Q3 2020 Earnings Presentation

Rebecca Gardy
Vice President - Investor Relations

Good morning and welcome to Campbell's third quarter 2020 earnings presentation. I'm Rebecca Gardy, and I am excited to join Campbell as the new Vice President of Investor Relations. I look forward to getting to know you in the coming months.

As in prior quarters, we've created slides to accompany our earnings discussion. In addition to this earnings presentation, we will host an analyst Q&A-only session at 8:30 a.m. Eastern on the morning of June 3. A replay of the webcast and a transcript of this earnings presentation, as well of the Q&A session, will be available on the Investor Relations section of campbellsoupcompany.com.

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 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 indebtedness and ability to pay such indebtedness; impacts of, and associated responses to the COVID-19 pandemic; 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; 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, 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.

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As part of our remarks this morning, we will make forward-looking statements, which reflect our current expectations. These statements rely on assumptions and estimates, which could be inaccurate and are subject to risk. Please refer to Slide 3 or our SEC filings for a list of factors that could cause our actual results to vary materially from those anticipated in forward-looking statements.

Because we use non-GAAP measures to describe our business performance, we have provided a reconciliation of these measures to the most directly comparable GAAP measures, which is included in the appendix of this presentation and will be posted to the IR section of our website as part of the transcript of today's call.

Agenda

- CEO Perspective
- Q3 Fiscal 2020 Results
- Fiscal 2020 Guidance

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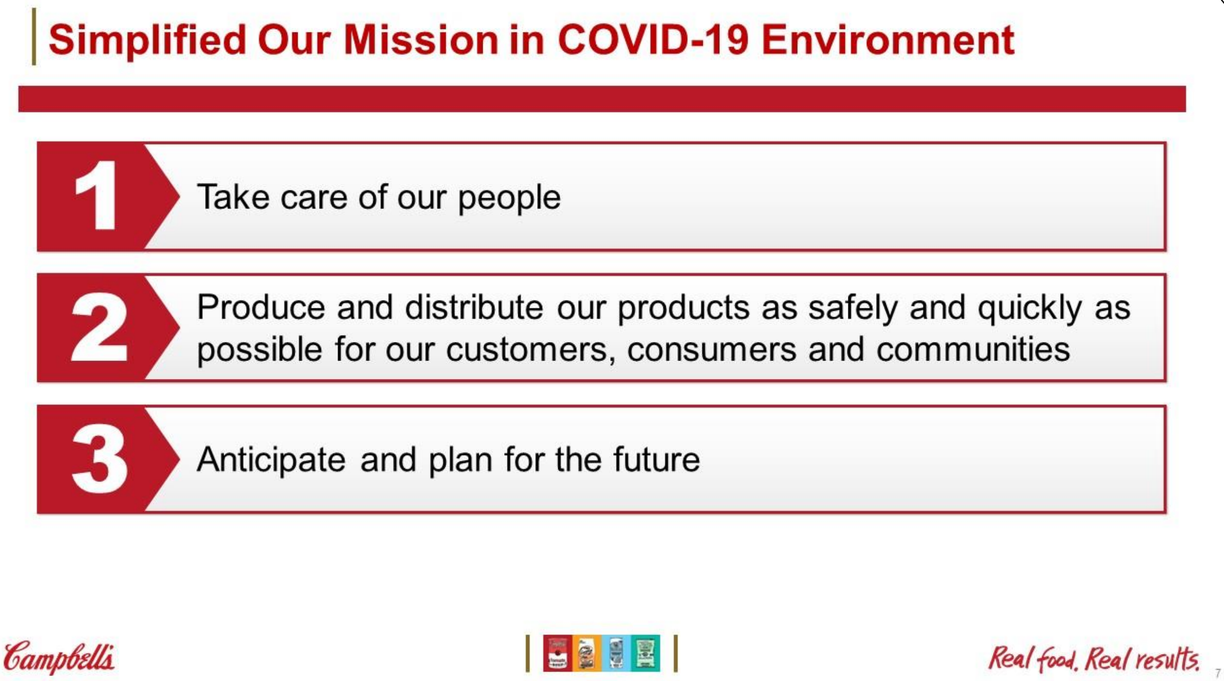
On slide 4, you can see our agenda. You will hear from Mark Clouse, Campbell's President and CEO, and Mick Beekhuizen, Chief Financial Officer. Mark will share his thoughts on our performance in the quarter, and Mick will then walk through the financial details and our updated guidance for fiscal 2020.

With that, let me turn it over to Mark…

Mark Clouse
President and
Chief Executive Officer

Thanks Rebecca. We're excited to have you as part of our team. For those of you who may not know, Rebecca joined the company in late March and has been working closely with Ken Gosnell and the entire finance team on the transition. She brings a broad range of experience in finance and marketing, including nearly a decade in Investor Relations with companies such as Popeye's and Nike, and I'm confident that she will be a tremendous asset to the company and a fantastic resource for the investment community. Welcome.

I want to start by saying thank you to the entire Campbell organization, especially our supply chain and front-line teams who have done a remarkable job in taking care of one another and ensuring that we keep our supply chain running as effectively as possible in this challenging and critical moment. The results we will discuss would not be possible without their inspiring efforts and the support of their families over the last several months. I also want to thank our customers for their partnership and collaboration and our suppliers who have supported us in what is an unprecedented operating environment.



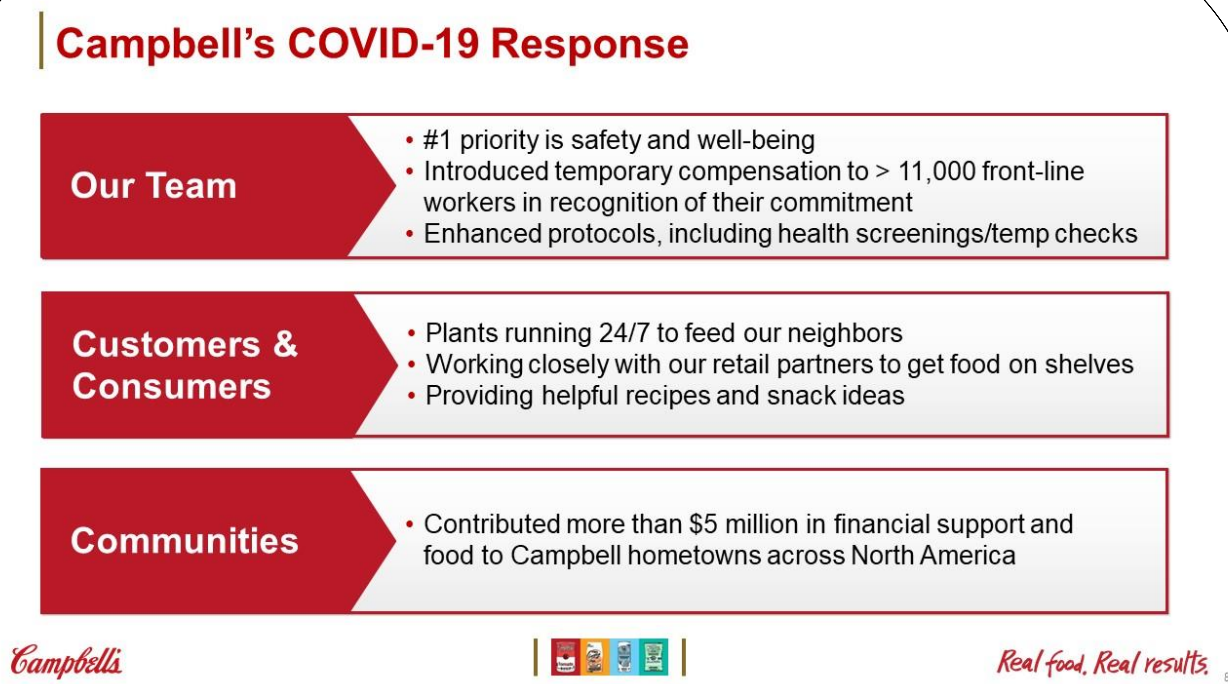
As a company we have chosen to simplify our mission in response to this moment and focus on the areas that matter most. This has helped ensure the entire organization is aligned behind three key priorities.

First, take care of our people. This is our most important responsibility.

Next, produce and distribute our products as safely and as quickly as possible for our customers, consumers, and communities across North America.

And finally, anticipate and plan for the future. We have dedicated resources focused on meeting the evolving consumer and retail trends, as well as procurement and manufacturing plans for a variety of demand scenarios.

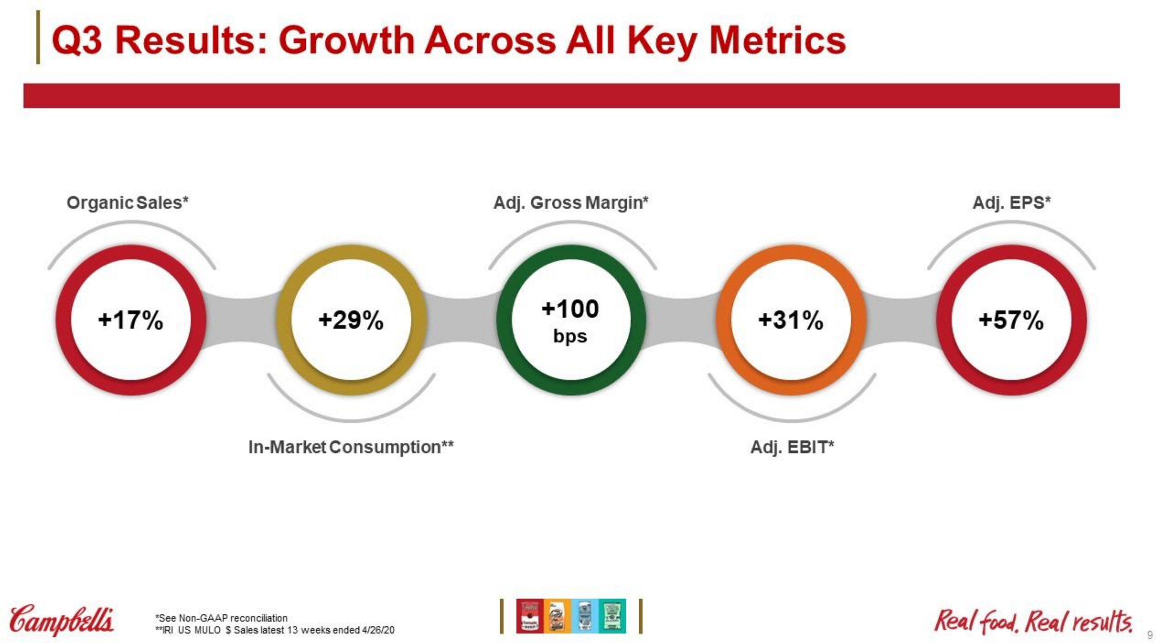
This simplified approach has served us extremely well. Our teams are executing well and delivering on this mission.



