
Press release

Vevey, 17 October 2013



Nestlé nine-month sales: 4.4% organic growth, full-year outlook confirmed

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- Sales up 4.0% to CHF 68.4 billion
 - 4.4% organic growth, 3.0% real internal growth, all three geographies contributed
 - 1.1% organic growth in developed markets and 8.8% in emerging markets
 - 2013 outlook: around 5% organic growth with an improvement in margins and underlying earnings per share in constant currencies.

Paul Bulcke, Nestlé CEO: "Our real internal growth has regained momentum and is broad-based across categories, price points and geographies. Most notably, Europe continues to grow and Asia and Africa have picked up speed. Today's challenging environment is the right time for us to further reinforce the fundamentals of our business: those which drive growth like innovation, distribution and consumer engagement, and those which drive operational performance like strengthening our portfolio, improving our resource allocation and increasing our structural efficiency. We expect our continued growth momentum to enable us to deliver around 5% organic growth for the full year together with an improvement in margins and underlying earnings per share in constant currencies."

Business Review

- In the first nine months of 2013, Nestlé's sales increased by 4.0% to CHF 68.4 billion, impacted by negative foreign exchange of 2.5%. Organic growth was 4.4%, composed of 3.0% real internal growth and 1.4% pricing. Acquisitions, net of divestitures, added 2.1% to sales.
- **Organic growth** for the Group was 5.1% in the Americas, 0.9% in Europe and 6.9% in Asia, Oceania and Africa. Globally our business grew 1.1% in developed markets and 8.8% in emerging markets.
- **Real internal growth** was 2.0% in the Americas, 1.9% in Europe and 5.8% in Asia, Oceania and Africa.

Zone Americas

Sales of CHF 20.8 billion, 5.2% organic growth, 1.5% real internal growth

- The zone's growth in North America was driven more by volume, in Latin America more weighted to price.
- **North America** continued to grow despite the tough economic environment. In the frozen food category *Stouffer's* frozen meals did well and there were further share gains for *DiGiorno* pizza. *Lean Cuisine*, which introduced *Honestly Good*, was affected by the continued contraction of the category. The premium segment was challenging for ice cream but there was strong growth in snacks and super premium, due in part to the new *Häagen-Dazs Gelato Pints*. Confectionery delivered growth and share gains. Soluble coffee and creamers continued to do well, with the recently launched *Girl Scouts* line driving growth for *Coffee-Mate*. Petcare continued to deliver strong growth with innovations like *Tidy Cats Glade Scoop* and *Light Weight Litter*, *Dog Chow Light & Healthy* and *Beneful Healthy Smile* contributing.
- The slowdown in the economies of **Latin America** continued, mainly the result of inflationary pressures. Our business was resilient with a majority of categories growing, half of them double-digit, helped by pricing. In Brazil ambient dairy performed well with cereals a highlight and, in chocolate, *Kit Kat* continued to deliver strong double-digit growth. In Mexico the ambient dairy and culinary businesses performed well. *Nescafé Dolce Gusto* achieved very strong growth in both Brazil and Mexico. Petcare made a strong contribution to the region's growth momentum.

Zone Europe

Sales of CHF 11.4 billion, 0.7% organic growth, 2.1% real internal growth

- In the face of weak consumer demand and deflationary pressures, Zone Europe again outpaced the market, achieving strong volume growth.
- In **Western Europe** the Great Britain region, Germany, Switzerland and Austria were highlights. Southern Europe remained challenging although Portugal showed signs of improvement.
- In **Central and Eastern Europe** the economic situation was also difficult but Russia continued to deliver strong growth underpinned by good performances in ice cream, coffee and confectionery.
- Our growth platforms continued to out-perform. *Nescafé Dolce Gusto* gained market share with double-digit growth. *Nesquik* also delivered good results. Confectionery built upon its solid start to the year with *Kit Kat* a highlight. In soluble coffee *Nescafé Gold* achieved strong volume growth. Frozen pizza recovered market share. There was a short season for ice cream which had an impact. Innovation and continued roll-outs in Eastern Europe helped petcare to continue its robust growth momentum with *Gourmet*, *ONE Dry*, *Proplan* and *Felix* all performing well.

Zone Asia, Oceania and Africa

Sales of CHF 14.1 billion, 5.6% organic growth, 5.1% real internal growth

- The zone's growth accelerated despite the continuing general economic slowdown across the emerging markets and local conflicts and civil disturbances that disrupted several markets.

