Campbell Outlines Next Phase of Strategy to Drive Profitable Growth

- Announces New Long-Term Growth Algorithm
- Outlines Clear Roadmaps to Deliver Growth in Both Divisions
- Expands Cost Savings Program to $1 Billion
- With Strengthened Balance Sheet, Shifts Capital Allocation Priorities to Include Strategic Tuck-In M&A

CAMDEN, N.J., Dec. 14, 2021 – Campbell Soup Company (NYSE:CPB) today held an Investor Day where members of the Campbell management team reviewed the company’s advantaged position in large and growing consumer categories and presented the next phase of its strategy to unlock its full growth potential.

“Campbell is clearly a stronger company today than we were three years ago,” said Mark Clouse, Campbell’s President and Chief Executive Officer. “We have a compelling and credible plan to continue to drive growth as we unlock the full potential of this great company.”

During the event, executive leadership shared the significant progress of Campbell’s transformation over the past three years and laid out the next phase of its strategic plan, including a new long-term growth algorithm to grow shareholder value.

Long-Term Growth Algorithm

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Advantaged for the Future

Since Campbell’s last Investor Day in 2019, management has delivered on the five key elements of its turnaround plan, including simplifying and focusing the company, transforming the team and culture, driving growth in Snacks and stabilizing Meals & Beverages, fueling investments through cost savings and reducing debt.

Note: A non-GAAP reconciliation is not provided for long-term targets as the company is unable to reasonably estimate the full-year financial impact of items such as actuarial gains or losses on pension and postretirement plans because these impacts are dependent on future changes in market conditions. The inability to predict the amount and timing of these future items makes a detailed reconciliation of these forward-looking financial measures impracticable.
“Across the board, we delivered on all elements of the Campbell turnaround plan and rebuilt the company’s foundation to be stronger and laser-focused,” continued Clouse.

With a strong foundation in place, the company is well positioned with three key advantages:

- **A focused and unique portfolio**, with leading and growing brands that continue to increase in relevance.

- **Strengthened capabilities and talent**, including improved marketing, more significant innovation, accelerated e-commerce and a continued focus on environmental, social and governance (ESG) activities. Innovation will be a meaningful catalyst for growth, and the company expects to reach best-in-class innovation targets of 3.5% of total net sales by the end of fiscal 2025.

- **A differentiated path to value creation** including strong cash flow generation and clear updated capital priorities.

**The Snacks Growth Engine: Elevating Growth and Margins**

Valerie Oswalt, Executive Vice President and President, Snacks, shared how the division’s portfolio of brands is well positioned within the fastest growing segments of snacking to meet consumers’ desire for elevated snacking experiences.

The Snacks division will drive **accelerated sales growth** in three key ways:

- **Applying a proven growth model** to its well-positioned portfolio of power brands in the fastest growing snack categories, supported by strong marketing and investment.

- **Elevating innovation** based on consumer insights that will result in bigger, more impactful ideas.

- **Expanding distribution and channel presence** of its power brands with the opportunity to increase revenue by $200 million.

Oswalt also laid out a clear **roadmap to increase and sustain higher margins**. Over the next three fiscal years, the company plans to achieve a 17% margin target, delivering approximately 400 basis points of margin expansion. Additionally, the actions will allow investment back into the business to fuel future growth. Details include:

- **Fundamentals**: Improve plant performance and portfolio mix while driving price pack architecture, and streamline SKUs to increase capacity, reduce complexity and improve efficiency.

- **Network and cost optimization**: Create a highly efficient, scaled site and manufacturing roadmap, optimizing indirect costs and investing in automation.

- **Route to Market**: Enhance its independent distribution network to drive improved cost savings across its warehouse and direct-store-distribution models and improved partnership with independent contractors.
“Our portfolio is well positioned to meet consumers’ desire for elevated snacking experiences,” said Oswalt. “This is the result of our proven growth model, category momentum and innovative capabilities. We have a clear margin roadmap, and an experienced and committed team that has a track record of delivering results.”

**Transforming Center of Store for the Next Generation**

Chris Foley, Executive Vice President and President, Meals & Beverages, outlined how the division will sustain growth with competitive and category-leading brands, while delivering attractive margins. Notably, 90% of the Meals & Beverages division is made up of soups, sauces and plant-based beverages with all three categories showing sizable growth over the most recent two-year period.

