

NESTLÉ S.A.

**2026 THREE-MONTH SALES
PREPARED REMARKS TRANSCRIPT**

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Speakers:

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

Good morning, and welcome to Nestlé's three-month 2026 sales update.

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

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

Let me quickly take you through our short agenda. We'll start with an overview of the key messages from Philipp, before Anna reviews the three-month sales in more detail. We will then open up the lines for Q&A.

With that, I'll hand over to Philipp.

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

Thank you David. Good morning, and thank you for joining us today.

We have started the year well. Our performance demonstrates that our RIG-led growth strategy is delivering, in a complex and uncertain environment.

Before turning to the details, I would like to thank our people around the world for their continued dedication and focus, as well as our customers and consumers for their trust.

Let me start with the key messages for the quarter. Growth momentum continued, with organic growth of 3.5%, and RIG of 1.2%.

Our performance is broad-based. RIG was positive across all Zones and categories except infant formula within Nutrition, which was impacted by the recall. By category, coffee was the star – with recovering volumes and positive mix. Emerging markets also continued to stand out, driven again by RIG.

The infant formula recall impacted performance in the quarter, as expected. We acted quickly, product availability is back to normal, and we are seeing new parents coming to our brands as they enter the category.

So, Q1 was a quarter of focused execution and good momentum. At the same time, it is clear that geopolitical and macroeconomic uncertainties have increased. Taking these together, we are maintaining our full-year 2026 guidance.

Here is a reminder of our strategic priorities. As I have said before, my highest priority is RIG-led growth. There is still much to do to in order to drive this sustainably. Let me talk about what we have done in Q1.

We are accelerating investments behind our growth platforms. These are areas where structural growth drivers, competitive advantages and our strong innovation pipelines come together, driving high-single digit organic growth or better.

Elsewhere, we are addressing affordability and driving premiumization by sharpening our price-pack architecture. We are investing more behind fewer, stronger brands. And our marketing transformation is a key enabler.

Winning portfolio is another priority. We are making progress on the waters and VMS disposals, and we have announced this morning that we have reached an agreement to sell Blue Bottle Coffee.

All of this is underpinned by disciplined execution. I have talked about clearer accountabilities and aligning incentives with delivery of sustainable, high quality growth. To support this, we needed to strengthen our KPIs and performance management system – and this is now fully rolled out.

Taken together, action on these priorities positions us well to deliver our plans for this year and beyond.

And with that, I will now hand over to Anna to go through our Q1 performance.

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

Thanks, and good morning.

We delivered 3.5% organic sales growth in the quarter, with RIG of 1.2% and pricing of 2.3%.

Sales were significantly impacted by foreign exchange. Last year the Swiss franc strengthened sharply in early Q2, so assuming current spot rates, the year-on-year impact will reduce significantly from now on.

We currently expect a full-year currency headwind on sales of around 5%, which is a little less than we expected in February, as the Swiss franc has weakened since then.

Looking at organic growth in a bit more detail.

On RIG, we maintained our second half momentum, despite the infant formula recall and US Petcare phasing, both of which I called out at the full-year.

The chart on the right shows RIG for the first quarter by category.

The impacts in Nutrition and Petcare were compensated in particular by Coffee. You see the standout performance Philipp mentioned, with 3.5% RIG in Q1 compared to less than 1% last year. Food & Snacks also improved, delivering RIG above 2% for the first time since 2021.

Let me get into a bit more of the detail.

Performance in Coffee was very strong. Pricing continues to contribute positively, although its impact will ease as we progress through the year. RIG momentum is improving, supported by the strength of our brands.

Take Nescafé as an example. In the US we had very strong pricing and double-digit RIG in Q1, even in a more difficult consumer environment. This reflects smart price-pack architecture and strong in-store execution, as well as occasion-expanding innovation like Nescafé Gold Espresso.

Overall, Petcare growth was subdued during 2024 and most of 2025, but has showed signs of improving momentum over the last 2 quarters.

Q4 and Q1 are distorted by customer order phasing in the US – which boosted growth in Q4 by a bit more than a percentage point and that reversed in Q1. Over the two quarters, the effect is neutral.

The improvement in Petcare is largely coming from the US. This is driven by additional capacity coming online, allowing us to finally service un-met demand in wet cat, where the market is growing. We see the same strong demand for wet cat in Europe too, and here we have greater skew towards cat and fewer capacity issues, and so continue to deliver strong RIG-led growth.

As expected, our performance in Nutrition was largely driven by the impact of the infant formula recall. And I'll cover this in a bit more detail later. Outside of this, Medical and Adult nutrition performed well, and the combination of Nutrition and the former Nestlé Health Science business will help us unlock further growth.

