



McCORMICK

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First Quarter 2013 Financial Results and Business Outlook

April 2, 2013

The following slides accompany a April 2, 2013 presentation to investment analysts. This information should be read in conjunction with the press release issued on that date.



Forward-looking information

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,” “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, expected trends in net sales and earnings performance and other financial measures, the expectations of pension and postretirement plan contributions, 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 external factors such as: damage to our reputation or brand name, business interruptions due to natural disasters or similar unexpected events, actions of competitors, customer relationships and financial condition, the ability to achieve expected cost savings and margin improvements, the successful acquisition and integration of new businesses, fluctuations in the cost and availability of raw and packaging materials, changes in regulatory requirements, and global economic conditions generally which would include the availability of financing, interest and inflation rates and investment return on retirement plan assets, as well as foreign currency fluctuations, risks associated with our information technology systems, the threat of data breaches or cyber attacks, and other risks described in our 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.

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First quarter 2013 results and business update



Alan Wilson
Chairman, President & CEO

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First quarter 2013 overview

❖ **Strong performance for consumer business**

- Grew sales 7%, driven by innovation and brand marketing support
- Expect solid sales and profit results for fiscal year

❖ **Expected weakness in industrial business results**

- Tough economic conditions led to sales decline
- Comparison to 13% sales growth in 1Q 2012
- Conservative outlook for 2013

❖ **Operating income comparable to prior year result**

- 1Q 2013 result was In line with guidance
- Growth unfavorably impacted by higher material costs, increased retirement benefit expense, difficult comparison for industrial business

❖ **Increased EPS to \$0.57 from \$0.55 in 1Q 2012**

❖ **Cash flow from operations rose to \$32 million from \$23 million in 1Q 2012**

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Progress with key growth initiatives

Product Innovation

- ❖ 35% of new gourmet recipe mixes incremental to category
- ❖ New Grill Mates items accounted for half of 23% unit volume increase in 1Q 2013
- ❖ Strong progress toward distribution goal for Zatarain's Big Easy Rice



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Progress with key growth initiatives

Product Innovation

- ❖ Vahiné innovation helped drive 2% unit growth for category; 12 new items launched
- ❖ Great retail acceptance for recipe mix introduction in France and Poland
- ❖ McCormick “Marinade in a bag” now #2 in category with large retailer in Australia



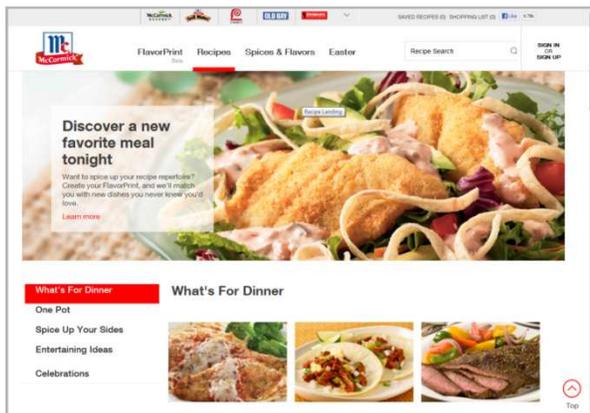
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Progress with key growth initiatives

Brand Marketing Support

- ❖ Super Bowl “mega event” combined promotions for McCormick brands, Zatarain’s and Grill Mates
 - 53% increase in featured ads and merchandising display
 - Record sales month for Zatarain’s
 - Increased effectiveness of digital advertising
- ❖ Re-launched McCormick.com website in U.S. with more interactive features and better integration with social channels



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Progress with key growth initiatives

Brand Marketing Support

- ❖ 10% sales gain in response to television advertising for Ducros brand Melange Malin
- ❖ Revitalized package design and expanded advertising, along with sales execution, driving strong double-digit sales growth in China
- ❖ 2Q 2013 plans include significant Easter baking and brunch campaign; build upon Grillerhood Platform, support for new steak sauce and dedicated Hispanic support for Grill Mates



