

CAMPBELL SOUP COMPANY
CONSOLIDATED STATEMENTS OF EARNINGS (unaudited)
(millions, except per share amounts)

	Three Months Ended	
	October 27, 2019	October 28, 2018
Net sales	\$ 2,183	\$ 2,202
Costs and expenses		
Cost of products sold	1,445	1,476
Marketing and selling expenses	206	211
Administrative expenses	134	148
Research and development expenses	22	23
Other expenses / (income)	56	—
Restructuring charges	3	18
Total costs and expenses	1,866	1,876
Earnings before interest and taxes	317	326
Interest, net	80	90
Earnings before taxes	237	236
Taxes on earnings	68	56
Earnings from continuing operations	169	180
Earnings (loss) from discontinued operations	(3)	14
Net earnings	166	194
Net loss attributable to noncontrolling interests	—	—
Net earnings attributable to Campbell Soup Company	\$ 166	\$ 194
Per share - basic		
Earnings from continuing operations attributable to Campbell Soup Company	\$.56	\$.60
Earnings (loss) from discontinued operations	(.01)	.05
Net earnings attributable to Campbell Soup Company*	\$.55	\$.64
Dividends	\$.35	\$.35
Weighted average shares outstanding - basic	301	301
Per share - assuming dilution		
Earnings from continuing operations attributable to Campbell Soup Company	\$.56	\$.60
Earnings (loss) from discontinued operations	(.01)	.05
Net earnings attributable to Campbell Soup Company*	\$.55	\$.64
Weighted average shares outstanding - assuming dilution	303	302

*The sum of individual per share amounts may not add due to rounding.

CAMPBELL SOUP COMPANY
CONSOLIDATED SUPPLEMENTAL SCHEDULE OF SALES AND EARNINGS (unaudited)
(millions, except per share amounts)

	<u>Three Months Ended</u>		Percent Change
	<u>October 27, 2019</u>	October 28, 2018	
<u>Sales</u>			
Contributions:			
Meals & Beverages	\$ 1,194	\$ 1,229	(3)%
Snacks	989	973	2%
Total sales	<u>\$ 2,183</u>	<u>\$ 2,202</u>	(1)%
<u>Earnings</u>			
Contributions:			
Meals & Beverages	\$ 282	\$ 290	(3)%
Snacks	125	125	—%
Total operating earnings	407	415	(2)%
Corporate	(87)	(71)	
Restructuring charges	(3)	(18)	
Earnings before interest and taxes	317	326	(3)%
Interest, net	80	90	
Taxes on earnings	68	56	
Earnings from continuing operations	169	180	
Earnings (loss) from discontinued operations	(3)	14	
Net earnings	166	194	(14)%
Net loss attributable to noncontrolling interests	—	—	
Net earnings attributable to Campbell Soup Company	<u>\$ 166</u>	<u>\$ 194</u>	(14)%
Per share - assuming dilution			
Earnings from continuing operations attributable to Campbell Soup Company	\$.56	\$.60	
Earnings (loss) from discontinued operations	(.01)	.05	
Net earnings attributable to Campbell Soup Company*	<u>\$.55</u>	<u>\$.64</u>	(14)%

*The sum of individual per share amounts may not add due to rounding.

Beginning in fiscal 2020, the business in Latin America is managed as part of the Snacks segment. In fiscal 2019, the business in Latin America was managed as part of the Meals & Beverages segment.

On June 16, 2019, the company sold its Bolthouse Farms business. In the third quarter of fiscal 2019, the company also sold its refrigerated soup plant and its Garden Fresh Gourmet business. Beginning in the third quarter of fiscal 2019, the results of these businesses were reported as discontinued operations. The businesses were historically included in the Campbell Fresh segment. A portion of the U.S. refrigerated soup business was retained and is reported as part of foodservice in Meals & Beverages.

On September 23, 2019, the company sold the Kelsen Group; and on August 1, 2019, the company signed a definitive agreement for the sale of its Arnott's business and certain other international operations. Beginning in the fourth quarter of fiscal 2019, the results of these businesses were reported as discontinued operations. The businesses were historically included in the Snacks segment.

Prior periods have been adjusted retrospectively to reflect these changes.

