

Nestle Buys Kraft's Frozen Pizza Business

One day after selling its majority stake in Alcon, Nestle has purchased Kraft's frozen pizza division. BusinessWeek has details:



On Jan. 5, Nestlé announced it would acquire the U.S. frozen-pizza business of Kraft Foods for \$3.7 billion. The pizza acquisition, which brings it such brands as DiGiorno, Tombstone, and California Pizza Kitchen, will expand its frozen-foods business in the crucial U.S. market where its current holdings include Lean Cuisine and Stouffer's.

And Nestlé got an attractive price— equal to 12.5 times the Kraft pizza business's earnings before tax, depreciation, and amortization — because the U.S. food company was eager to raise money to sweeten its bid for Cadbury. *"It was probably Kraft that knocked on Nestlé's door," says James Amoroso, an independent food-industry analyst based in Walchwil, Switzerland.* (Nestlé had been seen as a possible suitor for parts of Cadbury, but took itself out of the running on Jan. 5.

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