

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): **July 18, 2017**

McCormick & Company, Incorporated

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction
of incorporation)

001-14920
(Commission File Number)

52-0408290
(IRS Employer
Identification No.)

**18 Loveton Circle
Sparks, Maryland**
(Address of principal executive offices)

21152
(Zip Code)

Registrant's telephone number, including area code: **(410) 771-7301**

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the Registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the Registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 7.01 Regulation FD Disclosure.

On July 18, 2017, McCormick & Company, Incorporated, a Maryland corporation (“McCormick”) issued a press release announcing the execution of a Stock Purchase Agreement, dated as of July 18, 2017, by and among McCormick, The R.T. French’s Food Group Limited, a private limited company incorporated in England and Wales, Reckitt Benckiser LLC, a Delaware limited liability company, and Reckitt Benckiser Group plc, a public limited company incorporated in England and Wales. Furnished with this Form 8-K as Exhibit 99.1 is a copy of such press release entitled “McCormick to Acquire Reckitt Benckiser’s Food Division”.

On July 19, 2017, McCormick disseminated an investor presentation to be used in connection with a conference call to discuss the proposed acquisition. Furnished with this Form 8-K as Exhibit 99.2 is a copy of the investor presentation labeled “McCormick to Acquire Reckitt Benckiser’s Food Division”.

The information in this Item 7.01, including Exhibits 99.1 and 99.2 attached hereto, (i) is furnished pursuant to Item 7.01 and shall not be deemed “filed” for any purpose; and (ii) shall not be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, regardless of any general incorporation language in such filing.

Cautionary Note Concerning Forward-Looking Statements

Certain information contained herein and in the exhibits that are not statements of historical or current fact constitute “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.” The forward-looking statements contained in this Form 8-K include, without limitation, statements related to: the planned acquisition of Reckitt Benckiser’s food division and the timing and financing thereof; the ability to obtain regulatory approvals and meet other closing conditions for the planned acquisition; the expected impact of the planned acquisition on, among others, McCormick’s net sales, expected trends in net sales, earnings performance and other financial measures; expectations regarding improved scale, growth potential in various products, geographies and market categories, including the impact from innovation, a more diverse product offering and millennial household penetration; expectations regarding growth in the Hot Sauce category; the realization of anticipated cost synergies, margin expansion and adjusted earnings per share accretion from the acquisition; the ability to retain key personnel; and the anticipated sufficiency of future cash flows to enable the payments of interest and repayment of short- and long-term debt as well as quarterly dividends.

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: risks associated with acquisitions generally, such as the inability to obtain, or delays in obtaining, required approvals under applicable antitrust legislation and other regulatory and third party consents and approvals; potential volatility in the capital markets and its impact on the ability to complete the proposed debt and equity financing necessary to satisfy the purchase price; failure to retain key management and employees of the target companies; issues or delays in the successful integration of the target companies’ operations with those of McCormick, including incurring or experiencing unanticipated costs and/or delays or difficulties; difficulties or delays in the successful transition of the target companies’ business from the information technology systems of the sellers to those of McCormick as well as risks associated with other integration or transition of the operations, systems and personnel of the target companies, each, as applicable, within the term of the six-month post-closing transition services agreement between McCormick and the sellers; future levels of revenues being lower than expected and costs being higher than expected; failure or inability to implement growth strategies in a timely manner; unfavorable reaction to the acquisition by customers, competitors, suppliers and employees; conditions affecting the industry generally; local and global political and economic conditions; conditions in the securities market that are less favorable than expected; and changes in the level of capital investment, and other risks described in the company’s filings with the Securities and Exchange Commission, including McCormick’s Annual Report on Form 10-K for the year ended November 30, 2016.

