



# FY21 Q3 Earnings Presentation

April 8, 2021

# Today's Presenters



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**Brian Kearney**  
*Investor Relations*

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

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**Dave Marberger**  
*Executive Vice President and Chief Financial Officer*

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# Legal Disclosure



## **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. 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, uncertainties, and factors include, among other things: the risk that the cost savings and any other synergies from the acquisition of Pinnacle Foods Inc. (the Pinnacle acquisition) may not be fully realized or may take longer to realize than expected; the risk that the Pinnacle acquisition may not be accretive within the expected timeframe or to the extent anticipated; the risks that the Pinnacle acquisition and related integration will create disruption to the Company and its management and impede the achievement of business plans; risks related to our ability to achieve the intended benefits of other recent acquisitions and divestitures; risks associated with general economic and industry conditions; risks associated with our ability to successfully execute our long-term value creation strategies; risks related to our ability to deleverage on currently anticipated timelines, and to continue to access capital on acceptable terms or at all; risks related to our ability to execute operating and restructuring plans and achieve targeted operating efficiencies from cost-saving initiatives, and to benefit from trade optimization programs; risks related to the effectiveness of our hedging activities and ability to respond to volatility in commodities; risks related to the Company's competitive environment and related market conditions; risks related to our ability to respond to changing consumer preferences and the success of our innovation and marketing investments; risks related to the ultimate impact of any product recalls and litigation, including litigation related to the lead paint and pigment matters, as well as any securities litigation, including securities class action lawsuits; risk associated with actions of governments and regulatory bodies that affect our businesses, including the ultimate impact of new or revised regulations or interpretations; risks related to the impact of the coronavirus (COVID-19) pandemic on our business, suppliers, consumers, customers and employees; risks related to our forecasts of consumer eat-at-home habits as the impacts of the COVID-19 pandemic abate; risks related to the availability and prices of raw materials, including any negative effects caused by inflation, weather conditions or health pandemics; disruptions or inefficiencies in our supply chain and/or operations, including from the COVID-19 pandemic; risks associated with actions by our customers, including changes in distribution and purchasing terms; risks and uncertainties associated with intangible assets, including any future goodwill or intangible assets impairment charges; 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. We undertake no responsibility to update these statements, except as required by law.

## **Note on Non-GAAP Financial Measures**

This document includes certain non-GAAP financial measures, including adjusted EPS, organic net sales, adjusted gross profit, adjusted operating profit, adjusted SG&A, adjusted corporate expenses, adjusted gross margin, adjusted operating margin, adjusted effective tax rate, adjusted net income attributable to Conagra Brands, free cash flow, net debt, net leverage ratio, and adjusted EBITDA. 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

# Key Messages



- Continued strength in Q3
- Continued to invest to further strengthen the business
- Increased evidence in post-COVID-19 stickiness of demand and market share gains
- Leverage target achieved ahead of schedule, afforded opportunistic ~\$300 million of our common stock in Q3 and ongoing flexibility to deploy additional capital for long-term value creation
- Multiple levers to manage impact of accelerating inflation
- Reaffirming fiscal 2022 guidance

# Continued Strong Execution From the Supply Chain



# Agenda



Business Update



Looking Ahead

# Strong Q3 Results

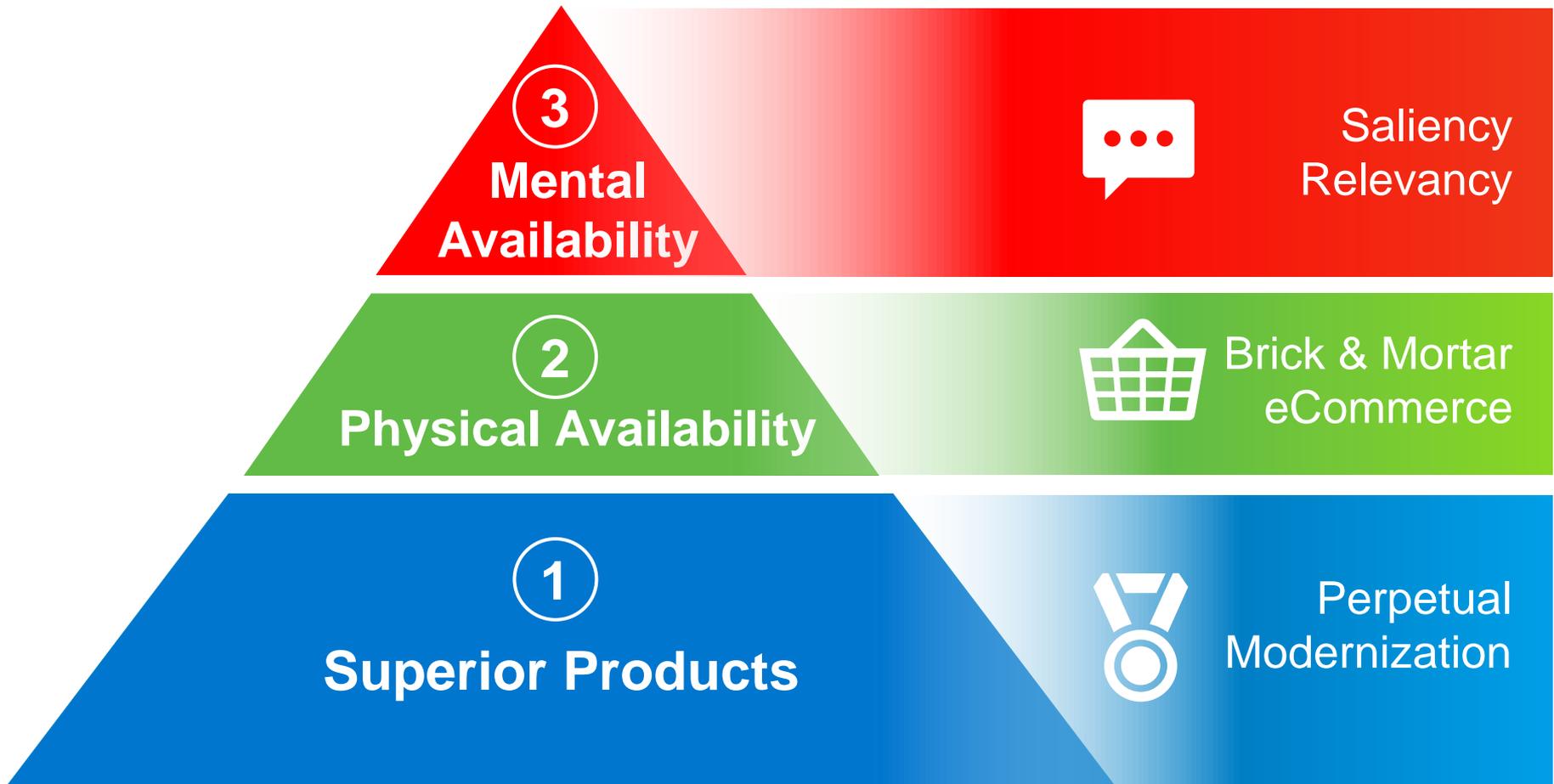


	Q3 Guidance	Q3
Organic Net Sales <sup>1</sup> Growth	+6% to +8%	+9.7%
Adj. Op. Margin <sup>2</sup>	16.0% to 16.5%	16.0%
Adj. Diluted EPS from cont. ops.	\$0.56 to \$0.60	\$0.59

Note: "Adjusted" financial measures, and organic net sales are non-GAAP. See the end of this presentation for a reconciliation of these measures to the most directly comparable GAAP measures.

1. Organic net sales excludes the impact of foreign exchange and divested businesses, as well as acquisitions (until the anniversary date of the acquisitions). Organic net sales growth excludes the impact of fiscal 2020's 53rd week, which was calculated as one-sixth of our last month's net sales (which included a total of six weeks).
2. Adjusted operating margin excludes equity method investment earnings and pension and postretirement non-service expense (income).

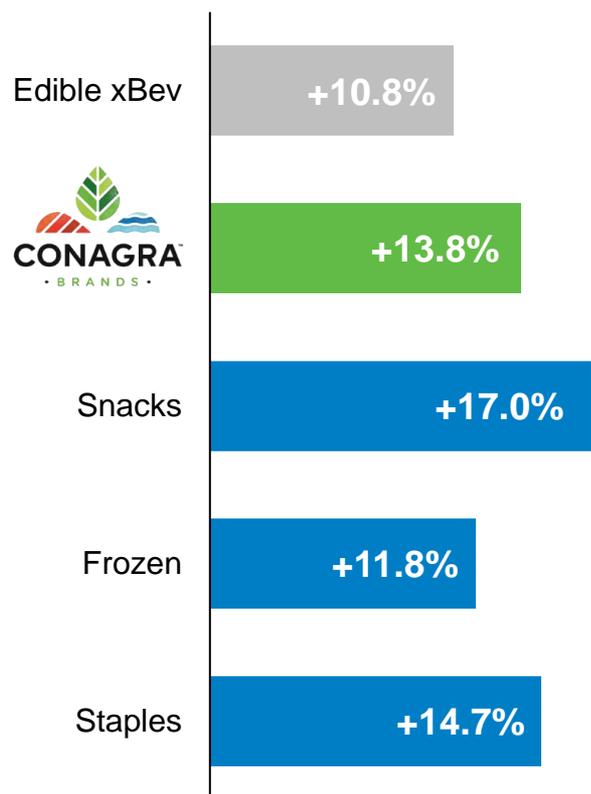
# We Continued to Execute Our Conagra Playbook in Q3



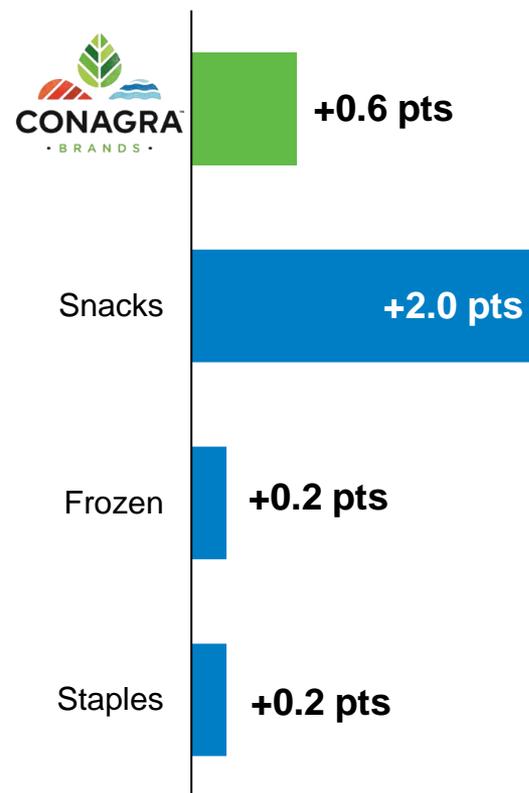
# Strong, Broad-Based Growth and Share Gains...



## Q3 Retail Sales (% Change vs. YA)



## Q3 Weighted Dollar Share (Change vs. Q2 FY21)

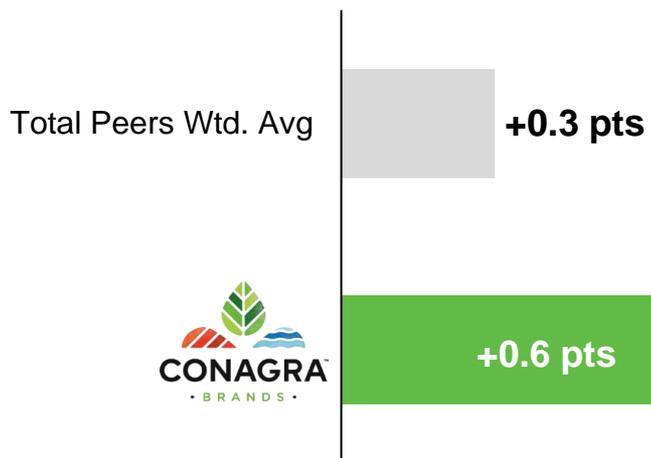


Source (Left Chart): IRI Syndicated Market Advantage, Total US MULO+C, 13-weeks ended February 28, 2021, Conagra Brands = Total Edible  
 Source (Right Chart): IRI Custom Market Advantage, Total US MULO+C, 13-weeks ended February 28, 2021 vs 13-weeks ended November 29, 2020

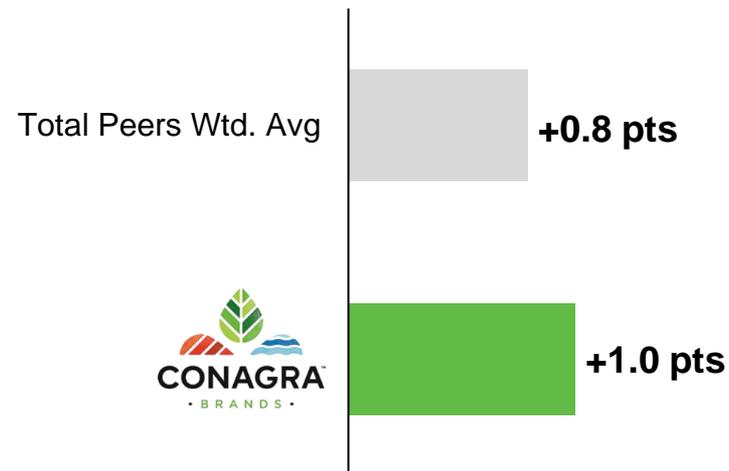
# ...Fueled by Superior Penetration and Repeat Rate



