



Nestlé Good food, Good life

# Roadshow Presentation

August-September 2025



# 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, tariffs, commodities prices, competitive product and pricing pressures and regulatory developments.



# Key messages



# Strategic context

## Our ambition and strategy for Nestlé

### Our ambition for a winning Nestlé

- **Positioned to win**
  - Capitalizing on positioning in advantaged categories, which are growing at 3-4%
  - Consistently delivering market share gains; leading and driving growth in our categories
- **Leading R&D and tech platform**
  - Competitively advantaged to respond and adapt to changing consumer needs and preferences
- **Agile, efficient organization**
  - Agile, efficient cost structure creating the fuel to invest and deliver structurally improved margins
- **Attractive financial profile (medium term)**
  - Consistent, reliable OG of 4%+, led by RIG
  - UTOP margin 17%+, generating operating leverage
  - Sustainable, progressive dividend
  - Robust balance sheet

### Strategy to deliver the transformation

- **Renewed focus on organic growth**
  - Prioritising organic value creation vs inorganic approach
  - Sustainable RIG is a priority
- **Increased investment in growth**
  - Investing behind all elements of value proposition to deliver faster and higher quality growth
- **Quality of execution**
  - Disciplined focus on metrics made visible real-time through technology
  - Taking the right decisions for the medium & long term
- **A more effective and efficient organization**
  - Greater operational focus, with increased organizational rigor and responsibility
  - Step change in use of technology to increase agility and reduce cost



# Transformation journey

## Fully implementing the turnaround is expected to take time

2024	2025	2026	Medium term
Organic growth (OG) 2.2%	Strong pricing, improving OG	Improving RIG and market share	OG 4%+, RIG-led
UTOP margin 17.2%	UTOP margin at or above 16.0%	UTOP margin recovering	UTOP margin 17%+

### Actions 2024

**Growth:** began category acceleration investments, defined 6 global innovation big bets; initiated turnaround plans for 18 underperformers

**Margin:** launched Fuel for Growth cost program

**Organization:** simplified Group and Zone structure, renewed performance management framework

**Portfolio:** announced reorganization and strategic review of Waters

### Actions H1 2025

**Growth:** stepped up investment in value proposition, including marketing spend to 8.6%

**Margin:** Robust pricing in coffee and cocoa; Fuel for Growth savings being delivered

**Organization:** changes in Zone Europe and R&D, new leadership in China

**Portfolio:** focus on premium VMS, launched strategic review of mainstream VMS



# Key H1 discussion topics (1)

## Our messages on the 4 main areas of investor focus

### 1. RIG and organic growth (OG)

#### Discussion topics

- Negative headline RIG of -0.4% in Q2
- Prospect of improvement in H2?

#### Our messages

- **Overall good OG performance in H1**
  - Positive momentum in vast majority of the business
  - Group impacted by China, VMS growth below expectations; Q1/Q2 distorted by comps
- **Factors underpinning improving RIG**
  - Elasticities easing as competitors and consumer adjust and adapt
  - Actions to improve execution
  - Growth investments bearing fruit

### 2. UTOP margin

#### Discussion topics

- H2 margin down “significantly”; marketing spend cut?
- Outlook for FY-25 and FY-26

#### Our messages

- **Delivering on multi-year profit plans**
  - FY guidance held despite headwinds (supported by pricing and tariff mitigation)
  - Taking the right medium-term actions: pricing, cost savings, growth investments; ahead of plan in marketing investment at H1
- **Margin recovery starting in 2026**
  - Pricing & innovation, input costs improvement, savings programs, operating leverage
  - Proof points in PetCare and food '22-'25; without benefit of material input cost improvement



# Key H1 discussion topics (2)

## Our messages on the 4 main areas of investor focus

### 3. Cash flow

#### Discussion topics

- FCF weak in H1; FY outlook and FCF dividend cover
- Leverage trajectory

#### Our messages

- **H1 impacted by working capital outflow**
  - Inventory the largest factor: higher raw materials costs, and tariff mitigations
  - Capex discipline starting to come through
- **Cash flow and dividend are a top priority**
  - Clear plan to deliver FCF above CHF 8bn in 2025, recovering in 2026 and beyond through working capital efficiency
  - Deleveraging supported by announced divestments plus Froneri dividend

