



FY17 Q3
Earnings Presentation

March 23, 2017

Today's Presenters



Johan Nystedt

VP, Treasury & Investor Relations

Sean Connolly

President and Chief Executive Officer

Darren Serrao

Chief Growth Officer

Dave Marberger

Chief Financial Officer

Forward-Looking Statements & Non-GAAP Measures



Forward-Looking Statements

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 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 presentation, which speak only as of the date of this presentation.

Non-GAAP Measures

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.

Key Messages



- Continued progress in reshaping portfolio, capabilities and culture
- Solid results in Q3
- Margins continue to improve
- Cost savings program on-track; continue to be disciplined on all margin drivers
- Expect adjusted EPS at or slightly above high-end of range with net sales at or slightly below low-end of range
- Robust innovation slate in place for FY18

A New Approach to Value Creation



M&A Will Contribute to Value Creation



Duke's®



BIGS®



Q3 Performance Highlights



(dollars in millions, except per share data)	Q3 FY16	Q3 FY17	Change vs YA
Net Sales	\$2,199	\$1,981	(9.9)%
Net sales excl. impacts of divestitures & foreign exchange			(4.8)%
Adj. Gross Profit	654	625	(4.4)%
Adj. Gross Margin	29.7%	31.6%	+180 bps
Adj. Op. Profit*	304	332	+9.3%
Adj. Op. Margin*	13.8%	16.8%	+300 bps
Adj. Diluted EPS from cont. ops.	\$0.35	\$0.48	+37.1%

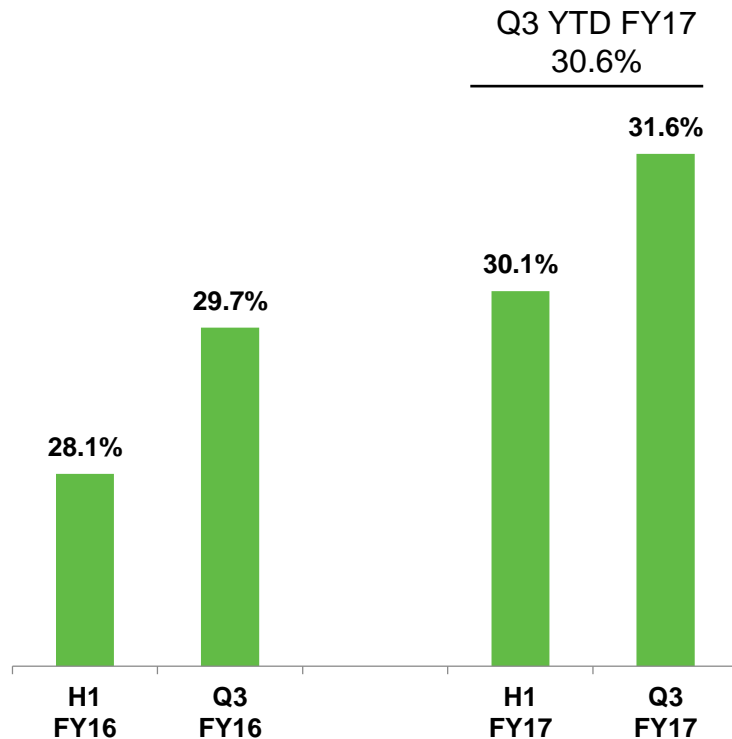
* Adjusted Operating Profit and Adjusted Operating Margin exclude equity method investment earnings

Note: "Adjusted" financial measures and Net sales excl. impacts of divestitures and foreign exchange are non-GAAP. See the end of this presentation for a reconciliation of these measures to the most directly comparable GAAP measures.

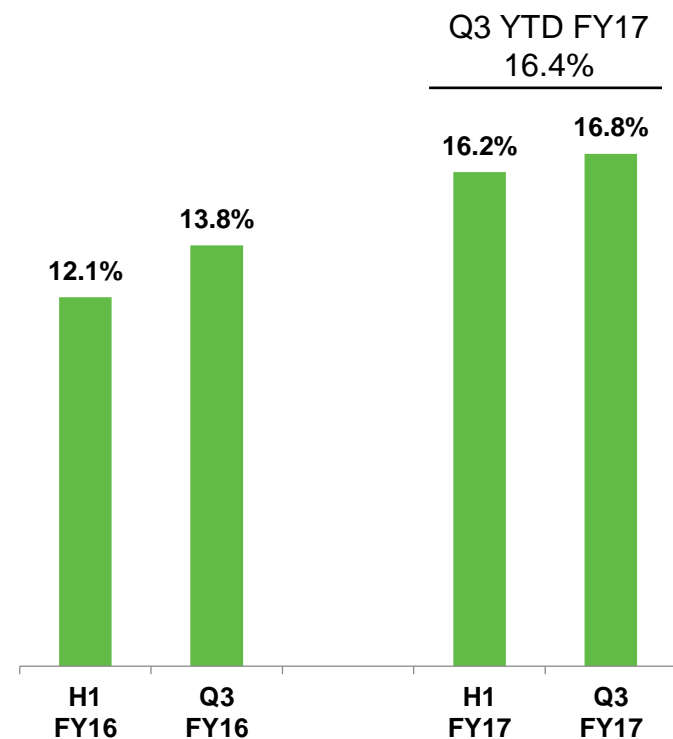
Continued Margin Improvement



Adj. Gross Margin



Adj. Operating Margin*



* Adjusted Operating Margin excludes equity method investment earnings
Note: "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.

