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CAMPBELL REPORTS FOURTH-QUARTER AND FULL-YEAR RESULTS

- Fourth-Quarter Loss Per Share from Continuing Operations of \$0.02
- Fourth-Quarter Net Sales and Organic Sales from Continuing Operations Increased 2 Percent
- Campbell International Reported as Discontinued Operations
- Fourth-Quarter Results Comprising Continuing Operations and Campbell International (as Previously Guided) were: Net Sales of \$2.024 Billion; Adjusted Earnings Per Share (EPS) of \$0.50
- Campbell Provides Fiscal 2020 Guidance for Continuing Operations

CAMDEN, N.J., Aug. 30, 2019—Campbell Soup Company (NYSE:CPB) today reported its fourth-quarter and full-year results for fiscal 2019.

CEO Perspective

Mark Clouse, Campbell's President and CEO, stated, "Our strong fourth-quarter results culminated a year of steady, positive performance for Campbell. We delivered consistent results and met or exceeded expectations for four consecutive quarters this year. We made significant progress against our 2019 strategic initiatives, namely: improving our in-market performance; overdelivering our cost savings programs; strengthening our relationships with key retailers; focusing the portfolio on our two core businesses in North America; and, completing the divestiture of Campbell Fresh and announcing the divestiture of Campbell International. We have created a solid foundation to build upon in fiscal 2020."

Presentation of Results

On July 12, 2019, the company announced that it entered into an agreement to sell the Kelsen Group and on August 2, 2019, that it entered into an agreement to sell Arnott's and certain of Campbell's International operations. These transactions are expected to close in the first half of fiscal 2020. This portfolio of businesses referred to as Campbell International, which was previously included in the Global Biscuits and Snacks segment, is now reported as discontinued operations along with Campbell Fresh. Effective as of the fourth quarter of fiscal 2019, Campbell is reporting operating results in two segments: Meals &

Beverages; and Snacks. A detailed description of the segments is included at the end of this news release.

The following table is a summary of the fourth-quarter and full-year results for sales, earnings before interest and taxes (EBIT) and EPS from continuing operations and EPS for total company. For ease of comparison to the company's most recent fiscal 2019 sales and earnings guidance, the company has also provided results for sales, EBIT and EPS from continuing operations and the results of Campbell International that this quarter the company is referring to as Combined Results. Total Company Results listed below include continuing and discontinued operations. Prior-year results have been adjusted to conform to the current-year presentation. A detailed reconciliation of the reported (GAAP) financial information to the non-GAAP information is included at the end of this news release.

(\$ in millions, except per share)	<u>Three Months Ended</u>			<u>Twelve Months Ended</u>		
	<u>Jul. 28, 2019</u>	<u>Jul. 29, 2018</u>	<u>% Change</u>	<u>Jul. 28, 2019</u>	<u>Jul. 29, 2018</u>	<u>% Change</u>
<u>Continuing Operations</u>						
Net Sales as Reported (GAAP)	\$1,780	\$1,745	2%	\$8,107	\$6,615	23%
Organic			2%			-%
EBIT as Reported (GAAP)	\$83	\$252	(67)%	\$979	\$1,010	(3)%
Adjusted EBIT	\$252	\$250	1%	\$1,266	\$1,252	1%
Diluted Earnings Per Share:						
As Reported (GAAP)	(\$0.02)	\$0.42	n/m	\$1.57	\$2.40	(35)%
Adjusted EPS	\$0.42	\$0.37	14%	\$2.30	\$2.51	(8)%
<u>Combined Results (Continuing Operations and Campbell International)</u>						
Combined Net Sales	\$2,024	\$1,992	2%	\$9,153	\$7,735	18%
Adjusted Combined EBIT	\$288	\$282	2%	\$1,422	\$1,433	(1)%
Adjusted Combined Diluted EPS	\$0.50	\$0.44	14%	\$2.63	\$2.90	(9)%
<u>Total Company Results</u>						
Diluted Net Earnings Per Share:						
As Reported (GAAP)	(\$0.03)	\$0.31	n/m	\$0.70	\$0.86	(19)%
Adjusted Net EPS	\$0.49	\$0.25	96%	\$2.62	\$2.87	(9)%

n/m – not meaningful

Fourth-Quarter Results from Continuing Operations

Sales increased 2 percent to \$1.8 billion driven by gains in Snacks, as well as Meals & Beverages.

