



FOR IMMEDIATE RELEASE

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CAMPBELL REPORTS SECOND-QUARTER RESULTS

- Net Sales Comparable to Prior Year, Organic Sales Decreased 2 Percent
- Earnings Before Interest and Taxes (EBIT) Increased 19 Percent; Adjusted EBIT Decreased 4 Percent
- Earnings Per Share (EPS) of \$0.95; Adjusted EPS Increased 10 Percent to \$1.00
- Campbell Increases Cost Savings Program Target from \$450 Million to \$500 Million by Fiscal 2020
- Campbell Revises Fiscal 2018 Guidance

CAMDEN, N.J., Feb. 16, 2018—Campbell Soup Company (NYSE:CPB) today reported its second-quarter results for fiscal 2018.

	<u>Three Months Ended</u>			<u>Six Months Ended</u>		
	<u>Jan. 28,</u> <u>2018</u>	<u>Jan. 29,</u> <u>2017</u>	<u>%</u> <u>Change</u>	<u>Jan. 28,</u> <u>2018</u>	<u>Jan. 29,</u> <u>2017</u>	<u>%</u> <u>Change</u>
(\$ in millions, except per share)						
Net Sales						
As Reported (GAAP)	\$2,180	\$2,171	-%	\$4,341	\$4,373	(1)%
Organic			(2)%			(2)%
Earnings Before Interest and Taxes						
As Reported (GAAP)	\$243	\$205	19%	\$655	\$662	(1)%
Adjusted	\$402	\$417	(4)%	\$819	\$905	(10)%
Diluted Earnings Per Share						
As Reported (GAAP)	\$0.95	\$0.33	n/m	\$1.85	\$1.27	46%
Adjusted	\$1.00	\$0.91	10%	\$1.91	\$1.92	(1)%

n/m – not meaningful

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, "This was a disappointing quarter, driven by continued challenges in U.S. soup and Campbell Fresh. The decline in organic sales was largely due to the performance of Americas Simple Meals and Beverages, where U.S. soup sales decreased by 7 percent based on the key customer issue we discussed last quarter. We are making progress with this customer and expect sales declines in soup to moderate in the second half.

“Campbell Fresh did not meet expectations. Sales did not recover as anticipated due in part to headwinds in the super premium juice category. Looking ahead to the spring, we expect our beverage innovation plans to drive improved beverage performance in the second half. We are committed to returning this business to profitable growth.

“Bright spots in the quarter included the sales performance of Global Biscuits and Snacks, particularly Pepperidge Farm and Kelsen, as well as our multi-year cost savings initiative. We have identified additional savings opportunities and are increasing our savings target to \$500 million by the end of fiscal 2020.

Morrison concluded, “Despite challenges, we have made significant progress toward our long-term strategy to transform Campbell’s portfolio. In the quarter, we completed the acquisition of Pacific Foods to bolster our presence in the organic soup and broth market and announced plans to acquire Snyder’s-Lance, which will greatly expand our snacking business. These acquisitions will provide Campbell with greater access to faster-growing categories and channels, and I am confident will help deliver improved performance.”

Items Impacting Comparability

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		Six Months Ended	
	Jan. 28, 2018	Jan. 29, 2017	Jan. 28, 2018	Jan. 29, 2017
As Reported (GAAP)	\$0.95	\$0.33	\$1.85	\$1.27
Restructuring charges, implementation costs and other related costs associated with cost savings initiatives	\$0.15	-	\$0.19	\$0.02
Transaction costs related to the pending acquisition of Snyder’s-Lance, Inc.	\$0.06	-	\$0.06	-
Impairment charges related to the Campbell Fresh segment**	\$0.25	\$0.58	\$0.25	\$0.58
Pension and postretirement benefit mark-to-market adjustments	-	-	(\$0.03)	\$0.04
Nonrecurring net tax benefit related to U.S. Tax Reform***	(\$0.41)	-	(\$0.41)	-
Adjusted	\$1.00	\$0.91	\$1.91	\$1.92*

* Numbers do not add due to rounding.

