



McCormick Reports Record Sales and Income for First Quarter

March 28, 2003  
SPRING, Md., Mar. 28, 2003 /PRNewswire-FirstCall via COMTEX/ - McCormick & Company, Incorporated (NYSE: MCC), today reported record sales, net income and earnings per share for the first quarter ended February 28, 2003. Sales for the quarter were \$555 million, an increase of 7% versus the first quarter of 2002. Sales benefited from favorable foreign exchange rates, which accounted for 4% of the increase. Earnings per share for the first quarter were \$0.28 compared to \$0.24 in the first quarter of 2002. In 2003, an increase in income from consolidated operations was partially offset by a decrease in unconsolidated income from joint ventures. Specifically, the Company's joint ventures in Mexico experienced profit pressure from aggressive competition, higher raw material costs and unfavorable foreign exchange. In summary, the primary drivers of the increase in first quarter earnings per share were \$0.03 from operations, less a \$0.02 decline in income from unconsolidated operations.

Consumer Business (in thousands)	Three Months Ended 2/28/03	2/28/02
Net sales	\$28,452	\$27,993
Operating income	38,435	36,343
Operating income, excluding special charges	38,561	36,624

For the first quarter, sales for McCormick's consumer business rose 11% when compared to 2002. Excluding the net impact of foreign exchange, sales rose 4%. Sales benefited from core category growth as well as new products. In total currency, consumer sales rose 3% in the Americas, 7% in Europe and declined 4% in the Asia/Pacific region. In the Americas, consumer sales in the first quarter of 2003 followed an outstanding result in the first quarter of 2002 when sales increased 10%. This increase in 2002 was due largely to U.S. customer purchases in advance of a price increase. In addition, 2003 sales in the U.S. were affected by a reduction in customer trade promotions, higher promotions related to new product introductions and the late timing of the Easter holiday in 2003. In the Asia/Pacific region, the Company's program in China to de-emphasize certain low margin products to improving margins in that market but lowering sales as it is implemented.

Operating income for the consumer business, excluding the impact of special charges, was \$38 million, an increase of 6% for the first quarter of 2003. This follows an increase of 10% for this business in the first quarter of 2002. Profitability in 2003 was impacted by a lower percentage increase in our U.S. consumer sales as well as less favorable production costs. In addition, the Company increased the advertising and promotional support of its branded products during the quarter.

Industrial Business (in thousands)	Three Months Ended 2/28/03	2/28/02
Net sales	\$19,142	\$18,768
Operating income	23,166	22,386
Operating income, excluding special charges	23,166	22,387

In recent quarters, industrial business sales have fluctuated as a result of order timing and customer promotions. In the third quarter of 2002, sales rose 2% followed by a 6% increase in the fourth quarter. For the first quarter of 2003, industrial sales increased 2% versus last year. Excluding the net impact of foreign exchange, industrial sales were even with the prior year. In total currency, industrial sales decreased 2% in the Americas and increased 9% in Europe and 5% in the Asia/Pacific region. In the Americas, industrial sales in the first quarter of 2003 followed a 12% increase in the first quarter of 2002. In 2003, strong sales to food service customers in the U.S. were more than offset by lower sales of bulk ingredients and snack assortments. The increase in Europe was driven by sales from the Uniqueques business acquisition. Sales in the Asia/Pacific region continue to be fueled by alliances with major multinational customers.

In the first quarter of 2003, industrial business operating income increased 4% following a year ago increase of 10% in the first quarter of 2002. This year's increase benefited from the shift in sales to more higher-margin, value-added product lines.

Packaging Business (in thousands)	Three Months Ended 2/28/03	2/28/02
Net sales	\$42,294	\$37,145
Operating income	3,731	3,203
Operating income, excluding special charges	3,695	3,209

Sales for the packaging business showed continued improvement in the first quarter with an increase of 14%. Demand for boxes is strengthening, and the Company is having success gaining new products with both new and existing customers. Actions taken to reduce production costs have increased profitability of the packaging business. As a result of the sales increase and the effectiveness of these actions, operating income (including intersegment business and excluding special charges) for the first quarter of 2003 rose 15%.

Chairman's comments:

Robert J. Leveson, Chairman, President & CEO, commented on the first quarter, "Despite tough competition to the first quarter of 2002 and the challenge from our joint ventures in Mexico, we are pleased to again report record sales, income and earnings per share in this first quarter of our 2003 fiscal year.

