



THE J.M. SMUCKER Co.

Second Quarter Fiscal 2021 Earnings

SUPPLEMENTARY INFORMATION

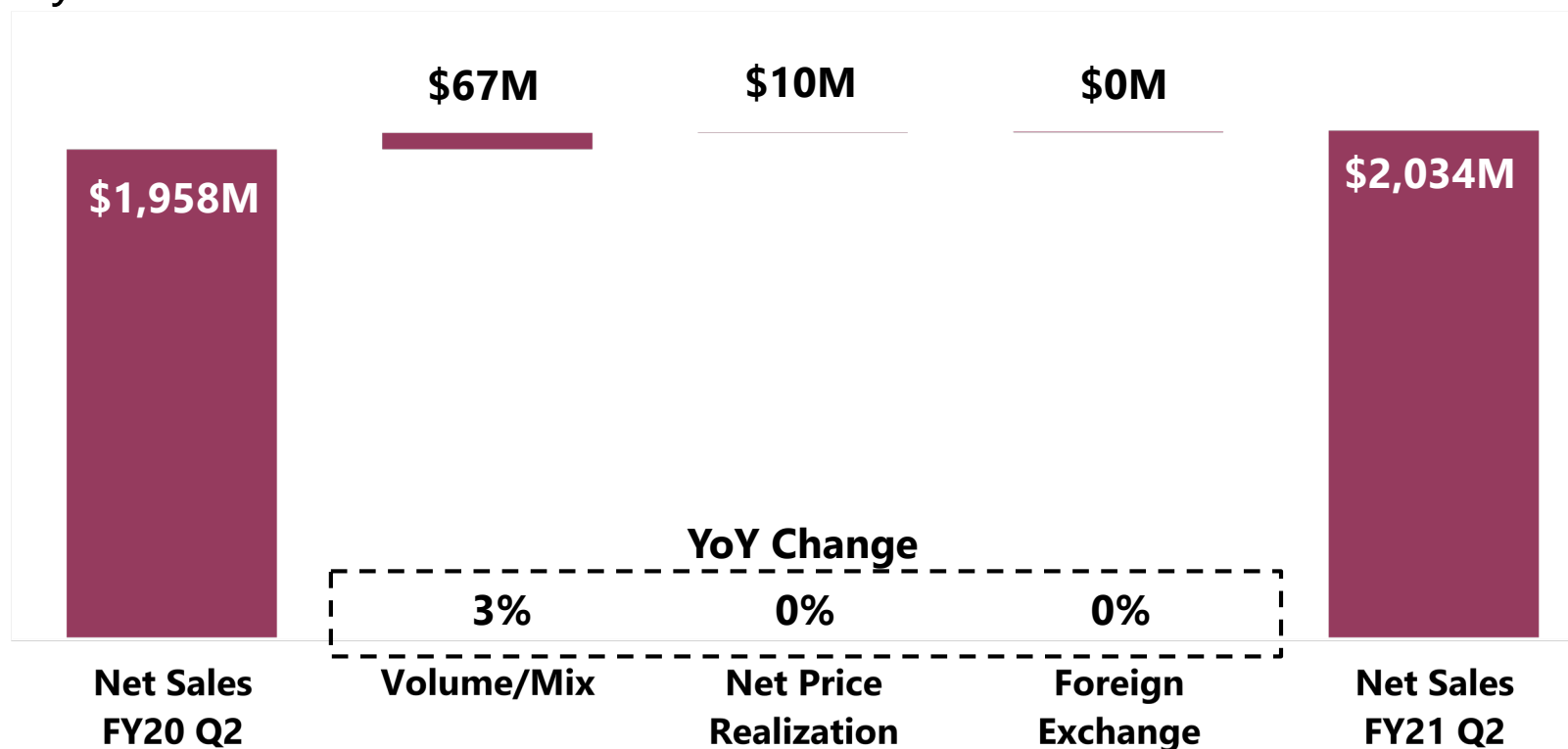
November 24, 2020

Consolidated Results

| (\$ in millions, except per share data) | FY21 Q2 | FY20 Q2 | YoY Change |
|---|-----------|-----------|------------|
| Net Sales | \$2,034.0 | \$1,957.8 | 4% |
| Adjusted Gross Profit | \$786.7 | \$753.1 | 4% |
| Adjusted Gross Profit Margin | 38.7% | 38.5% | 20bps |
| Adjusted Operating Income | \$408.8 | \$391.0 | 5% |
| Adjusted Operating Income Margin | 20.1% | 20.0% | 10bps |
| Adjusted Effective Tax Rate | 24.0% | 24.3% | -30bps |
| Adjusted EPS – Assuming Dilution | \$2.39 | \$2.26 | 6% |

