



FOR IMMEDIATE RELEASE

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CAMPBELL REPORTS THIRD-QUARTER RESULTS

- Net Earnings Per Share (EPS) of \$0.28; Adjusted Net EPS of \$0.56
- Net Sales from Continuing Operations Increased 16 Percent; Total Combined Net Sales of \$2.388 Billion; Organic Sales from Continuing Operations Comparable to the Prior Year
- Campbell Fresh Segment Reported as Discontinued Operations
- Campbell Updates Fiscal 2019 Guidance to Reflect Improved EPS Outlook and Divestitures
- Campbell to Host an Investor Day on June 13, 2019

CAMDEN, N.J., Jun. 5, 2019—Campbell Soup Company (NYSE:CPB) today reported its third-quarter results for fiscal 2019.

CEO Comments

Mark Clouse, Campbell's President and CEO stated, "Our results this quarter were ahead of our expectations, making it the third consecutive quarter that we met or exceeded our outlook. I am also pleased to see profitability trends are improving, driven by sequential gross margin improvement.

"In the quarter, we continued to drive sales growth in Global Biscuits and Snacks, fueled by our U.S. Snacks portfolio. The business continues its growth trends on Pepperidge Farm, coupled with improvements in the Snyder's-Lance portfolio. In the Meals and Beverages segment, although there is more to do, we are making steady improvements on gross margin and profit and this business is showing signs of stabilization."

Background on the Presentation of Results

On April 12, 2019, the company announced that it had entered into an agreement to sell its Bolthouse Farms business. As a result of this, and along with the recently completed divestitures of the U.S. refrigerated soup and Garden Fresh Gourmet businesses in the third quarter of fiscal 2019, Campbell Fresh is now reported as discontinued operations. The following table is a summary of the third-quarter results for sales, earnings before interest and taxes (EBIT) and EPS for continuing operations, discontinued operations and on a total

combined basis. Prior-year results have been adjusted to conform to the current-year presentation. A detailed reconciliation of the reported (GAAP) financial information to the non-GAAP information is included at the end of this news release.

(\$ in millions, except per share)	<u>Three Months Ended</u>		
	<u>Apr. 28, 2019</u>	<u>Apr. 29, 2018</u>	<u>% Change</u>
<u>Continuing Operations</u>			
Net Sales as Reported (GAAP)	\$2,178	\$1,878	16%
Organic			-%
EBIT as Reported (GAAP)	\$266	\$158	68%
Adjusted EBIT	\$316	\$321	(2)%
Diluted EPS as Reported (GAAP)	\$0.43	\$0.24	79%
Adjusted Diluted EPS	\$0.56	\$0.59	(5)%
<u>Discontinued Operations</u>			
Net Sales	\$210	\$247	(15)%
EBIT (Loss)	\$(17)	\$(633)	n/m
Adjusted EBIT (Loss)	\$7	\$(13)	n/m
Diluted Loss Per Share as Reported (GAAP)	\$(0.16)	\$(1.55)	n/m
Adjusted Diluted EPS	\$-	\$0.10	n/m
<u>Total Combined Company</u>			
Combined Net Sales	\$2,388	\$2,125	12%
Combined EBIT (Loss)	\$249	\$(475)	n/m
Adjusted Combined EBIT	\$323	\$308	5%
Diluted Net EPS as Reported (GAAP)	\$0.28	\$(1.31)	n/m
Adjusted Diluted Net EPS	\$0.56	\$0.70	(20)%

n/m – not meaningful

Third-Quarter Results

Continuing Operations

Sales increased 16 percent to \$2.2 billion reflecting a 17-point benefit from the acquisition of Snyder's-Lance, which was completed on March 26, 2018, partly offset by a 1-point negative impact from currency translation. Organic sales were comparable to the prior year as gains in Global Biscuits and Snacks were offset by declines in Meals and Beverages. Sales in the quarter benefited by approximately 30 basis points from the change in the new revenue recognition standard adopted in fiscal 2019, which impacts the timing of expense related to promotional programs. The annual impact is not expected to be material.

Gross margin increased from 32.7 percent to 33.2 percent. Excluding items impacting comparability, adjusted gross margin decreased 2.1 percentage points to 33.4 percent, including a 170-basis-point dilutive mix impact from the acquisition of Snyder's-Lance. The remaining decline in adjusted gross margin

was driven primarily by cost inflation mostly offset by supply chain productivity improvements, lower promotional spending, the benefit from pricing actions and the benefits from cost savings initiatives.

