



McCormick Acquisition of FONA International, LLC

December 30, 2020

**BUILDING THE
McCORMICK OF THE
FUTURE**

FONA
INTERNATIONAL

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 expected impact of the acquisition of FONA International, LLC ("FONA"), including among others, on McCormick's net sales, expected trends in net sales and earnings performance and other financial measures; expectations regarding improved scale, growth potential in our flavor platform, including the impact from a broadened product offering, expanded technological capabilities, clean and natural leadership, and enhanced customer partnerships; expectations regarding acceleration of growth in the flavors category; expectations regarding the acceleration of strategic migration of the portfolio; the realization of anticipated cost synergies, margin expansion and adjusted earnings per share accretion from the acquisition; the ability to create shareholder value through acquisitions; the impact of COVID-19 on FONA's business, supply chain, suppliers, consumers, customers and employees; 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 and the ability to issue additional debt or equity securities.

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 failure to retain key employees of FONA; issues or delays in the successful integration of FONA's operations with those of McCormick, including incurring or experiencing unanticipated costs and/or delays or difficulties; difficulties or delays in the successful integration of FONA's business as well as risks associated with the integration of the operations, systems and personnel of FONA; 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; unexpected events or public health crises, including the ongoing effects of COVID-19; the effects of the increased levels of debt service following the FONA acquisition, as well as our other recent acquisition, as well as the effects that such increased debt service may have on McCormick's ability to borrow or the cost of such additional borrowing, our credit rating and our ability to react to certain economic and industry conditions; 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, 2019 and Quarterly Reports on Form 10-Q for each of the quarters in the nine months ended August 31, 2020.

Actual results could differ materially from those projected in the forward-looking statements. The company 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.

McCORMICK ACCELERATES FLAVOR GROWTH WITH ACQUISITION OF FONA INTERNATIONAL, LLC



McCormick acquired FONA International, LLC (FONA), a leading manufacturer of flavors

- Scales global flavors platform with addition of highly complementary products and customers
- Accelerates strategic migration of portfolio to more value-add and technically insulated products
- Strengthens clean and natural flavor leadership, technology platform and capabilities
- Uniquely positions McCormick to provide customers with a more comprehensive product offering



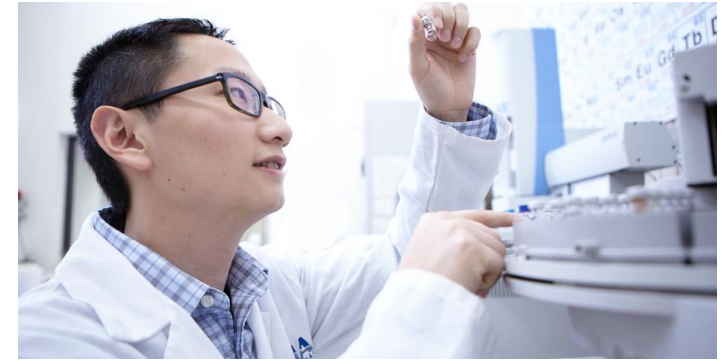
McCormick acquired FONA for approximately \$710 million in cash

- Expected 2020 FONA sales of \$114 million and adjusted EBITDA of \$30 million
- Accretive to total McCormick and Flavor Solutions segment gross margins

FONA IS AN INDUSTRY-RENOWNED FLAVOR HOUSE



- **Advanced technologies** and capabilities across a **broad set of applications** with a focus on **nutritional and natural**
- **Flavor development for attractive** and **fast-growing categories** including **performance nutrition** and **health**
- **Broad capabilities** in **beverage, health** and **bakery/confectionary** applications
- **Diversified** and **attractive customer base**
- **~220 employees** with **top flavor talent**
- **State-of-the art manufacturing** facility and technical **innovation center** in Geneva, Illinois
- **Commitment to customers, employees, sustainability** and industry leading financial performance



WIN WITH LEADERSHIP

- Accelerates global **flavors** platform
- Advances **health & wellness**
- Strengthens **customer intimacy**



