

General Mills

Fiscal 2017
Third Quarter Results

March 21, 2017

A Reminder on Forward-looking Statements

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that are based on management's current expectations and assumptions. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from the potential results discussed in the forward-looking statements. In particular, our predictions about future net sales and earnings could be affected by a variety of factors, including: competitive dynamics in the consumer foods industry and the markets for our products, including new product introductions, advertising activities, pricing actions and promotional activities of our competitors; economic conditions, including changes in inflation rates, interest rates, tax rates, or the availability of capital; product development and innovation; consumer acceptance of new products and product improvements; consumer reaction to pricing actions and changes in promotion levels; acquisitions or dispositions of businesses or assets; changes in capital structure; changes in the legal and regulatory environment, including labeling and advertising regulations and litigation; impairments in the carrying value of goodwill, other intangible assets, or other long-lived assets, or changes in the useful lives of other intangible assets; changes in accounting standards and the impact of significant accounting estimates; product quality and safety issues, including recalls and product liability; changes in consumer demand for our products; effectiveness of advertising, marketing and promotional programs; changes in consumer behavior, trends and preferences, including weight loss trends; consumer perception of health-related issues, including obesity; consolidation in the retail environment; changes in purchasing and inventory levels of significant customers; fluctuations in the cost and availability of supply chain resources, including raw materials, packaging and energy; disruptions or inefficiencies in the supply chain; effectiveness of restructuring and cost savings initiatives; volatility in the market value of derivatives used to manage price risk for certain commodities; benefit plan expenses due to changes in plan asset values and discount rates used to determine plan liabilities; failure or breach of our information technology systems; foreign economic conditions, including currency rate fluctuations; and political unrest in foreign markets and economic uncertainty due to terrorism or war. The company undertakes no obligation to publicly revise any forward-looking statements to reflect any future events or circumstances.



Third Quarter Fiscal 2017 Summary

Ken Powell

Chairman and Chief Executive Officer

Third Quarter Fiscal 2017 Summary

- Q3 Results In Line With Updated Expectations
- Added Support to Strengthen Q4 Topline
- Reaffirming Full-year F17 Guidance



Third Quarter Fiscal 2017 Financial Review

Don Mulligan

EVP, Chief Financial Officer

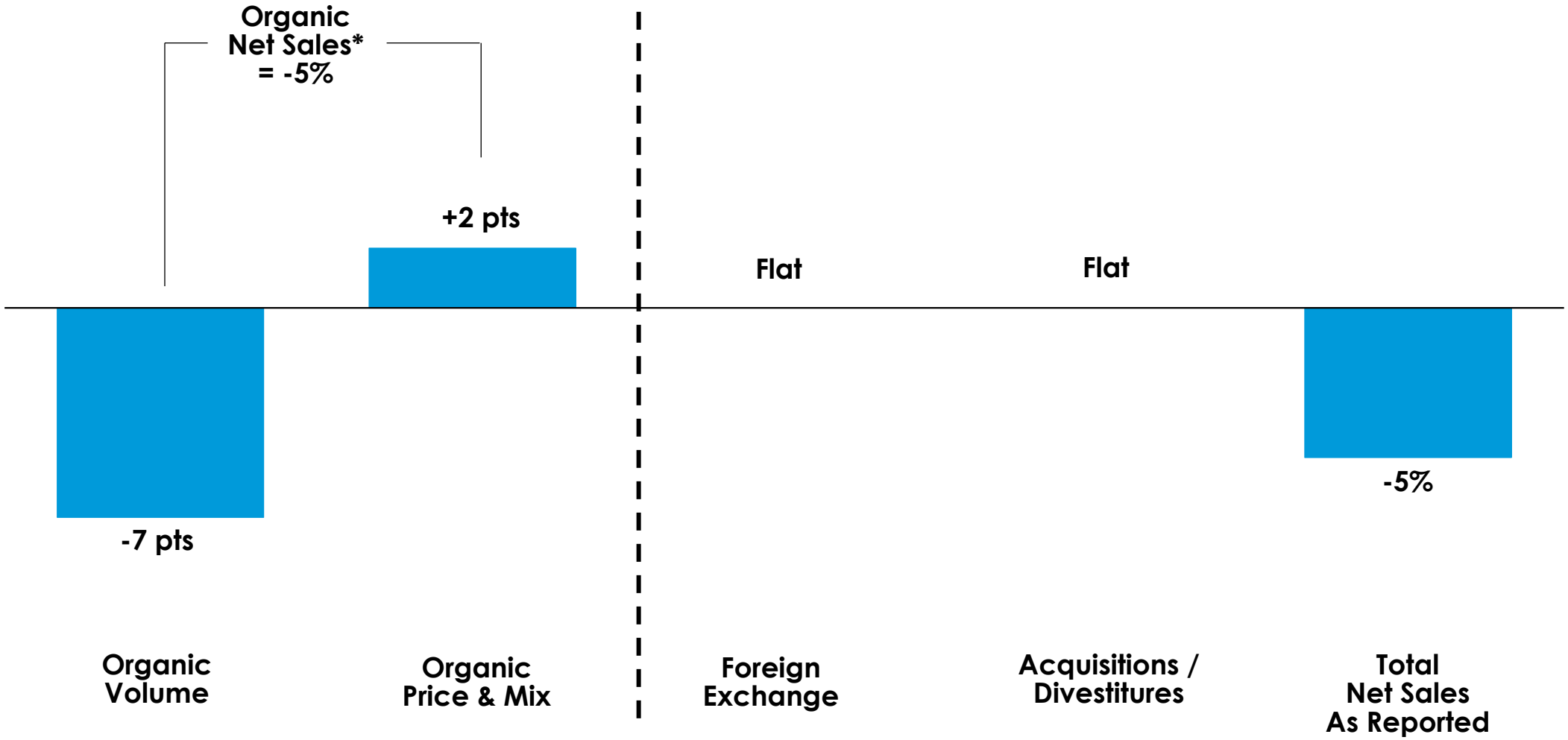
Third Quarter Fiscal 2017 Financial Summary