Gross margin increased from 31.4 percent to 34.0 percent. Excluding items impacting comparability, adjusted gross margin increased 0.6 percentage points to 33.7 percent. The increase in adjusted gross

margin was driven primarily by supply chain productivity improvements, the benefits from cost savings initiatives and the favorable impact from lapping costs associated with the July 2018 voluntary recall of *Flavor Blasted Goldfish* crackers, partly offset by cost inflation.

Marketing and selling expenses increased 10 percent to \$195 million driven primarily by increased marketing investment on Snacks and higher incentive compensation, partly offset by benefits of cost savings initiatives. Administrative expenses increased 4 percent to \$166 million. Excluding items impacting comparability, adjusted administrative expenses increased 5 percent to \$139 million primarily due to higher incentive compensation expense, partly offset by the benefits from cost savings initiatives.

Other expenses were \$128 million as compared to income of \$66 million in the prior year. Excluding items impacting comparability, other income increased from \$3 million in the prior year to \$10 million.

As reported EBIT was \$83 million. Excluding items impacting comparability, adjusted EBIT increased 1 percent to \$252 million as sales gains and gross margin improvement were partly offset by higher marketing and selling expenses.

Net interest expense was \$84 million compared to \$89 million in the prior year. Tax expense decreased from \$37 million in the prior year to \$4 million. Excluding items impacting comparability, the adjusted tax rate decreased 4.2 percentage points from 29.8 percent to 25.6 percent reflecting a lower U.S. federal tax rate.

The company reported a loss from continuing operations of \$0.02 per share. Excluding items impacting comparability, adjusted EPS from continuing operations increased 14 percent to \$0.42 per share primarily reflecting a lower adjusted tax rate.

Full-Year Results from Continuing Operations

Sales increased 23 percent to \$8.1 billion reflecting the benefit from the acquisitions of Snyder's-Lance and Pacific Foods. Organic sales were comparable to the prior year.

As reported EBIT decreased 3 percent to \$979 million. Excluding items impacting comparability, adjusted EBIT increased 1 percent to \$1.266 billion reflecting incremental earnings from the acquisitions mostly offset by declines in the base business.

The company reported EPS from continuing operations of \$1.57 per share. Excluding items impacting comparability, adjusted EPS from continuing operations decreased 8 percent to \$2.30 per share reflecting higher adjusted net interest expense, partly offset by a lower adjusted tax rate.

Cash Flow Results

Cash flow from operations increased to \$1.4 billion from \$1.3 billion a year ago due primarily to significant improvements from the company's working capital management efforts. In line with the company's commitment to returning value to shareholders, the company paid \$423 million of cash dividends in fiscal 2019 reflecting the quarterly dividend rate of \$0.35 per share.

Fiscal 2020 Guidance for Continuing Operations

As shown in the table below, the company expects net sales to grow by 1 to 3 percent, adjusted EBIT to grow by 2 to 4 percent and adjusted EPS to grow by 9 to 11 percent. Fiscal 2020 comprises 53 weeks, one additional week compared to fiscal 2019. The benefit of the 53rd week is included in the fiscal 2020 guidance and is estimated to be worth 2 points of net sales, adjusted EBIT and adjusted EPS. Expected net proceeds of approximately \$3 billion from the divestitures of Campbell Fresh and Campbell International are being used to reduce debt. This guidance takes into account the impact of the paydown on the company's interest expense in fiscal 2020.

Continuing Operations (\$ in millions, except per share)	2019 Results	2020 Guidance
Net Sales	\$8,107	+1 to +3%
Adjusted EBIT	\$1,266*	+2 to +4%
Adjusted EPS	\$2.30*	+9 to +11% \$2.50 to \$2.55

* Adjusted – refer to the detailed reconciliation of the reported (GAAP) financial information to the adjusted financial information at the end of this news release.

Note: A non-GAAP reconciliation is not provided for 2020 guidance as certain amounts 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.

Cost Savings Program from Continuing Operations

In the fourth quarter of fiscal 2019, Campbell achieved \$45 million in savings under its multi-year cost savings program, inclusive of Snyder's-Lance synergies, bringing total program-to-date savings to \$560 million. Total fiscal 2019 savings of \$165 million were ahead of expectations, helping to offset other cost pressures. As previously announced, Campbell is targeting cumulative annualized savings of \$850 million by the end of fiscal 2022.

