



Conagra Brands Inc. (CAG)

Updated July 18th, 2025 by Quinn Mohammed

Key Metrics

Current Price:	\$19	5 Year CAGR Estimate:	11.9%	Market Cap:	\$9.1 B
Fair Value Price:	\$20	5 Year Growth Estimate:	6.0%	Ex-Dividend Date:	07/30/25
% Fair Value:	97%	5 Year Valuation Multiple Estimate:	0.7%	Dividend Payment Date:	08/28/25
Dividend Yield:	7.4 %	5 Year Price Target	\$26	Years Of Dividend Growth:	0
Dividend Risk Score:	F	Sector:	Consumer Staples	Rating:	Sell

Overview & Current Events

Conagra traces its roots back to Gilbert Van Camp's new canned product – pork and beans – in 1861. The company was incorporated as Nebraska Consolidated Mills in 1919, changed to ConAgra in 1971, ConAgra Foods in 1993, and has now become Conagra Brands, moving its headquarters from Omaha to Chicago and spinning off its Lamb Weston business in 2016. In 2018 Conagra acquired Pinnacle Foods. Today the \$9.1 billion market cap company has well-known brands like Slim Jim, Healthy Choice, Marie Callender's, Orville Redenbacher's, Reddi Whip, Birds Eye, Vlasic, Hunt's, and PAM.

On January 25th, 2021, Conagra sold its Peter Pan peanut butter business to Post Holdings. And on May 27th, 2021, Conagra sold its Egg Beaters business to Post Holdings.

After paying the same \$0.2125 quarterly payout for 13 consecutive quarters, Conagra increased its dividend 29.4% in 2020, 13.6% in 2021, 5.6% in 2022, and 6.1% in 2023 to \$0.35 per quarter.

On July 10th, 2025, Conagra reported fourth quarter results for the period ending May 25, 2025. (Conagra's fiscal year ends the last Sunday in May). For the quarter, net sales declined 4.3% year-over-year to \$2.8 billion, the result of a 3.5% reduction in organic net sales, a 0.6% decline due to currency exchange, and a negative impact of -0.2% due to M&A. Volume declined 2.5%. Adjusted EPS decreased 8% to \$0.56, missing analyst estimates by \$0.05.

At fiscal year-end, the company had net debt of \$8.0 billion, and a net leverage ratio of 3.6X.

Conagra provided its fiscal 2026 guidance, expecting organic net sales growth of (1)% to 1% compared to FY 2025. Adjusted operating margin is likely to come in between 11.0% to 11.5%, and adjusted EPS is expected to decline sharply from FY 2025 to \$1.70 to \$1.85. Capex is expected to be \$450 million, and interest expense is expected to equal \$400 million. Furthermore, it expects its net leverage ratio to degrade further to 3.85X.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	\$2.08	\$1.74	\$2.11	\$2.01	\$2.28	\$2.64	\$2.36	\$2.77	\$2.67	\$2.30	\$1.78	\$2.38
DPS	\$1.00	\$0.90	\$0.85	\$0.85	\$0.85	\$0.98	\$1.25	\$1.32	\$1.40	\$1.40	\$1.40	\$1.40
Shares¹	438	417	391	444	487	489	482	482	480	480	479	475

From 2009 through 2015, Conagra grew earnings-per-share by over 6% annually. However, in the 2015 to 2019 period earnings growth stalled and indeed declined. To be fair, part of this can be explained by the Lamb Weston spin-off, but the share count was also reduced during this time. (Also note that the dividend was not technically cut in 2017 due to this same spin-off, but instead rebased to reflect a small increase for the legacy shareholder.)

From 2019 to 2022, Conagra saw a terrific boon to its results due to the COVID-19 pandemic, with adjusted EPS jumping 13% in fiscal 2020 and 16% in fiscal 2021. Further, the dividend was increased significantly to reflect these results. While results were down in fiscal 2022, they surpassed their previous peak in FY 2023 before again declining in 2024. EPS for fiscal 2026 are expected to be sharply lower than the prior year. Conagra is faced with cost pressures and elevated

¹ In millions.

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inflation which have been a theme in recent years and are still continuing into fiscal 2026. Inflation and the impact of tariffs are expected to raise total cost of goods sold by 7% just this year.

Conagra has been implementing additional inflation-driven pricing actions; however, this is impacting volume in a negative way, with organic volume dropping 7.5% for fiscal 2023, 3.3% for fiscal 2024, and 2.5% for 2025.

We are forecasting 6% annual EPS growth through 2031 and for the dividend payout to remain flat.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	15.8	20.3	24.4	17.0	15.4	13.1	13.9	14.7	11.9	11.0	10.6	11.0
Avg. Yld.	2.9%	2.4%	2.1%	2.4%	2.7%	2.8%	2.7%	3.6%	4.1%	4.7%	7.4%	5.1%

During the past decade shares of Conagra have traded hands with an average P/E ratio of 15.2 times earnings. However, this was during a time when the business was growing at a reasonable pace. We are more comfortable with 11.0 times earnings as a starting place considering the current challenging environment for the company. With shares presently trading hands at 10.6 times forecasted earnings, this implies a small positive impact on total returns from the valuation.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	48%	52%	40%	42%	37%	37%	53%	48%	52%	61%	79%	59%

