

2nd QUARTER 2024

*Financial Results
and Outlook*

McCORMICK & COMPANY, INC.

June 27, 2024



The following slides accompany a June 27, 2024, earnings release conference call. This information should be read in conjunction with the press release issued on that date.

FORWARD-LOOKING INFORMATION

Certain information contained in this presentation, 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: general economic and industry conditions, including consumer spending rates, interest rates, and availability of capital; expectations regarding sales growth potential in various geographies and markets, including the impact from brand marketing support, product innovation, and customer, channel, category, heat platform and e-commerce expansion; expected trends in net sales and earnings performance and other financial measures; 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 the inflationary cost environment on our business; the expected impact of factors affecting our supply chain, including the availability and prices of commodities and other supply chain resources including raw materials, packaging, labor, energy, and transportation; the expected impact of productivity improvements, and cost savings, including those associated with our CCI and GOE programs and Global Business Services operating model initiative; the ability to identify, attract, hire, retain and develop qualified personnel and develop the next generation of leaders; the impact of the ongoing conflicts between Russia and Ukraine, Israel and Hamas, and in the Red Sea, including the potential for broader economic disruption; expected working capital improvements; 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, quarterly dividends and our 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.

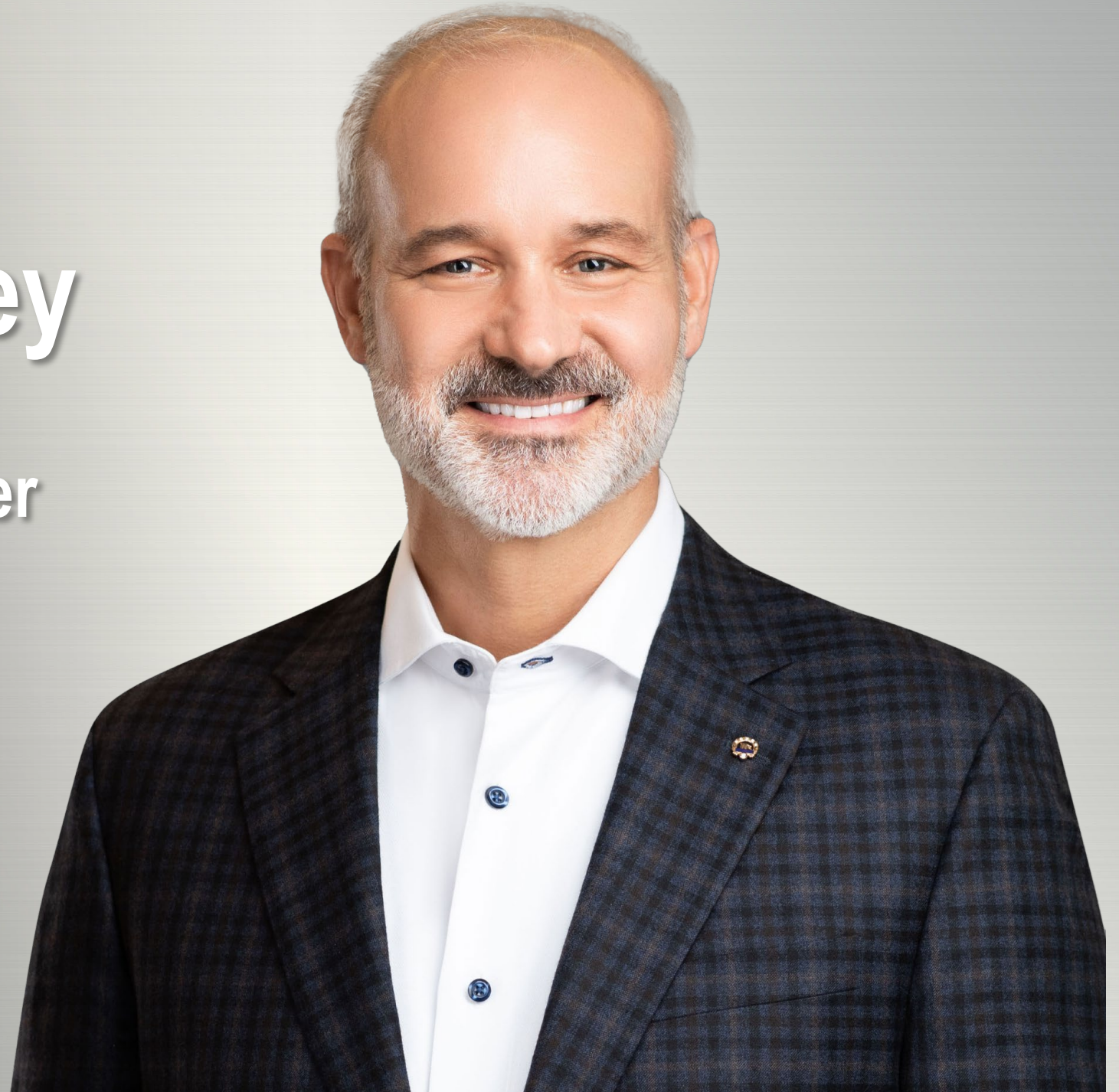
These and other forward-looking statements are based on management's current views and assumptions and involve risks and uncertainties that could significantly affect expected results. Results may be materially affected by factors such as: the company's ability to drive revenue growth; the company's 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; 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 conflicts between Russia and Ukraine, Israel and Hamas, and in the Red Sea, 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, 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 our amount of outstanding indebtedness and related level of debt service as well as the effects that such 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; 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.



Brendan Foley

President and
Chief Executive Officer



SECOND QUARTER PERFORMANCE

RESULTS DEMONSTRATE SUCCESS OF PRIORITIZED INVESTMENTS

(1%¹) net sales decline reflects flat pricing and (1%) volume

Consumer volumes improved substantially sequentially, leading to year-over-year volume growth

Flavor Solutions volumes declined due to soft customer volumes and timing of customer activities



SECOND QUARTER 2024 SALES GROWTH

Areas of Success

Consumer

Volume growth in core categories across major markets

Spices and seasonings unit share gains in U.S.

