



McCormick Reports Second Quarter Results and Improved Outlook for 2007

June 27, 2007

SPRING, Md. –(BUSINESS WIRE)– June 27, 2007: McCormick & Company, Incorporated (NYSE:MKC), today reported results for the second quarter ended May 31, 2007 and an improved outlook for the fiscal year:

- Increased sales 7%. Consumer business sales rose 9% and industrial business sales rose 3%. Achieved earnings per share of \$0.31.
- On-track to improve gross profit margin by 0.5 percentage points in 2007.
- For fiscal year 2007, expects to increase earnings per share 9-11% on a comparable basis.

Robert J. Levine, Chairman and CEO, commented: "Our sales and earnings for the second quarter exceeded our expectations. These results were driven in part by increased international sales, the incremental impact of Simply Asia Foods and favorable currency rates. With a strong first half, we expect to grow earnings per share 9-11% on a comparable basis, an increase from our original projection of 8-10%. Fiscal year 2007 is shaping up to be another record year for McCormick."

Sales in the second quarter rose 7%, which was an increase of 5% in local currency. The sales increases in Europe and the Asia-Pacific region were especially strong this quarter, driven by marketing support for branded consumer products as well as increased sales of industrial products to strategic customers. In the U.S., sales from the Simply Asia Foods business, which was acquired in June 2006, also added to the sales increase. During the second quarter, actions taken to eliminate low margin businesses decreased sales 1%.

Gross profit margin in the second quarter increased 0.4 percentage points, and the Company is on track to achieve a 0.5 percentage point increase for the fiscal year. Selling, general and administrative expense as a percent of net sales was down 0.4 percentage points. The Company's restructuring program is expected to generate \$20 million in costs savings during 2007 and is reducing cost of goods sold as well as selling, general and administrative expenses.

Earnings per share were \$0.31 compared to \$0.40 in the second quarter of 2006. Charges related to the Company's restructuring program reduced earnings per share \$0.04 in the second quarter of 2007 compared to a favorable impact of credits that increased earnings per share \$0.14 in the second quarter of 2006. Excluding these impacts in both periods, earnings per share rose \$0.02, a 5% increase driven by higher sales and improved operating income margin.

On a comparable basis, which includes the impact of restructuring charges, the Company expects to grow earnings per share 9-11% in 2007. This is an increase from an initial goal of 8-10%, including estimated restructuring charges of \$0.16. 2007 earnings per share are projected to be in the range of \$1.08-\$1.13. Financial performance ahead of the Company's goal will provide an opportunity to fund additional growth initiatives in the second half of the year.

Business Segment Results

Consumer Business
(In Thousands) Three Months Ended Six Months Ended
5/31/07 5/31/06 5/31/07 5/31/06

Net sales \$172,511 \$180,054 \$147,281 \$694,818
Operating income 48,930 40,110 103,771 64,978
Operating income, excluding restructuring charges 53,142 48,808 113,329 95,013

In the second quarter, sales for McCormick's consumer business rose 9%, which was an increase of 8% in local currency. Higher volume was due to incremental sales from the Simply Asia Foods business which was acquired in June 2006, and the positive impact of marketing support behind branded products, particularly in Europe. Favorable price and product mix also increased sales. Consumer sales in the Americas rose 7% with no impact from foreign exchange rates. The increase was driven primarily by incremental volume from Simply Asia Foods, and higher sales of the Club House brand in Canada, and of gourmet and Hispanic products in the U.S. Consumer sales in Europe increased 10%, which was an increase of 1% in local currency. Increases in the U.K. and France were achieved with marketing support behind branded products and pricing actions. However, consumer sales in Europe continue to be unfavorably affected by distribution lost to a competitor in The Netherlands and the Company's decision in 2006 to exit its business in Finland. These factors reduced sales by 3% in the second quarter. In the Asia-Pacific region, sales rose 9%, which was an increase of 1% in local currency. Double-digit sales growth in China was largely offset by the sales performance in Australia.

In the second quarter, consumer business operating income excluding restructuring charges rose to \$53.1 million from \$48.8 million in 2006. This was an increase of 9%, driven primarily by higher sales and the positive impact of the Company's cost savings program.

