

The J. M. Smucker Company

Fourth Quarter Fiscal 2018 Earnings

SUPPLEMENTARY INFORMATION
June 7, 2018

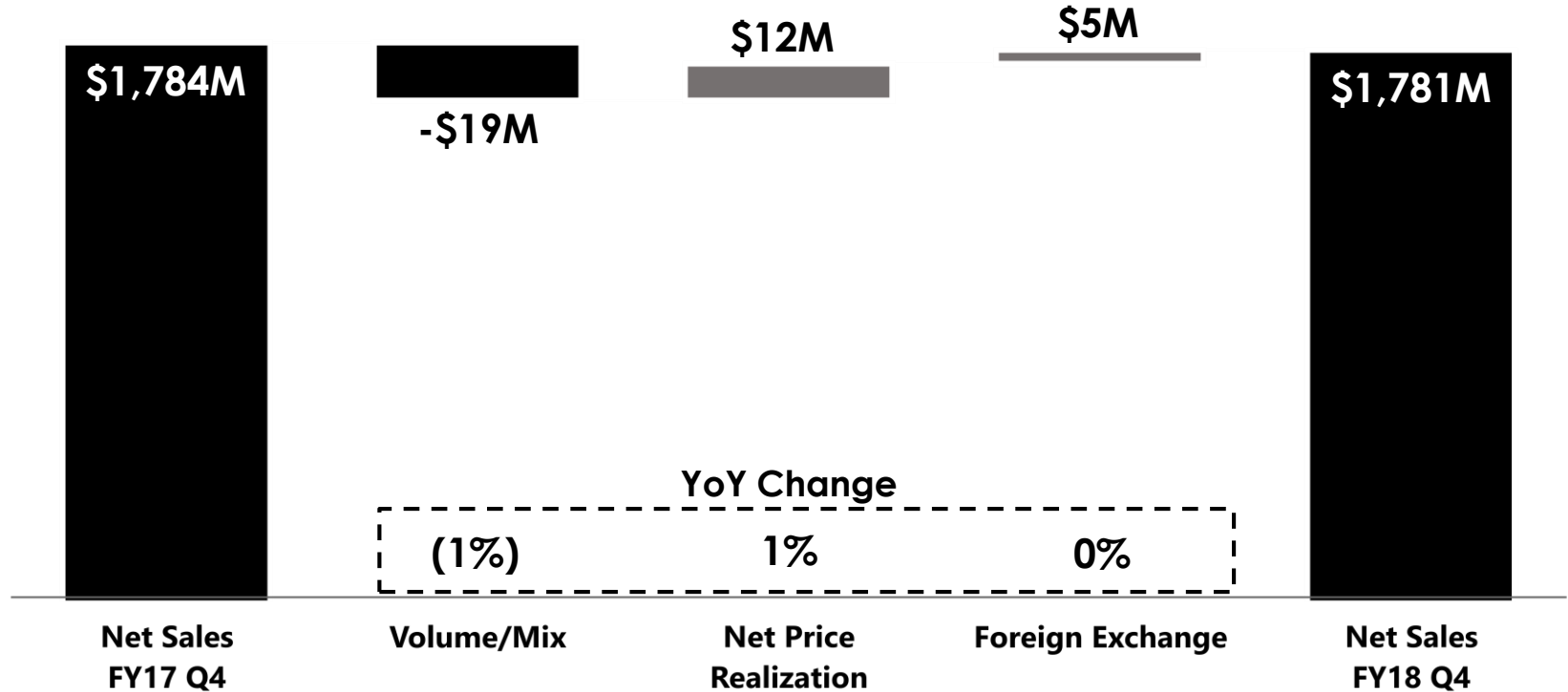


Consolidated Results

(\$ in millions, except per share data)	FY18 Q4	FY17 Q4	YoY Change
Net Sales	\$1,781	\$1,784	(0%)
Adjusted Gross Profit	\$675	\$669	1%
Adjusted Gross Profit Margin	37.9%	37.5%	+40bps
Adjusted Operating Income	\$348	\$339	3%
Adjusted Operating Income Margin	19.6%	19.0%	+60bps
Adjusted EPS	\$1.93	\$1.80	7%

