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# Press Release

Ad hoc announcement pursuant to Art. 53 LR

Vevey, July 27, 2023

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## Nestlé reports half-year results for 2023

- Organic growth reached 8.7%, with pricing of 9.5% and real internal growth (RIG) of -0.8%. Growth was broad-based across geographies and categories.
- Total reported sales increased by 1.6% to CHF 46.3 billion (6M-2022: CHF 45.6 billion). Foreign exchange decreased sales by 6.7%. Net acquisitions had a negative impact of 0.4%.
- The underlying trading operating profit (UTOP) margin was 17.1%, up 20 basis points on a reported basis and 30 basis points in constant currency. The trading operating profit (TOP) margin increased by 120 basis points to 15.9% on a reported basis, reflecting one-off items in the prior year.
- Underlying earnings per share increased by 11.1% in constant currency and increased by 4.1% on a reported basis to CHF 2.43. Earnings per share increased by 10.6% to CHF 2.13 on a reported basis.
- Free cash flow increased by CHF 1.9 billion to CHF 3.4 billion, mainly reflecting lower inventory levels.
- **Full-year 2023 outlook updated:** we are increasing organic sales growth guidance to a range of 7% to 8%. The underlying trading operating profit margin is expected to be between 17.0% and 17.5%. Underlying earnings per share in constant currency is expected to increase between 6% and 10%.

**Mark Schneider, Nestlé CEO, commented:** *"We pursued our strategic priorities with discipline and focus in a fast-evolving consumer environment. Based on the strong performance in the first half of the year we upgrade our organic sales growth outlook for 2023. At-home consumption post-COVID has now normalized, removing a growth drag on some of our categories. Out-of-home channels continue to see strong growth momentum.*

*For the remainder of the year, we are confident that we will deliver a positive combination of volume and mix, an improvement in gross margin and a significant increase in marketing investments. Combined with ongoing portfolio management and optimization as well as the continued implementation of our sustainability initiatives, we are well-positioned to grow and to generate value for our stakeholders."*

	Total Group	Zone North America	Zone Europe	Zone AOA	Zone Latin America	Zone Greater China	Nestlé Health Science	Nespresso	Other Businesses
Sales 6M-2023 (CHF m)	46 293	12 553	9 467	9 060	6 082	2 548	3 318	3 128	137
Sales 6M-2022 (CHF m)	45 580	12 138	9 283	9 335	5 659	2 677	3 167	3 190	131
Real internal growth (RIG)	-0.8%	-1.0%	-2.4%	0.1%	-0.9%	1.3%	-1.9%	0.8%	8.3%
Pricing	9.5%	11.0%	11.3%	9.2%	12.5%	3.4%	5.3%	3.7%	1.3%
Organic growth	8.7%	10.0%	8.9%	9.3%	11.6%	4.7%	3.5%	4.5%	9.6%
Net M&A	-0.4%	-2.1%	-0.9%	-0.1%	0.1%	0.0%	6.0%	-0.8%	0.0%
Foreign exchange	-6.7%	-4.4%	-6.0%	-12.1%	-4.3%	-9.5%	-4.8%	-5.6%	-4.3%
Reported sales growth	1.6%	3.4%	2.0%	-2.9%	7.5%	-4.8%	4.7%	-1.9%	5.3%
6M-2023 Underlying TOP Margin	17.1%	21.6%	16.6%	22.8%	19.8%	16.6%	13.0%	21.7%	-12.5%
6M-2022 Underlying TOP Margin	16.9%	18.8%	17.3%	23.5%	21.1%	15.0%	13.7%	24.3%	-3.6%

### Group sales

Organic growth was 8.7%. Pricing was 9.5%, reflecting the impact of cost inflation over the last two years. RIG was -0.8%, with a negative impact of around 60 basis points from portfolio optimization actions. Remaining capacity constraints also limited RIG. Overall, demand elasticity was limited in the context of pricing actions.

Growth was broad-based across most geographies and categories. In developed markets, organic growth was 8.0%, led by pricing with negative RIG. In emerging markets, organic growth was 9.6%, driven by pricing and flat RIG.

