

Campbell's



Fiscal 2019 Q2 Investor Update

Ken Gosnell

Vice President – Finance Strategy & Investor Relations
Campbell Soup Company



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 the actions we intend to take as a result of our recent strategy and portfolio review; our ability to differentiate our products and protect our category leading positions, especially in soup; our ability to complete and to realize the projected benefits of planned divestitures and other business portfolio changes; our ability to realize the projected benefits, including cost synergies, from the recent acquisitions of Snyder's-Lance and Pacific Foods; our ability to realize projected cost savings and benefits from efficiency and/or restructuring initiatives; our indebtedness and ability to pay such indebtedness; disruptions to our supply chain, including fluctuations in the supply of and inflation in energy and raw and packaging materials cost; our ability to manage changes to our organizational structure and/or business processes, including selling, distribution, manufacturing and information management systems or processes; 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; changes in consumer demand for our products and favorable perception of our brands; changing inventory management practices by certain of our key customers; a changing customer landscape, with value and e-commerce retailers expanding their market presence, while certain of our key customers maintain significance to our business; product quality and safety issues, including recalls and product liabilities; the costs, disruption and diversion of management's attention associated with campaigns commenced by activist investors; the uncertainties of litigation and regulatory actions against us; the possible disruption to the independent contractor distribution models used by certain of our businesses, including as a result of litigation or regulatory actions affecting their independent contractor classification; the impact of non-U.S. operations, including trade restrictions, public corruption and compliance with foreign laws and regulations; 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; a material failure in or a breach of our information technology systems; our ability to attract and retain key talent; changes in currency exchange rates, tax rates, interest rates, debt and equity markets, inflation rates, economic conditions, law, regulation and other external factors; unforeseen business disruptions in one or more of our markets due to political instability, civil disobedience, terrorism, armed hostilities, extreme weather conditions, natural disasters or other calamities; and other factors described in our most recent Form 10-K and subsequent Securities and Exchange Commission filings. We disclaim any obligation or intent to update these statements to reflect new information or future events.

Agenda

CEO Perspective

Q2 Fiscal 2019 Results

Fiscal 2019 Guidance

Closing Remarks

Q&A

Campbell Investor Day

Thursday, June 13, 2019
Campbell World Headquarters
Camden, N.J.



CEO Perspective



Mark Clouse

President & Chief Executive Officer

- Began as CEO on Jan. 22, 2019
- Member of Campbell's Board of Directors
- 20+ years of experience in the food industry

Q2 Fiscal 2019 Results

- Results in line with our expectations
- Reaffirmed F'19 guidance
- Organic sales comparable to prior year*
- Adj. EPS declined as planned; Adj. gross margin -4.3 pts.*
- Overdelivering F'19 cost savings targets
- Strong cash flow from operations

