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Q4 2020 Campbell Soup Co Earnings Q&A Conference Call

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## PRESENTATION

### Operator

Ladies and gentlemen, thank you for standing by, and welcome to the Q4 and Fiscal 2020 Campbell Soup Company Live Q&A Session. (Operator Instructions) Please be advised that today's conference is being recorded. (Operator Instructions)

I would now like to hand the conference over to Rebecca Gardy, Vice President, Investor Relations. Ma'am, you may begin.

### **Rebecca Gardy** *Campbell Soup Company - VP of IR*

Thank you, operator. I hope everyone has had the chance this morning to read our press release and listen to our prerecorded management presentation, both of which are available on the Investor Relations section of [campbellsoupcompany.com](http://campbellsoupcompany.com). In addition, we have posted a transcript of the prerecorded presentation. After the conclusion of today's live Q&A session, we will post a transcript and an audio replay of this call.

Please note that during today's Q&A session, we may make forward-looking statements, which reflect our current expectations about our business plans, our first quarter 2021 guidance and the impact of the COVID-19 pandemic on our business. These statements rely on assumptions and estimates, which could be inaccurate and are subject to risk.

We will also refer to certain non-GAAP measures. Please refer to today's earnings release available on the Investors section of our website, [campbellsoupcompany.com](http://campbellsoupcompany.com), for a list of factors that could cause our actual results to vary materially from those anticipated in forward-looking statements and for reconciliations of non-GAAP measures to the most directly comparable GAAP measures.

Joining me today are Mark Clouse, Campbell's President and CEO; and Mick Beekhuizen, Chief Financial Officer. (Operator Instructions)

And with that, I'll now turn it over to the operator for the first question. Operator?

## QUESTIONS AND ANSWERS

### Operator

And our first question will come from Andrew Lazar from Barclays.

### **Andrew Lazar** *Barclays Bank PLC, Research Division - MD & Senior Research Analyst*

Mark, I know that fiscal '21 was sort of initially, as the way you laid it out in the multiyear plan, thought to be a pretty big year in terms of reframing the soup category for Campbell through innovation and other means. And I'm trying to get a sense of what's maybe changed or what needs to change around the strategy for this soup journey, if anything, given recent trends. Because if you think about it,

Campbell has picked up so many new households and users that I'm thinking the focus maybe now shifts more from retaining -- or to retaining users rather than maybe solely gaining new ones. So I'm just trying to get a sense of how that, if at all, changes the sort of the approach and the journey around soup.

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**Mark A. Clouse *Campbell Soup Company - President, CEO & Director***

Yes. No, great, great question. I think the good news is that a lot of the strategic framework of what we had set out to accomplish on soup initially was laid out in such a way where the primary goal or the objective was to improve relevance of the category and begin to add or recover households that it lost.

As you point out, I think the best way to describe where we are right now is that we've, through the pandemic, been able to jump forward on that strategic journey. And if you go back and kind of think about what did we set out to do in '20, it was really to strengthen the base, improve quality, make some material investments in the business to begin to reestablish or rebuild that relevancy and then begin to build back the innovation funnel.

If you kind of think about what we then accomplished in '20 really across the board, we well went beyond what our expectations are. So as we go into '21, although I do think it is more about retaining those households, a lot of the strategies and the things that we had planned to do are things that we will continue to do, I think, just with a higher degree of probability of success and a better set of insights on what's compelling consumers and what's been working or not working.

So a lot of -- I think there's been a lot of discussion or debate about when you kind of come through all this, how do you feel about where you are in the strategic journey on soup. And why, to some degree, I tried to cover in the remarks that this, to me, on soup is a little bit less about peaks and valleys as we think about how to manage through the short term, but really that steady progress that enables us to come out of this tunnel in a position where soup is a steady contributor to the business. Because if you go back to the thesis of the company, if you're able to accomplish that in conjunction with what we believe we can do on snacking and even the balance of the Meals & Beverages business, it really does position us in a very advantaged way.

