



# Flavor Forward

2016 ANNUAL SHAREHOLDERS MEETING



# Alan Wilson

Executive Chairman

*McCormick Brings Passion to Flavor™*



# Five Pillars



Passion for  
*Flavor*™



Power of  
*People*™



Taste You  
*Trust*™



Inspiring  
*Healthy Choices*

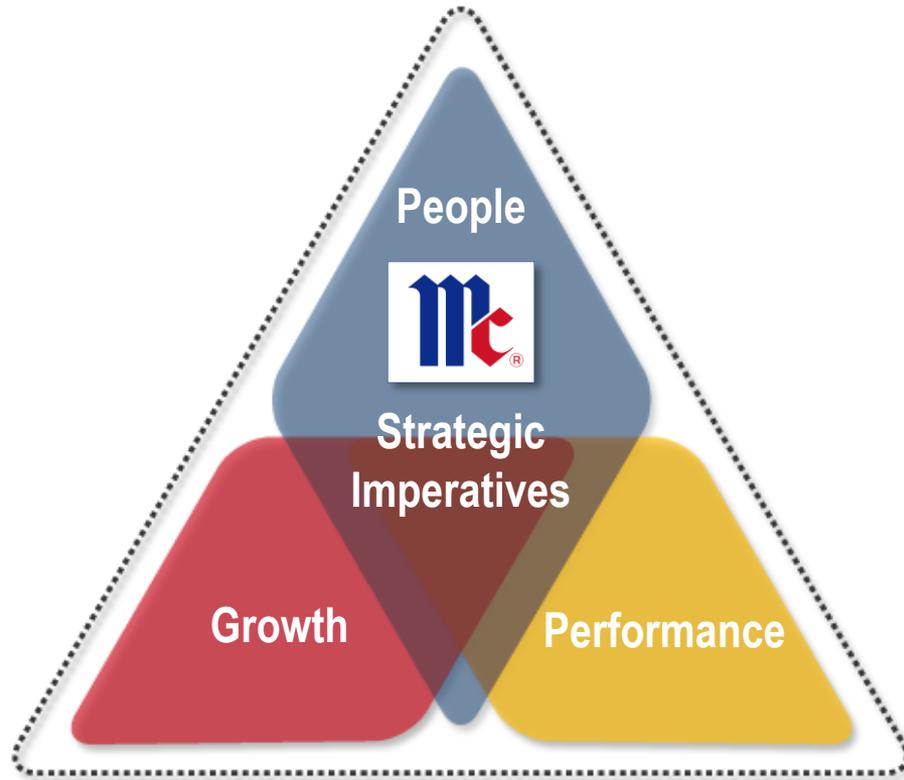


Delivering  
*High Performance*

*McCormick Brings Passion to Flavor*™



# Strategic Imperatives at McCormick





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# Michael Conway



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# Michael Fitzpatrick

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# Freeman Hrabowski

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# Lawrence Kurzius

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# Patricia Little

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# Michael Mangan



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# Maritza Montiel

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# Margaret Preston

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# Gordon Stetz

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# Jacques Tapiero

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# Alan Wilson

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# Gordon Stetz

Executive Vice President and  
Chief Financial Officer

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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,” “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 authorization.

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 inability to achieve expected and/or needed cost savings or margin improvements; the lack of 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.

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# 2015 Results: Sales growth



Percentage change in sales expressed on a constant currency basis excludes the impact of currency. See 2015 Form 10K reconciliation of GAAP to non-GAAP financial results.

- ✓ Building base business
- ✓ Innovating
- ✓ Expanding distribution
- ✓ Acquiring new businesses

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# 2015 Results: Adjusted operating income

5%↑

Constant currency increase

- ✓ Higher sales
- ✓ \$98M cost savings
- ✓ Brand marketing up 6%

Percentage change in adjusted operating income in constant currency excludes the impact of currency and other items affecting comparability. See 2015 Form 10K reconciliation of GAAP to non-GAAP financial results.

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# 2015 Results: Consumer segment



Percentage change in sales expressed on a constant currency basis excludes the impact of currency. See 2015 Form 10K reconciliation of GAAP to non-GAAP financial results.



Percentage change in adjusted operating income in constant currency excludes the impact of currency and other items affecting comparability. See 2015 Form 10K reconciliation of GAAP to non-GAAP financial results.

