



McCormick Reports Record Sales and Earnings Per Share for Third Quarter

September 19, 2001

SPRING, Md., Sept. 19 (PRNewswire) -- McCormick & Company, Incorporated (NYSE: MCC), today reported a 15% increase in sales and a 9% increase in earnings per share for the third quarter of fiscal 2001.

Sales for the quarter were \$251 million, an increase of 15% versus the third quarter of 2000. Excluding foreign exchange and the Ducros business, sales increased 4%. Gross profit margin for the quarter was 40.1%, 2.2 percentage points above last year. This increase resulted from a shift to product mix to higher margin, more value-added products, including the acquired Ducros business, as well as cost reductions. Operating income increased 10% to \$55 million.

Earnings per share for the quarter ended August 31 increased to 40 cents from 45 cents in 2000. Results from Ducros for the quarter diluted earnings by 3 cents per share, in the third quarter, excluding dilution from the Ducros acquisition, earnings per share for 2001 were 52 cents, an increase of 7 cents versus the prior year. This was achieved through 2 cents of higher operating income, 3 cents in reduced interest expense, 1 cent of other income and 1 cent from a lower effective tax rate.

Consumer Business

Sales for McCormick's consumer business rose 30% versus last year's third quarter and increased 4% excluding the impact of Ducros and foreign exchange. In local currency, consumer sales were up 4% in the Americas, 3% in Europe (excluding Ducros) and 0% in Asia. This strong performance was driven by a combination of volume, product mix, and pricing. Operating income for the consumer business was \$38.3 million, 5% below last year's quarter. This is a result of the dilutive effect of Ducros and higher investment spending in the quarter, such as advertising and the Beyond 2000 program.

Year-to-date, operating income for the consumer business was \$92.2 million, an increase of 6% above last year.

Industrial Business

Industrial sales increased 8% versus last year's third quarter and 4% excluding the impact of Ducros and foreign exchange. In local currency, industrial sales increased 3% in the Americas, 3% in Europe (excluding Ducros) and 4% in Asia. Higher volumes this quarter drove most of the increase. Operating income for the quarter increased to \$30.3 million, a 30% increase versus last year. Margin improvement in the industrial business was particularly strong due to product mix and cost reduction initiatives. Year-to-date, operating income for the industrial business was \$73.6 million, an increase of 25% above last year.

Packaging Business

The packaging business reported third party sales up 1% versus last year's third quarter. Operating income (including intersegment business) was \$4.8 million, even with last year's result.

Chairman's Comments

Commented Robert J. Lunken, Chairman, President & CEO, "We are extremely pleased with our results for the first nine months of 2001. Sales increased 16%, tracking well against our 12-14% target range. Excluding Ducros and foreign exchange, year-to-date sales are up 4% with increases in each of our three business segments.

"Gross profit margin continued to improve this quarter and year-to-date is 38.4% compared to a year-to-date result of 35.1% in 2000. We have two key initiatives behind this improvement. First, a more profitable 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 global procurement of materials. For 2001, we are likely to exceed our goal of a 40% gross profit margin.

"We clearly expect 2001 earnings per share growth of 8-10%, with relatively even performance in the first half of the year, followed by strong second half results. We have matched our earnings per share increase of 8% in the first three quarters. In our last quarterly earnings release we commented on risk in the second half related to foreign exchange, inventory reduction efforts by our retail customers, and some minor dilution from Ducros. Even though certain of these risks impacted our third quarter results, the strong performance across many of our businesses enabled us to exceed our internal expectations. As we begin our largest and final quarter of the fiscal year, we continue to face risks. Although these risks may be mitigated by last year's tragic events, we have sound fundamentals and excellent management. Given the current environment, our outlook for earnings per share growth remains at the top end of our 8-10% target.

"Our key initiatives for 2001 are delivering positive results. Successful margin improvement is creating profit growth and providing additional funds to drive sales through new product development and brand support. Another major area of focus in 2001 has been the acquisition of Ducros, which occurred one year ago. I am pleased to report that we have successfully integrated Ducros and that this business is meeting our expectations.

