McCormick & Company, Inc. 4th Quarter 2017 Financial Results and 2018 Outlook

January 25, 2018

The following slides accompany a January 25, 2018, earnings release conference call. This information should be read in conjunction with the press release issued on that date.

The *joy* of FLAVOR

Forward-looking information

Certain information contained in this release, including statements concerning expected performance such as those relating to net sales, earnings, cost savings, acquisitions, brand marketing support and income tax expense, are “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934. 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 expected results of operations of businesses acquired by the company, including the acquisition of RB Foods; the expected impact of raw 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 CCI program and global enablement initiative; the 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 impact of the U.S. tax legislation passed in December 2017; the expectations of pension and postretirement plan contributions and anticipated charges associated with such 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: 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; business interruptions due to natural disasters or unexpected events; actions by, and the financial condition of, competitors and customers; the company's inability to achieve expected and/or needed cost savings or margin improvements; negative employee relations; the lack of successful acquisition and integration of new businesses, including the acquisition of RB Foods; difficulties or delays in the successful transition of RB Foods from the information technology systems of the seller to those of McCormick as well as risks associated with the integration and transition of the operations, systems and personnel of the RB Foods, within the remaining term of the post-closing transition services agreement between McCormick and the seller in the first half of 2018; 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; global economic and financial conditions generally, including the availability of financing, and interest and inflation rates; the effects of increased level of debt service following the RB Foods acquisition as well as the effects that such increased debt service may have on the company's ability to react to certain economic and industry conditions and ability to borrow or the cost of any such additional borrowing; the interpretations and assumptions we have made, and guidance that may be issued, regarding the U.S. tax legislation enacted in December 2017; assumptions we have made regarding the investment return on retirement plan assets, and the costs associated with pension obligations; foreign currency fluctuations; 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; fundamental changes in tax laws; volatility in our effective tax rate; climate change; infringement of intellectual property rights, and those of customers; litigation, legal and administrative proceedings; 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.

McCORMICK

Lawrence Kurzius

Chairman, President &

Chief Executive Officer

Broad Global Flavor Portfolio Drives Record 2017 Growth Differentiating McCormick

Exceeded each key financial **target**

Drove double-digit growth in sales, operating income and adjusted earnings per share

Achieved substantial cost savings

Expanded adjusted operating **margin**

Delivered 6th consecutive year of record cash flow

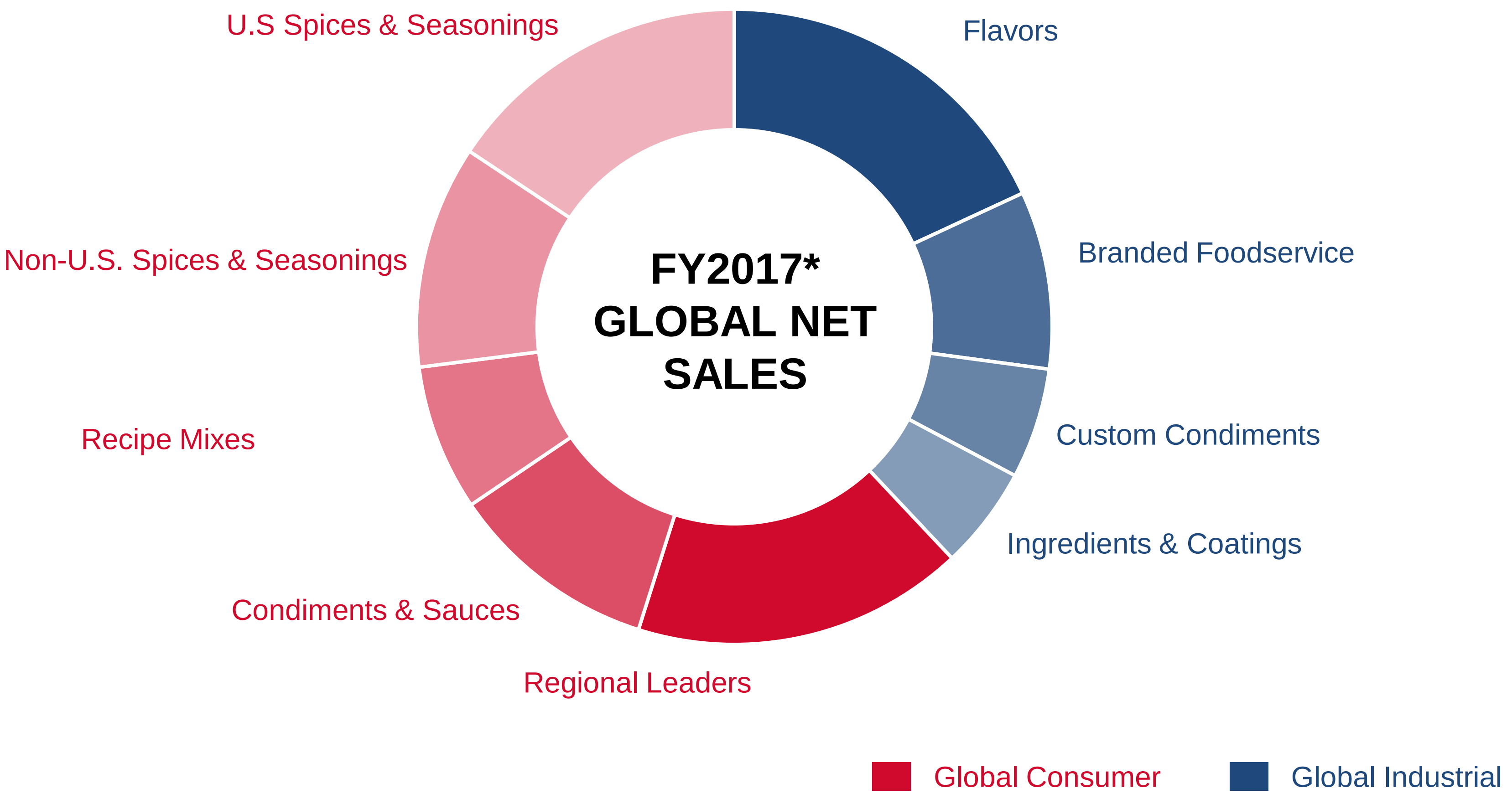
Drove **excellent performance** across **both segments**

FlavorCell®
A Technology by

McCORMICK FOR CHEFS

Adjusted operating income, adjusted operating income margin, and adjusted EPS exclude the impact of items affecting comparability in 2017 projections and 2016 actual results. See reconciliation of GAAP to non-GAAP financial measures on slides 31 to 38, including the impact of constant currency.

