Nomad Foods

Second 2026 Earnings (Q&A Session)

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CORPORATE PARTICIPANTS

Jason English, *Head of Corporate Strategy and Investor Relations*

Dominic Brisby, *Chief Executive Officer*

Ruben Baldew*, Chief Financial Officer*

CONFERENCE CALL PARTICIPANTS

Andrew Lazar, *Barclays*

Steve Powers, *Deutsche Bank*

Scott Marks, *Jefferies*

Jon Tanwanteng, *CJS Securities*

Peter Saleh, *BTIG*

PRESENTATION

Operator

Ladies and gentlemen, greetings and welcome to the Nomad Foods Second Quarter 2026 Earnings Q&A Session.

At this time, all participants are in a listen-only mode.

As a reminder, this conference is being recorded.

I would now like to turn the call over to your host, Jason English, head of Corporate Strategy and Investor Relations. Thank you. You may begin.

Jason English

Thanks, Max.

Hello and welcome to Nomad Foods second quarter 2026 earnings question and answer session. We've posted the associated press release, prepared remarks, and investor presentation on Nomad Foods website at nomadfoods.com. I hope you all had a chance to review them.

I'm Jason English, head of Investor Relations and Corporate Strategy, and I'm joined by Dominic Brisby, our CEO, and Ruben Baldew, our CFO. During this call, we will link forward-looking statements about performance that are based on our view of the Company's prospects, expectations, and intentions at this time. Actual results may differ due to risk and uncertainties, which are discussed in our press release, our filings to the SEC, and our investor presentation, which includes cautionary language.

We'll also discuss non-IFRS financial measures during the call today. These non-IFRS financial measures should not be considered a replacement for and should be read together with IFRS results. Users can find the IFRS to non-IFRS reconciliations within our earnings release and in the appendices at the end of the slide presentation available on our website.

Please note that certain financial information within this presentation represents adjusted figures. All adjusted figures have been adjusted primarily for, when applicable, share-based payment expenses, related employer payroll taxes, exceptional items for currency translation charges or gains, and hedge ineffectiveness. Unless otherwise noted, comments from here will refer to those adjusted numbers.

With that, Max, let's open the line to questions.

Operator

Thank you. We will now be conducting a question-and-answer session. We ask that you please limit yourself to one question and one follow-up. If you would like to ask a question, please press star, one on your telephone keypad. A confirmation tone will indicate your line is in the question queue. You may press star, two if you would like to remove your question from the queue. For participants using speaker equipment, it may be necessary to pick up your handset before pressing the star keys. One moment, please, while we poll for questions.

Our first question is from Andrew Lazar with Barclays. Please proceed with your question.

Andrew Lazar

Great. Thanks so much. Hi, everybody.

Dominic Brisby

Hi, Andrew.

Ruben Baldew

Hi, Andrew.

Andrew Lazar

Maybe to start, Dominic, I guess as you think through the back part of the year and the cadence of how you expect market share to unfold, because I guess that's the one area where as you note in your prepared remarks that some of the disruptions and whatnot in the first half led market share not to be where you want it despite the category obviously accelerating nicely. I guess, is it unreasonable to expect market share to be more neutral by year-end or is there something else that would prevent this? Now that much of the retail disruption is behind you, competitors are also sort of starting to take price. I'm really just trying to get a sense of whether there is something more structural regarding the ability to hold or gain share as you go forward.

Dominic Brisby

Hi, Andrew, and thanks for the question. The retail disruptions were a meaningful headwind to our share in the quarter, and we certainly expect our performance to improve in the second half. As you pointed out, those disruptions are now behind us and we're also encouraged to see the recent pricing actions of private label. That said, we still have more work to do to improve our competitiveness. We're making significant progress. We expect to deliver better sales and market share performance in the third and fourth quarter, but it's probably going to take more time to get back to market share neutrality.

I don't, however, see any reason that we cannot get there over time. In fact, we've developed what we think are very compelling plans that are designed to achieve just that. We're looking forward to sharing those plans with you at our Analyst Day in October.

Andrew Lazar

Got it. All right. Thank you. Then what sort of elasticity are you seeing thus far on your more recent pricing actions and just how do those compare relative to maybe historical levels?

Dominic Brisby

It's a little early to talk about where price elasticity is. Of course, in most cases, private labels have only just increased prices, although we are starting to see quite meaningful price increases coming through. For example, in the U.K., a certain retail is increasing 20% or 30% mid-July. Carrefour increasing on certain SKUs in France by 32%. In Germany, Aldi, Edeka, and REWE all raised prices by about 20% in most of the fish categories. However, we're still analyzing what the real sellout data is. At this point, it's a little too early to draw any meaningful conclusion.

Andrew Lazar

Okay. But it sounds like you're being, at least, correct me if I'm wrong, prudent with respect to elasticity assumptions in the way that you sort of guided to the full year around organic sales. Thanks again.

