

NESTLÉ S.A.

**2025 FULL YEAR RESULTS  
PREPARED REMARKS TRANSCRIPT**

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Speakers:

**Philipp Navratil, Chief Executive Officer, Nestlé S.A.**  
**Anna Manz, Chief Financial Officer, Nestlé S.A.**  
**David Hancock, Head of Investor Relations, Nestlé S.A.**

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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 Phillipp 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 Phillipp.

**Philipp 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**

During the 9-months 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 have 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 being 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 have shown already that we are improving momentum both on top-line 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 were 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 were 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 platforms - 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 center 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, Phillipp.

**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 are 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 since 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.

**David Hancock, Head of Investor Relations, Nestlé S.A.****Slide: Question and Answer session**

Thank you Philipp. We'll now move to our Q&A session. As usual, we ask you to limit yourselves to two questions to give everyone the chance to ask their questions. And we will take the first question now from Olivier Nicolai at Goldman Sachs. Please go ahead Olivier.

**Questions on: US pet food demand  
Debt reduction  
Joint venture clean-up**

**Olivier Nicolai, Goldman Sachs**

Hi. Good morning, Philipp, Anna, and David. Two questions please. So, you've seen an improvement in Pet Food in the US that was driven by cats. What gives you confidence that this bounce in cat food demand is sustainable beyond the pre-buying effect that you mentioned? And more generally, what do you see in terms of adoption of cats and dogs in the US, but also your key regions?

And then secondly, on the debt reduction. So, first on the free cash flow, how much benefit can we expect this year from the lower working capital linked to the lower cocoa and coffee prices?

And then in terms of potential disposals beyond the ice cream businesses that you mentioned, could you also monetize some of the joint ventures that you have and which one do you consider core or not? Thank you.

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

Thank you, Olivier. Look, I'll give the first part over to Anna and I'll come back on the ice cream disposal question that that you added.

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

So, the question was Pet food in the US. In the quarter there was in the context of total Pet Food, RIG overall for Q4 was about 5.4%. The impact of the more one-off element, which is associated with a pre price increase buy in, and also the pipeline fill was about one percentage point for total Pet food RIG.

Overall, Pet food had a really good Q4 with strong RIG at over 4%. And that's coming from momentum both in the US and also in Europe as well. So, if I maybe just spend a moment on the US, where we're seeing strength is in cat food and specifically wet cat food, as you know, we've been capacity constrained for nine months of the year. We're starting to get the capacity online.

And, you know, we're delivering on that demand. We'll be able to accelerate further as we move into 2026 as we get even more capacity online. But also, and this was pleasing, we saw an improvement in Dry Dog as well in the quarter in the US. If I look across to Europe, which is a much more cat-skewed market for us, as I said, we're seeing really good momentum and again, particularly in that wet cat space. So really pleased with performance there. Overall, good to see pet starting to be a bit more where it should be.

On debt reduction, we've made good progress this year. Our guidance for free cash flow for 2026 is more than 9 billion. And that comes from our focus on continuing to reduce working capital irrespective of commodity costs. And yes, commodity costs do help us as we work our way through it as well. But of course, there's also sort of movements in FX and other things that will move us as we go, confident of more than nine.

And as you see, with the work that we've laid out that we're doing across working capital, we will look not to stop at more than nine. We look to continue to improve because there's quite a lot of opportunities here.

JV cleanup.

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

Yes, I'll do the JV cleanup.

And to the question of ice cream. Look, ice cream is not the only business where we're actioning on. That was announced as the new one but we also have seen some progress on Waters which is now in process. And also, you can expect the mainstream VMS business that we have announced earlier that will be processed in the next couple of weeks or shortly. Also with Anna, we have always said we are ongoing and we regularly look at our portfolio. So, we have done ten smaller transactions during last year, including the Herta disposal.

And as I have said, we look at our portfolio regularly through those four lenses that I have explained. We do this and this is ongoing. But what is very clear for the organization as well, every time we dispose of those operating units, it's a distraction for the company. And we really need the company fully focused and undistracted from driving what drives most shareholder value, which is RIG-led growth. So that's what we are focused on, but we're reviewing our portfolio regularly going forward.

**David Hancock, Head of Investor Relations, Nestlé S.A.**

Thanks, Olivier. We'll take the next two questions from Guillaume Delmas at UBS. Please go ahead, Guillaume.

**Questions on: Infant formula – operational risks  
Pricing outlook for 2026****Guillaume Delmas, UBS**

Thank you very much, David. And good morning, Philipp, Anna.

First question is on your supply chain. I appreciate the infant milk formula recall is not Nestlé specific, but more of an industry wide issue. But nevertheless, this comes after a relatively long list of challenges like Buitoni, Perrier, VMS in the US.

So, my question on this is how confident are you that you can ensure you're not going to get any additional supply chain issues going forward, while at the same time, you are driving quite an ambitious program of productivity gains and of Capex optimization? So, any color on that would be interesting.