Consolidated Results

Net Sales Analysis



Note: Amounts may not add due to rounding

Consolidated Results

Balance Sheet/Cash Flow Highlights

(\$ in millions)	FY18 Q4	FY17 Q4
Cash from Operations	\$314	\$264
Capital Expenditures	(112)	(56)
Free Cash Flow	\$203	\$208
	April 30, 2018	April 30, 2017
Total Debt (Gross)	\$4,832	\$5,399
EBITDA (as adjusted, TTM)	\$1,625	\$1,594
Gross Debt/EBITDA (TTM)	3.0x	3.4x

Note: Amounts may not add due to rounding

Segment Results – FY18 Q4

(\$ in millions)	COFFEE	CONSUMER FOODS	PET FOODS	INT'L & AWAY FROM HOME
Net Sales	\$508	\$465	\$534	\$274
YoY Change	0%	(2%)	(0%)	2%
YoY Change Summary:				
Volume/Mix	4%	(8%)	(1%)	1%
Net Price Realization	(3%)	6%	1%	(1%)
Foreign Currency Exchange	-	-	-	2%
Segment Profit	\$156	\$114	\$102	\$50
YoY Change	4%	5%	(13%)	2%
Segment Profit Margin	30.7%	24.5%	19.1%	18.1%
YoY Change	+110bps	+160bps	-300bps	+10bps

Note: Amounts may not add due to rounding

Full-Year Fiscal 2019 Outlook

Net Sales	\$8.3B
Adjusted EPS	\$8.40 - \$8.65
Free Cash Flow	\$800M - \$850M
Capital Expenditures	\$350M - \$370M
Effective Tax Rate	24.5%

Note: Outlook excludes any potential impact of the Company's previously announced plans to explore a divestiture of the U.S. baking business

1850™ Premium Coffee



- Launched April 2018
- 17 SKUs covering premium bagged, K-Cup® pods, and ready-to-drink
- Strong retailer and consumer interest
- Comprehensive PR and marketing campaign underway

Jif® Power Ups™ Snacks



- Launched May 2018
- Five flavors of bars & three varieties of creamy clusters
- Extends power of Jif® brand to fast-growing snacking category
- Capitalizes on consumer interest in protein-based snacks
- Supporting with significant retailer and consumer investment

