
General Mills
CAGNY 2021

A REMINDER ON FORWARD-LOOKING STATEMENTS

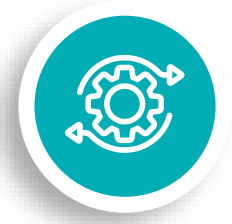
This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that are based on management's current expectations and assumptions. These forward-looking statements are subject to certain risks and uncertainties that could cause actual 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: the impact of the COVID-19 pandemic on our business, suppliers, consumers, customers, and employees; disruptions or inefficiencies in the supply chain, including any impact of the COVID-19 pandemic; 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 tax legislation, 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; effectiveness of restructuring and cost saving 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.



JEFF HARMENING

Chairman and CEO

TODAY'S KEY MESSAGES



BUILDING on our sustained momentum



EXECUTING our ***Accelerate Strategy***



BULLISH on our prospects for generating profitable growth and superior shareholder returns

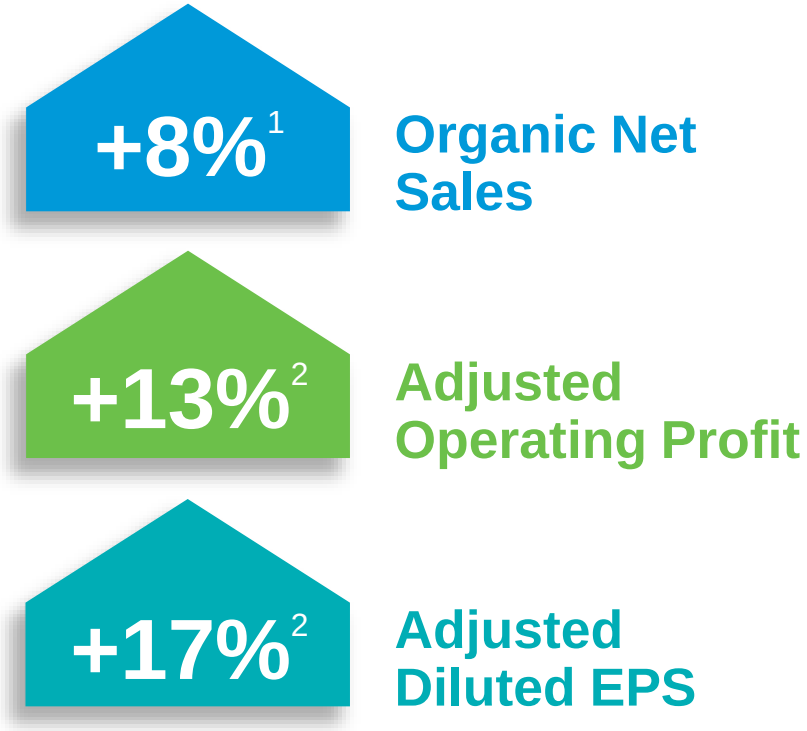
WE'VE BEEN WINNING

Building Momentum Pre-Pandemic

- Strengthened organic net sales growth
- Improved market share performance
- Continued strong results on margins and cash

Continued Strong Execution Amid Pandemic

1H F21:



[1] Non-GAAP measure. See appendix for reconciliation
[2] Constant currency growth rate. Non-GAAP measure. See appendix for reconciliation

OUR ACCELERATE STRATEGY

OUR PURPOSE

Making Food the World Loves

WHERE TO PLAY

- Core Markets
- Global Platforms
- Local Gems
- Portfolio Reshaping

HOW TO WIN

- Boldly Building Brands
- Relentlessly Innovating
- Unleashing Our Scale
- Being a Force for Good

DRIVE LONG-TERM SHAREHOLDER VALUE

- Organic Net Sales* 2-3%
- Adj. Operating Profit* +MSD[1]
- Adj. Diluted EPS* +MSD to +HSD[1]
- Maintain Capital Discipline

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

PRIORITIZING 8 CORE MARKETS

WINNING IN NORTH AMERICA AS #1 PRIORITY

Core markets make up

95%

of total F20 Net Sales



WHERE TO PLAY

HOW TO WIN

DRIVING VALUE

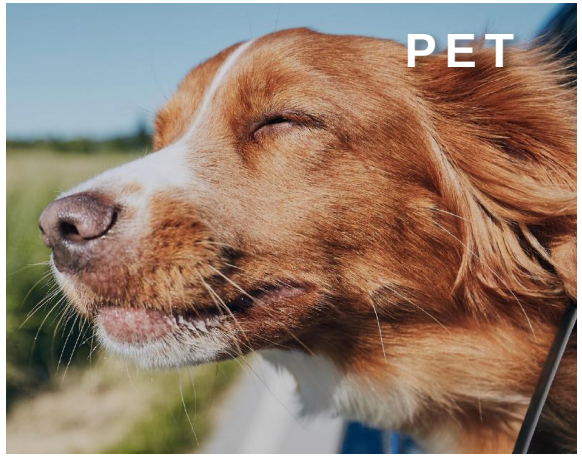


~45%
of F20 Net Sales

GLOBAL PLATFORMS

ADVANTAGED PLATFORMS WITH GLOBAL GROWTH POTENTIAL











WHERE TO PLAY

HOW TO WIN

DRIVING VALUE



~35%
of F20 Net Sales

LOCAL GEMS

ATTRACTIVE LOCAL AND REGIONAL GROWTH DRIVERS

Pillsbury

Annie's

Yoplait

Totino's

Wanchai Ferry 湾仔码头

Yoki 与喜

KITANO

PORTFOLIO RESHAPING

BUILDING ON OUR STRONG TRACK RECORD OF GROWTH-ENHANCING M&A

Accretive Acquisitions

- ✓ Growth accretive
- ✓ Bolt-on
- ✓ Present in our core markets
- ✓ Existing or new growth platforms that leverage our capabilities