And then my second question is on your pricing outlook for 2026. We've heard a lot from your US peers recently about the focus on affordability. In Europe it seems not unusual, but negotiations with retailers are particularly challenging this year. So curious to hear how you see your price growth playing out in 2026? And I guess related to that, if you're seeing a greater level of price elasticity at the moment across your portfolio? I think you mentioned a bit more price elasticity in Nespresso in Q4. Thank you very much.

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

Thanks, Guillaume. I'll start with your infant formula question to give a few colors then on the pricing, I'll pass it to Anna for some color on the numbers. On your question on infant formula, I'm very confident we at Nestlé have the highest standards when it comes to safety and security in terms of quality for our products. And I have said that and I'm not getting tired to repeat it, that the quality of our products and the safety of our consumers come first. And we do not cut corners here. You know, when we talk about Capex reduction or headcount reduction, it's definitely not in the spaces of quality or safety of our consumers and safety for our own people for that means. And so that's definitely not to be read in that context. And what we have done, due to our quality capabilities and standards that we have in our factories that are in many many ways more stringent and go further than regulations or even the law requires, we have found that issue, the cereulide issue on infant formula, we were the first company that found the issue. And we worked really closely with authorities, healthcare professionals, and industry associations to make sure, always with this idea and value in mind, that consumers must be kept safe.

And obviously, a recall is not a great thing to have, but you have to do that and you have to work through it flawlessly. And the team has done exactly that, and I'm proud of how we've

reacted to it. Obviously, there's learnings to be had and we will apply that across all of our processes. But I'm confident we have safety and quality really on top of our agenda and we comply with that everywhere.

In terms of pricing outlook, I'll just give a few comments - first U.S and then Europe. On pricing, we have seen a few of our peers talking about pricing softness, consumer softness in the US. We have not seen this so far where we are. We are obviously monitoring this very closely. There is clearly a consumer that prefers quality and trades up. And we see that especially in Nespresso, which is a good example, we still have good RIG-led growth in the US. But there is obviously the consumer, and more and more of those consumers, that have a stretched budget and they're looking for value more and more. And you see that also, with discounter channels, convenience channels growing smaller portions growing. And what we do there is two things or three things: first of all, we have a really strong portfolio that is wide enough to cover the premium space and the lower tier space. Look at our Coffee portfolio, for example: we have Nespresso, Starbucks, and Nescafé that can really cater to all price tiers. We're taking back pricing where we went maybe too far with pricing, so we adjust that. We have done that in 2025 as well. And at the same time, we have great capabilities in terms of pricing pack architecture to make sure price points are accessible and affordable for those who want to access our products, our brands, at accessible price points. And at the same time, I believe it's important we keep investing in our brands, we keep investing in innovation because through all of that, consumers still buy brands and they love our brands and we have to make them loved by consumers.

And in Europe also these retailers' negotiations, it's the time of the year where these happen. Retailers, as are us, focused on giving value to consumers, and we're working through those negotiations as we speak. We always look at this in the long term and the best way to go into these negotiations is having great innovations that not only are good for market share for our products but are good for driving category growth for our retailers, and that's what we're focused on. But Anna, you have some numeric color on this.

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

So firstly, your question about price elasticity, have we seen any difference? No. The comment on Nespresso is more that when you initially take price, you see a very short-term reaction, but there's no underlying difference in elasticity that we're seeing today on coffee than we were seeing, you know, through 2025.

And as I said, coffee has continued to positively surprise us in terms of its lack of elasticity. I think the other point to note with all of this is we didn't and you see it in the margin bridge, we didn't act to price to cover the commodity cost increases we saw this year, we acted to price

at the level that the consumer could take and that is something that we monitor consistently. But as we look forward to price for 2026, you know, that's also in our mind that there is some carryover price. But we will look to continue to take price in those categories and country combinations where we feel the consumer has the capacity to take it. And there are a number of those.

A quick point on the US because I realized that we are different than some of our peers. And we're not seeing maybe the pressures that they're talking about, although we monitor it. And that might be because nearly 70% of our portfolio, over 60% of our portfolio is Coffee and PetCare. And we've talked about the resilience of Coffee. And you see that even in our affordable brand, Nescafé, that's growing double digit, and PetCare, where our constraint hasn't been pricing so much as the capacity to deliver on Wet Cat demand. I think that was my build on that.

**David Hancock, Head of Investor Relations, Nestlé S.A.**

Thank you. The next question comes from Warren Ackerman at Barclays. Go ahead, Warren.

<p><b>Questions on: 2026 Guidance Organizational structure</b></p>
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**Warren Ackerman, Barclays**

Hi, Philipp and Anna, it's Warren here. It's very early here in Florida at the CAGNY conference, so excuse me if I sound a little bit sleepy, but I've got two questions for you, and it's a lot to digest.