Key Margin Drivers



- ✓ SG&A savings program on track
- ✓ Trade efficiency program on track
- ✓ Realizing pricing benefits of premiumization
- ✓ SKU rationalization working
- ✓ Supply Chain productivity coming through

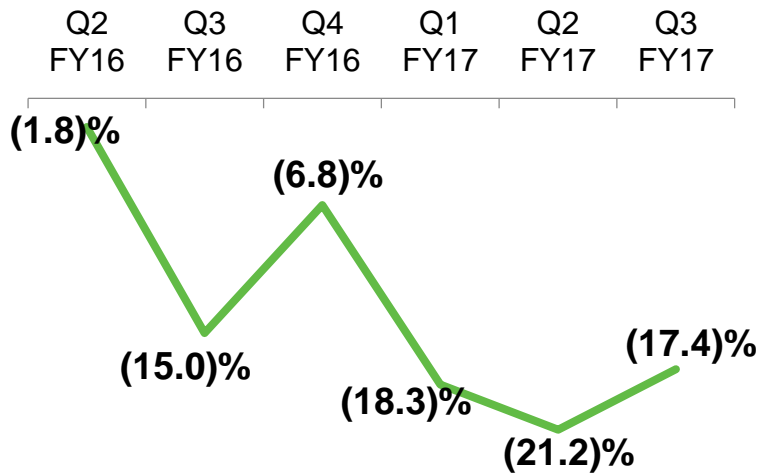
Continue to Chip Away from Here

Value Over Volume Strategy Working



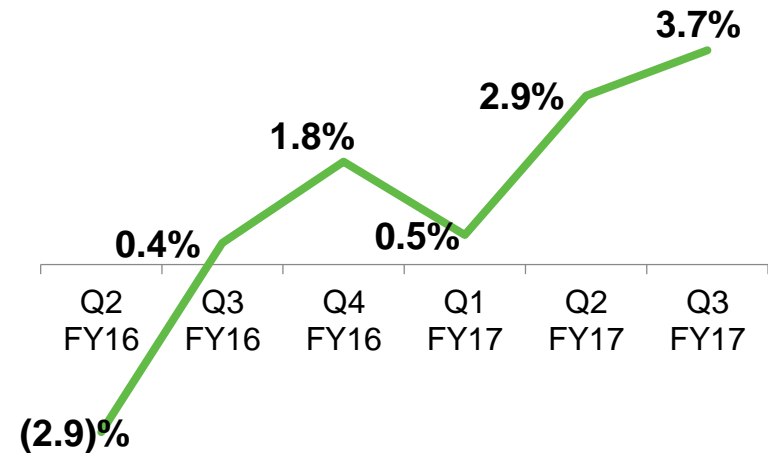
Incremental Sales

(% Change vs Year Ago)



Base Sales Velocity

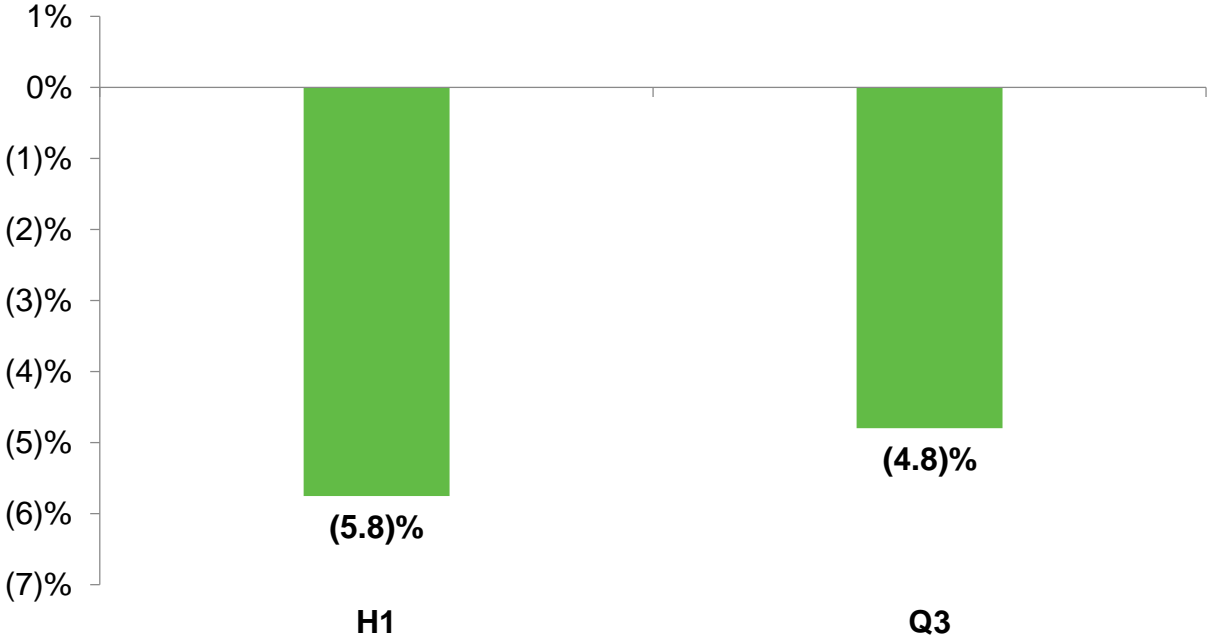
(% Change vs Year Ago)