- Central and West Africa and Indonesia grew double-digit while the Middle East region, India, Malaysia each achieved strong single-digit growth. China continued to grow in a somewhat slower trading environment. All categories performed well with the highlights ready-to-drink, powdered beverages and ambient dairy. The *Alpino* chocolate brand was launched successfully in India as part of efforts to develop the premium segment. *Nescafé Dolce Gusto* continued to grow double-digit as its roll-out continued in the zone.
- Oceania and Japan showed resilience, growing despite the tough trading environment. *Nescafé Barista* continued to do well in Japan.

Nestlé Waters

Sales of CHF 5.7 billion, 2.0% organic growth, 2.1% real internal growth

- Nestlé Waters delivered broad-based growth despite the intense competitive environment with a rebound in Europe and sustained growth in North America and the emerging markets.
- In **North America** growth was driven by *Nestlé Pure Life* and the continued strong performance in the premium brands *S.Pellegrino* and *Perrier*.
- The performance in **Europe** improved with market share gains helped by promotional activity in difficult trading conditions. The premium brands *S.Pellegrino* and *Perrier* also did well.
- In the **emerging markets** Latin America and Asia grew double-digit and the Middle East achieved healthy growth. *Nestlé Pure Life* as well as local brands such as *Erikli*, *Al Manhal* and *Ciego Montero* contributed.

Nestlé Nutrition

Sales of CHF 7.5 billion, 6.6% organic growth, 4.0% real internal growth

- **Infant Nutrition** delivered solid growth with sustained momentum in formulas and cereals. There were strong performances in emerging markets where growth was double-digit. The US was also a highlight for formula with innovation in both the premium and value segments driving double-digit growth. Meals and drinks enjoyed good performances in the US pouch segment and Russia, which were offset by softer growth in Europe. Wyeth Nutrition continued to perform in line with expectations with *Illuma* and *Gold* driving growth.
- **Weight Management** continued to be challenged and **Performance Nutrition** was repositioned to better focus on its core customer base.

Other activities

Sales of CHF 9.0 billion, 5.6% organic growth, 4.4 % real internal growth

- **Nestlé Professional** grew in spite of reduced consumption in out-of-home, especially in the developed markets and China. The Middle East, Latin America, Russia and South Asia grew double-digit. The beverage solutions business continued to deliver strong growth.
- **Nespresso** maintained its momentum, continuing to innovate with its new Grand Cru launches and investing in its geographic expansion.

- **Nestlé Health Science's** growth accelerated in all regions driven by HealthCare Nutrition, acquisitions and recent successful launches. These include *Boost* nutrition bars in the US, *Nutren Senior* in Brazil, *Resource 2.5 Compact* in various European markets, *Isocal* semisolid support in Japan and Prometheus *Anser ADA* diagnostics tests in the USA.

Outlook

We expect our continued growth momentum to enable us to deliver around 5% organic growth for the full year together with an improvement in margins and underlying earnings per share in constant currencies, as well as an improvement in our capital efficiency.

Contacts

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Annex

Nine-month sales overview 2013

| | Jan.-Sept. 2013 Sales in CHF millions | Jan.-Sept. 2012 Sales in CHF millions (*) | Jan.-Sept. 2013 Organic Growth (%) | Jan.-Sept. 2013 Real Internal Growth (%) |
|----------------------------------|---|--|--|--|
| By Operating Segment | | | | |
| • Zone Americas | 20'801 | 20'659 | +5.2 | +1.5 |
| • Zone Europe | 11'375 | 11'201 | +0.7 | +2.1 |
| • Zone Asia, Oceania, Africa | 14'072 | 13'923 | +5.6 | +5.1 |
| Nestlé Waters | 5'679 | 5'584 | +2.0 | +2.1 |
| Nestlé Nutrition | 7'467 | 5'831 | +6.6 | +4.0 |
| Other | 8'956 | 8'541 | +5.6 | +4.4 |
| Total Group | 68'350 | 65'739 | +4.4 | +3.0 |
| By Product | | | | |
| Powdered and liquid beverages | 15'041 | 14'637 | +5.0 | +5.0 |
| Water | 5'313 | 5'250 | +1.8 | +1.9 |
| Milk products and ice cream | 13'151 | 13'120 | +4.4 | +2.3 |
| Nutrition & HealthCare | 8'953 | 7'222 | +6.2 | +3.9 |
| Prepared dishes and cooking aids | 10'320 | 10'391 | +0.5 | 0.0 |
| Confectionery | 7'223 | 7'169 | +6.1 | +3.5 |
| PetCare | 8'349 | 7'950 | +6.9 | +3.9 |
| Total Group | 68'350 | 65'739 | +4.4 | +3.0 |

(*) 2012 restated for IFRS 11 – Joint Ventures. Moreover, beverages other than water sold by Nestlé Waters (mainly RTD teas and juices) have been reclassified as powdered and liquid beverages.