



**FOR IMMEDIATE RELEASE**

**INVESTOR CONTACT:**

Jennifer Driscoll  
 (856) 342-6081  
[jennifer\\_driscoll@campbellsoup.com](mailto:jennifer_driscoll@campbellsoup.com)

**MEDIA CONTACT:**

Carla Burigatto  
 (856) 342-3737  
[carla\\_burigatto@campbellsoup.com](mailto:carla_burigatto@campbellsoup.com)

**CAMPBELL REPORTS THIRD-QUARTER RESULTS**

- Sales Decreased 4 Percent, Organic Sales Decreased 1 Percent
- Adjusted Earnings Before Interest and Taxes (EBIT) Decreased 2 Percent
- Adjusted EPS from Continuing Operations of \$0.62 Was Comparable to Prior Year
- Gross Margin Percentage Increased Compared to Prior Year
- Company Narrows Fiscal 2015 Guidance Ranges: Sales at Lower End of Existing Range, Adjusted EBIT and Adjusted EPS at Favorable End of Existing Range

**CAMDEN, N.J., May 22, 2015**—Campbell Soup Company (NYSE:CPB) today reported its results for the third quarter of fiscal 2015.

<b>Continuing Operations</b> (\$ in millions, except per share)	<b>Three Months Ended</b>			<b>Nine Months Ended</b>		
	<b>May 3, 2015</b>	<b>Apr. 27, 2014</b>	<b>% Change</b>	<b>May 3, 2015</b>	<b>Apr. 27, 2014</b>	<b>% Change</b>
<b>Net Sales</b>						
As Reported (GAAP)	<b>\$1,900</b>	\$1,970	(4)%	<b>\$6,389</b>	\$6,416	-%
Organic			(1)%			1%
<b>Earnings Before Interest and Taxes</b>						
As Reported (GAAP)	<b>\$287</b>	\$292	(2)%	<b>\$967</b>	\$958	1%
Adjusted	<b>\$305</b>	\$310	(2)%	<b>\$985</b>	\$1,022	(4)%
<b>Diluted Earnings Per Share</b>						
As Reported (GAAP)	<b>\$0.58</b>	\$0.58	-	<b>\$1.98</b>	\$1.90	4%
Adjusted	<b>\$0.62</b>	\$0.62	-	<b>\$2.02</b>	\$2.04	(1)%

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

Denise Morrison, Campbell's President and Chief Executive Officer, said, "In the third quarter, gross margin improved and adjusted EBIT and EPS were better than expected. Sales declined,

primarily due to unfavorable currency and the impact of retailer inventory movements on our U.S. soup business.

“Our focus on gross margin performance began to pay dividends, as we expanded margins in a challenging environment. In addition to our productivity improvements and moderating inflation, we achieved net price realization by reducing promotional spending and taking pricing actions on the core businesses. We also made progress in addressing many of the supply chain issues we faced in the first half. Most importantly, several of our businesses delivered strong operating earnings, including the Bolthouse and Foodservice segment. I am especially satisfied with the top- and bottom-line results of our Global Baking and Snacking segment.

“In the quarter, we also made progress against our strategic enterprise redesign, including our cost reduction initiative. We believe that a strategy that focuses on driving growth, aggressively reducing costs and reinvesting a portion of the savings in the areas of our business with the greatest growth potential is the best way to create shareholder value over time.”

### **Third-Quarter Results from Continuing Operations**

Sales decreased 4 percent to \$1.9 billion, primarily due to the negative impact of currency translation. Organic sales decreased 1 percent with lower volume, partly offset by lower promotional spending and higher selling prices.

Gross margin increased from 34.3 percent to 35.9 percent. Excluding items impacting comparability in the prior year, gross margin improved 0.7 percentage points. The increase in adjusted gross margin was due to productivity improvements, lower promotional spending and higher selling prices, partly offset by cost inflation and other supply chain costs.

Marketing and selling expenses decreased 2 percent to \$213 million, primarily driven by the impact of currency translation and lower marketing overhead expenses, partly offset by increased advertising and consumer promotion expenses. Administrative expenses increased 5 percent to \$141 million. Excluding \$9 million of costs related to the implementation of the new organizational structure and cost reduction initiatives, adjusted administrative expenses decreased 1 percent to \$132 million.

Adjusted EBIT decreased 2 percent to \$305 million, reflecting the unfavorable impact of currency translation and higher marketing expenses on a constant currency basis, partly offset by a higher gross margin percentage.

Net interest expense decreased \$2 million to \$28 million, reflecting lower levels of debt. The tax rate decreased 0.5 percentage points to 29.7 percent. Excluding items impacting comparability, the adjusted tax rate decreased 0.4 percentage points to 30.3 percent.

