

The J. M. Smucker Company

Fourth Quarter Fiscal 2019 Earnings

SUPPLEMENTARY INFORMATION
June 6, 2019

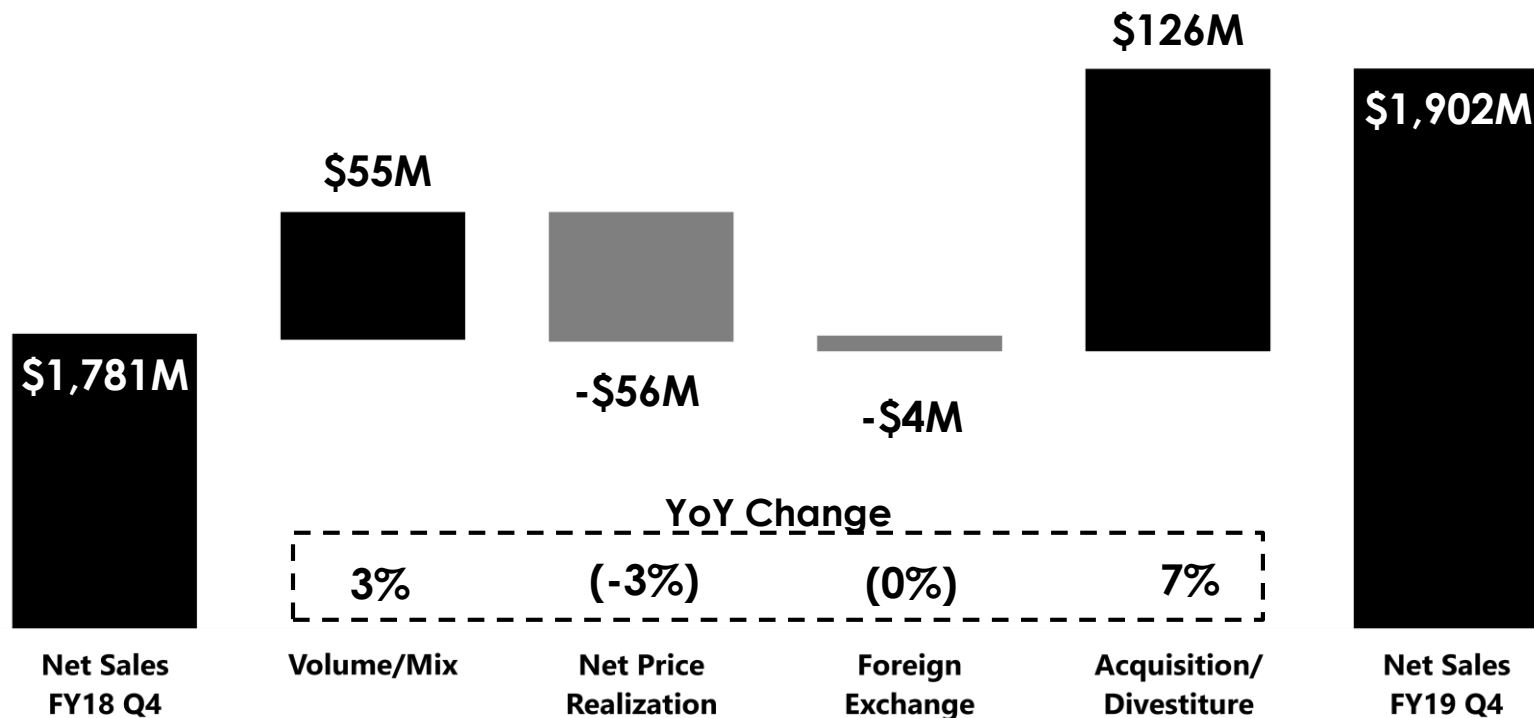


Consolidated Results

(\$ in millions, except per share data)	FY19 Q4	FY18 Q4	YoY Change
Net Sales	\$1,902	\$1,781	7%
Adjusted Gross Profit	\$722	\$675	7%
Adjusted Gross Profit Margin	37.9%	37.9%	0bps
Adjusted Operating Income	\$353	\$352	0%
Adjusted Operating Income Margin	18.6%	19.8%	-120bps
Effective Tax Rate	21.4%	27.6%	-620bps
Adjusted EPS – Assuming Dilution	\$2.08	\$1.93	8%