Broad Global Flavor Portfolio Drives Record 2017 Growth Differentiating McCormick



*Pro Forma FY2017 reflecting a full year of the RB Foods' acquisition and approximation of category sizes

4Q 2017 Financial Results

Grew net sales 20%*

- Growth driven by base business, new products and acquisitions
- RB Foods and Giotti acquisitions contributed 15%
- Both segments delivered strong growth

Grew adjusted operating income 36%*

- Adjusted operating margin expansion 220 bps

Adjusted earnings per share grew 21% to $1.54

** In constant currency*

Adjusted operating income, adjusted operating income margin and adjusted EPS exclude the impact of items affecting comparability in 2017 and 2016 actual results and 2018 projections. See reconciliation of GAAP to non-GAAP financial measures on slides 31 to 38, including the impact of constant currency.

FY 2017 Financial Results

Exceeded Long-term financial **objectives**		**Long-term financial objectives**	
Sales growth* ▪ Consumer up 8% ▪ Industrial up 14%	**+10%**	Sales growth*	4-6%
Adjusted operating income*	**+21%**	Adjusted operating income*	7-9%
Adjusted earnings per share	**+13%**	Adjusted earnings per share	9-11%

Achieved **$117M cost savings,** led by CCI, exceeding guidance

Expanded adjusted operating **margin 140 bps**

Drove **$815M of operating cash flow** through working capital improvements

Announced **11% quarterly dividend increase -** 32nd consecutive annual increase

* In constant currency

Adjusted operating income, adjusted operating income margin and adjusted EPS exclude the impact of items affecting comparability in 2017 and 2016 actual results and 2018 projections. See reconciliation of GAAP to non-GAAP financial measures on slides 31 to 38, including the impact of constant currency.

FY 2017 Achievements

Refreshed our vision and mission

- Our VISION is to **bring the joy of flavor to life**
- Our MISSION is to **make every meal and moment better**

Expanded our flavor capabilities

GIOTTI
Your Natural Flavor House

Launched our new principles

PASSION FOR FLAVOR™
POWER OF PEOPLE™
TASTE YOU TRUST™
DRIVEN TO INNOVATE
PURPOSE LED PERFORMANCE

Differentiated our brands

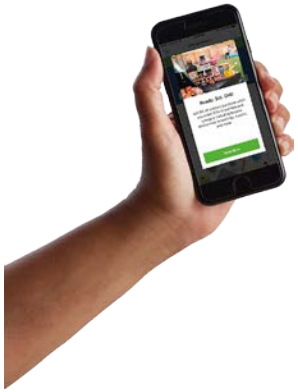
Increased brand marketing **10%**

Recognized as a **top-3 brand** by **L2 Research Digital IQ Index**

L2 DIGITAL IQ INDEX®

FY 2017 Achievements

Growing E-commerce sales



67%

Pure play increase

Growing with new products

9% of 2017 sales from new products launched across both segments last 3 years

Liquid Products

Health and Wellness

Spices and Seasonings

Enhancing product development capabilities

Computational Creativity

Building organization & capacity

GLOBAL ENABLEMENT

New APZ Headquarters

Progressing against 2025 Sustainability goals

2018 Most Sustainable Corporations in the World GLOBAL 100

DiversityInc 2017 TOP 50 COMPANIES FOR DIVERSITY

Strengthened McCormick's Flavor Leadership with RB Foods Acquisition

Commercial organization alignment completed

- Retained the RB Foods' sales team and product expertise
- Americas Consumer dedicated category focus and category management expansion
- Americas Industrial dedicated foodservice channel focus
- Latin America distributor transition completed

Supply Chain **fully integrated in U.K. ahead** of schedule

Integration to SAP and McCormick business processes on **February 1st**

Cost synergy plans **on track;** 2018 pacing ahead of expectations

Prepaid $250 million of debt associated with acquisition

2018 Plans & Outlook

Expect sales growth momentum to continue

- Incremental impact from RB acquisition
- Base business increase
- New products

Aligned with rising demand for flavor

Differentiate our brands and build our capabilities

Drive growth through e-commerce

Drive industrial portfolio shift to value-added products

Differentiate and accelerate our product development

Expect to exceed our long-term growth objectives

Singapore Technical Innovation Center

Summary

2017 was a milestone year

- Record financial results exceeding objectives
- RB Foods acquisition made from a position of strength
- Broad and advantaged portfolio driving differentiation
- Strong momentum with growth strategies balanced by cost savings initiatives
- Success is driven by McCormick employees
- Well positioned to deliver a strong 2018

