



GENERAL MILLS FISCAL 2026 Q2 EARNINGS CALL

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CORPORATE PARTICIPANTS

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Jeff Harmening, Chairman and Chief Executive Officer

Kofi Bruce, Chief Financial Officer

PRESENTATION

Jeff Siemon

Good morning! This is Jeff Siemon, Vice President of Investor Relations and Corporate Finance. Thank you for listening to General Mills' prepared remarks for our fiscal 2026 second-quarter earnings. Later this morning we will hold a separate, live question-and-answer session on today's results, which you can hear via webcast on our investor relations website. Joining me for this morning's presentation are Jeff Harmening, our Chairman and CEO, and Kofi Bruce, our CFO. Before I hand things over to them, let me first touch on a few housekeeping items.

First, on our website, you will find our press release that posted this morning, along with a copy of the presentation and a transcript of these remarks. Please note that today's remarks include forward-looking statements that are based on management's current views and assumptions. The second slide in today's presentation lists several factors that could cause our future results to be different than our current estimates.

And with that, I will turn it over to Jeff for some prepared remarks.

Jeff Harmening

Thank you, Jeff, and good morning, everyone.

Let me kick off by summarizing our key messages for today. Our primary focus this year is investing to strengthen the remarkability of our brands, because we know that delivering greater remarkability to consumers is the key to restoring organic sales growth for our business.

During Q2, our team continued to execute exceptionally well against that goal while navigating a volatile operating environment. We finalized base price adjustments across two-thirds of our North America Retail business, launched into the fresh segment of the pet food category with *Love Made Fresh*, and drove another quarter of strong market share gains in our North America Foodservice and International businesses. And we did this all while continuing to deliver world-class levels of Holistic Margin Management cost savings, transitioning two divestitures and one acquisition, advancing our Digital and AI initiatives, and expanding our enterprise Transformation efforts.

Our good progress on our remarkability agenda led to improved volume and sales trends from Q1 to Q2. And with strong second-half plans and continued confidence in our executional ability, we expect to drive further improvement over the remainder of the year. As a result, we are reaffirming our fiscal 2026 guidance today.

Our second quarter results are summarized on slide five. Organic volume was flat and organic net sales were down 1%, representing a one-point and two-point improvement, respectively, relative to our first-quarter results. Importantly, we posted organic volume growth in NAR for the first time in more than four years, and we returned our North America Pet segment to organic sales growth in the quarter.

On the bottom line, our Q2 adjusted operating profit and adjusted EPS results were both down double digits, driven primarily by our investments in remarkability, the impact of our North American yogurt divestitures, and unfavorable trade expense timing. These results were ahead of our expectations, and we expect that profit favorability to unwind in the third quarter, as Kofi will describe in more detail shortly.

We remain focused on three priorities that are critical to our success in fiscal '26.

- First, we are working to return North America Retail to volume growth by investing in remarkable experiences to strengthen pound share and household penetration for our brands.
- Second, we will accelerate our North America Pet growth, including improving our core *Blue Buffalo* business and driving new opportunities with our *Love Made Fresh* launch, our recently acquired *Tiki Cat* business, and the rollout of *Edgard & Cooper* in the U.S.
- And third, to help fund these investments, we'll drive efficiencies to reinvest in growth. This means continuing to deliver best-in-class Holistic Margin Management, or "HMM" productivity and transforming how we work to free up our teams to focus on growth.

To achieve these priorities, we'll lean on our Remarkable Experience Framework as our guide. Remarkability, at its core, is how we'll compete and win. By advancing five key pillars – product, packaging, brand communications, omnichannel execution, and value – we're positioning our brands for greater consumer affinity and long-term growth.

We are laser focused on leveraging our Remarkable Experience Framework across the enterprise to guide our brand investment decisions. Let me share a few examples of how our focus on remarkability delivered results in the second quarter.

In North America Retail, we're encouraged by the progress we've made to improve our competitiveness. As we've shared before, we're on a multi-year journey to improve the remarkability of our brands, guided by our framework. During Q2, we completed our work to improve consumer value through base price adjustments across roughly two-thirds of NAR's portfolio. This is allowing our investments in remarkable product news, innovation, brand building, and in-store events to work even harder for us.

