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Campbell Soup Co. (CPB)

Investor Day

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President, Chief Executive Officer & Director, Campbell Soup Co.

Christopher Foley

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MANAGEMENT DISCUSSION SECTION

Unverified Participant

Please welcome to the stage, Rebecca Gardy, Campbell's Senior Vice President and Chief Investor Relations Officer.

Rebecca Gardy

Senior Vice President & Chief Investor Relations Officer, Campbell Soup Co.

Good morning, everyone. Thank you so much for coming. Welcome to Campbell's Fiscal 2025 Investor Day. It is my honor to be here representing one of the most iconic and trusted names in the food industry. I hope that when you leave today with a much – you'll leave with a much greater appreciation that while we have an incredible history, what's ahead is even more exciting.

For those listening online, we are coming to you live from Nasdaq MarketSite in New York City. As announced a few weeks ago, we transferred our listing exchange to Nasdaq, joining one of the – many of the world's most successful and innovative companies. While we're looking forward to our new relationship with Nasdaq, the NYSE was our listing home for many, many years. And on behalf of Campbell's, I'd like to thank the New York Stock Exchange for its partnership.

Before I provide an overview of today's program, a brief reminder that today's presentation and the Q&A session will be – we'll be making forward looking-statements, which include risks and uncertainties. For factors that may cause outcomes to differ materially, please take a moment to review the slides shown here. It's my favorite slide.

Additionally, during today's presentation, we'll be using non-GAAP financial measures. We've provided a reconciliation of each of these measures to the most directly comparable GAAP measure in the appendix of today's presentation, which will be available on our Investor Relations website at the conclusion of today's program.

Presenters today are Mark Clouse, Chief Executive Officer; Carrie Anderson, Chief Financial Officer. Also presenting are Chris Foley, President of Snacks; and Mick Beekhuizen, President of our Meals and Beverages Division. Dan Poland, our Chief Supply Chain Officer, will also join us for the Q&A session.

Now, let me review today's agenda. In a moment, Mark will review Campbell's transformative journey over the last five years, including the strong results that we've delivered. He'll also outline our future growth strategy and update our long-term algorithm through fiscal 2027. Next, you'll hear from Chris Foley, who will share the ways that snacks will reach its full potential by driving continued growth and profitability with its best-in-class brands.

Following Chris will be Mick Beekhuizen, sharing our strategy to transform meals and beverages by igniting growth in the core business, as well as discussing the game-changing addition of Rao's to our portfolio. We'll take a 15-minute break after Mick, but stay close by, please, because our exciting innovation showcase will begin at approximately 11:15.

For our online viewers, we'll pause the webcast after Mick's presentation. We'll be back about approximately 12:30 PM with Carrie Anderson, who will bring all of the pieces together in a long-term algorithm, also discussing

our approach to value creation, our cash flow expectations, and our capital priorities. We'll then move to a Q&A session, which I will moderate.

We'll be taking audience questions. And for those viewing the webcast, you may also ask a question by typing it into the Q&A box located at the bottom of the media player. We will get to as many questions as we can before we wrap at approximately 2:00 PM. If we can't get to your question today, we will follow up with you as soon as possible. And as always, your questions are always welcome by sending me a direct e-mail or an e-mail to IR@campbells.com.

And with that, it is my distinct pleasure to introduce our CEO, Mark Clouse.

Mark A. Clouse

President, Chief Executive Officer & Director, Campbell Soup Co.

Good morning, everybody.

Unverified Participant

Good morning.

Mark A. Clouse

President, Chief Executive Officer & Director, Campbell Soup Co.

Great to see everyone. Thank you guys for making the trip. I know many of you probably a block or two, but that was part of the goal. And welcome to the Las Vegas Sphere of financial markets at Nasdaq. We're excited to be here today.

So I'm Mark Clouse, I'm the Chief Executive Officer of Campbell's. It's great to be speaking to you from Nasdaq in New York City for my third Campbell's Investor Day. Nasdaq MarketSite is the perfect venue to tell you the transformative story of Campbell's and our vision for the future. I've been leading this incredible company for nearly six years now. And during that time, we've accomplished a tremendous amount. Been more than what we've accomplished, I'm even more thrilled to share with you why we believe this is a unique and breakthrough moment for Campbell's to launch the next chapter of growth in our long and rich history.

Those who are new to the Campbell's story as a company, we generate nearly \$10 billion in sales, with over 14,000 colleagues across North America. We operate 25 manufacturing facilities and well over 1,000 warehouses and depots. We're located right down the road in beautiful Camden, New Jersey, which has been our headquarters for over 155 years.

For the last six years, we've been on a transformative journey to redefine our 155-year-old company, and we've made significant progress to achieve that goal. This journey also happened to coincide with perhaps the most volatile period in the food industry's history.

So, today, although we recognize we remain in a somewhat dynamic consumer environment, we're ready to turn the page on turnaround, fixing and stabilizing. Today marks a new chapter for Campbell's. We're ready to compete like never before, and we believe we are uniquely positioned to set the standard for performance in the food industry. We hope that by the time we conclude today, you'll have the same conviction we have about the undeniable strength of our brands as well as our ability to deliver our long-term goals.

As we progress through the day, we'll lay out compelling reasons to believe in our investment thesis, which we are confident will resonate with each member of our audience and a variety of investment objectives.

So, let's get started, but we're going to do it in a silent mode to really enjoy the moment. All right. Here we go.

[Video Presentation] (00:06:51-00:07:38)

Awesome. So, I was going to sing the Imagine Dragons when it didn't come up. I'm not sure that would have been as enjoyable. But if I've learned nothing else in the six years, be ready for a curveball or two that comes your way. But look, I hope you enjoyed that. And when I think about this and I think about this company, it is awesome. I think it would be difficult to find any other food company in the world that has this many industry innovators.

Campbell's was built by entrepreneurs, by leaders in food, and by people who were not satisfied with the status quo. From Dr. Dorrance's invention of condensed soup to bring value, safety and taste to the masses, Margaret Rudkin elevating quality with Pepperidge Farm so her kids could get a decent piece of bread, and Frank Pellegrino changing the way we think about jarred pasta sauce. All of them visionaries and disruptors in their own right. Combined, they create a powerful heritage that's not only literally in our DNA, but it's also at the heart of the transformation we have been driving.

We've set out to establish Campbell's as an innovator and clear category leader, transforming the company and building confidence that we can win consistently. We thoughtfully and methodically shifted opportunities to strengths and added new capabilities as we've moved from defense to offense.

We did this in three key areas. First, we transformed the portfolio. Second, we rebuilt the foundational capabilities of the company, touching nearly every aspect and corner of the enterprise. And third, something that can't be achieved overnight, we built consistency and dependability in delivering our commitments.

One area we immediately set out to accomplish was to transform the portfolio and shift our focus to advantaged core categories and geographies, where we both have an inherent right to win and that are most critical to fueling growth for the company on the top and bottom lines. Said simply, we got back to what we were good at.

As Chris will cover in a moment, snacks categories may be normalizing as we lap several years of outsized growth, but we're confident in the underlying consumer demand for snacking and the ability of our unique and differentiated snacks portfolio to deliver accelerated, long-term, sustainable growth and an expanding margin that will also fuel earnings.

Mick will tell you why it's a great time for our meals and beverage categories. As consumer preferences has continued to naturally shift and evolve, we've transformed our portfolio to capitalize on these changes. The combination of the sustained consumer need for value, quality and convenience, paired with increased flavor seeking in cooking and meals supports the shift back to center store categories and demonstrates that this is not just a COVID phenomenon.

When adding Sovos to that story, it helps provide even further confidence in the sustainability of our positive meals and beverage story.

Next, our brands. In the past, you've heard us refer to our eight power brands and snacks. The reality is we also have a set of eight power brands in our Meals & Beverage division that are also leaders in their categories. Those

eight Meals & Beverage leadership brands now include Rao's, arguably the best story in all of food. All of these 16 brands are competitively differentiated, and the majority hold number one or number two market share in their respective categories or segments.

Going forward, we'll refer to them as our leadership brands. The combination of that focus in advantaged areas, paired with the breadth of our 16 brands, make this as compelling as any portfolio in all of food. I'll speak more about these leadership brands in a moment.

Importantly, as we have consistently said, we love soup. We remain confident that soup can and will continue to be a positive contributor to our growth story. However, given the strength and mix of our portfolio today, our long-term algorithm simply requires soup to remain stable. I hope, though, as you hear Mick walk through our plans, you'll agree that the strength of brands like Chunky, Swanson, Pacific and Rao's, along with our namesake Campbell's, can be a meaningful catalyst for upside to our plans.

Second, we've taken significant steps in rebuilding Campbell's execution and capabilities. We've assembled an exceptional leadership team with significant experience from a variety of different businesses, all proven builders of winning cultures and committed to a relentless focus on execution. We've rebuilt from the ground up our innovation capabilities, playing a critical role in our success. We have also made significant progress on building our supply chain network of the future. And although we're always looking for continuous improvement, today we see our supply chain organization moving from an opportunity area to a clear competitive advantage.

Finally, we prioritized and re-established a committed focus on being our retailers' most strategic, collaborative and impactful partner. And finally, we have been steadily building the trust of investors by consistently delivering on our commitments, while also outperforming many of our CPG peers across many critical KPIs. We've also reoriented our focus on winning in market, making market share not just a goal, but directly influencing our performance compensation across the company. This combination of financial and in-market progress has fueled strong value creation for our shareholders, but still with room for much more.

Our readiness as a company to take the next step forward could not be coming at a better time. Following several years of unprecedented volatility driven by global pandemic, generational inflation, economic uncertainty, I am incredibly proud of the remarkable progress we've made as a team to fundamentally transform and reposition the company for long-term success. So, as the consumer and industry stabilize, we're ready. And whether it's this quarter or next quarter, it is coming.

So, it's time for our next chapter, a chapter where our strengthened team, transformed portfolio, and rebuilt capabilities are positioned to win and win consistently. What better way to mark this next chapter than with a subtle, but meaningful change in the name of our company, one that respects our heritage, but also reflects who we are today: The Campbell's Company. A name that celebrates soup. In fact, the name, font and color match our iconic red and white soup can.

And as I said earlier, we will always love soup and we'll never take our eye off of this critical business. But today, we're so much more than soup. So at this year's Annual Meeting of Stockholders, we'll be asking our shareholders to approve changing the name of the company to The Campbell's Company.

Now, it's far from the biggest news of the day, but it sends a strong signal for the next chapter in the company's future. We want all 16 of our leadership brands and all of our employees to see themselves in the name of the company, all born of an unmatched heritage of innovation and leadership.

So transform business, an organization with a new name. All that's left is to add a new mission. Simple, aspirational, and measurable: Set the Standard. This is a notable shift from turnaround or simply marginal improvement. It changes our orientation. It requires us to measure ourselves not against small incremental improvements year-to-year, but rather against those companies that are best-in-class in our industry, striving to reach those standards and eventually set the standard ourselves for execution, performance and consistency.

Although we've already made significant progress against this mission, we realize there remains much to do and accomplish ahead. To achieve this, we've built a framework with five pillars: top team, best portfolio, winning execution, top-tier performance, and lasting impact.

Everything we do begins with our people and our culture. So let's start with our top team. We pride ourselves on being a company that focuses on building a culture of performance, developing our people, and attracting best-in-industry talent that's accountable and committed to our values. I'm lucky to work with such a world-class leadership team each and every day.

This team boasts both the breadth and the depth of experience needed to set the standard for performance in food. With an average of 20 years of experience in CPG and food, it represents a healthy balance between Campbell's veterans and complementary external experiences. This leadership reaches well beyond Campbell's top executives. In recent years, we've added outstanding talent and highly accomplished leaders across all our functions, businesses and locations.

Most recently, we've added yet another collection of tremendous growth experts with the addition of the Sovos team. Our entire management team is committed to building a top-tier company with best-in-class capabilities, leadership and culture. Throughout my career, I've found that the great differentiator for success is strength and depth of leadership. That's why Campbell's is focused on enabling employees at all levels of the organization to have world-class and best-in-industry leadership development resources and programs. So what better way to position us for sustained success than to become the premier destination for developing leaders in the food industry?

In addition to strong leadership, we're committed to developing best-in-class capabilities. And we've made significant progress in areas like innovation and marketing, technology and automation, revenue management, analytics, and making a priority the ongoing development of all of our team.

I've often wondered over the years why investors don't ask more often for an organization's alignment and engagement scores. It's something that almost every company does on a regular basis. Why? Because winning starts with team alignment.

With the team being clear on the company's objectives and their specific roles in achieving those objectives, as well as an employee engagement, which measures their commitment and motivation to achieve our goals.

Today, we have an impressive 86% of the Campbell's team that feel they're aligned with organization's strategy and objectives and 84% reported high levels of engagement. Both of these scores are above top-quartile benchmarks, but getting over 90% would truly set the standard.

So let's talk for a moment now about the transformed Campbell's portfolio. As I previously mentioned, we're also introducing a new framework to talk about our portfolio, which is found in over 90% of American homes. We now have 16 leadership brands, which span across both our Snacks and Meals & Beverages portfolios. This

reclassification will help better provide an enterprise perspective on scale and focus, while also harmonizing how our divisions talk about their most important businesses.

In Snacks, our leadership brands represent approximately 83% of our total snack sales. They include favorites such as Goldfish, Pepperidge Farm, Cape Cod, Kettle in late July, just to name a few. In Meals & Beverages, our leadership brands represent approximately 85% of total division sales. They include iconic pantry staples such as Campbell's, Chunky, Prego, and more distinctive premium brands such as Pacific. And one of the newest additions to the Campbell's family, Rao's.

In our 16 leadership brands, we also already have \$3 billion brands: Campbell's, Goldfish and Pepperidge Farm. Each generates more than \$1 billion in sales annually, and this gives us critical category-leading brands that are important not just to consumers, but customers as well. And we've got a fourth on the horizon, Rao's. Rao's is a remarkable success story in today's food industry and we're excited to welcome the brand to our portfolio. We have strong confidence in its long-term growth trajectory and you'll hear more about that from Mick in a moment.

Our leadership brands have truly been on a journey. In fact, using today's framework, in 2017, they would have represented only 60% of enterprise sales. Today, combined, our leadership brands represent 84% of enterprise sales, comprising approximately 95% of Campbell's segment operating earnings, while holding number one or number two market share in 10 out of our 13 relevant categories, while growing at 6% on a five-year CAGR.

Focus is extremely powerful, but being well positioned to meet consumer needs is even more important. So, perhaps, more impressive is the clear linkage of our brands to the largest macro drivers for consumers in food today: value, versatility, high quality, elevated experiences and flavors as well as greater permissibility. We can see that relevance in the outsized growth in the 13 categories we compete in, which have been growing 4% faster than total food. This distortion to faster-growing categories is helpful in ensuring we can deliver projected growth trajectories and outpace less-advantaged portfolios.

Now, one area I'd like to just spend the moment on is how we view GLP-1's impact on our brands and business. Although today the extent of impact is still somewhat to be seen, it has not precluded us from learning more about consumer behavior and how to position our portfolio in a scenario where there is more impact.

By studying consumer panel data from groups using this class of drugs, we've learned three key things. First, efforts to meet nutritional needs encourage consumers to look for nutrient-dense products, particularly in terms of protein and vitamins. Next, in an effort to minimize or prevent gastrointestinal side effects, consumers are more likely to choose foods that are easier to digest. Finally, snacking and moments of indulgence do persist for most individuals. In those moments, more permissible, smaller portions are consumed, but consumers are more likely to seek more elevated experiences, flavors and quality to make the most of these occasions.

We believe our current portfolio is extremely well-positioned for these behaviors and we see opportunities for innovation within our areas of expertise. On soups and broths, we offer nutritionally dense options, great satiety at a relatively low caloric level, with many also easy to digest. V8 is also a great complement by filling gaps in vegetable intake. We also see our liquid and portable or handheld platforms such as our handheld sippable soup cups as ideal for adding great taste, nutrition and ease of digestion as well as an opportunity for future innovation.

Additionally, our snacks with permissible indulgence, elevated flavors and cleaner labels align well with consumers seeking to maximize their snack moments. A handful of Goldfish to bridge a meal, a two-pack of Milano's can satisfy these moments. We'll remain vigilant and proactive to ensure we can help consumers if that need grows.

So, while our leadership brands comprise the vast majority of our sales, our scale brands play an essential role within Campbell's portfolio, providing us with important scale and price points to help complement and strengthen our category positions. Moreover, these scale brands contribute to enhance cost synergies, which improves our underlying profitability. We'll always need these important brands, but we will continue to make thoughtful decisions in areas like Snacks Partner brands and other noncore category brands to ensure our focus is where it drives the greatest value to our business.

