

NESTLÉ S.A.

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Nestlé Fireside Chat TRANSCRIPT**

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Speakers:

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Warren Ackerman, Head of European Consumer Staples Research, Barclays

So delighted to welcome Nestlé to the stage and CFO Anna Manz. Thank you.

Anna. Every year you're very supportive of our conference. We really do appreciate that and lots to discuss. I'm probably going to sort of kick off maybe big picture talking about your favorite topic of real internal growth [RIG], and the kind of the ambition to get to the 2% [RIG] in the first half, you're kind of tracking your sequentially improving. I think you're at 1.5% and you've still got some headwinds from US PetCare, Europe, maybe you can sort of just share your kind of confidence that you will be able to get to that kind of steady state, 2% [RIG] algorithm. And maybe, you know, which businesses are you happiest with that are tracking and which of them are kind of maybe furthest away from that kind of 2% level and maybe a good place to start.

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

So you're right. RIG is my specialist subject and a huge priority for us because obviously driving growth drives margin drives cash drives, all of it. And we're making really good progress. We've now had four solid quarters of RIG led growth.

And you see Q1 to Q2 improved from a 1.2% RIG to a 1.8% RIG. And if you look at our performance in Q2, we're actually above that 2% number now in coffee and pet. And we're right around there on confectionery, food and snacks. So the thing that's holding our RIG performance back is nutrition.

And that's largely the infant formula recall. And there again, we're making really steady progress in terms of recovering that business. And we're on track. Looking forward, what gives me confidence around sustainable RIG led growth?

Firstly, as the resource allocation that we're doing. So the work that we've done to really describe those categories where there is structural growth well ahead of the rest of the category. So those sub category areas, 30% of our business sits in those areas and they're in the first half we're growing over 7%. And that incremental investment in that space should see us accelerate.

So that resource allocation is important. I think the other thing that's important with respect to RIG led growth is execution. And there again, absolute focus on if you've got the right taste, the right price versus the competition, the right distribution and visibility, the right media, then we're gaining share and growing.

And there isn't any bit of our business where we haven't got those things right, where we're not growing. So that's what gives me confidence moving forward

to be above 2% on RIG, but to be consistently over 4% on organic growth.

Warren Ackerman, Head of European Consumer Staples Research, Barclays

But I guess within that, North America is your key geography, 35% of revenues. And the RIG, I think was flattish. I think you described that as not acceptable. Clearly, you need to do more to get to the 2% for the group.

As you look across the North American portfolio, what's your kind of outlook for the US consumer? Then how much of that kind of gap, I guess the flat versus the 2% is kind of explained by, you know, category headwinds versus sort of internal execution. I guess getting that North America piece really moving is going to be a key unlock.

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

So no, we weren't happy with performance in Q2 on North America. More to be done and the consumer was not the driver.

I mean, the consumer is weak in North America, but it hasn't deteriorated. It's consistent. There's kind of three things going on in North America in the quarter.

Firstly, you've got weak category growth in frozen food. And I'll talk about that for a minute. You've then got a couple of areas where we are underperforming the category. So that would be Gerber and Creamers. And I'll come back to those.

And then you've got a third bucket where, there's a bit of phasing noise in the quarter associated with retailer inventory levels and timing of price increases. That I'm not at all worried about. That's just timing phasing. You know, you can ignore that third one. So maybe then just to focus on the first two.

Firstly frozen, there the category as a whole is in slight decline. It plays to the more challenged area of the consumer. Equally, there are big pockets in that category that are growing much faster. And the sorts of trends that, you know, where we're seeing that faster growth is around, world cuisine, around high fiber, high protein, around actually the very small pack sizes or the single pack sizes, and then the big family value packs.

So it's about making sure that we're playing in the right places in the category to really take advantage of the growth that is there. We are doing a better job of that. Our performance is improving. There is more to do to be consistently growing.

Gerber we've talked about before, it is a journey to turn that around. And the proof point on Gerber will be really the Q1 shelf resets. You know, for those of you that haven't followed the Gerber journey, but I suspect most people have. We had been talking a little bit to the yoga mum versus the busy working mum.

So, you know, not glass jars. We need pouches, we need the formats, the flavors. We've got that right now. We've been working on that with retail over the last year.

We've got the product in production, but the annual shelf reset is really when we should regain our shelf space.