The first one is really on the guidance. The 3 to 4% for this year, can you maybe elaborate what's embedded in terms of category growth and specifically what are you building in for the underperformers and the innovation impact on the expanded growth platforms in 2026? And I guess I'm just wondering whether you consider giving yourself more flexibility on the guidance or a wider range or a lower number, just given the uncertainty out there?

And then, I know you don't like giving quarterly guidance but given there are so many moving parts, could you at least confirm, Anna that Q1 RIG will still be positive despite the 110 bit impact on Infant and Pet?

So, a little bit around the guidance, and the second one is on the organization. I'm still a bit unclear how this is going to work in practice. You've got four categories - how is that going to be an unlock? Are you moving to a matrix structure and will the reporting change? I'm just wondering whether you considered going to full end to end categories. And how do you optimize the local versus global? So maybe if you can just clarify a little bit more what this

actual four pillar change means in terms of the kind of day to day and why you think it's an unlock. Thank you.

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

Thanks, Warren. And I'll let Anna start. So, first of all, thanks for being up so early. And I will let Anna start with the guidance and I'll come back to the question of the structure and the four pillars.

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

Yes, good morning. And I am sorry, and I do hope you have coffee. So, our guidance of around 3 up to 4% is underpinned by two factors. One, the diversification that we have in our portfolio and secondly, the actions that we are taking, the self-help measures that you see us taking that are accelerating growth. And so maybe just to kind of build on those two thoughts a little bit. So, in terms of diversification, I think we have a really good category diversification. I mean, we were just talking around the US where there is a lot of category concern out there, but more than 60%, near 70% of our business is in Coffee and PetCare. And those are two categories which have good growth fundamentals. I think that gives us confidence, but also the geographic piece as well. We have great geographic diversification and if you look at the emerging world, ex-China, in H2, our organic growth is 9% with RIG of 3%. Now that's 36% of our business with really good structural geographic momentum. So again, that's another reason why I'm confident in terms of the self-help actions that we're taking. Moving the areas that we're investing in from 10% of sales to 30% of sales and putting significant focused investment behind it also will help us really accelerate those high single digit growth areas.

So, what's encompassed in our guidance is our view of how the infant formula issues could play out and what we know of the world. But that's why we feel confident about it. And in terms of Q1 and you're right, I don't guide on RIG quarter by quarter, but you're also right that the two things that you should be adjusting for as you think about Q1, which will be a slower quarter because of them, is the infant formula impact, which will all be RIG. And that's 90 basis points approximately of the specific one off and out of stock impact. And then the other one is the sort of more one-off element of the PetCare which we've called out at 20 basis points, which is also all RIG. And of course, with the rest of our portfolio, we've got good momentum and you'll see us continue to take the actions that we're taking.

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

And the question to the four pillars. So you've seen it's a question of focus and you've seen us talk four clear pillars where we have Coffee, PetCare, now Nutrition, which is the merge of Nestlé Nutrition and Nestlé Health Science, and then Food and Snacks, which is a less global business I have mentioned in the video as well. What we're doing here is really giving clarity -

what needs to be clearly in the market. And in the market is meant by this photo that we showed in the video and the best example is the picture of this sari-sari store in the Philippines where all of these categories come together in one place.

And we believe this is really the power of Nestlé in the market. And what the four-pillar strategy gives us is clarity of who is responsible for execution, who holds the P&L, who holds execution with customers, with clients, with the consumer. It's clearly the market, that stays in the market and it's undoubtedly and unambiguously so.

So, this is very clear and it's clear now for all of the businesses, Coffee and PetCare have always been managed like this, Nutrition will now be managed like this, and then Food & Snacks is also a local business so, execution and P&L ownership are clearly local, and we keep at the global level what needs to be truly global, which is brand stewardship and brand long-term strategy, ways of working. What really needs to be global should stay global because it makes the company more efficient and more agile as such. So, we're not doing a retooling, restructuring and reorganization of the matrix. The market still will report into a Zone, but we will be clear about who does what in terms of local execution and P&L ownership and global long term strategic ownership. And one good example, just to remember, we had Zone Europe that was organized in a Category structure from out of Vevey and Guillaume has done a really strong job with his whole team to move that structure back into a market-led structure, and you see the results already. You see the positive RIG that this Zone is driving and the growth momentum that we're having, and also the share is back into green territory. And I believe this is really due to the capacity and the local execution muscle of these teams being close to the consumer and owning the relationship with the customers in the market. So, it's about focus and clarity and at the same time simplification.

**David Hancock, Head of Investor Relations, Nestlé S.A.**

Thank you. We'll take the next question from Celine Pannuti at J.P. Morgan. Please go ahead Celine.