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## 2015 Results: Industrial segment



Percentage change in sales expressed on a constant currency basis excludes the impact of currency. See 2015 Form 10K reconciliation of GAAP to non-GAAP financial results.

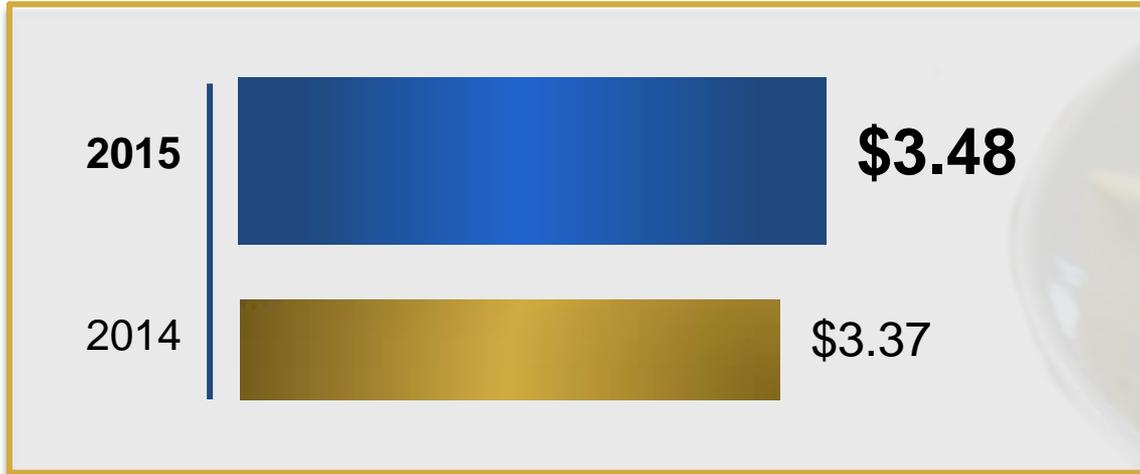


Percentage change in adjusted operating income in constant currency excludes the impact of currency and other items affecting comparability. See 2015 Form 10K reconciliation of GAAP to non-GAAP financial results.

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# 2015 Results: Adjusted earnings per share



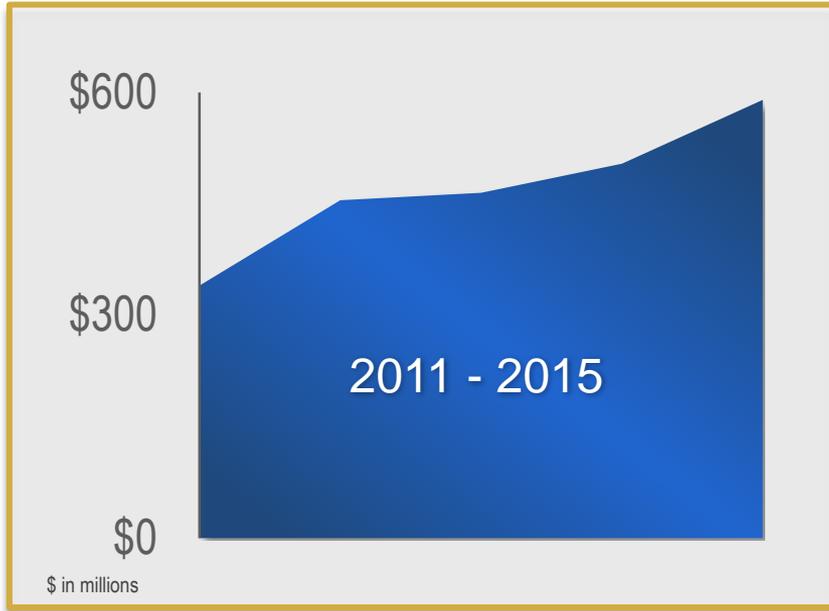
Adjusted earnings per share excludes items affecting comparability. See 2015 Form 10K reconciliation of GAAP to non-GAAP financial results.



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# Cash flow from operations



- ✓ Reached record \$590M in 2015
- ✓ Improvement in working capital
- ✓ Balanced use of cash

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## 2015 Results: Uses of cash

- ✓ Returned record \$351M to shareholders
- ✓ 30<sup>th</sup> consecutive annual dividend increase



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# Outlook 2016

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## 2016 Outlook: Sales

Grow sales  
**4-6%**  
In constant currency



- ✓ Base business
- ✓ Innovation
- ✓ Expanded distribution
- ✓ Pricing
- ✓ Incremental impact from 2015 acquisitions

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## 2016 Outlook: Cost savings

- ✓ At least \$95M in cost savings
- ✓ Announced 4-year \$400M goal



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## 2016 Outlook: Adjusted operating income

9 - 11% ↑

In constant currency

Percentage change from adjusted operating income of \$614 million in 2015, excluding the impact of currency and other items affecting comparability. See 2016 Form 10Q reconciliation of GAAP to non-GAAP financial results.



