

Campbell's®

Q1 Fiscal 2020 Investor Update



Q1 Fiscal 2020 Investor Update



Ken Gosnell

Vice President - Finance Strategy
& Investor Relations



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 ability to complete and to realize the projected benefits of planned divestitures and other business portfolio changes; our indebtedness and ability to pay such indebtedness; our ability to realize projected cost savings and benefits from cost savings initiatives and the integration of recent acquisitions; 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; 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 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; 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 or other calamities; and other factors described in our most recent Form 10-K and subsequent Securities and Exchange Commission filings. We disclaim any obligation or intent to update these statements to reflect new information or future events.



Agenda

CEO Perspective

Q1 Fiscal 2020 Results

Fiscal 2020 Guidance

Q&A

Campbell's

CEO Perspective



Mark Clouse
President and
Chief Executive Officer



Q1 F'20 Results Largely In-Line with Expectations

Fiscal 2020: A Year of Stabilization

- Organic net sales declined just under 1%*
- Snacks strength – organic sales increased 2%*
- Meals & Beverages – organic sales decreased 3%*
- Strong in-market performance
 - Total company in-market consumption up > 1%**
 - Grew or held share in categories representing > 80% of business and in 10 of our 13 priority categories***
- Adj. gross margin increased 30 bps*
 - Delivered \$45 million in cost savings
- Adj. EPS of \$0.78 increased 10%*

*See Non-GAAP reconciliation

**IRI TSV syndicated, Total US MULO L13W 10/27/19

***IRI US MULO L13W 10/27/19



Meals & Beverages Progress

- Organic sales down 3%*, primarily driven by timing in U.S. soup shipments and foodservice, offset partly by gains in *Prego*
 - Strong in-market performance**
- Optimizing the portfolio, while infusing needed investments
 - A&C up 2%, including 15% increase on U.S. soup brands
- Continuing progress, sequential improvement expected in Q2



*See Non-GAAP reconciliation

**IRI U.S. MULO \$ Consumption L13W 10/27/19; IRI Total U.S. MULO L13W ended 10/27/19

Campbell's



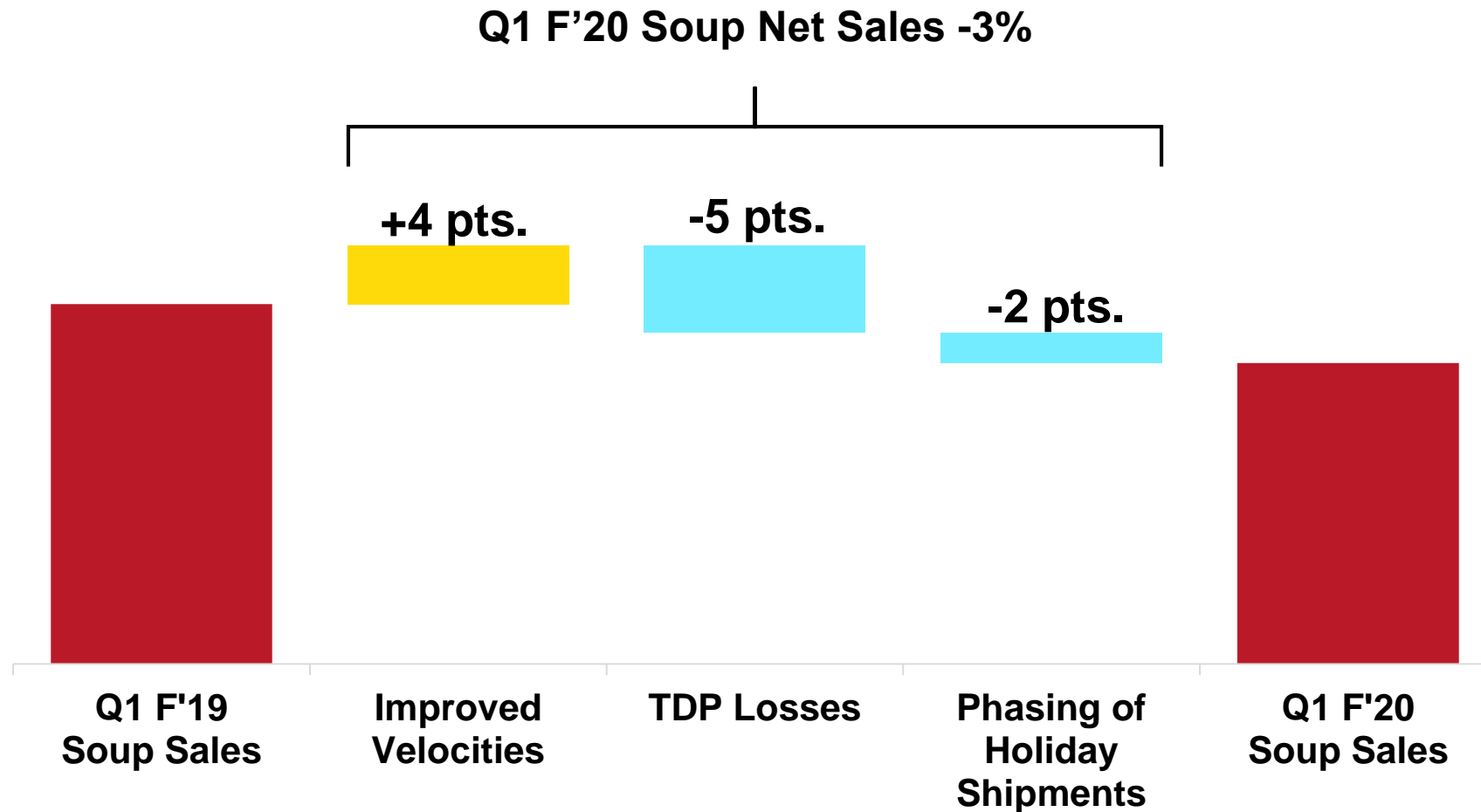
Real food. Real results.

