

Campbell's

Q2 Fiscal 2020 Investor Update



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Ken Gosnell

Vice President - Finance Strategy
& Investor Relations



Forward-Looking Statements

The factors that could cause actual results to vary materially from those anticipated or expressed in any forward-looking statement include: our ability to execute on and realize the expected benefits from our strategy, including growing sales in snacks and maintaining market share position in soup; the impact of strong competitive responses to our efforts to leverage brand power with product innovation, promotional programs and new advertising; the risks associated with trade and consumer acceptance of product improvements, shelving initiatives, new products and pricing and promotional strategies; our indebtedness and ability to pay such indebtedness; our ability to realize projected cost savings and benefits from cost savings initiatives and the integration of recent acquisitions; disruptions to our supply chain and/or operations, including from the recent coronavirus outbreak as well as fluctuations in the supply of and inflation in energy and raw and packaging materials cost; our ability to manage changes to our organizational structure and/or business processes, including selling, distribution, manufacturing and information management systems or processes; changes in consumer demand for our products and favorable perception of our brands; changing inventory management practices by certain of our key customers; a changing customer landscape, with value and e-commerce retailers expanding their market presence, while certain of our key customers maintain significance to our business; product quality and safety issues, including recalls and product liabilities; the possible disruption to the independent contractor distribution models used by certain of our businesses, including as a result of litigation or regulatory actions affecting their independent contractor classification; the uncertainties of litigation and regulatory actions against us; the costs, disruption and diversion of management's attention associated with activist investors; a material failure in or a breach of our information technology systems; impairment to goodwill or other intangible assets; our ability to protect our intellectual property rights; increased liabilities and costs related to our defined benefit pension plans; our ability to attract and retain key talent; changes in currency exchange rates, tax rates, interest rates, debt and equity markets, inflation rates, economic conditions, law, regulation and other external factors; unforeseen business disruptions in one or more of our markets due to political instability, civil disobedience, terrorism, armed hostilities, extreme weather conditions, natural disasters, pandemics or other calamities; and other factors described in our most recent Form 10-K and subsequent Securities and Exchange Commission filings. We disclaim any obligation or intent to update these statements to reflect new information or future events.



Agenda

CEO Perspective

Q2 Fiscal 2020 Results

Fiscal 2020 Guidance

Q&A

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CEO Perspective



Mark Clouse
President and
Chief Executive Officer



Q2 F'20 High-Quality Results

- Organic net sales increased 1%* behind improved execution across company
- Snacks strength – organic net sales increased 2%*
- Meals & Beverages progress – organic net sales comparable to prior year*
 - Grew soup share for second consecutive quarter**
- Strong in-market performance
 - In measured channels, total company in-market consumption up 1%***
 - Grew or held share in categories representing ~80% of business and in 10 of our 13 priority categories****
- Adj. gross margin increased 150 basis points*
- Adj. EPS of \$0.72 increased 11%*
- Raised adj. EPS guidance
 - Driven partly by lower adj. net interest expense due to successful deleveraging & adj. EBIT* momentum in H1
- Reduced net debt to 3.5x adj. EBITDA*

*See Non-GAAP reconciliation
**IRI Total US MULO L13W ending 1/26/20
***IRI Total US MULO L13W ending 1/26/20
****IRI US MULO L13W ending 1/26/20



Meals & Beverages: Another Quarter of Progress

- Net sales comparable to prior year
- Improved retailer relationships
- Investing in core brands
 - Increased investments to improve food quality and build equity in our brands
 - Increased marketing investments; A&C up 20%, mainly in Soup
- Overall improved execution



Sustained Progress of our “Win in Soup” Plan

✓ Net sales profile improved in Q2 with growth across condensed and broth including Pacific

✓ In-market indicators show improving health

- Grew soup share for 2nd consecutive quarter*
- Increased household penetration**
- Attracting younger households**



Stabilizing U.S. Soup in F'20

\$ Consumption
Change YTD*

\$ Share
Change YTD*

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Condensed: Building equity

+ 1.1%



Pacific
FOODS™

Pacific returned to growth in Q2

- 0.8%

Flat

SWANSON

Swanson solid in Q2; more work needed on differentiation

+ 0.1%



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CHUNKY
SOUP THAT EATS LIKE A MEAL™

RTS: Fixing foundation; looking forward to F'21

- 3.2%



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FOODSERVICE

Foodservice sales up 10%**

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*IRI Total US MULO L26W ending 1/26/20

** Balance of remaining Foodservice soup business



Real food. Real results.

Meals & Beverages Progress

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



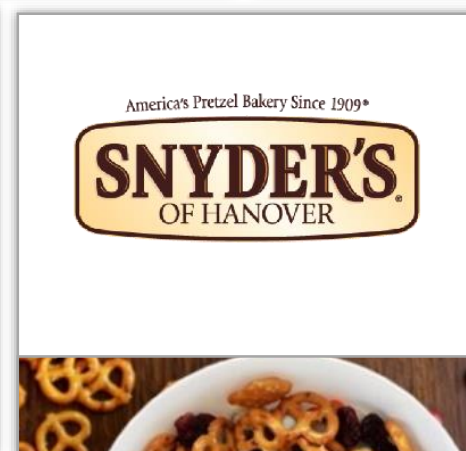
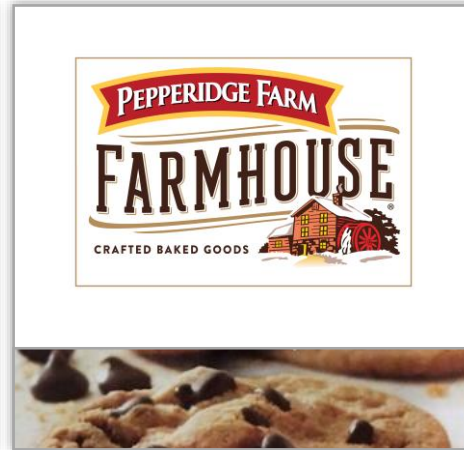
Snacks: Continued Strong Performance

