

Vevey, March 28, 2018

Nestlé publishes 2017 restated Group figures following the adoption of new accounting standards, the reorganization of infant nutrition business, and other presentation changes as from January 1, 2018.

New accounting standards

The Group adopted the following International Financial Reporting Standards (IFRSs) effective January 1, 2018.

IFRS 15 – Revenue from Contract with Customers

This standard combines, enhances and replaces specific guidance on recognizing revenue with a single standard. The Group undertook a review under this standard of the main types of commercial arrangements with customers. The main effects identified on the Group financial positions are as follows:

- 1) less than 0.5% of annual sales are recognized on average 2 days later under the new standard, but the impact at the end of the period is compensated by a similar effect at the start of the year leading to a net nil impact at Group level;
- 2) an amount of CHF 159 million in payments to customers currently treated as Distribution expenses has been reclassified as deductions from Sales under the new standard.

This standard is mandatory as from January 1, 2018 and has been applied retrospectively.

IFRS 16 – Leases

This standard replaces IAS 17 and sets out the principles for the recognition, measurement, presentation and disclosure of leases. IFRS 16 requires a lessee to recognize assets and liabilities for almost all leases. The effects identified on the Group financial positions are as follows:

- 1) an increase of total Property, plant and equipment of CHF 3 002 million as of December 31, 2017 (January 1, 2017: CHF 2 743 million);
- 2) an increase of total Financial debt of CHF 3 309 million as of December 31, 2017 (January 1, 2017: CHF 3 020 million);
- 3) an increase of Trading operating profit of CHF 84 million due to the replacement of the operating lease expense with depreciation of leased assets;
- 4) an increase of Interest expense of CHF 77 million;
- 5) an increase of Operating cash flow of CHF 705 million mainly due to the add-back of the depreciation of leased assets compensated by a decrease of Financing cash flow of CHF 701 million due to the repayment of the principal of lease related financial debt.

This standard is mandatory as from January 1, 2019 but the Group early adopted it on January 1, 2018 under the full retrospective approach.

IFRS 9 – Financial Instruments

This standard is mandatory as from January 1, 2018. In accordance with the standard, there is no restatement of comparative information for prior years.

IFRIC 23 – Uncertainty over Income Tax Treatments

IFRIC 23 provides guidance on how to account for uncertainty related to income taxes. There is no impact on the measurement of taxes, therefore the Group was able to implement the interpretation retrospectively without the use of hindsight. The interpretation provides additional clarity regarding presentation and disclosures of uncertain tax liabilities and consequentially the uncertain tax liabilities formerly included under Provisions have been reclassified to Current income tax liabilities for CHF 1 307 million as of December 31, 2017 (January 1, 2017: CHF 1 528 million).

This standard is mandatory as from January 1, 2019 but the Group early adopted it on January 1, 2018.

Other changes in accounting policies

The Group reviewed its definition of which costs are included in the valuation of inventory, increasing the scope of the costs which are expensed in the period in which they are incurred.

Reorganization of infant nutrition business

On November 15, 2017, the Board of Directors decided to change the organization of the infant nutrition business to further enhance the Group's ability to win in this high-growth category. Effective January 1, 2018, the globally-managed Nestlé Nutrition business was transformed into regionally-managed businesses and transferred to the Zones and to Other businesses.

The effect of this organization change is reflected in the prior period presented in this restatement, reflecting the new scope of responsibilities.

Other presentation changes

The main change in presentation relates to reclassification in the income statement of the costs of defective products destroyed and the depreciation and maintenance cost of trade assets (such as coffee machines, water coolers and freezers) from Marketing and administration expenses to the heading Cost of goods sold of CHF 658 million. This change presents a more comprehensive view of the total costs incurred in making products available at the point of sale. Other less significant changes include the reclassification of certain levies and taxes previously classified under Taxes which are more appropriately treated as a reduction of Sales or operating costs, and the reallocation of certain costs from Marketing and administration expenses to Distribution expenses and Research and development costs. The presentation of invested capital by operating segment has been modified, with the Goodwill related to the petcare business reclassified from Unallocated items to the Zones following a modification on how it is reported to the Executive Board. These reclassifications have no impact on net profit or total invested capital.

Appendices

Appendix 1: Summary of restatements (unaudited)

Appendix 2: Three-month 2017 – Group Sales (restated and unaudited)

Appendix 3: Half-year 2017 – Group figures (restated and unaudited)

Appendix 4: Nine-month 2017 – Group Sales (restated and unaudited)

Appendix 5: Full-year 2017 – Group figures (restated and unaudited)

Summary of restatements

	January-December 2017 as originally published	January-December 2017 restated	Impact
Sales	89.8 bn	89.6 bn	-0.2 bn
Underlying Trading Operating Profit % (UTOP)	16.40%	16.50%	+ 10 bps
Trading Operating Profit % (TOP)	14.70%	14.80%	+ 10 bps
Profit for the Year	7.54 bn	7.51 bn	-0.03 bn
Basic Earnings per share (EPS)	CHF 2.32	CHF 2.31	-0.01 CHF
Operating Cash Flow	13.5 bn	14.2 bn	+ 0.7 bn

Three-month sales: January – March 2017

In millions of CHF

	January-March 2017 restated	January-March 2017 as originally published
	Sales	Sales
By operating segment		
Zone EMENA	4 458	3 988
Zone AMS	7 058	6 398
Zone AOA	5 167	3 955
Nestlé Waters	1 784	1 802
Nestlé Nutrition	–	2 591
Other businesses	2 508	2 288
Total	20 975	21 022
By product		
Powdered and Liquid Beverages	4 805	4 809
Water	1 679	1 697
Milk products and Ice cream	3 082	3 086
Nutrition and Health Science	3 648	3 650
Prepared dishes and cooking aids	2 854	2 859
Confectionery	1 950	1 950
PetCare	2 957	2 971
Total	20 975	21 022

