



Nestlé Good food, Good life

Half-year results 2024



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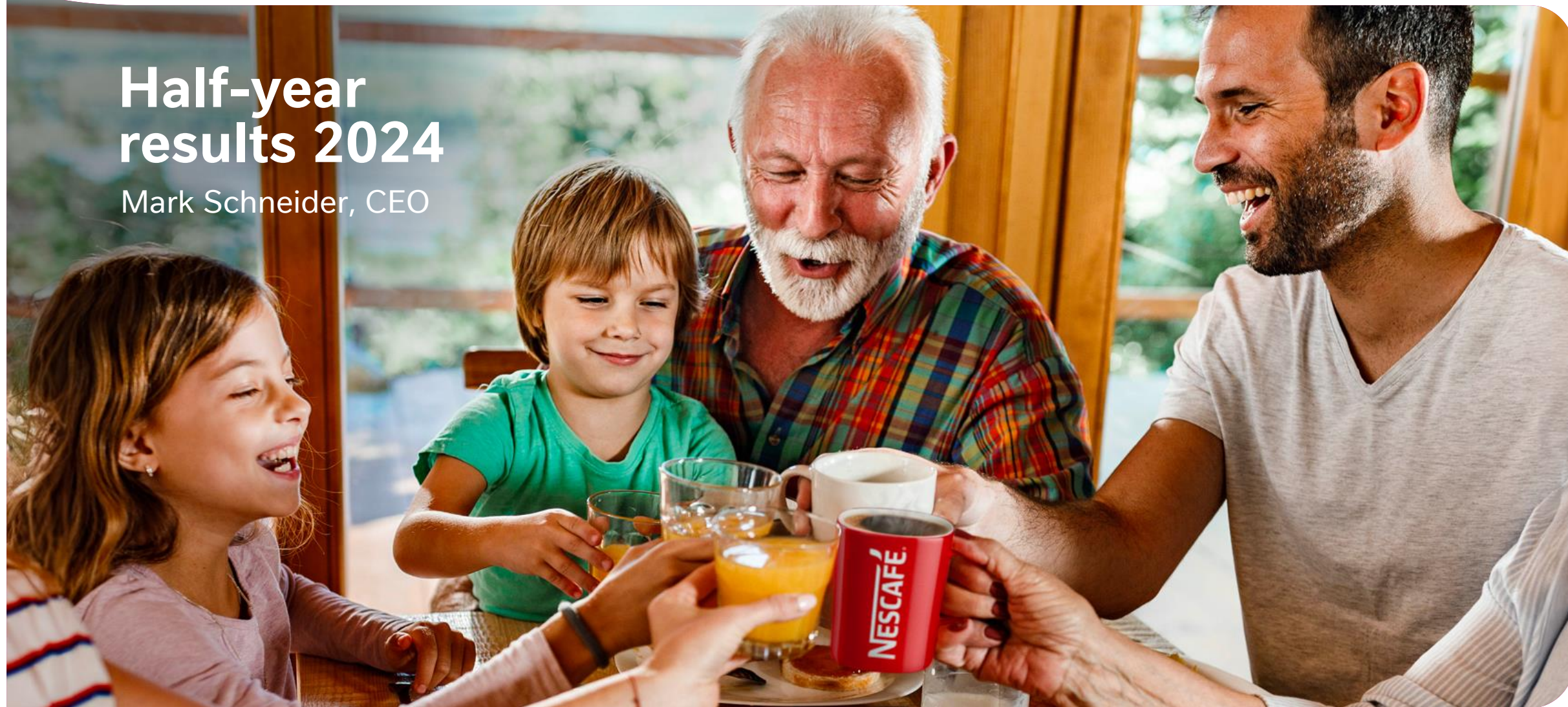
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Mark Schneider, CEO



Key messages

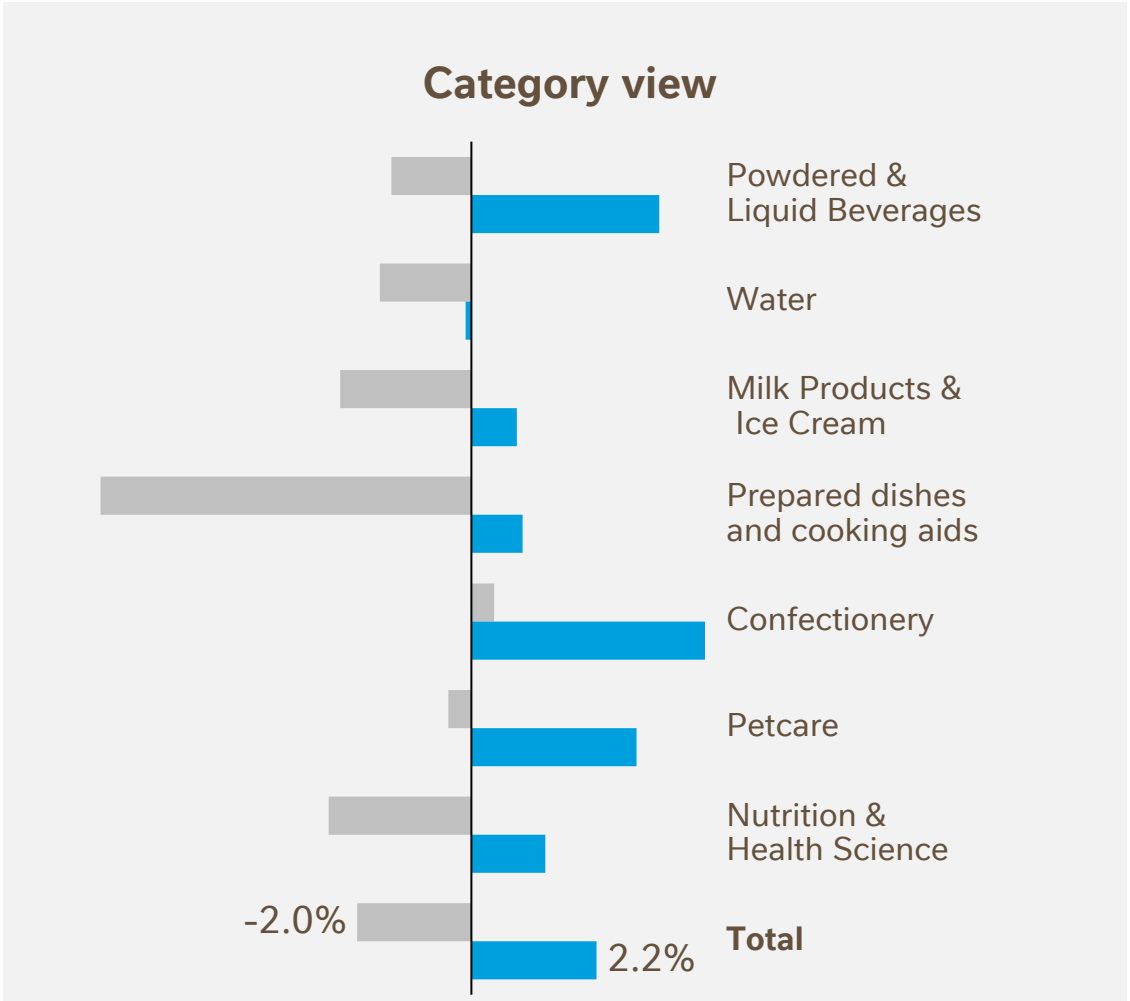
First half 2024

- Delivered convincing RIG turnaround across the Group in the second quarter
- Nestlé Health Science recovery on plan
- Gross margin improvement generating resources to invest in volume/mix-led growth
- Improved market share, particularly for billionaire brands