**Questions on: Marketing of the Future  
Gross margin phasing**

**Celine Pannuti, J.P. Morgan**

Thanks, David. And good morning, Anna and Philipp. Maybe my first question, Philipp, on your strategic review. I think when you came in October, at the first conference call, you mentioned that you were not necessarily satisfied with the overall innovation and marketing at Nestlé. I see your new categorization and the focus on some key cluster of innovation, if I may call it like that. But I am a bit surprised that we've not heard how you maybe want to revamp the

innovation and whether you know the funnel of innovation that goes to market. So, if you could talk about that? And likely on marketing, I understand you want to improve the organization, but do you think 8.6% A&P to sales is enough? And what exactly it means to create the Marketing of the Future at Nestlé?

My second question may be building on the previous question, on the guidance. I just wanted to understand the sequencing of improvement through the year. So, it seems that gross margin will still be constrained in the first half of the year if I understand right, with margin pressure and then an acceleration of margin in the second half of the year. Anna, can you talk about the building block on that margin acceleration in the second half? And the visibility obviously, probably on cost inflation? You may have some visibility given your hedging, but you know the visibility of overall the pricing environment as you think about the second half. Thank you.

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

Thanks, Celine. So, I'll start with the first question on innovation and marketing and I'll pass over to Anna for the guidance. Look, you're right - I called out my dissatisfaction with marketing and innovation, and the speed of it at Nestlé and a lot has happened and is happening here in this regard. When we talk about Marketing of the Future it includes innovation because there is no marketing without innovation in that sense. And so what the team is doing is really looking at those best practices we have in the company, we're not starting from scratch here, we obviously have marketing capabilities, but it's not unified and it's not driven as a global program. So, what the team has done is really a program of upskilling our people, making sure we get the best marketing talent, and we have the best marketing talent within the group. That started already last year. We're building also an operating model around marketing: what is Marketing of the Future in terms of brand building, what is Marketing of the Future in terms of getting those best insights using technology, using the data to really not only build great communication but build great products, turning those insights into exciting innovation for our consumers, using our R&D backbone that drives science and technology driven innovation into those pipelines, which is really important. And then I think what's also new and important is the focus that we're driving, and that links a little bit to your second part of the question on is [8.6% or is any number enough to invest in marketing? And I believe it is enough because we also focus where that money is put. You have seen me talk about, you know, 400 brands being supported by paid media in the past. And we're focusing now on really putting money behind those brands and those platforms and those innovations where we can see we can drive growth and hence our upgraded growth platforms that are now 30% of sales with additional investment, that should drive high single digit growth going forward. That's not only one year of growth. That is sustained growth because it is powered by a great marketing program and a great innovation program. And when we talk investment, that's also an

important to point out here. It's not only about marketing investment, we invest in sales force, for example, where it's important to drive growth. Look at sales reps that visit veterinary clinics for Pet food, or medical delegates that visit hospital or healthcare professionals. We invest in sales force when it comes to driving leads on our professional, out of home business, etc. so the investment is not only marketing, but wider in terms of commercial opportunity to drive RIG-led growth.

And for guidance, I'll pass over to Anna on the sequencing.

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

So, on the gross margin, let me give you the moving pieces. In terms of raw materials overall for the year where we stand today, and of course things may change, flattish. But that benefit of the cost of our raw materials will definitely be weighted as a benefit towards the second half as we work our way through our hedged volumes. Obviously, there's still then inflation on our conversion costs. The other thing to have in mind is tariffs because there are still tariffs enacted. So that, from a cost perspective, will disproportionately impact the first half, because we're lapping a period where there were no tariffs in the prior year, less so the second half. Equally, pricing is the other way: we'll have the carryover pricing from the quite high levels that we've seen this year. And while we will continue to look for pricing in those areas of [country] category opportunity, we will still take price, you would expect pricing to likely be higher. Benefit is more in the first half. Efficiencies, we're very focused on efficiencies, so you will see us manage that throughout.

And, of course, FX has a bit of an impact on margin as well. And obviously, if you just look at today's spot rates, that is weighted towards the first half, just when you look at the year-on-year FX rates. So, I say all of that to say those are the moving parts. Equally, if I reflect on last year, there was so much change during the year that this is a set of assumptions at a moment in time and we'll have to watch how it moves. Equally, if you look at last year, there was enormous change through the year on FX, tariffs, commodities, and we were able to take the right actions to manage that, to deliver our guidance irrespective.

**David Hancock, Head of Investor Relations, Nestlé S.A.**

Thank you, Celine. The next question comes from Tom Sykes at Deutsche Bank. Go ahead Tom. Tom, are you there? We'll have to come back to Tom and move on to take the next question then from Jeff Stent at BNP Paribas.

**Questions on: Market share ambition  
Nutrition performance improvement****Jeff Stent, BNP Paribas**

Good morning. Two questions, if I may. The first one is if I look at the mid-term category growth expectations that you put out, those seem to average meaningfully below 4%. So, can you quantify the magnitude of the share gain that's implicit in your 4% plus mid-term guide? That's the first question.

And then the second question is from my perspective, it's not obvious that the performance of Nutrition really improved when it moved from being globally managed to being locally managed. So, I'm just wondering why that should be the case with NHS. Thank you.