By product category, Purina PetCare was the largest contributor to organic growth, with strong momentum for both wet and dry offerings. *Purina ONE*, *Purina Pro Plan* and *Friskies* all recorded double-digit growth. Coffee saw high single-digit growth, with positive sales developments across brands and a continued recovery for out-of-home channels. Infant Nutrition posted double-digit growth, with broad-based contributions across brands and geographies. Dairy reported high single-digit growth, with strong demand for coffee creamers and affordable fortified milks. Confectionery recorded double-digit growth, fueled by a strong sales development for *KitKat*. Prepared dishes and cooking aids posted mid single-digit growth, led by *Maggi*. Nestlé Health Science recorded low single-digit growth, with a return to positive growth for vitamins, minerals and supplements in the second quarter, led by *Garden of Life* and *Pure Encapsulations*. Despite temporary capacity constraints for *Perrier*, water posted mid single-digit growth led by *S.Pellegrino* and *Acqua Panna*.

By channel, organic growth in retail sales remained robust at 8.0%. E-commerce sales grew by 13.5%, reaching 16.7% of total Group sales. Organic growth of out-of-home channels was 17.1%.

Net divestitures decreased sales by 0.4%, largely related to the divestment of a majority stake in Freshly as well as the disposal of the *Gerber Good Start* infant formula brand. The impact on sales from foreign exchange was negative at 6.7%, following broad-

based appreciation of the Swiss Franc. Total reported sales increased by 1.6% to CHF 46.3 billion.

### **Underlying Trading Operating Profit**

Underlying trading operating profit increased by 2.9% to CHF 7.9 billion. The underlying trading operating profit margin reached 17.1%, an increase of 20 basis points on a reported basis and 30 basis points in constant currency.

Gross margin decreased by 40 basis points to 45.6%, following significant inflation for commodity and packaging costs as well as salaries and wages. Pricing, cost efficiencies and portfolio optimization helped to partly offset the impact of cost inflation. Compared to the second half of 2022, gross margin improved by 110 basis points.

Distribution costs as a percentage of sales decreased by 50 basis points to 8.6% of sales, mainly as a result of lower freight and energy costs.

Marketing and administration expenses as a percentage of sales were 18.6%. Within this line item, advertising and marketing expenses were 7.1% of sales, increasing by 50 basis points compared to the second half of 2022. In constant currency, advertising and marketing expenses increased by 7.5% compared to the prior year.

Net other trading items decreased to CHF 0.6 billion from CHF 1.0 billion, reflecting one-off items in the prior year, particularly asset impairments. As a result, trading operating profit increased by 10.0% to CHF 7.4 billion. The trading operating profit margin reached 15.9%, an increase of 120 basis points on a reported basis and 130 basis points in constant currency. This increase reflects one-off items in the prior year and an improved underlying trading operating profit margin in the current year.

### **Net Financial Expenses and Income Tax**

Net financial expenses increased to CHF 697 million. The average cost of net debt was 2.6% compared to 1.9% in the first half of 2022.

The Group reported tax rate decreased by 90 basis points to 23.3% as a result of one-off items. The underlying tax rate decreased by 30 basis points to 20.6%, mainly due to the geographic and business mix.

### **Net Profit and Earnings Per Share**

Net profit increased by 7.7% to CHF 5.6 billion. Net profit margin increased by 70 basis points to 12.2% on a reported basis and by 90 basis points in constant currency. The increase was mainly due to one-off items in the prior year. As a result, earnings per share increased by 10.6% to CHF 2.13 on a reported basis.

Underlying earnings per share increased by 11.1% in constant currency and by 4.1% on a reported basis to CHF 2.43. The increase was mainly the result of strong organic

growth and improved underlying trading operating profit margin. Nestlé's share buyback program contributed 1.4% to the underlying earnings per share increase, net of finance costs.

### Cash Flow

Cash generated from operations increased to CHF 7.1 billion from CHF 5.7 billion. The step up was mainly due to working capital movements, particularly lower inventory levels. Free cash flow increased to CHF 3.4 billion from CHF 1.5 billion, as working capital movements and the CHF 643 million proceeds from the disposal of the Prometheus Biosciences stake more than offset higher capital expenditure.

### Share Buyback Program

In the first half, the Group repurchased CHF 2.4 billion of Nestlé shares as part of the three-year CHF 20 billion share buyback program, which began in January 2022.