2024 outlook

- Pricing environment has become more challenging
- Full year 2024 guidance amended

RIG momentum re-ignited across the Group in the second quarter



■ Q1-24 ■ Q2-24

Driving growth through billionaire brands

Marketing investment

Increasing share of total

**Double-digit
% growth**
vs. HY-23

Organic Growth of 3.2%

Improving trend

+110 bps
ahead of Group
organic sales growth

Business cells gaining or holding market share

+ 400 bps
vs. Dec. 23

* Brand share movement all channels, last 52-weeks



Stepping up new product launch intensity

Number of product launches

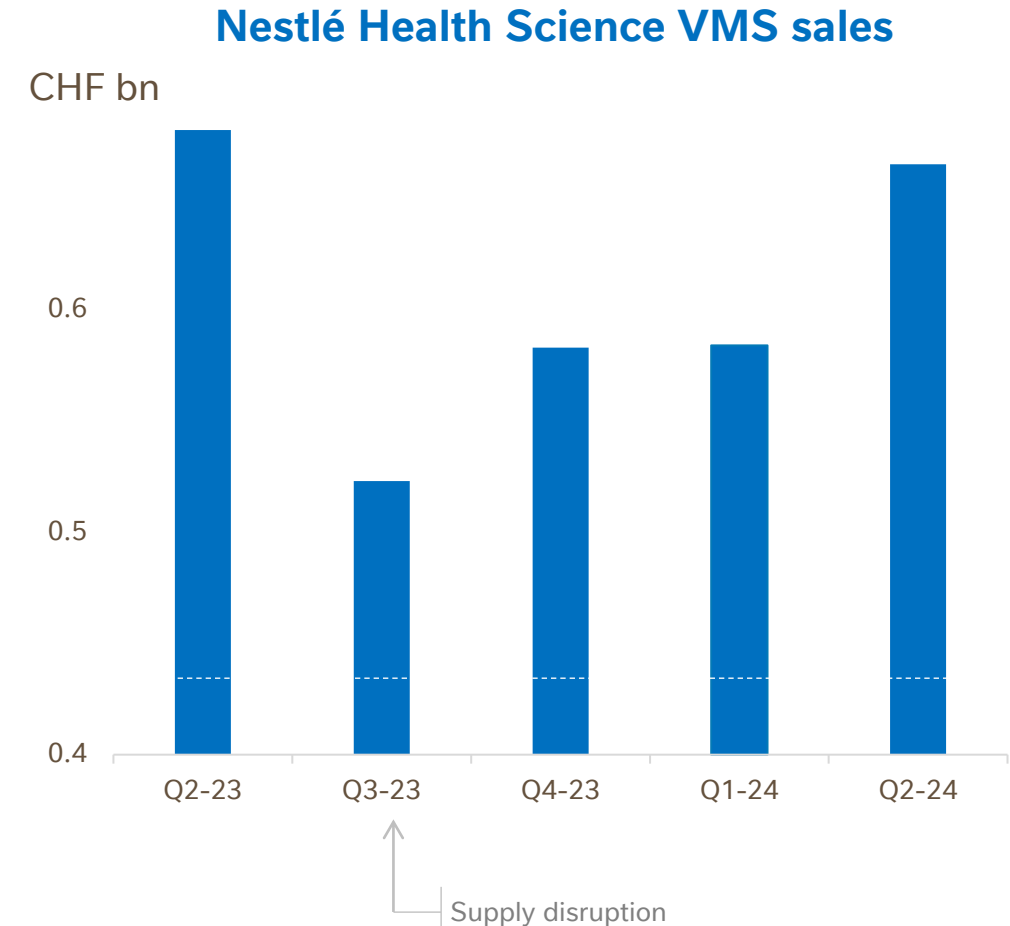


Key product launches



Nestlé Health Science: VMS recovery

- Sales almost back to pre-supply constraint levels
- VMS category growing at high single-digit rate
- Nestlé Health Science set to be a core growth platform





