



*Campbell's*

**Q4 Fiscal 2022 Earnings  
Presentation**

Connecting people through food they love.





# *Campbell's*

## **Rebecca Gardy**

Senior Vice President Investor Relations

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### **INTRODUCTION**

# Forward-Looking Statements

## **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 growing/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, the risks related to the availability of, and cost inflation in, supply chain inputs, including labor, raw materials, commodities, packaging and transportation; the risks related to the effectiveness of our hedging activities and our ability to respond to volatility in commodity prices; 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 disruption, failure or security breach of our or our vendors' information technology systems, including ransomware attacks; 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; goals and initiatives related to, and the impacts of, climate change, including weather-related events; 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 or other impacts due to political instability, civil disobedience, terrorism, armed hostilities (including the ongoing conflict between Russia and Ukraine), extreme weather conditions, natural disasters, other 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

Key Messages and Q4 FY22 Highlights

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Division Highlights

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Q4 FY22 and Full-year FY22 Financial Results

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FY23 Outlook

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Summary

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Q&A

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# *Campbell's*

## **Mark Clouse**

President & Chief Executive Officer

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### **INTRODUCTION**



# Key Messages

- Delivered full-year adjusted EPS\* at the high end of our original FY22 guidance range, despite volatile environment
- Strong execution through improved supply chain performance
- Effective revenue management to counter inflation
- Solid foundation and momentum will enable us to unlock Campbell's full growth potential

\*See Non-GAAP reconciliation

# Key Financial Highlights

## Q4 FY22

Net Sales	Adj. EBIT*	Adj. EPS*	Consumption <sup>1</sup>
<b>\$2.0B</b>	<b>\$269M</b>	<b>\$0.56</b>	<b>+8%</b>
Organic Net Sales* <b>+6%</b>	<b>+5%</b>	<b>+8%</b>	<b>+21% vs. 3YA</b>

## FY22

Net Sales	Adj. EBIT*	Adj. EPS*	Consumption <sup>2</sup>
<b>\$8.6B</b>	<b>\$1.3B</b>	<b>\$2.85</b>	<b>+4%</b>
Organic Net Sales* <b>+2%</b>	<b>(4)%</b>	<b>0%</b>	<b>+14% vs. 3YA</b>

<b>FY22 Guidance:</b>	<b>+1% to +2%</b>	<b>(4.5)% to (1.5)%</b>	<b>(4)% to 0%</b>
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\*See Non-GAAP reconciliation

<sup>1</sup> Total IRI US MULO \$ Consumption latest 13 weeks ending 7/31/2022. Total company.

<sup>2</sup> Total IRI US MULO \$ Consumption latest 52 weeks ending 7/31/2022. Total company.

# Well-positioned for Today and Tomorrow

## Portfolio

- Advantaged brands in resilient categories, strengthening/growing during economic challenges
- Leadership share<sup>1</sup> position in most of our categories; limited Private Label presence
- Strong consumer momentum and loyalty

## Cost Management

- Not solely dependent on pricing to manage inflation
- Delivered targeted \$850 million multi-year cost savings
- Well on track to deliver \$1 billion by FY25

# Campbell's



## Supply Chain Strength

- Supply chain recovery and transformation has been significant
- Case fill rates showing continuous improvement in the second half of FY22
- Will lap FY22 labor challenges

## Innovation

- Innovation drove a ~2% growth rate across both divisions
- Strong FY23 pipeline delivering against incremental occasions and compelling value orientation

## Dependable Results

- Delivered FY22 adjusted EPS\* at high end of our original guidance range in one of the most recent volatile economic climates
- Building longer-term track record of delivering expectations

<sup>1</sup> IRI Scan Panel, Total US All Outlets, 13 weeks ending 7/31/22 vs. PY

\*See Non-GAAP reconciliation



# Most Key Brands Q4 Share Remained at or above FY19 levels



Source: Total IRI US MULO \$ Consumption latest 13 weeks ending 7/31/2022

# Meals & Beverages: Key Highlights



Q4 FY22



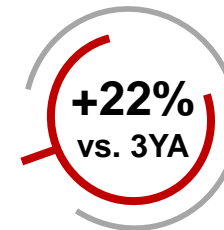
Growth vs. PY

Organic Net Sales\*

**+7%**

Consumption<sup>1</sup>

**+8%**



\*See Non-GAAP reconciliation

<sup>1</sup> Total IRI US MULO \$ Consumption latest 13 weeks ending 7/31/2022

# Campbell is Advantaged as Consumers Turn to Shelf-stable Simple Meals



## Q4 FY22: Volume Share vs. PY

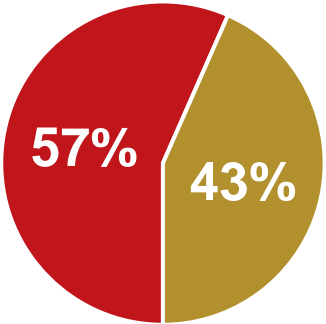


Source: IRI Scan Panel, Total US All Outlets, 13 weeks ending 7/31/22 vs. PY, Volume share among Total Food (Gen Food, FRZN Food, RFG Food)

# Some Private Label Pressure, Offset by Share and Category Strength

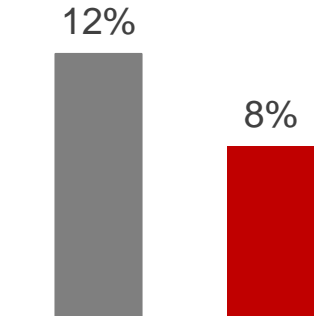
## Wet Soup

Total Share of Category Q4 FY22



■ Campbell's Condensed ■ Competitors

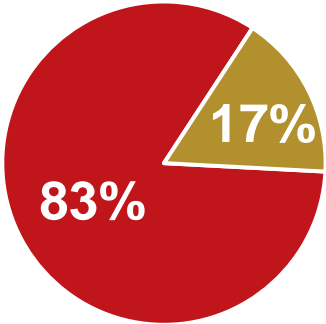
\$ Consumption Growth Q4 FY22



■ Category ■ Campbell's

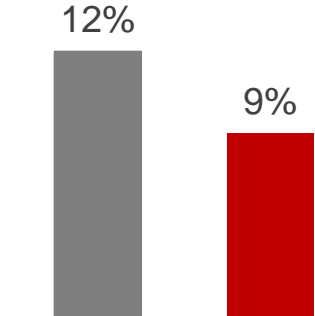
## Condensed

Total Share of Category Q4 FY22



■ Campbell's Condensed ■ Competitors

\$ Consumption Growth Q4 FY22



■ Category ■ Campbell's

Source: Total IRI US MULO \$ Consumption latest 13 weeks ending 7/31/2022

# Meals & Beverages: Win in Soup 2.0



Q4 FY22

## Condensed Icons



**+4.1 pts.**

Q4 dollar share  
vs. PY<sup>1</sup>

**+29.6%**

Q4 consumption  
vs. PY<sup>1</sup>

**+5.7 pts.**

Q4 dollar share  
vs. 3YA<sup>1</sup>

**+8.6%**

Unit change vs.  
3YA<sup>1</sup>

## Chunky Cans



**+1.3 pts.**

Q4 dollar share  
vs. PY<sup>1</sup>

**+20.3%**

Q4 consumption  
vs. PY<sup>1</sup>

**+2.3 pts.**

Q4 dollar share  
vs. 3YA<sup>1</sup>

**+26.8%**

Unit change vs.  
3YA<sup>1</sup>



<sup>1</sup> Total IRI US MULO latest 13 weeks ending 7/31/2022

<sup>2</sup> IRI National Consumer Panel, Total U.S. All Outlets; NBD volume adjusted 7/31/2022