($ in Millions, Except per Share)

	$	% Change	Organic % Change*	Constant-currency % Change*
Net Sales	$3,793	-5%	-5%	
Segment Operating Profit*	662	-2		-2%
Net Earnings Attributable to General Mills	358	-1		
Diluted EPS	$0.61	+3		
Certain Items Affecting Comparability	0.11			
Adjusted Diluted EPS*	$0.72	+11%		+8%

*Non-GAAP measures. See appendix for reconciliation.

Third Quarter Fiscal 2017
Components of Net Sales Growth



*Non-GAAP measure.

New Reporting Segments

	North America Retail	Convenience Stores & Foodservice	Europe & Australia	Asia & Latin America
Fiscal 2016				
% of Net Sales	66%	12%	12%	10%
% of Total SOP*	78%	13%	7%	2%
Op. Profit Margin	22%	20%	10%	4%

*Total Segment Operating Profit. Non-GAAP measure.
See appendix for reconciliation.

Third Quarter Fiscal 2017 Financial Summary by Segment

($ in Millions)

	Net Sales		Segment Operating Profit	
	$	Organic % Change*	$	Constant-currency % Change*
North America Retail	$2,499	-8%	$517	-7%
Convenience Stores & Foodservice	448	-1	94	+3
Europe & Australia	424	+2	42	+39
Asia & Latin America	421	-2	10	+316
Total	$3,793	-5%	$662	-2%

*Non-GAAP measures. See appendix for reconciliation.
Table does not foot to rounding.

