



## Campbell Reports First-Quarter Fiscal 2021 Results and Increases Quarterly Dividend

- Net Sales increased 7%; Organic Net Sales increased 8% reflecting continued elevated demand for Campbell's brands.
- Earnings Before Interest and Taxes (EBIT) increased 45% to \$461 million. Adjusted EBIT increased 18% to \$463 million.
- Earnings Per Share (EPS) from Continuing Operations of \$1.02 increased 82%. Adjusted EPS of \$1.02 increased 31%.
- Increases quarterly dividend by 6% to \$0.37 per share.
- Provides guidance for the second quarter of fiscal 2021.

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CAMDEN, N.J.--(BUSINESS WIRE)--**Campbell Soup Company (NYSE:CPB)** today reported results for its first-quarter fiscal 2021 and announced a 6% increase to its quarterly dividend.

Continuing Operations	Three Months Ended		
	Nov. 1, 2020	Oct. 27, 2019	% Change
(\$ in millions, except per share)			
<b>Net Sales</b>			
As Reported (GAAP)	\$ 2,340	\$ 2,183	7%
Organic			8%
<b>Earnings Before Interest and Taxes (EBIT)</b>			
As Reported (GAAP)	\$ 461	\$ 317	45%
Adjusted	\$ 463	\$ 392	18%
<b>Diluted Earnings Per Share</b>			
As Reported (GAAP)	\$ 1.02	\$ 0.56	82%
Adjusted	\$ 1.02	\$ 0.78	31%

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, "Fiscal 2021 is off to a strong start with first-quarter sales growth across both divisions and double-digit gains in EBIT and EPS. Our Meals & Beverages division continued to drive impressive sales and margin growth as we positioned our brands to align with macro consumer trends, and retailers rebuilt inventory for the holidays and the heart of soup season. Snacks continued to deliver strong results while increasing capacity in key power brands. We continue to build a high-performing Snacks business with differentiated brands and improving margins."

Clouse continued: "The Board approved a 6% increase in our quarterly dividend, reflecting the company's strong earnings performance, cash flows and increasing confidence in our long-term growth prospects, as well as our continued commitment to shareholder returns."

## 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	
	Nov. 1, 2020	Oct. 27, 2019
As Reported (GAAP)	\$ 1.02	\$ 0.56
Restructuring charges, implementation costs and other related costs associated with cost savings initiatives	\$ 0.02	\$ 0.03
Net pension settlement gains	\$ (0.01)	\$ —
Charges associated with divestiture	\$ —	\$ 0.20
<b>Adjusted*</b>	<b>\$ 1.02</b>	<b>\$ 0.78</b>

\*Numbers may not add due to rounding.

## First-Quarter Results from Continuing Operations

Net sales increased 7% to \$2.34 billion driven by gains in both Meals & Beverages and Snacks. Organic net sales grew 8% driven by a 6% increase in volume and mix and a 2% increase from lower levels of promotional spending. The volume increase reflected heightened demand as at-home food consumption remained elevated as a result of the COVID-19 pandemic as well as improved retailer soup inventories. Organic net sales exclude the impact from the sale of the European chips business in fiscal 2020.

Gross margin increased from 33.8% to 34.7%. Excluding items impacting comparability in the current year, adjusted gross margin increased 100 basis points to 34.8% driven primarily by moderated promotional spending and favorable mix, offset partly by slightly higher net supply chain costs as productivity improvements and improved operating leverage were more than offset by cost inflation, other operational costs and COVID-19 related costs.

Marketing and selling expenses increased 1% to \$208 million, driven primarily by increased investments in advertising and consumer promotion, partly offset by the benefits of cost savings initiatives, lower marketing overhead and lower selling expenses. Administrative expenses increased 5% to \$141 million. Excluding items impacting comparability, adjusted administrative expenses increased by \$11 million, or 9%, driven primarily by higher benefit costs, general administrative costs and inflation, partially offset by the benefits of cost savings initiatives.