# Relevant Timely Innovation to Meet Growing Shelf-stable Demand



## Recent Innovation





# Swanson's Differentiation Key to Winning in Broth



Quality + Convenience + Value



New Formula  
Superior to Private Label



Quick and Low-cost Meal Solutions



Full Range of  
Price/Pack Options

# Meals & Beverages: Building a \$1B Sauce Business



Q4 FY22

**Prego**

**#1 in Italian Category**  
39<sup>th</sup> consecutive month<sup>1</sup>

**+12.4%**  
Q4 consumption vs. PY<sup>2</sup>

**+4.0 pts.**  
Q4 repeat rate vs. 3YA<sup>2</sup>



**Pace**

**+0.4 pts.**  
Q4 dollar share vs. PY<sup>2</sup>

**+14.5%**  
Q4 dollar consumption vs. PY<sup>2</sup>

**+5.9 pts.**  
Q4 repeat rate vs. 3YA<sup>2</sup>



<sup>1</sup> Total IRI US MULO latest 4 weeks ending 7/31/2022

<sup>2</sup> IRI National Consumer Panel, Total U.S. All Outlets; NBD volume adjusted 13 weeks ending 7/31/2022

# Continuing to Fuel Quick Scratch Cooking Behaviors



## FY23 Innovation



### Introducing Campbell's FlavorUp!™

- ✓ **Restaurant Quality Flavor:** Only 1 tablespoon adds complex flavor to a dish
- ✓ **Time & Step Saving:** Minimal prep without compromising flavor
- ✓ **Customizable:** Create recipes, routines and flavor hacks all your own
- ✓ **High Value:** For \$5, flavors up to 15 dishes

### Re-introducing Campbell's Cooking Sauces

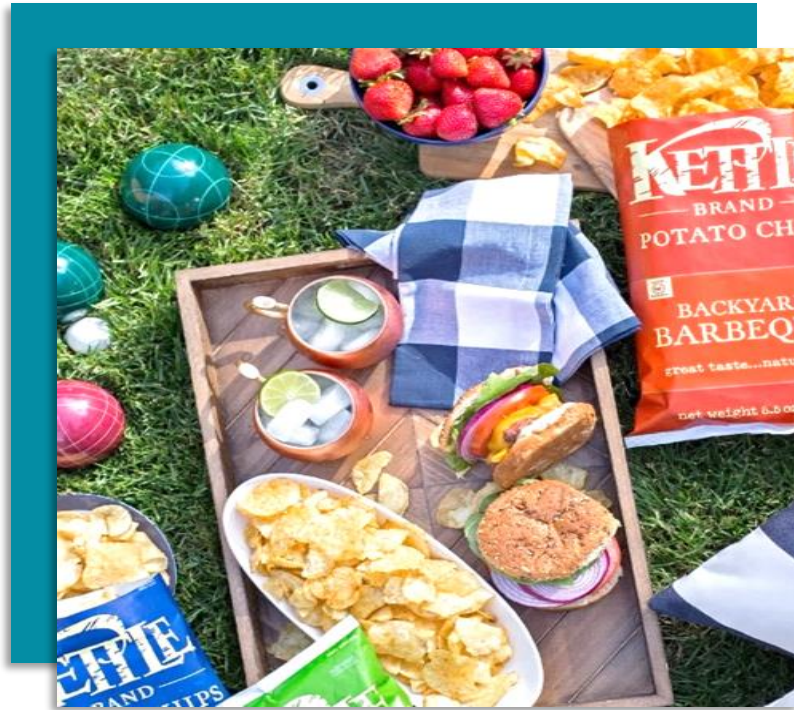
- ✓ **Modernized Look & Feel:** New design to appeal to today's busy cook
- ✓ **Versatile:** Use on any protein, starch or vegetable
- ✓ **Quick & Convenient:** Makes meals in 30 minutes or less
- ✓ **Variety:** Available in 12 unique flavor profiles, including two new varieties



# Snacks: Key Highlights



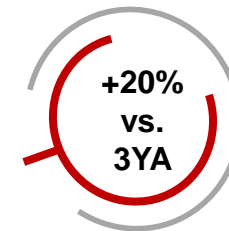
Q4 FY22



Growth vs. PY

Organic Net Sales\* **+6%**

Consumption<sup>1</sup> **+8%**



Completed Value Capture



\*See Non-GAAP reconciliation

<sup>1</sup> Total IRI US MULO \$ Consumption latest 13 weeks ending 7/31/2022

# Snacks Power Brands Consumption<sup>1</sup>: +11% vs. PY, +26% vs. 3YA











Q4 FY22



<sup>1</sup> Total IRI US MULO \$ Consumption latest 13 weeks ending 7/31/2022

# Recovering Share in Snacks and Winning Critical Unit Share

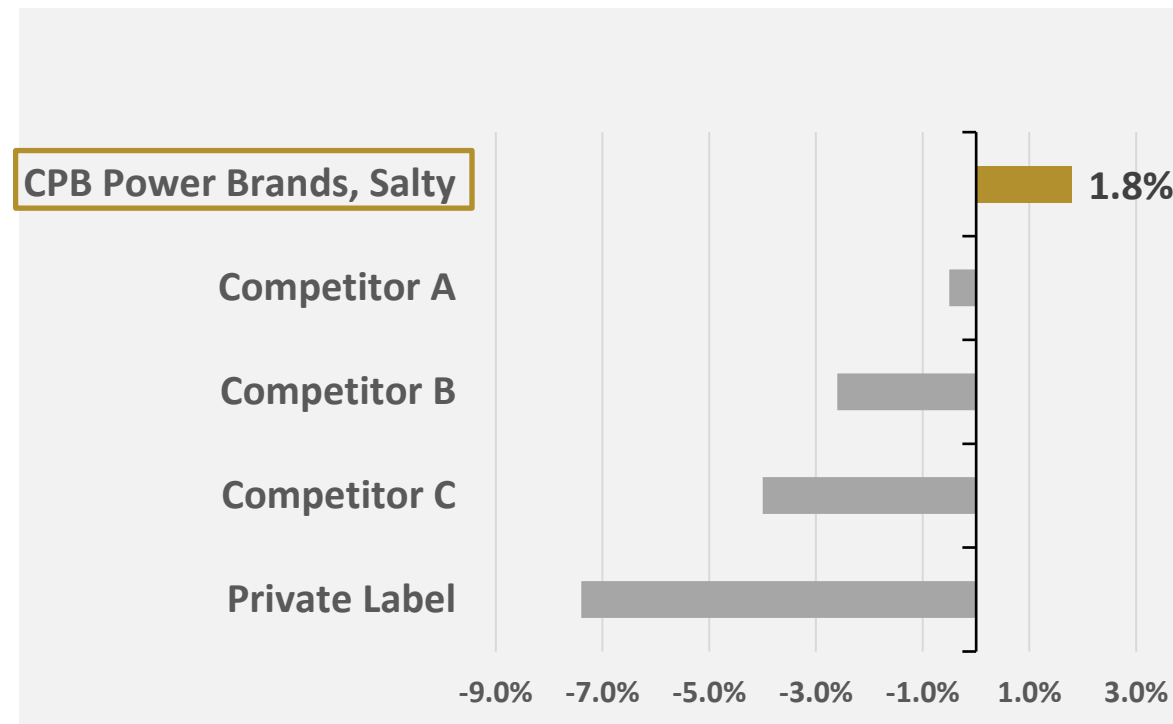
Improved unit share driven by supply chain execution which enabled reintroduction of promotional activity

	Q3 FY22 Unit Share <sup>1</sup>	Q4 FY22 Unit Share <sup>2</sup>	Sequential Improvement
	(6.9) pts	(1.4) pts	+5.5 pts
	(6.4) pts	(2.4) pts	+4.0 pts
	(1.3) pts	1.9 pts	+3.2 pts
	(2.4) pts	0.5 pts	+2.9 pts
	(0.5) pts	2.1 pts	+2.6 pts
	1.3 pts	3.2 pts	+1.9 pts
	(0.6) pts	0.3 pts	+0.9 pts
	0.1 pt	0.4 pts	+0.3 pts

<sup>1</sup> Total IRI US MULO latest 13 weeks ending 5/1/2022

<sup>2</sup> Total IRI US MULO latest 13 weeks ending 7/31/2022

Our **Power Brands within Salty Snacks\*** had noticeably higher unit change<sup>2</sup> in Q4 than our major competitors & PL



\*Campbell Power Brands within Salty:

Snyder's of Hanover, Cape Cod, Kettle Brand, Late July and Snack Factory



# Goldfish Limited Time Offer Drumbeat Continues



Summer 2021



Fall 2022



Summer 2022



Fall 2022

**60%**

incremental to *Goldfish*<sup>1</sup>

**#1**

velocity innovation in category during launch<sup>2</sup>

<sup>1</sup> IRI, All Outlets, NBD Volume, *Frank's* & *Jalapeno Popper*, 26 weeks, w/e 10/31/21, did not purchase in prior 27 weeks; <sup>2</sup> IRI, MULO, *Frank's*: Crackers category skus launched in Q4 FY21, units per store per week, *Jalapeno Popper*: Cracker category skus launched in Q1 FY22, \$ Sales, and *Old Bay* cracker category skus launched in Q4 FY22, units per store per week.

