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Q MKC

Analyze

MKC

McCormick & Company, Incorporated



Yahoo Finance

Business Description

McCormick & Company, Incorporated is a global leader in the **flavor industry**, specializing in the manufacture, marketing, and distribution of spices, seasoning mixes, condiments, and other flavorful products. The company operates through two primary segments:

Consumer Segment: Targets retail outlets including grocery, mass merchandise, and warehouse clubs. Iconic brands include **McCormick**, **French's**, **Frank's RedHot**, **Old Bay**, and **Cholula**.

Flavor Solutions: Provides flavors, branded food products, and condiments to food manufacturers and the foodservice industry.

Sector and Industry

Sector: Consumer Staples

Industry: Packaged Foods & Meats

Business Model and Strategic Positioning

McCormick maintains a dominant market position by leveraging its vast global supply chain and premium brand recognition. The company has recently shifted toward a more aggressive growth strategy, highlighted by its **monumental 2026 agreement to acquire Unilever's food business** (including Knorr and Hellmann's) for approximately **\$45 billion**. This move aims to consolidate its position as a global flavor powerhouse but introduces significant integration and debt-service risks.

Equity & Buyback Strategy

Shareholder's Equity & Balance Sheet Analysis

Based on the latest SEC filings (Form 10-K and 10-Q through early 2026), the company's balance sheet reflects a period of **significant capital restructuring**.

Capital Return Strategy: McCormick has prioritized its dividend, recently marking its **40th consecutive year of increases**, maintaining its status as a **Dividend Aristocrat**. However, the aggressive acquisition of Unilever's food business has shifted the focus from share repurchases to **debt management**.

Stock Buybacks: While the company historically engaged in buybacks, recent activity is primarily limited to offsetting dilution from **employee stock compensation**. In 2025, the company repurchased only **\$34.8 million** in shares, a sharp decline compared to historical norms, as cash is diverted toward the Unilever transaction.

Treasury Stock & Dilution: There has been a slight increase in shares outstanding due to the equity-heavy funding of the Unilever deal, which involves issuing new shares representing approximately **65% of the combined-company issuance** to Unilever shareholders.

Total Equity: As of May 2026, total shareholders' equity stands at approximately **\$5.08 billion**, but this is offset by a massive increase in **Goodwill** and **Intangible Assets** following recent acquisitions.

 Income & Options Strategy Analysis

Income Investment Suitability

Dividend Reliability: McCormick remains a stalwart for income seekers, with an annualized dividend of **\$1.92** and a yield near **4.0%**. However, the **payout ratio (~31-35%)** must be watched closely as interest expenses rise.

Red Flags: The primary concern is the **\$45 billion Unilever deal**. This acquisition has pushed the stock to a **52-week low (\$47.30)** as the market weighs the risk of massive debt (\$15.7 billion cash portion) against synergy potential. There is a real risk of a credit rating downgrade if integration stalls.

Options Strategy Analysis

For investors selling put spreads or covered calls, MKC offers a **mixed profile**:

Volatility: Historically low, but recent news has spiked the **implied volatility (IV)**, making premiums more attractive than usual for a staple. However, this volatility is driven by downside risk.

Liquidity: Options liquidity is **moderate**. While it is part of the S&P 500, bid-ask spreads can be wider than those of high-volume tickers like PEP or PG. Open interest is concentrated in near-the-money strikes.

Strategic Caution: The strategy of selling put spreads to accept assignment is **risky** here. The stock's recent 36% decline suggests a broken technical trend. Investors might be "catching a falling knife" if they sell puts at these levels without considering the massive structural changes following the merger. Long-term price stability is currently in question due to **integration uncertainty**.

INCOME SUITABILITY SCORE

Based on dividend reliability, options liquidity, and historical market perception.



 Investment Thesis

 Strengths & Opportunities

- Dividend Aristocrat with 40 consecutive years of dividend growth.
- Global leader in a defensive sector with high brand loyalty.
- Transformational acquisition of Unilever's food business (Knorr/Hellmann's) could double revenue by 2027.

 Risks & Weaknesses

- Significant debt burden following the \$45B Unilever acquisition, creating financial strain.
- Stock price recently hit a 52-week low, reflecting high market skepticism.
- Slow organic volume growth in the Consumer segment prior to the merger.

Strong historical margins and pricing power in both Consumer and Flavor Solutions segments.

Large-scale integration risks could lead to management distraction and margin compression.

