The J.M. Smucker Company

CONSUMER ANALYST GROUP OF NEW YORK CONFERENCE








February 20, 2019

Strategy and Business Update

Mark Smucker
President and Chief Executive Officer

Financial Update

Mark Belgya
Vice Chair and Chief Financial Officer

THE J. M. SMUCKER COMPANY



Mark Smucker
President & Chief Executive Officer



Mark Belgya
Vice Chair & Chief Financial Officer



Dave Lemmon
President, Pet Food & Pet Snacks



Joe Stanziano
Senior Vice President & General Manager, Coffee



Tina Floyd
Senior Vice President & General Manager, Consumer Foods

Forward-Looking Statements



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.


Thank You

Third Quarter Earnings Conference Call

Tuesday, February 26, 2019
8:30 a.m. EST







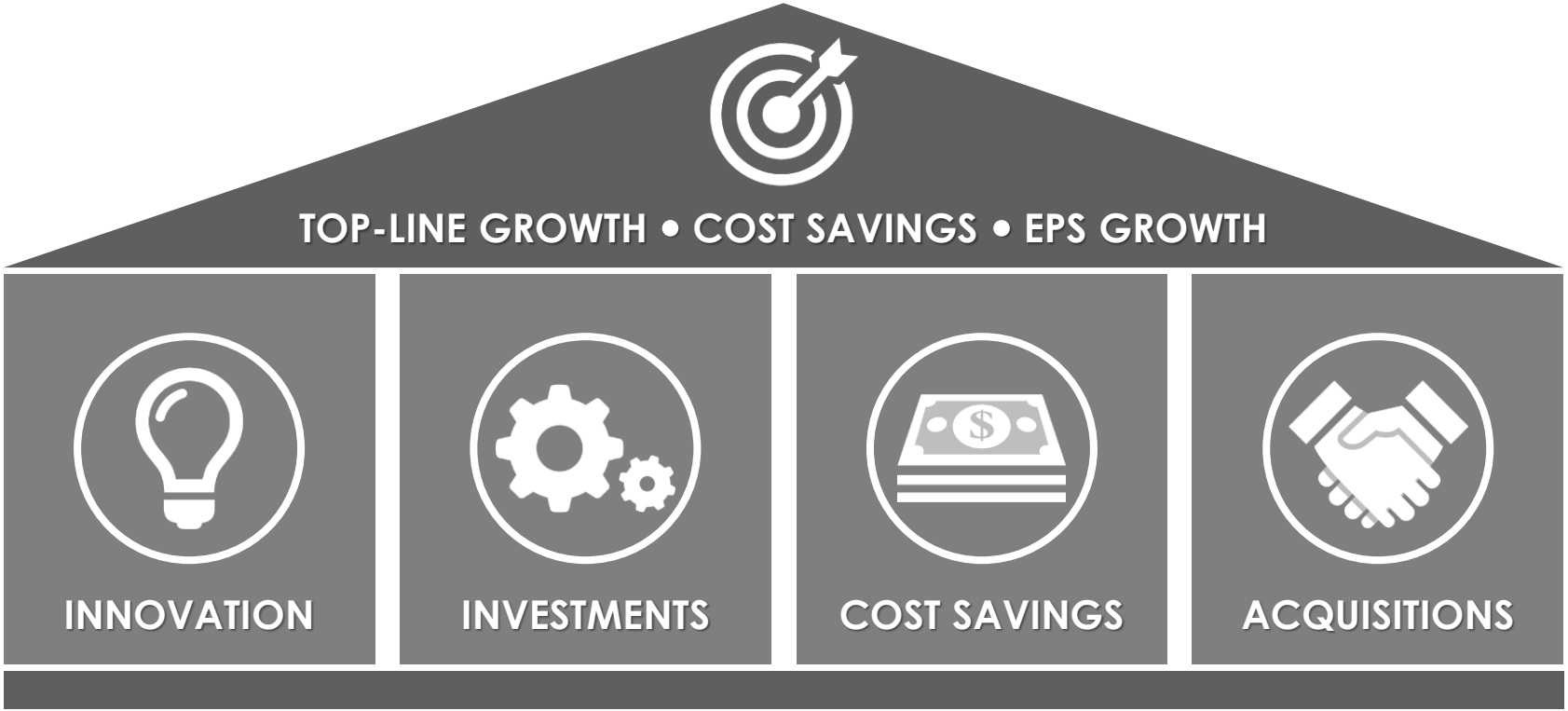

Our Vision Guides Our Strategy

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

A portfolio that combines **#1 and leading brands** with **emerging**, **on-trend brands** to drive balanced growth.



Strategic Roadmap



Balanced Portfolio of Brands

CORE, LEADING BRANDS

#1 IN FRUIT SPREADS

SMUCKER'S

#1 IN NUT BUTTERS

JIF

#1 IN COFFEE

Folgers

#1 IN PET SNACKS

LOVED SINCE 1908

MILK-BONE

+

HIGH-GROWTH, ON-TREND BRANDS

RACHAEL RAY NUTRISH

CAFÉ BUSTELO

DUNKIN' DONUTS

JIF POWER UPS

SNACK BETTER SAHALE SNACKS

EST. 1982 NATURE'S RECIPE EVERY INGREDIENT COUNTS

SMUCKER'S UNCRUSTABLES

S.F. 1850 CA. THE FOLGER COFFEE CO.

