



Campbell's

Q2 2021
Earnings Presentation

Campbell's



Rebecca Gardy
Vice President
Investor Relations



Forward-Looking Statement

The factors that could cause actual results to vary materially from those anticipated or expressed in any forward-looking statement include: impacts of, and associated responses to, the COVID-19 pandemic on our business, suppliers, customers, consumers and employees; our ability to execute on and realize the expected benefits from our strategy, including growing sales in snacks and maintaining market share position in soup; the impact of strong competitive responses to our efforts to leverage brand power with product innovation, promotional programs and new advertising; the risks associated with trade and consumer acceptance of product improvements, shelving initiatives, new products and pricing and promotional strategies; our ability to realize projected cost savings and benefits from cost savings initiatives and the integration of recent acquisitions; disruptions in or inefficiencies to our supply chain and/or operations including the impacts of the COVID-19 pandemic, as well as fluctuations in the supply of and inflation in energy and raw and packaging materials cost; our ability to manage changes to our organizational structure and/or business processes, including selling, distribution, manufacturing and information management systems or processes; changes in consumer demand for our products and favorable perception of our brands; changing inventory management practices by certain of our key customers; a changing customer landscape, with value and e-commerce retailers expanding their market presence, while certain of our key customers maintain significance to our business; product quality and safety issues, including recalls and product liabilities; the possible disruption to the independent contractor distribution models used by certain of our businesses, including as a result of litigation or regulatory actions affecting their independent contractor classification; the uncertainties of litigation and regulatory actions against us; the costs, disruption and diversion of management's attention associated with activist investors; a material failure in or a breach of our information technology systems; impairment to goodwill or other intangible assets; our ability to protect our intellectual property rights; increased liabilities and costs related to our defined benefit pension plans; our ability to attract and retain key talent; negative changes and volatility in financial and credit markets, deteriorating economic conditions and other external factors, including changes in laws and regulations; unforeseen business disruptions in one or more of our markets due to political instability, civil disobedience, terrorism, armed hostilities, extreme weather conditions, natural disasters, pandemics or other calamities; and other factors described in our most recent Form 10-K and subsequent Securities and Exchange Commission filings. We disclaim any obligation or intent to update these statements to reflect new information or future events.



Agenda



Consolidated Results



Division Highlights



Q2 Financial Highlights



Full-Year Guidance



Keys to Future Growth



Q&A

Campbell's



Mark Clouse
President and
Chief Executive Officer

Q2 Fiscal 2021 Earnings Presentation
CEO Perspective



Strong Consolidated Results

+5%

Organic Sales*

+8%

Adj. EBIT*

+17%

Adj. EPS*

75%

**of Portfolio
Gained or Held
Share¹**

Key Highlights

- Strong execution across both divisions
- Returned to improved positive share growth as planned
- E-commerce in-market dollar consumption growth +89%²
- Provided full-year Fiscal 2021 outlook

*See Non-GAAP reconciliation

1. Total IRI U.S. MULO \$ consumption latest 13 weeks ending 1/31/2021

2. IRI eMarket Insights 13 weeks ending 1/31/2021



Meals & Beverages Division Performance

Win in Soup

+10%
Net Sales

8th
Consecutive Quarter
of Condensed Share
Growth¹



+25%
Pacific Foods
Consumption
Growth¹

+2pts
Chunky Share¹

Key M&B Brands



#1 Share for 21
Straight Months¹



4th Consecutive
Quarter of Share
Growth¹



Share Gains¹
+1.6 pts

**Double-Digit
Net Sales
Growth**

1. Total IRI US MULO \$ Consumption latest 13 weeks ending 1/31/2021



Snacks Division Performance

- +8% Power Brands consumption¹
- Double-digit consumption growth in Salty snacks¹
- Exceptional results in *Pepperidge Farm Farmhouse*
- *Goldfish* improving as supply recovered
- Significant progress on value capture with remaining runway on improving Snacks profitability



1. Total IRI US MULO \$ Consumption latest 13 weeks ending 1/31/2021



Strong Snacks Innovation Pipeline



Campbell's



Mick Beekhuizen
EVP & Chief Financial Officer

Q2 Fiscal 2021 Earnings Presentation
CFO Perspective



Financial Summary

Continuing Operations
(\$ millions, except per share data)

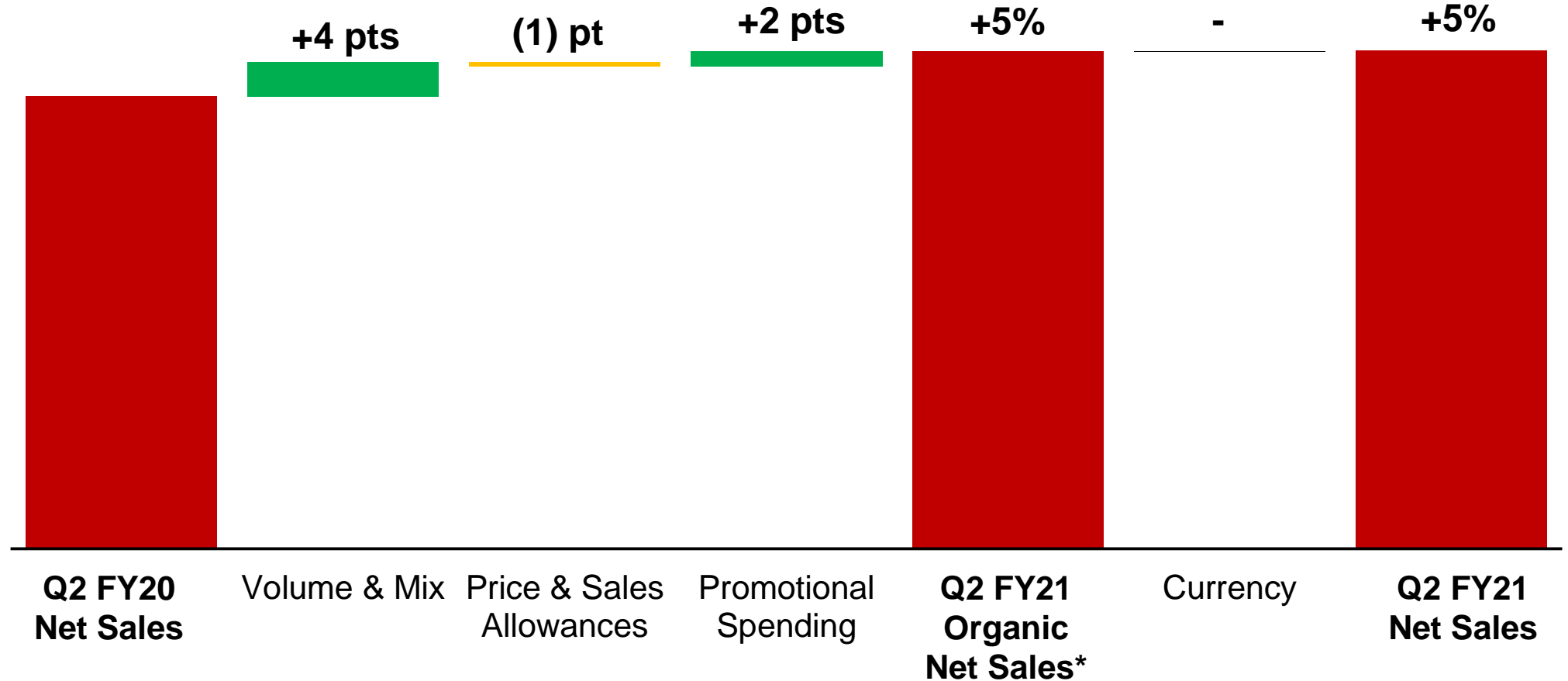
	Q2 FY21	Change vs. PY		H1 FY21	Change vs. PY	
		\$	%		\$	%
Net Sales	\$2,279	\$117	5%	\$4,619	\$274	6%
<i>Organic Net Sales*</i>		\$116	5%		\$298	7%
Adjusted EBIT*	\$393	\$29	8%	\$856	\$100	13%
Adjusted EPS*	\$0.84	\$0.12	17%	\$1.86	\$0.35	23%