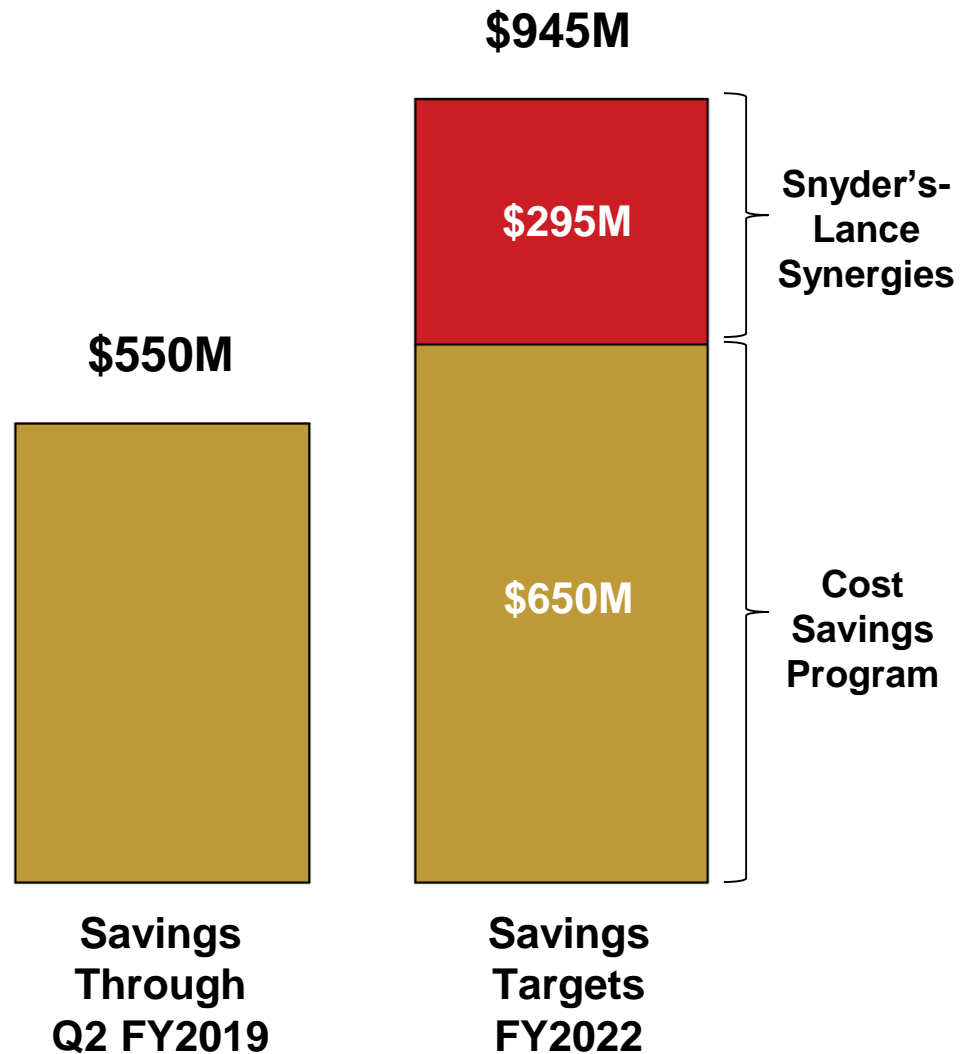


Cost Savings & Cash Flow

- Campbell cost savings and Snyder's-Lance synergies programs on track with \$550 million achieved to date
- Total of \$50 million in savings realized in Q2
- YTD savings at \$95 million. Expect to overdeliver \$120 million in cost savings planned for F'19
- Total savings target of \$945 million by end of F'22

Cash Flow

- First-half cash flow from operations of \$846 million, reflecting working capital management



Meals and Beverages

- Mixed performance in line with expectations
- Sales up 1% to \$1.230 billion; Organic sales declined 1%*
- 2nd consecutive quarter of growth in V8
- U.S. soup sales comparable to year ago
 - In-market consumption down 5%
 - Advancing F'19 plan to improve foundation
 - Building a more comprehensive soup plan for the future



Global Biscuits and Snacks

- Sales up 76% to \$1.243 billion; Organic sales up 3%*
 - Growth in *Pepperidge Farm* fresh bakery and *Goldfish*, as well as *Arnott's* biscuits
- **Pepperidge Farm's 17th consecutive quarter of sales growth**
 - *Goldfish* expanded share driven by launch of new *Epic Crunch* line
 - *Farmhouse* drove significant growth across cookies, breads and rolls
- **Snyder's-Lance value capture on track in Q2; slightly ahead of expectations YTD**
 - Elimination of Snyder's-Lance public company infrastructure and tighter SG&A controls
 - Consolidated headquarters salesforce and sales operations
 - Procurement synergies on packaging, commodities and seasonings



Divestiture Update

- **Processes are advancing**
 - Announced sales of Garden Fresh Gourmet; Everett, Washington, refrigerated soup plant; and Habit
- **Expect to announce Campbell International and Bolthouse Farms buyers by end of F'19**
- **Proposed divestitures represent ~\$2.1 billion in annual net sales (F'18)**
- **Proceeds to be used to pay down debt and strengthen balance sheet**
 - Target of 3.0x pro-forma net debt to EBITDA leverage ratio by end of F'21*

Campbell International



#1 biscuit brand in Australia



A leading supplier of Danish butter cookies in China and Hong Kong

Operations in

- Indonesia
- Malaysia
- Hong Kong
- Japan

Campbell Fresh



Portfolio consists of organic beverages, dressings, and carrots



Portfolio consists of refrigerated salsa, hummus, and dips

*A non-GAAP reconciliation is not provided 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.

Campbell's



CFO Perspective

Anthony DiSilvestro

*Senior Vice President & Chief Financial Officer
Campbell Soup Company*

Second-Quarter Fiscal 2019 Summary

- **Fiscal 2019 results are on track**
- **Reaffirming 2019 guidance**
- **Continued delivery of cost savings**
- **Acquisitions are meeting expectations**
- **Divestiture process underway**

