



**TO
STAND
TOGETHER
FOR THE
FUTURE OF
FLAVOR.**



MCCORMICK & COMPANY, INC.
1ST QUARTER 2021 FINANCIAL RESULTS AND OUTLOOK
MARCH 30, 2021

The following slides accompany a March 30th, 2021, earnings release conference call. This information should be read in conjunction with the press release issued on that date.

FORWARD-LOOKING INFORMATION

Certain information contained in this presentation, including statements concerning expected performance, such as those relating to net sales, volume and product mix, gross margins, earnings, cost savings, brand marketing support, transaction and integration expenses, special charges, acquisitions, income tax expense and the impact of foreign currency rates are “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. 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 impact of COVID-19 on our business, suppliers, consumers, customers, and employees; disruptions or inefficiencies in the supply chain, including any impact of COVID-19; the expected results of operations of businesses acquired by the company, including the acquisitions of Cholula and FONA; the expected impact of material costs and pricing actions on the company's results of operations and gross margins; the expected impact of productivity improvements, including those associated with our Comprehensive Continuous Improvement (“CCI”) program and global enablement initiative; expected working capital improvements; expectations regarding growth potential in various geographies and markets, including the impact from customer, channel, category, and e-commerce expansion; expected trends in net sales and earnings performance and other financial measures; the expected timing and costs of implementing our business transformation initiative, which includes the implementation of a global enterprise resource planning (“ERP”) system; the expected impact of accounting pronouncements; the expectations of pension and postretirement plan contributions and anticipated charges associated with those 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; the anticipated sufficiency of future cash flows to enable the payments of interest and repayment of short- and long-term debt as well as quarterly dividends and the ability to issue additional debt or equity securities; and expectations regarding purchasing shares of McCormick's common stock under the existing repurchase authorization.

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: the company's ability to drive revenue growth; damage to the company's reputation or brand name; loss of brand relevance; increased private label use; product quality, labeling, or safety concerns; negative publicity about our products; actions by, and the financial condition of, competitors and customers; the longevity of mutually beneficial relationships with our large customers; the ability to identify, interpret and react to changes in consumer preferences and demand; business interruptions due to natural disasters, unexpected events or public health crises, including COVID-19; issues affecting the company's 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; the lack of successful acquisition and integration of new businesses, including the acquisitions of Cholula and FONA; global economic and financial conditions generally, including the impact of the exit of the U.K. from the European Union, availability of financing, interest and inflation rates, and the imposition of tariffs, quotas, trade barriers and other similar restrictions; foreign currency fluctuations; the effects of increased level of debt service following the Cholula and FONA acquisitions as well as the effects that such increased debt service may have on the company's ability to borrow or the cost of any such additional borrowing, our credit rating, and our ability to react to certain economic and industry conditions; impairments of indefinite-lived intangible assets; assumptions we have made regarding the investment return on retirement plan assets, and the costs associated with pension obligations; the stability of credit and capital markets; risks associated with the company's information technology systems, including the threat of data breaches and cyber-attacks; the company's inability to successfully implement our business transformation initiative; fundamental changes in tax laws; including interpretations and assumptions we have made, and guidance that may be issued, and volatility in our effective tax rate; climate change; infringement of intellectual property rights, and those of customers; litigation, legal and administrative proceedings; the company's inability to achieve expected and/or needed cost savings or margin improvements; negative employee relations; and other risks described in the company's filings with the Securities and Exchange Commission.

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, except as may be required by law.



Lawrence Kurzcius

Chairman, President and
Chief Executive Officer

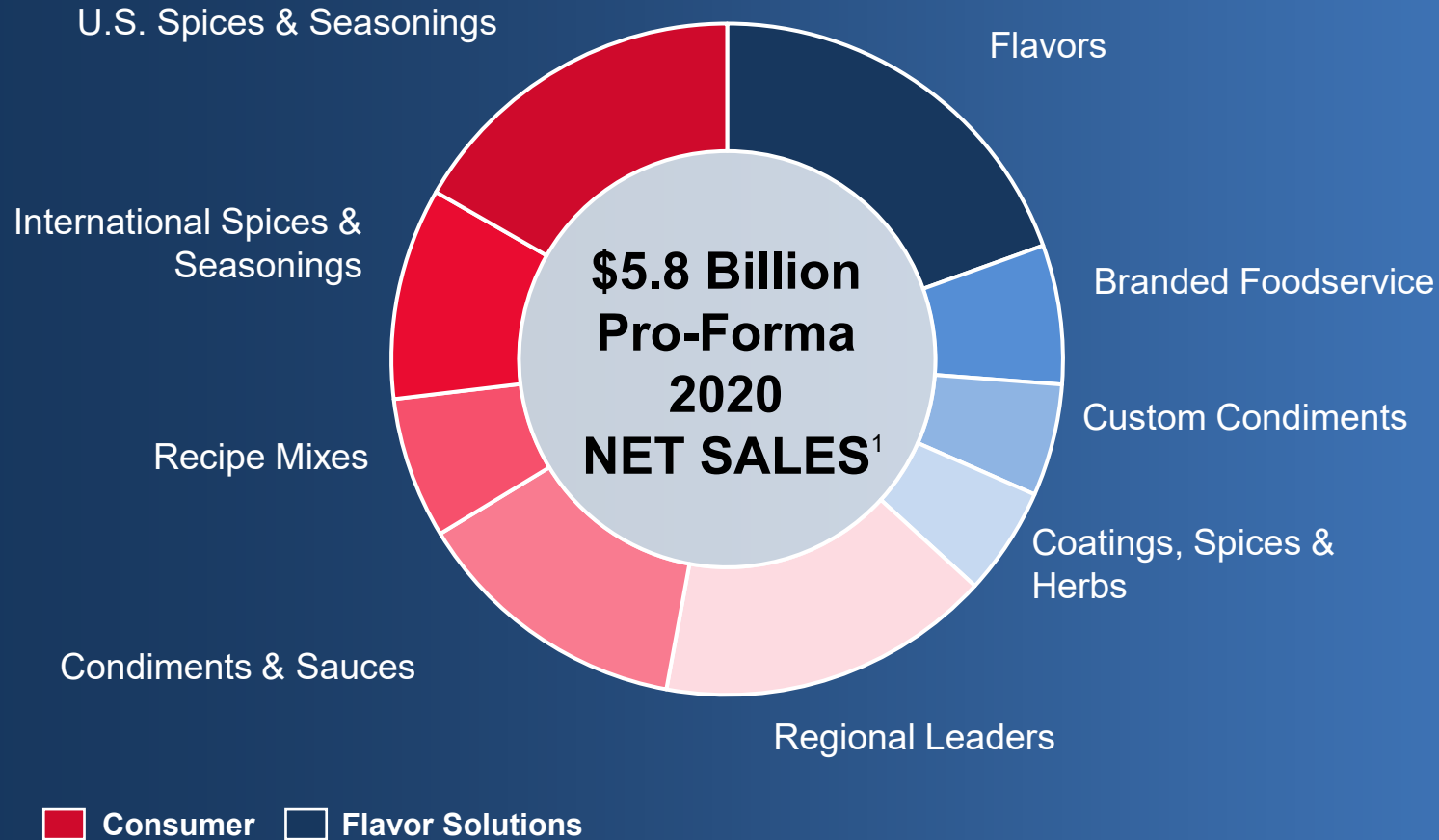


OUTSTANDING FIRST QUARTER 2021 PERFORMANCE

- Double-digit growth
 - Sales
 - Adjusted operating income
 - Earnings per share
- Well positioned to deliver another year of differentiated growth following an extraordinary 2020
- Confident in an even stronger 2021 outlook



