



Conagra Brands
Q3 FY26 Earnings Call
April 1st, 2026

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 Q3 Earnings Presentation

Slide 2: Legal Disclosure – Matthew Neisius

Good morning! Thank you for listening to our prepared remarks for the Conagra Brands third quarter, fiscal 2026 earnings. At 9:30 eastern this morning we will hold a separate, live 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.

In our presentation this morning, Sean Connolly, our CEO, and Dave Marberger, our CFO, will be making some forward-looking statements, 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. GAAP to non-GAAP reconciliations and information on our comparability items are in our earnings release and presentation materials 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. Good morning, everyone, and thank you for joining our third quarter fiscal 2026 earnings call.

Slide 4: Key Messages

I'll begin with our key messages for the quarter. We returned to organic net sales growth, in line with our expectations that we shared last quarter. We also saw continued upward inflection in our growth businesses, gaining market share in key frozen categories while posting another quarter of strong growth in snacks, at a rate that exceeded our snacking categories. In staples, we continue to take a different approach, managing the business for cash. Together, these results have us squarely on the right trajectory, similar to our performance prior to last year's temporary supply constraints when we delivered six consecutive quarters of volume improvement.

Next, we firmly believe our portfolio is structurally advantaged and built for today's evolving environment. I'll cover this in more detail in a minute.

Importantly, we are delivering strong free cash flow while maintaining capital allocation discipline. We're investing in the business, reducing debt, and funding our dividend. That's the balance we've committed to.

And finally, with less than one quarter to go in the fiscal year, we're updating our fiscal 26 guidance, narrowing our outlook within our original range.

Overall, I'm pleased that our strong progress was clearly visible in Q3 and that we continue to deliver on our commitments despite the challenges our industry is facing.

Now, let's unpack the performance behind these key messages, starting with slide five.

Slide 5: Organic Net Sales Returned to Growth in Q3; Each Segment Improved vs. Q2

Total Conagra organic net sales grew 2.4% in Q3, with progress versus Q2 in each of our four segments. That growth includes strong in-market performance, particularly within our frozen and snacking categories, which I'll detail shortly. This reinforces the fact that we are gaining momentum, as expected, as we close out the fiscal year.

Slide 6: Investments in Frozen Delivering Strong Growth and Share Gains

I know you're most focused on the performance we've been able to deliver in our growth businesses. As you can see on slide six, our investments in frozen are clearly paying off. Frozen retail volume showed strong growth in Q3 on both a one- and two-year basis, with an incredible 88% of the portfolio holding or gaining volume share over the same time periods. Frozen is a strategic priority and it's delivering topline growth and strong share performance.

Slide 7: Restored Market Share in Key Frozen Categories

Here's a bit more detail on our frozen share performance. As you can see on slide seven, in key frozen categories, we've restored market share following temporary supply constraints that emerged last year. Single-serve meals and vegetables both delivered share meaningfully above recent short-lived troughs, gaining share versus last year and two years ago, proof that our innovation and brand-building investments are working.

Slide 8: Snacks Performance Strong and Continues to Outperform Our Categories

Moving to snacks on slide eight. This business is also delivering standout growth. Our snacks portfolio dollar sales grew and outpaced category growth for the fifth consecutive quarter, an important driver of our overall momentum and a clear growth engine for the company.

Slide 9: On-Trend Protein Snacks Delivering Strong Growth

Within snacks, our on-trend protein offerings are especially strong, which you can see on slide nine. Meat snacks were up approximately 9% in dollars and 10% on a volume basis, and seeds are also showing healthy dollar and volume growth. These platforms align perfectly with consumer preferences for natural sources of protein and fiber in their snacks, positioning us for continued strength.

Slide 10: Sweet Treats' Elasticities Performing Better Than Expectations

Turning to slide 10. As we've previously discussed, there are certain snacking brands within our sweet treats portfolio, such as Swiss Miss and Snack Pack, where we implemented inflation-justified pricing given increased cocoa costs. Thus far, elasticities are performing better than historical norms. Dollar growth has been impressive with minimal impacts on volume, further emphasizing the relevance of these brands.

Slide 11: Managing Staples Business To Maximize Cash

As you can see on slide 11, for our staples business, our priority remains maximizing cash generation. We implemented inflation-justified pricing across much of our canned portfolio in late Q2, and elasticities have been in line with expectations. We're also seeing positive trends in dollar sales in staples which will help us fund investments in higher-growth areas.

Slide 12: Our Portfolio is Structurally Advantaged in Today's Evolving Environment...

Our solid quarterly performance is not a surprise to us. As shown on slide 12, we firmly believe our portfolio is structurally advantaged for the current, evolving environment. Like I said at CAGNY, Superior Relative Provocativeness, or S.R.P., is what drives category and brand vitality. And winning the battle for provocativeness means optimizing your benefit bundle to have appeal across different consumer groups, tailoring taste, value, health, and convenience to meet unique consumer needs.

