



McCormick Reports Double-Digit Earnings Growth on Strong Top Line Results

September 29, 2004

SPRING, Md., Sept. 29 /PRNewswire-FirstCall/ -- McCormick & Company, Incorporated (NYSE: MKC), today reported record third quarter sales and earnings per share from continuing operations for the quarter ended August 31, 2004.

- Sales increased 10% to \$614 million
- Earnings per share from continuing operations increased 10% to \$0.23
- Year-to-date, net cash flow from continuing operations reached \$109 million compared to \$19 million a year ago.

Sales for the quarter were \$614 million, an increase of 10% versus the third quarter of 2003. Higher volume, pricing and product mix contributed 7% of the increase, and 3% was added by favorable foreign exchange rates.

Earnings per share from continuing operations for the third quarter increased 10% to \$0.23 compared to \$0.20 in the third quarter of 2003. Compared to the prior year, gross profit margin rose 201% versus 20.1%, and operating income margin rose 12.1% versus 11.3%. The increase in operating income margin is net of higher advertising and research and development expenses. The Company used a portion of the proceeds from the settlement of the class action lawsuit received in the second quarter to fund these marketing and product development efforts.

Year-to-date, net cash flow from continuing operations was \$109 million compared to \$19 million in the prior year. For the third quarter, net cash flow from continuing operations rose to \$42 million from \$6 million a year ago. Contributing to the increase for the quarter and year were higher net income from continuing operations and a reduction in inventory that is being driven by supply chain initiatives.

Chairman's Comments

Robert J. LaRocca, Chairman, President & CEO, commented, "We are extremely pleased with our third quarter results. These results are a great illustration of our strategy in action: to improve margins, invest in the business and grow sales and profits. With gross profit margin up 3 percentage points, we are creating fuel for initiatives that include marketing programs, product development and our R&D program. These types of investments are leading to higher sales and profits for both segments of our business. In the third quarter we increased consumer sales 12% and industrial sales 9%. Profits also increased with operating profit up 18% and net income from continuing operations up 10%.

"Our U.S. consumer business had exceptionally strong sales performance this quarter. We increased Zatarain's sales 23% and sales of other U.S. consumer products 12%. This performance was driven by the Zatarain's rice mixes introduced earlier in 2004, and higher sales of granolas, Hispanic products, GrillWise sauces and blended seasonings. Pricing actions, as a result of higher cost cereals, also contributed to the increase. Market conditions in certain parts of Europe and the Asia/Pacific region are challenging. In these areas we are focused on maintaining share and exploring multiple strategies for growth.

"Sales for the industrial business continued to strengthen with new products for quick service restaurants and improved sales of snack seasonings. In particular, sales of coating systems are up significantly year-to-date compared to 2003. Our ability to develop consumer-preferred flavors is paying off as we deliver winning products to our customers. In international markets, we are shifting our emphasis toward more value-added, higher-margin products. While this initiative is affecting near-term sales performance, in the long term it will lead to improved profitability.

"Given our year-to-date results and current financial projections, we expect to increase sales for the full year at a low double-digit rate. Our earnings per share target of \$1.31-\$1.34 remains unchanged from our initial goal for 2004. Net cash flow from operations after net capital expenditures and dividends will exceed \$100 million, and we are using the majority of this cash to repurchase shares during 2004.

"In sum, we have good momentum as we begin our most significant quarter of the year and are well-positioned with our line-up of products and marketing support for the upcoming holiday season. Employees throughout the Company are working hard to deliver another record year for McCormick in 2004."

Business Segment Results

Consumer Business

(In thousands)

Three Months Ended

Nine Months Ended

8/31/04

8/31/03

8/31/04

8/31/03

Net sales

\$523,229

\$271,634

\$699,635

\$755,093

Operating income

\$6,176

\$5,364

\$5,390

\$2,130

Operating income from continuing operations for the consumer business increased 25% to \$67 million for the third quarter of 2004, despite a \$3 million increase in advertising. This higher income was driven by strong sales performance, an emphasis on higher-margin products and cost reduction efforts. Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Industrial Business

(In thousands)

Three Months Ended

Nine Months Ended

8/31/04

8/31/03

8/31/04

8/31/03

Net sales

\$110,305

\$385,978

\$882,439

\$815,280

Operating income

\$1,207

\$2,812

\$5,438

\$6,074

Operating income from continuing operations for the industrial business increased 8% when compared to 2003. Higher volume added 2%, and price and favorable foreign exchange added 2%. In the Americas, sales increased 12% with volume up 8% and price and product mix adding 5%. New product success and effective marketing drove higher volumes during the quarter as well as new distribution gained in 2003 with a major grocery retailer. In addition to these volume increases, pricing was higher in the Americas for vanilla products in response to higher vanilla bean costs. Consumer sales in Europe increased 9% for the quarter, with 8% due to favorable foreign exchange. Sales in the region were affected by more intense competitive conditions. In the Asia/Pacific region, consumer sales increased 2%, foreign exchange added 2%, while Asia's favorable product mix in Australia and an emphasis on higher-margin products in China led to a net 2% decline in volume, price and production.

Operating income from continuing operations for the consumer business increased 25% to \$67 million for the third quarter of 2004, despite a \$3 million increase in advertising. This higher income was driven by strong sales performance, an emphasis on higher-margin products and cost reduction efforts. Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to 16.7% from 16.7% in the prior year.

