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CAMPBELL REPORTS THIRD-QUARTER RESULTS

- Net Sales and Organic Sales Decreased 1 Percent
- Earnings Before Interest and Taxes (EBIT) Increased 11 Percent, Adjusted EBIT Decreased 2 Percent
- Earnings Per Share (EPS) Decreased 2 Percent to \$0.58, Adjusted EPS Decreased 9 Percent to \$0.59 Reflecting Higher Adjusted Tax Rate
- Campbell Revises Fiscal 2017 Guidance

CAMDEN, N.J., May 19, 2017—Campbell Soup Company (NYSE:CPB) today reported its third-quarter results for fiscal 2017.

	<u>Three Months Ended</u>			<u>Nine Months Ended</u>		
	<u>Apr. 30,</u> <u>2017</u>	<u>May 1,</u> <u>2016</u>	<u>%</u> <u>Change</u>	<u>Apr. 30,</u> <u>2017</u>	<u>May 1,</u> <u>2016</u>	<u>%</u> <u>Change</u>
(\$ in millions, except per share)						
Net Sales						
As Reported (GAAP)	\$1,853	\$1,870	(1)%	\$6,226	\$6,274	(1)%
Organic			(1)%			(1)%
Earnings Before Interest and Taxes						
As Reported (GAAP)	\$298	\$268	11%	\$960	\$997	(4)%
Adjusted	\$305	\$312	(2)%	\$1,210	\$1,214	- %
Diluted Earnings Per Share						
As Reported (GAAP)	\$0.58	\$0.59	(2)%	\$1.85	\$2.07	(11)%
Adjusted	\$0.59	\$0.65	(9)%	\$2.51	\$2.48	1%

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, "While organic sales declined 1 percent in the quarter, the team performed well in a difficult environment, gaining market share in many of our categories and continuing to execute our cost savings program."

“This was a challenging quarter across the food industry as top-line growth remained scarce, especially in center store categories. The industry, including Campbell, experienced significant consumption declines early in the calendar year. These industry trends coincided with weak consumer spending, which was at its lowest growth rate since 2009. While we rebounded with sales growth in March and April, we were unable to offset the earlier declines.

“In this context, Campbell delivered competitive performance. A bright spot in the quarter was our Global Biscuits and Snacks division, which delivered top-line and double-digit bottom-line growth. Looking ahead as we finish the fiscal year, we expect Global Biscuits and Snacks to maintain its positive momentum, and we will also be cycling the C-Fresh protein drink recall from last year.

“We are adjusting our fiscal 2017 guidance, reflecting our performance in the quarter, the difficult operating environment and our outlook for the remainder of the year. We lowered our sales outlook by one percentage point to a range of -1 to 0 percent. We raised our expectations for adjusted EBIT and adjusted EPS, increasing the low end of both ranges to 2 to 4 percent and 3 to 5 percent, respectively. Despite the challenges on the top line, we expect that we will be able to offset the impact of lower sales with our ongoing cost-savings efforts, which are ahead of our expectations for the fiscal year.”

Items Impacting Comparability

The company reported earnings of \$0.58 per share in the quarter. The current-quarter results reflect pre-tax charges related to cost savings initiatives of \$7 million, or \$0.01 per share. The prior-year quarter included a pre-tax charge related to a pension benefit mark-to-market adjustment of \$54 million, or \$0.11 per share, and pre-tax charges related to cost savings initiatives of \$15 million, or \$0.03 per share. The prior-year quarter also included a gain from the settlement of a claim related to the Kelsen acquisition of \$25 million, or \$0.08 per share. Excluding items impacting comparability in both periods, adjusted EPS decreased 9 percent to \$0.59 per share, compared with \$0.65 per share in the year-ago quarter. A detailed reconciliation of the reported (GAAP) financial information to the adjusted information is included at the end of this news release.

