**Coverage Report** **10.06.26**

# Nestlé S.A.

Short profile

Nestlé S.A., headquartered in Vevey, is the world's largest branded food and beverage group, spanning everyday staples such as coffee, pet care, culinary products and specialized nutrition, with a truly global footprint from Europe to fast-growing emerging markets. Over the last four reported quarters, the company generated annual sales of CHF 89,885 million and an operating result of CHF 13,906 million, corresponding to an operating margin of 15.5%, reflecting the profitability of its diversified portfolio even as it reshapes the business around four core pillars: coffee, pet care, nutrition and food & snacks. At the same time, Nestlé is repositioning itself squarely at the crossroads of health, convenience and indulgence, tapping into trends such as healthier packaged foods, premium coffee experiences and the humanization of pets, which offer attractive long-term growth runways.

Current developments

Nestlé is in the midst of a strategic tightening of its portfolio, concentrating capital and management attention on coffee, pet care, nutrition and snacks while preparing to exit ice cream and other non-core activities, a move aimed at simplifying the group and lifting structural returns. Inside the company, this means reallocating resources toward innovation, brand support and efficiency programmes that can reignite volume momentum after a period of heavy pricing and category-specific setbacks, notably in infant nutrition. Around Nestlé, the broader packaged food industry is shifting from pure price-driven growth toward healthier, more transparent and often premium products, with strong demand for convenient yet "better for you" options and protein-rich or functional foods; players that can credibly combine scale, science and branding—like Nestlé—are well placed to defend share and selectively expand in this evolving landscape.

**The intrinsic value per share is close to the market share price.**

We value Nestlé in Swiss francs and assume very modest growth but a stop of revenue decrease over time. Given the existing net financial debt and the low risk profile, the model is discounted using, by our standards, very low cost of capital. At the current share price the stock offers an attractive dividend yield and appears slightly undervalued.

www.viavalens.com
https://substack.com/@viavalens

## Intrinsic Valuation Overview

10.6.26 12:00 AM

| | |
|---|---|
| ISIN | CH0038863350 |
| Internet | www.nestle.com |
| Incorporation | Switzerland |
| Primary Industry: Packaged Foods and Meats | |

<u>Key numbers at Date of Valuation in CHF million</u>

| | |
|---|---|
| Market Capitalization | 199,939 |
| Total revenue of last four quarters | 89,885 |
| EBIT of last four quartes | 13,906 |
| EBIT-Margin of last four quarters | 15.5% |

| | |
|---|---|
| **Value per Share in CHF** | **80.81** |
| **Stock Market Share Price in CHF** | **78.85** |
| Price / Value | 98% |
| 52 Week Low in CHF | 69.90 |
| 52 Week High in CHF | 87.24 |
| Number of Shares Outstanding in million | 2,572.2 |
| thereof Freefloat | 99.9% |

Value drivers

Balance of defensive staples with higher-growth engines in coffee, pet care and specialized nutrition, giving Nestlé multiple levers for organic growth.

Global brand power and distribution reach that allow the company to premiumise offerings and push innovation into both developed and emerging markets with relatively low incremental cost.

Portfolio reshaping, including the planned exit from ice cream and a sharper focus on four core pillars, which should simplify the group and support a higher structural profitability profile over time.

Cost-efficiency and "Fuel for Growth" savings programme, freeing up resources for marketing, R&D and price investments to defend volume and share in a slower-growth environment.

Strong positioning in health and wellness trends, from fortified foods to medical nutrition, helping Nestlé capture shifting consumer preferences and mitigate commoditisation in traditional packaged food.

**Analyst Forecasts**

Based on the most recent annual financial statements as of 31.12.25, analysts expect revenue growth of about -1.1% (2026e), 3.4% (2027e), and 3.2% (2028e). The EBIT margin for the next three fiscal years is forecasted (Median) at 16.2%; 16.6% and 16.8%. Accordingly, earnings before interest and taxes (EBIT) in fiscal year 2028e would amount to CHF 15,933 million (EBIT). Financial industry analysts see target prices for the share between CHF 69.00 and CHF 102.00; the Median is CHF 89.00.

