



MARS INCORPORATED/WM WRIGLEY JR. COMPANY

M&A Analysis

This report examines the Mars-Wrigley merger's potential to reshape the global confectionery industry, detailing synergy opportunities, market prospects, and strategies for successful cultural integration.

Prepared by
Andrew Rodriguez

Date
February 5, 2025

Prepared for
Mars Incorporated



1. Executive Summary

The proposed acquisition of Wm. Wrigley Jr. Company by Mars, Incorporated represents a watershed moment in the global confectionery industry—one that could redraw competitive lines while testing the limits of family-controlled corporate diplomacy. With a target valuation of \$28.96B, this transaction would combine Mars' chocolate empire with Wrigley's gum stronghold to create a projected \$45 billion revenue giant

Our analysis reveals that while financial synergies justify a **\$89.60 per share valuation** post-merger, cultural integration risks loom large for two dynasties guarding century-old legacies. The Wrigley family's 70% voting control and Mars's debt-fueled acquisition strategy create a high-stakes negotiation where tradition and transformation hang in delicate balance.

Our analysis reveals a complex landscape of opportunities and challenges:

Financial Synergies

- Potential for significant cost reductions:
 - 10% decrease in SG&A expenses
 - 25% reduction in Net Working Capital

Market Dominance

- Combined entity would become the world's largest confectionery company
- Mars currently holds 11% of global confectionery sales
- Wrigley commands 36% of the global chewing gum market

Negotiation Dynamics

- **Wrigley's settlement range:** \$79.25 to \$105.03 per share (22% to 45% premium)
- **Walk-away price for Wrigley:** \$79.25 per share
- **Total purchase price range:** \$21.85B to \$28.96B

Cultural Integration Risks

- Both companies are family run with strong traditions and distinct corporate cultures
- Wrigley family holds 70% voting control, emphasizing heritage preservation
- Mars's debt-fueled acquisition strategy contrasts with Wrigley's conservative approach

Key Negotiation Points

- Retention of Wrigley's independence within Mars structure
- Preservation of Wrigley's iconic assets (Chicago riverfront building, Wrigley Field)
- Mars's responsibility for merger-triggered severance payments
- Governance structure and family involvement post-merger

2. Introduction & Background

2.1 Company Overviews

Wm. Wrigley Jr. Company

Founded in 1891, Wrigley has established itself as a global leader in the confectionery industry, particularly in the chewing gum sector, commanding a 36% share of the global market. Wrigley's competitive advantages encompass not only its profitability and core operational capabilities, but also the robust employee relationships and loyalty that define its workforce.

Over the years, Wrigley has cultivated a reputation for quality and innovation, maintaining a strong brand presence across diverse regions. Wrigley's innovative capabilities are exemplified by its Wrigley Science Institute and Global Innovation Center, which in 2007 alone launched about 80 new product innovations and variants.

Mars, Incorporated

Mars, established in 1911, is a privately held multinational corporation with a diverse product portfolio spanning confectionery, pet care, and food products. As of 2007, Mars held the largest share in the global confectionery market at 11%, slightly outpacing competitors Nestlé S.A. (10.3%) and Cadbury Schweppes (9.7%). Mars is renowned for its popular chocolate brands and has traditionally operated with a strict no-debt policy, emphasizing organic growth and brand equity.

2.2 Merger Context and Motivations

The strategic impetus behind Mars's proposal to acquire Wrigley is to solidify its position within the highly fragmented confectionery industry. By integrating Wrigley's strengths in chewing gum and sugar confectionery with Mars's robust presence in chocolates and broader confectionery segments, Mars aims to create the largest confectionery entity globally.

This merger is anticipated to yield significant benefits, including enhanced market share, increased bargaining power with retailers, and improved operational efficiencies through shared resources and consolidated distribution networks. The Wrigley family's valuation of their company encompasses both financial metrics and intangible assets such as brand heritage and employee loyalty. The family's 70% voting rights provide substantial influence over any major corporate decisions, ensuring that the company's legacy is preserved within the merger framework.

