



Nestlé Good food, Good life



**Nine-month
sales 2018**

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.

2017 figures have been restated to reflect:

- The implementation of IFRS 15 - Revenue from contract with customers, IFRS 16 - Leases and IFRIC 23 - Uncertainty over income tax treatments as well as other accounting policies and presentation changes; and
- The change in organization of infant nutrition business. Effective January 1, 2018 Nestlé Nutrition is reported in the Zones as a regionally managed business, with Gerber Life Insurance business reported in Other Businesses.





Nine-month sales 2018

Mark Schneider, CEO

Key messages

- **Continued progress with the Nestlé accelerated value creation model**
- **Organic growth of 2.8% supported by increased momentum** in North America, China and infant formula
- **Sharpened our strategic focus on food and beverage, and nutritional health products:** Nestlé Skin Health now under strategic review
- **Significant milestones reached in portfolio management:** Starbucks license acquisition and Gerber Life Insurance disposal
- **Full-year guidance for 2018 confirmed**

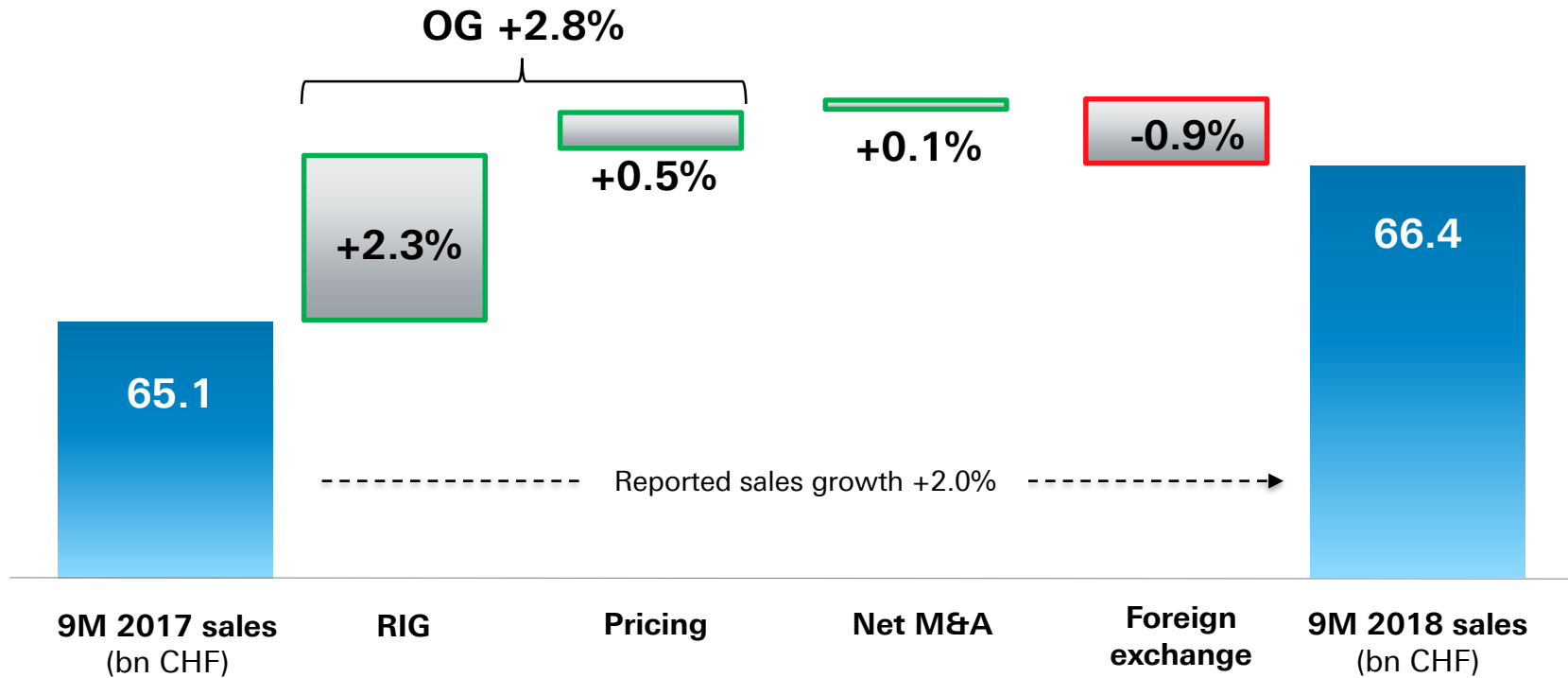




Nine-month sales 2018

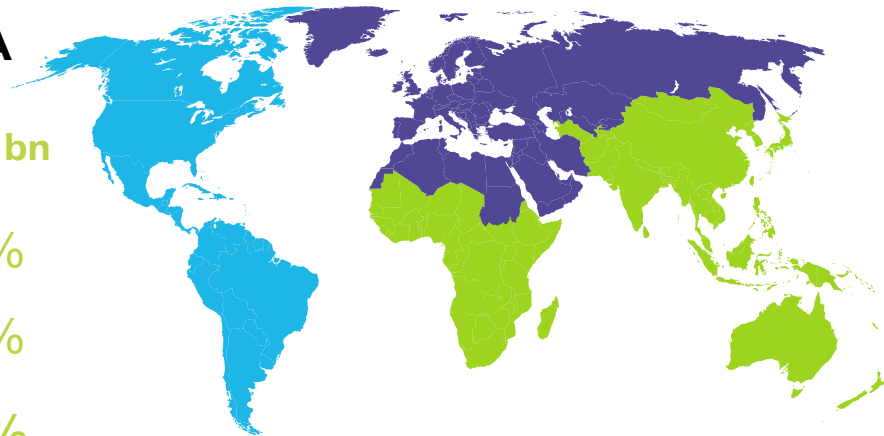
François-Xavier Roger, CFO

Nine-month sales growth



Broad-based OG and RIG across geographies

	AMS	EMENA	AOA
Sales (in CHF)	29.4 bn	19.7 bn	17.3 bn
RIG	1.6%	2.1%	3.8%
Pricing	0.8%	-0.2%	0.5%
OG	2.4%	1.9%	4.3%

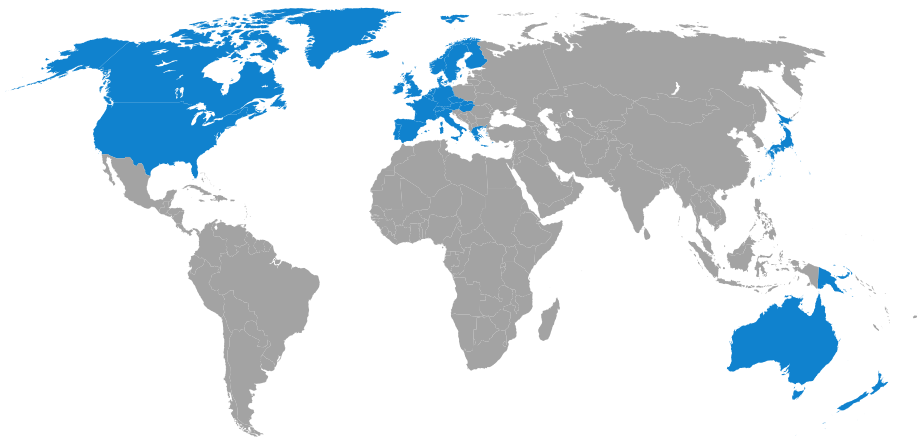


Each geography includes zones, Nestlé Waters, Nespresso, Nestlé Health Science and Nestlé Skin Health



