

Campbell's

**First-Quarter Fiscal 2019
Results Presentation**

November 20, 2018

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Real food that matters for life's moments



Forward-Looking Statements

This presentation contains “forward-looking statements” that reflect our current expectations about the impact of future plans and performance on our business or financial results. These forward-looking statements 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 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 campaigns commenced by 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.

Agenda

Progress on Delivering the Plan

Q1 Fiscal 2019 Results

Fiscal 2019 Guidance

Closing Remarks

Q&A

Progress on Delivering the Plan

Priorities and Actions Following Campbell's Comprehensive Board-led Strategy and Portfolio Review



Simplifying, Focusing & Optimizing North American Portfolio



Pursuing Divestitures of Non-Core Assets & Deleveraging



Driving Increased Cost Savings & Asset Efficiency

Greater Operating Discipline Leading to Improved Performance

- Fiscal Q1 Results on Track in a Transition Year
- Reiterating Fiscal 2019 Financial Guidance

Delivering the Plan: Stabilize Soup

- Stabilizing soup is a top priority, supported by:
 - Focus on key brands with distinct portfolio roles

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- Closing price gaps
- Optimizing merchandizing with key customers
- New marketing focused on *Campbell's* master brand
- Increasing production efficiency and distribution at Pacific based on robust demand
- Launching consumer-focused innovation: affordable, on-the-go snacking with *Well Yes!* Sipping Soups

Improved soup trends later in quarter
Soup sales grew year-over-year in October



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Delivering the Plan: **Snyder's-Lance Integration**

- **Value Creation: Combining Two Strong Businesses to Form Campbell Snacks**
 - Meeting financial expectations
 - Combined snacking business enjoys leading market positions across our power brands



- 16th consecutive quarter of sales growth at Pepperidge Farm
- Snyder's-Lance growing share in 6 of 8 core brands
- Investing to drive sales growth and margin expansion
- **Value Capture on Track**
 - Focused on manufacturing, procurement, distribution and logistics



Delivering the Plan: Divestiture Update

- Solicitation processes underway
- Assets have garnered strong initial interest from a range of potential buyers
- Expect to announce buyers by end of FY2019
- Proposed divestitures represent ~\$2.1 billion in annual net sales (FY2018)
- Proceeds to be used to pay down debt and strengthen balance sheet
 - Target of 3.0x pro-forma net debt to EBITDA leverage ratio by end of FY2021*