*See Non-GAAP reconciliation



Components of Net Sales Growth

Continuing Operations



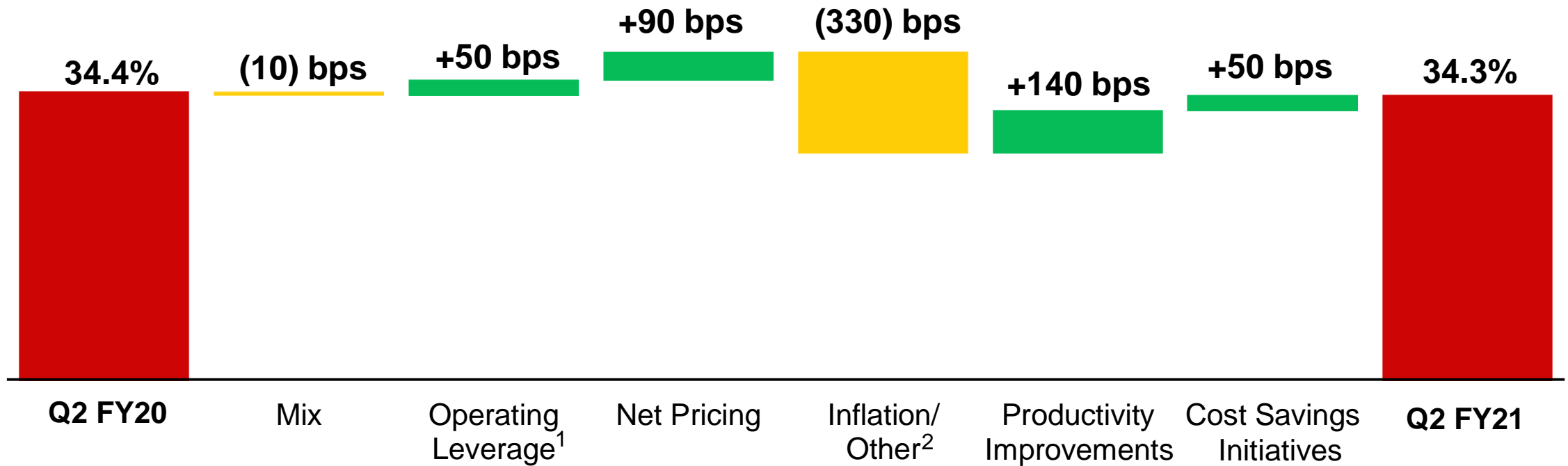
* See Non-GAAP reconciliation



Adjusted Gross Margin* Performance

Continuing Operations

-10 bps



* See Non-GAAP reconciliation

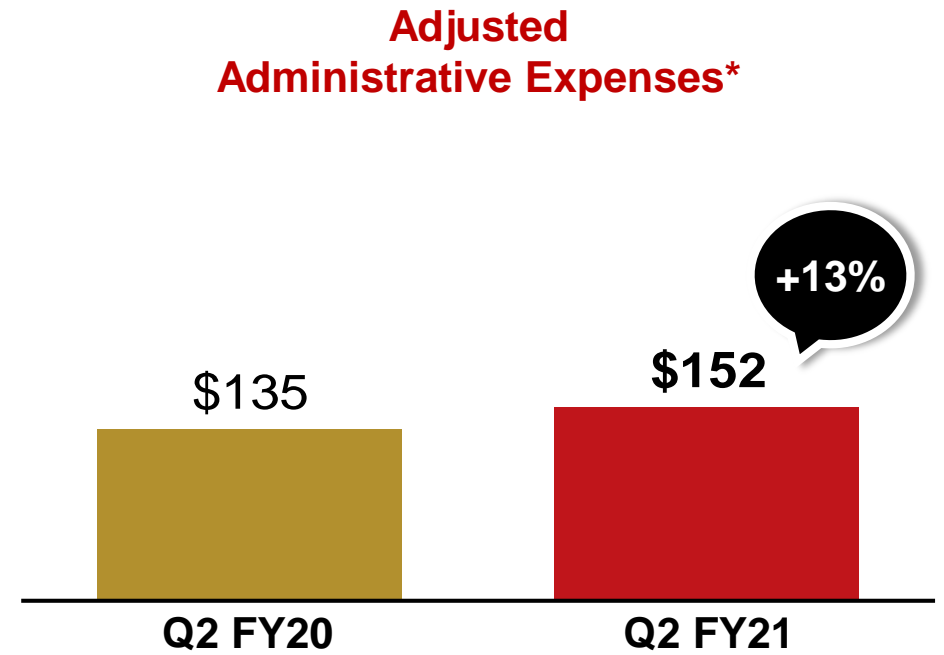
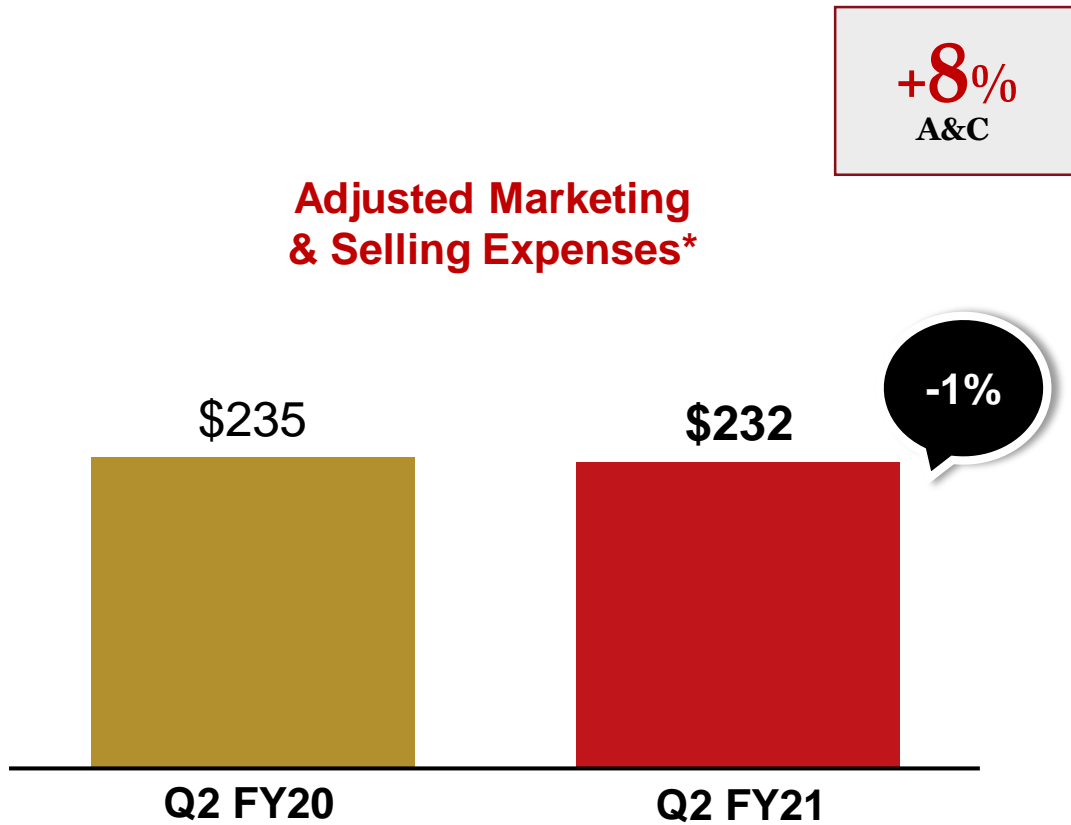
¹ Reflects best estimate of individual component

² Includes cost impact of COVID-19



