

Nestlé® delivers broad-based growth amid strategic overhaul, maintains 2025 guidance

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Nestlé® has reported a steady performance for the first half of 2025, underpinned by broad-based organic growth and accelerated innovation despite mounting macroeconomic pressures and a challenging market in Greater China. CEO Laurent Freix emphasised the company's commitment to transforming operations and boosting efficiency while doubling down on growth-oriented investments.

“We are accelerating our category growth and improving our market share, through better execution and increased investment,” Freix said in a statement, highlighting a “relentless pursuit of efficiency” that is already bearing fruit.

H1 Performance Highlights

For the first half of 2025, Nestlé® posted an organic sales growth (OG) of 2.9 per cent, with real internal growth (RIG) at a modest 0.2 per cent and pricing contributing 2.7 per cent. The second quarter saw OG rise slightly to 3.0 per cent, though RIG dipped to -0.4 per cent, underscoring continued volume challenges in certain categories.

A notable drag came from Greater China, which pulled down Group Q2 OG by 70 basis points and RIG by 40 basis points. Despite this, Nestlé® maintained a solid underlying trading operating profit (UTOP) margin of 16.5 per cent, though this was affected by inflationary pressures, increased growth investments, and foreign exchange headwinds.

Net profit stood at CHF 5.1 billion, with basic earnings per share declining 9.0 per cent to CHF 1.97. Free cash flow was reported at CHF 2.3 billion.

Strategic Shifts and Innovation Payoffs

Freix underscored the early success of the company's focused investment strategy. “Where we are investing to accelerate category growth, we are growing four times faster than the Group,” he noted. Six major innovation “big bets” collectively brought in over CHF 200 million in H1 sales, demonstrating Nestlé®'s ability to swiftly scale high-potential

products.

Nestlé also reported progress in its turnaround efforts for 18 underperforming business units, with the overall growth gap to market narrowing by one-third.

Meanwhile, the company continues to push ahead with its CHF 2.5 billion “Fuel for Growth” cost savings program, targeting CHF 0.7 billion in savings this year. More than CHF 150 million in savings were realised in H1, with an additional CHF 350 million secured for the second half.

Refocusing Key Markets and Businesses

Facing persistent headwinds in Greater China, Nestlé is taking steps to revitalise its operations in the region, acknowledging that these efforts could act as a short-term drag on growth for up to a year. The company is also repositioning its Vitamins, Minerals and Supplements (VMS) business by prioritising premium brands, and has initiated a strategic review of its mainstream and value offerings.

Digital Transformation and Structural Simplification

Nestlé is progressing in its digital transformation and organisational simplification. It is leveraging its single ERP core and expanding AI-driven platforms to enhance decision-making and operational efficiency across its global footprint.

2025 Outlook Reaffirmed

Despite ongoing global uncertainties, Nestlé has maintained its 2025 guidance. The company expects organic growth to improve relative to 2024, with momentum building through the year. The UTOP margin is projected to remain at or above 16.0 per cent, factoring in current tariffs and foreign exchange impacts.

“Despite heightened risks from continuing macroeconomic and consumer uncertainties, we remain committed to investing for the medium term,” Freixe reaffirmed.

As Nestlé balances disciplined cost management with targeted investments in innovation and market leadership, its performance in the back half of 2025 will be closely watched as a bellwether for resilience in the global food and beverage sector.