

Coffee maker Keurig to merge with Dr Pepper Snapple

NEW YORK, US - Soda maker Dr Pepper Snapple Group is merging with coffee specialist Keurig Green Mountain, the companies announced Monday, creating a beverage giant with about \$11 billion in annual sales.



@gyddik via [123RF](#)

The transaction will combine the maker of Dr. Pepper, 7UP and Sunkist with the creator of the Keurig single-serve coffee system.

Shareholders of privately-held Keurig will hold 87% of the new company, with European Investment fund JAB Holding Company the controlling shareholder. Mondelez International, JAB's partner in Keurig, will have a 13 to 14% stake. Shareholders of Dr Pepper Snapple will receive a special cash dividend of \$103.75 per share and hold 13% of the new company.

Companies such as Coca-Cola and Dr Pepper Snapple have expanded their slate of offerings as soda sales have ebbed amid concerns about obesity and diabetes. In Dr Pepper Snapple's most recent quarter, carbonated soft drinks volume decreased 1%, while volumes of non-carbonated beverages rose 6%.

The combined company, to be called Keurig Dr Pepper, expects to achieve \$600 million in annualized cost savings by 2021.

The deal "will create a new scale beverage company which addresses today's consumer needs, with a powerful platform of consumer brands and an unparalleled distribution capability to reach virtually every consumer, everywhere," said Keurig chief executive Bob Gamgort.

Shares of Dr Pepper Snapple Group surged 34.6% in pre-market trading to \$128.70.

Source: AFP

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