



STOCK UPDATE

Result Update - Q3FY2026

SECTOR

Consumer Goods

COMPANY DETAILS

| | |
|-------------------------------|-----------------|
| Market cap: | Rs. 2,52,146 cr |
| 52-week high/low: | Rs. 1,340/1,058 |
| NSE volume: (No of shares) | 12.0 lakh |
| BSE code: | 500790 |
| NSE code: | NESTLEIND |
| Free float: (No of shares) | 71.8 cr |

Source: NSE, BSE, Mirae Asset Sharekhan Research

SHAREHOLDING (%)

| | |
|-----------|------|
| Promoters | 62.8 |
| FII | 11.0 |
| DII | 12.1 |
| Others | 14.2 |

Source: NSE, BSE, Mirae Asset Sharekhan Research

PRICE CHART



Source: NSE, BSE, Mirae Asset Sharekhan Research

PRICE PERFORMANCE

| (%) | 1m | 3m | 6m | 12m |
|--------------------|-----|-----|------|------|
| Absolute | 2.2 | 3.2 | 14.9 | 12.4 |
| Relative to Sensex | 7.0 | 6.0 | 13.6 | 7.0 |

Source: Mirae Asset Sharekhan Research, Bloomberg

Reco/View: **BUY**

CMP: **Rs. 1,308**

Price Target: **Rs. 1,500**

Quick Snapshot

- Nestle's Q3FY26 numbers were good, with strong volume-led revenue and PAT growth, while margins fell y-o-y and missed our expectations.
- Revenue grew by 18.6% y-o-y, OPM fell by 149 bps y-o-y to 21.2% and adjusted PAT grew by 29.4% y-o-y.
- Better volumes, lower raw material costs, and GST reduction combined with increased investments in brands and manufacturing would drive improved performance going ahead.
- Stock trades at 77x/64x/55x its FY26E/FY27E/FY28E EPS, respectively. We maintain a Buy rating with a revised PT of Rs. 1,500.

Result overview

- Revenue grew by 18.6% y-o-y to Rs. 5,667 crore, beating our expectations, driven by 18.3% y-o-y growth in the domestic business while export sales grew by 22.9% y-o-y. Strong revenue growth can be attributed to strategic investments in increasing capacity and brand building, supported by market recovery following GST benefits.
- Among categories, confectionery, powdered & liquid beverages and prepared dishes & cooking aid grew in double-digits with healthy volume growth. Milk products & nutrition performed better after several quarters of muted performance.
- Gross margin/OPM fell by 66 bps/149 bps y-o-y to 55.7%/21.2%, respectively, owing to input cost inflation and higher operating expenses. OPM missed our expectation of 23%.
- Operating profit growth of 10.8% y-o-y to Rs. 1,202 crore and higher other income and lower interest cost led to 29.4% y-o-y growth in the adjusted PAT to Rs. 901 crore, ahead of our expectation. Reported PAT grew by 46.2% y-o-y to Rs. 1,018 crore.
- 9MFY26 revenue grew 11.6% y-o-y to Rs. 16,407 crore, OPM fell by 134 bps y-o-y to 21.6% and adjusted PAT grew by 5.3% y-o-y to 2,313 crore.
- The board declared an interim dividend of Rs. 7 per share for FY26.

Our Call

Strong position in the domestic foods market, innovative product portfolio, focus on distribution expansion, capacity expansion and improving out-of-home consumption will help Nestle compete and achieve better growth in a stable demand environment. Volatile commodity prices are likely to keep a check on margins in the near term. However, Nestle's strong pricing power and cost-saving strategies might help it to mitigate margin pressure. The stock trades at 77x/64x/55x its FY26E/FY27E/FY28E EPS, respectively. We maintain a Buy rating with a revised PT of Rs. 1,500.

Key Risks

Delay in demand recovery or regulatory hurdles in key food categories or a rise in key input prices would act as a key risk to our earnings estimates.

