



THE J.M. SMUCKER Co.

# **FISCAL 2023 FOURTH QUARTER EARNINGS**

**SUPPLEMENTARY INFORMATION**

June 6, 2023

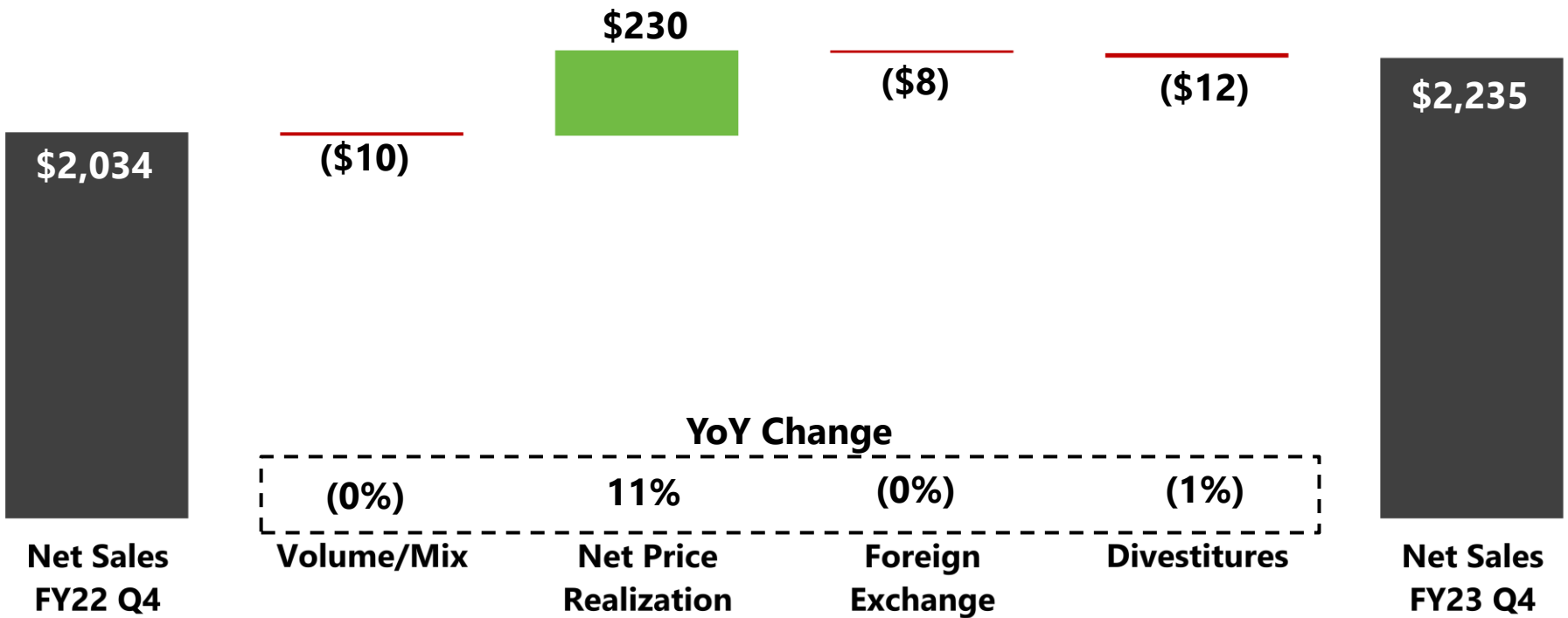
# CONSOLIDATED RESULTS

| (\$ in millions, except per share data) | FY23 Q4   | FY22 Q4   | YoY Change |
|-----------------------------------------|-----------|-----------|------------|
| Net Sales                               | \$2,234.8 | \$2,033.8 | 10%        |
| Adjusted Gross Profit                   | \$771.9   | \$655.2   | 18%        |
| Adjusted Gross Profit Margin            | 34.5%     | 32.2%     | 230bps     |
| Adjusted Operating Income               | \$408.2   | \$350.9   | 16%        |
| Adjusted Operating Income Margin        | 18.3%     | 17.3%     | 100bps     |
| Adjusted Effective Income Tax Rate      | 23.8%     | 22.3%     | 150bps     |
| Adjusted EPS – Assuming Dilution        | \$2.64    | \$2.23    | 18%        |

# CONSOLIDATED RESULTS

## Net Sales Analysis

*(\$ in millions)*



# CONSOLIDATED RESULTS

## Balance Sheet/Cash Flow Highlights

| <b>(\$ in millions)</b>   | <b>FY23 Q4</b>        | <b>FY22 Q4</b>        |
|---------------------------|-----------------------|-----------------------|
| Cash from Operations      | \$437.4               | \$393.7               |
| Capital Expenditures      | (138.7)               | (173.0)               |
| Free Cash Flow            | \$298.7               | \$220.7               |
|                           | <b>April 30, 2023</b> | <b>April 30, 2022</b> |
| Total Debt (Gross)        | \$4,314.2             | \$4,490.6             |
| EBITDA (as adjusted, TTM) | \$1,597.8             | \$1,604.6             |
| Gross Debt/EBITDA (TTM)   | 2.7x                  | 2.8x                  |

# SEGMENT RESULTS: FY23 Q4

| (\$ in millions)                                               | PET<br>FOODS | COFFEE  | CONSUMER<br>FOODS | INT'L & AFH |
|----------------------------------------------------------------|--------------|---------|-------------------|-------------|
| Net Sales                                                      | \$785.3      | \$692.5 | \$453.4           | \$303.6     |
| YoY Change                                                     | 9%           | 7%      | 14%               | 12%         |
| YoY Net Sales Change Summary:                                  |              |         |                   |             |
| Acquisition/Divestitures                                       | (2%)         | -       | -                 | (0%)        |
| Foreign Currency Exchange                                      | -            | -       | -                 | (3%)        |
| Net Sales Excluding Divestitures and Foreign Currency Exchange | 11%          | 7%      | 14%               | 15%         |
| Volume/Mix                                                     | (1%)         | (3%)    | 2%                | 2%          |
| Net Price Realization                                          | 12%          | 10%     | 12%               | 13%         |
| Segment Profit                                                 | \$145.5      | \$200.1 | \$103.4           | \$47.6      |
| YoY Change                                                     | 21%          | 22%     | 9%                | 38%         |
| Segment Profit Margin                                          | 18.5%        | 28.9%   | 22.8%             | 15.7%       |
| YoY Change                                                     | +170bps      | +350bps | -110bps           | +300bps     |

