

Nestle names Americas head Bulcke as new CEO

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By Tom Armitage and Sam Cage

ZURICH, Sept 20 (Reuters) - Nestle (NESN.VX: [Quote](#), [Profile](#), [Research](#)), the world's largest food company, named insider Paul Bulcke on Thursday as its new chief executive, replacing Peter Brabeck, who will drop his executive functions in 2008 to serve as group chairman.

The surprise choice of the 53-year-old Belgian national Bulcke, head of Nestle's North and South American operations, confounded expectations the group would name Chief Financial Officer Paul Polman to replace the 62-year-old Brabeck.

Nestle shares dropped after the announcement, and closed 3.6 percent lower at 510.00 Swiss francs, with traders citing speculation that Polman might now leave the company.

But a Nestle spokesman said later that the 51-year-old former Procter & Gamble (PG.N: [Quote](#), [Profile](#), [Research](#)) executive Polman would not leave and there was no indication of a change in the CFO position.

Helvea analyst **James Amoroso** said that provided Polman stayed at the company, it could be a good move to have two such strong executives at the top, one with extensive knowledge of the company and the other with a grip on the finances.

"I really hope Polman stays because he's already made a such big difference to the way the business is run and the company's image to investors and the financial community," **Amoroso** said.

Bulcke will become CEO after Nestle's annual general meeting on April 10, 2008.

The choice of Bulcke is likely to raise questions about whether the group will depart in some way from Brabeck's efficiency drive and focus on health and nutrition.

However, Brabeck said in a statement that his successor's period in the job would be "marked by a phase of strategic and operational consolidation and a continued broadening of our Nutrition, Health and Wellness business."

"At the same time Nestle will maintain its strong growth momentum in the developing and emerging world," he added.

CONTINUING EVOLUTION

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.

Under Brabeck, Nestle was quick to seize on trends that favoured diet and sport foods, customised hospital nutrition and mineral water, as opposed to candy, chips and sweetened drinks.

In August, Nestle said it had ended an acquisitions spree but budgeted around 2 billion Swiss francs (\$1.7 billion) a year for minor purchases, as demonstrated in September when it spent 155 million francs on Swiss mineral water Henniez (HIZN.S: [Quote](#), [Profile](#), [Research](#)).

The global food giant has recently bought the nutrition division and also the Gerber baby foods units of pharma firm Novartis (NOVN.VX: [Quote](#), [Profile](#), [Research](#)), and Jenny Craig diet foods.

Brabeck took on the double role of chairman and CEO in 2005 to accelerate reforms, but opposition by some shareholders led him to pledge to drop the executive functions within three years.

(Reporting by Sam Cage, Tom Armitage and Oliver Hirt)

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