



McCormick Reports Record Sales and Net Income for First Quarter

March 19, 2002
SPRINGFIELD, Mo., Mar. 19, 2002 /PRNewswire-FirstCall via COMTEX/ - McCormick & Company, Incorporated (NYSE: MKC), today reported record sales, net income and earnings per share for the first quarter ended February 28, 2002.

Sales for the quarter were \$515 million, an increase of 4% versus the first quarter of 2001. Excluding the impact of foreign exchange, sales increased 5% in 2002. Gross profit margin for the quarter was 35.7%, 1.7 percentage points above last year. The gross profit margin increase was due to continued success in shifting sales to higher-margin, more value-added products, as well as higher volumes, favorable raw material costs, global procurement initiatives and efforts to improve efficiencies.

Earnings per share for the first quarter were \$0.48. Excluding goodwill amortization, earnings per share for the first quarter of 2001 were \$0.43. Compared to this result, the \$0.48 earned in the first quarter of 2002 is an increase of 12%. Special charges did not have a significant impact on either period. The primary drivers of the first quarter earnings improvement were \$0.04 from operations and \$0.03 from interest rate, partially offset by lower income from unconsolidated operations and the effect of more shares outstanding.

Consumer Business (in thousands)	Three Months Ended 2/28/02	2/28/01
Net sales	\$237,259	\$228,187
Operating income	35,212	27,029
Operating income, excluding special charges and goodwill amortization	35,510	29,915

For the first quarter, sales by McCormick's consumer business rose 4% above 2001. Excluding the net impact of foreign exchange, sales rose 6%. Sales benefited from core category growth, new products, recent new business gains and, in the U.S., from customer purchases in advance of a price increase. In local currency, consumer sales rose 10% in the Americas, declined 1% in Europe and rose 8% in Asia. Operating income for the consumer business was \$25 million. Excluding special charges and goodwill amortization for both years, operating income for 2002 was \$38 million versus \$30 million in 2001, an increase of 19%. On this same basis, operating income margin for the quarter was 15.0% compared to 13.1% last year as a result of higher sales, favorable raw material costs and increased efficiencies.

Industrial Business (in thousands)	Three Months Ended 2/28/02	2/28/01
Net sales	\$184,462	\$226,234
Operating income	13,253	19,332
Operating income, excluding special charges and goodwill amortization	13,277	19,442

For the first quarter, industrial sales increased 8% versus last year. Excluding the net impact of foreign exchange, industrial sales increased 9%. Higher volume drove the increase. In local currency, industrial sales increased 12% in the Americas, decreased 6% in Europe and increased 13% in Asia. In the Americas, sales to restaurant customers and warehouse clubs, and sales of snack seasonings were particularly strong. In Europe, the decline occurred primarily in ingredients sales, versus higher-margin, more value-added products. Operating income for the quarter was \$23 million. Excluding special charges and goodwill amortization for both years, operating income for 2002 was \$23 million versus \$20 million in 2001, an increase of 15%. On this same basis, operating income margin improved to 9.5% from 8.7% last year, primarily from the shift in sales to more higher-margin, value-added products, higher volumes and effective cost reduction initiatives.

Packaging Business (in thousands)	Three Months Ended 2/28/02	2/28/01
Net sales	\$17,146	\$45,026
Operating income	2,889	5,342
Operating income, excluding special charges and goodwill amortization	2,894	5,387

In its outlook for 2002, the Company forecasted difficult results from its packaging business through the first half of the year. As projected, the packaging business reported third party sales for the quarter down 15% versus last year. Operating income (including intersegment business) for the first quarter of 2002 was \$3 million versus \$5 million in 2001. The state of the economy has caused a decline in demand for products supplied to the health and personal care industry. Actions have been taken to adjust production activities, including a reduction in our workforce.

Chairman's Comments
Comments: Robert L. Lupton, Chairman, President & CEO, "McCormick had great success in growing sales and margins for the quarter. In our consumer business, we grew worldwide sales through core products, new products and new customers, and benefited in the U.S. from customer purchases in advance of a price increase. The growth in our industrial business came from several sectors - restaurant, snack seasonings, warehouse clubs. Our businesses in Asia continue to prosper with sales for the quarter increasing 11%. Improvement in product mix and cost reduction has driven our overall margin improvement, despite higher costs in areas such as employee benefits and insurance."

Our financial goals for fiscal year 2002 have not changed. We continue to project 4-5% sales growth and 3-4% increase in earnings per share. As a consequence of the customer purchases in advance of our U.S. consumer business price increase, we are likely to experience lower sales for that part of our business in the second quarter. Similarly, compared to last year, earnings per share may be flat or slightly up for the second quarter. In summation, we expect our first half results for sales and earnings per share growth to be in line with our stated 2002 goals.