Top Line Trends Beginning to Improve

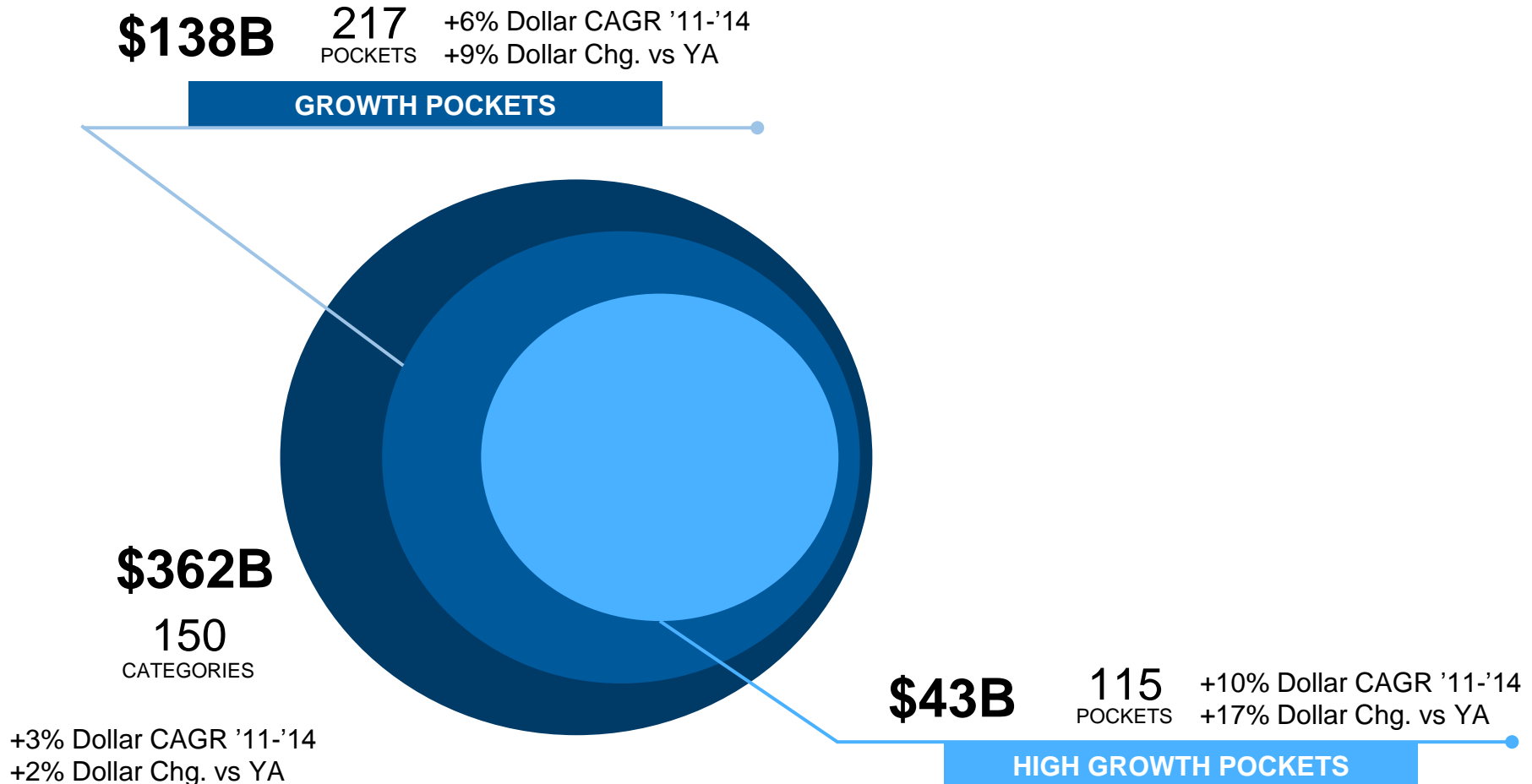


Net Sales Growth excl. Divestitures and Foreign Exchange



Net sales excl. impacts of divestitures and foreign exchange is non-GAAP. See the end of this presentation for a reconciliation of these measures to the most directly comparable GAAP measure.

Our Actions for Long-Term Growth



Portfolio Segmentation Guides Innovation



Reinvigorate



Accelerate Growth



Reliable Contributors



Grow Core & Extend



Innovation Has Premiumized Healthy Choice



Premiumization Continuum

Good

Better

Best



Price **\$2.74**

\$2.69

\$3.39

\$3.99

\$ % Chg **(32)%**

+1%

+30%

N/A

Expected Launch: Q1 FY18

Banquet is Following a Similar Path



Premiumization Continuum

Good

Better

Pre-Restage

Post-Restage (Classics)



Price **\$1.05**

\$1.26

\$2.25

\$2.25

\$ % Chg **(9)%**

(1)%

N/A

N/A

Expected Launch: Q1 FY18

Source: IRI MA POS data, IRI TUS-MULO, Pre-Restage numbers are for FY15, and Post-Restage numbers are as of the 26 weeks ending Feb 26, 2017
 Note: Price points reflect non-promoted average retail prices as reported through IRI TUS-MULO, and, in the case of Mega Meals and Mega Bowls, suggested retail price