And then the third one is creamers and that one annoys me. It annoys me because, some of our issue in the quarter was production and that really isn't acceptable. So we've made the interventions there really good momentum. On the fast growing part of the category. A bit more to do on Coffeemate, but good progress.

So in short, the US consumer, we're not seeing material change. It is all about our execution. We're making good progress with coffee and pet, and there's a couple of areas where we know we need to do better, and we are intervening, and you're seeing that improvement and you'll see it come through.

Warren Ackerman, Head of European Consumer Staples Research, Barclays

Can we maybe just double clicking on U pet food because it's your biggest, most important cell. And you talked about like a temporary, sort of destocking because retailers no longer need as much safety stock given you've got wet cat capacity. But how can we be sure? I suppose it's a one quarter issue, because at the same time, we are seeing more generalized destocking happening across US retail because US retailers are taking a more cautious view about the outlook for the for the US.

Just trying to understand, do we do we kind of just look at the, you know, the sell out of cat and dog and then kind of conclude that if it's a one quarter issue, it should marry up in the third quarter as the as the sell out data that we can see on cat and dog. I'm just trying to sort of you say it's like a bit of a non-issue, but I think for the market, people are still a bit worried that it could continue beyond one quarter, I guess.

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

Yeah. So let's unpack that. I would point you to the sell out data because that really tells you what consumer offtake is. Yeah.

And that really tells you around the momentum and the health of the brand. And you're seeing very strong sell out performance through Q2. But for those of you watching the scan data, that strong sell out in cat is continuing.

So firstly cats are growing 2 to 3% as people go back to work post-Covid. Cats are an easy pet to have. Cats from a CFO's perspective, they're just they're brilliant because you, you premiumize your cat because your cat enjoys the experience and you can see your cat

enjoying the experience, or you're getting better connection with your cat. The lovely thing about cats is they're super picky eaters. So if you give them a better food, they won't go back and eat, eat the old food.

And that is why being able to innovate into the cat space is wonderful, because it gives the opportunity for the consumer to trade up. And that's what you're seeing actually drive the wet cat category now. So you know, it's growing kind of ~7%.

The fact that we've got capacity and we're bringing all of our flavors into it, that's what's driving it. So you see the momentum in terms of kind of the stock issue in the quarter. There was I mean, there is a slightly broader retailer desire to manage cash flow and stocks. And you see that more generally. And we had a bit of a double whammy on pet food specifically, because when you've got a product that you are being inconsistent around supply, the retailer algorithm seeks, particularly if that product is a product that is got great consumption and is being pulled off the shelves, the retailer algorithm looks to try and get more than its fair share of that product, and so they order more. I mean, you see the order volume go up significantly if you're in poor supply and retailers hold on to safety stock. And so what you've seen is that situation reversed as we've come back to full capacity and we're now supplying very consistently. The safety stock has fallen out of the system.

Warren Ackerman, Head of European Consumer Staples Research, Barclays

And your market shares in US pet. Are you happy with them?

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

Growing nicely. Yeah.

Warren Ackerman, Head of European Consumer Staples Research, Barclays

Okay. Interesting. Maybe moving to coffee because, you know coffee has delivered pretty strong growth for you guys over the last two years, driven by pricing. But as coffee prices moderate and pricing contributes less to growth, what does the kind of coffee growth algorithm look like?

Because from the volume data we can see at the moment, it does look a little bit softer. I know you took a high single digit price increase on Starbucks at the end of the quarter, so you would expect some kind of elasticity from that. But has that kind of continued? Are you is there anything around coffee on volume that is causing any angst, or is it very much in line with how you see it tracking?

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

So maybe just to deal with Q2 specifically and then then I'll talk a bit broader about coffee. So Q2, I think we saw slightly weaker volumes in the US. And to unpick that, Nespresso grew very nicely, with high single digit growth and volume growth. Nescafé grew very nicely with, with high single digit growth and volume growth. And there was an impact in the quarter specifically with respect to Starbucks where we took price.

So and the way to think about coffee is and I always think about my mum when I say this. Most people have, have, you know, coffee in the cupboard as well as out that they're using. And so when you take price on coffee the first time the consumer goes shopping and they see the higher price, they think, well, I've got, I've got coffee in the cupboard. I don't need to buy more this time. Let's see if it's on promo next time I go shopping.

And you often see a couple of weeks of that cycle. And then as the stocks dwindle, you then buy more. And that's why you see an initial volume reaction right after a price increase. We've seen it again and again and then it normalizes. So that's what we're seeing in the US. More generally speaking good structural growth in coffee.

