

McCORMICK REPORTS RECORD SALES AND EARNINGS FOR THIRD QUARTER

SPARKS, MD, SEPT. 24 - - - McCormick & Company, Incorporated (NYSE:MKC), today reported record sales, net income and earnings per share for the third quarter ended August 31, 2003.

During the third quarter, the Company sold its packaging business and U.K. brokerage business at a net gain of \$10 million. As a result, current and prior period sales and related expenses for these discontinued operations have been reclassified and reported as "Income from discontinued operations."

In the third quarter, sales from continuing operations reached \$558 million, a 17% increase above the third quarter of 2002. Sales benefited from the 2003 acquisition of the Zatarain's and Uniqsauces businesses, which accounted for 8% of the increase. Higher volumes, particularly in the U.S. consumer business, added 5%, and favorable foreign exchange rates contributed an additional 4% to sales.

Earnings per share from continuing operations for the third quarter were 28¢ compared to 24¢ in the third quarter of 2002, an increase of 17%. In addition to strong sales performance, gross profit margin increased to 38.1% for the quarter due primarily to the growth in consumer business sales. Operating expenses were adversely impacted by higher benefit costs and distribution expense. In the third quarter, the Company increased promotion and advertising support behind new products and seasonal items. Special charges, primarily related to the consolidation of facilities in Canada, were \$1.3 million, which had a negative impact of 1¢ on earnings per share. In the third quarter, the competitive position of the Company's joint venture in Mexico improved following a difficult performance in the first half. As a result, third quarter income from unconsolidated operations equaled last year's level. In the third quarter, the 4¢ increase in earnings per share from continuing operations was a direct result of increased operating income.

Consumer Business

(in thousands)

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>8/31/03</u>	<u>8/31/02</u>	<u>8/31/03</u>	<u>8/31/02</u>
Net sales	\$271,634	\$210,870	\$755,693	\$649,059
Operating income	43,827	31,679	117,487	102,603

For the third quarter, sales from continuing operations for McCormick's consumer business rose 29% compared to 2002. The acquisitions of Zatarain's and Uniqsauces contributed 14% of sales increase, and the impact of foreign exchange added another 6%. In local currency, consumer sales rose 32% in the Americas, 9% in Europe and 6% in the Asia/Pacific region. Sales from the Company's acquisition of Zatarain's accounted for about one half of the increase in the Americas. Also contributing to this increase was a comparison to a sales decline of 4% in the third quarter of 2002. This decline resulted from higher customer purchases in the second quarter of 2002 in advance of the Company's implementation of new systems under the Beyond 2000 program. For the consumer business in Europe, sales from the Uniqsauces acquisition drove the increase for the quarter. In all regions, strong distribution of new products contributed to sales growth.

Operating income from continuing operations for the consumer business was \$43.8 million for the third quarter of 2003, an increase of 38%. A portion of the higher operating costs affected the consumer business and in particular, the investment in brand advertising and promotion increased 27% in support of new products and seasonal items.

Industrial Business

(in thousands)

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>8/31/03</u>	<u>8/31/02</u>	<u>8/31/03</u>	<u>8/31/02</u>
Net sales	\$285,978	\$266,449	\$815,280	\$770,880
Operating income	28,230	29,794	81,026	77,973

For the third quarter of 2003, industrial sales increased 7% versus the same period last year. The acquisition of Uniqsauces in 2003 contributed 3% of sales increase, and the net impact of foreign exchange added another 3%. In local currency, industrial sales were unchanged in the Americas and increased 27% in Europe and 7% in the Asia/Pacific region. In the Americas, an increase in sales of new and existing products to quick service restaurants was offset by lower sales to food processors. A portion of this sales reduction related to lower pricing in response to a decrease in raw material costs. Sales to broadline distributors and warehouse clubs were relatively flat in the quarter with reduced demand. New products in the pipeline, as well as improved demand for product supplied through broadline distributors and warehouse clubs, are expected to improve sales performance in the fourth quarter. In Europe, nearly two thirds of the increase was driven by sales from Uniqsauces. The remaining increase was based on strong sales to restaurant customers and snack seasoning products.

In the third quarter of 2003, industrial business operating income was \$28.2 million, a reduction of 5% from year ago results. Operating income was impacted by the higher operating expenses during the quarter, the higher cost of vanilla, and a less favorable mix of sales. Year-to-date, operating income for the industrial business has increased 4% versus the prior year.

Chairman's comments

Robert J. Lawless, Chairman, President & CEO, commented, "In the third quarter, we acquired Zatarain's, a growing business that is a great fit for McCormick. We also completed the sale of two significant businesses that were non-strategic for the Company. We recorded a net gain on these sales, and the proceeds were used to pay down debt associated with the acquisition of Zatarain's. The net result of these actions is that all of McCormick is now fully focused on flavor.

"Year-to-date results are tracking well against our financial objectives for 2003. With the strength in our consumer business, recent acquisitions and positive foreign exchange, we have achieved an 11% sales increase for the first three quarters and now expect to grow 2003 sales 9-11%, versus our prior projection of 8-10%. Our goal is to increase earnings per share from continuing operations 10-12%, and we expect to be at the upper end of this range with 2003 earnings per share from continuing operations in the \$1.35-\$1.37 range. Through the first three quarters, we are tracking well toward this goal with earnings per share from continuing operations up 13%.

“The fourth quarter is our largest quarter - a time when consumers stock up for the holidays on McCormick, Schwartz, Ducros and Club House brand products in our key markets throughout the world. We have promotion and advertising programs lined up which feature both new items and traditional favorites. With this momentum, 2003 is shaping up to be another record year for the Company.

