THE Campbell's COMPANY

Fourth Quarter Fiscal 2026 Earnings
Management's Pre-Recorded Prepared Remarks

Corporate Participants

Joshua Levine, Chief Investor Relations Officer
Mick Beekhuizen, President and Chief Executive Officer
Todd Cunfer, Chief Financial Officer

Joshua Levine, Chief Investor Relations Officer

Good morning, and welcome to The Campbell's Company's fourth quarter fiscal 2026 earnings conference call.

I'm Joshua Levine, Campbell's Chief Investor Relations Officer. Joining me today are Mick Beekhuizen, President and Chief Executive Officer, and Todd Cunfer, Chief Financial Officer.

In addition to our pre-recorded remarks, we will host a live Question & Answer session via webcast today, September 3, 2026 at 9 a.m. Eastern.

Today's earnings press release, presentation, and an audio recording of our prepared remarks are available on the Investors section of our website. A replay of the Q&A session will be posted there following its conclusion, with a full transcript available within 24 hours.

You will find today's agenda on slide 2. Mick will provide an update on our business performance. Todd will then discuss our financial results and our fiscal 2027 outlook.

During today's discussion, management may make forward-looking statements that reflect our current expectations about future plans and performance. These statements rely on assumptions and estimates, and are subject to risks and uncertainties. Please refer to slide 3 of our presentation or our SEC filings for a discussion of factors that could cause actual results to differ materially.

Management may also use non-GAAP financial measures, which we believe provide useful information for investors. Non-GAAP financial measures are not intended to be considered in isolation from or as a substitute for the financial information presented in accordance with GAAP. Reconciliations to the most directly comparable GAAP measures are included in the appendix of our earnings presentation.

Finally, please note that this is the first quarter following our acquisition of a 49% interest in La Regina, whose results are fully consolidated into Campbell's financial statements. The remaining 51% interest we do not own is reflected as earnings from noncontrolling interest. Campbell's financial statements prepared in accordance with GAAP also include certain fair value adjustments associated with the acquisition including for the deferred payment of the second tranche due on May 4, 2027, and for the option to acquire remaining interests at a future date. These fair value adjustments will be excluded from our adjusted earnings.

It is now my pleasure to turn the call over to Mick.

Mick Beekhuizen, President and Chief Executive Officer

Thanks, Josh. Good morning everyone, and thank you for joining us.

Our fourth-quarter results reflected many of the same challenges we have faced in recent quarters, with profitability coming in as expected. Organic net sales declined 1%, as weakness in Snacks more than offset solid consumption and organic net sales growth in Meals & Beverages. Adjusted EBIT decreased 25% and adjusted EPS was $0.39, down 37%, pressured by elevated inflation. The declines in adjusted EBIT and EPS include an estimated high single digit impact from lapping the extra week in last year's fourth quarter.

Our fiscal 2027 outlook reflects an external environment that we expect will remain volatile, as well as another year of elevated inflation that will continue to pressure margins, particularly in the first half. However, our outlook also reflects the benefits of productivity, cost savings initiatives and pricing that we expect to build throughout the year and increasingly support margin recovery.

Make no mistake, our results remain unacceptable. But instead of waiting for the environment to improve around us, we are addressing reality head-on. The initiatives we are laying out today are designed to improve performance and put us on a path back to a sustainable long-term value-creation model.

It starts with our team. Since I became CEO about eighteen months ago, we have strengthened our leadership through a combination of external hires and internal promotions, bringing experience from both established peers and disruptors, and an ambition to drive change.

We have also streamlined our category-led operating model across both divisions to enhance our in-market presence and improve our agility with consumers and customers. The goal is to enable clearer decision rights, sharpen our focus, enhance execution, and instill a culture of urgency and accountability. This operating model has contributed to improved performance in Meals and Beverages, and we are applying those learnings in Snacks.

Looking ahead, our top priority is to get closer to the consumer in everything we do, from the products we offer, to the innovation we launch and the nutritional benefits we deliver, and the way we manufacture and bring products to market. This is not new, but it's a philosophy we must follow with greater speed and discipline. That means engaging more frequently with consumers, responding faster, and using data and insights to anticipate evolving preferences. As the consumer evolves, so must we.