Our plants have been running 24/7 to meet the unprecedented demand from our customers and consumers. This performance was, and continues to be, remarkable. It represents a tremendous effort across the business—from our sales teams working with customers to our supply chain implementing safety and hygiene protocols for the new operating environment. The real heroes in the company are those front-line teams at our plants, in our warehouses and distribution centers, and in-store sales ensuring our food gets onto the shelves. Although we do still see supply challenges, we are moving quickly to add targeted capacity, and we are working closely with customers to improve service levels and fully meet the demand we are experiencing.

In recognition of this performance and the commitment shown by these front-line teams, we introduced temporary compensation to more than 11,000 of our front-line employees in manufacturing, warehousing and in-store sales to reward their enormous contribution to the country and the company.

Early on, we also made the decision to commit to focus our community support in the locations where our people live and work. I am proud to share that we've contributed over $5 million in financial support and food to Campbell hometowns across North America.



Now turning to our results in the quarter. The impact of the virus has been profound and has affected so many lives. Our thoughts and prayers are with all those families impacted. We are fortunate to be in a position to support the needs of our consumers, and this has translated into a quarter well above what we expected or had originally planned. We experienced broad-based demand across our portfolio as consumers sought food that delivered quality, value and comfort—all attributes that match our brands very well.

Consistent with our strategic plan, the steps we had already taken to focus the portfolio, deleverage our balance sheet, sharpen our operating model, invest in our core brands, and strengthen our accountability and execution gave us a great foundation and strengthened our ability to meet these unprecedented demands on the business.

This quarter we delivered growth across all key metrics with double-digit increases in organic sales, adjusted EBIT and adjusted EPS. Organic net sales increased 17%, with strong performance across both of our segments, led by U.S. retail soup which increased 35%.

Not surprisingly, our in-market performance also surged across both divisions. In measured channels, our total company in-market consumption increased 29%, with double-digit consumption increases across most of the portfolio. In addition, our brands grew or held share in 9 of our 13 stated priority categories. In-market results did exceed our net sales as the initial pantry loading exceeded shipment capacity and retail inventories were somewhat depleted. That situation is improving but has not fully recovered. The more recent slowdown of in-market results is much more a function of our current lower inventory levels than a material slowdown in demand. As capacity catches up with demand, we expect this will normalize in the 4th quarter or early in fiscal 2021.

We continued to advance other key business metrics and strategic plan initiatives, including a 100-basis point adjusted gross margin expansion, supported by productivity improvements and cost savings. We generated $30 million of cost savings in the quarter—which reflect initiatives from our multi-year enterprise program and synergies from our Snacks integration. With the strong increase in net sales, adjusted EBIT increased 31%, even with a significant uptick in marketing investments across both divisions, and adjusted EPS increased 57% to 83 cents per share.

We have attracted new consumers to our brands during the COVID-19 demand surge, giving us access to millions of buyers who had not purchased our brands in the prior 52 weeks. As you might imagine, many of the households are younger and represent significant incremental growth for our brands. We are now mobilizing behind retaining these new consumers as we look ahead.

To that end, although demand has exceeded capacity, we continued to increase marketing investments across both divisions with a focus on helpful recipes and snack ideas. Building upon the tone and utility of our existing campaigns, our creative teams demonstrated agility with new digital and TV campaigns, including our Crowded Table anthem advertising that celebrated the role our brands play in comforting people together during this period of separation. This ad has resonated very well with consumers and in particular has accelerated the rejuvenation of the *Campbell's* brand. We will continue to invest in the 4th quarter as we work to retain these new households.

Fiscal 2020 Guidance for Continuing Operations

($ millions, except per share)

	2019 Results	Previous 2020 Guidance	Updated 2020 Guidance
Net Sales	$8,107	-1% to +1%	+5.5% to +6.5%
Organic Net Sales**		-1% to +1%	+5.5% to +6.5%
Adjusted EBIT	$1,266*	+2% to +4%***	+12% to +14%***
Adjusted EPS	$2.30*	+11% to +13%*** $2.55 to $2.60	+25% to +27%*** $2.87 to $2.92

* See Non-GAAP reconciliation

** Organic net sales is net sales outlook less the estimated 2-percentage point impact of the 53rd week and an add back for the 2-percentage point impact from the European chips business divestiture

*** A Non-GAAP reconciliation is not provided for 2020 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

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As you saw in our press release, we significantly raised our guidance for the year, based on our exceptional performance in the third quarter, and our current outlook for continued demand for our products. Mick will review our expectations in more detail in a few minutes. I would caution that there is still a great deal of volatility and many factors could influence our performance going forward, including the duration of the pandemic, further supply chain pressure, changes in consumer behavior, and macroeconomic conditions. However, we want to be as transparent as possible, so we are providing you our best perspective on the outlook for the business given what we are seeing today.

Consumer & Retail Trends Shaping the Landscape

1. Quick scratch cooking
2. Accelerated online buying including home delivery and click & collect
3. Evolution of retail shelf
4. Continued focus on value

Campbell's portfolio well-positioned to respond

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As we look ahead, we anticipate that some of the changes we have seen will be more episodic while others will be more structural and lasting. In fact, we see four clear consumer and retail trends that we believe will continue to shape the landscape for the immediate future.

First, what we call quick scratch cooking—simple ingredients assembled for a great tasting meal will continue. We expect this will be sustained due to a slow return to away-from-home occasions, growing cooking skills, and a continued desire for low-cost meal solutions.

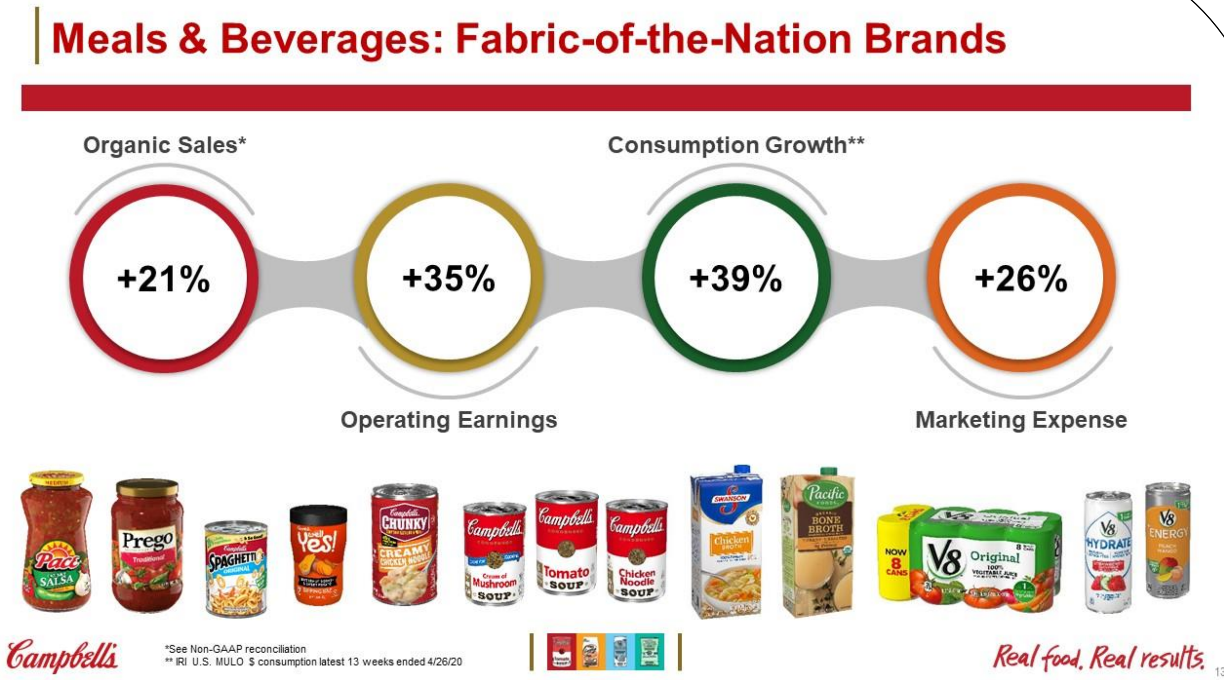
Next, we expect consumer online activities both in terms of home delivery and click & collect to accelerate. We believe the platforms and the convenience they provide will result in continued usage going forward.

Third, we also are planning for the shelf to evolve in traditional retail environments that reflect these changing consumer trends. The relevance of certain center-store categories like soup will likely increase and require more in-store inventory, with perhaps a more limited assortment to optimize shelf sets for in-store and online click & collect demand.

Finally, value will continue to play an important role as we anticipate the impact COVID will have on the economy. While we expect the economy to recover, it may take time. Ensuring we have affordable products that support consumers through some tougher times ahead will also be critical.

All four of these trends line up very well with our portfolio and position us well for the immediate future.

With that, let’s turn to a more detailed discussion of our two segments.



We'll start with Meals & Beverages.

The Meals & Beverages segment contains many trusted and fabric-of-the-nation brands that consumers have been seeking out or returning to over the last several months based on the quality, convenience and value they offer. Consumers also have gravitated to these brands because of the comfort they bring—think of tomato soup paired with grilled cheese…or family spaghetti night with *Prego* pasta sauce…or the fun of sharing *SpaghettiOs* with your kids. All of them have seen significant consumption gains during the crisis.

For the third quarter, organic net sales increased 21% and operating profit was up 35%. The sales gains were broad based, with increases in U.S. soup, sauces, beverages and Canada. In-market consumption advanced 39% in the quarter, and though fueled by the COVID surge, the underlying business had been performing well. We are fortunate that we already had a clear growth strategy and had returned our focus and resources to these businesses before the crisis began.

Our Foodservice business was negatively impacted by reduced demand as consumers sheltered in place and avoided restaurants. Although a headwind, it is important to remember the Foodservice only represents approximately 5% of our total revenue, and our teams have moved quickly to maintain support in remaining critical areas like health care facilities and school lunch pick up programs, while repurposing capacity to higher retail demand areas.

