



(In millions except per share data)	Three Months Ended		Six Months Ended	
	August 31, 2017	August 31, 2016	August 31, 2017	August 31, 2016
Operating income	\$ 100.2	\$ 107.1	\$ 201.7	\$ 212.0
Impact of transaction and integration expense (1)	0.4	—	0.4	—
Impact of special charges (2)	0.2	—	0.2	—
Adjusted operating income	\$ 100.8	\$ 107.1	\$ 202.3	\$ 212.0
% increase versus prior period	5.7 %	—	5.1 %	—
Net income	\$ 100.2	\$ 127.7	\$ 201.7	\$ 241.4
Impact of transaction and integration expense (1)	0.4	—	0.4	—
Impact of special charges (2)	0.2	—	0.2	—
Adjusted net income	\$ 100.8	\$ 127.7	\$ 202.3	\$ 241.4
% increase versus prior period	5.7 %	—	5.1 %	—
Earnings per share - diluted	\$ 0.85	\$ 1.00	\$ 1.67	\$ 2.45
Impact of transaction and integration expense (1)	0.00	—	0.00	—
Impact of special charges (2)	0.00	—	0.00	—
Adjusted earnings per share - diluted	\$ 0.85	\$ 1.00	\$ 1.67	\$ 2.45
% increase versus prior period	8.7 %	—	7.2 %	—

(1) The following reconciles the transaction and integration expenses related to the acquisition of PB Foods that are recorded in our consolidated income statement for the three and six months ended August 31, 2017 (in millions, except per share amounts):

Transaction and integration expenses included in cost of goods sold	\$ 5.9
Adjusted to transaction and integration expenses	15.1
Transaction and integration expenses included in operating income	21.0
Total net transaction and integration expense	42.0
Less: Tax effect	(14.2)
Impact of net after-tax transaction and integration expenses on diluted earnings per share	\$ 27.8
For the three months ended August 31, 2017	\$ 0.24
For the six months ended August 31, 2017	\$ 0.24

(2) Total special charges of \$4.7 million and \$15.0 million for the three and six months ended August 31, 2017 are net of costs of \$1.0 million and \$5.1 million, respectively. Total special charges of \$4.3 million and \$15.0 million for the three and six months ended August 31, 2016 are net of costs of \$0.9 million and \$5.4 million, respectively.

Because we are a multinational company, we are subject to variability of our reported U.S. dollar results due to changes in foreign currency exchange rates. These changes have been stable over the past several years. The inclusion of the effects of foreign currency exchange, or what we refer to as amounts expressed "on a constant currency basis" is a non-GAAP measure. We believe that this non-GAAP measure provides additional information that enables enhanced comparison to prior periods including the translation effects of changes in rates of foreign currency exchange and provides additional insight into the underlying performance of our operations located outside of the U.S. It should be noted that our presentation herein of amounts and percentage changes on a constant currency basis does not include the impact of foreign currency transaction gains and losses (that), in the impact of transactions described in other than the local currency of any of our subsidiaries in their local currency reported results.

Percentage changes in sales on an adjusted constant currency basis are calculated as follows: (Current period adjusted constant currency sales minus the current fiscal period and the corresponding period of the prior fiscal year) divided by the average exchange rate in effect during the corresponding period of the prior fiscal year, rather than the actual average exchange rate in effect during the current fiscal year. As a result, the foreign currency impact is equal to the current year results in local currency multiplied by the change in the average foreign currency exchange rate between the current fiscal period and the corresponding period of the prior fiscal year. Constant currency growth rates follow:

	Three Months Ended August 31, 2017		Six Months Ended August 31, 2017	
	Percentage Change in Revenue	Percentage Change in Operating Income	Percentage Change in Revenue	Percentage Change in Operating Income
Consumer segment	7.0%	0.1%	6.9%	0.0%
EMEA	1.3%	3.8%	0.3%	0.3%
Asia/Pacific	5.7%	(3.7)%	6.6%	—
Total consumer segment	4.0%	(0.2)%	3.8%	—
Industrial segment	11.1%	8.8%	11.0%	8.8%
EMEA	26.0%	16.2%	30.8%	24.0%
Asia/Pacific	10.7%	11.4%	11.2%	13.4%
Total industrial segment	11.8%	10.2%	11.4%	11.4%
Total sales	11.2%	5.2%	11.2%	5.4%
Adjusted operating income	5.7%	0.2%	5.4%	0.4%
Consumer segment	0.1%	(0.1)%	0.1%	0.1%
Industrial segment	11.2%	0.5%	11.2%	0.3%
Total adjusted operating income	5.4%	0.2%	5.4%	0.2%