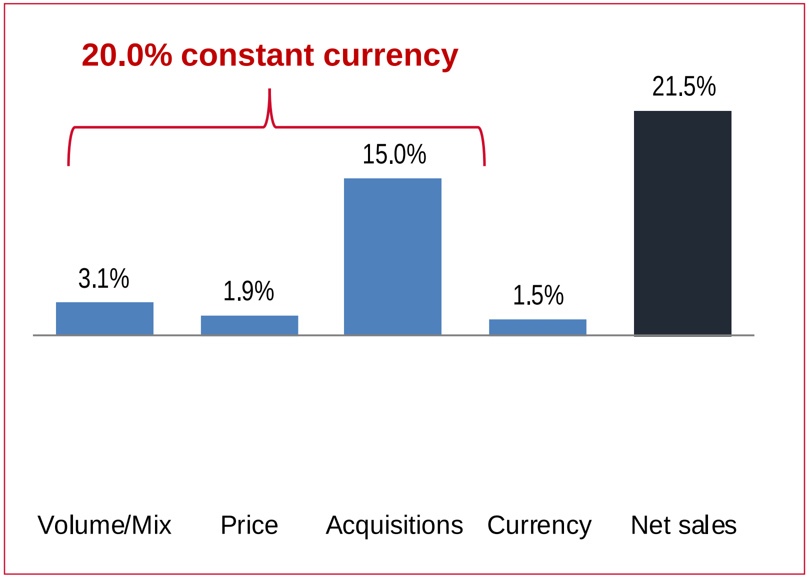
McCORMICK

Mike Smith

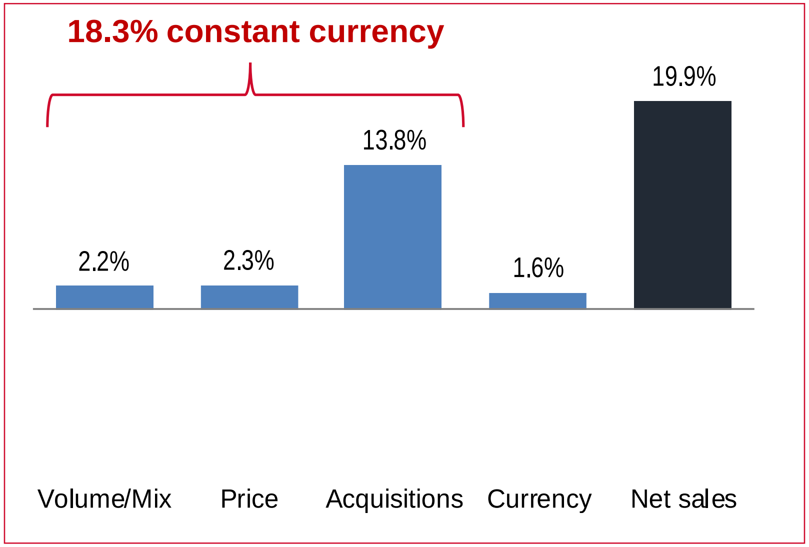
Executive Vice President & CFO

4Q 2017 Sales Results

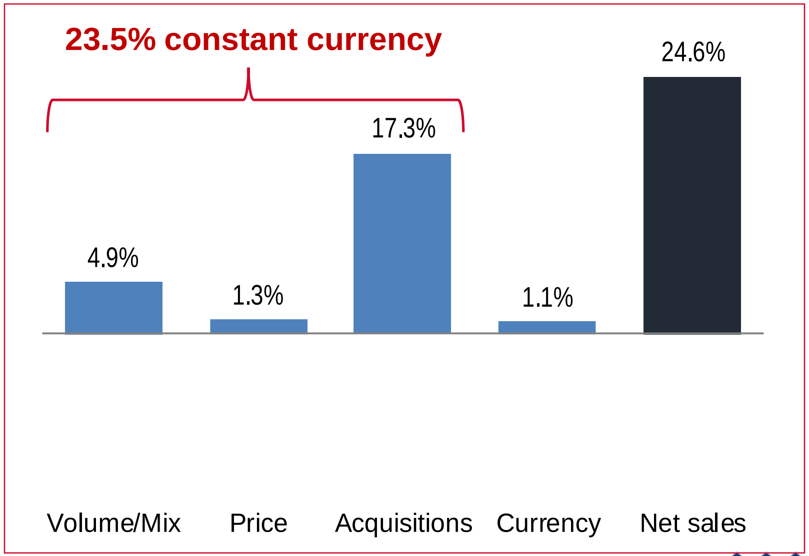
Total Company



Consumer



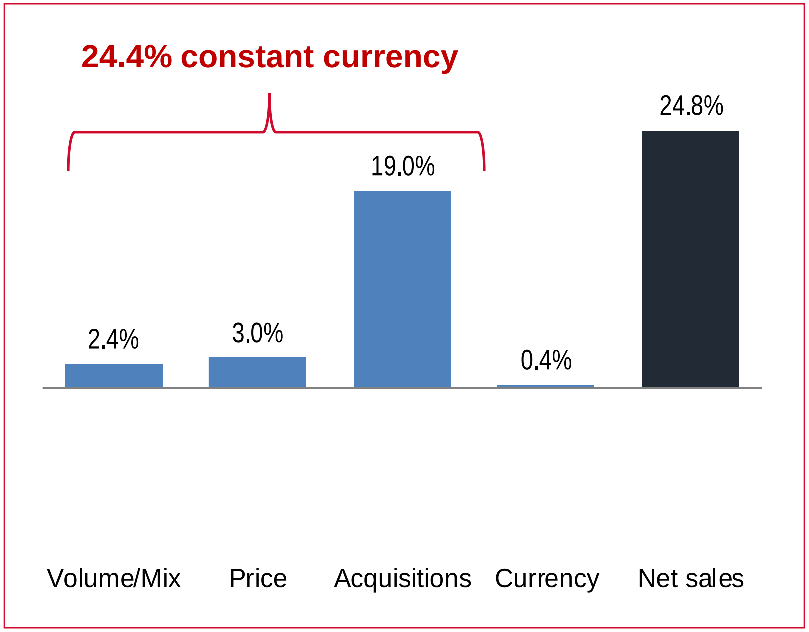
Industrial



See reconciliation of GAAP to non-GAAP financial measures on slides 31 to 38, including the impact of constant currency.

4Q 2017 Sales Results: Consumer Segment

Americas



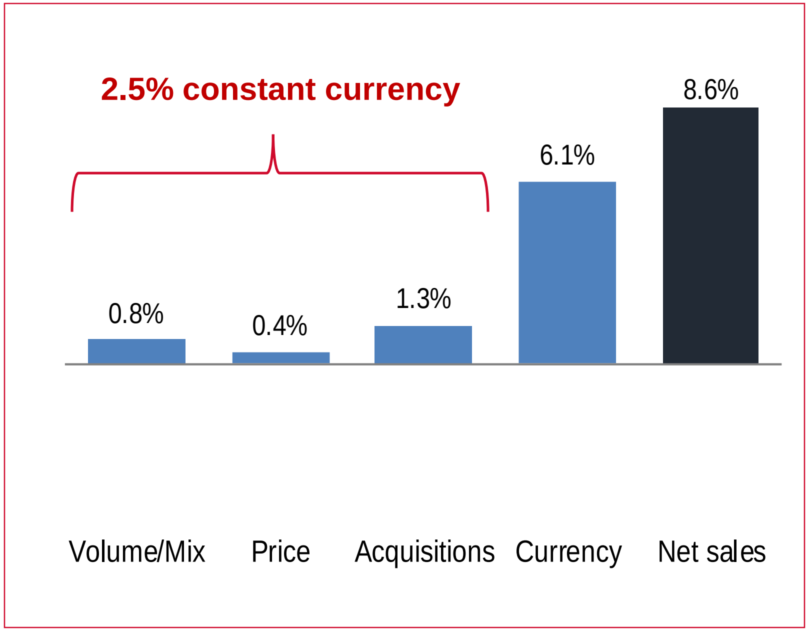
- Acquisition of RB Foods contributed to growth
- Volume/mix driven by new products and expanded distribution across the branded portfolio and private label
- Price increase to cover commodity inflation

See reconciliation of GAAP to non-GAAP financial measures on slides 31 to 38, including the impact of constant currency.