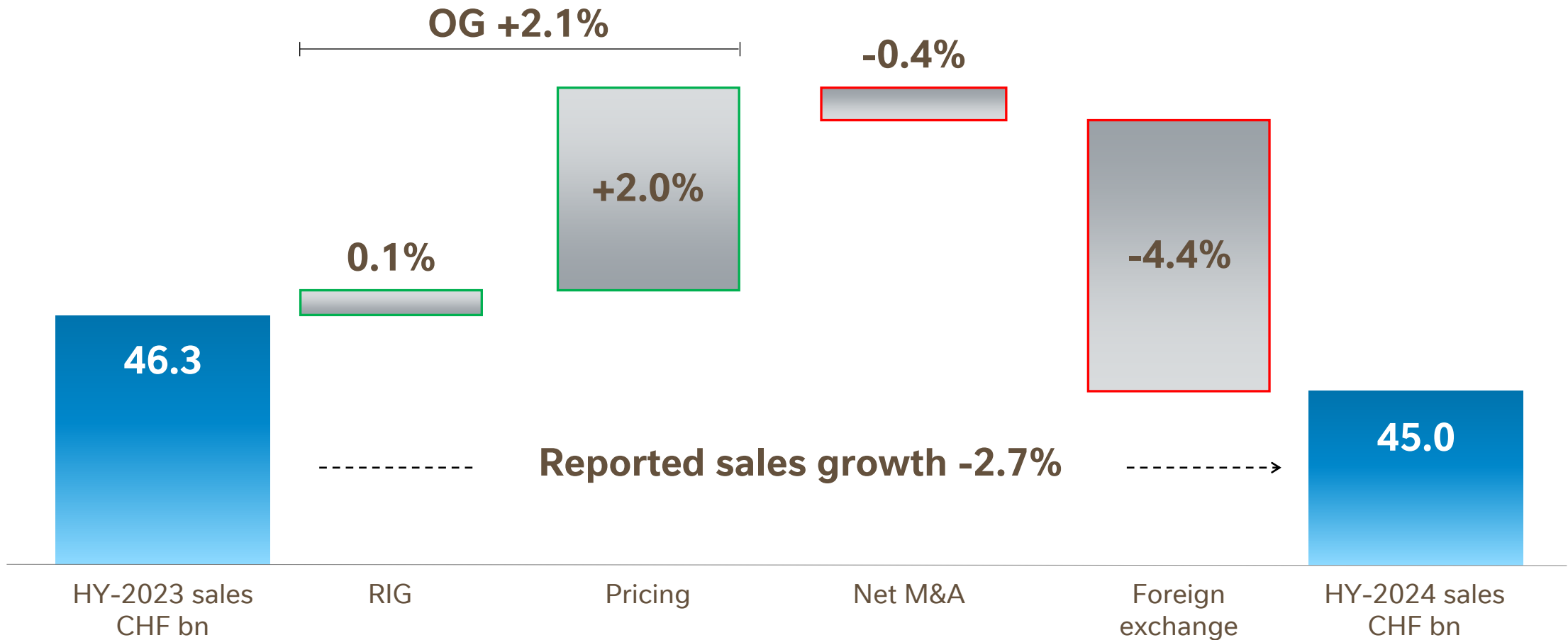
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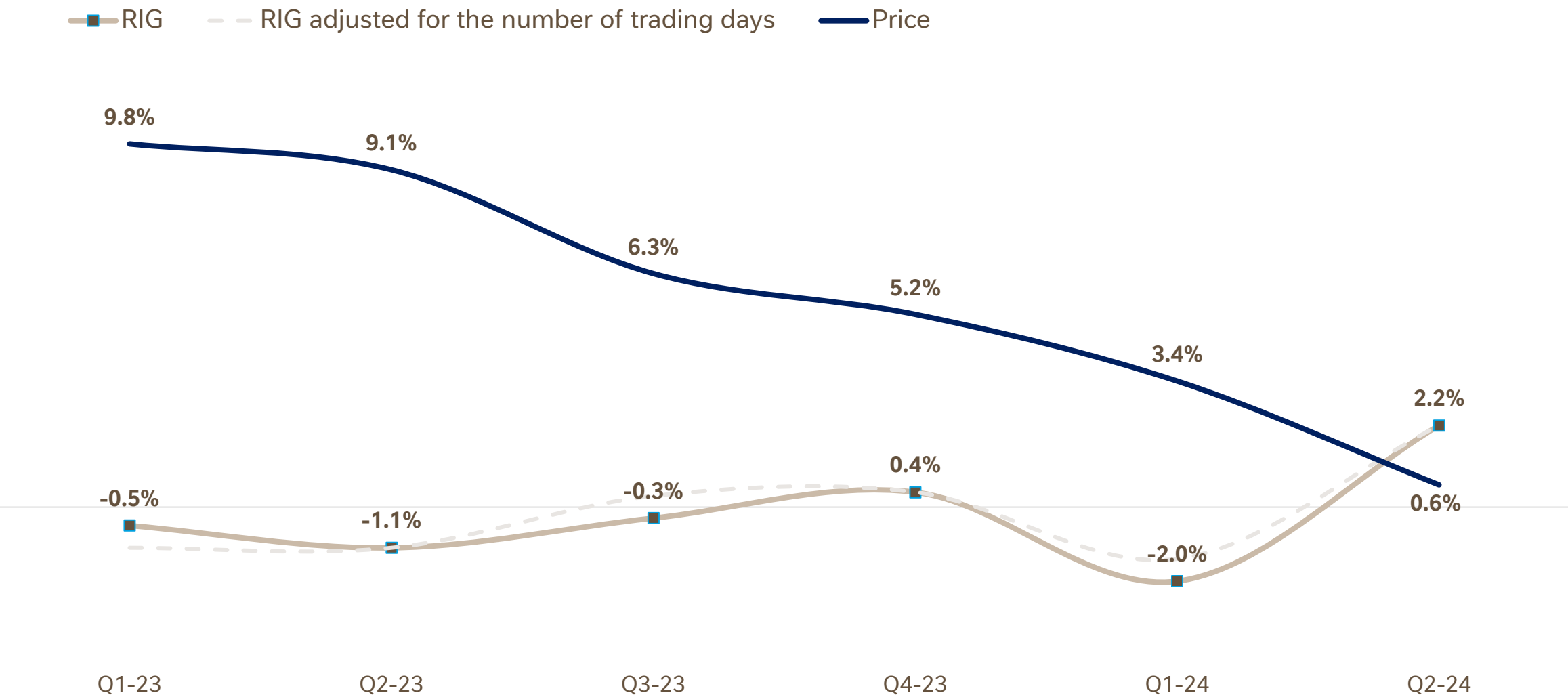
Anna Manz, CFO



Half-year sales growth



RIG accelerating, price decelerating



Zone North America

Sales	CHF 12.2 bn
Organic growth	-0.1%
Real internal growth	-1.5%
Underlying TOP margin	21.8%
vs LY	+20 bps

- Close to flat growth reflects strong RIG rebound in the second quarter driven by growth investments
- PetCare, water and coffee led growth
- 80% of second quarter growth through untracked channels
- Higher margin supported by gross margin improvement and lower distribution costs, with increased growth investments



Zone Europe

Sales	CHF 9.3 bn
Organic growth	4.5%
Real internal growth	1.3%
Underlying TOP margin	17.7%
vs LY	+110 bps

- Broad-based growth across geographies and almost all categories
- Growth led by PetCare, confectionery and coffee
- Higher margin due to gross margin improvement and portfolio optimization, with increased growth investments



Zone Asia, Oceania and Africa

Sales	CHF 8.4 bn
Organic growth	3.5%
Real internal growth	Flat
Underlying TOP margin	23.8%
vs LY	+100 bps

- Central and West Africa, South Asia and Thailand were the primary geographic growth drivers
- Culinary, infant nutrition and coffee delivered strongest growth, particularly through affordable offerings
- Higher margin driven by gross margin improvement. Growth investments increased



Zone Latin America

Sales	CHF 6.2 bn
Organic growth	2.7%
Real internal growth	0.1%
Underlying TOP margin	19.8%
vs LY	Flat

- Brazil and Mexico driving growth with some markets impacted by challenging macro-environment
- Confectionery, Nestlé Professional and coffee were the key contributors to growth
- Flat margin reflects gross margin improvement, with increased growth investments



Zone Greater China

Sales	CHF 2.4 bn
Organic growth	1.6%
Real internal growth	2.9%
Underlying TOP margin	15.8%
vs LY	-80 bps

- Growth driven by continued momentum of out-of-home and e-commerce channels
- Coffee, Nestlé Professional and confectionery were the key growth contributors
- Lower margin reflects an increase in growth investments



Nestlé Health Science

Sales	CHF 3.2 bn
Organic growth	0.1%
Real internal growth	-0.2%
Underlying TOP margin	13.4%
vs LY	+40 bps

- Vitamins, minerals and supplements posted negative growth. Recovery plan on track
- Active and medical nutrition delivered robust growth across most segments
- Margin improvement driven by portfolio optimization and cost efficiencies