Strategic Divestitures

- ✓ Targeting roughly 5% of sales
- ✓ Growth dilutive platforms with lower ROI

WHERE TO PLAY

HOW TO WIN

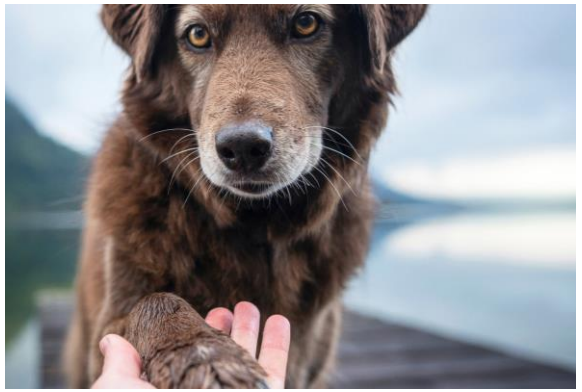
DRIVING VALUE

BOLDLY BUILDING BRANDS

MEETING CONSUMERS WHERE THEY ARE WITH PURPOSE-DRIVEN BRANDS



Cheerios





Yoplait

OLD EL Paso

NATURE VALLEY

Betty Crocker







RELENTLESSLY INNOVATING

CREATING NEW SOLUTIONS TO REAL CONSUMER PROBLEMS

Core Platform Innovation



Internal Start-Up Accelerator

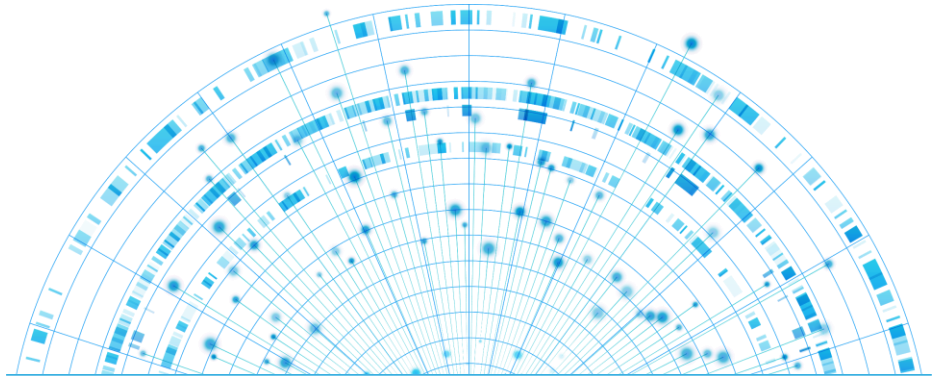
g works

301 INC Investment Arm

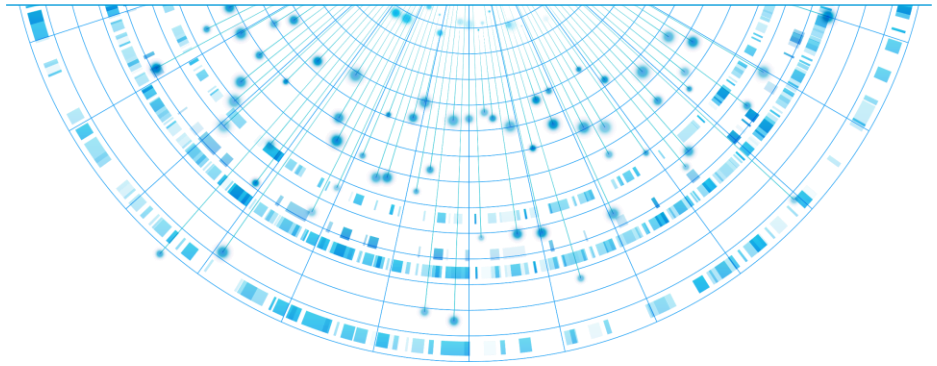
GOOD CATCH
PLANT MADE
CHEF MASTERED

POTS & CO

UNLEASHING OUR SCALE



Differentially Driving Data & Analytics



Enhancing Core Capabilities Across our Business

- Holistic Margin Management
- Strategic Revenue Management
- E-Commerce

BEING A FORCE FOR GOOD

Our Priorities

Regenerating our PLANET

Improving FOOD security

Strengthening our COMMUNITIES

Advancing inclusion among our PEOPLE

CLIMATE COMMITMENTS

By 2030:		By 2050:
Advance **regenerative agriculture** on 1MM acres	Reduce greenhouse gas emissions by **30%**	Achieve **net-zero** greenhouse gas emissions

Member of
Dow Jones Sustainability Indices
Powered by the S&P Global CSA

CDP DISCLOSURE INSIGHT ACTION A LIST 2020 CLIMATE

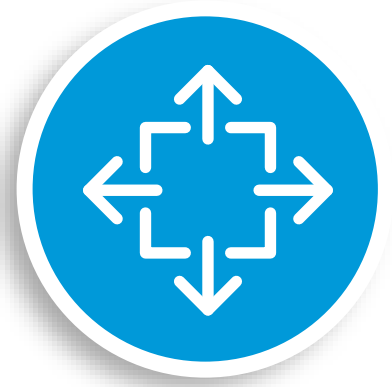
CDP DISCLOSURE INSIGHT ACTION A LIST 2020 WATER

