

MOVERS – Nestlé to acquire Uncle Tobys brand

In GENEVA

Published: WEDNESDAY, MAY 24, 2006

Nestlé, the world's biggest food company, said Tuesday that it agreed to buy the Uncle Tobys brand from Burns Philp for 890 million Australian dollars, or about \$675 million, to expand its range of cereals, soups and fruit snack bars in Australia.

Uncle Tobys' cereal unit will become part of the Cereal Partners Worldwide breakfast-food venture with General Mills. The company also is acquiring the rights to the Uncle Tobys brand in New Zealand.

"The strategic fit of this acquisition is unquestionable," said **James Amoroso**, an analyst at Helvea in Zurich with a "buy" rating on the stock.

The company's chief executive, Peter Brabeck, has reduced the amount of salt and sugar in Nestlé products and acquired makers of healthy snacks and nutrient-enriched foods. Nestlé has developed a Maggi bouillon cube with added olive oil and less monosodium glutamate and aims to overhaul half of its brands in the next five years, Brabeck told *Manager* magazine this month.

The Swiss company spent more than \$17 billion on acquisitions between 2000 and 2003, including the PowerBar energy-snack brand, and has since added drinks and edible gels to that unit. Nestlé also is making venture-capital investments in health and biotechnology start-up companies.

Nestlé shares rose 5.5 Swiss francs, or \$4.53 or 1.5 percent, to close at 365.25 francs in Zurich. Burns Philp, an Australian food company controlled by the billionaire Graeme Hart, climbed 2 cents, or 2.1 percent, to 97 cents in Sydney. Nestlé stock has dropped 7.1 percent this year, while Burns Philp has fallen 12 percent.

Uncle Tobys, whose brands include Vita Brits cereal and Le Snak, last year had sales of 400 million Australian dollars and earnings before interest, tax, depreciation and amortization of 79 million dollars, Nestlé said. The company was created in 1893 and has more than 900 workers and a plant in Wahgunyah, in the state of Victoria.