

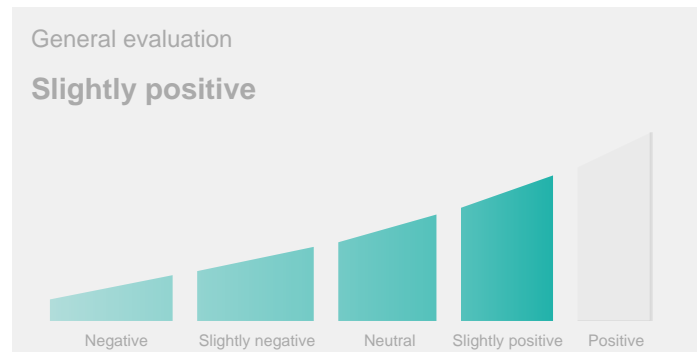
NESTLE AG

NESTLE AG active in the sector «Food Products», belongs to the industry group «Food & Beverage».

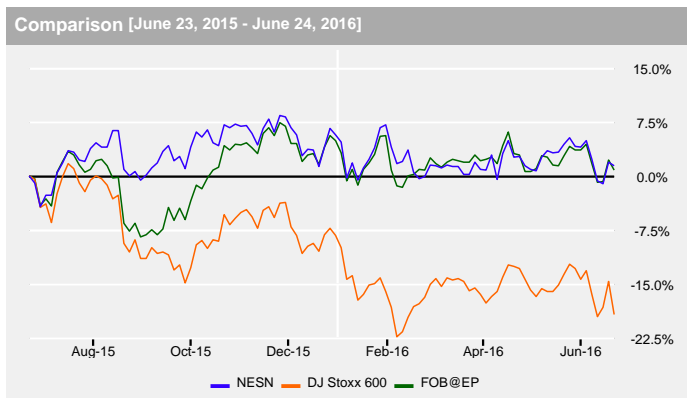
Its market capitalization of USD 230.06 bn. ranks it among large-cap stocks and # 1 in the world, in its group.

During the last 12 months this stock has reached a high of CHF 76.40 and a low of CHF 67.50; its current price of CHF 71.50 places it 6.4% under its 52 week high and 5.9% over its 52 week low (bi-weekly closing).

Performance since June 23, 2015: NESTLE AG: 1.4%, Food & Beverage: 0.8%, DJ Stoxx 600: -19.3%



Company Name	Price	Perf YtD	Mkt Cap in \$bn	Stars	Risk Zone	Nb of Stocks	7wk EPS Rev	LT P/E	LT Growth	Div	4wk Rel Perf
NESTLE AG	71.50	-4.1%	230.06	★★★★★	🟢		2.7%	18.5	12.3%	3.3%	3.6%
Food & Beverage (EP)	145.00	-3.9%	947.58	★★★★★	🟢	73	4.1%	18.4	14.1%	2.8%	4.7%
DJ Stoxx 600	322.00	-12.0%	10,374.72	★★★★★	🟡	600	0.6%	11.9	12.6%	4.0%	-6.4%



The four-week relative performance of its reference group («Food & Beverage») is positive.

Dividend

The 12-month indicated dividend yield is 3.3%. This estimated dividend represents 61.4% of the estimated earnings. Consequently, the dividend is covered, but not strongly, and reasonably likely to prove sustainable.

Summary of the fundamental and technical analysis

- The positive driving earnings revisions trend is in line with the positive climate of the sector.
- In terms of valuation, the stock has reasonable potential.
- The negative technical trend goes along with the aggregate: the pressure is systemic.
- The stock showed a relative overperformance in a positive environment «Food & Beverage».

Fundamental and Technical Analysis

Price level analysis

In order to assess whether NESTLE AG is currently fairly priced, we focus on the Peter Lynch's broadly accepted methodology which compares the projected earnings growth and dividend with the estimated PE ratio. Based on this,

- NESTLE AG is fundamentally fairly valued compared to its theoretical fair price.
- its valuation is comparable to the European «Food & Beverage» aggregate.