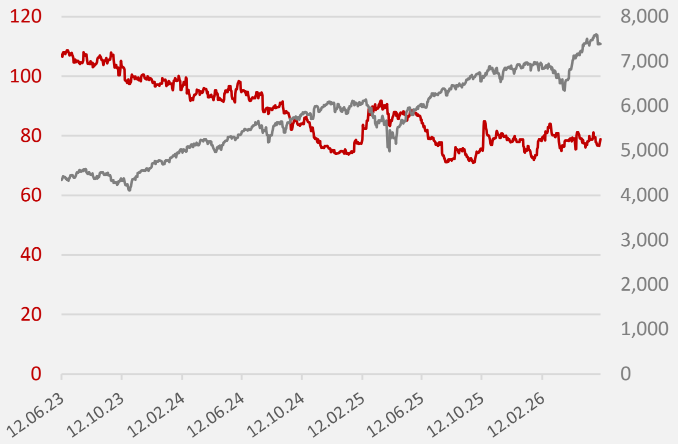
Stock price performance

Nestlé’s share price has spent the last 12 months in a broad sideways-to-slightly-down channel, reflecting investor scepticism about muted volume growth and margin pressure, before recovering from its 52-week low near CHF 69.90 as confidence in the new strategy started to build again. From that trough, the stock has climbed back towards CHF 78.85, still below the 52-week high of CHF 87.24, which means the market is only partly pricing in the potential benefits of the portfolio focus and cost-savings programme, leaving room for rerating if execution on growth and margins improves visibly over the next few reporting periods.

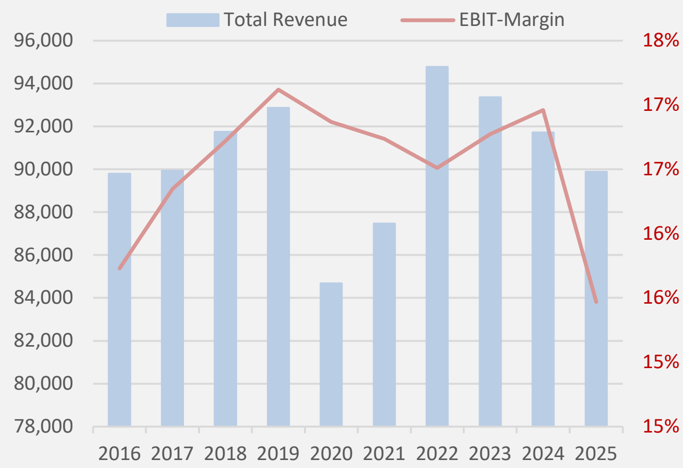
Business Development

In the last three fiscal years, revenue changed by -1.5%, -1.7% and most recently by -2.0%. In addition to those changes in top-line sales, we are looking at the operating margins achieved. In the last three fiscal years, EBIT-Margins amounted to 16.8%, 17.0% and most recently 15.5%. The mean EBIT margin during the last 10 years was 16.7%; over the last five years, however, it was 16.7% (Median).