Campbell International



#1 biscuit brand in Australia



A leading supplier of Danish butter cookies in China and Hong Kong

Operations in

- Indonesia
- Malaysia
- Hong Kong
- Japan

Campbell Fresh



Portfolio consists of organic beverages, dressings, and carrots

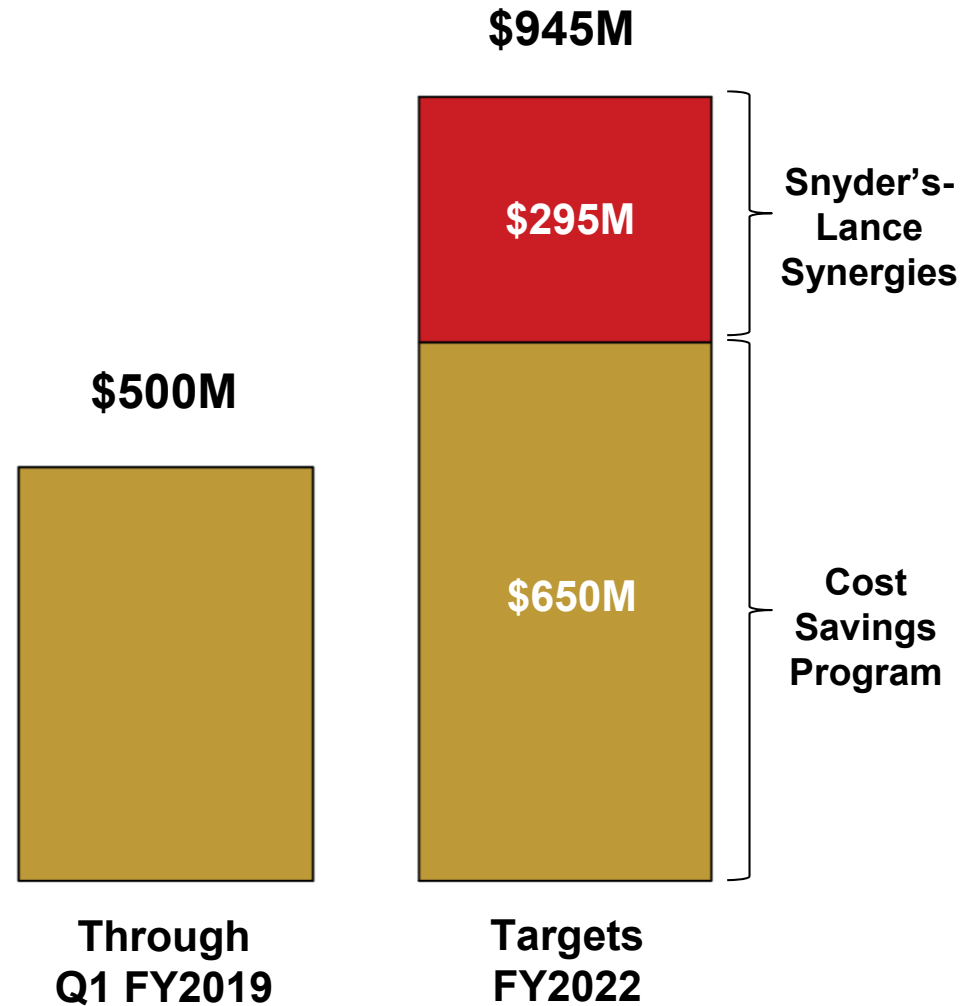


Portfolio consists of refrigerated salsa, hummus, and dips

*A non-GAAP reconciliation is not provided 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.

Delivering the Plan: Driving Increased Cost Savings & Asset Efficiency

- Campbell cost savings and Snyder's-Lance synergies programs on track with \$500 million achieved to date
- A total of \$45 million in combined savings realized in Q1 FY2019 alone
 - Streamline organization, expand ZBB and optimize manufacturing network
- Total savings target of \$945 million by end of FY2022
- Additional \$350 million in targeted free cash flow through efficiencies in working capital and capital expenditures through FY2022



Summary

Q1 results place the company on track to deliver FY2019 guidance

- ✓ Actions are the right moves at this time to create shareholder value
- ✓ Active Board remains committed to evaluating all strategic options
- ✓ Demonstrating improved operating discipline
- ✓ Beginning to develop culture of performance and accountability
- ✓ Fiscal 2019 is a transition year as new management operationalizes strategy

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Measurable Progress Against All Key Priorities

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CFO Perspective

Anthony DiSilvestro

Senior Vice President & Chief Financial Officer
Campbell Soup Company

First-Quarter Fiscal 2019 Summary

- **Fiscal 2019 results are on track**
- **Solid recovery from distribution start-up challenges with our third-party logistics provider**
- **Continued delivery of cost savings**
- **Acquisitions are meeting expectations**
- **Reaffirming 2019 guidance**
- **Initiated divestiture processes**

