EARNINGS RESULTS

Consumers are still struggling as inflation is a problem again, this food company says

Inflation is expected to be 7% in the coming year, including the impact of tariffs, according to the parent of Duncan Hines, Boom Chika Pop and Reddi Wip food brands

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Conagra's stock was tumbling toward a 13-year low Thursday after another earnings miss, as consumers continue to struggle and inflation worries resurface.
PHOTO: CONAGRA BRANDS INC.

Referenced Symbols

↓ CAG -2.25% ↑ XLP +0.41% ↑ SPX +0.18%

Inflation has become a problem again for consumers, according to branded-foods company Conagra Brands Inc., which saw its stock sink toward a 13-year low after another quarterly earnings miss and downbeat full-year outlook.

The company, the parent of household-name brands such as Duncan Hines, Reddi Wip, Swiss Miss, Slim Jim and Boom Chika Pop, had seen sales volumes grow again at the end of 2024, but weakness has resumed as consumers struggled with the higher pricing.

“While we originally expected to get some relief from inflation in the second half of fiscal 2025, it actually worsened,” said Chief Executive Sean Connolly. For Conagra, fiscal 2025 ran through May.

Conagra said it expects consumer prices to remain elevated in its fiscal 2026, which runs through May 2026, with core inflation at about 4%.

“On top of that, the current tariff environment is expected to add approximately 3% to our cost of goods sold, or more than $200 million annually,” Connolly said. “This brings total anticipated inflation for fiscal 2026 to approximately 7%.”

The latest government reading on consumer inflation showed prices up 2.4% over the past 12 months.

The stock ↓ **CAG -2.25%** dropped 2.5% in morning trading, to put it on track for the lowest close since September 2012.

In addition to stubborn inflation, the company said fiscal 2026 results will be pressured by continued weak consumer sentiment, as inflation and worries about the economy has made “value-seeking” behavior more pronounced.

The company expects fiscal 2026 adjusted earnings per share of between $1.70 and $1.85, which is well below the current average analyst estimate complied by FactSet of $2.18.

For the fiscal fourth quarter to May 25, Conagra swung to net income of $256 million, from a loss of $567.3 million a year ago. Adjusted earnings per share, which excludes nonrecurring items, fell to 56 cents from 61 cents and missed the FactSet consensus of 58 cents.

Net sales declined 4.3% to $2.78 billion, below expectations of $2.83 billion, as prices and mix fell 1% and volume decreased 2.5% amid lower consumption trends.

That marked the third straight quarter the company missed both top- and bottom-line expectations.

The company said issues other than inflation that affected results include “supply challenges,” particularly in frozen meals containing chicken and frozen vegetables. CEO Connolly said the lack of supply hurt sales by preventing the company from meeting demand.

It didn’t help that consumer sentiment worsened in the latest quarter, as stubborn inflation and economic pressures took a toll on purchasing behavior.

Among Conagra’s business segments, grocery and snacks sales fell 2.1%, refrigerated and frozen sales declined 4.4%, food-service sales were down 4% and international sales dropped 13.8%.

The stock has tumbled 28.4% in 2025, while the Consumer Staples Select Sector SPDR exchange-traded fund ↑ **XLP +0.41%** has gained 3.4% and the S&P 500 index ↑ **SPX +0.18%** has advanced 6.6%.

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