
Consumer Analyst Group
of New York Conference
The J. M. Smucker Company
February 17, 2016
SMUCKER'S


Corporate Update
Richard Smucker
SMUCKER'S

Investor Day – October 20, 2015

Fifty years of being listed on the New York Stock Exchange.







SJM50
CELEBRATING 50 YEARS ON THE NYSE

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AGENDA

CORPORATE UPDATE

RICHARD SMUCKER
Chief Executive Officer

U.S. RETAIL BUSINESS UPDATE

MARK SMUCKER
President, Consumer and Natural Foods

FINANCIAL UPDATE

MARK BELGYA
Senior Vice President and Chief Financial Officer



Forward-Looking Statement

This presentation contains forward-looking statements, such as projected net sales, operating results, earnings, and cash flows, that are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from any future results, performance, or achievements expressed or implied by those forward-looking statements. Users should understand that the risks, uncertainties, factors, and assumptions listed and discussed in this presentation, could affect the future results of the Company and could cause actual results to differ materially from those expressed in the forward-looking statements.

Users are cautioned not to unduly rely on such forward-looking statements, which speak only as of the date made, when evaluating the information presented in this presentation. The Company does not undertake any obligation to update or revise these forward-looking statements to reflect new events or circumstances.

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Strengths of Smucker



Clearly Defined Strategy



Proven Execution



Leading Brands



History of Growth



Strong Cash Generation



Culture and Continuity

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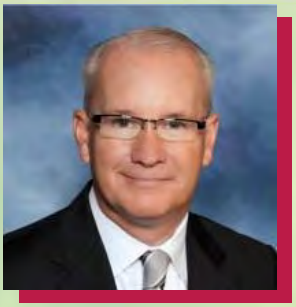
Three Platforms for Growth

COFFEE	CONSUMER AND NATURAL FOODS	PET FOOD AND SNACKS
Folgers	Smucker's	Kibbles 'n Bits
Dunkin' Donuts	Jif	Meow Mix
Café Bustelo	Crisco	9Lives
	Pillsbury	Natural Balance
	R.W. Knudsen	Milk-Bone
	truRoots	Pup-Peroni
	Sahale Snacks	Milo's Kitchen
	Santa Cruz Organic	





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VINCE BYRD

Retiring after 39 Years of Valuable Contributions

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The J. M. Smucker Company



Founded in 1897 by Jerome M. Smucker

Five Generations of Smucker Family Management

Committed to Core Values and Principles upon which the Company was Founded

J.M. Smucker

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Consumer Landscape

We are well-positioned to compete in this current environment.



CHANGING CONSUMER

Attitudes Toward Food and Brands are Transforming

BETTER FOR YOU

Authentic Food with Familiar and Fewer Ingredients

ON-THE-GO LIFESTYLE

Convenience, Snacking, and Shopping in Multiple Channels

SOCIAL MEDIA INFLUENCE

Food is One of the Most Common Experiences Shared

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Our Largest Categories

Participating in categories with favorable attributes.







PET FOOD	COFFEE	NUT BUTTERS
Pet Adoption and Premiumization Driving Growth	High Growth and On-Trend	Convenient and Affordable Source of Protein

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Our Vision Guides Our Strategy

"**Engage**, **delight**, and **inspire** consumers through trusted food brands that bring joy throughout their lives."

A portfolio that combines **#1 AND LEADING BRANDS** with **EMERGING, ON-TREND BRANDS** will drive balanced growth.











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Our Approach to Achieving Growth

INNOVATION LEADERSHIP

MARKETING INVESTMENTS

OMNI-CHANNEL PRESENCE

GO-TO-MARKET STRATEGY



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Track Record of Innovation

10% of FY16 Projected Net Sales from Products Launched within the Last Three Years



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Meeting Changing Consumer Preferences

SIMPLE INGREDIENTS	NUTRIENT RICH	ADDED CONVENIENCE	MINDFUL SNACKING














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Strengthening Brand Equity through Marketing

Digital, in combination with traditional media, expands our consumer reach.

DUNKIN' DONUTS | JIF | MILK-BONE











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Connecting with Consumers through Social Media



We Engage with Consumers through
OVER 100 Online and Social Media Properties

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U.S. Olympic Team Sponsor

Broadens our engagement across multiple generations of consumers.