Marketing and selling expenses increased 11 percent to \$245 million reflecting a 14-point increase from the inclusion of the Snyder's-Lance acquisition. Excluding items impacting comparability and the impact of the acquisition, adjusted marketing and selling expenses decreased driven primarily by lower marketing overhead and selling expenses, including the benefits from cost savings initiatives, partly offset by higher incentive compensation. Administrative expenses increased 8 percent to \$165 million. Excluding items impacting comparability, adjusted administrative expenses increased 28 percent to \$151 million primarily due to higher incentive compensation expense and the inclusion of the Snyder's-Lance acquisition. The incentive compensation headwinds were due to lapping below-target levels in the prior-year quarter and improved performance in fiscal 2019.

Other expenses were \$20 million as compared to \$35 million in the prior year. Excluding items impacting comparability, other income decreased from \$16 million in the prior year to \$8 million reflecting amortization of intangible assets associated with acquisition of Snyder's-Lance.

As reported EBIT was \$266 million. Excluding items impacting comparability, adjusted EBIT decreased 2 percent to \$316 million driven by declines in the base business reflecting higher adjusted administrative costs and gross margin pressure, offset mostly by incremental earnings from the acquisition of Snyder's-Lance. The change in revenue recognition had a favorable 2-point impact in the quarter.

Net interest expense was \$91 million compared to \$42 million in the prior year. Excluding items impacting comparability in the prior year, adjusted net interest expense increased \$31 million reflecting the debt associated with the acquisitions of Snyder's-Lance and Pacific Foods, as well as higher short-term interest rates. The tax rate was 25.1 percent as compared to 37.1 percent in the prior year. Excluding items impacting comparability, the adjusted tax rate decreased 6.5 percentage points from 31.4 percent to 24.9 percent reflecting a lower U.S. federal tax rate.

The company reported EPS from continuing operations of \$0.43 per share. Excluding items impacting comparability, adjusted EPS from continuing operations decreased 5 percent to \$0.56 per share reflecting higher adjusted net interest expense, partly offset by a lower adjusted tax rate. The change in revenue recognition had a favorable \$0.01 per share impact in the quarter.

Discontinued Operations

Sales decreased 15 percent to \$210 million driven primarily by declines in refrigerated soup reflecting the previously announced plans of certain major private label customers to insource production in 2019. Adjusted EBIT was \$7 million compared to a loss of \$13 million in the prior-year quarter reflecting improved operational efficiency, including the benefit from cost saving initiatives. The company reported a loss from discontinued operations of \$0.16 per share. Excluding items impacting comparability, adjusted EPS from discontinued operations was breakeven, compared to \$0.10 per share in the prior year.

Total Combined Results

Total combined sales from continuing and discontinued operations increased 12 percent to \$2.4 billion reflecting a 15-point benefit from the acquisition of Snyder's-Lance. Adjusted combined gross margin decreased 0.4 percentage points to 31.6 percent. Adjusted combined EBIT increased 5 percent to \$323 million reflecting incremental earnings from the acquisition, partly offset by declines on the base business. Adjusted net EPS was \$0.56 per share compared to \$0.70 per share in the prior year.

Nine-Month Results

The following table is a summary of the nine-month results for sales, EBIT and EPS for continuing operations, discontinued operations and on a total combined basis.

(\$ in millions, except per share)	<u>Nine Months Ended</u>		
	<u>Apr. 28, 2019</u>	<u>Apr. 29, 2018</u>	<u>% Change</u>
<u>Continuing Operations</u>			
Net Sales as Reported (GAAP)	\$7,129	\$5,743	24%
Organic			(1)%
EBIT as Reported (GAAP)	\$1,010	\$900	12%
Adjusted EBIT	\$1,134	\$1,151	(1)%
Diluted EPS as Reported (GAAP)	\$1.82	\$2.28	(20)%
Adjusted Diluted EPS	\$2.14	\$2.46	(13)%
<u>Discontinued Operations</u>			
Net Sales	\$666	\$723	(8)%
EBIT (Loss)	\$(392)	\$(720)	n/m
Adjusted EBIT (Loss)	\$-	\$(24)	n/m
Diluted Loss Per Share as Reported (GAAP)	\$(1.10)	\$(1.73)	n/m
Adjusted Diluted Earnings (Loss) per Share	\$(0.01)	\$0.16	n/m
<u>Total Combined Company</u>			
Combined Net Sales	\$7,795	\$6,466	21%
Combined EBIT	\$618	\$180	n/m
Adjusted Combined EBIT	\$1,134	\$1,127	1%
Diluted Net EPS as Reported (GAAP)	\$0.73	\$0.55	33%
Adjusted Diluted Net EPS	\$2.13	\$2.62	(19)%

n/m – not meaningful

Nine-Month Results

Continuing Operations

Sales increased 24 percent to \$7.1 billion reflecting a 26-point benefit from the acquisitions of Snyder's-Lance and Pacific Foods. Organic sales declined 1 percent.

