



THE J.M. SMUCKER Co

FISCAL 2024 SECOND QUARTER RESULTS

SUPPLEMENTARY INFORMATION

December 5, 2023

EXECUTIVE SUMMARY

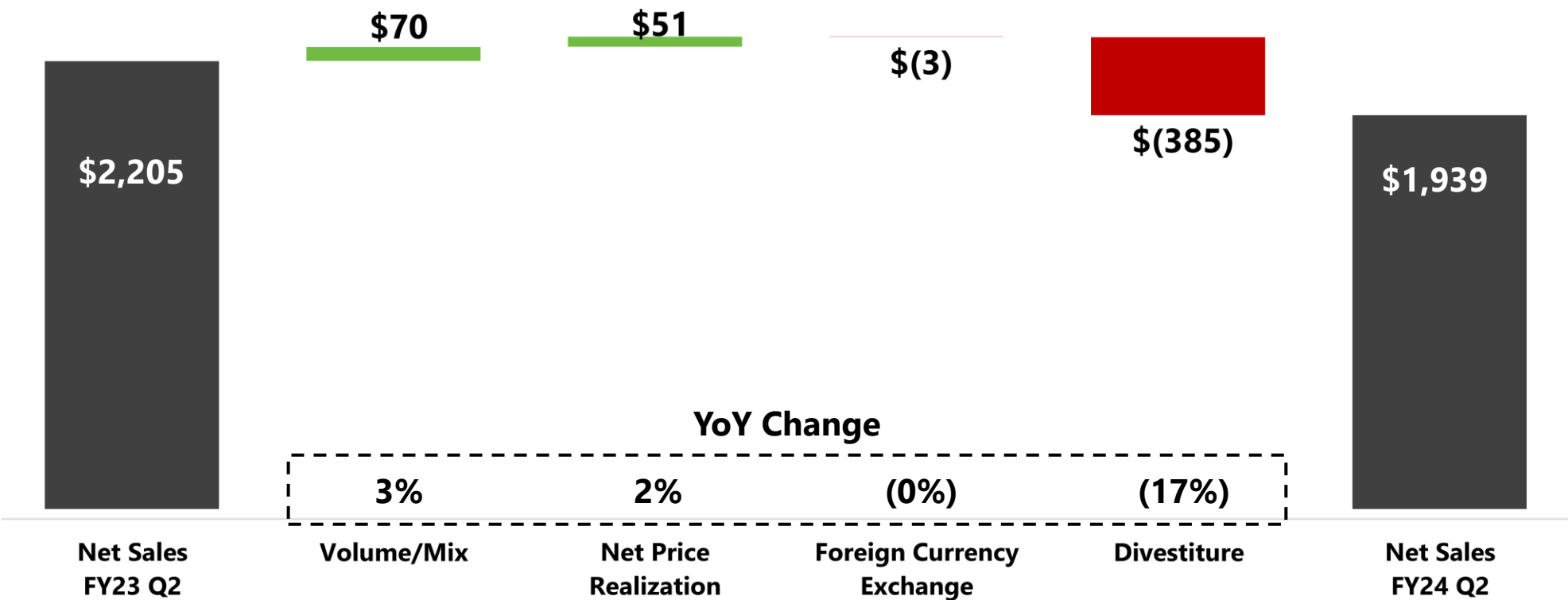
- Net sales decreased 12%
Comparable net sales increased 7% (excl. divestiture & foreign currency exchange)
- Net income per diluted share was \$1.90
Adjusted earnings per share was \$2.59, an increase of 8%
- Free cash flow was \$28.2 million, compared to \$102.9 million in the prior year
- Updated full-year fiscal 2024 financial outlook, reflecting the acquisition of Hostess Brands

