Mars acquires Kellanova in $36bn mega deal

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In what is 2024's biggest announced deal to date, US multinational manufacturer of confectionery Mars is to acquire food manufacturing company Kellanova – a transaction that unites two businesses with complementary footprints and brand portfolios.

Under the terms of the definitive agreement, Mars will acquire Kellanova for $83.50 per share, for a total consideration of $35.9bn, including assumed net leverage. Mars intends to fully finance the acquisition through a combination of cash-on-hand and new debt, for which commitments have been secured.

All of Kellanova's brands, assets and operations, including its snacking brands, portfolio of international cereal and noodles, North American plant-based foods and frozen breakfast, are included in the transaction.

"This is a truly historic combination with a compelling cultural and strategic fit," said Steve Cahillane, chairman, president and chief executive of Kellanova. "Kellanova has been on a transformation journey to become the world's best snacking company, and this opportunity to join Mars enables us to accelerate the realisation of our full potential and our vision.

"The transaction maximises shareholder value through an all-cash transaction at an attractive purchase price and creates new and exciting opportunities for our employees, customers and suppliers," he continued. "We are excited for Kellanova's next chapter as part of Mars, which will bring together both companies' world-class talent and capabilities and our shared commitment to helping our communities thrive."

The transaction has been unanimously approved by the board of directors of Kellanova.

"In welcoming Kellanova's portfolio of growing global brands, we have a substantial opportunity for Mars to further develop a sustainable snacking business that is fit for the future," said Poul Weihrauch, chief executive of Mars, Incorporated. "We will honour the heritage and innovation behind Kellanova's incredible snacking and food brands while combining our respective strengths to deliver more choice and innovation to consumers and customers."

The transaction is subject to Kellanova shareholder approval and other customary closing conditions, including regulatory approvals, and is expected to close within the first half of 2025.

Mr Cahillane concluded: "With a proven track record of successfully and sustainably nurturing and growing acquired businesses, we are confident Mars is a natural home for the Kellanova brands and its employees."

QUESTIONS

Reading and Comprehension

- What are the terms of the acquisition?
- How does Mars plan to finance the acquisition?
- What are the strategic benefits of this acquisition for both companies?
- What regulatory approvals are needed for the transaction to close?

Discussion and Analysis

- The potential impact on the snacking and food industry.
- The financial implications for Mars, including the use of debt financing.
- The strategic fit between Mars and Kellanova's brand portfolios.
- The potential synergies and cost savings from the merger.
- The challenges Mars might face in integrating Kellanova's operations.
- The impact on shareholders and employees of both companies.