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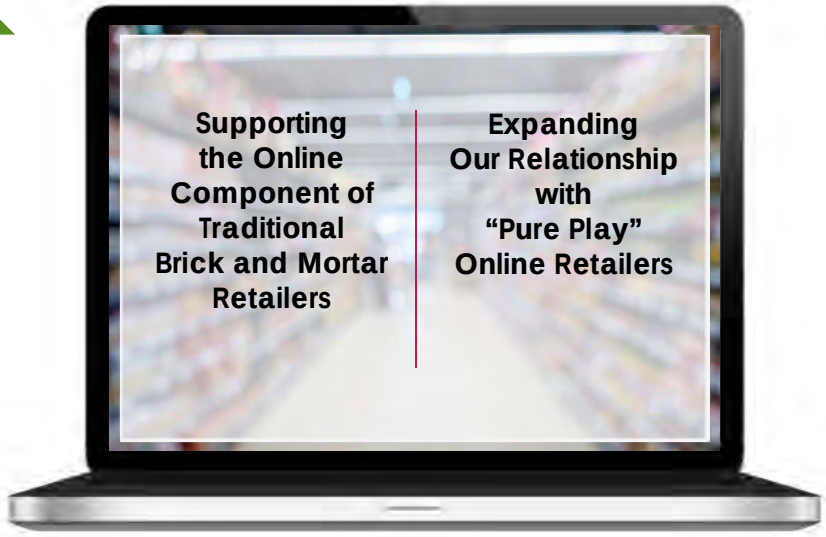
E-Commerce Channel

Double-digit growth rates expected to continue.





FAST GROWING



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Big Heart Key Integration Activities



CONSOLIDATED SUPPLY CHAIN	COMBINED SALES ORGANIZATION	COMMON SYSTEMS	CENTRALIZED SHARED SERVICES
Procurement	Supports Go-to-Market Approach	Administrative	Located at Corporate Offices in Orrville, Ohio
Demand and Supply Planning	Consolidated Sales Offices	Customer Service	
Distribution Network		Manufacturing	

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Pet Food Business Location Decisions

SALES OFFICES
Consolidate Locations

PITTSBURGH, PENNSYLVANIA OFFICE
Location to be Closed Near the End of FY16

SAN FRANCISCO, CALIFORNIA OFFICE
Pet Food Business will Continue to be Led from this Location

SOUTHERN CALIFORNIA RESEARCH AND DEVELOPMENT FACILITY
Relocate to New Facility in Orrville, Ohio

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Synergy Realization

$200 Million
Targeted Annual Synergies by FY18

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Key Messages



STRATEGY
Remains on Point in an Evolving Landscape



ABILITY TO EXECUTE
Depth of Strong Leadership Team



BRAND LEADERSHIP
Leading and Emerging, On-Trend Brands



INTEGRATION
Integration and Cost Savings Activities Remain on Track

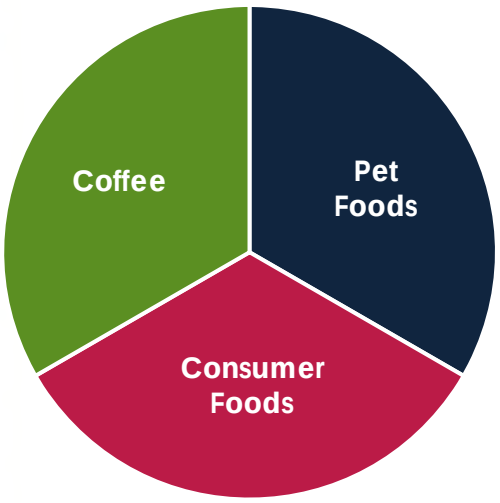
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U.S. Retail Business Update