# Looking Forward

- We enter fiscal year 2023 with strengthened fundamentals, a powerful brand portfolio in advantaged categories and the agility to navigate continued inflation
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- We remain focused on what we can control, executing our strategy to modernize our core and continuing to build our innovation pipeline





# *Campbell's*

## **Mick Beekhuizen**

EVP & Chief Financial Officer

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### **CFO PERSPECTIVE**

# Q4 FY22 Key Messages

- Strong performance during Q4 FY22 across all three key metrics: Net Sales, Adjusted EBIT\* and Adjusted EPS\*
- Delivered FY22 Adjusted EPS at the high end of the original guidance range
- Strengthened supply chain execution throughout the year
- Significant progress regarding inflation mitigation through effective revenue management, productivity improvements and cost savings initiatives
- Generated \$1.2B FY22 Cash Flow from Operations of which \$600M+ returned to shareholders in FY22 through dividends and share repurchases
- Provided FY23 guidance

\*See Non-GAAP reconciliation

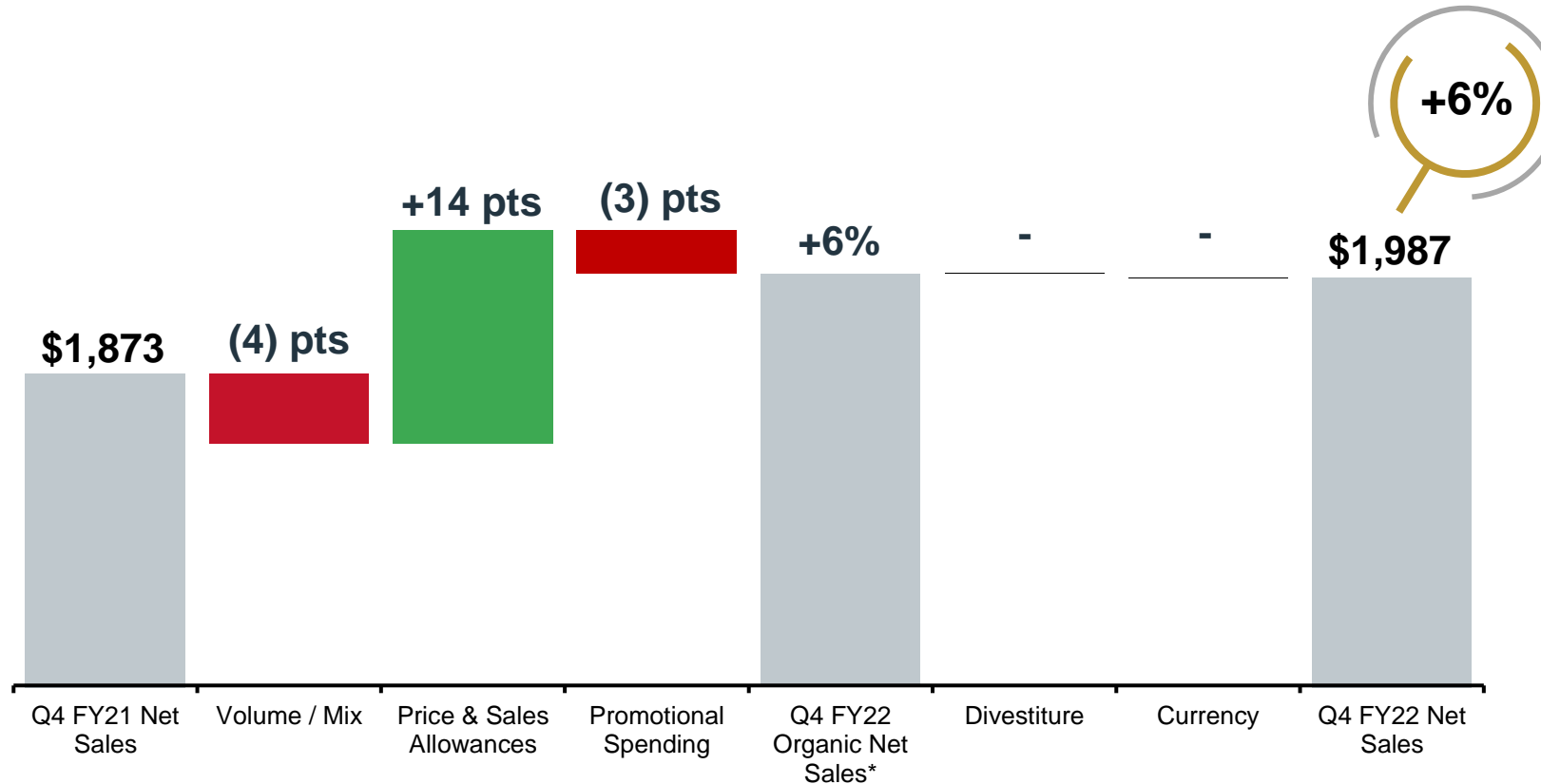
# Financial Summary

	Q4		Change vs. PY		Full-year		Change vs. PY	
	FY22	\$	%	FY22	\$	%	FY22	%
Net Sales	\$1,987	\$114	6%	\$8,562	\$86	1%		
<i>Organic Net Sales Growth*</i>			6%			2%		
Adjusted EBIT*	\$269	\$13	5%	\$1,297	\$(59)	(4)%		
<i>Adjusted EBIT Margin*</i>	13.5%		(20) bps	15.1%		(90) bps		
Adjusted EPS*	\$0.56	\$0.04	8%	\$2.85	\$(0.01)	0%		

\*See Non-GAAP reconciliation

# Q4 FY22 Net Sales Bridge

Net Sales growth reflects inflation-driven pricing partially offset by volume declines and increased promotional spending

