



McCormick Reports Record Results for First Quarter of 2008

March 27, 2008  
SPARKS, Md., Mar 27, 2008 (BUSINESS WIRE) – McCormick & Company, Incorporated (NYSE:MKC), today reported record results for the first quarter ended February 29, 2008. Earnings per share were \$0.39 compared to \$0.33 in the first quarter of 2007. On a comparable basis with 2007, excluding restructuring charges, the Company increased earnings per share 11% to \$0.41.  
Alan D. Wilson, President and CEO, commented, "We saw off to a good start in fiscal year 2008 with a strong first quarter. Higher pricing and volume and the benefit of favorable foreign exchange rates drove an 11% sales increase. Each segment and region of the business grew sales during the period. With these first quarter results, the addition of Billy Bee Honey Products and our outlook for the next three quarters, we are increasing our 2008 sales growth outlook to 5 to 7% from 4 to 6%. This range excludes sales related to the pending acquisition of the Leary's business. Margins remain under pressure from higher and more volatile commodity costs. However, as from value pricing actions early in the year and expect to continue to use the benefit from these actions in future quarters. Cost savings from our restructuring plan and supply chain initiatives are providing an additional offset to higher costs. "We are reaffirming this year's goal to achieve earnings per share of \$1.87 to \$2.01 which includes an estimated \$0.10 of restructuring charges. On a comparable basis with 2007, excluding restructuring charges, this is an increase of 8 to 10%. Our business strategy and performance are delivering great results and providing fuel for investments in brand marketing and other growth initiatives." Sales in the first quarter rose 11%, including the impact of foreign exchange rates which added 4%. Higher pricing, volume increases in branded spices and seasonings, and new products contributed to this increase. Operating income rose 17%, which was an increase of 10% excluding restructuring charges. The Company was able to offset a steep increase in commodity costs with pricing actions. Operating income also benefited from cost savings related to the restructuring program and additional expense reductions. Earnings per share were \$0.39 compared to \$0.33 in the first quarter of 2007. Charges related to the Company's restructuring program reduced earnings per share \$0.02 in the first quarter of 2008 compared to a reduction of \$0.04 in the first quarter of 2007. Excluding the impact of restructuring charges, earnings per share rose \$0.04, or 11% increase over the first quarter of 2007. Higher operating income added \$0.04 per share, lower shares outstanding added \$0.01 per share and a reduction in income from unconsolidated operations decreased earnings per share by \$0.01 during the first quarter. Cash from operations was \$24 million compared to negative cash from operations in the first quarter of 2007. This improved result was largely due to receivables collections, the timing of tax payments, lower retirement contributions and a decrease in payments related to the restructuring plan.

Business Segment Results

Consumer Business (in thousands)	Three Months Ended
	2/29/08 2/28/07
Net sales	\$ 410,430 \$ 374,769
Operating income	66,587 64,862
Operating income excluding restructuring charges	66,977 65,187

For the first quarter, sales for McCormick's consumer business rose 10% and 9% in local currency. This increase was driven by higher volume as well as pricing actions. Consumer sales in the Americas rose 8% due to increased volume from rebranding activity, active products and new items, as well as higher prices. Foreign exchange rates added 1% to sales in the region. Consumer sales in Europe increased 12% and 3% in local currency. This increase was driven by higher prices as well as incremental sales from the The Kitchen acquisition, increased marketing support and merchandising opportunities. In the Asia/Pacific region, sales rose 4% and 2% in local currency, with gains in China.  
For the first quarter, consumer business operating income excluding restructuring charges rose to \$67.0 million from \$60.2 million in 2007, an increase of 11%. This increase was due to higher sales and improved operating income margin.

Industrial Business (in thousands)	Three Months Ended
	2/29/08 2/28/07
Net sales	\$ 213,243 \$ 277,870
Operating income	13,022 13,509
Operating income excluding restructuring charges	14,335 14,003

For the first quarter, sales for McCormick's industrial business increased 17% and 15% in local currency. Pricing has been and continues to be increased to reflect higher costs of flour, soy oil, cheese and other commodities. A beverage product mix also added to first quarter sales. Industrial sales in the Americas rose 10% and 8% in local currency with increased sales to both food manufacturers and food service customers. In Europe, sales rose 17% and 12% in local currency with continued increases in seasonings for poultry and for snack products. Sales in the Asia/Pacific region rose 24% and 10% in local currency with increases to the restaurant industry as well as other food manufacturers.  
For the first quarter, industrial business operating income excluding restructuring charges rose to \$14.0 million from \$14.0 million in 2007, an increase of 2%. The gain from higher sales was offset in part by continued increases and volatility in the cost of certain commodities. The Company has made and continues to make progress in working with its strategic customers to contract for future purchases and pass through higher costs with increased prices.

Non-GAAP Financial Measures  
The pro forma information excluding restructuring charges in this press release are 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 profitability 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 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 2008 and 2007.