Industrial Business
(In Thousands) Three Months Ended Six Months Ended
5/31/07 5/31/06 5/31/07 5/31/06

Net sales \$114,703 \$289,852 \$592,573 \$554,789
Operating income 17,978 14,588 29,487 14,013
Operating income, excluding restructuring charges 20,978 18,897 34,981 30,363

In the second quarter, sales for McCormick's industrial business increased 3%, which was an increase of 2% in local currency. The impact of the Company's actions to eliminate lower margin customers and products reduced sales in the second quarter by 2%. Industrial sales in the Americas rose 2% with minimal impact from foreign currency. The elimination of lower margin customers and products in the U.S. contributed to the increase. In the region, the elimination of lower margin customers reduced sales 2%. Sales in the Asia-Pacific region rose 34%, which was an increase of 27% in local currency, with significant gains in both China and Australia.

In the second quarter, industrial business operating income excluding restructuring charges rose to \$20.9 million from \$18.9 million in 2006, an increase of 11%. This increase was due to higher sales and the favorable impact of cost savings.

Non-GAAP Financial Measures

The pro forma information excluding restructuring charges in this press release are not measures that are defined in generally accepted accounting principles ("GAAP"). Management believes the pro forma 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 probability of our on-going operations. Management analyzes the Company's business performance and results excluding amounts related to the restructuring. These measures provide a more consistent view of performance than the diluted GAAP equivalent for management and investors. Management compensates for this by using these measures in combination with the GAAP measures. The presentation of the non-GAAP measures in this press release are made alongside the most directly comparable GAAP measures.

Pro forma information

The Company has provided below certain pro forma financial results excluding amounts related to a restructuring program in 2007 and 2006.

(In thousands) except per share data) Three Months Ended Six Months Ended
5/31/07 5/31/06 5/31/07 5/31/06

Net income \$41,435 \$61,644 \$85,653 \$76,033
Impact of restructuring charges (benefit) 5,402* (18,743)* 11,081* 3,954*

Pro forma net income \$46,885 \$42,901 \$96,734 \$79,987

Earnings per share - diluted \$0.37 \$0.44 \$0.54 \$0.56
Impact of restructuring charges (benefit) 0.04 (0.14) 0.08 0.03

Pro forma earnings per share - diluted \$0.35 \$0.32 \$0.52 \$0.59
% increase versus prior period 9.4% 22.9%

* The impact of restructuring activity on net income includes:
Restructuring charges, included in Cost of goods sold \$0.79 (\$4,488) \$1,249 (\$4,162)
Restructuring charges (\$4,488) (\$5,190) (13,855) (41,463)
Tax impact included in income taxes 0.20 5.22 4,816 (15,083)
GAAP (net) on sale of unconsolidated operations (55) 26,526 (945) 26,528
\$5,402 \$18,743 \$11,081 \$3,954

Line 10/07/07

As previously announced, McCormick will hold a conference call with the webcast today at 10:00 a.m. EDT. The conference call will be web cast live via the McCormick corporate web site. Go to mccormick.com and follow directions to listen to the call and access the accompanying presentation materials. At the same location, a replay of the call will be available following the live call. Past press releases and additional information can be found at this address.

Forward-looking information

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 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, ability to realize expected cost savings and margin improvements, market acceptance of new products, actual amount and timing of special charge revenues and disposal costs, final negotiations of third-party contracts, the impact of the stock market conditions on its share repurchase program, fluctuations in the cost and availability of supply chain resources and global economic conditions, including interest and currency rate fluctuations, and inflation rates. 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.

About McCormick
McCormick & Company, Incorporated is the global leader in the manufacture, marketing and distribution of spices, seasonings and flavors to the entire food industry - to foodservice and food manufacturers as well as to retail outlets.

