

## Nestlé first-quarter sales: 7.2% organic growth, full-year outlook confirmed

- Sales of CHF 21.4 billion, 7.2% organic growth, 2.8% real internal growth
- 3.1% organic growth in developed markets, 13.0% organic growth in emerging markets
- Full-year outlook unchanged: organic growth of 5-6%, improved margin and underlying earnings per share in constant currencies

**Paul Bulcke, Nestlé CEO:** “As anticipated, 2012 is already confirming itself to be a challenging year. In many developed markets where consumer confidence is low, the trading environment is subdued whilst in most emerging markets, conditions remain dynamic and rich in growth opportunities. Our past and present investments, and continuing innovation, have enabled us to deliver good growth in the first quarter. This, together with the pricing effect for the rest of the year and a likely improved raw material environment in the second half, allows us to confirm our full-year outlook of delivering 5-6% organic growth together with an improvement in the year-end margin and underlying earnings per share in constant currencies.”

**Vevey, 20 April 2012** – In the first three months of 2012, sales increased by 5.6% to CHF 21.4 billion. Organic growth was 7.2%, composed of 2.8% real internal growth and pricing of 4.4%. Acquisitions net of divestitures, added 3% to sales, whilst foreign exchange had a negative impact of 4.6%.

### Business Review

Our three geographies contributed positively to the first quarter's growth: the Americas achieved organic growth of 6.8%, Europe delivered 3.4% and Asia, Oceania and Africa 12.2%. Our business grew 13.0% in emerging markets and 3.1% in developed markets. This performance reflects the contrasting market conditions in the developed and emerging worlds: the trading environment in many developed markets with low consumer confidence is sluggish whilst conditions in most emerging markets remain dynamic and rich in growth opportunities.

### Zone Americas

Sales of CHF 6.5 billion, 6.2% organic growth, -0.4% real internal growth

- The North American market continued to be impacted by weak consumer sentiment with declining growth in a number of categories where pricing was higher, including frozen food. From a growth perspective soluble coffee was our strongest category, and we gained share also in pizza and chocolate. *Nescafé* performed well, and *Coffee-Mate Natural Bliss*, launched in April 2011, continued to build good momentum in the liquid coffee whitener segment. Petcare also grew and gained market share with strong performances in *Friskies*, *Purina ONE Beyond* and *Beneful Baked Delights*.

- Latin America achieved double-digit growth, with good performances in both Brazil and Mexico. The chocolate, coffee, biscuit and ice cream categories all performed strongly in the region. Petcare also grew by double-digits with *Purina Pro Plan* doing well.

### Zone Europe

Sales of CHF 3.6 billion, 2.3% organic growth, 0.2% real internal growth

- In Western Europe we continued to achieve growth in most markets including Great Britain, France, Italy, the Iberian peninsula and Switzerland. *Nescafé* performed well across the region, whilst *Herta* continued to grow strongly in France, as did *Maggi* in the UK following the *Juicy* launch there in 2011. The petcare business did well across the region.
- In Eastern Europe, we achieved good growth in Ukraine, Romania and the Adriatic region. Russia's performance was impacted by a realignment of our distribution networks aimed at improving future performance.
- There were strong achievements in many of the Zone's categories: chilled culinary and frozen pizza all grew well. The Zone's growth platforms were key contributors, in particular *Nescafé Dolce Gusto*, and in petcare, *Purina Felix*.

### Zone Asia, Oceania and Africa

Sales of CHF 4.6 billion, 11.4% organic growth, 7.2% real internal growth

- The Zone's emerging markets grew strongly in the first quarter, and realised higher prices. Greater China, South Asia, Africa and the Middle East all achieved double-digit growth. We continued to expand our distribution for all consumer segments from popularly positioned products to premium. Strong brand performances included *Maggi* in Africa, *Nescafé* in China, and *Milo*. The new partnerships in China (Yinlu and Hsu Fu Chi) performed to expectations.
- Growth in Japan and Oceania was constrained by the strong 2011 comparatives and prevailing economic conditions. *KitKat* performed well in Japan and *Maggi* in Oceania.
- Many of the Zone's product categories contributed well with double digit growth in chocolate, ambient culinary, dairy, powdered and ready-to-drink beverages.