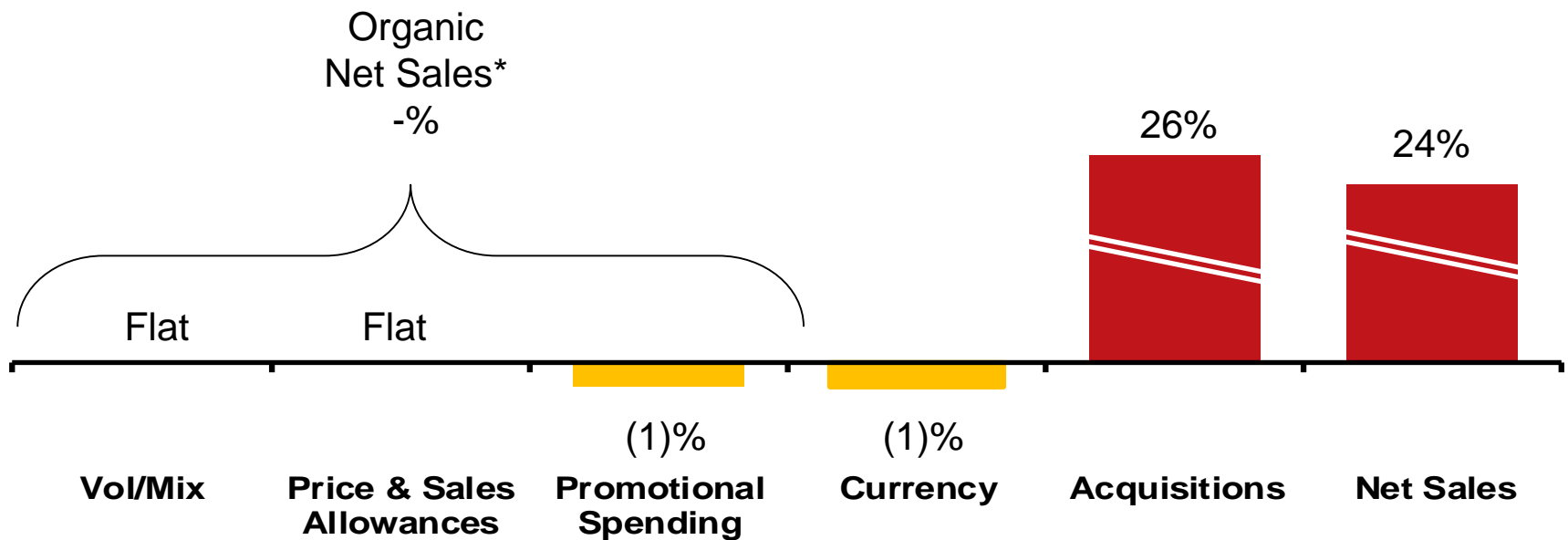
Financial Summary

(\$ millions, except per share)

	Second Quarter	% Change	First Half	% Change
Net Sales	\$2,713	24%	\$5,407	25%
Organic Net Sales*		-%		(2)%
Adjusted EBIT*	\$399	(1)%	\$811	(1)%
Adjusted EPS*	\$0.77	(23)%	\$1.57	(18)%

