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CAMPBELL REPORTS FOURTH-QUARTER AND FULL-YEAR RESULTS

- Fourth-Quarter Net Sales and Organic Sales Decreased 1 Percent
- Fourth-Quarter Earnings Per Share (EPS) of $1.04; Adjusted EPS Increased 13 Percent to $0.52
- Full-Year Net Sales and Organic Sales Decreased 1 Percent
- Full-Year EPS of $2.89; Adjusted EPS Increased 3 Percent to $3.04
- Campbell Provides Fiscal 2018 Guidance

CAMDEN, N.J., Aug. 31, 2017—Campbell Soup Company (NYSE:CPB) today reported its fourth-quarter and full-year results for fiscal 2017.

($ in millions, except per share)	Three Months Ended			Twelve Months Ended		
	July 30, 2017	**July 31, 2016**	**% Change**	**July 30, 2017**	**July 31, 2016**	**% Change**
Net Sales						
As Reported (GAAP)	**$1,664**	$1,687	(1)%	**$7,890**	$7,961	(1)%
Organic			(1)%			(1)%
Earnings (Loss) Before Interest and Taxes						
As Reported (GAAP)	**$440**	$(37)	n/m	**$1,400**	$960	46%
Adjusted	**$282**	$253	11%	**$1,492**	$1,467	2%
Diluted Earnings (Loss) Per Share						
As Reported (GAAP)	**$1.04**	$(0.26)	n/m	**$2.89**	$1.81	60%
Adjusted	**$0.52**	$0.46	13%	**$3.04**	$2.94	3%

n/m – not meaningful

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

Denise Morrison, Campbell's President and Chief Executive Officer, said, "The operating environment for the packaged foods industry remains challenging due to shifting demographics, changing consumer preferences for food, the adoption of new shopping behaviors and the dynamic retailer landscape. In these times, sales growth remains a challenge. Despite multiple headwinds, we finished the year within our guidance and delivered another year of growth in adjusted EBIT and adjusted EPS.

“In the fourth quarter, Global Biscuits and Snacks was soft on the top line but generated a solid double-digit earnings increase versus the year-ago quarter. Americas Simple Meals and Beverages continued to deliver against its portfolio role, with sales performance in line with the categories in which we compete and margin expansion. While Campbell Fresh sales increased slightly and the bottom line was disappointing, we expect to return to profitable growth going forward.

“In fiscal 2017, we have made progress in several key areas, including increasing our successful multi-year cost savings initiative to $450 million by the end of fiscal 2020. The pending acquisition of Pacific Foods will add a purpose-driven, real food brand with a solid track record of growth to our portfolio. Additionally, our new Campbell Fresh leadership team has taken steps to enhance our quality processes and address capacity constraints toward our objective of returning the division to growth.”

Morrison concluded, “Looking ahead to fiscal 2018, we expect the operating environment to remain difficult. We will continue to position Campbell for long-term growth by managing costs aggressively and re-investing a portion of those savings back in the business with a focus on our strategic imperatives of real food, digital and e-commerce, health and well-being, and snacking.”

Fiscal 2018 Guidance

Campbell expects sales to change by -2 to 0 percent, adjusted earnings before interest and taxes (EBIT) to change by -1 to 1 percent, and adjusted EPS to change by 0 to 2 percent, or $3.04 to $3.11 per share. This guidance assumes the impact from currency translation will be nominal. A non-GAAP reconciliation is not provided for 2018 guidance since certain items are not estimable, such as pension and postretirement mark-to-market adjustments, and these items are not considered to be part of the company's ongoing business results.

Items Impacting Comparability in the Quarter

Items impacting comparability in the quarter are as follows:

- The current quarter included pre-tax pension and postretirement mark-to-market gains of $198 million, or $0.42 per share, as compared to pre-tax pension and postretirement mark-to-market losses of $138 million, or $0.29 per share, in the prior-year quarter.
- The current quarter included pre-tax charges related to cost savings initiatives of $40 million, or $0.09 per share, as compared to $11 million, or $0.02 per share, in the prior-year quarter.
- The current-quarter earnings included a tax benefit of $52 million primarily related to the sale of intercompany notes receivable to a financial institution, which resulted in the recognition of foreign exchange losses on the notes for tax purposes. In addition, the company recorded a $6

million reduction to interest expense ($4 million after tax) related to premiums and fees received on the sale of the notes. The aggregate impact was an after-tax gain of $56 million, or $0.18 per share.

- The prior-year quarter included a pre-tax non-cash impairment charge of $141 million, or $0.41 per share, to reduce the carrying value of the intangible assets of the Bolthouse Farms carrot and carrot ingredients reporting unit.

