



The *Flavor* of Together

Third Quarter 2014 Financial Results and Business Outlook

October 2, 2014



The following slides accompany an October 2, 2014 presentation to investment analysts. This information should be read in conjunction with the press release issued on that date.

Forward-looking information

Certain information contained in these materials and our remarks 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 us, the expected impact of raw material costs and our pricing actions on our results of operations and gross margins, the expected productivity and working capital improvements, expectations regarding growth potential in various geographies and markets, expected trends in net sales and earnings performance and other financial measures, 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, our ability to issue additional debt or equity securities and our expectations regarding purchasing shares of our common stock under the existing authorizations.

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 our 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; our ability to achieve expected and/or needed cost savings or margin improvements; the successful acquisition and integration of new businesses; issues affecting our 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 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 our information technology systems, the threat of data breaches and cyber attacks; volatility in our effective tax rate; impact of climate change on raw materials; infringement of our intellectual property rights, and those of customers; litigation, legal and administrative proceedings; and other risks described in our filings with the Securities and Exchange Commission.

Actual results could differ materially from those projected in the forward-looking statements. We undertake 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.

Third quarter 2014 results, 2014 outlook and business update



Alan Wilson
Chairman, President & CEO



Third quarter 2014 results

Grew sales 3%

- Increases in both consumer and industrial business

Increased operating income 6%

- Higher sales, improved gross profit margin, diligent expense management
- Raised CCI cost savings estimate to at least \$50 million

Increased EPS 21%

- Higher operating income, lower tax rate, income from unconsolidated operations, share repurchase

Generated strong cash flow

- Through first three quarters, increased cash returned to shareholders by 42% to \$323 million

Latest fiscal year outlook

Reaffirming 3% - 5% sales growth

- Driven by product innovation, brand marketing, pricing, and in first half of 2014, WAPC acquisition
- Year-to-date increase 4%

Moderating growth rate for adjusted operating income to 4% - 5%

- With 8% increase year-to-date, implies flat to slight decline in 4Q 2014
 - Planning increase of at least \$11 million in brand marketing support
 - Expecting growth of international businesses to outpace U.S., with favorable impact to tax rate
 - Cautious about demand from quick service restaurants in Asia/Pacific region

Raising projection for adjusted EPS to \$3.30 - \$3.37

- Net impact of latest operating income outlook and lower projected tax rate
- Excludes \$0.01 special charges recorded in 3Q 2014

Today's food industry

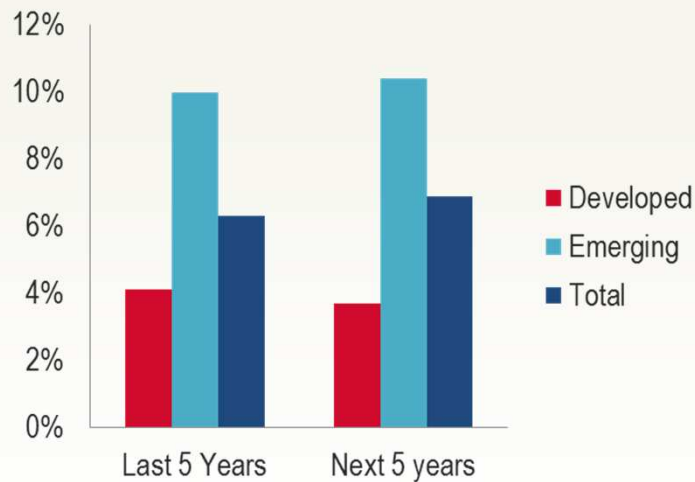
Factors affecting food industry include ...

- Shifts in consumer demographics and preferences
- Economic pressure continues for many consumers
- Exceptionally competitive retail conditions across channels
- Different choices in away from home eating

