

NESTLÉ S.A. **(NSRGY)**

VICTORIA MOLINA P.



Investment Thesis

CURRENT PRICE: \$112.55

TARGET PRICE: 257.93

Upside: > 1.45%

Key Drivers



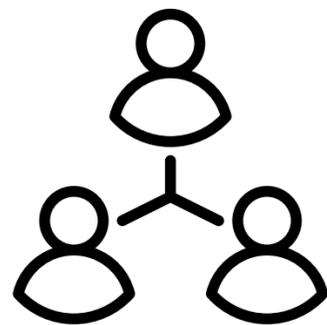
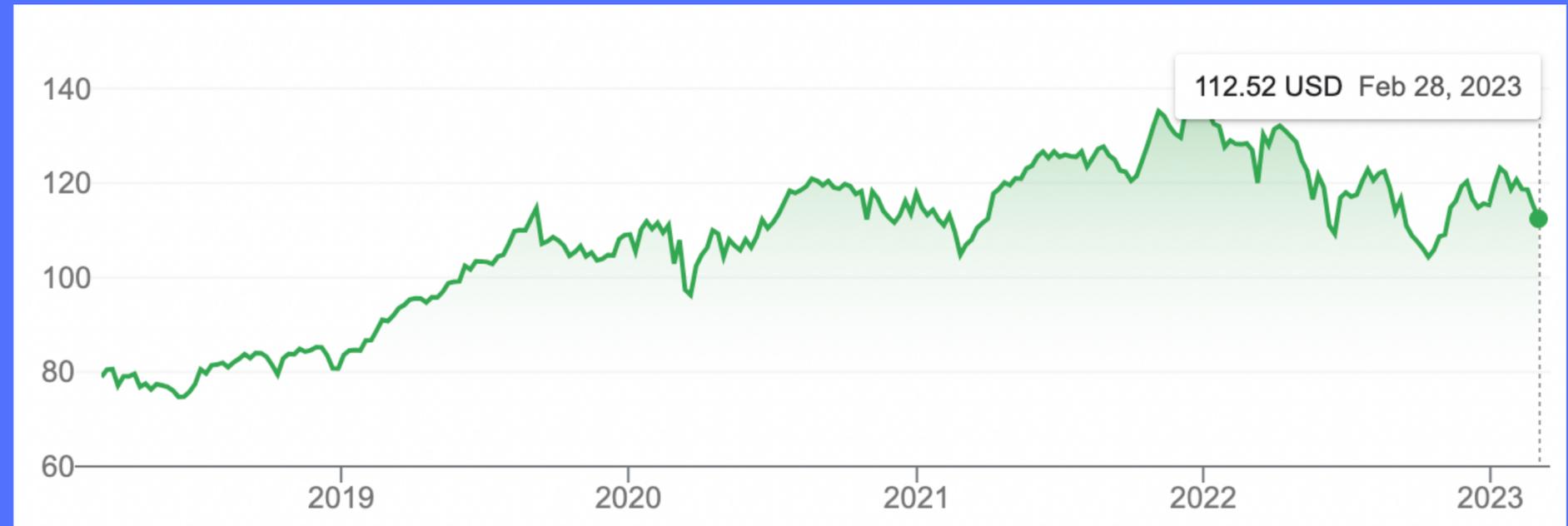
- Supply of good products at a reasonable price and marketing strategies
- Building and showcasing expertise in nutrition, health & wellness to help people live happier and healthier lives.
- Investment in market research and analysis to get a better understanding of the consumers.

COMPANY OVERVIEW

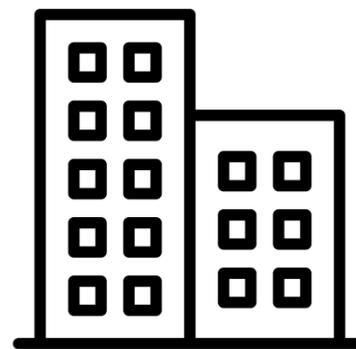
Key Financial

Stock Performance

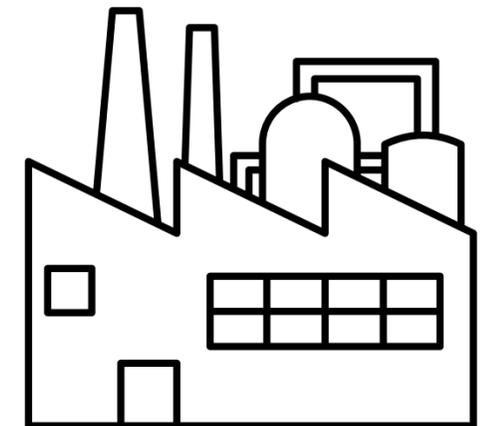
Previous Close	115.75	Market Cap	300.201B
Open	114.63	Beta (5Y Monthly)	0.31
Bid	0.00 x 0	PE Ratio (TTM)	31.00
Ask	0.00 x 0	EPS (TTM)	3.63
Day's Range	112.44 - 114.72	Earnings Date	N/A
52 Week Range	102.78 - 133.86	Forward Dividend & Yield	3.19 (2.75%)
Volume	330,971	Ex-Dividend Date	Apr 24, 2023
Avg. Volume	425,085	1y Target Est	132.00



