# J.M. Smucker's Company (SJM)



- Drilona Aliu
- Jon Zahradka
- Travis Hartfiel

## <u>Historical Background</u>

- Founded in 1897 by Jerome Monroe Smucker.
- Headquarters : Orrville, Ohio
- Sold his first product <u>apple butter</u> from the back of a horse-drawn wagon.
- U.S., Europe, and Canada

4,700 full time employees

#### **Products**

- Fruit spreads
- Ice cream toppings
- Health and natural foods
- Beverages
- Shortening
- Natural peanut butter



First Smucker's product

## **Product Lines**

- Smucker's
- Jif
- Crisco
- Pillsbury
- Eagle Brand
- R.W. Knudsen Family
- Hungry Jack
- White Lily and Martha White















#### **Current News**

- Rise in second-quarter profit, helped by 52% revenue growth and higher margins, both led by Folgers Coffee Co. acquisition.
- Excluding merger and integration costs related to Folgers, profit was \$1.22 per share
- Lower raw ingredient prices.
- Recession: Eating at home more.

#### Current News

- 2008 Acquisitions
  - Knott's Berry Farm (jams, jellies, and peserves)
  - Europe's Best (frozen fruit and vegetables) (Canada)
  - Carnation Canadian brand (milk products)
     (Canada)
  - Folgers Coffee Company (coffee products)

#### **Financial Information**

11.4%

5.9%

48%

7/31/09

as of 8/31/09

MARKET CAP: \$6.5 billion (Large Cap)

CURRENT POSITION 2007

13,4%

6.6%

51%

12.2%

6.6%

9.3%

10.0%

38%

8.9%

5.6%

37%

9.0%

5.3%

9.2%

5.6%

39%

9.9%

38%

6.5%

4.3%

34%

9.0%

5.5%

9.0% Return on Shr. Equity

6.0% Retained to Com Eq.