** The current quarter included a pre-tax non-cash impairment charge of \$75 million to write-off the goodwill of the Bolthouse Farms carrot and carrot ingredients reporting unit.

*** Represents the earnings per share impact from a net tax benefit of \$124 million resulting from the Tax Cuts and Jobs Act enacted in December 2017. This net tax benefit includes the estimated impact of the revaluation of U.S. net deferred tax liabilities based on the new lower corporate income tax rate, partly offset by the unfavorable impact of a repatriation tax.

Second-Quarter Results

Sales of \$2.180 billion were comparable to the prior year as a 1-point benefit from the acquisition of Pacific Foods and a 1-point favorable impact of currency translation were offset by a 2-percent decline in organic sales driven primarily by lower volumes.

Gross margin decreased from 37.4 percent to 35.1 percent. Excluding items impacting comparability in the current year, adjusted gross margin decreased 2.2 percentage points to 35.2 percent. The decrease in adjusted gross margin was driven primarily by cost inflation and higher supply chain costs, as well as unfavorable mix, partly offset by productivity improvements and the benefits from cost savings initiatives.

Marketing and selling expenses decreased 5 percent to \$228 million primarily due to lower advertising and consumer promotion expenses, as well as the benefits from cost savings initiatives, partly offset by investments in e-commerce. Administrative expenses increased 17 percent to \$165 million. Excluding items impacting comparability in the current year, adjusted administrative expenses decreased 1 percent.

Other expenses were \$70 million in the current quarter as compared to \$201 million in the prior-year quarter. Excluding items impacting comparability, adjusted other income increased from \$11 million to \$29 million primarily due to gains on investments and higher pension and postretirement benefit income.

EBIT increased 19 percent to \$243 million. Excluding items impacting comparability, adjusted EBIT decreased 4 percent to \$402 million primarily reflecting a lower adjusted gross margin percentage, partly offset by an increase in adjusted other income and lower marketing and selling expenses.

Net interest expense increased 14 percent to \$32 million reflecting higher average interest rates on the debt portfolio and higher levels of debt. The Tax Cuts and Jobs Act, enacted in December 2017, will have a favorable impact on both the reported and adjusted effective rates in fiscal 2018. In the current-year quarter, the tax rate decreased from 42.9 percent to a negative 35.1 percent reflecting the one-time favorable net tax benefit recorded as part of the Act. Excluding items impacting

comparability, the adjusted tax rate decreased 8.9 percentage points from 27.8 percent to 18.9 percent primarily due to the ongoing benefit of the lower U.S. federal tax rate. Campbell now expects a full-year adjusted effective tax rate of approximately 26 percent.

EPS was \$0.95 per share in the quarter compared to \$0.33 per share in the prior year. Excluding items impacting comparability, adjusted EPS increased 10 percent to \$1.00 per share, primarily due to a lower adjusted tax rate, partly offset by declines in adjusted EBIT.

First-Half Results

Sales decreased 1 percent to \$4.341 billion driven by a 2-percent decline in organic sales, partly offset by a 1-point benefit from the acquisition of Pacific Foods and a 1-point favorable impact of currency translation. Declines in organic sales were driven primarily by lower volumes.

EBIT decreased 1 percent to \$655 million. Excluding items impacting comparability, adjusted EBIT decreased 10 percent to \$819 million reflecting a lower adjusted gross margin percentage, lower sales and higher adjusted administrative expenses, partly offset by lower marketing and selling expenses and an increase in adjusted other income.

Net interest expense increased 11 percent to \$62 million reflecting higher average interest rates on the debt portfolio. The tax rate decreased from 35.1 percent to 5.6 percent. Excluding items impacting comparability, the adjusted tax rate decreased 6.4 percentage points from 30.2 percent to 23.8 percent, primarily due to the lower U.S. federal tax rate.

The company reported EPS of \$1.85. Excluding items impacting comparability, adjusted EPS decreased 1 percent to \$1.91 per share, compared with \$1.92 per share a year ago.

