secure significant margin improvement
 - **continuing global roll-out**

Premiumization is core to our growth strategy



Driving premiumization through innovation across categories



Premium defined as at least 20% price premium over mainstream offerings in the category

Growing healthy aging solutions

Favorable demographic trend: population over 65 doubling to 1.6 billion by 2050

Active lifestyle support



Collagen



Functional foods

Nutritional balance



Nutritional gaps



High-protein

Life stage transitions



Menopause support



Cardio-health

Preventive care



Immunity support



Cellular nutrition

Leveraging R&D, route-to-market and digital capabilities across categories

Helping consumers on their weight-loss journey

Supporting nutritional needs of GLP-1 consumers

Muscle mass preservation



Preserving lean body mass with high-protein products

Micronutrient deficiencies



Filling nutritional gaps

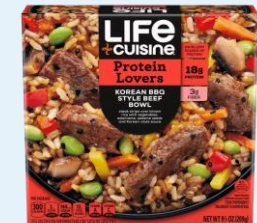
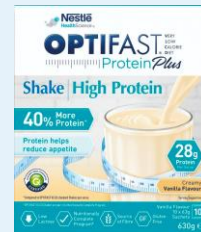
Gastrointestinal health



Managing digestive issues

Managing weight and blood glucose levels

Support and maintain weight loss



Low-calorie and nutrient-dense foods



Good for You: helping people enjoy a tasty, balanced diet

Grow



- **Grow** the sales of more nutritious offerings
- Continue to **invest in R&D** and launch new technologies to reduce sugar and fat
- **Increased share** of more nutritious products* from 57% to 59% in 2023

Guide



- Implement industry-leading **responsible marketing** practices
- Apply **calorie caps** for children's confectionery and ice cream
- Offer **transparency** so people can make informed choices

- Health Star Rating ≥ 3.5 & Specialized Nutrition;
Good for You target is to grow the sales of more nutritious products by CHF 20-25 billion by 2030.



Good for the Planet: advancing towards Net Zero



- **>13.5% net reduction of GHG emissions** versus 2018 baseline*
- >15.3% reduction of methane versus the 2018 baseline*
- On track with our Net Zero plan
- **91.9%** of electricity at our sites globally from **renewable sources**

* Covers emissions related to our net zero commitment.



2024 guidance

- organic sales growth around 4%
- moderate increase in underlying trading operating profit margin
- underlying earnings per share growth in constant currency between 6% and 10%

2025 mid-term targets fully confirmed

- mid single-digit organic sales growth
- underlying trading operating profit margin range of 17.5% to 18.5%
- underlying earnings per share growth in constant currency between 6% and 10%



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François-Xavier Roger, CFO



Resilient financial performance in 2023

**Organic
growth**

+7.2%

**Underlying
TOP margin**

17.3%

+40 bps
in constant currency

**Underlying
EPS growth**

(in constant currency)