Two years ago, the Company emerged from a price war in our consumer business. In that time, we focused our resources on key strategies to grow the sales and profitability of both of our food businesses - consumer and industrial. During this time period, we grew sales in a compound annual growth rate of 8% and earnings per share at a 10% rate. Today, our Company has a strong balance sheet, sound fundamentals, and momentum for the future.

We are back to the start for the year for sales, we have outlined three major strategies which build upon the successes of our past strategies. First, grow consumer business sales by leveraging our brands through accelerated innovation, brand acquisition and geographic expansion. Second, grow our industrial business sales, expanding our global floor and food service business by enhancing our leadership position in flours, seasonings and condiments. Third, improve margins by optimizing our global supply chain and implementing Beyond 2000. With Beyond 2000, create coordinated processes worldwide using technologies and systems, establish McCormick as a premier supplier of choice, and enable collaboration with customers.

These strategies and our ability to execute give us the confidence to set several financial objectives through 2005. We expect to grow sales 3-7%, including sales from acquisitions. We project annual increases in operating profit of 8-10% and in earnings per share of 10-12%. In 2002, we will complete the major portion of capital expenditures related to Beyond 2000. Following this period of investment in Beyond 2000, our outlook for free cash flow is to reach \$100 million in 2003 and achieve further increases through 2005. We expect EBIT improvement to exceed \$10 million annually over the next five years.

We believe these strategies will guide us to sustained growth and that these financial goals will maintain our position as one of the top performing food companies.

We are in a great business - providing flours to make wheat, when or what flours are being ingested. I am confident that McCormick has the talent, energy and focus to achieve our goals for 2002 and the future, and to continue to deliver shareholder value."

Live Webcast
As previously announced, McCormick will hold a conference call with the analysts today at 11:00 a.m. EST. 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 directions to listen to the call. All 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 statements 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 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, market acceptance of new products, actual amounts and timing of special charge items, removal and disposal costs, final negotiations of third-party contracts, the impact of the stock market conditions on its share repurchase program, fluctuations in the cost and availability of supply-chain resources and global 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, Incorporated 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 to retail outlets. In addition, the packaging group manufactures and markets specialty plastic bottles and tubes for personal care and other industries.

First Quarter Report	McCormick & Company, Incorporated
Consolidated Income Statement (Unaudited) (in thousands except per share data)	
Three Months Ended 02/28/2002 02/28/2001	
Net sales	\$518,906 \$499,447
Cost of goods sold	333,655 329,818
Gross profit	185,251 169,629
Gross profit margin	35.7% 34.0%
Selling, general & administrative expense	122,396 124,690
Special charges	367 0
Operating income	52,098 44,939
Interest expense	11,063 14,287
Other income	(1,047) 078

Income before income taxes	42,082	31,625
Income taxes	13,246	10,468
Net income from consolidated operations	28,836	21,157
Income from unconsolidated operations	5,678	6,079
Minority interest	(670)	(650)
Net income	\$33,841	\$26,586
Basic earnings per share:		
Net income	\$0.49	\$0.39
Net income excluding goodwill	\$0.49	\$0.44
Diluted earnings per share:		
Net income	\$0.48	\$0.38
Net income excluding goodwill	\$0.48	\$0.43
Average shares outstanding - basic	69,335	68,505
Average shares outstanding - assuming dilution	70,631	69,260

Note 1: In connection with its adoption of EITF 01-09, the Company has reclassified certain 2001 marketing expenses as a reduction of sales. Concurrent with the adoption of EITF 01-09, the Company has also reclassified certain 2001 expenses from selling, general and administrative expense to cost of goods sold. Classification is consistent between 2001 and 2002.

Note 2: The Company adopted SFAS No. 141 and 142 as of December 1, 2001. The net income including goodwill reflects what earnings per share would have been had the accounting principles been adopted at the beginning of 2001.

Condensed Consolidated Balance Sheet
(Continued)

	02/28/2002	02/28/2001
Assets		
Cash	\$62,081	\$31,292
Receivables	269,894	264,118
Inventories	281,683	284,906
Prepaid allowances	125,348	116,360
Property, plant and equipment, net	142,525	281,746
Other assets	636,825	610,724
Total assets	\$1,818,685	\$1,689,126

Liabilities and shareholders' equity		
Short-term borrowings	\$796,136	\$335,933
Other current liabilities	441,848	398,910
Long-term debt	454,119	454,622
Other liabilities	147,518	114,595
Shareholders' equity	478,168	385,066
Total liabilities and shareholders' equity	\$1,818,685	\$1,689,126

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SOURCE **McCormick & Company, Incorporated**

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