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Progress with key growth initiatives

Acquisitions

- ❖ Expect to complete WAPC acquisition mid-2013



Comprehensive Continuous Improvement

- ❖ McCormick's "fuel for growth"
- ❖ Long-term and 2013 goal to achieve annual cost savings from CCI of at least \$45 million



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Leadership changes

Part of on-going leadership development and succession plan

- ❖ Mark Timbie, President-Consumer Foods Americas & Chief Administrative Officer, to retire June 2013
- ❖ Chuck Langmead promoted to President, Global Industrial

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Adapting to a challenging environment

Consumer Business

- ❖ Growing branded sales in a number of top markets; gains from private label in certain markets
- ❖ Building brand equity through:
 - differentiated innovation
 - value to consumer
 - distribution in all channels
- Well-positioned for growth as consumers balance taste, convenience, value and health



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Adapting to a challenging environment

Industrial Business

- ❖ Difficult comparison to 13% sales growth in 1Q 2012, which had strong increases in each region
- ❖ Sales in Europe, Middle East and Africa (EMEA) remain robust
- ❖ Asia/Pacific region affected by sales decline in quick service restaurants
- ❖ In Americas, steady sales to food manufacturers; decline in food service sales

Restaurant industry same-store sales, traffic
Year-over-year monthly results, all respondents



Source: MillerPulse, February 2013

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Adapting to a challenging environment

Industrial Business

- ❖ Customers continue to value McCormick's creativity, new product capabilities and technical expertise
- ❖ Anticipated slow start to 2013 and have conservative outlook for fiscal year
- ❖ Project a return to growth in sales and profit by second half of 2013



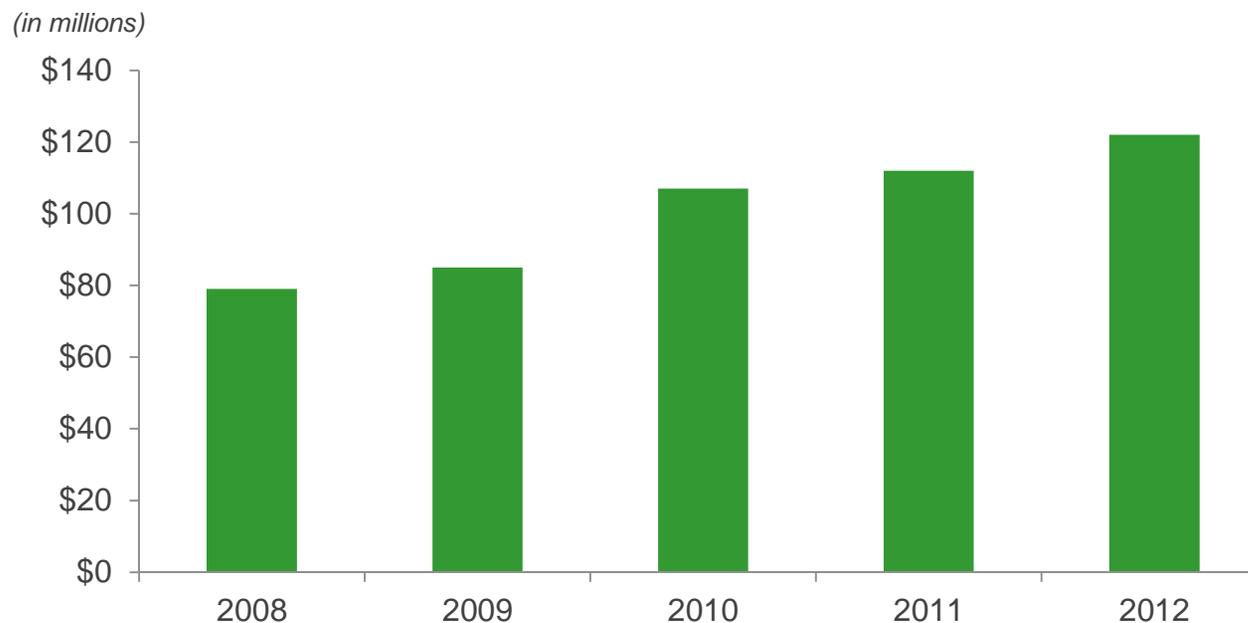
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Adapting to a challenging environment