Nespresso

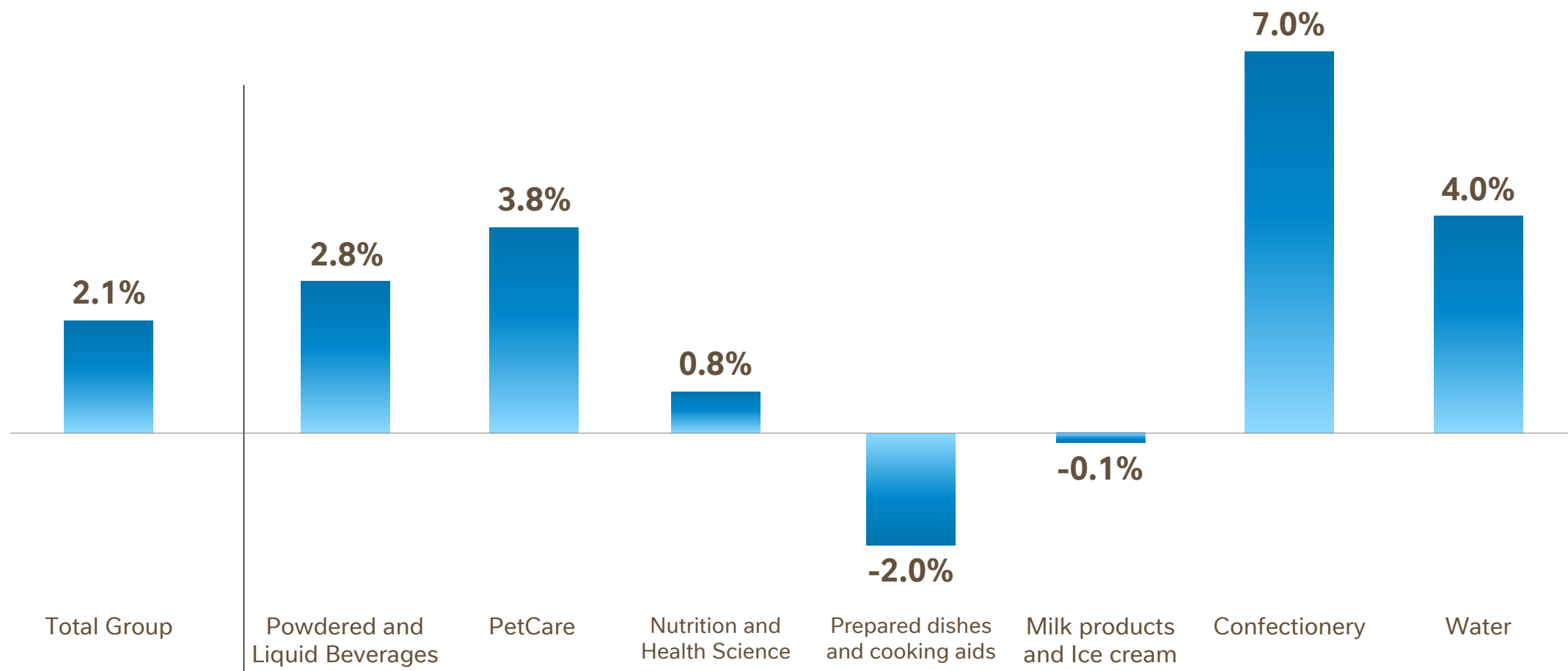
Sales	CHF 3.1 bn
Organic growth	1.8%
Real internal growth	1.1%
Underlying TOP margin	21.5%
vs LY	-20 bps

- Mid-single digit growth in North America the key geographic growth driver
- Vertuo and out-of-home generating broad-based growth momentum
- Margin decrease reflects increased growth investments