ACCELERATE GROWTH

Goal: Drive Top-Tier Shareholder Returns



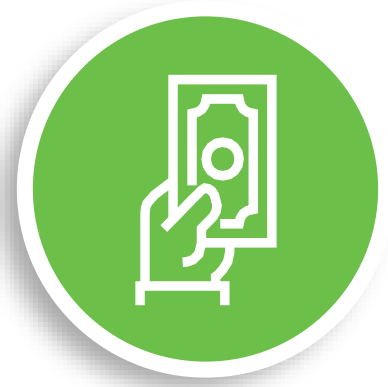
Sales Growth



Margin Expansion



Cash Conversion



Cash Returns



IVAN POLLARD

Chief Marketing Officer

OUR BELIEFS ABOUT BRAND BUILDING

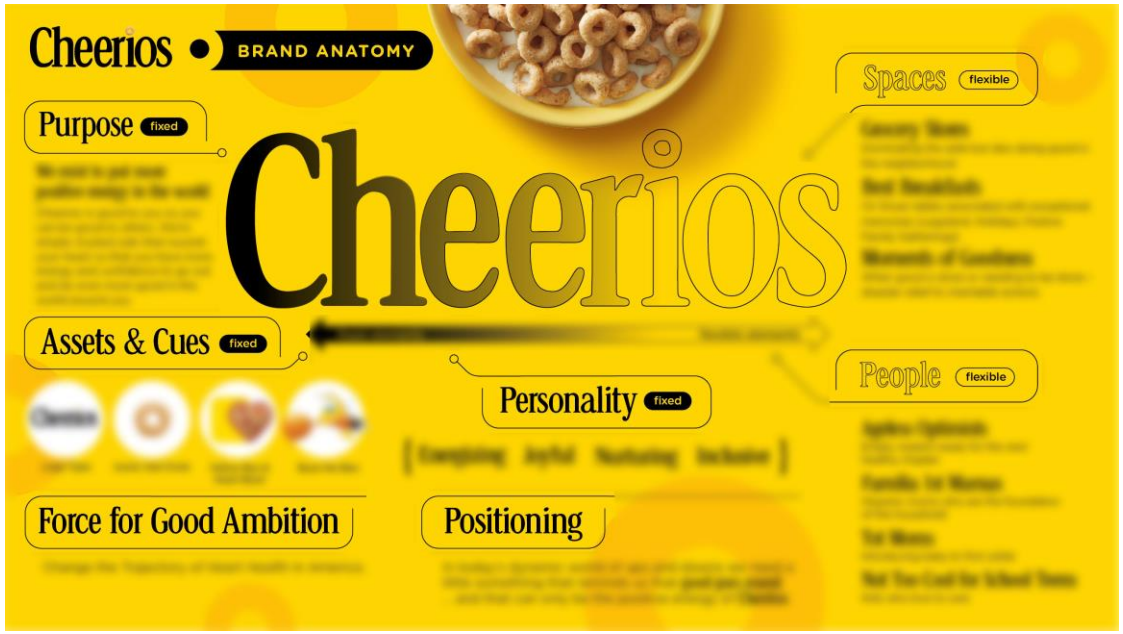
Brands
Matter

Big Ideas
Count

Execution
is Crucial

OUR PLAYBOOK FOR BOLDLY BUILDING BRANDS IS EVOLVING

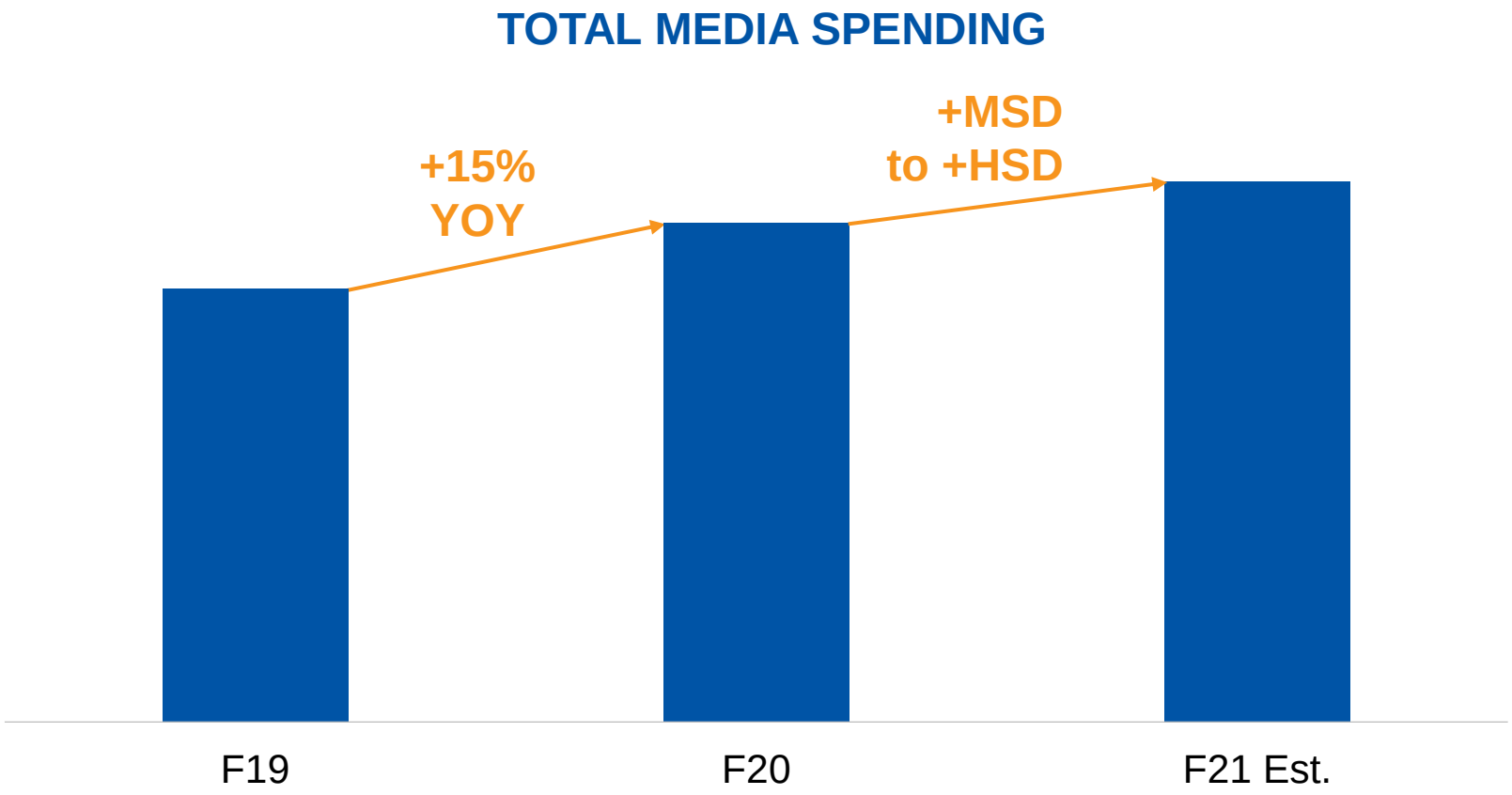
Clear Brand Anatomies, Built with Purpose