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## 2016 Outlook: Adjusted earnings per share

**\$3.68 - \$3.75**

Projected adjusted earnings per share excludes an estimated \$0.03 in special charges. See 2016 Form 10Q reconciliation of GAAP to non-GAAP information.

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The background of the slide features three glasses of iced beverages on a rustic wooden table. The glass on the left contains an orange-colored drink with ice. The middle glass contains a green drink with ice and a slice of watermelon. The glass on the right contains a light-colored drink with ice and a slice of peach. The text '2016 First Quarter Results' is overlaid in large white font across the center of the image.

# 2016 First Quarter Results

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# 2016 First quarter results

Sales

7% ↑

In constant currency

Percentage change in sales expressed on a constant currency basis excludes the impact of currency. See Form 10Q reconciliation of GAAP to non-GAAP financial results.

Adjusted operating income

12% ↑

In constant currency

Percentage change in adjusted operating income in constant currency excludes the impact of currency and other items affecting comparability. See 2016 Form 10Q reconciliation of GAAP to non-GAAP financial results.



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## 2016 First quarter results: Adjusted earnings per share

**\$0.74**

Adjusted earnings per share excludes items affecting comparability. See Form 10Q reconciliation of GAAP to non-GAAP financial results.



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# Long-term financial objectives



Sales growth 4-6%

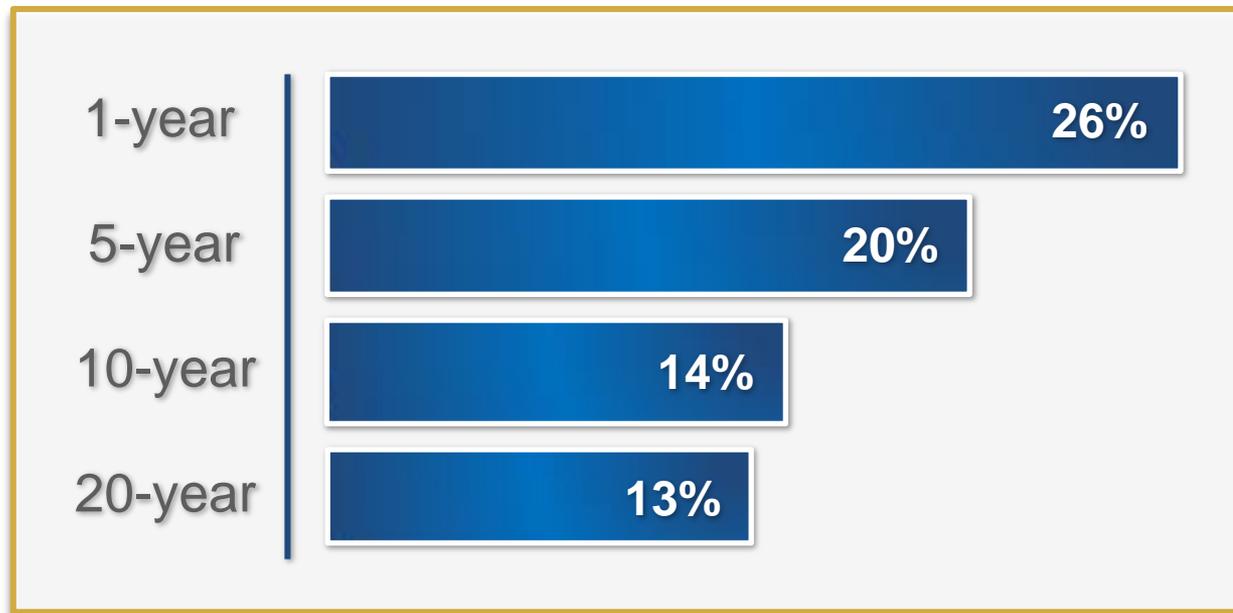
Operating income 7-9%

Earnings per share 9-11%

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# Total annual shareholder return



Periods ending in February



# Delivering high performance

- ✓ Financially disciplined
- ✓ Stepped-up cost savings
- ✓ Investing in growth
- ✓ Driving sales and profit
- ✓ Generating significant cash flow
- ✓ Strong balance sheet



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A professional headshot of Lawrence Kurzius, a man with a mustache, wearing a dark suit, light blue shirt, and red striped tie. He is smiling slightly and looking towards the camera. The background is white with a red curved banner at the bottom.

