



# J.M. Smucker (SJM)

Updated June 10<sup>th</sup>, 2026, by Aristofanis Papadatos

## Key Metrics

<b>Current Price:</b>	\$112	<b>5 Year CAGR Estimate:</b>	10.2%	<b>Market Cap:</b>	\$12.0 B
<b>Fair Value Price:</b>	\$136	<b>5 Year Growth Estimate:</b>	3.0%	<b>Ex-Dividend Date<sup>1</sup>:</b>	8/14/26
<b>% Fair Value:</b>	82%	<b>5 Year Valuation Multiple Estimate:</b>	4.0%	<b>Dividend Payment Date:</b>	9/1/26
<b>Dividend Yield:</b>	3.9%	<b>5 Year Price Target</b>	\$158	<b>Years Of Dividend Growth:</b>	29
<b>Dividend Risk Score:</b>	C	<b>Sector:</b>	Consumer Staples	<b>Rating:</b>	Hold

## Overview & Current Events

In 1897, Jerome Monroe Smucker founded a small cider mill in Orrville, Ohio. He used surplus apples, said to be cultivated by Johnny Appleseed, to make cider and apple butter. Since then, the J.M. Smucker company has grown into an international powerhouse of packaged food and beverage products including iconic names like Smucker's, Jif and Folgers, along with various pet food brands. The company has a market capitalization of \$12.0 billion and generated \$9.1 billion in sales in fiscal 2026.

On November 7<sup>th</sup>, 2023, Smucker's completed the acquisition of Hostess Brands (TWNK) in a cash-and-stock deal with a value of \$5.6 billion, which included debt. Hostess Brands has many sweet baked goods brands, which have expanded the product portfolio of Smucker's and create synergies. However, the deal value is about 13.2 times EBITDA of Hostess Brands, after the expected synergies have been taken into account. We thus view the deal as expensive for Smucker's.

In early June, Smucker's reported (6/9/26) financial results for the fourth quarter of fiscal 2026, which ended on April 30<sup>th</sup>, 2026. Currency-neutral, organic sales grew 6% over the prior year's quarter, primarily thanks to strong price hikes in coffee and sweet baked goods. Adjusted earnings-per-share grew 20%, from \$2.31 to \$2.77, and exceeded the analysts' estimates by \$0.13. Smucker's has missed the analysts' consensus only once in the last 27 quarters.

Management provided decent guidance for fiscal 2027. It expects a 3.0%-4.0% decrease in sales but adjusted earnings-per-share of \$9.75-\$10.25. This guidance is uniquely adjusted as it adds back in amortization (about \$1.50 per share). We include the impact of amortization expense in our earnings expectations and expect earnings-per-share of \$8.50. Thanks to the earnings beat amid strong price hikes, the stock surged 10% after the earnings release.

## Growth on a Per-Share Basis

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2032
<b>EPS</b>	\$6.49	\$6.97	\$6.66	\$6.84	\$7.79	\$7.34	\$7.38	\$8.40	\$8.62	\$7.65	<b>\$8.50</b>	<b>\$9.85</b>
<b>DPS</b>	\$3.00	\$3.12	\$3.40	\$3.52	\$3.58	\$3.87	\$4.08	\$4.24	\$4.32	\$4.40	<b>\$4.40</b>	<b>\$5.10</b>
<b>Shares<sup>2</sup></b>	113	114	114	114	112	108	105	106	106	107	<b>107</b>	<b>100</b>

Smucker's has grown its earnings-per-share by 1.8% per year on average over the last decade. Previously the company provided long-term guidance for 8% annual earnings-per-share growth. While we believe this is a great goal, we are hesitant to extrapolate that sort of growth over the intermediate term. The company has a collection of iconic brands, but many of them are center-aisle staples that have been losing popularity as consumers look for fresher, healthier options. Increased advertising spending and moving toward consumer preferences will require significant capital outlays in the years to come. On the positive side, coffee is a strong, sticky segment for the business and Smucker's is working to expand the current iconic lines, such as Jif, to more on-trend products like granola bars and on-the-go snacks.

