



Campbell's

Q1 2021
Earnings Presentation

Campbell's



Rebecca Gardy
Vice President
Investor Relations



Forward-Looking Statement

The factors that could cause actual results to vary materially from those anticipated or expressed in any forward-looking statement include: impacts of, and associated responses to, the COVID-19 pandemic; our ability to execute on and realize the expected benefits from our strategy, including growing sales in snacks and maintaining market share position in soup; 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; our ability to realize projected cost savings and benefits from cost savings initiatives and the integration of recent acquisitions; disruptions to our supply chain and/or operations, as well as 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; 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 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 uncertainties of litigation and regulatory actions against us; the costs, disruption and diversion of management's attention associated with activist investors; a material failure in or a breach of our information technology systems; 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; our ability to attract and retain key talent; negative changes and volatility in financial and credit markets, deteriorating economic conditions and other external factors, including changes in laws and regulations; unforeseen business disruptions in one or more of our markets due to political instability, civil disobedience, terrorism, armed hostilities, extreme weather conditions, natural disasters, pandemics 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.



Agenda



CEO Perspective



Division Highlights



Q1 Financial Highlights



Q2 Guidance



Q&A

Campbell's



Mark Clouse
President and
Chief Executive Officer

Q1 Fiscal 2021 Earnings Presentation
CEO Perspective



Strong Consolidated Results

+8%

Organic Sales*

+18%

Adj. EBIT*

+31%

Adj. EPS*

+6%

**Dividend
Increase**

+7%

**Consumption
Growth¹**

Key Highlights

- Growth across all key metrics as elevated demand continued
- Improved supply heading into key soup and holiday season
- Double-digit growth in M&B; solid growth in Snacks led by power brands
- Strong consumption growth, sustained household penetration gains and strong repeat rates
- Confident in long-term growth trajectory

* See Non-GAAP reconciliation

¹ Total IRI U.S. MULO \$ consumption latest 13 weeks ending 11/1/2020



Meals & Beverages Division Performance

U.S. Soup

+21%
Net Sales

+1.3 pts
Household Penetration¹



+4M
Condensed New Households²

+2.7 pts
Condensed Share Among Millennials³

Key M&B Brands



#1 Share 18th Straight Month³



Share Gains
+2.7 pts¹



Increased Household Penetration¹ & Share Gains³

Double-Digit Net Sales Growth

¹ IRI NCP, Total U.S. All Outlets, 13 weeks ending 11/1/2020. ² IRI NCP, Total U.S. All Outlets purchased 13 weeks ending 11/1/2020 and not 52 weeks ending 8/2/2020, ³ IRI MA MUL0 13 weeks ending 11/1/2020.

- Broth & soup
 - +22% consumption growth¹
 - 4th consecutive quarter of share growth; strong gains with millennials¹
 - Increased points of distribution & household penetration²
 - First national advertising campaign
- Plant-based beverages
 - 3rd consecutive quarter of share growth¹
 - Double-digit consumption growth¹



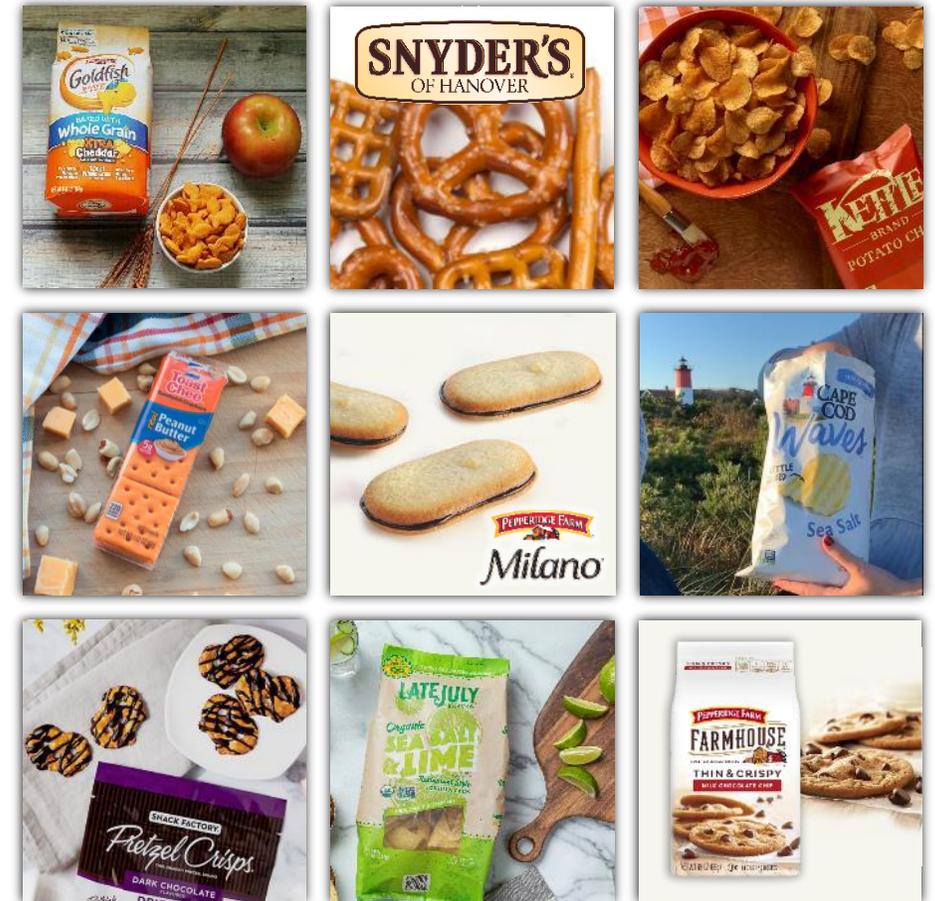
¹Total IRI U.S. MULO \$ consumption latest 13 weeks ending 11/1/2020. ²IRI NCP, Total U.S. All Outlets, 13 weeks ending 11/1/2020.