Frontera Premium Quality Extending into Meals



Salsas/Sauces



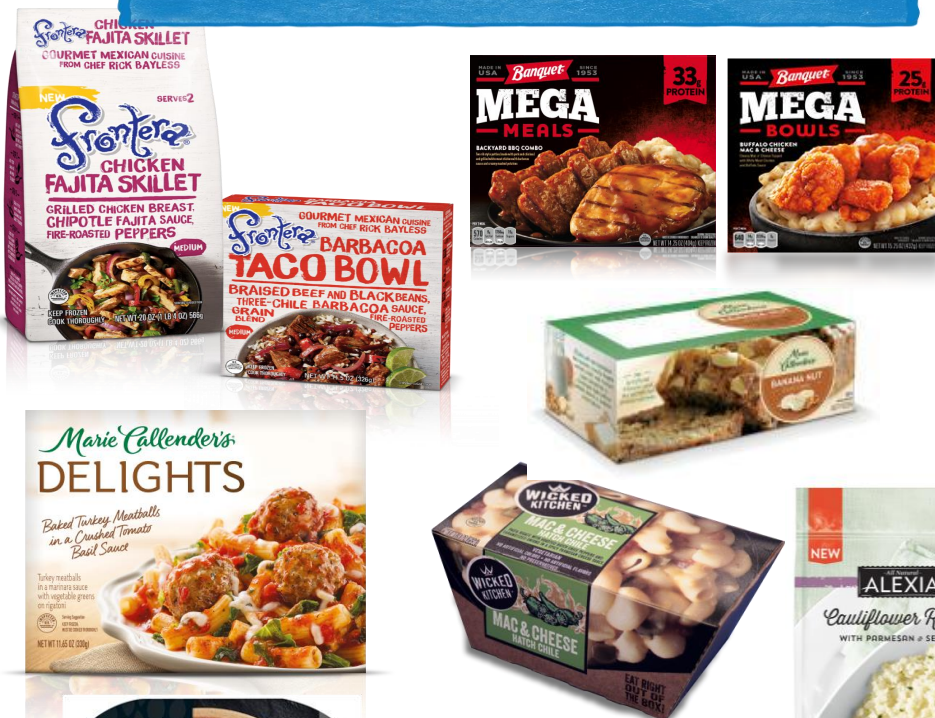
Frozen Meals



Expected Launch: Q1 FY18

Robust FY18 Innovation Pipeline

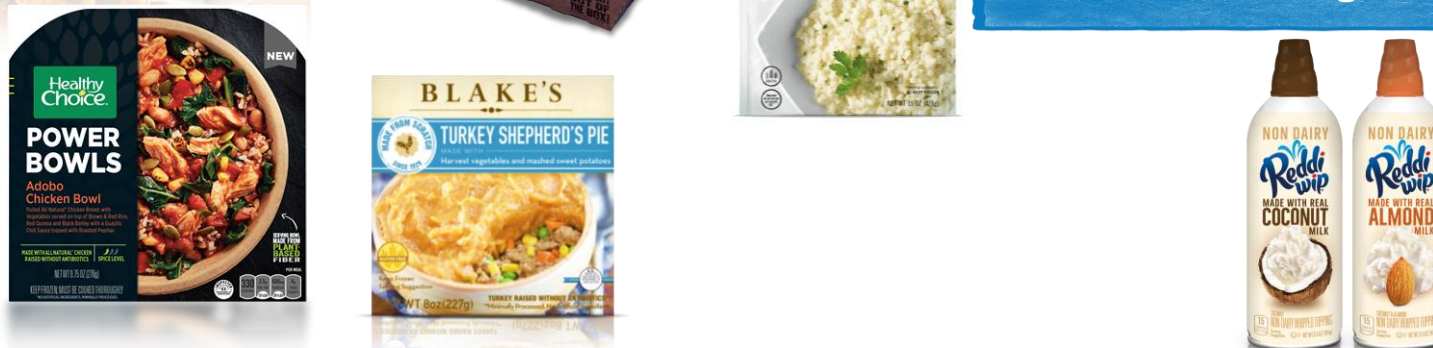
Frozen



Grocery/Snacks



Refrigerated



Looking Ahead



- Continue to focus on executional excellence
- Continue lapping pricing actions
- New innovation slate expected to begin hitting market in Q1 FY18
- Continue to expand margins
- Continue to re-shape portfolio via disciplined M&A

Consolidated Financial Summary



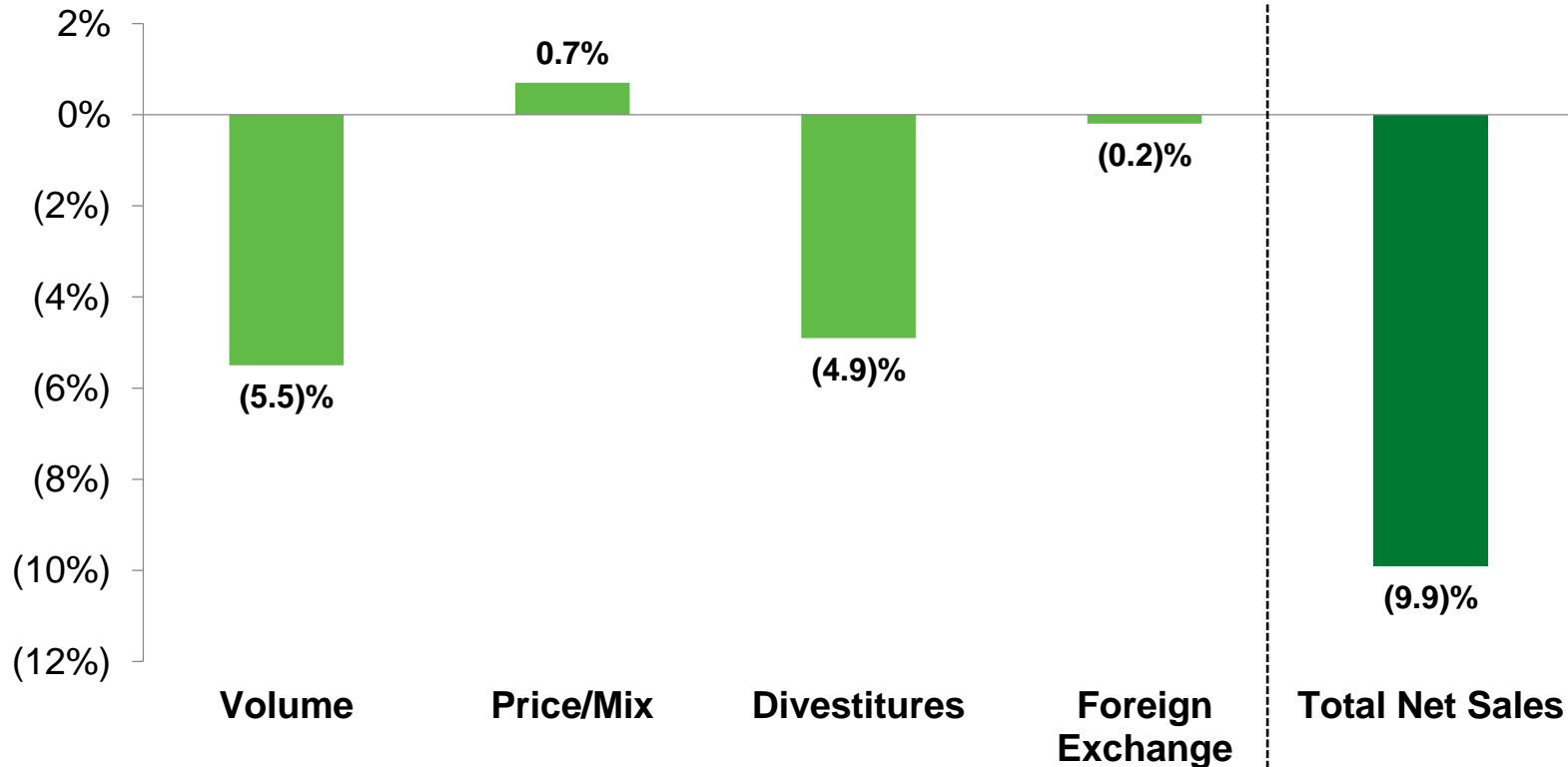
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* Adjusted Operating Profit and Adjusted Operating margin exclude equity method investment earnings

