



The Campbell's Company

A structured financial analysis of The Campbell's Company, using a 3-statement model and dashboards to highlight key performance, risk, and cash flow drivers.



Company Overview

The Campbell's Company is a mature consumer staples business with a strong and well-established brand portfolio. The company operates in a relatively stable end market, while its equity valuation has shown periods of volatility, with share prices ranging from lower levels during weaker cycles to significantly higher valuations in stronger market conditions.

Campbell's benefits from a diversified product mix, with core revenues generated from soups, sauces, and snack brands, which provide resilience and consistent demand across economic cycles. The business profile is typically attractive to income-oriented investors due to its dividend policy, while periods of broader market stress or cost pressure have historically led to temporary undervaluation relative to its long-term fundamentals.



Income Statement

Income Statement Overview (FY21–FY25)

in millions USD

Income Statement:	FY 21	FY 22	FY 23	FY 24	FY 25
Revenue	\$8,480	\$8,560	\$9,360	\$9,640	\$10,250
Cost of revenue	\$5,670	\$5,940	\$6,440	\$6,670	\$7,130
Gross profit	\$2,810	\$2,630	\$2,920	\$2,970	\$3,120
Gross profit margin	33.16%	30.68%	31.17%	30.83%	30.42%
Operating expenses	\$1,540	\$1,480	\$1,610	\$1,750	\$1,770
Selling, general and administrative expenses	\$1,420	\$1,350	\$1,470	\$1,570	\$1,600
Research and development expenses	\$84	\$87	\$92	\$102	\$100
Other expenses	\$42	\$41	\$48	\$73	\$68
Operating Income	\$1,550	\$1,160	\$1,310	\$1,230	\$1,350
Operating profit margin	18.23%	13.58%	14.02%	12.72%	13.20%
Other income expenses net	-\$209	-\$188	-\$184	-\$469	-\$557
Income before tax (EBT)	\$1,340	\$975	\$1,130	\$757	\$796
EBT margin	15.76%	11.39%	12.06%	7.86%	7.76%
Income tax expense	\$328	\$218	\$270	\$190	\$194
Net income	\$1,000	\$757	\$858	\$567	\$602
Net profit margin	11.82%	8.84%	9.17%	5.88%	5.87%
Earnings per share	\$3.31	\$2.51	\$2.87	\$1.90	\$2.02
Earnings per share (diluted)	\$3.29	\$2.51	\$2.85	\$1.89	\$2.01
Weighted average shares outstanding	\$303	\$301	\$299	\$300	\$298
Weightes average shares outstanding (diluted)	\$305	\$302	\$301	\$300	\$300

P&L (Part 1)

Over the analyzed period, The Campbell's Company delivered steady top-line growth, with revenues increasing at a moderate pace, reflecting the characteristics of a mature consumer staples business. While revenue growth remained positive, it was not sufficient to fully offset rising cost pressures, particularly at the gross profit level.

Gross margin showed a gradual decline over the period, driven by cost inflation and higher input costs, as reflected by COGS growing at a faster rate than revenue. This margin compression indicates reduced pricing power in certain periods and highlights the sensitivity of profitability to cost dynamics in a low-growth environment.

P&L (Part 2)

Despite pressure at the gross margin level, operating profit remained relatively stable, suggesting effective cost control below the gross profit line. Operating margin resilience indicates that management was able to partially mitigate margin headwinds through disciplined operating expense management.

Net income, however, exhibited higher volatility compared to operating profit, reflecting the impact of non-operating items and financing-related effects. As a result, net profit margin declined over time, even though core operating performance remained broadly stable.

Overall, the income statement highlights a business with stable revenues and operating profitability, but with increasing margin pressure and earnings volatility driven primarily by costs and non-operating factors rather than structural deterioration in demand.