+8.4%

CHF 4.80
reported

**Free
cash flow**

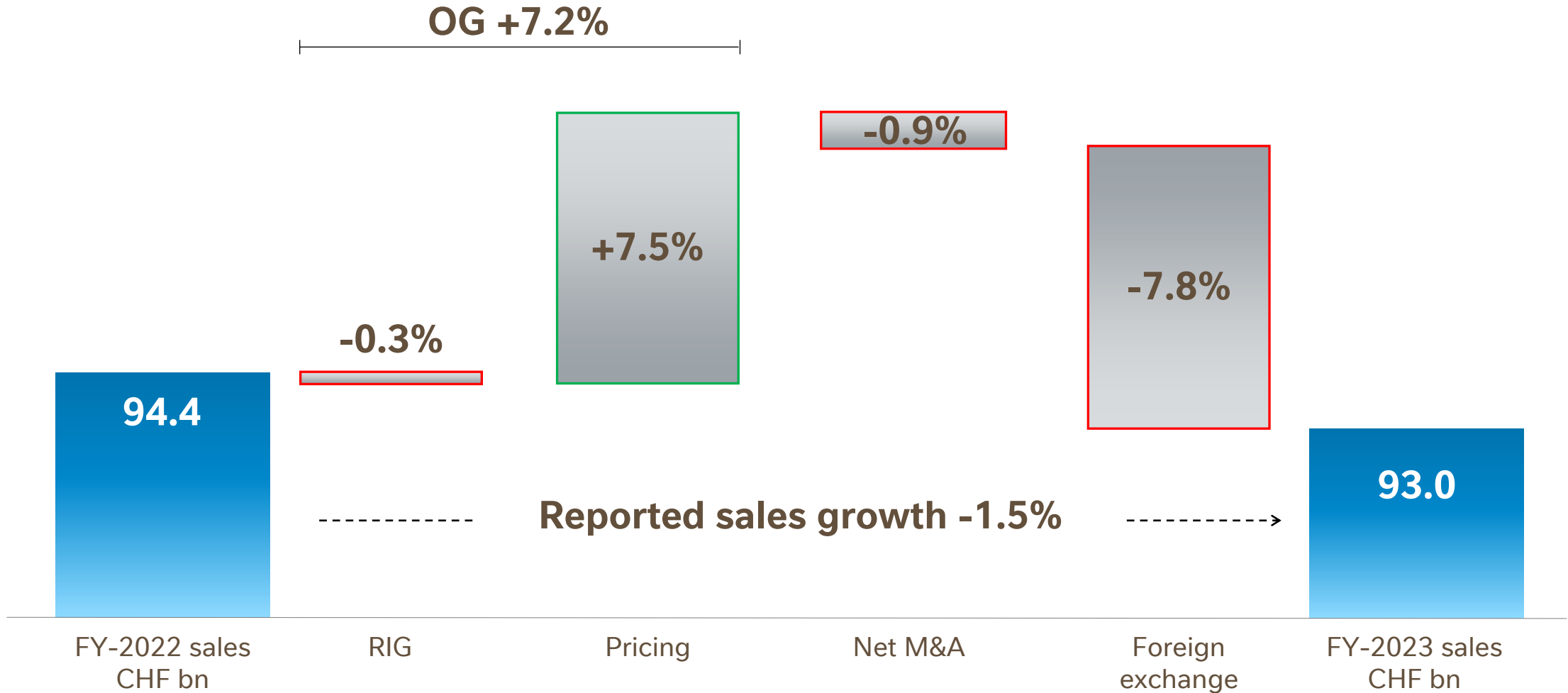
(in CHF)