# Lawrence Kurzius

President and Chief Executive Officer

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# Great leadership



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# 2015 Drivers

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# U.S. Consumer business



# Acquisitions



**BRAND**  
AROMATICS



# Global Industrial segment



# Right people and right culture



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# Flavor Forward

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# Key Trends



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# Global portfolio aligned with direction of today's consumer

Delicious

Familiar, recognizable,  
and traditional

Affordable

High quality



Consistent and reliable...  
a good friend

Savory,  
flavorful

Convenient

Fresh

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Millennials

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**+70%** increase in  
purchasing power by 2020

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**64%** of Millennials  
“love to cook”



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**~80%** of Millennials view  
McCormick brand spices as  
“best” or “one of the best”



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Health and Wellness

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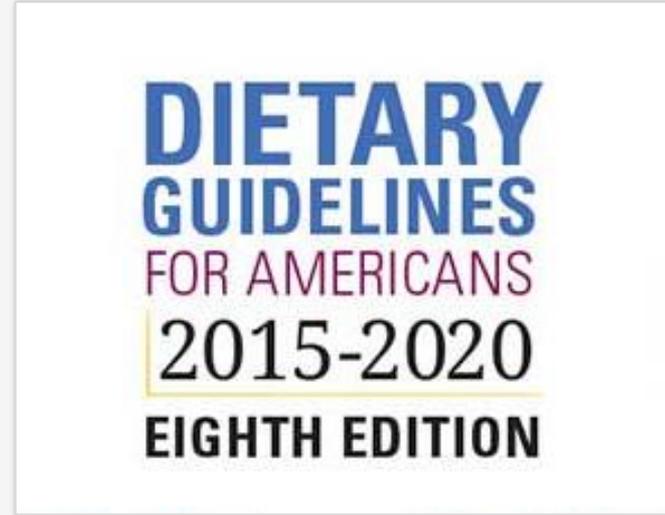
# Global portfolio aligned with today's consumer



HOW YOU CAN  
REDUCE SODIUM *in* SCHOOL MEALS

- 1 USE HERBS & SPICES**  
Feature "Flavor Stations" in your cafeteria where students can add seasonings (without added sodium) that appeal to their tastes.
- 2 EXPLORE NEW RECIPES**  
Find large quantity recipes for school food service on the new recipe Web site, <http://www.WhatsCooking.fns.usda.gov>.
- 3 ORDER USDA FOODS**  
Stretch your budget and serve nutritious foods by planning your school meals around no-salt-added or low-sodium USDA Foods.
- 4 CONTACT VENDORS**  
Write bid specs that request lower sodium options. Depending on the brand, a food item may have different amounts of sodium.

Check out all of our resources at the "What's Shaking?" Web site:  
[HTTP://HEALTHYMEALS.NAL.USDA.GOV/WHATSSHAKING](http://HEALTHYMEALS.NAL.USDA.GOV/WHATSSHAKING)