.

4Q 2017 Sales Results: Consumer Segment

EMEA



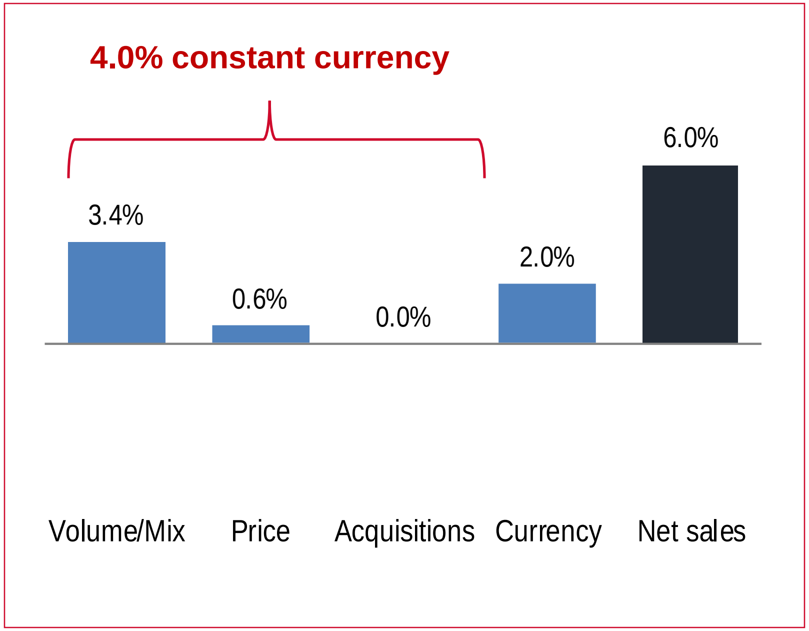
- Acquisition of RB Foods contributed to growth
- Growth in Ducros and Vahine brands
- Region returned to growth having fully lapped the 2016 decision of a large U.K. retailer’s reduction of shelf space for food products

See reconciliation of GAAP to non-GAAP financial measures on slides 31 to 38, including the impact of constant currency.

.

4Q 2017 Sales Results: Consumer Segment

Asia/Pacific



- Growth in China driven by base business, including e-commerce, and new products
- Growth in India driven by price management and launch of spice mixes

See reconciliation of GAAP to non-GAAP financial measures on slides 31 to 38, including the impact of constant currency.

.

4Q 2017 Operating Income: Consumer Segment

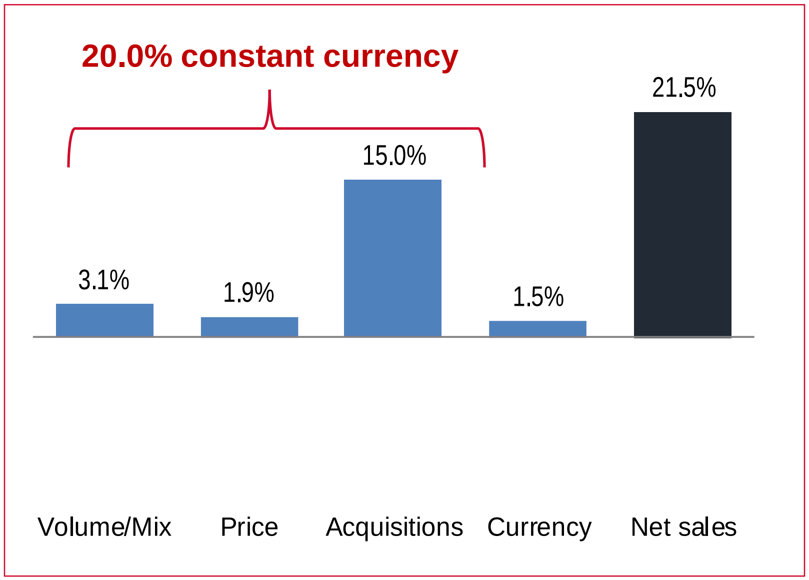
(in millions)	4Q 2017	4Q 2016	Fav (Unfav) Change
Operating income	**$207.3**	$180.8	15%
Adjusted operating income*	**235.3**	182.8	29%

- In constant currency, adjusted operating income increased 28%*
- Sales growth and CCI-led cost savings more than offset increases in brand marketing, material costs and freight costs
- Adjusted operating margin expanded 160 basis points

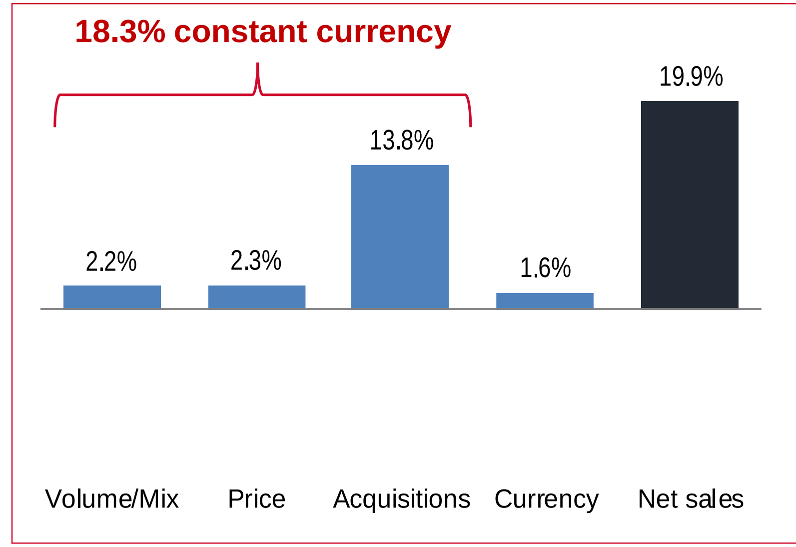
* Adjusted operating income, adjusted operating income growth rate and adjusted operating income margin exclude the impact of items affecting comparability in 4Q 2017 and 4Q 2016. See reconciliation of GAAP to non-GAAP financial measures on slides 31 to 38.