ANNUAL NET SALES GROWTH +2% - +3%

Source: Smucker Internal Multi-Outlet Share Report 52 weeks ended January 27, 2019

Long-Term Guidance

NET SALES

+2% - +3%

CORE & GROWTH BRANDS



OPERATING INCOME

+5%

LEVERAGING TOP LINE GROWTH

- FAVORABLE MIX
- COST MANAGEMENT
- SYNERGY REALIZATION

CAPITAL DEPLOYMENT STRATEGIES TO MAXIMIZE EPS GROWTH AND SHAREHOLDER RETURN

Growth Imperatives

LEAD IN THE BEST CATEGORIES



BUILD BRANDS CONSUMERS LOVE



BE EVERYWHERE



Growth Imperatives

LEAD IN THE BEST CATEGORIES



BUILD BRANDS CONSUMERS LOVE



BE EVERYWHERE

Strategy for Growth

PET FOOD **COFFEE** **SNACKS**



A portfolio that combines **LEADING BRANDS** with **EMERGING**, **ON-TREND BRANDS** to drive growth

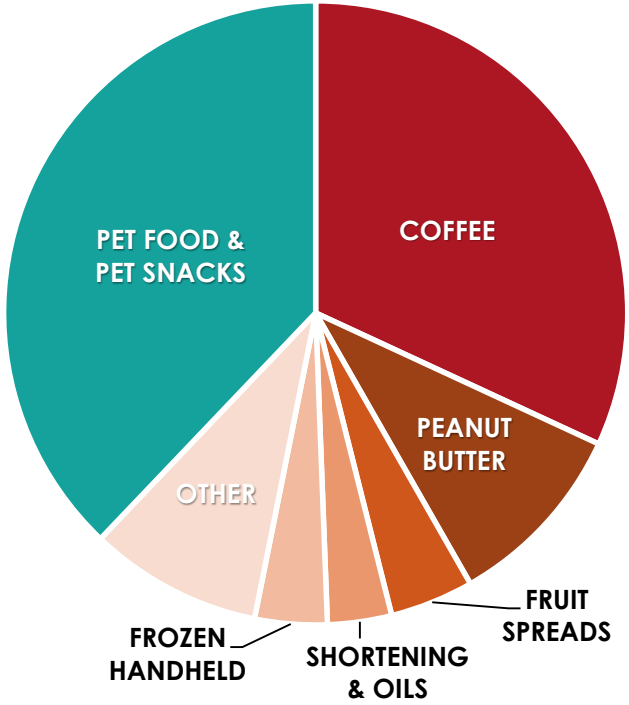
Portfolio Optimized For Growth

SIZE OF CATEGORIES WHERE WE PARTICIPATE

+25%

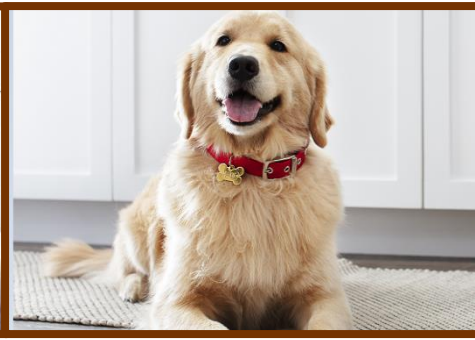
VERSUS 5 YEARS AGO

FY19 PROFORMA NET SALES



Pet Food & Pet Snacks



RACHAEL RAY NUTRISH

NATURE'S RECIPE EVERY INGREDIENT COUNTS

DICK VAN PATTEN'S Natural Balance PET FOODS, INC.