Actual results could differ materially from those projected in the forward-looking statements. McCormick undertakes 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.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

The exhibits to this report are listed in Item 7.01 above and in the Exhibit Index that follows the signature line.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

McCORMICK & COMPANY, INCORPORATED

By: _____ /s/ Jeffery D. Schwartz
Jeffery D. Schwartz
Vice President, General Counsel and Secretary

Date: July 19, 2017

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
99.1	Copy of press release entitled "McCormick to Acquire Reckitt Benckiser's Food Division".
99.2	Copy of investor presentation labeled "McCormick to Acquire Reckitt Benckiser's Food Division".



News Release

FOR IMMEDIATE RELEASE

MCCORMICK TO ACQUIRE RECKITT BENCKISER'S FOOD DIVISION

McCormick Strengthens Flavor Leadership with Addition of Iconic Products, Including Frank's RedHot® Hot Sauce & French's® Mustard

SPARKS, Md., – July 18, 2017 – McCormick & Company Inc. (NYSE: MKC), a global leader in flavor, today announced that it has signed a definitive agreement to acquire Reckitt Benckiser's Food Division ("RB Foods") from Reckitt Benckiser Group plc ("RB") for \$4.2 billion, subject to certain customary purchase price adjustments.

- Addition of Frank's RedHot Hot Sauce, French's Mustard and other iconic, market-leading products strengthens McCormick's leadership in the attractive Condiments category and advances the Company's vision to **Bring the Joy of Flavor to Life**
- McCormick to advance from current position of #10 to a **leading position in U.S. Condiments** category
- Acquisition provides a leadership position in the advantaged Hot Sauce Category with Frank's RedHot, **the #1 brand in the U.S. and Canada**
- Combined pro forma 2017 annual net sales are expected to be approximately \$5 billion with significant margin accretion
- McCormick will integrate RB Foods into its Consumer and Industrial segments and will retain the brand names of French's, Frank's RedHot and Cattleman's®

"The acquisition of RB Foods strengthens McCormick's flavor leadership with the addition of the iconic French's and Frank's RedHot brands to our portfolio, which will become our number two and number three brands, respectively," said Lawrence E. Kurzius, Chairman, President and Chief Executive Officer. "RB Foods' focus on creating products with simple, high-quality ingredients makes it a perfect match for McCormick as we continue to capitalize on the growing consumer interest in healthy, flavorful eating. The addition of Frank's RedHot Hot Sauce, the clear consumer favorite in an attractive and high-growth category, French's Mustard and the other beloved products enables McCormick to become a one-stop shop for condiment, spice and seasoning needs, providing our customers and consumers with an even more diverse and complete flavor product offering. RB Foods' track record of creating market-leading products and its dedicated state-of-the-art manufacturing facility are a strong complementary fit that we expect will strengthen McCormick's business opportunities as we expand our presence in condiments, a core category for the Company in the U.S. and internationally."

Mr. Kurzius continued, "This transaction reinforces our focus on growth, reflecting McCormick's commitment to making every meal and moment better and driving significant shareholder value. We have great respect for RB Foods and the strong business its employees have built. McCormick will be able to

grow these brands in new and unique ways through our proven track record of insight-driven innovation and the ability to leverage our global footprint. We are confident McCormick is the perfect home for RB Foods' popular brands and employees."

RB Foods is a leader in the growing U.S. Condiments market, with a portfolio of iconic brands and a loyal consumer following. Frank's RedHot Hot Sauce, French's Mustard, French's Crispy Vegetables and Cattlemen's BBQ Sauce have all captured attractive market share positions in their respective categories. Frank's RedHot has a passionate consumer following and is the number one brand in its market in the U.S. and Canada, with growth outpacing the category. French's Mustard is also number one in its category in the U.S. and Canada.

