



GENERAL MILLS FISCAL 2026 Q4 EARNINGS CALL

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CORPORATE PARTICIPANTS

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Jeff Harmening, Chairman and Chief Executive Officer

Dana McNabb, Chief Operating 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 '26 fourth-quarter and full year earnings. Later this morning we will hold a 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, Dana McNabb, our Chief Operating Officer, 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.

Second, note that while we have recently announced agreements to divest our Brazil business as well as our *Häagen-Dazs* shops business in mainland China, those transactions have not yet closed, and therefore our fiscal '27 guidance assumes we continue to own those businesses for the full year. After those transactions close, we would expect to provide color on their impact to the year, though we expect the impacts to our guidance metrics to be relatively small.

And with that, I will turn it over to Jeff.

Jeff Harmening

Thank you, Jeff, and good morning, everyone.

Before I begin, I want to make a brief but important acknowledgement. Many of you saw the recent announcement that Dana McNabb has been promoted to Chief Operating Officer of General Mills, with responsibility for our global operations. I have had the privilege of working closely with Dana for years, and I can tell you there is no one more growth-oriented, more transformative, or more focused on

building strong teams and culture. Dana has led across our business with distinction, most recently as Group President of North America Retail (NAR) and North America Pet, and I have great confidence that she is the right person to lead our global operations.

Let me start with three messages I want you to take away today.

First, we finished fiscal '26 on a positive note, delivering fourth-quarter results that met our expectations. Importantly, we continued to strengthen our foundation to better position General Mills to restore sustainable and profitable growth. This included significant improvement in our base volume, growth in household penetration, and a step up in innovation.

Second, we are confident in our forward trajectory and that fiscal '27 will be a better year for General Mills. As we look ahead, our plans are designed to drive a step change in remarkability, with a sharper focus on product, packaging, and brand communications to strengthen topline growth.

Third, we are laser focused on driving cost efficiency, cash generation, and sustainable capital returns to our shareholders. We've identified \$3 billion in cost saving opportunities through fiscal '30, with approximately \$2 billion expected to come from our industry-leading Holistic Margin Management (HMM) productivity program and the remaining \$1 billion to come from our global transformation initiative and other cost savings actions. We remain committed to balancing investment behind the business with healthy margins, strong cash generation, and thoughtful capital allocation.

At the highest level, our top goal remains restoring consistent and profitable organic sales growth, because we know that sustainable, profitable growth is the key to long-term value creation. We are confident that driving improved remarkability is the path back to growth because we are already seeing it working. In fiscal '26 we made clear progress in strengthening our foundation, and now fiscal '27 is all about building on that strong foundation and converting it into improved topline performance.

Our fiscal '26 results, outlined on slide 5, finished in line with our latest guidance, even as the consumer remained stretched as ongoing macroeconomic pressures continued to weigh on household budgets and category demand. Fourth-quarter organic net sales were flat, including benefits from trade phasing and shipment timing in North America Retail. On the bottom-line, we delivered growth in profit and EPS in Q4, supported by HMM cost savings, trade phasing benefits, and the 53rd week.

For the full year, organic net sales finished down 2%, and adjusted operating profit and adjusted diluted EPS were down 16% in constant currency. These results reflected a still-challenging consumer backdrop, the impact of our price investments, and a headwind from our yogurt divestitures.

As we look back on fiscal '26, we made progress in strengthening our competitiveness, even as the environment proved challenging.

For example, in categories where we invested to get our base prices below key cliffs or narrow the gap to competition, we drove a significant improvement in our base volume, which reflects everyday consumer purchases, from a 10% decline in fiscal '25 to 1% growth in the fourth quarter of fiscal '26.

We grew household penetration in both North America Retail and North America Pet, we drove strong dollar share performance in North America Foodservice, and in International, we delivered 3% organic net sales growth while nearly doubling segment operating profit. And across the enterprise, we made further progress on portfolio shaping, completing our U.S. yogurt divestiture and announcing agreements to divest our business in Brazil and our *Häagen-Dazs* shops business in China.