We feel great about the composition of our portfolio today and have strong confidence in delivering our algorithm with our current brands. But we'll also continue to evaluate acquiring new tuck-in assets to enhance our underlying growth profile. We maintain high standards for acquisitions and we'll continue to deploy a disciplined approach in our process, which has been key to our most recent successes.

When evaluating new opportunities, we apply a strategic framework to help us decide which acquisitions make the most strategic and economic sense for us to pursue. Our focus is on acquisitions that are in core or near-in adjacent categories, quickly accretive to earnings, easily integrated, and allow us to maintain target debt levels and other capital priorities. For example, our recent acquisition of Sovos Brands checked these boxes, allowing us to quickly integrate this acquisition into our portfolio and contribute to Campbell's underlying growth.

We will remain focused on attractive areas like premium/elevated growth brands in existing categories, better-for-you snacking, and authentic ethnic brands.

The next pillar in our Set the Standard strategy is winning execution. As we move to a more stable consumer environment, our success will increasingly depend on outperforming competition. With our transformed supply chain, stepped up innovation capabilities, strong retailer relationships and access to new and evolving technology, we've never been more prepared to outplay competition and win in market.

Transforming our supply chain has been a top priority over the past couple of years. On the operational side, we've implemented Campbell's Way of Working, which we refer to as CWOW, across the network to provide one consistent and proven playbook for maximizing capacity and efficiency. We've optimized our network from farm to shelf by strategically arranging our manufacturing and logistics footprint to best serve our business today and into the future, enhancing both service and reducing cost. This process involves some tough choices to reconfigure, close or consolidate less effective or efficient plants and warehouses.

Also, as part of this effort, we've better integrated our external manufacturing partners to further elevate our capabilities. We've also aggressively improved our logistics and route-to-market capabilities. And finally, we've introduced essential technology and automation to refresh and modernize this network, boosting visibility and connectivity to our commercial teams and retail partners.

We're proud of this progress and what it means for us going forward, but I'm sure I am not doing it justice. So I thought we'd take a look inside our plants and hear directly from Dan Poland, Campbell's Chief Supply Chain Officer, and our leaders on the ground on how we've transformed this critical capability.

[Video Presentation] (00:29:24-00:32:01)

Great. So it's great to see how Campbell's Way of Working resonates with our teams on the plant floor. They have greater visibility and actionable information, and everyone at the plant's on the same page as to what needs to be

done. And I love this line, you heard it in the video, to win the hour, win the shift and win the day. That knowledge and sense of empowerment drives performance and is the true embodiment of Set the Standard mission.

Now, let's turn to innovation. So many food companies these last five years were required to shift much of their focus to supplying the base business and navigating inflation. This was true for us as well, but it did not slow down our efforts to improve our innovation processes, build consumer insights, and enhance our capabilities. We've begun to see the fruits of this labor. This past year, we moved from our more recent 2% of growth contribution to innovation to over 3%. Although good, this is still on the lower end of the industry standard of 3% to 4%, but we have a clear line of sight to best-in-class levels.

Looking to the future, with over \$1 billion of innovation in our current pipeline, we continue to view innovation as a meaningful catalyst of growth across both divisions. In fact, we expect a 4% innovation target, appropriately set at the top end of the industry standard. More specifically, on Snacks, where innovation's more critical and competitive, we're targeting 4% to 5% of net sales, while we expect Meals & Beverages innovation to be at 3% of net sales, on the high end of the industry grocery standards of 2% to 3% as we continue to support the convenience of cooking, add flavored [ph] news (00:33:51), and integrate Rao's impressive innovation pipeline.

So get ready for new platforms and more news, just like we've shown with Kettle Air Fried (sic) [Kettle Brand Air Fried] (00:34:01), Goldfish CRISPS and Chunky Spicy; new to the world ideas like the intersection of popcorn and pretzels with Snack Factory Pop'Ums – yes, pretzels and popcorn, you'll taste it, you'll get it; and also adding to the success of limited time offers like OLD BAY Goldfish to more of our brands and adding incremental purchases and excitement across our categories.

Get ready to dial up flavor with coconut, white chocolate Milanos, to Carolina Reaper Chunky Soup for the brave at heart that will get to taste it today. We'll also be adding even more elevated experiences. Remember when we all thought no way a \$9 jar of pasta sauce could be an everyday item? But it is, and it provides great value, especially when consumers compare it to ordering mediocre Italian dinners online for \$30. And there's likely room for even more elevated experiences. How about Rao's white truffle sauce for dinner tonight for an even more premium experience? And this is only the beginning of accelerating our innovation engine.

One of the other areas that I'm most proud of is the progress we've made on returning focus to being the most impactful partner for our retailers. In a highly-competitive and complex world, strong retailer relationships not only help us be a better strategic partner, but also pave the way for faster growth and improved execution to meet consumer needs.

Over the past couple of years, we've enhanced our dedicated sales team for each of our divisions, ensuring the right skills and capabilities are applied to these different businesses. This important investment also provides our customers with dedicated support and fit-for-purpose resources to drive collaboration while allowing us to unite under one Campbell's voice for major opportunities or top-of-the-house dialogues.

We've also upped our game in shopper marketing, consumer insights and retail data, using analytics to fuel decision-making and investment. We're living in a period where the lines between sales, technology and marketing are completely blurred, requiring new skills and a far more dynamic and integrated approach. We must fully embrace this concept by providing new technology and empowering our teams to move in sync with consumers and retailers.

Finally, we've invested in route-to-market and DSD to enhance our delivery speed, further supporting our goal to stock the right product in the right channel at the right time to reach the right customer. You'll hear more about that when Chris speaks later today.

The steps we have taken have transformed our reputation and strengthened our relationship with our retail partners. The combination of our investment, category leadership and performance has led to real progress, moving us from the bottom of retail ranking to consistently now being in the top 10. And while we're pleased with the progress we've made, we're not done yet. We want to continue to build on what we've accomplished to become truly the number one supplier across both Meals & Beverages and Snacks.

We have the right strategy in place to accomplish this and we know we share many aligned objectives with our customers like winning in-store and online in an ever-growing omnichannel world, and we're strategically investing in that model by leveraging our capabilities and consumer insights.

Also, since our last Investor Day, we've made many investments to strengthen the technology foundation at the company by focusing on data strategy, reinforcing and enabling real-time integration, cloud migration, advanced analytics and generative AI. We've added enterprise-wide linkage and harmonization, empowering digital leaders with improved connectivity and making insights-based decisions more of the norm. Translating new technologies into tangible impact and staying focused on real-world applications is really the focus of our technology agenda going forward.

So, by leveraging our top team, our portfolio of best-in-class brands and operational capabilities, we will deliver top-tier results consistently. We are confident in our ability to generate strong earnings growth through a variety of different levers, with plenty of self-help remaining, and our significant free cash flow generation fuels our disciplined capital allocation strategy and creates exciting optionality.

With our new framework, we're updating our long-term targets. Our objective is to deliver highly predictable and sustainable top-tier results that represent a balance of pragmatism and ambition. In plain terms, we've created road maps at the high end of our algorithm and then built in contingency and flexibility to create greater confidence for us to continue our track record of consistently delivering expectations.

I'll introduce the updated long-term algorithm and then Carrie will elaborate on the drivers behind each of these metrics later on. First, we expect to grow organic net sales at approximately 2% to 3%. This reflects historically consistent 3% to 4% average annual growth rate on our Snacks business and a modest move up to 1 % to 2% per year on average for our Meals & Beverage (sic) [Beverages] (00:39:58) business given the addition of Sovos Brands to the portfolio.

Our long-term adjusted EBIT algorithm remains at 4% to 6%, fueled by sustainable growth on top line, but also a variety of areas for enterprise- and division-specific initiatives to drive faster bottom line and margin expansion. This plan will also appropriate – creates appropriate space for investment and some room for the unexpected. Finally, as we continue to de-lever our balance sheet, we expect to deliver adjusted EPS growth of 7% to 9% through 2027. Following that period, adjusted EPS shifts to modestly ahead of adjusted EBIT growth rates.

Our final strategic pillar is about the trust that Campbell's has built over the last 155 years and how it is a unique and valuable asset. When you really think about the reasons people buy Campbell's products, it starts with trust, and I'm proud to highlight that we're once again named among the very top most trustworthy food and beverage companies. Earning the trust of our consumers, employees and investors is paramount to us and we'll continue to work hard every day to maintain the trust of all of our stakeholders.

Nurturing strong community relationships and ensuring we care for the planet is also part of Campbell's DNA, and we've implemented a comprehensive environmental program that builds on Campbell's legacy of positive and measurable impact that's aligned with today's high expectations and responsibilities. We've continued to focus on key pillars crucial to our company and stakeholders where we aim to achieve tangible and measurable business results.

So, to wrap up, for many in the room or watching online, you may have arrived today with a view of Campbell's from a historical perspective where much of our time and energy were focused on explaining how we're fixing, improving, or turning around the business, where you might have justifiably concluded, let's take a wait-and-see approach. My hope is that you will leave understanding today that we're a much stronger business than we were five years ago.

Make no mistake, we're well aware that we cannot claim full victory and that our journey of improvement and transformation continues; however, we believe today is the day for a new Campbell's, an opportunity to reframe its goal and reposition our ambition from those important years of turnaround and instead aspire to set the standard.

A new chapter built by our leadership brands growing faster than the advantaged categories in which we compete. A new chapter fueled by strong capabilities and executing with excellence. A new chapter with multiple levers for earnings and margin expansion while maintaining our history of best-in-class long-term cash generation. We have a balanced and deliverable investor proposition with an achievable but still ambitious long-term growth algorithm, and all of this puts Campbell's on strong footing to create significant and reliable value for shareholders. Today is the day.

Now, let me turn it over to the rest of the team to share more detail exactly how we're going to set the standard. And first up is Chris Foley to share the plans for our Snacks division. Chris, all yours.

Christopher Foley

Executive Vice President & President-Snacks, Campbell Soup Co.

Thanks, Mark.

[Video Presentation] (00:43:55-00:45:00)

Christopher Foley

Executive Vice President & President-Snacks, Campbell Soup Co.

Thank you, Mark, and good morning to everybody in the room, good morning to everyone listening online. My name is Chris Foley, I'm the President of our Campbell's Snacks division. What an awesome video to get us started. I'm thrilled to be here with you today to talk more about our Snacks division and the confidence that I have in unlocking our full potential.

As a category leader in snacks, we believe in continued long-term growth and margin expansion. First, as Mark talked about, our leadership brands are uniquely elevated, differentiated from competition and they all play in advantaged, attractive categories. Second, we, in Campbell Snacks and our team are best positioned to keep driving snacking growth and evolving our portfolio.

Third, we're delivering industry-leading innovation like Goldfish CRISPS and Kettle Air Fried – Kettle Brand Air Fried. I believe this, coupled with unlocking the potential of our independent DSD network, puts us at the forefront of the industry. Finally, we're confident in our dual growth and margin expansion model. This approach will enable us to deliver top-tier growth while expanding margins to fuel that investment.

As Mark mentioned, the snacking industry is experiencing temporary headwinds following years of significant growth. The pace of normalization is being impacted by financial strain, especially in the middle and lower income households. We see a clear bifurcation of consumer behavior with continued growth in premium segments and increased trade down to the value options. In the current economic environment, consumers are evolving the discretionary spend. [indiscernible] (00:46:48-00:46:53) that has put recently pressure on some of our larger snack segments. The categories are, however, now showing more volume recovery as pricing wraps, suggesting better momentum in the snacking market.

Consumer snacking trends continue to support outsized growth going forward. Snacking now accounts for half of all eating occasions and millennials and Gen Z are two to three times more likely to replace meals with snacks. In fact, 70% of consumers had a snack in just the past 24 hours, and I know every person in this room has.

There are three major trends driving long-term and sustained growth: the blurring of snacks as meals, evolving convenience demands, and a significant generational shift in the snacking habits. These aren't just fleeting trends, they're macro shifts, and it's this change in eating habits that will continue to reshape the entire snacking landscape.

The eight snacking categories in which we compete have shown consistent growth over the past five years even as many segments were slowing down. All categories show a positive five-year CAGR, indicating industry-wide growth. Pretzels leads with an impressive 11% CAGR followed by kettle chips at close to 8%. Crackers represents our largest category share at 23% of the Campbell's Snacks business. Our breadth and scale across salty, cookie and cracker are assets for us, we use them to build winning strategies.

Let's dive into where the growth is coming from in snacking in this past year and why we believe we're so well-positioned to be a leader. Value-branded snacks accounts for just 9% of total share, but they're driving 28% of growth as consumers are making more price-driven decisions today than previous periods. This is putting the most pressure on the mainstream segment where there is more vulnerability to price.

Most importantly for Campbell's, premium snacks make up 36% of total share in branded snacking but accounts for over half of the growth in the sector. So although we see some trading down pressure, the majority of our portfolio remains in very strong categories and segments. Our strategy of focusing on premium and differentiated offerings aligns with where we believe the market is heading and sets us up for continued success.

Campbell Snacks has strengthened its position to set the standard for snacking growth. The uniqueness and differentiation of our portfolio lies in the power of our brands and also in our winning execution. We've made significant strides. We have elevated leadership brands that are absolutely winning in the market. We've streamlined our set of partner and contract manufacturing businesses to focus on our core strengths. We've delivered several we've – excuse me, we've divested several non-core businesses to sharpen our focus.

In terms of our winning execution, we are seeing significantly higher share of net sales from innovation platform launches. This has doubled in the past three years. We've also improved our DSD and route-to-market efficiency on multiple fronts. Our dual growth and margin strategy is proving effective. This is evidenced by the 5% annual

growth and 150 basis points expansion in operating margin that we've delivered since our last Investor Day three years ago. We're very proud of these results.

Let's take a look at our portfolio. Our strength lies in the diversity, quality and presence of our brands across multiple snacking segments. Our leadership brands hold the number one or number two market share position in their respective categories or segments, and all brands show positive five-year CAGRs ranging from 4 to 9%. While we have many great brands in Snacks, Goldfish accounts for a quarter of our entire portfolio and the story is incredible. I have a prop, I need to break it up a little bit. This is the product we're talking about, Goldfish.

As Mark highlighted earlier, Goldfish has achieved billion-dollar brand status. Looking at the period from fiscal year 2019 to fiscal year 2024, we've seen substantial results with 50% net sales growth in just five years. We've transformed this brand from a kid snack to an all family snack. For the fifth year in a row, Goldfish is the number one favorite snack amongst teens. Looking at household penetration, our all-family households grew by 1 million households in just this past year, and importantly, those Gen Z households gained significant household penetration six times faster than the total rate of our all family.

Innovation has been the key growth engine for Goldfish. We're delivering two times the innovation dollars versus our closest competitors. We're creating consumption occasions and attracting new consumers with extensions beyond the core. We've built compelling brand partnerships to bring OLD BAY, Frank's RedHot, Hello Kitty to life with Goldfish. We have innovations that combine our expertise in multiple categories with winning platforms to expand our market presence.

A standout example of this is our new Goldfish CRISPS. This is one of our largest innovation launches in recent history. It's projected to be north of \$75 million this fiscal year. We combine the iconic shape of Goldfish and the craveable quality of chips. It's how Goldfish does chips. If you haven't tried these already, you will today on our innovation showcase. Goldfish is a true brand icon with the US as its largest market, but we really think about Goldfish across total North America. In our most important market, the US, we're fueling core Goldfish with over 30 varieties from unique, limited time flavors like Spicy Dill Pickle to classics like Mega Bites.

We continue to find new ways to satisfy snackers of every age with craveable moments, cultural relevant activations and retail execution. In fact, today, Goldfish makes its New York Fashion Week debut with designer, Kate Barton, as part of her collection. Additionally, in the US, we aim to boost Goldfish's presence and brand exposure by leveraging our away from home business. We saw a strong 13% increase in North American foodservice in our net sales compared to the previous year.

North of the border, in Canada, it's a fast-growing market for Goldfish. The pace of growth is nearly double that of the total cracker category and we are outpacing all competitors. Our strategy there is twofold; extend into new occasions and channels, mirroring that US successful playbook, and age up our consumer base through targeted innovation and communication. Goldfish gained half a point a share in fiscal 2024 and is on the verge of being the number one position. This is outstanding growth and we're set to accelerate it more in Canada against this trend.

In Mexico, I'm very excited to share that we are launching the Goldfish brand in a big way. We'll be doing this with strategic investments to drive trial, launching a locally relevant portfolio with both sweet and savory Goldfish. And additionally, we will be working with a long time partner, La Costeña to broaden our distribution into multiple outlets.