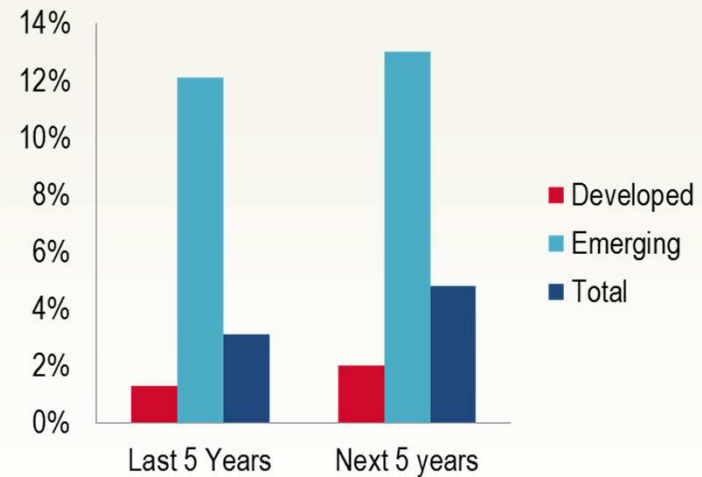


An advantaged category: Flavor

Demand for flavor is growing worldwide



Sales of herbs and spices are growing in both developed and emerging markets



Sales of recipe mixes are also growing in both developed and emerging markets

Source: Euromonitor International annualized actual data 2008-2013 and annualized projections 2013-2018

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An advantaged category: Flavor

Factors driving flavor

- Rising importance of Millennials
- Influence of ethnic demographics
- Increased connectivity of consumers
- Healthier eating
- Rising middle-class consumers in emerging markets



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Business overview

Consumer business

- **Asia/Pacific** was strongest contributor to sales increase.
 - Grew sales in China 15%.
 - Achieved double-digit increase in India.
- Sales growth largely price-driven in **EMEA**.
 - Driving sales with pricing actions, product innovation and expanded distribution.
 - Continue to experience competitive conditions
 - Planning 20% increase in 4Q 2014 brand marketing.

Squeeze pouch ketchup



Freshlock herbs

Vahine dessert items



Business overview

Consumer business

- Sales in **Americas** declined 1%
 - New products contributing to growth and latest introductions gaining strong retailer acceptance. Relaunch of gourmet line planned in early 2015.
 - Continued strength in recipe mixes. Gained a percentage point of share in 3Q 2014.
 - Stronger sales of grilling products than 3Q 2013
 - Plans to increase 4Q 2014 brand marketing by at least 15%
 - Progress with actions to “win at retail”

Gluten-free recipe mixes



Skillet sauces

Gourmet relaunch



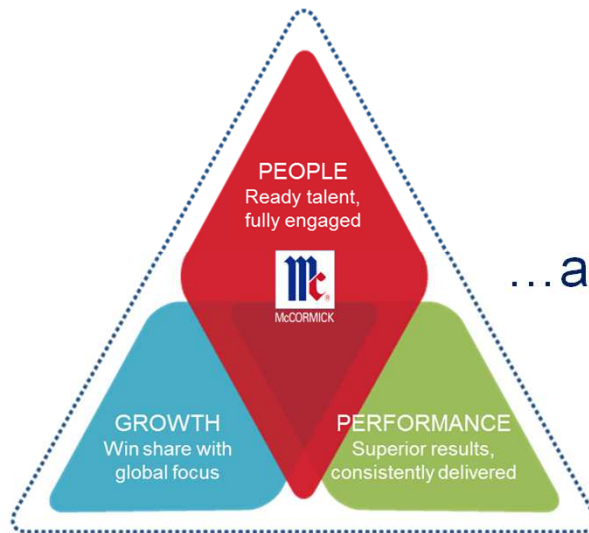
Business overview

Industrial business

- **EMEA** led with 8% sales growth in local currency due to higher pricing and increased demand from quick service restaurants and for snack seasoning products
- Grew sales of snack seasonings in U.S. and Mexico, a primary driver of 3% increase in local currency in **Americas**
- Decline of 1% in **Asia/Pacific** resulted from lower sales to quick service restaurants

McCormick has an advantaged position

- Leading positions in growing categories
- Breadth of products ... from value-priced to premium
- Flavors for all types of eating occasions
- Market-leading customers
- Expanding geographic presence



...and strategic imperatives driving success

Third quarter 2014 results



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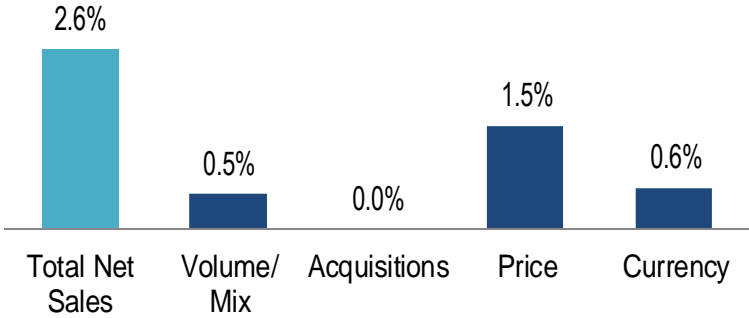
Gordon Stetz