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# Inspiring Healthy Choices



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Quality



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*Taste You Trust™*



**OREGANO.  
NO ADDED FILLERS.**

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*Taste You Trust™*



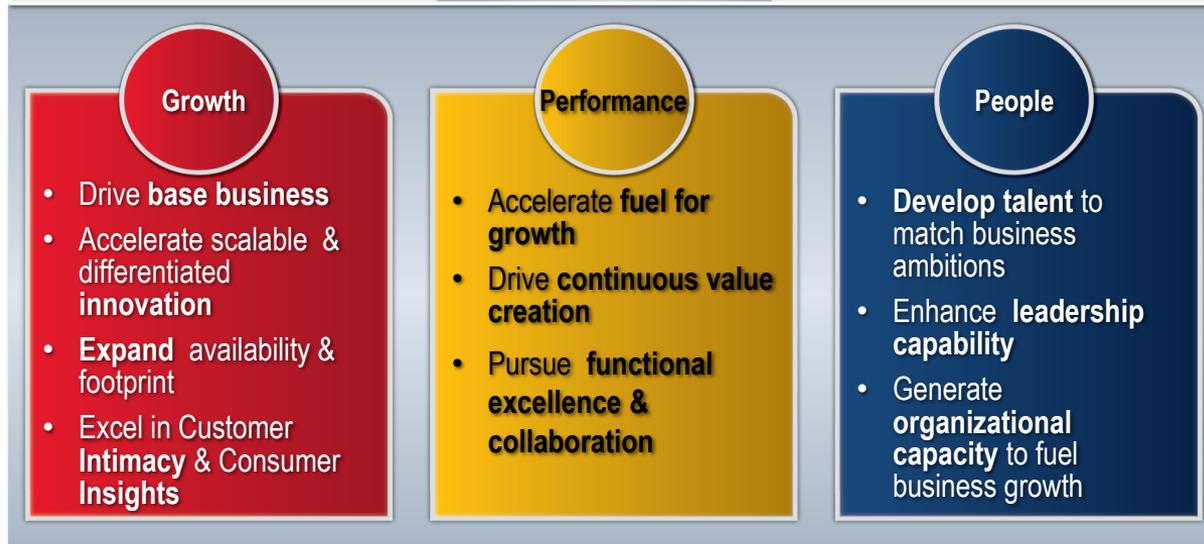
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# Our Strategic Roadmap



***“Our Mission is to save the world from boring food”***



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# Our Strategic Roadmap

**Growth**

## → Drive base business

- Accelerate scalable & differentiated **innovation**
- **Expand** availability & footprint
- Excel in Customer **Intimacy** & Consumer **Insights**

