



# 1<sup>st</sup> Quarter 2025

McCormick & Company, Inc.

Business Update, Financial Results, and Outlook | March 25, 2025

The following slides accompany a March 25, 2025 earnings release conference call. This information should be read in conjunction with the press release issued on that date.



# FORWARD-LOOKING INFORMATION

Certain information contained in this presentation, including statements concerning expected performance such as those relating to net sales, gross margin, earnings, cost savings, 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,” “plan,” and similar expressions. These statements may relate to: general economic and industry conditions, including consumer spending rates, recessions, interest rates, and availability of capital; expectations regarding sales growth potential in various geographies and markets, including the impact of brand marketing support, product innovation, and customer, channel, category, heat platform, and e-commerce expansion; expected trends in net sales, earnings performance, and other financial measures; the expected impact of pricing actions on the Company's results of operations, including our sales volume and mix as well as gross margins; the expected impact of the inflationary cost environment on our business; the anticipated effects of factors affecting our supply chain, including the availability and prices of commodities and other supply chain resources such as raw materials, packaging, labor, and transportation; the potential impact of trade policies, including new tariffs; the expected impact of productivity improvements, including those associated with our Comprehensive Continuous Improvement (CCI) program and the Global Business Services operating model initiative; the ability to identify, attract, hire, retain, and develop qualified personnel and the next generation of leaders; the impact of ongoing conflicts, including those between Russia and Ukraine and the war in the Middle East, particularly regarding the potential for broader economic disruption; expected working capital improvements; the anticipated 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; expectations regarding 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 payments of interest, repayment of short- and long-term debt, working capital needs, planned capital expenditures, quarterly dividends, and our ability to obtain additional short- and long-term financing or issue additional debt 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; the Company's ability to increase pricing to offset, or partially offset, inflationary pressures on the cost of our products; damage to the Company's reputation or brand name; loss of brand relevance; increased private label use; the Company's ability to offset cost pressures or business impacts related to trade policies, including new tariffs; the Company's ability to drive productivity improvements, including those related to our CCI program and other streamlining actions; 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 preference and demand; business interruptions due to natural disasters, unexpected events or public health crises; issues affecting the Company's supply chain and procurement of raw materials, including fluctuations in the cost and availability of raw and packaging materials; labor shortage, turnover and labor cost increases; the impact of the ongoing conflicts between Russia and Ukraine and the war in the Middle East, including the potential for broader economic disruption; government regulation, and changes in legal and regulatory requirements and enforcement practices; the lack of successful acquisition and integration of new businesses; global economic and financial conditions generally, 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 our amount of outstanding indebtedness and related level of debt service as well as the effects that such debt service may have on the Company's ability to borrow or the cost of any such additional borrowing, our credit rating, and our ability to react to certain economic and industry conditions; impairments of indefinite-lived intangible assets; assumptions we have made regarding the investment return on retirement plan assets, and the costs associated with pension obligations; the stability of credit and capital markets; risks associated with the Company's information technology systems, including the threat of data breaches and cyber-attacks; the Company's inability to successfully implement our business transformation initiative; fundamental changes in tax laws, including interpretations and assumptions we have made, and guidance that may be issued, and volatility in our effective tax rate; climate change; Environmental, Social and Governance (ESG) matters; 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.



# Brendan Foley

Chairman, President and  
Chief Executive Officer



# FIRST QUARTER PERFORMANCE

DEMONSTRATING THE SUCCESS OF OUR INVESTMENTS AND SUSTAINING OUR MOMENTUM

Total organic sales growth of 2% driven by volume

Volume growth in both segments with Consumer volume growth in all regions

Profitability results in line with expectations



Organic sales is a Non-GAAP financial measure. See the accompanying Non-GAAP information and reconciliations in the appendix.



