



McCORMICK

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**Second Quarter 2012 Financial
Results and Business Outlook**

June 27, 2012

The following slides accompany a June 27, 2012 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.

Business update

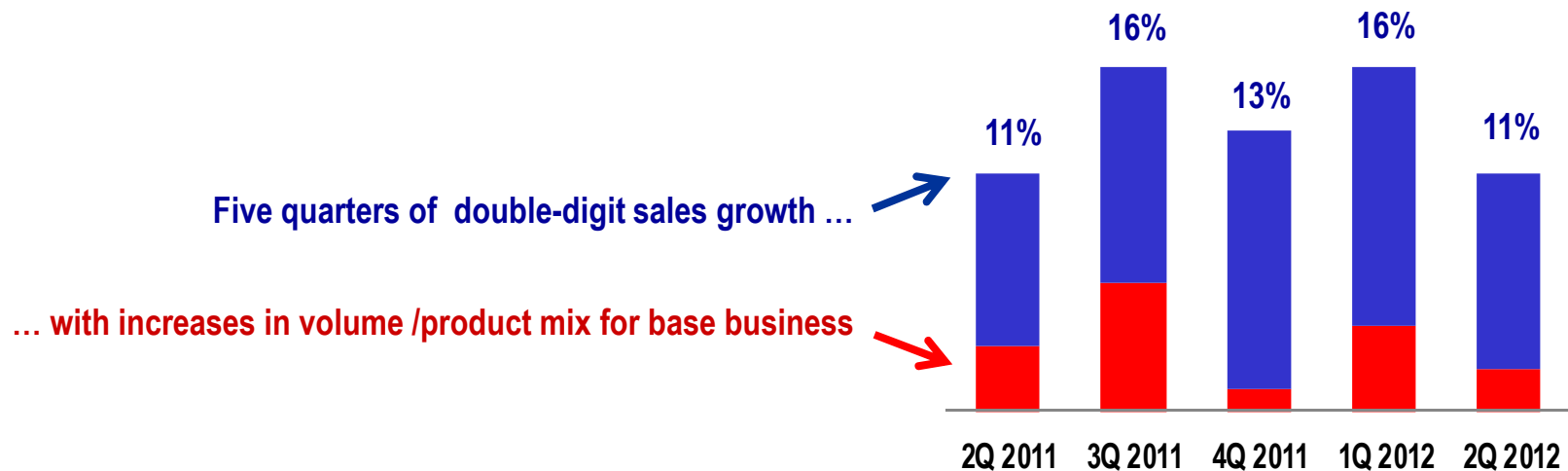


Alan Wilson
Chairman, President & CEO

Second quarter results demonstrated effectiveness of strategy and growth initiatives

Double-digit sales growth , solid profit performance, increased cash flow from operations

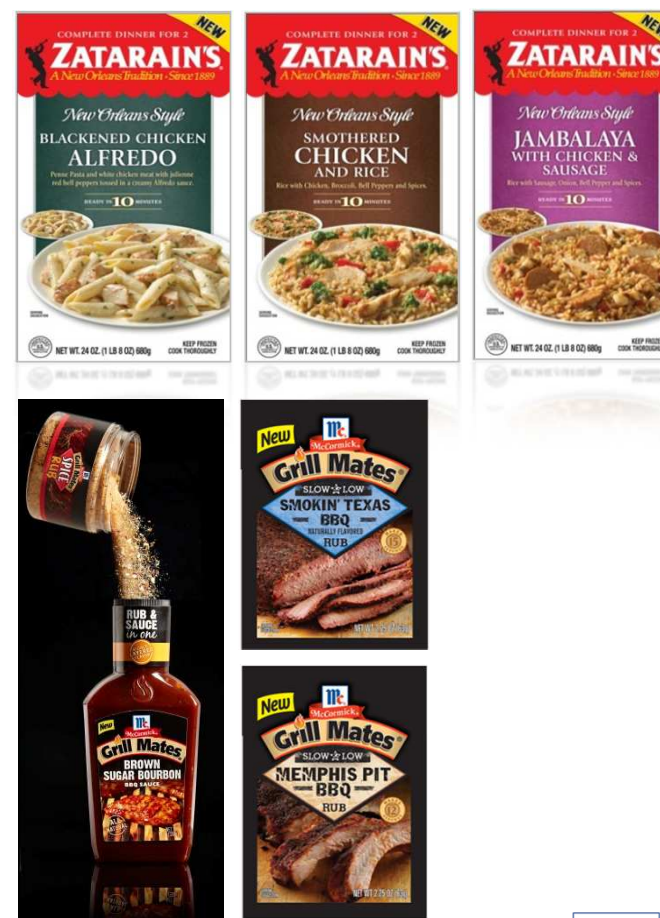
- ❖ Strong progress with initiatives to grow sales
- ❖ Improved gross profit margin as steep cost increases are lapped
- ❖ Adapting growth initiatives and resources to maintain momentum and effectiveness