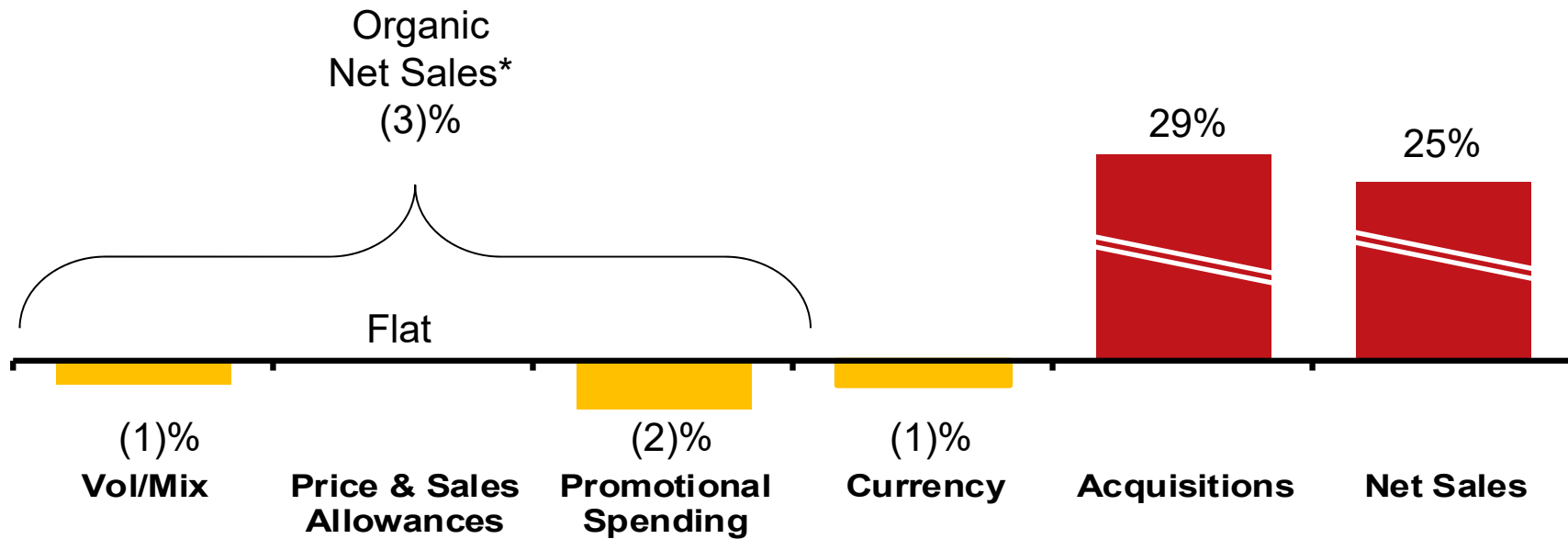
Financial Summary

(\$ millions, except per share)

	First Quarter	% Change
Net Sales	\$2,694	25%
Organic Net Sales*		(3)%
Adjusted EBIT*	\$410	(2)%
Adjusted EPS*	\$0.79	(14)%