Mark Smucker



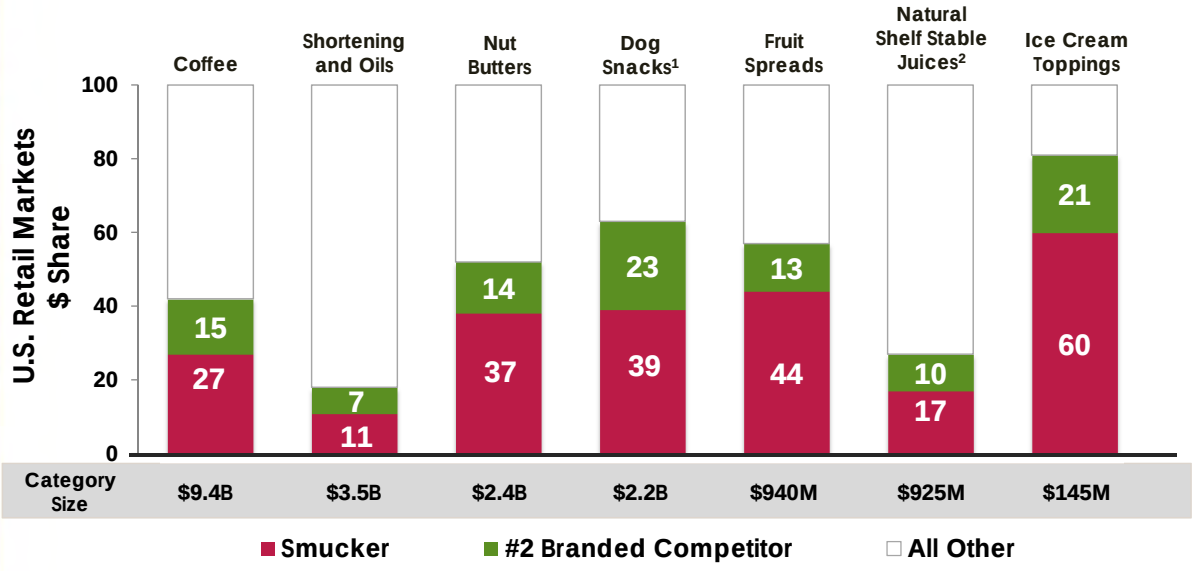
Our U.S. Retail Segments



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Our Category Leadership

#1 brand in seven key center of the store categories.



Source: Smucker Internal Multi-Outlet Share Report 52 weeks ended January 24, 2016; (1) Smucker Internal Multi-Outlet Share Report 52 weeks ended January 30, 2016; (2) SPINS SRL Universe 52 weeks ended January 24, 2016

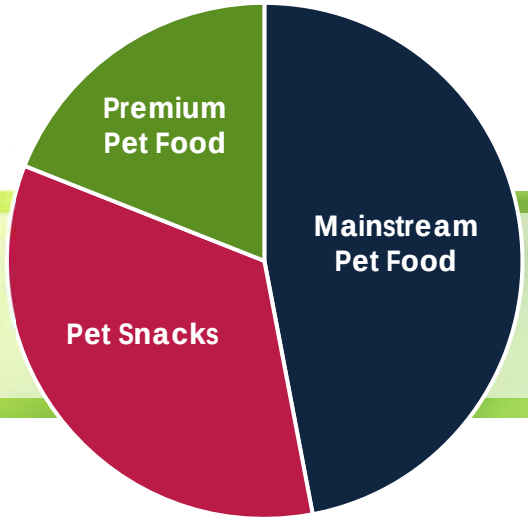
26

U.S. Retail Pet Foods Segment

A year ago we entered the pet food category by acquiring Big Heart Pet Brands.



FY16 SALES



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Drivers of Pet Food Success

BEST-IN-CLASS CONSUMER INSIGHTS	LEADERSHIP IN PRODUCT INNOVATION	STRATEGIC CUSTOMER PARTNERSHIPS
		

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Pet Food is an Attractive and Growing Category

$29 Billion

PET FOOD CATEGORY

SALES BY CHANNEL

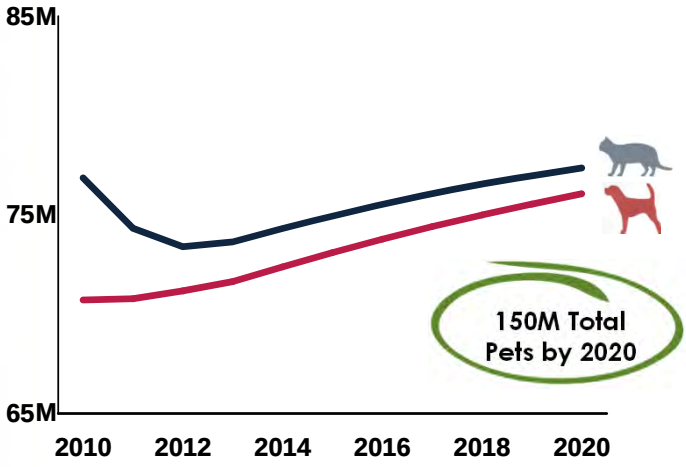


Source: Euromonitor September 2015
*Includes farm and feed stores, internet retailing, and veterinary clinics

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Pet Population Continues to Rise

U.S. Dog and Cat Population Growth





Source: Euromonitor 2010 – 2020

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Leadership in Dog Snacks

Retail sales for our brands grew 7% over the past year.



