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# The Campbell's Co. (CPB)

Barclays Global Consumer Staples Conference

## CORPORATE PARTICIPANTS

**Carrie L. Anderson**

*Executive Vice President & Chief Financial Officer, The Campbell's Co.*

**Mick J. Beekhuizen**

*President, Chief Executive Officer & Director, The Campbell's Co.*

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## OTHER PARTICIPANTS

**Andrew Lazar**

*Analyst, Barclays Capital, Inc.*

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## MANAGEMENT DISCUSSION SECTION

**Andrew Lazar**

*Analyst, Barclays Capital, Inc.*

Great. Good morning. If you could find your seats, we'll kick off our next session. Welcome back for our fireside chat with The Campbell's Company, still getting used to the new name. With us today, our CEO, Mick Beekhuizen; and CFO, Carrie Anderson. Thank you both for being here.

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**Carrie L. Anderson**

*Executive Vice President & Chief Financial Officer, The Campbell's Co.*

Yeah.

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**Andrew Lazar**

*Analyst, Barclays Capital, Inc.*

As a reminder, Campbell will not be holding a breakout following today's fireside chat, just to remind everybody.

## QUESTION AND ANSWER SECTION

**Andrew Lazar**

*Analyst, Barclays Capital, Inc.*

Q

So, Mick, maybe a good place to start would be you've now been in the CEO role for about six months or so. How has it been so far? While already very familiar, obviously, with the company having been in key leadership roles across the company, I guess are there any new learnings? How is your view of the company change, if at all?

**Mick J. Beekhuizen**

*President, Chief Executive Officer & Director, The Campbell's Co.*

A

Yeah, first of all, Andrew, thank you for having us.

**Andrew Lazar**

*Analyst, Barclays Capital, Inc.*

Q

Of course.

**Mick J. Beekhuizen**

*President, Chief Executive Officer & Director, The Campbell's Co.*

A

I really appreciate it and thank you, all, for being here. We had – so, I came into the company originally as CFO, then I became President of Meals & Beverage. Now, CEO since a little over six months. If I look at the overall company, whom I obviously very familiar with, no big surprises. That being said, the environment obviously continues to evolve, which is something that in all these different roles has – it's been a very different environment throughout that six-year time period.

So, maybe kind of the one thing is, as CEO, just really stepping back and knowing what we know, which is an amazing portfolio of brands and figuring out in this environment how can we make sure that we get back to that sustainable, profitable growth. So, nothing changed with regard to my perception of the overall portfolio, great portfolio of brands. If I have anything, I see more and more opportunity now than I'm sitting in the seat that I'm in. And we just need to make sure that in this environment, we capitalize on it. Focus on the controllables and make clear that there are certain areas that we don't control, but what are we going to do about it with the controllables.

**Andrew Lazar**

*Analyst, Barclays Capital, Inc.*

Q

Yeah, thank you for that. Campbell reported fiscal fourth quarter earnings just yesterday, provided its initial outlook for the coming fiscal year. I guess, broadly, what are the key couple of takeaways that you want investors to come away with? And after that, we'll talk with Carrie a little bit about getting into some more of the details around guidance. But just more broadly, Mick.

**Mick J. Beekhuizen**

*President, Chief Executive Officer & Director, The Campbell's Co.*

A

When I – and you heard us talk a little bit about this is, first, stepping back, the consumer is evolving. And making sure that we, as an organization, we realize that and we are very conscious about that evolution of the consumer, I believe, is really important. And you saw that in the framework that we talked about during the earnings call. And that's really coming back to things like premiumization, flavor exploration, as well as health and wellness and

cooking comfort. And those are the trends that we are seeing with the consumer that are actually playing well with our portfolio.

Now that being said, we need to make sure that we continue to evolve with our portfolio. What does that mean? That means we need to make sure that we invest in our brands, and you heard us talk a little bit about that, as well as making sure that we have continued successful innovation. We've made progress on innovation. We need to make sure that we continue to do that across the board. So, that's probably more from an evolution of the consumer perspective.

Then, the other thing that is obviously out there right now, it's – we call it the dynamic operating environment. And that's coming back to, obviously, we have tariffs and we talked about that we need to make sure that we, as a result, do as much as possible in order to help mitigate that. At the same time, we need to make sure we generate fuel for what I just talked about to invest in our brands. So, how do we do that? We need to make sure that we continue to stay focused on productivity initiatives. And you heard us talk about increasing the overall focus on that from 3% to 5% of cost of goods. And on top of it, we increased overall cost savings targets really on the one end to mitigate some of these headwinds that I just described, but also to invest in our portfolio.

