

1110

ACCELERATING GROWTH for a purpose driven future

McCormick & Company, Inc. 2022 Annual Shareholders Meeting

SIZZLE VIDEO



















Received RECOGNITION AND AWARDS





United Nations
Global Compact















Anne Bramman



Michael Conway



Freeman Hrabowski



Lawrence Kurzius



Patricia Little



Michael Mangan



Maritza Montiel



Margaret Preston



Gary Rodkin



Jacques Tapiero



W. Anthony Vernon



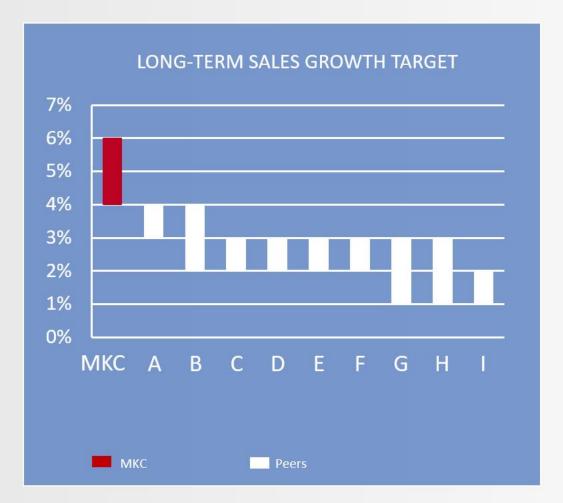


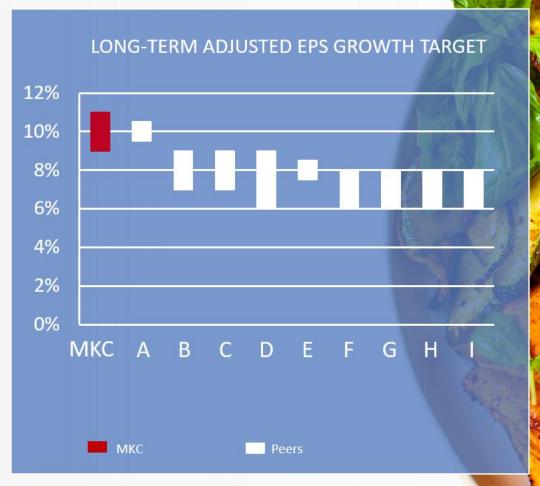






DIFFERENTIATED BY TOP-TIER FINANCIAL OBJECTIVES







DELIVERING ON LONG-TERM GROWTH OBJECTIVES

SALES GROWTH

ADJUSTED OPERATING INCOME

ADJUSTED EARNINGS PER SHARE

In constant currency

2017-2021 **5-YEAR CAGR**

LONG-TERM OBJECTIVES +8% +4-6% +11% **+7-9%** +9-11% +10%





2021 RESULTS

SALES GROWTH

+11%

In constant currency



- + BASE BUSINESS
- + NEW PRODUCTS
- + ACQUISITIONS



2021 RESULTS

ADJUSTED INCOME

OPERATING +6%

In constant currency



- + CCI-LED COST SAVINGS
- HIGHER COST INFLATION
- BUSINESS





2021 RESULTS: CONSUMER SEGMENT

SALES

In constant currency

+7%

ADJUSTED OPERATING INCOME

+1%

In constant currency







2021 RESULTS: FLAVOR SOLUTIONS SEGMENT

SALES

In constant currency

+16%

ADJUSTED OPERATING INCOME

+23%

In constant currency







2021 RESULTS

ADJUSTED EARNINGS PER SHARE

+8%



\$3.05



2021 RESULTS: CASH FROM OPERATIONS

\$828M

BALANCED USE OF CASH



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



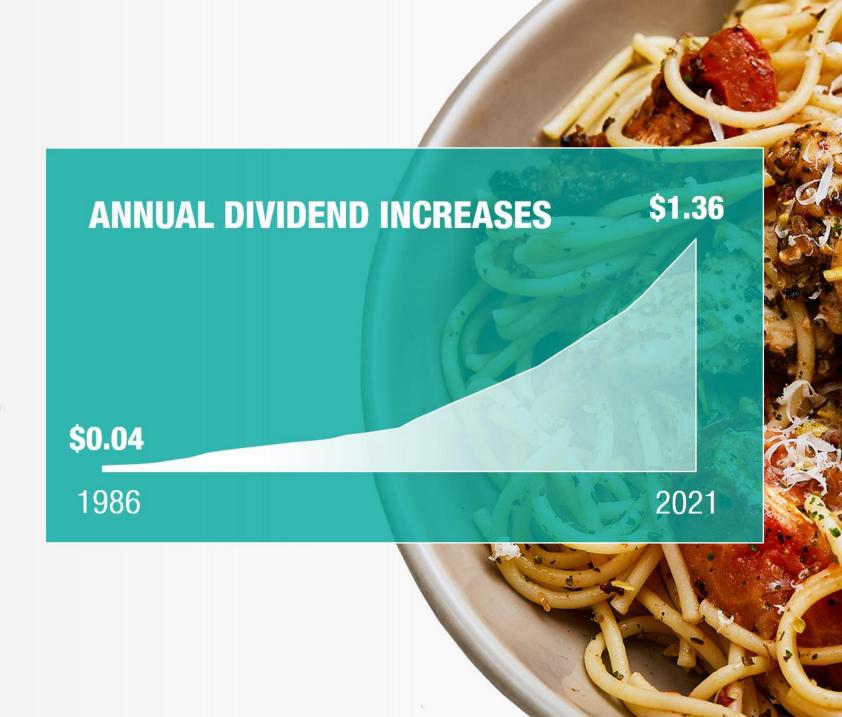


DIVIDENDS PAID

36TH

CONSECUTIVE ANNUAL INCREASE

DIVIDEND ARISTOCRAT





TOTAL SHAREHOLDER RETURN

5-YEAR RETURN

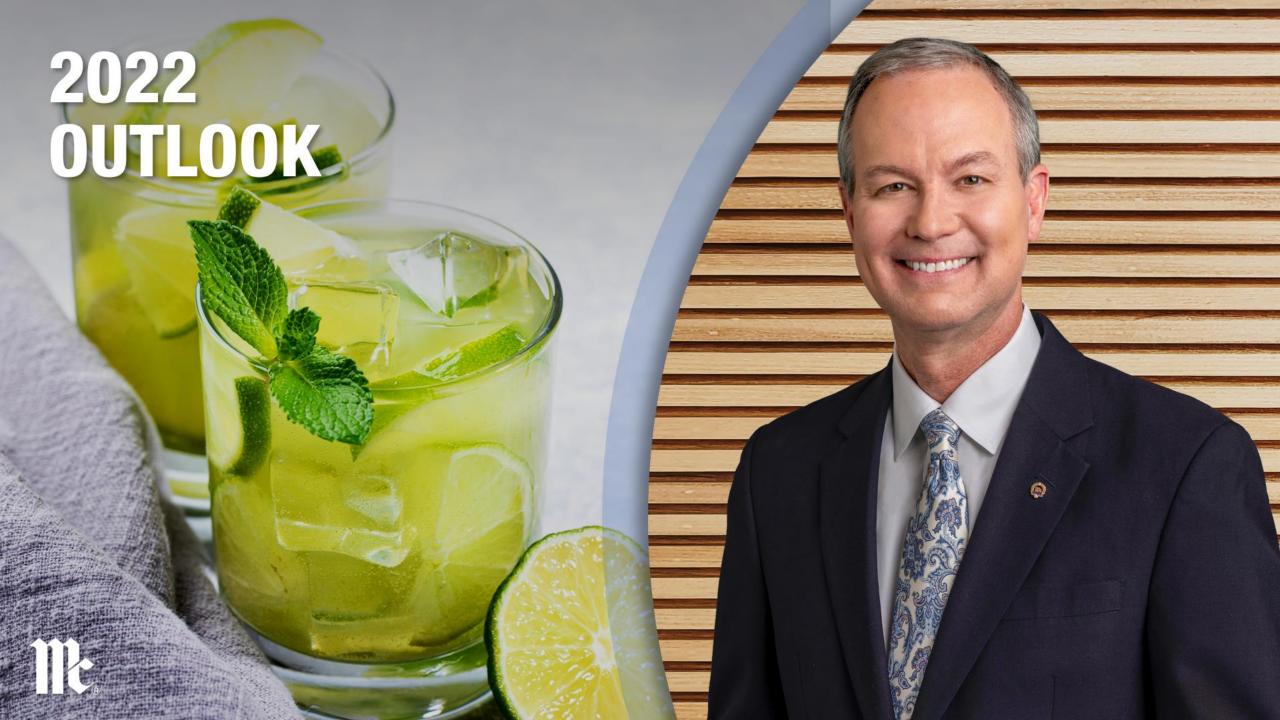
MKC S&P 500 PACKAGED FOODS INDEX

15%

18%

4%





2022 OUTLOOK: SALES GROWTH

+4 to 6%

In constant currency

- + PRICING
- + BASE BUSINESS
