McCormick acquires Cholula sauce brand for 800 million dollars

Hot sauce is an attractive and high-growth category for McCormick who will be able to expand his offering in the market.

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McCormick has entered into a definitive agreement to acquire 100% of the Cholula sauce company for $ 800 million without cash or debt, the company said in a statement.

The transaction is expected to be completed by the end of the year and will be financed with a combination of available cash and commercial paper. At closing, the company will incur certain transaction costs that will affect earnings per share.

“The Cholula acquisition accelerates McCormick’s growth opportunities within our condiments platform and expands our portfolio in the hot sauce category with the addition of the Cholula brand,” added Lawrence E. Kurzius, president and CEO, in the document. by McCormick.

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Hot sauce is an attractive, high-growth category and Cholula is outpacing the growth of the category. Cholula’s annual net sales are approximately $ 96 million and are expected to grow in the mid to high single digits in a normalized environment beyond the COVID-19 pandemic.

Cholula’s portfolio of six distinctive flavors is made in Mexico with high-quality ingredients and is based on a 100-year-old recipe comprised of a unique blend of fresh peppers and regional spices.

McCormick plans to retain the Cholula brand in the retail and foodservice channels.

https://www.entrepreneur.com/article/360442