CAMPBELL SOUP COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS (unaudited)
(millions)

	October 27, 2019	October 28, 2018
Current assets	\$ 1,738	\$ 1,843
Current assets of discontinued operations	315	678
Plant assets, net	2,352	2,437
Intangible assets, net	7,371	7,467
Other assets	390	191
Noncurrent assets of discontinued operations	944	1,971
Total assets	\$ 13,110	\$ 14,587
Current liabilities	\$ 3,252	\$ 3,029
Current liabilities of discontinued operations	183	633
Long-term debt	6,706	7,994
Other liabilities	1,679	1,454
Noncurrent liabilities of discontinued operations	41	62
Total equity	1,249	1,415
Total liabilities and equity	\$ 13,110	\$ 14,587
Total debt*	\$ 8,344	\$ 9,846
Total cash and cash equivalents*	\$ 176	\$ 205

*Includes discontinued operations.

On August 1, 2019, the company signed a definitive agreement for the sale of its Arnott's business and certain other international operations. The assets and liabilities of these businesses were reported as assets and liabilities of discontinued operations as of October 27, 2019, and October 28, 2018.

On September 23, 2019, the company sold the Kelsen Group. On June 16, 2019, the company sold its Bolthouse Farms business. In the third quarter of fiscal 2019, the company also sold its refrigerated soup plant and its Garden Fresh Gourmet business. The assets and liabilities of these businesses were reported as assets and liabilities of discontinued operations as of October 28, 2018.

CAMPBELL SOUP COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)
(millions)

	Three Months Ended	
	October 27, 2019	October 28, 2018
Cash flows from operating activities:		
Net earnings	\$ 166	\$ 194
Adjustments to reconcile net earnings to operating cash flow		
Impairment charges	—	14
Restructuring charges	3	19
Stock-based compensation	14	14
Pension and postretirement benefit income	(18)	(15)
Depreciation and amortization	81	122
Deferred income taxes	(9)	17
Losses on sales of businesses	104	—
Other	28	12
Changes in working capital, net of divestitures		
Accounts receivable	(174)	(223)
Inventories	(37)	(33)
Prepaid assets	6	(10)
Accounts payable and accrued liabilities	32	130
Other	(14)	(10)
Net cash provided by operating activities	182	231
Cash flows from investing activities:		
Purchases of plant assets	(98)	(111)
Purchases of route businesses	(3)	(20)
Sales of route businesses	2	21
Sales of businesses, net of cash divested	368	—
Other	—	10
Net cash provided by (used in) investing activities	269	(100)
Cash flows from financing activities:		
Short-term borrowings	2,508	1,710
Short-term repayments	(2,447)	(1,745)
Long-term repayments	(399)	—
Dividends paid	(107)	(107)
Treasury stock issuances	1	—
Payments related to tax withholding for stock-based compensation	(9)	(5)
Payments of debt issuance costs	—	(1)
Net cash used in financing activities	(453)	(148)
Effect of exchange rate changes on cash	(1)	(4)
Net change in cash and cash equivalents	(3)	(21)
Cash and cash equivalents — beginning of period	31	49
Cash balance of discontinued operations — beginning of period	148	177
Cash balance of discontinued operations — end of period	(115)	(120)
Cash and cash equivalents — end of period	\$ 61	\$ 85

Reconciliation of GAAP to Non-GAAP Financial Measures
First Quarter Ended October 27, 2019

Campbell Soup Company uses certain non-GAAP financial measures as defined by the Securities and Exchange Commission in certain communications. These non-GAAP financial measures are measures of performance not defined by accounting principles generally accepted in the United States and should be considered in addition to, not in lieu of, GAAP reported measures. Management believes that also presenting certain non-GAAP financial measures provides additional information to facilitate comparison of the company's historical operating results and trends in its underlying operating results, and provides transparency on how the company evaluates its business. Management uses these non-GAAP financial measures in making financial, operating and planning decisions and in evaluating the company's performance. Beginning in the third quarter of fiscal 2019, the results of the Campbell Fresh segment were reported as discontinued operations. Beginning in the fourth quarter of fiscal 2019, the results of the Kelsen Group, Arnott's and certain other international operations (Campbell International), which represented the former international biscuits and snacks operating segment, are reported as discontinued operations. On October 11, 2019, the company sold its European chips business. The results of the business through the date of sale are reflected in continuing operations within the Snacks segment.

Organic Net Sales

Organic net sales are net sales excluding the impact of currency, acquisitions, divestitures, and the additional week in fiscal 2020. Management believes that excluding these items, which are not part of the ongoing business, improves the comparability of year-to-year results. A reconciliation of net sales as reported to organic net sales follows.

