



McCormick & Company, Inc.
**Second quarter 2010 financial
results and business outlook**
June 24, 2010



The following slides accompany a June 24, 2010 presentation to investment analysts. This information should be read in conjunction with the press release issued June 24, 2010.

Reconciliations of any non-GAAP financial information are included in these slides.

Today's speakers



Alan Wilson
Chairman, President & CEO



Gordon Stetz
Executive Vice President & CFO



Paul Beard
Senior VP Finance & Treasurer



Joyce Brooks
VP Investor Relations

Forward-looking information

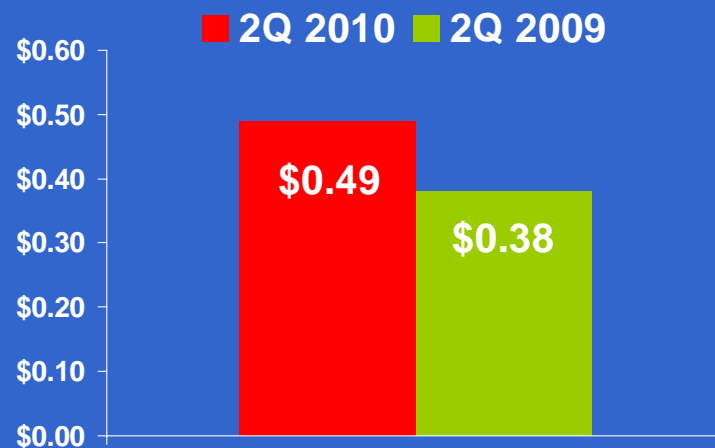
Certain information contained in this release, including expected trends in net sales and earnings performance, are “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934.

Forward-looking statements are based on management’s current views and assumptions and involve risks and uncertainties that could significantly affect expected results. Results may be materially affected by external factors such as damage to our reputation or brand name, business interruptions due to natural disasters or similar unexpected events, actions of competitors, customer relationships and financial condition, the ability to achieve expected cost savings and margin improvements, the successful acquisition and integration of new businesses, fluctuations in the cost and availability of raw and packaging materials, and global economic conditions generally which would include the availability of financing, interest and inflation rates as well as foreign currency fluctuations 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.

Strong second quarter results

- ▶ 5% sales growth: product innovation, brand marketing, distribution gains
- ▶ 100 basis point improvement in gross profit margin
- ▶ Earnings per share +29%; +17% on comparable basis*



* On comparable basis excluding restructuring charges in second quarter of 2009. See slide 19.



Agenda

▶ Business environment and progress with growth initiatives

▶ New share repurchase authorization

▶ Second quarter financial results and business outlook

Business environment



▶ Americas

- Consumers remain cautious
- Willingness to try new flavors
- Customer focus on quality and reliability

▶ Europe, Middle East and Africa (EMEA)

- Private label pressure remains
- Impact of economy more severe in smaller markets
- Currency becoming a headwind

▶ Asia/Pacific

- Strong growth in retail and food service in China and Southeast Asia

Progress with growth initiatives

► Brand marketing and product innovation driving sales

- Increased YTD brand marketing by 22%
- 2Q brand marketing up \$8 million
- Building consumer awareness and trial for Recipe Inspirations and Perfect Pinch launch
- Gains in Grill Mates, Simply Asia, Flavourful, Thai chili sauce, Rice Cookers



Recipe Inspirations



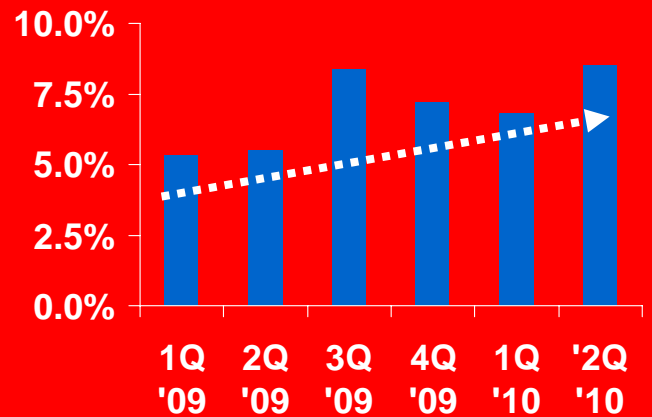
Perfect Pinch

Progress with growth initiatives

► Margin improvement in industrial business

- Operating income margin 7.7% for first half 2010
- In second quarter of 2009 recorded costs related to distributor bankruptcy
- Margin improvement due to CCI-led cost savings and favorable product and customer mix