Industrial Business

- ❖ Increased industrial business operating income 54% during challenging period



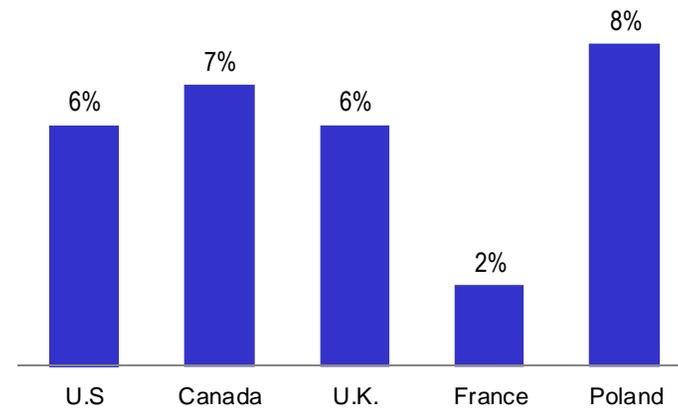
- Operating income excluding restructuring charges 2008 and 2009

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McCormick brings passion to flavor

- ❖ Interest in flavor continues to grow
- ❖ Broad portfolio of products, regions and customers
- ❖ Opportunity to flavor all types of meal occasions



Latest 52-week consumption data shows spices, herbs and seasonings category growth in top markets*



* Source: 52 week dollar sales for spice and seasoning category; U.S. IRI period ended February 3, 2013; Canada Nielsen period ended February 9, 2013; U.K. National grocery period ended February 2, 2013; France National Grocery period ended January 13, 2013; Poland National Grocery November 2012

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First quarter results, latest guidance for 2013



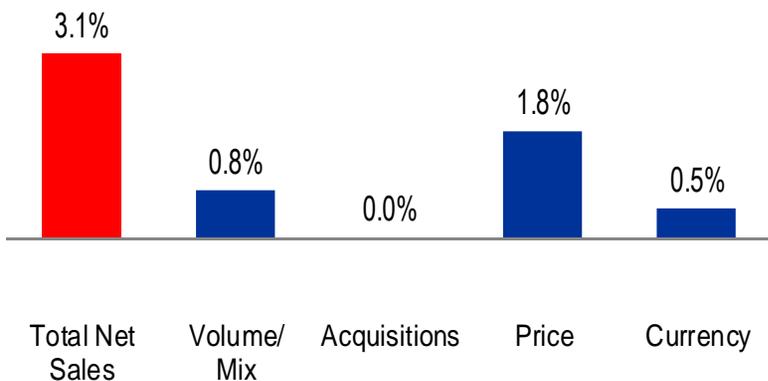
Gordon Stetz
Executive Vice President & CFO

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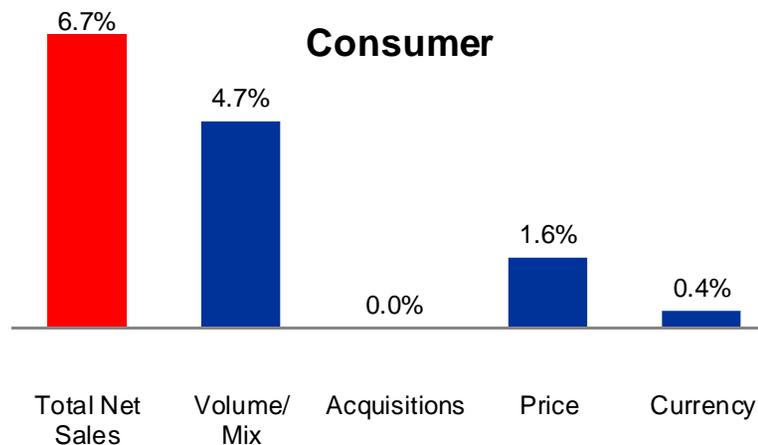