OUR BROAD AND ADVANTAGED GLOBAL PORTFOLIO



STRENGTH AND DIVERSITY OF OUR OFFERING

Compelling products for every retail and customer strategy across all channels

creates a balanced portfolio

to drive consistency in our performance



FISCAL QUARTER 2021 FINANCIAL RESULTS

GREW NET SALES 22%

- Constant currency increase of 20%
- Growth from base business, new products and acquisitions
- Both segments contributed to increase

GREW ADJUSTED OPERATING INCOME 35%

- Constant currency increase of 32%
- Higher sales, favorable mix and CCI-led cost savings more than offset
- COVID-19 related costs and higher brand marketing investments

ADJUSTED EARNINGS PER SHARE GREW 33%

- Higher adjusted operating income
- Partially offset by higher income tax rate



CONSUMER SEGMENT UPDATE

AMERICAS

- Over shipped U.S. branded portfolio consumption growth of 15%
- Continued household penetration and repeat buy rate increases
- Category management capabilities to optimize shelf-sets
- Cholula momentum outpacing category growth

EMEA

- Broad based volume growth across region
- Double-digit branded consumption growth in each market
- Household penetration and repeat buy rate increases continued

APZ

- Recovery from 1Q FY20 China disruption from COVID-19 lockdown
- Double-digit regional consumer and branded foodservice demand



FLAVOR SOLUTIONS UPDATE

AMERICAS

- FONA and Cholula acquisitions drove growth
- Base business and new product growth with packaged food customers
- Portfolio shift to more value-added flavors
- Demand declines from branded foodservice and restaurant customers

EMEA

- New product and base business growth with packaged food customers
- Branded foodservice and restaurant customer base demand declines

APZ

- Growth with quick service restaurant customers in China and Australia
- Recovery from 1Q FY20 China disruption from COVID-19 lockdown



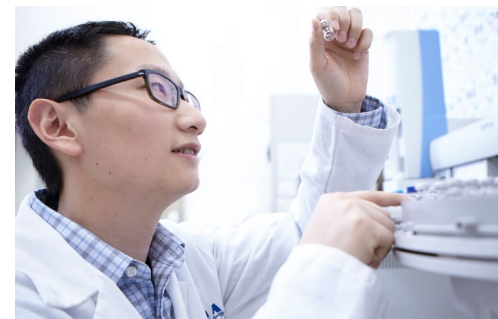
CHOLULA AND FONA INTEGRATIONS ON PLAN



- Integrated all functions as of March 1st
- Servicing customers from McCormick U.S. distribution centers
- Expanding distribution and fueling Consumer segment growth with brand marketing
- Expanding distribution and increasing menu participation in Flavor Solutions segment



- Optimizing our operating model during integration
- Yielding quick wins and identifying long-term strategic opportunities through commercial collaboration
- Receiving positive customer reactions excited by our increased value proposition
- Starting 2021 with great performance and robust momentum across the business



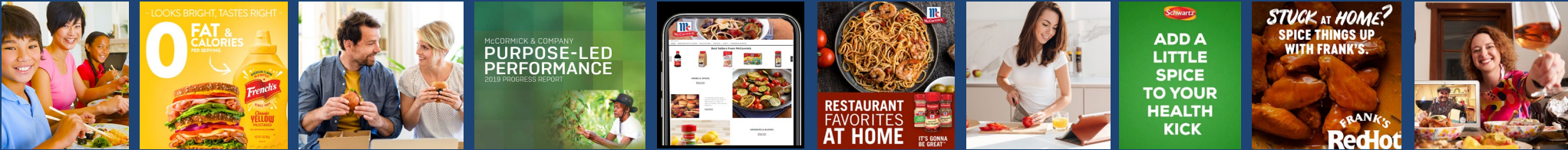
GLOBAL DEMAND FOR FLAVOR IS THE FOUNDATION OF SALES GROWTH

CAPITALIZING ON ACCELERATED LONG-TERM CONSUMER TRENDS

- Healthy and flavorful cooking
- Trusted brands
- Digital engagement
- Purpose-minded practices

SUSTAINABLY POSITIONED FOR CONTINUED GROWTH

- Alignment with consumer trends
- Breadth and reach of portfolio
- Current market conditions
- Effective strategies and robust growth plans



CONSUMER SEGMENT CURRENT CONDITIONS

- **Sustained elevated consumer demand in all regions**
- **Proprietary survey data indicates consumers:**
 - Enjoy cooking as a creative outlet, stress reducer and family connector
 - Feel home prepared meals are safer, healthier, better tasting and cost less
- **Consumers “want to cook” versus “have to cook”**
 - ~50% cook more to try something new
 - ~40% try to re-create restaurant meals at home
 - >67% would maintain or increase current cooking level upon return to normalcy
- **Increased and sustained preference for cooking at home expected to:**
 - Continue globally and persist beyond the pandemic
 - Drive consumer demand for McCormick product