### 4. Greater China and VMS

#### Discussion topics

- Size and timing of Greater China issues
- Confidence in VMS plans

#### Our messages

- **Decisive action in Greater China**
  - New leadership, proper diligence done
  - Correcting 3-4 weeks excess stock
  - New capabilities for demand-led model will strengthen business and address market share losses
- **Positioning to win in premium VMS; divest mainstream**
  - Leading premium portfolio, ability to differentiate with science, innovation and brand-building
  - Focus and less complexity outweigh portfolio breadth



# Supporting materials



# H1-2025 highlights

## Consistent execution, improving growth fundamentals

### What we have done

#### Navigating the external environment

- Robust pricing to protect structural profitability (given input costs in coffee and confectionery)

#### Improving the Nestlé organization

- European operating model, R&D organization
- Execution focus; improving 18 underperforming cells

#### Cost management at pace

- 'Fuel for growth' plan on track
- Focus on procurement

#### Investing for growth

- Ad. & marketing expenses at 8.6% of sales in H1
- 60/40 taste preference testing

#### Targeted action on the portfolio

- Fixing operating model in China
- Focusing on premium brands in VMS

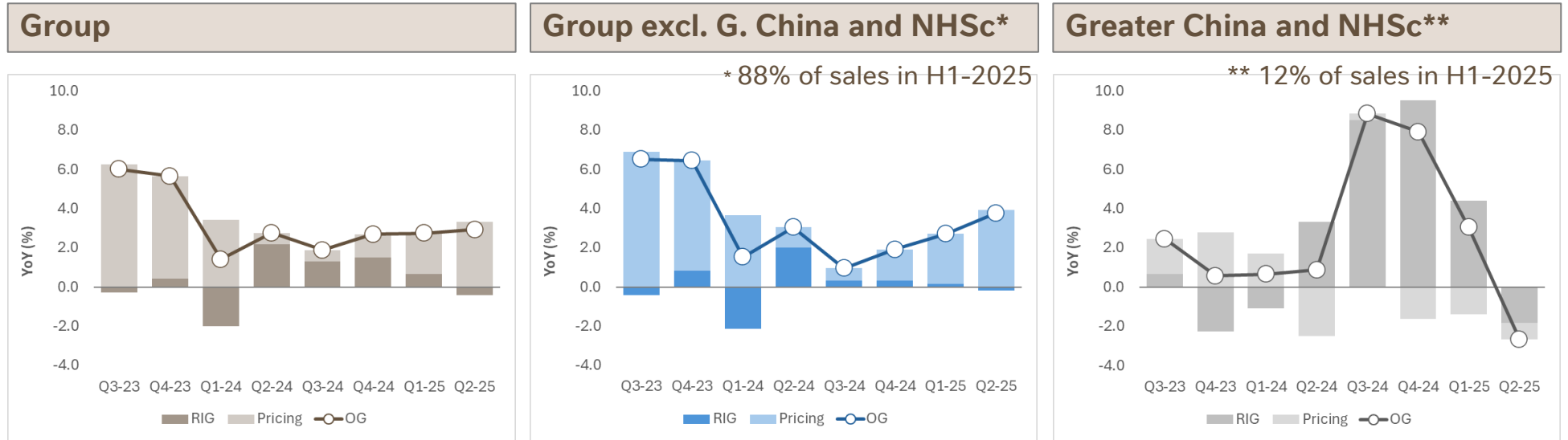
### Financial highlights, H1-2025

Organic growth (OG)	UTOP margin
2.9%	16.5%
Underlying EPS growth in constant currency	Free cash flow (CHF)
-1.0%	2.3 bn



# 1. OG and RIG (1)

## Good growth across the majority of business; China and NHSc weaker



- Headline Group figures show steady OG over recent quarters...
- ...with weakening RIG, slowing from 2.2% in Q2-24 to -0.4% in Q2-25
- This is driven by divergence between good growth in majority of the business vs. weaker Greater China and Nestlé Health Science