"As we look ahead to the next three quarters, we are encouraged by recent successes and several key initiatives:

- Progress with supply chain projects and utilization of our Regional 2000 capabilities to achieve significant reductions in cost and working capital.
- Rollout of a great lineup of new consumer products and supporting the launch with advertising and promotions.
- New distribution gains in the U.S. with grocery retailers as well as one of the leading dollar store chains.
- New product "wins" with our industrial customers - most recently a salad dressing for a major restaurant chain and for leading food companies, a snack chip seasoning and seasoning blend for cereal.
- Reintroduction of our consumer products in China to improve operating margins in this fast growing market.

"For the full year, we remain confident that we will grow sales 3-7% and earnings per share 5-11%. In fact, the rebound in demand for packaging, the favorable foreign exchange environment, our Uniqueques acquisition and recent distribution gains are likely to place McCormick at the top end of our sales range.

"Financial results for the first three quarters of 2002 were affected by several factors. The first two quarters of 2002 were heavily impacted by customer purchases in advance of a price increase and in advance of our Beyond 2002 implementation. This was followed by lower results in the third quarter. When compared to these prior year earnings per share results, most of our 2003 increase in earnings per share is expected to occur in the second half.

"Based on what we've seen in the past week, we imagine that we are in a period of recovery with the global economy and our own business. At McCormick, we have internal sales in the Middle East and have taken precautions to add inventory of certain spices and herbs sourced from that area.

"We are proud of our achievements and the shareholder value that we have created these past few years. A milestone was reached last week when Standard & Poor's announced the addition of McCormick to its S&P 500 index, placing us among the leading companies in the U.S. We remain enthusiastic about the pace of activity and opportunities for growth at McCormick. While the Company has been challenged in recent years with situations like the one we now face in Mexico, we have demonstrated success in meeting our objectives for sales and earnings growth. I am confident that the strength in our business, record distribution gains and key initiatives to drive growth will enable us to meet this challenge in 2003 and reach our objectives for the year."

Live Release

As previously announced, McCormick will hold a conference call with the analyst today at 10:00 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. 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 results in net sales and earnings performance, are "forward-looking statements" within the meaning of Section 27E 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 - 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.

First Quarter Report McCormick & Company, Incorporated

Consolidated Income Statement (Unaudited)  
(In thousands except per share data)

Three Months Ended  
02/28/2003 02/28/2002

Net sales	\$ 555,147	\$ 518,906
Cost of goods sold	\$53,307	\$33,455

Gross profit	199,840	185,251
Gross profit margin	34.9%	35.7%
Selling, general & administrative expense	165,880	132,641
Special charges	76	367
Operating income	58,882	52,243
Interest expense	10,536	11,663
Other income, net	(545)	(1,049)
Income from consolidated operations before income taxes	49,007	42,227
Income taxes	15,340	13,246
Net income from consolidated operations	33,667	28,981
Income from unconsolidated operations	2,847	5,638
Minority interest	(1,375)	(878)
Net income	\$ 35,139	\$ 33,841
Earnings per common share - basic	\$0.25	\$0.24
Earnings per common share - assuming dilution	\$0.25	\$0.24
Average shares outstanding - basic	139,882	138,071
Average shares outstanding - assuming dilution	142,461	141,343

First Quarter Report  
Consolidated Balance Sheet (Unaudited)  
(in thousands)

Assets	02/28/2003	02/28/2002
Current assets		
Cash	\$ 21,002	\$ 63,181
Receivables	304,532	269,894
Inventory	344,806	381,882
Prepaid expense and other current assets	38,667	31,282
Total current assets	711,196	645,239
Property, plant and equipment, net	499,937	642,555
Intangible assets, net	541,023	454,452
Prepaid alliances	115,909	12,348
Investments and other assets	138,276	149,091
Total assets	\$ 1,906,021	\$ 1,819,685

Liabilities and shareholders' equity		
Current liabilities		
Short-term borrowings and current portion of long-term debt	\$ 207,564	\$ 296,136
Trade accounts payable	137,025	184,259
Other accrued liabilities	274,321	259,579
Total current liabilities	692,222	799,984
Long-term debt	454,113	454,135
Other long-term liabilities	223,964	147,339
Total liabilities	1,344,997	1,341,697
Shareholders' equity		
Common stock	236,220	217,094
Retained earnings	456,845	358,873
Accumulated other comprehensive income	(55,441)	(98,879)
Total shareholders' equity	691,629	476,988
Total liabilities and shareholders' equity	\$ 1,906,021	\$ 1,818,685

SOURCE: McCormick & Company, Incorporated

CONTACT: McCormick & Company Corporate Communications, +1 410-771-7730

URL: <http://www.mccormick.com>