Consolidated income statement for the period ended 30 June 2017

In millions of CHF

	January-June 2017 as originally published	IFRS 15	IFRS 16	Other	January-June 2017 restated
Sales	43 023	(82)	–	(15)	42 926
Other revenue	164	1	–	–	165
Cost of goods sold	(21 408)	–	4	(315)	(21 719)
Distribution expenses	(4 014)	79	24	(9)	(3 920)
Marketing and administration expenses	(10 149)	2	14	329	(9 804)
Research and development costs	(818)	–	–	(9)	(827)
Other trading income	59	–	–	–	59
Other trading expenses	(408)	–	–	–	(408)
Trading operating profit	6 449	–	42	(19)	6 472
Other operating income	180	–	–	–	180
Other operating expenses	(158)	–	–	–	(158)
Operating profit	6 471	–	42	(19)	6 494
Financial income	73	–	–	–	73
Financial expense	(374)	–	(31)	–	(405)
Profit before taxes, associates and joint ventures	6 170	–	11	(19)	6 162
Taxes	(1 678)	–	(3)	19	(1 662)
Income from associates and joint ventures	563	–	–	–	563
Profit for the period	5 055	–	8	–	5 063
of which attributable to non-controlling interests	166	–	–	–	166
of which attributable to shareholders of the parent (Net profit)	4 889	–	8	–	4 897
As percentages of sales					
Trading operating profit	15.0%	+3 bps	+10 bps	–4 bps	15.1%
Profit for the period attributable to shareholders of the parent (Net profit)	11.4%	+2 bps	+2 bps	0 bps	11.4%
Earnings per share (in CHF)					
Basic earnings per share	1.58	–	–	–	1.58
Diluted earnings per share	1.57	–	–	–	1.57

Consolidated statement of comprehensive income for the period ended 30 June 2017

In millions of CHF

	January-June 2017 as originally published	IFRS 15	IFRS 16	Other	January-June 2017 restated
Profit for the period recognised in the income statement	5 055	–	8	–	5 063
Currency retranslations, net of taxes	(2 623)	3	2	–	(2 618)
Fair value adjustments on available-for-sale financial instruments, net of taxes	16	–	–	–	16
Fair value adjustments on cash flow hedges, net of taxes	(93)	–	–	–	(93)
Share of other comprehensive income of associates and joint ventures	127	–	–	–	127
Items that are or may be reclassified subsequently to the income statement	(2 573)	3	2	–	(2 568)
Remeasurement of defined benefit plans, net of taxes	619	–	–	–	619
Share of other comprehensive income of associates and joint ventures	32	–	–	–	32
Items that will never be reclassified to the income statement	651	–	–	–	651
Other comprehensive income for the period	(1 922)	3	2	–	(1 917)
Total comprehensive income for the period	3 133	3	10	–	3 146
of which attributable to non-controlling interests	101	–	–	–	101
of which attributable to shareholders of the parent	3 032	3	10	–	3 045

Consolidated balance sheet as at 30 June 2017

In millions of CHF

	30 June 2017 as originally published	IFRS 15	IFRS 16	Other	30 June 2017 restated
Assets					
Current assets					
Cash and cash equivalents	3 954	–	–	–	3 954
Short-term investments	1 039	–	–	–	1 039
Inventories	9 474	203	–	(87)	9 590
Trade and other receivables	11 779	(387)	–	3	11 395
Prepayments and accrued income	872	–	(35)	–	837
Derivative assets	277	–	–	–	277
Current income tax assets	905	–	–	(3)	902
Assets held for sale	338	–	–	–	338
Total current assets	28 638	(184)	(35)	(87)	28 332
Non-current assets					
Property, plant and equipment	25 954	–	2 646	–	28 600
Goodwill	31 410	–	–	–	31 410
Intangible assets	19 685	–	–	–	19 685
Investments in associates and joint ventures	11 104	–	–	–	11 104
Financial assets	5 696	–	–	–	5 696
Employee benefits assets	308	–	–	–	308
Current income tax assets	115	–	–	–	115
Deferred tax assets	1 920	78	30	26	2 054
Total non-current assets	96 192	78	2 676	26	98 972
Total assets	124 830	(106)	2 641	(61)	127 304

Consolidated balance sheet as at 30 June 2017 (continued)

In millions of CHF

	30 June 2017 as originally published	IFRS 15	IFRS 16	Other	30 June 2017 restated
Liabilities and equity					
Current liabilities					
Financial debt	14 108	–	671	–	14 779
Trade and other payables	15 719	7	(13)	–	15 713
Accruals and deferred income	3 678	209	(12)	–	3 875
Provisions	611	–	(9)	(39)	563
Derivative liabilities	1 165	–	–	–	1 165
Current income tax liabilities	1 074	–	–	1 482	2 556
Liabilities directly associated with assets held for sale	7	–	–	–	7
Total current liabilities	36 362	216	637	1 443	38 658
Non-current liabilities					
Financial debt	10 879	–	2 270	–	13 149
Employee benefits liabilities	7 405	–	–	–	7 405
Provisions	2 519	–	(28)	(1 443)	1 048
Deferred tax liabilities	3 771	(57)	(39)	–	3 675
Other payables	2 084	–	(20)	–	2 064
Total non-current liabilities	26 658	(57)	2 183	(1 443)	27 341
Total liabilities	63 020	159	2 820	–	65 999
Equity					
Share capital	311	–	–	–	311
Treasury shares	(1 084)	–	–	–	(1 084)
Translation reserve	(21 386)	3	2	–	(21 381)
Other reserves	1 278	–	–	–	1 278
Retained earnings	81 543	(268)	(181)	(61)	81 033
Total equity attributable to shareholders of the parent	60 662	(265)	(179)	(61)	60 157
Non-controlling interests	1 148	–	–	–	1 148
Total equity	61 810	(265)	(179)	(61)	61 305
Total liabilities and equity	124 830	(106)	2 641	(61)	127 304

