

Nestle, Jamba Close To Renewing US Fruit Energy Drinks Tie-Up

By Katharina Bart of DOW JONES NEWSWIRES

ZURICH -(Dow Jones)- Nestle SA (NESN.VX) said Tuesday that it is close to renewing a cooperation with U.S.-based smoothies maker Jamba Juice Inc. (JMBA) over fruit-based energy drinks, an attempt to compete with other caffeinated beverages such as Red Bull.

The Vevey, Switzerland-based food and beverage firm didn't disclose the financial terms of the partnership, which plans to sell energy drinks with natural caffeine under the Nestle-Jamba brand in the northeastern U.S. from next year.

Nestle's potential deal with Jamba follows the purchase of drinks manufacturer Vitality Foodservice nearly one year ago, for an undisclosed price.

"Nestle Jamba All-Natural Energy Drinks will allow retailers to capitalize on the growing trend of consumers seeking more health-oriented, fruit-based natural beverages that provide quick energy without all the artificial ingredients," Rob Case, Nestle's head of beverages, said in a statement.

While small for Nestle, which reported first-half sales of 55.34 billion Swiss francs (\$56.47 billion), Jamba could serve up a new consumer segment for the Swiss company, independent food industry analyst James Amoroso said.

"Time will tell, but it's a potential new segment; it makes an awful lot of sense to have something natural and good for you--I think that's quite clever," Amoroso said.

Nestle shares were little-changed following the news, analysts with Zuercher Kantonalbank said because the potential deal "won't move the needle" for Nestle. At 1436 GMT, Nestle stock was up CHF0.40, up 0.8%, at CHF52.55, in an overall higher broader Swiss blue-chip market.

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