

NESTLÉ S.A.

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Laurent Freixe, Chief Executive Officer, Nestlé S.A.**Title Slide:**

Good morning to all. I know that for you, it's the last presentation at CAGNY this year. It happens that for me, it's my first. So it's a last and a first at the same time, and it's a great pleasure to be with you. I'm joined today by Steve Presley, our CEO of Zone Americas.

Slide: Disclaimer

I will take the disclaimer as read and get straight into it.

Slide: Agenda

The agenda for today is very simple. I will start with an update on our strategy and progress since I took over back in September, and then Steve will bring to life how we are deploying that strategy in Zone Americas and why we are upbeat on the medium-term prospect for the business.

Slide: Nestlé 2024 Overview

It's all about accelerating Nestlé and let me start with giving you a brief overview for what Nestlé stands for.

Nestlé is the largest food and beverage company in the world. We operate in 185 countries, so this is probably as many countries as the United Nations. We are, and we like to say, the most global, 185 countries, and probably the most local at the same time.

We are unique in the breadth of the categories where we enjoy leading positions, and we cover them with an unmatched portfolio of brands and products. Keep in mind that we have got 31 billionaire brands in the portfolio.

Slide: Good Food, Good Life – everyday, everywhere, for everyone

We are, and we will continue to be, the Nutrition, Health, and Wellness company, and I guess that resonates in current times. Our product portfolio caters to consumer needs at every stage of life, from birth to elderly age, and at all price points from affordable to premium. We leverage our nutrition know-how to fuel our innovation engine and enhance the quality of life around the world. We play a role, and we can say that we play a role, in the diets of everyone at every stage of life, from birth to elderly ages.

Slide: Solid 2024 performance, increasing growth and investment in 2025

2024, looking at the performance and the guidance, was a year of transition for us, and we are now moving forward quickly. We delivered '24 results in line with or slightly better than our guidance provided in October, both on top line and on profitability, and our cash flow was also quite strong.

Guidance for 2025 is unchanged for improved organic growth versus last year, on the way towards our medium-term target of 4% plus.

We will see a drop in margin in 2025 as we invest for growth, as we are stepping up investment to accelerate category growth and improve market share performance. This is funded by our CHF 2.5 billion cost-saving program called Fuel for Growth. In short, the levers that we have within our control give us conviction in our medium-term guidance.

Slide: Nestlé Virtuous Circle is our framework

You can see here the virtuous circle we use internally as our strategic framework. This is something I developed back 15 years ago when I was heading Zone Europe. I've always thought and said that there is no growth without investment. You want to grow, you want to gain market share, you need to invest. Back then, everyone's investment focus, including Nestlé, was on emerging markets.

Agreeing for Nestlé to put incremental resources into Europe was a lost battle. It was going to be very tough, especially in the financial crisis. So I knew that we had to generate the resources ourselves to fund the investments, to gain market share, and to drive sustainable value creation. And it's an approach that I've kept ever since. I applied it in the Americas and in LATAM, when I was heading those two Zones. And it works, whatever the economic conditions, whatever the environment, good times, bad times.

I've now introduced it across the group, across the rest of the company and it's already visible everywhere. In the strategy framework, developed for the categories, in the markets, and you can see mainstream and embraced by the entire organization. So that's our compass and this is the way we want to win over time.

Slide: 'Fuel for Growth', CHF 2.5bn savings by 2027

The virtuous circle starts with efficiency because that is the fuel for the growth. This is the make or break of the virtuous circle. We are grasping the efficiency opportunity end to end in a coordinated way with a structured, group-wide program, and this is the difference, rather than through ad hoc local projects. We are working in a data-powered way, leveraging digital technologies and AI, and we have clear targets with incentives linked to the delivery.

As I said, we target CHF 2.5 billion of cost savings by the end of 2027. This is coming on top of the existing annual cost efficiency initiative that are delivering roughly CHF 1.2 billion per annum. Approximately three quarters of the fuel for growth will be coming from procurement, with the remainder coming from operational efficiencies and commercial investments.

I've had several questions on whether these procurement savings are real hard savings that is coming often, and the answer - just ask our suppliers and they will tell you that they are very real.

Slide: Investing to accelerate category growth and improve market share gains

So that's how we are creating the fuel. Now let's look at how we will deploy it to accelerate growth to reach our mid-term ambition of 4% plus growth.

