

Kellogg board approves plan to split into three biz

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Kellogg Co. plans to split itself into three publicly traded businesses, as the company offers investors the option to back cereal, snacking and plant-based foods companies.

One business would encompass Kellogg's snacking business, including its international cereal and noodles as well as North America frozen breakfast. Another stand-alone business would house Kellogg's North American cereal business and a third company would consist of its plant-based foods business, including the MorningStar Farms brand.

Kellogg on Tuesday said its board has approved the plan.

"These businesses all have significant standalone potential, and an enhanced focus will enable them to better direct their resources toward their distinct strategic priorities," chief executive Steve Cahillane said in a statement.

Shares of Kellogg jumped more than 8% in premarket trading to \$73.10 a share.

Kellogg has yet to name the three stand-alone businesses. The split-up is expected to be complete by the end of 2023, with the North American cereal business possibly separating ahead of the plant-based foods business.

By far, the largest would be the global snacking business, which had \$11.4 billion in sales last year, representing 80% of the Kellogg empire.

It would include snacks such as Pringles and Cheez-Its, international sales of Kellogg's cereals such as Special K and Coco Pops and frozen breakfast items, including Eggo waffles.

It would also include Kellogg's international operations, including a fast-growing noodle business in Africa.

Mr. Cahillane would head up that unit, which aims to be



Kellogg's North American cereal business will house brands such as Frosted Flakes, Froot Loops and Raisin Bran. AFP

a higher-growth company than the combined Kellogg and would focus on expanding overseas and in emerging markets.

Kellogg's North American cereal business, which had estimated 2021 net sales of \$2.4 billion, will house brands such as Frosted Flakes, Froot Loops and Raisin Bran. It is expected to have stable sales over time and would focus on restoring profit margins after recent supply-chain disruptions. The company's North American cereal business suffered from a factory worker strike and a plant fire last year.

The plant-based foods business, with estimated 2021 net sales of \$340 million, will focus on capitalizing on category growth, first in North America and eventually on a global basis, Kellogg said.

The North America cereal and plant-based foods businesses would both remain based in Battle Creek, Mich. The global snacking business would be based in Chicago, Ill., with dual campuses in Battle Creek and Chicago.

The breakup follows similar moves last year from General Electric Co. and Johnson & Johnson. Other major food companies, including the company formerly known as Kraft Foods Inc., have also broken up in recent decades.

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