So as we get into '21, I think the -- one of the things I'll just leave you with is a lot of, I guess, powder is still dry in the strategy when it comes to innovation, shelving, many of the things that we had planned in '21. And so I get -- I think as I said in my comments, I'm building confidence because you still have those elements to layer on top of what kind of the shorter-term boost has been.

And I'm sure we'll get into a little bit more of the consumer trends, but we've done a lot of work on this behavior of increased cooking and quick-scratch cooking, in particular. And we've built now a series of insights that give us a lot more confidence that this is going to sustain beyond just the pandemic period. And I'm sure that will come up a little bit later, and we can talk more about it.

But I think the net of it is a lot of the same activities, it's just we're further down the road than we expected. We keep staying that course, I think, if anything, this is building a lot more confidence in our ability to make soup a steady contributor.

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**Operator**

Our next question comes from Ken Goldman from JPMorgan.

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**Kenneth B. Goldman *JPMorgan Chase & Co, Research Division - Senior Analyst***

Mark, you said that the operating environment is creating opportunities, I think, to evaluate future efficiencies as you learn from COVID. Can you maybe elaborate on what that means, how big the opportunity might be? I know it's hard to know for sure right now, but a lot of your peers have discussed this in sort of rough terms. Maybe some travel costs can be reduced. I'm just trying to get a sense from you of what you're seeing and the size of that if possible.

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**Mark A. Clouse *Campbell Soup Company - President, CEO & Director***

Yes. So you're right. It's hard to quantify. I think what -- the way I would describe it is it's creating drill sites for us for future productivity. And that's, I think, quite helpful because we've been able to create this kind of, I'd say, real-world case studies and laboratory to test a few things.

I think there's 3 primary areas, though, that we see as future opportunity: I think the first is in optimizing the portfolio, right? So where are we overskewed, underskewed? Where are we really getting incrementality? From certain extensions of our portfolio, how do we really think about optimizing the effectiveness of our offerings to really match where consumers needs are and to create room for what we think is going to be meaningful innovation while setting up a more efficient overall approach to the portfolio.

I think the second area is, as we've seen kind of full utilization across our entire supply chain and route to market, I think it's enabled us to understand some places almost out of necessity in the short term that we've done that we think in the longer term, our ability to create certain consolidations, how to think about perhaps hubs to supply in a more efficient way, especially as you think about our Snacks business, where you've got a little bit more complicated route to market. I think we've been able to find -- even if it's in the face of some higher costs than this year, but it's pointed out places where if we can improve that architecture structure, I see opportunity to save money.

And then the third, where I think a lot of people have spent time talking, is how do you learn from this virtual work environment ways to operate companies more efficiency -- efficiently? Do you need as much travel? Do you need quite the infrastructure that you might have? Can you figure out a way to take what has been working very effectively for the company and use that as a little bit of a blueprint?

I do very much still believe that the concept of team environment is important for businesses like ours. A lot of the innovation and creativity is done through cross-functional collaboration. And although we've done a great job with that virtually, and although I think it can enable and unlock some potential efficiency and savings going forward, I think at the heart of the company, I still believe that there is real value in folks being able to sit face-to-face and across the table to work on things.

But I think the good news is all 3 of those, we're beginning to mine as opportunities going forward. And I think that's going to help strengthen our pipeline of savings, especially as we're coming to the end of our enterprise savings program as we've talked about. We're wrapping up here the value capture from the Snyder's-Lance integration. And so it's just great to see some new ideas that are beginning to populate that pipeline. So a good thing coming out of a tough situation.

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**Operator**

Our next question comes from Nik Modi from RBC Capital Markets.

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**Sunil Harshad Modi RBC Capital Markets, Research Division - MD of Tobacco, Household Products and Beverages & Lead Consumer Staples Analyst**

So Mark, I just wanted to revisit the discussion on these new households. So it's going to obviously be an important part of how your growth curve looks over the next couple of quarters and the next couple of years. So can you just talk about the composition of these new households, and how they might differ from kind of what you were seeing pre-COVID?

