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Supervalu to acquire Unified Grocers in \$375 million deal

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Supervalu Inc. and Unified Grocers Inc. have entered into a definitive merger agreement for Supervalu to acquire Unified Grocers in a transaction valued at approximately \$375 million. The merger is expected to close in mid- to late summer 2017. Following completion of the transaction, Unified Grocers will be a wholly owned subsidiary of Supervalu.

This merger will bring together two highly complementary grocery wholesale organizations with combined sales of approximately \$16 billion in 2016. Together, Supervalu and Unified operate 24 distribution centers supplying customers in 46 states and serve a combined customer base of over 3,000 stores. The combined company will be uniquely positioned to efficiently serve a broad range of independent customers and offer a diverse array of value added services, helping customers compete in an increasingly demanding grocery environment. The acquisition also provides new growth opportunities across multiple geographies, including the expansion of Unified's Market Centre division, a growing business providing specialty and ethnic products to independent customers.

"We're thrilled at the opportunity to bring together these two great organizations," Mark Gross, Supervalu's president and chief executive officer, said in a statement. "By acquiring the Unified business, including gaining a wealth of expertise and talent, we will become a stronger and more efficient organization. The transaction will enhance our ability to help our customers better compete in the evolving grocery industry. We're also excited to serve Unified's dynamic retailer base. Unified's members and customers operate some of the country's most exciting and progressive Hispanic and multiple other ethnic formats, specialty, gourmet, natural/organic, price impact and traditional stores. They complement our existing customer base and we look forward to facilitating collaboration and innovation across such an impressive collection of creative merchants."

"We appreciate the experience, intelligence and dedication of the Unified team, and look forward to welcoming Unified associates to Supervalu and supporting them as we continue the important work of contributing to the growth and success of our customer network and helping to deliver value to our stockholders," Gross said. "We will make a great team together."

"We believe this transaction will benefit the members and customers of Unified Grocers as they look for new and innovative ways to serve the communities in which they operate," said Unified Grocers' President and CEO Bob Ling. "Supervalu and Unified share a common vision of providing best-in-class services and products to the independent grocer. The cultural fit between Supervalu and Unified well positions the combined company to pursue a shared dedication and commitment to growth and innovation, providing increased value to customers."

Following the completion of the transaction, Supervalu, with its headquarters in Eden Prairie, MN, will maintain an important and visible presence in Commerce, CA, Unified's headquarters, and throughout the West Coast, including management and employees of the combined company.

Supervalu expects that by the end of the third year of operations after the completion of the transaction, the combined business will achieve a run rate of at least \$60 million in cost synergies. These synergies will be primarily derived from utilizing the scale and expertise of the combined company as well as consolidation of select back office functions. To achieve these synergies, Supervalu expects to incur transition and integration costs of up to \$60 million within the first two years following the completion of the transaction.

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