

**Nestle SA**

Nestlé is the world's largest food company. The group's product categories include powdered and liquid beverages, milk products and ice cream, nutrition and health science, prepared dishes and cooking aids, confectionery, water and pet care products. Its most important brands include Nescafé, Nespresso, Maggi, KitKat, Friskies and San Pellegrino. Nestlé reported strong 9M 2022 results, with organic (org.) growth of 8.5% y/y and Q3 achieving faster growth than Q2 2022. It lifted its growth outlook for the full year to 8% y/y and reduced it for the margin a touch to 17% (from 17-17.5%, FY 2021: 17.4%). In 9M 2022, org. sales growth reached 8.5% y/y (Q2: +8.7% y/y, Q1: +7.6% y/y), implying a continued dynamic volume trend and accelerated price increases. 9M org. growth was split into +1.0ppt (H1: +1.7ppt) for vol. and +7.5ppt (H1:+6.5ppt) for pricing. In Q3 2022, org. sales growth was 9.3% y/y (vs cons. : +8.6% y/y). Subsequently, 9M net sales increased 9.2% y/y (similar to that in H1). In 9M, segment-wise, org. sales in Americas grew 11.2% y/y (vol.: +0.1ppt, pricing: +11.1ppt) on continued ecommerce momentum. Also, org. sales increased in Europe (+7.1% y/y; vol.: +1.5ppt) and AOA (+8.1% y/y; vol.: +1.1ppt). Moreover, org. sales rose (y/y) in NHS (+4.5%, on strong growth in consumer products and medical nutrition) and Nespresso (+3.0%). In 9M, by product, the largest growth contributors were Water (org.: +15.1% y/y), PetCare (org.: +14.4% y/y), confectionary (org.: +10.7% y/y), Nutrition and Health Science (org.: +8.5% y/y), and powdered and liquid beverages (org.: +8.0% y/y). Also, org. sales rose (y/y) in prepared dishes and cooking aids (+2.6%) and milk products and ice cream (+4.8%). E-commerce sales were up 8.4% y/y. Management increased its full-year guidance for org. sales growth to ca 8% y/y from 7%-8% y/y previously, while it still expects its operating margin to come at 17.0%. It expects its 2022 adjusted EPS to increase y/y in c.c.

Corporate Ratings		Periodicity	Fiscal Quarterly	Currency	Default	Parent/Consolidated	C	Data	Adjusted (If Available)
S&P	AA-								
Outlook	Stable								
Moody's	Aa3								
Outlook	Stable								
Fitch	A+								
Outlook	Stable								

  

CDS Data		03/23 E	12/22 E	LTM	09/22 Q	06/22 Q	03/22 Q	12/21 Q	09/21 Q	06/21 Q	03/21 Q	12/20 Q
5 YR CDS	32.15											
% 3 Months	-17.63											
% 6 Months	-16.47											
% 1 Year	96.88											
52 Week Low	13.80											
52 Week High	53.51											

  

Profitability		03/23 E	12/22 E	LTM	09/22 Q	06/22 Q	03/22 Q	12/21 Q	09/21 Q	06/21 Q	03/21 Q	12/20 Q
EBIT	15,659											
Operating Margin	17.15											
Pretax Margin	16.17											
Return on Assets	14.90											
Return on Common Equity	43.75											
Return on Capital	21.89											
Asset turnover	0.69											

  

Structure		03/23 E	12/22 E	LTM	09/22 Q	06/22 Q	03/22 Q	12/21 Q	09/21 Q	06/21 Q	03/21 Q	12/20 Q
Current Ratio	0.80											
Quick Ratio	0.33											
Total Debt to Total Assets	39.26											
Total Debt to Com Equity	121.55											
Acct Receivable Turnover	10.97											
Inventory Turnover	3.67											
Gross Margin	46.66											
EBIT / Total Inter	15.14											

  

Growth Potential		03/23 E	12/22 E	LTM	09/22 Q	06/22 Q	03/22 Q	12/21 Q	09/21 Q	06/21 Q	03/21 Q	12/20 Q
Sales 1yr Growth	3.29											
Asset 1yr Growth	12.19											
Capital 1yr Growth	15.95											

  

Income Statement Summary		03/23 E	12/22 E	LTM	09/22 Q	06/22 Q	03/22 Q	12/21 Q	09/21 Q	06/21 Q	03/21 Q	12/20 Q
Revenue		23,551.2	26,119.8	91,302.0	23,552.0	23,520.0	22,238.0	23,794.0	21,539.0	20,837.0	21,089.0	22,431.0
Operating Income		--	--	15,659.0	--	--	--	--	--	--	--	--
Pretax Income		--	--	14,768.0	--	--	--	--	--	--	--	--
Income bef XO Items		--	--	16,552.0	--	--	--	--	--	--	--	--
Net Income		--	--	19,710.1	--	--	--	--	--	--	--	--
Basic EPS Before XO Items		--	--	7.13	--	--	--	--	--	--	--	--
Basic EPS		--	--	--	--	--	--	--	--	--	--	--
Diluted EPS Before XO Items		--	--	7.12	--	--	--	--	--	--	--	--
Diluted EPS		--	--	5.86	--	--	--	--	--	--	--	--
Dividends per Share		--	--	--	--	--	--	--	--	--	--	--
EBITDA		--	--	19,076.0	--	--	--	--	--	--	--	--
Return on Common Equity		--	--	36.0	--	--	--	--	--	--	--	--

  

Balance Sheet Summary		03/23 E	12/22 E	LTM	09/22 Q	06/22 Q	03/22 Q	12/21 Q	09/21 Q	06/21 Q	03/21 Q	12/20 Q
Total Current Assets				35,639.0	--	--	--	--	--	30,996.0	--	--
Total Long-Term Assets				101,964.0	--	--	--	--	--	95,919.0	--	--
Total Assets				137,603.0	--	--	--	--	--	126,915.0	--	--
Total Current Liabilities				44,475.0	--	--	--	--	--	38,558.0	--	--
Total Long-Term Liabilities				47,915.0	0.0	--	0.0	0.0	0.0	41,956.0	0.0	0.0
Total Liabilities				92,390.0	--	--	--	--	--	80,514.0	--	--
Total Shareholders' Equity				45,213.0	--	--	--	--	--	46,401.0	--	--
Shares Outstanding				2,750.0	--	--	--	--	--	2,815.0	--	--
Book Value per Share		--	--	16.2	--	--	--	--	--	16.2	--	--
Tangible Book Value / Sh				-3.8	--	--	--	--	--	-1.6	--	--
Shareholder Equity/Total Liab				32.9	--	--	--	--	--	36.6	--	--

  

Cash Flow Summary		03/23 E	12/22 E	LTM	09/22 Q	06/22 Q	03/22 Q	12/21 Q	09/21 Q	06/21 Q	03/21 Q	12/20 Q
Net Income		--	--	16,207.0	--	--	--	--	--	--	--	--
Depreciation and Amortization		--	--	3,105.0	--	--	--	--	--	--	--	--
Change in Working Capital		--	--	-1,274.0	--	--	--	--	--	--	--	--
Cash - Operating Activities		--	--	13,130.0	--	--	--	--	--	--	--	--
Capital Expenditures		--	--	-5,344.0	--	--	--	--	--	--	--	--
Cash - Investing Activities		--	--	-2,839.0	--	--	--	--	--	--	--	--
Cash - Financing Activities		--	--	-9,795.0	--	--	--	--	--	--	--	--
Net Changes in Cash		--	--	496.0	--	--	--	--	--	--	--	--
Free Cash Flow		--	--	7,786.0	--	--	--	--	--	--	--	--

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