NESTLÉ S.A.

2017 THREE MONTH SALES INVESTOR CALL TRANSCRIPT

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Speakers:

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François-Xavier Roger, Chief Financial Officer, Nestlé S.A.
Steffen Kindler, Head of Investor Relations, Nestlé S.A.

Steffen Kindler, Nestlé S.A., Head of Investor Relations

Slide: Title slide

Good morning, good afternoon, everyone, and welcome to Nestlé's Three-Month Conference Call for Investors and Analysts. I am Steffen Kindler, the Head of Investor Relations. Here with me is our CEO, Mark Schneider, and our CFO, François Roger.

Before we start our official Q1 webcast, I would like to briefly talk about our press release for Q1. You might have noticed that we evolved the press release towards a simpler format and also with some additional information. Our intention was to make it more relevant for you and easier to read. We would be very happy to receive your feedback on the changes and what else we could improve in the future.

Now back to the official part of our call. As usual, we'll first present our numbers, and afterwards we'll open up for Q&A.

Slide: Disclaimer

I'll take the disclaimer and Safe Harbour statement as read and with that, I now handover to Mark Schneider.

Mark Schneider, Nestlé S.A., Chief Executive Officer

Slide: Title Slide – Mark Schneider

Thank you, Steffen, and a warm welcome to our Q1 2017 investor call. As always, we appreciate your interest in our company. François and I will be happy to take you through our Q1 presentation and answer your questions.

Before turning it over to François, a few comments from my side. First, a brief word on our organic sales growth. Given the challenging quarter – the challenging calendar this quarter, it was clear that the start to the year 2017 would be subdued. Under the circumstances, we were pleased with our OG of 2.3%. Please note that the calendar affected different categories in a different way. Our large Confectionery category was impacted stronger than others by the early timing of the Chinese New Year and the late timing of Easter.

Second, we were pleased with the quality of our organic sales growth, with fairly balanced contributions coming from volume and pricing. And third, let me take a slightly broader perspective. This past quarter saw a significant level of M&A transactions, attempted M&A

transactions, as well as activist investor activity in our industry. In this context of significant change, we would like to underline our commitment to improving growth and efficiency at the same time.

We were encouraged by our investor meetings in February and March. Many of you share our view that this balanced approach offers the best path forward to sustainable value creation. Having said that, we do understand from these meetings that you want to see meaningful steps towards improved combinations of growth rates and margins. Bearing this in mind, we are pleased with the progress we're making on our growth and efficiency agenda. While this call focuses on the Q1 sales development, we will be happy to discuss our progress in more detail later this year.

With this, let me hand it over to François.

François-Xavier Roger, Nestlé S.A., Chief Financial Officer

Slide: Title Slide – François-Xavier Roger

Thank you, Mark. Good morning or good afternoon to all.

Slide: Three-month performance highlights

Our sales in the first three months increased to CHF 21 billion, which is equivalent to 0.4% on a reported basis.

Our organic growth was solid at 2.3% and well indeed within the range of our full year guidance. Our OG was made up of 1.3% of real internal growth, which is a combination of volume and mix, and 1% of pricing. I will discuss the dynamics in details in the next slide.

M&A and many disposals resulted in a reduction of 1.5% of reported sales, mainly coming from Froneri.

Foreign exchange had a mild headwind of 0.4%.

Slide: RIG impacted by calendar effects, pricing increased slightly

Looking at the historical perspective, we can see that calendar effect had a meaningful impact on RIG in Q1. As you know, 2016 was a leap year, which means that we had one less day of consumption this year, and the timing of holidays also impacted our sales. The Chinese New Year fell earlier this year and Easter is falling later, which means that some pre-season shipments impacted our RIG negatively, and this impact has been stronger for some categories, like Confectionery.

Pricing, overall, increased slightly to 1%, with selective price increases. Over the last few quarters, our pricing has increased steadily, and we expect this trend to continue for the year in aggregate, but not necessarily for each and every single quarter.

