



GENERAL MILLS FISCAL 2026 Q3 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 third-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.

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'll turn it over to Jeff.

Jeff Harmening

Thank you, Jeff, and good morning, everyone.

Let me start with today's key messages. We entered fiscal 2026 with a bold strategy to increase investment to improve the remarkability of our brands and restore organic sales growth. While we expected this reinvestment approach – along with the impact of divestitures and timing headwinds – would pressure our sales and earnings through our first three quarters, we also expected it to drive stronger competitiveness and set the stage for a return to growth once we moved past the reinvestment phase. And that's what we are seeing: clear signs of progress on key fundamentals including household penetration, baseline sales, distribution, and market share. These are important metrics that give us confidence that better results are ahead for General Mills.

We see progress across our operating segments, as we'll tell you about in detail today. For example, in North America Retail (NAR), our investments in innovation, product renovation, advertising, and base prices have resonated with consumers. In fact, we've restored household penetration growth and driven significant improvement in our baseline volume trends, both of which are important leading

indicators for overall growth. In North America Pet, we've grown households, improved our dollar share trend, and continued to fuel our fast-growing Cat Feeding business while launching a new growth pillar with *Love Made Fresh*. And in North America Foodservice and International, we've competed effectively, particularly on our biggest global brands like *Pillsbury*, *Häagen-Dazs*, and *Nature Valley*. While there is still more work to do, this progress gives us confidence that our focus on remarkability is working and will lead to stronger, profitable growth for our brands over the long-term.

With three quarters of difficult financial results behind us, we are poised to deliver stronger performance going forward. We reaffirmed our fiscal '26 guidance in our press release this morning, and we expect favorable timing comparisons, benefits from the 53rd week, and our continued market share momentum to translate into improved top- and bottom-line results in Q4. And as we look ahead to fiscal '27, with the headwind from base price adjustments behind us and with plans to further advance the remarkability of our brands, we're confident that we can deliver improved organic sales growth while continuing to generate industry-leading cost efficiency.

Our third quarter results are summarized on slide 5. Importantly, our progress on strengthening our remarkability helped deliver a second consecutive quarter of sequential improvement in our global retail sales trends. However, our organic net sales performance – at down 3% – trailed Nielsen-measured retail sales by nearly one-and-a-half points, driven primarily by retailer inventory headwinds in North America Retail and North America Pet that we had called out at CAGNY last month, a portion of which we expect to reverse in Q4.

On the bottom line, our Q3 adjusted operating profit and adjusted EPS results were both down by more than 30%. Nearly two-thirds of that decline was driven by our reinvestment, divestitures, and unfavorable trade expense timing comparisons, which are items that have been part of our expectations since the start of the year. The remainder of the decline was due to headwinds from retailer inventory changes and weather-related supply chain disruptions that were new in Q3 and that we expect to largely reverse in Q4.

In addition to those Q4 benefits, we expect the headwinds from trade expense timing in the first three quarters to turn to a tailwind in Q4. And with the added benefit of the 53rd week, we expect to deliver a significant sequential improvement in our top- and bottom-line results in the fourth quarter.

We started the year by highlighting three priorities that are critical to improving our underlying momentum and setting our business up for a stronger fiscal '27. They are:

- Investing in remarkability to strengthen pound share and household penetration within NAR.
- Accelerating North America Pet by growing our core and expanding into new growth spaces.
- And driving efficiencies through best-in-class Holistic Margin Management (HMM) productivity savings as well as our Global Transformation initiative.

We've made strong progress against each of these priorities year-to-date, and we remain committed to controlling all that is within our control. We are confident that these strategic pillars will drive acceleration across our business moving forward, leading to value creation for our shareholders.

To achieve these priorities, we're leaning on our Remarkable Experience Framework as our guide. 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. Let me share a few examples of how our focus on investing in remarkability delivered results in the third quarter.

Our plan for North America Retail this year has been focused on winning with consumers by investing to strengthen all elements of remarkability. We made an important move to adjust base prices across two-thirds of our NAR portfolio to get below key price cliffs and ensure gaps to competition were in a sustainable range. We're confident these actions are working. At the same time, we've been investing in the other key elements of the framework to further improve the position of our brands with consumers.

