

1st QUARTER 2024

*Financial Results
and Outlook*

McCORMICK & COMPANY, INC.

March 26, 2024



The following slides accompany a March 26, 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.

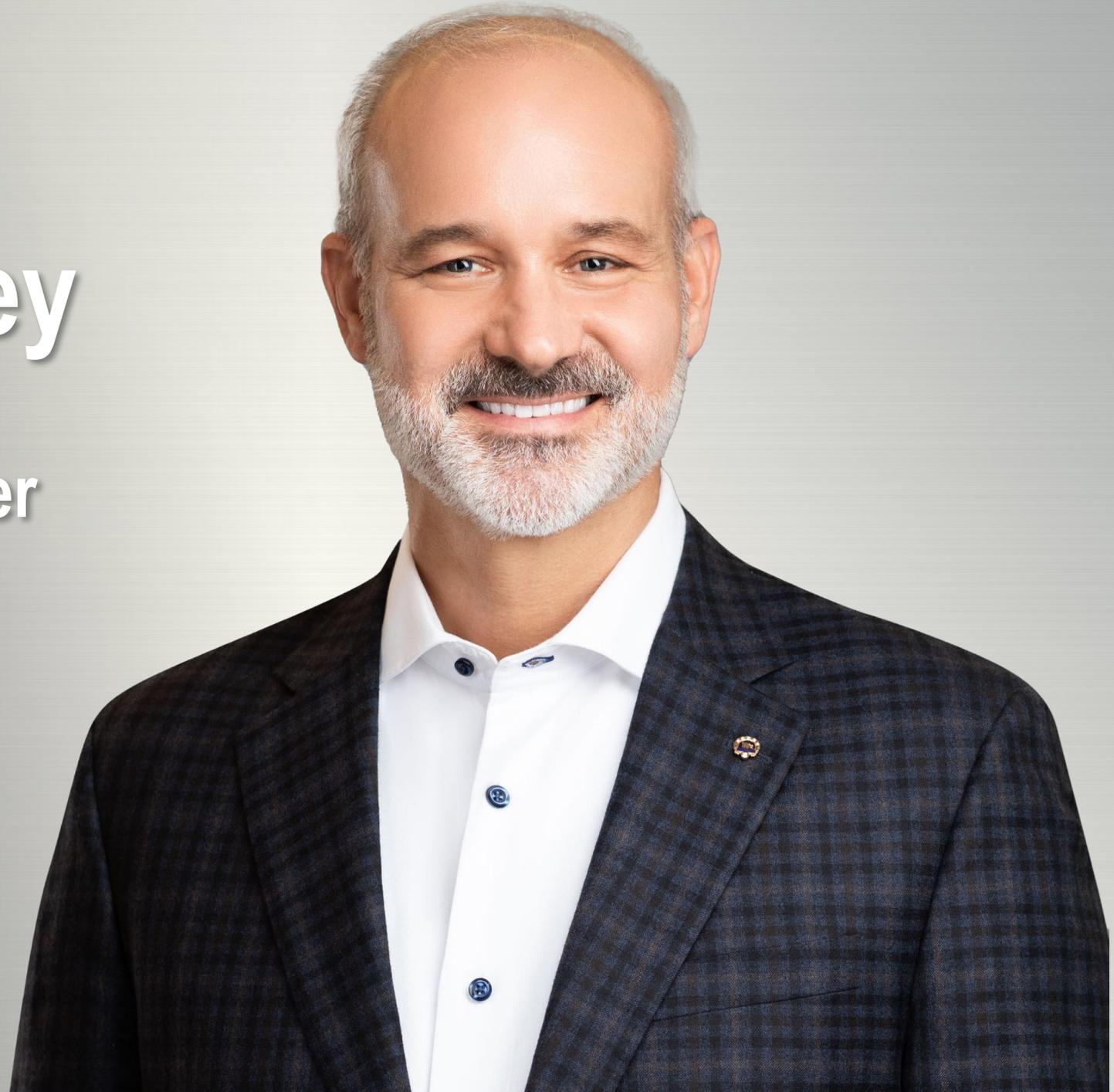
These and other forward-looking statements are based on management's current views and assumptions and involve risks and uncertainties that could significantly affect expected results. Results may be materially affected by factors such as: the company's ability to drive revenue growth; the company's 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