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**Andrew Lazar**

*Analyst, Barclays Capital, Inc.*

Q

Great. Thanks for that. And then, Carrie, I guess maybe just hoping we could dive a bit deeper on some of the key puts and takes on the outlook for fiscal 2026.

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**Carrie L. Anderson**

*Executive Vice President & Chief Financial Officer, The Campbell's Co.*

A

Yeah.

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**Andrew Lazar**

*Analyst, Barclays Capital, Inc.*

Q

And maybe any detail on phasing, particularly as it relates to the fiscal first quarter?

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**Carrie L. Anderson**

*Executive Vice President & Chief Financial Officer, The Campbell's Co.*

A

Yeah, well, let me start with the top line. So, our organic growth, we're expecting a range of minus 1% to basically plus 1%. So, the midpoint of that range is flat organic growth. And I would say, as we think about the businesses, the continued momentum of Meals & Beverages, we've talked considerably about the at-home cooking trends. And so, that momentum will continue for Meals & Beverages as we move into fiscal 2026, as well as stabilization of Snacks in the second half. So, that forms essentially kind of the range for minus 1% to plus 1% organic growth.

And I'll go to the bottom line and then we'll come back a little bit to the phasing piece. On the bottom line, we've got a few moving parts here. Obviously, we had a benefit of an additional week in fiscal 2025. So, the basis of our growth for our guidance range is essentially taking fiscal 2025 and taking the additional week out. We have a divestiture, Pop Secret and noosa that we're adjusting for, that's about a \$0.04 impact there.

So, if you adjust for that extra week, you adjust for the divestitures essentially and then you look at the midpoint of our guidance range for EPS, it's effectively about \$0.40 down at the midpoint of the range. And I would say, as you look at that decrease year-over-year of about that \$0.40 range at the midpoint, about two-thirds of that is the tariff headwind that Mick talked about. Again, working to mitigate that, but for fiscal 2026, we won't be able to

mitigate all of that. Our expectation is we'll be able to mitigate about 60% of that, and that's embedded in that guidance.

And then, the other third is the rest of the business. And I would characterize the rest of the business as – and we talked a bit about, as Mick talked about, investing in our brands. So, stepping up our marketing and selling within a 9% to 10% range. So, at the midpoint, 9.5%. And also, we've got some reset of incentive compensation then. And so, all of those things are considered in that other basically one-third of the other difference there.

Now, regarding your question on phasing, the way I would look at it and I'll do it from a top line perspective because I think that's the easiest to do, we have some lumpiness and most of that lumpiness is because what we're lapping from last year. But if you look at first half and second half, generally, I would expect to see some sequential improvement in the first half year-over-year and in the second half year-over-year.

Particularly for Snacks, I would say, you'd see some – it won't be a perfect linear line, but I would say sequential improvement as we talk about, again, Snacks being stable – reaching stabilization in the second half of the year. For Meals & Beverages, that's where the lumpiness comes in. And so, it's really important that you understand what we're lapping.

In the second half of fiscal 2025, if you recall, we did a lot of work on Sovos integration. One of the things we did there is we integrated it into our ERP system. And so, as a result of that, we saw some retailers pull forward some shipments in Q3 ahead of that implementation and then those things reversed out in the fourth quarter. So, we're going to lap that as we move into fiscal 2026 in the back half of the year. And as it relates to Q1, I would say, look, Q4, we were at minus 3% organic net sales growth across the entire company. I would say, we would expect a modest sequential improvement. Still, I would expect our organic net sales in Q1 to be down mainly for the reasons I just talked about.

For Snacks, it's going to be about that gradual improvement. So, still some pressure there in Q1, maybe sequentially a little better than Q4, but sequentially still down. And for Meals & Beverage, the other thing, there is some lumpiness in Q1, a couple of things. One, for Rao's, we have some promotion shifting from Q1 into Q2, and that's just affected the – of the way the calendar – the promotion calendar lands. And second, we had some benefits from weather last year with some hurricanes last year. So, that benefited our meals and sauces part of the business last year. And so, we're lapping that. So, I hope that gives you a little bit of framing of how we're thinking about guidance.