Kibbles 'n Bits

GRAVY TRAIN

DAD'S From Local Family Farms

Pup-Peroni

Milo's Kitchen MADE IN THE USA

LOVED SINCE 1908 MILK-BONE

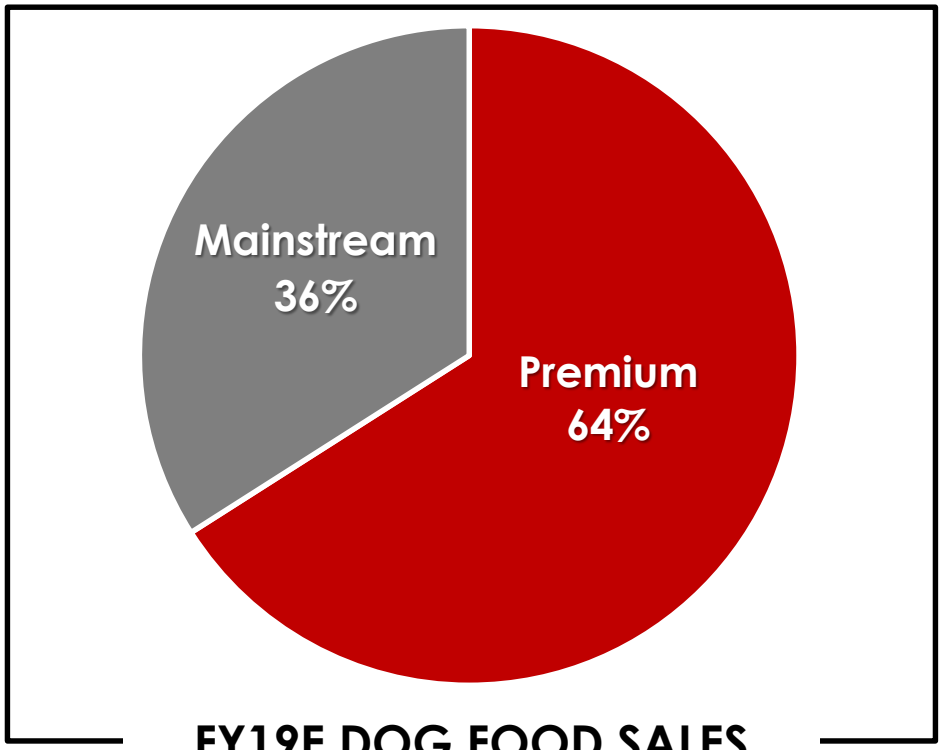
Canine Carry Outs DOG SNACKS

Meow Mix

CARING FOR CATS 9Lives SINCE 1993

SMUCKER'S

Premium vs. Mainstream Dog Food



FY19E DOG FOOD SALES



PREMIUM



MAINSTREAM

Momentum of *Nutrish*®

$1B in 5 Years



INCREASED DISTRIBUTION

BUILDING BRAND AWARENESS

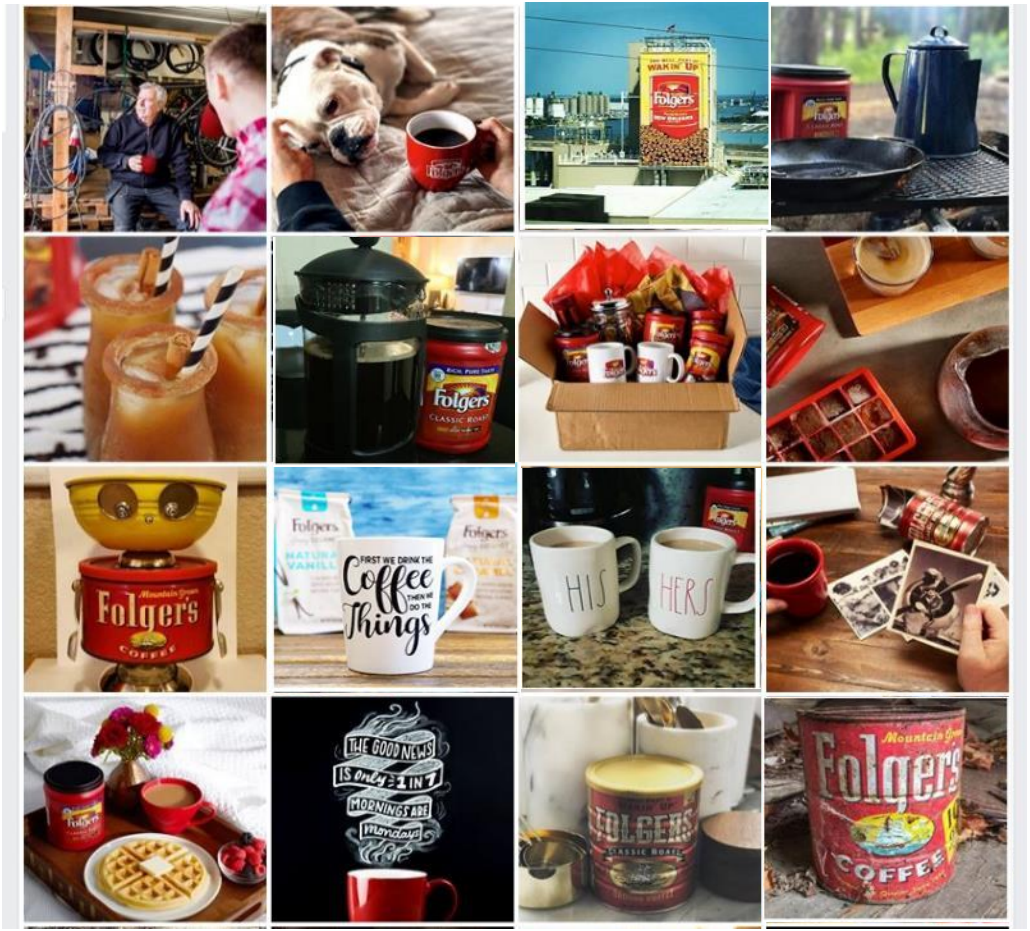
CATEGORY EXPANSION OPPORTUNITIES

Diverse Channel Offerings

GROCERY & MASS CHANNELS	CROSS CHANNEL	SPECIALTY CHANNEL
GRAVY TRAIN, Kibbles 'n Bits	RACHAEL RAY NUTRISH, NATURE'S RECIPE	DICK VAN PATTEN'S Natural Balance
VALUE	PREMIUM	SUPER PREMIUM