10.4 bn

+3.8 billion
vs. 2022

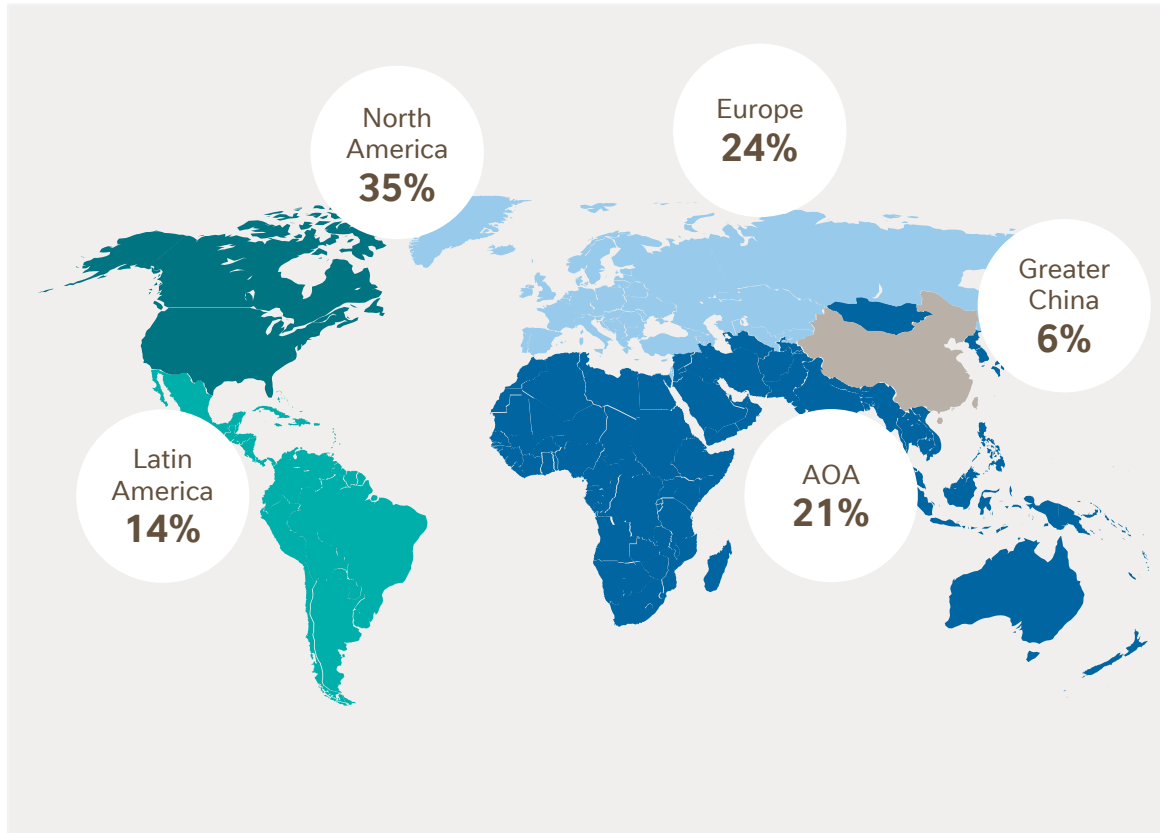


Full-year sales growth

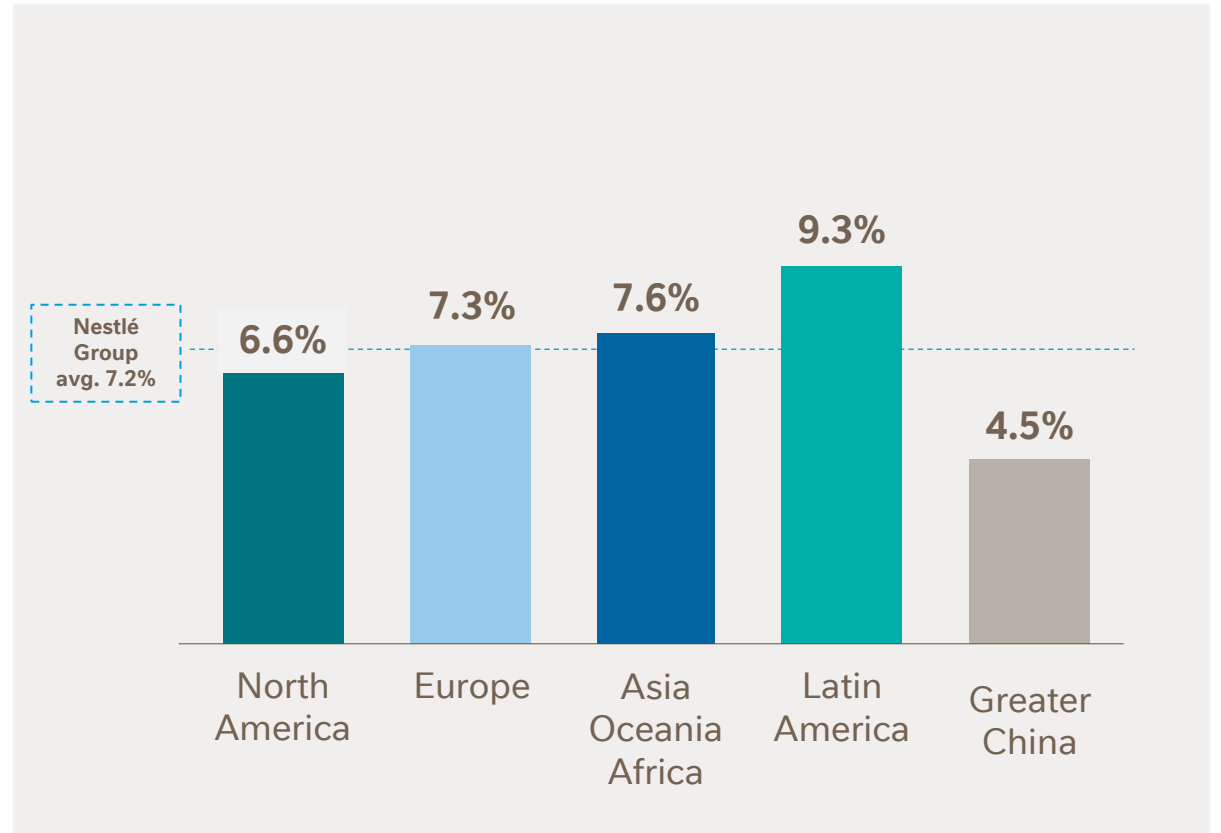


Broad-based growth across geographies