Competitor Comparison

COMPANY	TICKER	MARKET CAP	P/E RATIO	REVENUE
McCormick & Company, Incorporated	MKC	\$13.02B	7.95	N/A
PepsiCo, Inc.	PEP	\$215.1B	24.2	\$92.0B
The Kraft Heinz Company	KHC	\$26.7B	12.5	\$26.6B
Conagra Brands, Inc.	CAG	\$6.7B	N/A	\$12.1B

Key Financial Metrics

\$ MARKET CAP

\$13.02B

EMPLOYEES

14,100

P/E RATIO

7.95

DIV. YIELD

4.0%

CURRENT RATIO

0.76

QUICK RATIO

0.36

DEBT/EQUITY

0.48

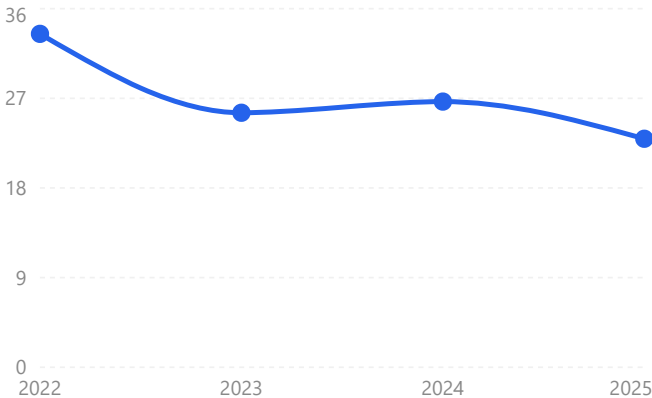
BETA

0.68

52-WEEK RANGE

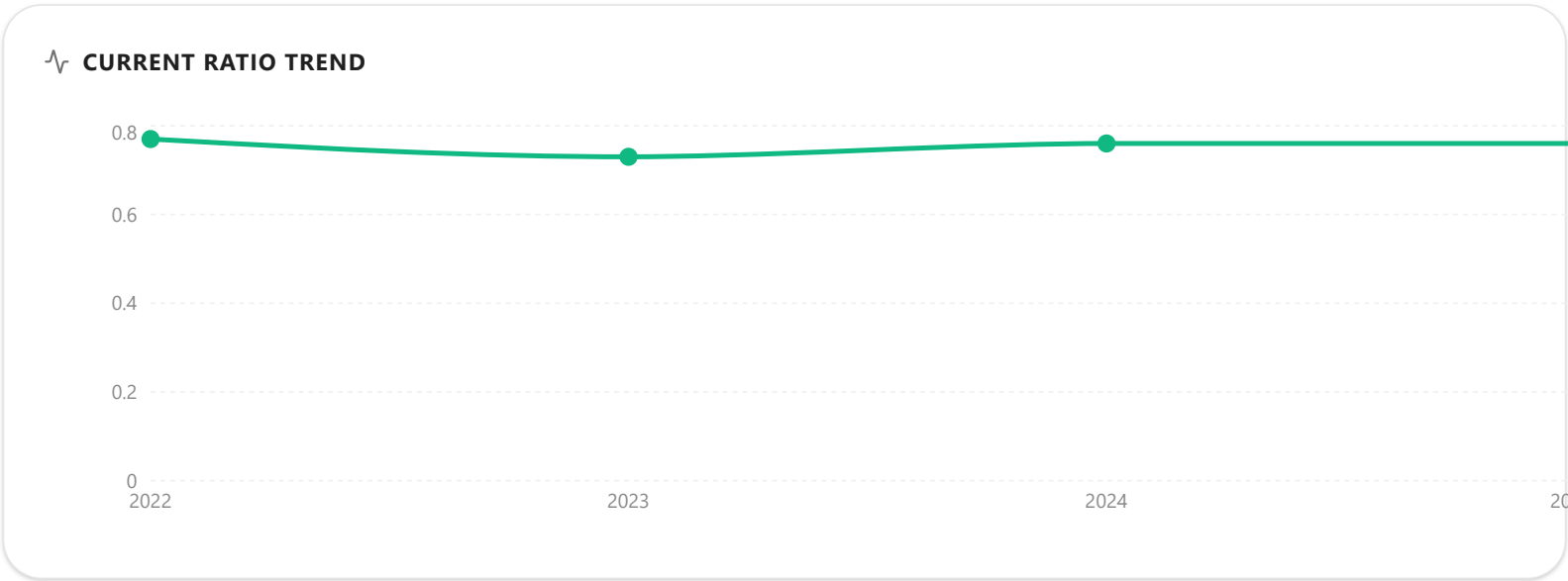
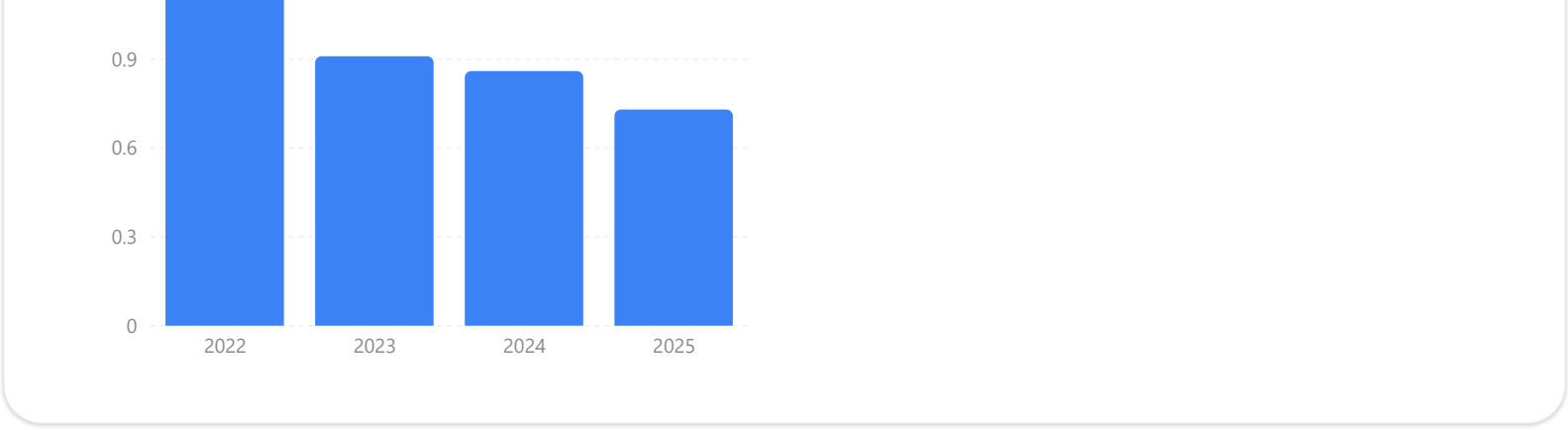
\$47.30 - \$78.16