FY23 Q4 EARNINGS SUPPLEMENT

Note: Amounts may not add due to rounding

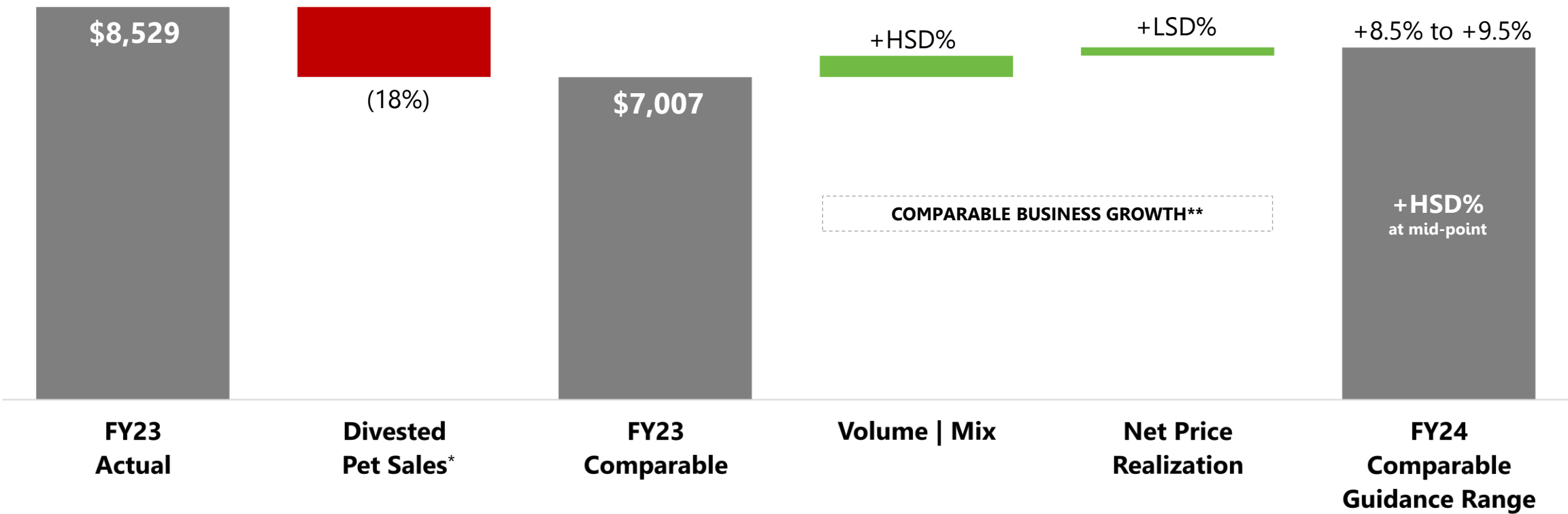
# FULL-YEAR FISCAL 2024 OUTLOOK

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|                                    |                 |
|------------------------------------|-----------------|
| Comparable Net Sales Increase*     | 8.5% - 9.5%     |
| Adjusted EPS – Assuming Dilution   | \$9.20 - \$9.60 |
| Free Cash Flow (in millions)       | \$650           |
| Capital Expenditures (in millions) | \$550           |
| Adjusted Effective Income Tax Rate | 24.2%           |

# FY24 GUIDANCE

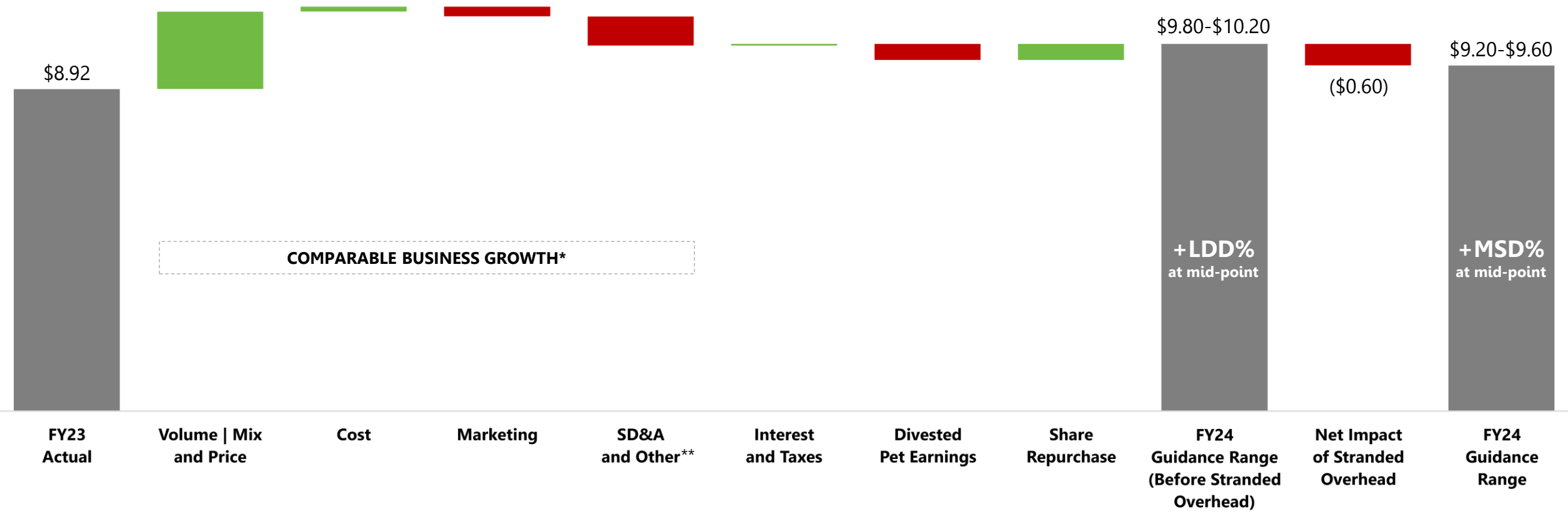
## Net Sales *(\$ in millions)*



\*Reflects \$1,522 million of divested net sales related to the divestiture of certain pet food brands.  
\*\*Includes organic net sales growth (MSD%), *Jif*® product recall net sales recovery (LSD%), and contract manufacturing sales related to the pet food divestiture (LSD%).