And so I'll just give an example. Some of the data we've reviewed would suggest new Prego consumers are younger singles, spend higher online than average, skew to vegan and vegetarians and tend to dine out 2 to 5 times a week. So I'm just curious if this is consistent with what you've been observing in your data?

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**Mark A. Clouse Campbell Soup Company - President, CEO & Director**

Yes. It's very consistent. So we would see, essentially in the households we've added, just shy of 50% of those new households are coming from younger consumers, right. It's a combination of different sized households, can be a little bit older millennials who are now just beginning young families, working with a little bit of a different budget perhaps than they did when they were younger as well as much smaller households. And I think as we think about this going forward, those become, as you would imagine, a very, very high priority for us.

And one of the great things about Q4, and I know even coming out of Q3, I had a lot of questions about, okay, even as you're navigating some of the supply pressure, you continue to invest at a very high level. And I think that was incredibly valuable for us in the fourth quarter, and it really proves some terrific learnings and results.

One of the things that I think harder to see in the numbers in Q4, but if you take e-commerce as an example where we know there's a higher index to where these particular younger consumers are shopping and gaining information, 86% of our spending on our Meals & Beverage business in the fourth quarter was on digital to support this through a combination of retailers' platforms as well as a whole range of different tactics to really try to understand what works and what doesn't. So as we go into this year, we're going to be more effective.

But what we found is we can have a big impact with that population. Our e-commerce business was up over 100% in the fourth quarter. It now represents for us as a company, it essentially doubled in 2020. It was kind of low single digits. Now it's up into the mid-single digits. And again, as you think about our ability to demonstrate growth there, which, again, doesn't really show up as much in your measured channels, it creates a really great platform for us to connect to consumers in a very specific way to influence them.

And I think one of the things that I'll just mention, too, with this particular target that's giving us a lot of confidence beyond just the online success that we had is this dynamic around cooking and quick-scratch cooking. And I think for a lot of people, and myself included, I wanted to try to understand a little better behaviorally what's going on so we can better predict what's going to happen after the pandemic. And does that give us a higher likelihood of keeping those consumers in the franchise, right? I think that's the big question.

And we found a couple of very specific things that I think are giving us a lot of confidence. The first is the initial read through of what was going on in this cooking was a lot of consumers trying to recreate favorite meals, comfort food, feeling out of necessity having to cook, but staying pretty close to home. I think what we've seen as time goes on and as confidence is building, think about cooking 3 meals a day, 7 days a week for a couple of months, the amount of confidence these consumers have now in their ability to cook has really broadened their ability to add significant creativity, which is allowing them to reach into dishes and food that is far more, I think, sustainable longer term, right. Where for me, it might be 15-minute chicken and rice, for these consumers, it's Tuscan chicken and mushroom on rice cauliflower using still our ingredients, but doing it for a meal that feels far more consistent with where they're going.

And the other exciting thing is that we all knew that there would be a pivot eventually back to healthier recipes, again, a little more comfort-oriented initially, a little more healthier now. And our products are staying right in there with the combination of what we offer with Pacific, the recognition that a lot of the quality improvements and some of those historical barriers to the can that we really have been working on to overcome, I think we're seeing great indication that we're moving through it.

And then the final one is value. And I think what we're realizing and what consumers are realizing is that, that value equation on this quick-scratch cooking is quite powerful. So you roll that all together, our ability to impact consumers online as well as the strengthening conviction to cooking, quick-scratch cooking moving forward gives me a lot more confidence. And I think you heard that in my comments earlier on our ability to retain these households. And in particular, retaining these households on soup, which I think is going to be a very important milestone or indicator or proof point as we go forward on whether we're able to sustain more of this in -- starting in the back half, but certainly going forward. Helpful, Nik?

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**Sunil Harshad Modi** *RBC Capital Markets, Research Division - MD of Tobacco, Household Products and Beverages & Lead Consumer Staples Analyst*

Super helpful.

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**Operator**

Our next question comes from Jason English from Goldman Sachs.

