



**FOR IMMEDIATE RELEASE**

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**CAMPBELL REPORTS FOURTH-QUARTER AND FULL-YEAR RESULTS**

- Fourth-Quarter Net Sales Increased 33 Percent Reflecting Impact of Recently Completed Acquisitions; Organic Sales Decreased 3 Percent
- Fourth-Quarter Earnings Per Share (EPS) of \$0.31; Adjusted EPS of \$0.25
- Full-Year Net Sales Increased 10 Percent Reflecting Impact of Recently Completed Acquisitions; Organic Sales Decreased 2 Percent
- Full-Year EPS of \$0.86; Adjusted EPS of \$2.87
- Campbell Provides Fiscal 2019 Guidance

**CAMDEN, N.J., Aug. 30, 2018—Campbell Soup Company (NYSE:CPB)** today reported its fourth-quarter and full-year results for fiscal 2018.

	<u>Three Months Ended</u>			<u>Twelve Months Ended</u>		
	<u>Jul. 29,</u> <u>2018</u>	<u>Jul. 30,</u> <u>2017</u>	<u>%</u> <u>Change</u>	<u>Jul. 29,</u> <u>2018</u>	<u>Jul. 30,</u> <u>2017</u>	<u>%</u> <u>Change</u>
(\$ in millions, except per share)						
<b>Net Sales</b>						
As Reported (GAAP)	\$2,219	\$1,664	33%	\$8,685	\$7,890	10%
Organic			(3%)			(2%)
<b>Earnings Before Interest and Taxes</b>						
As Reported (GAAP)	\$289	\$440	(34%)	\$469*	\$1,400	(67%)
Adjusted	\$281	\$282	-%	\$1,408	\$1,492	(6%)
<b>Diluted Earnings Per Share</b>						
As Reported (GAAP)	\$0.31	\$1.04	(70%)	\$0.86	\$2.89	(70%)
Adjusted	\$0.25	\$0.52	(52%)	\$2.87	\$3.04	(6%)

\*Includes previously reported impairment charges primarily related to the Campbell Fresh segment.

Note: A detailed reconciliation of the reported (GAAP) financial information to the adjusted financial information is included at the end of this news release.

**CEO Comments**

Keith McLoughlin, Campbell's interim President and CEO said, "Fiscal 2018 was a challenging year for Campbell. These results and our outlook for fiscal 2019 reinforce the need for the significant actions we announced this morning as part of our comprehensive, Board-led strategy and portfolio review. We believe these actions will put us on a path to create sustainable shareholder value."

Details of the actions following the company's strategy and portfolio review are outlined in a separate press release that was also issued today.

### Items Impacting Comparability

The table below presents a summary of items impacting comparability in each period. A detailed reconciliation of the reported (GAAP) financial information to the adjusted information is included at the end of this news release.

	<b>Diluted Earnings Per Share</b>			
	<b>Three Months Ended</b>		<b>Twelve Months Ended</b>	
	<b>Jul. 29, 2018</b>	<b>Jul. 30, 2017</b>	<b>Jul. 29, 2018</b>	<b>Jul. 30, 2017</b>
As Reported (GAAP)	<b>\$0.31</b>	\$1.04	<b>\$0.86</b>	\$2.89
Impairment charges related to Campbell Fresh segment and Plum trademark	<b>\$0.14</b>	-	<b>\$2.03</b>	\$0.59
Restructuring charges, implementation costs and other related costs associated with cost savings initiatives	<b>\$0.11</b>	\$0.09	<b>\$0.45</b>	\$0.12
Transaction and integration costs related to the acquisition of Snyder's-Lance	<b>\$0.03</b>	-	<b>\$0.24</b>	-
Claim settlement	-	-	<b>\$0.05</b>	-
Pension and postretirement benefit mark-to-market adjustments	<b>(\$0.31)</b>	(\$0.42)	<b>(\$0.34)</b>	(\$0.38)
Nonrecurring net tax benefit related to U.S. Tax Reform	<b>(\$0.02)</b>	-	<b>(\$0.42)</b>	-
Sale of notes	-	(\$0.18)	-	(\$0.18)
Adjusted	<b>\$0.25*</b>	\$0.52*	<b>\$2.87</b>	\$3.04

\*Numbers do not add due to rounding.