3. Market Dynamics and Competitive Landscape

3.1 Industry Context: A Sector at an Inflection Point

The global confectionery industry is experiencing a transformative period, characterized by significant growth and intense competition. With an estimated annual growth rate exceeding 5% and a market value of approximately \$141 billion in 2007, the industry presents both opportunities and challenges for its players.

Key Industry Characteristics

- Highly fragmented market
- Diverse range of competitors, from multinational conglomerates to small family-operated businesses
- Four major sectors: chocolate, sugar confectionery, chewing gum, and other sugary products
- Intense competition driven by shifting consumer preferences, technological advancements, and fluctuating input costs

Competitive Advantage Factors

- Economies of scale
- Brand strength
- Bargaining power with retailers
- Efficient supply chains
- Investment capacity in marketing and innovation

In this dynamic landscape, mergers and acquisitions have become common strategies for companies like Mars and Wrigley to enhance their market positions and achieve operational synergies.

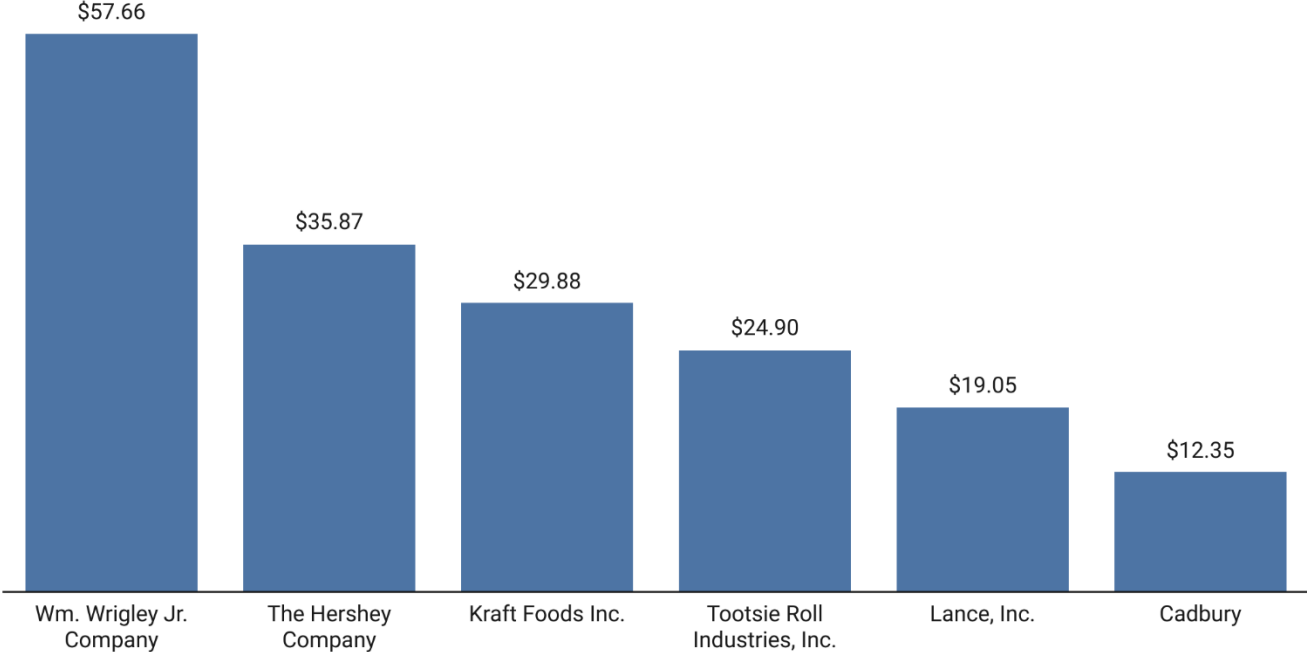
3.2 Key Players and Market Shares

As of 2007, the global confectionery market was led by:

1. **Mars:** 11% market share
2. **Nestlé S.A.:** 10.3% market share
3. **Cadbury Schweppes:** 9.7% market share