Campbell's scale and resources give us the opportunity to create a competitive advantage. At the beginning of fiscal 2026, we established our Growth Office to create scalable commercial capabilities across insights and analytics, consumer experience, innovation, R&D, and revenue growth management. These capabilities have helped produce one of our strongest innovation pipelines in several years and supported the removal of artificial colors, making Campbell's one of the first among our center-store peers to successfully complete the change.

Our strengthened enterprise revenue growth management team is another example of investing in critical commercial capabilities. This team brings greater rigor to pricing, promotion, price-pack architecture, and how we deliver the right value to consumers. These capabilities are particularly important now. With cost pressures accelerating in fiscal 2027, we are selectively implementing commodity-driven pricing actions while, importantly, continuing to make targeted price investments in other areas.

We are also changing our approach to marketing support. Specifically, we will direct a majority of this year's marketing budget toward our best opportunities, moving away from what has historically been a balanced approach across our portfolio. Let me be clear: we are not walking away from any business or brand. However, our marketing investments must work harder for us.

In fiscal 2027, we have national advertising campaigns planned for *Rao's*, *Goldfish* and *Pepperidge Farm,* as well as a robust omnichannel and influencer-led media plan to drive trial of innovation, notably across two new platforms under the *Campbell's* brand. We are also further accelerating our shift toward digital, responding to how consumers are discovering and engaging with brands. This includes expanded use of social, influencer and e-commerce channels, as well as newer AI-enabled platforms, which together will represent approximately 85% of our working media budget.

To help fund these initiatives and enable a return to profitable growth, we are launching a $500 million enterprise-wide savings program, which Todd will describe in greater detail. With this program, we are focused on increasing speed and accountability, and improving our margins and cash flow.

Finally, we are taking action to strengthen our balance sheet and reduce leverage. We are resetting our dividend, which was a difficult but necessary decision. Together with our actions to improve cash generation, it will accelerate deleveraging, preserve financial flexibility, and support sustainable long-term value-creation.

Let's now turn to our Meals & Beverages division.

Our top-line performance was stronger this quarter, with organic net sales up 3.0%, driven by consumption growth of 0.8% and an approximately $30 million benefit from prior year timing shifts. Semi-scratch cooking consumption grew 5.0% in the quarter, led by *Swanson*, *Pacific* and *Rao's*. Declines in our eating soups eased relative to Q3, as prior year comparisons normalized.

We are optimistic about our Meals & Beverages division. Semi-scratch cooking represents more than half of the division's retail sales and has delivered a four-year retail sales CAGR of over 5%.

Empowering everyday cooking is an important growth pillar for us, positioning us well with today's consumer. Our products provide strong value, especially as most meals are eaten at home and families increasingly seek a wider variety of flavors and cuisines.

For years, we have built credibility with consumers by investing in and ultimately winning during major celebratory occasions such as the holiday season. Our next opportunity is to further amplify our relevance within everyday meals. This includes executing a strategy that meets consumers where they find inspiration and adapting our media and recipe plans to succeed across social, digital and emerging AI-enabled platforms. Examples include winning with *Campbell's* condensed in mac and cheese and building routine meal bundles that bring together *Rao's* offerings across sauce, pasta and frozen to make meals such as spaghetti and meatballs. We have more work ahead, but our direction is clear and momentum is building.

In U.S. soup, consumption grew 0.9% in Q4. Broth was a standout, with the category growing 11.8%, its strongest volume-driven growth quarter in several years. *Swanson* grew 7.0%, in line with mainstream broth, while *Pacific* increased 28.4%. We continue to believe that increasing at-home cooking occasions and consumers' focus on flavor and wellness support sustained growth in this category.

Within eating soups, declines eased relative to Q3 for *Chunky* and *Campbell's* Red & White condensed. At the same time, premium brands *Pacific* and *Rao's* sustained strong double-digit growth, up 14.0% and 25.3%, respectively. We continue to see an opportunity for these faster-growing brands to bring new relevance to the broader category by meeting consumer demand for premium and better-for-you offerings.