Americas region

Effectively managing period of increased prices in Americas

- ❖ Redirecting portion of marketing programs and early success with several new products
- ❖ Latest 52-week category dollar growth 3% in grocery channel. Across all channels, McCormick brand consumption up 5%
- ❖ Industrial growth this period with food manufacturers. Innovation pipeline remains robust.



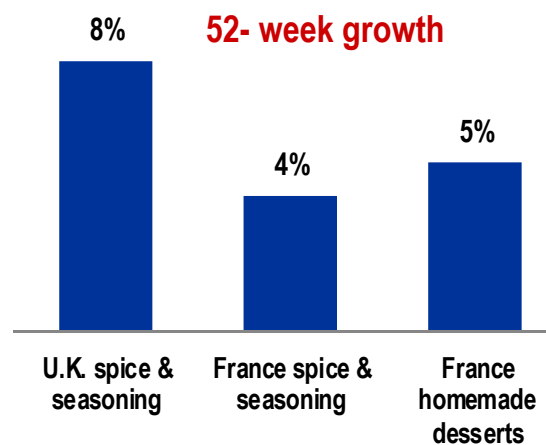
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EMEA region

Performing well in period of consumer pressure and uncertainty

- ❖ Category growth is robust in U.K. and France
- ❖ McCormick's branded sales growth approaching or exceeding category rate; Private label growing at faster pace, but price gap beginning to narrow
- ❖ Product innovation and incremental marketing support driving sales
- ❖ Successful integration of Kamis; accelerated growth in Russia and Romania



Source: 52-week dollar sales growth National Grocery data; U.K. 5/12/12, France 4/15/12



Asia/Pacific region

Progress in India, China, Australia

- ❖ Completed integration of Kohinoor; pipeline of value-added rice products to be introduced by end of 2012
- ❖ Strong underlying growth in China, despite quarter-to-quarter variability; growth of 15%+ for McCormick's primary categories; industrial growth driven by quick service restaurants
- ❖ Growth in Australia with new distribution and product innovation for both consumer and industrial businesses



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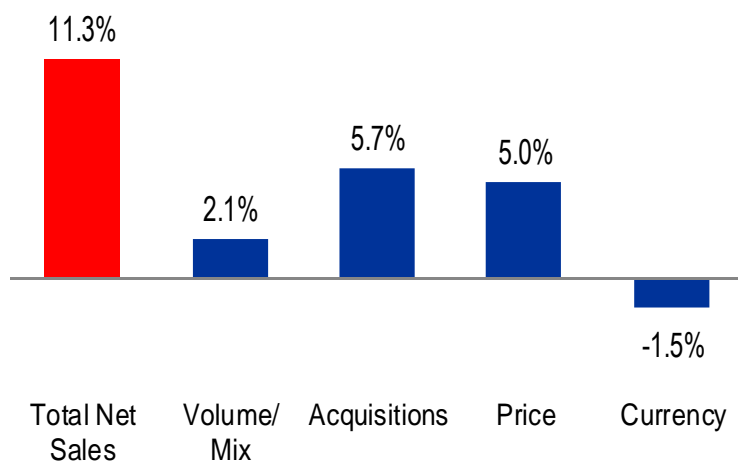
Review of second quarter results and 2012 outlook



