

NESTLÉ S.A.

**2025 FULL YEAR RESULTS  
PREPARED REMARKS TRANSCRIPT**

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Speakers:

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**David Hancock, Head of Investor Relations, Nestlé S.A.****Slide: Full Year Results 2025**

Good morning, and welcome to Nestlé's Full year 2025 results conference call.

I'm David Hancock, Head of Investor Relations and I am joined today by Phillip Navratil, CEO and Anna Manz, CFO.

**Slide: Disclaimer**

Before we get started, please take a moment to review the disclaimer on slide 2.

**Slide: Agenda**

So let me quickly take you through the agenda. We'll start with an overview of the key messages, review the 2025 financials, and then move on to a strategic update. We will then open up the lines for Q&A. And with that, I will hand over to Phillip.

**Phillip Navratil, Chief Executive Officer, Nestlé S.A.****Slide: Overview**

Thank you, David. Good morning all and thank you for joining us. And a special thanks to those of you joining from the CAGNY conference in Florida – I know for you it's very early.

**Slide: Key takeaways**

I'll start with the key takeaways.

First, our actions are working. Growth is improving. Market share trends have turned. Key now is to make the impact bigger, and to move faster.

Second, our strategy is clear. A focused portfolio, defined priorities, expanded growth investments, upgraded marketing.

Third, execution is accelerating. Simpler structures, a performance driven culture with clear KPIs, faster decisions, real accountability.

And fourth, performance is improving. It's a difficult environment, no doubt. But we have so many of our own opportunities. This gives us confidence in delivering sustained, improved performance.

Overall, I am encouraged by our progress in 2025. But we are far from done. We will continue to push with urgency to deliver stronger performance and long-term value creation, and to do that consistently.

**Slide: 2025 results in line with guidance**

In 2025, our financial results were in line with our expectations. The performance shows progress across the business.

The RIG trend is positive, our UTOP margin was 16.1%, and we delivered a solid free cash flow. The Board is proposing a dividend increase to CHF 3.10.

The actions we are taking are working and we need now to go bigger and execute faster.

**Slide: Strategic priorities for 2026 and beyond**

At the 9-month I talked about 4 focus areas, and also the importance of cash & capital allocation. Together, these are the 5 priorities that we will be focusing on relentlessly.

It starts with a winning portfolio. This is the foundation for delivering superior, RIG-led growth. This is our most important priority. Next comes transformation and efficiency. Here we have a lot of opportunities, which is why I already increased our ambition in October.

Next, and really important, strengthening cash generation and allocating our capital for long-term value creation. And underpinning all of this, a strong performance culture to make sure we deliver.

I'll expand on all of these in a few minutes. But first I hand over to Anna to go through the 2025 performance.

**Anna Manz, Chief Financial Officer, Nestlé S.A.**

**Slide: 2025 Results**

Thanks, Philipp. And good morning.

**Slide: Key Financial Messages**

Here are the key messages to take away from our full year performance.

We delivered solid topline growth, with positive RIG and improving momentum from the first half to the second. We continued to invest in growth, and we over delivered on our cost savings program. This meant our UTOP margin was in-line with guidance, despite increased headwinds.

We also delivered free cash flow well above our guidance. And our net debt to EBITDA was broadly stable. We'll get into more detail later on the recent infant formula recall shortly.

However, as I go through the 2025 numbers, there is no impact on OG or RIG, but profit includes an impact on gross margin and UTOP margin of just under 10 basis points.

Turning to 2026, we expect underlying momentum to continue. We expect OG to be in the range of around 3% up to 4% with RIG accelerating versus 2025. UTOP margin is expected to improve, and free cash flow generation will be over 9 billion.

**Slide: External factors significant in recent years**

Taking a step back, external factors had a significant impact on our business in recent years, as you can see here. And whilst for some categories the operating environment has normalized, in 2025 we have seen significant inflation in coffee and in cocoa, which we are currently managing through.

**Slide: Organic growth more than offset by FX headwind**

Now let's get into 2025. On full year sales, we delivered 3.5% organic growth with RIG of 0.8% and pricing of 2.8%.

Sales were negatively impacted by foreign exchange due to the strengthening of the Swiss Franc. As things stand today, we are set to have a further headwind in 2026, in the region of minus 6%, assuming today's spot rates.

**Slide: Organic growth accelerated over the last two years**

Looking at organic growth by half, you can see we accelerated in the second half, driven by improved RIG. This was also against a tougher comp than in the first half.

This acceleration is broad based - across brands and geographies. China is the one exception, as we work through the on-going model change.

More than half of our growth acceleration was driven by our investments behind priority growth opportunities and the actions to improve performance in our key 18 underperforming businesses. On the right, you can see that growth has improved consistently as we focus on these two areas.

