

SWITZ: Alcon disposal boosts Nestle profits

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Nestle today (19 February) posted a 69% jump in 2008 net profit on the back of its sale of a stake in eyecare company Alcon.

The world's largest food company booked net profit of CHF18bn (US\$15.32bn), a rise of 69.4%, thanks to the CHF9.2bn profit Nestle made on its sale of 24.8% of Alcon in July.



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Nestle's sales climbed 2.2% to CHF109.9bn in 2008 and, while the strength of the Swiss franc weighed on the results, revenue rose 8.2% on an organic basis.

The company said EBIT grew to CHF15.7bn, with EMBIT margin up 30 basis points on a reported basis to 14.3%, or 50 basis points at constant currencies.

CEO Paul Bulcke said the results reflected Nestle's "intrinsic strength" and would "provide momentum" going into 2009.

"Nestle's ability to capitalise on a wide variety of market conditions across the world remains one of its decisive competitive advantages," Bulcke said.

James Amoroso, director and consultant at Amoroso Strategic Insights, praised Nestle's performance. "The underlying 50bp margin improvement at year end is in line with our expectations of a year ago, which is incredible given what has happened since to the global economy," he said.

Looking at 2009, Bulcke said Nestle would look to post sales growth "at least approaching" 5% on an organic basis and an improvement in EBIT margin at constant currencies.

"The unchanged EBIT guidance and the minimum 5% organic growth is reassuring," Amoroso said. "Nestle management is clearly confident about its ability to weather whatever 2009 may have to throw at the company."

Shares in Nestle were up 5.19% to CHF38.94 at 10:02 CET.