



**Conagra Brands**  
**Q1 FY26 Earnings Call**  
**October 1<sup>st</sup>, 2025**

**CORPORATE PARTICIPANTS**

**Matthew Neisius** – *Senior Director, Head of Investor Relations*

**Sean Connolly** – *President and Chief Executive Officer*

**David Marberger** – *Executive Vice President and Chief Financial Officer*

**PRESENTATION**

**Slide 1: Conagra Brands FY26 Q1 Earnings Presentation**

**Slide 2: Legal Disclosure – Matthew Neisius**

Good morning! Thank you for listening to our prepared remarks for the Conagra Brands first quarter, fiscal 2026 earnings. At 9:30 eastern this morning we'll hold a live, separate question-and-answer session on today's results, which you can access via webcast on our investor relations website. Our press release, presentation materials and a transcript of these prepared remarks are also available there.

I'm joined this morning by Sean Connolly, our CEO, and Dave Marberger, our CFO.

We'll be making some forward-looking statements today and while we're making those statements in good faith based on current information, we don't have any guarantee about the results we'll achieve. Descriptions of our risk factors are included in our filings with the SEC.

We'll also be discussing some non-GAAP financial measures. Please see the earnings release and presentation materials for GAAP to non-GAAP reconciliations and information on our comparability items, both of which can be found in the Investor Relations section of our website. I'll now turn the call over to Sean.

**Slide 3: Sean Connolly, President and Chief Executive Officer**

Thanks, Matthew, and good morning, everyone. Thank you for joining us today for our first quarter fiscal 26 earnings call.

**Slide 4: Key Messages**

Let's begin on slide four.

Our first quarter performance demonstrated that we're on track with our priorities across our portfolio.

Our strengthened top line and improved market share reflect the resilience of our brands and the work we've done to restore service levels. We executed well against our frozen, snacking, and staples strategies, our supply chain delivered on key objectives, and we successfully completed our Chef Boyardee and frozen seafood divestitures, using those proceeds to reduce net debt.

As we look to the balance of the year, we expect inflationary pressure and weak consumer sentiment to persist. We remain focused on strong execution and operating with agility to drive sustainable success, including maintaining a disciplined approach to capital allocation. Amidst this evolving landscape, we are reaffirming our fiscal 26 full year guidance.

**Slide 5: Agenda**

Today, I'll walk you through our Q1 performance and provide an update on our outlook for the remainder of fiscal 26 as we continue navigating a dynamic operating environment.

**Slide 6: Agenda: Q1**

Let me start by unpacking our Q1 consumption performance.

**Slide 7: Consumption Improved in Q1**

As you've heard us discuss in prior quarters, we've been strategically investing behind our brands to drive volume recovery in the face of a challenging consumer environment.

This slide demonstrates the continued effectiveness of our investment playbook. Q1 consumption trends in both volume and dollars improved meaningfully over Q4 fiscal 25 levels, as we recovered from supply chain issues impacting our frozen meals containing chicken and frozen vegetable businesses.

**Slide 8: Market Share Performance Improving Following Service Recovery**

The service recovery efforts we've been focused on are clearly translating into improved in-market performance. On slide eight, you'll see 44% of our portfolio held or gained volume share in Q1, an improvement relative to Q4 fiscal 25. We're getting products back on shelves and consumers are responding.

**Slide 9: Solid Progress in Frozen Volume and Share**

Turning to our frozen domain on slide nine. Our frozen portfolio delivered solid progress. Volumes improved 3.2 points in Q1 compared to our Q4 fiscal 25 growth rate, aided by our service recovery. We're particularly pleased with our share gains across key categories, with frozen vegetables, frozen meals, and frozen prepared chicken all up in the quarter.

**Slide 10: Continued Progress Restoring Frozen Promo Levels**

Part of what's enabled this frozen performance is our restoration of quality merchandising activity. Last quarter, in Q4, our volume sold on promotion was down 25% compared to the prior year. However, we made significant progress closing that gap this quarter in Q1, trailing the prior year by only 10%.

