



McCormick Announces Record First Quarter Results

March 23, 2004  
SPRING, Md., March 23 (PRNewswire Food&Beverage) - McCormick & Company, Incorporated (NYSE: MCC) today reported record sales, net income and earnings per share for the first quarter ended February 28, 2004.

Sales for the quarter were \$212 million, an increase of 18% versus the first quarter of 2003. Higher volumes, pricing and product mix in the consumer and industrial businesses led to an increase of 7% in addition, favorable foreign exchange rates added 1%, and the 2003 acquisition of Zetser's added another 1% to sales.

Earnings per share from continuing operations for the first quarter increased 17% to \$0.27 compared to \$0.23 in the first quarter of 2003. During the quarter, the Company increased advertising spending by \$5 million related largely to the Zetser's acquisition and new product launches. Strong sales growth and higher gross profit margin were the primary drivers of the first quarter increase in net income and earnings per share.

Consumer Business

(in thousands)	Three Months Ended	
	2/28/04	2/28/03
Net sales	\$299,054	\$236,286
Operating income	48,998	39,835

For the first quarter, sales for McCormick's consumer business rose 27% when compared to 2003. Zetser's added 10% to sales, higher volume, price and product mix added 1% and favorable foreign exchange another 8%. Consumer sales in the Americas rose 33% with 16% from the Zetser's acquisition and 2% from foreign exchange. Higher volume in both the U.S. and Canada was the primary driver of the remaining 15% of sales increase for the quarter. Sales in the U.S. benefited from new distribution gained in 2003 with a leading dollar store chain and a major grocery retailer. In addition to these volume increases, pricing was higher for vanilla products in response to higher vanilla bean costs. Consumer sales in Europe increased 17% for the quarter, with 16% due to favorable foreign exchange. The remaining 1% of increase was due to sales of new products and strength with the Schwan's brand in the U.S. Volume in France were even with prior year due to a weaker economy. In the Asia/Pacific region, favorable foreign exchange led to a 15% increase in consumer sales. During the quarter, increased sales in Australia offset a decrease from shifting focus for new products in China that were recorded as a reduction in sales. Operating income from continuing operations for the consumer business increased 22% to \$49 million for the first quarter of 2004. This increase was driven by strong sales performance, offset in part by a \$5 million increase in advertising related to Zetser's and new product launches.

Industrial Business

(in thousands)	Three Months Ended	
	2/28/04	2/28/03
Net sales	\$273,350	\$249,161
Operating income	25,358	22,713

McCormick's industrial business had improved results for the first quarter of 2004. Sales increased 10% versus last year, with higher volume, price and product mix contributing 6% and favorable foreign exchange another 4%. In the Americas, industrial sales rose 6% with 1% from foreign exchange. As in 2003, sales to restaurant customers have remained strong with new products leading to higher volumes. Sales to food processors improved during the quarter, while sales to food service customers continued to be even with prior year results. Industrial sales in Europe benefited from new products, increasing 30% for the quarter, with foreign exchange contributing 10%. In the Asia/Pacific region, industrial sales rose 14%, with an 11% increase from foreign exchange. In the first quarter of 2004, industrial business operating income increased 10% to \$26 million, benefiting from sales of more higher margin, value-added product lines.

Chairman's comments

Robert J. Lewkow, Chairman, President & CEO, commented on the first quarter, "Both the consumer and industrial businesses of McCormick delivered excellent financial results for the first quarter of the 2004 fiscal year. We were pleased to report record sales, net income and earnings per share.

"This strong start to our year is encouraging. We are benefiting from our 2003 acquisition activity and distribution gains along with recent new product success. With this momentum and the favorable foreign exchange environment, we expect to exceed our initial objective to increase sales 7-8%. Sales growth is more likely to increase at a low double-digit rate. Our earnings per share objective for 2004 remains \$1.51 to \$1.54 as we continue to invest in growth initiatives and offset additional cost increases. The impact cash from operations after net capital expenditures and dividends to exceed \$100 million.

"In 2004, we are focused on new product success in our consumer and industrial businesses worldwide, the next phase of our B2B process improvement and technology implementation, improved efficiency with supply chain initiatives, and integration of recent acquisitions. These activities are the foundation for our continued momentum and future success."

Law Release

As previously announced, McCormick will hold a conference call with the analysts 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 Information," 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 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 amount 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, global economic conditions, including interest and currency rate fluctuations, and inflation rates. 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 - its foodservice and food processing businesses as well as to retail outlets.

First Quarter Report

McCormick & Company, Incorporated

Consolidated Income Statement (Unaudited)

(In thousands except per share data)

Three Months Ended

2/28/2004 2/28/2003

Net sales

\$572,362 \$485,447

Cost of goods sold

350,676 299,317

Gross profit

221,686 186,130

Gross profit margin

38.7% 38.3%

Selling, general & administrative expense

160,223 130,979

Special charges

69 120

Operating income

61,394 55,031

Interest expense

9,572 9,511

Other (income)/expense, net

(146) (941)

Income from consolidated operations

\$41,676 44,580

Income taxes

16,056 14,206

Net income from consolidated operations

25,620 30,374

Income from unconsolidated operations

1,261 2,867

Minority interest

(1,050) (1,375)

Net income from continuing operations

25,831 31,866

Discontinued operations, net of tax

- 1,712

Net income

\$25,831 \$33,578

Earnings per share - basic:			
Net income from continuing operations	\$0.26	\$0.24	
Net income from discontinued operations	\$	\$0.01	
Net income	\$0.26	\$0.25	
Earnings per share - diluted:			
Net income from continuing operations	\$0.27	\$0.23	
Net income from discontinued operations	\$	\$0.01	
Net income	\$0.27	\$0.25	
Average shares outstanding - basic:			
	137,357	139,882	
Average shares outstanding - diluted:			
	141,817	142,461	

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

	2/29/2004	2/29/2003
Assets		
Current assets		
Cash and cash equivalents	\$17,735	\$22,882
Receivables, net	325,367	271,264
Inventories	366,337	325,361
Prepaid expenses and other current assets	22,059	38,319
Current assets of discontinued operations		\$5,435
Total current assets	731,508	713,065
Property, plant and equipment, net	664,562	\$12,980
Goodwill and intangible assets, net	74,105	\$46,265
Prepaid amortization	\$6,405	113,958
Investments and other assets	140,885	108,111
Non-current assets of discontinued operations		71,521
Total assets	\$2,164,405	\$1,985,906

Liabilities and shareholders' equity		
Current liabilities		
Short-term borrowings and current portion of long-term debt	\$179,686	\$207,966
Trade accounts payable	153,577	173,581
Other accrued liabilities	299,675	268,920
Current liabilities of discontinued operations		\$1,288
Total current liabilities	632,948	651,755
Long-term debt	610,024	451,263
Other long-term liabilities	279,842	199,480
Long-term liabilities of discontinued operations		3,143
Total liabilities	1,522,814	1,304,921
Minority interest	23,523	21,360
Shareholders' equity		
Common stock	278,360	236,223
Retained earnings	496,464	456,112
Accumulated other comprehensive income (loss)	64,064	(55,711)
Total shareholders' equity	838,778	636,625
Total liabilities and shareholders' equity	\$2,164,405	\$1,985,906

SOURCE: McCormick & Company, Incorporated  
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SZ: EDN:BAV CCA  
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