1Q 2013 Sales results

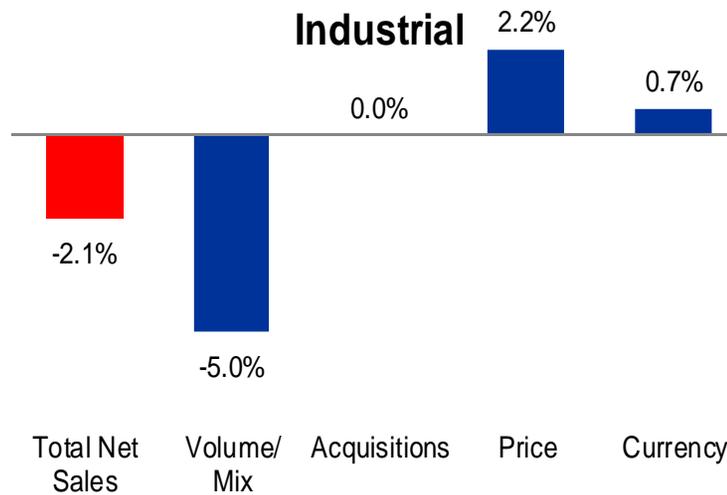
Total Company



Consumer



Industrial

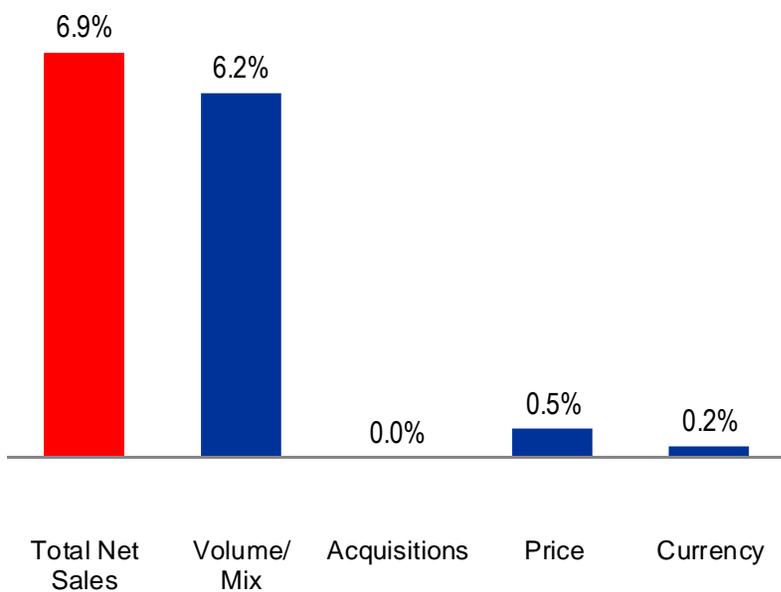


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1Q 2013 Sales results: Consumer business

Americas



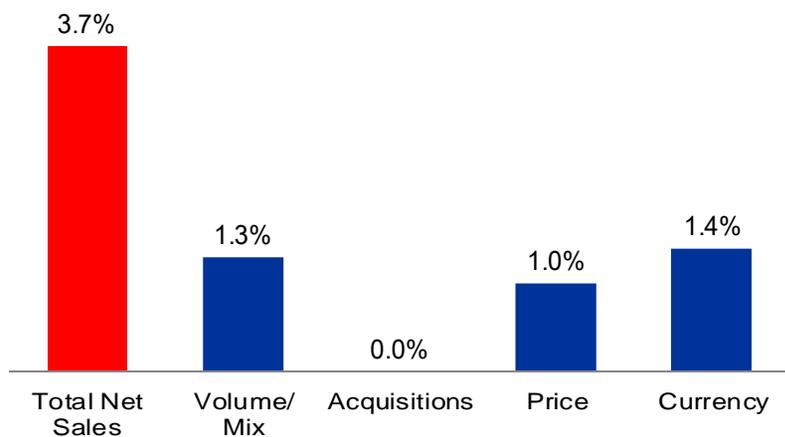
- ❖ Volume and product mix drove increase
- ❖ Recovered from 2% decline in volume and product mix in 4Q 2012
- ❖ Strong start to 2013 with new products and marketing activity
- ❖ Unit growth across most brands and product categories