### **Nine-Month Results from Continuing Operations**

Sales of \$6.389 billion were comparable to the prior year with volume gains and higher selling prices offset by the negative impact of currency translation and higher promotional spending. Organic sales increased 1 percent.

Adjusted EBIT decreased 4 percent to \$985 million, reflecting a lower gross margin percentage and the unfavorable impact of currency translation, partly offset by the benefit of volume gains and lower marketing and administrative expenses.

Net interest expense decreased \$11 million to \$78 million, reflecting lower levels of debt. The tax rate decreased 2.1 percentage points to 29.9 percent. Excluding items impacting comparability, the adjusted tax rate decreased 1.2 percentage points to 30.1 percent. The decrease was primarily due to the favorable resolution of an intercompany pricing agreement between the U.S. and Canada.

### **Fiscal 2015 Guidance for Continuing Operations**

Campbell now expects a year-over-year change in sales closer to the lower end of the previously announced range of -1 to +1 percent; a change in adjusted EBIT closer to the favorable end of the previously announced range of -7 to -5 percent; and a change in adjusted EPS closer to the favorable end of the previously announced range of -5 to -3 percent or \$2.32 to \$2.38 per share. This guidance includes an estimated 2-point negative impact from currency translation and is based on an adjusted 52-week 2014 base.

### **Segment Operating Review**

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

**Three Months Ended May 3, 2015**

(\$ in millions)

	<b>U.S. Simple Meals</b>	<b>Global Baking and Snacking</b>	<b>International Simple Meals and Beverages</b>	<b>U.S. Beverages</b>	<b>Bolthouse and Foodservice</b>	<b>Total</b>
Net Sales, as Reported	\$630	\$555	\$175	\$187	\$353	\$1,900
Volume and Mix	(9%)	1%	5%	(4%)	(3%)	(3%)
Price and Sales Allowances	2%	2%	1%	-%	-%	1%
Promotional Spending	1%	2%	-%	2%	2%	1%
Organic Net Sales	(6%)	5%	6%	(2%)	(1%)	(1%)
Currency	-%	(7%)	(12%)	-%	-%	(3%)
% Change vs. Prior Year	(6%)	(2%)	(6%)	(2%)	(1%)	(4%)
Segment Operating Earnings	\$147	\$80	\$27	\$34	\$31	
% Change vs. Prior Year	(16%)	18%	-%	17%	35%	

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

**Nine Months Ended May 3, 2015**

(\$ in millions)

	<b>U.S. Simple Meals</b>	<b>Global Baking and Snacking</b>	<b>International Simple Meals and Beverages</b>	<b>U.S. Beverages</b>	<b>Bolthouse and Foodservice</b>	<b>Total</b>
Net Sales, as Reported	\$2,425	\$1,822	\$558	\$524	\$1,060	\$6,389
Volume and Mix	-%	4%	3%	(3%)	1%	1%
Price and Sales Allowances	-%	1%	1%	1%	-%	1%
Promotional Spending	-%	(1%)	(1%)	(1%)	1%	(1%)
Organic Net Sales	-%	4%	3%	(3%)	2%	1%
Currency	-%	(4%)	(8%)	-%	-%	(2%)
Net Accounting	-%	-%	(1%)	-%	-%	-%
% Change vs. Prior Year	-%	1%*	(6%)	(3%)	1%*	-%*
Segment Operating Earnings	\$559	\$277	\$69	\$80	\$79	
% Change vs. Prior Year	(7%)	18%	(19%)	(5%)	(10%)	

\* Numbers do not add due to rounding

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

**U.S. Simple Meals**

Sales decreased 6 percent in the quarter to \$630 million. U.S. soup sales decreased 10 percent driven by volume declines, partly offset by lower promotional spending and higher selling prices. The volume declines were primarily driven by movements in retailer inventory levels. Sales decreased 4 percent in *Campbell's* condensed soups, 18 percent in ready-to-serve soups and 13

percent in broth. Sales of other simple meals rose 2 percent in the quarter, driven by growth in *Prego* pasta sauces and Plum, partly offset by declines in *Pace* Mexican sauces.

Segment operating earnings decreased 16 percent to \$147 million. Lower operating earnings reflected volume declines and a lower gross margin percentage, partly offset by lower marketing expenses.

#### Global Baking and Snacking

Sales decreased 2 percent in the quarter to \$555 million including 7 points of pressure from currency translation. Excluding the negative impact of currency translation, Arnott's sales increased driven by gains in Australia and Indonesia. Sales of *Pepperidge Farm* products increased as sales gains in fresh bakery products, crackers and cookies were partly offset by sales declines in frozen products.