Goldfish is set to become a major player in Mexican snacking and it's a natural extension of our current footprint. In total, we're targeting net sales of \$1.3 billion by fiscal 2027, making Goldfish the single largest brand in the

Campbell's portfolio. We look – when you look back to 2019, we're on course to double this brand in 10 years. This is an incremental – this is not incremental progress, this is exponential expansion against our single strongest brand in Snacks.

Now, as you've heard from our recent earnings call, the competition in salty snacks is increasing. We do not see a structural concern around the health of these categories as they continue to grow faster than total snacking, but we do see a share fight. We're executing our growth strategy through three key pillars. First, it's about our food, elevated food, delivering superior taste and quality experiences. Second, innovation, platform innovation. Continuing to introduce breakthrough and new to category flavors and better-for-you formats. And third, continuing to build that work into our value proposition as we expand our availability.

Let's take a closer look at each of the categories in salty and our plans to play offense in these competitive segments. Beginning with pretzels. In pretzels, we have a bold multi-brand strategy that will drive greater brand distinction to win in all pretzel occasions and it's going to grow beyond what a pretzel is. Our pretzel segment is fueled by Snyder's of Hanover, the market leader, and Snack Factory, which is number one in the deli aisle with its highly successful pretzel crisps line.

For Snyder's of Hanover, we plan to restage the packaging and graphics to contemporize the brand and make our many segments easier to shop.

For Snack Factory, as a brand, it has challenged boundaries on what a pretzel can be since day one, rethinking the definitions and attributes to create new-to-the-world pretzel-like snacks. We first started with our base crisps, which is a pretzel take on a cracker. Then we introduced bites, a great example of expanding into unique pretzel forms.

And now, as Mark mentioned, let me introduce you to POP'UMS. Imagine the perfect intersection of pretzel and popcorn or how Snack Factory does popcorn. This kind of innovation truly sets us apart. And I can't wait for you to try all three flavors over there today. We will continue to lead in the deli aisle with best-in-class execution, and we have for years. But we'll also grow in the pretzel aisle with a placement of POP'UMS and bites. And this gives us a unique multi-aisle positioning across pretzels.

In chips, we're leveraging a powerful dual-brand approach with the Kettle brand and Cape Cod, each offering premium differentiated positionings. Historically, these brands have tended to be more regional in nature, but we plan to flip that script as the segment continues to grow. The most compelling offering is when these complementary brands are on the shelf together. Kettle brand focuses on bold, unexpected, innovative flavors, while Cape Cod celebrates sophisticated simplicity of making the best classic, high-quality potato chip.

Our commitment to innovation is on both, driving growth through delicious new flavors and retail exclusive partnerships. We're launching Tuscan herb-infused and truffle-infused chips from Cape Cod, playing to that simple sophistication. On the Kettle brand, we're expanding our successful air fried Kettle brand chips with additional authentic flavors like Texas barbecue. For tortilla chips, the Late July brand operates in this sweet spot of wholesome summer afternoon in the backyard with fresh, clean ingredients and bright, delicious flavors. We'll focus on building our craving, flavor forward platform and also dialing up our marketing on all.

A great example of this is our Hawaiian habanero or Mexican street corn, unique and very special products. We'll also look to expand our scale in our strongholds, doing so through execution, distribution and many, many new pack sizes. It's important to remember on Late July our journey around margin improvement as well, and we'll do this through production, pack, and mix.

And then, there's Pepperidge Farm, founded on the premium quality and entrepreneurial spirit of our founder, Margaret Rudkin. We focus on indulgence and quality across our cookie and bakery lines. And it has been the cornerstone of our Campbell's Snacks portfolio since 1961. Its exceptional positioning makes it a true gem in our portfolio. As our second billion dollar brand, Pepperidge Farm continues to carve out unique, elevated and indulgent position across all baked goods. Margaret's simple vision of not requiring consumers to sacrifice, to get great taste and quality will continue to be at the heart of our strategy, and it's squarely in premium.

There are a few areas we will continue to go after to grow share and growth on our Pepperidge Farm business. These include accelerating innovation by leaning into indulgence and permissibility with amazing new products like our new white chocolate Milanos and Pepperidge Farm brioche rolls. Owning the holiday where the moments matter the most with disruptive limited time offers, displays, and holiday favorites, and scaling our big activation to build momentum with millennials, including a very successful Have a Little Taste campaign with Hannah Waddingham.

A brand that always doesn't get as much airtime in our portfolio is Lance. As the market leader and growth leader, Lance boasts impressive share, loyalty and velocity results backed by the broadest assortment from sweet to savory. We're continuing to modernize Lance to keep its loyal fan base and fuel its relevance with new consumers. This means innovating for the pantry and the on-the-go occasions through pack formats, introducing new fillings, new cracker varieties, and applying our successful limited-time offer model to keep things exciting.

Now, I'm going to transition from all of our leadership brands to look at the overall makeup of our portfolio. When we go back to the acquisition of Snyder's-Lance in our fiscal 2019, we were sitting at approximately 72% of our portfolio in leadership brands with the remaining 28% in our scale brands. Within these scale brands, we had a complex network of over 120 partner brands that totaled only \$300 million in sales. For context, these are third party brands that do not – that we do not own but we put them on the trucks to drive scale when servicing stores in certain regions.

We also acquired a number of contract manufacturing businesses that we were running in our plants. These businesses played an important role at the time for scale but were generally margin dilutive and, for some, competitive in nature. Our intent from the beginning of Campbell's Snacks has been to build a portfolio positioned to win through growth. We increased our share of leadership brands from 72% in fiscal 2019 to now 83% at the end of our fiscal 2024. We grew and built scale in our leadership brands and thus reduced our dependence on partner brands and contract businesses from 120 to around 30 in this latest year.

Additionally, we divested non-strategic brands like our European Chips Business, Ecce Panis bakery, Emerald nuts, and most recently, our Pop Secret business to further enhance our focus. While we were pleased with our progress, we still see an opportunity to even further sculpt our portfolio in snacking. Our goal by fiscal 2027 is to increase the share of our leadership brands to 88% and continue to optimize and reengineer our DSD routes, recenter our partner and contract businesses for strategic customer engagement and branded benefit, all the while continuing to optimize our subscale businesses and evaluating strategic M&A, as Mark mentioned earlier.

Our continued shift to leadership brands importantly will drive accelerated growth, but also margins to favorable mix. We have an advantage direct store delivery and warehouse network to fuel growth. In many regions, we have dedicated routes where we are already at scale with Pepperidge Farm and Snyder's-Lance. We have Pepperidge Farm trucks and Snyder's-Lance trucks that both go on the store and are operating at scale. But where we are subscale, we are continuing to combine and re-engineer our snacks routes where necessary. This

involves in certain markets buying back Snyder's-Lance and Pepperidge Farm routes, combining them and reselling them as a combined entity. All routes leverage our single integrated logistics and warehouse network.

Now, we can really focus on execution and optimizing our advantage network for faster growth and savings, where we have combined routes we're off to a strong start. This started in a very attractive growth market for us of Texas. Our results in San Antonio and Austin are very promising, with in-stock rates and service levels up. And the speed at which we've been able to resell these routes is exceeding our expectations.

In parallel, we've developed state of the art technology application called Star, to help our independent distributor partners drive growth. This platform helps enable a shift from transactional focus to actionable insights, empowering independent distributors with real time data to service customers, make faster decisions and drive success with the omnichannel integration that's happening in all of our retailers.

Through all of this, we're continuing to simplify our network. Fundamentally with the goal of taking miles off the road, consolidating our hub and depot network into fewer locations where we can leverage storing and moving products across Pepperidge Farm and Snyder's-Lance networks. As we look to our snacks long-term algorithm, we are confident to continue to deliver top tier results, 3% to 4% annual organic net sales, and approximately 17% operating margin.

Although I understand the need to definitively deliver 17% margins as quickly as possible, and I'm confident we will, we also have to be appropriately responsive to the market and the competitive dynamics. We have already improved the margins significantly, and we will remain – we remain right on track with all of our savings plans. But we are also accelerating investment in the short term to strengthen our brands and to support our innovation. This balanced approach for continued margin improvements while remaining competitive, we will provide the clarity and pace of this margin expansion as we go forward, and we remain very committed to our goal of 17% no later than 2027.

Now, as we look at net sales for growth, we are guiding to approximately 3% to 4% CAGR on organic net sales over the next three years, coming off a 5% CAGR we've delivered in the Snacks division from fiscal 2021 to 2024. Much of this future growth is underpinned by our leadership brands growing at approximately 4% and eventually reaching 88% of our full portfolio.

Now, let's look at our operating margin. We're projecting operating margin from approximately 15% in 2024 to approximately 17% no later than fiscal 2027, representing just over 200 basis points of further improvement. The pace of this progress will be spread over the next two to three years. Although the pace of savings remains right on track, we are leaving some flexibility for investment as needed. Our margin expansion strategy is built on brand mix improvements, fundamental efficiencies and network and route optimization. Then we're planning to reinvest approximately 150 basis points of our gains back into the business through increased advertising and consumer spend, ensuring long-term sustainable growth.

Let's take a closer look at the specific assumptions that drive this increase. Let's start with the brand mix. Our leadership brands have a significant margin advantage over our scale brands. As mentioned, we're shifting our focus from 83% to approximately 88% of total net sales. This will contribute 80 basis points of mix coming from margin. On fundamentals, we're targeting 150 basis points of improvement, including 130 basis points from productivity gains, offsetting inflation with robust supply chain enablers. Productivity is planned at historic levels of 2% to 3% with minimal contributions from pricing. There is a small benefit in pricing coming from trade efficiency improving as we strengthen our revenue management.

Networking route optimization is expected to deliver another 140 basis points, with two-thirds coming from our Snacks network optimization, scaling our large, efficient network, and combining and re-engineering our routes. And one-third is coming from other supply chain savings and enterprise programs that Kerry will walk through further in a moment. This will also be an area where you see the benefit from our route-to-market work and DSD route re-engineering. Finally, on investments, we're reinvesting 150 basis points into marketing and sales to achieve our targeted 9% to 10% of net sales and accelerate our growth of our leadership brands.

In summary, as we move into the next chapter, Snacks is very well positioned to set the standard. I want to take a minute here and thank the outstanding team that works in this division to build these brands, build better food and win versus competition every single day. We also have, quite frankly, the best snacking portfolio in the fastest growing and advantaged categories, and it's only going to get better from here. We continue to shift our mix towards our leadership brands and grow these advantaged core businesses with best-in-class innovation and unlocking the full potential of our DSD network. We have a dual growth and margin expansion model that will allow us to make the necessary investments to fuel growth for the future.

In closing, we could not be better positioned for leading the ongoing growth and momentum in snacking. Thank you for your time today. Now, let me turn it over to Mick.

[Video Presentation] (01:10:44-01:11:58)

Mick J. Beekhuizen

Executive Vice President & President-Meals & Beverages, Campbell Soup Co.

Wow. That was a great video. Morning, everyone. So, that video truly represents the level of enthusiasm I have for our business. Today, I want to share with you the exciting transformation story of our Meals & Beverages division. We have made significant progress over the last few years and there's more incredible work on the way that will ensure this business delivers sustainable, profitable growth into the future. When I became president of the division nearly two years ago, it was clear to me that we have a portfolio of iconic brands that are relevant and meaningful to our consumers and customers. With our leading market positions in large and relevant categories, I believe it's our responsibility to act as category leaders to fuel growth. We need to purposefully transform each of our categories through our leadership brands with a powerful combination of strong innovation and engaging marketing grounded in meaningful consumer insights.

I will walk you through some of those efforts today. Additionally, the continued premiumization of some categories has required us to expand our presence. Most notably, with our acquisition of Sovos Brands, we added Rao's to our portfolio, a fantastic brand with continued strong growth potential. I'll talk more about it shortly. We are confident that we can build a compelling growth story within Meals & Beverages. At the same time, as we use some of the synergies from the Sovos acquisition and the savings from the previously announced optimization of our manufacturing network, we also expect to improve our profit margins.

I hope that by the end of my presentation, you are as convinced as I am of the potential of this business. The macro environment has and continues to reinforce the importance of the center store for consumers and customers. Most meals continue to be prepared eaten at home, which increased by three points over the past three years to 83%, driven by increased home consumption and the need for compelling value. Approximately two-thirds of consumer spending for food came from the center store, resulting in an average annual growth rate of 7%.

Although pricing has been a key driver of growth, volumes have begun to fuel more of the growth in the most recent quarters. I believe that our portfolio is better positioned than ever to meet consumers' needs today and well

into the future. Our portfolio of brands operates in four attractive categories that are large and highly relevant with representation in almost every home across the country. In fact, all four categories are currently growing. We believe that our amazing food, innovation and focus on consumer engagement will continue to bring excitement to each of these categories, supporting future growth.

Specifically, we believe the Italian and Mexican categories have further potential within both the mainstream and premium segments. I'll elaborate more on this potential in a moment. We are leaders in each of these four categories. Each one of our leadership brands holds either the number one or number two market position in their respective subcategory. Building on the existing momentum, we've focused on a simple recipe for success: maintain excitement with our consumers through innovation and engagement while ensuring that our food and beverages are delicious and flavorful.

This is crucial to continue to enhance the overall consumer experience and drive traffic into the physical and online aisles of our retail partners. At the same time, the value proposition of our products is critical for the consumer and plays an important role across our portfolio. As a result, you hear me talk about our portfolio focusing both on mainstream or iconic brands, as well as premium or distinctive brands.

A little fact to support the strength of our portfolio. Over the past 12 months, nearly 9 out of 10 American households have bought products from one of the brands you see on the page over here. I am confident that we are successfully transforming our division into one of the leading center store CPG businesses. Our focus is on creating best portfolio to win within our categories. And over the past several years, we've also continued to enhance our portfolio with the addition of premium brands like Pacific Foods and Rao's.

We continue to evolve to be leaders within our categories with great brands and products, even if that means making tough decisions such as portfolio rationalizations. We continuously modernize our products to ensure they maintain their relevance for today's consumer. For example, we have evolved our recipes, redesigned our iconic Campbell's condensed soup line, discontinued our Well Yes! product line, and are launching new bold flavors and designs such as our spicy soups and broths.

At the same time, we also need to continue to execute with excellence. This has required us to step up our marketing and innovation initiatives. The best tasting, most appealing products that attract the most consumers will drive category growth and transform our business.

Within all of this, our retail customers play a critical role, and we continue to focus on strengthening our relationships to build true partnerships. Overall, we have a portfolio of eight advantage leadership brands that participate in large, highly relevant and growing categories, providing a solid foundation for a long-term growth algorithm within Meals & Beverages.

I will now review each of our key businesses in more detail. Soup and broth play essential roles in the age-old [ph] millennial (01:18:58) dilemma of what's for dinner. Consumers continue to look for quick and easy cooking solutions. Our brands used in easy recipes with ingredients they have on hand are cornerstones in making delicious meals. Consumers are looking for more variety and are willing to experiment with new flavors. As a result, our innovation pipeline is stacked with flavor varieties to spice up their cooking routines. And finally, it's important that our portfolio offers a variety of options that meets the different needs and budgets of consumers.

In addition to these favorable consumer trends, we have identified another potential tailwind, the aging US population. We know that soup consumption is generally higher as the consumer ages. As the older US population cohort grows, we expect the soup category to follow. This dynamic is in complete contrast to the prior

decades where more of the growth was coming from younger consumers. This shift will, of course, benefit us as the category leaders. We are not assuming any of this potential benefit in our long-term growth algorithm, but it does provide us the possibility for additional growth over and above our algorithm.

If you look at our portfolio, you see the breadth of our offerings providing consumers with versatility for lunch, dinner, and in-between meals. Our brands are included in millions of meals throughout America, either as a ready-to-serve meal or as a key ingredient in a recipe. We estimate that nearly 50% of our soup and broth portfolio is used as an ingredient.

In addition to the value provided by our iconic brands with the acquisition of Pacific Foods and, most recently, Rao's, we have now added distinctive brands that offer premium flavors and experiences. Against this backdrop, we are poised to create the next generation of soup fanatics with a twofold strategy: innovate and engage with a pipeline of delicious and flavorful innovation to excite our consumers and culturally relevant activations to engage them with our brand.

