



McCormick Enters Agreement to Acquire Drogheria & Alimentari, A Leader in Spices and Seasonings in Italy

SPARKS, Md., Feb. 20, 2015 /PRNewswire/ -- McCormick & Company, Incorporated (NYSE: MKC), a global leader in flavor, today announced that it has signed an agreement to purchase 100% of the shares of Drogheria & Alimentari (D&A), a privately held company based in Italy.

- D&A is a leader in spices and seasonings in Italy. Annual sales are approximately €50 million (\$57 million U.S. dollars), with 80% in Italy and 20% exported to 60 other countries.
- McCormick has agreed to acquire the business for approximately €85 million (\$97 million U.S. dollars). The purchase price consists of a cash payment of approximately €50 million and a potential earn out payment in 2018 of up to €35 million based upon the performance of the business.
- The addition of the D&A business extends McCormick's presence in Europe with a strong foothold in Italy.

Alan Wilson, Chairman & CEO of McCormick stated, "We are pleased to expand our portfolio of leading brands around the world with the addition of Drogheria & Alimentari. As a supplier of both brand and private label products, D&A has approximately one third of the spice and seasoning category in Italy and exports its products to 60 other countries. We anticipate strong growth for these premium products, particularly in the U.S. and key international markets where consumers are seeking unique and authentic ethnic flavors. The owners and employees of D&A have built a great business and we look forward to working with them to achieve continued success."

Malcolm Swift, President McCormick Europe, Middle East and Africa (EMEA) added, "This acquisition complements McCormick's strong brands across EMEA and expands McCormick's current spice and seasoning leadership in Europe with a sizable footprint in Italy. In addition, there is a strong fit between McCormick, a recognized flavor leader in the region, and Drogheria & Alimentari, which has a reputation for high quality products and professionalism."

Founded in 1880, D&A has approximately 120 employees and a modern manufacturing facility located in Florence, Italy. McCormick expects to work with the current owners of the business and to grow sales of D&A products at a mid-single digit rate.

The purchase price for D&A is approximately €85 million (approximately \$97 million U.S. dollars) subject to certain closing adjustments. The completion of the agreement is expected to occur in May 2015, subject to regulatory approval. Based on the initial cash payment of

approximately €50 million, the transaction multiple is expected to be approximately 9 times EBITDA (earnings before interest, tax, depreciation and amortization). Due to the estimated impact of transaction and integration costs, McCormick expects no earnings per share impact in 2015. In 2016, McCormick expects the acquisition to be fully accretive, excluding any net increase in fair value of the potential earn-out payment.