



McCormick to Acquire Ducros, Europe's Leading Spice Supplier

June 28, 2000

SPARKS, Md., June 28 /PRNewswire/ -- McCormick & Company, Incorporated (NYSE: MKC) today announced that it has reached agreement in principle, subject to execution of a definitive agreement, to purchase the Ducros business from Eridania Beghin-Say, for FFr. 2.75 billion in cash.

With annual sales of approximately \$250 million, Ducros has two basic businesses -- spices and herbs, and dessert aid products. In consumer spices and herbs, Ducros holds the #1 market share position in Europe. McCormick currently holds a #3 position in Europe. In the European consumer market, Ducros and McCormick combined, will have a leading share of more than 20%.

Headquartered in France, the Ducros business has five manufacturing locations in France, Portugal and Albania. Key brands include Ducros, Vahine, Malile, and Margao with sales primarily in France, Belgium, Spain, Italy, Portugal, and Poland. Eridania Beghin-Say decided to sell Ducros because it does not represent a major strategic interest for the group nor does it offer important enough synergies with its other products distributed to the end consumer (sugar, olive and seed oils).

Subject to customary regulatory approvals, the purchase is expected to be completed this summer and will be financed through McCormick's operating cash flow, borrowings from existing credit lines, and long-term debt.

Robert J. Lawless, Chairman, President & CEO of McCormick, stated, "One of the Company's goals is to expand by acquiring leading brands in key markets. Ducros is a business which clearly meets this strategic goal. Ducros is an ideal fit, both geographically and operationally. Together, Ducros and McCormick will hold #1 share positions in France, Spain, Portugal, Belgium, the U.K., Ireland and Switzerland and #2 positions in several other key European countries. Operationally, we expect to improve global raw material sourcing and supply chain management effectiveness.

"Together, McCormick and Ducros create a platform for further growth in Europe. Strengthened capabilities in research, product development and new products will be leveraged to grow consumer, food service and industrial sales in Europe. Performance will be improved through the excellent synergies between the two companies, particularly in the areas of sourcing, production, and distribution."

Ducros has achieved sales growth of more than 7% compounded annually during the last three years. Consumer products comprise 88% of sales, while industrial products sold to the food service industry and other food processors are 12% of sales. In France, the Ducros name has 96% brand recognition among consumers. Additionally, Ducros holds a majority interest in a recently formed joint venture with Hero AG. Hero is also McCormick's partner in the very successful Signature Brands joint venture which manufactures and markets cake decorating products in the U.S. The joint venture in France manufactures, markets and sells dessert aids under the Vahine and Malile brand names and contributes approximately one third of total sales.

Operating profit growth has outpaced sales growth during the last three years. Production efficiencies and other initiatives to improve margins contributed to increased profitability. The positive financial results expected from Ducros will add approximately 12% to the operating profit from McCormick's current businesses by fiscal year 2002.

The incremental costs associated with this acquisition, including interest and goodwill amortization, are not expected to have a material impact on McCormick's earnings growth expectations. For the current fiscal year, McCormick expects to grow earnings per share, excluding special charges, by 16-18%. Earnings per share in 2001 are projected to grow at a high single-digit rate, and thereafter to continue at a double-digit rate.

Lawless summarized, "The management and employees of Ducros possess expertise and market knowledge which are important to operate the business and sustain sales and earnings growth. Through their efforts, Ducros has become a prominent brand with a reputation for innovation and product quality. To this, McCormick adds a global dimension, broadening the opportunities for future growth. We are confident that the inclusion of Ducros employees on our team and Ducros products in our portfolio will create a winning platform for continued success in the European market.

"We are optimistic about our financial performance in 2000 and believe that this is an excellent point in the Company's history to add Ducros to our portfolio of businesses."

Forward-Looking Statement

Certain information contained in this release, including expected synergies and projections, are "forward-looking statements" within the meaning of Section 21E of the Securities and 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, fluctuations in the cost and availability of supply chain resources and foreign economic conditions, including currency rate fluctuations.

About McCormick & Company, Incorporated

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. McCormick reported 1999 net sales of \$2.0 billion. For more information about McCormick, visit the Company's website on the Internet at: <http://www.mccormick.com> SOURCE McCormick & Company, Incorporated

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