

COMPANIES & FINANCE INTERNATIONAL: Nestlé dismisses \$12bn Hershey bid

By William Hall in Zurich, Financial Times
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Shares of Nestlé, the world's biggest food company, rebounded sharply yesterday as the company indicated it was not prepared to pay more than \$12bn for Hershey, the market leader in US chocolate confectionery.

Nestlé's shares, which had lost around over 10 per cent of their value in 10 days, closed 4.7 per cent up at SFr322 after Peter Brabeck, the company's chief executive, tried to deflate market expectations about Nestlé's eagerness to bid for Hershey, which has been put up for sale by its controlling shareholder.

Mr Brabeck refused to say whether his company would or would not bid for Hershey. However, he did indicate that market rumours that Nestlé would be prepared to pay as much as \$12bn did not make sense. He also stressed the serious anti-trust problems Nestlé would face if it took over a company which would give it a 55 per cent share of the US chocolate market.

Bank Vontobel's **James Amoroso** said it was always clear that Nestlé would have to agree to asset disposals to win regulatory approval for a Hershey bid.

It had done the same with its \$10.3bn acquisition of Ralston Purina, market leader in the US pet food business. Vontobel believed that Nestlé could just about afford to buy Hershey for \$12bn without diluting earnings and was now glad that Mr Brabeck's statement meant that this scenario was "not to be put to the test".

"We believe that Nestlé will bid and is best placed to win," said Mr **Amoroso**.

Analysts believe that Mr Brabeck's statements, combined with reports that Nestlé had offered \$11.5bn, are designed to deflate the expectations of Hershey's owners.