- On Superior Product, we're continuing to see great results from innovation in fiscal '26, with successes like *Cheerios Protein* cereal, *Progresso Pitmaster* soup, and *Mott's* filled bars keeping NAR on track to deliver a roughly 25% increase in net sales from new products this year. We've also brought consumer-relevant renovation across each of our top 10 U.S. categories, focused on the right combination of product benefits, great taste, convenience, and affordability, like "Bakes Up Bigger" news on *Pillsbury* and bolder flavors of *Chex Mix*. And we have more news and innovation launching in the fourth quarter against the largest consumer trends.
- On Remarkable Packaging Design, we're winning at the shelf by providing options that give consumers genuine choice. This includes doubling our sales from price-pack architecture initiatives – from entry price points where wallets are stretched, to small sizes that deliver for GLP-1 diets, to more premium, trade-up formats for consumers seeking value beyond just price. For example, our *Chex Mix* tubs have been more than 60% incremental to our salty snacks business.
- On Brand Communication, we increased investment behind stronger creative ideas, and our media ROIs are up double digits on our biggest brands this year, including both *Cheerios* and *Cinnamon Toast Crunch*.
- On Omnichannel Execution, we're leveraging our portfolio's scale and compelling events to deliver differential retail execution. And we continue to invest in retail media to win online with consumers who are seeking convenience in addition to value. By partnering closely with retailers, we have tripled our E-commerce growth across our top five E-commerce retail partners in recent months.

Our investments to strengthen remarkability have generated broad-based improvement in key fundamental business measures across NAR. This can be seen most clearly in our baseline volume, which reflects everyday consumer purchases. By investing to adjust base prices, we've driven a 6-point improvement in base volume in our top 10 categories, and a 5-point improvement overall, compared to our fiscal 2025 trend. This is an encouraging indicator for our ability to drive profitable growth going forward.

We're also driving improvement in other key fundamental metrics. NAR grew or held total pound share in more than 70% of our priority businesses in Q3 and in eight of our top 10 categories so far this fiscal year. And we've attracted new consumers, with our household penetration up in seven of our top 10 NAR categories through Q3.

We're maintaining this strong competitiveness even as we start to lap the initial price investments we made a year ago. NAR's Nielsen-measured price/mix improved from down three points in Q2 to down one-and-a-half points in Q3. We expect this price/mix headwind to stabilize in fiscal '27 when we fully lap our price investments.

Through three quarters, NAR's Nielsen-measured pounds in the U.S. are down a bit more than 1%, despite slowing modestly in Q3 when we saw significant weather-related volatility in January and February. The 1% decline represents a notable improvement from our fiscal '25 result, which was down 3%. And we're working hard to continue improving from here, including building plans to step up our performance in Pizza and Flour, two categories that make up half of the segment's year-to-date pound decline.

More broadly, we're continuing to enhance our remarkability across NAR to further strengthen our momentum heading into fiscal '27. That includes product news and innovation against the largest consumer trends, like bold flavors on *Old El Paso*, *La Tiara*, and *Gushers*; protein and fiber benefits on *Cheerios*, *Annie's*, and *Ghost*; and familiar & fun offerings on *Fruit by the Foot* and *Nature Valley*.

By combining this news with increased distribution on our core and new products, higher media support, and strong seasonal events in Q4, we're strengthening NAR's foundation to better position the business to drive profitable growth in the future.

Shifting to Pet, we remain a leader in the category, and we see a long runway for growth behind continued humanization and premiumization. We made further progress in North America Pet in Q3, with our all-channel retail sales up more than 2%, outpacing our deliveries by nearly five points due largely to the retailer inventory headwinds I mentioned earlier. Importantly, we drove household penetration growth, advancing our mission to help more pet parents feed and treat their pets like family.

On dry dog feeding, we continued to drive low-single-digit growth on our *Life Protection Formula* line, and we are actively advancing plans to improve trends on *Wilderness*, as we discussed last month at CAGNY.

And on our new *Love Made Fresh* launch, we've been in market for about five months, and we're continuing to learn and adapt in the fast-growing fresh feeding segment. We executed a successful launch, with distribution reaching more than 5,000 coolers and our new advertising campaign driving early consumer awareness and trial, helping us reach a mid-single digit market share position in some of our initial customers. And we're taking a few important steps to accelerate our performance from here.

