



FY17 Q2
Earnings Presentation

December 22, 2016

Today's Presenters



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President and Chief Executive Officer

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Chief Financial Officer

Forward-Looking Statement



This presentation contains forward-looking statements within the meaning of the federal securities laws. These forward-looking statements are based on management's current expectations and are subject to uncertainty and changes in circumstances. We undertake no responsibility for updating these statements. Readers of this presentation should understand that these statements are not guarantees of performance or results. Many factors could affect our actual financial results and cause them to vary materially from the expectations contained in the forward-looking statements, including those set forth in this presentation. These risks and uncertainties include, among other things: our ability to achieve the intended benefits of the recent spin-off of our Lamb Weston business; general economic and industry conditions; our ability to successfully execute our long-term value creation strategy; our ability to access capital; our ability to execute our operating and restructuring plans and achieve our targeted operating efficiencies, cost-saving initiatives, and trade optimization programs; the effectiveness of our hedging activities, including volatility in commodities that could negatively impact our derivative positions and, in turn, our earnings; the competitive environment and related market conditions; our ability to respond to changing consumer preferences and the success of our innovation and marketing investments; the ultimate impact of any product recalls and litigation, including litigation related to the lead paint and pigment matters; actions of governments and regulatory factors affecting our businesses, including the Patient Protection and Affordable Care Act; the availability and prices of raw materials, including any negative effects caused by inflation or weather conditions; risks and uncertainties associated with intangible assets, including any future goodwill or intangible assets impairment charges; our ability to realize the synergies and benefits contemplated by the Ardent Mills joint venture; the costs, disruption, and diversion of management's attention associated with campaigns commenced by activist investors; and other risks described in our reports filed from time to time with the Securities and Exchange Commission. We caution readers not to place undue reliance on any forward-looking statements included in this presentation, which speak only as of the date of this presentation.

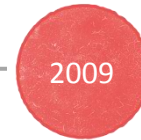
This presentation includes certain non-GAAP financial measures. Management considers GAAP financial measures as well as such non-GAAP financial information in its evaluation of the company's financial statements and believes these non-GAAP measures provide useful supplemental information to assess the company's operating performance and financial position. These measures should be viewed in addition to, and not in lieu of, the company's diluted earnings per share, operating performance and financial measures as calculated in accordance with GAAP.



Sean Connolly

President and Chief Executive Officer

New Era, New Company



Agriculture

Diversified Conglomerate

Branded Pure Play

Six Key Thoughts



- 1 Different company with significant potential

- 2 Key to success is focus, discipline, and culture

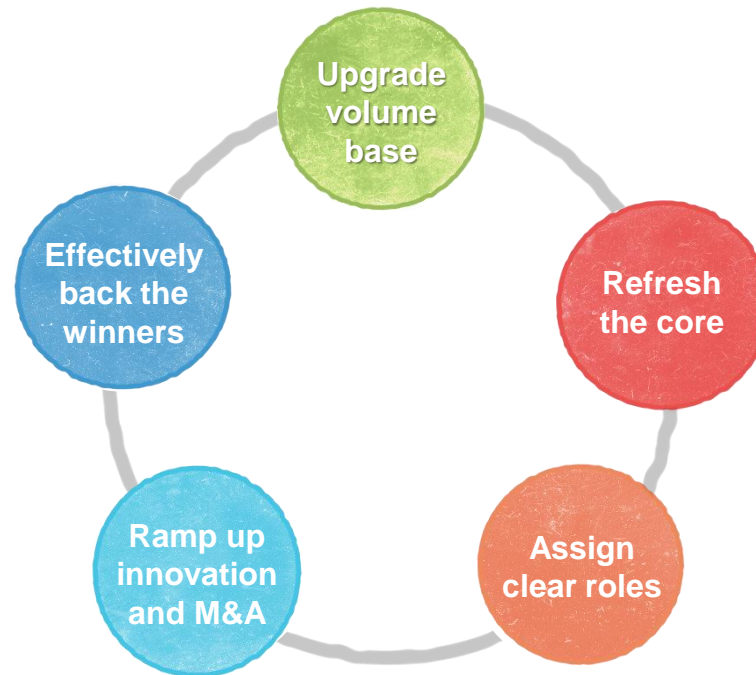
- 3 Revenue management and cost/complexity reductions will fuel margins

- 4 Margin expansion will fuel growth and cash flow

- 5 In a unique position to reshape portfolio efficiently

- 6 Time and targeted investment required

Embedding New Portfolio Management Principles (PMPs)