Third-Quarter Results

Sales decreased 1 percent to \$1.853 billion driven by a 1 percent decline in organic sales, reflecting higher promotional spending, while volumes were comparable to the prior year. Organic sales declines in Americas Simple Meals and Beverages and Campbell Fresh were partly offset by gains in Global Biscuits and Snacks.

Gross margin increased from 35.3 percent to 36.6 percent. Excluding items impacting comparability in the prior year, adjusted gross margin decreased 0.4 percentage points from 37.0 percent to 36.6 percent. The decrease in adjusted gross margin was primarily driven by higher supply chain costs and inflation, including the unfavorable impact of lapping gains on open commodity contracts in the prior-year quarter, as well as higher promotional spending, partly offset by productivity improvements and the benefits from cost savings initiatives.

Marketing and selling expenses decreased 8 percent to \$209 million. Excluding items impacting comparability in the prior year, adjusted marketing and selling expenses decreased 5 percent primarily due to lower advertising and consumer promotion expenses and the benefits from cost savings initiatives. Administrative expenses decreased 9 percent to \$140 million. Excluding items impacting comparability, adjusted administrative expenses increased 1 percent.

EBIT increased 11 percent to \$298 million. Excluding items impacting comparability, adjusted EBIT decreased 2 percent to \$305 million reflecting a lower adjusted gross margin percentage and lower sales, partly offset by lower marketing and selling expenses.

Net interest expense was comparable to prior year at \$28 million reflecting lower levels of debt offset by higher average interest rates on the debt portfolio. The tax rate increased to 34.8 percent as compared with a tax rate of 22.9 percent in the prior year. Excluding items impacting comparability, the adjusted tax rate increased 6.5 percentage points to 35.0 percent driven by lower taxes on foreign earnings in the prior year. In the fourth quarter of fiscal 2016, a \$13 million correction on deferred tax expense was recognized, most of which related to the third quarter of fiscal 2016.

Nine-Month Results

Sales decreased 1 percent to \$6.226 billion driven by a 1 percent decline in organic sales, reflecting higher promotional spending and lower volume.

EBIT decreased 4 percent to \$960 million. Excluding items impacting comparability, adjusted EBIT was comparable to the prior year at \$1.210 billion reflecting a higher adjusted gross margin percentage offset by lower sales volume and higher marketing and selling expenses.

Net interest expense increased 1 percent to \$84 million reflecting higher average interest rates on the debt portfolio, partly offset by lower levels of debt. The tax rate increased 5.5 percentage points to 35.0 percent. Excluding items impacting comparability, the adjusted tax rate decreased 0.5 percentage points to 31.3 percent.

Cash flow from operations was \$1.011 billion compared to \$1.211 billion in the prior year, which benefited from significant reductions in working capital.

Fiscal 2017 Guidance

Campbell has revised its fiscal 2017 guidance. Campbell now expects sales to change by -1 to 0 percent (previously 0 to 1 percent); adjusted EBIT to increase by 2 to 4 percent (previously 1 to 4 percent), and adjusted EPS to increase by 3 to 5 percent (previously 2 to 5 percent), or \$3.04 to \$3.09 per share. This guidance assumes the impact from currency translation will be nominal. A non-GAAP reconciliation is not provided for 2017 guidance since certain items are not estimable, such as pension and postretirement 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 Apr. 30, 2017

(\$ in millions)

	Americas Simple Meals and Beverages	Global Biscuits and Snacks	Campbell Fresh	Total
Net Sales, as Reported	\$982	\$623	\$248	\$1,853
Volume and Mix	-%	3%	(6)%	-%
Promotional Spending	(2)%	(1)%	-%	(1)%
Organic Net Sales	(2)%	2%	(6)%	(1)%
Currency	-%	-%	-%	-%
% Change vs. Prior Year	(2)%	2%	(6)%	(1)%
Segment Operating Earnings	\$226	\$98	\$1	
% Change vs. Prior Year	-%	14%	n/m	

n/m – not meaningful

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

Nine Months Ended Apr. 30, 2017

(\$ in millions)

