

An International Activity Plan of the Company Nestlé

¹Dominika Kaźmierczak, ²Marie Fiba, ³Šárka Králová, ⁴Adalmiro Pereira, ⁵Tânia Teixeira

ABSTRACT

The purpose of this paper is to analyse how Nestlé finances its activities on the international market, how it makes use of global financial instruments, and how its financial structure supports its worldwide operations. The study draws on information from Nestlé's financial reports, including the activities of Nestlé Finance International Ltd., which plays a key role in the group's international borrowing and risk management (Nestlé Finance International Ltd., 2024).

Nestlé, one of the biggest food and beverage companies worldwide, manages a diverse range of global brands and operates in more than 180 countries (Nestlé, 2024a). Its size, global presence, and long-term strategy make it an essential case study for learning how MNCs function in international financial markets.

KEYWORDS: Nestlé; International Finance; Hedging; Exchange rate

1 INTRODUCTION

Ongoing financial management issues for Nestlé's operations in many countries and currencies include exchange rate fluctuations, interest rate swings, and availability to worldwide sources of financing (Nestlé S.A., 2024). This makes the company a relevant and practical example for research on international financial management.

The paper is structured in several parts. First, it presents an overview of Nestlé's global activity and business model. It then examines the company's financial performance, highlighting key trends that influence its operations. Finally, it looks at the company's involvement in international financial markets, including its use of bonds, commercial paper, intercompany loans, and other financial instruments. This approach provides a clear understanding of how a multinational corporation manages financial resources on a global scale.

2 DEVELOPMENT

2.1 Overview of Nestlé's Global Activity

Nestlé is among the most worldwide and major brands in the food industry, offering a large selection of goods including coffee, dairy, baby food, sweets, ready-made meals, bottled water, or pet food (Nestlé, 2024a). It runs in more than 180 countries. The range of the business enables it to address the preferences of customers from all backgrounds. Nestlé operates in all major geographic areas: Oceania and Africa, Americas and Asia, Europe, Middle East and North Africa (Nestlé S.A., 2024). And in every one of these areas, the existing markets are rapidly growing. This structure lets it respond appropriately to local economic changes, rules, demand levels, and logistical difficulties. Since most of Nestlé's sales come from outside of its home country, the performance depends on worldwide distribution, cooperation with global suppliers and the ability to control logistics.

Nestlé pursues global efficiency and local adaptation. Although many of its products are globally known, the company occasionally modifies products to fit local preferences and cultural standards. (Nestlé, 2024a). Since Nestlé operates on such a large scale, it is also influenced by worldwide financial circumstances. That is why its revenues follow changes in exchange or interest rates and overall economic trends (Nestlé S.A., 2024). Because of that, Nestlé must coordinate business decisions with financial planning including the use of hedging, international financing, or centralized treasury functions. This helps the business's competitive posture and promotes long-run expansion.

These factors show why Nestlé is closely connected to international financial markets and why its global activity is an essential part of understanding the company's financial strategy.

2.2 Financial Performance

Table 1: Financial Overview of Nestlé Finance International Ltd. (2023-2024)

Metric	2023	2024
Total Assets (EUR bn)	19.4	23.8
Total Liabilities (EUR bn)	19.4	23.7
Loans to Group Companies (EUR bn)	19.1	23.1
Net Profit (EUR m)	-18.0	32.5
Net Interest Income (EUR m)	-9.1	52.1

Source: Nestlé Finance International Ltd. Annual Financial Report 2024

Nestlé's financial results show its status as a significant global corporation active in several different markets. Although the group's complete financial statements span a great number of activities, this part specifically addresses the data given by Nestlé Finance International Ltd. (NFI), a key source of funds for the company's worldwide activities (Nestlé Finance International Ltd., 2024).

Rising from the prior year, NFI reported an increase in total assets in 2024 as the business spread its lending operations to include other Nestlé subsidiaries. Loans made to group firms continued to be among the major things shown on the balance sheet, underlining the need for internal funding inside the group. Simultaneously, the company kept using several types of external funding, including bonds and commercial paper, which helped to strengthen its financial situation (Nestlé Finance International Ltd., 2024).

