



# *Transforming Meals & Beverages*

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President, Meals & Beverages

# ***Meals & Beverages***

***will provide dependable and profitable growth***

- 1** We operate in **large and relevant** categories with a portfolio of **iconic and distinctive** brands
- 2** We are **transforming our brands** with category leading **marketing and innovation** to fuel growth
- 3** The addition of **Rao's** strengthens and solidifies our **sustainable growth potential**
- 4** **Sovos Brands synergies and network optimization** allow us to invest in our brands and improve margins

# The grocery resurgence continues

Meals sourced at home<sup>1</sup>

**83%**



**2/3**

of total Edible \$ growth has  
come from center store<sup>2</sup>



Center store has outpaced  
perimeter and grown \$<sup>3</sup>

**7%** 3 YR CAGR



<sup>1</sup> Circana National Eating Trends, sourced from home/retail, 3 months ending June 2024 vs. 3 YA (up 3% pts vs 3 YA)

<sup>2</sup> Circana Total US MULO, FY24 vs. FY21. Center store defined as Edibles (x FRZ and RFG)

<sup>3</sup> Circana Total US MULO, FY24 vs. FY21. Center store defined as Edibles (x FRZ and RFG) – 3 year CAGR

# Meals & Beverages operates in large, highly relevant, growing categories



**Soup & Broth**



**Italian**



**Mexican**



**Beverage**

Size	<b>\$5.2B</b>	<b>\$3.9B</b>	<b>\$2.7B</b>	<b>\$9.6B</b>
Growth (3 YR) <sup>1</sup>	<b>+3%</b>	<b>+10%</b>	<b>+5%</b>	<b>+5%</b>
Category HHP	<b>85</b>	<b>80</b>	<b>73</b>	<b>89</b>

# Our portfolio of brands lead their categories

*Campbell's* #1

Premium



RAO'S  
HOMEMADE

#1

*Campbell's*  
CHUNKY #2

Pacific  
FOODS. #1

SWANSON #1

Pace #1

Prego #1

V8 #2

## Our recipe for success includes :

- Creating delicious and flavorful food and beverages
- Exciting our consumers through innovation and engagement
- Providing value across all brand experiences

Source: Circana Total US MULO 52 weeks ending 6/16/24 Note: Campbell's share of mainstream wet soup, Chunky share of RTS, Swanson share of branded broth, Prego share of mainstream pasta sauce, Rao's share of premium pasta sauce, Pacific share of premium wet soup, Pace share of branded Mexican aisle sauce, V8 share of shelf-stable juice (ex-kids)

# Campbell's M&B is transforming itself into a leading center store grocery business



## Best Portfolio

- Enhanced focus on core categories
- Added distinctive brands in key categories
- Brand modernization and portfolio optimization



## Winning Execution

- Increased relevance and impact of marketing
- Stepped up meaningful levels of innovation
- Improved customer engagement and collaboration