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**Andrew Lazar**

*Analyst, Barclays Capital, Inc.*

Q

Yeah. Thank you for that very, very helpful color. Maybe we can drill down to the segment level a little bit. Campbell's, as you mentioned, looking for continued momentum in Meals & Beverages. I guess, what are the key drivers of the organic sales performance in this segment in fiscal 2026? Would you expect to be able for this segment to deliver positive year-over-year growth for the year, and I guess based on some prior-year comparisons and some shifts, obviously, you talked about some of the lumpiness that obviously we'll keep in mind as well?

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**Mick J. Beekhuizen**

*President, Chief Executive Officer & Director, The Campbell's Co.*

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Let me start off, and then...

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**Carrie L. Anderson**

*Executive Vice President & Chief Financial Officer, The Campbell's Co.*

Yeah, go ahead. Yeah, please.

A

**Mick J. Beekhuizen**

*President, Chief Executive Officer & Director, The Campbell's Co.*

...you can add. So, if you look at fiscal 2025, one of the things that – and I mentioned it earlier from an overall consumer perspective, you see that cooking and cooking at home has been a positive trend. And that's definitely something that is playing right within part of our portfolio on the Meals & Beverage side. And you see that, particularly if you step back and you look at the M&B portfolio, you see on the one hand, sure, you see soup, but within that part of soup is also used as an ingredient, right. For instance, broth, but also part of condensed is used as an ingredient. And so, on top of it, we are having easy meal solutions with, for instance, Italian sauce with two amazing brands, right.

On the one hand, we obviously have a very strong foothold with Prego. But on the other hand, we also have Rao's now in the portfolio. And as you saw in Q4, Rao's continued to grow pretty strongly. But you put that all together and you look at the consumer continuing to look for value and convenience, and you combine that with the overall focus on cooking at home and exploration, that is something that we believe our Meals & Beverage portfolios fits very well with.

**Andrew Lazar**

*Analyst, Barclays Capital, Inc.*

Perfect. Maybe for soup, on the one hand, [ph] like (00: 19: 04) tariffs on tinplate and steel has led the need for some pricing actions and other mitigating actions. On the other hand, the consumer obviously remains incredibly sensitive around value, and soup plays an important role certainly in supporting the consumer at times like these. I guess how do you balance these two dynamics and what are you seeing in soup specifically in the competitive landscape at this point?

Q

**Mick J. Beekhuizen**

*President, Chief Executive Officer & Director, The Campbell's Co.*

Yeah, I agree. And I just mentioned it, making sure that we provide value to the consumer is really important. Now, value obviously is defined not solely by price. If you look, for instance, at our overall meals and beverage portfolio, arguably I personally think that Rao's is one of the better values that we provide. It is providing an easy meal. And if you compare it, an easy meal had really high quality and really that premium at-home experience which, by the way, I [ph] cook it after (00: 19: 59) myself, you can't fail, right, you always have success, which is really important when you cook for a household.

And so – and if you look at the alternatives, particularly if you order in, for instance, some of those comparisons have been made in the past, it's at a way higher price points. And if anything, actually those price points have been moving up. So, value is something that really goes back to your earlier point. We really got to make sure we look at the details across our portfolio.

If I look at soup specifically, it plays the same part within that, where we have on the one hand premium offerings like Rao's soup, but also Pacific. And on the other hand, we also have areas like, for instance, on the condensed side where it provides an ingredient where it arguably also provides a lot of value because if you were to try to put all these different pieces together yourself, you would also have a – you very clearly see that you're providing good value at the price point.

A

Now, back to pricing specifically and some of the actions that we've been taking. We are very surgical about the approach. We take into account everything that I just talked about in making sure that we connected back to the consumer, we look at the value that we're providing to the consumer. But at the same time, once we have implemented pricing, we are making sure that we stay very close to how is it responding. The other thing is that the way that we've been thinking about it is that price points throughout the year also matter. And making sure that during the moments that really matter, if you want to call it that, we often refer to it as key drive periods, we want to make sure that we have a competitive price point. Like, for instance, broth over the holidays is a good example.

So, long story short, some surgical pricing, taking into account all these different considerations and in the meantime, making sure that we stay on top of it and that we course correct if necessary.