FIRST QUARTER PERFORMANCE

2%¹ NET SALES GROWTH DRIVEN BY 3% PRICING WITH (1)% VOLUME OFFSET

Results demonstrate early success of prioritized investments

Improved volume performance in Consumer and Flavor Solutions

Unit share gains are expected to lead our trends; results to build through 2024

Consumer behavior remains dynamic; responding with speed and agility



FIRST QUARTER 2024 SALES GROWTH

Signposts of Success

Consumer

Spices and seasonings global volume growth, excluding China

U.S. spices and seasonings unit share improvement

Recipe mix volume growth reflects strengthened performance

Flavor Solutions

Strong Flavors volume growth in key categories

Branded foodservice volume growth

Areas of Pressure

Consumer

Volume declines in prepared food categories

Impact from mustard private label low price points

Surge in \$1 price point trial size hot sauce promotions

Flavor Solutions

Slow QSR traffic in EMEA and APAC

Volume softness in flavors customers' businesses



EXECUTING ON GROWTH PLANS FOR 2024

Brand Marketing



New Products



Category Management



Proprietary Technologies



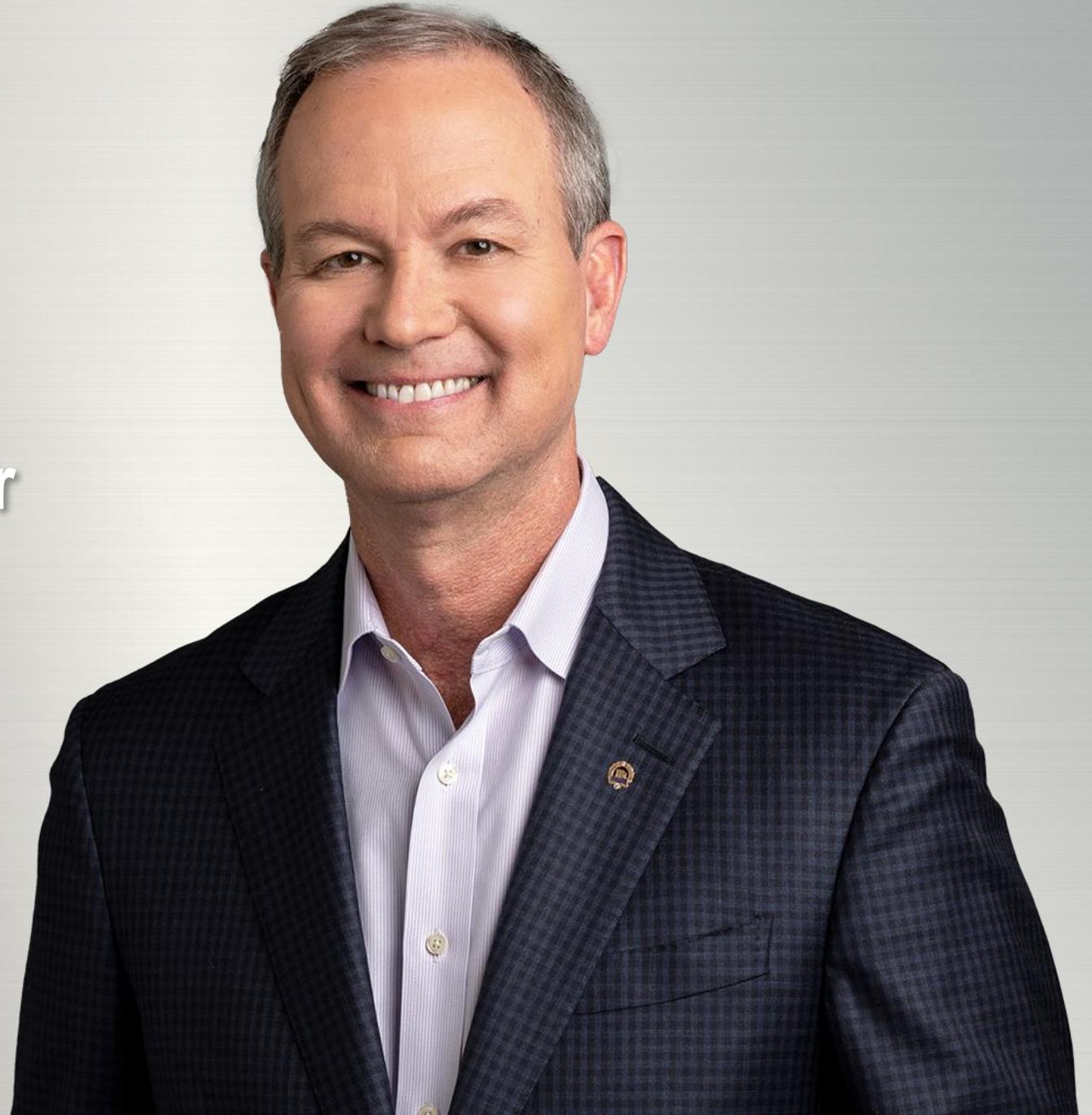
Differentiated Customer Engagement





Mike Smith

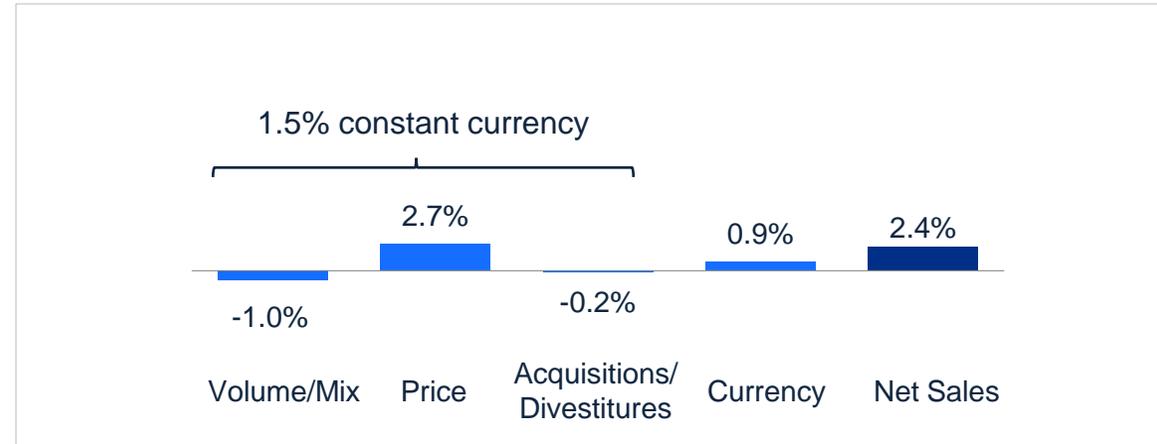
Executive Vice President
and Chief Financial Officer





