



# THE J.M. SMUCKER CO.

BARCLAYS GLOBAL CONSUMER STAPLES CONFERENCE

September 3, 2024



# MARK SMUCKER

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CHAIR OF THE BOARD, PRESIDENT  
& CHIEF EXECUTIVE OFFICER





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

# TODAY'S THEMES

**RESILIENCE OF OUR BUSINESS**

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**EVOLVING TO MEET THE NEEDS  
OF THE CONSUMER**

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**POSITIONED TO DELIVER  
LONG-TERM GROWTH &  
INCREASE SHAREHOLDER VALUE**



# A STRONG START TO THE FISCAL YEAR

## Sales and Earnings Growth

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Demonstrating the resilience of our business  
and our transformed portfolio



# FY25 FINANCIAL OUTLOOK

Provided with Q1 Earnings Release

**NET SALES GROWTH**  
**8.5% - 9.5%**

**ADJUSTED EPS**  
**\$9.60 - \$10.00**

**FREE CASH FLOW**  
**\$875M**

## Evolving our Business

.....  
**Positioning the Company for Long-Term Success**

# OUR VISION GUIDES OUR STRATEGY



**Engage, delight and inspire consumers  
by building brands they love  
and leading in growing categories**





# One of the Fastest Growing Brands in At-Home Coffee is now in the Refrigerated Aisle

## New Multi-Serve Ready-to-Drink

Combines the flavor of  
espresso style roast with  
the cold and refreshing  
taste of an iced coffee





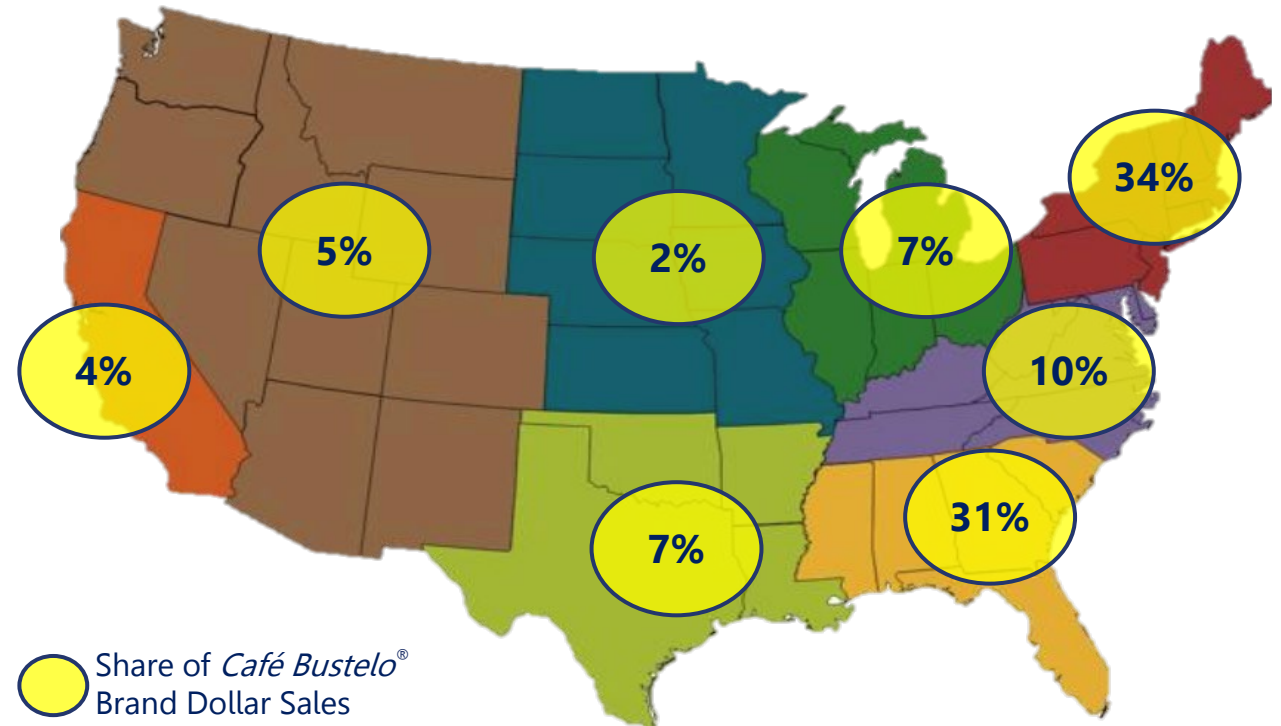
**CAFE'**  **BUSTELO**®

*Video Commercial Playing in Room*

# CAFÉ BUSTELO<sup>®</sup>



Driving accessibility of *Café Bustelo*<sup>®</sup> coffee to consumers across the U.S. through geographic and format expansion