Share Price 3 Years in CHF




Total Revenue in million CHF | EBIT-Margin | 10 Fiscal Years

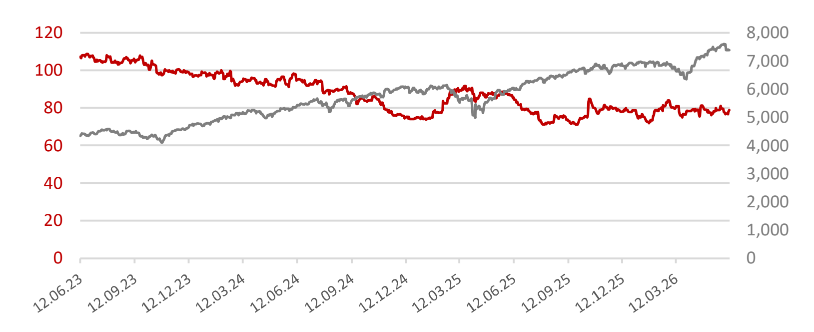



| Nestlé S.A. Kennzahlen | |
|---|---|
| 10.6.26 12:00 AM | |
| Market Enterprise Value / EBITDA | 13.7 |
| Market Enterprise Value / EBIT | 16.7 |
| | |
| Price / Diluted EPS Before Extra | 22.1 |
| Price / Normalized EPS | 24.3 |
| Price / Book Value | 6.1 |
| Net Debt / EBITDA | 3.1 |
| | |
| Dividends per Share in CHF | 3.05 |
| Expected Dividends per Share in CHF | 3.14 |
| Expected Dividend Yield | 4.0% |

| Peergroup Multiples | Enterprise Value / EBITDA LTM | PE | Price /Book |
|---|---|---|---|
| Nestlé S.A. | 13.7 | 24.3 | 6.1 |
| Chocoladefabriken Lindt | 18.0 | 37.4 | 4.4 |
| Danone S.A. | 10.6 | 20.7 | 2.5 |
| The Magnum | 10.0 | 19.2 | 14.7 |
| Unilever PLC | 11.5 | 19.4 | 6.9 |
| Barry Callebaut | 10.5 | 26.5 | 2.4 |
| Arla Foods | NA | NA | NA |
| Reckitt Benckiser | 9.3 | 15.6 | 3.8 |
| Cloetta AB | 11.2 | 22.2 | 2.4 |
| JDE Peet's | NA | NA | NA |
| Else Nutrition | NM | NM | NM |

| Nestlé S.A. | | Share Price 3 Years in CHF | Date: | 10.06.26 |
|---|---|---|---|---|

| | |
|---|---|
| www.nestle.com | |
| Latest Quartely Report | 31.12.25 |
| Latest Fiscal Year | 31.12.25 |
| Shares Outstanding mln | 2,572.2 |
| Freefloat | 100% |
| Rating | AA- |
| Net Debt / EBITDA | 3.1 |
| Market Capitalization mln | 199,939 |
| **in million CHF** | |




| | |
|---|---|
| Share Price CHF | 78.85 |
| Value per Share YCV | 80.81 |
| Price / Value | 98% |
| 52 Week Low | 69.90 |
| 52 Week High | 87.24 |
| TV/TEV | 67% |
| Dividend Per Share 2025 | 3.05 |
| Expected DPS | 3.14 |
| Expected Dividend Yield | 4.0% |

| Historical Data | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026e | 2027e | 2028e |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Total Revenue | 89,786 | 89,922 | 91,750 | 92,865 | 84,681 | 87,470 | 94,780 | 93,351 | 91,720 | 89,885 | 88,914 | 91,893 | 94,868 |
| *change yoy* | *0.8%* | *0.2%* | *2.0%* | *1.2%* | *-8.8%* | *3.3%* | *8.4%* | *-1.5%* | *-1.7%* | *-2.0%* | *-1.1%* | *3.4%* | *3.2%* |
| EBIT | 14,123 | 14,699 | 15,340 | 15,898 | 14,285 | 14,640 | 15,648 | 15,658 | 15,556 | 13,906 | 14,416 | 15,224 | 15,933 |
| */ Total Revenue* | *15.7%* | *16.3%* | *16.7%* | *17.1%* | *16.9%* | *16.7%* | *16.5%* | *16.8%* | *17.0%* | *15.5%* | *16.2%* | *16.6%* | *16.8%* |