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**Andrew Lazar**

*Analyst, Barclays Capital, Inc.*



And then, thinking longer term, getting soup right has always been critical to the success of Campbell. And although, soup has been removed from the name, right, its importance remains. I guess where do things stand on soup if we're thinking more broadly? Is it now in the kind of place where you want it to be now with just managing it? Or is there still more work to be done to sort of set up the foundation, so that it can ultimately continue to deliver more consistently?

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**Mick J. Beekhuizen**

*President, Chief Executive Officer & Director, The Campbell's Co.*



Yeah. Having being the Meals & Beverage President, obviously, I wholeheartedly agree just having spend a lot of time on soup over the past couple of years. It's really important for Campbell's, despite the fact that it's no longer in the name. We stay very focused on it.

I think the other thing that we've learnt and you've been following Campbell's longer than I have, but if you look at the company itself, we've actually realized that we need to make sure that we stay close to soup. You've got to continue to invest in it. And we've got to make sure that we continue to nurture the brands in that portfolio. You can't take your eye off the ball. So, we're staying very focused on it, and we're going to make sure that we continue to evolve that portfolio with the consumer.

If I look at where the portfolio is right now, I look at it probably back to some of the earlier commentary around cooking. I look at it in two pockets. On the one hand, we have soup as an ingredient which is coming back to broth, which done really well. Again, on broth, we have two brands. On the one hand, we have Swanson. On the other hand, we have Pacific. Both of them – one of them more of a lower price point offering, the other one more of a premium price point offering also with organic orientation and focus, that's being Pacific.

And then, so within the soup as an ingredient pocket, we also have condensed. And condensed, I'll call about half of the condensed business is used as an ingredient for cooking. Think about the cream of mushroom. Think about cream of chicken, cream of chicken with herbs. Those types of ingredients are, back to my earlier comment, very hard to replicate. But they make amazing meals and they provide, as a result, a great value. And we continue to see growth within that particular pocket of condensed soup.

Now, the other piece is, I'll call it, more convenience driven, which is ready-to-serve soup. On the ready-to-serve soup, we are seeing the premium offerings, whether it's Rao's or Pacific, we continue to see growth there. I feel very good about that, if anything, continued opportunity. Chunky has done really well. We have obviously over the

past, call it, five, six years, continue to focus on reigniting that brand. And the team has done a great job around that, and I believe we're going to continue to be able to grow within the area and the offering that Chunky provides.

If I then look at the broader ready-to-serve soup, there's a lot of onesies, twosies or areas within that. We took some action on discontinuing about now a little over – about a year ago, Well Yes!. We started to focus that portfolio. I still think across that portfolio, we got a little bit more work to do to make sure that we really provide good value.

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**Andrew Lazar**

*Analyst, Barclays Capital, Inc.*

Q

Great. Maybe I guess, how do you view the runway for growth for the Rao's brand? What are the biggest areas of opportunity? And are there still distribution opportunities available?

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**Mick J. Beekhuizen**

*President, Chief Executive Officer & Director, The Campbell's Co.*

A

Yeah, first of all, we are super excited to have Rao's within the portfolio. We obviously did the acquisition when I was President of Meals & Beverage Division. I think it fits really well within Meals & Beverage. It's truly complementary, making sure that you have, on the one hand, Prego which is call it more than mainstream offering. And at the same time, you have Rao's which is that premium offering.

If you look at the past quarter, you saw that we grew in the high single digits. I believe that you've seen some of these comparisons to Prego, and you see that there's – continued to be a lot of upside opportunity if you do that comparison. Now, specifically with regard to Rao's, when I step back and I look at it, you have high single-digit household penetration. You have extremely good repeat rates within the business. We call, as I've mentioned before, like Sauce is boss, we always say. Sauce still has a lot of runway as a result through innovation, but also through some incremental distribution opportunities.

If I look more broadly at the Rao's brand, Risa and I often have conversations about, hey, how can we continue to stretch the brand across the store. So, long story short, we're close to \$1 billion on Rao's and encouraging the team to quickly fly through that \$1 billion.

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**Andrew Lazar**

*Analyst, Barclays Capital, Inc.*

Q

Great. Rao's delivered, I think, pro forma revenue growth up high single digit in fiscal 2025. And you've spoken about sort of the business being more of a mid to high single-digit grower over time. I guess for fiscal 2026, would you anticipate Rao's still remaining at that high single-digit level or is that likely be more in the long-term range?