Marketing expense increased 26% vs. prior year with A&C up 29%, as we continued to connect with consumers in ways that would help them enjoy great meals and beverages while at home. As you would expect, the majority of our increased investment was focused on soup, including *Pacific*.

Let's go deeper on soup… You have heard me speak about our full commitment to our Soup strategy for the past year, and the potential relevancy of our portfolio and the category. The foundational work we had put in place over the last year was always an important step in our long-term plan to re-ignite soup, and it has proven to be even more so in the context of the current moment. The quality improvements we made on our icon SKUs—Tomato, Chicken Noodle, Cream of Mushroom and Cream of Chicken—have served us extremely well in this environment. Consumer response to these quality improvements has been very positive and well timed, supporting the increased household penetration and high repeat rates in new households.

Total U.S. soup net sales grew 35% with double digit sales gains on condensed, ready-to-serve and broth, including *Pacific*. These products brought a variety of benefits to consumers' homes in this time, and we expect much of that relevance to continue as we move past the crisis.

We did see pressure on share, which although never a good thing, we believe reflects challenges in availability rather than conscious consumer switching. With in-market consumption surges as high as 140%, we significantly depleted inventory in the initial stages of the pandemic. This was not a surprise, as we worked to make as much food as we possibly could and distribute it as quickly as possible. We also believe our share results, particularly in the ready-to-serve segment, are not fully reflected in syndicated data as we have strong distribution in key non-measured channels where growth was significant.

Like everyone, we were and are operating in conditions unlike any we have ever experienced, and we didn't get everything perfect in regard to product availability. We worked hard to balance the demand across all customers and channels. We've learned a lot along the way. We have already implemented necessary course corrections and saw improvements as the quarter progressed.

Gaining New Soup Households

- Soup household penetration up nearly 10 percentage points*
  - Largest = Millennial cohort**
- A&C +57%
- Marketing provided consumers with inspiration for quick-scratch cooking
- Improved customer relationships

*IRI National Consumer Panel: Total US All Outlets, 13 weeks ending 4/26/20; NBD Aligned to MULO
**IRI National Consumer Panel, Total U.S. MULO, through week ending 4/26/20

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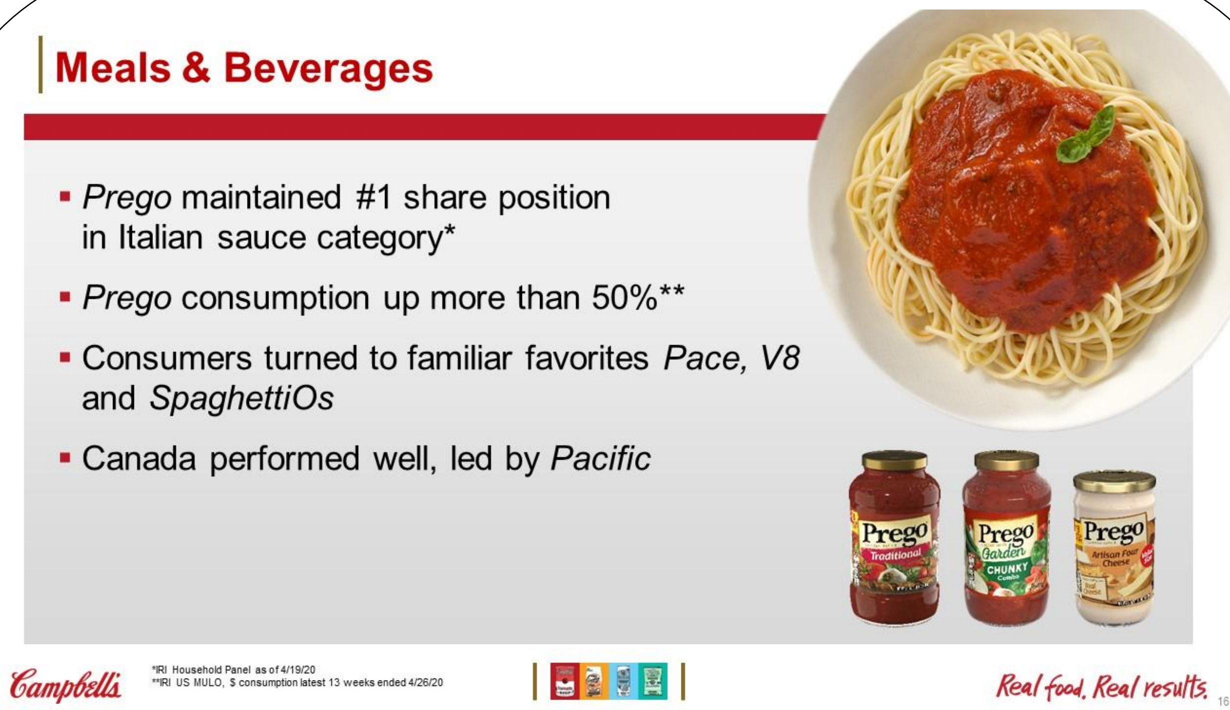
Overall though, we are extremely pleased with our performance in the quarter, particularly the significant gains in household penetration, as our volume per buyers was up materially. *Campbell's* soup's household penetration increased nearly 10 percentage points versus the same quarter last year. We gained millions of households across all generations, with the largest gain being the Millennial cohort. It was also an important quarter for our *Pacific Foods* brand, as it too significantly increased its household penetration. With the scale and resources of Campbell behind it, the timing was right to accelerate the growth of this important brand and introduce it to many new consumers. Perhaps most exciting is the repeat rates we are seeing for these new households and the positive engagement with consumers we are experiencing in social and digital platforms.

We continued our investment in marketing to drive the relevance of our soup brands, with a 57% increase in A&C in the quarter. We made the decision to keep our advertising on the air, as much of our existing creative was appropriate for the moment.

Our increased advertising was directed toward efforts across condensed, ready-to-serve and broth, as we provided our consumers with ideas and inspiration for quick-scratch cooking, with a range of classic meals and new creative ideas. While there was an initial pantry load in the quarter, we did see strong consumer pull-through driven by increased usage and new eating patterns.

Now more than ever, consumers are looking for quick, easy meals and soup clearly plays a vital role. In addition, there's no category better suited for at-home lunch than soup. These advertising spots have been very effective for us and have driven strong base velocity lifts while on air, while also increasing brand perception and relevance.

Something we've discussed previously is our concerted effort to improve customer relationships. Overall, we are in a good place with our retail partners, and in fact I believe we have further improved our relationships as a result of the constant communication and collaboration throughout this crisis. It has been a process of planning, learning and re-planning to ensure we are meeting all our customer needs to the best of our ability in this dynamic environment.

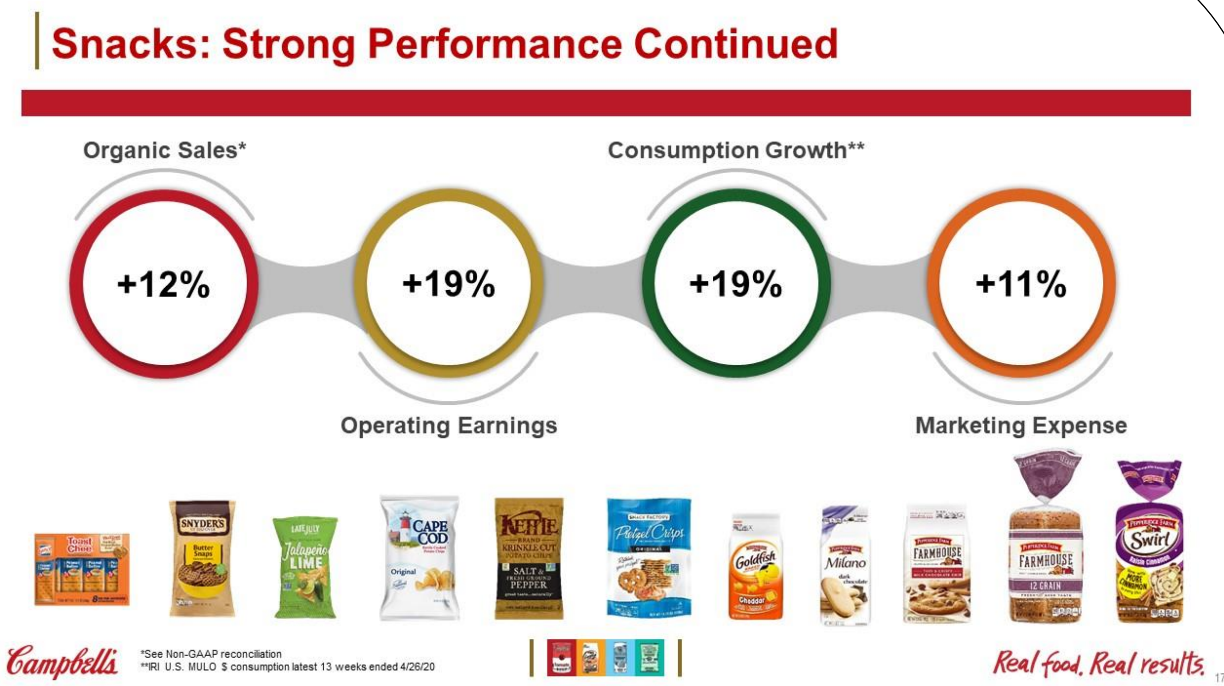


In other parts of the division, we saw similar results. In particular, the growth of our *Prego* pasta sauce brand accelerated dramatically with consumption up more than 50% versus prior year. Importantly, this quarter marked an entire year of *Prego* holding the #1 share in Italian sauce.

In addition to *Prego*, other parts of our Meals and Sauces portfolio saw strong growth, including *Pace* and supporting players such as *SpaghettiOs*, as consumers turned to these familiar shelf-stable favorites for comfort, quality, convenience and value. The *V8* portfolio also continues to be a positive performer for us coming out of the quarter.

Our sizeable Canadian business performed well, driven by similar consumer behavior as in the U.S. Of note, the largest share gains in soup in Canada came from our *Pacific Foods* brand.

All in all, a truly remarkable performance in this environment, and a material step forward in our strategy of building relevance and expanding our consumer base across the portfolio.



Let's next look at the other half of the company with a discussion of our Snacks segment. This was another strong quarter for the division with organic net sales increasing 12% and operating profit up 19%.