Other income was \$18 million compared to other expenses of \$56 million in the prior year. Excluding items impacting comparability, adjusted other income was \$14 million compared to \$8 million in the prior year.

As reported EBIT increased 45% to \$461 million. Excluding items impacting comparability, adjusted EBIT increased 18% to \$463 million primarily due to higher sales volumes, improved gross margin performance and lower selling expenses, offset partly by increased marketing investment and higher adjusted administrative expenses.

Net interest expense was \$55 million compared to \$80 million in the prior year reflecting lower levels of debt. Taxes increased to \$97 million compared to \$68 million in the prior year. Excluding items impacting comparability, the adjusted tax rate decreased 20 basis points to 23.8% from 24.0%.

As reported and adjusted EPS from continuing operations were \$1.02 per share. Excluding items impacting comparability, adjusted EPS from continuing operations increased 31% reflecting an increase in adjusted EBIT and lower net interest expense.

Cash flows from operations of \$180 million were comparable to the prior year. Capital expenditures were \$74 million compared to \$98 million in the prior year. The decline was due to capital expenditures associated with discontinued operations in the prior year. Capital expenditures for continuing operations were comparable to the prior year. In the first quarter of fiscal 2021, the company paid \$108 million of cash dividends, or the equivalent of \$0.35 per share, reflecting our commitment to shareholder returns.

### **Cost Savings Program from Continuing Operations**

In the first quarter of fiscal 2021, Campbell achieved \$15 million in savings under its multi-year cost savings program, inclusive of Snyder's-Lance synergies, bringing total program-to-date savings to \$740 million. Campbell remains on track to deliver annualized savings of \$850 million by the end of fiscal 2022.

### **Quarterly Dividend Increase**

The company's Board of Directors has approved an increase in its quarterly dividend from \$0.35 per share to \$0.37 per share, an increase of 6%, or \$1.48 on an annualized basis. The quarterly dividend is payable Feb. 1, 2021, to shareholders of record at the close of business Jan. 9, 2021.

### **Campbell Provides Second-Quarter Fiscal 2021 Guidance**

The impact of the continuing pandemic on the company's fiscal 2021 results is uncertain and makes it difficult to provide a full-year outlook at this time. Based on our expectation of a continued elevated demand landscape and increased investment in our brands, the company is providing second-quarter fiscal 2021 guidance as set forth in the table below:

	Q2 2020	Q2 2021
Continuing Operations	Results	Guidance
(\$ in millions, except per share)		
Net Sales	\$2,162	+5% to +7%
Adjusted EBIT	\$364*	+5% to +7%
Adjusted EPS	\$0.72*	+12% to +15%
		\$0.81 to \$0.83

\* 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.

### Segment Operating Review

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

	<u>Three Months Ended Nov. 1, 2020</u>		
	(\$ in millions)		
	<u>Meals &amp; Beverages*</u>	<u>Snacks*</u>	<u>Total</u>
Net Sales, as Reported	\$1,342	\$998	\$2,340
Volume and Mix	11%	1%	6%
Price and Sales Allowances	—%	—%	—%
Promotional Spending	2%	2%	2%
Organic Net Sales	12%	4%	8%
Divestiture	—%	(3)%	(1)%
% Change vs. Prior Year	12%	1%	7%
Segment Operating Earnings	\$333	\$139	
% Change vs. Prior Year	18%	11%	

\*Numbers may 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.

### Meals & Beverages

Net sales, both reported and organic, in the quarter increased 12% reflecting increases across U.S retail products, including gains in U.S. soup, inclusive of *Pacific Foods* soups and broths, *Prego* pasta sauces, *V8* beverages, *Campbell's* pasta and *Pace* Mexican sauces, as well as gains in Canada, partially offset by declines in foodservice. Volume was favorable in U.S. retail and Canada, driven by increased demand of food purchases for at-home consumption, offset partly by the negative impact on foodservice as a result of shifts in consumer behavior and continued COVID-19 related restrictions. Sales of U.S. soup increased 21% due to retailers rebuilding inventory for the upcoming soup season, in-market gains in condensed soups and broth and moderated promotional activity.