Consolidated cash flow statement for the period ended 30 June 2017

In millions of CHF

	January-June 2017 as originally published	IFRS 15	IFRS 16	Other	January-June 2017 restated
Operating activities					
Operating profit	6 471	–	42	(19)	6 494
Depreciation and amortisation	1 590	–	355	–	1 945
Impairment	95	–	25	–	120
Net result on disposal of businesses	(25)	–	–	–	(25)
Other non-cash items of income and expense	(50)	–	–	–	(50)
Cash flow before changes in operating assets and liabilities	8 081	–	422	(19)	8 484
Decrease/(increase) in working capital	(3 384)	–	(8)	–	(3 392)
Variation of other operating assets and liabilities	(83)	–	(30)	–	(113)
Cash generated from operations	4 614	–	384	(19)	4 979
Net cash flows from treasury activities	(255)	–	(36)	46	(245)
Taxes paid	(1 902)	–	–	19	(1 883)
Dividends and interest from associates and joint ventures	533	–	–	–	533
Operating cash flow	2 990	–	348	46	3 384
Investing activities					
Capital expenditure	(1 021)	–	(3)	–	(1 024)
Expenditure on intangible assets	(354)	–	–	–	(354)
Acquisition of businesses	(140)	–	–	–	(140)
Disposal of businesses	19	–	–	–	19
Investments (net of divestments) in associates and joint ventures	(172)	–	–	–	(172)
Inflows/(outflows) from treasury investments	200	–	–	(4)	196
Other investing activities	(112)	–	–	–	(112)
Investing cash flow	(1 580)	–	(3)	(4)	(1 587)
Financing activities					
Dividend paid to shareholders of the parent	(7 126)	–	–	–	(7 126)
Dividends paid to non-controlling interests	(187)	–	–	–	(187)
Acquisition (net of disposal) of non-controlling interests	(527)	–	–	–	(527)
Purchase (net of sale) of treasury shares	(123)	–	–	–	(123)
Inflows from bonds and other non-current financial debt	1 021	–	–	–	1 021
Outflows from bonds and other non-current financial debt	(1 173)	–	(345)	–	(1 518)
Inflows/(outflows) from current financial debt	2 921	–	–	(42)	2 879
Financing cash flow	(5 194)	–	(345)	(42)	(5 581)
Currency retranslations	(252)	–	–	–	(252)
Increase/(decrease) in cash and cash equivalents	(4 036)	–	–	–	(4 036)
Cash and cash equivalents at beginning of year	7 990	–	–	–	7 990
Cash and cash equivalents at end of year	3 954	–	–	–	3 954

Consolidated statement of changes in equity for the period ended 30 June 2017

In millions of CHF

	Share capital	Treasury shares	Translation reserve	Other reserves	Retained earnings	Total equity attributable to shareholders of the parent	Non-controlling interests	Total equity
Equity as at 31 December 2016								
as originally published	311	(990)	(18 799)	1 198	82 870	64 590	1 391	65 981
First application of IFRS 15	—	—	—	—	(268)	(268)	—	(268)
First application of IFRS 16	—	—	—	—	(189)	(189)	—	(189)
Other	—	—	—	—	(61)	(61)	—	(61)
Equity restated as at 1 January 2017	311	(990)	(18 799)	1 198	82 352	64 072	1 391	65 463
Profit for the period	—	—	—	—	4 897	4 897	166	5 063
Other comprehensive income for the period	—	—	(2 582)	78	652	(1 852)	(65)	(1 917)
Total comprehensive income for the period	—	—	(2 582)	78	5 549	3 045	101	3 146
Dividends	—	—	—	—	(7 126)	(7 126)	(187)	(7 313)
Movement of treasury shares	—	(248)	—	—	109	(139)	—	(139)
Equity compensation plans	—	154	—	—	(60)	94	—	94
Changes in non-controlling interests	—	—	—	—	296	296	(157)	139
Total transactions with owners	—	(94)	—	—	(6 781)	(6 875)	(344)	(7 219)
Other movements	—	—	—	2	(87)	(85)	—	(85)
Equity restated as at 30 June 2017	311	(1 084)	(21 381)	1 278	81 033	60 157	1 148	61 305
Equity as at 31 December 2016	311	(990)	(18 799)	1 198	82 870	64 590	1 391	65 981
Profit for the period	—	—	—	—	4 889	4 889	166	5 055
Other comprehensive income for the period	—	—	(2 587)	78	652	(1 857)	(65)	(1 922)
Total comprehensive income for the period	—	—	(2 587)	78	5 541	3 032	101	3 133
Dividends	—	—	—	—	(7 126)	(7 126)	(187)	(7 313)
Movement of treasury shares	—	(248)	—	—	109	(139)	—	(139)
Equity compensation plans	—	154	—	—	(60)	94	—	94
Changes in non-controlling interests	—	—	—	—	296	296	(157)	139
Total transactions with owners	—	(94)	—	—	(6 781)	(6 875)	(344)	(7 219)
Other movements	—	—	—	2	(87)	(85)	—	(85)
Equity as at 30 June 2017	311	(1 084)	(21 386)	1 278	81 543	60 662	1 148	61 810