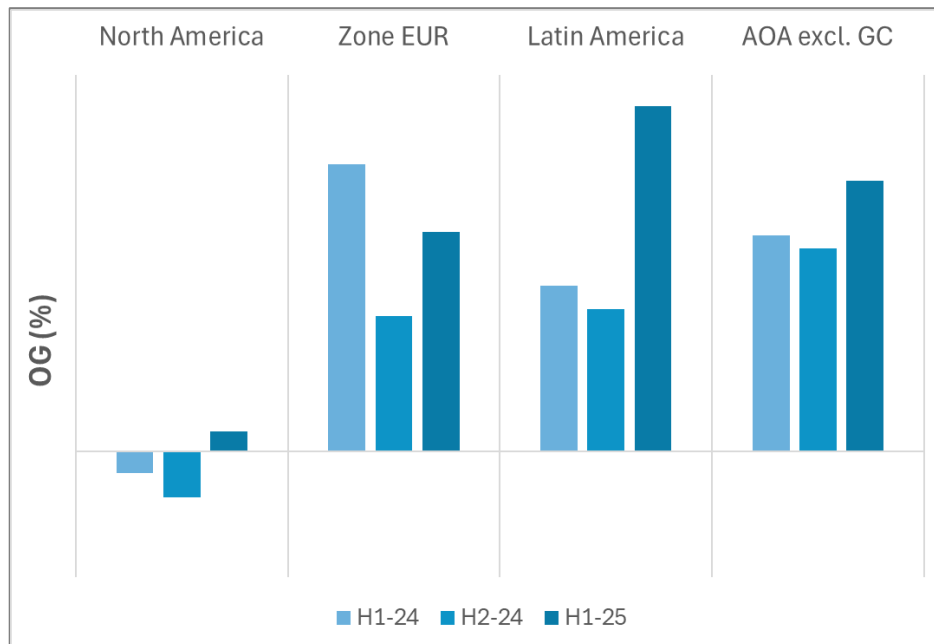
- In the majority of the business, OG has accelerated in recent quarters...
- ...with RIG broadly stable for last 4 quarters, even as pricing increased
- Increasing pricing comes from robust action in coffee & confectionery; important for medium term margins
- Across markets and categories, growth has been broad-based (see later slides)

- The recent RIG slowdown for the Group has mainly been driven by Greater China and Nestlé Health Science
- Actions now being taken in both businesses...
- ... but improving performance is expected to take time

# 1. OG and RIG (2)

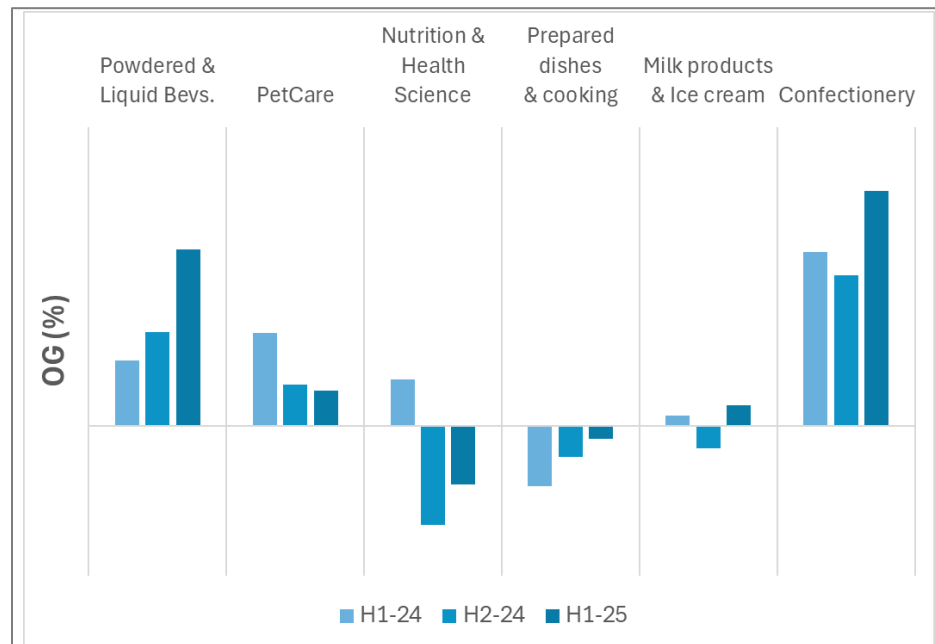
## Focus on execution is starting to bring results