# FY24 GUIDANCE

## Earnings Per Share

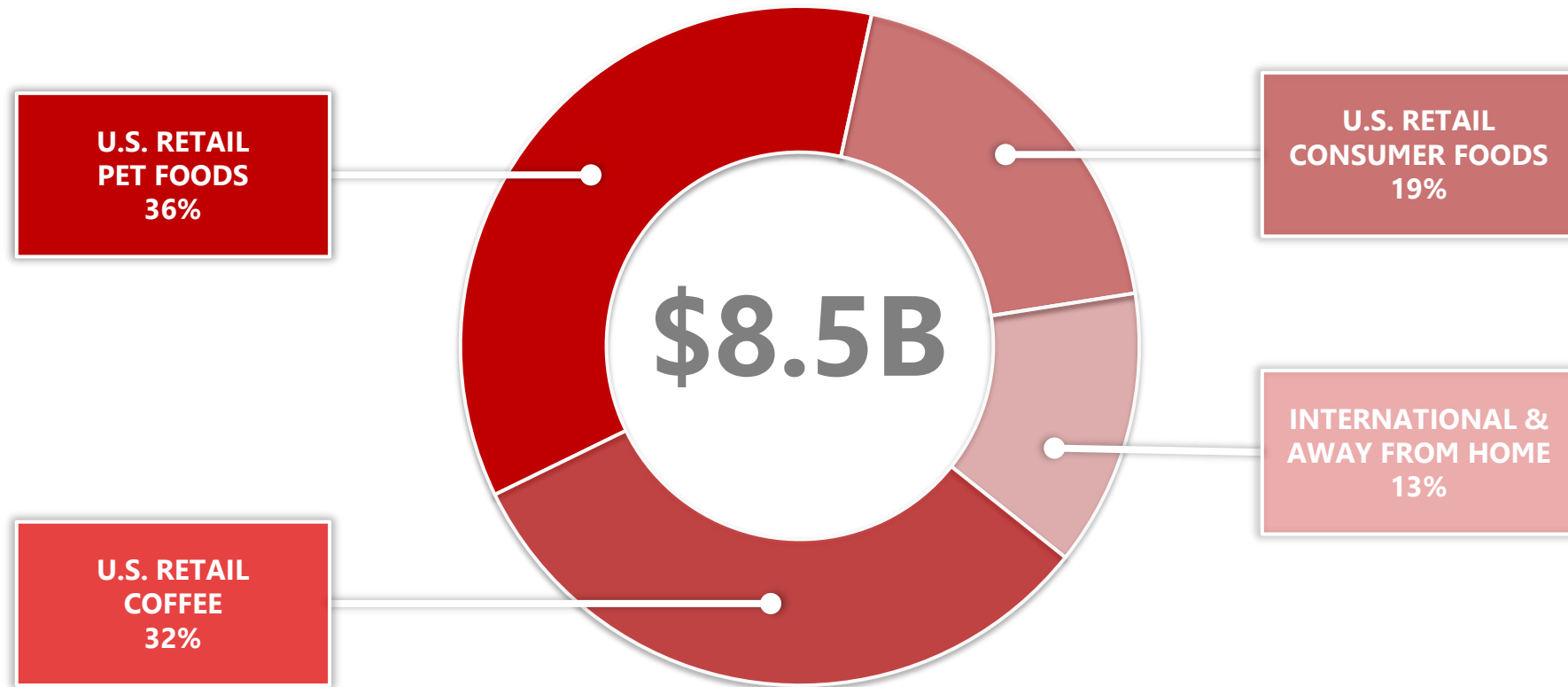


FY23 Q4 EARNINGS SUPPLEMENT

\*Includes organic earnings growth and *Jif*® product recall profit recovery.  
\*\*Represents SD&A excluding marketing expenses.

