



**Mark Clouse, CNBC “Mad Money”
April 29, 2020**

Jim Cramer, Mad Money: We know the packaged food industry is on fire as people all over the world now feel compelled to keep their pantries well stocked. We've seen the empty grocery store shelves. Yesterday, Campbell Soup published an 8K that included some bullish data from IRI – that's the market firm Wall Street swears by. Listen to this, in the four weeks ending April 19th, IRI saw some major increases – Meals and Beverage up 34%, total Snacks up 16%, Campbell Soup up more than 41%, Prego pasta sauce 49%, Pepperidge Farm cookies 28%, Snyder's of Hanover pretzels 19%, Kettle brand chips 44.5%. Only Goldfish experienced a decline and that looks like it might be because of supply problems because everybody loves Goldfish, even before the pandemic. Phenomenal growth. No wonder the stock has rallied 23 points from its lows last month. Can it keep climbing?

Let's take a close look with Mark Clouse, the new president and CEO Of Campbell Soup and a man who is widely viewed as a miracle worker within the industry. He has a clear sense of where his company is headed. Welcome to Mad Money.

Mark Clouse, Campbell: Great to be here, Jim. I'm happy to spend some time with you today.

Cramer: I'm thrilled that you're here. Alright, so sir, the moment it happened, I admit I had a panic attack, but my wife, she said let's have a Campbell Soup attack. We went in, everybody knows this, we bought, I don't know, 20 cans, then we bought everything else you make. You know what? I found out it's like what my mom said, I love it. It's like we rediscovered it. Is that what's happening? You have too many repeat orders for me to think it was one-time-only pantry.

Mark: I think you are not alone in your experience. I think, you know, we saw the move from the initial pantry-loading and it very much followed a lot of the same behaviors you'd see in a big storm or something coming in. But what we've been experiencing since then is really what I believe to be more behavior-driven. So I've got the product in my house, I'm spending more time at home, I'm cooking more – a lot of the behavior is driving the usage, and I think so far what we're feeling, and it's still relatively early days, is that that experience has been positive. I'm really happy we started this journey before the situation occurred, and I think it allowed us to improve the quality of the product, really driving focus on those core businesses that are now incredibly in high demand as we look across the portfolio.

Cramer: Now, what happens, are you working 24/7? Because I checked last night at a store, it's still not there, it still runs out. It's like -- I get told the same thing, “the truck comes Tuesday morning, Jim, the truck comes Tuesday morning” – when can you possibly catch up with demand?

Mark: We're working hard. I do think if you're watching the trends very closely, we've seen a little bit of a slow-down in these last couple weeks, which, as you point out, is not the worst thing in the world as it gives us an opportunity to rebuild some of that inventory. I can promise you the plants have been doing just an amazing job. I mean, I'm inspired daily by watching our team go to work, get the job done, whether it's in the plants or on the frontline for sales, and we're doing an amazing job. But, if you're looking at four-week trends where you're watching demand in the 40s on a business that we were just in the early innings of a turnaround on, it certainly put a little bit of a strain from day-to-day, but I feel good about our ability to keep filling the shelves on a regular basis and keep that flow of product going.

Cramer: Okay, we know people are snacking more than ever, particularly, there's a lot of work at home, which I think that's also part of the soup, but Snyder's Lance – I was critical of the deal, I thought it was overpay, I also thought it hurt the balance sheet; that was previous administration, we don't have to think about that – you have worked out this balance sheet and you've got Snyder's going, I say maybe this deal wasn't so bad, is that fair?

Mark: I think it's very fair. You know, and I'll be honest, my perspective from the outside looking in, I think I underestimated as well what the value of this portfolio really is, and when you look now at what we're



bringing to bear in snacking, I think we're in a very unique position. We're playing in big well-developed categories, but we're playing in differentiated ways. If you look at the brands we have, whether it's within crackers, having Goldfish, a better for you kid snack, or within cookies, huge category, but we're bringing a more premium offering with Milano and Farmhouse, even in tortilla chips which has been experiencing a lot of growth, we're bringing Late July, which is an organic platform, that's really worked well, and I think our ability to play in unique ways and bring the power of these two companies together – great marketing, innovation and growth engine on Pepperidge Farm, very scrappy kind of in-the-weeds DSD organization and in-store merchandising from Snyder's Lance – bring those two organizations together, it's creating a formidable portfolio, one I think is well positioned, and arguably better than I thought until I got under the hood and got to see those businesses.

Cramer: That leads to my next question, and I think it's important – I should have said this at the beginning. You had a lot of momentum going into this because of changes that you made, but one of them is hard for us to understand unless we're in your business. You put as number two reason why you have progress, “improved retailer relationships”. Is that clubs? Is that chains? And what did you have to do? Because obviously they're your partners and if they don't like you, they can hurt you, if they like you, they can help you. What did you do?