	Americas Simple Meals and Beverages	Global Biscuits and Snacks	Campbell Fresh	Total
Net Sales, as Reported	\$3,510	\$1,974	\$742	\$6,226
Volume and Mix	-%	1%	(7)%	(1)%
Promotional Spending	(1)%	(1)%	-%	(1)%
Organic Net Sales	(1)%	-%	(7)%	(1)%*

Currency	-%	1%	-%	-%
% Change vs. Prior Year	(1)%	2%*	(7)%	(1)%
Segment Operating Earnings	\$922	\$345	\$(1)	
% Change vs. Prior Year	5%	1%	n/m	

n/m – not meaningful

* Numbers do not add due to rounding.

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 \$982 million driven by declines in soup and V8 beverages, partly offset by gains in *Prego* pasta sauces. Sales of U.S. soup decreased 4 percent driven by declines in condensed soups and broth, partly offset by gains in ready-to-serve soups. For the first nine months of fiscal 2017, sales of U.S. soup decreased 1 percent.

Segment operating earnings for the quarter were comparable to prior year at \$226 million, as a higher gross margin percentage was offset by lower sales volume.

Global Biscuits and Snacks

Sales in the quarter increased 2 percent to \$623 million driven by gains in *Pepperidge Farm*, as well as gains in *Arnott's* biscuits in both Australia and Indonesia. *Pepperidge Farm* sales increased due to gains in *Goldfish* crackers and *Pepperidge Farm* cookies, partly offset by declines in fresh bakery and frozen products.

Segment operating earnings increased 14 percent to \$98 million. The increase was primarily driven by higher sales volume and lower advertising and consumer promotion expenses.

Campbell Fresh

Sales in the quarter decreased 6 percent to \$248 million driven by lower sales of *Bolthouse Farms* refrigerated beverages.

Segment operating earnings decreased from \$13 million to \$1 million driven by unfavorable sales volume and mix, as well as the cost impact of both reduced beverage capacity and enhanced quality processes.

Unallocated Corporate Expenses

Unallocated corporate expenses for the quarter were \$27 million compared to \$54 million in the prior year. The current quarter included \$7 million of charges associated with cost savings initiatives. The

prior-year quarter included \$54 million of charges related to a pension benefit mark-to-market adjustment and \$13 million of charges associated with cost savings initiatives. The prior-year quarter also included a \$25 million gain from the settlement of a claim related to the Kelsen acquisition. The remaining increase in expenses reflects the unfavorable impact of lapping gains on open commodity contracts in the prior-year quarter, partly offset by lower postretirement benefit 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 6692640. 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 June 2, 2017, at +1 (404) 537-3406. The access code for the replay is 6692640.

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 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 2017, 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 and favorable perception of the company's brands; (5) the impact of product quality and safety issues, including recalls and product liabilities; (6) the risks associated with trade and consumer acceptance of the company's initiatives, including its trade and promotional programs; (7) the practices, including changes to inventory practices, and increased significance of certain of the company's key trade customers; (8) the impact of disruptions to the company's supply chain, including fluctuations in the supply or costs of energy and raw and packaging materials; (9) the impact of non-U.S. operations, including trade restrictions, public corruption and compliance with foreign laws and regulations; (10) the impact of business portfolio changes; (11) the uncertainties of litigation and regulatory actions against the company; (12) disruption to the independent contractor distribution models used by certain of the company's businesses, including the results of litigation or regulatory actions that could affect their independent contractor classification; (13) the company's ability to protect its intellectual property rights; (14) the impact of an impairment to goodwill or other intangible assets; (15) the impact of increased liabilities and costs related to the company's defined benefit pension plans; (16) the impact of a material failure in or breach of the company's information technology systems; (17) the company's ability to attract and retain key talent; (18) 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; (19) 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 (20) 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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