### Net Debt

Net debt increased to CHF 55.6 billion as at June 30, 2023, compared to CHF 48.2 billion at December 31, 2022. The increase largely reflected the dividend payment of CHF 7.8 billion and share buybacks of CHF 2.6 billion.

### Portfolio Management

Nestlé and private equity firm PAI Partners have agreed to set up a joint venture for Nestlé's frozen pizza business in Europe, creating a dedicated player in a competitive and dynamic category. Nestlé will retain a non-controlling stake with equal voting rights alongside PAI Partners, remaining invested in this business and participating in future growth and value creation in the category. The transaction is expected to close on September 1, 2023, subject to the approval of regulatory authorities.

The strategic review of *Palforzia*, the peanut allergy treatment, is progressing, with several options under consideration. In the first half of 2023, the business has significantly enhanced its cost structure and seen some progress in sales development.

### Zone North America

- 10.0% organic growth: -1.0% RIG; 11.0% pricing.
- The underlying trading operating profit margin increased to 21.6%, mainly as a result of the divestment of a majority stake in Freshly and portfolio optimization actions.

	Sales 6M-2023	Sales 6M-2022	RIG	Pricing	Organic growth	UTOP 6M-2023	UTOP 6M-2022	Margin 6M-2023	Margin 6M-2022
Zone North America	CHF 12.6 bn	CHF 12.1 bn	-1.0%	11.0%	10.0%	CHF 2.7 bn	CHF 2.3 bn	21.6%	18.8%

Organic growth was 10.0%, with pricing of 11.0%. RIG was -1.0%, reflecting portfolio optimization actions and capacity constraints, particularly for Purina PetCare, *Perrier* and coffee creamers. Net divestitures reduced sales by 2.1%, as a result of the divestment of a majority stake in Freshly as well as the disposal of the *Gerber Good Start* infant formula brand. Foreign exchange had a negative impact of 4.4%. Reported sales in Zone North America increased by 3.4% to CHF 12.6 billion.

Zone North America saw broad-based growth across brands and categories, driven by inflation-related pricing, favorable mix and continued momentum for e-commerce. The Zone saw market share gains in pet food, frozen meals as well as soluble and portioned coffee.

By product category, Purina PetCare was the largest growth contributor, with broad-based demand across segments and channels, particularly e-commerce. *Purina ONE*, *Purina Pro Plan* and *Friskies* all saw strong double-digit growth. The beverages category, including *Starbucks* products, *Coffee mate* and *Nescafé*, posted high single-digit growth. Sales for Nestlé Professional and *Starbucks* out-of-home solutions grew at a strong double-digit rate, led by distribution expansion. *Gerber* baby food reported mid single-digit growth with market share gains, led by healthy snacking. Growth in frozen food was flat, partly impacted by the rapid winding down of the frozen meals and pizza business in Canada in the second quarter. *Stouffers* as well as *Jack's* and *Tombstone* pizza recorded robust growth with market share gains. *Nido* fortified milks reported strong double-digit growth, led by distribution expansion. Water saw a slight sales decrease, as temporary capacity constraints for *Perrier* continued to outweigh strong growth for *S.Pellegrino* and *Acqua Panna*.

The Zone's underlying trading operating profit margin increased by 280 basis points, mainly as a result of the divestment of a majority stake in Freshly and portfolio optimization actions. Pricing and cost efficiencies also helped to offset significant cost inflation.

## Zone Europe

- 8.9% organic growth: -2.4% RIG; 11.3% pricing.
- The underlying trading operating profit margin decreased by 70 basis points to 16.6%.

	Sales 6M-2023	Sales 6M-2022	RIG	Pricing	Organic growth	UTOP 6M-2023	UTOP 6M-2022	Margin 6M-2023	Margin 6M-2022
Zone Europe	CHF 9.5 bn	CHF 9.3 bn	-2.4%	11.3%	8.9%	CHF 1.6 bn	CHF 1.6 bn	16.6%	17.3%

Organic growth was 8.9% with pricing of 11.3%. RIG was -2.4%, following a high base of comparison in the last 2 years and portfolio optimization actions. Foreign exchange negatively impacted sales by 6.0%. Net divestitures reduced sales by 0.9%. Reported sales in Zone Europe increased by 2.0% to CHF 9.5 billion.