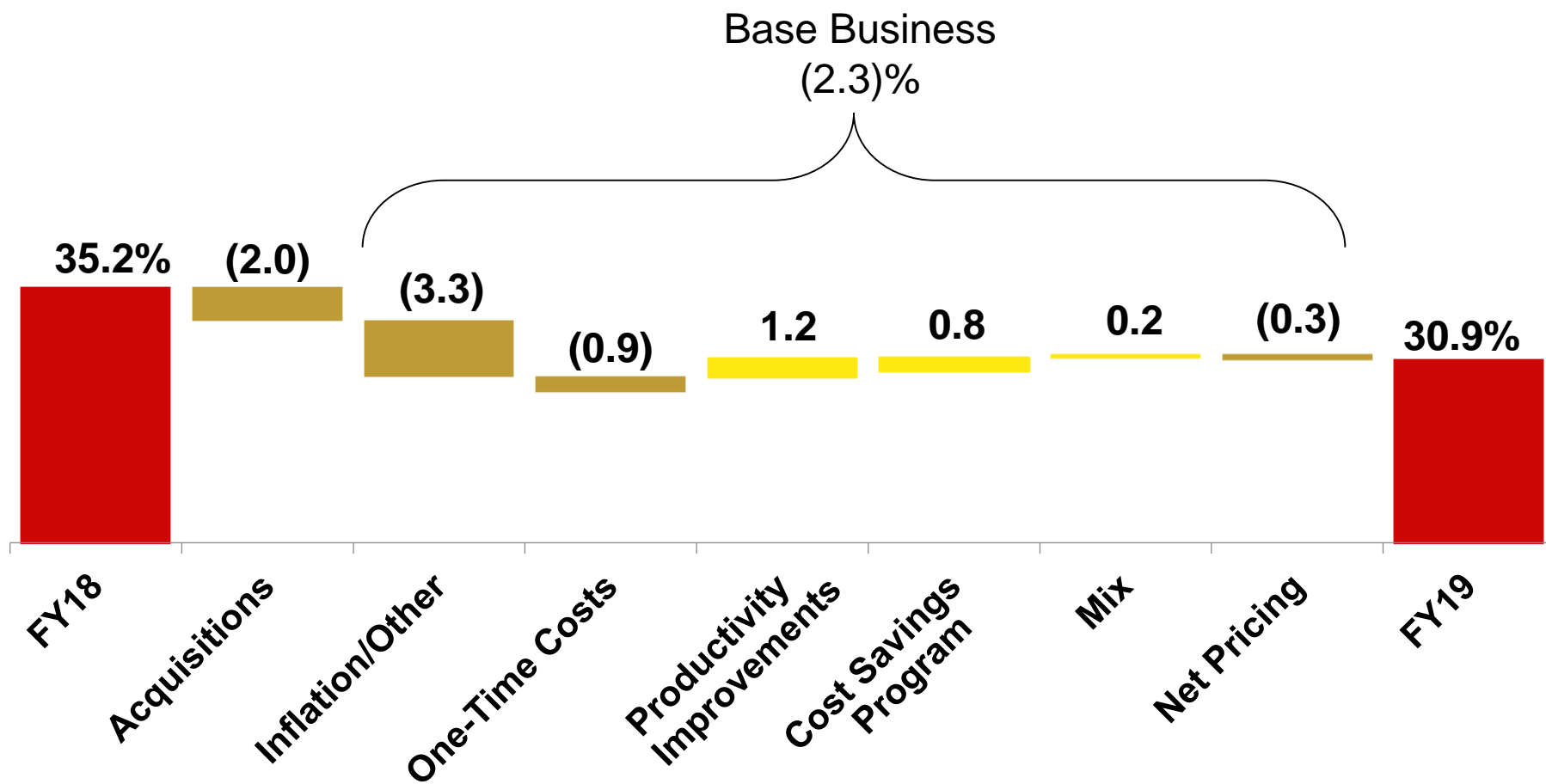
* See Non-GAAP reconciliation

Second Quarter – Components of Net Sales Change



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

Second Quarter – Adjusted Gross Margin Performance*

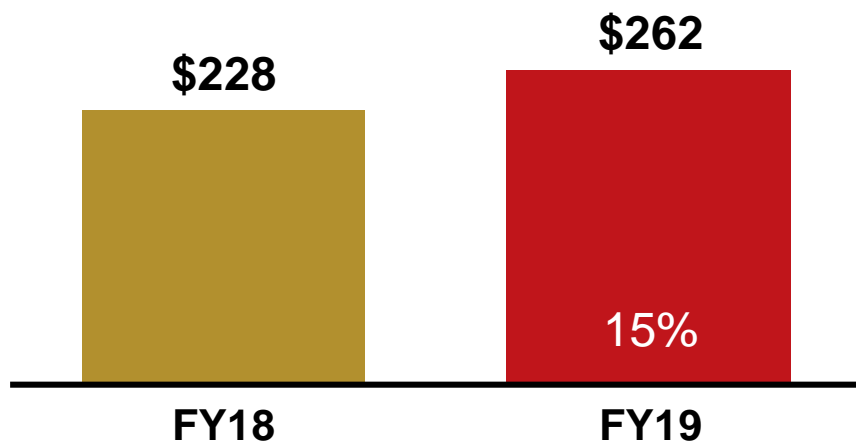


* See Non-GAAP reconciliation

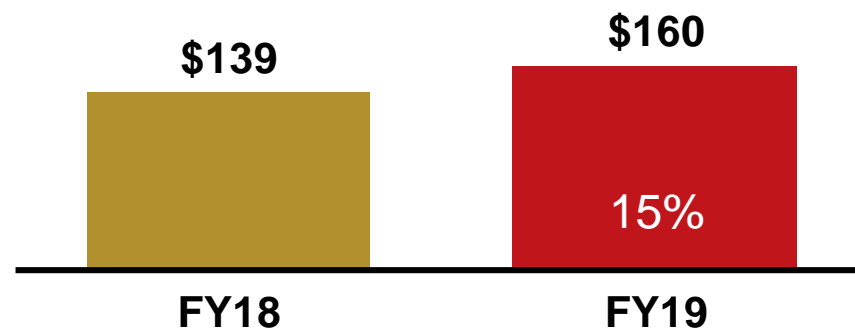
Second Quarter – Other Operating Items

(\$ millions)