4Q 2017 Sales Results

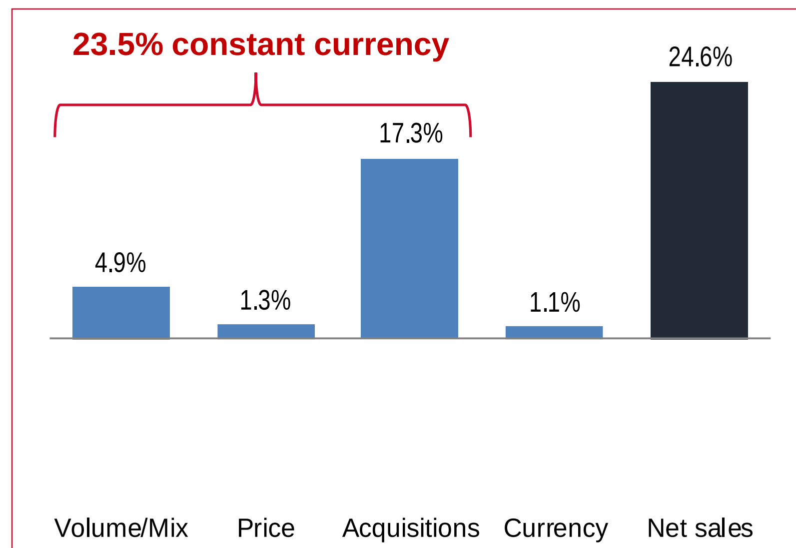
Total Company



Consumer



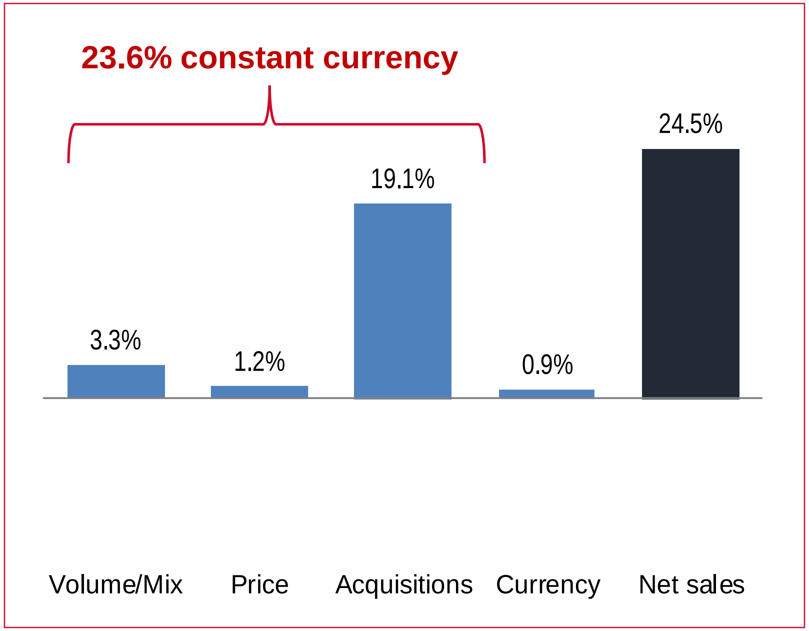
Industrial



See reconciliation of GAAP to non-GAAP financial measures on slides 31 to 38, including the impact of constant currency.

4Q 2017 Sales Results: Industrial Segment

Americas



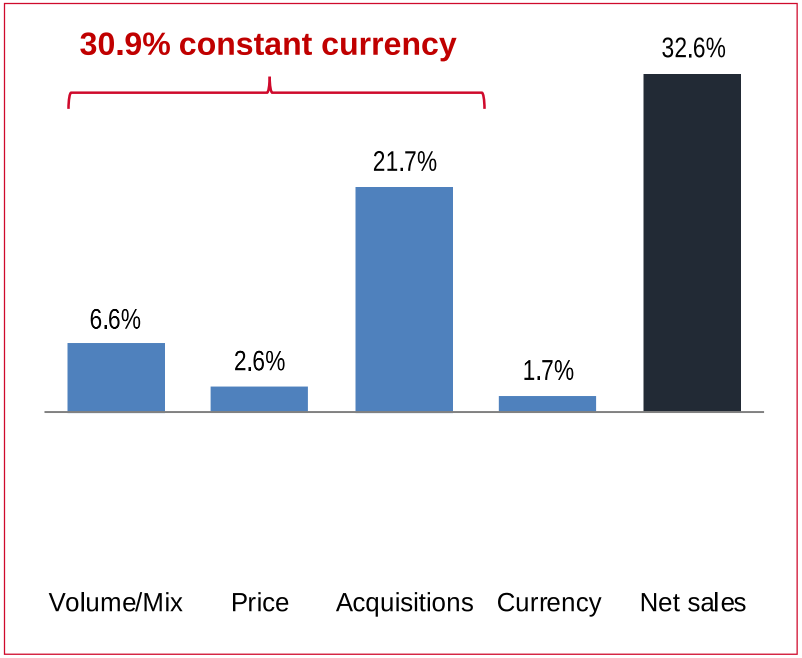
- Acquisition of RB Foods contributed to growth
- Strength in snack seasonings business in the U.S. and Mexico
- Double-digit increase in savory flavor products
- Continued growth in U.S. branded foodservice business

See reconciliation of GAAP to non-GAAP financial measures on slides 31 to 38, including the impact of constant currency.

.

4Q 2017 Sales Results: Industrial Segment

EMEA



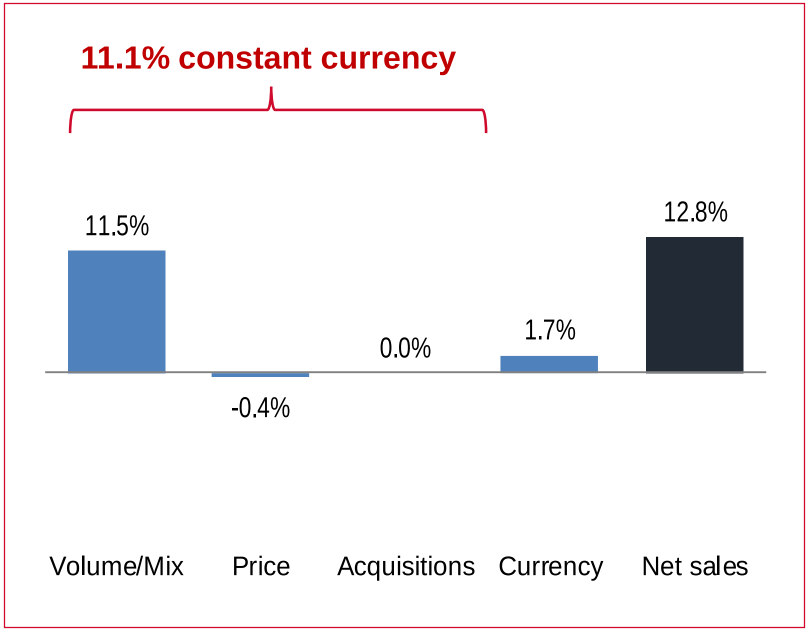
- Acquisitions of Giotti and RB Foods contributed to growth
- Growth with packaged food customers and quick service restaurants
- Discontinuation of low margin business in South Africa in 2016

See reconciliation of GAAP to non-GAAP financial measures on slides 31 to 38, including the impact of constant currency.