Other Operating Items

Continuing Operations (\$ millions)



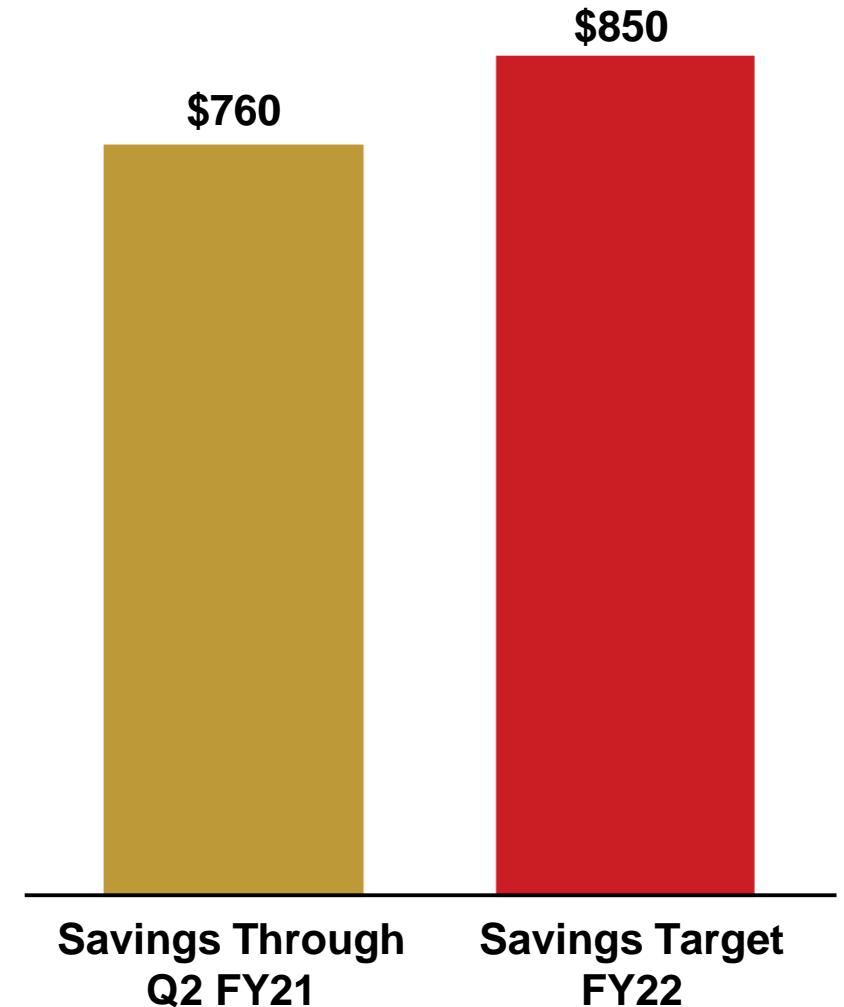
* See Non-GAAP reconciliation



Cost Savings & Value Capture

Continuing Operations (\$ millions)

- Total savings of just over \$20 million realized in Q2
- Target of approximately \$75 - \$85 million for FY21 with Snyder's-Lance synergies representing the majority of savings
- Tracking to cumulative savings target of \$850 million by end of FY22