Our innovation pipeline is robust with many new offerings this soup season. First, we're dialing up the flavor across the portfolio with unique spicy varieties across our flagship condensed business in both our eating and cooking products. We are spicing up Swanson Broth as well, along with launching our first-ever ramen variety. In our distinctive portfolio, we will expand Rao's presence in the soup category as we elevate the soup-eating occasion with our newest brand and launch indulgent new flavors. We also recognize that consumers often seek better-for-you options. We are reframing our Healthy Request line to heart-healthy, while also expanding our gluten-free and lower sodium offerings. Finally, we know that today's consumers are busier than ever. So, we want to be sure that they have an exciting, convenient soup product available for nearly any occasion.

Beyond product innovation, we continuously develop new-and-exciting recipes with our products to inspire our consumers, and we're finding creative ways to engage them, to amplify our cultural relevance, and remain top of mind. We leverage numerous chefs and influencers for their credibility to introduce us to new audiences and to take us into spaces that we couldn't get to on our own. On average, we partner with more than 200 influencers annually, chosen for their culinary credibility. They also need to be authentic to the cooking spaces we target and be a strong fit for our brands.

All right. I'm not sure how many New York Jets fans we have in the room, but I'm sure you all stayed up last night to watch the game. During the game, we launched our new NFL spot in primetime featuring our Philly hometown hero, cultural icon, and NFL's Super Bowl champion Jason Kelsey. We have an integrated campaign in place that will leverage Jason's cultural relevance to appeal to a fan base that extends well beyond Chunky and the NFL. This is just one example of how we're continuously working to amplify and build the equity of our brands.

In summary, we are very excited about what we have in store; confident that the combination of robust innovation, great-tasting food, and compelling marketing will create the next generation of soup-and-broth fanatics. Our ambition is to grow soup moving forward, but it might have surprised you to hear that, given the strength of our transformed M&B portfolio, we only need the business to be flat to deliver a long-term growth algorithm. However, as category leaders, we know we have the responsibility to continue to grow the category, and we believe we will be creating potential upside to our current planning stance.

As we move to our sauces portfolio, I'm going to borrow a line from our Sovos Brands team: sauce is boss. Back in December 2021, we shared with you our ambition to build a \$1 billion sauces business through a combination of organic growth and acquisitions. We have achieved that goal and more with the steady growth of Prego paste, the launch of Late July salsa, and, most significantly, the acquisition of the best growth story in food: Rao's

Homemade. And we're not done yet. There is so much more potential. Meals with sauces create meaningful moments, bringing friends and family together. And as we consider our distinctive brands, consumers recognize the importance of having high-quality ingredients and appreciate it is worth it.

Our sauce brands are well positioned across occasions and price points. When we announced our intention to acquire Sovos Brands, we highlighted the role of our Prego brand and the role of the Rao's brand in the mainstream and ultra-distinctive segments of Italian sauces. We are now implementing this two-branded strategy in both Italian and, as I'll talk to in a moment, in the Mexican category as well.

I'll just talk a little bit more about Prego. Prego is the number-one mainstream Italian sauce, has the highest household penetration among branded players in the Italian sauce aisle, and the highest purchase intent in the entire Italian sauce category. Our Prego plan is to expand its presence through innovation and offer compelling choices to augment mainstream red sauces in the aisle. We're excited about our three new Creamy Pesto products as this is a small-but-growing segment within the Italian category. We expect that these great-tasting varieties featuring real basil and fresh cream will drive incremental occasions and enable us to own more dinner moments. The growth of the Alfredo segment is currently outpacing the category. In response, we have improved the quality of our Alfredo varieties and are confident our new recipe will increase appeal to our consumers while we also introduce new flavors within white sauce. Finally, we are launching pink sauces like spicy vodka. In a world where pasta and sauce continue to be a household staple, we are bringing fun-and-flavorful innovations that will add variety and excitement to the dinner table. It also will bring excitement and growth to the category. And we are confident in our ability to keep this brand's momentum going.

Speaking of momentum, our newest portfolio edition, Rao's, is a brand that has redefined the Italian sauce category; having grown revenue dollars 400% in the past five years, increased distribution over 100%, and more than tripled household penetration during that time period. Simply the best growth story in food. It may be important to take a moment to point out why. First, the recipe and ingredients are as authentic as you could possibly have. In fact, one family in Italy, the [ph] Romanos (01:29:16), who I visited last month, make all of our tomato sauce. Their experience, know-how, and access to the best ingredients in Italy is the secret in the sauce, and this is also why we're not going to change it.

Even with its monumental success, we believe there is more runway to grow this brand in the sauce category. If you look at these three basic metrics – points of distribution, household penetration, and brand awareness – Rao's has so much room to grow as compared to our mainstream Prego brand. We are committed to driving continued success through strategic growth, increased market reach, and brand awareness.

We know that the key to growing the Rao's brand is to drive higher levels of awareness. Given the premium sauce category Rao's participates in, our investments are focused on campaigns that highlight the quality, the deliciousness of the sauce, and elevate the weeknight dinner. Consumers turn to Rao's as an accessible, authentic Italian experience to turn an ordinary pasta night into an extraordinary Rao's night.

Our message has been more focused on emotional experiences, and we will soon be introducing new content that will emphasize the brand's attributes like Italian ingredients and our slow-simmered cooking process. We will also participate in key cultural moments like the Macy's Thanksgiving Parade, the most watched broadcast in America outside of football, to provide massive reach for the brand. These elements, combined with an effective influencer strategy, as well as some help from celebrity fans, will enable us to bring the Rao's brand into more households. We're augmenting this consumer engagement with the launch of several new line extensions to expand reach and drive incrementality.

In line with the overall demand for Alfredo sauces, which I mentioned earlier, we plan to expand our Rao's Alfredo flavors. We will also introduce new, even more distinctive premium items like white truffle marinara to the grocery channel for consumers seeking new elevated experiences. This variety was successful in our direct-to-consumer channel and retail rotational programs, and we believe there is ample wide space to experiment with new ingredients and introduce new flavors. As I said earlier, sauce is boss.

That said, there is clear potential for growth in the other categories with the brand – which the brand has already entered, including frozen pizza and entrees, soup, dry pasta, and other sauces beyond Italian. This expansion outside of Italian sauces leverages Rao's established brand's reputation and innovative approach to continue to expand the consumers' premium Rao's experience in addition to positioning Rao's as a leading brand across multiple categories. We are excited about the many possibilities we have to expand Rao's.

As Mark shared, we are building Rao's to be another \$1 billion brand, making it a two-punch with our Campbell Soup business in Meals & Beverages. We expect a mid- to high-single-digit long-term growth rate for Rao's. The assumptions that underpin this growth are relatively straightforward, as we expect approximately 75% of the growth to come from sauce and 25% from adjacent categories such as frozen pizza and entrees and soups.

Now, let's switch from Italian to Mexican. As I mentioned earlier, we have an opportunity to grow our mainstream Pace brand along with our distinctive Late July brand. Pace already has a strong presence in Mexico now as the number-one branded player and with the highest household penetration. We see an opportunity to bring Pace to new occasions beyond simply dipping with the launch of our Signature Sauces as the most recent example. We believe we can expand the brand to younger consumers who are loyal to Pace salsa and offer them modern recipes and adventurous flavors so the Pace brand becomes their go-to choice for an elevated Mexican meal experience at an attractive value. At the same time, we know that the premium salsa consumer has different needs. A subcategory we recently entered with the launch of our Late July salsa. More to come in this exciting space.

I'll touch quickly on our V8 beverage portfolio. While fair to say in a world of a variety of external demands on the business, we need to make decisions on where we focus. And V8 did not always make that list of priorities given the strong core consumer. However, as we move forward, we have reactivated resources and focus on this very relevant and unique business. Along with the reengagement of the V8 consumer, we have an exciting opportunity to expand our V8 +ENERGY brand. I hope that you get a chance to taste it today and continue to look for stepped-up marketing and innovation as we enable V8 to be a solid contributor to our growth going forward.

Now, let's talk numbers. Our goal is to deliver top-tier results with a renewed long-term algorithm for our division that drives top line growth and profitability. As Mark mentioned earlier, from fiscal 2026 onwards, we expect organic net sales growth of 1% to 2% per year for the division. This growth will be mainly driven by our leadership brands, which we expect to grow approximately 2% per year driven by volume growth. As we mentioned earlier, at the midpoint of our targeted range, we have planned soup to remain flat while our other leadership brands fuel the growth. In addition to conviction around our top line growth, we have a clear road map to improve our operating margin to 19% by the end of fiscal 2027. This equates to approximately 170 basis points of margin expansion when compared to our fiscal 2024 pro forma margin.

We anticipate fundamental improvements in our operating margin, Sovos synergies, and manufacturing network optimization to more than offset increased investments in our brands. Double-clicking into the margin improvement drivers, beginning with fundamentals, we anticipate a 130 basis points of expansion from productivity improvements, partially offset by inflation and other supply chain costs. In a nutshell, we are anticipating that our productivity initiatives will run slightly ahead of inflation in the foreseeable future.

As discussed previously, we are on track to deliver the synergies from the Sovos acquisition and are expecting 80 basis points of margin expansion between fiscal 2024 and fiscal 2027. Two-thirds of the cost savings will be from targeted SG&A reductions with the remaining one-third from supply chain benefits. The integration is off to a great start. And although cost savings are important, our focus is on maintaining top line growth, which I believe is absolutely critical. Additionally, we expect to realize 110 basis points of margin expansion from the manufacturing network initiatives that we have previously announced. With the planned closure of our Pacific Foods Tualatin plant in Oregon, simplification of our Paris, Texas, plant to produce sauce only, and our investments in our Napoleon, Ohio, and Maxton, North Carolina, plants, we are further streamlining and modernizing our operations. Additionally, our strategic partnerships with co-manufacturers are designed to enhance our capabilities and enable us to quickly bring new-and-exciting products to consumers while further driving efficiency across our overall network. Finally, we anticipate reinvesting a portion of these savings back to support our brands across our portfolio while making sure we continue to build long-term brand equity with our consumers.

In summary, as we enter our next chapter, we expect the Meals & Beverages division to provide dependable-and-profitable growth. I want to acknowledge the team that has gotten us this far, and I'm excited to continue to build the future of Meals & Beverages together with them. We're on an incredibly important journey to transform our division. Our transformation story is far from complete as we challenge ourselves to unlock the potential of our portfolio of iconic and distinctive brands. We will win through compelling consumer engagement and exciting flavor-forward to innovation. The addition of Rao's strengthens and solidifies our potential and elevates our overall portfolio. Finally, while we grow our business, we expect to deliver margin expansion through a combination of Sovos synergies and our network optimization plans. We are striving to set the standards for performance in the center store, and I have full confidence in our team to achieve that goal as they continue to bring out the best in each other.

Thank you for your time. I'll turn it now back to Rebecca to talk a little bit about a couple of instructions. Thank you, all.

Rebecca Gardy

Senior Vice President & Chief Investor Relations Officer, Campbell Soup Co.

All right. Thank you, Mick. We have covered a ton of ground already this morning, but we have so much more excitement coming in the afternoon session. So, at this time, we're going to pause the webcast, and we're going to resume at 12:30 with Carrie Anderson's financial presentation. So, remember, if you're listening online and have any questions, you may submit them on the webcast platform. We're going to be taking questions during the Q&A both from folks in the room as well as those online, so make sure you get your questions into the queue. And so, with that, I think we're going to pause the webcast.

Carrie L. Anderson

Executive Vice President & Chief Financial Officer, Campbell Soup Co.

Hi, everyone, and welcome back for those that are coming back and joining us on the webcast. And for those that are in the room, hopefully, you had a fantastic sampling of our new innovation. So, good afternoon, everyone. I'm going to close things out. Throughout the day, you have seen the significant transformation of Campbell's of – over the last five years and understand our enthusiasm for this next chapter. So, let me now bring together everything that you've heard so that you can fully appreciate why we believe setting the standard in the industry is appropriate and a realistic objective for us.

We are in a much stronger organization position today to undertake this next step in the business. With our portfolio of leading brands and attractive, focused categories, the acceleration in our innovation pipeline, and a supply chain that is now a competitive advantage powered by our Campbell's Way of Working, we are confident in our ability to deliver on our long-term algorithm. This, combined with strong cash flow, a flexible balance sheet, and disciplined capital priorities, gives us a stronger foundation than even to drive top-tier performance and set the standard in the industry.

So, let me begin with our long-term algorithm. So, as Mark introduced at the start of the day, our long-term algorithm is expected to deliver organic net sales growth of 2% to 3%, adjusted EBIT growth of 4% to 6%, and adjusted EPS of 7% to 9% through fiscal 2027. The fiscal 2025 guidance we recently provided on our year-end earnings call on August 29 will be a transition into our algorithm. As the consumer environment normalizes this year, we expect the business to accelerate into fiscal 2026 and beyond. Four key drivers would aid in this acceleration. First, we expect strengthening consumer demand and our commitment to marketing and innovation will benefit our portfolio of leadership brands. As you heard from Chris and Mick, our leadership brands are uniquely positioned in attractive center store and snacking categories for a variety of economic climates through our mix of premium and value offerings.

Second, as we fully integrate the faster-growing Sovos business into our Meals & Beverages division, we will solidify our top line growth while significantly adding to our earnings and our cash flow. Third, we're increasing our range of opportunities to grow earnings and expand margins by leveraging our scale, driving efficiencies across the enterprise, and optimizing our portfolio mix. I'll dive deeper into these strategies shortly. And lastly, by converting earnings growth into cash flow growth, we'll continue to strengthen our balance sheet and reduce leverage, leading to adjusted EPS growth outpacing adjusted EBIT growth.

Now let me turn to the drivers of each of the components of our algorithm beginning with the top line. To be clear, our plan is designed to drive organic top line growth reaching 3% on a long-term basis, though we are setting our algorithm at a more modest 2% to 3% range. This is up from our prior algorithm of approximately 2%. This change is driven by the addition of the faster-growing Sovos and Rao's portfolio of products, the expected growth of our legacy leadership brands, and the active shaping of our portfolio to exit slower-growth brands such as Emerald nuts and Pop Secret while also strategically reducing partner and contract brands in our Snacks business.

We've also enhanced our revenue management capabilities utilizing price pack architecture and promotional efficiency tools to drive greater revenue realization. Collectively, these drivers and actions have the added benefit of creating more predictable performance going forward. And as you've heard from Mick and Chris, we expect Meals & Beverages to deliver top line growth of 1% to 2% and Snacks to deliver 3% to 4%. And within this algorithm, our leadership brands across both divisions are expected to deliver approximately 3% with soup growth, as you've heard, flat. We believe we have the right set of leadership brands in advantaged categories supported by our continued commitment to marketing and innovation reflected in our \$1 billion pipeline to grow our top line 2% to 3%.

Next up is EBIT growth. We have implemented an effective strategy to achieve growth target at the upper end of our range, though we're providing guidance within a range of 4% to 6%, similar to the approach with our net sales algorithm. Underlying this growth are the following drivers. First, we expect favorable volume/mix will contribute to EBIT growth driven by growth of our leadership brands. Second, we expect strong business fundamentals, primarily productivity initiatives tied to our foundational Campbell's Way of Working program to more than offset inflation and other supply chain costs. Third, we are expecting additional enterprise cost savings, building our extensive track record of identifying and delivering targeted savings across the entire business with the launch of

a new program that will extend through fiscal 2028. These drivers of earnings growth will more than offset the anticipated investments in the business, including marketing, innovation, and [ph] capability (01:46:29) efforts in our people, all aimed at sustaining top line growth.

So, let's go a bit deeper into each of these drivers. First, by focusing on enhancing our elevated leadership brands while strategically deemphasizing and reducing our scale brands, we expect a favorable volume/mix earnings benefit. Specifically, we expect our leadership brands to grow from approximately 84% of our total net sales in fiscal 2024 to approximately 87% by the end of fiscal 2027. We expect to benefit from the roughly 45% variable contribution margin advantage that our leadership brands have over our scale brands, which will translate to about 40 basis points in margin improvement by fiscal 2027 for the total company. Most of that improvement will come through our Snacks division as Chris walked you through earlier.

Next, fundamentals. Over the last two years, we have consistently delivered productivity gains of about 3% of cost of products sold or roughly \$200 million annually. Going forward, we expect to sustain this level of annual improvement through the broader application of Campbell's Way of Working, or CWOW for short, and more than offset the low-single-digit headwind from the combination of inflation and other supply chain costs.

Let me expand on our CWOW productivity program. Our CWOW playbook provides a road map and an organization structure that drives ownership, team-based improvement, and sharing of best practices to drive sustainable business results. The playbook helps create common language, common KPIs and a balanced scorecard to ensure that we are winning the hour, winning the shift and winning the day, as you've heard. Over the past 24 months, we have deployed this playbook to all manufacturing sites, and we are now extending CWOW to our network of warehouses, as well as our commercialization process. It is through CWOW that we have confidence in delivering this level of annual productivity that will flow savings to adjusted EBIT, with the savings expected to come from the balance of procurement, manufacturing and logistics and transportation network.

