



# Welcome to the Nine-Month Sales Conference

# Disclaimer

This presentation contains forward looking statements which reflect Management's current views and estimates. The forward looking statements involve certain risks and uncertainties that could cause actual results to differ materially from those contained in the forward looking statements. Potential risks and uncertainties include such factors as general economic conditions, foreign exchange fluctuations, competitive product and pricing pressures and regulatory developments



# Nine-Month Sales Conference

**Paul Bulcke**  
Nestlé CEO

# Nestlé Group Highlights

**Sales**

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**CHF 65.5 bn**

**Organic Growth**

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**3.3%**

**Real Internal Growth**

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**2.5%**



**Nestlé** Good Food, Good Life

## Nine-Month Sales 2016

**François-Xavier Roger**  
Chief Financial Officer

# Volume-driven growth in challenging environment

*Sales*  
*(in CHF)*

**65.5 bn**

Total Sales Growth: +1%

*Real Internal Growth*  
*(RIG)*

**+ 2.5%**

*Organic Growth*  
*(OG)*

**+ 3.3%**

# Broad-based growth despite deflationary environment

**AMS**

**EMENA**

**AOA**

Sales  
(in CHF bn)

**29.0**

**20.0**

**16.5**

RIG

**+2.3%**

**+2.4%**

**+3.0%**

OG

**+4.8%**

**+2.1%**

**+2.5%**

*Each geography includes Zones, Nestlé Waters, Nestlé Nutrition, Nestlé Professional, Nespresso, Nestlé Health Science, and Nestlé Skin Health*

# Increasing RIG in Developed *and* Emerging Markets

Developed

Emerging

**Sales** (in CHF bn)  
% of Group sales

**38.0**  
58%

**27.5**  
42%

**Real Internal Growth**  
9M 2015

**2.5%**  
2.4%

**2.5%**  
1.6%

**Organic Growth**  
9M 2015

**1.9%**  
2.2%

**5.3%**  
6.8%

# Zone AMS

Sales: CHF 18.8 bn

RIG

1.6%

OG %

4.5%



- Pricing improved but weighed on volumes
- **North America** impacted by deflationary environment
  - *Coffee-mate* and petcare were strong growth drivers in the US
  - Frozen food continued to grow well, gaining market share
  - Canada had solid growth, especially in confectionary and ice cream
- **Latin America** had positive RIG and pricing
  - Mexico had good performances across all categories
  - Brazil moved from volume to value growth, particularly in dairy and confectionary
  - *Nescafé Dolce Gusto* and petcare were highlights across region

# Zone EMENA

Sales: CHF 12.2 bn

RIG

2.7%

OG %

2.2%



- Good RIG momentum drove broad-based market share gains
- **Western Europe** had negative pricing in deflationary environment
  - France and Southern Europe performed well; UK was challenging
  - *Nescafé Dolce Gusto*, petcare, and pizza continued to grow well
- **Central & Eastern Europe** delivered both positive RIG and pricing
  - Russia sustained strong double-digit growth
  - Petcare and coffee were highlights across the region
- **Middle East and North Africa** maintained overall positive results
  - Turkey remained a key driver, while Middle East region was challenged as regional instability caused supply constraints

# Zone AOA

Sales: CHF 10.6 bn

RIG	2.7%	OG %	2.8%
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- Good growth across most markets in the Zone, but momentum was diluted mainly by *Yinlu* in China
- **China** was still impacted by limited category growth and *Yinlu's* performance; however *Nescafé* and confectionery continued to grow well
- **India** grew well, with *Maggi* noodles reaching 79% of the pre-crisis sales level
- **South-East Asia** maintained high single-digit growth, led by *Milo* and dairy
- **Sub-Saharan Africa** grew well across most categories, especially with *Maggi* and the focus on affordability
- In developed markets, **Japan** performed well through innovation

# Nestlé Waters

Sales: CHF 6.1 bn

RIG

4.4%

OG %

4.2%



- Good growth momentum, driven by volume
  - **Developed markets** sustained positive organic growth contribution despite negative pricing
  - **Emerging markets** delivered high single-digit organic growth
- Premium international brands *Perrier* and *S.Pellegrino* continued to grow well
- Good contribution from local brands such as *Poland Spring* in US, *Buxton* in UK, and *Santa Maria* in Mexico