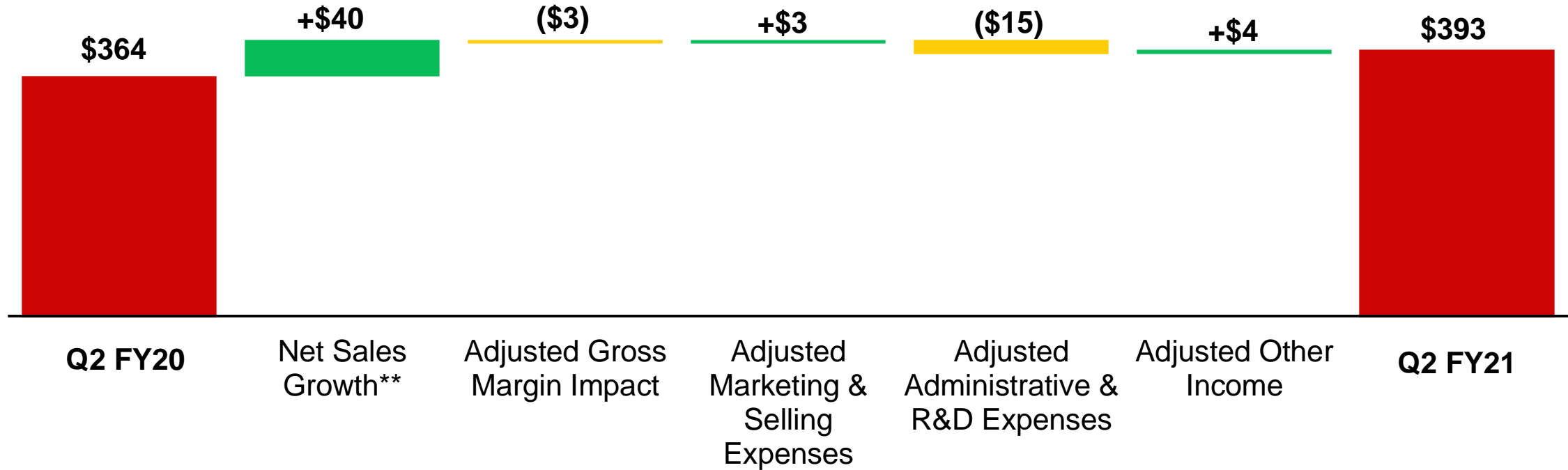




Adjusted* EBIT Growth

Continuing Operations (\$ millions)

+8%



*See Non-GAAP reconciliations for all adjusted financial measures presented.

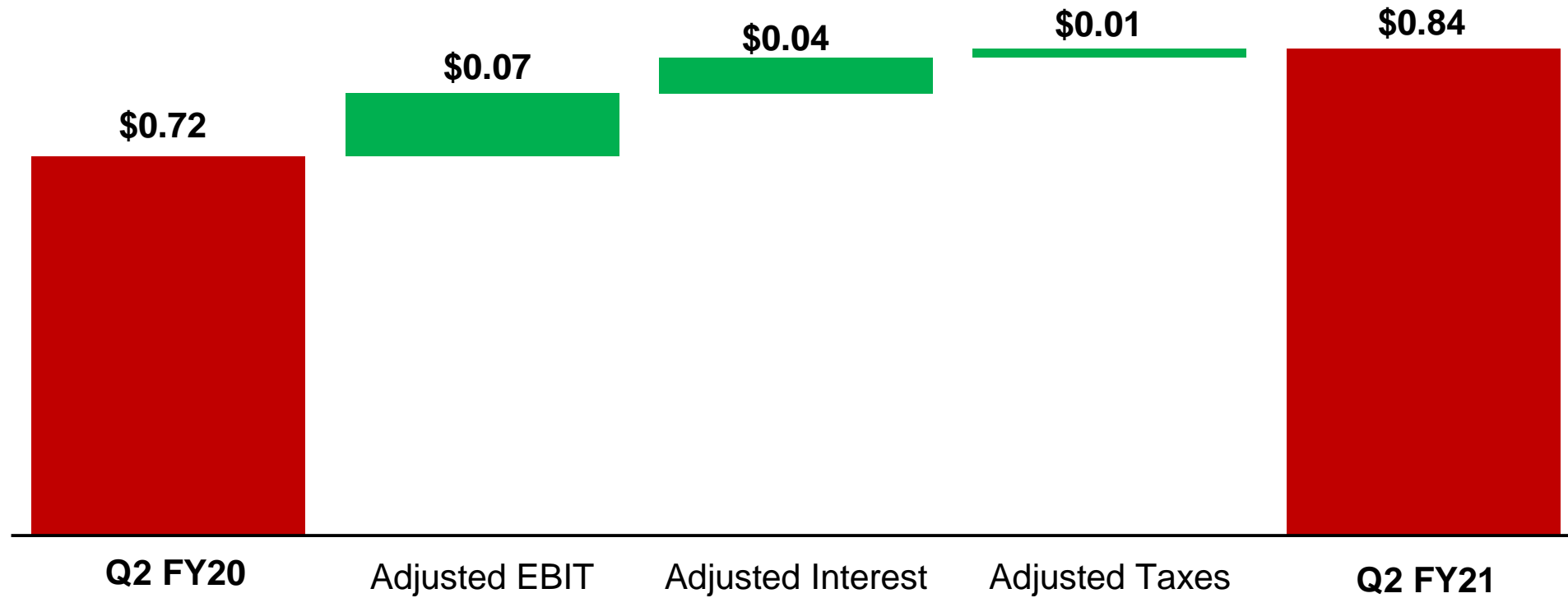
** Impact of net sales growth based on prior year adjusted gross margin.



Adjusted* EPS Performance

Continuing Operations

+17%



* See Non-GAAP reconciliations for all adjusted financial measures presented.