Slide: Broad-based organic growth across geographies

Looking at the geographic breakdown now, this slide illustrates the combination of our sales for the Zones and Globally managed businesses. And again, the quarter, and more specifically RIG, has been impacted by the leap year and the other seasonal factor.

Consumer demand overall was soft, and mainly in the U.S. Consumer confidence weakened in key markets in Latin America. We were encouraged that Europe remained resilient and AOA improved in both RIG and OG. With the exception of China, our largest operations in AOA gained momentum. OG, as you can see, remained in positive territories in all three geographies.

Slide: Growth in developed and emerging markets

Looking now at the development between Developed and Emerging markets, both geographies contributed positively to RIG and OG, even though both were affected by the calendar effects mentioned earlier. In Developed markets, Europe and Japan remained soft, while in Emerging markets Asia and Africa drove the growth

Slide: Zone AMS

Moving to Zone AMS, with sales of CHF 6.4 billion, our OG was slow at 0.4%, owing to a decline in RIG of 1.4%. Pricing mainly came from LatAm, although North America also saw slightly positive pricing. North America faced an environment of soft consumer demand, and consequently our business had a challenging start of the year with lower organic growth.

Coffee creamers and Frozen food in the U.S. maintained a good momentum. PetCare performance was below our expectation, mainly in dry dog food, where *Beneful* did not fully recover up to the plan.

In Latin America, we had low single-digit organic growth driven by pricing. RIG was slightly negative. Brazil had a difficult quarter, particularly in Confectionery, which, combined with overall fragile economic conditions, resulted in both negative RIG and OG. Mexico's growth remained positive, but decelerated. PetCare in Latin America continued to sustain a good growth across the region.

Slide: Zone EMENA

Moving now to Zone EMENA, with sales of CHF 4 billion, our OG was solid at 1.7% entirely RIG driven. Pricing in EMENA improved, finishing the three months with a neutral pricing contribution. We took pricing for *Nescafé* across the Zone. We also raised prices across most of our portfolio in the UK. Some of the pricing action that we took during the quarter put moderating pressure on RIG.

Looking now at the three sub-geographies, Western Europe grew slightly on an organic basis. Most markets had a positive RIG, with the exception of the UK and Iberia. Pricing was negative, but the trend is showing some improvement.

In Central and Eastern Europe, we had overall mid-single-digit organic growth, with both positive RIG and pricing. Russia had a difficult start of the year, affected by the local economic situation. The Middle East and North Africa regions saw mid-single-digit organic growth, predominantly RIG based; Turkey and North Africa performed well. However, the Middle East declined as political instability and deflation persisted. PetCare in EMENA has been the main growth contributor, primarily driven by cat food.

Slide: Zone AOA

Moving now to Zone AOA, with sales of CHF 4 billion during the quarter, our OG was strong at 4.5% made of 3% of RIG and 1.5% of pricing. AOA had the fourth consecutive quarter of accelerated organic growth. The Zone saw a positive momentum despite negative organic growth in China. China has been impacted by the earlier timing of Chinese New Year, particularly for our Confectionery franchise at *Hsu Fu Chi*.

Yinlu continued to weigh on growth, but we are encouraged as the pace of decline has reduced materially. Southeast Asia had a good organic growth and has been the largest contributor to the Zone's RIG. The main growth driver in Southeast Asia have been Ambient Dairy, Cocoa and Malt beverages with *Nido, Milo*, and *Bear Brand*. India continued with a good performance, driven by *Maggi,* and we see progressive normalization after the demonetization process.

South Asia continued to make sustained progress, with high single-digit organic growth. Oceania and Japan had a solid organic growth with good RIG, partially offset with negative pricing. And finally, sub-Saharan Africa experienced a strong growth, mainly coming from *Maggi,* Cocoa and Malt beverages.