The "Forecasted Growth + Estimated Dividend Yield/ Estimated Price Earnings" ratio below 0.9 indicates that investors must pay a premium for the estimated growth potential of 6.8%.

The fundamental price potential for NESTLE AG is reasonable, and in line with the valuation of other stocks in the same industry group.

Earnings revisions

NESTLE AG is strongly followed by financial analysts, as over the last three months an average of 28 analysts provided earnings estimate forecasts up until the year 2018.

Currently, these analysts are positively revising their earnings growth estimates by 2.7% compared with seven weeks ago. This positive pressure on the growth expectations has been apparent since June 7, 2016 when the stock closed at the price of CHF 73.95 and acts slightly in counterweight to the negative technical trend.

The positioning of NESTLE AG vs. its reference sector («Food & Beverage») accentuates that the clearly positive trend of earnings revisions fits in the general context because its environment is also being positively revised.

Technical trend and relative performance

Since June 14, 2016, the medium-term technical trend is slightly negative, at a price of CHF 70.00. Its adjusted technical reverse point is CHF 73.55, or 2.9% above the current price.

The four-week relative performance against the reference index DJ Stoxx 600 is 3.6%. The technical trend must be overshadowed by this overperformance, a sign that the investors are still interested in this stock.

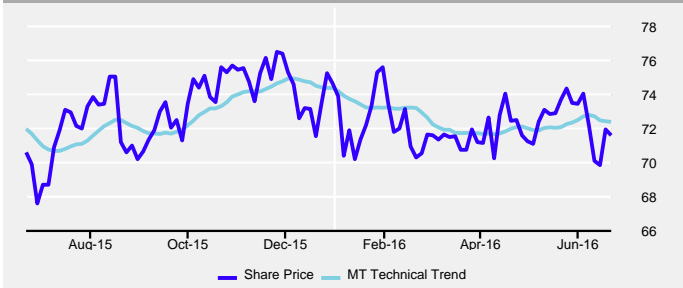
Checklist

Global Evaluation	📈	Downgrade from positive to slightly positive the 05-Feb-2016.
Stars	★★★★★	Strong interest since 24-Jun-2016.
Earnings Rev Trend	🟢	Analysts positive since 07-Jun-2016
Valuation Rating	🟡	Fairly priced
MT Tech Trend	🔴	Trend neutral but previously negative (since 14-Jun-2016)
4wk Rel Perf	3.6%	vs. DJ Stoxx 600
Risk Zone	🟢	No change over 1 year.
Bear Mkt Factor	🟢	Very defensive positioning during market declines
Bad News Factor	🟢	Slight market sanction in case of specific pressure

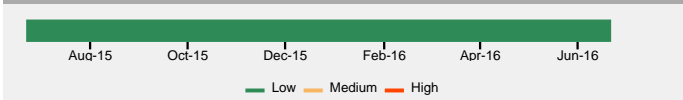
NESTLE AG - Sector and/or Group comparison

Company Name	Symbol	Market	Price	Perf YTD	Mkt Cap in \$bn	Stars	Risk Zone	G/PE Ratio	LT P/E	LT Growth	Div	Volatility 1M	Global Evaluation
NESTLE AG	NESN	CH	71.50	-4.1%	230.06	★★★★★		0.84	18.5	12.3%	3.3%	19.1%	
CHOC.LINDT &SPRUENGLI AG	LISN	CH	68,700.00	-7.9%	15.58	★★★★★		0.69	32.4	21.0%	1.3%	17.6%	
BARRY CALLEBAUT AG	BARN	CH	1,147.00	4.6%	6.51	★★★★★		0.94	20.4	17.8%	1.4%	21.8%	
ARYZTA AG	ARYN	CH	36.48	-28.5%	3.46	★★★★★		0.91	9.0	6.6%	1.7%	33.6%	
MONDELEZ INTL.INCO.	MDLZ	US	42.27	-5.7%	65.61	★★★★★		0.94	17.1	14.2%	1.8%	21.7%	
DANONE	BN	FR	60.83	-3.5%	44.35	★★★★★		0.92	16.6	12.5%	2.8%	26.3%	
GEN.MILLS INCO.	GIS	US	66.14	14.7%	39.31	★★★★★		0.79	20.5	13.3%	2.8%	10.2%	
ASSOCIATED BRIT.FDS.PLC.	ABF	GB	2,775.00	-17.0%	29.93	★★★★★		0.87	20.7	16.7%	1.4%	26.3%	
KELLOGG CO.	K	US	77.19	6.8%	27.02	★★★★★		0.84	18.2	12.6%	2.7%	16.1%	
ARCHER-DANLS.-MIDL.CO.	ADM	US	40.50	10.4%	23.80	★★★★★		1.08	13.9	12.1%	3.0%	19.2%	
TYSON FOODS INCO.	TSN	US	63.57	19.2%	23.56	★★★★★		1.11	12.8	13.0%	1.2%	20.7%	

