



Fiscal 2018  
Fourth Quarter and Full-year Results  
June 27, 2018



# 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, including our acquisition of Blue Buffalo and issues in the integration of Blue Buffalo and retention of key management and employees; unfavorable reaction to our acquisition of Blue Buffalo by customers, competitors, suppliers, and employees; 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; disruptions or inefficiencies in the supply chain; 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 Chief Executive Officer





# Today's Key Messages

- ✓ **Strong Finish in F18 Q4**
- ✓ **Progress on Our Global Growth Priorities in F18;  
More Work to Do on Bottom Line**
- ✓ **F19 Targets:**
  - Investing to Accelerate Growth
  - Maintaining Focus on Efficiency and Cash Generation



# Fiscal 2018 Q4 Financial Performance

| Total General Mills             | % vs LY          |
|---------------------------------|------------------|
| Organic Net Sales*              | +1%              |
| Total Segment Operating Profit* | +7% <sup>1</sup> |
| Adjusted Diluted EPS*           | +7% <sup>1</sup> |

- ✓ 3rd Consecutive Quarter of Organic Net Sales Growth
- ✓ Positive Price/Mix and “Accelerate” Platforms Drove Net Sales Performance
- ✓ Adjusted Operating Profit Margin +170bps vs LY\*
- ✓ Adjusted Diluted EPS Growth Includes 7-point Headwind from Blue Buffalo Financing

\*Non-GAAP measures. See appendix for reconciliation.

(1) Constant-currency growth rate



# Fiscal 2018 Annual Financial Performance

| Total General Mills             | % vs LY           |
|---------------------------------|-------------------|
| Organic Net Sales*              | Flat              |
| Total Segment Operating Profit* | -6% <sup>1</sup>  |
| Adjusted Diluted EPS*           | Flat <sup>1</sup> |
| Free Cash Flow*                 | +28%              |

- ✓ Organic Net Sales Growth Represents 400bps Improvement Over F17 Growth Rate
- ✓ Higher Supply Chain Costs and Increased Merchandising Drove Total SOP Decline
- ✓ Adjusted Operating Profit Margin -90bps vs LY\*
- ✓ Adjusted Diluted EPS Growth Includes 2-point Headwind from Blue Buffalo Financing

\*Non-GAAP measures. See appendix for reconciliation.

(1) Constant-currency growth rate



# Our Global Growth Priorities

1

## **COMPETE**

Effectively Across All Brands and All Geographies

2

## **ACCELERATE**

Our Differential Growth Platforms

3

## **RESHAPE**

the Portfolio for Growth





# Competed More Effectively in F18

## GREW CEREAL GLOBALLY



## IMPROVED U.S. YOGURT THROUGH INNOVATION



## STRENGTHENED REGIONAL BUSINESSES



## ACCELERATED E-COMMERCE GROWTH



Source: Nielsen and Internal Estimates



# Positioned Accelerate Platforms for F19 Success

(F18 Retail Sales vs LY)

## HÄAGEN-DAZS



## SNACK BARS



## OLD EL PASO



## NATURAL & ORGANIC





# Reshaped Portfolio in F18 with Blue Buffalo

- ✓ Acquisition Closed April 24, 2018
- ✓ Continued Business Momentum
  - Jan-Apr 2018 Net Sales +DD
- ✓ Confident in Ability to Deliver F19 Plans for Continued Growth





# Fiscal 2019 Priorities

## Grow The Core

Compete Effectively and  
Accelerate Growth Platforms



## Transition Blue Buffalo

Successfully Transition Blue Buffalo  
and Maintain Momentum



## Deliver Financial Commitments

Achieve Profit and  
Cash Flow Goals





# Fiscal 2019 Outlook

|                                          |                                |
|------------------------------------------|--------------------------------|
| <b>Net Sales Growth</b>                  | <b>+9 to +10%</b>              |
| <b>Adjusted Operating Profit* Growth</b> | <b>+6 to +9%<sup>1</sup></b>   |
| <b>Adjusted Diluted EPS* Growth</b>      | <b>Flat to -3%<sup>1</sup></b> |

\*Non-GAAP measure.

(1) Constant-currency growth rate.