Second Quarter Report McCormick & Company, Incorporated

Consolidated Income Statement (Unaudited)
(in thousands except per-share data)

	Three Months Ended		Six Months Ended	
	5/31/2007	5/31/2006	5/31/2007	5/31/2006
Revenues				
Net sales	586,274	563,056	1,133,854	1,134,667
Cost of goods sold	415,414	389,342	821,352	793,958
Gross profit	271,860	250,564	536,752	489,649
Gross profit margin	39.6%	39.2%	40.0%	39.2%
Selling, general and administrative expenses	198,462	187,347	389,091	368,975
Restructuring charges	6,440	8,519	13,803	41,463
Operating income	66,958	54,698	133,258	78,991
Interest expense	15,252	12,284	29,085	25,136
Other income, net	(5,227)	(1,775)	(4,071)	(2,622)
Income from consolidated operations before income taxes	51,903	44,149	108,244	56,728
Income taxes	16,755	13,588	32,744	17,293
Net income from consolidated operations	37,148	31,081	75,500	39,635
Income from unconsolidated operations	5,023	4,765	11,556	12,044
Gain (Loss) on sale of unconsolidated operations	(555)	26,528	(645)	26,528
Minority interest	(191)	(770)	(596)	(2,174)
Net income	\$41,425	\$61,644	\$85,653	\$76,033
Earnings per common share - basic	\$0.32	\$0.47	\$0.66	\$0.57
Earnings per common share - diluted	\$0.31	\$0.46	\$0.64	\$0.56
Average shares outstanding - basic	130,150	132,182	130,193	132,384
Average shares outstanding - diluted	133,637	135,420	133,837	135,373

Second Quarter Report McCormick & Company, Incorporated

Consolidated Balance Sheet (Unaudited)
(in thousands)

	5/31/2007	5/31/2006
Assets		
Current assets		
Cash and cash equivalents	\$40,459	\$74,068
Receivables, net	360,159	327,361
Inventory	427,512	381,863
Prepaid expenses and other current assets	59,470	49,967
Total current assets	887,591	832,964
Property, plant and equipment, net	472,358	454,857
Goodwill and intangible assets, net	1,711,305	983,452
Prepaid allowances	47,027	48,481
Investments and other assets	162,869	143,512
Total assets	\$2,584,095	\$2,363,415
Liabilities and shareholders' equity		
Current liabilities		
Short-term borrowings and current portion of long-term debt	\$147,059	\$151,256
Trade accounts payable	275,656	174,638
Other accrued liabilities	332,438	377,976
Total current liabilities	695,153	703,570
Long-term debt	415,849	482,951
Other long-term liabilities	264,125	251,676
Total liabilities	1,575,022	1,438,003
Minority interest	4,465	3,359
Shareholders' equity		
Common stock	480,918	426,713
Retained earnings	85,292	38,406
Accumulated other comprehensive income	148,298	105,845
Total shareholders' equity	1,004,459	910,853
Total liabilities and shareholders' equity	\$2,584,095	\$2,363,415

Second Quarter Report McCormick & Company, Incorporated

Consolidated Statement of Cash Flows (Unaudited)
(in thousands)

	Six Months Ended
	5/31/2007
Cash flows from operating activities	
Net income	\$85,653
Adjustments to reconcile net income to net cash flow from operating activities	
Depreciation and amortization	39,917
Stock based compensation	13,440
Loss / (Gain) on sale of unconsolidated operations	645
Income from unconsolidated operations	(11,556)
Changes in operating assets and liabilities	(145,916)
Dividends from unconsolidated affiliates	9,474
Net cash flow from operating activities	78,653
Cash flows from investing activities	
Capital expenditures	(34,896)
Acquisition of businesses	(3,123)
Proceeds from redemption of unconsolidated operations	20,000
Proceeds from sale of property, plant and equipment	100
Net cash flow used in investing activities	(17,823)
Cash flows from financing activities	
Short-term borrowings, net	115,129
Long-term debt borrowings	18,558
Long-term debt repayments	(225)
Proceeds from restricted stock sales	(57,386)
Common stock acquired by purchase	(51,136)
Dividends paid	(67,718)
Net cash flow provided by / used in financing activities	31,123
Effect of exchange rate changes on cash and cash equivalents	4,119
Increase/(decrease) in cash and cash equivalents	(8,576)
Cash and cash equivalents at beginning of period	49,031
Cash and cash equivalents at end of period	\$40,460

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