Essential to consistent growth

Distinct Portfolio Roles for Our Brands



Reinvigorate



Accelerate Growth



Reliable Contributors



Grow Core & Extend



Success Means Breaking Bad Habits



from

to

Focus on **volume**

Focus on **value creation**

Reliance on **trade/push**

Reliance on brand **strength/pull**

SKU **Proliferation**

SKU **Optimization**

Erratic A&P support

Focused/consistent A&P support

Q2 Performance Highlights



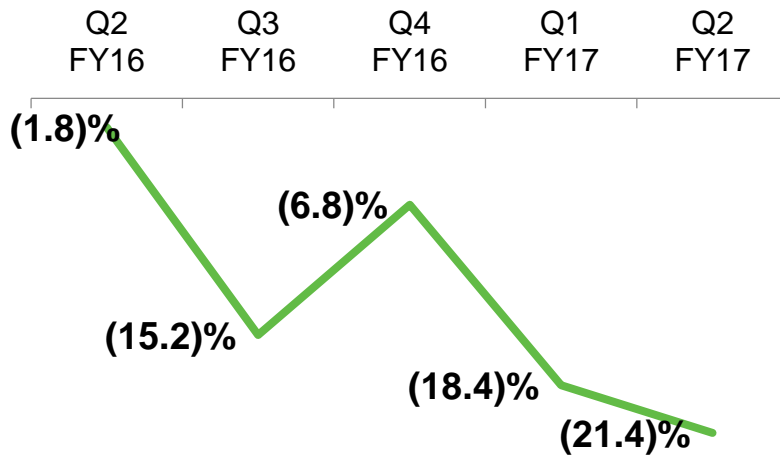
(dollars in millions, except per share data)	Q2 FY17	Change vs YA
Net Sales	\$2,088	(11.5)%
Est. impact of divestitures and foreign exchange		(5.5)%
Adj. Op. Profit*	355	+11.6%
Adj. Op. Margin*	17.0%	+350 bps
Adj. Diluted EPS	\$0.49	+25.6%

* Adjusted Operating Profit and Adjusted Operating Margin exclude Equity method investment earnings
 "Adjusted" financial measures are non-GAAP. See the end of this presentation for a reconciliation of these measures to the most directly comparable GAAP measures.

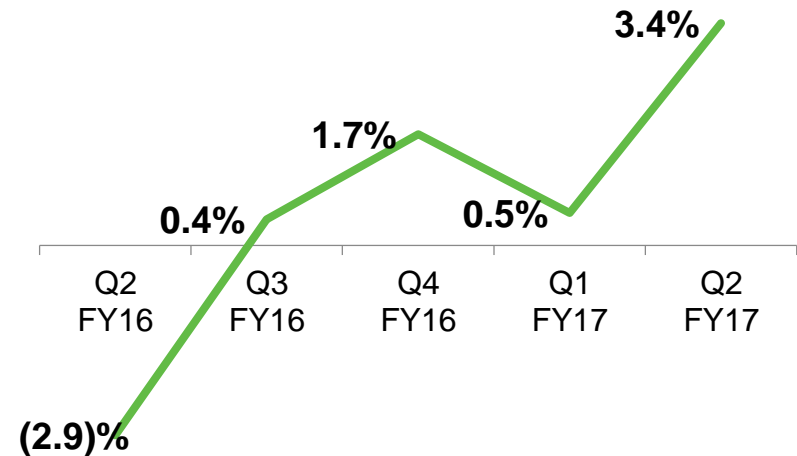
Value Over Volume Strategy Working



Incremental Sales (% Change Vs. Year Ago)



