



# McCormick & Company (MKC)

Updated October 8<sup>th</sup>, 2025 by Nathan Parsh

## Key Metrics

Current Price:	\$66	5 Year Annual Expected Total Return:	11.9%	Market Cap:	\$17.7 B
Fair Value Price:	\$75	5 Year Growth Estimate:	7.0%	Ex-Dividend Date:	10/14/25
% Fair Value:	89%	5 Year Valuation Multiple Estimate:	2.5%	Dividend Payment Date:	10/27/25
Dividend Yield:	2.7%	5 Year Price Target	\$104	Years Of Dividend Growth:	39
Dividend Risk Score:	A	Sector:	Consumer Staples	Rating:	Buy

## Overview & Current Events

McCormick & Company produces, markets, and distributes seasoning mixes, spices, condiments and other products to customers in the food industry. McCormick was founded in 1889 by Willoughby M. McCormick and controls ~20% of the global seasoning and spice market.

On November 19<sup>th</sup>, 2024, McCormick announced that it was increasing its quarterly dividend 7.1% to \$0.45, extending the company's dividend growth streak to 39 consecutive years.

On October 7<sup>th</sup>, 2025, McCormick released third quarter results for the period ending August 31<sup>st</sup>, 2025. For the quarter, revenue grew 2.4% to \$1.72 billion, which was \$10 million more than expected. Adjusted earnings-per-share of \$0.85 compared to \$0.83 in the prior year and was \$0.03 ahead of estimates.

For the quarter, volume and mix grew 1.2% while pricing was up 0.6%. The Consumer segment improved 2.6% for the period as volume and mix increased 2.2% while higher prices added 0.4%. Organic growth for the Americas and EMEA regions improved 2.7% and 4.4%, respectively, while Asia/Pacific decreased 0.8%. Flavor Solutions grew 0.6% from the prior year as a 0.9% contribution from pricing was partially offset by a 0.3% decrease in volume. Asia/Pacific was higher by 6.3% organically, the Americas improved 0.9%, and EMEA was lower by 3.1%.

McCormick provided updated guidance for 2025 as well. The company still expects revenue to be in a range of flat to up 2% compared to 2024. Adjusted earnings-per-share are now projected to be in a range of \$2.95 to \$3.00 for the year, compared to \$3.03 to \$3.08 and \$2.99 to \$3.04 previously.

## Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	\$1.74	\$1.89	\$2.13	\$2.49	\$2.68	\$2.83	\$3.05	\$2.52	\$2.52	\$2.92	<b>\$2.98</b>	<b>\$4.18</b>
DPS	\$0.80	\$0.86	\$0.94	\$1.04	\$1.14	\$1.27	\$1.36	\$1.48	\$1.56	\$1.68	<b>\$1.80</b>	<b>\$2.52</b>
Shares <sup>1</sup>	255	251	262	264	266	267	267	270	270	270	<b>269</b>	<b>265</b>

Prior to 2022, McCormick had increased earnings-per-share every year for the past ten years. Since 2015, earnings have increased at an average rate of 5.9% per year. The addition of RB Foods and other acquisitions have worked in the company's favor, especially in the area of hot sauce, where McCormick now has the top two brands in the \$5 billion market. In fact, we feel that the company's acquisition over the past few years will help to aid earnings growth going forward. We reaffirm our projected annual earnings growth rate of 7% through 2030.

The annualized dividend of \$1.80 per share equates to a 2.7% yield at current prices. We assume dividends will grow by 7% annually through 2030.

## Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	22.5	25.1	22.9	23.3	28.3	33.8	31.7	32.9	25.7	26.1	<b>22.1</b>	<b>25.0</b>
Avg. Yld.	2.0%	1.8%	1.9%	1.6%	1.3%	1.3%	1.4%	1.8%	2.4%	2.2%	<b>2.7%</b>	<b>2.4%</b>

<sup>1</sup> Share count in millions

Disclosure: This analyst has a long position in the security discussed in this research report.



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Shares of McCormick have decreased \$11 or 14.3%, since our July 2<sup>nd</sup>, 2025 report. Based off earnings estimates for the year, the stock trades with a price-to-earnings ratio of 22.1. We are reaffirming our 2030 price-to-earnings ratio target of 25 to better reflect the stock's average valuation over the last decade. We believe this multiple is warranted given McCormick's performance during the pandemic as well as the strength of the company's core business and leadership position in its industry. If the stock reached our target P/E by 2030, then valuation would add 2.5% to annual returns over this period.

## Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	46%	46%	44%	42%	43%	45%	45%	59%	62%	58%	60%	60%

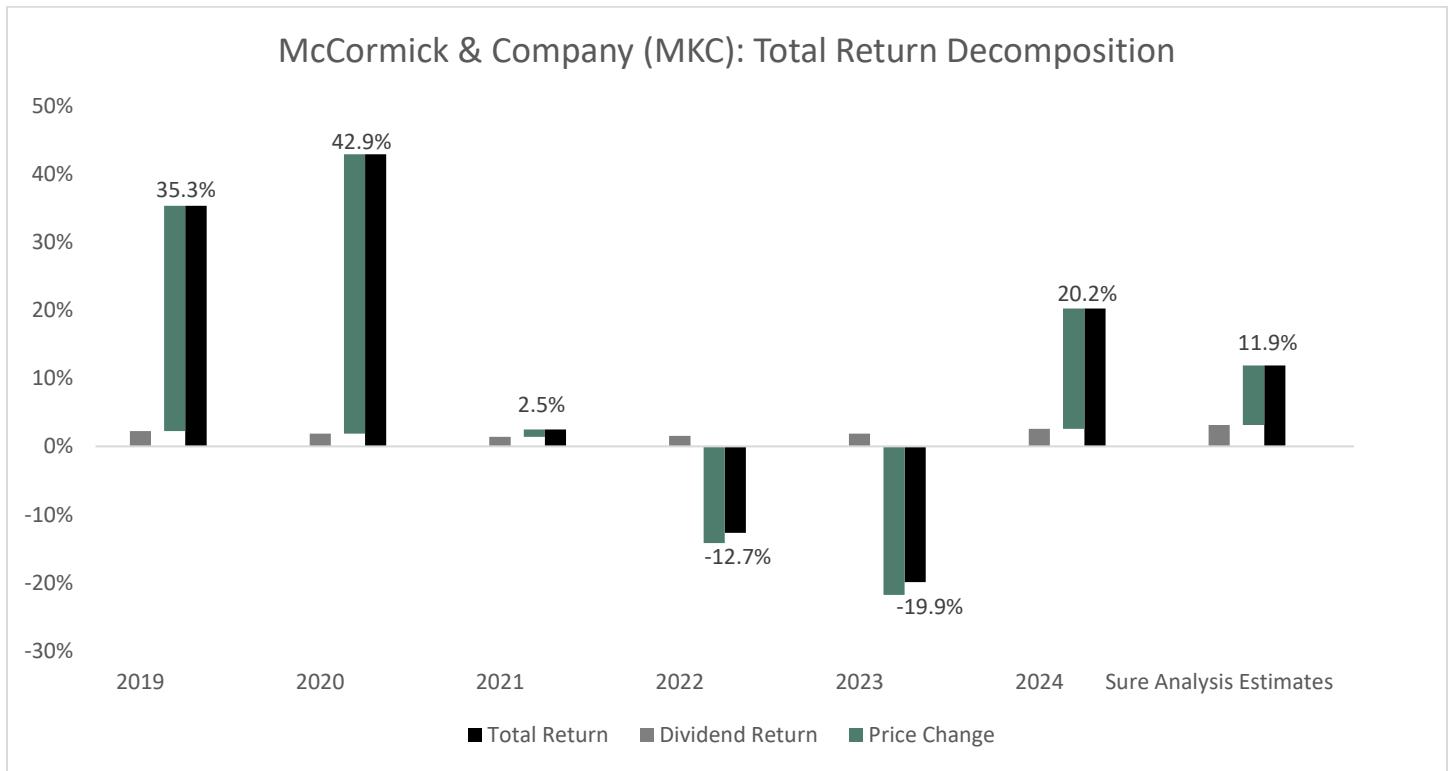
McCormick's competitive advantage stems from its 20% market share of the global market for seasonings and spices. McCormick is four times as large as its nearest competitor, which gives it unmatched size and scale. With a portfolio of popular products, the company has the ability to negotiate with retailers on pricing and shelf space.

