



McCORMICK

McCormick Brings Passion to Flavor

Fourth Quarter 2014 Financial Results and
2015 Outlook

January 28, 2015



The following slides accompany a January 28, 2015 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,” “intend,” “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, expectations regarding growth potential in various geographies and markets, expected trends in net sales and earnings performance and other financial measures, the expectations of pension and postretirement plan contributions and anticipated charges associated with such 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, 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 factors such as: damage to our reputation or brand name; loss of brand relevance; increased private label use; product quality, labeling, or safety concerns; negative publicity about our products; business interruptions due to natural disasters or unexpected events; actions by, and the financial condition of, competitors and customers; our ability to achieve expected and/or needed cost savings or margin improvements; negative employee relations; the successful acquisition and integration of new businesses; issues affecting our supply chain and raw materials, including fluctuations in the cost and availability of raw and packaging materials; government regulation, and changes in legal and regulatory requirements and enforcement practices; global economic and financial conditions generally, including the availability of financing, and interest and inflation rates; the investment return on retirement plan assets, and the costs associated with pension obligations; foreign currency fluctuations; the stability of credit and capital markets; risks associated with our information technology systems, the threat of data breaches and cyber attacks; volatility in our effective tax rate; impact of climate change on raw materials; infringement of our intellectual property rights, and those of customers; litigation, legal and administrative proceedings; 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.



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Alan Wilson
Chairman & CEO



Financial results

Progress with growth strategies

- Successful launch of new products, additional brand marketing investments, building customer intimacy

Generated strong cash flow

- FY 2014 cash from operations \$504 million
- Record \$437 million returned to shareholders

Delivered \$69 million cost savings

- Achieved \$65 million from Comprehensive Continuous Improvement program – CCI
- Additional \$4 million from streamlining actions

4Q financial results

- Exceeded earnings per share outlook with lower tax rate and higher JV income
- Sales and operating income below projections; competitive environment in several markets and weak demand from quick service restaurants in China

U.S. Consumer business

Actions to address competitive in-roads

- **Accelerating innovation** - Top performers in 2014 include Grill Mate burger seasonings, gluten free recipe mixes and skillet sauces
- **Building brand equity** - Increased brand marketing 7% to support new products, expanded holiday campaign, product quality message
- **“Win” at retail** - New leadership, category management resources close to customers

Solid sales growth for McCormick products and category in retail sales data

(52 weeks IRI ended November 30, 2014)

- Recipe mix category sales up 1%, McCormick brands grew 3% and gained 2 ppt share
- Spice and seasoning category sales up 3%, McCormick brands grew 1% and lost 1 ppt share

Improvement actions continue in 2015

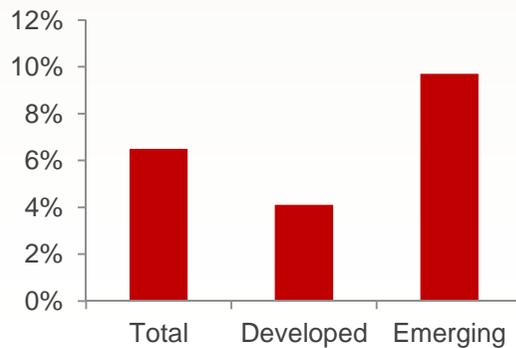
Driving sales growth

In 2014, grew sales 3% in local currency

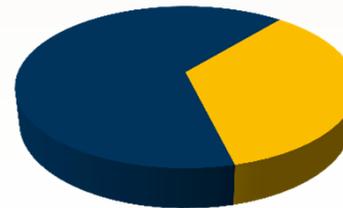
Projecting sales growth of 4% - 6% in local currency for FY 2015

- Rising consumer demand for flavor

Strong category growth for spices, herbs and seasonings projected to continue into 2015
Source: Euromonitor



> 1/3 of 2014 new product briefs for industrial business had a health or wellness attribute



Driving sales growth

Projecting sales growth of 4% - 6% in local currency for FY 2015

- Rising consumer demand for flavor
- Building brand equity
 - 2014 brand marketing up 9% from 2013 and up >50% from 5 years ago; further 2015 increase planned
 - Emphasis on new products, quality and freshness, everyday cooking, holiday campaign
 - Digital marketing expected to be approximately 1/3 of total advertising in 2015, compared to 11% in 2010
 - Studies demonstrate McCormick brand relevance with Millennials



Holiday campaign
United States



New products
China



Digital marketing
France



Everyday cooking
Poland

McCormick brand share within Millennial households is as developed as total U.S.