And finally, Food and Snacks. Overall organic growth has been relatively stable over the last 5 quarters, but, the quality of growth has been improving.

RIG was negative in Q1 and Q2 last year, but has been improving progressively in the last three quarters to reach more than 2% in Q1. A major factor has been our confectionery business, returning to growth as we have moved through our pricing actions.

Before moving to our zones, here's a view by geography.

In developed markets, growth is a bit lower, reflecting the softer macroeconomic environment, and weaker consumer confidence. But our performance versus our categories is improving.

On the other hand, as Philipp mentioned we are seeing good growth in emerging markets. Excluding China, OG is close to 7%, with almost 3% RIG. In most of these markets, momentum in our categories is supportive and the actions we are taking are driving growth and share gains.

Turning to the Zones.

In AMS, we delivered another good quarter, with an improving momentum and positive OG across all markets and categories. RIG has strengthened as a result of our focused investments, despite the difficult consumer environment in the US.

Many of the category dynamics I mentioned for the Group are playing out in AMS. I'll highlight Coffee and Petcare in particular. I referenced Nescafé in the US, but the strength in Coffee is actually really broad-based. In each of our other large coffee markets – including Mexico, Brazil, Chile, and Canada – RIG was mid-single-digit or better.

In Petcare, underlying momentum is improving, driven by our good category growth in cat and by our super premium brands ONE and Fancy Feast.

In AOA, there are a few moving pieces, and this chart doesn't quite tell the full story. The infant formula recall accounts for all of the slowdown in growth from Q4 to Q1, and overall growth is still impacted by the continued correction of trade inventory in China.

That aside, we are performing well. This is especially true in some of our emerging markets, including India, Indonesia, and central and west Africa, as well as developed markets such as Japan.

Market dynamics have generally been supportive, and we are outperforming. Take Maggi in India, which delivered strong double-digit OG and RIG.

Maggi is a loved brand in India. And we've have built on that by combining affordable price points and flavor innovation, such as spicy noodles, to capture rural and younger consumers.

In Zone Europe, growth was solid. Here we are continuing to deliver great growth in Petcare, as I already mentioned, and Coffee is recovering nicely, with growth still price-led but with improving RIG.

The growth in Pet and Coffee was partly offset by the impact of the infant formula recall and a competitive environment in food.

Finally, but importantly, we have largely navigated the annual price negotiations in Europe with limited disruption.

Turning to the globally managed businesses.

In Nespresso, growth is still led by pricing, which is expected to moderate as we begin to annualize increases from 2025. RIG recovered in the quarter, partly due to an increase in active consumers in Europe, as well as the reversal of negative customer order phasing from Q4 last year.

For Nespresso, the big news of the quarter was the launch of our new global brand ambassador, Dua Lipa. We've had a great response from a much broader consumer demographic.

This collaboration, along with others like KitKat with Formula 1, reflect our new approach to brand-building – investing in the right partnerships which elevate our brands and engage a broad spectrum of consumers, especially those younger demographics.

Finally, in Nestlé Waters and Premium Beverages, we delivered solid growth, led by our international brands of Sanpellegrino with innovations like CIAO! and the continued expansion of Maison Perrier.

Turning to the infant formula recall. The recall was executed rapidly during the first quarter. Our priority has been to replenish shelves and ensure parents have access to the products they need. And as of April, product availability is back to normal.

The overall impact of the recall in Q1 was around 90 basis points on organic growth. And about half of this reflected the direct effects of sales returns, temporary stock shortages and the subsequent replenishment. The remainder was driven by lower consumer demand.

Our teams have done a great job engaging with healthcare professionals, retailers and consumers to rebuild trust in our brands. And this is key to supporting a recovery, with new consumers recruited continuously as babies enter the category every day.

We estimate that our infant formula sales are currently down around 10% or so due to consumer impact. And we're already seeing early signs of improvement and expect to fully recover by the end of the year.

Now turning to guidance.

We were pleased with the Q1 growth performance, especially our RIG delivery.

At the same time, we are clearly facing increased geopolitical and macroeconomic uncertainties.

The conflict in the Middle East will have some impact on commodity and distribution costs, and possibly on consumer behavior, but it's too early to know the full extent of this.

Taking into account the momentum in the business along with these uncertainties, our guidance for 2026 remains unchanged.

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.

On UTOP margin, we expect to improve versus 2025, with strengthening in the second half.

Lastly, we expect to deliver above 9bn of free cash flow.

And with that, I will hand over to David to open the Q&A.

END OF TRANSCRIPT