Strong RIG in developed and emerging markets

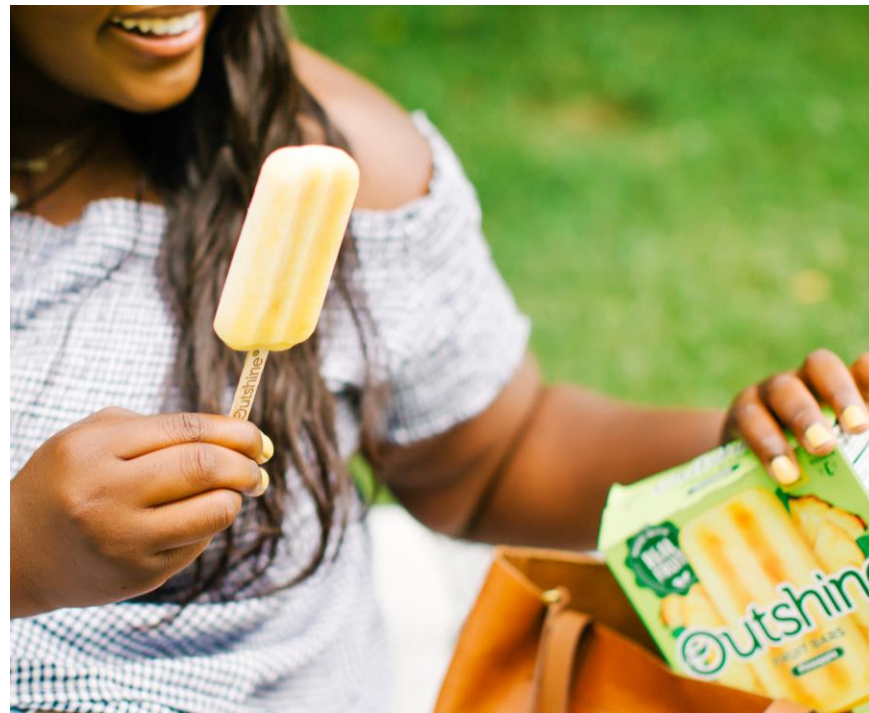
	Developed	Emerging
Sales (in CHF) % of group sales	38.1 bn 57%	28.3 bn 43%
RIG	1.3%	3.6%
Pricing	0.1%	0.9%
OG	1.4%	4.5%



Zone AMS

Sales	CHF 21.9 bn
Real internal growth	+0.8%
Pricing	+0.6%
Organic growth	+1.4%

- North America had positive growth in the nine-months, with increased pricing in Q3
- Latin America saw positive growth and accelerated to a mid single-digit pace in Q3
- Brazil returned to positive growth in Q3
- Category highlights for the Zone were *Purina* petcare, coffee and Nestlé Professional



Zone EMENA

Sales	CHF 13.7 bn
Real internal growth	+2.3%
Pricing	-0.7%
Organic growth	+1.6%

- Resilient RIG in a challenging environment.
- Pricing slightly down, largely reflecting commodity deflation
- Premium products drove strong growth for *Purina* petcare, infant nutrition and Nestlé Professional
- Western Europe saw slightly negative growth with other geographies growing at mid single-digit



Zone AOA

Sales	CHF 15.8 bn
Real internal growth	+3.7%
Pricing	+0.7%
Organic growth	+4.4%

- Consistent mid single-digit growth with solid RIG and positive pricing
- China maintained mid single-digit pace
- *Maggi* and *Milo* were key growth drivers in the zone
- Infant nutrition and *Purina* Petcare accelerated to high single-digit growth in Q3



Nestlé Waters

Sales	CHF 6.1 bn
Real internal growth	-0.2%
Pricing	+2.3%
Organic growth	+2.1%

- North America reported positive growth, supported by increased pricing to offset higher PET and freight costs
- Europe returned to positive growth with strong RIG in Q3, supported by innovations
- *S.Pellegrino* and *Perrier* saw high single-digit growth



