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McCormick to purchase the food business of Reckitt Bencksier Group for $4.2 billion

19 July 2017 | News

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According to the news reported by Reuters, McCormick expects the hot sauce category will continue to see robust growth and said it would integrate the business, RB Foods, into its consumer and industrial segments, and retain the top brand names like Frenchâ??s, Frankâ??s RedHot and Cattlemenâ??s.

The U.S. maker of spices and seasonings has been trying to expand its global presence. Last year it approached Premier Foods, the owner of British food brands like Mr Kipling cakes and Oxo stock cubes. Premier rejected a twice-improved 65

pence-per-share takeover offer.

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The combined entityâ??s 2017 pro forma net sales are expected to be about $5 billion, McCormick said. Reckitt said the deal was on a cash free, debt-free basis, and it would use the proceeds from the sale to reduce its debt.

In April, Reckitt said it was reviewing strategic options for its small food business as it seeks to pay down debt following its planned $16.6 billion purchase of Mead Johnson.

Earlier in February, it acquired baby formula maker Mead Johnson, in a surprise deal that gave it a new product line and boosted its business in developing markets. Credit Suisse is advising McCormick on the deal, while Cleary Gottlieb Steen & Hamilton LLP is the legal counsel.