# Don Mulligan

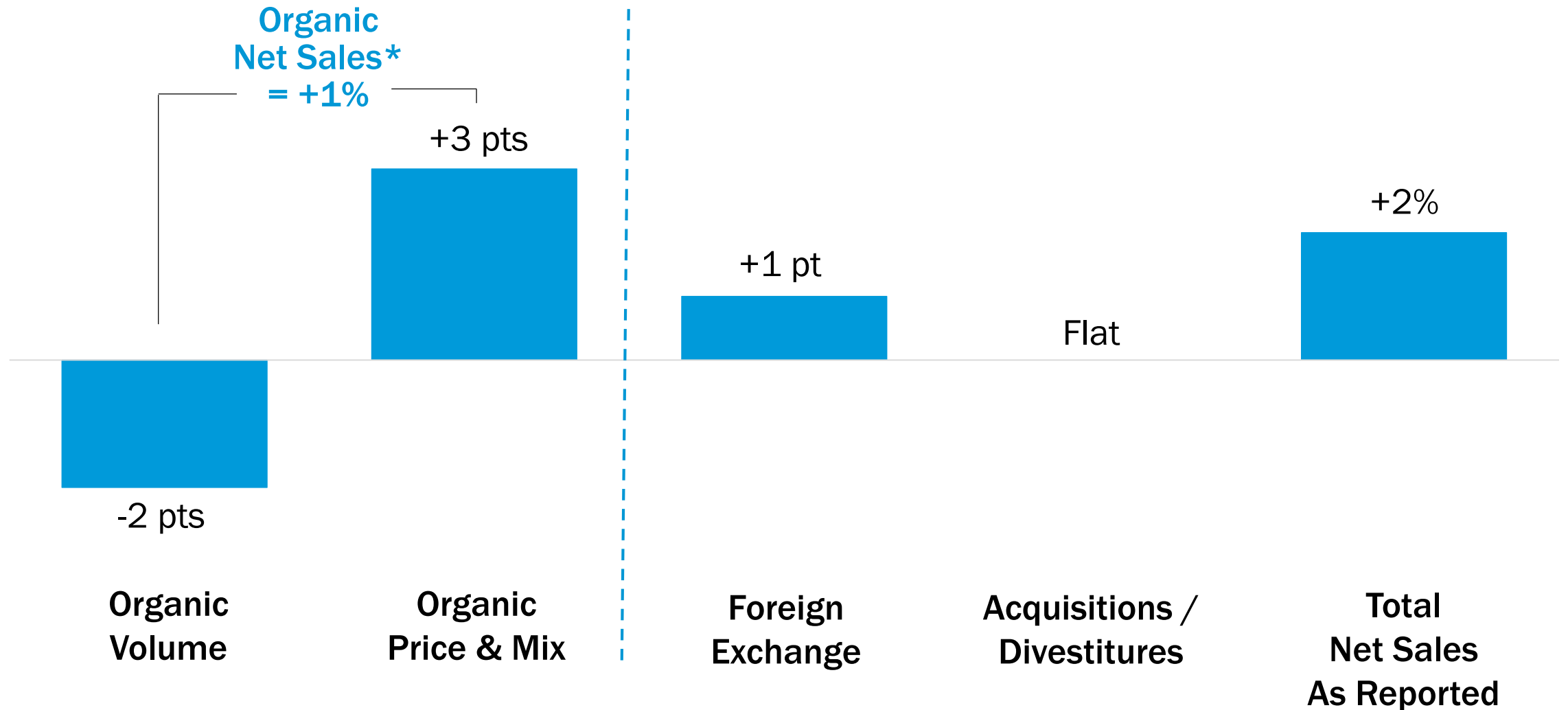
EVP, Chief Financial Officer





# Fourth Quarter Fiscal 2018

## Components of Net Sales Growth



\*Non-GAAP measure.



# Fiscal 2018

## North America Retail

### SEGMENT GROWTH

Q4

F18

|                                                | <u>Q4</u> | <u>F18</u> |
|------------------------------------------------|-----------|------------|
| Organic Net Sales*                             | -1%       | -1%        |
| Constant-currency<br>Segment Operating Profit* | +7%       | -4%        |

#### Highlights:

- Solid fundamentals drove broad-based improvement in sales trends (+400bps vs LY)
- U.S. Yogurt drove F18 sales declines, though improved each quarter
- Q4 profit growth due to price/mix, increased cost savings, lower SG&A
- Full-year profit impacted by higher supply chain costs and increased merchandising

### NET SALES GROWTH BY OPERATING UNIT

Q4

F18

|                     |      |      |
|---------------------|------|------|
| U.S. Snacks         | +2%  | 2%   |
| U.S. Cereal         | +2   | Flat |
| Canada              | Flat | +3   |
| Constant-currency*  | -5   | -1   |
| U.S. Meals & Baking | -2   | Flat |
| U.S. Yogurt         | -5   | -12  |
| Total NAR           | Flat | -1%  |



\*Non-GAAP measure. See appendix for reconciliation



# Fiscal 2018

## Convenience Stores & Foodservice

| SEGMENT GROWTH           | <u>Q4</u> | <u>F18</u> |
|--------------------------|-----------|------------|
| Organic Net Sales*       | +5%       | +3%        |
| Segment Operating Profit | +11%      | -2%        |

### Highlights:

- Frozen Meals, Cereal, and Snacks drove Focus 6 growth
- Index pricing on flour benefited full-year sales
- Price/mix and increased cost savings drove Q4 profit growth
- Full-year profit impacted by inflation

### NET SALES GROWTH BY PLATFORM

|                   | <u>Q4</u> | <u>F18</u> |
|-------------------|-----------|------------|
| Focus 6 Platforms | +4%       | +2%        |
| Other             | +5        | +4%        |
| Total CS&F        | +5%       | +3%        |





# Fiscal 2018 Europe & Australia

## SEGMENT GROWTH

Q4

F18

|                                                |      |      |
|------------------------------------------------|------|------|
| Organic Net Sales*                             | +4%  | +2%  |
| Constant-currency<br>Segment Operating Profit* | +37% | -22% |