**Slide: Market share trends improved in 2025, but more to do**

Turning to market share, we have been making good progress. At a total group level, we have reduced our rate of value share loss by 60% over the last 12 months. Here volume share has performed even better than value share, and we are now growing volume in line with the market.

This is driven by 2 key areas of our business. First, our billionaire brands are back to being share neutral for the first time in nearly a decade. Second, we have seen a large improvement across our 18 underperforming cells, with the majority either back into positive share territory or on an improved trajectory towards that.

We are making good progress, but there is still much more to be done.

**Slide: UTOP margin impacted by gross profit margin and marketing**

Turning next to profitability. I'll cover most of the margin slides quite quickly, starting with the usual bridge. You can see that the 110 basis points decline in UTOP margin comes mainly from gross margin and increased advertising and marketing spend.

So let me get into those in a bit more detail.

**Slide: Gross profit margin reflects significant commodity inflation**

Our gross margin last year was significantly impacted by input cost inflation in coffee and confectionery. The major impact was in the second half of the year, due to the phasing of commodity cost increases flowing through the P&L, given our forward cover.

As we look to next year, we expect the full year to be up on 2025. In terms of phasing, the underlying gross margin will begin to improve sequentially in the first half, but overall, the degree of progress will depend on the infant formula recall, and of course FX will also play a role.

**Slide: Investment increased, with targeted support behind our brands**

I showed already that we are improving momentum both on topline growth and on market share. This is in part because we are investing more behind our brands in a more targeted way.

Advertising and marketing was up 50 basis points to 8.6 percent of sales for the full year. This was similar across the halves. The numbers here are net numbers, after additional cost savings. These incremental savings totaled 20 basis points for the full year, largely in the second half.

For 2026, we will continue to increase our A&P spend, in absolute terms and as a % of sales. But we are not fixating on this single number – it is just one component of our growth investments.

**Slide: Fuel for Growth' program over-delivered**

The other big driver of margin is cost savings. In 2025, we delivered 1.1 billion Swiss francs in cost savings from our Fuel for Growth program. This is more than 350m above our target.

Roughly half of this out performance came from accelerated delivery of operational efficiencies from our business transformation program. The other half came from procurement savings.

And I should also point out that this Fuel for Growth savings comes on top of delivering more than a billion of additional efficiencies from our other ongoing initiatives.

**Slide: UTOP margin reflects increased headwinds in H2-25**

This slide shows the UTOP profile by half year. The second half decline is a consequence of the gross margin dynamic along with an increased impact from FX and tariffs.

**Slide: Strong actions on costs and pricing to mitigate headwinds**

This slide brings together all the moving parts. You can see here that we experienced over 300 basis points of headwinds mainly from input cost inflation, but also tariffs, FX, and some other items. This was more than we anticipated coming into the year.

In addition, we invested 70 basis points more in A&P on a gross basis, before savings. Despite this, the UTOP margin was down only 110 basis points. We were able to offset more than two thirds of the cost increases through thoughtful pricing and cost savings, as well as growth leverage.

During the year, we were often asked if our margin guidance would constrain our ability to invest. As you can see it hasn't – we invested both in price and in marketing, which helped to drive our improved growth and share momentum. What the margin guidance did do was bring the required focus on efficiency. This has helped us accelerate our transformation towards a simpler, more agile organization.

Looking forward to 2026, UTOP margin is expected to improve vs 2025.

**Slide: FY-2025 Zone performance overview**

Now let's turn to our segment performance.

In Zone AMS, despite a challenging and uncertain environment, growth has improved throughout the year. In Q4, we saw particularly strong sales in US Petcare as new capacity came on line. And that is after supply constraints in wet cat had limited growth in the first 9 months. Growth was further supported by some customer buy-in ahead of a January price increase. In all, this benefited Zone organic growth in the quarter by a bit more than 50 basis points.

Turning to AOA. In China, we are continuing to change our model. This impacted growth for most of 2025 and will begin to ease as we get into the second half of 2026.

In the remainder of AOA, growth has strengthened through the year, with broad-based RIG improvement and market share gains. In the second half, OG was 8% with RIG of 5%. In Q4, there was some benefit from the timing of Ramadan, but even without this, our Q4 RIG in AOA ex China was the strongest since 2020.

Turning to Europe, the overall environment remains competitive, with retailers focused on providing value for consumers. Here we saw price-led growth in Coffee and Confectionery,

and PetCare grew nicely, with mid to high single-digit RIG across most major markets, partly reflecting the fact that we are less capacity constrained than in the US.

Across all Zones, you see that the group margin dynamics are playing out relatively consistently.

