



**FOR IMMEDIATE RELEASE**

INVESTOR CONTACT:

Ken Gosnell  
 (856) 342-6081  
[ken\\_gosnell@campbellsoup.com](mailto:ken_gosnell@campbellsoup.com)

MEDIA CONTACT:

Thomas Hushen  
 (856) 342-5227  
[thomas\\_hushen@campbellsoup.com](mailto:thomas_hushen@campbellsoup.com)

**CAMPBELL REPORTS THIRD-QUARTER RESULTS**

- Net Sales Increased 15 Percent Reflecting Impact of Recently Completed Acquisition of Snyder's-Lance; Organic Sales Comparable to Prior Year
- Earnings Before Interest and Taxes (EBIT) Loss of \$475 Million Includes Impairment Charges of \$619 Million Related to Campbell Fresh Segment; Adjusted EBIT Increased 1 Percent
- Earnings Per Share (EPS) Loss of \$1.31; Adjusted EPS Increased 19 Percent to \$0.70
- Campbell Revises Fiscal 2018 Guidance

**CAMDEN, N.J., May 18, 2018**—Campbell Soup Company (NYSE:CPB) today reported its third-quarter results for fiscal 2018.

	<u>Three Months Ended</u>			<u>Nine Months Ended</u>		
	<u>Apr. 29,</u> <u>2018</u>	<u>Apr. 30,</u> <u>2017</u>	<u>%</u> <u>Change</u>	<u>Apr. 29,</u> <u>2018</u>	<u>Apr. 30,</u> <u>2017</u>	<u>%</u> <u>Change</u>
(\$ in millions, except per share)						
<b>Net Sales</b>						
As Reported (GAAP)	<b>\$2,125</b>	\$1,853	15%	<b>\$6,466</b>	\$6,226	4%
Organic			-%			(1)%
<b>Earnings (Loss) Before Interest and Taxes</b>						
As Reported (GAAP)	<b>\$(475)*</b>	\$298	n/m	<b>\$180</b>	\$960	(81)%
Adjusted	<b>\$308</b>	\$305	1%	<b>\$1,127</b>	\$1,210	(7)%
<b>Diluted Earnings Per Share</b>						
As Reported (GAAP)	<b>\$(1.31)*</b>	\$0.58	n/m	<b>\$0.55</b>	\$1.85	(70)%
Adjusted	<b>\$0.70</b>	\$0.59	19%	<b>\$2.62</b>	\$2.51	4%

n/m – not meaningful

\* The current quarter included pre-tax impairment charges of \$619 million, or \$1.65 per share, 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.

**CFO Comments**

Campbell's Chief Financial Officer Anthony DiSilvestro said, "While our organic sales in the quarter were stable in this difficult environment, our gross margin performance was below our expectations.

Based on our third-quarter results and outlook for the balance of the year, we are lowering our fiscal 2018 earnings guidance.

“In the third quarter, we made some progress against our key priorities. We completed the Snyder’s-Lance acquisition, substantially expanding our portfolio in the faster growing snacking categories, and we made some progress in stabilizing sales in U.S. soup. However, we are not satisfied with our financial results. Our performance has been impacted by both execution-related and external challenges. We are addressing these challenges with renewed urgency. Looking ahead, we will be reviewing all aspects of our strategic plans and portfolio composition. We anticipate that our review, which will take several months to complete, will lead to changes designed to improve our operating performance and create long-term shareholder value. We plan to discuss the outcome of this review when we report fourth-quarter and full-year results in late August.”

### 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.

	Diluted Earnings Per Share			
	Three Months Ended		Nine Months Ended	
	Apr. 29, 2018	Apr. 30, 2017	Apr. 29, 2018	Apr. 30, 2017
As Reported (GAAP)	(\$1.31)	\$0.58	\$0.55	\$1.85
Impairment charges related to the Campbell Fresh segment	\$1.65	-	\$1.89	\$0.58
Restructuring charges, implementation costs and other related costs associated with cost savings initiatives	\$0.15	\$0.01	\$0.34	\$0.04
Transaction and integration costs related to the acquisition of Snyder’s-Lance	\$0.15	-	\$0.22	-
Claim settlement	\$0.05	-	\$0.05	-
Pension and postretirement benefit mark-to-market adjustments	-	-	(\$0.03)	\$0.04
Nonrecurring net tax benefit related to U.S. Tax Reform	-	-	(\$0.40)	-
Adjusted	<u>\$0.70*</u>	<u>\$0.59</u>	<u>\$2.62</u>	<u>\$2.51</u>

\*Numbers do not add due to rounding.

### Third-Quarter Results

Sales increased 15 percent to \$2.125 billion driven by a 14-point benefit from the recent acquisitions of Snyder's-Lance and Pacific Foods and a 1-point favorable impact from currency translation. Organic sales were comparable to the prior year as gains in Global Biscuits and Snacks and Campbell Fresh were offset by declines in Americas Simple Meals and Beverages.