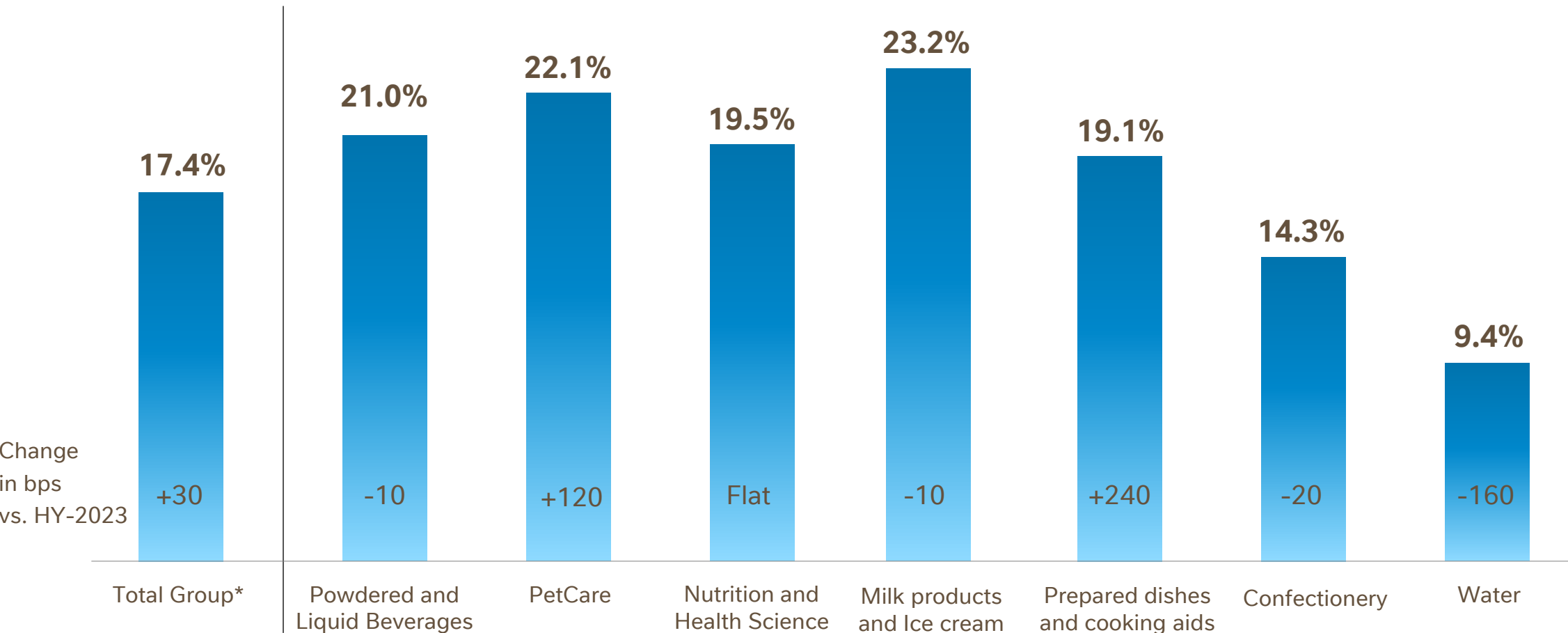
Category growth

Organic sales growth %



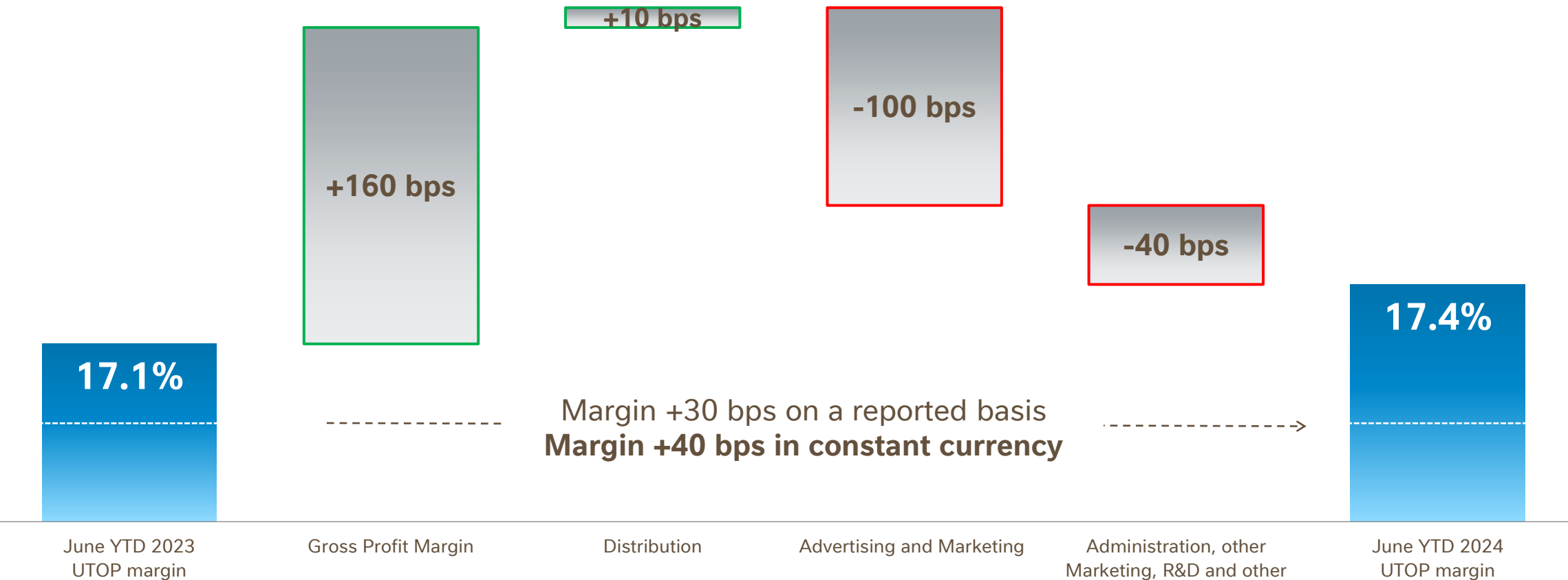
Underlying trading operating profit margin by category

In % of sales



* Includes unallocated items

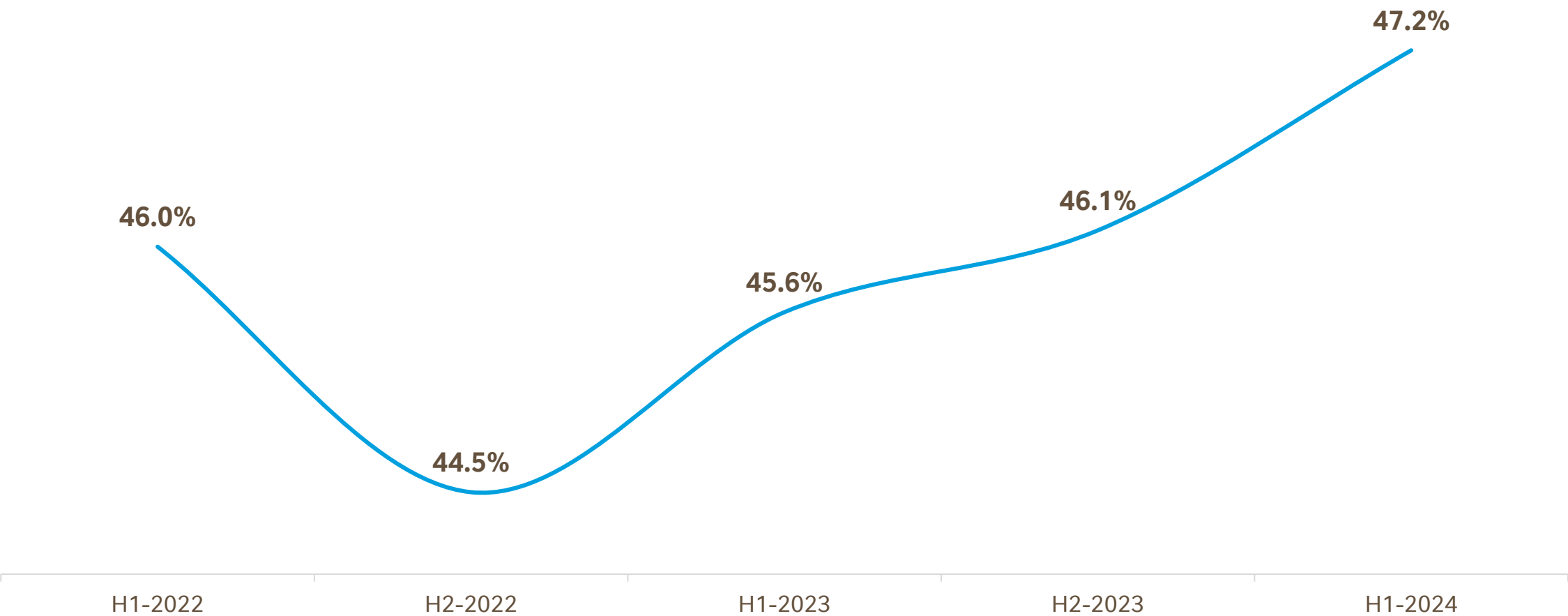
Gross profit margin improvement supporting both increased marketing investments and higher underlying TOP margin



