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The Campbell's Company (CPB)

26Q3 GAAP and Non-GAAP EPS Miss, Lowering Performance and Safety Ratings and Also PT to $25.

Update Report **August 17, 2026**

CPB reported 26Q3 diluted GAAP EPS of $0.41, vs. last year's $0.22. YOY, net sales declined 4.4% to $2.37 billion, with comparable percentage declines in Meals & Beverages (MB) and Snacks. Segment earnings fell 22%, due to the drop in sales and a sharp decline in gross profit margin from cost inflation and other factors. That decline was more than offset, however, by the non-repeat of a $150 million impairment charge from 25Q3. Thus, GAAP EBIT increased 48.4% to $239 million. Non-GAAP earnings fell from $0.74 to $0.50, but exceeded the consensus estimate of $0.48.

The results were mostly in line with management's expectations. For more than a year now, the company has been focused on improving its performance to return to growth. While the drop in net sales is a concern, management believes that the trend favoring cooking at home is durable and plays to Campbell's strength. It also sees progress in its initiatives to turn sales around in Snacks, emphasizing core strengths, such as Goldfish crackers.

The MB franchise certainly seems durable, but Rao's is a likely headwind because Campbell's paid too much for the business. Its acquisition of Italy's La Regina, which sources Rao's distinctive San Marzano tomatoes and produces the sauce, is a good strategic move that will protect the franchise. It should also help support margins next year. Snacking remains a concern, as the company has already written down the value of two of its leadership brands and reports that the carrying values of most of the remaining brands are within 10% of a write-down. If the consumer comes under greater pressure, snacks are an obvious place for them to cut spending. Alternatively, if the turnaround does not take hold, Campbell's could become an acquisition target (providing that the Dorrance family is willing to sell).

Despite my concerns, the company can deliver improved performance over the next year or two, as long as the U.S. economy avoids a recession. Besides the modest boost from La Regina, its cost savings initiative should help support profitability next year and beyond. The company is reviving part of its old playbook on product innovation that has failed in the past, providing only a short-term sales boost (until the novelty for consumers wears off). Longer-term, Campbell's must reduce its high adjusted EBITDA leverage ratio of 4.0 times back down to around 3.0 times to preserve its credit ratings. Its common stock dividend of $1.64 is therefore at risk, as reflected in its 7.1% yield.

Management reaffirmed its fiscal 2026 adjusted EPS guidance of $2.15 to $2.25. My projections anticipate 2026 GAAP EPS of $1.91 and non-GAAP EPS of $2.20. For 2027, I anticipate net sales growth of 1.2%, GAAP EPS of $2.06 and non-GAAP EPS of $2.18, better than the 2027 Street estimate of $2.00.

Campbell's stock has fallen 16.9% YTD, worse than the gains of 14.5% in the S&P 500 and 14.8% in the DJ U.S. Food Products Index. Its stock chart, however, shows a clear bottoming process with a gradual but steady uptrend since May. Based upon the share price decline, I am resetting my 6-12-month price target to $25. The revised price target equates to one-year forward multiples of 12.0 times projected 2027 GAAP EPS of $2.06 and 11.5 times non-GAAP EPS of $2.18. (By comparison, the average peer group multiple for 2027 is 13.4 times projected non-GAAP EPS.) The revised price target represents a potential total return of 15%, including the 7.1% dividend yield. Thus, I have reduced my performance rating to "2" (Outperform). At the same time, given the company's high leverage and the uncertainty of its turnaround, I have lowered my safety rating from C to C-.

Amt Outst ($m)	CUSIP	Type	Recent Price	Coupon	Maturity	Yield	Spread	Call Date	Call Price	Credit Ratings
1,000	134429BG3	Senior Notes	99.15	4.150%	3/15/28	4.71%	59 bp	12/15/27	100	Baa2/BBB-
500	134429BJ7	Senior Notes	90.70	2.375%	4/24/30	5.18%	88 bp	1/24/30	100	Baa2/BBB-
700	134429BH4	Senior Notes	78.06	4.800%	3/15/48	6.74%	140 bp	9/15/47	100	Baa2/BBB-
500	134429BK4	Senior Notes	57.90	3.125%	4/24/50	6.69%	131 bp	10/24/49	100	Baa2/BBB-

All Notes are continuously callable subject to make-whole call provisions. Bond prices as of August 14, 2026.

