

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of the SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported):  
July 1, 2021

McCormick & Co Inc.

(Exact name of registrant as specified in its charter)

Maryland  
(State or other jurisdiction  
of incorporation)

001-14920  
(Commission  
File Number)

52-0408290  
(IRS Employer  
Identification No.)

24 Schilling Road  
Hunt Valley

(Address of principal executive offices)

Suite 1  
Maryland

21031  
(Zip Code)

Registrant's telephone number, including area code: 410 771-7301

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b)).
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Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c)).

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	MKC-V	New York Stock Exchange
Common Stock Non-Voting	MKC	New York Stock Exchange

Indicate by check mark whether the Registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the Registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition.

On July 1, 2021 the Registrant issued a press release and held a conference call with analysts to report on the results of operations for the second quarter for fiscal year 2021, which ended May 31, 2021.

Furnished with this Form 8-K as Exhibit 99.1 is a copy of the press release labeled "McCormick Reports Strong Second Quarter Sales Growth And Increases 2021 Financial Outlook," which includes an unaudited Consolidated Income Statement for the six months ended May 31, 2021, an unaudited Consolidated Balance Sheet of the Registrant as of May 31, 2021, and an unaudited Consolidated Cash Flow Statement for the six months ended May 31, 2021.

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# News Release

FOR IMMEDIATE RELEASE

## **McCORMICK REPORTS STRONG SECOND QUARTER SALES GROWTH AND INCREASES 2021 FINANCIAL OUTLOOK**

HUNT VALLEY, Md., July 1, 2021 - McCormick & Company, Incorporated (NYSE:MKC), a global leader in flavor, today reported financial results for the second quarter ended May 31, 2021.

- Sales rose 11% in the second quarter from the year-ago period. In constant currency, the Company grew sales 8%.
- Operating income was \$237 million in the second quarter compared to \$257 million in the year-ago period. Adjusted operating income was \$258 million compared to \$260 million in the second quarter of 2020.
- Earnings per share was \$0.68 in the second quarter as compared to \$0.73 in the year-ago period. Adjusted earnings per share was \$0.69 compared to \$0.74 in the year-ago period reflecting a higher adjusted income tax rate versus the second quarter of 2020.
- For fiscal year 2021, McCormick increased its sales outlook to expected growth of 11% to 13%, or 8% to 10% in constant currency, and also raised its operating profit and earnings per share growth outlook.

### **Chairman, President & CEO's Remarks**

Lawrence E. Kurzius, Chairman, President and CEO, stated, “The combination of McCormick’s broad and advantaged portfolio, the acceleration of consumer trends which our strategies capitalize on and our two recent acquisitions, as well as the effective execution of our strategies and engagement of our employees have positioned us well to drive differentiated growth, even when lapping challenging year-over-year comparisons. We grew sales 11% in the second quarter and, notably, on a two-year basis, sales and adjusted operating income grew 20%, which reflects our robust growth momentum.

“Our second quarter results were strong compared to our exceptional 2020 second quarter performance. Last year, our Consumer segment demand was driven by a surge of consumers cooking more at home at the onset of the pandemic, while our Flavor Solutions demand was impacted by the substantial decline in away-from-home consumption. Our results reflect cycling these comparisons as well as a sustained shift to consumer at-home consumption higher than pre-pandemic levels and the

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strong recovery of demand from away-from-home customers. Taken together, these impacts continue to demonstrate the strength and diversity of our offering and we are confident our balanced and diverse portfolio will continue to differentiate McCormick and sustainably position us for long-term growth.

“Our focus on long-term sustainable growth and propelling our business forward is the foundation of our future. We are capitalizing on accelerating consumer trends, particularly the sustained shift to cooking more at home, increased digital engagement, clean and flavorful eating, and trusted brands, which we are confident will continue to persist even beyond the pandemic. The investments we have made, including in our supply chain resiliency and brand marketing, provide a foundation for growth while enhancing our agility and our relevance with our consumers and customers. With our strong year-to-date results and robust operating momentum, we are entering the second half of our year well positioned to deliver another year of differentiated growth in 2021. Our fundamentals, momentum and growth outlook are stronger than ever.