## Q3 Household Penetration (Pt Change vs. YA)



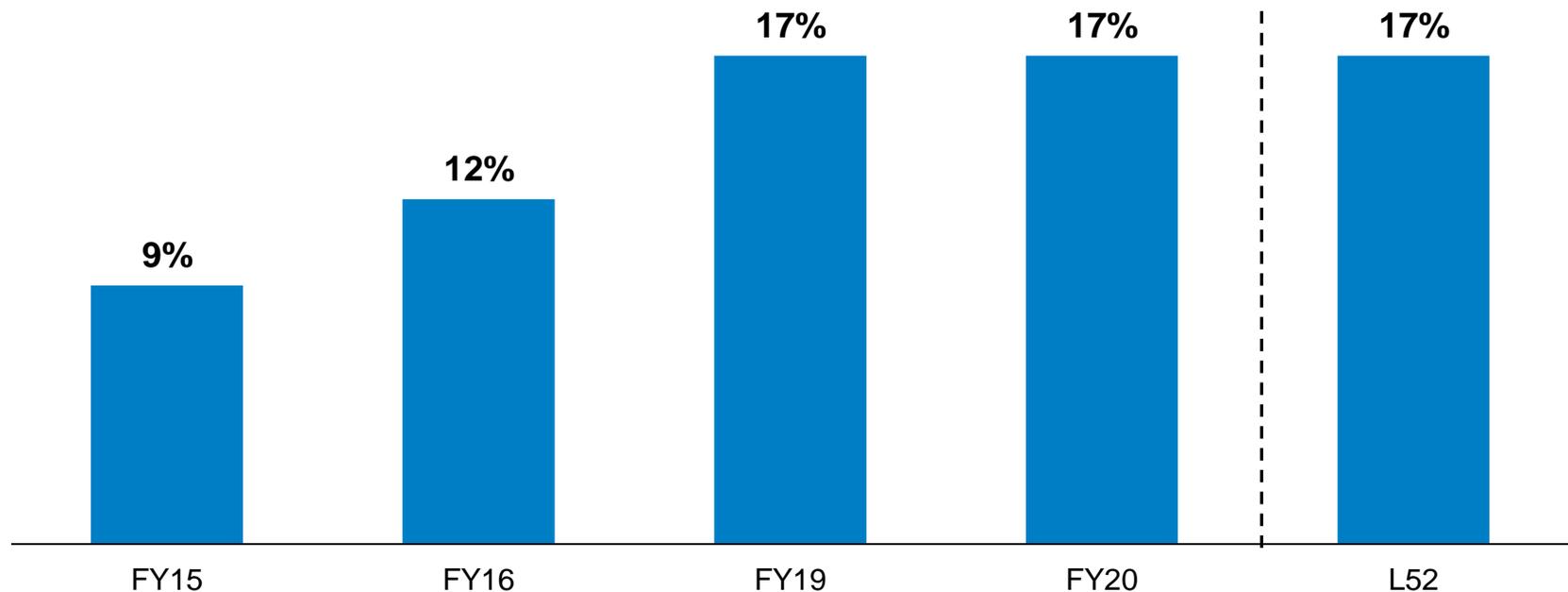
## Q3 Repeat Rate (Pt Change vs. YA)



# Innovation Momentum Continued in Q3



## % of Annual Retail Sales from Innovation (Total Conagra Brands, Rolling 3 Years)

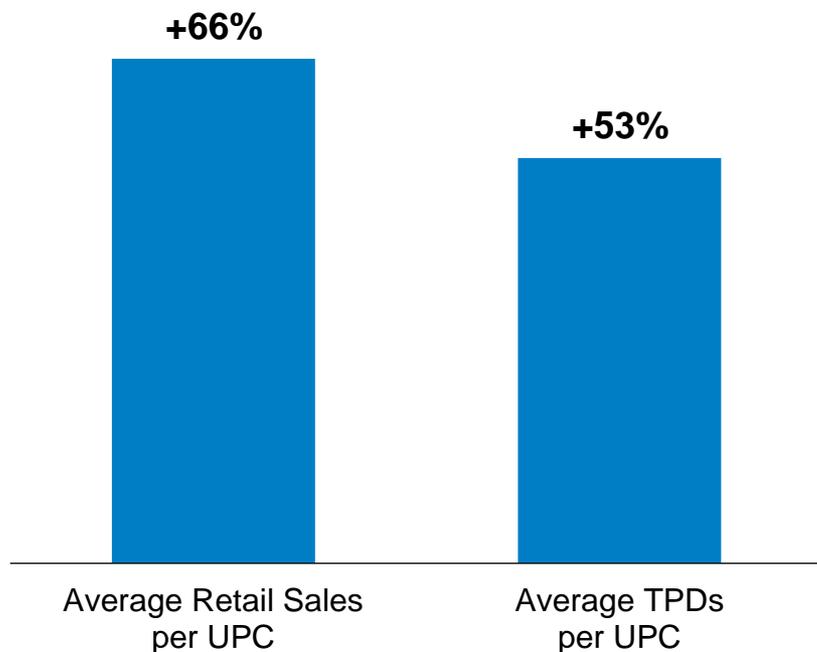


Source: IRI Syndicated Database, MULO + C, Conagra Brands Fiscal Year 2015, 2016, 2019, 2020, Latest 52 weeks ended Feb 28, 2021  
Innovation Renewal Rate is calculated as the contribution of retail dollar sales from innovation (i.e. new items that had sales in reported period but not prior period) over a three-year basis.  
For example, in FY20, it's the new items from FY18 – FY20 and their % of retail dollar sales in FY20.

# Innovation Continued to Be a Key Growth Driver



## Innovation Launched and Sold in Q1-Q3 FY21 vs. Innovation Launched and Sold in Q1-Q3 FY20<sup>1</sup>



#1 New Item in Hot Cocoa<sup>2</sup>



#1 Velocity Branded New Item in Frozen Vegetables<sup>2</sup>



Birds Eye has the Top 4 Branded Frozen Vegetable New Items in Grocery<sup>2</sup>

Packaging under development, subject to change.

1. Source: IRI Market Advantage Syndicated Data, MULO+C, Conagra Innovation = UPCs with zero dollar sales YA  
 2. Source: IRI Market Advantage Syndicated Data, MULO, Last 13 weeks ended February 28, 2021, Based on Dollar Sales  
 Note: UPC stands for Universal Product Code, TPD stands for Total Points of Distribution

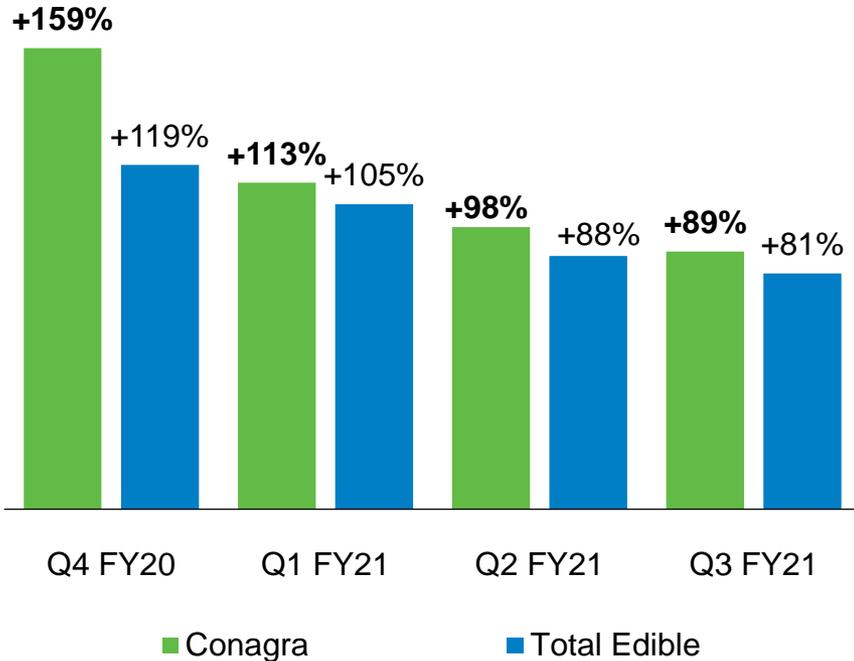
# With Strong FY22 Customer Acceptance



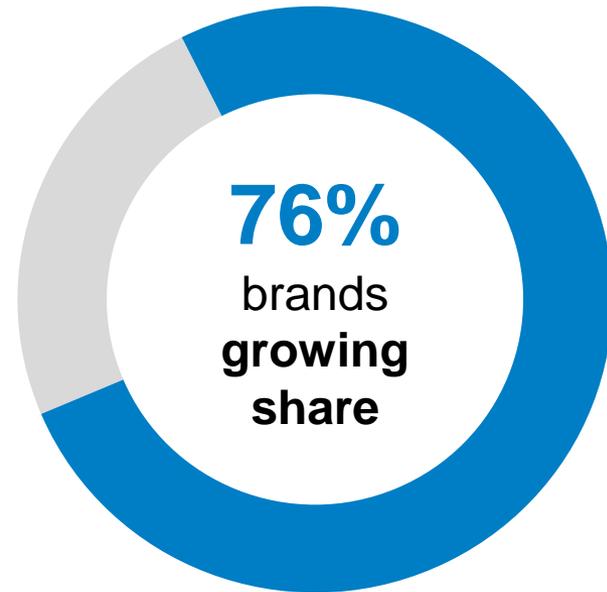
# eCommerce Marketing Investments Continued to Yield Results



**Conagra vs. Total Edible eCommerce Retail Sales**  
(% Change vs. YA)



**% of Conagra's Sales Growing Share in eCommerce**  
(Latest 52 Weeks)



Note: only ~84% of Conagra eCommerce brand sales measured; Latest weeks subject to change due to data stability;

Source (Left): Source: IRI eMarket Insights, Total Conagra vs. Total Edible xBeverage xProducts Where Parent Company Is Unknown, Total eCommerce RMA; Data ended February 28, 2021.

Source (Right): IRI eMarket Insights, Conagra Brands, Total eCommerce RMA xProducts Where Parent Company Is Unknown and XMLK FLAVORING/COCOA MIXES; Latest 52 Weeks Ended February 28, 2021; % of dollar sales for brands where Conagra is growing share in eCommerce channel.

# eCommerce Shoppers Offer Superior Lifetime Value



## eCommerce Grocery Shopping Behavior Leads to:

### Engagement With Younger Consumers

Share of **Millennial households** who shop online is

**>2x**

those who shop in-store

### Strong Habit Formation

**50%**

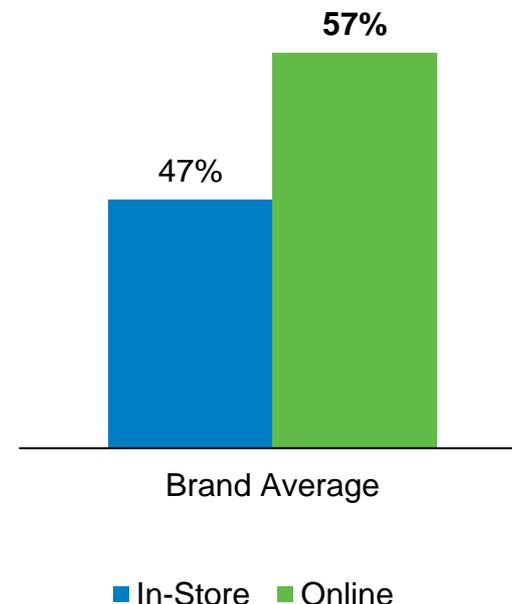
of new eCommerce shoppers **continue to buy online**

**~20%**

become **heavy users**

### Higher Brand Loyalty

**Brand Share of Wallet In-Store vs. Online**  
(2x+ Purchases)

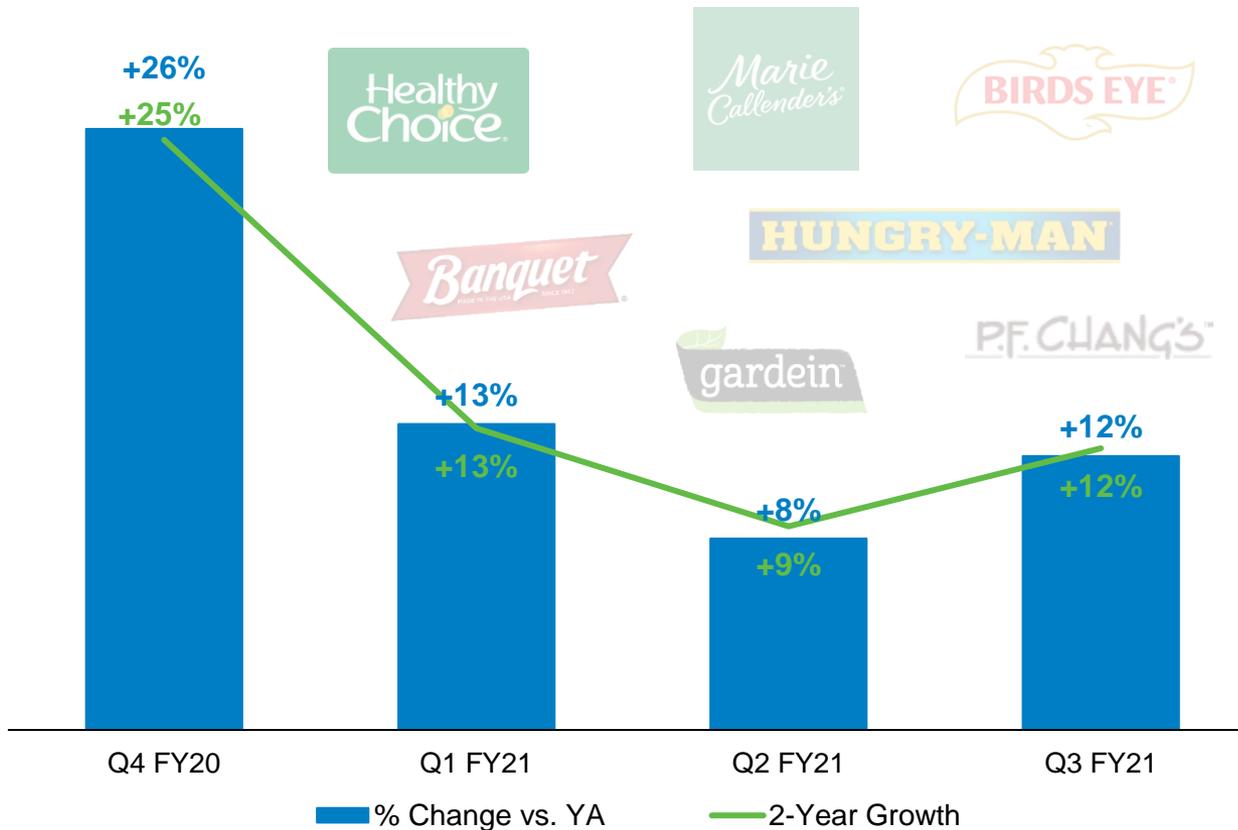


Source (Left): Shopper Card Data From Leading U.S. Retailer 52-Weeks Ending 2-27-21; Total Store Products; Indexed Total eCommerce Sales (Pick-Up & Delivery) vs. In-Store  
Source (Middle): IRI Thought Leadership, IRI Grocery Retailer Shopper Loyalty Card Data, Tracked Households. New E-Commerce Shoppers who shopped store only pre-COVID-19 and tried e-commerce during COVID-19. 26 Weeks Ended February 20, 2021 vs. 26 Weeks Ended February 22, 2020. Note: Retailer offers pickup and delivery e-commerce services  
Source (Right): IRI Thought Leadership, IRI Grocery Retailer Shopper Loyalty Card Data ending 2/21/21, Tracked Households. % \$ Share of Category by Shopper Type, L52 Weeks vs. YA Note: Average of 3 CPG Food & Beverage Brands. Retailer offers pickup and delivery eCommerce services.