With our supply issues now behind us, there is still some room to go as we approach more normal levels of brand support. And encouragingly, we continue to see a rational environment in terms of depth of discount, which has remained consistent for Conagra since fiscal 24.

**Slide 11: Snacks Performance As Expected: Strong Protein Volumes Mixed with Elasticity & Timing Impacts**

Moving to our snacking domain on slide 11. Our snacks business performed in line with expectations. We saw strong volume in our strategic protein snacks categories, with meat snacks up 4% and seeds up 2%.

And as expected, we experienced discrete impacts from merchandising timing shifts in salty snacks and pricing-related elasticity in sweet treats. Specifically, Angie's BOOMCHICKAPOP declined 19% due to a shift in promotional timing to Q2, and Duncan Hines saw a volume decline of 8% due to elasticities following our inflation-driven cocoa pricing actions.

**Slide 12: Snacks Volumes In-Line with Category Despite Discrete Items; Dollar Growth Strong**

When you look at the total snacks picture on slide 12, even with our pricing actions and promotional timing shifts, our volume performance slightly exceeded the categories in which we participate. In addition, our dollar growth was strong, at 2.2% versus 0.5% for our categories, reflecting the benefit of our strategic pricing actions and favorable mix.

**Slide 13: Managing Staples Portfolio in Dynamic Environment**

Turning to slide 13. In our staples portfolio, Hebrew National had a strong recovery as we lapped our out-of-stocks in the year-ago period. Additionally, we are gaining volume share in categories such as chili, tomatoes, and refrigerated whipped toppings. We continue to see value-seeking behavior from consumers that has impacted this domain, but we remain focused on managing our margin levers, including the steel inflation-driven pricing that we expect to implement late in Q2.

**Slide 14: Supply Chain Delivered Expectations in Q1**

Moving to slide 14. Our supply chain performance was a key success story in Q1. We were highly focused on our service metrics, and we're extremely pleased with the results.

We achieved 98% service levels, ensuring our products are on shelves and available for our consumers. In addition, we delivered strong productivity gains in excess of 5% of cost of goods sold. We've made good progress in both our core productivity programs as well as our ability to navigate the volatile tariff environment, which Dave will discuss shortly. And last, we remain on track with our supply chain modernization efforts, including the baked chicken project that will be completed in Q2.

**Slide 15: Completed Divestitures in Q1, Reduced Net Debt**

Turning to slide 15, we successfully completed our Chef Boyardee, Van de Kamp's, and Mrs. Paul's divestitures in Q1. We used the proceeds to reduce net debt by more than \$400 million in the quarter.

**Slide 16: Agenda: Year-to-Go**

Now let me shift to our outlook for the remainder of the year.

**Slide 17: Inflation & Consumer Sentiment Remain Headwinds**

Looking ahead, we continue to navigate a challenging environment as we're still dealing with persistent inflation and tariffs, both of which have drifted higher than our original expectations. Our previous outlook for core inflation was approximately 4%, but that has moved slightly higher, primarily due to increased costs in animal proteins such as beef, pork, and turkey.

On tariffs, while we still expect our gross exposure to be approximately 3% of cost of goods sold, changes to country-specific tariff rates have nudged our estimate higher. Our larger exposures to steel, aluminum and China-related tariffs are unchanged.

Combined, our total inflation was previously approximately 7% but has now nudged higher to be in the low 7% range. Against that backdrop, consumer sentiment remains weak, and we still see value-seeking behavior.

**Slide 18: Maintaining Balanced Capital Allocation Approach**

We continue to focus on a balanced approach to capital allocation. Slide 18 shows we're investing in the business with approximately \$450 million in CapEx planned for this year, in line with our initial expectations.

We're also returning capital to shareholders as we expect to maintain our \$1.40 annual dividend rate. As always, we continue to look for ways to sharpen and strengthen our portfolio, as proven by our recent divestitures. And as I mentioned, we reduced net debt, a key focus area, by over \$400 million in Q1.