275 K employees



HQ:Vevey, Switzerland



Marketer of food products and beverages

Core Management



**ULF MARK
SCHNEIDER**

*Chief Executive
Officer & Director*



MAGDI BATATO

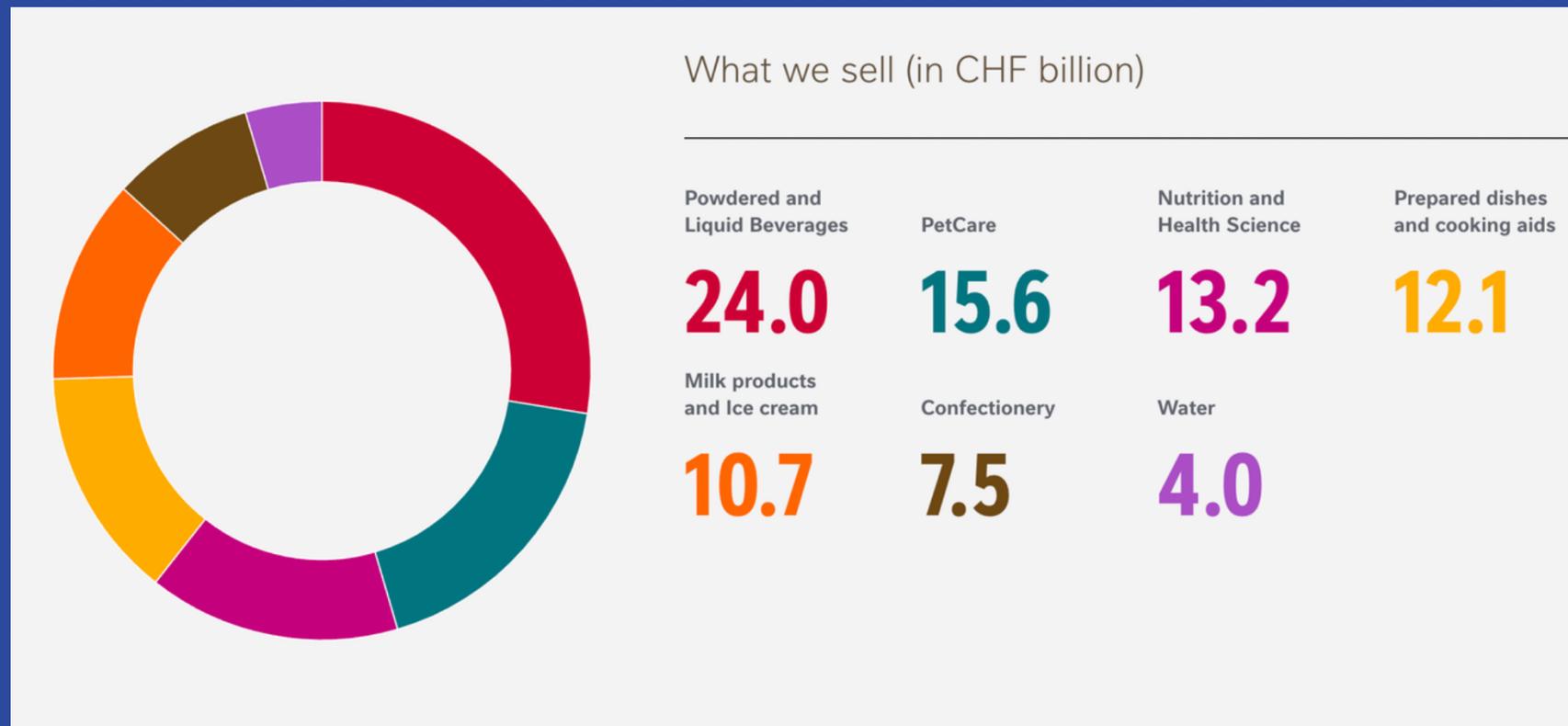
*Head-Operations &
Executive Vice
President*