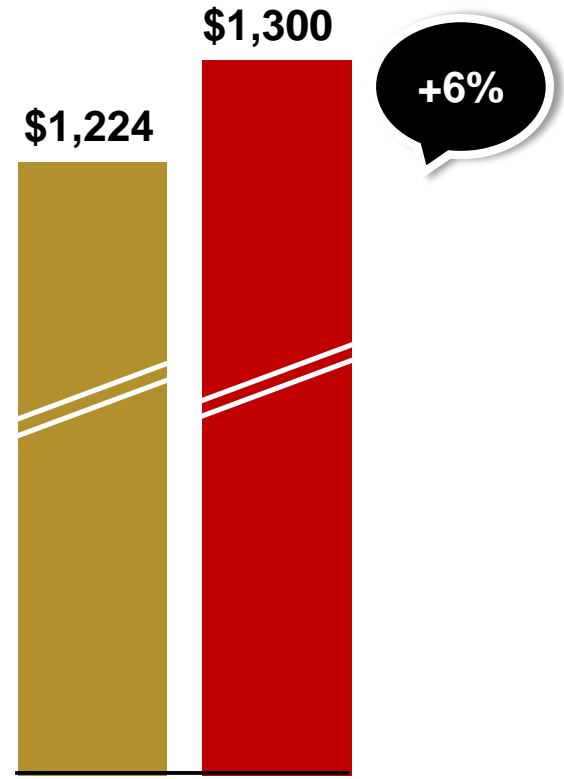
Segment Results



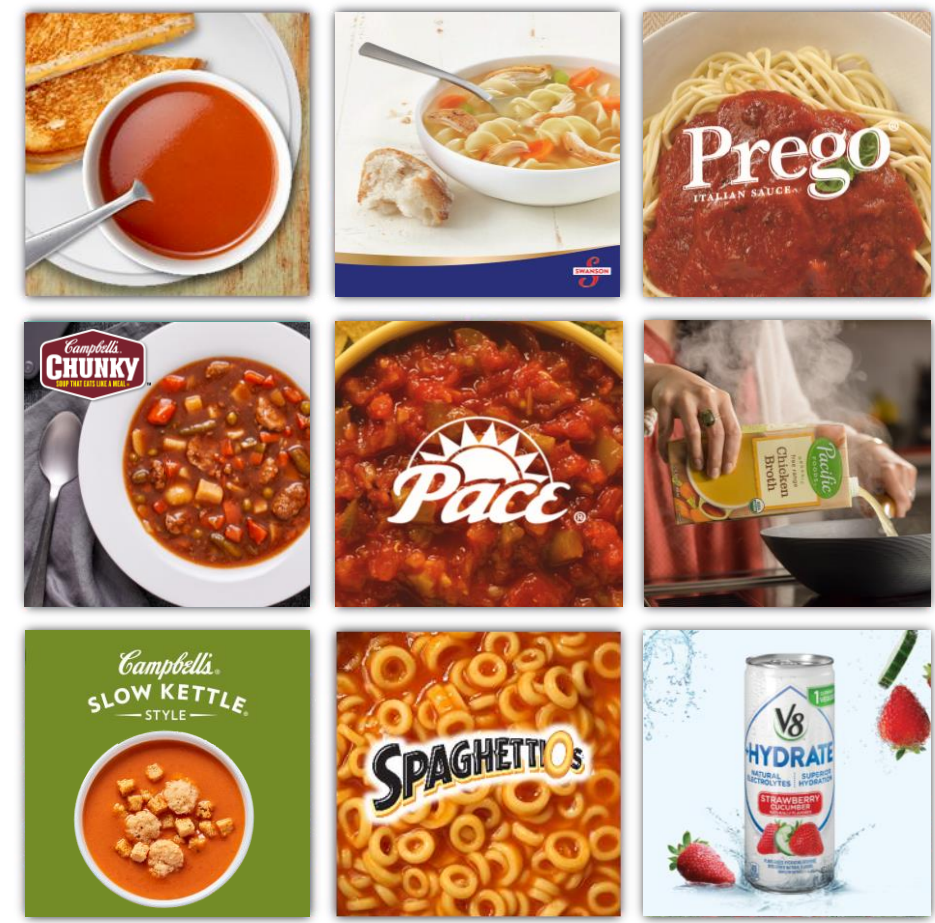
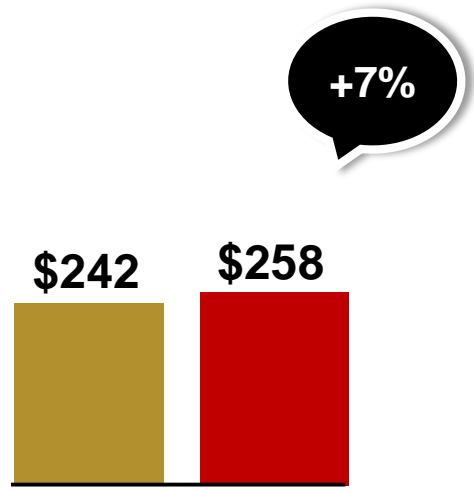
Campbell's MEALS & BEVERAGES

(\$ millions)

Net Sales & Organic Growth Rate*



Operating Earnings



* See Non-GAAP reconciliation



Segment Results

Campbell's | SNACKS

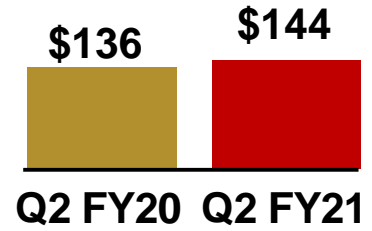
(\$ millions)