**Slide: FY-2025 GMB performance overview**

Turning to our globally managed businesses, In Nestle Health Science, our growth was led by RIG thanks to a strong focus on execution and also portfolio optimization. These measures were a key driver of the UTOP margin improvement.

In Nespresso, we delivered strong growth, driven by pricing, but while maintaining positive RIG. Q4 was particularly impacted by retailer destocking in Europe and some short-term price elasticities. Margin was down significantly in the second half, due to the lagged effect of increased input costs and the impact of tariffs.

In Nestle Waters and Premium Beverages we achieved solid growth across the board. We continue to see strong demand for Maison Perrier and San Pellegrino.

**Slide: FY- 2025 Category performance overview (1/2)**

Turning to our category performance, Powdered and Liquid Beverages - mainly coffee - continues to grow strongly, led by price. In Q4 our RIG slowed as we saw the initial reaction to pricing taken at the end of Q3 in North America but overall elasticities have been slightly better than our expectations.

PetCare continues to normalize with softness in dog balanced by resilience in cat, and we see growth gradually accelerating as capacity improves and pricing steadies. As already mentioned, Q4 benefited from additional capacity in the US and some pre-price increase buy in.

I have already touched on Nestle Health Science and Nutrition continues to be impacted by Gerber in the US.

**Slide: FY-2025 Category performance overview (2/2)**

Performance in prepared dishes and cooking aids largely reflects ongoing category softness. Within this, our US Frozen business has made market share gains, and globally, Maggi is driving solid growth.

In Milk products and Ice cream, 2025 growth was positive, with coffee enhancers and ambient dairy driving RIG.

And finally, in Confectionery growth remains strong. We are starting to lap our initial price increases and RIG trends are improving, as our targeted actions to manage elasticities are seeing good returns.

**Slide: Net profit progression**

Now let's look at a few of the items below UTOP. Restructuring costs were roughly flat in 2025 compared to last year. Impairment of assets increased, with write-downs in The Bountiful Company and Gerber in light of recent performance. Tax improved year on year on a reported basis as we lapped several one-offs. But the underlying tax rate in 2025 was 22.1%, in line with expectations and very similar to last year.

**Slide: UEPS impacted by operating performance and FX movements**

Next to underlying EPS, in constant currency, this decreased 1.8%, driven by our operating performance. At actual exchange rates, underlying EPS was down 7.3%, reflecting the strength of the Swiss franc.

**Slide: Continued discipline on working capital and capex**

Turning to working capital. In 2025, inventories were a key component in working capital, given the commodity price inflation in Coffee and Confectionery. This was the biggest driver of the profile across H1 and H2. Aside from that, we have seen good progress in our continued efforts to optimize our supply chain, which will benefit free cash flow.

Capex also has been an important focus and reduced significantly as a percentage of sales to 4.8%. In part, this is because we have come out of a period of elevated investment in new capacity. And it reflects greater discipline on capital investments, with a strong focus on maximizing returns from our existing asset base. Capex will normalize within the range of 4% to 5% of sales going forward.

**Slide: ROIC pressure mainly driven by lower operating profit in 2025**

Return on invested capital decreased slightly, largely reflecting the reduction in operating profit.

**Slide: Free cash flow of CHF 9.2 bn, with strong H2 performance**

On Free cash flow, we delivered 9.2 billion, ahead of expectations. EBITDA was lower, reflecting the margin reduction and the FX headwind.

On working capital, we had a negative impact due to higher cost of inventory, but as I mentioned, we are making good progress on the fundamentals.

And lastly as I already touched on, CAPEX reduced in 2025 resulting in a net benefit.

**Slide: Net debt reduced with leverage now at 2.85x**

Net Debt reduced by 4.6 billion Swiss francs. Free cash flow was the major driver. In addition, we received an extraordinary distribution of 2 billion from our Froneri joint venture. Net debt is the one area where the Swiss franc strength helped us, with FX movements reducing net debt.

And all of this meant that, despite the reduction in EBITDA, our leverage at year-end was 2.85x, slightly lower than the year before. We are working to reduce this further, to the middle of our 2 to 3 times range over the coming years.

Before we go to 2026 guidance, we want to cover the Infant Formula recall – Philipp.

**Philipp Navratil, Chief Executive Officer, Nestlé S.A.**

**Slide: Consumer safety prioritized with rapid action on infant formula recall**

Thank you, Anna. I know there's been some concern about the product recalls across the infant formula industry at the beginning of this year. At Nestlé, our top priorities are quality, product safety, and compliance. And let me assure you, there is no compromise on that.

I will quickly summarize what happened. At the beginning of December, we detected low levels of cereulide in some products in one of our factories in Europe. The detection was thanks to our strict quality protocols that go way beyond Good Manufacturing Practices. As a precautionary measure, we recalled affected batches of products linked to this factory.

