



**FOR IMMEDIATE RELEASE**

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**CAMPBELL REPORTS THIRD-QUARTER RESULTS**

- As Reported Sales and Organic Sales Decreased 2 Percent
- As Reported Earnings Before Interest and Taxes (EBIT) Decreased 6 Percent, As Reported Earnings Per Share (EPS) of \$0.59 Increased 4 Percent
- Adjusted EBIT Decreased 5 Percent
- Adjusted EPS of \$0.65 Decreased 2 Percent
- Campbell Raises Adjusted EPS Guidance Range, Now Expects Adjusted EPS Growth of +11 to +13 Percent, or \$2.93 to \$3.00 Per Share

**CAMDEN, N.J., May 20, 2016**—Campbell Soup Company (NYSE:CPB) today reported its third-quarter results for fiscal 2016.

	<u>Three Months Ended</u>			<u>Nine Months Ended</u>		
	<u>May 1,</u> <u>2016</u>	<u>May 3,</u> <u>2015</u>	<u>%</u> <u>Change</u>	<u>May 1,</u> <u>2016</u>	<u>May 3,</u> <u>2015</u>	<u>%</u> <u>Change</u>
(\$ in millions, except per share)						
<b>Net Sales</b>						
As Reported (GAAP)	\$1,870	\$1,900	(2)%	\$6,274	\$6,389	(2)%
Organic			(2) %			(1)%
<b>Earnings Before Interest and Taxes</b>						
As Reported (GAAP)	\$268	\$285	(6)%	\$997	\$1,011	(1)%
Adjusted	\$312	\$329	(5)%	\$1,214	\$1,055	15%
<b>Diluted Earnings Per Share</b>						
As Reported (GAAP)	\$0.59	\$0.57	4%	\$2.07	\$2.07	-%
Adjusted	\$0.65	\$0.66	(2)%	\$2.48	\$2.15	15%

Note: A detailed reconciliation of the reported 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, "Despite what continues to be a very challenging consumer environment, Campbell remains focused on becoming a leaner, more effective and efficient company. We're unsatisfied with our third-quarter organic sales growth, which was largely due to a weaker U.S. soup season, some challenges in V8 beverages

and a weather-related disruption to our fresh carrot supply. Importantly, we understand the factors affecting our top-line performance and are addressing them. Year-to-date organic sales are down slightly. We expect organic sales to grow in the fourth quarter and next fiscal year, behind more robust innovation and marketing. Third-quarter adjusted EBIT declined, but was better than expected. Our year-to-date adjusted EBIT increase of 15 percent reflects our improved gross margin performance and the benefits of our three-year cost savings program and organization redesign.

“Today we updated our guidance, raising our outlook for adjusted EPS. We continue to stay focused on driving sustainable, profitable net sales growth and creating shareholder value.”

### **Third-Quarter Results**

Sales decreased 2 percent to \$1.870 billion driven by a decline in organic sales and the adverse impact of currency translation, partly offset by the benefit from the acquisition of Garden Fresh Gourmet. Organic sales decreased 2 percent driven by lower volume and higher promotional spending, partly offset by higher selling prices.

Gross margin decreased from 35.9 percent to 35.3 percent. Excluding items impacting comparability, adjusted gross margin increased 0.4 points. The increase in adjusted gross margin was primarily driven by productivity improvements and higher selling prices, partially offset by higher supply chain costs and inflation, as well as higher promotional spending. The increase in supply chain costs was primarily driven by higher carrot costs in the quarter due to the adverse impact of weather conditions on crop yields.

Marketing and selling expenses increased 7 percent to \$228 million. Excluding items impacting comparability, adjusted marketing and selling expenses increased 5 percent to \$219 million primarily due to higher advertising and consumer promotion expenses. Administrative expenses increased 8 percent to \$154 million. Excluding items impacting comparability, adjusted administrative expenses increased 4 percent to \$132 million primarily due to higher incentive compensation costs, as well as inflation, an increase in costs to support long-term innovation and the acquisition of Garden Fresh Gourmet, partly offset by the benefits from cost savings initiatives.