# FIRST QUARTER 2025 SALES GROWTH

## Areas of Success

### Consumer

- Strong volume growth in Spices and Seasonings in all regions
- Improved unit and volume share gains across core categories in key markets
- Positive unit share and distribution gains in Hot Sauce in the U.S.
- Significant TDP expansion in core categories in Americas and EMEA
- Recovery in China business gradually progressing as planned

### Flavor Solutions

- Growth in Americas Flavors from high-growth customers
- Share gains in alcoholic and nonalcoholic beverages and snack bars
- Volume growth with QSR<sup>1</sup> customers in Americas and APAC

1 Quick Service Restaurants

## Areas of Pressure

### Flavor Solutions

- CPG customers' volume softness in Americas and EMEA
- Slowdown in foodservice foot traffic impacting Americas Branded Foodservice performance
- QSR customers' volume softness in EMEA



# EXECUTING ON GROWTH PLANS

## Category Management



## Brand Marketing



## Innovation



## Proprietary Technologies



## Differentiated Customer Engagement





# Marcos Gabriel

Executive Vice President  
and Chief Financial Officer





# VOLUME-LED POSITIVE ORGANIC SALES GROWTH

## 1Q 2025 Organic Sales Growth

Total McCormick

**2.0%**

Volume  
2.2%

Price  
(0.2%)

Consumer

**1.2%**

Volume  
2.6%

Price  
(1.4%)

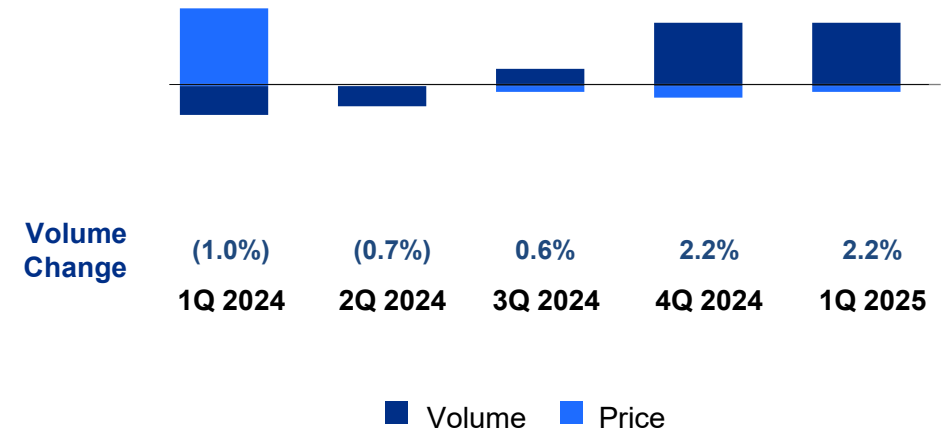
Flavor Solutions

**3.3%**

Volume  
1.8%

Price  
1.5%

## Organic Sales Trend Total McCormick



Organic sales is a Non-GAAP financial measure. See the accompanying Non-GAAP information and reconciliations in the appendix.





# ORGANIC SALES RESULTS: CONSUMER SEGMENT

## 1Q 2025 Total Consumer

1.2%

Volume  
2.6%

Price  
(1.4%)

## 1Q 2025 Consumer By Region

	Total Organic	Volume	Price
Americas	0.1%	2.9%	(2.8%)
EMEA	3.6%	1.5%	2.1%
APAC	2.7%	2.0%	0.7%

- **Americas:** Volume growth in core categories, offset by price gap investments actioned in the prior year and targeted incremental promotions.
- **EMEA:** Broad-based volume growth across categories in major markets with selective pricing actions to offset commodity cost inflation.
- **APAC:** Volume improvement reflects gradual recovery in China.