What we're seeing is coffee move beyond the traditional need state of hot and first thing in the morning into refreshment, indulgence, functional. And we're seeing convenience so RTD and experimentation actually with the younger population really grown. All of those things are structurally driving coffee with respect to us. We are really focused therefore on those areas of the category that are exhibiting faster growth. So specifically cold.

You know, there's much more cold coffee drunk in coffee shops than at home. And so really driving the offerings to capture that opportunity. RTD coffee. So it's a convenience, driving portion coffee because we have a small share of portion coffee in the US, which is a significant opportunity.

And then continuing to drive penetration of Nescafé across the emerging markets. And so that will systematically drive the category. And to your innovation question, it is all about innovation. And to give you an example, to take coffee into the refreshment space, we've launched a Starbucks refresher concentrate, which is a clear fruity concentrate made with green coffee. So it has some caffeine, but it doesn't taste of coffee. It's a fruity drink and that takes that cafe refreshment moment into the coffee aisle. And the recruitment that we're seeing with that product, I mean, you know, huge purchase intent in the, in that much younger generation that don't necessarily make their way into the coffee aisle and then great refill. So that's how we keep recruiting into the category.

Warren Ackerman, Head of European Consumer Staples Research, Barclays

I'm going to maybe switch gears Anna and talk a little bit about emerging markets, because there's so much focus on the US. Your, you know, your Asian RIG has been super impressive, and quite broad based it seems. Some investors sort of think maybe that's you benefiting from supply chain challenges with local players. Maybe you can hit that. Or is it just that the underlying food and beverage markets are just in quite good shape in those regions? And maybe you can kind of unpick a little bit what's happening on the ground, maybe which brands are contributing and, you know, sustainability I suppose, of this, I think it was mid-single digit RIG in the region. Just if you can help us a little bit, unpack it.

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

So we've got really, really good broad based growth across the emerging markets. And I'll put China to one side because that's probably a different question. And that's across both LATAM, Asia as well as Africa.

We have I think one thing because people always ask about China and India. China's 5% of sales, but we have 6 or 7 markets that are that are in that 2 to 4% of sales size across the region. So Brazil, Mexico, Central and West Africa, the Philippines, Malaysia. So it really, really broad based, exposure.

What we're not seeing particularly is a change in the underlying economy. So it's not consumption driving growth. It is market share led growth which is a good thing. And that, frankly, is coming from this consistent improvement in execution that we're driving across the group coupled with an improvement in our innovation pipeline. And that is what is allowing us to sort of very consistently execute

Warren Ackerman, Head of European Consumer Staples Research, Barclays

You said, Anna that China is a different story. And of course it is. I think we're about a year on from the China reset. Maybe you could share your thoughts with how it's going, how you feel about the work that you've done on the ground in terms of route to market and making it much more consumption led rather than distribution sort of push.

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

So a year ago we said we needed to drive a consumption LED model in China because for a good number of years we had been driving growth in China by driving distribution of our brands from tier one to tier four plus cities. And we hadn't done a good enough job of driving the consumer pull.

So what you've seen us do over the course of this last year is firstly, revisit our route to market. So consolidate distributors where we had a few places where we had too many. take some stock out of the system, where in some cases it was a bit aged, and we've also reviewed our own sales forces.

So you've seen us do things like, combine what was effectively three different infant nutrition sales forces across Illuma, NAN and the specialty brands into one very targeted sales force. You've also seen us do things like, reduce our SKU count.

So China is a very fast paced market. Innovation is really important. And we had done a lot of innovation, but it had meant that we'd ended up with a proliferation of SKUs. And actually what we've done is focus it right down so that we're bringing the right pace of flavor innovation, for example, in coffee. So where we're bringing the sort of rapid flavor innovation, but we're doing it on a rolling basis with real focus on which SKUs we're driving. And that is helping us move from a place where we weren't seeing volume growth, for example, in RTD and we are now. We've also been very thoughtful about what influencers and which things are consumers particularly focused around. And so for example, Shark wafer, which is a confectionery product linking up with some gaming and doing some special edition packs, has really connected with the consumer group that consumed that brand. So being really thoughtful about how we're doing brand marketing and influencer marketing. So good progress overall but more to do.

I would say the end markets are still challenged. So our categories in China are still declining in value terms, 2 to 3% as a category.