### Highlights:

- Organic net sales accelerated in Q4
- Snack Bars, Häagen-Dazs, OEP led growth
- Price/mix and cost savings drove Q4 profit growth
- Full-year profit impacted by significant inflation, including currency-driven inflation in the UK





# Fiscal 2018 Asia & Latin America

## SEGMENT GROWTH

Q4

F18

|                                                |      |      |
|------------------------------------------------|------|------|
| Organic Net Sales <sup>1*</sup>                | Flat | -2%  |
| Constant-currency<br>Segment Operating Profit* | -56% | -56% |

### Highlights:

- Q4 organic net sales +DD excluding reporting period difference
- Challenging full-year sales performance in Brazil; improvement in Q4
- Asia net sales accelerated over F18; Q4 led by Häagen-Dazs, Wanchai Ferry, and Snack Bars
- Profit down due to volume declines, higher input costs



<sup>1</sup> Impact of Brazil reporting period difference: +DD in Q4, +LSD in F18

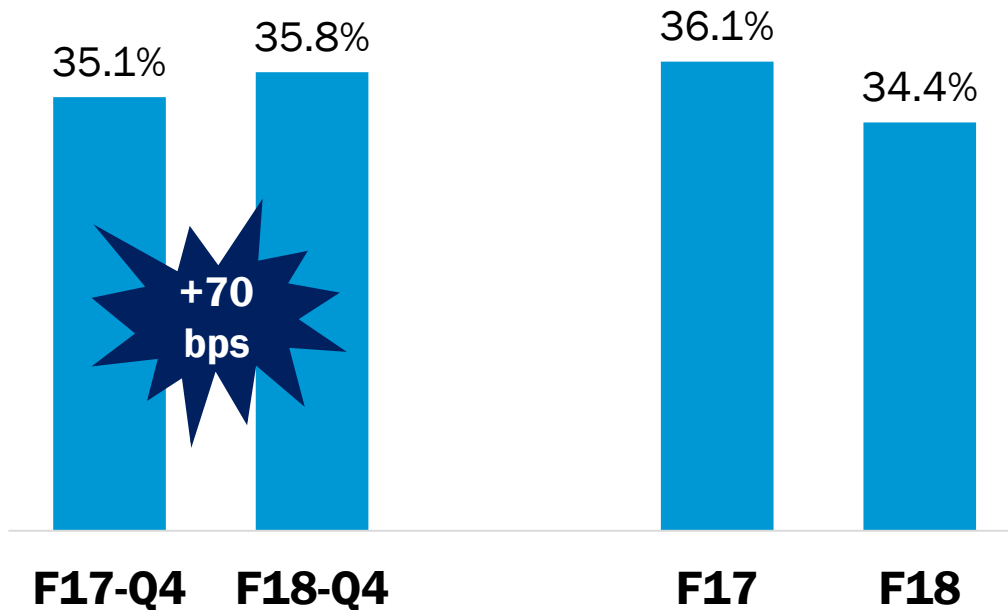
\*Non-GAAP measure. See appendix for reconciliation.



# Margin Expansion in Q4

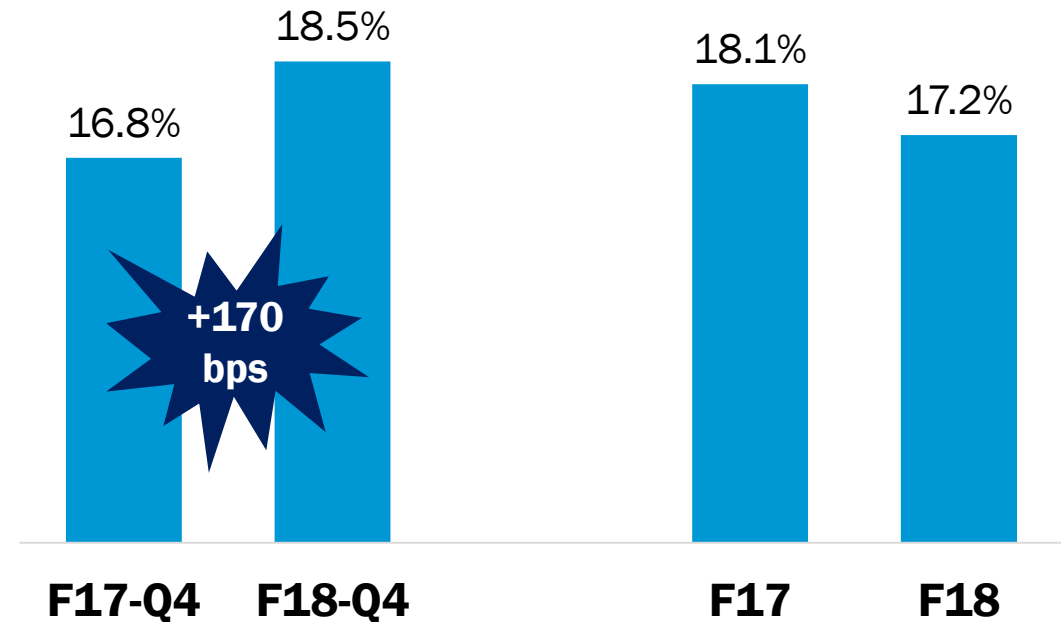
## ADJUSTED GROSS MARGIN\*

(% of Net Sales)