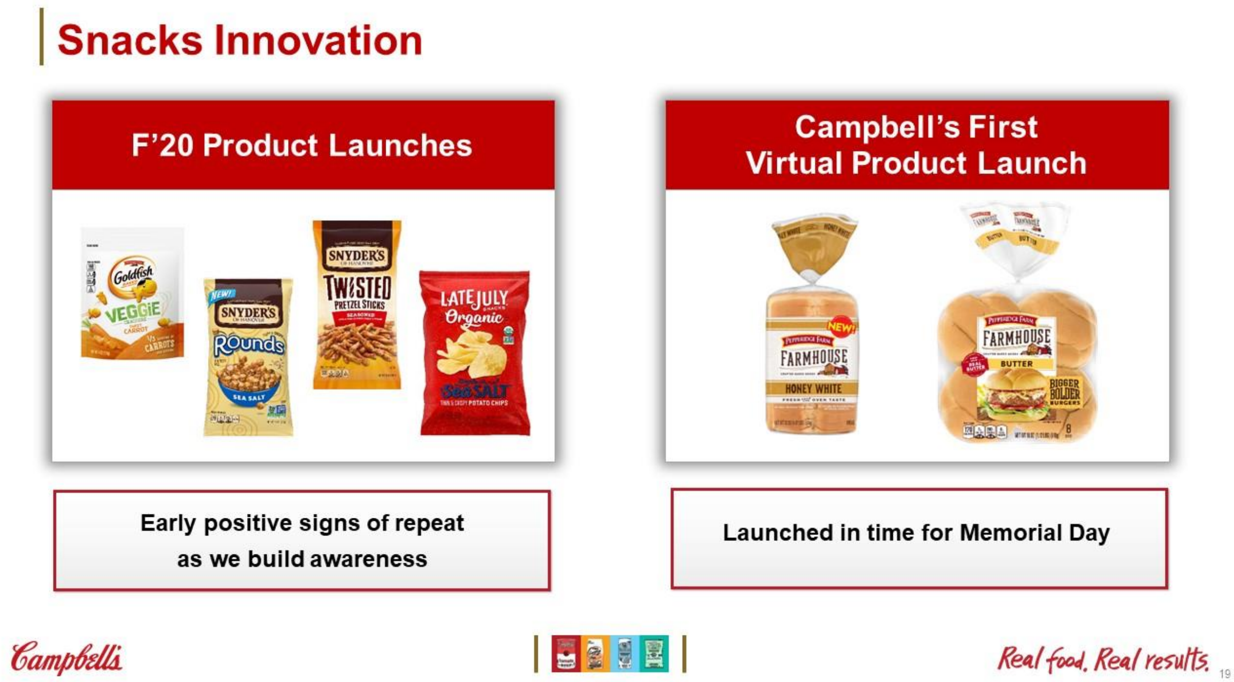
Similar to our Meals & Beverages division, Snacks experienced increased demand and we continued to invest in our brands. The division delivered 19% consumption growth in Q3 in measured channels, with all nine power brands growing consumption double digits. Also similar to our Meals & Beverages division, Snacks in-market demand exceeded immediately available capacity, especially on brands like *Goldfish* and our bakery business with a more limited inventory. Consistent with Meals & Beverages, we are catching up on inventory and expect to be in a stronger position going into the next couple of months.

Our in-market performance was balanced across the portfolio with increases coming from new brands like *Late July* leading with 38% growth and classic brands like *Milano*, which grew at 28%. The strong growth in premium snacks such as *Late July, Milano* and even *Pretzel Factory* underscore consumers' desire for comfort and small indulgences during this time of uncertainty.

Our snacking brands gained 5.4 percentage points of household penetration during the quarter, with increases across all 9 of our power brands. In the last four weeks, we've seen new households return to re-purchase our snacks, a positive sign of the relevancy of our brands and an early indicator of our ability to retain these new consumers. We're now focused on making those new households stick and are looking at several levers to do this, including continuing to connect through compelling communications, ensuring continued availability, and providing the variety and formats that meet their needs today and into the future.

Marketing expense in Snacks increased 11% in the quarter, and we intend to double down on our marketing investment in the fourth quarter to retain these new consumers. We will turn marketing on for all our power brands, with new campaigns for *Late July* and *Goldfish*.

This quarter, 7 of our 9 power brands grew or held share. We grew by more than 1 point across five of the power brands, with the strongest growth coming from *Late July* at +2.5 points and *Lance* at +1.9 points. We saw small losses on *Goldfish* (-0.7 pts) and *Snyder's of Hanover* (-0.5 pts) despite strong consumption growth (+11% and +21% respectively). Even as some of the earlier COVID demand slows, with this rapid expansion of our brands we are well positioned for the future where we expect Snacks will continue to be a primary driver of growth in the industry.



I'm also pleased with the performance we're seeing on some of our new innovations that I discussed previously, specifically Veggie *Goldfish*, *Snyder's of Hanover* Pretzel Rounds and Twisted Sticks as well as our *Late July* Organic Potato Chips. While we had slower distribution builds than we planned due to COVID-19, we are seeing early positive signs on repeat as we continue to build awareness. We have also developed new and creative ways to keep advancing new product launches. In fact, we just launched two new bakery items, just in time for Memorial Day. *Farmhouse* Honey Wheat Bread and the extension of our successful *Farmhouse* Butter bread into buns.

Snacks: Integration Remains on Plan

- Consistent progress despite environment
- Completed actions to improve effectiveness of organization
  - More streamlined and effective structure
- Expect savings from procurement and organizational effectiveness efforts to continue in Q4

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Let's finish our discussion of Snacks with a review of our progress against integration and value capture. The headline here is that we remain very much on plan to deliver the value capture synergies that we initially outlined as part of the acquisition of Snyder's-Lance. The team did a great job adjusting elements of the integration plan in response to COVID-19, and I continue to be very pleased with the consistent progress of the integration of the business and teams.

In Q3, we completed the actions we spoke of last quarter to improve the effectiveness of the Snacks organization. The result was a more streamlined and effective structure. Looking ahead, I expect value capture to continue in the fourth quarter with ongoing savings from our procurement and organizational effectiveness efforts.

Our Snacks business, which represents about half of our annual sales, continued to perform well and fulfill its portfolio role.

With that, let me turn it over to Mick for a deeper dive on our financial results and segment performance.

Mick Beekhuizen

EVP & Chief Financial Officer

Third-Quarter Fiscal 2020 Summary

- Organic net sales year-over-year growth of 17% driven by strong demand across our portfolio of iconic brands
- Adjusted gross margin expansion of 100 basis points as positive mix impact, increased operating leverage and benefits of productivity improvements and cost saving initiatives more than offset inflation and COVID-19 related costs
- While we continued to invest in our brands within both divisions, adjusted EBIT increased by 31% year-over-year
- Adjusted EPS year-over-year growth of 57% reflecting our adjusted EBIT performance and benefit of lower net interest expense as a result of deleveraging efforts
- Based on current outlook raising fiscal 2020 guidance

Note: Organic net sales, adjusted gross margin, adjusted EBIT and adjusted EPS are non-GAAP financial measures. See Non-GAAP reconciliation.

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Thanks Mark. Clearly, our operating performance for the third quarter was significantly impacted by the surge in demand for our products stemming from the COVID-19 pandemic. I'll now share my perspective on the quarter and outlook for the balance of the year.

As Mark stated, organic net sales increased 17% from the prior year. Organic net sales for Meals & Beverages increased 21% for the quarter, driven by gains across a majority of our retail brands with our U.S. soups and *Prego* pasta sauces growing in excess of 30% year-over-year. In Snacks, organic net sales increased 12% driven by double-digit growth in 8 of our 9 power brands.

Our adjusted gross margin benefitted primarily from favorable product mix and operating leverage, as well as supply chain productivity improvements and cost savings initiatives, offset partly by moderating cost inflation and other supply chain costs including mark-to-market losses on outstanding commodity hedges and incremental costs incurred related to COVID-19.

We continue to make strong progress against our cost-savings target of $850 million by the end of fiscal 2022, delivering $30 million of incremental savings in the third quarter, bringing the program-to-date total for continuing operations to $680 million.

Topline growth, gross margin improvement, and delivery on our cost savings programs, combined with continued investment in our brands, resulted in year-over-year adjusted EBIT growth of 31% in the quarter.

Year-over-year adjusted EPS growth was 57% reflecting our adjusted EBIT performance, as well as the benefit of lower net interest expense as a result of our deleveraging efforts.

Lastly, we are raising our fiscal 2020 guidance for net sales, adjusted EBIT and adjusted EPS as a result of our strong third quarter performance and outlook. As Mark cautioned, we continue to operate in an uncertain environment, and although the effect of the COVID-19 pandemic on our sales, adjusted EBIT and adjusted EPS cannot be predicted with certainty, this revised outlook reflects our current expectation of trends through the balance of the fiscal year. I'll now review our results in more detail.

Financial Summary

Continuing Operations
($ millions, except per share data)

	Q3 FY20	Change vs. PY $	Change vs. PY %	YTD FY20	Change vs. PY $	Change vs. PY %
Net Sales	$2,238	*$285*	*15%*	$6,583	*$256*	*4%*
*Organic Net Sales**		*$320*	*17%*		*$325*	*5%*
Adjusted EBIT*	$386	*$92*	*31%*	$1,142	*$128*	*13%*
Adjusted EPS*	$0.83	*$0.30*	*57%*	$2.34	*$0.45*	*24%*

*See Non-GAAP reconciliation

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For the third quarter, reported net sales increased 15%. Organic net sales, which exclude the impact of the divested European chips business, increased 17% to approximately $2.2 billion driven by volume growth in both Meals & Beverages and Snacks reflecting increased demand for at-home food consumption in March and April.

Adjusted EBIT increased 31% to $386 million as higher sales volumes and an improved adjusted gross margin were offset partly by increased marketing investment.

Adjusted EPS from continuing operations increased by 57%, or 30 cents, to $0.83 per share, reflecting an increase in adjusted EBIT and lower net interest expense.