3. Analyses by segment for the period ended 30 June 2017

3.1 Operating segments

Revenue and results

In millions of CHF

							January- June 2017 restated
	Sales ^(a)	Underlying Trading operating profit ^(b)	Trading operating profit	Net other trading income/(expenses) ^(c)	of which impairment of property, plant and equipment	of which restructuring costs	Depreciation and amortisation
Zone EMENA	8 741	1 593	1 493	(100)	(10)	(52)	(357)
Zone AMS	14 689	2 734	2 604	(130)	(35)	(79)	(516)
Zone AOA	10 273	2 377	2 314	(63)	(46)	(12)	(394)
Nestlé Waters	3 988	505	486	(19)	(6)	(8)	(212)
Other businesses ^(d)	5 235	777	751	(26)	(1)	(9)	(362)
Unallocated items ^(e)	—	(1 165)	(1 176)	(11)	(1)	(6)	(104)
Total	42 926	6 821	6 472	(349)	(99)	(166)	(1 945)

In millions of CHF

							January- June 2017 as originally published
	Sales ^(a)	Underlying Trading operating profit ^(b)	Trading operating profit	Net other trading income/(expenses) ^(c)	of which impairment of property, plant and equipment	of which restructuring costs	Depreciation and amortisation
Zone EMENA	7 800	1 412	1 315	(97)	(8)	(51)	(255)
Zone AMS	13 314	2 405	2 284	(121)	(10)	(76)	(391)
Zone AOA	7 902	1 605	1 550	(55)	(46)	(5)	(258)
Nestlé Waters	4 025	500	481	(19)	(6)	(8)	(167)
Nestlé Nutrition	5 184	1 287	1 260	(27)	(2)	(15)	(185)
Other businesses ^(d)	4 798	653	628	(25)	(1)	(9)	(245)
Unallocated items ^(e)	—	(1 064)	(1 069)	(5)	(1)	(2)	(89)
Total	43 023	6 798	6 449	(349)	(74)	(166)	(1 590)

(a) Inter-segment sales are not significant.

(b) Trading operating profit before Net other trading income/(expenses).

(c) Included in Trading operating profit.

(d) Mainly Nespresso, Nestlé Health Science, Nestlé Skin Health and, as part of the restated figures, Gerber Life Insurance.

(e) Mainly corporate expenses as well as research and development costs.

3. Analyses by segment for the period ended 30 June 2017 (continued)

3.1 Operating segments (continued)

Other information

In millions of CHF

		January- June 2017 restated
	Impairment of goodwill	Impairment of intangible assets
Zone EMENA	—	(18)
Zone AMS	—	—
Zone AOA	—	—
Nestlé Waters	(3)	—
Other businesses ^(a)	—	—
Unallocated items ^(b) and inter-segment eliminations	—	—
Total	(3)	(18)

In millions of CHF

		January- June 2017 as originally published
	Impairment of goodwill	Impairment of intangible assets
Zone EMENA	—	(18)
Zone AMS	—	—
Zone AOA	—	—
Nestlé Waters	(3)	—
Nestlé Nutrition	—	—
Other businesses ^(a)	—	—
Unallocated items ^(b) and inter-segment eliminations	—	—
Total	(3)	(18)

(a) Mainly Nespresso, Nestlé Health Science, Nestlé Skin Health and, as part of the restated figures, Gerber Life Insurance.

(b) Mainly corporate expenses as well as research and development costs.

3. Analyses by segment for the period ended 30 June 2017 (continued)

3.2 Products

Revenue and results

In millions of CHF

				January-June 2017 restated		
	Sales	Underlying Trading operating profit ^(a)	Trading operating profit	Net other trading income/(expenses) ^(b)	of which impairment of property, plant and equipment	of which restructuring costs
Powdered and Liquid Beverages	9 805	2 256	2 204	(52)	(14)	(16)
Water	3 734	486	467	(19)	(6)	(8)
Milk products and Ice cream	6 492	1 172	1 073	(99)	(48)	(38)
Nutrition and Health Science	7 471	1 477	1 435	(42)	(2)	(21)
Prepared dishes and cooking aids	5 724	959	885	(74)	(18)	(38)
Confectionery	3 700	388	331	(57)	(10)	(37)
PetCare	6 000	1 248	1 253	5	—	(2)
Unallocated items ^(c)	—	(1 165)	(1 176)	(11)	(1)	(6)
Total	42 926	6 821	6 472	(349)	(99)	(166)

In millions of CHF

				January-June 2017 as originally published		
	Sales	Underlying Trading operating profit ^(a)	Trading operating profit	Net other trading income/(expenses) ^(b)	of which impairment of property, plant and equipment	of which restructuring costs
Powdered and Liquid Beverages	9 814	2 244	2 192	(52)	(14)	(16)
Water	3 772	479	460	(19)	(6)	(8)
Milk products and Ice cream	6 499	1 165	1 065	(100)	(38)	(38)
Nutrition and Health Science	7 476	1 423	1 376	(47)	(2)	(25)
Prepared dishes and cooking aids	5 732	931	857	(74)	(7)	(38)
Confectionery	3 703	379	322	(57)	(6)	(37)
PetCare	6 027	1 241	1 246	5	—	(2)
Unallocated items ^(c)	—	(1 064)	(1 069)	(5)	(1)	(2)
Total	43 023	6 798	6 449	(349)	(74)	(166)

(a) Trading operating profit before Net other trading income/(expenses).

(b) Included in Trading operating profit.

(c) Mainly corporate expenses as well as research and development costs.

3. Analyses by segment for the period ended 30 June 2017 (continued)

3.2 Products (continued)

Other information

In millions of CHF

	January-June 2017 restated	
	Impairment of goodwill	Impairment of intangible assets
Powdered and Liquid Beverages	—	—
Water	(3)	—
Milk products and Ice cream	—	(1)
Nutrition and Health Science	—	—
Prepared dishes and cooking aids	—	(14)
Confectionery	—	(3)
PetCare	—	—
Unallocated items ^(a) and intra-group eliminations	—	—
Total	(3)	(18)

In millions of CHF

	January-June 2017 as originally published	
	Impairment of goodwill	Impairment of intangible assets
Powdered and Liquid Beverages	—	—
Water	(3)	—
Milk products and Ice cream	—	(1)
Nutrition and Health Science	—	—
Prepared dishes and cooking aids	—	(14)
Confectionery	—	(3)
PetCare	—	—
Unallocated items ^(a) and intra-group eliminations	—	—
Total	(3)	(18)

(a) Mainly corporate and research and development assets.