**FRANÇOIS-XAVIER
MICHEL MARIE
ROGER**

*Chief Financial
Officer & Executive
Vice President*

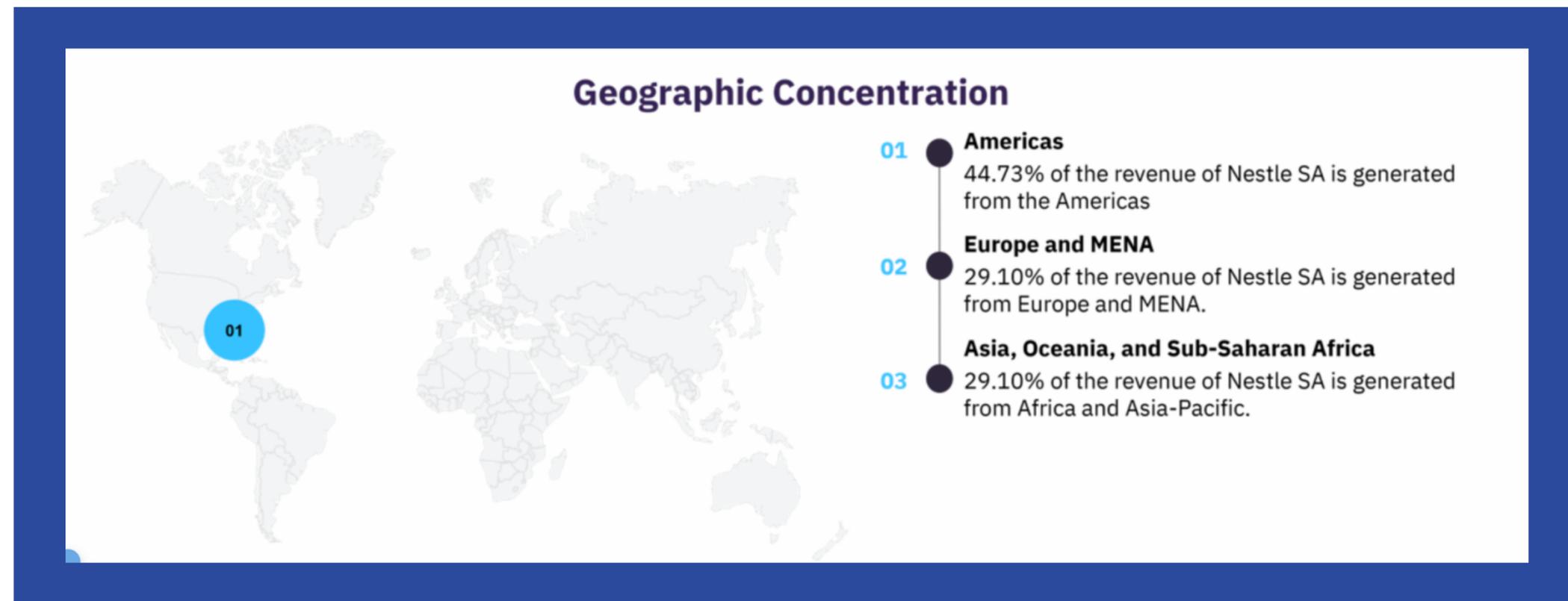
BUSINESS DESCRIPTION



- Nestle SA (Nestle) is a manufacturer and marketer of food products and beverages
- focus its energy and resources where unlocking the power of food can make the greatest difference

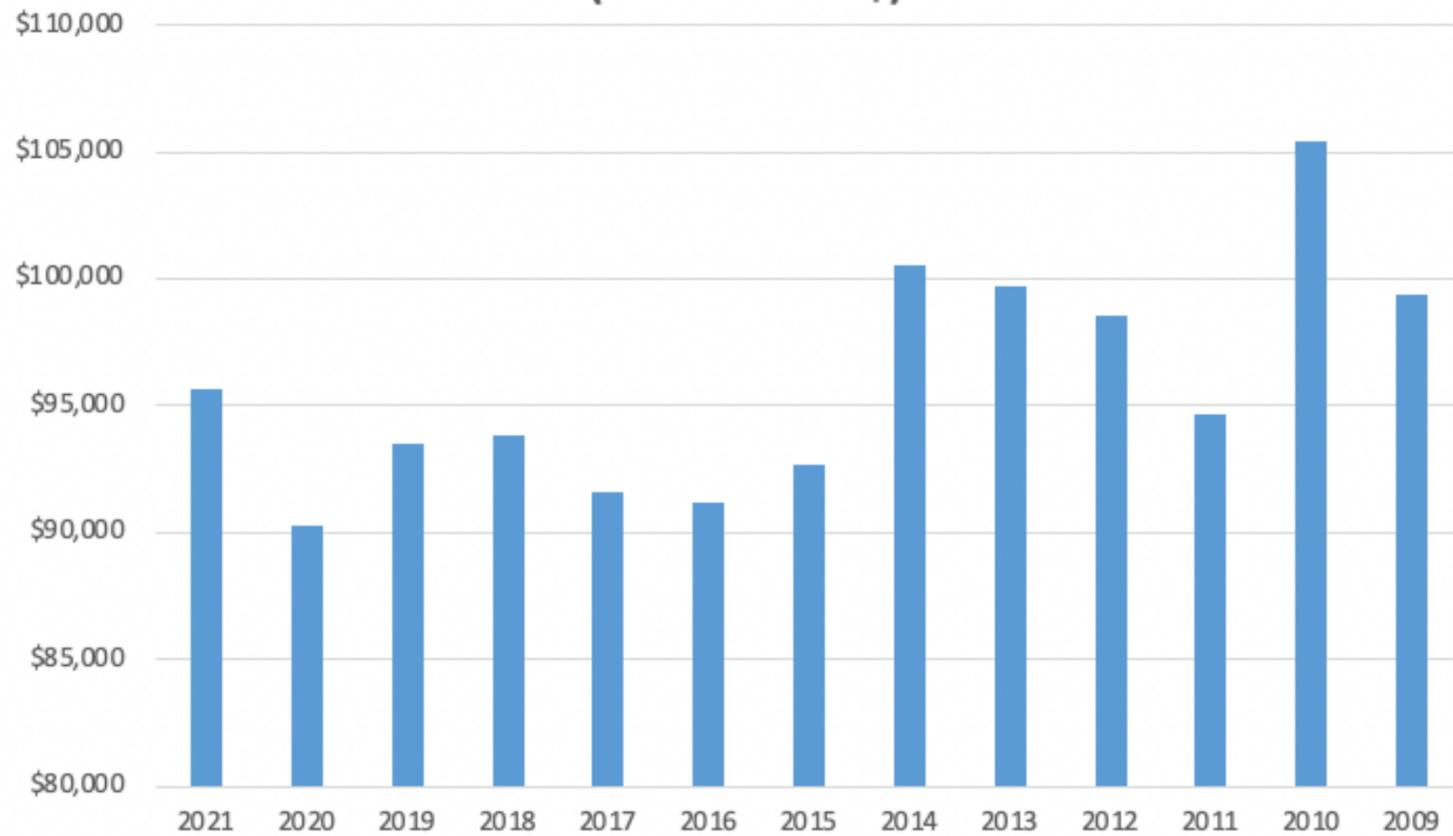
INDUSTRY ANALYSIS

- Total reported sales increased by 9.2% to CHF 45.6 billion (6M-2021: CHF 41.8 billion).
- Net acquisitions had a positive impact of 1.0%. Foreign exchange increased sales by 0.1%.
- Framework is designed to identify, assess and mitigate risks to minimize their potential impact and support the achievement of Nestlé's long-term business strategy.