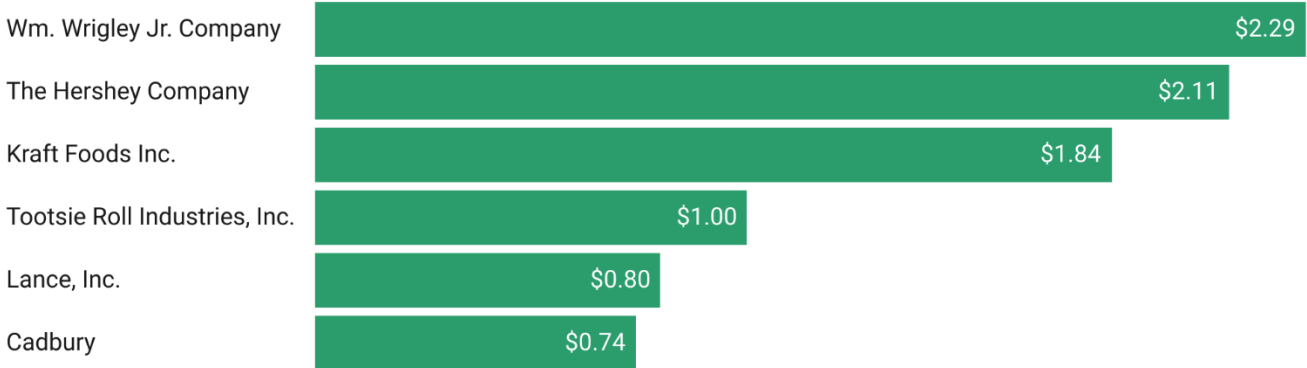
Wrigley has established itself as a dominant force in the global confectionery industry, securing the fourth-largest position overall and commanding an impressive 36% market share in the chewing gum segment. This market leadership is further reflected in Wrigley's stock price, which stood at an industry-leading \$57.66 at the start of 2008, outpacing competitors like The Hershey Company and Kraft Foods Inc.

Stock Price (Beginning of 2008), Confectionery Industry



Wrigley's financial performance reinforces its strong market position, with an Earnings Per Share (EPS) of \$2.29 surpassing key competitors such as Cadbury, Hershey, and Tootsie Roll Industries. This superior EPS not only signals Wrigley's high profitability but also demonstrates its operational efficiency and ability to generate value for shareholders.

Earnings Per Share, Confectionery Industry



Wrigley's exceptional market position is reflected in its industry-leading Price-to-Earnings (P/E) ratio of 25.2, significantly outpacing the industry average of 18.7. This premium valuation underscores investors' confidence in Wrigley's growth prospects and their willingness to pay a higher price for the company's shares. Such a robust financial indicator, combined with Wrigley's strong operational performance, positions the company as a highly attractive acquisition target for Mars.

PE Ratio, Confectionery Industry



3.3 Growth Trends and Consumer Behavior

The confectionery market has exhibited consistent growth, driven by expanding consumer bases in emerging markets, increasing disposable incomes, and evolving consumer tastes towards premium and health-conscious products. There is a discernible trend toward products that offer functional benefits, such as sugar-free or fortified confectionery items, aligning with broader health and wellness movements.

Innovation in product development, packaging, and marketing strategies plays a pivotal role in capturing consumer interest and sustaining market growth. The merger between Mars and Wrigley aims to capitalize on these trends by combining complementary product lines and leveraging shared expertise in research and development. The integrated entity is well-positioned to introduce innovative products that cater to diverse consumer preferences across global markets.