As you are likely aware by now, cereulide is produced by bacteria. I want to be clear about an important point: there was no bacteria in our products, and the contamination was not caused by bacteria on our production lines.

In fact, our investigations identified that the root cause was a contaminated ingredient sourced from a global industry supplier. We promptly notified the supplier and informed the relevant industry associations - mindful that other infant formula producers would likely also be impacted. We then issued a broader precautionary recall in early January.

Weeks later, in late January and February, several other infant formula manufacturers chose, or were required, to recall some of their products after confirming that they had the same issue with the same contaminated ingredient, sourced from the same supplier.

In early February, the EU provided formal guidance. This specified approved testing methods and issued an 'action limit' for cereulide in infant formula. This limit of 0.43 nanograms per gram of powdered formula is now being used by all authorities across the EU. At Nestlé, we have used a stricter limit for our recalls of no more than 0.2 nanograms per gram – so well below the limit adopted across the EU.

With our recall complete, we are fully focused on replenishing stocks. This is even more important, given the scale of the more recent recalls across the industry.

Our production is back at full capacity, using alternative ingredient suppliers, and with extensive testing before, during and after production. Supply has largely been restored, and we expect to be fully stocked across all markets in the coming weeks.

Throughout all of this, our approach has been simple: to act swiftly, responsibly, and fully transparently, to protect parents and babies. Our actions have been guided by this commitment at every step, and in close alignment with authorities.

To wrap up, we will continue to be transparent and listen to parents, healthcare professionals, and other stakeholders. Ensuring food safety and the well-being of infants remains our highest priority, and we work to maintain parents and caregivers' trust. We know trust needs to be built and sometimes rebuilt, and we're committed to doing just that.

I will now hand back to Anna to talk more about the impact of the recall on our financials.

**Anna Manz, Chief Financial Officer, Nestlé S.A.**

**Slide: Financial impact of infant formula recall**

Thanks. As Philipp described, the recall occurred substantially in 2026, but it concerned products sold in 2025. And as such, in the 2025 results we have included the estimated impact of customer returns and the write-off of inventory. The impact on UTOP was 75 million Swiss francs, or close to 10 basis points off UTOP margin.

No impact on OG and RIG was recognized in 2025 due to the difficulty in estimating the effective volume of returns. This will be recognized in 2026.

In Q1, we will see a one-off sales impact from customer returns and stock shortages. We estimate that this will be approximately 200 million Swiss francs, so an impact of around 90 basis points for the quarter, and 20 basis points on a full year basis.

In addition to these direct impacts, there could be some indirect consumer impact. This is hard to assess, particularly as other infant formula manufacturers have recently begun substantial recalls.

**Slide: 2026 and medium-term financial guidance**

Now turning to the overall guidance, we are continuing to drive change in the context of what is clearly a particularly uncertain period.

The guidance we are providing today is based on current information as macroeconomic and consumer uncertainty remains. That said our self-help measures and strengthening execution give us confidence.

We expect organic sales growth to be in the range of around 3% up to 4%, with accelerating RIG compared to 2025, driven by our focused growth plans. This range includes the expected impact of sales returns and stock shortages of approximately 20 basis points from the infant formula recall. Additional impact is uncertain and could drive OG towards the lower end of the range.

On UTOP margin, we expect to improve versus 2025, with strengthening in the second half. Last, we expect to deliver above 9bn of free cash flow. A full summary of all our modelling guidance is provided in the appendix.

So, to summarize, we delivered a solid performance, in-line with our guidance, despite increased headwinds. We accelerated growth, with momentum building through the year, and we continued to invest meaningfully behind our brands. All of this sets us up well for 2026.

And with that, let me hand back to Philipp.

**Philipp Navratil, Chief Executive Officer, Nestlé S.A.**

**Slide: Strategic update**

Thank you, Anna. 2026 is a very important year for Nestlé. We have had some challenging events in recent times, but I have seen the company come together around our values in a way that makes me both proud and inspired.

We do the right thing, focus on consumers, prioritize quality, safety, and compliance, show leadership in the industry, and act for the long-term success and growth of the company.

Building on those foundations, with an updated, focused strategy and new energy, I'm excited about the opportunities ahead.

**Slide: Strategic priorities for 2026 and beyond**

I want to focus now on our 5 strategic priorities. It starts with a winning portfolio. This is the foundation for sustainable growth. It is about clarity on where we want to play, then focusing on our winning positions and brands.

**Slide: Winning portfolio**

A winning portfolio needs winning businesses. I have told you that I look at this through 4 lenses: Does the category have attractive structural growth? Do we deliver strong returns and

cash flow? Are we positioned to win? And four, are we actually winning - meaning gaining market share?