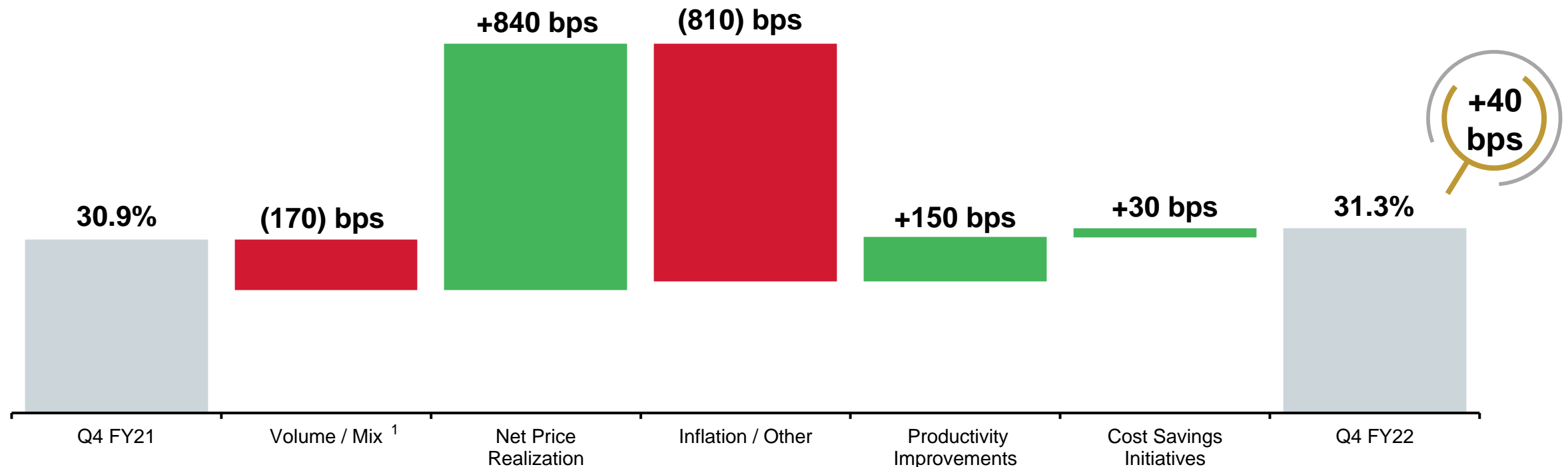


\*See Non-GAAP reconciliation  
Numbers may not add due to rounding



# Q4 FY22 Adjusted Gross Margin %\* Bridge

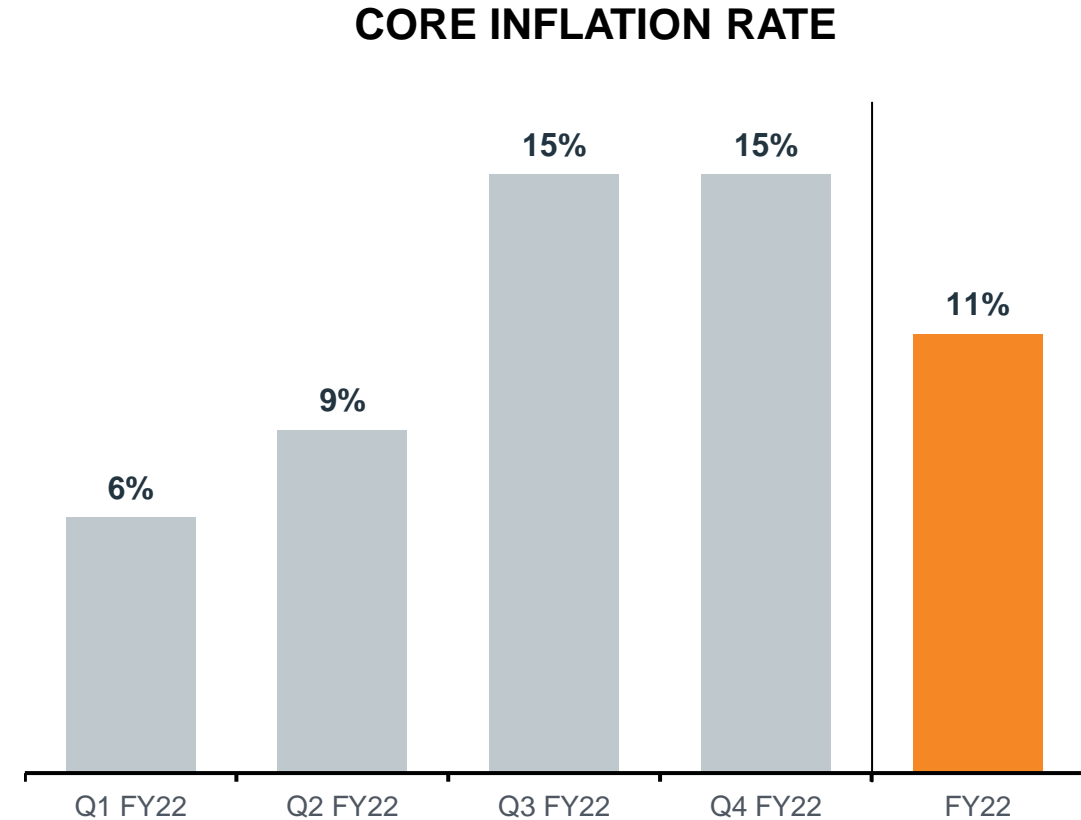
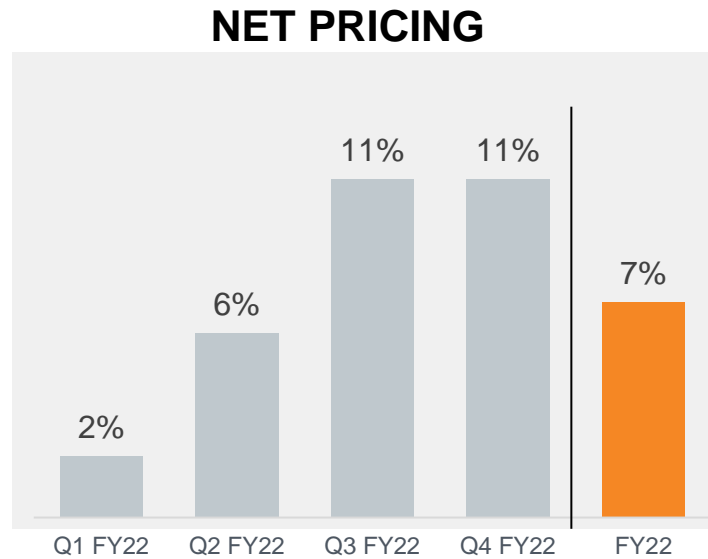
Inflation-driven pricing combined with productivity improvements and cost savings offset inflation / other and unfavorable volume / mix



\*See Non-GAAP reconciliation

<sup>1</sup> Volume / Mix includes the impact of operating leverage

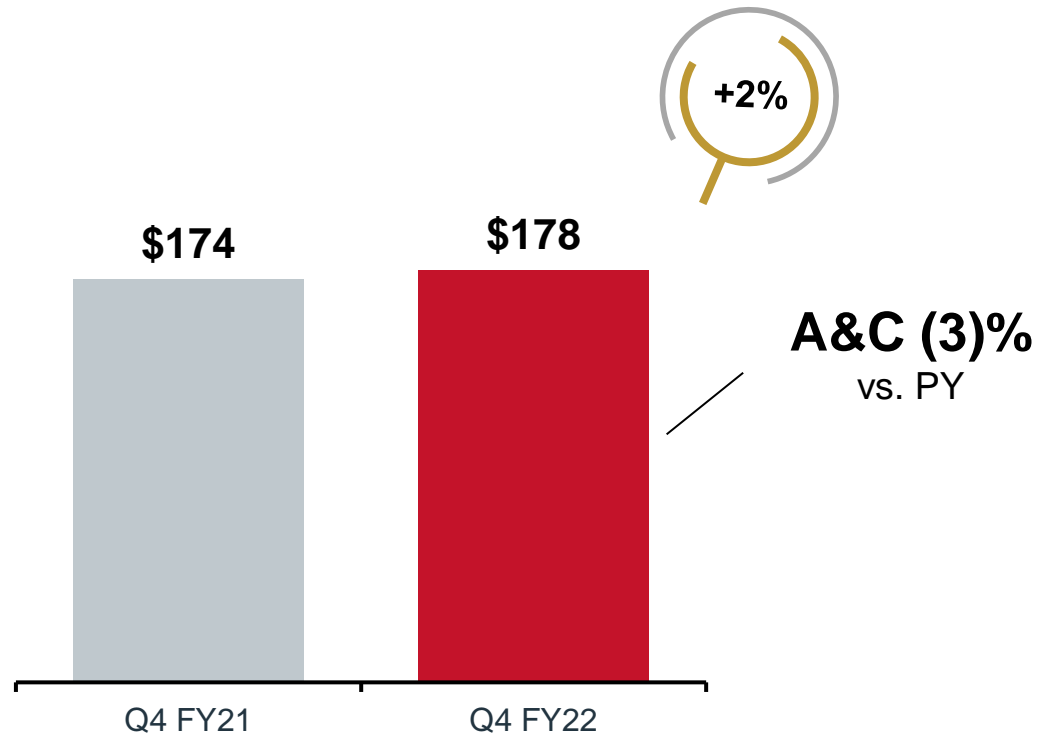
# Mitigating Accelerating Core Inflation



