Nestlé

Fr 85.85 As of Sun 8 Nov 2026, 12:00 UTC

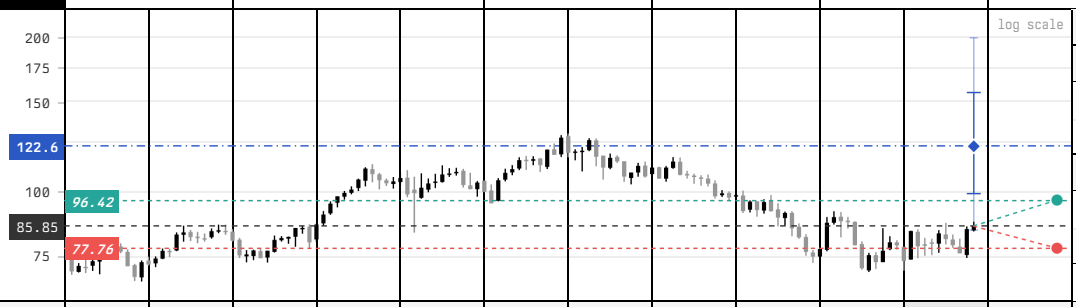
SWX:NESN	Consumer Staples	Country	Switzerland	PE (Fwd)	18.02
Packaged Foods		Beta (5Y)	0.48	PE TTM	29.69

TSR 10Y CAGR	5.01%	Div yield	3.61%	ROE	25.63%
TSR TTM	18.10%	Mkt cap	Fr 220.8B	ROIC	12.09%

SE Grade™	★☆☆
Value	★★★
Quality	★★☆
Moat	★★☆

Consensus	Reference
Fr 87	*Fr 123*
1.17%	42.81%

Buy 9|3|10|0|1



	2H24	1H25	2H25	1H26
Earnings per share	Fr			
	2.03	1.97	1.54	**1.35**
	(3.72%)	(8.86%)	(23.99%)	(31.45%)
Revenue	Fr B			
	46.49	44.41	45.48	**43.30**
	(0.82%)	(1.82%)	(2.18%)	(2.50%)
Next earnings				18 Feb