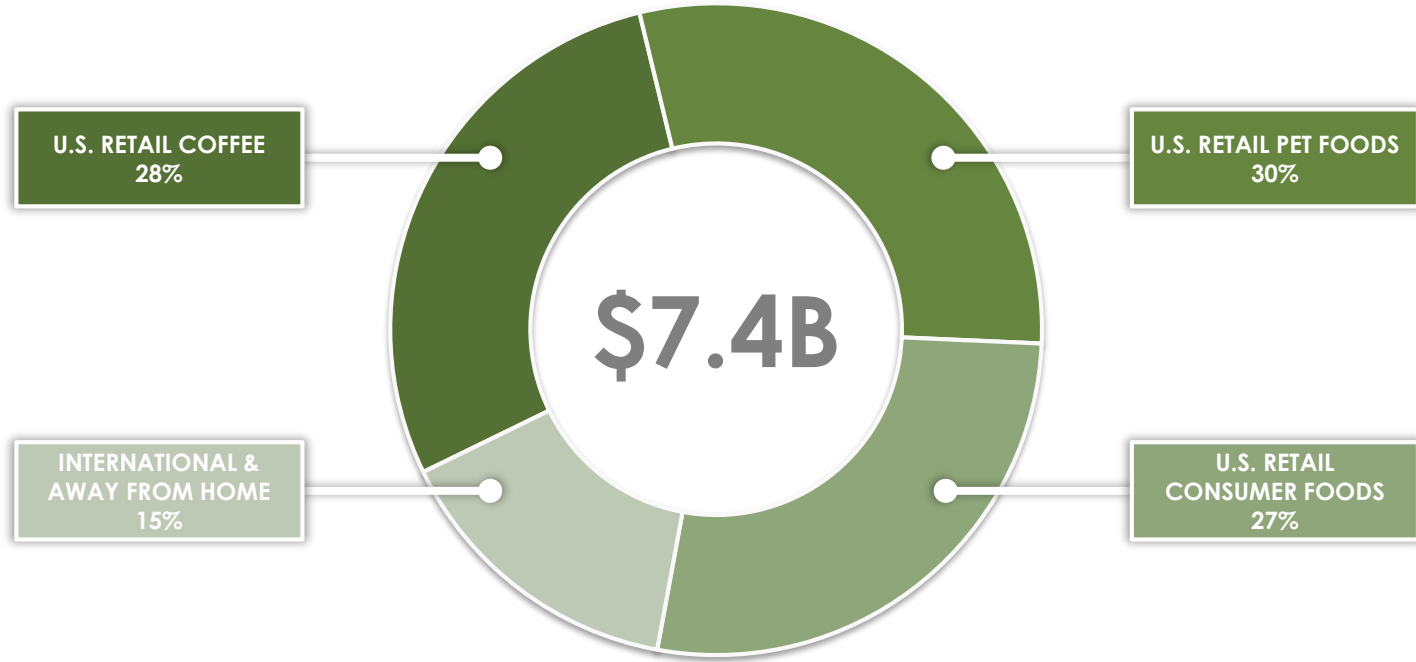
Rachael Ray® Nutrish® Premium Pet Food



- Acquired Ainsworth Pet Nutrition LLC in May 2018
- High-growth, on-trend premium brand
- Distribution expansion opportunities
- Significant growth prospects in cat food and pet snacks
- Integration in progress, targeting completion by end of FY19

Total Company

Fiscal 2018 Net Sales by Reportable Segment



U.S. Retail Reportable Segments

Fiscal 2018 Net Sales by Channel



Note: Other includes Military, Mass Retail, and Convenience

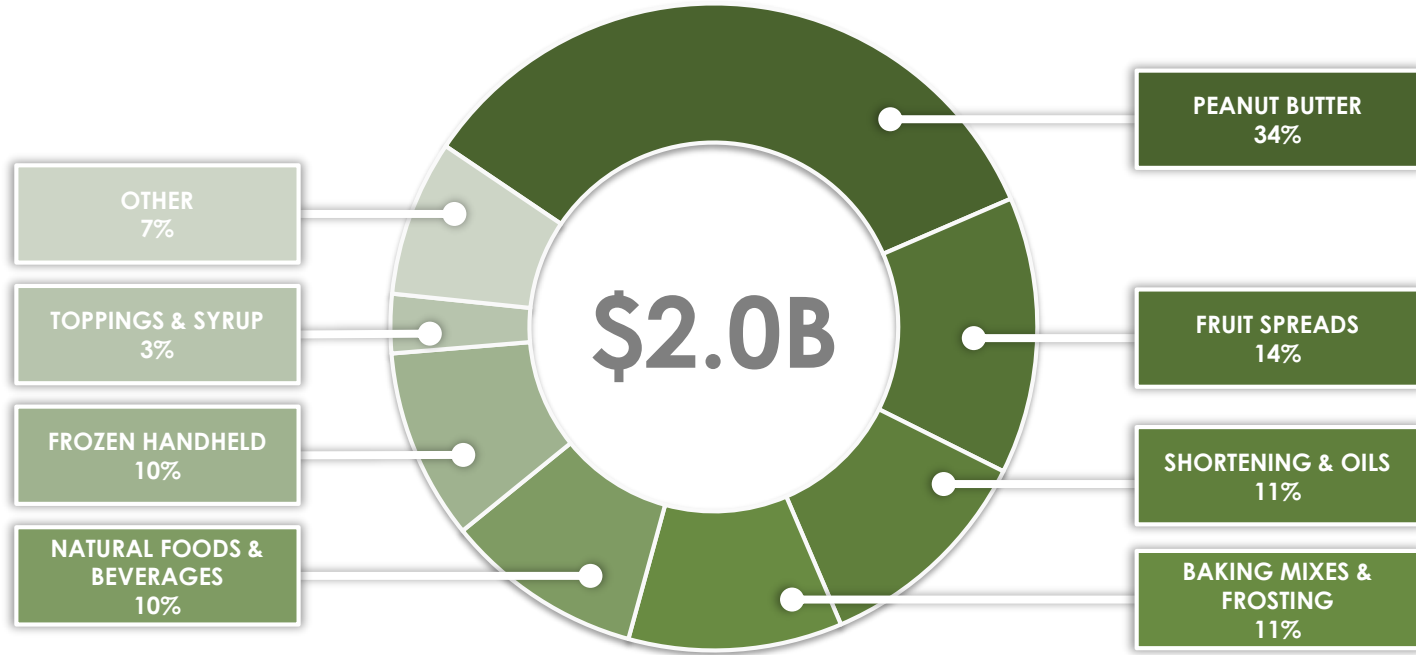
U.S. Retail Coffee Segment

Fiscal 2018 Net Sales



U.S. Retail Consumer Foods Segment

Fiscal 2018 Net Sales



U.S. Retail Pet Foods Segment

Fiscal 2018 Net Sales



International and Away From Home Segment

Fiscal 2018 Net Sales



Cost of Products Sold

Fiscal 2018 Breakout



TOP 5 RAW MATERIALS

1. Coffee
2. Meats and Protein Meals
3. Nuts
4. Resin
5. Grains

77%
OF TOTAL RAW
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; 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.