McCormick Believes Combining These Powerful Brands Will Drive Significant Shareholder Value

- **Enhance McCormick's Scale and Increase Growth Through the Expansion of its Portfolio and Consumer Base:** McCormick anticipates that the Hot Sauce Category will continue to see robust growth, and with insight-driven innovation and a passionate and increasing fan base, there are significant opportunities for expansion. The Company expects McCormick's growing global millennial household penetration to create substantial upside for Frank's RedHot and the other acquired brands, increasing their respective consumer bases. McCormick also expects revenue synergies as a result of leveraging seasonal Holiday promotions and Grilling events that include other McCormick iconic products like Lawry's®, Grill Mates® and our other global branded spices, herbs and extracts.
 - **Drive Branded Foodservice within our Industrial Segment:** In addition to retail, RB Foods' brands have attractive positions across Hot Sauce, Mustard, Crispy Vegetable and BBQ Sauce sold through the U.S. and Canadian Foodservice channels. We expect these products to build upon McCormick's Industrial segment growth by increasing the size of that segment's Foodservice sales by over 50% in the U.S. and Canada. French's and Frank's RedHot are ideal additions to McCormick's tabletop offering and its established products.
 - **Leverage our Global Scale:** McCormick expects to leverage its international infrastructure, which already includes condiment consumer insight, sales and supply chain expertise, to significantly expand the global presence of Frank's RedHot and French's, which we expect will result in substantial growth and increased household penetration.
 - **Realize Significant Cost Synergy Opportunities:** As a result of increased scale, McCormick expects to achieve cost synergies of approximately \$50 million, the majority of which will be achieved by 2020, with anticipated synergies split between selling, general and administrative expenses and cost of goods sold.
 - **Generate Margin Expansion:** With the addition of RB Foods' business, McCormick expects to achieve meaningful accretion to its margins and adjusted earnings per share, excluding transaction and integration costs, and will achieve additional favorable impacts following the realization of targeted synergies.
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The transaction is expected to be completed in the third or fourth quarter of McCormick's fiscal 2017. The transaction is subject to customary closing conditions, including applicable regulatory approvals. McCormick has obtained committed bridge financing and expects to permanently finance the transaction through a combination of debt and equity.

Upon closing of the acquisition, McCormick's leverage ratio will increase, but the Company is committed to maintaining an investment grade credit rating and returning to its current credit profile over the longer term. As part of this commitment, McCormick will maintain its dividend policy, curtail its share repurchase program and will deleverage the balance sheet with anticipated strong cash flow generation.

Conference Call and Webcast

Lawrence Kurzius, Chairman, President and Chief Executive Officer and Mike Smith, McCormick's Executive Vice President & CFO, will host a conference call tomorrow, July 19, 2017, at 8:00 AM ET to discuss this announcement with the financial community. The conference call can be accessed by dialing (877) 407-8291 (U.S. / Canada) or (201) 689-8345 (International) and giving the passcode 13667123. A replay of the call will be available until August 9, 2017, at 12:00 AM ET by dialing (877) 660-6853 (U.S./Canada) or (201) 612-7415 (International) and by entering the passcode 13667123. The webcast and accompanying presentation of the conference call will be available on McCormick's website (ir.mccormick.com) prior to the start of the call.

Advisors

Credit Suisse and Cleary Gottlieb Steen & Hamilton LLP are serving as financial advisor and legal counsel, respectively, to McCormick in connection with the transaction.

About McCormick

McCormick & Company, Incorporated is a global leader in flavor. With \$4.4 billion in annual sales, the company manufactures, markets and distributes spices, seasoning mixes, condiments and other flavorful products to the entire food industry – retail outlets, food manufacturers and foodservice businesses. Every day, no matter where or what you eat, you can enjoy food flavored by McCormick. McCormick Brings the Joy of Flavor to Life™.

For more information, visit www.mccormickcorporation.com.

Forward-looking Information

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acquisition; the ability to retain key personnel; and the anticipated sufficiency of future cash flows to enable the payments of interest and repayment of short- and long-term debt as well as quarterly dividends.