Note: "Adjusted" financial measures and Net sales excl. impacts of divestitures & foreign exchange 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

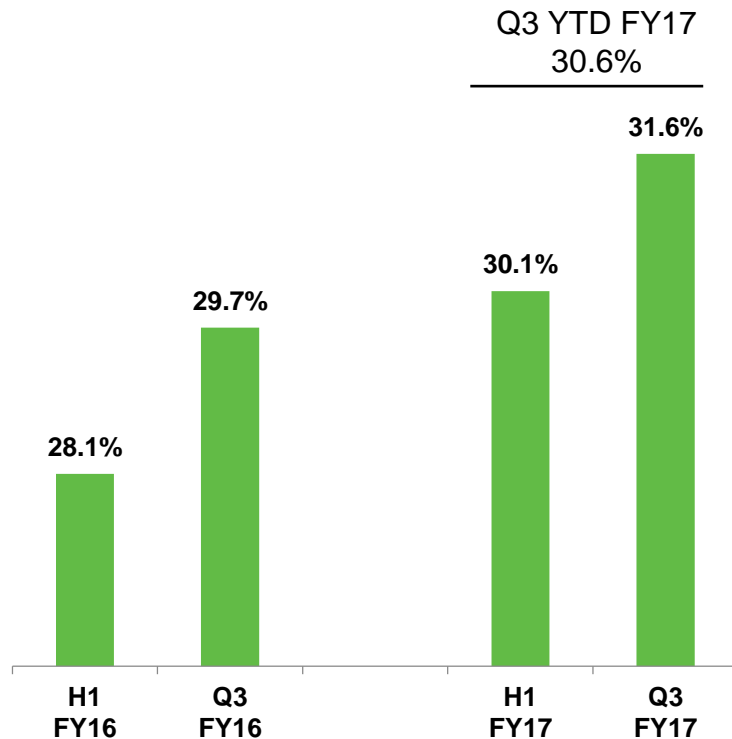
Drivers of Q3 Net Sales Change vs YA



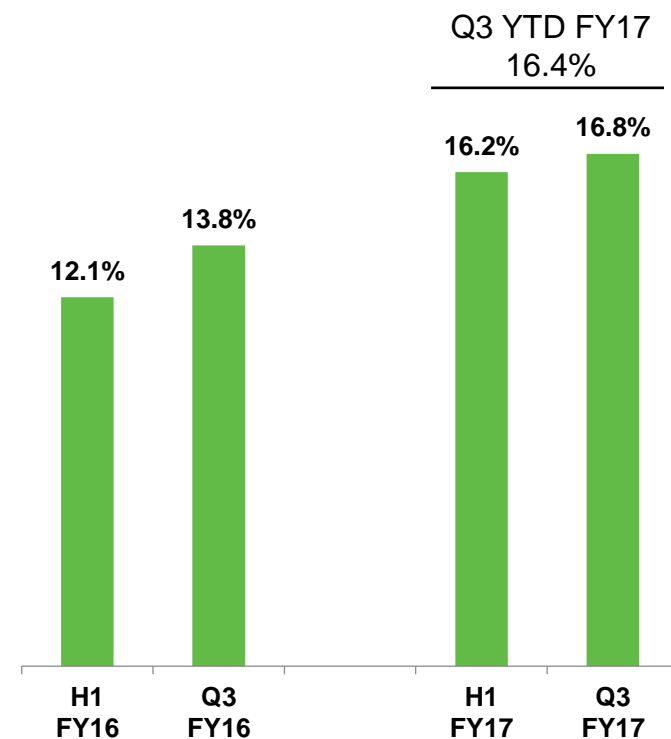
Continued Margin Improvement



Adj. Gross Margin



Adj. Operating Margin*



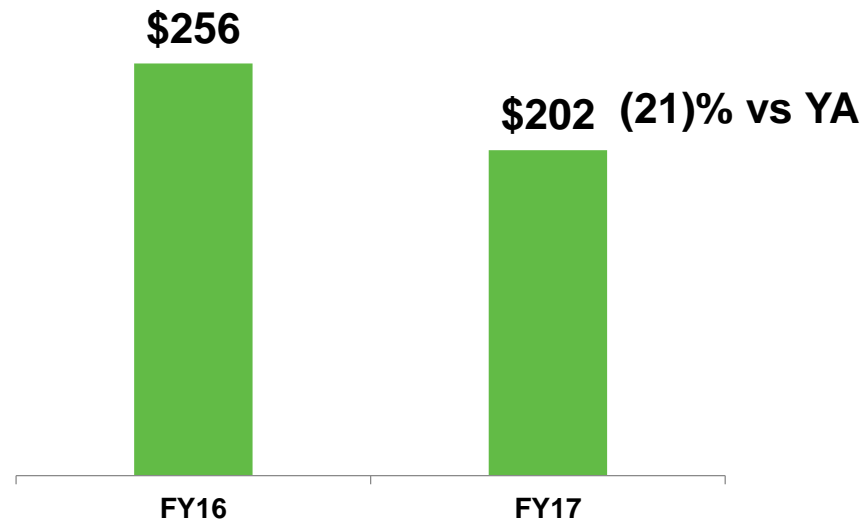
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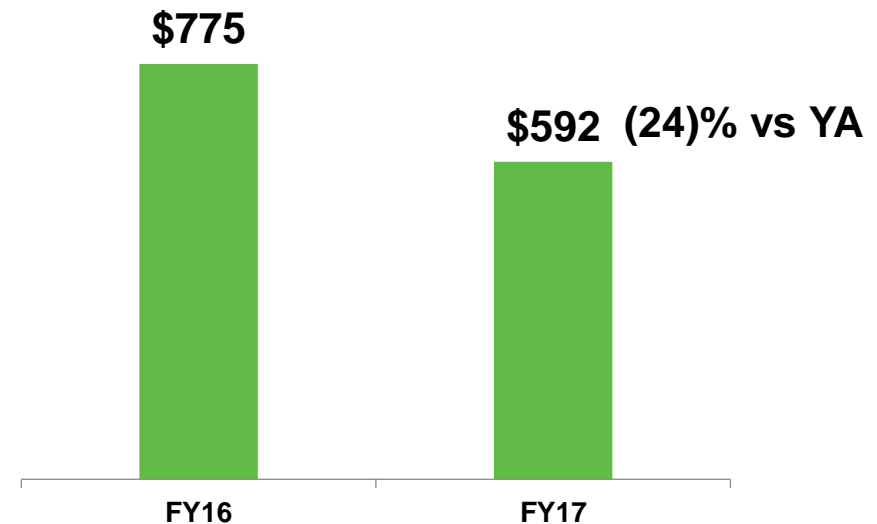
SG&A Reduction On Track