Our portfolio is privileged as it gives us exposure to category growth of 3% to 4% which is a good starting point. And to get to 4% plus, we need to do two things. We need to accelerate the category growth, and we need to improve our market shares.

And we'll do that by concentrating on our core and focusing our resources on our best growth opportunities. That means expanding our winners so that they reach their full potential. That means achieving more impact from innovation by scaling our big bets in the spirit of fewer, bigger, better. It means building up new growth engines and as well addressing our underperformers. So let me take this one by one.

Slide: Scaling existing winners with further potential to expand

The core part of our plan to accelerate Nestlé is to build out our existing winners. It's a good idea to expand the winners. Even for our biggest categories and brands there are still whitespaces where we can expand, where we can invest. New geographies, new subcategories, new business models or innovations.

Let me take the example of Coffee. We are by and large the number one Coffee company globally with the three best brands in the industry. We have a great opportunity to leverage these brands much further into out of home, ready-to-drink and the cold coffee consumption space. Together these are already CHF 3.5 billion in sales, and we see the potential to continue to grow them in double-digits.

In PetCare, which is our second largest category, we have a big geographic opportunity in AOA, which is Asia, Oceania, Africa. And in top we are developing our snack and treats business and on top of this the therapeutic diet segment. Building on our R&D capabilities offers significant opportunities for expansion.

Let me zoom in on another example and it's not a new brand, it's KitKat. 2025 will mark the 90th anniversary of KitKat and yet still one of our fastest growing brands globally and in the category. We have a substantial runway ahead. I want that message to be well understood.

In what sense? We can leverage new multi-sensorial experiences. We can play in the mindful snacking. We can add new formats. And we are actually launching KitKat tablets in 29 countries across all three Zones. And we are further supporting the launch of bite-sized KitKat balls in 19 countries.

We are investing heavily behind these launches. There will be a new production line in Europe, and we are also deploying full marketing campaigns to support those innovations. Even in a 90-year-old brand, we are driving growth through innovation, through geographic expansion, and through investment.

Slide: Focused innovation 'big bets' for greater impact: fewer, bigger, better

The next growth driver is our innovation 'big bets'. It's a big thing for Nestlé to have achieved, to have managed to bring down the innovation big bets to just six, as you can see. We are now focusing on a small number of big bets each year, concentrating our resources to ensure we achieve more impact from innovation. I like to take the example or the image of, let's think that we have three liters of water and if we try to spread those three liters of water across one hundred seeds, none of them will grow. But if we concentrate those three liters of water on six, then innovation, the big bets, will get healthy, grown-up plants, they will build up and grow branches and bear fruits.

So that's the idea of the fewer, bigger, better, in the spirit that innovation has to be incremental, and innovation requires incremental resources. So you see our six big bets. And we are fully rolling out those big bets with speed, as you will see demonstrated in the Americas.

Slide: Build new growth platforms

On top of expanding existing winners and now innovation big bets, we see opportunities to fuel new areas of growth. Nutrition, Health, and Wellness is at the heart of these opportunities.

We are talking about healthy longevity, population is aging globally, and people want to age in good shape, in good health. We talk about women's health. We talk about weight management. There are 2.7 billion people overweight or obese on the planet, so that's a massive opportunity. And affordable nutrition is also a very significant opportunity.

So those are existing or new growth areas, and they sit very much in our core. We have the expertise and the foundations to build them into new growth engines. An example of that

expertise is in proteins, which play across several of these opportunities. Protein is big, and protein is key and Nestlé has been a leader in proteins for over 150 years. We have more than 300 R&D experts working in this area. Our patented technology and expertise in how to structure proteins allow us to secure the highest protein concentration. We can provide nutrition solutions tailored to specific consumer needs and medical conditions, be it as a support to GLP-1 diets, treating malnutrition, or boosting athlete recovery. Within our Nestlé Health Science portfolio, we already have protein-focused products with CHF 2 billion in annual sales, growing in high single-digits.

In summary, I'm very excited about all the potential we have in that area, in this space, to create new growth engines for the future.

Slide: Addressing underperformers: 18 key cells accounting for 21% of sales drive most of the market share loss

Last but not least, let me turn to our underperformers. We have given visibility on the fact that we got 18 key business cells where we have been underperforming in terms of the market share.