Recipe mix distribution gains in Americas and share gains in U.K.

Mustard consumption and unit share improvement

Flavor Solutions

Americas Branded Foodservice volume growth

Americas Flavor strong performance with high-growth innovators

Strong volume growth in APAC from new customers

Areas of Pressure

Consumer

Volume declines in prepared food categories

Short-term impacts on hot sauce share

Flavor Solutions

Additional QSR traffic declines in EMEA and Americas

Volume softness in flavor customers' businesses



EXECUTING ON GROWTH PLANS FOR 2024

Brand Marketing



Innovation



Category Management



Proprietary Technologies



Differentiated Customer Engagement



FOCUS ON INNOVATION – CONSUMER



FOCUS ON INNOVATION – FLAVOR SOLUTIONS

Flavors



Branded Foodservice





Marcos Gabriel

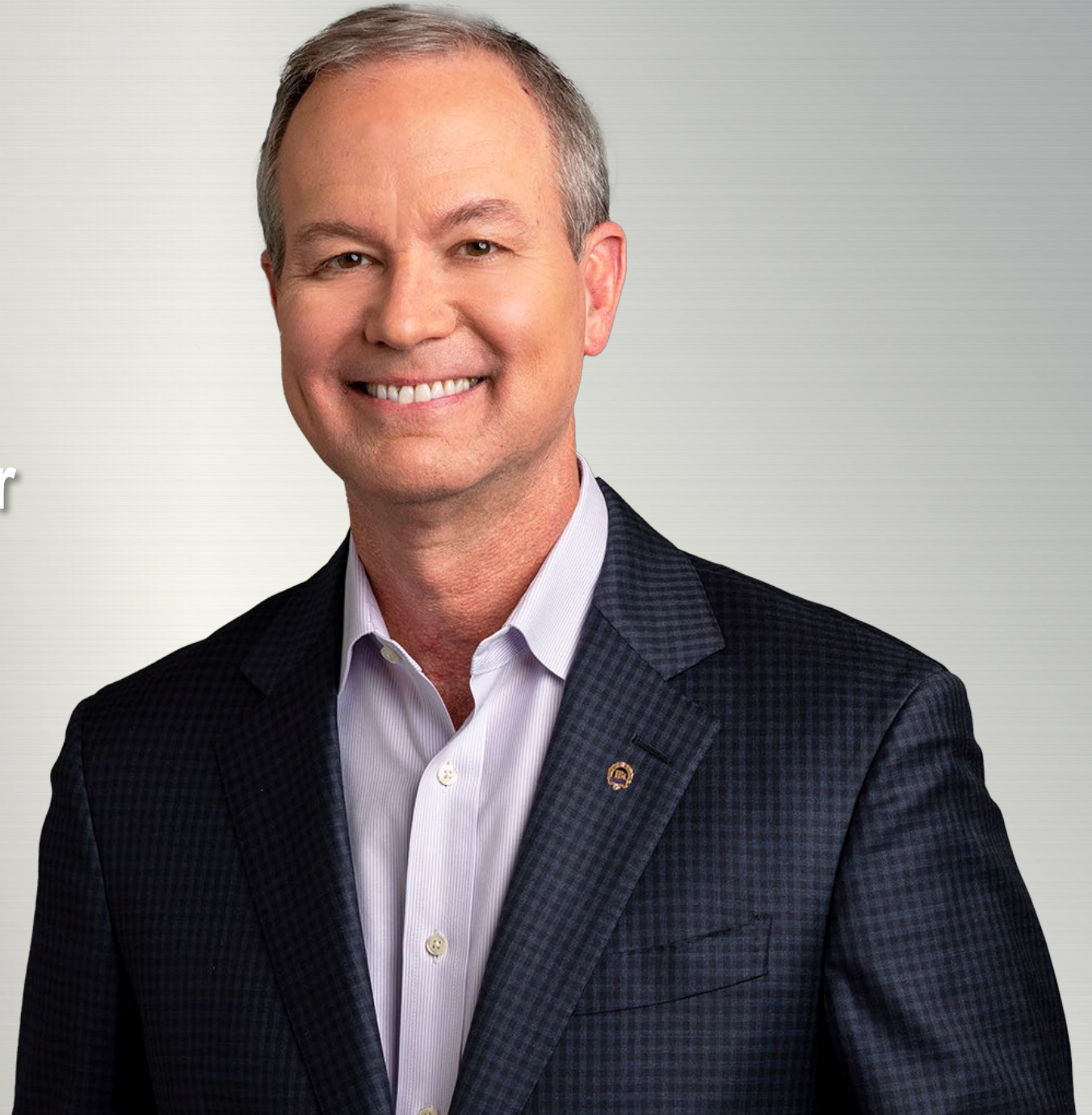
*Incoming
Executive Vice President
and Chief Financial Officer*