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DOLLAR SHARE

MILK-BONE · Pup-Peroni · Milo's Kitchen · Canine Carry Outs · Meaty Bone · Snausages

Source: Smucker Internal Multi-Outlet Share Report 52 weeks ended January 30, 2016

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Strengthening Position in Pet Specialty Channel

Well-executed launch of Natural Balance at the largest pet specialty retailer.



DICK VAN PATTEN'S Natural Balance

DISTRIBUTION OPPORTUNITIES

Pet Specialty

Independents

E-Commerce Channel

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Expanding Presence in Cat Food and Snacks

#2 position in dry cat food with growth opportunities in adjacent areas.

DRY CAT FOOD



WET CAT FOOD



CAT SNACKS

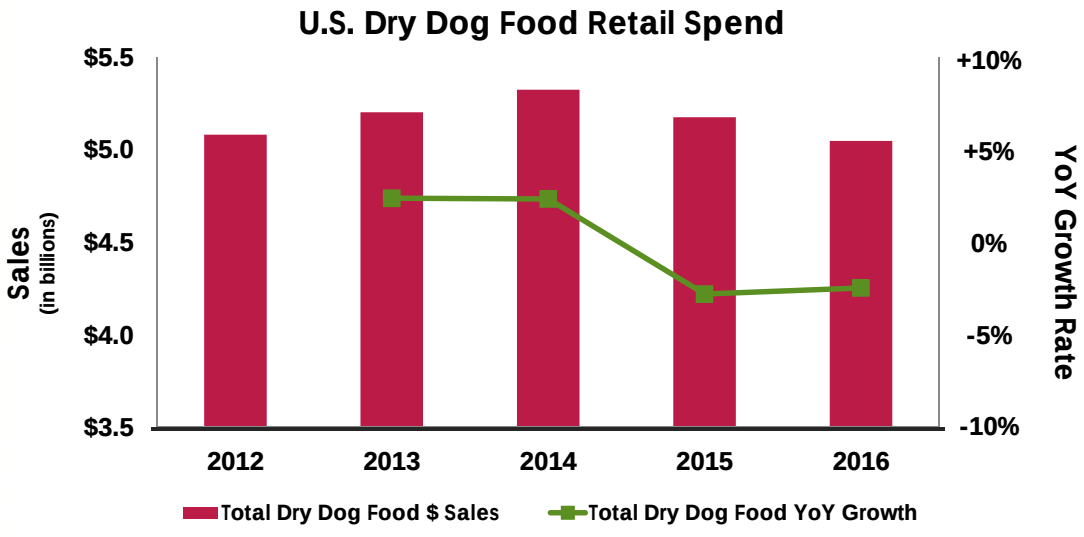


Source: Smucker Internal Multi-Outlet Share Report 52 weeks ended January 30, 2016

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Mainstream Dry Dog Food Trends

Dry dog food category remains highly competitive.



Source: Smucker Internal Multi-Outlet Share Report 52 weeks ended January, 2012-2016

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U.S. Retail Coffee Segment

Leader in the at-home coffee category.

27

DOLLAR SHARE



FY16 SALES



Source: Smucker Internal Multi-Outlet Share Report 52 weeks ended January 24, 2016

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Coffee Consumption Remains Strong



