

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM 10-Q**

☒ **QUARTERLY REPORT PURSUANT TO SECTIONS 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended January 31, 2019

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 1-5111

**THE J. M. SMUCKER COMPANY**

(Exact name of registrant as specified in its charter)

Ohio  
(State or other jurisdiction of  
incorporation or organization)

34-0538550  
(I.R.S. Employer  
Identification No.)

One Strawberry Lane  
Orrville, Ohio  
(Address of principal executive offices)

44667-0280  
(Zip code)

Registrant's telephone number, including area code: (330) 682-3000

N/A

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller Reporting Company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The Company had 113,746,566 common shares outstanding on February 19, 2019.

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## PART I. FINANCIAL INFORMATION

Item 1. [Financial Statements.](#)

THE J. M. SMUCKER COMPANY  
CONDENSED STATEMENTS OF CONSOLIDATED INCOME  
(Unaudited)

Dollars in millions, except per share data	Three Months Ended January 31,		Nine Months Ended January 31,	
	2019	2018	2019	2018
Net sales	\$ 2,011.9	\$ 1,903.3	\$ 5,935.9	\$ 5,575.8
Cost of products sold	1,238.1	1,174.8	3,712.6	3,430.2
<b>Gross Profit</b>	<b>773.8</b>	<b>728.5</b>	<b>2,223.3</b>	<b>2,145.6</b>
Selling, distribution, and administrative expenses	373.1	330.6	1,138.8	1,038.9
Amortization	59.7	51.6	179.9	154.7
Goodwill impairment charge	—	145.0	—	145.0
Other intangible assets impairment charges	107.2	31.9	107.2	31.9
Other special project costs <sup>(A)</sup>	18.8	5.6	51.9	42.4
Other operating expense (income) – net	(2.6)	(0.2)	(29.5)	1.4
<b>Operating Income</b>	<b>217.6</b>	<b>164.0</b>	<b>775.0</b>	<b>731.3</b>
Interest expense – net	(51.6)	(43.1)	(158.8)	(126.7)
Other income (expense) – net	(8.8)	(4.9)	(16.5)	(7.8)
<b>Income Before Income Taxes</b>	<b>157.2</b>	<b>116.0</b>	<b>599.7</b>	<b>596.8</b>
Income tax expense (benefit)	35.8	(715.3)	156.8	(555.9)
<b>Net Income</b>	<b>\$ 121.4</b>	<b>\$ 831.3</b>	<b>\$ 442.9</b>	<b>\$ 1,152.7</b>
Earnings per common share:				
<b>Net Income</b>	<b>\$ 1.07</b>	<b>\$ 7.32</b>	<b>\$ 3.89</b>	<b>\$ 10.15</b>
<b>Net Income – Assuming Dilution</b>	<b>\$ 1.07</b>	<b>\$ 7.32</b>	<b>\$ 3.89</b>	<b>\$ 10.15</b>
<b>Dividends Declared per Common Share</b>	<b>\$ 0.85</b>	<b>\$ 0.78</b>	<b>\$ 2.55</b>	<b>\$ 2.34</b>

(A) Other special project costs includes integration and restructuring costs. For more information, see Note 5: Integration and Restructuring Costs.

See notes to unaudited condensed consolidated financial statements.

THE J. M. SMUCKER COMPANY  
CONDENSED STATEMENTS OF CONSOLIDATED COMPREHENSIVE INCOME  
(Unaudited)

<u>Dollars in millions</u>	Three Months Ended January 31,		Nine Months Ended January 31,	
	2019	2018	2019	2018
Net income	\$ 121.4	\$ 831.3	\$ 442.9	\$ 1,152.7
Other comprehensive income (loss):				
Foreign currency translation adjustments	1.6	21.9	(10.1)	43.8
Cash flow hedging derivative activity, net of tax	(37.0)	(0.5)	(28.8)	1.9
Pension and other postretirement benefit plans activity, net of tax	(0.5)	1.1	2.7	6.8
Available-for-sale securities activity, net of tax	(1.0)	0.1	(0.4)	(0.2)
<b>Total Other Comprehensive Income (Loss)</b>	<b>(36.9)</b>	<b>22.6</b>	<b>(36.6)</b>	<b>52.3</b>
<b>Comprehensive Income</b>	<b>\$ 84.5</b>	<b>\$ 853.9</b>	<b>\$ 406.3</b>	<b>\$ 1,205.0</b>

See notes to unaudited condensed consolidated financial statements.