So it's going to take us a little bit of time to go from a share loss situation to consistently holding share and then outperforming our categories, though obviously now we're through the destock, we're going to have a period of easier comparables. Comparables aside, I'm really focused on our market share and performance versus the category where we're seeing stabilization and some improvement.

Warren Ackerman, Head of European Consumer Staples Research, Barclays

I mean, one of the interesting things I, you know, covering it for a while that seems interesting is how Nestlé's de-averaging portfolio choice. You had 10%, that was high growth initially. That's now 30%. And you're skewing your investments. And it's really nice to see you breaking out the marketing spend between the high growth and the core. So we can see that skewing. Can you talk about that journey? You know that Nestlé has been on to kind of de-average the portfolio because, you know, can that 30% get to 40%, 50%? And how do you do that while still protecting still the other 70%, the core, because it seems like that's a massive change in the way since you've been CFO, how you're allocating capital within the business.

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

The de-averaging is a really good phrase because we did tend to set the same target for everything. Yeah. So we are being really thoughtful about resource allocation and being really clear on where those pockets of growth are. And you're absolutely right.

We are then putting disproportionate investment there. And we are tracking those business cases, not on an annual basis, which was the historic way of doing it, but, you know, quarterly. And we are reallocating capital as we go. So if there are subcategory growth areas where we're seeing really good traction, then we will be putting more money behind it. And if we're not getting the traction, then we'll go back and revisit why.

And that is absolutely helping us. Now, when you think about that 30% of areas where we've got really high category growth. So things like cold coffee, RTD coffee, therapeutic pet diets, etc., they are all with the same brands as we're selling in the core. So it's not some brands are winning and some brands are losing.

It's that we are using the same brands to both deliver against the needs of the core. So, you know, in my case, I am a lifelong Nescafé drinker and I will continue to drink it. But at the same time, the cold variant or Nescafé espresso concentrate is bringing in that new young consumer. And my kids are coming in the because it's the same brands. The investment helps both. Yeah. And we were talking about our kids going to university earlier. My daughter has just gone to university. She had been drinking Nescafé espresso concentrate and making these wonderful creations at home. But when we did her back to university shopping, she bought Nescafé ice roast. So, you know, standard Nescafé soluble to take to university with her. So that is an example of how being in these growth areas actually is an investment in the brand as a whole. That is exactly how we think about it. It's not just about resource allocation, it's also about A&P effectiveness.

And that's the other area. Then we've made quite a big shift to make sure that we are then tracking those metrics to understand that we're getting the returns on the investment. So for example non-working [media spend] was in the high 20s. It's now sub 20.

We need our investment to go into working media not non-working media.

We need it touching the consumer. We've reduced the number of brands that we're actually putting media investment into from 400 to 120. That's not because we are damaging those other brand. They are things like Carnation Milk. You don't need media on Carnation Milk. You need brilliant in-store promo. You need brilliant activation, but not media.

So getting super clear on what needs what. And then as we've taken the data set that we have to really drive, detailed sort of marketing resource, econometric tools across the group that allows you for each brand in each country to look at what the appropriate marketing mix is to optimize performance and really make sure you're investing in the right places. So those two

things together, resource allocation at the big level, and then marketing mix optimization at the local level is what's really helping us be much more effective about where we put.

Warren Ackerman, Head of European Consumer Staples Research, Barclays

As well as CFO. Anna you've got the other hat of M&A as well. So you, you know, you've been pretty busy on that front as well. Now you've obviously made big moves on ice cream, partnering in water, the exit of VMS.

Would you say now that the portfolio changes are largely complete, or do you still see kind of scope for further simplification? And I guess, equally on the other side of the equation, I know big deals are out, but in terms of bolt-ons, are there any sort of specific kind of, sort of technologies or subsectors which you are kind of interested in and, you know, the M&A landscape generally, how do you kind of see it? I know the priority is organic, but I'm sure you're always looking, outside to see what capabilities you could potentially bring in. So are we done on the on the disposals and then on the, on the, on the bolt on side.

What's interesting?

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

So you're right I mean you know we are always looking at sight to make sure we fully understood the environment that we're in. And actually that's one of the things that Phillip really actively calls out around driving an external focus in Nestlé, because we can be too inward looking. And that that does see us look across the landscape in every way. In terms of focus at the moment, while we've announced waters and VMS recently, the workload for the business isn't done until we actually close those transactions.