Consolidated Results

Net Sales Analysis



Note: Amounts may not add due to rounding

Consolidated Results

Balance Sheet/Cash Flow Highlights

(\$ in millions)	FY19 Q4	FY18 Q4
Cash from Operations	\$274	\$314
Capital Expenditures	(93)	(112)
Free Cash Flow	\$182	\$203
	April 30, 2019	April 30, 2018
Total Debt (Gross)	\$5,911	\$4,832
EBITDA (as adjusted, TTM)	\$1,561	\$1,625
Gross Debt/EBITDA (TTM)	3.8x	3.0x

Note: Amounts may not add due to rounding

Segment Results – FY19 Q4

(\$ in millions)	COFFEE	CONSUMER FOODS	PET FOODS	INT'L & AWAY FROM HOME
Net Sales	\$526	\$394	\$721	\$261
YoY Change	4%	(15%)	35%	(7%)
<i>YoY Net Sales Change Summary:</i>				
Volume/Mix	8%	10%	(3%)	(3%)
Net Price Realization	(4%)	(9%)	0%	(1%)
Acquisition/Divestiture	-	(16%)	38%	(1%)
Foreign Currency Exchange	-	-	-	(2%)
Segment Profit	\$171	\$79	\$131	\$46
YoY Change	10%	(31%)	29%	(10%)
Segment Profit Margin	32.4%	20.0%	18.2%	17.6%
YoY Change	+170bps	-460bps	-90bps	-60bps

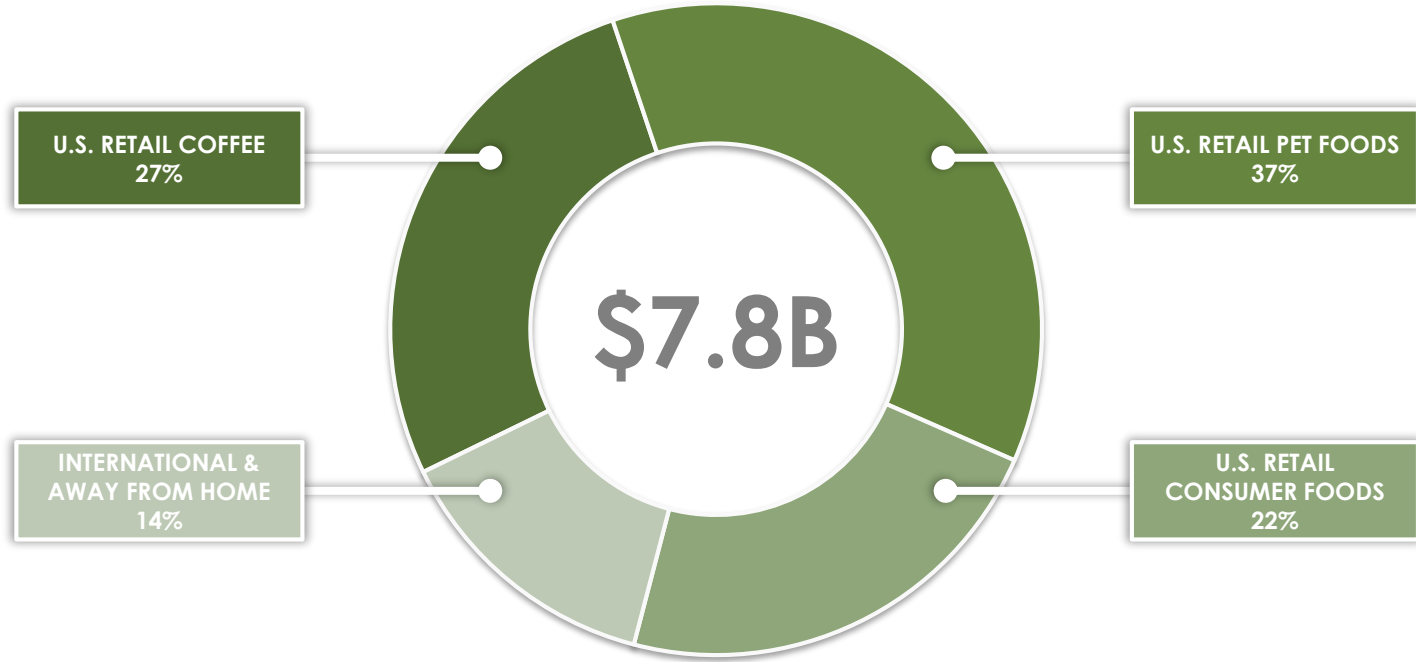
Note: Amounts may not add due to rounding