Third Quarter Fiscal 2017
Joint Venture Results

After-tax Earnings: $11MM; -35% vs. LY in Constant Currency*





Cereal Partners Worldwide

Net Sales: +4%**



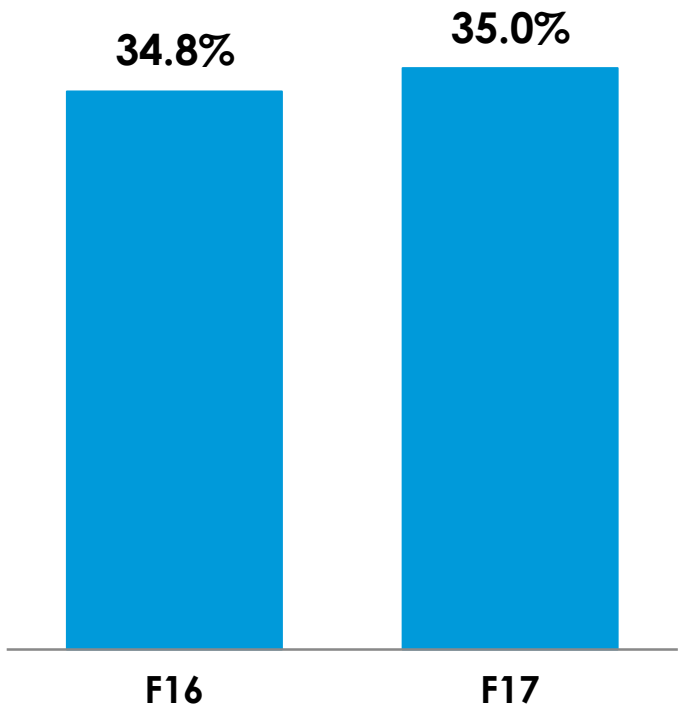
Häagen-Dazs Japan

Net Sales: -5%**

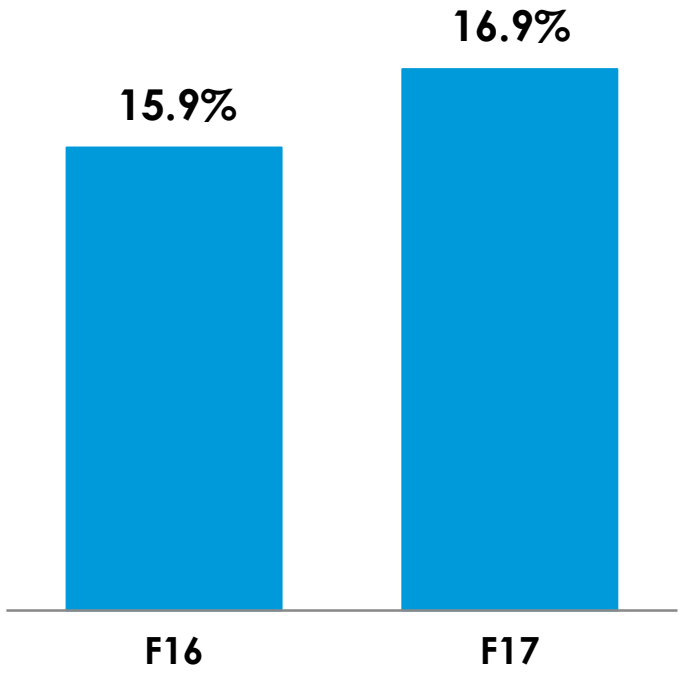
*Non-GAAP measure. See appendix for reconciliation.
**Growth rates in constant currency.

Third Quarter Fiscal 2017 Margin Results

Adjusted Gross Margin*
(% of Net Sales)



Adjusted Operating Profit Margin*
(% of Net Sales)



- Cost Savings Offsetting Input Cost Inflation
- Expect 2% Inflation for Full Year

*Non-GAAP measures. See appendix for reconciliation.

Third Quarter Fiscal 2017
Other Income Statement Items

- Restructuring & Project-related Charges of $106MM Pretax (Includes $28MM in Cost of Sales)
- Unallocated Corporate Expense Decreased Excluding Certain Items
- Net Interest Expense 1% Below Last Year
- Adjusted Effective Tax Rate 24.7% vs 30.8% LY*
- Average Diluted Shares Outstanding Down 3%

*Non-GAAP measure. See appendix for reconciliation.

Nine-month Fiscal 2017 Financial Summary

($ in Millions, Except per Share)

	$	% Change	Organic % Change*	Constant-currency % Change*
Net Sales	$11,813	-7%	-5%	
Segment Operating Profit*	2,280	-3		-2%
Net Earnings Attributable to General Mills	1,249	-5		
Diluted EPS	$2.08	-3		
Certain Items Affecting Comparability	0.27			
Adjusted Diluted EPS*	$2.35	+4%		+4%

*Non-GAAP measures. See appendix for reconciliation.

Core Working Capital

($ in Millions)

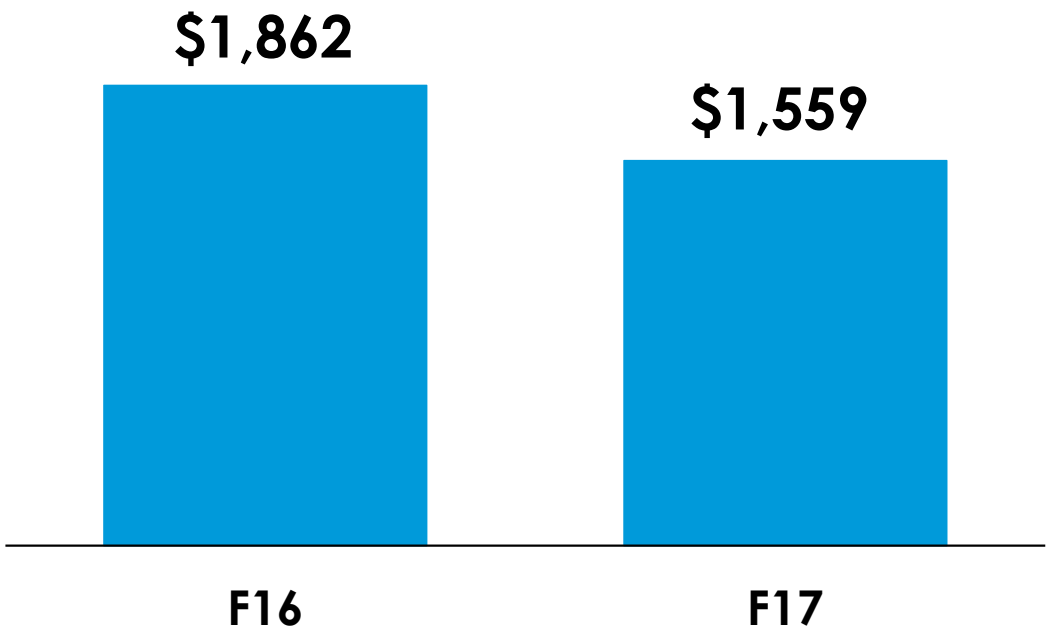
	Q3		
	F17	F16	% Change
Accounts Receivable	$1,428	$1,391	
Inventories	1,461	1,350	
Accounts Payable	1,855	1,726	
Total Core Working Capital	**$1,033**	**$1,015**	**+2%**