“I want to recognize McCormick employees around the world as the collective power of our people drives our momentum and our success. With our vision to stand together for flavor and our relentless focus on growth, performance and people, we are confident our strategies will enable us to become even better positioned to drive future growth and build long-term value for our shareholders.”

## **Second Quarter 2021 Results**

McCormick reported an 11% sales increase in the second quarter from the year-ago period, including a 3% favorable impact from currency. Sales from Cholula and FONA, acquired in November 2020 and December 2020, respectively, added 5% to the sales increase. Flavor Solutions segment sales increased 39%, or 34% in constant currency, driven by higher sales of away-from-home products, incremental sales from acquisitions, as well as growth with packaged food and beverage companies. Consumer segment sales declined 2%, including a 3% favorable impact from currency against a strong comparison of 26% growth in the second quarter of 2020. Despite the difficult year-over-year comparison, Consumer segment sales reflect the sustained shift to consumers cooking more at home, fueled by the Company’s brand marketing, strong digital engagement and new products, as well as acquisition growth.

Gross profit margin declined 190 basis points versus the year-ago period driven by unfavorable product mix and higher cost inflation, partially offset by cost savings led by the Company's Comprehensive Continuous Improvement (CCI) program. Operating income was \$237 million in the second quarter of 2021 compared to \$257 million in the year-ago period. This decline included \$7 million of transaction expenses related to the acquisitions of Cholula and FONA as well as \$14 million of special charges versus \$3 million in the second quarter of last year. Excluding transaction and integration expenses as well as special charges, adjusted operating income declined 1% to \$258 million in the second quarter compared to \$260 million in the year-ago period, or a 4% decline in constant currency. The favorable impact of higher sales and CCI-led cost savings was more than offset by gross margin compression and higher planned brand marketing investments.

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Earnings per share was \$0.68 in the second quarter of 2021 compared to \$0.73 in the second quarter of 2020. The net impact of the gain on the sale of the Company's minority stake in Eastern Condiments Private Ltd (Eastern), transaction and integration expenses, and special charges lowered earnings per share by \$0.01 in the second quarter of 2021. Special charges lowered earnings per share by \$0.01 in the second quarter of 2020. Excluding these impacts, adjusted earnings per share was \$0.69 in the second quarter of 2021 compared to \$0.74 in the year-ago period. This 7% decrease in adjusted earnings per share was driven primarily by a higher adjusted income tax rate.

Year-to-date net cash provided by operating activities was \$229 million compared to \$356 million through the second quarter of 2020. The decrease was primarily due to the timing associated with working capital payments, including transaction and integration expenses.

### **Fiscal Year 2021 Financial Outlook**

McCormick is capitalizing on the sustained shift to cooking more at home and the growing consumer interests in clean and flavorful eating, increased digital engagement, trusted brands and purpose-minded practices. These long-term trends have accelerated during the COVID-19 pandemic and are expected to persist beyond the pandemic. The Company expects the shift in consumer demand to at-home consumption to be sustained at higher than pre-pandemic levels, as well as a gradual recovery in the demand from restaurant and other foodservice customers which have been impacted by the curtailment of away-from-home dining. McCormick is well positioned for continued growth through the combination of its alignment with these consumer trends, the breadth and reach of its flavor portfolio and its effective growth strategies.

For the fiscal year 2021, McCormick increased its financial outlook for sales, adjusted operating income and adjusted earnings per share based on the Company's strong year-to-date performance and robust operating momentum. The Company now expects a three-percentage point favorable impact from currency rates on sales and reaffirms the two-percentage point favorable impact from currency on adjusted operating income and adjusted earnings per share.