Having suffered a loss the previous year, NFI went back to profit in 2024 with a net profit reported. This rise was mostly fueled by more interest income. The company made more from loans given as worldwide interest rates rose in recent years. Rising interest rates, meanwhile, resulted in greater interest costs on the bonds and debt the corporation issued (Nestlé Finance International Ltd., 2024). Consequently, financial performance shows both the advantages and the expenses of running in a shifting economic situation.

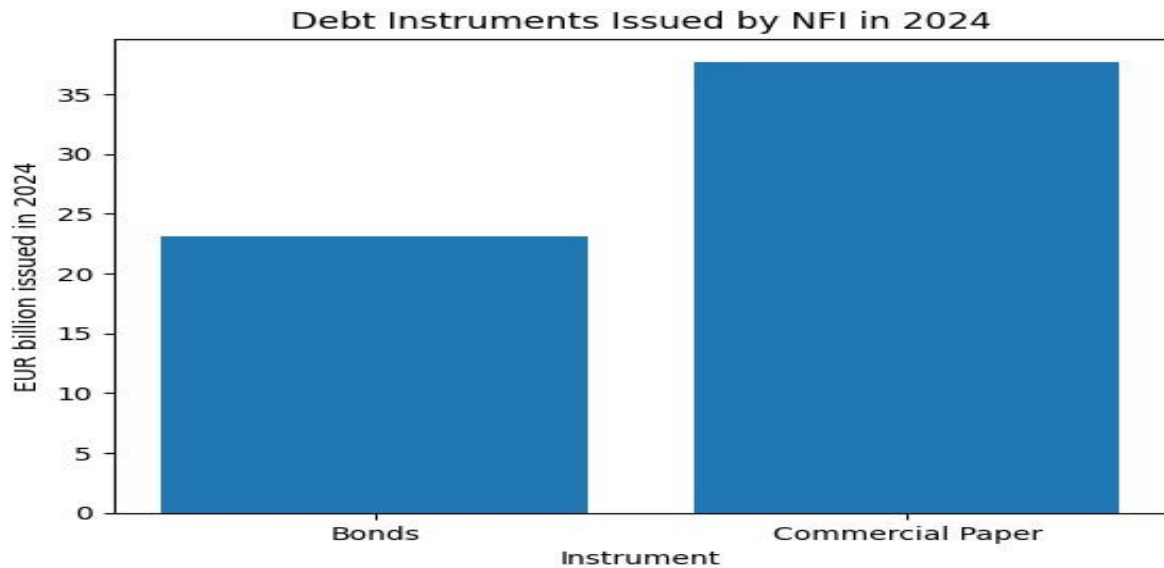
The company's financing operations also had a major impact on cash flows. The year saw a substantial quantity of commercial paper released and paid back, demonstrating Nestlé's aggressive use of short-term financing to enable its activities (Nestlé Finance International Ltd., 2024). These actions show the company's capacity to get liquidity on worldwide markets and modify its financial plan according to market conditions.

Generally, the financial results of Nestlé Finance International Ltd. reflect how international financial developments affect the bigger Nestlé Group. The outcomes highlight the effect of interest rates, the significance of internal and outside funding, and the capacity of the firm to handle its financial obligations in a challenging global setting. This performance offers insightful ideas on financial management, helping Nestlé run its worldwide activities.

2.3 International Financial Market Involvement

Nestlé is strongly connected to international financial markets because of the scale of its operations and the need to finance activities in many different countries. A key part of this process is handled by Nestlé Finance International Ltd. (NFI), which manages a large share of the group's borrowing and financial risk. By means of NFI, the corporation helps other Nestlé operations globally, controls liquidity, and collects money (Nestlé Finance International Ltd., 2024).

Graph 1: Debt Instruments Issued by NFI in 2024



Source: Nestlé Finance International Ltd. Annual Financial Report 2024

The graph highlights Nestlé’s active use of short-term commercial paper alongside long-term bond financing. This mix supports liquidity management while maintaining long-term financial stability.

