



THE J.M. SMUCKER Co

NEWS RELEASE

# The J.M. Smucker Co. to Divest Natural Beverages and Grains Businesses as Part of Continued Portfolio Optimization

12/15/2021

ORRVILLE, Ohio, Dec. 15, 2021 /PRNewswire/ -- The J.M. Smucker Co. (NYSE: SJM) announced today it has entered into a definitive agreement to sell its natural and organic beverage and grains businesses to Nexus Capital Management LP in a cash transaction valued at approximately \$110 million. The sale includes R.W. Knudsen® and TruRoots® assets and trademarks, and a licensing agreement for Santa Cruz Organic® beverages. The transaction also includes the Company's manufacturing and distribution facilities in Chico, California, and Havre de Grace, Maryland. It does not include Santa Cruz Organic® nut butters, fruit spreads, syrups or applesauce. In a related decision, to further optimize operations for the Consumer Foods business, the Company plans to close and pursue the sale of its Ripon, Wisconsin, production facility in calendar year 2022 and consolidate production at its Orrville, Ohio, facility.

Collectively, the natural beverage and grains businesses generated net sales of approximately \$140 million for the Company's fiscal year ended April 30, 2021, which were primarily reported in its U.S. Retail Consumer Foods segment.

"This transaction supports our strategy to direct investments and resources toward core brands positioned for growth," said Tina Floyd, Sr. Vice President and General Manager, Consumer Foods, The J.M. Smucker Co. "By focusing resources on our core brands, including Uncrustables® sandwiches, Jif® and Smuckers®, we are positioning ourselves to build on our market leadership while continuing to support the growth of the overall

category."

Last month, the Company announced plans to build its third manufacturing facility and distribution center dedicated to production of Smucker's® Uncrustables® sandwiches. With increased production capacity and continued consumer demand, the Company plans to grow the brand over the next five years to approximately \$1 billion in annual net sales.

The Company expects the divestiture to be dilutive to its adjusted earnings per share by approximately \$0.15 on a full-year basis, reflecting the foregone profit related to the natural and organic beverages and grains businesses, before factoring in any potential benefit from the use of net proceeds from the sale. The Company will further discuss the transaction's impact on its fiscal year 2022 outlook when it releases its third quarter results.

The transaction is expected to close in the third quarter of the Company's 2022 fiscal year, subject to customary closing conditions. The Company appointed Goldman Sachs & Co. LLC as exclusive financial advisor and Benesch, Friedlander, Coplan & Aronoff LLP as legal advisor to assist with the sale of the beverage and grains businesses.

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

This press release 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 impact of the COVID-19 pandemic on the Company's business, industry, suppliers, customers, consumers, employees, and communities, particularly with respect to the Company's Away From Home business; disruptions or inefficiencies in the Company's operations or supply chain, including any impact of the COVID-19 pandemic and labor shortages resulting from, among other things, the implementation of vaccination requirements; volatility of commodity, energy, and other input costs; 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, including any impact of the COVID-19 pandemic; 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 impact of food security concerns involving either the Company's products or its competitors' products; the impact of accidents, extreme weather, natural disasters, and pandemics (such as COVID-19); 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, including tariffs and COVID-19 vaccination requirements; the outcome of tax examinations, changes in tax laws, and other tax matters; 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.

## About The J.M. Smucker Co.

Each generation of consumers leaves their mark on culture by establishing new expectations for food and the companies that make it. At The J.M. Smucker Co., it is our privilege to be at the heart of this dynamic with a diverse portfolio that appeals to each generation of people and pets and is found in nearly 90 percent of U.S. homes and countless restaurants. This includes a mix of iconic brands consumers have always loved such as Folgers®, Jif® and Milk-Bone® and new favorites like Café Bustelo®, Smucker's® Uncrustables® and Rachael Ray® Nutrish®. By continuing to immerse ourselves in consumer preferences and acting responsibly, we will continue growing our business and the positive impact we have on society. For more information, please visit [jmsmucker.com](https://www.jmsmucker.com).

The J.M. Smucker Co. is the owner of all trademarks referenced herein except for Rachael Ray®, a registered trademark of Ray Marks II LLC, which is used under license.

## About Nexus Capital Management LP

Nexus is an alternative asset investment management company based in Los Angeles, California that was founded in 2013. Nexus employs a flexible investment mandate that focuses on long-term value creation by partnering with leading management teams and businesses. For more information on Nexus, please visit [www.nexuslp.com](https://www.nexuslp.com).

SOURCE The J.M. Smucker Co.