4. Financial Analysis and Valuation

4.1 Standalone Valuation

In 2007, Wrigley reported revenues of \$5.4 billion, marking a 15.1% increase from the previous year, alongside an operating profit of \$962.8 million, representing a 17.2% year-over-year growth. This strong financial trajectory continued into 2008, with first-quarter profits rising 22%,

A discounted cash flow (DCF) analysis under three growth scenarios established Wrigley's intrinsic value:

Scenario	LT Growth	Share Price	Premium
Base Case	2%	\$65.39	11.8%
Best Case	3%	\$79.25	27.2%
Worst Case	1%	\$55.82	-3.3%

Key DCF Assumptions and Inputs

- **Revenue Projections:** Historical sales have grown at a compound annual growth rate (CAGR) of approximately 3.5%, while forward estimates of 2%–3% reflect conservative market forecasts.
- **Cost and Margin Dynamics:** Rising sugar costs may pressure margins, but gum products—with nearly 59% gross margins—help offset commodity volatility.
- **Valuation Multiples:** Wrigley's price-to-earnings (PE) ratio of 25.2—positioned at the high end of the industry—demonstrates robust investor confidence in its innovation pipeline and brand strength.

4.2 Synergy-Driven Revaluation

Post-merger synergy analysis revealed:

Cost Synergies (\$417M)

- **SG&A Reduction (\$200M):** Consolidating headquarters (10% savings) and harmonizing IT systems.
- **Working Capital Optimization ($\Delta\text{NWC} = \$662\text{M} \rightarrow \495M):** Aligning payment terms with suppliers (25% NWC improvement).
- **Production Optimization (\$50M):** Repurposing Mars's underused Skittles lines for gum production

Revenue Synergies (\$400M–\$600M)

- **Cross-Selling:** 15% growth in convenience store sales (Dove/Orbit bundles)
- **Emerging Market Push:** Deploying Wrigley’s robust Russian sales force to promote Mars’s Galaxy bars.
- **Premiumization:** Introducing co-branded products, including “M&M’s Fresh” gum targeting the 18–34 demographic.

Synergy-adjusted valuation

Scenario	LT Growth	Share Price	Premium
Base Case	2%	\$89.60	35.6%
Best Case	3%	\$105.03	45.1%
Worst Case	1%	\$74.16	22.3%

4.3 Acquisition Pricing Matrix

The negotiation framework establishes Mars’s target acquisition price at \$105.03 per share, totaling approximately \$28.96B. Wrigley’s resistance point, or walk-away price, is set at \$79.25 per share, amounting to a total purchase price of \$21.85B. This places the settlement range between \$79.25 and \$105.03 per share, offering a premium of 22% to 45% over Wrigley’s stand-alone valuation.

Metric	Mars Offer	Wrigley Resistance	Settlement Range
Price/Share	\$105.03	\$79.25	\$79.25 - \$105.03
Total Value	\$28.96B	\$21.85B	\$21.85B - \$28.96B
Premium to Standalone	45%	22%	22% - 45%
EV/2008 EBITDA	13.8x	10.4x	10.4x - 13.8x

4.4 Precedent Transactions & Premium Justification

- **Royal Canin (2001):** Mars paid a 30% premium
- **Van Melle (2001):** Perfetti paid an 85% premium
- **Wrigley’s Proposed Range:** 22–45% premium (\$79.25–\$105.03/share), aligning with historical benchmarks

4.5 Financing the Acquisition

Mars intends to fund the acquisition through a combination of cash and debt, as its existing cash reserves are insufficient to cover the entire purchase price. This necessitates deviating from Mars's traditional no-debt policy, thereby introducing financial leverage into its capital structure. Mars is likely to secure syndicated loans from financial institutions such as Goldman Sachs to finance the transaction.

Financing structure

- \$18B syndicated loan (Goldman Sachs)
- \$7B cash reserves
- \$3.96B subordinated debt

5. Strategic Rationale for the Merger

5.1 Strategic Imperatives

The merger unites Mars's 11% global confectionery share with Wrigley's commanding 36% stake in the \$141 billion chewing gum sector, creating a combined entity positioned to challenge market leaders Nestlé (10.3%) and Cadbury (9.7%).