Nine-month sales: January – September 2017

In millions of CHF

	January- September 2017 restated	January- September 2017 as originally published
	Sales	Sales
By operating segment		
Zone EMENA	13 241	11 821
Zone AMS	22 569	20 490
Zone AOA	15 331	11 853
Nestlé Waters	6 093	6 150
Nestlé Nutrition	–	7 711
Other businesses	7 890	7 247
Total	65 124	65 272
By product		
Powdered and Liquid Beverages	14 732	14 745
Water	5 700	5 758
Milk products and Ice cream	9 880	9 891
Nutrition and Health Science	11 189	11 197
Prepared dishes and cooking aids	8 601	8 614
Confectionery	5 974	5 978
PetCare	9 048	9 089
Total	65 124	65 272

Consolidated income statement for the year ended 31 December 2017

In millions of CHF

	January- December 2017 as originally published	IFRS 15	IFRS 16	Other	January- December 2017 restated
Sales	89 791	(169)	–	(32)	89 590
Other revenue	330	2	–	–	332
Cost of goods sold	(44 923)	1	9	(658)	(45 571)
Distribution expenses	(8 205)	159	44	(21)	(8 023)
Marketing and administration expenses	(20 540)	6	28	688	(19 818)
Research and development costs	(1 724)	–	1	(16)	(1 739)
Other trading income	111	–	1	–	112
Other trading expenses	(1 607)	–	1	–	(1 606)
Trading operating profit	13 233	(1)	84	(39)	13 277
Other operating income	379	–	–	–	379
Other operating expenses	(3 500)	–	–	–	(3 500)
Operating profit	10 112	(1)	84	(39)	10 156
Financial income	152	–	–	–	152
Financial expense	(771)	–	(77)	–	(848)
Profit before taxes, associates and joint ventures	9 493	(1)	7	(39)	9 460
Taxes	(2 779)	(24)	(9)	39	(2 773)
Income from associates and joint ventures	824	–	–	–	824
Profit for the year	7 538	(25)	(2)	–	7 511
of which attributable to non-controlling interests	355	–	–	–	355
of which attributable to shareholders of the parent (Net profit)	7 183	(25)	(2)	–	7 156
As percentages of sales					
Trading operating profit	14.7%	+3 bps	+9 bps	–4 bps	14.8%
Profit for the year attributable to shareholders of the parent (Net profit)	8.0%	–1 bps	0 bps	0 bps	8.0%
Earnings per share (in CHF)					
Basic earnings per share	2.32	(0.01)	–	–	2.31
Diluted earnings per share	2.32	(0.01)	–	–	2.31

Consolidated statement of comprehensive income for the year ended 31 December 2017

In millions of CHF

	January- December 2017 as originally published	IFRS 15	IFRS 16	Other	January- December 2017 restated
Profit for the year recognised in the income statement	7 538	(25)	(2)	–	7 511
Currency retranslations, net of taxes	(558)	(2)	(1)	–	(561)
Fair value adjustments on available-for-sale financial instruments, net of taxes	(10)	–	–	–	(10)
Fair value adjustments on cash flow hedges, net of taxes	(55)	–	–	–	(55)
Share of other comprehensive income of associates and joint ventures	(240)	–	–	–	(240)
Items that are or may be reclassified subsequently to the income statement	(863)	(2)	(1)	–	(866)
Remeasurement of defined benefit plans, net of taxes	1 063	–	–	–	1 063
Share of other comprehensive income of associates and joint ventures	52	–	–	–	52
Items that will never be reclassified to the income statement	1 115	–	–	–	1 115
Other comprehensive income for the year	252	(2)	(1)	–	249
Total comprehensive income for the year	7 790	(27)	(3)	–	7 760
of which attributable to non-controlling interests	328	–	–	–	328
of which attributable to shareholders of the parent	7 462	(27)	(3)	–	7 432

Consolidated balance sheet as at 1 January 2017

In millions of CHF

	1 January 2017 as originally published	IFRS 15	IFRS 16	Other	1 January 2017 restated
Assets					
Current assets					
Cash and cash equivalents	7 990	–	–	–	7 990
Short-term investments	1 306	–	–	–	1 306
Inventories	8 401	206	–	(87)	8 520
Trade and other receivables	12 411	(392)	–	3	12 022
Prepayments and accrued income	573	–	(38)	–	535
Derivative assets	550	–	–	–	550
Current income tax assets	786	–	–	(3)	783
Assets held for sale	25	–	–	–	25
Total current assets	32 042	(186)	(38)	(87)	31 731
Non-current assets					
Property, plant and equipment	27 554	–	2 743	–	30 297
Goodwill	33 007	–	–	–	33 007
Intangible assets	20 397	–	–	–	20 397
Investments in associates and joint ventures	10 709	–	–	–	10 709
Financial assets	5 719	–	–	–	5 719
Employee benefits assets	310	–	–	–	310
Current income tax assets	114	–	–	–	114
Deferred tax assets	2 049	81	34	26	2 190
Total non-current assets	99 859	81	2 777	26	102 743
Total assets	131 901	(105)	2 739	(61)	134 474

Consolidated balance sheet as at 1 January 2017 (continued)