Segment operating earnings increased 18%. The increase was primarily due to sales volume gains and improved gross margin performance, offset partly by increased marketing investment. Gross margin performance was impacted by the lower levels of promotional spending and favorable mix, as productivity improvements and improved operating leverage were offset by other operational costs, cost inflation and COVID-19 related costs.

### Snacks

Net sales in the quarter increased 1%. Excluding the impact from the sale of the European chips business, organic sales increased 4% fueled by our power brands. Contributors to growth were lower levels of promotional spending as well as healthy velocity on the majority of the base business including volume gains in fresh bakery products, *Late July* snacks, *Pop Secret* popcorn, *Pepperidge Farm* cookies, *Snack Factory Pretzel Crisps* as well as *Kettle Brand* potato chips, partly offset by declines in *Lance* sandwich crackers. Sales of *Goldfish* crackers were relatively flat in the quarter, as increased demand for family size products was offset by reduced away-from-home consumption.

Segment operating earnings increased 11% driven by lower selling expenses, lower marketing overhead and sales volume gains partly offset by higher administrative expenses. Gross margin performance was consistent with prior year as lower levels of promotional spending were offset by higher net supply chain costs as productivity improvements, cost savings initiatives and improved operating leverage were more than offset by cost inflation and COVID-19 related costs.

## Corporate

Corporate expenses were \$10 million in the first quarter of fiscal 2021 compared to \$87 million in the prior year. Corporate expenses in the first quarter of fiscal 2021 included costs related to cost savings initiatives of \$5 million and pension settlement gains of \$4 million. Corporate expenses in the first quarter of fiscal 2020 included charges related to the sale of the European chips business of \$64 million and costs of \$8 million related to cost savings initiatives. Excluding these amounts, the remaining decrease in expenses primarily reflects losses on investments in the prior year.

## Conference Call and Webcast

Campbell will host a conference call to discuss these results today at 8:30 a.m. Eastern Time. To join, dial +1 (703) 639-1316. The access code is 4837006. 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/events-and-presentations](http://investor.campbellsoupcompany.com/events-and-presentations). A recording of the call will also be available until midnight on December 23, 2020, at +1 (404) 537-3406. The access code for the replay is 4837006.

## Reportable Segments

Campbell Soup Company earnings results are reported as follows:

**Meals & Beverages** includes the retail and foodservice 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 and non-dairy beverages; *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.

**Snacks** includes *Pepperidge Farm* cookies, crackers, fresh bakery and frozen products in U.S. retail, including *Milano* cookies and *Goldfish* crackers, as well as *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 in the U.S. and Canada. The segment also includes the retail business in Latin America.

## 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 FTSE4Good Index. For more information, visit [www.campbellsoupcompany.com](http://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) impacts of, and associated responses to, the COVID-19 pandemic; (2) 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; (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 to the company's supply chain and/or operations, as well as fluctuations in the supply of and inflation in energy and raw and packaging materials cost; (7) 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; (8) changes in consumer demand for the company's products and favorable perception of the company's brands; (9) changing inventory management practices by certain of the company's key customers; (10) 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; (11) product quality and safety issues, including recalls and product liabilities; (12) 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; (13) the uncertainties of litigation and regulatory actions against the company; (14) the costs, disruption and diversion of management's attention associated with activist investors; (15) a material failure in or breach of the company's information technology systems; (16) impairment to goodwill or other intangible assets; (17) the company's ability to protect its intellectual property rights; (18) increased liabilities and costs related to the company's defined benefit pension plans; (19) the company's ability to attract and retain key talent; (20) negative changes and volatility in financial and credit markets, deteriorating economic conditions and other external factors, including changes in laws and regulations; (21) 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 (22) 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.