We saw that play out with another quarter of strong competitiveness in Q2, holding or growing pound share in eight of our top 10 U.S. categories. In fact, within those top 10 categories, which is where

we've focused our base price investments, our Nielsen-measured pounds were up 1% in the quarter, representing a three-point improvement on our performance in fiscal '25. And we grew household penetration for the second consecutive quarter.

While we're encouraged by the progress we're making in improving volume, we've seen a change in consumer behavior this year that is driving an increase in the cost of volume across our categories. More specifically, with lower- and middle-income consumers continuing to feel significant economic pressure, we've seen them make a greater proportion of their food purchases on promotion rather than at everyday prices. And this has not been driven by increased frequency or depth of promotions by General Mills or our competitors – those metrics are essentially unchanged from a year ago. It's simply a reflection of stressed consumers finding ways to stretch their dollars further.

This is a phenomenon we'll watch closely as we move through the rest of this year. And it gives us even more confidence that our focus on delivering more value to consumers, along with amplifying the other elements of our remarkability framework, is the right one in the current environment.

I'm proud of the way our team has strengthened all five elements of remarkability across the biggest brands in our North America Retail portfolio this year. For example:

- On superior product, our first-half innovation and renovation news delivered the right combination of product benefits, great taste, convenience, and affordability that resonated with consumers and drove results ahead of our expectations, including strong performance from *Cheerios Protein*, *Pillsbury's "Bakes Up Bigger"* news, *Mott's* snack bars, and *Annie's Super Mac*. With early success on our lineup of bigger and better new product launches, we remain on track to deliver a 25% increase in sales from new products in fiscal '26.
- On remarkable package design, we're winning at the shelf by bringing consumers new sizes and formats to deliver the right price points or meet new occasions. For example, our *Chex Mix* tubs are proving to be highly incremental to our core bag line, and we've added a unique "car cup" format to deliver consumers value and convenience, helping drive high-single digit retail pound growth for our salty snacks in Q2. And on fruit snacks, our price-pack architecture work helped us win new distribution and deliver holiday offerings that drove high-single digit retail pound growth this quarter.
- On brand communication, we've seen a double-digit increase in media ROIs so far this year on new, social-first media campaigns on many of our largest brands such as *Cinnamon Toast Crunch*, *Progreso*, *Old El Paso*, and many more. We've leveraged digital tools to efficiently reach consumers with the right messages, and we supported these new campaigns with a double-digit increase in media investment in the first half.
- On omnichannel execution, we drove stronger brand growth through cross-portfolio, omnichannel events during key shopping seasons, leveraging the power of our portfolio of brands to spotlight our remarkable mealtime solutions.
- And as I mentioned earlier, during Q2 we brought more compelling value to consumers by adjusting base prices to address key price cliffs and gaps across roughly two-thirds of our NAR portfolio. Encouragingly, we've seen elasticities in line or ahead of our expectations across roughly 90% of those investments.

We'll look to build on this momentum with strong plans for the second half of the year. This includes a great seasonal lineup, with news and new offerings across *Pillsbury*, *Betty Crocker*, *Chex*, *Nature Valley*, and our *Toast Crunch* cereal franchise.

We're also launching a slate of remarkable innovation in North America Retail in the second half of fiscal '26 focused on the fastest-growing consumer trends in food, including better-for-you benefits like protein, bold flavors, and products that deliver familiar and fun experiences for stressed consumers.

- On protein, we're highlighting "50% more chocolate" news in our new line of *Nature Valley Creamy Protein* snack bars. We're introducing new indulgent flavors of our fast-growing *Nature Valley Protein Granola* line, which generated Nielsen-measured pound growth of nearly 20% in Q2. We're expanding availability of our *Ghost* protein cereal line. And we'll start to scale up a remarkable line of *Ghost* performance nutrition bars that deliver 20 grams of protein, only two grams of sugar, and exceptional taste.
- On bold flavors, we're launching new *Old El Paso* chimichanga and Mexican pizza offerings, we'll roll out our new *Totino's* Ultimate pizza line to national distribution, and we're expanding availability of our renovated, bolder-flavored *Chex Mix* varieties.
- On familiar and fun, we're introducing a new line of *Cheerios* granola, bringing the biggest brand in the category to the fastest-growing cereal segment, with familiar flavors that families will love. In fact, across our entire granola business, we're launching 10 new items in the second half that will help strengthen our position as the leader in the U.S. granola segment, which is growing double digits in Nielsen-measured outlets. We're also launching a new line of *Fruit Rollups* and *Fruit by the Foot* that are made without colors from artificial sources.