**Growth: Long-term goal 4 – 6%**



Base Business

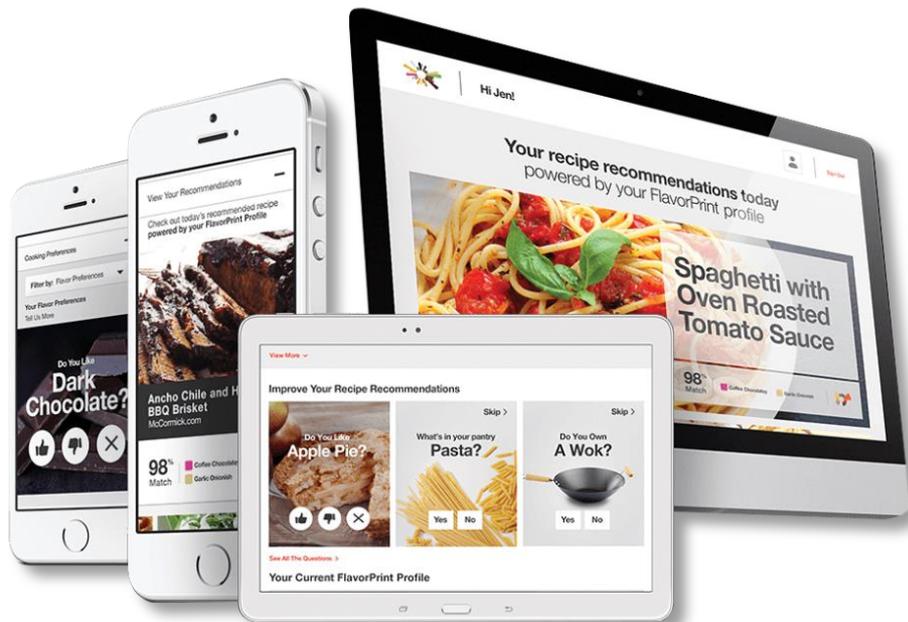
New Products

Acquisitions

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# Drive base business



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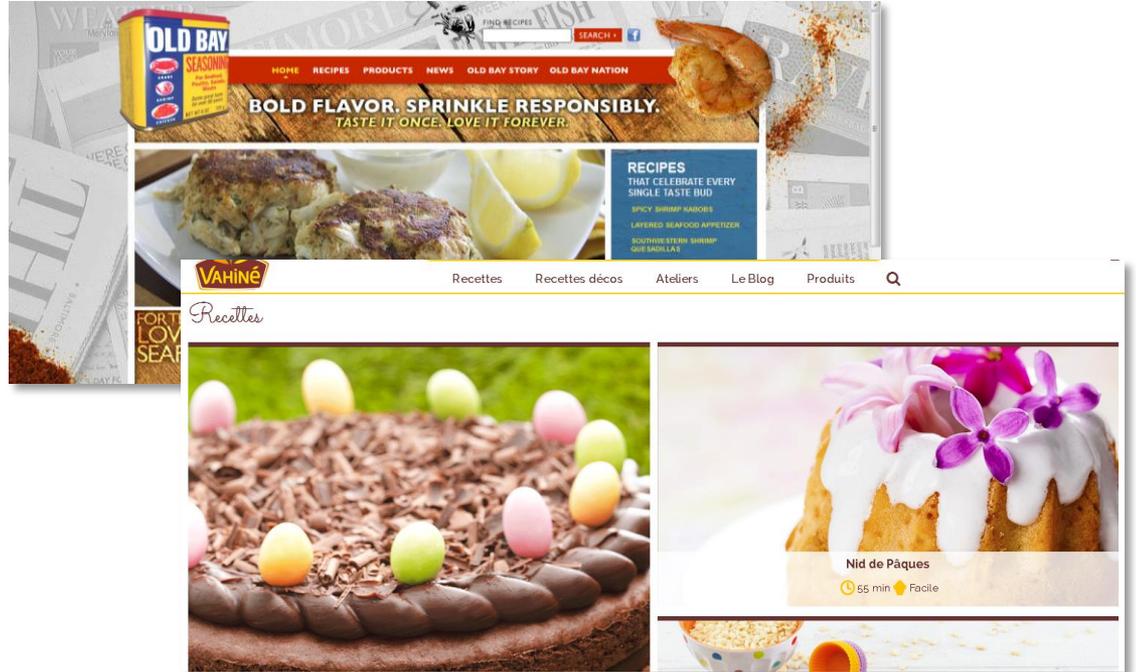


# Drive base business

~50

websites globally

European website  
views up 200%  
vs year ago



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# Drive base business



On-trend Flavor Forecast® - linked flavors

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# Drive base business



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# Drive base business



Organic



Non-GMO

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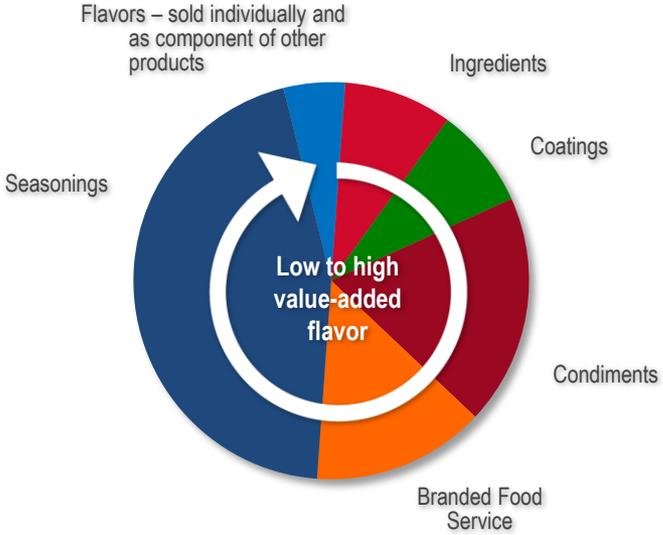
# Drive base business



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# Drive base business



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# Drive base business



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China



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# Our Strategic Roadmap

## Growth

- Drive **base business**
- Accelerate scalable & differentiated **innovation**
- **Expand** availability & footprint
- Excel in **Customer Intimacy** & **Consumer Insights**

New products launched  
last 3 years

**8%**

of total company sales

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# Flavor Forecast<sup>®</sup> 2016



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Accelerate innovation

18

Innovation Centers  
and Product  
Development Labs  
worldwide



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# Accelerate innovation



Gluten free recipe mixes – U.S.  
and Canada



Authentic ethnic cuisine recipe  
mixes – U.K.



Convenient meal solution recipe  
mixes – Poland

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Herb Grinders

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# Accelerate innovation



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# Accelerate innovation



Grill Mates Marinades



Kitchen Basics Organic



Thai Kitchen Organic  
Coconut Milk

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# Accelerate innovation



Canada

Australia

U.S.

Poland and  
Russia

U.K.

