



McCormick Reports Record Profit and \$2 Billion in Sales for Fiscal 1999

January 13, 2000

SPRING, Md., Jan. 13 (PRNewswire) - McCormick & Company, Incorporated (NYSE: MCC) today reported record sales and earnings per share for the fourth quarter and fiscal 1999.

Earnings per share for the year ended November 30 was \$1.65, including a nonrecurring investment special charge. On a comparable basis, the year is an increase of 18% over 1998. The reported earnings per share, including special charges for 1998 and 1999, were \$1.42 and \$1.41, respectively. Sales increased 7% to \$2.0 billion. Excluding foreign exchange and divested businesses, the increase in sales for 1999 was 8%. Gross profit margin ended the year at 38.7% versus 34.0% in 1998, through a combination of favorable product mix and cost reduction efforts. Each business segment - consumer, industrial, and packaging - contributed positively to sales and income growth. Unconsolidated income for 1999 was \$15.4 million, \$7.2 million above last year.

Earnings per share for the quarter were 77 cents, including special charges. This result compares to 70 cents for the prior year, an increase of 10%. The reported fourth quarter earnings per share, including special charges for 1998 and 1999, were 76 cents and 68 cents, respectively. Sales for the quarter were \$500 million, up 8% over 1998. Gross profit margin for the quarter increased to 40.3% from 36.0% in 1998. Unconsolidated income for the quarter rose \$4.0 million above 1998.

Operating cash flow for 1999 improved to \$85 million for the year and \$17 million for the quarter. A focus on managing assets more efficiently contributed to the improvement in cash flow.

Commented Robert J. Lantieri, Chairman, President & CEO, "We have met or exceeded our 1999 targets for sales growth, gross margin improvement and earnings per share increase. Sales growth initiatives and improvements in operations contributed to another very successful quarter. The Company's consumer branded products continue to benefit from well executed strategies in markets worldwide. Our industrial and packaging segments are developing new products and gaining new customers. Our balance sheet is sound, and cash flow is strong.

"Despite our excellent performance, we believe our current market valuation has been adversely affected by the uncertainty surrounding the FTC investigation begun in 1998. Based on the FTC staff's review of more than 2,000 of our contracts with customers, the FTC believes that we have violated the price discrimination rules of the Robinson-Patman Act in three of those contracts. We take extraordinary care to insure that we are in compliance with the Robinson-Patman Act. It is our belief that we were meeting competition in the three contracts challenged by the FTC. Although we disagree with the FTC's conclusions, we believe it is in the best interest of our shareholders to enter into a settlement with the FTC as long as it does not impair our ability to compete in the future. We are pleased to report that settlement discussions are in progress. A resolution of this situation can be accomplished with no adverse financial effect on the Company. McCormick will continue to compete aggressively to grow all of our businesses in the United States and around the world."

"In summary, McCormick's 1999 results were consistently positive across all businesses. Our team is executing well, and we have the right programs underway to build shareholder value into 2000 and beyond."

McCormick & Company, Incorporated Fourth Quarter Report Consolidated Income Statement (In thousands except per share data)			
	Three Months Ended Unaudited	Year Ended Unaudited	Year Ended Unaudited
	11/00/99	11/00/98	11/00/99
NET SALES	\$620,416	\$585,698	\$2,006,917
Cost of goods sold	(201,816)	(201,599)	(1,000,714)
Gross profit	418,600	384,099	1,006,203
Gross profit margin	67.5%	65.6%	50.2%
Selling, general & administrative expense	(167,276)	(143,171)	(522,317)
Special charges	(310)	(1,561)	(18,014)
Operating income	251,014	240,367	465,872
Interest expense	(7,912)	(9,622)	(32,431)
Other income	(1,000)	(1,000)	(1,000)
Income before taxes	(2,270)	(2,270)	(5,618)
Income taxes	(1,000)	(1,000)	(1,000)
Net income from consolidated operations	(3,270)	(3,270)	(6,618)
Income from unconsolidated operations	(1,000)	(1,000)	(1,000)
NET INCOME	(4,270)	(4,270)	(7,618)
Earnings per share - basic	\$0.76	\$0.76	\$1.65
Earnings per share - diluted	\$0.74	\$0.74	\$1.63
Average shares outstanding	72,648	71,409	73,208
Basic	72,648	71,409	73,208
Diluted	73,208	71,999	73,886

Consolidated Balance Sheet (In thousands)			
	11/00/99	11/00/98	11/00/99
Assets			
Receivables	\$211,926	\$212,804	\$211,926
Inventory	224,171	252,801	224,171
Prepaid expenses	109,253	143,722	109,253
Property, plant and equipment, net	180,251	177,032	180,251
Other assets	246,178	274,622	246,178
Total assets	\$1,188,779	\$1,250,982	\$1,188,779
Liabilities and shareholders' equity			
Short term borrowings	\$100,671	\$163,679	\$100,671
Other current liabilities	309,561	354,251	309,561
Long term debt	241,432	250,363	241,432
Other liabilities	94,291	102,165	94,291
Shareholders' equity	382,422	380,117	382,422
Total liabilities and shareholders' equity	\$1,188,779	\$1,250,982	\$1,188,779

SOURCE: McCormick & Company, Incorporated
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(MCC)

CO: McCormick & Company, Incorporated
ST: Maryland
IN: FDD
SL: ENR

PD-046
-PDT-016 -
0954 01/13/2000 09:48 EST <http://www.prnewswire.com>