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# ORGANIC SALES RESULTS: FLAVOR SOLUTIONS SEGMENT

## 1Q 2025 Total Flavor Solutions

3.3%

Volume  
1.8%

Price  
1.5%

## 1Q 2025 Flavor Solutions By Region

	Total Organic	Volume	Price
Americas	3.6%	0.8%	2.8%
EMEA	(3.9%)	(1.9%)	(2.0%)
APAC	15.3%	15.7%	(0.4%)

- **Americas:** Volume growth in Flavors and QSRs partially offset by soft CPG customer volumes
- **EMEA:** Volume decline reflects soft CPG and QSR customers' volumes
- **APAC:** Volume growth driven primarily by QSR customers' promotions, limited time offers, and new products

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# FIRST QUARTER 2025 RESULTS

Total McCormick (in millions)	1Q 2025	v. 1Q 2024 Fav/(Unfav)	
		As Reported	Constant Currency
<b>Net Sales</b>	<b>\$1,605.5</b>	<b>0.2%</b>	<b>2.0%</b>
<b>Gross Profit</b> % of Net Sales	<b>604.0</b> 37.6%	<b>0.8%</b> 20 bps	
<b>SG&amp;A</b> % of Net Sales	<b>378.8</b> 23.6%	<b>(4.8%)</b> (100 bps)	
<b>Adjusted Operating Income</b> % of Net Sales	<b>\$225.2</b> 14.0%	<b>(5.3%)</b> (80 bps)	<b>(3.2%)</b>
<b>Interest Exp. &amp; Other Income</b>	<b>38.7</b>	<b>1.3%</b>	
<b>Adjusted Income Tax Expense</b> Adjusted Income Tax Rate	<b>41.6</b> 22.3%	<b>17.9%</b> 320 bps	
<b>Unconsolidated Operations</b>	<b>17.4</b>	<b>(18.3%)</b>	
<b>Adjusted Net Income</b>	<b>\$162.3</b>	<b>(4.0%)</b>	

Financial measures which we refer to as “adjusted” are Non-GAAP financial measures. See the accompanying Non-GAAP information and reconciliations in the appendix, including constant currency.