# Nestlé Nutrition



Sales: CHF 7.7 bn

RIG	0.8%	OG %	1.3%
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- Soft category dynamics resulting in growth slowdown
- China: category was affected by negative pricing and inventory de-stocking, however Nestlé and Wyeth brands gained market share
- US: back to growth as supply constraints during packaging transition have been largely resolved
- Other emerging markets:
  - Brazil, Mexico, Philippines, and Indonesia grew well
  - Middle East was challenged due to difficult environment, limiting product supply

# Other Businesses

Sales: CHF 10.1 bn

RIG

4.0%

OG %

4.6%



## ■ Nestlé Professional

- Emerging markets drove growth, particularly Mexico and Russia
- US was resilient despite pricing pressures; Europe was challenged

## ■ Nespresso

- Maintained good broad-based growth across geographies
- *VertuoLine* grew well in US and now launched in France

## ■ Nestlé Health Science

- Consumer Care maintained its double-digit growth, led by *Boost*
- Medical Nutrition had good performance, led by allergy portfolio

## ■ Nestlé Skin Health

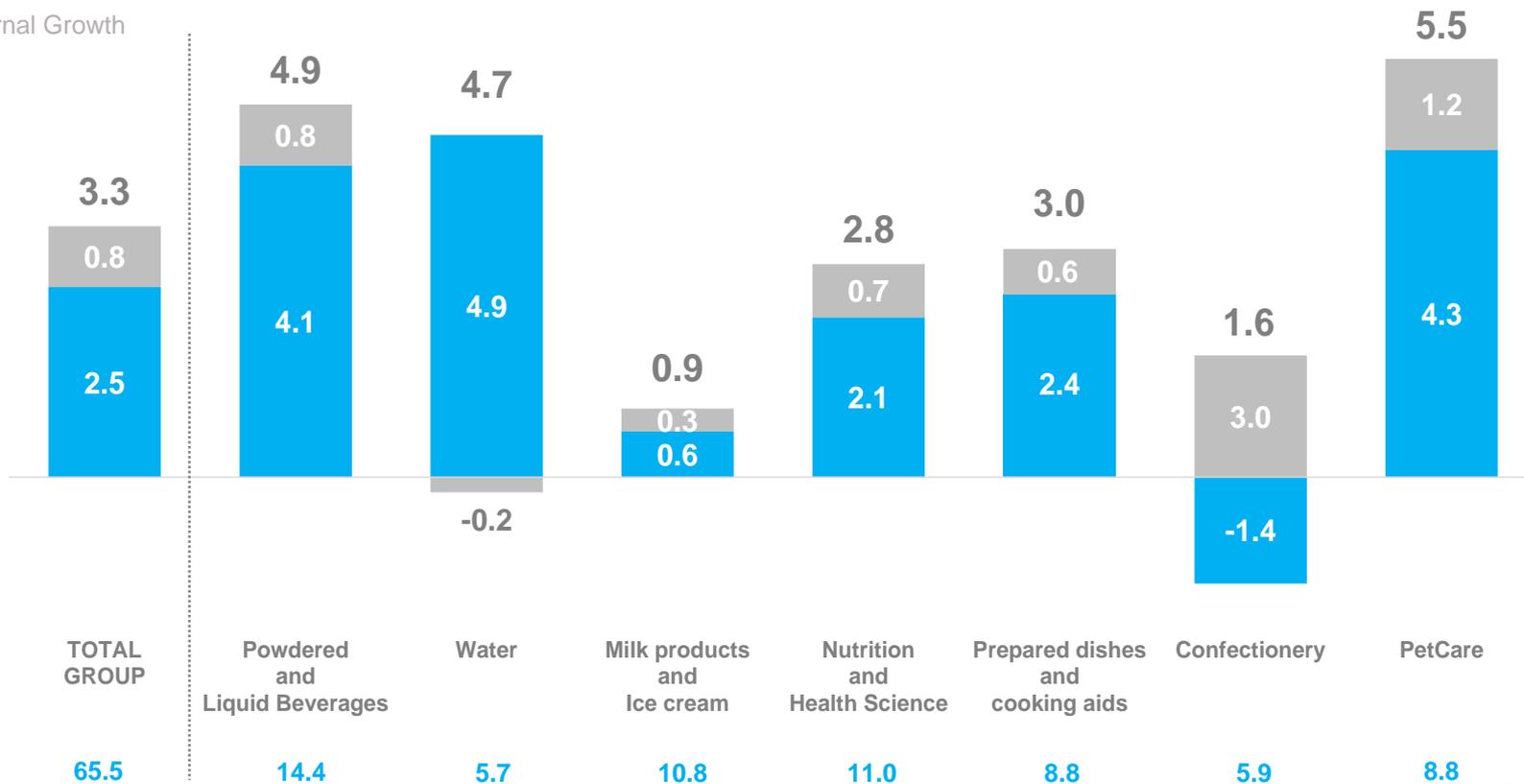
- Growth momentum accelerated, driven by consumer products in US and A&C business