In soup, the category is stronger, more relevant and healthier, with at-home soup occasions totaling 92 million each week, 22 million of which come from millennial households. The company’s position in the category is also growing, increasing share of buyers by 2.4 points with share also increasing among millennials and younger consumers.

“We are confident that we will sustain our growth through our portfolio of leading brands and return to the attractive historical margins that we know how to deliver on these businesses,” said Foley. “When you pair those two areas together, we will drive value expansion.”

**Win in Soup 2.0**

Campbell’s Win in Soup strategy has transformed the category and grew the company’s U.S. retail soup net sales by a 6% compound annual growth rate (CAGR) over the last two fiscal years. Campbell is also connecting with younger consumers—increasing share of millennial buyers by 3 points in the last two years.

Foley detailed **three key strategies to continue the company’s growth trajectory in soup:**

- **Modernize:** Maintain focus on quality, launch relevant new varieties and flavors, and continue to position brands at the intersection of pop culture and food.

- **Strengthen Brand Portfolio:** Ensure that brands remain differentiated and drive incremental growth. The company has a unique range of brands that fully meet the needs of consumers and retailers including Campbell’s, Well Yes!, Pacific Foods, Chunky and Swanson.

- **Accelerate Innovation:** Deliver a robust pipeline of meaningful and relevant innovation. Capitalize on macro growth trends like at-home weekday lunch and quick scratch cooking occasions with products such as Slow Kettle and Campbell’s All Family Crunch in addition to Well Yes! Power bowls. Continue to lean into the organic Pacific Foods brand with innovations including plant-based broths, oat milk soups, and wellness bone broth.

**$1 Billion Sauces Growth Engine**

With at-home quick scratch cooking continuing to increase in relevance, Campbell’s Italian and Mexican sauce businesses are well-positioned to continue to capture market share and grow. The company outlined a goal to expand the sauces business to a $1 billion franchise through a 3% annual sales growth rate in the core business, in addition to brand and segment extensions.
The strategy includes:

- **Driving meaningful innovation** to support core businesses like Prego and Pace, as well as existing Campbell’s cooking sauces.

- **Expanding existing brands** like Pacific Foods and Late July into complementary and premium segments.

- **Adding fast-growing differentiated brands** through accretive tuck-in M&A.

**Powering Plant-Based Growth in Beverages**

The company plans to drive plant-based growth with its original plant powered drink V8, with a new design coming after the new year and innovative offerings like V8 Plus Protein. The Pacific Foods brand is also very well situated for growth, as a leader in the non-dairy category specifically in the food service and retail channels with flavors such as oat, almond, hemp and coconut.

**Creating Significant Shareholder Value**

Entering Fiscal 2022 with an elevated base and a clear roadmap for accelerating growth and improving margins in Snacks and delivering sustained growth with solid margins in Meals & Beverages, Mick Beekhuizen, Executive Vice President and Chief Financial Officer detailed a new long-term growth algorithm that will support growth in shareholder value.

**Long-Term Growth Algorithm**

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The company expects average annual growth from fiscal year 2022 through 2025 driven by core expansion and increased innovation across both divisions. On the bottom line, the Snacks division will drive enhanced margins supported by expanded cost savings, while the company will continue to invest across both divisions in its brands to drive relevance. Adjusted EPS expansion will be supported by strong growth and disciplined capital deployment.

**Expanded Cost Savings to $1 Billion by End of Fiscal 2025**

Campbell will expand its enterprise cost savings program from $850 million to $1 billion by the end of fiscal 2025 through programs focused on indirect spending, supply chain improvements and ongoing refinement of the company’s operating model. Approximately two-thirds of the additional savings will be driven by the Snacks margin improvement program—delivering savings through effective cost management and further manufacturing network optimization. The balance of the savings will come from incremental enterprise and Meals & Beverages–related cost savings initiatives.

**Strong Balance Sheet and Significant Cash Flow**
The company is focused on a disciplined approach toward capital allocation including the pursuit of attractive capital deployment opportunities while maintaining a strong balance sheet and investment grade credit ratings.