INCOME STATEMENT DASHBOARD

The Campbell's Company

INCOME STATEMENT

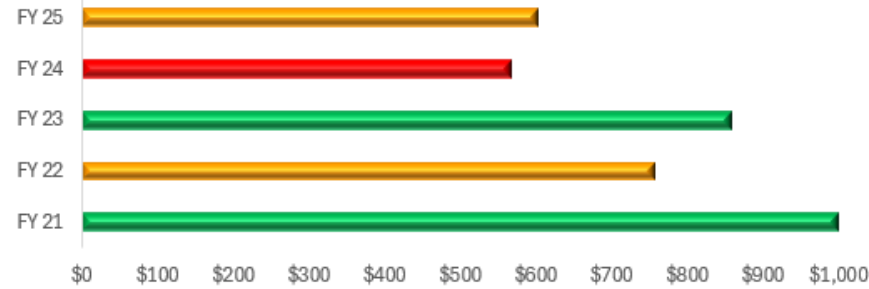
BALANCE SHEET

CASH FLOW

Revenue Scale and Evolution (millions \$)



Net Income



Revenue
CAGR
3.86%

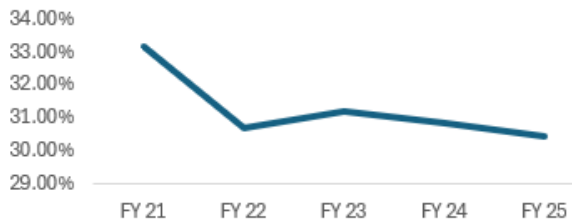


COGS
CAGR
4.69%

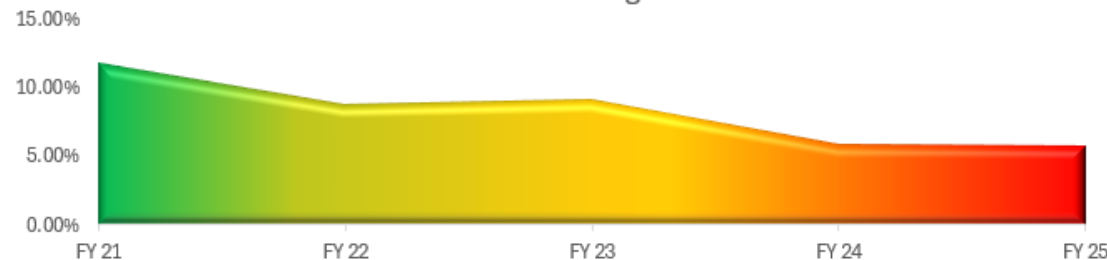


Δ Gross
Margin (bps)
-826

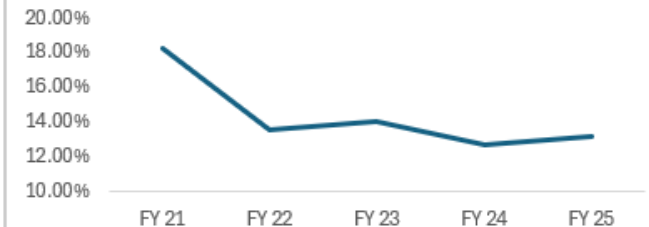
Gross Margin



Net Profit Margin



Operating profit Margin





Balance Sheet

Balance Sheet Overview (FY21–FY25)

in millions USD

Balance Sheet:	FY 21	FY 22	FY 23	FY 24	FY 25
Total assets	\$11,730	\$11,890	\$12,060	\$15,240	\$14,900
Total current assets	\$1,700	\$1,960	\$2,060	\$2,190	\$2,230
Cash and short term investments	\$69	\$109	\$189	\$108	\$132
Cash and cash equivalents	\$69	\$109	\$189	\$108	\$132
Short term Investments	\$0	\$0	\$0	\$0	\$0
Receivables	\$595	\$541	\$529	\$630	\$583
Inventory	\$933	\$1,250	\$1,290	\$1,390	\$1,420
Other current assets	\$98	\$67	\$52	\$66	\$93
Total non-current assets	\$10,040	\$9,930	\$10,000	\$13,050	\$12,660
Property, plant & equipment net	\$2,610	\$2,580	\$2,670	\$3,030	\$2,770
Goodwill and intangible assets	\$7,220	\$7,180	\$7,110	\$9,790	\$9,350
Goodwill	\$3,980	\$3,980	\$3,970	\$5,080	\$4,990
Intangible assets	\$3,240	\$3,200	\$3,140	\$4,720	\$4,360
Long term investments	\$0	\$0	\$0	\$0	\$5
Other non-current assets	\$214	\$170	\$217	\$221	\$545
Other assets	\$0	\$0	\$0	\$0	\$0
Total liabilities and equity	\$11,730	\$11,890	\$12,060	\$15,240	\$14,900
Total liabilities	\$8,580	\$8,560	\$8,400	\$11,440	\$10,990
Total current liabilities	\$1,810	\$2,890	\$2,220	\$3,580	\$2,910
Payables	\$1,070	\$1,330	\$1,310	\$1,310	\$1,330
Short term debt	\$102	\$876	\$261	\$1,510	\$858
Deferred revenue	\$0	\$0	\$0	\$0	\$0
Other current liabilities	\$637	\$673	\$635	\$745	\$716
Non-current liabilities	\$6,770	\$5,670	\$6,170	\$7,860	\$8,090
Long term debt	\$5,190	\$4,170	\$4,710	\$6,030	\$6,350
Other non-current deferred tax liabilities	\$525	\$427	\$400	\$408	\$379
Non-current deferred revenue	\$0	\$0	\$0	\$0	\$0
Non-current deferred tax liabilities	\$1,050	\$1,070	\$1,070	\$1,430	\$1,350
Total equity	\$3,150	\$3,330	\$3,660	\$3,800	\$3,900
Common stock	\$12	\$12	\$12	\$12	\$12
Retained earnings	\$3,740	\$4,040	\$4,450	\$4,570	\$4,690
Other stockholders equity	-\$607	-\$723	-\$799	-\$770	-\$789
Accumulated other comprehensive income loss	\$5	\$2	-\$3	-\$17	-\$15
Minority interest	\$2	\$2	\$2	\$2	\$2