Growth in Zone Europe was supported by pricing, strong sales development for e-commerce and a continued momentum for out-of-home channels. The Zone saw market share gains in pet food, confectionery and Infant Nutrition.

By product category, the key contributor to growth was Purina PetCare, driven by differentiated offerings across premium brands *Felix*, *Gourmet* and *Purina ONE*. Confectionery reported high single-digit growth, led by *KitKat* and seasonal products. Nestlé Professional posted double-digit growth. Coffee saw mid single-digit growth, with particular strength for *Nescafé* soluble coffee and *Starbucks* products. Infant Nutrition recorded high single-digit growth, based on continued momentum for premium infant formula, particularly *NAN*. Culinary posted low single-digit growth, with improved sales developments for *Maggi* and *Thomy*. Water sales were close to flat, as strong growth for *S.Pellegrino* and *Acqua Panna* offset the impact of temporary capacity constraints for *Perrier*.

The Zone's underlying trading operating profit margin decreased by 70 basis points. Significant cost inflation outweighed pricing and cost efficiencies.

### Zone Asia, Oceania and Africa (AOA)

- 9.3% organic growth: 0.1% RIG; 9.2% pricing.
- The underlying trading operating profit margin decreased by 70 basis points to 22.8%.

	Sales 6M-2023	Sales 6M-2022	RIG	Pricing	Organic growth	UTOP 6M-2023	UTOP 6M-2022	Margin 6M-2023	Margin 6M-2022
Zone AOA	CHF 9.1 bn	CHF 9.3 bn	0.1%	9.2%	9.3%	CHF 2.1 bn	CHF 2.2 bn	22.8%	23.5%

Organic growth was 9.3%, with RIG of 0.1%. Pricing increased to 9.2%, with broad-based contributions from all geographies and categories. Foreign exchange reduced sales by 12.1%. Reported sales in Zone AOA decreased by 2.9% to CHF 9.1 billion.

Growth in Zone AOA was driven by pricing, continued momentum of out-of-home channels and innovation. The Zone saw market share gains in coffee, culinary and confectionery.

South-East Asia posted mid single-digit growth, with strong sales developments in coffee, culinary and Infant Nutrition. South Asia recorded strong double-digit growth, led by *KitKat* and *Munch* as well as *Maggi* and *Nescafé*. Middle East and Africa saw double-digit growth, with particular strength for affordable offerings in culinary, Infant Nutrition and coffee. Japan reported mid single-digit growth, driven by *KitKat* and Purina PetCare. South Korea posted high single-digit growth, fueled by *Starbucks* products. Oceania recorded high single-digit growth, supported by Purina PetCare, *KitKat* and *Nescafé*.

By product category, Infant Nutrition was the largest growth contributor, led by *Lactogen*, *NAN* and *Cerelac*. Culinary recorded double-digit growth, based on distribution expansion and strong execution for *Maggi*. Coffee saw high single-digit growth, with continued robust demand for *Nescafé* and *Starbucks* products. The recently launched *Starbucks* ready-to-drink products resonated strongly with consumers. Sales for Nestlé Professional grew at a strong double-digit rate across most geographies and categories, supported by channel penetration and customer acquisition. Confectionery reported double-digit growth, fueled by strong momentum for *KitKat*. Purina PetCare saw high single-digit growth, led by *Supercoat*, *Purina ONE* and *Felix*. Cocoa and malt beverages posted low single-digit growth, supported by *Milo* powder and ready-to-drink products.

The Zone's underlying trading operating profit margin decreased by 70 basis points. The impact of input cost inflation and currency depreciation more than offset pricing and disciplined cost control.

### Zone Latin America

- 11.6% organic growth: -0.9% RIG; 12.5% pricing.
- The underlying trading operating profit margin decreased by 130 basis points to 19.8%.

