



FOR IMMEDIATE RELEASE

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CAMPBELL REPORTS THIRD-QUARTER RESULTS

Prioritizing the Safety of Our Employees and Meeting the Needs of Customers, Consumers and Communities During the Pandemic

- Net Sales Increased 15%; Organic Net Sales Increased 17% Reflecting Increased Demand for Our Products
- Earnings Per Share (EPS) from Continuing Operations of \$0.55 Increased 34%; Adjusted EPS of \$0.83 Increased 57%
- Campbell Raises Fiscal 2020 Guidance to Reflect Improved Outlook Based on Current Operating Environment

CAMDEN, N.J., Jun. 3, 2020—Campbell Soup Company (NYSE:CPB) today reported its third-quarter results for fiscal 2020.

Continuing Operations
 (\$ in millions, except per share)

	<u>Three Months Ended</u>			<u>Nine Months Ended</u>		
	<u>Apr. 26,</u> <u>2020</u>	<u>Apr. 28,</u> <u>2019</u>	<u>%</u> <u>Change</u>	<u>Apr. 26,</u> <u>2020</u>	<u>Apr. 28,</u> <u>2019</u>	<u>%</u> <u>Change</u>
Net Sales						
As Reported (GAAP)	\$2,238	\$1,953	15%	\$6,583	\$6,327	4%
Organic			17%			5%
Earnings Before Interest and Taxes (EBIT)						
As Reported (GAAP)	\$273	\$245	11%	\$940	\$896	5%
Adjusted	\$386	\$294	31%	\$1,142	\$1,014	13%
Diluted Earnings Per Share						
As Reported (GAAP)	\$0.55	\$0.41	34%	\$1.66	\$1.59	4%
Adjusted	\$0.83	\$0.53	57%	\$2.34	\$1.89	24%

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, "Since the onset of the COVID-19 pandemic, we have simplified our mission to keep our people safe, while meeting the urgent need for food and supporting the

communities in which we operate. I am incredibly proud of how the entire Campbell organization has mobilized and want to thank our team, especially those on the front lines, for continuing to step up to ensure our food is readily available across North America.

“In the quarter, we experienced unprecedented broad-based demand across our brands as consumers sought food that delivered comfort, quality and value. This demand resulted in double-digit increases in organic sales, adjusted EBIT and adjusted EPS. In addition, Campbell’s products were purchased by millions of new households, with total company household penetration increasing over 6 percentage points in the quarter compared to the third quarter of fiscal 2019.”

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		Nine Months Ended	
	Apr. 26, 2020	Apr. 28, 2019	Apr. 26, 2020	Apr. 28, 2019
As Reported (GAAP)	\$0.55	\$0.41	\$1.66	\$1.59
Restructuring charges, implementation costs and other related costs associated with cost savings initiatives	\$0.04	\$0.05	\$0.13	\$0.23
Net pension settlement losses	\$0.13	\$0.07	\$0.11	\$0.07
Loss on investments	\$0.12	-	\$0.12	-
Loss on extinguishment of debt	-	-	\$0.19	-
Costs associated with divestitures	-	-	\$0.13	-
Nonrecurring tax expense related to U.S. Tax Reform	-	-	-	\$0.01
Adjusted	\$0.83*	\$0.53	\$2.34	\$1.89*

*Numbers do not add due to rounding.

Third-Quarter Results from Continuing Operations

Net sales increased 15% to \$2.24 billion. Organic net sales, which exclude the impact from the divested European chips business, increased 17% from the prior year driven by favorable volume in both Meals & Beverages and Snacks reflecting increased demand for at-home food consumption with the stay-at-home mandate.

Gross margin increased from 33.5% to 34.5%. Excluding items impacting comparability, adjusted gross margin increased 100 basis points to 34.7% driven by favorable product mix and improved operating leverage, as well as the benefits from supply chain productivity improvements and cost savings initiatives, offset partly by cost inflation and other supply chain costs, including mark-to-market losses on outstanding commodity hedges, driven primarily by diesel hedges, and costs related to COVID-19.

Marketing and selling expenses increased 11% to \$239 million. Excluding items impacting comparability in the prior year, adjusted marketing and selling expenses increased 12%, driven primarily by increased investments in advertising and consumer promotion expenses and higher incentive compensation accruals, offset partly by the benefit of cost savings initiatives. Administrative expenses increased 3% to \$154 million. Excluding items impacting comparability, adjusted administrative expenses increased 4%, primarily reflecting higher incentive compensation accruals, as well as higher general administration costs and inflation and investments in information technology, offset partly by the benefits from cost savings initiatives and lower benefits costs.