Balance Sheet (part 1)

The balance sheet of The Campbell's Company reflects an aggressive but deliberate financial structure, typical of a mature consumer staples business focused on capital efficiency rather than balance sheet conservatism.

Liquidity metrics remain structurally weak, with the current ratio consistently below 1.0 and the quick ratio averaging around 0.3.

While this limits short-term financial flexibility and can raise concerns during periods of economic stress, it is largely a function of the company's negative working capital model rather than operational distress.

Balance Sheet (Part 2)

The company operates with a structurally negative net working capital position, supported by efficient payables management and a relatively stable cash conversion cycle. This working capital setup allows Campbell's to extract cash from operations efficiently under normal market conditions but increases sensitivity during demand slowdowns or tighter credit environments.

Leverage remains elevated, as reflected in a debt-to-equity ratio above historical conservative levels. While manageable given the stability of operating cash flows, higher leverage amplifies equity volatility and contributes to sharper valuation declines during recessionary periods.

Overall, the balance sheet highlights a clear trade-off: enhanced capital efficiency and returns in stable environments, at the cost of reduced resilience and higher downside risk during economic downturns.

BALANCE SHEET DASHBOARD

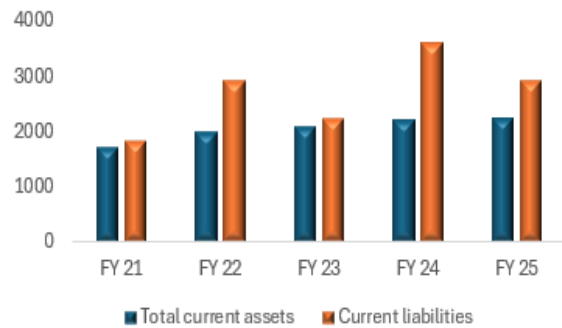
The Campbell's Company

INCOME STATEMENT

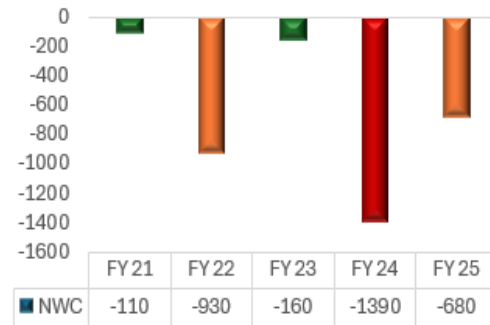
BALANCE SHEET

CASH FLOW

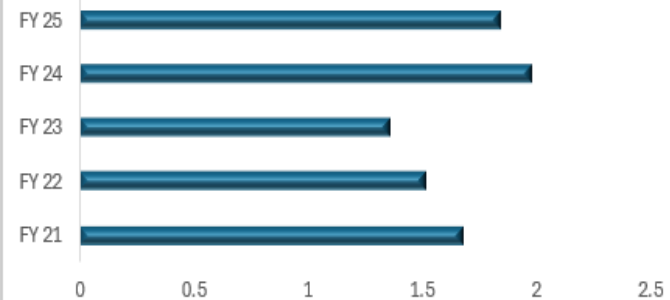
Liquidity Overview



Working Capital Position



Debt-to-equity



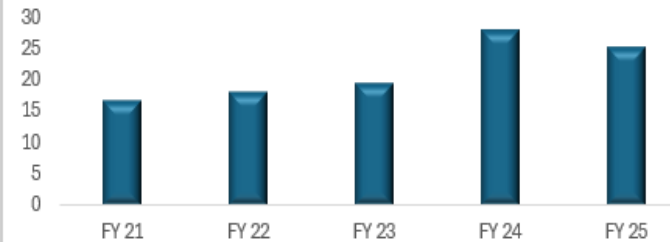
Current Ratio



Quick Ratio



Cash Conversion Cycle



Current Ratio
0.78x



Quick Ratio
0.30x



Avg Debt-to-equity
1.68x



Cash Flow



Cash Flow Overview (FY21–FY25)

in millions USD

Cash Flow:	FY 21	FY 22	FY 23	FY 24	FY 25
Operating cash flow	\$1,040	\$1,180	\$1,140	\$1,190	\$1,130
Net income	\$1,000	\$757	\$858	\$567	\$602
Depreciation & amortization	\$317	\$337	\$387	\$411	\$434
Deferred income taxes	\$137	\$21	-\$5	-\$47	-\$54
Stock-based compensation	\$64	\$59	\$63	\$99	\$57
Change in working capital	-\$289	-\$41	-\$216	-\$129	-\$235