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**Jason M. English** *Goldman Sachs Group, Inc., Research Division - VP*

Two reasonably straightforward questions. First, in the press release, you mentioned some gains on commodity hedges, you explained, to effectively account for the majority of corporate cost decrease, which implies like \$37 million. But in the presentation, you say it will only partially offset the commodity inflation, which suggests less than \$15 million. So first question, what is the magnitude of that?

Second question, and I'm going to just bundle these together. Net pricing, it was surprising to see that your trade spend still up year-on-year and promos a net drag on sales. It's surprising context what's happening in the promotional environment overall. So 2 parts to that question. One, where is the money going? Two, as we think forward, we're hearing from pretty much every company that they're expecting promotions to kind of come back into the market and become more elevated going forward. Do you expect that to happen as well? And given that it's already a net negative, would you expect that net drag to increase as we go forward?

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**Mick J. Beekhuizen Campbell Soup Company - Executive VP & CFO**

Yes. Okay. Why don't I take the first one, Jason? So with regard to your first question, to clarify the mark-to-market gains on commodity hedges, it's in and around \$20 million.

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**Jason M. English Goldman Sachs Group, Inc., Research Division - VP**

Got it.

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**Mark A. Clouse Campbell Soup Company - President, CEO & Director**

Yes. On the promotional, what we're seeing promotionally and as pricing -- I mean, we have and framed it a little bit as a relatively neutral position in the quarter. I think our net pricing is a contributor within our gross margin bridge was essentially flat. There's a couple of things that are underlying that.

We are seeing in -- especially in categories where there is more pressure on supply, some pullback in promotion. I think one of the things we're trying to wrestle with a little bit through all this is, okay, if I promote the business with retailers, I may drive a growth rate of 10% or 15%. I can supply maybe 5% or 6% growth. And then if I don't promote, I only grow 2%, right? So we're trying to figure out how to calibrate the right kind of promotion and support to get to the best position possible.

I do expect as we go through '21, that's going to moderate and return to more normality. I think it will be a little choppier in the first quarter. But as we start to get into soup season and beyond, I think you'll see a much more consistent promotional calendar and schedule as we advance. I think in the near term, what you are seeing, though, is in the absence of some of those and as we shift mix to things where we may have more supply and better position, I think you're seeing us continue to promote fairly aggressively.

And again, I think we're working very collaboratively with the retailers to try to make sure, too, that if you're a -- I mentioned this last time, if you're a high-low retailer versus an EDLP retailer, and you're pulling back on promotions, it does create a little bit more of a disadvantage in certain customers. And we're trying to work hard to make sure that we're equitable in our approach and that we're supporting customers to navigate through that in the best way possible.

So there's a little bit of mix that may be elevating as well. I think from my perspective, though, I think how I would have depicted it is relatively neutral with a trajectory to increase as we go into '21. Mick, anything to add on the kind of the financial bridge side of it?

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**Mick J. Beekhuizen Campbell Soup Company - Executive VP & CFO**

No, I agree with that. I think net pricing in the end, I mean, as you also see in one of our bridges in the materials, was actually net neutral.

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**Mark A. Clouse Campbell Soup Company - President, CEO & Director**

Yes.

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**Operator**

Our next question comes from Chris Growe from Stifel.

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**Christopher Robert Growe Stifel, Nicolaus & Company, Incorporated, Research Division - MD & Analyst**

I just -- I had a question for you. I heard about some supply chain challenges in certain parts of your business and at the same time, an ability to ship ahead of consumption in some other areas, I'm thinking like in soup. So I want to get a better sense, if I could, about your production capabilities, especially the areas in which you're investing to improve your supply chain.

And then just to get a sense around retail inventories, were there still some areas you have to build up? Are they -- kind of where do you stand on retail inventories overall?

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**Mark A. Clouse** *Campbell Soup Company - President, CEO & Director*

Yes. Great, great question. So let me kind of chunk that into the 3 pieces you kind of asked. First, as far as the supply chain capability and our execution, I feel great about how the team has shown up. A lot of discussion in the Q3 earnings call. And as we kind of guided to Q4, the real improvement or the uptick in what we guided to where we landed was improvement in capacity as it related to soup, which enabled us to replenish inventory at a higher level, which was our goal. Not fully complete yet. I think you'll continue to see that going forward.