EBIT decreased 6 percent to \$268 million. Excluding items impacting comparability, adjusted EBIT decreased 5 percent to \$312 million reflecting higher advertising and consumer promotion

expenses, higher administrative expenses and lower volumes, partly offset by a higher gross margin percentage.

Net interest expense of \$28 million was comparable to the prior year. The tax rate decreased 7.5 percentage points to 22.9 percent. Excluding items impacting comparability, the adjusted tax rate decreased 3.1 percentage points to 28.5 percent primarily due to lower taxes on foreign earnings, partly offset by the geographic mix of earnings.

### **Nine-Month Results**

Sales decreased 2 percent to \$6.274 billion driven by the adverse impact of currency translation and a decline in organic sales, partly offset by the benefit from the acquisition of Garden Fresh Gourmet. Organic sales decreased 1 percent driven by lower volume, partly offset by higher selling prices.

EBIT decreased 1 percent to \$997 million. Excluding items impacting comparability, adjusted EBIT increased 15 percent to \$1.214 billion reflecting a higher adjusted gross margin percentage and the benefits from cost savings initiatives, partly offset by higher incentive compensation costs, the adverse impact of currency translation and volume declines.

Net interest expense increased \$5 million to \$83 million reflecting higher average interest rates on the debt portfolio. The tax rate decreased 0.9 percentage points to 29.5 percent. Excluding items impacting comparability, the adjusted tax rate increased 1.0 percentage point to 31.8 percent. This increase was primarily due to the geographic mix of earnings, and lapping the favorable resolution of an intercompany pricing agreement between the U.S. and Canada in the prior year, partly offset by lower taxes on foreign earnings.

Cash flow from operations increased to \$1.183 billion from \$971 million a year ago primarily due to higher cash earnings and lower working capital requirements.

### **Fiscal 2016 Guidance**

Campbell has updated its fiscal 2016 guidance. Campbell expects sales to change by -1 to 0 percent (unchanged from previous guidance); adjusted EBIT to grow by 11 to 13 percent (previously 10 to 13 percent); and adjusted EPS to grow by 11 to 13 percent (previously 9 to 12 percent), or \$2.93 to \$3.00 per share. This guidance includes an estimated 2 percentage-point

negative impact from currency translation, as well as the impact of the Garden Fresh Gourmet acquisition.

(\$ in millions, except per share)	<u>Fiscal 2015 Results</u>	<u>Estimated Currency Translation Impact</u>	<u>Garden Fresh Gourmet Acquisition</u>	<u>Revised 2016 Guidance</u>
Net Sales	\$8,082	-2 pts	+1 pt	-1 to 0%
Adjusted EBIT	\$1,316*	-2 pts	+1 pt	+11 to +13%**
Adjusted EPS	\$2.65*	-2 pts -\$0.06	-	+11 to +13%** \$2.93 to \$3.00**

\* Adjusted – see non-GAAP reconciliation.

\*\* A non-GAAP reconciliation is not provided for 2016 guidance since certain items are not estimable, such as pension and postretirement benefit 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 May 1, 2016

(\$ in millions)

	<u>Americas Simple Meals and Beverages</u>	<u>Global Biscuits and Snacks</u>	<u>Campbell Fresh</u>	<u>Total</u>
Net Sales, as Reported	\$999	\$608	\$263	\$1,870
Volume and Mix	(2)%	-%	(2)%	(2)%
Price and Sales Allowances	1%	1%	-%	1%
Promotional Spending	(1)%	(2)%	(2)%	(1)%
Organic Net Sales	(2)%	(1)%	(4)%	(2)%
Currency	(1)%	(2)%	-%	(1)%
Acquisitions	-%	-%	10%	1%
% Change vs. Prior Year	(3)%	(2)%*	6%	(2)%
Segment Operating Earnings	\$225	\$86	\$13	
% Change vs. Prior Year	1%	(8)%	(28)%	

\* Numbers do not add due to rounding.