(in thousands except per share data)	Three Months Ended
	2/29/08 2/28/07
Operating income	\$ 77,389 \$ 66,351
Less: Impact of restructuring charges	4,923 7,829
Pro forma operating income	\$ 81,212 \$ 74,190
% increase versus prior period	9.6%
Net income	\$ 51,423 \$ 44,228
Less: Impact of restructuring charges	6,699 5,621**
Pro forma net income	\$ 54,122 \$ 49,849
Earnings per share - diluted	\$ 0.39 \$ 0.33
Less: Impact of restructuring charges	\$ 0.01 0.04
Pro forma earnings per share - diluted	\$ 0.41 \$ 0.37
% increase versus prior period	10.8%

\* The impact of restructuring activity on net income includes:  
Restructuring charges included in Cost of goods sold \$ (275) \$ (165)  
Restructuring charges \$ (235) (3,344)  
Tax impact included in income taxes (6,366) 1,224 2,508  
Charges related to unconsolidated operation (290)  
\$ (2,690) \$ (6,621)

Love Wilson  
As previously announced, McCormick will hold a conference call with the analysts today at 8:00 a.m. ET. The conference call will be web cast live via the McCormick corporate web site. Go to [www.mccormick.com](http://www.mccormick.com) and follow directions to listen to the call and access the accompanying presentation materials. At this 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

Caution: 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 items, interest and dividend rates, fuel regulations of electricity providers, 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. 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 - in foodservice, food manufacturers and retail outlets.

First Quarter Report: McCormick & Company, Incorporated  
Consolidated Income Statement (Unaudited)  
(in thousands except per-share data)

Three Months Ended			
	February 29, 2008	February 28, 2007	
Net sales	\$ 720,002	\$ 652,639	
Cost of goods sold	432,260	388,267	
Gross profit	287,750	264,352	
Gross profit margin	39.9%	40.5%	
Selling, general and administrative expenses	204,125	195,637	
Restructuring charges	3,636	7,364	
Operating income	77,389	66,351	
Interest expense	14,257	13,853	
Other income, net	3,300	1,843	
Income from consolidated operations before income taxes	65,932	54,341	
Income taxes	19,873	15,089	
Net income from consolidated operations	46,059	38,352	
Income from unconsolidated operations	5,429	6,573	
Loss on sale of unconsolidated operations	(900)		
Monthly interest	269	(467)	
Net income	\$ 51,423	\$ 44,228	
Earnings per common share - basic: \$ 0.40 \$ 0.34			
Earnings per common share - diluted: \$ 0.39 \$ 0.33			
Average shares outstanding - basic: 127,980 130,344			
Average shares outstanding - diluted: 131,067 134,195			

First Quarter Report McCormick & Company, Incorporated  
Consolidated Balance Sheet (Unaudited)  
(in thousands)

	February 29, 2008	February 28, 2007
Assets		
Current assets		
Cash and cash equivalents	\$ 24,436	\$ 38,382
Receivables, net	422,361	379,789
Inventories	449,583	411,840
Prepaid expenses and other		
Current assets	53,764	57,116
Total current assets	691,344	887,327
Property, plant and equipment, net	436,648	405,948
Goodwill, net	547,747	898,228
Intangible assets, net	227,169	191,051
Prepaid intangibles	45,473	49,123
Investments and other assets	199,295	160,267
Total assets	\$ 2,058,276	\$ 2,561,894

Liabilities and shareholders' equity		
Current liabilities		
Short-term borrowings and current portion of long-term debt	\$ 119,861	\$ 337,023
Total accounts payable	251,366	218,193
Other accrued liabilities	366,509	340,525
Total current liabilities	737,736	695,741
Long-term debt	676,660	416,406
Other long-term liabilities	279,387	205,393
Total liabilities	1,693,779	1,518,066
Monthly interest	6,126	4,030
Shareholders' equity		
Common stock	512,794	465,673
Retained earnings	365,368	381,951
Accumulated other comprehensive income	282,220	146,180
Total shareholders' equity	1,155,572	987,804
Total liabilities and shareholders' equity	\$ 2,058,276	\$ 2,561,894

First Quarter Report McCormick & Company, Incorporated  
Consolidated Cash Flow Statement (Unaudited)  
(in thousands)

Three Months Ended			
	February 29, 2008	February 28, 2007	
Cash flows from operating activities			
Net income	\$ 51,423	\$ 44,228	
Adjustments to reconcile net income to net cash flow from operating activities			
Depreciation and amortization	22,449	19,882	
Stock based compensation	3,751	4,620	
Income from unconsolidated operations	6,429	6,573	
Changes in operating assets and liabilities	(67,064)	(137,635)	
Dividends from unconsolidated affiliates	377		
Net cash flow from operating activities	24,269	(75,091)	
Cash flows from investing activities			
Acquisitions of businesses	(76,402)	(3,041)	
Capital expenditures	(17,289)	(31,646)	
Proceeds from sale of property, plant and equipment	108	50	
Net cash flow from investing activities	(53,574)	(18,447)	
Cash flows from financing activities			
Short-term borrowings, net	(29,739)	105,152	
Long-term debt borrowings	246,276		
Long-term debt repayments	(176,096)	(139)	
Proceeds from exercised stock options	16,084		
Common stock acquired by purchase	(10,967)		
Dividends paid	(26,148)	(26,052)	
Net cash flow from financing activities	46,307	84,685	
Effect of exchange rate changes on cash and cash equivalents			
1,558	(1,608)		
Change in cash and cash equivalents	(21,448)	(10,443)	
Cash and cash equivalents at beginning of period	45,876	49,043	
Cash and cash equivalents at end of period	\$ 24,436	\$ 38,382	

SOURCE: McCormick & Company, Incorporated

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