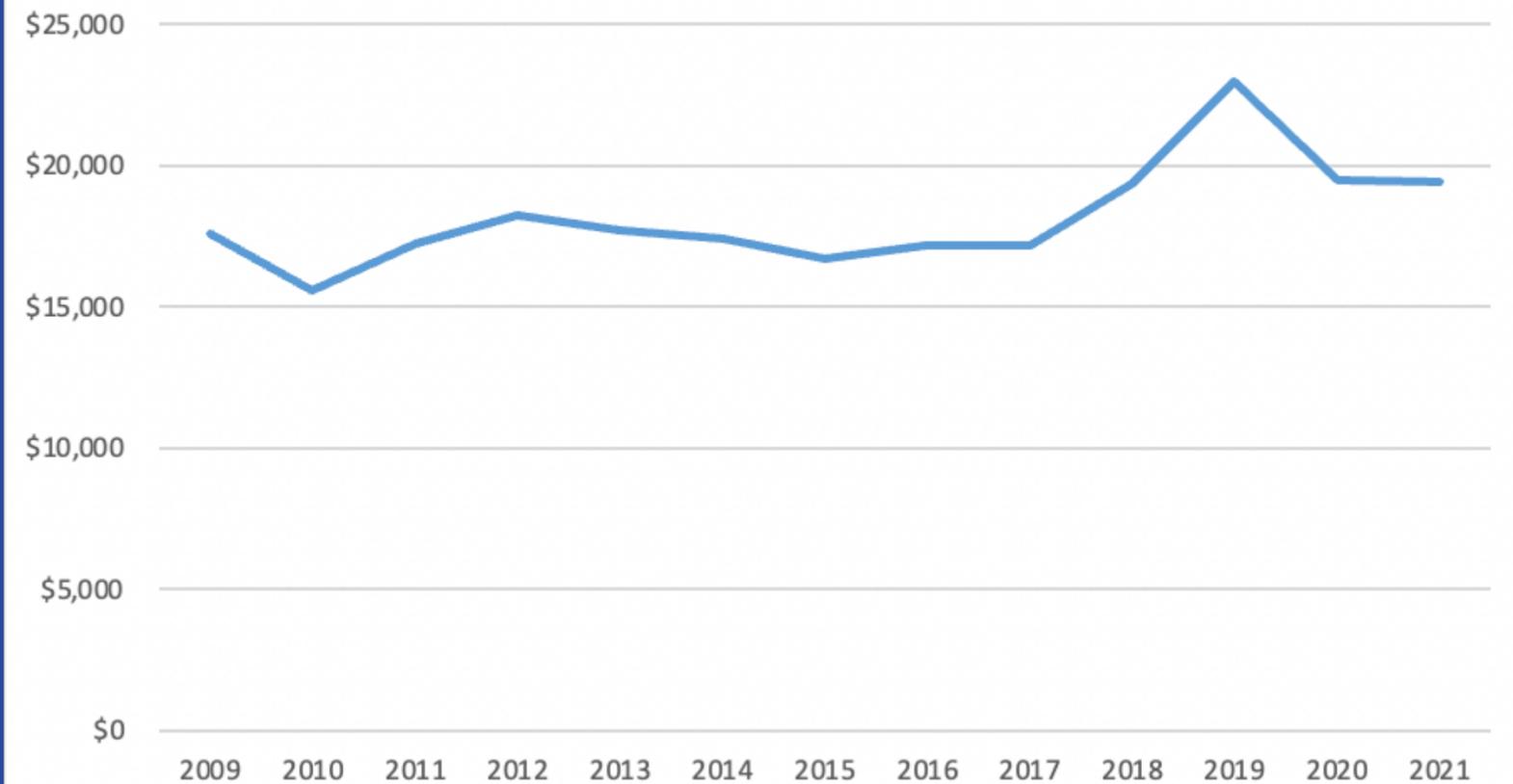


NESTLE REVENUES

**Nestle SA Annual Revenue
(Millions of US \$)**



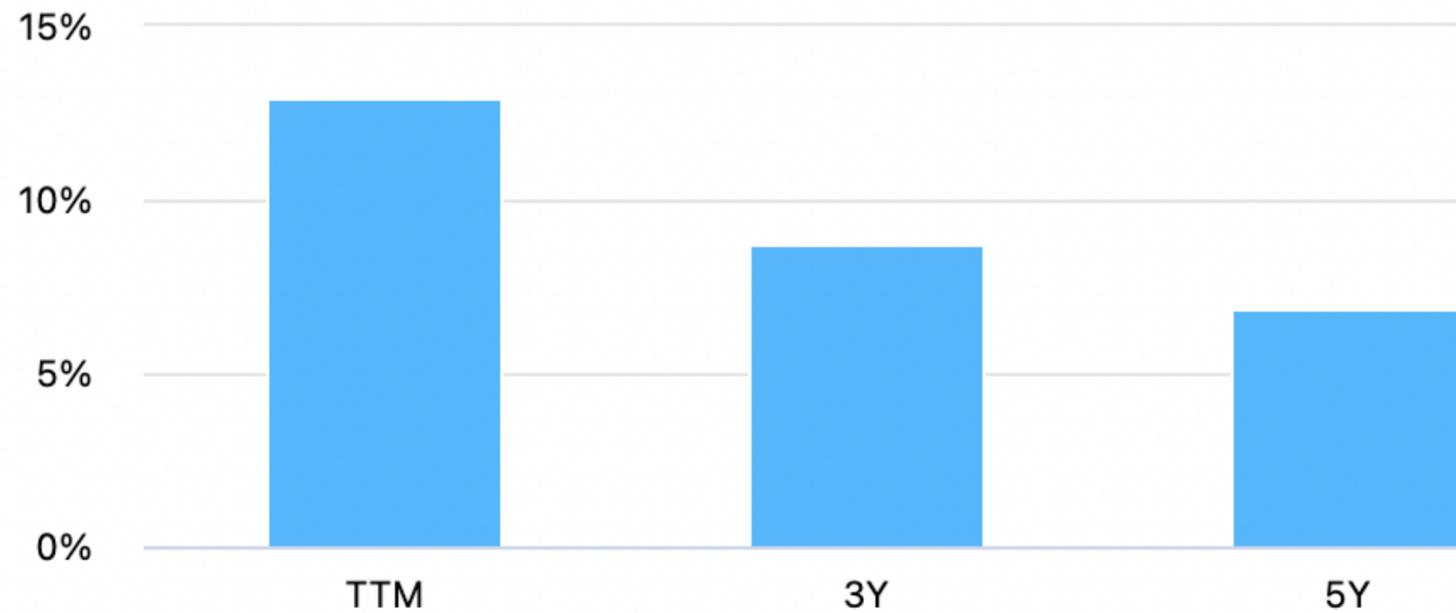
**Nestle SA Annual EBITDA
(Millions of US \$)**



