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Aide-Mémoire

Nestlé 2025 nine-months sales

September 29, 2025

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Guidance for 2025

- 2025 organic sales growth (OG) expected to improve compared to 2024, strengthening over the year as we continue to deliver on our growth plans.[1]
- 2025 underlying trading operating profit (UTOP) margin expected to be at or above 16.0%, as we invest for growth; includes negative impact from tariffs in place and foreign exchange rates at the time of the H1-2025 results release.[1]

Sales

- H1-25 OG of 2.9%, with real internal growth (RIG) of 0.2% and pricing of 2.7%.[1]
- Q2-25 OG of 3.0%, with RIG of -0.4% and pricing of 3.3%.[1]
- Decline in Greater China impacting Group Q2-25 OG by 70 bps and RIG by 40 bps. [1]
- Business model transition in Greater China will be a growth headwind for up to a year. [1]
- In H2-24, RIG was negatively impacted by approximately 60 bps in Q3-24 and approximately 20 bps in Q4-24 from actions taken to reduce customer inventory, mainly in the Americas.[3][4]
- Pricing increased during H2-24 from 0.6% in Q3-24 to 1.2% in Q4-24. [3][4]
- Factors expected to underpin improving RIG include easing elasticities as competitors and consumers adjust and adapt, improving execution and growth investments bearing fruit.[2]

Gross profit and operating profit

- H1-25 UTOP margin 16.5%, slightly better than our expectations, as we landed price actions early and mix effects partially delayed the impact of cost inflation into the income statement.[5]
- H2-25 UTOP margin expected to be significantly below H1-25, as pricing will be more than offset by the increase in input costs (weighted to H2-25 given the timing of hedging), increased tariff impact ((30)-(40) bps impact in H2-25 from tariffs in place at H1-25 results) and foreign exchange headwinds. [2][5][8]

- FY-25 UTOP margin still expected to be at or above 16%, based on tariffs in place and foreign exchange rates at the time of the H1-2025 results release.[5]
- As we navigate these margin headwinds, "we want to be clear that we won't compromise on investing for the medium term".[5]
- H1-25 advertising and marketing expenses increased faster than planned, up 50 bps to 8.6% as a percentage of sales. We expect H2-25 advertising and marketing expenses as a percentage of sales to be similar to H1-25, as efficiencies are allowing us to reach our planned increase in marketing intensity at lower cost.[5]
- In H1-25, over CHF 150 million of *Fuel for Growth* cost savings were recognized in the income statement. We are well on track to deliver our CHF 700 million target for FY-25.[1]
- As a rule of thumb, a 5% strengthening in the Swiss Franc has a 10 to 15 bps negative impact on UTOP margin. [6]
- UTOP margin recovery towards medium-term guidance of 17.0%+ is expected to start in 2026, driven by pricing and innovation, input costs improvement, savings programs and operating leverage.[7]

Net financial expenses and income tax

- H1-25 net financial expenses were CHF 759 million, with an average cost of net debt of 2.5%.[1]
- H1-25 underlying tax rate was 22.0%, which is consistent with our full year guidance.[5]

Free cash flow (FCF)

- H1-25 FCF was CHF 2.3 billion, down versus H1-24 primarily due to lower EBITDA and a negative contribution from working capital movements, partially offset by lower capex.[1]
- Nestlé's FCF is typically seasonally weaker in the first half of the year, with much stronger cash generation in the second half.[5]
- We have a clear plan to deliver FCF above CHF 8 billion in 2025, recovering in 2026 and beyond; beside FCF generation, deleveraging will be supported by announced divestments plus an expected dividend from Froneri.[2]

Operating segments

Zone Americas

- In H1-25, Zone Americas delivered resilient performance despite a challenging macroeconomic environment and fragile consumer confidence. OG was 2.1%, with -0.5% RIG and 2.7% pricing.[1]
- In both North America and Latin America, RIG weakened from Q1-25 to Q2-25, while pricing strengthened.[1]
- In Q3-24, RIG in Zone Latin America reflected soft consumer demand and customer inventory reductions.[3]
- In Q3-24, RIG in Zone North America was impacted by phasing in customer inventory related to some retailer promotional campaigns, negatively impacting growth by approximately 100 bps.[3]

Zone Asia, Oceania and Africa

- In H1-25, growth in Zone AOA was broad-based across markets, with the exception of Greater China. OG was 2.4%, with -0.3% RIG and 2.6% pricing.[1]
- In Q2-25, OG in Zone AOA was 1.7%, with -1.2% RIG and 2.9% pricing. Within this, Greater China OG was -10.2%, with -7.1% RIG and -3.1% pricing.[1][7]
- We are taking action in Greater China to improve performance; measures will be a growth headwind for up to a year.[1]