CONSOLIDATED RESULTS

(\$ in millions, except per share data)	FY24 Q2	FY23 Q2	YoY Change
Net Sales	\$1,938.6	\$2,205.1	(12%)
Adjusted Gross Profit	\$750.5	\$731.0	3%
Adjusted Gross Profit Margin	38.7%	33.2%	550bps
Adjusted Operating Income	\$385.4	\$379.6	2%
Adjusted Operating Income Margin	19.9%	17.2%	270bps
Adjusted Effective Income Tax Rate	24.3%	24.4%	(10bps)
Adjusted EPS – Assuming Dilution	\$2.59	\$2.40	8%

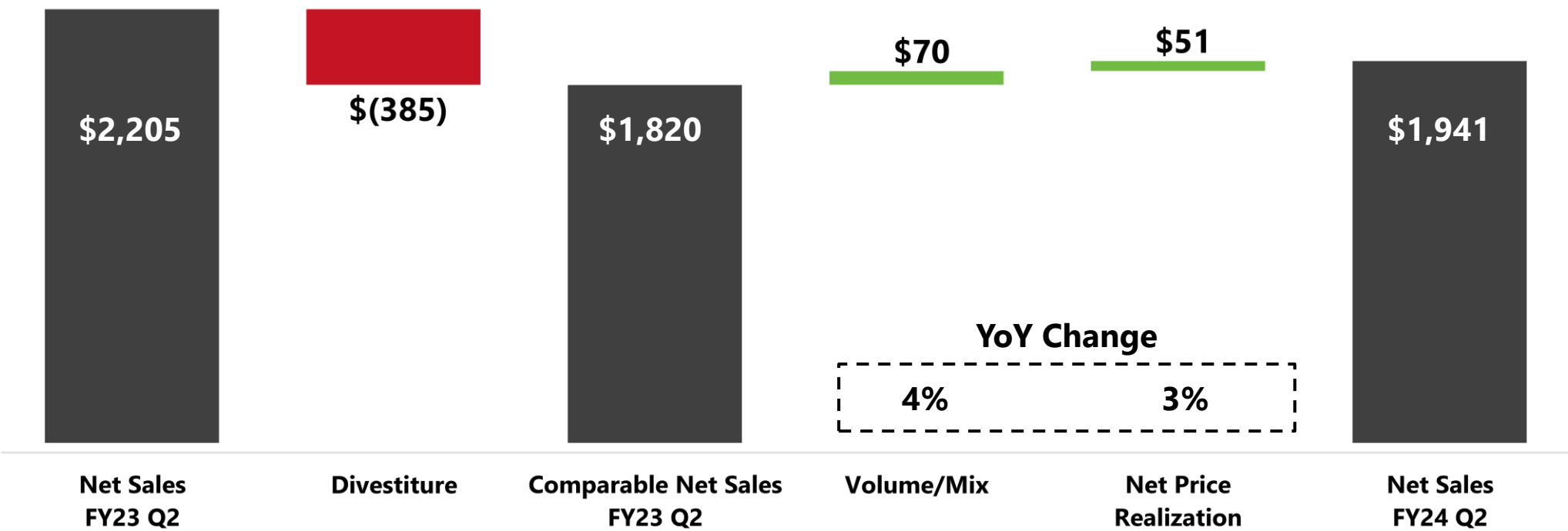
CONSOLIDATED RESULTS

Reported Net Sales Analysis *(\$ in millions)*



CONSOLIDATED RESULTS

Comparable Net Sales Analysis *(\$ in millions)*



CONSOLIDATED RESULTS

Balance Sheet/Cash Flow Highlights

(\$ in millions)	FY24 Q2	FY23 Q2
Cash Provided by (Used for) Operations	\$176.9	\$205.0
Capital Expenditures	(148.7)	(102.1)
Free Cash Flow	\$28.2	\$102.9
	October 31, 2023	April 30, 2023
Total Debt (Gross)	\$7,771.7	\$4,314.2
Cash and Cash Equivalents	(3,623.9)	(655.8)
Total Debt (Net)	\$4,147.8	\$3,658.4
EBITDA (as adjusted, TTM)	\$1,647.9	\$1,592.3
Net Debt/EBITDA (TTM)	2.5x	2.3x