In millions of CHF

	1 January 2017 as originally published	IFRS 15	IFRS 16	Other	1 January 2017 restated
Liabilities and equity					
Current liabilities					
Financial debt	12 118	–	659	–	12 777
Trade and other payables	18 629	6	(16)	–	18 619
Accruals and deferred income	3 855	215	(4)	–	4 066
Provisions	620	–	(8)	(21)	591
Derivative liabilities	1 068	–	–	–	1 068
Current income tax liabilities	1 221	–	–	1 528	2 749
Liabilities directly associated with assets held for sale	6	–	–	–	6
Total current liabilities	37 517	221	631	1 507	39 876
Non-current liabilities					
Financial debt	11 091	–	2 361	–	13 452
Employee benefits liabilities	8 420	–	–	–	8 420
Provisions	2 640	–	(5)	(1 507)	1 128
Deferred tax liabilities	3 865	(58)	(41)	–	3 766
Other payables	2 387	–	(18)	–	2 369
Total non-current liabilities	28 403	(58)	2 297	(1 507)	29 135
Total liabilities	65 920	163	2 928	–	69 011
Equity					
Share capital	311	–	–	–	311
Treasury shares	(990)	–	–	–	(990)
Translation reserve	(18 799)	–	–	–	(18 799)
Other reserves	1 198	–	–	–	1 198
Retained earnings	82 870	(268)	(189)	(61)	82 352
Total equity attributable to shareholders of the parent	64 590	(268)	(189)	(61)	64 072
Non-controlling interests	1 391	–	–	–	1 391
Total equity	65 981	(268)	(189)	(61)	65 463
Total liabilities and equity	131 901	(105)	2 739	(61)	134 474

Consolidated balance sheet as at 31 December 2017

In millions of CHF

	31 December 2017 as originally published	IFRS 15	IFRS 16	Other	31 December 2017 restated
Assets					
Current assets					
Cash and cash equivalents	7 938	–	–	–	7 938
Short-term investments	655	–	–	–	655
Inventories	9 061	203	–	(87)	9 177
Trade and other receivables	12 422	(388)	–	2	12 036
Prepayments and accrued income	607	–	(34)	–	573
Derivative assets	231	–	–	–	231
Current income tax assets	919	–	–	(2)	917
Assets held for sale	357	–	–	–	357
Total current assets	32 190	(185)	(34)	(87)	31 884
Non-current assets					
Property, plant and equipment	27 775	–	3 002	–	30 777
Goodwill	29 748	–	(2)	–	29 746
Intangible assets	20 615	–	–	–	20 615
Investments in associates and joint ventures	11 628	–	–	–	11 628
Financial assets	6 003	–	–	–	6 003
Employee benefits assets	392	–	–	–	392
Current income tax assets	62	–	–	–	62
Deferred tax assets	1 967	71	39	26	2 103
Total non-current assets	98 190	71	3 039	26	101 326
Total assets	130 380	(114)	3 005	(61)	133 210

Consolidated balance sheet as at 31 December 2017 (continued)

In millions of CHF

	31 December 2017 as originally published	IFRS 15	IFRS 16	Other	31 December 2017 restated
Liabilities and equity					
Current liabilities					
Financial debt	10 536	–	675	–	11 211
Trade and other payables	18 872	6	(14)	–	18 864
Accruals and deferred income	4 094	210	(5)	–	4 299
Provisions	863	–	(6)	(38)	819
Derivative liabilities	507	–	–	–	507
Current income tax liabilities	1 170	–	–	1 307	2 477
Liabilities directly associated with assets held for sale	12	–	–	–	12
Total current liabilities	36 054	216	650	1 269	38 189
Non-current liabilities					
Financial debt	15 932	–	2 634	–	18 566
Employee benefits liabilities	7 111	–	–	–	7 111
Provisions	2 445	–	(29)	(1 269)	1 147
Deferred tax liabilities	3 559	(35)	(32)	–	3 492
Other payables	2 502	–	(26)	–	2 476
Total non-current liabilities	31 549	(35)	2 547	(1 269)	32 792
Total liabilities	67 603	181	3 197	–	70 981
Equity					
Share capital	311	–	–	–	311
Treasury shares	(4 537)	–	–	–	(4 537)
Translation reserve	(19 433)	(2)	(1)	–	(19 436)
Other reserves	989	–	–	–	989
Retained earnings	84 174	(293)	(191)	(61)	83 629
Total equity attributable to shareholders of the parent	61 504	(295)	(192)	(61)	60 956
Non-controlling interests	1 273	–	–	–	1 273
Total equity	62 777	(295)	(192)	(61)	62 229
Total liabilities and equity	130 380	(114)	3 005	(61)	133 210

Consolidated cash flow statement for the year ended 31 December 2017

In millions of CHF

	January- December 2017 as originally published	IFRS 15	IFRS 16	Other	January- December 2017 restated
Operating activities					
Operating profit	10 112	(1)	84	(39)	10 156
Depreciation and amortisation	3 227	–	707	–	3 934
Impairment	3 557	–	25	–	3 582
Net result on disposal of businesses	132	–	–	–	132
Other non-cash items of income and expense	(185)	–	(1)	–	(186)
Cash flow before changes in operating assets and liabilities	16 843	(1)	815	(39)	17 618
Decrease/(increase) in working capital	(243)	1	(3)	1	(244)
Variation of other operating assets and liabilities	393	–	(32)	–	361
Cash generated from operations	16 993	–	780	(38)	17 735
Net cash flows from treasury activities					
Net cash flows from treasury activities	(423)	–	(75)	8	(490)
Taxes paid	(3 666)	–	–	38	(3 628)
Dividends and interest from associates and joint ventures	582	–	–	–	582
Operating cash flow	13 486	–	705	8	14 199
Investing activities					
Capital expenditure	(3 934)	–	(4)	–	(3 938)
Expenditure on intangible assets	(769)	–	–	–	(769)
Acquisition of businesses	(696)	–	–	–	(696)
Disposal of businesses	140	–	–	–	140
Investments (net of divestments) in associates and joint ventures	(140)	–	–	–	(140)
Inflows/(outflows) from treasury investments	593	–	–	(6)	587
Other investing activities	(134)	–	–	–	(134)
Investing cash flow	(4 940)	–	(4)	(6)	(4 950)
Financing activities					
Dividend paid to shareholders of the parent	(7 126)	–	–	–	(7 126)
Dividends paid to non-controlling interests	(342)	–	–	–	(342)
Acquisition (net of disposal) of non-controlling interests	(526)	–	–	–	(526)
Purchase (net of sale) of treasury shares	(3 295)	–	–	–	(3 295)
Inflows from bonds and other non-current financial debt	6 406	–	–	–	6 406
Outflows from bonds and other non-current financial debt	(2 489)	–	(701)	–	(3 190)
Inflows/(outflows) from current financial debt	(1 009)	–	–	(2)	(1 011)
Financing cash flow	(8 381)	–	(701)	(2)	(9 084)
Currency retranslations	(217)	–	–	–	(217)
Increase/(decrease) in cash and cash equivalents	(52)	–	–	–	(52)
Cash and cash equivalents at beginning of year	7 990	–	–	–	7 990
Cash and cash equivalents at end of year	7 938	–	–	–	7 938