Mars's pursuit of Wrigley stems from three strategic imperatives:

1. Portfolio Diversification

- Reduces Mars' vulnerability to cocoa price fluctuations by balancing its product mix
- Integrates Wrigley's dominant gum and mint portfolio (82% of revenue) with Mars's chocolate-heavy lineup (68% of revenue)

2. Emerging Market Access

- Leverages Wrigley's extensive distribution network covering 180+ countries
- Provides Mars immediate scale and reach, particularly in high-growth markets like Russia, where Wrigley holds a 3:1 distribution advantage

3. Operational Efficiency

- Consolidates 32 global distribution centers (18 Mars, 14 Wrigley)
- Over \$85 million in annual logistics savings

5.2 Synergy Drivers

For Wrigley, the merger promises enhanced growth opportunities through access to Mars's extensive R&D capabilities and marketing resources. Despite Wrigley's healthy revenue growth of over 15% in 2007, Western markets are approaching saturation. New product development, particularly in the sugar-free confections segment, requires substantial investments in innovation.

Metric	Mars Pre-Merger	Wrigley Pre-Merger	Combined Potential
Emerging Markets Reach	60 countries	180+ countries	Full global coverage
Russia Market Position	#2	#1	Category dominance
Supply Chain Costs	18 facilities	14 facilities	25% NWC reduction
Portfolio Diversification	68% of revenue from chocolate	82% of revenue from gum/mints	Diversified portfolio of products

Key synergy drivers include:

- Product Portfolio Reinforcement:** Mars gains access to Wrigley’s sugar confectionery networks across 180+ countries, enabling cross-selling of Mars’s M&M’s and Snickers through Wrigley’s retail partnerships. Conversely, Wrigley accelerates sugar-free innovation using Mars’s R&D infrastructure.
- Emerging Markets Dominance:** Leveraging Wrigley’s 3:1 distribution advantage in Russia—a market projected for 30% annual growth—the merger establishes instant category leadership.
- Logistics Optimization:** The consolidation of 32 distribution centers (18 Mars + 14 Wrigley) is forecast to generate over \$85 million in annual savings

Regional Revenue Upside:

- Asia:** +7% (capitalizing on 30% projected confectionery growth in China)
- EMEA (Europe, Middle East, Africa, and India):** +5% (leveraging Wrigley’s existing relationships with 65% of Europe’s SMB retailers)
- North America:** +2% (optimizing Mars’s big-box retail partnerships)

5.3 Cultural and Heritage Considerations

The merger involves the integration of two family-run businesses with distinct corporate cultures and deep-rooted traditions. Wrigley’s emphasis on preserving its heritage and maintaining strong employee relationships is a critical factor in the merger. The Wrigley family’s 70% voting rights underscore their commitment to ensuring that the company’s legacy and brand identity remain intact.

Balancing Mars’s corporate culture, characterized by its private ownership and historical aversion to high leverage, with Wrigley’s family-centric culture, is essential for a successful merger. The integration process must address potential cultural clashes by fostering mutual respect, transparent communication, and collaborative decision-making.

To facilitate a harmonious blending of cultures, the following strategies should be considered:

1. Establish joint leadership roles and integration committees
2. Develop a comprehensive cultural integration plan
3. Implement cross-company training and team-building initiatives
4. Create a unified mission and vision that incorporates elements from both companies

By carefully managing the cultural integration, the merged entity can capitalize on the strengths of both companies while preserving their unique identities, driving innovation, growth, and market leadership in the global confectionery industry.

6. Synergy Realization and Operational Efficiencies

6.1 Cost Reduction Strategies

As mentioned in section 5, the merger between Mars and Wrigley presents significant opportunities for cost savings and operational efficiencies. A primary area for cost reduction is in Selling, General & Administrative (SG&A) expenses, which are projected to decrease by 10%. With Wrigley's standalone SG&A historically exceeding \$2 billion annually, this reduction could yield over \$200 million in yearly savings.

The merger is expected to streamline operations by reducing Net Working Capital (NWC) by 25%. This will be achieved through unified procurement strategies, standardized supplier payment terms, and optimized inventory management. Each percentage point reduction in NWC could translate into tens of millions of dollars in additional liquidity, enhancing profitability.

From a valuation perspective, these savings can significantly impact the overall enterprise value. For example, if the 10% SG&A reduction yields an annual savings of \$250 million, and the market applies a valuation multiple of 12x earnings, the result is a \$3 billion increase in equity value attributable to cost efficiencies alone.

