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CAMPBELL REPORTS FIRST-QUARTER RESULTS

- Earnings Per Share (EPS) from Continuing Operations of $0.56 Decreased 7% Primarily Reflecting Charges Associated with Sale of the European Chips Business; Adjusted EPS of $0.78 Increased 10%
- Net Sales and Organic Sales Decreased 1%
- Campbell Updates Fiscal 2020 Net Sales Guidance Reflecting Sale of European Chips Business; Organic Sales, Adjusted EBIT and Adjusted EPS Outlook Remains Unchanged

CAMDEN, N.J., Dec. 4, 2019—Campbell Soup Company (NYSE:CPB) today reported its first-quarter results for fiscal 2020.

Continuing Operations ($ in millions, except per share)	**Three Months Ended**		
	Oct. 27, 2019	**Oct. 28, 2018**	**% Change**
Net Sales			
As Reported (GAAP)	**$2,183**	$2,202	(1)%
Organic			(1)%
Earnings Before Interest and Taxes (EBIT)			
As Reported (GAAP)	**$317**	$326	(3)%
Adjusted	**$392**	$371	6%
Diluted Earnings Per Share			
As Reported (GAAP)	**$0.56**	$0.60	(7)%
Adjusted	**$0.78**	$0.71	10%

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, "Our performance to start the new fiscal year was largely in-line with our expectations and builds upon the solid foundation we set in fiscal 2019. I was especially pleased that our in-market consumption grew more than 1% in measured channels. Additionally, we grew soup share for the first time in 10 quarters, one of the early signs of progress in our three-year journey to revitalize this business. Strong in-market consumption on U.S. soup was offset by the timing of shipments related to the Thanksgiving holiday. In Snacks, we delivered another quarter of strong marketplace performance with 8 of 9 power brands growing or holding share, while we continued to make steady progress integrating the business and delivering cost synergies."

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	
	Oct. 27, 2019	Oct. 28, 2018
As Reported (GAAP)	**$0.56**	$0.60
Restructuring charges, implementation costs and other related costs associated with cost savings initiatives	**$0.03**	$0.11
Charges associated with sale of European chips business	**$0.20**	-
Adjusted	**$0.78***	$0.71

*Numbers do not add due to rounding.

First-Quarter Results from Continuing Operations

Reported and organic sales decreased 1% driven by declines in Meals & Beverages offset partly by gains in Snacks.

Gross margin increased from 33.0% to 33.8%. Excluding items impacting comparability in the prior year, adjusted gross margin increased 0.3 percentage points driven primarily by productivity improvements, the benefits from cost savings initiatives, and the benefit of recent pricing actions, offset partly by cost inflation and higher promotional spending.

Marketing and selling expenses decreased 2% to $206 million. Excluding items impacting comparability in the prior year, adjusted marketing and selling expenses decreased 1% as increased investments in advertising and consumer promotion expenses were more than offset by the benefits of cost savings initiatives. Administrative expenses decreased 9% to $134 million. Excluding items impacting comparability, adjusted administrative expenses decreased 7%, reflecting the benefits of cost savings initiatives.

Other expenses were $56 million. Excluding items impacting comparability in the current year, adjusted other income was $8 million compared to $0 in the prior-year period. The year-over-year change in adjusted other income reflects lower losses on investments and higher pension and postretirement benefit income.

As reported EBIT decreased 3% to $317 million. Excluding items impacting comparability, adjusted EBIT increased 6% to $392 million as sales declines were more than offset by lower adjusted administrative expenses, higher adjusted other income and improved gross margin performance.

Net interest expense was $80 million compared to $90 million in the prior year reflecting lower levels of debt. The tax rate was 28.7% as compared to 23.7% in the prior year. Excluding items impacting comparability, the adjusted tax rate increased 0.2 percentage points to 24.0%.

The company reported EPS of $0.56. Excluding items impacting comparability, adjusted EPS increased 10% to $0.78 per share, reflecting the increase in adjusted EBIT and lower interest expense.

Cash flow from operations decreased to $182 million from $231 million a year ago primarily related to incentive compensation. During the first quarter of fiscal 2020, the company paid $107 million of cash dividends, or the equivalent of $0.35 per share, to common stock shareholders.

Campbell Updates Fiscal 2020 Net Sales Guidance

On Oct. 11, 2019, Campbell completed the sale of the European chips business. The results of this business up through the time of sale have been reported as continuing operations within the Snacks segment. As a result, the outlook for fiscal 2020 has been updated to reflect a 2-point negative impact on net sales for the remainder of the year. 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 2 points of net sales, adjusted EBIT and adjusted EPS. The outlook for organic net sales remains unchanged, as it excludes the negative impact from the sale of the European chips business, along with the estimated contribution of the 53rd week. Expected net proceeds of approximately $3 billion from the divestitures of Campbell Fresh, Campbell International and the European chips business are being used to reduce debt. This guidance takes into account the expected impact of the paydown on the company's interest expense in fiscal 2020.

