THE J.M. SMUCKER Co

NEWS RELEASE

J. M. Smucker Cites Strong Core Business Results in First Quarter

8/15/2001

ORRVILLE, Ohio, Aug. 16 /**PRNewswire**/ -- The J. M. Smucker Company (NYSE: SJM) announced today that sales for the first quarter ending July 31, 2001, were $169,792,000, up 2% from $166,328,000 in the prior year first quarter. Excluding the impact of a change in accounting of approximately $0.04 per share in last year's first quarter, earnings per share for the three-month period were $0.35, compared to $0.34 per share in the prior year. Diluted earnings per share were $0.34 for both the current quarter and last year, again excluding the accounting change.

Net earnings were $8,387,000 for the quarter compared to $9,558,000 in the prior year, due primarily to higher interest costs associated with the debt incurred in the second quarter last year to fund the share repurchases that were part of the shareholder value enhancement plan. Although net earnings decreased from the prior year, earnings before interest, taxes, depreciation, and amortization (EBITDA) were up 1% over last year. EBITDA per share increased by 16%, from $0.79 to $0.92.

Sales in the domestic business segment were up 4% over the prior year quarter as a result of strong sales in the consumer, foodservice, beverage, and specialty business areas. Consumer business area sales increased by nearly 7%, led by increases in traditional and sugar-free fruit spreads. The Company's record share of market in the fruit spreads category continues to grow, and both toppings and natural peanut butter sales were strong in the quarter.

Sales in the foodservice area were up 10%, as sales and distribution of the Smucker's Uncrustables line of thaw-and-serve peanut butter and jelly sandwiches to schools and traditional foodservice customers continued to

increase. These increases offset slight softness in sales of portion control products as the impact of the economic downturn continues to adversely affect certain restaurant customers. In the beverage area, sales were up 9.5% over the prior year. Sales of R.W. Knudsen Family and Santa Cruz Organic products led the increase, and the recently introduced Smucker's powdered lemonade product also contributed. The specialty area saw a 7.5% increase in sales, resulting from sales of new products in its non-branded business channel.

Commenting on the results, Richard Smucker, president of the Company, said, "We are extremely pleased with the results of the first quarter, especially with the strength reflected in our core businesses and the positive cash flow numbers. While there certainly are challenges to be addressed in a couple of areas, we think that we are going to have a very good year. The investments that we have made over the past year or so in our core businesses, in new products, and in improving our capital structure all position us well for future growth, both in our existing businesses and through complementary acquisitions."

The industrial area of the domestic segment continued to be challenged during the quarter by price competition, soft sales with major customers, and declining margins. Sales for the quarter were down 14% from the prior year, as new business opportunities failed to develop as quickly as had been anticipated. The Company expects, however, that several new business opportunities already identified will begin to contribute during the remainder of the year and will help to improve industrial performance.

The strong U.S. dollar, primarily in comparison to Australian and Brazilian currencies, continues to have a negative impact on the international business segment. International sales were down 9% or $2,136,000 from the prior year first quarter. Almost 80% of that decline related to adverse exchange rate impact. Despite the negative exchange rates, Brazilian sales increased 12% over the prior year quarter. Mexico and the Latin American markets also reported sales growth for the quarter. Canadian sales were down 3%, all due to exchange rates, while sales in Australia declined by 25% due to a combination of exchange rate effects, softness in the Australian fruit spread category, and increased competitive activity.

With respect to cash flow and earnings, the Company stated that working capital investments and expenses were both well within expectations for the quarter. Fruit costs, while anticipated to increase slightly later in the year, were down from the first quarter of the prior year, and other raw material costs were essentially flat. Utility costs at production facilities were up from the prior year but within expected ranges. Cost of products sold were further impacted by expenses associated with the expanded production capacity for Smucker's Uncrustables. Marketing expenses increased to support new initiatives and administrative expenditures increased primarily due to higher amortization charges associated with information systems implementations.

This release contains certain forward-looking statements that are subject to risks and uncertainties that could cause actual results to differ materially, including uncertainties relating to the Company's operating performance,

the cost of fruit and other ingredients and raw materials, and the success of marketing programs. These risks and uncertainties are detailed from time to time in reports filed by the Company with the Securities and Exchange Commission, including Forms 10-Q and 10-K.

The J. M. Smucker Company (www.smucker.com) was founded in 1897, when the Company's namesake and founder sold his first product -- apple butter -- from the back of a horse-drawn wagon. Today, over a century later, the Company is the market leader in fruit spreads, ice cream toppings, health and natural foods beverages, and natural peanut butter in North America. The Company has over 2,000 employees worldwide and distributes products in more than 70 countries.

THE J. M. SMUCKER COMPANY
STATEMENTS OF CONSOLIDATED INCOME
(Unaudited)

	Three Months Ended July 31,	
	2001	2000
	(Dollars in thousands, except per share data)	
Net sales	$169,792	$166,328
Cost of products sold	112,875	110,404
Gross profit	56,917	55,924
Selling, distribution, and administrative expenses	41,685	39,858
Operating income	15,232	16,066
Interest income	731	750
Interest expense	(2,281)	(898)
Other income - net	67	(199)
Income before income taxes and cumulative effect of change in accounting method	13,749	15,719
Income taxes	5,362	6,161
Income before cumulative effect of change in accounting method	8,387	9,558
Cumulative effect of change in accounting method, net of tax benefit of $572	---	(992)
Net income	$8,387	$ 8,566
Earnings per Common Share:		
Income before cumulative effect of change in accounting method	$0.35	$0.34
Cumulative effect of change in accounting method	---	(0.04)
Net income per Common Share	$0.35	$0.30
Earnings per Common Share--Assuming Dilution:		

Income before cumulative effect of change in accounting method	$0.34	$0.34
Cumulative effect of change in accounting method	---	(0.04)
Net income per Common Share - Assuming Dilution	$0.34	$0.30
Dividends declared per share	$0.16	$0.16
Common Shares outstanding	24,303,006	28,187,349
Common Shares outstanding - assuming dilution	24,524,437	28,240,405

THE J. M. SMUCKER COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

	July 31, 2001	2000
	(Dollars in thousands)	
ASSETS		
Current Assets:		
Cash and cash equivalents	$50,992	$25,368
Trade receivables	54,405	63,194
Inventories	129,592	134,922
Other current assets	11,692	17,115
Total Current Assets	246,681	240,599
Property, Plant & Equipment, Net	171,414	178,154
Noncurrent Assets	68,064	71,797
Total	$ 486,159	$ 490,550
LIABILITIES & SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$34,111	$36,836
Other current liabilities	45,812	42,181
Total Current Liabilities	79,923	79,017
Long-term Debt	135,000	75,000
Other Noncurrent Liabilities	21,172	19,321
Shareholders' Equity, Net	250,064	317,212
Total	$ 486,159	$ 490,550

SOURCE J.M. Smucker Company

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