IRI household panel data

46% U.S Millennials believe McCormick brand is better than others in marketplace; **37%** believe it is better than most others in marketplace

Ipsos Marketing brand equity study

Driving sales growth

Projecting sales growth of 4% - 6% in local currency for FY 2015

- Rising consumer demand for flavor
- Building brand equity
- Strong innovation pipeline

A number of 2014 product introductions exceeded expectations, including



Squeeze pouch ketchup
China



Gluten-free recipe mixes
United States



Premium Vanilla
France

Great line-up of new introductions for 1H 2015, including



Gourmet relaunch
United States

Flavored Sea Salts
United States



Indian Limited Edition Recipe Mixes
United Kingdom

Vahiné dessert items
France



Driving sales growth

Projecting sales growth of 4% - 6% in local currency for FY 2015

- Consumer demand for flavor driving strong category growth
- Achieving above-average returns on increased brand marketing
- Strong innovation pipeline
- Customer intimacy
 - Share of voice, social media presence, digital marketing initiatives, product innovation, category analytics distinguish McCormick from competition
 - For industrial customers, opened R&D center in Brazil and establishing footprint in Middle East



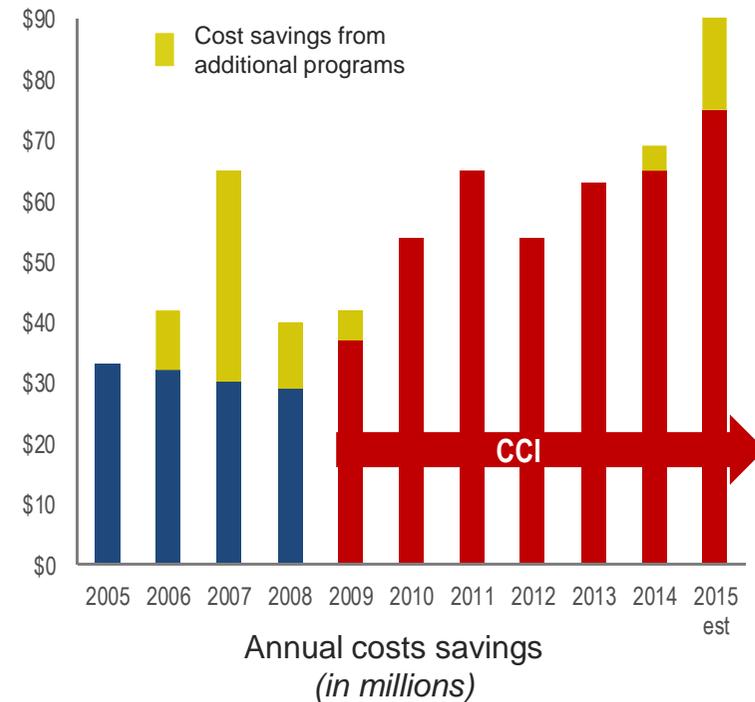
Generating significant cost savings

Cost savings are ...

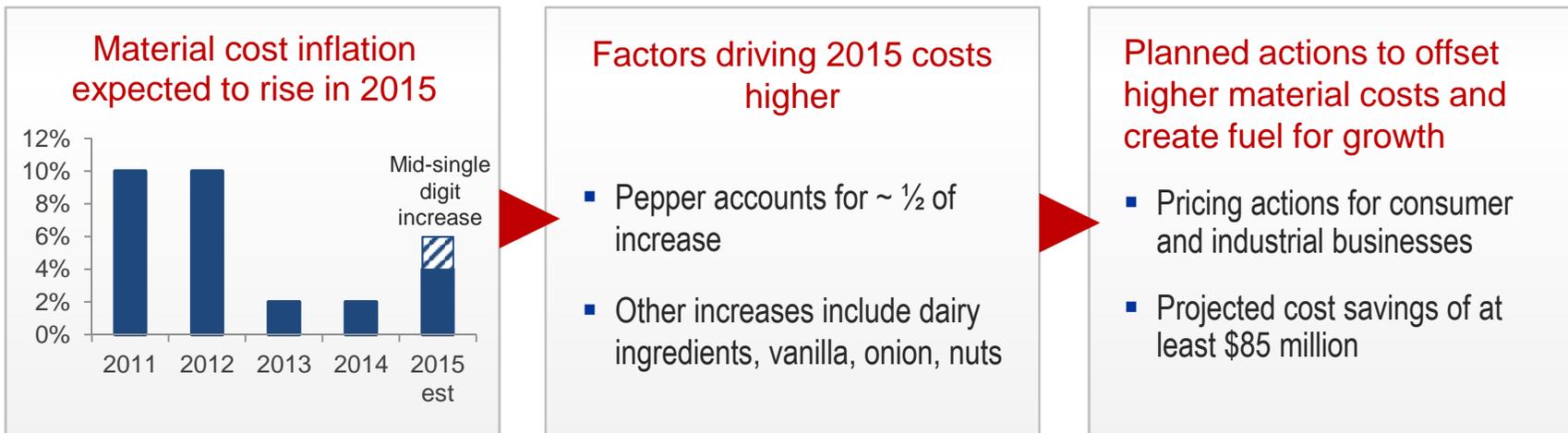
- Fuel for growth – brand marketing and product development
- Offset to material cost inflation
- Driving profit