6.2 Revenue Enhancement Opportunities

Beyond cost savings, the merger offers substantial opportunities for revenue growth. Synergy creation is anticipated to increase regional revenues by 2% in North America (NA), 5% in Europe, the Middle East, Africa, and India (EMEA), and 7% in Asia. These revenue enhancements stem from several factors:

- 1. Market Expansion:** The combined distribution networks of Mars and Wrigley will facilitate greater market penetration in existing regions and enable entry into new markets.
- 2. Cross-Selling Opportunities:** Leveraging complementary product portfolios allows for bundled product offerings and promotional strategies that can attract a broader customer base.
- 3. Innovative Product Development:** Collaborative research and development efforts can lead to the creation of new, innovative products that cater to emerging consumer trends and preferences.

These revenue growth prospects not only bolster the financial performance of the merged entity but also enhance its market presence and consumer appeal.

7. Risk Assessment and Mitigation Strategies

7.1 Cultural Integration Risks

The integration of Mars's and Wrigley's distinct corporate cultures poses significant risks. Cultural clashes can arise from differing management styles, corporate values, and operational philosophies. Such conflicts may lead to reduced employee morale, increased turnover, and diminished productivity, undermining the merger's overall success.

Mitigation Strategies

- **Integration Steering Committee:** Establish a formal committee comprising executives from both companies to oversee the cultural integration process and address potential conflicts promptly.
- **Protective Carve-Outs:** Maintain Wrigley's brand operations as a distinct division or subsidiary, allowing it to preserve its unique culture and operational practices during the initial phases of the merger.
- **Unified Communication Approach:** Develop a collaborative approach to corporate communications that respects and integrates the traditions and values of both companies.
- **Cultural Workshops:** Implement workshops and training programs to foster mutual understanding and appreciation of each other's corporate cultures among employees and management.

By proactively addressing cultural integration, the merged entity can mitigate potential conflicts and promote a cohesive and collaborative organizational environment.

7.2 Financial and Leverage Risks

Mars's decision to take on significant debt to finance the acquisition introduces financial leverage risks. Increased debt levels may strain the merged entity's cash flow, especially if anticipated cost synergies and revenue enhancements are not realized within expected timelines. Additionally, fluctuating interest rates and economic downturns could exacerbate financial stress, potentially impacting the company's credit rating and investment capacity.

Mitigation Strategies

- **Conservative Financial Planning:** Maintain conservative gearing levels by balancing debt with equity and mezzanine financing to ensure manageable debt servicing obligations.
- **Robust Scenario Analysis:** Conduct comprehensive scenario analyses to assess the impact of varying interest rates, economic conditions, and synergy realization rates on financial stability.
- **Synergy Tracking and Accountability:** Implement rigorous tracking mechanisms to monitor the achievement of cost savings and revenue growth targets, holding management accountable for meeting synergy milestones.
- **Contingency Planning:** Develop contingency plans to address potential financial shortfalls, including strategies for cost containment and alternative financing options.

By adopting prudent financial management practices, the merged entity can safeguard against leverage-induced risks and maintain financial resilience.

7.3 Regulatory and Antitrust Considerations

The merger between Mars and Wrigley is likely to attract scrutiny from antitrust authorities because of the substantial combined market share in the global confectionery industry. Regulatory bodies may investigate whether the merger would result in excessive market power, reduced competition, and higher prices for consumers.

Mitigation Strategies

- **Engage Early with Regulators:** Proactively communicate with competition authorities in key markets to address potential concerns. Early engagement can facilitate a streamlined approval processes and demonstrate the merger's compliance with antitrust laws.
- **Leverage Legal Expertise:** Employ experienced legal counsel specializing in antitrust and merger regulations to navigate the complex regulatory environment effectively.
- **Prepare for Potential Divestitures:** Be willing to divest certain overlapping product lines or brands if required by regulators to gain approval for the merger. For example, selling specific assets could ease antitrust concerns while maintaining strategic objectives.