NESTLE AG (CHF) [June 23, 2015 - June 24, 2016]



Risk evolution [June 23, 2015 - June 24, 2016]



Risk Analysis * within the asset class equity

Beta, Correlation and Volatility

Beta is often used as a measure of risk. Where a Beta is greater than 100, the stock is more volatile and therefore more risky. A Beta of 0.61 indicates that for 1% of index variation, NESTLE AG varies on average by 0.61%. But a Beta analysis coupled with the correlation gives a more relevant assessment.

Correlation is the degree of similarity in which a stock fluctuates in relation to its reference index. NESTLE AG has a correlation rate of 0.76. This indicates that 76% of the stock's movements are explained by index variations. NESTLE AG is strongly correlated to DJ Stoxx 600.

The volatility is also used as a risk factor. It measures the magnitude of the high and low movements of a stock or index. The higher the volatility, the more risky a stock is considered to be. The 1 month annualized volatility of NESTLE AG is : 19.1%, that of the index DJ Stoxx 600 is 34.0% and that of the world aggregate for the group Food & Beverage is 13.5%. By comparison, the average volatility of the stocks that make up the reference index is clearly higher at 37.9%.

The risk factor in bear markets

The "Bear Market Factor" measures the behavior of a stock in declining markets. In this context, NESTLE AG has a tendency to minimize the drops of the index DJ Stoxx 600 by -0.88%. This behavior provides a defensive positioning during market declines.

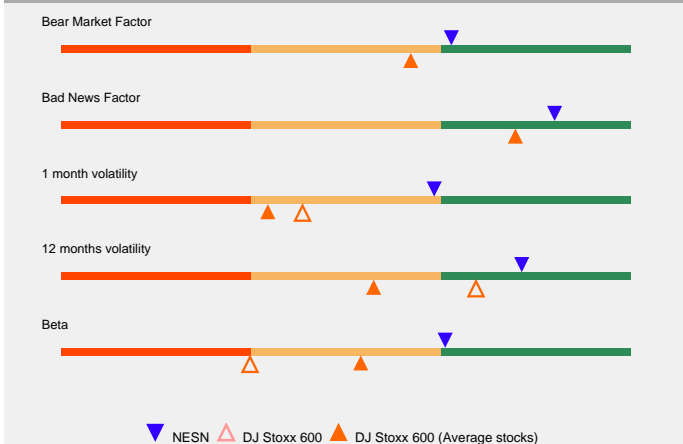
The risk factor in rising markets

The "Bad News Factor" measures the behavior of a stock in rising markets. This behavior shows that in the case of specific pressure, NESTLE AG is slightly sanctioned by the market. When the stock goes down in a rising environment, its average deviation is -1.81%.

Summary of the risk analysis

Globally, the risk the investor takes on with NESTLE AG can be considered weak and this more than one year.