In 2024, we gained or held market share in approximately half of our business by number of cells, but in less than half by sales value. And the majority of that share loss has been coming from these 18 key underperforming cells. So, correcting that underperformance is about addressing gaps in our value proposition. If we lose share, it's that we got a gap in our value proposition against competition. We want to address that systematically around achieving product superiority, getting the price right, making sure that we get maximum visibility and consumer engagement in that order of priority.

When I talked to this slide last week, with our results, I picked out a few examples of the first two dimensions today. I'd like to mention quickly examples on the other two. Let's take US Coffee creamers, which is a big category for us in the US, and significant, very sizable globally. Our key issue has been supply. We have been short of capacity. And of course, that has limited sales. We have been obliged to focus on the assortment, limit or stop promotions, limit or stop innovation. And this came at a time when competition has been particularly active in this space. This is a very attractive space. We have now addressed our capacity issues with production ramping up in our recently opened Glendale plant in Arizona. We now need to get back on shelf, with the customer. As you know, their shelf reset is once a year, happening as we speak. So we know that it may take a little bit of time before we see the full range being back on shelf. But we are on the right path. And we can innovate, and we can promote, of course.

On brand communications, Soluble coffee is a great example of where we first had to fix pricing

before stepping up communication. Having made an adjustment to pricing, we are now investing more in paid media to increase our share of voice. And there as well, we want to achieve superiority. Actually, our view to gain share is to achieve superiority at every step of the value chain, including in terms of share of voice, achieving share of voice above share of market.

Overall, it's early days, of course, in addressing many of our issues. But we are moving decisively in the right direction, and they are already encouraging signs in most of those 18 businesses.

Slide: Setting the direction and aligning the organization to deliver

So that is where we stand on strategy to accelerate performance built on the virtuous circle and transformation. But a strategy is only as good as its execution. That's why I've also focused heavily on cascading that strategy down through the organization. And I'm very pleased to say that it is already being embedded. We are not just evolving our strategy, but really changing the way we work. And we are changing fast.

With that, I'd like to hand over to Steve, who will talk through what we're doing in Zone Americas. Thank you very much.

Steve Presley, Chief Executive Officer Zone AMS, Nestlé S.A.:

Slide: Title

Thanks, Laurent, and as Laurent said, I'm Steve Presley. I run Zone Americas for Nestlé, and it's great to be here with you. It's been a year or so since I've been back at CAGNY, but excited to kind of share the progress and some of the challenges in terms of what we're doing as well.

Slide: Nestlé in the Americas – unique footprint, diverse portfolio

When you look at Nestlé in the Americas, it's a similar portfolio, but actually differently weighted than the company globally. We have a much heavier index around PetCare. PetCare is our largest category, around 30% of the business, with Coffee at 20%. So, when you look across that, you have 50% in highly concentrated businesses. Most of the business, 72%, sits within North America and 28% in LATAM, so a very strong presence across all of the markets.

It's really 100,000 amazing team members focused on trying to drive this business and better serve our consumers, every day, in 24 different countries with different challenges and opportunities in every single one and such a diverse Zone that it's an honor to get to lead, to be honest.

When you look at it, it really comes to life through our brands. Nestlé has 31 billionaire brands globally, for us in the Americas 27 of those are actually active within our Zone. And in the majority of our businesses, in around 70% of the business, we have a leadership position. We're either a very strong one or a number two in all of the categories.

Slide: Unique portfolio of brands there for every moment in consumer's lives

When you look at it, it's not just in terms of scale. Yes, we have a very large business across the Americas but it's really around, from a consumer standpoint, one of the few portfolios that has the breadth that can start at the very first days of life for consumers with NAN or Gerber or Nido and all the way through every life stage event for every consumer. Not just for our human consumers, but also for our pet consumers that we love so dearly with our Purina portfolio. And it's that breadth in the portfolio is what allows us to really have the strength that we are able to leverage in the marketplace. Yes, it's a deep, broad portfolio, but also at the same time, you have over 95% penetration in almost every single country. In most countries, we're in 98% or 99% of the homes with a Nestlé product. And it's that kind of intimacy and that kind of reach within the homes that allows us to have a deeper consumer understanding, I think, than many of our competitive set.

Slide: Nestlé in the Americas – strong foundation for growth

So, if you look at it, it's Nestlé's largest business. It's CHF45 billion, as reported last year in 2024. It's been a good growth engine for Nestlé overall, 6.3% organic growth across the six-year CAGR and a very strong profitable business for us at over 21% UTOP margin. And that's a bit of the past. It's been a great business for us, but there are some short-term challenges, and continues to be a great business.

