

Reckitt lands \$17bn Mead takeover amid sales gloom

Joanna Bourke

CONSUMER goods giant Reckitt Benckiser has agreed to buy US baby formula maker Mead Johnson for \$16.6 billion (£13.2 billion), in a move that the Durex-to-Dettol maker said would result in £200 million of cost savings.

The Nurofen tablets maker updated the City today after it revealed last week that it was in talks to buy Illinois-based Mead, which is behind the Enfamil brand.

Reckitt's chief executive Rakesh Kapoor today said that the \$90-a-share deal would significantly boost the British firm's position in China. It will mean £200 million of savings over three years.

He played down fears that teaming his 37,000 staff with Mead's 7,600 would result in redundancies, and said there was "hardly any overlap" in the UK.

"At this point in time there is no discussions around job losses," he said.

The update came as the firm revealed weaker-than-expected fourth-quarter revenue growth of 1%. Analysts had pencilled in a 1.7% rise in like-for-likes.

Reckitt has been hurt by a scandal in South Korea, where the former boss of its division there was sentenced in January to seven

MPs set to probe Cerberus over toxic-loan 'tax avoidance' claims

Michael Bow

US vulture fund Cerberus Capital is facing fresh scrutiny over allegations that its massive spending spree on toxic loans from the Government was fuelled by tax-avoidance schemes.

MPs are preparing to debate whether the secretive US outfit, which bought £13 billion of toxic Northern Rock loans in 2015, lawfully reduces its tax bill to help outbid rivals to buy distressed loans.

The debate, scheduled for later this month, has been organised by George Kerevan MP, a member of the influential Treasury Select Committee.

Kerevan said: "When Cerberus buys distressed assets, it often uses money from one of its many offshore divisions and there is a clear question here about tax avoidance.

"Why are they outbidding other investors? Is it because they can offset the costs through tax avoidance?"

"I don't think Cerberus is good for SMEs and growing the economy. The Treasury and banks shouldn't be offloading assets to a company that doesn't have a long-term view."

Economic Secretary to the Treasury Simon Kirby will also be forced to address the debate.

Cerberus has been one of the world's biggest buyers of bad debt stemming from the financial crisis,

RBS TURNAROUND SCHEME SLAMMED AS 'WHOLLY INADEQUATE'



Game over: Bowlplex, formerly owned by Tracy Standish, was in the GRG

SMALL businesses in Royal Bank of Scotland's controversial GRG turnaround unit have criticised the bank's £400 million complaints scheme after new details emerged.

Tracy Standish, who lost his firm Bowlplex after it fell into the hands of GRG, said the scheme was "wholly inadequate". He added: "They are trying to dissect one small element over the pain and suffering they have caused."

Vivek Jain, whose children's clothing company Jainco was also in GRG, also said it was "not enough", adding: "I honestly feel we still won't get a fair deal."

In a letter published today, RBS chief executive Ross McEwan said it was "highly unlikely" that firms suffered "material financial distress" as a result of the bank's actions.

having snapped up billions of pounds of property loans from the likes of RBS, Lloyds Banking Group and Clydesdale.

In a rare statement, the company described itself to the Evening Standard as "long-term investors and good corporate citizens".

It added: "Cerberus complies with all applicable tax laws and

treaties, and there is no basis to criticise our acquisition structures, which are transparent both to the sellers and the applicable regulators and government entities."

The company has faced anger in Northern Ireland over its purchase of National Asset Management Agency loans after it emerged €1900

(€1620) was paid in tax on €77 million of profit.

Cerberus is also named in a high-profile court case brought by former Torex Retail chief executive Neil Mitchell, who is suing RBS over allegations it unlawfully conspired with Cerberus and KPMG to force a fire sale of the firm. They deny the claims. @signorbow