

# Driving Long-term Profitable Growth

McCormick & Company, Inc.  
2023 Annual Shareholder Meeting



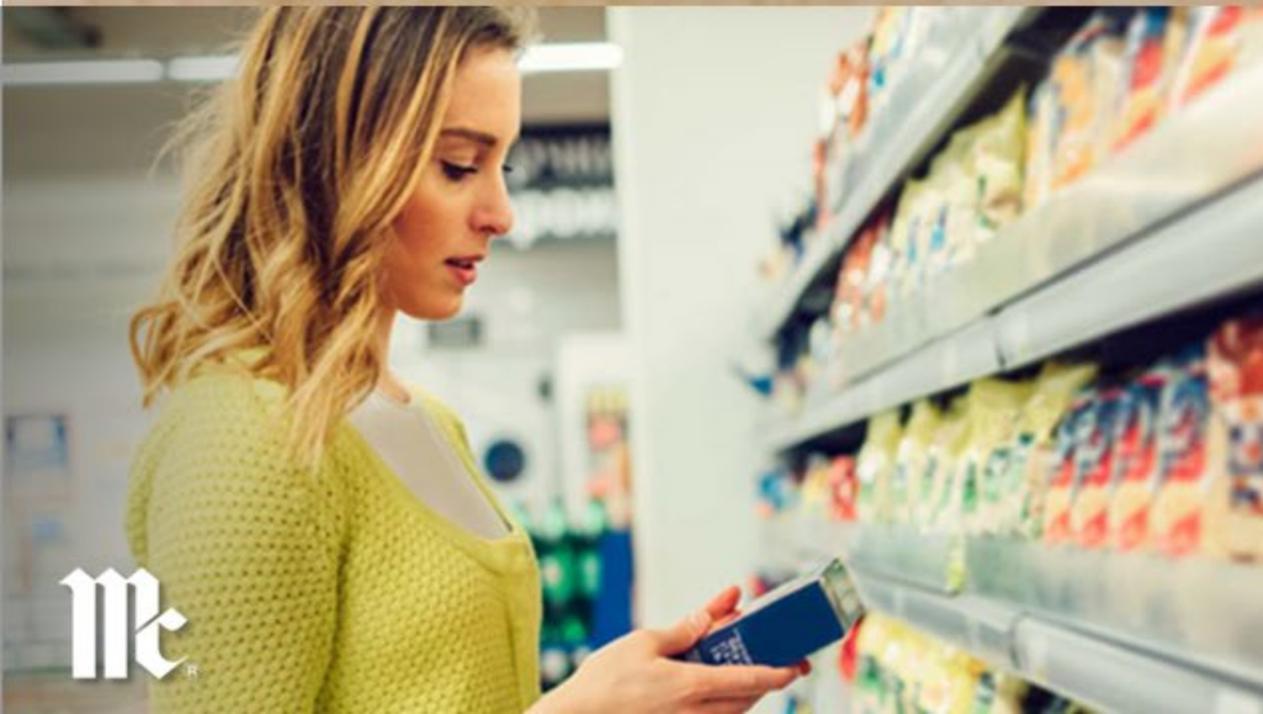


# Lawrence Kurzius

Chairman and  
Chief Executive Officer

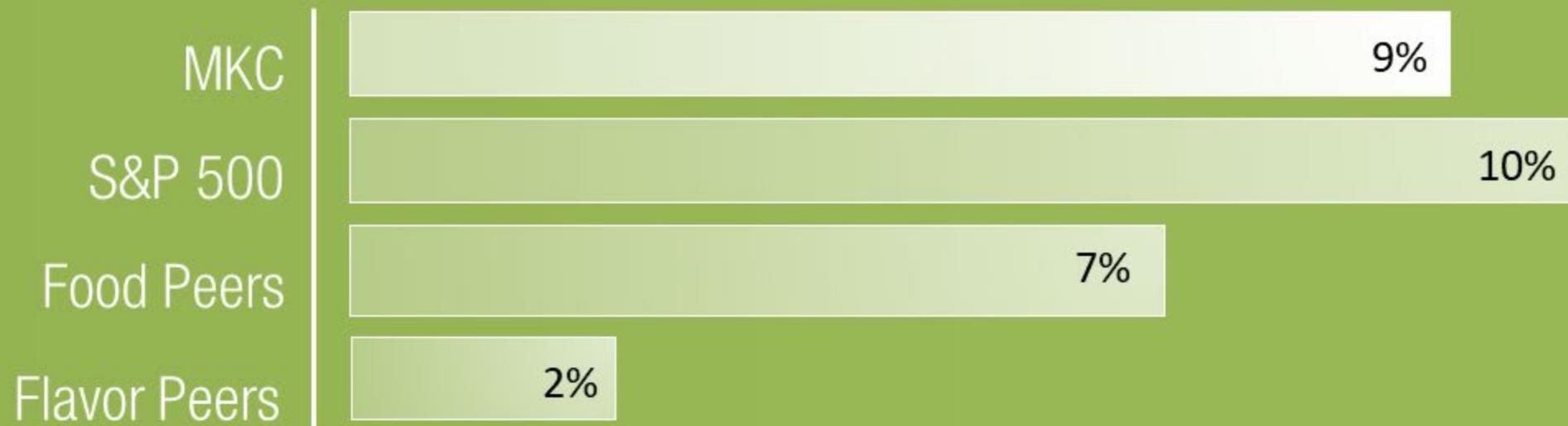


# McCormick Is End-to-End Flavor



# Creating Long-Term Shareholder Value

## Total Annualized Shareholder Return Last 5 Years<sup>1</sup>



1) 5-Year TSR; Factset as of 2/28/2023

**Relentlessly  
Focused On Growth,  
Performance And  
People**



# Driving Global Leadership With The Power Of Our Consumer Brands



# Driving Our Global Flavor Solutions Leadership



# Making Strategic Investments For Growth



# Driving Momentum With The Power Of Our People



# Standing Together For The Future Of Flavor





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**FORMAL  
BUSINESS**





# Jeffery Schwartz

**Vice President, General  
Counsel and Corporate  
Secretary**