Progress toward goal of 9-10% operating income by 2013



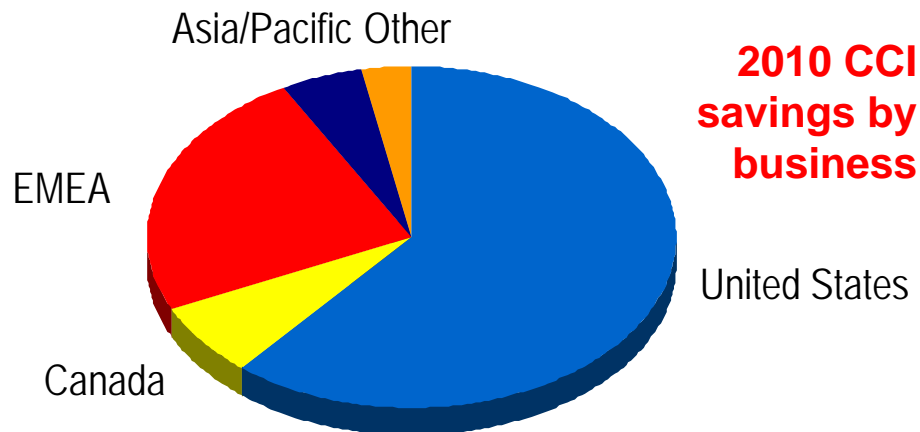
•On comparable basis excluding restructuring charges in FY 2009; see reconciliation to non-GAAP operating income for industrial business on slide 23.

Progress with growth initiatives

► Comprehensive Continuous Improvement

- High Performance Work Systems engaging employees at all levels
- Applying tools and technology
- Streamlining processes

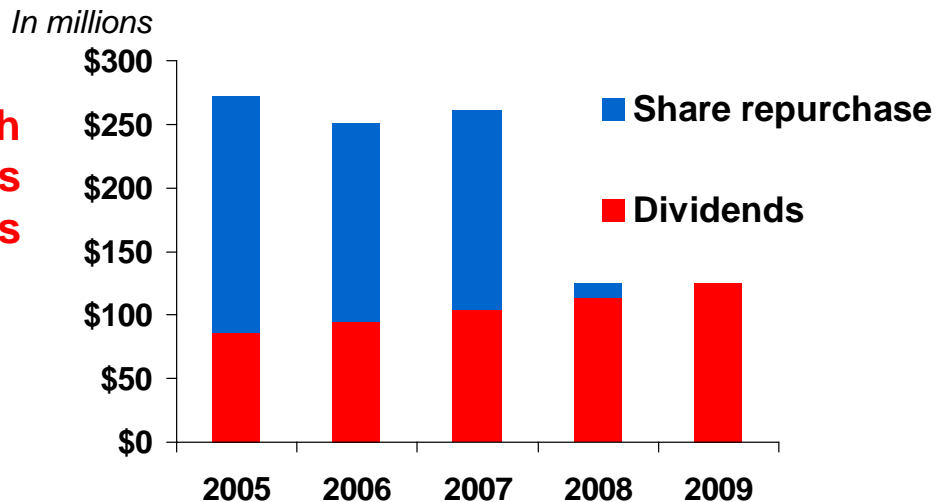
Expect to exceed \$40 million in 2010 cost savings



Share repurchase authorization

- ▶ Board approved \$400 million share repurchase authorization
- ▶ \$33 million remaining on current authorization
- ▶ Steady progress reducing debt from Lawry's acquisition
- ▶ Expect to spend \$50 to \$100 million by end of 2010

**\$1 billion of cash
returned to shareholders
in past 5 years**



Sales growth – Consumer business

- Second quarter impact from -
Volume/mix Pricing Currency

Consumer business	4.0%	1.2%	(.2%)	3.0%
Americas	4.1%	2.3%	(.2%)	2.0%
EMEA	.2%	(3.7%)	.3%	3.6%
Asia/Pacific	22.2%	11.2%	(4.1%)	15.1%