- **Differentiate Market Segments:** Clearly articulate how the merger does not create a monopoly in specific confectionery segments. Highlighting distinctions between categories such as chewing gum, chocolate, and sugar confectionery can demonstrate a competitive market landscape.

By anticipating regulatory challenges and preparing comprehensive compliance strategies, Mars and Wrigley can facilitate smoother approval processes and mitigate antitrust risks.

7.4 Market and Competitor Reactions

Competitor responses to the Mars-Wrigley merger could include aggressive marketing campaigns, strategic alliances, or further mergers and acquisitions to counterbalance the enhanced market dominance of the merged entity. Market uncertainty during the integration phase may lead to temporary loss of market share and consumer confidence.

Mitigation Strategies

- **Strategic Communication:** Clearly communicate the merger's benefits to customers, stakeholders, and the market to reinforce brand strength and consumer trust.
- **Innovation Focus:** Accelerate product development and innovation efforts to maintain a competitive edge and meet evolving consumer demands.
- **Customer Engagement:** Strengthen relationships with key retailers and customers through tailored partnership programs and loyalty initiatives to sustain market presence during the transition.
- **Market Intelligence:** Continuously monitor competitor activities and market trends to proactively respond to competitive threats and capitalize on emerging opportunities.

By maintaining robust market strategies and fostering strong customer relationships, the merged entity can weather competitive challenges and sustain its market leadership.

8. Negotiation Dynamics and Deal Structure

8.1 Wrigley's Negotiation Position

Wrigley's negotiation stance is strongly influenced by the desire to preserve its heritage and ensure fair value for its shareholders.

Core Non-Negotiables

- **Heritage Asset Retention:** Contractual preservation of
 - Chicago Riverwalk HQ (2.3M sq ft, \$1.2B appraisal)
 - Wrigley Field naming rights (4.2% brand equity valuation)
 - "WM. Wrigley Jr." corporate identity (1891 legacy)

Employee Protections

- \$310M retention pool
- Golden parachutes capped at \$100M for C-suite
- 89% workforce protection floor

8.2 Mars's Acquisition Strategy

Mars approaches the acquisition with a clear strategic objective to expand its market dominance and achieve significant synergies. Key elements of Mars's acquisition strategy include:

- **Friendly Proposal:** Mars presents the merger as a friendly proposal, emphasizing collaboration and mutual benefit. However, Mars has also stipulated that it will withdraw from negotiations if Wrigley's board explores other bidders or initiates an auction process.
- **Financial Responsibility:** Mars assumes full financial responsibility for severance payments and related merger costs, aligning with its proposition of a friendly and employee-conscious merger.
- **Maintaining Control:** By purchasing Wrigley's shares with cash, Mars aims to avoid diluting the Mars family's ownership stakes and maintain strategic control over the merged entity.
- **Leveraging Experienced Leadership:** Mars's leadership, characterized by extensive experience in acquisitions and centralizing operations, aims to integrate Wrigley efficiently while preserving its core strengths.

Mars's strategy is to secure the merger within the established premium range while ensuring that the financial and operational benefits justify the investment.

8.3 Final Term Sheet Highlights

Financial Engineering

- \$28.96B EV
- 76% debt / 24% cash financing mix

Cultural Safeguards

- 5-year employment guarantee for 2,100 Chicago staff
- \$18M cultural integration fund
- Protected R&D autonomy (80+ annual product launches)

Earnout Structure

Performance Metric	Threshold	Additional Payout
Asia Revenue Growth	>7% CAGR	\$2.15/share
SG&A Savings	>\$300M/yr	\$1.40/share
Innovation Index*	85+	\$0.75/share

*Composite metric measuring new product success rate

9. Recommendations and Conclusion

9.1 Recommendations

Negotiate a Fair and Contingent Price

- **Settlement Range:** Target an acquisition price between \$90 and \$105.03 per share, reflecting a balanced premium over Wrigley’s stand-alone valuation and synergy-enabled upside.
- **Earn-Out Mechanisms:** Incorporate performance-based earn-outs to ensure the final price aligns with realized revenue growth (e.g. 2% in North America, 5% in EMEAI, and 7% in Asia) and cost-reduction targets.