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1Q 2013 Sales results: Consumer business

EMEA

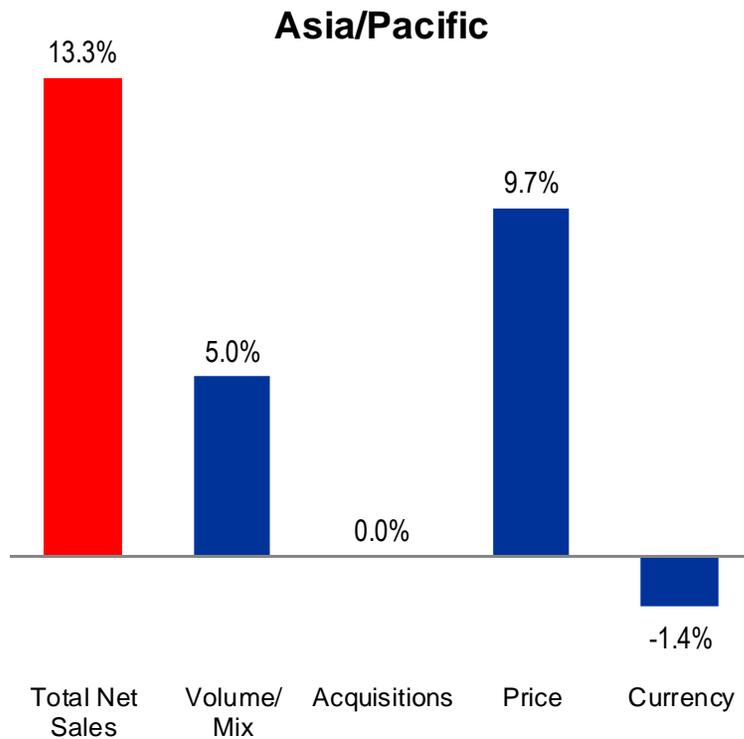


- ❖ Growth initiatives led to increases for Vahiné and Ducros in France, Schwartz in the U.K. and new distribution of Kamis products in Russia
- ❖ Offset in part by modest decline in smaller markets

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1Q 2013 Sales results: Consumer business



- ❖ Builds upon 20% sales increase in 1Q 2012, excluding acquisitions and currency impact
- ❖ Grew volume and product mix in China 20% in 1Q 2013
- ❖ Grew sales in India 19% in local currency, with significant pricing actions offset in part by lower volume and product mix

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1Q 2013 Operating income: Consumer business

	1Q 2013		1Q 2012	Fav(Unfav) Change
Operating income	\$87.7	:	\$81.4	8%

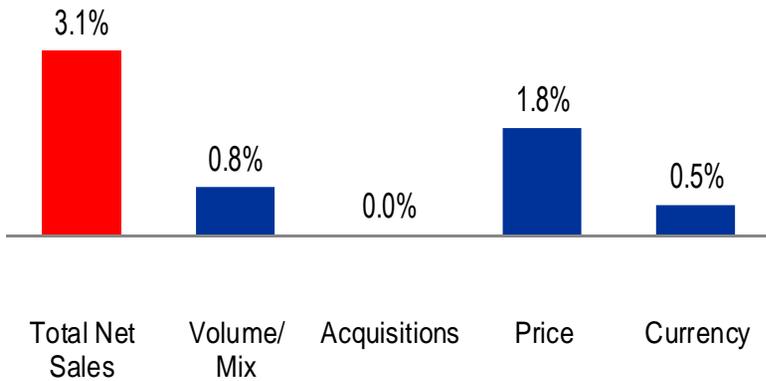
- ❖ Favorable impact from higher sales and CCI cost savings; offset in part by increased retirement benefit expense and material cost inflation
- ❖ Brand marketing support recorded as selling, general and administrative expense decreased \$4 million, offset in part by \$3 million increase in price promotion and allowances to gain new product placement recorded in net sales

