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Aide-Mémoire

Nestlé 2026 three-month sales results

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Guidance for 2026

- OG expected to be in the range of around 3% up to 4%, with real internal growth (RIG) accelerating versus 2025, driven by our focused growth plans; this includes the expected impact of sales returns and stock shortages of approximately -20 bps from the infant formula recall; additional impact is uncertain and could drive OG towards the lower end of the range.^[1]
- Underlying trading operating profit (UTOP) margin expected to improve versus 2025, strengthening in the second half of the year.^[1]
- Free cash flow expected to be above CHF 9 billion.^[1]

Medium-term financial guidance

- Organic growth of 4%+ in normal market conditions.^[3]
- UTOP margin of 17.0%+.^[3]

Infant Formula Recall

- In January 2026, Nestlé launched a global precautionary recall of batches of infant formula. The recall of products is completed, our production is back at full capacity using alternative ingredient suppliers and we are focused on replenishing stock.^[1]
- The recall occurred substantially in 2026, but concerned products sold in 2025. As such 2025 results included the estimated profit impact of customer returns and the write-off of inventory.^{[2][3]}
- In FY-25 the impact on UTOP was CHF 75 million or c.10bps of UTOP margin. No impact was recognized on OG and RIG in 2025; this will be recognized in 2026.^{[1][2][3]}
- FY-26 gross profit and UTOP will be impacted by stock shortages and any potential consumer impact.^[3]
- Q1-26 is expected to include a one-off sales impact from sales returns and stock shortages of approximately CHF 200 million or c.90bps on the Group. Potential consumer impact is uncertain.^{[2][3]}

Sales

- FY-25 OG of 3.5%, with RIG of 0.8% and pricing of 2.8%.^[1]
- Q4-25 OG of 4.0%, with RIG of 1.3% and pricing of 2.8%.^[1]
- Q4-25 OG included a benefit of approximately 20 bps from phasing in Petcare, due to new capacity coming online and customer buy-in ahead of a list price increase, which is expected to unwind in Q1-26.^[2]
- Pricing actions were largely taken in H1-25, and a portion will carryover into 2026 which is expected to benefit predominantly H1-26. Additional pricing actions may be taken in categories or countries where we feel medium-term penetration with the consumer is not at risk.^{[2][4]}
- We expect an approximately -6% headwind from foreign exchange on sales, assuming the spot rates as of FY-25 results release on February 19, 2026.^[2]

Gross profit and operating profit

- FY-26 gross margin is expected to improve vs FY-25.^{[1][2]}
- H1-26 gross margin is expected to improve sequentially from H2-25 levels. The degree of improvement will depend on progress regarding the infant formula recall and macro factors such as FX.^[2]
- FY-25 advertising and marketing expense is expected to increase in 2026, both absolute terms and as a percentage of sales.^{[1][2]}
- In FY-25, we delivered CHF 1.1 billion of *Fuel for Growth* cost savings. We expect additional program savings of CHF 0.9 billion in 2026.^{[1][2][3]}
- As a rule of thumb, a 5% strengthening in the Swiss Franc has a 10 to 15 bps negative impact on UTOP margin.^[5]

Net financial expenses and income tax

- FY-25 net financial expenses were CHF 1.5 billion, with 2026 also expected to be approximately CHF 1.5 billion.^{[1][3]}
- FY-25 underlying tax rate was 22.1%, with 2026 also expected to be approximately 22%.^{[1][2][3]}

Operating segments

Zone Americas

- In FY-25, Zone Americas delivered broad-based organic growth despite ongoing macroeconomic uncertainty and fragile consumer confidence. OG was 2.8%, with 0.1% RIG and 2.8% pricing.^[1]
- In Q4-25, the Zone delivered solid, balanced growth of 3.7% OG, with 1.3% RIG and 2.4% pricing. RIG improved compared to Q3-25, driven by wet cat within US Petcare, with a bit more than 50bps benefit from additional capacity coming online, supported by some customer buy-in ahead of a list price increase.^{[1][2]}

Zone Asia, Oceania and Africa

- In FY-25, growth in Zone AOA was broad-based across markets, with the exception of Greater China. OG was 3.2%, with 0.8% RIG and 2.5% pricing.^[1]

- In Zone AOA excluding Greater China, OG improved sequentially throughout the year. Q4-25 RIG of 5.5% was the strongest since 2020, even excluding the positive impact of Ramadan timing.^{[1][2]}
- In Greater China, we are taking action to improve performance; Q4 OG was -7.0%, improving compared to the previous two quarters due to the lower impact of trade inventory correction. Changing our model impacted growth for most of 2025, and will begin to ease as we get into the second half of 2026.^{[1][2][4]}

Zone Europe

- In FY-25, growth was pricing-led, reflecting the inflationary environment for coffee and confectionery. OG was 4.3%, with 0.4% RIG and 3.9% pricing. Overall, the environment remains competitive, with a strong focus on providing value for consumers, especially among retailers in some markets.^[1]

Nespresso

- In FY-25, Nespresso delivered solid growth, led by pricing along with positive RIG. OG was 6.0%, with 1.6% RIG and 4.4% pricing.^[1]
- Q3-25 benefited from the timing of innovation launches and marketing campaigns, with a particularly successful limited edition summer campaign. Q4-25 was impacted by retailer destocking in Europe and some short-term price elasticities.^{[2][6]}

Nestlé Waters & Premium Beverages

- In FY-25, growth was broad based. OG was 5.3%, with 2.6% RIG and 2.7% pricing.^[1]
- We are moving ahead with the partial disposal of the business, and have started engaging with potential partners. We expect the business to be deconsolidated from fiscal year 2027.^[1]

Sources

^[1] 2025 Full Year Results Press Release

^[2] 2025 Full Year Results Investor Call Transcript

^[3] 2025 Full Year Results Investor Presentation

^[4] 2025 Half Year Results Investor Call Transcript

^[5] 2025 Three Month Sales Investor Call Transcript

^[6] 2025 Nine Month Sales Investor Call Transcript