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For information contact:

Investor Relations:

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Corporate Communications:

Lori Robinson (410-527-6004 or lori_robinson@mccormick.com)

McCormick to Acquire Reckitt Benckiser's Food Division



COMBINING POWERFUL BRANDS TO MAKE EVERY MEAL AND MOMENT BETTER



ICONIC PRODUCTS TO BECOME PART OF MCCORMICK'S GLOBAL FLAVOR PORTFOLIO



**FRANK'S REDHOT®
HOT SAUCE**

No. 1 Hot Sauce in U.S and Canada
Passionate Consumer Following



**FRENCH'S®
MUSTARD**

No. 1 Mustard in U.S. and Canada
Classic Americana



**CATTELEMEN'S®
BBQ SAUCE**

**A Leading BBQ Sauce in U.S.
Foodservice**

TRANSACTION HIGHLIGHTS



LEADING BRANDS IN KEY FLAVOR CATEGORIES

RB Foods' brands have attractive positions across Hot Sauce, Mustard, Crispy Vegetables and BBQ Sauce categories in the U.S. and Canadian markets

Frank's RedHot has grown faster than competing hot sauce brands and is driving growth in the category



INCREASED POTENTIAL FOR GROWTH GLOBALLY

Acquisition will leverage McCormick's International infrastructure to significantly expand French's and Frank's RedHot's global presence

Goal is to expand Frank's RedHot to No. 1 global Hot Sauce brand

Increased household penetration and innovation in existing markets



INCREASES SIZE OF MCCORMICK'S BRANDED FOODSERVICE SALES BY OVER 50% IN THE U.S. AND CANADA

Significant expected synergies between RB Foods and McCormick brands in Fast Casual and other channels

New and improved tabletop proposition



ONE-STOP SHOP FOR CUSTOMERS AND CONSUMERS

McCormick will provide flavor solutions that include condiments, as well as spices and seasonings

Offering better-for-you products with natural, simple ingredients



EXPECT TRANSACTION WILL DRIVE SIGNIFICANT SHAREHOLDER VALUE AND INCREASE GROWTH

- Approx. \$5 Billion of Pro Forma 2017 Annual Net Sales
- Approx. \$1 Billion Pro Forma 2017 Adjusted EBITDA
- Meaningful Margin Expansion
- Accretive to Adjusted EPS

ADVANCING MCCORMICK'S VISION TO BRING THE JOY OF FLAVOR TO LIFE



Passion for
FLAVOR



Power of
PEOPLE



Taste you
TRUST



Driven to
INNOVATE



Purpose-led
PERFORMANCE

Non-GAAP Financial Measures

Certain disclosures in this fact sheet represent non-GAAP financial measures which are prepared as a complement to our financial measures prepared in accordance with United States generally accepted accounting principles ("GAAP"). As a result of the significance of this pending acquisition, the Company is modifying how we define certain non-GAAP financial measures. We define "Adjusted EBITDA" as net income before interest, income taxes, depreciation and amortization, and as further adjusted for cash and non-cash acquisition-related expenses (which may include the effect of the fair value adjustment of acquired inventory on cost of goods sold); and certain gains or losses (which may include third party fees and expenses, and integration costs). The Company's estimate of the combined revenue and Adjusted EBITDA of McCormick and RB Foods is based only on projected financial information as of the date hereof. The Company believes that Adjusted EBITDA is useful to investors in evaluating the Company's operating performance and liquidity because (i) it is a widely used to measure a company's operating performance without regard to items such as depreciation and amortization, which can vary depending upon accounting methods and the book value of assets, (ii) it presents a meaningful measure of corporate performance exclusive of the Company's capital structure and is the method by which we evaluate acquisitions, and (iii) it is a widely accepted financial indicator of a company's ability to service its debt.