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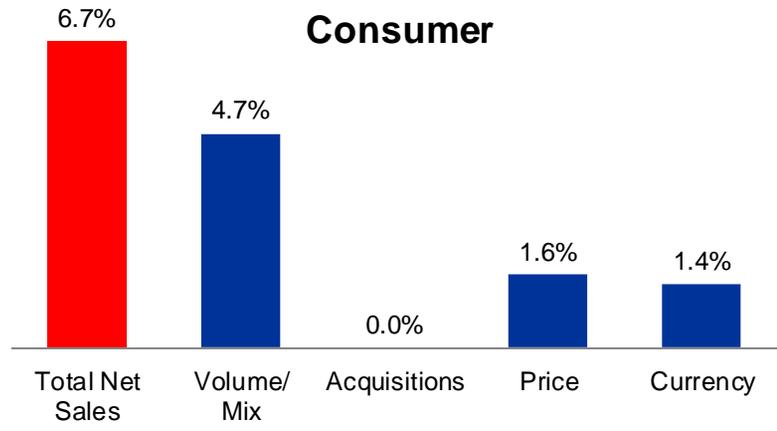


1Q 2013 Sales results

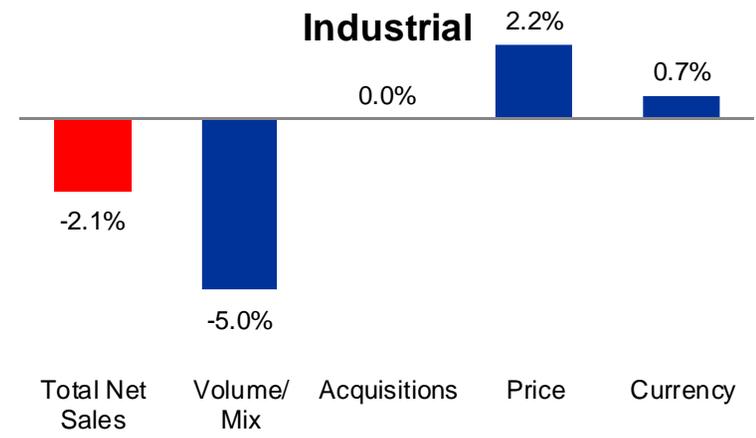
Total Company



Consumer



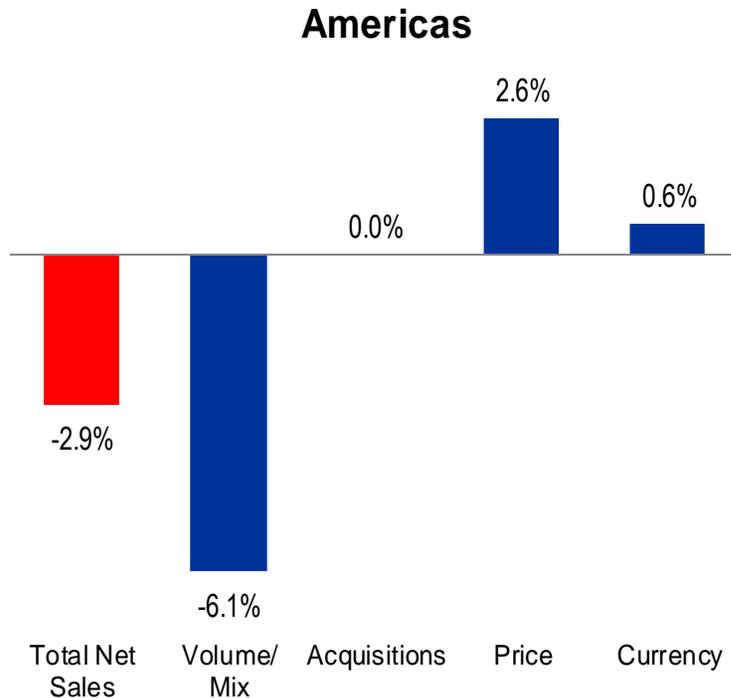
Industrial



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1Q 2013 Sales results: Industrial business



- ❖ Branded food service sales comparable to 1Q 2012, slight decline in sales to food manufacturers, significant decline in sales to quick service restaurants