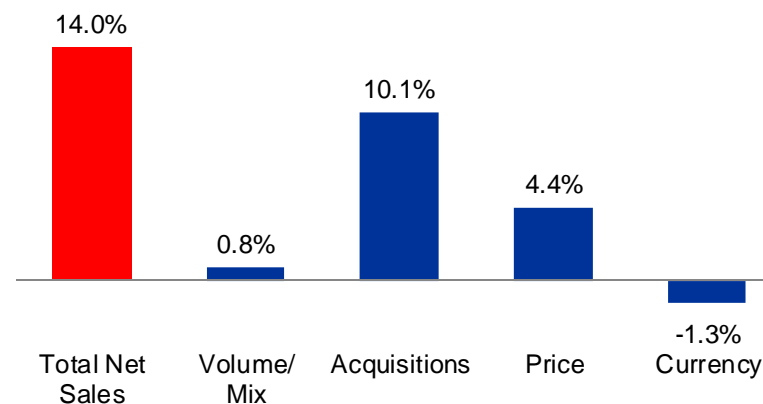
Gordon Stetz
Executive Vice President & CFO

Strong sales growth for both segments in 2Q 2012

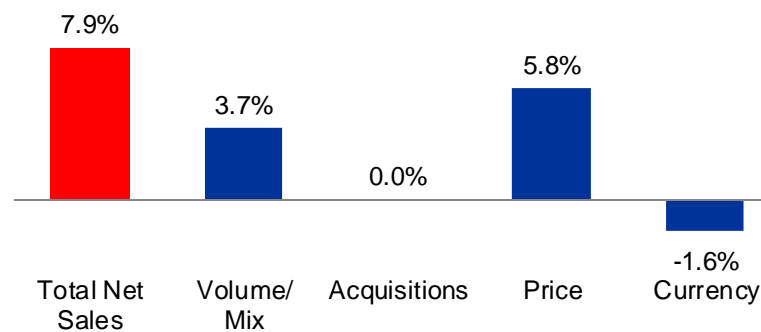
Total Company



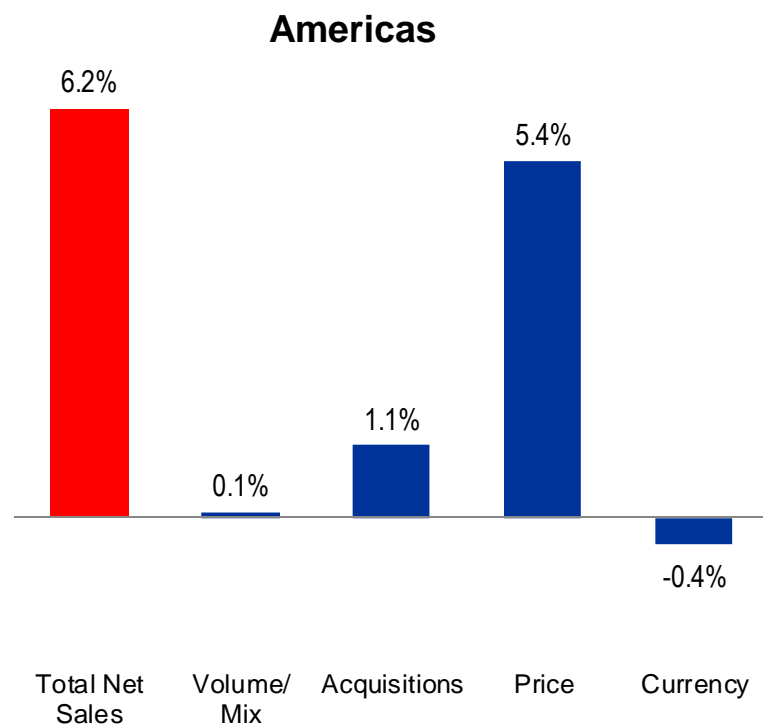
Consumer



Industrial

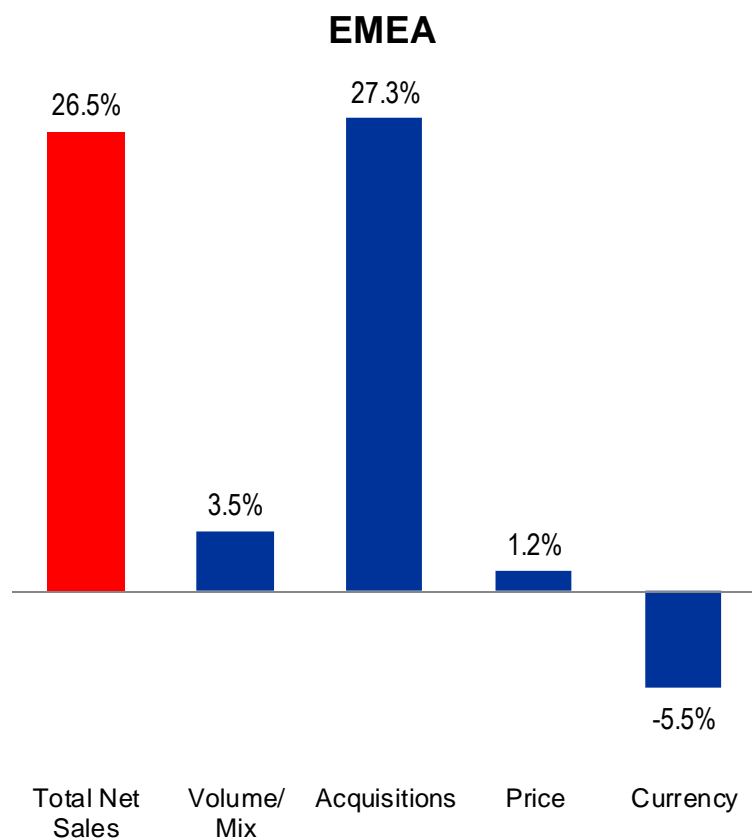


2Q 2012 Sales growth: Consumer business