As reported EBIT increased 12 percent to \$1.0 billion. Excluding items impacting comparability, adjusted EBIT decreased 1 percent to \$1.1 billion reflecting declines in the base business offset mostly by incremental earnings from the acquisitions.

The company reported EPS from continuing operations of \$1.82 per share. Excluding items impacting comparability, adjusted EPS from continuing operations decreased 13 percent to \$2.14 per share reflecting higher adjusted net interest expense, partly offset by a lower adjusted tax rate. The change in revenue recognition had no impact on a year-to-date basis.

Discontinued Operations

Sales decreased 8 percent to \$666 million. Adjusted EBIT was breakeven. The company reported a loss from discontinued operations of \$1.10 per share. Excluding items impacting comparability, adjusted loss from discontinued operations was \$0.01 per share, compared to earnings of \$0.16 per share in the prior year.

Total Combined Results

Total combined sales from continuing and discontinued operations increased 21 percent to \$7.8 billion reflecting a 23-point benefit from the acquisitions of Snyder's-Lance and Pacific Foods. Adjusted combined EBIT increased 1 percent to \$1.1 billion. Adjusted net EPS declined 19 percent to \$2.13 per share.

Cash flow from operations increased to \$1.1 billion from \$1.0 billion a year ago due primarily to significant improvements from the company's working capital management efforts, partly offset by lower cash earnings. In line with the company's commitment to returning value to shareholders, during the first nine months of fiscal 2019, the company paid \$318 million of cash dividends reflecting the quarterly dividend rate of \$0.35 per share.

Campbell Updates Fiscal 2019 Guidance

Based on the company's improved earnings outlook for fiscal 2019 and the impact of the Campbell Fresh divestitures, Campbell has updated its guidance as shown in the table below. This fiscal 2019 guidance includes an estimated 1 percentage-point negative impact from currency translation. As mentioned earlier in this release, Campbell Fresh is now reported as a discontinued operation and prior-year results have been adjusted to conform to the current-year presentation.

(\$ in millions, except per share)

	<u>As Previously Disclosed</u>		<u>Updated Results and Guidance</u>	
	<u>2018 Results*</u>	<u>Previous 2019 Guidance</u>	<u>2018 Results</u>	<u>Revised 2019 Guidance</u>
Net Sales	\$8,685	\$9,975 to \$10,100	\$7,735	\$9,075 to \$9,125
Adjusted EBIT	\$1,408**	\$1,370 to \$1,410	\$1,433**	\$1,390 to \$1,410
Adjusted EPS from continuing operations	n/a	n/a	\$2.90**	\$2.50 to \$2.55
Adjusted Net EPS	\$2.87**	\$2.45 to \$2.53	\$2.87**	\$2.50 to \$2.55

n/a – not applicable

* Amounts represent 2018 results as previously disclosed prior to the presentation change for discontinued operations.

** 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 2019 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

In the third quarter of fiscal 2019, Campbell achieved \$55 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. Year-to-date savings were \$150 million through the first nine months of fiscal 2019, benefiting both continuing and discontinued operations. The previously announced cost savings target of \$945 million included \$95 million of savings related to Campbell Fresh, which is now reported as discontinued operations. For continuing operations, Campbell is targeting cumulative annualized savings of \$850 million by the end of fiscal 2022, of which \$535 million has been achieved program-to-date.

Segment Operating Review

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

Three Months Ended Apr. 28, 2019

(\$ in millions)

	Meals and Beverages	Global Biscuits and Snacks	Total
Net Sales, as Reported	\$1,024	\$1,154	\$2,178
Volume and Mix	(3)%	1%	(1)%
Price and Sales Allowances	1%	(1)%	-%
Promotional Spending	1%	1%	1%
Organic Net Sales	-0%*	1%	-%
Currency	-%	(2)%	(1)%
Acquisition	-%	38%	17%
% Change vs. Prior Year	(1)%*	37%	16%
Segment Operating Earnings	\$207	\$139	
% Change vs. Prior Year	(5)%	15%	

* 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. 28, 2019

(\$ in millions)

	Meals and Beverages	Global Biscuits and Snacks	Total
Net Sales, as Reported	\$3,513	\$3,615	\$7,129**
Volume and Mix	(1)%	1%	(1)%
Price and Sales Allowances	-%	1%	-%
Promotional Spending	(1)%	-%	(1)%
Organic Net Sales	(2)%	1%*	(1)%*
Currency	-%	(2)%	(1)%
Acquisitions	3%	63%	26%
% Change vs. Prior Year	-0%*	61%*	24%
Segment Operating Earnings	\$753	\$478	
% Change vs. Prior Year	(9)%	27%	

* Numbers do not add due to rounding.