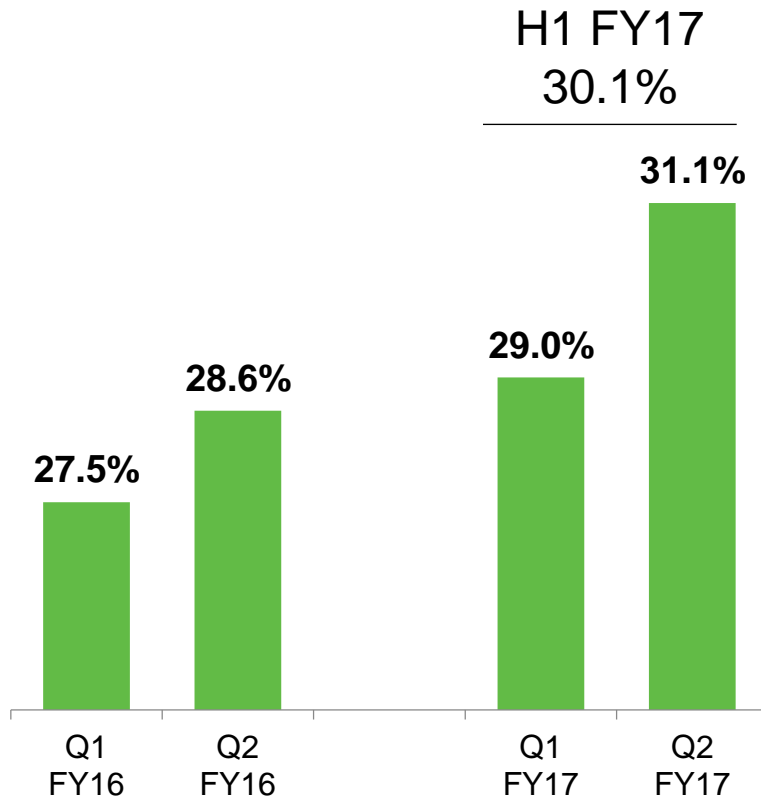
Base Sales Velocity (% Change Vs. Year Ago)