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**Mick J. Beekhuizen**

*President, Chief Executive Officer & Director, The Campbell's Co.*

A

Well, listen, we're always – we, as a team, are always very ambitious. And we want to make sure that we continue to drive growth across that brand. As I just said, I'm a really big believer. When I think about the range of mid to high single digit, I think that's the right range.

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**Andrew Lazar**

*Analyst, Barclays Capital, Inc.*

Q

Maybe shifting gears a little bit to Snacks. I guess, you're looking for the business to sort of stabilize in the back half of the year. Maybe first off, does that mean Snacks will stabilize at some point in the second half? Or could Snacks be sort of flat in the second half? And then just more, what gives you the confidence that you can stabilize Snacks that it will ultimately come to fruition? I guess how much of the improvement is sort of easier comparisons versus, let's say, fundamental improvements, and how much maybe is category related versus better competitiveness, as you've talked about?

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**Carrie L. Anderson**

*Executive Vice President & Chief Financial Officer, The Campbell's Co.*

A

Yeah, I'll start there and then turn it over to Mick to give some more color and context on your question around categories and assumptions there. At the midpoint of our range, again, we're expecting about flat organic growth across the company, and I would say for Snacks, again, stabilization in the second half. So, the anticipation there is that you'd see some amount of category stabilization as well that will be beneficial as we look to stabilize our own business within that. I would say, again, gradual improvement as we move through the year. But I would say, at the midpoint, we would expect to return to some growth, modest growth in the second half of the year as part of that midpoint of that guidance range. Okay.

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**Andrew Lazar**

*Analyst, Barclays Capital, Inc.*

Q

Great. That's helpful.

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**Carrie L. Anderson**

*Executive Vice President & Chief Financial Officer, The Campbell's Co.*

A

When I look at our snacking business. So, switching gears from M&B to snacking, great portfolio of brands. And I know we often talk about this, but if you look at – and maybe this is helpful, it's just stepping back for a second, 16 leadership brands, right, and eight in Meals & Beverages, eight in Snacks. We've been very focused over the years in making sure that we have brands that we can truly be proud of, right. Over the past six years, we divested, I think, seven brands that we believe are non-strategic for our portfolio and we obviously added Rao's to it, which we believe will create value for the enterprise.

Now, within the eight brands within the snacking portfolio, they're very well positioned. So, that's one. I think the second thing is particularly when I look at that framework that we described earlier with regard to the consumer and these brands have a reason to win within all these different areas, and that gives me a lot of confidence. And you see proof points. So, listen, we still got a lot of work to do. We got to make sure that we stay on it. We got to make sure that we execute. And you hear me very often talk about it. But you look, for instance, what we did in Milano cookies, with Milano cookies. Milano cookies with the launch of white chocolate, Milano's.

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**Andrew Lazar**

*Analyst, Barclays Capital, Inc.*

Q

I just tried the chai latte, by the way.

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**Mick J. Beekhuizen**

*President, Chief Executive Officer & Director, The Campbell's Co.*

A

Okay, good. Did you like it?

**Andrew Lazar**

*Analyst, Barclays Capital, Inc.*

I do. I do.

Q

**Mick J. Beekhuizen**

*President, Chief Executive Officer & Director, The Campbell's Co.*

[indiscernible] (00: 30: 51)?

A

**Andrew Lazar**

*Analyst, Barclays Capital, Inc.*

Once you start, it's hard to stop.

Q

**Mick J. Beekhuizen**

*President, Chief Executive Officer & Director, The Campbell's Co.*

I know. That's what we see in the numbers? So, Milano Cookies was up like 27% this past quarter. And it is not only the launch of the Milano White Chocolate that's a big success, but it also halos to the broader brand. And that is, I think, the power of innovation. And it also shows you how important innovation is. It also shows you that despite the fact that the overall cookie category is down, we actually can grow nevertheless with the brands that we have because that growth in Milano basically lifted the overall cookies portfolio that we have. So, specifically to your question about category versus consumption growth, a little bit of category stabilization in the second half, particularly as we're starting to get easier comps and then further fuel that with incremental execution on our end.