# JIF<sup>®</sup> INNOVATION

## DATA DRIVEN INSIGHTS

Expand the *Jif*<sup>®</sup> brand to meet growing usages of spreads for snacking

PEANUT  
BUTTER

Plant-Based  
Familiar  
Nostalgic

+

CHOCOLATE  
FLAVORED  
SPREADS

Delicious  
Flavor

=

THE PERFECT  
MERGER





# The Merger

*Video Commercial Playing in Room*

# THE LAUNCH HAS EXCEEDED OUR EXPECTATIONS

The  
**Perfect  
Merger**



**#1**  
New Item  
in Nut Based  
Spreads Category



**Expect to grow to**  
**\$1 BILLION**  
**in annual net sales**  
**by the end of fiscal year 2026**

- NATIONAL ADVERTISING
- DISTRIBUTION GAINS
- NEW MERCHANDISING

THE BEST PART OF THE Sandwich.



# Innovation in Stores this Month

## NEW VARIETIES



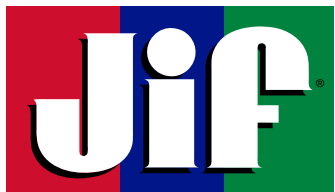
## SEASONALS



# MILK-BONE<sup>®</sup> INNOVATION



Combining the  
#1 Dog Treat and  
#1 Peanut Butter  
Brands



**WILL BE AVAILABLE  
NATIONALLY IN JANUARY**

The Delicious Taste of  
**REAL** Peanut Butter  
in a Convenient Bite!







*Video Commercial Playing in Room*

# PART OF THE FAMILY

CONSUMERS VIEW  
THEIR PETS  
AS FAMILY MEMBERS

## **This Innovation:**

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- 🦴 Nurtures Relationships and Bonds Between Pet and Family
- 🦴 Drives Growth through Premiumization



# THE *HOSTESS*<sup>®</sup> BRAND

## Strong Track Record of Innovation

1<sup>st</sup> Product Launched by the  
*Hostess*<sup>®</sup> Brand that can be Microwaved



TRANSFORMS WHEN WARMED

RESTAURANT-INSPIRED LAVA CAKE

CONVENIENT & SNACKABLE PRODUCT DESIGN

# INNOVATION ACROSS OUR BRANDS

## Innovation Launched this Year

Anticipated to contribute over a point of growth to net sales for fiscal 2025



# Portfolio of Leading BRANDS

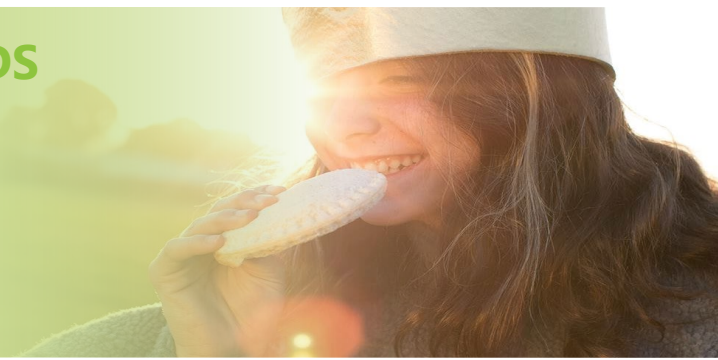
**95%** of U.S. retail channel sales from categories where we hold the **#1** or **#2** branded position<sup>(A)</sup>