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

Yes, thanks Jeff. I'll start with the with the second question and I'll pass over to Anna on how much of the share is in the growth. Look, we have two great Nutrition businesses and we have not been working together in the most optimized way, and you have seen the success we have been able to drive with the setup we have in Coffee and in Pet food so far. And my thought was when we looked at the strategy of the Nutrition business as a whole, bringing those two businesses together made a lot of sense, and having it managed like we do, like I just explained before with clarity on who does what in terms of execution and go to market and a global view on the long-term strategy, and the long-term innovation and brand stewardship. If you take just an example, why we can say globally managed business, but then it was not as global as we would think it was. So, take a brand like Orgain in the US, which is a power brand when it comes to Nutrition, especially protein. But somehow, we were not linked the right way, we were not collaborating the right way. We were unable to launch this brand beyond the US. So, it's a brand that doesn't exist beyond the US, and that is what the new structure will definitely be able to do in a much better way, to take great ideas and great brands from one place and bring it to another and then drive true category growth, when it comes to infant nutrition, to adult nutrition. And also our vitamin business, I believe it has much more potential to grow outside the US. And I think by having a global view of these strategic aspects will help us to drive growth, innovation, but also category growth into the future. So that's why I think it's a good idea and it's based on growth, and by the way, it will also drive some simplicity, efficiency, and synergies to make us again leaner and more agile as a nutrition-focused company.

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

And on the category growth, and David correct me, I think it's slide 42 that has the category growth on. I call it out because I think it's a helpful slide, but you can tell me if I've remembered

the slide number right. When you know the slide numbers by heart you're doing well. It's a useful slide because what it says is that 70% of our portfolio is solidly growing in that 3 to 4 territory and has got good growth momentum. And then there's 30% of our portfolio where we are seeing really high levels of category growth. So, where we would expect to be growing high single digits. And that's not because of share gain. I mean, some of it is share gain, but really, it's because we're driving the category or it is a pocket of the category that shows disproportionate growth. Some examples: therapeutic pet diets, RTD coffee, cold coffee, air fryers, the new cooking areas. So, they're structurally much much faster growing. And so, what's implicit and why we're confident of our more than 4% guidance is the fundamental strength of our categories. But the degree of effectiveness that we're seeing, that when we focus on these faster growth areas, we really make good headway. And you've seen us do that in 2025, around 10% of sales.

We're going to do around 30% of sales with significant increase investment in 2026. And that collectively underpins the more than 4%. So, it is the category growth rate, but it is also about making sure we're playing in those pockets that are growing much faster and accelerating them. And we hold ourselves to the bar of also gaining share, not losing it.

**David Hancock, Head of Investor Relations, Nestlé S.A.**

Thank you. We'll take the next question from David Hayes at Jefferies. Go ahead, David, your line should be open.

**Questions on: Business unit spin-off  
Infant formula recall**

**David Hayes, Jeffries**

Thanks, David. Good morning all, two questions from us. Firstly, on the business units and then a question on the recall.

On the business units, just to dig again into this - should we understand that the operational overlaps of the four business units are reducing, that the IT systems are getting a little bit more standalone, sort of almost reversing some of the Globe IT investment over the last couple of decades? And I guess where I'm going with that is, is there a view to try and recreate these businesses to be relatively standalone? So, there's optionality on maybe spinning them off, and then that leads on to the second part of the question which is, have you reviewed that Nestle's a little bit too big still now?

I guess that's a question that's come up over the years. And what I'm thinking is, as you're putting more pressure on the business units to deliver in a more challenging environment, maybe they're taking more risks than, let's say, ten years ago. Is that more difficult to control

centrally as the business is being asked to do more and be more kind of agile? So, is that where this is kind of providing optionality?

And then the second question, more of a micro question just on the recall - as of now, the last few weeks, can you give us a sense of what you're seeing in terms of retailer repurchasing, consumer offtake, just in terms of whether you are seeing a brand equity demand drop at the moment and how you think that plays through from today to the rest of the year? Thank you so much.

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

Thanks, David. I'll start with the recall question and look, the recall, you have seen what we have done: we were first to recall and what the whole company is focused on now is to replenish the market. So, our factories are working 24/7 for weeks now to recover stocks and to get the shelves restocked. Also, given the fact that this has been an industry wide issue and obviously these are essential products for mothers and babies, obviously that have to be restocked. So, we're focused on that. Look consumer uptake, it's early to say this is the uncertainty we have, but we're very confident that the consumer will come back. It's one of those categories where you recruit every day. Every day you have new consumers, new mothers coming in. We are confident that through the actions we have taken, the swift action, fast action, with the concern about the safety of our consumers at the center, we have really good trust by healthcare professionals and authorities, and we are investing in the brands, we are investing in explaining to healthcare professionals why our products are great quality, superior and why it's a great choice for their babies. Obviously, needless to say, everything that we're shipping is safe and is of great quality and is fully tested.