Stabilizing U.S. Soup in F'20

- ✓ Doing what we said we'd do
 - Investing in the business
 - Strengthening important retailer relationships
 - Managing the portfolio
- ✓ Grew or held dollar share across all soup segments*
 - First time in 10 quarters Campbell gained overall soup share
 - Early indicator of progress



Improved Soup Velocities More than Offset by Declining TDPs and Phasing of Holiday Shipments



TDPs Declining as Expected; Mostly Offset by Improved Velocities

Improved Velocities

- Successful advertising
- Increased promotional frequency
- Improving retailer relationships
- Portfolio optimization

TDP Losses

- ~80% Non-regrettable
- ~20% Regrettable – Aggressively pursuing

Stabilizing Meals & Beverages

- *Prego* maintained #1 share position in pasta sauce category*
- Reshaping *V8* portfolio around plant-based positioning & single-serve
 - *V8+ Energy* outperforming category**



*IRI Total U.S. MULO L13W ended 10/27/19

**IRI InfoScan, Total U.S. MULO through 10/27/19

Campbell's



Real food. Real results.

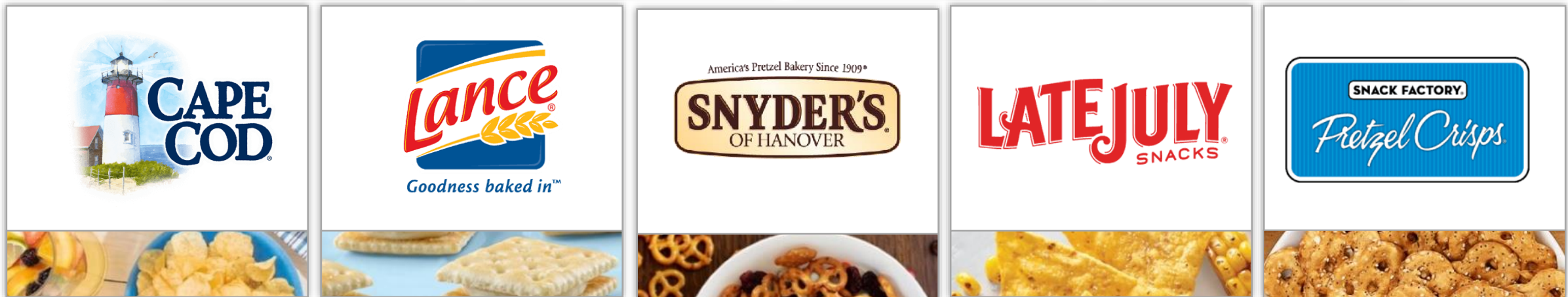
Snacks: Continued Strong Performance

- Organic sales increased 2%*
- Steady progress on integration and value capture
- Operating profit comparable to year-ago quarter; front-loaded marketing investments
- Expect profit performance to improve throughout the year



8 of 9 Power Brands Grew or Maintained Share*

Power Brand Consumption Increased 6%**

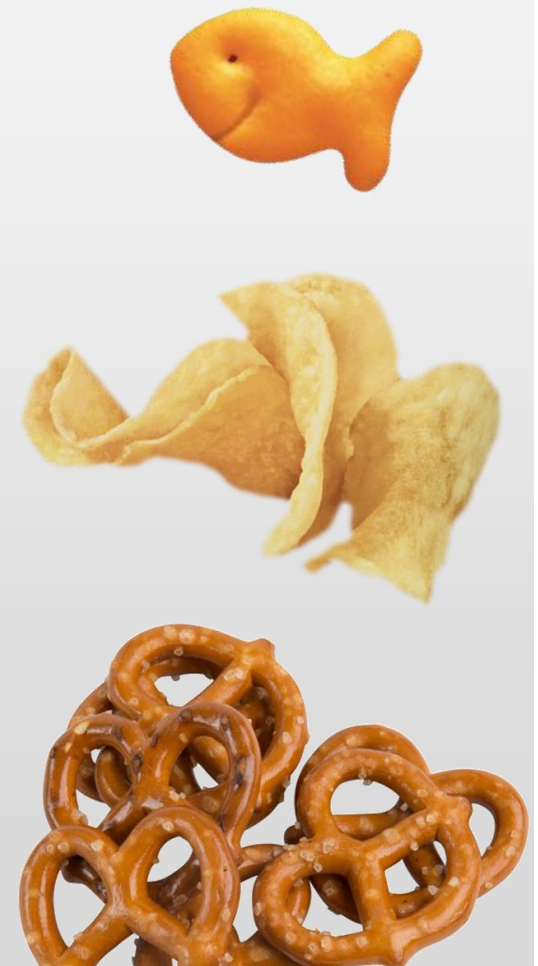


Partner Brands Performed In-Line with Expectations



Snacks: Integration on Track

- Continued strong performance in:
 1. Procurement, specifically packaging
 2. Consolidation of sales headquarters and related operations
 3. Operational efficiency in manufacturing
- Expect new initiatives around manufacturing and logistics to contribute to savings in back half