In addition, our portfolio needs the businesses to be a winning combination, bringing competitive advantages. This means commercial synergies – in consumer insights, in route to market and customer relationships, in negotiating with suppliers. It also means shared capabilities, leading science & technology, manufacturing know-how, and ability to attract the best talent.

And a portfolio is not static. It needs to be actively managed. We will keep an open-minded view, assessing regularly based on data, not emotion.

**Slide: Focused on four businesses with leading positions and brands**

We have a fantastic portfolio with four focused businesses: Coffee, Petcare, Nutrition, and Food & Snacks.

Coffee, Petcare and Nutrition are truly global categories. In Coffee, we are the clear number 1 leader across all the main products, with the top three brands in the category. In Petcare, we are number 1 in cat, number 2 in dog, with strong brands, and everything we need to be number one in overall position. In Nutrition, we have all the elements: leading positions and great brands.

But we do have an opportunity to increase our focus and drive real synergies and scale by bringing Nutrition and Nestlé Health Science together. Doing this will create a single, integrated global powerhouse, like we have in Coffee and Petcare. I will talk about that more in a moment.

Finally, Food & Snacks. Going forward, we will look at these categories together, as for consumers the boundaries are blurring. These categories are also less global. We have strong regional positions and leading brands. But we still have some work to do to focus within this business and maximize our strengths.

Last, not shown here, is Waters. As you know, we are working towards a partnership for that business. The formal process of engaging with potential partners kicked off earlier in Q1 and we expect Waters to be deconsolidated for 2027.

**Slide: Combining Nutrition and Nestlé Health Science – a global powerhouse in a highly attractive category**

Turning to Nutrition and Nestlé Health Science, two really strong businesses in an attractive category with lots of opportunities.

For example, we're very strong in specialized infant nutrition, with differentiated science, and room to grow further. In medical nutrition and premium VMS, we have opportunities to expand

geographically. And we are already pioneering new demand spaces such as women's health, healthy longevity, and weight management.

As we developed our strategy for capturing these opportunities, it became clear that having a single business would accelerate our position and performance. So, we have decided to integrate these businesses and remove the structure of 'Globally Managed Business'. This will drive focus and simplification.

Operational ownership, execution, and P&L accountability will move fully to markets. Multi-year strategy, innovation, and brand management will be led centrally, as it is for other global categories. This combination magnifies our advantages and brings topline and bottom line benefits.

We'll strengthen our route to market and execution muscle, better leverage shared expertise and our leading R&D competence and remove duplication. We also have overlap in operational capabilities and will unlock efficiencies, to allow us to reinvest for growth. We continue with the carve-out of mainstream VMS.

The non-core brands have been identified, and we're working on the operational separation plan, and the formal sale process will commence shortly.

**Slide: Nutrition business well-positioned across four categories**

This is a quick look at the shape and potential of our combined Nutrition business: a strong brand portfolio covering prevention and treatment across all life stages.

You can see also the distinct geographic profiles across the different categories, which is a strength and an opportunity.

**Slide: Increasing focus within Food & Snacks**

In Food & Snacks, we are also acting to strengthen our portfolio position. This is a really interesting space where consumer habits are changing. Eating is becoming more fragmented, meals more portable, and consumption occasions much more varied. Boundaries are blurring for consumers. The fastest-growth value pools now sit between traditional meals and snacks.

The breadth of Nestlé's offerings across food & snacks makes us perfectly placed for this convergence. That is why we will now be looking at Food & Snacks holistically.

Alongside global brands, Food & Snacks also has a stronger local dimension than, for example, Coffee or Petcare. We have leading global brands like Maggi, KitKat, Milo, and Nestlé confectionery. These account for one third of sales, and we will prioritize these.

We also have unrivalled local hero brands with real scale – think about Totole or Garoto or Thomy. These are not global billionaire brands, but they are very important in their local markets, and we will support them in a targeted way.

And we need to focus our resources to ensure we have the sufficiency to really drive growth. This means that outside the strategic brands, we will not support the remaining small brands, with paid media.

There are times when we decide that focusing means exiting businesses. This is the case with our remaining ice cream business. It's strong but small, and it's a distraction for us. This business is a great fit for Froneri and we have agreed to sell the business in a phased way.

I want to also take a moment here to talk about a business we don't have plans to exit, and that is US frozen food. Frozen food does not get a clear tick in every box on the four lenses I mentioned earlier.

The key open question is the first: is this a growth category? Currently it is not. The space where we play - frozen snacks, meals, and pizza – was flat in 2025, with growth in snacks but small declines in meals and pizza. There are areas with good growth – such as high protein and global flavors. So, we do see the potential for growth. But there are also growth headwinds.