35% All Div'ds to Net Prof

10.5%

7.5%

30%

SM	JCK	ER	J.M.	CO	NYS	E-SJM	R	RICE	54.4	2 PIE RATI	o 14.	O (Traili Medi	ing: 14.2 an: 17.0	RELATIV PIE RATI	0.8	O PIV'D	2.6		LINE		
TIMELINESS 2 New 10/30/09 High: 28.2 Low: 20.6						25.8 18.4	29.0 15.0	37.7 22.6	40.4 28.7	46.8 33.0	53.5 40.8	51.7 43.6	50.0 37.2	64.3 46.6	56.7 37.2	55.4 34.1		1			Range
SAFFTY 1 Raised 5/1/09 LEGENDS							22.0	20.7	33.u	40.0	43,0	31.2	40.0	31.2	34.1		1	2012	2013	2014	
TECHNICAL 3 Raison tolation Relative Price						Flow p s Strength	h	-	F		10	-				н					128
BETA .70 (1.00 = Market) Options: Yes Shaded area: grior											-									96 80	
2012-14 PROJECTIONS Latest recession be					gan 12/07								- II	-						-64	
1	Price	Gain	nn'i Total Return								111 1111	, integralia	11-1-1-1	Hall Print	րովվել	1111				_	-48 -40
High	90 (	65%)	16%					11		hul-i			1	7		11,				9	32
Insider Decisions					11	- 11	mary					1								_24	
DJFMAMJJA				uld a		40,40	րկներ			*******			4.271								16
Options to Sell	0 0 0	0000	0 0 0 2 2 0 1 4 0	****	****				"		71 15	*****									12
to Sel 0 0 0 0 0 0 1 4 0 Institutional Decisions								100	13					il	- 110				RETUR		
	4G2008	102009	202009	Percent	9 -							1 11	1.11.1	and lad				1 yr.	THIS STOCK 7.9	VL ARITH. INDEX 12.6	-
to Buy to Sell	320 89	221 193	202 222	shares traded	6 -	orali a	1.11.											3 yr.	19.5 35.2	5.1	E
1993	1994	1995	1996	1997	1998	1999 1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	5 ýr.	E LINE P		12-14
17.57	21.54	18.12	18.77	19.40	20.66	22.33	26.73	27.63	26.36	28.24	34.91	37.84	37.83	46.22	31.73	38.45	40.40	_		OD., INC.	51.65
1.66	1.94	1.61	1.83	2.02	2.10	2.18	2.46	2.52	2.86	3.20	3.52	3.97	3.94	4.42	3.73	5.35	5.75			sh	7.60
1.13	1.25	1.02	1.06	1.25	1,29	1.26	1.28	1.37	2.19	2.40	2.60	2.65	2.89	3.15	3.77	3.90	4.20	Earnings	per sh 4	AB	5.95
_47	.51	.52	.52	.53	.57	.59	.63	.64	.83	.92	1.02	1.08	1.14	1.22	1.31	1.40	1.48				1.80
.64	.65 8.85	.88 9.47	.54	1.00	1.33	1.14	1.21	.94	1.00	2.00	1.50	1.11	1.00 31.62	1.40 32.95	.92 41.71	1.05		Cap'l Spe			1.25
8.05 29.11	29.16	29.17	10.10	29.14	11.12 29.16	11.07	10.14 24.36	24.87	22.59 49.77	24.13 50.17	28.88 58.54	30.34 56.95	56.78	54.62	118.42	43.90 119.00	46.20 119.50				56.95 120.00
20.8	18.5	20.4	17.0	19.4	18.1	16.2	17.7	22.4	16.5	18.4	18.1	17.1	16.5	16.9	12.0	Bold fig		Avg Ann			14.0
1.23	1.21	1.37	1,06	1.12	.94	.92	1.15	1.15	.90	1.05	.96	.91	.89	.90	.72	Value	Line	Relative P/E Ratio		and the second	.95
2.0%	2.2%	2.5%	2.9%	2.2%	2.4%	2.9%	2.8%	2.1%	2.3%	2.1%	2.2%	2.4%	2.4%	2.3%	2.9%	9500	ares	Avg Ann	I Div'd Y	ield	2.2%
			as of 7/31			632.5 12.9%	651.2	687.1	1311.7	1417.0	2043.9	2154.7	2148.0	2524.8	3757,9	4575	4825		mill) A		6200
Total Debt \$1461.0 mill. Due in 5 Yrs 510.0 LT Debt \$910.0 mill. LT Interest \$67.5 mill.							12.8%	12.9%	16.3%	16.1%	15.0%	15.1%	15.3%	14.1%	17.5%	20.5%	21.0%				21.5%
(Total interest coverage: 10.3x)							26.9	28.6	37.8	39,9	56.0	71.1	58.9	62.6	119.8	175				ill)	200
				(15% of	Annual An	35.6 36.4%	33.0 32.8%	34.1	104.4 37.5%	120.9	150.1 35.7%	155.0 35.7%	164.6 35.0%	178.9 33.1%	321.4 32.9%	460 34.0%	500 34.0%	Net Profi			715 33.0%
Leases	Uncapi	alized A	nnual ren	tals \$36.6	mill.	5.6%	5.1%	5.0%	8.0%	8.5%	7.3%	7.2%	7.7%	7.1%	8.6%	10.1%	10.4%		Charles of the Control of		11.5%
Pension	Assets	4/09 \$30	00.5 Oblig	g. \$382.7		160.9	162.0	199.4	299.4	250.4	247.6	336.1	402.9	536.8	337.7	450	500	Working		nill)	700
Pfd Stock None  Common Stock 118,949,244 shs.						75.0	135.0	135.0	135.0	135.0	431.6	428.6	392.6	789.7	910.0	850	800	Long-Ter	m Debt (	\$mill)	750
						313.5	247.1	280.1	1124.2	1210.7	1690.8	1728.1	1795.7	1799.9	4939,9	5225	5520				6835
						9.5%	9.6%	9.3%	8.6%	9.2%	7.6%	7.7%	8.1%	7.7%	6.0%	8.0%	8.5%	Return of	n Total C	ap'l	9.5%

#### <u>Historical Data</u>

Net Income Increased 10yr

Cash is consistent (2009 is the exception)