Campbell's

CFO Perspective



Mick Beekhuizen
Chief Financial Officer



First-Quarter Fiscal 2020 Summary

- Fiscal 2020 results are on track
- Improved gross margin performance
- Continued delivery of cost savings
- Divestiture process nearing completion
- Updating 2020 sales guidance for sale of European chips business



Financial Summary

Continuing Operations
(\$ millions, except per share)

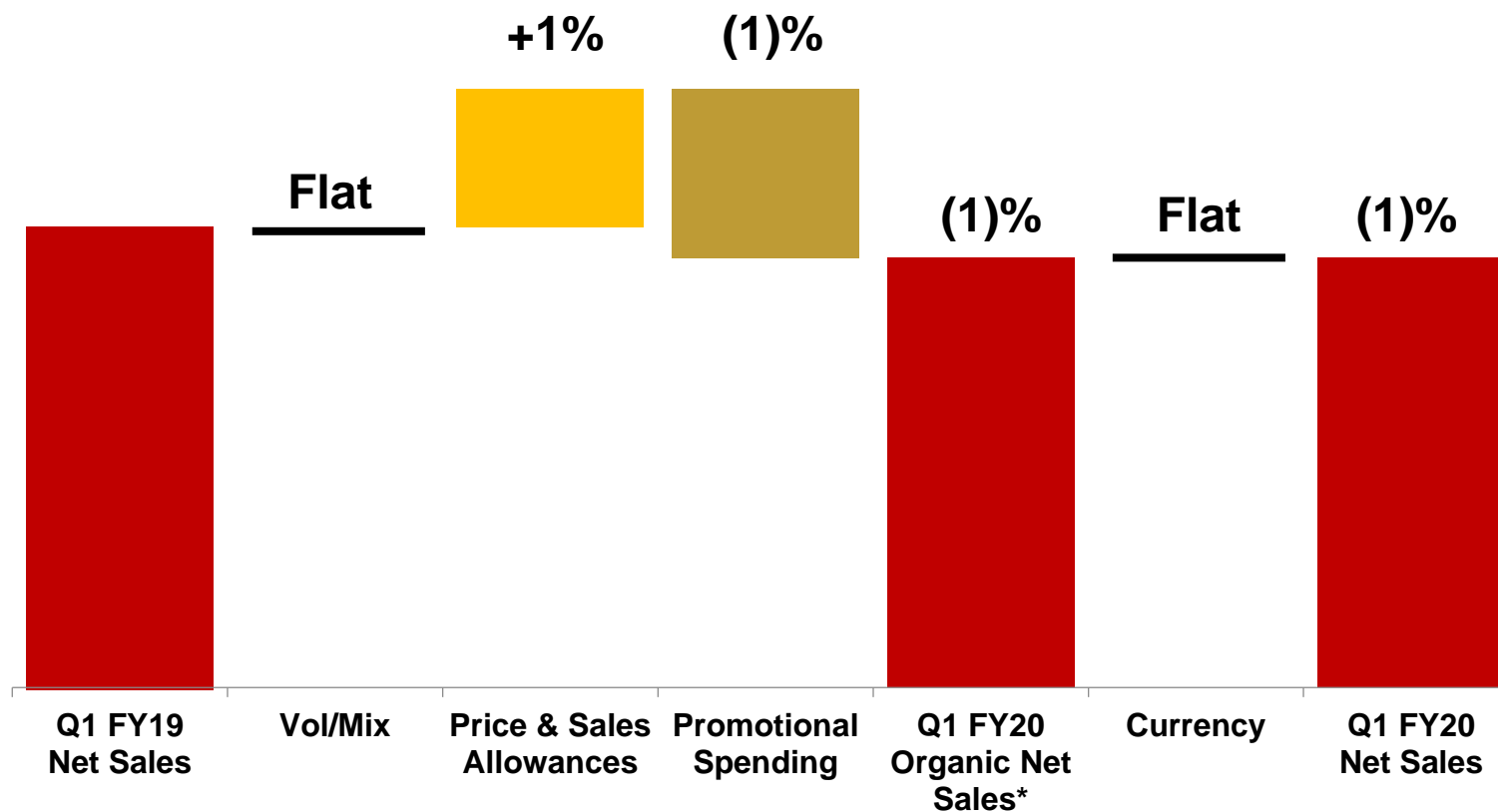
	First Quarter	Change vs. PY	
		\$	%
Net Sales	\$2,183	(\$19)	(1)%
<i>Organic Net Sales*</i>		(\$16)	(1)%
Adjusted EBIT*	\$392	\$21	6%
Adjusted EPS*	\$0.78	\$0.07	10%