Our third adjusted EBIT driver is enterprise cost savings. These are broad, strategic, organization-wide initiatives aimed at reducing cost across the entire company. We've had a great track record of delivering meaningful cost savings over the last several years, with \$60 million realized in fiscal 2024 alone. And we've reached \$950 million in cumulative savings towards our \$1 billion cost savings goal since 2015. As we look forward to the next several years, we see even more opportunities as we integrate Sovos and drive network optimization and scale initiatives across the company.

And as a result, we will be sunsetting the existing program early and adding the remaining \$50 million of the old program along with \$200 million in newly identified opportunities to create a \$250 million cost savings program that will run through fiscal 2028. We will refer to this program as PEAK. PEAK has four key saving focus areas: network optimization, integration synergies, technology and org effectiveness, and indirect spend management. PEAK is expected to deliver approximately \$70 million in fiscal 2025 alone and approximately \$180 million over the next three years thereafter, with most savings achieved by fiscal 2027.

The largest portion of expected savings, approximately \$70 million, will come from our Meals & Beverages network optimization efforts, which include the closure of our Tualatin, Oregon Pacific plant and the rightsizing of our Paris, Texas plant to focus exclusively on sauce and salsa. Also benefiting Meals & Beverages will be the Sovos integration savings of \$50 million. This, combined with the \$10 million in savings we've already achieved in fiscal 2024, will bring total Sovos integration expected savings to \$60 million, a step-up from our original targets.

For Snacks, we are expecting \$50 million in network optimization, including the rightsizing of our Jeffersonville, Indiana plant and DSD initiatives. \$50 million of savings is expected to come from technology and org effectiveness initiatives, including aligning resources and integrating and advancing tools, systems and processes to facilitate decision-making, enhanced employee productivity. Rounding out the balance is \$30 million in expected savings from indirect spend management at the enterprise-level. We expect roughly half of this benefit to flow into our gross profit margin, with the other half coming from marketing and SG&A expense areas. We see the level and timing of cash implementation cost to generate this level of savings to be manageable within the cash flow generation and capital allocation priorities I'll discuss shortly. We expect these enterprise cost savings will help to fund critical investments to support our growth initiatives including additional marketing and new product innovation. This will enable the company to be at our targeted range of 9% to 10% of net sales from marketing and selling expense.

The final component of our long-term algorithm is our adjusted EPS growth target of 7% to 9%, which reflects our commitment to maximizing shareholder returns while maintaining strong financial foundation to meet our short and long-term objectives. Our adjusted EPS growth through fiscal 2027 will be driven by our adjusted EBIT growth contribution, along with a reduction in interest expense as we delever following the Sovos acquisition. We plan to continue our plan of anti-dilutive share repurchases to neutralize any impact of the company's equity-based compensation programs to EPS. And our adjusted tax rate is assumed to be remain relatively constant pending any legislative changes.

So, now, let's move to the second area of top-tier performance, our plan to drive significant shareholder value creation through cash flow generation and a disciplined approach towards capital allocation. Our business has consistently demonstrated the ability to generate strong cash flow. Over the last five years, we've averaged approximately \$1.2 billion of annual operating cash flow. We expect even healthier levels of operating cash flow going forward with growth to \$1.5 billion in fiscal 2027. This will be fueled by accelerating revenue, incremental EBITDA contribution from Sovos, margin improvement across both divisions, working capital discipline, and a reduction in onetime cost outlays for the Sovos integration and broader network optimization efforts. The result will be approximately \$4 billion in operating cash flow over the next three years which will be used to strengthen our balance sheet to support growth of our business and create shareholder value.

This high level of cash generation from which we can make capital out – this level of cash generation provides a strong foundation from which we can make capital allocation decisions. Our long-term capital priority should remain unchanged and our focus on shareholder value creation. First, we are committed to investing in our business, support long-term growth and competitiveness, targeting projects that deliver strong returns on invested capital of 10% or more. The next two are commitments to maintaining our competitive dividend and our strong investment-grade balance sheet with a target leverage ratio of approximately 3 times. And as we create additional flexibility in our balance sheet, this will allow us to continue to pursue future tuck-in acquisitions that are strategically relevant for our portfolio and can be integrated successfully. Finally, we will continue to repurchase shares to offset dilution from employee incentive compensation programs, while opportunistically looking at and pursuing strategic repurchases.

So, let me share a bit more with you on each of the first four pillars that will play the largest role in value creation over the next several years. First, capital investment. At our last Investor Day, we outlined plans to increase CapEx starting in fiscal 2023 to a range of 4% to 5% of net sales to maintain our existing assets, support innovation, expand capacity, and improve margins. Through fiscal 2027, we expect to invest at the higher-end of that range as we support further capacity expansion, network optimization initiatives, our Sovos brand integration and upgrades across manufacturing, automation and IT capabilities. As previously noted, we target a 10% return on invested capital, in line with our historical return profile.

Second, our competitive dividend. Over the last several years as we have completed three significant acquisitions and enduring a global pandemic and other market challenges, we have maintained a consistent dividend payout ratio of approximately 50%, generally in line with the peer group. This underscores our dedication to consistently delivering returns to our shareholders. We remain committed to maintaining a competitive dividend with future payout growth supported by earnings growth.

Next, the strength of our balance sheet. As previously noted, one of our top priorities is maintaining an investment-grade balance sheet with a target leverage ratio of approximately 3 times. Throughout our recent history, we have proven our ability to quickly return to this level following a major acquisition, as we did after acquiring Snyder's-Lance in fiscal 2018, and then to maintain this target level as we did from fiscal 2021 through fiscal 2023. We plan to employ our proven approach to debt management to continue reducing our leverage following our Sovos brands acquisition, returning to our target leverage ratio in fiscal 2027. Leverage reduction will be driven by a balanced contribution from EBITDA growth and debt paydown. And we've already made progress on reducing our leverage ratio now at 3.7 times, down from a peak of 3.9 times at the time of the acquisition close. After-tax proceeds from our recent sale of Pop Secret will also be used to reduce debt.

Finally, as we strengthen our balance sheet, we will continue to explore further opportunities to create value through strategic acquisitions. Mark shared with you earlier our disciplined approach to identify and vet these opportunities. At the highest level, it is based on four criteria: in core or near and adjacent categories where we have advantage, expertise and capabilities; quickly accretive, through an attractive financial profile and the development of detailed operating plans that support our growth ambitions on both top line and bottom line; easily integrated, to fully realize synergies and to maximize growth potential without distracting from our existing core businesses; and lastly, the flexibility to maintain our capital priorities, to ensure that the acquisition does not hinder our long-term balance sheet flexibility or put our capital priorities at risk. We've leveraged these criteria to support the successful acquisitions of Snyder's-Lance, Pacific and, most recently, Sovos Brands. And in the case of Snyder's-Lance and Pacific, we were able to drive high-single-digit internal rates of return. While we were about six months into our integration of Sovos Brands, we could not be more pleased with the continued performance of the business and the early positive returns against those metrics. And we are confident in our ability to unlock further shareholder value through a fast and effective integration that captures meaningful synergies and drives continued business growth.

If you go to the next page, you'll see that favorable performance to-date. We are at or ahead of plan across all five of our metrics. We've exceeded expectations of revenue growth to-date, with approximately 19% pro forma fiscal 2024 growth to \$1.1 billion and see additional opportunities for further growth. We've already captured \$10 million in savings in fiscal 2024 and we're on track for \$60 million by fiscal 2027, \$10 million more than originally planned. We've benefited from a very successful issuance of bonds in March at favorable interest rates relative to our transaction assumptions, helping to drive a neutral impact to adjusted EPS in fiscal 2024. We expect this acquisition to turn accretive by the second half of fiscal 2025. And we've already touched on our leverage ratio where we remain on track to return to our target level in fiscal 2027.

As a reminder, fiscal 2025 will be a transition year into our algorithm. We provided guidance for the year as part of our fourth quarter earnings call. We are expecting reported net sales growth of 9% to 11%, organic growth of 0% to 2%, adjusted EBIT growth of 9% to 11% and adjusted EPS of 1% to 4%.

As we move beyond fiscal 2025, we're excited to deliver on the plans that we've just shared with you today which will support our long-term algorithm with organic net sales growth of 2% to 3%, adjusted EBIT growth of 4% to 6%, and adjusted EPS of 7% to 9%. And let's not forget operating cash flow of \$4 billion over the next three years.

As I wrap up I just want to reiterate our conviction that now is the time to take the next step of our journey and set the standard for the food industry. Our business is in a much stronger position today than it was at our last Investor Day three years ago and from where the journey began five years ago. We have a focused well-positioned portfolio with 16 leadership brands making up about 84% of our net sales and operating in growing, fast, advantageous categories. Our execution and capabilities have never been stronger, turning what was once an opportunity area into a true competitive advantage. And with our refreshed long-term algorithm, we have a clear road map for multiyear top and bottom line expansion. Our investor proposition is compelling, with strong and growing operating cash flow generation providing multiple paths to create shareholder value and meet the expectations as we've outlined for you today.

We hope you now have a better appreciation of our leading strategic positioning and share our enthusiasm and confidence for the future and the next growth chapter for Campbell's.

So, with that, I'll hand it back to Rebecca to begin Q&A. Thank you.

QUESTION AND ANSWER SECTION

Rebecca Gardy

Senior Vice President & Chief Investor Relations Officer, Campbell Soup Co.

A

Okay. Thank you, Carrie. We are going to just set the stage up for Q&A, bringing up some chairs and our executive team. So, just give us just a few minutes and then we'll start the Q&A session. For those of you online, please submit your questions on the webcast platform, and we'll try to take as many as we can. So, welcome back to the stage, Mark Clouse, Chris Foley, Mick Beekhuizen, Carrie Anderson and Dan Poland.

We're going to have two folks in the – roaming in the audience to get microphones to you if you have questions. Are you ready? Okay, let's start in the audience.

Mark A. Clouse

President, Chief Executive Officer & Director, Campbell Soup Co.

A

Let's go.

Rebecca Gardy

Senior Vice President & Chief Investor Relations Officer, Campbell Soup Co.

A

Alexia? [ph] Doug (02:04:07), if you can get to Alexia. Thank you.

Alexia Howard

Analyst, Sanford C. Bernstein & Co. LLC

Q

Thank you. Yes, Alexia Howard from Bernstein. How have digital capabilities improved your approach to promotions, marketing and innovation? And by that, I mean, can you give us some examples of what you can do today that you couldn't do pre-COVID? Thank you.

Mark A. Clouse

President, Chief Executive Officer & Director, Campbell Soup Co.

A

Great. So, maybe what I'll do is I'll start with the – on innovation, let you guys talk a little bit about promotion and what you're doing with revenue management.

So, although I recognize that Campbell's may not be always seen at the tip of the spear for AI and other cutting-edge, I've always believed technology, quite frankly, our goal is to be a great applier of it. I don't know that I would expect to be developing it. But I will say that an area that we started very early, this was almost six years ago, we created an interface between our in-market data, our panel data and the mining that we were doing on social media to come together in a consumer insight engine. And very critical for us as we advanced our innovation strategy was to be able to utilize this approach using AI to better and more quickly arrive at what the next trend was going to be relative to flavor and recipe which, as you can imagine, quite important to us both in the snacking business as well as in our Meals & Beverages business. And so, now five years later, this has really become the go-to tool in the company for all aspects of marketing and innovation. And I think in many ways, we were an earlier adopter of the technology, and now we've refined it so that our broad organization's able to tap into it and use it in a very frequent manner. Like when you think about what we've been doing on soup flavors or line extensions on Kettle, or even some our influence or selection to figure out who's the best position to speak to the consumers we want to speak to. So, I think that's a great example of what I describe as more practical or tangible translation of digitization or technology.

But maybe, you guys can talk a little bit more about how you're using it every day relative to promotions and revenue management?

Christopher Foley

Executive Vice President & President-Snacks, Campbell Soup Co.

A

Sure. A quick build that would be a high percentage of our business, much higher than in the past, starts on a screen in terms of the purchase. So, you're close to 20% in terms of the amount of purchases that in some form start on the screen. And if you were to talk to our top customers, they want to see that go up significantly. So, for us to be really good in that space is important. So, whether that's specific programs around trial of new innovation or windows of time, whether it's back-to-school or the holidays, these are places that we need to be really good with our assortment of products but also our messages that are tailored to that purchase that starts on a screen. So, I think that's a place that is still accelerating. We know that our retailers want to go there, but we've gotten very good at it.

Mick J. Beekhuizen

Executive Vice President & President-Meals & Beverages, Campbell Soup Co.

A

And so, I'll add two kind of quick. One example is [indiscernible] (02:07:27) to what you're describing. You heard me talk earlier about influencers, right, and that we often look at kind of what is happening in the broader marketplace. And some of that happens organic as well, particularly with cooking. And I'll give you an example, [ph] for instance (02:07:41), with the chicken cobbler where one of the influencers developed their own recipe, made actually the product with one of our condensed soups. And we saw it, we jumped on it, connected with the influencer, but also connected with the customer and made sure that we have disproportionate displays in the store while we ran basically the influencer activation again, together with them now in partnership. And as a result, you saw a disproportionate lift. So, that is kind of talking to the digital connection, if you want, with what's happening in the marketplace that is really important for us and the team is continuously monitoring it.

To Mark's earlier point around revenue management, revenue management is obviously being absolutely critical to capability that we continue to be focused on in the organization. We need to make sure that we have competitive price points, but also that we are promoting when it matters and that we also promote where it matters. And that comes back to, [ph] for instance (02:08:47), examples of when we are running campaigns,

what's our overall promotion strategy, but then not only look at it in the moment for the planning but also retroactively make sure that we learn from that so we continuously improve and we continue to make sure that where we allocate that promotional activity that we're actually going to get the best return on the investment.

Rebecca Gardy

Senior Vice President & Chief Investor Relations Officer, Campbell Soup Co.

A

Great. Anything else? Okay. Let's go to another question in the audience. Can I ask that before you ask your question, you identify yourself just so that the online audience understands who's asking?

[ph] Doug (02:09:24), I think we have a question up here in the front.

Thomas Palmer

Analyst, Citigroup Global Markets, Inc.

Q

Hi. Thanks. It's Tom Palmer at Citi. I wanted to ask, sorry, just on the DSD optimization side, it looks like it was embedded in some of the network optimization bucket in Snacks, but something earlier this year you talked about in a bit more detail. So, maybe just an update on that and kind of how critical that is when we think about this this margin inflection in Snacks, not just through 2027 but kind of beyond?

Christopher Foley

Executive Vice President & President-Snacks, Campbell Soup Co.

A

Sure, Tom, I can take that one. So, I think, like I talked about, there's really three big pillars for our route to market and DSD work. The first one is where we're subscale, we're buying back Pepperidge Farm and Snyder's-Lance routes, combining them and reselling it. That is a plan that we're managing over the next four years at about 20% of our total routes. That is off to a great start. And we like the metrics we're seeing but we're also – the way I would describe it is the demand for those combined routes is higher than we had anticipated which is a good sign for us. It means that that proposition's strong. It also is a good sign in terms of the way we model it around how long we're looking to sell those new routes. So, that's one space.

The other space is around just taking miles off the road. So, we've got 32 hubs out there and 1,100 depots, and we're trying to take more miles off the road by consolidating that. And the team has done some tremendous work to continue to drive efficiency around bringing everything into the same hubs and jointly into some of the depots. And so, that's a overall multi-year project, too, that we're hitting our numbers that's built into that basis points improvement that I talked about in the presentation.

And then, the third one which is a little different but it's also important is also around technology and what we're doing to give in the markets the technology that's needed to be able to order for growth to think differently about how do we grow faster and have all the tools. A little bit less on margin, a little more on accelerating growth so we don't have as many subscale regions where we need to do a different strategy. So, the three really work together and they're embedded in our route to market approach across everything in Snacks.

Mark A. Clouse

President, Chief Executive Officer & Director, Campbell Soup Co.

A

I mean, we always said that the combination of the routes was not a dramatic margin contributor. It was almost more about the effectiveness of it. But you do see it built in to that network optimization. And I think one of the things we're happy to see is that, as we're rolling it out, I think there are some, let's call it, unforeseen benefits that you're getting on the efficiency side as well. So, probably more to come for that for the future. We've kept it pretty conservative. Really looking forward to be more of an enabler of performance as much as it is marginal; whereas

the combination of the warehouses and depots, miles off the road, those become more significant contributors to the network optimization.

Christopher Foley

Executive Vice President & President-Snacks, Campbell Soup Co.