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# FORMAL BUSINESS





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# FORMAL BUSINESS





**Anne  
Bramman**



**Michael  
Conway**



**Freeman  
Hrabowski**



**Lawrence  
Kurzius**



**Patricia  
Little**



**Michael  
Mangan**



**Maritza  
Montiel**



**Margaret  
Preston**



**Gary  
Rodkin**



**Jacques  
Tapiero**



**W. Anthony  
Vernon**

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# FINANCIAL PERFORMANCE

The logo consists of a stylized, white, gothic-style letter 'M' with a registered trademark symbol (®) to its right. The background of the entire left side of the image is a close-up photograph of a mortar and pestle containing a brown, granular substance, likely coffee grounds, with some of the substance spilled onto the surface.

**Mike Smith**

**Executive Vice President  
and Chief Financial Officer**

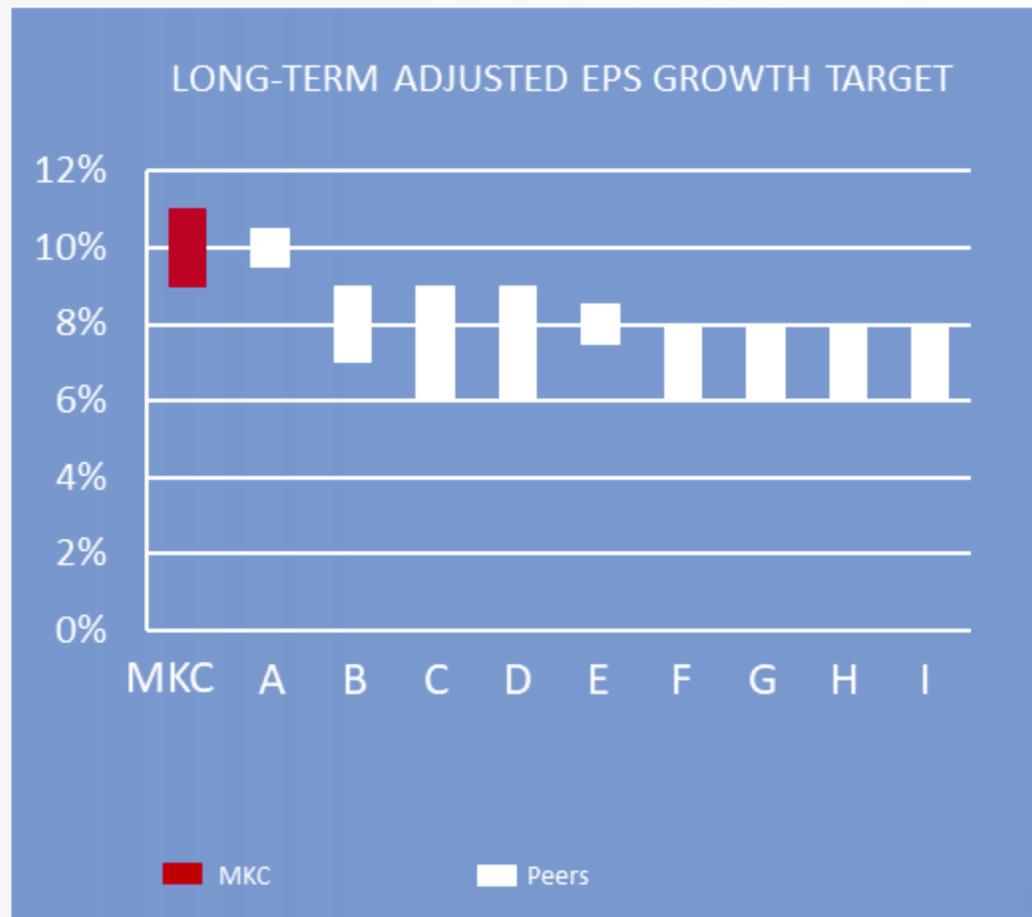
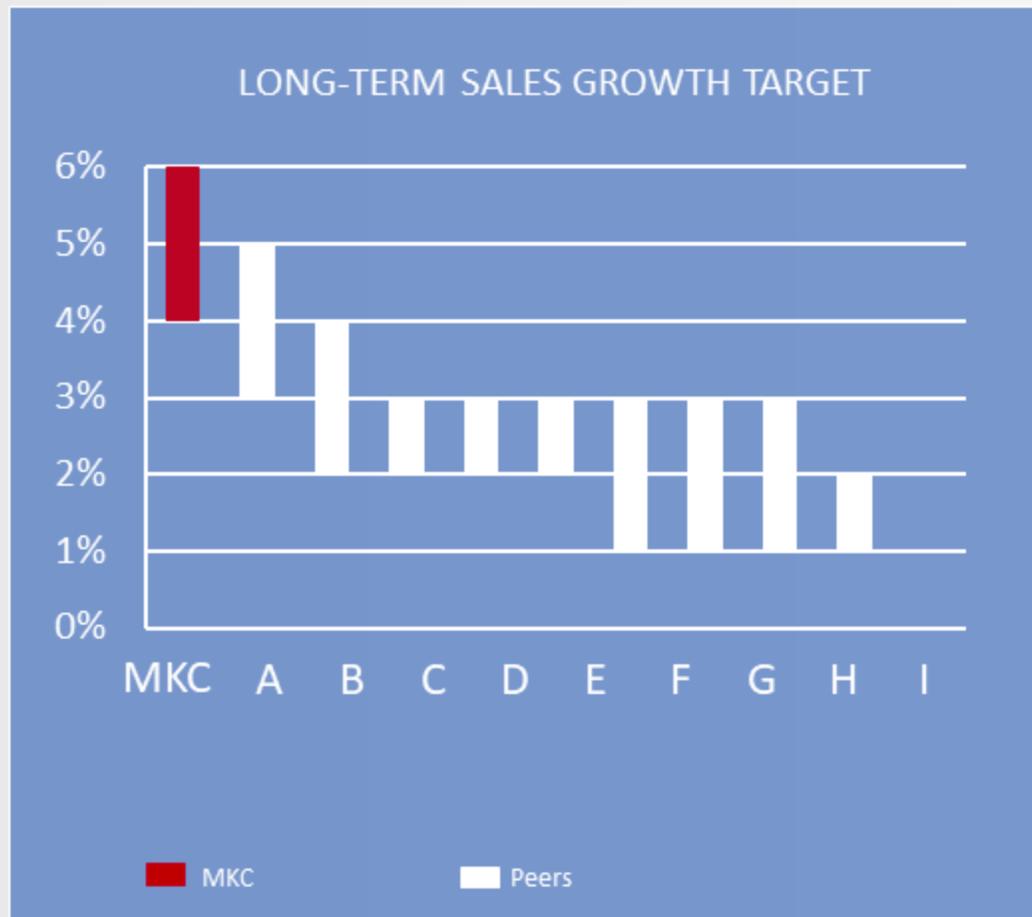