As a result, the fiscal 2020 outlook for organic net sales, adjusted EBIT and adjusted EPS for continuing operations, as shown in the table below, remains unchanged from guidance provided on Aug. 30, 2019.

Continuing Operations	2019 Results	Previous 2020 Guidance	Impact from Sale of European Chips Business	Updated 2020 Guidance
($ in millions, except per share)				
Net Sales	$8,107	+1 to +3%	-2%	-1 to +1%
Organic Net Sales			No Impact	-1 to +1%
Adjusted EBIT	$1,266*	+2 to +4%	No Impact	+2 to +4%
Adjusted EPS	$2.30*	+9 to +11% $2.50 to $2.55	No Impact	+9 to +11% $2.50 to $2.55

* 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 first 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 $605 million. 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 Oct. 27, 2019
($ in millions)

	Meals & Beverages	Snacks	Total
Net Sales, as Reported	$1,194	$989	$2,183
Volume and Mix	(2)%	3%	-%
Price and Sales Allowances	1%	-%	1%
Promotional Spending	(2)%	(1)%	(1)%
Organic Net Sales	(3)%	2%	(1)%*
Currency	-%	-%	-%
% Change vs. Prior Year	(3)%	2%	(1)%
Segment Operating Earnings	$282	$125	
% Change vs. Prior Year	(3)%	-%	

* 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.

Meals & Beverages

Sales decreased 3% to $1.2 billion driven primarily by the timing of U.S. soup shipments, as well as declines in foodservice, offset partly by gains in *Prego* pasta sauces. Sales of U.S. soup decreased 3% with shipments lagging in-market consumption by 2 points, which were negatively impacted by movements in retailer inventory levels in both broth and condensed soups related to the timing of the Thanksgiving holiday. Sales of ready-to-serve soups were comparable to the prior year.

Segment operating earnings decreased 3% to $282 million. The decrease was driven primarily by cost inflation and sales declines offset partly by the benefits of cost savings initiatives and supply chain productivity programs.

Snacks

Sales increased 2% to $1.0 billion driven primarily by gains in *Goldfish* crackers, fresh bakery products, and Pepperidge Farm cookies, as well as gains in *Cape Cod* and *Kettle Brand* potato chips, offset partly by declines in the partner brands within the Snyder's-Lance portfolio as we continue our planned prioritization of select partners to reduce complexity and improve execution.

Segment operating earnings of $125 million were comparable to the prior year as the benefits of cost savings initiatives and supply chain productivity programs were offset by cost inflation and increased marketing support.

Corporate

Corporate expenses included charges related to the sale of the European chips business of $64 million and costs related to cost savings initiatives of $8 million. Corporate expenses in the first quarter of fiscal 2019 included costs related to cost savings initiatives of $27 million. The remaining decrease in expenses primarily reflects gains on open commodity contracts, lower losses on investments, lapping costs in the prior year related to the 2019 proxy contest, 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 and the divestiture of Kelsen Group on Sept. 23, 2019. The company expects to close the sale of Arnott's and certain of Campbell's international operations in the second quarter of fiscal 2020. The company reported a loss from discontinued operations for fiscal 2020 of $0.01 per share compared to a gain of $0.05 per share in the prior year. Excluding items impacting comparability, the adjusted earnings from discontinued operations were $0.08 per share compared to $0.09 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 9954878. 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 Dec. 18, 2019, at +1 (404) 537-3406. The access code for the replay is 9954878.

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, 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* baby food and snacks; *V8* juices and beverages; and, *Campbell's* tomato juice.
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> **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.

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 ability to complete and to realize the projected benefits of planned divestitures and other business portfolio changes; (5) the company’s indebtedness and ability to pay such indebtedness; (6) the ability to realize projected cost savings and benefits from cost savings initiatives and the integration of recent acquisitions; (7) disruptions to the company’s supply chain, including fluctuations in the supply of and inflation in energy and raw and packaging materials cost; (8) 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; (9) changes in consumer demand for the company’s products and favorable perception of the company’s brands; (10) changing inventory management practices by certain of the company’s key customers; (11) 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; (12) product quality and safety issues, including recalls and product liabilities; (13) the costs, disruption and diversion of management’s attention associated with activist investors; (14) the uncertainties of litigation and regulatory actions against the company; (15) 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; (16) a material failure in or breach of the company’s information technology systems; (17) impairment to goodwill or other intangible assets; (18) the company’s ability to protect its intellectual property rights; (19) increased liabilities and costs related to the company’s defined benefit pension plans; (20) the company’s ability to attract and retain key talent; (21) changes in currency exchange rates, tax rates, interest rates, debt and equity markets, inflation rates, economic conditions, law, regulation and other external factors; (22) 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 (23) 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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