Snacks Power Brands

- +6% in-market consumption¹
- *Late July* double-digit consumption and +2-point gain in share¹
- *Goldfish* improved consumption & share in latest 4 weeks²
- Value capture remains on track

Campbell's | SNACKS



¹ Total IRI U.S. MULO \$ consumption latest 13 weeks ending 11/1/2020

² Total IRI U.S. MULO \$ consumption latest 4 weeks ending 11/29/2020



E-commerce Performance

- E-commerce in-market consumption +85%¹ vs. prior year
- E-commerce trends will continue
- Investing to strengthen our capabilities and support key partnerships



¹ IRI eMarket Insights, FYTD ending 11/1/2020

Campbell's



Mick Beekhuizen
EVP & Chief Financial Officer

Q1 Fiscal 2021 Earnings Presentation
CFO Perspective



Financial Summary

Continuing Operations
(\$ millions, except per share data)

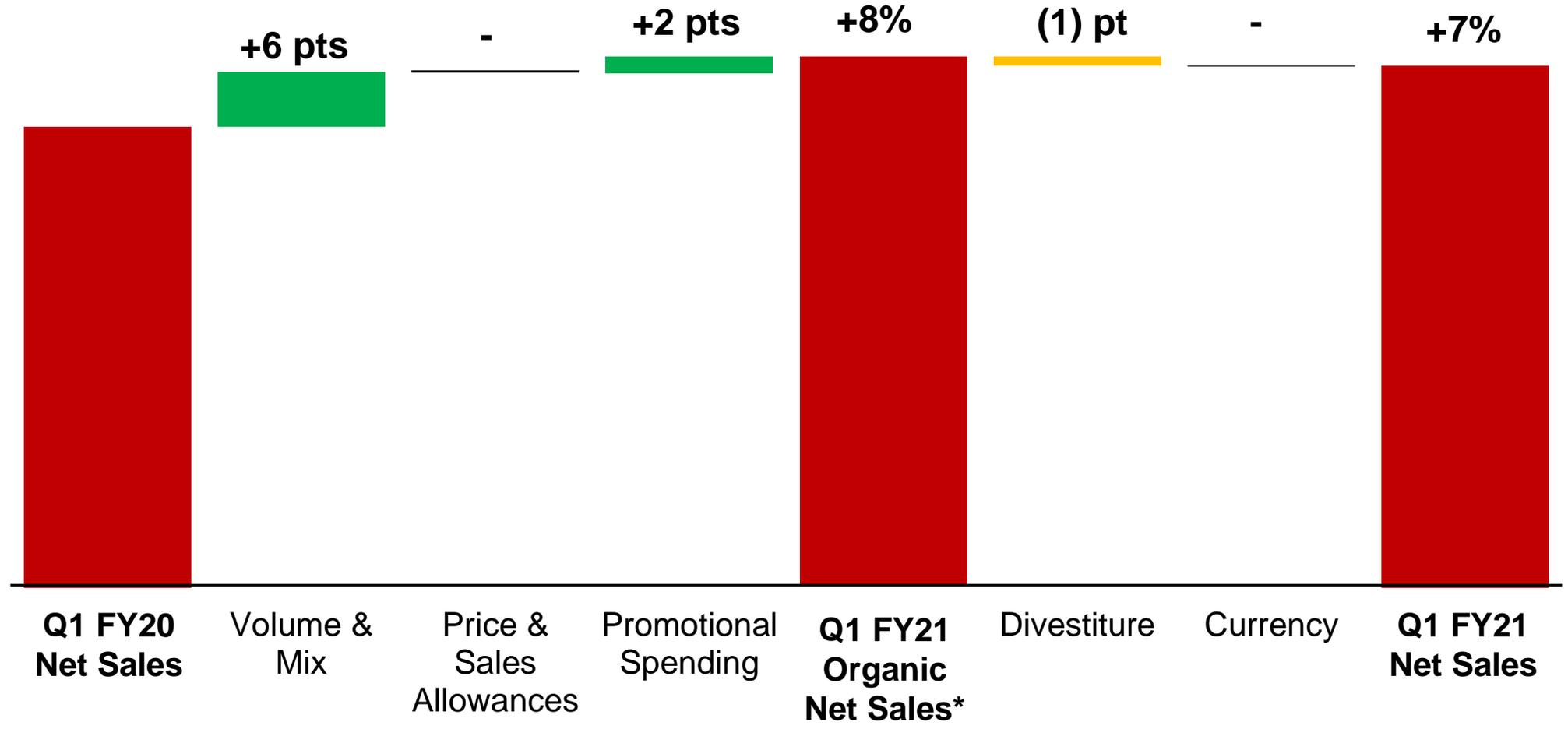
	Q1 FY21	Change vs. PY	
		\$	%
Net Sales	\$2,340	\$157	7%
<i>Organic Net Sales*</i>		\$182	8%
Adjusted EBIT*	\$463	\$71	18%
Adjusted EPS*	\$1.02	\$0.24	31%