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Nine-month Fiscal 2017 Cash Flow Highlights

Nine-month Operating Cash Flow

($ in Millions)



- Fixed Asset Investment = $475MM
- Dividends Paid = $856MM
- Net Share Repurchases = $1,560MM

Fourth Quarter Fiscal 2017 Expectations

- Modest Improvement in Organic Net Sales* Trends
- Significant Expansion in Adjusted Operating Profit Margin*
  - Favorable Mix
  - Comparison to Margin Contraction in Last Year's Q4
  - Strong Level of Cost Savings (HMM and Restructuring Projects)

*Non-GAAP measures.

Reaffirming Fiscal 2017 Guidance

(Fiscal 2017 vs. Fiscal 2016)

Organic Net Sales*	-4%
Total Segment Operating Profit*	-1 to +1%[1]
Adjusted Operating Profit Margin*	≥18%
Adjusted Diluted EPS*	+5 to 7%[1]

*Non-GAAP measures.
[1]Constant-currency growth rate.



Jeff Harmening

EVP, Chief Operating Officer – U.S. Retail

President and Chief Operating Officer

Third Quarter Fiscal 2017
North America Retail Segment

Q3 Segment Growth

Organic Net Sales*	-8%
Constant-currency Segment Operating Profit*	-7%

Q3 Net Sales Growth by Operating Unit

	Reported	Constant Currency*
Canada	+4%	-1%
U.S. Cereal	-1	
U.S. Snacks	-4	
U.S. Meals & Baking	-10	
U.S Yogurt	-20	















*Non-GAAP measure. See appendix for reconciliation

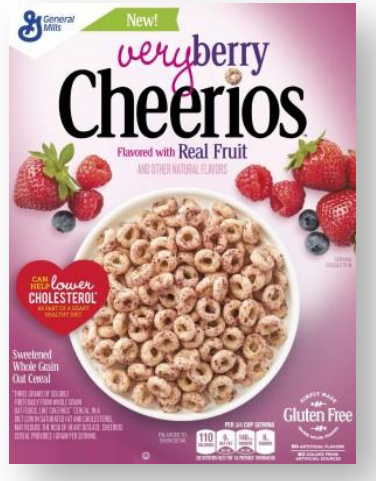
Fourth Quarter Fiscal 2017
U.S. Cereal Key Initiatives

Build on Taste News Momentum





Wellness News









Fourth Quarter Fiscal 2017
U.S. Snack Bar Key Initiatives

Nature Valley Innovation



Increasing Lärabar and EPIC Penetration





U.S. Yogurt Key Initiatives

Core Renovation







Innovation

Snacking







Natural & Organic







New Segments

New Product Launch Coming in F18

Fourth Quarter Fiscal 2017
U.S. Meals & Baking Key Initiatives

Old El Paso





Frozen Hot Snacks



Baking









Continue Momentum on Annie's in Fourth Quarter Fiscal 2017

Annie's F17 YTD Retail Sales Growth: +39%

Annie's Established Business



F17 YTD Retail Sales:
+18% vs. LY

Increase Penetration in New Categories



Yogurt, Cereal, Soup, Baked Goods, Grain Snacks, R-T-E Popcorn

Source: Nielsen XAOC FYTD through 2.25.17

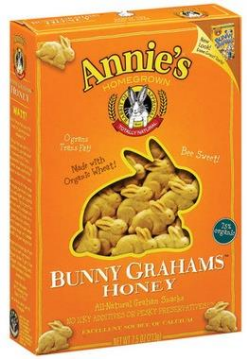
Fourth Quarter Fiscal 2017
Canada Key Initiatives



Mexican Meals



Grain Snacks







Natural & Organic



Yogurt



Cereal





Canada's 150th Anniversary

Fourth Quarter Fiscal 2017
North America Retail Performance Drivers

- Product Innovation and Renovation on Growth Businesses
- Added Consumer and Trade Support on Cereal, Snacks, Old El Paso, and Totino's Hot Snacks
- Segment Operating Profit Growth Due to Restructuring Savings and Year-ago Comparison