Executing with a New, Modern Playbook



THE SIZE OF OUR INVESTMENT IS INCREASING

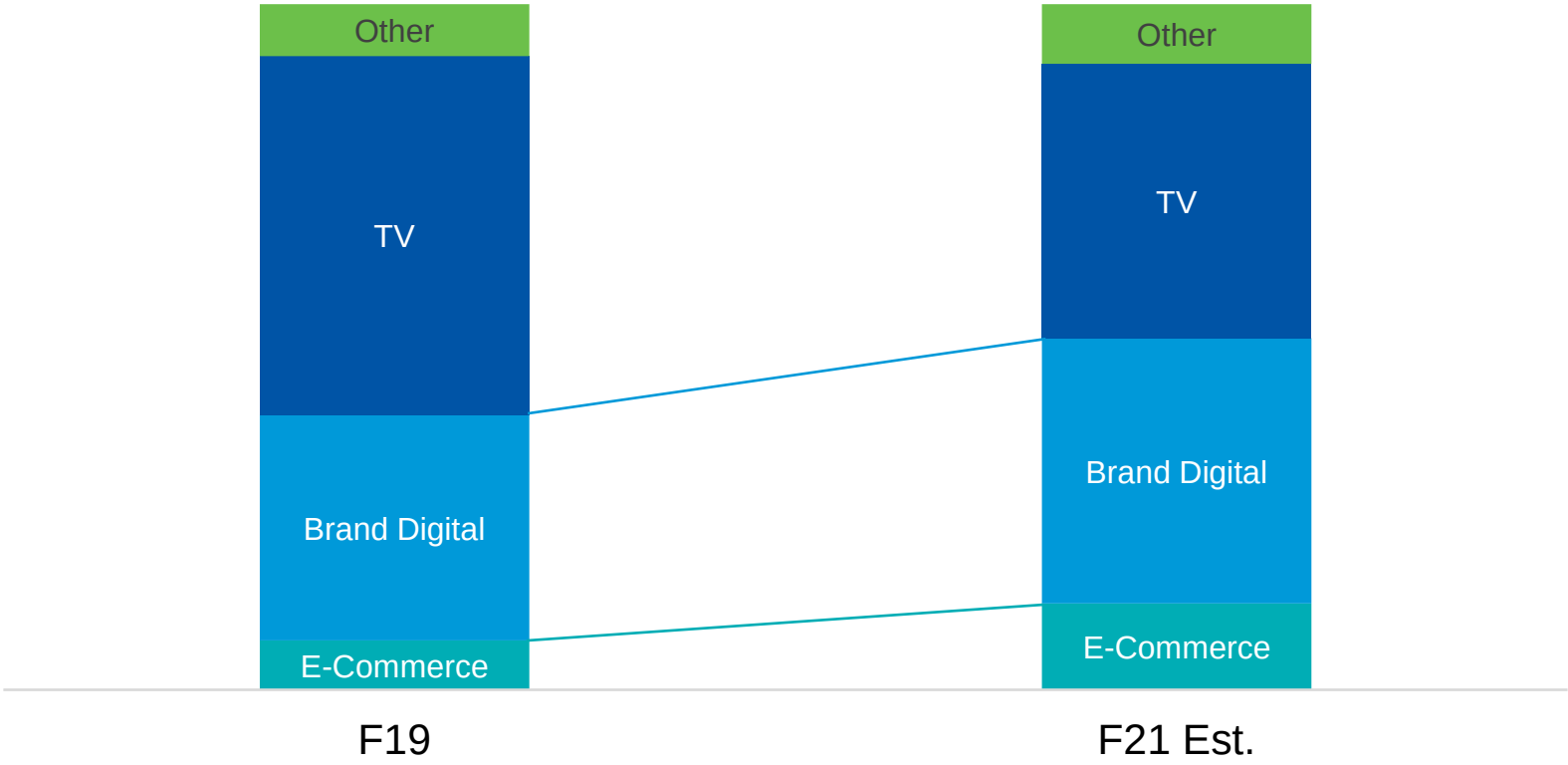


$ in Millions

THE SHAPE OF OUR INVESTMENT IS EVOLVING

FOLLOW THE CONSUMER AND USE THE BEST TOOL TO GET THE JOB DONE

MIX OF MEDIA SPENDING



Bars represent proportion of total media spend in each fiscal year

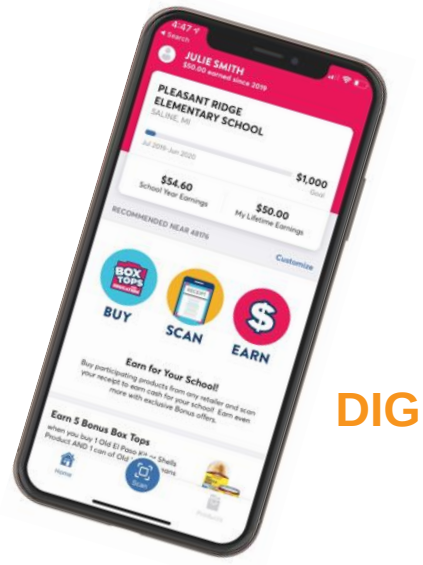
THE CREATION OF CONNECTED COMMERCE: BOX TOPS FOR EDUCATION

ACTION

Digitized Box Tops Program

PHYSICAL





DIGITAL

IMPACT

2.7MM
App Downloads

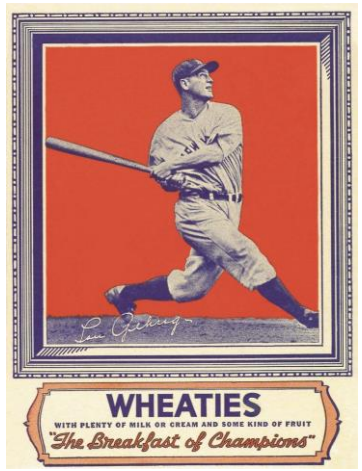
>700MM
Receipt Rows

81,000+
Schools

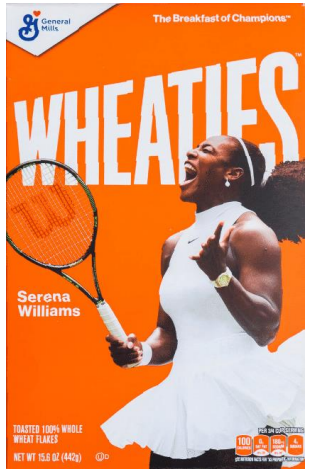
LEVERAGING CULTURAL CAPITAL FOR GOOD: WHEATIES

ACTION

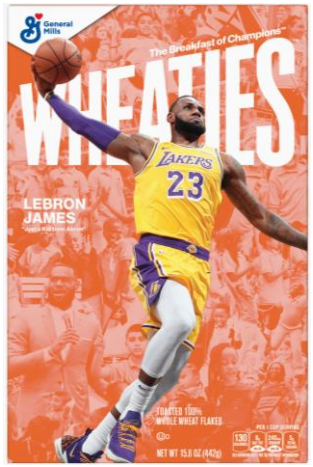
Featuring Influencers and their Causes



1934



2019



2020

IMPACT



+8%

Retail Sales Growth



#1 Consumer Goods

#6 Overall

Source: Wheaties Nielsen xAOC FYTD vs. LY through 1/2/21
Source: Newsweek December 2020

