

Nestlé S.A.

Q1 2025 Earnings Update (FY-end 31 December 2024)

Announcement date: 17/04/2025

Holdings Information	
Original Book Cost (USD)	1,100,000
MTM vs Ori (% / USD)	+3.1% / +34,100
MTM vs Imp	-1.6%
YTD Price Performance	-0.8%
Dividend Yield (Cost)	3.1%

Current Price (18 June 2025)	CHF 114.30
Internal Analyst PT (Price Target)	CHF 122.00
<i>Upside</i>	+6.7%
External PT (Bloomberg)	CHF 120.00
<i>Upside</i>	+5.0%

RESULTS REVIEW:

Nestlé reported Q1 2025 organic sales growth of 3.2%, slightly below expectations. Revenue stood at CHF 24.9 billion (vs CHF 24.5 billion YoY). Pricing contributed +5.0%, while volumes declined -1.8%, indicating continued elasticity pressure.

PetCare and Health Science were standout performers (+6.8% and +5.9% respectively), while Beverages remained flat. By region, EMs grew 5.1%, while Europe contracted slightly (-0.7%). FX was a 1.2% headwind to reported growth.

ASSESSMENT:

Modest results in line with defensive peers. Margins held steady at 17.5%, supported by ongoing premiumization and restructuring initiatives. Portfolio rationalization (e.g., sale of North American frozen meals) should drive long-term ROIC uplift.

We remain neutral given valuation near historical average (20x forward P/E). Dividend and margin stability are strengths, but lack of volume growth limits short-term upside.