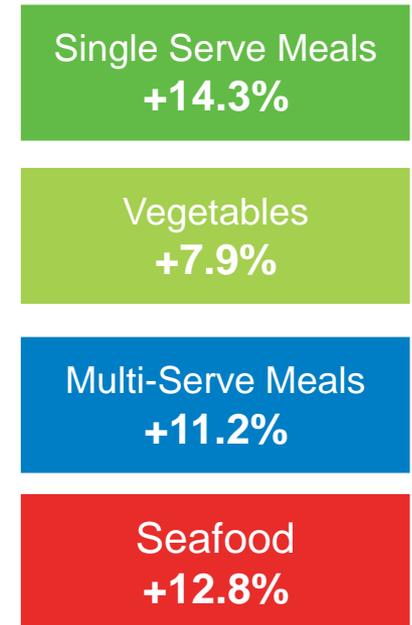
# Frozen Growth Accelerated on Both a 1-year and 2-year Basis



## Conagra Frozen Retail Sales (% Change vs. YA)



## Conagra Frozen Retail Sales (Q3, % Change vs. YA)

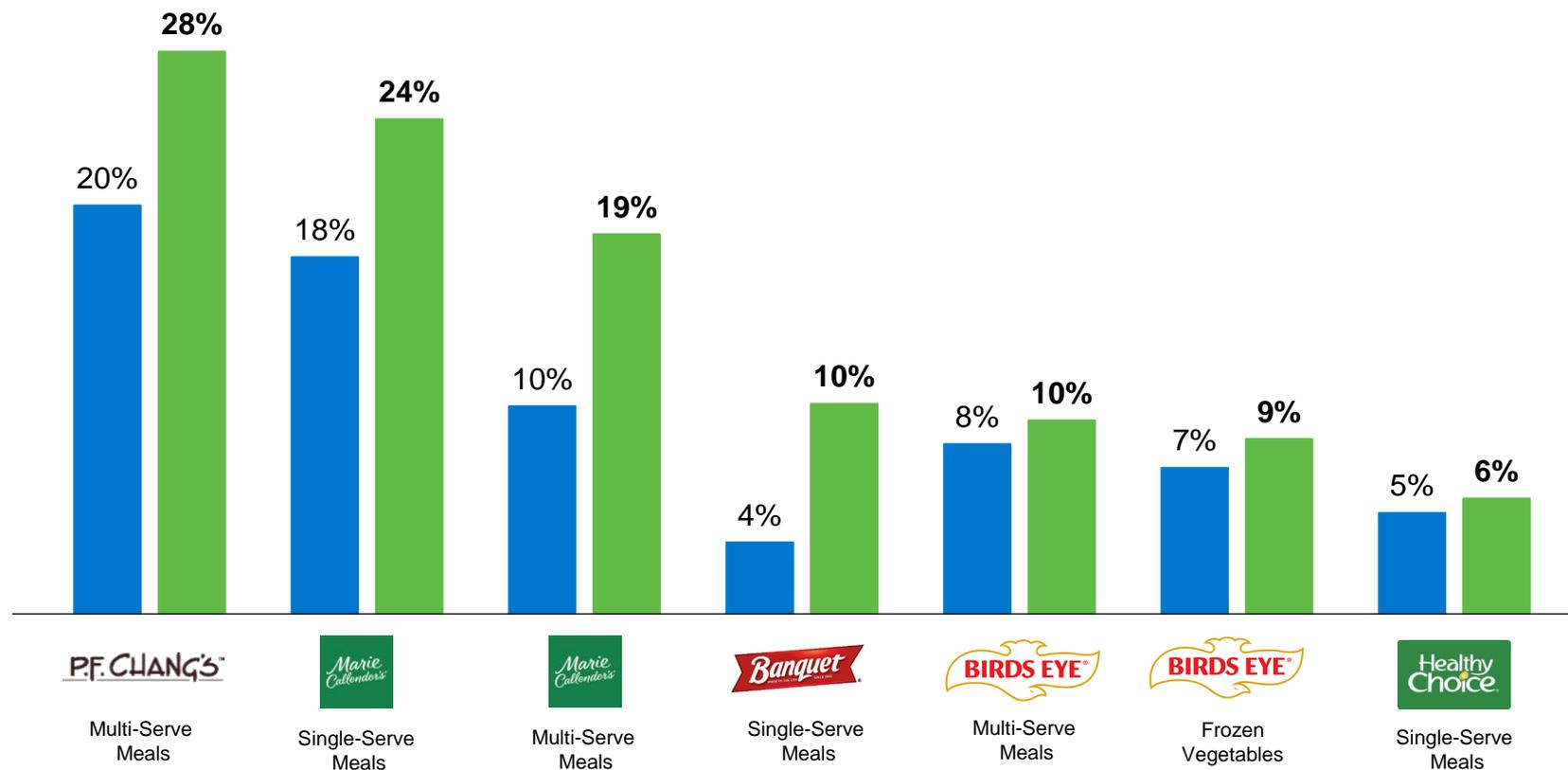


# Frozen Strength Was Broad-Based



## Conagra Frozen Dollar Sales (% Change vs. YA)

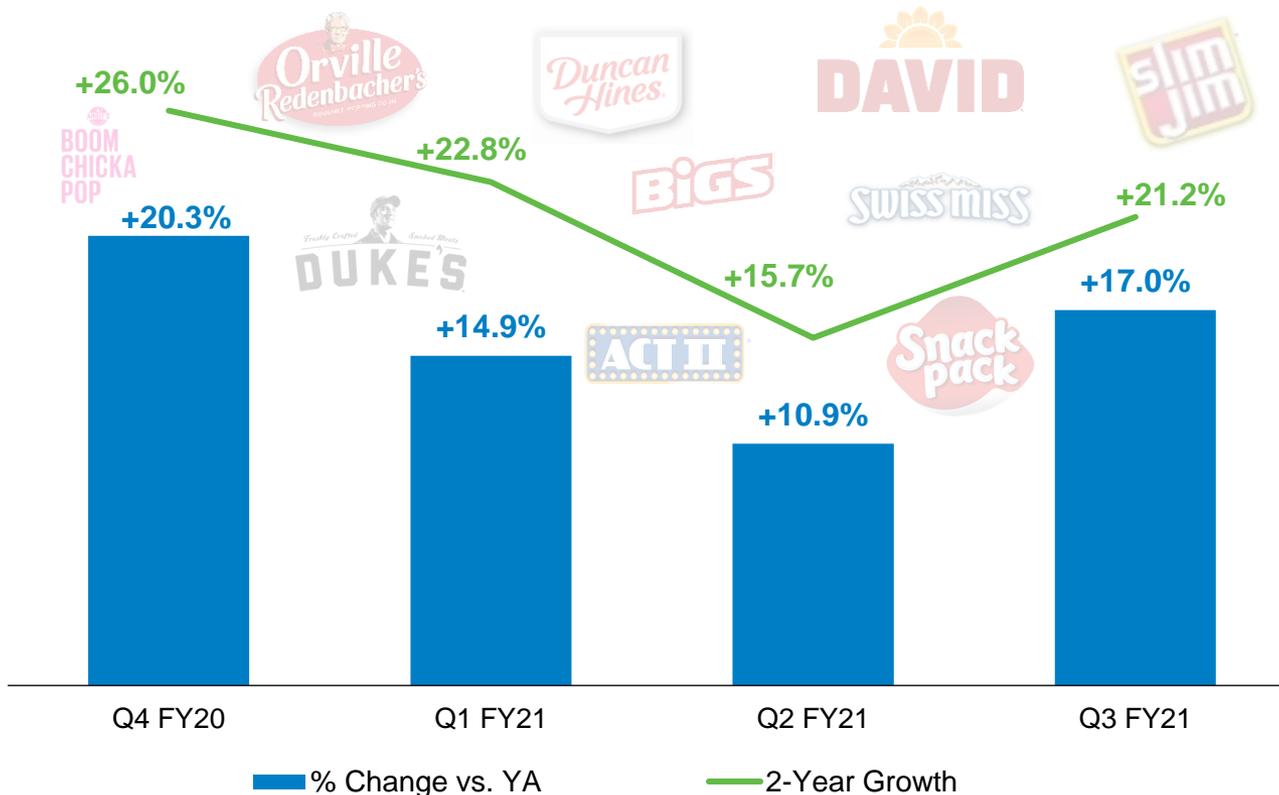
■ Q2 FY21 ■ Q3 FY21



# Snacks Growth Accelerated on Both a 1-year and 2-year Basis



## Conagra Snacks Retail Sales (% Change vs. YA)



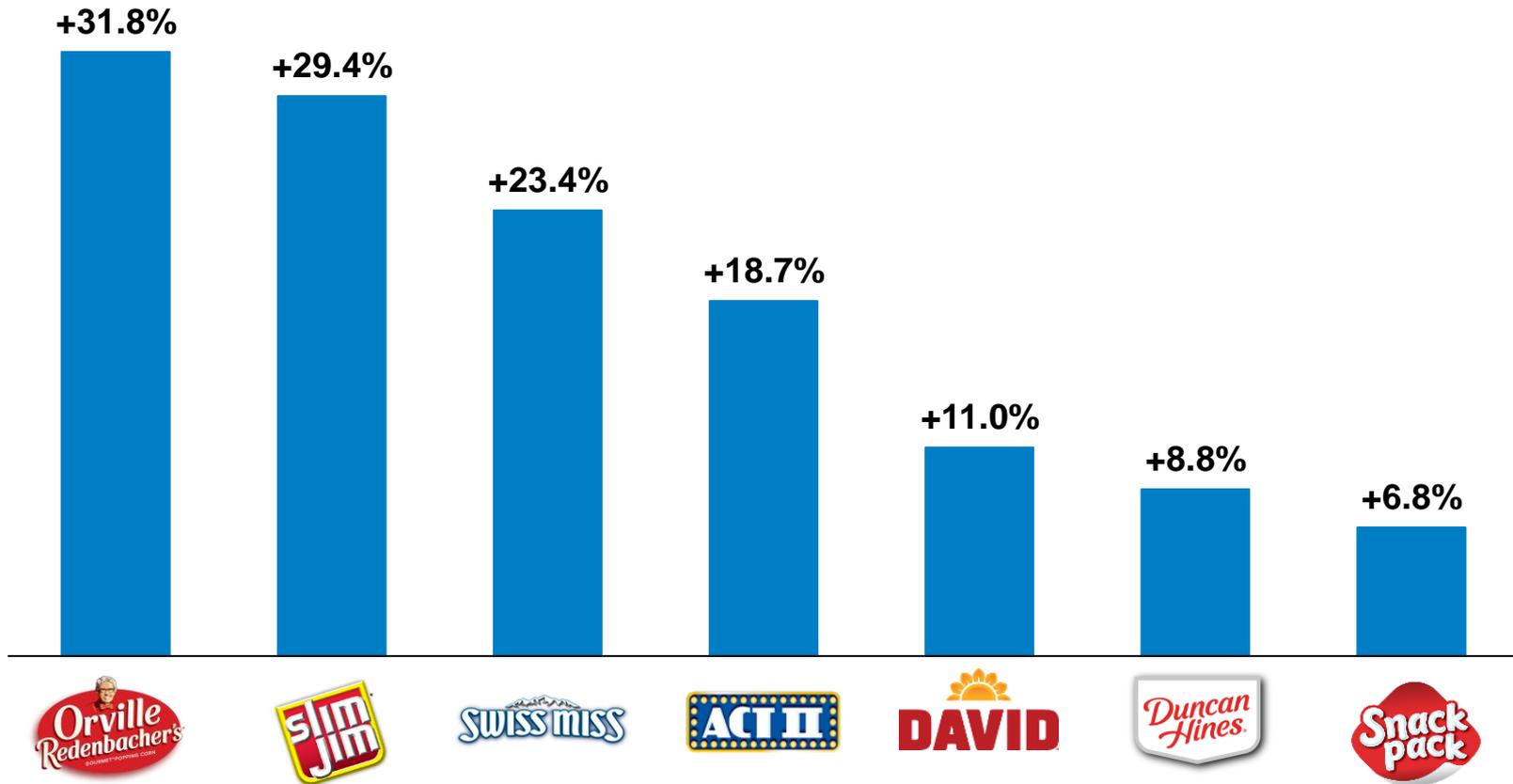
## Conagra Snacks Retail Sales (Q3, % Change vs. YA)



# Consumers Are Snacking at Elevated Rates with Strong Q3 Velocities for Our Brands



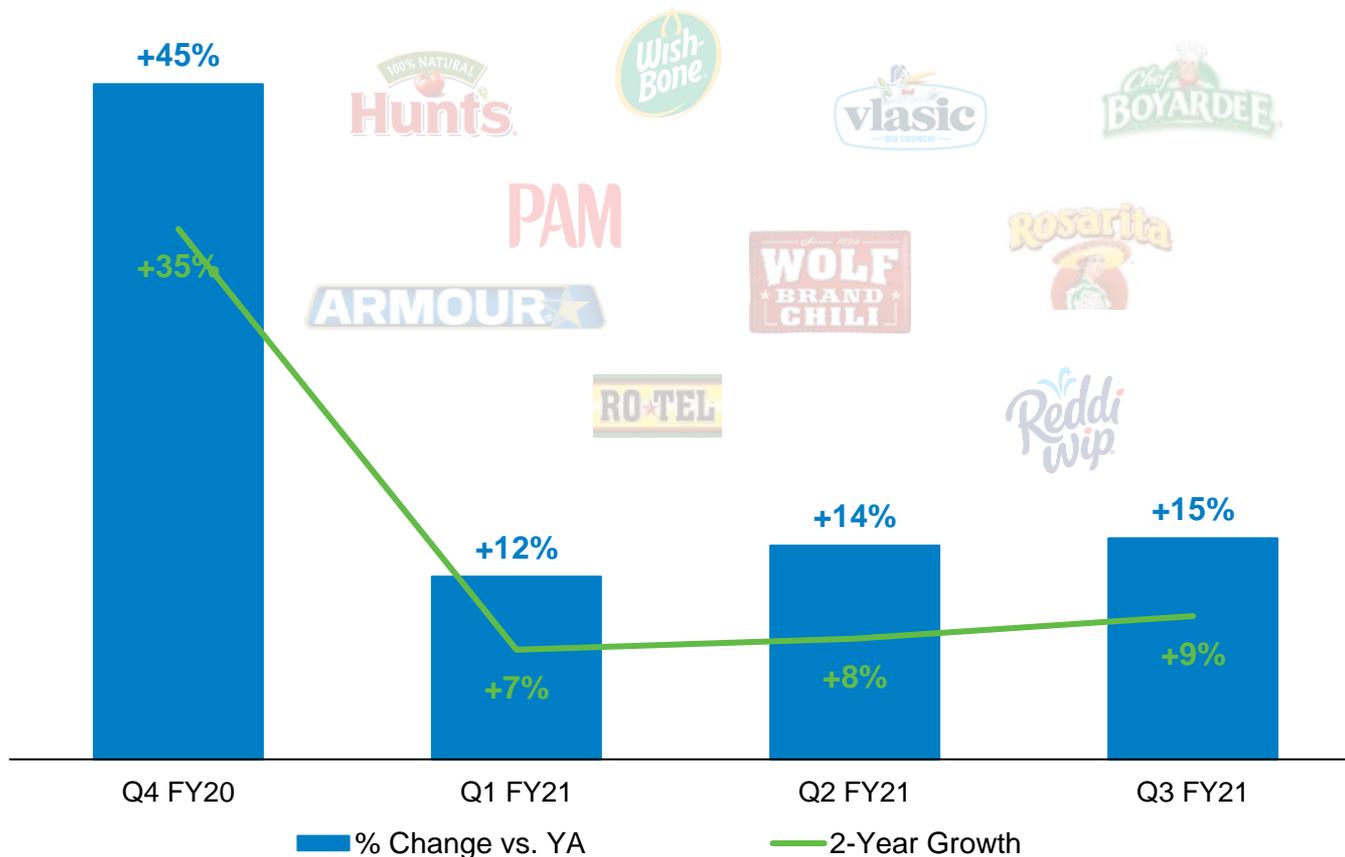
## Conagra Snacks Velocity (% Change vs. YA)



