

Nestle 1Q Sales Climb amid Deflation in Europe

FRANKFURT, Germany (AP) — Food company [Nestle SA](#) [1] says sales rose 4.2 percent in the first quarter compared with a year ago despite deflationary pressures in Europe.

The Switzerland-based maker of Lean Cuisine, Nespresso and Haagen-Dazs said Tuesday that sales of 20.8 billion Swiss francs (\$23.7 billion) were held back by a strong franc and by a flat retail environment that is keeping prices down in Europe. Sales there fell 0.8 percent.

Candy sales were reduced by a later Easter, which pushed sales of sweets into the second quarter.

CEO Paul Bulcke said the first quarter increase was consistent with the [company's forecasts](#) [2] and was "driven by volume rather than by price." He reaffirmed the company's sales target of 5 percent growth for this year, saying that sales performance would be "weighted to the second half."

Chief Financial Officer Wan Ling Martello said on a conference call with analysts that "we do expect some pricing pickup by the end of the year" in Europe.

Low annual inflation of only 0.5 percent in the 18 countries that use the euro has raised fears the currency union might fall into crippling deflation, a chronic downward price spiral that hurts growth and jobs.

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<http://www.foodmanufacturing.com/news/2014/04/nestle-1q-sales-climb-amid-deflation-europe>

Links:

[1] <https://twitter.com/NestleUSA>

[2] <http://www.foodmanufacturing.com/news/2014/02/nestle-forecasts-weak-global-demand-2014>