Preserve Heritage and Corporate Identity

- **Heritage Assets:** Legally safeguard iconic assets such as the Chicago Riverwalk headquarters, Wrigley Field, and the “Wm. Wrigley Jr.” brand name to maintain stakeholder goodwill and brand equity.
- **Cultural Autonomy:** Retain Wrigley’s cultural elements—particularly around innovation and employee-centric policies—to sustain morale and nurture existing customer loyalty.

Develop a Robust Integration Blueprint

- **Alignment Tactics:** Create an integration committee comprising Mars and Wrigley executives to unify corporate cultures, standardize processes, and preempt operational conflicts.
- **Phased Consolidation:** Map out timelines for integrating systems, supply chains, and product lines to minimize market disruptions and fully capture synergy potential (projected 36% share-price upside).

Secure Prudent Financing

- **Balanced Capital Stack:** Utilize a mix of debt financing (e.g., syndicated loans) and equity or strategic partnerships to mitigate leverage risks, maintaining a Debt/EBITDA ratio below 3.0x.
- **Flexible Covenants:** Negotiate favorable loan terms such as tiered interest rates or short-term grace periods to accommodate cash flow variability during the integration period.

Engage and Retain Key Talent

- **Transparent Communication:** Regularly update employees on merger developments to preserve trust and reduce turnover risk.
- **Retention Incentives:** Offer targeted career pathways, performance bonuses, and potential share allocations to high-performing employees, ensuring continuity through cultural transitions.

Prepare for Regulatory Clearance

- **Early Engagement:** Conduct antitrust impact analyses and proactively engage with regulatory bodies in key markets to address competition concerns related to global gum share and chocolate segments.
- **Potential Divestitures:** Identify and prepare overlapping product lines or distribution channels for potential divestiture to expedite regulatory approvals if necessary.

Accelerate Innovation and R&D

- **Joint Innovation Hubs:** Merge Mars's and Wrigley's R&D capabilities to develop new lines that tap into emerging categories (e.g. lower-sugar confections, functional gum).
- **Measurable Pipeline Goals:** Target a 20% revenue contribution from new products, leveraging Wrigley's track record of annual product launches.

Enhance Market Position through Strategic Promotion

- **Unified Campaigns:** Combine Mars's and Wrigley's marketing strengths to cross-promote complementary products, capturing immediate synergies in convenience and grocery channels.
- **Competitive Safeguards:** Monitor competitor actions and adjust pricing, product mix, or promotional expenditures as necessary to protect market share.

9.2 Conclusion

The Mars-Wrigley merger represents a transformative opportunity to create the global confectionery leader, with a projected 36-45% share price uplift to \$89.60-\$105.03 from captured synergies. The merged entity is expected to realize:

- **\$200M annual SG&A savings** from merged operations.
- **\$167M NWC reduction** via optimized inventory management.
- **7% revenue growth in Asia**, the fastest-growing confectionery market.

However, the merger also presents significant challenges, particularly in aligning the distinct corporate cultures of two legacy family-run businesses. Addressing these cultural and operational integration challenges through meticulous planning and proactive management is crucial to realizing the full potential of the merger.

Financially, the acquisition introduces leverage risks due to the debt-financed structure, but anticipated cost savings and revenue growth are projected to offset these risks, ensuring long-term profitability and shareholder value. Additionally, strategic engagement with regulatory authorities and readiness to address antitrust issues are critical for securing necessary approvals and facilitating a smooth merger process. Effective management of these regulatory considerations will mitigate potential hurdles and support the merger's strategic objectives.

Ultimately, if executed with strategic foresight, transparent communication, and a commitment to preserving core values, the Mars-Wrigley merger is poised to create a confectionery titan capable of sustained growth and industry leadership for decades to come. By harnessing complementary strengths, optimizing operations, and driving innovation, the new entity will be well-positioned to seize emerging market opportunities and adapt to evolving consumer preferences globally.