

MCCORMICK & CO INC
Form 10-Q
March 26, 2019
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-Q
QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934
For Quarter Ended February 28, 2019
Commission File Number 001-14920

McCORMICK & COMPANY, INCORPORATED
(Exact name of registrant as specified in its charter)

MARYLAND 52-0408290
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

24 Schilling Road, Suite 1, 21031
Hunt Valley, MD
(Address of principal executive offices) (Zip Code)
Registrant's telephone number, including area code (410) 771-7301

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "accelerated filer," "large accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer Accelerated Filer
Non-Accelerated Filer Smaller Reporting Company
Emerging Growth Company

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

	Shares Outstanding February 28, 2019
Common Stock	9,552,296
Common Stock Non-Voting	122,455,345

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

McCORMICK & COMPANY, INCORPORATED

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

(in millions except per share amounts)

	Three months ended February 28,	
	2019	2018
Net sales	\$1,231.5	\$1,215.4
Cost of goods sold	764.6	755.0
Gross profit	466.9	460.4
Selling, general and administrative expense	267.9	268.4
Transaction and integration expenses (related to RB Foods acquisition)	—	8.7
Special charges	2.1	2.2
Operating income	196.9	181.1
Interest expense	43.0	41.8
Other income, net	6.1	4.1
Income from consolidated operations before income taxes	160.0	143.4
Income tax expense (benefit)	22.1	(271.1)
Net income from consolidated operations	137.9	414.5
Income from unconsolidated operations	10.1	8.1
Net income	\$148.0	\$422.6
Earnings per share – basic	\$1.12	\$3.22
Average shares outstanding – basic	132.2	131.2
Earnings per share – diluted	\$1.11	\$3.18
Average shares outstanding – diluted	133.8	132.9
Cash dividends paid per share – voting	\$0.57	\$0.52
Cash dividends paid per share – non-voting	\$0.57	\$0.52

See notes to condensed consolidated financial statements (unaudited).

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McCORMICK & COMPANY, INCORPORATED
 CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
 (in millions)

	Three months ended February 28,	
	2019	2018
Net income	\$148.0	\$422.6
Net income attributable to non-controlling interest	0.5	0.9
Other comprehensive income (loss):		
Unrealized components of pension and postretirement plans (including a curtailment gain of \$18.0 for the three months ended February 28, 2018)	(2.4)	20.4
Currency translation adjustments	36.7	62.0
Change in derivative financial instruments	0.1	(1.0)
Deferred taxes	(2.0)	(5.0)
Total other comprehensive income	32.4	76.4
Comprehensive income	\$180.9	\$499.9

See notes to condensed consolidated financial statements (unaudited).

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McCORMICK & COMPANY, INCORPORATED
 CONDENSED CONSOLIDATED BALANCE SHEET
 (in millions)

	February 28, 2019 (unaudited)	February 28, 2018 (unaudited)	November 30, 2018
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 102.3	\$ 179.6	\$ 96.6
Trade accounts receivable, net	435.7	502.0	518.1
Inventories, net			
Finished products	415.9	409.0	406.1
Raw materials and work-in-process	391.4	418.7	380.2
	807.3	827.7	786.3
Prepaid expenses and other current assets	82.7	96.7	78.9
Total current assets	1,428.0	1,606.0	1,479.9
Property, plant and equipment	2,092.6	1,915.3	2,066.5
Less: accumulated depreciation	(1,116.1)	(1,092.2)	(1,081.4)
Property, plant and equipment, net	976.5	823.1	985.1
Goodwill	4,538.5	4,626.0	