THE ELEVATION OF COMPELLING CREATIVITY: HÄAGEN-DAZS

ACTION

New Modern Campaign



IMPACT

+DD

Retail Sales Growth

+0.3 pts

Market Share Growth

Source: Häagen-Dazs Europe & Australia Nielsen/IRI June to August 2020 vs. LY



KOFI BRUCE

Chief Financial Officer

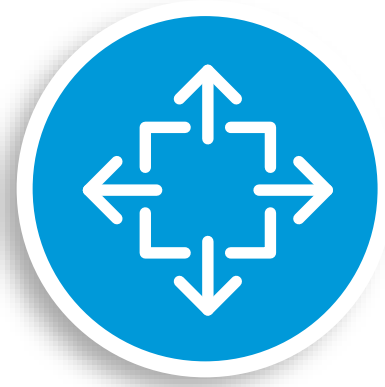
ACCELERATE GROWTH

Goal: Drive Top-Tier Shareholder Returns



Sales Growth

Organic Net Sales*
+2 to +3%



Margin Expansion

Adj. Operating Profit*
+MSD[1]



Cash Conversion

FCF Conversion*
95%+



Cash Returns

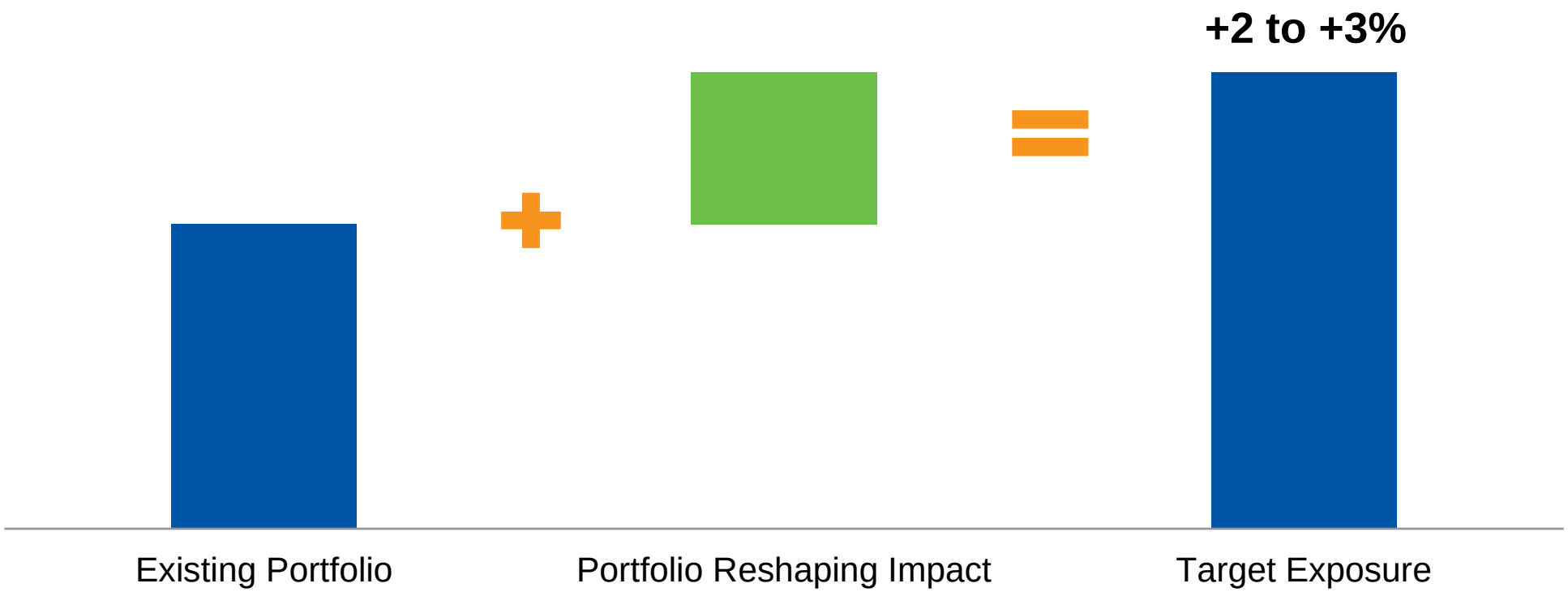
Cash Returns to Shareholders
~80-90%

Adj. Diluted EPS*
+MSD to +HSD[1]

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

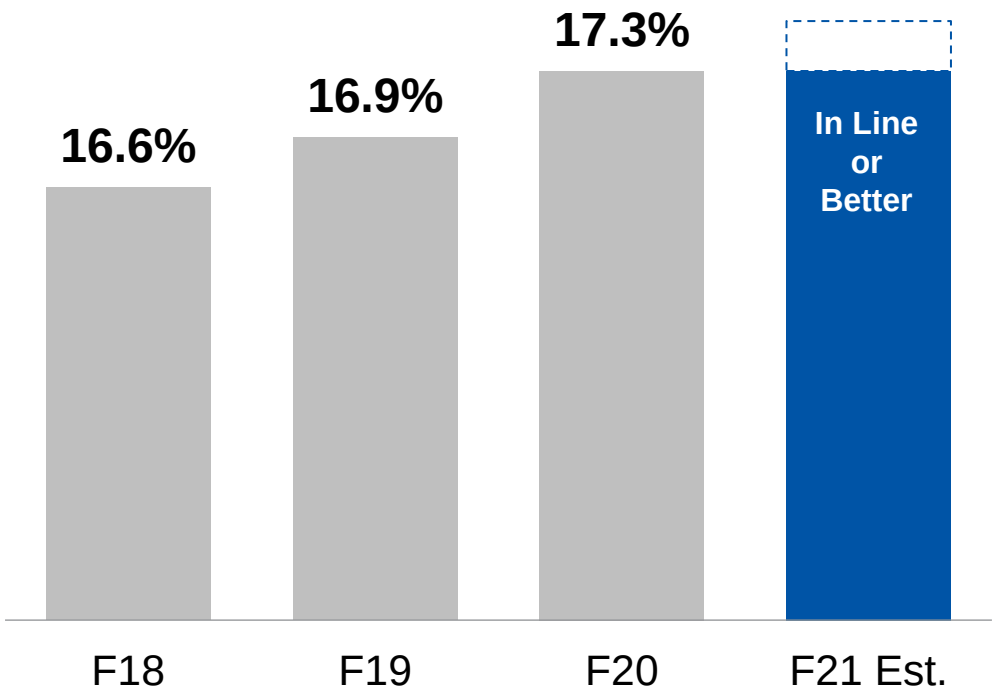
INCREASING NET SALES GROWTH EXPOSURE WITH PORTFOLIO RESHAPING

NET SALES GROWTH EXPOSURE



MARGIN EXPANSION TO SUPPORT +MSD ADJ. OPERATING PROFIT GROWTH

Adj. Op. Profit Margin* (% of Net Sales)