Mark: Well, I think the first thing – and this is so important for the world we were in before and the world we're in now, and I would certainly expect going forward – is really understanding what the strategic objectives of your partners are and finding ways where we're able to create common ground. And, you know, I tell this story a lot, I think we were in a world where some of our businesses, some of our iconic businesses like Soup, we were managing more for cash and profit while our retail partners are trying to grow and create share and demand. When you're at that position of different objectives, a lot of times conversation will deteriorate into a dialogue about price or distribution, and that's not the conversation you want to have. What we need to do as a clear leader in a category like soup or pasta sauces, we have to find a way to work together to bring relevance back to these categories, important categories, even more so today, to be able to drive growth and when we do that, I think the conversations change, and a big part, I believe, of some of those early wins that we were getting was just coming back to the table in a way where we're talking about growth and it's just so important to do that as the retailers are trying to solve many of the same problems or challenges we are.

Cramer: One last question. Everyone is on edge, how can you not be? When you're on edge in my household and many households, we go for what we like the most, and we eat it and we're not that sensitive to calories. Potato chips, my absolute favorite food, everybody's favorite food – these numbers are just exploding – is it because people say, you know what, I need a break, give me a bag of potato chips?

Mark: Yeah, I think I would say we're seeing three trends right now that our portfolio happens to be very well positioned to address within consumer behavior, and I think, again, you're not alone. We're all experiencing a little bit of this unprecedented environment, and it does change behavior and I think the three big trends that we're seeing right now first, is this renaissance -- a renewal in cooking as a behavior, and I'm not talking about gourmet cooking, I'm talking about what we call quick “scratch cooking,” putting a few ingredients together that our products serve very well

Cramer: Right

Mark: I think the second trend, and the one you just talked a little bit about, is comfort. So, coming back to brands that bring comfort. And that may be anything from, you know, Campbell's Chicken Noodle or Tomato Soup with a grilled cheese sandwich, to a bag of Kettle potato chips. All of those serve in that purpose of return to comfort. And then third, and probably the one we think about going forward, we're very mindful around, is value.

Cramer: Right



Mark: Regardless of where you may land on your perspective on what the economic environment is going to look like, we're going to be navigating some semblance of a recession or at least economic slow-down, and our ability to bring value every day to consumer households is very important. And again, I think if you look at our Snacks and our Meals and Beverage business, and historically speaking, we've been very, very relevant in those moments of value.

Cramer: We're going to have to leave it there. You've really just crushed it. I wish we had you before this so we would know where the term was going. That's Mark Clouse, president and CEO Of Campbell's Soup. This is a growth company, people. It's been a long time since I've been able to say that. Thank you so much, sir.

Mark: We'll see you again soon.

Cramer: Absolutely.

Source: <https://www.cnn.com/video/2020/04/29/campbell-soup-ceo-discusses-meeting-demand-during-coronavirus-pandemic.html>

Forward-Looking Statements

This transcript contains "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements reflect our current expectations regarding our future results of operations, economic performance, financial condition and achievements. These forward-looking statements can be identified by words such as "anticipate," "believe," "estimate," "expect," "intend," "plan," "pursue," "strategy," "will" and similar expressions. One can also identify forward-looking statements by the fact that they do not relate strictly to historical or current facts, and may reflect anticipated cost savings or implementation of our strategic plan. These statements reflect our current plans and expectations and are based on information currently available to us. They rely on several assumptions regarding future events and estimates which could be inaccurate and which are inherently subject to risks and uncertainties.

Forward-looking statements are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Our actual results may differ materially from those contemplated by the forward-looking statements. We wish to caution the reader that the following important factors and those important factors described in our other Securities and Exchange Commission filings, including our 2019 Annual Report on Form 10-K and subsequent quarterly reports on Form 10-Q, could affect our actual results and could cause such results to vary materially from those expressed in any forward-looking statements made by, or on behalf of, us: our ability to execute on and realize the expected benefits from our strategy, including growing sales in snacks and maintaining our market share position in soup; the impact of strong competitive responses to our efforts to leverage brand power with product innovation, promotional programs and new advertising; the risks associated with trade and consumer acceptance of product improvements, shelving initiatives, new products and pricing and promotional strategies; our indebtedness and ability to pay such indebtedness; impacts of, and associated responses to, the novel coronavirus ("COVID-19") pandemic; our ability to realize projected cost savings and benefits from cost savings initiatives and the integration of recent acquisitions; disruptions to our supply chain and/or operations, as well as fluctuations in the supply of and inflation in energy and raw and packaging materials cost; our ability to manage changes to our organizational structure and/or business processes, including selling, distribution, manufacturing and information management systems or processes; changes in consumer demand for our products and favorable perception of our brands; changing inventory management practices by certain of our key customers; a changing customer landscape, with value and e-commerce retailers expanding their market presence, while certain of our key customers maintain significance to our business; product quality and safety issues, including recalls and product liabilities; the possible disruption to the independent contractor distribution models used by certain of our businesses, including as a result of litigation or regulatory actions affecting their independent contractor classification; the uncertainties of litigation and regulatory actions against us; the costs, disruption and diversion of management's attention associated with activist investors; a material failure in or breach of our information technology systems; impairment to goodwill or other intangible assets; our ability to protect our intellectual property rights; increased liabilities and costs related to our defined benefit pension plans; our ability to attract and retain key talent; changes in currency exchange rates, tax rates, interest rates, debt and equity markets, inflation rates, economic conditions, law, regulation and other external factors; and unforeseen business disruptions in one or more of our markets due to political instability, civil disobedience, terrorism, armed hostilities, extreme weather conditions, natural disasters, other pandemics or other calamities.



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