
SECURITIES & EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported):
June 29, 2004

McCormick & Company, Incorporated

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction
of incorporation)

0-748
(Commission
File Number)

52-0408290
(IRS Employer
Identification No.)

18 Loveton Circle
Sparks, Maryland
(Address of principal executive offices)

21152
(Zip Code)

Registrant's telephone number, including area code: (410) 771-7301

Item 12. Results of Operations and Financial Condition.

On June 29, 2004, the Registrant issued a press release and held a conference call with analysts to report on the results of operations for the second quarter of fiscal year 2004, which ended on May 31, 2004.

Furnished with this Form 8-K as Exhibit 99.1 is a copy of the press release labeled "McCormick Announces Record Second Quarter Results," which includes an unaudited Consolidated Income Statement for the three and six month periods ended May 31, 2004, an unaudited Consolidated Balance Sheet of the Registrant as of May 31, 2004, and an unaudited consolidated Statement of Cash Flows for the six months ended May 31, 2004.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

McCORMICK & COMPANY, INCORPORATED

Date: June 29, 2004

By: _____
/s/ Robert W. Skelton
Robert W. Skelton
Senior Vice President,
General Counsel & Secretary

McCORMICK ANNOUNCES RECORD SECOND QUARTER RESULTS

SPARKS, MD, JUNE 29 - - McCormick & Company, Incorporated (NYSE:MKC), today reported record sales, net income and earnings per share for the second quarter ended May 31, 2004.

Sales for the quarter were \$596 million, an increase of 13% versus the second quarter of 2003. Higher volume, pricing and product mix contributed 9% of the increase of which 5% was attributable to the 2003 acquisition of Zatarain's. An increase of 4% was added by favorable foreign exchange rates.

Earnings per share from continuing operations for the second quarter increased 11% to 30¢ compared to 27¢ in the second quarter of 2003. When comparing the two quarters, the 3¢ increase was the net result of the following:

- An excellent performance from the Company's consumer and industrial businesses contributed an increase of 5¢ in the second quarter of 2004 compared to the prior year. This was the net result of higher sales, improved gross profit margin and a \$4 million increase in advertising expense. Gross profit margin rose to 38.9% from 37.5% due to a positive shift in sales mix and success with cost reduction initiatives.
- In the second quarter of 2004, the Company recorded income of \$9 million as a special credit related to the settlement of a class action lawsuit against suppliers of flavor enhancers, increasing earnings per share by 4¢. The Company will use these funds for various sales growth and cost reduction initiatives throughout 2004. In this regard, the Company recorded 2¢ of selling, general and administrative expense in connection with a plan to reorganize administrative and other functions in international locations.
- These increases in earnings per share were further offset by a 1¢ increase in special charges as compared to the second quarter of 2003. These charges related to the streamlining actions announced in early 2002.
- Also, as compared to the second quarter of 2003, interest income for the second quarter of 2004 was 3¢ less than in 2003, which was the period during which the Company recorded a one-time interest payment in connection with the final settlement of the purchase price for the Ducros acquisition.

In summary, the 3¢ increase in earnings per share for the second quarter of 2004 was the net result of a 5¢ increase in operating results, a 4¢ increase from the lawsuit settlement, a 2¢ decrease from reorganization expense, a 1¢ decrease from special charges and a 3¢ decrease in interest income related to the 2003 purchase price settlement.

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Results from McCormick's consumer and industrial businesses follow.

Consumer Business

(in thousands)

| | Three Months Ended | | | | Six Months Ended | | | |
|------------------|--------------------|---------|---------|---------|------------------|---------|---------|---------|
| | 5/31/04 | | 5/31/03 | | 5/31/04 | | 5/31/03 | |
| Net sales | \$ | 297,338 | \$ | 247,772 | \$ | 596,392 | \$ | 484,059 |
| Operating income | | 45,616 | | 36,401 | | 94,614 | | 76,236 |

For the second quarter, sales for McCormick's consumer business rose 20% when compared to 2003. Zatarain's added 11% to sales, favorable foreign exchange added 5% and higher volume was the primary driver of an additional 4%. Consumer sales in the Americas rose 24% with 17% from the Zatarain's acquisition, 6% primarily from higher volumes and 1% from foreign exchange. Sales volumes in the U.S. benefited from new distribution gained in 2003 with a leading dollar store chain and a major grocery retailer. In addition to these volume increases, pricing was higher in the Americas for vanilla products in response to higher vanilla bean costs. Consumer sales in Europe increased 13% for the quarter, with 12% due to favorable foreign exchange. In the Asia/Pacific region, sales increased 15% with 13% due to favorable foreign exchange and 2% due primarily to higher volumes.