Third Quarter Fiscal 2017
Convenience Stores & Foodservice Segment

Q3 Segment Growth

Organic Net Sales*	-1%
Segment Operating Profit	+3%

Q3 Net Sales Growth by Platform

	%
Focus 6 Platforms	+2%
Other	-5









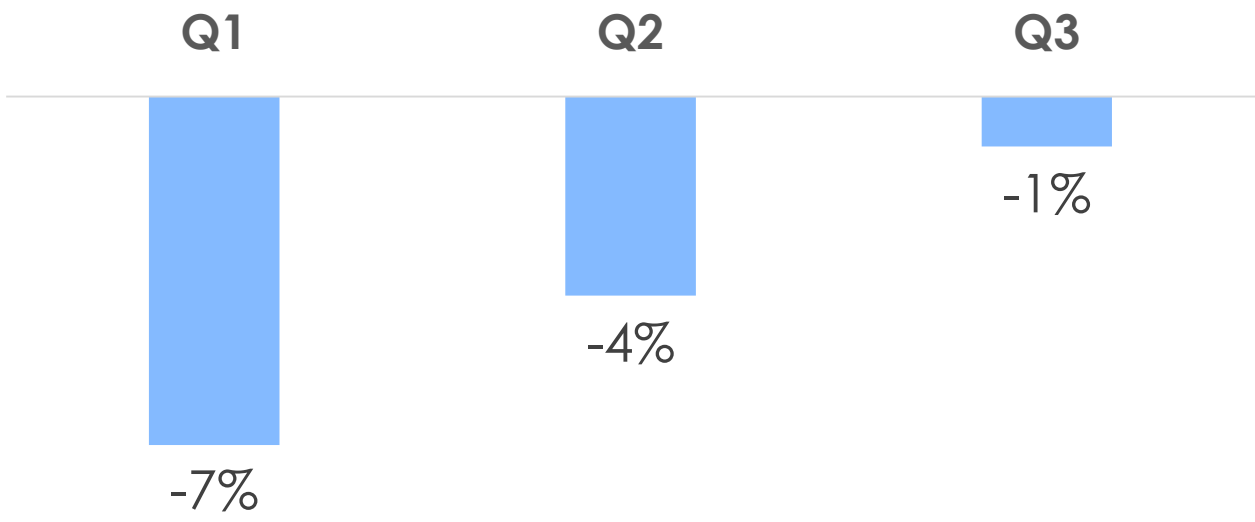




*Non-GAAP measure. See appendix for reconciliation

Convenience & Foodservice Segment
Fourth Quarter Fiscal 2017 Performance Drivers

F17 Organic Net Sales Growth*



- Growth on Focus 6 Platforms
- Increased Bread Distribution
- Reduced Bakery Flour Index Pricing Headwind







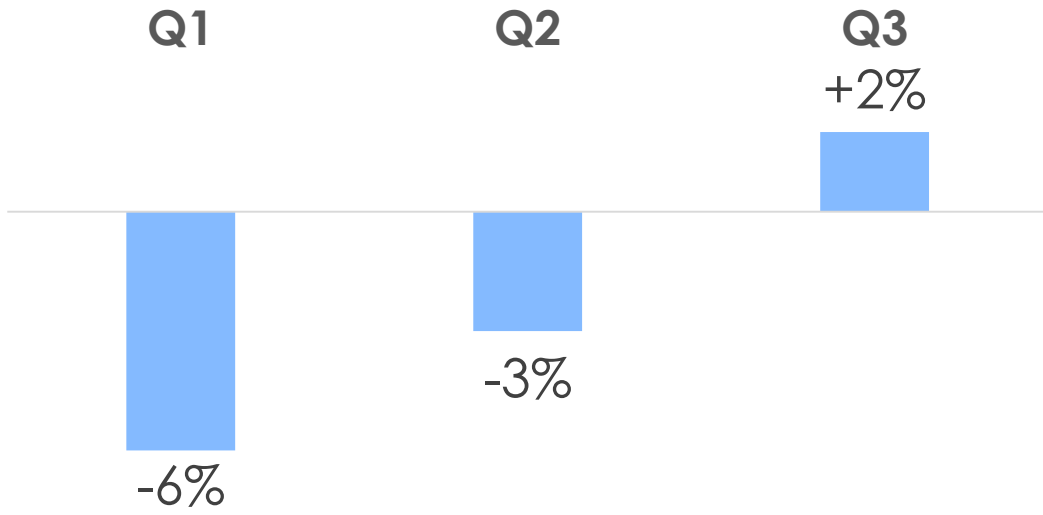
*Non-GAAP measure. See appendix for reconciliation