### Fourth-Quarter Results

Sales increased 33 percent to \$2.219 billion reflecting a 36-point benefit from the recent acquisitions of Snyder's-Lance and Pacific Foods. Organic sales declined 3 percent driven primarily by decreases in Americas Simple Meals and Beverages.

Gross margin decreased from 35.9 percent to 29.2 percent. Excluding items impacting comparability, adjusted gross margin decreased 5.6 percentage points to 30.6 percent including a 3-point negative impact from the recent acquisitions. The remaining decline in adjusted gross margin was driven primarily by cost inflation and higher supply chain costs, costs associated with the voluntary recall of flavor-blasted *Goldfish* crackers on July 23, 2018, unfavorable mix and higher promotional spending, partly offset by productivity improvements and the benefits from cost savings initiatives.

Marketing and selling expenses increased 29 percent to \$223 million due primarily to the inclusion of the recent acquisitions. Excluding items impacting comparability in the current year and the impact of the recent acquisitions, adjusted marketing and selling expenses declined slightly. Administrative expenses increased 25 percent to \$177 million due primarily to the inclusion of the recent acquisitions. Excluding items impacting comparability and the impact of the recent acquisitions, adjusted administrative expenses were comparable to the prior year as consulting costs incurred in connection with the Board-led strategic review and higher benefit costs were offset by lower incentive compensation expenses.

Other income was \$69 million as compared to \$206 million in the prior year. Excluding items impacting comparability, adjusted other income decreased \$7 million to \$1 million.

EBIT decreased 34 percent to \$289 million. Excluding items impacting comparability, adjusted EBIT of \$281 million was comparable to the prior year as the net benefit of the recent acquisitions of Snyder's-Lance and Pacific Foods was offset by declines on the base business.

Net interest expense was \$93 million compared to \$23 million in the prior year. Excluding items impacting comparability in the prior year, adjusted net interest expense increased \$64 million due to debt associated with the acquisition of Snyder's-Lance and higher average interest rates on the debt portfolio. The tax rate was 52.0 percent as compared to 23.7 percent in the prior year. Excluding items impacting comparability, the adjusted tax rate increased 21.8 percentage points to 59.0 percent as the timing of tax expense on an adjusted basis was negatively impacted by impairment charges, as described last quarter.

Earnings were \$0.31 per share in the quarter compared to \$1.04 in the prior year. Excluding items impacting comparability, adjusted EPS decreased 52 percent to \$0.25 per share, reflecting a higher adjusted tax rate, adjusted EBIT declines on the base business and the dilutive impact of the recent acquisitions.

### **Full-Year Results**

Sales increased 10 percent to \$8.685 billion driven by an 11-point benefit from the recent acquisitions of Snyder's-Lance and Pacific Foods. Organic sales declined 2 percent driven primarily by decreases in Americas Simple Meals and Beverages, partly offset by gains in Global Biscuits and Snacks.

EBIT decreased from \$1.400 billion to \$469 million. Excluding items impacting comparability, adjusted EBIT decreased 6 percent to \$1.408 billion reflecting performance of the base business, partly offset by incremental earnings from the recent acquisitions. EBIT declines in the base business were driven

primarily by lower gross margin performance, including the impact of organic sales declines, partly offset by an increase in adjusted other income and lower marketing and selling expenses.

Net interest expense was \$197 million compared to \$107 million in the prior year. Excluding items impacting comparability, adjusted net interest expense increased \$102 million to \$215 million due to debt associated with the acquisition of Snyder's-Lance and higher average interest rates on the debt portfolio. The tax rate was 4.0 percent as compared to 31.4 percent in the prior year reflecting the one-time favorable net tax benefit recorded as part of the Tax Cuts and Jobs Act. Excluding items impacting comparability, the adjusted tax rate decreased 5.2 percentage points to 27.2 percent, due primarily to the lower U.S. federal tax rate.

The company reported EPS of \$0.86. Excluding items impacting comparability, adjusted EPS decreased 6 percent to \$2.87 per share, reflecting EBIT declines on the base business and the dilutive impact of the recent acquisitions, partly offset by a lower adjusted tax rate and the benefit of lower weighted average shares outstanding.