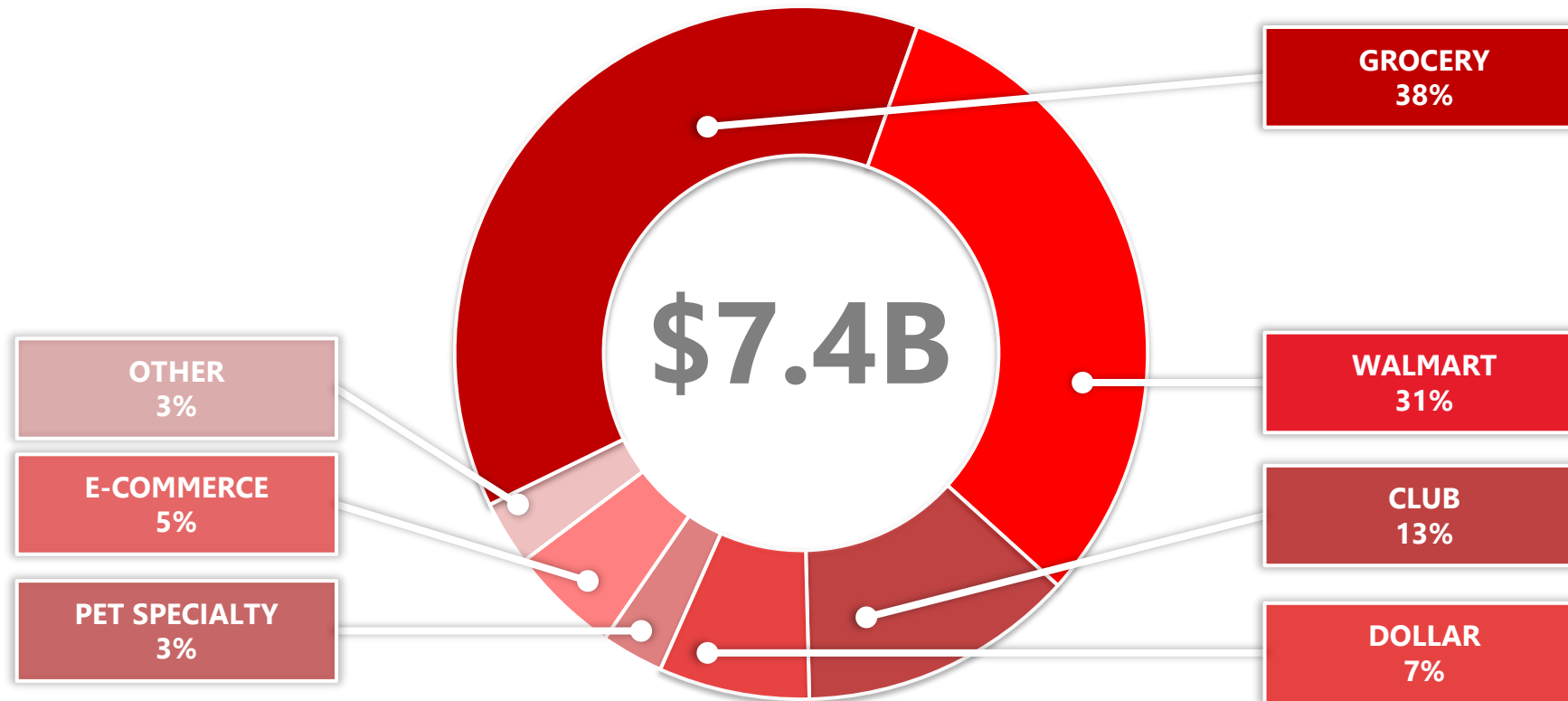
# TOTAL COMPANY

## Fiscal 2023 Net Sales by Reportable Segment



# U.S. RETAIL REPORTABLE SEGMENTS

## Fiscal 2023 Net Sales by Channel



FY23 Q4 EARNINGS SUPPLEMENT

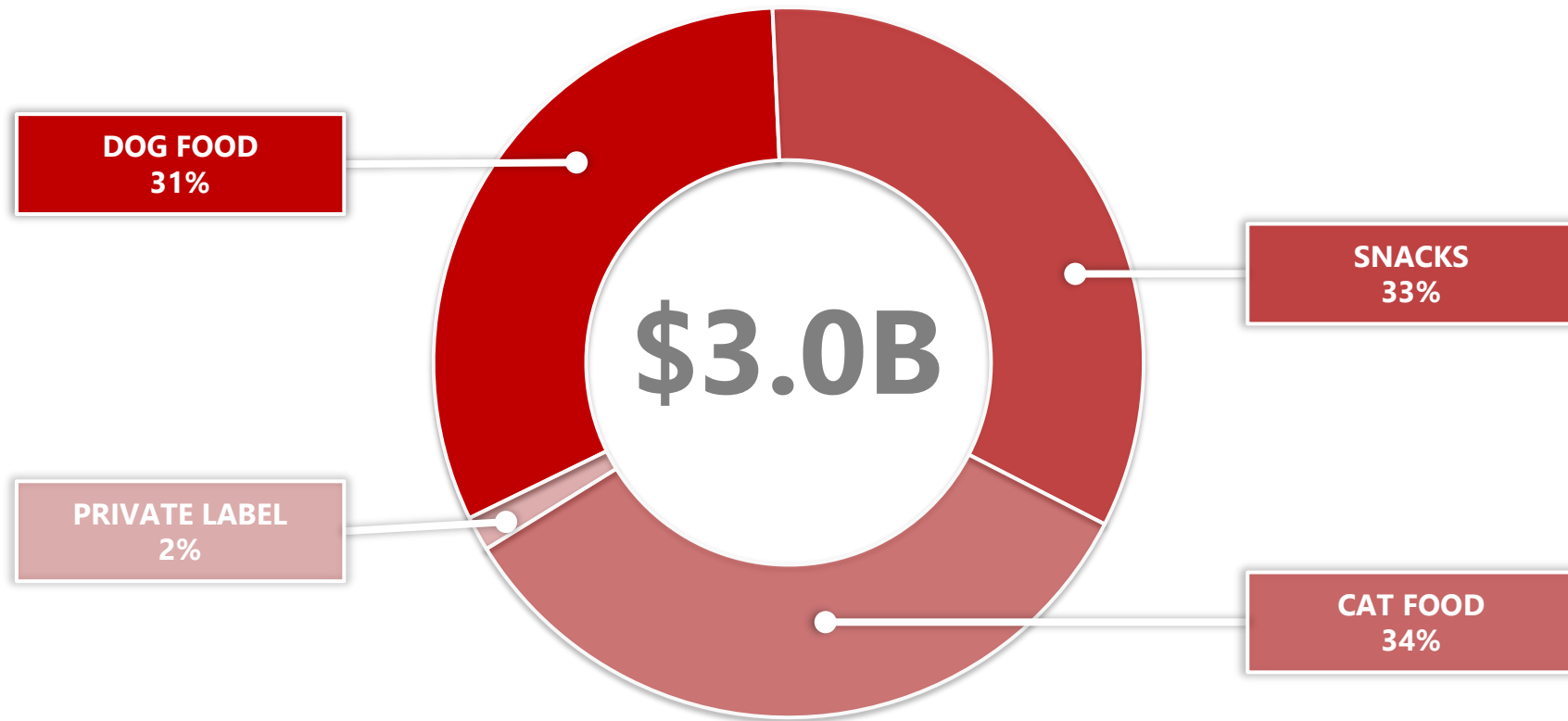
Note: E-Commerce represents pure-play online retailers only; Other includes Drug, Military, Mass Retail, and Convenience.

Amounts may not add due to rounding.