Q3 Adj. SG&A (dollars in millions)



Q3 YTD Adj. SG&A (dollars in millions)



% Net Sales 11.6%

10.2%

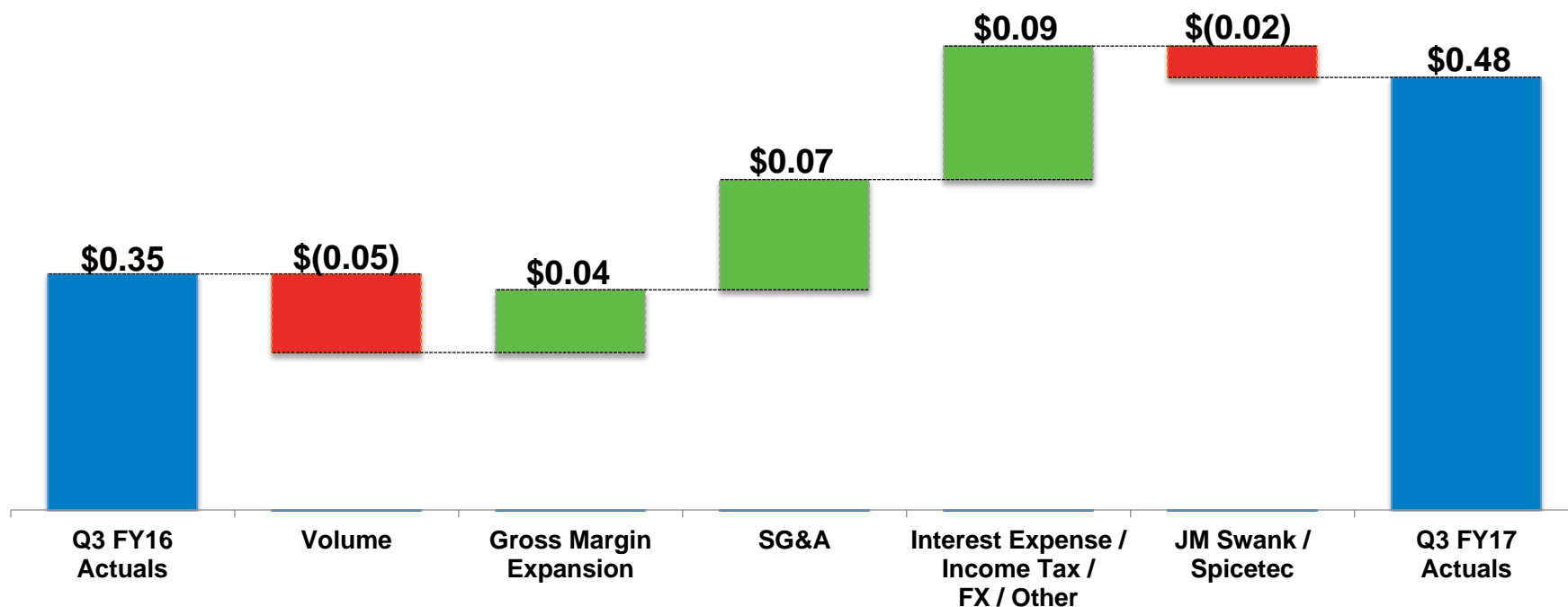
11.7%

9.9%

Adj. EPS Bridge



Q3 Drivers of Adj. Diluted EPS From Cont. Ops. vs YA



Financial Summary by Segment



(dollars in millions)	Net Sales		Adj. Op. Profit ¹	
	Q3 FY17	vs YA	Q3 FY17	vs YA
Grocery & Snacks	\$850	(5.4)%	\$212	+7.9%
Refrigerated & Frozen	666	(6.0)%	128	+5.1%
International	205	(3.0)%	18	+7.2%
Foodservice	260	(2.6)%	28	(0.4)%
Corporate Expense	-	-	(53)	+22.8%
Total²	\$1,981	(9.9)%	\$332	+9.3%

1. Adjusted Operating Profit excludes equity method investment earnings

2. Commercial segment not shown in the table due to no activity in the current quarter; year-ago amounts include the Commercial segment

Note: "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.