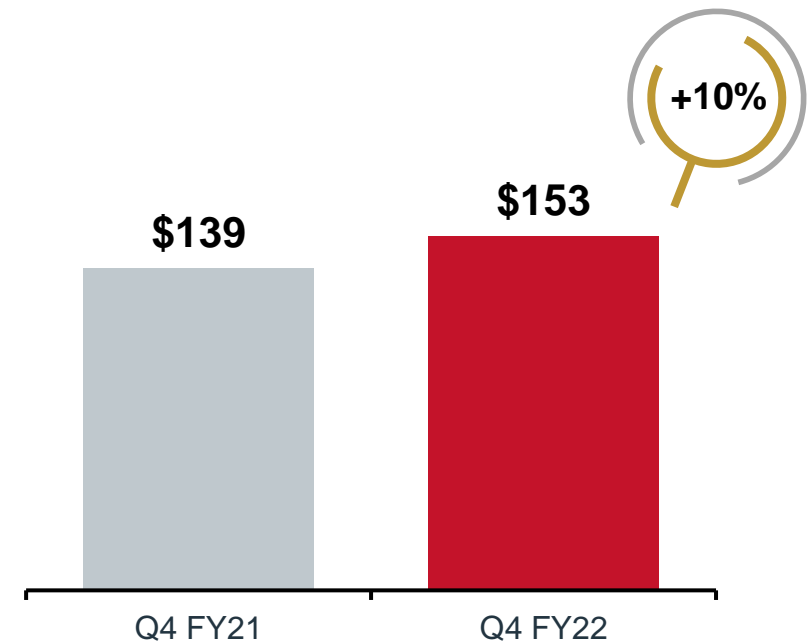
- Pricing and Trade Optimization
- Supply Chain Productivity
- Cost Savings Initiatives
- Manage Discretionary Spending

# Other Operating Items

## ADJUSTED MARKETING & SELLING EXPENSES\*



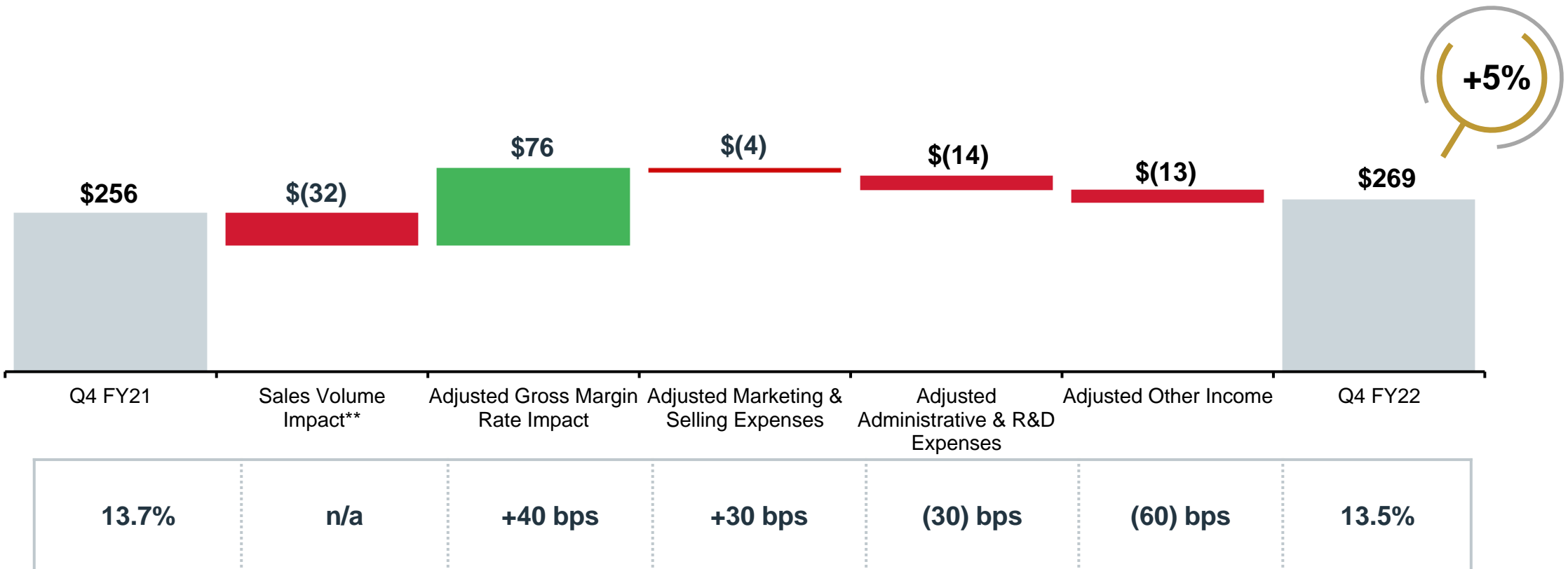
## ADJUSTED ADMINISTRATIVE EXPENSES\*



\*See Non-GAAP reconciliation

# Q4 FY22 Adjusted EBIT\* Bridge

Adjusted EBIT increased 5% in the quarter primarily due to an 8% or \$44 million increase in Adjusted Gross Margin