On the other 3 lenses, the answers are positive. On returns, frozen delivers strong profitability and excellent cash flow. On position, we have leading brands, a scale business, and #1 or #2 market positions. And on performance, the changes we are making are driving a turnaround.

Frozen also brings wider benefits to our business – high consumer and customer relevance and increased strength in our route to market. Overall, the category has some challenges and questions, which we need to keep an open mind. But the business is not a significant growth drag for the Group; it strengthens our overall competitive position in the US and generates strong cash flow.

We are innovating and strengthening our business, making it more valuable whatever the future may hold. My priority right now is focusing Nestlé on the things that drive the most shareholder value over the next 12-24 months. And those are actions to accelerate growth, and I will come on to talk about them now.

#### **Slide: Strategic priorities for 2026 and beyond**

How to deliver our medium-term goal of 4% plus organic growth, led by RIG?

#### **Slide: Positioning our portfolio for four consumer trends**

Our portfolio is well-positioned for the 4 key consumer trends within the industry. I won't go through each of them, but I will talk on one only: affordable and premium.

Today, demand is becoming more polarized, with families seeking value, while others trade up for superior quality. This is a must-win trend for us, and our broad portfolio positions us to meet those divergent needs and capture the underlying growth.

We have taken tactical actions to remain price-competitive and will continue to do so where necessary. One way to address affordability in developed markets is through Price Pack Architecture – adapting pack sizes and price points to meet consumer needs without compromising value. In the U.S., Hot Pockets is a great example of this approach: by introducing new pack sizes at key price points, we made the product more accessible to families and regained momentum in frozen snacking.

We have the brands, the technology, and the innovation engine to fully leverage these structural shifts and convert them into sustained, profitable, RIG-led growth.

**Slide: Expanding priority growth platforms and driving the core underpins 4%+ medium term OG**

We are confident in the growth outlook, and the advantaged category exposure of our portfolio. The industry has gone through exceptional dynamics over the past four to five years—impacting volume growth and RIG—as Anna outlined earlier. But over the coming years, we see a return to more balanced growth, with less extreme inflation.

Coffee and Petcare category value growth is expected to be 3–4% over the coming years, with overall Nutrition a bit higher and Food & Snacks a bit lower. These are averages, with different areas in each category growing above or below this average.

That's important. We have shown in the last year that when we focus and invest behind the areas with more growth potential, we can drive an acceleration in organic growth. Key for us to accelerate group growth is to expand the scope of these priority growth areas.

Last year, we began this journey by identifying priority growth opportunities and concentrating resources behind them. This was the right direction, but the scope was too small, representing only 10% of our sales.

We have expanded the scope to include a broader set of opportunities accounting now for 30% of sales. The criteria are simple: clear structural drivers, real competitive advantages for Nestlé, strong innovation pipelines, and focused action and investment plans. We expect these growth platforms to deliver high single-digit organic growth in the coming years.

In 2026, this will be supported by 600 million francs in additional investment behind these platforms. And of course, we continue to drive delivery in the core, with more investment behind fewer brands, further actions on underperformers, and positioning for the trends discussed earlier.

Taken together, this gives us confidence in achieving above 4% OG and 2% RIG over the medium-term.

**Slide: Growth platform four examples**

I want to give a flavor of some of the growth platforms we will prioritize. In the interest of time, I will just talk to cold coffee, but I am very happy to expand on any of these in Q&A.

One reason we are so excited about cold coffee as a platform is the clear structural drivers they represent. Cold coffee serves new need states - refreshment, functionality, and indulgence. It taps into a clear need for convenience. And it brings new consumers to coffee driving true category expansion. It plays strongly with Millennials and Gen Z, often led by influencers capturing the suitability of cold coffee for experimentation.

Nestlé is uniquely placed to capture this opportunity. Our global leadership position and deep coffee expertise give us an advantage in innovating and scaling in this space. You have all heard about Nescafe Espresso Concentrate. And Cold Coffee is so much more than that. We are bringing Cold Coffee to consumers across our 3 top brands in all formats, portioned, soluble, ready-to-drink and concentrates. We have launched new products across multiple markets through the last year and have a strong multi-year pipeline, including concepts like the fruit-based Starbucks refreshers, which expand the category even further.

In 2025, OG was very strong double digit. This was supported by an A&P level more than double the group average, clearly demonstrating how we are committed to investing behind these opportunities.

**Slide: Transforming for marketing of the future**

Strengthening our marketing capabilities is a key enabler of our RIG-led growth. It will help drive the growth platforms and the core of the business. We call this transformation “Marketing of the Future”.