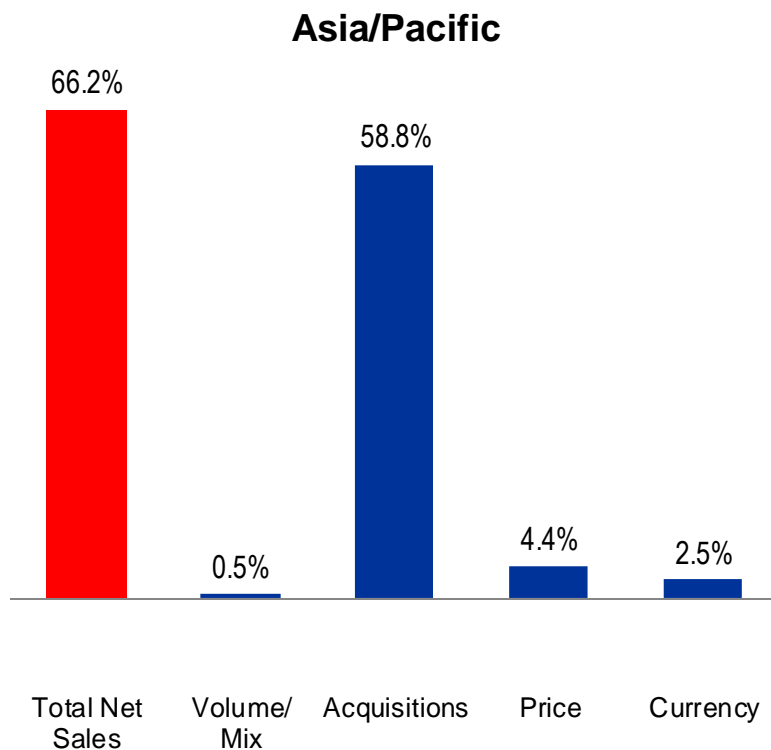
- ❖ Sales growth due largely to pricing and Kitchen Basics
- ❖ Volume and product mix consistent with year-ago period; improvement from 1Q 2012
- ❖ Driving sales with product innovation and brand marketing activity in U.S. behind everyday cooking and baking items, Hispanic programs