Depreciation is gradually increasing

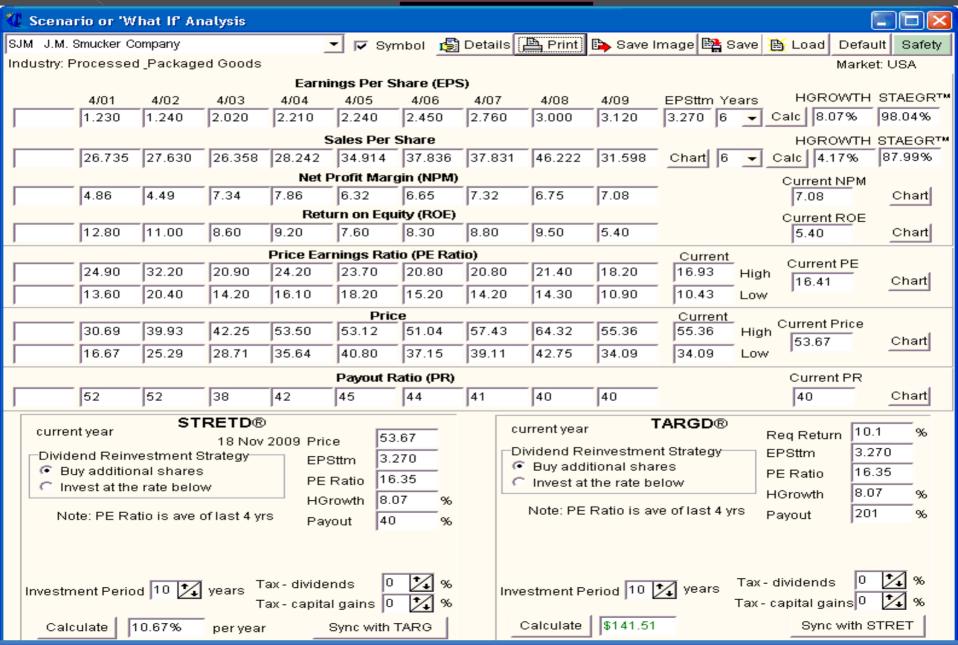
Free Cash flow increased

# J.M. Smucker's Company

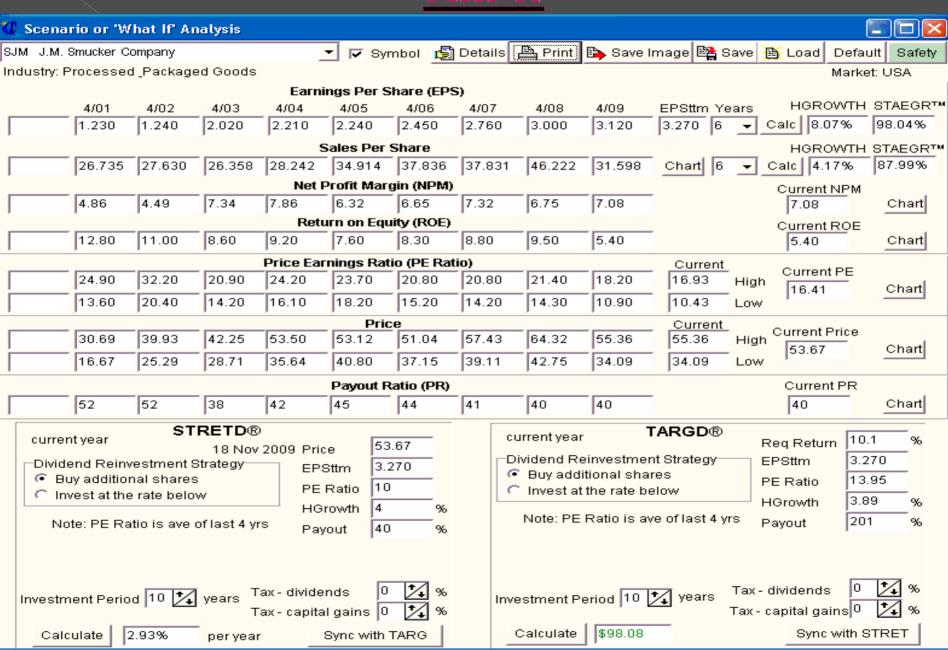
<u>Bulldog Investment Spreadsheet (J.M. Smucker's)</u>

Guru Focus (J.M. Smuckers)