I don't believe personally that we will have a long-term issue on the brand equity here, I think this will come back. It might take some time, but this is a trust that we have to rebuild and we have the brand and the capacity to do so. There's also innovation coming in, in infant formula that we're launching, and so, I'm confident it will come back. So that's how I see that we're investing as we speak and we should build confidence as we speak.

Then maybe quickly to the second part of your first question, and then I'll give the IT one to Anna as I know she's passionate about that one. Is Nestlé too big? No, it's not. And again, that's why I love this photo of the store in the Philippines. This is where Nestlé is at its best, when those four businesses that we are focusing on come together in the market and then size does matter in the market because you will not be able to execute a small store in a way if you are a small company. And if all of those businesses come together, we use our common route to market, we use our common capabilities, our negotiating power in the market. This is how the execution looks in the store. And this is not only the Philippines, this happens across

the world. This can also be in a modern trade aisle and this is where we have the power of these businesses coming together, these brands coming together. And, you know, it's not about centrally controlling anything, it's really giving the empowerment to the markets to execute flawlessly, like that store in the Philippines. But obviously respecting global brand guidance, stewardship, the brand, when it is Nescafé, it shows up in a similar way in the Philippines that it does in Mexico, or it does in Switzerland. It's Nescafé and that is driven here by the center, so it's not about control, it's about pulling into the center what really matters in the center, which is global alignment, global strategic alignment and also ways of working, which then brings me to your IT question. You can say global ways of working are the most efficient way that you design workflows in a way that is efficient for the company as a whole and it makes a ton of sense that we have workflows that are driven the same way in each and every country we operate. And that is what brings me then to why Anna is passionate about our IT backbone.

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

And I am. You know, I joke that one of the reasons I joined Nestlé was that we have a wall to wall, single instance SAP, ERP infrastructure. But what it gives us - and we do have a single tech backbone that sits across the entire group for the vast majority, and we're getting much more disciplined around that - what it gives us is an absolutely fabulous group wide data structure, which is allowing us to move much faster on things and have much greater relative understanding of things. So, to give you some examples, why are we getting better at managing our working capital? Because we can see exactly where it's sitting everywhere all of the time and what some of the issues are. Why are we getting better at resource allocation? Because that data set allows us to really see where we're investing and it's working well versus where we're investing and we're not quite seeing the returns that we would expect. And it's interesting with respect to the infant formula recall, we can see what's going on with the consumer, both our sell in and increasingly our sell out across those brands and all other brands, more or less in real time. And it's this insight that allows the group to really react with pace, to serve the consumer, because it allows us to see what's working. So yes, I'm passionate about that data structure and tech backbone, but it's incredibly valuable to us.

**David Hancock, Head of Investor Relations, Nestlé S.A.**

Thank you, Anna. The next question comes from Sarah Simon at Morgan Stanley. Go ahead, Sarah.

<p><b>Questions on: Guidance - infant formula recall Ingredient sourcing</b></p>
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On IMF, just sorry, but just to go back to your answer to the previous question. If you can see in real time, Anna, what's going on, can you just talk about what you're seeing now - and you've caveated that OSG could be towards the low end of their range, is that based on an assumption that what you see now sort of persists, or what are the kind of factors that would get us towards the lower end of the range? And then the second question was around ingredients. So Chinese ingredients obviously have been impacted, sort of the cause of recalls in other products historically, not just at Nestlé but at other companies, you know, and we've also had Covid obviously. So, the question is whether you have reconsidered any of your ingredient sourcing to be a. more local, so you don't get quite the same kind of global impact and b. whether you feel more comfortable about sourcing outside of China? Thanks.

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

Yes, thanks, Sarah. I'll give the first one to you, Anna, on guidance and I'll take the ingredients one afterwards.

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

So, with respect to the infant formula recall maybe just some color. It varies hugely by geography, it depends on whether we're back on shelf fully, which we're increasingly achieving, but not everywhere quite yet. It depends on whether the competitive sets are also recalling. It also depends on the market - we've got some markets where literally it was a tiny, tiny volume and so, the recall has been sort of not even visible. In some markets where the stock was under our control, so, while we've recalled it, it's not actually been something that's been felt or experienced by the consumer. So the experience varies very differently by market and therefore, we are monitoring and understanding at that level of granularity. Our insight both around the category- and that is in broader years of knowledge around how parents make decisions about what formula to feed and where they go to for advice and the medical community and our relationships with them- it's all of that data that we put together which has informed the guidance that we give today.

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

Good. And as far as your question on ingredients, I don't believe it's a geographical issue here, on where we source ingredients from. What needs to be important is that all the ingredients we source, independently of where we source ingredients from, have to be of the highest quality and that we have to ensure that when they're coming to our factories, but also when they are produced by suppliers, as was the case with the infant formula case. That is my view so, it's not about where we source ingredients from, we just need to ensure that they're of the best quality to produce flawless products in our factories. And in this particular case, it was not an obvious one as we have said, cereulide in oils is not something that was prevalent, and this

is also moving forward, as risks become different and testing methods advance, we just have to be one step ahead on this one. But it's not about geography and where we source from, it's really about ensuring the best supply and that is what we're doing at Nestlé.