### Improving growth across most Zones\*



- North America: resilient performance in soft macro, almost all categories improving, strongest HY of RIG since 2021
- Europe: broad-based growth, RIG turned positive in Q2 even as pricing increased, almost all categories improving
- Latin America: OG continuing to improve, led by pricing
- AOA excl. GC: broad-based growth, strong in strategic focus areas

### Improving growth across most categories\*\*



- Powdered & Liquid Beverages: pricing-led but with positive RIG
- PetCare: stabilizing after headwinds, pricing comps ease in H2
- Nutrition: Gradually improving, led by *NAN* and *Nido*
- Prep. dishes & CA: weak category growth, but improving share
- Milk products: return to positive OG with improving RIG
- Confectionery: OG up, while pricing robustly for input inflation

\* Data shown for Zone Europe and for sub-Zones within Zone Americas and Zone AOA; GMBs are not included

\*\* Data and commentary excluding Greater China and NHSc

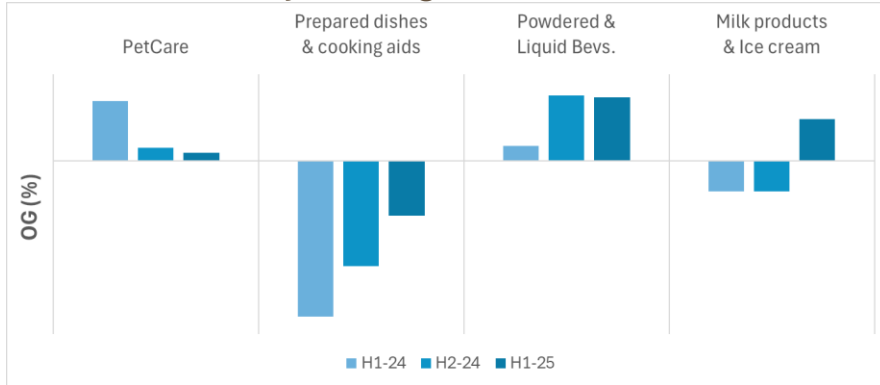


Good food, Good life

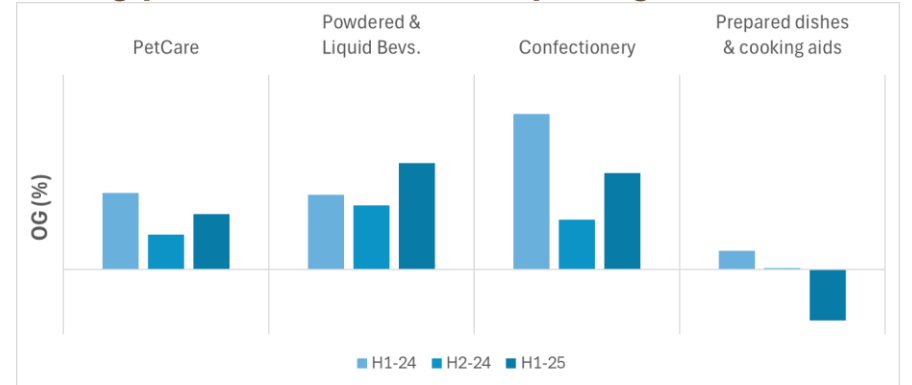
# 1. OG and RIG (3)

## Across our Zones, OG is now improving in most categories

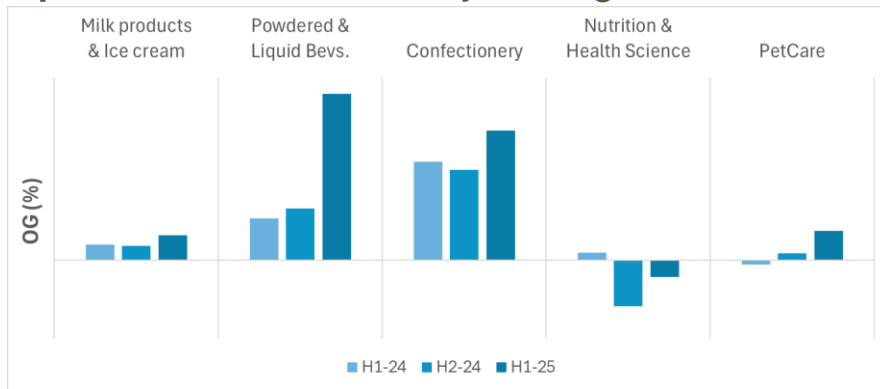
### North America: H1 0.3% OG, stable or improving OG across all major categories