| Forecast | LTM | LTM+1 | LTM+2 | LTM+3 | LTM+4 | LTM+5 | LTM+6 | LTM+7 | LTM+8 | LTM+9 | LTM+10 | terminal | Median |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Total Revenue | 89,885 | 88,914 | 89,659 | 91,110 | 93,775 | 97,498 | 100,655 | 103,179 | 105,011 | 106,107 | 106,549 | 106,993 | 99,077 |
| *change yoy* | *-2.0%* | *-1.1%* | *0.8%* | *1.6%* | *2.9%* | *4.0%* | *3.2%* | *2.5%* | *1.8%* | *1.0%* | *0.4%* | *0.4%* | *1.7%* |
| EBIT | 13,906 | 12,974 | 13,369 | 13,772 | 14,396 | 15,197 | 15,927 | 16,569 | 17,111 | 17,540 | 17,864 | 17,938 | 15,562 |
| */ Total Revenue* | *15.5%* | *14.6%* | *14.9%* | *15.1%* | *15.4%* | *15.6%* | *15.8%* | *16.1%* | *16.3%* | *16.5%* | *16.8%* | *16.8%* | *15.7%* |
| Other | -336 | -547 | -549 | -552 | -554 | -556 | -558 | -561 | -563 | -565 | -568 | -570 | -557 |
| Income Tax | -2,640 | -1,849 | -2,513 | -2,591 | -2,713 | -2,870 | -3,012 | -3,138 | -3,243 | -3,327 | -3,390 | -3,404 | -2,941 |
| *Tax / EBIT* | *19.5%* | *14.9%* | *19.6%* | *19.6%* | *19.6%* | *19.6%* | *19.6%* | *19.6%* | *19.6%* | *19.6%* | *19.6%* | *19.6%* | *19.6%* |
| EBIT-T | | 10,578 | 10,307 | 10,629 | 11,129 | 11,771 | 12,356 | 12,871 | 13,304 | 13,647 | 13,906 | 13,964 | 12,064 |
| *change yoy* | | *-3.2%* | *-2.6%* | *3.1%* | *4.7%* | *5.8%* | *5.0%* | *4.2%* | *3.4%* | *2.6%* | *1.9%* | *0.4%* | *3.2%* |
| Reinvestment (net) | | -750 | -930 | -1,708 | -2,386 | -2,023 | -1,617 | -1,174 | -703 | -283 | -284 | -551 | -1,052 |
| *Revenue Increase / Reinvest* | | *1.0* | *1.6* | *1.6* | *1.6* | *1.6* | *1.6* | *1.6* | *1.6* | *1.6* | *1.6* | *0.8* | *1.6* |
| FCFF | | 9,828 | 9,377 | 8,921 | 8,743 | 9,748 | 10,739 | 11,697 | 12,602 | 13,364 | 13,622 | 13,413 | 10,283 |
| *Reinvestment Rate* | | *6.7%* | *8.6%* | *15.3%* | *20.4%* | *16.4%* | *12.5%* | *8.7%* | *5.1%* | *2.0%* | *2.0%* | *3.8%* | *8.7%* |
| *ROCE* | | *18.0%* | *17.3%* | *17.3%* | *17.5%* | *17.9%* | *18.3%* | *11.0%* | *19.2%* | *19.6%* | *19.8%* | *19.8%* | *17.9%* |
| *WACC* | | *5.1%* | *5.1%* | *5.2%* | *5.2%* | *5.2%* | *5.2%* | *5.2%* | *5.2%* | *5.3%* | *5.3%* | *5.3%* | *5.2%* |
| PV TV | 166,122 | 174,644 | 183,633 | 193,114 | 203,116 | 213,670 | 224,807 | 236,561 | 248,970 | 262,070 | 275,902 | = Terminal Va | |
| PV FCFF | 81,254 | 9,348 | 8,481 | 7,671 | 7,144 | 7,567 | 7,917 | 8,187 | 8,372 | 8,424 | 8,144 | R-Rate | 3.8% |
| TEV | 247,376 | 250,460 | 253,974 | 258,166 | 262,794 | 266,701 | 269,864 | 272,278 | 273,958 | 275,008 | 275,902 | "g"=i(rf) | 0.4% |
| TEV/EBIT | 11.9 | 13.5 | 13.7 | 14.0 | 14.1 | 14.1 | 14.1 | 14.3 | 14.6 | 14.9 | 15.4 | TV = FCFF/(wacc-g) | |

