



Nestlé Good food, Good life

Aide-Mémoire

Nestlé 2025 full-year results

December 8, 2025

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Guidance for 2025

- Organic sales growth (OG) is expected to improve compared to 2024. Sequentially, momentum remains positive, although the comparison base will be tougher in Q4.^[1]
- UTOP margin is expected to be at or above 16.0%, as we invest for growth; this includes increased negative impact from tariffs in place and foreign exchange rates at the time of the 9M-25 results release.^[1]
- Despite ongoing risks from macroeconomic and consumer uncertainties, we remain committed to investing for the medium term.^[1]

Sales

- 9M-25 OG of 3.3%, with real internal growth (RIG) of 0.6% and pricing of 2.8%.^[1]
- Q3-25 OG of 4.3%, with RIG of 1.5% and pricing of 2.8%.^[1]
- Decline in Greater China impacted Group Q3-25 OG by 80 bps and RIG by 40 bps.^[1]
- We benefited from an easier comp in Q3-25. This will get harder again in Q4-25.^[2]
- 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]}
- Chinese New Year will be a little bit later in 2026, which will impact a number of markets in the AOA region in Q4-25.^[2]
- We expect RIG to remain positive in Q4-25.^[2]
- Pricing increased during H2-24 from 0.6% in Q3-24 to 1.2% in Q4-24.^{[3][4]}

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 the time of the H1-25 results release) and foreign exchange headwinds.^{[5][6][7]}
- UTOP margin is expected to be at or above 16.0%, as we invest for growth; this includes increased negative impact from tariffs in place and foreign exchange rates at the time of the 9M-25 results release.^[1]
- 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 0.7 billion target for FY-25.^[8]
- Total *Fuel for Growth* cost savings target increased to CHF 3.0 billion (up from CHF 2.5 billion previously) by the end of 2027.^[1]
- Planned global headcount reduction of c.16,000 over next two years, subject to consultation where applicable. Includes c.12,000 white-collar professionals across functions and geographies, driving annual savings of CHF 1.0 billion by end of 2027 (doubled versus original plan of CHF 0.5 billion); related one-off restructuring costs expected at two times annual savings, which means around CHF 2 billion.^{[1][2]}
- As a rule of thumb, a 5% strengthening in the Swiss Franc has a 10 to 15 bps negative impact on UTOP margin.^[9]
- UTOP margin recovery towards medium-term guidance of 17%+ is expected to start in 2026, driven by pricing and innovation, input costs improvement, savings programs and operating leverage.^[6]

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%.^[8]
- 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.^[8]
- Nestlé's FCF is typically seasonally weaker in the first half of the year, with much stronger cash generation in the second half.^[5]
- Clear plan to deliver free cash flow above CHF 8 billion in 2025, recovering in 2026 onwards with FCF growth in CHF that is consistently higher than dividend growth.^[1]
- The CHF 8 billion guidance does not include the EUR 2.1 billion extraordinary distribution from Froneri, which does not impact FCF, but which does benefit net debt.^[2]
- Committed to our long-standing dividend practice.^[1]

Operating segments

Zone Americas

- In 9M-25, Zone Americas delivered broad-based organic growth despite ongoing macroeconomic uncertainty and fragile consumer confidence. OG was 2.5%, with -0.4% RIG and 2.9% pricing.^[1]
- In North America, RIG weakened from Q1-25 to Q3-25, while pricing strengthened.^[1]
- In Latin America, RIG weakened from Q1-25 to Q2-25 but improved in Q3-25 helped by the comparison base and actions to manage price elasticities.^{[1][2]}
- In 2024 in Zone North America, OG remained negative in Q4 driven by weak performance in frozen food and capacity constraints in coffee creamers.^{[3][4][10]}
- In 2024 in Zone Latin America, OG bounced back in Q4 driven by improved RIG and new price increase measures in confectionery and coffee.^{[3][4][10]}

Zone Asia, Oceania and Africa

- In 9M-25, growth in Zone AOA was broad-based across markets, with the exception of Greater China. OG was 2.7%, with 0.3% RIG and 2.4% pricing.^[1]
- In Q3-25, OG in Zone AOA was 3.5%, with 1.5% RIG and 1.9% pricing. Within this, Greater China OG was -10.4%, with -6.1% RIG and -4.4% pricing. In AOA excluding Greater China, OG was 7.3%, with 3.7% RIG and 3.7% pricing.^{[1][11]}
- We are taking action in Greater China to improve performance; Q3 OG of -10.4% was in-line with Q2 as we bring down excess inventory and new leadership refocuses the organization on demand generation.^[1]
- In Q4-24, we took action to reduce customer inventories in our infant nutrition and dairy categories in AOA excluding Greater China.^[4]