Mike Smith

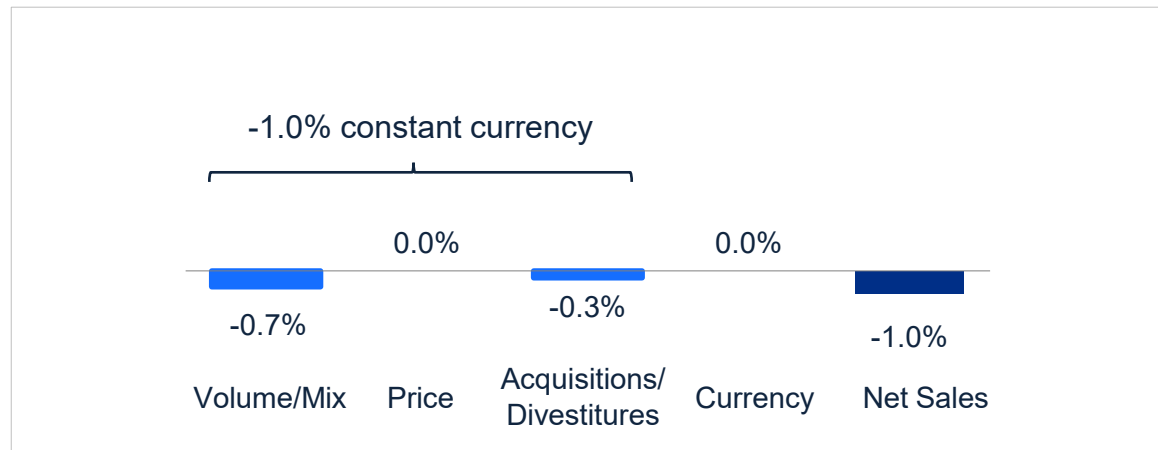
Executive Vice President
and Chief Financial Officer