Reached \$69 million total cost savings in 2014

Cost savings of \$85 million projected in 2015



Higher material costs expected in 2015



Profit performance and outlook

Adjusted operating income

- In 2014 growth of 3% was below initial range of 6% to 8%; more rapid growth in international markets
- In 2015, expect to grow adjusted operating income 4% to 5%; headwinds from material cost inflation, unfavorable foreign currency rates and higher retirement benefit expense

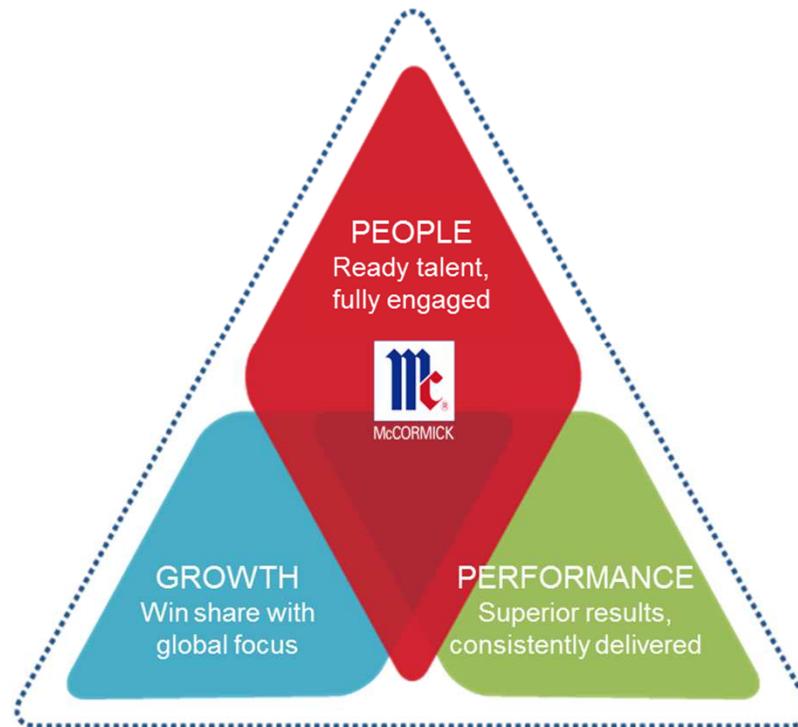
Joint venture performance

- Income from unconsolidated operations rose 27% in fiscal year 2014, led by McCormick de Mexico
- Further growth expected in 2015

Adjusted earnings per share

- 8% year-on-year increase in 2014 adjusted EPS, capping off 5-year CAGR of 8%
- 2015 adjusted EPS expected to range from \$3.51 to \$3.58
 - 4% to 6% rate of growth
 - Includes unfavorable 3% impact from retirement benefit expense and currency exchange rates