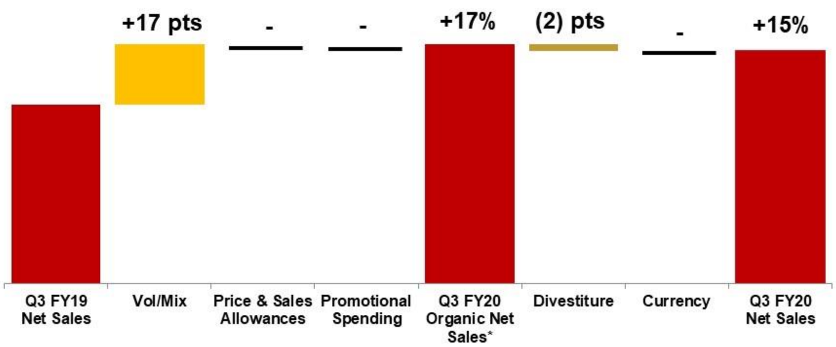
For the first nine months, net sales increased 4% while organic net sales increased 5% driven by growth in both Meals & Beverages and Snacks.

Adjusted EBIT increased 13% to $1.1 billion reflecting higher sales volume, an improved gross margin and higher adjusted other income, offset partially by increased marketing investment.

Adjusted EPS from continuing operations increased by 24%, or 45 cents, to $2.34 per share, reflecting the increase in adjusted EBIT and lower adjusted net interest expense.

Components of Net Sales Change

Continuing Operations



* See Non-GAAP reconciliation

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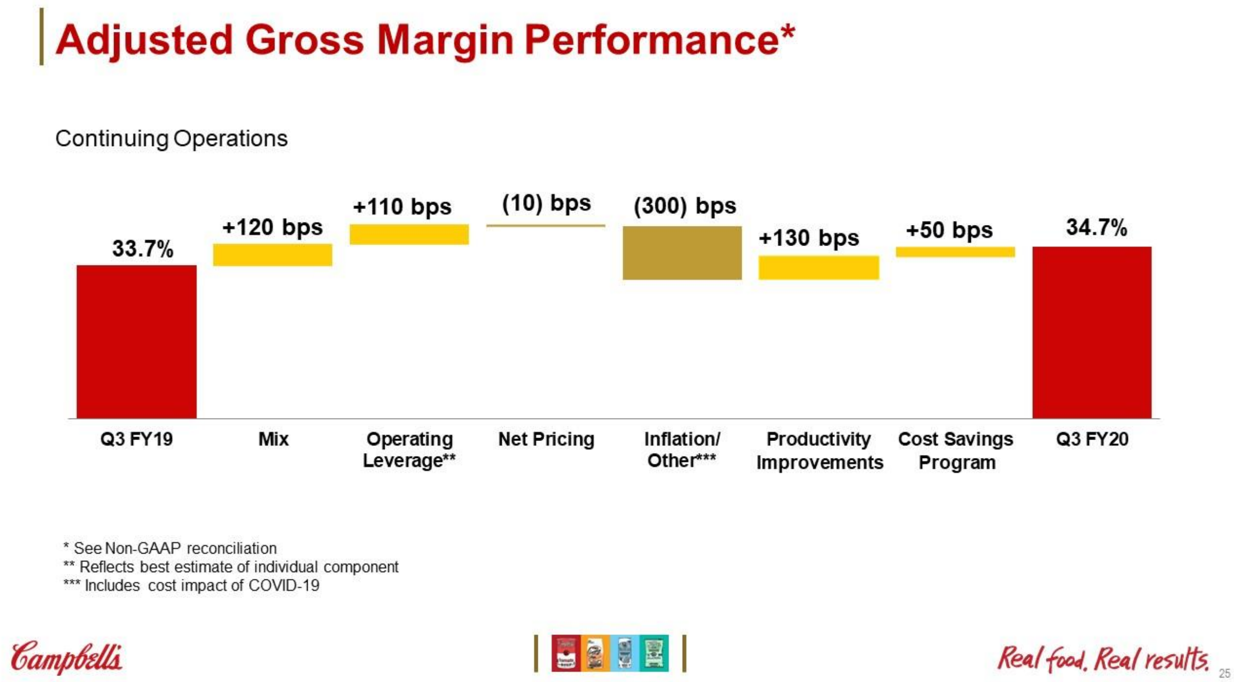
Breaking down our net sales performance for the quarter, organic net sales were up 17%. This performance was driven by the 17-point gain in volume with growth across the majority of our retail brands, offset partly by declines in our foodservice business.

The divestiture of the European chips business negatively impacted net sales in the quarter by 2 points and the impact from currency translation in the quarter was neutral.

All in, our reported net sales were up 15% from the prior year.



Our adjusted gross margin increased by 100 basis points in the quarter to 34.7%.

Favorable product mix, which drove a 120-basis point improvement in our adjusted gross margin, was largely driven by the increased contribution from our soup business within our Meals & Beverages segment and a favorable mix within our Snacks portfolio. Additionally, in order to optimize our supply chain output we prioritized certain SKUs within both divisions.

Separately, we are estimating a 110-basis point gross margin improvement from better operating leverage within our supply chain network as we significantly increased our overall production.

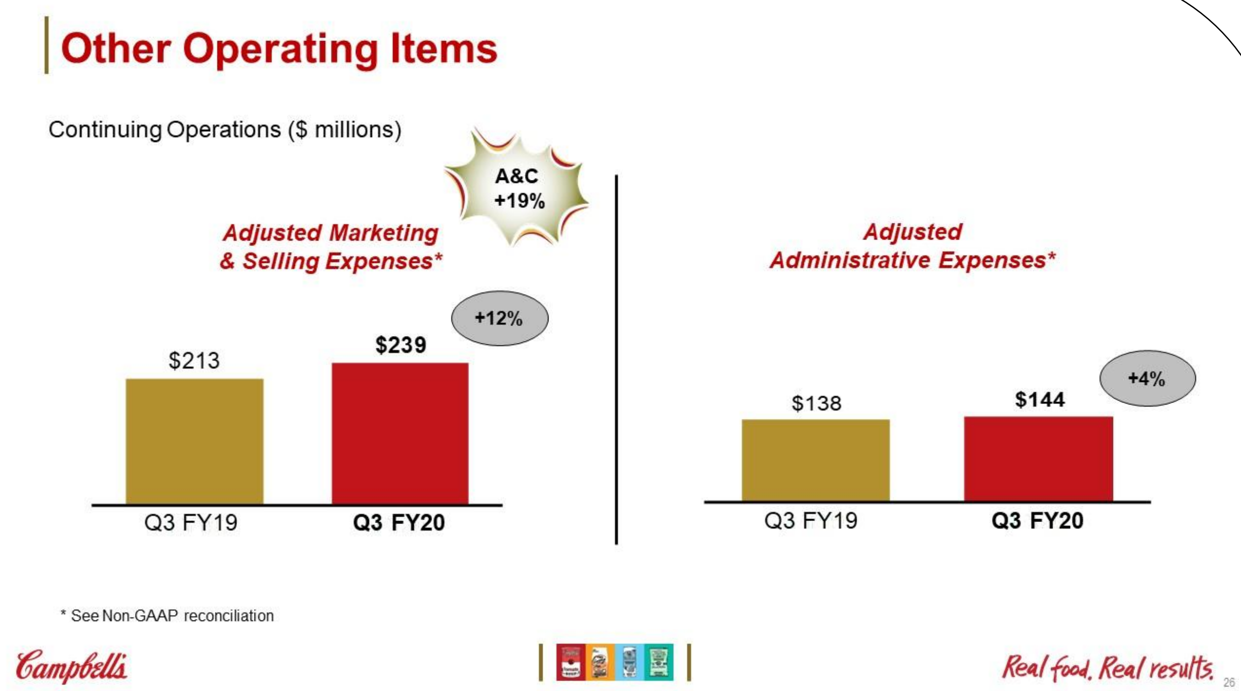
Net pricing was minimal and resulted in a 10-basis point decrease.

Cost inflation and other factors had a negative impact of 300 basis points. Approximately one-third of the impact is attributable to cost inflation, as overall input prices on a rate basis increased approximately 1.5%. Another third of the impact is related to mark-to-market losses on outstanding commodity hedges, primarily related to diesel. Lastly, the remaining balance of the impact is primarily related to increased supply chain costs due to COVID-19 such as increased labor and sanitation costs.

The negative impact from cost inflation and other factors was offset partly by our ongoing supply chain productivity program, which contributed 130 basis points. This program includes, among others, initiatives around logistics optimization, ingredient sourcing, and plant asset utilization.

And our cost savings program, which is incremental to our ongoing supply chain productivity program added 50 basis points to our gross margin expansion. This program includes the benefits of various initiatives such as last year's closure of our manufacturing facility in Toronto, Ontario and benefits from the ongoing integration of Snyder's-Lance.

All in, our adjusted gross margin for the quarter was 34.7%. We are pleased with these gross margin results as we continued to achieve improvement in performance.



Moving on to other operating items.

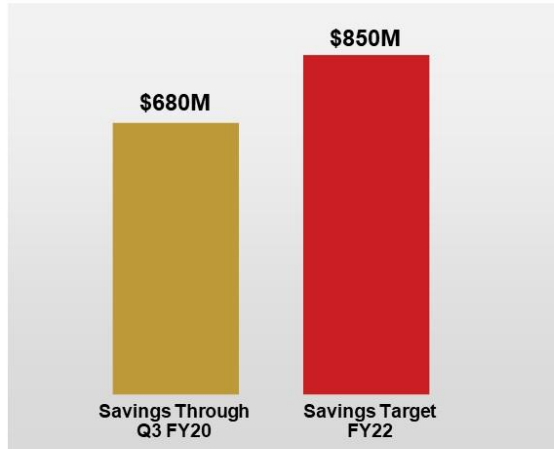
Adjusted marketing and selling expenses increased 12% in the quarter to $239 million. This increase was driven primarily by our planned increased investment in advertising and consumer promotion expenses, which is up 19% versus a year ago. These investments primarily reflect higher levels of support behind Soup, as well as investments in our Snacks power brands.

Adjusted administrative expenses increased 4% to $144 million, primarily reflecting higher incentive compensation accruals, as well as higher general administration costs and inflation and investments in information technology, offset partly by the benefits from cost savings initiatives and lower benefits costs.

