

ConAgra Cuts Earnings Forecasts

(AP) — ConAgra trimmed its 2014 and 2015 earnings forecasts Tuesday, pointing to lower volumes for a few key brands, margin pressures and soft sales for its private brands.

Shares dropped more than 5 percent in premarket trading.

It is taking longer than expected for the private brands unit, acquired last year, to reach the operating profit that ConAgra had anticipated.

[ConAgra Foods Inc.](#) [1] now foresees fiscal 2014 adjusted earnings between about \$2.22 and \$2.25 per share. Its prior guidance was for \$2.34 to \$2.38 per share.

Analysts surveyed by FactSet had expected full-year earnings of \$2.35 per share.

CEO Gary Rodkin said that the issues afflicting the private brands unit are a holdover from before the business was acquired. ConAgra, which owns Chef Boyardee and Marie Callender's, purchased private-label food maker Ralcorp for \$5 billion in January 2013.

Rodkin said the problems are considered near-term and that the company remains confident in the growth potential for its private brands.

The company also pointed to weaker-than-expected volumes for the consumer foods division — mostly for a few key brands — as well as margin pressure at the commercial foods unit due to potato crop quality.

For the third quarter, [ConAgra](#) [2] expects adjusted earnings of around 60 cents per share. It predicts fourth-quarter adjusted earnings of about 65 cents per share.

Wall Street had been looking for third-quarter earnings of 65 cents per share and fourth-quarter earnings of 71 cents per share.

Those same issues will likely impact 2015 results, the company said. It now anticipates 2015 earnings per share growth will be less than its previous double-digit forecast.

For fiscal 2016 and 2017, ConAgra still expects double-digit earnings per share growth.

Longer term, the company said it still foresees annual adjusted earnings per share growth of 7 percent to 9 percent and annual sales growth of 3 percent to 4 percent.

Shares of ConAgra declined \$1.70 to \$29.35 before the market opened.

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[1] <http://www.foodmanufacturing.com/news/2014/02/conagra-recalls-healthy-choice-soup>

[2] <http://www.foodmanufacturing.com/news/2013/12/conagra-2q-earnings-jump-17-ralcorp-gains>