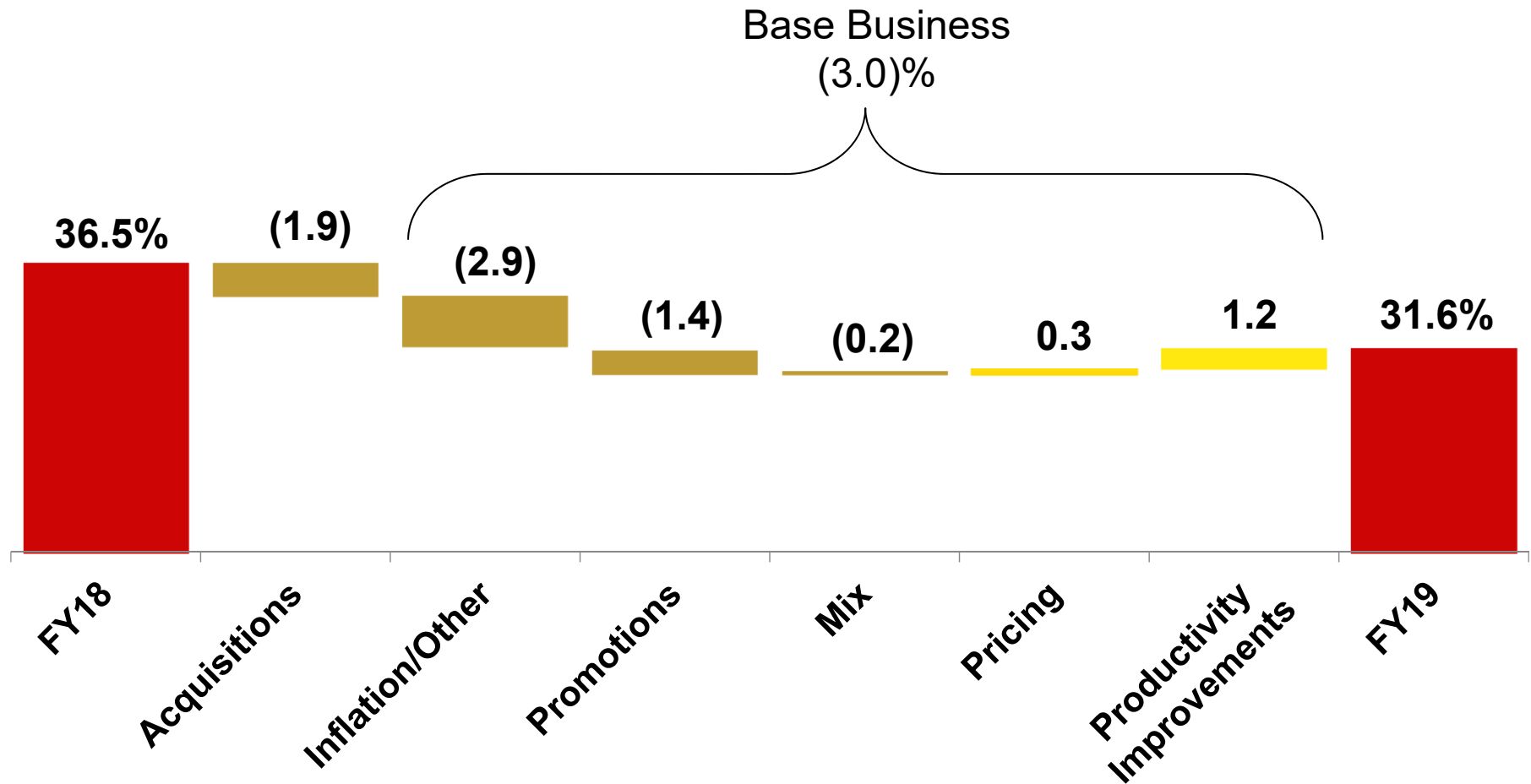
* See Non-GAAP reconciliation

First Quarter – Components of Net Sales Change



* See Non-GAAP reconciliation

First Quarter – Adjusted Gross Margin Performance*

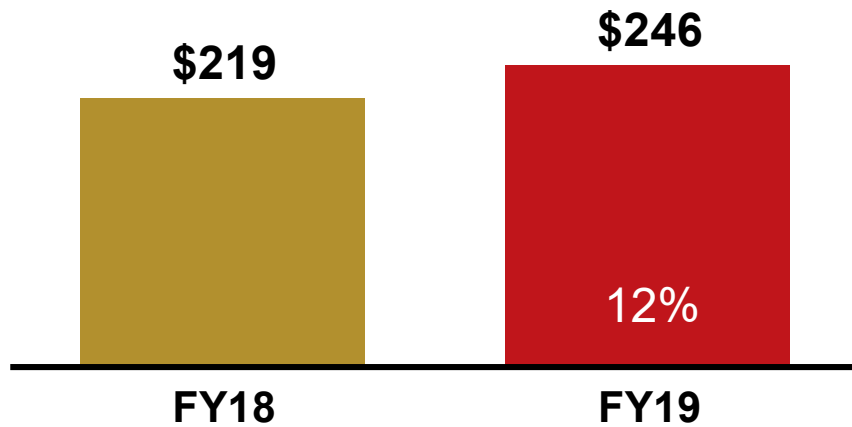


* See Non-GAAP reconciliation

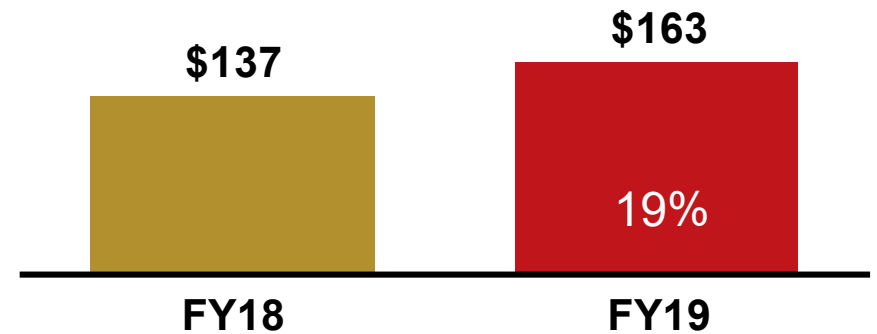
First Quarter – Other Operating Items

(\$ millions)