Key Balance Sheet & Cash Flow Metrics



YTD through Q3 (dollars in millions)	FY16	FY17
Net Cash Flow from Operating Activities – cont. ops.	\$274	\$804
Capital Expenditures	\$171	\$159
Dividends Paid	\$324	\$329
Share Repurchases	\$0	\$595

(dollars in millions)	May 29, 2016	Feb 26, 2017
Debt	\$5,455	\$2,974
Cash	798	684
Ending Net Debt	\$4,657	\$2,290

FY17 Outlook¹



	Previously Provided	Updated
Net Sales excl. divestitures and foreign exchange ²	(4) to (5)%	At or slightly below low-end of range
Adj. Gross Margin	30.4% to 30.6%	Within range
Adj. Op. Margin ³	15.3% to 15.5%	Slightly above range
Adj. Diluted EPS from cont. ops.	\$1.65 to \$1.70	At or slightly above high-end of range

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 be at or slightly below the low-end of the range of down 8.5-9.5%
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 updated



Q&A



Reconciliation Tables

Conagra Brands Net Sales Reconciliation

(dollars in millions)

	<u>FY 16 Q2 YTD</u>	<u>FY 17 Q2 YTD</u>	<u>FY 16 Q3</u>	<u>FY 17 Q3</u>
Conagra Brands Net Sales	\$ 4,411.8	\$ 3,984.0	\$ 2,199.3	\$ 1,981.2
Impact of foreign exchange	-	19.5	-	3.8
Net sales from divested businesses	<u>(237.5)</u>	<u>(71.1)</u>	<u>(114.2)</u>	<u>-</u>
Net sales, excluding the impacts of divestitures and foreign exchange	<u>\$ 4,174.3</u>	<u>\$ 3,932.4</u>	<u>\$ 2,085.1</u>	<u>\$ 1,985.0</u>
Year-over-year change		(5.8)%		(4.8)%

Conagra Brands Gross Profit Reconciliation

(dollars in millions)

	<u>FY 16 Q2</u> <u>YTD</u>	<u>FY 17 Q2</u> <u>YTD</u>	<u>FY 16 Q3</u>	<u>FY 17 Q3</u>	<u>FY 16 Q3</u> <u>YTD</u>	<u>FY 17 Q3</u> <u>YTD</u>
Conagra Brands Net Sales*	\$ 4,411.8	\$ 3,984.0	\$ 2,199.3	\$ 1,981.2	\$ 6,611.1	\$ 5,965.2
Conagra Brands Gross Profit	\$ 1,229.3	\$ 1,192.1	\$ 619.8	\$ 621.0	\$ 1,849.1	\$ 1,813.1
Net expense related to restructuring plans	9.5	7.0	35.9	4.7	45.4	11.7
Corporate hedging derivative losses (gains)	(0.2)	0.1	(1.8)	(0.5)	(2.0)	(0.4)
Conagra Brands Adjusted Gross Profit	<u>\$ 1,238.6</u>	<u>\$ 1,199.2</u>	<u>\$ 653.9</u>	<u>\$ 625.2</u>	<u>\$ 1,892.5</u>	<u>\$ 1,824.4</u>
Conagra Brands Gross Margin	27.9%	29.9%	28.2%	31.3%	28.0%	30.4%
Conagra Brands Adjusted Gross Margin	28.1%	30.1%	29.7%	31.6%	28.6%	30.6%
Year-over-year change in Adjusted Gross Margin				(4.4)%		

* 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>Q3 FY 16</u>	<u>Q3 FY 17</u>	<u>FY 16 Q2 YTD</u>	<u>FY 17 Q2 YTD</u>	<u>FY 16 Q3 YTD</u>	<u>FY 17 Q3 YTD</u>
Income (loss) from continuing operations before income taxes and equity method investment earnings	\$ 96.4	\$ 225.6	\$ 224.0	\$ 430.2	\$ 320.4	\$ 655.8
Interest expense, net	76.4	45.7	159.3	112.3	235.7	158.0
Company operating profit	<u>\$ 172.8</u>	<u>\$ 271.3</u>	<u>\$ 383.3</u>	<u>\$ 542.5</u>	<u>\$ 556.1</u>	<u>\$ 813.8</u>
General corporate expense	151.9	105.2				
Segment operating profit	<u>\$ 324.7</u>	<u>\$ 376.5</u>				

(dollars in millions)

	<u>Q3 FY 16</u>	<u>Q3 FY 17</u>	<u>FY 16 Q2 YTD</u>	<u>FY 17 Q2 YTD</u>	<u>FY 16 Q3 YTD</u>	<u>FY 17 Q3 YTD</u>
Company operating profit	\$ 172.8	\$ 271.3	\$ 383.3	\$ 542.5	\$ 556.1	\$ 813.8
Gain adjustment on sale of Spicetec and J.M. Swank businesses	-	0.2	-	(197.7)	-	(197.4)
Net expense related to restructuring plans	109.1	13.7	150.4	33.9	259.5	47.6
Net expense related to goodwill and intangible impairment charges	-	1.1	-	207.5	-	208.6
Net expense related to early extinguishment of debt	23.9	32.7	-	60.6	23.9	93.3
Net expense related to salaried Pension Plan Lump Sum Settlement	-	13.8	-	-	-	13.8
Corporate hedging derivative losses	(1.8)	(0.5)	(0.2)	0.1	(2.0)	(0.4)
Adjusted company operating profit	<u>\$ 304.0</u>	<u>\$ 332.3</u>	<u>\$ 533.5</u>	<u>\$ 646.9</u>	<u>\$ 837.5</u>	<u>\$ 979.3</u>
Adjusted company operating margin	13.8%	16.8%	12.1%	16.2%	12.7%	16.4%
Year-over-year change		9.3%				

(dollars in millions)

	<u>Q3 FY 16</u>	<u>Q3 FY 17</u>
Conagra Brands segment operating profit	<u>\$ 324.7</u>	<u>\$ 376.5</u>
Net expense related to restructuring plans	48.2	7.7
Gain adjustment on sale of Spicetec and J.M. Swank businesses	-	0.2
Net expense related to goodwill and intangible impairment charges	-	1.1
Adjusted Conagra Brands segment operating profit	<u>\$ 372.9</u>	<u>\$ 385.5</u>