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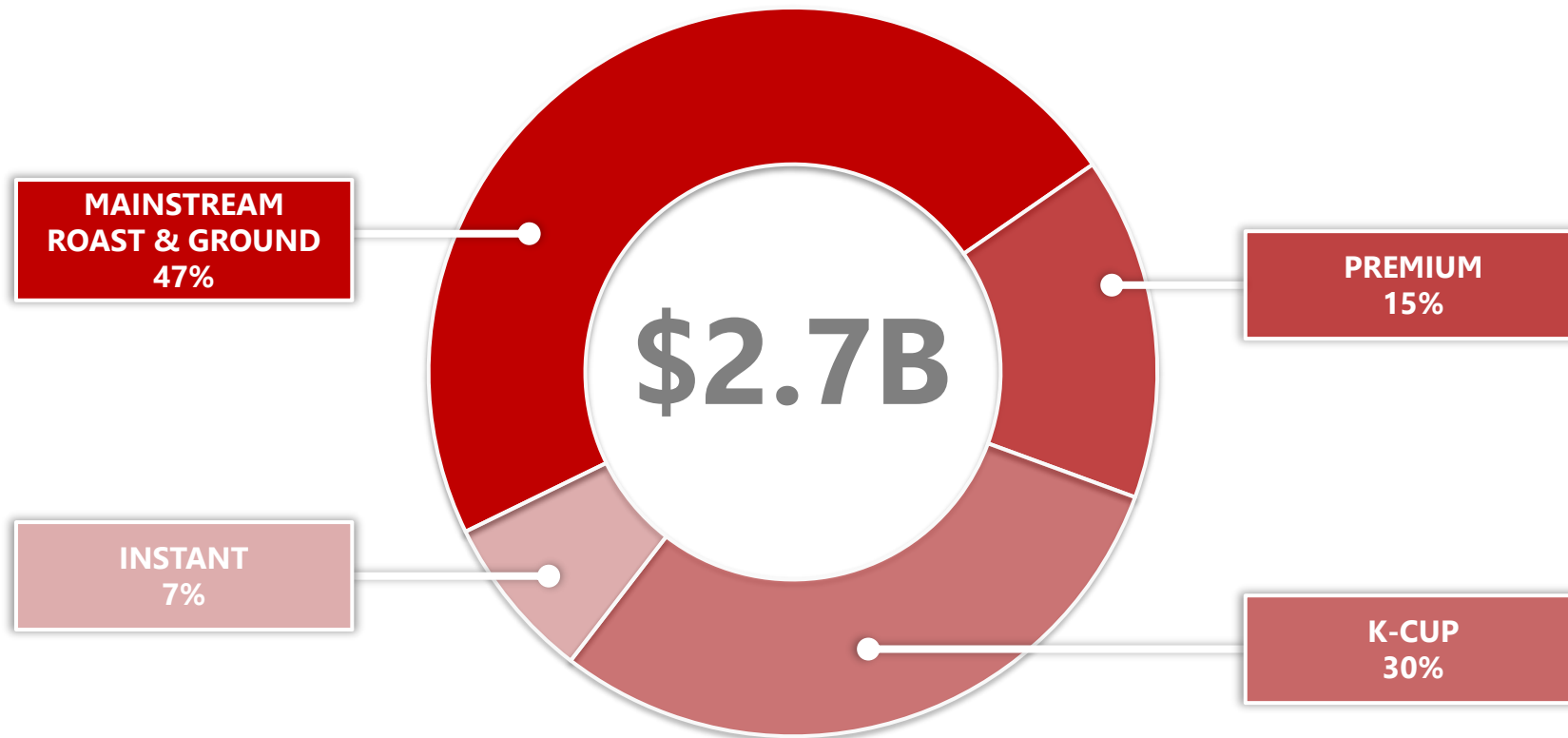
# U.S. RETAIL PET FOODS SEGMENT