| Total Enterprise Value (TEV) | 247,376 |
|---|---|
| Total Cash & ST Investments | 6,230 |
| Long Term Marketable Securities | |
| (Market Value of) Debt | -61,226 |
| Financial Receivables | |
| Minority Interest | -248 |
| Unearned Revenue, Non-Current, Other | |
| Debt Equivilant of Unfunded Benefit Obliga | |
| Cashout legal disputs | |
| Value of Stock Options | |
| Value of cross holdings & LT Investments | 15,737 |
| Equity Value 100% | 207,869 |

| Cost of Capital CHF | |
|---|---|
| i (risk free) | 0.4% |
| ERP adj. | 6.7% |
| Beta | 0.80 |
| Adjustment | 0.5% |
| i (Equity) | 6.3% |
| i (Debt) | 1.7% |
| Tax | 19.6% |
| i after Tax | 1.4% |
| Market Cap | 199,939 |
| Debt Value | 61,226 |
| WACC | 5.1% |

| Revenue Distribution of Industries | |
|---|---|
| Packaged Foods and Meats | *39%* |
| Packaged Foods & Meats | *23%* |
| Packaged Foods & Meats | *20%* |
| Personal Care Products | *7%* |
| Packaged Foods & Meats | *7%* |
| Soft Drinks & Non-alcoholic B | *4%* |
| Personal Care Products | *0%* |

| Revenue Distribution of Sales Regions | |
|---|---|
| United States | *32%* |
| Other Asia, Oceania and | *16%* |
| Other Europe | *14%* |
| Other Americas | *8%* |
| Greater China | *5%* |
| Brazil | *4%* |
| United Kingdom | *4%* |
| Sonstige | *16%* |

Remarks

Historical **Total Revenue** and **EBIT** can be found in the company's published reports.
The ratio of EBIT to Total Revenue is the so-called **EBIT margin**.
The three subsequent years ending (e) are based on **analyst estimates for the fiscal years**.
Forecasts are based on the most current financials by adding data of the **last twelve months (LTM)**.
If the date of the last quarterly report falls on the date of the fiscal year,
LTM (Last Twelve Months) numbers correspond to the most recent annual financial statements.
Sales in absolute terms are forecasted based on the selected annual **growth rates**.
The EBIT line item of the forecast is determined based on the selected **annual EBIT-Margin**.
The item "**Other**" includes numbers not included in operating EBIT.
The above can be applied if the history consistently shows annual special effects.
**Tax payments** are calculated based on the selected tax rates (Tax/EBIT).
Since EBIT-T does not include tax-deductible interest expenses, a so-called "**tax shield**" is taken into account in the discount rate.
Reinvestments comprise investments in fixed and current assets, net of depreciation and amortization, including acquisitions.
**FCFF** is the resulting free cash flow before interest and principal payments of the company and is available to investors (shareholders and debt investors).
The R-Rate (**Reinvestment-Rate**) is the ratio of EBIT-T (excluding "Other") to Total Revenue.
Annual Reinvestment increase the annual invested capital ("**Capital Employed**").
**ROCE** ("return on capital employed") relates EBIT-T (excluding other) to invested capital.
**WACC** is the **Weighted Average Cost of Capital** (blended discount rate for equity and debt) and is derived for each company on the valuation date.
**WACC includes market risk, country risk, and the company's relative systematic risk** based on the so-called bottom-up Beta of the respective industries (see methodology).
The Terminal Value and the expected FCFF are discounted to the valuation date using the WACC (present value, or "PV"), taking into account the respected risk.