# **Meals & Beverages portfolio is poised for future growth**



## **Well-Positioned Categories**

Large, highly relevant and growing



## **Advantaged Leadership Brands**

Iconic and distinctive portfolio with compelling marketing and innovation

# **Soup and Broth** continue to be central to consumers' lives



**Increasingly looking  
for quick and easy  
cooking solutions**

58% use quick and easy recipes  
for in-home occasions<sup>1</sup>



**Welcoming variety  
and new flavors**

75% would welcome more novelty  
and change in their lives<sup>2</sup>



**Seeking products that  
offer premium ingredients  
and experiences**

59% agree value is about what  
you get, not what you pay<sup>3</sup>

# North American changing demographics favor soup category growth



Age

< 25

25 - 44

>44

HH Vol Index

73

71

116

5 YR Projected  
Population Growth

+1%

+2%

+6%



## Potential Tailwind

# Our Soup and Broth portfolio is unique given the variety of usage and range of price points

Iconic



Iconic

COOKING

EATING

Distinctive



Distinctive

# *We are ready to create the next generation of **soup fanatics***



## **Innovate**

to drive consumer excitement and occasions



## **Engage**

to make soup culturally relevant and top of mind

# ***Our innovation pipeline creates excitement and new occasions***

**Flavors**



**Better for You**

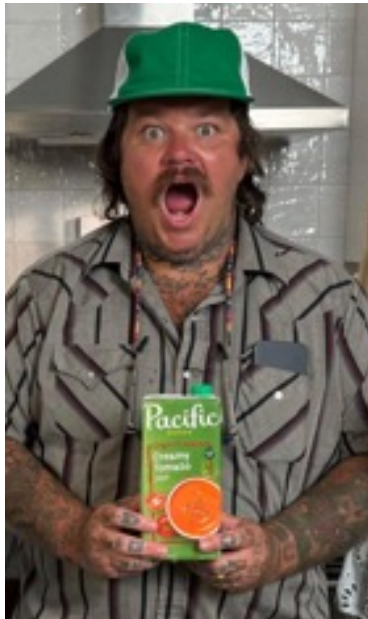


**Occasions**



# Engage our consumers with cooking inspiration

## Chef Partnerships & Influencers



Chef Matty Matheson

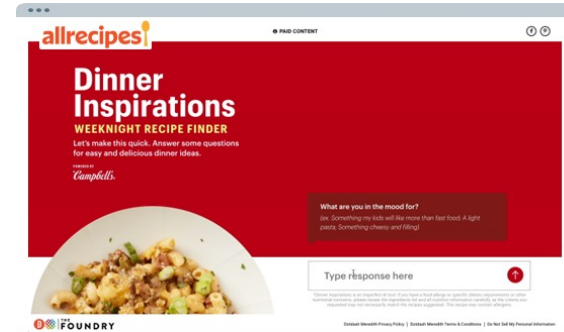


All Recipes All-Star



Chef Kristen Kish

## Recipe Development



**Sides Season is Here!**

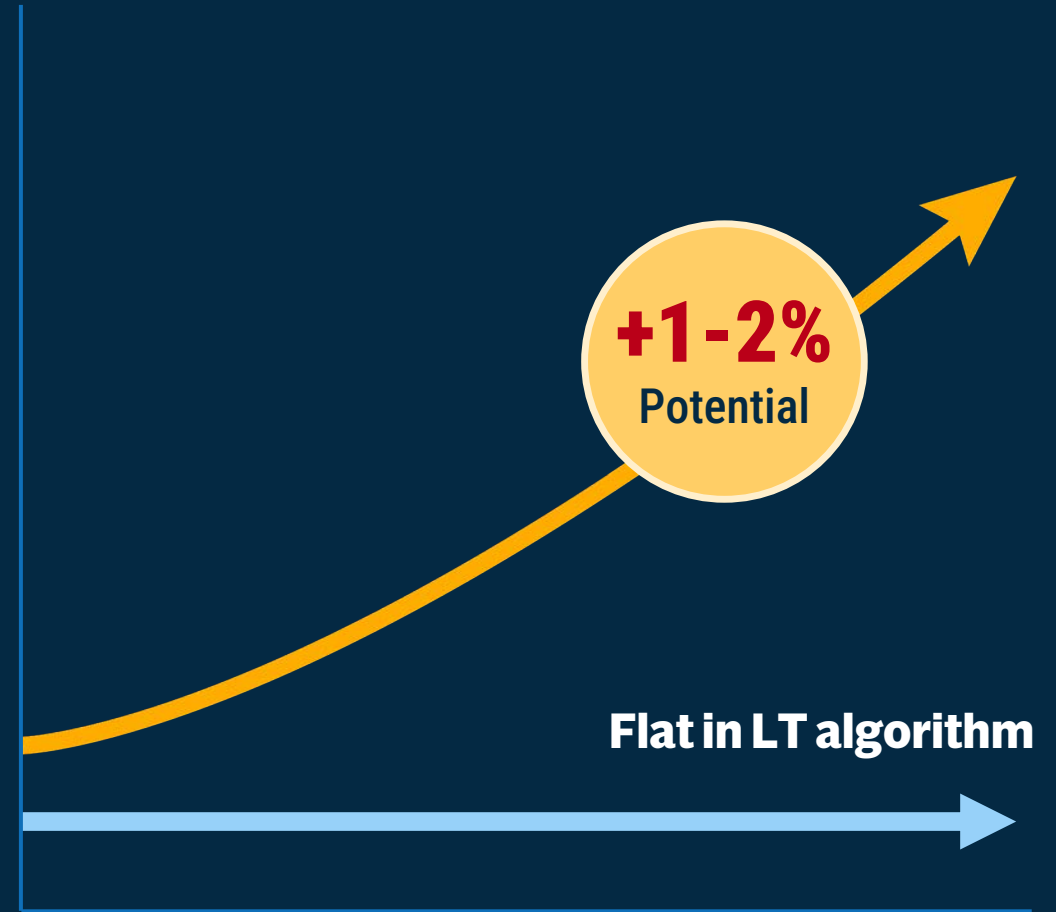
**Engage our consumers to amplify  
cultural relevance and be top of mind**