Cost Savings

Continuing Operations ($ millions)

- Total savings of $30 million realized in Q3; $120 million through the first nine months
- Enterprise cost savings and Snyder's-Lance synergies program on track with $680 million achieved to date
- Outlook of approximately $150 million for FY20
- Tracking to cumulative savings target of $850 million by end of FY22



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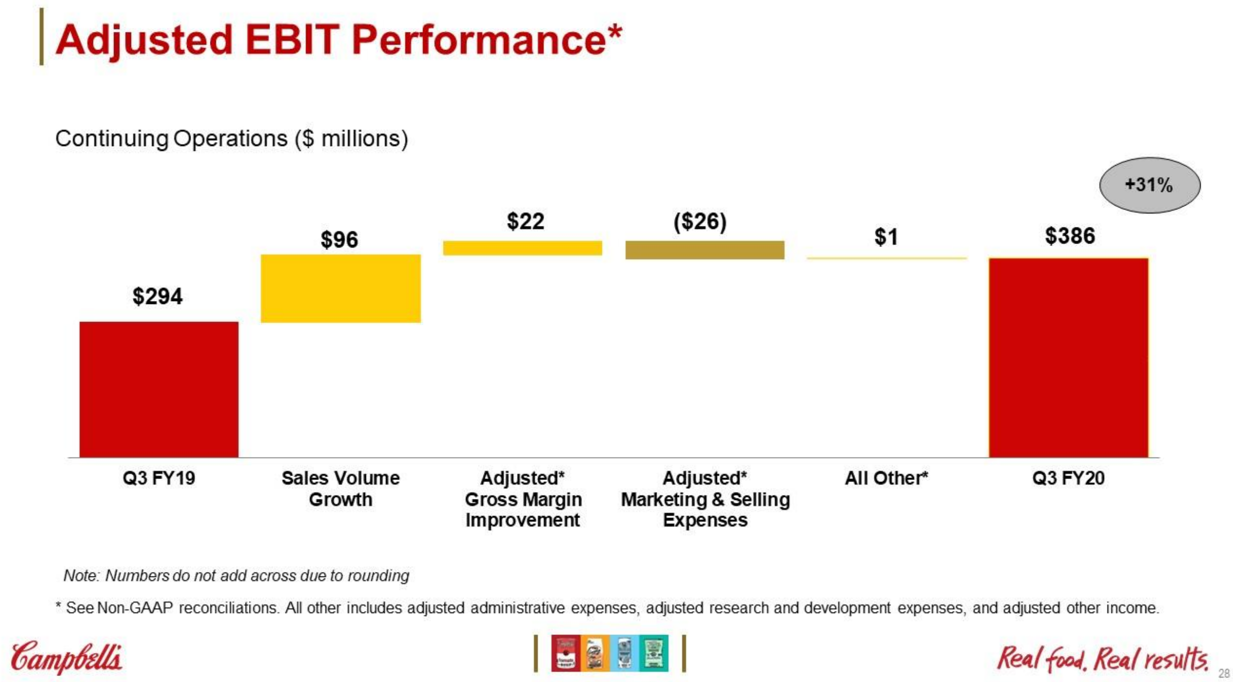
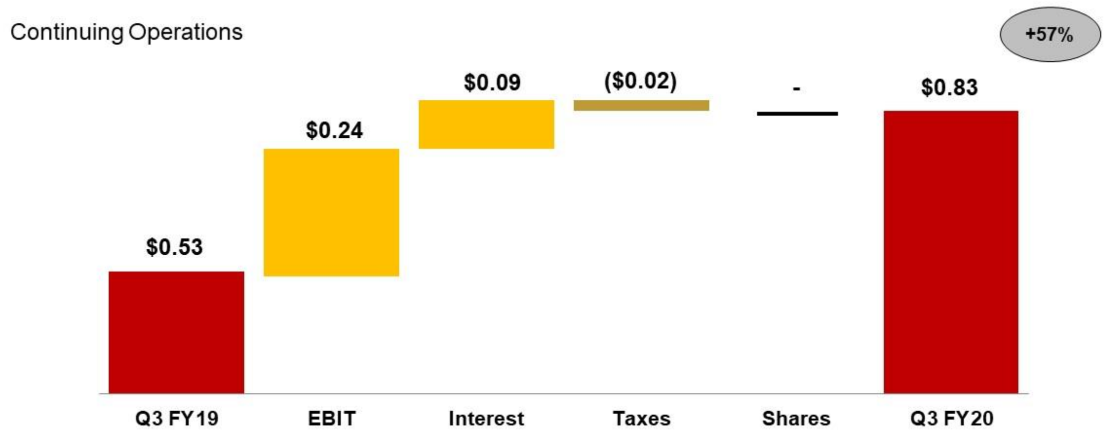
Going to the next slide, we have continued to successfully deliver against our multi-year enterprise cost savings program. This quarter, we achieved $30 million in savings, inclusive of Snyder's-Lance synergies. To date, that brings our savings for the overall program to $680 million. We expect incremental cost savings of approximately $150 million for the full year and continue to track to our cumulative savings target of $850 million by the end of fiscal 2022.



To help tie this all together, we are providing an adjusted EBIT bridge to highlight the key drivers of performance this quarter. As discussed, adjusted EBIT grew by 31%. This was largely driven by the increase in demand for our products with sales volume gains contributing $96 million of EBIT growth. The overall adjusted gross margin expansion of 100 basis points contributed $22 million of EBIT growth, which was more than offset by higher adjusted marketing and selling expenses of $26 million reflecting our investments in A&C. And the remaining impact of all other items, consisting of adjusted administrative expenses, R&D and other income, in aggregate, was nominal. Our adjusted EBIT margin increased year-over-year by 210 basis points to 17.2%.

Adjusted EPS Performance*



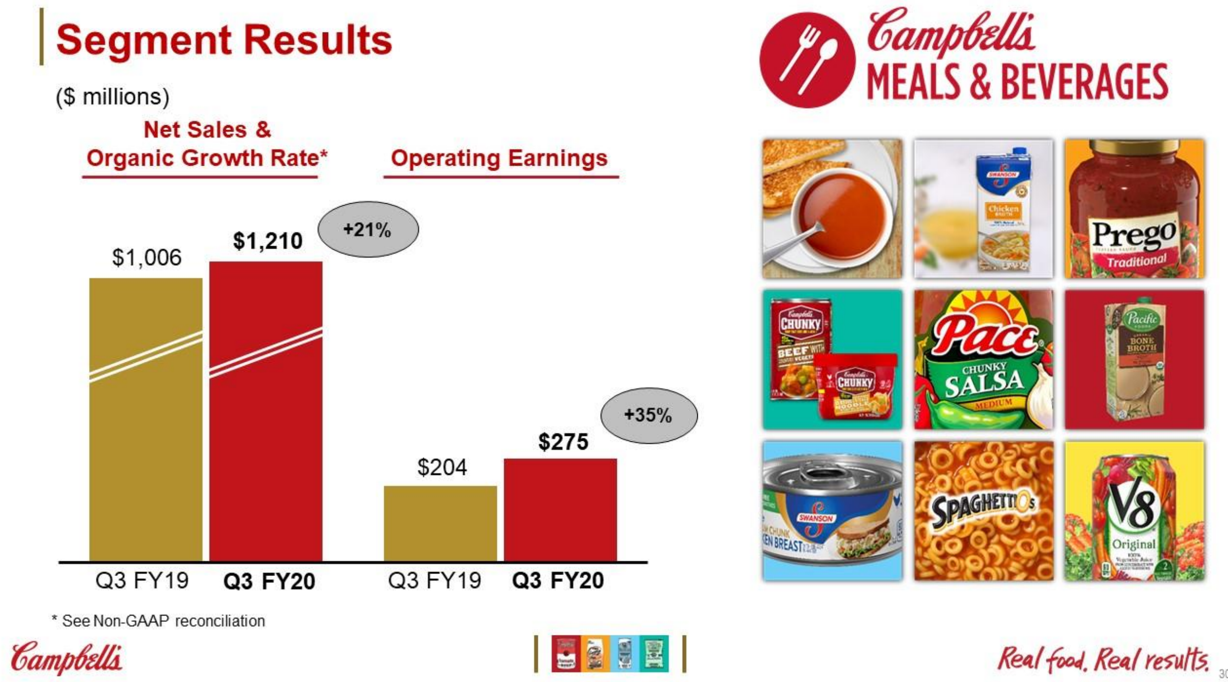
* See Non-GAAP reconciliation

The following chart breaks down our adjusted EPS change between our operating performance and below-the-line items.

Adjusted EPS increased 30 cents, from $0.53 in the prior year quarter to $0.83 per share. Adjusted EBIT had a positive 24 cent impact on EPS.

Net interest expense declined year-over-year by $34 million, delivering a 9-cent positive impact to EPS, as we have used proceeds from completed divestitures and our strong cashflow to reduce debt.

And lastly, our adjusted effective tax rate of 23.6% was higher than the prior year rate of 21.5%, leading to a two-cent negative impact to EPS, completing the bridge to $0.83 per share.

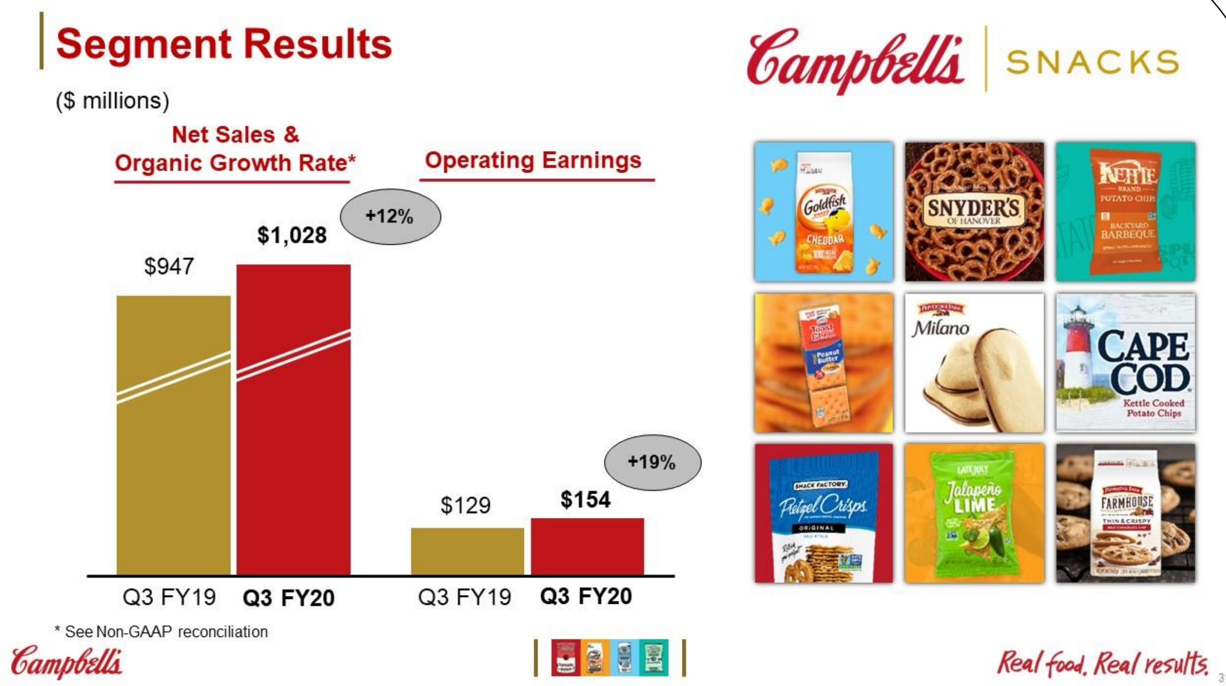


Now turning to each of our segments.

