



McCormick Enters Agreement to Acquire Droghera & Alimentari, A Leader in Spices and Seasonings in Italy

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SPRING, Md., Feb. 20, 2015 PRNewswire - McCormick & Company, Incorporated (NYSE: MCC), a global leader in flavor, today announced that it has signed an agreement to purchase 100% of the shares of Droghera & Alimentari (D&A), a privately held company based in Italy.

- D&A is a leader in spices and seasonings in Italy. Annual sales are approximately €50 million (\$67 million U.S. dollars), with 80% in Italy and 20% exported to 50 other countries.
- McCormick has agreed to acquire the business for approximately €85 million (\$107 million U.S. dollars). The purchase price consists of a cash payment of approximately €50 million and a potential earn out payment in 2016 of up to €35 million based upon the performance of the business.
- The addition of the D&A business extends McCormick's presence in Europe with a strong foothold in Italy.

Alan Weiss, Chairman & CEO of McCormick stated, "We are pleased to expand our portfolio of leading brands around the world with the addition of Droghera & Alimentari." As a supplier of both brand and private label products, D&A has approximately one third of the spice and seasoning category in Italy and exports its products to 60 other countries. We anticipate strong growth for these premium products, particularly in the U.S. and key international markets where consumers are seeking unique and authentic ethnic flavors. The owners and employees of D&A have built a great business and we look forward to working with them to achieve continued success.

Michael Tarkenton, President of McCormick Europe, Middle East and Africa (MEA), added, "This acquisition complements McCormick's strong brands across D&A and expands McCormick's current spice and seasoning leadership in Europe with a notable footprint in Italy. In addition, there is a strong fit between McCormick, a recognized flavor leader in the region, and Droghera & Alimentari, which has a reputation for high quality products and production."

Founded in 1880, D&A has approximately 200 employees and a modern, state-of-the-art facility located in Pinerone, Italy. McCormick expects to work with the current owners of the business and to grow sales of D&A products in a single digit rate.

The purchase price for D&A is approximately €85 million (approximately \$107 million U.S. dollars) subject to certain closing adjustments. The completion of the agreement is expected to occur in May 2015, subject to regulatory approval. Based on the initial cash payment of approximately €50 million, the transaction multiple is expected to be approximately 9 times EBITDA (earnings before interest, tax, depreciation and amortization). Due to the estimated impact of transaction and integration costs, McCormick expects no earnings per share impact in 2015. In 2016, McCormick expects the acquisition to be fully accretive, including any net increase in fair value of the investment earned payment.

Forward-Looking Information

Certain information contained in this release, including statements concerning expected performance such as those relating to net sales, earnings, cost savings, acquisitions and brand marketing support, are "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934. These statements may be identified by the use of words such as "may," "will," "expect," "should," "anticipate," "intend," "believe" and "plan." These statements may relate to the expected results of operations of businesses acquired by the company, the expected impact of new material costs and pricing actions on the company's results of operations and gross margin, the expected productivity and working capital performance, expectations regarding growth potential in various geographies and markets, expected trends in net sales and earnings performance and other financial measures, the operations of private and governmental pension contributions and anticipated changes associated with such plans, the timing and amount of market rate transactions with financial institutions, the impact of foreign exchange fluctuations, the adequacy of internally generated funds and working reserves of liquidity, such as the availability of bank financing, the ability to issue additional debt or equity securities and expectations regarding purchasing shares of McCormick's common stock under the existing authorization.

These and other forward-looking statements are based on management's current views and assumptions and involve risks and uncertainties that could significantly affect expected results. Results may be materially affected by factors such as changes in the company's reputation or brand name, loss of third-party intellectual property that our product quality, safety, or other concerns, negative publicity about our products, business interruptions due to natural disasters or unexpected events, actions by, and the financial condition of, competitors and customers, the company's ability to attract and/or retain key talent or manage improvements, negative employee relations, the successful acquisition and integration of new businesses, issues affecting the company's supply chain and raw materials, including fluctuations in the cost and availability of raw and packaging materials, government regulations, and changes in legal and regulatory requirements and enforcement practices, global economic and financial conditions generally, including the availability of financing, and interest and inflation rates, the investment return on retirement plan assets, and the cost associated with pension obligations, foreign currency fluctuations, the ability of third and counter parties, rates associated with the company's information technology systems, the threat of data breaches and data privacy, security, the effective tax rate, impact of climate change on raw materials, intellectual property rights, and those of customers, suppliers, legal and administrative proceedings, and other risks described in the company's filings with the Securities and Exchange Commission.

Actual results could differ materially from those projected in the forward-looking statements. 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, except as may be required by law.

About McCormick

McCormick & Company, Incorporated is a global leader in flavor. With \$4.2 billion in annual sales, the company manufactures, markets and distributes spices, seasoning mixes, condiments and other flavorful products to the entire food industry - retail outlets, food manufacturers and foodservice businesses. Every day, no matter where or what you eat, you can enjoy food flavored by McCormick. McCormick Brings Passion to Flavor™

For more information, visit www.mccormick.com/pressroom

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To view the original version on PR Newswire, visit <http://www.mccormick.com/pressroom/mccormick-enters-agreement-to-acquire-droghera-alimentari-a-leader-in-spices-and-seasonings-in-italy-30033955>

SOURCE: McCormick & Company, Inc.