

Vevey, April 18, 2019

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Nestlé reports three-month sales for 2019

- Organic growth of 3.4%, with continued strong real internal growth (RIG) of 2.2%. Pricing increased to 1.2%, with significant improvement in Brazil and the United States.
- Total reported sales increased by 4.3% to CHF 22.2 billion (3M-2018: CHF 21.3 billion). Net acquisitions had a positive impact of 1.2% and foreign exchange reduced sales by 0.3%.
- Portfolio management fully on track. The strategic reviews of Nestlé Skin Health and *Herta* charcuterie (cold cuts and meat-based products) are expected to be completed by mid- and late 2019, respectively.
- Full-year guidance for 2019 confirmed, with continued improvement in organic sales growth and underlying trading operating profit margin towards our 2020 targets. Underlying earnings per share in constant currency and capital efficiency are expected to increase.

Mark Schneider, Nestlé CEO:

“We are pleased with Nestlé’s solid organic sales growth in the first quarter, building on our full-year 2018 momentum. Our increased speed, innovation for a changing world and execution focus are clearly paying off. We confirm our outlook for the year.”

“In the quarter, we announced the launch of a new range of 24 premium coffee products under the Starbucks brand. The Nestlé and Starbucks teams did an outstanding job and developed these products in just 6 months.”

He added: *“The notion of business as a force for good resonates very strongly inside Nestlé. Starting with this report, we will highlight each quarter how Nestlé creates shared value. We will begin by showing how Nespresso delivers on its commitment to quality and sustainability.”*

	Total Group	Zone AMS	Zone EMENA	Zone AOA	Nestlé Waters	Other Businesses
Sales 3M-2019 (CHF m)	22'183	7'510	4'703	5'389	1'773	2'808
Sales 3M-2018 (CHF m)	21'264	6'761	4'737	5'286	1'732	2'748
RIG	2.2%	0.9%	3.1%	2.3%	-2.3%	6.5%
Pricing	1.2%	2.5%	-1.0%	1.0%	4.3%	0.3%
Organic growth	3.4%	3.4%	2.1%	3.3%	2.0%	6.8%
Net M&A	1.2%	6.0%	0.0%	-0.2%	-0.5%	-4.3%
Foreign exchange	-0.3%	1.7%	-2.8%	-1.2%	0.9%	-0.4%
Reported sales growth	4.3%	11.1%	-0.7%	1.9%	2.4%	2.1%

Group sales

Organic growth reached 3.4% in the first quarter. RIG of 2.2% was resilient. Pricing improved to 1.2%, mainly reflecting increases in Brazil and the United States. Organic growth was 3.2% excluding businesses under strategic review. The growth acceleration was largely supported by Brazil, our fourth largest market. The United States and China, Nestlé's two leading markets, maintained good momentum. All product categories saw positive growth. The largest growth contributions came from *Purina* petcare, dairy and infant nutrition. Organic growth for the Group was 1.2% in developed markets and 6.3% in emerging markets.

Net acquisitions increased sales by 1.2%. The acquisition of the *Starbucks* license, Atrium Innovations and other transactions more than offset divestments, mainly Gerber Life Insurance and U.S. confectionery. Foreign exchange had a negative impact of 0.3%. Total reported sales increased by 4.3% to CHF 22.2 billion.

Zone Americas (AMS)

- 3.4% organic growth: 0.9% RIG; 2.5% pricing.
- North America saw positive organic growth, with positive RIG and pricing.
- Latin America reported mid single-digit organic growth, with positive RIG and pricing.

	Sales 3M-2019	Sales 3M-2018	RIG	Pricing	Organic growth	Net M&A	Foreign exchange	Reported growth
Zone AMS	CHF 7.5 bn	CHF 6.8 bn	0.9%	2.5%	3.4%	6.0%	1.7%	11.1%

Organic growth accelerated to 3.4%, with resilient RIG of 0.9% and a significant pricing contribution of 2.5%. Net acquisitions increased sales by 6.0%, largely related to the acquisition of the *Starbucks* license. Foreign exchange increased sales by 1.7%. Reported sales in Zone AMS increased by 11.1% to CHF 7.5 billion.

North America maintained good sales development in the first quarter. Pricing increased to reflect cost inflation. The largest contributor to growth was *Purina* petcare, which saw strong momentum in e-commerce and in premium brands, such as *Purina ONE* and *Tidy Cats* litter. North America recorded mid single-digit growth in Nestlé Professional and in the beverages category, comprising *Coffee-mate* creamers, *Starbucks* and *Nescafé*. Frozen food returned to positive growth led by the *Hot Pockets* and *Stouffer's* brands.

Latin America reported mid single-digit growth, with positive contributions in most markets and categories. Brazil posted double-digit growth, supported by both positive pricing and RIG. Mexico saw mid single-digit growth, as

strong demand for *Nescafé Origins* helped to maintain good momentum in coffee. Latin America recorded high single-digit growth for the dairy, confectionery, and *Purina* petcare categories.