# ***Soup ambition focused on growth but planned as flat***



## **Long-Term Growth**



# Cooking with Sauces has become the go-to quick meal solution for consumers



## Put their heart into it

68% of Sauce consumers view serving an Italian meal to their family as an expression of love



## Brings family and friends together

79% of Sauce consumers know that Italian meals are an easy way to get family and friends around the table



## Believe the meal is worth it

73% of Sauce consumers agree that high quality ingredients cost more but are worth it

# Our Sauce brands are well-positioned across occasions and price points

Iconic



Iconic



ITALIAN

MEXICAN

Distinctive



Distinctive



# Prego®

**#1 Mainstream sauce**

**Highest branded HHP**  
in the Italian sauce aisle

**Highest purchase intent**  
in the entire Italian sauce category

***The leading mainstream  
sauce with continued  
strong momentum***





# **Rao's ultra-distinctive sauce** **has *redefined* the category**

**Grew Revenue**

**4X**

**Dollar Sales**  
(grew from \$196M 2019  
to \$827M 2023)<sup>1</sup>

**Increased  
distribution over**

**100%**

**4 YR TDP Gains<sup>2</sup>**

**More than**

**Tripled**

**HHP Gain vs. 2019<sup>3</sup>**

<sup>1</sup> Circana Total US MULO \$ Sales Calendar Year 2019 to 2023

<sup>2</sup> Circana Total Sauce (Italian + Pizza), MULO Calendar Year 2019 - 2023, growth comparisons benchmark Calendar Year 2019 we 1/5/20

<sup>3</sup> Circana Total Sauce (Italian + Pizza), MULO, 52 weeks ending 7/21/24 vs. Calendar Year 2019 we 1/5/20

# **Rao's sauce has significant runway to continue to grow**



**Expand  
Portfolio**

**60%**

Avg. # of items  
vs Prego<sup>1</sup>

**Drive  
HHP**

**~ 50%**

HHP vs. Prego<sup>2</sup>

**Increase  
Brand Awareness**

**Δ 30<sub>pts</sub>**

Brand Awareness vs. Prego<sup>3</sup>

<sup>1</sup> Total Circana US MULO \$ Consumption. Avg Items per Store Selling 52 weeks ending 7/28/24

<sup>2</sup> Circana OmniConsumer Scan Panel (CSIA) – Total US All Outlet 52 weeks ending 7/28/2024; NBD Adjusted