- First, we're getting sales reps into stores more frequently to help improve our in-store availability.
- Second, we're adjusting our marketing communications to drive more conversion and trial.
- Third, we're continuing to expand distribution, including starting to ship in Q3 to the largest E-commerce retailer in the pet food category.
- And last and most importantly, we recently launched a new stand-up resealable pouch, which is a format that drives more than half of retail sales in the fresh feeding segment. We've seen an acceleration in retail sales for *Love Made Fresh* in recent weeks after beginning to execute these initiatives, and we remain bullish about our opportunity to build a profitable, fast-growing business in fresh over the long term.

Shifting to cat feeding, we continued to execute well, driving 6% retail sales growth in Q3 behind innovation and strong brand communication. Our *Tastefuls* brand continues to win, with retail sales up mid-single digits in Q3 behind investment in head-to-head advertising, stronger retailer execution, and a new gravy innovation that is driving expanded distribution. And *Tiki Cat* generated double-digit retail sales growth in the quarter, driven by expanded distribution and innovation.

Turning to our North America Foodservice segment, we continue to execute well against our strategic priorities of leading in breakfast through nutrition and expanding our frozen baked goods portfolio. That focus has helped us to hold or grow dollar share in nearly 90% of our priority businesses so far this year, including maintaining our leadership on cereal in K-12 schools. And we're proud to have recently announced that our entire portfolio of K-12 school foods is now made without certified colors, successfully achieving this milestone ahead of our summer 2026 commitment.

Turning to our International business, we remain well positioned and continue to drive good growth on our global platforms, which contributed to total segment retail sales up 3% in the quarter.

Häagen-Dazs continues to delight consumers with new flavor launches in Europe, renovation on core products like Cookies & Cream, and new stick bar innovation, resulting in mid-single digit retail sales growth in the quarter.

And we drove high-single-digit retail sales growth for snack bars in Q3, led by continued double-digit growth in France, where our *Nature Valley* protein bars are helping drive incremental sales for our snack portfolio.

For our third priority, we're maintaining a sharp focus on efficiency to help fund our investments in remarkability. Through our Holistic Margin Management productivity program, we remain on track to generate 5% gross savings in our cost of goods sold in fiscal 2026, driven by our digital advancements within our supply chain, particularly in logistics and manufacturing. And we continue to expand the impact of our multi-year enterprise Global Transformation initiative. Combined, these and other efficiency efforts are expected to contribute \$600 million in total savings this fiscal year, extending our long track record of rigorous cost discipline.

And we'll continue on this path moving forward. As we said at CAGNY, we have a strong pipeline of initiatives to continue delivering best-in-class efficiency in the years ahead. In fiscal '27, we expect to deliver HMM savings of at least 4% of cost of goods sold as we accelerate the returns from our digital investments in our supply chain. And we'll generate incremental savings from our transformation initiative as we leverage the continuous improvement practices we've honed in our HMM program and apply them more broadly to our structure and our ways of working. We'll share more on our Q4 earnings call about our plans to continue to drive cost savings to fuel our growth investments in fiscal '27.

With progress on our priorities in Q3 and plans to continue our strong execution in Q4, we reaffirmed our fiscal 2026 guidance earlier today. Despite the dynamic operating environment, we are controlling all that remains within our control and leaving no stone unturned to maximize efficiency and drive improvement across the business. And we remain sharply focused on free cash flow generation, which has been a hallmark of General Mills for more than a decade and supports our disciplined approach to capital allocation.

With that, let me turn it over to Kofi to go into more detail on our third-quarter results and key assumptions for the remainder of the year.

Kofi Bruce

Thanks, Jeff. And hello everyone.

Our third-quarter financial results are summarized on slide 18. As Jeff mentioned, our Q3 top- and bottom-line results reflect the actions we've taken to improve our long-term growth profile, most notably our increased remarkability investments and the North American yogurt divestitures, as well as the impact of trade expense timing comparisons. These items contributed roughly two-thirds of the adjusted operating profit decline in the quarter. In addition, during the quarter we experienced retailer inventory headwinds and weather-related supply chain disruptions that further pressured our Q3 results, though we expect these items to largely reverse in Q4.