	Three Months Ended August 31, 2016		Six Months Ended August 31, 2016	
	Percentage Change in Revenue	Percentage Change in Operating Income	Percentage Change in Revenue	Percentage Change in Operating Income
Consumer segment	4.8%	—	4.8%	—
EMEA	(5.3)%	(1.3)%	(4.0)%	(1.0)%
Asia/Pacific	10.2%	12.3%	9.8%	12.3%
Total consumer segment	2.0%	2.0%	1.6%	1.3%
Industrial segment	6.2%	6.8%	7.0%	7.0%
EMEA	16.7%	16.8%	16.6%	16.6%
Asia/Pacific	1.7%	6.8%	7.4%	7.4%
Total industrial segment	6.0%	6.3%	6.2%	6.2%
Total sales	6.0%	4.4%	6.0%	4.4%
Adjusted operating income	4.8%	0.5%	7.0%	0.2%
Consumer segment	2.3%	(0.2)%	2.3%	0.0%
Industrial segment	25.2%	0.7%	25.2%	0.2%
Total adjusted operating income	23.2%	0.5%	23.2%	0.2%

To present the percentage change in projected 2017 sales, adjusted operating income and adjusted earnings per share on a constant currency basis and adjusted operating income for entire reporting currencies other than the U.S. dollar are translated into U.S. dollars at the company's budgeted exchange rate for 2017 and are compared to the 2016 results, translated into U.S. dollars using the same 2017 budgeted exchange rate, rather than the average actual exchange rate in effect during fiscal year 2016. This calculation is performed to arrive at adjusted net income

based on historical rates corresponding to fiscal year 2016 or projected rates corresponding to fiscal year 2017, as appropriate.

Fiscal year 2016 actual results and 2017 projections

(In millions except per share data)	Fiscal Year 2016 Actual		Fiscal Year 2017 Projection	
	2016	2017	2017	2018
Operating income	\$ 100.2	\$ 107.1	\$ 101.0	\$ 107.1
Adjusted operating income	\$ 100.8	\$ 107.1	\$ 101.0	\$ 107.1
Earnings per share - diluted	\$ 0.85	\$ 1.00	\$ 0.85	\$ 1.00
Impact of special charges	0.00	—	0.00	—
Adjusted earnings per share - diluted	\$ 0.85	\$ 1.00	\$ 0.85	\$ 1.00
Percentage change in sales	6% to 10%	6% to 10%	6% to 10%	6% to 10%
Percentage change in adjusted operating income	5% to 10%	5% to 10%	5% to 10%	5% to 10%
Percentage change in sales on constant currency basis	10% to 20%	10% to 20%	10% to 20%	10% to 20%
Percentage change in adjusted operating income on constant currency basis	10% to 20%	10% to 20%	10% to 20%	10% to 20%
Percentage change in adjusted earnings per share	10% to 20%	10% to 20%	10% to 20%	10% to 20%
Percentage change in adjusted earnings per share on constant currency basis	10% to 20%	10% to 20%	10% to 20%	10% to 20%

As previously announced, McCormick will hold a conference call with analysts today at 8:00 a.m. ET. The conference call will be webcast live via the McCormick website. Go to [www.mccormick.com](http://www.mccormick.com) and follow directions to listen to the call and access the accompanying presentation materials. At the same location, a replay of the call will be available following the live call. Post press releases and additional information can be found at this address.