Our products are found in **in over 90% of U.S. homes**

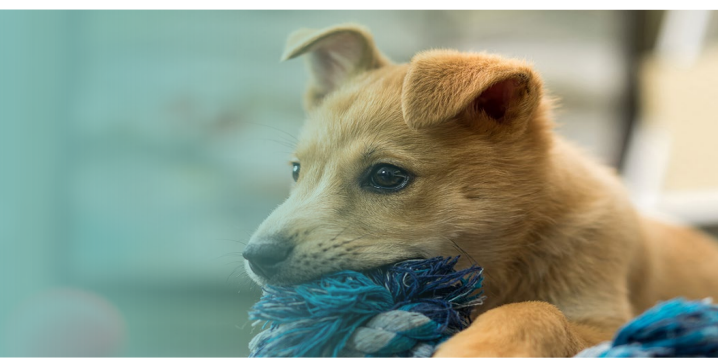
## COFFEE



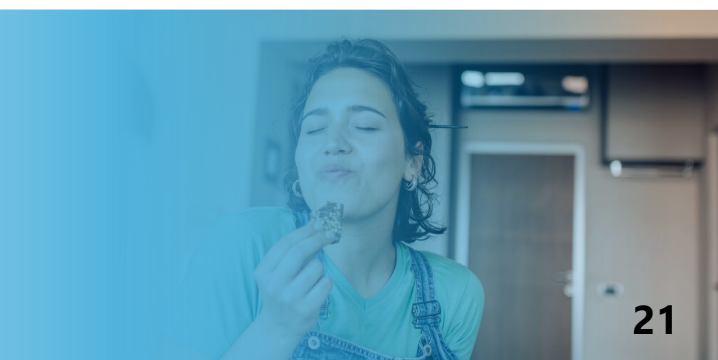
## FROZEN HANDHELD & SPREADS



## PET FOODS



## SWEET BAKED SNACKS



<sup>(A)</sup> INCLUDES NET SALES WITHIN OUR U.S. RETAIL SEGMENTS AND THE U.S. RETAIL CHANNELS FOR OUR SWEET BAKED SNACKS SEGMENT. SOURCE: SMUCKER INTERNAL PANEL DATA AND MULTI-OUTLET SHARE REPORT 52 WEEKS ENDED JUNE 16, 2024.



