



FOR IMMEDIATE RELEASE

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CAMPBELL REPORTS FIRST-QUARTER RESULTS

- Net Sales Comparable to Prior Year, Organic Sales Decreased 1 Percent
- Earnings Before Interest and Taxes (EBIT) Increased 45 Percent, Adjusted EBIT Increased 1 Percent
- Earnings Per Share (EPS) Increased 52 Percent to \$0.94, Adjusted EPS Increased 5 Percent to \$1.00
- Campbell Reaffirms Fiscal 2017 Guidance

CAMDEN, N.J., Nov. 22, 2016—Campbell Soup Company (NYSE:CPB) today reported its first-quarter results for fiscal 2017.

Three Months Ended

(\$ in millions, except per share)

	<u>Oct. 30, 2016</u>	<u>Nov. 1, 2015</u>	<u>% Change</u>
Net Sales			
As Reported (GAAP)	\$2,202	\$2,203	-%
Organic			(1)%
Earnings Before Interest and Taxes			
As Reported (GAAP)	\$457	\$315	45%
Adjusted	\$486	\$479	1%
Diluted Earnings Per Share			
As Reported (GAAP)	\$0.94	\$0.62	52%
Adjusted	\$1.00	\$0.95	5%

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

Denise Morrison, Campbell's President and Chief Executive Officer, said, "Fiscal 2017 is off to a solid start relative to our expectations. We continue to execute against our strategic imperatives, reinvest in our business to stimulate topline growth and aggressively manage our costs. We

delivered expanded gross margin, and adjusted EBIT and EPS growth cycling a strong year-ago quarter. As expected, organic sales were down slightly compared to the prior year, due to the performance of Campbell Fresh. Campbell Fresh continues to rebuild capacity for *Bolthouse Farms Protein PLUS* drinks following a voluntary recall last quarter, and remains focused on working to regain lost carrot customers over time with improved quality.

“Looking ahead, I remain optimistic about plans to accelerate growth with improving trends in U.S. soup and the upcoming launch of *Well Yes!* ready-to-serve soup, continued strong performance in Pepperidge Farm and a return to growth in Campbell Fresh. Our guidance for the year remains unchanged.”

Items Impacting Comparability

The company reported earnings of \$0.94 per share in the quarter. The current quarter results reflect pre-tax pension and postretirement mark-to-market losses of \$20 million, or \$0.04 per share, and pre-tax charges related to cost savings initiatives of \$9 million, or \$0.02 per share. The prior-year quarter included pre-tax pension and postretirement mark-to-market losses of \$128 million, or \$0.26 per share, and pre-tax charges related to cost savings initiatives of \$36 million, or \$0.07 per share. Excluding items impacting comparability in both periods, adjusted EPS increased 5 percent to \$1.00 per share, compared with \$0.95 per share in the year-ago quarter. A detailed reconciliation of the reported (GAAP) financial information to the adjusted information is included at the end of this news release.

First-Quarter Results

Sales of \$2.202 billion were comparable to the prior year as the favorable impact of currency translation was offset by the decline in organic sales. Organic sales decreased 1 percent driven by declines in Campbell Fresh, partly offset by gains in Global Biscuits and Snacks.

Gross margin increased from 34.3 percent to 38.2 percent. Excluding items impacting comparability, adjusted gross margin increased 1.2 points from 37.9 percent to 39.1 percent driven by gross margin expansion in Americas Simple Meals and Beverages. Overall, the increase in adjusted gross margin was primarily driven by productivity improvements and the benefits from cost savings initiatives, partly offset by cost inflation, and increased carrot and beverage supply chain costs within Campbell Fresh.

Marketing and selling expenses increased 1 percent to \$228 million. Excluding items impacting comparability in the prior year, adjusted marketing and selling expenses increased 11 percent primarily due to higher advertising and consumer promotion expenses and higher selling expenses. Administrative expenses decreased 21 percent to \$123 million. Excluding items impacting comparability, adjusted administrative expenses decreased 4 percent to \$115 million primarily due to the benefits from cost savings initiatives, partly offset by inflation and investments in long-term innovation.

EBIT increased 45 percent to \$457 million. Excluding items impacting comparability, adjusted EBIT increased 1 percent to \$486 million reflecting a higher adjusted gross margin percentage and lower administrative expenses, partly offset by higher marketing and selling expenses.

Net interest expense was comparable to the prior year at \$28 million reflecting higher average interest rates on the debt portfolio, offset by lower levels of debt. The tax rate decreased to 31.9 percent as compared with a tax rate of 32.4 percent in the prior year. Excluding items impacting comparability, the adjusted tax rate decreased 2 percentage points to 32.1 percent. The company adopted new accounting guidance for stock-based compensation in the first quarter of 2017. The decrease in the adjusted tax rate reflects the recognition of excess tax benefits in connection with stock-based compensation in accordance with this new accounting guidance.