Slide: Nestlé Waters

Moving to Nestlé Waters, with CHF 1.8 billion of sales, organic growth stood at 3.1%, made of 2.6% of RIG and 0.5% of pricing. The growth that we experienced in Water is largely volume-based, as competitive intensity limits pricing, mainly in Developed markets. Nestlé Waters grew in all regions, although with some deceleration, partly because of challenging comps last year.

In the U.S., which is our largest market, we delivered low single-digit growth, despite negative pricing. In Europe, we had a solid RIG and OG, with slightly negative pricing. And in Emerging markets, the Middle East, Turkey and China slowed down, while Southeast Asia had a double-digit RIG and LatAm double-digit organic growth.

Slide: Nestlé Nutrition

Now moving to Nutrition, with sales of CHF 2.6 billion, we started the year with 1.1% organic growth, negative RIG by 0.4% and positive pricing by 1.5%. Pricing improved, as we put through some increases in some of our key markets, more specifically Brazil, U.S., and Mexico. It had some impact on volumes; however, we do expect that to stabilize later in the year. We saw a moderate improvement in China and strong growth in Southeast Asia, India, and Pakistan.

Looking at China in more detail, our organic growth in China recovered moderately as the category momentum gradually improved. The Stage 1 Formula or Starter Formula grew nicely, probably helped by the second child policy.

The re-launch of *NAN* also showed some good growth and *ILLUMA* continued its growth trend leading the super-premium category with now a run rate above CHF 1 billion in sales.

We are preparing for the introduction of new regulations and we feel that we are well-positioned to meet all new requirements by the beginning of 2018.

In other markets, more specifically the U.S., Brazil and Mexico, we took pricing, which led to sell out volume contracting marginally. Southeast Asia, Pakistan experienced good growth supported by innovation in Infant formula and Cereals.

Slide: Other businesses

Moving now to other businesses, as you remember, our Nestlé Professional has moved from Globally managed business to a Regionally managed business. As a consequence, from the beginning of 2017, sales for Nestlé Professional have been reported within the Zones and not anymore in the Other business category. We have restated sales accordingly and you can find them in the Appendix and on our website.

Other businesses, as a consequence, includes *Nespresso*, Nestlé Skin Health, and Nestlé Health Science. For these categories combined, we had organic growth of 5.8%, RIG of 6.4%, and negative pricing of 0.6%.

Looking more specifically at *Nespresso*, we had mid-single-digit organic growth, fuelled by double-digit growth in North America. The retail network expansion and the rollout of new boutiques, combined with increased distribution, helped to drive growth in markets, such as UK, Nordic, and Canada

Moving now to Nestlé Health Science, we had mid-single-digit growth driven entirely by RIG, Medical Nutrition is experiencing a high single-digit organic growth led by strong brands and mainly in our allergy portfolio. Consumer care has been driven by - the growth has been essentially driven by Europe and Asia.

To finish, Nestlé Skin Health, we had double-digit growth in terms of organic growth and a strong RIG. We benefited during the quarter from low comps last year, but we benefited as well from several new product launches in Consumer care, as well as in Aesthetic and Corrective. We expect Nestlé Skin Health growth to moderate in the coming quarters.

Slide: Growth by product group

Let's look now at the development by product category. Once again, RIG overall has been impacted by the calendar effect that we mentioned earlier.

I will start with Powdered and Liquid beverages, which is mainly Coffee. *Nescafé* soluble coffee remains positive in terms of growth, but the RIG has been slightly impacted by some pricing that we took during the quarter. We had good results from innovation and, more specifically, with *Nescafé Gold* and *Azera*, and finally, *Nespresso* and *Nescafé Dolce Gusto* grew well.

Waters I won't cover, because I talked about it earlier.

Milk products and Ice Cream, we had a soft start of the year. This category has been impacted by *Yinlu* and the difficult markets like Brazil and the Middle East. In Ice Cream, we have different dynamics. If we look at the U.S., it has been a little bit challenging with difficult comps last year, while AOA has experienced a good level of growth.