TTM	FYE 31 Dec	CHF	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026E	Trend	5Y	10Y	Peers
88.78	Revenue	Fr B	89.79	89.92	91.75	92.86	84.68	87.47	94.78	93.35	91.72	89.89	*90.37*		1.20%	0.01%	100
(2.34)	*Revenue growth*	%	–	*0.15*	*2.03*	*1.22*	*(8.81)*	*3.29*	*8.36*	*(1.51)*	*(1.75)*	*(2.00)*	*0.54*		*(1.51)*	*0.15*	20
45.70	*Gross margin*	%	*50.77*	*49.32*	*49.79*	*49.77*	*49.26*	*48.02*	*45.41*	*46.09*	*46.94*	*45.83*	*46.40*		*46.09*	*48.64*	47
15.48	*Operating margin*	%	*15.73*	*16.35*	*16.72*	*17.12*	*16.87*	*16.74*	*16.51*	*16.77*	*16.96*	*15.47*	*16.47*		*16.74*	*16.73*	40
8.38	*Net margin*	%	*9.50*	*7.96*	*11.05*	*13.58*	*14.44*	*19.33*	*9.78*	*12.01*	*11.87*	*10.05*	*10.84*		*11.87*	*11.46*	40
29.69	P/E ratio (avg)	x	26.60	34.69	23.59	23.48	24.03	18.26	33.74	25.08	21.01	23.01	*18.98*[adj]		23.01	23.81	21
20.20	EV/EBIT	x	17.21	18.43	17.63	20.38	22.83	23.37	23.08	21.15	18.33	18.67	*18.22*		21.15	19.53	37
5.67	*FCF yield (avg)*	%	*5.10*	*4.13*	*4.82*	*4.10*	*3.50*	*2.91*	*2.18*	*3.64*	*4.83*	*5.47*	*5.70*		*3.64*	*4.12*	53
14.10	*FCF margin*	%	*12.89*	*11.41*	*12.57*	*13.09*	*12.16*	*10.27*	*7.19*	*10.96*	*12.03*	*12.66*	*13.85*		*10.96*	*12.10*	53
1.683	FCF / Net income	x	1.356	1.434	1.138	0.964	0.842	0.531	0.735	0.912	1.014	1.259	*1.278*		0.912	0.989	75
12.09	*ROIC*	%	*11.70*	*13.07*	*13.40*	*15.14*	*14.23*	*15.74*	*13.77*	*14.80*	*13.47*	*12.22*	*13.81*		*13.77*	*13.62*	50
25.63	*Return on equity*	%	*13.21*	*11.40*	*17.13*	*23.05*	*25.03*	*34.21*	*19.49*	*28.84*	*30.38*	*26.29*	*33.03*		*28.84*	*24.04*	80
5.80	*Return on assets*	%	*6.47*	*5.37*	*7.40*	*9.86*	*9.86*	*12.15*	*6.86*	*8.86*	*7.82*	*7.10*	*7.58*		*7.82*	*7.61*	57
2.89	EPS	Fr	2.75	2.31	3.36	4.30	4.29	6.06	3.42	4.23	4.19	3.51	*4.52*[adj]		(3.97%)	2.72%	–
(27.80)	*EPS growth*	%	–	*(16.14)*	*45.34*	*28.01*	*(0.10)*	*41.08*	*(43.50)*	*23.70*	*(1.07)*	*(16.27)*	*2.33*[adj]		*(1.07)*	*(0.10)*	0
11.36	Bookvalue per sh	Fr	20.86	19.68	19.00	17.74	16.04	19.04	15.50	13.50	13.82	12.74	*11.75*		(4.51%)	(5.33%)	–
4.87	FCF per share	Fr	3.74	3.31	3.82	4.14	3.62	3.22	2.51	3.86	4.25	4.42	*4.89*		4.08%	1.88%	–
3.10	Dividend per sh	Fr	2.30	2.35	2.45	2.70	2.75	2.80	2.95	3.00	3.05	3.10	*3.14*		2.42%	3.37%	–
3.61	*Div yield (avg)*	%	*3.14*	*2.93*	*3.09*	*2.68*	*2.67*	*2.53*	*2.55*	*2.83*	*3.47*	*3.84*	*3.66*		*2.83*	*2.88*	72
–	*Payout ratio*	%	*83.64*	*101.73*	*72.92*	*62.79*	*64.10*	*46.20*	*86.26*	*70.92*	*72.79*	*88.32*	*82.00*		*72.79*	*72.85*	85
2.572	Shares (diluted)	B	3.097	3.098	3.019	2.934	2.849	2.791	2.709	2.648	2.599	2.576	*2.559*		(1.99%)	(2.03%)	43
–	*Buyback yield*	%	–	*(0.03)*	*2.55*	*2.82*	*2.90*	*2.04*	*2.94*	*2.25*	*1.85*	*0.88*	*0.66*		*2.04*	*2.25*	43
2.130	D/E ratio	x	0.365	0.484	0.697	0.709	0.861	0.873	1.269	1.518	1.732	1.750	*2.071*		1.518	0.867	3
277.7	Enterprise val	Fr B	243.0	270.9	270.5	324.1	326.1	342.1	361.2	331.1	285.1	259.7	*271.1*		(4.45%)	0.74%	97
46.50	LT debt	Fr B	11.09	18.57	25.70	23.13	27.93	36.48	43.42	45.83	51.70	46.25	*46.50*		10.61%	17.19%	100

Peers (US$270.8B)	Cap (US$)	PE
Chocoladefabriken…	24.74B	27.98x
Coca-Cola HBC AG	20.54B	17.89x
Kweichow Moutai Co.…	272.3B	22.13x
PepsiCo, Inc.	192.6B	17.78x

Capital	TTM	5Y	10Y
Leverage x	3.446	2.720	1.889
EBIT/Int x	8.506	10.44	16.34
Own earn %	13.95	10.80	11.96
Sh yield %	3.61	5.08	5.32