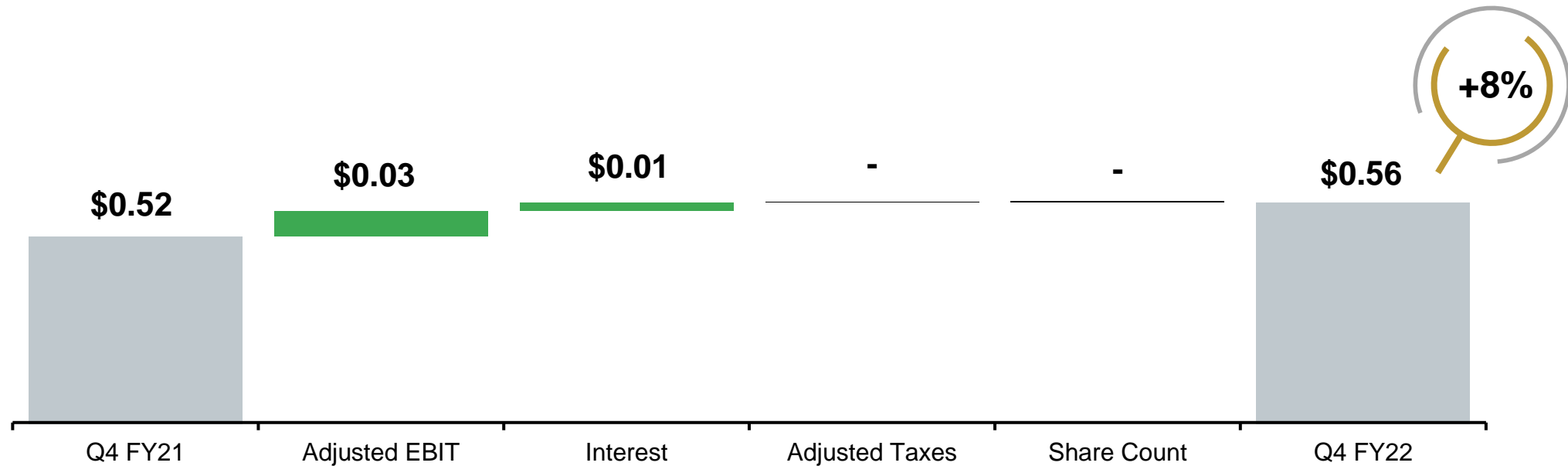


\*See Non-GAAP reconciliations for all adjusted financial measures presented

\*\*Impact of sales volume change based on prior-year adjusted gross margin

# Q4 FY22 Adjusted EPS\* Bridge

Higher adjusted EBIT leading driver of 8% increase in adjusted EPS

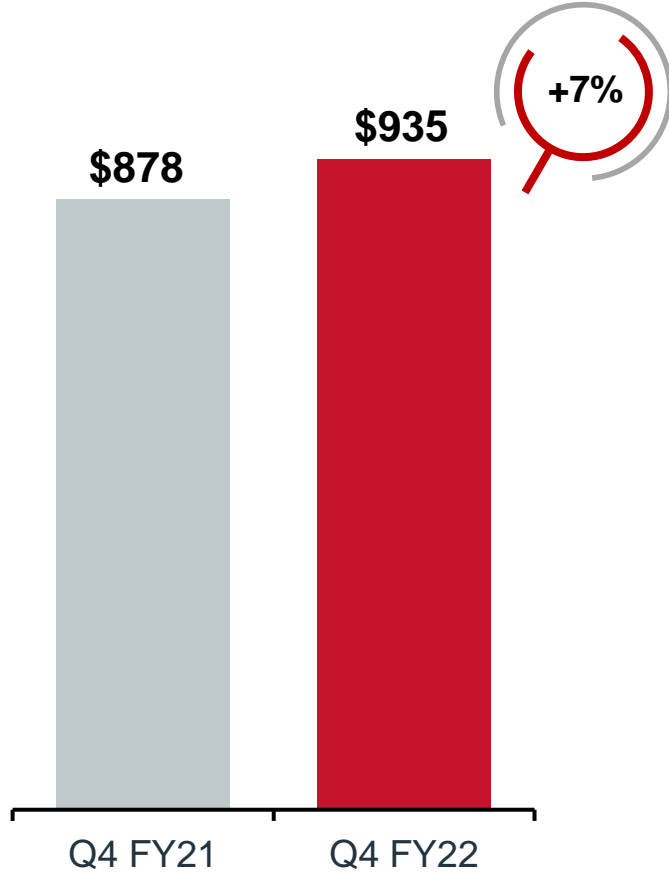


\*See Non-GAAP reconciliations for all adjusted financial measures presented

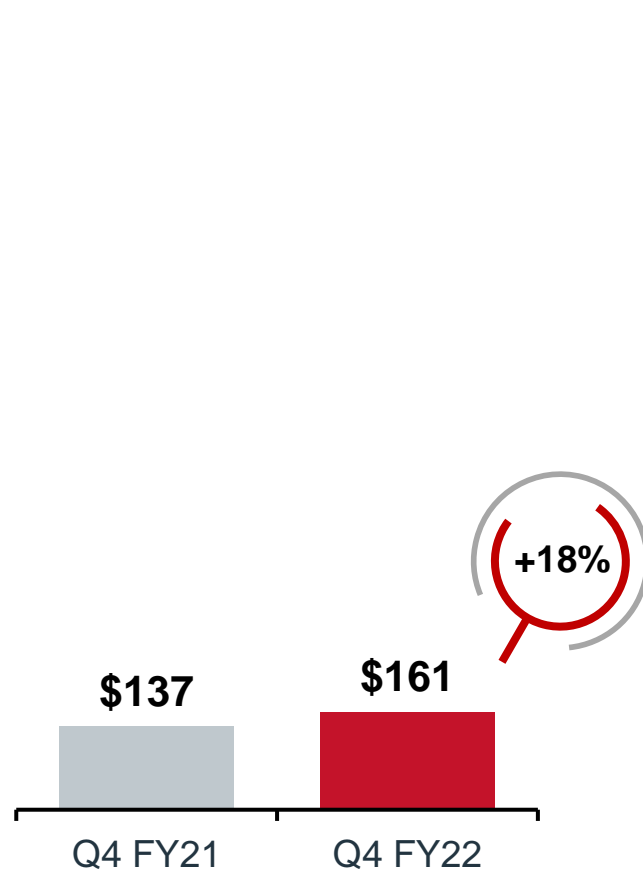


# Q4 FY22 Meals & Beverages Segment Results

## NET SALES & ORGANIC GROWTH RATE\*



## OPERATING EARNINGS



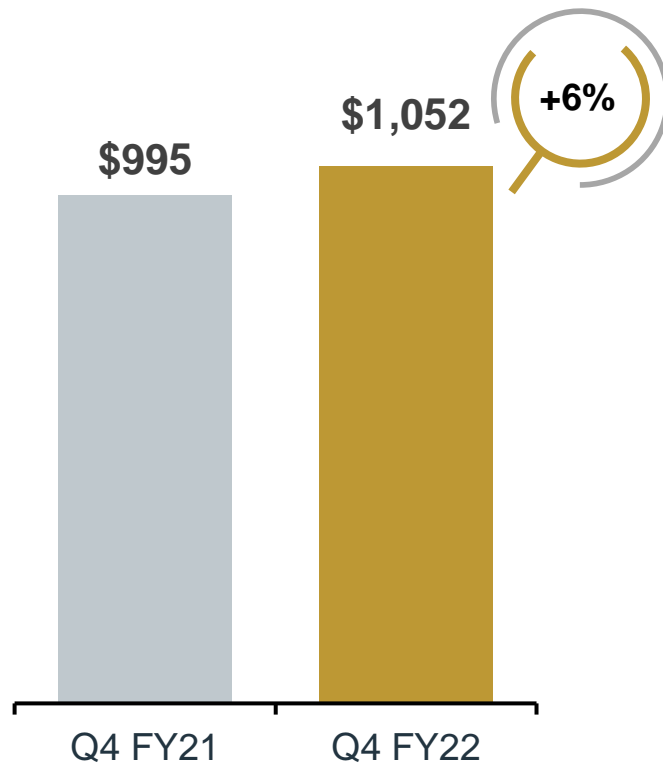
## Campbell's MEALS & BEVERAGES



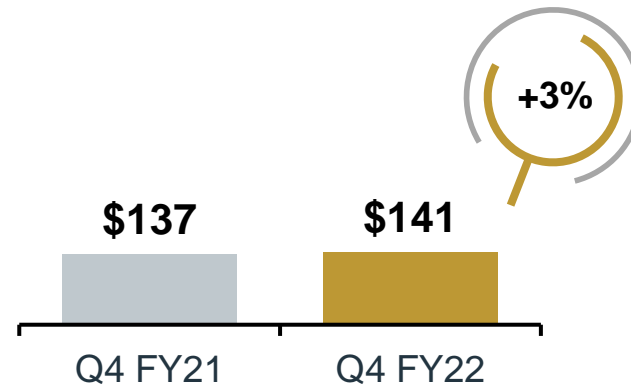
\*See Non-GAAP reconciliation

# Q4 FY22 Snacks Segment Results

## NET SALES & ORGANIC GROWTH RATE\*



## OPERATING EARNINGS



## Campbell's | SNACKS



\*See Non-GAAP reconciliation

# Cash Flow

Strong FY22 Cash Flow generation with over \$600 million returned to shareholders

	FY21	FY22
<b>Net Cash Flows from Operations</b>	<b>\$1,035</b>	<b>\$1,181</b>
<i>of which changes in working capital</i>	<i>\$(289)</i>	<i>(\$41)</i>
<b>Net Cash Flows from Investing Activities</b>	<b>\$(158)</b>	<b>\$(230)</b>
<i>of which capital expenditures</i>	<i>\$(275)</i>	<i>\$(242)</i>
<i>of which sales of businesses (net of cash divested)</i>	<i>\$101</i>	<i>\$-</i>
<b>Net Cash Flows from Financing Activities</b>	<b>\$(1,669)</b>	<b>\$(910)</b>
<i>of which dividends paid</i>	<i>\$(439)</i>	<i>\$(451)</i>
<i>of which stock repurchases</i>	<i>\$(36)</i>	<i>\$(167)</i>
<i>of which net debt borrowings (repayments)</i>	<i>\$(1,181)</i>	<i>\$176</i>
<i>of which payments related to debt extinguishment</i>	<i>-</i>	<i>\$(453)</i>
<b>Net Change in Cash &amp; Cash Equivalents<sup>1</sup></b>	<b>(\$790)</b>	<b>\$40</b>
<b>Cash &amp; Cash Equivalents – end of period</b>	<b>\$69</b>	<b>\$109</b>

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

# FY23 Guidance

(\$ MILLIONS, EXCEPT PER SHARE)	FY22 Results	FY23 Guidance <sup>1</sup>
<b>Net Sales</b>	\$8,562	+4% to +6%
<i>Organic Net Sales</i>		+4% to +6%
<b>Adjusted EBIT</b>	\$1,297*	+1% to +5%
<b>Adjusted EPS</b>	\$2.85*	0% to +4% \$2.85 to \$2.95