McCormick's strategic imperatives create focus and drive success





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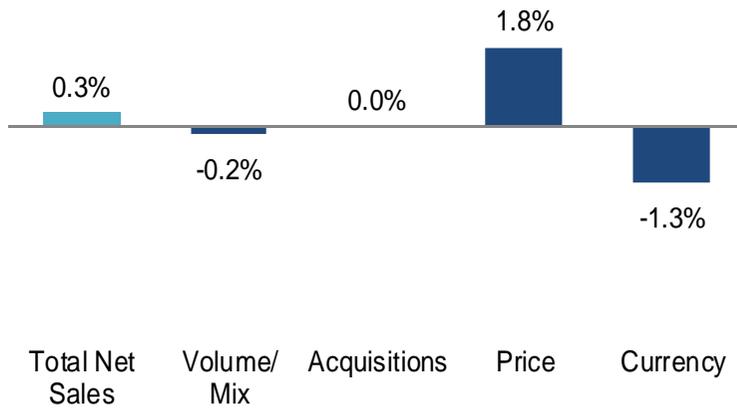
Gordon Stetz

*Executive Vice President
& CFO*

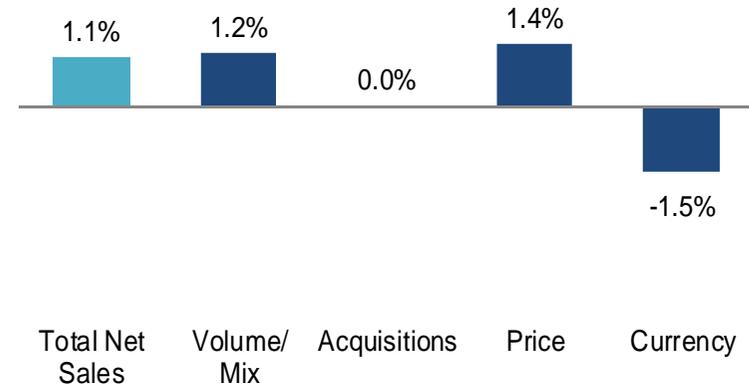


4Q 2014 Sales results

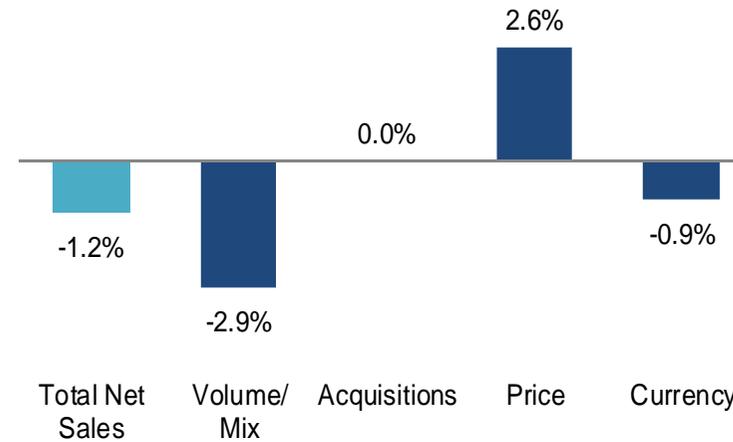
Total Company



Consumer

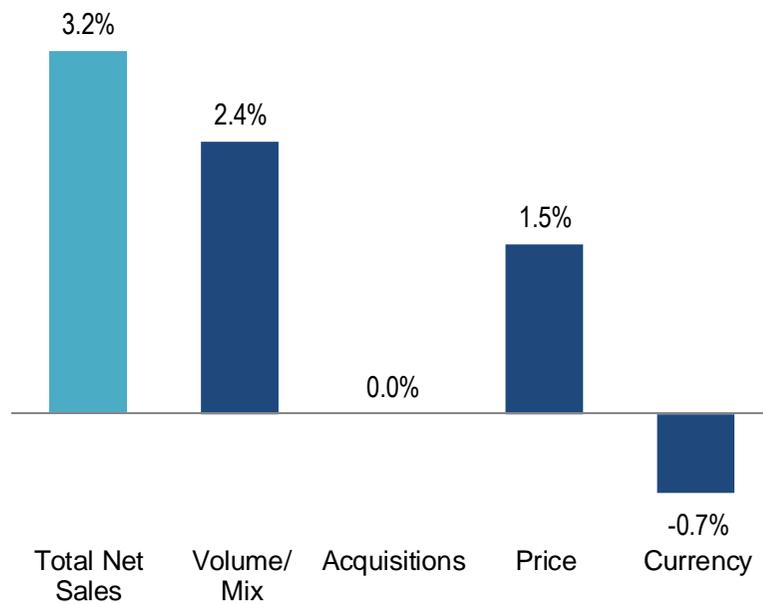


Industrial



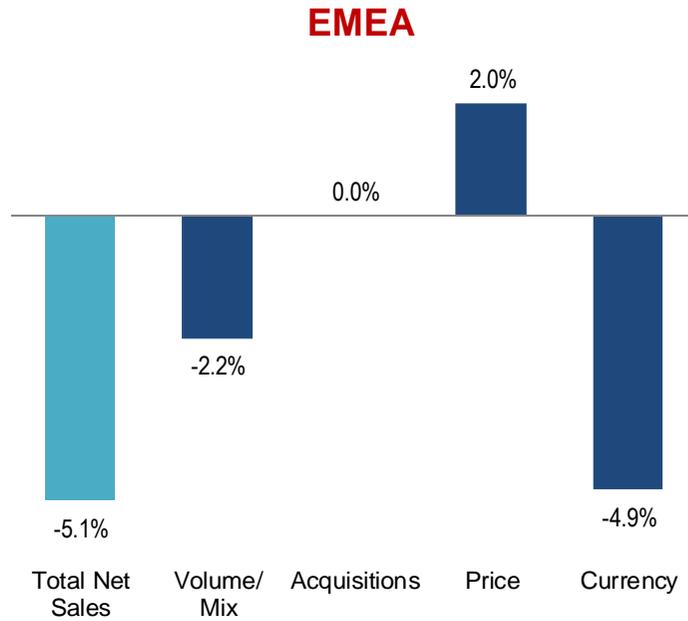
4Q 2014 Sales results: Consumer business

Americas



- Retailer purchases under U.S. holiday display program skewed toward 4Q in 2014 vs 3Q in 2013; this shift in sales had favorable impact to 4Q 2014 of approximately 4%
- In 2H 2014, grew Americas consumer business sales 2% in local currency vs 2H 2013

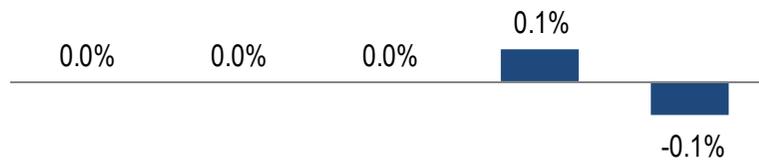
4Q 2014 Sales results: Consumer business