Consolidated statement of changes in equity for the year ended 31 December 2017

In millions of CHF

	Share capital	Treasury shares	Translation reserve	Other reserves	Retained earnings	Total equity attributable to shareholders of the parent	Non-controlling interests	Total equity
Equity as at 31 December 2016 as originally published	311	(990)	(18 799)	1 198	82 870	64 590	1 391	65 981
First application of IFRS 15	–	–	–	–	(268)	(268)	–	(268)
First application of IFRS 16	–	–	–	–	(189)	(189)	–	(189)
Other	–	–	–	–	(61)	(61)	–	(61)
Equity restated as at 1 January 2017	311	(990)	(18 799)	1 198	82 352	64 072	1 391	65 463
Profit for the year	–	–	–	–	7 156	7 156	355	7 511
Other comprehensive income for the year	–	–	(637)	(209)	1 122	276	(27)	249
Total comprehensive income for the year	–	–	(637)	(209)	8 278	7 432	328	7 760
Dividends	–	–	–	–	(7 126)	(7 126)	(342)	(7 468)
Movement of treasury shares	–	(3 719)	–	–	113	(3 606)	–	(3 606)
Equity compensation plans	–	172	–	–	(11)	161	–	161
Changes in non-controlling interests	–	–	–	–	93	93	(104)	(11)
Total transactions with owners	–	(3 547)	–	–	(6 931)	(10 478)	(446)	(10 924)
Other movements	–	–	–	–	(70)	(70)	–	(70)
Equity restated as at 31 December 2017	311	(4 537)	(19 436)	989	83 629	60 956	1 273	62 229
Equity as at 31 December 2016	311	(990)	(18 799)	1 198	82 870	64 590	1 391	65 981
Profit for the year	–	–	–	–	7 183	7 183	355	7 538
Other comprehensive income for the year	–	–	(634)	(209)	1 122	279	(27)	252
Total comprehensive income for the year	–	–	(634)	(209)	8 305	7 462	328	7 790
Dividends	–	–	–	–	(7 126)	(7 126)	(342)	(7 468)
Movement of treasury shares	–	(3 719)	–	–	113	(3 606)	–	(3 606)
Equity compensation plans	–	172	–	–	(11)	161	–	161
Changes in non-controlling interests	–	–	–	–	93	93	(104)	(11)
Total transactions with owners	–	(3 547)	–	–	(6 931)	(10 478)	(446)	(10 924)
Other movements	–	–	–	–	(70)	(70)	–	(70)
Equity as at 31 December 2017	311	(4 537)	(19 433)	989	84 174	61 504	1 273	62 777

3. Analyses by segment for the year ended 31 December 2017

3.1 Operating segments

Revenue and results

In millions of CHF

							January- December 2017 restated
	Sales ^(a)	Underlying Trading operating profit ^(b)	Trading operating profit	Net other trading income/(expenses) ^(c)	of which impairment of property, plant and equipment	of which restructuring costs	Depreciation and amortisation
Zone EMENA	18 478	3 354	3 111	(243)	(77)	(118)	(740)
Zone AMS	31 255	6 425	6 062	(363)	(59)	(181)	(1 037)
Zone AOA	20 878	4 644	4 468	(176)	(99)	(33)	(782)
Nestlé Waters	7 882	1 022	958	(64)	(30)	(21)	(428)
Other businesses ^(d)	11 097	1 763	1 309	(454)	(119)	(286)	(729)
Unallocated items ^(e)	—	(2 437)	(2 631)	(194)	(7)	(34)	(218)
Total	89 590	14 771	13 277	(1 494)	(391)	(673)	(3 934)

In millions of CHF

							January- December 2017 as originally published
	Sales ^(a)	Underlying Trading operating profit ^(b)	Trading operating profit	Net other trading income/(expenses) ^(c)	of which impairment of property, plant and equipment	of which restructuring costs	Depreciation and amortisation
Zone EMENA	16 535	2 990	2 768	(222)	(67)	(110)	(531)
Zone AMS	28 479	5 791	5 459	(332)	(32)	(172)	(781)
Zone AOA	16 224	3 265	3 123	(142)	(89)	(21)	(514)
Nestlé Waters	7 955	1 012	948	(64)	(30)	(21)	(337)
Nestlé Nutrition	10 361	2 384	2 282	(102)	(25)	(34)	(383)
Other businesses ^(d)	10 237	1 625	1 174	(451)	(116)	(286)	(492)
Unallocated items ^(e)	—	(2 338)	(2 521)	(183)	(7)	(29)	(189)
Total	89 791	14 729	13 233	(1 496)	(366)	(673)	(3 227)

(a) Inter-segment sales are not significant.

(b) Trading operating profit before Net other trading income/(expenses).