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

**Nine Months Ended May 1, 2016**

(\$ in millions)

	<b>Americas Simple Meals and Beverages</b>	<b>Global Biscuits and Snacks</b>	<b>Campbell Fresh</b>	<b>Total</b>
Net Sales, as Reported	\$3,538	\$1,942	\$794	\$6,274
Volume and Mix	(3)%	-%	(1)%	(2)%
Price and Sales Allowances	2%	1%	-%	1%
Promotional Spending	-%	-%	(1)%	-%
Organic Net Sales	(1)%	1%	(2)%	(1)%
Currency	(1)%	(5)%	-%	(2)%
Acquisitions	-%	-%	10%	1%
% Change vs. Prior Year	(3)%*	(4)%	8%	(2)%
Segment Operating Earnings	\$878	\$341	\$52	
% Change vs. Prior Year	15%	11%	30%	

\* Numbers do not add due to rounding.

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

**Americas Simple Meals and Beverages**

Sales decreased 3 percent in the quarter to \$999 million. Excluding the negative impact of currency translation, segment sales decreased 2 percent driven by declines in soup and V8 beverages, partly offset by gains in *Prego* pasta sauces and *Plum* products. U.S. soup sales decreased 5 percent driven by declines in ready-to-serve and condensed soups, partly offset by gains in broth.

Segment operating earnings increased 1 percent to \$225 million. The increase was primarily driven by a higher gross margin percentage, partly offset by lower volumes and increased marketing and selling expenses.

**Global Biscuits and Snacks**

Sales decreased 2 percent in the quarter to \$608 million. Excluding the negative impact of currency translation, segment sales decreased 1 percent driven by declines in Kelsen, partly offset by gains in Pepperidge Farm *Goldfish* crackers, and soups and beverages in Australia. Excluding the negative impact of currency translation, sales of Arnott's biscuits were comparable to the prior year with gains in Indonesia offset by declines in sweet biscuit varieties in Australia.

Segment operating earnings declined 8 percent to \$86 million. The decrease was primarily driven by higher incentive compensation costs and the negative impact of currency translation.

### Campbell Fresh

Sales increased 6 percent in the quarter to \$263 million. Excluding the impact from the acquisition of Garden Fresh Gourmet, segment sales declined 4 percent reflecting lower sales in carrots, partly offset by gains in *Bolthouse Farms* premium refrigerated beverages and salad dressings.

Segment operating earnings decreased 28 percent to \$13 million. The decrease in operating earnings was primarily driven by higher carrot costs, partly offset by productivity improvements.

Sales and costs of carrots were negatively impacted in the quarter by the adverse impact of weather conditions on crop yields.

### **Unallocated Corporate Expenses**

Unallocated corporate expenses for the quarter were \$54 million compared to \$40 million in the prior year. The current quarter included \$54 million of charges related to a pension benefit mark-to-market adjustment and \$13 million of charges related to the implementation of the new organizational structure and cost savings initiatives. The current quarter also included a \$25 million gain from the settlement of a claim related to the Kelsen acquisition. The prior-year quarter included \$26 million of charges related to a pension and postretirement benefit mark-to-market adjustment and \$9 million of charges related to the implementation of the new organizational structure and cost savings initiatives. The remaining increase in expenses was primarily related to higher incentive compensation costs.

### **Conference Call**

Campbell will host a conference call to discuss these results today at 8:30 a.m. Eastern Daylight Time. To join, dial +1 (703) 639-1316. The conference ID is 1670608. Access to a live webcast of the call with accompanying slides, as well as a replay of the call, is available at [investor.campbellsoupcompany.com](http://investor.campbellsoupcompany.com). A recording of the call will also be available until midnight on June 3, 2016, at +1 (703) 925-2533. The access code for the replay is 1670608.

### **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](http://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](http://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 2016, 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; (5) the risks associated with trade and consumer acceptance of the company's initiatives, including its trade and promotional programs; (6) the practices, including changes to inventory practices, and increased significance of certain of the company's key trade customers; (7) the impact of fluctuations in the supply or costs of energy and raw and packaging materials; (8) the impact of business portfolio changes; (9) the uncertainties of litigation and regulatory actions against the company; (10) 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; (11) 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 (12) 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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