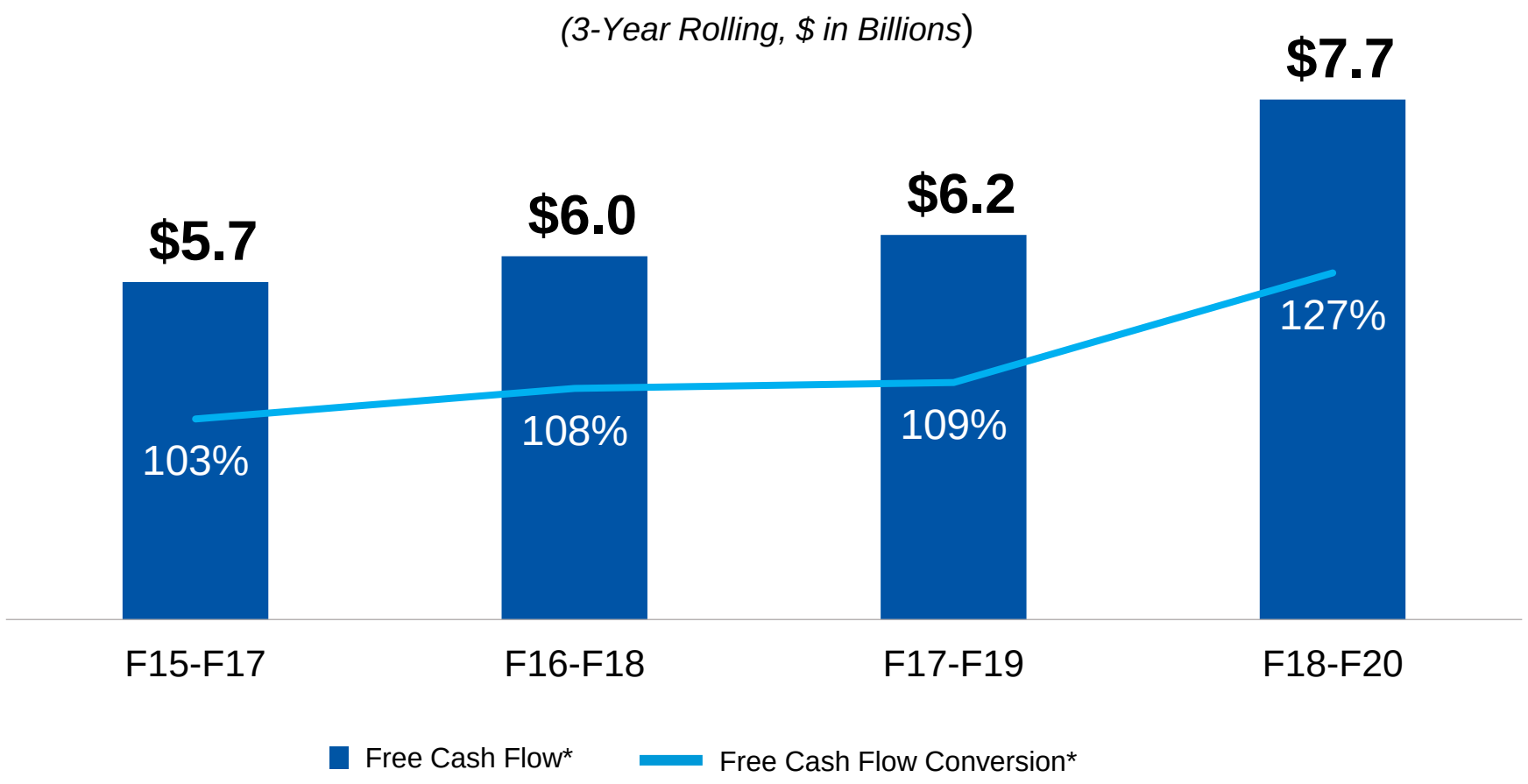


Levers to Expand Margins

- HMM
- SRM
- Data & Analytics
- Leveraging Global Scale

*Non-GAAP measure. See appendix for reconciliation

EXCELLENT CASH MANAGEMENT PROVIDES BALANCE SHEET FLEXIBILITY

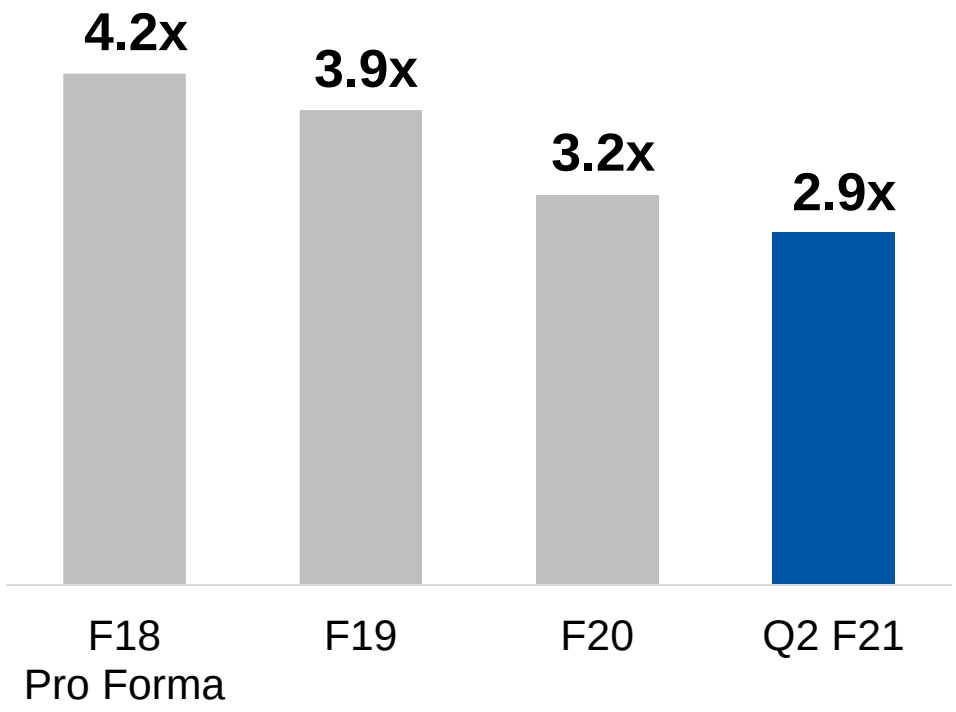


Delivering on Long-term FCF Conversion Target **≥ 95%**

*Non-GAAP measures. See appendix for reconciliation

LONG-TERM CAPITAL ALLOCATION PRIORITIES

Achieved Target Leverage* of 3.0x in F21



Enables Execution on our Long-term Priorities

- CAPEX ~4% of Net Sales
- Grow Dividends with Earnings
- Strategic M&A
- Share Repurchases

