

# PE Hub

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## PE DEALS

# Campbell Soup closes \$2.7bn Sovos Brands deal, marking final exit for Advent

Rao's pasta sauce is the crown jewel of Sovos, which Advent International took public in 2021.

**C**ampbell Soup Company announced Tuesday that it completed the acquisition of Sovos Brands for \$2.7 billion. The maker of popular pasta, sauce and yogurt was backed by Advent International, which took it public in 2021. The deal was announced in August.

PE Hub spoke with Jeff Case, managing director at Advent, about Sovos' growth and the company's origin story.

Headquartered in Louisville, Colorado, Sovos is composed of three companies: Rao's, which makes pasta, sauces and frozen entrées; Michael Angelo's, which makes frozen Italian entrées; and Noosa, which makes yogurt.

The idea of Sovos Brands began in 2014 when Advent brought on former Heinz chairman, CEO and president Bill Johnson to its Operating Partner program. Johnson introduced Case to Sovos president, CEO and director Todd Lachman. The firm and Lachman launched Sovos in 2016.

### Secret sauce

Advent and Sovos were looking to fill a void in food investments. As Case tells it, there is a lot of capital that will fund early-stage brands and help them reach \$50 million-\$100 million in sales. And at the opposite end, there are a lot of large consumer packaged goods businesses that are adept at managing \$500 billion brands.

"In between, there really wasn't a long track record for private equity firms



Jeff Case, Advent International

investing behind businesses to help them bridge that gap," Case explained. "And we thought that we could have a differentiated angle to do that alongside Todd."

The original idea was to acquire six to eight brands, but in the end there were three. "We had found and then created such a jewel in the Rao's brand that we really decided to focus heavily into that brand, and that was a bit different than the original vision of Sovos," Case said.

Sovos announced it acquired Michael Angelo's in February 2017. In July that same year, Sovos announced the acquisition of Rao's.

Then in November 2018, Sovos completed a merger with Noosa. (The company also acquired pancake and waffle

mix maker Birch Benders in August 2020 and later sold it to Brynwood Partners-backed Hometown Food Company in January 2023.)

Rao's was already a differentiated sauce when Advent acquired the business in 2017, Case recalled. The sauce is still the core product of the brand today. Metrics were positive, and the sauce performed very well in the markets where it was sold. But the problem was that the brand didn't have much distribution.

"What we saw was the opportunity to expand the distribution by multiples of where it was at the time," Case added. "We knew that we could extrapolate the performance in its existing markets to the rest of the country."

Sovos went public in 2021. It recently reported \$1 billion in net sales at the end of 2023. It had an organic net sales increase of 25 percent year-on-year. The crowned meatball of the Sovos portfolio, Rao's has experienced a considerable amount of growth. The pasta sauce maker's organic net sales increased 37 percent year-on-year, generating \$775 million in annual revenue.

Advent was a majority shareholder of Sovos all the way until May 2023, when it did a secondary share offering. Case said the firm was by far the largest shareholder at the time of the sale to Campbell's.

### Key ingredients

"This important milestone in Campbell's history adds several market-leading and



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scaled premium brands to our company,” said Campbell’s president and CEO Mark Clouse in the deal closing announcement. “It accelerates Campbell’s successful strategy and provides a substantial runway for sustained profitable growth. An enhanced Meals & Beverages division paired with our differentiated Snacks division creates an advantaged portfolio

that makes Campbell one of the most dependable and growth-oriented large capitalization value names in food.”

As for Advent, the Boston firm looks for five attributes when scouting out potential food investments which includes Sovos’ add-on deals. First, the food has to be delicious tasting. Second, there must be a premium brand with authentic heritage.

Third, the company has to be leading in brand affinity. Fourth, it has to be in a category with disruption potential. And fifth, the products have to be in a large, addressable market.

PE Hub will be watching to see what food brand Advent buys next.