France

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# Accelerate innovation



Ducros Gourmet  
spice line



Gourmet pepper  
grinders in France



Premium grinder in  
Poland and Russia

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# Accelerate innovation



France dessert items



Australia gelatin products

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# Accelerate innovation

Broad on-trend  
innovation capability  
including:

Beverages

Snacks

Ethnic cuisine

Health and Wellness



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# Our Strategic Roadmap

## Growth

- Drive **base business**
- Accelerate scalable & differentiated **innovation**

→ **Expand**  
availability  
& footprint

- Excel in Customer  
**Intimacy & Consumer  
Insights**

Target **1/3** of our sales  
growth from acquisitions

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# Expand availability and footprint



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Expand availability and footprint

Great global  
acquisition pipeline



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# Expand availability and footprint



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# Our Strategic Roadmap

## Growth

- Drive **base business**
- Accelerate scalable & differentiated **innovation**
- **Expand** availability & footprint

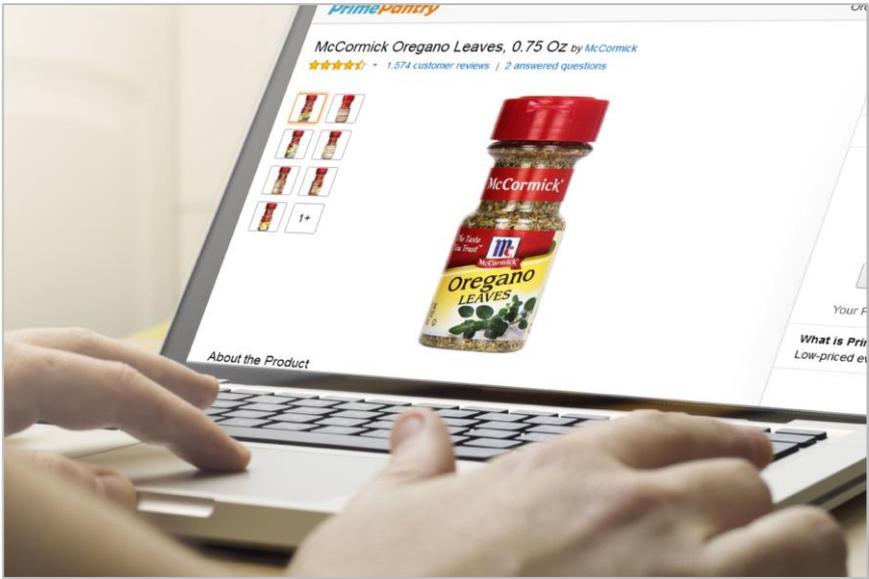
→ Excel in Customer  
**Intimacy &  
Consumer  
Insights**

Category management  
tools spend up **500%**  
over prior year

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# Excel in Customer Intimacy and Consumer Insights



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# Excel in Customer Intimacy and Consumer Insights

Ranked **Global Flavor Supplier** by 3 top food and beverage companies

Won **>80%** of new product briefs with top industrial customer



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# Excel in Customer Intimacy and Consumer Insights



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# Our Strategic Roadmap



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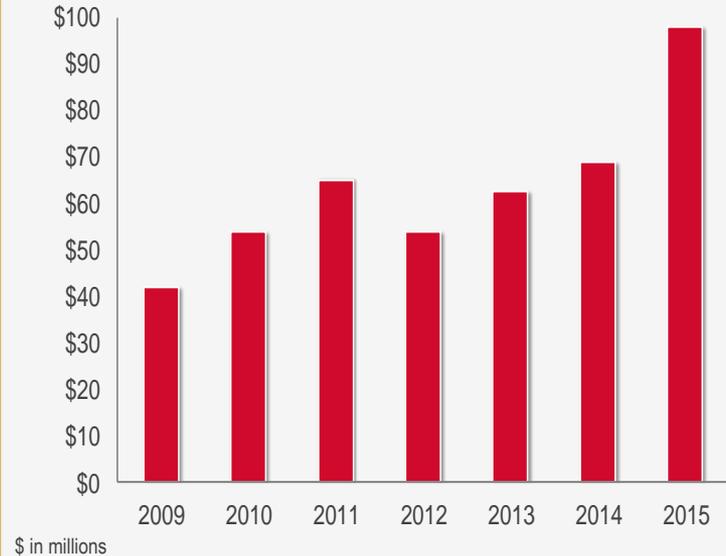