Reported net sales in the third quarter totaled \$4.4 billion and were down 8%, including a 6-point headwind from the net impact of divestitures and acquisitions. Organic net sales were down 3%, which trailed our Nielsen-measured retail sales by roughly one-and-a-half points.

On the bottom line, adjusted operating profit of \$547 million was down 32% in constant currency, driven by higher input costs and lower volume, including the impact of North American yogurt divestitures, partially offset by favorable product mix.

Q3 adjusted diluted earnings per share totaled \$0.64 and were down 37% 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 3% in the quarter, driven by lower pound volume and unfavorable price/mix.

For inorganic items, the net impact of divestitures and acquisitions was a 6-point headwind to net sales in Q3, and foreign currency exchange was a 1-point benefit.

Shifting to segment results, we saw significant weather-related volatility in Q3 that had a meaningful impact on both consumer purchases as well as our shipments to customers in January and February. In fact, winter storms contributed to a 4-fold increase in the volatility of our weekly U.S. Nielsen consumer volume in January and February, including a week where our Nielsen volume was down almost 14% from the prior year, and another week where it increased 21%.

With the backdrop of this heightened volatility, we saw short-term changes in customer order patterns that resulted in a reduction in retailer inventory in the quarter. And storm disruptions in our supply chain network drove lower service and higher costs in Q3. As we've entered Q4, our plants are back online, we're restoring our service levels, and we expect these disruption-related headwinds from Q3 to flip to a tailwind in Q4.

Moving to North America Retail, third-quarter organic net sales were down 4%, driven by lower volume and unfavorable price/mix. Organic volume growth trailed Nielsen-measured retail volumes in the quarter by about 1 point, due in part to the demand volatility I just mentioned. About half of that was a normalization of Q2 favorability, and we expect the other half to reverse to a tailwind in Q4.

As Jeff noted, we've strengthened our retail sales performance fiscal year-to-date, holding or growing pound share in eight of our top 10 U.S. categories and growing household penetration in seven out of 10.

On the bottom line, constant-currency segment operating profit was down 33% in the quarter, driven primarily by lower volume, including the impact of North American yogurt divestitures, and higher input costs, partially offset by favorable product mix and lower SG&A expenses.

Third-quarter reported net sales for our North America Pet segment were up 3% including the impact of the Whitebridge acquisition, with double-digit growth in cat feeding, mid-single-digit growth in pet treating, and a mid-single-digit decline in dog feeding.

Organic net sales were down 3%, which trailed retail sales by roughly five points, due largely to changes in retailer inventory. Our all-channel retail sales were much stronger, at more than 2% growth in the quarter, resulting in the segment holding dollar share.

On the bottom line, third-quarter North America Pet segment operating profit essentially matched year-ago results in constant currency.

North America Foodservice organic net sales were down 3% in the quarter, driven primarily by a decline in bakery flour, including a one-point headwind from index pricing.

Though away-from-home industry growth slowed in Q3 due in part to storm-related shutdowns, we continued to drive strong market share performance. In fact, we held or gained dollar share in nearly 90% of our priority businesses so far this year, driven by positive results in our non-commercial channels including healthcare, colleges and universities, lodging, and cereal in K-12 schools.

On the bottom line, North America Foodservice segment operating profit was down 32% in Q3, driven by unfavorable price/mix and lower volume, including the impact of the yogurt divestitures, as well as higher input costs.

Moving to our International segment, third-quarter organic net sales were up 1%, including the reversal of favorable timing benefits we experienced in the first half. Growth in India and China was partially offset by a decline in Europe.

Fiscal year-to-date, we grew or held dollar share in nearly 40% of our priority businesses, led by good results in *Häagen-Dazs* ice cream and *Nature Valley* snack bars, with more work to do to improve competitiveness on *Old El Paso* Mexican food.

Third-quarter International segment operating profit was up 82% in constant currency, driven by favorable price/mix, lower SG&A expenses, and higher volume, partially offset by higher input costs.