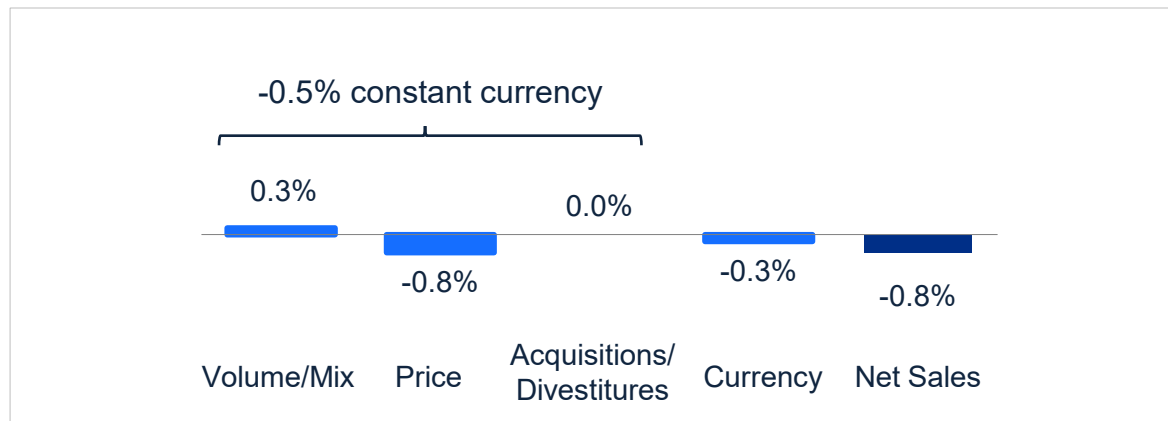


2Q 2024 SALES RESULTS

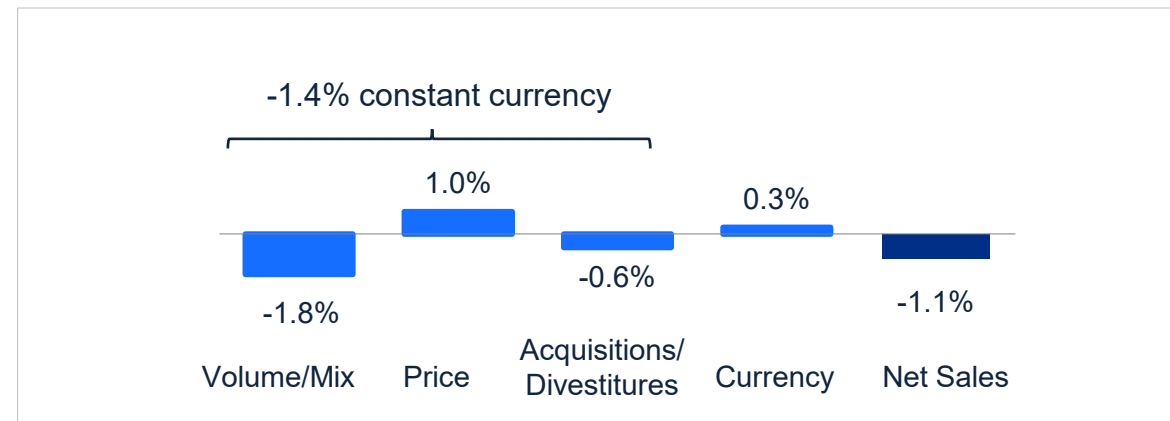
TOTAL COMPANY



CONSUMER



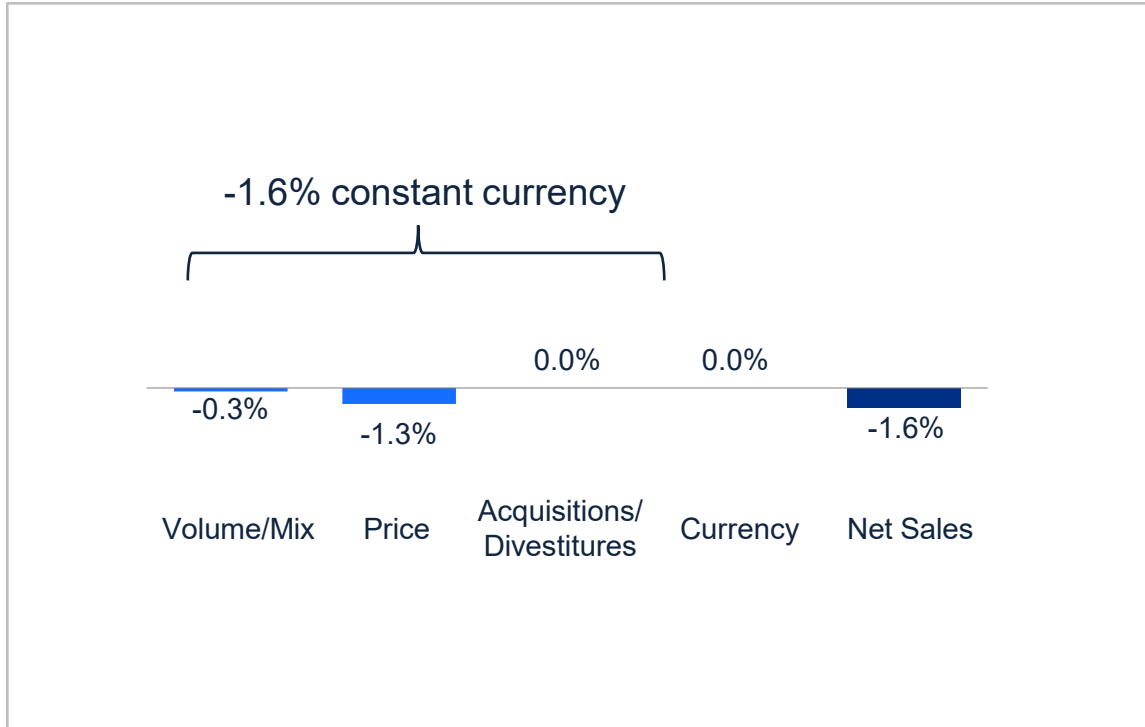
FLAVOR SOLUTIONS





2Q 2024 SALES RESULTS: CONSUMER SEGMENT

AMERICAS CONSUMER



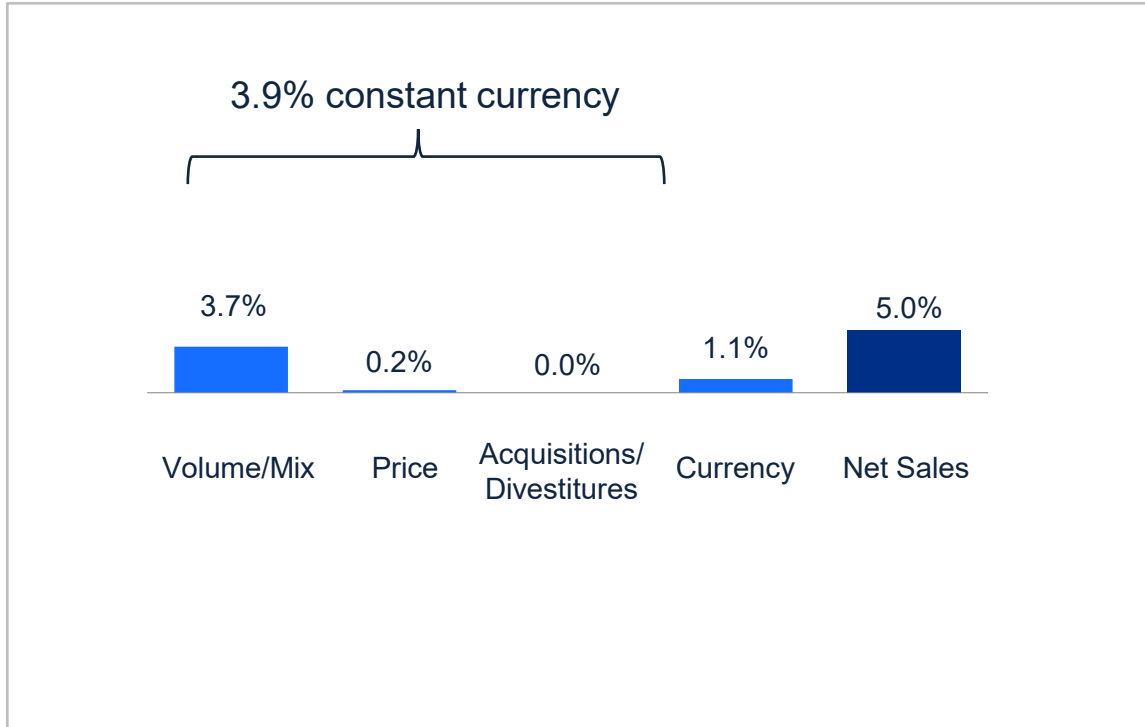
- Pricing investments of -1%
- Volume and mix flat reflecting:
 - Spices and Seasonings growth
 - Prepared food categories, Asian and Frozen, declines