The environment is shifting fast: consumers decide quicker, customers are raising expectations, the complexity of capturing consumers is rising. Brand building is more critical than ever.

We have a great starting point: over 30 billionaire brands, many leading local jewels, very high brand equity. And, we have a clear headroom to strengthen differentiation and competitiveness. To do this, we need to build systematic excellence at scale.

**Slide: Connecting consumer insights, innovation, and marketing**

Marketing of the future focuses on three priorities. First, re-establishing world-class brand building, supported by a company-wide upskilling program with consumer Insight and Analytics at the centre of what we do. Second, fewer, bigger priorities – moving from more than 400 brands with media support in early 2024 to 150 in 2026. And third, a transformed marketing operating model – scaling the use of shared services, strengthening our content studios, and using technology to improve quality, consistency, and speed.

These changes will connect deeper consumer insights, innovation, and marketing. They will also drive a clear financial impact, unlocking resources to be reinvested behind our Growth Platforms.

I'll pass over to Anna to take you through our third priority, which is Transformation and Efficiency.

**Anna Manz, Chief Financial Officer, Nestlé S.A.**

**Slide: Strategic priorities for 2026 and beyond**

Thanks, Phillip.

**Slide: Fundamentally changing how work gets done across Nestlé**

As part of our transformation and efficiency agenda, we are fundamentally changing how work gets done across Nestlé. We are simplifying our operating model and clarifying accountabilities.

Let me give you an example of this. Our business runs on 9 end-to-end processes, such as “procure to pay”, the process of procuring goods through to paying suppliers, and “hire to retire”, the process of managing employees through their lifecycle with Nestlé. Each process is made up of a number of activities, underpinned by a largely consistent IT infrastructure and data infrastructure.

Today we still operate many local versions of the same activities, and shared services are used unevenly across geographies. Take the [customer] claims process in Europe: For 9 markets it is done in shared services and for 5 others it is largely done in market. All 14 countries operate a different process today, making automation costly. It's this type of complexity we need to fix, as it slows us down.

We have opportunities in 2 areas: First, we are expanding the scope of today's shared services by a factor of around 3. Second, once activities are in shared service, we must standardize and automate.

And the impact is significant. In marketing we did exactly this with content adaptation, delivering up to 75% cost reduction and over 70% increase in speed of delivery. These levels of efficiency are not unusual and is the power of eliminating fragmentation and automating.

With a largely standard group-wide IT backbone and data structure, we are well positioned to deliver a simpler, more agile, and more productive operating model.

**Slide: Increased pace of delivery of cost savings**

Now, let me give you an updated view of the efficiencies coming through our Fuel for Growth program.

In 2025, we delivered a strong start, with a clear step-up in the second half. This increased pace of delivery means we now expect cost savings to reach 2 billion Swiss francs in 2026, more than targeted when we first launched the program. An important part of this comes from our operational transformation program.

By the end of 2027, we target 1 billion Swiss francs of annual savings from white-collar operational efficiencies. And we are already making good progress, with 200 million of savings achieved in 2025, and ahead of plan.

This transformation is all about increasing efficiency and reducing complexity to accelerate our business and deliver sustainable, profitable growth.

**Slide: Improving cash flow is a focus**

Turning to cash generation, our performance is improving as we embed discipline, backed by the right data.

To bring this to life: better data has helped us reset finished-goods levels and avoid unnecessary buffers. We are now applying the same discipline to raw & packaging materials and to areas that historically had little scrutiny, like spare-parts and semi-finished inventories, where data exposed large inconsistencies factory-to-factory. Better governance means clearer escalation on receivables and payables and tighter oversight of all inventory classes, and that reduces variability and improves control. With more and more of our activities in shared service, we can scale these benefits faster.

Finally, capex discipline is tightened – we've increased the rigor and review of business cases and are directing investment where it creates returns. And here I want to be clear that in capex decisions, safety and quality are non-negotiable.

**Slide: Capital allocation priorities**

And now to our capital allocation. We have consistently said that our first priority is investing to drive RIG-led organic growth, although we see room for selective bolt-on acquisitions where they accelerate growth, particularly supporting our growth platforms.

We remain committed to the dividend. And clearly, to grow the dividend and improve cover, we need to grow our free cash flow in Swiss francs faster than the dividend on an ongoing basis. Returning surplus cash to shareholders through share buybacks remains a potential use of excess cash when available.

And that brings me to leverage. No change to our current policy. We are sitting at the upper end of our 2–3x net debt to EBITDA range, and I've noted before, we would prefer to move back toward the middle.

And with that, I'll hand over to Philipp.

**Philipp Navratil, Chief Executive Officer, Nestlé S.A.**

**Slide: Strategic priorities for 2026 and beyond**

Thank you, Anna. Finally, let's look at how we are embedding a performance culture, our fifth strategic priority.