80% OF AMERICANS
Drink Coffee

4 OUT OF 5
Cups are Consumed At-Home vs. Away

COFFEE HAS THE 3rd
Highest Share of all Food and Drinks Consumed

$9.4 BILLION
Spent Annually in the Retail Coffee Category

10th LARGEST
Edible Category in Retail

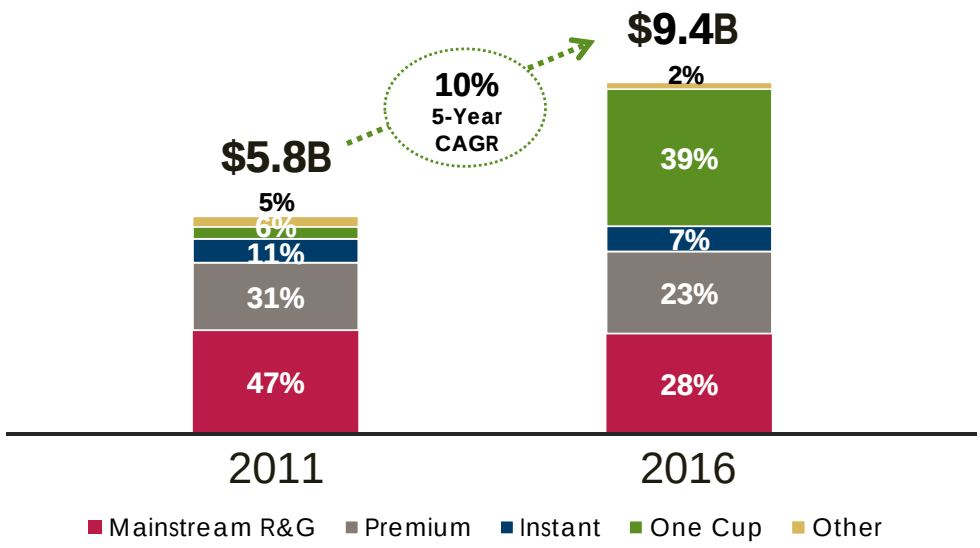
2 OUT OF 3
Warm Beverage Aisle Dollars are Coffee

Source: National Coffee Association, 2015; The NPD Group, 2014; Smucker Internal Multi-Outlet Share Report 52 weeks ended January 24, 2016; IRI Reviews, 52 weeks ended February 23, 2014

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At-Home Coffee Category Growth

Category has increased significantly since 2011 driven by One Cup.

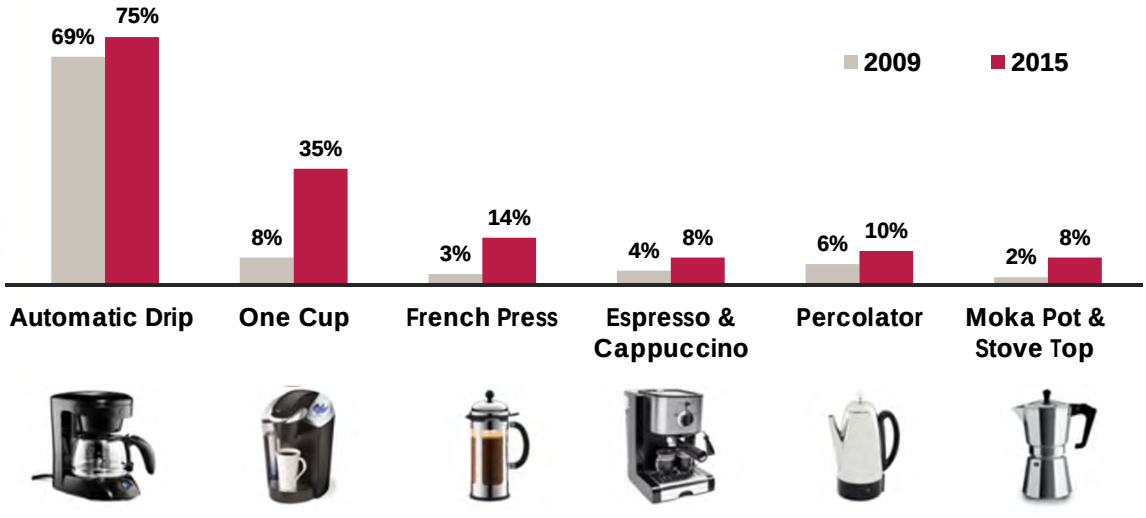


Source: Smucker Internal Multi-Outlet Share Report 52 weeks ended January 30, 2011 and January 24, 2016

37

Coffee Makers in U.S. Households

Household penetration for all types of coffee makers has increased.



Source: Smucker Custom Quantitative Research, 2009 and 2015

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Mainstream Roast and Ground Segment

Conversion to smaller canisters in FY16 is driving growth.

RESULTS FOR LATEST 12 WEEKS

Outperformed Overall Segment with **6% Unit Growth**

Gained **3 Points** of Dollar Share



57 | **DOLLAR SHARE**

Source: Smucker Internal Multi-Outlet Share Report 12 weeks ended January 24, 2016

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Folgers Perfect Measures

Introduced earlier this fiscal year in three lead markets.

A CONVENIENT, NO MESS OPTION

100% GROUND COFFEE, NO ADDITIVES



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Dunkin' Donuts K-Cups

Successful launch and continued momentum.

