U.S. Retail Coffee

Joe Stanziano
Senior Vice President and General Manager, Coffee

Our Coffee Vision

Build **BELOVED COFFEE BRANDS** that ignite the senses and inspire passions every day.

OUR STRATEGIC PRIORITIES

IDENTIFY & SOLVE UNMET CONSUMER NEEDS	INVEST IN OUR BRANDS	DEVELOP WORLD-CLASS MARKETING	OFFER DIFFERENTIATED TASTE & QUALITY	DRIVE COST EFFICIENCY & AGILITY







Why We ♥ Coffee



80% OF AMERICANS
Drink Coffee

4 OUT OF 5
Cups are Consumed At-Home vs. Away

$13.5 BILLION
Spent Annually in the Retail Coffee, Tea and Complements Aisle

10TH LARGEST
Edible Category in Retail

70% OF DOLLARS
In the Coffee, Tea and Complements Aisle come from Coffee

GROWING CATEGORY
With low barriers for new brands and products

Source: National Coffee Drinking Trends 2018, National Coffee Association; Smucker Internal Multi-Outlet Share Report 52 weeks ended June 7, 2018

Coffee Consumer Segments









LOYAL, HIGH CONSUMPTION

Using **INSIGHTS** to understand the **DIVERSE HABITS** of coffee consumers

ADVENTUROUS, LOW CONSUMPTION



PREMIUMIZATION OF COFFEE

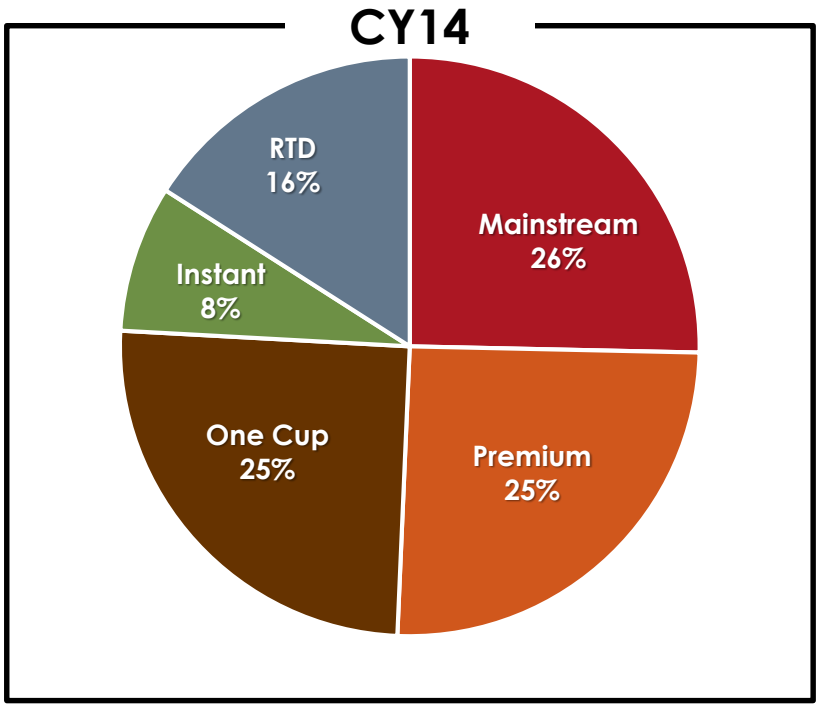


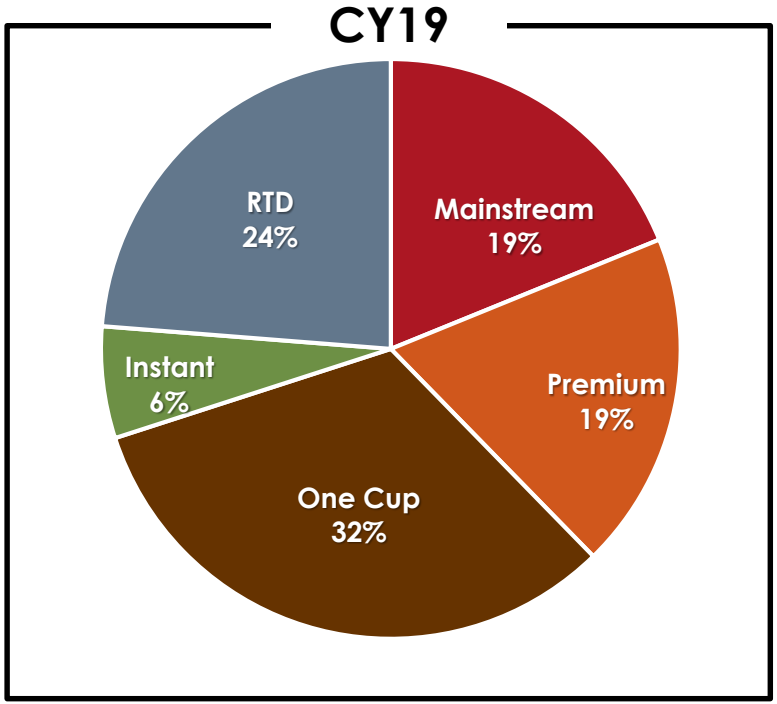
BRINGING THE CAFÉ HOME



ONE CUP OF THE FUTURE

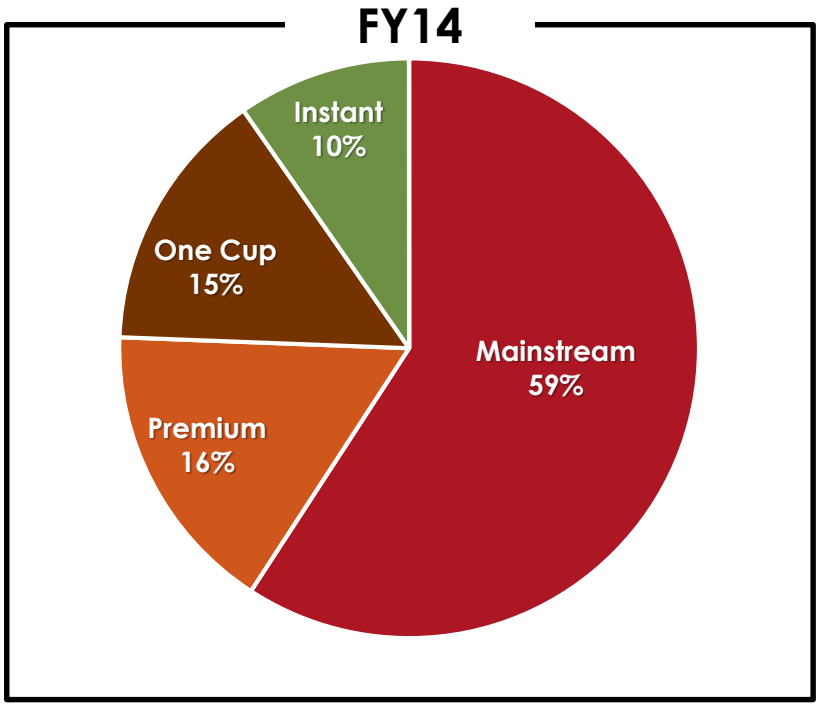
Total At-Home Coffee Category

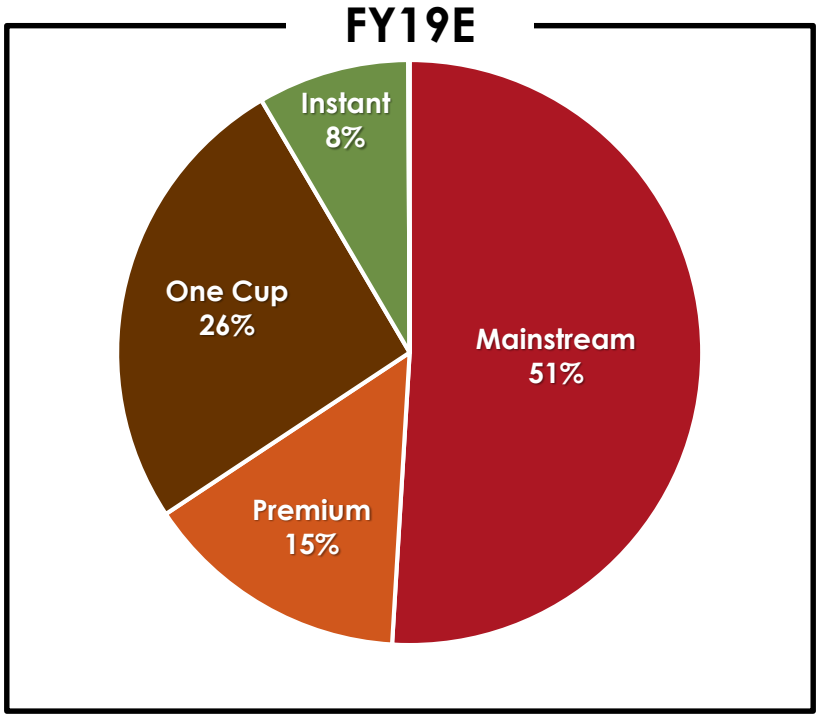




Source: *Smucker Internal Multi-Outlet Share Report 52 weeks ended April 30, 2014 and September 23, 2018*