<sup>3</sup> Brand Equity Tracker, Published by Mindsight May 2024

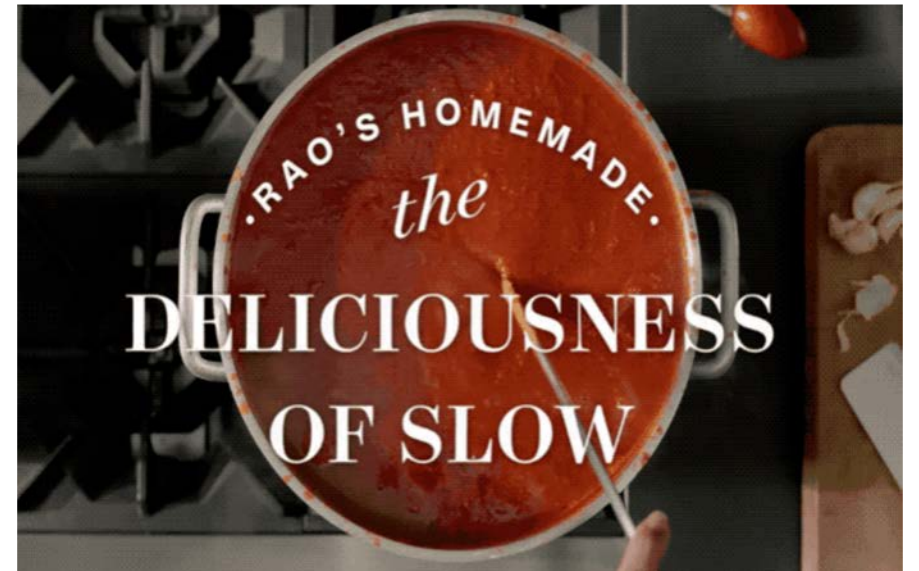
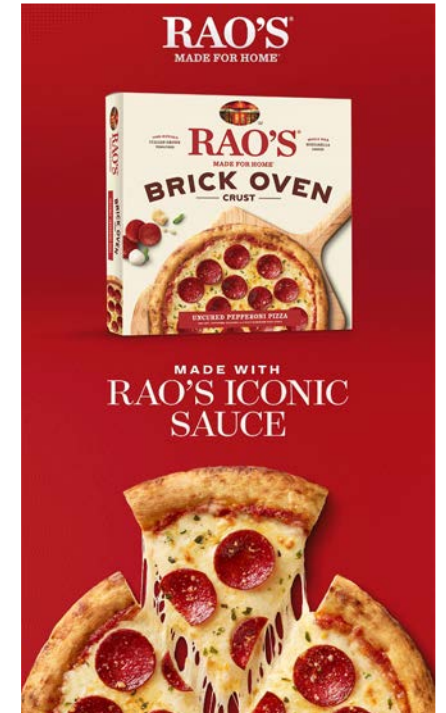
**Continue to increase brand awareness with stepped up marketing investment**



**RAO'S**  
HOMEMADE®

SINCE 1896

**Empower creation of amazing food that elevates the art of eating**



# **Expand our product offerings to create different experiences for our consumers**



# Selectively expand the Rao's brand outside of the sauce category

## Frozen Pizza

Launched in 2023



**\$7B**

## RTS Soup

Launched in 2019



**\$2B**

## Frozen Entrees

Launched in 2020



**\$8B**

## Dry Pasta

Launched in 2018



**\$3B**

## Other Sauces

Limited Launch in 2023



**\$1B**

Category Size Dollars

# We're building another **\$1B brand** with Rao's



**Mid to High  
Single Digit**  
Long-Term Growth



# **Our mainstream and premium brands are *elevating the Mexican category***



- Pace #1 share and highest HHP in Mexican aisle

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- Pace has the #1 item in Salsa, Picante, and top 10 for Queso and new entries to Enchilada and Taco

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- Late July first entry into premium segment of salsa category