	Sales 6M-2023	Sales 6M-2022	RIG	Pricing	Organic growth	UTOP 6M-2023	UTOP 6M-2022	Margin 6M-2023	Margin 6M-2022
Zone Latin America	CHF 6.1 bn	CHF 5.7 bn	-0.9%	12.5%	11.6%	CHF 1.2 bn	CHF 1.2 bn	19.8%	21.1%

Organic growth was 11.6%, with pricing of 12.5% and RIG of -0.9%. Foreign exchange had a negative impact of 4.3%. Reported sales in Zone Latin America increased by 7.5% to CHF 6.1 billion.

Zone Latin America recorded sustained strong growth across all geographies and product categories, supported by pricing, strong operational execution and continued momentum of out-of-home channels. The Zone saw market share gains in pet food, Infant Nutrition and culinary.

Brazil posted strong double-digit growth, with strong momentum for *Garoto* and *KitKat* as well as *NAN* and *Mucilon* infant cereals. Mexico reported double-digit growth, with strong sales developments for dairy, coffee and Infant Nutrition. The Plata region saw double-digit growth, led by coffee and water.

By product category, confectionery was the largest growth contributor, reflecting strong demand for *KitKat* and key local brands as well as new product launches. Dairy posted double-digit growth, supported by fortified milks and dairy culinary solutions. Infant Nutrition saw double-digit growth, based on solid momentum for *NAN* and *Nido* growing-up milks. Coffee reported broad-based double-digit growth, supported by *Nescafé* soluble coffee. Sales for Nestlé Professional grew at a strong double-digit rate,

with continued strength for branded coffee solutions. Purina PetCare saw mid single-digit growth, following a high base of comparison in 2022.

The Zone's underlying trading operating profit margin decreased by 130 basis points. One-off items in the prior year and cost inflation more than offset pricing and cost efficiencies.

### Zone Greater China

- 4.7% organic growth: 1.3% RIG; 3.4% pricing.
- The underlying trading operating profit margin increased by 160 basis points to 16.6%.

	Sales 6M-2023	Sales 6M-2022	RIG	Pricing	Organic growth	UTOP 6M-2023	UTOP 6M-2022	Margin 6M-2023	Margin 6M-2022
Zone Greater China	CHF 2.5 bn	CHF 2.7 bn	1.3%	3.4%	4.7%	CHF 0.4 bn	CHF 0.4 bn	16.6%	15.0%

Organic growth was 4.7%, with pricing of 3.4%. RIG was 1.3%. Foreign exchange had a negative impact of 9.5%. Reported sales in Zone Greater China decreased by 4.8% to CHF 2.5 billion.

Growth in Zone Greater China was supported by e-commerce momentum, recovery of out-of-home channels and pricing. The Zone saw market share gains in pet food and confectionery.

By product category, Nestlé Professional was the largest growth contributor, supported by innovation and distribution expansion. Infant Nutrition saw mid single-digit growth, led by *NAN* specialty offerings and *illumina*. Confectionery recorded high single-digit growth, led by *Hsu Fu Chi* and *Shark* wafer. Culinary posted mid single-digit growth, with increased demand for *Totole* in out-of-home channels. Coffee reported low single-digit growth, supported by soluble coffee and *Starbucks* products. Ready-to-drink coffee saw positive growth, with a strong recovery in the second quarter. Nutritional milk products for adults recorded double-digit growth, supported by new product launches. Purina PetCare reported double-digit growth, driven by *Purina Pro Plan* and *Fancy Feast*. In the second quarter, Purina PetCare opened new production lines in Tianjin.

The Zone's underlying trading operating profit margin increased by 160 basis points. Favorable mix and disciplined cost control more than offset cost inflation.



## Nestlé Health Science

- 3.5% organic growth: -1.9% RIG; 5.3% pricing.
- The underlying trading operating profit margin decreased by 70 basis points to 13.0%.

	Sales 6M-2023	Sales 6M-2022	RIG	Pricing	Organic growth	UTOP 6M-2023	UTOP 6M-2022	Margin 6M-2023	Margin 6M-2022
Nestlé Health Science	CHF 3.3 bn	CHF 3.2 bn	-1.9%	5.3%	3.5%	CHF 0.4 bn	CHF 0.4 bn	13.0%	13.7%

Organic growth was 3.5%, with pricing of 5.3%. RIG was -1.9%, following extraordinary growth over the last three years during the pandemic. Net acquisitions increased sales by 6.0%, largely related to the acquisition of *Orgain*. Foreign exchange negatively impacted sales by 4.8%. Reported sales in Nestlé Health Science increased by 4.7% to CHF 3.3 billion.