Net Sales & Organic Growth Rate*

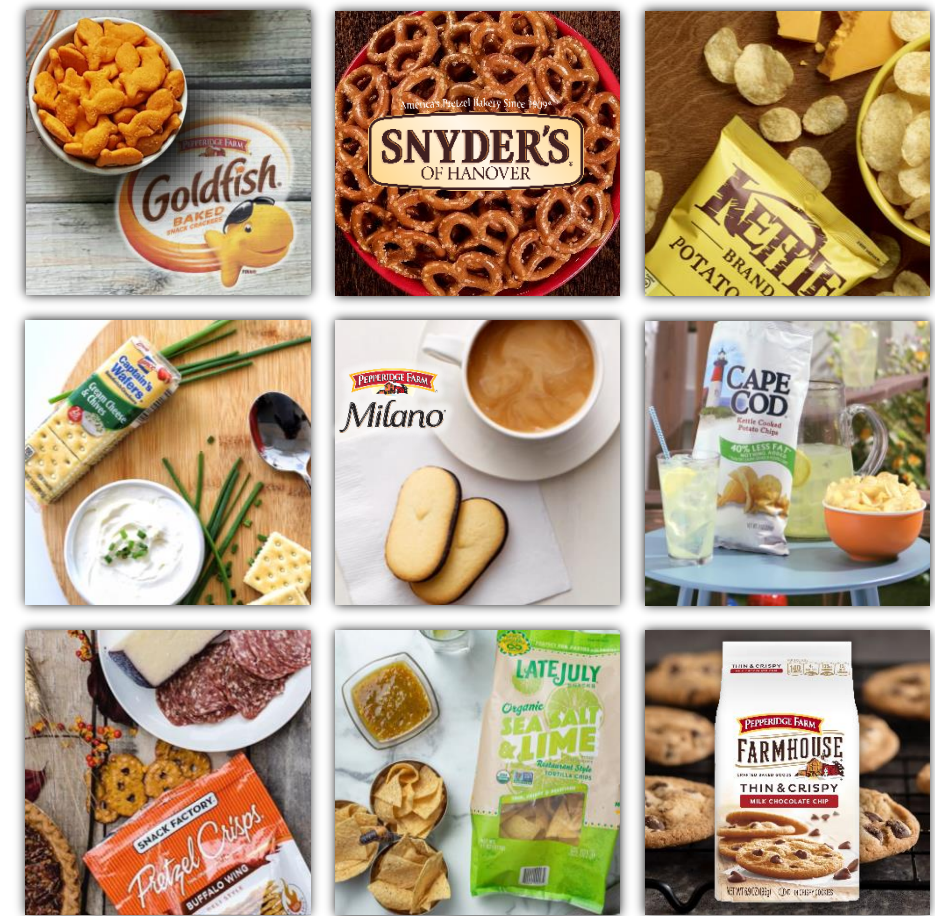


+4%

Operating Earnings



+6%



* See Non-GAAP reconciliation




Cash Flow

Total Company (\$ millions)

	YTD FY20	YTD FY21
Net Cash Flows from Operations	\$663	\$611
<i>Of which changes in working capital (net of divestitures)</i>	<i>(\$37)</i>	<i>(\$178)</i>
Net Cash Flows from Investing Activities	\$2,368	(\$120)
<i>Of which capital expenditures</i>	<i>(\$167)</i>	<i>(\$132)</i>
<i>Of which sales of businesses (net of cash divested)</i>	<i>\$2,533</i>	<i>-</i>
Net Cash Flows from Financing Activities	(\$3,152)	(\$405)
<i>Of which net debt repayments</i>	<i>(\$1,169)</i>	<i>(\$176)</i>
<i>Of which payments related to debt extinguishment</i>	<i>(\$1,765)</i>	<i>-</i>
<i>Of which dividends paid</i>	<i>(\$213)</i>	<i>(\$215)</i>
Net Change in Cash & Cash Equivalents¹	(\$121)	\$87

¹ Numbers do not add as this item includes the effect of exchange rate changes on cash



Fiscal 2021 Guidance for Continuing Operations

(\$ in millions, except per share)

	Fiscal 2020 Results	Fiscal 2021 Guidance
Net Sales	\$8,691	-3.5% to -2.5%
<i>Organic Net Sales</i>	\$8,515*	-1.5% to -0.5%
Adjusted EBIT	\$1,449*	-1% to +1% ¹
Adjusted EPS	\$2.95*	+3% to +5% ¹ \$3.03 to \$3.11

* See Non-GAAP reconciliation

¹ A non-GAAP reconciliation is not provided for 2021 adjusted EBIT and adjusted EPS guidance since certain items 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.



Keys to Future Growth



Sustain or accelerate Snacks growth while improving margins



Solidify M&B business as a steady and stable contributor



Deploy financial flexibility to create value



Consumer Research



4/5 consumers highly satisfied¹



70% better than competition¹



Clear insights on consumer drivers for retention of new households¹

¹Numerator New User Surveys, May 2020 (n=5,303) & Jan 2021 (n=2,893)



Clear Mission

Campbell's

1

Sustain or accelerate Snacks growth while improving margins

2

Solidify M&B business as a steady and stable contributor

3

Deploy financial flexibility to create value



Mark Clouse
President and
Chief Executive Officer



Mick Beekhuizen
EVP and Chief Financial Officer



Appendix



Reconciliation of GAAP and Non-GAAP Financial Measures

Continuing Operations (\$ millions)

Second Quarter

January 31, 2021

Meals & Beverages

Net Sales, As Reported	Impact of Currency	Organic Net Sales
\$ 1,300	\$ (2)	\$ 1,298

% Change

Net Sales, As Reported	Organic Net Sales
6%	6%

Snacks

979	1	980
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4%	4%
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Total Net Sales

<u>\$ 2,279</u>	<u>\$ (1)</u>	<u>\$ 2,278</u>
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<u>5%</u>	<u>5%</u>
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January 26, 2020

Meals & Beverages

Net Sales, As Reported
\$ 1,224

Snacks

938

Total Net Sales

<u>\$ 2,162</u>



Reconciliation of GAAP and Non-GAAP Financial Measures

Continuing Operations (\$ millions)

First Half

January 31, 2021

Meals & Beverages

Snacks

Total Net Sales

	<u>Net Sales, As Reported</u>	<u>Impact of Currency</u>	<u>Organic Net Sales</u>
Meals & Beverages	\$ 2,642	\$ (2)	\$ 2,640
Snacks	1,977	1	1,978
Total Net Sales	\$ 4,619	\$ (1)	\$ 4,618

% Change

<u>Net Sales, As Reported</u>	<u>Organic Net Sales</u>
9%	9%
3%	4%
6%	7%

January 26, 2020

Meals & Beverages

Snacks

Total Net Sales

	<u>Net Sales, As Reported</u>	<u>Impact of Divestiture</u>	<u>Organic Net Sales</u>
Meals & Beverages	\$ 2,418	\$ -	\$ 2,418
Snacks	1,927	(25)	1,902
Total Net Sales	\$ 4,345	\$ (25)	\$ 4,320



Reconciliation of GAAP and Non-GAAP Financial Measures

Continuing Operations
(\$ millions, except per share amounts)

Second Quarter

	EBIT	EBIT Margin %	Earnings	Diluted EPS*
2021 – As Reported	\$ 401	17.6%	\$ 245	\$ 0.80
Add: Restructuring charges, implementation costs and other related costs	22		16	0.05
Add: Deferred tax charge	-		19	0.06
Deduct: Pension settlement	(30)		(23)	(0.08)
2021 – Adjusted	<u>\$ 393</u>	<u>17.2%</u>	<u>\$ 257</u>	<u>\$ 0.84</u>
2020 – As Reported	\$ 350	16.2%	\$ 171	\$ 0.56
Add: Restructuring charges, implementation costs and other related costs	25		19	0.06
Add: Loss on extinguishment of debt	-		57	0.19
Deduct: Tax benefit associated with divestiture	-		(19)	(0.06)
Deduct: Pension settlement	(11)		(8)	(0.03)
2020 – Adjusted	<u>\$ 364</u>	<u>16.8%</u>	<u>\$ 220</u>	<u>\$ 0.72</u>
% Change	8%	+40 bps	17%	17%

*The sum of the individual per share amounts may not add due to rounding.