**Forward-looking information**  
 Certain portions contained in this release, including statements concerning performance such as those relating to net sales, earnings, cost savings, acquisitions and brand marketing activities, 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," "anticipate," "intend," "believe" and "plan." These statements may relate to the expected results of operations to be achieved by the company, including the acquisition of PB Foods, the expected impact of any material costs and pricing actions on the company's results of operations and gross margin, the expected impact of production improvements, including those associated with comprehensive continuous improvement and McCormick global standardization, the expected working capital improvements, expectations regarding growth potential in various geographic markets, including the impact from customer, channel, category, and e-commerce expansion, expected trends in net sales and earnings performance, the expectations of the company's operating margins, including the impact of foreign currency exchange rates, the dependency of internally generated funds and existing sources of liquidity, such as the availability of bank financing, the expected sufficiency of future cash flows to enable the payment of interest and repayment of debt, and to qualify dividends and the ability to issue additional debt or equity securities and expectations regarding purchasing shares of McCormick common stock under the existing repurchase authorization.  
 These and other forward-looking statements are based on management's current views and assumptions and involve data and uncertainties that could significantly affect our results. Results may be materially affected by factors such as: damage to the company's reputation or brand names; loss of brand relevance; increased product label use and product quality; labeling of sales contracts; 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 retain needed cost savings or strategic investments; negative employee relations; the lack of successful acquisition and integration of new businesses, including the acquisition of PB Foods; difficulties or delays in the successful transition of PB Foods from the information technology systems of the PB Foods, either by terms of the six-month post-acquisition transition services agreement between McCormick and the seller; issues affecting the company's supply chain and raw materials; unstable financial markets; government regulations; and changes in legal and regulatory requirements and enforcement practices; global economic and financial conditions generally, including the availability of financing; and financial and credit market conditions generally, including the availability of credit and capital markets, rates associated with the company's information technology systems; the threat of data breaches and other cyber risks; fundamental changes in the sales velocity, in-store or effective rate, climate change; integration of intellectual property rights; other risks of customer, litigation, 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, 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 flour. With \$4.4 billion in annual sales, the company manufactures, markets and distributes elite, mainstream, premium, commodities and other flour products to the entire food industry - retail outlets, food manufacturers and foodservice businesses. Every day no matter where or when you eat, you can enjoy flour backed by McCormick. McCormick: Backing the Joy of Flour to Life™.

**For more information, visit [www.mccormick.com](http://www.mccormick.com)**

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(Financial tables follow)

**Three Months Ended August 31, 2017**  
 McCormick & Company, Incorporated

Consolidated Income Statement (Unaudited)	Three months ended		Six months ended	
	August 31, 2017	August 31, 2016	August 31, 2017	August 31, 2016
Net sales	\$ 1,188.2	\$ 1,091.0	\$ 2,342.2	\$ 2,184.0
Cost of goods sold	788.4	651.1	1,582.2	1,452.0
Gross profit	400.4	439.9	760.0	732.0
Selling, general and administrative expenses	48.9	41.6	96.8	46.2
Transaction and integration expenses	34.5	28.1	34.5	80.0
General charges	1.2	—	1.2	—
Operating income	106.7	160.9	205.5	421.8
Interest expense	24.5	14.1	36.5	41.2
Other income, net	0.4	0.1	0.4	2.1
Income from consolidated operations before income taxes	122.6	155.5	269.4	382.7
Income taxes	22.8	27.8	22.8	39.2
Net income from consolidated operations	99.8	127.7	246.6	343.5
Income from unconsolidated operations	1.2	1.0	2.4	2.4
Net income	\$ 101.0	\$ 128.7	\$ 249.0	\$ 345.9
Earnings per share - basic	\$ 0.86	\$ 1.01	\$ 1.68	\$ 2.46
Earnings per share - diluted	\$ 0.85	\$ 1.00	\$ 1.67	\$ 2.45
Average shares outstanding - basic	126.3	128.4	125.5	126.8
Average shares outstanding - diluted	127.8	127.9	127.2	129.2