In Meals & Beverages, organic net sales increased 21% to $1.2 billion, reflecting growth across our U.S. retail business including soups, *Prego* pasta sauces, *V8* beverages, *Campbell's* pasta, *Pace* Mexican sauces and *Swanson* canned poultry, as well as growth in Canada, offset partly by declines in foodservice. Volumes within our retail business grew primarily due to increased food purchases for at-home consumption, offset partially by a decline within our foodservice business driven by stay-at-home mandates and other COVID-19 related restrictions.

Net sales of U.S. soups increased 35% compared to the prior year with growth in condensed soups, ready-to-serve soups and broth.

Operating earnings for Meals & Beverages increased 35% to $275 million. The increase was driven primarily by sales volume growth and an improved gross margin, offset partly by increased marketing investments. The gross margin increase was driven by improved operating leverage and favorable product mix, as well as the benefits of supply chain productivity improvements and cost savings initiatives, offset partly by cost inflation and higher other supply chain costs, which includes COVID-19 related costs.



Within Snacks, organic net sales increased 12% to $1 billion driven primarily by volume growth reflecting elevated demand of food purchases for at-home consumption. These sales results reflect growth in fresh bakery products, *Goldfish* crackers, and Pepperidge Farm cookies, as well as *Kettle Brand* and *Cape Cod* potato chips, *Pop Secret* popcorn, *Snyder's of Hanover* pretzels, *Lance* sandwich crackers, *Late July* snacks, and *Snack Factory Pretzel Crisps*.

Operating earnings for Snacks increased 19% to $154 million. The increase was primarily due to sales volume growth and an improved gross margin, offset partly by increased marketing investment and higher selling expenses. The gross margin increase was impacted by favorable product mix and improved operating leverage, as well as the benefits of supply chain productivity improvements and cost savings initiatives, offset partly by cost inflation and higher other supply chain costs, which includes COVID-19 related costs.

Cash Flow

Total Company ($ millions)

	YTD FY19	YTD FY20
Net Cash Flows from Operations	**$1,148**	**$1,125**
Of which changes in working capital (net of acquisition and divestitures)	*$134*	*$85*
Net Cash Flows from Investing Activities	**($222)**	**$2,318**
Of which capital expenditures	*($274)*	*($220)*
Of which sale of businesses (net of cash divested)	*$54*	*$2,537*
Net Cash Flows from Financing Activities	**($941)**	**($2,378)**
*Of which debt repayments**	*($614)*	*($294)*
Of which payments related to debt extinguishment	-	*($1,768)*
Of which dividends paid	*($318)*	*($320)*
Net Change in Cash & Cash Equivalents**	**($20)**	**$1,063**

* Includes long-term debt repayments as well as short-term debt repayments net of borrowings
** Does not add as this item includes the effect of exchange rate changes on cash

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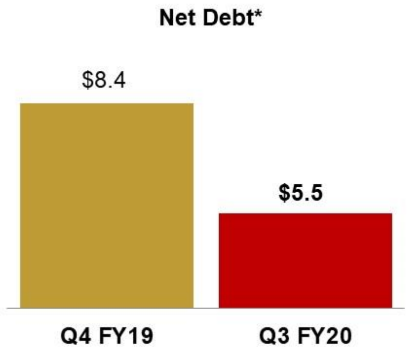
Cash from operations through the first nine months of fiscal 2020 decreased year-over-year by $23 million to $1.13 billion primarily driven by changes in working capital, principally accrued liabilities, offset partly by increased cash earnings.

Cash from investing activities increased by $2.5 billion to $2.32 billion driven by the net proceeds from our divested businesses. The cash outlay for capital expenditures was $220 million, $54 million lower than the prior year, primarily reflecting delays in certain projects impacted by the current operating environment. We are now forecasting Capex of approximately $300 million for fiscal 2020.

Cash outflows for financing activities were $2.38 billion compared to $941 million a year ago. The year-over-year incremental cash outflow reflects the use of divestiture proceeds to pay down some of our debt. Dividends paid in the amount of $320 million were comparable to the prior year, reflecting our current quarterly dividend of $0.35 per share.

Continued Deleveraging

Continuing Operations ($ billions)



	Q4 FY19	Q3 FY20
Net Debt / Adjusted EBITDA* *(on trailing twelve-month basis)*	**5.2x**	**3.2x**

Key Highlights

- Completed International divestiture in Q2; net proceeds used to reduce debt
- Continued focus on cash flow generation and debt reduction
- Further strengthened liquidity position in Q3 with $1B bond issuance

Campbell's * See Non-GAAP reconciliation

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As we updated you last quarter, we had made significant progress to de-lever our balance sheet. Ending net debt of $5.5 billion as of the third quarter declined by approximately $2.9 billion in the first nine months of fiscal 2020 as proceeds from completed divestitures, along with positive cash flow generated by the business, were used to reduce our debt.

In April, we raised $1 billion through the issuance of 10- and 30-year bonds. In early May we repaid the $300 million which was outstanding on our revolver and while we currently have an increased cash balance, we plan to utilize these proceeds to reduce a portion of our outstanding debt. We are comfortable with our overall liquidity position, in light of the increased cash balance combined with the highly cash generative nature of our business.

Our leverage ratio, which represents net debt to a trailing 12-month adjusted EBITDA from continuing operations is now at 3.2x.

Fiscal 2020 Guidance for Continuing Operations

($ millions, except per share)

	2019 Results	Previous 2020 Guidance	Updated 2020 Guidance
Net Sales	$8,107	-1% to +1%	+5.5% to +6.5%
Organic Net Sales**		-1% to +1%	+5.5% to +6.5%
Adjusted EBIT	$1,266*	+2% to +4%***	+12% to +14%***
Adjusted EPS	$2.30*	+11% to +13%*** $2.55 to $2.60	+25% to +27%*** $2.87 to $2.92

* See Non-GAAP reconciliation

** Organic net sales is net sales outlook less the estimated 2-percentage point impact of the 53rd week and an add back for the 2-percentage point impact from the European chips business divestiture

*** A Non-GAAP reconciliation is not provided for 2020 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

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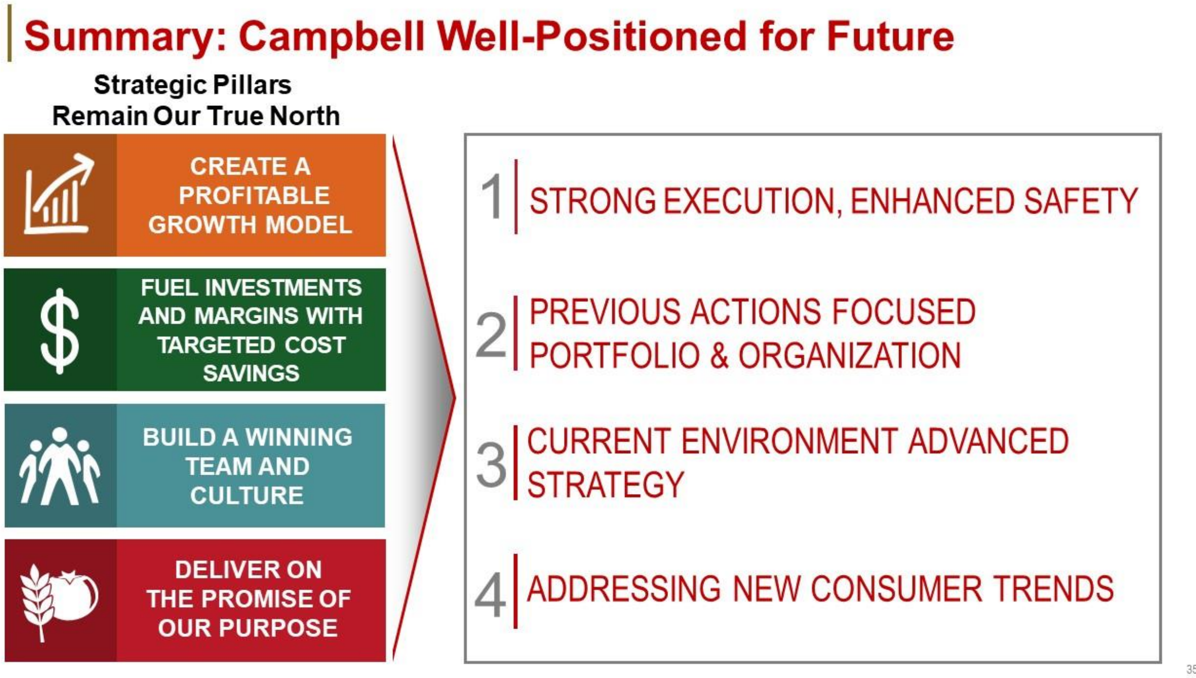
Now I'll review our updated guidance for continuing operations for Fiscal 2020.

As a result of our performance in the third quarter, which was significantly impacted by the increase in demand of our products amidst the COVID-19 pandemic, and our current outlook for continued demand for our products, we are raising our fiscal 2020 outlook for net sales, adjusted EBIT and adjusted EPS. As previously mentioned, although there exists a great deal of uncertainty surrounding the effect and duration of the COVID-19 pandemic, this revised outlook reflects our current expectation of trends through the balance of the fiscal year. We now expect reported and organic net sales growth of 5.5% to 6.5%, adjusted EBIT growth of 12 to 14% and adjusted EPS growth of 25% to 27%, or $2.87 to $2.92 per share.