Other non-cash items	-\$196	\$48	\$56	\$284	\$327
Investing cash flow	-\$158	-\$230	-\$340	-\$3,130	-\$187
Investments in PPE	-\$275	-\$242	-\$370	-\$517	-\$426
Acquisitions	\$109	\$1	\$29	-\$2,610	\$235
Investment purchases	\$0	\$0	\$0	\$0	\$0
Sales / maturities of investments	\$0	\$0	\$0	\$0	\$0
Other investing activities	\$8	\$11	\$1	\$1	\$4
Financing cash flow	-\$1,670	-\$910	-\$723	\$1,860	-\$919
Debt repayment	-\$1,180	\$176	\$66	\$2,440	-\$356
Dividends payments	-\$439	-\$451	-\$447	-\$445	-\$459
Common stock repurchased	-\$36	-\$167	-\$142	-\$67	-\$62
Common stock issuance	\$2	\$3	\$22	\$2	\$0
Other financing activities	\$2	-\$471	-\$49	-\$69	-\$42
Effect of forex changes on cash	\$2	-\$1	\$0	-\$1	-\$1
Change in cash	-\$790	\$40	\$80	-\$81	\$24
Cash at beginning of period	\$859	\$69	\$109	\$189	\$108
Cash at end of period	\$69	\$109	\$189	\$108	\$132
Capital expenditure	-\$275	-\$242	-\$370	-\$517	-\$426
Free cash flow	\$760	\$939	\$773	\$668	\$705

Cash Flow (Part 1)

Cash flow performance provides an important counterbalance to the more aggressive balance sheet structure of The Campbell's Company. Over the analyzed period, operating cash flow remained consistently strong and, in several years, exceeded reported net income, indicating solid earnings quality and effective cash generation.

The cash conversion ratio (CFO / Net Income) remained structurally above 1.0, highlighting that reported profits are well supported by cash flows rather than driven by accounting effects. This reinforces the view that core operating performance is resilient despite margin pressure observed at the income statement level.

Cash Flow (Part 2)

Free cash flow generation remained positive across the period, although subject to year-to-year volatility driven primarily by capital expenditure levels. Periods of elevated CAPEX temporarily reduced free cash flow, reflecting strategic investments rather than structural weakness in cash generation.

Overall, strong operating cash flow and positive free cash flow partially mitigate balance sheet risks by supporting debt servicing, dividend payments, and financial flexibility. While liquidity ratios remain weak, the company's ability to consistently generate cash from operations reduces short-term solvency risk under normal operating conditions