.

4Q 2017 Sales Results: Industrial Segment

Asia/Pacific



- Strong performance in China driven by new products and promotional products for quick service restaurants

See reconciliation of GAAP to non-GAAP financial measures on slides 31 to 38, including the impact of constant currency.

4Q 2017 Operating Income: Industrial Segment

(in millions)	4Q 2017	4Q 2016	Fav (Unfav) Change
Operating income	**$59.6**	$38.3	56%
Adjusted operating income*	**72.1**	42.5	70%

- In constant currency, adjusted operating income increased 70%*
- Sales growth, a shift to more value added products and CCI-led cost savings drove operating income growth
- Adjusted operating margin expanded 370 basis points

* Adjusted operating income, adjusted operating income growth rate and adjusted operating income margin exclude the impact of items affecting comparability in 4Q 2017 and 4Q 2016. See reconciliation of GAAP to non-GAAP financial measures on slides 31 to 38.

Operating Income, Gross Profit, SG&A

(in millions)	4Q 2017	4Q 2016	Fav (Unfav) Change
Operating income	**$266.9**	$219.1	22%
Adjusted operating income*	**$307.4**	$225.3	36%
Gross profit margin	**44.8%**	44.0%	80 bps
Adjusted gross profit margin*	**45.8%**	44.0%	180 bps
Selling, general & administrative expenses as percent of net sales	**25.2%**	25.6%	40 bps
Advertising & promotion	**$91.8**	$79.2	(16%)

- Grew adjusted operating income 36% in constant currency and expanded adjusted operating income margin 220 basis points
- Transaction and integration expenses were $31 million in 4Q 2017
- Special charges were $9 million in 4Q 2017 and $6 million in 4Q 2016
- Adjusted gross profit margin favorably impacted by CCI-led cost savings and favorable mix
- Reduced selling, general and administrative expense as percentage of net sales due to leverage from sales growth and CCI-led cost savings

* Adjusted operating income, adjusted operating income growth rate, adjusted operating income margin and adjusted gross profit margin exclude the impact of items affecting comparability in 4Q 2017 and 4Q 2016. See reconciliation of GAAP to non-GAAP financial measures on slides 31 to 38.

Income Taxes

(in millions)	4Q 2017	4Q 2016
Income tax rate	**25.9%**	29.7%
Adjusted income tax rate*	**26.2%**	29.1%

- 4Q 2017 adjusted income tax rate decreased by 290 bps vs the year-ago period driven by discrete items

*Adjusted income tax rate excludes the impact of items affecting comparability in 4Q 2017 and 4Q 2016. See reconciliation of GAAP to non-GAAP financial measures on slides 31 to 38.

Income from Unconsolidated Operations

(in millions)	4Q 2017	4Q 2016	Fav (Unfav) Change
Income from unconsolidated operations	**$10.3**	$11.9	(13%)
Income from unconsolidated operations, excluding special charges*	**10.3**	10.0	3%

- Year ago period included a favorable impact from special charges allocated to minority interests in joint ventures.
- Excluding this impact, income from unconsolidated operations grew 3% vs year-ago period
- Anticipate comparable income from unconsolidated operations in 2018

*Excludes the impact of items affecting comparability in 4Q 2017 and 4Q 2016. See reconciliation of GAAP to non-GAAP financial measures on slides 31 to 38.

Earnings Per Share

	4Q 2017	4Q 2016	Fav(Unfav) Change
Earnings per share	**$1.32**	$1.24	6%
Adjusted earnings per share*	**1.54**	1.27	21%

Change in adjusted earnings per share*

Adjusted operating income growth	$0.46
Interest expense	(0.17)
Share increase	(0.07)
Tax rate	0.06
All other	(0.01)
Total increase	$0.27

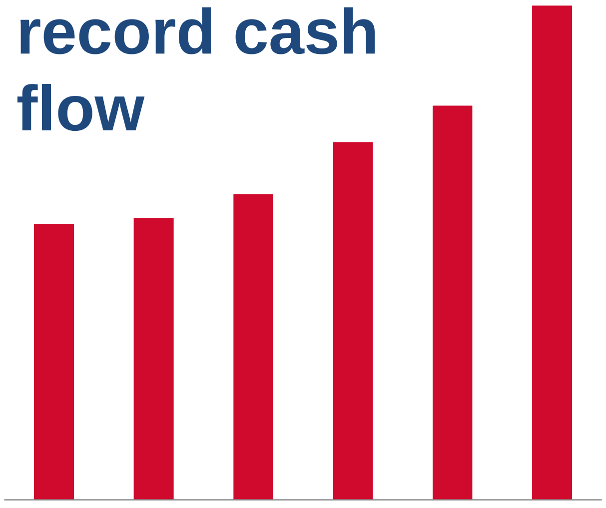
* Adjusted earnings per share excludes the impact of items affecting comparability in 4Q 2017 and 4Q 2016. See reconciliation of GAAP to non-GAAP financial measures on slides 31 to 38.

Balance Sheet and Cash Flow

- Cash flow from operations of $815M in 2017 vs $658M in 2016
  - Working capital improvement main driver.
  - Achieved record low cash conversion cycle
- Returned cash to shareholders through dividends
- Reduced debt by $350 million in 4Q, including a $250 million prepayment on three-year term loan
- Capital expenditures of $182M in 2017
- Pro forma Debt to adjusted EBITDA* ratio of 4.5x

Delivered 6th consecutive year of

record cash flow



Strong cash flow is providing the funds for investments in brand marketing and new products and for dividend and debt payments.