Third Quarter Fiscal 2017
Europe & Australia Segment

Q3 Segment Growth

Organic Net Sales*	+2%
Constant-currency Segment Operating Profit*	+39%

F17 Organic Net Sales Growth*











*Non-GAAP measure. See appendix for reconciliation

Europe & Australia
Häagen-Dazs Momentum Strengthening

Fiscal 2017 Year-to-date Drivers





Fiscal 2017 Q4 News









Third Quarter Fiscal 2017
Asia & Latin America

Q3 Segment Growth

Organic Net Sales*	-2%
Constant-currency Segment Operating Profit*	+316%









*Non-GAAP measure. See appendix for reconciliation

Asia & Latin America
Fourth Quarter Fiscal 2017 Performance Drivers

China



Häagen-Dazs



Wanchai Ferry



Yoplait

Latin America



Fourth Quarter Fiscal 2017 Outlook

- Modest Improvement in Topline Trends
  - Increased Consumer and Trade Support on Key Brands in NAR
  - Continued Growth in Europe, China, and Focus 6 Platforms in Convenience Stores & Foodservice
- Significant Expansion in Adjusted Operating Profit Margin*

*Non-GAAP measure.

Today's General Mills Summary

- Q3 Results In Line With Updated Expectations
- Added Support to Strengthen Q4 Topline
- Reaffirming Full-year F17 Guidance
- Focused on Four Levers to Generate Shareholder Returns:



Sales Growth



Margin Expansion



Cash Conversion



Cash Returns

A Reminder on Non-GAAP Guidance

Our fiscal 2017 outlook for organic net sales growth, constant-currency total segment operating profit and adjusted diluted EPS, and adjusted operating profit margin are non-GAAP financial measures that exclude, or have otherwise been adjusted for, items impacting comparability, including the effect of foreign currency exchange rate fluctuations, restructuring charges and project-related costs, and mark-to-market effects. Our fiscal 2017 outlook for organic net sales growth also excludes the effect of acquisitions and divestitures. We are not able to reconcile these forward-looking non-GAAP financial measures to their most directly comparable forward-looking GAAP financial measures without unreasonable efforts because we are unable to predict with a reasonable degree of certainty the actual impact of changes in foreign currency exchange rates and commodity prices or the timing of acquisitions, divestitures and restructuring actions throughout fiscal 2017. The unavailable information could have a significant impact on our fiscal 2017 GAAP financial results.

For fiscal 2017, we currently expect: the impact of foreign currency exchange rates (based on blend of forward and forecasted rates and hedge positions), acquisitions, and divestitures to decrease net sales growth by 100 to 200 basis points; foreign currency exchange rates to have an immaterial impact on total segment operating profit and adjusted diluted EPS; and total restructuring charges and project-related costs related to actions previously announced to total $284 million.

Reconciliation of Third Quarter Fiscal 2017 Organic Net Sales Growth

(Fiscal Year)

	Q3 2017					
	Organic Volume	**Organic Price/Mix**	**Organic Net Sales**	**Foreign Exchange**	**Acquisitions & Divestitures**	**Reported Net Sales Growth**
North America Retail	(10) pts	2 pts	(8) %	-	1 pt	(7) %
Convenience Stores & Foodservice	1 pt	(2) pts	(1) %	-	-	(1) %
Europe & Australia	1 pt	1 pt	2 %	(5) pts	-	(3) %
Asia & Latin America	(3) pts	1 pt	(2) %	3 pts	(1) pt	Flat
Total	(7) pts	2 pts	(5) %	-	-	(5) %

Reconciliation of Third Quarter Fiscal 2017 Total Segment Operating Profit

(Fiscal Years, $ in Millions)

	Q3		
	2017	**2016**	**% Change**
North America Retail	**$516.7**	$552.7	(7)%
Convenience Stores & Foodservice	**93.6**	90.6	3
Europe & Australia	**42.0**	33.6	25
Asia & Latin America	**10.0**	2.5	302
Total Segment Operating Profit	**$662.3**	$679.4	(2)%
Unallocated Corporate Items	**42.2**	77.7	(46)
Divestitures (gain)	**-**	(1.5)	NM
Restructuring, impairment, and other exit costs	**77.6**	16.9	359
Operating Profit	**$542.5**	$586.3	(7)%

Reconciliation of Fiscal 2017 Constant-currency Total Segment Operating Profit Growth

(Fiscal Year)

	2017		
	Percentage Change in Total Segment Operating Profit as Reported	**Impact of Foreign Currency Exchange**	**Percentage Change in Total Segment Operating Profit on a Constant-currency Basis**
Q3	(2) %	-	(2) %
Nine Months	(3) %	(1) pt	(2) %

Certain measures in this release are presented excluding the impact of foreign currency exchange (constant-currency). To present this information, current period results for entities reporting in currencies other than United States dollars are translated into United States dollars at the average exchange rates in effect during the corresponding period of the prior fiscal year, rather than the actual average exchange rates in effect during the current fiscal year. Therefore, the foreign currency impact is equal to current year results in local currencies multiplied by the change in the average foreign currency exchange rate between the current fiscal period and the corresponding period of the prior fiscal year.