THE J. M. SMUCKER COMPANY  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(Unaudited)

	January 31, 2019	April 30, 2018
<i>Dollars in millions</i>		
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 206.5	\$ 192.6
Trade receivables, less allowance for doubtful accounts	502.6	385.6
Inventories:		
Finished products	582.4	542.1
Raw materials	342.3	312.3
<b>Total Inventory</b>	924.7	854.4
Other current assets	92.4	122.4
<b>Total Current Assets</b>	1,726.2	1,555.0
<b>Property, Plant, and Equipment</b>		
Land and land improvements	117.6	120.1
Buildings and fixtures	825.0	812.6
Machinery and equipment	2,154.8	2,111.5
Construction in progress	325.5	212.1
<b>Gross Property, Plant, and Equipment</b>	3,422.9	3,256.3
Accumulated depreciation	(1,575.0)	(1,527.2)
<b>Total Property, Plant, and Equipment</b>	1,847.9	1,729.1
<b>Other Noncurrent Assets</b>		
Goodwill	6,438.9	5,942.2
Other intangible assets – net	6,759.0	5,916.5
Other noncurrent assets	155.6	158.4
<b>Total Other Noncurrent Assets</b>	13,353.5	12,017.1
<b>Total Assets</b>	\$ 16,927.6	\$ 15,301.2
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 519.6	\$ 512.1
Accrued trade marketing and merchandising	117.1	101.6
Current portion of long-term debt	299.3	—
Short-term borrowings	504.0	144.0
Other current liabilities	376.4	276.1
<b>Total Current Liabilities</b>	1,816.4	1,033.8
<b>Noncurrent Liabilities</b>		
Long-term debt, less current portion	5,285.8	4,688.0
Deferred income taxes	1,449.6	1,377.2
Other noncurrent liabilities	354.2	311.1
<b>Total Noncurrent Liabilities</b>	7,089.6	6,376.3
<b>Total Liabilities</b>	8,906.0	7,410.1
<b>Shareholders' Equity</b>		
Common shares	28.9	28.9
Additional capital	5,753.4	5,739.7
Retained income	2,392.6	2,239.2
Accumulated other comprehensive income (loss)	(153.3)	(116.7)
<b>Total Shareholders' Equity</b>	8,021.6	7,891.1
<b>Total Liabilities and Shareholders' Equity</b>	\$ 16,927.6	\$ 15,301.2

See notes to unaudited condensed consolidated financial statements.

THE J. M. SMUCKER COMPANY  
CONDENSED STATEMENTS OF CONSOLIDATED CASH FLOWS  
(Unaudited)

<u>Dollars in millions</u>	Nine Months Ended January 31,	
	2019	2018
<b>Operating Activities</b>		
Net income	\$ 442.9	\$ 1,152.7
Adjustments to reconcile net income to net cash provided by (used for) operations:		
Depreciation	154.1	157.2
Amortization	179.9	154.7
Goodwill impairment charge	—	145.0
Other intangible assets impairment charges	107.2	31.9
Share-based compensation expense	16.5	16.8
Remeasurement of U.S. deferred tax assets and liabilities	—	(791.9)
Gain on divestiture	(27.6)	—
Loss on disposal of assets – net	3.7	5.3
Other noncash adjustments – net	0.9	4.0
Defined benefit pension contributions	(20.1)	(32.4)
Changes in assets and liabilities, net of effect from acquisition and divestiture:		
Trade receivables	(51.4)	18.6
Inventories	(18.8)	1.6
Other current assets	19.5	19.4
Accounts payable	(11.2)	15.9
Accrued liabilities	73.1	11.7
Income and other taxes	10.1	(33.9)
Other – net	(11.8)	27.0
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>867.0</b>	<b>903.6</b>
<b>Investing Activities</b>		
Business acquired, net of cash acquired	(1,903.0)	—
Additions to property, plant, and equipment	(267.2)	(210.3)
Proceeds from divestiture	371.4	—
Proceeds from disposal of property, plant, and equipment	0.5	8.9
Other – net	(24.5)	29.6
<b>Net Cash Provided by (Used for) Investing Activities</b>	<b>(1,822.8)</b>	<b>(171.8)</b>
<b>Financing Activities</b>		
Short-term borrowings (repayments) – net	360.0	(200.0)
Proceeds from long-term debt	1,500.0	799.6
Repayments of long-term debt	(600.0)	(1,050.3)
Quarterly dividends paid	(281.4)	(261.4)
Purchase of treasury shares	(5.2)	(6.9)
Other – net	0.2	(6.2)
<b>Net Cash Provided by (Used for) Financing Activities</b>	<b>973.6</b>	<b>(725.2)</b>
Effect of exchange rate changes on cash	(3.9)	12.8
Net increase (decrease) in cash and cash equivalents	13.9	19.4
Cash and cash equivalents at beginning of period	192.6	166.8
<b>Cash and Cash Equivalents at End of Period</b>	<b>\$ 206.5</b>	<b>\$ 186.2</b>

( ) Denotes use of cash

See notes to unaudited condensed consolidated financial statements.