Consolidated Results

Net Sales Analysis



Note: Amounts may not add due to rounding

Consolidated Results

Balance Sheet/Cash Flow Highlights

| (\$ in millions) | FY21 Q2 | FY20 Q2 |
|---------------------------|-------------------------|-----------------------|
| Cash from Operations | \$378.7 | \$224.0 |
| Capital Expenditures | (52.4) | (63.4) |
| Free Cash Flow | \$326.3 | \$160.6 |
| | October 31, 2020 | April 30, 2020 |
| Total Debt (Gross) | \$5,151.8 | \$5,621.3 |
| EBITDA (as adjusted, TTM) | \$1,845.1 | \$1,714.8 |
| Gross Debt/EBITDA (TTM) | 2.8x | 3.3x |

Segment Results: FY21 Q2

| (\$ in millions) | PET FOODS | COFFEE | CONSUMER FOODS | INT'L & AFH |
|-------------------------------|-----------|---------|----------------|-------------|
| Net Sales | \$708.7 | \$594.7 | \$479.1 | \$251.5 |
| YoY Change | 0% | 9% | 12% | (10%) |
| YoY Net Sales Change Summary: | | | | |
| Volume/Mix | 1% | 10% | 7% | (11%) |
| Net Price Realization | (1%) | (1%) | 5% | 1% |
| Foreign Currency Exchange | - | - | - | 0% |
| Segment Profit | \$124.9 | \$202.1 | \$135.3 | \$39.5 |
| YoY Change | (9%) | 11% | 48% | (22%) |
| Segment Profit Margin | 17.6% | 34.0% | 28.2% | 15.7% |
| YoY Change | -170bps | +40bps | +670bps | -240bps |

Note: Amounts may not add due to rounding

Full-Year Fiscal 2021 Outlook

| | CURRENT | PREVIOUS |
|----------------------------------|-------------------|-----------------|
| Net Sales | 1% – 2% | 0% – 1% |
| Adjusted EPS – Assuming Dilution | \$8.55 - \$8.85 | \$8.20 – \$8.60 |
| Free Cash Flow | \$975M - \$1,025M | \$925M – \$975M |
| Capital Expenditures | \$315M | \$300M |
| Effective Tax Rate | 24.0% | 24.0% |

Note: The full-year fiscal 2021 guidance does not reflect any impact related to the Company's previously announced agreement to divest the Crisco® oils and shortening business. The Company expects the transaction to close during the third quarter of the current fiscal year and estimates the fiscal 2021 net sales impact to be approximately \$100 million and adjusted earnings per share impact to be approximately \$0.20, excluding any potential benefit from the use of proceeds from the sale.

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 ability to successfully complete the divestiture of the oils and shortening business in a timely and cost-effective manner; 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; the ability to achieve cost savings related to 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; 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 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 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; 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.

Non-GAAP Financial Measures

The Company uses non-GAAP financial measures, including: net sales excluding foreign currency exchange; adjusted gross profit; adjusted operating income; adjusted income; adjusted 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 certain non-GAAP financial measures as components for measuring performance for incentive compensation purposes.

Non-GAAP 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; divestiture, acquisition, integration, and restructuring costs (“special project costs”); gains and losses related to the sale of a business; unallocated gains and losses on commodity and foreign currency exchange derivatives (“unallocated derivative gains and losses”); and other one-time 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 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 “Unaudited Non-GAAP Financial Measures” tables. The Company has also provided a reconciliation of non-GAAP financial measures for its fiscal 2021 outlook.