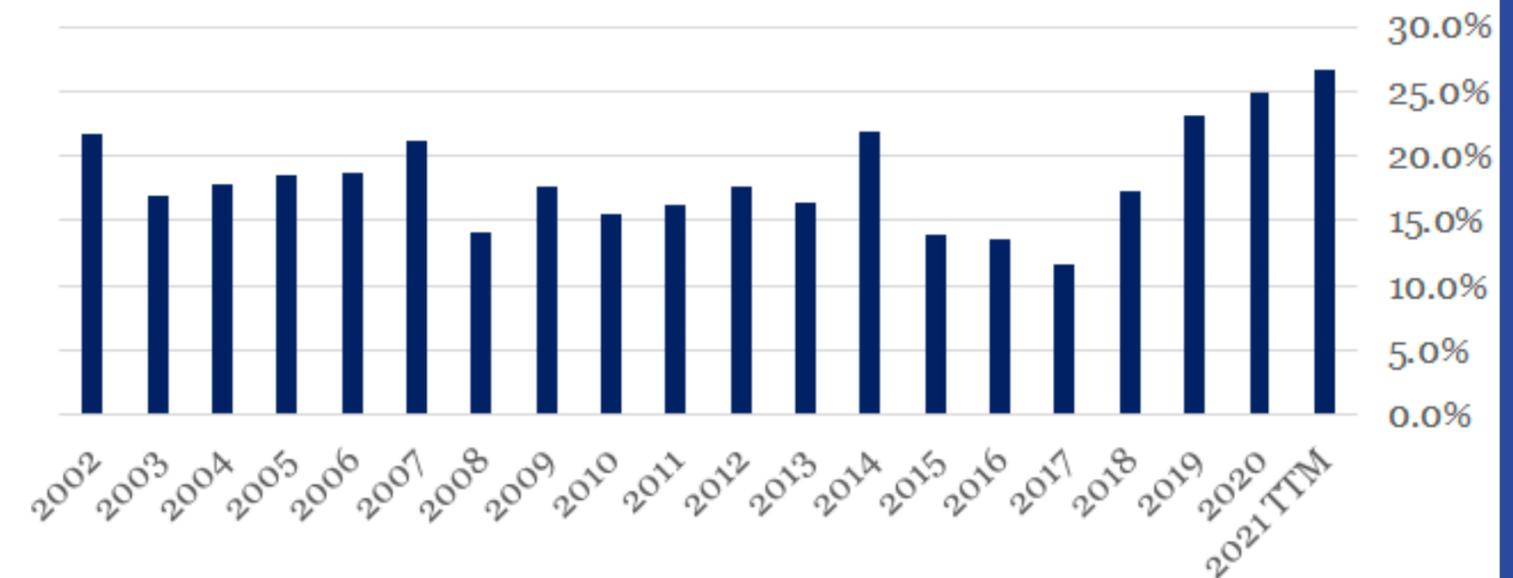
Financial Analysis - Profitability

NSRGY Average Return on Assets (ROA) Chart