Operating income from continuing operations for the consumer business increased 25% to \$46 million for the second quarter of 2004. This increase was driven by strong sales performance and increased margins, offset in part by a \$4 million increase in advertising related to new product launches. Also affecting operating income in the second quarter were costs of \$3 million associated with the reorganization of administrative and other functions.

Industrial Business

(in thousands)

| | Three Months Ended | | | | Six Months Ended | | | |
|------------------|--------------------|---------|---------|---------|------------------|---------|---------|---------|
| | 5/31/04 | | 5/31/03 | | 5/31/04 | | 5/31/03 | |
| Net sales | \$ | 298,826 | \$ | 280,140 | \$ | 572,134 | \$ | 529,300 |
| Operating income | | 28,913 | | 29,489 | | 54,271 | | 52,201 |

For the second quarter of 2004, sales for McCormick's industrial business increased 7% when compared to 2003. Price and product mix were the primary drivers of a 4% increase, and favorable foreign exchange added another 3%. Higher costs for certain raw materials including vanilla, cheese and soy oil led to higher prices. Continued emphasis on more value-added products continues to improve the product mix for this business. In the Americas, industrial sales rose 5% with a continuation of strong sales to restaurant customers driven in part by new products. Industrial sales in Europe increased 13% for the quarter, with foreign exchange contributing 14%. A shift in emphasis to higher margin food service products resulted in reduced sales of certain lower margin products. In the Asia/Pacific region, industrial sales rose 12%, with an 8% increase from foreign exchange and the remaining increase from higher volumes.

In the second quarter of 2004, industrial business operating income declined 2% to \$29 million. Higher sales and improved margins for the quarter led to an increase of \$3 million or 13% for this business. This was offset by a decrease of \$4 million in operating income due to costs associated with the reorganization of administrative and other functions and special charges related to streamlining actions announced early in 2002.

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Chairman's Comments

Robert J. Lawless, Chairman, President & CEO, commented, "We are pleased to report record sales, net income and earnings per share for the second quarter and first half of 2004. Employees throughout McCormick are working to grow sales and improve efficiency, and we are seeing the results of these efforts.

"As we assess our progress mid-year in 2004, we have made great strides in four key areas:

- "First, we have achieved impressive base business results year-to-date. Net sales are up 15% with 5% from acquisitions, 5% from favorable foreign exchange and 5% from our core businesses. This core business increase is being driven by new products, new distribution, more effective marketing, pricing and a continued shift to more value-added products. Success with our sales growth initiatives, together with more efficient operations, added nearly a full percentage point to gross profit margin. Cash from operations was \$66 million, up from \$13 million in the first half of 2003. Our business has great momentum as we move into the second half of 2004.
- "Second, we have completed the transition of our U.S. industrial businesses to the B2K program. This means both consumer and industrial facilities in the U.S. are using a common system and similar processes, positioning us to improve efficiency in all parts of our operations. With these capabilities and progress with supply chain initiatives, we are on track to achieve our \$15 million target of cost savings in 2004. The opportunity for future savings expands as we move international operations onto the SAP platform in 2005.
- "Third, the integration plans for our 2003 acquisitions are on track, and the sales and profit results from these businesses have exceeded our expectations. We continue to seek acquisitions that expand our flavor delivery for both the consumer and industrial businesses.
- "And fourth, we received a settlement related to a class action lawsuit in March 2004 and recorded income of \$9 million in the second quarter. We have already begun to reinvest these funds to grow sales and improve operations. To that end, we have initiated a plan to reorganize administrative and other functions in international locations. We recorded costs of \$4 million associated with this action in the second quarter.

"Given our first half results and current financial projections, we expect sales for the year to increase at a low double-digit rate. Our earnings per share objective for 2004 remains in a \$1.51 to \$1.54 range as we invest in initiatives to grow sales and reduce costs. We continue to expect cash from operations after net capital expenditures and dividends to exceed \$100 million and have been using a portion of this cash to repurchase shares.