These non-GAAP financial measures may be considered in addition to results prepared in accordance with GAAP, but should not be considered a substitute for, or superior to, GAAP results. In addition, these non-GAAP financial measures may not be comparable to similarly titled measures of other companies because other companies may not calculate them in the same manner that we do. We intend to continue to provide these non-GAAP financial measures as part of our future earnings discussions and, therefore, the inclusion of these non-GAAP financial measures will provide consistency in our financial reporting. We have not provided a reconciliation of these non-GAAP financial measures to the related GAAP financial measures as these non-GAAP measures are solely associated with forward-looking information and such reconciliations would require unreasonable efforts at this time to forecast and quantify certain amounts that are necessary for such reconciliation including adjustment that could be made for matters including, but not limited to, cash and non-cash acquisition related expenses, gains and losses, both as previously described, and other charges reflected in the Company's reconciliation of historic amounts, the amounts of which, based on historical experience could be significant.

Forward-looking Information

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Passion for
FLAVOR™



Power of
PEOPLE™



Taste you
TRUST™



Driven to
INNOVATE



Purpose-led
PERFORMANCE

McCormick to Acquire Reckitt Benckiser's Food Division

Investor Presentation / July 19, 2017



Forward-looking information

Certain information contained in this presentation and our remarks that are not statements of historical or current fact constitute "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." The forward-looking statements contained in this presentation and our remarks include, without limitation, statements related to: the planned acquisition of RB Foods and the timing and financing thereof; the ability to obtain regulatory approvals and meet other closing conditions for the planned acquisition; the expected impact of the planned acquisition, including among others, on the company's net sales, Adjusted EBITDA and Leverage Ratio, both as previously defined; expected trends in net sales, earnings performance and other financial measures; expectations regarding improved scale, growth potential in various products, geographies and market categories, including the impact from innovation, a more diverse product offering and millennial household penetration; expectations regarding growth in the Hot Sauce category; the realization of anticipated cost synergies, margin expansion and adjusted earnings per share accretion from the acquisition; the ability to retain key personnel; and the anticipated sufficiency of future cash flows to enable the payments of interest and repayment of short- and long-term debt as well as quarterly dividends.

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OUR **VISION** IS
TO BRING THE
JOY OF
FLAVOR
TO LIFE



OUR **MISSION**
IS TO MAKE
EVERY MEAL &
MOMENT
BETTER



McCormick is the new home of Frank's RedHot and French's

- McCormick to acquire Reckitt Benckiser's Food Division ("RB Foods") for \$4.2 billion in cash
 - 2017E revenue of \$581 million and Adj. EBITDA of \$215 million ⁽¹⁾
 - Pro forma annual net sales of approximately \$5 billion with significant margin accretion
- Iconic, market leading brands highly complementary to McCormick's portfolio
 - Leadership position in high growth U.S. and Canada Hot Sauce category with **#1 brand**
 - **#1 market position** in U.S. and Canada Mustard category
 - French's® and Frank's RedHot® will be our **#2 and #3 brands**, respectively
- Advancement from #10 to a leading position in U.S. Condiments
- Dedicated state-of-the-art manufacturing facility in Springfield, MO



(1) McCormick's estimate of RB Foods revenue and Adj. EBITDA for its fiscal year ending Dec. 2017.



Iconic flavor brands with leading market share positions in desired categories



**FRANK'S
RedHot**

Clear leader in on-trend category

- Frank's RedHot is the **#1 Hot Sauce in the U.S. and Canada** with a passionate consumer following



French's
Since 1904

An American icon since 1904

- **#1 Mustard in the U.S. and Canada** delivering classic flavor for generations

Holiday must-have



- **#2 best selling food item** during Thanksgiving week



CATTLEMEN'S
BBQ SAUCE

Strong presence in Foodservice

- **A leading Barbecue Sauce** in U.S. Foodservice

This acquisition is a momentous step in executing the strategy presented at Investor Day



Bigger, broader acquisition agenda

- ✓ Adds significant scale in key categories and channels
- ✓ Advances us from #10 to a leading position in U.S. Condiments
- ✓ Frank's RedHot and French's are market leading brands
- ✓ International opportunity to leverage our scale



