

## Campbell's 3Q Earnings Rise, CEO 'Disappointed'

CAMDEN, N.J. (AP) — Campbell Soup's fiscal third-quarter net income rose 2 percent as expenses declined and revenue rose slightly.

While adjusted earnings beat analysts' expectations, Campbell's revenue missed Wall Street's expectations.

The food company cut its fiscal 2014 revenue forecast, citing its year-to-date performance, and revised its adjusted earnings outlook.

Its shares dropped more than 5 percent before the opening bell on Monday.

U.S. soup sales gains were comparable to the prior-year period's 14 percent rise, but President and CEO Denise Morrison said in a statement that the company was disappointed the performance wasn't stronger. Morrison said that Campbell Soup had more frequent soup promotions during the quarter, but that it didn't see the boost in soup sales that it was expecting. She did however note that Swanson broth sales remained strong as consumers responded to its marketing efforts and continue to cook more with broth.

Sales for the baking and snacking division — which includes Pepperidge Farm — dipped 1 percent. The U.S. beverages unit reported a 4 percent drop in sales partly because of lower sales of V8 V-Fusion and V8 Splash.

For the three months ended April 27, Campbell Soup Co. earned \$184 million, or 58 cents per share. A year earlier it earned \$181 million, or 57 cents per share. Taking out a pension settlement charge and other items, earnings from continuing operations were 62 cents per share.

Analysts expected earnings of 59 cents per share, according to a FactSet survey.

Total costs and expenses fell to \$1.68 billion from \$1.71 billion.

Revenue edged up 1 percent to \$1.97 billion from \$1.96 billion, but fell short of the \$2 billion Wall Street forecast.

Sales for its U.S. Simple Meals unit increased 7 percent, while sales of U.S. sauces climbed 25 percent thanks mostly to the acquisition of Plum Organics. Bolthouse and foodservice sales rose 4 percent.

Sales for international simple meals and beverages declined 17 percent, with weakness in Latin America, Canada and the Asia Pacific region.

Campbell Soup now anticipates a full-year revenue increase of about 3 percent. Its prior outlook was for a 4 percent to 5 percent rise. The Camden, New Jersey,

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company now foresees adjusted earnings at the low end of its previous guidance of \$2.53 to \$2.58 per share.

Analysts predict earnings of \$2.53 per share.

Campbell Soup's stock fell \$2.53, or 5.6 percent, to \$42.59 in premarket trading about 90 minutes ahead of the market open.

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