(millions)	Three Months Ended					
	October 27, 2019			October 28, 2018	% Change	
	Net Sales, as Reported	Impact of Currency	Organic Net Sales	Net Sales, as Reported	Net Sales, as Reported	Organic Net Sales
Meals & Beverages	\$ 1,194	\$ 2	\$ 1,196	\$ 1,229	(3)%	(3)%
Snacks	989	1	990	973	2%	2%
Total Net Sales	\$ 2,183	\$ 3	\$ 2,186	\$ 2,202	(1)%	(1)%

Items Impacting Earnings

The company believes that financial information excluding certain items that are not considered to reflect the ongoing operating results, such as those listed below, improves the comparability of year-to-year results. Consequently, the company believes that investors may be able to better understand its results excluding these items.

The following items impacted earnings:

Continuing Operations

- (1) The company has implemented several cost savings initiatives in recent years.

In the first quarter of fiscal 2020, the company recorded Restructuring charges of \$3 million and implementation costs and other related costs of \$8 million in Administrative expenses (aggregate impact of \$8 million after tax, or \$.03 per share) related to these initiatives. In the first quarter of fiscal 2019, the company recorded Restructuring charges of \$18 million and implementation costs and other related costs of \$13 million in Administrative expenses, \$12 million in Cost of products sold, and \$2 million in Marketing and selling expenses (aggregate impact of \$34 million after tax, or \$.11 per share) related to these initiatives. For the year ended July 28, 2019, the company recorded Restructuring charges of \$31 million and implementation costs and other related costs of \$62 million in Administrative expenses, \$18 million in Cost of products sold, \$7 million in Marketing and selling expenses, and \$3 million in Research and development expenses (aggregate impact of \$92 million after tax, or \$.30 per share) related to these initiatives.

- (2) In the first quarter of fiscal 2020, the company recorded a loss in Other expenses / (income) of \$64 million (\$60 million after tax, or \$.20 per share) on the sale of its European chips business.
- (3) For the year ended July 28, 2019, the company recognized a pre-tax pension settlement charge in Other expenses / (income) of \$28 million (\$22 million after tax, or \$.07 per share) associated with a U.S. pension plan. The settlement resulted from the level of lump sum distributions from the plan's assets in 2019.
- (4) For the year ended July 28, 2019, the company performed an assessment on the assets within the European chips

business and recorded a non-cash impairment charge of \$16 million (\$13 million after tax, or \$.04 per share) on intangible assets in Other expenses / (income).

- (5) In fiscal 2019, the company reflected the impact of taxes on the enactment of the Tax Cuts and Jobs Act that was signed into law in December 2017. For the year ended July 28, 2019, the company recorded a tax charge of \$2 million (\$.01 per share) related to a transition tax on unremitted foreign earnings.
- (6) For the year ended July 28, 2019, the company incurred losses of \$122 million in Other expenses / (income) (\$93 million after tax, or \$.31 per share) associated with mark-to-market adjustments for defined benefit pension and postretirement plans.

Discontinued Operations

- (1) In the first quarter of fiscal 2019, the company recorded a charge of \$1 million pre tax and after tax related to the cost savings initiatives.
- (2) In the first quarter of fiscal 2020, the company incurred charges of \$51 million (\$27 million after tax, or \$.09 per share) associated with the sale of the Kelsen Group and the planned divestiture of the Arnott's business and certain other international operations.

For the year ended July 28, 2019, the company incurred pre-tax expenses of \$32 million associated with the sale process of the businesses in Campbell Fresh, including transaction costs. In addition, the company recorded tax expense of \$29 million as deferred tax assets on Bolthouse Farms were not realizable. The aggregate impact was \$51 million after tax, or \$.17 per share. For the year ended July 28, 2019, the company also incurred costs of \$12 million (\$10 million after tax, or \$.03 per share) associated with the planned divestiture of Campbell International. The total aggregate impact was \$61 million after tax, or \$.20 per share.

- (4) In the first quarter of fiscal 2019, the company recorded a non-cash impairment charge of \$14 million (\$11 million after tax, or \$.04 per share) on its U.S. refrigerated soup plant assets.

In the second quarter of fiscal 2019, interim impairment assessments were performed on the intangible and tangible assets within Campbell Fresh, which included Garden Fresh Gourmet, Bolthouse Farms carrot and carrot ingredients, and Bolthouse Farms refrigerated beverages and salad dressings, as the company continued to pursue the divestiture of these businesses. The company revised its future outlook for earnings and cash flows for each of these businesses as the divestiture process progressed. The company recorded non-cash impairment charges of \$104 million on the tangible assets and \$73 million on the intangible assets of Bolthouse Farms carrot and carrot ingredients; \$96 million on the intangible assets and \$9 million on the tangible assets of Bolthouse Farms refrigerated beverages and salad dressings; and \$62 million on the intangible assets and \$2 million on the tangible assets of Garden Fresh Gourmet. The aggregate impact of the impairment charges was \$346 million (\$264 million after tax, or \$.88 per share).