Segment Operating Review

An analysis of net sales and operating earnings by reportable segment follows:

Three Months Ended Jul. 28, 2019
(\$ in millions)

	Meals & Beverages	Snacks	Total
Net Sales, as Reported	\$813	\$967	\$1,780
Volume and Mix	-%	3%	1%
Price and Sales Allowances	1%	1%	1%
Promotional Spending	-%	-%	-%
Organic Net Sales	1%	4%	2%
Currency	-	-%	-%
% Change vs. Prior Year	-%*	3%*	2%
Segment Operating Earnings	\$151	\$133	
% Change vs. Prior Year	(3)%	2%	

* Numbers do not add due to rounding.

Note: A detailed reconciliation of the reported (GAAP) net sales to organic net sales is included at the end of this news release.

Twelve Months Ended Jul. 28, 2019
(\$ in millions)

	Meals & Beverages	Snacks	Total
Net Sales, as Reported	\$4,322	\$3,784	\$8,107**
Volume and Mix	(1)%	3%	-%
Price and Sales Allowances	-%	-%	-%
Promotional Spending	(1)%	1%	-%
Organic Net Sales	(2)%	3%*	-%
Currency	-%	-%	-%
Acquisitions	2%	61%	23%
% Change vs. Prior Year	-%	64%	23%
Segment Operating Earnings	\$903	\$514	
% Change vs. Prior Year	(9)%	34%	

* Numbers do not add due to rounding.

** Includes Corporate

Note: A detailed reconciliation of the reported (GAAP) net sales to organic net sales is included at the end of this news release.

Meals & Beverages

Sales in the quarter of \$813 million were comparable to the prior year. Organic sales increased 1 percent reflecting solid performance in U.S. soup, *Prego* pasta sauces and *Pace* Mexican sauces, partly offset by

declines in V8 beverages. Sales of U.S. soup increased 3 percent as gains in ready-to-serve and condensed soups were offset by declines in broth.

Segment operating earnings in the quarter decreased 3 percent to \$151 million. The decrease was driven primarily by cost inflation and higher incentive compensation expense, partly offset by supply chain productivity gains, the benefits of cost savings initiatives and the benefit of recent pricing actions.

Snacks

Sales in the quarter increased 3 percent to \$967 million. Organic sales increased 4 percent. This performance reflects continued momentum in Pepperidge Farm bakery products, *Kettle Brand* potato chips, *Snack Factory Pretzel Crisps*, and *Late July* snacks, as well as gains in *Goldfish* crackers, as the company laps the negative impact of the voluntary recall in July 2018.

Segment operating earnings in the quarter increased 2 percent to \$133 million. The increase was driven primarily by sales gains and the benefit of cost savings initiatives, including supply chain productivity programs, partly offset by cost inflation, increased marketing spending and higher incentive compensation.

Corporate

Corporate in the fourth quarter of fiscal 2019 included pension and postretirement mark-to-market losses of \$122 million, charges related to cost savings initiatives of \$22 million, and a non-cash impairment charge of \$16 million related to the European chips business. Corporate in the fourth quarter of fiscal 2018 included pension and postretirement mark-to-market gains of \$117 million, non-cash impairment charges of \$54 million related to the *Plum* trademark, charges related to cost savings initiatives of \$46 million, and transaction and integration costs of \$11 million related to the acquisition of Snyder's-Lance.

Discontinued Operations

The results for Campbell Fresh and Campbell International are reported as discontinued operations. The company completed the divestiture of the Campbell Fresh segment on June 16, 2019. As stated above, the company expects to close the Campbell International transactions in the first half of fiscal 2020. The company reported a loss from discontinued operations for fiscal 2019 of \$0.87 per share compared to a loss of \$1.53 per share in the prior year. Excluding items impacting comparability, the adjusted earnings from discontinued operations were \$0.31 per share compared to \$0.36 per share in the prior year.

Conference Call and Webcast

Campbell will host a conference call to discuss these results today at 8:30 a.m. EDT. To join, dial +1 (703) 639-1316. The access code is 8096629. Access to a live webcast of the call with accompanying slides, as

well as a replay of the call, will be available at investor.campbellsoupcompany.com. A recording of the call will also be available until midnight on Sep. 13, 2019, at +1 (404) 537-3406. The access code for the replay is 8096629.

