



THE J.M. SMUCKER Co.

First Quarter Fiscal 2022 Earnings

SUPPLEMENTARY INFORMATION

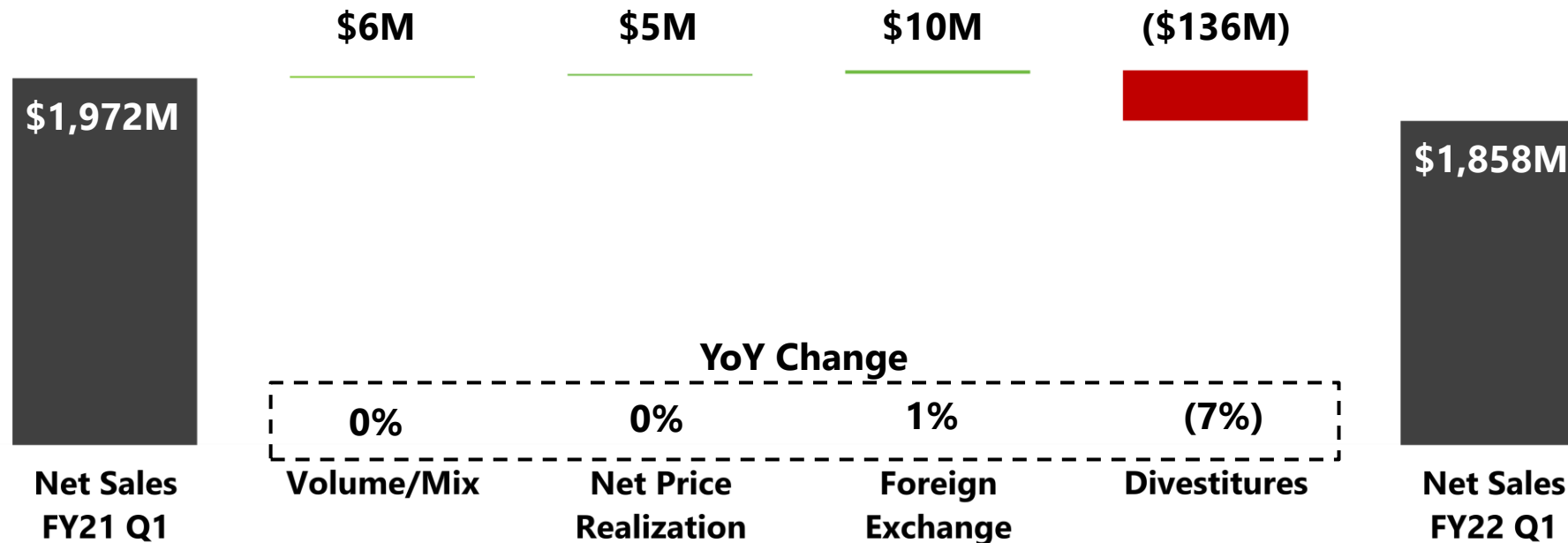
August 26, 2021

Consolidated Results

(\$ in millions, except per share data)	FY22 Q1	FY21 Q1	YoY Change
Net Sales	\$1,858.0	\$1,971.8	(6%)
Adjusted Gross Profit	\$646.2	\$759.2	(15%)
Adjusted Gross Profit Margin	34.8%	38.5%	-370bps
Adjusted Operating Income	\$323.4	\$404.5	(20%)
Adjusted Operating Income Margin	17.4%	20.5%	-310bps
Adjusted Effective Income Tax Rate	23.6%	24.4%	-80bps
Adjusted EPS – Assuming Dilution	\$1.90	\$2.37	(20%)

Consolidated Results

Net Sales Analysis



Note: Amounts may not add due to rounding

Consolidated Results

Balance Sheet/Cash Flow Highlights

(\$ in millions)	FY22 Q1	FY21 Q1
Cash from Operations	\$137.8	\$409.0
Capital Expenditures	(68.0)	(76.6)
Free Cash Flow	\$69.8	\$332.4
	July 31, 2021	April 30, 2021
Total Debt (Gross)	\$4,635.1	\$4,751.7
EBITDA (as adjusted, TTM)	\$1,694.1	\$1,805.3
Gross Debt/EBITDA (TTM)	2.7x	2.6x

Segment Results: FY22 Q1

(\$ in millions)	PET FOODS	COFFEE	CONSUMER FOODS	INT'L & AFH
Net Sales	\$648.0	\$543.2	\$435.6	\$231.2
YoY Change	(6%)	(5%)	(11%)	6%
YoY Net Sales Change Summary:				
Acquisition/Divestiture	(8%)	-	(15%)	(4%)
Foreign Currency Exchange	-	-	-	5%
Net Sales Excluding Divestitures and Foreign Currency Exchange	2%	(5%)	4%	4%
Volume/Mix	2%	(2%)	-	3%
Net Price Realization	-	(3%)	4%	1%
Segment Profit	\$79.9	\$151.3	\$118.7	\$32.9
YoY Change	(36%)	(17%)	(10%)	6%
Segment Profit Margin	12.3%	27.9%	27.2%	14.2%
YoY Change	-580bps	-410bps	30bps	10bps