“Our earnings performance and strong balance sheet are generating significant cash flow to fund future acquisitions and other business development opportunities. In August we also resumed our share repurchase program. McCormick’s most recent repurchase program (\$250 million) was announced March 1999 and is expected to be completed by mid-2004. Yesterday, the Board approved a new repurchase program to buy back up to \$300 million of outstanding stock. Together, acquisitions, business development, share repurchase and dividend payments are delivering increased value to McCormick shareholders and reflect management’s confidence in the future of our business.”

Live Webcast

As previously announced, McCormick will hold a conference call with the analysts today at 10:00 a.m. EST. The conference call will be web cast live via the McCormick corporate web site <http://www.mccormick.com>. Click on “Company Information” then “Investor Information,” and follow directions to listen to the call. At this same location, a replay of the call will be available for one week following the live call. Past press releases and additional information can be found at the Company’s website.

Forward-looking Statement

Certain information contained in this release, including expected trends in net sales and earnings performance, are “forward-looking statements” within the meaning of Section 21E of the Securities and Exchange Act of 1934. Forward-looking statements are based on management’s current views and assumptions and involve risks and uncertainties that could be materially affected by external factors such as: actions of competitors, customer relationships, market acceptance of new products, actual amount and timing of special charges, final negotiations of third-party contracts, the impact of the stock market conditions on its share repurchase program, fluctuations in the cost and availability of supply-chain resources and global economic conditions, including currency rate fluctuations. 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.

About McCormick

McCormick & Company, Incorporated is the global leader in the manufacture, marketing and distribution of spices, seasonings and flavors to the entire food industry – to foodservice and food processing businesses as well as to retail outlets.

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9/2003

Consolidated Income Statement (Unaudited)

(In thousands except per-share data)

	Three Months Ended		Nine Months Ended	
	8/31/03	8/31/02	8/31/03	8/31/02
Net sales	\$ 557,612	\$ 477,319	\$ 1,570,973	\$ 1,419,939
Cost of goods sold	345,131	302,653	974,587	891,731
Gross profit	212,481	174,666	596,386	528,208
Gross profit margin	38.1%	36.6%	38.0%	37.2%
Selling, general & administrative expense	148,403	117,920	420,326	367,911
Special charges	1,349	2,786	1,942	4,692
Operating income	62,729	53,960	174,118	155,605
Interest expense	10,027	9,611	29,216	29,570
Other (income)/expense, net	(703)	(359)	(7,317)	(1,034)
Income from consolidated operations before income taxes	53,405	44,708	152,219	127,069
Income taxes	17,098	14,257	46,988	39,420
Net income from consolidated operations	36,307	30,451	105,231	87,649
Income from unconsolidated operations	4,401	4,376	9,728	14,195
Minority interest	(628)	(875)	(2,954)	(2,454)
Net income from continuing operations	40,080	33,952	112,005	99,390
Discontinued operations (net of tax):				
Net income from discontinued operations	1,665	1,225	4,838	3,241
Gain on sale of discontinued operations	9,561	-	9,561	-
Net income	\$ 51,306	\$ 35,177	\$ 126,404	\$ 102,631
Earnings per common share:				
Basic:				
Continuing operations	\$ 0.29	\$ 0.24	\$ 0.80	\$ 0.71
Discontinued operations	\$ 0.01	\$ 0.01	\$ 0.03	\$ 0.02
Gain on sale of discontinued operations	\$ 0.07	\$ -	\$ 0.07	\$ -
Net income	\$ 0.37	\$ 0.25	\$ 0.91	\$ 0.74
Diluted:				
Continuing operations	\$ 0.28	\$ 0.24	\$ 0.79	\$ 0.70
Discontinued operations	\$ 0.01	\$ 0.01	\$ 0.03	\$ 0.02
Gain on sale of discontinued operations	\$ 0.07	\$ -	\$ 0.07	\$ -
Net income	\$ 0.36	\$ 0.25	\$ 0.89	\$ 0.72
Average shares outstanding - basic	139,447	139,906	139,549	139,388
Average shares outstanding - assuming dilution	143,087	142,762	142,658	142,288

Consolidated Balance Sheet (Unaudited)

(In thousands)

	<u>8/31/03</u>	<u>8/31/02</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 12,184	\$ 23,329
Accounts receivable, net	283,695	259,733
Inventories	387,719	297,775
Prepays and other current assets	29,591	29,962
Current assets of discontinued operations	-	52,760
Total current assets	<u>713,189</u>	<u>663,559</u>
Property, plant and equipment, net	419,842	394,250
Goodwill and intangible assets, net	673,321	501,940
Prepaid allowances	97,358	116,153
Investments and other assets	120,504	149,949
Non-current assets of discontinued operations	-	79,341
Total assets	<u>\$ 2,024,214</u>	<u>\$ 1,905,192</u>
Liabilities and shareholders' equity		
Current liabilities		
Short-term borrowings and current portion of long-term debt	\$ 204,223	\$ 260,477
Trade accounts payable	167,926	163,145
Other accrued liabilities	282,072	274,945
Current liabilities of discontinued operations	-	23,716
Total current liabilities	<u>654,221</u>	<u>722,283</u>
Long-term debt	450,011	450,911
Other long-term liabilities	200,545	143,952
Long-term liabilities of discontinued operations	-	3,163
Total liabilities	<u>1,304,777</u>	<u>1,320,309</u>
Shareholders' equity		
Common stock	252,964	229,294
Retained earnings	501,389	395,724
Accumulated other comprehensive income	(34,916)	(40,135)
Total shareholders' equity	<u>719,437</u>	<u>584,883</u>
Total liabilities and shareholders' equity	<u>\$ 2,024,214</u>	<u>\$ 1,905,192</u>