CONSUMER SEGMENT CATEGORY MANAGEMENT AND BRAND MARKETING

CATEGORY MANAGEMENT INITIATIVES

Reinventing U.S. shopping experience



Merchandising to improve navigation and drive inspiration

Investing in E-Commerce

Content, retailer search and dedicated innovation

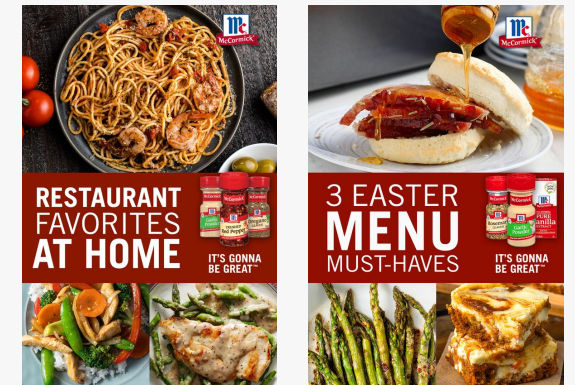


BRAND MARKETING INVESTMENTS

Frank's Super Bowl



It's Gonna Be Great



Festive Holiday

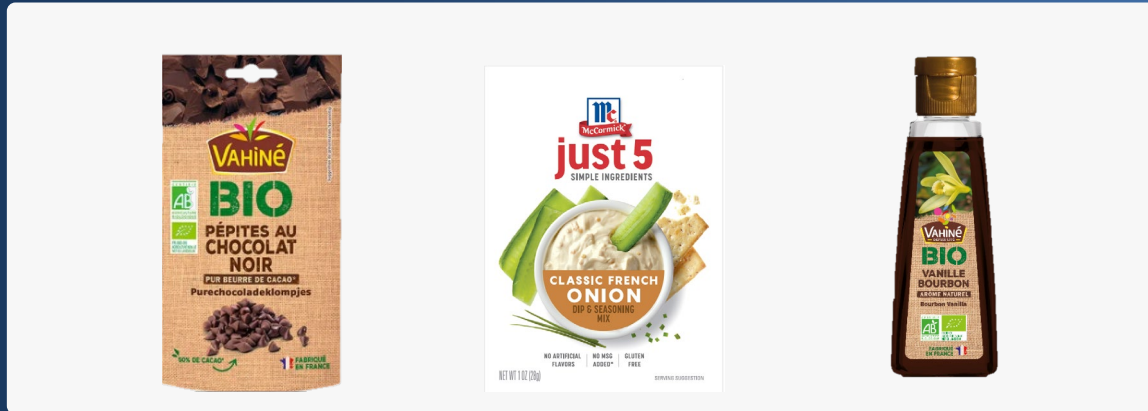


Half-py Birthday



CONSUMER SEGMENT NEW PRODUCTS

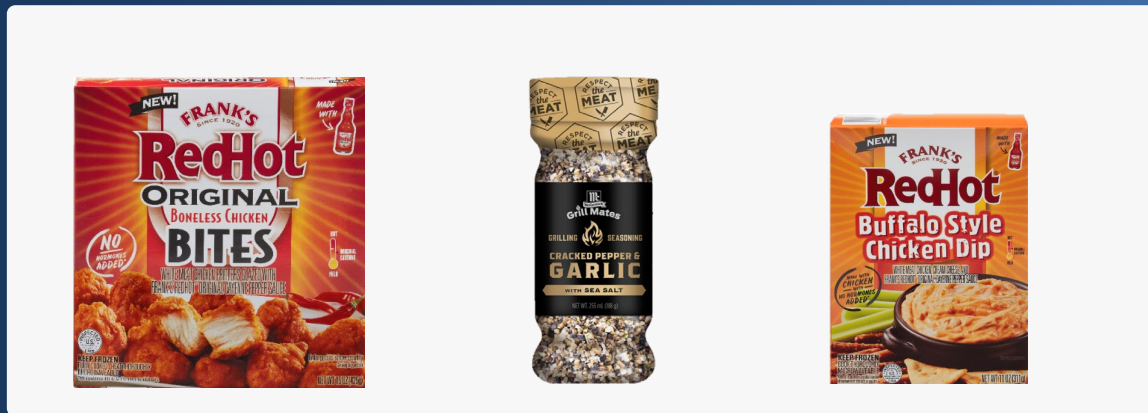
HEALTH & WELLNESS



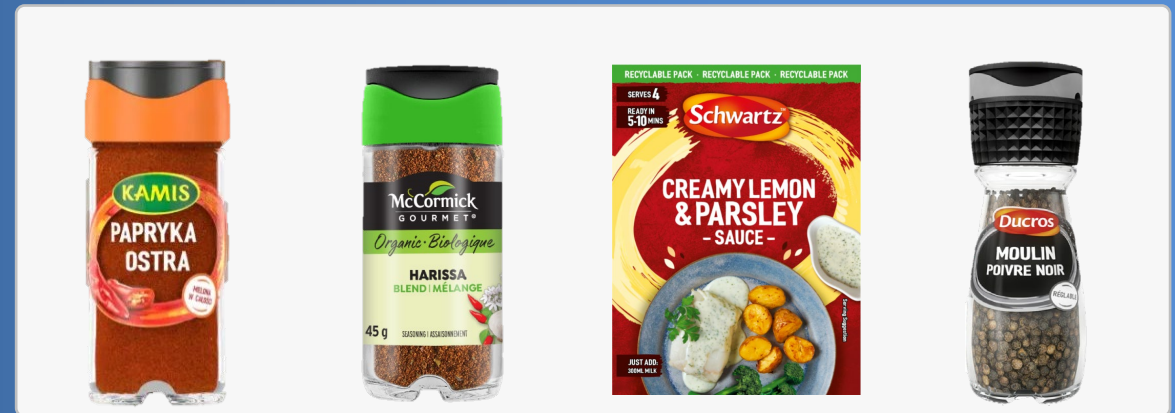
HEAT PORTFOLIO EXPANSION



CONVENIENCE WITH FLAVOR



PACKAGING INNOVATION



FLAVOR SOLUTIONS GROWTH PLANS

COLLABORATING ON BIGGER BET INNOVATION



DRIVING NEW PRODUCT WINS WITH FLAVOR FORECAST INSIGHTS



STRENGTHENING OUR DIFFERENTIATED CUSTOMER ENGAGEMENT



HIGH TECH,
HIGH TOUCH
APPROACH



MIGRATING OUR PORTFOLIO TO VALUE-ADDED CATEGORIES



PURPOSE-LED PERFORMANCE

RECOGNIZED FOR DOING WHAT'S RIGHT



World's **#1 most sustainable corporation in packaged and processed foods and ingredients and 6th overall**



BARRON'S
Most Sustainable Companies 2021



REDUCING OUR ENVIRONMENTAL FOOTPRINT WITH RENEWABLE ENERGY

100% renewable electricity for all US Mid-Atlantic facilities starting April 1st 2021

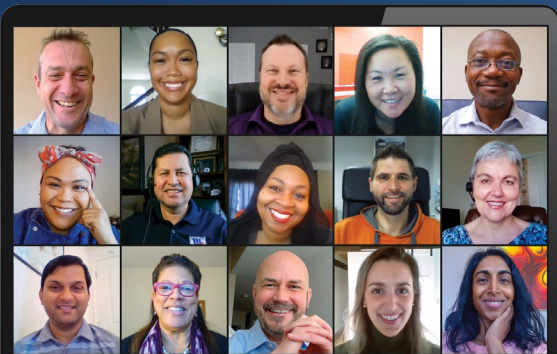


11% reduction in our global greenhouse gas emissions by 2022

STRONG FUNDAMENTALS AND GROWTH CONTINUE INTO 2021



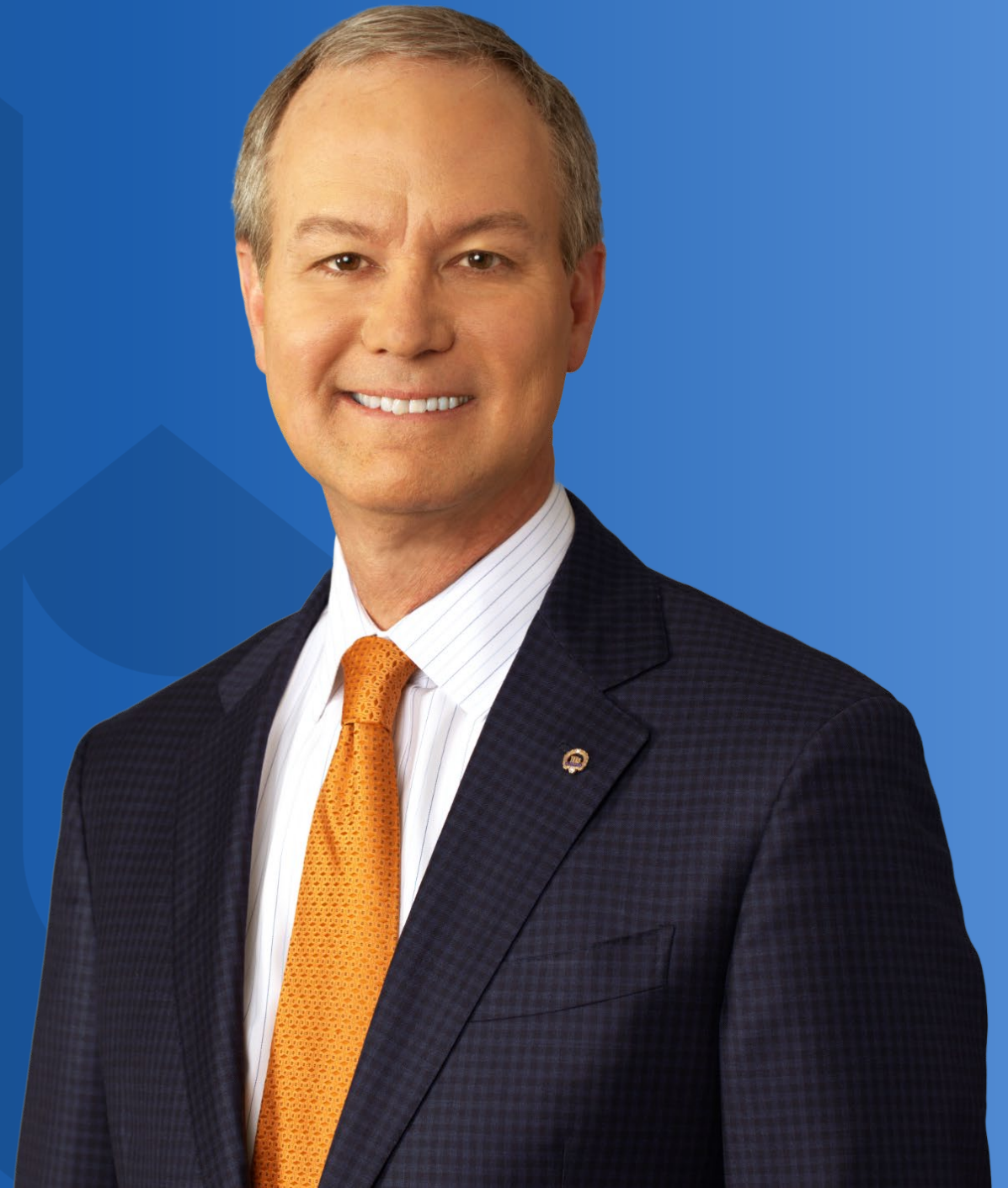
- Consumer momentum, Flavor Solutions recovery and Cholula and FONA acquisitions bolster confidence in 2021 growth
- Confidence in strong 2021 performance reinforced by effective strategies and breadth and reach of portfolio
- Well positioned to drive significant growth and fund investments for the future with strong underlying performance and growth from acquisitions
- Momentum and success are driven by McCormick employees