**Three Months Ended August 31, 2016**  
 McCormick & Company, Incorporated

Consolidated Balance Sheet (Unaudited)	August 31, 2017		August 31, 2016	
	Assets	\$ 166.1	\$ 134.2	\$ 166.1
Cash and cash equivalents	56.2	45.3	56.2	45.3
Trade accounts receivable, net	55.0	46.2	55.0	46.2
Inventory	54.9	70.9	54.9	70.9
Prepaid expenses and other current assets	10.0	10.0	10.0	10.0
Total current assets	176.1	172.6	176.1	172.6
Property, plant and equipment, net	4,261.3	4,113.3	4,261.3	4,113.3
Intangible assets, net	1,201.2	1,201.2	1,201.2	1,201.2
Goodwill and other intangible assets	378.9	378.9	378.9	378.9
Total assets	\$ 6,817.5	\$ 6,817.5	\$ 6,817.5	\$ 6,817.5
Liabilities	\$ 674.7	\$ 533.0	\$ 674.7	\$ 533.0
Trade accounts payable	316.9	361.0	316.9	361.0
Other current liabilities	542.8	415.5	542.8	415.5
Total current liabilities	859.7	776.5	859.7	776.5
Long-term debt	1,986.5	1,227.7	1,986.5	1,227.7
Deferred taxes	385.4	315.8	385.4	315.8
Other long-term liabilities	—	—	—	—
Total liabilities	\$ 3,231.6	\$ 2,320.0	\$ 3,231.6	\$ 2,320.0
Shareholders' equity	1,884.6	1,884.6	1,884.6	1,884.6
Retained earnings	1,329.9	1,074.7	1,329.9	1,074.7
Accumulated other comprehensive loss	(600.0)	(600.0)	(600.0)	(600.0)
Non-controlling interests	154.7	154.7	154.7	154.7
Total shareholders' equity	\$ 3,584.9	\$ 3,584.9	\$ 3,584.9	\$ 3,584.9

**Three Months Ended August 31, 2017**  
 McCormick & Company, Incorporated

Consolidated Cash Flow Statement (Unaudited)	Three months ended		Six months ended	
	August 31, 2017	August 31, 2016	August 31, 2017	August 31, 2016
Operating activities	\$ 301.7	\$ 314.9	\$ 301.7	\$ 314.9
Net income	99.8	127.7	246.6	343.5
Adjustments to reconcile net income to net cash provided by operating activities:	201.9	187.2	55.1	(128.6)
Depreciation and amortization	88.4	82.3	176.8	164.6
Stock-based compensation	18.4	19.8	36.8	39.6
Income from consolidated operations	108.6	239.7	108.6	239.7
Changes in operating assets and liabilities:	86.5	(53.4)	86.5	(53.4)
Settlement of financing receivable and notes	1.2	—	1.2	—
Dividends from unconsolidated affiliates	1.2	—	2.4	—
Net cash flow provided by operating activities	\$ 301.7	\$ 314.9	\$ 301.7	\$ 314.9
Investing activities	\$ (10.0)	\$ (11.2)	\$ (10.0)	\$ (11.2)
Capital expenditures	(10.0)	(11.2)	(10.0)	(11.2)
Proceeds from corporate divestiture	—	—	—	—
Proceeds from sale of property, plant and equipment	—	—	—	—
Net cash flow in investing activities	\$ (10.0)	\$ (11.2)	\$ (10.0)	\$ (11.2)
Financing activities	\$ (43.3)	\$ 419.3	\$ (43.3)	\$ 419.3
Short-term borrowings, net	—	—	—	—
Long-term debt borrowings	3,977.4	—	3,977.4	—
Payment of debt maturities	(65.1)	—	(65.1)	—
Long-term debt repayments	(5.9)	(202.0)	(5.9)	(202.0)
Proceeds from restricted stock sales	26.5	26.4	26.5	26.4
Share repurchases	(4.4)	(3.1)	(4.4)	(3.1)
Payments of dividend	(19.3)	—	(19.3)	—
Payments of interest	(2.8)	—	(2.8)	—
Issuance of common stock non-voting	55.4	—	55.4	—
Proceeds from sale related to issuance common stock non-voting	(15.0)	(17.6)	(15.0)	(17.6)
Common stock acquired by purchase	(17.6)	(15.0)	(17.6)	(15.0)
Dividend paid	(17.6)	(15.0)	(17.6)	(15.0)
Net cash flow provided by (used in) financing activities	\$ (43.3)	\$ 419.3	\$ (43.3)	\$ 419.3
Effect of exchange rate changes on cash and cash equivalents	3.3	(3.6)	3.3	(3.6)
Increase in cash and cash equivalents	\$ 241.7	\$ 699.4	\$ 241.7	\$ 699.4
Less: cash and cash equivalents at beginning of period	\$ 184.4	\$ 184.4	\$ 184.4	\$ 184.4
Cash and cash equivalents at end of period	\$ 426.1	\$ 883.8	\$ 426.1	\$ 883.8