*Net Debt to Trailing 12-Month Adjusted-EBTIDA Ratio. Non-GAAP measure. See appendix for reconciliation

ACHIEVING OUR FISCAL 2021 PRIORITIES

1 Compete



Compete Effectively, Everywhere We Play

2 Fuel Investments



Drive Efficiency to **Fuel Investments** in Brands and Capabilities

3 Reduce



Reduce Debt Leverage to Increase Financial Flexibility

REAFFIRMING SECOND HALF FISCAL 2021 ASSUMPTIONS

Q3 GUIDANCE

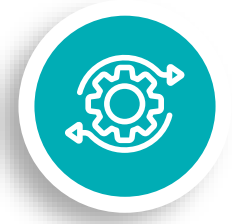
- Organic Net Sales* Growth Roughly Similar to F21 Q2
- Adj. Operating Profit Margin* In Line with Last Year

FULL-YEAR OUTLOOK

- Full-Year Adj. Operating Profit Margin In Line or Better than F20

*Non-GAAP measures

TODAY'S KEY MESSAGES



BUILDING on our sustained momentum



EXECUTING our ***Accelerate Strategy***



BULLISH on our prospects for generating profitable growth and superior shareholder returns

OUR ACCELERATE STRATEGY

OUR PURPOSE

Making Food the World Loves

WHERE TO PLAY

- Core Markets
- Global Platforms
- Local Gems
- Portfolio Reshaping

HOW TO WIN

- Boldly Building Brands
- Relentlessly Innovating
- Unleashing Our Scale
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DRIVE LONG-TERM SHAREHOLDER VALUE

- Organic Net Sales* 2-3%
- Adj. Operating Profit* +MSD[1]
- Adj. Diluted EPS* +MSD to +HSD[1]
- Maintain Capital Discipline

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


General Mills
CAGNY 2021

A REMINDER ON NON-GAAP GUIDANCE

Our outlook for organic net sales growth 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, acquisitions, divestitures, and a 53rd week, when applicable. We are not able to reconcile these forward-looking non-GAAP financial measures to their most directly comparable forward-looking GAAP financial measure 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 or the timing of acquisitions and divestitures throughout fiscal 2021. The unavailable information could have a significant impact on our fiscal 2021 GAAP financial results.

RECONCILIATION OF FISCAL 2021 ORGANIC NET SALES GROWTH

(FISCAL YEAR)

	Organic Volume	Organic Price/Mix	Organic Net Sales	Foreign Exchange	Acquisitions & Divestitures	Reported Net Sales Growth
F21 Q2	4 pts	3 pts	7%	-	-	7%
F21 1H	6 pts	3 pts	8%	-	-	8%

*Table may not foot due to rounding

RECONCILIATION OF FIRST HALF FISCAL 2021 ADJUSTED OPERATING PROFIT CONSTANT-CURRENCY GROWTH RATE

(FISCAL YEARS, $ IN MILLIONS)

	1H		
	2021	2020	Change
Operating profit as reported	**$ 1,770.3**	$ 1,473.6	20 %
Mark-to-market effects	**(62.3)**	(7.6)	
Investment activity, net	**(19.0)**	3.7	
Product recall	**7.1**	-	
Restructuring charges	**1.9**	24.8	
Project-related costs	**-**	0.7	
Adjusted operating profit	**$ 1,698.0**	$ 1,495.2	14 %
Foreign currency exchange impact			1 pt
Adjusted operating profit growth, on a constant-currency basis			13 %

*Table may not foot due to rounding

RECONCILIATION OF FIRST HALF FISCAL 2021 ADJUSTED DILUTED EPS AND RELATED CONSTANT-CURRENCY GROWTH RATES

(FISCAL YEARS)

	1H		
Per Share Data	**2021**	2020	Change
Diluted earnings per share, as reported	**$ 2.14**	$ 1.80	19 %
Mark-to-market effects**	**(0.08)**	(0.01)	
Investment activity, net**	**(0.02)**	-	
Product recall**	**0.01**	-	
Restructuring charges**	**-**	0.03	
Tax item	**-**	(0.09)	
Adjusted diluted earnings per share	**$ 2.06**	$ 1.74	18 %
Foreign currency exchange impact			1 pt
Adjusted diluted earnings per share growth, on a constant-currency basis			17 %

*Table may not foot due to rounding

**See reconciliation of tax rate excluding items for tax impact of individual items

RECONCILIATION OF FIRST HALF FISCAL 2021 INCOME TAXES ON ADJUSTING ITEMS

(FISCAL YEARS, $ IN MILLIONS EXCEPT PER SHARE DATA)

	1H			
	2021		2020	
	Pretax Earnings**	**Income Taxes**	Pretax Earnings**	Income Taxes
As reported	**$ 1,624.8**	**$ 360.2**	$ 1,295.9	$ 222.7
Mark-to-market effects	**(62.3)**	**(14.3)**	(7.6)	(1.7)
Investment activity, net	**(19.0)**	**(4.4)**	3.7	4.4
Product recall	**7.1**	**0.8**	-	-
Restructuring charges	**1.9**	**0.5**	24.8	4.3
Project-related costs	**-**	**-**	0.7	0.1
Tax item	**-**	**-**	-	53.1
As adjusted	**$ 1,552.4**	**$ 342.8**	$ 1,317.5	$ 282.8
Effective tax rate:				
As reported		**22.2%**		17.2%
As adjusted		**22.1%**		21.5%
Sum of adjustment to income taxes		**$ (17.4)**		$ 60.2
Average number of common shares - diluted EPS		**619.7**		611.8
Impact of income tax adjustments on adjusted diluted EPS		**$ (0.03)**		$ 0.10

*Table may not foot due to rounding

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

RECONCILIATION OF ADJUSTED OPERATING PROFIT MARGIN

(FISCAL YEARS)

