



McCormick Reports Record Sales and Income for Second Quarter

June 27, 2003

SPARKS, Md., June 27 /PRNewswire-FirstCall/ -- McCormick & Company, Incorporated (NYSE: MKC - News), today reported record sales, net income and earnings per share for the second quarter ended May 31, 2003.

Sales for the quarter were \$596 million, an increase of 8% versus the second quarter of 2002. Sales benefited from favorable foreign exchange rates, which accounted for 5% of the increase. Earnings per share for the second quarter were \$0.28 compared to \$0.24 in the second quarter of 2002. Earnings benefited from higher sales and increased gross profit margin, as well as the receipt of interest income related to the settlement of the Ducros purchase price adjustment. This settlement was announced by the Company on April 28, 2003. Offsetting a portion of these increases was a decrease in unconsolidated income from joint ventures for the second quarter. Specifically, the Company's joint venture in Mexico continued to experience profit pressure from aggressive competition and higher raw material costs. In summary, the primary drivers of the increase in second quarter earnings per share were \$0.02 from operations and \$0.03 from interest income related to the Ducros purchase price settlement, less a \$0.01 decline in income from unconsolidated operations.

Consumer Business (in thousands)

	Three Months Ended		Six Months Ended	
	5/31/03	5/31/02	5/31/03	5/31/02
Net sales	\$271,799	\$246,124	\$535,490	\$484,117
Operating income	33,912	31,463	72,348	67,806

For the second quarter, sales for McCormick's consumer business rose 10% when compared to 2002. Excluding the net impact of foreign exchange, sales rose 3%. In local currency, consumer sales rose 4% in the Americas, 2% in Europe and 4% in the Asia/Pacific region. In the Americas, consumer sales in the second quarter of 2003 followed a significant increase in the second quarter of 2002 when sales rose 8%. This 2002 increase was due largely to U.S. customer purchases in advance of the Company's U.S. implementation of new systems under its Beyond 2000 program. For the consumer business in Europe, the timing of customer purchases led to a sales increase of 7% in the first quarter of 2003, followed by a 2% increase in the second quarter of 2003. Year-to-date, consumer sales in Europe are up 5%, with 3% of the increase due to the Uniqsaucos acquisition in the first quarter.

Operating income for the consumer business was \$33.9 million, an increase of 8% for the second quarter of 2003. This follows an increase of 19% for this business in the second quarter of 2002. In 2002, operating income from strong sales was partially offset by poor performance and one-time charges in the U.K. brokerage business. In 2003, the Company's consumer business achieved an 8% increase in operating income despite a 13% increase in advertising and promotional support of its branded products during the quarter with the launch of several new products.

Industrial Business (in thousands)

	Three Months Ended		Six Months Ended	
	5/31/03	5/31/02	5/31/03	5/31/02
Net sales	\$280,139	\$260,661	\$529,301	\$504,429
Operating income	29,895	26,520	53,091	48,806

For the second quarter of 2003, industrial sales increased 7% versus last year. Excluding the net impact of foreign exchange, industrial sales rose 5%. In local currency, industrial sales increased 1% in the Americas, 26% in Europe and 6% in the Asia/Pacific region. In the Americas, a strong increase in sales to the restaurant industry was partially offset by relatively flat sales to food processors in the second quarter. The outstanding increase in Europe was driven by sales from the Uniqsaucos acquisition.

In the second quarter of 2003, industrial business operating income increased 13% following a year ago increase of 11% in the second quarter of 2002. This year's increase benefited from higher sales as well as a shift in sales to more higher-margin, value-added product lines.

Packaging Business (in thousands)

	Three Months Ended		Six Months Ended	
	5/31/03	5/31/02	5/31/03	5/31/02
Net sales	\$44,187	\$45,835	\$86,481	\$82,980
Operating income	4,772	5,218	8,503	8,421

Sales for the packaging business decreased 4% from the second quarter of 2002. Demand for tubes continued to strengthen during the quarter while demand for bottles declined. Lower sales and a less profitable product mix reduced operating income (including intersegment business) 9% for the

second quarter of 2003.

The Company announced on June 26, 2003 that it had reached an agreement to sell its packaging business.

Robert J. Lawless, Chairman, President & CEO, commented, "Sales and profit for the first half of our fiscal year are a record for McCormick and in line with our plan for 2003. Despite a tough comparison to a strong performance in 2002, we have increased sales in local currency by 3% year-to-date. Foreign exchange has benefited McCormick and added another 4% of sales increase. With these higher sales and a .6 percentage point increase in gross profit margin, earnings per share rose 13% to \$0.53 through the first six months of 2003. During this period, the positive impact from our settlement of the Ducros purchase price adjustment offset a reduction in income from the Company's joint venture in Mexico.

