



Brand Aromatics Fact Sheet

March 2015



Business Description

- Brand Aromatics (BA) founded in 1997
- BA is supplier of natural savory flavors, marinades, and broth and stock concentrates to packaged food industry
- R&D facility, USDA production and distribution center in Lakewood NJ
- 40 employees

Strategic Rationale

- Expands breadth of flavor solutions for industrial customers with complete line of savory flavor systems
- Leverage customer relationships and product offerings across both businesses
- Utilize McCormick's consumer insights to drive innovation at BA
- Adds USDA facility to McCormick's U.S. manufacturing capabilities

Transaction Overview and Financial Impact

- On March 9, 2015 purchased stock of BA for ~\$63M subject to customary closing adjustments
- Acquisition financed with cash and debt
- Transaction multiple is ~10 times EBITDA (earnings before interest, tax, depreciation and amortization)
- In 2015, BA is expected to add approximately \$22M to sales and have neutral EPS impact due to estimated \$2M transaction and integration costs, as well as financing costs
- Expect \$2M in synergies

Net Sales

- Net sales of \$28M in 2014
- Sales growing at mid-single digit rate
- Capabilities include organic, non-GMO
- Broad range of applications that include soups, condiments, meat, dairy products, snack foods
- Majority of sales in U.S. with some distribution into Canada and South Africa

R&D Focused



USDA Manufacturing





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Forward-looking Statement

Certain information contained in these materials and our remarks 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 us, the expected impact of raw material costs and our pricing actions on our results of operations and gross margins, the expected productivity and working capital improvements, expectations regarding growth potential in different geographies and markets, expected trends in net sales and earnings performance and other financial measures, the expectations of pension and postretirement plan contributions and anticipated charges associated with such plans, the holding period and market risks associated with financial instruments, the impact of foreign exchange fluctuations, the adequacy of internally generated funds and existing sources of liquidity, such as the availability of bank financing, our ability to issue additional debt or equity securities and our expectations regarding purchasing shares of our common stock under the existing authorizations.

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: damage to our reputation or brand name; loss of brand relevance; increased private label use; product quality, labeling, or safety 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; our ability to achieve expected and/or needed cost savings or margin improvements; negative employee relations; the successful acquisition and integration of new businesses; issues affecting our supply chain and raw materials, including fluctuations in the cost and availability of raw and packaging materials; government regulation, 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 costs associated with pension obligations; foreign currency fluctuations; the stability of credit and capital markets; risks associated with our information technology systems, the threat of data breaches and cyber attacks; volatility in our effective tax rate; climate change; infringement of our intellectual property rights, and those of customers; 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. We undertake 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. Unless otherwise indicated herein, information provided in these materials represents our consolidated business activities consistent with the standards of US GAAP and does not represent any of the activities of any one particular legal entity that is part of the consolidated enterprise.

McCormick Brings Passion to Flavor