## Accelerate fuel for growth

CCI - Comprehensive  
Continuous Improvement

~\$450 million  
in cost savings since inception

### Annual cost savings



Includes cost savings from both CCI and organization and streamlining actions

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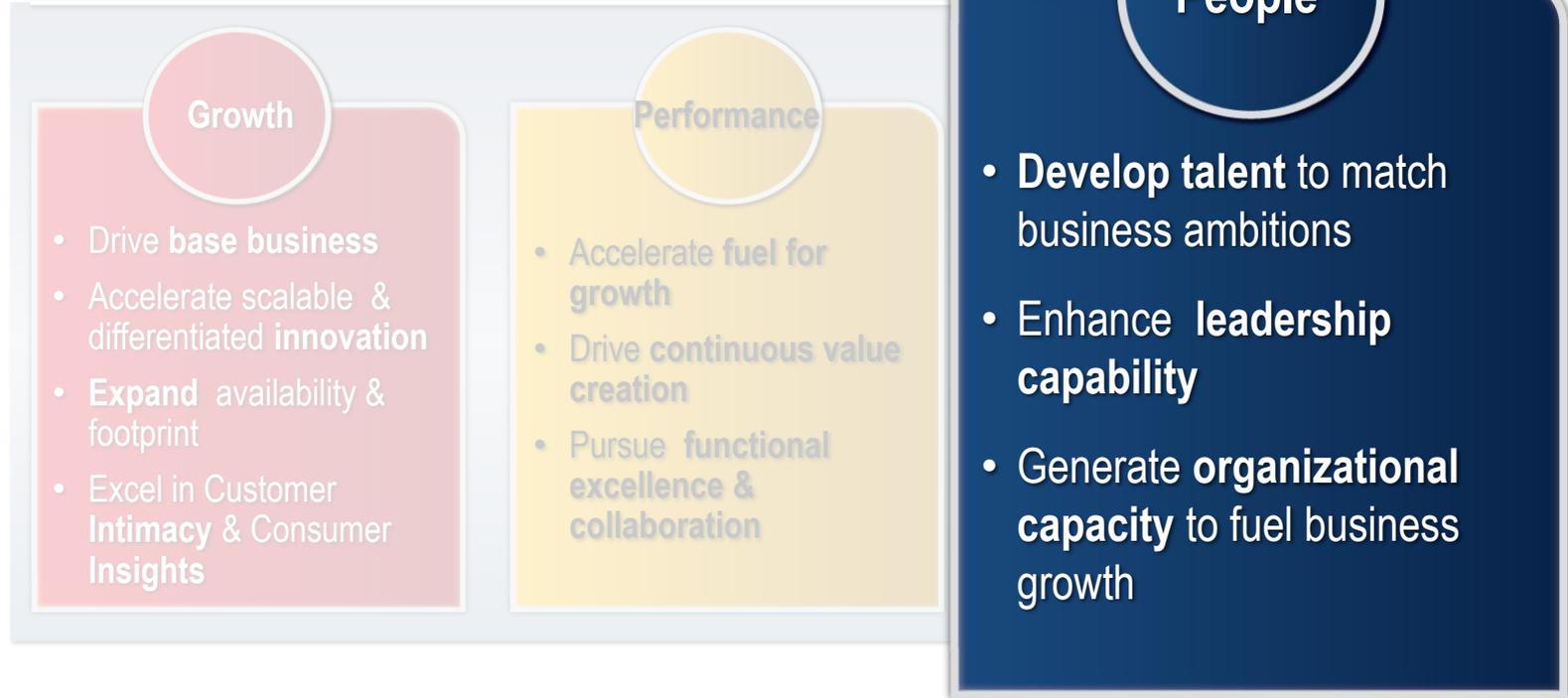
A photograph of three McCormick employees in a factory setting. They are wearing white lab coats and hairnets. The employee on the right is holding a small green packet of McCormick's Cinnamon. They are all smiling and looking at the product. In the background, there are stacks of green boxes and industrial machinery.

New CCI 4-year \$400M  
cost savings target

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# Our Strategic Roadmap



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# People

- ✓ Teamwork
- ✓ Engagement
- ✓ Accountability

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# Project HUB



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# Charity Day



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[www.ritas.com](http://www.ritas.com)

Flavor For Life



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Farmer support

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Transparency

**>70%**

of McCormick brand spices,  
herbs, extracts in U.S. will be  
Non-GMO within one year



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## Diversity and Inclusion

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# Our Strategic Roadmap



## McCormick 2020 Strategic Roadmap

*“Our Mission is to save the world from boring food”*

*“McCormick brings the joy of flavor to every day”*



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# Flavor Forward

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