## SEGMENT RESULTS

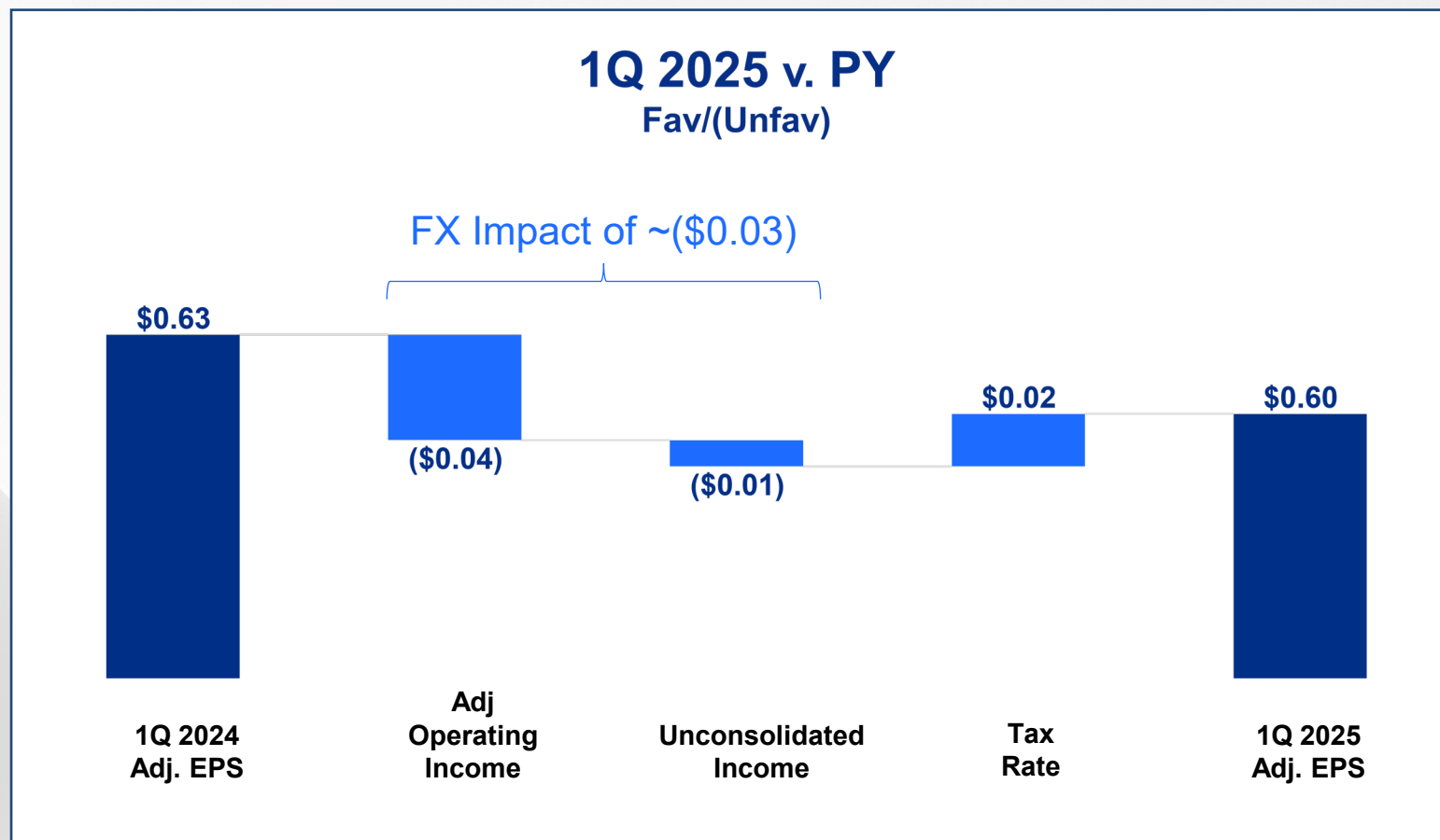
<b>Consumer</b> <i>(in millions)</i>	<b>1Q 2025</b>	<b>v. 1Q 2024 Fav/(Unfav)</b>	
		<b>As Reported</b>	<b>Constant Currency</b>
<b>Net Sales</b>	<b>\$919.2</b>	<b>(0.2%)</b>	<b>1.2%</b>
<b>Adjusted Operating Income</b> % of Net Sales	<b>\$146.7</b> 16.0%	<b>(16.8%)</b> (310 bps)	<b>(15.9%)</b>

<b>Flavor Solutions</b> <i>(in millions)</i>	<b>1Q 2025</b>	<b>v. 1Q 2024 Fav/(Unfav)</b>	
		<b>As Reported</b>	<b>Constant Currency</b>
<b>Net Sales</b>	<b>\$686.3</b>	<b>0.8%</b>	<b>3.3%</b>
<b>Adjusted Operating Income</b> % of Net Sales	<b>\$78.5</b> 11.4%	<b>27.9%</b> 240 bps	<b>33.2%</b>

Financial measures which we refer to as “adjusted” are Non-GAAP financial measures. See the accompanying Non-GAAP information and reconciliations in the appendix, including constant currency.



# 1Q 2025 ADJUSTED EARNINGS PER SHARE



Financial measures which we refer to as “adjusted” are Non-GAAP financial measures. See the accompanying Non-GAAP information and reconciliations in the appendix.