# Broad-based growth across product groups

9M 2016

■ % Real Internal Growth  
■ % Pricing



Sales  
(CHF bn)



# Summary

- Resilient portfolio supporting real internal growth momentum
- Pricing low due to deflation, with early signs of improvement
- Further gains in market share
- For the Full Year 2016, considering the softer environment, we now expect:

**Organic growth of around 3.5%, improvements in margins and underlying earnings per share in constant currencies, and increased capital efficiency.**



**Nestlé**

# Nine-Month Sales Conference

**Paul Bulcke**  
Nestlé CEO





Nestlé



Nestlé



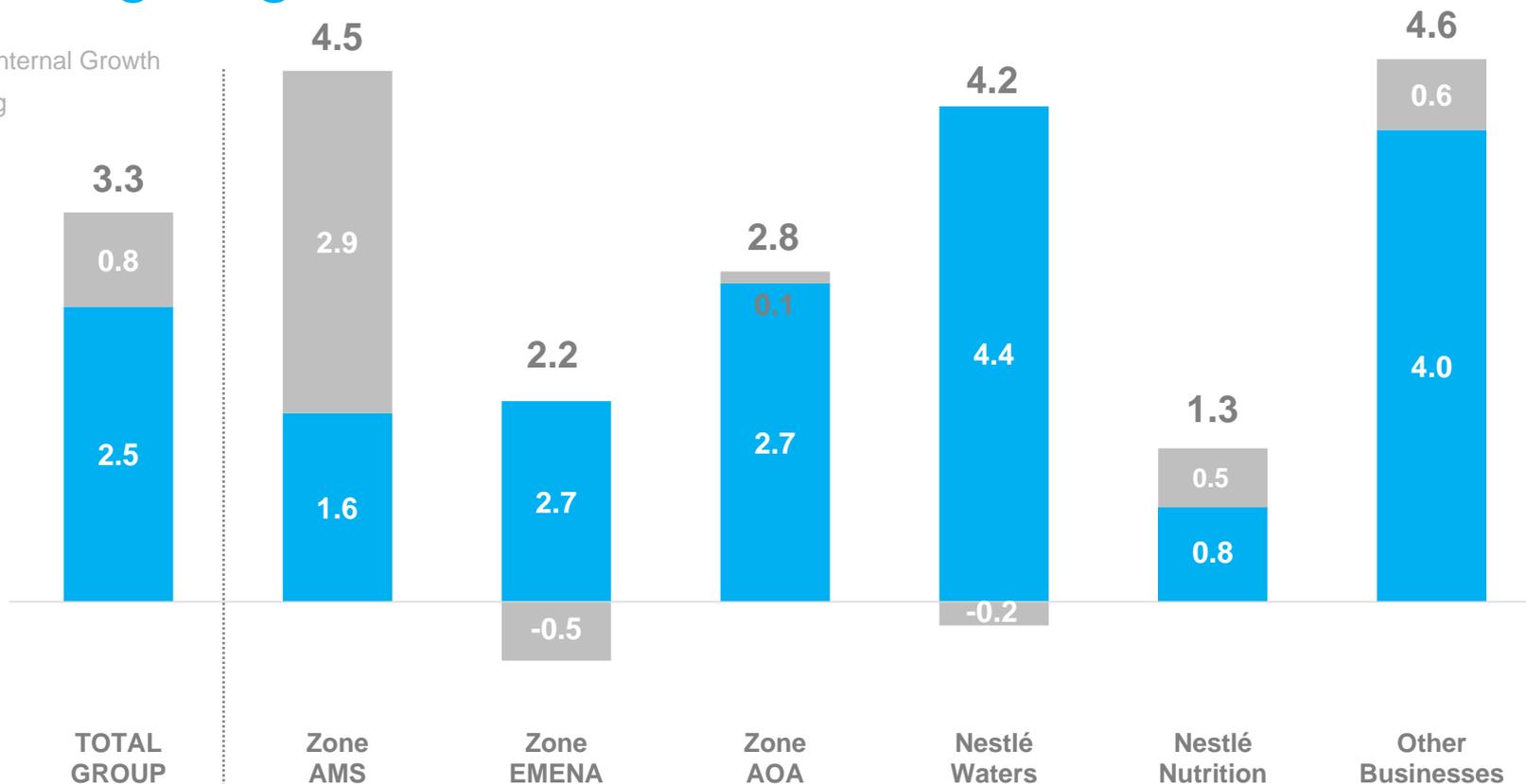
# Nine-Month Sales 2016

## Supporting Slides

# Operating Segments

9M 2016

■ % Real Internal Growth  
■ % Pricing



# Currency Overview

			Weighted average rate		
			9M 2015	9M 2016	Variation
US Dollar	1	USD	0.95	<b>0.98</b>	<b>+2.7%</b>
Euro	1	EUR	1.06	<b>1.09</b>	<b>+3.0%</b>
Chinese Yuan Renminbi	100	CNY	15.26	<b>14.91</b>	<b>-2.3%</b>
Brazilian Reais	100	BRL	30.33	<b>27.83</b>	<b>-8.2%</b>
UK Pound Sterling	1	GBP	1.46	<b>1.36</b>	<b>-6.6%</b>