In 2021, the Company expects to grow sales by 11% to 13% compared to 2020, which in constant currency is 8% to 10% and includes the incremental impact of the Cholula and FONA acquisitions. This is an increase from the Company's previous projection of 8% to 10%, or 6% to 8% in constant currency. McCormick expects to drive organic sales growth in both its Consumer and Flavor Solutions segments in 2021 driven by brand marketing, new products, category management and differentiated customer engagement. Sales growth is also expected to include the impact of pricing actions taken to partially offset an anticipated mid-single digit increase in costs, previously estimated to be a low-single digit increase.

Operating income in 2021 is expected to grow by 6% to 8% from \$1.0 billion in 2020. The Company anticipates transaction and integration expenses related to the Cholula and FONA acquisitions of approximately \$42 million in 2021. In addition, McCormick currently expects approximately \$21

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million of special charges in 2021 that relate to previously announced organization and streamlining actions. Excluding the impact of transaction and integration expenses as well as special charges in 2021 and 2020, adjusted operating income is expected to grow by 10% to 12%, which in constant currency is 8% to 10%. This is an increase from the Company's previous projection of 9% to 11%, or 7% to 9% in constant currency. This expected growth range includes strong base business growth and acquisition contribution partially offset by a 4% impact from incremental 2021 business transformation and first-half volume driven COVID-19 expenses.

McCormick increased its projected 2021 earnings per share to be in the range of \$2.83 to \$2.88, compared to \$2.78 of earnings per share in 2020. The Company expects the net impact of the transaction and integration expenses, including an unfavorable income tax expense impact from a discrete item related to the acquisition of FONA, as well as special charges and the gain on the sale of the Company's minority stake in Eastern to lower earnings per share by \$0.17 in 2021. Excluding these impacts, the Company projects 2021 adjusted earnings per share to be in the range of \$3.00 to \$3.05. This is an increase from previously reported guidance of \$2.97 to \$3.02, and, as compared to \$2.83 of adjusted earnings per share in 2020, represents an expected increase of 6% to 8%, which includes a favorable impact from currency. This reflects strong base business growth and acquisition contribution, partially offset by a 4% impact from incremental 2021 business transformation and COVID-19 expenses and a 4% headwind from an anticipated increase in the projected adjusted effective tax rate to approximately 23%.

For fiscal year 2021, the Company projects another year of strong cash flow, with plans to return a significant portion to McCormick's shareholders through dividends and to pay down debt.

## Business Segment Results

### Consumer Segment

(in millions)

	Three months ended		Six months ended	
	5/31/2021	5/31/2020	5/31/2021	5/31/2020
Net sales	\$ 945.2	\$ 962.6	\$ 1,892.0	\$ 1,662.1
Operating income, excluding special charges, transaction and integration expenses	176.8	231.6	366.7	351.2

The Consumer segment sales declined 2% from the second quarter of 2020, which includes a 2% increase from the Cholula acquisition. In constant currency, sales declined 5%, due to the exceptionally high demand for McCormick products in the year-ago period driven by the surge of consumers cooking more at home at the onset of the COVID-19 pandemic.

- Consumer sales in the Americas decreased 6% compared to the second quarter of 2020, including a 3% increase from the Cholula acquisition. In constant currency, sales decreased 7% due to lapping the surge in demand in the year-ago period.

- Consumer sales in Europe, Middle East and Africa (EMEA) rose 4% compared to the year-ago period, including an 8% favorable impact from currency. In constant currency, sales declined 4% due to the exceptionally high demand in the year-ago period.
- Consumer sales in the Asia/Pacific region increased 26% compared to the year-ago period. In constant currency, sales increased 15% driven by the products related to away-from-home consumption in McCormick's portfolio, mainly due to the recovery from the extended lockdown in China's Hubei province in the year-ago period. Partially offsetting this increase were declines of cooking at-home products across the region due to elevated demand in the year-ago period.