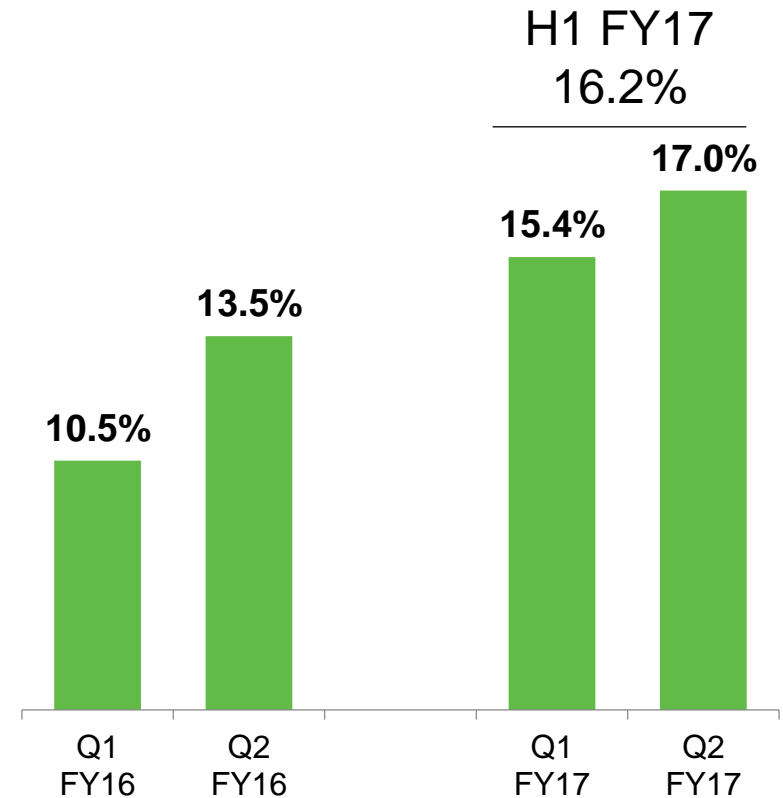
Continued Margin Improvement



Adj. Gross Margin



Adj. Operating Margin*

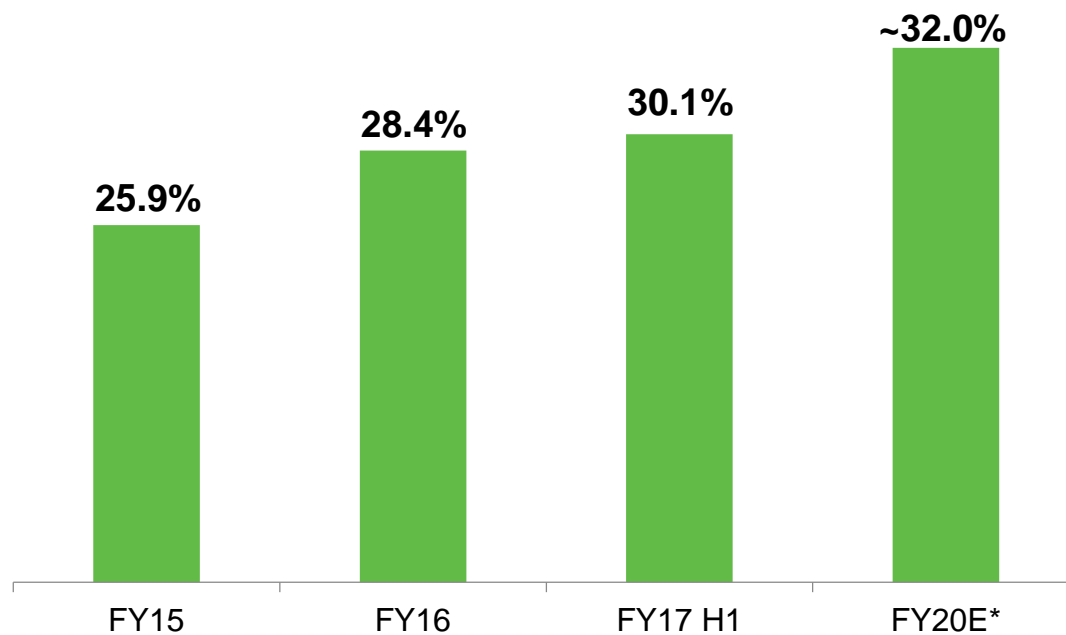


* Adjusted Operating Margin excludes Equity method investment earnings
"Adjusted" financial measures are non-GAAP. See the end of this presentation for a reconciliation of these measures to the most directly comparable GAAP measures.

Further Margin Upside Remains



Adj. Gross Margin



Frontera Integration On Track



Looking Ahead



- Continue to execute against our PMPs
- Lapping pricing actions in second half of year
- Innovation expected to be in market Q1 FY18
- Continue to expand margins
- Continue to re-shape portfolio via disciplined M&A



Dave Marberger

Chief Financial Officer

Basis of Financial Presentation



- Lamb Weston and its associated joint ventures have been reclassified to Discontinued Operations for all periods presented
- When referred to as “Adjusted,” a metric excludes items impacting comparability of results
 - The recently divested businesses Spicetec Flavors & Seasonings and J.M. Swank are not included as items impacting comparability and are included in Adjusted metrics for all periods before the divestitures
- All adjusted financial measures for completed periods have been reconciled to the most directly comparable GAAP measure. Reconciliations for historical measures can be at the end of this presentation.

Consolidated Financial Summary



(dollars in millions, except per share data)	Q2 FY16	Q2 FY17	Change vs YA
Net Sales	\$2,359	\$2,088	(11.5)%
Adj. Gross Profit	674	650	(3.6)%
Adj. Gross Margin	28.6%	31.1%	+250 bps
Adj. Op. Profit*	318	355	+11.6%
Adj. Op. Margin*	13.5%	17.0%	+350 bps
Adj. Diluted EPS	\$0.39	\$0.49	+25.6%

* Adjusted Operating Profit and Adjusted Operating margin exclude Equity method investment earnings
 "Adjusted" financial measures are non-GAAP. See the end of this presentation for a reconciliation of these measures to the most directly comparable GAAP measures.