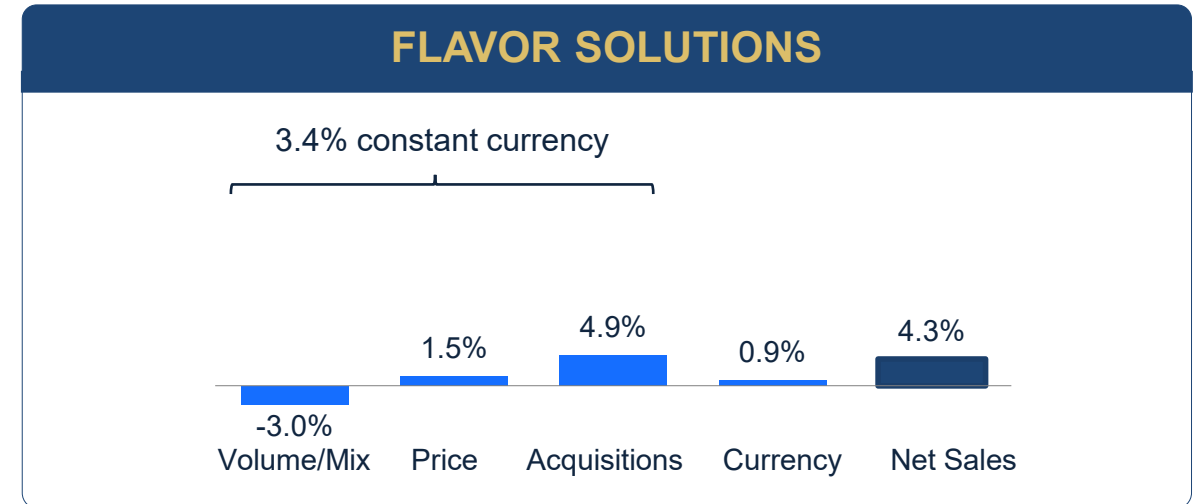
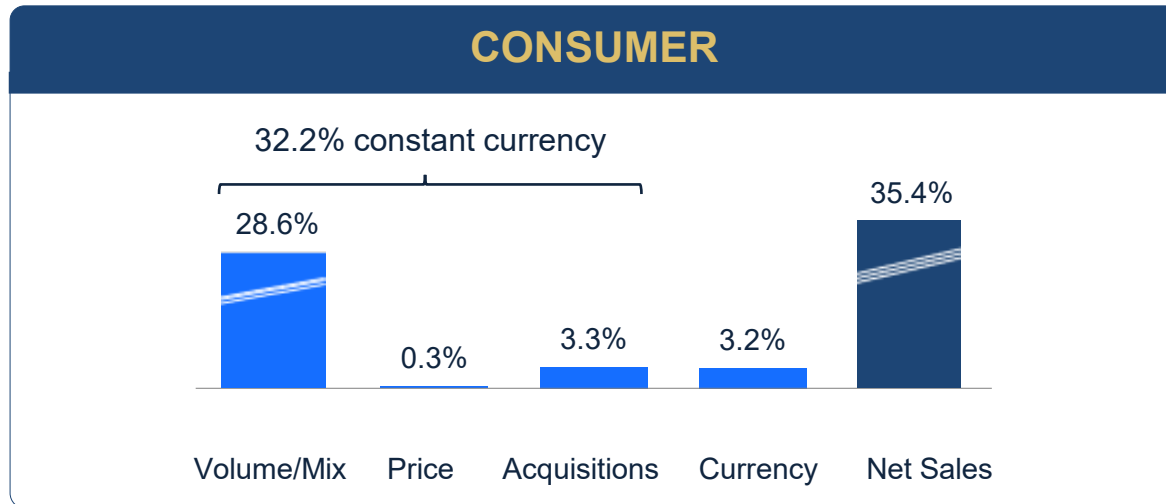
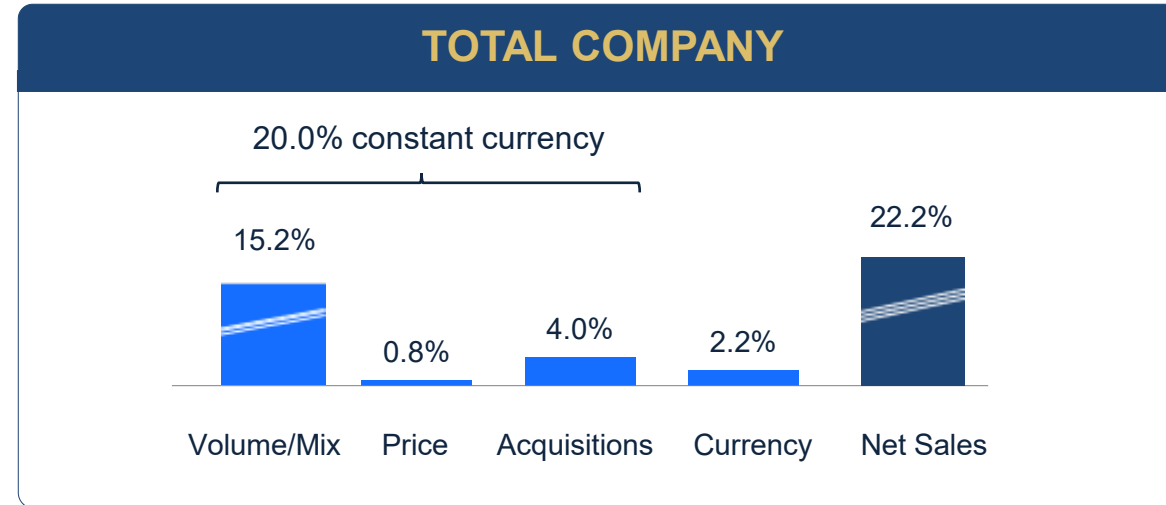