Sales split



2023 organic sales growth

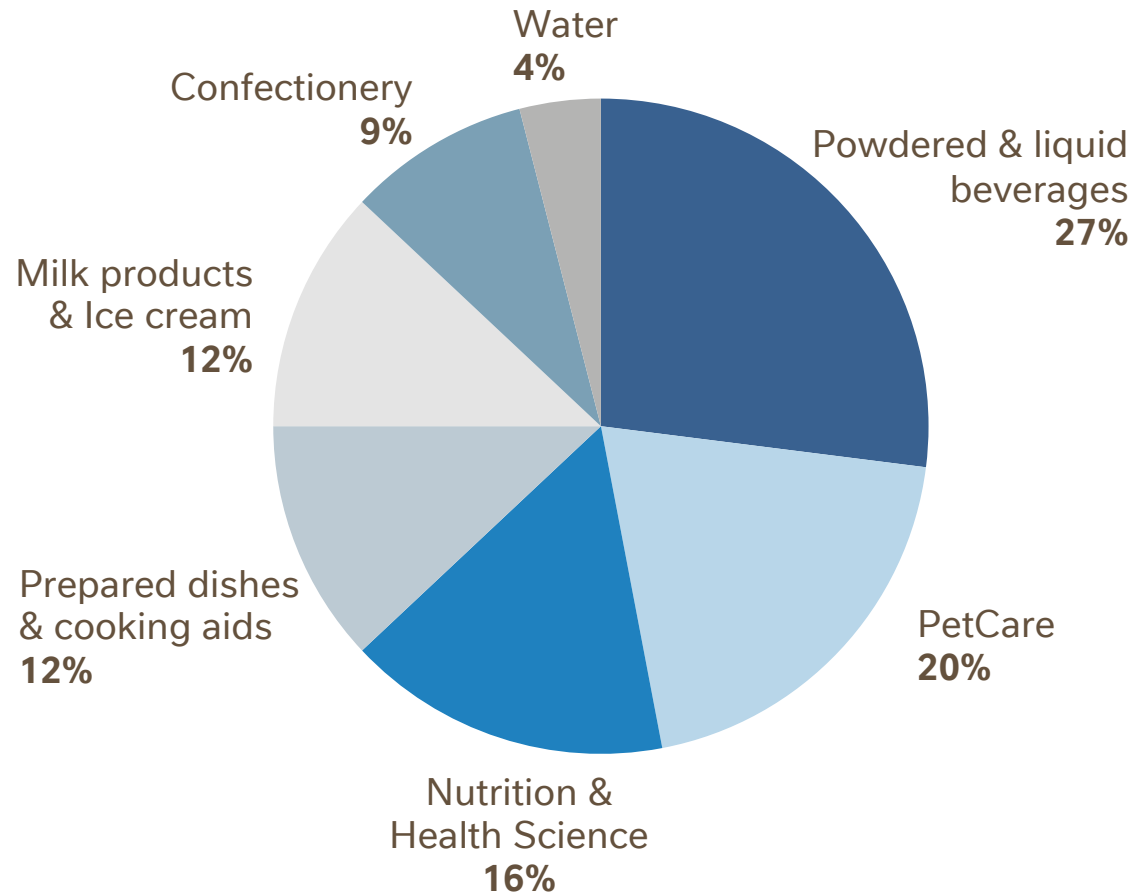


Each geography includes zones, Nespresso, Nestlé Health Science and Other Businesses