## Fiscal 2023 Net Sales



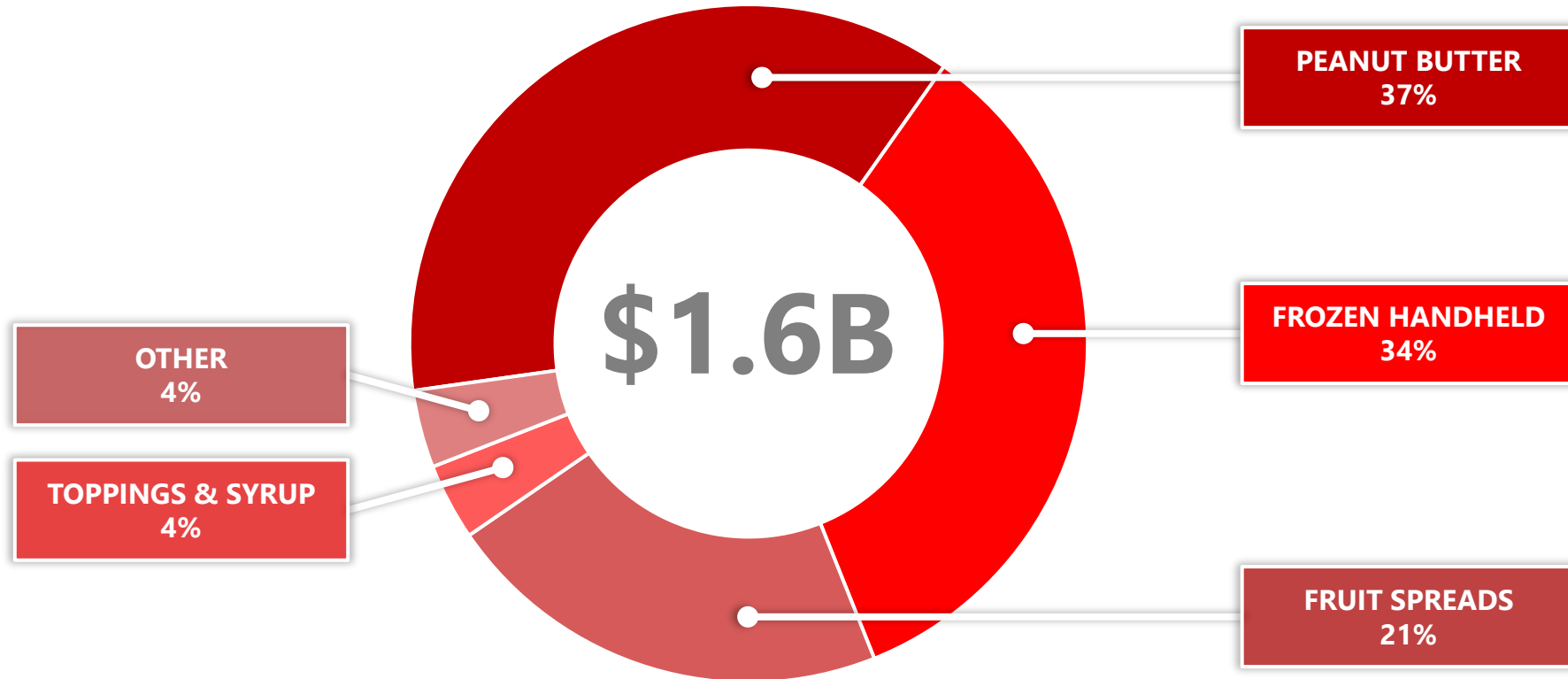
# U.S. RETAIL COFFEE SEGMENT

## Fiscal 2023 Net Sales



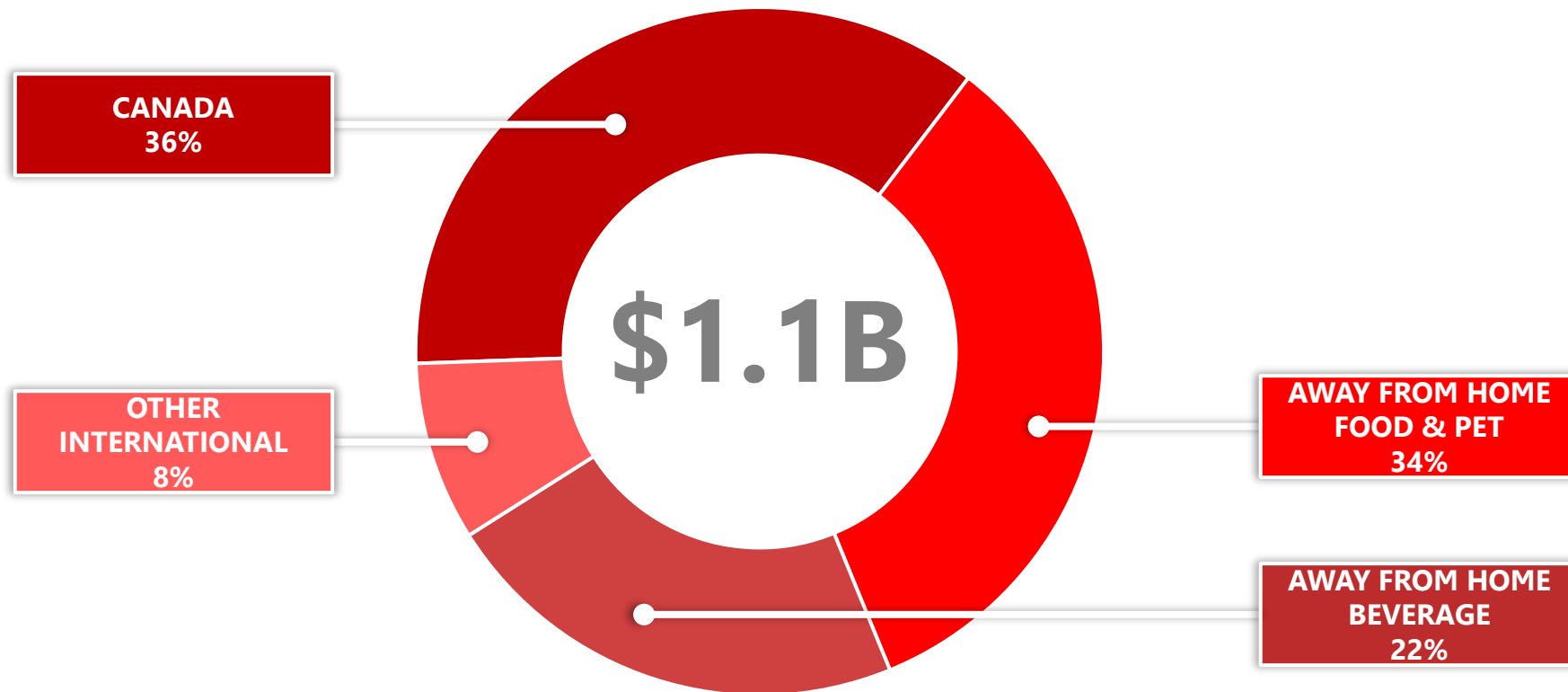
# U.S. RETAIL CONSUMER FOODS SEGMENT

## Fiscal 2023 Net Sales



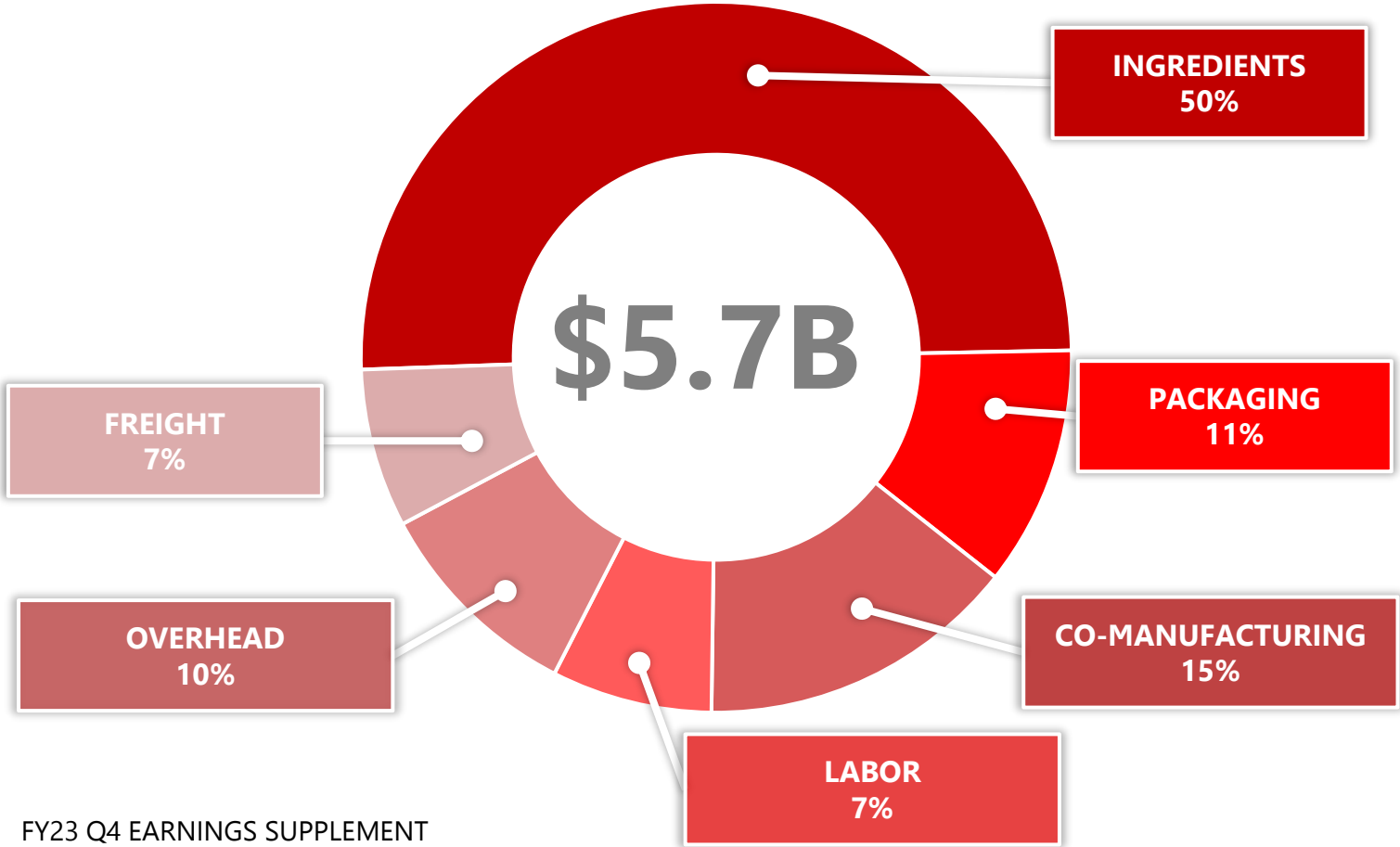
# INTERNATIONAL AND AWAY FROM HOME SEGMENT