One of the primary approaches that Nestlé engages in worldwide financial markets is through bond issuance. Well-known stock markets like the London Stock Exchange and the Luxembourg Stock Exchange list these bonds. Maturity, money, and interest rates differ; hence the corporation can select the most appropriate finance terms depending on market trends (Nestlé Finance International Ltd., 2024). Issuing bonds in several currencies like euros, dollars, or pounds, Nestlé can align its financing profile with its worldwide activities. Commercial paper is still another significant source of funding for the business. In 2024, NFI issued and repaid very large amounts of commercial paper, which shows that the company actively relies on short-term financing. This type of funding helps Nestlé manage day-to-day cash needs and gives it flexibility to respond to changes in market liquidity or operational requirements (Nestlé Finance International Ltd., 2024).

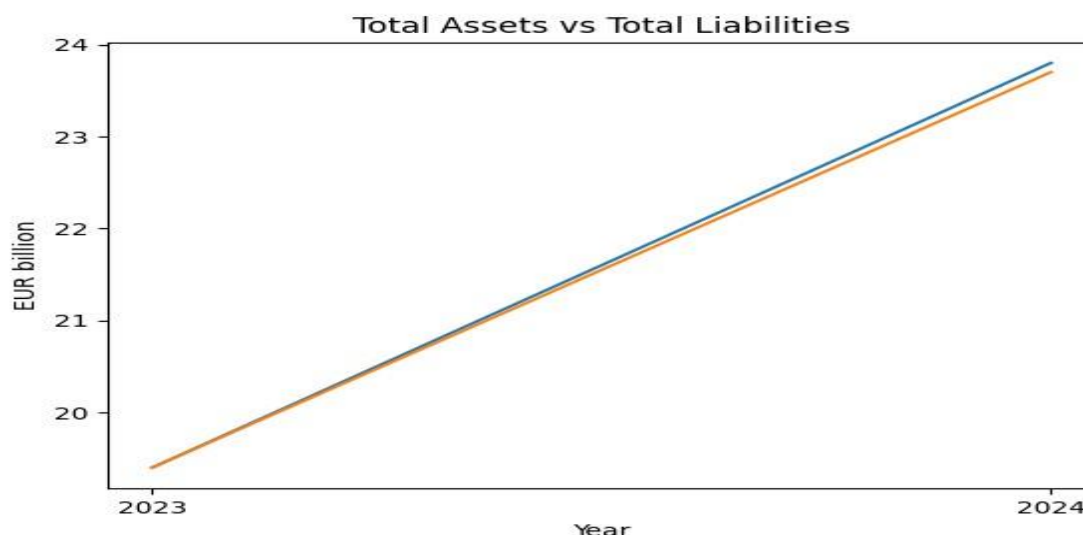
NFI also provides loans to other companies within the Nestlé Group. These loans make up a significant share of Nestlé’s assets, demonstrating how the company helps its subsidiaries financially. This internal lending network lets the group properly share assets across geographic regions and business lines without relying on external borrowing only. Besides financing initiatives, Nestlé manages several financial risks connected with its worldwide presence. To reduce the effects of currency swings and interest rate changes, the company utilizes tools including interest rate swaps and currency forwards. (Nestlé Finance International Ltd., 2024) In an uncertain worldwide economy, these financial tools enable the company to control expenses and safeguard revenues.

Nestlé’s participation in international financial markets illustrates how a global company uses several financial instruments to acquire capital, preserve liquidity, and control risks. Access to international capital markets supports the long-term global strategy of the company and raises its financial condition.

2.4 Capital Structure & Financing Strategy

Nestlé’s capital structure is mainly based on debt financing rather than equity. The Group limits equity issuance in order to avoid dilution and maintain control, while relying on its strong credit profile to borrow at favourable conditions. Nestlé Finance International Ltd. (NFI) plays a central role in this strategy by raising funds and managing financing activities for the Group (Nestlé Finance International Ltd., 2024).