Owners		
Insiders/Inst	%	–	33.72
Short interest	%	–
SBC / revenue	%	0.16

Record	10Y
Profitable years	10/10
Revenue growth years	5/9
EPS growth years	4/9
Dividend streak	yrs 29
Op margin range	% 15–17
$1 test	x 0.7
Incr. ROIC	% 35

Nestlé's first half of 2026 showed a group still absorbing self-inflicted and external drags. Revenue fell 2.5% to CHF 43.30B. Management said higher input costs, tariffs and currency were largely offset by cost savings, pricing and volume leverage. The infant formula recall cut Zone Europe sales and the group margin, and Starbucks coffee pricing met an elasticity reaction that hurt North American real internal growth in the second quarter. The stock looks undervalued: SE fair value of CHF 123 is 42.8% above the price.

Management tightened full-year organic growth guidance to 3%-4%. It expects the UTOP margin to improve on 2025, with the second half broadly similar to the first. Free cash flow should exceed CHF 9 billion, cumulative cost savings should reach CHF 2 billion, and currency should cut reported sales by around 3%. Savings are to fund marketing behind growth platforms, alongside the Waters partnership and the VMS and ice cream disposals. Analysts pressed on pet care destocking, which management called one-off. "Now it's all about consistent delivery," the CEO said.

Analysts expect a slow recovery rather than a rebound. They forecast adjusted EPS growth of 2.3% for FY2026, then 5.4% for FY2027, with FY2026 revenue up only 0.5%. The price implies revenue shrinking 3.4% a year, 3.9pp below that consensus. That gap is the opportunity: the market is pricing contraction where analysts and management see modest growth. The earnings record is uneven, with a beat in 1 of the last 2 reported periods.

Returns have strengthened. ROE rose from 19.5% in FY2022 to 26.3% in FY2025, in line with its five-year median. It sits above the peer median, at the 64th percentile of similar-sized companies. FCF margin climbed from 7.2% to 12.7% over the same span. Free cash flow now runs at 1.68x net income, well above its 0.91x median and in the 86th percentile of peers. What holds Quality back is a modest spread of ROIC over the cost of capital, along with share count movements.

SE fair value of CHF 123 is 42.8% above the price, with high confidence. The trailing P/E of 29.7x is above its 23.8x long-run median, but that rests on reported EPS that is not comparable with adjusted forecasts. The analyst target of CHF 87 sits 1.2% above the price. Debt/equity of 2.13x is 40% above its five-year median. For the price to hold, cost savings must restore volume and margin. A second-half margin falling short of the first half's would show it is not.

The SE Score is 1 of 3. Quality earns two stars on a return on capital of 13% against a 6.0% cost of capital and solid interest cover, held back by net debt at 3.4 times EBITDA. Moat earns two stars for stable gross margins and a ten-year median ROIC of 14%. Value earns three stars, with SE fair value 42.8% above the price. The price left the business tier as it was. A ranking of five-year returns then lowered the overall score from two stars to one.

H1 2026

Nestlé S.A., with its subsidiaries, manufactures and distributes food, beverage and nutritional science products in the United States, Brazil, Mexico, Greater China, the Philippines, India, the United Kingdom, France, Germany, Switzerland and internationally. Its range spans cereals, confectionery, coffee, culinary, dairy, ice cream, nutrition and health, petcare and water, under brands including KitKat, Nescafé, Maggi and Purina.

Profit by segment	Profit	Trend	Revenue	Rel margin	Revenue by region	Top 3 62%	Trend	Reinvestment returns	10Y median	Trend
Zone Americas	42.51%		38.66%	1.10×	United States	31.96%		Reinvestment rate	22.80%	
Zone AOA	25.41%		23.04%	1.10×	Other Asia, Oceania…	16.20%		Return on capital	13.62%	
Zone Europe	16.93%		19.71%	0.86×	Other Europe	14.09%		Spread over hurdle	11.09%	

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