We have our quality assurance in our factories that goes way beyond what you can call good manufacturing practices and as I've said before, our quality standards are in many many places much more stringent than the legal or the regulatory requirement. So, it's not about geography, it's about just having great quality everywhere that we produce.

**David Hancock, Head of Investor Relations, Nestlé S.A.**

Thank you, Sarah. The next question comes from Fulvio Cazzol from Berenberg. Please go ahead.

**Questions on: L`Oreal stake  
Cost savings**

**Fulvio Cazzol, Berenberg**

Yes, good morning and thank you for taking my questions. So my first question is around the strategic review - can you highlight why you haven't taken the decision to say, monetize the L'Oreal stake and maybe use the proceeds to buy back some of your own stock and maybe pay down some debt? And then my second one is on the cost savings. So, you're delivering these at a faster pace and I was just wondering, with the new organizational structure and higher simplification coming in, shouldn't there be more cost savings for you to go after? Is there potential for you to deliver more than the 2028, 3 billion savings target that you highlighted back in October? Thank you.

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

Yes, thanks for this question. I'll start with L`Oreal and I'll pass over to Anna afterwards.

We have spoken a lot about L'Oreal and my view and our view is that the best way to create shareholder value, long term shareholder value, is to grow the company. And that's where we focus on, that's my and the team's number one priority. And obviously, as with all of our investments, all of our businesses, we look at the L'Oreal stake periodically. We have said many times it's a financial investment, we are a happy holder but today it's not on my number one priority list. We have seen some actions we have taken on the portfolio, there is more to be done in terms of balance sheet cleanup, as we have said with Anna at the nine-month call. That's what we're working through and we're focusing fully on growth. But Anna, you might have some more color on the financial outcomes.

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

Yes. So, on the cost savings, the removal of the globally managed business does create some cost savings of, call it ten basis points, give or take. And that was not foreseen or not included in the 3 billion that we guided to in terms of cost savings. So, it does come on top. Equally, and from our perspective, it's important that it comes on top, because it's important that we hold ourselves accountable to delivering. Equally in 2026, I don't expect it to be a big benefit to the group at all, because you've heard from Philipp that this is around accelerating growth. And so, what you'll see us do is be very thoughtful around working our way through change in order that we are grabbing those growth opportunities as fast as possible and delivering on them. And as I look forward, you know, actually, by the time we get to 2027, we will be moving into disposal of that and other pieces of VMS business. And of course, there'll be some stranded costs, which will take a little bit of time to take out.

So, we'll see the benefit, but also, we'll have to work through removing those stranded costs. But that's how I think about it. And I guess the other thing I would say is we're not limited by the targets we've given. What we are trying to do is find the right level of simplicity, agility, and efficiency for the organization. And we will keep working on that and update you as we go.

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

Yes, absolutely, Anna. And I think when there are opportunities to drive additional cost savings and simplification, we will obviously do that. That's part of performance culture. And that's what we will do. But there's nothing new to announce here today. We'll take any opportunity that comes.

**David Hancock, Head of Investor Relations, Nestlé S.A.**

Thank you. The next question comes from Jeremy Fialko at HSBC. Go ahead, Jeremy.

<b>Questions on: Gross margin China business model reset</b>
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**Jeremy Fialko, HSBC**

Hi, good morning. A couple of questions from me. The first one is on the gross margins in Coffee and Confectionery. You put that slide up showing how they're still a long way below their pre-pandemic levels. So could you talk about, firstly, just if you think about the price rises that are currently in the market or planned, plus where some of these commodities have moved, how much of that you think you'd be able to close in 2026, and then what you think you need to do in order to get those gross margins back to where they were previously. And the second question is on China, perhaps you could talk a bit about where you are in terms of the reset of that business model, what you're seeing in terms of sort of sell out trends there, and how you think that can perform in 2026? Thanks.

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

Brilliant. Anna, you take the gross margin on Coffee and Confectionery. I'll talk to China in a second.

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

Yes, look we'll have to see how commodity prices play out and we'll have to see how the consumer environment plays out. And I'm not going to prejudge any of that. But what I would say is we're very good at recovering our gross margin over time, and we do it, through innovation, through price pack architecture, where we're making sure that the pack size is at a price point that is affordable to the consumer, but we innovate at a margin that works. We also look very hard at the customer and channel mix, and how we're making sure that we've got the right consumer offering in each of the channels. And by working our way through this and really leveraging innovation, we recover our gross margin over time. And that's what you've seen us do, in the other categories, and it's quite a proven path. What you'll see us do in Coffee and Confectionery is work our way through exactly that. Where there are those geographic pockets where we can take price, we will. But otherwise, we'll be working our way through making sure that we've got absolutely great offerings, but at the right margin. And this is where having a great R&D organization is also really helpful.