THE J.M. SMUCKER Co

# INVESTOR DAY

**Tuesday, December 10, 2024**



# THE J.M. SMUCKER CO.



# TUCKER MARSHALL

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CHIEF FINANCIAL OFFICER







# STRATEGIC PRIORITIES

## DELIVER OUR CORE BUSINESS

GROW VOLUME

OPERATE WITH EXCELLENCE

PRIORITIZE RESOURCES

## INTEGRATE & DELIVER HOSTESS

ALIGN SYSTEMS & PROCESSES

ACHIEVE COST SYNERGIES & GROWTH AMBITIONS

NURTURE A UNIFIED CULTURE

## ACHIEVE OUR FINANCIAL ASPIRATIONS

TRANSFORMATION

COST DISCIPLINE

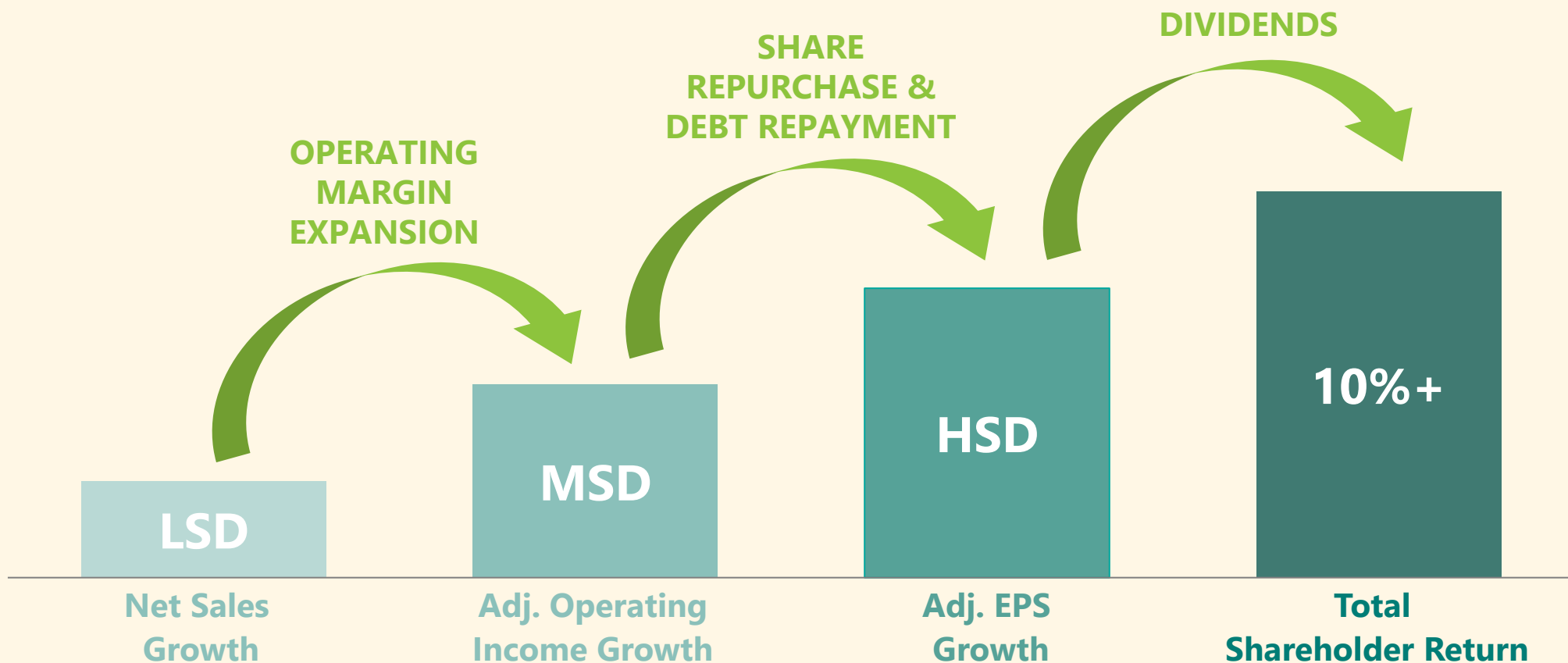
CASH GENERATION





# OUR LONG-TERM OBJECTIVES

..... A steady, compelling, and compounding algorithm .....



**OUR LONG-TERM OBJECTIVE**

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**NET SALES**

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**LOW-SINGLE-DIGIT**

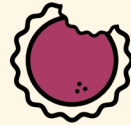
**Percentage Growth**

# KEY GROWTH PLATFORMS

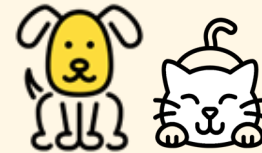
**Coffee Growth  
Brands, K-Cup<sup>®</sup>  
& Liquid Coffee**



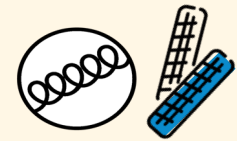
**The  
*Uncrustables*<sup>®</sup>  
Brand**



**The *Milk-Bone*<sup>®</sup>  
& *Meow Mix*<sup>®</sup>  
Brands**



**Sweet Baked  
Snacks  
Segment**



**OUR LONG-TERM OBJECTIVE**

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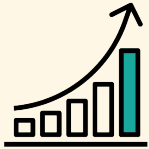
**ADJUSTED  
OPERATING INCOME**

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**MID-SINGLE-DIGIT**

**Percentage Growth**

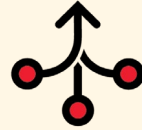
# PROFIT IMPROVEMENT



**Improved  
volume/mix**



**Benefits from cost  
& productivity  
savings**



**Realization of  
synergies**



**Relief from  
stranded  
overhead**



**Moderation of  
commodity &  
input inflation**

**OUR LONG-TERM OBJECTIVE**

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**ADJUSTED  
EARNINGS PER SHARE**