Net Sales Bridge



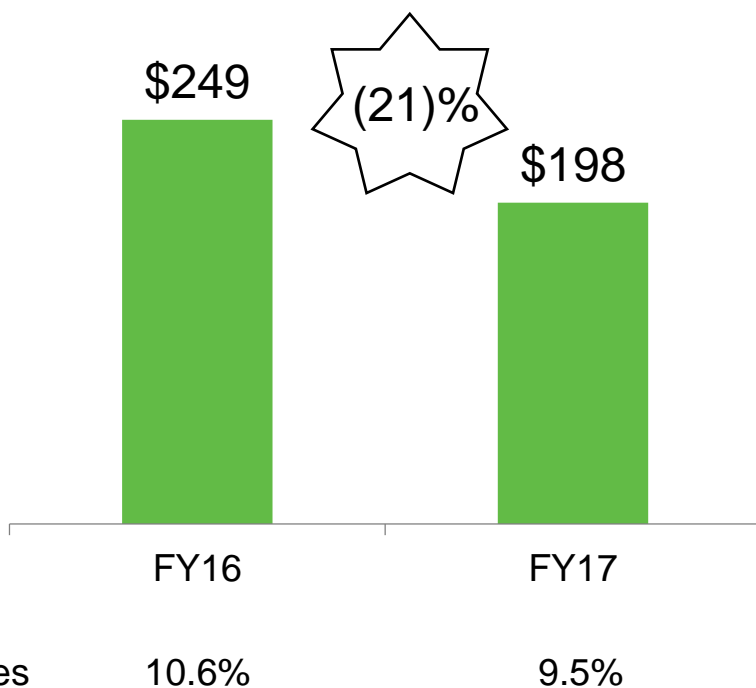
Q2 Drivers of Net Sales Change



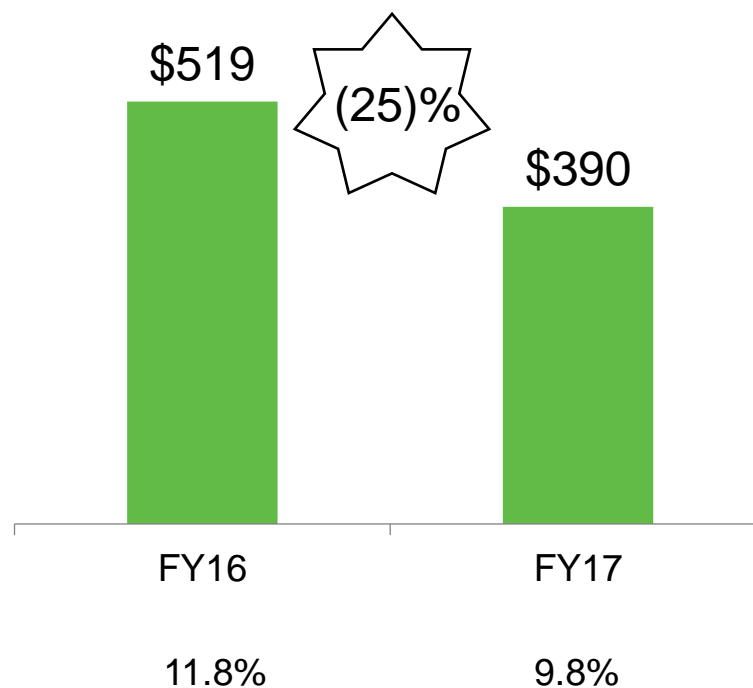
SG&A Reduction On Track



Q2 Adj. SG&A (dollars in millions)



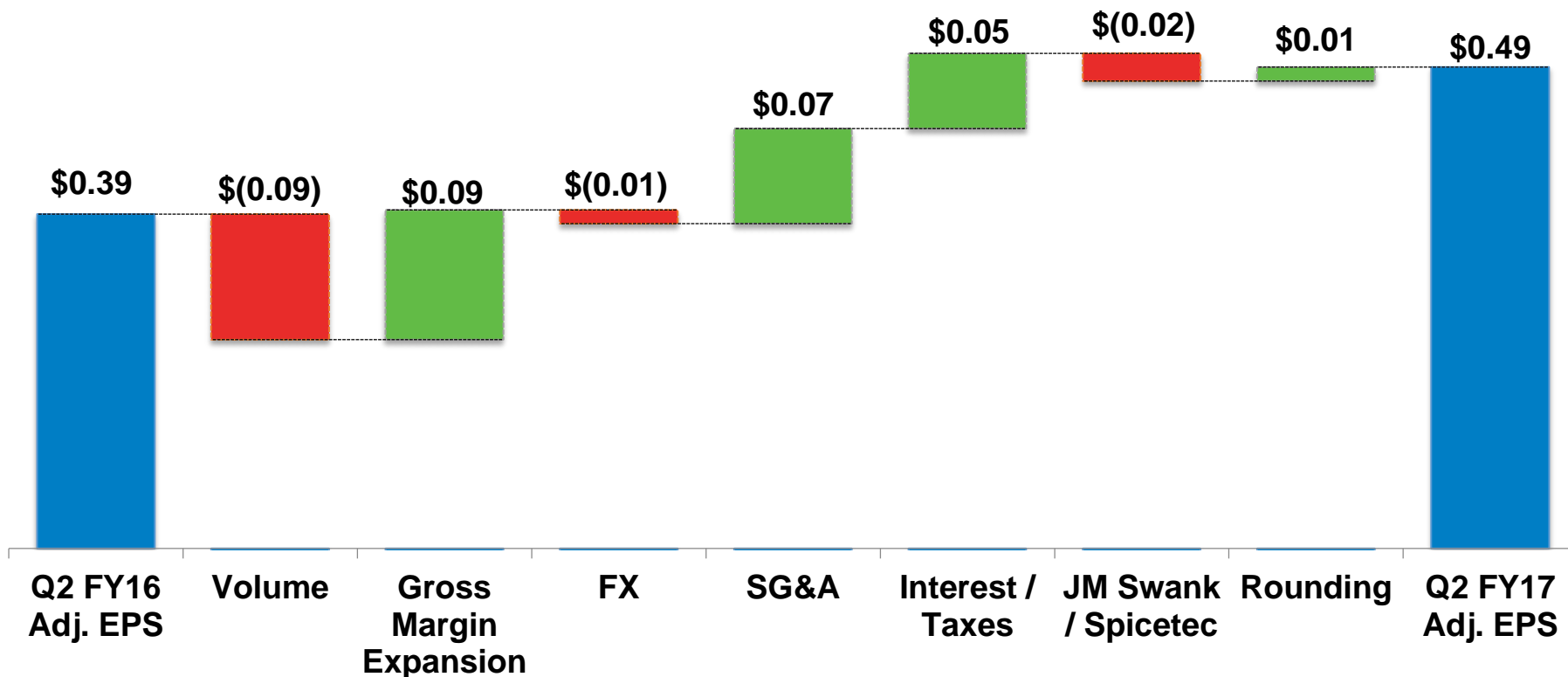
First Half Adj. SG&A (dollars in millions)