*See Non-GAAP reconciliation



Components of Net Sales Growth

Continuing Operations



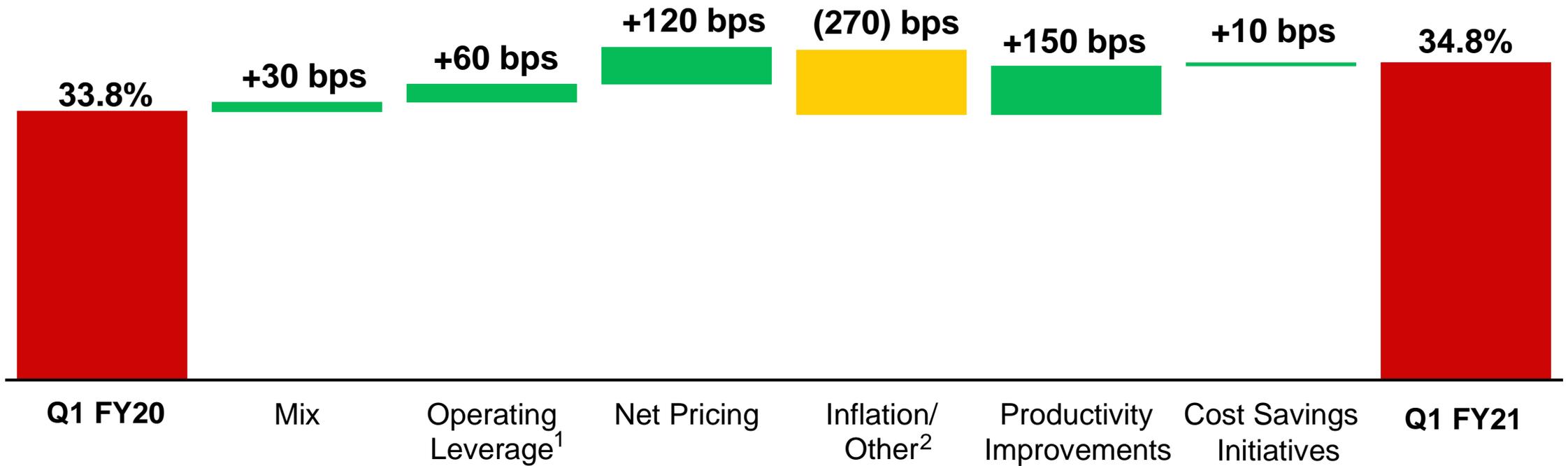
* See Non-GAAP reconciliation



Adjusted Gross Margin* Expansion

Continuing Operations

+100 bps



* See Non-GAAP reconciliation

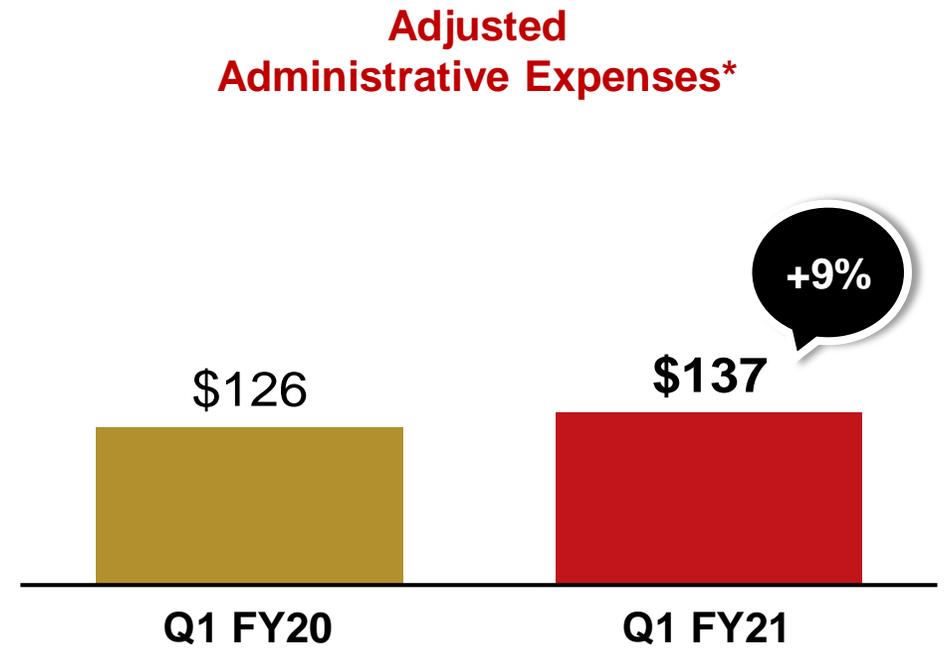
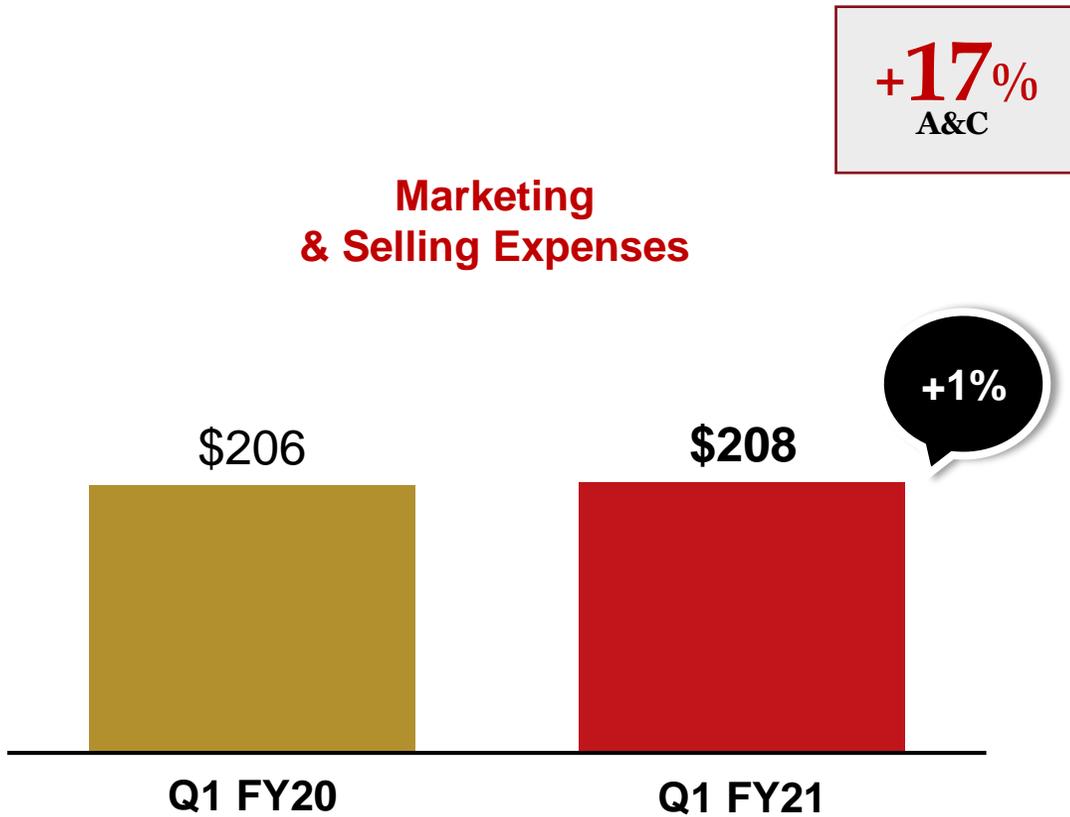
¹ Reflects best estimate of individual component