## ADJUSTED OP PROFIT MARGIN\*

(% of Net Sales)



- Q4 margin expansion driven by positive price/mix, increased costs savings, and lower SG&A
- Full-year margin decline due to higher inflation, other supply chain costs, and merchandising



# Full-Year Fiscal 2018 Joint Venture Results

**AFTER-TAX EARNINGS: \$85MM; -3% VS. LY IN CONSTANT CURRENCY\***



**Cereal Partners Worldwide  
Net Sales Flat\*\***



**Häagen-Dazs Japan  
Net Sales +1%\*\***

\*Non-GAAP measure. See appendix for reconciliation.

\*\*Growth rates in constant currency.



# **Fourth Quarter Fiscal 2018 Other Income Statement Items**

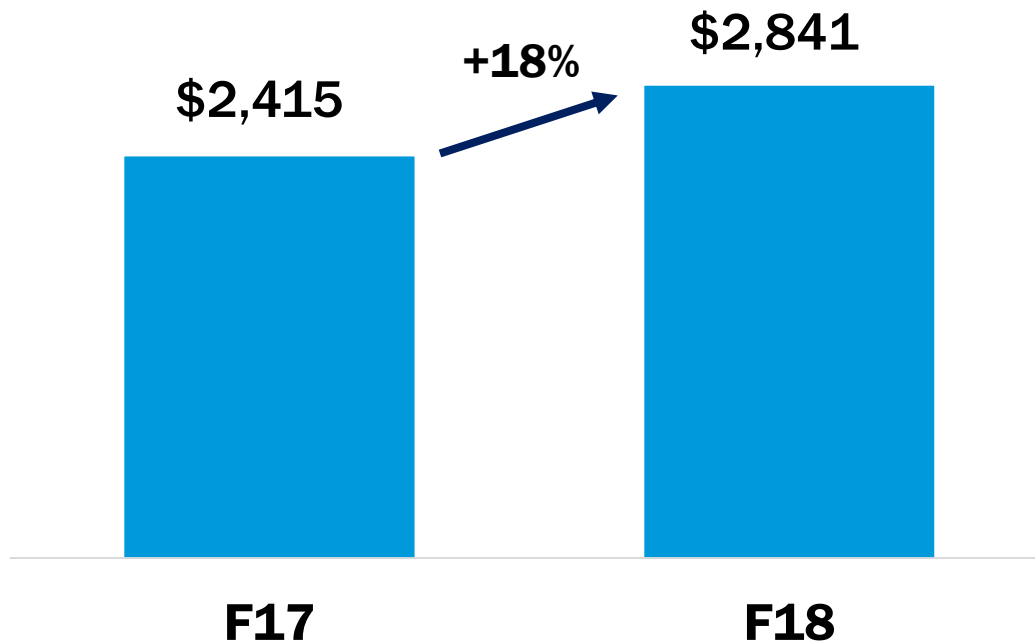
- **Restructuring and Impairment Charges of \$151MM**
- **Unallocated Corporate Expense Decreased Excluding Certain Items**
- **Net Interest Expense Increased \$68MM vs. LY Due to M&A Financing**
- **Adjusted Effective Tax Rate 26.7% vs. 26.8% LY\***
- **Average Diluted Shares Outstanding Up 1% Due to M&A Financing**



# Fiscal 2018 Balance Sheet and Cash Flow

## WORKING CAPITAL IMPROVEMENT DRIVING CASH FLOW GROWTH

### FULL-YEAR OPERATING CASH FLOW (\$ IN MILLIONS)



- Core Working Capital = \$580MM; -27% vs. LY
- Capital Investments = \$623MM (4.0% of Net Sales)
- Free Cash Flow\* = \$2.2B; +28% vs. LY
- Dividends Paid = \$1,140MM

\*Non-GAAP measure. See appendix for reconciliation.



# Fiscal 2019 Plan Assumptions

- **Input Cost Inflation = ~5% of COGS**
- **COGS HMM = \$450MM**
- **Increased Investment in Growth Accelerators and Capabilities**
- **Net Interest Expense Approximately \$550MM**
- **Adjusted Effective Tax Rate\* 23-24%**
- **Average Diluted Shares Outstanding +4%**
- **Blue Buffalo -\$0.04 Impact on F19 Adjusted Diluted EPS\***



# Fiscal 2019 Financial Outlook

| KEY FINANCIAL METRICS             | FISCAL 2019 OUTLOOK      |
|-----------------------------------|--------------------------|
| Net Sales Growth                  | +9 to +10%               |
| Organic Net Sales Growth*         | Flat to +1%              |
| Adjusted Operating Profit Growth* | +6 to +9% <sup>1</sup>   |
| Adjusted Diluted EPS Growth*      | Flat to -3% <sup>1</sup> |
| Free Cash Flow Conversion*        | >95%                     |

\*Non-GAAP measures.