- Continued steady growth with organic sales and profit gains
- Organic net sales increased 2%*
- Steady progress on integration and value capture



8 of 9 Power Brands Grew or Maintained Share*

Power Brand Consumption Increased 4% Behind Increased Marketing**

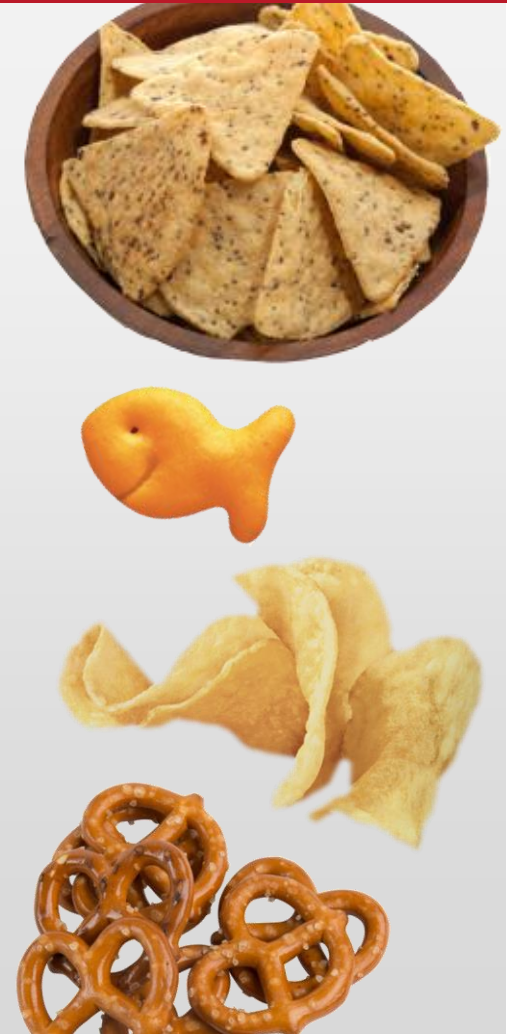


Partner Brands Performed In-Line with Expectations



Snacks: Integration on Plan

- Continued strong performance in:
 1. Procurement, specifically packaging
 2. Consolidation of sales headquarters and related operations
 3. Operational efficiency in manufacturing
- Actions to simplify and streamline operations, along with initiatives around manufacturing and logistics, will begin to deliver savings in Q3



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CFO Perspective



Mick Beekhuizen
EVP & Chief Financial Officer



Second-Quarter Fiscal 2020 Summary

- Positive Fiscal 2020 year-to-date results
- Improved adjusted gross margin performance
- Continued delivery of cost savings
- Successful completion of our divestiture plans resulting in significant debt reduction
- Updating 2020 guidance; adjusted EPS now \$2.55 to \$2.60



Financial Summary

Continuing Operations
(\$ millions, except per share)

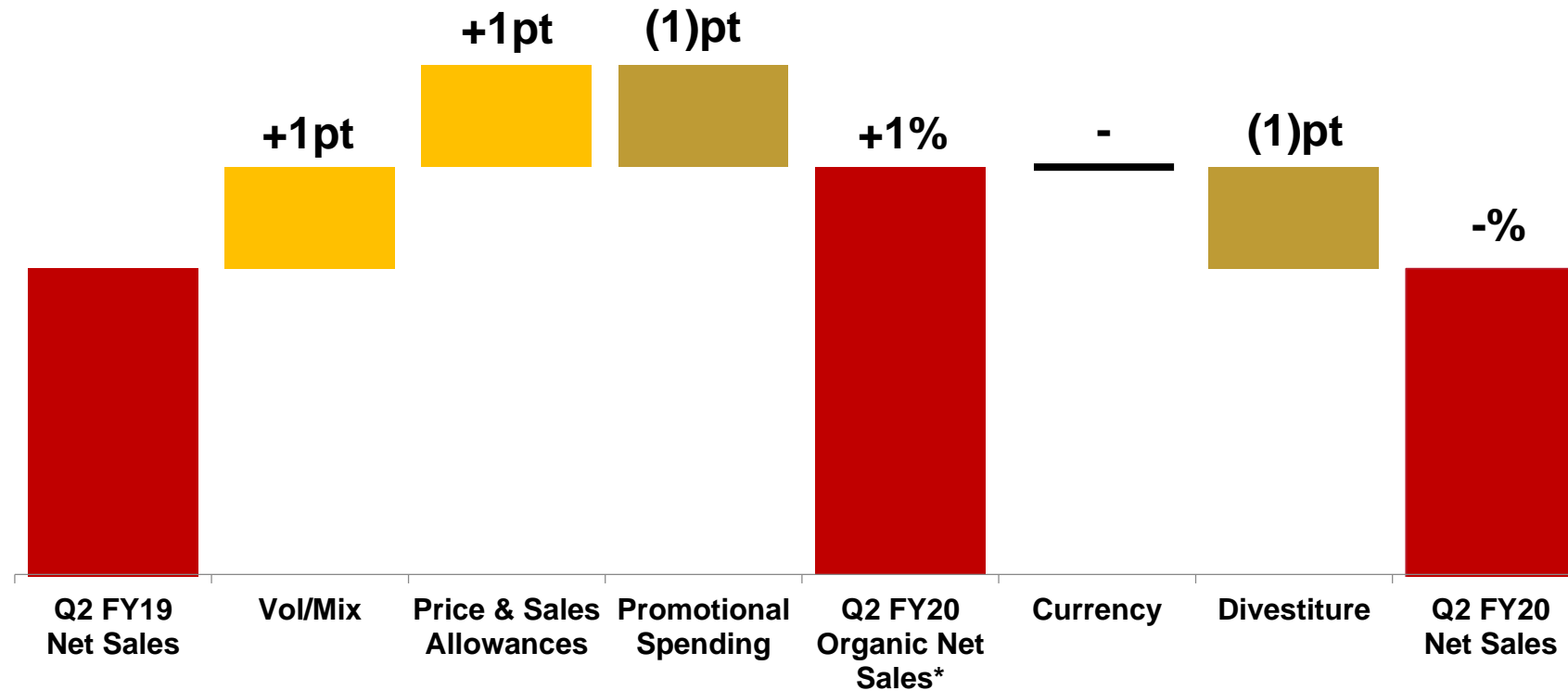
	Q2 FY20	Change vs. PY		YTD FY20	Change vs. PY	
		\$	%		\$	%
Net Sales	\$2,162	(\$10)	-%	\$4,345	(\$29)	(1)%
<i>Organic Net Sales*</i>		\$21	1%		\$5	-%
Adjusted EBIT*	\$364	\$15	4%	\$756	\$36	5%
Adjusted EPS*	\$0.72	\$0.07	11%	\$1.51	\$0.15	11%

