



McCormick Reports Record Sales and Earnings Per Share for Second Quarter

June 20, 2001

SPHARCO, Inc., June 20 (NYSE:MKC) - McCormick & Company, Incorporated (NYSE:MKC), today reported a 17% increase in sales and 9% increase in earnings per share for the second quarter of fiscal 2001.

Sales for the quarter were \$287 million, an increase of 17% versus the second quarter of 2000. Excluding foreign exchange and the Ducios business, sales increased 9%. Gross profit margin for the quarter was 28.1%, a 1.0 percentage point above last year. This increase resulted from a shift in product mix to higher margin, more value-added products, including the recently acquired Ducios business, as well as cost reduction initiatives. Operating profit margin for this year's quarter reached 8.7% versus 8.4% in 2000. Earnings per share for the quarter ended May 31 increased to 38 cents from 35 cents in 2000. Results from Ducios for the quarter added earnings by 4 cents per share, which was slightly better than expected. In the second quarter, excluding dilution from the Ducios acquisition, earnings per share for 2001 were 42 cents, an increase of 7 cents versus the prior year. This was achieved through 5 cents of higher operating income, 1 cent in reduced interest expense and 1 cent from a lower effective tax rate.

Consumer Business

Sales for McCormick's consumer business rose 30% versus last year's second quarter and increased 7% excluding the impact of Ducios and foreign exchange. In local currency, consumer sales were up 7% in the Americas, 7% in Europe (excluding Ducios) and 9% in Asia. This strong performance was driven by volume and, to a lesser extent, by pricing. Operating income for the consumer business was \$26.5 million, 21% ahead of last year's quarter. As a percent of net sales, operating income decreased to 9.7% from 10.0%, primarily a result of the dilutive effect of Ducios.

Industrial Business

Industrial sales increased 2% versus last year's second quarter and 4% excluding foreign exchange. In local currency, industrial sales increased 4% in the Americas, were unchanged in Europe and rose 11% in Asia. The strongest increases were achieved in sales of stock seasonings and sales to restaurant customers. Operating income for the quarter increased to \$24.1 million, a 14.0% increase versus last year. As a percent of net sales, operating income increased to 8.5%, which compares to 8.8% in 2000. Margin improvement in the industrial business was particularly strong due to product mix, favorable commodity prices and cost reduction initiatives.

Packaging Business

The packaging business reported third party sales up 9% versus last year's second quarter. Operating profit (including intersegment business) was \$5.5 million, a decrease of 6%. As a percent of net sales, operating profit decreased to 1.9% from 11.4% as a result of higher resin costs and unfavorable product risk for the quarter.

Chairman's Comments

Commented Robert J. Levine, Chairman, President & CEO, "We are extremely pleased with our results for the first half of 2001. Sales increased 16%, leading well against our 12-14% target range. The consumer business achieved good sales growth this quarter, following a slow start for the year, and sales in our industrial and packaging businesses have improved.

"Gross profit margin continued to improve this quarter and ended the first half at 28.1% compared to a first half total of 26.7% in 2000. We have key key initiatives behind the improvement. First, an improved product mix as we shift our focus and resources toward higher margin, more value-added products. Second, our cost reduction initiatives, including the Beyond 2000 program, are driving costs out of our processes, particularly in the procurement of materials. For 2001, we are well on our way toward our goal of a 4% gross profit margin.

"Since the year began, our expectation for 2001 earnings per share growth was 8-10%, with a relatively even performance in the first half of the year, followed by strong second half results. While our 9% earnings per share increase in the first half is well ahead of the first half projection, our expectation for the year remains 8-10%. In the second half of 2001, foreign exchange, inventory reduction efforts by our retail customers, and some minor dilution from Ducios could impact the third and fourth quarters. Despite these risks, our year-to-date results give us confidence that we will be at the top end of our 8-10% earnings per share growth target.

"McCormick's strategies for growth are delivering positive results. Integration of the Ducios acquisition is proceeding well, and this business is meeting our expectations. The Beyond 2000 program is in full swing, on plan and already contributing to gross profit margin improvements. Continued focus and investment in our branded consumer products and in value-added industrial products are also contributing.

"I congratulate the employees of McCormick on a great quarter. We have created momentum as we begin the second half of our year. The Company is meeting its goals and remains committed to delivering superior financial results and shareholder value. We believe that 2001 will be an excellent year for McCormick and its shareholders."

Forward-Looking Statement

Certain information contained in this release, including expected trends in net sales and earnings performance, are "forward-looking statements" within the meaning of Section 21E of the Securities and Exchange Act of 1934. Forward-looking statements are based on management's current views and assumptions and involve risks and uncertainties that could be materially affected by external factors such as actions of competitors, customer relationships, fluctuations in the cost and availability of supply chain resources and foreign economic conditions, including currency rate fluctuations. The Company undertakes no obligation to update or revise publicly, any forward-looking statements, whether as a result of new information, future events or otherwise.

About McCormick

McCormick & Co., Inc. is the global leader in the manufacture, marketing and distribution of spices, seasonings and flavors to the entire food industry.

• In foodservice and food processing businesses as well as in retail outlets. In addition, the packaging group manufactures and markets specialty plastic bottles and labels for personal care and other industries.

McCormick & Company, Incorporated

Second Quarter Report

Consolidated Income Statement (Unaudited)

(in thousands except per share data)

	Three Months Ended	Six Months Ended
	5/31/01	5/31/00
NET SALES		
Consumer	\$273,274	\$201,356
Industrial	248,628	239,258
Packaging	49,218	45,110
Total Net sales	567,140	485,724
Cost of goods sold	345,627	315,242
Gross profit	221,513	170,482
Gross profit margin	39.1%	35.1%
Selling, general & administrative expense	177,943	129,100
Special charges	44	96
Operating income	49,570	40,910
Interest expense	13,784	8,313
Other (income)/expenses	73	(54)
Income before income taxes	35,713	32,651
Income taxes	11,821	11,649
Net income from consolidated operations	23,892	21,002
Income from unconsolidated operations	3,181	3,200
Minority interest	(437)	-
NET INCOME	\$26,636	\$24,202
EARNINGS PER SHARE - ASSUMING DILUTION	\$0.38	\$0.35

EARNINGS PER SHARE - BASIC \$0.39 \$0.35 \$0.78 \$0.70

Average shares outstanding

assuming dilution 70,054,698,655,656,656,656

Average shares outstanding
basic 68,824,464,875 68,668,90,112

Note: The Company has reclassified amortization of goodwill from other income to selling, general & administrative expense. All amounts have been reclassified to conform to the current year presentation. Goodwill amortization was \$2,025 and \$2,124 for the six months ended May 31, 2001 and 2000, respectively, and was \$3,255 and \$1,281 for the quarter ended May 31, 2001 and 2000, respectively.

Condensed Consolidated Balance Sheet (Inaudited)

	5/31/01	5/31/00
Assets		
Receivables	\$248,441	\$175,195
Inventory	285,105	272,233
Prepaid expenses	104,019	\$24,092
Property, plant and equipment, net	894,659	856,447
Other assets	61,734	20,596
Total assets	\$1,651,142	\$1,995,317

Liabilities and shareholders' equity		
Short term borrowings	\$303,140	\$502,233
Other current liabilities	426,381	324,524
Long term debt	654,298	225,084
Other liabilities	117,126	99,247
Shareholders' equity	370,247	334,419
Total liabilities and shareholders' equity	\$1,651,142	\$1,995,317

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SOURCE: **McComick & Company, Incorporated**

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