(1) Constant-currency growth rate



# Today's Key Messages

- ✓ **Strong Finish in F18 Q4**
- ✓ **Progress on Our Global Growth Priorities in F18;  
More Work to Do on Bottom Line**
- ✓ **F19 Targets:**
  - Investing to Accelerate Growth
  - Maintaining Focus on Efficiency and Cash Generation



# A Reminder on Non-GAAP Guidance

Our fiscal 2019 outlook for organic net sales growth and constant-currency adjusted operating profit and adjusted diluted EPS 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, acquisition transaction and integration costs and mark-to-market effects. Our fiscal 2019 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 2019. The unavailable information could have a significant impact on our fiscal 2019 GAAP financial results.

For fiscal 2019, we currently expect: foreign currency exchange rates (based on blend of forward and forecasted rates and hedge positions), acquisitions, and divestitures to increase net sales growth by high single digits; foreign currency exchange rates to have an immaterial impact on adjusted operating profit and adjusted diluted EPS growth; and total restructuring charges and project-related costs related to actions previously announced to total approximately \$13 million.



# Reconciliation of Fourth Quarter Fiscal 2018 Organic Net Sales Growth

(FISCAL YEAR)

|                                     | Q4 2018           |                      |                      |                     |                                | Reported<br>Net Sales<br>Growth |
|-------------------------------------|-------------------|----------------------|----------------------|---------------------|--------------------------------|---------------------------------|
|                                     | Organic<br>Volume | Organic<br>Price/Mix | Organic<br>Net Sales | Foreign<br>Exchange | Acquisitions<br>& Divestitures |                                 |
| North America Retail                | (2) pts           | 1 pt                 | (1) %                | 1 pt                | -                              | Flat                            |
| Convenience Stores<br>& Foodservice | -                 | 5 pts                | 5 %                  | -                   | -                              | 5 %                             |
| Europe & Australia                  | (1) pt            | 5 pts                | 4 %                  | 10 pts              | -                              | 14 %                            |
| Asia & Latin America                | (7) pts           | 7 pts                | Flat                 | (1) pt              | -                              | (1) %                           |
| Total                               | (2) pts           | 3 pts                | 1 %                  | 1 pt                | -                              | 2 %                             |



# Reconciliation of Fourth Quarter Fiscal 2018 Total Segment Operating Profit

(FISCAL YEARS, \$ IN MILLIONS)

|                                                    | Q4             |         |          |
|----------------------------------------------------|----------------|---------|----------|
|                                                    | 2018           | 2017    | % Change |
| North America Retail                               | <b>\$543.0</b> | \$507.7 | 7 %      |
| Convenience Stores & Foodservice                   | <b>117.0</b>   | 105.8   | 11       |
| Europe & Australia                                 | <b>57.3</b>    | 37.0    | 55       |
| Asia & Latin America                               | <b>9.5</b>     | 22.3    | (57)     |
| Total Segment Operating Profit                     | <b>\$726.8</b> | \$672.8 | 8 %      |
| Unallocated Corporate Items                        | <b>14.5</b>    | 46.5    | (69)     |
| Restructuring, impairment, and<br>other exit costs | <b>151.1</b>   | 17.1    | NM       |
| Operating Profit                                   | <b>\$561.0</b> | \$609.2 | (8) %    |



# Reconciliation of Fiscal 2018 Constant-currency Total Segment Operating Profit Growth

(FISCAL YEAR)

2018

|           | <b>Percentage Change in<br/>Total Segment<br/>Operating Profit as<br/>Reported</b> | <b>Impact of<br/>Foreign Currency<br/>Exchange</b> | <b>Percentage Change in<br/>Total Segment<br/>Operating Profit on a<br/>Constant-currency Basis</b> |
|-----------|------------------------------------------------------------------------------------|----------------------------------------------------|-----------------------------------------------------------------------------------------------------|
| Q4        | 8 %                                                                                | 1 pt                                               | 7 %                                                                                                 |
| Full Year | (5) %                                                                              | 1 pt                                               | (6) %                                                                                               |

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 Fourth Quarter Fiscal 2018 Adjusted Operating Profit Margin

(FISCAL YEARS)

|                                               | Q4                |                   |
|-----------------------------------------------|-------------------|-------------------|
|                                               | 2018              | 2017              |
|                                               | % of<br>Net Sales | % of<br>Net Sales |
| Operating profit margin as reported           | <b>14.4 %</b>     | 16.0 %            |
| Mark-to-market effects                        | <b>(0.8)</b>      | 0.2               |
| Restructuring charges                         | <b>1.5</b>        | 0.4               |
| Project-related costs                         | <b>0.1</b>        | 0.2               |
| Acquisition transaction and integration costs | <b>0.8</b>        | -                 |
| Intangible asset impairments                  | <b>2.5</b>        | -                 |
| Adjusted operating profit margin              | <b>18.5 %</b>     | 16.8 %            |