Reconciliation of Third Quarter Fiscal 2017 Adjusted Diluted EPS and Related Constant-currency Growth Rate

(Fiscal Years)

	Q3		
Per Share Data	**2017**	**2016**	**Change**
Diluted earnings per share, as reported	**$ 0.61**	$ 0.59	3 %
Mark-to-market effects*	**(0.01)**	-	
Restructuring charges*	**0.11**	0.05	
Project-related costs *	**0.01**	0.01	
Diluted earnings per share, excluding certain items affecting comparability	**$ 0.72**	$ 0.65	11 %
Foreign currency exchange impact			3 pts
Diluted earnings per share growth, excluding certain items affecting comparability, on a constant-currency basis			8 %

*See reconciliation of Tax Rate excluding items for tax impact of individual items.

Reconciliation of Fiscal 2016 Total Segment Operating Profit

(Fiscal Year, $ in Millions)

	2016	Percentage of Total Segment Operating Profit
North America Retail	$2,351	78%
Convenience Stores & Foodservice	379	13%
Europe & Australia	200	7%
Asia & Latin America	69	2%
Total Segment Operating Profit	$3,000	100%
Unallocated Corporate Items	289	
Divestitures (gain)	(148)	
Restructuring, impairment, and other exit costs	151	
Operating Profit	$2,707	

Table does not foot due to rounding.

Reconciliation of Third Quarter Fiscal 2017 Constant-currency Operating Profit Growth by Segment

(Fiscal Year)

	Q3 2017		
	Percentage Change in Segment Operating Profit as Reported	**Impact of Foreign Currency Exchange**	**Percentage Change in Segment Operating Profit on a Constant-currency Basis**
North America Retail	(7) %	-	(7) %
Europe & Australia	25 %	(14) pts	39 %
Asia & Latin America	302 %	(14) pts	316 %

Reconciliation of Fiscal 2017 Constant-currency After-tax JV Earnings

(Fiscal Year)

	2017		
	Percentage Change in After-tax Earnings from Joint Ventures as Reported	**Impact of Foreign Currency Exchange**	**Percentage Change in After-tax Earnings from Joint Ventures on a Constant-currency Basis**
Q3	(32) %	3 pts	(35) %
Nine months	Flat	3 pts	(3) %

Reconciliation of Third Quarter Fiscal 2017 Adjusted Gross Margin

(Fiscal Years)

	Q3	
	2017	**2016**
	% of Net Sales	**% of Net Sales**
Gross margin as reported	**34.5%**	33.9%
Mark-to-market effects	**(0.2)**	0.2
Restructuring charges	**0.4**	0.4
Project-related costs	**0.3**	0.3
Adjusted gross margin	**35.0%**	34.8%

Reconciliation of Third Quarter Fiscal 2017 Adjusted Operating Profit Margin

(Fiscal Years)

	Q3	
	2017	**2016**
	% of Net Sales	**% of Net Sales**
Operating profit as reported	**14.3%**	14.6%
Mark-to-market effects	**(0.2)**	0.2
Restructuring charges	**2.5**	0.8
Project-related costs	**0.3**	0.3
Adjusted operating profit margin	**16.9%**	15.9%

Reconciliation of Third Quarter Fiscal 2017 Tax Rate Excluding Items

(Fiscal Years, $ in Millions)

	Q3			
	2017		2016	
	Pretax Earnings*	Income Taxes	Pretax Earnings*	Income Taxes
As reported	**$466.1**	**$107.0**	$509.1	$157.6
Mark-to-market effects	**(8.2)**	**(3.1)**	7.3	2.7
Restructuring charges	**94.0**	**31.0**	34.2	8.0
Project-related costs	**11.5**	**4.1**	10.1	3.8
Divestitures (gain)	**-**	**-**	(1.5)	-
As adjusted	**$563.4**	**$139.0**	$559.2	$172.1
Effective tax rate:				
As reported		**23.0 %**		31.0 %
As adjusted		**24.7 %**		30.8 %
Sum of adjustments to income taxes		**$32.0**		$14.5
Average number of common shares - diluted EPS		**591.4**		608.5
Impact of income tax adjustments on diluted EPS excluding certain items affecting comparability		**$0.05**		$0.02

*Earnings before income taxes and after-tax earnings from joint ventures.

