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CAMPBELL REPORTS SECOND-QUARTER RESULTS

- Campbell Raises Fiscal 2020 Adjusted Earnings Per Share (EPS) Guidance Range to \$2.55 - \$2.60
- Net Sales were Comparable to Prior Year; Organic Net Sales Increased 1%
- EPS from Continuing Operations of \$0.56 Decreased 3% Primarily Reflecting Loss on Extinguishment of Debt; Adjusted EPS of \$0.72 Increased 11%
- Significant Reduction in Debt Levels Compared to Prior Year Following Successful Completion of Previously Announced Divestiture Plan

CAMDEN, N.J., Mar. 4, 2020—Campbell Soup Company (NYSE:CPB) today reported its second-quarter results for fiscal 2020.

Continuing Operations <i>(\$ in millions, except per share)</i>	<u>Three Months Ended</u>			<u>Six Months Ended</u>		
	<u>Jan. 26, 2020</u>	<u>Jan. 27, 2019</u>	<u>% Change</u>	<u>Jan. 26, 2020</u>	<u>Jan. 27, 2019</u>	<u>% Change</u>
Net Sales						
As Reported (GAAP)	\$2,162	\$2,172	- %	\$4,345	\$4,374	(1)%
Organic			1%			- %
Earnings Before Interest and Taxes (EBIT)						
As Reported (GAAP)	\$350	\$325	8%	\$667	\$651	2%
Adjusted	\$364	\$349	4%	\$756	\$720	5%
Diluted Earnings Per Share						
As Reported (GAAP)	\$0.56	\$0.58	(3)%	\$1.12	\$1.18	(5)%
Adjusted	\$0.72	\$0.65	11%	\$1.51	\$1.36	11%

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

Mark Clouse, Campbell's President and CEO, stated, "I am pleased that we delivered another high-quality quarter with organic sales, and adjusted gross margin, EBIT and earnings, growing in-line with or above our expectations. Additionally, I am very pleased with our successful deleveraging in the quarter, resulting in a much-improved leverage ratio. Given the momentum of the business and lower adjusted interest expense

from our debt reduction, we are able to make important incremental investments in the business in the second half while increasing adjusted EPS guidance for the year.”

Items Impacting Comparability for Continuing Operations

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.

	Diluted Earnings Per Share			
	Three Months Ended		Six Months Ended	
	Jan. 26, 2020	Jan. 27, 2019	Jan. 26, 2020	Jan. 27, 2019
As Reported (GAAP)	\$0.56	\$0.58	\$1.12	\$1.18
Restructuring charges, implementation costs and other related costs associated with cost savings initiatives	\$0.06	\$0.06	\$0.09	\$0.17
Loss on extinguishment of debt	\$0.19	-	\$0.19	-
Tax (benefit) / loss on sale of European chips business	\$(0.06)	-	\$0.14	-
Pension settlement gains	\$(0.03)	-	\$(0.03)	-
Nonrecurring tax expense related to U.S. Tax Reform	-	\$0.01	-	\$0.01
Adjusted	\$0.72	\$0.65	\$1.51	\$1.36

Second-Quarter Results from Continuing Operations

Net sales were comparable to the prior year. Organic net sales, which exclude the impact from the sale of the European chips business, increased 1% from the prior year driven by gains in Snacks.

Gross margin increased from 32.5% to 34.3%. Excluding items impacting comparability, adjusted gross margin increased 150 basis points to 34.4% driven primarily by productivity improvements, the benefits from cost savings initiatives and favorable product mix, offset partly by cost inflation.

Marketing and selling expenses increased 7% to \$237 million driven primarily by increased investments in advertising and consumer promotion expenses. Administrative expenses increased 1% to \$148 million. Excluding items impacting comparability, adjusted administrative expenses decreased 1%, primarily reflecting the benefits of cost savings initiatives.

Other income was \$22 million as compared to \$8 million in the prior year. Excluding items impacting comparability, adjusted other income was \$11 million compared to \$8 million in the prior year. The year-

over-year change in adjusted other income primarily reflects higher pension and postretirement benefit income.

As reported EBIT increased 8% to \$350 million. Excluding items impacting comparability, adjusted EBIT increased 4% to \$364 million as improved gross margin performance was offset partly by increased marketing investment.

Net interest expense was \$146 million compared to \$91 million in the prior year reflecting a loss on the extinguishment of debt. Excluding items impacting comparability in the current year, adjusted net interest expense decreased 22% from the prior year to \$71 million reflecting lower levels of debt. The tax rate was 16.2% as compared to 24.8% in the prior year. Excluding items impacting comparability, the adjusted tax rate increased 90 basis points to 24.9%.

The company reported EPS of \$0.56 reflecting a loss on the extinguishment of debt. Excluding items impacting comparability, adjusted EPS increased 11% to \$0.72 per share, reflecting the lower adjusted net interest expense and increase in adjusted EBIT.

First-Half Results from Continuing Operations

Net sales decreased 1% reflecting a 1-point negative impact from the sale of the European chips business. Organic net sales were comparable to the prior year.

