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J.M. Smucker's Growth Potential From Uncrustables, Hostess Underestimated by Investors, RBC Says

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11:01 AM EDT, 07/07/2025 (MT Newswires) -- J.M. Smucker's (SJM) growth potential, especially from the Uncrustables brand and Hostess, is being underestimated by investors and the overall market, RBC Capital Markets said in a note Monday.

The analysts said they think the stock is undervalued and offers a good risk-reward balance. The market is pricing in too little long-term growth, and the analysts believe the company's efforts, especially with Hostess, will begin to pay off, though it may take a few more quarters. Also, investors are overlooking the growth potential of Uncrustables, which could be a major positive, according to RBC.

The analysts said the Hostess acquisition has been a challenge for J.M. Smucker since the deal happened just as the overall snacking market weakened, and the integration process "was anything but seamless." However, the analysts said they believe the category's weakness is more about macroeconomic factors affecting all snack brands, not just Hostess.

They added that even without a near-term consumer rebound, there are several factors that could help Hostess improve, including the re-launch of Suzy Q's in September, new investments in a dedicated Hostess sales team, and stronger in-store merchandising to compete with direct-store-delivery rivals.

RBC initiated J.M. Smucker at outperform with a \$130 price target.

Price: 102.83, Change: -1.25, Percent Change: -1.20

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