



McCormick Reports 15% Increase in Third Quarter Earnings Per Share

September 19, 2000
SPRING, Md., Sept. 19 (PRNewswire) — McCormick & Company, Incorporated (NYSE: MCC), today reported record sales and earnings per share for the third quarter of 2000. Earnings per share for the quarter ended August 31 were 45 cents, an increase of 15% over 1999's earnings per share of 39 cents, excluding special charges. Net sales were \$488 million, up 4% over the third quarter of 1999, and 5% excluding the impact of foreign currency. The Company's gross profit margin increased to 34.8% from 34.4%. Gross profit margin continues to be positively impacted by cost reductions and a continued shift in sales toward more value-added products, particularly in the industrial business.

Consumer Business
Sales for McCormick's consumer business rose 4% over last year's third quarter and 6% excluding the impact of foreign currency. In local currency, consumer sales were up 6% in the Americas, 2% in Europe, and 13% in Asia. These sales were primarily volume-driven and benefited from effective promotions and new products. Operating profit for the quarter was \$31.6 million, 17% ahead of 1999's third quarter. As a percent of sales, operating profit rose to 15.6% from 14.0%.

Industrial Business
Industrial sales rose 2% for the quarter and 4% excluding the impact of foreign currency. In local currency, industrial sales were up 4% in the Americas, unchanged in Europe, and up 11% in Asia. In the Americas, sales to U.S. warehouse clubs and distributors continue to be strong as well as industrial sales in Mexico and Canada. With a move to more value-added products, reduced costs and improved supply chain management, gross profit margins in this segment continue to improve. Operating profit for the quarter was \$23.0 million, a 6% increase over the prior year. As a percent of net sales, operating profit margin rose to 9.5% from 8.4%.

Packaging Business
The packaging business reported third-party sales up 5% for the quarter over last year, with the increase primarily in tubes. Operating profit (including intersegment business) was \$4.9 million, a decrease of 7%. The decrease was due to this quarter's product mix in the plastic bottle business as well as increased main costs. As a percent of total sales, operating profit (including intersegment business) declined to 8.7% from 10.2%.

Ducane Acquisition
The Company completed its acquisition of Ducane on August 31, 2000. Accordingly, operating results for this business will be included in the fourth quarter. Due to the recent nature of the transaction, the net assets acquired are all reflected in Other Assets, and the impact for the acquisition is included in Other Term Borrowings, which the Company expects to reference as long-term debt in the near future.

Commented Robert J. LaRocca, Chairman, President & CEO, "With one quarter remaining, we expect fiscal 2000 to be a record year in sales and earnings. Gross profit margin improvement continues to be a driving force in our success, and we have system and process initiatives underway to build on this improvement during the next few years. Investment in support of brand building has never been higher and will be a key factor in sustaining a consistent and improving financial performance.

"With the acquisition of Ducane, we have gained a leading share in Europe. Actions to integrate this business and build upon our combined strength are well underway. We are extremely pleased to join forces with a premier brand and terrific team.

"We are certainly pleased with our results through the third quarter. As we begin our important fourth quarter, we are confident that our performance will remain strong. We expect to achieve earnings per share growth in the 10-15% range for fiscal year 2000, well ahead of our initial goal of 11-14%.

"Remarkable Company-wide financial performance is effective strategies and superior execution. I am confident that the efforts and talent of our employees around the world will continue to build value for our stakeholders. Our momentum is increasing, and we look forward with enthusiasm to 2001."

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, fluctuations in the cost and availability of supply chain resources and foreign economic conditions, including currency rate fluctuations.

About McCormick
McCormick & Co., Inc. is the global leader in the manufacturing, marketing and distribution of spices, seasonings and flavors to the entire food industry.

- In foodservice and food processing businesses we sell to retail outlets. In addition, the packaging group manufactures and markets specialty plastic bottles and tubes for personal care and other industries.

Consolidated Income Statement (Unaudited)	
(In thousands, except per-share data)	
	Three Months Ended 8/31/00
	8/31/99
	8/31/00
NET SALES	
Consumer	\$201,807
Industrial	\$88,652
Packaging	45,404
Total net sales	\$335,863
Cost of goods sold	217,071
Gross profit	\$118,792
Gross profit margin	35.4%
Selling, general & administrative expenses (a)	\$39,403
Special charges	\$7
Operating income	\$79,382
Interest expense	\$2,091
Other expenses (b)	\$1,323
Income before income taxes	\$76,298
Income taxes	\$14,050
Net income from consolidated operations	\$62,248
Income from unconsolidated operations	\$2,424
NET INCOME	\$64,672
Earnings per share - basic	\$0.46
Earnings per share - diluted	\$0.45
Average shares outstanding - basic	140,425
Average shares outstanding - diluted	143,700
Dividends per share	\$0.15
Dividend yield	3.3%

(a) For the quarter, Royalty income of \$2,626 and \$1,557 has been reclassified from Other expenses to Selling, general & administrative expenses for 2000 and 1999, respectively. For the nine months ended, Royalty income of \$7,546 and \$4,140 has been reclassified from Other expenses to Selling, general & administrative expense for 2000 and 1999, respectively.

(b) For the quarter, Earnings Per Share - Assuming Dilution, excluding special charges were \$0.44 and \$0.39 for 2000 and 1999, respectively. For the nine months ended, Earnings Per Share - Assuming Dilution, excluding special charges were \$1.16 and \$0.92 for 2000 and 1999, respectively.

Condensed Consolidated Balance Sheet (Unaudited)	
(In thousands)	
	8/31/00
	8/31/99
Assets	

Receivables	\$186,456	\$181,294
Investments	274,170	271,402
Prepaid allowances	114,218	136,653
Property, plant and equipment, net	155,848	184,458
Other assets (2)	686,893	278,131
Total assets	\$1,610,539	\$1,233,943
Liabilities and shareholders' equity		
Short-term borrowings	\$658,822	\$270,020
Other current liabilities	321,585	325,766
Long-term debt	233,324	242,397
Other liabilities	101,289	101,680
Shareholders' equity	247,499	294,280
Total liabilities and shareholders' equity	\$1,610,539	\$1,233,943

(2) Other assets include all of the net assets of Dorco acquired on August 31, 2009. The acquisition was funded by short-term borrowing, which the Company expects to refinance as long-term debt in the near future. SOURCE: McCormick & Company, Incorporated
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