Mike Smith

Executive Vice President
And Chief Financial Officer

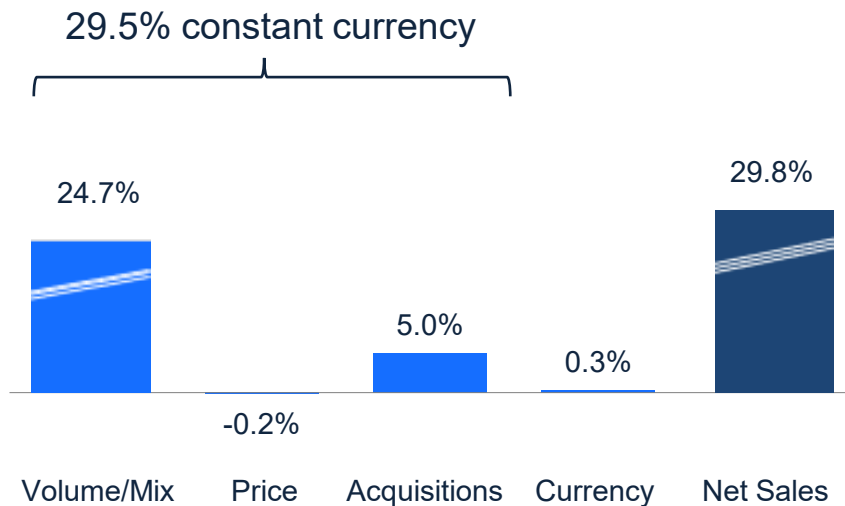


1Q 2021 SALES RESULTS



1Q 2021 SALES RESULTS: CONSUMER SEGMENT

AMERICAS

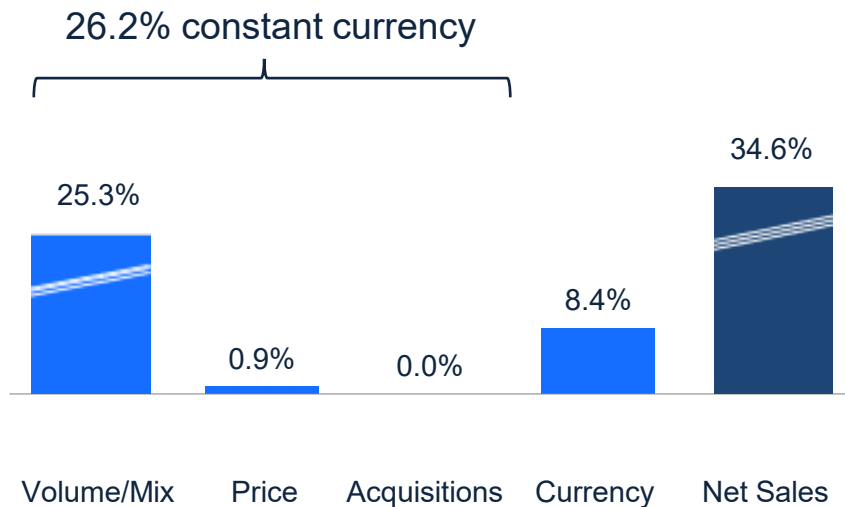


- Cholula acquisition growth
- Broad-based volume and product mix growth
- Branded strength in:
 - McCormick
 - Frank's RedHot and French's
 - Zatarain's and Lawry's
 - Simply Asia and Gourmet Garden



1Q 2021 SALES RESULTS: CONSUMER SEGMENT

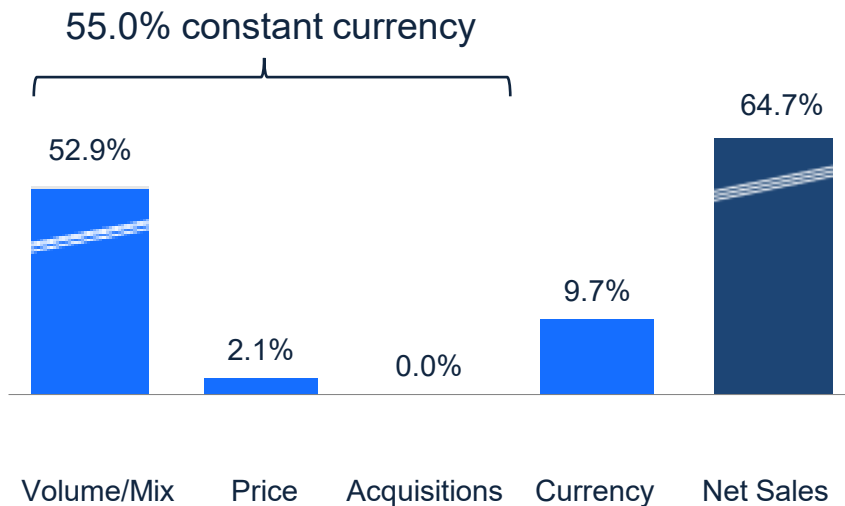
EMEA



- Double-digit growth in all countries and categories
- Significant volume and mix growth drivers:
 - Schwartz and Ducros branded spices and seasonings
 - Vahine homemade dessert products
 - Thai Kitchen and Kamis branded products

1Q 2021 SALES RESULTS: CONSUMER SEGMENT

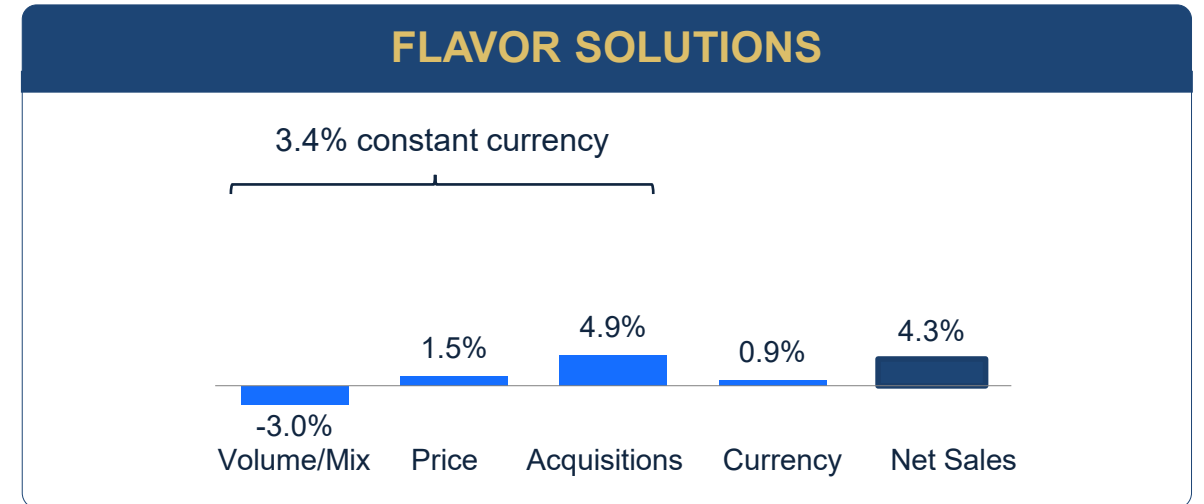
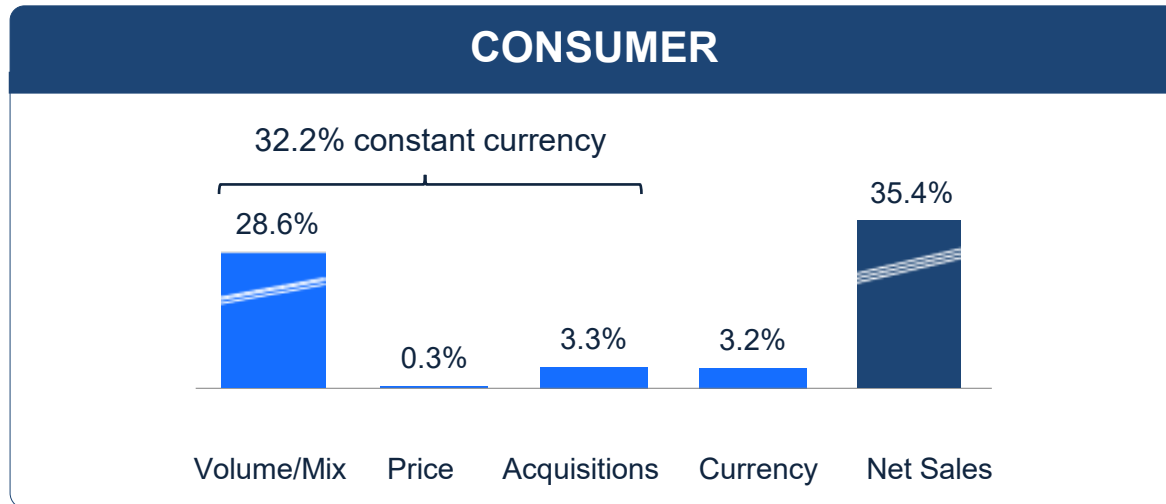
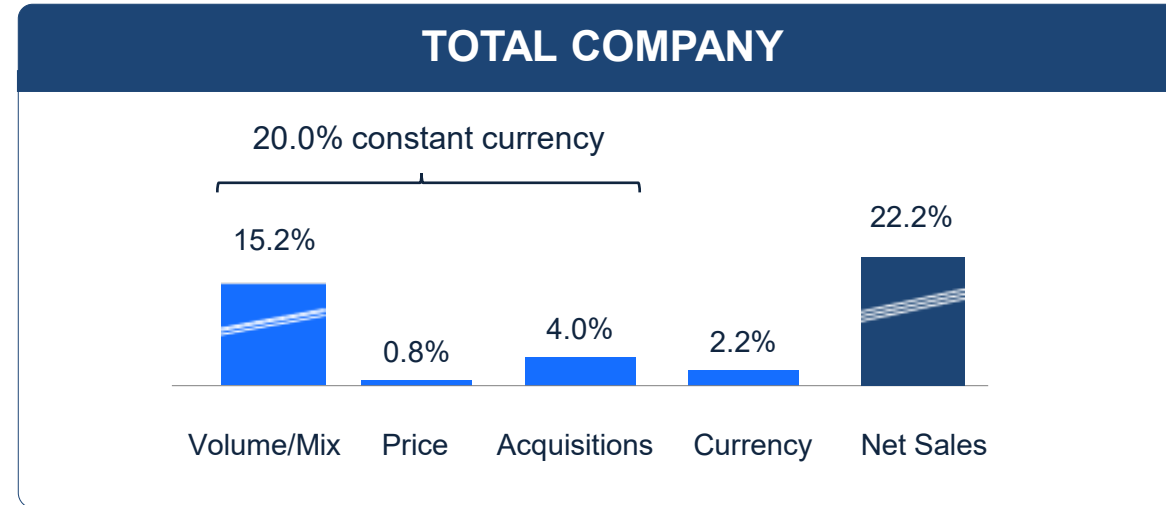
ASIA / PACIFIC