*See Non-GAAP reconciliation



Components of Net Sales Change

Continuing Operations

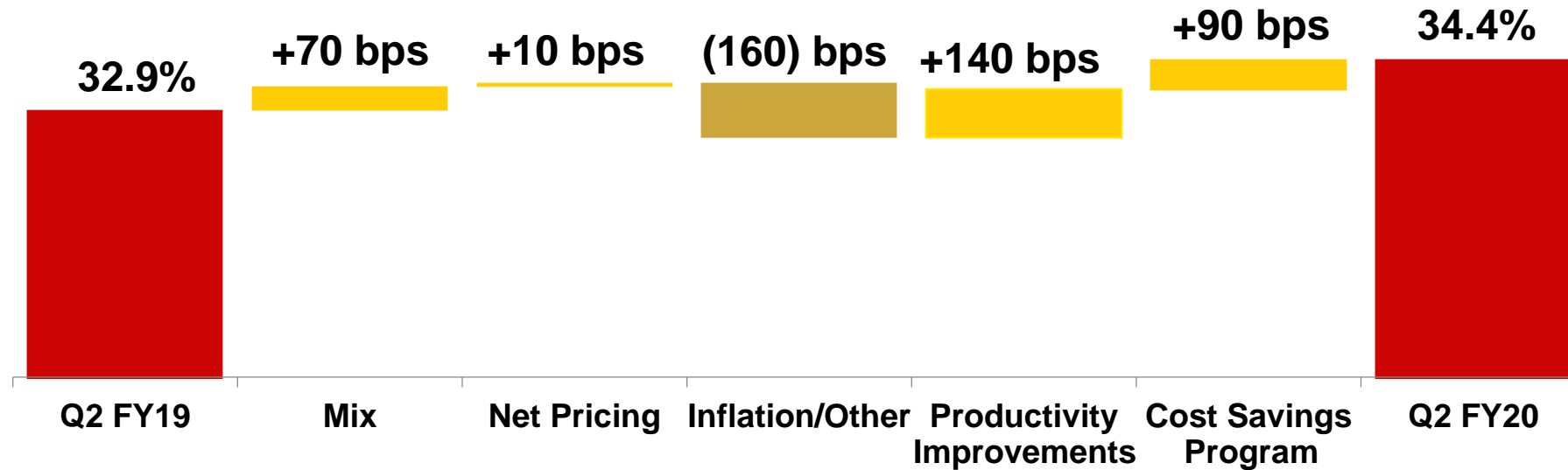


* See Non-GAAP reconciliation



Adjusted Gross Margin Performance*

