

Nestlé proposes exit from sugar confectionery in New Zealand

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Following a review of Nestlé's confectionery business in Australia and New Zealand, Nestlé is looking to focus on its major chocolate, baking and medicated lozenge brands in New Zealand.



Conditionally agrees to sell local kiwi confectionery brands to Quadrant Private Equity, owners of RJ's and Darrell Lea confectionery brands; plan to retain New Zealand manufacturing of iconic kiwi brands

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Nestlé New Zealand has reached a conditional agreement to sell kiwi confectionery brands *Mackintosh's*, *Heards*, *Black Knight* and *Fabulicious Red Licorice* to Quadrant Private Equity, who intend to continue to manufacture these local brands in New Zealand. Under the proposal Nestlé will also sell other Oceania brands *Life Savers* and *Oddfellows* to Quadrant.

As a result of this proposed sale, Nestlé has announced that it is consulting employees at its Wiri factory over plans to reduce its output. The factory at Wiri manufactures a range of smaller confectionery lines, with most sold in New Zealand only, as well as culinary products.

Going forward, Nestlé will look to focus on culinary products at its Wiri factory, including *Maggi* soups, recipe mixes and a wide range of products for professional food service used both within New Zealand and exported globally.

Under the proposal up to 55 roles will be made redundant from a workforce of over 270. Nestlé hopes to achieve this reduction through voluntary redundancies in the first instance, and all affected staff will be offered a generous redundancy package and access to outplacement services.

Nestlé Confectionery General Manager Martin Brown said that Nestlé regrets that the proposal will mean job losses at Wiri.

"This doesn't reflect on the personal efforts of our staff. It has been based on a careful consideration of how to focus our activities and resources, recognising that our sugar confectionery range in New Zealand is largely made up of smaller local brands," Mr Brown said.

Quadrant has indicated that it intends to offer impacted Nestlé employees the opportunity to take up roles at their factory in Levin.

Staff and unions have been advised of the proposal and will have the opportunity to comment on the plans in the coming fortnight.