*Adjusted Marketing
& Selling Expenses**

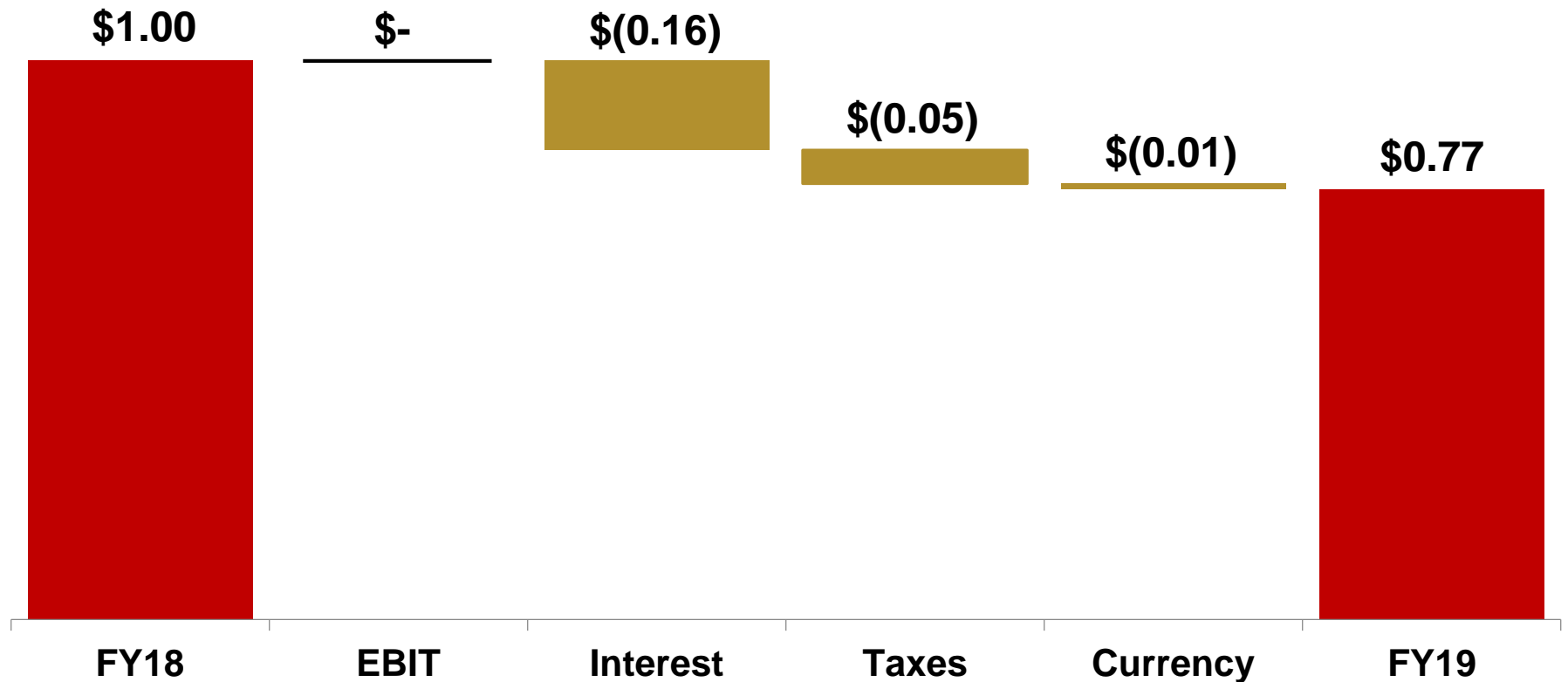


*Adjusted
Administrative Expenses**



* See Non-GAAP reconciliation

Second Quarter – Adjusted EPS Performance*



* See Non-GAAP reconciliation

Numbers do not add due to rounding

Second-Quarter Segment Results

(\$ millions)