A

I think over the years, we have – there's been questions that have come around why don't we just bring everything together. It's really important to emphasize that there are regions where it does not make sense ever to do that because we have the full scale where you'd want more trucks. We want to make sure we're continuing...

Mark A. Clouse

President, Chief Executive Officer & Director, Campbell Soup Co.

A

Yeah, you'd still have two trucks [indiscernible] (02:12:44)

Christopher Foley

Executive Vice President & President-Snacks, Campbell Soup Co.

A

We're in one of them right now in New York City. I mean, this is a place where the density of the products is there, so it makes sense for us to continue to have the multi trucks. Yeah.

Rebecca Gardy

Senior Vice President & Chief Investor Relations Officer, Campbell Soup Co.

A

Great. We got a couple questions up here, [ph] Doug (02:12:56). Go ahead. Let me to go to Ken Goldman. I know you.

Mark A. Clouse

President, Chief Executive Officer & Director, Campbell Soup Co.

A

And you can just pass it to Rob when you're done. Just go through the – just like an earnings call.

Ken Goldman

Analyst, JPMorgan Securities LLC

Q

Ken Goldman, JPMorgan. Just a quick point of clarification. Is it 9% to 10% sales and marketing as a percent of sales for both segments, is that the goal? And then, if that's the case, why is that? Wouldn't...

Mark A. Clouse

President, Chief Executive Officer & Director, Campbell Soup Co.

A

Yeah.

Ken Goldman

Analyst, JPMorgan Securities LLC

Q

...it naturally be or I would naturally assume it would be a little bit higher...

Mark A. Clouse

President, Chief Executive Officer & Director, Campbell Soup Co.

A

Yeah.

Ken Goldman

Analyst, JPMorgan Securities LLC

Q

...just for the faster-growing segment in Snacks. So, just wanted to get a little bit of color on that, if I could.

Mark A. Clouse

President, Chief Executive Officer & Director, Campbell Soup Co.

A

Yeah. So, we are targeting it for both. And part of the thinking is that it's the snacking, I think, is a pretty understandable goal that benchmarks very well with kind of where snacking resides from a share of voice and kind of consistency of the flow of innovation.

I think on Meals & Beverage, what we've come to appreciate, especially with the addition now of Rao's as part of the objective, our ability to drive awareness and innovation as a tool, we want to make sure that we support those adequately. I mean, I've said we had talked a few folks about the from-to on our innovation capabilities at Campbell's. And I think one of the things we're a little bit guilty of is not always creating the same conviction of support behind the news that we're launching. And as we think about driving broader awareness on Rao's and driving growth there, I think we've tried to create for ourselves room to be able to distort a little bit more investment. Now, over the next decade, does that kind of normalize into a little bit different levels? Perhaps. But for right now, I think having that kind of firepower built in for both divisions is a good planning stance for good strategy.

Mick, anything to add on M&B?

Mick J. Beekhuizen

Executive Vice President & President-Meals & Beverages, Campbell Soup Co.

A

No, I...

Mark A. Clouse

President, Chief Executive Officer & Director, Campbell Soup Co.

A

I mean, it's a step-up from where we've been but not [indiscernible] (02:14:59).

Mick J. Beekhuizen

Executive Vice President & President-Meals & Beverages, Campbell Soup Co.

A

I agree. I think it is important. And back to Mark, a little bit to build on what you're saying, is that we nourished the full portfolio, right? You heard me talk a little bit about V8, for instance. We need to make sure that we actually support that brand. And if we're going to do that, I believe that we're going to be able to add to that growth algorithm with brands like V8, and that's just an example within the broader portfolio. So, hence, you get more to that 9% to 10%.

Mark A. Clouse

President, Chief Executive Officer & Director, Campbell Soup Co.

A

And one of the things that I spared you showing you the same chart that I've shown for the six years I've been here, but it is a fact that, if you look at the last 20 years, when we support soup, the category does fine, right? Relatively flat to slightly positive. It is when we have backed off of support and commitment to the category that we've struggled. And so, we want to make sure that in a world of a bit more balanced portfolio that we also protect that as well.

Rebecca Gardy

Senior Vice President & Chief Investor Relations Officer, Campbell Soup Co.

A

Okay. Great. Rob?

Robert Moskow

Analyst, TD Cowen

Q

Thanks. Rob Moskow at TD Cowen. I think we're all kind of wondering what it's going to bridge from your current organic growth of 0% to 2% to get to the 2% to 3% kind of run rate. And I think, just decomposing, the 2% to 3% is kind of based on historical experience, which I guess makes sense.

Mark A. Clouse

President, Chief Executive Officer & Director, Campbell Soup Co.

A

Right.

Robert Moskow

Analyst, TD Cowen

Q

But a couple of things about history like we just went through an inflation supercycle, and I think your biggest retailer and a lot of other constituents don't want more pricing from here, and it might take a while before you get to normal pricing. So, was your 2% to 3% in history, didn't that include some pricing components of what if there is no pricing, can you still get there?

Mark A. Clouse

President, Chief Executive Officer & Director, Campbell Soup Co.

A

Right.

Robert Moskow

Analyst, TD Cowen

Q

And then the second element is you talked about still exiting some partner brands. Mathematically, I think it's about a 50 basis point per year headwind to the overall company. How do you offset that within your algo?

Mark A. Clouse

President, Chief Executive Officer & Director, Campbell Soup Co.

A

Yeah. So I think it's a great question. The first thing I just would say is, as you did see in our algorithm, we're not anticipating a tremendous amount of pricing, although I do expect some of the revenue management as we've kind of cycled through this period of inflation with some spend back. And how do we optimize that trade and promotional investment? I think small, but some contribution.

I think from a snacks standpoint, there's always been good volume-centric and volume-driven growth. I think on certain parts of the Meals & Beverages business, you've experienced that as well, especially in the sauce as well, both Rao's, as well as our core business of Prego, and Pace have always been able to contribute. I think soup historically has been a little bit more challenged on the volumetric fuel for growth, but that's also a bit of why, in our algorithm, we've got it relatively flat.

So, I don't think there's anything that is a radical departure of history. But I agree with you, that's why this year I think is going to be so important to get the marketing and selling back in place, to get the innovation funnel fully up and running, fine tune a little bit as it relates to the promotional spending, and then step into a 2026 where I

really expect there to be more of a normalized environment and the opportunity for us to drive those growth rates going forward.

Now, I think, as always is the case, we're going to watch the inflation environment, we're going to watch the elements that are out there. And although I would agree with you, I don't think, today, given the state of where consumers are, that the pricing is a desirable outcome. I think affordability plays a big role. Good news is we don't see that on the horizon as necessary. But as we get out into the algorithm, I would certainly expect there to be a time where we begin to see that contribute a bit more. So, think of it as a little bit more volumetrically probably in the early curve and then probably easing a little bit more back into normality on the back end. But I think it's that's why it's so important for us to have that innovation in that marketing and selling in place as well because I do think a lot of the winning and losing in the next couple of years is going to be determined by who wins in market. And being ready for that, I think is going to be quite important.

Now, let's talk about, yeah, yeah. You take the partnership.

Christopher Foley

Executive Vice President & President-Snacks, Campbell Soup Co.

A

Yeah, sure. So, the partner brands, we assume, are going to continue to be dilutive partner in contract together over the next three years, as you called out, but at much lower absolute rate. There is a place for these in our business that makes strategic sense. There are places where it makes sense for us to have other brands on the truck, but it will be a much smaller absolute percentage by fiscal 2027. So, the two of them together in the range of about 4% of the business.

So, a little bit different numbers than what you had exactly called out in terms of that diluted amount year-on-year, but different from what we've seen in the previous periods in terms of how important it is to the absolute business. As I said earlier, 88% will be leadership brands by fiscal 2027. That's where we see the importance of growth to balance out that less dilutive, but still dilutive piece that's in partner in contract.

Mark A. Clouse

President, Chief Executive Officer & Director, Campbell Soup Co.

A

So safe to say maybe Chris, sequentially getting less impactful, is that -

Christopher Foley

Executive Vice President & President-Snacks, Campbell Soup Co.

A

That's right.

Mark A. Clouse

President, Chief Executive Officer & Director, Campbell Soup Co.

A

...that's our base at the moment.

Christopher Foley

Executive Vice President & President-Snacks, Campbell Soup Co.

A

That's right.

Mark A. Clouse

President, Chief Executive Officer & Director, Campbell Soup Co.

A

Yeah.

Christopher Foley

Executive Vice President & President-Snacks, Campbell Soup Co.

A

Yeah.

Rebecca Gardy

Senior Vice President & Chief Investor Relations Officer, Campbell Soup Co.

A

Great. Neither questions? Okay. Over here, Bryan.

Bryan Spillane

Analyst, Bank of America

Q

Bryan Spillane from Bank of America. I'm pinch hitting for Pete, who's on vacation in Spain this week.

Rebecca Gardy

Senior Vice President & Chief Investor Relations Officer, Campbell Soup Co.

A

Everybody...

Mark A. Clouse

President, Chief Executive Officer & Director, Campbell Soup Co.

A

Do you need help learning the industry, Bryan?

Bryan Spillane

Analyst, Bank of America

Q

Believe me, man, the computer thing, I'm just trying to figure this out. Yeah.

Mark A. Clouse

President, Chief Executive Officer & Director, Campbell Soup Co.

A

Whole new world.

Bryan Spillane

Analyst, Bank of America

Q

It's got me – yeah, believe me.

Mark A. Clouse

President, Chief Executive Officer & Director, Campbell Soup Co.

A

Whole new world.

Bryan Spillane

Analyst, Bank of America

Q

So, I got a question on capital allocation, and it's kind of multipart. So, the first is free cash flow conversion, do we expect it to stay at the same level it is now or kind of where do you see free cash flow conversion going forward first?

Carrie L. Anderson

Executive Vice President & Chief Financial Officer, Campbell Soup Co.

A

[ph] Do you want me to take that (02:21:14)? So, historically, I would say, over the last five years, we've averaged about 95%. If you look at fiscal 2024, we're in the 70% range, and there's reasons for that. As we think about the investments that we've made on that capital and CapEx side of the business, we're doing some network optimization initiatives. We've invested in the consolidation of our headquarters. So, good reasons as we think about those investments at the higher end of our CapEx target that have required us to reinvest, but should provide future margin expansion and future growth opportunities.

As I think about fiscal 2025, I would think sequentially improvement from fiscal 2024. We're probably still less than 80%. And then as we move into 2026 and 2027, you'll start to move above 80%. But I think our CapEx over the next few years is going to be a little bit elevated there, and our network optimization initiatives and our Sovos integration will use some cash. But, again, these are things that will drive further future top line growth and margin expansion, so good uses of cash.

Bryan Spillane

Analyst, Bank of America

Q

And then the follow-up to that is, in the presentations, investment was used a few times. There's P&L investment in both segments. We've talked about capital investment. Can you give us some perspective what – two questions, one is on the P&L investments in the segments, do you need that extra marketing spend to hit the targets or is that there in case there's – it gives you flexibility to do something else? So, just trying to under – it goes back to Ken Goldman's question, right? Is 9% to 10% the right number or should it be more? So, how important is that savings? And I got a second follow-up to that.

Mark A. Clouse

President, Chief Executive Officer & Director, Campbell Soup Co.

A

Yeah. So, I would say that always is the case, and I think this past year was actually a little bit of an experience where we, let's call it, adjusted the knobs to equalize a little bit for where I might need that investment relative to promotion and/or marketing and selling. I think the 9% to 10% gives us the most flexibility in an anticipated world where you're still seeing a strong competitive pressure. A little bit to Rob's question as well, where you need, I would say, a bit more fuel to drive the volumetric side of it. And so I think it's important to have it.

Now, I also would say that it would put us at the high end of where we've ever been. And that inherently, I think, does give us a little bit of flexibility. As we said when we started the day, the goal in mind was try to create an algorithm where you've got a couple pockets of places where you're kind of prepared for the unforeseen. But I feel like the more of that we're investing behind the brands, it's probably indicating that we're driving growth and hopefully beating growth. So, I would say, we anticipate using it, but we also anticipate having a lot of reasons to believe that we could drive growth even faster. So, if that kind of helps, but good to start with it in the...

Bryan Spillane

Analyst, Bank of America

Q

Last one, I promise, Carrie. Just same question on CapEx. It's going to be elevated the next couple of years. The things you're investing in are – there's a lot of technology and things that are – the world has changed, right? So, there's a need to upgrade, I guess, or update. So, just what's the maintenance capital CapEx going forward? And should we be thinking about maybe the replacement cycle on some of the capital items being faster because technology gets outdated so quickly?

Carrie L. Anderson

Executive Vice President & Chief Financial Officer, Campbell Soup Co.

A

Well, certainly within our 4% to 5%, we have the maintenance CapEx in there. So, it's probably been in that 50% range of that CapEx has been in that neighborhood of CapEx. But I think it's – capacity investments I think have been the driver of why we're at the top end of our range. I mean, historically, we've been more of the 3% to 4%. This year, we got up to 5%. In fiscal 2025, we're expecting 5%.

And I think the investments that are getting there are not the maintenance pieces, but a lot of what's getting us to the higher end is the stuff around CapEx investments towards growth, some of the headquarter consolidation initiatives, our network optimization initiatives as we consolidate our network and consolidate our plans.

Mark A. Clouse

President, Chief Executive Officer & Director, Campbell Soup Co.

A

Dan, maybe talk a little bit about the – let's call it the state of affairs of the age of assets, how we're feeling about our network, and through the lens of having put in quite a bit of new equipment along the way. But, obviously, part of that question is, A – and you hear this a lot in [ph] stat (02:25:47). I mean, from prior lives, sometimes the good news, bad news is these ovens last 50 years. But if you've got a bunch of 50-year-old ovens that are all coming due at the same time that could be a challenge. I think we're in a pretty good position. But, Dan, maybe just talk a little bit about it.

Daniel L. Poland

Chief Supply Chain Officer & Executive VP, Campbell Soup Co.

A

Yeah. I'll expand on that a little bit. I think it's a question related to how we're looking at the physical infrastructures that we have. But we tie that into our network strategy and then work that Mick mentioned in our Paris location, for instance, and making that just the sauce center of excellence. Those are very strategically-minded investments we're making, so that we can take capital and [ph] prove (02:26:23) against growth and not necessarily maintaining facilities. At the same time, Campbell's Way of Working is creating capacity in our network and that's allowing us to do those kind of things. So, it's a culmination of things that are allowing us to do that.

Mark A. Clouse

President, Chief Executive Officer & Director, Campbell Soup Co.

A

I don't think there's any big bubble there, right? And I think, as is the case for most of our variables in the algorithm, we've just tried to make sure we've got room to accommodate what the elements are that we need to drive. And so I think appropriate is the way I would describe a balance between the growth in productivity as well as the maintenance and infrastructure.

Rebecca Gardy

Senior Vice President & Chief Investor Relations Officer, Campbell Soup Co.

A

Great. Can you get Andrew Lazar, please?

Andrew Lazar

Analyst, Barclays Capital, Inc.

Q

Hi. Andrew Lazar, Barclays. Dan, a question for you on supply chain. I think there was some maybe hope that, with the industry having lived through all the supply chain disruptions over the last couple of years, that coming out of it, retailers would be more apt to favor those suppliers that actually have invested in supply chain, can

prove they've got supply chain resiliency maybe because they don't want to go through what they did in terms of out of stocks and everything else.

Is that just me sort of being pie in the sky? Do retailers actually – now that we're sort of in a more stable environment, do they actually care more about those that have invested in supply chain, sort of more resilient, or am I making more of it than it is? And if they do, do you feel like Campbell's now in a place where you can offer that where maybe you didn't before? Thanks.

Daniel L. Poland

Chief Supply Chain Officer & Executive VP, Campbell Soup Co.

A

Yes. Great question, Andrew. And I'm sure both Chris, Mick, and Mark can relate to this as well. But I would say, coming out of COVID, all of the supply chains learned a tremendous amount about agility and what we need to do during the COVID years, right? And the retailers themselves also learned from that in many respects as far as inventory levels, service levels, those types of things.

And we find ourselves in a great position, Andrew, from a supply chain to be competitively advantaged for both divisions going forward, and we have great relationships with all of the retailers in the United States and having a good, positive approach to everything that we're doing from a metric perspective. So, I would – they're also expecting us to be even better than we were before COVID, and those are the things that we're working with them very closely is their inventory levels, where they need that we have to service their consumers at their store levels. Those are the things that we're working on all the time in the supply chain.

Mark A. Clouse

President, Chief Executive Officer & Director, Campbell Soup Co.