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**HIGH-SINGLE-DIGIT**

**Percentage Growth**

# A BALANCED CAPITAL DEPLOYMENT MODEL

LONG-TERM OBJECTIVE

**\$1B** free cash flow  
annually

Capital  
Expenditures

Dividends &  
Share Repurchases

CASH FROM  
OPERATIONS

Strategic  
Investments

Debt  
Repayment



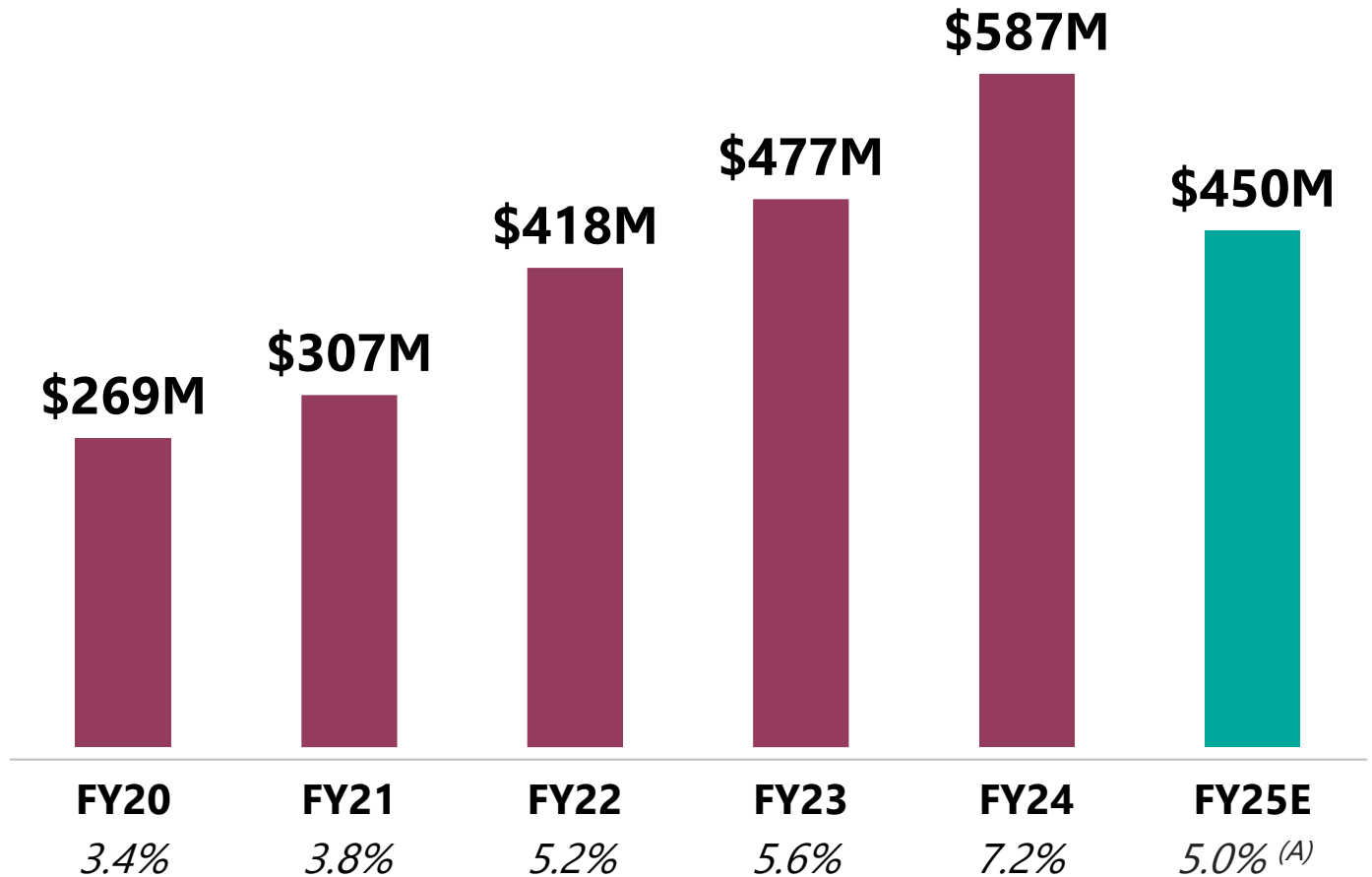
# CAPITAL EXPENDITURES

## LONG-TERM OBJECTIVE

**3.5% OF NET SALES**

NEAR TERM ELEVATION  
DUE TO *UNCRUSTABLES*®  
SANDWICHES CAPACITY  
EXPANSION

*% of NS*



<sup>(A)</sup> BASED ON MIDPOINT OF FY25 NET SALES GUIDANCE RANGE PROVIDED ON AUGUST 28, 2024.