**Slide 19: We Remain Focused on Delivering our FY26 Priorities**

Turning to slide 19. Our strategic priorities for the year remain unchanged. We're focused on growing frozen and snacks. We're increasing investment in supply chain resiliency. We're implementing targeted pricing, largely in our canned products, but also on select sweet treats within our snacks portfolio, where we're dealing with sustained cocoa inflation. And we're highly focused on delivering strong productivity and cash flow.

**Slide 20: Reaffirming Fiscal 2026 Guidance**

Overall, we're encouraged by our performance in Q1 and the improvement we've seen in our top line. Today, we're reaffirming our fiscal 26 guidance, outlined here on slide 20. For fiscal 26 we continue to expect:

- Organic net sales growth of negative 1% to positive 1%;
- Adjusted operating margin of approximately 11.0% to 11.5%;
- and adjusted EPS of \$1.70 to \$1.85.

With that, let me turn it over to Dave for more financial details.

**Slide 21: Dave Marberger**

Thanks, Sean, and good morning, everyone.

**Slide 22: Q1 FY26 Results**

Slide 22 shows our financial results for key metrics in the quarter. Conagra's organic net sales were \$2.6 billion, a 0.6% decline versus the prior year. Adjusted gross margin of 24.4% and adjusted operating margin of 11.8% were both down versus the prior year but slightly better than our initial expectations, which I'll unpack shortly. Adjusted earnings per share were \$0.39, down \$0.14 versus year ago.

**Slide 23: Q1 Net Sales Bridge vs. Year Ago**

Slide 23 shows our first quarter net sales bridge. Total Conagra organic net sales decreased 0.6% over the previous year, with volumes down 1.2% and price/mix up 0.6%, partially driven by trade expense favorability that we expect to reverse in Q2, and favorable product mix. Foreign exchange was a 10-basis point headwind, and the divestitures of our India joint venture, Chef Boyardee, and frozen seafood businesses together had a 510-basis point impact.

**Slide 24: Q1 Net Sales by Segment**

Slide 24 shows the composition of net sales by segment.

In Grocery & Snacks, we delivered net sales of \$1.1 billion, representing a 1% decline in organic net sales versus the prior year, with lower volumes being partially offset by higher price/mix.

Our Refrigerated & Frozen segment also delivered \$1.1 billion in net sales, with organic net sales up 0.2% versus the prior year as higher volumes were partially offset by lower price/mix. We saw strong volume improvement following a return to normalized supply, as well as a benefit from lapping the prior year's constraints on our Hebrew National business.

In our International segment, organic net sales declined 3.5% versus the prior year as elasticity-related volume declines more than offset price increases in each of our regions.

Organic net sales in our Foodservice segment returned to growth in the first quarter, increasing 0.2% over the prior year. Volumes improved versus Q4 benefiting from stabilizing commercial traffic trends, in addition to favorable price/mix.

**Slide 25: Q1 Adj. Operating Margin Bridge**

Slide 25 shows that adjusted operating margin declined 244 basis points over the previous year to 11.8%. Price/mix was a 20-basis point headwind driven by unfavorable product mix, partially offset by select price increases across our segments, and the favorable trade expense timing that I previously mentioned.

Inflation remained elevated in Q1 at approximately 7%, inclusive of both core inflation and gross tariff costs. Proteins remain the largest headwind as we continued to see double digit inflation in areas such as beef, pork, chicken, turkey, and eggs.

Our productivity was strong in Q1 as Sean highlighted earlier. The combination of core productivity and tariff mitigation came in at over 5%. Tariff mitigation was favorable to expectations with inventory positions allowing us to offset more tariff costs than projected. Partially offsetting this was unfavorable operating leverage from lower internal production volumes. We remain on track to complete our baked chicken facility modernization in Q2, with the benefits of in-sourcing production being realized largely in the second half.

Adjusted SG&A, which includes advertising and promotion expense, was 50 basis points unfavorable to year ago primarily due to higher incentive compensation expense and slightly higher A&P spend, in line with our expectations.

**Slide 26: Q1 Segment Adjusted Operating Profit & Margin**

Our segment adjusted operating profit and margin results are summarized on slide 26.