*Adjusted Marketing
& Selling Expenses**

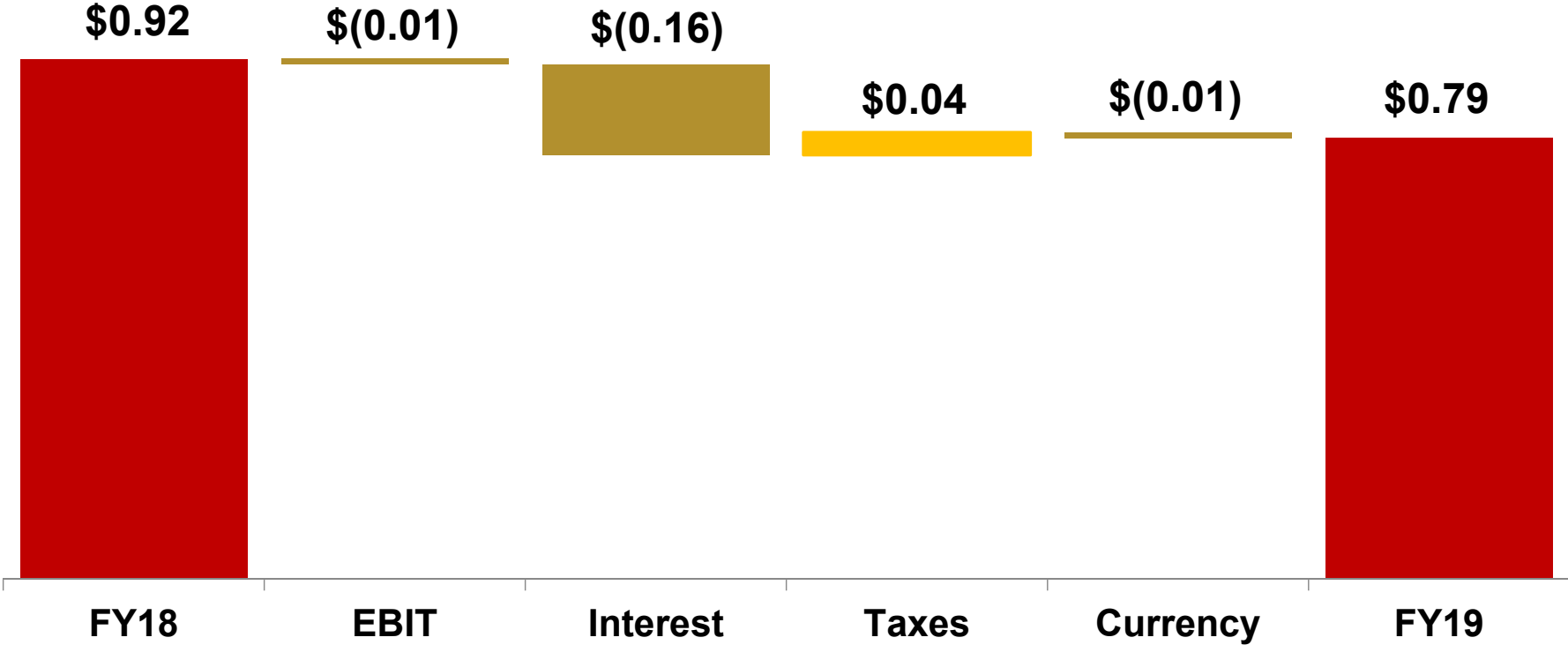


*Adjusted
Administrative Expenses**



* See Non-GAAP reconciliation

First Quarter – Adjusted EPS Performance*



Numbers due not add across due to rounding

* See Non-GAAP reconciliation

First-Quarter Segment Results

(\$ millions)