2Q 2024 SALES RESULTS: CONSUMER SEGMENT

EMEA CONSUMER

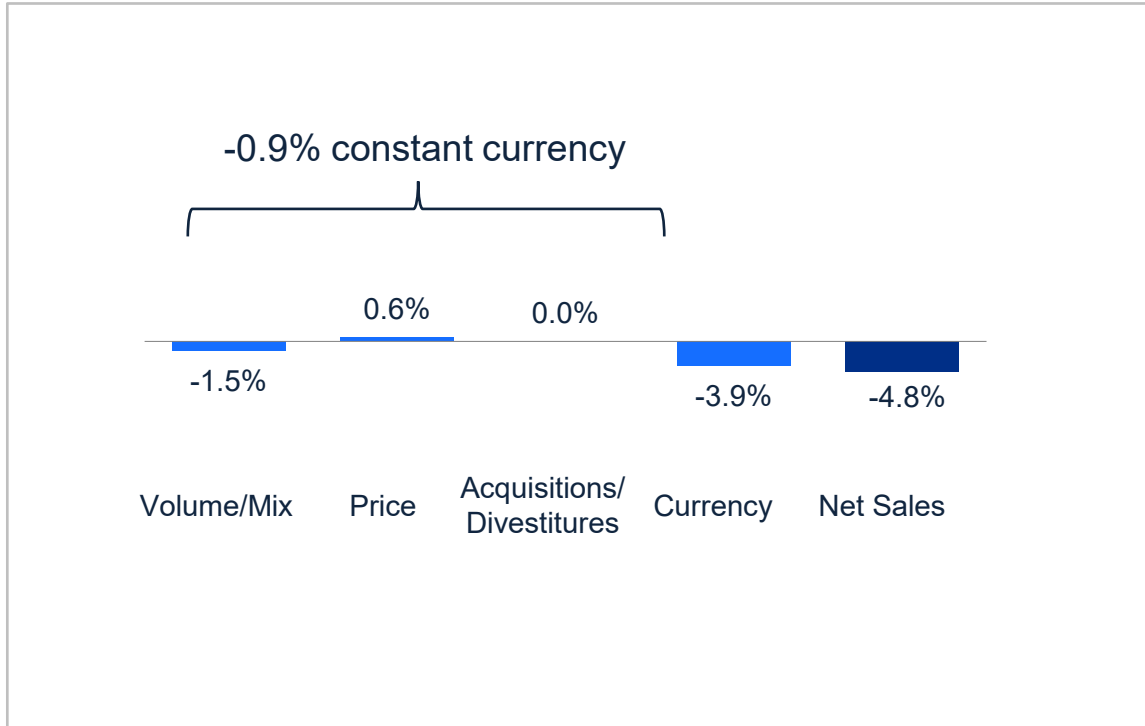


- Volume growth across categories and major markets
 - Expanded distribution in grocery, discounter, and e-commerce
 - Realized benefits from new product innovation



2Q 2024 SALES RESULTS: CONSUMER SEGMENT

APAC CONSUMER



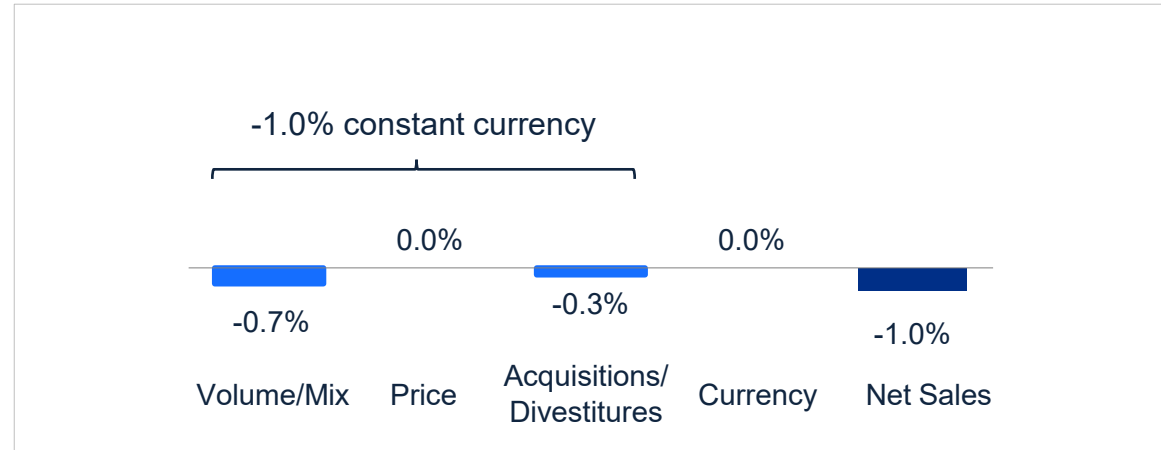
- Volume and mix decline due to macro environment in China
- Broad-based volume-led growth outside of China