1Q 2024 SALES RESULTS

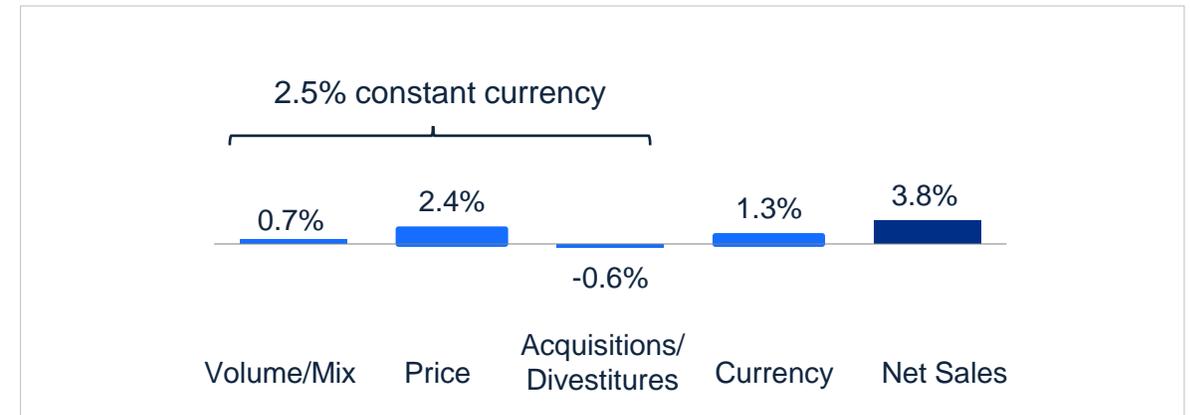
TOTAL COMPANY



CONSUMER



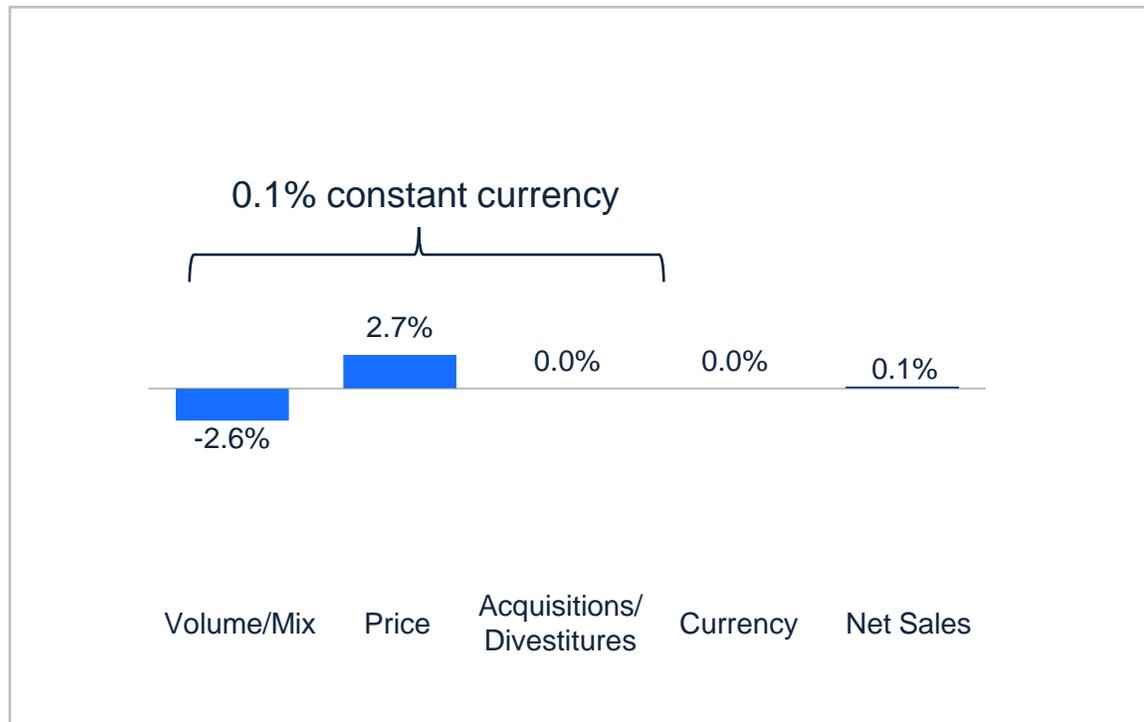
FLAVOR SOLUTIONS





1Q 2024 SALES RESULTS: CONSUMER SEGMENT

AMERICAS CONSUMER