Americas



EMEA

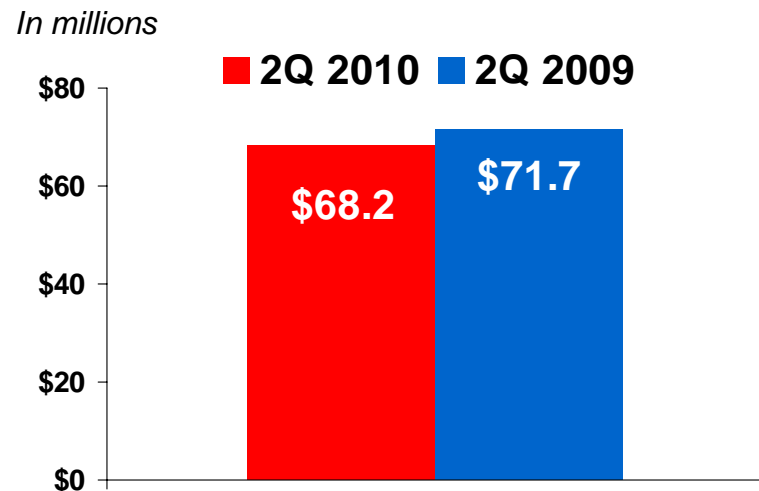


Asia/Pacific

Operating income – Consumer business

- ▶ **Consumer business operating income \$68 million**
 - Down \$3 million on comparable basis*
 - Additional \$7 million of brand marketing in 2Q 2010
 - Higher sales and CCI-led savings drove profit increase

**Consumer business
operating income***



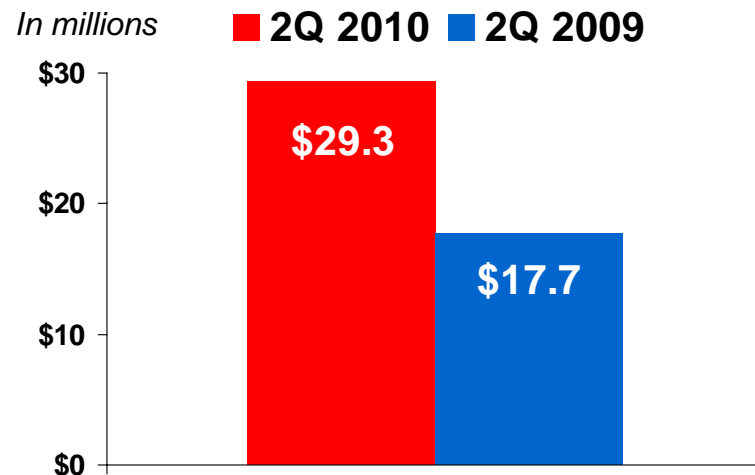
* On comparable basis excluding restructuring charges in second quarter of 2009. See slide 16.

Operating income – Industrial business

▶ Industrial business operating income \$29 million

- Up \$12 million on comparable basis*
- 2Q 2009 recorded \$7 million costs related to U.K. food service distributor bankruptcy
- Higher sales and CCI-led savings drove profit increase

**Industrial business
operating income***



* On comparable basis excluding restructuring charges in second quarter of 2009. See slide 16.



Sales growth – Industrial business

- Second quarter impact from -
Volume/mix Pricing Currency

Industrial business	7.3%	4.9%	(2.5%)	4.9%
Americas	1.9%	2.5%	(3.5%)	2.9%
EMEA	21.8%	11.0%	.6%	10.2%
Asia/Pacific	23.6%	13.5%	(.5%)	10.6%



Americas



EMEA



Asia/Pacific

Sales growth – Total business

		- Second quarter impact from -		
		<u>Volume/mix</u>	<u>Pricing</u>	<u>Currency</u>
Total business	5.4%	2.9%	(1.2%)	3.7%
Consumer	4.0%	1.2%	(0.2%)	3.0%
Industrial	7.3%	4.9%	(2.5%)	4.9%