Consumer segment operating income, excluding transaction and integration expenses, as well as special charges, decreased 24% to \$177 million for the second quarter of 2021 compared to \$232 million in the year-ago period. In constant currency, Consumer operating income decreased 26%. The decline was driven by lower sales, higher cost inflation and a 16% increase in brand marketing, partially offset by favorable product mix and CCI-led cost savings. Additionally, the Consumer segment's operating income margin had a significant unfavorable impact from the deleveraging of fixed costs resulting from lower sales.

### Flavor Solutions Segment

(in millions)	Three months ended		Six months ended	
	5/31/2021	5/31/2020	5/31/2021	5/31/2020
Net sales	\$ 611.5	\$ 438.5	\$ 1,146.2	\$ 951.0
Operating income, excluding special charges, transaction and integration expenses	81.2	28.7	153.8	104.3

Flavor Solutions segment sales increased 39% in the second quarter, with the FONA and Cholula acquisitions contributing 9% to that increase. In constant currency, sales increased 35% driven primarily by higher sales to our restaurant and other foodservice customers as away-from-home dining was significantly curtailed in the year-ago period.

- In the Americas, Flavor Solutions sales rose 32% compared to the second quarter of 2020, with the FONA and Cholula acquisitions contributing 13% to that increase. In constant currency, sales increased 30% from the year-ago period driven by higher sales to branded foodservice customers as well as continued growth with packaged food and beverage companies.
- The EMEA region's Flavor Solutions sales increased 78% compared to the second quarter of 2020, and in constant currency grew 65%. Higher sales to quick service restaurants and branded foodservice customers combined with strong growth with packaged food companies drove the increase.



- The Asia/Pacific region's Flavor Solutions sales grew 36% compared to the second quarter of 2020. In constant currency, sales increased 23%. This increase was led by growth with quick service restaurants in addition to recovery from COVID-19 related lockdowns in the year-ago period.

Flavor solutions segment operating income, excluding transaction and integration expenses, as well as special charges, increased 183% to \$81 million for the second quarter of 2021 compared to \$29 million in the year-ago period. In constant currency, Flavor Solutions operating income increased 175%. Higher sales, favorable product mix and CCI-led cost savings more than offset higher cost inflation. Additionally, the leverage of fixed costs resulting from higher sales also had a significant favorable impact on Flavor Solutions segment's operating income margin.

### **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.

Income from sale of unconsolidated operations – We exclude the gain realized with our sale of an unconsolidated operation in March 2021 that occurred during the second quarter of fiscal 2021. The sale of our 26% interest in Eastern Condiments Private Ltd resulted in a gain of \$13.4 million, net of

tax of \$5.7 million. The gain is included in Income from unconsolidated operations in our consolidated income statement.

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:

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(in millions except per share data)

	Three Months Ended		Six Months Ended	
	5/31/2021	5/31/2020	5/31/2021	5/31/2020
Gross profit	\$ 614.6	\$ 579.5	\$ 1,192.1	\$ 1,049.4
Impact of transaction and integration expenses included in cost of goods sold (1)	—	—	6.3	—
Adjusted gross profit	\$ 614.6	\$ 579.5	\$ 1,198.4	\$ 1,049.4
Adjusted gross profit margin (2)	39.5 %	41.4 %	39.4 %	40.2 %
Operating income	\$ 237.4	\$ 257.4	\$ 473.7	\$ 451.6
Impact of transaction and integration expenses included in cost of goods sold (1)	—	—	6.3	—
Impact of other transaction and integration expenses (1)	6.9	—	25.7	—
Impact of special charges	13.7	2.9	14.8	3.9
Adjusted operating income	\$ 258.0	\$ 260.3	\$ 520.5	\$ 455.5
% increase versus year-ago period	(0.9)%		14.3 %	
Adjusted operating income margin (3)	16.6 %	18.6 %	17.1 %	17.4 %
Income tax expense	\$ 45.4	\$ 40.4	\$ 104.0	\$ 70.5
Impact of transaction and integration expenses (1)	1.6	—	(4.3)	—
Impact of special charges	3.2	0.9	3.5	1.2
Adjusted income tax expense	\$ 50.2	\$ 41.3	\$ 103.2	\$ 71.7
Adjusted income tax rate (4)	22.2 %	18.0 %	22.5 %	18.2 %
Net income	\$ 183.7	\$ 195.9	\$ 345.5	\$ 340.6
Impact of transaction and integration expenses (1)	5.3	—	36.3	—
Impact of special charges	10.5	2.0	11.3	2.7
Impact of after-tax gain on sale of unconsolidated operations	(13.4)	—	(13.4)	—
Adjusted net income	\$ 186.1	\$ 197.9	\$ 379.7	\$ 343.3
% (decrease) increase versus year-ago period	(6.0)%		10.6 %	
Earnings per share - diluted	\$ 0.68	\$ 0.73	\$ 1.28	\$ 1.27
Impact of transaction and integration expenses (1)	0.02	—	0.14	—
Impact of special charges	0.04	0.01	0.04	0.01
Impact of after-tax gain on sale of unconsolidated operations	(0.05)	—	(0.05)	\$ —
Adjusted earnings per share - diluted	\$ 0.69	\$ 0.74	\$ 1.41	\$ 1.28
% (decrease) increase versus year-ago period	(6.8)%		10.2 %	