2Q 2012 Sales growth: Consumer business



- ❖ Kamis added significantly to sales growth
- ❖ Grew base business 5%, with higher volume and product mix in France and U.K. as well as smaller markets
- ❖ Product innovation, incremental marketing and distribution gains drove sales

2Q 2012 Sales growth: Consumer business



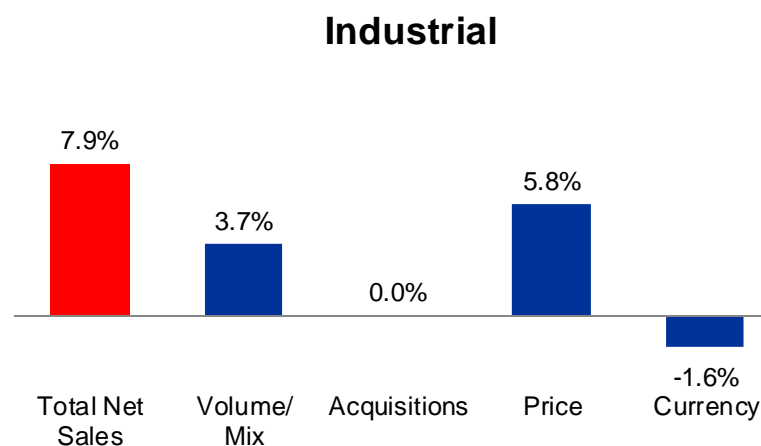
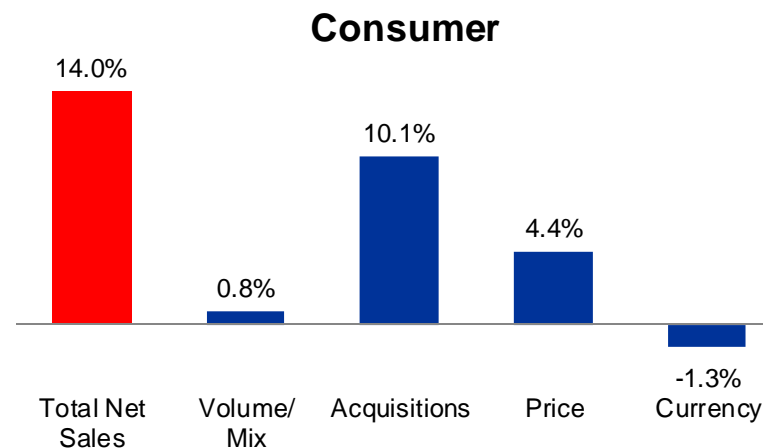
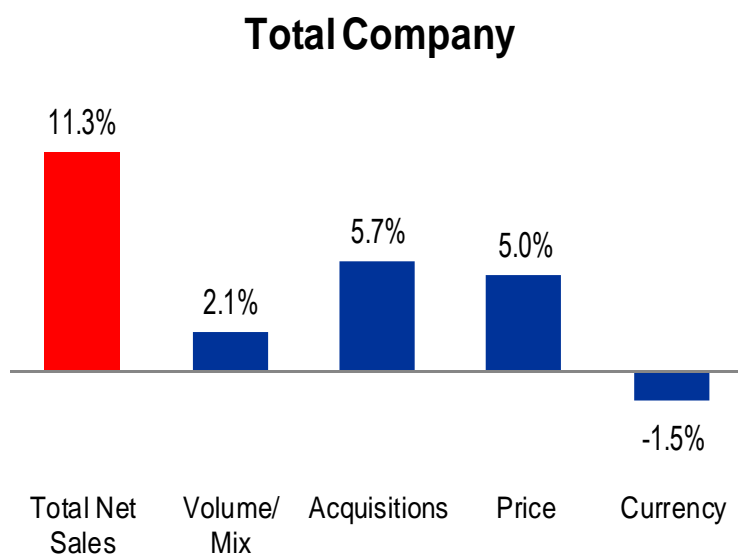
- ❖ Kohinoor added significantly to sales growth
- ❖ Quarter-to-quarter variability affected first two quarters of 2012 due to timing of holiday season, marketing programs
- ❖ Year-to-date sales are up 13% in local currency, excluding acquisitions