** Includes Corporate

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

Meals and Beverages

Sales in the quarter decreased 1 percent to \$1.024 billion. Organic sales were comparable to the prior year reflecting mixed results, as solid performance in Canada was offset by decreases in V8 beverages and Prego pasta sauces in the U.S. The adoption of new accounting guidance for revenue recognition resulted in a positive 1-point impact on sales. Sales of U.S. soup were comparable to the prior year as gains in broth were offset by moderating declines in condensed and ready-to-serve soups.

Segment operating earnings in the quarter decreased 5 percent to \$207 million. The decrease was driven primarily by cost inflation and higher administrative expenses, partly offset by supply chain productivity programs, lower promotional spending and the benefit of recent pricing actions.

Global Biscuits and Snacks

Sales in the quarter increased 37 percent to \$1.154 billion. Excluding the benefit from the acquisition of Snyder's-Lance and the negative impact of currency translation, organic sales increased 1 percent. This performance reflects continued solid growth in Pepperidge Farm, driven by consumption gains in *Pepperidge Farm* fresh bakery products and *Goldfish* crackers, offset partly by declines in the international biscuits and snacks operating segment.

Segment operating earnings in the quarter increased 15 percent to \$139 million, reflecting a 21-point benefit from the acquisition of Snyder's-Lance. Excluding the impact of the acquisition, segment operating earnings decreased driven primarily by cost inflation and higher administrative expenses, partly offset by supply chain productivity programs.

Corporate

Corporate in the third quarter of fiscal 2019 included a pension settlement charge of \$28 million associated with a U.S. pension plan, charges related to cost savings initiatives of \$19 million, and costs of \$2 million associated with the planned divestiture of the company's international biscuits and snacks operating segment. Corporate in the third quarter of fiscal 2018 included transaction and integration costs of \$72 million related to the acquisition of Snyder's-Lance, charges related to cost savings initiatives of \$45 million, and a charge of \$22 million related to the settlement of a legal claim. The remaining increase in expenses primarily reflects losses on open commodity contracts and higher administrative expenses.

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 (409) 350-3941. The access code is 2279106. 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 Jun. 19, 2019, at +1 (404) 537-3406. The access code for the replay is 2279106.

Reportable Segments

Campbell Soup Company earnings results are reported as follows:

Meals and Beverages includes the retail and food service 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* 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* food and snacks; *V8* juices and beverages; and, *Campbell's* tomato juice. Beginning in fiscal 2019, the segment also includes the simple meals and shelf-stable beverages business in Latin America. Prior to fiscal 2019, the business in Latin America was managed as part of the Global Biscuits and Snacks segment. Beginning in the third quarter of fiscal 2019, the segment also includes a portion of the U.S. refrigerated soup business that was previously managed as part of the Campbell Fresh segment. Prior-period segment results have been adjusted retroactively to reflect these changes.

Global Biscuits and Snacks includes the U.S. snacks portfolio consisting of Pepperidge Farm cookies, crackers, bakery and frozen products in U.S. retail, and Snyder's-Lance pretzels, sandwich crackers, potato chips, tortilla chips and other snacking products. The segment also includes Arnott's biscuits in Australia and Asia Pacific, Kelsen cookies globally, and the simple meals and shelf-stable beverages business in Australia and Asia Pacific.

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 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 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 the actions it intends to take as a result of its recent strategy and portfolio review; (2) the ability to differentiate its products and protect its category leading positions,

especially in soup; (3) the ability to complete and to realize the projected benefits of planned divestitures and other business portfolio changes; (4) the ability to realize the projected benefits, including cost synergies, from the recent acquisitions of Snyder's-Lance and Pacific Foods; (5) the ability to realize projected cost savings and benefits from its efficiency and/or restructuring initiatives; (6) the company's indebtedness and ability to pay such indebtedness; (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) the impact of strong competitive responses to the company's efforts to leverage its brand power with product innovation, promotional programs and new advertising; (10) the risks associated with trade and consumer acceptance of product improvements, shelving initiatives, new products and pricing and promotional strategies; (11) changes in consumer demand for the company's products and favorable perception of the company's brands; (12) changing inventory management practices by certain of the company's key customers; (13) 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; (14) product quality and safety issues, including recalls and product liabilities; (15) the costs, disruption and diversion of management's attention associated with activist investors; (16) the uncertainties of litigation and regulatory actions against the company; (17) 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; (18) the impact of non-U.S. operations, including trade restrictions, public corruption and compliance with foreign laws and regulations; (19) impairment to goodwill or other intangible assets; (20) the company's ability to protect its intellectual property rights; (21) increased liabilities and costs related to the company's defined benefit pension plans; (22) a material failure in or breach of the company's information technology systems; (23) the company's ability to attract and retain key talent; (24) changes in currency exchange rates, tax rates, interest rates, debt and equity markets, inflation rates, economic conditions, law, regulation and other external factors; (25) 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 (26) 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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