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## M&A

# Sonoma Brands Acquires Chef's Cut Real Jerky

*The growth equity firm, which acquired Krave Pure Foods from Hershey in May, adds Chef's Cut Real Jerky to its portfolio as it targets the premium meat snacks industry.*

By Nikitha Sattiraju © Updated on July 10, 2020, 11:55 AM ET



Growth equity firm Sonoma Brands is building up its portfolio of premium meat snacks companies with the **acquisition** of New York-based Chef's Cut Real Jerky Co.

The deal, announced on Thursday, July 9, is the second acquisition in the meat snacks space for the Sonoma, Calif.-based firm, which invests in premium consumer brands. In June, Sonoma acquired Krave Pure Foods Inc., also based in Sonoma, from Hershey Co.

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Sonoma wants to create a portfolio of the most premium brands to better compete against legacy consumer companies.

"Once the Krave transaction was completed we set our sights on other strong premium brands with which to partner to drive the resurgence of the premium meat snack segment," said Kevin Murphy, managing director of Sonoma Brands, in an email.

Krave, originally created by Sonoma's founder and managing partner Jon Sebastiani, was sold to Hershey in 2015 for a price between \$200 million to \$300 million before being reacquired in May.

Krave was Hershey's first endeavor in the meat snacks industry, according to Murphy. But it required a market strategy and supply chain needs that were different than the other brands in Hershey's portfolio.

"Hershey recognized that Krave needed a devoted team who had expertise in this space," said Murphy. When Hershey decided to divest in Krave, Sonoma was their first call, he said.

The meat snacks market is expected to reach \$11.3 billion in size by 2026, according to a January **report** from Allied Market Research.

Sonoma is now focused on bringing the best sales, marketing and operational capabilities to Krave and Chef's Cut. But that doesn't mean there won't be more acquisitions in the meat snacks industry.

"We'll never say never when it comes to considering additional brands for this endeavor," Murphy said.

Sonoma typically looks for companies with a strong direct-to-consumer presence, a devoted customer base and a digital-first mentality. Murphy believes that those are the kinds of companies that will continue to thrive after the pandemic.

"The pandemic, in our mind, has accelerated in a meaningful way many of the key trends we invest behind," said Murphy. "These will continue to be relevant as we explore future brands."

Food and beverage companies have been dealing with significantly reduced margins due to Covid-19, according to a **note** from Leon Pieters, global consumer industry lead at Deloitte Touche Tohmatsu Ltd. Though there has been a rise in at-home consumption, out-of-home consumption, which is the biggest margin driver, has declined, Pieters said.

Still Sonoma's portfolio brands have remained successful amid the pandemic because of their ability to directly connect with customers, said Murphy.

Sonoma's other portfolio companies **include** skincare brand True Botanicals Inc., Vintage Wines Estates, chef Christina Tosi's Momo Milk LLC and dietary supplement brands Beekeeper's Naturals Inc. and Hum Nutrition.

Both the Krave and Chef's Cut acquisitions were led by Sebastiani and Murphy. The terms of both transactions were not disclosed.

Sonoma looked to New York-based firms Giannuzzi Group LLC and Littman Krooks LLP for legal counsel on the Krave and Chef's Cut deals, respectively.

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