# BALANCE SHEET AND CASH FLOW

## Generated Strong Cash Flow

**\$116M**

Decrease driven by higher cash used for working capital partially offset by lower incentive compensation

## Balanced Use of Cash

### Return to Shareholders

- \$121 million of cash returned to shareholders through dividends

### Invest to Drive Growth

- Capital expenditures of \$37 million in 1Q 2025

### Maintain Strong and Flexible Balance Sheet

**Expect Strong 2025 Cash Flow Driven by Profit and Working Capital Initiatives**



# 2025 OUTLOOK

	Reported	Constant Currency
<b>Net sales growth</b>	<b>0% to 2%</b>	<b>1% to 3%<sup>1</sup></b>
<b>Adjusted operating income increase</b>	<b>3% to 5%</b>	<b>4% to 6%</b>
Cost inflation	Low single-digit increase	
Adjusted gross profit margin	Up 50 to 100 bps	
Brand marketing	High single-digit increase	
Income from unconsolidated operations	Mid-teens decrease due to FX	
Adjusted tax rate	Approximately 22%	
<b>Adjusted earnings per share</b>	<b>\$3.03 to \$3.08</b>	
<b>Adjusted earnings per share growth</b>	<b>3% to 5%</b>	<b>5% to 7%</b>
Shares outstanding	Approximately 270M	

1. Organic sales, defined as the impact of volume/mix and price and excludes the impact of acquisitions or divestitures, as applicable, and foreign currency, growth is expected to be a 1% to 3% increase over the 2024 level.

Financial measures which we refer to as “adjusted” are Non-GAAP financial measures. See the accompanying Non-GAAP information and reconciliations in the appendix.



## KEY TAKEAWAYS

### CONTINUING TO DIFFERENTIATE AND STRENGTHEN OUR LEADERSHIP

Confidence in navigating challenging environment successfully

Long-term trends that fuel our categories remain strong

Executing on our strategic roadmap with speed, agility, and in alignment with consumer trends

Results demonstrate the effectiveness of our investments in areas that drive the most value

Continued cost management to fuel investments in the business and expand margins

Performance and growth plans support confidence in achieving our near and long-term objectives



# 1<sup>st</sup> Quarter 2025

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# NON-GAAP FINANCIAL MEASURES

The following tables include financial measures of organic net sales, 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** –Special charges consist of expenses and income 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. Expenses associated with the approved actions are classified as special charges upon recognition and monitored on an ongoing basis through completion.

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; however, they should not be viewed as a substitute for, or superior to, GAAP results. Furthermore, these non-GAAP financial measures may not be comparable to similarly titled measures of other companies, as they may calculate them differently than we do. We intend to continue providing these non-GAAP financial measures as part of our future earnings discussions, ensuring consistency in our financial reporting. A reconciliation of these non-GAAP financial measures to the related GAAP financial measures is provided below:



# NON-GAAP FINANCIAL MEASURES

(in millions except per share data)

	Three Months Ended	
	2/28/2025	2/29/2024
Operating income	<b>\$225.2</b>	\$233.5
Impact of special charges	—	4.2
Adjusted operating income	<b>\$225.2</b>	<b>\$237.7</b>
% decrease versus year-ago period	<b>(5.3)%</b>	
Operating income margin (1)	<b>14.0%</b>	14.6%
Impact of special charges	— %	0.2%
Adjusted operating income margin (1)	<b>14.0%</b>	14.8%
Income tax expense	<b>\$41.6</b>	\$49.6
Impact of special charges	—	\$1.1
Adjusted income tax expense	<b>\$41.6</b>	<b>\$50.7</b>
Income tax rate (2)	<b>22.3%</b>	25.5%
Impact of special charges	— %	— %
Adjusted income tax rate (2)	<b>22.3%</b>	25.5%
Net income	<b>\$162.3</b>	\$166.0
Impact of special charges	—	\$3.1
Adjusted net income	<b>\$162.3</b>	<b>\$169.1</b>
% decrease versus year-ago period	<b>(4.0)%</b>	
Earnings per share - diluted	<b>\$0.60</b>	\$0.62
Impact of special charges	—	0.01
Adjusted earnings per share - diluted	<b>\$0.60</b>	<b>\$0.63</b>
% decrease versus year-ago period	<b>(4.8)%</b>	

- 1) Operating income margin, impact of special charges, and adjusted operating income margin are calculated as operating income, impact of special charges, and adjusted operating income as a percentage of net sales for each period presented.
- 2) Income tax rate is calculated as income tax expense as a percentage of income from consolidated operations before income taxes. Adjusted income tax rate is calculated as adjusted income tax expense as a percentage of income from consolidated operations before income taxes excluding special charges of \$186.5 million and \$198.5 million for the three months ended February 28, 2025 and February 29, 2024 respectively.