"We have reported great results for the first half of 2004 and are excited about our new products, marketing plans and cost improvements for the second half. We are highly confident that 2004 will be another record year for McCormick. "

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Live Webcast

As previously announced, McCormick will hold a conference call with the analysts today at 10:00 a.m. ET. The conference call will be web cast live via the McCormick corporate web site <http://www.mccormick.com>. Click on "Company Information" then "Investor Services," and follow directions to listen to the call. At this same location, a replay of the call will be available for one week following the live call. Past press releases and additional information can be found at the Company's website.

Forward-looking Statement

Certain information contained in this release, including expected trends in net sales and earnings performance, are "forward-looking statements" within the meaning of Section 21E of the Securities and Exchange Act of 1934. Forward-looking statements are based on management's current views and assumptions and involve risks and uncertainties that could be materially affected by external factors such as: actions of competitors, customer relationships, market acceptance of new products, actual amount and timing of special charge items, removal and disposal costs, final negotiations of third-party contracts, the impact of the stock market conditions on its share repurchase program, fluctuations in the cost and availability of supply chain resources, global economic conditions, including interest and currency rate fluctuations, and inflation rates. 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.

About McCormick

McCormick & Company, Incorporated is the global leader in the manufacture, marketing and distribution of spices, seasonings and flavors to the entire food industry — to foodservice and food processing businesses as well as to retail outlets.

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Consolidated Income Statement (Unaudited)
(In thousands except per-share data)

| | Three Months Ended | | Six Months Ended | |
|---|--------------------|------------|------------------|--------------|
| | 5/31/2004 | 5/31/2003 | 5/31/2004 | 5/31/2003 |
| Net sales | \$ 596,164 | \$ 527,912 | \$ 1,168,526 | \$ 1,013,359 |
| Cost of goods sold | 364,238 | 330,138 | 714,913 | 629,455 |
| Gross profit | 231,926 | 197,774 | 453,613 | 383,904 |
| Gross profit margin | 38.9 % | 37.5 % | 38.8 % | 37.9 % |
| Selling, general & administrative expense | 168,652 | 140,945 | 328,885 | 271,924 |
| Special charges / (credits) | (6,448) | 472 | (6,379) | 592 |
| Operating income | 69,722 | 56,357 | 131,107 | 111,388 |
| Interest expense | 9,695 | 9,679 | 19,267 | 19,190 |
| Other income, net | (536) | (5,972) | (684) | (6,613) |
| Income from consolidated operations before income taxes | 60,563 | 52,650 | 112,524 | 98,811 |
| Income taxes | 18,713 | 15,682 | 34,769 | 29,888 |
| Net income from consolidated operations | 41,850 | 36,968 | 77,755 | 68,923 |
| Income from unconsolidated operations | 1,825 | 2,479 | 5,085 | 5,326 |
| Minority interest | (822) | (951) | (1,881) | (2,326) |
| Net income from continuing operations | 42,853 | 38,496 | 80,959 | 71,923 |
| Discontinued operations, net of tax | - | 1,463 | - | 3,175 |
| Net income | \$ 42,853 | \$ 39,959 | \$ 80,959 | \$ 75,098 |
| Earnings per share - basic: | | | | |
| Net income from continuing operations | \$ 0.31 | \$ 0.28 | \$ 0.59 | \$ 0.52 |
| Net income from discontinued operations | \$ - | \$ 0.01 | \$ - | \$ 0.02 |
| Net income | \$ 0.31 | \$ 0.29 | \$ 0.59 | \$ 0.54 |
| Earnings per share - diluted: | | | | |
| Net income from continuing operations | \$ 0.30 | \$ 0.27 | \$ 0.57 | \$ 0.50 |
| Net income from discontinued operations | \$ - | \$ 0.01 | \$ - | \$ 0.02 |
| Net income | \$ 0.30 | \$ 0.28 | \$ 0.57 | \$ 0.53 |
| Average shares outstanding - basic | 137,679 | 139,202 | 137,519 | 139,575 |
| Average shares outstanding - assuming dilution | 142,494 | 142,410 | 142,133 | 142,427 |