# DEBT PROFILE

**Maintain Investment  
Grade Debt Rating**

**2.5x - 3.0x**

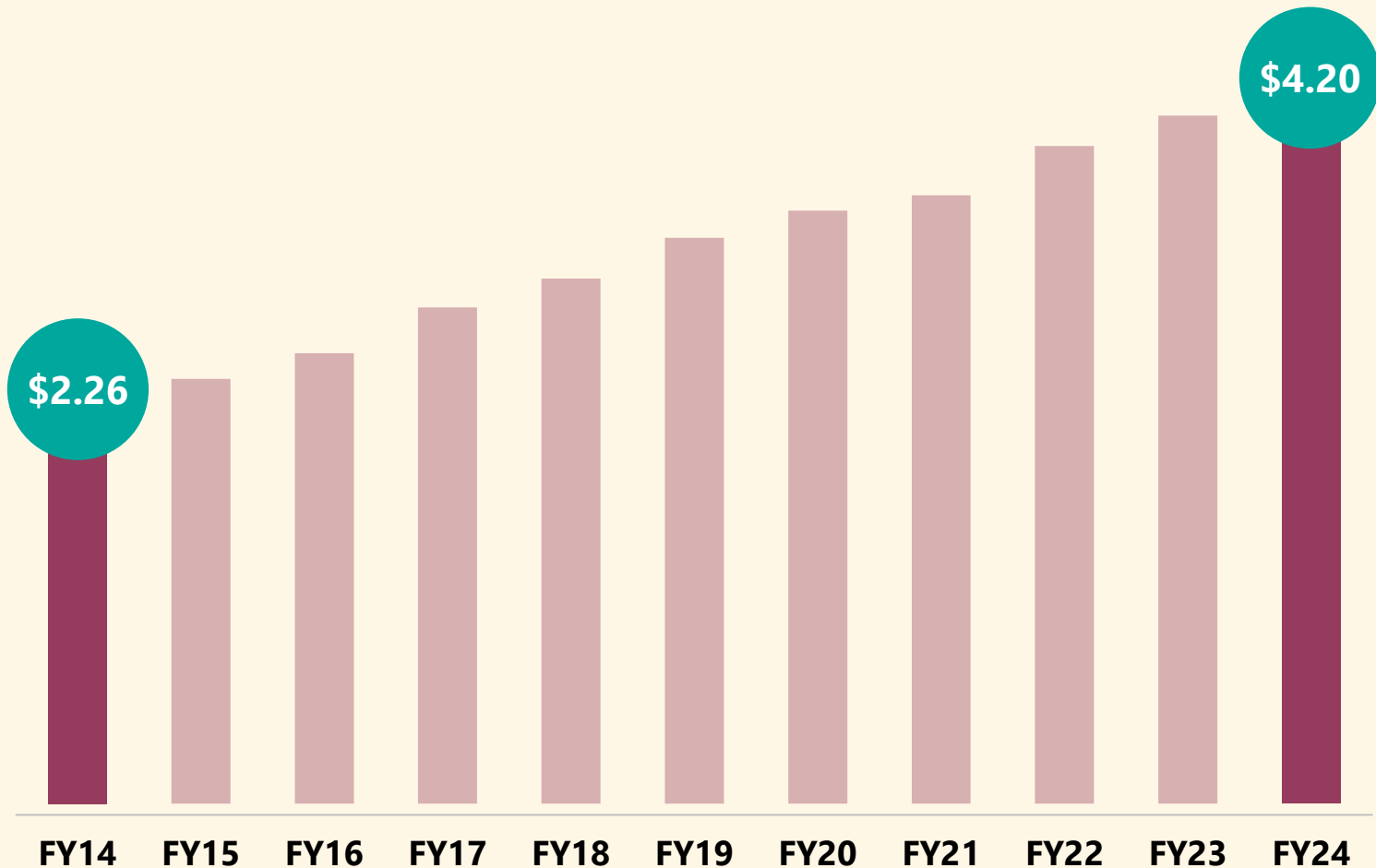
Target Debt Leverage Ratio

**3.0x**

**Net Debt to EBITDA  
by end of FY27**

**Prioritizing \$500M of debt repayment**  
this fiscal year and each of the next two years

# DIVIDEND GROWTH



**6%**  
**10-YEAR CAGR**

**40-45%**  
**ADJUSTED EPS  
PAYOUT TARGET**



**THE J.M. SMUCKER Co**

# FORWARD-LOOKING STATEMENTS

This presentation 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 presentation, which could cause actual results to differ materially from those expressed, include: the Company's ability to successfully integrate Hostess Brands' operations and employees and to implement plans and achieve financial forecasts with respect to the Hostess Brands' business; the Company's ability to realize the anticipated benefits, including synergies and cost savings, related to the Hostess Brands acquisition, including the possibility that the expected benefits will not be realized or will not be realized within the expected time period; disruption from the acquisition of Hostess Brands by diverting the attention of the Company's management and making it more difficult to maintain business and operational relationships; the negative effects of the acquisition of Hostess Brands on the market price of the Company's common shares; the amount of the costs, fees, expenses, and charges and the risk of litigation related to the acquisition of Hostess Brands; the effect of the acquisition of Hostess Brands on the Company's business relationships, operating results, ability to hire and retain key talent, and business generally; disruptions or inefficiencies in the Company's operations or supply chain, including any impact caused by product recalls, political instability, terrorism, geopolitical conflicts (including the ongoing conflicts between Russia and Ukraine and Israel and Hamas), extreme weather conditions, natural disasters, pandemics, work stoppages or labor shortages, or other calamities; risks related to the availability of, and cost inflation in, supply chain inputs, including labor, raw materials, commodities, packaging, and transportation; the impact of food security concerns involving either the Company's products or its competitors' products, including changes in consumer preference, consumer litigation, actions by the U.S. Food and Drug Administration or other agencies, and product recalls; 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; 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 to meet the Company's deleveraging objectives, dividend payments, and share repurchases; a change in outlook or downgrade in the Company's public credit ratings by a rating agency below investment grade; 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 