- **Strong Cash Flow:** Generated at least $1 billion of cash from operations in each of the past three years. From fiscal 2022 to 2025, the company expects to generate over $4 billion of operating cash, which will be deployed to support growth and shareholder returns.

- **Healthy Balance Sheet:** Divested non-core assets and used the proceeds to reduce leverage, achieving its net debt to adjusted EBITDA target. With $1.85 billion available under its existing revolving credit facility, the company has significant excess liquidity and flexibility.

**Shifting Capital Allocation Priorities**

With a healthy balance sheet, the company plans to shift capital allocation priorities from debt reduction to a more balanced approach, as follows:

- Capital investments to support its brand portfolio and drive profitable growth.
- Maintain a competitive dividend.
- Make selective tuck-in acquisitions, based on clear strategic filters with strict economic assessment.
- Share repurchases through the previously announced $250 million anti-dilutive share repurchase program and a $500 million strategic share repurchase program.

“With a significantly strengthened balance sheet and rigor around financial strategy, we have transformed Campbell and are positioned to accelerate growth and expand margins,” said Beekhuizen. “We are in advantaged growth categories with leading brands and have clear top- and bottom-line roadmaps in place. All of this adds up to a credible and compelling long-term growth algorithm which, combined with strong cash flow generation and a disciplined approach toward capital allocation, creates a credible path toward significant shareholder value creation.”

**Replay Details**

A replay of the full video webcast and a full transcript, including the Q&A session, will be available within 48 hours following the event at [investor.campbellsoupcompany.com](http://investor.campbellsoupcompany.com).

**About Campbell Soup Company**

For more than 150 years, Campbell (NYSE: CPB) has been connecting people through food they love. Generations of consumers have trusted Campbell to provide delicious and affordable food and beverages. Headquartered in Camden, N.J. since 1869, Campbell generated fiscal 2021 net sales of nearly $8.5 billion. Our portfolio includes iconic brands such as Campbell’s, Cape Cod, Goldfish, Kettle Brand, Lance, Late July, Milano, Pace, Pacific Foods, Pepperidge Farm, Prego, Snyder’s of Hanover, Swanson and V8. Campbell has a heritage of giving back and acting as a good steward of the environment. The company is a member of the Standard & Poor's 500 as well as the FTSE4Good and Bloomberg Gender-Equality Indices. For more
information, visit www.campbellsoupcompany.com or follow company news on Twitter via @CampbellSoupCo.

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**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) impacts of, and associated responses to, the COVID-19 pandemic on our business, suppliers, customers, consumers and employees; (2) the company’s ability to execute on and realize the expected benefits from its strategy, including growing sales in snacks and growing/maintaining its market share position in soup; (3) the impact of strong competitive responses to the company’s efforts to leverage its brand power with product innovation, promotional programs and new advertising; (4) the risks associated with trade and consumer acceptance of product improvements, shelving initiatives, new products and pricing and promotional strategies; (5) the ability to realize projected cost savings and benefits from cost savings initiatives and the integration of recent acquisitions; (6) disruptions in or inefficiencies to the company’s supply chain and/or operations, including the impacts of the COVID-19 pandemic; (7) the risks related to the availability of, and cost inflation in, supply chain inputs, including labor, raw materials, commodities, packaging and transportation; (8) the risks related to the effectiveness of the company’s hedging activities and the company’s ability to respond to volatility in commodity prices; (9) 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; (10) changes in consumer demand for the company’s products and favorable perception of the company’s brands; (11) changing inventory management practices by certain of the company’s key customers; (12) 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; (13) product quality and safety issues, including recalls and product liabilities; (14) 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; (15) the uncertainties of litigation and regulatory actions against the company; (16) the costs, disruption and diversion of management’s attention associated with activist investors; (17) a material failure in or breach of the company’s or the company’s vendors’ information technology systems; (18) impairment to goodwill or other intangible assets; (19) the company’s ability to protect its intellectual property rights; (20) increased liabilities and costs related to the company’s defined benefit pension plans; (21) the company’s ability to attract and retain key talent; (22) goals and initiatives related to, and the impacts of, climate change,
including weather-related events; (23) negative changes and volatility in financial and credit
markets, deteriorating economic conditions and other external factors, including changes in laws
and regulations; (24) 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, other pandemics or other calamities; and (25) 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.