- Recovery from 1Q FY20 disruption in China consumption
- Double-digit growth excluding recovery
 - Strong China consumer and branded foodservice demand
 - Continued strength in Australia

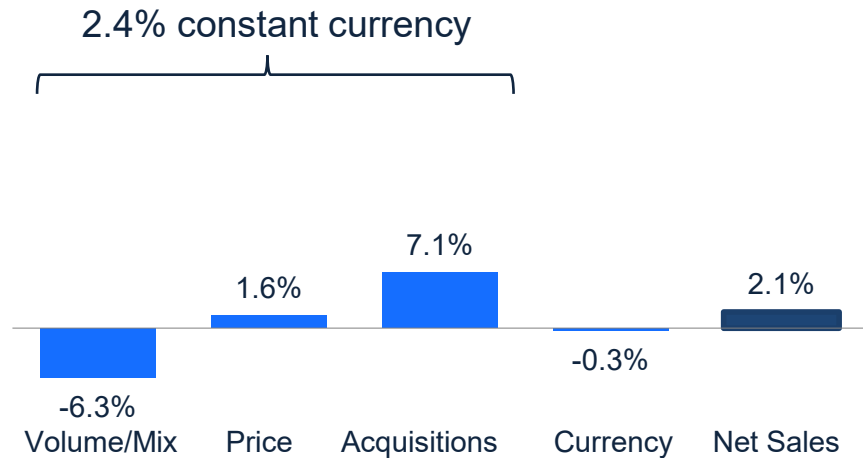


1Q 2021 SALES RESULTS



1Q 2021 SALES RESULTS: FLAVOR SOLUTIONS SEGMENT

AMERICAS

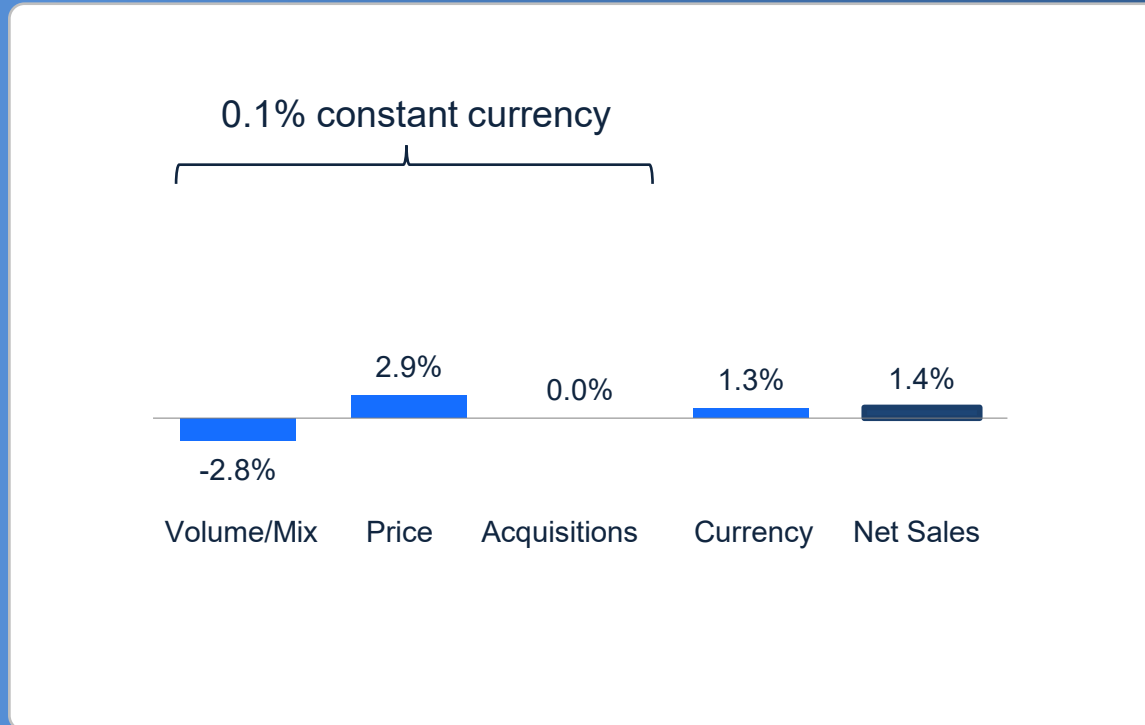


- FONA and Cholula acquisitions growth
- Pricing to offset cost increases
- Volume and mix decline driven by:
 - Reduced demand from branded foodservice and restaurant customers
 - Partially offset by sales growth with packaged food companies with strength in snack seasoning and savory flavors