Other expenses were \$81 million as compared to \$20 million in the prior year. Excluding items impacting comparability, adjusted other income was \$18 million compared to \$8 million in the prior year.

As reported EBIT increased 11% to \$273 million. Excluding items impacting comparability, adjusted EBIT increased 31% to \$386 million as higher sales volumes and improved gross margin performance were offset partly by increased marketing investment.

Net interest expense was \$55 million compared to \$89 million in the prior year reflecting lower levels of debt. The tax rate was 23.9% as compared to 21.2% in the prior year. Excluding items impacting comparability, the adjusted tax rate increased 210 basis points to 23.6%.

The company reported EPS of \$0.55 per share. Excluding items impacting comparability, adjusted EPS increased 57% to \$0.83 per share, reflecting an increase in adjusted EBIT and lower net interest expense.

Nine-Month Results from Continuing Operations

Net sales increased 4% to \$6.58 billion. Organic net sales, which exclude the impact from the sale of the European chips business, increased 5% from the prior year driven by gains in both Meals & Beverages and Snacks.

As reported EBIT increased 5% to \$940 million. Excluding items impacting comparability, adjusted EBIT increased 13% to \$1.14 billion reflecting higher sales volume, improved gross margin performance and higher adjusted other income, offset partly by increased marketing investment.

Net interest expense was \$281 million compared to \$270 million in the prior year reflecting a loss on the extinguishment of debt. Excluding items impacting comparability in the current year, adjusted net interest expense decreased 24% from the prior year to \$206 million reflecting lower levels of debt. The tax rate was 23.2% as compared to 23.5% in the prior year. Excluding items impacting comparability, the adjusted tax rate increased 80 basis points from 23.3% to 24.1%.

The company reported EPS of \$1.66 per share. Excluding items impacting comparability, adjusted EPS increased 24% to \$2.34 per share reflecting the increase in adjusted EBIT and lower adjusted net interest expense.

Cash flows from operations were \$1.13 billion compared to \$1.15 billion in the prior year due primarily to changes in working capital, offset partly by increased cash earnings. Total debt was reduced by \$1.78 billion during the first nine months of fiscal 2020 primarily due to successful deleveraging in the second quarter following the completion of the company's previously announced divestiture plan. Year-to-date capital investments were \$220 million compared to \$274 million in the prior year reflecting delays in certain projects impacted by the current operating environment. In line with the company's commitment to returning value to shareholders, during the first nine months of fiscal 2020, the company paid \$320 million of cash dividends reflecting the quarterly dividend rate of \$0.35 per share.

Campbell Raises Fiscal 2020 Guidance

As a result of our performance in the third quarter, which was significantly impacted by the increase in demand of our products amidst the COVID-19 pandemic, and our current outlook for continued demand for our products, we are raising our fiscal 2020 outlook for net sales, adjusted EBIT and adjusted EPS as shown in the table below. Although the effect of the COVID-19 pandemic on our sales, adjusted EBIT and adjusted EPS cannot be predicted with certainty, this revised outlook reflects our current expectation of trends through the balance of the fiscal 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 two points of net sales, adjusted EBIT and adjusted EPS. The outlook for organic net sales excludes the negative impact from the sale of the European chips business along with the estimated contribution of the 53rd week.

Continuing Operations (\$ in millions, except per share)	2019 Results	Previous 2020 Guidance	Updated 2020 Guidance
Net Sales	\$8,107	-1 to +1%	+5.5 to +6.5%
Organic Net Sales		-1 to +1%	+5.5 to +6.5%
Adjusted EBIT	\$1,266*	+2 to +4%	+12 to +14%
Adjusted EPS	\$2.30*	+11 to +13% \$2.55 to \$2.60	+25 to +27% \$2.87 to \$2.92

* 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 third quarter of fiscal 2020, Campbell achieved \$30 million in savings under its multi-year cost savings program, inclusive of Snyder's-Lance synergies, bringing total program-to-date savings to \$680 million. Year-to-date savings were \$120 million through the first nine months of fiscal 2020. 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 Apr. 26, 2020

(\$ in millions)

	Meals & Beverages	Snacks	Total
Net Sales, as Reported	\$1,210	\$1,028	\$2,238
Volume and Mix	21%	12%	17%
Price and Sales Allowances	-%	-%	-%
Promotional Spending	-%	-%	-%
Organic Net Sales	21%	12%	17%
Currency	-%	-%	-%
Divestiture	-%	(3)%	(2)%
% Change vs. Prior Year	20%*	9%	15%
Segment Operating Earnings	\$275	\$154	
% Change vs. Prior Year	35%	19%	

*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.