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

Good. And on China specifically, if you take a step back, China is still a place where the underlying category growth of where we play is negative. And that sentiment has not been improving. So that's where we stand. But regardless of that, the team is laser focused on destocking the market. We're drawing down stock levels as we have announced, we are rebuilding the marketing muscle, we're rebuilding the innovation muscle, and we're rebuilding the route to market and the trust of our distributors. And this is still ongoing. So, expect this to be fading out throughout H1 and then we will see a gradual improvement throughout H2.

Then again this is against a negative category growth in China. I'm confident we will be able to rebuild this and rebuild our brands. But it will take time to get those categories back to growth. And, we have great brands in China, local brands, global brands and great capabilities and the team is renewed with a lot of energy and obviously we all want China to come back to be a growth driver for the company, but it will take some time.

**David Hancock, Head of Investor Relations, Nestlé S.A.**

Thank you, Philipp. We'll take the final question from Patrik Schwendimann at ZKB and this is a final question in several senses because I think this is Patrik's last call with us after covering Nestlé for many years. So please go ahead, Patrik.

**Questions on: Gross margin for the mid-term  
Portfolio management decision****Patrik Schwendimann, ZKB**

Thank you, David, much appreciated. It's Patrik at ZKB. Hi, Philipp. Hi Anna – wishing you already all the best for the future in the coming years.

My first question is on the gross margin again. Gross margin was above 49% in the years 2017 to 2020. So, after several years, in 2025 it came down now to 45.6%. What do you think is the new structural gross margin level in the mid-term, has anything changed here? Then second question is regarding portfolio management. You mentioned more focus in Food and Snacks, at the same time Frozen is not for sale. Where do you see more focus in Food and Snacks? And regarding portfolio management in Nutrition, is Nestlé still the right owner of Gerber? Thank you.

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

Yes, thanks, Patrik. I'll start with the portfolio one and then have Anna close with the gross margin question. So, your two portfolio questions - in Food and Snacks, the focus you have seen, I mean, one simplification is obviously the sale of our remaining ice cream business that was in that business. The simplification is also that for those two businesses, we can innovate in the space where they converge. So, in Food and Snacks, given the new trends of eating more often, eating smaller portions, eating more on the go, there is innovation there.

There is also focus on less brands. You have seen that we have less global brands in this portfolio. KitKat is a very good example - this is a truly global brand in over 100 countries and markets, and we're investing heavily behind these brands. It's one of those brands that has a 10% CAGR over the last ten years.

And there's so much innovation that we can drive there. And the focus is really putting more emphasis on less brands. And that includes some of our local jewels or regional jewels like these great brands, Totole, we mentioned Garoto in Brazil that are really local jewels that can drive local, relevant growth.

But it's not about, in a complex portfolio, spreading the money thinly on many priorities, it's really prioritizing where we can drive most growth. So that's when we talk about simplification and focus within Food and Snacks.

Then is Nestlé the right owner for Gerber? Look, I'm unhappy with Gerber, this is still a drag in terms of market share and we're still not where we should be. The team is working relentlessly to get innovation back on shelves and to revive the brand and I have said, I'm not infinitely patient, but we have to give it a try to drive growth in this category. I believe in the category, it's an essential category when you think about our Nutrition portfolio for kids and toddlers. So,

we'll innovate within the space and we also can bring other brands, that's another advantage of bringing Nestlé Health Science and Nutrition together. Could other brands play in the space where Gerber plays and can they join up forces? So, we'll give this a try to grow there to drive category growth and then I'll come back to your question later on to see if we are the right owner or not. But I want to believe we can drive growth in this exciting space and this exciting brand that has a long heritage and we'll give it a try but will not wait forever to make it successful.

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

On gross margin, I don't see that there's been any structural change in our business. We should be able to recover our margins to where they were previously. As I say, when we have commodity price increases, you see our margins dip and then you see us take actions to recover them. More generally over the medium term, I think one of the things that supports robust gross margins is the strength of the marketing and innovation. And that's why you hear us so focused on upskilling and driving the quality of our marketing and innovation, because where you've got a really strong pipeline and you've got brands that are growing share, that is what supports great gross margin over the medium term.

**David Hancock, Head of Investor Relations, Nestlé S.A.**

Thank you, Philipp. Thank you, Anna. We will have to close there and I will hand over to Philipp for some concluding remarks.

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

Yes, thank you, David. Just to quickly wrap up the call, you have seen a lot of material and really thank you for being up so early to be with us. Look you've seen our actions are working, our growth is improving, which is exciting. The strategy is clear, our execution is strengthening across the globe and we are really confident that with the structural changes we're taking, we will drive continuous growth and improvement for 2026 and beyond.

I really thank you for being with us today, the interest, the questions, and I am looking forward together with Anna, to seeing many of you in the coming days and weeks as we travel, to get more details to your questions. Thank you very much.