LEVERAGING DATA CAPABILITIES



SMUCKER'S

THE J. M. SMUCKER COMPANY

CELEBRATING 10 YEARS OF COFFEE LEADERSHIP

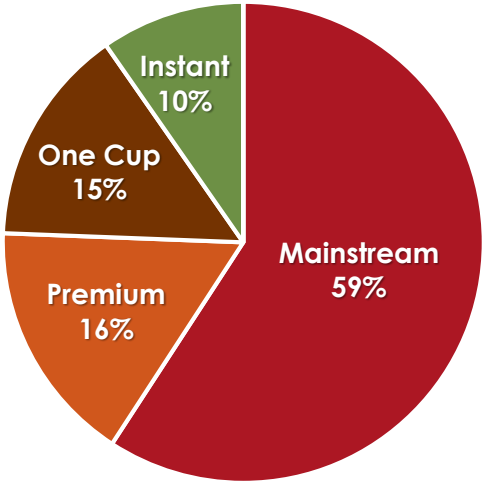
Coffee Portfolio



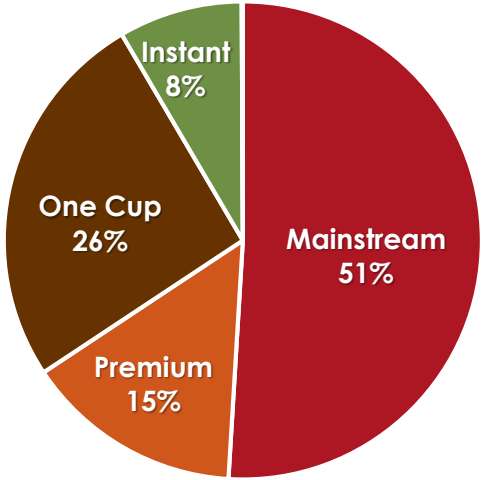
SMUCKER'S

U.S. Retail Coffee Sales

FY14



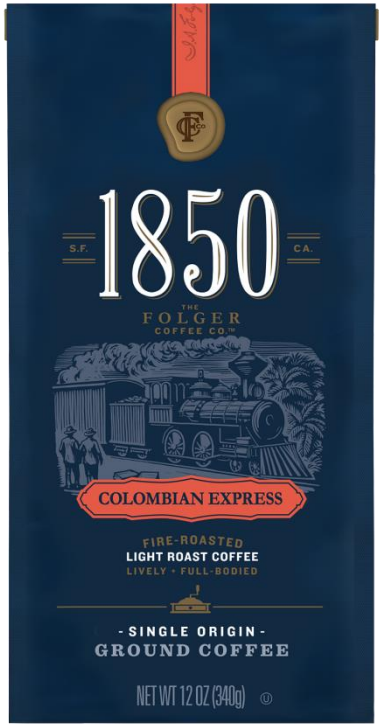
FY19E



- GROWING PREMIUM AND ONE CUP
- STRENGTHENING MAINSTREAM OFFERINGS
- EXPECTING LONG TERM GROWTH OF 2%

1850™ Single Origin Varieties









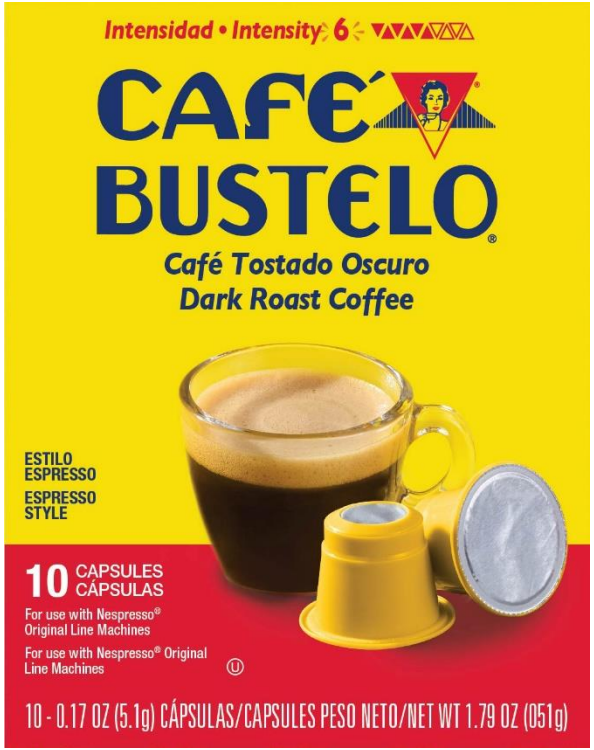
Dunkin'® Innovation

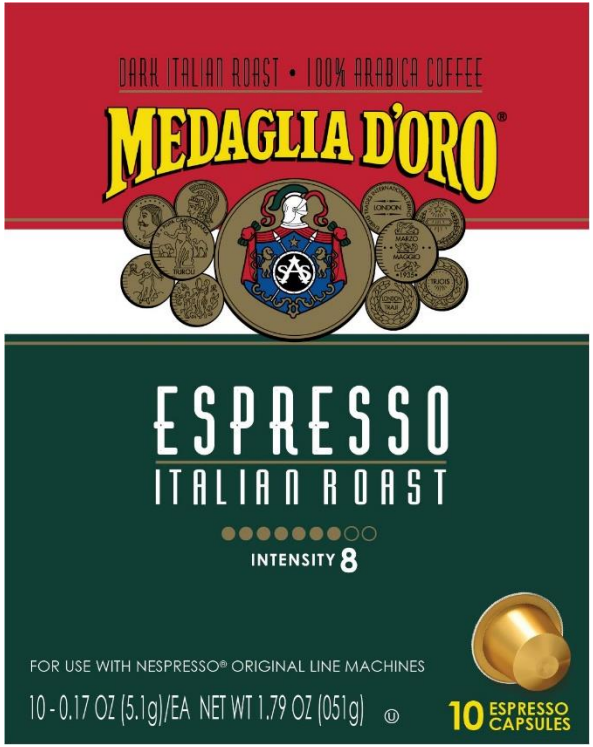


SMUCKER'S

Espresso Innovation







Folgers® NOIR™



Medium & Complex

Bold & Rich

Full & Smooth

Robust & Smoky

Growth Imperatives

LEAD IN THE BEST CATEGORIES

BUILD BRANDS CONSUMERS LOVE



BE EVERYWHERE

Transforming our Marketing Organization



CONSUMER INSIGHTS + DATA CAPABILITIES

INNOVATION MODEL

MARKETING MODEL

AGILE OPERATING MODEL

OMNICHANNEL FOCUS + DISTRIBUTION

Increased Marketing Investments