Meals and Beverages



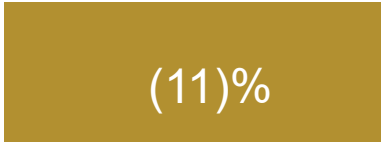
\$1,244



Net Sales &
Organic
Growth Rate*

(5)%

\$294



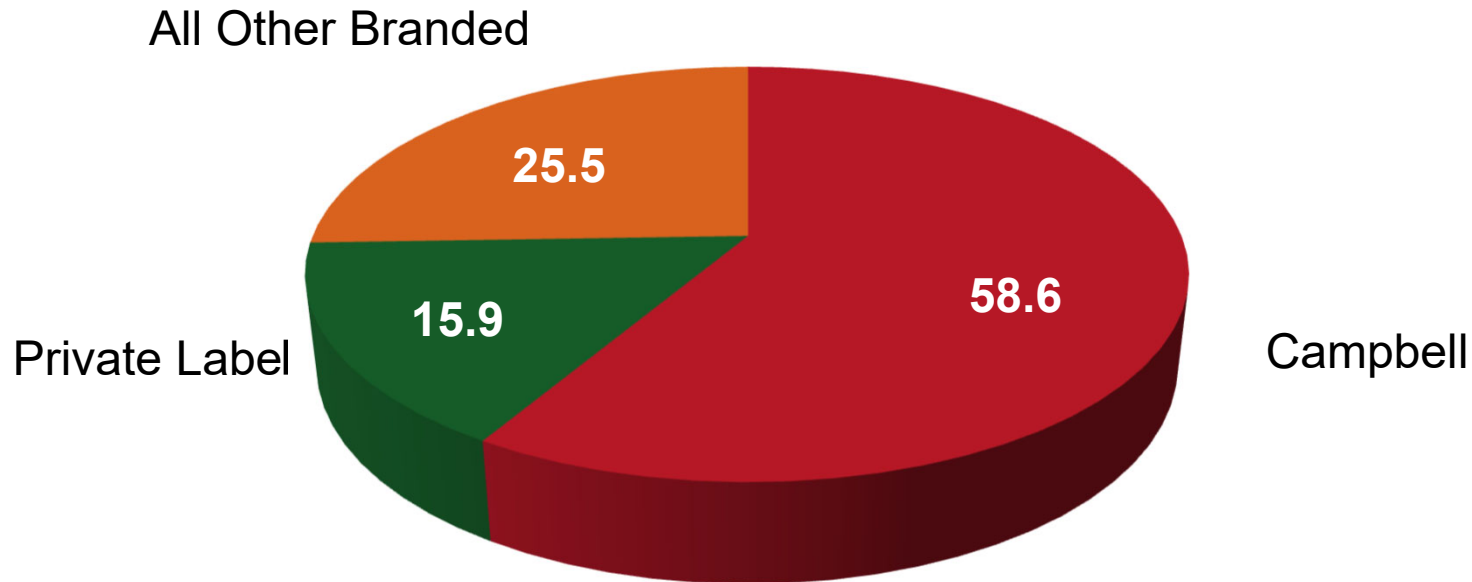
Operating
Earnings

(11)%

- See Non-GAAP reconciliation

Note: 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. Prior-period segment results have been adjusted retrospectively to reflect this change.

Retail Sales – U.S. Wet Soup Latest 52 Week Market Share and Category Performance



	<u>Category</u>	<u>Campbell</u>	<u>AO Branded</u>	<u>Private Label</u>
Dollar Share Change	N/A	(2.5) pts	+0.9 pts	+1.6 pts
Dollar Sales Change	(0.4)%	(4.6)%	+3.3%	+10.6%

Campbell/PL figures include condensed and ready-to-serve soup and broth.
 Campbell figures include *Pacific* soups and broth.
 Source: IRI Total U.S. Multi-Outlet
 For 52-week period ending October 28, 2018

First-Quarter Segment Results

(\$ millions)

Global Biscuits & Snacks



\$1,218

(1)%

Net Sales &
Organic
Growth Rate*

\$154

32%

Operating
Earnings

- See Non-GAAP reconciliation

Note: Beginning in fiscal 2019, the simple meals and shelf-stable beverages business in Latin America is included in the Meals and Beverage segment. Prior-period segment results have been adjusted retrospectively to reflect this change.