Zone Europe

- In H1-25, growth continued to be pricing-led, reflecting the inflationary environment for coffee and confectionery. OG was 3.5%, with -0.2% RIG and 3.7% pricing.[1]
- In Q2-25, RIG was positive after declining in Q1-25, even as pricing increased from Q1 to Q2.[1]
- In Q3-24, RIG was -0.4%, reflecting softness in consumer demand and some temporary retailer delistings.[3]

Nestlé Health Science

- In H1-25, OG slowed in Nestlé Health Science, following mixed performance across business segments. OG was 3.4%, with 3.3% RIG and 0.1% pricing.[1]
- In 2024, OG recovered through the year, with double-digit growth in H2, reflecting the resolution of supply constraints in our U.S. Vitamins, Minerals and Supplements (VMS) business.[4]
- The strategic review of our mainstream and value brands in VMS is underway.[1][2]

Nespresso

- In H1-25, Nespresso delivered solid growth, led by accelerating pricing along with positive RIG. OG was 5.8%, with 2.0% RIG and 3.8% pricing.[1]
- In 2024, OG strengthened from H1-24 to H2-24, with the highest growth of the year in Q4-24.[4]

Nestlé Waters & Premium Beverages

- In H1-25, growth was broad based. OG was 4.7%, with 2.3% RIG and 2.4% pricing.[1]
- We are progressing with the strategic evaluation of the business. [1]

Sources

[1] 2025 Half Year Press Release
[2] 2025 Half Year Roadshow Presentation
[3] 2024 Nine Month Sales Press Release
[4] 2024 Full Year Results Press Release
[5] 2025 Half Year Results Investor Call Transcript
[6] 2025 Three Month Sales Investor Call Transcript
[7] 2025 Half Year Results Investor Presentation
[8] September 2025 Barclays Fireside Chat Transcript

Annex

(%)	Quarterly Performance											
	OG				RIG				Pricing			
	Q3-24	Q4-24	Q1-25	Q2-25	Q3-24	Q4-24	Q1-25	Q2-25	Q3-24	Q4-24	Q1-25	Q2-25
Zone AMS	**-0.5**	**0.9**	**1.9**	**2.3**	**-0.6**	**-0.1**	**0.1**	**-1.2**	**0.1**	**1.0**	**1.7**	**3.5**
North America	-0.8	-0.7	0.1	0.5	0.2	-0.6	1.1	0.2	-1.0	0.0	-1.0	0.4
Latin America	0.2	4.3	5.1	5.9	-2.2	0.9	-1.6	-3.9	2.4	3.4	6.7	9.8
Zone AOA	**4.0**	**2.4**	**3.1**	**1.7**	**3.5**	**1.5**	**0.7**	**-1.2**	**0.5**	**0.9**	**2.4**	**2.9**
AOA ex-Greater China	3.7	2.8	3.5	5.2	2.6	0.2	-0.3	0.5	1.1	2.6	3.8	4.7
Greater China	4.9	1.5	1.7	-10.2	6.7	5.4	4.0	-7.1	-1.8	-3.9	-2.3	-3.1
Zone Europe	**0.9**	**3.3**	**2.4**	**4.7**	**-0.4**	**1.0**	**-0.6**	**0.2**	**1.3**	**2.3**	**3.0**	**4.5**
Nestlé Health Science	**11.6**	**13.6**	**4.2**	**2.7**	**9.8**	**13.2**	**4.8**	**1.9**	**1.8**	**0.4**	**-0.7**	**0.8**
Nespresso	**1.9**	**3.2**	**5.7**	**5.8**	**1.8**	**2.3**	**2.6**	**1.4**	**0.0**	**1.0**	**3.2**	**4.4**
Nestlé Waters & Premium Beverages	**1.6**	**0.7**	**3.6**	**5.6**	**-0.1**	**-0.3**	**1.6**	**2.9**	**1.7**	**1.1**	**2.0**	**2.7**
Other Businesses	**10.1**	**-1.9**	**6.4**	**0.3**	**9.0**	**-3.1**	**3.9**	**-2.1**	**1.1**	**1.2**	**2.5**	**2.5**
Total Group	**1.9**	**2.7**	**2.8**	**3.0**	**1.3**	**1.5**	**0.7**	**-0.4**	**0.6**	**1.2**	**2.1**	**3.3**