And you heard Laurent talking about, we're confident about this midterm growth trajectory. Like, why do we believe in the midterm and what's different? And it's really because the portfolio is so well-positioned to capture this future growth. When you look at the overweight, as I showed before, you see an overweighting in PetCare and Coffee in these categories there, in Health Science that are higher growth. So, we're exposed, more of our portfolio across the Americas is exposed to higher growth categories. We have very strong exposure to the emerging economies across Latin America, but it's not just exposure in those economies, it's actually leadership. We generally have leadership in almost all of the countries across Latin America as we continue to see an expansion of the middle class in that part of the world and continue to create new opportunities for the business.

And then one of the most important ones, generationally, younger consumers have a higher

affinity across, you know continue to actually be the number one engaged thing on social media, still food and pets and, right aligned with our portfolio. So we see this big demographic trend across the generations as well that gives us that confidence as we look ahead into the future for not just Nestlé globally, but certainly Nestlé in America.

Slide: Nestlé Virtuous Circle is our framework

You heard Laurent talk about it, but the virtuous circle really is the framework, and it seems so simple, and that's actually the beauty of it, is the simplicity and the focus around priorities. And it's really a shifting priority. People say, well, why is it different? Really what's different about the organization? And the difference is this clarity of focus around priorities. Everyone around the organization is aligned to this idea of, look, we have to drive greater efficiencies. We've always been driving efficiencies, but greater efficiencies across the organization that unlock truly the scale in Nestlé. And then we've got to feed that back into the brand. It starts with this idea of we've got to start with the number one priority of accelerating growth of this organization and returning to winning share on those 18 key cells. If we do those things together, it creates value for all of our key stakeholders, not just financial, but also societal as well. And so we really center around this idea of the virtuous circle.

Slide: Step changing our value unlock across the Zone

I'll start with efficiency and productivity and in our Zone. As the largest Zone, to deliver the \$2.5 billion, it can't be done unless we deliver a significant portion of that in the Americas.

It starts with this idea of procurement. If I look at it, in the past, the Zone is a very large Zone. And so you'd say, look at a \$40 billion business, almost a \$50 billion US business, how much scale is there to gain? But there is scale. Typically, we would solve those challenges within the Zone to a degree and the real unlock and the real pivot in the organization is, one, continue to leverage the Zone opportunities within the Zone, but at the same time, bring the true breadth and depth and scale of Nestlé at a global level to bear, to actually drive those procurement efficiencies, to drive those efficiencies across the organization. Don't just solve the problems at a large-scale Zone. Solve the problems at the global leader of food and beverage in terms of scale. That unlocking is where we'll see that significant increase in value and the key contribution to that \$2.5 billion. In addition, we'll deploy new tools. Obviously, we'll continue to invest digitally to become smarter and better in procurement and unlock value in that space. But it's really this change in mindset in terms of how we approach that. And then the second piece in procurement is a lot of it is just so much time and energy tied into very specifically understanding what is specifically important to the consumer, To make sure we have this end-to-end design to value view and unlocking the unnecessary cost that the consumer is not

interested in or not actually valuing the proposition and then using that for fuel to drive the growth. So very focused around procurement in terms of one of the key levers to play our part in that CHF2.5 billion.

The second one is operational efficiency. We have opportunities across our network in every part of the network that we are laser focused on. We've actually brought in a lot of new resources in that space to unlock the opportunities across our supply chain and our manufacturing network and our operating models, really streamlining our operating models. I think you saw Laurent very early days move from the five Zones to three Zones, which is part of that. But it's not so much, is there cost savings to that? Sure, there's cost savings to that. But is that what it actually enables? No. What it does, you'll see is the opportunities and the consumer challenges or customer challenges we deal with across, whether it was the previous Zones of North America and Latin America, are very similar. And the ability to solve those at scale and invest deeper in bigger tools or bigger solutions at the Zone level, at the global level, is what we're focused on. And that will unlock more fuel for growth.

And the last one is commercial investment. We've been on this journey, but we really have ramped up the idea of not just doing it in the advanced markets but doing it everywhere across the globe for Nestlé and driving efficiency behind our commercial investment. Not just marketing. We all do ROI return models or marketing mix models on PFME for years. That's not it. This is actually really clear advanced tools that are driving total commercial return across all the levers of commercial investment, which is what we're focused on. And it will pay dividends. It is paying dividends already, and we look for that to continue to accelerate.