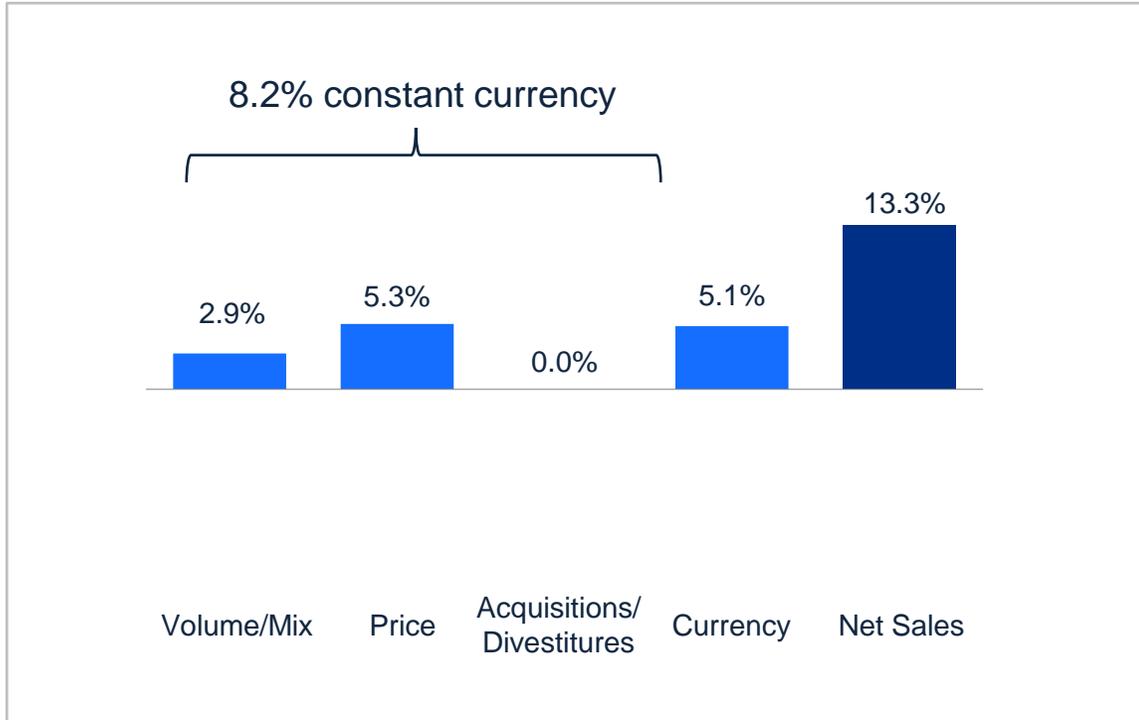
- Prior year pricing actions
- Volume and mix decline included:
 - 1% impact from exit of Hispanic product direct store delivery
 - Lower volume in prepared foods





