



THE J.M. SMUCKER Co.

FISCAL 2023 THIRD QUARTER EARNINGS

SUPPLEMENTARY INFORMATION

February 28, 2023

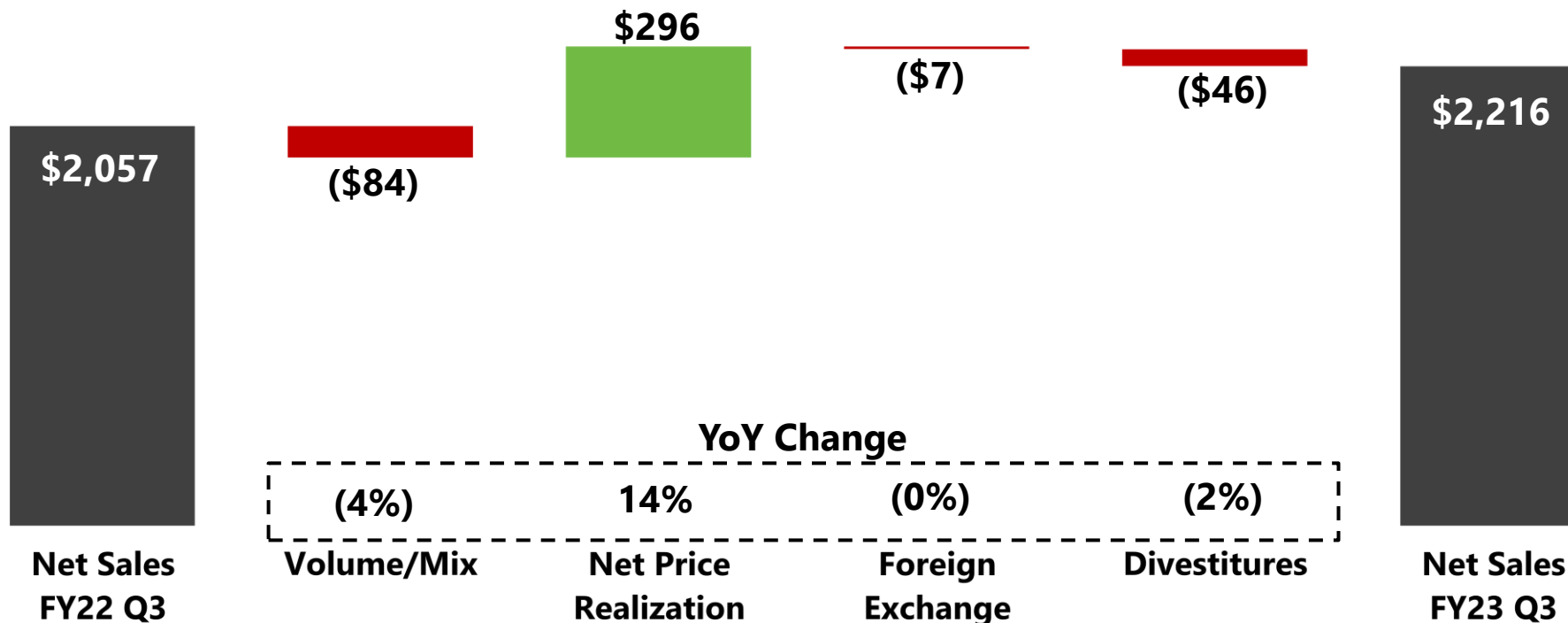
CONSOLIDATED RESULTS

(\$ in millions, except per share data)	FY23 Q3	FY22 Q3	YoY Change
Net Sales	\$2,216.3	\$2,057.1	8%
Adjusted Gross Profit	\$739.3	\$712.3	4%
Adjusted Gross Profit Margin	33.4%	34.6%	-120bps
Adjusted Operating Income	\$357.6	\$377.9	(5%)
Adjusted Operating Income Margin	16.1%	18.4%	-230bps
Adjusted Effective Income Tax Rate	24.8%	25.1%	-30bps
Adjusted EPS – Assuming Dilution	\$2.21	\$2.33	(5%)

CONSOLIDATED RESULTS

Net Sales Analysis

(\$ in millions)



CONSOLIDATED RESULTS

Balance Sheet/Cash Flow Highlights

(\$ in millions)	FY23 Q3	FY22 Q3
Cash from Operations	\$584.6	\$439.7
Capital Expenditures	(141.9)	(117.3)
Free Cash Flow	\$442.7	\$322.4
	January 31, 2023	April 30, 2022
Total Debt (Gross)	\$4,313.3	\$4,490.6
EBITDA (as adjusted, TTM)	\$1,537.2	\$1,614.2
Gross Debt/EBITDA (TTM)	2.8x	2.8x

SEGMENT RESULTS: FY23 Q3

(\$ in millions)	PET FOODS	COFFEE	CONSUMER FOODS	INT'L & AFH
Net Sales	\$758.6	\$735.1	\$434.2	\$288.4
YoY Change	9%	11%	0%	9%
YoY Net Sales Change Summary:				
Acquisition/Divestitures	(1%)	-	(8%)	(1%)
Foreign Currency Exchange	-	-	-	(3%)
Net Sales Excluding Divestitures and Foreign Currency Exchange	10%	11%	9%	12%
Volume/Mix	(5%)	(8%)	3%	(3%)
Net Price Realization	16%	19%	6%	15%
Segment Profit	\$109.0	\$204.0	\$94.1	\$37.6
YoY Change	14%	(4%)	(5%)	10%
Segment Profit Margin	14.4%	27.8%	21.7%	13.0%
YoY Change	+70bps	-440bps	-130bps	+10bps