1Q 2021 SALES RESULTS: FLAVOR SOLUTIONS SEGMENT

EMEA

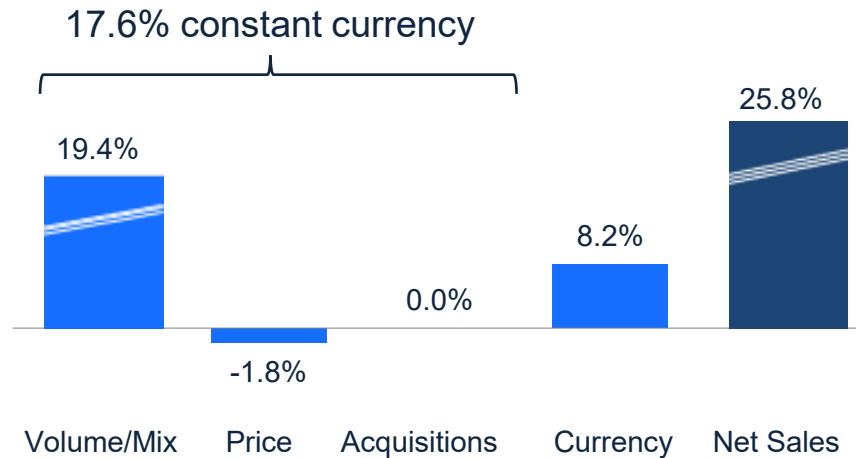


- Pricing to offset cost increases
- Volume and mix decline driven by:
 - Lower sales to branded foodservice and restaurant customers
 - Partially offset by sales growth with packaged food companies with strength in snack seasonings



1Q 2021 SALES RESULTS: FLAVOR SOLUTIONS SEGMENT

ASIA / PACIFIC



- Volume and mix growth driven by:
 - Higher sales to quick service restaurant customers in China and Australia
 - Recovery from 1Q FY20 China COVID-19 related lockdown



OPERATING INCOME

<i>(in millions)</i>	1Q 2021	1Q 2020	Fav/(Unfav) Change
Operating income	\$236.3	\$194.2	22%
Adjusted operating income	\$262.5	\$195.2	35%
Consumer	189.9	119.6	59%
Flavor Solutions	72.6	75.6	(4%)

- 32% constant currency adjusted operating income growth for total company
 - Consumer segment growth of 54% from higher sales, favorable mix and CCI-led cost savings partially offset by COVID-19 related costs and a 17% increase in brand marketing versus 1Q 2020
 - Flavor Solutions segment decline of 4% with higher sales and CCI-led cost savings more than offset by unfavorable manufacturing costs
- Transaction and integration expenses were \$25 million in 1Q 2021
- Special charges of \$1 million were comparable to 1Q 2020



OPERATING MARGIN

<i>(in millions)</i>	1Q 2021	1Q 2020	Fav/(Unfav) Change
Gross margin	39.0%	38.8%	20 bps
Adjusted gross margin	39.4%	38.8%	60 bps
Selling, general & administrative expenses as percent of net sales	21.7%	22.7%	100 bps
Operating margin	16.0%	16.0%	0 bps
Adjusted operating margin	17.7%	16.1%	160 bps

- Adjusted gross margin expansion of 60 basis points driven by favorable mix and CCI-led cost savings with a partial offset from COVID-19 related costs
- Selling, general and administrative expenses as a percent of net sales reduced by 100 basis points
 - Leverage from sales growth
 - Partially offset by increase in brand marketing



INCOME TAXES

<i>(in millions)</i>	1Q 2021	1Q 2020
Income tax rate	28.3%	18.3%
Adjusted income tax rate	22.7%	18.4%

- Adjusted income tax rate higher than the year-ago period driven by significant favorable discrete item related to refinement of entity structure in 1Q 2020



INCOME FROM UNCONSOLIDATED OPERATIONS

<i>(in millions)</i>	1Q 2021	1Q 2020	Fav/(Unfav) Change
Income from unconsolidated operations	\$13.3	\$10.4	28%

- Income from unconsolidated operations increase driven by strong performance of joint venture in Mexico

EARNINGS PER SHARE

<i>(in millions)</i>	1Q 2021	1Q 2020	Fav/(Unfav) Change
Earnings per share	\$0.60	\$0.54	11%
Adjusted earnings per share	\$0.72	\$0.54	33%

Change in adjusted earnings per share

Increase in adjusted operating income	\$0.20
Increase in adjusted tax rate	(0.04)
Other impacts, net	<u>0.02</u>
Total increase	<u>\$0.18</u>



BALANCE SHEET AND CASH FLOW

- Timing of working capital payments drove a \$32 million outflow of cash from operations versus a \$45 million inflow in 1Q 2020
- Long-term financing optimized with \$1 billion issuance of 5-year and 10-year notes
- \$91 million of cash returned to shareholders through dividends
- Capital expenditures of \$49 million through first quarter

BALANCED USE OF CASH



- ✓ Drive growth
- ✓ Return to shareholders
- ✓ Pay down debt

2021 expected to be another year of strong cash flow driven by profit and working capital initiatives

2021 OUTLOOK GROWTH RATES

	Reported Currency	Constant Currency
Sales growth	8% to 10%	6% to 8%
Contribution from Cholula and FONA acquisitions	3.5% to 4%	
Adjusted operating income increase	9% to 11%	7% to 9%
CCI-led cost savings	Approximately \$110M	
Cost inflation	Low single-digit increase	
Adjusted gross profit margin	Comparable	
Brand marketing	Low single-digit increase	
Income from unconsolidated operations	Low single-digit increase	
Adjusted tax rate	Approximately 23%	
Adjusted earnings per share	\$2.97 to \$3.02	
Adjusted earnings per share growth	5% to 7%	3% to 5%
Shares outstanding	Approximately 270M	



2021 OUTLOOK GROWTH RATES

	STRONG BASE BUSINESS & ACQUISITION GROWTH	COVID-19 COST INCREASE	ERP INVESTMENT	TAX HEADWIND	2021 CONSTANT CURRENCY GUIDANCE
Sales growth*	6% to 8%				6% to 8%
Adjusted operating income growth*	11% to 13%	-1%	-3%		7% to 9%
Adjusted EPS growth*	11% to 13%	-1%	-3%	-4%	3% to 5%

* In constant currency

33 The non-GAAP measures included herein, which we refer to as "adjusted", exclude the impact of items affecting comparability between periods. See reconciliation of GAAP to non-GAAP financial measures on slides 36 to 40, including the impact of constant currency.



KEY TAKEAWAYS

- Outstanding 1Q results bolsters confidence in a stronger 2021 outlook
- Confidence in sustainability of higher at-home consumption beyond the pandemic and well positioned to capitalize on accelerating consumer trends
- Enthusiasm and confidence in Cholula and FONA acquisitions strengthened
- Strong foundation and balanced portfolio with fundamentals, momentum and growth outlook stronger than ever
- Confidence in delivering differentiated growth and performance in 2021 and continuing growth trajectory beyond 2021





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NON-GAAP FINANCIAL MEASURES

The tables below include financial measures of adjusted gross profit, adjusted gross profit margin, adjusted operating income, adjusted operating income margin, adjusted income tax expense, adjusted income tax rate, adjusted net income and adjusted diluted earnings per share. These represent non-GAAP financial measures which are prepared as a complement to our financial results prepared in accordance with United States generally accepted accounting principles. These financial measures exclude the impact, as applicable, of the following:

Special Charges - In our consolidated income statement, we include a separate line item captioned “Special charges” in arriving at our consolidated operating income. Special charges consist of expenses associated with certain actions undertaken by the company to reduce fixed costs, simplify or improve processes, and improve our competitiveness and are of such significance in terms of both up-front costs and organizational/structural impact to require advance approval by our Management Committee. Upon presentation of any such proposed action (including details with respect to estimated costs, expected benefits and expected timing) to the Management Committee and the Committee’s advance approval, expenses associated with the approved action are classified as special charges upon recognition and monitored on an on-going basis through completion.