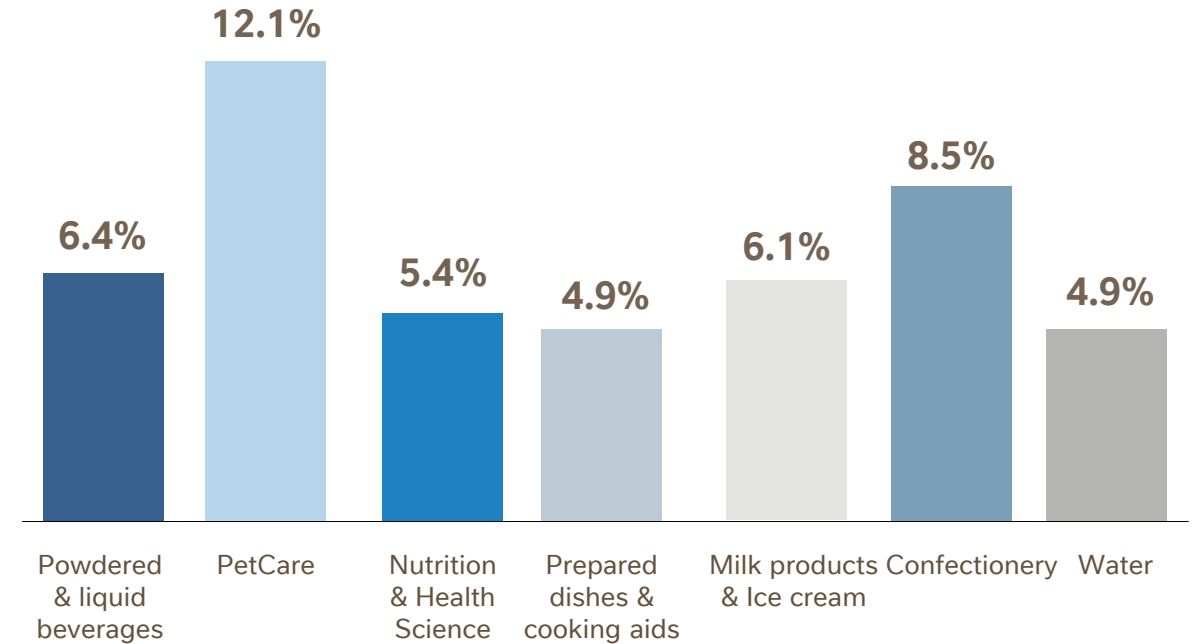


Broad-based growth across categories

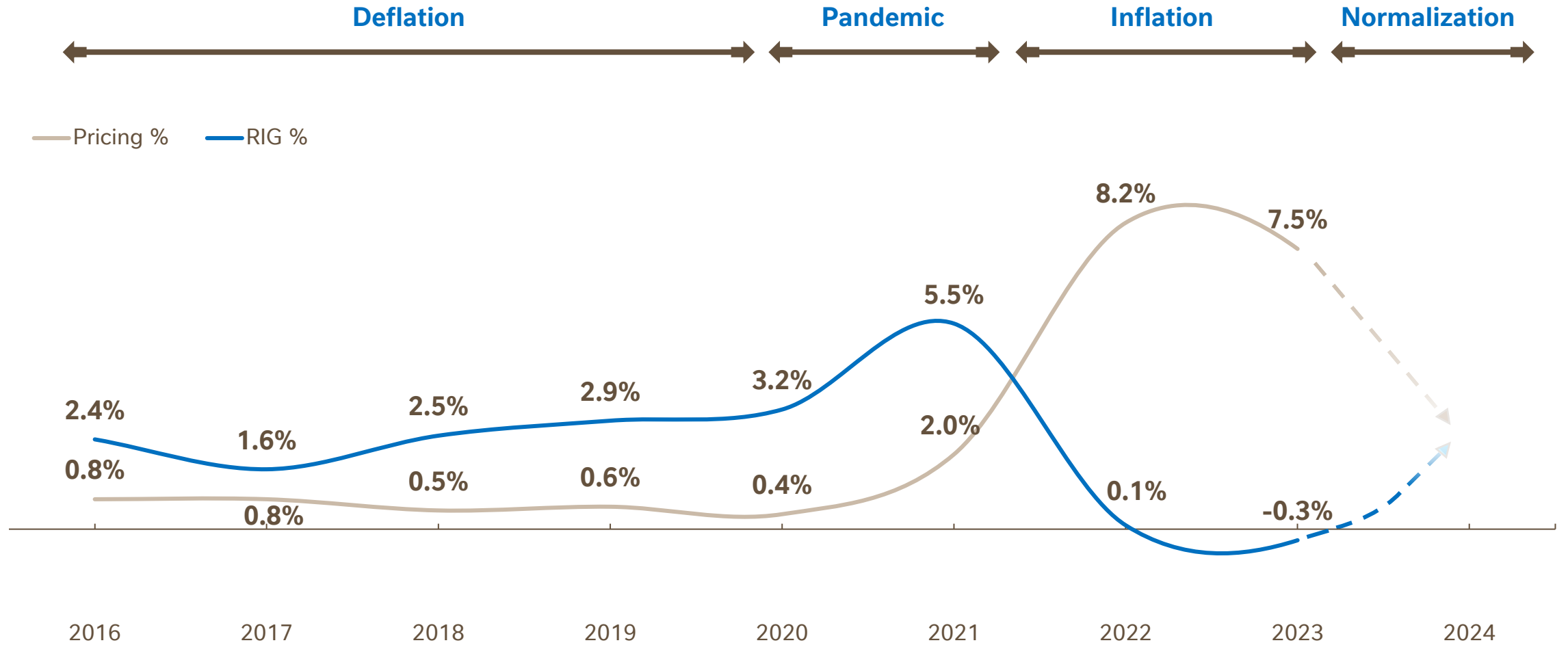
2023 sales split



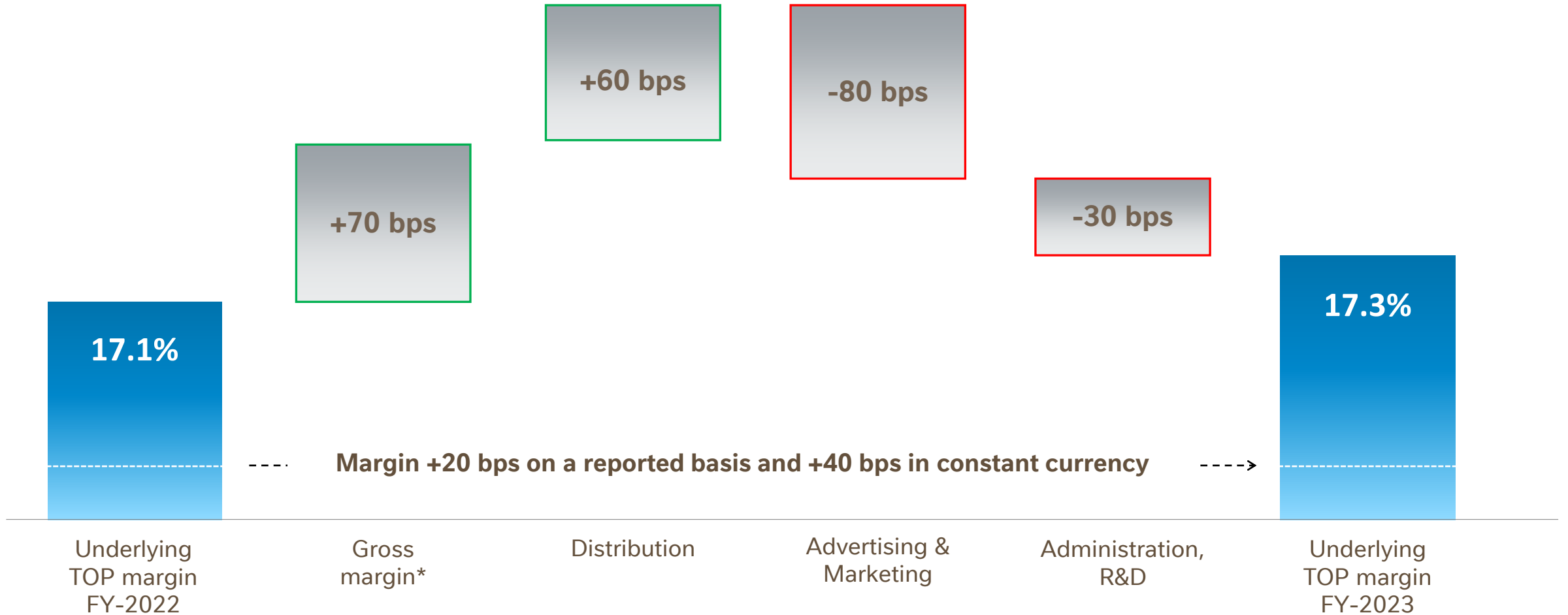