Continuing Operations

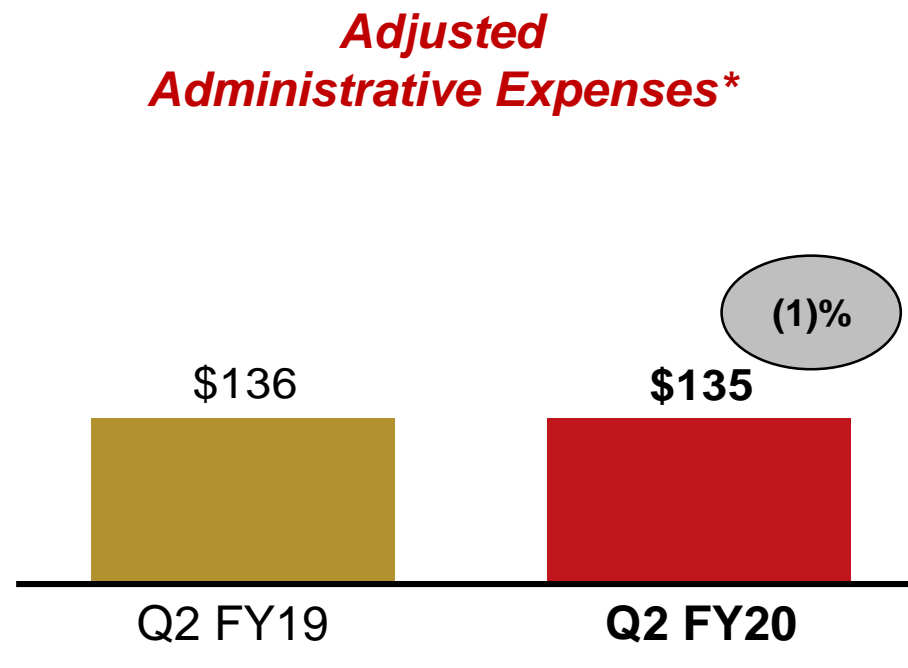
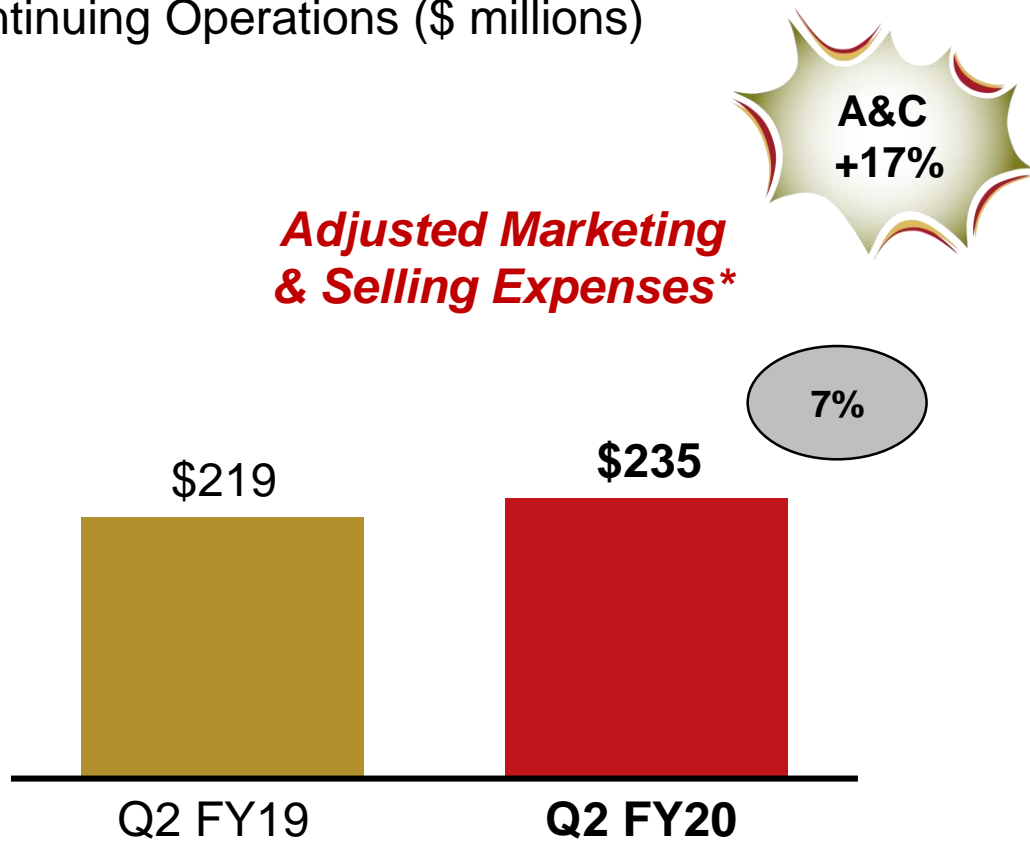


* See Non-GAAP reconciliation



Other Operating Items

Continuing Operations (\$ millions)