And the last one is, as we look across PFME, you've seen us increase our marketing spend across the last year significantly across the Zone. And we want to continue to do that. But in addition to that, it's not just about increasing the spend. It's actually making sure we get every single dollar of that, that we can, working towards the consumer. Right? Really focused on getting those dollars in the market working. We don't need 20 different campaigns in 20 different countries. Understand the key insight, the unlocks behind that brand, and then leverage those platforms and reduce that non-working spend to drive that.

Slide: Nestlé Virtuous Circle is our framework

And so that's really how the cadence change or the executional excellence change is pivoted in the organization as we move into '25 and beyond.

Slide: Accelerating category growth & driving market share

Now once you generate the fuel, how do we spend it? What's the investment for growth for

us? Many of those cells that Laurent talked about either reside in the US with a few in Latin America. I'll focus on the US a little bit more because I think the majority of the questions will come there, but most of these address across all of the Zone.

We think about this idea of accelerating growth in three buckets, right? You heard from Laurent. Existing winners, investing heavier behind existing winners, and I'll go specifically into two examples on Purina Supplements and Therapeutics business. Tremendous business. When you see the results, you'll say, that's incredible results how much more can it be accelerated? Absolutely a significant opportunity when you prioritize it as one of the existing winners we're going to focus on. E-commerce has been one that we're very proud of, our results in e-commerce across America, but there's significant opportunity to continue to expand that. So I'll go specifically through those.

I'll talk a little bit about the big bets and then specifically today we'll talk about Frozen in terms of addressing underperformers.

Slide: Expanding existing winners

Slide: Purina Pro Plan delivering strong results across the Zone

And so if we look at it on the therapeutic side, look, this is the Pro Plan Therapeutics business and it's been an amazing run for us on Pro Plan. 20% OG on this business. We've doubled the sales and it's really driven by just deep consumer insights of helping pet parents better serve the needs of their family members, their pet family members. And that's really driven by, what we think is a world-class R&D network in PetCare.

Slide: Veterinary business with great potential for scale

When you say, look, is the opportunity going to continue with those numbers? Absolutely. This advanced therapeutic nutrition driven by incredible R&D investment and increased R&D investment, you see where we've actually increased the investment behind this, in what is already a \$5 billion category, that will continue to grow at a double-digit pace as we look ahead.

Slide: With clear path to sustain double-digit growth

And so what gives us the confidence to see the sustained growth and really make this one of the accelerated existing winners? It's this idea of irresistible product superiority. We will bring to bear that R&D that we have, solving those foundational needs that our pet consumers have and working in that channel with really key opinion leaders through our Purina Institute or all different measures, investing more in terms of having coverage in those channels and

continuing to invest to expand that and driving the relationship to actually solve that.

You can do those things and it's fine, but there's still a key consumer tension there, where the veterinary channel doesn't love to have all this inventory in the vet clinic. At the same time for the consumer, they don't really necessarily want to drag the bag home when they're trying to get the pet in and out of the vet. And so we've actually solved that by building new capabilities around this unmissable visibility where we have Vet Direct. You get the prescription or the order from the vet right in the clinic and then we can ship it direct to the house through a D2C model where we can fulfill that. And it's building those capabilities, that accelerates these winners, that gives us this irresistible product superiority.

So it starts with this idea of got to have a great product. In this space specifically, you've got to win with the key opinion leaders. And I think we're well positioned. We've actually doubled down on investment to actually reach that community and continue to expand that. And the last one is this unmissable visibility. Solve the consumer tension to then drive the expansion of the category in our Vet Direct - direct-to-consumer model that will solve that actually. All that actually helps both the vet clinic and at the same time the consumer.

Slide: Sustaining e-commerce growth momentum

Then if we look at e-commerce, e-commerce for us in the Zone today it's 22% of our sales is e-intensity as we call it. So pretty good strong growth actually. When you look at our portfolio, that has a significant portion in frozen and a significant portion in refrigerated, very strong e-commerce developed business with a 23% growth CAGR across e-commerce. And we expect that to continue. If you look at the trends, it'll continue to be double digit expansion. Why? Because it fundamentally solves consumer tensions of convenience and, generally, value and consumers continue to move in that direction.