² Includes cost impact of COVID-19



Other Operating Items

Continuing Operations (\$ millions)



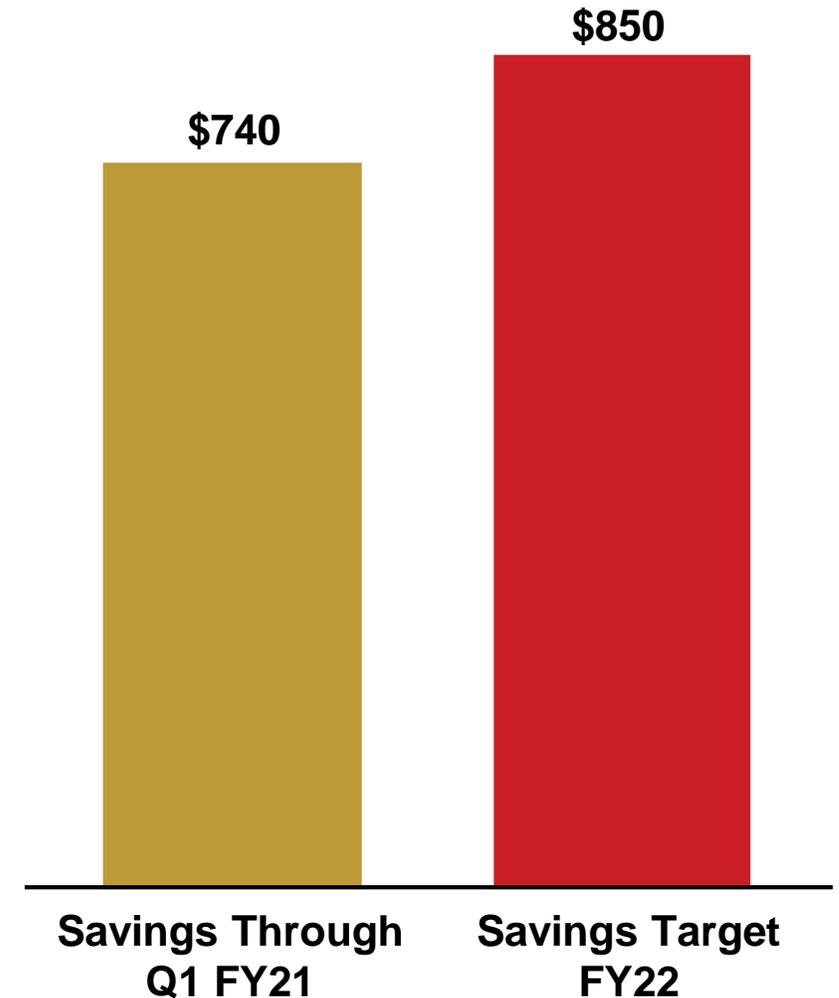
* See Non-GAAP reconciliation



Cost Savings & Value Capture

Continuing Operations (\$ millions)

