Supporting Materials

Forward-Looking Statements

This presentation contains forward-looking statements, such as projected net sales, operating results, earnings, and cash flows that are subject to risks and uncertainties that could cause actual results to differ materially from future results expressed or implied by those forward-looking statements. The risks, uncertainties, important factors, and assumptions listed and discussed in this presentation, which could cause actual results to differ materially from those expressed, include: the ability to successfully integrate the acquired Ainsworth business in a timely and cost-effective manner and retain key suppliers, customers, and employees; the ability to achieve synergies and cost savings related to the Ainsworth acquisition in the amounts and within the time frames currently anticipated; the ability to achieve cost savings related to the organization optimization and cost management programs in the amounts and within the time frames currently anticipated; the ability to generate sufficient cash flow to meet the Company's cash deleveraging objectives; volatility of commodity, energy, and other input costs; risks associated with derivative and purchasing strategies employed to manage commodity pricing risks; the availability of reliable transportation on acceptable terms; the ability to implement and realize the full benefit of price changes, and the impact of the timing of the price changes to profits and cash flow in a particular period; the success and cost of marketing and sales programs and strategies intended to promote growth in the businesses, including product innovation; general competitive activity in the market, including competitors' pricing practices and promotional spending levels; the impact of food security concerns involving either the Company's or its competitors' products; the impact of accidents, extreme weather, and natural disasters; the concentration of certain of the Company's businesses with key customers and suppliers, including single-source suppliers of certain key raw materials and finished goods, and the ability to manage and maintain key relationships; the timing and amount of capital expenditures and share repurchases; impairments in the carrying value of goodwill, other intangible assets, or other long-lived assets or changes in useful lives of other intangible assets; the impact of new or changes to existing governmental laws and regulations and their application, including tariffs; the outcome of tax examinations, changes in tax laws, and other tax matters; foreign currency and interest rate fluctuations; and risks related to other factors described under "Risk Factors" in other reports and statements filed with the Securities and Exchange Commission, including the Company's most recent Annual Report on Form 10-K. The Company undertakes no obligation to update or revise these forward-looking statements, which speak only as of the date made, to reflect new events or circumstances.

Additional Information

The Company is the owner of all trademarks and logos referenced herein, except for the following, which are used under license: *Dunkin' Donuts*® is a registered trademark of DD IP Holder LLC; *Carnation*® is a trademark of Societe des Produits Nestle S.A.; and *Rachael Ray*® is a registered trademark of Ray Marks Co. LLC.

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Dunkin' Donuts® brand is licensed to the Company for packaged coffee products sold in retail channels such as grocery stores, mass merchandisers, club stores, and drug stores. Information in this presentation does not pertain to *Dunkin' Donuts*® coffee or other products for sale in *Dunkin' Donuts*® restaurants.

Non-GAAP Financial Measures

The Company uses non-GAAP financial measures, including: net sales excluding acquisition and foreign currency exchange; adjusted gross profit, operating income, income, and earnings per share; earnings before interest, taxes, depreciation, amortization, and impairment charges related to intangible assets ("EBITDA (as adjusted)"); and free cash flow, as key measures for purposes of evaluating performance internally. The Company believes that investors' understanding of its performance is enhanced by disclosing these performance measures. Furthermore, these non-GAAP financial measures are used by management in preparation of the annual budget and for the monthly analyses of its operating results. The Board of Directors also utilizes the adjusted earnings per share, adjusted operating income, and free cash flow measures as components for measuring performance for incentive compensation purposes.

Non-GAAP profit measures exclude certain items affecting comparability which include amortization expense and impairment charges related to intangible assets, integration and restructuring costs ("special project costs"), and unallocated gains and losses on commodity and foreign currency exchange derivatives ("unallocated derivative gains and losses"). The special project costs relate to specific integration and restructuring projects, and the unallocated derivative gains and losses reflect the changes in fair value of the Company's commodity and foreign currency exchange contracts.

These non-GAAP financial measures are not intended to replace the presentation of financial results in accordance with U.S. generally accepted accounting principles ("GAAP"). Rather, the presentation of these non-GAAP financial measures supplements other metrics used by management to internally evaluate its businesses and facilitates the comparison of past and present operations and liquidity. These non-GAAP financial measures may not be comparable to similar measures used by other companies and may exclude certain nondiscretionary expenses and cash payments. A reconciliation of certain non-GAAP financial measures to the comparable GAAP financial measure for the current and prior year periods is included in the "Non-GAAP Reconciliation" tables. The Company has also provided a reconciliation of non-GAAP financial measures for its fiscal 2019 outlook. As the amount of unallocated derivative gains and losses varies depending on market conditions and levels of derivative transactions with respect to a particular fiscal year, it is not determinable on a forward-looking basis and no guidance has been provided.

Non-GAAP Reconciliation

($ in millions)	Year Ended April 30, 2018	1998
EBITDA (as adjusted) reconciliation:		
Net income	$ 1,338.6	$ 33.4
Income tax expense (benefit)	(477.6)	24.4
Interest expense - net	174.1	0.1
Depreciation	206.3	18.8
Amortization	206.8	3.8
Goodwill impairment charge	145.0	-
Other intangible asset impairment charges	31.9	-
Cumulative effect from change in accounting method	-	2.9
EBITDA (as adjusted)	$ 1,625.1	$ 83.4

Non-GAAP Reconciliation

($ in millions)	Year Ended April 30, 2018	2013
Operating income reconciliation:		
Operating income	$ 1,036.1	$ 910.4
Amortization	206.8	96.8
Goodwill impairment charge	145.0	-
Other intangible asset impairment charges	31.9	-
Unallocated derivative losses (gains)	(37.3)	(6.6)
Cost of products sold – special project costs	3.9	11.5
Other special project costs	45.4	49.5
Adjusted operating income	$ 1,431.8	$ 1,061.6

Non-GAAP Reconciliation

($ and shares in millions, except per share data)

	Year Ended April 30,	
	2018	2013
Net income reconciliation:		
Net income	$ 1,338.6	$ 544.2
Income tax expense (benefit)	(477.6)	273.1
Amortization	206.8	96.8
Goodwill impairment charge	145.0	-
Other intangible asset impairment charges	31.9	-
Unallocated derivative losses (gains)	(37.3)	(6.6)
Cost of products sold – special project costs	3.9	11.5
Other special project costs	45.4	49.5
Adjusted income before income taxes	$ 1,256.7	$ 968.5
Income taxes, as adjusted	352.1	323.6
Adjusted income	$ 904.6	$ 644.9
Weighted-average common shares outstanding	113.0	108.8
Weighted-average participating shares outstanding	0.6	0.1
Total weighted-average shares outstanding	113.6	108.8
Dilutive effect of stock options	-	-
Total weighted-average shares outstanding – assuming dilution	113.6	108.9
Adjusted earnings per share – assuming dilution	$ 7.96	$ 5.92

The J.M. Smucker Company

2018 INVESTOR DAY








Tuesday, October 9, 2018