Slide: Primed to capture new e-commerce opportunities via tailored approach

Now for us, how do we continue to drive that momentum? How do we accelerate the momentum? It's not about maintaining the performance, everything in this new Nestlé is all about accelerating the performance. And it's this idea of irresistible product superiority. The product superiority is less about the products, we're always focused on 60-40 across all of our categories. But it's the consumer experience of that product and using new technology to unlock that as we work through that. As we think through the exchange or the commerce exchange that the consumer goes through, how do we use AI to really get personalized content? And we're very focused on delivering personalized content that's driving continued deeper relationship for those consumers, and deploying AI across that to make the journey

seamless for the consumers. And making sure we have the right pricing model, SRM traditionally, everybody has an SRM model. It's built on traditional trade. And for this one, you got to have very specific ESRM capabilities. We've built all those to really focus on this acceleration of e-commerce and continue to grow at a much faster rate.

And when you look at that across our Zone, in North America and the US and Canada, it's highly developed. In Latin America, it's still developing. So the idea is to take those early learnings where you're plus 20% of the business and rapidly deploy those, as it will come at a much faster pace in Latin America than it is today. I think we're very well positioned to lead that, actually, because we've been so successful in terms of just getting up that curve and building the capabilities in advance of the development of business. So we'll deploy those across the rest of our markets in the Zone and the world.

And then the last one is when you look at those countries or the Latin American part of our business, even in the US, you've got such highly fragmented trade. And the way to solve that is through new technologies that drive e-commerce. So these B2B platforms, where you really build a one-on-one relationship, that solves these smaller retailers' problems. And you do that through technology, and then it completely creates a new solution. That is one of the tools that will continue to drive that.

And when we deploy those tools, everyone says you deploy B2B tools against fragmented channel. But for us, where we've done it, we actually see a 10% higher conversion of sales and an 8% sales lift in every single customer that we've converted, factually, we know that. And so we are rapidly deploying these across those channels and countries right now.

Slide: Scaling innovation big bets

Then the next bucket is around innovation big bets. So that's our existing winners, we'll continue to invest in those, we'll continue to drive those. But just a couple examples of bringing it to life in terms of how we're increasing the investment and increasing the expectation.

Slide: Strengthening coffee leadership by capturing emerging brands

And behind innovation big bets, I'll talk about Espresso Concentrate. For the ones that were at the Capital Markets Day, you heard me talk about our Coffee business, our Coffee and Creamers business in the Capital Markets Day, we've got a great business in the Americas, it's just, CHF 10 billion, and 9% CAGR across the last six years, and just under a 40% market share at 36%. And why we continue to love this category is it continues to capture more consumers, the consumers are coming into the category more frequently. And more importantly, coffee continues to serve more beverage occasions every single day, whether it's

indulgence, refreshment, as you move to more cold occasions, it opens up new opportunities and to continue to grow the expansion of that. So we have a great Coffee portfolio today.

And what Nescafé Espresso does for us is really unlock this at home cold revolution. This is a tremendous product, you talk about product superiority, this is an excellent product that makes an amazing iced coffee. And these iced coffee creations that you just make before you head out the door on your way to the commute is one that we're very excited about. And typically what we do is we'd launch it kind of slowly across the globe, and we'd try to decide how and where we wanted to push it.

Slide: Primed for rapid expansion across key markets

For us, it's a multi-market launch across Zone AMS. The initial pilot was in Australia, very strong results in Australia, two-thirds of the volumes incremental to the brand and to the category, an incredible over 300% index with Gen Z consumers. It's spot on with the younger consumers, which is driving growth in the category. Now we're in a US launch right now, it's early days, it's just on shelf, and what we're seeing is very strong results in the early shelf, at Kroger basically, which is our first customer we've launched with, and doing very well.

But it's a different approach. It's actually a different approach in this big bet innovation. It is a complete digital launch from a consumer communication standpoint, because we call it theater in the cup if you look at that kind of beautiful blended espresso concentrate with one of our delicious creamers to make these amazing beverages. And to do that online digitally, it really is how the consumer absorbs the information, how they think about recipes, and launch that. At the same time, with just unmissable visibility within store, heavy, strong displays that we're focused on that really disrupt the aisle. And this last time, we always focus on this idea of product superiority. Do we have a great product? Do we have 60-40 in this category? Because that is ultimately that is what will bring the consumer back every time, and we're very confident in that. Then we will push it across the rest of the Zone very rapidly.

Slide: Addressing underperformers

And then the last one is underperformers I'll talk about.