Segment operating earnings increased 18 percent to \$80 million. Higher operating earnings reflected a higher gross margin percentage, volume gains and lower administrative expenses, partly offset by higher marketing expenses and the negative impact of currency translation.

#### International Simple Meals and Beverages

Sales declined 6 percent in the quarter to \$175 million. Excluding the 12-point negative impact of currency translation, sales gains in the Asia Pacific region and Canada were partly offset by declines in Latin America.

Segment operating earnings of \$27 million were comparable to the prior year as volume gains, which generated double-digit earnings growth, were offset by the negative impact of currency translation.

#### U.S. Beverages

Sales decreased 2 percent in the quarter to \$187 million. Declines in *V8 V-Fusion* beverages were partly offset by gains in *V8 Splash* beverages.

Segment operating earnings increased 17 percent to \$34 million, primarily due to lower marketing expenses.

#### Bolthouse and Foodservice

Sales decreased 1 percent in the quarter to \$353 million, reflecting volume declines in *Bolthouse Farms* carrots and natural ingredients.

Segment operating earnings increased 35 percent to \$31 million, reflecting a higher gross margin percentage in the Bolthouse Farms refrigerated beverages and salad dressings operating segment.

### **Restructuring Initiatives**

In the third quarter of fiscal 2015, the company incurred charges associated with its recently-announced initiatives to implement a new enterprise design that better aligns with its strategy, to reduce costs and to streamline its organizational structure. The company commenced a voluntary employee separation program and recorded pre-tax restructuring charges of \$9 million related to the program for severance and benefits-related costs. The company also recorded pre-tax charges of \$9 million in Unallocated corporate expenses related to the implementation of these initiatives. The aggregate after-tax impact of the restructuring charges and implementation costs was \$11 million, or \$.04 per share.

### **Unallocated Corporate Expenses**

Unallocated corporate expenses for the quarter were \$23 million compared to \$29 million a year ago. The current quarter included \$9 million of costs related to the implementation of the new organizational structure and cost reduction initiatives. The prior-year quarter included a pension settlement charge of \$18 million associated with a U.S. pension plan.

### **Cash Flow from Operations**

Cash flow from operations for the first nine months was \$971 million compared to \$763 million a year ago, primarily due to lower working capital requirements, taxes paid in 2014 on the divestiture of the European simple meals business and lower pension contributions in 2015.

### **Non-GAAP Financial Information**

A detailed reconciliation of the reported financial information to the adjusted financial information is included at the end of this news release.

### **Conference Call**

Campbell will host a conference call to discuss these results today at 8:30 a.m. Eastern Daylight Time. To join, dial +1 (703) 639-1316. The conference ID is 1654351. Access to a live webcast of

the call with accompanying slides, as well as a replay of the call, is available at [investor.campbellsoupcompany.com](http://investor.campbellsoupcompany.com). A recording of the call will also be available until midnight on Jun. 5, 2015, at +1 (703) 925-2533. The access code for the replay is 1654351.

### **About Campbell Soup Company**

Campbell (NYSE:CPB) is driven and inspired by our Purpose, “Real food that matters for life’s moments.” The company makes a range of products from high-quality soups and simple meals to snacks and healthy beverages. For generations, people have trusted Campbell to provide authentic, flavorful and readily available foods and beverages that connect them to each other, to warm memories, and to what’s important today. Led by its iconic Campbell’s brand, the company’s portfolio includes *Pepperidge Farm*, *Goldfish*, *Bolthouse Farms*, *V8*, *Swanson*, *Prego*, *Pace*, *Plum Organics*, *Arnott’s*, *Tim Tam*, *Royal Dansk* and *Kjeldsens*. 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 & 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).

### **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 the statements made regarding sales, EBIT and EPS guidance for fiscal 2015, 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 manage organizational change effectively; (2) the company’s ability to realize projected cost savings and benefits from its efficiency programs; (3) the impact of strong competitive responses to the company’s efforts to leverage its brand power in the market; (4) the impact of changes in consumer demand for the company’s products; (5) the risks associated with trade and consumer acceptance of the company’s initiatives, including its trade and promotional programs; (6) the practices, including changes to inventory practices, and increased significance of certain of the company’s key trade customers; (7) the impact of fluctuations in the supply or costs of energy and raw and packaging materials; (8) the impact of portfolio changes; (9) the uncertainties of litigation; (10) the impact of changes in currency exchange rates, tax rates, interest rates, debt and equity markets, inflation rates, economic conditions and other external factors; (11) the impact of unforeseen business

disruptions in one or more of the company's markets due to political instability, civil disobedience, armed hostilities, natural disasters or other calamities; and (12) 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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