McCORMICK'S FOCUS ON GROWTH REINFORCED WITH ACQUISITION OF FONA

McCORMICK HAS A STRONG HISTORY OF CREATING VALUE FROM ACQUISITIONS



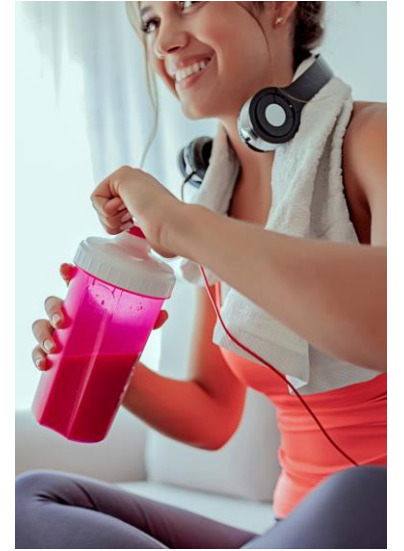
Broadens product offering and accelerates flavor growth



Expands capabilities and technology platform



Strengthens clean and natural leadership



Enhances customer intimacy and partnerships

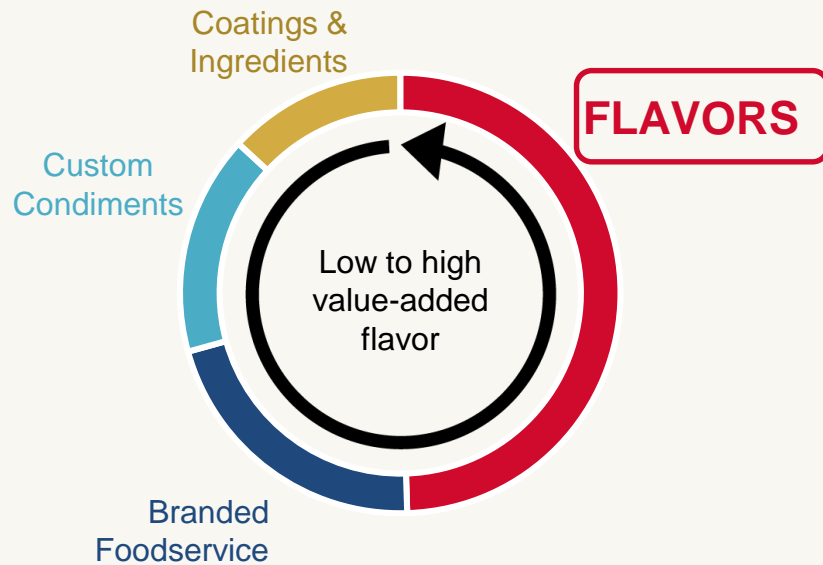


Accretive to gross margin

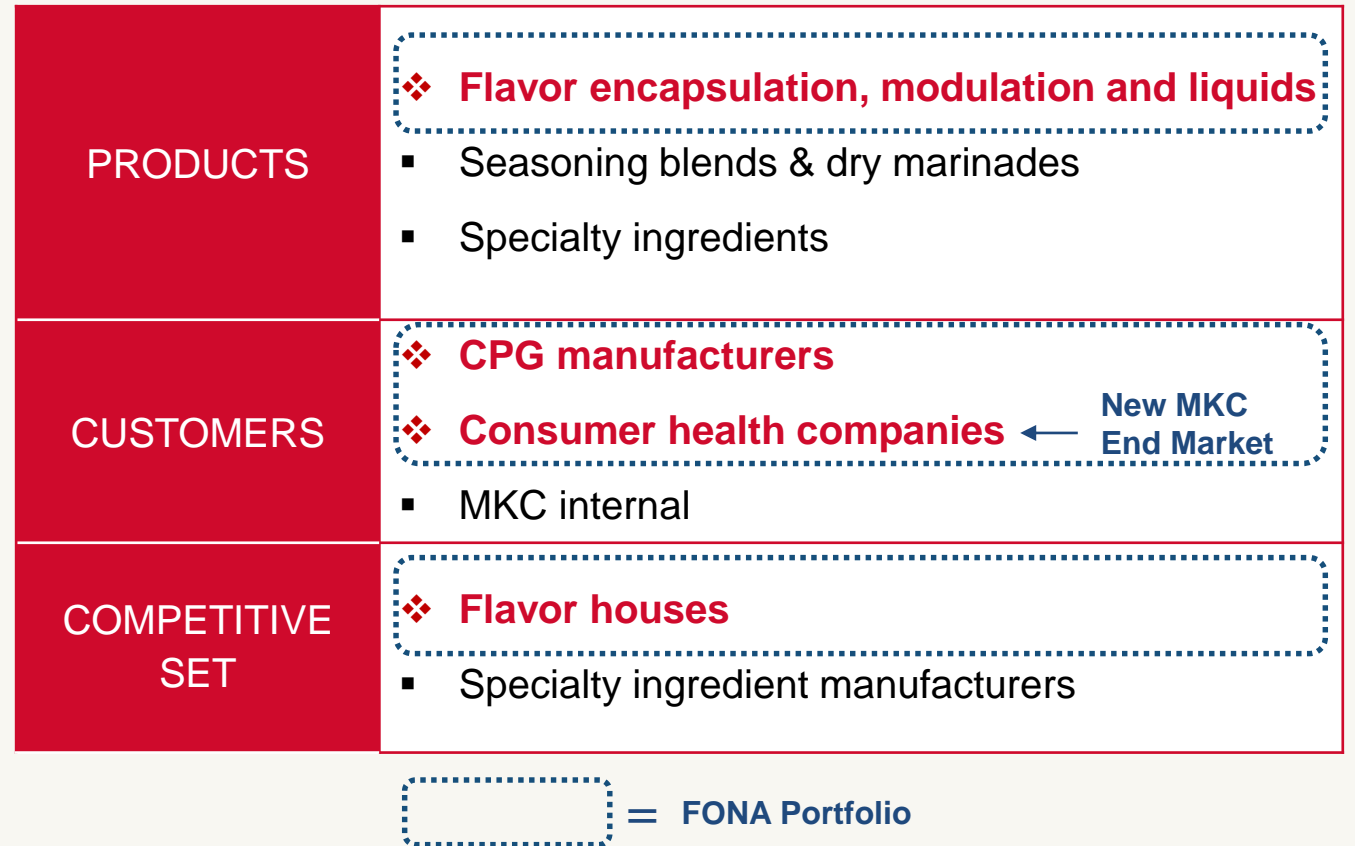
ACCELERATES FLAVOR GROWTH

SHIFTS FLAVOR SOLUTIONS PORTFOLIO TO MORE VALUE-ADD

FY 2019 MKC FLAVOR SOLUTIONS NET SALES



ADVANCES FLAVORS' PRODUCT OFFERINGS, CUSTOMERS AND COMPETITIVE POSITION



BROADENS VALUE-ADDED PRODUCT OFFERING

DIVERSE PORTFOLIOS ARE HIGHLY COMPLEMENTARY

RANGE OF APPLICATIONS ACROSS ATTRACTIVE CATEGORIES

McCORMICK

FONA

DAIRY



Fresh Cheese,
Ice Cream, Yogurt &
Drinking Yogurt

SNACKS