Grow healthy, flavorful offerings

- ✓ Hot Sauce category is on-trend
- ✓ French's combines Classic Americana with exciting new flavors
- ✓ Clean label, natural ingredients
- ✓ Over-indexes with millennials



Drive growth in Consumer and Industrial segments

- ✓ Increases our scale in U.S. and Canada Branded Foodservice by over 50%
- ✓ Significant opportunity through full portfolio offering
- ✓ Leverages complementary distributor relationships

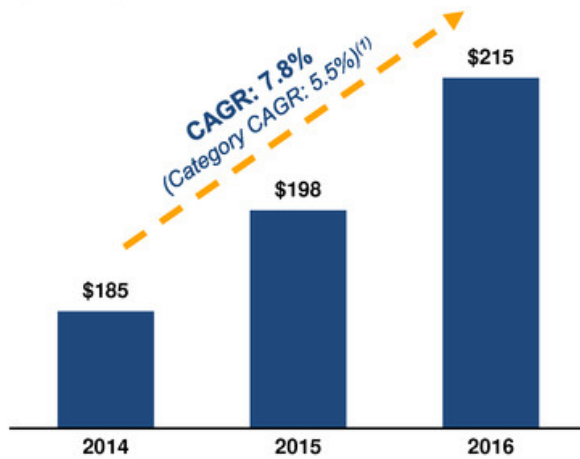
Hot Sauce is an on-trend category and Frank's RedHot is the clear leader

Frank's RedHot is the #1 brand in an advantaged category

- Growing interest in flavor
- Aligned with expanding diversity in U.S. households

Frank's RedHot sales growth beats category growth:

(\$ in millions)



Millennials have a strong affinity for hot sauce

Frank's RedHot millennial index: **144**



I put that  on everything™
DO YOU?

Much like our *Old Bay*® fans, *Frank's RedHot* enthusiasts are deeply passionate about the brand

(1) Nielsen.

French's is Classic Americana

The classic brand and flavor of mustard you know and love



- Relevant through innovation
- Pipeline of new products and formats



French's Ketchup is differentiated as a better-for-you option

- No High Fructose Corn Syrup
- All ingredients non-GMO



French's Ketchup over-indexes with millennials

Crispy Vegetables are a holiday tradition



Key ingredient in the #1 most Googled recipe in 2016

Innovation expands crunch and flavor to many different foods



Significant growth to our Industrial segment

Increases our scale in U.S. and Canada Branded Foodservice by over 50%



Meaningful growth synergies expected between RB Foods and McCormick products in Fast Casual and other channels

Illustrative new tabletop format

Global infrastructure to accelerate growth



We plan to make Frank's RedHot the #1 Hot Sauce globally



Accretive financial impact to McCormick



Value creation

- \$4.2 billion transaction value implies a multiple of 19.6x 2017E Adj. EBITDA⁽¹⁾ or 15.9x including anticipated run-rate synergies
- Expected sales growth is in line with McCormick's long term targets
- Meaningful margin enhancement anticipated
- Expected to be approximately 5% accretive⁽²⁾ to McCormick's Adj. EPS in Year 1, and approximately 10% accretive⁽²⁾ including full realization of run-rate synergies



Synergies and one-time costs

- Approximately \$50 million anticipated annually, majority achieved by 2020
 - Split between SG&A and COGS
- Approximately \$140 million in transaction and integration costs, mostly in 2017



Capital structure

- Commitment to strong Investment Grade rating and returning to current credit profile
- Leverage ratio of 4.9x⁽³⁾, deleveraging to approximately 3x by 2020 year-end
- Financing expected through new term loans, senior unsecured notes and equity
- Maintain current dividend policy and curtail share repurchase program

(1) Based on 2017E Adj. EBITDA of \$215m.

(2) Pro forma EPS adjusted for transaction and integration costs, including certain purchase accounting adjustments and ongoing amortization costs.

(3) Represents net leverage based on 2017E pro forma Adj. EBITDA excluding synergies and assuming a \$500M new equity issuance.