Cash flow from operations decreased to \$660 million from \$667 million a year ago, primarily due to higher net payments of hedging activities, partly offset by improvements in working capital.

Cost Savings Program

In the second quarter of fiscal 2018, Campbell achieved \$20 million in savings under its multi-year cost savings program, bringing total program-to-date savings to \$365 million. Based on the success of the program to date and the identification of additional savings opportunities, Campbell has increased the annualized savings target from \$450 million to \$500 million by the end of fiscal 2020.

Fiscal 2018 Guidance

Based on the company's current outlook for fiscal 2018, including the impact of the Pacific Foods acquisition and the Tax Cuts and Jobs Act, Campbell has revised its fiscal 2018 guidance. As shown in the table below, sales are now expected to change by -1 to +1 percent, adjusted EBIT to decline by -7 to -5 percent, and adjusted EPS to increase by +2 to +4 percent, or \$3.10 to \$3.17 per share. This guidance assumes the impact from currency translation will be nominal.

(\$ in millions, except per share)

	2017 Results	Revised 2018 Guidance Before Pacific Foods and Tax Reform	Pacific Foods Acquisition	U.S. Tax Reform	Revised 2018 Guidance
Net Sales	\$7,890	-2 to 0%	+1 pt	-	-1 to +1%
Adjusted EBIT	\$1,492*	-6 to -4% (Previously -4 to -2%)	-1 pt	-	-7 to -5%
Adjusted EPS	\$3.04*	-5 to -3% (Previously -3 to -1%)	-\$0.05	+\$0.25	+2 to +4% \$3.10 to \$3.17

* 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 2018 guidance since certain items are not estimable, such as pension and postretirement mark-to-market adjustments, and these items are not considered to reflect the company's ongoing operating results.

Segment Operating Review

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

Three Months Ended Jan. 28, 2018

(\$ in millions)

	Americas Simple Meals and Beverages	Global Biscuits and Snacks	Campbell Fresh	Total
Net Sales, as Reported	\$1,196	\$726	\$257	\$2,180*
Volume and Mix	(4)%	-%	-%	(2)%
Price and Sales Allowances	-%	2%	-%	-%
Promotional Spending	-%	1%	(1)%	-%
Organic Net Sales	(4)%	3%	(1)%	(2)%
Currency	-%	1%	-%	1%
Acquisition	2%	-%	-%	1%
% Change vs. Prior Year	(2)%	4%	(1)%	-%

Segment Operating Earnings	\$282	\$139	\$(11)
% Change vs. Prior Year	(9)%	1%	n/m

n/m – not meaningful

* 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.

Six Months Ended Jan. 28, 2018

(\$ in millions)

	Americas Simple Meals and Beverages	Global Biscuits and Snacks	Campbell Fresh	Total
Net Sales, as Reported	\$2,414	\$1,435	\$491	\$4,341**
Volume and Mix	(5)%	1%	(1)%	(2)%
Price and Sales Allowances	-%	1%	-%	-%
Promotional Spending	-	-	-	-
Organic Net Sales	(5)%	2%	(1)%	(2)%
Currency	-%	1%	-%	1%
Acquisition	1%	-	-	1%
% Change vs. Prior Year	(3)%*	4%*	(1)%	(1)%*
Segment Operating Earnings	\$610	\$259	\$(17)	
% Change vs. Prior Year	(12)%	3%	n/m	

n/m – not meaningful

* 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.

Americas Simple Meals and Beverages

Sales in the quarter decreased 2 percent to \$1.196 billion. Organic sales decreased 4 percent driven primarily by declines in U.S. soup and V8 Beverages, partly offset by gains in the retail business in Canada. Excluding the benefit from the acquisition of Pacific Foods, sales of U.S. soup decreased 7 percent driven by declines in ready-to-serve and condensed soups, while sales of broth were comparable to the prior year. The sales decline in U.S. soup was primarily the result of the previously disclosed key customer issue.

Segment operating earnings decreased 9 percent to \$282 million driven primarily by a lower gross margin percentage and lower sales volume, partly offset by lower marketing and selling expenses.