FY15 – FY18

5%+

of Net Sales

FY19E

7%+

of Net Sales









Marketing Driving Momentum in Cat



CONSUMPTION +4% YOY SINCE CAMPAIGN LAUNCH

Source: Smucker Internal Multi-Outlet Share Report 52 weeks ended January 27, 2019

MEOW MIX INNOVATION



Snacking Portfolio



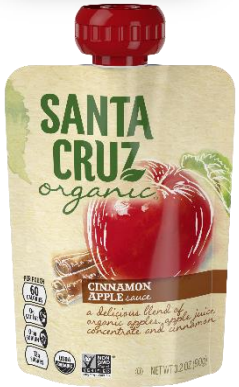
















Smucker's® Uncrustables® Frozen Sandwiches

$250M+
FY18 NET SALES

$500M+
EXPECTED SALES
IN 4 YEARS




3.2M
HOUSEHOLDS
HAVE TRIED
JIF® POWER UPS™

Strength of *Jif*® Brand



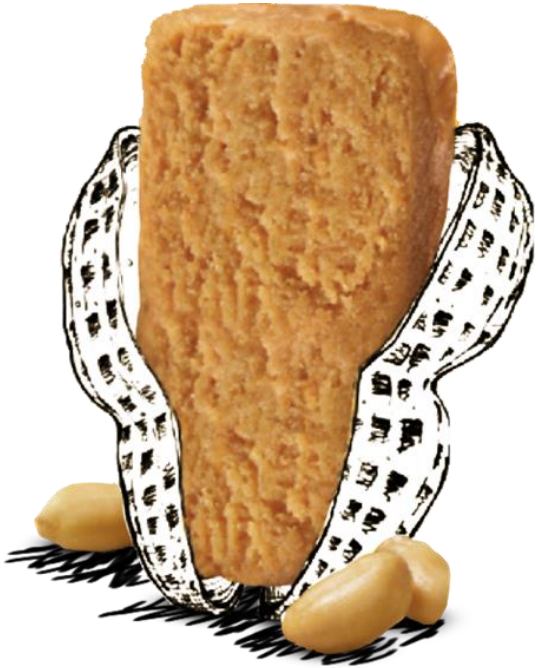
#1 IN PEANUT BUTTER

40

DOLLAR SHARE

Source: Smucker Internal Multi-Outlet Share Report 52 weeks ended January 27, 2019

Expanding the *Jif*® *Power Ups*™ Brand



Soft Baked Bars



Stacked™ Bars



Chocolate Chip Creamy Clusters™

Sahale Snacks® Innovation



Strength of *Smucker's*®



SMUCKER'S®

#1 IN FRUIT SPREADS

41

DOLLAR SHARE

Source: Smucker Internal Multi-Outlet Share Report 52 weeks ended January 27, 2019