* Gross margin = Sales – cost of goods sold

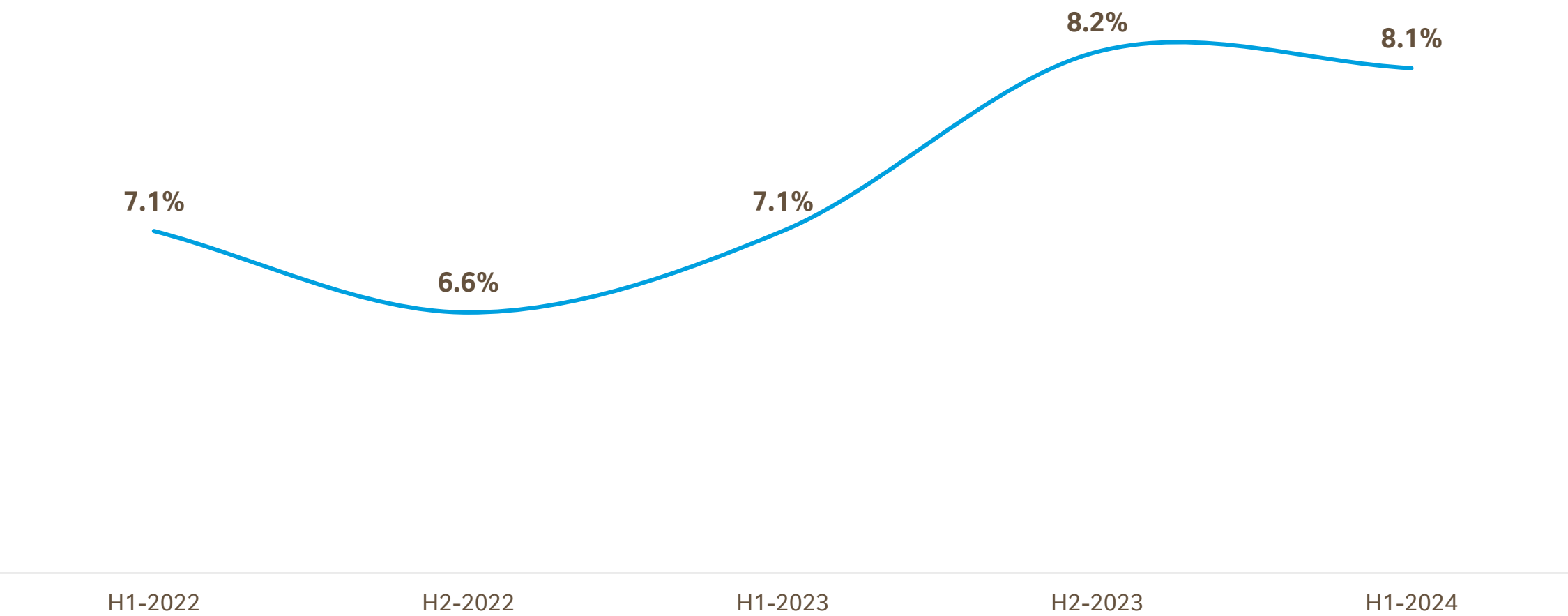
Continued progress on gross profit margin restoration

Gross profit margin as a % of sales



Stepping up investments in advertising and marketing

Advertising and marketing expenses as a % of sales



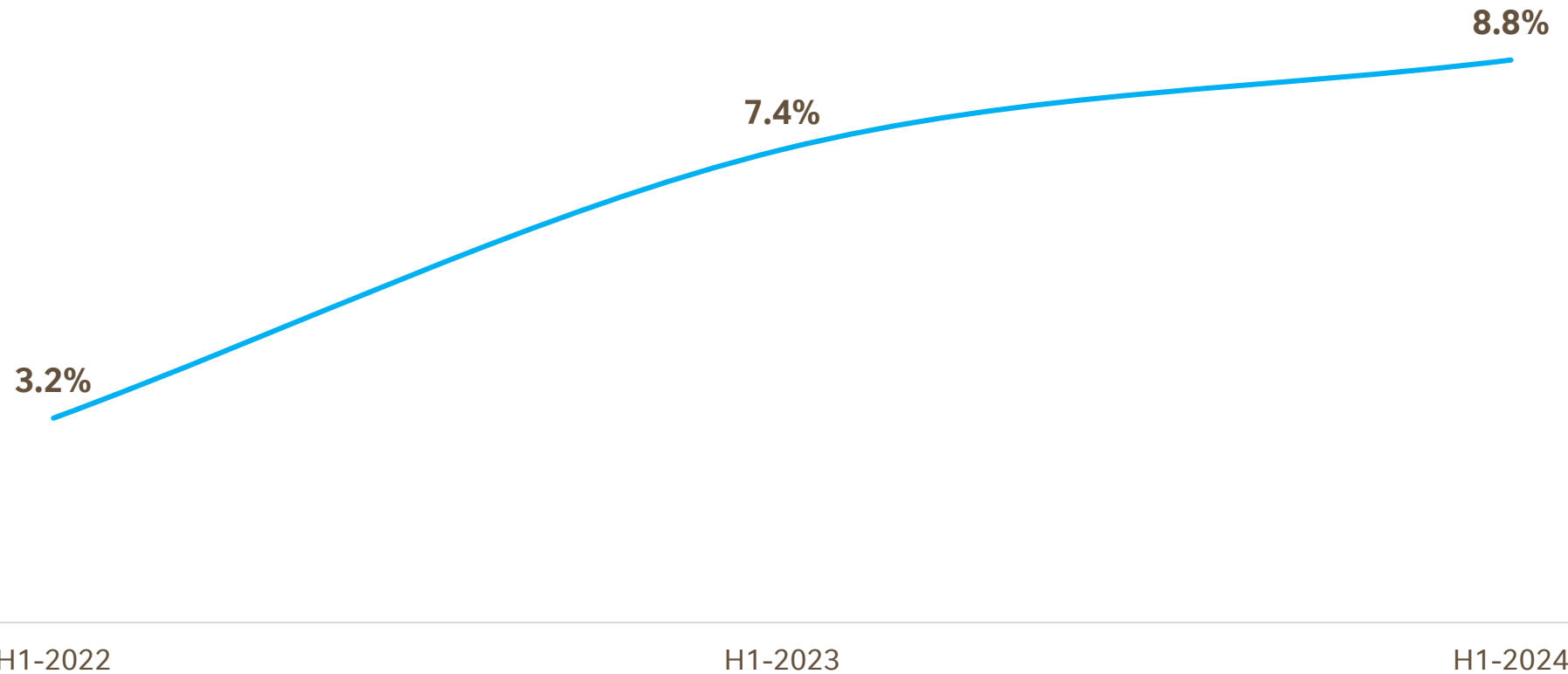
Net profit

	% of sales	H1-24 vs H1-23
Underlying trading operating profit	17.4%	+30 bps
Restructuring		+20 bps
Impairment of assets		flat
Onerous contracts, litigations and other trading income / expenses		flat
Trading operating profit	16.4%	+50 bps
Gain / loss on disposals		-10 bps
Net financing costs		-10 bps
Taxes		-40 bps
Income from associates / joint ventures		flat
Others		+40 bps
Net profit	12.5%	+30 bps

