



FOR IMMEDIATE RELEASE

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CAMPBELL REPORTS SECOND-QUARTER RESULTS

- Sales Decreased 1 Percent, Organic Sales Comparable to Prior Year
- Adjusted Earnings Before Interest and Taxes (EBIT) Increased 26 Percent
- Adjusted Earnings Per Share (EPS) of \$0.87 Increased 23 Percent
- As Reported EBIT Increased 23 Percent, As Reported EPS of \$0.85 Increased 20 Percent

CAMDEN, N.J., Feb. 25, 2016—Campbell Soup Company (NYSE:CPB) today reported its second-quarter results for fiscal 2016.

(\$ in millions, except per share)	<u>Three Months Ended</u>			<u>Six Months Ended</u>		
	<u>Jan. 31,</u> <u>2016</u>	<u>Feb. 1,</u> <u>2015</u>	<u>%</u> <u>Change</u>	<u>Jan. 31,</u> <u>2016</u>	<u>Feb. 1,</u> <u>2015</u>	<u>%</u> <u>Change</u>
Net Sales						
As Reported (GAAP)	\$2,201	\$2,234	(1)%	\$4,404	\$4,489	(2)%
Organic			- %			-%
Earnings Before Interest and Taxes						
As Reported (GAAP)	\$414	\$337	23%	\$729	\$726	-%
Adjusted	\$423	\$337	26%	\$902	\$726	24%
Diluted Earnings Per Share						
As Reported (GAAP)	\$0.85	\$0.71	20%	\$1.47	\$1.50	(2)%
Adjusted	\$0.87	\$0.71	23%	\$1.82	\$1.50	21%

Note: A detailed reconciliation of the reported 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, "We're pleased with our results this quarter, especially our strong profit performance across all three segments. The highlight of the quarter was our continued gross margin expansion, which reflects improvements in productivity, net price realization and improved supply chain execution. Our three-year cost savings program is also performing better than anticipated, and we have raised our 2018 target to \$300 million.

“Organic sales for the quarter were comparable to prior year, a bit below our expectation. While our Global Biscuits and Snacks division stands out for delivering both organic sales growth and strong profit growth in the quarter, we’re making investments in all the divisions toward our objective of accelerating sales growth over time.

“Over the last 12 months, we’ve implemented significant changes to the company, including aligning our enterprise structure with our strategy, creating clear portfolio roles for our divisions and undertaking our major cost savings initiative. I feel very good about the progress we’ve made, however, we are aware that we have more work to do. We’re now better positioned to execute our strategies and to invest in the areas of our business that hold the greatest potential.”

Second-Quarter Results

Sales decreased 1 percent to \$2.201 billion driven by lower volume and the adverse impact of currency translation, partly offset by higher selling prices, the benefit from the acquisition of Garden Fresh Gourmet and lower promotional spending. Organic sales were comparable to the prior year with gains in Global Biscuits and Snacks offset by declines in Americas Simple Meals and Beverages.

Gross margin increased from 33.3 percent to 37.2 percent. Excluding items impacting comparability in the current year, adjusted gross margin improved 4 percentage points. The increase in adjusted gross margin was primarily driven by productivity improvements, higher selling prices, lower promotional spending and improved supply chain performance.

Marketing and selling expenses decreased 7 percent to \$223 million. Excluding items impacting comparability in the current year, adjusted marketing and selling expenses decreased 5 percent to \$226 million primarily due to the benefits from cost savings initiatives, partly offset by higher advertising and consumer promotion expenses. Administrative expenses increased 8 percent to \$146 million. Excluding items impacting comparability in the current year, adjusted administrative expenses increased 6 percent to \$143 million primarily due to higher incentive compensation costs compared to the prior year, partly offset by the benefits from cost savings initiatives.

EBIT increased 23 percent to \$414 million. Excluding items impacting comparability in the current year, adjusted EBIT increased 26 percent to \$423 million reflecting a higher adjusted gross margin

percentage and the benefits from cost savings initiatives, partly offset by higher incentive compensation costs, the adverse impact of currency translation and volume declines.

Net interest expense increased \$2 million to \$27 million reflecting higher average interest rates on the debt portfolio. The tax rate increased 2.7 percentage points to 31.5 percent. Excluding items impacting comparability in the current year, the adjusted tax rate increased 2.8 percentage points to 31.6 percent primarily due to lapping the favorable resolution of an intercompany pricing agreement between the U.S. and Canada in the prior year.

First-Half Results

Sales decreased 2 percent to \$4.404 billion driven by the adverse impact of currency translation and lower volume, partly offset by higher selling prices, the benefit from the acquisition of Garden Fresh Gourmet and lower promotional spending. Organic sales were comparable to the prior year with gains in Global Biscuits and Snacks offset by declines in Americas Simple Meals and Beverages and Campbell Fresh.

EBIT of \$729 million was comparable to the prior year. The first-half results were negatively impacted by mark-to-market losses associated with the interim remeasurement of certain U.S. pension plans as well as charges incurred related to cost savings initiatives. Excluding items impacting comparability in the current year, adjusted EBIT increased 24 percent to \$902 million reflecting a higher adjusted gross margin percentage, the benefits from cost savings initiatives and lower advertising and consumer promotion expenses, partly offset by the adverse impact of currency translation, higher incentive compensation costs and volume declines.

Net interest expense increased \$5 million to \$55 million reflecting higher average interest rates on the debt portfolio. The tax rate increased 1.4 percentage points to 31.9 percent. Excluding items impacting comparability in the current year, the adjusted tax rate increased 2.4 percentage points to 32.9 percent.