Adj. EPS Bridge



Q2 Drivers of Adj. EPS



Financial Summary by Segment



(dollars in millions)	Net Sales		Adj. Op. Profit ¹	
	Q2 FY17	vs YA	Q2 FY17	vs YA
Grocery & Snacks	\$854	(5.8)%	\$222	+17.9%
Refrigerated & Frozen	740	(10.5)%	120	(7.5)%
International	211	(4.5)%	18	(17.0)%
Foodservice	283	(0.7)%	32	+56.4%
Commercial ²	-	(100.0)%	-	(100.0)%
Corporate Expense	-	-	(36)	(33.3)%
Total	\$2,088	(11.5)%	\$355	+11.6%

1. Adjusted Operating Profit excludes Equity method investment earnings

2. Commercial segment includes Spicetec and J.M. Swank

"Adjusted" financial measures are non-GAAP. See the end of this presentation for a reconciliation of these measures to the most directly comparable GAAP measures.

Balance Sheet & Cash Flow



Year to Date (dollars in millions)	FY16	FY17
Capital Expenditures	\$110	\$118
Dividends Paid	\$215	\$219
Share Repurchases	\$0	\$170

(dollars in millions)	May 29, 2016	Nov. 27, 2016
Debt	\$5,455	\$3,452
Cash	798	1,443
Ending Net Debt	\$4,657	\$2,010

FY17 Outlook



Full year outlook is in line with Investor Day guidance

	FY17 Outlook ¹
Net Sales excl. divestitures ²	(4) to (5)%
Adj. Gross Margin	30.4% to 30.6%
Adj. Op. Margin ³	15.3% to 15.5%
Adj. EPS	\$1.65 to \$1.70

1. The inability to predict the amount and timing of future items makes a detailed reconciliation of projections impracticable

2. Including Spicetec and J.M. Swank, Net Sales are expected to decrease 8.5-9.5% in FY17

3. Adjusted Operating Margin excludes Equity method investment earnings

Summary



- Continuing to make progress on upgrading volume base
- Continuing to expand margins
- Cost savings program remains on track
- Strong balance sheet
- Guidance unchanged



Q&A



Reconciliation Tables

Conagra Brands Gross Profit Reconciliation

(dollars in millions)

	<u>FY 15</u>	<u>FY 16</u>	<u>FY 16 Q1</u>	<u>FY 17 Q1</u>	<u>FY 16 Q2</u>	<u>FY 17 Q2</u>	<u>FY 16 Q2 YTD</u>	<u>FY 17 Q2 YTD</u>
Conagra Brands Net Sales*	\$ 9,034.0	\$ 8,664.1	\$ 2,053.0	\$ 1,895.6	\$ 2,358.8	\$ 2,088.4	\$ 4,411.8	\$ 3,984.0
Conagra Brands Gross Profit	\$ 2,296.2	\$ 2,429.2	\$ 561.3	\$ 544.6	\$ 668.0	\$ 647.5	\$ 1,229.3	\$ 1,192.1
Net expense related to restructuring plans	22.6	49.0	3.7	5.2	5.8	1.8	9.5	7.0
Corporate hedging derivative losses (gains)	24.4	(16.4)	(0.8)	(0.7)	0.6	0.8	(0.2)	0.1
Conagra Brands Adjusted Gross Profit	<u>\$ 2,343.2</u>	<u>\$ 2,461.8</u>	<u>\$ 564.2</u>	<u>\$ 549.1</u>	<u>\$ 674.4</u>	<u>\$ 650.1</u>	<u>\$ 1,238.6</u>	<u>\$ 1,199.2</u>
Conagra Brands Gross Margin	25.4%	28.0%	27.3%	28.7%	28.3%	31.0%	27.9%	29.9%
Conagra Brands Adjusted Gross Margin	25.9%	28.4%	27.5%	29.0%	28.6%	31.1%	28.1%	30.1%