- (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, during the first quarter of 2021, directly related to our December 2020 acquisition of FONA, of \$11.4 million or \$0.04 per diluted share for the six months ended May 31, 2021.
- (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 \$226.3 million and \$459.6 million for the three and six months ended May 31, 2021, respectively, and \$229.0 million and \$394.4 million for the three and six months ended May 31, 2020, respectively.

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 on a constant currency basis 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 May 31, 2021

	Percentage Change as Reported	Impact of Foreign Currency Exchange	Percentage Change on Constant Currency Basis
<b>Net sales</b>			
<b>Consumer Segment</b>			
Americas	(6.4)%	0.8%	(7.2)%
EMEA	3.6%	7.8%	(4.2)%
Asia/Pacific	25.5%	10.5%	15.0%
Total Consumer segment	(1.8)%	2.9%	(4.7)%
<b>Flavor Solutions segment</b>			
Americas	31.6%	1.9%	29.7%
EMEA	77.7%	13.0%	64.7%
Asia/Pacific	35.5%	12.9%	22.6%
Total Flavor Solutions segment	39.5%	4.9%	34.6%
<b>Total net sales</b>	11.1%	3.5%	7.6%
<b>Adjusted operating income</b>			
Consumer segment	(23.7)%	2.0%	(25.7)%
Flavor Solutions segment	182.9%	7.9%	175.0%
<b>Total adjusted operating income</b>	(0.9)%	2.7%	(3.6)%

Six Months Ended May 31, 2021

	Percentage Change as Reported	Impact of Foreign Currency Exchange	Percentage Change on Constant Currency Basis
<b>Net sales</b>			
<b>Consumer Segment</b>			
Americas	7.9%	0.6%	7.3%
EMEA	17.8%	8.0%	9.8%
Asia/Pacific	45.8%	10.1%	35.7%
Total Consumer segment	13.8%	3.1%	10.7%
<b>Flavor Solutions segment</b>			
Americas	16.1%	0.8%	15.3%
EMEA	32.3%	6.0%	26.3%
Asia/Pacific	30.5%	10.5%	20.0%
Total Flavor Solutions segment	20.5%	2.7%	17.8%
<b>Total net sales</b>	16.3%	2.9%	13.4%
<b>Adjusted operating income</b>			
Consumer segment	4.4%	2.9%	1.5%
Flavor Solutions segment	47.5%	2.3%	45.2%
<b>Total adjusted operating income</b>	14.3%	2.8%	11.5%