Savory Snacks
Crisps

SAVORY



Ready meals,
Plant-based
proteins, Sauces,
Marinades/Stocks
& Pet Food

+
Pet Food

BAKERY /
CONFECTIONARY



Breakfast Cereals,
Bars, Cakes,
Biscuits & Sweets

+
Breakfast Cereals,
Bars, Cakes,
Biscuits, Sweets,
Gum & Mints

BEVERAGE



Carbonated, Still,
Alcoholic &
Coffee/Tea

+
Performance
Nutrition,
Dairy/Dairy
Alternatives, Drink
Mixes & Coffee/Tea

HEALTH



Allergy, Antacid &
Pain Relief
Chews/Liquid,
Gummy Vitamins
& Cough Drops

INCREASED CAPACITY, SCALE AND TECHNICAL BENCH STRENGTH TO ACCELERATE GROWTH

ADVANCES McCORMICK'S HEALTH AND WELLNESS PORTFOLIO

EXPANDS CAPABILITIES AND TECHNOLOGY PLATFORM



Proprietary
Encapsulation &
Modification Technologies



Proprietary
Technology
Platform



STRENGTHENS CLEAN AND NATURAL LEADERSHIP

- Bolsters McCormick's leadership position in **clean label, organic, natural extracts** and **better-for-you solutions**