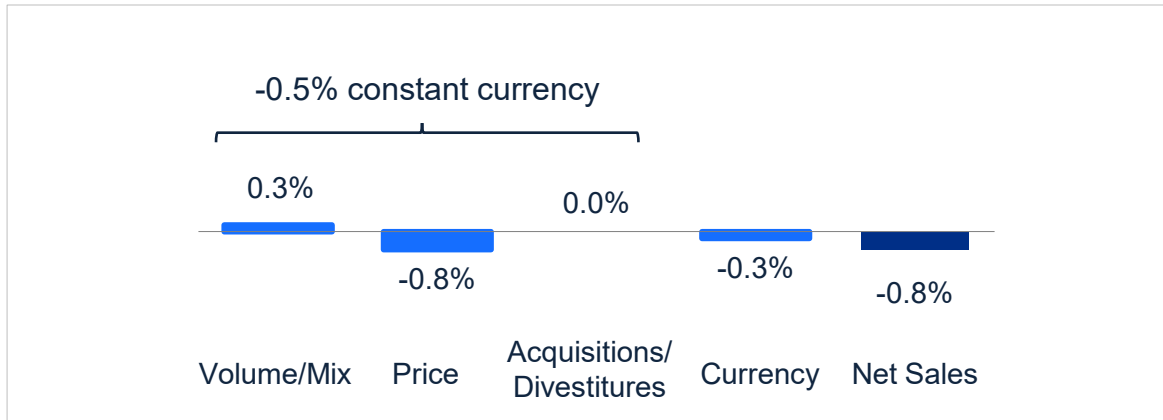


2Q 2024 SALES RESULTS

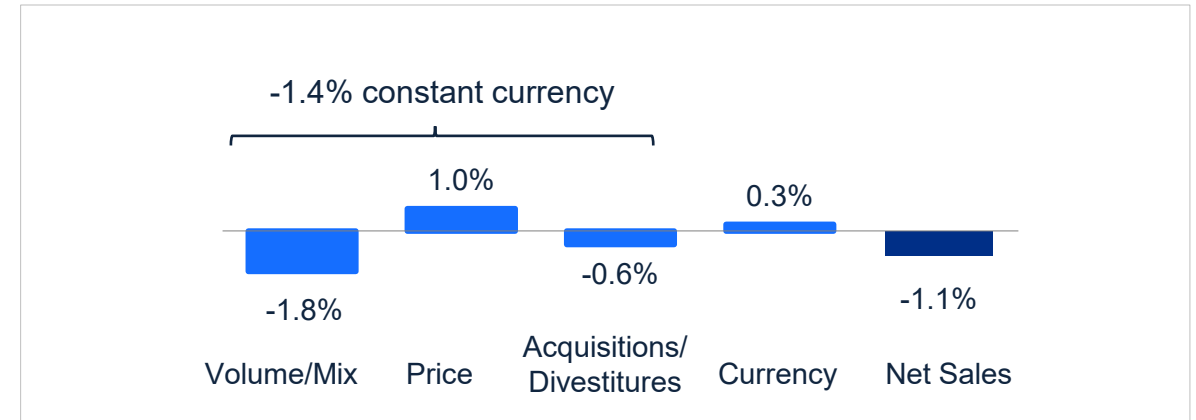
TOTAL COMPANY



CONSUMER



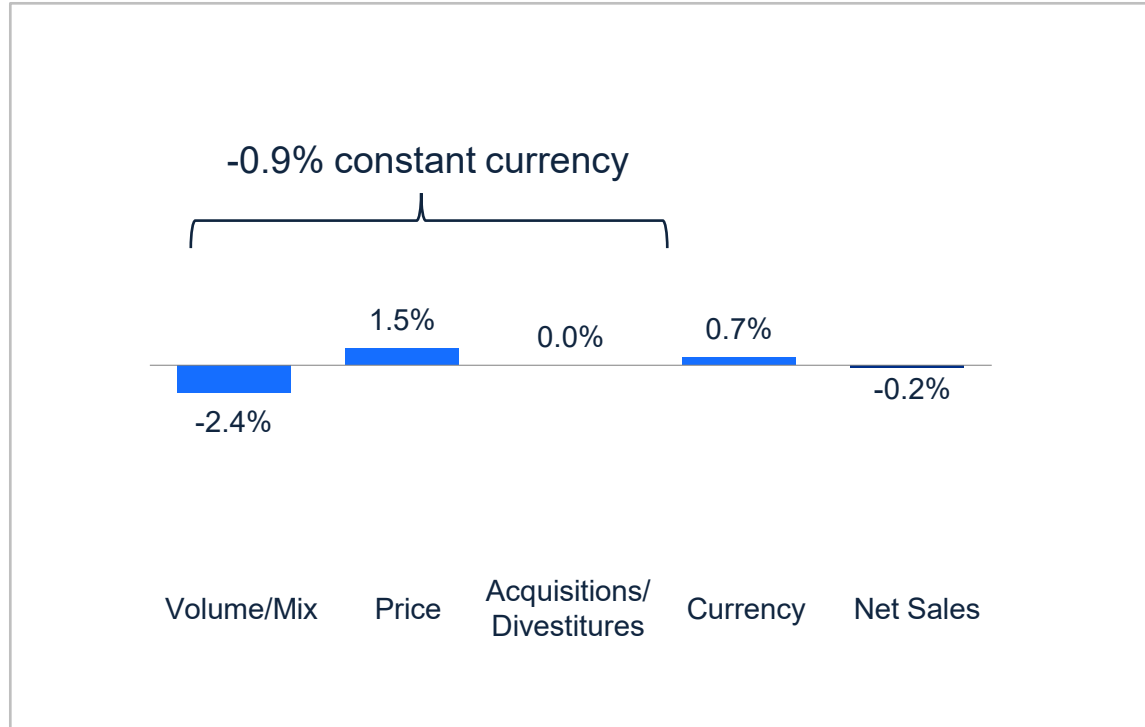
FLAVOR SOLUTIONS





2Q 2024 SALES RESULTS: FLAVOR SOLUTIONS SEGMENT

AMERICAS FLAVOR SOLUTIONS



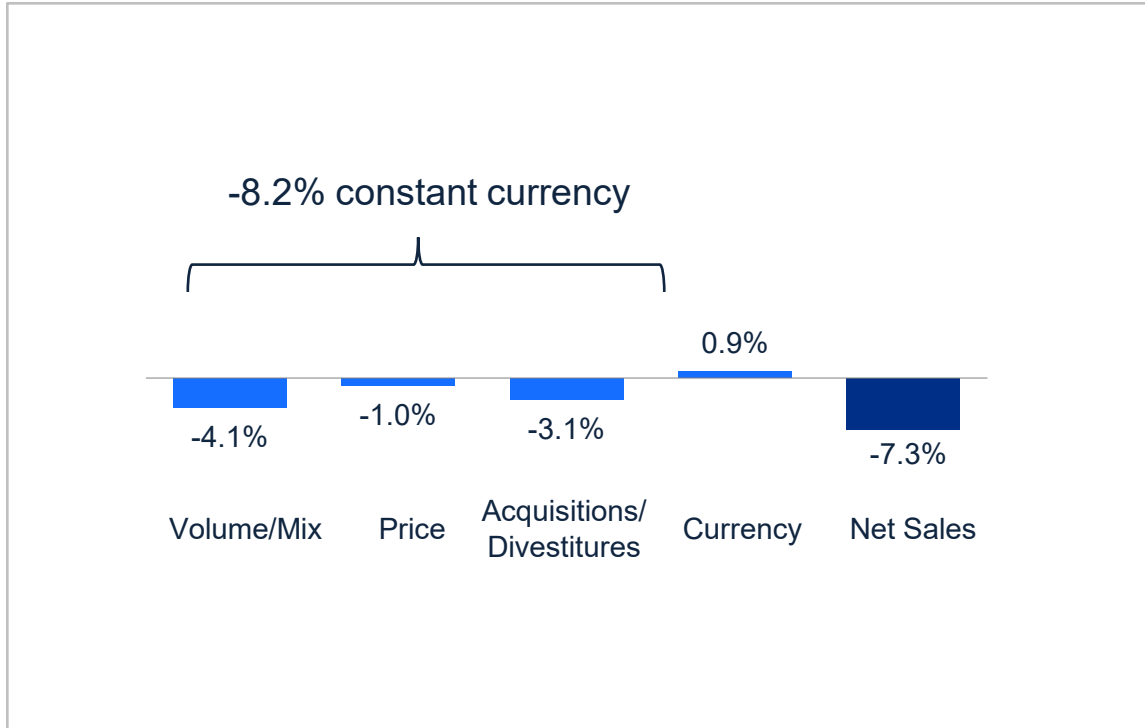
- Volume and mix decline included:
 - Softness in QSR and packaged food volumes
 - Timing of customer activities
 - Partially offset by volume growth in branded foodservice