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

Fourth-Quarter Results

Sales decreased 1 percent to $1.664 billion driven by a 1 percent decline in organic sales, reflecting lower volume.

Gross margin increased from 32.4 percent to 43.0 percent. Excluding items impacting comparability, adjusted gross margin increased 0.8 percentage points from 36.1 percent to 36.9 percent. The increase in adjusted gross margin was primarily driven by productivity improvements and the benefits from cost savings initiatives, partly offset by cost inflation and higher supply chain costs.

Marketing and selling expenses decreased 34 percent to $143 million. Excluding items impacting comparability, adjusted marketing and selling expenses decreased 12 percent primarily due to lower advertising and consumer promotion expenses lapping marketing levels above historical levels in the prior-year quarter and the benefits from cost savings initiatives. Administrative expenses decreased 54 percent to $86 million. Excluding items impacting comparability, adjusted administrative expenses decreased 5 percent primarily due to the benefits from cost savings initiatives.

The company reported EBIT of $440 million as compared to a loss of $37 million in the prior-year quarter. Excluding items impacting comparability, adjusted EBIT increased 11 percent to $282 million, reflecting lower adjusted marketing and selling expenses, as well as a higher adjusted gross margin percentage, partly offset by lower sales.

Net interest expense decreased 18 percent to $23 million. Excluding items impacting comparability in the current year, adjusted net interest expense increased $1 million to $29 million, reflecting higher average interest rates on the debt portfolio, partly offset by lower average levels of debt. The tax rate was 23.7 percent as compared to 24.6 percent in the prior year. Excluding items impacting comparability, the adjusted tax rate increased 0.8 percentage points to 37.2 percent.

The company reported EPS of $1.04 in the quarter. Excluding items impacting comparability in both periods, adjusted EPS increased 13 percent to $0.52 per share, compared with $0.46 per share in the year-ago quarter.

Full-Year Results

Sales decreased 1 percent to $7.890 billion driven by a 1 percent decline in organic sales, reflecting lower volume and higher promotional spending.

EBIT increased from $960 million to $1.400 billion. Excluding items impacting comparability, adjusted EBIT increased 2 percent to $1.492 billion, reflecting a higher adjusted gross margin percentage and lower adjusted administrative expenses, due in part to lower incentive compensation costs, partly offset by lower sales volume.

Net interest expense decreased 4 percent to $107 million. Excluding items impacting comparability in the current year, adjusted net interest expense increased $2 million to $113 million, reflecting higher average interest rates on the debt portfolio, partly offset by lower average levels of debt. The tax rate decreased 2.3 percentage points to 31.4 percent. Excluding items impacting comparability, the adjusted tax rate decreased 0.2 percentage points to 32.4 percent.

The company reported EPS of $2.89. Excluding items impacting comparability in both years, adjusted EPS increased 3 percent to $3.04 per share, compared with $2.94 per share a year ago.

Cash flow from operations was $1.291 billion as compared to $1.491 billion a year ago. The year-over-year decline was primarily due to lapping significant working capital reductions in the prior year, as well as lower cash earnings and lower receipts from hedging activities in the current year.

Segment Operating Review

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

Three Months Ended July 30, 2017
($ in millions)

	Americas Simple Meals and Beverages	Global Biscuits and Snacks	Campbell Fresh	Total
Net Sales, as Reported	$815	$624	$225	$1,664
Volume and Mix	(2)%	(2)%	(1)%	(2)%
Promotional Spending	(1)%	1%	2%	-%

Organic Net Sales	(3)%	-%*	1%	(1)%*
Currency	-%	-%	-%	-%
% Change vs. Prior Year	(3)%	-%	1%	(1)%
Segment Operating Earnings	$198	$109	$(8)	
% Change vs. Prior Year	4%	35%	n/m	

n/m – not meaningful

* Numbers do not add due to rounding.

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 July 30, 2017
($ in millions)

	Americas Simple Meals and Beverages	Global Biscuits and Snacks	Campbell Fresh	Total
Net Sales, as Reported	$4,325	$2,598	$967	$7,890
Volume and Mix	(1)%	1%	(5)%	(1)%
Promotional Spending	(1)%	-%	1%	(1)%
Organic Net Sales	(1)%*	-%*	(5)%*	(1)%*
Currency	-%	1%	-%	-%
% Change vs. Prior Year	(1)%	1%	(5)%	(1)%
Segment Operating Earnings	$1,120	$454	$(9)	
% Change vs. Prior Year	5%	8%	n/m	

n/m – not meaningful

* Numbers do not add due to rounding.