## Fiscal 2023 Net Sales



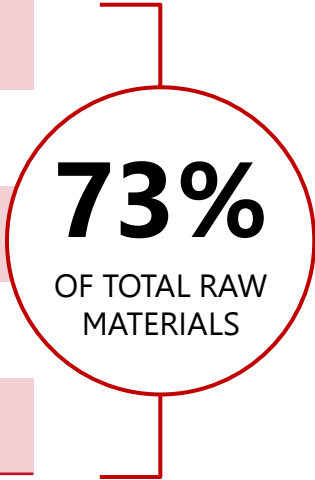
# COST OF PRODUCTS SOLD

Fiscal 2023



## TOP 5 RAW MATERIALS

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



FY23 Q4 EARNINGS SUPPLEMENT  
Note: Amounts may not add due to rounding

# FORWARD-LOOKING STATEMENTS

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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 press release, which could cause actual results to differ materially from those expressed, include: the effect of the sale of certain pet food brands on the Company's ability to retain key personnel and to maintain relationships with customers, suppliers, and other business partners, and any impact to the value of the Company's investment in Post common stock or the Company's ability to dispose of some or all of such securities at favorable market prices; disruptions or inefficiencies in the Company's operations or supply chain, including any impact caused by product recalls (including the *Jif*® peanut butter product recall), political instability, terrorism, armed hostilities (including the ongoing conflict between Russia and Ukraine), extreme weather conditions, natural disasters, pandemics (including COVID-19), work stoppages or labor shortages, or other calamities; risks related to the availability, and cost inflation in, supply chain inputs, including labor, raw materials, commodities, packaging, and transportation; the impact of food security concerns involving either the Company's products or its competitors' products, including changes in consumer preference, consumer litigation, actions by the U.S. Food and Drug Administration or other agencies, and product recalls; risks associated with derivative and purchasing strategies the Company employs to manage commodity pricing and interest rate risks; the availability of reliable transportation on acceptable terms; the ability to achieve cost savings related to restructuring and cost management programs in the amounts and within the time frames currently anticipated; the ability to generate sufficient cash flow to continue operating under the Company's capital deployment model, including capital expenditures, debt repayment, dividend payments, and share repurchases; 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 Company's businesses, including product innovation; general competitive activity in the market, including competitors' pricing practices and promotional spending levels; the Company's ability to attract and retain key talent; 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 Company's ability to manage and maintain key relationships; impairments in the carrying value of goodwill, other intangible assets, or other long-lived assets or changes in the useful lives of other intangible assets or other long-lived 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; a disruption, failure, or security breach of the Company or their suppliers' information technology systems, including ransomware attacks; foreign currency exchange rate 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

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The Company uses non-GAAP financial measures, including: net sales excluding divestitures and foreign currency exchange; adjusted gross profit; adjusted operating income; adjusted income; adjusted earnings per share; earnings before interest, taxes, depreciation, amortization, impairment charges related to intangible assets, and gains and losses on divestitures ("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 financial 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; certain divestiture, acquisition, integration, and restructuring costs ("special project costs"); gains and losses on divestitures; the net change in cumulative unallocated gains and losses on commodity and foreign currency exchange derivative activities ("change in net cumulative unallocated derivative gains and losses"); and other infrequently occurring items that do not directly reflect ongoing operating results, such as unrealized gains and losses on the investment in equity securities. Income taxes, as adjusted is calculated using an adjusted effective income tax rate that is applied to adjusted income before income taxes and reflects the exclusion of the previously discussed items, as well as any adjustments for one-time tax-related activities, when they occur. While this adjusted effective income tax rate does not generally differ materially from the GAAP effective income tax rate, certain exclusions from non-GAAP financial measures, such as the unfavorable permanent impact of the divestiture of certain pet food brands during 2023, and the one-time deferred state tax impact of the internal legal entity simplification during 2022, can significantly impact the adjusted effective income tax rate.

These non-GAAP financial measures are not intended to replace the presentation of financial results in accordance with U.S. GAAP. Rather, the presentation of these non-GAAP financial measures supplements other metrics used by management to internally evaluate its businesses and facilitate 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 year 2024 outlook.

# UNAUDITED NON-GAAP FINANCIAL MEASURES

(\$ in millions)

|                                                                  | Three Months Ended April 30, |         |
|------------------------------------------------------------------|------------------------------|---------|
|                                                                  | 2023                         | 2022    |
| Gross profit reconciliation:                                     |                              |         |
| Gross profit                                                     | \$792.4                      | \$666.7 |
| Change in net cumulative unallocated derivative gains and losses | (22.0)                       | (14.5)  |
| Cost of products sold – special project costs                    | 1.5                          | 3.0     |
| Adjusted gross profit                                            | \$771.9                      | \$655.2 |
| Operating income reconciliation:                                 |                              |         |
| Operating income (loss)                                          | (\$633.5)                    | \$302.0 |
| Amortization                                                     | 40.1                         | 57.5    |
| Loss on divestiture                                              | 1,020.1                      | -       |
| Change in net cumulative unallocated derivative gains and losses | (22.0)                       | (14.5)  |
| Cost of products sold – special project costs                    | 1.5                          | 3.0     |
| Other special project costs                                      | 2.0                          | 2.9     |
| Adjusted operating income                                        | \$408.2                      | \$350.9 |

# UNAUDITED NON-GAAP FINANCIAL MEASURES

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

## Net income reconciliation:

|                                                                          | Three Months Ended April 30, |         |
|--------------------------------------------------------------------------|------------------------------|---------|
|                                                                          | 2023                         | 2022    |
| Net income (loss)                                                        | (\$600.7)                    | \$202.1 |
| Income tax expense (benefit)                                             | (77.9)                       | 58.1    |
| Amortization                                                             | 40.1                         | 57.5    |
| Loss on divestiture                                                      | 1,020.1                      | -       |
| Change in net cumulative unallocated derivative gains and losses         | (22.0)                       | (14.5)  |
| Cost of products sold – special project costs                            | 1.5                          | 3.0     |
| Other special project costs                                              | 2.0                          | 2.9     |
| Unrealized loss (gain) on investment in equity securities <sup>(A)</sup> | 3.8                          | -       |
| Adjusted income before income taxes                                      | \$366.9                      | \$309.1 |
| Income taxes, as adjusted                                                | 87.2                         | 69.0    |
| Adjusted income                                                          | \$279.7                      | \$240.1 |
| Weighted-average shares outstanding – assuming dilution                  | 105.9                        | 107.8   |
| Adjusted earnings per share – assuming dilution <sup>(B)</sup>           | \$2.64                       | \$2.23  |

(A) Unrealized loss (gain) on investment in equity securities includes unrealized gains and losses on the change in fair value on the Company's investment in Post common stock.

