

UPDATE: UK: Hershey, Ferrero confirm Cadbury bid interest

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US chocolate giant Hershey and Italian chocolatier Ferrero have confirmed their interest in buying UK confectioner Cadbury.

In separate statements to the London Stock Exchange this morning (18 November), the two companies confirmed that they are each mulling a possible bid.



[view image](#)

The news follows reports that the pair were in preliminary talks for a joint bid to counter the GBP9.8bn (US\$16.45bn) hostile offer already on the table from US food giant Kraft Foods. Neither company made mention of the other in their statements, or commented on reports of a potential collaboration with Cadbury to fend off the Kraft bid.

Pennsylvania-based Hershey, which has a licence to make Cadbury chocolate in America, said: "Hershey confirms that it is reviewing its options and at this stage there can be no assurance that any proposal or offer from Hershey will be forthcoming. A further announcement will be made in due course if appropriate."

The statement was followed by an announcement from Ferrero confirming it was in the "preliminary stages of evaluating its options in respect of Cadbury".

The firm famous for its Ferrero Rocher chocolates added: "There can be no certainty that any proposal relating to Cadbury will ultimately be forthcoming."

The market today responded positively to the reports that Ferrero and Hershey could launch a competing bid for UK confectioner Cadbury, with analysts hailing the possibility of a tie-up as credible.

Independent analyst James Amoroso said he believes Ferrero would certainly represent a "credible white knight".

He told just-food: "My suggestion to fundamental investors is to sell now before it's too late as I do not believe that there will be another credible counter-bid."

However, he added that any major confectionery company will be weighing up the options. "They would be stupid not to".

Kepler Capital Markets analyst Jon Cox said that a possible counter-bid by Ferrero or Hershey had "thrown the cat in with the pigeons".

"Ferrero has a pretty conservative culture and it would have to gear up a lot to get Cadbury, even if it was working with Hershey. However, I understand the new generation at Ferrero are more aggressive in their attitude to expansion. If Cadbury wants to remain independent it probably needs a tie-up, although I believe a deal with Hershey then would make more sense," he told just-food.

Cadbury, however, declined to comment on the reports but said: "We are focused on delivering value to shareholders as a standalone pureplay confectioner. However, we have always said that we will give proper consideration to any serious offer that delivers full value for the company.

"Unless and until we find ourselves in that situation, we have nothing to comment upon."

Cadbury shares gained 1.52% at 11.30 am (GMT) today, rising to 799.5 pence.

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