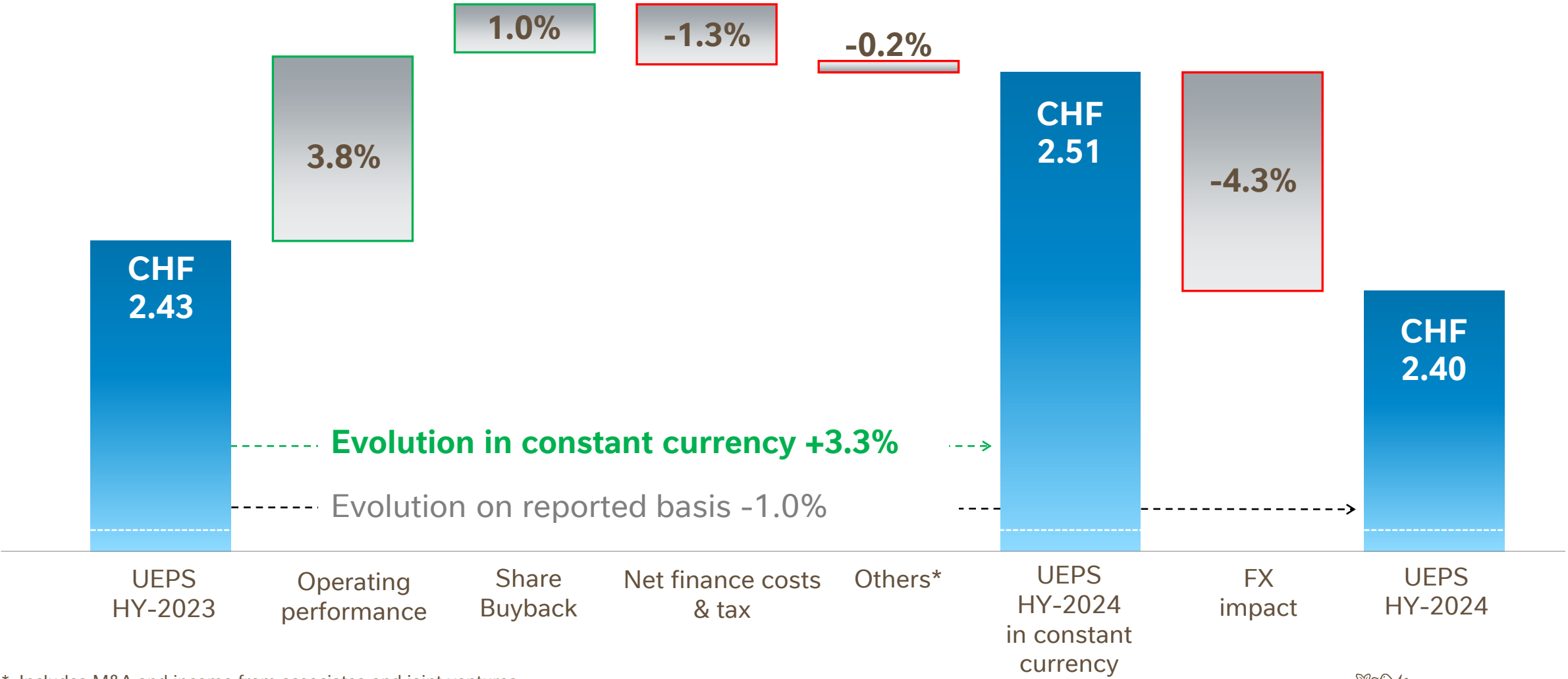


Increasing free cash flow generation

Free cash flow as a % of sales



Underlying earnings per share



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

Key financial takeaways

- **Organic sales growth** of 2.1%
 - RIG of 0.1%, with second quarter turning positive at 2.2% marking the pivot back to volume/mix-led growth
 - Pricing of 2.0%, reflecting high base of comparison in the prior year and increased growth investments
- **Generated resources to fuel volume and mix led growth**
 - Gross margin up 160 basis points
 - Marketing investment up 100 basis points
- **Underlying trading operating profit margin** up 30 bps to 17.4%
- **Underlying earnings per share** increased by 3.3% in constant currency
- **Free cash flow** increased to CHF 4.0 billion



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Mark Schneider, CEO



Evolving growth dynamics across the food & beverage industry

- Weak consumer sentiment, leading to value-seeking behavior
- Continuing transition from price to RIG-led growth
- Increasing promotional intensity
- Ongoing geopolitical tensions impacting growth in several regions

2024 guidance updated

- We expect organic sales growth of at least 3%
- Underlying earnings per share in constant currency to increase at a mid single-digit rate, in line with consensus
- Underlying trading operating profit margin guidance unchanged with a moderate increase expected

Managing the short-term, building for the long-term

- Delivering through execution excellence
- Stepping up growth investments, particularly for billionaire brands
- Rolling out strong innovation pipeline
- Creating new growth platforms

Thank you



Q2-2024 Operating segments – topline summary

	Q2-2024 sales			
	Sales (CHF m)	RIG %	Pricing %	OG %
Zone North America	6 411	2.8	-0.5	2.3
Zone Europe	4 641	2.9	1.6	4.5
Zone AOA	4 201	0.4	3.0	3.4
Zone Latin America	3 094	1.1	1.2	2.3
Zone Greater China	1 207	3.8	-4.3	-0.5
Nestlé Health Science	1 728	3.0	-1.1	2.0
Nespresso	1 593	2.4	0.2	2.6
Other Businesses	78	13.8	1.0	14.8
Total Group	22 953	2.2	0.6	2.8



Q2-2024 Products – topline summary

	Q2-2024 sales			
	Sales (CHF m)	RIG %	Pricing %	OG %
Powdered and liquid beverages	6 194	3.3	0.8	4.1
Water	920	-0.1	3.9	3.7
Milk products and Ice cream	2 584	0.8	-0.3	0.5
Nutrition and Health Science	3 957	1.3	-0.3	0.9
Prepared dishes and cooking aids	2 634	0.9	-0.5	0.4
Confectionery	1 802	4.1	3.8	7.9
Petcare	4 862	2.9	0.4	3.3
Total Group	22 953	2.2	0.6	2.8



HY-2024 Operating segments – topline summary

	HY-2024 sales						
	Sales (CHF m)	RIG %	Pricing %	OG %	Net M&A %	F/X %	Reported sales growth %
Zone North America	12 234	-1.5	1.4	-0.1	0.0	-2.5	-2.5
Zone Europe	9 283	1.3	3.1	4.5	-2.7	-3.7	-1.9
Zone AOA	8 441	0.0	3.5	3.5	0.0	-10.3	-6.8
Zone Latin America	6 166	0.1	2.5	2.7	-0.1	-1.1	1.4
Zone Greater China	2 440	2.9	-1.3	1.6	0.2	-6.1	-4.2
Nestlé Health Science	3 239	-0.2	0.4	0.1	0.4	-3.0	-2.4
Nespresso	3 096	1.1	0.7	1.8	0.1	-2.9	-1.0
Other Businesses	146	8.4	1.4	9.7	0.0	-3.9	6.0
Total Group	45 045	0.1	2.0	2.1	-0.4	-4.4	-2.7