In fiscal 2027, we will complement our core with innovation that brings new benefits and occasions to the soup aisle. Launches include *Pacific* ramen broth, *Campbell's* Condensed sauces and a new line of better-for-you, clean-label *Campbell's* ready-to-serve soups made from bone broth and high-quality ingredients, packed with functional benefits. Specifically, this new line will provide consumers with 20 grams of protein and an average of 8 grams of fiber, creating a highly differentiated mainstream offering.

Moving on, *Rao's* finished another fiscal year with strong performance, growing consumption 9.6% for the quarter and 11.3% for the year. *Rao's* sauce consumption increased 8.9% in Q4 and 9.4% for the year, largely driven by sustained distribution and velocity growth. The brand benefitted from a meaningful increase in marketing, as well as a solid contribution from our category-leading innovation in new-to-market Creamy red sauces. Household penetration reached 18.9% in fiscal 2026, up 170 basis points for the year and approximately 300 basis points in the two and a half years since the acquisition.

Rao's performance outside of sauce, including soup, pasta and frozen, grew 17.7% for the year, providing a strong complement to our core sauce business.

Rao's remains one of our top priorities, with substantial runway for greater household penetration, awareness and expansion both within the broader Italian sauce category and adjacent areas of the store. Our confidence is grounded in strong execution and a differentiated proposition built on time, quality ingredients and exceptional taste.

Substantial marketing support reflects the size of the opportunity. Following a strong double-digit increase in media spending last year, we will increase support once again in fiscal 2027, with a new advertising campaign highlighting both the time we take to slow simmer our sauces and the value of making time for shared meals with friends and loved ones.

Now, let's turn to Snacks. Consumption and organic net sales declined 5.1% and 6%, respectively, reflecting improved performance in core *Goldfish* and sequential progress in fresh bakery, while salty snacks remained weak. Fiscal 2026 was clearly a challenging year for the Snacks division. However, with strong new leadership, a streamlined operating model, and a clear focus on everyday great execution, we are taking the right steps to turn around performance.

Turning to our brands, growing *Goldfish* is critical to the long-term top and bottom-line health of the Snacks division. The headline 1.1% consumption decline masked encouraging progress in the core. As you may recall, during fiscal 2026, we refocused the brand on its legacy as a leader in snacking for families with kids. Core consumption returned to growth, supported by double-digit e-commerce growth and our collaboration with *Pokémon™*, reinforcing our confidence in the strategy.

As we begin fiscal 2027, our investment plans and in-market activity reflect the brand's central proposition as a wholesome, fun snack for families with kids. Back-to-school activity will include expanded omnichannel investments supporting key family-oriented offerings such as multipacks, alongside a new marketing campaign with playful advertising that reinforces the brand's family-friendly legacy and "the snack that smiles back" positioning.

Our packaging is also being refreshed, with new callouts that highlight the brand's well-established positive attributes, including no artificial colors or preservatives, 100% real cheese, and that *Goldfish* are always baked, never fried. This fall, we will launch protein, whole grain, and, for the first time, gluten-free options. We are listening to our consumers, and the team has responded with speed and agility.

Turning to *Pepperidge Farm* fresh bakery, we remain focused on improved everyday execution, service, and the measured return of promotions. Consumption declined 4.4% in Q4, an improvement from Q3, as expected, benefiting from a continued focus on execution within our network and in stores. As we enter fiscal 2027, strong in-store execution and on-shelf availability remain important near-term opportunities, with innovation set to launch in the back half.

Total consumption for *Pepperidge Farm* cookies declined 4.7% in Q4, with mixed trends across the portfolio. Sales for *Milano* were down versus prior year but grew at a low double-digit rate on a two-year basis, largely reflecting strong year-ago performance for White Chocolate *Milano* and the halo effect on the core. Our *Distinctive* portfolio was strong once again, led by *Chessmen* and the contribution from our limited-edition *Maggie's Apple Pie*.