First-Quarter Segment Results

(\$ millions)

Campbell Fresh



\$232

(1)%

Net Sales &
Organic
Growth Rate*

\$(3)

Operating Loss

* See Non-GAAP reconciliation

Cash Flow and Balance Sheet Items

(\$ millions)

Year-To-Date	2018	2019
Cash Flow from Operations	\$188	\$231
Capital Expenditures	\$58	\$111
Dividends Paid	\$111	\$107
Share Repurchases	\$86	-
Ending Net Debt as of Q1*	\$3,298	\$9,641

* See Non-GAAP reconciliation

Fiscal 2019 Guidance

(\$ millions, except per share)

	2018 Results	2019 Guidance Pre-Divestitures	2019 Pro-Forma Assuming Divestitures
Net Sales	\$8,685	\$9,975 to \$10,100	\$7,925 to \$8,050
Incremental Net Sales from Snyder's-Lance and Pacific Foods		\$1,500 to \$1,550	\$1,500 to \$1,550
Adjusted EBIT	\$1,408*	\$1,370 to \$1,410**	\$1,230 to \$1,270**
Adjusted EPS	\$2.87*	\$2.45 to \$2.53**	\$2.40 to \$2.50**

* See Non-GAAP reconciliation

** A non-GAAP reconciliation is not provided for 2019 guidance or 2019 pro forma 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. The pro forma scenario is provided for illustrative purposes to provide approximate impact of potential divestitures as if they occurred at the beginning of Fiscal 2019 and is based on the use of estimated proceeds.

Clear Path Forward to Maximize Value for All Shareholders

People have
always loved our

ICONS



They have
embraced what's

NEW



Everyone will
want what's

NEXT



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Q&A

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Appendix

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Appendix

Reconciliation of GAAP and Non-GAAP Financial Measures

(\$ millions)

First Quarter

2019

	Net Sales, As Reported	Impact of Currency	Impact of Acquisitions	Organic Net Sales	% Change	
					Net Sales, As Reported	Organic Net Sales
Meals and Beverages	\$ 1,244	\$ 5	\$ (69)	\$ 1,180	- %	(5) %
Global Biscuits and Snacks	1,218	17	(554)	681	77 %	(1) %
Campbell Fresh	232	-	-	232	(1) %	(1) %
Total Net Sales	\$ 2,694	\$ 22	\$ (623)	\$ 2,093	25 %	(3) %

2018

Meals and Beverages	\$ 1,239
Global Biscuits and Snacks	688
Campbell Fresh	234
Total Net Sales	\$ 2,161

Reconciliation of GAAP and Non-GAAP Financial Measures

(\$ millions, except per share amounts)

First Quarter

	EBIT	Net Earnings	Diluted EPS*
2019 – As Reported	\$ 350	\$ 194	\$ 0.64
Add: Restructuring charges, implementation costs and other related costs	46	35	0.12
Add: Impairment charge	14	11	0.04
2019 – Adjusted	<u>\$ 410</u>	<u>\$ 240</u>	<u>\$ 0.79</u>
2018 – As Reported	\$ 412	\$ 275	\$ 0.91
Add: Restructuring charges, implementation costs and other related costs	19	12	0.04
Deduct: Pension and postretirement benefit mark-to-market adjustments	(14)	(9)	(0.03)
2018 – Adjusted	<u>\$ 417</u>	<u>\$ 278</u>	<u>\$ 0.92</u>
% Change	(2) %	(14) %	(14) %

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

Reconciliation of GAAP and Non-GAAP Financial Measures

(\$ millions)

Adjusted EBIT Excluding Impact from Revenue Recognition

	First Quarter
2019 – Adjusted EBIT	\$ 410
Add: Impact of revenue recognition change	16
2019 – Adjusted EBIT, Excluding Revenue Recognition Change	<u>\$ 426</u>
2018 – Adjusted EBIT	\$ 417
% Change	2%

Reconciliation of GAAP and Non-GAAP Financial Measures

(\$ millions)

Adjusted EBIT from Base Business Excluding Impact from Change in Revenue Recognition

	First Quarter
2019 – Adjusted EBIT	\$ 410
Add: Impact of revenue recognition change*	17
Deduct: Impact of Snyder’s-Lance and Pacific Foods acquisitions	(62)
2019 – Adjusted EBIT, Excluding Acquisitions and Revenue Recognition Change	<u>\$ 365</u>
2018 – Adjusted EBIT	\$ 417
% Change	(12%)

*Impact of revenue recognition is \$17 million excluding a \$1 million benefit related to Pacific Foods, which is included in the adjustment for acquisitions.