Global Biscuits and Snacks

Sales in the quarter increased 4 percent to \$726 million. Excluding the favorable impact of currency translation, organic sales increased 3 percent driven primarily by gains in Pepperidge Farm snacks,

reflecting growth in *Goldfish* crackers and in cookies, as well as gains of Kelsen cookies in China. Excluding the favorable impact of currency translation, sales of Arnott's biscuits were comparable to the prior year.

Segment operating earnings increased 1 percent to \$139 million. Excluding the favorable impact of currency translation, operating earnings were comparable to the prior year with lower advertising and consumer promotion expenses offset by a lower gross margin percentage.

Campbell Fresh

Sales in the quarter decreased 1 percent to \$257 million driven primarily by sales declines in *Bolthouse Farms* refrigerated beverages.

Segment operating earnings declined from a loss of \$3 million to a loss of \$11 million, reflecting a lower gross margin percentage driven primarily by an increase in supply chain costs as well as higher carrot costs.

Corporate

Corporate in the second quarter of fiscal 2018 included charges related to cost savings initiatives of \$27 million, transaction costs of \$24 million related to the pending acquisition of Snyder's-Lance and a non-cash impairment charge of \$75 million related to the Bolthouse Farms carrot and carrot ingredients reporting unit. Corporate in the second quarter of fiscal 2017 included non-cash impairment charges of \$212 million related to the Campbell Fresh segment. The remaining decrease in expenses primarily reflects gains on investments and higher pension and postretirement income.

Reportable Segments

Campbell Soup Company earnings results are reported for the following segments:

Americas Simple 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* soups, broth, stocks, non-dairy beverages and 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.

Global Biscuits and Snacks includes *Pepperidge Farm* cookies, crackers, bakery and frozen products in U.S. retail; Arnott's biscuits in Australia and Asia Pacific; and Kelsen

cookies globally. The segment also includes the simple meals and shelf-stable beverages business in Australia, Latin America and Asia Pacific.

Campbell Fresh includes *Bolthouse Farms* fresh carrots, carrot ingredients, refrigerated beverages and refrigerated salad dressings; *Garden Fresh Gourmet* salsa, hummus, dips and tortilla chips; and the U.S. refrigerated soup business.

Conference Call

Campbell will host a conference call to discuss these results today at 9:30 a.m. Eastern Time. To join, dial +1 (703) 639-1316. The access code is 6692659. 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 Mar. 2, 2018, at +1 (404) 537-3406. The access code for the replay is 6692659.

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*, *Garden Fresh Gourmet* and *Pacific Foods*. 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 2018, 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) changes in consumer demand for the company’s products and favorable perception of

the company's brands; (2) the risks associated with trade and consumer acceptance of product improvements, shelving initiatives, new products and pricing and promotional strategies; (3) the impact of strong competitive responses to the company's efforts to leverage its brand power with product innovation, promotional programs and new advertising; (4) changing inventory management practices by certain of the company's key customers; (5) a changing customer landscape, with value and e-commerce retailers expanding their market presence, while certain of the company's key customers continue to increase their significance to the company's business; (6) the company's ability to realize projected cost savings and benefits from its efficiency and/or restructuring initiatives; (7) 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; (8) product quality and safety issues, including recalls and product liabilities; (9) the ability to complete and to realize the projected benefits of acquisitions, divestitures and other business portfolio changes; (10) the conditions to the completion of the Snyder's-Lance acquisition by the company, including obtaining Snyder's-Lance shareholder approval, may not be satisfied; (11) long-term financing for the Snyder's-Lance acquisition may not be available on favorable terms, or at all; (12) closing of the Snyder's-Lance acquisition may not occur or may be delayed, either as a result of litigation related to the acquisition or otherwise; (13) the company may be unable to achieve the anticipated benefits of the Snyder's-Lance acquisition; (14) completing the Snyder's-Lance acquisition may distract the company's management from other important matters; (15) disruptions to the company's supply chain, including fluctuations in the supply of and inflation in energy and raw and packaging materials cost; (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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