



# Drogheria & Alimentari Fact Sheet May 2015



## Business Description

- Drogheria & Alimentari (D&A) established 1880
- D&A is a leader in spices and seasonings in Italy and exports to 60 other countries
- Modern production facility in Florence, Italy
- Approximately 120 employees

## Strategic Rationale for Acquisition

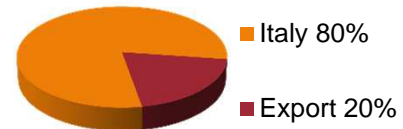
- Complement McCormick strong brands across Europe and expand global leadership in spices and seasonings with a sizeable footprint in Italy
- Expand product breadth in Italy through innovation
- Accelerate growth with premium brand in export markets

## Agreement Overview and Financial Impact

- Purchased 100% stock for €72M (approximately \$81M US dollars), subject to certain closing adjustments
- Purchase price consists of €50M cash payment and potential earn-out payment in 2018 of up to €35M, based upon performance of business; expect earn-out payment to have preliminary acquisition-date fair value of €22M
- €50M initial payment funded with cash and debt
- Based on initial cash payment, transaction multiple is approximately 9x EBITDA (earnings before interest, tax, depreciation and amortization)
- Expect neutral 2015 EPS impact due to transaction, integration and financing costs, and fully accretive in 2016, excluding any net increase in fair value of potential earn-out payment

## Net Sales

- Annual sales approximately €50M (approximately \$56M U.S. dollars)
- Sales growing mid-single digit rate
- In Italy, D&A has approximately 1/3 of spice and seasoning category as supplier of both branded and private label products
- Products sold in 60 other countries





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### 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 and brand marketing support, 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, the expected impact of raw material costs and pricing actions on the company’s 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, the ability to issue additional debt or equity securities and expectations regarding purchasing shares of McCormick’s 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 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 ability to achieve expected and/or needed cost savings or margin improvements; negative employee relations; the successful acquisition and integration of new businesses; 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 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, the threat of data breaches and cyber attacks; volatility in the effective tax rate; impact of climate change on raw materials; 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 Brings Passion to Flavor*