"We recently announced two actions that support McCormick's mission `to profitably expand its worldwide leadership position in the spice, seasoning and flavoring markets.' First was the acquisition of Zatarain's, completed on June 4th. With sales of approximately \$100 million, the Zatarain's brand adds the fun and flavor of New Orleans to our lineup of great consumer products. Second was our announcement yesterday of an agreement to sell the packaging business. This business has been part of the Company for many years, and we value its management and employees who have made significant contributions to the success of McCormick. However, the packaging business is not strategic to McCormick. We firmly believe that this action will build value for McCormick's shareholders and provide a long-term benefit to the employees and customers of the packaging business."

With the earlier announcement of the acquisition of Zatarain's and the Ducros purchase price adjustment, the Company increased its financial objectives for fiscal year 2003, to grow sales 6-9% and increase earnings per share 10-12%. The Company expects to complete the sale of the packaging business in the third quarter, at which time this business will be reported as a discontinued operation. As a result, 2002 sales from continuing operations will be \$2.15 billion, and earnings per share from continuing operations will be \$1.19. For 2003, the Company expects continuing operations, excluding the packaging business and including Zatarain's, to achieve sales growth of 8-10% and an earnings per share increase at the upper end of its 10-12% range. Cash flow after net capital expenditures and dividends remains on track to exceed \$100 million in 2003. This cash will be used to finance further acquisitions and share repurchase. For 2004, as a result of these transactions, sales are likely to be at the higher end of the Company's long-term 3-7% growth range and gross profit and operating income margins will increase.

Stated Mr. Lawless, "McCormick's potential for growth is gaining attention. Early in the quarter, Standard & Poor's added McCormick to the S&P 500. During the quarter, investor interest strengthened, and the stock price responded with an increase of 16%. And earlier this week, the Board recognized the Company's sustainable prospects for growth when it approved an increase in the quarterly dividend.

"Today, we are truly focused on flavor. Our strategies for growth are effectively driving sales, profit and strong cash flow. I am confident that we will meet our objectives for 2003 and continue to build shareholder value."

Live Webcast

As previously announced, McCormick will hold a conference call with the analysts today at 10:00 a.m. EDT. The conference call will be webcast 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 amounts 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 and global economic conditions, including currency rate fluctuations. 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 - 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.

Second Quarter Report

McCormick & Company, Incorporated

Consolidated Income Statement (Unaudited) (In thousands except per-share data)

	Three Months Ended		Six Months Ended	
	05/31/2003	05/31/2002	05/31/2003	05/31/2002
Net sales	\$596,125	\$552,620	\$1,151,272	\$1,071,526
Cost of goods sold	382,750	359,925	738,057	693,580
Gross profit	213,375	192,695	413,215	377,946
Gross profit margin	35.8%	34.9%	35.9%	35.3%

Selling, general & administrative expense	152,152	135,495	293,032	268,136
Special charges	1,242	1,659	1,320	2,026
Operating income	59,981	55,541	118,863	107,784
Interest expense	10,677	11,118	21,194	22,181
Other (income)/expense, net	(5,972)	397	(6,613)	(650)
Income from consolidated operations before income taxes	55,276	44,026	104,282	86,253
Income taxes	16,845	13,794	32,185	27,040
Net income from consolidated operations	38,431	30,232	72,097	59,213
Income from unconsolidated operations	2,479	4,141	5,327	9,819
Minority interest	(951)	(760)	(2,326)	(1,578)
Net income	\$39,959	\$33,613	\$75,098	\$67,454
Earnings per common share - basic	\$0.29	\$0.24	\$0.54	\$0.48
Earnings per common share - assuming dilution	\$0.28	\$0.24	\$0.53	\$0.47
Average shares outstanding - basic	139,202	139,668	139,575	139,163
Average shares outstanding - assuming dilution	142,410	142,984	142,427	142,197

Second Quarter Report

McCormick & Company, Incorporated

Consolidated Balance Sheet (Unaudited)
(In thousands)

	05/31/2003	05/31/2002
Assets		
Current assets		
Cash and cash equivalents	\$24,994	\$40,158
Accounts receivable, net	325,710	277,433
Inventories	384,600	289,727
Other current assets	37,821	31,490
Total current assets	773,125	638,808
Property, plant and equipment, net	499,779	467,922
Goodwill and intangible assets, net	529,637	482,140
Prepaid allowances	102,405	130,273
Other assets	130,949	131,161

Total assets	\$2,035,895	\$1,850,304
Liabilities and shareholders' equity		
Current liabilities		
Short-term borrowings and current portion of long-term debt	\$153,238	\$271,773
Trade accounts payable	201,874	165,539
Other accrued liabilities	276,485	275,123
Total current liabilities	631,597	712,435
Long-term debt	451,529	453,989
Other long-term liabilities	231,557	141,472
Total liabilities	1,314,683	1,307,896
Shareholders' equity		
Common stock	246,723	228,110
Retained earnings	470,279	375,851
Accumulated other comprehensive income	4,210	(61,553)
Total shareholders' equity	721,212	542,408
Total liabilities and shareholders' equity	\$2,035,895	\$1,850,304

Source: McCormick & Company, Incorporated