Common Stock Performance Rating: 2; Safety Rating: C- **S&P 500: 7785.76 (8/14/26)**

Shares Outst. (mil.)	Common Stock	8/14/26 Price	Div. per Share	Div. Yield	Tangible Book Val.	GAAP Proj '26 EPS	2026 P/E	GAAP Proj. '27 EPS	2027 P/E
298.2	Campbell Soup Company (CPB)	$23.17	$1.64	7.1%	($18.26)	$1.91	12.1	$2.06	11.2

Non-GAAP diluted EPS estimates are $2.20 for fiscal 2026 and $2.18 for fiscal 2027.

Table 1

The Campbell's Company

Historical and projected statements of operations: fiscal 2024-fiscal 2026

($ mil.)

	Historical 53 Weeks 3-Aug-25	Historical 13 Weeks 2-Nov-25	Historical 13 Weeks 1-Feb-26	Historical 13 Weeks 3-May-26	Projected 13 Weeks 2-Aug-26	Projected 52 Weeks 2-Aug-26	Projected 52 Weeks 1-Aug-27
Net sales	10,253	2,677	2,564	2,366	2,222	9,829	9,967
as % of revenues	6.4%	-3.4%	-4.5%	-4.4%	-4.3%	-4.1%	1.4%
Cost of products sold	7,134	1,885	1,847	1,716	1,591	7,039	7,027
as % of revenues	69.6%	70.4%	72.0%	72.5%	71.6%	71.6%	70.5%
Marketing and selling exp.	924	253	252	214	200	919	890
as % of revenues	9.0%	9.5%	9.8%	9.0%	9.0%	9.3%	8.9%
Administrative expense	674	167	160	155	144	626	672
as % of revenues	6.6%	6.2%	6.2%	6.6%	6.5%	6.4%	6.7%
Research and dev. exp.	100	24	22	25	27	98	100
as % of revenues	1.0%	0.9%	0.9%	1.1%	1.2%	1.0%	1.0%
Other expense	273	9	7	8	30	54	120
Restructuring expense	24	3	3	9	6	21	24
Total operating expense	9,129	2,341	2,291	2,127	1,998	8,757	8,833
Earn. bef. interest & taxes	1,124	336	273	239	224	1,072	1,134
as % of revenues	11.0%	12.6%	10.6%	10.1%	10.1%	10.9%	11.4%
Interest expense	353	81	82	83	90	336	381
Interest income	25	1	2	3	3	9	12
Earnings before taxes	796	256	193	159	137	745	765
as % of revenues	7.8%	9.6%	7.5%	6.7%	6.2%	7.6%	7.7%
Taxes on earnings	194	62	48	35	30	175	153
Income tax rate	24.4%	24.2%	24.9%	22.0%	22.0%	23.5%	20.0%
Net earnings	602	194	145	124	107	570	612
as % of revenues	5.9%	7.2%	5.7%	5.2%	4.8%	5.8%	6.1%
Net earn. attrib. to noncontrolling int.	0	0	0	0	(5)	(5)	(20)
Net earn. attrib. to CPB	602	194	145	124	112	575	632
GAAP EPS							
Basic	$2.02	$0.65	$0.49	$0.42	$0.37	$1.93	$2.10
Diluted	$2.01	$0.65	$0.48	$0.41	$0.37	$1.91	$2.06
Non-GAAP EPS	$2.97	$0.51	$0.50	$0.42	$0.65	$2.20	$2.18
Wtd. avg. shares							
Basic	298	298	298	298	299	298	300
Diluted	300	299	299	299	307	301	307
Dividends	$1.54	$0.39	$0.39	$0.39	$0.39	$1.56	$1.56

Source: Campbell Soup Company financial statements and Lark Research estimates and projections.