# 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 can be volatile. 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).

We provide organic net sales growth rates for our consolidated net sales and segment net sales. We believe that organic net sales growth rates provide useful information to investors because they provide transparency to underlying performance in our net sales by excluding the effect that foreign currency exchange rate fluctuations, acquisitions, and divestitures, as applicable, have on year-to-year comparability. A reconciliation of these measures from reported net sales growth rates, the relevant GAAP measures, are included in the tables set forth below.

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 comparative 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 comparative year. Rates of constant currency and organic growth (decline) follow:

## For the Three Months Ended February 28, 2025

	Percentage Change as Reported	Impact of Foreign Currency Exchange	Percentage Change on a Constant Currency and Organic Basis
<b>Total Net sales</b>	0.2 %	(1.8)%	2.0 %
Total Consumer	(0.2)%	(1.4)%	1.2 %
Americas	(0.4)%	(0.5)%	0.1 %
EMEA	(0.2)%	(3.8)%	3.6 %
APAC	0.4 %	(2.3)%	2.7 %
Total Flavor Solutions	0.8 %	(2.5)%	3.3 %
Americas	0.8 %	(2.8)%	3.6 %
EMEA	(5.2)%	(1.3)%	(3.9)%
APAC	12.7 %	(2.6)%	15.3 %

## Adjusted operating income

Consumer segment	(16.8)%
Flavor Solutions segment	27.9 %
<b>Total adjusted operating income</b>	(5.3)%

## Three Months Ended February 28, 2025

Percentage Change as Reported	Impact of Foreign Currency Exchange	Percentage Change on Constant Currency Basis
(16.8)%	(0.9)%	(15.9)%
27.9 %	(5.3)%	33.2 %
(5.3)%	(2.1)%	(3.2)%

# NON-GAAP FINANCIAL MEASURES

To present the percentage change in projected 2025 net sales, adjusted operating income, and adjusted earnings per share (diluted) on a constant currency basis, the projected local currency net sales, adjusted operating income, and adjusted net income for entities reporting in currencies other than the U.S. dollar are translated into U.S. dollars at forecasted exchange rates. These figures are then compared to the 2025 local currency projected results, which are translated into U.S. dollars at the average actual exchange rates in effect during the corresponding months of fiscal year 2024. This comparison determines what the 2025 consolidated U.S. dollar net sales, adjusted operating income, and adjusted earnings per share (diluted) would have been if the relevant currency exchange rates had not changed from those of the comparable 2024 periods.

	Projection for the Year Ending November 30, 2025
Percentage change in net sales	0% to 2%
Impact of unfavorable foreign currency exchange	1%
Percentage change in net sales in constant currency	1% to 3%
Percentage change in adjusted operating income	3% to 5%
Impact of unfavorable foreign currency exchange	1%
Percentage change in adjusted operating income in constant currency	4% to 6%
Percentage change in adjusted earnings per share — diluted	3% to 5%
Impact of unfavorable foreign currency exchange	2%
Percentage change in adjusted earnings per share in constant currency — diluted	5% to 7%

# NON-GAAP FINANCIAL MEASURES

The following provides a reconciliation of our estimated earnings per share to adjusted earnings per share for 2025 and actual results for 2024:

	Year Ended	
	2025 Projection	11/30/2024
Earnings per share - diluted	\$2.99 to \$3.04	\$2.92
Impact of special charges	0.04	0.03
Adjusted earnings per share - diluted	\$3.03 to \$3.08	\$2.95