Nestlé Skin Health and Nestlé Health Science, I have already covered.

We'll move now to Prepared dishes and Cooking aids. We had strong growth mainly in Ambient culinary in Southeast Asia and sub-Saharan Africa. Frozen food in North America is lapping high comps last year, but in spite of that *Stouffers* did well during the quarter, and we had good growth for *Maggi* in India.

Confectionery, as you can see, and as I mentioned earlier, we had a difficult start for the year. This is a category that has been the most impacted by the calendar impact, for example, for *Hsu Fu Chi* in China, but as well in Brazil with Easter. In addition, the Easter category in Brazil has been under pressure. That being said, for Confectionery, we had some pockets of good performances with *KitKat* in Europe and in Japan.

Finally PetCare, we had a strong performance in Europe and in LatAm. The situation is more challenging in North America. As I mentioned earlier, this is linked to a soft performance in dry dog.

Slide: Outlook 2017 confirmed

This takes me to the last slide. We confirm our full year guidance, which means organic growth between 2% and 4%. We ended Q1 within our guidance range in spite of the headwinds coming from the calendar and seasonal effects. To support our future growth, we plan to increase restructuring costs to drive future profitability.

As Mark indicated earlier, we are now entering into the execution phase and we will provide regular feedback on restructuring and cost saving progress. As a result, we expect to reach stable trading operating profit margin in 2017. You remember that trading operating profit is after restructuring. And we expect as well to achieve underlying EPS growth and improved capital efficiency.

I'm now handing over to Steffen to manage the Q&A session.

Q & A Session

Questions on:	**Market momentum and pricing in AOA** **USA market performance, market share and outlook**

Céline Pannuti, JPMorgan:

Yes. Thank you. Good afternoon, everyone. My first question is on the AOA momentum. You mentioned it's the fourth consecutive quarter of acceleration. Can you pin down what you see in terms of the market itself, market demand and what has been Nestlé performance against that? So trying to understand your own maybe ability to gain share, but as well growth in that market. Unilever as well this morning was talking about accelerating pricing in this market, and I see that your pricing accelerated there, but not that much. So if you could as well touch upon that.

My second question, in fact, I'll come back to the U.S., it seems that RIG was negative. Can you mention what you've seen in terms of market performance, your performance in different category in terms of market share? And also what is your outlook for the U.S. for the remainder of the year?

Thank you.

François-Xavier Roger:

Okay. I will take the question on AOA, maybe Mark, he will take the question on the U.S. In AOA, so we had a positive momentum, as I explained earlier. In spite of negative organic growth in China, overall we improved our market share in AOA. As I indicated, this is the fourth consecutive quarter of accelerated organic growth and you said it, this has been supported partly by pricing. China is still negative. It has been partly impacted, as I indicated, by the Chinese New Year impact, which had a significant impact on *Hsu Fu Chi* for Confectionery. *Yinlu* continues to be negative, but the pace of decline is reducing, has reduced basically by half, so it's - we see some progress there. We always said that we would need some time.

We had a strong momentum in Southeast Asia with good organic growth. This has been the largest contributor to the Zone's RIG. Sub-Saharan Africa had strong growth, both in terms of pricing and in terms of volume. If you take a country like, for example, Nigeria, it's not only about pricing, but we have double-digit growth by volume, which is quite amazing.

And finally in Oceania and Japan, we had a good RIG and solid organic growth. So we have different configuration. Once again, the main issue we are facing is China, but the rest of AOA in Emerging markets we have done pretty well.

Mark Schneider:

Céline, this is Mark. On the U.S., I think there is a general observation here, and that is pretty weak consumer demand, and that's not a particular issue here for Nestlé. I think that's all throughout. That typical transmission belt that we've seen in the past between good economic performance, as measured by GDP, and then consumer spending, that doesn't seem to be working one-for-one this time. And so, category-by-category, whether it's us or anyone else, what you're seeing is fairly soft demand, even in the face of a pretty good fundamental economic data. The one area that does standout a little bit, François pointed to it, is PetCare. I think here we've seen a soft quarter. We have some issues in particular in dry dog and I think we're moving aggressively to fix those, so I'm more optimistic for the rest of the year.