*See Non-GAAP reconciliation



Components of Net Sales Change

Continuing Operations

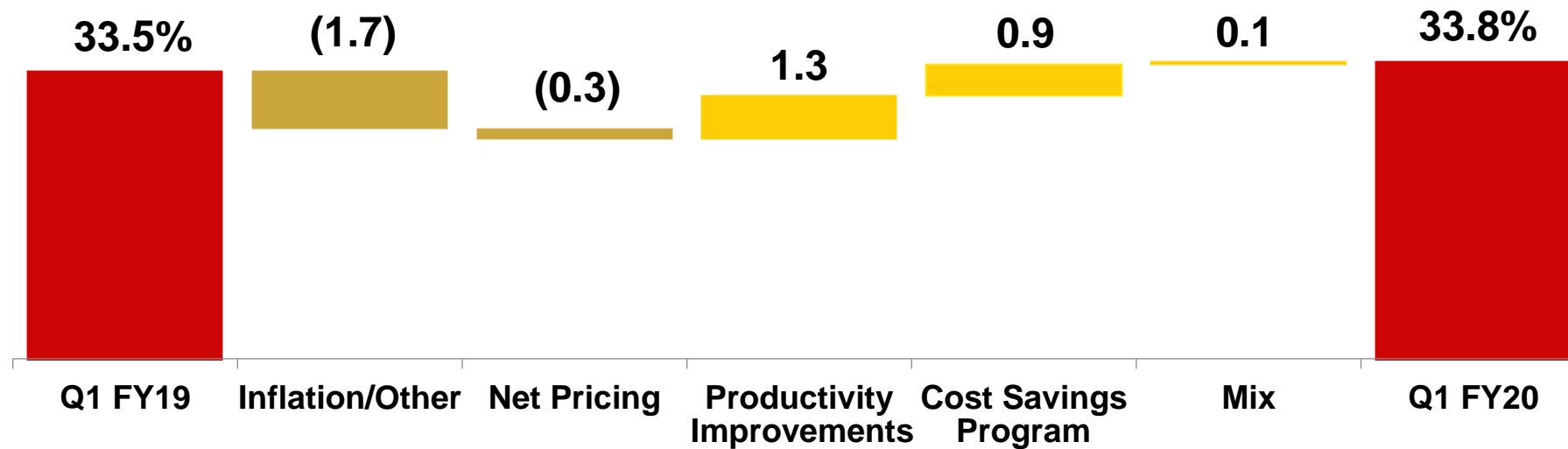


* See Non-GAAP reconciliation; does not add due to rounding



Adjusted Gross Margin Performance*

Continuing Operations



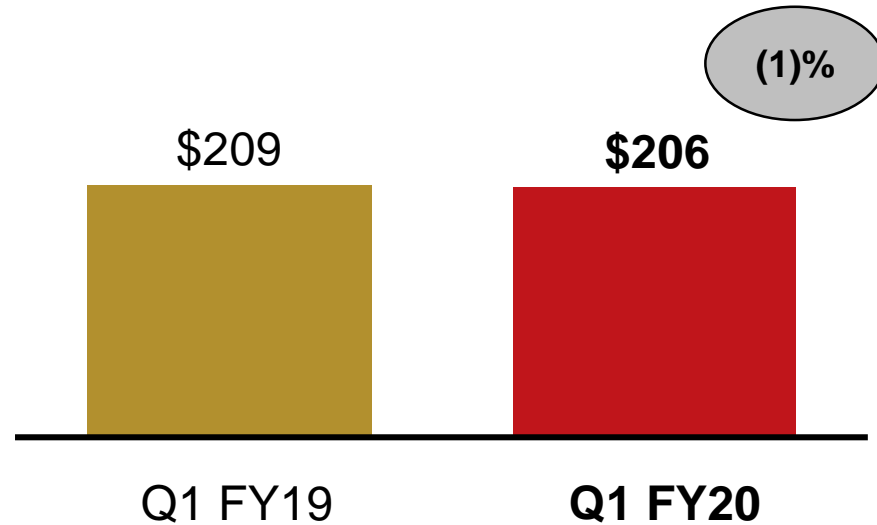
* See Non-GAAP reconciliation



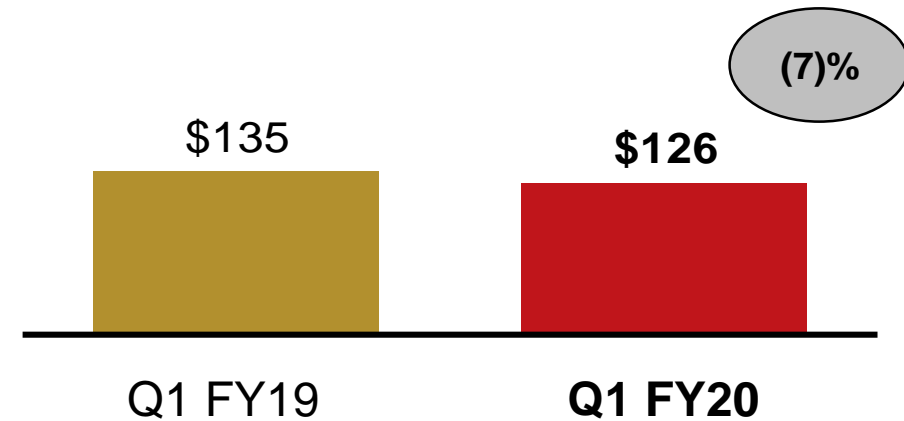
Other Operating Items

Continuing Operations (\$ millions)