*Executive Vice President
& CFO*

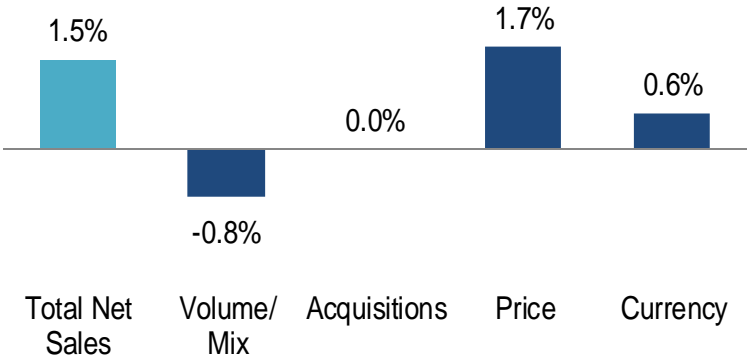


3Q 2014 Sales results

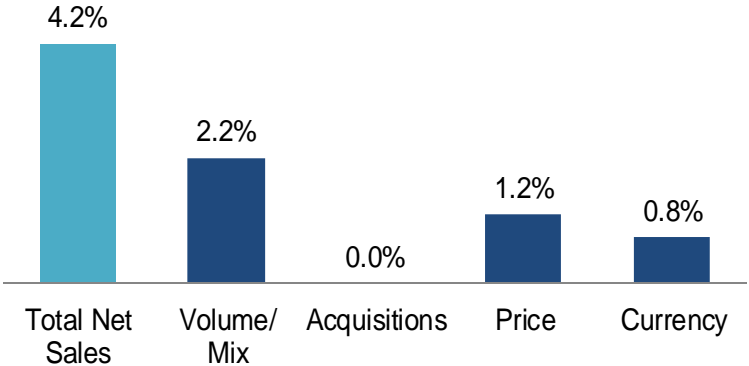
Total Company



Consumer



Industrial

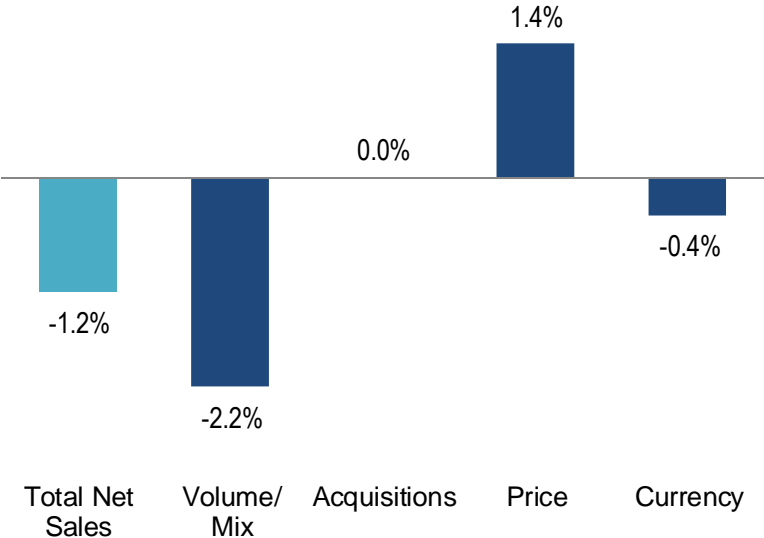


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3Q 2014 Sales results: Consumer business