Slide: US frozen pizza: recalibrating price/value, building recovery momentum

Specifically on frozen pizza, you heard Laurent talk about it. Really, we got out of balance on pricing, drove a consumer value proposition problem in this category. We priced 15% greater than the category across '21 to '23. And we expect our brands to command a premium in the marketplace. We aspire, most of our brands, to trade at a premium. But that premium and that

gap has to be managed. And as we went through that, you saw we actually expanded margin over the last few years across the Zone. And that came in an expensive share. And what we've done is we've invested to fix those price gaps. We've actually corrected all those price gaps, moved 95% of the portfolio back within this \$4 to \$6 price point range, really leveraging the breadth of the portfolio across all the price points to actually get back to winning in this. And 52-week volume share, which is important, because that's about occasions with the consumer, we're winning, actually, we won share on volume. And the latest 4, we've actually won dollar share, which we're excited about, on pizza for the first time in a very long time. So early days, clearly not done with this turnaround, but good progress. When we get the price right, get the product right, we're confident in our brand's ability to win.

Slide: US frozen meals: dialing up value propositions to restore relevance

Then the last one is frozen meals. We talk about frozen meals. When the demand really took off in COVID, we were supply constrained on this business. And we really cut the portfolio down to service the big battleship part of this portfolio. And when we did that, actually lost 25% of our distribution points, because we narrowed the items for us. And when you do that, this is a variety-seeking category, the big SKUs are important, but so is variety-seeking, and that's what's really led to this. So as we've really focused back on innovation, making sure we have the appropriate share shelf and this real focus behind making sure we're unmissable visibility and we're controlling the share shelf that we need to, with the right price point, we know we can win. And if we look early days in frozen meals, we're actually back in positive share on frozen meals.

It's very early. We are not declaring victory at all, but very strong progress to date. And again, when we know we get the right price, the right product, and the right share of shelf and the focus around execution excellence, our brands will win. And with that, I'll close there on the Americas, and I'll turn it back to Laurent to close.

Laurent Freixe, Chief Executive Officer, Nestlé S.A.:

Slide: Key messages

Thanks, Steve.

Slide: Key takeaways

So I guess you have seen the degree of alignment across the organization, and I guess you saw it also at the capital market day. Couple of key messages to conclude. Number one, sounds obvious, but we want to make it happen. There is no growth without investment, and

we are creating the fuel for growth. We have clear priorities on where and how we want to invest to drive our growth, has a lot to do with focusing on the core, core brands, core innovations, innovation big bets, core SKUs. You have seen how we are doing that in the Americas and I guess the degree of alignment speaks for itself.

And overall what you got at Nestlé, what you will see at Nestlé, is a focused, aligned organization executing with speed and discipline. And with this we are accelerating performance and transformation.

Thank you very much.

Q&A Session

Okay, let's move to the Q&A and we'll take the first question at the front here. Thank you.

Question on: Challenges faced by packaged food industry

Andrew Lazar, Barclays:

Laurent and Steve, thanks so much for being here. We appreciate it. Maybe a broader industry question. The packaged food industry, I think over many decades, has faced all sorts of fundamental challenges and has always found its way back to a better place over time. It feels like a lot of the names at this stage are trading or being valued as though this time is somehow different and that the challenges facing the industry are maybe more structural or enduring than maybe those of the past. And I'm just curious how you would address that. I realize it may take some time, there'll be more winners and losers, but my sense is many of the challenges that the industry faced in the past were seen as enduring then as well and proved not to be. So anyway, we'd love your perspective. Thanks so much.

Laurent Freixe, Chief Executive Officer, Nestlé S.A., :

Well, thanks for the question and it's a great observation. The one thing I would like to highlight is that we are still, one way or another, in the post-COVID normalization. There is a bit of myopia effect because yes, especially for our industry, we have seen an upside through more meals at home, more coffee or beverages at home, more pet adoption, which has been also massive during the COVID period. And following that a period of inflation, we knew that this would be relatively short-lived because it had been created by the imbalance between supply and demand. But that also boosted or supported the business to achieve relatively impressive rates of growth. All of this is in the base today. So yes, optically, visually, there is a slowdown,

but I think the fundamentals are there and opportunity to grow is there.

Population is aging. People want to live longer and healthier. Weight management is a big opportunity. Affordable nutrition is a big, massive opportunity, not only for emerging markets. So I guess there is a little bit of myopia effect. The slowdown is kind of impressing everyone, looking at the numbers. Now, if you put it in perspective, I don't see any reason why industry should not come back. And that's also a view for Nestlé to historical growth rates.