Cash flow from operations increased to \$1.305 billion from \$1.291 billion a year ago. The year-over-year increase was due primarily to lower working capital requirements, partly offset by lower cash earnings.

### Fiscal 2019 Guidance

Given the strategy to pursue divestitures, the company has provided an outlook for fiscal 2019 based on the company's existing portfolio of businesses, as well as on a pro forma basis assuming the planned divestitures are completed as of the beginning of fiscal 2019. This fiscal 2019 guidance and pro forma, as shown in the table below, include the impact of the Snyder's-Lance and Pacific Foods acquisitions and assumes the impact from currency translation will be nominal.

(\$ in millions, except per share)

	<u>2018 Results</u>	<u>2019 Guidance Pre-Divestitures</u>	<u>2019 Pro Forma Assuming Divestitures</u>
Net Sales	\$8,685	\$9,975 to \$10,100	\$7,925 to \$8,050
Incremental Net Sales over 2018 from Snyder's-Lance and Pacific Foods		\$1,500 to \$1,550	\$1,500 to \$1,550
Adjusted EBIT	\$1,408*	\$1,370 to \$1,410	\$1,230 to \$1,270
Adjusted EPS	\$2.87*	\$2.45 to \$2.53	\$2.40 to \$2.50

\* Adjusted – refer to the detailed reconciliation of the reported (GAAP) financial information to the adjusted financial information at the end of this news release.

Note: A non-GAAP reconciliation is not provided for 2019 guidance or 2019 pro forma since certain items are not estimable, such as pension and postretirement mark-to-market adjustments, and these items are not considered to reflect the company's ongoing business results. The pro

forma scenario is provided for illustrative purposes to provide approximate impact of potential divestitures as if they occurred at the beginning of Fiscal 2019 and is based on the use of estimated sales proceeds.

## Segment Operating Review

An analysis of net sales and operating earnings by reportable segment follows:

### Three Months Ended Jul. 29, 2018

(\$ in millions)

	<b>Americas Simple Meals and Beverages</b>	<b>Global Biscuits and Snacks</b>	<b>Campbell Fresh</b>	<b>Total</b>
Net Sales, as Reported	\$789	\$1,202	\$228	\$2,219**
Volume and Mix	(4)%	1%	1%	(2)%
Price and Sales Allowances	(1)%	-%	-%	(1)%
Promotional Spending	(1)%	(1)%	-%	(1)%
Organic Net Sales	(6)%	-%	1%	(3)%*
Currency	-%	-%	-%	-%
Acquisitions	5%	88%	-%	36%
% Change vs. Prior Year	(1)%	87%*	1%	33%
Segment Operating Earnings	\$155	\$158	(\$7)	
% Change vs. Prior Year	(21)%	42%	n/m	

n/m – not meaningful

\* Numbers do not add due to rounding.

\*\* Includes Corporate.

Note: A detailed reconciliation of the reported (GAAP) net sales to organic net sales is included at the end of this news release.

### Twelve Months Ended Jul. 29, 2018

(\$ in millions)

	<b>Americas Simple Meals and Beverages</b>	<b>Global Biscuits and Snacks</b>	<b>Campbell Fresh</b>	<b>Total</b>
Net Sales, as Reported	\$4,213	\$3,499	\$970	\$8,685**
Volume and Mix	(3)%	1%	1%	(1)%
Price and Sales Allowances	(1)%	1%	-%	-%
Promotional Spending	-%	-%	-%	-%
Organic Net Sales	(4)%	1%*	-%*	(2)%*
Currency	-%	1%	-%	-%
Acquisitions	3%	29%	-%	11%
% Change vs. Prior Year	(1)%	31%	-%	10%*
Segment Operating Earnings	\$982	\$540	(\$43)	
% Change vs. Prior Year	(12)%	17%	n/m	

n/m – not meaningful

\* Numbers do not add due to rounding.

\*\* Includes Corporate.

Note: A detailed reconciliation of the reported (GAAP) net sales to organic net sales is included at the end of this news release.