Valuation (Standalone)

| Particulars | Rs cr | | | | |
|-------------------------|------------|--------|--------|--------|--------|
| | FY24 (15M) | FY25 | FY26E | FY27E | FY28E |
| Revenue | 24,394 | 20,202 | 22,695 | 25,772 | 28,747 |
| OPM (%) | 23.9 | 23.5 | 22.6 | 23.6 | 24.2 |
| Adjusted PAT | 3,928 | 3,082 | 3,278 | 3,933 | 4,563 |
| Adj. diluted EPS (Rs.)* | 16.3 | 16.0 | 17.0 | 20.4 | 23.7 |
| P/E (x) | 64.2 | 81.8 | 76.9 | 64.1 | 55.3 |
| P/B (x) | 94.3 | 61.2 | 62.4 | 61.2 | 52.3 |
| EV/EBIDTA (x) | 43.5 | 53.2 | 49.2 | 41.6 | 36.3 |
| RoNW (%)* | 108.4 | 82.6 | 80.4 | 96.4 | 102.1 |
| RoCE (%)* | 126.5 | 90.3 | 86.4 | 109.2 | 119.1 |

Source: Company; Mirae Asset Sharekhan estimates; #FY24 financials are for 15 months due to change in financial year from December 2023 to March 2024; *FY24 figures adjusted for 12 months.

Result highlights

- **Confectionery:** Posted robust double-digit growth driven by strong underlying volume growth, supported by significant advertising spends, expansion of store presence and a wider range of products available, alongside rural market acceleration, premiumization, and increased in-home penetration driven by quick commerce. KITKAT witnessed high double-digit volume growth, especially in rural areas. MUNCH maintained its momentum with double-digit volume growth. MILKYBAR displayed strong performance. Launched festival packs such as KITKAT Celebreak, KITKAT Goldenbreak. KITKAT Delights Salted Caramel, Hazelnut, KITKAT Dark Sharebag, and KITKAT Duo, continued to deliver strong performance.
- **Powdered and Liquid Beverages:** Marked 18 consecutive quarters of double-digit revenue growth in Q3. NESCAFÉ CLASSIC, NESCAFÉ SUNRISE, and NESCAFÉ GOLD continued to drive strong momentum. NESCAFÉ Ready-To-Drink cold coffee saw strong growth.
- **Prepared Dishes and Cooking Aids:** Registered strong double-digit value growth on the back of accelerated volume growth. MAGGI Noodles delivered a double-digit volume growth. Masala-ae-Magic continued its strong run by continuing to focus on building household penetration and usage frequency.
- **Milk Products and Nutrition:** Showed improved performance and posted mid-single-digit growth, with certain segments delivering promising growth while others exhibited muted performance. MILKMAID continued its strong growth momentum. EVERYDAY showed recovery in key geographies. Toddler milk products performed well and reported market share gains.
- **Pet Food business:** Reported strong double-digit growth. The PRO PLAN dog range was expanded with the introduction of an entry pack to encourage trial for the brand.
- In the premium segment, NESPRESSO's growth path continued, buoyed by strong momentum during the festive season.
- **Out-of-Home business, Nestlé Professional:** Continued its robust momentum and delivered double-digit growth as well. It witnessed significant expansion across core categories, including Beverage Vending Solutions, Confectionery, and MAGGI Coconut Milk Powder.
- **General Trade:** Delivered strong double-digit growth, marking a significant acceleration compared to previous quarters, with robust performance across all town classes, led by rural markets. Technology has been a key enabler of this progress, with the adoption of DMS at sub-distributor levels further strengthening retailer engagement and improving asset deployment in rural areas.
- **E-Commerce:** Sustained strong growth, supported by impactful new product launches, improved platform availability and robust festive activations.
- **Organized Trade:** Continued its strong broad-based growth across categories, led by festive activations and new product launch scale-up.
- **Exports:** Posted high double-digit growth, driven by strong demand across product groups. Coffee continued to perform well. The company expanded its product portfolio in Thailand and Papua New Guinea by introducing new SKUs of MUNCH wafer chocolates. In B2B, it added new customers for Instant Tea, further enhancing market presence.
- **Raw materials:** Milk prices have not softened despite the flush season, driven by robust demand. Edible oil prices remain elevated and are expected to trade sideways in the first half of 2026. The upcoming wheat harvest in April 2026 looks promising. Coffee prices have stabilized at lower levels than last year due to favourable crop yields in both Vietnam and India.