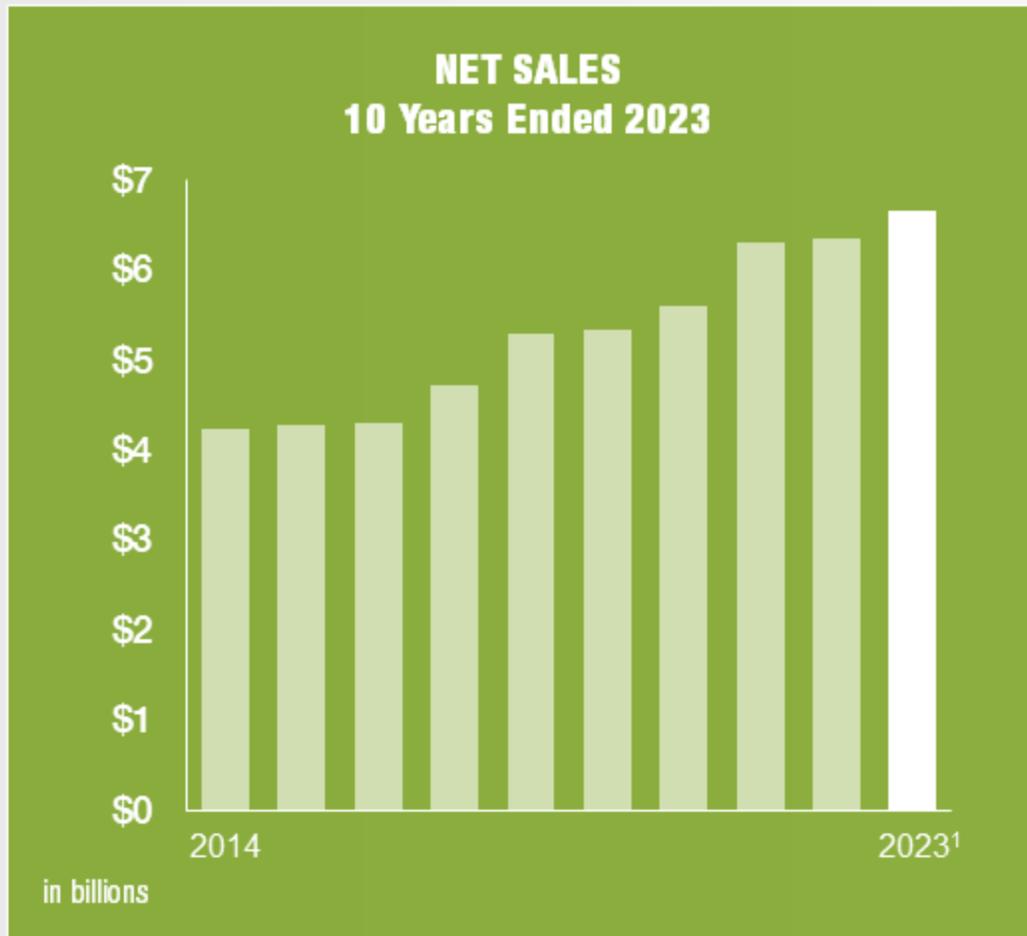
# FINANCIAL OBJECTIVES AND 2022 RESULTS



# DIFFERENTIATED BY TOP-TIER FINANCIAL OBJECTIVES



# CONTINUED STRONG SALES GROWTH TRAJECTORY



## SALES GROWTH +3%

In constant currency

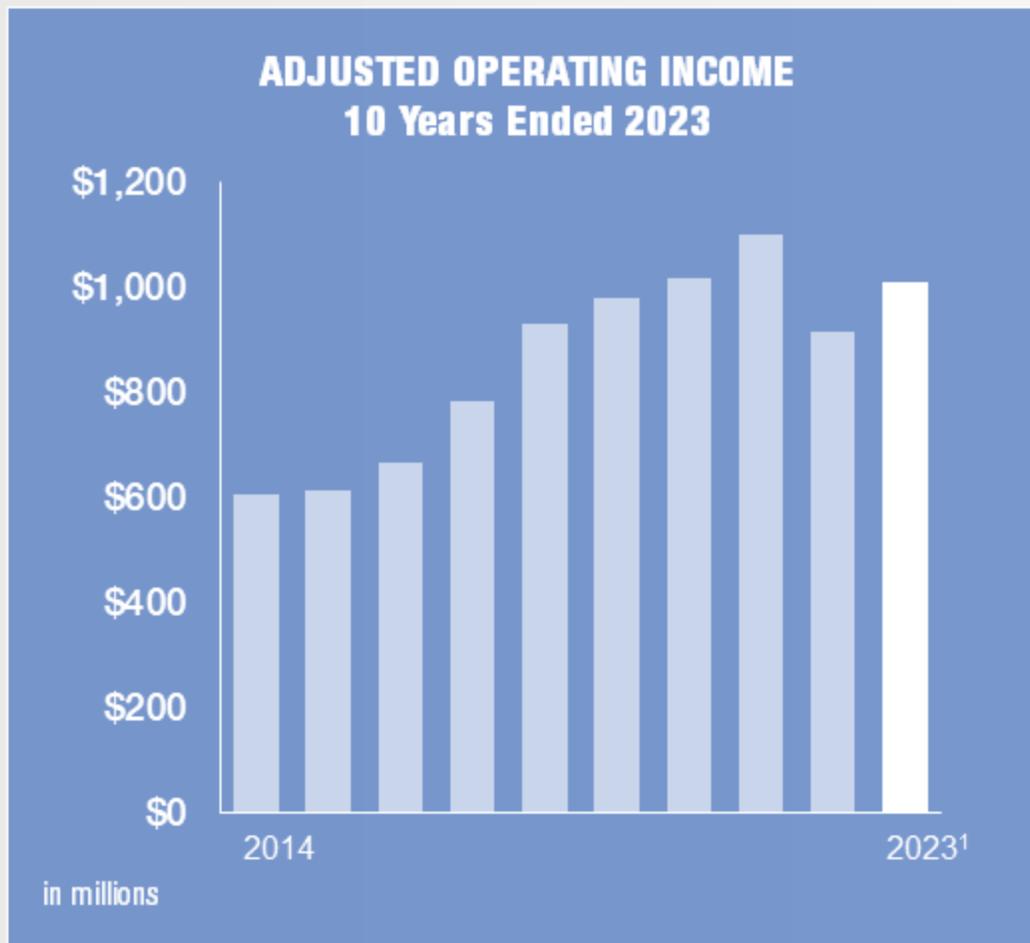
- 
- + STRONG UNDERLYING BUSINESS GROWTH
  - COVID-RELATED DISRUPTIONS IN CHINA
  - KITCHEN BASICS DIVESTITURE
  - EXIT OF LOW MARGIN BUSINESS IN INDIA
  - EXIT OF CONSUMER BUSINESS IN RUSSIA



1) 2023 mid-point of guidance range

The non-GAAP measures included herein, which we refer to as "adjusted", exclude the impact of items affecting comparability between periods. See appendix for the reconciliation of GAAP to non-GAAP financial measures, including the impact of constant currency.

# OPERATING INCOME PRESSURED IN 2022



## ADJUSTED OPERATING INCOME (16%)

In constant currency

- PERSISTENTLY HIGHER COST INFLATION
- BROAD-BASED SUPPLY CHAIN CHALLENGES
- COVID-RELATED CHINA DISRUPTIONS
- CONFLICT IN UKRAINE
- + LOWER SELLING, GENERAL & ADMINISTRATIVE COSTS
- + CCI-LED COST SAVINGS



## ADJUSTED EARNINGS PER SHARE (17%)



1) 2023 mid-point of guidance range

The non-GAAP measures included herein, which we refer to as “adjusted”, exclude the impact of items affecting comparability between periods. See appendix for the reconciliation of GAAP to non-GAAP financial measures, including the impact of constant currency.