2023 organic sales growth



Returning to RIG-led growth



Gross margin recovery and increased marketing investment

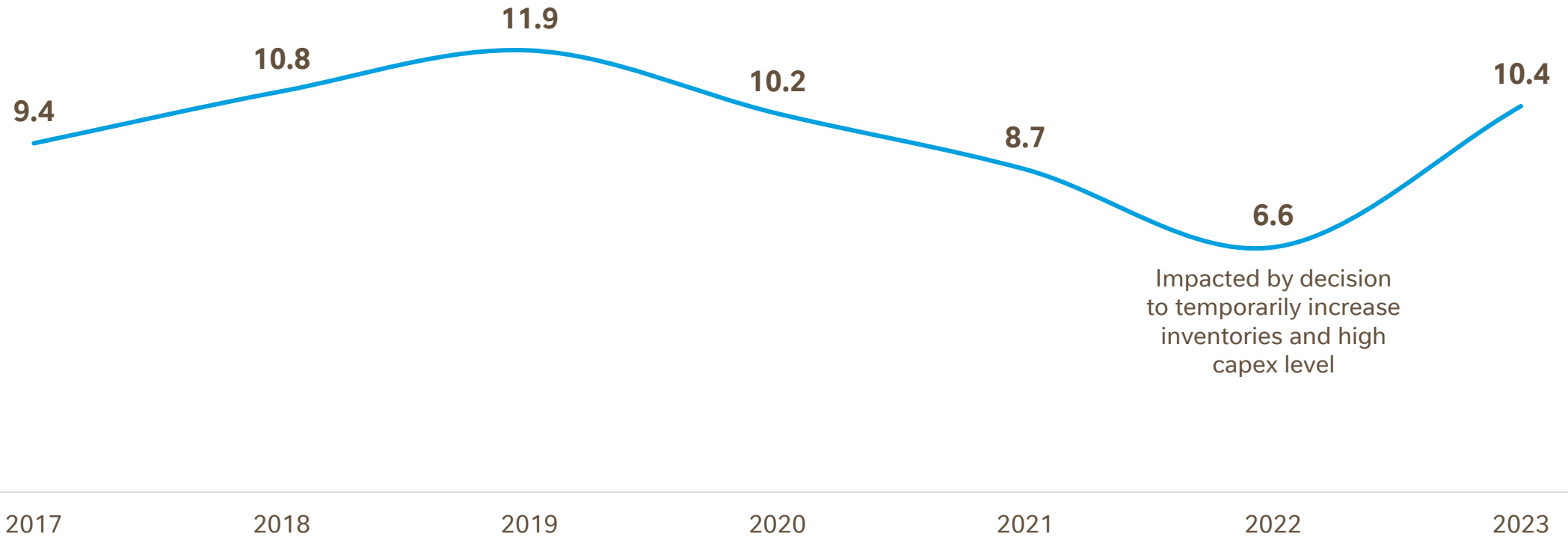


