RETHINKING INNOVATION

Craig Slavtcheff
Vice President, Research & Development
AGENDA

- The opportunity

- Campbell’s innovation strategy
CONSUMER PREFERENCES ARE CHANGING → OPPORTUNITIES

- Functional Wellness Foods
- Plant Forward
- Food Tribe Solutions
- Food Exploration
- Snacking & On The Go
- Carefully Crafted
REQUIREMENTS FOR BIG CPG TO WIN

- Deeper and more intimate consumer insights
- Rapid translation of insight into design, test and learn
- Competitive fitness tools to build winning value propositions
AGENDA

- The opportunity
- Campbell’s innovation strategy
A NEW RECIPE FOR MARKET-LEADING INNOVATION

**Past**

- **Product design**: Slow response to consumer insight
- **Organization structure**: Diffused
- **Go to market strategy**: Use internal capabilities

**Future**

- **Product design**: Accelerated through real-time insight engine
- **Organization structure**: Dedicated team
- **Go to market strategy**: New capabilities, partnerships, digitization
OPPORTUNITY TO LEVERAGE OUR PROVEN INNOVATION MODEL IN SNACKS ACROSS THE ORGANIZATION

Vitality Index
Net Sales % from Innovation, 3 yr. avg.
As of Q2 F19

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<th>2017</th>
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INNOVATION MODEL AT WORK IN SNACKS

Examples of New Products Last 3 Years

2019 Net Sales

Existing Products

Innovation
OUR NEW, THREE INGREDIENT INNOVATION RECIPE

Product Design

- Design to “Demand Moments”
  - A demand moment driven insight engine
  - Advanced sensory design techniques

Organizational Structure

- Innovate within the Divisions
  - Dedicated front of funnel innovation teams
  - Portfolio framework to focus innovation efforts

Go To Market Strategy

- Wired for Speed
  - New capabilities through M&A and external partnerships
  - Agile methodologies and digitization
FARMHOUSE BRAND LAUNCHED USING ADVANCED SENSORY DRIVEN DESIGN

Design Process
- Competitive fitness tools to uncover key design changes to strengthen the core
- “Baker’s Touch” inspiration to evoke carefully crafted
- Expanded insights to instruct buns and rolls design

Results
- Shifted from declining by 5% to 10.7% growth
- Competitively preferred
- Margin accretive
HARMONIZING OUR INNOVATION MODEL FOR SPEED; ADOPTING TECH SECTOR METHODOLOGY
LEVERAGED ACQUIRED TECHNOLOGY TO COMMERCIALIZNE NEW TO THE WORLD SNACK

- First to market new snack product enabled by acquired capabilities
- 18-grams whole grain and 50% less fat than best selling tortilla snack
| APPLYING MODEL TO TAKE A FULL SWING AT SOUP |

**Product Design**
- 50% increase in soup R&D resources to focus on category-expanding solutions
- Non-traditional consumer input and co-creation with retailers

**Organization Structure**
- Dedicated front of funnel innovation teams
- Agile design methodology delivering accelerated solutions

**Go to Market Strategy**
- In-market testing / learn and fail-fast approach
- Leverage external partners
- Innovation in-market in half the time
NEW PRODUCT TARGETS BY F’2022

Projected Shift in Vitality Index

2X

Low Single-Digits

F’2019

Mid-Teens

F’2022 Target

Key Brands

Campbell's®

Swanson®

Campbell's®

CHUNKY

Soup that eats like a meal®

Campbell's®

Well Yes!

Campbell's®

SLOW KETTLE

STYLE

Pacific Foods™
IN SUMMARY

CAMPBELL’S NEW INNOVATION APPROACH

- We are building a strong, focused and relevant innovation pipeline informed by demand moments.
- We are positioning Campbell’s to drive profitable growth and use speed and powerful insights as our competitive advantage.
- We have the right go to market processes, people and assets in place to achieve our innovation goals.
FORWARD-LOOKING STATEMENTS

The factors that could cause actual results to vary materially from those anticipated or expressed in any forward-looking statement include: our ability to execute on and realize the expected benefits from the actions we intend to take as a result of our recent strategy and portfolio review; our ability to differentiate our products and protect our category leading positions, especially in soup; our ability to complete and to realize the projected benefits of planned divestitures and other business portfolio changes; our ability to realize the projected benefits, including cost synergies, from the recent acquisitions of Snyder’s-Lance and Pacific Foods; our ability to realize projected cost savings and benefits from efficiency and/or restructuring initiatives; our indebtedness and ability to pay such indebtedness; disruptions to our supply chain, including fluctuations in the supply of and inflation in energy and raw and packaging materials cost; our ability to manage changes to our organizational structure and/or business processes, including selling, distribution, manufacturing and information management systems or processes; the impact of strong competitive responses to our efforts to leverage brand power with product innovation, promotional programs and new advertising; the risks associated with trade and consumer acceptance of product improvements, shelving initiatives, new products and pricing and promotional strategies; changes in consumer demand for our products and favorable perception of our brands; changing inventory management practices by certain of our key customers; a changing customer landscape, with value and e-commerce retailers expanding their market presence, while certain of our key customers maintain significance to our business; product quality and safety issues, including recalls and product liabilities; the costs, disruption and diversion of management’s attention associated with activist investors; the uncertainties of litigation and regulatory actions against us; the possible disruption to the independent contractor distribution models used by certain of our businesses, including as a result of litigation or regulatory actions affecting their independent contractor classification; the impact of non-U.S. operations, including trade restrictions, public corruption and compliance with foreign laws and regulations; impairment to goodwill or other intangible assets; our ability to protect our intellectual property rights; increased liabilities and costs related to our defined benefit pension plans; a material failure in or a breach of our information technology systems; our ability to attract and retain key talent; changes in currency exchange rates, tax rates, interest rates, debt and equity markets, inflation rates, economic conditions, law, regulation and other external factors; unforeseen business disruptions in one or more of our markets due to political instability, civil disobedience, terrorism, armed hostilities, extreme weather conditions, natural disasters or other calamities; and other factors described in our most recent Form 10-K and subsequent Securities and Exchange Commission filings. We disclaim any obligation or intent to update these statements to reflect new information or future events.