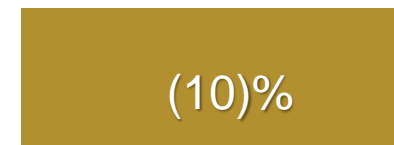
\$1,230



(1)%

Net Sales &
Organic
Growth Rate*

\$255



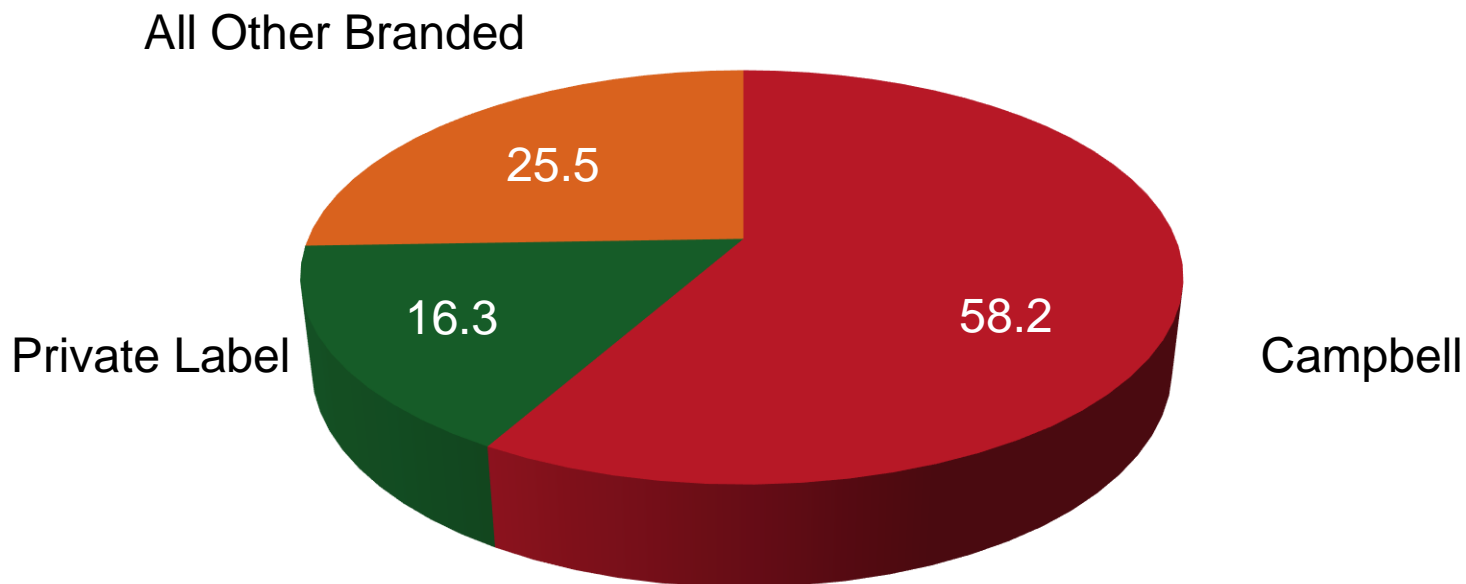
(10)%

Operating
Earnings

- See Non-GAAP reconciliation

Note: Beginning in fiscal 2019, the segment also includes the simple meals and shelf-stable beverages business in Latin America. Prior to fiscal 2019, the business in Latin America was managed as part of the Global Biscuits and Snacks segment. Prior-period segment results have been adjusted retrospectively to reflect this change.

Retail Sales – U.S. Wet Soup Latest 52 Week Market Share and Category Performance



	<u>Category</u>	<u>Campbell</u>	<u>AO Branded</u>	<u>Private Label</u>
Dollar Share Change	N/A	(1.8) pts	+0.5 pts	+1.4 pts
Dollar Sales Change	(2.4)%	(5.4)%	(0.7)%	+6.5%

Campbell/PL figures include condensed and ready-to-serve soup and broth.
 Campbell figures include *Pacific* soups and broth.
 Source: IRI Total U.S. Multi-Outlet
 For 52-week period ending January 27, 2019

Second-Quarter Segment Results

(\$ millions)



Global Biscuits & Snacks

\$1,243



3%

Net Sales &
Organic
Growth Rate*

\$185



35%

Operating
Earnings

- See Non-GAAP reconciliation

Note: Beginning in fiscal 2019, the simple meals and shelf-stable beverages business in Latin America is included in the Meals and Beverage segment. Prior-period segment results have been adjusted retrospectively to reflect this change.

Second-Quarter Segment Results

(\$ millions)



\$239

(7)%

Net Sales &
Organic
Growth Rate*

\$(14)

Operating Loss

* See Non-GAAP reconciliation

Cash Flow and Balance Sheet Items

(\$ millions)

Year-To-Date	2018	2019
Cash Flow from Operations	\$660	\$846
Capital Expenditures	\$132	\$198
Dividends Paid	\$216	\$212
Share Repurchases	\$86	-
Ending Net Debt as of Q2*	\$3,710	\$9,254

* See Non-GAAP reconciliation

Fiscal 2019 Guidance

(\$ millions, except per share)

	2018 Results	2019 Guidance	2019 Pro-Forma Assuming Divestitures
Net Sales	\$8,685	\$9,975 to \$10,100	\$7,925 to \$8,050
Incremental Net Sales from Snyder's-Lance and Pacific Foods		\$1,500 to \$1,550	\$1,500 to \$1,550
Adjusted EBIT	\$1,408*	\$1,370 to \$1,410**	\$1,230 to \$1,270**
Adjusted EPS	\$2.87*	\$2.45 to \$2.53**	\$2.40 to \$2.50**

* See Non-GAAP reconciliation

** A non-GAAP reconciliation is not provided for 2019 guidance or 2019 pro forma 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. The pro forma scenario is provided for illustrative purposes to provide approximate impact of potential divestitures as if they occurred at the beginning of Fiscal 2019 and is based on the use of estimated proceeds.

Q&A

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Campbell's

Real food that matters for life's moments

Appendix

Reconciliation of GAAP and Non-GAAP Financial Measures

(\$ millions)

Second Quarter

2019

	Net Sales, As Reported	Impact of Currency	Impact of Acquisitions	Organic Net Sales	% Change	
					Net Sales, As Reported	Organic Net Sales
Meals and Beverages	\$ 1,230	\$ 7	\$ (31)	\$ 1,206	1 %	(1) %
Global Biscuits and Snacks	1,243	15	(529)	729	76 %	3 %
Campbell Fresh	239	-	-	239	(7) %	(7) %
Corporate	1	-	-	1	- %	- %
Total Net Sales	\$ 2,713	\$ 22	\$ (560)	\$ 2,175	24 %	- %

2018

Meals and Beverages	\$ 1,214
Global Biscuits and Snacks	708
Campbell Fresh	257
Corporate	1
Total Net Sales	\$ 2,180

Reconciliation of GAAP and Non-GAAP Financial Measures

(\$ millions)

First Half

2019

	Net Sales, As Reported	Impact of Currency	Impact of Acquisitions	Organic Net Sales	% Change	
					Net Sales, As Reported	Organic Net Sales
Meals and Beverages	\$ 2,474	\$ 12	\$ (100)	\$ 2,386	1 %	(3) %
Global Biscuits and Snacks	2,461	32	(1,083)	1,410	76 %	1 %
Campbell Fresh	471	-	-	471	(4) %	(4) %
Corporate	1	-	-	1	- %	- %
Total Net Sales	\$ 5,407	\$ 44	\$ (1,183)	\$ 4,268	25 %	(2) %