Health and Wellness continues to be a growing trend. Our portfolio of protein- and fiber-forward snacks and meals, healthy vegetable offerings, and portion control packages provide what today's consumers are seeking.

Additionally, the food needs to taste great. That's why we are always innovating and offering bold new flavors and contemporary cuisines that our consumers, especially Gen Z, are craving. And we have a portfolio of both established, iconic brands as well as agile, insurgent brands in order to provide options that appeal to all shoppers.

Our approach allows us to reach a wide variety of households, because today's consumer base is not monolithic, it's incredibly diverse. And we do have something for everyone. Our at-home solutions, from premium to value products, sold through core and emerging channels, are trusted and used by 94% of American households.

Slide 13: ...And We Will Continue Innovating To Meet Consumer Needs

But we also know we can't stand still. Our relentless innovation is what continues to drive the provocativeness that consumers require.

On the left side of slide 13, you can see that recent launches from Dolly Parton and Marie Callendar's, as well as our new brand, Sweetwood Ranch, are winning on shelf, giving us multiple #1 new platforms and strong new SKU performance in key frozen categories.

On the right, you can see our extensive innovation pipeline across the portfolio remains a competitive advantage and a key strategy going forward. We're excited to have these products available soon.

Slide 14: Increasing Free Cash Flow Conversion and Debt Reduction Estimates for FY26

Turning to cash on slide 14, we've frequently discussed our intense focus on driving cash flow, it's part of our culture. Today, we are once again increasing our free cash flow conversion estimate for the year, now updated to approximately 105%, up from our 100% estimate at CAGNY and 90% estimate at the start of the year. Importantly, this will allow us to reduce net debt by approximately \$800 million, above our prior \$700 million estimate. This improved cash conversion underpins our ability to invest in the business, reduce leverage, and return capital to shareholders.

Slide 15: Narrowing Fiscal 2026 Guidance Within Original Range

Given we are more than three quarters of the way through the year, we are narrowing our fiscal 26 guidance within the original range.

We expect organic net sales to be near the midpoint of our prior range, adjusted operating margin to be near the high end, and adjusted EPS to be at the low end at approximately \$1.70, which is not a function of the core business, but rather our Ardent Mills JV, which Dave will touch on in a minute.

But before I turn it over to Dave, I want to reiterate that we're pleased with our third quarter and year-to-date performance, as well as the impact of our innovation. This is not an easy operating environment, but we have delivered on our expectations to date. We've returned the business to organic net sales growth, reflecting continued upward inflection in frozen and snacks and improved consumption and market share performance. Our portfolio of iconic and insurgent brands stands out as structurally advantaged, and we intend to leverage those advantages moving forward.

Now I'll turn it over to Dave to walk you through the financials. Dave?

Slide 16: Dave Marberger

Thanks, Sean, and good morning everyone.

Slide 17: Q3 Results

Slide 17 shows our results for key financial metrics in the quarter. As expected, we returned to organic net sales growth in Q3, delivering organic net sales of approximately \$2.8 billion, a 2.4% increase versus the prior year. Adjusted gross margin of 23.7% and adjusted operating margin of 10.6% were both down versus the prior year, but in line with our expectations. And adjusted earnings per share were \$0.39, down \$0.12 versus year ago, which I'll unpack shortly.

Slide 18: Q3 Net Sales Bridge vs. Year Ago

Slide 18 shows our third quarter net sales bridge. Total Conagra organic net sales grew 2.4% over the prior year, with volumes up 0.5% and price/mix up 1.9%. Foreign exchange was a 50-basis point tailwind, and the divestitures of Chef Boyardee and our frozen seafood businesses together represented a 480-basis point impact.

During the quarter, shipments modestly exceeded consumption, primarily in Refrigerated and Frozen, driven by retailer inventory changes around our merchandising events as well as the

lapping of last year's unfavorable trade adjustment and supply constraints, all dynamics we anticipated.

Overall, we remain pleased with the momentum in our consumption and market share performance.

Slide 19: Q3 Net Sales by Segment

Slide 19 shows the composition of net sales by segment. Three of our four segments returned to organic net sales growth in the quarter, and all segment growth rates improved sequentially versus Q2.

In Grocery & Snacks, we delivered net sales of approximately \$1.2 billion, with organic net sales up 1.8% versus the prior year driven by strong snacks performance and favorable price/mix which more than offset lower volumes.

Refrigerated & Frozen delivered \$1.1 billion in net sales, with organic net sales increasing 3.6% versus the prior year driven by nearly 4% volume growth, inclusive of the strong market share recovery following last year's frozen supply constraints.