Stepping back, the NAR team has done fantastic work to strengthen remarkability across our portfolio, and we saw that translate into encouraging improvement in retail sales results through the first half. We have great plans to build on this momentum, continue to drive strong pound share, and improve our dollar share performance over the remainder of fiscal '26.

Shifting to North America Pet, our focus in fiscal '26 is to strengthen our core *Blue Buffalo* business while driving differential growth across our accelerators, including the successful launch of *Blue Buffalo's Love Made Fresh*. We made good progress improving our competitiveness in Q2, accelerating our all-channel retail sales growth and holding dollar share. This was led by mid-single-digit growth on cat feeding, with *Tastefuls* and *Tiki Cat* continuing to drive strong results.

Our dog feeding results were mixed, with positive retail sales acceleration on *Life Protection Formula*, and continued challenges on *Wilderness*. As we mentioned at our Investor Day, we are working all elements of our Remarkable Experience Framework to ensure we improve the total product offering on *Wilderness* to better deliver for today's pet parent needs.

And on treats, we delivered low-single-digit pound growth driven by strong promotional execution on *Nudges* and *Health Bars*.

Turning to our pet accelerators, I'm tremendously proud of the work our team has done to successfully execute the national launch of *Love Made Fresh*, *Blue Buffalo*'s new line of refrigerated fresh food for dogs. Our distribution is approaching 5,000 coolers after a little more than two months in the market, the products have received great ratings and reviews thus far, and we're seeing sales ramp up as we continue to build awareness, supported by strong levels of brand investment. We'll continue accelerating the growth of *Love Made Fresh* through the second half of fiscal '26, expanding to additional customers and introducing a third product format to further round out our offering.

On *Tiki Cat*, we've continued to drive double-digit retail sales growth so far this year, leveraging expanded distribution in pet specialty and strong performance in pure play E-commerce. And we have an exciting innovation pipeline to continue the momentum on this differentiated brand.

And on *Edgard & Cooper*, we're continuing to support the U.S. launch of this super-premium dog food brand, including recently launching a new direct-to-consumer website to further broaden the brand's availability.

Between our core *Blue Buffalo* business and our accelerators, we're confident in our plans across North America Pet, and we expect them to drive further acceleration in our organic sales growth in the second half of fiscal '26.

Turning to our North America Foodservice segment, we continued to compete exceptionally well in the second quarter with a continued focus on leading in breakfast through nutrition and expanding our frozen baked goods portfolio. We held or grew share in nearly 90% of our priority businesses in Q2, led by cereal and biscuits.

On cereal, we continued to expand our leadership in K-12 schools with great-tasting, convenient, and regulatory-compliant offerings across our leading brands. This helped us drive 8% retail sales growth on cereal in K-12 schools, resulting in one and a half points of cereal share growth in this quarter.

We're also delivering strong momentum on our category-leading *Pillsbury* biscuits within K-12 schools and commercial restaurants, contributing to more than two points of share growth in biscuits in the second quarter, further strengthening our position as the category leader.

As we look ahead, we're doubling down on our nutritional leadership in schools by bringing remarkable breakfast solutions that deliver for students and school operators. For example, we recently launched a new *Pillsbury Pancake Puff* innovation that combines easy prep with great taste, all while meeting school nutrition requirements.

Turning to our International business, we drove another quarter of strong growth, led by results on our global brands.

Häagen-Dazs continues to delight consumers with new flavor launches in Europe and renovation on core products like Cookies & Cream, helping drive low-single-digit retail sales growth in the quarter.

We're looking to build on that with a new brand campaign launching in Q3 to further elevate the brand and drive consumer engagement.

On *Old El Paso*, we've continued to see healthy category growth and plenty of competitive activity from new entrants. As the market leader, we're working to bring more remarkable product news and brand campaigns to attract new households and encourage more repeat purchases for existing *Old El Paso* consumers.