Risk profile



Conclusion

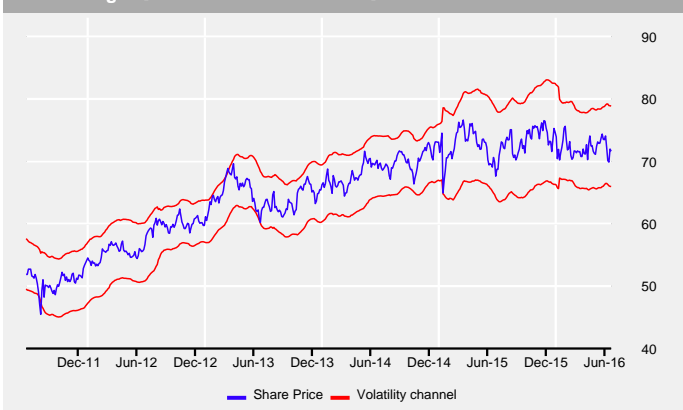
At the analysis date of June 24, 2016, the general impression that the fundamental and technical elements (valuation, earnings revisions, group benchmarking, technical factors) give is slightly positive. Moreover, the combination of the different criteria of risk appreciation (volatility, correlation coefficient, Beta, Bear Market Factor, Bad News Factor) leads to a general qualification of low risk. By combining the slightly positive fundamental and technical analysis, with the low risk, the general evaluation seems slightly positive.

Key figures

Annualized estimate for current year to	2018
Estimated PE (LT PE) for 2018	18.5
Projected earnings growth (LT Growth)	12.3%
Dividend	3.3%
Number of analysts	28
First analysis date	02-Jan-2002

5 year history

Price changes [June 24, 2011 - June 24, 2016]



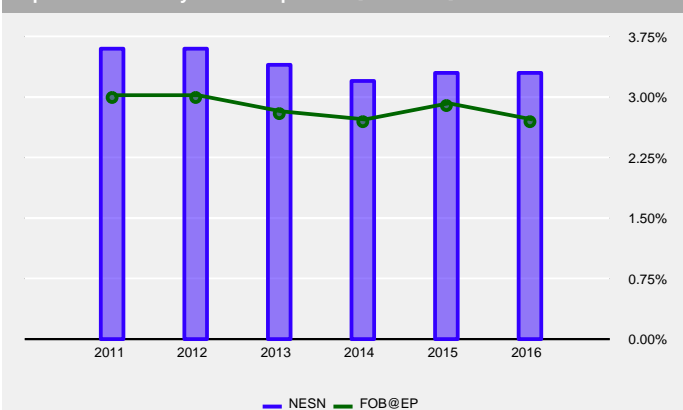
Price changes over 5 years

The volatility channel shows a stock's average fluctuations over the last 5 years.

During this period, the high of CHF 76.50 was reached on March 2015 and the low of CHF 45.35 in the month of August 2011.

The price development is generally in the volatility channel whose upper and lower limits are presented here. Crossing one of these limits is an exceptional situation accompanied by strong increases in short-term volatility.

Expected dividend yield - Comparative [2011 - 2016]



Comparative evolution of the expected dividend yield since 6 years

The 12-month indicative dividend yield is 3.3%, more than the 2.7% average of NESTLE AG's industry group.

Reminder, this estimated dividend represents 61.4% of the estimated earnings; it is moderately covered: its payment is therefore reasonably guaranteed.

The last estimation of the expected dividend is relatively steady, because the average of the last years is 3.4%.

Comparative LTPE [June 24, 2011 - June 24, 2016]

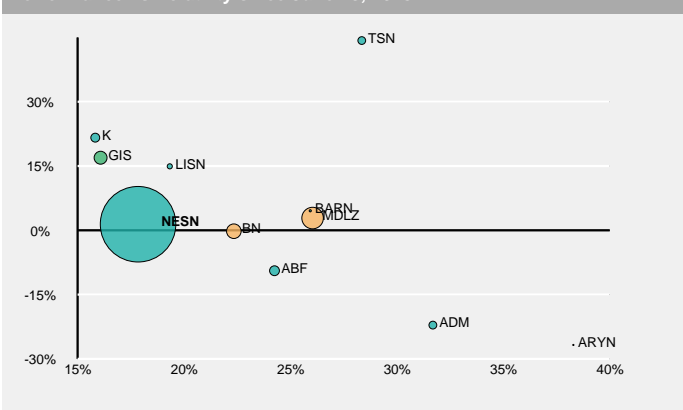


Comparative evolution of the LTPE over 5 years

The forward PE of NESTLE AG is close to that of its group Food & Beverage, as it currently stands at 18.51 and the group's forward PE is 18.43. This indicates the stock's valuation is not far from that of its industry group.