Full-Year Fiscal 2020 Outlook

Net Sales	+1% - +2%
Adjusted EPS – Assuming Dilution	\$8.45 - \$8.65
Free Cash Flow	\$875 - \$925M
Capital Expenditures	\$300M - \$320M
Effective Tax Rate	24.5% - 25.0%

Total Company

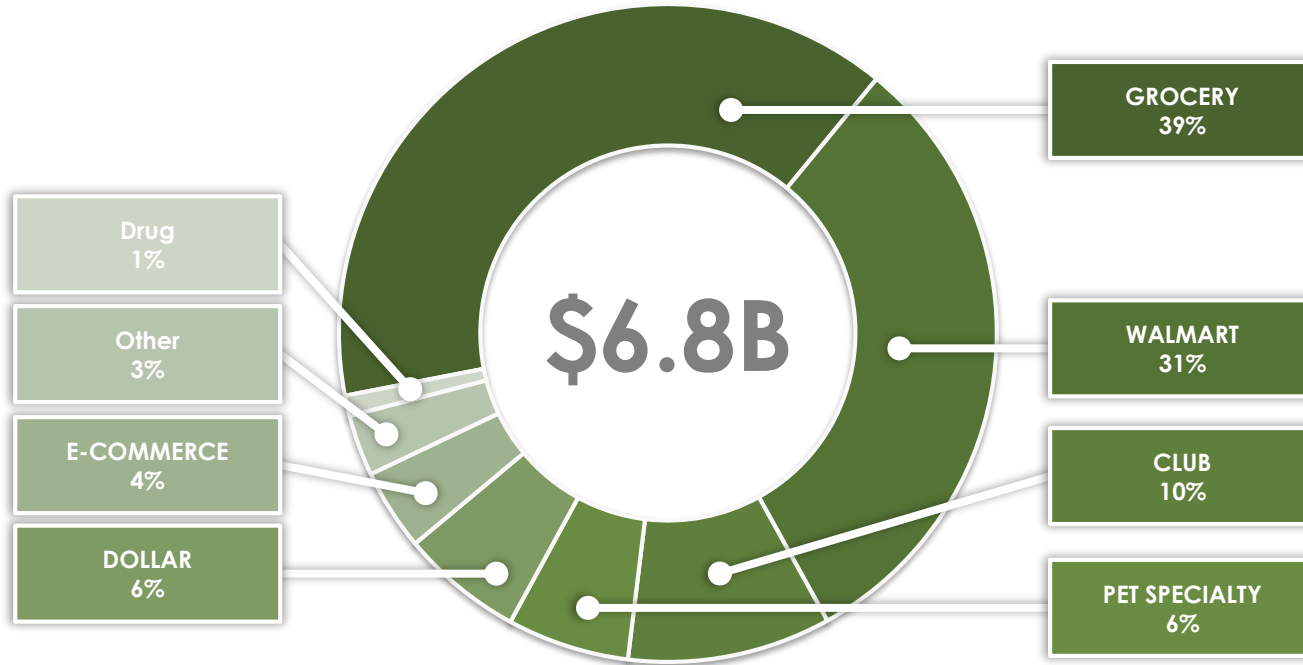
Fiscal 2019 Net Sales by Reportable Segment