A

Yeah. I think one of the things that served us well during COVID was – and we've been – we were pretty I think open and transparent about this, functions to some degree of the integration in the combination of different supply chains coming together. We were – it was a bit of a weaker area for us. And the need to transform really couldn't afford to wait until post-COVID.

Daniel L. Poland

Chief Supply Chain Officer & Executive VP, Campbell Soup Co.

A

Yeah.

Mark A. Clouse

President, Chief Executive Officer & Director, Campbell Soup Co.

A

So, as much as it would have been nice not to have to try to kind of change the tires a bit while the car was moving, I think it's ended up serving us well because we did have to do it. And so, as we came out of that COVID period, I do think we were able to jump forward. And in many ways, that advantage is very well-recognized by customers. And even in the world we're in right now, we know we have a broth supplier that has been out of the market for a while. Five years ago, we would never have been able to step into that moment and really take full opportunity to help with that supply. Now, we're going to give some of that back here in the back half.

But still, I'd much rather have had that many more incremental homes with Swanson broth in it than in the past where our supply chain just couldn't react to that. And that, the customers remember and appreciate. So, when it comes time to decide who do we depend on for the holiday ad or whatever the case may be, I think you're right. I think it matters a lot. And, again, I think we're coming into a window where executional capability is going to begin to differentiate food companies more than the last several years where we were all kind of a little bit being moved

by macro dynamics. It's going to be more about who's in the best position to win the day. And that, I think, is something that we're quite mindful of.

Rebecca Gardy

Senior Vice President & Chief Investor Relations Officer, Campbell Soup Co.

A

Thank you, Mark. I think, yes, David Palmer. [ph] Tara (02:30:44), do we have a mic on this side of the house? There we go.

David Palmer

Analyst, Evercore ISI

Q

Thank you. Dave Palmer, Evercore ISI. Just a question about how you're thinking about, and, Mark, we talked a little bit about this offline, just to how you're thinking about snacking in America, and how the growth rate for your portfolio, the category will go coming out of COVID. Obviously, we're in a funk, lapping some of these monster numbers during that era. There were consumer behavior reasons for those big growth rates, pricing reasons. Now, we're seeing obviously some players getting back on shelf, the pricing is under pressure a little bit more, and the consumer is under pressure, too. So, I'm wondering how you're looking at the consumer and the environment and thinking about how we will normalize here, like – and then how you think about the pace of normalization and what you're going to be looking at as milestones during this fiscal year on your path to that normalized rate. Thanks.

Mark A. Clouse

President, Chief Executive Officer & Director, Campbell Soup Co.

A

Chris, why don't you start kind of broad?

Christopher Foley

Executive Vice President & President-Snacks, Campbell Soup Co.

A

Yeah, sure.

Mark A. Clouse

President, Chief Executive Officer & Director, Campbell Soup Co.

A

And I'll give you my point of view, too. But why don't you start with how you're seeing the consumer landscape?

Christopher Foley

Executive Vice President & President-Snacks, Campbell Soup Co.

A

Yeah. I think, similar to what I shared earlier, it's kind of there's the short term and the long term. And the short term right now is so tied to these are discretionary categories. You're seeing some value decision making, bifurcation of consumer groups, and very different across different categories. I do think it's important sometimes we paint a broad brush of snacks. We're in many different categories across cookies, crackers, pretzels, organic tortilla chips. These have different growth rates also tied to them. Some are already bouncing back pretty significantly if you look at total Kettle Chips, as an example. Others are in slower growth.

So, I think there is a short-term piece to this. But where our confidence is, is in the fundamental trends that are tied to snacking. If people are changing the way that they were eating, if you were seeing age cohort shifting in a way that started to put real pressure on the way in which people are snacking, you don't see that. You see quite the opposite. You see a really positive, young generational approach to snacking, as well as just the trends in the way people eat. So, I think it's a period of adjustment.

The when is a little harder, I think, to pinpoint. We'd love to be able to say, here's what it is and how we're going to build our plans against that and our production and everything else. But our confidence in what's happening in snacking and our ability to win with our products, as I talked about, is pretty sky high. It's just around how do we time that recovery knowing what we're seeing in market around some of the discretionary choices being made.

Mark A. Clouse

President, Chief Executive Officer & Director, Campbell Soup Co.

A

Yeah, look, I think the other thing I just would say is, when you look at where the strain is in snacking, it's a tougher day to be in the mainstream segment, right? Because that's where you're feeling more of that trade down pressure to private label. I mean, I thought, perhaps for me, one of the most important pages in Chris' presentation today was the chart that projected where the growth and where the size of the price tiers are within snacking.

And so one of the things that I think is giving us confidence to return to historical levels is really the fact that we're playing in categories that I think are better suited for consumers that aren't experiencing as much of the walk back. I mentioned on the earnings call, you got Kettle Potato Chips last quarter was up 7%. It doesn't feel like a collapse of the behavior. Even pretzels and tortilla chips, especially in our added-value segments, were mid-single-digit growth rates. And total snacking was up 1%. So, not 3%, and I get that, but in the world of are there a relatively balanced set of variables that are indicating a return?

I also think, remember, in third – our third quarter of this year, you will begin the cycle where the step-down in snacking occurred. So, your comps are going to get naturally a little bit more stable. I'm not seeing any structural momentum of departure from snacking. I'm actually seeing some modest normalizing already, which would, to me, indicate that, as we go into the back half of our year, we should see a better trajectory and tailwind.

Now, appropriately, I think, for 2025, we've been fairly conservative. I think we'll all feel a little better when we see those numbers, but I certainly am not seeing a lot that, on the structural side, would make me concerned. But I also would say I'm not seeing something that tells me it'll be October 1. So, I think planning it in a bit more pragmatic way for 2025, I think, is the right stance.

Rebecca Gardy

Senior Vice President & Chief Investor Relations Officer, Campbell Soup Co.

A

Great. Okay. Lots of questions. So, do you want to take Max up front, please?

Mark A. Clouse

President, Chief Executive Officer & Director, Campbell Soup Co.

A

Let's make sure we get a couple of online people, too, Rebecca.

Rebecca Gardy

Senior Vice President & Chief Investor Relations Officer, Campbell Soup Co.

A

Yeah. Yeah.

Max Gumport

Analyst, BNP Paribas Securities Corp.

Q

Thanks. Max Gumport with BNP Paribas. A question on the Meals & Beverages margin target. So, I think, at the FY 2022 Investor Day, you had a 21% target for FY 2025. Currently, we're more in the, I think, 17%, 18% range,

and I realize there were unforeseen events that have occurred since then. But what I'm curious about is, one, what's structurally changed to lower this target from a 21% to a 19%. And then, two, what's giving you the confidence to guide to this expansion in light of the challenges you have had over the last couple of years? Thanks.

Mark A. Clouse

President, Chief Executive Officer & Director, Campbell Soup Co.

A

Yeah. Mick, go ahead.

Mick J. Beekhuizen

Executive Vice President & President-Meals & Beverages, Campbell Soup Co.

A

Yeah, great questions. So, let me start off with the first one first. So, I obviously wasn't in this job at that point in time, but I recall the moment that we put it out there. And if I compare it to kind of what happened between then and now, one piece of it is the overall portfolio composition, right? The portfolio composition changed a bit. And if anything, I actually feel, with the way that we've evolved the portfolio, although the margin might be a little bit lower, we actually have more fuel for growth.

So, I feel actually very good about that kind of portfolio journey that we've been on and you see that also with a little bit of margin pressure with, for instance, adding Sovos to our portfolio has added some of that margin dilution, right? Now, we have synergies which we're working through in order to obviously make sure that we help offset that margin dilution.

But I'd say portfolio composition is one component of it. And the other piece of it is, over the past couple of years, we've been very diligent in and around pricing across our portfolio. And particularly when you look at – sure, we all went through a very inflationary time period and that we have selectively taken pricing actions in areas where we felt comfortable to make sure that we could help offset some of those inflation pressures. However, we always needed to make sure that we stay competitive in the marketplace. And as a result, I'd probably say sometimes inflation went a little bit ahead of overall pricing.

Mark A. Clouse

President, Chief Executive Officer & Director, Campbell Soup Co.

A

Okay. It's a really important point because it was one of the categories really the – I guess there were a couple of places, but certainly the most significant where we decided consciously that the value proposition – we know that there are some hard and fast barriers, that if you are to cross them as it relates to broth or condensed soup, that you're going to have a real headwind for consumers on value.

And so I think what you see happening in the months ahead and, Mick, can cover this in a little more detail, but you see us now taking a step back, seeing that landscape and then reorganizing ourselves to look for the opportunities to address some of that structural inflation, to try to get some of it back over time and a little bit elevated productivity, some of the network work, all our tools that will allow us to get back, albeit not to the 2021, but still meaningful recovery from what we've experienced the last couple of years.

And I guess the good news is, in a world where a lot of people are questioning, well, is every price action that's been taken sustainable, I think the thoughtfulness that have gone into the soup decisions, I would say we're as strong on that one as any because we really did make that more of an exception where we took it.

Mick J. Beekhuizen

Executive Vice President & President-Meals & Beverages, Campbell Soup Co.

A

And then to the second part of your question, and maybe to build a little bit on what Mark is saying around confidence in the margin journey going forward, listen, I think there are a couple of components in there and I talked about it obviously earlier, but the Sovos synergies is one. Carrie mentioned it as well. It's off to a great start. Again, focused on synergy, but maintaining the growth of the brands is absolutely critical. So, let there be no mistake, right? That being said, I feel confident around that synergy target that we have and that we're going to deliver on that.

And then the other piece is you heard me talk about the network optimization. You heard Dan allude to it earlier as well. These are actions that we've taken. We have very specific plans. We talked about Tualatin. We talked about Paris. We talked about the investments in Maxton and Napoleon. And so we have a very clear plan in place that we're executing on. And as a result, I feel very confident about – on our overall margin journey going forward.

Rebecca Gardy

Senior Vice President & Chief Investor Relations Officer, Campbell Soup Co.

A

All right. Let's go to a question online. Mark, it's a question coming from [ph] Michael Arnold (02:40:37). Are there any plans to buy other brands or companies?

Mark A. Clouse

President, Chief Executive Officer & Director, Campbell Soup Co.

A

So, as I said earlier today, I would start that answer by saying we feel great about the portfolio that we've assembled. In fact, we've gone to great lengths to shape it into what we have today. And we don't need anything else from an acquisition standpoint to deliver the algorithm we have. Having said that, though, I did point out a couple areas where tuck-in acquisitions could make sense. To me, anywhere where we have a gap, especially in the premium end of the categories we're in, is very attractive.

I would like to see maybe a little bit more clear, better-for-you brand within our snacking portfolio. I think there's a couple adjacent segments that could be helpful for us within snacking to have that. And then I'm very conscious of the ongoing kind of demographic shifts that are going on in the United States, the desire to get to a little bit more authentic, especially Hispanic brand. I'm not speaking to kind of less of kind of the traditional but more of imagining kind of Mexican-American or a little bit more elevated or a more premium space, which could be interesting, I'd say, to some degree, within the Asian community, as well as a good opportunity. So, those are the areas we're looking at. But, again, no sense of need to go out and do that. If it presents itself, we'll take a look at it. Again, good to have the power of the cash flow generation. But, remember, those capital priorities are pretty hard and fast for us.

Rebecca Gardy

Senior Vice President & Chief Investor Relations Officer, Campbell Soup Co.

A

Okay. Yes, [ph] Casey (02:42:35)? There we go. [ph] Tara (02:42:39) has got a mic for you.

Q

Had a two-part question on Rao's. The first one was just with Goldfish you mentioned trailing and sort of aspirational number, but with Rao's you only did trailing. I was just curious if that was an oversight or maybe the range of outcomes are too great or just maybe just comment on that.

Mick J. Beekhuizen

Executive Vice President & President-Meals & Beverages, Campbell Soup Co.

A

Yeah. It's not an oversight. Listen, I mean, first of all, a lot of confidence around Rao's and the continued growth. You heard me talk a lot about it. That mid- to high-single-digit growth target is what we're building towards to get above \$1 billion. We didn't set like a specific, if you want, dollar target that we declared. Very focused on first reaching the \$1 billion, but I feel very confident about that growth rate going forward.

And also, when you look back and you heard me talk about it, it is on the one hand within our sauce portfolio. By the way, we have a lot of opportunity within sauces, but we also have all these adjacent categories. And how far can we reach the overall Rao's brand? I think there's a lot of areas to play. So, as a result, I feel very confident about the plan that we've laid out today.

Mark A. Clouse

President, Chief Executive Officer & Director, Campbell Soup Co.

A

And remember, at high-single digit, right, as an upper end of that range off of a base that's as large as Rao's is today, I mean, that's a significant contribution of growth. And so, I think that's a little bit of the dynamic. As much as I'd like to be seeing 25% growth rates in the perpetuity, we catch up a little bit with the reality of a \$1 billion business. But, nonetheless, I think it's a good number.

Q

And then, just to follow-up, I mean, you touched on it. But on a trailing basis, I'm curious of the \$900 million, I mean, how much is sauce versus non-sauce? And then, going forward, I'm really curious about what your expectations are on the different growth rates and the interaction between sort of sauce and non-sauce?

Mick J. Beekhuizen

Executive Vice President & President-Meals & Beverages, Campbell Soup Co.

A

Yeah, exactly. Okay. So, good question. If you think about the vast majority of the business is still sauce, right? So, as I mentioned, sauce is boss, right? And we did that for a reason because it's also something that we talk about internally a lot because we want to make sure that we don't get away from the core. And the core sauce business is absolutely critical for the brand. I would say that is as a result, and you heard me talk a little bit about this, [ph] Casey (02:45:25), is if you look at the growth going forward, 75% of it we expect to come from core sauce business and then 25% are these adjacent categories. And, yeah, as a result, coming back to what I said earlier, I think we have a lot of areas to play with, but sauce is absolutely critical.

Mark A. Clouse

President, Chief Executive Officer & Director, Campbell Soup Co.

A

Yeah. And I do think we – the team has done an amazing job on remaining disciplined on where to expand. And I think, if anything, that continues to be refined, right? Our guardrails for Rao's are going to be very protective. I think the magic of that brand is that when you buy it you have a certain expectation like it's going to be made with that sauce that you love, whatever the category may be. And so, we will be relentless in protecting that quality component of this brand because I'd much rather have that in the long term than compromising to get to a couple extra million of revenue that is going to undermine the brand longer term.

Rebecca Gardy

Senior Vice President & Chief Investor Relations Officer, Campbell Soup Co.

A

Okay. Before we go to a question here, just as a reminder, if you're listening on the webcast, please use the Q&A section on the platform to type in your question and we'll get to it. Yes. Can we get a mic up here, [ph] Tara (02:46:49), sorry? Thank you so much.

Steve Powers

Analyst, Deutsche Bank Securities, Inc.

Q

Thanks. I'm in awkward position here. I'm Steve Powers from Deutsche Bank. A question on the objectives to elevate innovation as a driver of sales. First part of that is just is it more innovation or is the goal bigger, more efficacious innovation? Number one.

And then, secondly, you've got innovation that's very intentionally kind of fast in, fast out, seasonal, limited time offer, and then you've got innovation that's intentionally more sticky. Some sense of the size of those two buckets, if I could. And then, how you would grade yourself on the stickiness part, and any objectives you have to improve stickiness and how you measure that?

Mark A. Clouse

President, Chief Executive Officer & Director, Campbell Soup Co.

A

Yeah. So, maybe I'll start and then let you guys weigh in on the two divisions. Yeah. Yes is my answer to the question. It is a little bit of both, right? So, we are loving the fact that, for example, on Snacks we've driven two big platforms in Goldfish CRISPS and Air Fried on Kettle that are really textbook and spicy on our Chunky line. Those are really textbook examples of what best in class looks like, right? You're building a really innovative, disruptive capability or experience that you then can broaden across a variety of different flavors, pack sizes, and so forth. And the team has done a great job on that.

So, yeah, I would like to see more of that because I think they tend to be more sustainable, more efficient to support. But I would also say that as we get better executionally, flavor rotation and some of the limited time offer strategies are incredibly effective. I was describing way back when when I was at Mondelēz, this is one of the things that we started on Oreo back in those days. And one of the things that we really learned is kind of leave them wanting for a little bit more. So, being disciplined, not making it too big of a percentage of your total innovation, but yet utilizing it to drive excitement because it's so often incremental to the base purchases in the category.

And so, utilizing what we're doing on Goldfish on other brands within the portfolio, to me, is a great playbook that can travel. You just can't get – you [ph] can (02:49:23) take it too far, and that's what we want to make sure we're guarded. And whoever the partners are, they need to be elevating the brand, not borrowing too much from the brand.