And so while in your mind we're done, actually, there's a lot to do to now carve these businesses out and work through that. And I say that because one of the things that that Phillip brings, which I really enjoy, is an absolutely razor sharp focus. And the single biggest way for us to drive shareholder returns right now is organic growth, accelerating growth, improving margins, improving cash returns. And when we've got the business we own, really motoring, that puts us in much better shape to do bolt-ons. It also means if we dispose of anything, we're disposing of it at higher value. So where we are at the moment is working through the 6% of sales that we currently have underway, is frankly, about the limit of what we can do without distracting the business. While we really focus on driving that underlying piece. In terms of the future, as I say, we continue to look at the broader environment and we will continue to take action if we don't think we're the best owner. And in terms of bolt-ons, I think having reviewed ten years of transactions, we are at our best when we are, bolting on things that are relatively

close to our core skills, that are of a size that have a have an impact in more than one country where we put great resource around seeing it through.

So think Starbucks. So you'll see us look for transactions where we're super confident that we will deliver returns.

Warren Ackerman, Head of European Consumer Staples Research, Barclays

I'm going to move to large language models and product discovery. If the next generation of consumer choice is determined by AI agents rather than traditional advertising. What's Nestlé doing today to win that battle for recommendation? What gives you confidence that Nestlé can actually outperform in a large language driven model?

And it's again, it's an area you're doing a lot of work on. But I'd love to get a little bit of sense of where you are and the journey never ends. But you know where you where you're you know how you're feeling?

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

it's a really interesting area and large language models. I mean, you know, we track on a daily basis the extent to which large language models are interrogating, AI is interrogating our websites rather than humans, and it's growing by the day. And so this is an area where we and everybody else is very, very focused. I think of it as, firstly, it's really important to understand the context.

And what I mean by that is having the data to understand how consumers are prompting in, in our categories is really important and what prompts they are using. And we work with third parties to do that. It's not always obvious. You know, the prompts that you think your consumers are making as a marketing director is not always the same as what the truth is.

So live tracking of that is really important. And then knowing how that you show up against those prompts is also really important. And again, we are now measuring that consistently. Not just that, making sure that we make available the datasets that we have out there to show up well. Because it's not just about showing up well as a brand name, it's also about being one of the cited places that people, that the LLMs go to for information. And this is, this is where years of R&D research and all of the data that sits behind, our brands is actually super valuable. So whilst what I've just described is simply understanding how the consumer is prompting and then optimizing how you show up, what it takes to do that is a few things.

Firstly, understanding that, but then having the clean labels, the data to make available so that as the LLMs are looking for research in those subjects. We're making available all of our knowledge, that will make us cited in those areas. And I think, you know, there's emotional

marketing and then there's substance based marketing. And our depth in R&D means that we have a huge amount of deep knowledge and data that we can provide. So you put all of that together. It's quite an exciting area.

Warren Ackerman, Head of European Consumer Staples Research, Barclays

The other big topic I'm sort of jumping around here and apologies is margins. I think on gross margin, Nestlé is still quite a long way below pre-COVID levels for lots of different reasons. But going forward, you know, yes, cocoa and coffee have gone back up again on El Nino, but presumably you've covered lower down. So that actually, despite the short term increase in raw materials, that's not going to be a this is my assumption, a near-term impact in the second half.

Can you talk a little bit around how we should think about margins, particularly around the raw material story? Because clearly they're moving hugely dynamically. And then when you overlay that, you've got a lot of cost saving running through the margins as well. So, you know, kind of how confident are you that actually we do start to see that a that gross margin moving back and then that UTOP margin actually getting to that 17%, which still allows you to fund the A&P to drive the top line.

So I know it's a long question, but in terms of the margin, the raw maths versus the savings I guess are the two sort of the deltas maybe you can touch on.

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

So I think three different things in there. I'll start with I'm confident. Okay.

So maybe just on the first one, short term coffee cocoa ups and downs. Just very quickly on that point, to be honest, the way we're managing it is we have agronomists on the ground pretty much all over the world. And yes, there's a lot of speculation in coffee. I'm far more interested in what I'm hearing about, you know, how the flower is developing, which is the data that we are getting back that allows us to kind of have a view through to the underlying harvest and through the medium term, rather than have to sort of manage our way through the daily ups and downs in trading.

