

CAMPBELL SOUP CO
Form 10-Q
March 06, 2019

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended Commission File Number
January 27, 2019 1-3822

CAMPBELL SOUP COMPANY
New Jersey 21-0419870
State of Incorporation I.R.S. Employer Identification No.

1 Campbell Place
Camden, New Jersey 08103-1799
Principal Executive Offices

Telephone Number: (856) 342-4800

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

There were 301,118,002 shares of capital stock outstanding as of February 28, 2019.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

CAMPBELL SOUP COMPANY

Consolidated Statements of Earnings

(unaudited)

(millions, except per share amounts)

	Three Months Ended		Six Months Ended	
	January 2019	January 28, 2018	January 2019	January 28, 2018
Net sales	\$2,713	\$ 2,180	\$5,407	\$ 4,341
Costs and expenses				
Cost of products sold	1,999	1,414	3,869	2,792
Marketing and selling expenses	264	228	512	447
Administrative expenses	180	165	356	314
Research and development expenses	23	27	50	57
Other expenses / (income)	226	70	230	41
Restructuring charges	2	33	21	35
Total costs and expenses	2,694	1,937	5,038	3,686
Earnings before interest and taxes	19	243	369	655
Interest expense	93	32	187	63
Interest income	1	—	2	1
Earnings (loss) before taxes	(73)	211	184	593
Taxes on earnings	(14)	(74)	49	33
Net earnings (loss)	(59)	285	135	560
Less: Net earnings (loss) attributable to noncontrolling interests	—	—	—	—
Net earnings (loss) attributable to Campbell Soup Company	\$(59)	\$ 285	\$135	\$ 560
Per Share — Basic				
Net earnings (loss) attributable to Campbell Soup Company	\$(.20)	\$.95	\$.45	\$ 1.86
Weighted average shares outstanding — basic	301	301	301	301
Per Share — Assuming Dilution				
Net earnings attributable to Campbell Soup Company	\$(.20)	\$.95	\$.45	\$ 1.85
Weighted average shares outstanding — assuming dilution	301	301	302	302

See accompanying Notes to Consolidated Financial Statements.

CAMPBELL SOUP COMPANY
Consolidated Statements of Comprehensive Income
(unaudited)
(millions)

	Three Months Ended					
	January 27, 2019			January 28, 2018		
	Pre-tax amount	Tax (expense) benefit	After-tax amount	Pre-tax amount	Tax (expense) benefit	After-tax amount
Net earnings (loss)			\$ (59)			\$ 285
Other comprehensive income (loss):						
Foreign currency translation:						
Foreign currency translation adjustments	\$20	\$ —	20	\$66	\$ —	66
Cash-flow hedges:						
Unrealized gains (losses) arising during the period	(1)	—	(1)	2	(2)	—
Reclassification adjustment for (gains) losses included in net earnings	—	—	—	3	—	3
Pension and other postretirement benefits:						
Prior service cost arising during the period	—	—	—	(3)	1	(2)
Reclassification of prior service credit included in net earnings	(7)	1	(6)	(6)	2	(4)
Other comprehensive income (loss)	\$12	\$ 1	13	\$62	\$ 1	63
Total comprehensive income (loss)			\$ (46)			\$ 348
Total comprehensive income (loss) attributable to noncontrolling interests			—			(1)
Total comprehensive income (loss) attributable to Campbell Soup Company			\$ (46)			\$ 349

	Six Months Ended					
	January 27, 2019			January 28, 2018		
	Pre-tax amount	Tax (expense) benefit	After-tax amount	Pre-tax amount	Tax (expense) benefit	After-tax amount
Net earnings			\$ 135			\$ 560
Other comprehensive income (loss):						
Foreign currency translation:						
Foreign currency translation adjustments	\$(23)	\$ —	(23)	\$34	\$ —	34
Cash-flow hedges:						
Unrealized gains (losses) arising during the period	(1)	—	(1)	11	(4)	7
Reclassification adjustment for (gains) losses included in net earnings	1	—	1	1	—	1
Pension and other postretirement benefits:						
Prior service credit arising during the period	—	—	—	(3)	1	(2)
Reclassification of prior service credit included in net earnings	(14)	3	(11)	(13)	4	(9)
Other comprehensive income (loss)	\$(37)	\$ 3	(34)	\$30	\$ 1	31
Total comprehensive income (loss)			\$ 101			\$ 591
			—			(1)

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Total comprehensive income (loss) attributable to noncontrolling interests

Total comprehensive income (loss) attributable to Campbell Soup Company

\$ 101

\$ 592

See accompanying Notes to Consolidated Financial Statements.

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CAMPBELL SOUP COMPANY
 Consolidated Balance Sheets
 (unaudited)
 (millions, except per share amounts)

	January 27, 2019	July 29, 2018
Current assets		
Cash and cash equivalents	\$ 203	\$226
Accounts receivable, net	927	785
Inventories	1,076	1,199
Other current assets	89	86
Total current assets	2,295	2,296
Plant assets, net of depreciation	3,036	3,233
Goodwill	4,721	4,580
Other intangible assets, net of amortization	3,752	4,196
Other assets (\$70 as of 2019 and \$77 as of 2018 attributable to variable interest entity)	220	224
Total assets	\$ 14,024	\$ 14,529
Current liabilities		
Short-term borrowings	\$ 1,454	\$ 1,896
Payable to suppliers and others	930	893
Accrued liabilities	784	676
Dividends payable	107	107
Accrued income taxes	24	22
Total current liabilities	3,299	3,594
Long-term debt	8,003	7,998
Deferred taxes	904	995
Other liabilities	540	569
Total liabilities	12,746	13,156
Commitments and contingencies		
Campbell Soup Company shareholders' equity		
Preferred stock; authorized 40 shares; none issued	—	—
Capital stock, \$.0375 par value; authorized 560 shares; issued 323 shares	12	