# FOCUSED ON PROFIT REALIZATION

- + RECOVER INFLATION WHICH PRICING LAGGED
- + NORMALIZE SUPPLY CHAIN COST STRUCTURE
- + INCREASE ORGANIZATIONAL EFFICIENCY
- + GENERATE CCI-LED COST SAVINGS



# BALANCED USE OF CASH

- ✓ DRIVE PROFITABLE GROWTH
- ✓ RETURN TO SHAREHOLDERS
- ✓ PAY DOWN DEBT

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**2023 EXPECTED TO BE A  
YEAR OF STRONG CASH FLOW**



# DIVIDEND ARISTOCRAT

# 98

YEARS DIVIDENDS PAID

# 37<sup>TH</sup>

CONSECUTIVE ANNUAL INCREASE

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**McC**<sup>®</sup>

**2023**

**OUTLOOK**



# 2023 SALES GROWTH OUTLOOK

## +5 to 7%

In constant currency

- 
- + STRONG UNDERLYING BUSINESS GROWTH
  - + NET RECOVERY FROM COVID-RELATED DISRUPTIONS IN CHINA
  - KITCHEN BASICS DIVESTITURE
  - EXIT OF CONSUMER BUSINESS IN RUSSIA



The non-GAAP measures included herein, which we refer to as “adjusted”, exclude the impact of items affecting comparability between periods. See appendix for the reconciliation of GAAP to non-GAAP financial measures, including the impact of constant currency.

# 2023 ADJUSTED OPERATING INCOME GROWTH OUTLOOK

## +9 to 11%

In constant currency

- 
- + STRONG UNDERLYING BUSINESS GROWTH
  - + GLOBAL OPERATING EFFICIENCY PROGRAM
  - + NET RECOVERY FROM COVID-RELATED DISRUPTIONS IN CHINA
  - INCENTIVE COMPENSATION REBUILD
  - KITCHEN BASICS DIVESTITURE



The non-GAAP measures included herein, which we refer to as “adjusted”, exclude the impact of items affecting comparability between periods. See appendix for the reconciliation of GAAP to non-GAAP financial measures, including the impact of constant currency.



# 2023 EARNINGS PER SHARE GROWTH OUTLOOK

# \$2.56 to \$2.61

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- + STRONG ADJUSTED OPERATING PROFIT
- HIGHER INTEREST EXPENSE
- HIGHER PROJECTED EFFECTIVE TAX RATE



The non-GAAP measures included herein, which we refer to as “adjusted”, exclude the impact of items affecting comparability between periods. See appendix for the reconciliation of GAAP to non-GAAP financial measures, including the impact of constant currency.





# 2023 FIRST QUARTER RESULTS



# 2023 FIRST QUARTER RESULTS

**SALES**

---

**+5%**

In constant currency

**ADJUSTED  
OPERATING INCOME**

---

**+2%**

In constant currency

**ADJUSTED  
EARNINGS  
PER SHARE**

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**\$0.59**



The non-GAAP measures included herein, which we refer to as "adjusted", exclude the impact of items affecting comparability between periods. See appendix for the reconciliation of GAAP to non-GAAP financial measures, including the impact of constant currency.

# CONTINUING TOP-TIER PERFORMANCE

DRIVING PROFITABLE SALES GROWTH

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OPTIMIZING COST STRUCTURE

---

GENERATING STRONG CASH FLOW

---

BUILDING SHAREHOLDER VALUE

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**Mc**<sup>®</sup>

**GROWTH**





# Brendan Foley

President and Chief  
Operating Officer



# Focused on Great Categories And Capitalizing On Consumer Trends



McCormick is committed to sustainability. Click to learn more about our **Grown for Good** journey.

# Differentiating U.S. Everyday Spice and Herb Portfolio



# Returning Black Pepper To Tin Can



# Strengthening Our Value Proposition



# Delivering Convenience To Consumers

## SIMPLY STIR AND ENJOY!



## EASY PEASY, GARLIC SQUEEZY



## PLAN FOR DELICIOUS

Let's face it, mealtime can be hectic. That's where McCormick's free weekly meal planner comes in. Just set up your Flavor Profile to get deliciously personalized food recommendations and use our Flavor Maker app to put recipe ideas, meal plans, and shopping lists at your fingertips.

GET STARTED

LOG IN



# Inspiring Flavor Exploration With Accelerated Innovation



# Driving Growth With Brand Marketing Investments



Picked with care.  
Packed with  
flavour.

## The Future of Flavor is Fresh

With McCormick® Spices IT'S GONNA BE GREAT®

[SHOP NOW](#)