# Reconciliation of Fourth Quarter Fiscal 2018 Adjusted Diluted EPS and Related Constant-currency Growth Rate

(FISCAL YEARS)

| Per Share Data                                                                                                            | Q4      |         |        |
|---------------------------------------------------------------------------------------------------------------------------|---------|---------|--------|
|                                                                                                                           | 2018    | 2017    | Change |
| Diluted earnings per share, as reported                                                                                   | \$ 0.59 | \$ 0.69 | (14) % |
| Provisional net tax benefit                                                                                               | (0.03)  | -       |        |
| Mark-to-market effects*                                                                                                   | (0.04)  | 0.01    |        |
| Acquisition transaction and integration costs*                                                                            | 0.08    | -       |        |
| Restructuring charges*                                                                                                    | 0.08    | 0.02    |        |
| Project-related costs*                                                                                                    | -       | 0.01    |        |
| Intangible asset impairments*                                                                                             | 0.11    | -       |        |
| Diluted earnings per share, excluding<br>certain items affecting<br>comparability                                         | \$ 0.79 | \$ 0.73 | 8 %    |
| Foreign currency exchange impact                                                                                          |         |         | 1 pt   |
| Diluted earnings per share growth,<br>excluding certain items affecting<br>comparability, on a constant-currency<br>basis |         |         | 7 %    |

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



# Reconciliation of Fiscal 2018 Organic Net Sales Growth

(FISCAL YEAR)

|                                     | 2018 Full Year    |                      |                      |                     |                                |                                 |
|-------------------------------------|-------------------|----------------------|----------------------|---------------------|--------------------------------|---------------------------------|
|                                     | Organic<br>Volume | Organic<br>Price/Mix | Organic<br>Net Sales | Foreign<br>Exchange | Acquisitions<br>& Divestitures | Reported<br>Net Sales<br>Growth |
| North America Retail                | Flat              | (1) pt               | (1) %                | -                   | Flat                           | (1) %                           |
| Convenience Stores<br>& Foodservice | 1 pt              | 2 pts                | 3 %                  | -                   | -                              | 3 %                             |
| Europe & Australia                  | (1) pt            | 3 pts                | 2 %                  | 7 pts               | -                              | 9 %                             |
| Asia & Latin America                | (10) pts          | 8 pts                | (2) %                | 1 pt                | -                              | (1) %                           |
| Total                               | (1) pt            | 1 pt                 | Flat                 | 1 pt                | Flat                           | 1 %                             |



# Reconciliation of Fiscal 2017 Organic Net Sales Growth

(FISCAL YEAR)

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



# Reconciliation of Fiscal 2018 Total Segment Operating Profit

(FISCAL YEARS, \$ IN MILLIONS)

|                                                    | Full Year        |           |          |
|----------------------------------------------------|------------------|-----------|----------|
|                                                    | 2018             | 2017      | % Change |
| North America Retail                               | <b>\$2,217.4</b> | \$2,303.6 | (4) %    |
| Convenience Stores & Foodservice                   | <b>392.6</b>     | 401.2     | (2)      |
| Europe & Australia                                 | <b>142.1</b>     | 164.2     | (14)     |
| Asia & Latin America                               | <b>39.6</b>      | 83.6      | (53)     |
| Total Segment Operating Profit                     | <b>\$2,791.7</b> | \$2,952.6 | (5) %    |
| Unallocated Corporate Items                        | <b>116.8</b>     | 190.1     | (39)     |
| Divestiture loss                                   | -                | 13.5      | NM       |
| Restructuring, impairment, and<br>other exit costs | <b>165.6</b>     | 182.6     | NM       |
| Operating Profit                                   | <b>\$2,509.3</b> | \$2,566.4 | (2) %    |



# Reconciliation of Fiscal 2018 Adjusted Diluted EPS and Related Constant-currency Growth Rate

(FISCAL YEARS)

| Per Share Data                                                                                                            | Full Year |         |        |
|---------------------------------------------------------------------------------------------------------------------------|-----------|---------|--------|
|                                                                                                                           | 2018      | 2017    | Change |
| Diluted earnings per share, as reported                                                                                   | \$ 3.64   | \$ 2.77 | 31 %   |
| Provisional net tax benefit                                                                                               | (0.89)    | -       |        |
| Tax items                                                                                                                 | 0.07      | -       |        |
| Mark-to-market effects*                                                                                                   | (0.04)    | (0.01)  |        |
| Divestiture loss, net*                                                                                                    | -         | 0.01    |        |
| Acquisition transaction and integration costs*                                                                            | 0.10      | -       |        |
| Restructuring charges*                                                                                                    | 0.11      | 0.26    |        |
| Project-related costs*                                                                                                    | 0.01      | 0.05    |        |
| Intangible asset impairments*                                                                                             | 0.11      | -       |        |
| Diluted earnings per share, excluding<br>certain items affecting<br>comparability                                         | \$ 3.11   | \$ 3.08 | 1 %    |
| Foreign currency exchange impact                                                                                          |           |         | 1 pt   |
| Diluted earnings per share growth,<br>excluding certain items affecting<br>comparability, on a constant-currency<br>basis |           |         | - %    |