Cash flow from operations decreased to \$221 million from \$244 million a year ago primarily due to lower cash earnings and higher working capital requirements.

Fiscal 2017 Guidance

As previously announced, Campbell expects sales to increase by 0 to 1 percent, adjusted EBIT to increase by 1 to 4 percent, and adjusted EPS to increase by 2 to 5 percent, or \$3.00 to \$3.09 per share. This guidance assumes the impact from currency translation will be nominal. A non-GAAP reconciliation is not provided for 2017 guidance since certain items are not estimable, such as pension and postretirement mark-to-market adjustments, and these items are not considered to be part of the company's ongoing business results.

Segment Operating Review

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

Three Months Ended Oct. 30, 2016

(\$ in millions)

	Americas Simple Meals and Beverages	Global Biscuits and Snacks	Campbell Fresh	Total
Net Sales, as Reported	\$1,297	\$671	\$234	\$2,202
Volume and Mix	(1)%	1%	(6)%	(1)%
Promotional Spending	-%	(1)%	-%	-%
Organic Net Sales	-%*	1%*	(6)%	(1)%
Currency	-%	2%	-%	1%
% Change vs. Prior Year	-%	3%	(6)%	-%
Segment Operating Earnings	\$383	\$112	\$1	
% Change vs. Prior Year	6%	(2)%	(94)%	

* 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.

Americas Simple Meals and Beverages

Sales were comparable to the prior year at \$1.297 billion with gains in *Plum* products offset by declines in *V8* beverages. Sales of U.S. soup were comparable to the prior year with gains in ready-to-serve soups and broth offset by modest declines in condensed soups.

Segment operating earnings increased 6 percent to \$383 million. The increase was driven by a higher gross margin percentage, partly offset by increased marketing and selling expenses.

Global Biscuits and Snacks

Sales increased 3 percent to \$671 million. Excluding the favorable impact of currency translation, segment sales increased 1 percent primarily driven by gains in *Pepperidge Farm*.

Segment operating earnings decreased 2 percent to \$112 million. The decrease was primarily driven by increased advertising expenses, partly offset by the favorable impact of currency translation.

Campbell Fresh

Sales decreased 6 percent to \$234 million primarily driven by lower sales of *Bolthouse Farms* refrigerated beverages and carrots, partly offset by gains in refrigerated soups.

Segment operating earnings decreased from \$18 million to \$1 million reflecting increased carrot and beverage supply chain costs, as well as lower sales volumes.

As anticipated, both sales and operating earnings of Campbell Fresh were negatively impacted by the continuation of supply constraints related to the voluntary recall of *Bolthouse Farms Protein PLUS* drinks in June 2016, as well as lower carrot sales as the division begins to recover from last fiscal year's quality and execution issues.

Unallocated Corporate Expenses

Unallocated corporate expenses for the quarter were \$38 million compared to \$159 million in the prior year. The decrease in expenses reflects the impact of pension and postretirement mark-to-market losses and charges related to cost savings initiatives as previously mentioned. The remaining decrease in expenses was primarily due to lower postretirement benefit costs.

Conference Call

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 conference ID is 1677070. 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. 6, 2016, at +1 (703) 925-2533. The access code for the replay is 1677070.

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 2017, 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 changes to its organizational structure and/or business processes; (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 and favorable perception of the company’s brands; (5) the impact of product quality and safety issues, including recalls and product liabilities; (6) the risks associated with trade and consumer acceptance of the company’s initiatives, including its trade and promotional programs; (7) the practices, including changes to inventory practices, and increased significance of certain of the company’s key trade customers; (8) the impact of disruptions to the company’s supply chain, including fluctuations in the supply or costs of energy and raw and packaging materials; (9) the impact of non-U.S. operations, including trade restrictions, public corruption and compliance with foreign laws and regulations; (10) the impact of business portfolio changes; (11) the uncertainties of litigation and regulatory actions against the company; (12) disruption to the independent contractor distribution models used by certain of the company’s businesses, including the results of litigation or regulatory actions that could affect their independent contractor classification; (13) the company’s ability to protect its intellectual property rights; (14) the impact of an impairment to goodwill or other intangible assets; (15) the impact of increased liabilities and costs related to the company’s defined benefit pension plans; (16) the impact of a material failure in or breach of the company’s information technology systems; (17) the company’s ability to attract and retain key talent; (18) the impact of changes in currency exchange rates, tax rates, interest rates, debt and equity markets, inflation rates, economic conditions, law, regulation and other external factors; (19) the impact of unforeseen business disruptions in one or more of the company’s markets due to political instability, civil disobedience, terrorism, armed hostilities, natural disasters or other calamities; and (20) 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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