The pandemic spurred demand in recent years, but we do not see this as a long-term tailwind. If the company meets the mid-point of its guidance in the new fiscal year, it will have grown its earnings-per-share by 3.0% per year on average over the last five years. We forecast 3% average annual growth of earnings-per-share over the next five years.

<sup>1</sup> Estimated date.

<sup>2</sup> In millions.

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## Valuation Analysis

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Now	2032
Avg. P/E	21.0	17.0	16.2	16.3	14.8	17.9	19.5	15.6	13.2	13.7	13.2	16.0
Avg. Yld.	2.2%	2.6%	3.2%	3.2%	3.1%	2.4%	2.8%	3.2%	3.8%	4.2%	3.9%	3.2%

The stock of Smucker's has traded at an average P/E ratio of 16.5 over the last decade. While this mark is not extreme, we do caution that it could be overstated should earnings growth stall. We have thus assumed a fair P/E ratio of 16.0 for the stock, in line with its 5-year average P/E ratio. Smucker's is currently trading at a P/E ratio of 13.2. If it trades at our assumed fair valuation level in five years, it will enjoy a 4.0% annualized valuation tailwind in its returns.

## Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2032
Payout	46%	45%	51%	51%	46%	53%	55%	50%	50%	58%	52%	52%

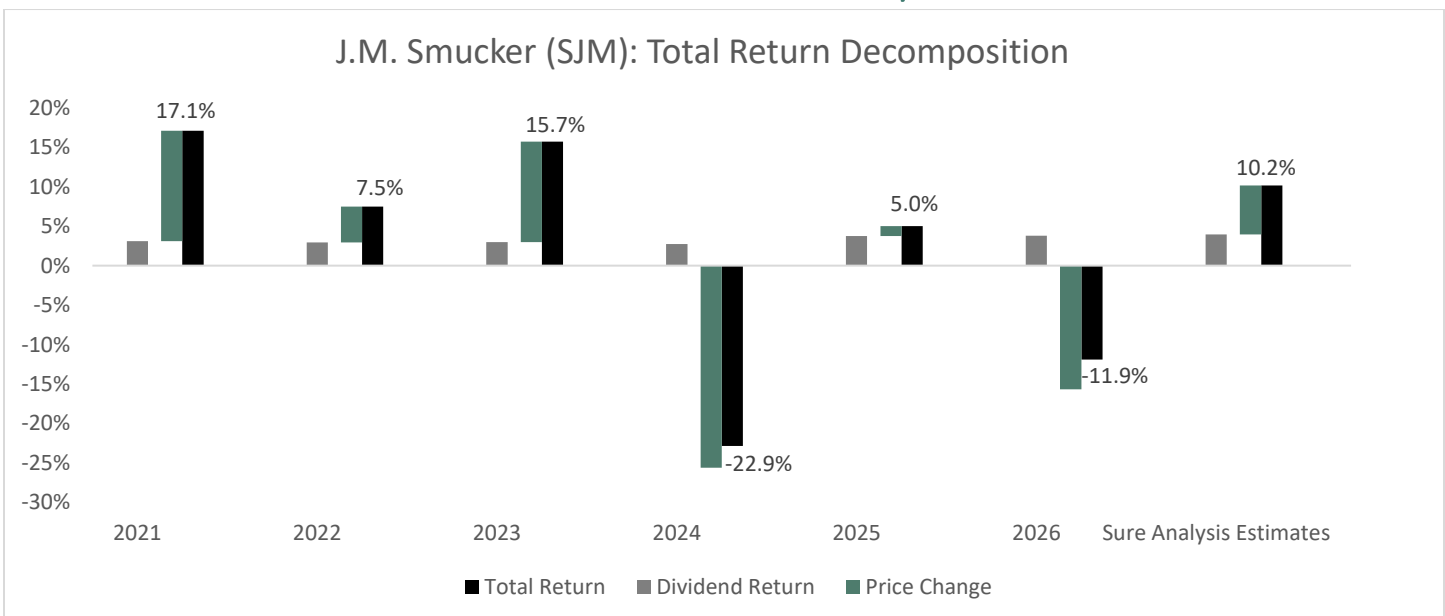
Smucker's iconic brands continue to enjoy recognition, but this moat is eroding somewhat as consumers look for fresher and healthier alternatives. During the last recession, Smucker's held up exceptionally well, growing both earnings and dividends during this time. Our apprehension is not with the next recession, but instead whether or not the company can meaningfully grow. As the pandemic has subsided, growth prospects appear lackluster.