But just on the basis of when I talk about supply chain challenges, these are not executional challenges. This is not us performing. This is not COVID-related impact. This is simply the sustained level of demand in certain businesses where we may have a little less flexibility to be able to kind of move to that higher level. So first off, that's kind of the starting point.

I think what you're seeing in this quarter is some variation between businesses, right? If we were in Q3, we were talking a little bit about the depletion of inventory on soup. I think the great news in Q4 is we were able to replenish in many areas.

One of the dynamics that's happening is you'll see throughout Q1 is the return of the vast majority of the SKUs that we had removed. There will be some that we choose not to come back with, that we think are just good business decisions, but that pipeline still remains. And I would still expect to see an ability to ship ahead of consumption as it relates to soup as we go through the first quarter.

And again, our guidance implies a certain limitation there. We're going to continue to work on improving that capacity as we go forward to hopefully more broaden that ability and ensure. But at the end, we feel good that we'll be there by the time we get to soup season.

I think what you saw on the other side of the equation was some pressure on businesses across Snacks. In particular, I think the 2 that right now are probably our areas of biggest focus is our potato chip businesses, our Kettle and Cape Cod. The good news is we've got a great plan in place, which is really to your third point on adding capacity, but there's certainly been pressure there. We've also seen some pressure on supplying Lance, our sandwich cracker business.

And on Goldfish, I think we're in great shape on supply. We've opened a new line at Willard. A little bit of what we're navigating on Goldfish is trying to figure out again that mix as we go through back-to-school on whether it's bulk or individual packs. And we continue to see demand remaining very, very high on the bulk side. But I think, generally speaking, we feel good about that.

So there are a little bit of improvements on one, opportunities on other. But as we come through the end of the first quarter, we really expect to be back across the board, and we are making major investments in many of the areas where we have great confidence in the sustainability of the demand going forward. So places like Goldfish, places like Milano, places like Kettle chips, places like broth on our business, all of those are getting investments. And we need them, but they're, I think, going to be helping us in a pretty significant way as we get into the second quarter.

So again, I think that's a little bit of the nature of the guidance in Q1. And again, we would hope that we can create further upside there that could be opportunity. But for where we are right now, again, we're trying to be as pragmatic as we can be.

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**Operator**

Our next question comes from Robert Moskow from Crédit Suisse.

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**Robert Bain Moskow** *Crédit Suisse AG, Research Division - Research Analyst*

Two quick ones. The sales guidance for 1Q, do you expect in total to ship to consumption in 1Q? Or does that include some degree of shipping above consumption in that range?

And secondarily, I think you quantified last quarter exactly how much inventory you needed to reload. I think the number was up \$200

million. Maybe you can give us an update on that.

And last thing, there was a lot of margin compression in Snacks, I think you attribute it to the A&C investment in the quarter. But you also talked about COVID costs really hitting Snacks harder. So why is there margin compression in Snacks related to COVID? But in soup, the margins are actually going higher. Is it just different businesses in terms of how the COVID cost run through them?

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**Mark A. Clouse *Campbell Soup Company - President, CEO & Director***

Yes. So let me first talk a little bit about inventory again and what we expect in Q1. So you have a couple of things that are going on in Q1 that I think are important for people to try to calibrate on. And I know you're coming out of a quarter where your organic growth is 12%. Seeing a guide of 5% to 7% may feel to some a little bit like, okay, well, that's not -- why aren't we just running at the rate going forward?

I think there's a couple of variables in there, and then I'll -- and then on the tail end, I'll catch your inventory piece. The first thing is that we do expect demand, consumption demand to be elevated especially on the Meals & Beverage side. But one thing that is worth noting is it's a significantly bigger base in the first quarter. So although I do think growth will be there, I just think the absolute numbers are going to be a little bit moderated from where we are.

Right now, what we have planned is to continue to recover some inventory on the Meals & Beverage side. But to be honest, we're pushing the team hard to try to create room to recover even more.