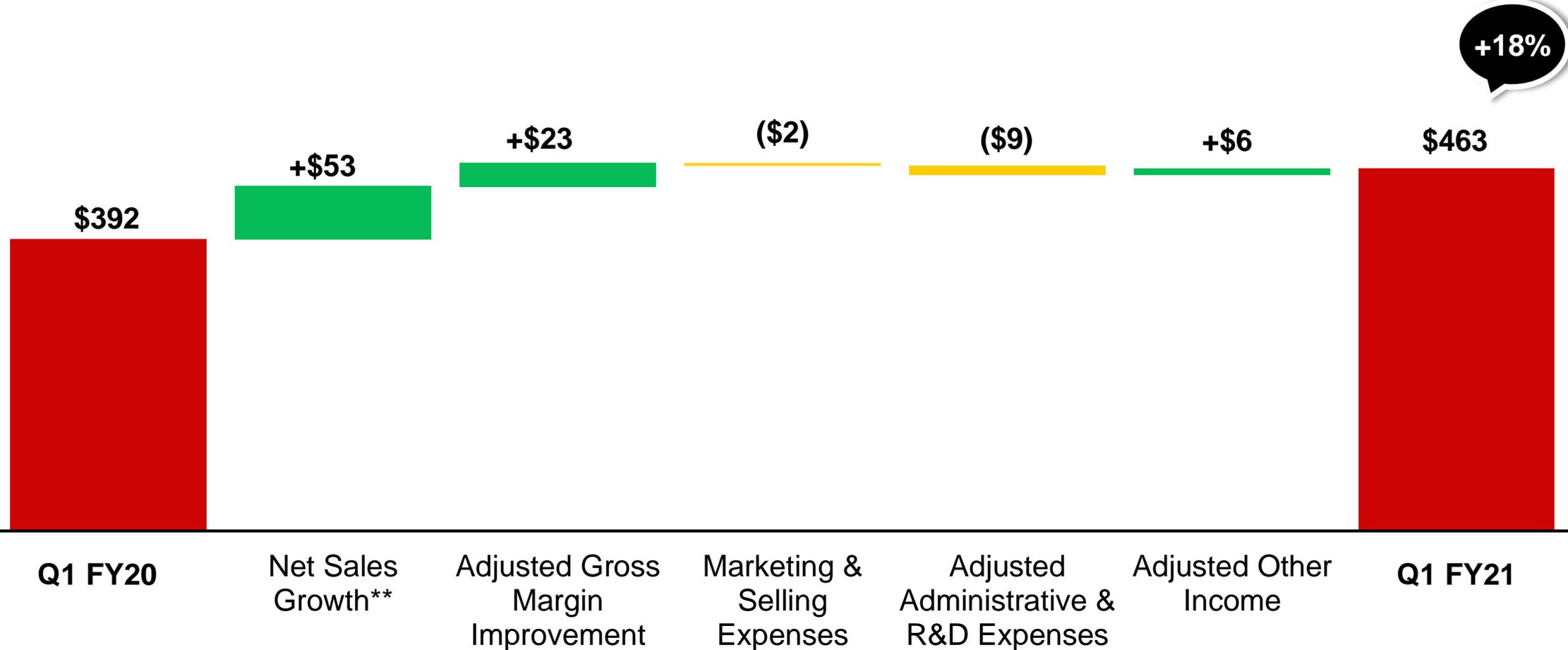
- Total savings of \$15 million realized in Q1
- Enterprise cost savings and Snyder's-Lance synergies on track with \$740 million achieved to date
- Target of approximately \$75 - 85 million for FY21
- Tracking to cumulative savings target of \$850 million by end of FY22





Adjusted* EBIT Growth

Continuing Operations (\$ millions)



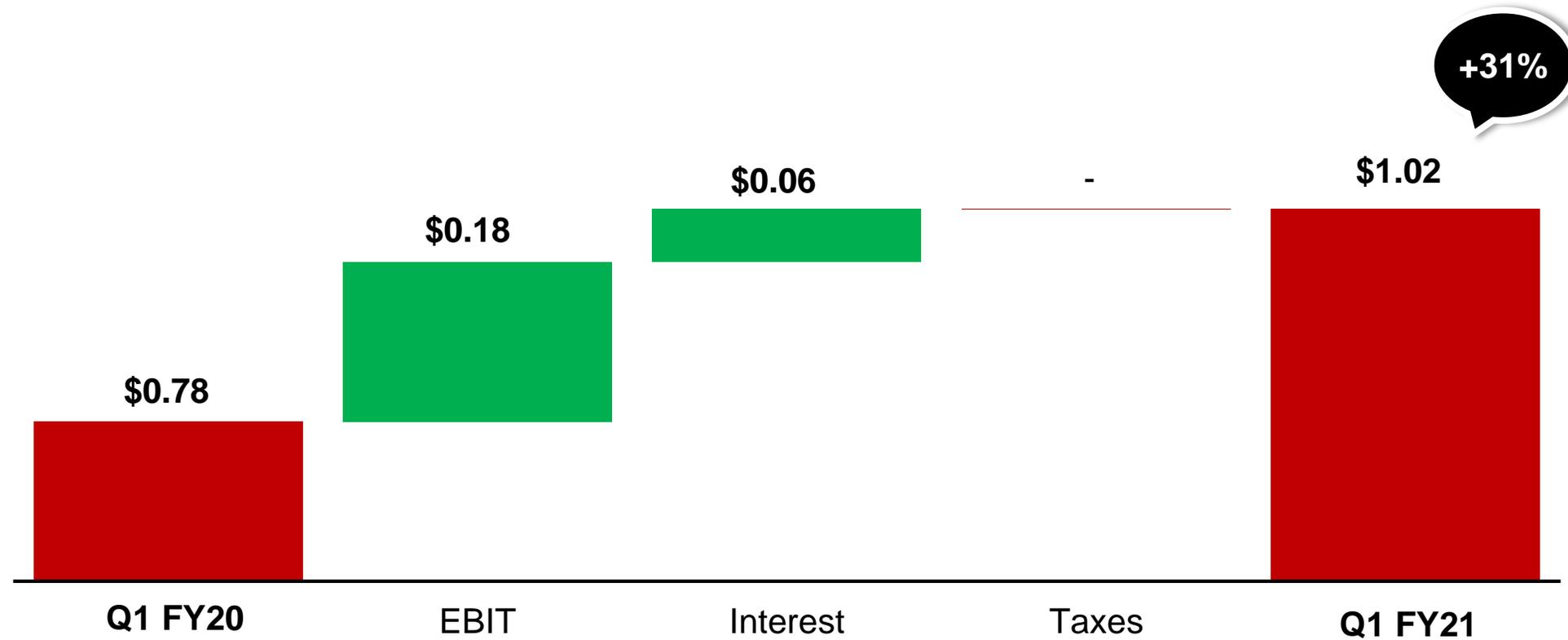
+18%

*See Non-GAAP reconciliations.
** Impact of net sales growth based on prior year adjusted gross margin.