Growth in Nestlé Health Science was driven by pricing, e-commerce momentum and geographic expansion. The business continued to gain market share.

Consumer Care saw a sales decrease, with a return to positive growth in the second quarter.

- Active nutrition reported low single-digit growth, with positive sales developments for healthy-aging products, *Vital Proteins* and *Orgain*.
- Vitamins, minerals and supplements posted a sales decrease, following three years of strong growth during the pandemic. The business returned to positive growth in the second quarter, led by *Garden of Life* and *Pure Encapsulations*.

Medical Nutrition recorded double-digit growth, with strong momentum across all segments. Growth was led by acute and adult medical care products as well as pediatric and allergy products.

By geography, North America saw low single-digit growth. Europe reported mid single-digit growth. Other regions combined posted high single-digit growth.

The underlying trading operating profit margin of Nestlé Health Science decreased by 70 basis points. Cost inflation more than offset pricing and acquisition synergies.

## Nespresso

- 4.5% organic growth: 0.8% RIG; 3.7% pricing.
- The underlying trading operating profit margin decreased by 260 basis points to 21.7%.

	Sales 6M-2023	Sales 6M-2022	RIG	Pricing	Organic growth	UTOP 6M-2023	UTOP 6M-2022	Margin 6M-2023	Margin 6M-2022
Nespresso	CHF 3.1 bn	CHF 3.2 bn	0.8%	3.7%	4.5%	CHF 0.7 bn	CHF 0.8 bn	21.7%	24.3%

Organic growth was 4.5%, with pricing of 3.7%. RIG was 0.8%. Foreign exchange negatively impacted sales by 5.6%. Reported sales in Nespresso decreased by 1.9% to CHF 3.1 billion.

The key growth contributor was the *Vertuo* system, which continued to see broad-based momentum. Growth in out-of-home channels was also strong, with further adoption for the *Momento* system, particularly in the office segment. Innovation continued to resonate with consumers, including the roll-out of *Vertuo Pop*, a new compact machine, as well as the launch of home compostable coffee capsules in France in June.

By geography, North America posted double-digit growth, with continued market share gains. Europe reported slightly positive growth. Other regions combined saw low single-digit growth.

The underlying trading operating profit margin of Nespresso decreased by 260 basis points. Significant coffee cost inflation and the appreciation of the Swiss Franc more than offset pricing actions. The business continued to invest in the rollout of the *Vertuo* system as well as in media advertising.

### **Business as a force for good: Eliminating deforestation from Nestlé's palm oil supply chains**

The European Union recently passed legislation that will ban the import of commodities linked to deforestation, including palm oil. Nestlé has worked for over a decade to address deforestation in its palm oil supply chains and in all other major supply chains. This strong foundation means the company is well placed to address the new law.

Traceability is key to preventing deforestation. As such, Nestlé sources from suppliers that can trace their palm oil all the way back to the plantation on which it was grown. Together with external partners, Nestlé assessed the company's palm oil supply chains to be 95.6% deforestation-free at the end of 2022. Nestlé is vigilant in its efforts to maintain this level of performance. It works with experts and industry bodies to continually improve environmental and social practices, take action when risks or issues are identified, and invest in technology to stay ahead.

One such technology is Starling, a satellite-based system, which Nestlé uses to monitor its palm oil supply chains. Starling helps the company identify deforestation risks and cases around the mills from which it sources as well as deforestation patterns. This supports Nestlé in prioritizing actions on the ground, where they are most needed.

In the Aceh and Riau provinces of Indonesia, for example, Nestlé collaborates with partners to drive sustainable production, forest conservation as well as good social and labor practices. It works with the government on integrated land use planning and supports a "No Deforestation, No Peatland, No Exploitation" policy. Based on new information from satellite monitoring, the company recently expanded the scope of this work to include the East Kalimantan province.

Nestlé also strives to include smallholder farmers in its supply chains, given that they represent 40% of the world's palm oil supply. It recently helped launch a Smallholders Hub in Aceh that trains farmers on good agricultural practices and helps them increase their yields from existing farmland. This reduces the risk of encroachment into protected areas. Similar programs are being rolled out in other landscapes.