Slide 25 summarizes our joint venture results. In Q3, Cereal Partners Worldwide net sales were down 4% in constant currency, driven by a decline in Europe due in part to supply chain disruptions. Constant-currency net sales for Häagen-Dazs Japan were up 3%, led by strong core renovation.

Third-quarter combined after-tax loss from joint ventures was \$6 million, compared to after-tax earnings of \$14 million a year ago, driven primarily by our share of transaction costs related to certain assets held for sale at Cereal Partners Worldwide.

Turning to margin results, our Q3 adjusted gross margin of 30.6% of net sales was down 280 basis points versus last year, driven primarily by higher input costs, partially offset by favorable product mix including the impact of North America yogurt divestitures.

Our adjusted operating profit margin was down 420 basis points to 12.3% in Q3, driven by lower adjusted gross margin and higher SG&A expenses as a percentage of net sales due to fixed cost deleverage.

Moving to other noteworthy Q3 income statement items.

- Adjusted unallocated corporate expenses increased \$32 million in the quarter, driven primarily by an increase in certain compensation and benefit expenses.
- Third-quarter net interest expense was down \$8 million, driven by lower average debt balances.

- The adjusted effective tax rate was 24% compared to 21% a year ago, due to certain nonrecurring discrete tax benefits in fiscal 2025 and unfavorable earnings mix by jurisdiction in fiscal 2026.
- And average diluted shares outstanding in the quarter were down 3% to 537 million, reflecting net share repurchases.

Our financial results through nine months are summarized on slide 28. Net sales of \$13.8 billion were down 3% on an organic basis. Adjusted operating profit of \$2.1 billion was down 23% in constant currency, while adjusted diluted earnings per share totaled \$2.60 and were down 25% in constant currency.

Turning to the balance sheet and cash flow. Nine-month operating cash flow decreased year over year to \$1.6 billion, driven primarily by lower net earnings excluding the pre-tax gain on divestitures, partially offset by changes in deferred taxes, after-tax joint venture earnings, and restructuring, transformation, impairment, and other exit costs. Capital investments through nine months totaled \$356 million. And we paid \$987 million in dividends and returned \$500 million in cash to shareholders through net share repurchases through the first nine months of fiscal 2026.

Before I close, let me share some of the key financial assumptions on the remainder of the year that underpin our guidance. In Q4, we expect to deliver significant sequential improvement in organic net sales, adjusted operating profit, and adjusted diluted earnings per share growth, driven by several factors that are mechanical in nature. In other words, we are not betting on a major step up in our underlying business in order to meet our current annual guidance, and we feel good about how we're positioned heading into Q4. In terms of our assumptions:

- We have the benefit of a 53rd week in fiscal 2026, which will be a significant contributor to profit and earnings per share growth.
- We expect to benefit from a partial reversal of the retailer inventory headwind we experienced in Q3.
- We will have a meaningful tailwind from the comparison against significant unfavorable trade expense timing in last year's Q4.
- We expect to see a reduction in our adjusted effective tax rate compared to last year, driven by certain non-recurring discrete tax benefits this year.
- And we expect to continue our strong year-to-date market share performance.

With those assumptions in mind, we're reaffirming our fiscal 2026 outlook, which you can see on slide 31.

- Organic net sales are expected to be down 1.5% to down 2%.
- Adjusted operating profit and adjusted diluted earnings per share are expected to be down 16% to down 20% in constant currency,
- 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.

As I said up front, we entered fiscal 2026 with a deliberate strategy to reinvest behind brand remarkability, recognizing it would create near-term pressure on our financials as we sharpened our competitiveness. We continue to see clear signs that this approach is gaining traction, with improving fundamentals across the business – from household penetration and baseline volume in North America Retail, to stronger share trends and a successful launch of new growth platforms like *Love Made Fresh* in North America Pet, to solid execution on our global platforms in Foodservice and International. With three quarters of challenging results behind us, we expect to deliver much stronger performance in Q4, driven by the gains we've made on those underlying business fundamentals as well as a few mechanical factors that will turn in our favor. And as we look ahead to fiscal 2027, with strengthening momentum and our price investments behind us, we're confident in our ability to deliver improved organic sales while continuing to generate strong cost efficiency, all in service of driving strong returns for our shareholders.