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		11% to 13%
Impact of favorable foreign currency exchange		<u>3 %</u>
Percentage change in net sales in constant currency		<u>8% to 10%</u>
Percentage change in adjusted operating income		10% to 12%
Impact of favorable foreign currency exchange		<u>2 %</u>
Percentage change in adjusted operating income in constant currency		<u>8% to 10%</u>
Percentage change in adjusted earnings per share — diluted		6% to 8%
Impact of favorable foreign currency exchange		<u>2 %</u>
Percentage change in adjusted earnings per share in constant currency — diluted		<u>4% to 6%</u>

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

	<u>Twelve Months Ended</u>	
	<u>2021 Projection</u>	<u>11/30/20</u>
Earnings per share – diluted	\$2.83 to \$2.88	\$ 2.78
Impact of transaction and integration expenses	0.16	0.04
Impact of special charges	0.06	0.01
Impact of unconsolidated investment	<u>(0.05)</u>	<u>—</u>
Adjusted earnings per share	<u>\$3.00 to \$3.05</u>	<u>\$ 2.83</u>

### **Live Webcast**

As previously announced, McCormick will hold a conference call with analysts today at 8:00 a.m. ET. The conference call will be webcast live via the McCormick website. Go to [ir.mccormick.com](http://ir.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**

Certain information contained in this release, including statements concerning expected performance, such as those relating to net sales, gross margins, earnings, cost savings, transaction and integration expenses, special charges, acquisitions, brand marketing support, volume and product mix, 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 United Kingdom 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

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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, 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.

### **About McCormick**

McCormick & Company, Incorporated is a global leader in flavor. As a Fortune 500 company with over \$5 billion in annual sales across 160 countries and territories, we manufacture, market and distribute spices, seasoning mixes, condiments and other flavorful products to the entire food industry including e-commerce channels, grocery, food manufacturers and foodservice businesses. Our most popular brands include McCormick, French's, Frank's RedHot, Stubb's, OLD BAY, Lawry's, Zatarain's, Ducros, Vahiné, Cholula, Schwartz, Kamis, DaQiao, Club House, Aeroplane and Gourmet Garden. Every day, no matter where or what you eat or drink, you can enjoy food flavored by McCormick.

Founded in 1889 and headquartered in Hunt Valley, Maryland USA, McCormick is guided by our principles and committed to our Purpose – To Stand Together for the Future of Flavor. McCormick envisions A World United by Flavor where healthy, sustainable and delicious go hand in hand. To learn more, visit [www.mccormickcorporation.com](http://www.mccormickcorporation.com) or follow McCormick & Company on Twitter, Instagram and LinkedIn.

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### **For information contact:**

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*(Financial tables follow)*

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**Consolidated Income Statement (Unaudited)**

(In millions except per-share data)

	Three months ended		Six months ended	
	May 31, 2021	May 31, 2020	May 31, 2021	May 31, 2020
Net sales	\$ 1,556.7	\$ 1,401.1	\$ 3,038.2	\$ 2,613.1
Cost of goods sold	942.1	821.6	1,846.1	1,563.7
Gross profit	614.6	579.5	1,192.1	1,049.4
Gross profit margin	39.5 %	41.4 %	39.2 %	40.2 %
Selling, general and administrative expense	356.6	319.2	677.9	593.9
Transaction and integration expenses	6.9	—	25.7	—
Special charges	13.7	2.9	14.8	3.9
Operating income	237.4	257.4	473.7	451.6
Interest expense	35.6	34.4	69.4	69.7
Other income, net	3.9	3.1	8.5	8.6
Income from consolidated operations before income tax expense	205.7	226.1	412.8	390.5
Income tax expense	45.4	40.4	104.0	70.5
Net income from consolidated operations	160.3	185.7	308.8	320.0
Income from unconsolidated operations (including, for 2021, after-tax gain of \$13.4 on sale of unconsolidated operation)	23.4	10.2	36.7	20.6
Net income	\$ 183.7	\$ 195.9	\$ 345.5	\$ 340.6
Earnings per share - basic	\$ 0.69	\$ 0.74	\$ 1.29	\$ 1.28
Earnings per share - diluted	\$ 0.68	\$ 0.73	\$ 1.28	\$ 1.27
Average shares outstanding - basic	267.3	266.2	267.2	266.1
Average shares outstanding - diluted	270.0	268.5	270.0	268.7