- ❖ Expect improvement in next few quarters with new products

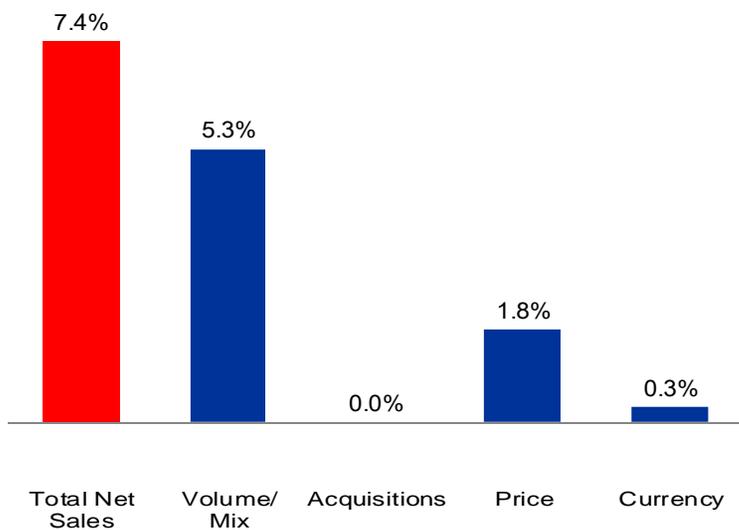
Compares to 15% sales growth in local currency in 1Q 2012, including 9% increase in volume and product mix

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1Q 2013 Sales results: Industrial business

EMEA



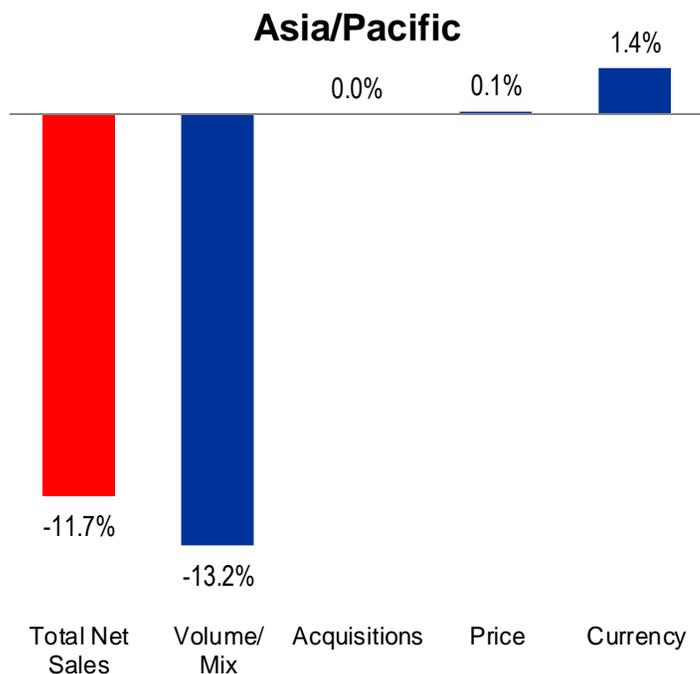
- ❖ Another consecutive quarter of strong growth driven largely by demand from quick service restaurants
- ❖ Broad-based gains with products supplied from U.K., Turkey and South Africa

