

CONAGRA BRANDS INC.
Form 10-Q
April 02, 2019

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended February 24, 2019

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 1-7275

CONAGRA BRANDS, INC.
(Exact name of registrant as specified in its charter)

Delaware 47-0248710
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

222 Merchandise Mart Plaza, Suite 1300 60654
Chicago, Illinois
(Address of principal executive offices) (Zip Code)
(312) 549-5000

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Number of shares outstanding of issuer's common stock, as of February 24, 2019, was 485,914,676.

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PART I — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Conagra Brands, Inc. and Subsidiaries

Condensed Consolidated Statements of Earnings

(in millions except per share amounts)

(unaudited)

	Thirteen weeks ended		Thirty-nine weeks ended	
	February 24, 2019	February 25, 2018	February 24, 2019	February 25, 2018
Net sales	\$2,707.1	\$ 1,994.5	\$6,925.2	\$ 5,972.1
Costs and expenses:				
Cost of goods sold	1,954.8	1,395.7	4,980.2	4,196.0
Selling, general and administrative expenses	334.1	352.1	1,078.7	936.5
Pension and postretirement non-service income	(9.8) (21.9) (29.7) (60.0
Interest expense, net	130.9	39.8	260.5	114.2
Income from continuing operations before income taxes and equity method investment earnings	297.1	228.8	635.5	785.4
Income tax expense (benefit)	67.2	(91.4) 147.0	138.1
Equity method investment earnings	12.7	29.0	66.6	79.6
Income from continuing operations	242.6	349.2	555.1	726.9
Income (loss) from discontinued operations, net of tax	—	14.5	(1.9) 14.6
Net income	\$242.6	\$ 363.7	\$553.2	\$ 741.5
Less: Net income attributable to noncontrolling interests	0.6	0.9	1.4	2.7
Net income attributable to Conagra Brands, Inc.	\$242.0	\$ 362.8	\$551.8	\$ 738.8
Earnings per share — basic				
Income from continuing operations attributable to Conagra Brands, Inc. common stockholders	\$0.50	\$ 0.87	\$1.28	\$ 1.78
Income from discontinued operations attributable to Conagra Brands, Inc. common stockholders	—	0.04	—	0.03
Net income attributable to Conagra Brands, Inc. common stockholders	\$0.50	\$ 0.91	\$1.28	\$ 1.81
Earnings per share — diluted				
Income from continuing operations attributable to Conagra Brands, Inc. common stockholders	\$0.50	\$ 0.87	\$1.28	\$ 1.76
Income (loss) from discontinued operations attributable to Conagra Brands, Inc. common stockholders	—	0.03	(0.01) 0.04
Net income attributable to Conagra Brands, Inc. common stockholders	\$0.50	\$ 0.90	\$1.27	\$ 1.80

See Notes to the Condensed Consolidated Financial Statements.

Conagra Brands, Inc. and Subsidiaries
Condensed Consolidated Statements of Comprehensive Income
(in millions)
(unaudited)

	Thirteen weeks ended			February 25, 2018		
	February 24, 2019			February 25, 2018		
	Pre-Tax Amount	Tax (Expense) Benefit	After-Tax Amount	Pre-Tax Amount	Tax (Expense) Benefit	After-Tax Amount
Net income	\$309.8	\$ (67.2)	\$ 242.6	\$257.8	\$ 105.9	\$ 363.7
Other comprehensive income:						
Derivative adjustments:						
Unrealized derivative adjustments	(1.8)	0.4	(1.4)	1.2	(0.3)	0.9
Reclassification for derivative adjustments included in net income	(0.9)	0.3	(0.6)	—	—	—
Unrealized gains on available-for-sale securities	—	—	—	0.7	(0.1)	0.6
Unrealized currency translation gains	7.4	—	7.4	5.1	(0.1)	5.0
Pension and post-employment benefit obligations:						