**Read further if you are interested to learn how we calculate the intrinsic value per share.**

## Discounted Cashflow Model Key Inputs

Sales volume

The starting point for our forecast for the DCF model is the quoted annual sales of CHF 89,885 million (LTM). LTM stands for "Last Twelve Months" and adds together the last four quarterly reports to provide a current annual view. We estimate sales growth for the first three planning periods (LTM+1 to LTM+3) at -1.1%, 0.8% and 1.6%. Accordingly, we did not adopt the analysts' growth rates but instead adjusted them in light of the company's expected quarterly performance. For the subsequent planning periods (LTM+3 to LTM+10) up to steady state, we assume annual sales changes between a minimum of 0.4% und a maximum of 4.0%.

EBIT

For the first three forecasted periods (LTM+1 to LTM+3), we consider EBIT margins of 14.6%, 14.9% and 15.1%. In steady state, we advocate an EBIT margin of 16.8%; EBIT would therefore amount to CHF 17,938 million. Given repeated historical positions below the operational EBIT line item, we adjust EBIT over the 10 planning periods with in total CHF -5,574 million for special effects.

## Key assumptions in CHF million

| | | |
|---|---|---|
| Expected Revenue next 4 quarters (LTM+1) | | 88,914 |
| Expected Revenue LTM+2 | +0.8% | 89,659 |
| Expected Revenue LTM+3 | +1.6% | 91,110 |
| Possible Revenue in 10 years | | 106,549 |
| Expected EBIT-Margin next 4 quarters | | 14.6% |
| Expected EBIT-Margin LTM+2 | | 14.9% |
| Expected EBIT-Margin LTM+3 | | 15.1% |
| Possible EBIT-Margin in 10 years | | 16.8% |
| Expected Tax / EBIT | | 19.2% |
| Expected Reinvestment / EBIT-T | | 9.4% |

## Tax

We take future tax payments into account using percentages on the resulting EBIT line, i.e. the result before financing interest. It is part of the valuation mechanism to disregard tax-deductible interest in the assessment basis (EBIT), as this is reflected in the discount rate ("tax shield"). Taking into account the history and any loss carryforwards, we consider effective tax rates of 14.9%; 19.6% and 19.6% appropriate for the three planning periods (LTM+1 to LTM+3). In line with our conservative approach, we assume a linear development of the tax rate from LTM+4 up to the marginal tax rate at the company's Switzerland headquarters of 19.6% until LTM+10.

## Reinvestment

Reinvestment include investments in fixed and current assets, net of depreciation and amortization.

Derivation of Reinvestment

In this case, we calculate future reinvestment by using the Sales / Capital - Ratio: Company revenue is related to tied-up capital (ratio: revenue/capital). Tied-up capital (Capital Employed) is calculated using the following formula: Capital Employed = Interest-bearing liabilities + Equity - Liquid assets - Goodwill. This ratio expresses how much capital must be tied up for a given revenue. Since the DCF model includes revenue forecasts, the (implicitly) Capital Employed can be calculated. The change of Capital Employed from one period to the next results in annual reinvestment. Typically, the Sales to Capital - Ratio ranges somewhere between 0.5 und 5.0 (depending on the capital intensity of the respective industry.). The lower the ratio, the more must be invested for a given revenue. For example, if the ratio is 3.0 (revenue/capital), €30 must be invested for €100 in revenue.