As reported EBIT increased 2% to \$667 million. Excluding items impacting comparability, adjusted EBIT increased 5% to \$756 million reflecting benefits of cost savings initiatives and supply chain productivity improvements and favorable product mix, offset partly by cost inflation and increased marketing investment.

Net interest expense was \$226 million compared to \$181 million in the prior year reflecting a loss on the extinguishment of debt. Excluding items impacting comparability in the current year, adjusted net interest expense decreased 17% from the prior year to \$151 million reflecting lower levels of debt. The tax rate decreased from 24.3% to 22.9%. Excluding items impacting comparability, the adjusted tax rate increased 60 basis points from 23.9% to 24.5%.

The company reported EPS of \$1.12 per share. Excluding items impacting comparability, adjusted EPS increased 11% to \$1.51 per share reflecting the increase in adjusted EBIT and lower adjusted net interest expense.

Cash flows from operations were \$663 million compared to \$846 million in the prior year due primarily to changes in accrued liabilities, including incentive compensation and interest. Total debt was \$5.8 billion compared to \$9.5 billion in the prior year primarily due to successful deleveraging in the quarter following the completion of the company's previously announced divestiture plan. The company reduced net debt from continuing operations by \$3.3 billion to \$5.8 billion compared to the prior year, resulting in a net debt to trailing twelve-month adjusted EBITDA* of 3.5x. In line with the company's commitment to returning value to shareholders, during the first half of fiscal 2020, the company paid \$213 million of cash dividends reflecting the quarterly dividend rate of \$0.35 per share.

Campbell Raises Fiscal 2020 Adjusted EPS Guidance

Campbell now expects adjusted EPS to be in the range of \$2.55 to \$2.60 per share, reflecting lower adjusted net interest expense due to reduced debt and EBIT momentum through the first half, which will be partly offset by incremental investments in the business in the second half of the year. Campbell continues to expect full-year reported and organic net sales, as well as adjusted EBIT, to be consistent with guidance provided on Dec. 04, 2019.

Fiscal 2020 comprises 53 weeks, one additional week compared to fiscal 2019. The benefit of the 53rd week, consistent with the prior fiscal 2020 guidance, is estimated to be worth two points of net sales, adjusted EBIT and adjusted EPS. The outlook for organic net sales excludes the negative impact from the sale of the European chips business along with the estimated contribution of the 53rd week.

Continuing Operations	2019 Results	Previous 2020 Guidance	Updated 2020 Guidance
(\$ in millions, except per share)			
Net Sales	\$8,107	-1 to +1%	-1 to +1%
Organic Net Sales		-1 to +1%	-1 to +1%
Adjusted EBIT	\$1,266*	+2 to +4%	+2 to +4%
Adjusted EPS	\$2.30*	+9 to +11% \$2.50 to \$2.55	+11 to +13% \$2.55 to \$2.60

* 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 2020 guidance as certain amounts 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.

Cost Savings Program from Continuing Operations

In the second quarter of fiscal 2020, Campbell achieved \$45 million in savings under its multi-year cost savings program, inclusive of Snyder's-Lance synergies, bringing total program-to-date savings to \$650 million. Year-to-date savings of \$90 million through the first half of fiscal 2020 are pacing on schedule. As previously announced, the company expects to deliver cumulative annualized savings of \$850 million by the end of fiscal 2022.

Segment Operating Review

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

Three Months Ended Jan. 26, 2020

(\$ in millions)

	<u>Meals & Beverages</u>	<u>Snacks</u>	<u>Total</u>
Net Sales, as Reported	\$1,224	\$938	\$2,162
Volume and Mix	-%	2%	1%
Price and Sales Allowances	2%	-%	1%
Promotional Spending	(2)%	-%	(1)%
Organic Net Sales	-%	2%	1%
Currency	-%	-%	-%
Divestiture	-%	(3)%	(1)%
% Change vs. Prior Year	-%	(1)%	-%
Segment Operating Earnings	\$242	\$136	
% Change vs. Prior Year	(4)%	3%	

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

Six Months Ended Jan. 26, 2020

(\$ in millions)

	<u>Meals & Beverages</u>	<u>Snacks</u>	<u>Total</u>
Net Sales, as Reported	\$2,418	\$1,927	\$4,345
Volume and Mix	(1)%	2%	-%
Price and Sales Allowances	2%	-%	1%
Promotional Spending	(2)%	-%	(1)%
Organic Net Sales	(1)%	2%	-%
Currency	-%	-%	-%
Divestiture	-%	(2)%	(1)%
% Change vs. Prior Year	(1)%	-%	(1)%
Segment Operating Earnings	\$524	\$261	
% Change vs. Prior Year	(3)%	2%	

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

Meals & Beverages

Net sales in the quarter were comparable to prior year driven primarily by gains in *Prego* pasta sauces and U.S. soup, partly offset by declines in beverages. Net sales of U.S. soup increased 1% with gains in condensed soups and broth, offset partly by declines in ready-to-serve soups.