"I congratulate the employees of McCormick on a great quarter. The Company is meeting its goals and remains committed to delivering superior financial results and shareholder value. We are confident that 2001 will be an excellent year for McCormick and its shareholders."

Live Webcast

As previously announced, McCormick will hold a conference call with the analysts today at 10:00 a.m. EDT. The conference call will be web cast live via the McCormick corporate web site <http://www.mccormick.com>. Click on "Company Information" then "Investor Services" and follow the directions to listen to the call. At this same location, a replay of the call will be available for one week following the live call. Past press releases and additional information can be found at the Company's website.

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 materially affect the results of operations and financial position of the Company. Factors that could cause actual results to differ from the Company's expectations include, but are not limited to: changes in market conditions, competitive actions, changes in customer requirements, changes 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 & Company, Inc. is the global leader in the manufacture, marketing and distribution of spices, seasonings and flavors to the entire food industry -- to foodservice and food processing businesses as well as to retail outlets. In addition, the packaging group manufactures and markets specialty plastic bottles and tubes for personal care and other industries.

McCormick & Company, Incorporated

Third Quarter Report

Consolidated Income Statement (Unaudited)	
(in thousands except per share data)	
Three Months Ended	Nine Months Ended
8/31/01	8/31/00
NET SALES	
Consumer	\$261,619 \$201,857 \$791,432 \$626,385
Industrial	263,262 248,805 739,549 705,164
Packaging	65,429 45,454 145,712 132,545
Total Net sales	570,710 496,866 1,671,354 1,464,993
Cost of goods sold	341,765 323,011 1,012,401 928,824
Gross profit	228,945 172,855 658,953 537,169
Gross profit margin	40.1% 34.9% 39.4% 35.1%
Selling, general & administrative expense	172,504 121,707 508,005 378,058
Special charges	- 57 - 1,023
Operating income	56,439 51,091 150,948 128,088
Interest expense	12,699 9,699 40,770 24,808
Other (income)/expense	(1,370) 19 (2,278) 105
Income before income taxes	43,110 41,403 112,448 103,175
Income taxes	14,931 14,950 37,228 36,788
Net income from consolidated operations	30,179 27,033 75,228 66,387
Income from unconsolidated operations	4,639 4,232 13,999 13,497
Minority interest	(506) - (1,590) -
NET INCOME	\$34,112 \$31,265 \$87,534 \$79,884

EARNINGS PER SHARE -				
BASIC	\$0.50	\$0.46	\$1.27	\$1.16
EARNINGS PER SHARE -				
ASSUMING DILUTION	\$0.49	\$0.45	\$1.25	\$1.15
Average shares				
outstanding - basic	49,085	48,425	48,809	48,908
Average shares				
outstanding - assuming				
dilution	70,127	69,047	69,979	69,611

Note: The Company has reclassified amortization of goodwill from other income to selling, general & administrative expenses. All amounts have been reclassified to conform to the current year presentation. Goodwill amortization was \$3,675 and \$3,776 for the nine months ended August 31, 2001 and 2000, respectively, and was \$3,138 and \$1,280 for the three months ended August 31, 2001 and 2000, respectively.

Condensed Consolidated Balance Sheet (In thousands)

(In thousands)	8/31/01	8/31/00
Assets		
Receivables	\$271,455	\$180,456
Inventories	295,088	274,170
Prepaid expenses	102,697	114,216
Property, plant and equipment, net	488,666	354,847
Other assets	651,262	680,580
Total assets	\$1,700,118	\$1,610,539

Liabilities and shareholders' equity		
Short-term borrowings	\$328,878	\$608,832
Other current liabilities	367,087	321,585
Long-term debt	454,912	323,334
Other liabilities	154,482	101,289
Shareholders' equity	426,299	387,499
Total liabilities and shareholders' equity	\$1,700,118	\$1,610,539

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