* Gross margin = Sales – cost of goods sold



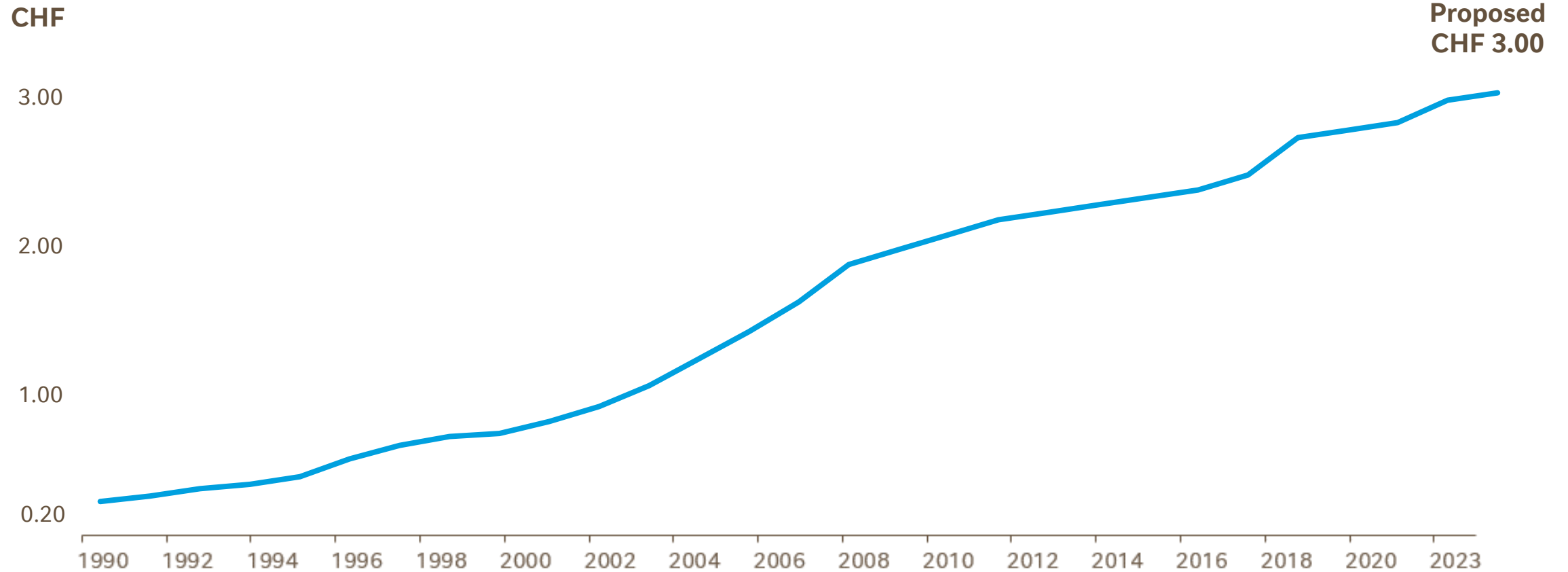
Free cash flow returning to historical levels

In CHF bn



Dividend more than tripled over the last 18 years in CHF

29th consecutive dividend increase



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Q&A



Thank you!