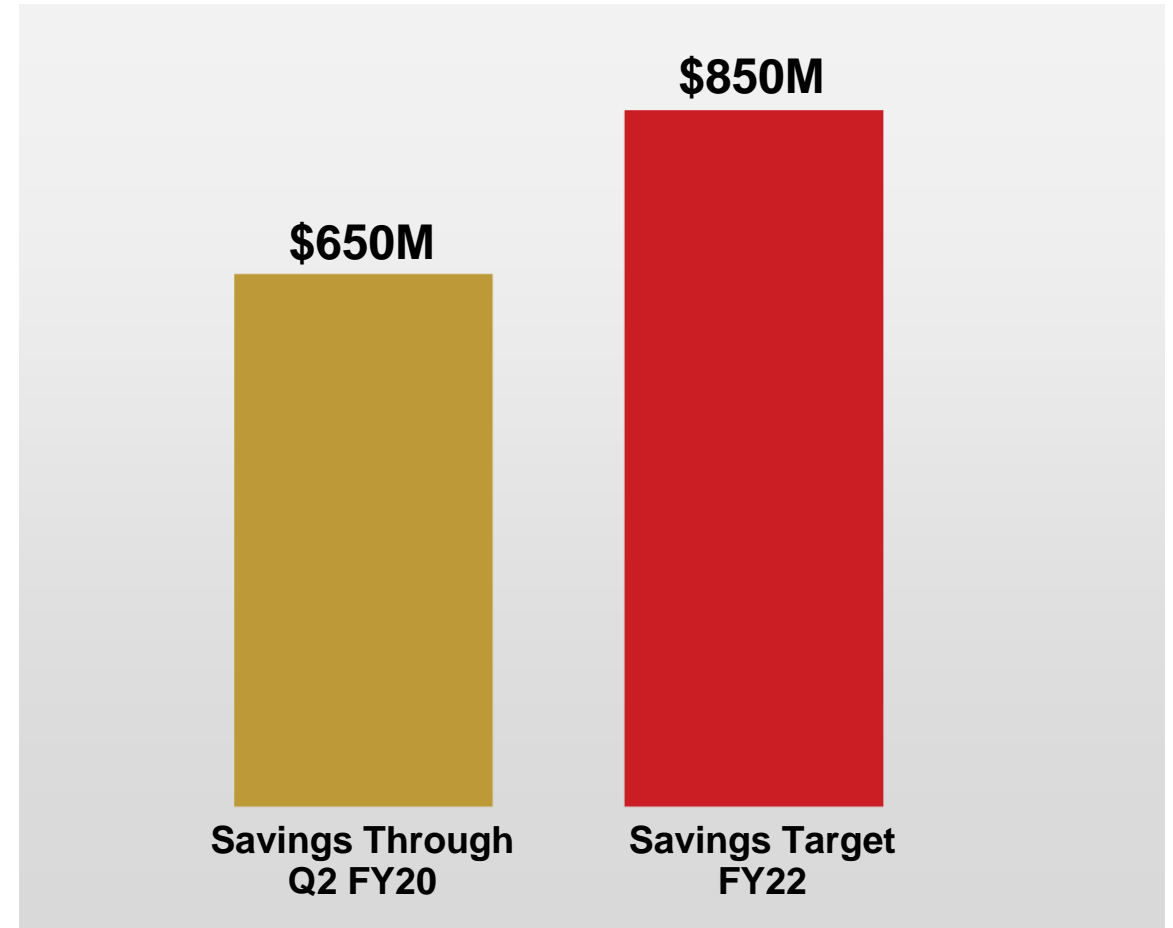
* See Non-GAAP reconciliation



Cost Savings

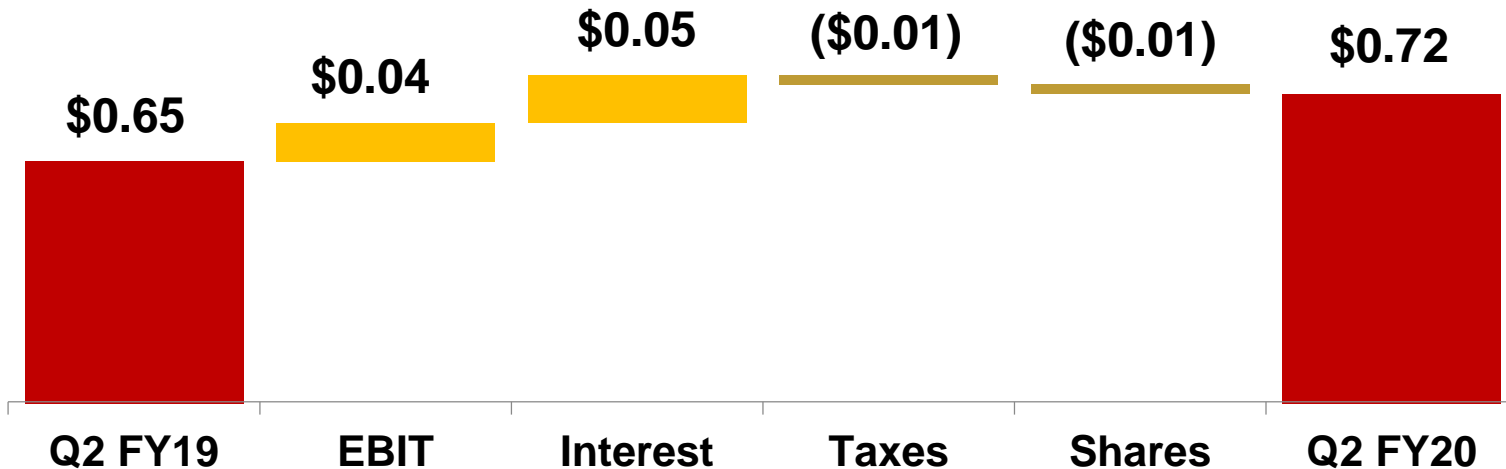
Continuing Operations (\$ millions)

- Total savings of \$45 million realized in Q2; \$90 million through the First Half
- Enterprise cost savings and Snyder's-Lance synergies program on track with \$650 million achieved to date
- Outlook of approximately \$150 million for FY20
- Tracking to cumulative savings target of \$850 million by end of FY22



