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# Nestle Background



- The world's largest food and beverage company
- German Company- Nestle means small bird's nest
- First steps: production of rapeseeds, production of nut oils, liqueurs, rum, absinth and vinegar, carbonated mineral water and lemonade.
- *Incorporated:* 1866 as Anglo-Swiss Condensed Milk Company

# Nestle Background



- *Employees:* 253,000
- *Ticker Symbols:* NESN; NSRGY (ADRs)
- *Stock Exchanges:* Basle Geneva Zurich  
Amsterdam Brussels Frankfurt London  
Paris Tokyo Vienna OTC

# Nestle Background



- *Major Products*
- *Major Competitors: Unilever NV (UN), Hershey Foods (HSY), Kraft Foods (KFT), Cadbury Schweppes (CSG), and GROUPE DANONE (DA).*
- One of the most geographically diverse of the major food and beverage companies
- 2009 sales of over 107 billion CHF (\$101 billion USD)



# Buffetology Spreadsheet

# Interpretation of Financial Statements



- *Gross Profit Margin = 53%*
- *SG&A = 39.7%*
- *Depreciation(as a % of GP) = 5%*
- *Interest Payouts = 10%*
- *Net Earnings Trend*
- *Net Earnings/Total Revenues = 13%*
- *High Cash Balance*

# Interpretation of Financial Statements



- *Current Ratio = 1.9%*
- *Goodwill*
- *Intangible Assets = Decreased 3%*
- *No Preferred Stock*
- *Retained Earnings*
- *Treasury Stock*
- *Return on Equity = 22.1%*

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Questions?