Smucker's® Brand Refresh

SIMPLIFY



REFRESHED AND UNIFIED PACKAGING

EVOLVE



FORMULATION AND MESSAGING

INNOVATE

NEW NEWS TO THE CATEGORY

Fruit Spreads Innovation



Extending the *Smucker's*® Brand



Growth Imperatives

LEAD IN THE BEST CATEGORIES

BUILD BRANDS CONSUMERS LOVE



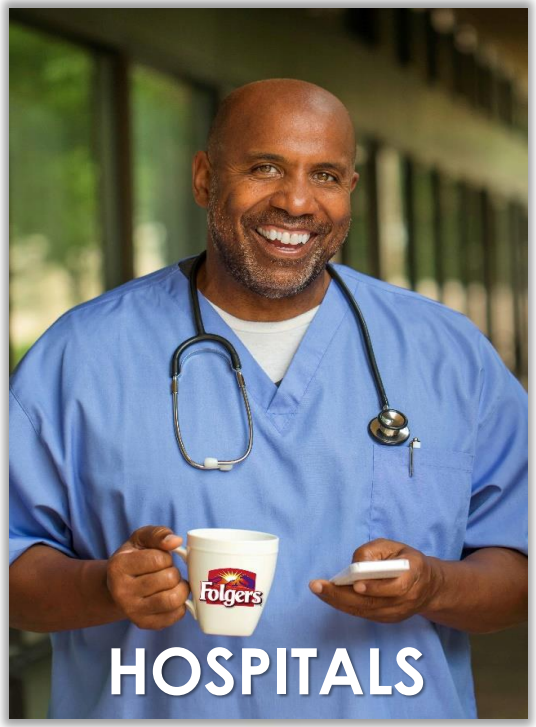
BE EVERYWHERE



Away From Home Growth

FY19E $600M NET SALES







New Operating Model



CONSOLIDATED NORTH AMERICAN TEAM



CONVENIENCE CHANNEL TRANSFER

Jif® Portion Control



1850™ Coffee





EXPANDING INTO THE AWAY FROM HOME CHANNEL

Accelerating E-Commerce



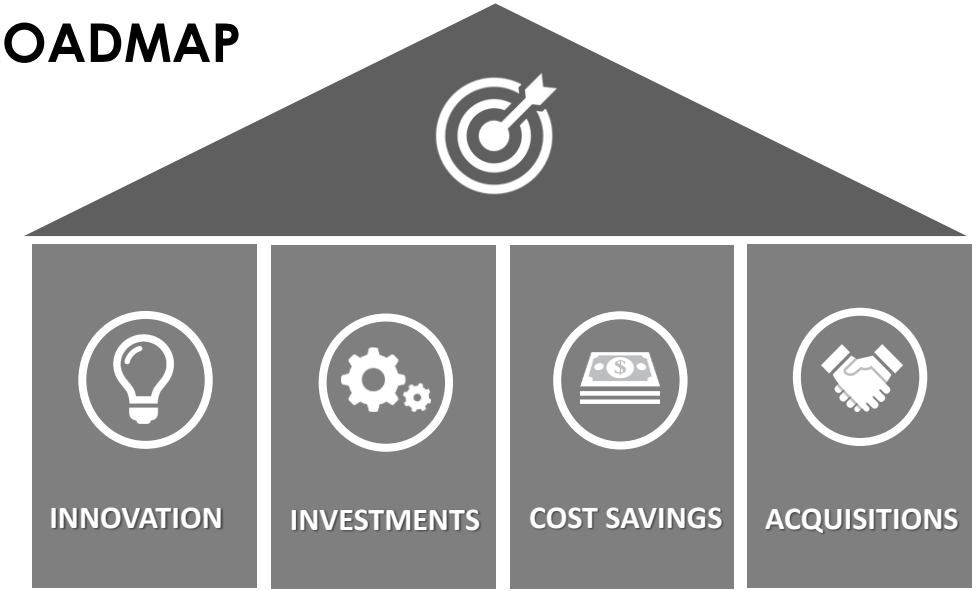
FY18 E-COMMERCE
NET SALES +**71%**

5% OF NET SALES FROM
E-COMMERCE IN FY20

LONG-TERM STRATEGY

TOP-LINE GROWTH • COST SAVINGS • EPS GROWTH

STRATEGIC ROADMAP



GROWTH IMPERATIVES

LEAD IN THE BEST CATEGORIES

BUILD BRANDS CONSUMERS LOVE

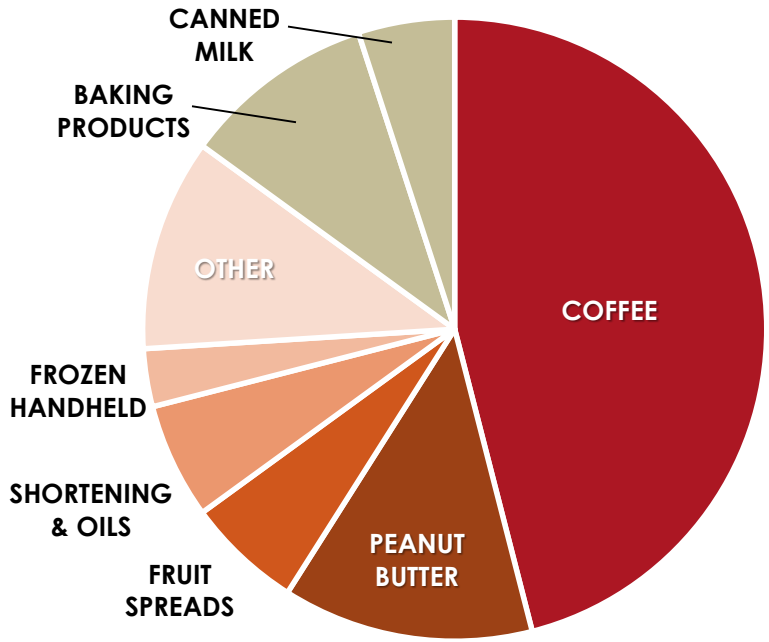
BE EVERYWHERE

Financial Update

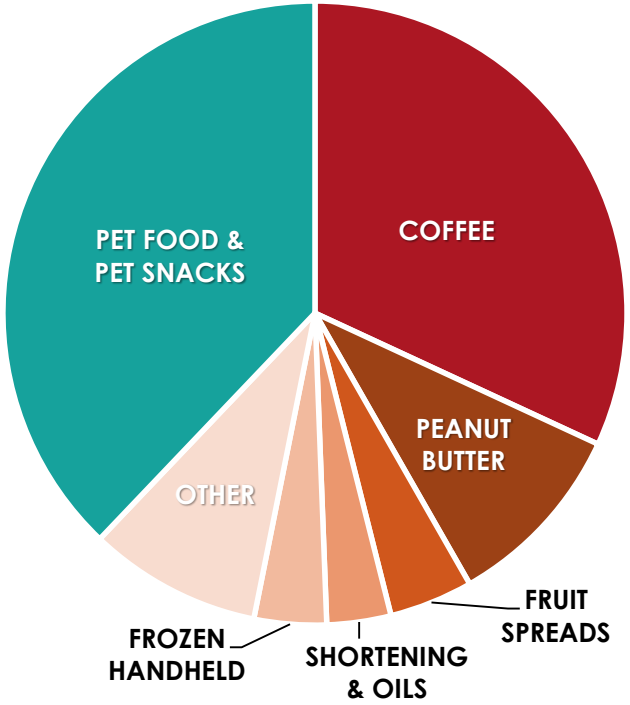
Mark Belgya
Vice Chair and Chief Financial Officer

Portfolio Transformation

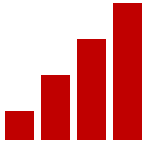
FY14 NET SALES



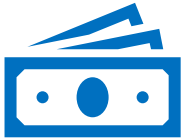
FY19 PROFORMA NET SALES



Strengthening Financial Position



CONSISTENT EARNINGS GROWTH



INCREASING FREE CASH FLOW



DE-LEVERING THE BALANCE SHEET



IMPROVING RETURN ON INVESTED CAPITAL

Long-Term Growth

NET SALES	OPERATING INCOME	EPS
+2% - +3%	+5%	+8%

NEAR-TERM EPS GROWTH BELOW LONG-TERM EXPECTATIONS

Path to Long-Term Growth

+ BENEFITS OF INNOVATION
+ COST MANAGEMENT
+ SYNERGY REALIZATION
+ IMPROVED FINANCIAL LEVERAGE

= RETURN TO LONG-TERM GROWTH TARGETS



Net Sales Growth

CORE, LEADING BRANDS

#1 IN FRUIT SPREADS

SMUCKER'S

#1 IN NUT BUTTERS

JIF

#1 IN COFFEE

Folgers

#1 IN PET SNACKS

LOVED SINCE 1908

MILK-BONE

+

HIGH-GROWTH, ON-TREND BRANDS

RACHAEL RAY NUTRISH

CAFÉ BUSTELO

DUNKIN' DONUTS

JIF POWER UPS

SNACK BETTER SAHALE SNACKS

EST. 1982 NATURE'S RECIPE EVERY INGREDIENT COUNTS

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LONG-TERM GROWTH +2% - +3%

Source: Smucker Internal Multi-Outlet Share Report 52 weeks ended January 27, 2019