Historically speaking, this stock is also currently trading at a premium, because its median is 16.66.

Performance vs Volatility since June 23, 2015

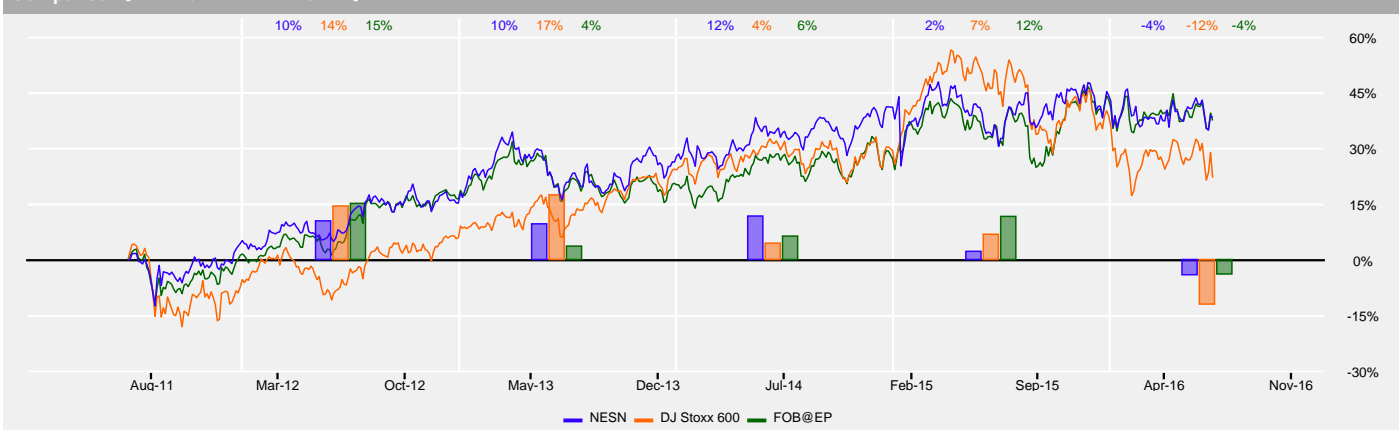


Performance and Volatility

The vertical axis measures the performance since June 23, 2015 of the 10 stocks presented in the table on page 2, while the horizontal axis measures the 12 month annualized volatility.

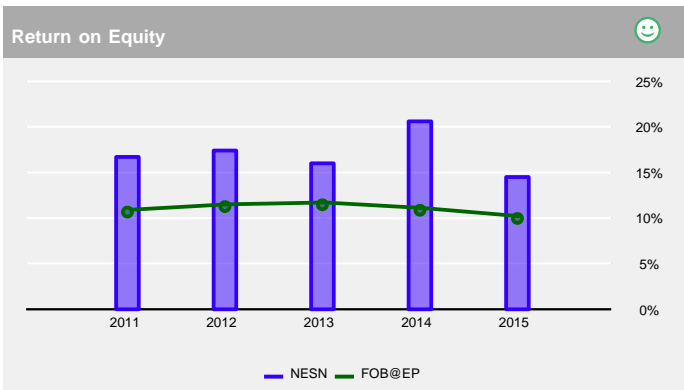
The bubbles are sized according to market capitalization, and their colors indicate the overall rating (Global Valuation).