Reportable Segments

Campbell Soup Company earnings results are reported as follows:

Meals & Beverages includes the retail and food service businesses in the U.S. and Canada. The segment includes the following products: *Campbell's* condensed and ready-to-serve soups; *Swanson* broth and stocks; *Pacific Foods* broth, soups, non-dairy beverages and other simple meals; *Prego* pasta sauces; *Pace* Mexican sauces; *Campbell's* gravies, pasta, beans and dinner sauces; *Swanson* canned poultry; *Plum* baby food and snacks; V8 juices and beverages; and, *Campbell's* tomato juice. The segment also includes the simple meals and shelf-stable beverages business in Latin America. Beginning in the third quarter of fiscal 2019, the segment also includes a portion of the U.S. refrigerated soup business that was previously managed as part of the now divested Campbell Fresh segment. Prior-period segment results have been adjusted retroactively to reflect this change.

Snacks consists of Campbell's snacking portfolio in U.S. retail which includes the following products: *Pepperidge Farm* cookies including *Milano* and *Farmhouse*; *Goldfish* crackers; *Pepperidge Farm* fresh bakery and frozen products; *Snyder's of Hanover* pretzels; *Lance* sandwich crackers; *Cape Cod* and *Kettle Brand* potato chips; *Late July* snacks; *Snack Factory Pretzel Crisps*; *Pop Secret* popcorn; *Emerald* nuts; and, other snacking products. The segment also includes Campbell's European chips business.

About Campbell Soup Company

Campbell (NYSE:CPB) is driven and inspired by our Purpose, "Real food that matters for life's moments." For generations, people have trusted Campbell to provide authentic, flavorful and affordable snacks, soups and simple meals, and beverages. Founded in 1869, Campbell has a heritage of giving back and acting as a good steward of the planet's natural resources. The company is a member of the Standard and Poor's 500 and the Dow Jones Sustainability Indexes. For more information, visit www.campbellsoupcompany.com or follow company news on Twitter via [@CampbellSoupCo](https://twitter.com/CampbellSoupCo).

Forward-Looking Statements

This release contains "forward-looking statements" that reflect the company's current expectations about the impact of its future plans and performance on the company's business or financial results. These

forward-looking statements, including any statements made regarding sales, EBIT and EPS guidance, rely on a number of assumptions and estimates that could be inaccurate and which are subject to risks and uncertainties. The factors that could cause the company's actual results to vary materially from those anticipated or expressed in any forward-looking statement include: (1) the company's ability to execute on and realize the expected benefits from its strategy, including growing sales in snacks and maintaining its market share position in soup; (2) the impact of strong competitive responses to the company's efforts to leverage its brand power with product innovation, promotional programs and new advertising; (3) the risks associated with trade and consumer acceptance of product improvements, shelving initiatives, new products and pricing and promotional strategies; (4) the company's ability to complete and to realize the projected benefits of planned divestitures and other business portfolio changes; (5) the company's indebtedness and ability to pay such indebtedness; (6) the ability to realize projected cost savings and benefits from cost savings initiatives and the integration of recent acquisitions; (7) disruptions to the company's supply chain, including fluctuations in the supply of and inflation in energy and raw and packaging materials cost; (8) the company's ability to manage changes to its organizational structure and/or business processes, including selling, distribution, manufacturing and information management systems or processes; (9) changes in consumer demand for the company's products and favorable perception of the company's brands; (10) changing inventory management practices by certain of the company's key customers; (11) a changing customer landscape, with value and e-commerce retailers expanding their market presence, while certain of the company's key customers maintain significance to the company's business; (12) product quality and safety issues, including recalls and product liabilities; (13) the costs, disruption and diversion of management's attention associated with activist investors; (14) the uncertainties of litigation and regulatory actions against the company; (15) the possible disruption to the independent contractor distribution models used by certain of the company's businesses, including as a result of litigation or regulatory actions affecting their independent contractor classification; (16) a material failure in or breach of the company's information technology systems; (17) impairment to goodwill or other intangible assets; (18) the company's ability to protect its intellectual property rights; (19) increased liabilities and costs related to the company's defined benefit pension plans; (20) the company's ability to attract and retain key talent; (21) changes in currency exchange rates, tax rates, interest rates, debt and equity markets, inflation rates, economic conditions, law, regulation and other external factors; (22) unforeseen business disruptions in one or more of the company's markets due to political instability, civil disobedience, terrorism, armed hostilities, extreme weather conditions, natural disasters or other calamities; and (23) other factors described in the company's most recent Form 10-K and subsequent Securities and Exchange Commission filings. The company disclaims any obligation or intent to update the forward-looking statements in order to reflect events or circumstances after the date of this release.