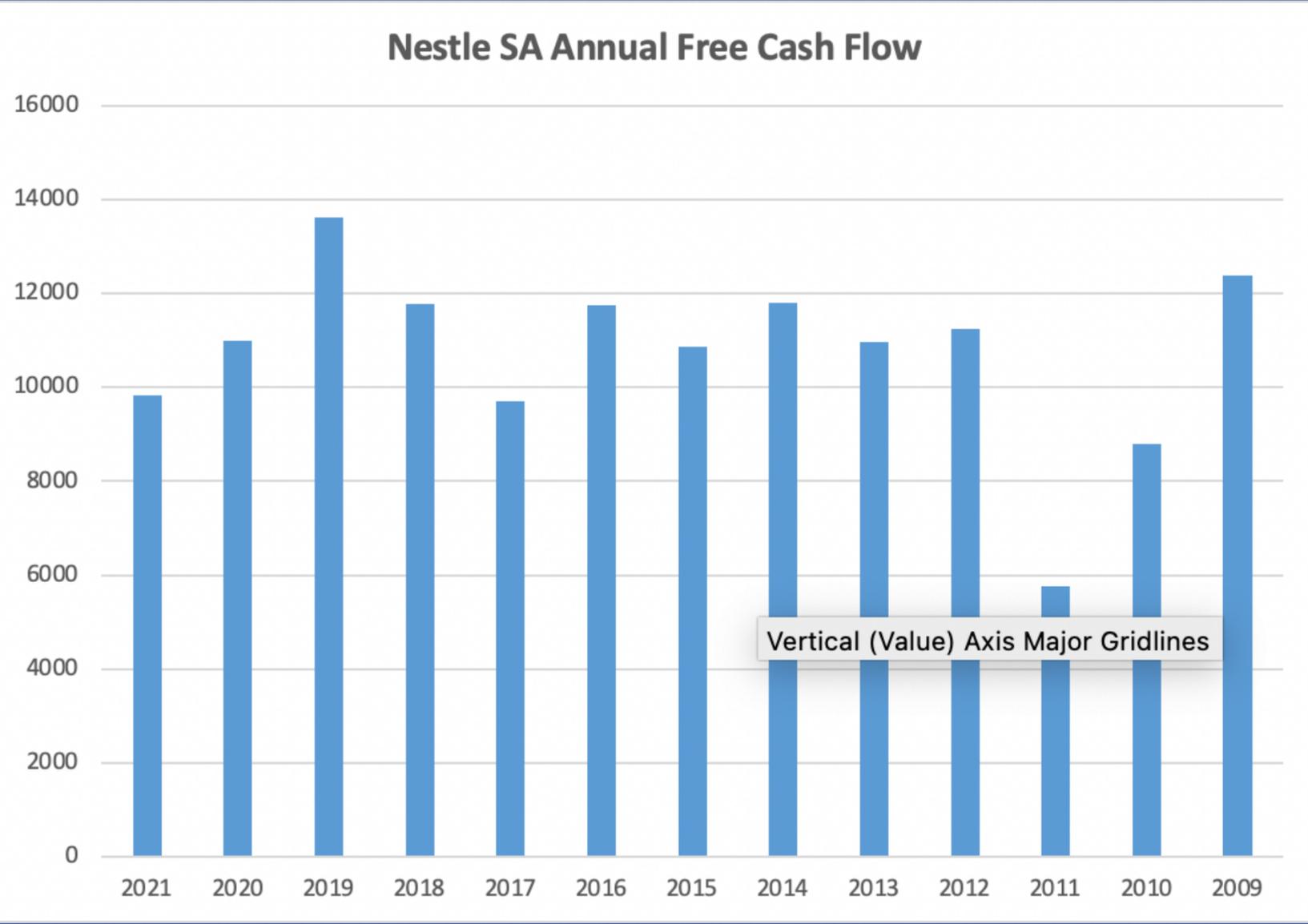
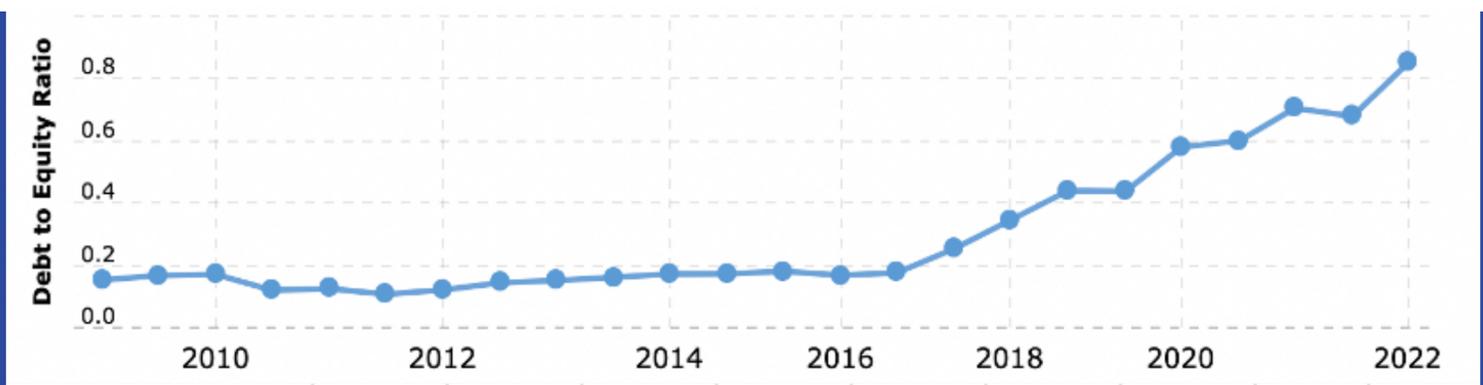
● Nestle SA (NSRGY)



