

# 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.

- 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.

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.

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.

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.

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.

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.

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.

### Nine-month sales overview 2013

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 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.

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