

SJM50

U.S. RETAIL PET FOOD AND SNACKS

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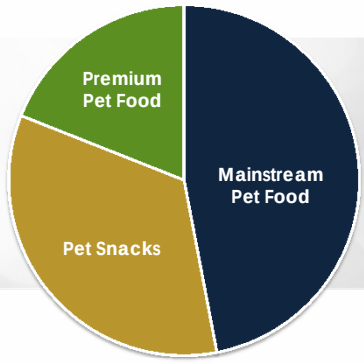
U.S. Retail Pet Foods Segment

$2.3 Billion
PROJECTED FY16 NET SALES





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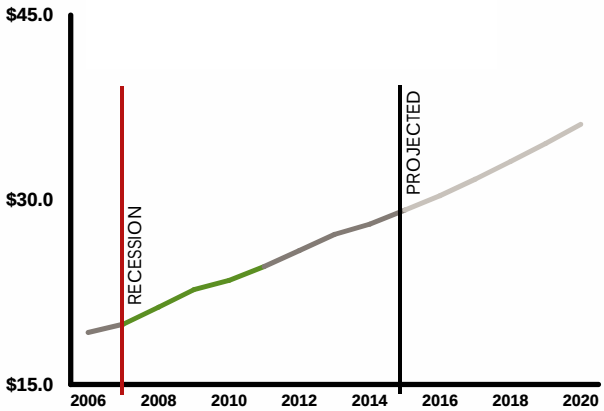
Pet is an Attractive & Growing Category

Annual U.S. Pet Food Category Spend
(in billions)



$28B
Category

4%+
6-Year CAGR
2008 - 2014

Source: Euromonitor 2006 – 2020 ; Euromonitor 2014; Euromonitor 2008 – 2014 (Includes all outlets)

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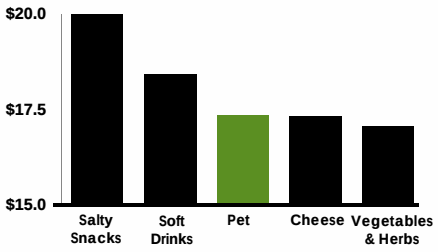
Pet is an Attractive & Growing Category

#3 GROCERY CATEGORY

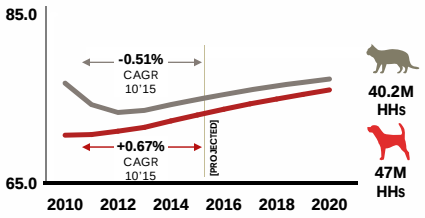
Grocery Spend
(in billions)



Pet Growing at 3x Center of the Store Average

150M BY 2020

U.S. Dog and Cat Population Growth
(in millions)



Source: Smucker Internal Share Report 52 weeks ended August 22, 2015; Euromonitor 2010 – 2020; Euromonitor September 2015

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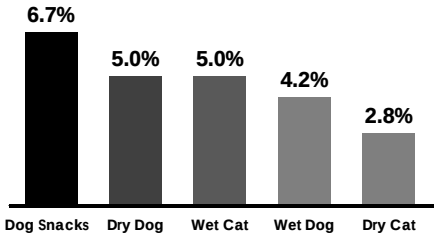
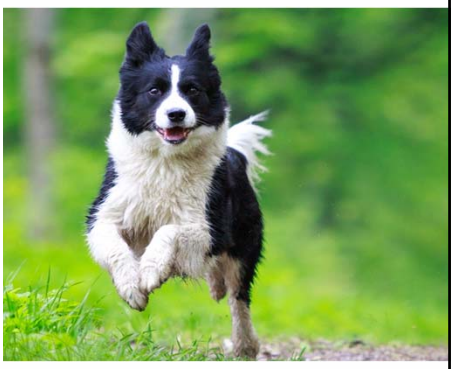
Continued Growth Within Category

2008 – 2014
U.S. Pet Food Category Sales CAGRs





All Areas of Pet Food Category are Growing

Source: Euromonitor 2008 - 2014

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U.S. Retail Pet Foods

Driving growth through focused investment.

PET SNACKS	PREMIUM PET FOOD	MAINSTREAM PET FOOD
Milk-Bone, Milo's Kitchen, Pup-Peroni, Meow Mix, Jerky Treats	Natural Balance, Nature's Recipe	Meow Mix, Kibbles 'n Bits, 9Lives, Alley Cat, Gravy Train
Attractive Growth and Margin Profiles	**Participates in High Growth Specialty Channel**	**Highly Cash Flow Generative**
High Single Digit Long-Term Growth	**High Single Digit** Long-Term Growth	**Low Single Digit** Long-Term Growth

Anticipate overall sales growth of **4-5%** over the long-term. Over the next 12-18 months continued deflation will dampen growth in Mainstream Pet Food and bring overall growth slightly below long-term targets.

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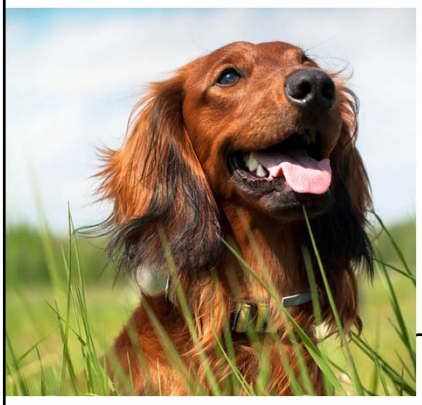
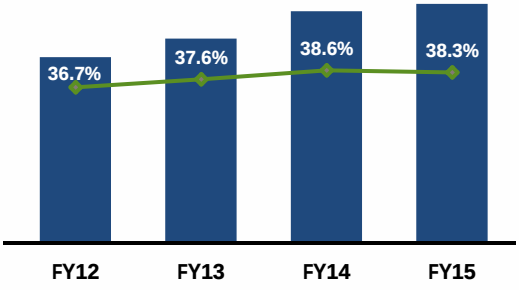
Gross Margin Expansion

Driving gross margin expansion despite deflationary environment.