Dominic Brisby

Thank you.

Operator

Our next question is from Steve Powers with Deutsche Bank. Please proceed with your question.

Steve Powers

Thank you very much. Good morning, good afternoon. Going back to the retailer disruptions in Germany and France, I guess in the prepared remarks, you talked about them as being behind you, being resolved, as you did in response to Andrew's question. But then you also used language that alluded to largely resolved. I guess the question is, can you be a little bit more specific on exactly where we are today versus full resolution? If not fully resolved, how much allowance that you've made for carryover disruption in the third quarter and second half?

Dominic Brisby

I think with the exception of certain tiny retailers and tiny markets, these are fully resolved. Certainly, in the case of Germany and France, we're now in good shape. I think you can consider these as resolved.

Steve Powers

Okay, very good. Maybe you could also just talk a little bit about the ongoing productivity work that is going on within the business. As I think about the early earnings bridge into ‘27, I guess I'm trying to get a sense of the biggest contributors to profit growth. Just I guess, the ability of you to drive incremental productivity as part of that bridge, how you're thinking about that and how your plans are evolving on that front. Thank you.

Ruben Baldew

No, thanks. It's a good question. Let me also make the link to the question Andrew just made. We are on track with our 200 million productivity program. Also, if you look what we post in terms of our non-recurring spend, you see, by the way, the debt has gone down. But what we are spending, we're spending on programs linked to productivity. We announced restructuring in some of our marketing function. You've seen that in quarter two, we announced a factory closure. We are moving ahead and it is in line with the planning.

I think the other point to make is also linked to the elasticity is we're not pricing as much as what we used to do like ‘22, ‘23. We're using our productivity program to have competitive pricing, to make sure that our price index doesn't go up further. We actually have seen our price index going down a bit and that is because of that productivity program. I think the overall message is we will continue to drive it and it is on track and we'll use it to be competitive in terms of pricing. We're seeing the first results of that in the market.

Steve Powers

Okay, very good. Thank you.

Operator

Our next question is from Scott Marks with Jefferies. Please proceed with your question.

Scott Marks

Hey, good morning, all. Thanks very much for taking our questions. First thing I wanted to ask about, in the prepared remarks, you called out some of the things that helped support your margin expansion in the quarter. You actually spoke to some, I think, one-time benefits or phasing benefits that might reverse that later this year. I'm wondering if you can help us understand maybe what those are, what the magnitude is and how should we think about timing for those to reverse?

Ruben Baldew

Yeah, thanks, Scott. I think the main message is you see a return to gross margin growth that is driven by pricing kicking in, as we also said after quarter one results. That's fully going to plan. That said, there's a bit of phasing. We see a couple of million of phasing in our phasing of A&P and overheads. We had a bit of variances on some technical stuff related to variances to your recipes, which is also one or two million. But overall, I think the cross-margin improvement is coming through to pricing and there's nothing of a phasing effect there.

Scott Marks

Okay, understood. Appreciate the thoughts there. Then regarding the pricing actions, I think there were some comments in the prepared remarks about your team feeling confident in being able to take incremental pricing as we get to Q4 and into next year, just given what competitors have been doing, what they're seeing on the inflationary front. Just wondering if you can help us understand maybe, have you started having those conversations yet? If so, what's been the response from retailers?

Dominic Brisby

Yeah, so we have started having those conversations. Of course, it's worth saying that most of the inflation that we're seeing, hence most of the pricing, is centered around fish. As I pointed out, we've started to see private label increase already over the past few weeks in a number of countries. We've used some of this opportunity to allow our own price index to go down slightly. The price increases, we're talking about a cost justified price increases. We feel fairly confident in our ability to take these successfully towards the end of this year.

Scott Marks

Understood. Then maybe if I could just sneak in one more, just on capital allocation, you noted a suspension of share buybacks to pay down debt. What leverage ratio do you believe is appropriate in the current environment? Do you have a timeline to get there? Thanks.

Ruben Baldew

Yeah, so we're not putting out a leverage ratio, as Dominik said, also, when you go look ahead of the next years, we'll come back with our analyst and Investor Day, which will be this fall. Allow me not to answer that fully. But I just want to be clear also what we made in our prepared remarks, that we haven't done buybacks in the last quarter, we continue to do the dividends, we just announced that again. We made it clear that we're now we'll focus on deleveraging also to bring the interest payments and interest costs down.

Scott Marks

Appreciate it. I'll pass it on.

Operator

Our next question is from John Tanwanteng with CJS Securities. Please proceed with your question.

John Tanwanteng

Hi, good morning. Thank you for taking my questions. I was wondering if you could go a little bit more into detail on your market share expectations. I think you said it might take a while to get back to neutral in terms of market share. I was wondering if you have any more specificity on when you expect to get there? Is it Q1 of next year? Is it in your plan at some point to start retaking market share and have growth above the market?