2018

Meals and Beverages	\$ 2,453
Global Biscuits and Snacks	1,396
Campbell Fresh	491
Corporate	1
Total Net Sales	\$ 4,341

Reconciliation of GAAP and Non-GAAP Financial Measures

(\$ millions)

Second Quarter

2018

	Net Sales, As Reported	Impact of Currency	Impact of Acquisitions	Organic Net Sales	% Change	
					Net Sales, As Reported	Organic Net Sales
Meals and Beverages	\$ 1,214	\$ (7)	\$ (28)	\$ 1,179	(1) %	(4) %
Global Biscuits and Snacks	708	(9)	-	699	4 %	3 %
Campbell Fresh	257	-	-	257	(1) %	(1) %
Corporate	1	-	-	1	n/m	n/m
Total Net Sales	\$ 2,180	\$ (16)	\$ (28)	\$ 2,136	- %	(2) %

2017

Meals and Beverages	\$ 1,231
Global Biscuits and Snacks	680
Campbell Fresh	260
Corporate	-
Total Net Sales	\$ 2,171

Reconciliation of GAAP and Non-GAAP Financial Measures

(\$ millions)

First Quarter

2019

	Net Sales, As Reported	Impact of Currency	Impact of Acquisitions	Organic Net Sales	% Change	
					Net Sales, As Reported	Organic Net Sales
Meals and Beverages	\$ 1,244	\$ 5	\$ (69)	\$ 1,180	- %	(5) %
Global Biscuits and Snacks	1,218	17	(554)	681	77 %	(1) %
Campbell Fresh	232	-	-	232	(1) %	(1) %
Total Net Sales	\$ 2,694	\$ 22	\$ (623)	\$ 2,093	25 %	(3) %

2018

Meals and Beverages	\$ 1,239
Global Biscuits and Snacks	688
Campbell Fresh	234
Total Net Sales	\$ 2,161

Reconciliation of GAAP and Non-GAAP Financial Measures

(\$ millions, except per share amounts)

Second Quarter

	EBIT	Net Earnings	Diluted EPS*
	<u> </u>	<u> </u>	<u> </u>
2019 – As Reported	\$ 19	\$ (59)	\$ (0.20)
Add: Restructuring charges, implementation costs and other related costs	24	18	0.06
Add: Costs associated with planned divestitures	10	8	0.03
Add: Impairment charges	346	264	0.88
Add: Tax reform	-	2	0.01
2019 – Adjusted	<u>\$ 399</u>	<u>\$ 233</u>	<u>\$ 0.77</u>
2018 – As Reported	\$ 243	\$ 285	\$ 0.95
Add: Restructuring charges, implementation costs and other related costs	60	46	0.15
Add: Transaction costs	24	19	0.06
Deduct: Tax reform	-	(124)	(0.41)
Add: Impairment charge	75	74	0.25
2018 – Adjusted	<u>\$ 402</u>	<u>\$ 300</u>	<u>\$ 1.00</u>
% Change	(1) %	(22) %	(23) %

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

Reconciliation of GAAP and Non-GAAP Financial Measures

(\$ millions, except per share amounts)

First Half

	EBIT	Net Earnings	Diluted EPS*
2019 – As Reported	\$ 369	\$ 135	\$ 0.45
Add: Restructuring charges, implementation costs and other related costs	70	53	0.18
Add: Costs associated with planned divestitures	12	9	0.03
Add: Impairment charges	360	275	0.91
Add: Tax reform	-	2	0.01
2019 – Adjusted	<u>\$ 811</u>	<u>\$ 474</u>	<u>\$ 1.57</u>
2018 – As Reported	\$ 655	\$ 560	\$ 1.85
Add: Restructuring charges, implementation costs and other related costs	79	58	0.19
Add: Transaction costs	24	19	0.06
Deduct: Tax reform	-	(124)	(0.41)
Deduct: Pension and post retirement benefit mark-to- market adjustments	(14)	(10)	(0.03)
Add: Impairment charge	75	74	0.25
2018 – Adjusted	<u>\$ 819</u>	<u>\$ 577</u>	<u>\$ 1.91</u>
% Change	(1) %	(18) %	(18) %

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

Reconciliation of GAAP and Non-GAAP Financial Measures

(\$ millions)

Adjusted EBIT from Base Business Excluding Impact from Acquisitions

	Second Quarter
2019 – Adjusted EBIT	\$ 399
Deduct: Impact of Snyder’s-Lance and Pacific Foods acquisitions	(45)
2019 – Adjusted EBIT, Excluding Acquisitions	<u>\$ 354</u>
2018 – Adjusted EBIT	\$ 402
Add: Impact of Pacific Foods acquisition*	4
2018 – Adjusted EBIT, Excluding Acquisition	<u>\$ 406</u>
% Change – Adjusted EBIT, Excluding Acquisitions	(13) %

*Includes the negative impact of purchase accounting inventory step-up.

