

Campbell Reports Fourth-Quarter and Full-Year Fiscal 2020 Results

- Fourth-quarter Net Sales increased 18%; Organic Net Sales increased 12% reflecting continued increased demand for our products
- Fourth-quarter Earnings Per Share (EPS) from Continuing Operations of \$0.28 increased from a loss of \$0.02; Adjusted EPS of \$0.63 increased 50%
- Full-year Net Sales and Organic Net Sales increased 7% and EPS from Continuing Operations of \$1.95 increased 24%; Adjusted EPS of \$2.95 increased 28%
- Given the uncertain operating environment due to the COVID-19 pandemic, the Company is providing guidance limited to the first quarter of fiscal 2021

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CAMDEN, N.J.--(BUSINESS WIRE)--**Campbell Soup Company (NYSE:CPB)** today reported results for its fourth-quarter and full-year fiscal 2020. Fiscal 2020 was a 53-week year, with the extra week falling in the fourth quarter. The benefit of the additional week in both the fourth-quarter and full-year results is estimated to be \$0.04 per share.

Continuing

Operations

(\$ in millions, except per share)

Net Sales

As Reported

	Three Months Ended			Twelve Months Ended		
	Aug. 2, 2020	Jul. 28, 2019	% Change	Aug. 2, 2020	Jul. 28, 2019	% Change
(GAAP)	\$2,108	\$1,780	18 %	\$8,691	\$8,107	7 %
Organic			12 %			7 %

Earnings

Before

Interest and

Taxes (EBIT)

As Reported

(GAAP)	\$167	\$83	101 %	\$1,107	\$979	13 %
Adjusted	\$307	\$252	22 %	\$1,449	\$1,266	14 %

Diluted

Earnings Per

Share

As Reported

(GAAP)	\$0.28	\$(0.02)	n/m	\$1.95	\$1.57	24 %
Adjusted	\$0.63	\$0.42	50 %	\$2.95	\$2.30	28 %

n/m - not meaningful

Note: A detailed reconciliation of the reported (GAAP) financial information to the adjusted financial information is included at the end of this news release.

CEO Comments

Mark Clouse, Campbell's President and CEO, stated, "Our strong fourth-quarter and full-year fiscal 2020 performance was enabled by the extraordinary work of our teams who remained agile and resilient in a challenging operating environment. We continued to invest in our businesses during the quarter as we experienced unprecedented demand for our products and welcomed millions of new households to the Campbell portfolio. This quarter concluded a year that furthered our strategic plan and solidified a significantly strengthened foundation that we will build upon going forward as we begin fiscal 2021."

Items Impacting Comparability for Continuing Operations

The table below presents a summary of items impacting comparability in each period. A detailed reconciliation of the reported (GAAP) financial information to the adjusted information is included at the end of this news release.

	Diluted Earnings Per Share			
	Three Months Ended		Twelve Months Ended	
	Aug. 2, 2020	Jul. 28, 2019	Aug. 2, 2020	Jul. 28, 2019
As Reported (GAAP)	\$0.28	\$(0.02)	\$1.95	\$1.57
Restructuring charges, implementation costs and other related costs associated with cost savings initiatives	\$0.05	\$0.08	\$0.17	\$0.30
Pension and postretirement benefit mark-to-market adjustments	\$0.30	\$0.31	\$0.30	\$0.31
Net pension settlement losses	—	—	\$0.11	\$0.07
Loss on investments	—	—	\$0.12	—
Charges associated with divestiture	—	—	\$0.12	—
Loss on extinguishment of debt	—	—	\$0.19	—
Nonrecurring tax expense related to U.S. Tax Reform	—	—	—	\$0.01
Impairment charges	—	\$0.04	—	\$0.04
Adjusted*	\$0.63	\$0.42	\$2.95	\$2.30

*Numbers may not add due to rounding.

Fourth-Quarter Results from Continuing Operations

Net sales increased 18% to \$2.11 billion. Organic net sales, which exclude the impact from the additional week in the quarter and the impact from the sale of the European chips business, increased 12% from the prior year driven by favorable volume in both Meals & Beverages and Snacks reflecting a continued increase in demand as at-home food consumption remained elevated.

Gross margin increased from 34.0% to 35.4%. Excluding items impacting comparability, adjusted gross margin increased 190 basis points to 35.6% driven by the benefits of supply chain productivity improvements and cost savings initiatives, as well as mark-to-market gains on outstanding commodity hedges, improved operating leverage and favorable product mix, offset partly by higher supply chain costs related to COVID-19 and cost inflation.