HY-2024 Products – topline summary

	HY-2024 sales			
	Sales (CHF m)	RIG %	Pricing %	OG %
Powdered and liquid beverages	12 041	0.9	1.9	2.8
Water	1 621	-0.8	4.8	4.0
Milk products and Ice cream	5 189	-0.8	0.7	-0.1
Nutrition and Health Science	7 637	-0.6	1.4	0.8
Prepared dishes and cooking aids	5 260	-3.0	1.0	-2.0
Confectionery	3 845	2.1	4.9	7.0
Petcare	9 452	1.3	2.5	3.8
Total Group	45 045	0.1	2.0	2.1

HY-2024 historical eight quarters

Period	RIG%	Pricing %	OG %
Q3-2022	-0.2	9.5	9.3
Q4-2022	-2.6	10.1	7.5
Q1-2023	-0.5	9.8	9.3
Q2-2023	-1.1	9.1	8.0
Q3-2023	-0.3	6.3	6.0
Q4-2023	0.4	5.2	5.7
Q1-2024	-2.0	3.4	1.4
Q2-2024	2.2	0.6	2.8

HY-2024 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	12 234	2 662	2 629	(33)	5	(45)	(377)
Zone Europe	9 283	1 644	1 489	(155)	(82)	(61)	(409)
Zone AOA	8 441	2 006	1 979	(27)	(6)	(18)	(242)
Zone Latin America	6 166	1 219	1 152	(67)	(18)	(13)	(209)
Zone Greater China	2 440	386	377	(9)	(9)	(1)	(73)
Nestlé Health Science	3 239	433	305	(128)	(20)	(13)	(159)
Nespresso	3 096	667	661	(6)	(1)	(2)	(138)
Other businesses	146	(5)	(9)	(4)	(4)	-	(18)
Unallocated items		(1 171)	(1 185)	(14)	-	(5)	(140)
Total Group	45 045	7 841	7 398	(443)	(135)	(158)	(1 765)

HY-2024 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	12 041	2 529	2 433	(96)	(34)	(39)
Water	1 621	152	152	-	(2)	5
Milk products and Ice cream	5 189	1 202	1 183	(19)	2	(12)
Nutrition and Health Science	7 637	1 492	1 350	(142)	(23)	(27)
Prepared dishes and cooking aids	5 260	1 003	898	(105)	(52)	(52)
Confectionery	3 845	548	495	(53)	(14)	(22)
PetCare	9 452	2 086	2 072	(14)	(12)	(6)
Unallocated items		(1 171)	(1 185)	(14)	-	(5)
Total Group	45 045	7 841	7 398	(433)	(135)	(158)

HY-2024 EPS reconciliation (1 of 2)

From net profit to underlying net profit

	In CHF m	
	H1-2023	H1-2024
Net Profit	5 649	5 644
Restructuring costs	262	158
Impairments of property, plant & equipment, goodwill and int. assets	181	189
Net result on disposal of businesses	8	43
Other adjustment in Net other income/(expense)	191	0
Adjustment for income from associates and joint ventures	127	145
Tax effect on above items & adjustment of one-off tax items	43	111
Adjustment in non-controlling interests	(12)	(19)
Underlying Net Profit	6 449	6 271
Weighted Average number of shares outstanding (million)	2 657	2 609
Underlying EPS (in CHF)	2.43	2.40



HY-2024 EPS reconciliation (2 of 2)

From underlying trading operating profit
to underlying net profit

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)

In CHF m

H1-2023

7 904

(697)

(1 486)

877

(149)

6 449

2 657

2.43

H1-2024

7 841

(744)

(1 566)

890

(150)

6 271

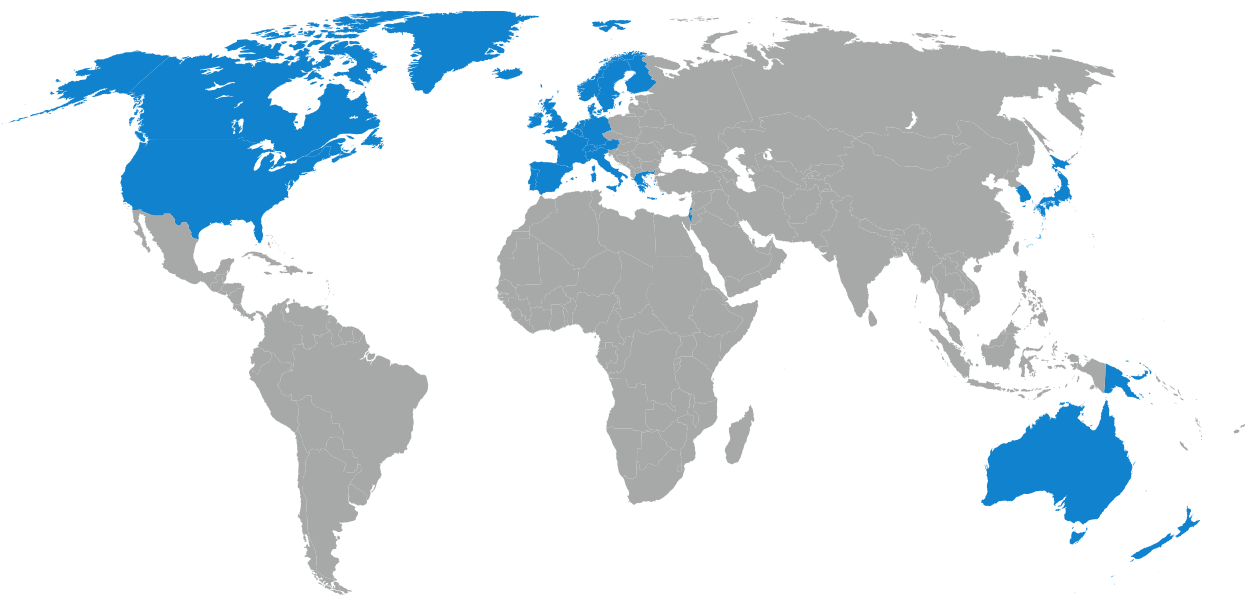
2 609

2.40



Strong growth across developed and emerging markets

	Developed	Emerging
Sales (in CHF) % of Group sales	26.2 bn 58%	18.8 bn 42%
RIG	-0.3%	0.5%
Pricing	1.3%	3.1%
OG	1.0%	3.7%



HY-2024 Currency overview

			Average rate		
			HY-2023	HY-2024	Variation in %
US Dollar	1	USD	0.911	0.889	-2.4
Euro	1	EUR	0.986	0.961	-2.5
Chinese Yuan Renminbi	100	CNY	13.164	12.324	-6.4
Brazilian Real	100	BRL	17.974	17.500	-2.6
Philippine Peso	100	PHP	1.649	1.563	-5.3
UK Pound Sterling	1	GBP	1.124	1.125	0.1
Mexican Peso	100	MXN	5.014	5.193	3.6
Canadian Dollar	1	CAD	0.676	0.655	-3.2
Japanese Yen	100	JPY	0.674	0.584	-13.4
Australian Dollar	1	AUD	0.616	0.585	-5.0
Indian Rupee	100	INR	1.109	1.069	-3.7



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)