* Conagra Brands' Net Sales have been adjusted to remove the Net Sales from the discontinued operations of Lamb Weston

Conagra Brands Reconciliation of total operating profit to income from continuing operations before income taxes and equity method earnings

Company operating Profit: Total operating profit for segments consisting of earnings before interest expense and equity method investment earnings, and income taxes.

Segment operating Profit: Total operating profit for segments consisting of earnings before general corporate expense, interest expense, equity method investment earnings, and income taxes.

(dollars in millions)

	<u>Q2 FY 16</u>	<u>Q2 FY 17</u>	<u>Q1 FY 16</u>	<u>Q1 FY 17</u>	<u>FY 16 Q2 YTD</u>	<u>FY 17 Q2 YTD</u>
Income (loss) from continuing operations before income taxes and equity method investment earnings	\$ 105.6	\$ 175.5	\$ 118.4	\$ 254.7	\$ 224.0	\$ 430.2
Interest expense, net	79.2	54.1	80.1	58.2	159.3	112.3
Company operating profit	<u>\$ 184.8</u>	<u>\$ 229.6</u>	<u>\$ 198.5</u>	<u>\$ 312.9</u>	<u>\$ 383.3</u>	<u>\$ 542.5</u>
General corporate expense	178.2	113.3				
Segment operating profit	<u>\$ 363.0</u>	<u>\$ 342.9</u>				

(dollars in millions)

	<u>Q2 FY 16</u>	<u>Q2 FY 17</u>	<u>Q1 FY 16</u>	<u>Q1 FY 17</u>	<u>FY 16 Q2 YTD</u>	<u>FY 17 Q2 YTD</u>
Company operating profit	\$ 184.8	\$ 229.6	\$ 198.5	\$ 312.9	\$ 383.3	\$ 542.5
Gain adjustment on sale of Spicetec and J.M. Swank businesses	-	0.5	-	(198.2)	-	(197.7)
Net expense related to restructuring plans	133.0	19.8	17.4	14.1	150.4	33.9
Net expense related to goodwill and intangible impairment charges	-	43.9	-	163.6	-	207.5
Net expense related to early extinguishment of debt	-	60.6	-	-	-	60.6
Corporate hedging derivative losses	0.6	0.8	(0.8)	(0.7)	(0.2)	0.1
Adjusted company operating profit	<u>\$ 318.4</u>	<u>\$ 355.2</u>	<u>\$ 215.1</u>	<u>\$ 291.7</u>	<u>\$ 533.5</u>	<u>\$ 646.9</u>
Adjusted company operating margin	13.5%	17.0%	10.5%	15.4%	12.1%	16.2%

(dollars in millions)

	<u>Q2 FY 16</u>	<u>Q2 FY 17</u>
Conagra Brands segment operating profit	\$ 363.0	\$ 342.9
Net expense related to restructuring plans	9.5	4.0
Gain adjustment on sale of Spicetec and J.M. Swank businesses	-	0.5
Net expense related to goodwill and intangible impairment charges	-	43.9
Adjusted Conagra Brands segment operating profit	<u>\$ 372.5</u>	<u>\$ 391.3</u>

Grocery & Snacks Segment operating Profit Reconciliation

(dollars in millions)

Grocery & Snacks Segment operating profit
Net expense related to restructuring plans
Adjusted Grocery & Snacks operating Profit

	<u>Q2 FY 16</u>	<u>Q2 FY 17</u>
\$	185.7	\$ 220.3
	2.3	1.4
\$	<u>188.0</u>	<u>\$ 221.7</u>

Refrigerated & Frozen Segment operating Profit Reconciliation

(dollars in millions)