And on *Nature Valley*, we grew dollar share across our core geographies, led by France and Mexico, where our brand-building investments and expanded distribution reinforced our leading position in the snack bar category.

For our third priority, we're continuing our strong track record of driving efficiencies across our business so we can reinvest in growth. Our industry-leading Holistic Margin Management program remains on track to deliver 5% savings in cost of goods sold in fiscal '26, driven by our digital advancements particularly in logistics and manufacturing, with more opportunities ahead in sourcing. And we continue to expand the impact of our Global Transformation initiative, embracing new ways of working that match today's evolving business environment.

With strong execution in the first half of the fiscal year and plans to deliver further improvements in the year ahead, we remain on track to deliver our fiscal 2026 guidance. Now let me turn it over to Kofi to go into more detail on our second-quarter results and key assumptions for the remainder of the year.

Kofi Bruce

Thanks, Jeff. And hello everyone.

Our second-quarter financial results are summarized on slide 19. As a reminder, these results included our price and other remarkability investments, the impact of our North American yogurt divestitures, and unfavorable trade expense timing, which, as we expected, were significant sales and profit headwinds in Q2.

Reported net sales of \$4.9 billion were down 7%, including a six-point headwind from the net impact of divestitures and acquisitions. Organic net sales were down 1%.

On the bottom line, adjusted operating profit of \$848 million was down 20% in constant currency, driven by lower volume and higher input costs, partially offset by the favorable impact of price/mix on margins, including the product mix benefit from the North American yogurt divestitures. As Jeff mentioned, this profit result finished ahead of our expectations. This was driven by timing benefits in our supply chain, stronger-than-expected sales growth in International, and a modest amount of shipment timing benefit in North America Retail. We expect these items will unwind in the third quarter.

Q2 adjusted diluted earnings per share totaled \$1.10 and were down 21% in constant currency, driven primarily by lower adjusted operating profit and a higher adjusted effective tax rate, partially offset by lower net shares outstanding.

Moving to the components of total company net sales growth in the quarter, organic net sales declined 1% in the quarter, driven by unfavorable price/mix. Organic pound volume was flat in the quarter, which represented sequential improvement from Q1.

In terms of inorganic items, foreign exchange was immaterial to net sales, and the net impact of divestitures and acquisitions was a six-point headwind to net sales in Q2.

Shifting to segment results, second-quarter organic net sales for North America Retail were down 3%, driven by unfavorable price/mix, partially offset by growth in organic volume. Organic volume growth modestly outpaced Nielsen-measured retail volume growth in the quarter, driven largely by shipment timing differences.

As Jeff noted, we strengthened our retail sales performance in NAR in the second quarter, with eight of our top 10 U.S. categories holding or growing pound share. In addition, Nielsen-measured pound and dollar trends both improved by a full point from Q1 to Q2.

On the bottom line, constant-currency segment operating profit was down 21% in the quarter, driven primarily by lower volume, including the impact of the North American yogurt divestitures.

Second-quarter net sales for our North America Pet segment were up 11% including the impact of the Whitebridge acquisition, with double-digit growth in cat feeding and pet treating and a low-single-digit decline in dog feeding.

Organic net sales were up 1%, driven by favorable price/mix, partially offset by lower volume. We estimate that all-channel retail sales were up 1% in Q2, which translated into the segment holding dollar share in the quarter.

On the bottom line, second-quarter North America Pet segment operating profit was down 12% in constant currency, driven by higher input costs and higher SG&A expenses, including investments supporting the launch of *Love Made Fresh*, partially offset by favorable price/mix and higher volume.

North America Foodservice organic net sales were flat in the quarter, with growth on frozen baked goods, cereal, and frozen meals, offset by a decline in bakery flour, including a three-point headwind from index pricing.

We continued to drive improved competitiveness in NAF in Q2, with nearly 90% of our priority businesses holding or growing dollar share in the quarter, led by strong performance in healthcare, colleges and universities, and lodging channels.

On the bottom line, North America Foodservice segment operating profit was down 12% in Q2, reflecting the headwind from our North American yogurt divestitures, partially offset by growth on the remaining business.

Moving to our International segment, second-quarter organic net sales were up 4%, driven by growth in Brazil, China, India, and North Asia.