(c) Included in Trading operating profit.

(d) Mainly Nespresso, Nestlé Health Science, Nestlé Skin Health and, as part of the restated figures, Gerber Life Insurance.

(e) Mainly corporate expenses as well as research and development costs.

3. Analyses by segment for the year ended 31 December 2017 (continued)

3.1 Operating segments (continued)

Invested capital and other information

In millions of CHF

					January- December 2017 restated
	Invested capital	Goodwill and intangible assets	Impairment of goodwill and non-commercialised intangible assets	Impairment of intangible assets	Capital additions
Zone EMENA	7 376	4 834	—	(30)	1 021
Zone AMS	9 957	18 067	—	—	1 941
Zone AOA	5 702	13 588	(227)	—	770
Nestlé Waters	3 026	1 475	(3)	(2)	702
Other businesses ^(a)	4 431	11 886	(2 809)	(2)	1 712
Unallocated items ^(b) and inter-segment eliminations	1 459	511	—	(118)	423
Total	31 951	50 361	(3 039)	(152)	6 569

In millions of CHF

					January- December 2017 as originally published
	Invested capital	Goodwill and intangible assets	Impairment of goodwill and non-commercialised intangible assets	Impairment of intangible assets	Capital additions
Zone EMENA	5 762	1 815	—	(30)	786
Zone AMS	8 001	8 018	—	—	1 430
Zone AOA	3 848	3 133	(227)	—	554
Nestlé Waters	2 714	1 475	(3)	(2)	594
Nestlé Nutrition	5 496	15 290	—	—	542
Other businesses ^(a)	2 143	10 572	(2 809)	(2)	1 260
Unallocated items ^(b) and inter-segment eliminations	1 462	10 060	—	(118)	413
Total	29 426	50 363	(3 039)	(152)	5 579

(a) Mainly Nespresso, Nestlé Health Science, Nestlé Skin Health and, as part of the restated figures, Gerber Life Insurance.

(b) Mainly corporate expenses as well as research and development costs.

3. Analyses by segment for the year ended 31 December 2017 (continued)

3.2 Products

Revenue and results

In millions of CHF

				January-December 2017 restated		
	Sales	Underlying Trading operating profit ^(a)	Trading operating profit	Net other trading income/(expenses) ^(b)	of which impairment of property, plant and equipment	of which restructuring costs
Powdered and Liquid Beverages	20 388	4 478	4 319	(159)	(50)	(56)
Water	7 382	978	915	(63)	(30)	(20)
Milk products and Ice cream	13 430	2 515	2 333	(182)	(75)	(77)
Nutrition and Health Science	15 247	3 063	2 539	(524)	(134)	(314)
Prepared dishes and cooking aids	11 938	2 108	1 938	(170)	(47)	(77)
Confectionery	8 799	1 393	1 243	(150)	(39)	(55)
PetCare	12 406	2 673	2 621	(52)	(9)	(40)
Unallocated items ^(c)	—	(2 437)	(2 631)	(194)	(7)	(34)
Total	89 590	14 771	13 277	(1 494)	(391)	(673)

In millions of CHF

				January-December 2017 as originally published		
	Sales	Underlying Trading operating profit ^(a)	Trading operating profit	Net other trading income/(expenses) ^(b)	of which impairment of property, plant and equipment	of which restructuring costs
Powdered and Liquid Beverages	20 408	4 461	4 302	(159)	(50)	(56)
Water	7 455	968	905	(63)	(30)	(20)
Milk products and Ice cream	13 447	2 509	2 326	(183)	(65)	(77)
Nutrition and Health Science	15 257	2 961	2 425	(536)	(133)	(319)
Prepared dishes and cooking aids	11 957	2 103	1 933	(170)	(37)	(77)
Confectionery	8 805	1 387	1 237	(150)	(35)	(55)
PetCare	12 462	2 678	2 626	(52)	(9)	(40)
Unallocated items ^(c)	—	(2 338)	(2 521)	(183)	(7)	(29)
Total	89 791	14 729	13 233	(1 496)	(366)	(673)

(a) Trading operating profit before Net other trading income/(expenses).

(b) Included in Trading operating profit.

(c) Mainly corporate expenses as well as research and development costs.

3. Analyses by segment for the year ended 31 December 2017 (continued)

3.2 Products (continued)

Invested capital and other information

In millions of CHF

				January- December 2017 restated
	Invested capital	Goodwill and intangible assets	Impairment of goodwill and non-commercialised intangible assets	Impairment of intangible assets
Powdered and Liquid Beverages	6 411	831	(3)	—
Water	2 900	1 502	(3)	(2)
Milk products and Ice cream	3 715	3 073	(137)	(1)
Nutrition and Health Science	7 352	27 191	(2 806)	(2)
Prepared dishes and cooking aids	3 388	5 590	—	(26)
Confectionery	3 207	1 749	(90)	(3)
PetCare	4 094	10 095	—	—
Unallocated items ^(a) and intra-group eliminations	1 587	1 900	—	(118)
Total	32 654	51 931	(3 039)	(152)

In millions of CHF

				January- December 2017 as originally published
	Invested capital	Goodwill and intangible assets	Impairment of goodwill and non-commercialised intangible assets	Impairment of intangible assets
Powdered and Liquid Beverages	5 544	831	(3)	—
Water	2 590	1 502	(3)	(2)
Milk products and Ice cream	3 491	3 073	(137)	(1)
Nutrition and Health Science	7 073	27 191	(2 806)	(2)
Prepared dishes and cooking aids	3 105	5 590	—	(26)
Confectionery	3 026	1 749	(90)	(3)
PetCare	3 940	10 095	—	—
Unallocated items ^(a) and intra-group eliminations	1 584	1 900	—	(118)
Total	30 353	51 931	(3 039)	(152)

(a) Mainly corporate and research and development assets.