A

**Andrew Lazar**

*Analyst, Barclays Capital, Inc.*

Maybe what are you seeing from the – specifically the salty snack category at this point, and what's the plan to sort of better compete in this current environment?

Q

**Mick J. Beekhuizen**

*President, Chief Executive Officer & Director, The Campbell's Co.*

Yeah, salty, again, we have great brands. If I look for – on the chips side with Kettle, Cape as well as Late July, and then on the pretzel side with Snyder's of Hanover but also Snack Factory, you see that we play in different parts of these categories. And if you really step back, you see that we are actually participating in the subcategories where the demand is. There's growth in Kettle chips, there is growth in pretzels. And we have a right to win within all these different areas.

A

Now, that doesn't mean that we don't have work to do. You see, for instance, on the pretzel side, we have launched some great innovation with Pop'ums that is really helping and lifting Snack Factory. It also allows us to participate in a different part of the grocery store because Snack Factory was obviously in the deli aisle. Now, this is in the salty aisle and it allows us to really start elevating a brand like Snack Factory.

If you look, for instance, at Late July on the chips side, we have still a lot of distribution opportunities, and the team is working on that. When I step back and I look at all those different pieces, it comes back to making sure that we support our brands, make sure that we have the right innovation. But it also comes back to price pack architecture. Do we have the right price points for the right occasion? Like for instance, multi-packs is a good example within that salty space. Some other market participants have already grown significantly in there, in that

space. We still have a long way to go and a lot of opportunity. That then also comes back to continued focus on the in-store execution and distribution and working with our DSD partners.

**Andrew Lazar**

*Analyst, Barclays Capital, Inc.*

Q

Yeah. Campbell's targeting marketing spend to be in the 9% to 10% of net sales range. I guess, where do you expect to – where would you expect to be in this range in 2026? And I guess what gives you the confidence that that level of marketing is sort of sufficient to drive the desired top line outcome?

**Carrie L. Anderson**

*Executive Vice President & Chief Financial Officer, The Campbell's Co.*

A

Yeah. And I'll start. Again, at the midpoint of the range, I mentioned this earlier, around 9.5% is what we would assume at the midpoint. And I would say, we'll gradually phase into that. So, you won't start maybe at that rate, it will still be year-over-year higher even in Q1, but we'll phase into that. But I would say for the overall year, I would say 9.5%. And certainly there are – and going back to some – something what Mick said is, certain drive campaigns that obviously are important from even a marketing support standpoint, whether it's new innovation launches or whether it's the holiday season, those are areas, particularly in Q2, we will see a step-up and even into Q3.

**Andrew Lazar**

*Analyst, Barclays Capital, Inc.*

Q

And Carrie, I know you touched on this on the call. But how are we thinking about the need for, sort of broadly from a corporate level, the need for price investments in fiscal 2026?

**Carrie L. Anderson**

*Executive Vice President & Chief Financial Officer, The Campbell's Co.*

A

Yeah. So, as part of our overall guidance, we did talk about for fiscal 2026 essentially a modest favorable net price expectation relative to fiscal 2025. And I would say, I'm going to go back to something again Mick said on surgical pricing. And so, I see the promotion environment relatively stable. So, I think what's driving that favorable net price is really on the pricing side. And as we think of a couple of things, and both divisions will benefit from slightly favorable net price for different reasons. For the snacking division, it's around some surgical pricing as it relates to inflation, specifically cocoa and eggs. And so, you'll see some of that pricing there. And then, on the M&B side, if we go back to the Section 232 tariffs, 60% of our tariff gross impact is coming from the steel/aluminum tariffs. And so, that disproportionately impacts Meals & Beverages. We have a number of levers that we're pulling there. And the net pricing is one of the levers – one of the pricing levers that we pull. But it's not the majority.

Certainly, all the other levers we talked about, whether it was inventory management, supplier negotiations and product optimization and product productivity savings are all part of that. But surgical pricing is – and look, again, on our soup cans, the steel/aluminum, it's a derivative of steel. It's called tinsplate. The domestic supply in the US is essentially capped, and so we're forced to go to overseas suppliers. If there was more domestic capacity, we'd certainly source it from the US. But as a result of that, we're limited. We're limited to where we can source tinsplate. And as a result, we do have to look at some surgical price increases. And so, that's built into our plan as well.

**Andrew Lazar**

*Analyst, Barclays Capital, Inc.*

Q

And I know Campbell increased its cost savings program from \$250 million to \$375 million.