+100bps

Q1 FY16 vs. PY

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Trends Driving Consumers to Trade Up








CHILD-FREE HOUSEHOLDS	DEEPER BONDS	SNACKS AS MEALS	WELL-BEING	TECHNOLOGY
64% OF DOG AND CAT HOUSEHOLDS ARE CHILD-FREE	**1 in 5** PREFER TO SPEND VALENTINE'S DAY WITH THEIR PET THAN THEIR PARTNER	**+14%** INCREASE IN SNACKING AND TREATING OCCASIONS	**3 in 4** PET PARENTS SAY THEIR PETS SHOULD "GET THE BEST CARE POSSIBLE, REGARDLESS OF COST"	**69%** OF MILLENNIALS ARE LIKELY TO USE TECHNOLOGY TO KEEP TRACK OF THEIR PETS

Source: Euromonitor, April 2015, August 2015; Packaged Facts, April 2015; Mintel, September 2015



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Strategic Levers Enabling Success

- **LEVERAGE MEGA-BRANDS**
- **BEST IN CLASS CONSUMER INSIGHTS**
- **NEW PRODUCT INNOVATION LEADERSHIP**
- **STRATEGIC CUSTOMER PARTNERSHIPS**
- **DISRUPT WITH DIGITAL**
- **INCREASE SPEED BY DECREASING COMPLEXITY**



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Major Pet Category Trends



- Strong Growth in Super Premium
- Emerging Mass Premium Segment
- Short-Term Deflation in Mass
- Accelerated Growth in Snacking
- Digital First

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Key Areas of Focus

1. Pet Snacks Leadership



2. Total Cat Segment Expansion



3. *Natural Balance* Expansion



4. Nose-Prints: Digital Ecosystem



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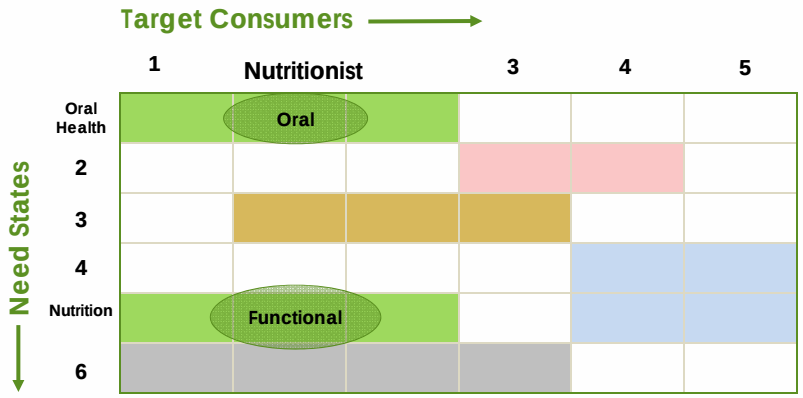
Leading Edge Consumer Insights

Drives sharper brand positioning and identifies unmet needs.



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Milk-Bone Brushing Chews



Clinically Proven to be as Effective as Brushing



Award Winning

VOTED PRODUCT OF THE YEAR 2015 Consumer Survey of Product Innovation

GMA

SN SUPPLIER LEADERSHIP AWARDS 2014

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1. Pet Snacks Category Leadership

Disruptive innovation addressing emerging need states and the space to bring it to life.



DOG SNACKS CATEGORY

39

DOLLAR SHARE

WELLNESS



CAT SNACKS



INDULGENCE



SEASONAL



Source: Smucker Internal Share Report 52 weeks ended September 26, 2015

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2. Total Cat Segment Expansion



DRY CAT FOOD CATEGORY

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VOLUME SHARE



Source: Smucker Internal Share Report 52 weeks ended September 26, 2015

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Meow Mix Segment Expansion

Portfolio meets needs across mealtime, treat time, playtime, and beyond.

	Dry Cat Food	Wet Cat Food	Cat Snacks
Meow Mix			

Leveraging the Strength of Our Dry Cat Food Business to Further Expand Our Wet Cat Food and Snacks Business

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3. Natural Balance Expansion

Strengthening our position in the Pet Specialty channel.

DICK VAN PATTEN'S Natural Balance

OMNI CHANNEL



Increased Availability Across Pet Specialty and Independents



MARKETING & INNOVATION

Increased Awareness

Focused & Fast Innovation:
- New Forms
- Premium Cat Food
- Functional Dog Treats



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Strategic Importance of Digital

A platform for us to extend our business model and rapidly accelerate growth.

TRAINING | PET WEARABLES | SECURITY | SAFETY

MEDICATION | INSURANCE





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4. Introducing: Nose-Prints

A digital ecosystem that is powered by data.



Strengthen Consumer Relationships

Direct Commerce Channel

Partner with Emerging and Start-Up Companies

Advertising, Product Reviews, and Ideas

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Our Thesis for Winning



DESCALE OUR COMPETITION

- **Relentless Total Innovation**
- **Speed and Agility**
- **Creativity**
- **Pets at the Heart of Everything**