Americas

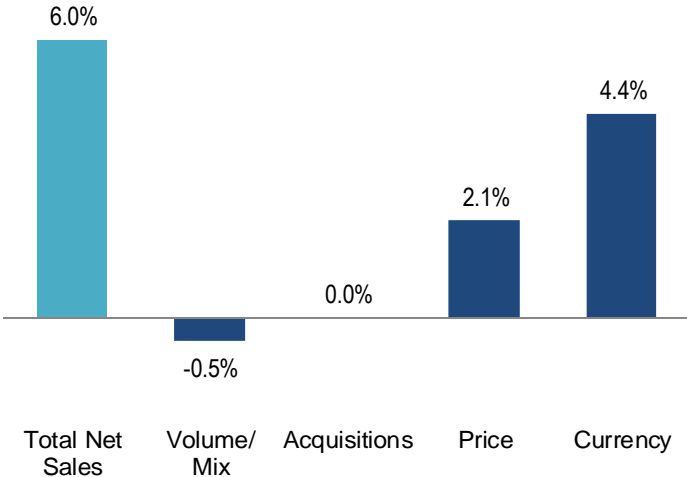


- Progress with innovation, brand marketing, actions to “win” at retail
- Retailer purchases under U.S. holiday display program skewed toward 4Q in 2014 vs 3Q in 2013
- Estimate that shift in sales had unfavorable impact to 3Q 2014 of approximately 5%



3Q 2014 Sales results: Consumer business

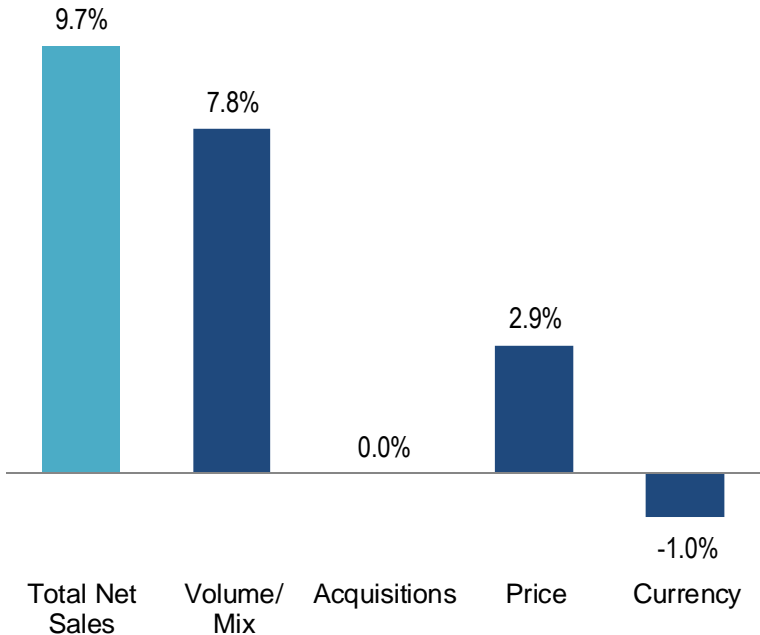
EMEA



- Growth driven by pricing
- Volume and product mix decline with growth from new products and expanded distribution offset by competitive conditions

3Q 2014 Sales results: Consumer business

Asia/Pacific



- Increase largely driven by volume and product mix in base business (acquisition of WAPC completed first year in May 2014)
- Grew sales 15% in China
- Also double-digit sales increase in India, with higher pricing more than offsetting mid-single digit decline in volume and product mix

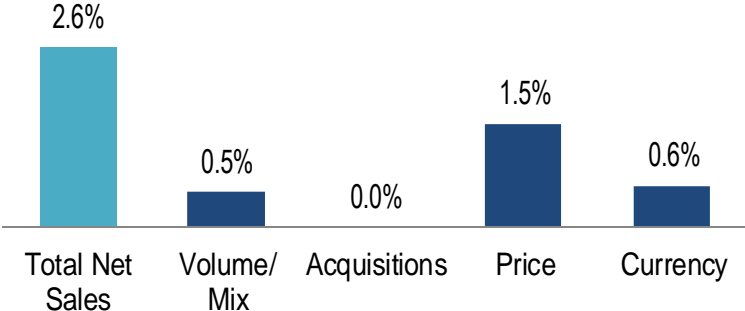
3Q 2014 Operating income: Consumer business

	3Q 2014	3Q 2013	Fav(Unfav) Change
Operating income	\$121.1	\$118.7	2%
Operating income, excluding special charges	\$122.1	\$118.7	3%