1Q 2024 SALES RESULTS: CONSUMER SEGMENT

EMEA CONSUMER



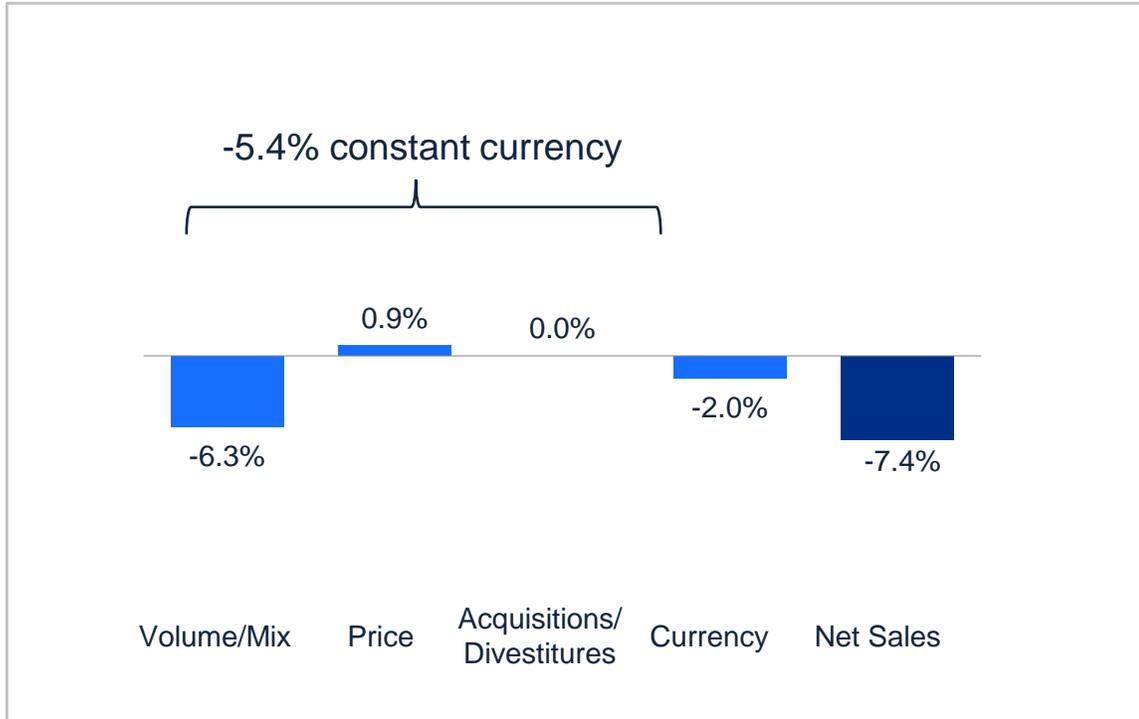
- Prior year pricing actions
- Broad-based growth across categories in major markets





1Q 2024 SALES RESULTS: CONSUMER SEGMENT

APAC CONSUMER



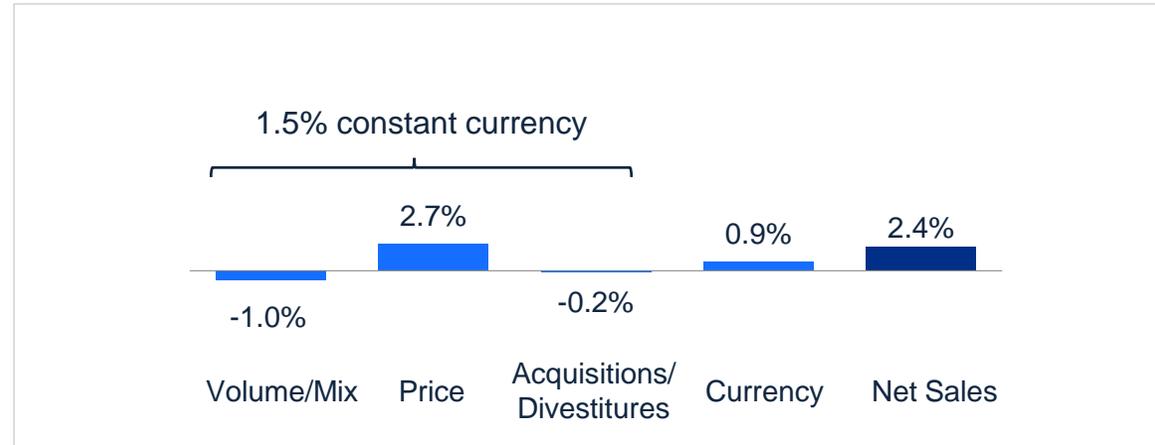
- Prior year pricing actions
- Volume and mix decline due to economic environment in China
- Broad-based sales growth outside of China