Nestle - Return on Equity

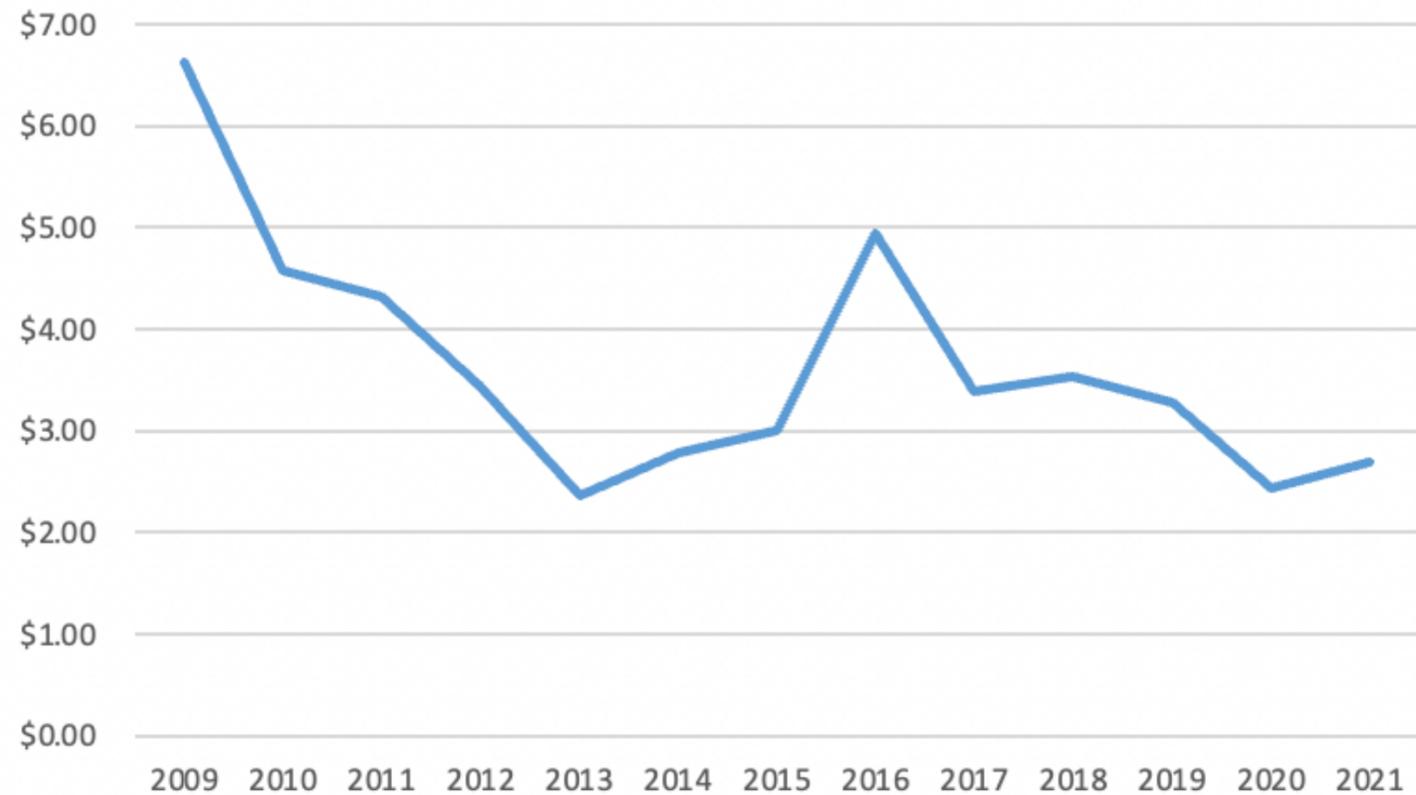


FINANCIAL ANALYSIS – SOLVENCY

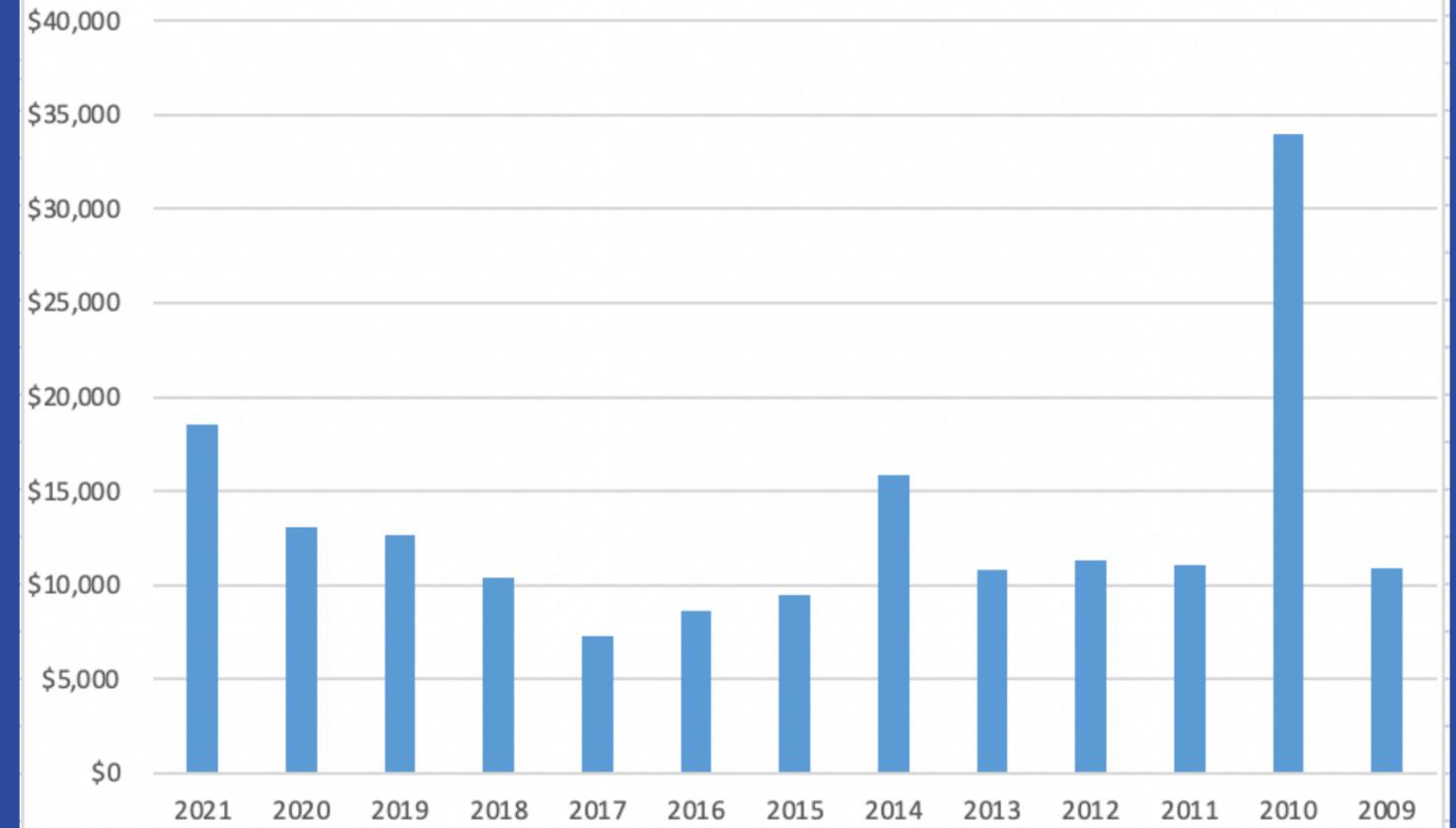


FINANCIAL ANALYSIS

Nestle SA Annual EPS



Annual Net Income



	k / terminal g	1.50%	2.00%	2.50%	3.00%	3.50%	4.00%	4.50%
	3.90%	\$266.86	\$338.75	\$461.98				
	4.40%	\$220.85	\$268.18	\$340.41	\$464.24			
	4.90%	\$188.37	\$221.94	\$269.49	\$342.07	\$466.49		
	5.40%	\$164.22	\$189.30	\$223.03	\$270.80	\$343.73	\$468.74	
	5.90%	\$145.56	\$165.03	\$190.23	\$224.11	\$272.12	\$345.39	\$471.00
	6.40%	\$130.71	\$146.28	\$165.84	\$191.16	\$225.20	\$273.43	\$347.05
	6.90%	\$118.60	\$131.35	\$146.99	\$166.65	\$192.08	\$226.29	\$274.75
Average	\$257.93							

Dividend Discount Model	
Constant Growth Model	
Growth Rate	8.80%
Number of Years in Stage 1	10
Stage 2 Growth Rate	5.00%
Number of Years in Stage 2	
Stage 3 Growth Rate	
Growth Path	Constant
Cost of Equity Capital	5.40%
Dividends per share, LTM	\$6.31

Valuation

Dividend Discount Model

	k / terminal g	3.50%	4.00%	4.50%	5.00%	5.50%	6.00%	6.50%
	3.90%							
	4.40%							
	4.90%	\$551.60						
	5.40%	\$406.67	\$554.27					