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



# Reconciliation of Free Cash Flow and Free Cash Flow Conversion

(FISCAL YEARS, \$ IN MILLIONS)

|                                                                                                   | Full Year |           |        |
|---------------------------------------------------------------------------------------------------|-----------|-----------|--------|
|                                                                                                   | 2018      | 2017      | Change |
| Net earnings, including earnings attributable to redeemable and noncontrolling interests          | \$2,163.0 | \$1,701.1 |        |
| Provisional net tax benefit                                                                       | (523.5)   | -         |        |
| Mark-to-market effects*                                                                           | (22.1)    | (8.8)     |        |
| Acquisition transaction and integration costs*                                                    | 58.5      | -         |        |
| Restructuring costs*                                                                              | 61.4      | 153.9     |        |
| Project-related costs*                                                                            | 8.0       | 28.2      |        |
| Divestiture loss*                                                                                 | -         | 9.2       |        |
| Intangible asset impairments*                                                                     | 64.9      | -         |        |
| Tax adjustment                                                                                    | 40.9      | -         |        |
| CPW restructuring costs*                                                                          | 1.8       | -         |        |
| Adjusted net earnings, including earnings attributable to redeemable and noncontrolling interests | \$1,852.9 | \$1,883.6 |        |
| Net cash provided by operating activities, as reported                                            | \$2,841.0 | \$2,415.2 |        |
| Purchases of land, buildings, and equipment                                                       | (622.7)   | (684.4)   |        |
| Free cash flow                                                                                    | \$2,218.3 | \$1,730.8 | 28 %   |
| Free cash flow conversion                                                                         | 120 %     |           |        |

\*See reconciliation of Tax Rate excluding items for tax impact of individual items.  
Table does not foot due to rounding.



# Reconciliation of Fiscal 2018 Adjusted Operating Profit Margin

(FISCAL YEARS)

|                                               | Full Year         |                   |
|-----------------------------------------------|-------------------|-------------------|
|                                               | 2018              | 2017              |
|                                               | % of<br>Net Sales | % of<br>Net Sales |
| Operating profit margin as reported           | <b>15.9 %</b>     | 16.4 %            |
| Mark-to-market effects                        | <b>(0.2)</b>      | (0.1)             |
| Restructuring charges                         | <b>0.6</b>        | 1.4               |
| Project-related costs                         | -                 | 0.3               |
| Divestiture loss                              | -                 | 0.1               |
| Acquisition transaction and integration costs | <b>0.3</b>        | -                 |
| Intangible asset impairments                  | <b>0.6</b>        | -                 |
| Adjusted operating profit margin              | <b>17.2 %</b>     | 18.1 %            |



# Reconciliation of Fourth Quarter Fiscal 2018 Constant-currency Operating Profit Growth by Segment

(FISCAL YEAR)

|                      | Q4 2018                                                         |                                           |                                                                                  |
|----------------------|-----------------------------------------------------------------|-------------------------------------------|----------------------------------------------------------------------------------|
|                      | Percentage Change in<br>Segment Operating<br>Profit as Reported | Impact of<br>Foreign Currency<br>Exchange | Percentage Change in<br>Segment Operating Profit on<br>a Constant-currency Basis |
| North America Retail | 7 %                                                             | Flat                                      | 7 %                                                                              |
| Europe & Australia   | 55 %                                                            | 18 pts                                    | 37 %                                                                             |
| Asia & Latin America | (57) %                                                          | (1) pt                                    | (56) %                                                                           |



# Reconciliation of Fiscal 2018 Constant-currency Operating Profit Growth by Segment

(FISCAL YEAR)

|                      | 2018 Full Year                                                  |                                           |                                                                                  |
|----------------------|-----------------------------------------------------------------|-------------------------------------------|----------------------------------------------------------------------------------|
|                      | Percentage Change in<br>Segment Operating<br>Profit as Reported | Impact of<br>Foreign Currency<br>Exchange | Percentage Change in<br>Segment Operating Profit on<br>a Constant-currency Basis |
| North America Retail | (4) %                                                           | Flat                                      | (4) %                                                                            |
| Europe & Australia   | (14) %                                                          | 8 pts                                     | (22) %                                                                           |
| Asia & Latin America | (53) %                                                          | 3 pts                                     | (56) %                                                                           |



# Reconciliation of Fiscal 2018 Canada Operating Unit Constant-currency Net Sales Growth

(FISCAL YEAR)

|           | 2018                                                    |                                        |                                                                           |
|-----------|---------------------------------------------------------|----------------------------------------|---------------------------------------------------------------------------|
|           | Percentage Change in<br>Canada Net Sales<br>as Reported | Impact of Foreign<br>Currency Exchange | Percentage Change in Canada<br>Net Sales on a Constant-<br>currency Basis |
| Q4        | Flat                                                    | 5 pts                                  | (5) %                                                                     |
| Full Year | 3 %                                                     | 4 pts                                  | (1) %                                                                     |



# Reconciliation of Fourth Quarter Fiscal 2018 Adjusted Gross Margin

(FISCAL YEARS)

|                          | Q4                |                   |
|--------------------------|-------------------|-------------------|
|                          | 2018              | 2017              |
|                          | % of<br>Net Sales | % of<br>Net Sales |
| Gross margin as reported | <b>36.5 %</b>     | 34.7 %            |
| Mark-to-market effects   | <b>(0.8)</b>      | 0.2               |
| Project-related costs    | <b>0.1</b>        | 0.2               |
| Adjusted gross margin    | <b>35.8 %</b>     | 35.1 %            |