2Q 2012 Operating income: Consumer business

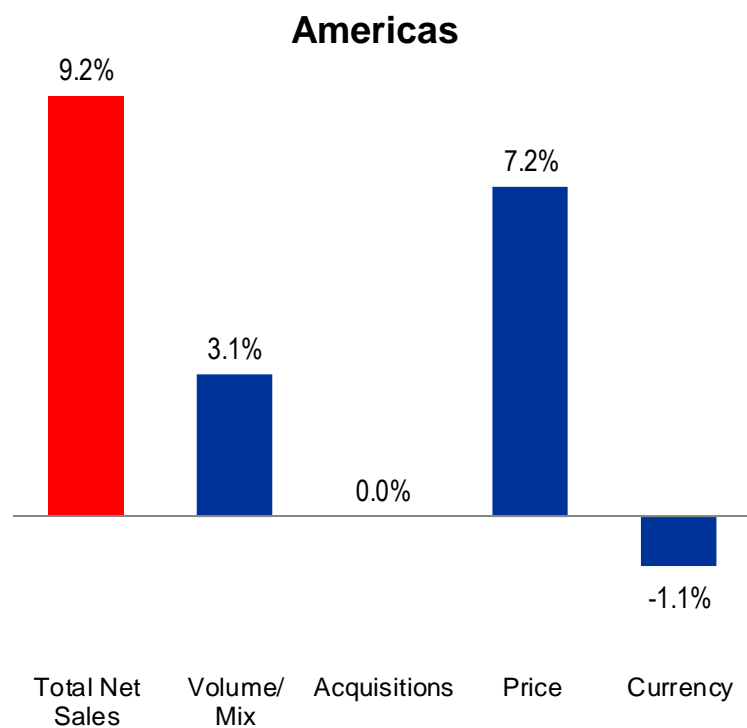
	2Q 2012		2Q 2011	Fav(Unfav) Change
Operating income	\$88.6	:	\$77.0	15.1%

- ❖ Higher sales
- ❖ CCI cost savings
- ❖ Includes \$4 million increase in brand marketing support
- ❖ Year-to-date operating income increase of 4%, including decline in 1Q 2012 that was due to significant increase in material costs and \$10 million increase in brand marketing support