- + NEW PRODUCTS





2022 OUTLOOK: ADJUSTED OPERATING INCOME GROWTH

+8 to 10%

In constant currency

- + BASE BUSINESS GROWTH
- + LOWER COVID COSTS
- + CCI-LED COST SAVINGS
- COST INFLATION
- STRATEGIC INVESTMENTS







2022 OUTLOOK: EARNINGS PER SHARE GROWTH

\$3.17 to \$3.22 +4 to 6%







2022 FIRST QUARTER RESULTS

SALES

ADJUSTED OPERATING INCOME

ADJUSTED EARNINGS
PER SHARE

+4%

In constant currency

-12%

In constant currency

-13%
to
\$0.63



CONTINUING TOP-TIER PERFORMANCE

INVESTING IN GROWTH

DRIVING SALES AND PROFIT

GENERATING SIGNIFICANT CASH FLOW

BUILDING SHAREHOLDER VALUE









Investing in BRAND MARKETING

Director of Taco Relations +1.6 BILLION Impressions



Le dem; - anniv
ats ness l'ant teojeurs dit, les demis, as compte avass l'
léthres celten votre demi-anniv verc la bougle virgules
et tout les produits braines.
Fivaluine demisanniv

Design & Art Direction 2021 Award Winner # GirlDad GrillDad +1.4 BILLION Impressions

GET CHOLULA BURRITO INSURANCE



Frank's
EDIBLE NTF
CAMPAIGN
Featuring Eli
Manning



Transforming Our CATEGORIES





























































2021 COMMUNITY SERVICE AWARD WINNER









1110

ACCELERATING GROWTH for a purpose driven future



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, transaction and integration expenses, 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." 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, including the acquisitions of Cholula and FONA; 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 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 and global enablement initiative; the impact of the Russia-Ukraine conflict, 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) syste

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; 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 Russia-Ukraine conflict, 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 the on-going impact of the exit of the United Kingdom (U.K.) from the European Union, 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.

The tables below include financial measures of adjusted gross profit, adjusted gross profit margin, 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 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. Upon presentation of any such proposed action (including details with respect to estimated costs, which generally consist principally of employee severance and related benefits, together with ancillary costs associated with the action that may include a non-cash component or a component which relates to inventory adjustments that are included in cost of goods sold; impacted employees or operations; expected timing; and expected savings) to the Management Committee and the Committee's advance approval, expenses associated with the approved action are classified as special charges upon recognition and monitored on an ongoing basis through completion.

Transaction and integration expenses associated with the Cholula and FONA acquisitions – We exclude certain costs associated with our acquisitions of Cholula and FONA in November and December 2020, respectively, 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.

Income from sale of unconsolidated operations – We exclude the gain realized upon our sale of an unconsolidated operation that occurred during the second quarter of fiscal 2021. The sale of our 26% interest in Eastern Condiments Private Ltd resulted in a gain of \$13.4 million, net of tax of \$5.7 million. The gain is included in Income from unconsolidated operations in our consolidated income statement for the year ended November 30, 2021.

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:



(in millions except per share data)	Twelve Mo	nths Ended
,	11/30/2021	11/30/2020
Gross profit	\$ 2,494.6	\$ 2,300.4
Impact of transaction and integration expenses included in	ŕ	-
cost of goods sold (1)	6.3	_
Impact of special charges included in cost of goods sold		
(2)	4.7	
Adjusted gross profit	\$ 2,505.6	\$ 2,300.4
Adjusted gross profit margin (3)	39.7 %	41.1 %
Operating income	\$ 1,015.1	\$ 999.5
Impact of transaction and integration expenses included in		
cost of goods sold (1)	6.3	_
Impact of other transaction and integration expenses (1)	29.0	12.4
Impact of special charges included in cost of goods sold	25.0	12.4
(2)	4.7	_
Impact of other special charges (2)	46.4	6.9
Adjusted operating income	\$ 1,101.5	\$ 1.018.8
% increase versus year-ago period	8.1 %	-
Adjusted operating income margin (3)	17.4 %	18.2 %
Adjusted operating mediae margin (5)	17.4 70	10.2 /
Income tax expense	\$ 192.7	\$ 174.9
Impact of transaction and integration expenses (1)	(2.7)	1.9
Impact of special charges (2)	7.1	2.1
Adjusted income tax expense	\$ 197.1	\$ 178.9
Adjusted income tax rate (4)	20.1 %	19.9 %
ridjusted income tax rate (1)	20.1 70	15.5 %
Net income	\$ 755.3	\$ 747.4
Impact of transaction and integration expenses (1)	38.0	10.5
Impact of special charges (2)	44.0	4.8
Impact of after-tax gain on sale of unconsolidated		
operations	(13.4)	
Adjusted net income	\$ 823.9	\$ 762.7
% increase versus year-ago period	8.0 %	
Earnings per share - diluted	\$ 2.80	\$ 2.78
Impact of transaction and integration expenses (1)	0.14	0.04
Impact of special charges (2)	0.16	0.01
Impact of after-tax gain on sale of unconsolidated		
operation	(0.05)	<u>\$</u>
Adjusted earnings per share - diluted	\$ 3.05	\$ 2.83
% increase versus year-ago period	7.8 %	

- 1) Transaction and integration expenses include transaction and integration expenses associated with our acquisitions of Cholula and FONA. These expenses include transaction expenses, integration expenses, including the effect of the fair value adjustment of acquired inventory on cost of goods sold and the impact of a discrete deferred state income tax expense item, directly related to our December 2020 acquisition of FONA. This discrete tax item had an unfavorable impact of \$10.4 million or \$0.04 per diluted share for the year ended November 30, 2021.
- 2) Special charges for the twelve months ended November 30, 2021 include \$4.7 million which is reflected in Cost of goods sold as well as an \$11.2 million non-cash impairment charge associated with the impairment of certain intangible assets.
- 3) Adjusted gross profit margin is calculated as adjusted gross profit as a percentage of net sales for each period presented. Adjusted operating income margin is calculated as adjusted operating income as a percentage of net sales for each period presented.
- 4) 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, or \$982.2 million and \$900.8 million for the twelve months ended November 30, 2021 and 2020, respectively.



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, 2021		Three Months Ended February 28, 2022				
	Percentage Change as Reported	Impact of Foreign Currency Exchange	Percentage Change on Constant Currency Basis		Percentage Change as Reported	Impact of Foreign Currency Exchange	Percentage Change on Constant Currency Basis
Net sales				Net sales			
Consumer segment				Consumer Segment			
Americas	7.3%	0.6%	6.7%	Americas	2.3%	0.1%	2.2%
EMEA	5.8%	4.9%	0.9%	EMEA	(14.2)%	(4.8)%	(9.4)%
Asia/Pacific	31.6%	8.7%	22.9%	Asia/Pacific	(4.3)%	1.7%	(6.0)%
Total Consumer segment	9.5%	2.2%	7.3%	Total Consumer segment	(2.2)%	(0.7)%	(1.5)%
Flavor Solutions segment				Flavor Solutions Segment			
Americas	16.6%	1.2%	15.4%	Americas	12.1%	(0.3)%	12.4%
EMEA	27.3%	5.8%	21.5%	EMEA	15.2%	(9.0)%	24.2%
Asia/Pacific	16.9%	7.5%	9.4%	Asia/Pacific	2.5%	(1.8)%	4.3%
Total Flavor Solutions	18.7%	2.8%	15.9%				
Total net sales	12.8%	2.4%	10.4%	Total Flavor Solutions segment	11.5%	(2.2)%	13.7%
A dimeted on sucting in some				Total net sales	2.8%	(1.2)%	4.0%
Adjusted operating income				Adjusted operating income			
Consumer segment	3.1%	1.8%	1.3%		(10.1)0/	(0.0)0/	(11.0)0/
Flavor Solutions segment	24.7%	2.2%	22.5%	Consumer segment	(12.1)%	(0.2)%	(11.9)%
Total adjusted operating				Flavor Solutions segment	(17.2)%	(6.6)%	(10.6)%
income	8.1%	1.9%	6.2%	Total adjusted operating income	(13.5)%	(2.0)%	(11.5)%