I would say from a total inventory recovery position across the company, we're probably about halfway done. So I still think further ahead on soup, not as far ahead on some of the other businesses. So I would still expect there to be over the course of Q1. Some may even bleed a little bit into Q2, but I'm still expecting about half of that, Rob, to come back over the first half, primarily Q1, but over the first half of the year. And again, a lot of this is going to boil down to how much capacity we're able to generate. So certainly, we hope we're going to push above that.

Snacks is a little bit different, right? I think Snacks, what we're seeing is a -- although elevated level of demand in some areas, a more return to normality in others -- which, by the way, I still believe is going to be healthy growth and continuing to make great progress. But for example, we're in the midst right now of back to school, and it's been very interesting to watch the first couple weeks of that, where you see, on the one hand, a significant increase in our demand for soup, for quick lunches as well as bulk on our Snack business. But we definitely see a reduction in some of the more traditional back-to-school portion packs. So I think as we navigate that, we're trying to calibrate to the right numbers.

I will just say, as I said in my comment, I think it's a complicated time to give people a tremendous sense of precision in the numbers. But I think the general drivers, we feel very good about. It's now our ability to match the magnitude. So still a lot of inventory to go. I think healthy demand underlying it, and we would expect that to continue through the first half. And so that's kind of how we've initially set up these numbers in the first quarter. Oh yes...

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**Robert Bain Moskow *Crédit Suisse AG, Research Division - Research Analyst***

And about the margins.

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**Mark A. Clouse *Campbell Soup Company - President, CEO & Director***

Yes. Yes, on COVID costs, Mick, maybe just a little bit why Snacks is different than...

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**Mick J. Beekhuizen *Campbell Soup Company - Executive VP & CFO***

Yes, sure. Okay. So let me give you a little bit of context around the COVID cost. We had about \$25 million of COVID costs in Q3. If you look at Q4, because Q3 was obviously only half impacted by COVID, Q4, we had a full quarter. The overall cost were double that, give or take, about \$50 million.

If you look at the distribution between the 2 divisions, you see that about 2/3 of that hit Snacks, which is really driven by the nature of the manufacturing footprint of the Snacks division, i.e., we have many more facilities obviously there. Then the other piece -- so on the one

hand, you had more COVID costs in Snacks than we had in Meals & Beverages.

And the other piece that I saw kind of looking through the quarter, we had increased operating leverage disproportionately within the M&B business driven by, obviously, much more volume than what we saw on the Snacks side. So hopefully, that gives you a little bit of a sense of the dynamic there.

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**Mark A. Clouse** *Campbell Soup Company - President, CEO & Director*

Yes. And just, Rob, a little more color. As you go then into the first quarter and into '21, we essentially are modeling those COVID costs to be 50% or closer to Q3, I think.

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**Mick J. Beekhuizen** *Campbell Soup Company - Executive VP & CFO*

Yes. Basically more in line with...

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**Mark A. Clouse** *Campbell Soup Company - President, CEO & Director*

More in line with...

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**Mick J. Beekhuizen** *Campbell Soup Company - Executive VP & CFO*

I agree with that. Yes.

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**Operator**

And we'll take our last question from John Baumgartner from Wells Fargo.

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**John Joseph Baumgartner** *Wells Fargo Securities, LLC, Research Division - VP and Senior Analyst*

Mark, I just wanted to build on Jason's question in that the Snyder's-Lance brands, I mean those tended to overpromote relative to their categories in the past. And given the continued reductions in promo we're seeing in conjunction with, I guess, limited moderation in base volume growth into Q1, I guess I'm just curious, a, how do you feel about the ability to use an environment to sort of wean consumers off that higher promo, especially if you're getting higher ROI in the marketing dollars? And then, b, to what extent do you see the environment offering opportunities to maybe accelerate any sort of increase in the share of your own brands as opposed to the allied or partner brands?