### Americas Simple Meals and Beverages

Sales in the quarter decreased 1 percent to \$789 million. Organic sales decreased 6 percent driven primarily by declines in U.S. soup and Canada. Excluding the benefit from the acquisition of Pacific Foods, sales of U.S. soup decreased 14 percent driven by declines in condensed soups, ready-to-serve soups and broth. Shipment declines of U.S. soup reflect increased competitive pressure across the market.

Segment operating earnings decreased 21 percent to \$155 million. The decrease was driven primarily by a lower gross margin percentage.

### Global Biscuits and Snacks

Sales in the quarter increased 87 percent to \$1.202 billion. Excluding the benefit from the acquisition of Snyder's-Lance, organic sales were comparable to the prior year as gains in *Pepperidge Farm* cookies were offset by declines of Arnott's biscuits in Indonesia and *Goldfish* crackers. Sales of *Goldfish* crackers were negatively impacted by the voluntary product recall.

Segment operating earnings increased 42 percent to \$158 million, reflecting a 45-point benefit from the acquisition of Snyder's-Lance. Excluding the impact of the acquisition, segment operating earnings declined due primarily to a lower gross margin percentage, including the adverse impact from the voluntary product recall, partly offset by lower marketing and selling expenses and lower administrative expenses.

The voluntary product recall had a negative 2-point impact on segment sales and a negative 14-point impact on operating earnings.

### Campbell Fresh

Sales in the quarter increased 1 percent to \$228 million driven primarily by higher sales of Garden Fresh Gourmet and carrot ingredients, partly offset by declines in *Bolthouse Farms* refrigerated beverages.

Segment operating loss was \$7 million compared to a loss of \$8 million in the prior year.

### **Corporate**

Corporate in the fourth quarter of fiscal 2018 included pension and postretirement mark-to-market and curtailment gains of \$122 million, non-cash impairment charges of \$54 million related to the *Plum* trademark, charges related to cost savings initiatives of \$46 million, and transaction and integration costs of \$11 million related to the acquisition of Snyder's-Lance. Corporate in the fourth quarter of fiscal 2017 included pension and postretirement mark-to-market gains of \$198 million and charges related to

cost savings initiatives of \$22 million. The remaining increase in expenses primarily reflects losses on open commodity contracts as compared to gains in the year-ago quarter.

### **Cost Savings Program**

In the fourth quarter of fiscal 2018, Campbell achieved \$30 million in savings under its multi-year cost savings program, bringing total program-to-date savings to \$420 million. Based on the strategic actions announced separately this morning following the comprehensive Board-led strategy and portfolio review, as well as the identification of additional savings opportunities, Campbell has increased the annualized savings target to \$650 million by the end of fiscal 2022 from \$500 million by fiscal 2020. These actions bring Campbell's expected total savings targets, including the expected Snyder's-Lance savings of \$295 million, to \$945 million.

### **Conference Call and Webcast**

Campbell will host a 90-minute conference call to discuss its earnings results and the outcome of its strategic review today at 8:30 a.m. EDT. To join, dial +1 (844) 428-1627 in the U.S. or +1 (409) 350-3941 internationally. The access code is 5676627. Access to a live webcast of the call with accompanying slides, as well as a replay of the call, will be available at [investor.campbellsoupcompany.com](http://investor.campbellsoupcompany.com). A recording of the call will also be available until 11:59 p.m. on Sept. 13, 2018, at +1 (404) 537-3406. The access code for the replay is 5676627.

### **Reportable Segments**

Campbell Soup Company earnings results are reported as follows:

**Americas Simple Meals and Beverages** includes the retail and food service businesses in the U.S. and Canada. The segment includes the following products: *Campbell's* condensed and ready-to-serve soups; *Swanson* broth and stocks; *Pacific* broth, soups, non-dairy beverages and other simple meals; *Prego* pasta sauces; *Pace* Mexican sauces; *Campbell's* gravies, pasta, beans and dinner sauces; *Swanson* canned poultry; *Plum* food and snacks; *V8* juices and beverages; and, *Campbell's* tomato juice.

**Global Biscuits and Snacks** includes the U.S. snacks portfolio consisting of Pepperidge Farm cookies, crackers, bakery and frozen products in U.S. retail, and Snyder's-Lance pretzels, sandwich crackers, potato chips, tortilla chips and other snacking products. The segment also includes Arnott's biscuits in Australia and Asia Pacific, Kelsen cookies globally, and the simple meals and shelf-stable beverages business in Australia, Latin America and Asia Pacific.