	Percent of Net Sales			
	2020 Full-year	2020 Q3	2019 Full-year	2018 Full-year
Operating profit margin as reported	**16.8 %**	15.6 %	14.9 %	15.4 %
Restructuring charges	**0.3**	0.3	0.5	0.5
Mark-to-market effects	**0.1**	0.2	0.2	(0.2)
Product recall	**0.1**	-	-	-
Asset impairments	**-**	-	1.2	0.6
Divestitures loss	**-**	-	0.2	-
Acquisition transaction and integration costs	**-**	-	0.1	0.2
Investment activity, net	**-**	0.1	(0.1)	-
Legal recovery	**-**	-	(0.1)	-
Project-related costs	**-**	-	-	0.1
Adjusted operating profit margin	**17.3 %**	16.1 %	16.9 %	16.6 %

*Table may not foot due to rounding

RECONCILIATION OF FREE CASH FLOW AND FREE CASH FLOW CONVERSION

(FISCAL YEARS, $ IN MILLIONS)

	Full-year					
	2020	2019	2018	2017	2016	2015
Net earnings, including earnings attributable to redeemable and noncontrolling interests	**$2,211**	$1,786	$2,163	$1,701	$1,737	$1,259
Restructuring charges**	**39**	63	61	154	161	218
Mark-to-market effects**	**19**	28	(22)	(9)	(40)	56
Product recall**	**17**	-	-	-	-	-
CPW restructuring costs	**5**	11	2	-	-	-
Investment activity**	**3**	(18)	-	-	-	-
Project-related costs**	**1**	1	8	28	37	8
Tax items	**(53)**	(73)	41	-	-	79
Asset impairments**	**-**	160	65	-	-	177
Acquisition transaction and integration costs**	**-**	20	58	-	-	10
Divestitures loss (gain)**	**-**	16	-	9	(66)	-
Hyperinflationary accounting**	**-**	3	-	-	-	-
Net tax benefit	**-**	(7)	(523)	-	-	-
Legal recovery**	**-**	(11)	-	-	-	-
Venezuela currency devaluation**	**-**	-	-	-	-	8
Adjusted net earnings, including earnings attributable to redeemable and noncontrolling interests	**$2,242**	$1,980	$1,853	$1,884	$1,829	$1,815
Net cash provided by operating activities, as reported	**$3,676**	$2,807	$2,841	$2,415	$2,764	$2,648
Purchases of land, buildings, and equipment	**($461)**	($538)	($623)	($684)	($729)	($712)
Free cash flow	**$3,215**	$2,269	$2,218	$1,731	$2,035	$1,936
Free cash flow, rolling 3-year	**$7,703**	$6,219	$5,984	$5,702	$5,930	$6,329
Free cash flow conversion, rolling 3-years	**127%**	109%	108%	103%	108%	115%

*Table may not foot due to rounding **All adjustments are Net of Income Taxes. See reconciliation of Income Taxes on Adjusting Items

RECONCILIATION OF NET DEBT-TO-ADJUSTED EBITDA RATIO

(FISCAL YEARS, $ IN MILLIONS)	Trailing 12 Months Ending 2021 Q2	2020 Full-year	2019 Full-year	2018** Full-year
Net earnings, including earnings attributable to redeemable and noncontrolling interests, as reported	$ 2,433.1	$ 2,210.8	$ 1,786.2	$ 2,284.4
Income taxes	618.0	480.5	367.8	104.3
Interest, net	440.2	466.5	521.8	527.8
Depreciation and amortization	582.1	594.7	620.1	642.6
EBITDA	$ 4,073.4	$ 3,752.5	$ 3,295.9	$ 3,559.1
After-tax earnings from joint ventures	(122.1)	(91.1)	(72.0)	(84.7)
Mark-to-market effects	(30.0)	24.7	36.0	(32.1)
Investment activity, net	(14.3)	8.4	(22.8)	-
Project-related costs	0.8	1.5	1.3	11.3
Product recall	26.4	19.3	-	-
Restructuring charges	27.3	50.2	77.6	82.7
Asset impairments	-	-	207.4	96.9
Divestitures loss	-	-	30.0	-
Acquisition integration costs	-	-	25.6	-
Hyperinflationary accounting	-	-	3.2	-
Legal recovery	-	-	(16.2)	-
Adjusted EBITDA	$ 3,961.5	$ 3,765.6	$ 3,566.0	$ 3,633.2
Total debt	$ 13,964.4	$ 13,539.5	$ 14,490.0	$ 15,818.6
Cash	2,582.8	1,677.8	450.0	399.0
Net debt	$ 11,381.7	$ 11,861.7	$ 14,040.0	$ 15,419.6
Net debt-to-adjusted EBITDA ratio	2.9	3.2	3.9	4.2

*Table may not foot due to rounding **On a pro-forma basis

RECONCILIATION OF INCOME TAXES ON ADJUSTING ITEMS

(FISCAL YEARS, $ IN MILLIONS)

	Full-year											
	2020		2019		2018		2017		2016		2015	
	Pretax Earnings**	**Income Taxes**	Pretax Earnings**	Income Taxes	Pretax Earnings**	Income Taxes	Pretax Earnings**	Income Taxes	Pretax Earnings**	Income Taxes	Pretax Earnings**	Income Taxes
As reported	**$2,600**	**$481**	$2,082	$368	$2,136	$57	$2,271	$655	$2,404	$755	$1,762	$587
Tax items	**-**	**53**	-	73	-	(41)	-	-	-	-	-	(79)
Restructuring charges	**50**	**11**	78	15	83	21	224	70	230	69	344	126
Mark-to-market effects	**25**	**6**	36	8	(32)	(10)	(14)	(5)	(63)	(23)	90	33
Product recall	**19**	**2**										
Investment activity, net	**8**	**5**	(23)	(5)	-	-	-	-	-	-	-	-
Project-related costs	**2**	**0**	1	-	11	3	44	16	58	21	13	5
Asset impairments	**-**	**-**	207	48	97	32	-	-	-	-	260	83
Divestitures loss (gain)	**-**	**-**	30	14	-	-	14	4	(148)	(82)	-	-
Acquisition transaction and integration costs	**-**	**-**	26	6	84	25	-	-	-	-	16	6
Hyperinflationary accounting	**-**	**-**	3	-	-	-	-	-	-	-	-	-
Legal recovery	**-**	**-**	(16)	(5)	-	-	-	-	-	-	-	-
Net tax benefit	**-**	**-**	-	7	-	523	-	-	-	-	-	-
Venezuela currency devaluation	**-**	**-**	-	-	-	-	-	-	-	-	8	-
As adjusted	**$2,704**	**$559**	$2,424	$528	$2,378	$612	$2,539	$740	$2,480	$740	$2,492	$761

*Table may not foot due to rounding **Earnings before income taxes and after-tax earnings from joint ventures