Nine Months Ended Apr. 26, 2020

(\$ in millions)

	Meals & Beverages	Snacks	Total
Net Sales, as Reported	\$3,628	\$2,955	\$6,583
Volume and Mix	5%	5%	5%
Price and Sales Allowances	1%	-%	1%
Promotional Spending	(1)%	-%	(1)%
Organic Net Sales	5%	5%	5%
Currency	-%	-%	-%
Divestiture	-%	(2)%	(1)%
% Change vs. Prior Year	5%	3%	4%
Segment Operating Earnings	\$799	\$415	
% Change vs. Prior Year	7%	8%	

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

Net sales in the quarter increased 20%. Excluding the impact from currency, net sales increased 21% driven primarily by gains across the U.S. retail business, including gains in soups, *Prego* pasta sauces, *V8* beverages, *Campbell's* pasta, *Pace* Mexican sauces and *Swanson* canned poultry, as well as gains in Canada, partially offset by declines in foodservice. Volume and mix were favorable in the retail business with increased demand of food purchases for at-home consumption, offset partly by the negative impact on the foodservice business as a result of stay-at-home mandates and other restrictions. Sales of U.S. soup increased 35% due to gains in condensed soups, ready-to-serve soups and broth.

Segment operating earnings increased 35%. The increase was primarily due to sales volume gains and improved gross profit performance, partially offset by increased marketing support. Gross profit performance was impacted by improved operating leverage and favorable product mix, as well as the benefits of supply chain productivity improvements and cost savings initiatives, partially offset by cost inflation and higher other supply chain costs reflecting COVID-19 related costs.

Snacks

Net sales in the quarter increased 9%. Excluding the impact from the sale of the European chips business, net sales increased 12% driven primarily by volume gains reflecting increased demand of food purchases for at-home consumption, as well as base business performance. These sales results reflect gains in fresh bakery products, *Goldfish* crackers, and *Pepperidge Farm* cookies, as well as *Kettle Brand* and *Cape Cod* potato chips, *Pop Secret* popcorn, *Snyder's of Hanover* pretzels, *Lance* sandwich crackers, *Late July* snacks, and *Snack Factory Pretzel Crisps*.

Segment operating earnings increased 19%. The increase was primarily due to sales volume gains and improved gross profit performance, partially offset by increased marketing support and higher selling expenses. Gross profit performance was impacted by favorable product mix and improved operating leverage, as well as the benefits of supply chain productivity improvements and cost savings initiatives, partially offset by cost inflation and higher other supply chain costs reflecting COVID-19 related costs.

Corporate

Corporate expenses in the third quarter of fiscal 2020 included costs related to a pension settlement loss of \$54 million, costs related to investment losses of \$45 million, and costs related to cost savings initiatives of \$14 million. Corporate expenses in the third quarter of fiscal 2019 included costs related to a pension settlement loss of \$28 million and costs related to cost savings initiatives of \$19 million. The remaining increase in expenses primarily reflects higher losses on outstanding commodity hedges, offset partly by higher other income.

Presentation Materials and Q&A Webcast

Campbell will post a pre-recorded management presentation and remarks today at approximately 7:15 a.m. ET. The materials will be available at investor.campbellsoupcompany.com/events-and-presentations. Given the unprecedented circumstances related to the COVID-19 pandemic, Campbell is taking this approach to allow more time for a live question and answer (Q&A) session for analysts. Campbell will host a live Q&A-only call today at 8:30 a.m. Eastern Time. To join, dial +1 (703) 639-1316. The access code is 3437559. Access to a live webcast of the Q&A, as well as a webcast replay of the call, will be available at investor.campbellsoupcompany.com/events-and-presentations. A teleconference recording of the Q&A call will also be available until midnight on June 17, 2020, at +1 (404) 537-3406. The access code for the teleconference recording is 3437559.

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 and non-dairy beverages; *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.

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](https://twitter.com/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 indebtedness and ability to pay such indebtedness; (5) impacts of, and associated responses to, the COVID-19 pandemic; (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 and/or operations, as well as 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 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 uncertainties of litigation and regulatory actions against the company; (15) the costs, disruption and diversion of management's attention associated with activist investors; (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, other pandemics 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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