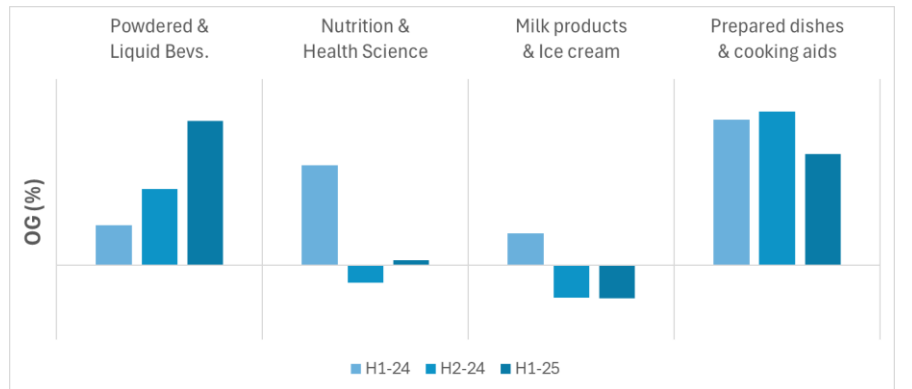
### Zone Europe: H1 3.5% OG; pricing led, with RIG turning positive in Q2 even as pricing increased



### Latin America: H1 5.5% OG, pricing-led with improvement across all major categories



### AOA excluding Greater China: H1 4.3% OG; Q2 accelerating vs Q1 in RIG and pricing



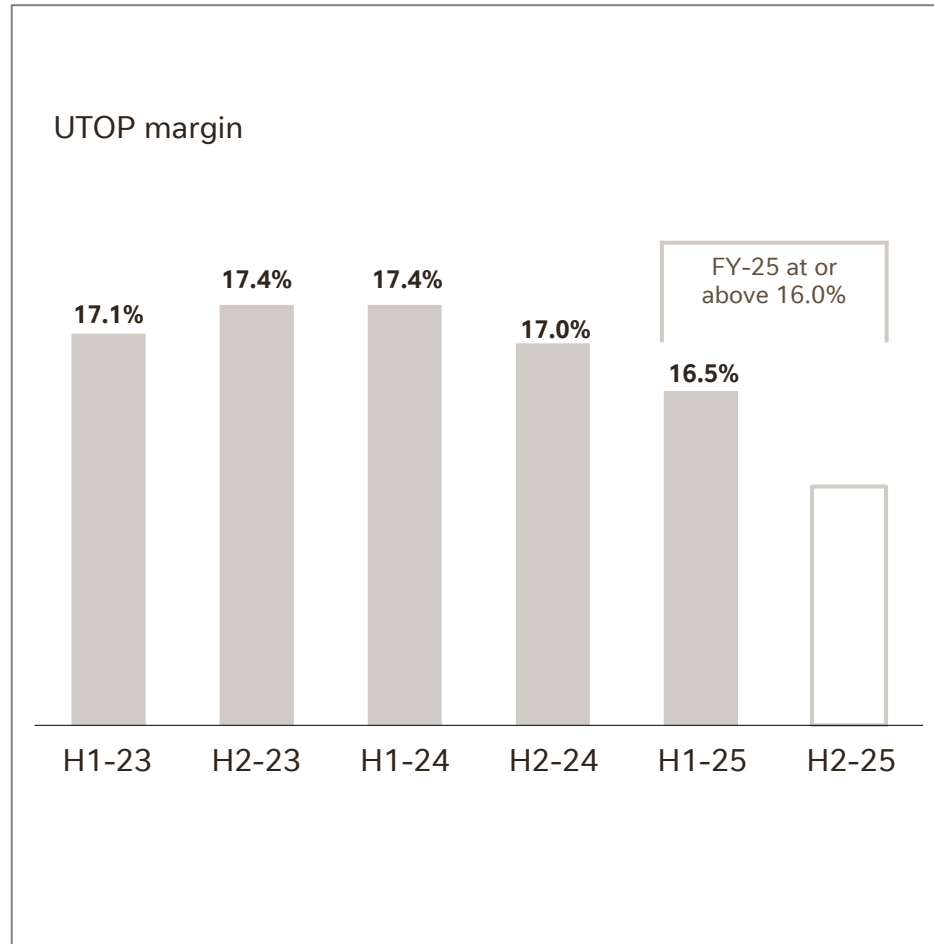
Charts show product category OG by Zone for all categories accounting for >10% of Zone sales in 2024