In the fourth quarter of fiscal 2019, as part of the company's annual review of intangible assets, the company recognized an impairment charge of \$7 million on a trademark and \$10 million on goodwill in Kelsen due to a lower long-term outlook for sales and the pending sale of the business. The aggregate impact was \$17 million (\$12 million after tax, or \$.04 per share).

For the year ended July 28, 2019, the total non-cash impairment charges recorded were \$377 million (\$287 million after tax, or \$.95 per share).

- (6) For the year ended July 28, 2019, the company incurred losses of \$12 million (\$9 million after tax, or \$.03 per share) associated with mark-to-market adjustments for defined pension plans.

The following tables reconcile financial information, presented in accordance with GAAP, to financial information excluding certain items:

(millions, except per share amounts)	Three Months Ended						Adjusted Percent Change
	October 27, 2019			October 28, 2018			
	As reported	Adjustments ^(a)	Adjusted	As reported	Adjustments ^(a)	Adjusted	
Gross margin	\$ 738	\$ —	\$ 738	\$ 726	\$ 12	\$ 738	—%
Gross margin percentage	33.8 %		33.8 %	33.0 %		33.5 %	
Marketing and selling expenses	\$ 206	\$ —	\$ 206	\$ 211	\$ (2)	\$ 209	
Administrative expenses	\$ 134	\$ (8)	\$ 126	\$ 148	\$ (13)	\$ 135	
Other expenses / (income)	\$ 56	\$ (64)	\$ (8)	\$ —	\$ —	\$ —	
Restructuring charges	\$ 3	\$ (3)	\$ —	\$ 18	\$ (18)	\$ —	
Earnings before interest and taxes	\$ 317	\$ 75	\$ 392	\$ 326	\$ 45	\$ 371	6%
Interest, net	80	—	80	90	—	90	
Earnings before taxes	\$ 237	\$ 75	\$ 312	\$ 236	\$ 45	\$ 281	
Taxes	68	7	75	56	11	67	
Effective income tax rate	28.7 %		24.0 %	23.7 %		23.8 %	
Earnings from continuing operations	\$ 169	\$ 68	\$ 237	\$ 180	\$ 34	\$ 214	11%
Earnings (loss) from discontinued operations	(3)	27	24	14	12	26	(8)%
Net earnings attributable to Campbell Soup Company	\$ 166	\$ 95	\$ 261	\$ 194	\$ 46	\$ 240	9%
Diluted earnings per share - continuing operations attributable to Campbell Soup Company	\$.56	\$.22	\$.78	\$.60	\$.11	\$.71	10%
Diluted earnings (loss) per share - discontinued operations	(.01)	.09	.08	.05	.04	.09	(11)%
Diluted net earnings per share attributable to Campbell Soup Company*	\$.55	\$.31	\$.86	\$.64	\$.15	\$.79	9%

^(a)See following tables for additional information.

* The sum of individual per share amounts may not add due to rounding.

(millions, except per share amounts)	Three Months Ended		
	October 27, 2019		
	Restructuring charges, implementation costs and other related costs (1)	Charges associated with divestitures (2)	Adjustments
Administrative expenses	\$ (8)	\$ —	\$ (8)
Other expenses / (income)	—	(64)	(64)
Restructuring charges	(3)	—	(3)
Earnings before interest and taxes	\$ 11	\$ 64	\$ 75
Interest, net	—	—	—
Earnings before taxes	\$ 11	\$ 64	\$ 75
Taxes	3	4	7
Earnings from continuing operations	\$ 8	\$ 60	\$ 68
Earnings from discontinued operations	—	27	27
Net earnings attributable to Campbell Soup Company	\$ 8	\$ 87	\$ 95
Diluted earnings per share - continuing operations attributable to Campbell Soup Company*	\$.03	\$.20	\$.22
Diluted earnings per share - discontinued operations	—	.09	.09
Diluted net earnings per share attributable to Campbell Soup Company*	\$.03	\$.29	\$.31

* The sum of individual per share amounts may not add due to rounding.