Reconciliation of GAAP and Non-GAAP Financial Measures

Continuing Operations
(\$ millions, except per share amounts)

First Half

	EBIT	EBIT Margin %	Earnings	Diluted EPS
2021 – As Reported	\$ 862	18.7%	\$ 554	\$ 1.82
Add: Restructuring charges, implementation costs and other related costs	28		21	0.07
Add: Deferred tax charge	-		19	0.06
Deduct: Pension settlement	(34)		(26)	(0.09)
2021 – Adjusted	<u>\$ 856</u>	<u>18.5%</u>	<u>\$ 568</u>	<u>\$ 1.86</u>
2020 – As Reported	\$ 667	15.4%	\$ 340	\$ 1.12
Add: Restructuring charges, implementation costs and other related costs	36		27	0.09
Add: Loss on extinguishment of debt	-		57	0.19
Add: Charges associated with divestiture	64		41	0.14
Deduct: Pension settlement	(11)		(8)	(0.03)
2020 – Adjusted	<u>\$ 756</u>	<u>17.4%</u>	<u>\$ 457</u>	<u>\$ 1.51</u>
% Change	13%	+110 bps	24%	23%



Reconciliation of GAAP and Non-GAAP Financial Measures

Continuing Operations (\$ millions)

Second Quarter

	<u>Gross Margin</u>	<u>GM %</u>	<u>EBT</u>	<u>Tax</u>	<u>Tax Rate</u>
2021 – As Reported	\$ 783	34.4%	\$ 347	\$ 102	29.4%
Add (Deduct): Restructuring charges, implementation costs and other related costs	(2)		22	6	
Deduct: Deferred tax charge	-		-	(19)	
Deduct: Pension settlement	-		(30)	(7)	
2021 – Adjusted	<u>\$ 781</u>	<u>34.3%</u>	<u>\$ 339</u>	<u>\$ 82</u>	<u>24.2%</u>
2020 – As Reported	\$ 742	34.3%	\$ 204	\$ 33	16.2%
Add: Restructuring charges, implementation costs and other related costs	2		25	6	
Add: Loss on extinguishment of debt	-		75	18	
Add: Tax benefit associated with divestiture	-		-	19	
Deduct: Pension settlement	-		(11)	(3)	
2020 – Adjusted	<u>\$ 744</u>	<u>34.4%</u>	<u>\$ 293</u>	<u>\$ 73</u>	<u>24.9%</u>
% Change		(0.1)%			(0.7)%



Reconciliation of GAAP and Non-GAAP Financial Measures

Continuing Operations (\$ millions)

Adjusted EBIT Impact from Adjusted Gross Margin

	<u>Second Quarter</u>
2021 – Adjusted Gross Margin \$	\$ 781
2021 – Reported Net Sales	\$ 2,279
2020 – Adjusted Gross Margin %	34.4%
2021 – Adjusted Gross Margin \$ at 2020 Adjusted Gross Margin %	<u>\$ 784</u>
Adjusted EBIT Impact from Adjusted Gross Margin	<u><u>\$ (3)</u></u>



Reconciliation of GAAP and Non-GAAP Financial Measures

Continuing Operations (\$ millions)

Second Quarter

	<u>Marketing and Selling Expenses</u>	<u>Administrative Expenses</u>	<u>R&D Expenses</u>	<u>Other Expenses / (Income)</u>
2021 – As Reported	\$ 232	\$ 158	\$ 19	\$ (45)
Deduct: Restructuring charges, implementation costs and other related costs	-	(6)	-	-
Add: Pension settlement	-	-	-	30
2021 – Adjusted	<u>\$ 232</u>	<u>\$ 152</u>	<u>\$ 19</u>	<u>\$ (15)</u>
% of Net Sales	10.2%	6.7%	0.8%	n/m
2020 – As Reported	\$ 237	\$ 148	\$ 22	\$ (22)
Deduct: Restructuring charges, implementation costs and other related costs	(2)	(13)	(1)	-
Add: Pension settlement	-	-	-	11
2020 – Adjusted	<u>\$ 235</u>	<u>\$ 135</u>	<u>\$ 21</u>	<u>\$ (11)</u>
% of Net Sales	10.9%	6.2%	1.0%	n/m
% of Net Sales Change	-70bps	+50bps	-20bps	n/m
\$ Change	\$ (3)	\$ 17	\$ (2)	\$ (4)
% Change	(1)%	13%	(10)%	36%

n/m = not meaningful



Reconciliation of GAAP and Non-GAAP Financial Measures

Continuing Operations (\$ millions)

Second Quarter

	<u>Interest, net</u>
2021 – As Reported	\$ 54
2020 – As Reported	\$ 146
Deduct: Loss on extinguishment of debt	<u>(75)</u>
2020 – Adjusted	<u>\$ 71</u>
\$ Change	\$ (17)
% Change	(24)%



Reconciliation of GAAP and Non-GAAP Financial Measures

Continuing Operations
(\$ millions, except per share amounts)

Second Quarter – Adjusted Diluted EPS Impact from Adjusted EBIT and Adjusted Interest

	<u>EBIT</u>	<u>Interest, net</u>
2021 – Adjusted	\$ 393	\$ 54
2020 – Adjusted	364	71
\$ Change	<u>\$ 29</u>	<u>\$ (17)</u>
Add (Deduct): Tax impact	<u>(7)</u>	<u>4</u>
Impact to Net Earnings	<u>\$ 22</u>	<u>\$ 13</u>
Second Quarter 2020 Diluted Shares	304	304
Adjusted Diluted EPS Impact	\$ 0.07	\$ 0.04



Reconciliation of GAAP and Non-GAAP Financial Measures

Continuing Operations
(\$ millions, except per share amounts)

