Nestle Forecasts Weak Global Demand in 2014

JOHN HEILPRIN, Associated Press

In this Feb. 14, 2013 file picture the Nestle logo is photographed at the Nestle headquarter in Vevey, Switzerland, Nestle, the world's biggest food and drink company, says it expects 2014 to be just as challenging as last year amid weaker growth in emerging markets along with falling prices and deflationary pressure in Europe. The Vevey, Switzerland-based company says it expects improvement in the second half and about 5 percent organic sales growth for 2014, which does not reflect acquisitions and currency fluctuations. Nestle's statement Thursday Feb. 13, 2014 said 2013 net profit fell to 10 billion Swiss francs (US $11.1 billion), down from 10.6 billion francs in 2012. **(AP Photo/Keystone,Laurent Gillieron)**

GENEVA (AP) — Nestle, the world's biggest food and drinks maker [1], said Thursday it expects 2014 to be just as challenging as last year amid falling growth in emerging markets and weaker prices in Europe.

The maker of Nescafe, Perrier, Jenny Craig and Haagen Dazs is a major buyer of food commodities such as wheat, sugar, and milk and its results are a good indicator of the strength of consumer demand around the world.

Nestle, based in Vevey, Switzerland, said that after a weak 2013, it expects an improvement only in the second half of 2014. Organic sales, which do not reflect acquisitions and currency fluctuations, are expected to grow about 5 percent next year.

Its net profit in 2013 fell to 10 billion Swiss francs ($11.1 billion), from 10.6 billion francs in 2012. In 2011, it made a profit of 9.5 billion Swiss francs.

"The macro-environment in 2013 was one of soft growth, minimal in the developed world and below recent levels in the emerging markets," CEO Paul Bulcke said. "Last year was challenging and 2014 will likely be the same."

He said this year would likely again see improvement "weighted to the second half." Nestle, like other food companies, is facing slowing demand in emerging markets and in Europe, where many customers are adjusting to government austerity

measures.

In 2013, Nestle's overall sales grew by 2.7 percent to 92.2 billion francs, kept back by the impact of shifting foreign exchange rates. It said organic sales growth was 4.6 percent.

Nestle's aim every year for 5-6 percent organic growth and improvements in its trading operating profit margin, underlying earnings per share and capital efficiency.

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