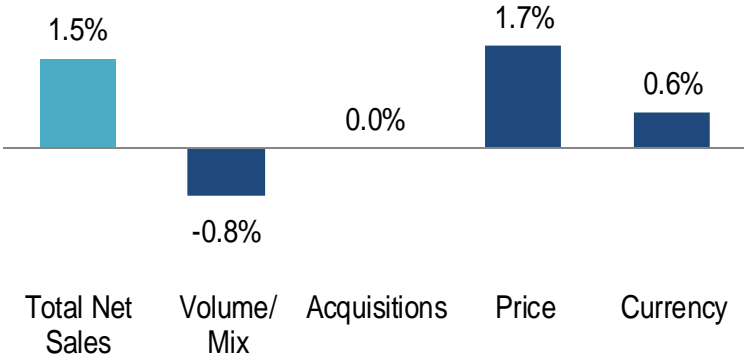
- Net favorable impact on 3Q 2014 operating income from higher sales, CCI cost savings offset in part by \$3 million increase in brand marketing

3Q 2014 Sales results

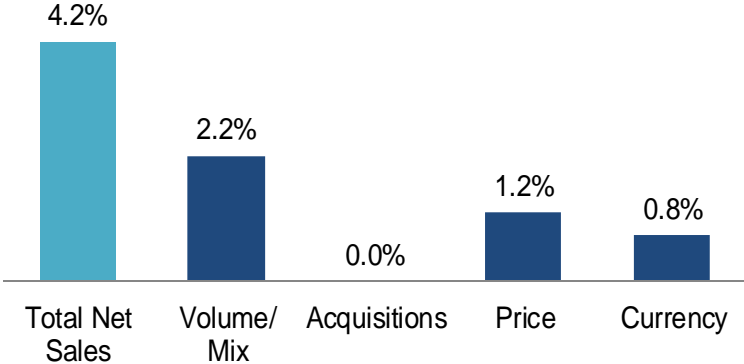
Total Company



Consumer

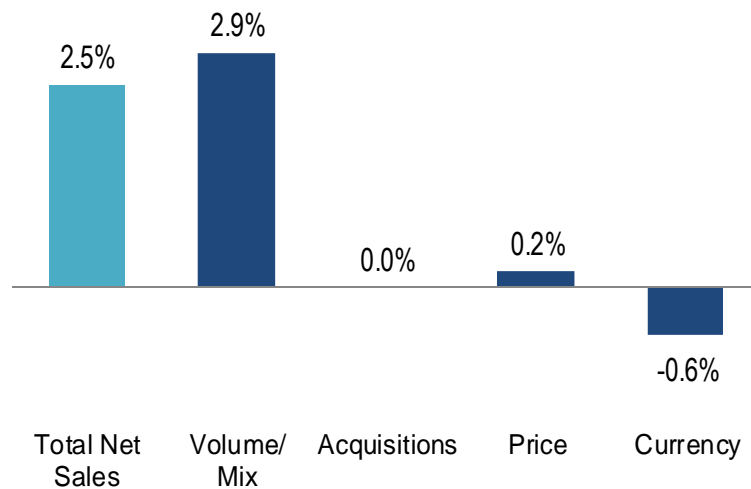


Industrial



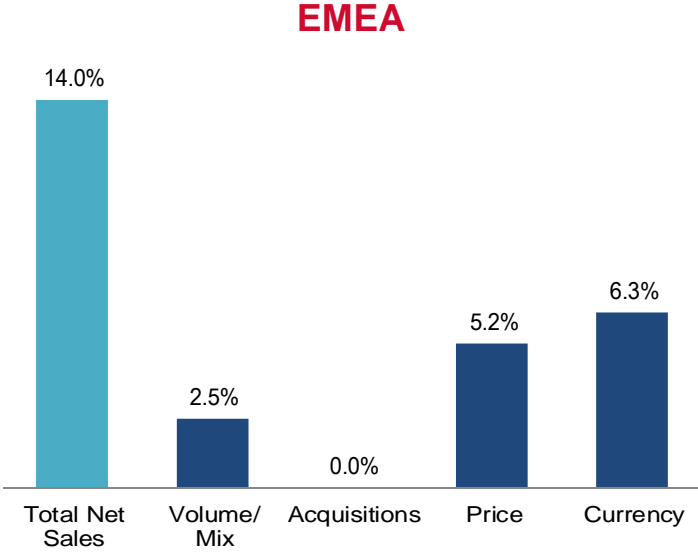
3Q 2014 Sales results: Industrial business

Americas



- Strong demand for snack seasonings in U.S. and Mexico
- Growth in sales of branded food service products
- Continued weak demand from quick service restaurants this period