Questions on:	**Calendar impact** **North America performance**

Jon Cox, Kepler Cheuvreux

Yes, good afternoon, guys. Thanks very much for taking the questions. Actually I'm just trying to get an idea of the impact of that calendar. I think ahead of the results you were talking maybe up to 150 basis points. Is that still the figure we should be thinking of? And if that's correct, should we just be adding 150 basis points into the Q2 numbers?

And then just on the second question, just a follow-up on the North America situation. Did you see actually at the exit of the quarter things improving or did it just remain as subdued as the start of the quarter? Thank you.

Mark Schneider:

Let me take the second one first on North America. I think it's pretty hard to comment here on the exit of the quarter, in particular with the timing of the holidays now, so I can't help you on that. Again, with a full year perspective, we have a more positive view than what you've seen now in Q1.

François-Xavier Roger:

On the second one, on the calendar, it's always difficult to measure the impact, so we know that there are three impacts. The main one is, obviously, the leap year, the second one is Chinese New Year, and Easter is probably a smaller impact. So it's difficult to quantify it. We believe that overall the impact is probably north of 100 basis points. I would not go as far as 150 basis points probably. It certainly impacted some categories more than others, and Confectionery is the one that has been by far the most impacted by the combination of the three events.

Questions on:	**China Infant Formula destocking** **Margin**

David Hayes, Bank of America:

Good afternoon. Well, thank you. So just firstly on China for Baby Formula, you talk about the better trend and you mentioned the one child policy change. But I just wonder whether you could be - any commentary that you've got on the destocking, the inventory destocking, whether that's subsiding, whether the discounting level is perhaps less aggressive than they have been through the backend of last year and whether you've got any more visibility on whether that's a dynamic that persists all the way through this year or starts to maybe ease off as we move towards the regulatory change at the beginning of 2018.

And the second question, if I can take the liberty to touch on margin, despite being just a sales call. We've, obviously, seen one of your peers step-up its plans for margins towards 20% over the next few years. I just wonder whether that's something that you would say is the target that would be reasonable for Nestlé to try and achieve as it looks to execute on the cost saving and implement more aggressive, but not ridiculously draconian, cost saving initiatives across the business. Thanks very much.

Mark Schneider:

Thanks, David. This is Mark. Let me comment first on China. As François said, we've seen a good first quarter here for Nutrition and that's giving us good hopes, and in particular when it comes to potential impact from the second child policy. Nonetheless, I think, for the remainder of the year, it is important that we stay on the lookout for potential destocking effect. So this is still an item we need to watch as we go through 2017, and then I think it's going to be clearer sailing from 2018 onwards.

So, again, good quarter, but nonetheless, I think it is worthwhile to watch quarter-after-quarter how that destocking will take shape.

In terms of the margin improvement, we don't have at this point anything to add to the targets that we laid out in February. We stand by those targets and fully confirm them, the one for 2017, but also the ones that point towards the mid-term. We work on those. We're encouraged by our progress towards those, and I think margin improvement is one of them. We emphasized growth and efficiency, but we have no specific new target to add at this point.

Questions on:	**Outlook for Latin America** **Yinlu**

Jeremy Fialko, Redburn:

Hi. Jeremy Fialko, Redburn here. So firstly, on Latin America just a little bit more on your outlook for that one over the balance of the year. Clearly, it was a very difficult Q1 for you and everybody else. Do you see or presume particularly getting better over the balance of the year?

And then secondly, on *Yinlu*, do you think it's realistic that you can get that business back to rough stability by the end of the year? Thanks.