**Slide: Building a performance culture**

Nestlé's culture has a lot of positives. We do the right thing, we don't cut corners, we treat our employees well and deliver shared value.

And, at the same time, we need to push a culture of high performance. A culture where winning is recognized and rewarded. Where teams act as accountable business owners. And with no complacency around underperformance.

This is enabled by a clear organizational structure, providing empowerment and accountability. In the areas where there is ambiguity, we're correcting this. And to ensure incentives support delivery of the priorities, we have modified annual bonus metrics and our performance and development system. I will quickly expand on these last two points.

**Slide: Organization to promote accountability and leverage scale**

Earlier, I explained that we are focusing our portfolio on 4 businesses – Coffee, Petcare, Nutrition, and Food & Snacking. This gives us clarity on where we play. But despite what you might have read, we are not embarking on a big reorganization to manage the group by global categories.

One of our great strengths is the power of what we call “Nestle in the Market”. This is a true differentiator. This photo of a store in the Philippines gives a flavor of that. Side by side you see Milo, Bear Brand, Nescafe, Nestea, Maggi – each with multiple SKUs stocked and displayed. Together that’s coffee, nutrition, food & snacking. And I’m sure that somewhere out of shot Purina Pet Food is present.

It’s Nestlé’s local DNA that gives this unrivalled strength of route to market – and share of customer shelf and consumer wallet. We need to preserve this local strength while we also bring clarity to our global portfolio. This means clarifying responsibilities, removing duplication, making sure decisions are taken at the right level, with full ownership for outcomes.

At the Above-Market level, I want us to focus only on what benefits from global coordination and scale: like multi-year category strategy, brand stewardship, global innovation, functional expertise. Everything else sits firmly with the Markets. They own execution, consumer and customer relationships, scaling innovation; and they own the operational P&L — without ambiguity. This fully empowers market leaders and market teams.

The decision to create an integrated Nutrition business reflects this approach – it will be run locally, under the geographic Zones, with the globally-managed business of Nestlé Health Science removed. Another example is the reorganization in Zone Europe back to a market-led model with market empowerment at its core.

This all makes a simpler, sharper Nestlé — global scale where it creates value, and local agility where it drives growth, margin, and market share. This clarity of accountability and ownership is key to building a true performance culture.

**Slide: Incentives adjusted to support priorities and reward performance**

Another part of strengthening performance is incentives. We have updated our incentive framework to ensure it drives the right behaviors and accelerates delivery.

We have introduced a RIG gatekeeper into the bonus – this is a minimum level of RIG to be achieved. This ensures that we are delivering high-quality, sustainable growth — fully aligned with how we plan to reach our 2026 organic growth and market-share targets. Bonus for functional leaders is now linked to Group performance, bringing the entire Executive Board and their teams behind one set of business KPIs. This drives more cohesive execution across the company.

Our new company-wide performance system provides sharper expectations and clearer priorities for every employee. Together, these changes reinforce a performance-driven culture, accelerate delivery of our goals, and build the discipline we need for sustainable value creation.

**Slide: Reinforced governance through Board of Directors**

Finally, as part of performance culture, I would like to talk for a moment about our Board of Directors and some important developments there, as the Board of Directors and the relationship with the Executive Board play a key role in delivering performance.

As you know, very shortly after I became CEO of Nestlé last year, Pablo Isla took over as Chair of the Board. It's now almost 6 months that we have been working together. I'm really happy about the relationship that we have established personally, and more broadly between Board and the executive team. The level of engagement, challenge and support is something we as a management team value very much.

At the next AGM, two outstanding new Directors will be proposed, Fama Francisco and Thomas Jordan, bringing worldclass consumer goods and macro financial expertise. Our governance framework is stronger than ever, with an independent Chair and reinforced leadership structures that ensure accountability and alignment with shareholder interests.

The committee structure is being revised — including a strengthened Audit & Finance Committee and an expanded Science, Technology & Sustainability Committee — to better leverage directors' expertise.

These enhancements ensure more informed debate, stronger recommendations, and a Board fully committed to acting in the best interests of Nestlé and its shareholders.

**Slide: Key Takeaways**

We covered a lot of ground, so I'll come back to a reminder of the key messages.

Our actions are starting to pay off, and the growth trends are improving. We have a clear strategy with five priorities. The portfolio focus is defined, and we are putting investment in the parts of the business that matter most.

Execution is accelerating. The organization is becoming leaner and more performance-driven, which is helping translate strategy into real results.

And we are on track for sustained progress. The building blocks are in place for continued improvement in 2026 and beyond.

And with that I'll hand over to David to begin the Q&A session.