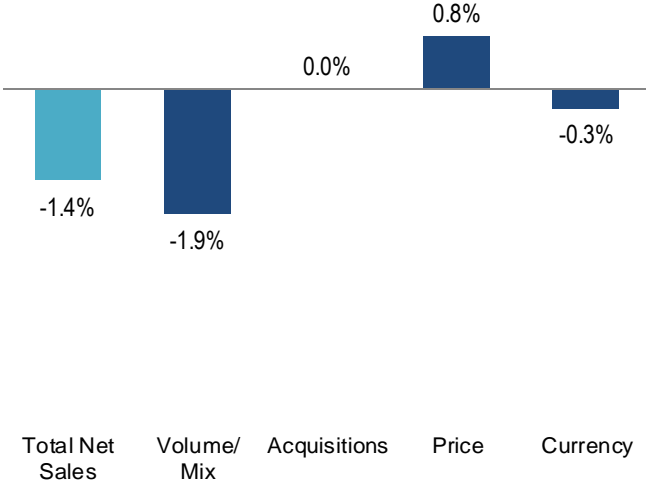
3Q 2014 Sales results: Industrial business



- Pricing taken in response to higher material costs
- Increased volume and product mix from further strength in sales to quick service restaurants and increase in demand for snack seasonings

3Q 2014 Sales results: Industrial business

Asia/Pacific



- Demand from quick service restaurants in China slowed this period
- Follows recovery in first half of 2014 from weak demand in first half of 2013 that related to consumer concerns about poultry consumption

3Q 2014 Operating income: Industrial business

	3Q 2014	3Q 2013	Fav(Unfav) Change
Operating Income	\$36.2	\$29.7	22%
Operating income, excluding special charges	\$37.5	\$29.7	26%

- Favorable impact from higher sales, increased margins within product portfolio and CCI cost savings
- Compares to 16% year-ago decline in third quarter 2013 vs third quarter of 2012

Operating income, gross profit, SG&A

	3Q 2014	3Q 2013	Fav(Unfav) Change
Operating income	\$157.3	\$148.4	6%
Operating income, excluding special charges *	159.6	148.4	8%
Gross profit margin	40.3%	40.1%	20 bps
Selling, general & administrative expenses as percent of net sales	25.0%	25.5%	50 bps

- Increase in operating income due to higher sales, favorable industrial product margins and CCI cost savings
- Special charges include \$1.3 million related to the realignment of certain manufacturing operations in the U.S. industrial business and \$1.0 million related to reorganization activity in EMEA.

* Adjusted operating income excludes the impact of \$2.3 million in special charges recorded in 3Q 2014. See reconciliation of GAAP to non-GAAP financial measures on slide 31.

Income taxes

	3Q 2014	3Q 2013
Income taxes	\$31.1	\$35.3
Income tax rate	21.4%	26.2%

- Projecting tax rate of approximately 27% in fiscal year 2014 based on expected business mix. Compares to previous 2014 expectation of 29.5% and 26.8% tax rate in fiscal year 2013.
- Tax rate reduction includes an updated mix of business across tax jurisdictions, final regulations for tax law change in France, other discrete tax items.
- Expect tax rate of approximately 28% in 4Q 2014 compared to 24.3% in 4Q 2013.

Income from unconsolidated operations

	3Q 2014		3Q 2013	Fav(Unfav) Change
Income from unconsolidated operations	\$8.8		\$5.0	76%

- Joint venture in Mexico led Increase with higher sales and production efficiencies following transition to new facility.
- Continue to expect approximately 15% increase in income from unconsolidated operations in 2014.

Earnings per share

	3Q 2014	3Q 2013	Fav(Unfav) Change
Earnings per share	\$0.94	\$0.78	21%
Earnings per share, excluding special charges*	0.95	0.78	22%

Increased operating income	0.06
Lower tax rate	0.05
Income from unconsolidated operations	0.03
Reduction in shares outstanding	0.02
Other, net	0.01
Increase in EPS , excluding special charges*	<u>0.17</u>

* Adjusted earnings per share excludes the impact of \$0.01 in special charges recorded in 3Q 2014. See reconciliation of GAAP to non-GAAP financial measures on slide 31.