François-Xavier Roger:

On LatAm, so we said we don't want to give any forward-looking statement on that. The environment is quite volatile in, I mean, all respect I would say. First of all, I mean, we saw with some interest, but the fact that some of the currencies are actually revalued. For example, the Brazilian Real has revalued by 25% in the quarter versus the same period of last year, which forces to adjust a little bit our strategy. For example, we took some significant price increases last year at the end of June, as we communicated before. We had to give back part of it because of the revaluation of the currency, so there was less need for pricing as a consequence. On the other hand, we have been a little bit, I would say, maybe surprised by the fact that we were moving into negative territories, where we had negative territories in some countries like Brazil. Mexico continues to do well and so we saw a little bit of a slowdown, but we had a nice level of growth last year and we are still positive in terms of growth. But I would be careful, given the volatility of the environment in Latin America, to make any forward-looking statement.

Mark Schneider:

And then on *Yinlu*, Jeremy, just to comment. I am very encouraged by the progress that Wan Ling and her team are making with that, but nonetheless we did caution right at the beginning that this would take time. And so I'm confident that we'll see relative improvement from where we are, but it's very hard to pinpoint a specific moment in time when it will come to exact plus/minus zero. Good.

Questions on:	**Ice Cream business in USA** **Froneri joint venture progress**

Alain-Sebastian Oberhuber, MainFirst:

Thank you. Good afternoon, everybody. Just two questions regarding the Ice Cream business in U.S. Could you elaborate a little bit more when you think it will come back again, in particular given the competition you have from other place?

And then, regarding the Froneri development, could you also highlight a little bit what the current development is in your joint venture there?

François-Xavier Roger:

For Ice Cream in the U.S., we had a slightly negative organic growth with different momentum by category. We had positive growth with *Häagen-Dazs* and Snacks. *Dreyer's* was negative, but, as I mentioned earlier, we had some - we suffered a little bit from lapping comps, especially we had competitor's recall last year, so it's a little bit of a one-off issue. We gained in terms of market share in Snacks, but we lost with the - on the Premium side, so I would say we had different dynamics there.

Froneri, we started this joint venture I think in October last year. So far, I mean, the integration of both original companies is working very well and we had very attractive results so far. As you know, we do not consolidate that business anymore, because it's a joint venture, but we are extremely pleased with the early development both on the top-line and the bottom-line.

Question on:	**Price competition between retailers in USA**

Vincent Baron, Oddo Securities:

Yes, hello. Good afternoon. I have a question about the U.S. market and regarding the price competition between Walmart and Amazon. It seems that these guys are asking strong discount to their suppliers. So are you affected by this situation in the U.S. market?

Mark Schneider:

Vincent, it's a little hard to comment specifically on two important customers of ours here. But I think what applies to the entire retail channel in the U.S. is that there is a significant competition and, yes, that makes it, of course, harder to roll forward any price increases and improve pricing. But nonetheless, we will work with all of those in very constructive fashion to be sure that everyone meets the objectives.

Questions on:	**US Consumer spending** **Migration of Chinese consumers to e-Commerce**

Jonathan Feeney, ConsumerEdge Research

Good morning. Thanks very much for the question. You mentioned that a change in that one-to-one return on spending in some markets surprised, given improved economic fundamentals. Can you give us a little bit more detail on what you think is driving that? How much of that is maybe transient? How much of that is maybe more structural?

And secondly, one of your competitors highlighted basically growth in e-commerce in China being a little bit cannibalistic to other channel, like declines elsewhere. Can you just comment about the migration of your business, not just infant feeding, but other places in China to e-commerce?

Thank you very much.

Mark Schneider:

Thanks, Jonathan. I guess with the U.S., I mean, there's probably different theories out there, but I think what we are seeing, in spite of good economic data, is a very large amount of uncertainty, and that, of course, translates into somewhat subdued consumer spending. So that's my best theory and explanation. As and when that uncertainty subsides, I think there will be good news then, because it might lead to improved consumer spending going forward. But again, this is one of several theories, that's my view of the situation right now.