	5.90%	\$322.05	\$408.64	\$556.93				
	6.40%	\$266.58	\$323.61	\$410.60	\$559.59			
	6.90%	\$227.42	\$267.87	\$325.17	\$412.57	\$562.26		
Average	\$410.39							

For FCF and FCFE models only:	
Net new debt (\$ millions)	\$14,365.00
Interest on debt (\$ millions)	\$1,249.00
Shares Outstanding (millions)	2,670.00
Corporate tax rate (%)	24.20%

Valuation

**Free Cash
Flow to
Equity**

INVESTMENT RISK

Low Product
Differences

High Industry
Growth

Low
Switching
Cost

High Exit
Barriers

Strong Brand
Identity

Investment Thesis

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SOURCES

<https://finance.yahoo.com/quote/NSRGY/financials?p=NSRGY>

<https://workspace.refinitiv.com/web/Apps/Corp/?s=NESN.S&st=RIC#/Apps/CFundamentals?view=Segments>

<https://www.macrotrends.net/stocks/charts/NSRGY/nestle-sa/total-shareholder-equity>

https://ycharts.com/companies/NSRGY/free_cash_flow_ttm#:~:text=31%2C%202022

<https://www.statista.com/statistics/268894/food-sales-of-the-nestle-group-by-region/>

<https://www.nestle.com/investors/individual-shareholders/dividends>

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