Comparison [June 24, 2011 - June 24, 2016]

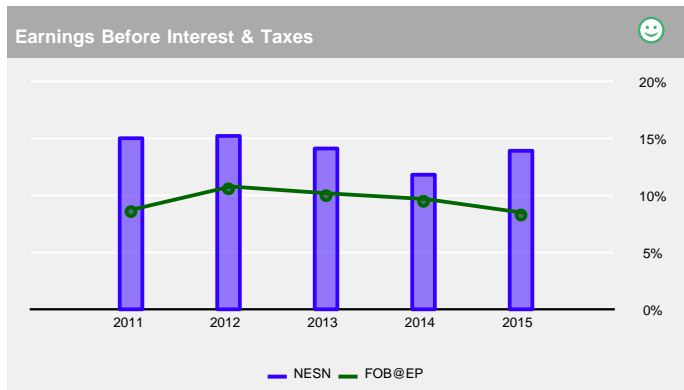


Comparative performance over 5 years

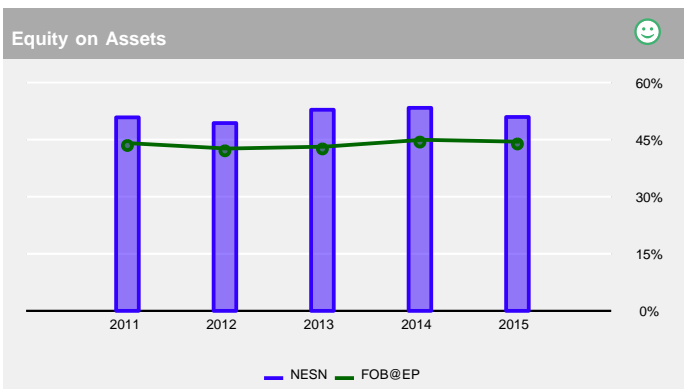
On a 5 year moving average, the performance of the stock NESTLE AG is 38.2%, vs. 22.0% for the DJ Stoxx 600 and 37.4% for the group Food & Beverage (FOB@EP).



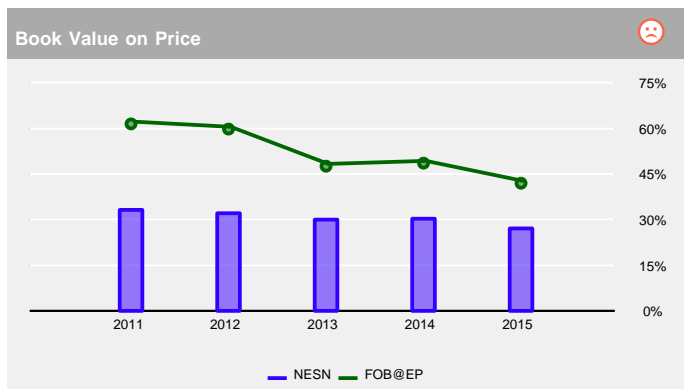
The return on equity (eng. ROE or Return on Equity) is the ratio between the profits made and own funds provided by the shareholders. The figure varies greatly from industry to industry. In NESTLE AG the average ROE is 17%, above the industry average of 11%, which indicates an efficient capital use. The last publicized return on equity of 15% is located near the long-term average of 17%.



The operating margin (EBIT) of NESTLE AG located in the historic resources at 14%. This is similar to the industry average of 9%. The last reported 14% are near the historical average of 14%.



The graph shows the share of own funds in relation to the total assets. The higher the value, the more conservative the company's finances. NESTLE AG has an average equity ratio of 52%, which is above the industry average of 43%. The current capital share of 51% is close to the historical average of 52%.



The book value of the company is shown in relation to the stock's value. The larger the ratio, the more asset value is obtained relative to the market price. The indicator is subject to strong sectoral differences. The average value of NESTLE AG is with 31% below the industry average of 52%. With 27% the current value is close to the historical average of 31%.