Marketing and selling expenses increased 36% to \$265 million. Excluding items impacting comparability in the prior year, adjusted marketing and selling expenses increased 37% driven primarily by increased investments in advertising and consumer promotion expenses across both segments. Administrative expenses increased 12% to \$186 million. Excluding items impacting comparability, adjusted administrative expenses increased by \$30 million, or 22%, with approximately one half of the increase driven by the estimated impact of the additional week in the quarter on general administrative costs. The balance of the increase reflects increases in charitable contributions, higher incentive compensation accruals, and higher benefit costs, offset partly by the benefits from cost savings initiatives.

Other expenses were \$106 million compared to \$128 million in the prior year. Excluding items impacting comparability, adjusted other income was \$15 million compared to \$10 million in the prior year.

As reported EBIT increased 101% to \$167 million. Excluding items impacting comparability, adjusted EBIT increased 22% to \$307 million as higher sales volumes, including the benefit of the additional week in the quarter, and improved gross margin performance, were offset partly by increased marketing investment and higher adjusted administrative expenses.

Net interest expense was \$60 million compared to \$84 million in the prior year reflecting lower levels of debt. Taxes increased to \$21 million, compared to \$4 million in the prior year. Excluding items impacting comparability, the adjusted tax rate decreased 330 basis points to 22.3% from 25.6%.

The company reported EPS of \$0.28 per share. Excluding items impacting comparability, adjusted EPS increased 50% to \$0.63 per share, reflecting an increase in adjusted EBIT, as well as lower net interest expense and a lower adjusted effective tax rate.

Full-Year Results from Continuing Operations

Net sales increased 7% to \$8.69 billion. Organic net sales, which exclude the additional week and the impact from the sale of the European chips business, also increased 7% from the prior year driven by gains in both Meals & Beverages and Snacks.

As reported EBIT increased 13% to \$1.11 billion. Excluding items impacting comparability, adjusted EBIT increased 14% to \$1.45 billion reflecting higher sales volume, including the benefit of the additional week, and improved gross margin performance, offset partly by increased marketing investment.

Net interest expense was \$341 million compared to \$354 million in the prior year. Excluding items impacting comparability in the current year, adjusted net interest expense decreased 25% from the prior year to \$266 million reflecting lower levels of debt. The tax rate was 22.7% as compared to 24.2% in the prior year. Excluding items impacting comparability, the adjusted tax rate increased 40 basis points to 24.1% from 23.7%.

The company reported EPS of \$1.95 per share. Excluding items impacting comparability, adjusted EPS increased 28% to \$2.95 per share reflecting the increase in adjusted EBIT and lower adjusted net interest expense.

Cash flows from operations of \$1.40 billion were comparable to the prior year. Total debt, including amounts related to discontinued operations, was reduced by \$2.52 billion in fiscal 2020 primarily due to successful deleveraging following the completion of the company's previously announced divestiture plan. Capital investments were \$299 million compared to \$384 million in the prior year reflecting delays in certain projects impacted by the current operating environment. In line with the company's commitment to returning value to shareholders, the company paid \$426 million of cash dividends in fiscal 2020 reflecting the quarterly dividend rate of \$0.35 per share.

Cost Savings Program from Continuing Operations

In the fourth quarter of fiscal 2020, 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 \$725 million. Total fiscal 2020 savings were \$165 million. As previously announced, Campbell is targeting cumulative annualized savings of \$850 million by the end of fiscal 2022.

Campbell Provides First-Quarter Fiscal 2021 Guidance

The company's performance in fiscal 2020 was significantly impacted by the increase in demand for its products amidst the COVID-19 pandemic. The continuing effect of the pandemic on the operating environment is difficult to predict with enough certainty to provide a full-year outlook at this time. The company expects that demand for its products will remain elevated in the near term and accordingly, is providing guidance limited to the first quarter of fiscal 2021.

First-quarter guidance set forth in the table below assumes that the company's supply chain operates effectively during this period of heightened demand and shifts in consumer behavior toward at-home consumption continue:

Continuing Operations	Q1 2020 Results	Q1 2021 Guidance
(\$ in millions, except per share)		
Net Sales	\$2,183	+5% to +7%
Adjusted EBIT	\$392*	+6% to +9%
Adjusted EPS	\$0.78	+13% to +18% \$0.88 to \$0.92

* 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 2021 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.