Non-GAAP Financial Measures

The Company uses non-GAAP financial measures, including: net sales excluding 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 these measures provide useful information to investors because they are the measures used to evaluate performance on a comparable year-over-year basis. 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. During the third quarter of 2018, the Company expanded its non-GAAP measures to also exclude certain one-time tax adjustments. These adjustments include the provisional effect of the one-time items associated with U.S. income tax reform, which includes certain adjustments related to the U.S. deferred tax assets and liabilities remeasurement and transition tax. Also included in the one-time tax adjustments is the permanent tax difference related to the goodwill impairment charge that was recorded during the third quarter of 2018. The Company believes that excluding these one-time tax adjustments in its non-GAAP measures provides comparability across the periods presented and better reflects the benefit of a lower blended U.S. statutory tax rate on its current year earnings as a result of U.S. income tax reform. 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)

Gross profit reconciliation:

Gross profit
Unallocated derivative losses (gains)
Cost of products sold – special project costs
Adjusted gross profit

Three Months Ended April 30,			
2018		2017	
\$	690.5	\$	646.8
	(15.7)		21.5
	-		0.9
\$	674.8	\$	669.2

Operating income reconciliation:

Operating income
Amortization
Goodwill impairment charge
Other intangible asset impairment charges
Unallocated derivative losses (gains)
Cost of products sold – special project costs
Other special project costs
Adjusted operating income

\$	308.9	\$	196.7
	52.1		52.1
	-		-
	-		57.5
	(15.7)		21.5
	-		0.9
	3.0		10.1
\$	348.3	\$	338.8

Non-GAAP Reconciliation

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

Net income reconciliation:

Net income
Income tax expense (benefit)
Amortization
Goodwill impairment charge
Other intangible asset impairment charges
Unallocated derivative losses (gains)
Cost of products sold – special project costs
Other special project costs
Adjusted income before income taxes
Income taxes, as adjusted
Adjusted income
Weighted-average common shares outstanding
Weighted-average participating shares outstanding
Total weighted-average shares outstanding
Dilutive effect of stock options
Total weighted-average shares outstanding – assuming dilution
Adjusted earnings per share – assuming dilution

Three Months Ended April 30,			
2018		2017	
	\$		\$
	185.9		110.4
	78.3		51.5
	52.1		52.1
	-		-
	-		57.5
	(15.7)		21.5
	-		0.9
	3.0		10.1
	\$ 303.6		\$ 304.0
	83.8		97.3
	\$ 219.8		\$ 206.7
	113.0		114.3
	0.6		0.5
	113.6		114.8
	-		0.1
	113.6		114.9
	\$ 1.93		\$ 1.80

Non-GAAP Reconciliation

(\$ in millions)	Year Ended April 30,	
	2018	2017
EBITDA (as adjusted) reconciliation:		
Net income	\$ 1,338.6	\$ 592.3
Income tax expense (benefit)	(477.6)	286.1
Interest expense - net	174.1	163.1
Depreciation	206.3	211.7
Amortization	206.8	207.3
Goodwill impairment charge	145.0	-
Other intangible asset impairment charges	31.9	133.2
EBITDA (as adjusted)	\$ 1,625.1	\$ 1,593.7

Non-GAAP Reconciliation

Company Guidance

(\$ in millions, except per share data)

Net income per common share – assuming dilution reconciliation:

Net income per common share – assuming dilution

Special project costs

Amortization

Adjusted earnings per share – assuming dilution

Year Ending April 30, 2019			
Low		High	
\$	6.34	\$	6.59
	0.40		0.40
	1.66		1.66
\$	8.40	\$	8.65

Free cash flow reconciliation:

Net cash provided by operating activities

Additions to property, plant, and equipment

Free cash flow

\$	1,170	\$	1,200
	(370)		(350)
\$	800	\$	850

The J. M. Smucker Company

Additional Information:

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