*Adjusted EBITDA excludes the impact of items affecting comparability in 4Q 2017 and 4Q 2016. See reconciliation of GAAP to non-GAAP financial measures on slides 31 to 38.

2018 Financial Outlook

Sales growth	**12% to 14%***
Incremental impact from RB Foods	approximately 8%
Adjusted operating income increase	**23% to 25%***
CCI and additional cost savings	at least $100M
Material cost inflation	low single digit
Adjusted gross profit margin increase	150 to 200 bps
Brand marketing increase	above rate of sales growth
Income from unconsolidated operations	comparable with 2017
Effective tax rate	approximately 24%
Adjusted earnings per share **	**$4.80 - $4.90**
Growth from 2017 adjusted EPS of $4.26	13% to 15%*
Shares outstanding	approximately 133M
Capital expenditures	approximately $200M

* Includes an expected 1% favorable impact from foreign currency rates

* *See reconciliation of GAAP to non-GAAP financial measures on slides 31 to 38.

McCormick & Company, Inc.
4th Quarter 2017 Financial Results and 2018 Outlook

January 25, 2018

The joy of
FLAVOR

Non-GAAP Financial Measures

The following tables include financial measures of adjusted gross profit, adjusted gross profit margin, adjusted operating income, adjusted operating income margin, adjusted income from unconsolidated operations, adjusted net income and adjusted diluted earnings per share, each excluding the impact of special charges for each of the periods presented. These financial measures also exclude the impact of items associated with our acquisition of RB Foods on August 17, 2017 (in particular, the amortization of the acquisition-date fair value adjustment of inventories that is included in cost of goods sold, transaction and integration expenses, and other debt costs) as these items significantly impact comparability between years. These financial measures also exclude, for 2018, and the comparison of our expected results for 2018 to 2017, the net estimated impact of the effects of the repatriation tax and re-measurement of our U.S. deferred tax assets and liabilities as a result of the recent U.S. tax legislation as these items will significantly impact comparability between years. Adjusted gross profit, adjusted gross profit margin, adjusted operating income, adjusted net income and adjusted diluted earnings per share 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.

In our consolidated income statement, we include the amortization of the acquisition-date inventory fair value adjustment within cost of goods sold as acquired inventory is sold. In our consolidated income statement, we include separate line items captioned “Special charges” and “Transaction and integration expenses” in arriving at our consolidated operating income. In our consolidated income statement, we include a separate line item captioned “Other debt costs” in arriving at our consolidated net 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, comprised of our Chairman, President and Chief Executive Officer; Executive Vice President and Chief Financial Officer; President Global Industrial Segment and McCormick International; President Global Consumer Segment and Americas; Senior Vice President, Human Relations; and Senior Vice President, Strategy and Global Enablement. Upon presentation of any such proposed action (including details with respect to estimated costs, which generally consist principally of employee severance and related benefits, together with ancillary costs associated with the action that may include a non-cash component or a component which relates to inventory adjustments that are included in cost of goods sold; impacted employees or operations; expected timing; and expected benefits) 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 consists of expenses associated with the acquisition or integration of the RB Foods business. These costs primarily consist of amortization of the acquisition-date fair value adjustment of inventories that is included in cost of goods sold; outside advisory, service and consulting costs; employee-related costs; and other costs related to the acquisition, including the costs related to the Bridge financing commitment that is included in other debt costs. We anticipate incurring additional integration costs in 2018.

We believe that these non-GAAP financial measures are important. The exclusion of special charges, the impact of the acquisition date-inventory fair value adjustment on cost of goods sold, transaction and integration expenses, and other debt costs provide 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 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 in the information that follows.

Non-GAAP Financial Measures

(in millions except per share data)	Three months ended		Twelve months ended	
	11/30/17	11/30/16	11/30/17	11/30/16
Gross profit	$ 668.2	$ 540.0	$ 2,010.2	$ 1,831.7
Impact of special charges, transaction and integration expenses included in cost of goods sold (1)	15.0	0.3	20.9	0.3
Adjusted gross profit	$ 683.2	$ 540.3	$ 2,031.1	$ 1,832.0
Adjusted gross profit margin (2)	45.8%	44.0%	42.0 %	41.5%
Operating income	$ 266.9	$ 219.1	$ 702.4	$ 641.0
Impact of special charges, transaction and integration expenses included in cost of goods sold (1)	15.0	0.3	20.9	0.3
Impact of other transaction and integration expenses (1)	16.3	—	40.8	—
Impact of other special charges (3)	9.2	5.9	22.2	15.7
Adjusted operating income	$ 307.4	$ 225.3	$ 786.3	$ 657.0
% increase versus prior period	36.4%		19.7 %	
Adjusted operating income margin (2)	20.6%	18.4%	16.3 %	14.9%

Non-GAAP Financial Measures

(in millions except per share data)	Three months ended 11/30/17	Three months ended 11/30/16	Twelve months ended 11/30/17	Twelve months ended 11/30/16
Income from unconsolidated operations	$ 10.3	$ 11.9	$ 33.9	$ 36.1
Impact of special charges attributable to non-controlling interests (4)	—	(1.9)	—	(1.9)
Adjusted income from unconsolidated operations	$ 10.3	$ 10.0	$ 33.9	$ 34.2
% increase (decrease) versus prior period	3.0%		(0.9)%	
Net income	$ 175.7	$ 157.4	$ 477.4	$ 472.3
Impact of total transaction and integration expenses (1)	22.4	—	53.5	—
Impact of total special charges (3)	6.7	5.6	15.8	13.0
Impact of total special charges attributable to non-controlling interests (4)	—	(1.9)	—	(1.9)
Adjusted net income	$ 204.8	$ 161.1	$ 546.7	$ 483.4
% increase versus prior period	27.1%		13.1 %	
Earnings per share - diluted	$ 1.32	$ 1.24	$ 3.72	$ 3.69
Impact of total transaction and integration expenses (1)	0.17	—	0.42	—
Impact of total special charges (3)	0.05	0.04	0.12	0.10
Impact of total special charges attributable to non-controlling interests (4)	—	(0.01)	—	(0.01)
Adjusted earnings per share - diluted	$ 1.54	$ 1.27	$ 4.26	$ 3.78
% increase versus prior period	21.3%		12.7 %	