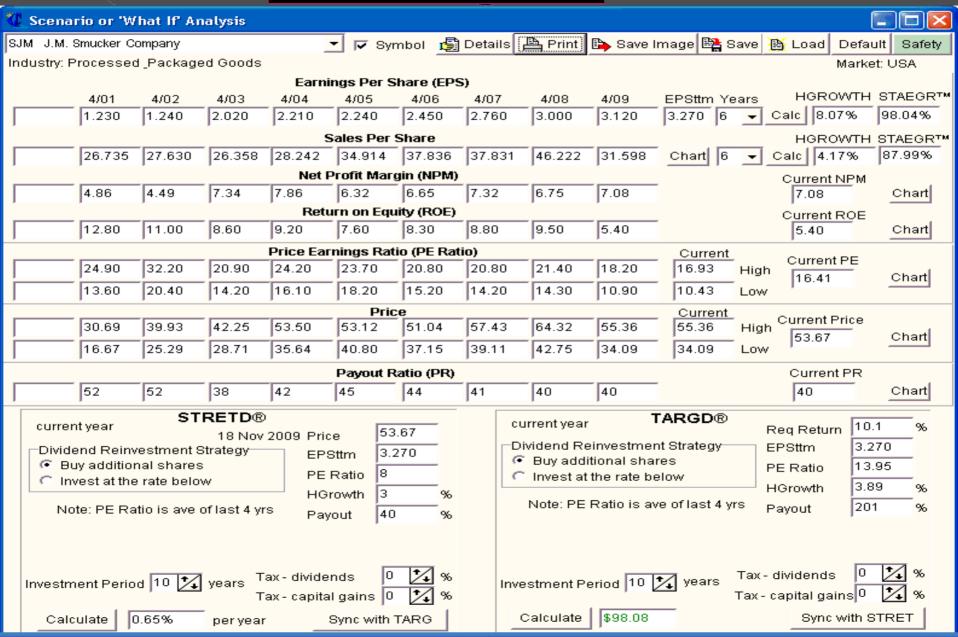
#### Default



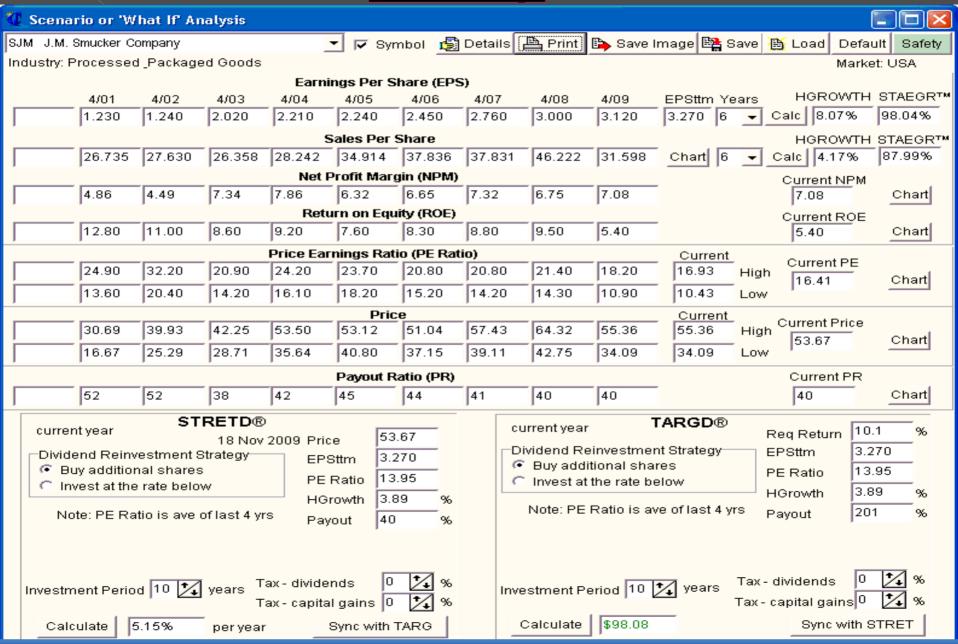




# <u>Kill it again</u>



# <u>Safety</u>



#### <u>"Buffetism"</u>

- Gross Profit Margin = 33% (on Average)
- High cost of interest
- SGA costs well managed
- Pre-tax income drastically increased
- Net Earnings/total revenue
- Recent increase in Cash
- Current Ratio = 1.44
- Recently gained control of debt

# Yumyyy!!!!