Strong sales growth for both segments in 2Q 2012

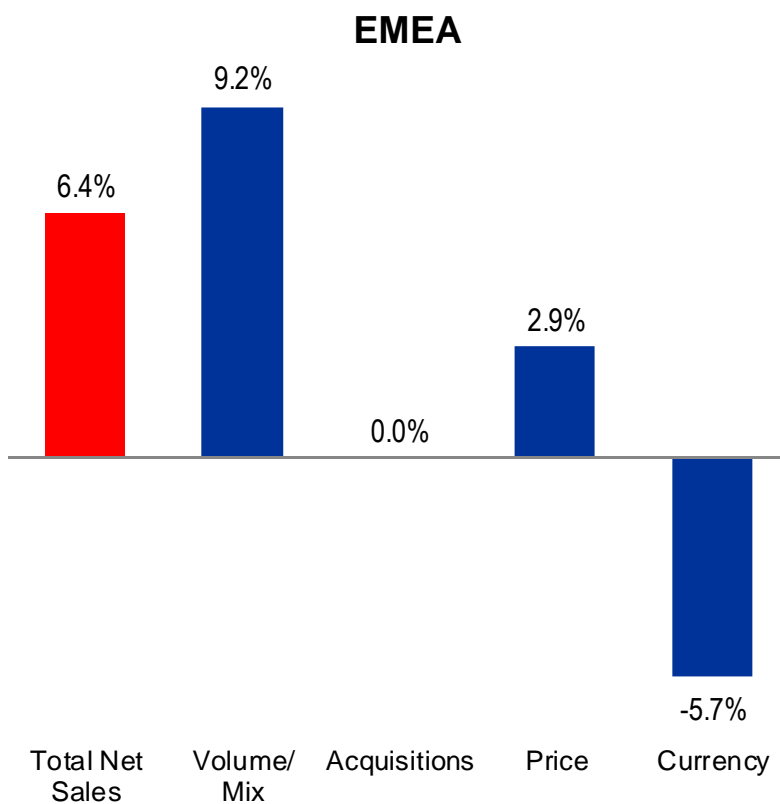


2Q 2012 Sales growth: Industrial business



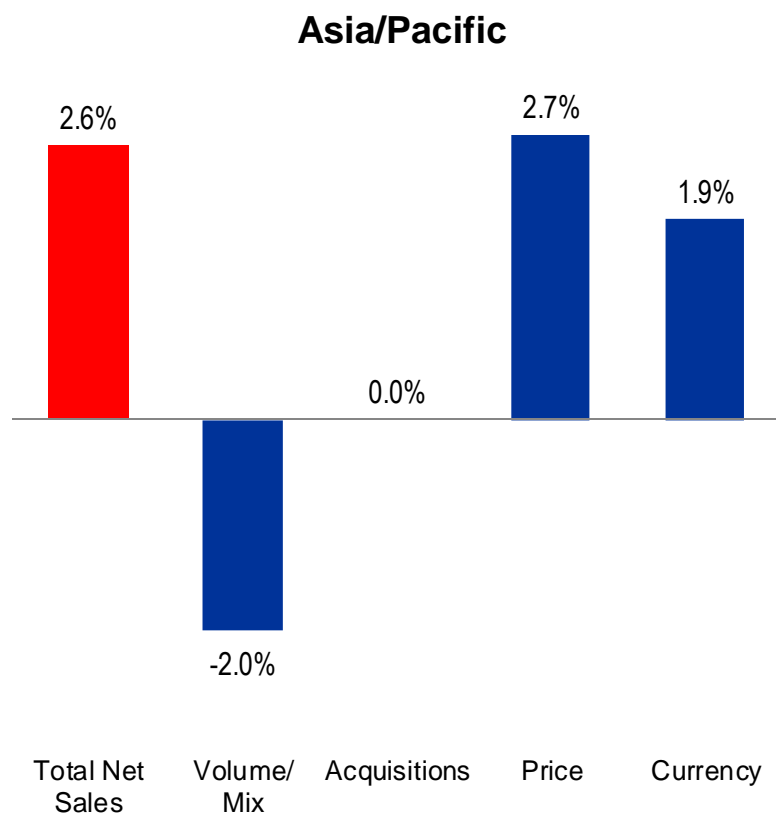
- ❖ Innovation and increased demand for customized seasoning blends for snacks and other products in U.S., Canada, Mexico
- ❖ Volume and product mix to food service customers comparable to year-ago period

2Q 2012 Sales growth: Industrial business



❖ Increased demand from quick service restaurants, with products manufactured in U.K., Turkey and South Africa

2Q 2012 Sales growth: Industrial business



- ❖ Quarter-to-quarter variability affected first two quarters of 2012 due primarily to customers promotional activity and buying patterns
- ❖ Year-to-date sales are up 10% in local currency largely to quick service restaurants in both China and Australia

2Q 2012 Operating income: Industrial business

	2Q 2012	2Q 2011	Fav(Unfav) Change
Operating income	\$32.7	\$32.3	1.2%

- ❖ Strong sales growth
- ❖ CCI cost savings
- ❖ Unfavorable factors this period included sales mix and benefit costs
- ❖ Following strong increase in 1Q 2012, year-to-date operating income increase is 14%

