

New Nestle CEO brings broad insider experience

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By Tom Armitage and Sam Cage

ZURICH, Sept 20 (Reuters) - Paul Bulcke will succeed Peter Brabeck as chief executive of the world's largest food company, Nestle (NESN.VX: [Quote](#), [Profile](#), [Research](#), [Stock Buzz](#)), bringing with him almost 30 years of broad experience at the firm, much of that in emerging markets.

Bulcke, a 53-year-old Belgian national who speaks five languages in addition to his Dutch mother tongue, will take over the helm from Brabeck, 63, after the firm's annual general meeting in April next year, Nestle said on Thursday.

Currently head of Nestle's North and South American unit, Bulcke will be charged with leading the firm in a phase of consolidation and continuing to broaden the firm's nutrition, health and wellness business, Brabeck said in a statement.

He added that Nestle would also maintain its strong growth momentum in the developing and emerging world. Bulcke spent 16 years in various jobs at Nestle's operations in Peru, Ecuador and Chile before returning to posts in Europe. "He's been everywhere, he's had emerging markets, he's had mature markets," said equity analyst **James Amoroso** from brokerage Helvea. "Bulcke is extremely experienced, extremely capable, he knows Nestle inside out."

Market speculation had suggested that the well-respected 51-year-old Chief Financial Officer Paul Polman, a former Procter & Gamble (PG.N: [Quote](#), [Profile](#), [Research](#), [Stock Buzz](#)) executive, would replace Brabeck.

Brabeck, who adopted the chairmanship in addition to his CEO role in 2005, will become non-executive chairman after the firm's annual general meeting on April 10, 2008.

Before joining Nestle as a marketing trainee in 1979, Bulcke studied commercial engineering, received a post graduate degree in management and then worked as a financial analyst. Bulcke is married and has 3 children.

Bulcke faces the task of continuing Nestle's evolution from a mass distributor of commodity based foods like milk and breakfast cereal into a nutrition and fitness firm focused on sparkling waters, performance foods and healthy lifestyles.

STREAMLINING BRABECK

The Austrian Brabeck, who joined Nestle in 1968 as an ice cream salesman, rationalise production on a regional instead of national basis, allowing the firm to raise production while closing a number of factories -- no small feat for a group that at one point boasted 140,000 brands.

Still, pressure remains on Nestle to buy another nutrition company or break up, in part to keep up with consolidation in the food sector and in part to unlock the value of the group's disparate assets.

Analysts say it may need to sell its holdings in companies like L'Oreal (OREP.PA: [Quote](#), [Profile](#), [Research](#), [Stock Buzz](#)), the world's largest cosmetics firm, and Alcon (ACL.N: [Quote](#), [Profile](#), [Research](#), [Stock Buzz](#)), one of the world's biggest eyecare providers.

Selling them would streamline the group's structure and allow investors to assign a higher value to its core food and nutrition operations, they added.

Brabeck had a history of strategic acquisitions, leading the \$10.3 billion takeover of Ralston Purina pet foods, Dreyer's ice cream, San Pellegrino mineral water and the Gerber baby food and also medical nutrition arm of pharmaceutical group Novartis.

Nestle's efficiency drive has seen it grow underlying sales by 5.8 percent a year and increase its gross margin by 300 basis points to 13.5 percent over the 10 years to 2006, helping it deliver industry beating improvements, according to a study by investment bank Dresdner Kleinwort.

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