SEGMENT RESULTS: FY24 Q2

(\$ in millions)	COFFEE	CONSUMER FOODS	PET FOODS ⁽¹⁾	INT'L & AFH
Net Sales	\$685.7	\$464.3	\$464.0	\$324.6
YoY Change	(3%)	7%	(39%)	9%
YoY Net Sales Change Summary:				
Acquisition/Divestiture	-	-	(49%)	(2%)
Foreign Currency Exchange	-	-	-	(1%)
Net Sales Excluding Divestitures and Foreign Currency Exchange	(3%)	7%	20%	13%
Volume/Mix	0%	0%	12%	7%
Net Price Realization	(4%)	7%	8%	5%
Segment Profit	\$171.0	\$128.5	\$97.2	\$60.2
YoY Change	(9%)	28%	(19%)	45%
Segment Profit Margin	24.9%	27.7%	20.9%	18.5%
YoY Change	-150bps	+450bps	+520bps	+460bps

FY24 Q2 RESULTS SUPPLEMENT

Note: Amounts may not add due to rounding

⁽¹⁾ Includes \$38.4 million of contract manufacturing sales related to the pet food divestiture.

FULL-YEAR FISCAL 2024 OUTLOOK

	Current	Previous
Comparable Net Sales Increase ⁽¹⁾	8.5% – 9.0%	8.5% – 9.5%
Adjusted EPS – Assuming Dilution	\$9.25 – \$9.65	\$9.45 – \$9.85
Free Cash Flow (in millions)	\$530	\$650
Capital Expenditures (in millions)	\$610	\$550
Adjusted Effective Income Tax Rate	24.3%	24.0%

FY24 Q2 RESULTS SUPPLEMENT

(1) Comparable net sales excludes sales in the prior year related to the divestitures of certain pet food brands and *Sahale Snacks*®, and also excludes sales in the current year related to the acquisition of Hostess Brands. Net sales are expected to decrease 3.0% to 3.5% compared to the prior year, including the acquisition of Hostess Brands.

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 Company's ability to successfully integrate Hostess Brands' operations and employees and to implement plans and achieve financial forecasts with respect to the Hostess Brands' business; the Company's ability to realize the anticipated benefits, including synergies and cost savings, related to the Hostess Brands acquisition, including the possibility that the expected benefits will not be realized or will not be realized within the expected time period; disruption from the acquisition of Hostess Brands by diverting the attention of the Company's management and making it more difficult to maintain business and operational relationships; the negative effects of the acquisition of Hostess Brands on the market price of the Company's common shares; the amount of the costs, fees, expenses, and charges and the risk of litigation related to the acquisition of Hostess Brands; the effect of the acquisition of Hostess Brands on the Company's business relationships, operating results, ability to hire and retain key talent, and business generally; 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; disruptions or inefficiencies in the Company's operations or supply chain, including any impact caused by product recalls, political instability, terrorism, armed hostilities (including the ongoing conflict between Russia and Ukraine), extreme weather conditions, natural disasters, pandemics (including the novel coronavirus), 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 to meet our deleveraging objectives, dividend payments, and share repurchases; a change in outlook or downgrade in the Company's public credit ratings by a rating agency below investment grade; 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, but not limited to, 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

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. 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 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 October 31,	
	2023	2022
Gross profit reconciliation:		
Gross profit	\$724.2	\$701.1
Change in net cumulative unallocated derivative gains and losses	26.3	27.1
Cost of products sold – special project costs	-	2.8
Adjusted gross profit	\$750.5	\$731.0
Operating income reconciliation:		
Operating income	\$298.9	\$293.4
Amortization	39.6	55.6
Loss (gain) on divestitures – net	13.8	-
Change in net cumulative unallocated derivative gains and losses	26.3	27.1
Cost of products sold – special project costs	-	2.8
Other special project costs	6.8	0.7
Adjusted operating income	\$385.4	\$379.6