# Creating Consumer- Preferred Flavors



# Realizing The Power of McCormick And FONA



# Accelerating Innovation With Our Differentiated Technologies



**SAGE**

SMART AGILE GROWTH ENABLER



**Advantaged By  
Our Clean And  
Natural  
Leadership**



# Leveraging The Power Of Our Brands



# Driving Growth In Branded Foodservice



# Building A Global Heat Platform



# Driving Hot Sauce To Be The Condiment Of The Next Generation



me

# Expanding Into The Mexican Aisle



Chili Garlic  
Taco MILD



Original Taco  
MEDIUM



Smoky Chipotle  
Taco MEDIUM



Salsa Verde  
MILD

Original Salsa  
MEDIUM

Smoky Chipotle  
HOT



# Accelerating Our Growth With Heat



**FIERY,  
GARLICKY & AROMATIC**





# PERFORMANCE AND PEOPLE

# Investing In Our Global Capacity



# Strengthening Our Supply Chain Resiliency



# Sourcing Sustainably



# Taking Action On Climate Change



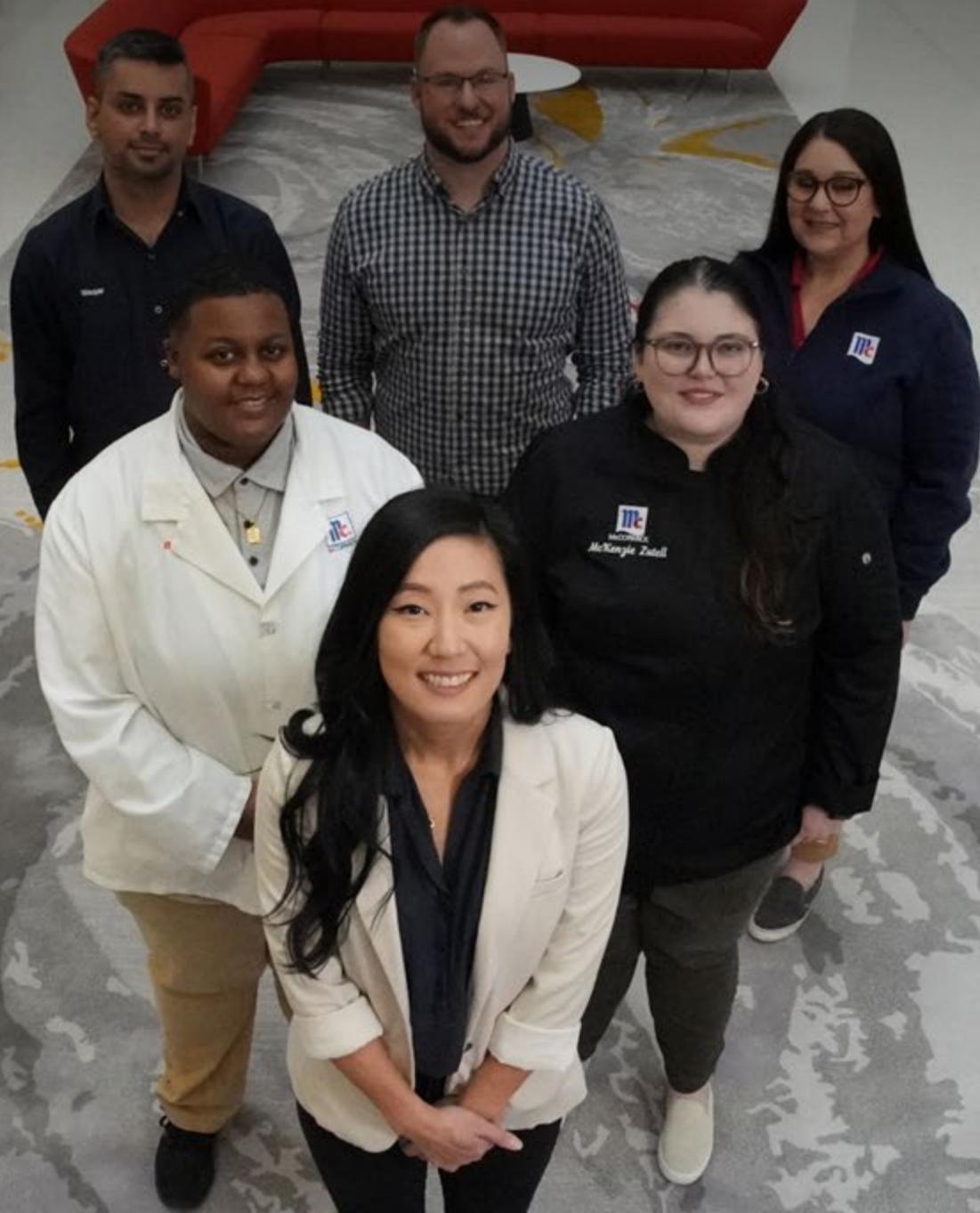
# Keeping McCormick A Great Place To Work