Reconciliation of GAAP and Non-GAAP Financial Measures

(\$ millions)

First Quarter

	Gross Margin	GM %	Tax	Tax Rate
2019 – As Reported	\$ 824	30.6%	\$ 63	24.5%
Add: Restructuring charges, implementation costs and other related costs	12		11	
Add: Impairment charge	14		3	
2019 – Adjusted	<u>\$ 850</u>	<u>31.6%</u>	<u>\$ 77</u>	<u>24.3%</u>
2018 – As Reported	\$ 783	36.2%	\$ 107	28.0%
Add: Restructuring charges, implementation costs and other related costs	5		7	
Deduct: Pension and postretirement benefit mark-to market adjustments	-		(5)	
2018 – Adjusted	<u>\$ 788</u>	<u>36.5%</u>	<u>\$ 109</u>	<u>28.2%</u>

Reconciliation of GAAP and Non-GAAP Financial Measures

(\$ millions)

Adjusted Gross Margin % from Base Business

	First Quarter		
	Net Sales	Gross Margin	GM%
2019 – As Reported	\$ 2,694	\$ 824	30.6%
Add: Restructuring charges, implementation costs and other related costs	-	12	
Add: Impairment charge	-	14	
Deduct: Impact of Snyder’s-Lance and Pacific Foods acquisitions	(623)	(157)	
2019 – Adjusted, Excluding Acquisitions	<u>\$ 2,071</u>	<u>\$ 693</u>	<u>33.5%</u>
2018 – Adjusted		\$ 788	36.5%

Reconciliation of GAAP and Non-GAAP Financial Measures

(\$ millions)

First Quarter

		<u>Marketing and Selling Expenses</u>	<u>Administrative Expenses</u>
2019 – As Reported		\$ 248	\$ 176
Deduct:	Restructuring charges, implementation costs and other related costs	(2)	(13)
2019 – Adjusted		<u>\$ 246</u>	<u>\$ 163</u>
2018 – As Reported		\$ 219	\$ 149
Deduct:	Restructuring charges, implementation costs and other related costs	-	(12)
2018 – Adjusted		<u>\$ 219</u>	<u>\$ 137</u>
% Change		12%	19%

Reconciliation of GAAP and Non-GAAP Financial Measures

(\$ millions, except per share amounts)

EPS Impact from Adjusted EBIT Excluding Currency

	First Quarter
2019 – Adjusted EBIT	\$ 410
Add: Impact of currency translation	3
2019 – Adjusted EBIT, Constant Currency	<u>\$ 413</u>
2018 – Adjusted EBIT	\$ 417
\$ Change in Adjusted EBIT, Constant Currency	\$ (4)
Add: Tax impact	1
Change in Net Earnings	<u>\$ (3)</u>
Diluted EPS Impact	\$ (0.01)

Reconciliation of GAAP and Non-GAAP Financial Measures

(\$ millions)

Net Debt

	<u>October 29, 2017</u>	<u>October 28, 2018</u>
Short-Term Borrowings	\$ 1,192	\$ 1,845
Long-Term Debt	\$ 2,269	\$ 8,001
Total Debt	\$ 3,461	\$ 9,846
Less: Cash and Cash Equivalents	(163)	(205)
Net Debt	<u>\$ 3,298</u>	<u>\$ 9,641</u>

Reconciliation of GAAP and Non-GAAP Financial Measures

(\$ millions, except per share amounts)

Full Year

	Gross Margin	GM %	EBIT	Net Earnings	Diluted EPS
2018 – As Reported	\$ 2,816	32.4%	\$ 469	\$ 261	\$ 0.86
Add: Restructuring charges, implementation costs and other related costs	45		185	136	0.45
Add: Transaction and integration costs	42		120	73	0.24
Add: Impairment charges	11		748	612	2.03
Add: Claim settlement	-		22	15	0.05
Deduct: Pension and postretirement benefit mark-to-market and curtailment adjustments	-		(136)	(103)	(0.34)
Deduct: Tax reform	-		-	(126)	(0.42)
2018 – Adjusted	\$ 2,914	33.6%	\$ 1,408	\$ 868	\$ 2.87

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