Mexican Pesos	100	MXN	6.13	<b>5.36</b>	<b>-12.5%</b>
Philippine Pesos	100	PHP	2.12	<b>2.09</b>	<b>-1.3%</b>
Canadian Dollar	1	CAD	0.76	<b>0.74</b>	<b>-1.7%</b>
Russian Ruble	100	RUB	1.61	<b>1.45</b>	<b>-10.3%</b>
Australian Dollar	1	AUD	0.73	<b>0.73</b>	<b>+0.1%</b>
Japanese Yen	100	JPY	0.79	<b>0.90</b>	<b>+14.5%</b>

# FX Impact

	<b>FX Impact</b>
	<b>9M 2016</b>
Zone AMS	<b>-3.6%</b>
Zone EMENA	<b>-0.6%</b>
Zone AOA	<b>-1.6%</b>
Nestlé Waters	<b>+0.5%</b>
Nestlé Nutrition	<b>-2.8%</b>
Other Businesses	<b>-0.2%</b>
<b>Total</b>	<b>-1.7%</b>

# Quarterly Summary – by operating segment

	Third Quarter 2016		
	Sales (CHF bn)	RIG %	OG %
Zone AMS	6.7	0.0	3.5
Zone EMENA	4.1	2.2	1.4
Zone AOA	3.5	3.4	3.7
Nestlé Waters	2.2	3.9	4.1
Nestlé Nutrition	2.5	0.1	1.4
Other Businesses	3.4	3.7	5.4
<b>TOTAL GROUP</b>	<b>22.4</b>	<b>1.9</b>	<b>3.2</b>

# Quarterly Summary – historical 10 quarters

Period	RIG %	Pricing %	OG %
Q2 2014	3.2	1.9	5.1
Q3 2014	1.2	2.9	4.1
Q4 2014	2.4	2.1	4.5
Q1 2015	1.9	2.5	4.4
Q2 2015	1.4	3.2	4.6
Q3 2015	2.7	1.0	3.7
Q4 2015	2.7	1.2	3.9
Q1 2016	3.0	0.9	3.9
Q2 2016	2.7	0.4	3.1
Q3 2016	1.9	1.3	3.2