Company's ability to attract and retain key talent; the concentration of certain of the Company's businesses with key customers and suppliers, including primary or 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; the outcome of tax examinations, changes in tax laws, and other tax matters; a disruption, failure, or security breach of the Company or its suppliers' information technology systems, including, but not limited to, ransomware attacks; 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.

# NON-GAAP FINANCIAL MEASURES

The Company uses non-GAAP financial measures, including: net sales excluding acquisition, divestitures, and foreign currency exchange; adjusted gross profit; adjusted operating income; adjusted income; adjusted earnings per share; earnings before interest, taxes, depreciation, amortization expense, impairment charges related to intangible assets, and gains and losses on divestitures ("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 certain non-GAAP financial measures as components for measuring performance for incentive compensation purposes.

Non-GAAP financial measures exclude certain items affecting comparability that can significantly affect the year-over-year assessment of operating results, which include amortization expense and impairment charges related to intangible assets; certain divestiture, acquisition, integration, and restructuring costs ("special project costs"); gains and losses on divestitures; the net change in cumulative unallocated gains and losses on commodity and foreign currency exchange derivative activities ("change in net cumulative unallocated derivative gains and losses"); and other infrequently occurring items that do not directly reflect ongoing operating results. Income taxes, as adjusted is calculated using an adjusted effective income tax rate that is applied to adjusted income before income taxes and reflects the exclusion of the previously discussed items, as well as any adjustments for one-time tax-related activities, when they occur. While this adjusted effective income tax rate does not generally differ materially from the GAAP effective income tax rate, certain exclusions from non-GAAP results can significantly impact the adjusted effective income tax rate.

These non-GAAP financial measures are not intended to replace the presentation of financial results in accordance with U.S. GAAP. Rather, the presentation of these non-GAAP financial measures supplements other metrics used by management to internally evaluate its businesses and facilitate 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 "Unaudited Non-GAAP Financial Measures" tables. The Company has also provided a reconciliation of non-GAAP financial measures for its fiscal year 2025 outlook.