Adjusted* EPS Performance

Continuing Operations



+31%

* See Non-GAAP reconciliation



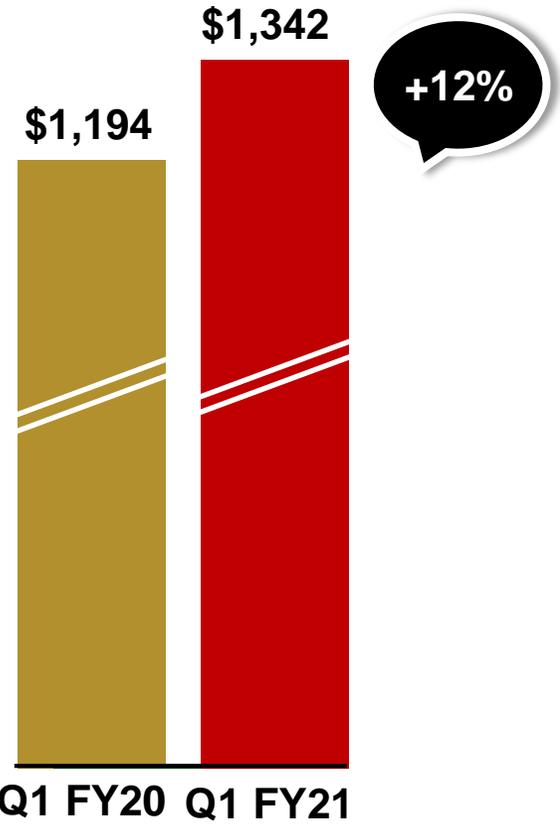
Segment Results



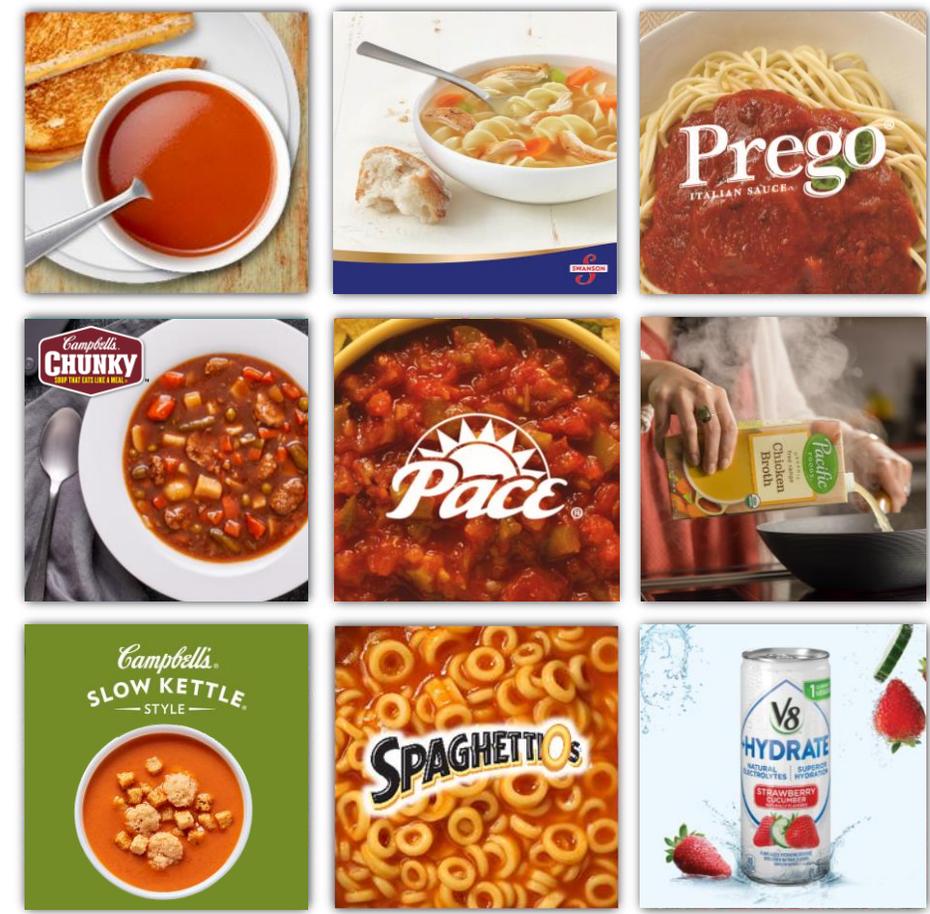
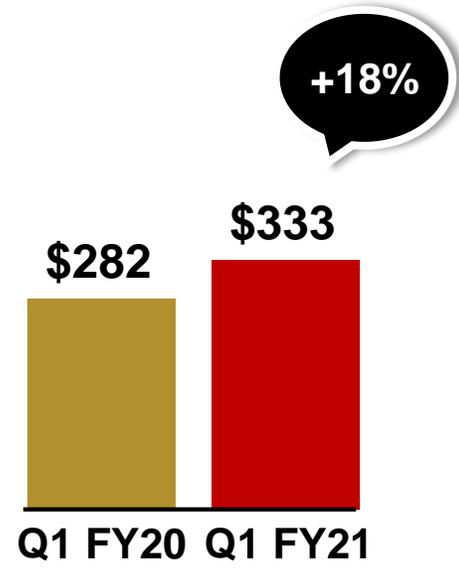
Campbell's MEALS & BEVERAGES

(\$ millions)

Net Sales & Organic Growth Rate*



Operating Earnings



* See Non-GAAP reconciliation

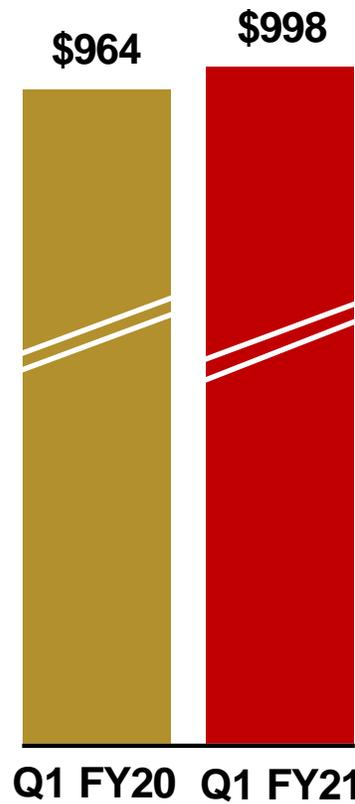


Segment Results

Campbell's | SNACKS

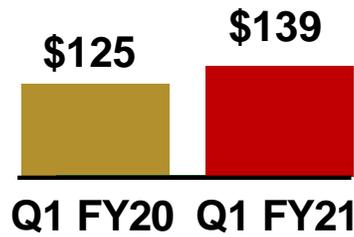
(\$ millions)