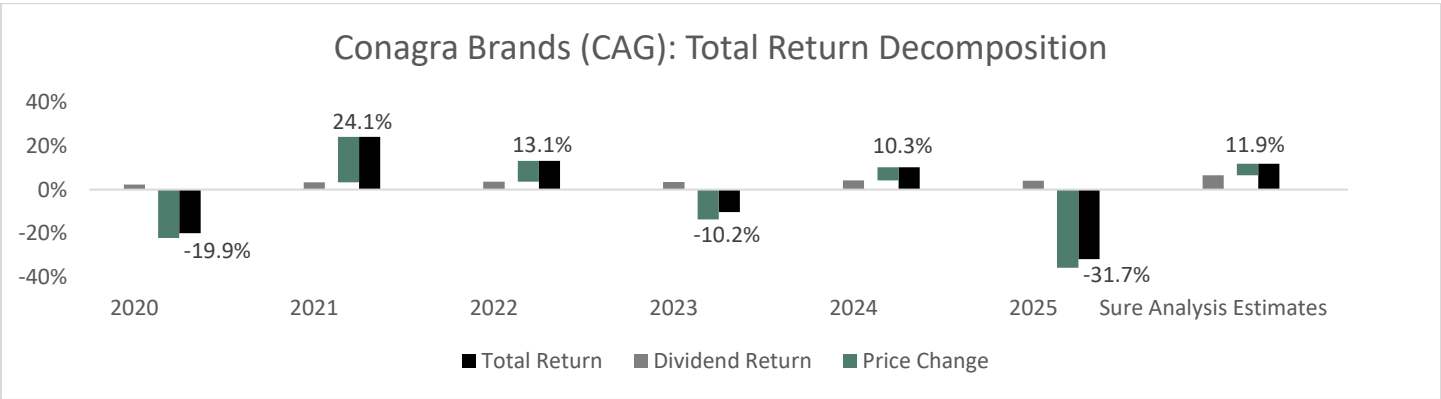
Conagra’s competitive advantage lies in its brand strength. The quality of this advantage has been called into question as consumer preferences are changing. However, Conagra performed exceptionally well amid the pandemic.

As of the most recent quarterly report, Conagra held \$68 million in cash and cash equivalents, \$3.1 billion in current assets and \$20.9 billion in total assets, against \$4.3 billion in current liabilities and \$12.0 billion in total liabilities. However, keep in mind that \$10.5 billion of those assets are comprised of goodwill, mostly stemming from the Pinnacle Foods acquisition. Long-term debt stood at \$6.2 billion. While interest expense rose 8% in FY 2023 to \$410 million and 5% in FY 2024 to \$431 million, it declined to \$417 million in FY 2025, and is expected to drop to \$400 million this fiscal year.

Final Thoughts & Recommendation

Shares are down 35% in the last one year period, underperforming the S&P 500, which rose 12.5%. Conagra has proven to be a solid business for a century now. It has strong brands and enjoys a consistent profit engine, which has proved beneficial in the pandemic. Total return potential comes in at 11.9% per annum, stemming from 6.0% growth and a 7.4% starting yield, as well as a potential tailwind to the valuation. However, Conagra earns a sell rating due to its lack of dividend growth.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	8664	7827	7938	9538	11050	11180	11536	12280	12050	11610
Gross Profit	2429	2342	2352	2653	3070	3179	2839	3265	3333	3,004
Gross Margin	28.0%	29.9%	29.6%	27.8%	27.8%	28.4%	24.6%	26.6%	27.7%	25.9%
SG&A Exp.	2025	1417	1318	1473	1622	1403	1493	2190	2481	1,537
D&A Exp.	279	268	257	333	389	388	375	370	401	390.2
Operating Profit	405	925	1034	1180	1447	1776	1346	1075	853	1,466
Op. Margin	4.7%	11.8%	13.0%	12.4%	13.1%	15.9%	11.7%	8.8%	7.1%	12.6%
Net Profit	-677	639	808	678	840	1299	888	684	347	1,152
Net Margin	-7.8%	8.2%	10.2%	7.1%	7.6%	11.6%	7.7%	5.6%	2.9%	9.9%
Free Cash Flow	982	933	703	772	1473	962	713	633	1628	1,303
Income Tax	46	255	175	219	201	194	291	219	263	3.7

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	13391	10096	10390	22210	22300	22200	22435	22050	20860	20,930
Cash & Equivalents	798	251	128	237	553	79	83	94	78	68
Acc. Receivable	650	563	583	818	861	794	867	965	872	770
Inventories	1044	928	997	1549	1378	1734	1940	2232	2083	2,048
Goodwill & Int.	5542	5519	5787	15970	15750	15530	15182	14380	13290	12,920
Total Liabilities	9596	6019	6633	14750	14350	13560	13573	13250	12350	12,000
Accounts Payable	707	773	915	1252	1526	1656	1865	1529	1494	1,590
Long-Term Debt	5455	2996	3816	10680	9747	9006	8980	9239	8441	8,068
Total Equity	3714	3991	3676	7385	7876	8552	8788	8737	8440	8,933
D/E Ratio	1.47	0.75	1.04	1.45	1.24	1.05	1.02	1.06	1.00	0.90

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	-4.4%	5.4%	7.9%	4.2%	3.8%	5.8%	4%	3.1%	1.6%	5.5%
Return on Equity	-16.4%	16.6%	21.1%	12.3%	11.0%	15.8%	10%	7.8%	4.0%	13.2%
ROIC	-6.2%	7.8%	11.0%	5.28%	4.7%	7.4%	5%	3.8%	2.0%	6.8%
Shares Out.	417	391	444	446	489	488	480	481	480	480
Revenue/Share	19.76	17.95	19.49	21.41	22.62	22.93	23.92	25.54	25.11	24.21
FCF/Share	2.24	2.14	1.72	1.73	3.02	1.97	1.48	1.32	3.39	2.72

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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