Zone Europe, Middle-East and North Africa (EMENA)

- 2.1% organic growth: 3.1% RIG; -1.0% pricing.
- Western Europe posted strong RIG. Organic growth was impacted by negative pricing.
- Central and Eastern Europe reported mid single-digit organic growth, with strong RIG and positive pricing.
- Middle East and North Africa saw mid single-digit organic growth, with strong RIG and positive pricing.

	Sales 3M-2019	Sales 3M-2018	RIG	Pricing	Organic growth	Net M&A	Foreign exchange	Reported growth
Zone EMENA	CHF 4.7 bn	CHF 4.7 bn	3.1%	-1.0%	2.1%	0.0%	-2.8%	-0.7%

Organic growth was 2.1%, with strong RIG of 3.1%. Pricing declined by 1.0%, as deflationary trends in Western Europe persisted. Net acquisitions had no impact on sales. Foreign exchange negatively impacted sales by 2.8%. Reported sales in Zone EMENA declined by 0.7% to CHF 4.7 billion.

Zone EMENA reported strong RIG despite a low-growth environment in Western Europe. The *Purina* petcare and infant nutrition categories were the main contributors to growth across the Zone, especially in Central and Eastern Europe, and the Middle East and North Africa. Coffee saw flat RIG with negative pricing resulting from lower green coffee prices. Confectionery posted a good quarter, with double-digit growth for *KitKat* and strong demand for the recently launched *Yes!* snack bar. Frozen pizza brands *Wagner* and *Buitoni* moved to positive growth, while vegetarian products posted high single-digit growth.

Zone Asia, Oceania and sub-Saharan Africa (AOA)

- 3.3% organic growth: 2.3% RIG; 1.0% pricing.
- China maintained mid single-digit organic growth, with positive RIG and pricing.
- South-East Asia saw mid single-digit organic growth, supported by strong RIG and positive pricing.
- South Asia had low single-digit organic growth, with a balanced contribution of RIG and pricing.
- Sub-Saharan Africa reported mid single-digit organic growth, with positive RIG and pricing.
- Japan and Oceania posted negative organic growth as both RIG and pricing declined.

	Sales 3M-2019	Sales 3M-2018	RIG	Pricing	Organic growth	Net M&A	Foreign exchange	Reported growth
Zone AOA	CHF 5.4 bn	CHF 5.3 bn	2.3%	1.0%	3.3%	-0.2%	-1.2%	1.9%

Organic growth was 3.3%, with RIG of 2.3% and pricing of 1.0%. Net acquisitions and foreign exchange reduced sales by 0.2% and 1.2% respectively. Reported sales in Zone AOA increased by 1.9% to CHF 5.4 billion.

Zone AOA saw solid growth in the first quarter, with a slight slow-down due to Japan and Oceania. China maintained mid single-digit growth, with strong contributions from the *illuma* organic infant nutrition range, *Nescafé* ready-to-drink coffee, and culinary, in particular *Totole*. South-East Asia saw strong growth overall, with double-digit growth in Indonesia and Vietnam, particularly with *Bear Brand*, *NAN* and *Nescafé*. South Asia posted low single-digit growth. There was strong growth in *NAN* infant nutrition, *Maggi* in culinary products and *KitKat* in

confectionery, partly offset by negative sales development in dairy. Sub-Saharan Africa posted mid single-digit growth. Japan had negative RIG due to unfavorable comparables, as well as softness in the coffee category. Oceania saw positive RIG and negative pricing in a deflationary environment. *Purina* petcare had strong growth in the Zone.

Nestlé Waters

- 2.0% organic growth: -2.3% RIG; 4.3% pricing.
- North America reported positive organic growth as strong pricing was partially offset by negative RIG.
- Europe saw slightly negative organic growth. Positive pricing was fully offset by negative RIG.
- Emerging markets posted high single-digit organic growth, with strong pricing and positive RIG.

	Sales 3M-2019	Sales 3M-2018	RIG	Pricing	Organic growth	Net M&A	Foreign exchange	Reported growth
Nestlé Waters	CHF 1.8 bn	CHF 1.7 bn	-2.3%	4.3%	2.0%	-0.5%	0.9%	2.4%

Organic growth was 2.0%. Pricing increased by 4.3%, RIG declined by 2.3%. Net acquisitions reduced sales by 0.5%. Foreign exchange increased sales by 0.9%. Reported sales in Nestlé Waters increased by 2.4% to CHF 1.8 billion.

In North America growth was supported by 2018 price increases to reflect significant cost inflation in packaging and distribution. Our premium brands *S.Pellegrino*, *Perrier*, and *Acqua Panna* posted strong growth, with particularly strong demand for the newly launched *S.Pellegrino Essenza*. *Poland Spring* and *Zephyrhills* made good contributions to growth. The *ReadyRefresh* direct-to-consumer business grew at a mid single-digit rate. Our mainstream brand *Nestlé Pure Life* posted negative growth.

Emerging markets accelerated to high single-digit growth. Europe saw slightly negative sales development, impacted by the United Kingdom and Germany.