1Q 2024 SALES RESULTS

TOTAL COMPANY



CONSUMER

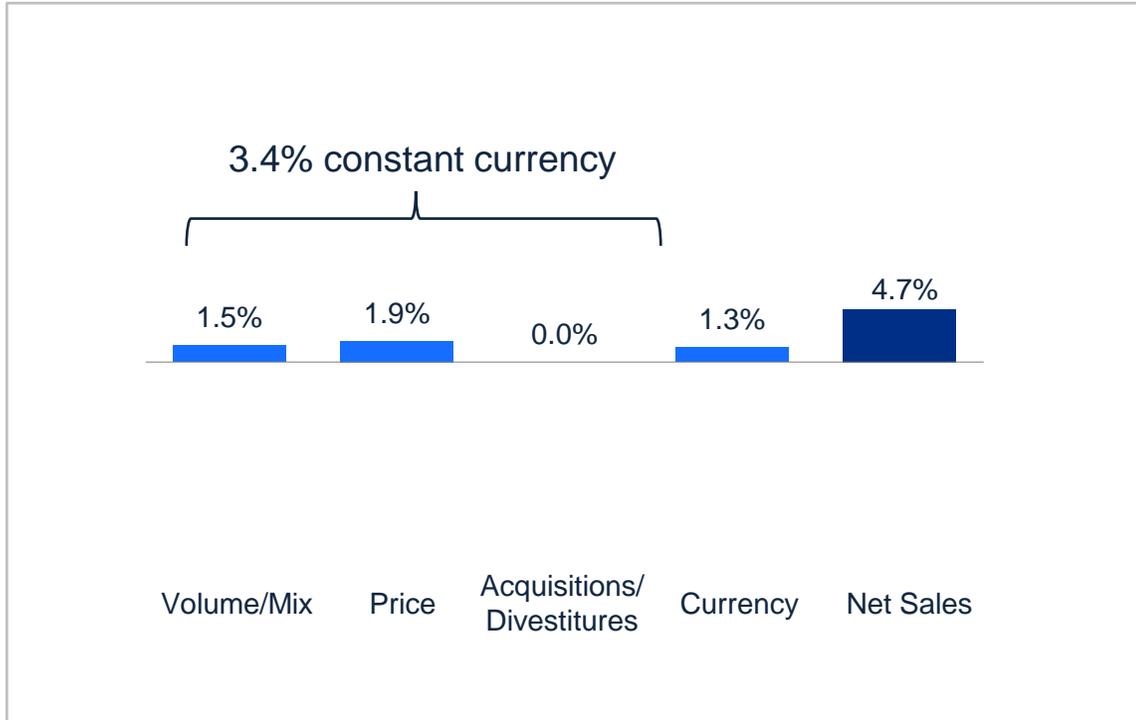


FLAVOR SOLUTIONS



1Q 2024 SALES RESULTS: FLAVOR SOLUTIONS SEGMENT

AMERICAS FLAVOR SOLUTIONS

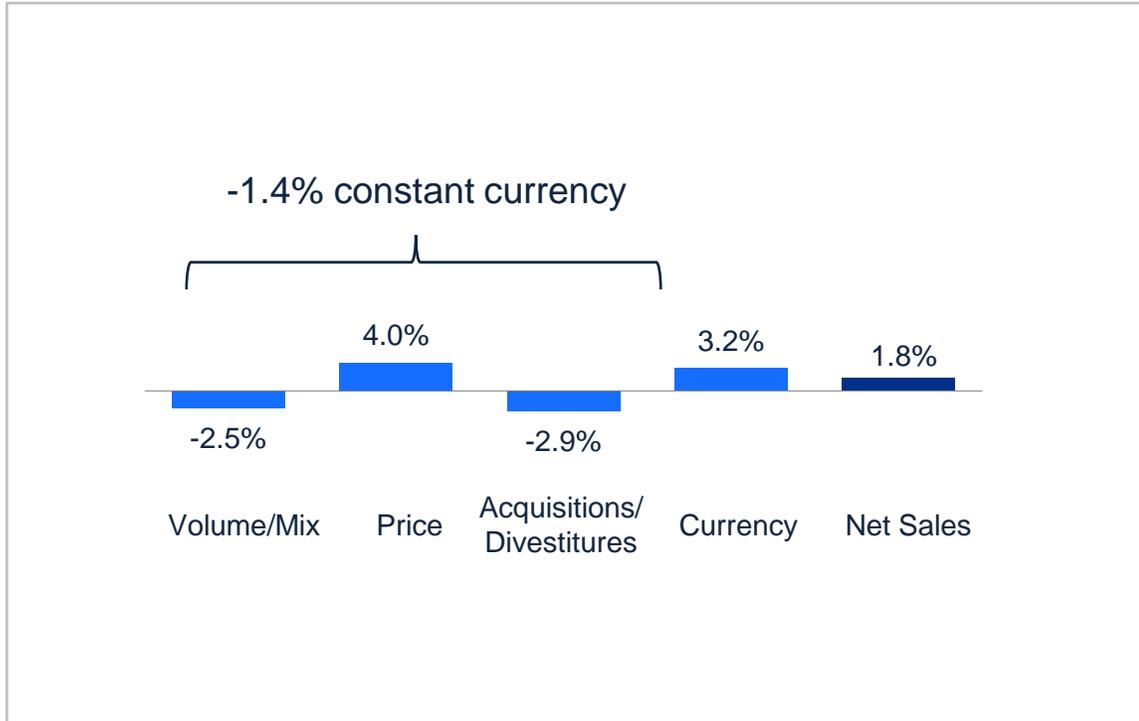


- Prior year pricing actions
- Volume and mix growth included:
 - Flavors growth with strength in Performance Nutrition
 - Branded Foodservice growth