Adjusted Marketing & Selling Expenses*



Adjusted Administrative Expenses*



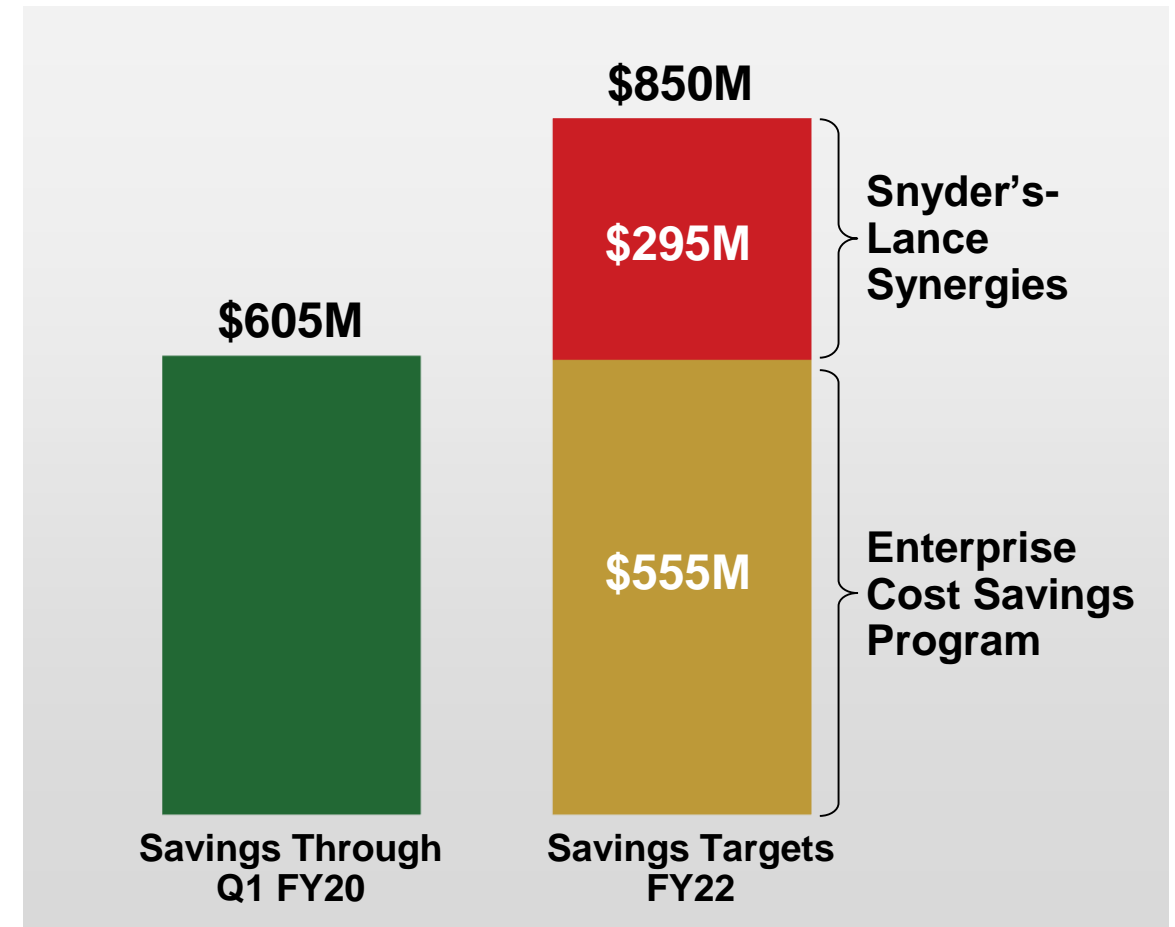
* See Non-GAAP reconciliation



Cost Savings

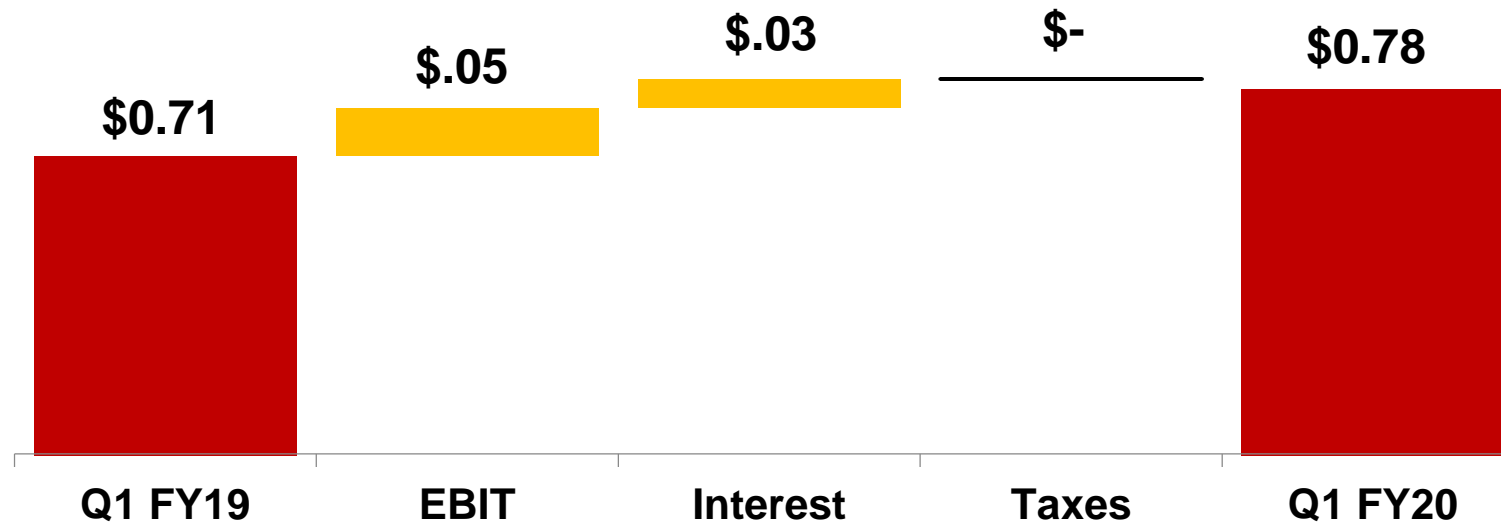
Continuing Operations (\$ millions)

- Total savings of \$45 million realized in Q1
- Enterprise cost savings and Snyder's-Lance synergies program on track with \$605 million achieved to date