At the same time, fiscal '26 brought tougher conditions than we expected. The consumer backdrop became more challenging, with recent consumer sentiment in the U.S. hitting record lows. We saw slower category volume growth, impacting both our human food and pet food businesses. And as consumers remained pressured, we saw them buying more on promotion and less at everyday prices, driving a less profitable mix of volume through our P&L.

As we move to fiscal '27, we are planning for the consumer environment to stay relatively consistent with fiscal '26. Rather than hope for the consumer to improve, we are moving with even greater urgency to meet consumers where they are and capture more of the growth that's currently available.

We will do this through the lens of our Remarkable Experiences Framework, which is how we measure and improve the parts of the consumer experience that matter most for growth. We use it to assess and strengthen our brands across five key areas: product, packaging, brand communication, omnichannel execution, and value.

In fiscal '26, we strengthened that foundation by addressing our everyday shelf prices, which helped improve base volume and restore household penetration growth. In fiscal '27, we'll build from that stronger base by putting more emphasis on other elements of remarkability, including product innovation and renovation, packaging, and brand communications.

For fiscal '27, our priorities are clear. First, with our base price investments behind us, we will strengthen organic sales growth by making another step change in the remarkability of our brands. Second, we will accelerate our enterprise transformation efforts to drive greater speed, efficiency, and flexibility across the business. And third, we will drive disciplined capital allocation and returns on investment. Dana will share more detail on the specifics of our plan in a moment.

Before I turn it over, let me summarize our fiscal '27 financial targets, which are outlined on slide 9. We expect organic net sales to range between down 1.5% and up 0.5%, which, at the midpoint, would represent an improvement of nearly 2 points from our fiscal '26 results.

Adjusted operating profit is expected to be down between 13% and 8% in constant currency, and adjusted diluted EPS is expected to range between \$3.00 and \$3.20 per share. These bottom-line expectations are driven largely by certain mechanical items that represent headwinds of 9 points to operating profit and 11 points to adjusted EPS in fiscal '27. Kofi will share more color on those items in a moment.

Finally, we expect free cash flow conversion to be approximately 95% of adjusted after-tax earnings.

Importantly, we are acting with urgency across the board. We are taking significant steps to make our brands even more relevant for consumers. At the same time, we're continuing to drive strong savings from our industry-leading HMM productivity program, and we're accelerating our transformation work, including looking at ways to redesign our supply chain for the future, which will help strengthen our earnings and cash flow growth over the long term.

And with that, I will turn it over to Dana.

Dana McNabb

Thank you, Jeff, and good morning, everyone.

I am excited to step into the role of Chief Operating Officer and bring our global operations together at such an important time for our company.

I am crystal clear on the job to do, and that is restoring consistent, profitable growth for the enterprise. As Jeff mentioned, Remarkability is the framework for how we'll achieve that goal, and we made important progress strengthening our foundation in fiscal '26. We improved base prices across key NAR businesses, stepped up our innovation where it matters, and launched key brand campaigns. All of these actions helped drive household penetration growth and significantly improved our base volume trends.

And yet, we didn't deliver on the top- and bottom-line targets we set at the beginning of the year. Some of that was due to a tougher-than-expected environment, with softer category volume growth and more consumers buying on promotion. Additionally, we didn't execute to our standards on two key businesses that drove outsized pressure on our fiscal '26 results, specifically *Totino's* in NAR and *Wilderness* in North America Pet. In a moment, I'll tell you more about the extensive work we're doing to stabilize those businesses, addressing all aspects of remarkability.

In fiscal '27, we're learning from those challenges and adjusting our plans accordingly. We expect our consumers and categories to remain under pressure. Rather than wait for a change in the environment, we've built plans to meet consumers where they are. This includes a significant increase in innovation and renovation across our biggest brands, centered on the benefits consumers are seeking today.

And we know that it's critical to transform our cost structure to offset inflationary headwinds, fund our growth initiatives, and strengthen our earnings and cash flow. We're taking an aggressive stance on cost efficiency, including delivering industry-leading levels of savings from our Holistic Margin Management program and accelerating the benefits from our global transformation initiative.