Cash flow from operations increased to \$727 million from \$584 million a year ago, primarily due to higher cash earnings and lower working capital requirements.

Fiscal 2016 Guidance

As previously announced and shown in the table below, Campbell expects a year-over-year change of -1 to 0 percent in sales; +10 to +13 percent in adjusted EBIT; and +9 to +12 percent in

adjusted EPS, or \$2.88 to \$2.96 per share. This guidance includes an estimated 2 percentage-point negative impact from currency translation, as well as the impact of the Garden Fresh Gourmet acquisition.

(\$ in millions, except per share)	Fiscal 2015 Results	Estimated Currency Translation Impact	Garden Fresh Gourmet Acquisition	2016 Guidance
Net Sales	\$8,082	-2 pts	+1 pt	-1 to 0%
Adjusted EBIT*	\$1,316	-2 pts	+1 pt	+10 to +13%
Adjusted EPS*	\$2.65	-2 pts -\$0.06	-	+9 to +12% \$2.88 to \$2.96

*Adjusted – see non-GAAP reconciliation.

Segment Operating Review

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

Three Months Ended Jan. 31, 2016

(\$ in millions)

	Americas Simple Meals and Beverages	Global Biscuits and Snacks	Campbell Fresh	Total
Net Sales, as Reported	\$1,237	\$682	\$282	\$2,201
Volume and Mix	(4)%	-%	-%	(2)%
Price and Sales Allowances	2%	1%	-%	1%
Promotional Spending	1%	1%	-%	1%
Organic Net Sales	(1)%	2%	-%	-%
Currency	(2)%	(5)%	-%	(2)%
Acquisitions	-%	-%	10%	1%
% Change vs. Prior Year	(3)%	(3)%	10%	(1)%
Segment Operating Earnings	\$290	\$141	\$21	
% Change vs. Prior Year	22%	23%	62%	

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

Six Months Ended Jan. 31, 2016

(\$ in millions)

	Americas Simple Meals and Beverages	Global Biscuits and Snacks	Campbell Fresh	Total
Net Sales, as Reported	\$2,539	\$1,334	\$531	\$4,404
Volume and Mix	(4)%	-%	(1)%	(2)%
Price and Sales Allowances	2%	1%	-%	1%
Promotional Spending	1%	1%	-%	1%
Organic Net Sales	(1)%	2%	(1)%	-%
Currency	(2)%	(6)%	-%	(3)%
Acquisitions	-%	-%	10%	1%
% Change vs. Prior Year	(3)%	(4)%	9%	(2)%
Segment Operating Earnings	\$653	\$255	\$39	
% Change vs. Prior Year	20%	20%	77%	

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

Americas Simple Meals and Beverages

Sales decreased 3 percent in the quarter to \$1.237 billion. Excluding the negative impact of currency translation, segment sales decreased 1 percent. U.S. soup sales decreased 4 percent driven by declines in ready-to-serve soups, partly offset by gains in broth and condensed soup. Sales of U.S. beverages decreased primarily due to declines in *V8 V-Fusion* beverages. Sales of other U.S. simple meals increased driven by gains in Plum, *Prego* pasta sauces and *Pace* Mexican sauces. Excluding the negative impact of currency translation, sales in Canada decreased driven by declines in soup.

Segment operating earnings increased 22 percent to \$290 million. The increase was primarily driven by a higher gross margin percentage, benefiting from increased net price realization, productivity improvements and improved supply chain performance compared to the prior-year quarter.

Global Biscuits and Snacks

Sales decreased 3 percent in the quarter to \$682 million. Excluding the negative impact of currency translation, segment sales increased 2 percent. Sales of Pepperidge Farm products increased with gains in fresh bakery, frozen products and cookies. In Asia Pacific, excluding the negative impact of currency translation, Arnott's sales gains in Australia from *Tim Tam* biscuits were partly offset by declines in Indonesia.

Segment operating earnings increased 23 percent to \$141 million. The increase was primarily driven by a higher gross margin percentage, benefiting from increased net price realization and productivity improvements, partly offset by the negative impact of currency translation and higher marketing expense.

Campbell Fresh

Sales increased 10 percent in the quarter to \$282 million. Excluding the impact from the acquisition of Garden Fresh Gourmet, segment sales were comparable to the prior year reflecting gains in *Bolthouse Farms* premium refrigerated beverages and salad dressings offset by declines in carrot ingredients.

Segment operating earnings increased 62 percent to \$21 million, resulting in a 2 percentage-point increase in operating margin. The increase in operating earnings was primarily driven by a higher gross margin percentage, benefiting from improved supply chain performance, productivity improvements and the favorable mix impact from growth in higher-margin refrigerated beverages.

Unallocated Corporate Expenses

Unallocated corporate expenses for the quarter were \$29 million compared to \$28 million in the prior year. The current quarter included \$7 million of pre-tax charges associated with Campbell's initiatives to implement a new enterprise design, to reduce costs and to streamline its organizational structure. The current quarter also included a \$7 million pre-tax gain related to a pension benefit mark-to-market adjustment.

Conference Call

Campbell will host a conference call to discuss these results today at 8:30 a.m. Eastern Standard Time. To join, dial +1 (703) 639-1316. The conference ID is 1668326. 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. A recording of the call will also be available until midnight on Mar. 10, 2016, at +1 (703) 925-2533. The access code for the replay is 1668326.

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](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.

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 2016, 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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