(B) Adjusted earnings per common share – assuming dilution for 2023 and 2022 was computed using the treasury stock method. Further, in 2023, the weighted-average shares – assuming dilution differed from the Company's GAAP weighted-average common shares outstanding – assuming dilution as a result of the anti-dilutive effect of the Company's stock-based awards, which were excluded from the computation of net loss per share – assuming dilution.

# UNAUDITED NON-GAAP FINANCIAL MEASURES

(\$ in millions)

|                                              | Three Months Ended |                     |                     |                   | Year Ended        | Year Ended        |
|----------------------------------------------|--------------------|---------------------|---------------------|-------------------|-------------------|-------------------|
|                                              | July 31,<br>2022   | October 31,<br>2022 | January 31,<br>2023 | April 30,<br>2023 | April 30,<br>2023 | April 30,<br>2022 |
| EBITDA (as adjusted)<br>reconciliation:      |                    |                     |                     |                   |                   |                   |
| Net income (loss)                            | \$109.8            | \$191.1             | \$208.5             | (\$600.7)         | (\$91.3)          | \$631.7           |
| Income tax expense (benefit)                 | 31.3               | 61.8                | 66.9                | (77.9)            | 82.1              | 212.1             |
| Interest expense – net                       | 39.1               | 39.7                | 37.9                | 35.3              | 152.0             | 160.9             |
| Depreciation                                 | 55.1               | 57.1                | 59.8                | 57.6              | 229.6             | 235.5             |
| Amortization                                 | 55.6               | 55.6                | 55.6                | 40.1              | 206.9             | 223.6             |
| Other intangible assets<br>impairment charge | -                  | -                   | -                   | -                 | -                 | 150.4             |
| Loss (gain) on divestitures – net            | (1.6)              | -                   | -                   | 1,020.1           | 1,018.5           | (9.6)             |
| EBITDA (as adjusted)                         | \$289.3            | \$405.3             | \$428.7             | \$474.5           | \$1,597.8         | \$1,604.6         |

# NON-GAAP RECONCILIATION

## Company Guidance

|                                                                  | Year Ending April 30, 2024 |         |
|------------------------------------------------------------------|----------------------------|---------|
|                                                                  | Low                        | High    |
| Net income per common share – assuming dilution reconciliation:  |                            |         |
| Net income per common share – assuming dilution <sup>(A)</sup>   | \$ 7.93                    | \$ 8.33 |
| Change in net cumulative unallocated derivative gains and losses | 0.12                       | 0.12    |
| Amortization                                                     | 1.15                       | 1.15    |
| Adjusted earnings per share                                      | \$ 9.20                    | \$ 9.60 |

(A) We are unable to project derivative gains and losses on a forward-looking basis as these will vary each quarter based on market conditions and derivative positions taken. The change in unallocated derivative gains and losses in the table above reflects the net impact of the gains and losses that have been recognized in the Company's GAAP results and excluded from non-GAAP results as of April 30, 2023, that are expected to be allocated to non-GAAP results in future periods.

# NON-GAAP RECONCILIATION

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## Company Guidance

(\$ in millions)

Free cash flow reconciliation:

Net cash provided by operating activities  
Additions to property, plant, and equipment  
Free cash flow

Year Ending  
April 30, 2024

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\$ 1,200

(550)

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\$ 650

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# SUPPLEMENTAL NET SALES INFORMATION

## Net Sales Excluding Divestitures – FY23

(\$ in millions)

|                                           | Three Months Ended |                     |                     |                   | Year Ended        |
|-------------------------------------------|--------------------|---------------------|---------------------|-------------------|-------------------|
|                                           | July 31,<br>2022   | October 31,<br>2022 | January 31,<br>2023 | April 30,<br>2023 | April 30,<br>2023 |
| Total Company Net Sales                   | \$1,873.0          | \$2,205.1           | \$2,216.3           | \$2,234.8         | \$8,529.2         |
| Divested Pet Food Brands                  | (374.1)            | (385.0)             | (378.4)             | (384.9)           | (1,522.4)         |
| Total Company Net Sales Less Divestitures | \$1,498.9          | \$1,820.1           | \$1,837.9           | \$1,849.9         | \$7,006.8         |

# SUPPLEMENTAL NET SALES INFORMATION

## Net Sales Excluding Divestitures – FY23

(\$ in millions)

|                                                              | Three Months Ended |                     |                     |                   | Year Ended        |
|--------------------------------------------------------------|--------------------|---------------------|---------------------|-------------------|-------------------|
|                                                              | July 31,<br>2022   | October 31,<br>2022 | January 31,<br>2023 | April 30,<br>2023 | April 30,<br>2023 |
| U.S. Retail Pet Foods Net Sales                              | \$729.0            | \$765.2             | \$758.6             | \$785.3           | \$3,038.1         |
| Divested Pet Food Brands                                     | (367.7)            | (377.8)             | (372.6)             | (379.1)           | (1,497.2)         |
| U.S. Retail Pet Foods Net Sales Less Divestitures            | \$361.3            | \$387.4             | \$386.0             | \$406.2           | \$1,540.9         |
| International and Away From Home Net Sales                   | \$235.0            | \$297.9             | \$288.4             | \$303.6           | \$1,124.9         |
| Divested Pet Food Brands                                     | (6.4)              | (7.2)               | (5.8)               | (5.8)             | (25.2)            |
| International and Away From Home Net Sales Less Divestitures | \$228.6            | \$290.7             | \$282.6             | \$297.8           | \$1,099.7         |

# ADDITIONAL INFORMATION:

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