1Q 2024 SALES RESULTS: FLAVOR SOLUTIONS SEGMENT

EMEA FLAVOR SOLUTIONS



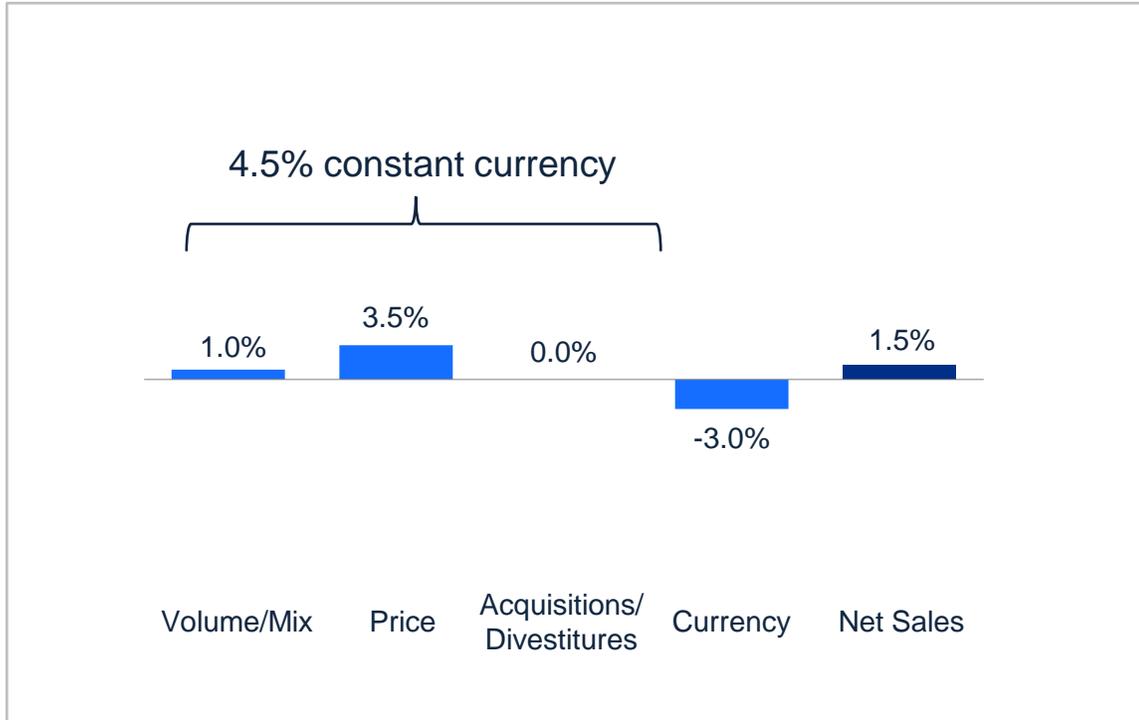
- Prior year pricing actions
- 3% impact from divestiture of canning business
- Volume and mix decline included:
 - 2% impact from exiting a foodservice product line





1Q 2024 SALES RESULTS: FLAVOR SOLUTIONS SEGMENT

APAC FLAVOR SOLUTIONS



- Prior year pricing actions
- China business delivered strong volume growth
- Lower demand in quick service restaurants outside of China





GROSS MARGIN

<i>(in millions)</i>	1Q 2024	1Q 2023	1Q Fav/(Unfav) Change
Gross Margin	37.4%	36.0%	140 bps

- Favorable gross margin impacts:
 - Favorable product mix
 - Comprehensive Continuous Improvement (CCI) and Global Operating Effectiveness (GOE) savings programs
 - Effective price realization
- Gross margin expected to modestly expand in 2Q 2024 vs. 2Q 2023
- Anticipate higher gross margin in 2H 2024 relative to 1H 2024



OPERATING INCOME

<i>(in millions)</i>	1Q 2024	1Q 2023	1Q Fav/(Unfav) Change
Selling, general & administrative expenses as percent of net sales	22.6%	21.5%	(110) bps
Operating income	\$233.5	\$199.0	17%
Adjusted operating income	\$237.7	\$226.8	5%
Consumer	176.3	173.4	2%
Flavor Solutions	61.4	53.4	15%

- SG&A expenses as a percent of net sales increased 110 basis points
 - Brand marketing and R&D investments partially offset by CCI and GOE cost savings
 - Anticipate continued investment in brand marketing
- Total MKC adjusted operating income growth included 1% favorable currency impact
 - Consumer segment had minimal currency impact
 - Flavor Solutions segment had a 1% favorable currency impact
- Special charges and integration expenses were \$4.2 million in 1Q 2024 versus \$27.8 million in 1Q 2023





INTEREST EXPENSE AND INCOME TAXES

<i>(in millions)</i>	1Q 2024	1Q 2023	1Q Fav/(Unfav) Change
Interest Expense	\$50.3	\$50.6	1%
Income tax rate	25.5%	21.6%	(390 bps)
Adjusted income tax rate	25.5%	21.8%	(370 bps)

- Interest expense comparable to the prior year
- Year-ago period tax rate benefitted from discrete tax items



INCOME FROM UNCONSOLIDATED OPERATIONS

<i>(in millions)</i>	1Q 2024	1Q 2023	1Q Fav/(Unfav) Change
Income from Unconsolidated Operations	\$21.3	\$14.0	52%

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





EARNINGS PER SHARE

	1Q 2024	1Q 2023	1Q Fav/(Unfav) Change
Earnings per share	\$0.62	\$0.52	19%
Adjusted earnings per share	\$0.63	\$0.59	7%

