ConAgra And Ralcorp Ratings Reviewed After Deal

NEW YORK (AP) — Fitch Ratings downgraded its ratings on ConAgra Foods and two other rating agencies are reviewing their assessment of ConAgra and Ralcorp, following the food company's announcement Tuesday that it plans to buy private-label food producer Ralcorp for $5 billion.

ConAgra Foods Inc., whose brands include Banquet and Chef Boyardee, will pay $90 per share to Ralcorp Holdings Inc. stockholders. The companies value the transaction at about $6.8 billion, when debt is included. The acquisition is expected to close by the end of March, provided it gets approval from Ralcorp shareholders.

Fitch said Tuesday that it has downgraded its long-term issuer default, senior unsecured notes and bank credit facility ratings on ConAgra one notch to "BBB-" from "BBB" on concerns about its debt position. The rating change keeps it in investment-grade territory. It also affirmed the same ratings for Ralcorp at "BBB-".

Standard & Poor's Ratings Services on Tuesday placed ConAgra's investment-grade "BBB" long-term corporate credit ratings, along with other ratings, on review for possible downgrade.

S&P also put Ralcorp's "BBB-" issue-level rating on review for possible downgrade. A downgrade would move the company's rating out of investment-grade status and into junk-grade territory. It affirmed Ralcorp's "BBB-" corporate credit rating but said the outlook on that rating is negative.

Moody's Investors Service Inc. said Tuesday that it is reviewing ConAgra's "Baa2" long-term senior unsecured credit rating and "Prime-2" short-term rating for possible downgrade, as well as some other ratings. The ratings agency said that ConAgra's credit profile would deteriorate materially if the deal goes through.

Moody's said that it anticipates that any downgrade would likely be limited to one notch, based on the financing terms disclosed.

The ratings agency said that Ralcorp's ratings are under review for a possible upgrade. That includes the St. Louis company's "Baa3" long-term senior unsecured rating.

Moody's said the potential upgrade is because the acquisition may result in a combined company that has a stronger credit profile than Ralcorp currently has.

Moody's also said Ralcorp's debt ratings may be upgraded one notch.

ConAgra shares rose $1.34, or 4.7 percent, to close at $29.63. Ralcorp surged by

$18.57, or 26.4 percent, to close at $88.80.

Source URL (retrieved on *08/20/2014 - 6:49am*):
http://www.foodmanufacturing.com/news/2012/11/conagra-and-ralcorp-ratings-reviewed-after-deal