Three Months Ended

October 28, 2018

(millions, except per share amounts)	Restructuring charges, implementation costs and other related costs (1)	Impairment charges (4)	Adjustments
Gross margin	\$ 12	\$ —	\$ 12
Marketing and selling expenses	(2)	—	(2)
Administrative expenses	(13)	—	(13)
Restructuring charges	(18)	—	(18)
Earnings before interest and taxes	\$ 45	\$ —	\$ 45
Interest, net	—	—	—
Earnings before taxes	\$ 45	\$ —	\$ 45
Taxes	11	—	11
Earnings from continuing operations	\$ 34	\$ —	\$ 34
Earnings from discontinued operations	1	11	12
Net earnings attributable to Campbell Soup Company	\$ 35	\$ 11	\$ 46
Diluted earnings per share - continuing operations attributable to Campbell Soup Company	\$.11	\$ —	\$.11
Diluted earnings per share - discontinued operations	—	.04	.04
Diluted net earnings per share attributable to Campbell Soup Company*	\$.12	\$.04	\$.15

*The sum of individual per share amounts may not add due to rounding.

(millions, except per share amounts)

**Year Ended
July 28, 2019**

Gross margin, as reported	\$ 2,693
Add: Restructuring charges, implementation costs and other related costs (1)	18
Adjusted Gross margin	\$ 2,711
Adjusted Gross margin percentage	33.4 %
Earnings before interest and taxes, as reported	\$ 979
Add: Restructuring charges, implementation costs and other related costs (1)	121
Add: Pension settlement (3)	28
Add: Impairment charges (4)	16
Add: Pension and postretirement benefit mark-to-market adjustments (6)	122
Adjusted Earnings before interest and taxes	\$ 1,266
Interest, net, as reported	\$ 354
Adjusted Earnings before taxes	\$ 912
Taxes on earnings, as reported	\$ 151
Add: Tax benefit from restructuring charges, implementation costs and other related costs (1)	29
Add: Tax benefit from pension settlement (3)	6
Add: Tax benefit from impairment charges (4)	3
Deduct: Tax expense from tax reform (5)	(2)
Add: Tax benefit from pension and postretirement benefit mark-to-market adjustments (6)	29
Adjusted Taxes on earnings	\$ 216
Adjusted effective income tax rate	23.7 %

(millions, except per share amounts)	Year Ended July 28, 2019
Earnings from continuing operations, as reported	\$ 474
Add: Net adjustment from restructuring charges, implementation costs and other related costs (1)	92
Add: Net adjustment from pension settlement (3)	22
Add: Net adjustment from impairment charges (4)	13
Add: Net adjustment from tax reform (5)	2
Add: Net adjustment from total pension and postretirement benefit mark-to-market adjustments (6)	93
Adjusted Earnings from continuing operations	\$ 696
Loss from discontinued operations, as reported	\$ (263)
Add: Net adjustment from charges associated with divestitures (2)	61
Add: Net adjustment from impairment charges (4)	287
Add: Net adjustment from total pension benefit mark-to-market adjustments (6)	9
Adjusted Earnings from discontinued operations	\$ 94
Adjusted Net earnings attributable to Campbell Soup Company	\$ 790
Diluted earnings per share - continuing operations attributable to Campbell Soup Company, as reported	\$ 1.57
Add: Net adjustment from restructuring charges, implementation costs and other related costs (1)	.30
Add: Net adjustment from pension settlement (3)	.07
Add: Net adjustment from impairment charges (4)	.04
Add: Net adjustment from tax reform (5)	.01
Add: Net adjustment from total pension and postretirement benefit mark-to-market adjustments (6)	.31
Adjusted Diluted earnings per share - continuing operations attributable to Campbell Soup Company	\$ 2.30
Diluted loss per share - discontinued operations, as reported	\$ (.87)
Add: Net adjustment from charges associated with divestitures (2)	.20
Add: Net adjustment from impairment charges (4)	.95
Add: Net adjustment from total pension benefit mark-to-market adjustments (6)	.03
Adjusted Diluted earnings per share - discontinued operations	\$.31
Diluted net earnings per share attributable to Campbell Soup Company, as reported	\$.70
Add: Net adjustment from restructuring charges, implementation costs and other related costs (1)	.30
Add: Net adjustment from charges associated with divestitures (2)	.20
Add: Net adjustment from pension settlement (3)	.07
Add: Net adjustment from impairment charges (4)	.99
Add: Net adjustment from tax reform (5)	.01
Add: Net adjustment from total pension and postretirement benefit mark-to-market adjustments (6)	.34
Adjusted Diluted net earnings per share attributable to Campbell Soup Company*	\$ 2.62

*The sum of individual per share amounts may not add due to rounding.