Segment operating earnings decreased 4% to \$242 million. The decrease was driven primarily by increased marketing investment and higher administrative costs offset partly by improved gross margin performance.

Snacks

Net sales in the quarter decreased 1%. Excluding the impact from the sale of the European chips business, net sales increased 2% driven primarily by gains in *Goldfish* crackers and *Pepperidge Farm* cookies, as well as gains in *Kettle Brand* and *Cape Cod* potato chips, offset partly by declines in fresh bakery products and the partner brands within the Snyder's-Lance portfolio as the company continues its planned prioritization of select partners to reduce complexity and improve execution.

Segment operating earnings increased 3% to \$136 million. The increase was primarily due to improved gross margin performance offset partly by increased marketing investment.

Corporate

Corporate expenses in the second quarter of fiscal 2020 included costs related to cost savings initiatives of \$18 million and pension settlement gains of \$11 million. Corporate expenses in the second quarter of fiscal 2019 included costs related to cost savings initiatives of \$22 million. The remaining decrease in expenses primarily reflects lower administrative costs and higher pension and postretirement benefit income.

Discontinued Operations

The results for Campbell Fresh and Campbell International are reported as discontinued operations. The company completed the divestiture of the Campbell Fresh segment in fiscal 2019, the divestiture of Kelsen Group on Sept. 23, 2019, and the divestiture of Arnott's and certain of Campbell's international operations on Dec. 23, 2019. The company reported a gain from discontinued operations in the second quarter of fiscal 2020 of \$3.41 per share compared to a loss of \$0.78 per share in the prior year. Excluding items impacting comparability, the adjusted earnings from discontinued operations were \$0.04 per share compared to \$0.12 per share in the prior year.

Conference Call and Webcast

Campbell will host a conference call to discuss these results today at 8:30 a.m. Eastern Time. To join, dial +1 (703) 639-1316. The access code is 4580305. 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. A recording of the call will also be available until midnight on March 18, 2020, at +1 (404) 537-3406. The access code for the replay is 4580305.

Reportable Segments

Campbell Soup Company earnings results are reported as follows:

Meals & Beverages includes the retail and foodservice 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 Foods* broth, soups and non-dairy beverages; *Prego* pasta sauces; *Pace* Mexican sauces; *Campbell's* gravies, pasta, beans and dinner sauces; *Swanson* canned poultry; *Plum* baby food and snacks; *V8* juices and beverages; and, *Campbell's* tomato juice.

Snacks includes Pepperidge Farm cookies, crackers, fresh bakery and frozen products in U.S. retail, including *Milano* cookies and *Goldfish* crackers, as well as *Snyder's of Hanover* pretzels, *Lance* sandwich crackers, *Cape Cod* and *Kettle Brand* potato chips, *Late July* snacks, *Snack Factory Pretzel Crisps*, *Pop Secret* popcorn, *Emerald* nuts, and other snacking products in the U.S. and Canada. Beginning in fiscal 2020, the segment also includes the retail business in Latin America. Prior to fiscal 2020, the business in Latin America was managed as part of the Meals & Beverages segment. Prior-period segment results have been adjusted retrospectively to reflect this change. On Oct. 11, 2019, Campbell completed the sale of the European chips business. The results for the European chips business up through the time of sale are included as part of the Snacks segment.

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 FTSE4Good Index. For more information, visit www.campbellsoupcompany.com or follow company news on Twitter via [@CampbellSoupCo](https://twitter.com/CampbellSoupCo).

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 its strategy, including growing sales in snacks and maintaining its market share position in soup; (2) the impact of strong competitive responses to the company’s efforts to leverage its brand power with product innovation, promotional programs and new advertising; (3) the risks associated with trade and consumer acceptance of product improvements, shelving initiatives, new products and pricing and promotional strategies; (4) the company’s indebtedness and ability to pay such indebtedness; (5) the ability to realize projected cost savings and benefits from cost savings initiatives and the integration of recent acquisitions; (6) disruptions to the company’s supply chain and/or operations, including from the recent coronavirus outbreak as well as fluctuations in the supply of and inflation in energy and raw and packaging materials cost; (7) 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; (8) changes in consumer demand for the company’s products and favorable perception of the company’s brands; (9) changing inventory management practices by certain of the company’s key customers; (10) 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; (11) product quality and safety issues, including recalls and product liabilities; (12) 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; (13) the uncertainties of litigation and regulatory actions against the company; (14) the costs, disruption and diversion of management’s attention associated with activist investors; (15) a material failure in or breach of the company’s information technology systems; (16) impairment to goodwill or other intangible assets; (17) the company’s ability to protect its intellectual property rights; (18) increased liabilities and costs related to the company’s defined benefit pension plans; (19) the company’s ability to attract and retain key talent; (20) changes in currency exchange rates, tax rates, interest rates, debt and equity markets, inflation rates, economic conditions, law, regulation and other external factors; (21) 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, pandemics or other calamities; and (22) 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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