## FY23 Assumptions

- Core inflation in the low-teens range
- ~3% productivity improvements
- ~\$60 million of cost savings
- Interest expense of ~\$190 million
- Adjusted tax rate of ~24%
- Headwind of \$35 million, or \$0.09 per share, representing ~3% of both Adjusted EBIT and Adjusted EPS growth, related to decline in pension and postretirement income
- Capital expenditures of ~\$325 million

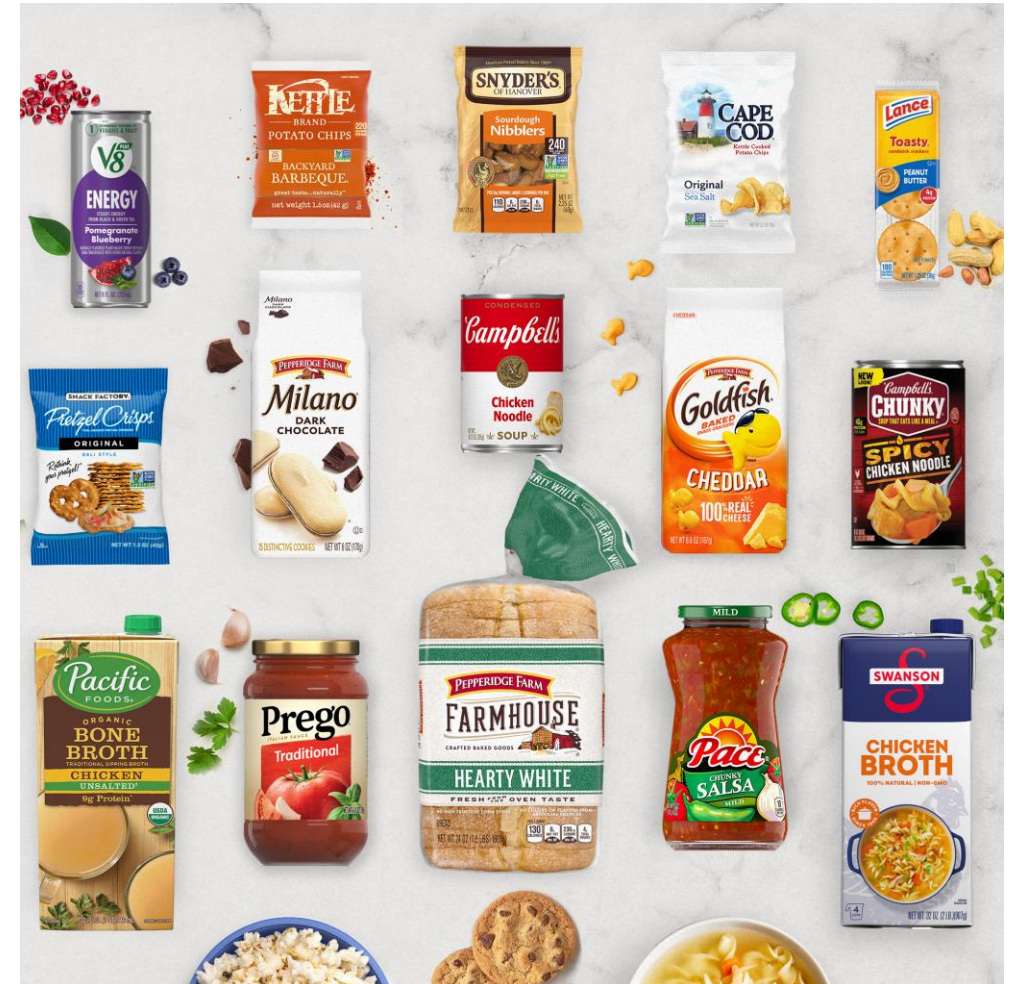
\* See Non-GAAP reconciliation

<sup>1</sup> A non-GAAP reconciliation is not provided for FY23 guidance as the company is unable to reasonably estimate the full-year financial impact of items such as actuarial gains or losses on pension and postretirement plans because these impacts are dependent on future changes in market conditions. The inability to predict the amount and timing of these future items makes a detailed reconciliation of these forward-looking financial measures impracticable



# Summary

- Solid fourth quarter and full-year results despite a volatile operating environment
- Delivered full-year adjusted EPS at the high end of our original guidance range
- Executed with agility, an improved supply chain, effective revenue management and a strong, advantaged brand portfolio
- Strong underlying brand health; share in most key brands at or ahead of FY19
- Provided full-year FY23 guidance





# Q&A Forum



**Mark Clouse**

President & Chief Executive Officer



**Mick Beekhuizen**

EVP & Chief Financial Officer

# Appendix

# Reconciliation of GAAP and Non-GAAP Financial Measures

## Continuing Operations (\$ millions)

### Fourth Quarter

#### July 31, 2022

	<u>Net Sales, As Reported</u>	<u>Impact of Currency</u>	<u>Organic Net Sales</u>	<u>% Change</u>	
	<u>Net Sales, As Reported</u>		<u>Organic Net Sales</u>	<u>Net Sales, As Reported</u>	<u>Organic Net Sales</u>
Meals & Beverages	\$ 935	\$ 5	\$ 940	6%	7%
Snacks	1,052	-	1,052	6%	6%
<b>Total Net Sales</b>	<b>\$ 1,987</b>	<b>\$ 5</b>	<b>\$ 1,992</b>	<b>6%</b>	<b>6%</b>

#### August 1, 2021

	<u>Net Sales, As Reported</u>
Meals & Beverages	\$ 878
Snacks	995
<b>Total Net Sales</b>	<b>\$ 1,873</b>

# Reconciliation of GAAP and Non-GAAP Financial Measures

## Continuing Operations (\$ millions)

### Twelve Months

#### July 31, 2022

Meals & Beverages

	<u>Net Sales, As Reported</u>	<u>Impact of Currency</u>	<u>Organic Net Sales</u>
	\$ 4,607	\$ (2)	\$ 4,605

### % Change

	<u>Net Sales, As Reported</u>	<u>Organic Net Sales</u>
	0%	1%

Snacks

	3,955	-	3,955
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	3%	3%
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**Total Net Sales**

	<u>\$ 8,562</u>	<u>\$ (2)</u>	<u>\$ 8,560</u>
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	<u>1%</u>	<u>2%</u>
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#### August 1, 2021

Meals & Beverages

	<u>Net Sales, As Reported</u>	<u>Impact of Divestitures</u>	<u>Organic Net Sales</u>
	\$ 4,621	\$ (68)	\$ 4,553

Snacks

	3,855	-	3,855
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**Total Net Sales**

	<u>\$ 8,476</u>	<u>\$ (68)</u>	<u>\$ 8,408</u>
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# Reconciliation of GAAP and Non-GAAP Financial Measures

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

## Fourth Quarter

	EBIT	EBIT Margin %	Earnings	Diluted EPS*
<b>2022 – As Reported</b>	\$ 170	8.6%	\$ 96	\$ 0.32
Add: Restructuring charges, implementation costs and other related costs	16		12	0.04
Add: Pension and postretirement adjustments	32		24	0.08
Add: Commodity mark-to-market adjustments	51		38	0.13
<b>2022 – Adjusted</b>	<u>\$ 269</u>	<u>13.5%</u>	<u>\$ 170</u>	<u>\$ 0.56</u>
<b>2021 – As Reported</b>	\$ 411	21.9%	\$ 288	\$ 0.95
Add: Restructuring charges, implementation costs and other related costs	10		8	0.03
Deduct: Pension and postretirement adjustments	(165)		(126)	(0.41)
Deduct: Commodity mark-to-market adjustments	(11)		(8)	(0.03)
Add (Deduct): Charges (gains) associated with divestiture	11		(3)	(0.01)
<b>2021 – Adjusted</b>	<u>\$ 256</u>	<u>13.7%</u>	<u>\$ 159</u>	<u>\$ 0.52</u>
<b>\$ Change - Adjusted</b>	\$ 13		\$ 11	\$ 0.04
<b>% Change - Adjusted</b>	5%	(20) bps	7%	8%

