

Boulder Brands Targeted by Activist Welling's Engaged Capital

2015-07-29 20:55:38.919 GMT

By Beth Jinks

(Bloomberg) -- Boulder Brands Inc. is being targeted by activist investor Engaged Capital, which may urge the maker of natural foods to explore changes including a possible sale of the whole company or some businesses.

Engaged, the fund founded by Glenn Welling, raised its stake in Boulder Brands to about 9.6 percent percent from 0.67 percent, and has held talks with the company, according to a regulatory filing Wednesday. The filing also said the activist may propose changes to its capitalization, board and operations.

Boulder's six brands include vegan food maker Earth Balance, trans fat-free buttery spread maker Smart Balance, frozen snack seller Evol and gluten-free purveyor Glutino. With a market value of about \$441 million and an enterprise value of \$721 million, the company may appeal to packaged-food giants seeking healthier offerings.

Last month, Boulder Brands cut its earnings forecasts and said co-founder and Chief Executive Officer Stephen Hughes quit. The board named Chief Operating Officer James Leighton interim chief while it searches for a permanent replacement.

On July 8, the company announced it was cutting 15 percent of its salaried employees as part of a restructuring. Boulder aims to funnel most of the cost savings into marketing.

Jamba, Rovi

Welling, a former partner at Relational Investors, formed Newport Beach, California-based Engaged Capital with other Relational managers in 2012, backed by Grosvenor Capital Management. The firm has waged successful campaigns at small and mid-sized companies, including juice chain Jamba Inc., television guide data licensor Rovi Corp. and clothing retailer Abercrombie & Fitch Co.

In the past year, a number of companies targeted by Engaged Capital have been sold, including Silicon Image Inc., the creator of HDMI transmission technology, which was bought by Lattice Semiconductor Corp. Fiber-optic supplier Oplink Communications Inc. was sold to Koch Industries Inc., to be managed by Koch's Molex unit, and diagnostic-equipment maker Volcano Corp. was acquired by Royal Philips NV. Procera Networks Inc. was taken private by Francisco Partners Management.

Activist funds generally acquire equity stakes in public companies and seek to force changes that boost shareholder returns.

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