- Pressure from competitive conditions in several markets
- Favorable impact from higher pricing, product innovation and expanded distribution

4Q 2014 Sales results: Consumer business

Asia/Pacific



- Grew sales 5% in China
- Weakness in Australia and India

Total Net Sales Volume/Mix Acquisitions Price Currency

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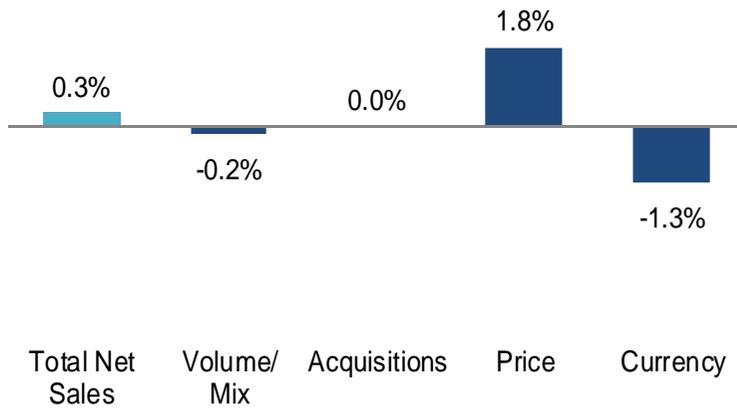
4Q 2014 Operating income: Consumer business

	4Q 2014	4Q 2013	Fav(Unfav) Change
Operating income	\$169.3	\$146.1	15.9%
Operating income, excluding special charges and loss on voluntary pension settlement	\$172.0	\$178.4	(3.6%)

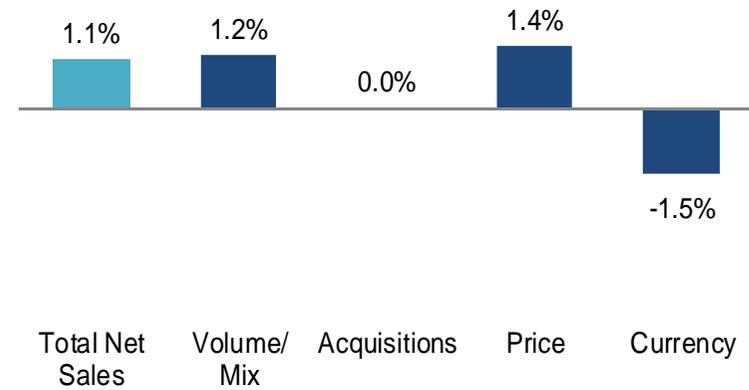
- Favorable impact from higher sales and CCI cost savings
- Unfavorable impact of \$5 million increase in brand marketing and less favorable business mix