Note: Amounts may not add due to rounding

U.S. Retail Reportable Segments

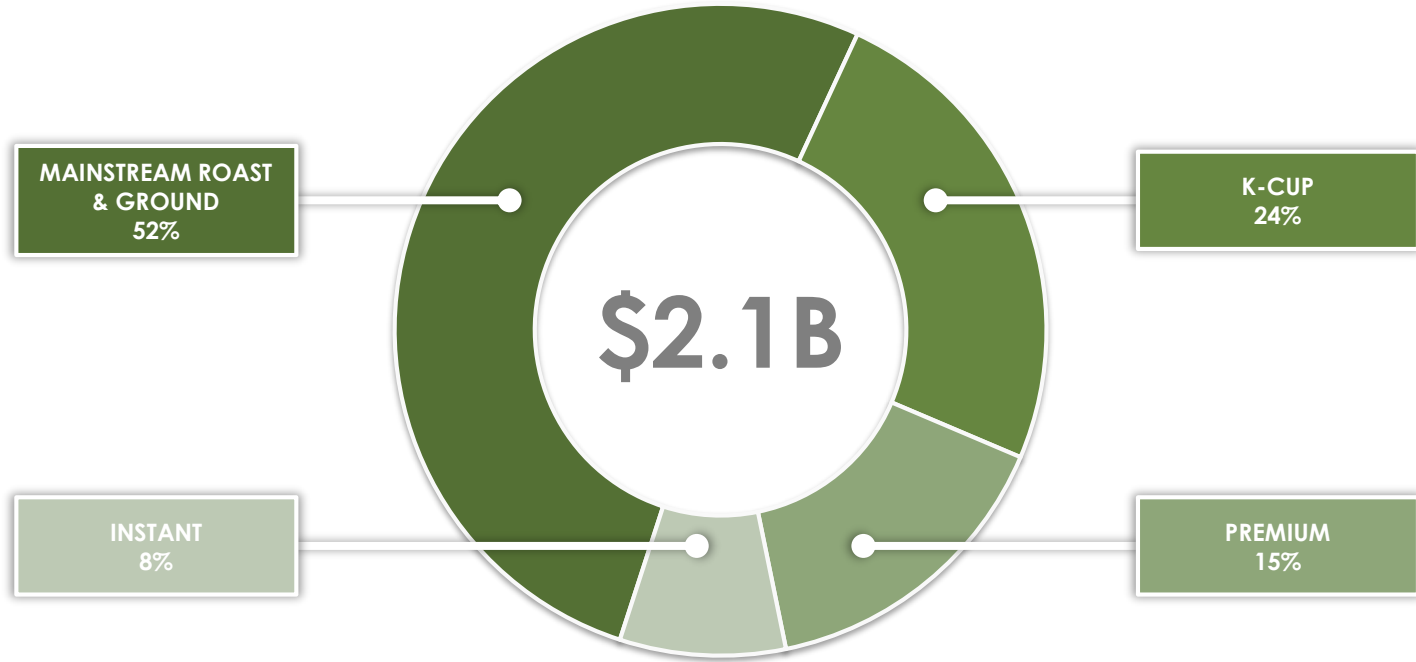
Fiscal 2019 Net Sales by Channel



Note: Other includes Military, Mass Retail, and Convenience; Amounts may not add due to rounding