Compares to 10% sales growth in local currency in 1Q 2012, including 8% increase in volume and product mix

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1Q 2013 Sales results: Industrial business



- ❖ Lower consumer demand at quick service restaurants in China
- ❖ Situation expected to improve in the next few quarters

Compares to 22% sales growth in local currency in 1Q 2012, including 19% increase in volume and product mix

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1Q 2013 Operating income: Industrial business

	1Q 2013	1Q 2012	Fav(Unfav) Change
Operating income	\$24.3	\$31.1	(22)%

- ❖ Unfavorable impact from lower sales, material cost inflation, increased retirement benefit expense, business mix
- ❖ Offset in part by CCI cost savings and partial recovery of 4Q 2012 supplier quality charge

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Operating income, gross profit, SG&A

	1Q 2013	1Q 2012	Fav(Unfav) Change
Operating income	\$112.0	\$112.5	0%
Gross profit margin	38.7%	39.2%	(50 bps)
Selling, general & administrative expenses as percent of net sales	26.7%	26.8%	10 bps

- ❖ As projected, 1Q 2013 operating income comparable to 1Q 2012; favorable impact of higher sales and CCI cost savings, offset by higher material cost and approximately \$5 million increase in retirement benefit expense
- ❖ Material cost increase unfavorably impacted gross profit margin; expected to improve in second half of 2013

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Income taxes

	1Q 2013	1Q 2012
Income taxes	\$28.1	\$30.0
Income tax rate	28.5%	30.0%

- ❖ Favorable tax rate 1Q 2013 due to discrete tax item
- ❖ Expect tax rate for next three quarters of 2013 to be approximately 29.5%

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Income from unconsolidated operations

	1Q 2013		1Q 2012	Fav(Unfav) Change
Income from unconsolidated operations	\$5.4	⋮	\$4.6	17%

- ❖ Strong start to year lead by McCormick de Mexico joint venture which grew sales by 15%
- ❖ Improved performance with Eastern joint venture in India

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Earnings per share of \$0.57

	1Q 2013		1Q 2012	Fav(Unfav) Change
Earnings per share	\$0.57	:	\$0.55	4%

- ❖ Increase due in part to lower tax rate, higher unconsolidated operations, lower shares outstanding
- ❖ Increase in operating income constrained by higher material cost and increased retirement benefit expense; increased retirement benefit expense lowered 1Q 2013 EPS approximately \$0.03

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Strong cash flow and balance sheet

- ❖ Cash flow from operations \$32 million, up from \$23 million in 1Q 2012
- ❖ Improvement led by slight decrease in inventory in 1Q 2013 compared to significant increase in 1Q 2012
- ❖ \$77 million remains on \$400 million share repurchase authorization
- ❖ Plan to refinance \$250 million of debt maturing in 2012 with medium-term notes

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2013 Outlook

Sales growth in local currency

Components:

Operating income

Gross profit margin

CCI cost savings

Material cost increases

Incremental brand marketing

Increase in retirement benefit expense

Income from unconsolidated operations

Tax rate

Earnings per share

Capital expenditures

Shares outstanding

3% - 5%

2% - 4% volume/mix, 1% pricing

6% - 8%

~50 bps increase

At least \$45 million

~3% increase

In-line with sales growth

\$22 million

~10% increase

~29.5% (next 3 quarters)

\$3.15 - \$3.23

\$120-\$130 million

~1% reduction

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2013 Outlook

Expect 2Q 2013 earnings per share to be comparable to \$0.60 in 2Q 2012 as a result of:

- ❖ Continued pressure from material cost and approximately \$5 million increase in retirement benefit expense
- ❖ Planned brand marketing support that is approximately \$5 million higher than year-ago period

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