Table 2

The Campbell's Company

Historical and projected EBITDA and cash flows: fiscal 2024-fiscal 2026

($ mil.)

	Historical 53 Weeks 3-Aug-25	Historical 13 Weeks 2-Nov-25	Historical 13 Weeks 1-Feb-26	Historical 13 Weeks 3-May-26	Projected 13 Weeks 2-Aug-26	Projected 52 Weeks 2-Aug-26	Projected 52 Weeks 1-Aug-27
EBIT	1,124	336	273	239	224	1,072	1,134
Depreciation and amort.	434	99	102	105	111	417	464
Impairment charges	176	0	0	0	0	0	0
EBITDA	1,734	435	375	344	335	1,489	1,598
Capital expenditures	(426)	(127)	(100)	(70)	(73)	(370)	(350)
Net sales (purch.) of routes	(23)	(15)	4	6	0	(5)	0
Acquisitions	0	0	0	0	(146)	(146)	(140)
Sale of businesses	258	5	0	0	0	5	0
Other	4	0	(1)	0	0	(1)	0
EBITDA after capital exp.	1,547	298	278	280	116	972	1,108
Cash paid for interest	(353)	(80)	(80)	(80)	(90)	(330)	(381)
Cash paid for taxes	(248)	(35)	(35)	6	(30)	(94)	(153)
Reconciliation	25	0	0	0	0	0	0
Net (gain) loss on sale of bus.	25	0	0	0	0	0	0
Restructuring charges	24	3	3	9	35	50	100
Stock based compensation	27	13	20	15	30	78	65
Pension & OPEB exp. (inc.)	24	(1)	(1)	6	0	4	0
Other items	78	29	17	5	89	140	(108)
Change in working capital	(235)	(140)	217	(206)	72	(57)	(244)
Free cash flow (CFOA+CFIA)	913	87	420	35	222	764	386
Dividends Paid	(459)	(120)	(117)	(117)	(116)	(470)	(468)
Change in debt	(356)	104	97	(75)	(208)	(82)	(18)
Debt issuance costs	(12)	0	(5)	0	0	(5)	0
Treasury stock	(62)	(24)	(2)	0	0	(26)	0
Other	0	(11)	0	(2)	0	0	0
Net cash flow	24	36	393	(159)	(102)	181	(100)
EBITDA	1,734	435	375	344	335	1,489	1,598
Interest expense	353	81	82	83	90	336	381
Interest coverage	3.2	4.1	3.3	2.9	2.5	3.2	3.0
Cash flows							
Operating activities	1,131	224	516	99	441	1,280	876
Investing activities	(187)	(137)	(97)	(64)	(219)	(517)	(490)
Financing activities	(919)	(51)	(27)	(194)	(324)	(596)	(486)
Effect of exchange rates	(1)	0	1	0	0	1	0
Net cash flow	24	36	393	(159)	(102)	168	(100)

Source: Campbell Soup Company financial statements and Lark Research estimates and projections.

Table 3

The Campbell's Company

Historical and projected statements of financial position and key ratios: fiscal 2024-fiscal 2026

($ mil.)

