



THE J.M. SMUCKER Co

NEWS RELEASE

# The J.M. Smucker Company to Divest its U.S. Baking Business

7/9/2018

ORRVILLE, Ohio, July 9, 2018 /PRNewswire/ -- The J. M. Smucker Company (NYSE: SJM) (the "Company") announced today the signing of a definitive agreement to sell its U.S. baking business to Brynwood Partners VII L.P. and Brynwood Partners VIII L.P., subsidiaries of Brynwood Partners, in a transaction valued at \$375 million. The transaction primarily encompasses products sold in U.S. retail channels under the Pillsbury<sup>®</sup>, Martha White<sup>®</sup>, Hungry Jack<sup>®</sup>, White Lily<sup>®</sup>, and Jim Dandy<sup>®</sup> brands, along with all relevant trademarks and licensing agreements, and the Company's manufacturing facility in Toledo, Ohio. This business generated net sales of approximately \$370 million for the Company's fiscal year ended April 30, 2018, which were primarily reported in its U.S. Retail Consumer Foods segment. The transaction does not include the Company's baking business in Canada.

"The divestiture reflects our strategy to further focus our portfolio and develop a stronger presence in pet food, coffee, and snacking — all large, growing categories with sustainable growth projections," said Mark Smucker, President and Chief Executive Officer. "Pillsbury<sup>®</sup>, Martha White<sup>®</sup>, and Hungry Jack<sup>®</sup> remain iconic brands and, although they no longer align with our strategic priorities, we are confident they will be nurtured at Brynwood. While the decision to divest these brands was difficult, it underscores our commitment to allocating resources toward those areas of the business critical to our growth."

The Company expects the divestiture to be dilutive to its adjusted earnings per share by \$0.25 to \$0.30 on a full-year basis, reflecting foregone profit related to the U.S. baking business, before factoring in any potential benefit from the use of proceeds from the sale. However, the Company expects the net impact of the divestiture to be only

slightly dilutive to its fiscal 2019 adjusted earnings per share, as foregone profit for the remainder of the fiscal year is expected to be mostly offset by an anticipated one-time gain on divestiture. This expectation also excludes any potential benefit from the use of proceeds from the sale. The Company will further discuss the transaction's anticipated impact on its fiscal 2019 outlook when it releases its fiscal 2019 first quarter results in August.

The transaction is expected to close in the second quarter of the Company's 2019 fiscal year, subject to customary closing conditions, including receipt of required regulatory approvals.

## The J. M. Smucker Company Forward-Looking Statements

This press release contains forward-looking statements 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 ability to successfully complete the divestiture of the Company's U.S. baking business in a timely and cost-effective manner; the ability to achieve cost savings related to the Company's synergy 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; the timing and amount of capital expenditures and share repurchases; 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.

## About The J. M. Smucker Company

For more than 120 years, The J. M. Smucker Company has brought families together to share memorable meals and moments. Guided by a vision to engage, delight, and inspire consumers through trusted food and beverage brands that bring joy throughout their lives, Smucker has grown to be a well-respected North American marketer and manufacturer with a balanced portfolio of leading and emerging, on-trend brands. In consumer foods and beverages, its brands include Smucker's<sup>®</sup>, Folgers<sup>®</sup>, Jif<sup>®</sup>, Dunkin' Donuts<sup>®</sup>, Crisco<sup>®</sup>, Café Bustelo<sup>®</sup>, R.W. Knudsen Family<sup>®</sup>, Sahale Snacks<sup>®</sup>, Smucker's<sup>®</sup> Uncrustables<sup>®</sup>, Robin Hood<sup>®</sup>, and Bick's<sup>®</sup>. In pet food and pet snacks, its brands include Rachael Ray<sup>®</sup> Nutrish<sup>®</sup>, Meow Mix<sup>®</sup>, Milk-Bone<sup>®</sup>, Kibbles 'n Bits<sup>®</sup>, Natural Balance<sup>®</sup>, and Nature's Recipe<sup>®</sup>. The Company remains rooted in the Basic Beliefs of Quality, People, Ethics, Growth, and Independence established by its founder and namesake more than a century ago. For more information about our Company, visit [jmsmucker.com](http://jmsmucker.com).

The J. M. Smucker Company is the owner of all trademarks referenced herein, except for the following, which are used under license: Pillsbury<sup>®</sup> is a registered trademark of The Pillsbury Company, LLC, Dunkin' Donuts<sup>®</sup> is a

registered trademark of DD IP Holder LLC, and Rachael Ray<sup>®</sup> is a registered trademark of Ray Marks Co. LLC.

Dunkin' Donuts<sup>®</sup> brand is licensed to The J. M. Smucker Company for packaged coffee products sold in retail channels such as grocery stores, mass merchandisers, club stores, and drug stores. This information does not pertain to Dunkin' Donuts<sup>®</sup> coffee or other products for sale in Dunkin' Donuts<sup>®</sup> restaurants.

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