Balanced sheet	2013	2014	2015	
	31-Dec	31-Dec	31-Dec	
Currency 'mio	CHF	CHF	CHF	
Cash & Short Term Invest	7,283	9,281	6,142	5%
Receivables	13,357	14,367	13,126	11%
Inventories	8,382	9,172	8,153	7%
Total Current Assets	30,066	33,961	29,434	24%
Properties & Equipment	26,895	28,421	26,576	22%
Intangible	43,712	54,357	52,008	43%
Total Assets	118,199	131,392	122,349	100%
Account Payable	16,072	17,437	17,038	14%
Short Term Debt	11,380	8,810	9,629	8%
Total Current Liabilities	32,917	32,895	33,321	27%
Long Term Debt	10,363	12,396	11,601	9%
Total Liabilities	118,199	131,392	122,349	100%

Annual Statement	2013	2014	2015	
	31-Dec	31-Dec	31-Dec	
Currency 'mio	CHF	CHF	CHF	
Total Revenue	92,158	91,612	88,785	100%
Cost	44,946	44,495	41,552	47%
Gross Income	44,047	44,059	44,055	50%
General Cost & Administration	29,370	29,496	30,321	34%
Amortization	3,165	3,058	3,178	4%
Operating Income	14,258	13,729	13,386	15%
Research & Development	1,503	1,628	1,678	2%
Net Income Before Extra Items	10,015	14,456	9,066	10%
Net Income Before Taxes	13,017	10,789	12,301	14%
Dividend	6,863	6,950	7,002	8%
Net Income	10,015	14,456	9,066	10%

Key Figures & Ratios	2013	2014	2015
Current Ratio	0.9	1.0	0.9
Long Term Debt	8.8%	9.4%	9.5%
Revenues on Assets	78.0%	69.7%	72.6%
Cash Flow on Revenues	14.3%	19.1%	13.8%
Shares Outstanding ('000)	3,189,576	3,168,423	3,084,466
NB of Employees	333,000	339,000	335,000

Number of Stocks

The number of stocks in the index that can be analyzed.

Mkt Cap in \$bn

This number represents the Market Capitalization in USD bn. It is calculated by multiplying a firm's share price by the number of outstanding shares. For reasons of comparison, all results are in USD.

Valuation Rating

Our Valuation Rating indicates if a stock is "expensive" or "cheap" relative to its growth potential. This is used to determine whether or not the investor is paying a premium for anticipated growth.

To estimate a stock's value relative to its current price, our Valuation Rating combines:

- stock price
- projected earnings
- projected earnings growth
- dividends

We establish our rating by combining these elements.

There are five ratings, ranging from strongly undervalued 🟢🟢 to strongly overvalued 🔴🔴.

Stars

theScreener.com's star rating system is designed to enable you to identify high-quality stocks quickly and easily.

In this easy-to-use rating system, stars are earned for each element specified below:

- Earnings Rev Trend 🟢 = ★★★★★
- Valuation Rating 🟢, 🟢🟢, 🟢🟢🟢 = ★★★★★
- MT Tech Trend 🟢 = ★★★★★
- 4 week Relative Performance > 1% = ★★★★★

Therefore, a stock can earn a maximum of four stars.

The lowest rating a stock can have is no stars.

Once a stock has earned a star, it will keep it until:

- Earnings Rev Trend becomes negative 🔴
- Valuation Rating becomes negative 🔴, 🔴🔴
- MT Tech Trend becomes negative 🔴
- 4 week Relative Performance drops below -1% (<-1%)

Div

This is the dividend in % for the next 12 months.

Even if the same number is shown, the dividend value can appear in one of four colors, depending on the earnings coverage:

- 0%, no dividend
- 4%, the dividends are covered (between 0% and 40% of earnings)
- 4%, the dividends represent between 40% and 70% of earnings
- 4%, the dividends are higher than 70% of earnings, which implies that the dividend coverage is not guaranteed.

Earnings Rev. Trend

The symbol 🟢 shows that compared with their earnings revisions of seven weeks ago, the analysts have now raised their estimates (7wk EPS Rev; > 1%); the symbol 🔴 indicates that compared with their earnings revisions of seven weeks ago, the analysts have now lowered their estimates (7wk EPS Rev < -1%).

When the earnings revisions (7wk EPS Rev) fall between +1% and -1%, the trend is considered to be neutral 🟡.

The symbol 🟢 indicates that the last significant revisions have been trending positive.