4Q 2014 Sales results

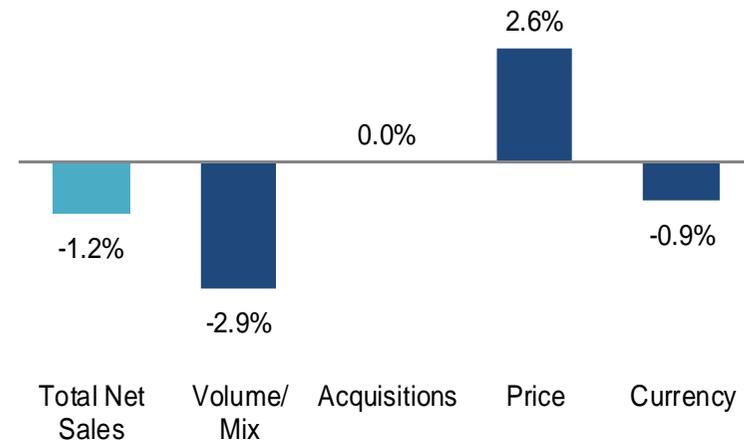
Total Company



Consumer

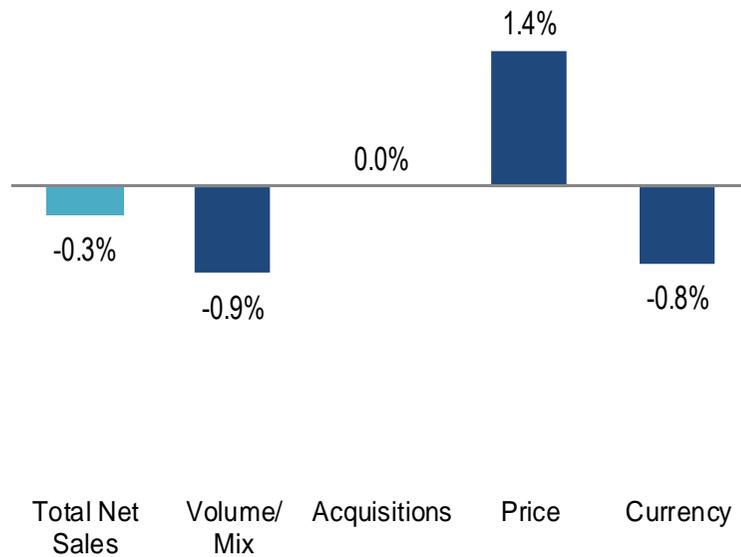


Industrial



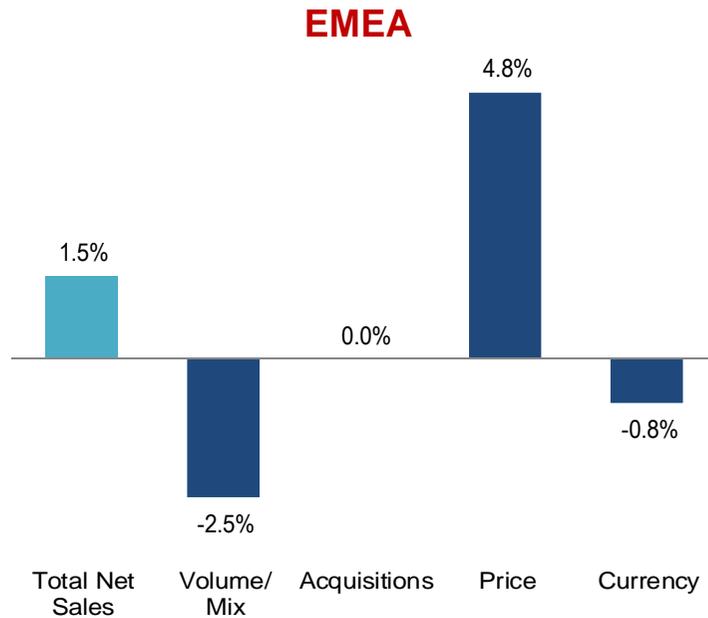
4Q 2014 Sales results: Industrial business