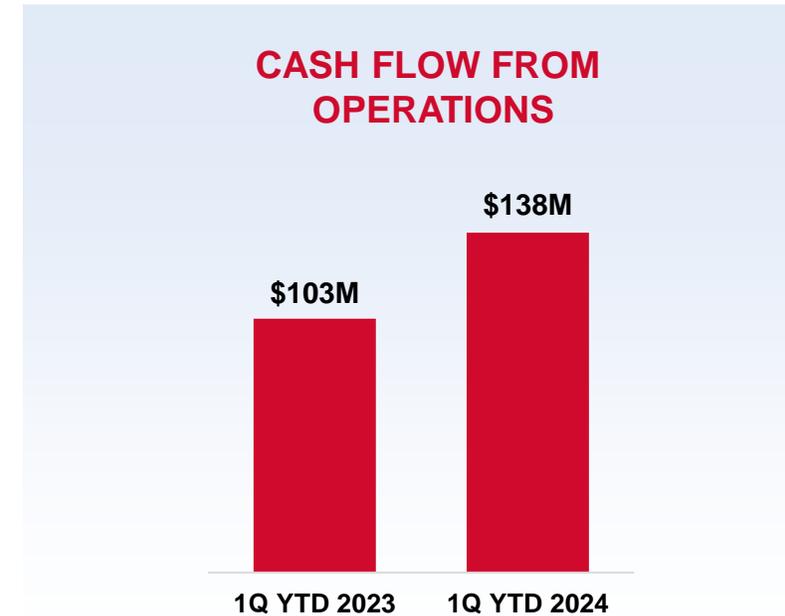
Change in adjusted earnings per share

Increase in adjusted operating income	0.04
Increase in unconsolidated income	0.03
Increase in tax rate	<u>(0.03)</u>
Total Increase	<u>\$ 0.04</u>



BALANCE SHEET AND CASH FLOW

- Strong year-to-date cash flow provided from operations of \$138 million
 - Increased from \$103 million year-to-date 2023
 - Increase driven by higher operating income and working capital improvements
- \$113 million of cash returned to shareholders through dividends
- Capital expenditures of \$62 million through 1Q 2024
- Expect strong cash flow in 2024 driven by profit and working capital initiatives



**BALANCED USE OF CASH:
DRIVE GROWTH, RETURN TO SHAREHOLDERS AND PAY DOWN DEBT**



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 quarter performance demonstrates effectiveness of our investments

Successful execution of proven strategies with speed and agility

CCI and GOE programs generating fuel 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	
	2/29/2024	2/28/2023
Operating income	\$ 233.5	\$ 199.0
Impact of special charges	4.2	27.8
Adjusted operating income	\$ 237.7	\$ 226.8
% increase versus year-ago period	4.8%	
Operating income margin (1)	14.6%	12.7%
Impact of special charges (1)	0.2%	1.8%
Adjusted operating income margin (1)	14.8%	14.5%
Income tax expense	\$ 49.6	\$ 34.4
Impact of special charges	1.1	6.5
Adjusted income tax expense	\$ 50.7	\$ 40.9
Income tax rate (2)	25.5%	21.6%
Impact of special charges	-%	0.2%
Adjusted income tax rate (2)	25.5%	21.8%
Net income	\$ 166.0	\$ 139.1
Impact of special charges	3.1	21.3
Adjusted net income	\$ 169.1	\$ 160.4
% increase versus year-ago period	5.4%	
Earnings per share - diluted	\$ 0.62	\$ 0.52
Impact of special charges	0.01	0.07
Adjusted earnings per share - diluted	\$ 0.63	\$ 0.59
% increase versus year-ago period	6.8%	

- 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 or \$198.5 million and \$187.3 million for the three months ended February 29, 2024, and February 28, 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 February 29, 2024		
	Percentage Change as Reported	Impact of Foreign Currency Exchange	Percentage Change on Constant Currency Basis
Net sales			
Consumer Segment			
Americas	0.1%	0.0%	0.1%
EMEA	13.3%	5.1%	8.2%
APAC	(7.4)%	(2.0)%	(5.4)%
Total Consumer segment	1.3%	0.6%	0.7%
Flavor Solutions Segment			
Americas	4.7%	1.3%	3.4%
EMEA	1.8%	3.2%	(1.4)%
APAC	1.5%	(3.0)%	4.5%
Total Flavor Solutions segment	3.8%	1.3%	2.5%
Total net sales	2.4%	0.9%	1.5%
Adjusted operating income			
Consumer segment	1.7%	0.3%	1.4%
Flavor Solutions segment	15.0%	1.3%	13.7%
Total adjusted operating income	4.8%	0.5%	4.3%



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.

	<u>Projections for the Year Ending November 30, 2024</u>
Percentage change in net sales	(2)% to 0%
Impact of unfavorable foreign currency exchange	1 %
Percentage change in net sales in constant currency	<u>(1)% to 1%</u>
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	<u>4% to 6%</u>
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	<u>5% to 7%</u>



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	\$2.80 to \$2.85	\$ 2.70