# Reconciliation of Fiscal 2018 Adjusted Gross Margin

(FISCAL YEARS)

|                          | Full Year         |                   |
|--------------------------|-------------------|-------------------|
|                          | 2018              | 2017              |
|                          | % of<br>Net Sales | % of<br>Net Sales |
| Gross margin as reported | <b>34.5 %</b>     | 35.6 %            |
| Mark-to-market effects   | <b>(0.2)</b>      | (0.1)             |
| Restructuring charges    | <b>0.1</b>        | 0.3               |
| Project-related costs    | -                 | 0.3               |
| Adjusted gross margin    | <b>34.4 %</b>     | 36.1 %            |



# Reconciliation of Fiscal 2018 Constant-currency After-tax JV Earnings

(FISCAL YEAR)

|           | 2018                                                                             |                                        |                                                                                                     |
|-----------|----------------------------------------------------------------------------------|----------------------------------------|-----------------------------------------------------------------------------------------------------|
|           | Percentage Change in<br>After-tax Earnings from<br>Joint Ventures<br>as Reported | Impact of Foreign<br>Currency Exchange | Percentage Change in After-<br>tax Earnings from Joint<br>Ventures on a Constant-<br>currency Basis |
| Full Year | Flat                                                                             | 3 pts                                  | (3) %                                                                                               |



# Reconciliation of Fourth Quarter Fiscal 2018 Tax Rate Excluding Items

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

|                                                                                                    | Q4               |              |                  |              |
|----------------------------------------------------------------------------------------------------|------------------|--------------|------------------|--------------|
|                                                                                                    | 2018             |              | 2017             |              |
|                                                                                                    | Pretax Earnings* | Income Taxes | Pretax Earnings* | Income Taxes |
| As reported                                                                                        | \$423.9          | \$86.4       | \$539.9          | \$144.2      |
| Provisional tax benefit                                                                            | -                | 19.7         | -                | -            |
| Mark-to-market effects                                                                             | (28.6)           | (8.9)        | 6.8              | 2.6          |
| Acquisition transaction and integration costs                                                      | 64.5             | 19.8         | -                | -            |
| Restructuring charges                                                                              | 55.4             | 14.7         | 15.8             | 3.5          |
| Project-related costs                                                                              | 2.9              | 0.8          | 7.5              | 2.6          |
| Intangible asset impairments                                                                       | 96.9             | 32.0         | -                | -            |
| Tax adjustment                                                                                     | -                | (0.4)        | -                | -            |
| As adjusted                                                                                        | \$615.0          | \$164.1      | \$570.0          | \$152.9      |
| Effective tax rate:                                                                                |                  |              |                  |              |
| As reported                                                                                        |                  | 20.4 %       |                  | 26.7 %       |
| As adjusted                                                                                        |                  | 26.7 %       |                  | 26.8 %       |
| Sum of adjustments to income taxes                                                                 |                  | \$77.7       |                  | \$8.7        |
| Average number of common shares - diluted EPS                                                      |                  | 593.5        |                  | 588.9        |
| Impact of income tax adjustments on diluted EPS<br>excluding certain items affecting comparability |                  | \$(0.13)     |                  | \$(0.01)     |

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



# Reconciliation of Fiscal 2018 Tax Rate Excluding Items

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

|                                                                                                    | Full Year        |              |                  |              |
|----------------------------------------------------------------------------------------------------|------------------|--------------|------------------|--------------|
|                                                                                                    | 2018             |              | 2017             |              |
|                                                                                                    | Pretax Earnings* | Income Taxes | Pretax Earnings* | Income Taxes |
| As reported                                                                                        | \$2,135.6        | \$57.3       | \$2,271.3        | \$655.2      |
| Provisional tax benefit                                                                            | -                | 523.5        | -                | -            |
| Mark-to-market effects                                                                             | (32.1)           | (10.0)       | (13.9)           | (5.1)        |
| Divestiture loss                                                                                   | -                | -            | 13.5             | 4.3          |
| Acquisition transaction and integration costs                                                      | 83.9             | 25.4         | -                | -            |
| Restructuring charges                                                                              | 82.7             | 21.4         | 224.1            | 70.2         |
| Project-related costs                                                                              | 11.3             | 3.3          | 43.9             | 15.7         |
| Intangible asset impairments                                                                       | 96.9             | 32.0         | -                | -            |
| Tax adjustment                                                                                     | -                | (40.9)       | -                | -            |
| As adjusted                                                                                        | \$2,378.3        | \$612.0      | \$2,538.9        | \$740.3      |
| Effective tax rate:                                                                                |                  |              |                  |              |
| As reported                                                                                        |                  | 2.7 %        |                  | 28.8 %       |
| As adjusted                                                                                        |                  | 25.7 %       |                  | 29.2 %       |
| Sum of adjustments to income taxes                                                                 |                  | \$554.7      |                  | \$85.1       |
| Average number of common shares - diluted EPS                                                      |                  | 585.7        |                  | 598.0        |
| Impact of income tax adjustments on diluted EPS<br>excluding certain items affecting comparability |                  | \$(0.95)     |                  | \$(0.14)     |

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