In our International segment, organic net sales declined 1.2% versus prior year, marking an improvement versus Q2. We saw growth in Global Markets which was more than offset by volume softness in Canada, while Mexico's results were nearly flat.

And in Foodservice, organic net sales increased 3.6% marking the third consecutive quarter of organic growth with volumes continuing to stabilize alongside favorable price/mix.

Slide 20: Q3 Adjusted Operating Margin Bridge

Slide 20 shows that adjusted operating margin declined 213 basis points over the previous year to 10.6%. Price/mix was a 130-basis point tailwind as inflation-justified price increases more than offset incremental merchandising investments.

Total inflation remained elevated in Q3 and was in line with our expectations of roughly 7%, inclusive of both core inflation and gross tariff expense. We delivered strong productivity in Q3 with core productivity including tariff mitigation at over 5% of cost of goods sold. Partially offsetting this was unfavorable operating leverage from lower internal production volumes, due largely to price elasticity impacts and planned actions to reduce our inventory levels, as well as other supply chain investments.

Adjusted SG&A, which includes advertising & promotion expense, was 50 basis points unfavorable to year ago due to lapping lower incentive compensation expense last year and a slight increase in A&P investment. And last, FX and M&A combined were a 10 basis point headwind.

Slide 21: Q3 Segment Adjusted Operating Profit & Margin

Our segment adjusted operating profit and margin results are summarized on slide 21. Year-over-year margin declines across each segment moderated compared to what we saw in Q2, with the drivers of the segment results generally consistent with the total company drivers I just discussed.

Slide 22: Q3 Adjusted EPS Bridge

The adjusted EPS bridge for the third quarter is shown on slide 22. Adjusted EPS was \$0.39 in the quarter compared to \$0.51 a year ago driven by lower adjusted operating profit, as inflation of 7% exceeded productivity, lower adjusted equity earnings related to our Ardent Mills joint venture, and reduced profit from divested businesses. Pension income, interest expense, and adjusted tax expense remained roughly unchanged versus year ago.

Slide 23: Key Balance Sheet & Cash Flow Metrics

Key balance sheet and cash flow metrics for the first three quarters are shown on slide 23. We continue to make progress repaying our debt, with net debt lower by over \$800 million versus the prior year and net leverage ending the quarter at 3.83x, ahead of our expectations. We remain committed to a balanced capital allocation approach and continue to target long-term leverage of 3.0x.

Year-to-date capital expenditures totaled \$314 million and dividends paid were \$502 million, both largely in line with the prior year. Year-to-date free cash flow was \$581 million, down versus prior year primarily due to lower operating profit and lapping the accelerated receipt of a portion of our outstanding receivables in the prior year.

We did not repurchase any shares in the quarter, nor did we have any additional M&A activity in the quarter.

Slide 24: Delivering Strong Free Cash Flow to Support Our Balanced Capital Allocation

Slide 24 highlights how we remain focused on delivering strong free cash flow to support our balanced capital allocation strategy.

As Sean mentioned, we are once again increasing our free cash flow conversion estimate for the year to approximately 105%. Our progress reflects strong execution in areas including inventory management, cash tax efficiency, and cash returns from our Ardent Mills joint venture.

We remain balanced in our approach to capital allocation. We're continuing to invest in the business to drive growth and productivity. In addition, we've reduced net debt by over \$800 million versus last year and approximately \$300 million during Q3 alone. And, as announced yesterday, we are maintaining our dividend at the annual rate of \$1.40 per share.

Slide 25: Narrowing Fiscal 2026 Guidance Within Original Range

With one quarter left in the fiscal year, we are narrowing our projections for key fiscal 26 guidance metrics within the range we originally provided, shown here on slide 25.

We now expect organic net sales to be near the midpoint of our (1)% to +1% range. We expect adjusted operating margin near the high end of our approximately 11% to 11.5% range. And last, we expect adjusted EPS to be approximately \$1.70, at the low end of our \$1.70 to \$1.85 range, driven by a \$0.10 headwind from Ardent Mills relative to our original fiscal 26 assumption.

Slide 26: Other Fiscal 2026 Considerations

And finally, slide 26 outlines our additional fiscal 26 considerations.

As Sean mentioned, we are lowering our estimate for adjusted equity earnings to approximately \$140 million driven by Ardent Mills. This updated estimate reflects lower prices and lower volatility in wheat markets through Q3, which has continued to pressure Ardent's commodity

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trading revenue despite their core flour milling business delivering results broadly in line with expectations.

While recent geopolitical events have increased volatility across certain commodity markets, our Q4 projection for Ardent Mills assumes a similar earnings contribution to what we saw in Q3.

Finally, we expect higher free cash flow conversion to contribute to lower net debt and lower interest expense this year.

Our projections for all other metrics shown remain unchanged.

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