UNAUDITED NON-GAAP FINANCIAL MEASURES

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

Net income reconciliation:

	Three Months Ended October 31,	
	2023	2022
Net income	\$194.9	\$191.1
Income tax expense	54.5	61.8
Amortization	39.6	55.6
Loss (gain) on divestitures – net	13.8	-
Change in net cumulative unallocated derivative gains and losses	26.3	27.1
Cost of products sold – special project costs	-	2.8
Other special project costs	6.8	0.7
Other debt costs – special project costs	19.5	-
Other infrequently occurring items:		
Unrealized loss (gain) on investment in equity securities ^(A)	(5.9)	-
Other non-operating items – special project costs	0.4	-
Adjusted income before income taxes	\$349.9	\$339.1
Income taxes, as adjusted	84.9	82.9
Adjusted income	\$265.0	\$256.2
Weighted-average shares outstanding – assuming dilution	102.4	106.9
Adjusted earnings per share – assuming dilution	\$2.59	\$2.40

(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 and the related equity forward contract.

UNAUDITED NON-GAAP FINANCIAL MEASURES

(\$ in millions)

	Three Months Ended				TTM Ended	Year Ended
	January 31, 2023	April 30, 2023	July 31, 2023	October 31, 2023	October 31, 2023	April 30, 2023
EBITDA (as adjusted) reconciliation:						
Net income	\$208.5	(\$600.7)	\$183.6	\$194.9	(\$13.7)	(\$91.3)
Income tax expense	66.9	(77.9)	54.8	54.5	98.3	82.1
Interest expense – net	37.9	35.3	32.1	35.1	140.4	152.0
Depreciation	59.8	52.1	50.2	53.0	215.1	224.1
Amortization	55.6	40.1	39.8	39.6	175.1	206.9
Loss (gain) on divestitures – net	-	1,020.1	(1.2)	13.8	1,032.7	1,018.5
EBITDA (as adjusted)	\$428.7	\$469.0	\$359.3	\$390.9	\$1,647.9	\$1,592.3

NON-GAAP RECONCILIATION

Company Guidance

Net income per common share – assuming dilution reconciliation:

Net income per common share – assuming dilution ^(A)

Change in net cumulative unallocated derivative gains and losses ^(B)

Amortization ^(A)

Special project costs ^(A)

Loss on divestitures

Unrealized loss (gain) on investment in equity securities ^(C)

Pension plan termination settlement charge

Adjusted effective income tax rate impact ^(A)

Adjusted earnings per share

Year Ending April 30, 2024	
Low	High
\$6.05	\$6.45
0.10	0.10
1.60	1.60
0.98	0.98
0.09	0.09
0.15	0.15
0.02	0.02
0.26	0.26
\$ 9.25	\$ 9.65

^(A) Includes estimates related to the Hostess Brands acquisition, including amortization, special project costs, and the effective income tax rate impact. These are preliminary estimates that could differ materially, as the Company continues to evaluate the impact of purchase accounting adjustments.

^(B) 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 July 31, 2023, that are expected to be allocated to non-GAAP results in future periods.

^(C) The unrealized loss on investment in equity securities in the table above reflects the forward sale of the 5.4 million shares of Post common stock that will settle for \$466.3 million during the third quarter of 2024.

NON-GAAP RECONCILIATION

Company Guidance

(\$ in millions)

Free cash flow reconciliation:

Net cash provided by operating activities
Additions to property, plant, and equipment
Free cash flow ^(A)

Year Ending
April 30, 2024

\$ 1,140

(610)

\$ 530

^(A) The change in free cash flow and capital expenditure guidance, compared to previous expectations, is primarily due to transaction and integration costs and capital expenditures associated with the Hostess Brands acquisition.

ADDITIONAL INFORMATION:

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