- Total incremental savings outlook in the range of \$140 to \$150 million for F'20
- Tracking to cumulative savings target of \$850 million by end of F'22



Adjusted EPS Performance*

Continuing Operations



* See Non-GAAP reconciliation

Note: Numbers do not add across due to rounding



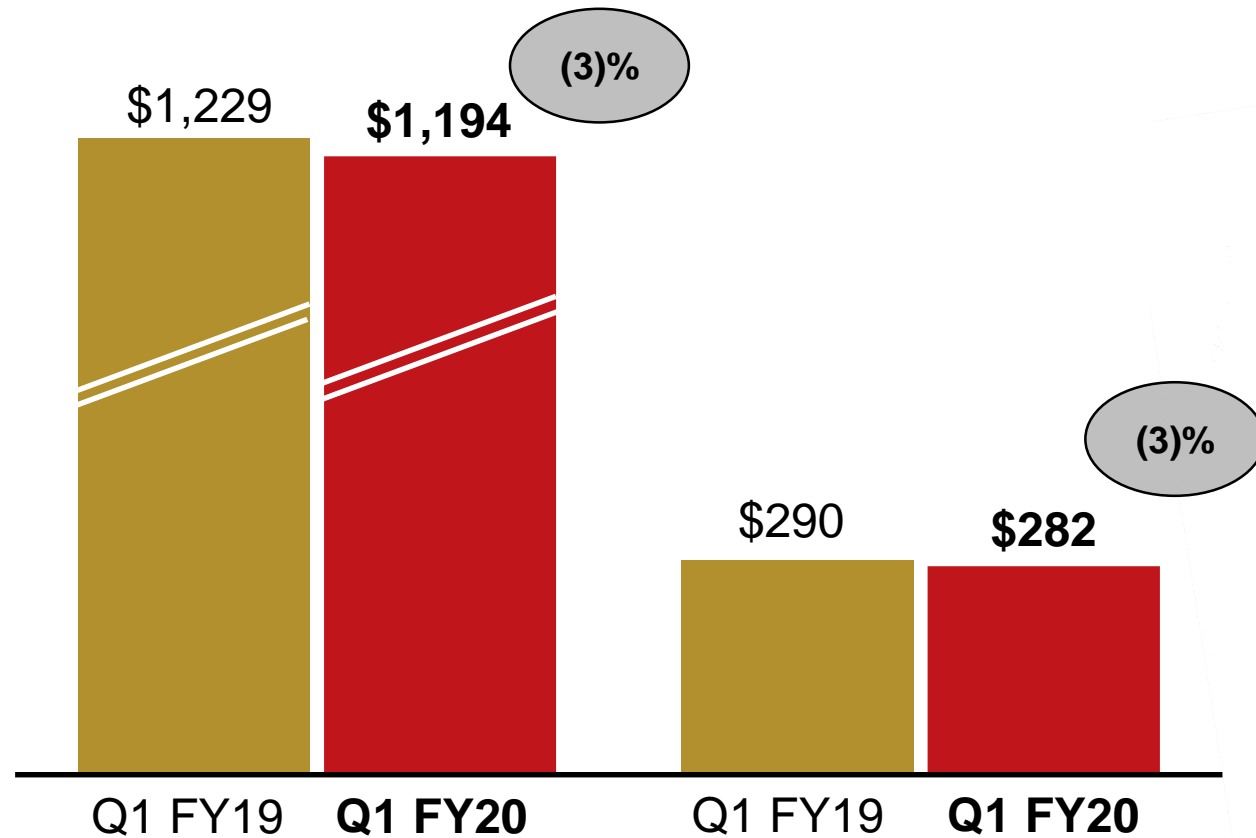
Segment Results

(\$ millions)