Smucker Coffee Portfolio



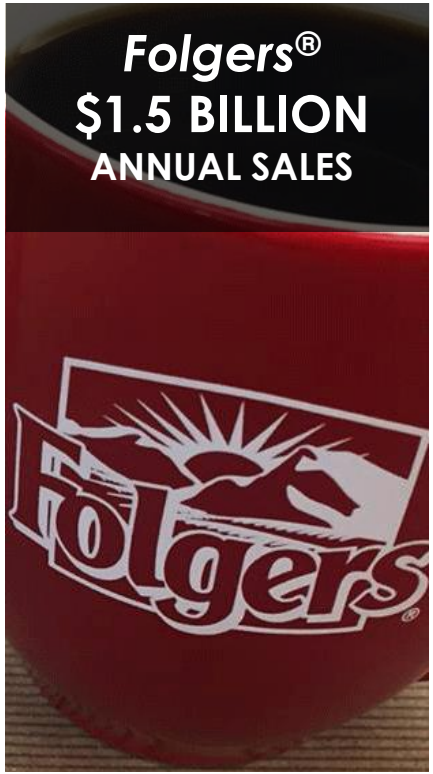


Coffee Segment Roles

		Folgers	Café Bustelo	Dunkin' Donuts	1850
50M HOUSEHOLDS	MAINSTREAM ROAST AND GROUND ✓ Highest Buyer Count ✓ Strongest Loyalty ✓ Brewed in Most Popular Machine (ADC)	✓	✓		
40M HOUSEHOLDS	PREMIUM ✓ Offers Gourmet Brands in a Roast and Ground Form ✓ Brewed in Most Popular Machine (ADC)	✓	✓	✓	✓
40M HOUSEHOLDS	ONE CUP ✓ Highest Dollar Share ✓ Delivers Convenience and Personalization	✓	✓	✓	✓
30M HOUSEHOLDS	INSTANT ✓ Highest Consumption among Hispanic and Older Households ✓ Least Price Sensitive of all Segments	✓	✓		
35M HOUSEHOLDS	READY-TO-DRINK ✓ Dynamic Growth Segment ✓ Bringing Younger Consumers into the Category		✓		✓

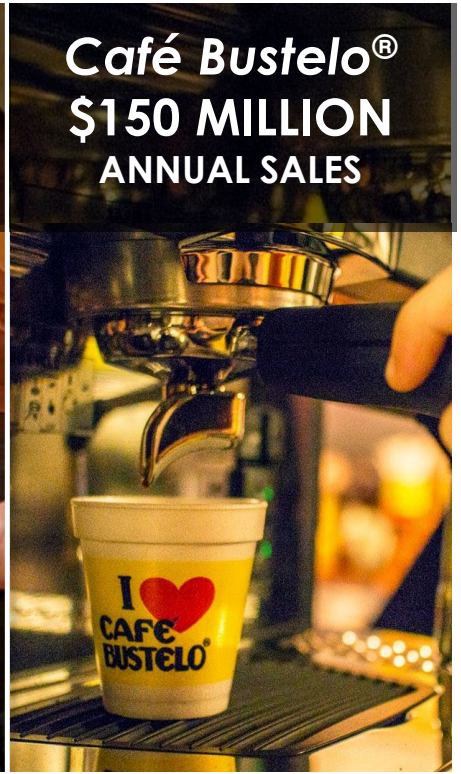
Source: IRI Panel Data; Smucker Internal Multi-Outlet Share Report 52 weeks ended September 9, 2018

Our Leading Coffee Brands









Note: Retail Sales
**Sales estimated based on current velocities*
Source: Smucker Internal Multi-Outlet Share Report 52 weeks ended September 9, 2018

Importance of *Folgers*®



#1 POSITION IN COFFEE

With 26% volume share

MOST TRUSTED BRAND

in the entire category

HIGHEST TOP OF MIND

in Brand Awareness

1 in 3 COFFEE HOUSEHOLDS

Purchase Folgers® Mainstream Coffee

6 MILLION

of these buyers are **exclusive to the brand** (2x more than competition)