Operating Income Growth

LONG-TERM OBJECTIVE

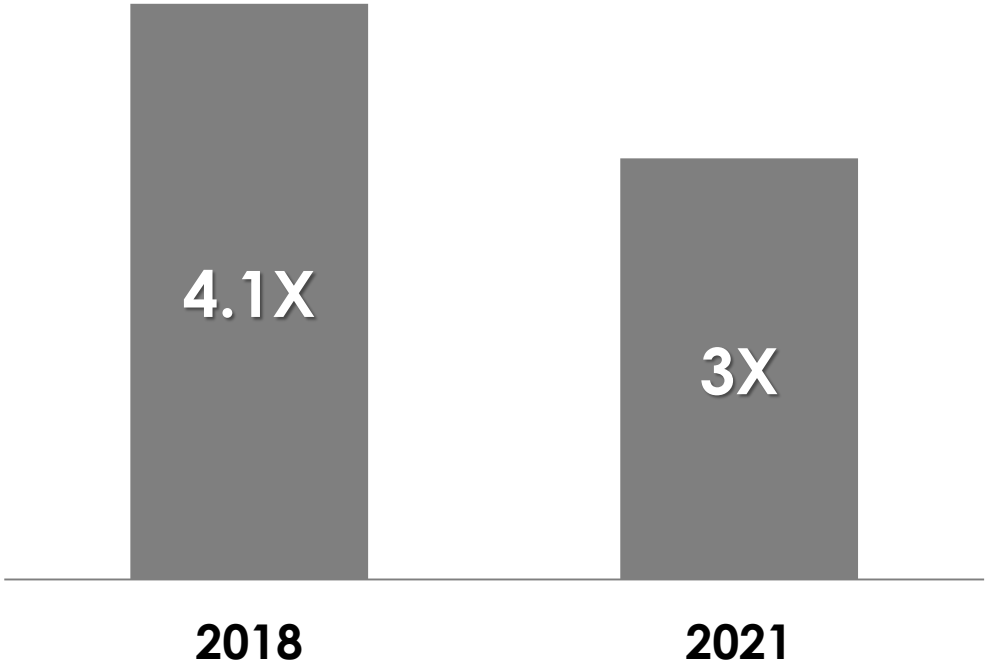
+5%

LEVERAGING TOP LINE GROWTH

- FAVORABLE MIX
- COST MANAGEMENT
- SYNERGY REALIZATION

NEAR-TERM OPERATING INCOME GROWTH BELOW LONG-TERM EXPECTATIONS

Projected Leverage

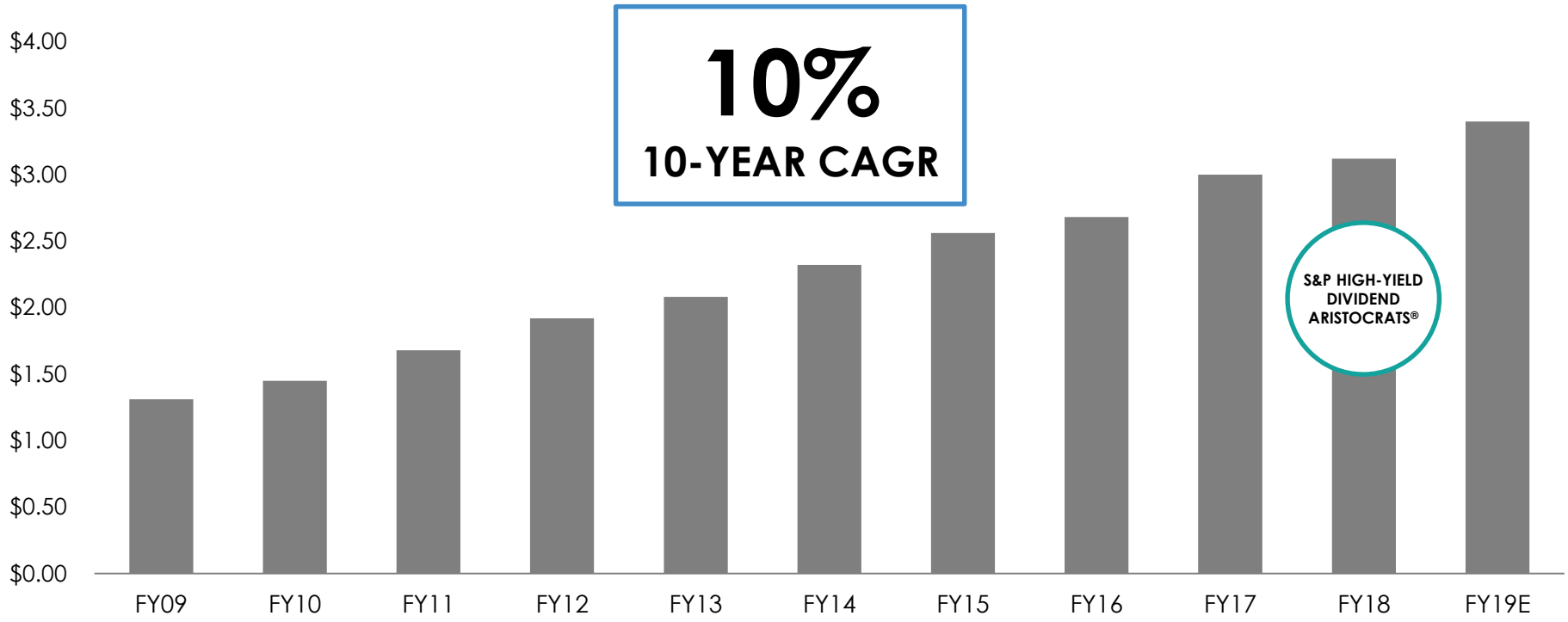


DEBT REDUCTION ADDS

1%

ANNUAL EARNINGS GROWTH

Returning Cash to Shareholders



Focus On Increasing ROIC



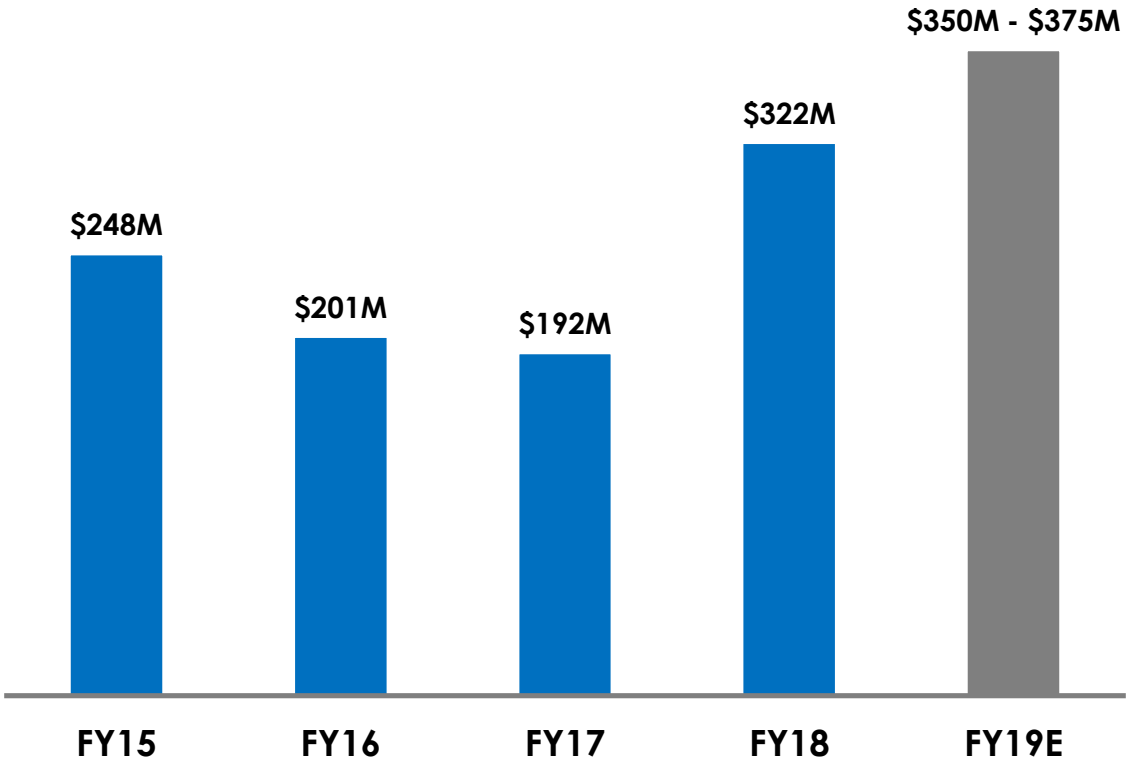
NEW INCENTIVE COMPENSATION PROGRAM EFFECTIVE 2020

Free Cash Flow Generation

FY19E	LONG TERM
$700-$750 MILLION	$1 BILLION

- EARNINGS GROWTH
- CAPEX REDUCTION
- WORKING CAPITAL BENEFITS

Capital Expenditures



FY19E:

4.6% OF NET SALES

LONG-TERM OBJECTIVE:

3.5% OF NET SALES

Fiscal 2019 and 2020 Outlook


$8.00-$8.20
FY19 ADJUSTED
EPS GUIDANCE

Peanut Butter Pricing



INCREASED COMPETITION
+ LOWER PEANUT COSTS
= PRICE DECLINE

EFFECTIVE MARCH 2019

Fiscal 2020 Outlook

PEANUT BUTTER PRICE DECLINE

DIVESTITURE OF U.S. BAKING BUSINESS

PET PRICE INCREASE

INNOVATION









Fiscal 2020 Impact of Divested Business

- LOST SALES AND PROFITS
- PRE-TAX GAIN ON SALE
- REDUCTION IN INTEREST EXPENSE

$0.25/share

IMPACT

Fiscal 2020 Benefits

AINSWORTH SYNERGIES

RACHAEL RAY NUTRISH

DAD'S From Local Family Farms

COST MANAGEMENT

RIGHT SPEND

GEOGRAPHIC CENTRALIZATION



Effective Tax Rate



FY19E	FY20E
25.5% - 26.0%	25%

Preliminary Fiscal 2020 Outlook

ADJUSTED EPS GROWTH
3% - 4%

FREE CASH FLOW GROWTH
10%+

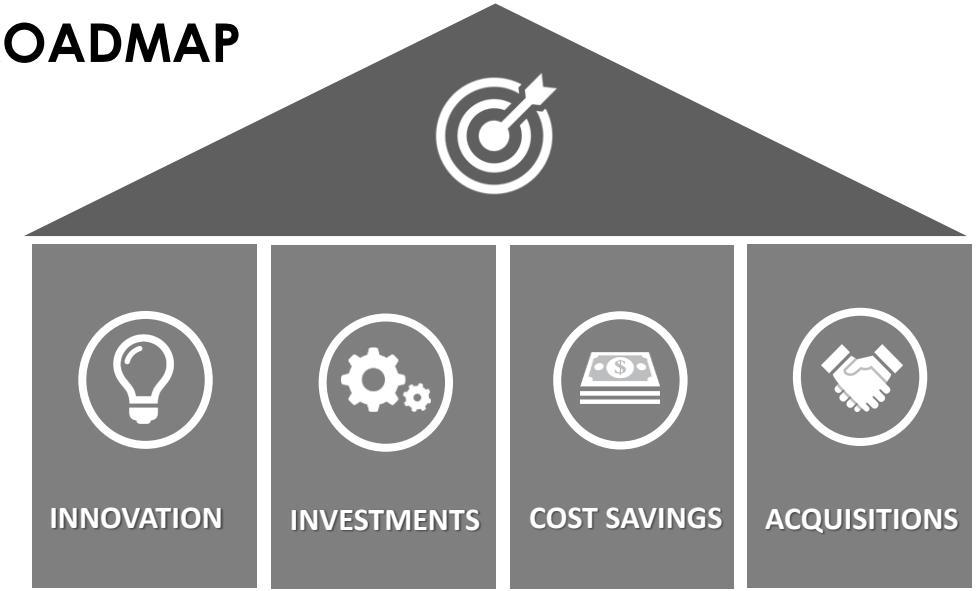





LONG-TERM STRATEGY

TOP-LINE GROWTH • COST SAVINGS • EPS GROWTH

STRATEGIC ROADMAP



GROWTH IMPERATIVES

LEAD IN THE BEST CATEGORIES

BUILD BRANDS CONSUMERS LOVE

BE EVERYWHERE

Thank You!





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CONSUMER ANALYST GROUP OF NEW YORK CONFERENCE








February 20, 2019

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Non-GAAP Financial Measures

The Company uses non-GAAP financial measures, including: net sales excluding acquisition and foreign currency exchange; adjusted gross profit, operating income, income, and earnings per share; earnings before interest, taxes, depreciation, amortization, and impairment charges related to intangible assets ("EBITDA (as adjusted)"); and free cash flow, as key measures for purposes of evaluating performance internally. The Company believes that investors' understanding of its performance is enhanced by disclosing these performance measures. Furthermore, these non-GAAP financial measures are used by management in preparation of the annual budget and for the monthly analyses of its operating results. The Board of Directors also utilizes the adjusted earnings per share, adjusted operating income, and free cash flow measures as components for measuring performance for incentive compensation purposes.

Non-GAAP profit measures exclude certain items affecting comparability which include amortization expense and impairment charges related to intangible assets, integration and restructuring costs ("special project costs"), and unallocated gains and losses on commodity and foreign currency exchange derivatives ("unallocated derivative gains and losses"). The special project costs relate to specific integration and restructuring projects, and the unallocated derivative gains and losses reflect the changes in fair value of the Company's commodity and foreign currency exchange contracts.

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. A reconciliation of certain non-GAAP financial measures to the comparable GAAP financial measure for the current and prior year periods is included in the "Non-GAAP Reconciliation" tables. The Company has also provided a reconciliation of non-GAAP financial measures for its fiscal 2019 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.

Non-GAAP Reconciliation

($ in millions)	Year Ended April 30, 2018
EBITDA (as adjusted) reconciliation:	
Net income	$ 1,338.6
Income tax expense (benefit)	(477.6)
Interest expense - net	174.1
Depreciation	206.3
Amortization	206.8
Goodwill impairment charge	145.0
Other intangible asset impairment charges	31.9
Cumulative effect from change in accounting method	-
EBITDA (as adjusted)	$ 1,625.1

Non-GAAP Reconciliation

Company Guidance

($ in millions, except per share data)	Year Ending April 30, 2019	
	Low	High
Net income per common share – assuming dilution reconciliation:		
Net income per common share – assuming dilution	$ 5.94	$ 6.14
Special project costs	0.40	0.40
Amortization	1.66	1.66
Adjusted earnings per share – assuming dilution	$ 8.00	$ 8.20
Free cash flow reconciliation:		
Net cash provided by operating activities	$ 1,070	$ 1,170
Additions to property, plant, and equipment	(370)	(350)
Free cash flow	$ 700	$ 750

Additional Information

The Company is the owner of all trademarks and logos referenced herein, except for the following, which are used under license: *Dunkin' Donuts*® is a registered trademark of DD IP Holder LLC, and *Rachael Ray*® is a registered trademark of Ray Marks Co. LLC.

The following trademarks and corresponding logos are the trademarks of their respective owners: *K-Cup, K-Cups, and Nespresso*.

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.