- ~75% of FONA's flavor portfolio is **natural**



ENHANCES CUSTOMER INTIMACY AND PARTNERSHIPS

A SHARED PASSION FOR SERVICING OUR CUSTOMERS



CUSTOMER INTIMACY APPROACH

DIFFERENTIATED BEST-IN-CLASS CUSTOMER ENGAGEMENT



Talent

Functional Expert to Functional Expert



Culinary Focus

Food & Beverage



Consumer Insights

Consumer & Culinary Trends
Consumer Preferred Flavor Profiles



Technology Platform

Clean & Natural Flavor, Modulation & Flavor Delivery



Applications & Applied Science

Food Science & Flavor Technology
Food & Beverage Model Systems



HIGH-TECH, HIGH-TOUCH CUSTOMER ENGAGEMENT

CUTTING-EDGE TECHNOLOGY



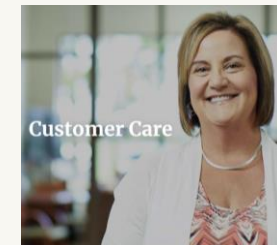
Easy Access



Speed of Service

PERSONAL CUSTOMER SERVICE

FAST ACCURATE FRIENDLY



COMBINATION OF COMPLEMENTARY GLOBAL & MID-TIER CUSTOMERS EXTENDS REACH



ALIGNMENT WITH OUR PIPELINE STRATEGY AND HISTORY

STRENGTHEN
LEADERSHIP
POSITIONS

CAPABILITY
AND CATEGORY
EXPANSION

GREATER
GLOBALIZATION
AND SCALE



CREATING VALUE WITH ACCRETIVE SALES AND MARGIN



Value Creation

- \$710 million transaction value implies a multiple of 23.5x 2020E adjusted EBITDA pre-synergies or 16.6x including anticipated run-rate cost synergies and tax attributes¹
- Expected mid-to-high single digit sales growth accretive to long-term organic sales objective
- Gross margin accretion anticipated in McCormick and Flavor Solutions segment
- Expected to be neutral to fiscal 2021 adjusted EPS² and with fully realized synergies ~1% accretive. These estimates include ~2% dilutive impact from ongoing amortization expense



Synergies and One-time Costs

- Approximately \$7 million in cost synergies anticipated annually, fully realized by the end of fiscal 2023
- Additional revenue synergies are expected through customer cross-selling
- Approximately \$30 million in one-time transaction and integration costs



Capital Structure

- All cash transaction funded by a combination of cash and commercial paper
- Continued commitment to strong Investment Grade rating
- Expect to delever to ~3.0x by end of fiscal 2022 after leverage ratio increase post Cholula & FONA acquisitions
- No change to dividend policy

Notes:

1. Includes net present value of tax benefit from step-up of \$93 million

2. EPS adjusted for transaction and integration costs, including certain purchase accounting adjustments

DRIVING SHAREHOLDER VALUE WITH McCORMICK AND FONA'S COMBINED PASSION FOR FLAVOR



Reinforces **McCormick's position** as a **global leader in flavor**



Enhances **scale of our flavors platform**



Strengthens **clean and natural leadership**



Accelerates **global flavor growth**



Drives **margin expansion** and earnings per share **accretion**



Capitalizes on **proven track record of value enhancing acquisitions**



NON-GAAP FINANCIAL MEASURES

Certain disclosures in this presentation and our remarks associated with our acquisition of FONA International, LLC (“FONA”) 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”). We define “Adjusted EPS” as diluted earnings per share, as 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 transaction and integration costs (which may include third party fees and expenses, and integration costs associated with the planned acquisition), 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 upfront costs and organizational/structural impact to require advanced approval of our Management Committee), all net of tax. 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, our “Leverage Ratio” is also determined using non-GAAP measures. A leverage ratio is a widely-used measure of ability to repay outstanding debt obligations. We believe that our Leverage Ratio is a meaningful metric to investors in evaluating our financial leverage and may be different than the method used by other companies to calculate such a leverage ratio. We determine our leverage ratio as net debt (which we define as total debt, net of cash in excess of \$75.0 million) to adjusted earnings before interest, income taxes, depreciation and amortization (“Adjusted EBITDA”). We define Adjusted EBITDA as net income plus expenses for interest, income taxes, depreciation and amortization, less interest income 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), special charges, stock-based compensation expense, and certain gains or losses (which may include third party fees and expenses and integration costs associated with the planned acquisition). Adjusted EBITDA and our leverage ratio are both non-GAAP financial measures. Our determination of the leverage ratio is consistent with the terms of certain of our credit facilities which require us to maintain our leverage ratio below certain levels. Our Leverage Ratio can be temporarily impacted by our acquisition activity.

The Company’s estimate of FONA’s Adjusted EBITDA is based only on projected financial information available 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 metric 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. The Company provides its future expectations as to the effect of the FONA 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.