



TheCaseSolutions.com

Number 1 in case studies solutions

PHILIP MORRIS COMPANIES AND KRAFT, INC.

INTRODUCTION

In this case the global tobacco giant Philip Morris Companies Inc., attempted to acquire Kraft, Inc., a well- established and large food and beverage manufacturing company in the late 1980s. This paper aims to focus on the analyzing of the major motivations

FINANCIAL ANALYSIS

Philip Morris purchased Kraft at a premium price which shows that apart from the potential competitive advantages of the acquisition there was a potential for efficiencies. This case also addresses elements such as values-based and book-based multiples, the financing and expected synergistic operational cash flows from the combined operations.

ACQUISITION INTEGRATION

Joining Kraft with Philip Morris challenged the company in several areas including on issues to do with corporate culture and business operations. As for the future growth considerations in relation to these challenges, this section also looks at how Philip Morris dealt with them.

CONCLUSION

One of the most well-known examples of managed corporate diversification can be discussed considering the acquisition of Kraft, Inc. made by Philip Morris Companies. Through an analysis of the strategic motives, valuation, and motivational issues and issues related to the integration of the merged companies this paper aims to deepen the understanding of the multiple factors that lie behind large M&A deals.

RECOMMENDATION

This case is just a sample partail case solution. Please place the order on the website to order your own orignally done case solution.

Resource: Visit thecasesolution.com for detailed analysis and more case studies.