Our focus on remarkability is driving positive share performance for our global platforms and local gem brands in International markets. We held or grew dollar share in 54% of our priority businesses in Q2, led by *Häagen-Dazs* ice cream and *Nature Valley* snack bars.

Second-quarter International segment operating profit was up 30% in constant currency, driven by favorable price/mix and higher volume, partially offset by higher SG&A expenses.

Slide 25 summarizes our joint venture results. In Q2, Cereal Partners Worldwide net sales were down 1% in constant currency, driven by a decline in Latin America, partially offset by growth in Asia. Constant-currency net sales for Häagen-Dazs Japan essentially matched year-ago levels.

Second-quarter combined results from joint ventures totaled an after-tax loss of \$60 million compared to after-tax earnings of \$30 million in the same period a year ago, driven by our \$85 million pre-tax share of a non-cash goodwill impairment charge at Cereal Partners Worldwide.

Turning to margin results, our Q2 adjusted gross margin of 34.8% of net sales was down 150 basis points versus last year, driven primarily by higher input costs, partially offset by the favorable mix impact from the North American yogurt divestitures.

Our adjusted operating profit margin was down 290 basis points to 17.4% in Q2, driven by lower adjusted gross margin and higher SG&A expenses as a percent of net sales. The higher rate of SG&A expenses was due to a double-digit increase in media investment in the quarter.

Moving to other noteworthy Q2 income-statement items.

- Adjusted unallocated corporate expenses increased \$11 million in the quarter, driven primarily by a normalization of corporate incentive compensation after last year's below-average payout.
- Second-quarter net interest expense was up \$1 million.
- The adjusted effective tax rate was 23.3% compared to 20.1% a year ago, due to unfavorable earnings mix by jurisdiction in fiscal 2026 and certain nonrecurring discrete tax benefits in fiscal 2025.
- And average diluted shares outstanding in the quarter were down 4% to 537 million, reflecting our continued net share repurchase activity.

Our first-half financial results are summarized on slide 28. Reported net sales of \$9.4 billion were down 2% on an organic basis. Adjusted operating profit of \$1.6 billion was down 19% in constant currency,

while adjusted diluted earnings per share totaled \$1.96 and were down 21% on a constant currency basis.

Turning to the balance sheet and cash flow. First-half operating cash flow decreased year over year to \$1.2 billion, driven primarily by lower net earnings excluding the pre-tax gain on divestitures, partially offset by the change in after-tax joint venture earnings and the change in restructuring, transformation, impairment, and other exit costs. Capital investments in the first half totaled \$253 million. And we paid \$659 million in dividends and returned \$500 million in cash to shareholders through net share repurchases in the first half of fiscal 2026.

Before I close, let me share some of our key assumptions on the remainder of fiscal '26 that underpin our guidance. We continue to expect to deliver improved organic net sales growth in the second half, driven by the expanded impact of our remarkability investments and amplified by the trade timing benefits in the fourth quarter.

On the bottom line, we expect Q3 operating profit to be down more than we previously anticipated, driven by the unwind of Q2 outperformance drivers as well as the higher cost of volume that Jeff mentioned earlier. As we move to Q4, we expect to drive strong profit growth thanks to favorable trade timing comparisons, the benefits of the 53rd week, and the continued improvement in organic sales trends.

I'll wrap up my comments by summarizing our reaffirmed fiscal 2026 outlook that is outlined on slide 30.

- Organic net sales are expected to range between down 1% and up 1%.
- Adjusted operating profit and adjusted diluted earnings per share are expected to be down 10% to 15% on a constant currency basis.
- And we expect free cash flow conversion to be at least 95% of adjusted after-tax earnings.

With that, let me turn it back to Jeff for some closing remarks...

Jeff Harmening

Thanks, Kofi. Let me wrap up with a few closing thoughts.

I'm proud of our execution and encouraged by the improved topline performance we delivered in Q2, driven by our continued focus on remarkability. And I'm confident in the strength of our plans to further improve our momentum in the second half. I want to thank the entire General Mills team, who continues to deliver exceptionally well amid a volatile external environment. With remarkable brands and remarkable people, General Mills is well positioned to deliver on our goals and drive strong returns for our shareholders.