

[« Back](#) | [Print](#)

Private equity fuels mergers, buyouts of food companies

By Posted by *Lisa McTigue Pierce* -- *Packaging Digest*, July 21, 2011

Merger and acquisition activity was heightened in the first half of 2011 compared to the previous year, with The Food Institute recording 196 announced and closed deals through June. These numbers represent an approximate 27 percent increase in total M&A over the same period in 2010 and about a 65 percent rise from 2009's 117 total mergers.

"Investment firms and banks continue to play an influential role in food industry M&A activity, showing interest in devalued assets or in companies well-positioned to thrive in a down economy. A prime example is William Ackman's five million share investment in Family Dollar Stores Inc., making his Pershing Square Capital Management the retailer's largest shareholder," says Brian Todd, president/CEO of the 83-year old trade association.

Private-equity firms helped shape numerous deals within the food industry. Investment firms and banks participated in 39 acquisitions in the first half of 2011 versus 24 the prior year. A notable deal included BJ's Wholesale Club agreeing to be acquired by affiliates of Leonard Green & Partners L.P. and funds advised by CVC Capital Partners in an all cash transaction valued at approximately \$2.8 billion.

Deals among food processors increased as well, with 45 deals either announced or completed, a rise of about 32.4 percent from 2010 and 50 percent over 2009. Specialty food makers continue to be an attractive target for acquisitions. Meyer Natural Foods acquired organic beef brand Dakota Beef.

Sara Lee Corp. acquired Aidells Sausage Co. for \$87 million. Among gourmet and specialty sauce and condiment manufacturers, Beaverton Foods Inc. acquired Pacific Farms, making it the largest processor of wasabi products in North America.

Retailers were also involved in more acquisitions through mid 2011 versus the prior year; 43 deals this year compared to just 23 in 2010. The Great Atlantic & Pacific Tea Co. sold seven Super Fresh stores in Maryland and one Super Fresh location in Washington, DC, to Mrs. Green's Natural Market. A&P received bids for 12 of the 25 Super Fresh stores put up for sale. The Lowe's grocery store chain purchased Super S Foods.

The Food Institute has the expertise to provide an informative view on the current merger environment as well as the regulatory burdens faced by dealmakers. Weekly publications from The Food Institute, coupled with a comprehensive merger database, allows The Food Institute to keep pace with timely industry happenings.

A recent M&A webinar, "The Art of the Deal," featured legal and financial experts and is now available in a recorded version. And, the annual Food Business Mergers & Acquisitions publication offers proprietary information and a unique perspective to all who seek a thorough understanding of mergers and acquisitions. Please click [here](#) for additional information about the *Food Business Mergers & Acquisitions 2010* report.

Source: The Food Institute

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