P/E RATIO TREND



DEBT TO EQUITY TREND





 Latest News & AI Summaries

McCormick to Acquire Unilever Foods for \$45 Billion

McCormick announced a massive deal to combine with Unilever's foods business, creating a company with \$20 billion in revenue, funded by \$15.7 billion in cash and significant equity issuance.

[Read Article](#)  STOCKTITAN.NET

McCormick Shares Hit 52-Week Low Amid Market Volatility

The stock reached a multi-year low of \$47.30 as investors reacted to the complexity and debt levels of the Unilever acquisition and rising input costs.

[Read Article](#)  INVESTING.COM

McCormick Increases Dividend for 40th Consecutive Year

The Board authorized a 7% increase to the quarterly dividend, continuing its long history of returning value to shareholders despite the ongoing corporate restructuring.

[Read Article](#)  MCCORMICK.COM

 Ask a Follow-up Question

Ask anything about McCormick & Company, Incorporated...



GROUNDING SOURCES

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Recommended S&P 500 Tickers (Income & Options)

TICKER	COMPANY	SECTOR	REASONING
PEP	PepsiCo, Inc.	Consumer Staples	Offers superior options liquidity and a diversified business model with consistent dividend growth and lower relative debt risk.
PG	Procter & Gamble Co.	Consumer Staples	The gold standard for stability; very low volatility makes it ideal for consistent premium collection via covered calls.
CVX	Chevron Corporation	Energy	Provides a high dividend yield and strong share buyback program with excellent options volume for put spreads.
JNJ	Johnson & Johnson	Healthcare	AA-rated balance sheet provides a safety net that MKC currently lacks, with reliable dividends and low-beta price action.
NEE	NextEra Energy	Utilities	Combines utility stability with renewable growth; suitable for income investors looking for better long-term price appreciation potential than packaged foods.
ABBV	AbbVie Inc.	Healthcare	High dividend yield and strong cash flow generation make it a favorite for income-focused options strategies.

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