

McCormick Buys Honey Processor for \$75 Million

By Hanah Cho, Baltimore Sun, February 2008

McCormick & Co. Inc. is continuing its shopping spree.

The Sparks-based spice maker announced late yesterday that it bought Canada's largest honey company for \$75 million in cash, about two times Billy Bee Honey Products Ltd.'s annual sales of \$37 million.

The deal adds to a list of companies McCormick has snapped up during the past five years, solidifying a strategy of buying well-known brands that aim to make customers' lives easier by simplifying the cooking process and adding flavor.

The Billy Bee acquisition is expected to immediately contribute to earnings, McCormick said. Family-owned Billy Bee has a 60 percent share of branded honey sales to retailers and a 50 percent share in the private-label honey business in Canada.

The company, which was founded in 1958, also supplies about 50 percent of honey used as an ingredient by Canadian food manufacturers.

Billy Bee also has developed and sold new products using honey, including mustard, sauces and salad dressings.

"An important avenue of growth at McCormick is the acquisition of leading brands," McCormick President and Chief Executive Officer Alan D. Wilson said in a statement. In November, McCormick agreed to pay Unilever PLC \$605 million in cash for Lawry's and Adolph's brands of seasonings and marinades. The deal is expected to close this year. The spice maker picked up the Thai Kitchen and Simply Asia brands of ready-to-make meal kits in 2006 for \$97 million. Three years earlier, McCormick bought Zatarain's, a brand of Louisiana-style food mixes, spices and flavorings for \$180 million.

McCormick said it is paying for the Billy Bee purchase with cash from operations and short-term credit facilities.

Shares rose 38 cents, or 1 percent, to close at \$35.62 yesterday on the New York Stock Exchange.