Net Sales

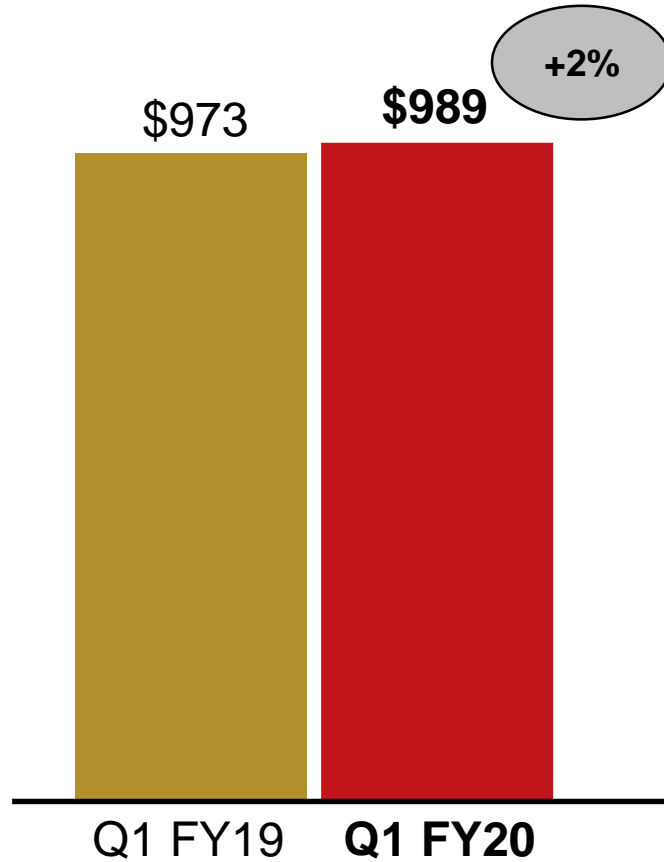
Operating Earnings



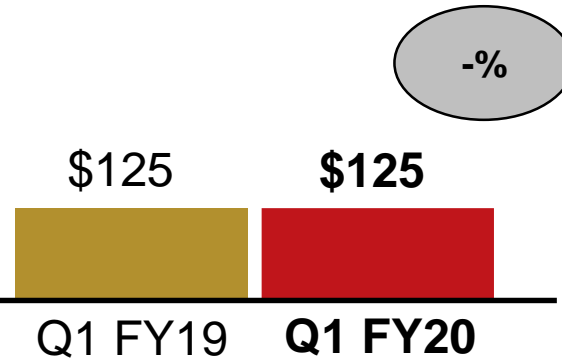
Segment Results

(\$ millions)

Net Sales



Operating Earnings



Campbell's
SNACKS



Cash Flow and Ending Net Debt

Total Company (\$ millions)

Year-to-Date Cash Flow	Q1 FY19	Q1 FY20
Net Cash Flows from Operations	\$231	\$182
<i>Of which changes in working capital (net of divestitures)</i>	<i>(\$136)</i>	<i>(\$173)</i>
Net Cash Flows from Investing Activities	(\$100)	\$269
<i>Of which capital expenditures</i>	<i>(\$111)</i>	<i>(\$98)</i>
<i>Of which sale of businesses (net of cash divested)</i>	<i>-</i>	<i>\$368</i>
Net Cash Flows from Financing Activities	(\$148)	(\$453)
<i>Of which debt repayments**</i>	<i>(\$35)</i>	<i>(\$338)</i>
<i>Of which dividends paid</i>	<i>(\$107)</i>	<i>(\$107)</i>
Net Change in Cash & Cash Equivalents*	(\$21)	(\$3)
Ending Net Debt***	\$9,641	\$8,168

* Does not add as this item includes the effect of exchange rate changes on cash

** Includes long-term debt repayments as well as short-term debt repayments net of borrowings

*** Represents Total Company Combined Ending Net Debt; see Non-GAAP reconciliation



Real food. Real results.

Fiscal 2020 Guidance for Continuing Operations

(\$ millions, except per share)

	2019 Results	Previous 2020 Guidance	Impact from Sale of European Chips Business	Updated 2020 Guidance
Net Sales	\$8,107	+1% to +3%	-2%	-1% to +1%
Organic Net Sales**			No Impact	-1% to +1%
Adjusted EBIT	\$1,266*	+2% to +4%***	No Impact	+2% to +4%***
Adjusted EPS	\$2.30*	+9% to +11%*** \$2.50 to \$2.55	No Impact	+9% to +11%*** \$2.50 to \$2.55

* 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



Real food. Real results.