$150M Retail Sales for K-Cups Since May 2015 Launch



RESULTS FOR LATEST 12 WEEKS

6% Dollar Share
of the K-Cup Segment

ACV of over **90%**

Source: Smucker Internal Multi-Outlet Share Report 52 and 12 weeks ended January 24, 2016

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Dunkin' Donuts Premium Coffee



SEASONAL VARIETIES

TRADITIONAL ROASTS

BAKERY SERIES

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Keurig Green Mountain Partnership



Our K-Cup Portfolio Includes

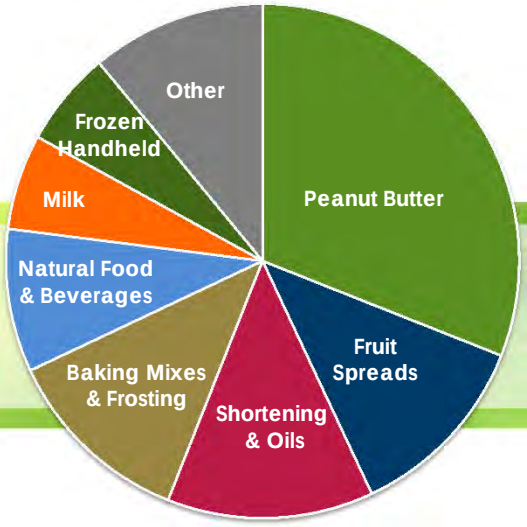
Folgers, *Dunkin' Donuts,* and *Café Bustelo* Brands

43

U.S. Retail Consumer Foods Segment

Iconic and emerging brands in core, consumer staple categories.





FY16 net sales includes 8 months of sales for the divested U.S. canned milk business

44

Category Participation

$23B

10 Largest Categories in which We Participate

CATEGORY SIZE (IN BILLIONS)	
Snack Bars	$5.1
Frozen Handheld	4.1
Shortening and Oils	3.5
Baking and Ingredients	2.8
Nut Butters	2.4
Pancake, Waffles, and Syrups	1.2
Trail Mix (1)	1.1
Fruit Spreads	0.9
Natural Shelf Stable Juices (2)	0.9
Natural Grains, Beans, and Rice (2)	0.6

Source: Smucker Internal Multi-Outlet Share Report 52 weeks ended January 24, 2016; (1)Smucker Internal Multi-Outlet Plus C-Store Share Report 52 weeks ended January 24, 2016; (2)SPINS SPL Universe 52 weeks ended January 24, 2016

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Key Food Trends

Focused on understanding the needs of our consumers.



AUTHENTICITY

Products Made with Simple Ingredients



NUTRIENT RICH

Protein and Nutrient Rich Products



SNACKING

Mindful Snacking through Convenient, On-the-Go Products

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Transforming the Peanut Butter Category







Convenience



Natural and Fortified



Snacking



Flavors

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Expanding the Presence of Jif

Specialty **Spreads**



Snack **Bars**



Peanut **Powder**



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Smucker's Uncrustables Sandwiches

Estimated total Company net sales of approximately $200 million for FY16.



15 Consecutive Quarters of
Double-Digit Volume Growth*

1.5 MILLION Sandwiches
Produced Daily

*In U.S. Retail Consumer Foods Segment

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Balanced Approach to Grow the Smucker's Brand

Mindful Snacks

Evolving with Consumer Preferences



Core Growth

Inspiring New Usage Occasions



Authentic Focus

Driving Relevancy through Innovation



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Expanding Smucker's Brand into New Categories

Leveraging
Brand Equity

SMUCKER'S

FRUIT
SIMPLE
AUTHENTIC
TRUSTED



51

Natural Food and Beverages



Long-Standing Leadership Position in Natural and Organic Foods Space

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Acquired Minority Interest in Numi, Inc.

A leading organic and fair trade tea brand.

Aligns with Our Vision to Invest in Emerging, On-Trend Brands

Expands and Compliments Our Existing Beverage Business



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Three Platforms for Growth

COFFEE	CONSUMER AND NATURAL FOODS	PET FOOD AND SNACKS
Folgers	Smucker's	Kibbles 'n Bits
Dunkin' Donuts	Jif	Meow Mix
Café Bustelo	Crisco	9Lives
	Pillsbury	Natural Balance
	R.W. Knudsen	Milk-Bone
	truRoots	Pup-Peroni
	Sahale Snacks	Milo's Kitchen
	Santa Cruz Organic	





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Financial Update

Mark Belgya



History of Long-term Growth

Compounded annual growth rate from FY11 to estimated FY16.

