

Deal of the Week: Hostess Sells Twinkies Brand for \$410M

Announcement Date	<ul style="list-style-type: none"> • March 12, 2013
Acquirer	<ul style="list-style-type: none"> • Apollo Global Management, Metropoulos & Company
Acquirer Descriptions	<ul style="list-style-type: none"> • Apollo Global Management is a publicly owned investment manager • C. Dean Metropoulos & Co. is a principal investment firm seeking to invest in the consumer branded products industries
Target	<ul style="list-style-type: none"> • Hostess Brands (Twinkies, Ho Hos, Sno Balls, Dolly Madison Zingers)
Target Description	<ul style="list-style-type: none"> • Operates as a wholesale baker and distributor of bread and snack cakes in the United States • Founded in 1930 and based in Irving, Texas
Target Financial Stats	<ul style="list-style-type: none"> • Mkt Cap: NM • EV: \$648.5 million • LTM EBITDA: (\$0.3) million • EV / LTM EBITDA Multiple: NM
Price / Consideration	<ul style="list-style-type: none"> • Price: \$410 million • Consideration: Cash
Rationale	<ul style="list-style-type: none"> • The deal includes five Hostess factories, which the buyers hope to restart so to begin restocking store shelves by the summer. The new company will almost certainly feature the Hostess name • Apollo and Metropoulos emerged from a crowded field of international food giant and private equity firm bidders for the brands. At one point, more than 100 parties had expressed interest in Twinkies • Hostess Brands said private equity firms Apollo and Metropoulos set a baseline offer of \$410 million to buy the company's snack cake brands back in January, the stalking horse bid • On Monday, March 11th, the deadline for submitting competing bids, Hostess notified the U.S. Bankruptcy Court for the Southern District of New York in White Plains that it had not received any other offers and would sell the brands to the stalking horse • Advisers to Hostess canceled an auction scheduled for Wednesday morning and declared the winners • The sale requires the approval of the federal bankruptcy judge overseeing the Chapter 11 case
Comments	<ul style="list-style-type: none"> • Metropoulos & Company owns Pabst Blue Ribbon and Vlasic pickles • C. Dean Metropoulos, the food industry veteran who leads the firm that bears his name, is expected to become the chief executive of the snack business • Apollo has deep experience with food-related investments, having previously owned stakes in the grocery-store chains Ralphs and Dominick's. It also owns a controlling stake in Sprouts, a large natural food store chain