## 2. UTOP margin (1)

# Margin guidance reiterated despite headwinds & increased investment

FY-2025 UTOP margin at or above 16.0%



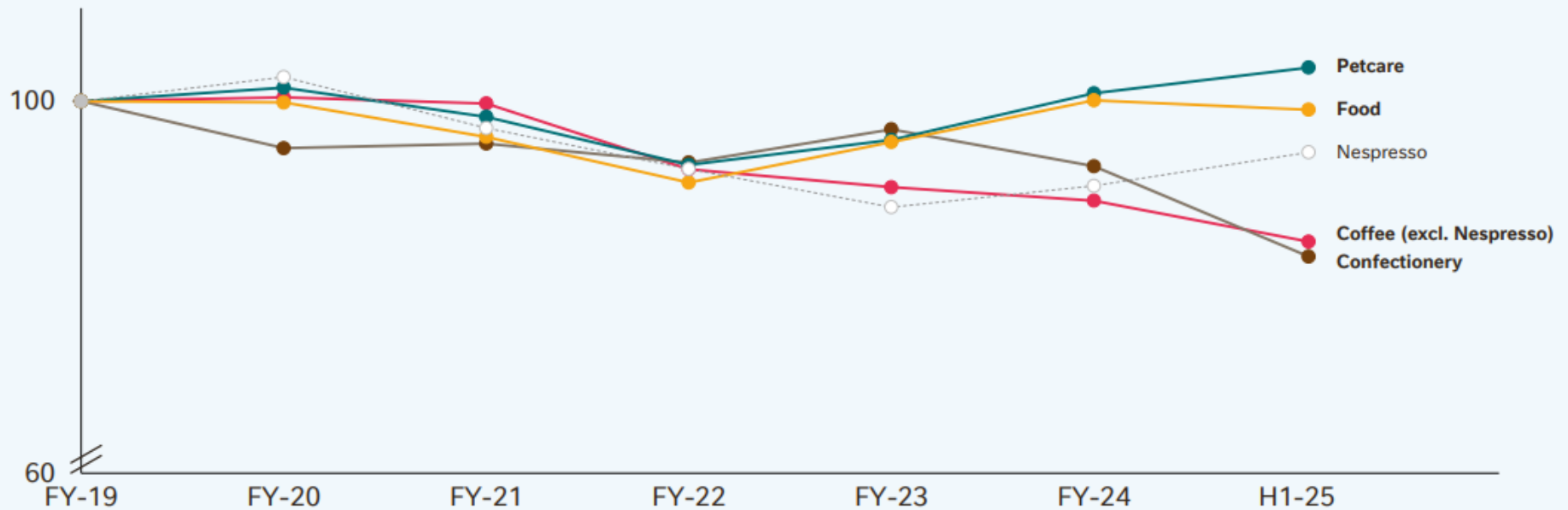
- **H1 down YoY and sequentially, but better than expectations**
  - Accelerated pricing, tariff mitigations, some phasing
- **FY guidance held despite headwinds**
  - Implies H2 margin down up to 100 bps vs H1
  - Coffee and cocoa impact on COGS, (30)-(40) bps impact in H2 from tariffs in place at H1 results, FX
  - Pricing and cost savings only partially offsetting in 2025
  - No compromise on investment for growth
- **Margin recovery starts in 2026 towards 17%+**
  - Key levers: pricing, input costs, savings programs, operating leverage
  - Proof points in gross margin recovery in PetCare and food over 2020 to 2025 (see Appendix)