Grocery & Snacks adjusted operating margin declined 97 basis points as favorable price/mix was more than offset by higher inflation and adjusted SG&A inclusive of A&P.

Refrigerated & Frozen adjusted operating margin declined 402 basis points primarily driven by elevated protein inflation, as well as by transitory sourcing and absorption headwinds related to our supply chain modernization projects. Despite the elevated input cost pressure we're facing, our priority of investing margin to drive volume in frozen remains unchanged.

International adjusted operating margin improved 394 basis points driven by price increases and favorable FX comparisons to year ago.

And finally, Foodservice adjusted operating margin declined 269 basis points as price increases and productivity were more than offset by higher inflation and unfavorable mix.

**Slide 27: Q1 Adjusted EPS Bridge**

The adjusted EPS bridge for the first quarter is shown on slide 27. Adjusted EPS was \$0.39 in the quarter compared to \$0.53 a year ago driven by lower adjusted operating profit, a higher adjusted tax rate, and reduced profit from divested businesses, which more than offset higher pension income, lower interest expense, and favorable foreign exchange rates.

**Slide 28: Key Balance Sheet & Cash Flow Metrics**

Key balance sheet and cash flow metrics are shown on slide 28. During the first quarter, we utilized our divestiture proceeds to reduce net debt. Compared to the year ago period, we've reduced net debt by nearly \$1.1 billion and ended the quarter with net leverage at 3.55x, a slight improvement versus both year ago and last quarter. We remain committed to a balanced capital allocation as we target long-term leverage of 3.0x.

Capital expenditures totaled \$147 million and dividends paid were \$167 million for the quarter, both largely in line with the prior year. As expected in Q1, free cash flow was impacted by our seasonal working capital build in addition to rebuilding inventory from our recent supply constraints. We also repurchased \$15 million of shares during the quarter to offset dilution from our share-based incentive compensation plans.

**Slide 29: Reaffirming Fiscal 2026 Guidance**

As Sean mentioned, we are reaffirming our fiscal 26 guidance for key metrics shown here on slide 29. We continue to expect organic net sales growth in the range of minus 1% to plus 1%, adjusted operating margin of approximately 11.0% to 11.5%, and adjusted EPS in the range of \$1.70 to \$1.85 per share.

**Slide 30: Q2 and Full Year Considerations**

Slide 30 provides a bit more color on our expectations for the second quarter and the full year.

For the second quarter, we expect organic net sales to decline low single digits driven by recent consumption trends and a shift in trade expense to Q2, which was formerly expected to impact Q1.

From a profit perspective, we were able to mitigate a larger portion of our tariff costs in Q1 than we initially projected. However, in Q2, we expect our net tariff costs to be higher than Q1 as we have largely utilized pre-tariff inventory. This, in addition to the trade timing mentioned earlier, is expected to result in Q2 operating margin moderately below our full year range.

For the full year, we continue to expect organic net sales growth in the second half as we wrap supply constraints in our frozen business from last year and our pricing actions take hold, partially offset by pricing elasticity impacts.

As discussed, we now expect full-year inflation in the low 7% range. This is slightly higher than our original projection of approximately 7%, with the modest increase to be largely offset by higher productivity and tariff mitigation, inclusive of the amount mitigated in Q1.

We continue to expect A&P at approximately 2.5% of sales and adjusted SG&A excluding A&P at approximately 10% of sales for the year, both unchanged versus our prior expectations. And last, we expect our FY26 cash tax payments to be favorable to our prior estimates by approximately \$75 million due to recently passed legislation.

**Slide 31: Other Fiscal 2026 Considerations**

And finally, turning to slide 31, you can see our additional fiscal 26 guidance metrics. We now expect our full-year tax rate to be approximately 24%, up from 23% due to the higher rate we saw in Q1, and interest expense to be approximately \$390 million, down from our prior estimate of \$400 million following the \$1 billion of new bonds issued in July. Our expectations for each of the other line items shown remain unchanged.

That concludes our prepared remarks for today's call. Thank you for your interest in Conagra Brands.