U.S. Retail Coffee Segment

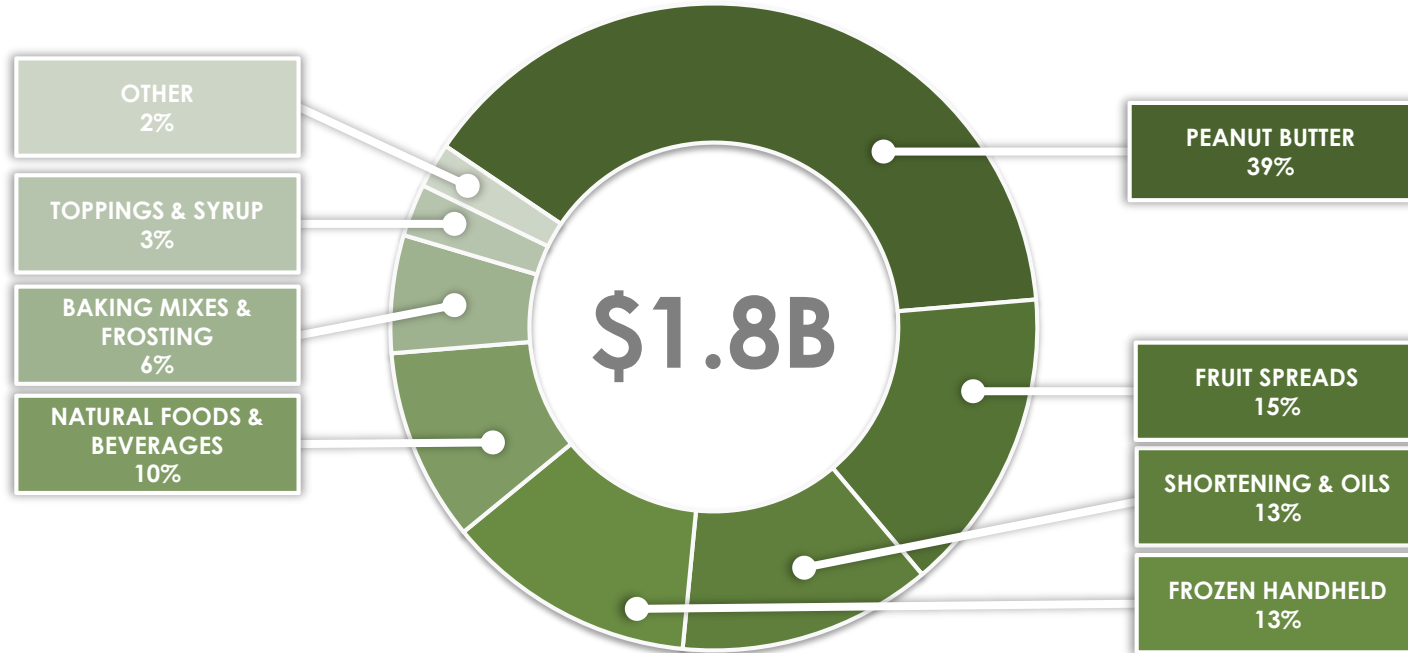
Fiscal 2019 Net Sales



Note: Amounts may not add due to rounding

U.S. Retail Consumer Foods Segment

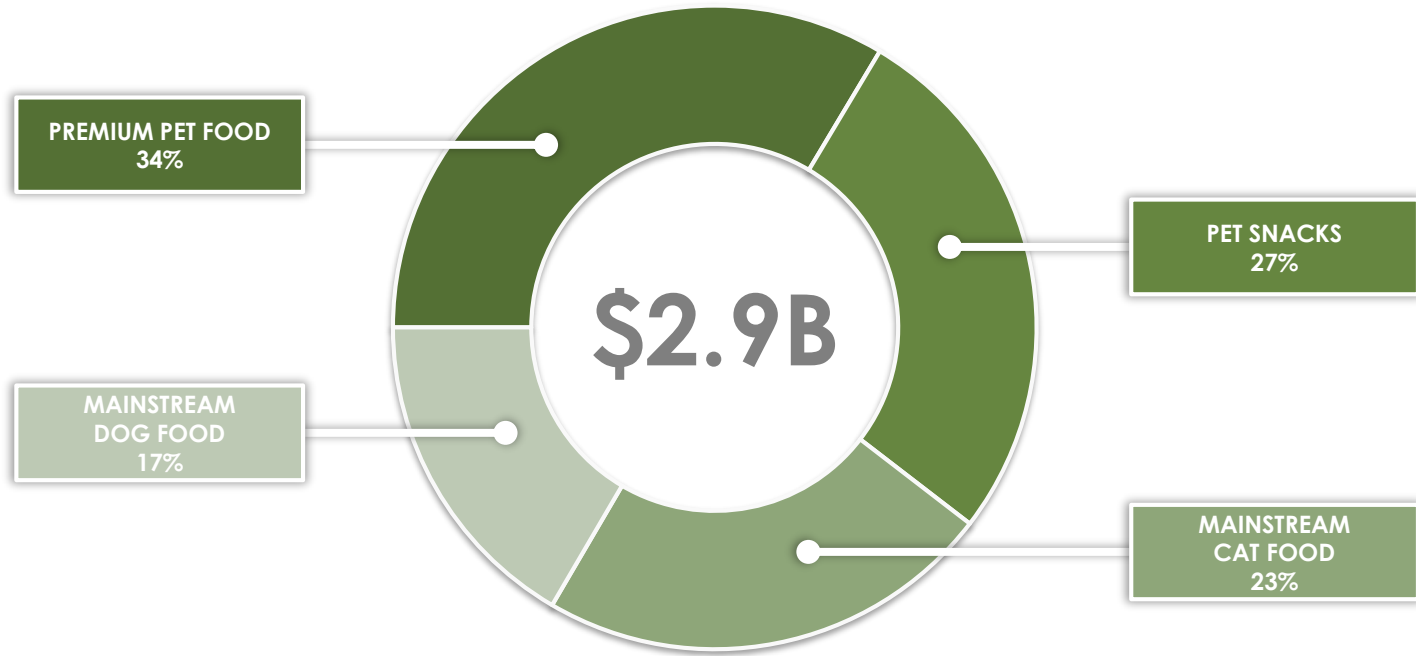
Fiscal 2019 Net Sales



Note: Amounts may not add due to rounding

U.S. Retail Pet Foods Segment

Fiscal 2019 Net Sales



Note: Amounts may not add due to rounding

International and Away From Home Segment

Fiscal 2019 Net Sales



Note: Amounts may not add due to rounding

Cost of Products Sold

Fiscal 2019



TOP 5 RAW MATERIALS

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

71%
OF TOTAL RAW
MATERIALS

Note: Amounts may not add due to rounding

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 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 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 and interest rate 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.

Non-GAAP Financial Measures

The Company uses non-GAAP financial measures, including: net sales excluding acquisition, divestiture, and foreign currency exchange; adjusted gross profit; adjusted operating income; adjusted income; adjusted 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 certain non-GAAP financial measures as components for measuring performance for incentive compensation purposes.

Non-GAAP measures exclude certain items affecting comparability, that can significantly affect the year-over-year assessment of operating results, 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 2018, we expanded our non-GAAP measures to also exclude certain one-time discrete tax adjustments. These adjustments, which were finalized in 2019, include the effect of the one-time items associated with U.S. income tax reform, comprised of the remeasurement of our U.S. deferred tax assets and liabilities and the recognition of the transition tax. Also included in the one-time discrete tax adjustments are the permanent tax impacts related to the goodwill impairment charges recorded during 2019 and 2018. We believe that excluding these one-time discrete tax adjustments in our non-GAAP measures provides comparability across the periods presented.