Key Proof Points Fiscal 2020

Q1 Progress

 <p>PROFITABLE GROWTH</p>	<ul style="list-style-type: none">■ Stabilizing top line■ Improved soup performance■ Accelerated Snacks growth	<p>✓ -</p> <p>✓</p> <p>✓</p>
 <p>INVESTMENT AND PROFIT</p>	<ul style="list-style-type: none">■ Stabilizing margins and EBIT■ Deliver cost savings to invest in growth■ Improve working capital and reduce debt	<p>✓ +</p> <p>✓</p> <p>✓</p>
 <p>WINNING TEAM</p>	<ul style="list-style-type: none">■ Organization model in place■ Adding capabilities, while saving costs■ Incentives linked to KPIs	<p>+</p> <p>+</p> <p>✓</p>

Q&A

Campbell's



Appendix



Reconciliation of GAAP and Non-GAAP Financial Measures

Continuing Operations (\$ millions)

First Quarter

October 27, 2019

Meals & Beverages

Net Sales, As Reported	Impact of Currency	Organic Net Sales
\$ 1,194	\$ 2	\$ 1,196

% Change	
Net Sales, as Reported	Organic Net Sales
(3)%	(3)%

Snacks

989	1	990
-----	---	-----

2%	2%
----	----

Total Net Sales

<u>\$ 2,183</u>	<u>\$ 3</u>	<u>\$ 2,186</u>
-----------------	-------------	-----------------

<u>(1)%</u>	<u>(1)%</u>
-------------	-------------

October 28, 2018

Meals & Beverages

\$ 1,229		
----------	--	--

Snacks

973		
-----	--	--

Total Net Sales

<u>\$ 2,202</u>		
-----------------	--	--



Reconciliation of GAAP and Non-GAAP Financial Measures

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

First Quarter

	<u>EBIT</u>	<u>Earnings</u>	<u>Diluted EPS*</u>
2020 – As Reported	\$ 317	\$ 169	\$ 0.56
Add: Restructuring charges, implementation costs and other related costs	11	8	0.03
Add: Charges associated with divestiture	64	60	0.20
2020 – Adjusted	<u>\$ 392</u>	<u>\$ 237</u>	<u>\$ 0.78</u>
2019 – As Reported	\$ 326	\$ 180	\$ 0.60
Add: Restructuring charges, implementation costs and other related costs	45	34	0.11
2019 – Adjusted	<u>\$ 371</u>	<u>\$ 214</u>	<u>\$ 0.71</u>
% Change	6%	11%	10%

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



Reconciliation of GAAP and Non-GAAP Financial Measures

Continuing Operations (\$ millions)

First Quarter

	Gross Margin	GM %	Tax	Tax Rate
2020 – As Reported	\$ 738	33.8%	\$ 68	28.7%
Add: Restructuring charges, implementation costs and other related costs	-		3	
Add: Charges associated with divestiture	-		4	
2020 – Adjusted	\$ 738	33.8%	\$ 75	24.0%
2019 – As Reported	\$ 726	33.0%	\$ 56	23.7%
Add: Restructuring charges, implementation costs and other related costs	12		11	
2019 – Adjusted	\$ 738	33.5%	\$ 67	23.8%



Reconciliation of GAAP and Non-GAAP Financial Measures

Continuing Operations (\$ millions)

First Quarter

	<u>Marketing and Selling Expenses</u>	<u>Administrative Expenses</u>	<u>Other Expenses / (Income)</u>
2020 – As Reported	\$ 206	\$ 134	\$ 56
Deduct: Restructuring charges, implementation costs and other related costs	-	(8)	-
Deduct: Charges associated with divestiture	-	-	(64)
2020 – Adjusted	<u>\$ 206</u>	<u>\$ 126</u>	<u>\$ (8)</u>
2019 – As Reported	\$ 211	\$ 148	\$ 0
Deduct: Restructuring charges, implementation costs and other related costs	(2)	(13)	-
2019 – Adjusted	<u>\$ 209</u>	<u>\$ 135</u>	<u>\$ 0</u>
% Change	(1)%	(7)%	n/m*

*n/m – not meaningful



Reconciliation of GAAP and Non-GAAP Financial Measures

(\$ millions)

Net Debt

	Continuing Operations		Discontinued Operations		Total Company Combined	
	October 28, 2018	October 27, 2019	October 28, 2018	October 27, 2019	October 28, 2018	October 27, 2019
Short-Term Borrowings	\$ 1,557	\$ 1,631	\$ 288	\$ -	\$ 1,845	\$ 1,631
Long-Term Debt	7,994	6,706	7	7	8,001	6,713
Total Debt	\$ 9,551	\$ 8,337	\$ 295	\$ 7	\$ 9,846	\$ 8,344
Less: Cash and Cash Equivalents	(85)	(61)	(120)	(115)	(205)	(176)
Net Debt	\$ 9,466	\$ 8,276	\$ 175	\$ (108)	\$ 9,641	\$ 8,168



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	<u>\$ 2,711</u>	<u>33.4%</u>	<u>\$ 1,266</u>	<u>\$ 696</u>	<u>\$ 2.30</u>