## Calculated Reinvestment

The DCF model forecasts a change in sales over 10 years by 18.5% (Revenue LTM+10 / Revenue LTM). We assume that business volume will grow over time and take into account necessary reinvestment. The Sales/Capital-Ratio (LTM+10) that is chosen amounts to 1.56. The selection is based on an analysis of the company's history (statistical relevance) in comparison to industry benchmarks. For the forecasting, sales growth is divided by the Sales/Capital-Ratio. The calculation is: (CHF 106,993 - CHF 88,914 million) / 1.56. For the 10 Years forecast, the total amounts to CHF 11,586 million for plausible reinvestment. The Reinvestment-Rate is therefore 9.2% (Reinvestment / EBIT-T). In the following, we examined statements from analysts about upcoming investments and checked plausbility. After evaluating the estimates and plausibility, the final judgmement call is adopted to CHF: 11,859 Mio. for total reinvestment over 10 years, equaling a 1.5 Sales/Capital-Ratio. The final Reinvestment-Rate amounts to 9%.The percentage expresses how much of the operating result after tax (EBIT-T) is used for reinvestment. We distribute the justified necessary reinvestment over the 10 planning periods, taking into account the assumed annual development of sales.

## Terminal Value

The DCF model calculates the free cash flows before financing (FCFF) for each of the 10 planning periods and then takes into account a so called Terminal Value. In accordance with standard valuation methodology, we assume the eternal existence of the company and point out that a cash flow far in the future hardly affects the present value. We calculate the Terminal Value using the methodically recognized formula: Terminal Value = Terminal Cash Flow / (WACC - growth rate g).

In this case, the calculation is: Terminal Value = CHF 13,413 Mio. / (5.3% - 0.4%) = CHF 275,902 million (Enterprise Value in 10 years from the date of valuation). The growth rate "g" is based on the risk-free interest rate, in our and academic opinion the best indicator for long-term economic growth in the respective currency. The present value of the Terminal Value included in the valuation result amounts to (only) CHF 166,122 million.

## Discount Rates

Introduction:

We use the DCF model based on the entity approach, which is the most widely used in theory and practice. Accordingly, cash flows before debt service are discounted using weighted cost of capital. In this case we use a discount rate of 5.1% (LTM), the mathematical derivation of which we explain and justify below. Taking into account expected leverage ratios, we adjust the discount rate over time until 5.3% for the cash flow in steady state.

Derivation and justification

As a risk-free interest rate, we use the daily traded yield of a safe 10-year government bond, as of the valuation date in the amount of 0.4% (CHF). For taking stock market equity risk into account, we consider a risk premium of 6.0% in a first step. One important feature of our methodology is to price in the regional risk of the company and in this case we change the risk premium to 6.7%. The regional adjustment of the risk premium takes into account the location of the company and its regional sales markets, which Nestlé S.A. regularly publishes. As a risk measure, we use the current prices traded on the capital market for country default risk (credit default swaps) and calculate weights based on the regional sales distribution.

Cost of Equity

We calculate the cost of equity as follows: Cost of Equity = risk-free rate + Beta * regional adjusted risk premium = 0.4% + 0.80 * 6.7% = 6.3%. The formula is the recognized derivation along the so-called Capital Asset Pricing Model, whereas the "Beta" as a relative measure adjusts the risk premium individually (relative risk).

Cost of Debt

We estimate Cost of Debt as of the valuation date at 1.7%. This is the interest rate at which the company can currently borrow long-term funds. We determine the aforementioned interest rate based on a company rating and the currently traded yields of 10-year corporate bonds of the same rating class. Necessarily, in accordance with correct practise, we reduce the Cost of Debt by the Marginal Tax Rate (tax-shield), in this case in the amount of 19.6%. The Cost of Debt taken into account is therefore 1.4%.