The symbol 🔴 indicates that the last significant revisions have been negative.

7wk EPS Rev

This is an abbreviation for 7 week Earnings Per Share Revision. This column indicates the value of these revised earnings. A figure of 2.8 signifies that compared with seven weeks ago, the analysts have now revised and raised their estimates by 2.8%. On the contrary, a negative number means that the earnings would have been revised lower.

G/PE Ratio

In order to establish our Valuation Rating, we calculate the estimated growth of future earnings (LT Growth) plus dividend in %, divided by the estimated future PE ratio (Long Term P/E).

LT PE

This is the relationship between the price (P) and the estimated long-term future earnings (E LT).

LT Growth

This is the estimated annual growth rate of future earnings, normally projected over the next two to three years.

MT Tech Trend

The MT Tech Trend indicates the current trend, positive 🟢 or negative 🔴, and the Tech Reverse indicates up to which price this trend will remain valid.

When a price falls to 1.75% above or below the Tech Reverse, the MT Tech Trend is considered neutral 🟡.

Once the price breaks out of the +1.75% neutral zone, the MT Tech Trend will change to positive.

The symbol 🟢 indicates that the previous MT Tech Trend was positive.

The symbol 🔴 indicates that the previous MT Tech Trend was negative.

4wk (Rel) Perf.

This figure measures the performance of a stock relative to its national or regional index (compared to four weeks ago). As for an Index, it measures the net performance over 4 weeks.

Bad News Factor

To determine the "Bad News Factor" we analyze a stock's declines in rising markets. In this purely objective analysis, the actual reasons for a stock's behavior are not important. If a stock price falls while its relative index goes up, it can be assumed that the stock's performance has been affected by bad news - hence the name, "Bad News Factor".

Here a stock's movements are measured on a bi-weekly basis, during a sliding 52 week period. Every time a stock drops while its reference index rises, the difference is calculated in %, integrated into a yearly average and expressed in basis points.

The higher the "Bad News Factor," the more a stock has proven to be sensitive to bad news.

The lower the "Bad News Factor," the less the stock has proven to be sensitive to bad news.

Bear Market Factor

To determine the "Bear Market Factor" we analyze a stock's price movements in declining markets.

This is the analysis of the movements, in a bi-weekly intervals, during a sliding 52 week period.

The higher the "Bear Market Factor," the greater the probability a stock would drop when its relative index drops.

A "Bear Market Factor" that is strongly negative means the stock has been more resistant to losses in declining markets.

Risk Zone

The price developments of stocks are generally volatile and contain high risks that can result in a total loss. Based on a their historical behavior, stocks are classified by risk levels. These risk levels have to be considered solely in relative historic comparison to other stocks. Please note that even "Low Risk" stocks are equities and therefore high risk investments that can lose up to all of their value, and that based on the past no firm conclusions can be taken into the future.

Risk zones are determined by measuring the "Bear Market Factor" and the "Bad News Factor" against a world reference.

There are three types of risk ratings:

- Low Risk: The risk indicators fall below the world reference average.
- Medium Risk: The risk indicators are situated higher than the world reference average, but lower than one standard deviation.
- High Risk: The risk indicators are at levels higher than one standard deviation.

Volatility 12 M

Volatility is also used as a risk factor. It measures the magnitude of the high and low movements of a stock or index. The higher the volatility, the more risky a stock is considered to be.

% of Stocks in Uptrend

This is the percentage of stocks in a given list that have a positive Medium Term Technical Trend. If, for example, the aggregate of Technology / World, (which is made up of 458 stocks) has 8% "of stocks in Uptrend," it means that 38 of the stocks within that aggregate have a positive Medium Term Technical Trend.

Beta

Beta is often used as a measure of risk. Where a Beta is greater than 100, the stock is more volatile than its reference index and therefore more risky.

Correlation

Correlation is the degree of similarity (in %) in which a stock fluctuates in relation to its reference index.

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More information: www.thescreener.com/en/wc/methodology.htm

Earnings forecasts provided by THOMSON REUTERS.