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 "Unaudited Non-GAAP Financial Measures" tables. The Company has also provided a reconciliation of non-GAAP financial measures for its fiscal 2020 outlook.

Non-GAAP Reconciliation

(\$ in millions)

Gross profit reconciliation:

Gross profit
Unallocated derivative losses (gains)
Adjusted gross profit

Three Months Ended April 30,			
2019		2018	
\$	692.4	\$	690.5
	29.2		(15.7)
\$	721.6	\$	674.8

Operating income reconciliation:

Operating income
Amortization
Goodwill impairment charge
Unallocated derivative losses (gains)
Other special project costs
Adjusted operating income

\$	153.6	\$	312.7
	60.4		52.1
	97.9		-
	29.2		(15.7)
	12.2		3.0
\$	353.3	\$	352.1

Non-GAAP Reconciliation

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

Net income reconciliation:

Net income

Income tax expense (benefit)

Amortization

Goodwill impairment charge

Unallocated derivative losses (gains)

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,			
2019		2018	
	\$		\$
	71.5		185.9
	30.4		78.3
	60.4		52.1
	97.9		-
	29.2		(15.7)
	12.2		3.0
	\$	\$	
	301.6		303.6
	64.5		83.8
	\$	\$	
	237.1		219.8
	113.1		113.0
	0.6		0.6
	113.7		113.6
	0.1		-
	113.8		113.6
	\$	\$	
	2.08		1.93

Non-GAAP Reconciliation

(\$ in millions)	Year Ended April 30,	
	2019	2018
EBITDA (as adjusted) reconciliation:		
Net income	\$ 514.4	\$ 1,338.6
Income tax expense (benefit)	187.2	(477.6)
Interest expense - net	207.9	174.1
Depreciation	206.0	206.3
Amortization	240.3	206.8
Goodwill impairment charges	97.9	145.0
Other intangible assets impairment charges	107.2	31.9
EBITDA (as adjusted)	\$ 1,560.9	\$ 1,625.1

Note: Amounts may not add due to rounding

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

Net cumulative unallocated (losses) gains

Special project costs

Amortization

Adjusted earnings per share – assuming dilution

Year Ending April 30, 2020			
Low		High	
\$	7.12	\$	7.31
	(0.35)		(0.35)
	0.13		0.13
	1.55		1.56
\$	8.45	\$	8.65

Free cash flow reconciliation:

Net cash provided by operating activities

Additions to property, plant, and equipment

Free cash flow

\$	1,195	\$	1,225
	(320)		(300)
\$	875	\$	925

The J. M. Smucker Company

Additional Information:

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