## Calculation of Discount Rate

| | |
|---|---|
| Risk-free Rate (10Y Government Bond) CHF | 0.4% |
| Equity Risk Premium based on sales regions | 6.7% |
| Relative Risk (relevered Beta of Industries) | 0.80 |
| Adjustment in case of specific Country Risk | 0.5% |
| **Cost of Equity** | **6.3%** |
| Cost of Debt at Date of valuation | 1.7% |
| Marginal Tax Rate of Country | 19.6% |
| **Cost of Debt after Tax** | **1.4%** |
| Market Capitalization in CHF million | 199,939 |
| Value of Debt in CHF million | 61,226 |
| **Weighted Average Cost of Capital (WACC)** | **5.1%** |
| WACC at steady state | 5.3% |

## Releverd Beta of relevant industries

"Beta" represents the systematic risk of the company; a Beta of less than 1.0 implies a lower risk than the market and vice versa. Our models always use specially derived bottom-up Betas, never the regression Beta of the individual stock, which we consider an unsuitable risk measure. Our Beta therefore takes into account the systematic risk of the industries in which Nestlé S.A. operates. Many companies operate in different industries; we calculate weights based on industrial revenue distribution and consider premiums or discounts depending on the stability of the EBIT margin (CAPM plus). In accordance with our methodology, we adjust Beta to the specific leverage ratio ("levered Beta") and each company is assigned an individually justified risk that must be priced in.

| Valuation Results and Equity Bridge in CHF million | |
|---|---|
| Present Value of free cash flows over 10 Years | 81,254 |
| Present value of Terminal Value | 166,122 |
| **Enterprise Value** | **247,376** |
| Total Cash & ST Investments | 6,230 |
| Long Term Marketable Securities | |
| (Market Value of) Debt | -61,226 |
| Financial Receivables | |
| Minority Interest | -248 |
| Unearned Revenue, Non-Current, Other | |
| Debt Equivilant of Unfunded Benefit Obligation | |
| Cashout legal disputs | |
| Value of Stock Options | |
| Value of cross holdings & LT Investments | 15,737 |
| **Equity Value** | **207,869** |

**Weighted Average Cost of Capital (WACC)**

Taking into account current market capitalization and debt, we weigh the Cost of Equity in this case with 76.6% and the Cost of Debt with 23.4%. All this results in the quoted Weighted Average Cost of Capital: WACC = 6.3% * 76.6% + 1.4% * 23.4%. = 5.1%

| | |
|---|---|
| Shares Outstanding mln | 2,572.2 |
| **Intrinsic Value per Share in CHF** | **80.81** |

**Remarks**

The present value of the terminal value and the present value of all 10 discounted cash flows add up to the debt & cash free Enterprise Value. The Enterprise Value in this case amounts to CHF 247,376 million = CHF 166,122 million (Present Value of Terminal Value) plus CHF 81,254 million (Present Value of forecasted cash flows). In accordance with correct methodolgy, cash including tradable securities (CHF 6,230 million) are added and interest bearing liabilities (CHF 61,226 million) are subtracted.

In addition, we analyze the liabilities of the balance sheets to consider additional items in the so-called "equity bridge" if necessary. These may include, in particular, accrued advance payments, consolidated minority shares or uncovered pension provisions, as well as other items. In special cases, interest-bearing liabilities may include financial liabilities from trading activities, e.g. in the case of consolidation of banking or leasing businesses. In the aforementioned cases, we pay attention to any offsetting items on the asset side of the balance sheet (financial receivables) and balance the amounts in the Equity Bridge under the item Other. After deducting or adding the items listed individually in the equity bridge of the DCF model, the Equity Value as of the valuation date is CHF 207,869 million.

The Intrinsic Value per Share is calculated when dividing the Equity Value by the number of outstanding shares (2,572 million). Value per Share as of the valuation date therefore amounts to CHF 80.81. The Intrinsic Value per Share can be compared with the current stock market price (CHF 78.85) and can be used for investment decissions. Based on this company valuation, the ratio of Share Price to Share Value as of the valuation date is: 97.6%.

If Revenue and EBIT-Margin assumptions are increased by 10% - anything else held constant - value per share amounts to CHF 94.68 (Price/Value: 77.5%). If WACC is decreased by 100 basis points - anything else held constant - value per share increases to CHF 107.39 (Price/Value: 73.4%).