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 3 percent to $815 million driven primarily by declines in soup and *V8* beverages. Sales of U.S. soup decreased 4 percent driven by declines in condensed soups, broth and ready-to-serve soups, reflecting a reduction in retailer inventory levels while consumer takeaway in measured channels was comparable to the prior-year quarter. For the fiscal year, sales of U.S. soup decreased 1 percent.

Segment operating earnings in the quarter increased 4 percent to $198 million. The increase was primarily driven by lower advertising and consumer promotion expenses and lower administrative expenses, partly offset by lower sales volume and a lower gross margin percentage.

Global Biscuits and Snacks

Sales in the quarter were comparable to the prior year at $624 million, as gains in Pepperidge Farm snacks, reflecting continued growth in *Goldfish* crackers, as well as gains in *Arnott's* biscuits in Australia, were offset by declines in Indonesia.

Segment operating earnings increased 35 percent to $109 million. The increase was primarily driven by a higher gross margin percentage, lower advertising and consumer promotion expenses and lower administrative expenses.

Campbell Fresh

Sales in the quarter increased 1 percent to $225 million driven primarily by higher sales of Garden Fresh Gourmet, carrots and carrot ingredients. Sales of *Bolthouse Farms* refrigerated beverages declined slightly, reflecting supply constraints.

Segment operating earnings in the quarter decreased from $8 million to a loss of $8 million, reflecting higher administrative expenses, higher carrot costs and the continued cost impact of enhanced quality processes and related beverage capacity constraints.

Segment operating earnings for the year decreased from $60 million to a loss of $9 million, reflecting lower sales volume and unfavorable mix, higher carrot costs, and the full year cost impact of enhanced quality processes and related beverage capacity constraints, as well as higher administrative expenses.

Corporate

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. Corporate in the fourth quarter of fiscal 2016 included a non-cash impairment charge of $141 million, pension and postretirement mark-to-market losses of $138 million and charges related to cost savings initiatives of $12 million. The remaining decrease in expenses primarily reflects gains on open commodity hedges.

Conference Call

Campbell will host a conference call to discuss these results today at 8:30 a.m. Eastern Daylight Time. To join in the U.S., dial (833) 659-8619. To join outside of the U.S., dial +1 (703) 639-1316. The access code is 6692641. 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 Sept. 14, 2017, at +1 (404) 537-3406. The access code for the replay is 6692641.

About Campbell Soup Company

Campbell (NYSE:CPB) is driven and inspired by our Purpose, “Real food that matters for life’s moments.” We make a range of high-quality soups and simple meals, beverages, snacks and packaged fresh foods. 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 our iconic *Campbell’s* brand, our portfolio includes *Pepperidge Farm, Bolthouse Farms, Arnott’s, V8, Swanson, Pace, Prego, Plum, Royal Dansk, Kjeldsens* and *Garden Fresh Gourmet*. 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 or follow company news on Twitter via @CampbellSoupCo. To learn more about how we make our food and the choices behind the ingredients we use, visit 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 the statements made regarding sales, EBIT and EPS guidance for fiscal 2018, 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 changes to its organizational structure and/or business processes; (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 and favorable perception of the company’s brands; (5) the impact of product quality and safety issues, including recalls and product liabilities; (6) the risks associated with trade and consumer acceptance of the company’s initiatives, including its trade and promotional programs; (7) the impact of a changing customer landscape, with value and e-commerce retailers expanding their market presence, while certain of the company’s key customers continue to increase their significance to the company’s business; (8) the impact of changing inventory management practices by certain of the company’s key customers; (9) the impact of disruptions to the company’s supply chain, including fluctuations in the supply of and inflation in energy and raw and packaging materials cost; (10) the impact of non-U.S.

operations, including trade restrictions, public corruption and compliance with foreign laws and regulations; (11) the ability to complete and to realize the projected benefits of acquisitions, divestitures and other business portfolio changes; (12) the uncertainties of litigation and regulatory actions against the company; (13) 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; (14) the company’s ability to protect its intellectual property rights; (15) the impact of an impairment to goodwill or other intangible assets; (16) the impact of increased liabilities and costs related to the company’s defined benefit pension plans; (17) the impact of a material failure in or breach of the company’s information technology systems; (18) the company’s ability to attract and retain key talent; (19) the impact of changes in currency exchange rates, tax rates, interest rates, debt and equity markets, inflation rates, economic conditions, law, regulation and other external factors; (20) the impact of unforeseen business disruptions in one or more of the company’s markets due to political instability, civil disobedience, terrorism, armed hostilities, natural disasters or other calamities; and (21) 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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