Operating income, gross profit, SG&A

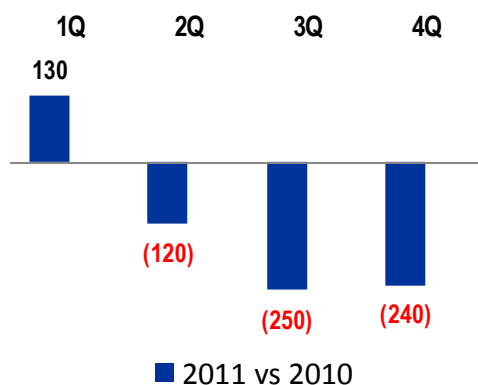
	2Q 2012	2Q 2011	Fav(Unfav) Change
Operating income	\$121.3	\$109.3	11.0%
Gross profit margin	39.5%	39.7%	(20 bps)
Selling, general & administrative expenses as percent of net sales	27.2%	27.3%	10 bps

- ❖ **Operating income** rose 11%. Strong sales increase and CCI cost savings offset in part by higher material costs and \$4 million increase in brand marketing support.
- ❖ **Gross profit** dollars rose 11% due to strong sales and CCI cost savings. Pricing actions and CCI cost savings offset material cost increases on a dollar basis, while gross profit margin declined 20 bps.
- ❖ As percent of net sales, **Selling, general & administrative** expenses declined 10 basis points. The favorable impact of higher sales was offset in part by increased brand marketing support.

Phasing of material cost inflation in 2012

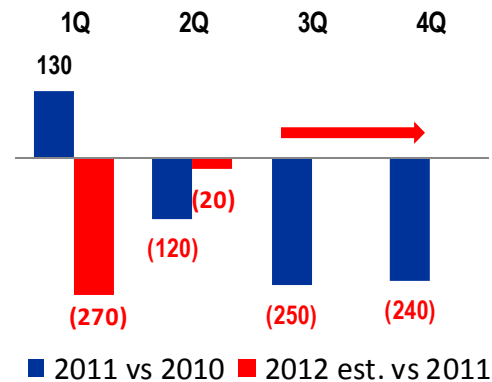
❖ Impact on gross profit from material cost increases

Cost inflation impact began in 2Q 2011



Change in basis points

After 1Q decline and comparable 2Q result, expect gross profit margin to level out in 2H



Change in basis points

Income from unconsolidated operations

	2Q 2012		2Q 2011
Income from unconsolidated operations	\$3.9		\$6.1

- ❖ Sales of unconsolidated operations rose 4%
- ❖ Profit from joint venture in Mexico remains under pressure from weak peso from translation impact and transaction costs for material procurement
- ❖ For FY 2012, expect income from unconsolidated operations to decline at least 20%



Earnings per share of \$0.60

	2Q 2012	2Q 2011
Earnings per share	\$0.60	\$0.55
Increased operating income		0.06
Higher interest expense		(0.01)
Lower tax rate		0.02
Reduced income from unconsolidated operations		(0.02)
		<hr/>
		\$0.60

Strong cash flow and balance sheet

Expect strong cash flow from operations in 2012

Year-to-date cash flow from operations \$144 million, up from \$36 million in first half of 2011

Improvement mainly due to lower increase in inventory

Includes unfavorable impact of \$16 million increase in pension contribution

\$201 million remains on \$400 million share repurchase authorization

Maintained strong balance sheet

Inventory at May 31, 2012 down from February 29, 2012

Working down strategic inventory and gaining traction with new inventory management processes in North America

2012 Outlook

Sales growth in local currency

Sales impact of currency

Operating income

CCI cost savings

Material cost increases

Incremental brand marketing

Increased retirement benefit expenses

Tax rate (second half)

Income from unconsolidated operations

Earnings per share

Capital expenditures

Share repurchases

9-11% including 4% from acquisitions

2% reduction

9-11%

At least \$45 million

High single-digit

Approximately \$15 million

\$9 million

30%

Down at least 20%

\$3.01 - \$3.06

\$100-\$110 million

Even with 2011

Expect greater 2012 EPS growth in fourth quarter than third quarter

Factors affecting 2012 EPS growth rate	Third quarter	Fourth quarter
Expected decline in 3Q 2012 income from unconsolidated operations	—	
Acquisition-related transaction costs lowered 4Q 2011 EPS \$0.05		+
Estimated \$10 million shift in sales 4Q 2011 to 3Q 2011 due to customer purchases in advance of price increase	—	+



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