# Unlocking The Power Of People With McCormick Growth Behaviors



# Delivering On Our Diversity, Equity And Inclusion Goals





# Lawrence Kurzius

Chairman and  
Chief Executive Officer



# Driving Long-term Profitable Growth

McCormick & Company, Inc.  
2023 Annual Shareholder Meeting



# FORWARD-LOOKING INFORMATION

Certain information contained in this release, including statements concerning expected performance, such as those relating to net sales, gross margin, earnings, cost savings, special charges, acquisitions, brand marketing support, volume and product mix, income tax expense and the impact of foreign currency rates are “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. These statements may be identified by the use of words such as “may,” “will,” “expect,” “should,” “anticipate,” “intend,” “believe” and “plan” and similar expressions. These statements may relate to: the impact of the COVID-19 pandemic on our business, suppliers, consumers, customers, and employees; disruptions or inefficiencies in the supply chain, including any impact of COVID-19; the expected results of operations of businesses acquired by the company; the expected impact of the inflationary cost environment, including commodity, packaging materials and transportation costs on our business; the expected impact of pricing actions on the company's results of operations and gross margins; the impact of price elasticity on our sales volume and mix; the expected impact of factors affecting our supply chain, including transportation capacity, labor shortages, and absenteeism; the expected impact of productivity improvements, including those associated with our Comprehensive Continuous Improvement (CCI) program, streamlining actions, including our GOE program, and global enablement initiative; the impact of the ongoing conflict between Russia and Ukraine, including the potential for broader economic disruption; expected working capital improvements; expectations regarding growth potential in various geographies and markets, including the impact from customer, channel, category, and e-commerce expansion; expected trends in net sales and earnings performance and other financial measures; the expected timing and costs of implementing our business transformation initiative, which includes the implementation of a global enterprise resource planning (ERP) system; the expected impact of accounting pronouncements; the expectations of pension and postretirement plan contributions and anticipated charges associated with those 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; the anticipated sufficiency of future cash flows to enable the payments of interest and repayment of short- and long-term debt, working capital needs, planned capital expenditures, as well as quarterly dividends and the ability to obtain additional short- and long-term financing or issue additional debt securities; and expectations regarding purchasing shares of McCormick's common stock under the existing repurchase 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: the company's ability to drive revenue growth; the company's ability to increase pricing to offset, or partially offset, inflationary pressures on the cost of our products; damage to the company's reputation or brand name; loss of brand relevance; increased private label use; the company's ability to drive productivity improvements, including those related to our CCI program and streamlining actions, including our GOE program; product quality, labeling, or safety concerns; negative publicity about our products; actions by, and the financial condition of, competitors and customers; the longevity of mutually beneficial relationships with our large customers; the ability to identify, interpret and react to changes in consumer preference and demand; business interruptions due to natural disasters, unexpected events or public health crises, including COVID-19; issues affecting the company's supply chain and procurement of raw materials, including fluctuations in the cost and availability of raw and packaging materials; labor shortage, turnover and labor cost increases; the impact of the ongoing conflict between Russia and Ukraine, including the potential for broader economic disruption; government regulation, and changes in legal and regulatory requirements and enforcement practices; the lack of successful acquisition and integration of new businesses; global economic and financial conditions generally, including stability of financial institutions, availability of financing, interest and inflation rates, and the imposition of tariffs, quotas, trade barriers and other similar restrictions; foreign currency fluctuations; the effects of increased level of debt service following the Cholula and FONA acquisitions as well as the effects that such increased debt service may have on the company's ability to borrow or the cost of any such additional borrowing, our credit rating, and our ability to react to certain economic and industry conditions; risks associated with the phase-out of LIBOR; impairments of indefinite-lived intangible assets; assumptions we have made regarding the investment return on retirement plan assets, and the costs associated with pension obligations; the stability of credit and capital markets; risks associated with the company's information technology systems, including the threat of data breaches and cyber-attacks; the company's inability to successfully implement our business transformation initiative; fundamental changes in tax laws; including interpretations and assumptions we have made, and guidance that may be issued, and volatility in our effective tax rate; climate change; Environmental, Social and Governance (ESG) matters; infringement of intellectual property rights, and those of customers; litigation, legal and administrative proceedings; the company's inability to achieve expected and/or needed cost savings or margin improvements; negative employee relations; 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. 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.



# NON-GAAP FINANCIAL MEASURES

The tables below include financial measures of adjusted operating income, adjusted operating income margin, adjusted income tax expense, adjusted income tax rate, adjusted net income and adjusted diluted earnings per share. These represent non-GAAP financial measures which are prepared as a complement to our financial results prepared in accordance with United States generally accepted accounting principles. These financial measures exclude the impact, as applicable, of the following:

**Special charges** – In our consolidated income statement, we include a separate line item captioned “Special charges” in arriving at our consolidated operating income. Special charges consist of expenses and income 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 advance approval by our Management Committee. Expenses associated with the approved action are classified as special charges upon recognition and monitored on an on-going basis through completion.

**Transaction and integration expenses** – We exclude certain costs associated with our acquisitions and their subsequent integration into the Company. Such costs, which we refer to as “Transaction and integration expenses”, include transaction costs associated with each acquisition, as well as integration costs following the respective acquisition, including the impact of the acquisition date fair value adjustment for inventories, together with the impact of discrete tax items, if any, directly related to each acquisition.

**Gain on sale of Kitchen Basics** - We exclude the gain realized upon our sale of the Kitchen Basics business in August 2022. As more fully described in note 17 in our Annual Report on Form 10-K for the year ended November 30, 2022, the pre-tax gain associated with the sale was \$49.6 million and is included in Other income, net in our consolidated income statement for the year ended November 30, 2022.

We believe that these non-GAAP financial measures are important. The exclusion of the items noted above provides additional information that enables enhanced comparisons to prior periods and, accordingly, facilitates the development of future projections and earnings growth prospects. This information is also used by management to measure the profitability of our ongoing operations and analyze our business performance and trends.

These non-GAAP financial measures may be considered in addition to results prepared in accordance with GAAP, but they 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. A reconciliation of these non-GAAP financial measures to the related GAAP financial measures is provided below:



# NON-GAAP FINANCIAL MEASURES

(in millions except per share data)

	Three Months Ended	
	2/28/2023	2/28/2022
Operating income	\$ 199.0	\$ 206.9
Impact of transaction and integration expenses	-	0.7
Impact of special charges	27.8	19.5
Adjusted operating income	<u>\$ 226.8</u>	<u>\$ 227.1</u>
% decrease versus year-ago period	<u>(0.1)%</u>	
Adjusted operating income margin (1)	14.5%	14.9%
Income tax expense	\$ 34.4	\$ 34.4
Impact of transaction and integration expenses	-	0.2
Impact of special charges	6.5	4.9
Adjusted income tax expense	<u>\$ 40.9</u>	<u>\$ 39.5</u>
Adjusted income tax rate (2)	21.8%	19.7%
Net income	\$ 139.1	\$ 154.9
Impact of transaction and integration expenses	-	0.5
Impact of special charges	21.3	14.6
Adjusted net income	<u>\$ 160.4</u>	<u>\$ 170.0</u>
% decrease versus year-ago period	(5.6)%	
Earnings per share - diluted	\$ 0.52	\$ 0.57
Impact of special charges	0.07	0.06
Adjusted earnings per share - diluted	<u>\$ 0.59</u>	<u>\$ 0.63</u>
% decrease versus year-ago period	(6.3)%	

- Adjusted operating income margin is calculated as adjusted operating income as a percentage of net sales for each period presented.
- Adjusted income tax rate is calculated as adjusted income tax expense as a percentage of income from consolidated operations before income taxes excluding transaction and integration expenses and special charges of \$187.3 million and \$200.2 million for the three months ended February 28, 2023 and 2022, respectively.