Note: Amounts may not add due to rounding

Full-Year Fiscal 2022 Outlook

	Current	Previous
Net Sales	(2.5%) - (1.5%)	(3%) - (2%)
Adjusted EPS – Assuming Dilution	\$8.25 - \$8.65	\$8.70 - \$9.10
Free Cash Flow (in millions)	\$800	\$900
Capital Expenditures (in millions)	\$380	\$380
Adjusted Effective Income Tax Rate	24.0%	24.0%

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 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 and labor shortages; 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 achieve cost savings related to the Company's 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, dividend payments, and share repurchases; 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 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, 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 divestitures and 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 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; divestiture, acquisition, integration, and restructuring costs (“special project costs”); gains and losses related to the sale of a business; 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 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 2022 outlook.

Unaudited Non-GAAP Financial Measures

(\$ in millions)

	Three Months Ended July 31,	
	2021	2020
Gross profit reconciliation:		
Gross profit	\$639.4	\$775.4
Change in net cumulative unallocated derivative gains and losses	2.2	(16.2)
Cost of products sold – special project costs	4.6	-
Adjusted gross profit	\$646.2	\$759.2
Operating income reconciliation:		
Operating income	\$259.4	\$361.1
Amortization	55.4	59.6
Change in net cumulative unallocated derivative gains and losses	2.2	(16.2)
Cost of products sold – special project costs	4.6	-
Other special project costs	1.8	-
Adjusted operating income	\$323.4	\$404.5

Unaudited Non-GAAP Financial Measures

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

	Three Months Ended July 31,	
	2021	2020
Net income reconciliation:		
Net income	\$153.9	\$237.0
Income tax expense	51.3	76.6
Amortization	55.4	59.6
Change in net cumulative unallocated derivative gains and losses	2.2	(16.2)
Cost of products sold – special project costs	4.6	-
Other special project costs	1.8	-
Adjusted income before income taxes	\$269.2	\$357.0
Income taxes, as adjusted	63.4	87.0
Adjusted income	\$205.8	\$270.0
Weighted-average common shares outstanding	108.0	113.5
Weighted-average participating shares outstanding	0.3	0.6
Total weighted-average shares outstanding	108.3	114.1
Dilutive effect of stock options	0.1	-
Total weighted-average shares outstanding – assuming dilution	108.4	114.1
Adjusted earnings per share – assuming dilution	\$1.90	\$2.37

Unaudited Non-GAAP Financial Measures

(\$ in millions)	Three Months Ended				TTM Ended July 31, 2021	Year Ended April 30, 2021
	October 31, 2020	January 31, 2021	April 30, 2021	July 31, 2021		
EBITDA (as adjusted) reconciliation:						
Net income	\$230.8	\$261.5	\$147.0	\$153.9	\$793.2	\$876.3
Income tax expense	72.7	100.0	46.3	51.3	270.3	295.6
Interest expense – net	45.1	43.5	42.4	43.1	174.1	177.1
Depreciation	54.1	53.5	57.8	58.5	223.9	219.5
Amortization	59.5	57.0	56.9	55.4	228.8	233.0
Other intangible assets impairment charge	-	-	3.8	-	3.8	3.8
EBITDA (as adjusted)	\$462.2	\$515.5	\$354.2	\$362.2	\$1,694.1	\$1,805.3

Note: Amounts may not add due to rounding

Non-GAAP Reconciliation

Company Guidance

	Year Ending April 30, 2022	
	Low	High
Net income per common share – assuming dilution reconciliation:		
Net income per common share – assuming dilution	\$ 6.07	\$ 6.47
Change in net cumulative unallocated derivative gains and losses ^(A)	0.43	0.43
Amortization	1.54	1.54
Special project costs	0.18	0.18
Adjusted effective income tax rate impact	0.03	0.03
Adjusted earnings per share	<u>\$ 8.25</u>	<u>\$ 8.65</u>

(A) 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, 2021, adjusted for the gains and losses expected to be allocated to non-GAAP results for the year ended April 30, 2022.

Non-GAAP Reconciliation

Company Guidance

(\$ in millions)

Free cash flow reconciliation:

Net cash provided by operating activities
Additions to property, plant, and equipment
Free cash flow

Year Ending
April 30, 2022

\$ 1,180

(380)

\$ 800

Additional Information:

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