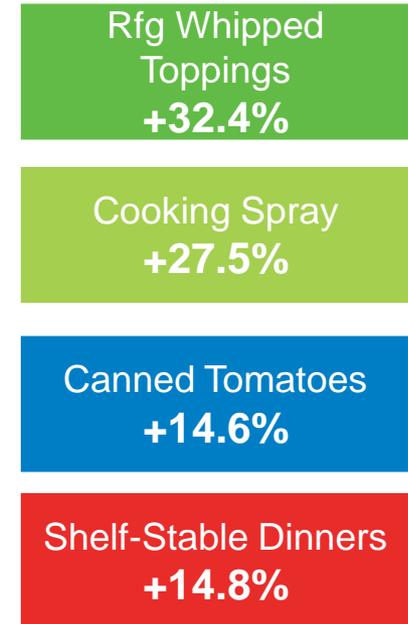
# Staples Growth Accelerated on Both a 1-year and 2-year Basis



## Conagra Staples Retail Sales (% Change vs. YA)



## Conagra Staples Retail Sales (Q3, % Change vs. YA)

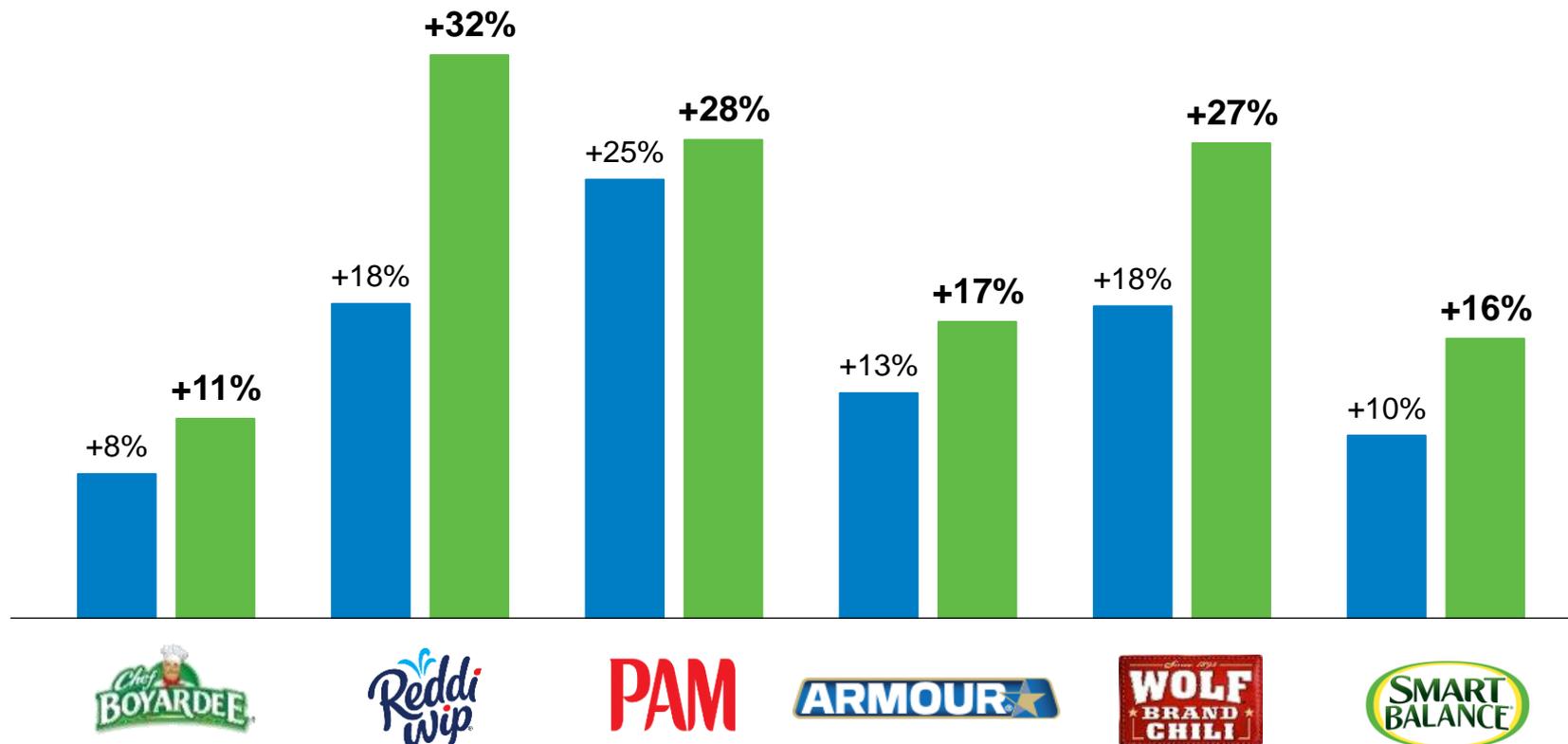


# Broad-based Strength in Staples in Q3



## Conagra Staples Dollar Sales (% Change vs. YA)

■ Q2 FY21 ■ Q3 FY21



# Agenda



Business Update

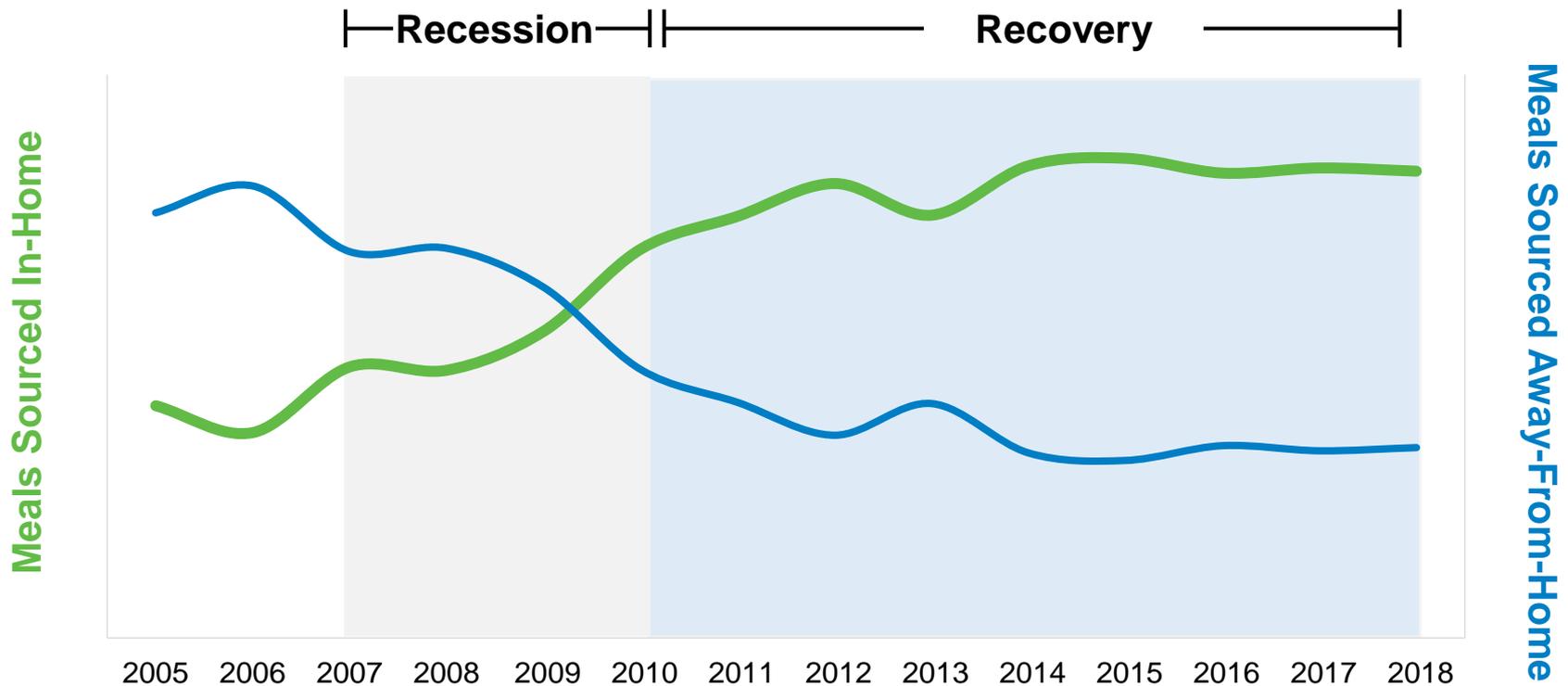


Looking Ahead

# History Shows Major Disruptive Events Drive Permanent Behavioral Shifts



**% of Occasions**  
(Share of In-Home vs. Away-From-Home Meals)

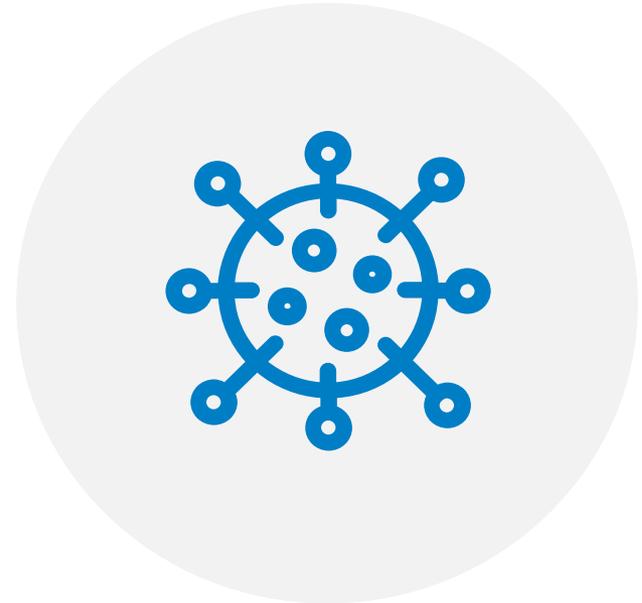


# During These Events, Consumers Form Habits



## HABIT FORMATION

**66** days, on average, for a  
**new behavior to  
become automatic**



## COVID-19 DURATION

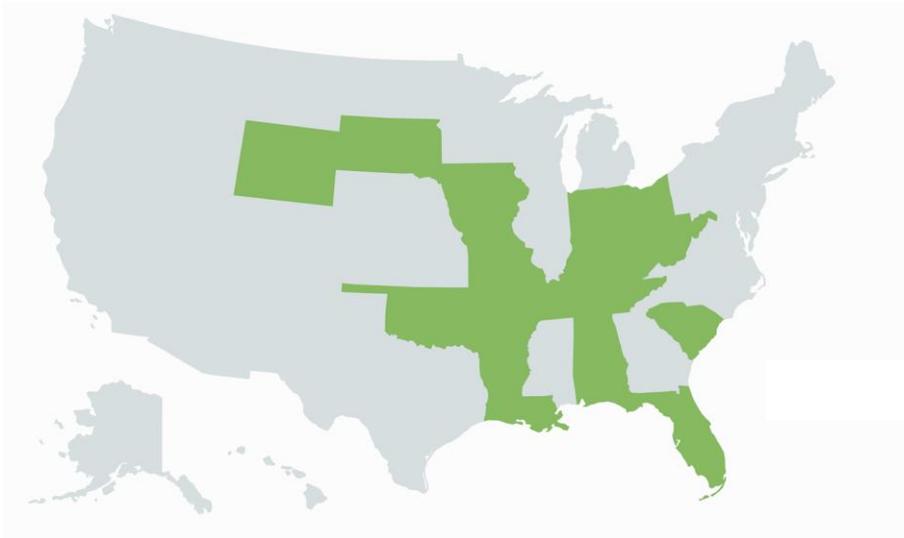
**393** days since **WHO  
declared COVID-19 a  
pandemic**

# Elevated At-Home Eating Proves Sticky As States Reopen; Significantly Above Pre-COVID Baseline



## Top 15 Most “Open” States

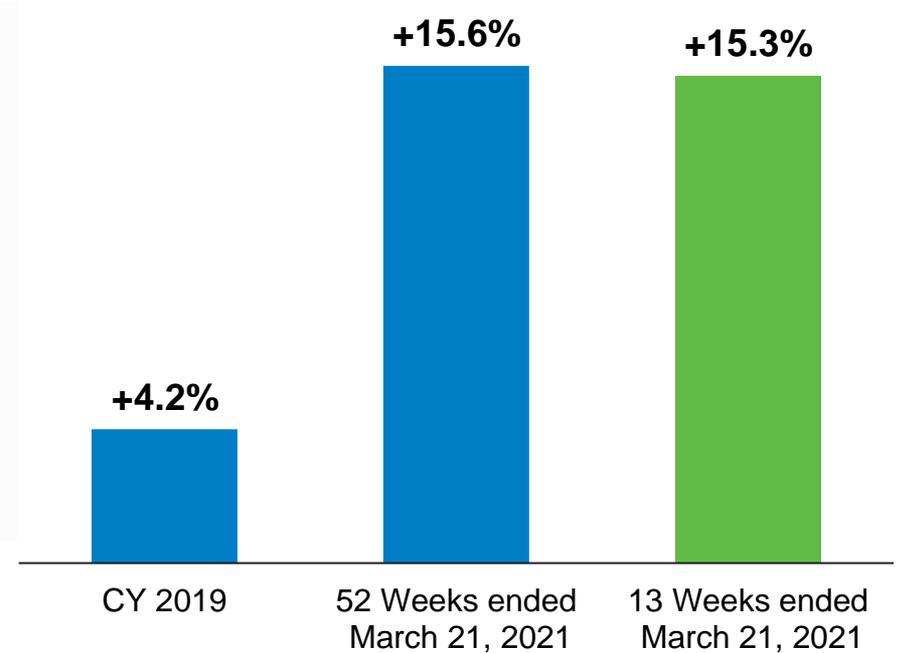
(Based on March ‘21 Residential Google Mobility Data)