# UNAUDITED NON-GAAP FINANCIAL MEASURES

(Dollars in millions)

	Three Months Ended July 31,			
	2024	2023	Increase (Decrease)	%
Net sales reconciliation:				
Net sales	\$2,125.1	\$1,805.2	\$319.9	18%
Hostess Brands acquisition	(333.7)	-	(333.7)	(18)
Canada condiment divestiture	-	(17.6)	17.6	1
<i>Sahale Snacks</i> <sup>®</sup> divestiture	-	(11.0)	11.0	1
Foreign currency exchange	2.1	-	2.1	-
Net sales excluding acquisition, divestitures, and foreign currency exchange	\$1,793.5	\$1,776.6	\$16.9	1%

# UNAUDITED NON-GAAP FINANCIAL MEASURES

(Dollars and shares in millions, except per share data)

	Three Months Ended July 31,	
	2024	2023
Net income reconciliation:		
Net income	\$185.0	\$183.6
Income tax expense	61.0	54.8
Amortization	56.0	39.8
Loss (gain) on divestitures – net	-	(1.2)
Change in net cumulative unallocated derivative gains and losses	30.0	(10.4)
Cost of products sold – special project costs	5.3	-
Other special project costs	7.1	-
Other infrequently occurring items:		
Unrealized loss (gain) on investment in equity securities – net <sup>(A)</sup>	-	27.4
Pension plan termination settlement charge <sup>(B)</sup>	-	3.2
Adjusted income before income taxes	\$344.4	\$297.2
Income taxes, as adjusted	84.9	70.2
Adjusted income	\$259.5	\$227.0
Weighted-average shares outstanding – assuming dilution	106.5	102.8
Adjusted earnings per share – assuming dilution	\$2.44	\$2.21

<sup>(A)</sup> Unrealized loss on investment in equity securities – net includes gains and losses resulting from the change in fair value of the Company's investment in Post common stock and the related equity forward contract, which was settled on November 15, 2023.

<sup>(B)</sup> Represents the nonrecurring pre-tax settlement charge recognized during the first quarter of 2024 related to the acceleration of prior service cost for the portion of the plan surplus to be allocated to plan members within our Canadian defined benefit plans, which is subject to regulatory approval before a payout can be made.



# NON-GAAP RECONCILIATION

## Company Guidance

	Year Ending April 30, 2025	
	Low	High
Net income per common share – assuming dilution reconciliation:		
Net income per common share – assuming dilution	\$7.01	\$7.41
Change in net cumulative unallocated derivative gains and losses <sup>(A)</sup>	0.16	0.16
Amortization	1.59	1.59
Special project costs	0.48	0.48
Pension plan termination settlement charge <sup>(B)</sup>	0.36	0.36
Adjusted earnings per share	\$9.60	\$ 10.00

<sup>(A)</sup> We are unable to project derivative gains and losses on a forward-looking basis as these will vary each quarter based on market conditions and derivative positions taken. The change in unallocated derivative gains and losses in the table above reflects the net impact of the gains and losses that have been recognized in our GAAP results and excluded from non-GAAP results as of July 31, 2024, that are expected to be allocated to non-GAAP results in future periods.

<sup>(B)</sup> Represents a non-recurring pre-tax settlement charge related to the termination of one of the Company's U.S. defined benefit pension plans anticipated to be realized during fiscal year 2025 upon settlement of the pension obligations.

# NON-GAAP RECONCILIATION

## Company Guidance

(Dollars in millions)

### Free cash flow reconciliation:

	Year Ending April 30, 2025
Net cash provided by operating activities	\$1,325
Additions to property, plant, and equipment	(450)
Free cash flow	<u>\$875</u>

# ADDITIONAL INFORMATION

The J.M. Smucker Co. is the owner of all trademarks and logos referenced herein, except for *Dunkin*<sup>®</sup>, which is a trademark of DD IP Holder LLC.

The *Dunkin*<sup>®</sup> brand is licensed to The J.M. Smucker Co. for packaged coffee products sold in retail channels such as grocery stores, mass merchandisers, club stores, e-commerce and drug stores, and in certain away from home channels. This information does not pertain to products for sale in *Dunkin*<sup>®</sup> restaurants.

K-Cup<sup>®</sup> is a trademark of Keurig Green Mountain, Inc., used with permission.

# ADDITIONAL INFORMATION

## **Crystal Beiting**

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## **Investor Relations Website:**

<https://investors.jmsmucker.com/>