Looking ahead, we will build on recent success with on-trend innovation and a national media campaign highlighting the rich flavor and indulgence of a *Pepperidge Farm* cookie. With an expanding portfolio of delicious and on-trend offerings, and brand awareness levels far below leading peers, we see a meaningful opportunity over time to build household penetration and drive growth.

Finally, salty snacks retail sales declined 7.8%, capping a difficult year. Pretzels declined 5.4%, helped by *Snyder's of Hanover* which lapped prior-year distribution losses, while driving growth in the unflavored portfolio as a result of strong America 250 execution. Chips were under pressure, down 9.4%, largely driven by *Cape Cod* and *Kettle Brand*, as the category continues to be highly competitive. Across our salty snacks portfolio, we are taking action to improve our competitive position.

There is a lot of hard work ahead to turn around our Snacks performance, but our priorities are clear. First, we are strengthening our focus and returning to core fundamentals, meeting consumers where they are. Second, we are reducing our costs, tightening our assortment and using our revenue growth management capabilities to improve price-pack architecture and trade efficiencies. Third, we are focusing on core items and everyday great execution to improve service, on-shelf availability and productivity. This turnaround will take time, and performance may not improve in a straight line, but we are committed to this important simplification work as the first step on our path back to growth.

To wrap up, we expect the operating environment to remain challenging, with continued pressure on consumers and elevated costs affecting our margins. We are not waiting for these conditions to improve. We are increasing our focus on the consumer, concentrating investment behind our best opportunities, strengthening execution, reducing costs and taking action to strengthen our balance sheet. These choices are difficult but necessary. They will not improve performance overnight, but they are designed to restore growth, rebuild margins, reduce leverage and position Campbell's for sustainable long-term value creation.

Let me now turn it over to Todd.

Todd Cunfer, Chief Financial Officer

Thank you, Mick, and good morning, everyone. I will review our fourth quarter fiscal 2026 results, detail the actions we are taking to improve our performance and strengthen our financial profile, and then finish with our fiscal 2027 outlook.

Fourth quarter organic net sales declined 1%, as strength in Meals & Beverages was more than offset by softness in Snacks. Volume/mix declined 1% while net price realization was slightly positive.

Adjusted gross margin declined 190 basis points to 28.6%. Cost inflation of nearly 6% and other supply chain costs were partially offset by productivity.

Adjusted EBIT declined 25% primarily due to pressure on gross margin.

Adjusted EPS of $0.39 reflected the adjusted EBIT decline and below-the-line items, including a higher diluted share count. Our diluted share count now reflects the option to use equity for the second La Regina payment due next May.

Meals & Beverages organic net sales increased 3%, driven by 0.8% US retail consumption growth and an approximately $30 million timing benefit related to last year's Sovos SAP implementation. Segment operating earnings declined 12%, primarily due to inflation.

Snacks organic net sales declined 6%, reflecting weaker U.S. retail consumption trends and lower contract and partner sales. Segment operating earnings declined 34% primarily due to inflation and volume deleverage.

Fiscal 2026 operating cash flow was $1.0 billion, a decline of nearly $100 million due to lower cash earnings. Capital expenditures totaled $361 million, while we returned $496 million to shareholders primarily through dividends.

At year-end, the company had approximately $394 million in cash and cash equivalents, and approximately $7.1 billion in debt, bringing our net leverage ratio to 4.3x[1].

Restoring top-line growth, rebuilding margins and reducing leverage to approximately 3.0x will require a series of decisive actions, many of which are already underway and will accelerate in fiscal 2027.

First, we are launching a new enterprise-wide savings program targeting $500 million of cost reductions by fiscal 2030. This is separate from our annual productivity initiatives, which will continue to target an average of approximately 3% of cost of products sold. This new program will include the remaining initiatives from our prior program, the overhead savings initiative announced during the third quarter of fiscal 2026, and plans designed to improve how the company manages and deploys its direct and indirect spending.