NET SALES	OPERATING INCOME (NON-GAAP)
10%	7%
EBITDA	**DIVIDENDS**
9%	10%

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Discussion Topics



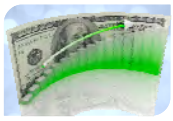
COMMENTARY ON 2016 EARNINGS



INITIAL THOUGHTS ON 2017 EPS



SYNERGY UPDATE



CASH AND LEVERAGE

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Fiscal 2016 Guidance

	Range
Non-GAAP EPS Guidance – As of June 2015	$5.65 - $5.80
Coffee Outperformance	+
Under-absorbed Overhead	–
Milk Divestiture Dilution	–
Non-GAAP EPS Guidance – As of November 2015	**$5.70 – $5.80**

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Additional Factors Benefiting Fiscal 2016



GAIN FROM MILK DIVESTITURE
$0.14 Per Share Gain Recognized in Q3

DEFERRED TAX BENEFIT
Expected to be Recognized in Q4

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Fiscal 2017 Guidance Considerations

FULL YEAR GUIDANCE TO BE PROVIDED DURING Q4 EARNINGS CALL

ANTICIPATE

10%+

EPS Growth
Driven by
Incremental Synergies

PRIOR YEAR EPS BASE EXCLUDES
Gain from Milk Divestiture
Deferred Tax Benefit

KEY CHALLENGES INCLUDE
Milk Divestiture Dilution
Canadian FX Headwind

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Fiscal 2016 Guidance – Amortization Impact

As of November 2015.

	LOW	HIGH
Non-GAAP EPS	$5.70	$5.80
Amortization Per Share	1.15	1.15
Adjusted EPS	**$6.85**	**$6.95**

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Areas of Synergies

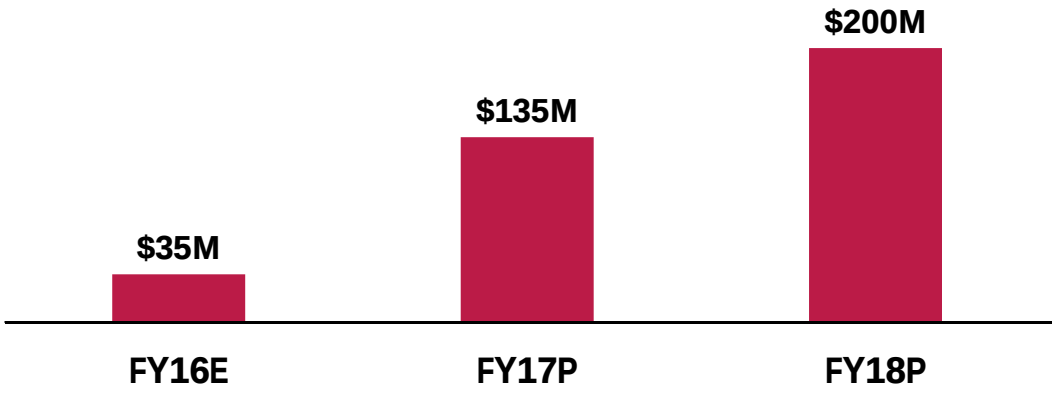
Targeting $200 million by FY18.

DIRECT MATERIALS	• Consolidate Supplier Base • Negotiate Improved Terms	$60M
OPERATIONS AND SUPPLY CHAIN	• Eliminate Redundant Distribution Centers • Optimize Logistics and Transportation • Leverage Manufacturing Best Practices	$40M
MARKETING AND SELLING	• Consolidate Marketing Agencies • Leverage Scale for Advertising & Data Buys • Combine Sales Organizations	$30M
CORPORATE ADMINISTRATION	• Eliminate Redundancies • Centralize Shared Services • Adopt Common Systems and Processes • Improve Indirect Spend Efficiency	$70M

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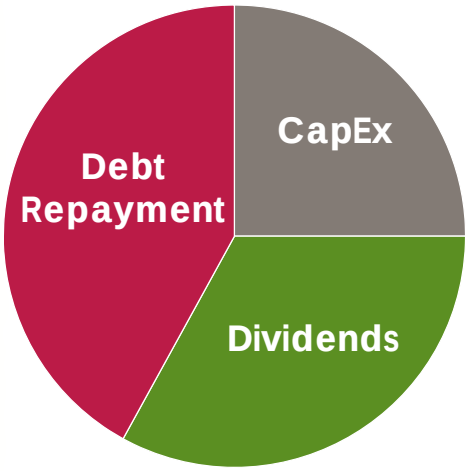
Synergy Realization Timing