2Q 2024 SALES RESULTS: FLAVOR SOLUTIONS SEGMENT

EMEA FLAVOR SOLUTIONS



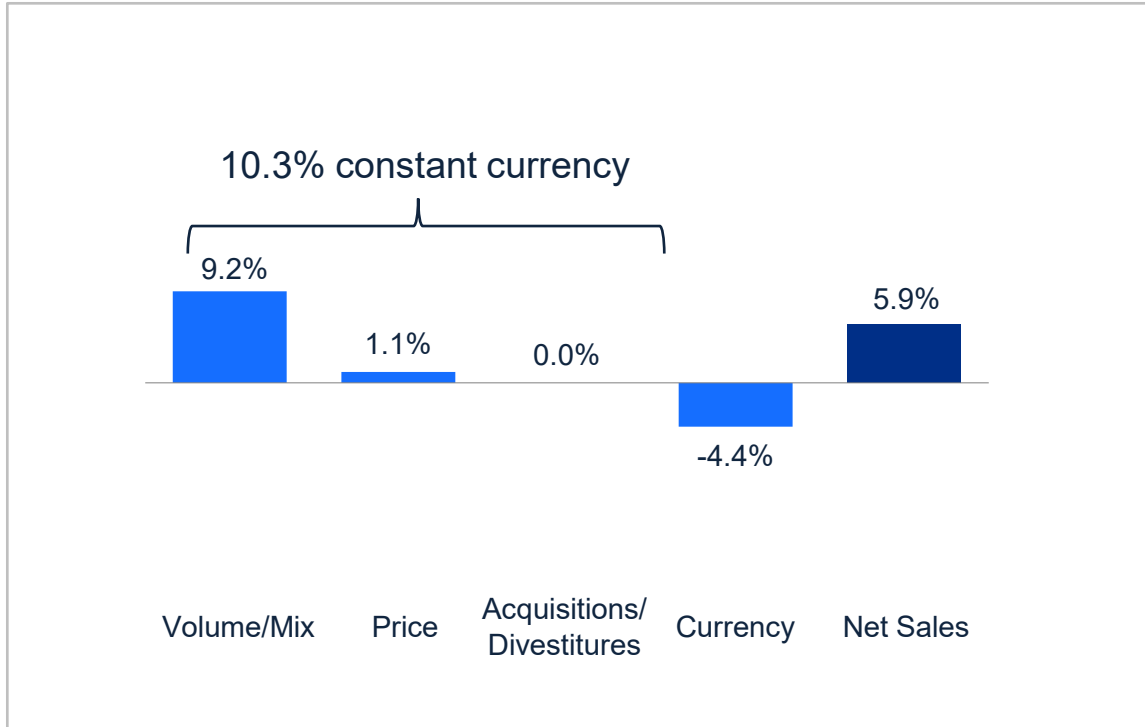
- 3% impact from divestiture of canning business
- Volume and mix decline included:
 - Softness in QSR and packaged food volumes
 - Timing of customer activities





2Q 2024 SALES RESULTS: FLAVOR SOLUTIONS SEGMENT

APAC FLAVOR SOLUTIONS



- Volume and mix growth driven by:
 - Timing of customer promotions and limited-time offers
 - New product innovation





GROSS MARGIN

<i>(in millions)</i>	2Q 2024	2Q 2023	2Q Fav/(Unfav) Change
Gross Margin	37.7%	37.1%	60 bps

- Expansion primarily driven by Comprehensive Continuous Improvement (CCI) savings program
- Anticipate higher gross margin in 2H 2024 relative to 1H 2024



OPERATING INCOME

<i>(in millions)</i>	2Q 2024	2Q 2023	2Q Fav/(Unfav) Change
Selling, general & administrative expenses as percent of net sales	23.3%	22.9%	(40) bps
Operating income	\$234.1	\$221.8	6%
Adjusted operating income	\$235.9	\$235.0	0%
Consumer	149.3	153.6	(3%)
Flavor Solutions	86.6	81.4	6%

- SG&A expenses as a percent of net sales increased 40 basis points
 - Brand marketing partially offset by CCI cost savings
 - Anticipate continued investment in brand marketing
- Total adjusted operating income growth flat to 2Q 2023 with minimal impact from currency
 - Consumer segment had (1%) impact from currency
 - Flavor Solutions segment had minimal currency impact
- Special charges were \$1.8 million in 2Q 2024 versus \$13.2 million in 2Q 2023





INTEREST EXPENSE AND INCOME TAXES

<i>(in millions)</i>	2Q 2024	2Q 2023	2Q Fav/(Unfav) Change
Interest Expense	\$52.9	\$52.2	(1%)
Income tax rate	13.5%	22.1%	860 bps
Adjusted income tax rate	13.6%	22.3%	870 bps

- Interest expense increase driven by higher short-term rates partially offset by reduction in average debt
- Benefit of discrete tax items more significant in 2Q 2024
 - Expect tax rate to be approximately 22% for the year



INCOME FROM UNCONSOLIDATED OPERATIONS

<i>(in millions)</i>	2Q 2024	2Q 2023	2Q Fav/(Unfav) Change
Income from Unconsolidated Operations	\$16.8	\$10.3	63%

- Increase driven by strong performance in largest joint venture, McCormick de Mexico



EARNINGS PER SHARE

	2Q 2024	2Q 2023	2Q Fav/(Unfav) Change
Earnings per share	\$0.68	\$0.56	21%
Adjusted earnings per share	\$0.69	\$0.60	15%