The company has been working towards growth, mostly via acquisitions. Of course, this has levered up the balance sheet, but leverage remains under control. Smucker's has net debt of \$10.0 billion, which is 83% of the market capitalization of the stock. The company also has an interest coverage ratio of 3.5, which is healthy. In addition, the 3.9% dividend is fairly safe, given the decent payout ratio of 52% and the resilience of the company to recessions.

## Final Thoughts & Recommendation

Smucker's has shed -31% off its peak in early 2023, mostly due to the high value of the takeover of Hostess Brands and weak business performance. Smucker's could offer a 10.2% average annual return over the next five years thanks to 3.0% growth, a 3.9% dividend and a 4.0% valuation gain. While Smucker's has a strong history with a solid dividend and iconic brands, its industry appears to be facing long-term headwinds, mostly due to increased health-consciousness of consumers. The stock receives a hold rating.

## Total Return Breakdown by Year



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## Income Statement Metrics

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Revenue</b>	7392	7357	7838	7801	8003	7999	8529	8179	8726
<b>Gross Profit</b>	2835	2836	2916	3002	3139	2701	2802	3115	3072
<b>Gross Margin</b>	38.4%	38.5%	37.2%	38.5%	39.2%	33.8%	32.9%	38.1%	35.2%
<b>SG&amp;A Exp.</b>	1380	1363	1509	1474	1523	1360	1455	1446	1529
<b>D&amp;A Exp.</b>	419	413	446	447	453	459	437	431	503
<b>Operating Profit</b>	1253	1266	1198	1292	1411	1182	1181	1449	1543
<b>Operating Margin</b>	17%	17%	15%	16.6%	17.6%	14.8%	13.8%	17.7%	17.7%
<b>Net Profit</b>	592	1339	514	780	876	632	(91)	744	(1231)
<b>Net Margin</b>	8.0%	18.2%	6.6%	10.0%	10.9%	7.9%	-1.1%	9.1%	-14.1%
<b>Free Cash Flow</b>	867	896	781	986	1258	719	717	643	817
<b>Income Tax</b>	286	-478	187	247	296	212	82	252	184

## Balance Sheet Metrics

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Total Assets</b>	15640	15301	16711	16970	16280	16055	14991	20274	17795
<b>Cash &amp; Equivalents</b>	167	193	101	391	334	170	656	62	70
<b>Accounts Receivable</b>	439	386	504	551	534	525	598	737	619
<b>Inventories</b>	906	854	910	895	960	1089	1010	1039	1209
<b>Goodwill &amp; Int. Ass.</b>	12227	11859	13030	12734	12060	11668	9646	14905	12057
<b>Total Liabilities</b>	8790	7410	8741	8780	8159	7915	7701	12580	11712
<b>Accounts Payable</b>	477	512	591	782	1034	1193	1393	1336	1289
<b>Long-Term Debt</b>	5399	4832	5911	5621	4752	4491	4314	8364	7133
<b>Shareholder's Equity</b>	6850	7891	7971	8191	8125	8140	7291	7694	6083
<b>LTD/E Ratio</b>	0.79	0.61	0.74	0.69	0.58	0.55	0.59	1.09	1.2843

## Profitability & Per Share Metrics

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Return on Assets</b>	3.7%	8.7%	3.2%	4.6%	5.3%	3.9%	-0.6%	4.2%	-6.4%
<b>Return on Equity</b>	8.5%	18.2%	6.5%	9.6%	10.7%	7.8%	-1.2%	9.9%	-17.9%
<b>ROIC</b>	4.8%	10.7%	3.9%	5.6%	6.6%	5.0%	-0.8%	5.4%	-8.2%
<b>Shares Out.</b>	113	114	114	113	112	108	106	104	106.40
<b>Revenue/Share</b>	63.95	65.11	69.30	68.79	71.45	74.13	80.31	78.34	82.01
<b>FCF/Share</b>	7.50	7.93	6.91	8.69	11.23	6.66	6.75	6.16	7.67

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

### Disclaimer

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