And so, I think you'll hopefully see the majority of that innovation still coming through in platforms, but with a healthy contribution. And as you think about how we climb the ladder from 3% to 4%, I think you're going to get more, if you will, in both areas. So, maybe a little bit on Meals & Beverages and Snacks on how you guys are feeling about.

Mick J. Beekhuizen

Executive Vice President & President-Meals & Beverages, Campbell Soup Co.

A

Sure. I mean, I love the question about innovation.

Mark A. Clouse

President, Chief Executive Officer & Director, Campbell Soup Co.

A

Now, you're sitting behind the podium [indiscernible] (02:50:01).

Mick J. Beekhuizen

Executive Vice President & President-Meals & Beverages, Campbell Soup Co.

A

I know. I'm kind of hiding here, but appreciate the questions. So, I think I talked with some of you about it also during the break. Overall, innovation is absolutely critical for our overall portfolio. On the one hand, of course, on a brand like Sovos [indiscernible] (02:50:20) or Rao's, we talked a little bit about it around like the expansion of the overall portfolio is critical and there's a long way to go. But even if you look at our soup and broth portfolio and you look at our traditional portfolio, making sure that we continue to innovate, that we keep that portfolio of products fresh and also appeal to younger consumers, right? For instance, with the flavor innovation and some of what Mark also alluded to with, for instance, spicy and chunky, that has brought a lot of younger households into our overall soup and broth portfolio. So, making sure that we continue to bring the consumer along and bring consumers into the category or into our brands is absolutely critical.

And then also with innovation, making sure that what I refer to as activation and make sure that we have exciting recipes, so that people use our products. That's another piece of I'll call it innovation that might not – you might not immediately think about. But it is very important not just to put the product out there, but also, hey, here are different ways that you can actually use the products. Some of which you actually saw today during the innovation showcase, which then might also create new occasions.

Because now somebody is taking a can of condensed soup and is actually making some tortillas dish with it, and they're using it as a dipping sauce. And now, you suddenly have a whole new occasion, and we are entering into a snacking occasion where we previously weren't playing. So, those are kind of different ways that we're thinking about it. I love the focus on innovation and I love the focus on innovation across our portfolio, which I believe it plays different roles, but it's absolutely important for Meals & Beverages.

Christopher Foley

Executive Vice President & President-Snacks, Campbell Soup Co.

A

Yeah. On snacking, as I talked about, our brands are all about elevated, differentiated. You have to win an innovation. And so, it can always be bigger. We're going to keep pushing to make these platforms even bigger and in more channels and full distribution every place we can get it. I see our innovation team in the back of this room. We've got excellent talent in this space, too, that are always looking for where those new ideas, where those new unmet needs, where those consumer occasions that snacking can play differently.

What I love about where we are in Campbell Snacks is we're in all these different segments. And if you look at some of the things that Mark just mentioned, like Goldfish CRISPS or POP'UMS that we've talked about, it takes advantage of the assets that we know pretzels and we know chips and we know crackers and we know cookies, and that's what's happening. We're not forcing it from the inside. We're listening to consumers who are telling us the textures, the flavors. These are smashing together in different ways in snacking, and we're really well-positioned to win against them.

Our challenge then is, okay, make it efficiently, make it big, build it into a platform. We've got two that have been huge successes. We want more, and we're going to continue to drive those, and then the limited time offer. Another thing I would point out is so important. If you're going to win the holidays, if you're going to win back-to-school, if you're going to win these moments that you need to win with our brands, you have to bring something

unique like Holiday Nog to Chessmen or whatever else that is that the retailer says I'll take that and I'll give you a display of your entire assortment, too. Executionally, that's a huge, important thing for us.

Rebecca Gardy

Senior Vice President & Chief Investor Relations Officer, Campbell Soup Co.

A

Great. As a reminder, I'll take any modeling question offline. You can follow-up with me directly. We got a couple questions on that side deck.

Brian Callen

Analyst, BofA Securities, Inc.

Q

Thank you, Brian Callen at Bank of America. Mark, let me flip the online question around. What about divestitures? Can you just update us on the noosa process,...

Mark A. Clouse

President, Chief Executive Officer & Director, Campbell Soup Co.

A

Sure.

Brian Callen

Analyst, BofA Securities, Inc.

Q

...if there's anything there? And then, Carrie, how are you thinking about that piece of – if there's divestitures, are you baking that into your interest expense assumptions or just more broadly how you're thinking about sort of the debt maturity refinancing needs over the next year plus?

Mark A. Clouse

President, Chief Executive Officer & Director, Campbell Soup Co.

A

Yeah. Great. So, I continue to be clear on two things. One, I like the noosa business a lot. It is a unique brand and very well-positioned and actually performing fairly well. And so, I'm not prepared to part with this unless it's a reasonable and fair value. On the other hand, I remain committed to the fact that I don't think yogurt necessarily is a category longer term that matches our core. It's not an area of focus. So, I remain confident in both our opportunity to make a good strategic decision on that, but also not in any mad rush to do that. It's different to me, a very different business and one that I think warrants a good fair value.

But, nonetheless, I think there will be a moment where that is an opportunity for us on the divestiture side. I think short of that one, especially following the Pop Secret sale, we're feeling great about the portfolio. I mean, we've gone to great effort. I hope that one of your big takeaways from today is really that reshaping and refining of the portfolio and what it looks like today versus what it looked like five years ago. So, I'm feeling really good about what we've got now in that business.

But maybe talk a little bit about...

Carrie L. Anderson

Executive Vice President & Chief Financial Officer, Campbell Soup Co.

A

Yeah.

Mark A. Clouse

President, Chief Executive Officer & Director, Campbell Soup Co.

A

...proceeds of noosa and [indiscernible] (02:56:12).

Carrie L. Anderson

Executive Vice President & Chief Financial Officer, Campbell Soup Co.

A

Yes. So, first, noosa is in our number. So, as we think about the algorithm we gave you, we didn't assume that noosa was out. Obviously, Pop Secret, we did guide what the number was excluding Pop Secret. But we talked about that Pop Secret, the proceeds are being used for paying down the debt. So, if we had an opportunity with noosa, we would look at considerably the same thing. In terms of assessing kind of where we are, our priority is obviously to get our balance sheet, to have that flexibility restored as quickly as possible. So, we'd continue to look in those areas there.

Rebecca Gardy

Senior Vice President & Chief Investor Relations Officer, Campbell Soup Co.

A

Okay. Great. Did you have a question, Ann, earlier? We're good? Okay. Okay. I saw your hand up a little while.

Mark A. Clouse

President, Chief Executive Officer & Director, Campbell Soup Co.

A

Yeah. Why don't we do here and then we'll come back to Ann. Yeah. Perfect.

Priya Ohri-Gupta

Analyst, Barclays Capital, Inc.

Q

Thanks. Priya Ohri-Gupta at Barclays. Mark, we talked a lot about innovation. But on the last conference call, and we've been hearing this a little bit more consistently from other manufacturers as well, we're starting to see a lot of competitive entrants, some SKU proliferation in the market. So, how do you keep the consumer focused on the innovation and really sort of value add that you guys are trying to offer? What sort of messaging does that entail? And then, a follow-up for Carrie just in terms of thinking through sort of optimizing that balance sheet flexibility. Where would you ideally like to see your credit rating land sort of as we get closer to fiscal 2026, 2027? Thanks.

Mark A. Clouse

President, Chief Executive Officer & Director, Campbell Soup Co.

A

Yeah. Great. Well, I think the key on the innovation side is you got to bring something new and different. I think consumers are, as you would expect, quite savvy and especially in an environment like we're in today where their decision, especially in the snacking world, to make choices that are really differentiated and that are exciting. And so, it's not a day for lazy innovation. You've got to really look for ways in which you're bringing something new to the world.

Now, that can still be a flavor, but you're going to want to make it more interesting, more intriguing first to market with it. I do think what you're seeing right now is a greater proliferation of what I would describe as more me-too products. And although that does create some pressure in the shorter term, harder when they start to cycle that, unless there's something that's really new and different.

I do think there's – we're – as we did with CRISPS and we did with Air Fried, those were highly incremental to the categories they were in, which is a very important measuring stick. I think our customers are actually a little more savvy, too, in really, let's call it, holding accountable companies for bringing true news versus just another version of something. So, it's raised the bar, and this is why all the things we've done to improve the consumer-centric nature of how we're building our pipelines have become so important. And having that in place is giving us a lot

more conviction and confidence that the innovation that we're going to launch is truly new and new to the world, and that's where the bar is. And so, I think we're well-positioned for that, but we can't take our eye off it.

Now, always is the case, not everything is going to be a home run. And that's why it's nice to have a little bit deeper pipeline, too, right? Having that kind of \$1 billion identified gives you the opportunity for we'll try to minimize it but a miss or two and then having opportunities to backfill that is I think very important.

Daniel L. Poland

Chief Supply Chain Officer & Executive VP, Campbell Soup Co.

A

Mark, can I just build something [indiscernible] (03:00:00)?

Mark A. Clouse

President, Chief Executive Officer & Director, Campbell Soup Co.

A

Sure. Yeah, absolutely.

Daniel L. Poland

Chief Supply Chain Officer & Executive VP, Campbell Soup Co.

A

I think also in a world where the prices are higher overall, the worth that a consumer is doing when they evaluate a new item is a higher level of scrutiny. So, for us, we've not launched things where the food didn't meet up to the par. I mean, we're a food company. We have to make the food that much better than competition. Still, the most important metric for innovation is repeat rate. You can get anybody to buy something once. It's whether or not the food is different and that much better. And so, that's, I think, a bar that's raised for everybody and the retailers expect that as well.

Carrie L. Anderson

Executive Vice President & Chief Financial Officer, Campbell Soup Co.

A

And you asked a question about investment grade and our commitment. I mean, I want to reiterate that, our commitment to investment grade. And I think it gives us the flexibility that we want to manage our capital priorities. I mentioned that our capital priorities have not changed. And even as we're going through the Sovos acquisition, I think it was an acquisition that was a good size that allowed us to still maintain our capital priorities. When we talked about in our algorithm, we're not assuming strategic repurchases. So, we're obviously making the right priorities there in terms of getting a plan to get back to three times. But the investment grade, I think, rating gives us good flexibility to maintain our capital priorities through achievement of our long-term algorithm.

Mark A. Clouse

President, Chief Executive Officer & Director, Campbell Soup Co.

A

Yeah. I mean, it's really important I think as much as anything in the message today and a lot to be excited about in the potential for growth for the future. But the task that's really most critical to us is – well, I got a little more bass in the mic, perfect timing, good dramatic effect – is really to be – is to be dependable and reliable. Like at the end of the day, I think our most compelling aspect of our story should be the fact that we are reliable and dependable to deliver results in a consistent way. And although that's not necessarily a direct correlation to investment grade to me, it all fits together in building that trust and dependability that I think is really, at the end of the day, what underpins our thesis. A little more growth is great, but at the end of the day, dependability and reliability is quite important.

Carrie L. Anderson

Executive Vice President & Chief Financial Officer, Campbell Soup Co.

A

And that consistency of cash flow has been there year in and year out. And the opportunity now with Sovos is to actually see that cash flow even higher, which, again, I get excited about because that gives us even more opportunities to create shareholder value over time.

Mark A. Clouse

President, Chief Executive Officer & Director, Campbell Soup Co.

A

Yeah. I mean, the speed to accretion on the Sovos acquisition, I mean, that is really best-in-class. I've done a lot of these over the years. And to see that kind of translation that quickly is pretty powerful stuff.

Carrie L. Anderson

Executive Vice President & Chief Financial Officer, Campbell Soup Co.

A

Yeah.

Rebecca Gardy

Senior Vice President & Chief Investor Relations Officer, Campbell Soup Co.

A

Okay. Do we have any more questions?

Mark A. Clouse

President, Chief Executive Officer & Director, Campbell Soup Co.

A

Anyone hiding behind podium that I can't see.

Rebecca Gardy

Senior Vice President & Chief Investor Relations Officer, Campbell Soup Co.

A

Did you want one more question? Right back to you.

Mark A. Clouse

President, Chief Executive Officer & Director, Campbell Soup Co.

A

Oh, yeah, yeah. For sure, yeah.

Ann Holden Gurkin

Analyst, Davenport & Co. LLC

Q

Thank you. Ann Gurkin with Davenport. Thank you for the time today and explaining how you have reshaped and defined your portfolio. It just begs the question for me. You've set up now two very strong platforms, snacking and Meals & Beverages with products at different price points in different areas of the marketplace, and I think they're very two strong platforms going forward. And as you look to unlock value, it begs the question, would you consider ever separating into two platforms or are they at the point where you would even consider that conversation or that opportunity? Thank you.

Mark A. Clouse

President, Chief Executive Officer & Director, Campbell Soup Co.

A

Sure. And we had 24 seconds left.

A

Right.

Mark A. Clouse

President, Chief Executive Officer & Director, Campbell Soup Co.

A

No, no. Look, I fully recognize that there may have been some things happening in our industry that would beg that question. Look, I hope that you feel like, after going through today, that the uniqueness of this portfolio in both its focus, but also its breath, right, I mean, there could not be a better day to be in Meals & Beverages [ph] in the center store or (03:03:59) grocery than right now. And I like that. I like that in the sense of really now having a opportunity and a runway to see what this portfolio can deliver.

So, it's certainly our intent to play that strategy, as you saw today, forward. Now, having said that, always I've been very consistent in suggesting that we will always look at where the value creation opportunity is for shareholders. And if there's a point in time we feel that there's an opportunity or merits to discussion, we're certainly going to take a look at it. I'd like to believe that there are many things today we talked about that maybe five years ago you would have been surprised that we collectively as a company are prepared to do the things that we're doing to really drive an advantage position. Our board is constantly challenging myself and the team to make sure that we're focused on creating value. So, I guess, in the world of possibilities, certainly out there it's a possibility, but not today. Today, I'm excited about the portfolio we've got and what we're going to do with it today.

Rebecca Gardy

Senior Vice President & Chief Investor Relations Officer, Campbell Soup Co.

A

Yes, you will be our last question.

Mark A. Clouse

President, Chief Executive Officer & Director, Campbell Soup Co.

A

If it's a follow-up to that one, Bryan, I'm not inviting you back.

Bryan Spillane

Analyst, Bank of America

Q

Pete made me ask. So, similar to Ann's question, just thinking about it from cash flow.

Mark A. Clouse

President, Chief Executive Officer & Director, Campbell Soup Co.

A

Yeah.

Bryan Spillane

Analyst, Bank of America

Q

Right. So, you've got the Meals business, and meals and sauces are huge cash generator, Snacks less so. So, if people were fantasizing about a snacks business that's independent, how would you view that without the cash flow of the rest of Campbell? So, how important is...

Mark A. Clouse

President, Chief Executive Officer & Director, Campbell Soup Co.

A

Yeah.

Bryan Spillane

Analyst, Bank of America

Q

...the cash flow you're sitting on to [indiscernible] (03:05:08)?

Mark A. Clouse

President, Chief Executive Officer & Director, Campbell Soup Co.

A

I mean, I've always said this even from when I first started, the nature – and having lived through this with the journey on Kraft to Mondelēz. The critical aspect in any conversation about this that you would want is you want two businesses on its front foot, right? You want businesses that are playing offense and are incredibly compelling. Look, I think we're doing a lot of things to deliver upon that. But I would just say today it's more in service of the total proposition of Campbell's, but, nonetheless, that's important.

And so, when I think about looking at both sides of the business, they both have tremendous means in which to create value. And so, although you are correct, as we continue to travel that journey on margin, they get stronger and stronger, and that I think is important. And I've always said that that best-in-class Snacks businesses are ones that are able to be clear about the priority being growth, but a strong enough margin that you can fuel the flywheel. And that's what we're moving toward, and I think that's a great answer.

And, look, our Meals & Beverages, I think the addition of Sovos is important because it solidifies conviction and confidence in the contribution of that business, always with a strong margin. But even on that business, [ph] self-help (03:07:24) that we think we can drive going forward. The fact we've got two great halves doesn't mean in anything other than that those two halves together I think are pretty powerful. But both businesses I think are making a lot of progress.

Rebecca, that's the end of Q&A.

Rebecca Gardy

Senior Vice President & Chief Investor Relations Officer, Campbell Soup Co.

I was just going to say I think that's a wrap. I hope you all enjoyed today's experience. Thank you so much for coming and joining us and sharing this day with us.

Mark A. Clouse

President, Chief Executive Officer & Director, Campbell Soup Co.

Awesome.

Unverified Participant

Thank you.

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