CONAGRA BRANDS

# Q3 FISCAL 2017 EARNINGS

MARCH 23, 2017

> "I am pleased with our ongoing progress in reshaping our portfolio, capabilities, and culture. Our disciplined focus on controlling costs and upgrading the quality of our revenue base are delivering the desired impact. We are also excited about our innovation lineup, which we expect to begin hitting stores this summer."
>
> - Sean Connolly, President and Chief Executive Officer of Conagra Brands

## Q3 MARGIN EXPANSION DRIVING IMPROVED PROFITABILITY

**$0.48**
ADJ. DILUTED EPS[1]
+37.1% YOY

**$0.41**
DILUTED EPS[1]
+156.3% YOY

**31.6%**
ADJ. GROSS MARGIN
+180bps YOY

## OTHER RECENT HIGHLIGHTS

**$2B**
IN NET SALES REFLECTING CONTINUED EFFORTS TO UPGRADE REVENUE BASE

CONTINUED PROGRESS ON SG&A REDUCTION

IN MARCH 2017 AGREED TO ACQUIRE DUKE'S® MEAT SNACKS AND BIGS® SEEDS

ROBUST INNOVATION SLATE IN PLACE FOR FY18

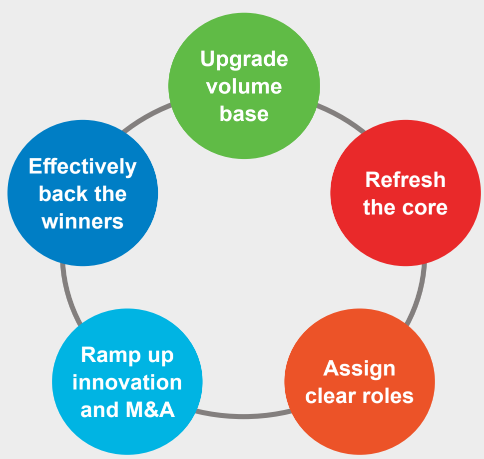
## FISCAL YEAR 2017 OUTLOOK

Updating full year guidance to reflect the beneficial timing of certain costs and softer near-term macro environment

**Adjusted diluted EPS** is expected to be at or slightly above the high-end of the range of **$1.65** to **$1.70**

**Net sales**[2] is expected to be at or slightly below the low-end of the range of down **4%** to **5%**

## EMBEDDING NEW PORTFOLIO MANAGEMENT PRINCIPLES




[1]From continuing operations
[2]Excluding the impacts of divestitures and foreign exchange

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## NOTE ON FORWARD-LOOKING STATEMENTS

This document 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 document 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 document. These risks and uncertainties include, among other things: our ability to achieve the intended benefits of acquisitions and divestitures, including 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; 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; 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 document, which speak only as of the date of this document.

The inability to predict the amount and timing of items impacting comparability makes a detailed reconciliation of adjusted diluted EPS from continuing operations and net sales excluding the impacts of divestitures and foreign exchange impracticable.

## Q3 FY17 & Q3 FY16 DILUTED EPS FROM CONTINUING OPERATIONS

| | Q3 FY17 | Q3 FY16 | % Change |
|---|---|---|---|
| **Diluted EPS from continuing operations** | **$ 0.41** | **$ 0.16** | **156.3 %** |
| Net expense related to restructuring plans | 0.02 | 0.16 | |
| Net expense related to early extinguishment of debt | 0.05 | 0.04 | |
| Net expense related to salaried pension plan lump sum settlement | 0.02 | — | |
| Net expense related to unusual tax items | (0.02) | — | |
| Rounding | — | (0.01) | |
| **Adjusted Diluted EPS from continuing operations** | **$ 0.48** | **$ 0.35** | **37.1 %** |

## GROSS MARGIN RECONCILIATION

Gross Margin: Gross Profit as a % of Net sales

| | Q3 FY17 | Q3 FY16 |
|---|---|---|
| Net sales | $ 1,981.2 | $ 2,199.3 |
| Cost of goods sold | 1,360.2 | 1,579.5 |
| **Gross Profit** | **$ 621.0** | **$ 619.8** |
| | | |
| Net expense related to restructuring plans included in cost of goods sold | 4.7 | 35.9 |
| Net expense related to hedging | (0.5) | (1.8) |
| **Adjusted Gross Profit** | **$ 625.2** | **$ 653.9** |
| **Adjusted Gross Margin** | 31.6 % | 29.7 % |