Overall, the international premium brands posted high single-digit growth, supported by a strong pipeline of innovations.

Other Businesses

- 6.8% organic growth: 6.5% RIG; 0.3% pricing.
- Nespresso reported mid single-digit organic growth, with very strong momentum in the Americas.
- Nestlé Health Science saw mid single-digit organic growth, all from RIG.
- Nestlé Skin Health posted double-digit organic growth, with strong RIG and slightly negative pricing.

	Sales 3M-2019	Sales 3M-2018	RIG	Pricing	Organic growth	Net M&A	Foreign exchange	Reported growth
Other Businesses	CHF 2.8 bn	CHF 2.7 bn	6.5%	0.3%	6.8%	-4.3%	-0.4%	2.1%

Organic growth of 6.8% was driven by strong RIG of 6.5% and pricing of 0.3%. Net acquisitions reduced sales by 4.3%, mainly due to the disposal of Gerber Life Insurance, which more than offset the consolidation of Atrium

Innovations in Nestlé Health Science. Foreign exchange negatively impacted sales by 0.4%. Reported sales in Other Businesses increased by 2.1% to CHF 2.8 billion.

Nespresso maintained mid single-digit organic growth. North America and emerging markets saw double-digit growth, while sales in Europe were flat. Growth continued to be supported by the *Vertuo* system. Nestlé Health Science grew at a mid single-digit rate, with double-digit growth in medical nutrition and geographic expansion in emerging markets. Innovation provided additional growth momentum, with strong demand for *Compleat Organic Blends*, the only organic, real food tube-feeding formula. Nestlé Skin Health posted double-digit growth.

Our business as a force for good

Creating Shared Value is fundamental to how we do business at Nestlé. We believe that our company will be successful in the long term by creating value for both our shareholders and for society.

This is well illustrated by Nespresso. Creating shared value is at the heart of Nespresso's consumer proposition. Nespresso's success is based on delivering an extraordinary coffee experience, which is the result of its commitment to quality and sustainability all the way from the coffee farm to the recycling of capsules.

Overall sustainability of portioned coffee. Nespresso is one of the most sustainable ways of enjoying high quality R&G coffee. The precision-consumption system uses only the exact amount of water, energy and coffee needed to brew one cup, reducing wasted resources.

Coffee and farming communities. The Nespresso AAA sustainable quality program was established in 2003 and involves significant investment. 460 Nespresso agronomists work closely with 100,000 coffee farmers to increase quality and yields and drive environmentally and socially responsible farming practices. Greater productivity of high-quality coffees benefits farmer incomes and contributes to sustainable livelihoods. *Master Origin*, a range of the world's finest coffee crafts from six different countries (Mexico, Colombia, Indonesia, Ethiopia, India, Nicaragua) is a great example of this collaboration with purpose.

Aluminum and recycling. Aluminum was chosen as the capsule material because it perfectly preserves the aromas and flavors of the highest quality Nespresso coffees. It guarantees in-cup quality for consumers and is 100% recyclable. Since 1991, Nespresso has been investing in recycling infrastructure to cover 53 countries and provide 92% of Nespresso consumers with recycling options. Both the aluminum and the coffee grounds are recovered and re-used.

Nespresso's unique and holistic approach creates the highest-quality coffee experience for consumers and benefits our environment as well as coffee farming communities around the world.

Outlook

Full-year guidance for 2019 confirmed, with continued improvement in organic sales growth and underlying trading operating profit margin towards our 2020 targets. Underlying earnings per share in constant currency and capital efficiency are expected to increase.

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Annex

Three-month sales overview by operating segment

	Total Group	Zone AMS	Zone EMENA	Zone AOA	Nestlé Waters	Other Businesses
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Organic growth	3.4%	3.4%	2.1%	3.3%	2.0%	6.8%
Net M&A	1.2%	6.0%	0.0%	-0.2%	-0.5%	-4.3%
Foreign exchange	-0.3%	1.7%	-2.8%	-1.2%	0.9%	-0.4%
Reported sales growth	4.3%	11.1%	-0.7%	1.9%	2.4%	2.1%

Three-month sales overview by product

	Total Group	Powdered & liquid beverages	Water	Milk products & ice cream	Nutrition & Health Science	Prepared dishes & cooking aids	Confectionery	Petcare
Sales 3M-2019 (CHF m)	22'183	5'538	1'679	3'124	3'833	2'928	1'858	3'223
Sales 3M-2018 (CHF m)	21'264	5'013	1'631	2'991	3'766	2'841	2'003	3'019
RIG	2.2%	0.8%	-2.1%	2.1%	5.7%	2.6%	1.1%	2.9%
Pricing	1.2%	0.5%	4.5%	2.1%	0.5%	-0.3%	0.9%	2.6%
Organic growth	3.4%	1.3%	2.4%	4.2%	6.2%	2.3%	2.0%	5.5%

This press release is also available in [French \(pdf\)](#) and [German \(pdf\)](#)