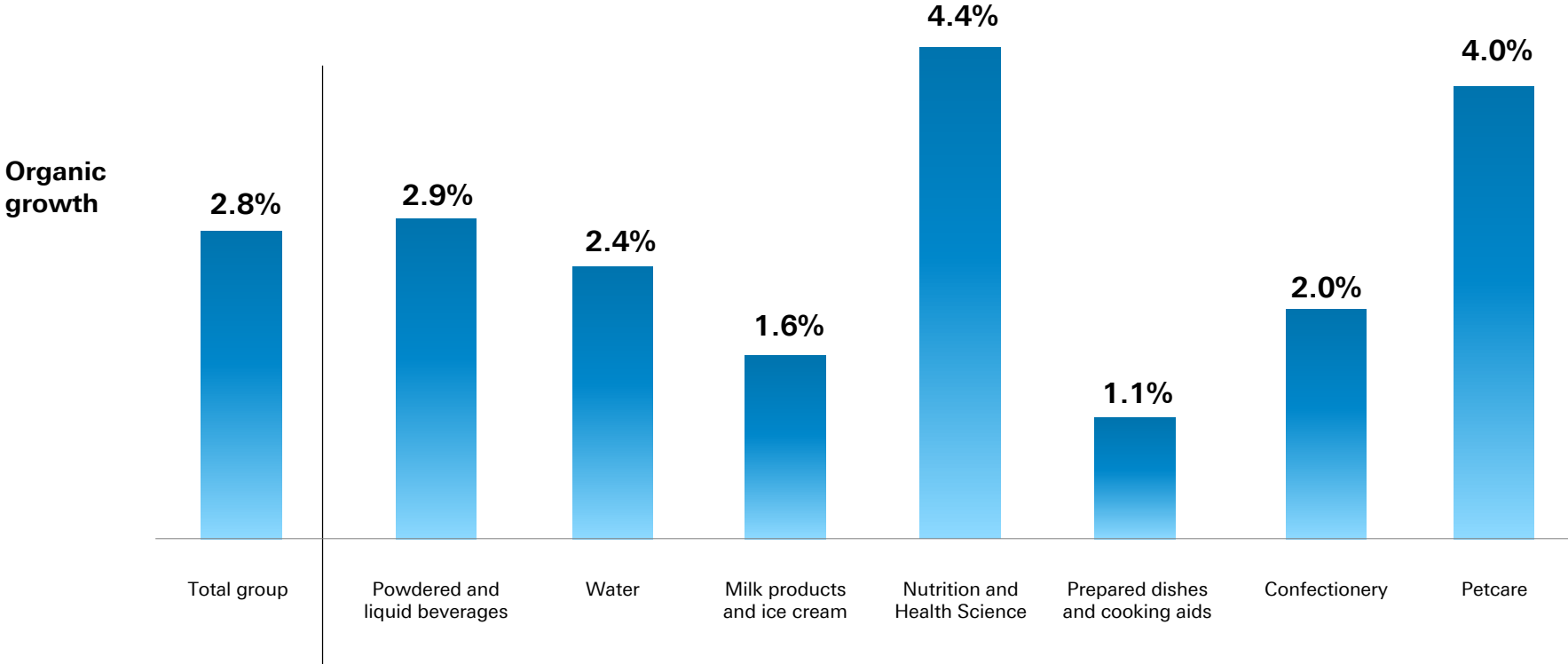
Other Businesses

Sales	CHF 8.9 bn
Real internal growth	+5.7%
Pricing	+0.3%
Organic growth	+6.0%

- Nespresso sustained mid single-digit growth, with strong momentum in the Americas and Asia
- Nestlé Health Science continued to deliver mid single-digit OG, driven by RIG
- Nestlé Skin Health had high single-digit growth



Growth by products



2018 guidance confirmed

- Organic sales growth of around 3%
- Underlying trading operating margin improvement in line with our 2020 target
- Restructuring costs* are expected at around CHF 700 million
- Increase in underlying EPS in constant currency and capital efficiency