Net Sales & Organic Growth Rate*

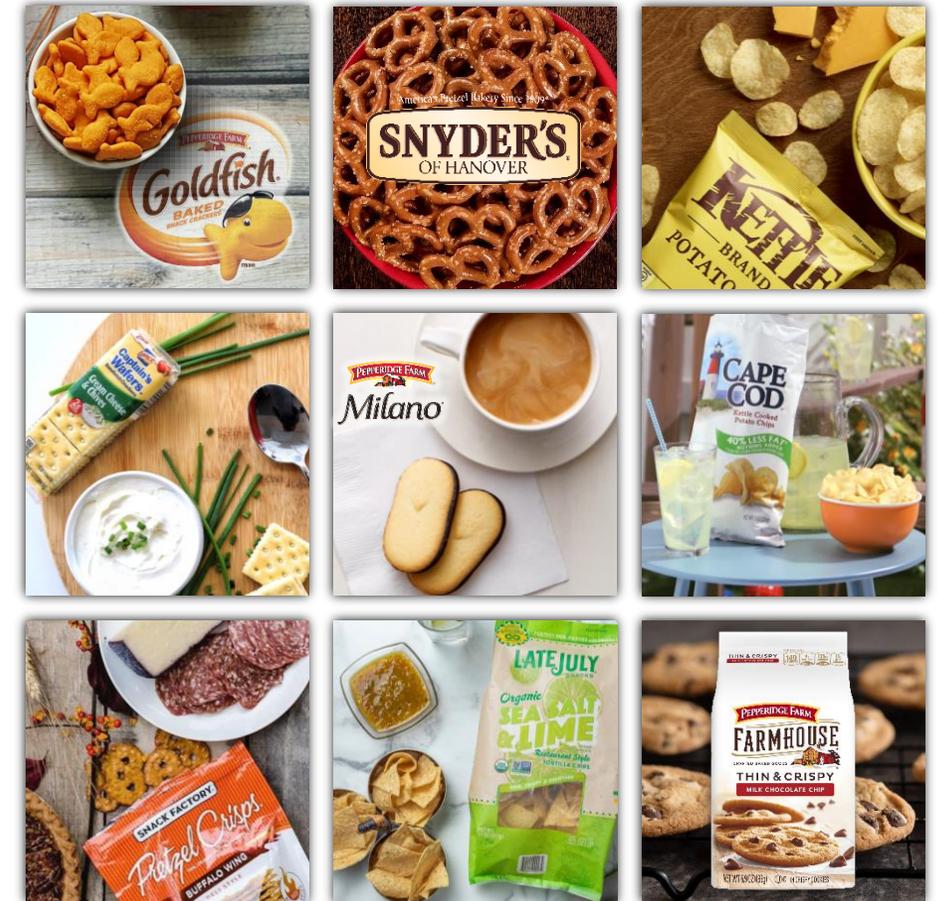


+4%

Operating Earnings



+11%



* See Non-GAAP reconciliation



Cash Flow

Total Company (\$ millions)

First-Quarter	Q1 FY20	Q1 FY21
Net Cash Flows from Operations	\$182	\$180
<i>Of which changes in working capital (net of divestitures)</i>	<i>(\$173)</i>	<i>(\$247)</i>
Net Cash Flows from Investing Activities	\$269	(\$72)
<i>Of which capital expenditures</i>	<i>(\$98)</i>	<i>(\$74)</i>
<i>Of which sale of businesses (net of cash divested)</i>	<i>\$368</i>	<i>-</i>
Net Cash Flows from Financing Activities	(\$453)	(\$245)
<i>Of which net debt repayments</i>	<i>(\$338)</i>	<i>(\$123)</i>
<i>Of which dividends paid</i>	<i>(\$107)</i>	<i>(\$108)</i>
Net Change in Cash & Cash Equivalents¹	(\$3)	(\$137)

¹ Numbers do not add as this item includes the effect of exchange rate changes on cash



Q2 Fiscal 2021 Guidance for Continuing Operations

(\$ in millions, except per share)

	Q2 Fiscal 2020 Results	Q2 Fiscal 2021 Guidance
Net Sales	\$2,162	+5% to +7%
Adjusted EBIT	\$364*	+5% to +7% ¹
Adjusted EPS	\$0.72*	+12% to +15% ¹ \$0.81 to \$0.83

* See Non-GAAP reconciliation

¹ A non-GAAP reconciliation is not provided for 2021 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 business results.



Mark Clouse
President and
Chief Executive Officer



Mick Beekhuizen
EVP and Chief Financial Officer

Appendix

Reconciliation of GAAP and Non-GAAP Financial Measures

Continuing Operations (\$ millions)

First Quarter

November 1, 2020

Meals & Beverages

Net Sales, As Reported	Impact of Currency	Organic Net Sales
\$ 1,342	\$ -	\$ 1,342

% Change

Net Sales, As Reported	Organic Net Sales
12%	12%

Snacks

998	-	998
-----	---	-----

1%	4%
----	----

Total Net Sales

<u>\$ 2,340</u>	<u>\$ -</u>	<u>\$ 2,340</u>
-----------------	-------------	-----------------

<u>7%</u>	<u>8%</u>
-----------	-----------

October 27, 2019

Meals & Beverages

Net Sales, As Reported	Impact of Divestiture	Organic Net Sales
\$ 1,194	\$ -	\$ 1,194