INCOME STATEMENT DASHBOARD

The Campbell's Company

INCOME STATEMENT

BALANCE SHEET

CASH FLOW

CFO vs Net Income

In millions \$

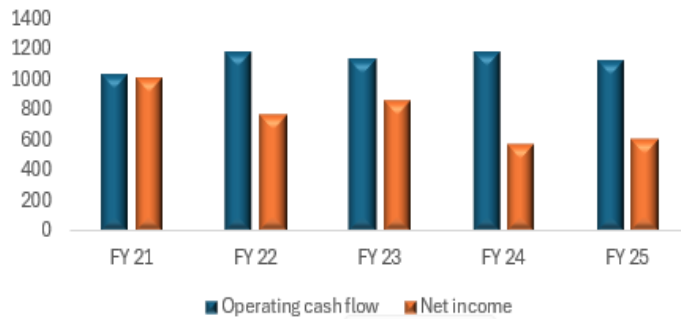
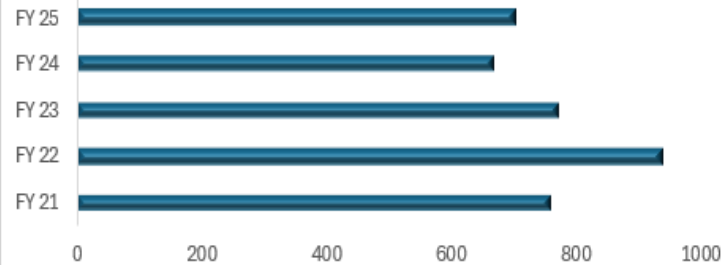


Chart Area

Free Cash Flow



Avg CF margin

8.40%



Avg CAPEX Intensity

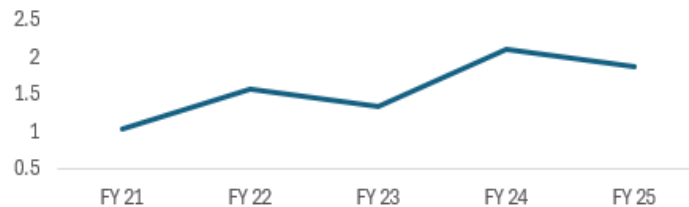
3.91%



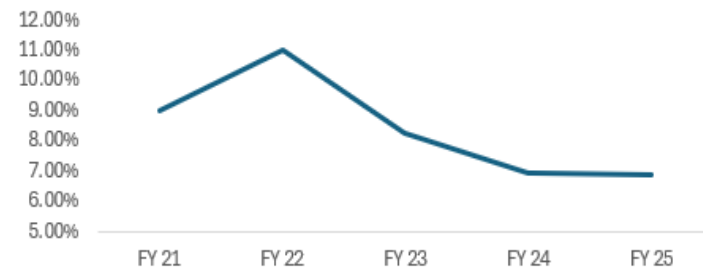
Average CCR

1.58x

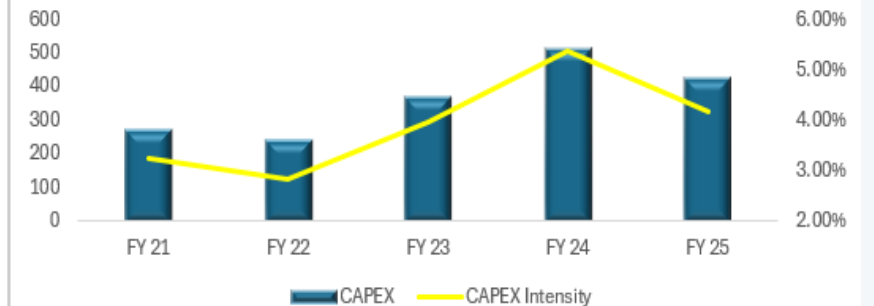
Cash Conversion Ratio (CFO / Net Income)



Free Cash Flow Margin



CAPEX & CAPEX Intensity



Summery (Part 1)

As highlighted in Benjamin Graham's investment philosophy, periods of heightened pessimism around large, established companies often create opportunities rather than permanent impairment. Market sentiment tends to overshoot fundamentals, particularly during crises, when fear dominates short-term decision-making.

For active investors, one strategy has historically involved acquiring fundamentally solid, well-known companies during periods of elevated volatility and depressed valuations, holding them through adverse cycles, and exiting once confidence and market sentiment recover. In such cases, returns are driven less by operational transformation and more by normalization of expectations.

Summery (part 2)

Conversely, periods of excessive optimism often coincide with stretched valuations, where positive narratives are already fully reflected in prices. In these environments, risk-adjusted returns tend to diminish, making disciplined exits more attractive than incremental exposure.

Ultimately, this approach emphasizes the distinction between sentiment and fundamentals: when market perception becomes overly negative despite resilient financial performance, risk may be overstated; when optimism becomes widespread, future returns are often constrained.