Sources: : Smucker Internal Multi-Outlet Share Report 52 weeks ended August 12, 2018, Brand Awareness – Brand Equity Custom JMS Study, Vol Share of Requirements, Traditional Roasted Coffee, 2017 Coffee Habits & Practices, Directions Research

Folgers® Winning Strategy

CELEBRATE THE CORE



#1 Roast & Ground
#1 Instant

EXPAND "COMPLEMENTS"





#1 Colombian Item

ACCELERATE ONE CUP



Growth in all Share Periods

CONSUMER COMMUNICATION







YouTube





53% OF SALES | **47% OF SALES**

Source: Smucker Internal Multi-Outlet Share Report 52 weeks ended September 9, 2018

1850™



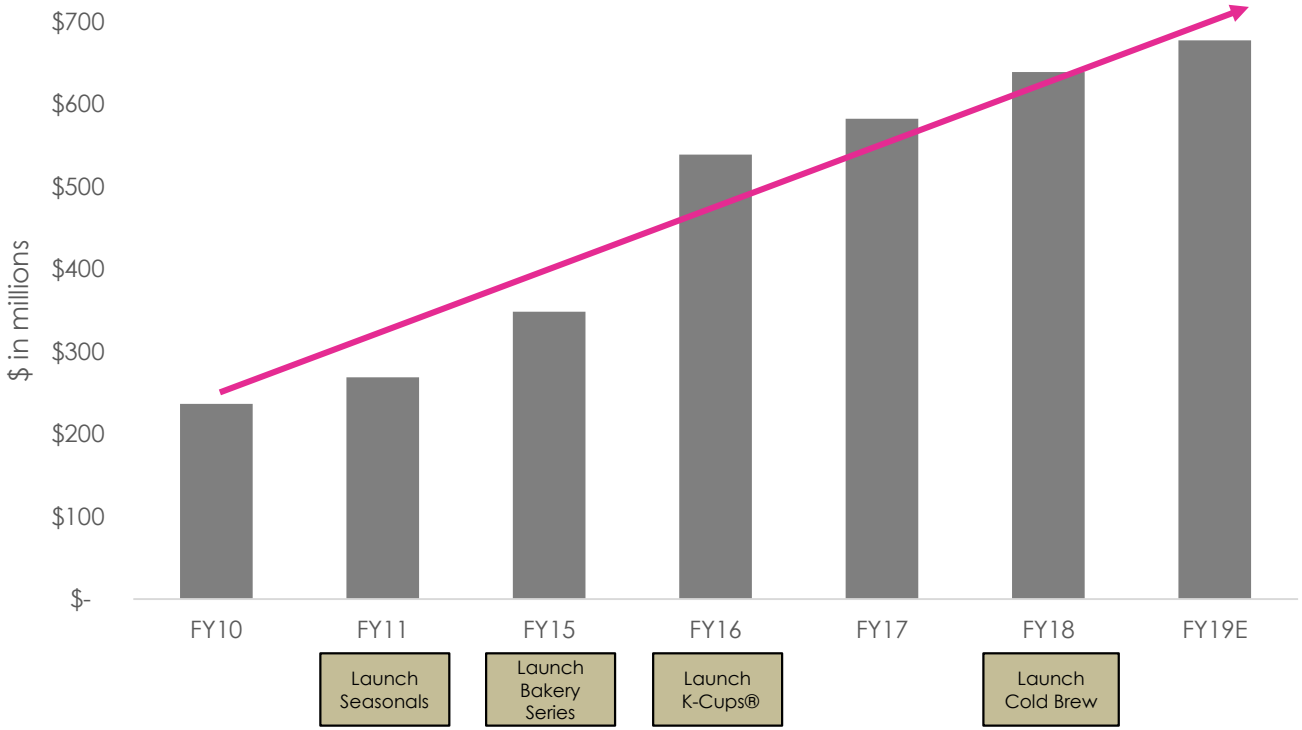
1ST *FOLGERS*® MAJOR LAUNCH IN PREMIUM

OVER-INDEXING WITH MILLENNIALS

HIGHLY EFFECTIVE MARKETING

Source: IRI Panel Data; Smucker Internal Multi-Outlet Share Report 52 weeks ended September 9, 2018; 8451 Data ended September 8, 2018; AceMetrix August 13, 2018 Ace Score (latest 2 yrs Coffee and Tea Category)