Graph 2: Total Assets vs Total Liabilities (2023-2024)



Source: Nestlé Finance International Ltd. Annual Financial Report 2024

The chart illustrates the strong growth in both assets and liabilities between 2023 and 2024. The parallel movement reflects Nestlé’s debt-financed expansion strategy, consistent with its reliance on international capital markets.

Nestlé funds its international operations through a centralised financing system. Funds raised on international markets are redistributed internally through loans to Nestlé subsidiaries worldwide. This internal financing model allows the Group to allocate capital efficiently, reduce dependence on local banks, and better manage financial risks across countries. The Group has strong access to international capital markets, supported by its reputation and scale. NFI regularly issues bonds on major financial markets, allowing Nestlé to raise longterm funding in different currencies and maturities. This broad market access ensures financial flexibility even during periods of economic uncertainty.

In addition to bonds, Nestlé makes extensive use of financial instruments such as commercial paper and corporate loans. Commercial paper is mainly used for short-term liquidity needs, while intercompany loans provide stable funding to subsidiaries. This combination of instruments allows Nestlé to balance short-term flexibility with long-term financial stability.

2.5 Foreign Exchange Exposure

Table 2: Main Currency Exposure and Hedging Instruments

Currency	Source of Exposure	Hedging Instruments Used
EUR	Functional & reporting currency	Interest rate swaps
USD	Bonds, intercompany loans	Currency forwards, swaps
GBP	Bond issued on UK markets	Currency swaps
JPY	Financial debt exposure	FX forwards

Source: Nestlé Finance International Ltd. Annual Financial Report 2024

As a multinational company operating in more than 180 countries, Nestlé is exposed to several currencies. The main currencies affecting the Group include the Swiss franc (CHF), as the parent company’s currency, as well as the US dollar (USD) and euro (EUR). In addition, emerging market currencies can influence financial performance through subsidiaries operating in those regions (Nestlé Finance International Ltd., 2024).

Exchange rate fluctuations affect both revenues and costs. Changes in currency values can impact the repayment of intercompany loans, interest payments, and reported financial results. In periods of high volatility, these effects can lead to gains or losses that influence overall performance.

To manage foreign exchange risk, Nestlé uses hedging strategies, mainly through derivatives such as currency forwards and swaps. These instruments help reduce uncertainty by protecting cash flows against adverse currency movements. Through active FX risk management, Nestlé limits volatility and improves predictability in its international financial operations.

2.6 Risks Associated with International Activity

Nestlé's global operations expose the Group to various risks that must be carefully managed. Political risk is present in many foreign markets, particularly where regulatory changes, trade restrictions, or geopolitical tensions may affect business activity and cash flows.

The Group is also exposed to interest rate risk, as changes in global interest rates influence borrowing costs and interest income. While higher interest rates increase financing expenses, they can also raise income from intercompany loans. Nestlé uses financial instruments to partially reduce this exposure, but interest rate movements remain an important risk factor (Nestlé Finance International Ltd., 2024).

Country-specific risks, such as inflation, regulatory changes, and taxation differences, can affect subsidiaries' profitability and their ability to repay internal financing. These risks are especially relevant in emerging markets.

Finally, Nestlé faces commodity price risk, particularly for raw materials such as cocoa, coffee, and dairy products. Price volatility directly affects production costs and profitability, which can indirectly influence the Group's financial performance and financing needs.

3 INVESTMENT STRATEGY & GLOBAL EXPANSION

Nestlé's investment strategy focuses on long-term global growth through mergers and acquisitions. The Group regularly acquires companies in high-growth segments such as pet care, coffee, and health science to strengthen its market position worldwide. (Nestlé Finance International Ltd., 2024).

In addition, Nestlé uses joint ventures and partnerships to enter new markets or expand existing operations. These collaborations allow the Group to share financial risk, benefit from local expertise, and adapt more easily to regional market conditions.

