



Nestlé Good food, Good life

Aide-Mémoire

Nestlé 2026 Half-year results

June 26, 2026

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Guidance for 2026

- After a good Q1, but reflecting increased geopolitical uncertainty and macroeconomic risks, we maintained our 2026 guidance.^[1]
- OG expected to be in the range of around 3% up to 4%, with RIG accelerating versus 2025, driven by our focused growth plans.^[1]
- 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]

Sales

- Q1-26 OG of 3.5%, with RIG of 1.2% and pricing of 2.3%.^[1]
- Q2-25 OG of 3.0%, with RIG of -0.4% and pricing of 3.3%.^[4]
- H1-25 OG of 2.9%, with RIG of 0.2% and pricing of 2.7%.^[4]
- Pricing actions were largely taken in H1-25, and a portion will carry over 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 consumer penetration is not at risk.^{[3][5][6]}
- In Q1-26, performance in Coffee was very strong. Pricing continues to contribute positively, although its impact will ease as we progress through the year.^[3]
- In Q1-26, the overall impact on OG from the infant formula recall was approximately -90 bps. Of this, approximately half was due to the direct effect of sales returns, temporary stock shortages and subsequent replenishment. The remainder was driven by the impact on consumer demand. We are already seeing early signs of improvement and expect to fully recover by the end of the year.^[1]
- The Middle East region accounts for approximately 3% of Group sales. The broader effects on the Group, including from impacts on commodity prices, distribution costs and consumer confidence, remain uncertain.^[1]
- For the full year 2026, we expect an approximately -5% headwind from foreign exchange on sales, assuming the spot rates as of Q1-26 results release on April 23, 2026.^[3]

Gross profit and operating profit

- FY-26 gross margin is expected to improve vs FY-25.^{[5][7]}
- 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.^[5]
- On margin, we expect to benefit from lower coffee and cocoa prices as we move into 2026 but, as we are hedged, that benefit will be weighted towards the end of the year and we will only see the full benefit in 2027. Tariffs continue to be a headwind until we lap in the second half of the year.^[3]
- Compared to FY-25, advertising and marketing expense is expected to increase in 2026, both absolute terms and as a percentage of sales.^{[5][7]}
- 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.^{[2][5][7]}
- As a rule of thumb, a 5% strengthening in the Swiss Franc has a 10 to 15 bps negative impact on UTOP margin.^[8]

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. H1-25 net financial expenses were CHF 759 million.^{[2][4][7]}
- FY-25 underlying tax rate was 22.1%, with 2026 also expected to be approximately 22%.^{[2][5][7]}

Free cash flow

- Free cash flow in H1-25 was CHF 2.3 billion and in FY-25 was CHF 9.2 billion. Our guidance for 2026 is free cash flow above CHF 9.0 billion.^{[2][4][7]}

Operating segments

Zone Americas

- In Q1-26, OG was 3.8%, with RIG of 1.2% and pricing of 2.6%. Growth was broad based, with positive OG across all markets and all categories, reflecting healthy momentum across the business. RIG trends continued to improve, driven by focused investments and good execution over the last year.^[1]

Zone Asia, Oceania and Africa

- In Q1-26, OG was 2.4%, with RIG of 1.1% and pricing of 1.3%. Growth was broad based across most markets and categories.^[1]
- In Greater China, organic growth was -10.6%, with -10.4% RIG and -0.2% pricing, as we continued to correct trade inventory and were impacted by the infant formula recall. We expect the correction of trade inventory to be done by the end of Q2.^{[1][3]}

Zone Europe

- In Q1-26 was broad based across markets and led by Coffee and Petcare. Organic growth was 3.9%. RIG was 1.1%, strengthening compared to last year. Pricing was 2.8%, moderating from 2025 levels, as we began to lap increases taken in H1-25.^[1]

Nespresso

- In Q1-26, OG was 5.1%. RIG improved to 2.0%, led by volume growth in North America, and supported by a benefit from the reversal of negative customer order phasing in Q4-25. Pricing moderated slightly to 3.1%, as we began to annualize increases starting from Q1-25.^[1]

Nestlé Waters & Premium Beverages

- In Q1-26, OG of 3.3% was driven by pricing of 2.4% with RIG of 0.9%. Growth was driven by North America and demand for international premium brands.^[1]
- We are moving ahead with partial disposal of the business and are continuing to engage with potential partners.^[1]

Sources

- ^[1] 2026 Three Month Sales Press Release
- ^[2] 2025 Full Year Results Investor Presentation
- ^[3] 2026 Three Month Sales Investor Call Transcript
- ^[4] 2025 Half Year Results Press Release
- ^[5] 2025 Full Year Results Investor Call Transcript
- ^[6] 2025 Half Year Results Investor Call Transcript
- ^[7] 2025 Full Year Results Press Release
- ^[8] 2025 Three Month Sales Investor Call Transcript
- ^[9] 2025 Nine Month Sales Investor Call Transcript