## 2. UTOP margin (2)

### PetCare and Food categories show we can recover gross margin

Gross profit margin by category, indexed

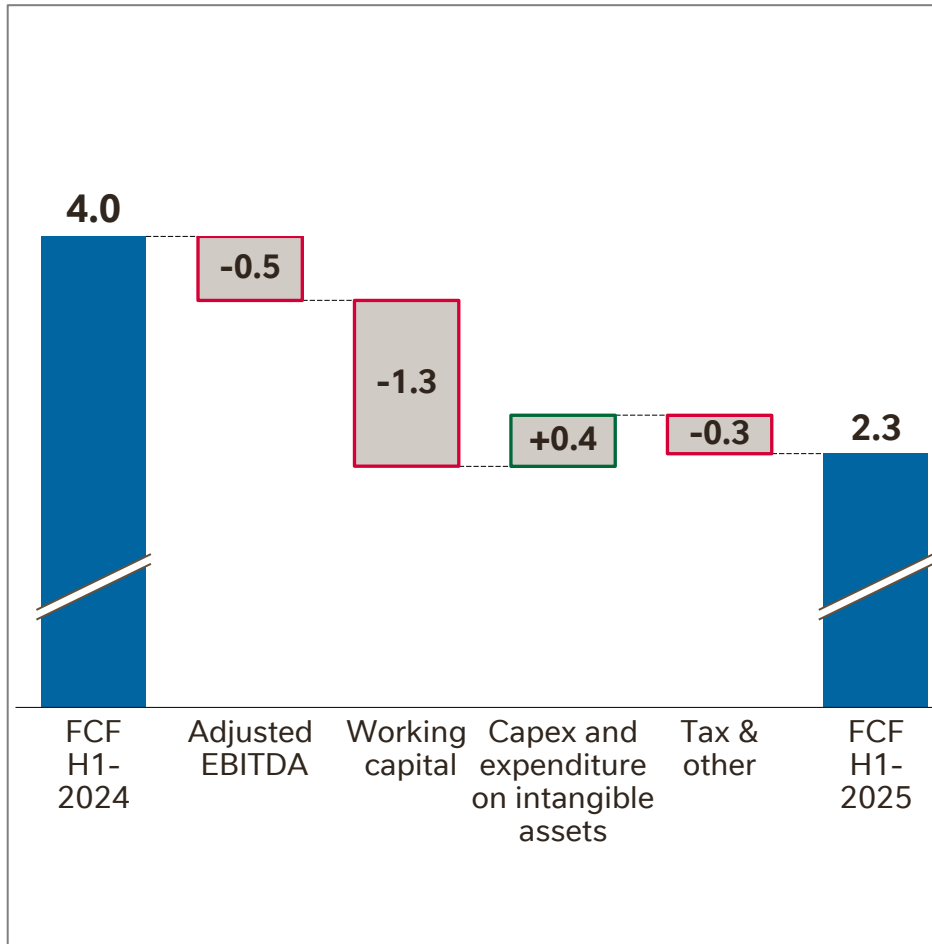


Note: Analysis excludes Nestlé Professional

### 3. Cash flow

## Delivering on cash flow is a top priority

Free cash flow H1-2024 to H1-2025 (CHF billion)



- **Cash flow impacted by 2025 margin investment**
  - Adjusted EBITDA was lower as we invest for growth and navigate increased commodity costs in coffee and cocoa
  - UTOP margin is expected to improve in 2026 and beyond, supporting improved FCF
- **H1 also impacted by working capital outflow**
  - Inventory the largest factor: higher raw materials costs, and tariff mitigations
  - Capex discipline starting to come through
- **Cash flow and dividend are a top priority**
  - Clear plan to deliver FCF above CHF 8bn in 2025, recovering in 2026 and beyond
  - Deleveraging supported by announced divestments plus Froneri dividend

## Guidance

# 2025 guidance maintained despite headwinds

	Reported		Guidance	
	FY-2024	H1-2025	2025	Medium-term
<b>Organic sales growth</b>	2.2%	2.9%	Improving compared to 2024	4%+ in normal market conditions
<b>Underlying trading operating profit margin</b>	17.2%	16.5%	At or above 16% as we invest for growth	17.0%+