Change in adjusted earnings per share

Decrease in tax rate 0.06

Increase in unconsolidated income 0.03

Total Increase **\$ 0.09**





BALANCE SHEET AND CASH FLOW

- Year-to-date cash flow provided from operations of \$302 million
 - Decrease from \$394 million year-to-date 2023
 - Decline driven by increased incentive compensation and timing of cash tax payments
- \$226 million of cash returned to shareholders through dividends
- Capital expenditures of \$130 million through the first half of 2024

BALANCED USE OF CASH



- ✓ Drive growth
- ✓ Return to shareholders
- ✓ Pay down debt

**EXPECT STRONG 2024 CASH FLOW DRIVEN BY PROFIT
AND WORKING CAPITAL INITIATIVES**



2024 OUTLOOK

	Reported Currency	Constant Currency
Sales growth	-2% to 0%	-1% to 1%
Adjusted operating income increase	3% to 5%	4% to 6%
Cost inflation	Low single-digit increase	
Adjusted gross profit margin	Up 50 to 100 bps	
Brand marketing	High single-digit increase	
Adjusted income from unconsolidated operations	Mid-teens increase	
Adjusted tax rate	Approximately 22%	
Adjusted earnings per share	\$2.80 to \$2.85	
Adjusted earnings per share growth	4% to 6%	5% to 7%
Shares outstanding	Approximately 271M	



KEY TAKEAWAYS



First-half results reflect effectiveness of investments to drive long-term organic growth

Execution of proven strategies with speed and agility in alignment with consumer behavior

CCI savings program continues to fund investments and drive margin expansion

Confidence in delivering mid to high-end of constant currency sales outlook for 2024

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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 of the special charges.

Special charges consist of expenses and income, as applicable, 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 actions are classified as special charges upon recognition and monitored on an on-going basis through completion.

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	
	5/31/2024	5/31/2023
Operating income	\$ 234.1	\$ 221.8
Impact of special charges	1.8	13.2
Adjusted operating income	<u>\$ 235.9</u>	<u>\$ 235.0</u>
% increase versus year-ago period	0.3%	
Operating income margin (1)	14.2%	13.4%
Impact of special charges (1)	0.2%	0.8%
Adjusted operating income margin (1)	<u>14.4%</u>	<u>14.2%</u>
Income tax expense	\$ 26.2	\$ 40.3
Impact of special charges	0.4	3.2
Adjusted income tax expense	<u>\$ 26.6</u>	<u>\$ 43.5</u>
Income tax rate (2)	13.5%	22.1%
Impact of special charges	0.1%	0.2%
Adjusted income tax rate (2)	<u>13.6%</u>	<u>22.3%</u>
Net income	\$ 184.2	\$ 152.1
Impact of special charges	1.4	10.0
Adjusted net income	<u>\$ 185.6</u>	<u>\$ 162.1</u>
% increase versus year-ago period	14.5%	
Earnings per share - diluted	\$ 0.68	\$ 0.56
Impact of special charges	0.01	0.04
Adjusted earnings per share - diluted	<u>\$ 0.69</u>	<u>\$ 0.60</u>
% increase versus year-ago period	15.0%	

- 1) Operating income margin, impact of special charges, and adjusted operating income margin are calculated as operating income, impact of special charges, and adjusted operating income as a percentage of net sales for each period presented.
- 2) Income tax rate is calculated as income tax expense as a percentage of income from consolidated operations before income taxes. Adjusted income tax rate is calculated as adjusted income tax expense as a percentage of income from consolidated operations before income taxes excluding special charges of \$195.4 million and \$195.3 million for the three months ended May 31, 2024, and 2023 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:

	Three Months Ended May 31, 2024		
	Percentage Change as Reported	Impact of Foreign Currency Exchange	Percentage Change on Constant Currency Basis
Net sales			
Consumer Segment			
Americas	(1.6)%	—%	(1.6)%
EMEA	5.0%	1.1%	3.9%
APAC	(4.8)%	(3.9)%	(0.9)%
Total Consumer segment	<u>(0.8)%</u>	<u>(0.3)%</u>	<u>(0.5)%</u>
Flavor Solutions Segment			
Americas	(0.2)%	0.7%	(0.9)%
EMEA	(7.3)%	0.9%	(8.2)%
APAC	5.9%	(4.4)%	10.3%
Total Flavor Solutions segment	<u>(1.1)%</u>	<u>0.3%</u>	<u>(1.4)%</u>
Total net sales	<u>(1.0)%</u>	<u>—%</u>	<u>(1.0)%</u>
Adjusted operating income			
Consumer segment	(2.8)%	(0.4)%	(2.4)%
Flavor Solutions segment	6.3%	0.4%	5.9%
Total adjusted operating income	<u>0.3%</u>	<u>(0.1)%</u>	<u>0.4%</u>

NON-GAAP FINANCIAL MEASURES

To present “constant currency” information for the fiscal year 2024 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 2024 and are compared to the 2023 results, translated into U.S. dollars using the same 2024 budgeted exchange rates, rather than at the average actual exchange rates in effect during fiscal year 2023. 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 2023 or projected shares outstanding for fiscal year 2024, as appropriate.

	Projections for the Year Ending November 30, 2024
Percentage change in net sales	(2)% to 0%
Impact of unfavorable foreign currency exchange	1 %
Percentage change in net sales in constant currency	(1)% to 1%
Percentage change in adjusted operating income	3% to 5%
Impact of unfavorable foreign currency exchange	1 %
Percentage change in adjusted operating income in constant currency	4% to 6%
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%



NON-GAAP FINANCIAL MEASURES

The following provides a reconciliation of our estimated earnings per share to adjusted earnings per share for 2024 and actual results for 2023:

	Year Ended	
	2024 Projection	11/30/2023
Earnings per share - diluted	\$2.76 to \$2.81	\$ 2.52
Impact of special charges	0.04	0.18
Adjusted earnings per share - diluted	<u>\$2.80 to \$2.85</u>	<u>\$ 2.70</u>