Americas



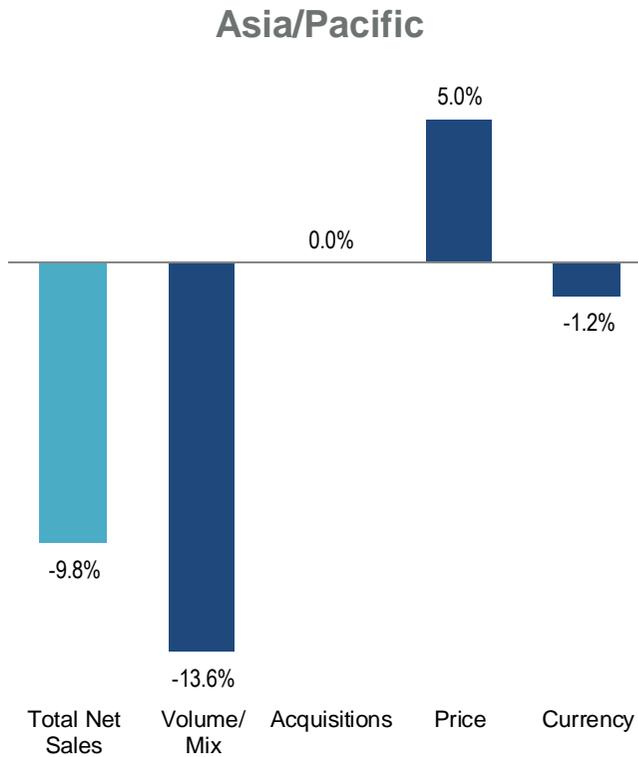
- Strong sales of snack seasonings
- Growth in sales of branded food service products
- Continued weak demand from quick service restaurant customers this period

4Q 2014 Sales results: Industrial business



- Pricing taken in response to higher material costs
- Decrease in volume and product mix with weak sales of branded food service products

4Q 2014 Sales results: Industrial business



- As expected, demand from quick service restaurant customers in China slowed this period, related to quality issues with protein supplier
- For fiscal year, achieved 2% sales increase in local currency

4Q 2014 Operating income: Industrial business

	4Q 2014	4Q 2013	Fav(Unfav) Change
Operating income	\$30.1	\$28.0	7.5%
Operating income, excluding special charges and loss on voluntary pension settlement	\$30.3	\$36.0	(15.8%)

- 4Q results unfavorably impacted from lower sales in China and year-on-year increase in incentive compensation
- Incentive compensation in 4Q higher vs year-ago, due to 13% fiscal year 2014 increase in industrial business adjusted operating income

Operating income, gross profit, SG&A

	4Q 2014	4Q 2013	Fav(Unfav) Change
Operating income	\$199.4	\$174.1	14.5%
Operating income, excluding special charges and loss on voluntary pension settlement *	\$202.3	\$214.4	(5.6%)
Gross profit margin	43.1%	42.9%	20 bps
Selling, general & administrative expenses as percent of net sales	25.9%	24.6%	(130 bps)

- Increase in gross profit margin mainly due to CCI program
- \$5 million increase in brand marketing
- Special charges of \$2.9 million related to streamlining actions

* Adjusted operating income excludes the impact of items affecting comparability in 4Q 2014 and 4Q 2013. See reconciliation of GAAP to non-GAAP financial measures on slide 32.

Income taxes

	4Q 2014	4Q 2013
Income taxes	\$48.6	\$39.6
Income tax rate	25.9%	24.3%

- Tax rate of 25.9% was below 28% projection due to discrete tax items
- Expect tax rate of 27% to 28% in fiscal year 2015, based on current outlook

Income from unconsolidated operations

	4Q 2014		4Q 2013	Fav(Unfav) Change
Income from unconsolidated operations	\$9.3		\$6.8	36.8%

- Joint venture in Mexico led Increase with higher sales and production efficiencies following move to new facility.

Earnings per share

	4Q 2014	4Q 2013	Fav(Unfav) Change
Earnings per share	\$1.14	\$0.98	16.3%
Adjusted earnings per share*	\$1.16	\$1.20	(3.3%)

Decrease in adjusted operating income	(0.07)
Higher tax rate	(0.02)
Income from unconsolidated operations	0.02
Reduction in shares outstanding	0.03
Decrease in adjusted EPS*	(0.04)

* Adjusted operating income and adjusted EPS exclude the impact of items affecting comparability in 4Q 2014 and 4Q 2013. See reconciliation of GAAP to non-GAAP financial measures on slide 32.