Nestlé is now going beyond deforestation to conserve and restore natural ecosystems, while also promoting sustainable livelihoods and respecting human rights. It was recognized for its work in this year's Forest 500 report, coming in third for its efforts in tackling deforestation among companies exposed to the issue.

Palm oil is highly versatile. It requires four to ten times less land to produce the same amount of oil as other plants. Replacing it is not the answer – neither for the environment, nor for the millions of farmers whose livelihoods depend on it. That is why Nestlé goes ever further to make palm oil production truly sustainable, for both forests and communities.

## Outlook

**Full-year 2023 outlook updated:** we are increasing organic sales growth guidance to a range of 7% to 8%. The underlying trading operating profit margin is expected to be between 17.0% and 17.5%. Underlying earnings per share in constant currency is expected to increase between 6% and 10%.

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## Annex

### Half-year sales and underlying trading operating profit (UTOP) overview by operating segment

	Total Group	Zone North America	Zone Europe	Zone AOA	Zone Latin America	Zone Greater China	Nestlé Health Science	Nespresso	Other Businesses
Sales 6M-2023 (CHF m)	46 293	12 553	9 467	9 060	6 082	2 548	3 318	3 128	137
Sales 6M-2022 (CHF m)	45 580	12 138	9 283	9 335	5 659	2 677	3 167	3 190	131
Real internal growth (RIG)	-0.8%	-1.0%	-2.4%	0.1%	-0.9%	1.3%	-1.9%	0.8%	8.3%
Pricing	9.5%	11.0%	11.3%	9.2%	12.5%	3.4%	5.3%	3.7%	1.3%
Organic growth	8.7%	10.0%	8.9%	9.3%	11.6%	4.7%	3.5%	4.5%	9.6%
Net M&A	-0.4%	-2.1%	-0.9%	-0.1%	0.1%	0.0%	6.0%	-0.8%	0.0%
Foreign exchange	-6.7%	-4.4%	-6.0%	-12.1%	-4.3%	-9.5%	-4.8%	-5.6%	-4.3%
Reported sales growth	1.6%	3.4%	2.0%	-2.9%	7.5%	-4.8%	4.7%	-1.9%	5.3%
6M-2023 Underlying TOP (CHF m)	7 904	2 713	1 570	2 068	1 202	422	432	678	-17
6M-2022 Underlying TOP (CHF m)	7 683	2 284	1 606	2 198	1 196	400	435	777	-5
6M-2023 Underlying TOP Margin	17.1%	21.6%	16.6%	22.8%	19.8%	16.6%	13.0%	21.7%	-12.5%
6M-2022 Underlying TOP Margin	16.9%	18.8%	17.3%	23.5%	21.1%	15.0%	13.7%	24.3%	-3.6%

### Half-year sales and underlying trading operating profit (UTOP) overview by product

	Total Group	Powdered & liquid beverages	Water	Milk products & ice cream	Nutrition & Health Science	Prepared dishes & cooking aids	Confectionery	PetCare
Sales 6M-2023 (CHF m)	46 293	12 339	1 706	5 418	7 832	5 931	3 694	9 373
Sales 6M-2022 (CHF m)	45 580	12 335	1 792	5 443	7 689	6 137	3 595	8 589
Real internal growth (RIG)	-0.8%	-0.6%	-6.3%	-3.8%	-0.5%	-4.2%	2.6%	2.9%
Pricing	9.5%	7.8%	10.5%	11.3%	7.8%	10.0%	8.2%	12.1%
Organic growth	8.7%	7.2%	4.2%	7.5%	7.4%	5.8%	10.8%	15.0%
6M-2023 Underlying TOP (CHF m)	7 904	2 607	187	1 261	1 529	989	536	1 959
6M-2022 Underlying TOP (CHF m)	7 683	2 915	175	1 192	1 502	974	498	1 635
6M-2023 Underlying TOP Margin	17.1%	21.1%	11.0%	23.3%	19.5%	16.7%	14.5%	20.9%
6M-2022 Underlying TOP Margin	16.9%	23.6%	9.7%	21.9%	19.5%	15.9%	13.8%	19.0%