Combination of powerful flavor brands to drive shareholder value



Further enhances McCormick's scale

- Approx. \$5bn pro forma sales and \$1bn pro forma Adj. EBITDA



Iconic brands with leading market shares

- Advances McCormick from #10 to a leading position in U.S. Condiments



Meaningful margin and earnings accretion



International and Foodservice opportunities



Non-GAAP Financial Measures

Certain disclosures in this presentation and our remarks represent non-GAAP financial measures which are prepared as a complement to our financial measures prepared in accordance with United States generally accepted accounting principles ("GAAP"). As a result of the significance of this pending acquisition, the Company is modifying how we define certain non-GAAP financial measures. We define "Adjusted EBITDA" as net income before interest, income taxes, depreciation and amortization, and as further adjusted for cash and non-cash acquisition-related expenses (which may include the effect of the fair value adjustment of acquired inventory on cost of goods sold); and certain gains or losses (which may include third party fees and expenses, and integration costs). We define "Adjusted EPS" as diluted earnings per share, as adjusted for cash and non-cash acquisition-related expenses (which may include the previously described fair value adjustment of acquired inventory and the effect of amortization of acquired intangible assets) and certain gains or losses, as previously defined, and special charges (which may include expenses, including related impairment charges, associated with certain actions undertaken by the Company to reduce fixed costs, simplify or improve processes, and improve our competitiveness and are of such significance in terms of both up-front costs and organizational/structural impact to require advanced approval of our Management Committee), all net of tax. The Company's estimate of RB Foods' Adjusted EBITDA is based only on projected financial information available as of the date hereof. The Company's estimate of the combined revenue and Adjusted EBITDA of McCormick and RB Foods is based only on projected financial information as of the date hereof. The Company believes that Adjusted EBITDA is useful to investors in evaluating the Company's operating performance and liquidity because (i) it is a widely used to measure a company's operating performance without regard to items such as depreciation and amortization, which can vary depending upon accounting methods and the book value of assets, (ii) it presents a meaningful measure of corporate performance exclusive of the Company's capital structure and is the method by which we evaluate acquisitions, and (iii) it is a widely accepted financial indicator of a company's ability to service its debt. The Company believes that Adjusted EPS provides additional information that enables enhanced comparisons to prior periods and, accordingly, facilitates the development of future projections and earnings growth prospects. Adjusted EPS is also used by management to measure the profitability of our ongoing operations and analyze our business performance and trends.

In addition to the above non-GAAP financial measure, we define "Leverage Ratio" as net debt (which is total debt, net of cash) to Adjusted EBITDA. That ratio is a widely-used measure of our ability to repay outstanding debt obligations and is a meaningful metric to investors in evaluating our financial leverage. Our long-term Leverage Ratio target is 1.5 to 1.8. Our Leverage Ratio can be temporarily impacted by our acquisition activity.

These non-GAAP financial measures may be considered in addition to results prepared in accordance with GAAP, but should not be considered a substitute for, or superior to, GAAP results. In addition, these non-GAAP financial measures may not be comparable to similarly titled measures of other companies because other companies may not calculate them in the same manner that we do. We intend to continue to provide these non-GAAP financial measures as part of our future earnings discussions and, therefore, the inclusion of these non-GAAP financial measures will provide consistency in our financial reporting. The Company provides its 2017 expectations as to the effect of the RB Foods acquisition on a non-GAAP basis, including the non-GAAP measures previously noted. We have not provided a reconciliation of these non-GAAP financial measures to the related GAAP financial measures as these non-GAAP measures are solely associated with forward-looking information and such reconciliations would require unreasonable efforts at this time to forecast and quantify certain amounts that are necessary for such reconciliation, including adjustment that could be made for matters including, but not limited to, cash and non-cash acquisition related expenses, gains and losses, both as previously described, and other charges reflected in the Company's reconciliation of historic amounts, the amounts of which, based on historical experience could be significant.



