



## Nestle to buy weight-loss firm Jenny Craig CEO of top confectioner says \$600 mln deal taps into 'key competence'

By [Simon Kennedy](#), MarketWatch

Last Update: 9:03 AM ET Jun 19, 2006

**LONDON (MarketWatch) -- Leading chocolate maker Nestle SA announced plans on Monday to help customers shed their unwanted pounds by agreeing to buy weight-loss company Jenny Craig for \$600 million.**

Nestle (NSRGY:108.20, -0.40, -0.4%) (CH: NESN: [news](#), [chart](#), [profile](#)), whose products include Crunch and KitKat chocolate bars, said the deal demonstrates its "continuing commitment to nutrition, health and wellness."



Shares in Nestle, the world's largest food group, climbed 0.5%, holding below gains in the broader Swiss market. [Also see Europe Markets.](#)

Jenny Craig provides personalized weight-loss programs through its 600 centers in the U.S., Canada and Australia. The company also has a range of branded prepackaged meals. Nestle already owns the Lean Cuisine brand and recently bought Uncle Toby's cereals and nutritional snacks business in Australia. This deal marks the first time the company has moved into a market that's not mainly focused on selling food.

"With this strategic acquisition, the group takes another important step in its transformation process into a nutrition, health and wellness company that sees weight management as a key competence," said Peter Brabeck-Letmathe, chairman and CEO of Nestle.

"The rise of obesity and the resulting metabolic disorders, such as diabetes and cardiovascular disease, is a major public health concern, not only in the U.S. but also the world over," said Brabeck-Letmathe. "The Jenny Craig acquisition puts us in a privileged position to help many of our consumers."

Nestle, which is buying Jenny Craig from a private-equity consortium that includes ACI Capital and MidOcean Partners, said the deal will not dilute group earnings.

Jenny Craig, which achieved sales in excess of \$400 million in the last year on the back of double-digit organic growth, will retain its current management team, who will report directly to Nestle's nutrition unit.

Xavier Croquez, an analyst at Exane BNP Paribas, said the deal "looks very promising." Croquez said Nestle could use its nutrition-research division to increase the services it offers to Jenny Craig customers.

"(The deal) could prove an impressive long-term profitable growth story founded on high research and development-based personalized nutrition," he noted.

**James Amoroso**, an analyst at Helvea, said the purchase price, at roughly 1.5 times sales, is reasonable.

And the Jenny Craig concept of personalized weight-management programs is sufficiently unusual to differentiate it from rivals, such as Unilever's (UN: 30.26, +0.03, +0.1%) (UK:ULVR: [news](#), [chart](#), [profile](#)) Slim-Fast range, **Amoroso** added. ■