Question on: Leadership characteristics of Laurent
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Participant:

Thanks. My question is for Steve. Steve, I think you worked very closely with Laurent for the past 12, 13 or so years now. So you probably know him better than almost anybody at Nestlé. My question is, how would you characterize his leadership? And what should we, as the investment community, expect from him as CEO? And Laurent, you can close your ears.

Steve Presley, Chief Executive Officer, Zone AMS, Nestlé S.A.:

Well, this would be a short-lived tenure as CEO of Zone Americas. No, actually as you said, I've worked for Laurent for long, extended periods prior to this role as CEO. What I'd say is an incredible consistency.

What you heard from Laurent a little bit was this idea around the virtuous circle. Consistent in the approach, but with a passion and an intensity to return Nestlé to winning. We are long-term Nestlé guys that love this company, that have been here for the majority of our careers. And it's this intensity and real passion for turning around this organization at speed that I think for Laurent as a CEO versus, say, Laurent as a peer, as his own colleague or a previous boss, is we always try to move with speed. And we always talk about the things we need to do. But really, this intensity around, focused around priorities, global alignment around these priorities is not optional. Traditionally for us, it was like, we want to maintain this flexibility. No, we are going to get behind these priorities. We are going to focus, we have very clear focused investment strategy in terms of where we're going to bet, where we're going to invest. And we're not just going to say it, we're going to do it, and we're going to do it at speed.

And so what I'd say is I'm actually highly encouraged by, I've known Laurent, I worked for Laurent for a very long time, but this passion for turning around this organization comes from this deep love that keeps us here. And we feel like we, as the leaders of this organization, we've got an obligation, not just to our shareholders and to our stakeholders, but to the hundreds of thousands of people that come to work every day for us and bust their butts and

actually try to deliver tremendous products for our consumers. And that passion comes through, and that intensity comes through.

Question on: Taking Nestlé to the next level

Jakob Greisen, C WorldWide Asset Management:

Yes, I've got a bit of a structural question, Jacob from C Worldwide. When I look at Bloomberg in 2018 or in 2013, your EBITDA was CHF18 billion. In 2017, it was almost CHF19 billion. And in 2024, it was CHF19.5 billion. So basically, for 10, 12 years, there was basically no growth. What's going to take Nestlé to the next level when I look at you for the coming 5 to 10 years? Because basically, I hear about restructuring and fixing what went is wrong. But what I'm actually looking for earnings growth.

Laurent Freixe, Chief Executive Officer, Nestlé S.A., :

Yes, very good question. Don't forget one thing, is that we are a Swiss franc company. And between 2018 and 2024, Swiss franc has valued massively against any currency. That's one of the specifics of Nestlé, that we get 2% of our revenues in Swiss franc and a chunk of our cost in Swiss franc. So when you translate, consolidate, you can get that effect. But don't forget that Swiss franc has massively valued during the period and for the better. And don't forget also that when we raised our dividend this year again to reward, as should be, our investors and following also past practice of the last 30 plus years, that is also in Swiss franc. So yes, we are a Swiss franc-based company. And I guess in hard currency, the numbers that you have highlighted mean something, translated in US Dollars or in euros.

Now, what can we expect? You should expect tremendous focus on accelerating what we got. As I said, because I got the question asked many times, how about M&A? M&A is in the backseat. We don't exclude M&A, but it's in the backseat. It's not the priority. Priority is to drive the business we got, focus on the core. There is so much more we can do on the core, including on Coffee, PetCare and Nutrition. And I guess we can accelerate. Those categories are good categories intrinsically with very good levels of margin, good margin structure, and you will see value creation through the core. This is what you will see in the future, an acceleration of performance while we transform for the future.

Three dimensions, maybe to highlight about the transformation, as an investor, it's important to know where we are heading. Innovation is a big play. Building up the new growth engines and the big bets. But we want to be very focused there and intentional. Second, focusing on expanding the winners. And there is so much more we can get through that. And making sure that the priorities are well embraced, well understood across the organization, from SKUs up

to the brands. And through that, you should see an acceleration in the value creation. And I forgot to mention digitalization, AI. And also, we want to walk the talk in terms of the sustainability agenda. Three priorities, climate, regenerative agriculture, making the food system more resilient, and circularity.

End of Transcript