Non-GAAP Financial Measures

	Three Months Ended November 30, 2017	Three Months Ended November 30, 2016
Income from consolidated operations before income taxes	$223.1	$207.0
Impact of special charges and transaction and integration expenses (1) (3)	40.5	6.2
Adjusted income from consolidated operations before income taxes	$263.6	$213.2
Income taxes	$57.7	$61.5
Income tax impact of special charges and transaction and integration expenses (1) (3)	11.4	0.6
Adjusted income taxes	$69.1	$62.1
Adjusted income tax rate (5)	26.2%	29.1%

Non-GAAP Financial Measures

(1) The following reconciles the transaction and integration expenses related to the acquisition of RB Foods that are recorded in our consolidated income statement for the three and twelve months ended November 30, 2017 (in millions, except per share amounts):

	Three months ended 11/30/17	Twelve months ended 11/30/17
Transaction and integration expenses included in cost of goods sold	$ 15.0	$ 20.9
Reflected in transaction and integration expenses	16.3	40.8
Transaction and integration expenses included in operating income	31.3	61.7
Transaction and integration expenses included in other debt costs	—	15.4
Total pre-tax transaction and integration expenses	31.3	77.1
Less: Tax effect	(8.9)	(23.6)
Total after-tax transaction and integration expenses	$ 22.4	$ 53.5

(2) Adjusted gross profit margin is calculated as adjusted gross profit as a percentage of net sales for each period presented. Adjusted operating income margin is calculated as adjusted operating income as a percentage of net sales for each period presented.

(3) Total special charges of $9.2 million and $22.2 million for the three and twelve months ended November 30, 2017 are net of taxes of $2.5 million and $6.4 million, respectively. Total special charges of $6.2 million and $16.0 million for the three and twelve months ended November 30, 2016 are net of taxes of $0.6 million and $3.0 million, respectively.

(4) In 2016, represents the portion of the total special charge of $2.8 million, net of tax of $0.9 million, for the three and twelve months ended November 30, 2016 associated with our exit of a consolidated joint venture in South Africa, attributable to our former joint venture partner.

(5) Adjusted income tax rate is calculated as adjusted income taxes as a percentage of adjusted income from consolidated operations before income taxes.

Non-GAAP Financial Measures

The following provides a reconciliation of our earnings per share to adjusted earnings per share projection for 2018 and actual results for 2017:

(in millions except per share data)	Twelve Months Ended	
	2018 projection	11/30/17
Earnings per share - diluted	$6.89 to $7.14	$ 3.72
Impact of special charges, transaction and integration expenses, and other debt costs	0.24	0.54
Estimated non-recurring benefit, net, of recent U.S. tax legislation	(2.33) to (2.48)	—
Adjusted earnings per share	$4.80 to $4.90	$ 4.26

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. Constant currency growth rates follow:

	Three months ended November 30, 2017			Twelve months ended November 30, 2017		
	Percentage change as reported	Impact of foreign currency exchange	Percentage change on constant currency basis	Percentage change as reported	Impact of foreign currency exchange	Percentage change on constant currency basis
Net sales						
Consumer segment						
Americas	24.8%	0.4%	24.4%	11.2%	0.1%	11.1%
EMEA	8.6%	6.1%	2.5%	(1.6)%	0.7%	(2.3)%
Asia/Pacific	6.0%	2.0%	4.0%	6.4%	(2.5)%	8.9%
Total consumer segment	19.9%	1.6%	18.3%	7.9%	(0.1)%	8.0%
Industrial segment						
Americas	24.5%	0.9%	23.6%	10.8%	(0.4)%	11.2%
EMEA	32.6%	1.7%	30.9%	20.5%	(6.4)%	26.9%
Asia/Pacific	12.8%	1.7%	11.1%	9.0%	(1.1)%	10.1%
Total industrial segment	24.6%	1.1%	23.5%	12.4%	(1.6)%	14.0%
Total net sales	21.5%	1.5%	20.0%	9.6%	(0.7)%	10.3%
Adjusted operating income						
Consumer segment	28.7%	1.0%	27.7%	15.0%	0.1%	14.9%
Industrial segment	69.6%	(0.4)%	70.0%	33.6%	(3.5)%	37.1%
Total adjusted operating income	36.4%	0.8%	35.6%	19.7%	(0.8)%	20.5%

Non-GAAP Financial Measures

In addition to the above non-GAAP financial measures, we use a leverage ratio which is determined using non-GAAP measures. A leverage ratio is a widely-used measure of ability to repay outstanding debt obligations and is a meaningful metric to investors in evaluating financial leverage. We believe that our leverage ratio is a meaningful metric to investors in evaluating our financial leverage and may be different than the method used by other companies to calculate such a leverage ratio. We determine our leverage ratio as net debt (which we define as total debt, net of cash in excess of $75.0 million) to adjusted earnings before interest, tax, depreciation and amortization (Adjusted EBITDA). We define Adjusted EBITDA as net income plus expenses for interest, income taxes, depreciation and amortization, less interest income and as further adjusted for cash and non-cash acquisition-related transaction and integration expenses (which may include the effect of the fair value adjustment of acquired inventory on cost of goods sold), special charges and stock-based compensation expenses. Adjusted EBITDA and our leverage ratio are both non-GAAP financial measures. Our determination of the leverage ratio is consistent with the terms of our $1.0 billion revolving credit facility and our term loans which require us to maintain our leverage ratio below certain levels.

The following table reconciles our net income to Adjusted EBITDA for the year ended November 30, 2017:

Net income	$	477.4
Depreciation and amortization		125.2
Interest expense		95.7
Income tax expense		151.3
EBITDA		849.6
Adjustments to EBITDA (1), (2)		117.4
Adjusted EBITDA	$	967.0
Net debt (3)	$	4,915.3
Leverage ratio (Net debt/Adjusted EBITDA) (2)		5.1

(1) Adjustments to EBITDA are determined under the leverage ratio covenant in our $1.0 billion revolving credit facility and term loan agreements and includes special charges, stock-based compensation expense and, for the trailing twelve-month period ended November 30, 2017, transaction and integration expenses (related to RB Foods acquisition), including other debt costs.

(2) The leverage ratio covenant in our $1.0 billion revolving credit facility and the term loan agreements provide that Adjusted EBITDA also includes the pro forma impact of acquisitions. As of November 30, 2017, our leverage ratio under the terms of those agreements is 4.5.

(3) The leverage ratio covenant in our $1.0 billion revolving credit facility and the term loan agreements define net debt as the sum of short-term borrowings, current portion of long-term debt, and long-term debt, less the amount of cash and cash equivalents that exceeds $75.0 million.