Nomad Foods

Second Quarter 2026 Earnings Conference Call (Recorded Remarks)

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CORPORATE PARTICIPANTS

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

Dominic Brisby, *Chief Executive Officer*

Ruben Baldew, *Chief Financial Officer*

PRESENTATION

Jason English

Hello and welcome to the prerecorded discussion of Nomad Foods' Second Quarter 2026 Earnings Results. We have posted the accompanying press release and Investor Presentation on Nomad Foods' website at nomadfoods.com.

I am Jason English, Head of Investor Relations and Corporate Strategy and I am joined by Dominic Brisby, our CEO, and Ruben Baldew, our CFO.

In addition to these remarks, we will host an analyst Q&A-only session today at 8:30 a.m. Eastern. A replay of this webcast and our subsequent Q&A session will be available on the Investor Relations section of our website.

These prepared remarks will include forward-looking statements that are based on our view of the Company's prospects, expectations, and intentions at this time. Actual results may differ due to the risks and uncertainties which are discussed in our press release, our filings with the SEC and in our Investor Presentation which includes cautionary language.

We will 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 and related employer payroll taxes, exceptional items, foreign currency translation charges or gains and hedge ineffectiveness. Unless otherwise noted, comments from here on will refer to these adjusted numbers.

With that, I will hand it over to Dominic.

Dominic Brisby

Thank you, Jason, and good morning, everyone.

As we pre-announced last month, I am pleased with our second quarter results, which came in modestly ahead of our expectations. The quarter was an important one for Nomad Foods. We made meaningful progress on our operational priorities, resolved key commercial disruptions, strengthened our leadership team, and continued to benefit from the attractive fundamentals of the Frozen Food category.

Let me highlight four key takeaways from the quarter.

First, we successfully executed our pricing and productivity initiatives. Our recently implemented price increases drove a positive inflection in price mix, contributing 3% to Organic revenue growth during the quarter. At the same time, our Productivity programs continued to offset a significant portion of input cost inflation as we advance towards our €200 million three-year cost savings target. Together, these actions contributed to 110-basis-point improvement in adjusted gross margin, demonstrating our ability to protect profitability while continuing to invest in the business.

Second, we resolved the retailer disputes that weighed on our performance earlier this year. As we discussed last quarter, these disruptions created a significant headwind to both revenue and earnings, resulting in out-of-stocks and reduced promotional activity across key customers for much of the quarter.

Importantly, those issues were largely behind us by quarter-end. Shelves have been replenished, promotional plans are being restored, and we have already begun to see improvements in market share trends. We expect that recovery to continue through the second half of the year.

Third, we continued to strengthen our organization and position the Company for future success. During the quarter, we finalized the appointments in the Executive team, with half of my direct Leadership team now new to the organization. They bring fresh perspectives, deep industry expertise, and a shared commitment to building a high-performance culture focused on growth, execution, and accountability.

We also completed the restructuring of our Marketing organization. As I noted previously, the function had become overly complex and inefficient. We have streamlined the organization, reducing non-working A&P spend, and shifted greater accountability closer to local markets. This will allow us to deploy more resources directly behind consumers, brands, and growth opportunities.

Finally, we continued to benefit from strong category growth across Europe. Frozen Food remains exceptionally well positioned as consumers increasingly value convenience, affordability, nutrition, and great taste. Retail value sales for our category increased 2.9% during the most recent 12 week period, with volume growth of 1.2%, while year-to-date value growth reached 3.4% and volume growth 1.6%.

Growth has been broad-based across both categories and geographies. Frozen Fish and Vegetables are growing roughly 3% year-to-date across our footprint, while Meals and Poultry have grown approximately 7%, and Pizza 5%. Geographically, Savory Frozen Food sales are growing across our major markets, including the UK, Italy, and Germany. Simply put, we operate in an attractive and growing category, supported by some of the strongest Frozen Food brands in Europe.

That said, we are not performing at our full potential. As shown on Slide 5, our value and volume share declined 90 and 75 basis points, respectively, during the most recent 12-week period, while Retail value sell-out decreased 3.2%. Much of this underperformance was driven by the commercial disruptions in Germany and France that we discussed previously. Those disruptions are now largely resolved, but we still have more work to do to achieve the growth potential we believe our brands and categories can deliver.

While 2026 has been a year of rebuilding our foundation, we are already taking actions to improve competitiveness and accelerate growth. We are increasing investment in both renovation and innovation across our portfolio. For example, we've upgraded the coating on our Fish Fingers across multiple markets to deliver our crunchiest product ever. Consumer research consistently shows that crunchiness is a key driver of preference, and testing indicates the renovated product significantly outperforms our previous offering. This is exactly the type of superiority-led renovation that strengthens brand equity while providing compelling news to take to consumers.

We also have a robust pipeline of innovation launching across Europe, including High-Protein Spinach products in Germany, expanded Chicken offerings in the UK, new Seafood and Meal innovations across multiple markets, further development of our Ice Cream portfolio, and continued expansion of our Pizza portfolio into additional countries.

The specific products are important. More importantly, they reflect a broader shift towards innovation, stronger consumer relevance, and a more growth-oriented mindset across the organization. As you can see, significant work is underway to improve our in-market performance and unlock the full potential of our business. At the same time, over the past several months we've developed a comprehensive multi-year Value Creation Plan.

Nomad Foods possesses a unique combination of assets: iconic brands, a scaled pan-European supply chain, deep customer relationships, and increasingly strong commercial capabilities. These are tremendous competitive advantages, operating within a category with attractive long-term growth fundamentals. Our opportunity now is to fully leverage those strengths. We see meaningful opportunities to drive growth across categories, channels, geographies, and consumers, and we have a clear plan to capture them.