Shares of McCormick performed remarkably well during the last recession. While many companies saw declining earnings per share during the Great Recession, McCormick increased its earnings in 2008 and 2009.

## Final Thoughts & Recommendation

After third quarter results, McCormick & Company is expected to return 11.9% through 2030, up from our prior estimate of 9.0%. Our projected return stems from an expected annual earnings growth rate of 7%, the starting yield of 2.7%, and a small contribution from multiple expansion. McCormick had enjoyed pricing power in recent years and recent results show that customers are still willing to pay up for the company's products. We again note that the current dividend yield is higher than usual for the stock. We have lowered our five-year price target \$3 to \$104 due to revised estimates for the year, but we now rate shares of McCormick as a buy as shares trade below our fair value target.

## Total Return Breakdown by Year



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## Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Revenue</b>	4,296	4,412	4,730	5,303	5,347	5,601	6,318	6,351	6,662	6,724
<b>Gross Profit</b>	1,737	1,832	1,794	2,093	2,145	2,300	2,495	2,275	2,503	2,591
<b>Gross Margin</b>	40.4%	41.5%	37.9%	39.5%	40.1%	41.1%	39.5%	35.8%	37.6%	38.5%
<b>SG&amp;A Exp.</b>	1,127	1,175	1,031	1,163	1,167	1,282	1,404	1,357	1,478	1,521
<b>D&amp;A Exp.</b>	106	109	125	151	159	165	186	201	199	209
<b>Operating Profit</b>	610	657	763	930	979	1,019	1,091	917	1,024	1,070
<b>Operating Margin</b>	14.2%	14.9%	16.1%	17.5%	18.3%	18.2%	17.3%	14.4%	15.4%	15.9%
<b>Net Profit</b>	402	472	477	933	703	747	755	682	681	789
<b>Net Margin</b>	9.3%	10.7%	10.1%	17.6%	13.1%	13.3%	12.0%	10.7%	10.2%	11.7%
<b>Free Cash Flow</b>	462	504	633	652	773	816	550	390	973	647
<b>Income Tax</b>	131	153	151	(157)	157	175	193	169	175	184

## Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Total Assets</b>	4,473	4,636	10,386	10,256	10,362	12,090	12,906	13,125	12,862	13,070
<b>Cash &amp; Equivalents</b>	113	118	187	97	155	424	352	334	167	186
<b>Accounts Receivable</b>	455	465	555	518	503	529	550	574	588	587
<b>Inventories</b>	711	756	793	786	801	1,033	1,182	1,340	1,127	1,240
<b>Goodwill &amp; Int. Ass.</b>	2,131	2,196	7,561	7,445	7,429	8,342	8,929	8,761	8,777	8,726
<b>Total Liabilities</b>	2,786	2,998	7,815	7,074	6,905	8,150	8,480	8,426	7,779	7,754
<b>Accounts Payable</b>	412	451	640	710	847	1,032	1,064	1,171	1,119	1,238
<b>Long-Term Debt</b>	1,394	1,447	5,027	4,696	4,324	4,904	5,283	5,150	4,411	4,342
<b>Shareholder's Equity</b>	1,670	1,627	2,560	3,171	3,444	3,926	4,411	4,681	5,061	5,291
<b>LTD/E Ratio</b>	0.83	0.89	1.96	1.48	1.26	1.25	1.20	1.10	0.87	0.82

## Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Return on Assets</b>	9.0%	10.4%	6.4%	9.0%	6.8%	6.7%	6.0%	5.2%	5.2%	6.1%
<b>Return on Equity</b>	23.0%	28.4%	22.7%	32.4%	21.2%	20.2%	18.1%	14.9%	13.9%	15.2%
<b>ROIC</b>	13.0%	15.3%	8.9%	12.1%	9.0%	9.0%	8.1%	7.0%	7.0%	8.2%
<b>Shares Out.</b>	255	251	262	264	266	267	267	270	270	270
<b>Revenue/Share</b>	16.63	17.23	18.42	19.90	19.95	20.81	23.41	23.50	24.69	24.94
<b>FCF/Share</b>	1.79	1.97	2.46	2.45	2.88	3.03	2.04	1.44	3.61	2.40

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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