■ Top 15 Most “Open” States

## Top 15 Most “Open” States Retail Sales

(Dollar Sales Growth, % Change vs 2YA)



# Against This Backdrop, We Continue to Invest Behind Consumer Engagement



# 160%

Increase in Slim Jim  
Twitter followers

# 35 MILLION

Organic Twitter  
impressions in 25 days

# Voted Best Brand

In Adweek's March Adness  
Bracket Competition

# We Have Attracted More than Four Years of New Consumers, Almost Half Are Gen Z/Millennials

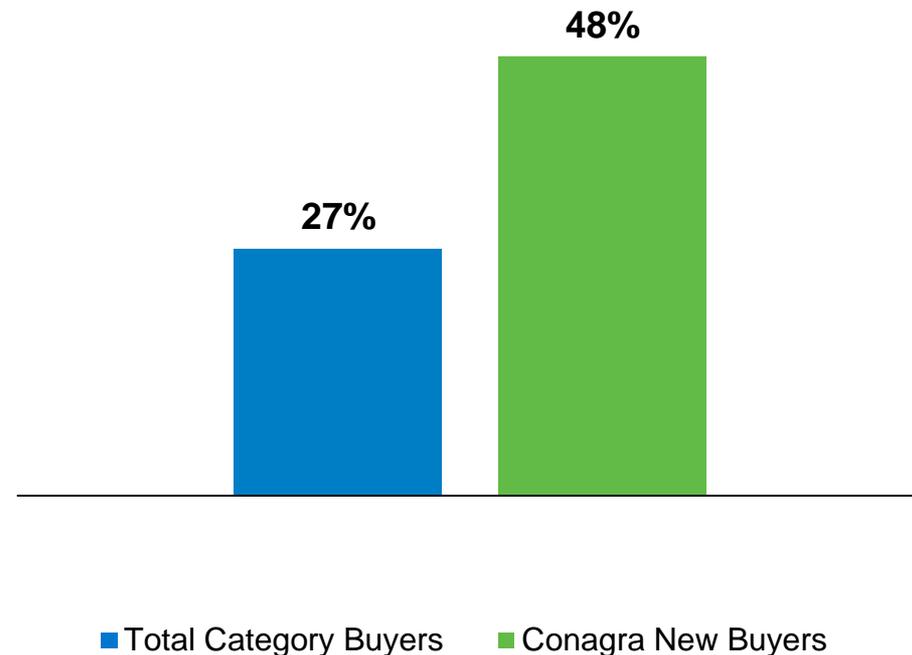


**NEW BUYERS**

**4+**  
**years**

of incremental **new**  
**buyers acquired in**  
**one year**

## Gen Z + Millennial Buyers (% of Buyers)



Source (Left): IRI National Consumer Panel, Total US All Outlets, Fiscal 2018, Fiscal 2019, 52 Weeks Ended February 21, 2021

Source (Right): IRI National Consumer Panel, Custom Conagra Categories, Gen Z & Millennial Head Households, Total US All Outlets, 52 Weeks Ended February 21, 2021;

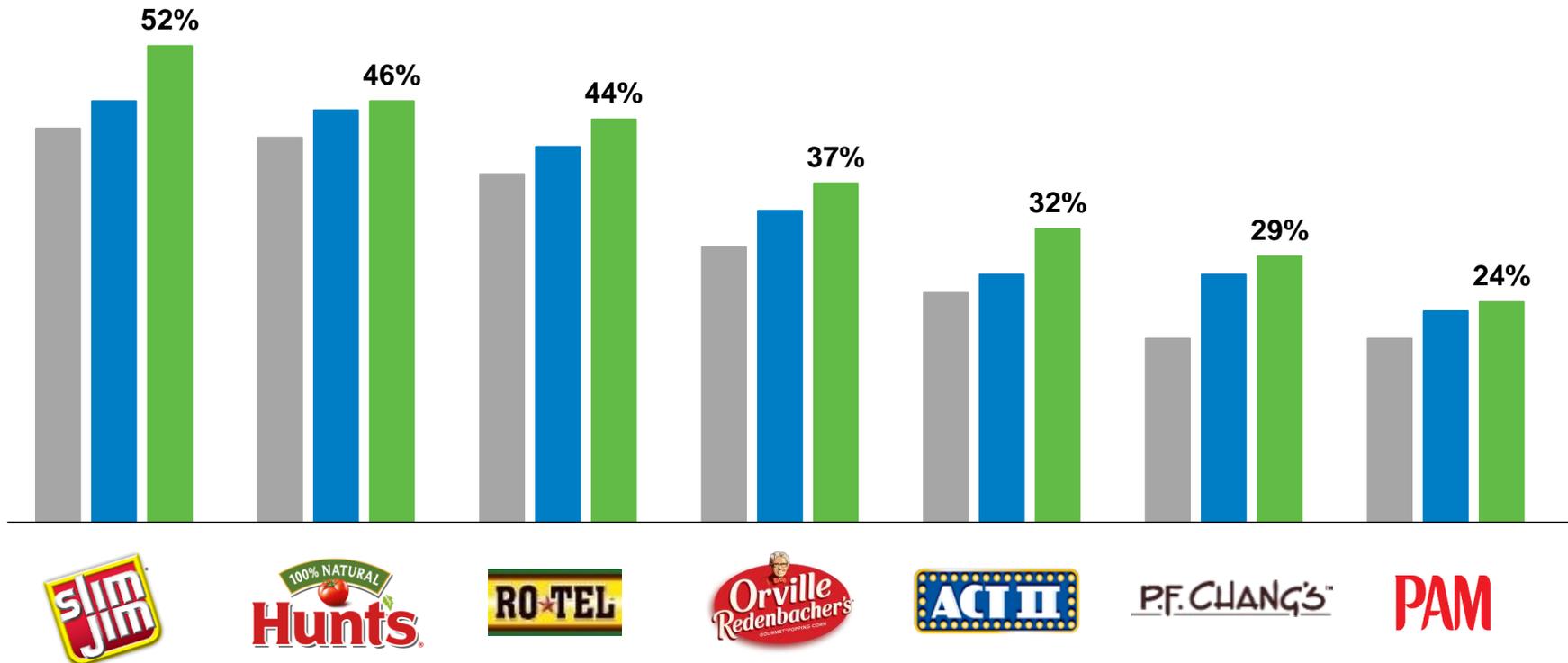
% of Buyers = Gen Z + Millennials Buyers / Buyers

# Buying Our Modernized, Upgraded Products Has Become Habitual, Especially Among New Buyers



## Repeat Depth (% of Buyers Who Repeat Purchased 2x+)

■ Total Buyers, Year Ago ■ Total Buyers, L52W ■ New Buyers, L52W

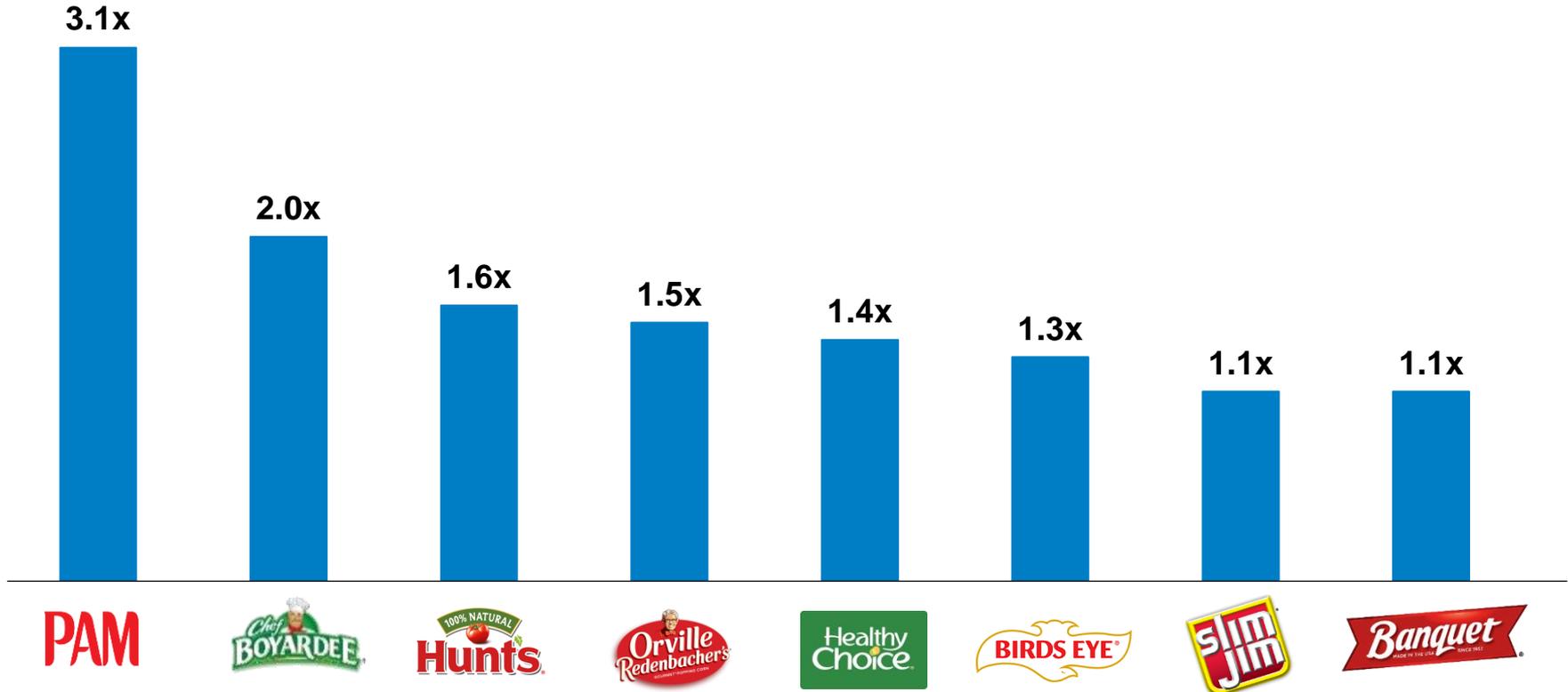


# Consumers Are Habitually Buying Our Brands More Than Competition



## Repeat Depth

(% of New Buyers Who Repeat Purchased 2x+, Conagra Multiple vs. Wtd. Avg of Top Peers)



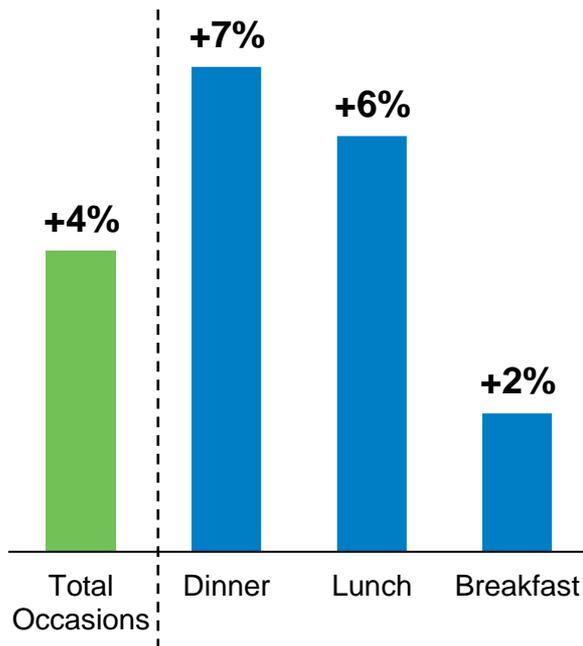
Source (Left): IRI Custom Panel, Total US All Outlets, 52-weeks ended February 21, 2021, New Buyers = purchased brand in 52 w/e Feb 21, 2021 and did not purchase brand in 52 w/e Feb 23, 2020, Wtd. Average of Peers Weighted to Household Penetration. Orville is Microwave Popcorn, Hunt's is Canned Tomatoes, Birds Eye is Fz Vegetables, Banquet and Healthy Choice are Fz Single Serve Meals vs. Top Competitor

# Looking Forward, Remote Work Adoption Provides a Structural Lift vs. Pre-Pandemic Levels for Frozen



## Remote Work Drives Outsized Impact to Dinner and Lunch

**In-Home Main Meal Lift**  
(Total COVID-19 Time Period vs. YA)



## Frozen Has High Exposure in These Occasions

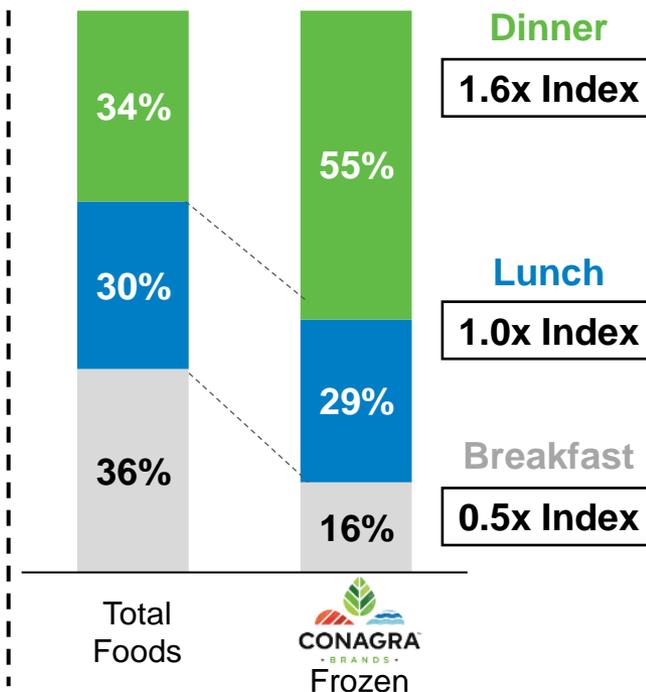
**% of Occasions with Frozen Foods**

**1 in 5**  
dinner occasions include frozen foods

**1 in 6**  
lunch occasions include frozen foods

## And, Conagra Frozen Well-Developed

**% of Main Meal Occasions**  
(Total Foods vs. Conagra Frozen)



Source (Left): The NPD Group/National Eating Trends®, March 2020-February 2021 vs. Prior Year, Occasions per Capita  
 Source (Middle): The NPD Group / National Eating Trends; Filtered on Sourced from Home/Retail, March 2020-February 2021  
 Source (Right): The NPD Group / National Eating Trends; Filtered on Sourced from Home/Retail, March 2020-February 2021, Index = Total Foods vs. Conagra Frozen, Shared to Main Meal Occasions