Snacks

989	(25)	964
-----	------	-----

Total Net Sales

<u>\$ 2,183</u>	<u>\$ (25)</u>	<u>\$ 2,158</u>
-----------------	----------------	-----------------

Reconciliation of GAAP and Non-GAAP Financial Measures

Continuing Operations
(\$ millions, except per share amounts)

First Quarter

	EBIT	EBIT Margin %	Earnings	Diluted EPS*
2021 – As Reported	\$ 461	19.7%	\$ 309	\$ 1.02
Add: Restructuring charges, implementation costs and other related costs	6		5	0.02
Deduct: Pension settlement	(4)		(3)	(0.01)
2021 – Adjusted	\$ 463	19.8%	\$ 311	\$ 1.02
2020 – As Reported	\$ 317	14.5%	\$ 169	\$ 0.56
Add: Restructuring charges, implementation costs and other related costs	11		8	0.03
Add: Charges associated with divestiture	64		60	0.20
2020 – Adjusted	\$ 392	18.0%	\$ 237	\$ 0.78
% Change	18%	+180 bps	31%	31%

*The sum of the individual per share amounts may not add due to rounding.

Reconciliation of GAAP and Non-GAAP Financial Measures

Continuing Operations (\$ millions)

First Quarter

	<u>Gross Margin</u>	<u>GM %</u>	<u>EBT</u>	<u>Tax</u>	<u>Tax Rate</u>
2021 – As Reported	\$ 813	34.7%	\$ 406	\$ 97	23.9%
Add: Restructuring charges, implementation costs and other related costs	1		6	1	
Deduct: Pension settlement	-		(4)	(1)	
2021 – Adjusted	<u>\$ 814</u>	<u>34.8%</u>	<u>\$ 408</u>	<u>\$ 97</u>	<u>23.8%</u>
2020 – As Reported	\$ 738	33.8%	\$ 237	\$ 68	28.7%
Add: Restructuring charges, implementation costs and other related costs	-		11	3	
Add: Charges associated with divestiture	-		64	4	
2020 – Adjusted	<u>\$ 738</u>	<u>33.8%</u>	<u>\$ 312</u>	<u>\$ 75</u>	<u>24.0%</u>

Reconciliation of GAAP and Non-GAAP Financial Measures

Continuing Operations (\$ millions)

Adjusted EBIT Impact from Adjusted Gross Margin Expansion

	<u>First Quarter</u>
2021 – Reported Net Sales	\$ 2,340
2021 – Adjusted Gross Margin %	34.8%
2020 – Adjusted Gross Margin %	33.8%
Change in Adjusted Gross Margin %	<u>1.0%</u>
Reported Net Sales multiplied by change in Adjusted Gross Margin %	<u>\$ 23</u>

Reconciliation of GAAP and Non-GAAP Financial Measures

Continuing Operations (\$ millions)

First Quarter

	<u>Administrative Expenses</u>	<u>R&D Expenses</u>	<u>Other Expenses / (Income)</u>
2021 – As Reported	\$ 141	\$ 20	\$ (18)
Deduct: Restructuring charges, implementation costs and other related costs	(4)	-	-
Add: Pension settlement	-	-	4
2021 – Adjusted	<u>\$ 137</u>	<u>\$ 20</u>	<u>\$ (14)</u>
2020 – As Reported	\$ 134	\$ 22	\$ 56
Deduct: Restructuring charges, implementation costs and other related costs	(8)	-	-
Deduct: Charges associated with divestiture	-	-	(64)
2020 – Adjusted	<u>\$ 126</u>	<u>\$ 22</u>	<u>\$ (8)</u>
\$ Change	\$ 11	\$ (2)	\$ (6)
% Change	9%	(9)%	75%

Reconciliation of GAAP and Non-GAAP Financial Measures

Continuing Operations
(\$ millions, except per share amounts)

First Quarter – Adjusted Diluted EPS Impact from Adjusted EBIT and Interest

	<u>Adjusted EBIT</u>	<u>Interest</u>
2021	\$ 463	\$ 55
2020	\$ 392	\$ 80
\$ Change	\$ 71	\$ (25)
Add (Deduct): Tax impact	(17)	6
Change in Net Earnings	<u>\$ 54</u>	<u>\$ 19</u>
First Quarter 2020 Diluted Shares	303	303
Adjusted Diluted EPS Impact	\$ 0.18	\$ 0.06

Reconciliation of GAAP and Non-GAAP Financial Measures

Continuing Operations
(\$ millions, except per share amounts)

Adjusted Diluted EPS Impact from Change in Adjusted Tax Rate

	<u>First Quarter</u>
2021 – Adjusted EBT	\$ 408
2021 – Adjusted Tax Rate	23.8%
2020 – Adjusted Tax Rate	<u>24.0%</u>
Change in Adjusted Tax Rate	<u><u>-0.2%</u></u>
Adjusted EBT multiplied by the Change in Adjusted Tax Rate	<u><u>\$ 1</u></u>
First Quarter 2020 Diluted Shares	303
Adjusted Diluted EPS Impact	\$ -

Reconciliation of GAAP and Non-GAAP Financial Measures

Continuing Operations
(\$ millions, except per share amounts)

Second Quarter

	<u>EBIT</u>	<u>Earnings</u>	<u>Diluted EPS</u>
2020 – As Reported	\$ 350	\$ 171	\$ 0.56
Add: Restructuring charges, implementation costs and other related costs	25	19	0.06
Add: Loss on extinguishment of debt	-	57	0.19
Deduct: Tax benefit associated with divestiture	-	(19)	(0.06)
Deduct: Pension settlement	(11)	(8)	(0.03)
2020 – Adjusted	<u>\$ 364</u>	<u>\$ 220</u>	<u>\$ 0.72</u>

Campbell's