Dunkin' At-Home Growth Continues



Note: Retail Sales

Source: Smucker Internal Multi-Outlet Share Report 52 weeks ended September 9, 2018

Dunkin' Premium Coffee



#1 SELLING

Premium Bag
across 3 sizes

IRi 2017
NEW PRODUCT
PACESETTER

NIELSEN 2018 INNOVATION BREAKTHROUGH WINNER



#1 SELLING

K-Cup® Pod



#1 SELLING

Item in 5 Flavor Spaces



#1 SELLING

Cold Brew Kit

Source: IRI Equity Tracker – May 2018; Smucker Internal Multi-Outlet Share Report 52 week dollar sales ended September 9, 2018

The Dunkin' Consumer



GOAL: INCREASE DUAL SHOP AND RETAIL CONSUMERS

DUAL USERS ARE LOYAL & VALUABLE

- More frequent trips
- Higher basket/tickets, $ multiple items







Dunkin' Breakthrough Marketing

FIRST TINY HOME FUELED BY SPENT COFFEE GROUNDS



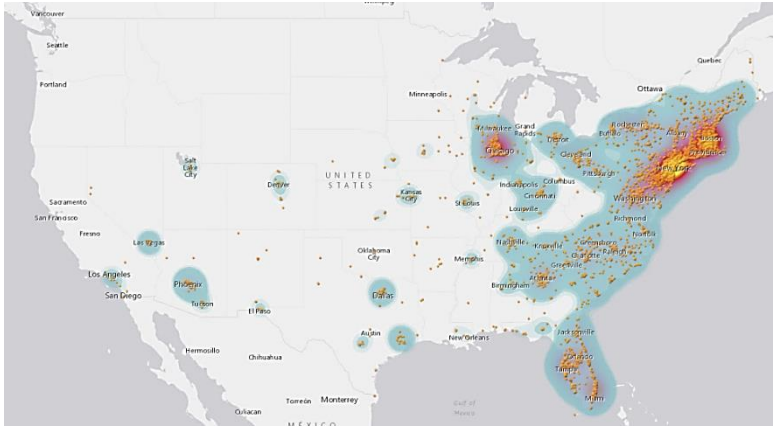




Dunkin' Regional Expansion

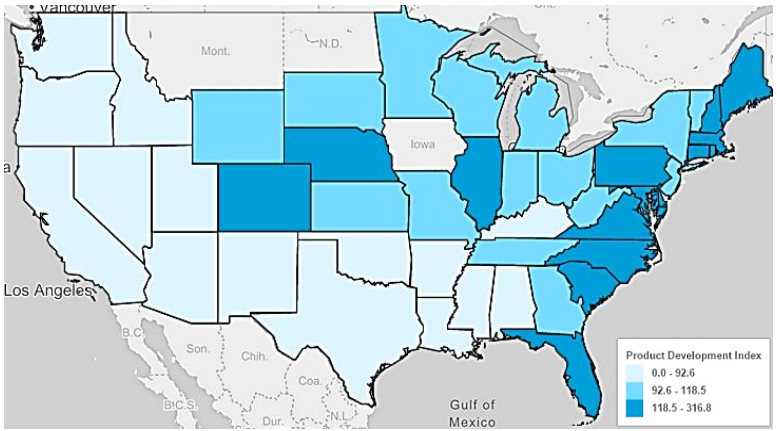
AT HOME PRODUCT DEVELOPMENT INDEX IS DIRECTLY CORRELATED TO SHOP PRESENCE

SHOPS



- 90% of next 1,000 Shop openings outside NE
- South & West expansion focus in next decade