Reconciliation of GAAP and Non-GAAP Financial Measures

(\$ millions)

Second Quarter

	Gross Margin	GM %	Tax	Tax Rate
2019 – As Reported	\$ 714	26.3%	\$ (14)	19.2%
Add: Restructuring charges, implementation costs and other related costs	9		6	
Add: Costs associated with planned divestitures	-		2	
Deduct: Tax reform	-		(2)	
Add: Impairment charges	115		82	
2019 – Adjusted	\$ 838	30.9%	\$ 74	24.1%
2018 – As Reported	\$ 766	35.1%	\$ (74)	(35.1%)
Add: Restructuring charges, implementation costs and other related costs	1		14	
Add: Transaction costs	-		5	
Add: Tax reform	-		124	
Add: Impairment charge	-		1	
2018 – Adjusted	\$ 767	35.2%	\$ 70	18.9%

Reconciliation of GAAP and Non-GAAP Financial Measures

(\$ millions)

First Half

	Gross Margin	GM %
2019 – As Reported	\$ 1,538	28.4%
Add: Restructuring charges, implementation costs and other related costs	21	
Add: Impairment charges	129	
2019 – Adjusted	<u>\$ 1,688</u>	<u>31.2%</u>
2018 – As Reported	\$ 1,549	35.7%
Add: Restructuring charges, implementation costs and other related costs	6	
2018 – Adjusted	<u>\$ 1,555</u>	<u>35.8%</u>

Reconciliation of GAAP and Non-GAAP Financial Measures

(\$ millions)

Adjusted Gross Margin % from Base Business

	Second Quarter		
	Net Sales	Gross Margin	GM%
2019 – As Reported	\$ 2,713	\$ 714	26.3%
Add: Restructuring charges, implementation costs and other related costs	-	9	
Add: Impairment charges	-	115	
Deduct: Impact of Snyder’s-Lance and Pacific Foods* acquisitions	(560)	(129)	
2019 – Adjusted, Excluding Acquisitions	<u>\$ 2,153</u>	<u>\$ 709</u>	<u>32.9%</u>
2018 – Adjusted		\$ 767	35.2%

*Amount includes impact through the anniversary of the Pacific Foods acquisition (December 12th).

Reconciliation of GAAP and Non-GAAP Financial Measures

(\$ millions)

Second Quarter

		<u>Marketing and Selling Expenses</u>	<u>Administrative Expenses</u>
2019 – As Reported		\$ 264	\$ 180
Deduct:	Restructuring charges, implementation costs and other related costs	(2)	(10)
Deduct:	Costs associated with planned divestitures	-	(10)
2019 – Adjusted		<u>\$ 262</u>	<u>\$ 160</u>
2018 – As Reported		\$ 228	\$ 165
Deduct:	Restructuring charges, implementation costs and other related costs	-	(26)
2018 – Adjusted		<u>\$ 228</u>	<u>\$ 139</u>
% Change		15 %	15 %

Reconciliation of GAAP and Non-GAAP Financial Measures

(\$ millions, except per share amounts)

EPS Impact from Adjusted EBIT Excluding Currency

	<u>Second Quarter</u>
2019 – Adjusted EBIT	\$ 399
Add: Impact of currency translation	4
2019 – Adjusted EBIT, Constant Currency	<u>\$ 403</u>
2018 – Adjusted EBIT	\$ 402
\$ Change in Adjusted EBIT, Constant Currency	\$ 1
Deduct: Tax impact	-
Change in Net Earnings	<u>\$ 1</u>
Diluted EPS Impact	\$ -

Reconciliation of GAAP and Non-GAAP Financial Measures

(\$ millions)

Net Debt

	<u>January 28, 2018</u>	<u>January 27, 2019</u>
Short-Term Borrowings	\$ 1,659	\$ 1,454
Long-Term Debt	2,247	8,003
Total Debt	\$ 3,906	\$ 9,457
Less: Cash and Cash Equivalents	(196)	(203)
Net Debt	<u>\$ 3,710</u>	<u>\$ 9,254</u>

Reconciliation of GAAP and Non-GAAP Financial Measures

(\$ millions, except per share amounts)

<u>Full Year</u>	<u>Gross Margin</u>	<u>GM %</u>	<u>EBIT</u>	<u>Net Earnings</u>	<u>Diluted EPS</u>
2018 – As Reported	\$ 2,816	32.4%	\$ 469	\$ 261	\$ 0.86
Add: Restructuring charges, implementation costs and other related costs	45		185	136	0.45
Add: Transaction and integration costs	42		120	73	0.24
Add: Impairment charges	11		748	612	2.03
Add: Claim settlement	-		22	15	0.05
Deduct: Pension and postretirement benefit mark-to-market and curtailment adjustments	-		(136)	(103)	(0.34)
Deduct: Tax reform	-		-	(126)	(0.42)
2018 – Adjusted	<u>\$ 2,914</u>	<u>33.6%</u>	<u>\$ 1,408</u>	<u>\$ 868</u>	<u>\$ 2.87</u>