Reconciliation of Nine-month Fiscal 2017 Organic Net Sales Growth

(Fiscal Year)

	Nine Months 2017					
	Organic Volume	**Organic Price/Mix**	**Organic Net Sales**	**Foreign Exchange**	**Acquisitions & Divestitures**	**Reported Net Sales Growth**
North America Retail	(9) pts	3 pts	(6) %	-	(2) pts	(8) %
Convenience Stores & Foodservice	-	(4) pts	(4) %	-	-	(4) %
Europe & Australia	(3) pts	1 pt	(2) %	(5) pts	-	(7) %
Asia & Latin America	(4) pts	5 pts	1 %	(1) pt	(1) pt	(1) %
Total	(7) pts	2 pt	(5) %	(1) pt	(1) pt	(7) %

Reconciliation of Nine-month Fiscal 2017 Total Segment Operating Profit

(Fiscal Years, $ in Millions)

	Nine Months		
	2017	**2016**	**% Change**
North America Retail	**$1,795.9**	$1,886.0	(5)%
Convenience Stores & Foodservice	**295.4**	273.2	8
Europe & Australia	**127.2**	143.9	(12)
Asia & Latin America	**61.3**	42.2	45
Total Segment Operating Profit	**$2,279.8**	$2,345.3	(3)%
Unallocated Corporate Items	**143.6**	232.3	(38)
Divestitures loss (gain)	**13.5**	(200.6)	(107)
Restructuring, impairment, and other exit costs	**165.5**	138.3	20
Operating Profit	**$1,957.2**	$2,175.3	(10)%

Reconciliation of Nine-month Fiscal 2017 Adjusted Diluted EPS and Related Constant-currency Growth Rate

(Fiscal Years)

	Nine Months		
Per Share Data	**2017**	**2016**	**Change**
Diluted earnings per share, as reported	**$ 2.08**	$ 2.15	(3) %
Mark-to-market effects*	**(0.02)**	(0.01)	
Divestitures loss (gain)*	**0.01**	(0.14)	
Restructuring charges*	**0.24**	0.22	
Project-related costs *	**0.04**	0.04	
Diluted earnings per share, excluding certain items affecting comparability	**$ 2.35**	$ 2.26	4 %
Foreign currency exchange impact			Flat
Diluted earnings per share growth, excluding certain items affecting comparability, on a constant-currency basis			4 %

*See reconciliation of Tax Rate excluding items for tax impact of individual items.

Reconciliation of Third Quarter Fiscal 2017 Canada Operating Unit Constant-currency Net Sales Growth

(Fiscal Year)

	2017		
	Percentage Change in Canada Net Sales as Reported	Impact of Foreign Currency Exchange	Percentage Change in Canada Net Sales on a Constant-currency Basis
Q3	4 %	5 pts	(1) %

Reconciliation of Nine-month Fiscal 2017 Tax Rate Excluding Items

(Fiscal Years, $ in Millions)

	Nine Months			
	2017		2016	
	Pretax Earnings*	Income Taxes	Pretax Earnings*	Income Taxes
As reported	**$1,731.4**	**$511.0**	$1,949.0	$667.7
Mark-to-market effects	**(20.7)**	**(7.7)**	(3.1)	(1.1)
Restructuring charges	**208.3**	**66.7**	199.2	62.0
Project-related costs	**36.4**	**13.1**	39.4	14.6
Divestitures loss (gain)	**13.5**	**4.3**	(200.6)	(111.0)
As adjusted	**$1,968.9**	**$587.4**	$1,983.9	$632.2
Effective tax rate:				
As reported		**29.5%**		34.3%
As adjusted		**29.8%**		31.9%
Sum of adjustments to income taxes		**$76.4**		$(35.5)
Average number of common shares - diluted EPS		**601.1**		612.2
Impact of income tax adjustments on diluted EPS excluding certain items affecting comparability		**$0.13**		$(0.06)

*Earnings before income taxes and after-tax earnings from joint ventures.

Reconciliation of First Quarter Fiscal 2017 Organic Net Sales Growth

(Fiscal Year)

	Q1 2017					
	Organic Volume	**Organic Price/Mix**	**Organic Net Sales**	**Foreign Exchange**	**Acquisitions & Divestitures**	**Reported Net Sales Growth**
North America Retail	(6) pts	2 pts	(4) %	(1) pt	(3) pts	(8) %
Convenience Stores & Foodservice	(2) pts	(5) pts	(7) %	-	-	(7) %
Europe & Australia	(6) pts	-	(6) %	(3) pts	-	(9) %
Asia & Latin America	(4) pts	7 pts	3 %	(5) pts	(1) pt	(3) %

Reconciliation of Second Quarter Fiscal 2017 Organic Net Sales Growth

(Fiscal Year)

	Q2 2017					
	Organic Volume	**Organic Price/Mix**	**Organic Net Sales**	**Foreign Exchange**	**Acquisitions & Divestitures**	**Reported Net Sales Growth**
North America Retail	(10) pts	4 pts	(6) %	-	(3) pts	(9) %
Convenience Stores & Foodservice	-	(4) pts	(4) %	-	-	(4) %
Europe & Australia	(2) pts	(1) pt	(3) %	(4) pts	-	(7) %
Asia & Latin America	(4) pts	5 pts	1 %	-	(2) pts	(1) %