Results (Standalone)

| Particulars | Rs cr | | | | |
|---------------------------------|----------------|----------------|-------------|----------------|-------------|
| | Q3FY26 | Q3FY25 | Y-o-Y % | Q2FY26 | Q-o-Q % |
| Net Sales | 5,643.5 | 4,762.1 | 18.5 | 5,630.2 | 0.2 |
| Other Operating income | 23.5 | 17.6 | 33.6 | 13.4 | 75.8 |
| Total Revenue | 5,667.0 | 4,779.7 | 18.6 | 5,643.6 | 0.4 |
| Raw Material Cost | 2,508.8 | 2,084.6 | 20.4 | 2,578.1 | -2.7 |
| Employee Cost | 591.0 | 494.7 | 19.5 | 536.7 | 10.1 |
| Other Expenses | 1,365.2 | 1,115.5 | 22.4 | 1,292.2 | 5.6 |
| Total Operating Cost | 4,465.0 | 3,694.8 | 20.8 | 4,407.0 | 1.3 |
| Operating Profit | 1,202.1 | 1,084.9 | 10.8 | 1,236.6 | -2.8 |
| Other Income | 11.7 | 4.4 | - | 1.6 | - |
| Interest & Other Financial Cost | 28.3 | 34.6 | -18.4 | 46.4 | -39.1 |
| Depreciation | 174.4 | 132.5 | 31.6 | 163.4 | 6.8 |
| Profit Before Tax | 1,011.1 | 922.3 | 9.6 | 1,028.5 | -1.7 |
| Tax Expense | 110.5 | 226.1 | -51.2 | 275.3 | -59.9 |
| Adjusted PAT | 900.7 | 696.1 | 29.4 | 753.2 | 19.6 |
| Exceptional Items | -117.4 | 0.0 | - | 0.0 | - |
| Reported PAT | 1,018.1 | 696.1 | 46.2 | 753.2 | 35.2 |
| Adj. diluted EPS (Rs) | 4.7 | 3.6 | 29.4 | 3.9 | 19.6 |
| | | | bps | | bps |
| GPM (%) | 55.7 | 56.4 | -66 | 54.3 | 141 |
| OPM (%) | 21.2 | 22.7 | -149 | 21.9 | -70 |
| NPM (%) | 18.0 | 14.6 | 340 | 13.3 | 462 |
| Tax rate (%) | 10.9 | 24.5 | - | 26.8 | - |

Source: Company; Mirae Asset Sharekhan Research

Additional Data
Top 10 shareholders

| Sr. No. | Holder Name | Holding (%) |
|---------|-------------------------------|-------------|
| 1 | Life Insurance Corp of India | 6.04 |
| 2 | Vanguard Group Inc. | 1.61 |
| 3 | BlackRock Inc. | 1.41 |
| 4 | SBI Funds Management Co. Ltd. | 0.89 |
| 5 | ICICI Prudential AMC Ltd. | 0.80 |
| 6 | UTI Asset Management Co. Ltd. | 0.63 |
| 7 | Norges Bank | 0.37 |
| 8 | Goldman Sachs Group Inc. | 0.27 |
| 9 | Nippon Life India AMC Ltd. | 0.26 |
| 10 | Credit Agricole Group | 0.23 |

Source: Bloomberg

Key management personnel

| Name | Designation |
|------------------|--|
| Manish Tiwary | Chairman-Managing Director |
| Edouard Mac Nab | Executive Director – Finance and Control and CFO |
| Pramod Kumar Rai | Company Secretary and Compliance Officer |

Source: Company Website

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