# NON-GAAP FINANCIAL MEASURES

Because we are a multi-national company, we are subject to variability of our reported U.S. dollar results due to changes in foreign currency exchange rates. Those changes have been volatile over the past several years. The exclusion of the effects of foreign currency exchange, or what we refer to as amounts expressed "on a constant currency basis", is a non-GAAP measure. We believe that this non-GAAP measure provides additional information that enables enhanced comparison to prior periods excluding the translation effects of changes in rates of foreign currency exchange and provides additional insight into the underlying performance of our operations located outside of the U.S. It should be noted that our presentation herein of amounts and percentage changes on a constant currency basis does not exclude the impact of foreign currency transaction gains and losses (that is, the impact of transactions denominated in other than the local currency of any of our subsidiaries in their local currency reported results).

Percentage changes in sales and adjusted operating income expressed on a constant currency basis are presented excluding the impact of foreign currency exchange. To present this information for historical periods, current period results for entities reporting in currencies other than the U.S. dollar are translated into U.S. dollars at the average exchange rates in effect during the corresponding period of the comparative year, rather than at the actual average exchange rates in effect during the current fiscal year. As a result, the foreign currency impact is equal to the current year results in local currencies multiplied by the change in the average foreign currency exchange rate between the current fiscal period and the corresponding period of the comparative year. Rates of constant currency growth (decline) follow:

## Year Ended November 30, 2022

	Percentage Change as Reported	Impact of Foreign Currency Exchange	Percentage Change on Constant Currency Basis
<b>Net sales</b>			
<b>Consumer Segment</b>			
Americas	(1.1)%	(0.2)%	(0.9)%
EMEA	(14.7)%	(9.6)%	(5.1)%
Asia/Pacific	(10.1)%	(2.0)%	(8.1)%
Total Consumer segment	(4.6)%	(2.1)%	(2.5)%
<b>Flavor Solutions Segment</b>			
Americas	11.4%	(0.3)%	11.7%
EMEA	5.5%	(11.7)%	17.2%
Asia/Pacific	(0.2)%	(5.4)%	5.2%
Total Flavor Solutions segment	8.9%	(3.2)%	12.1%
<b>Total net sales</b>	<u>0.5%</u>	<u>(2.5)%</u>	<u>3.0%</u>
<b>Adjusted operating income</b>			
Consumer segment	(11.7)%	(0.8)%	(10.9)%
Flavor Solutions segment	(30.3)%	(2.4)%	(27.9)%
<b>Total adjusted operating income</b>	<u>(16.7)%</u>	<u>(1.2)%</u>	<u>(15.5)%</u>

## Three Months Ended February 28, 2023

	Percentage Change as Reported	Impact of Foreign Currency Exchange	Percentage Change on Constant Currency Basis
<b>Net sales</b>			
<b>Consumer Segment</b>			
Americas	3.3%	(0.5)%	3.8%
EMEA	(8.8)%	(6.7)%	(2.1)%
Asia/Pacific	(15.1)%	(7.0)%	(8.1)%
Total Consumer segment	(1.8)%	(2.6)%	0.8%
<b>Flavor Solutions Segment</b>			
Americas	12.7%	0.5%	12.2%
EMEA	6.8%	(10.0)%	16.8%
Asia/Pacific	(1.1)%	(6.2)%	5.1%
Total Flavor Solutions segment	10.0%	(2.3)%	12.3%
<b>Total net sales</b>	<u>2.8%</u>	<u>(2.5)%</u>	<u>5.3%</u>
<b>Adjusted operating income</b>			
Consumer segment	3.8%	(2.3)%	6.1%
Flavor Solutions segment	(11.1)%	(0.4)%	(10.7)%
<b>Total adjusted operating income</b>	<u>(0.1)%</u>	<u>(1.8)%</u>	<u>1.7%</u>

# NON-GAAP FINANCIAL MEASURES

To present "constant currency" information for the fiscal year 2023 projection, projected sales and adjusted operating income for entities reporting in currencies other than the U.S. dollar are translated into U.S. dollars at the company's budgeted exchange rates for 2023 and are compared to the 2022 results, translated into U.S. dollars using the same 2023 budgeted exchange rates, rather than at the average actual exchange rates in effect during fiscal year 2022. To estimate the percentage change in adjusted earnings per share on a constant currency basis, a similar calculation is performed to arrive at adjusted net income divided by historical shares outstanding for fiscal year 2022 or projected shares outstanding for fiscal year 2023, as appropriate. The following provides a reconciliation of our estimated earnings per share to adjusted earnings per share for 2023 and actual results for 2022:

	Twelve Months Ended	
	2023 Projection	11/30/2022
Earnings per share - diluted	\$2.42 to \$2.47	\$ 2.52
Impact of transaction and integration expenses	-	0.01
Impact of special charges	0.14	0.14
Impact of after-tax gain on sale of Kitchen Basics	-	(0.14)
Adjusted earnings per share - diluted	<u>\$2.56 to \$2.61</u>	<u>\$ 2.53</u>