### Nestlé Waters

Sales of CHF 1.6 billion, 8.0% organic growth, 5.0% real internal growth

- The North American business showed strong growth, building on its momentum in 2011. There were good performances from *Nestlé Pure Life*, which grew double-digit, and the premium international brands *S. Pellegrino* and *Perrier*. Regional brands such as *Poland Spring* and *Ice Mountain* grew solidly.
- The European business grew well with France, the UK, Germany and Italy the highlights. The international brands, including *Vittel*, were strong, as were local brands such as *Buxton* in the UK.
- The emerging market business where *Nestlé Pure Life* is our key brand grew double-digit.

### Nestlé Nutrition

Sales of CHF 1.9 billion, 5.8% organic growth, 2.0% real internal growth

- **Infant Nutrition** performed well globally, its growth building on a particularly strong start to 2011. The division's dynamic growth in Asia, Africa and Latin America more than compensated for the impact of slower or declining birth rates in many developed markets. Infant formula and infant cereals, with a high exposure to emerging markets, were the growth engines. The meals and drinks business, which has a greater exposure to developed markets, also contributed positively.
- **Performance Nutrition** had a good start to the year in the USA, following a sharpened focus in 2011 on its core activities, products and consumers. Its international businesses continued to perform well. **Weight management** continued to be affected by a high level of competitive activity and weak consumer spending in the USA. The recent launches in Europe made steady progress.

## Other

Sales of CHF 3.3 billion, 10.4% organic growth, 6.9% real internal growth

- **Nestlé Professional's** performance was driven by investment in its growth pillars both in emerging and developed markets. Its growth was positive in all three zones, with emerging markets growing double-digit. The beverage business's focus on premium and super-premium solutions drove growth, whilst the food business was driven by a strong performance of culinary flavour solutions.
- **Nespresso** continued to deliver organic growth of around 20%, with consumer demand growing around the world. The highly popular Limited Edition *Kazaar* coffee was relaunched successfully and the global roll-out of boutiques continued with openings in Doha, Innsbruck and Seoul. The *Nespresso* retail network is expected to exceed 300 boutiques by the end of the year.
- **Nestlé Health Science** started its second year well, with North America, Latin America and Asia as highlights. The 2011 acquisitions performed in line with expectations.
- **Joint ventures:** Cereal Partners Worldwide's strong emerging market performance was balanced by slower growth in developed markets. The realignment of Beverage Partners Worldwide to focus more on developed markets, mainly in Europe, is changing the joint venture's growth profile. Its brands in faster growth emerging markets will now be managed by the Nestlé zones. Our pharmaceutical joint ventures had a solid start to the year, with positive growth.

## Outlook

As anticipated, the trading environment in 2012 is challenging. The good growth in the first quarter together with the pricing effect for the rest of the year and a likely improved raw material environment in the second half, allows us to confirm our full-year outlook of delivering 5-6% organic growth together with an improvement in the year-end margin and underlying earnings per share in constant currencies.

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## Annex

### First Quarter sales overview 2012

	Jan.-Mar. 2012 Sales in CHF millions	Jan.-Mar. 2011 Sales in CHF millions	Jan.-Mar. 2012 Organic Growth (%)	Jan.-Mar. 2012 Real Internal Growth (%)
<b>By Operating Segment</b>				
• Zone Americas	6'537	6'398	+6.2	-0.4
• Zone Europe	3'579	3'704	+2.3	+0.2
• Zone Asia, Oceania, Africa	4'588	3'787	+11.4	+7.2
Nestlé Waters	1'552	1'495	+8.0	+5.0
Nestlé Nutrition	1'877	1'872	+5.8	+2.0
Other	3'256	3'005	+10.4	+6.9
<b>Total Group</b>	<b>21'389</b>	<b>20'261</b>	<b>+7.2</b>	<b>+2.8</b>
<b>By Product</b>				
Powdered and liquid beverages	4'671	4'425	+10.5	+4.7
Water	1'553	1'496	+8.1	+5.0
Milk products and ice cream	4'230	3'773	+8.5	+1.3
Nutrition & HealthCare	2'518	2'424	+6.1	+3.1
Prepared dishes and cooking aids	3'396	3'472	+1.5	-1.4
Confectionery	2'476	2'227	+7.1	+4.6
PetCare	2'545	2'444	+7.7	+4.6
<b>Total Group</b>	<b>21'389</b>	<b>20'261</b>	<b>+7.2</b>	<b>+2.8</b>