\*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)

Twelve Months

	<u>EBIT</u>	<u>EBIT Margin %</u>	<u>Earnings</u>	<u>Diluted EPS*</u>
<b>2022 – As Reported</b>	\$ 1,163	13.6%	\$ 757	\$ 2.51
Add: Restructuring charges, implementation costs and other related costs	31		24	0.08
Add: Pension and postretirement adjustments	44		33	0.11
Add: Commodity mark-to-market adjustments	59		44	0.15
Add: Loss on extinguishment of debt	-		3	0.01
<b>2022 – Adjusted</b>	<u>\$ 1,297</u>	<u>15.1%</u>	<u>\$ 861</u>	<u>\$ 2.85</u>
<b>2021 – As Reported</b>	\$ 1,545	18.2%	\$ 1,008	\$ 3.30
Add: Restructuring charges, implementation costs and other related costs	53		40	0.13
Deduct: Pension and postretirement adjustments	(203)		(155)	(0.51)
Deduct: Commodity mark-to-market adjustments	(50)		(38)	(0.12)
Add (Deduct): Charges (gains) associated with divestiture	11		(3)	(0.01)
Add: Deferred Tax Charge	-		19	0.06
<b>2021 – Adjusted</b>	<u>\$ 1,356</u>	<u>16.0%</u>	<u>\$ 871</u>	<u>\$ 2.86</u>
<b>\$ Change - Adjusted</b>	\$ (59)		\$ (10)	\$ (0.01)
<b>% Change - Adjusted</b>	(4)%	(90) bps	(1)%	-%

\*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)

### Fourth Quarter

	<u>Gross Margin</u>	<u>GM %</u>	<u>EBT</u>	<u>Tax</u>	<u>Tax Rate</u>
2022 – As Reported	\$ 571	28.7%	\$ 125	\$ 29	23.2%
Add: Restructuring charges, implementation costs and other related costs	-		16	4	
Add: Pension and postretirement adjustments	-		32	8	
Add: Commodity mark-to-market adjustments	51		51	13	
2022 – Adjusted	<u>\$ 622</u>	<u>31.3%</u>	<u>\$ 224</u>	<u>\$ 54</u>	<u>24.1%</u>
2021 – As Reported	\$ 587	31.3%	\$ 364	\$ 76	20.9%
Add: Restructuring charges, implementation costs and other related costs	2		10	2	
Deduct: Pension and postretirement adjustments	-		(165)	(39)	
Deduct: Commodity mark-to-market adjustments	(11)		(11)	(3)	
Add: Charges associated with divestiture	-		11	14	
2021 – Adjusted	<u>\$ 578</u>	<u>30.9%</u>	<u>\$ 209</u>	<u>\$ 50</u>	<u>23.9%</u>
Change - Adjusted		+40 bps			+20 bps

# Reconciliation of GAAP and Non-GAAP Financial Measures

## Continuing Operations (\$ millions)

### Twelve Months

	<u>Gross Margin</u>	<u>GM %</u>	<u>Net Interest Expense</u>	<u>EBT</u>	<u>Tax</u>	<u>Tax Rate</u>
2022 – As Reported	\$ 2,627	30.7%	\$ 188	\$ 975	\$ 218	22.4%
Add: Restructuring charges, implementation costs and other related costs	5		-	31	7	
Add: Pension and postretirement adjustments	-		-	44	11	
Add: Commodity mark-to-market adjustments	59		-	59	15	
Add (Deduct): Loss on extinguishment of debt	-		(4)	4	1	
2022 – Adjusted	<u>\$ 2,691</u>	<u>31.4%</u>	<u>\$ 184</u>	<u>\$ 1,113</u>	<u>\$ 252</u>	<u>22.6%</u>
2021 – As Reported	\$ 2,811	33.2%	\$ 209	\$ 1,336	\$ 328	24.6%
Add: Restructuring charges, implementation costs and other related costs	3		-	53	13	
Deduct: Pension and postretirement adjustments	-		-	(203)	(48)	
Deduct: Commodity mark-to-market adjustments	(50)		-	(50)	(12)	
Add: Charges associated with divestiture	-		-	11	14	
Deduct: Deferred tax charge	-		-	-	(19)	
2021 – Adjusted	<u>\$ 2,764</u>	<u>32.6%</u>	<u>\$ 209</u>	<u>\$ 1,147</u>	<u>\$ 276</u>	<u>24.1%</u>
Change - Adjusted		(120) bps				(150) bps

# Reconciliation of GAAP and Non-GAAP Financial Measures

Continuing Operations (\$ millions)

Adjusted EBIT Impacts from Sales Volume and Adjusted Gross Margin Rate

	<u>Fourth Quarter</u>
2022 – Change in Net Sales Attributable to Volume	\$ (102)
Multiplied by: 2021 – Adjusted Gross Margin %	30.9%
	<hr/>
Adjusted EBIT Impact from Sales Volume	<u>\$ (32)</u>
	<hr/>
2022 – Adjusted Gross Margin \$	\$ 622
2021 – Adjusted Gross Margin \$	578
	<hr/>
Change in Adjusted Gross Margin \$	<u>\$ 44</u>
	<hr/>
Deduct: Adjusted EBIT Impact from Sales Volume	(32)
	<hr/>
Adjusted EBIT Impact from Adjusted Gross Margin Rate	<u>\$ 76</u>

# Reconciliation of GAAP and Non-GAAP Financial Measures

Continuing Operations (\$ millions)

Fourth Quarter

	<u>Administrative Expenses</u>	<u>R&amp;D Expenses</u>	<u>Total</u>
2022 – As Reported	\$ 163	\$ 23	\$ 186
Deduct: Restructuring charges, implementation costs and other related costs	(10)	-	(10)
2022 – Adjusted	<u>\$ 153</u>	<u>\$ 23</u>	<u>\$ 176</u>
% of Net Sales - Adjusted	7.7%	1.2%	8.9%
2021 – As Reported	\$ 146	23	\$ 169
Deduct: Restructuring charges, implementation costs and other related costs	(7)	-	(7)
2021 – Adjusted	<u>\$ 139</u>	<u>\$ 23</u>	<u>\$ 162</u>
% of Net Sales – Adjusted	7.4%	1.2%	8.6%
% of Net Sales Change - Adjusted	+30 bps	- bps	+30 bps
\$ Change – Adjusted	\$ 14	\$ 0	\$ 14
% Change - Adjusted	10%	0%	9%

# Reconciliation of GAAP and Non-GAAP Financial Measures

## Continuing Operations (\$ millions)

### Fourth Quarter

	<u>Marketing &amp; Selling Expenses</u>	<u>Other Expenses / (Income)</u>
2022 – As Reported	\$ 179	\$ 31
Deduct: Restructuring charges, implementation costs and other related costs	(1)	-
Deduct: Pension and postretirement adjustments	-	(32)
2022 – Adjusted	<u>\$ 178</u>	<u>\$ (1)</u>
% of Net Sales - Adjusted	9.0%	(0.1)%
2021 – As Reported	\$ 175	\$ (168)
Deduct: Restructuring charges, implementation costs and other related costs	(1)	-
Add: Pension and postretirement adjustments	-	165
Deduct: Gains associated with divestiture	-	(11)
2021 – Adjusted	<u>\$ 174</u>	<u>\$ (14)</u>
% of Net Sales – Adjusted	9.3%	(0.7)%
% of Net Sales Change – Adjusted	(30) bps	+60 bps
\$ Change – Adjusted	\$ 4	\$ 13
% Change - Adjusted	2%	(93)%

# Reconciliation of GAAP and Non-GAAP Financial Measures

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

Fourth Quarter – Adjusted Diluted EPS Impact from Adjusted EBIT

	<u>EBIT</u>
2022 – Adjusted	\$ 269
2021 – Adjusted	256
\$ Change	<u>\$ 13</u>
Deduct: 2021 Adjusted tax rate impact on EBIT	<u>(3)</u>
Impact to Net Earnings	<u>\$ 10</u>
Fourth Quarter 2021 Diluted Shares	304
Adjusted Diluted EPS Impact	\$ 0.03