Adjusted EPS Performance*

Continuing Operations



* See Non-GAAP reconciliation



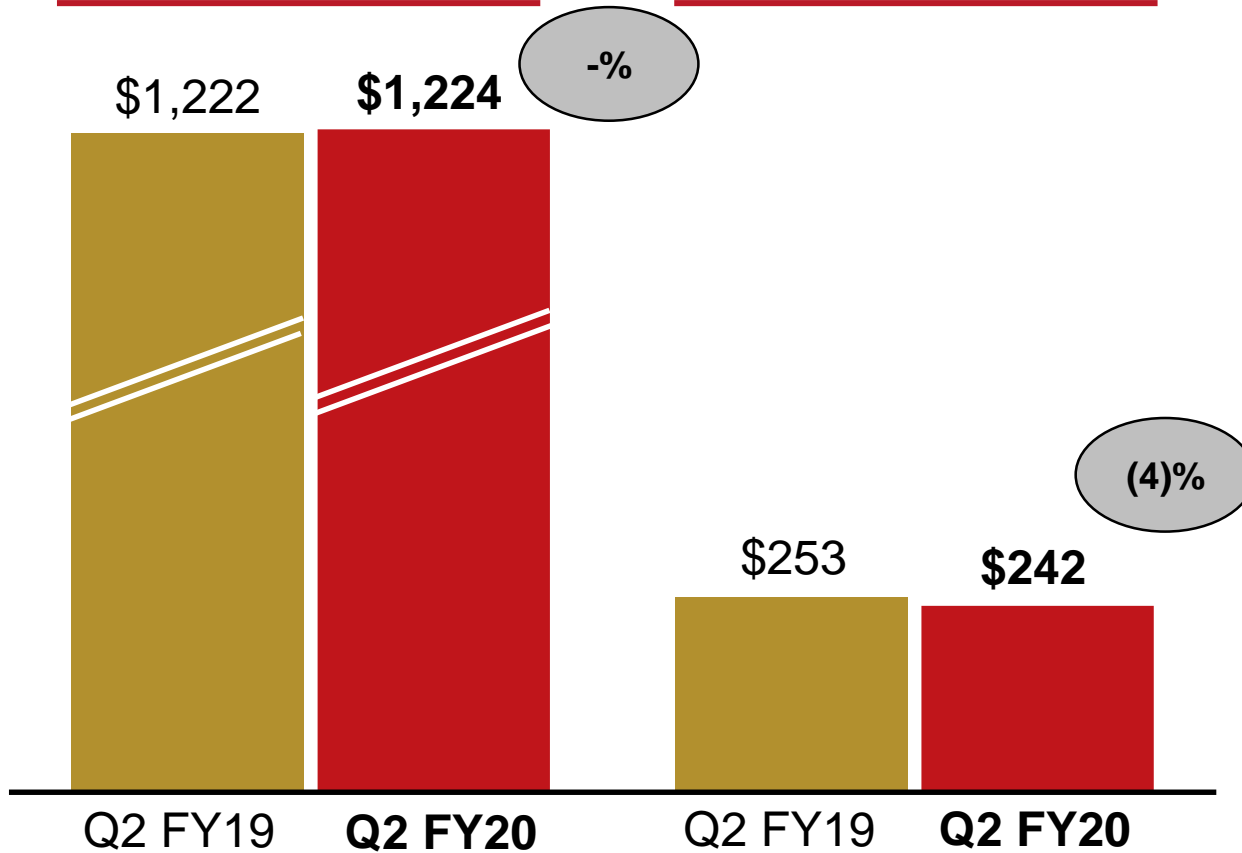
Segment Results

(\$ millions)



Net Sales & Organic Growth Rate*

Operating Earnings



* See Non-GAAP reconciliation

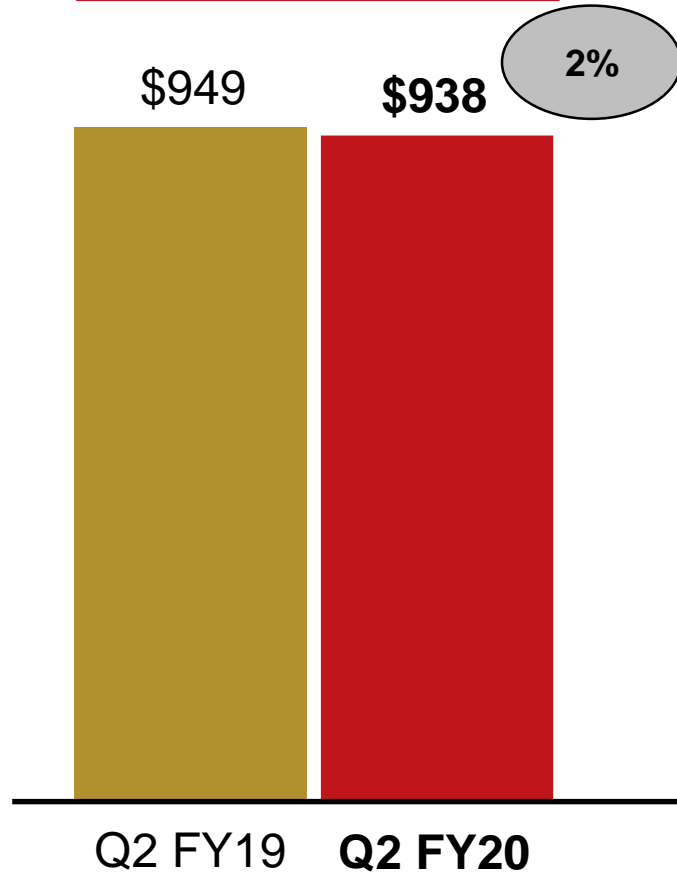


Real food. Real results.

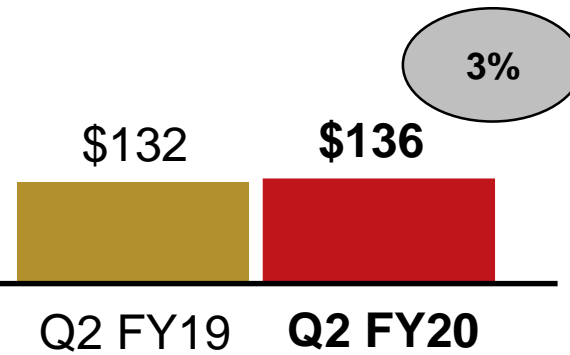
Segment Results

(\$ millions)

Net Sales & Organic Growth Rate*



Operating Earnings



* See Non-GAAP reconciliation



Real food. Real results.

Cash Flow

Total Company (\$ millions)

	YTD FY19	YTD FY20
Net Cash Flows from Operations	\$846	\$663
<i>Of which changes in working capital (net of acquisition and divestitures)</i>	\$140	(\$37)
Net Cash Flows from Investing Activities	(\$203)	\$2,368
<i>Of which capital expenditures</i>	(\$198)	(\$167)
<i>Of which sale of businesses (net of cash divested)</i>	-	\$2,533
Net Cash Flows from Financing Activities	(\$663)	(\$3,152)
<i>Of which debt repayments*</i>	(\$443)	(\$1,169)
<i>Of which payments related to debt extinguishment</i>	-	(\$1,765)
<i>Of which dividends paid</i>	(\$212)	(\$213)
Net Change in Cash & Cash Equivalents**	(\$23)	(\$121)