**Consolidated Balance Sheet (Unaudited)**

(In millions)

	<u>May 31, 2021</u>	<u>November 30, 2020</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 291.8	\$ 423.6
Trade accounts receivable, net	500.4	528.5
Inventories	1,147.8	1,032.6
Prepaid expenses and other current assets	112.6	98.9
Total current assets	<u>2,052.6</u>	<u>2,083.6</u>
Property, plant and equipment, net	1,112.8	1,028.4
Goodwill	5,428.8	4,986.3
Intangible assets, net	3,494.5	3,239.4
Investments and other assets	721.8	752.0
Total assets	<u>\$ 12,810.5</u>	<u>\$ 12,089.7</u>
<b>Liabilities</b>		
Short-term borrowings and current portion of long-term debt	\$ 725.0	\$ 1,150.6
Trade accounts payable	1,040.5	1,032.3
Other accrued liabilities	615.7	863.6
Total current liabilities	<u>2,381.2</u>	<u>3,046.5</u>
Long-term debt	4,735.9	3,753.8
Deferred taxes	742.8	727.2
Other long-term liabilities	609.8	622.2
Total liabilities	<u>8,469.7</u>	<u>8,149.7</u>
<b>Shareholders' equity</b>		
Common stock	2,027.1	1,981.3
Retained earnings	2,660.5	2,415.6
Accumulated other comprehensive loss	(362.3)	(470.8)
Total McCormick shareholders' equity	<u>4,325.3</u>	<u>3,926.1</u>
Non-controlling interests	15.5	13.9
Total shareholders' equity	<u>4,340.8</u>	<u>3,940.0</u>
Total liabilities and shareholders' equity	<u>\$ 12,810.5</u>	<u>\$ 12,089.7</u>

**Consolidated Cash Flow Statement (Unaudited)**

(In millions)

	Six Months Ended	
	May 31, 2021	May 31, 2020
<b>Operating activities</b>		
Net income	\$ 345.5	\$ 340.6
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	91.9	81.5
Stock-based compensation	42.6	27.1
Amortization of inventory fair value adjustments associated with acquisitions	6.3	—
Fixed asset impairment charge	6.5	—
Income from unconsolidated operations	(36.7)	(20.6)
Changes in operating assets and liabilities	(247.4)	(89.2)
Dividends from unconsolidated affiliates	20.0	16.1
Net cash flow provided by operating activities	<u>228.7</u>	<u>355.5</u>
<b>Investing activities</b>		
Acquisition of businesses (net of cash acquired)	(706.4)	—
Proceeds from sale of unconsolidated operations	65.4	—
Capital expenditures (including software)	(112.8)	(87.1)
Other investing activities	0.2	1.9
Net cash flow used in investing activities	<u>(753.6)</u>	<u>(85.2)</u>
<b>Financing activities</b>		
Short-term borrowings, net	(429.4)	(514.5)
Long-term debt borrowings	1,001.5	495.0
Payment of debt issuance costs	(1.9)	(1.1)
Long-term debt repayments	(3.5)	(41.7)
Proceeds from exercised stock options	6.2	26.7
Taxes withheld and paid on employee stock awards	(13.0)	(9.2)
Common stock acquired by purchase	(0.4)	(20.8)
Dividends paid	(181.6)	(164.9)
Net cash flow provided by (used in) financing activities	<u>377.9</u>	<u>(230.5)</u>
Effect of exchange rate changes on cash and cash equivalents	15.2	(10.2)
(Decrease) increase in cash and cash equivalents	(131.8)	29.6
Cash and cash equivalents at beginning of period	<u>423.6</u>	<u>155.4</u>
<b>Cash and cash equivalents at end of period</b>	<u>\$ 291.8</u>	<u>\$ 185.0</u>