Gross margin decreased from 35.9 percent to 29.1 percent. Excluding items impacting comparability in the current year, adjusted gross margin decreased 3.9 percentage points to 32.0 percent. The decrease in adjusted gross margin was primarily driven by cost inflation and higher supply chain costs, as well as the dilutive impact of recent acquisitions and higher promotional spending, partly offset by productivity improvements and the benefits from cost savings initiatives.

Marketing and selling expenses increased 9 percent to \$232 million. Excluding items impacting comparability in the current year, adjusted marketing and selling expenses increased 8 percent primarily due to the impact of recent acquisitions, partly offset by the benefits from cost savings initiatives. Administrative expenses increased 15 percent to \$163 million. Excluding items impacting comparability, adjusted administrative expenses decreased 6 percent primarily due to lower incentive compensation and benefit costs, partly offset by the impact of recent acquisitions.

Other expenses of \$647 million were primarily due to the impairment charges related to the Campbell Fresh segment. Excluding items impacting comparability in the current year, adjusted other income decreased \$3 million to \$12 million.

As reported EBIT was a loss of \$475 million. Excluding items impacting comparability, adjusted EBIT increased 1 percent to \$308 million. Excluding the impact of the recent acquisitions of Snyder's-Lance and Pacific Foods, adjusted EBIT declined primarily due to lower gross margin performance, partly offset by lower adjusted administrative expenses and lower adjusted marketing and selling expenses.

Net interest expense increased \$14 million to \$42 million. Excluding items impacting comparability in the current year, net adjusted interest expense increased \$32 million to \$60 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 24.0 percent as compared to 34.8 percent in the prior year. Excluding items impacting comparability, the adjusted tax rate decreased 19.7 percentage points to 15.3 percent as the timing of tax expense on an adjusted basis was impacted by the impairment charges.

The company reported a loss of \$1.31 per share. Excluding items impacting comparability, adjusted EPS increased 19 percent to \$0.70 per share, reflecting a lower adjusted tax rate, partly offset by higher adjusted net interest expense.

### **Nine-Month Results**

Sales increased 4 percent to \$6.466 billion driven by a 5-point benefit from the recent acquisitions of Snyder's-Lance and Pacific Foods and a 1-point favorable impact from currency translation, partly offset by a 1-percent decline in organic sales. Declines in organic sales were primarily driven by decreases in Americas Simple Meals and Beverages, partly offset by gains in Global Biscuits and Snacks.

As reported EBIT was \$180 million. Excluding items impacting comparability, adjusted EBIT decreased 7 percent to \$1.127 billion reflecting lower gross margin performance, including the impact of organic sales declines, partly offset by an increase in adjusted other income.

Net interest expense increased \$20 million to \$104 million. Excluding items impacting comparability in the current year, net adjusted interest expense increased \$38 million to \$122 million due to debt associated with the acquisition of Snyder's-Lance and higher average interest rates on the debt portfolio. Tax expense decreased from \$307 million in the prior year to a tax benefit of \$91 million. Excluding items impacting comparability, the adjusted tax rate decreased 10.0 percentage points to 21.3 percent primarily due to the lower U.S. federal tax rate and the timing of tax expense on an adjusted basis related to the impairment charges.

The company reported EPS of \$0.55. Excluding items impacting comparability, adjusted EPS increased 4 percent to \$2.62 per share, reflecting a lower adjusted tax rate and the benefit of lower weighted average shares outstanding, partly offset by lower adjusted EBIT and higher adjusted net interest expense.

Cash flow from operations increased to \$1.024 billion from \$1.011 billion a year ago reflecting higher cash earnings, partly offset by an increase in working capital requirements.

### **Fiscal 2018 Guidance**

Based on the company's current outlook for fiscal 2018, including the impact of the Snyder's-Lance acquisition, Campbell has revised its fiscal 2018 guidance as shown in the table below. This guidance assumes the impact from currency translation will be nominal.

(\$ in millions, except per share)

	<u>2017 Results</u>	<u>Revised 2018 Guidance Before Snyder's-Lance</u>	<u>Snyder's- Lance Acquisition</u>	<u>Revised 2018 Guidance</u>
Net Sales	\$7,890	0 to +1% (Previously -1 to +1%)	+9 to +10 pts	+10 to +11%
Adjusted EBIT	\$1,492*	-11 to -9% (Previously -7 to -5%)	+3 pts	-8 to -6%
Adjusted EPS	\$3.04*	-3 to -1% (Previously +2 to +4%)	-3 pts -\$0.10	-6 to -5% \$2.85 to \$2.90

\* 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 2018 guidance 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 operating results.

## Segment Operating Review

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

### Three Months Ended Apr. 29, 2018

(\$ in millions)

	<u>Americas Simple Meals and Beverages</u>	<u>Global Biscuits and Snacks</u>	<u>Campbell Fresh</u>	<u>Total</u>
Net Sales, as Reported	\$1,010	\$862	\$251	\$2,125**
Volume and Mix	-%	1%	2%	1%
Price and Sales Allowances	-%	1%	-%	-%
Promotional Spending	(2)%	(1)%	-%	(1)%
Organic Net Sales	(2)%	1%	1%*	-%
Currency	-%	1%	-%	1%
Acquisitions	6%	32%	-%	14%
% Change vs. Prior Year	5%*	35%*	1%	15%
Segment Operating Earnings	\$217	\$123	\$(19)	
% Change vs. Prior Year	(3)%	23%	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.