The company also makes significant capital investments by region, including investments in production facilities, logistics infrastructure, and research centres across the Americas, Europe, Asia, Africa, and the Middle East. These investments are supported by long-term financing raised through international markets. (Nestlé Finance International Ltd., 2024).

Finally, Nestlé places strong emphasis on innovation and sustainability investments. These include projects aimed at improving nutrition, reducing environmental impact, and increasing resource efficiency. Stable access to international capital markets allows Nestlé to finance these long-term initiatives while supporting sustainable global expansion.

4 ESG AND SUSTAINABILITY IN INTERNATIONAL MARKETS

4.1 Environmental, Social, and Governance (ESG) Initiatives

Nestlé Finance International Ltd.'s ESG contribution is primarily reflected through governance and financial responsibility, rather than direct environmental or social operations. As a financing entity, NFI adheres to Nestlé Group governance policies, including strong internal controls, ethical standards, and compliance with International Financial Reporting Standards (IFRS) and European regulatory requirements such as ESEF reporting. These governance practices form the foundation of responsible financial management within the Group and support transparency and accountability in international markets. (Nestlé Finance International Ltd., 2024).

4.2 Impact on Financial Performance and Investor Perception

Strong governance and prudent risk management positively influence investor confidence and financial performance. NFI's adherence to robust internal control systems, conservative capital management, and transparent financial reporting enhances its credibility with international investors. This is particularly important given NFI's role in issuing bonds listed on major international exchanges. Effective governance reduces perceived risk, supports favourable borrowing conditions, and contributes to Nestlé's continued access to global capital markets at competitive rates.

4.3 Global Responsibility Programs

NFI doesn't operate standalone global responsibility or sustainability programs. Instead, it aligns with the broader Nestlé Group framework. Its responsibility lies in ensuring that financing activities are conducted prudently, ethically, and in compliance with regulatory standards. By maintaining financial stability, managing risks effectively, and supporting long-term funding structures, NFI indirectly contributes to the Nestlé Group's global responsibility objectives, including sustainable growth and long-term value creation for stakeholders. (Nestlé Finance International Ltd., 2024).

5 CONCLUSION

This paper examined Nestlé's international financial activities with a particular focus on how the Group finances, manages, and supports its global operations through international financial markets. By analysing the role of Nestlé Finance International Ltd. (NFI), the study highlighted how a multinational corporation can effectively centralise financial management while operating across numerous countries and currencies.

Nestlé's extensive global presence requires access to diversified sources of funding and robust financial risk management. The analysis showed that the Group relies heavily on international debt markets, using instruments such as bonds and commercial paper to secure both long-term stability and short-term liquidity. This approach allows Nestlé to benefit from favourable borrowing conditions, avoid equity dilution, and maintain financial flexibility even in uncertain economic environments. The centralised financing model, supported by intercompany loans, further enables efficient capital allocation across subsidiaries worldwide.

The paper also demonstrated that Nestlé is significantly exposed to foreign exchange, interest rate, political, and commodity price risks due to its international operations. Through the use of hedging instruments and prudent risk management strategies, the Group mitigates volatility and enhances predictability of cash flows. While these risks can't be fully eliminated, Nestlé's structured approach helps protect financial performance and supports long-term growth.

Finally, the study emphasised the importance of governance, ESG alignment, and transparency in maintaining investor confidence and access to global capital markets. Although NFI doesn't directly run sustainability programs, its adherence to strong governance standards and responsible financial practices plays a key role in supporting Nestlé's broader ESG objectives. Overall, Nestlé represents a strong example of how multinational corporations can successfully operate in international financial markets by combining global financing strategies, effective risk management, and long-term strategic planning.

REFERENCES

1. Nestlé Finance International Ltd. (2024) *Full Year Financial Report 2024*. Luxembourg: Nestlé Finance International Ltd.
2. Nestlé S.A. (2024) *Annual Report 2024*. Vevey: Nestlé S.A.
3. Nestlé (2024) *About us*. Available at: <https://www.nestle.com> (Accessed: 2 December 2025)