(in millions except per share data)	<u>Three Months Ended</u> 2/28/2022 2/28/2021	
Gross profit	\$ 560.4	\$ 577.5
Impact of transaction and integration expenses included in cost of goods sold (1)		6.3
Adjusted gross profit	\$ 560.4	\$ 583.8
Adjusted gross profit margin (2)	36.8 %	39.4 %
Operating income	\$ 206.9	\$ 236.3
Impact of transaction and integration expenses included in cost of goods sold (1)	_	6.3
Impact of other transaction and integration expenses (1)	0.7	18.8
Impact of special charges	19.5	1.1
Adjusted operating income	\$ 227.1	\$ 262.5
% decrease versus year-ago period	(13.5)%	
Adjusted operating income margin (3)	14.9 %	17.7 %
Income tax expense	\$ 34.4	\$ 58.6
Impact of transaction and integration expenses (1)	0.2	(5.9)
Impact of special charges	4.9	0.3
Adjusted income tax expense Adjusted income tax rate (4)	\$ 39.5 19.7 %	\$ 53.0 22.7 %
Net income	\$ 154.9	\$ 161.8
Impact of transaction and integration expenses (1)	0.5	31.0
Impact of special charges	14.6	0.8
Adjusted net income	\$ 170.0	\$ 193.6
% decrease versus year-ago period	(12.2)%	
Earnings per share - diluted	\$ 0.57	\$ 0.60
Impact of transaction and integration expenses (1)	_	0.12
Impact of special charges	0.06	
Adjusted earnings per share - diluted	\$ 0.63	\$ 0.72
% decrease versus year-ago period	(12.5)%	

- 1) Transaction and integration expenses include transaction and integration expenses associated with our acquisitions of Cholula and FONA. These expenses include the effect of the fair value adjustment to acquired inventories on cost of goods sold and the unfavorable impact of a discrete deferred state income tax expense item, directly related to our December 2020 acquisition of FONA, of \$11.4 million or \$0.04 per diluted share for the three months ended February 28, 2021.
- 2) Adjusted gross profit margin is calculated as adjusted gross profit as a percentage of net sales for each period presented.
- 3) Adjusted operating income margin is calculated as adjusted operating income as a percentage of net sales for each period presented.
- 4) 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 \$200.2 million and \$233.3 million for the three months ended February 28, 2022 and 2021, respectively.



To present the percentage change in projected 2022 net sales, adjusted operating income and adjusted earnings per share — diluted on a constant currency basis, 2022 projected local currency net sales, adjusted operating income, and adjusted net income for entities reporting in currencies other than the U.S. dollar are translated into U.S. dollars at currently prevailing exchange rates and are compared to those 2022 local currency projected results, translated into U.S. dollars at the average actual exchange rates in effect during the corresponding months in fiscal year 2021 to determine what the 2022 consolidated U.S. dollar net sales, adjusted operating income and adjusted earnings per share — diluted would have been if the relevant currency exchange rates had not changed from those of the comparable 2021 periods. To estimate the percentage change in adjusted earnings per share — diluted on a constant currency basis, a similar calculation is performed to arrive at adjusted net income divided by historical shares outstanding for fiscal year 2021 or projected shares outstanding for fiscal year 2022, as appropriate.

	Projections for the Year Ending November 30, 2022	
Percentage change in net sales	3% to 5%	
Impact of unfavorable foreign currency exchange	1 %	
Percentage change in net sales in constant currency	4% to 6%	
Percentage change in adjusted operating income	7% to 9%	
Impact of unfavorable foreign currency exchange	1 %	
Percentage change in adjusted operating income in constant		
currency	8% to 10%	
Percentage change in adjusted earnings per share— diluted	4% to 6%	
Impact of unfavorable foreign currency exchange	1 %	
Percentage change in adjusted earnings per share— diluted in		
constant currency	5% to 7%	



The following provides a reconciliation of our estimated earnings per share to adjusted earnings per share for 2022 and actual results for 2021:

	Twelve Mo	Twelve Months Ended		
	2022 Projection	11/30/21		
Earnings per share - diluted	\$3.07 to \$3.12	\$	2.80	
Impact of transaction and integration expenses	0.01		0.14	
Impact of special charges	0.09		0.16	
Impact of sale of unconsolidated investment			(0.05)	
Adjusted earnings per share	\$3.17 to \$3.22	\$	3.05	