Transaction and integration expenses associated with the Cholula and FONA acquisitions – We exclude certain costs associated with our acquisitions of Cholula and FONA in November and December 2020, respectively, and their subsequent integration into the Company. Such costs, which we refer to as “Transaction and integration expenses”, include transaction costs associated with the acquisition, as well as integration costs following the acquisition, including the impact of any acquisition date fair value adjustment for inventory, together with the impact of discrete tax items, if any, directly related to each acquisition.

We believe that these non-GAAP financial measures are important. The exclusion of the items noted above provides additional information that enables enhanced comparisons to prior periods and, accordingly, facilitates the 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.

These non-GAAP financial measures may be considered in addition to results prepared in accordance with GAAP, but they should not be considered a substitute for, or superior to, GAAP results. In addition, these non-GAAP financial measures may not be comparable to similarly titled measures of other companies because other companies may not calculate them in the same manner that we do. 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 financial measures to the related GAAP financial measures is provided below:



NON-GAAP FINANCIAL MEASURES

(in millions except per share data)

	Three Months Ended	
	2/28/2021	2/29/2020
Gross profit	\$ 577.5	\$ 469.9
Impact of transaction and integration expenses included in cost of goods sold (1)	6.3	—
Adjusted gross profit	\$ 583.8	\$ 469.9
Adjusted gross profit margin (2)	39.4 %	38.8 %
Operating income	\$ 236.3	\$ 194.2
Impact of transaction and integration expenses included in cost of goods sold (1)	6.3	—
Impact of other transactions and integration expenses (1)	18.8	—
Impact of special charges	1.1	1.0
Adjusted operating income	\$ 262.5	\$ 195.2
% increase versus year-ago period	34.5 %	
Adjusted operating income margin (3)	17.7 %	16.1 %
Income tax expense	\$ 58.6	\$ 30.1
Impact of transaction and integration expenses	(5.9)	—
Impact of special charges	0.3	0.3
Adjusted income tax expense	\$ 53.0	\$ 30.4
Adjusted income tax rate (4)	22.7 %	18.4 %
Net income	\$ 161.8	\$ 144.7
Impact of transaction and integration expenses	31.0	—
Impact of special charges	0.8	0.7
Adjusted net income	\$ 193.6	\$ 145.4
% increase versus year-ago period	33.1 %	
Earnings per share - diluted	\$ 0.60	\$ 0.54
Impact of transaction and integration expenses	0.12	—
Impact of special charges	—	—
Adjusted earnings per share - diluted	\$ 0.72	\$ 0.54
% increase versus year-ago period	33.3 %	

- 1) Transaction and integration expenses include transaction and integration expenses associated with our acquisitions of Cholula and FONA. These expenses include transaction expenses, integration expenses, including the effect of the fair value adjustment of acquired inventory on cost of goods sold and the unfavorable impact of a discrete item related to deferred State income tax expense, directly related to our December 2020 acquisition of FONA, of \$11.4 million or \$0.04 per diluted share.
- 2) Adjusted gross profit margin is calculated as adjusted gross profit as a percentage of net sales for each period presented.
- 3) Adjusted operating income margin is calculated as adjusted operating income as a percentage of net sales for each period presented.
- 4) Adjusted income tax rate is calculated as adjusted income tax expense as a percentage of income from consolidated operations before income taxes excluding transaction and integration expenses and special charges of \$233.3 million for the three months ended February 28, 2021 and \$165.4 million for the three months ended February 29, 2020.



NON-GAAP FINANCIAL MEASURES

Because we are a multi-national company, we are subject to variability of our reported U.S. dollar results due to changes in foreign currency exchange rates. Those changes have been volatile over the past several years. The exclusion of the effects of foreign currency exchange, or what we refer to as amounts expressed “on a constant currency basis”, is a non-GAAP measure. We believe that this non-GAAP measure provides additional information that enables enhanced comparison to prior periods excluding the translation effects of changes in rates of foreign currency exchange and provides additional insight into the underlying performance of our operations located outside of the U.S. It should be noted that our presentation herein of amounts and percentage changes on a constant currency basis does not exclude the impact of foreign currency transaction gains and losses (that is, the impact of transactions denominated in other than the local currency of any of our subsidiaries in their local currency reported results).

Percentage changes in sales and adjusted operating income expressed in “constant currency” are presented excluding the impact of foreign currency exchange. To present this information for historical periods, current period results for entities reporting in currencies other than the U.S. dollar are translated into U.S. dollars at the average exchange rates in effect during the corresponding period of the prior fiscal year, rather than at the actual average exchange rates in effect during the current fiscal year. As a result, the foreign currency impact is equal to the current year results in local currencies multiplied by the change in the average foreign currency exchange rate between the current fiscal period and the corresponding period of the prior fiscal year. Rates of constant currency growth (decline) follow:

	Three Months Ended February 28, 2021				Three Months Ended February 28, 2021
	Percentage Change as Reported	Impact of Foreign Currency Exchange	Percentage Change on Constant Currency Basis		
Net sales				Net sales growth	22.2%
Consumer Segment				Less: Impact of acquisitions	-4.0%
Americas	29.8%	0.3%	29.5%	Less: Impact of favorable foreign currency exchange	-2.2%
EMEA	34.6%	8.4%	26.2%	Organic sales	16.0%
Asia/Pacific	64.7%	9.7%	55.0%		
Total Consumer segment	35.4%	3.2%	32.2%		
Flavor Solutions segment					
Americas	2.1%	(0.3)%	2.4%		
EMEA	1.4%	1.3%	0.1%		
Asia/Pacific	25.8%	8.2%	17.6%		
Total Flavor Solutions segment	4.3%	0.9%	3.4%		
Total net sales	22.2%	2.2%	20.0%		
Adjusted operating income					
Consumer segment	58.8%	4.6%	54.2%		
Flavor Solutions segment	(4.0)%	0.2%	(4.2)%		
Total adjusted operating income	34.5%	2.9%	31.6%		

NON-GAAP FINANCIAL MEASURES

To present “constant currency” information for the fiscal year 2021 projection, projected sales and adjusted operating income for entities reporting in currencies other than the U.S. dollar are translated into U.S. dollars at the company’s budgeted exchange rates for 2021 and are compared to the 2020 results, translated into U.S. dollars using the same 2021 budgeted exchange rates, rather than at the average actual exchange rates in effect during fiscal year 2020. To estimate the percentage change in adjusted earnings per share on a constant currency basis, a similar calculation is performed to arrive at adjusted net income divided by historical shares outstanding for fiscal year 2020 or projected shares outstanding for fiscal year 2021, as appropriate.

	<u>Projection for the Year Ending November 30, 2021</u>
Percentage change in net sales	8% to 10%
Impact of favorable foreign currency exchange	2 %
Percentage change in net sales in constant currency	<u>6% to 8%</u>
Percentage change in adjusted operating income	9% to 11%
Impact of favorable foreign currency exchange	2 %
Percentage change in adjusted operating income in constant currency	<u>7% to 9%</u>
Percentage change in adjusted earnings per share — diluted	5% to 7%
Impact of favorable foreign currency exchange	2 %
Percentage change in adjusted earnings per share in constant currency — diluted	<u>3% to 5%</u>



NON-GAAP FINANCIAL MEASURES

The following provides a reconciliation of our estimated earnings per share to adjusted earnings per share for 2021 and actual results for 2020:

	Twelve Months Ended	
	2021 Projection	11/30/20
Earnings per share - diluted	\$2.77 to \$2.82	\$ 2.78
Impact of transaction and integration expenses	0.18	0.04
Impact of special charges	0.02	0.01
Adjusted earnings per share	<u>\$2.97 to \$3.02</u>	<u>\$ 2.83</u>