Dominic Brisby

Thank you. It's absolutely in our plan ultimately to start taking market share. We'll be talking through those plans as we come to our Analysts and Investor Day in October. But as I said before, whilst we're making good progress, and we certainly expected to be able to deliver better share performance in the third and fourth quarter, it's going to take a little more time to get back to market share neutrality. Of course, that's against the backdrop of very strong category growth as well.

It is also worth pointing out that if you look at the category, the frozen category in our market's year to date, it's up 3.4% in value terms, and up 1.6% in volume terms, even in the last three months, by the way, up 2.8% in value and 1.1% in volume. Once we do get to that point that we're holding share or indeed growing share, it can have a significant impact. What we're not doing today is giving clarity about when that will be.

John Tanwanteng

Okay, fair enough. Thank you. Then I was wondering if you could talk about any potential impacts from things like weather or other external issues like water shortages, and how that might be impacting supplier demand in the current quarter, if that's anything more than you'd normally see.

Ruben Baldew

I think Dominic just said it that the last three months, we've seen actually the category roughly in line where it is here today, I think, you know, 3.4% versus maybe now the last three months, 2.8%. It has gone down a bit, but I wouldn't say it's a big difference. That is one category remains strong.

Second point is, water shortages, we're not seeing that directly. We're having the harvests now. It's to be seen what that will mean. Again, I need to also come back to the point, the additional inflation we're seeing this year on fish, if you also look at our cost of goods, a big part of that is related to proteins, which is basically chicken and fish. That is less related to water shortages.

John Tanwanteng

Understood. Thank you.

Operator

Once again, if you'd like to ask a question, please press star one on your telephone keypad.

Our next question is from Peter Saleh with BTIG. Please proceed with your question.

Peter Saleh

Great. Thanks. Good morning. Dominic, I wanted to ask you've been in the seat for a couple quarters now, progressing through this turnaround. What, if anything, has surprised you as you progressed? Maybe how has your thinking changed on the turnaround over the past couple quarters? Anything you can share would be helpful. Thanks.

Dominic Brisby

Yeah, happy to. I think a couple of things which I was aware of before, but have really been clear over the past couple of quarters. Firstly, the robust health that the category is in. The fact that the category is in very decent levels of both value and volume growth. I think I was aware of it to some extent before I came, but actually, the fact that this is continued through all the geopolitical uncertainty that we've had, the consumer uncertainty we've had and so on. That's been something which has been a very, a very positive, a very positive thing which has come through.

Secondly, of course, during this time I've had the chance to get to know the brand well. I've always known the brand as a consumer, but getting to see the real data behind the brand, the strength of the brand equity versus our competitive brands versus our private label brands has also been a very positive. Essentially, we're in a very strong category and we have the best brands in the category. Those things are great.

It's also been clear to me, though, that within Nomad, to make ourselves a much more competitive company and a much more successful company, there have been significant changes which have had to come through. You'll have seen, particularly in terms of the changes I've made to the leadership team and the executive team of the business, there was a need to bring in some very strong new talent whilst keeping, you know, the existing very strong talent that we had. That's meant making a number of quite significant changes to the top of the organization and that will also have corresponding changes to the culture that we bring about in the organization.

But overall, I've been pretty happy with what I've seen. Great category, the best brands in the category are now starting to get the organizations where we need to get to, so we can be really competitive in the market in a way that perhaps we haven't been so much historically.

Peter Saleh

Yeah, thank you for that. Then just my second question, the retail disruptions appear to be behind you. You've implemented some more price. You've changed some of the leadership. I guess, over the next couple quarters, what's the next area of focus for you? Is it more around innovation, the marketing side? Just help us understand where you'll be focusing your attention over the next six months or so.

Dominic Brisby

We've now produced what we think is a pretty compelling value creation plan for Nomad for the following years. That includes really every aspect of the business, from innovation to how we manage our marketing approach, how we drive our sales organizations across the business, how we improve our productivity and so on. As you can imagine, there's been an enormous amount of very, very intense work that we've put into this over the past six months.

I think we've got to a point where we consider the plan we've got, is a very good one, a plan that we're excited about and makes us quite excited about the future of the business. That's what we're going to be presenting when we have our Analyst Day in October. But this will cover really every aspect of the business. It's not the fact that we've had some things to cover for the moment and we're going to cover others. This will cover the entire spectrum of what we're doing. We hope that you'll be as excited about it as we are.

Peter Saleh

Thank you very much.

Operator

We have reached the end of the question-and-answer session. I would like to turn the floor back over to Dominic Brisby for closing comments.

Dominic Brisby

Thank you all for joining us today and for your interest in Nomad Foods. I look forward to speaking with many of you in the days and weeks ahead and then seeing many of you at our Analyst Day this October.

Operator

This concludes today's teleconference. You may disconnect your lines at this time. Thank you for your participation.