In terms of e-commerce, yes, I think at the end of the day, whether you look at China or other markets, a sale that gets done through one channel is very likely to come at the expense of a sale through another channel. That's all the more important then to be sure that we are part of that e-commerce trend.

I'm very encouraged by the progress we are making in China, close collaboration with the leading e-commerce companies out there. And hence, it's important to be really one of the frontrunners in this trend, and I think we are in that market.

Questions on:	**Pricing in AMS** **PetCare in North America**

Alex Smith, Barclays:

Yes. Good afternoon. Just a quick one on pricing in the Americas. It seems to have softened a little bit versus the end of last year. Just wondering what's driven that. Is that just lapping price increases in Latin America or is it something more promotional around North America? And can we expect that to, therefore, pick up during the course of the year as per the guidance for pricing at a group level?

And then just quickly on PetCare in North America. Do you want to talk a little bit more about what's really happened at *Beneful*? The impact there seems quite dramatic. I mean, we're kind of used to seeing PetCare grow 4% to 6% very consistently. It's up just 1% and a bit, and you talk about good growth in LatAm and Europe, so it feels like North America PetCare was down quite significantly. Thanks.

François-Xavier Roger:

Thanks for your question, Alex. Regarding pricing in the Americas, we are positive in pricing in North America. No specific issue there. We were positive in pricing in LatAm as well, but less than in the past. The main reason is what I mentioned earlier. The fact that in Brazil we had to give back some of the price increase that we took last year, as a consequence of the significant revaluation of the currency locally.

Pricing for the group overall, we expect it to continue to increase, as it has been the case over the last couple of quarters. Once again, it will not necessarily increase each and every single quarter, but we expect to see some increase - further increase during the year.

I think there was a question on PetCare in the U.S. So PetCare we had a soft start of the year. *Beneful* and *Dog Chow* are still difficult. The dry dog category has slowed down as well, so a part of it is linked the category. As Mark mentioned earlier, we are below our expectation clearly there, especially in terms of recovery on *Beneful*, and we are aggressively working on it.

Question on: Margin expansion targets

Jon Cox, Kepler Cheuvreux

Okay. Thanks, Steffen, for letting me have a second bite of the cherry, as it were. Mark, you gave a little - sort of a teasing comment at the start, just talking about you're aware of the M&A going on in the space and shareholder activism. And just following on from what David was asking you earlier and also our breakfast meeting we had in London, are you tempted to actually introduce targets in terms of margin expansion targets? Maybe you'd give them out later in the year at that Capital Markets Day, just following on from what Unilever and others are doing in the space, given the sort of the threat posed by 3G, Kraft Heinz, et cetera.

Mark Schneider:

Yes, look, fair question. Let me say, first and foremost, it was not a teasing comment. It was a fair observation of what's going on around us, and that is a significant amount of change that's clearly somewhat unprecedented in the fast-moving consumer goods area. And so, I think it was very meaningful after the February conference call to meet a lot of our investors and analysts in London and elsewhere and get their input, and we listened very carefully to what you had to say.

So for now, for this moment, we have little to add to what we laid out to you February 16. But let me also underline that this past quarter, until basically two weeks ago, was a period that was focused on one significant item, and that is a smooth handover in leadership of this company. So we have a new CEO, and that's me starting from January 1. And then we completed the leadership handover with our shareholders meeting two weeks ago, and we elected a new board, a new chairman, and now that transition process is complete.

And, as François mentioned, now it's basically rolling up our sleeves and getting to the execution stage. So I think it's a little early at this point to commit specifically to anything over and above what we laid out in February. But we've got the message and I think I acknowledged that in my opening remarks very clearly, that you are looking for improved combinations of organic growth and margin, and we are certainly determined to move in that direction.

End of Q&A session

Steffen Kindler:

That gets us to the end of today's call. Thank you very much for attending our call today. And as usual, if you have more questions, Investor Relations is available for you via telephone or email, and we see you again at the occasion of our half year conference call. Thank you very much and goodbye.

End of Transcript