Several actions are already underway, including the closure of two snacks plants in Hyannis and Jeffersonville, and recently completed workforce reductions. Specifically, through a voluntary early-retirement program and involuntary reductions, we reduced our salaried workforce by approximately 13%. Together, these actions are designed to improve speed and accountability while supporting our margins and cash flow.

[1] Net leverage defined as net debt divided by trailing twelve-months adjusted EBITDA. Note net leverage as of August 2, 2026 includes only three months contribution from La Regina and the initial payment made on May 4, 2026.

Second, we will pursue targeted net price realization, supported by expanded revenue growth management capabilities and inflation-driven actions already communicated to our retail partners. While volumes may be pressured in the near term, these were necessary decisions to protect our margins and preserve our ability to invest in our brands.

Third, we must improve cash conversion and accelerate deleveraging. We will reduce net working capital while prioritizing high-return capital projects.

Finally, as announced this morning, we are resetting the quarterly dividend to $0.25 per share, or $1.00 per share on an annualized basis, a reduction of 36%. This action is expected to reduce annual cash outflows by approximately $170 million, which we intend to direct towards debt reduction.

Our priorities are clear: return Campbell's to a sustainable, long-term value creation model, reduce financial risk, and maintain our investment-grade credit rating.

Let's now turn to guidance. Our fiscal 2027 outlook reflects multiple cross currents impacting our industry and our business, and includes a balanced view of both near-term risks and the margin benefits we expect to build throughout the year.

As laid out in our press release, we expect:

- Net sales to decline 2% to 4%, including a modest contribution from La Regina;
- Adjusted EBIT to decline 7% to 12%; and
- Adjusted EPS of $1.65 to $1.80, representing declines of 17% to 24%.

Organic net sales are expected to decline 2% to 4%. This outlook assumes underlying consumption trends remain broadly consistent with recent levels. Quarterly results will likely vary, notably reflecting elevated investment spending in Q1, and the impact of pricing and related elasticity beginning in Q2. For the full year, we expect net pricing to be a low-single-digit benefit.

Our adjusted EBIT outlook includes several key assumptions:

- Combined raw material and packaging inflation of 5% to 6%
- Double-digit logistics inflation, driven by higher diesel costs and reduced driver availability
- Productivity above 4%, with realized benefits building across the year
- Total operating expenses down slightly on a dollar basis, including an approximately $50 million impact from resetting expense levels associated with the company's incentive compensation plans
- Marketing and selling expenses to increase as a percentage of net sales. We will concentrate support behind our strategic growth priorities, including marketing campaigns for *Campbell's, Rao's*, *Goldfish* and *Pepperidge Farm*.
- More than $100 million of cost reductions under our new enterprise-wide program

Below adjusted EBIT, we expect an approximately 10-point headwind to adjusted EPS growth from the following items:

- Interest expense of $345 million to $350 million, reflecting the La Regina acquisition and higher costs associated with an upcoming refinancing;
- Full year earnings attributable to noncontrolling interests of $15 to $20 million; and
- A diluted share count of approximately 308 million, reflecting the La Regina acquisition and the previously announced elimination of anti-dilutive share repurchases from our near-term capital allocation priorities.

La Regina is expected to be broadly neutral to adjusted EPS.

Note that this guidance includes the company's current understanding of government policy and tariffs, and does not assume any impact from new tariffs or changes to existing tariff rates.

Please see slide 28 in our earnings presentation for a comprehensive review of these and other assumptions supporting our full fiscal 2027 outlook.

In terms of phasing, we expect Q1 declines for organic net sales and profits to be below the lower end of our full year range, with sales declines driven primarily by weakness in our Snacks division and a significant investment to support innovation and holiday programming in Meals & Beverages. Expected margin pressures also reflect elevated cost inflation, productivity, and cost savings initiatives that will build as the year progresses. As a result, we expect Q1 adjusted EBIT margins of approximately 10%. After Q1, we expect the year-over-year trajectory to improve, benefiting from the building contribution of productivity, cost savings and net price initiatives.

That concludes our prepared remarks. Our live Q&A webcast will begin at 9 a.m. Thank you for your continued interest in The Campbell's Company.