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ADIA Weighs €1 Billion Investment in Nestle Ice Cream Venture

- Wealth fund in talks to commit capital to PAI-backed Froneri
- PAI has been seeking investors for new fund to hold its stake



Buyout firms have turned to continuation vehicles to deal with a backlog of investments as dealmaking has slowed over the past couple of years. *Photographer: Denis Charlet/AFP/Getty Images*

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Abu Dhabi's biggest sovereign wealth fund is considering investing at least €1 billion (\$1.1 billion) in Nestle SA's ice cream joint venture, which includes brands like Haagen-Dazs, according to people familiar with the matter.

The Abu Dhabi Investment Authority, which controls almost \$1 trillion of assets, is working with advisers as it considers committing fresh capital to Nestle's Froneri ice cream venture with buyout firm PAI Partners, the people said.

A deal would help PAI hold onto its Froneri stake for longer and could value the business at \$10 billion or more, according to the people. PAI has been seeking new investors for a so-called continuation fund that would help it extend the lifespan of its investment in Froneri, Bloomberg News has reported.

No final agreements have been reached with ADIA and other investors could also emerge to back Froneri, the people said, asking not to be identified because the information is private. Representatives for ADIA, Nestle and PAI declined to comment.

Buyout firms increasingly have turned to continuation vehicles to deal with a backlog of investments as dealmaking has slowed over the past couple of years. PAI this year started exploring strategic options for Froneri, including a possible stock market listing.

Froneri competes with Unilever Plc's ice cream unit. That business has drawn initial interest from buyout firms including Advent International, Blackstone Inc., Cinven and CVC Capital Partners Plc, Bloomberg News reported on Friday.

ADIA has emerged as one of the most active investors in the private equity industry in the last few years, providing capital to some of the sector's largest deals. The wealth fund teamed up with investors including CVC on a potential transaction to take Hargreaves Lansdown Plc private for about £5.4 billion (\$7 billion). It's also among investors backing CVC in its bid for Deutsche Bahn AG's logistics unit DB Schenker, which could be valued at about €15 billion or more.

PAI bought UK-based R&R Ice Cream in 2013 from Oaktree Capital Management and other investors. In 2016 it combined that business with part of Nestle's ice cream empire to create Froneri.

– *With assistance from Swetha Gopinath and Dasha Afanasieva*

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