Adjusted Diluted EPS Impact from Change in Adjusted Tax Rate

	<u>Second Quarter</u>
2021 – Adjusted EBT	\$ 339
Change in Adjusted Tax Rate	-0.7%
Adjusted EBT multiplied by the Change in Adjusted Tax Rate	<u>\$ 2</u>
Second Quarter 2020 Diluted Shares	304
Adjusted Diluted EPS Impact	\$ 0.01



Reconciliation of GAAP and Non-GAAP Financial Measures

Continuing Operations
(\$ millions, except per share amounts)

Full Year

	<u>EBIT</u>	<u>Earnings</u>	<u>Diluted EPS*</u>
2020 – As Reported	\$ 1,107	\$ 592	\$ 1.95
Add: Restructuring charges, implementation costs and other related costs	69	52	0.17
Add: Pension settlement	43	33	0.11
Add: Loss on extinguishment of debt	-	57	0.19
Add: Pension and postretirement benefit mark-to-market adjustments	121	92	0.30
Add: Charges associated with divestiture	64	37	0.12
Add: Investment losses	45	35	0.12
2020 – Adjusted	<u>\$ 1,449</u>	<u>\$ 898</u>	<u>\$ 2.95</u>

* The sum of the individual per share amounts may not add due to rounding.



Reconciliation of GAAP and Non-GAAP Financial Measures

Continuing Operations (\$ millions)

Full Year

<u>Fiscal 2020</u>	<u>Net Sales, As Reported</u>	<u>Impact of 53rd Week</u>	<u>Impact of Divestiture</u>	<u>Net Sales, Organic</u>
Total Net Sales	\$ 8,691	(151)	(25)	\$ 8,515

Fiscal 2021 Guidance
Organic Net Sales % Change

<u>Low End</u>	<u>High End</u>
-1.5%	-0.5%



Reconciliation of GAAP and Non-GAAP Financial Measures

Continuing Operations (\$ millions)

Net Debt

	<u>January 31, 2021</u>
Short-Term Borrowings	\$ 1,025
Long-Term Debt	4,996
Total Debt	<u>\$ 6,021</u>
Less: Cash and Cash Equivalents	(946)
Net Debt	<u><u>\$ 5,075</u></u>



Reconciliation of GAAP and Non-GAAP Financial Measures

(\$ millions)	(a) <u>Twelve Months</u> <u>Ended</u> <u>August 2, 2020</u>	(b) <u>Six Months</u> <u>Ended</u> <u>January 26, 2020</u>	(c) <u>Six Months</u> <u>Ended</u> <u>January 31, 2021</u>	= (a)-(b)+(c) <u>Trailing Twelve</u> <u>Months Ended (TTM)</u> <u>January 31, 2021</u>
Adjusted Earnings before interest and taxes	\$ 1,449	\$ 756	\$ 856	\$ 1,549
Depreciation and amortization, as reported	\$ 328	\$ 162	\$ 154	\$ 320
Deduct: Restructuring charges, implementation costs and other related costs	(4)	(2)	-	(2)
Adjusted Depreciation and amortization from continuing operations	\$ 324	\$ 160	\$ 154	\$ 318
Adjusted Earnings before interest, taxes, depreciation and amortization	\$ 1,773	\$ 916	\$ 1,010	\$ 1,867
Net Debt				\$ 5,075
Net Debt to Adjusted EBITDA				2.7



Reconciliation of GAAP and Non-GAAP Financial Measures

Continuing Operations
(\$ millions)

	(a) <u>Twelve Months</u> <u>Ended</u> <u>July 28, 2019</u>	(b) <u>Six Months</u> <u>Ended</u> <u>January 27, 2019</u>	= (a) – (b) <u>Six Months</u> <u>Ended</u> <u>July 28, 2019</u>
Net Sales, As Reported	\$ 8,107	\$ 4,374	\$ 3,733
Impact of Divestiture	<u>(129)</u>	<u>(60)</u>	<u>(69)</u>
Net Sales, Organic	<u>\$ 7,978</u>	<u>\$ 4,314</u>	<u>\$ 3,664</u>



Reconciliation of GAAP and Non-GAAP Financial Measures

Continuing Operations
(\$ millions)

	(a) <u>Twelve Months</u> <u>Ended</u> <u>July 28, 2019</u>	(b) <u>Six Months</u> <u>Ended</u> <u>January 27, 2019</u>	= (a) - (b) <u>Six Months</u> <u>Ended</u> <u>July 28, 2019</u>
EBIT – As Reported	\$ 979	\$ 651	\$ 328
Add: Restructuring charges, implementation costs and other related costs	121	69	52
Add: Pension settlement	28	-	28
Add: Impairment charges	16	-	16
Add: Pension and postretirement benefit mark-to-market adjustments	122	-	122
EBIT – Adjusted	<u>\$ 1,266</u>	<u>\$ 720</u>	<u>\$ 546</u>



Reconciliation of GAAP and Non-GAAP Financial Measures

Continuing Operations (\$ millions, except per share amounts)	(a) <u>Twelve Months</u> <u>Ended</u> <u>July 28, 2019</u>	(b) <u>Six Months</u> <u>Ended</u> <u>January 27, 2019</u>	= (a) - (b) <u>Six Months</u> <u>Ended</u> <u>July 28, 2019</u>
Earnings – As Reported	\$ 474	\$ 356	\$ 118
Add: Restructuring charges, implementation costs and other related costs	92	52	40
Add: Pension settlement	22	-	22
Add: Impairment charges	13	-	13
Add: Pension and postretirement benefit mark-to-market adjustments	93	-	93
Add: Tax reform	2	2	-
Earnings – Adjusted	<u>\$ 696</u>	<u>\$ 410</u>	<u>\$ 286</u>
Full Year 2019 Diluted Shares	<u>302</u>	<u>302</u>	<u>302</u>
Diluted EPS – As Reported	\$ 1.57	\$ 1.18	\$ 0.39
Add: Restructuring charges, implementation costs and other related costs	0.30	0.17	0.13
Add: Pension settlement	0.07	-	0.07
Add: Impairment charges	0.04	-	0.04
Add: Pension and postretirement benefit mark-to-market adjustments	0.31	-	0.31
Add: Tax reform	0.01	0.01	-
Diluted EPS – Adjusted*	<u>\$ 2.30</u>	<u>\$ 1.36</u>	<u>\$ 0.95</u>

*The sum of the individual per share amounts may not add due to rounding.

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