

Sales down at Nestle after price hikes

Nestle, the world's biggest packaged food company, has reported a fall in sales after hiking its prices.

The KitKat and Nescafe maker missed first-quarter sales estimates, the company revealed on Thursday, with business particularly hit in North America.

Total reported sales dropped by 5.9% internationally to 22.1bn Swiss Francs (£19.4bn) in the first three months of 2024, compared to the same period the year before.

Prices were up 3.4% globally and 4.6% in Europe.

Nestle said its Purina PetCare range was a strong driver of growth during the quarter, while there was an overall fall in drinks sales, including its Coffee Mate brand.

The company's range of nutrition products and supplements also recorded negative growth as "robust demand" was "more than offset by the temporary supply constraints for vitamins, minerals and supplements".

Prices have been [rising across the packaged goods industry](#) in recent years following supply chain pressures in the wake of the COVID pandemic and [Russia's invasion of Ukraine](#).

Nestle said organic sales, which exclude the impact of currency movements and acquisitions, rose 1.4% in the quarter. Analysts had, on average, expected growth of 2.9%.

Jean-Philippe Bertschy, from investment management firm Vontobel, described the results as an "uninspiring start to the year" for the company.

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He added: “The weak [volumes], although well flagged by the company in February, are unlikely to reassure investors who were expecting a sign of improvement given recent results from peers.”

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Nestle chief executive Mark Schneider said the firm had expected a “slow start” to 2024 but added he was confident there would be a “strong rebound” in the second quarter.

He said: “A wide range of growth initiatives across the group are now starting to deliver.

“In North America, we have stepped up our innovation intensity and commercial activities, primarily in frozen food, which lost ground in the first quarter.

“The integration plan for Nestle Health Science’s vitamins, minerals and supplements business is on track, with the turning point expected in the second quarter and strong growth thereafter.”

The company added it expects organic sales growth of around 4% during 2024 and a moderate increase in its underlying trading profit margin.