Refrigerated & Frozen Segment operating profit
Net expense related to restructuring plans
Adjusted Refrigerated & Frozen operating Profit

	<u>Q2 FY 16</u>	<u>Q2 FY 17</u>
\$	123.8	\$ 117.9
	6.1	2.2
\$	<u>129.9</u>	<u>\$ 120.1</u>

International Segment operating Profit Reconciliation

(dollars in millions)

International Segment operating profit
Net expense related to restructuring plans
Net expense related to goodwill and intangible impairment charges
Adjusted International operating Profit

	<u>Q2 FY 16</u>	<u>Q2 FY 17</u>
\$	20.1	\$ (26.7)
	1.1	0.4
	-	43.9
\$	<u>21.2</u>	<u>\$ 17.6</u>

Foodservice Segment operating Profit Reconciliation

(dollars in millions)

Foodservice Segment operating profit
Net expense related to restructuring plans
Adjusted Foodservice operating Profit

	<u>Q2 FY 16</u>	<u>Q2 FY 17</u>
\$	20.4	\$ 31.9
	-	-
\$	<u>20.4</u>	<u>\$ 31.9</u>

Commercial Segment operating Profit Reconciliation

(dollars in millions)

Commercial Segment operating profit

Gain adjustment on sale of Spicetec and J.M. Swank businesses

Adjusted Commercial operating Profit

	<u>Q2 FY 16</u>	<u>Q2 FY 17</u>
\$	13.0	\$ (0.5)
	-	0.5
\$	<u>13.0</u>	<u>\$ -</u>

Corporate Expense Reconciliation

(dollars in millions)

Corporate Expense

Net expense related to restructuring plans

Net expense related to early extinguishment of debt

Corporate hedging derivative losses (gains)

Adjusted Corporate Expense

	<u>Q2 FY 16</u>	<u>Q2 FY 17</u>
\$	178.2	\$ 113.3
	123.5	15.8
	-	60.6
	0.6	0.8
\$	<u>54.1</u>	<u>\$ 36.1</u>

Conagra Brands Reconciliation of total selling, general, and administrative expenses, adjusted for items impacting comparability

(dollars in millions)

	<u>Q2 FY 16</u>	<u>Q2 FY 17</u>	<u>Q2 YTD FY 16</u>	<u>Q2 YTD FY 17</u>
Net Sales	\$ 2,358.8	\$ 2,088.4	\$ 4,411.8	\$ 3,984.0
Selling, general, and administrative expenses	\$ 483.2	\$ 417.9	\$ 846.0	\$ 649.6
Gain adjustment on sale of Spicetec and J.M. Swank businesses	-	0.5	-	(197.7)
Advertising and promotion expenses	106.9	97.4	185.9	162.1
Net expense related to restructuring plans	127.2	18.0	140.9	26.9
Net expense related to goodwill and intangible impairment charges	-	43.9	-	207.5
Net expense related to early extinguishment of debt	-	60.6	-	60.6
Conagra Brands adjusted selling, general, and administrative expenses	<u>\$ 249.1</u>	<u>\$ 197.5</u>	<u>\$ 519.2</u>	<u>\$ 390.2</u>
Year-over-year change		-21%		-25%
% of Net Sales	10.6%	9.5%	11.8%	9.8%

	FY15	FY16	Q2 FY16	Q2 FY17	Q2 YTD FY17
Diluted EPS from continuing operations	\$ 1.04	\$ 0.29	\$ 0.18	\$ 0.26	\$ 0.48
Gain on sale of Spicetec and J.M. Swank businesses	-	-	-	0.02	(0.15)
Net expense related to restructuring plans and integration costs	0.08	0.41	0.19	0.03	0.05
Net expense related to our year-end write of of pension actuarial losses	0.01	0.49	-	-	-
Net expense related to goodwill and intangible impairment charges	0.05	0.07	-	0.09	0.43
Net expense related to early extinguishment of debt	0.04	0.04	-	0.09	0.09
Corporate hedging derivative losses (gains)	0.03	(0.02)	-	-	-
Net expense (benefit) related to legal matters	(0.02)	0.01	-	-	-
Net expense (benefit) related to unusual tax items	(0.01)	0.03	0.02	-	(0.02)
Rounding	-	(0.02)	-	-	-
Diluted EPS from continuing operations, adjusted for items impacting comparability	<u>\$ 1.22</u>	<u>\$ 1.30</u>	<u>\$ 0.39</u>	<u>\$ 0.49</u>	<u>\$ 0.88</u>