Balance sheet and cash flow

- Year-to-date cash flow from operations \$276 million in 2014 vs \$227 million in 2013
- Through first three quarters of 2014, \$178 million used to repurchase shares; \$181 million still available on \$400 million authorization
- Balance sheet remains strong, close to target debt level and well-positioned to fund investments to drive growth

2014 Financial outlook

Sales growth in local currency*	3% to 5%
Adjusted operating income increase **	4% to 5%
CCI cost savings	At least \$50 million
Material cost inflation	Low single-digit increase
Gross profit margin increase	~ 50 bp
Incremental brand marketing	At least \$25 million
Income from unconsolidated operations	At least 15%
Tax rate	Approximately 27%
Adjusted earnings per share ***	\$3.30 - \$3.37
Capital expenditures	\$120-\$130 million
Shares outstanding	~ 2% reduction

* Minimal currency impact expected

** From adjusted operating income of \$591 million in 2013. See reconciliation of GAAP to non-GAAP financial measures on slide 32.

*** Adjusted earnings per share guidance range excludes the impact of \$0.01 in special charges recorded in 3Q 2014. See reconciliation of GAAP to non-GAAP financial measures on slide 31.



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Non-GAAP Financial Measures

The table below includes financial measures of operating income, net income and diluted earnings per share excluding the impact of special charges recorded in the third quarter of 2014. These include \$1.3 million of charges related to the realignment of certain manufacturing operations in the U.S. industrial business and \$1.0 million of charges related to reorganization activity in EMEA. These are non-GAAP financial measures which are prepared as a complement to our financial results prepared in accordance with United States generally accepted accounting principles. We believe this non-GAAP information is important for purposes of comparison to prior periods and development of future projections and earnings growth prospects. This information is also used by management to measure the profitability of our ongoing operations and analyze our business performance and trends. Management believes the non-GAAP measures provides a more consistent basis for assessing the Company's performance than the closest GAAP equivalent.

These non-GAAP measures may be considered in addition to results prepared in accordance with GAAP, but it should not be considered a substitute for, or superior to, GAAP results. 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 measures to GAAP financial results is provided below.

(in millions except per share data)	Three Months Ended		Nine Months Ended	
	8/31/14	8/31/13	8/31/14	8/31/13
Operating income	\$ 157.3	\$ 148.4	\$ 403.6	\$ 376.4
Impact of special charges	2.3	—	2.3	—
Adjusted operating income	\$ 159.6	\$ 148.4	\$ 405.9	\$ 376.4
% increase versus prior period	8%		8%	
Net income	\$ 122.9	\$ 104.4	\$ 289.9	\$ 259.0
Impact of special charges	1.6	—	1.6	—
Adjusted net income	\$ 124.5	\$ 104.4	\$ 291.5	\$ 259.0
% increase versus prior period	19%		13%	
Earnings per share	\$ 0.94	\$ 0.78	\$ 2.21	\$ 1.94
Impact of special charges	0.01	—	0.01	—
Adjusted earnings per share	\$ 0.95	\$ 0.78	\$ 2.22	\$ 1.94
% increase versus prior period	22%		14%	

Non-GAAP Financial Measures

The table below includes financial measures of operating income, net income and diluted earnings per share excluding the impact of \$25 million of charges related to reorganization activity in EMEA recorded in the fourth quarter of 2013. Also excluded is the impact of a \$15 million loss on voluntary pension settlement recorded in the fourth quarter of 2013 that relates to a previously announced lump sum payout program offered to former U.S. employees with deferred vested pension benefits. These are non-GAAP financial measures which are prepared as a complement to our financial results prepared in accordance with United States generally accepted accounting principles. We believe this non-GAAP information is important for purposes of comparison to prior periods and development of future projections and earnings growth prospects. This information is also used by management to measure the profitability of our ongoing operations and analyze our business performance and trends. Management believes the non-GAAP measures provides a more consistent basis for assessing the Company's performance than the closest GAAP equivalent.

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(in millions except per share data)	Twelve Months Ended 11/30/13
Operating income	\$ 550.5
Impact of special charges and loss on voluntary pension settlement	40.3
Adjusted operating income	<u>\$ 590.8</u>
Net income	\$ 389.0
Impact of special charges and loss on voluntary pension settlement	29.2
Adjusted net income	<u>\$ 418.2</u>
Earnings per share	\$ 2.91
Impact of special charges and loss on voluntary pension settlement	0.22
Adjusted earnings per share	<u>\$ 3.13</u>