# COVID-19 Moved Entertainment Consumption to the Home, Benefiting Our Snacks Business



## People Are Consuming More Media At-Home

**+40%**

increase in **streaming services**

**+42%**

increase in **time spent viewing digital video**

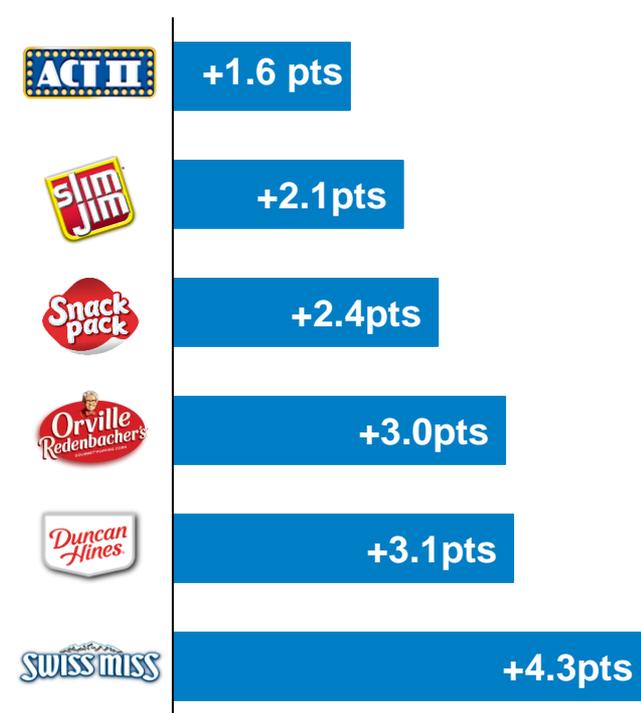
## Leading to Increased Snacking

**In-Home Snack Occasions**  
(Per Capita % Chg vs. YA)



## Consumers Choose Our Brands Again and Again

**Conagra Snacks Change in Repeat Rate**  
(% Buyers Buying 2x+, Pt Chg vs. YA)



Source (Left): The NPD Group's Connected Intelligence TV Service Switching Study of more than 5,000 U.S. consumers fielded October 14-22, 2020, eMarketer, U.S. Time Spent With Media 2020

Source (Middle): The NPD Group / National Eating Trends; Sourced from Home/Retail, Occasions per Capita, March 2020 – February 2021 vs. Prior Year, Gen Z is 18+

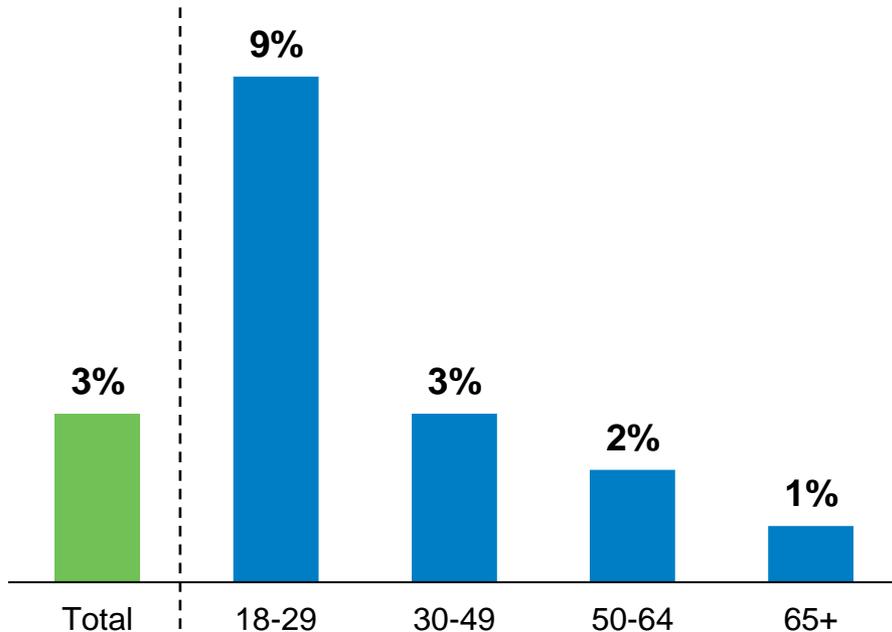
Source (Right): IRI National Consumer Panel, Total US All Outlets, 52-weeks ended February 21, 2021, Orville is Microwave Popcorn, Duncan Hines is Baking Mixes

# Pandemic Accelerated “Home Nesting” of Young Consumers Who Are Engaging with Conagra Staples



## One-in-Ten Young Adults Moved due to COVID-19

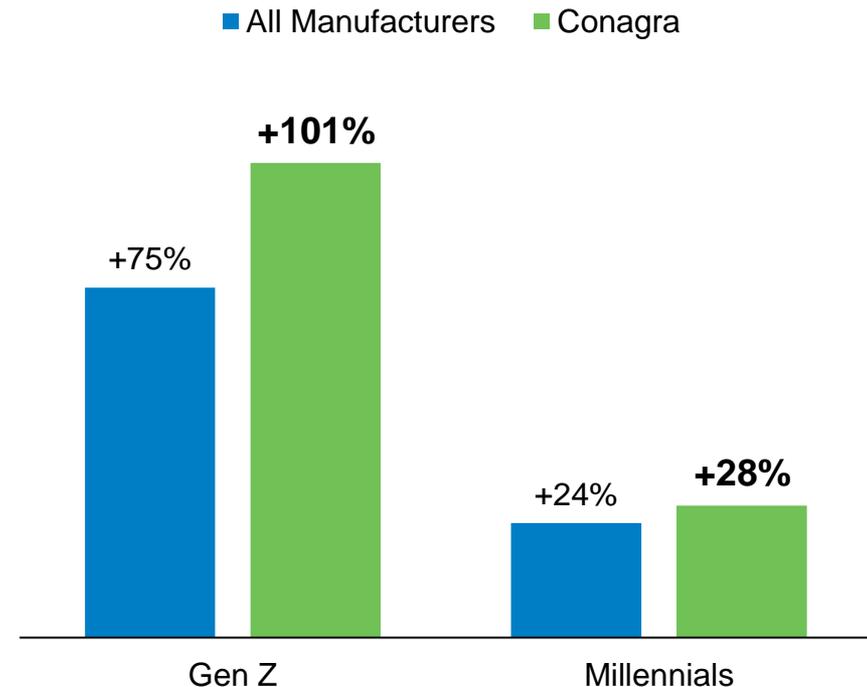
*% Who Moved Temporarily or Permanently for Reasons related to Coronavirus Outbreak*



**Leaving Urban Areas for Smaller Cities & Suburbs**

## These Young Consumers Are Engaging with Conagra Staples

**Staples Retail Sales**  
(Latest 52 Weeks, % Chg vs. YA)



# Reaffirming FY22 Outlook<sup>1</sup>



Metric <sup>2</sup>	Fiscal 2022 Guidance <sup>1</sup>
Organic Net Sales <sup>3</sup> Growth (3 YR CAGR ending FY22)	+1% to +2%
Adj. Operating Margin <sup>4</sup>	18% to 19%
Adj. Diluted EPS from cont. ops.	\$2.63 to \$2.73
Free Cash Flow Conversion (% of Adj. Net Income; 3 YR avg. ending FY22)	95%+

1. The inability to predict the amount and timing of the impacts of future items makes a detailed reconciliation of these forward-looking financial measures impracticable.
2. "Adjusted" financial measures, free cash flow, and organic net sales are non-GAAP financial measures.
3. Organic net sales excludes the impact of foreign exchange and divested businesses, acquisitions (until the anniversary date of the acquisitions), as well as the impact of any 53<sup>rd</sup> week.
4. Adjusted operating margin excludes equity method investment earnings and pension and postretirement non-service expense (income).

# Summary



- Solid execution drove a strong Q3
- Business remains strong in the absolute and relative to competition
- Inflation is accelerating; multiple levers to manage impact
- Continuing to invest to capitalize on significant behavioral tailwinds



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Dave Marberger

Executive Vice President and Chief Financial Officer

# Performance Summary



Dollars in Millions, except per share data Increase/(Decrease)	Q3	vs. YA
Reported Net Sales	\$2,771	+8.5%
Organic Net Sales <sup>1</sup>	2,763	+9.7%
Adj. Gross Profit	761	+8.9%
Adj. Gross Margin	27.5%	+12 bps
A&P	73	+11.8%
A&P as % of NS	2.6%	+8 bps
Adj. SG&A	244	+5.2%
Adj. SG&A as % of NS	8.8%	(27) bps
Adj. Op. Profit <sup>2</sup>	444	+10.6%
Adj. Op. Margin <sup>2</sup>	16.0%	+31 bps
Adj. Net Income	287	+24.1%
Adj. EBITDA <sup>3</sup>	566	+9.9%
Adj. Diluted EPS from cont. ops.	\$0.59	+25.5%

Note: "Adjusted" financial measures and organic net sales are non-GAAP. See the end of this presentation for a reconciliation of these measures to the most directly comparable GAAP measures.

1. Organic net sales excludes the impact of foreign exchange and divested businesses, as well as acquisitions (until the anniversary date of the acquisitions). Organic net sales growth excludes the impact of fiscal 2020's 53rd week, which was calculated as one-sixth of our last month's net sales (which included a total of six weeks).

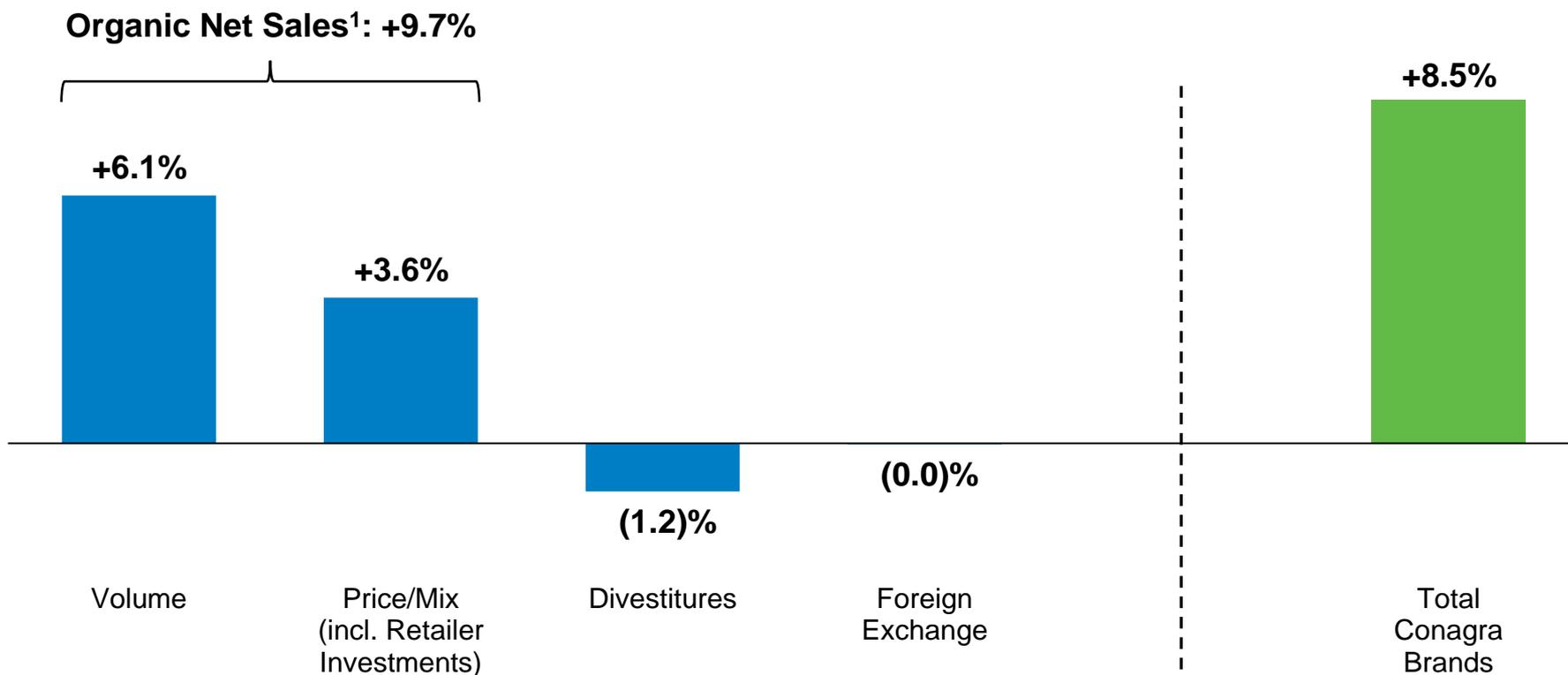
2. Adjusted operating profit and adjusted operating margin exclude equity method investment earnings and pension and postretirement non-service expense (income).

3. Adjusted EBITDA includes equity method investment earnings and pension and postretirement non-service income.

# Net Sales Bridge vs. Year Ago



## Q3 Drivers of Net Sales Change (% Change vs. YA)



Note: Organic net sales is non-GAAP. See the end of this presentation for a reconciliation of this measure to the most directly comparable GAAP measure. Numbers may not add due to rounding. Percentage points may include rounding to bridge the change in reported net sales to the change in organic net sales.

1. Organic net sales excludes the impact of foreign exchange and divested businesses, as well as acquisitions (until the anniversary date of the acquisitions). Organic net sales excludes the impact of fiscal 2020's 53rd week, which was calculated as one-sixth of our last month's net sales (which included a total of six weeks).

# Net Sales Summary by Segment



Dollars in Millions Increase/(Decrease)	Net Sales		
	Q3	Reported vs. YA	Organic vs. YA <sup>1</sup>
Grocery & Snacks	\$1,133	+10.8%	+13.1%
Refrigerated & Frozen	1,203	+11.7%	+12.1%
International	241	+9.0%	+9.8%
Foodservice	194	(17.2)%	(16.5)%
<b>Total Conagra Brands</b>	<b>\$2,771</b>	<b>+8.5%</b>	<b>+9.7%</b>

Note: Organic net sales is non-GAAP. See the end of this presentation for a reconciliation of this measure to the most directly comparable GAAP measure. Numbers may not add due to rounding.