Operating income up 9%*

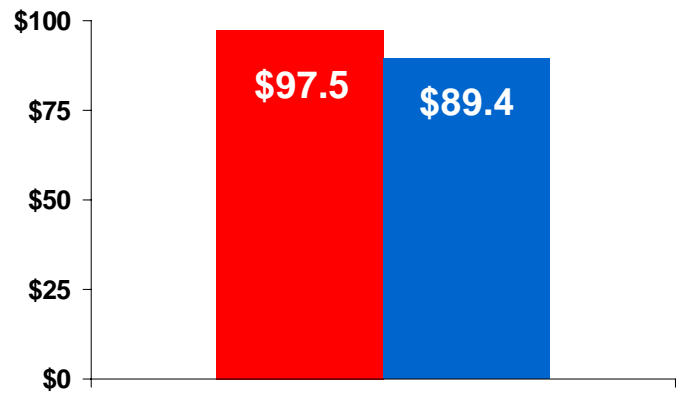
(in millions)

..... 2Q 2009

	<u>2Q 2010</u>	<u>Reported</u>	<u>Restructuring Charges</u>	<u>Non-GAAP</u>
Total business	\$97.5	\$82.5	\$6.9	\$89.4
Consumer	68.2	65.1	6.6	71.7
Industrial	29.3	17.4	.3	17.7

Operating income up 9% on comparable basis*

In millions ■ 2Q 2010 ■ 2Q 2009



* On comparable basis excluding restructuring charges in second quarter of 2009

Gross profit margin up 100 bps

	<u>2Q 2010</u>	<u>2Q 2009</u>
Gross profit margin	40.9%	39.9%

- ▶ CCI-led cost savings
- ▶ Favorable product and customer mix



Other 2Q 2010 financial results

- ▶ **SG&A rose 60 bps as percentage of net sales**
 - \$8 million brand marketing increase
 - Higher benefit and fuel costs
 - \$7 million of distributor bankruptcy costs in 2Q 2009

- ▶ **Tax rate of 30.2%**
 - 33% underlying tax rate in 2Q 2010 and projected for second half
 - Underlying rate offset by discrete tax benefits in 2Q 2010

- ▶ **Income from unconsolidated operations up 76%**
 - Favorable input costs and currency impact for McCormick de Mexico joint venture
 - Strong 11% sales growth across all unconsolidated operations



Earnings per share growth

(in millions)

	<u>2Q 2010</u>	<u>Reported</u>	<u>Restructuring Charges</u>	<u>Non-GAAP</u>
Earnings per share	\$.49	\$.38	\$.04	\$.42
Operating income			\$.04	
Tax rate			.02	
Income from unconsolidated operations			.02	
Shares outstanding			(.01)	

2Q 2010 EPS up 17%*

* On comparable basis excluding restructuring charges in second quarter of 2009

Cash flow

Growing profit *and* cash with *McCormick Profit*

- ▶ YTD cash flow from operations \$65 million vs \$97 million YTD in 2009
- ▶ Higher YTD net income in 2010
- ▶ Significant reduction in receivables in YTD 2009



Goal to reduce cash conversion cycle 10 days
by 2012

2010 Guidance

- ▶ **Upper end of \$2.49 to \$2.54 in 2010 EPS**
 - Higher benefit costs, primarily pension
 - Tax rate at 33%
 - Increase in income from unconsolidated operations moderates
 - Increases in certain raw and packaging materials
 - Currency exchange rates a headwind

- ▶ **Reaffirm 2 to 4% sales growth in local currency**
 - 1% favorable impact from foreign currency exchange rates (previously 2% impact)
 - -2% unfavorable impact in second half

- ▶ **CCI-led cost savings to exceed \$40 million vs prior guidance of \$35 to \$40 million**

- ▶ **Exceed 50 basis points of gross profit margin improvement, above prior 50 basis points guidance**

- ▶ **Increase brand marketing by \$20 million**

*A Passion for
FLAVOR*



- ▶ Strong business performance and financial results through first half
- ▶ Expect 2010 to be a record year for McCormick

Additional reconciliation information

2009 Industrial business operating income, excluding restructuring charges

	<u>1Q</u>	<u>2Q</u>	<u>3Q</u>	<u>4Q</u>	<u>Total</u>
Operating income	\$15.8	\$17.4	\$28.3	\$19.8	\$81.3
Restructuring charges	.2	.3	.2	3.1	3.9
Operating income excluding restructuring charges	\$16.0	\$17.7	\$28.5	\$22.9	\$85.2

Numbers may not add due to rounding