Second Quarter Report

McCormick & Company, Incorporated

Consolidated Balance Sheet (Unaudited)
(In thousands)

| | 5/31/2004 | 5/31/2003 |
|---|--------------|--------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 16,125 | \$ 24,994 |
| Receivables, net | 313,607 | 289,829 |
| Inventories, net | 373,974 | 358,400 |
| Prepaid expenses and other current assets | 37,416 | 37,298 |
| Current assets of discontinued operations | - | 62,604 |
| Total current assets | 741,122 | 773,125 |
| Property, plant and equipment, net | 456,556 | 425,217 |
| Goodwill and intangible assets, net | 727,505 | 528,918 |
| Prepaid allowances | 79,711 | 102,405 |
| Investments and other assets | 129,287 | 130,684 |
| Non-current assets of discontinued operations | - | 75,548 |
| Total assets | \$ 2,134,181 | \$ 2,035,897 |
| Liabilities and shareholders' equity | | |
| Current liabilities | | |
| Short-term borrowings and current portion of long-term debt | \$ 142,810 | \$ 153,238 |
| Trade accounts payable | 166,188 | 182,524 |
| Other accrued liabilities | 299,382 | 270,172 |
| Current liabilities of discontinued operations | - | 25,627 |
| Total current liabilities | 608,380 | 631,561 |
| Long-term debt | 495,884 | 451,529 |
| Other long-term liabilities | 204,904 | 209,139 |
| Long-term liabilities of discontinued operations | - | 113 |
| Total liabilities | 1,309,168 | 1,292,342 |
| Minority interest | 23,780 | 22,341 |
| Shareholders' equity | | |
| Common stock | 312,192 | 246,725 |
| Retained earnings | 448,459 | 470,547 |

| | | |
|---|---------------------|---------------------|
| Accumulated other comprehensive income (loss) | 40,582 | 3,942 |
| Total shareholders' equity | 801,233 | 721,214 |
| Total liabilities and shareholders' equity | <u>\$ 2,134,181</u> | <u>\$ 2,035,897</u> |

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Second Quarter Report

McCormick & Company, Incorporated

Consolidated Statement of Cash Flows (Unaudited)

(In thousands)

| | Six Months Ended | |
|---|------------------|------------------|
| | 5/31/2004 | 5/31/2003 |
| Cash flows from continuing operating activities | | |
| Net income | \$ 80,959 | \$ 75,098 |
| Net income from discontinued operations | - | (3,175) |
| Net income from continuing operations | 80,959 | 71,923 |
| Adjustments to reconcile net income from continuing operations to net cash flow from continuing operating activities: | | |
| Depreciation and amortization | 34,702 | 30,990 |
| (Gain) / loss on sale of fixed assets | (277) | 443 |
| Income from unconsolidated operations | (5,085) | (5,327) |
| Changes in operating assets and liabilities | (44,794) | (92,105) |
| Dividends from unconsolidated affiliates | 900 | 6,697 |
| Net cash flow from continuing operating activities | <u>66,405</u> | <u>12,621</u> |
| Cash flows from continuing investing activities | | |
| Acquisition of businesses | - | (19,517) |
| Purchase price adjustment | - | 50,007 |
| Capital expenditures | (27,654) | (40,137) |
| Proceeds from sale of fixed assets | 1,271 | 2,047 |
| Net cash flow from continuing investing activities | <u>(26,383)</u> | <u>(7,600)</u> |
| Cash flows from continuing financing activities | | |
| Short-term borrowings, net | (28,686) | 15,363 |
| Long-term debt borrowings | 49,788 | - |
| Long-term debt repayments | (260) | (166) |
| Common stock issued | 56,663 | 18,097 |
| Common stock acquired by purchase | (93,002) | (35,075) |
| Dividends paid | (38,561) | (30,727) |
| Net cash flow from continuing financing activities | <u>(54,058)</u> | <u>(32,508)</u> |
| Effect of exchange rate changes on cash and cash equivalents | 5,020 | 12,764 |
| Net cash flow from discontinued operations | - | (7,615) |
| Decrease in cash and cash equivalents | (9,016) | (22,338) |
| Cash and cash equivalents at beginning of period | 25,141 | 47,332 |
| Cash and cash equivalents at end of period | <u>\$ 16,125</u> | <u>\$ 24,994</u> |

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