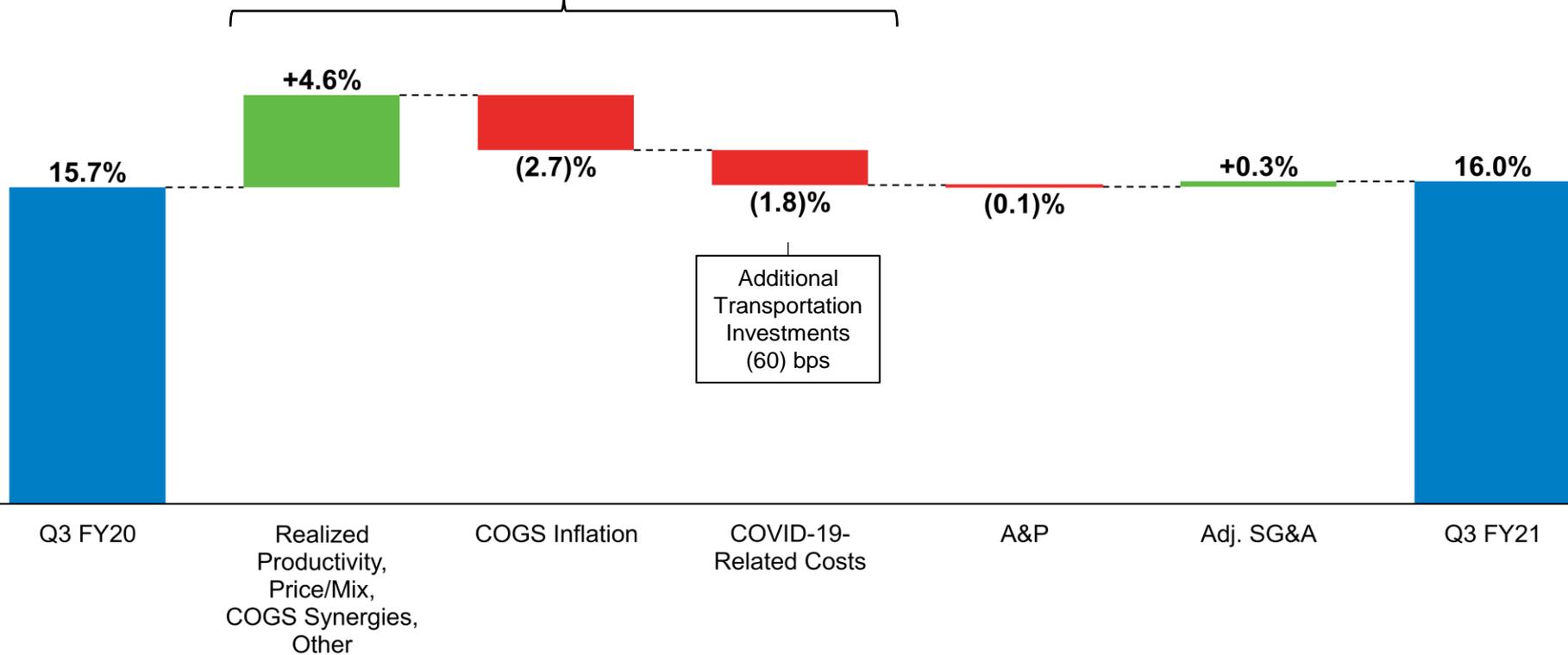
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# Operating Margin Bridge



## Q3 Adj. Operating Margin<sup>1</sup> (% Change vs. YA)

Adj. Gross Margin: +12 bps vs. YA



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; Numbers may not add due to rounding.

1. Adjusted operating margin excludes equity method investment earnings and pension and postretirement non-service expense (income).

# Invested in the Business to Support Elevated Demand



- Approximately 60bps (~\$15 million) of 180bps impact of COVID-19 costs in Q3 driven by intentional transportation investments
- Supported increased demand by selectively bypassing normal distribution network and shipping direct to customers
- Expect incremental costs to abate as inventories rebuild in coming quarters

# Managing Through Inflationary Environment



- Q3 inflation of 3.9%
  - Materials ~3%
  - Manufacturing ~4%
  - Transportation & Logistics ~8% (excludes investments to support demand)
- Inflation expected to accelerate over next few quarters
- Already executing inflation-justified pricing actions
- Will aggressively manage other margin levers to optimize profit: mix, cost savings / productivity, fixed cost leverage

# Segment Adjusted Operating Profit & Margin Summary



Dollars in Millions Increase/(Decrease)	Adj. Op. Profit <sup>1</sup>		Adj. Op. Margin <sup>1</sup>	
	Q3	vs. YA	Q3	vs. YA
Grocery & Snacks	\$245	+16.4%	21.6%	+105 bps
Refrigerated & Frozen	222	+10.0%	18.4%	(29) bps
International	28	+24.7%	11.6%	+145 bps
Foodservice	13	(53.3)%	6.6%	(505) bps
Adjusted Corporate Expense	(63)	+5.1%	-	-
<b>Total Conagra Brands</b>	<b>\$444</b>	<b>+10.6%</b>	<b>16.0%</b>	<b>+31 bps</b>

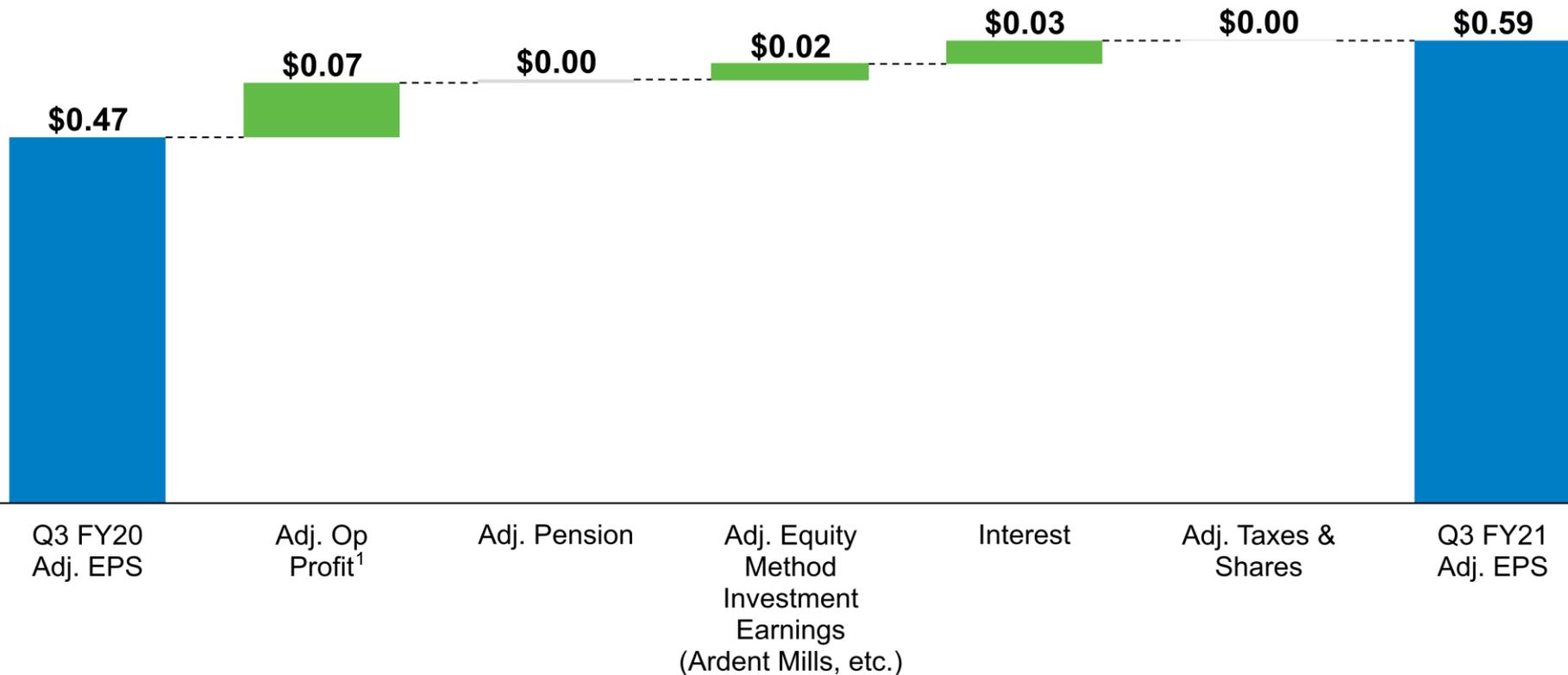
Note: "Adjusted" financial measures are non-GAAP. See the end of this presentation for a reconciliation of these measures to the most directly comparable GAAP measures. Numbers may not add due to rounding.

1. Adjusted operating profit and adjusted operating margin exclude equity method investment earnings and pension and postretirement non-service expense (income).

# Adjusted EPS Bridge



## Drivers of Q3 Adjusted Diluted EPS from Continuing Operations vs. YA



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; Numbers may not add due to rounding.

1. Adjusted operating profit excludes equity method investment earnings and pension and postretirement non-service expense (income).

# Key Balance Sheet & Cash Flow Metrics



(dollars in millions)	February 23, 2020	February 28, 2021
Debt <sup>1</sup>	\$10,018	\$9,227
Cash	\$99	\$81
Ending Net Debt <sup>1</sup>	\$9,919	\$9,147
Net Leverage Ratio <sup>2</sup>	4.8x	3.5x

YTD through Q3 (dollars in millions)	FY20	FY21
Net Cash Flow from Operating Activities – cont. ops.	\$907	\$1,070
Capital Expenditures	\$265	\$397
Free Cash Flow	\$641	\$673
Dividends Paid	\$310	\$342
Share Repurchases	\$0	\$298

Note: Net Debt, Net Leverage Ratio and Free Cash Flow are non-GAAP. See the end of this presentation for a reconciliation of these measures to the most directly comparable GAAP measures.

1. Debt is the sum of notes payable, current installments of long-term debt, senior long-term debt, and subordinated debt. Net Debt is Debt less Cash.
2. Net Leverage Ratio is net debt divided by Adjusted EBITDA for the trailing four quarters

# Outlook<sup>1</sup>



Metric <sup>2</sup>	Fiscal 2021 Q4 Guidance <sup>1</sup>
Organic Net Sales <sup>3</sup> Growth	(10)% to (12)%
Adj. Operating Margin <sup>4</sup>	14% to 15%
Adj. Diluted EPS from cont. ops.	\$0.49 to \$0.55

Metric <sup>2</sup>	Fiscal 2022 Guidance <sup>1</sup>
Organic Net Sales <sup>3</sup> Growth (3 YR CAGR ending FY22)	+1% to +2%
Adj. Operating Margin <sup>4</sup>	18% to 19%
Adj. Diluted EPS from cont. ops.	\$2.63 to \$2.73
Free Cash Flow Conversion (% of Adj. Net Income; 3 YR avg. ending FY22)	95%+

1. The inability to predict the amount and timing of the impacts of future items makes a detailed reconciliation of these forward-looking financial measures impracticable.
2. "Adjusted" financial measures, free cash flow, and organic net sales are non-GAAP financial measures.
3. Organic net sales excludes the impact of foreign exchange and divested businesses, acquisitions (until the anniversary date of the acquisitions), as well as the impact of any 53<sup>rd</sup> week.
4. Adjusted operating margin excludes equity method investment earnings and pension and postretirement non-service expense (income).



Q&A



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# Appendix

# Reconciliation of Non-GAAP Financial Measures to Reported Financial Measures (in millions)



	Grocery & Snacks	Refrigerated & Frozen	International	Foodservice	Total Conagra Brands
<b>Q3 FY21</b>					
<b>Net Sales</b>	\$ 1,133.1	\$ 1,203.1	\$ 240.9	\$ 194.0	\$ 2,771.1
Impact of foreign exchange	—	—	0.7	—	0.7
Net sales from divested businesses	(8.8)	—	(0.2)	(0.1)	(9.1)
<b>Organic Net Sales</b>	<b>\$ 1,124.3</b>	<b>\$ 1,203.1</b>	<b>\$ 241.4</b>	<b>\$ 193.9</b>	<b>\$ 2,762.7</b>
<b>Year-over-year change - Net Sales</b>	<b>10.8%</b>	<b>11.7%</b>	<b>9.0%</b>	<b>(17.2)%</b>	<b>8.5%</b>
Impact of foreign exchange (pp)	—	—	0.3	—	—
Net sales from divested businesses (pp)	2.3	0.4	0.5	0.7	1.2
<b>Organic Net Sales</b>	<b>13.1%</b>	<b>12.1%</b>	<b>9.8%</b>	<b>(16.5)%</b>	<b>9.7%</b>
Volume (Organic)	9.4%	7.8%	6.7%	(19.5)%	6.1%
Price/Mix	3.7%	4.3%	3.1%	3.0%	3.6%
<b>Q3 FY20</b>					
<b>Net Sales</b>	\$ 1,022.9	\$ 1,076.8	\$ 220.9	\$ 234.4	\$ 2,555.0
Net sales from divested businesses <sup>1</sup>	(29.1)	(3.8)	(1.0)	(2.1)	(36.0)
<b>Organic Net Sales</b>	<b>\$ 993.8</b>	<b>\$ 1,073.0</b>	<b>\$ 219.9</b>	<b>\$ 232.3</b>	<b>\$ 2,519.0</b>

# Reconciliation of Non-GAAP Financial Measures to Reported Financial Measures (in millions)



Q3 FY21	Grocery & Snacks	Refrigerated & Frozen	International	Foodservice	Corporate Expense	Total Conagra Brands
<b>Operating Profit</b>	\$ 290.2	\$ 214.6	\$ 27.8	\$ 12.8	\$ (96.7)	\$ 448.7
Restructuring plans	4.2	7.0	—	—	4.2	15.4
Acquisitions and divestitures	—	—	—	—	1.5	1.5
Gain on divestiture of a business	(49.7)	—	—	—	—	(49.7)
Early extinguishment of debt	—	—	—	—	24.4	24.4
Consulting fees on tax matters	—	—	—	—	5.3	5.3
Legal matters	—	—	—	—	4.3	4.3
Corporate hedging derivative losses (gains)	—	—	—	—	(6.4)	(6.4)
<b>Adjusted Operating Profit</b>	<b>\$ 244.7</b>	<b>\$ 221.6</b>	<b>\$ 27.8</b>	<b>\$ 12.8</b>	<b>\$ (63.4)</b>	<b>\$ 443.5</b>
Operating Profit Margin	25.6%	17.8%	11.6%	6.6%		16.2%
Adjusted Operating Profit Margin	21.6%	18.4%	11.6%	6.6%		16.0%
Year-over-year % change - Operating Profit	45.6%	12.5%	24.7%	(53.3)%	28.8%	23.1%
Year-over-year % change - Adjusted Operating Profit	16.4%	10.0%	24.7%	(53.3)%	5.1%	10.6%
Year-over-year bps change - Adjusted Operating Profit	105 bps	(29) bps	145 bps	(505) bps		31 bps