I look forward to sharing that plan, and much more, at our Analyst and Investor Day in New York this Fall.

With that, let me turn the call over to Ruben to review our second quarter results and outlook in greater detail. Ruben.

Ruben Baldew

Thank you, Dominic, and good morning, everyone.

Second quarter results show that pricing and productivity are working, retailer disruptions are normalizing and cash generation remains strong.

Turning to Slides 6 and 7. Organic revenue declined 2.9% in the quarter, broadly in line with Retail sell-out trends. As expected, the inventory destocking and quarter-end order timing impacts that affected first quarter results have now largely normalized.

Volume declined 5.9%, primarily reflecting the Retailer disruptions we discussed previously. Importantly, we believe those headwinds are now largely behind us. Shelves have been replenished, promotional activity is resuming, and we expect the impact on volume trends to moderate as we move through the second half.

Price mix contributed 3% to growth during the quarter, reflecting the successful implementation of our planned price increases and a modestly favorable mix.

Moving down the P&L, gross margin increased 110 basis points, marking a return to year-on-year expansion. Pricing and productivity more than offset inflation, demonstrating the effectiveness of our Cost Management programs, while there was also some phasing benefits that will reverse later this year.

Year-to-date, productivity initiatives have offset more than 60% of inflation, keeping us firmly on track toward our €200 million savings target. Importantly, our approach to pricing today is very different from what it was during the peak inflation period. In 2022 and 2023, we priced ahead of inflation to protect margins. This year, our aggregate pricing remains below inflation, with productivity funding the difference.

We believe this approach strikes a better balance between protecting profitability and maintaining competitiveness in the marketplace. While we continue to expect some near-term elasticity pressure following recent pricing actions, we remain encouraged by the competitive response we have seen thus far.

Turning to SG&A, Advertising and Promotion spending was essentially unchanged year-on-year, while indirect expenses increased by just over €8 million. Most of that increase reflects the normalization of incentive compensation. As a reminder, during the second quarter of last year, bonus accruals were reversed, making compensation a source of income in the period and creating a difficult year-on-year comparison this year.

Excluding the bonus impact, overhead expenses were approximately flat versus prior year as productivity savings largely offset inflation and targeted reinvestment while we also saw a timing benefit. Adjusted EBITDA declined 4.3% in the quarter. Please note that the bonus normalization represented a headwind of more than 7% to Adjusted EBITDA across both COGS and SG&A. Adjusted EPS was €0.39, down €0.01 versus the prior year period.

Turning to cash flow on Slide 8, our adjusted free cash flow conversion ratio improved to 49% in the first half of the year compared to 43% in the prior year period. Our strong cash generation supported €20 million of dividend payments during the quarter, bringing year-to-date dividends paid to €41 million. As announced, our Board has also declared a quarterly dividend of $0.17 per share payable on August 27th.

During the quarter, we suspended share repurchases and shifted our capital allocation priority towards reducing net debt and leverage. While our balance sheet remains healthy and our leverage is well within our comfort range, we believe a lower leverage profile will enhance our financial flexibility, broaden our potential investor base, and reduce interest expense over time.

In July, we further strengthened our capital structure by refinancing €800 million of notes through the issuance of new long-term dated debt. The transaction was leverage neutral and allowed us to extend our maturity profile while also increasing the size of our revolver credit facility. We now have no meaningful debt due until 2032.

Turning to Slide 9 and our 2026 outlook. We continue to expect full-year results to be in line with the guidance we provided last quarter. Specifically, we continue to expect Organic revenue to decline between 2% and 5%, and constant-currency Adjusted EBITDA to decline between 5% and 10%.

While our year-to-date performance has been encouraging, we remain mindful of the uncertainty associated with consumer elasticity following our recent pricing actions. We have begun to see competitors respond to our pricing, which is consistent with historical patterns. Although this is good news, it remains too early to determine the ultimate impact of those responses on volumes and market dynamics.

In addition, while our inflation outlook remains in the mid-single-digit range, we expect inflation to finish towards the higher end of that range. Most of the increase is expected in the fourth quarter, where our hedge coverage was lower entering the year.

We will address this inflation through pricing, and we are confident that we will be able to secure any incremental pricing that we may need to take while we remain competitive. As I noted earlier, we are pricing through much less of the inflation and relying more heavily on our robust Productivity program. We intend to continue that approach in ‘27 and beyond. This is allowing us to better manage our relative price premium. In the recent weeks we have seen competition taking additional pricing actions in the market and this gives us further confidence to also take additional pricing actions starting by the end of this year. However, given the timing of these actions we expect the main benefit of that will come through in 2027.

And we’re not only focused on price, but also the quality of the price-value spectrum. We are in a better position than in ‘23 from this perspective as well. Our product superiority was approximately 40% in 2023 and it’s now closer to 60%. And our innovation moved from approximately 4% of net sales in ‘23 to 6% this year.

Turning to Adjusted EPS, we have updated our outlook to reflect the impact of our recent refinancing transaction and higher variable rates. We now expect Adjusted EPS to be in the range of €1.38 to €1.53, compared to our prior range of €1.47 to €1.62. This revision is entirely attributable to higher interest expense and does not reflect any change in our operating outlook. Over time, we expect to offset much of this impact through continued debt reduction and lower leverage.

In closing, we are encouraged by our first half performance and the progress we are making across the business. We have strengthened our foundation, improved execution, and begun to shift our focus towards accelerating commercial performance. With leading brands, favorable category dynamics, significant productivity opportunities, and a clear value creation agenda, we remain confident in our ability to unlock substantial long-term value for shareholders.

We look forward to sharing more of that at our Analyst and Investor Day this fall.

Thank you, and we’ll now open the line for questions.