# V8 beverages *poised for growth*

Activations to drive awareness and increase penetration

Accelerated, on-trend innovation to excite and delight



# Top Tier Results

M&B Long-Term Algorithm\*



**+1–2%**

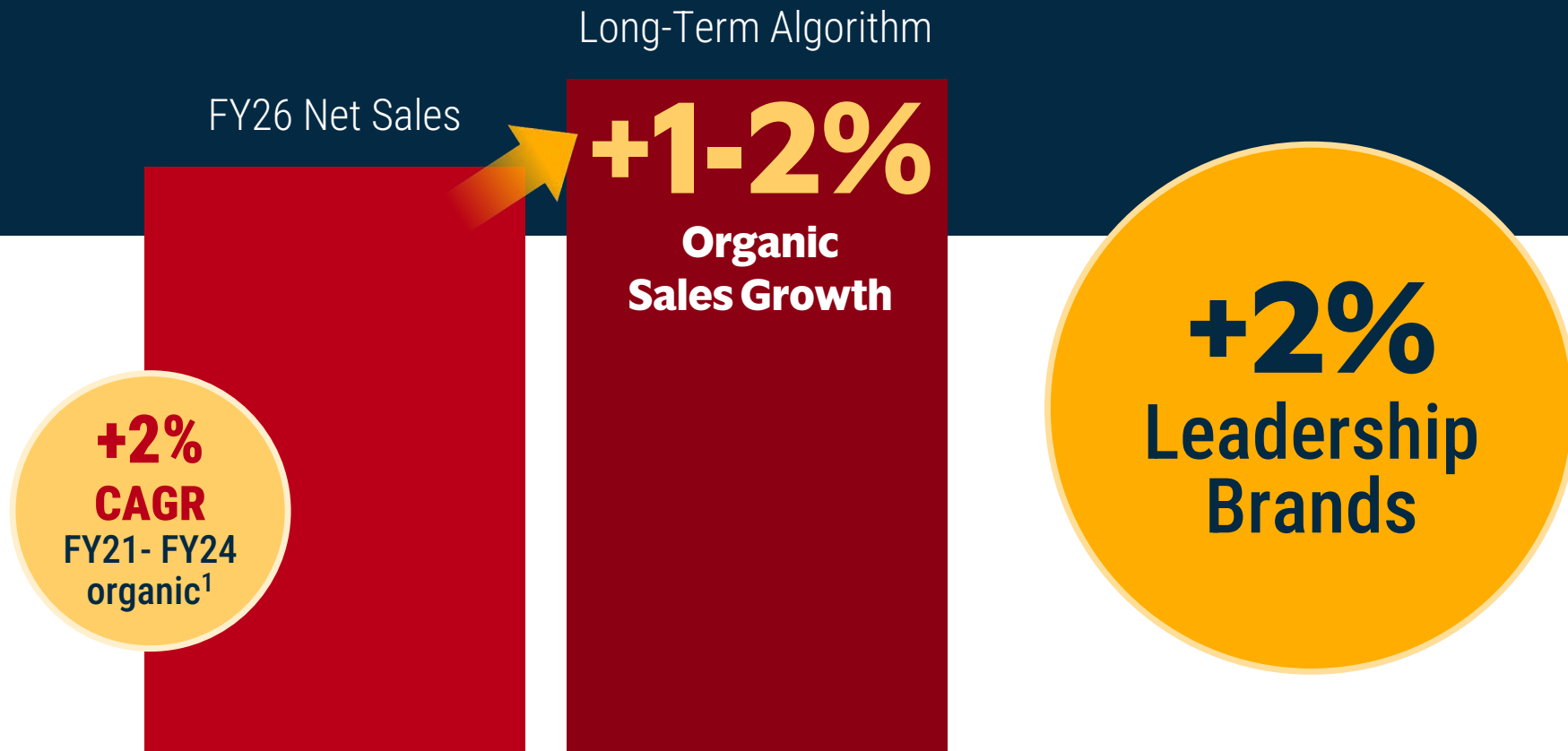
**Annual Net Sales Growth  
(Organic)**



**~+19%**

**Operating Margin by FY27**

# Long-Term Algorithm\*: Net Sales Growth



# Long-Term Algorithm: Operating Margin

FY24 Pro Forma<sup>1</sup>  
Op Margin  
**+17.3%**

FY27 Op Margin  
**~+19%**

**18.5%**  
FY24 Actual  
Op Margin

Approx. bps

<b>+</b>	<b>Fundamentals<sup>2</sup></b>	<b>+ 130 bps</b>
<b>+</b>	<b>Sovos Brands Synergies</b>	<b>+ 80 bps</b>
<b>+</b>	<b>Network Optimization</b>	<b>+ 110 bps</b>
<b>-</b>	<b>Investments</b>	<b>(150) bps</b>

# Detailed plans and initiatives fuel ongoing margin expansion

## + Fundamentals<sup>1</sup>

Targeting continued realization of ~3% annual productivity improvements

Productivity expected to be slightly ahead of inflation / other supply chain costs

**+ 130 bps**

## + Sovos Synergy

**2/3**

Targeted SG&A expense reductions through harmonization of corporate organizations

**1/3**

Cost savings within supply chain network, including incremental efficiencies and scale-driven procurement savings

**+ 80 bps**

## + Network Optimization

Investments in Napoleon, OH and Maxton, NC plants

Closure of Tualatin, OR plant

Paris, TX plant to become sauce only

Selectively expand strategic partnerships with contract manufacturers

**+ 110 bps**

## - Investments

Targeting 9-10% Marketing & Selling expense as % of Net Sales

Support for continued brand building across the M&B portfolio

**(150) bps**

FY24 – FY27 Impact

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