**Campbell Fresh** includes Bolthouse Farms fresh carrots, carrot ingredients, refrigerated beverages and refrigerated salad dressings; Garden Fresh Gourmet salsa, hummus, dips and tortilla chips; and, the U.S. refrigerated soup business.

### **About Campbell Soup Company**

Campbell (NYSE:CPB) is driven and inspired by our Purpose, "Real food that matters for life's moments." For generations, people have trusted Campbell to provide authentic, flavorful and affordable snacks, soups and simple meals, and beverages. Founded in 1869, Campbell has a heritage of giving back and acting as a good steward of the planet's natural resources. The company is a member of the Standard and Poor's 500 and the Dow Jones Sustainability Indexes. For more information, visit [www.campbellsoupcompany.com](http://www.campbellsoupcompany.com) or follow company news on Twitter via [@CampbellSoupCo](https://twitter.com/CampbellSoupCo). To learn more about how we make our food and the choices behind the ingredients we use, visit [www.whatsinmyfood.com](http://www.whatsinmyfood.com).

### **Forward-Looking Statements**

This release contains "forward-looking statements" that reflect the company's current expectations about the impact of its future plans and performance on the company's business or financial results. These forward-looking statements, including any statements made regarding sales, EBIT and EPS guidance, rely on a number of assumptions and estimates that could be inaccurate and which are subject to risks and uncertainties. The factors that could cause the company's actual results to vary materially from those anticipated or expressed in any forward-looking statement include: (1) the company's ability to execute on and realize the expected benefits from the actions it intends to take as a result of its recent strategy and portfolio review; (2) the ability to differentiate its products and protect its category leading positions, especially in soup; (3) the ability to complete and to realize the projected benefits of planned divestitures and other business portfolio changes; (4) the ability to realize the projected benefits, including cost synergies, from the recent acquisitions of Snyder's-Lance and Pacific Foods; (5) the ability to realize projected cost savings and benefits from its efficiency and/or restructuring initiatives; (6) the company's indebtedness and ability to pay such indebtedness; (7) disruptions to the company's supply chain, including fluctuations in the supply of and inflation in energy and raw and packaging materials cost; (8) the company's ability to manage changes to its organizational structure and/or business processes, including selling, distribution, manufacturing and information management systems or processes; (9) the impact of strong competitive responses to the company's efforts to leverage its brand power with product innovation, promotional programs and new advertising; (10) the risks associated with trade and consumer acceptance of product improvements, shelving initiatives, new products and pricing and promotional strategies; (11) changes in consumer demand for the company's products and favorable perception of the company's brands; (12) changing inventory management practices by certain of the company's key customers; (13) a changing customer landscape, with value and e-commerce retailers expanding their market presence, while certain of the company's key

customers maintain significance to the company's business; (14) product quality and safety issues, including recalls and product liabilities; (15) the costs, disruption and diversion of management's attention associated with campaigns commenced by activist investors; (16) the uncertainties of litigation and regulatory actions against the company; (17) the possible disruption to the independent contractor distribution models used by certain of the company's businesses, including as a result of litigation or regulatory actions affecting their independent contractor classification; (18) the impact of non-U.S. operations, including trade restrictions, public corruption and compliance with foreign laws and regulations; (19) impairment to goodwill or other intangible assets; (20) the company's ability to protect its intellectual property rights; (21) increased liabilities and costs related to the company's defined benefit pension plans; (22) a material failure in or breach of the company's information technology systems; (23) the company's ability to attract and retain key talent; (24) changes in currency exchange rates, tax rates, interest rates, debt and equity markets, inflation rates, economic conditions, law, regulation and other external factors; (25) unforeseen business disruptions in one or more of the company's markets due to political instability, civil disobedience, terrorism, armed hostilities, extreme weather conditions, natural disasters or other calamities; and (26) other factors described in the company's most recent Form 10-K and subsequent Securities and Exchange Commission filings. The company disclaims any obligation or intent to update the forward-looking statements in order to reflect events or circumstances after the date of this release.

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