Grocery & Snacks Foods Segment Operating Profit Reconciliation

(Dollars in millions)	<u>Q3 FY17</u>	<u>Q3 FY16</u>	<u>% Change</u>
Grocery & Snacks Segment Operating Profit	\$ 201.9	\$ 153.4	31.6%
Net expense related to restructuring plans	9.1	43.2	
Net expense related to intangible impairment charges	1.1	—	
Grocery & Snacks Segment Adjusted Operating Profit	<u>\$ 212.1</u>	<u>\$ 196.6</u>	<u>7.9%</u>

Refrigerated & Frozen Foods Segment Operating Profit Reconciliation

(Dollars in millions)	<u>Q3 FY17</u>	<u>Q3 FY16</u>	<u>% Change</u>
Refrigerated & Frozen Segment Operating Profit	\$ 128.9	\$ 116.8	10.4%
Net (income) expense related to restructuring plans	(1.1)	4.8	
Refrigerated & Frozen Segment Adjusted Operating Profit	<u>\$ 127.8</u>	<u>\$ 121.6</u>	<u>5.1%</u>

International Segment Operating Profit Reconciliation

(Dollars in millions)	<u>Q3 FY17</u>	<u>Q3 FY16</u>	<u>% Change</u>
International Segment Operating Profit	\$ 18.1	\$ 16.4	10.4%
Net (income) expense related to restructuring plans	(0.3)	0.2	
International Segment Adjusted Operating Profit	<u>\$ 17.8</u>	<u>\$ 16.6</u>	<u>7.2%</u>

Foodservice Segment Operating Profit Reconciliation

(Dollars in millions)	<u>Q3 FY17</u>	<u>Q3 FY16</u>	<u>% Change</u>
Foodservice Segment Operating Profit	\$ 27.8	\$ 27.9	(0.4)%
Net expense related to restructuring plans	—	—	
Foodservice Segment Adjusted Operating Profit	<u>\$ 27.8</u>	<u>\$ 27.9</u>	<u>(0.4)%</u>

Commercial Segment Operating Profit Reconciliation

(Dollars in millions)	<u>Q3 FY17</u>	<u>Q3 FY16</u>	<u>% Change</u>
Commercial Segment Operating Profit (Loss)	\$ (0.2)	\$ 10.2	N/A
Adjustment related to gain on JM Swank sale	0.2	—	
Commercial Segment Adjusted Operating Profit	<u>\$ —</u>	<u>\$ 10.2</u>	<u>(100.0)%</u>

Corporate Expense Reconciliation

(Dollars in millions)	<u>Q3 FY17</u>	<u>Q3 FY16</u>	<u>% Change</u>
Selling, general and administrative expenses	\$ 349.7	\$ 447.0	(21.8)%
Less: selling, general and administrative expenses from reporting segments	244.0	293.3	
Plus: Corporate cost of goods sold	(0.5)	(1.8)	
Corporate expenses	\$ 105.2	\$ 151.9	
Net expense related to restructuring plans	(6.0)	(60.9)	
Net expense related to early extinguishment of debt	(32.7)	(23.9)	
Net expense related to salaried pension plan lump sum settlement	(13.8)	—	
Net income related to hedging	0.5	1.8	
Adjusted Corporate expenses	<u>\$ 53.2</u>	<u>\$ 68.9</u>	<u>(22.8)%</u>

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

(dollars in millions)

	<u>Q3 FY 16</u>	<u>Q3 FY 17</u>	<u>FY 16 Q3 YTD</u>	<u>FY 17 Q3 YTD</u>
Net Sales	\$ 2,199.3	\$ 1,981.2	\$ 6,611.1	\$ 5,965.2
Selling, general, and administrative expenses	\$ 447.0	\$ 349.7	\$ 1,293.0	\$ 999.3
Gain adjustment on sale of Spicetec and J.M. Swank businesses	-	0.2	-	(197.4)
Advertising and promotion expenses	93.8	90.7	279.7	252.8
Net expense related to restructuring plans	73.2	9.0	214.1	35.9
Net expense related to goodwill and intangible impairment charges	-	1.1	-	208.6
Net expense related to early extinguishment of debt	23.9	32.7	23.9	93.3
Net expense related to salaried Pension Plan Lump Sum Settlement		13.8		13.8
Conagra Brands adjusted selling, general, and administrative expenses	<u>\$ 256.1</u>	<u>\$ 202.2</u>	<u>\$ 775.3</u>	<u>\$ 592.3</u>
Year-over-year change		(21)%		(24)%
% of Net Sales	11.6%	10.2%	11.7%	9.9%

Q3 FY17 & Q3 FY16 Diluted EPS from Continuing Operations

	<u>Q3 FY17</u>	<u>Q3 FY16</u>	<u>% Change</u>
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 benefit related to unusual tax items	(0.02)	—	
Rounding	—	(0.01)	
Adjusted Diluted EPS from continuing operations	<u>\$ 0.48</u>	<u>\$ 0.35</u>	<u>37.1 %</u>

Effective Tax Rate Reconciliation

FY17 Q3	Income from continuing		Income from continuing		Effective Tax Rate ¹
	operations	Income Tax Expense	operations before income	taxes	
Reported	\$ 179.5	\$ 67.9	\$ 247.4		27.4%
Restructuring plans	8.8	4.9	13.7		
Early extinguishment of debt	21.1	11.6	32.7		
Salaried Pension Plan Lump Sum Settlement	8.5	5.3	13.8		
Intangible impairment charges	0.7	0.4	1.1		
Tax items associated with certain foreign incentives	(7.1)	7.1	-		
Adjustment to gain on J.M. Swank divestitures	0.1	0.1	0.2		
Hedging	(0.3)	(0.2)	(0.5)		
Adjusted	\$ 211.3	\$ 97.1	\$ 308.4		31.5%

1) Effective Tax Rate = Income Taxes as a % of Income from continuing operations before income taxes