Balance sheet and cash flow

- Fiscal year 2014 cash flow from operations \$504 million vs \$465 million in 2013
 - \$244 million used to repurchase shares; \$116 million still available on \$400 million authorization
 - Capital expenditures included plant expansion in Poland, plant modernization for Zatarain's in Louisiana, and new office facility in Shanghai
- Balance sheet remains strong, close to target debt level and well-positioned to fund investments to drive growth

2015 Financial outlook

Sales growth in local currency*	4% to 6%
Impact of pricing actions	2%
Adjusted operating income increase **	4% to 5%
CCI and additional cost savings	At least \$85 million
Material cost inflation	Mid-single digit
Gross profit margin	Up slightly
Incremental brand marketing	Up about 5%
Increase in retirement benefit expense	~ \$10 million
Income from unconsolidated operations	At least 10% increase
Tax rate	27% - 28%
Adjusted earnings per share ***	\$3.51 - \$3.58
Capital expenditures	\$130-\$140 million
Shares outstanding	~ 2% reduction

* Expect currency impact to lower sales 3% based on prevailing rates,

** From adjusted operating income of \$608 million in 2014. See reconciliation of GAAP to non-GAAP financial measures on slide 32. Projected 2015 adjusted operating income excludes approximately \$20 million in special charges.

*** Adjusted EPS guidance excludes the impact of approximately \$0.10 in projected special charges to be recorded in 2015. See reconciliation of GAAP to non-GAAP financial measures on slide 32..

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Non-GAAP Financial Measures

The tables below include financial measures of operating income, net income and diluted earnings per share excluding the impact of special charges recorded in fiscal year 2013 and 2014, and expected to be recorded in fiscal year 2015. These relate to reorganization activity in McCormick's Europe, Middle East and Africa (EMEA) region, the realignment of certain manufacturing operations in the U.S. industrial business, organizational streamlining in the U.S. and Australia, and, in 2015, expected charges related to a North America effectiveness initiative. In addition, the financial measures of operating income, net income and diluted earnings per share in both the fourth quarter and fiscal year 2013 also exclude a loss on voluntary pension settlement that related to a lump sum payout program offered to former U.S. employees with deferred vested pension benefits.

These are non-GAAP financial measures which are prepared as a complement to our financial results prepared in accordance with United States generally accepted accounting principles. We believe this non-GAAP information is important for purposes of comparison to prior periods and 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. Management believes the non-GAAP measures provides a more consistent basis for assessing the Company's performance than the closest GAAP equivalent.

These non-GAAP measures may be considered in addition to results prepared in accordance with GAAP, but it should not be considered a substitute for, or superior to, GAAP results. 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 measures to GAAP financial results is provided below.

(in millions except per share data)	Three Months Ended		Twelve Months Ended		Fiscal year 2015 projections
	11/30/14	11/30/13	11/30/14	11/30/13	
Operating income	\$ 199.4	\$ 174.1	\$ 603.0	\$ 550.5	Earnings per share range \$3.41 - \$3.48
Special charges related to streamlining actions and loss on voluntary pension settlement	2.9	40.3	5.2	40.3	Impact of \$20 million special charges 0.10
Adjusted operating income	\$ 202.3	\$ 214.4	\$ 608.2	\$ 590.8	Adjusted earnings per share \$3.51 - \$3.58
% increase (decrease) versus prior period	(6%)		3%		
Net income	\$ 148.0	\$ 129.9	\$ 437.9	\$ 389.0	
Impact of special charges related to streamlining actions and loss on voluntary pension settlement	2.1	29.2	3.7	29.2	
Adjusted net income	\$ 150.1	\$ 159.1	\$ 441.6	\$ 418.2	
% increase (decrease) versus prior period	(6%)		6%		
Earnings per share	\$ 1.14	\$ 0.98	\$ 3.34	\$ 2.91	
Impact of special charges related to streamlining actions and loss on voluntary pension settlement	0.02	0.22	0.03	0.22	
Adjusted earnings per share	\$ 1.16	\$ 1.20	\$ 3.37	\$ 3.13	
% increase (decrease) versus prior period	(3%)		8%		