* Not including impairment of fixed assets, litigation and onerous contracts





Nine-month sales 2018

Q&A



Nine-month sales 2018

Supporting slides

9M-2018 Operating segments – quarterly summary

Q3-2018 sales

	Sales (CHF m)	RIG %	Pricing %	OG %
Zone AMS	7'765	0.4	1.7	2.1
Zone EMENA	4'428	0.7	-1.1	-0.4
Zone AOA	5'165	3.8	0.6	4.4
Nestlé Waters	2'160	0.6	3.5	4.1
Other Businesses	2'994	6.1	0.5	6.6
Total Group	22'512	2.0	0.9	2.9



9M-2018 Operating segments – topline summary

	9M-2018 sales						Reported
	Sales (CHF m)	RIG %	Pricing %	OG %	Net M&A %	F/X %	sales growth %
Zone AMS	21'918	0.8	0.6	1.4	-1.1	-3.2	-2.9
Zone EMENA	13'731	2.3	-0.7	1.6	-0.1	2.2	3.7
Zone AOA	15'799	3.7	0.7	4.4	0.0	-1.3	3.1
Nestlé Waters	6'127	-0.2	2.3	2.1	-0.8	-0.7	0.6
Other Businesses	8'849	5.7	0.3	6.0	5.4	0.7	12.1
Total Group	66'424	2.3	0.5	2.8	0.1	-0.9	2.0



9M-2018 Products – topline summary

9M-2018 sales				
	Sales (CHF m)	RIG %	Pricing %	OG %
Powdered and liquid beverages	15'388	2.3	0.6	2.9
Water	5'765	0.0	2.4	2.4
Milk products and ice cream	9'758	0.8	0.8	1.6
Nutrition and Health Science	11'905	4.8	-0.4	4.4
Prepared dishes and cooking aids	8'716	1.0	0.1	1.1
Confectionery	5'542	3.0	-1.0	2.0
Petcare	9'350	3.2	0.8	4.0
Total group	66'424	2.3	0.5	2.8



9M-2018 historical eight quarters

Period	RIG %	Pricing %	OG %
Q4-2016	2.0	0.9	2.9
Q1-2017	1.3	1.0	2.3
Q2-2017	1.5	0.9	2.4
Q3-2017	2.6	0.5	3.1
Q4-2017	1.2	0.7	1.9
Q1-2018	2.6	0.2	2.8
Q2-2018	2.4	0.2	2.6
Q3-2018	2.0	0.9	2.9



9M-2018 currency overview

US Dollar	1	USD
Euro	1	EUR
Chinese Yuan Renminbi	100	CNY
Brazilian Reias	100	BRL
Mexican Pesos	100	MXN
UK Pound Sterling	1	GBP
Australian Dollar	1	AUD
Philippine Peso	100	PHP
Canadian Dollar	1	CAD
Russian Federation Ruble	100	RUB
Japanese Yen	100	JPY

Weighted average rate		
9M-2017	9M-2018	Variation in %
0.983	0.973	-1.0%
1.095	1.161	+6.0%
14.468	14.924	+3.2%
30.972	26.905	-13.1%
5.213	5.105	-2.1%
1.255	1.312	+4.5%
0.753	0.736	-2.2%
1.959	1.851	-5.5%
0.753	0.755	+0.2%
1.688	1.579	-6.5%
0.880	0.887	+0.8%



Abbreviations

OG	Organic Growth
RIG	Real Internal Growth
AMS	Zone Americas
EMENA	Zone Europe, Middle East, and North Africa
AOA	Zone Asia, Oceania, and sub-Saharan Africa
EPS	Earnings Per Share
COGS	Cost Of Goods Sold
FCF	Free Cash Flow
TOP	Trading Operating Profit
UTOP	Underlying Trading Operating Profit