FY23 Q3 EARNINGS SUPPLEMENT

Note: Amounts may not add due to rounding

FULL-YEAR FISCAL 2023 OUTLOOK

Net Sales Increase	6.0%
Adjusted EPS – Assuming Dilution	\$8.55 - \$8.75
Free Cash Flow (in millions)	\$550
Capital Expenditures (in millions)	\$550
Adjusted Effective Income Tax Rate	24.2%

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: uncertainties related to the timing of the consummation of the sale of certain pet food brands to Post Holdings, Inc., including the possibility that any or all of the conditions to the sale may not be satisfied or waived (including failure to receive required regulatory approvals); the effect of the announcement or pendency of the sale of certain pet food brands on our ability to retain key personnel and to maintain relationships with customers, suppliers, and other business partners, including risks relating to potential diversion of management attention from our ongoing business operations; the impact of the COVID-19 pandemic on the Company's business, industry, suppliers, customers, consumers, employees, and communities; disruptions or inefficiencies in the Company's operations or supply chain, including any impact caused by product recalls (including the *Jif*[®] peanut butter product recall), political instability, terrorism, armed hostilities (including the ongoing conflict between Russia and Ukraine), extreme weather conditions, natural disasters, pandemics (including the COVID-19 pandemic), work stoppages or labor shortages, or other calamities; risks related to the availability, 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 FDA 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, including any impact of the COVID-19 pandemic; 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, 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 Company's ability to attract and retain key talent; 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; the outcome of tax examinations, changes in tax laws, and other tax matters; a disruption, failure, or security breach of the Company or their suppliers' information technology systems, including 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 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; 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 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 financial measures, such as the one-time deferred state tax impact of the internal legal entity simplification during the third quarter of 2022, 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 2023 outlook.

UNAUDITED NON-GAAP FINANCIAL MEASURES

(\$ in millions)

	Three Months Ended January 31,	
	2023	2022
Gross profit reconciliation:		
Gross profit	\$755.8	\$683.1
Change in net cumulative unallocated derivative gains and losses	(17.5)	22.4
Cost of products sold – special project costs	1.0	6.8
Adjusted gross profit	\$739.3	\$712.3
Operating income reconciliation:		
Operating income	\$317.9	\$150.6
Amortization	55.6	55.3
Other intangible assets impairment charge	-	150.4
Gain on divestitures – net	-	(9.6)
Change in net cumulative unallocated derivative gains and losses	(17.5)	22.4
Cost of products sold – special project costs	1.0	6.8
Other special project costs	0.6	2.0
Adjusted operating income	\$357.6	\$377.9

UNAUDITED NON-GAAP FINANCIAL MEASURES

(\$ and shares in millions, except per share data)	Three Months Ended January 31,	
	2023	2022
Net income reconciliation:		
Net income	\$208.5	\$69.7
Income tax expense	66.9	39.9
Amortization	55.6	55.3
Other intangible assets impairment charge	-	150.4
Gain on divestitures – net	-	(9.6)
Change in net cumulative unallocated derivative gains and losses	(17.5)	22.4
Cost of products sold – special project costs	1.0	6.8
Other special project costs	0.6	2.0
Adjusted income before income taxes	\$315.1	\$336.9
Income taxes, as adjusted	78.3	84.4
Adjusted income	\$236.8	\$252.5
Weighted-average shares outstanding – assuming dilution	107.0	108.5
Adjusted earnings per share – assuming dilution ^(A)	\$2.21	\$2.33

(A) Adjusted earnings per share – assuming dilution for the three and nine months ended January 31, 2023, was computed using the treasury stock method, while the two-class method was used for the three and nine months ended January 31, 2022.

UNAUDITED NON-GAAP FINANCIAL MEASURES

(\$ in millions)	Three Months Ended				TTM Ended January 31, 2023	Year Ended April 30, 2022
	April 30, 2022	July 31, 2022	October 31, 2022	January 31, 2023		
EBITDA (as adjusted) reconciliation:						
Net income	\$202.1	\$109.8	\$191.1	\$208.5	\$711.5	\$631.7
Income tax expense	58.1	31.3	61.8	66.9	218.1	212.1
Interest expense – net	38.0	39.1	39.7	37.9	154.7	160.9
Depreciation	56.6	55.1	57.1	59.8	228.6	235.5
Amortization	57.5	55.6	55.6	55.6	224.3	223.6
Other intangible assets impairment charge	-	-	-	-	-	150.4
EBITDA (as adjusted)	\$412.3	\$290.9	\$405.3	\$428.7	\$1,537.2	\$1,614.2

Note: Amounts may not add due to rounding

NON-GAAP RECONCILIATION

Company Guidance

	Year Ending April 30, 2023	
	Low	High
Net income per common share – assuming dilution reconciliation:		
Net income per common share – assuming dilution ^(A)	\$ 6.72	\$ 6.92
Change in net cumulative unallocated derivative gains and losses ^(B)	0.21	0.21
Amortization	1.58	1.58
Special project costs	0.07	0.07
Gain on divestiture	(0.01)	(0.01)
Adjusted effective income tax rate impact	(0.02)	(0.02)
Adjusted earnings per share	<u>\$ 8.55</u>	<u>\$ 8.75</u>

(A) Net income per common share – assuming dilution does not include the anticipated loss on divestiture associated with the recently announced divestiture of several pet food brands, which is expected to close during the fourth quarter of fiscal 2023, subject to certain closing conditions, including the receipt of regulatory approval.

(B) 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 January 31, 2023, adjusted for the gains and losses expected to be allocated to non-GAAP results for the year ended April 30, 2023.

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, 2023

\$ 1,100

(550)

\$ 550

ADDITIONAL INFORMATION:

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