### Nine Months Ended Apr. 29, 2018

(\$ in millions)

	<u>Americas Simple Meals and Beverages</u>	<u>Global Biscuits and Snacks</u>	<u>Campbell Fresh</u>	<u>Total</u>
--	--	---------------------------------------	---------------------------	--------------

Net Sales, as Reported	\$3,424	\$2,297	\$742	\$6,466**
Volume and Mix	(3)%	1%	-%	(1)%
Price and Sales Allowances	-%	1%	-%	-%
Promotional Spending	-%	-%	-%	-%
Organic Net Sales	(4)%*	2%	-%	(1)%
Currency	-%	1%	-%	1%
Acquisitions	2%	10%	-%	5%
% Change vs. Prior Year	(1)%*	13%	-%	4%*
Segment Operating Earnings	\$827	\$382	\$(36)	
% Change vs. Prior Year	(10)%	9%	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 increased 5 percent to \$1.010 billion reflecting a 6-point benefit from the acquisition of Pacific Foods. Organic sales decreased 2 percent primarily driven by declines in V8 beverages, *Plum* products and U.S. soup. Excluding the benefit from the acquisition of Pacific Foods, sales of U.S. soup decreased 1 percent driven by declines in condensed soups, partly offset by gains in broth and ready-to-serve soups.

Segment operating earnings decreased 3 percent to \$217 million. The decrease was primarily driven by a lower gross margin percentage, partly offset by lower administrative expenses and lower marketing and selling expenses.

### Global Biscuits and Snacks

Sales in the quarter increased 35 percent to \$862 million. Excluding the benefit from the acquisition of Snyder's-Lance and the favorable impact of currency translation, organic sales increased 1 percent primarily driven by gains in Pepperidge Farm snacks, reflecting continued growth in *Goldfish* crackers and *Pepperidge Farm* cookies.

Segment operating earnings increased 23 percent to \$123 million. The increase was primarily driven by the benefit from the acquisition of Snyder's-Lance.

### Campbell Fresh

Sales in the quarter increased 1 percent to \$251 million primarily driven by gains in refrigerated soup. Sales of *Bolthouse Farms* refrigerated beverages were comparable to the prior year.

Segment operating loss was \$19 million in the quarter compared to earnings of \$1 million in the prior year. The earnings decline was primarily driven by a lower gross margin percentage reflecting higher supply chain costs and cost inflation including higher transportation and logistics costs.

### **Corporate**

Corporate in the third quarter of fiscal 2018 included non-cash impairment charges of \$619 million related to the Campbell Fresh segment, transaction and integration costs of \$72 million related to the acquisition of Snyder's-Lance, charges related to cost savings initiatives of \$46 million, and a charge of \$22 million related to the settlement of a legal claim. Corporate in the third quarter of fiscal 2017 included charges related to cost savings initiatives of \$7 million. The remaining decrease in expenses primarily reflects the benefit of higher pension and postretirement income.

### **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 access code is 6498114. 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 midnight on Jun. 1, 2018, at +1 (404) 537-3406. The access code for the replay is 6498114.

### **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." 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*, *Garden Fresh Gourmet*, *Pacific Foods*, *Snyder's of Hanover*, *Lance*, *Kettle Brand*, *KETTLE Chips*, *Cape Cod*, *Snack Factory Pretzel Crisps*, *Pop Secret*, *Emerald*, *Late July* and other brand names. 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) changes in consumer demand for the company's products and favorable perception of the company's brands; (2) the risks associated with trade and consumer acceptance of product improvements, shelving initiatives, new products and pricing and promotional strategies; (3) the impact of strong competitive responses to the company's efforts to leverage its brand power with product innovation, promotional programs and new advertising; (4) changing inventory management practices by certain of the company's key customers; (5) 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; (6) the company's ability to realize projected cost savings and benefits from its efficiency and/or restructuring initiatives; (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) product quality and safety issues, including recalls and product liabilities; (9) the ability to complete and to realize the projected benefits of acquisitions, divestitures and other business portfolio changes, including the Snyder's-Lance acquisition; (10) the company's indebtedness and ability to pay such indebtedness; (11) disruptions to the company's supply chain, including fluctuations in the supply of and inflation in energy and raw and packaging materials cost; (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 impact of non-U.S. operations, including trade restrictions, public corruption and compliance with foreign laws and regulations; (15) impairment to goodwill or other intangible assets; (16) the company's ability to protect its intellectual property rights; (17) increased liabilities and costs related to the company's defined benefit pension plans; (18) a material failure in or breach of the company's information technology systems; (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 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.

#