And as a reminder, fiscal 2020 is a 53-week year resulting in an additional week, which we believe to have about a 2-percentage point impact across net sales, adjusted EBIT and adjusted EPS. And for clarity, our outlook for organic sales excludes the negative 2-point impact from the sale of the European chips business as well as a 2-point contribution from the 53rd week.

Overall, we had strong financial results during the quarter while operating in a challenging environment. I'm particularly impressed by all the hard work from my colleagues within the supply chain and how quickly everyone within Campbell has adjusted to the current working environment. I will now turn it back over to Mark.



Thank you, Mick. This is a unique moment for Campbell and the entire food industry. How will this crisis impact consumer behavior in terms of the food they eat, where they eat it, and how they shop for it? What changes are episodic and what changes are structural?

These are questions that we are focused on addressing as we work our way through the fourth quarter and plan for the upcoming fiscal year, including anticipating the various scenarios and ensuring our supply is ready and in place to meet that demand.

I'd like to leave you with four clear thoughts on the business.

One, we are executing very well while remaining safe, and we expect to continue to do so.

Two, the actions we have taken over the last year to focus the portfolio and organization, reduce debt, and return resources to core brands was critical for our preparedness to react to this crisis.

Three, this environment does not require a change in strategy for the company. In fact, it has materially advanced our strategy of building relevance in our classic, core brands, while accelerating growth in our differentiated snack brands.

Finally, we expect the primary consumer and retail trends discussed earlier to continue going forward—consumers seeking comfort food, while still wanting wholesome food from brands they can trust; quick-scratch home cooking; an increased focus on value; and the acceleration of on-line shopping and marketing.

As I said earlier, all of these trends are very much aligned with our portfolio and capabilities.

I am confident that we are prepared to make the most of a tough situation and ensure that Campbell is well-positioned in this new world.

Thank you for your time this morning.

This concludes our prepared remarks. Our live Q&A call will begin at 8:30 a.m. Eastern this morning.

APPENDIX

Reconciliation of GAAP and Non-GAAP Financial Measures

Continuing Operations ($ millions)

Third Quarter

April 26, 2020	Net Sales, As Reported	Impact of Currency	Organic Net Sales	% Change Net Sales, As Reported	% Change Organic Net Sales
Meals & Beverages	$ 1,210	$ 3	$ 1,213	20%	21%
Snacks	1,028	(1)	1,027	9%	12%
Total Net Sales	$ 2,238	$ 2	$ 2,240	15%	17%

April 28, 2019	Net Sales, As Reported	Impact of Divestitures	Organic Net Sales
Meals & Beverages	$ 1,006	$ -	$ 1,006
Snacks	947	(33)	914
Total Net Sales	$ 1,953	$ (33)	$ 1,920

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Reconciliation of GAAP and Non-GAAP Financial Measures

Continuing Operations ($ millions)

Nine Months

April 26, 2020	Net Sales, As Reported	Impact of Currency	Organic Net Sales	% Change Net Sales, As Reported	% Change Organic Net Sales
Meals & Beverages	$ 3,628	$ 4	$ 3,632	5%	5%
Snacks	2,955	-	2,955	3%	5%
Total Net Sales	$ 6,583	$ 4	$ 6,587	4%	5%

April 28, 2019	Net Sales, As Reported	Impact of Divestitures	Organic Net Sales
Meals & Beverages	$ 3,457	$ -	$ 3,457
Snacks	2,869	(65)	2,804
Corporate	1	-	1
Total Net Sales	$ 6,327	$ (65)	$ 6,262

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Reconciliation of GAAP and Non-GAAP Financial Measures

Continuing Operations
($ millions, except per share amounts)

Third Quarter

	EBIT	EBIT Margin %	Earnings	Diluted EPS*
2020 – As Reported	$ 273	12.2%	$ 166	$ 0.55
Add: Restructuring charges, implementation costs and other related costs	14		11	0.04
Add: Investment losses	45		35	0.12
Add: Pension settlement	54		41	0.13
2020 – Adjusted	$ 386	17.2%	$ 253	$ 0.83
2019 – As Reported	$ 245	12.5%	$ 123	$ 0.41
Add: Restructuring charges, implementation costs and other related costs	21		16	0.05
Add: Pension settlement	28		22	0.07
2019 – Adjusted	$ 294	15.1%	$ 161	$ 0.53
% Change	31%	+210 bps	57%	57%

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

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Reconciliation of GAAP and Non-GAAP Financial Measures

Continuing Operations
($ millions, except per share amounts)

Nine Months

	EBIT	Earnings	Diluted EPS*
2020 – As Reported	$ 940	$ 506	$ 1.66
Add: Restructuring charges, implementation costs and other related costs	50	38	0.13
Add: Pension settlement	43	33	0.11
Add: Loss on extinguishment of debt	-	57	0.19
Add: Charges associated with divestiture	64	41	0.13
Add: Investment losses	45	35	0.12
2020 – Adjusted	$ 1,142	$ 710	$ 2.34
2019 – As Reported	$ 896	$ 479	$ 1.59
Add: Restructuring charges, implementation costs and other related costs	90	68	0.23
Add: Pension settlement	28	22	0.07
Add: Tax reform	-	2	0.01
2019 – Adjusted	$ 1,014	$ 571	$ 1.89
% Change	13%	24%	24%

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

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Reconciliation of GAAP and Non-GAAP Financial Measures

Continuing Operations ($ millions)

Third Quarter

	Gross Margin		GM %	Tax		Tax Rate
2020 – As Reported	$	772	34.5%	$	52	23.9%
Add: Restructuring charges, implementation costs and other related costs		4			3	
Add: Investment losses		-			10	
Add: Pension settlement		-			13	
2020 – Adjusted	$	776	34.7%	$	78	23.6%
2019 – As Reported	$	655	33.5%	$	33	21.2%
Add: Restructuring charges, implementation costs and other related costs		4			5	
Add: Pension settlement		-			6	
2019 – Adjusted	$	659	33.7%	$	44	21.5%

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Reconciliation of GAAP and Non-GAAP Financial Measures

Continuing Operations ($ millions)

Adjusted EBIT Impact from Adjusted Gross Margin Expansion

	Third Quarter
2020 – Reported Net Sales	$ 2,238
2020 – Adjusted Gross Margin %	34.7%
2019 – Adjusted Gross Margin %	33.7%
Change in Adjusted Gross Margin %	1.0%
Reported Net Sales multiplied by change in Adjusted Gross Margin %	$ 22

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Reconciliation of GAAP and Non-GAAP Financial Measures

Continuing Operations ($ millions)

Third Quarter

	Marketing & Selling Expenses
2020 – As Reported	$ 239
2019 – As Reported	$ 215
Deduct: Restructuring charges, implementation costs and other related costs	(2)
2019 – Adjusted	$ 213
% Change	12%

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Reconciliation of GAAP and Non-GAAP Financial Measures

Continuing Operations ($ millions)

Third Quarter

	Administrative Expenses	Research & Development Expenses	Other Expenses / (Income)	Total All Other
2020 – As Reported	$ 154	$ 25	$ 81	$ 260
Deduct: Pension settlement	-	-	(54)	(54)
Deduct: Investment losses	-	-	(45)	(45)
Deduct: Restructuring charges, implementation costs and other related costs	(10)	-	-	(10)
2020 – Adjusted	$ 144	$ 25	$ (18)	$ 151
2019 – As Reported	$ 150	$ 23	$ 20	$ 193
Deduct: Pension settlement	-	-	(28)	(28)
Deduct: Restructuring charges, implementation costs and other related costs	(12)	(1)	-	(13)
2019 – Adjusted	$ 138	$ 22	$ (8)	$ 152
% Change	4%	14%	n/m	(1)%

n/m – not meaningful

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Reconciliation of GAAP and Non-GAAP Financial Measures

Continuing Operations ($ millions)

Net Debt

	July 28, 2019	April 26, 2020
Short-Term Borrowings	$ 1,371	$ 1,504
Long-Term Debt	7,103	5,191
Total Debt	$ 8,474	$ 6,695
Less: Cash and Cash Equivalents	(31)	(1,242)
Net Debt	$ 8,443	$ 5,453

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Reconciliation of GAAP and Non-GAAP Financial Measures

($ millions)	(a) Twelve Months Ended July 28, 2019	(b) Nine Months Ended April 28, 2019	(c) Nine Months Ended April 26, 2020	= (a)-(b)+(c) Trailing Twelve Months Ended (TTM) April 26, 2020
Earnings before interest and taxes, as reported	$ 979	$ 896	$ 940	$ 1,023
Add: Restructuring charges, implementation costs and other related costs	121	90	50	81
Add: Pension settlement	28	28	43	43
Add: Investment losses	-	-	45	45
Add: Charges associated with divestiture	-	-	64	64
Add: Impairment charges	16	-	-	16
Add: Pension and postretirement benefit mark-to-market	122	-	-	122
Adjusted Earnings before interest and taxes	$ 1,266	$ 1,014	$ 1,142	$ 1,394
Depreciation and amortization, as reported	$ 446	$ 349	$ 241	$ 338
Add (Deduct): Restructuring charges, implementation costs and other related costs	(18)	(24)	(2)	4
Deduct: Depreciation and amortization, discontinued operations	(83)	(72)	-	(11)
Adjusted Depreciation and amortization from continuing operations	$ 345	$ 253	$ 239	$ 331
Adjusted Earnings before interest, taxes, depreciation and amortization	$ 1,611	$ 1,267	$ 1,381	$ 1,725
Net Debt	$ 8,443			$ 5,453
Net Debt to Adjusted EBITDA	5.2			3.2

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Reconciliation of GAAP and Non-GAAP Financial Measures

Continuing Operations
($ millions, except per share amounts)

Full Year

	Gross Margin	GM %	EBIT	Net Earnings	Diluted EPS
2019 – As Reported	$ 2,693	33.2%	$ 979	$ 474	$ 1.57
Add: Restructuring charges, implementation costs and other related costs	18		121	92	0.30
Add: Pension and postretirement benefit mark-to-market adjustments	-		122	93	0.31
Add: Impairment charges	-		16	13	0.04
Add: Pension settlement	-		28	22	0.07
Add: Tax reform	-		-	2	0.01
2019 – Adjusted	$ 2,711	33.4%	$ 1,266	$ 696	$ 2.30

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