**Carrie L. Anderson**

*Executive Vice President & Chief Financial Officer, The Campbell's Co.*

Yeah.

A

**Andrew Lazar**

*Analyst, Barclays Capital, Inc.*

I guess what's enabled the company to further this program and where are the incremental savings coming from?

Q

**Carrie L. Anderson**

*Executive Vice President & Chief Financial Officer, The Campbell's Co.*

Yeah. So, last year, we announced our enterprise cost savings program, it's called PEAK. And at the time we announced, it was \$250 million spanning from fiscal 2025 to fiscal 2028. And there's four broad categories that that savings comes from, the first of which is Sovos integration. The second of which is network optimization. And then, we've got IT and org effectiveness. And then, the last area is indirect procurement savings.

A

I would say we've seen some acceleration of that savings that gives us confidence to take the program up. In fiscal 2025, we delivered \$145 million of enterprise cost savings. A lot of that acceleration coming from the integration of Sovos. That will continue to be a source of savings as we move into fiscal 2026.

If you recall, I mentioned the ERP implementation in the end of the third quarter, beginning of the fourth quarter, that will unlock savings in fiscal 2026 as it relates to some back-office areas as we integrate the team. And so, that will be a continued source of savings, along with additional network optimization initiatives. I'd say in the beginning part in fiscal 2025 and 2026, majority of that savings or a larger portion will be in the SG&A space. And as you move through the course of that – of fiscal 2026 to 2028, you'll start to see a shift of more of that being on the gross margin side and comps.

**Andrew Lazar**

*Analyst, Barclays Capital, Inc.*

Great. Thank you. Mick, maybe with our sort of remaining moments, thinking about the long-term algorithm for a minute. This time last year, right, Campbell hosted an Investor Day, laid out its three-year strategy and provided some financial targets. Now, a lot has changed in that year and the operating environment obviously has remained challenged for longer than most would've expected. You're now CEO of the company rather than leading Meals & Beverages. I guess based on where we are today, right, how is Campbell viewing its strategic plan and growth targets? What, if anything, has changed and maybe what's not changed for Campbell in terms of sort of strategy and financial targets?

Q

**Mick J. Beekhuizen**

*President, Chief Executive Officer & Director, The Campbell's Co.*

Yeah. Yeah. As you're highlighting, obviously, a dynamic operating environment, lots going on right now. We just talked about it over the past, call it, 30 minutes, but we've been talking about it since I've become CEO. The environment continues to evolve. That being said, as I said earlier, it's like we are very focused on what we control and also when I look at the opportunity that we have, I'm a very big believer in the ability to get back to sustainable, profitable growth for Campbell's. And particularly, when I look at the overall portfolio that we have and the opportunity that we have within that, right. I mean, we talked a lot about the two divisions. But one of the things that you've seen me do since I've become CEO, I actually believe that with being a \$10-billion company,

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we should make sure that we take advantage of scale across the board. Also, particularly because we are North American focused, right.

So, having the ability to focus on, I'll call it, one geographical region, combine that with a portfolio of brands that I think are the best within the overall or as good as it gets probably across the overall CPG landscape, you have a portfolio that you should be able to continue to grow at a sustainable level. So, I feel good about us working towards that and the actions that we're taking, like for instance, with creating a growth office that is now making sure that we have the right capabilities across the board to get back to that sustainable, profitable growth. At the same time, I believe with what Carrie just talked about, that is continued opportunity around – on productivity, but also on the cost savings side.

So, i.e., we should be able to get to that consistent growth on the top line and have a little bit better flow-through. If I look specifically at the overall algorithm that we communicated at the end of last year, I'd probably say that the lower end of that range feels more realistic where I sit right now.

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### **Andrew Lazar**

*Analyst, Barclays Capital, Inc.*

Yeah, makes sense. Good. All right. I think that about does it. We're out of time here. Thank you for being here.

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### **Mick J. Beekhuizen**

*President, Chief Executive Officer & Director, The Campbell's Co.*

Thank you.

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### **Andrew Lazar**

*Analyst, Barclays Capital, Inc.*

Please join me in thanking Mick and Carrie for being here.

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### **Mick J. Beekhuizen**

*President, Chief Executive Officer & Director, The Campbell's Co.*

Thank you.

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