Q3 FY20	Grocery & Snacks	Refrigerated & Frozen	International	Foodservice	Corporate Expense	Total Conagra Brands
<b>Operating Profit</b>	\$ 199.4	\$ 190.7	\$ 22.3	\$ 27.2	\$ (75.1)	\$ 364.5
Restructuring plans	10.9	10.5	—	—	10.4	31.8
Acquisitions and divestitures	—	—	—	—	0.6	0.6
Loss on divestiture of a business	—	0.2	—	—	—	0.2
Adjustment to contract settlement gain	0.1	—	—	—	—	0.1
Corporate hedging derivative losses (gains)	—	—	—	—	3.8	3.8
<b>Adjusted Operating Profit</b>	<b>\$ 210.4</b>	<b>\$ 201.4</b>	<b>\$ 22.3</b>	<b>\$ 27.2</b>	<b>\$ (60.3)</b>	<b>\$ 401.0</b>
Operating Profit Margin	19.5%	17.7%	10.1%	11.6%		14.3%
Adjusted Operating Profit Margin	20.6%	18.7%	10.1%	11.6%		15.7%

# Reconciliation of Non-GAAP Financial Measures to Reported Financial Measures (in millions)



Q3 FY21	Gross profit	Selling, general and administrative expenses	Operating profit <sup>1</sup>	Income before income taxes and equity method investment earnings	Income tax expense	Income tax rate	Net income attributable to Conagra Brands, Inc.	Diluted EPS from income attributable to Conagra Brands, Inc common stockholders
<b>Reported</b>	\$ 788.4	\$ 309.7	\$ 448.7	\$ 361.8	\$ 101.6	26.5 %	\$ 281.4	\$ 0.58
<i>% of Net Sales</i>	27.4 %	11.2 %	16.2 %					
Restructuring plans	9.2	6.2	15.4	15.4	3.8		11.6	0.02
Acquisitions and divestitures	—	1.5	1.5	1.5	0.3		1.2	—
Corporate hedging derivative losses (gains)	(6.4)	—	(6.4)	(6.4)	(1.6)		(4.8)	(0.01)
Advertising and promotion expenses <sup>2</sup>	—	73.3	—	—	—		—	—
Gain on divestiture of a business	—	(49.7)	(49.7)	(49.7)	(21.8)		(27.9)	(0.06)
Early extinguishment of debt	—	24.4	24.4	24.4	6.1		18.3	0.04
Consulting fees on tax matters	—	5.3	5.3	5.3	1.3		4.0	0.01
Legal matters	—	4.3	4.3	4.3	1.1		3.2	0.01
Capital loss valuation allowance adjustment	—	—	—	—	(0.5)		0.5	—
<b>Adjusted</b>	\$ 761.2	\$ 244.4	\$ 443.5	\$ 356.6	\$ 90.3	23.9 %	\$ 287.5	\$ 0.59
<i>% of Net Sales</i>	27.5 %	8.8 %	16.0 %					
<i>Year-over-year % of net sales change - reported</i>	58 bps	(135) bps	193 bps					
<i>Year-over-year % of net sales change - adjusted</i>	12 bps	(27) bps	31 bps					
<i>Year-over-year change - reported</i>	10.8 %	(3.2) %	23.1 %	37.5 %	47.4 %		37.8 %	38.1 %
<i>Year-over-year change - adjusted</i>	8.9 %	5.2 %	10.6 %	19.8 %	17.8 %		24.1 %	25.5 %

Q3 FY20	Gross profit	Selling, general and administrative expenses	Operating profit <sup>1</sup>	Income before income taxes and equity method investment earnings	Income tax expense	Income tax rate	Net income attributable to Conagra Brands, Inc.	Diluted EPS from income attributable to Conagra Brands, Inc common stockholders
<b>Reported</b>	\$ 684.4	\$ 319.9	\$ 364.5	\$ 263.2	\$ 68.9	25.2 %	\$ 204.4	\$ 0.42
<i>% of Net Sales</i>	26.8 %	12.5 %	14.3 %					
Restructuring plans	10.9	20.9	31.8	31.8	7.9		23.9	0.05
Acquisitions and divestitures	—	0.6	0.6	0.6	0.2		0.4	—
Corporate hedging derivative losses (gains)	3.8	—	3.8	3.8	1.0		2.8	0.01
Advertising and promotion expenses <sup>2</sup>	—	65.5	—	—	—		—	—
Pension settlement and valuation adjustment	—	—	—	(1.9)	(0.4)		(1.5)	—
Adjustment to gain on Ardent JV asset sale	—	—	—	—	0.1		0.5	—
Adjustment to contract settlement gain	—	0.1	0.1	0.1	—		0.1	—
Loss on divestiture of a business	—	0.2	0.2	0.2	0.1		0.1	—
Unusual tax items	—	—	—	—	(1.1)		1.1	—
Rounding	—	—	—	—	—		—	(0.01)
<b>Adjusted</b>	\$ 699.1	\$ 232.6	\$ 401.0	\$ 297.8	\$ 76.7	24.8 %	\$ 231.8	\$ 0.47
<i>% of Net Sales</i>	27.4 %	9.1 %	15.7 %					

<sup>1</sup> Operating profit is derived from taking Income from continuing operations before income taxes and equity method investment earnings, adding back Interest expense, net and removing Pension and postretirement non-service income.

<sup>2</sup> Advertising and promotion expense (A&P) has been removed from adjusted selling, general and administrative expense because this metric is used in reporting to management, and management believes this adjusted measure provides useful supplemental information to assess the Company's operating performance. Please note that A&P is not removed from adjusted profit measures.

# Reconciliation of Non-GAAP Financial Measures to Reported Financial Measures (in millions)



	Q3 FY21	Q3 FY20	% Change
Equity method investment earnings	\$ 21.5	\$ 10.4	104.5%
Adjustment to gain on Ardent JV asset sale	—	0.6	
<b>Adjusted equity method investment earnings</b>	<b>\$ 21.5</b>	<b>\$ 11.0</b>	<b>93.3%</b>

	Q3 FY21 YTD	Q3 FY20 YTD	% Change
Equity method investment earnings	\$ 51.0	\$ 50.3	1.3%
Gain on Ardent JV asset sale	—	(4.2)	
<b>Adjusted equity method investment earnings</b>	<b>\$ 51.0</b>	<b>\$ 46.1</b>	<b>10.5%</b>

	Q3 FY21	Q3 FY20	% Change
Pension and postretirement non-service income	\$ (13.7)	\$ (16.4)	(16.5)%
Pension settlement and valuation adjustment	—	1.9	
<b>Adjusted pension and postretirement non-service income</b>	<b>\$ (13.7)</b>	<b>\$ (14.5)</b>	<b>(5.3)%</b>

	Q3 FY21 YTD	Q3 FY20 YTD	% Change
Pension and postretirement non-service income	\$ (41.2)	\$ (37.2)	10.8%
Restructuring plans	—	(0.6)	
Pension settlement and valuation adjustment	—	1.9	
<b>Adjusted pension and postretirement non-service income</b>	<b>\$ (41.2)</b>	<b>\$ (35.9)</b>	<b>14.9%</b>

# Reconciliation of Non-GAAP Financial Measures to Reported Financial Measures (in millions)



	February 28, 2021	February 23, 2020	% Change
Net cash flows from operating activities	\$ 1,070.0	\$ 906.5	18.0%
Additions to property, plant and equipment	(396.7)	(265.3)	49.5%
<b>Free cash flow</b>	<b>\$ 673.3</b>	<b>\$ 641.2</b>	<b>5.0%</b>

	Q3FY21	Q3 FY20
Notes payable	\$ 728.7	\$ 0.8
Current installments of long-term debt	220.6	923.8
Senior long-term debt, excluding current installments	8,278.1	8,897.8
Subordinated debt	—	195.9
<b>Total Debt</b>	<b>\$ 9,227.4</b>	<b>\$ 10,018.3</b>
Less: Cash	80.7	99.0
<b>Net Debt</b>	<b>\$ 9,146.7</b>	<b>\$ 9,919.3</b>

# Reconciliation of Non-GAAP Financial Measures to Reported Financial Measures (in millions)



	Q3 FY21 LTM <sup>2</sup>
<b>Net Debt</b>	<b>\$ 9,146.7</b>
<b>Net income attributable to Conagra Brands, Inc.</b>	<b>\$ 1,190.7</b>
Add Back: Income tax expense	328.8
Income tax expense attributable to noncontrolling interests	(1.2)
Interest expense, net	447.3
Depreciation	326.3
Amortization	59.7
<b>Earnings before interest, taxes, depreciation, and amortization (EBITDA)</b>	<b>\$ 2,351.6</b>
Restructuring plans <sup>1</sup>	49.9
Acquisitions and divestitures	6.4
Corporate hedging derivative gains	(10.9)
Consulting fees on tax matters	6.5
Pension settlement and valuation adjustment	44.8
Gain on divestiture of businesses	(55.0)
Legal matters	7.3
Early extinguishment of debt	68.7
Brand impairment charges	146.2
Adjustment to gain on Ardent JV asset sale	0.1
<b>Adjusted EBITDA</b>	<b>\$ 2,615.6</b>
<b>Net Debt to Adjusted LTM EBITDA</b>	<b>3.5</b>

<sup>1</sup> Excludes comparability items related to depreciation.

<sup>2</sup> Last twelve months

# Reconciliation of Non-GAAP Financial Measures to Reported Financial Measures (in millions)



	Q3 FY20 LTM <sup>3</sup>
<b>Net Debt</b>	<b>\$ 9,919.3</b>
<b>Net income attributable to Conagra Brands, Inc.</b>	<b>\$ 765.2</b>
Add Back: Income tax expense	213.3
Income tax expense attributable to noncontrolling interests	0.5
Interest expense, net	492.7
Depreciation	332.9
Amortization	60.0
<b>Earnings before interest, taxes, depreciation, and amortization (EBITDA)</b>	<b>\$ 1,864.6</b>
Restructuring plans <sup>1</sup>	119.9
Acquisitions and divestitures	5.9
Corporate hedging losses	7.2
Pension settlement and valuation adjustment	2.4
Impairment of businesses held for sale	59.0
Inventory fair value mark-up rollout	1.7
Gain on divestiture of businesses	(54.5)
Fair value adjustment of cash settleable equity awards issued in connection with Pinnacle acquisition	3.5
Legal matters	(40.6)
Environmental matters	6.6
Contract settlement gain	(11.9)
Intangible impairment charges <sup>2</sup>	105.8
Gain on Ardent JV asset sale	(4.2)
<b>Adjusted EBITDA</b>	<b>\$ 2,065.4</b>
<b>Net Debt to Adjusted LTM EBITDA</b>	<b>4.8</b>

1. Excludes comparability items related to depreciation.
2. Excludes comparability items attributable to noncontrolling interests.
3. Last twelve months

# Reconciliation of Non-GAAP Financial Measures to Reported Financial Measures (in millions)



	Q3 FY21	Q3 FY20	% Change
<b>Net income attributable to Conagra Brands, Inc.</b>	<b>\$ 281.4</b>	<b>\$ 204.4</b>	<b>37.8%</b>
Add Back:			
Income tax expense	101.6	68.9	
Income tax expense attributable to noncontrolling interests	(0.2)	(0.2)	
Interest expense, net	100.6	117.7	
Depreciation	81.7	84.2	
Amortization	14.9	14.9	
<b>Earnings before interest, taxes, depreciation, and amortization</b>	<b>\$ 580.0</b>	<b>\$ 489.9</b>	<b>18.4%</b>
Restructuring plans <sup>1</sup>	6.6	21.9	
Acquisitions and divestitures	1.5	0.6	
Corporate hedging derivative losses (gains)	(6.4)	3.8	
Pension settlement and valuation adjustment	—	(1.9)	
Early extinguishment of debt	24.4	—	
Consulting fees on tax matters	5.3	—	
Adjustment to contract settlement gain	—	0.1	
Loss (gain) on divestiture of businesses	(49.7)	0.2	
Legal matters	4.3	—	
Adjustment to gain on Ardent JV asset sale	—	0.6	
<b>Adjusted Earnings before interest, taxes, depreciation, and amortization</b>	<b>\$ 566.0</b>	<b>\$ 515.2</b>	<b>9.9%</b>

<sup>1</sup> Excludes comparability items related to depreciation.

# Reconciliation of Non-GAAP Financial Measures to Reported Financial Measures (in millions)



	Q3 FY21 YTD	Q3 FY20 YTD	% Change
<b>Net income attributable to Conagra Brands, Inc.</b>	<b>\$ 989.3</b>	<b>\$ 638.7</b>	<b>54.9%</b>
Add Back:			
Income tax expense	269.0	141.5	
Income tax expense attributable to noncontrolling interests	(0.6)	(0.3)	
Interest expense, net	322.0	361.8	
Depreciation	244.8	247.6	
Amortization	44.8	44.9	
<b>Earnings before interest, taxes, depreciation, and amortization</b>	<b>\$ 1,869.3</b>	<b>\$ 1,434.2</b>	<b>30.3%</b>
Restructuring plans <sup>1</sup>	36.3	92.9	
Acquisitions and divestitures	4.7	3.6	
Corporate hedging derivative losses (gains)	(7.2)	9.2	
Pension settlement and valuation adjustment	—	(1.9)	
Early extinguishment of debt	68.7	—	
Consulting fees on tax matters	6.5	—	
Impairment of businesses held for sale	—	59.0	
Loss (gain) on divestiture of businesses	(55.0)	1.7	
Legal matters	2.3	(1.5)	
Environmental matters	—	6.6	
Contract settlement gain	—	(11.9)	
Brand impairment charges	—	19.3	
Gain on Ardent JV asset sale	—	(4.2)	
<b>Adjusted Earnings before interest, taxes, depreciation, and amortization</b>	<b>\$ 1,925.6</b>	<b>\$ 1,607.0</b>	<b>19.8%</b>

<sup>1</sup> Excludes comparability items related to depreciation.



**CONAGRA**<sup>TM</sup>

• B R A N D S •