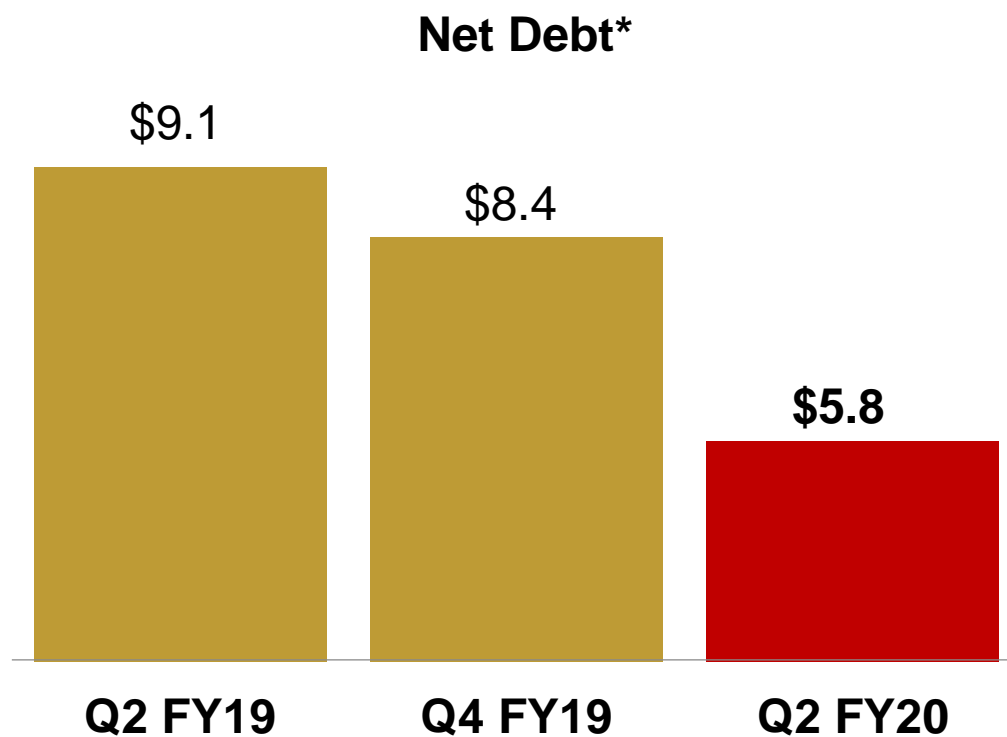
* Includes long-term debt repayments as well as short-term debt repayments net of borrowings

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



Successful Deleveraging

Continuing Operations (\$ billions)



Key Highlights

- Divestitures completed; net proceeds used to reduce debt
- Continued focus on cash flow generation

Net Debt / Adjusted EBITDA*
(on trailing twelve-month basis)

5.2x

3.5x



Fiscal 2020 Guidance for Continuing Operations

(\$ millions, except per share)

	2019 Results	Previous 2020 Guidance	Updated 2020 Guidance
Net Sales	\$8,107	-1% to +1%	-1% to +1% <i>(no change)</i>
Organic Net Sales**		-1% to +1%	-1% to +1% <i>(no change)</i>
Adjusted EBIT	\$1,266*	+2% to +4%***	+2% to +4%*** <i>(no change)</i>
Adjusted EPS	\$2.30*	+9% to +11%*** \$2.50 to \$2.55	+11% to +13%*** \$2.55 to \$2.60

* See Non-GAAP reconciliation




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

*** A non-GAAP reconciliation is not provided for 2020 guidance since certain items are not estimable, such as pension and postretirement mark-to-market adjustments, and these items are not considered to reflect the company's ongoing business results



Key Proof Points Fiscal 2020

1H Progress

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

Q&A

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Appendix



Reconciliation of GAAP and Non-GAAP Financial Measures

Continuing Operations (\$ millions)

Second Quarter

January 26, 2020

Meals & Beverages

Net Sales, As Reported	Impact of Currency	Organic Net Sales
\$ 1,224	\$ (1)	\$ 1,223

% Change	
Net Sales, As Reported	Organic Net Sales
0%	0%

Snacks

938	-	938
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-1%	2%
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Total Net Sales

<u>\$ 2,162</u>	<u>\$ (1)</u>	<u>\$ 2,161</u>
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<u>0%</u>	<u>1%</u>
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January 27, 2019

Meals & Beverages

Net Sales, As Reported	Impact of Divestitures	Organic Net Sales
\$ 1,222	\$ -	\$ 1,222

Snacks

949	(32)	917
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Corporate

1	-	1
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Total Net Sales

<u>\$ 2,172</u>	<u>\$ (32)</u>	<u>\$ 2,140</u>
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Reconciliation of GAAP and Non-GAAP Financial Measures

Continuing Operations (\$ millions)

First Half

January 26, 2020

Meals & Beverages

Net Sales, As Reported	Impact of Currency	Organic Net Sales
\$ 2,418	\$ 1	\$ 2,419

% Change	
Net Sales, As Reported	Organic Net Sales
-1%	-1%

Snacks

1,927	1	1,928
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0%	2%
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Total Net Sales

<u>\$ 4,345</u>	<u>\$ 2</u>	<u>\$ 4,347</u>
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<u>-1%</u>	<u>0%</u>
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January 27, 2019

Meals & Beverages

Net Sales, As Reported	Impact of Divestitures	Organic Net Sales
\$ 2,451	\$ -	\$ 2,451

Snacks

1,922	(32)	1,890
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Corporate

1	-	1
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Total Net Sales

<u>\$ 4,374</u>	<u>\$ 32</u>	<u>\$ 4,342</u>
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Reconciliation of GAAP and Non-GAAP Financial Measures