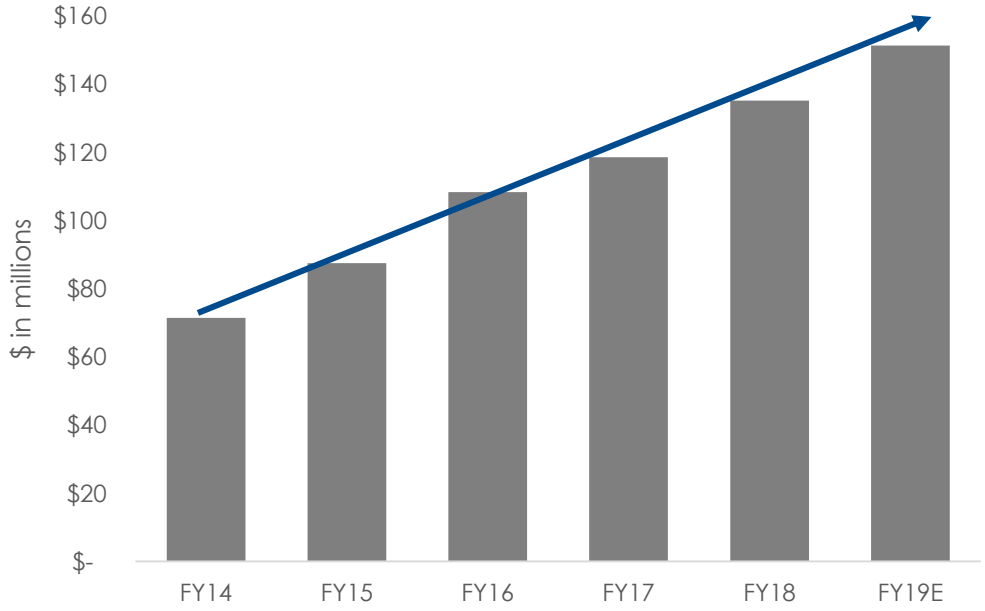
AT HOME



- 68% of At-Home $ Sales in Northeast & South
- South (+12% $ sales)
- West (+4% $ sales)

Source: dunkindonuts.com; Dunkin Brands Investor Day 2/8/18; IRI Unify L52 W/E 9/8/18; ArcGIS.com

Café Bustelo® Momentum



CAFÉ BUSTELO®

DOUBLED size of business since FY14

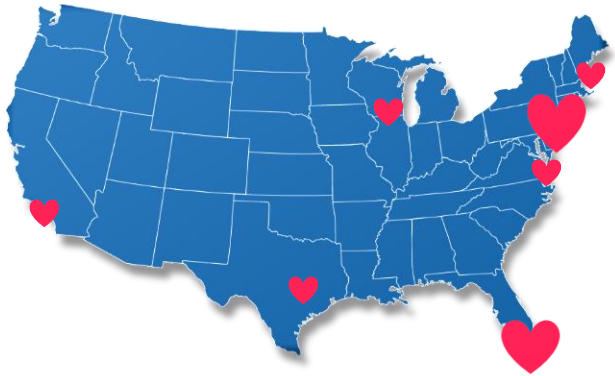
Note: Retail Sales
Source: Smucker Internal Multi-Outlet Share Report 52 weeks ended September 9, 2018

Café Bustelo® Growth Drivers

CONSUMER ENGAGEMENT & EXPERIENCES



DISTRIBUTION & ASSORTMENT EXPANSION



INNOVATION



Café Bustelo® Brand Building



CONSUMER EXPERIENCES



ECOMMERCE & DIRECT TO CONSUMER LIFESTYLE ITEMS



DIGITAL, SOCIAL MEDIA, & INFLUENCER MARKETING

CAFÉ BUSTELO



COMMUNITY ENGAGEMENT



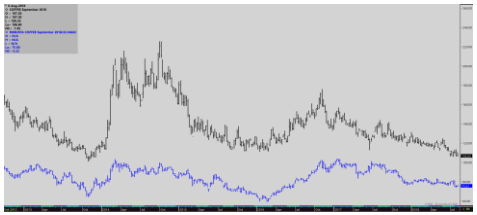
LIMITED EDITION ITEMS TIED TO SCHOLARSHIP



AWAY FROM HOME ACTIVATIONS

Deep Coffee Expertise

GREEN COFFEE SUPPLY CHAIN





RESEARCH & DEVELOPMENT





WCR
World Coffee Research

AGILITY IN MANUFACTURING



Green Coffee Sustainability Strategy



RESPONSIBLE SOURCING

SMALLHOLDER SUPPORT

ENVIRONMENTAL EFFORTS

We Are Evolving to Meet Growth Areas

GROWTH AREAS

Premium

One Cup

RTD

INNOVATION







CONSUMER ENGAGEMENT



Result…Deliver on our Strategy

PROJECTED COFFEE NET SALES GROWTH OF 2%

BASE BUSINESS FUNDAMENTALS & AGILITY





ACCELERATE GROWTH BRANDS



CAFÉ BUSTELO

DEVELOP WORLD-CLASS MARKETING





PLATFORM INNOVATION