Zone Europe

- In 9M-25, growth continued to be pricing-led, reflecting the inflationary environment for coffee and confectionery. OG was 4.3%, with 0.5% RIG and 3.7% pricing.^[1]
- In Q3-25, RIG increased in coffee and recovered strongly in confectionery, both driven by reduced consumer and customer elasticity effects, and helped by an easing comparison base.^[1]
- In 2024, Q3 growth was impacted by some de-listings, as well as a slowdown in Türkiye; in Q4, growth improved as we got back on shelf.^[10]

Nestlé Health Science

- In 9M-25, OG was solid in Nestlé Health Science with mixed performance across business segments. OG was 3.8%, with 4.1% RIG and -0.3% 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 ongoing, which may result in the divestment of these brands.^{[1][2]}

Nespresso

- In 9M-25, Nespresso delivered solid growth, led by pricing along with positive RIG. OG was 6.7%, with 2.4% RIG and 4.3% pricing.^[1]

- Q3-25 benefited from the timing of innovation launches and marketing campaigns, with a particularly successful limited edition summer campaign.^[2]
- 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 9M-25, growth was broad based. OG was 4.4%, with 2.0% RIG and 2.4% pricing.^[1]
- Our strategic evaluation of the business is ongoing, including exploring partnership opportunities^[1]

Sources

- ^[1] 2025 Nine Month Sales Press Release
- ^[2] 2025 Nine Month Sales Investor Call Transcript
- ^[3] 2024 Nine Month Sales Press Release
- ^[4] 2024 Full Year Results Press Release
- ^[5] 2025 Half Year Results Investor Call Transcript
- ^[6] 2025 Half Year Roadshow Presentation
- ^[7] September 2025 Barclays Fireside Chat Transcript
- ^[8] 2025 Half Year Results Press Release
- ^[9] 2025 Three Month Sales Investor Call Transcript
- ^[10] 2024 Full Year Results Investor Call Transcript
- ^[11] 2025 Nine Month Results Presentation

Annex

	Quarterly Performance											
	OG				RIG				Pricing			
	Q4-24	Q1-25	Q2-25	Q3-25	Q4-24	Q1-25	Q2-25	Q3-25	Q4-24	Q1-25	Q2-25	Q3-25
(%)												
Zone AMS	0.9	1.9	2.3	3.4	-0.1	0.1	-1.2	0.0	1.0	1.7	3.5	3.4
North America	-0.7	0.1	0.5	0.5	-0.6	1.1	0.2	-0.6	0.0	-1.0	0.4	1.1
Latin America	4.3	5.1	5.9	9.9	0.9	-1.6	-3.9	1.5	3.4	6.7	9.8	8.3
Zone AOA	2.4	3.1	1.7	3.5	1.5	0.7	-1.2	1.5	0.9	2.4	2.9	1.9
AOA ex-Greater China	2.8	3.5	5.2	7.3	0.2	-0.3	0.5	3.7	2.6	3.8	4.7	3.7
Greater China	1.5	1.7	-10.2	-10.4	5.4	4.0	-7.1	-6.1	-3.9	-2.3	-3.1	-4.4
Zone Europe	3.3	2.4	4.7	5.8	1.0	-0.6	0.2	2.0	2.3	3.0	4.5	3.8
Nestlé Health Science	13.6	4.2	2.7	4.6	13.2	4.8	1.9	5.6	0.4	-0.7	0.8	-1.0
Nespresso	3.2	5.7	5.8	8.5	2.3	2.6	1.4	3.3	1.0	3.2	4.4	5.3
Nestlé Waters & Premium Beverages	0.7	3.6	5.6	3.8	-0.3	1.6	2.9	1.4	1.1	2.0	2.7	2.4
Other Businesses	-1.9	6.4	0.3	5.1	-3.1	3.9	-2.1	5.1	1.2	2.5	2.5	0.0
Total Group	2.7	2.8	3.0	4.3	1.5	0.7	-0.4	1.5	1.2	2.1	3.3	2.8