	Historical 3-Aug-25	Historical 2-Nov-25	Historical 1-Feb-26	Historical 3-May-26	Projected 2-Aug-26	Projected 2-Aug-26	Projected 1-Aug-27
ASSETS							
Cash and cash equivalents	82	168	561	402	300	300	200
Accounts receivable	650	768	671	552	698	698	710
Inventories	1,500	1,505	1,360	1,451	1,546	1,546	1,482
Net PP&E	2,767	2,744	2,751	2,735	2,885	2,885	2,893
Goodwill	5,000	4,990	4,992	4,993	5,238	5,238	5,308
Other intangibles	4,347	4,345	4,335	4,325	4,412	4,412	4,360
Other assets	550	659	678	684	790	790	850
TOTAL ASSETS	14,896	15,179	15,348	15,142	15,869	15,869	15,803
LIABILITIES AND EQUITY							
Other liabilities	4,897	4,248	4,266	4,102	4,521	4,521	4,285
Total debt	6,095	6,972	7,075	7,010	6,802	6,802	6,784
Noncontrolling interests	2	2	2	2	252	252	232
Common equity	3,902	3,957	4,005	4,028	4,294	4,294	4,502
TOTAL LIABILITIES & EQUITY	14,896	15,179	15,348	15,142	15,869	15,869	15,803
KEY RATIOS							
NI/net sales	5.9%	7.2%	5.7%	5.2%	4.6%	5.8%	6.1%
Net sales/average assets	0.76	0.71	0.67	0.62	0.57	0.61	0.64
Average assets/average equity	3.55	3.83	3.83	3.80	3.73	3.93	3.66
Return on average equity	15.7%	19.7%	14.6%	12.3%	9.8%	14.0%	14.5%
Days receivable	23.1	27.6	24.4	20.3	25.0	25.9	26.0
Days inventories	76.7	77.2	70.0	75.0	75.0	80.2	77.0
Days other liabilities	202.4	176.1	177.5	171.4	180.0	190.1	180.0
Debt-to-total capitalization	61.0%	63.8%	63.8%	63.5%	59.9%	59.9%	58.9%
Debt-to-EBITDA	3.5	5.7	6.0	6.1	6.5	4.6	4.2

Source: Campbell Soup Company financial statements and Lark Research estimates and projections.

Table 4

The Campbell's Company

Historical and projected segment information: fiscal 2024-fiscal 2026

($ mil.)

	Historical 53 Weeks 3-Aug-25	Historical 13 Weeks 2-Nov-25	Historical 13 Weeks 1-Feb-26	Historical 13 Weeks 3-May-26	Projected 13 Weeks 2-Aug-26	Projected 52 Weeks 2-Aug-26	Projected 52 Weeks 1-Aug-27
NET SALES							
Meals and Beverages	6,050	1,665	1,650	1,426	1,068	5,809	5,867
Snacks	4,203	1,012	914	940	1,153	4,019	4,100
Total	10,253	2,677	2,564	2,366	2,222	9,829	9,967
NET SALES GROWTH							
Meals and Beverages	15.1%	-4.3%	-3.6%	-4.5%	-3.5%	-4.0%	1.0%
Snacks	-4.0%	-2.0%	-6.2%	-4.3%	-5.0%	-4.4%	2.0%
Total	6.4%	-3.4%	-4.5%	-4.4%	-4.3%	-4.1%	1.4%
EBIT							
Meals and Beverages	1,076	297	252	213	166	928	943
Snacks	560	123	67	95	115	400	439
Corporate costs	(488)	(81)	(43)	(60)	(50)	(234)	(220)
Restructuring chgs. & rel. costs	(24)	(3)	(3)	(9)	(7)	(22)	(28)
Total	1,124	336	273	239	224	1,072	1,134
EBIT MARGIN							
Meals and Beverages	17.8%	17.8%	15.3%	14.9%	15.5%	16.0%	16.1%
Snacks	13.3%	12.2%	7.3%	10.1%	10.0%	10.0%	10.7%
Corp., restructuring & rel. costs	-4.8%	-3.0%	-1.7%	-2.5%	-2.3%	-2.4%	-2.2%
Total	-0.2%	-0.1%	-0.1%	-0.4%	-0.3%	-0.2%	-0.3%

Source: Campbell Soup Company financial statements and Lark Research estimates and projections.

Conflicts of Interest Disclosure:

The author currently has no position in the publicly traded securities of Campbell Soup Company (CPB).

Lark Research ratings methodology:

The **Performance** rating is scaled from 1 to 5, with a rating of 1 indicating “buy” vs. the broader market; “2” indicating outperform; “3” is neutral; “4” is underperform and a rating of 5 indicates “sell” vs. the broader market. The rating anticipates this performance over a 12-month period.

The **Safety** rating is scaled from A to E, with a rating of A indicating the highest safety profile and a rating of E indicating the lowest safety. E-rated investments carry the highest risk and face a high probability of significant loss.

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