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

Second Quarter

	<u>EBIT</u>	<u>Earnings</u>	<u>Diluted EPS</u>
2020 – As Reported	\$ 350	\$ 171	\$ 0.56
Add: Restructuring charges, implementation costs and other related costs	25	19	0.06
Add: Loss on extinguishment of debt	-	57	0.19
Deduct: Tax benefit associated with divestiture	-	(19)	(0.06)
Deduct: Pension settlement	(11)	(8)	(0.03)
2020 – Adjusted	<u>\$ 364</u>	<u>\$ 220</u>	<u>\$ 0.72</u>
2019 – As Reported	\$ 325	\$ 176	\$ 0.58
Add: Restructuring charges, implementation costs and other related costs	24	18	0.06
Add: Tax reform	-	2	0.01
2019 – Adjusted	<u>\$ 349</u>	<u>\$ 196</u>	<u>\$ 0.65</u>
% Change	4%	12%	11%



Reconciliation of GAAP and Non-GAAP Financial Measures

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

First Half

	<u>EBIT</u>	<u>Earnings</u>	<u>Diluted EPS</u>
2020 – As Reported	\$ 667	\$ 340	\$ 1.12
Add: Restructuring charges, implementation costs and other related costs	36	27	0.09
Add: Loss on extinguishment of debt	-	57	0.19
Add: Charges associated with divestiture	64	41	0.14
Deduct: Pension settlement	(11)	(8)	(0.03)
2020 – Adjusted	<u>\$ 756</u>	<u>\$ 457</u>	<u>\$ 1.51</u>
2019 – As Reported	\$ 651	\$ 356	\$ 1.18
Add: Restructuring charges, implementation costs and other related costs	69	52	0.17
Add: Tax reform	-	2	0.01
2019 – Adjusted	<u>\$ 720</u>	<u>\$ 410</u>	<u>\$ 1.36</u>
% Change	5%	11%	11%



Reconciliation of GAAP and Non-GAAP Financial Measures

Continuing Operations (\$ millions)

Second Quarter

	Gross Margin	GM %	Net Interest Expense	Tax	Tax Rate
2020 – As Reported	\$ 742	34.3%	\$ 146	\$ 33	16.2%
Add: Restructuring charges, implementation costs and other related costs	2		-	6	
Add/(Deduct): Loss on extinguishment of debt	-		(75)	18	
Add: Tax benefit associated with divestiture	-		-	19	
Deduct: Pension settlement	-		-	(3)	
2020 – Adjusted	\$ 744	34.4%	\$ 71	\$ 73	24.9%
2019 – As Reported	\$ 706	32.5%	\$ 91	\$ 58	24.8%
Add: Restructuring charges, implementation costs and other related costs	9		-	6	
Deduct: Tax reform	-		-	(2)	
2019 – Adjusted	\$ 715	32.9%	\$ 91	\$ 62	24.0%



Reconciliation of GAAP and Non-GAAP Financial Measures

Continuing Operations (\$ millions)

Second Quarter

	<u>Marketing and Selling Expenses</u>	<u>Administrative Expenses</u>
2020 – As Reported	\$ 237	\$ 148
Deduct: Restructuring charges, implementation costs and other related costs	(2)	(13)
2020 – Adjusted	<u>\$ 235</u>	<u>\$ 135</u>
2019 – As Reported	\$ 221	\$ 146
Deduct: Restructuring charges, implementation costs and other related costs	(2)	(10)
2019 – Adjusted	<u>\$ 219</u>	<u>\$ 136</u>
% Change	7%	(1)%



Reconciliation of GAAP and Non-GAAP Financial Measures

Continuing Operations (\$ millions)

Net Debt

	<u>January 27, 2019</u>	<u>July 28, 2019</u>	<u>January 26, 2020</u>
Short-Term Borrowings	\$ 1,177	\$ 1,371	\$ 902
Long-Term Debt	7,996	7,103	4,919
Total Debt	<u>\$ 9,173</u>	<u>\$ 8,474</u>	<u>\$ 5,821</u>
Less: Cash and Cash Equivalents	(46)	(31)	(58)
Net Debt	<u>\$ 9,127</u>	<u>\$ 8,443</u>	<u>\$ 5,763</u>



Reconciliation of GAAP and Non-GAAP Financial Measures

(\$ millions)	(a) <u>Twelve Months</u> <u>Ended</u> <u>July 28, 2019</u>	(b) <u>Six Months</u> <u>Ended</u> <u>January 27, 2019</u>	(c) <u>Six Months</u> <u>Ended</u> <u>January 26, 2020</u>	= (a)-(b)+(c) <u>Trailing Twelve</u> <u>Months Ended (TTM)</u> <u>January 26, 2020</u>
Earnings before interest and taxes, as reported	\$ 979	\$ 651	\$ 667	\$ 995
Add: Restructuring charges, implementation costs and other related costs	121	69	36	88
Add (Deduct): Pension settlement	28	-	(11)	17
Add: Charges associated with divestiture	-	-	64	64
Add: Impairment charges	16	-	-	16
Add: Pension and postretirement benefit mark-to-market	122	-	-	122
Adjusted Earnings before interest and taxes	\$ 1,266	\$ 720	\$ 756	\$ 1,302
Depreciation and amortization, as reported	\$ 446	\$ 241	\$ 162	\$ 367
Add (Deduct): Restructuring charges, implementation costs and other related costs	(18)	(21)	(2)	1
Deduct: Depreciation and amortization, discontinued operations	(83)	(54)	-	(29)
Adjusted Depreciation and amortization from continuing operations	\$ 345	\$ 166	\$ 160	\$ 339
Adjusted Earnings before interest, taxes, depreciation and amortization	\$ 1,611	\$ 886	\$ 916	\$ 1,641
Net Debt	\$ 8,443			\$ 5,763
Net Debt to Adjusted EBITDA	5.2			3.5



Reconciliation of GAAP and Non-GAAP Financial Measures

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

Full Year

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