$200M Annual Synergies by FY18



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Current Cash Deployment Strategy



Cash from Operations Expected to Average $1.25B Annually Over Next 5 Years

Approximately 25% Towards CapEx

Maintain Current Dividend Payout Ratio

40-45% Towards Debt Repayment

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Working Capital Improvement Target

REDUCTION OF

$200M

BY END OF FY17

Reducing Finished Goods Inventory Days will be a Key Driver

Expect to Achieve Nearly $100M in FY16

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Accelerating Debt Paydown

Expect to exceed our debt reduction target for FY16.

	FY15	FY16E	
	ACTUAL	ORIGINAL	REVISED
LEVERAGE*	4.1x	3.7x	3.5x

Repaid $800 Million of Term Loan in FY16 through Q3

*As of fiscal year end, April 30

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Other Strategic Uses of Cash

Achieving 3x leverage will provide opportunities to consider other uses of cash.

SHARE REPURCHASES	ACQUISITIONS
Repurchased **18.7M** Shares From FY11-FY14	Continuing to Explore Enabling and Bolt-On Acquisitions
Represents **16%** of the Shares Outstanding at the End of FY10	Transformational Acquisitions Unlikely in the Near-Term

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Growth Targets

PET FOODS	4-5%
COFFEE	2-3%
CONSUMER FOODS	2-3%
INT'L & FOODSERVICE	2-3%

DECREASE IN INTEREST EXPENSE AND SHARE REPURCHASES

3% NET SALES

6% OPERATING PROFIT

8% EARNINGS PER SHARE

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Strengths of Smucker



Clearly Defined Strategy



Proven Execution



Leading Brands



History of Growth



Strong Cash Generation



Culture and Continuity

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Dunkin' Donuts® brand is licensed to the Company for packaged coffee products sold in retail channels such as grocery stores, mass merchandisers, club stores, and drug stores. Information in this presentation does not pertain to *Dunkin' Donuts*® coffee or other products for sale in *Dunkin' Donuts*® restaurants.

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The J. M. Smucker Company Non-GAAP Measures

The Company uses non-GAAP financial measures including: non-GAAP operating income, income, and income per diluted share; adjusted non-GAAP income and income per diluted share; earnings before interest, taxes, depreciation, and amortization; and free cash flow as key measures for purposes of evaluating performance internally. The Company believes that these measures provide useful information to investors because they are the measures used to evaluate performance on a comparable year-over-year basis. Non-GAAP profit measures exclude certain items affecting comparability. These items can significantly affect the year-over-year assessment of operating results and include specific restructuring and merger and integration projects ("special project costs") that are each nonrecurring in nature as well as unallocated gains and losses on commodity and foreign currency exchange derivatives ("unallocated derivative gains and losses"). Adjusted non-GAAP income per diluted share further excludes the noncash impact of amortization. The Company believes this provides investors an additional metric to evaluate performance and the ability to generate cash necessary to achieve its deleveraging objectives. These non-GAAP financial measures are not intended to replace the presentation of financial results in accordance with U.S. generally accepted accounting principles ("GAAP"). Rather, the presentation of these non-GAAP financial measures supplements other metrics used by management to internally evaluate its businesses, and facilitates 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. The following slide reconciles certain non-GAAP financial measures to the comparable GAAP financial measure for its full year outlook. As the amount of unallocated derivative gains and losses varies depending on market conditions and levels of derivative transactions with respect to a particular fiscal year, it is not determinable on a forward-looking basis and no guidance has been provided.

This presentation is also available on our website at jmsmucker.com/investor-relations.

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The J. M. Smucker Company Non-GAAP Reconciliation

	Company Guidance Year Ending April 30, 2016			
	As of November 2015		As of June 2015	
	Low	High	Low	High
Net income per common share - assuming dilution reconciliation:				
Net income per common share - assuming dilution	$ 5.11	$ 5.21	$ 5.06	$ 5.21
Special project costs	0.59	0.59	0.59	0.59
Non-GAAP income per common share - assuming dilution	$ 5.70	$ 5.80	$ 5.65	$ 5.80

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