Non-GAAP Reconciliation

(\$ in millions)

Gross profit reconciliation:

Gross profit

Unallocated derivative losses (gains)

Adjusted gross profit

Three Months Ended October 31,

2020

2019

\$818.2

\$754.0

(31.5)

(0.9)

\$786.7

\$753.1

Operating income reconciliation:

Operating income

Amortization

Unallocated derivative losses (gains)

Other special project costs

Adjusted operating income

\$380.8

\$329.8

59.5

58.8

(31.5)

(0.9)

-

3.3

\$408.8

\$391.0

Non-GAAP Reconciliation

| (\$ and shares in millions, except per share data) | Three Months Ended October 31, | |
|---|--------------------------------|---------|
| | 2020 | 2019 |
| Net income reconciliation: | | |
| Net income | \$230.8 | \$211.2 |
| Income tax expense | 72.7 | 67.9 |
| Amortization | 59.5 | 58.8 |
| Unallocated derivative losses (gains) | (31.5) | (0.9) |
| Other special project costs | - | 3.3 |
| Other one-time items: | | |
| Pension plan termination settlement charge ^(A) | 27.9 | - |
| Adjusted income before income taxes | \$359.4 | \$340.3 |
| Income taxes, as adjusted | 86.2 | 82.8 |
| Adjusted income | \$273.2 | \$257.5 |
| | | |
| Weighted-average common shares outstanding | 113.7 | 113.4 |
| Weighted-average participating shares outstanding | 0.5 | 0.7 |
| Total weighted-average shares outstanding | 114.2 | 114.1 |
| Dilutive effect of stock options | - | - |
| Total weighted-average shares outstanding – assuming dilution | 114.2 | 114.1 |
| Adjusted earnings per share – assuming dilution | \$2.39 | \$2.26 |

(A) Represents the nonrecurring pre-tax settlement charge related to the purchase of a group annuity contract to transfer the obligations of the Company's Canadian defined benefit pension plan to an insurance company.

Non-GAAP Reconciliation

(\$ in millions)

| | Three Months Ended | | | | TTM Ended October 31, 2020 | Year Ended April 30, 2020 |
|---|---------------------|-------------------|------------------|---------------------|----------------------------------|---------------------------------|
| | January 31, 2020 | April 30, 2020 | July 31, 2020 | October 31, 2020 | | |
| EBITDA (as adjusted) reconciliation: | | | | | | |
| Net income | \$187.4 | \$226.3 | \$237.0 | \$230.8 | \$881.5 | \$779.5 |
| Income tax expense | 55.1 | 72.1 | 76.6 | 72.7 | 276.5 | 247.2 |
| Interest expense - net | 45.1 | 45.6 | 46.1 | 45.1 | 181.9 | 189.2 |
| Depreciation | 53.3 | 53.5 | 54.1 | 54.1 | 215.0 | 210.2 |
| Amortization | 58.8 | 59.9 | 59.6 | 59.5 | 237.8 | 236.3 |
| Other intangible assets impairment charges | 52.4 | - | - | - | 52.4 | 52.4 |
| EBITDA (as adjusted) | \$452.1 | \$457.4 | \$ 473.4 | \$ 462.2 | \$1,845.1 | \$1,714.8 |

Note: Amounts may not add due to rounding

Non-GAAP Reconciliation

Company Guidance

(\$ and shares in millions, except per share data)

| | Year Ending April 30, 2021 | |
|--|----------------------------|-----------------|
| | Low | High |
| Net income per common share – assuming dilution reconciliation: | | |
| Net income per common share – assuming dilution | \$ 7.05 | \$ 7.35 |
| Unallocated derivative losses (gains)^(A) | (0.25) | (0.25) |
| Amortization | 1.56 | 1.56 |
| Pension plan termination settlement charge | 0.19 | 0.19 |
| Adjusted earnings per share | <u>\$ 8.55</u> | <u>\$ 8.85</u> |
| Free cash flow reconciliation: | | |
| Net cash provided by operating activities | \$ 1,290 | \$ 1,340 |
| Additions to property, plant, and equipment | (315) | (315) |
| Free cash flow | <u>\$ 975</u> | <u>\$ 1,025</u> |

(A) As unallocated derivative losses (gains) vary each quarter based on market conditions and derivative positions taken, the Company does not project derivative gains or losses on a forward-looking basis. Therefore, the forward-looking unallocated derivative losses (gains) in the table above reflect the net cumulative amount already recognized in GAAP results as of October 31, 2020, that is expected to be allocated to non-GAAP results in future periods.

Additional Information:

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