In terms of H2 first, and then maybe I'll talk about the longer term. Just so how to think about H2 margins. There are a lot of moving parts. Maybe before I jump into H2, just to remind you the guidance that we've given on margin for the year, we've said that UTOP margin will be better in 2026 and in 2025. And we've said that H2-26 will be similar to H1-26 and we said that gross margin will improve. And that guidance we gave without any tariff refunds in there. So if we do see tariff refunds in the second half, that will be on top.

So the moving parts on H2. Firstly we'll see a slight benefit on coffee and cocoa coming through the second half. We do see more of a headwind around fuel and energy around the Middle East because we were well hedged in the first half, but we see that impact coming through in the second half. Tariffs refunds aside are neutral because we're lapping a period where we already had tariffs. Advertising spend will be at similar levels. H1/H2 just to kind of shape that for you. And in cost savings, we had about CHF 600 million in the first half. We're confident that cumulatively we'll be on track for a CHF 2 billion in the second half, which means naturally we should see a little bit less in the second half. That said, if we're making good progress on cost savings, we won't limit ourselves to the CHF 2 billion. RIG leverage will come through. And of course, pricing as we roll over, as we move past some of the rollover pricing from last year will be lower. As you see it all flow through.

So those are the moving pieces of H2 which underpin H1 and H2 being similar. Your bigger question around where do margins go? We have great brands that we are investing in. We are innovating consistently margin accretively. And we you know, we innovate and we are investing to drive our pricing power.

So overall, our brands should continue to maintain the margin levels that they always had. And though in the short term when we see some headwinds because of inflation, we can't, you know, it takes a little while to adjust and a little while for it to come back. There's no reason why it shouldn't come back.

So medium term margins I am confident of and our routes to being consistently above 17%, you know, it's just about doing more of what we're doing. Yeah. so I'm very comfortable of that. And as I say, we've always said 17% is the floor. We won't be limited to that. but, you know, through the cycle, we should be consistent.

Warren Ackerman, Head of European Consumer Staples Research, Barclays

How should we think about that RIG leverage? Because obviously the RIG is 1% or 2% or 1.5% in terms of the drop through to the, to the margin, because I guess that's the bit sometimes us analysts, it's easy to underestimate the, you know, coming from a place where volumes have been negative historically. When you start to see the volume really picking up, I guess it depends on where it's the RIG is coming through.

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

I can't give you a rule of thumb, but RIG leverage is very helpful in our business. And, you know, within RIG, volume and you're seeing us accelerate RIG and improve the quality of our

RIG. So, you know, we're seeing that volume come through as well. All of which will help support consistent margin improvement.

And that's why you should absolutely expect our business through the cycle to be consistently above 17% UTOP.

Warren Ackerman, Head of European Consumer Staples Research, Barclays

And final question Anna. I mean, if you kind of get through this period and you look forward to 2030 and you've got through the fixing the execution, simplifying the portfolio, rebuilding growth, if you and I were sort of sat here, then in 2030 and Nestlé has been successful. What would look fundamentally different about Nestlé then compared to Nestlé now? And that's a bit of a crystal ball type question, but just interested to know, given your time as CFO and how far through getting back Nestlé to the what the financial reference point of the sector that you historically always were and aspire to be going forward?

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

So I, I don't know how to answer that one because I don't have a crystal ball.

But maybe just to give you a sense of where we are in our journey. I think we are really confident of the journey that we're taking. You know, if I go back two and a half years ago, there wasn't confidence in the organization that we could consistently grow market share, nor was there confidence in the organization that we knew how to drive cost efficiencies, nor that we could accelerate RIG.

I think where we are on our journey now as an organization, we are really confident that we know what to do. So when we have the right price, the right taste, the right distribution, the right media, we gain share. When we invest behind those areas that we that there's higher category growth. Guess what?

We grow faster. And when we lean into taking on simplifying the organization, we deliver efficiencies. So we've now built the playbook.

Are we executing? We're a long way off of executing that perfectly at scale all the way down the organization. Yet we're you know, we're in 180 some countries. And so it takes time to build both the capability, the shift, the clarity all the way down. So I think what we've got is a really clear playbook. We know the playbook works and there is a lot of value yet to be created. And so we are pretty early on our journey for that value creation. And that's what's exciting.

Warren Ackerman, Head of European Consumer Staples Research, Barclays

Well, listen, Anna, thank you for your time. I think we're on the buzzer. Anna is going to be doing a breakout. So if anybody wants to join and hear more about Nestlé, room next door. For those staying here, Danone is on next. So, so you can choose either. Thank you very much. Anna.

END OF TRANSCRIPT