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**Mark A. Clouse** *Campbell Soup Company - President, CEO & Director*

Yes. Well, as I've said a couple of times before, I think what's unique about our Snacks business is the differentiated position that we're in, in the sense that we tend to play in a little more added-value segments within larger categories. And I think that, that does position us to be in a position where we should be less dependent on merchandising and promotion.

I think the reality is though on something, for example, like Snyder's of Hanover and the pretzel business, it's a very competitive segment, as it is in Kettle chips right now as well. So I think one of the things we learned last year, if you remember, turning back the clock actually all the way back to '19, our ability to get to the right price points on promotion, just given the nature of snacking, the right level of frequency, will always be an important underpinning to execution in Snacks. But I think that if you pair that then with where we've really been building added value as it relates to the equity of the businesses, as we've turned campaigns back on, especially on the Snyder's businesses, we've been able to see continued progress.

Let me point to late July as a great example. First national campaign that we've ever turned on or had on, on the business, we turned that on in the fourth quarter. That business grew 30% on a 52-week basis and share gains of over 1 point in a fairly contested tortilla chip segment. But because of the premium positioning relative to late July, great communication, we could do that in a way where we were able to achieve that without necessarily having to drop down into the price points that more mainstream players have. So that's the balancing act we're trying to walk.

And I think if we get that formula right, as we have on brands like Milano and Farmhouse and on Pepperidge Farm even Goldfish, although that one's -- again, you've got a very habitual program calendar for Goldfish that when we see -- when that deviates, that does

put pressure on the business. But as we get back into normality on that as we roll through the year, I think most of these businesses we're going to be able to do trade in a more efficient way than perhaps history. But we still got to have enough there that we remain competitive on display and making sure that we recognize what's happening around us competitively.

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**Operator**

And that does conclude our question-and-answer session for today's conference. I'd now like to turn the conference back over to Mark Clouse for any closing remarks.

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**Mark A. Clouse *Campbell Soup Company - President, CEO & Director***

Yes. Thanks, everybody, for joining. I hope you're appreciating the new format. I think we will kind of stick with this where we try to publish our comments earlier and give people a chance to kind of digest and read through and then focus our time together in Q&A when we're on the call.

I know there's a lot to digest in this. I know it's a tricky time, too. We've certainly tried to build as much conviction and, I guess, credibility and being as transparent as we can to give the information as we get it and give perspective. Of course, that always creates a little bit of a dynamic that we need to make sure that we're updating it as we go, and we will.

I think as we navigate this year, we'll try to make sure that as we see things change or as capacity or demand moves, we'll be as upfront as possible. I don't know that, that translates. And I don't think it will to quarterly guidance each time, but we'll certainly try to keep everybody as informed as we can be.

And I just would close with something that I talked about in my comments, which is if you take a step back and you take stock on where the company is right now and you say, okay, where a year ago, where were we expecting to be? And how do we feel about navigating this kind of moment in time? I have to say that across the board, strategically, I see tremendous benefit that we've been able to extract from a tough moment. And I think that, that is going to set us up very well for the future.

And if I think about, again, not perhaps the peaks and the valleys of the near term, but the longer-term view of what the thesis of the company is, I have just built significantly more confidence. And I think as you see our 2-year stack numbers together, I think that's going to provide further evidence of our progress against where we originally set out. And I think in particular, what we've talked about on soup and the conviction around soup to be not only what we needed it to be, which was a stable player, but with the potential for it to be a more steady contributor along with great progress on our Snacks business, again, I think, gives us the benefit of being a very focused portfolio, a very straightforward strategy and now with a great deal more proof points of our ability to sustain performance going forward.

So hopefully, that helps give you a little bit of perspective. I know we mixed a bit of Investor Day stuff along with earnings into today, but I thought it was a good moment to try to talk a little bit about where we are in that strategic journey because I know it's top of mind for many of your investors.

So I appreciate everybody's time and questions. I know we'll talk to many later today, and we'll try to make sure you've got everything that you need to put the results in context and the guidance going forward. Thank you.

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**Operator**

Ladies and gentlemen, this concludes today's conference call. Thank you for your participation, and you may now disconnect. Everyone, have a wonderful day.

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