Operating income margin for the third quarter rose to

Income from consolidated operations before income taxes	61,975	53,405	176,497	152,219
Income taxes	19,369	17,096	54,538	46,988
Net income from consolidated operations	44,256	36,307	121,959	105,231
Income from unconsolidated operations	3,222	4,401	8,309	9,728
Minority interest	(1,232)	(620)	(3,112)	(2,954)
Net income from continuing operations	46,746	40,088	127,155	112,005
Discontinued operations (net of tax)				
Net income from discontinued operations	-	1,665	-	4,808
Gain on sale of discontinued operations	-	9,561	-	9,561
Net income	\$46,196	\$51,306	\$127,155	\$126,454

Earnings per share - basic:				
Net income from continuing operations	\$0.34	\$0.29	\$0.93	\$0.80
Net income from discontinued operations	\$-	\$0.01	\$-	\$0.03
Gain on sale of discontinued operations	\$-	\$0.07	\$-	\$0.07
Net income	\$0.34	\$0.37	\$0.93	\$0.91

Earnings per share - diluted:				
Net income from continuing operations	\$0.33	\$0.28	\$0.90	\$0.79
Net income from discontinued operations	\$-	\$0.01	\$-	\$0.03
Gain on sale of discontinued operations	\$-	\$0.07	\$-	\$0.07
Net income	\$0.33	\$0.36	\$0.90	\$0.89

Average shares outstanding - basic:	136,761	129,447	137,341	129,549
-------------------------------------	---------	---------	---------	---------

Average shares outstanding - diluted:	141,857	143,087	141,984	142,658
---------------------------------------	---------	---------	---------	---------

Third Quarter Report
Consolidated Balance Sheet (Unaudited)
(In thousands)

	8/31/2004	8/31/2003
Assets		
Current assets		
Cash and cash equivalents	\$25,909	\$12,184
Receivables, net	338,675	387,718
Inventories, net	377,187	387,719
Prepaid expenses and other current assets	47,128	39,591
Total current assets	779,499	717,212
Property, plant and equipment, net	454,764	479,862
Goodwill and intangible assets, net	728,940	873,221
Prepaid deferred taxes	70,505	-
Investments and other assets	132,114	120,504
Total assets	\$2,157,898	\$2,097,103

Liabilities and shareholders' equity		
Current liabilities		
Short-term borrowings and current portion of long-term debt	\$167,766	\$204,223
Trade accounts payable	141,172	161,526
Other accrued liabilities	289,522	274,966
Total current liabilities	618,460	641,715
Long-term debt	496,274	450,011
Other long-term liabilities	213,512	181,306
Total liabilities	1,328,246	1,273,032
Minority interest	26,006	79,214
Shareholders' equity		
Common stock	320,041	254,204
Retained earnings	446,192	499,919
Accumulated other comprehensive income (loss)	36,413	(16,160)
Total shareholders' equity	85,644	719,437
Total liabilities and shareholders' equity	\$2,157,898	\$2,097,103

Third Quarter Report
Consolidated Statement of Cash Flows (Unaudited)
(In thousands)

	New Months Endist	
	8/31/2004	8/31/2003
Cash flows from continuing operating activities		
Net income	\$127,155	\$126,404
Net income from discontinued operations	(4,630)	-
Gain on sale of discontinued operations	(9,561)	-
Net income from continuing operations	127,155	112,005
Adjustments to reconcile net income from continuing operations to net cash flow from continuing operating activities		
Depreciation and amortization	53,427	46,953
Loss on sale of fixed assets	446	208
Income from unconsolidated operations	(9,309)	(9,728)
Changes in operating assets and liabilities	(84,570)	(144,943)
Dividends from unconsolidated affiliates	-	2,400
Net cash flow from continuing operating activities	108,548	18,873
Cash flows from continuing investing activities		
Acquisition of businesses	-	(199,517)
Purchase price adjustment	-	50,007
Capital expenditures	(46,132)	(54,332)
Proceeds from sale of discontinued operations	18,261	-
Proceeds from sale of fixed assets	1,071	9,243
Net cash flow from continuing investing activities	(43,161)	(94,338)
Cash flows from continuing financing activities		
Short-term borrowings, net	55,328	66,379
Long-term debt repayments	(16,394)	(547)
Common stock issued	63,046	15,442
Common stock acquired by purchase	(108,438)	(403,570)
Dividends paid	(37,792)	(47,470)
Net cash flow from continuing financing activities	(44,256)	2,415
Effect of exchange rate changes on cash and cash equivalents	3,506	6,377
Net cash flow from discontinued operations	-	(4,485)
Increase (decrease) in cash and cash equivalents	168	(15,148)
Cash and cash equivalents at beginning of period	25,141	47,332
Cash and cash equivalents at end of period	\$25,909	\$12,184

SOURCE: McCormick & Company, Inc. prepared

CONTACT: Corporate Communications, MacBarron, +1-410-771-7210 or mac_barron@mccormick.com, or Investor Relations, Joyce Brooks, +1-410-771-7244 or joyce_brooks@mccormick.com, both of McCormick & Company
Web site: <http://www.mccormick.com>