Reigniting growth and driving efficiency are the two areas where I'm spending most of my time as I step into this new role, and as Jeff said, they're also our top two company priorities for fiscal '27. Let me provide a bit more color on our plans to deliver on those priorities this year.

To build successful consumer growth plans, we need to focus on deeply understanding our consumers and the benefits they're looking for in their food. We call these "demand spaces", and it's the way we think about growth – not defined by a category, but rather a job to be done for consumers.

In human food, this includes better-for-you offerings like protein, fiber, and clean label; bold flavors; and fun and indulgent offerings. In pet food, this means continuing to follow the humanization trend with more benefit-led offerings that pet parents can feel good about feeding to their pets. Collectively, these are huge demand spaces, representing hundreds of billions of dollars in retail sales, and they're growing. Our plans this year prioritize product innovation and renovation that is centered on these growing consumer needs. Let me give you a few examples.

In cereal, *Cheerios* is focused on better-for-you benefits, with wholesome nutrition, heart health, and more protein to help consumers start their day off right. In fiscal '26, *Cheerios* grew household penetration for the first time in more than 5 years, and meaningfully improved both pound and dollar sales trends. In fiscal '27, we'll build on that momentum by making another step change in our remarkability. The *Cheerios Protein* platform is already nearly \$100 million in retail sales, and in fiscal '27 we will extend protein news to *Honey Nut Cheerios*, the number one brand in the category. We'll support the launch with a full-surround, social-first communication campaign.

On our core, we'll lean into the simplicity and great taste of oats across our advertising and packaging. And we've recently expanded the brand into the fast-growing granola segment, giving consumers another great-tasting way to enjoy the goodness of *Cheerios*.

On *Nature Valley*, we returned the brand to household penetration growth in fiscal '26, and we've built plans to drive further improvement in the year ahead. In fiscal '27, we're leaning into the strongest growth trends in snack bars, including protein, clean label, and fun and indulgence. This includes new *Nature Valley Packed* protein bars, clean-label highlights on our core Crunchy line, and tasty, fun innovation with soft-baked kid bars and PB&J bars. And we're doubling down on *Nature Valley* granola cereal, which generated double-digit retail sales growth in fiscal '26, with taste-forward renovation news and packaging innovation with new cups and tubs.

On our *Annie's* brand, we've built a long history as a trusted, natural and organic choice for parents. Fiscal '26 was a strong year for *Annie's*, with growth in pounds, dollars, and household penetration. We'll build on that momentum in fiscal '27 by extending *Annie's* into spaces where it already has a right to win.

On Mac & Cheese, we're expanding our offerings and availability on *Annie's Super Mac*, which delivers 15 grams of protein and 6 grams of fiber per serving, and which grew retail sales by more than 80% in fiscal '26. And we're bringing more fun and cultural relevance to the brand through partnerships like Bluey.

Annie's will also expand its lunchbox business, including renovating our core fruit snacks with more real fruit, and launching functional-first innovation with *Annie's Nature Pals* fruit snacks that include 6 grams of fiber per serving. And we'll surround it all with *Annie's* "Ingredients for Childhood" messaging, using

influencers and social-first execution to remind parents why *Annie's* remains such a good choice for their family.

On *Old El Paso*, we competed well in fiscal '26, holding pound share and growing household penetration in the Mexican category. As we turn to fiscal '27, we're elevating our emphasis on bold flavors, with exciting innovation like new taco sauces, broths, soups, and blasted stuffed nachos, as well as a new partnership with *Tabasco*. And we're tapping into the better-for-you trend with new *Protein Advantage* taco shells, the first hard shell in the category with at least 10 grams of protein per serving.

In addition to big innovation and renovation news on our core brands, we're also going after disruptive growth opportunities in fiscal '27 by leveraging new brands to get into fast-growing spaces.

For example, we're expanding distribution on *La Tiara* shells and seasonings to reach consumers seeking a more authentic Mexican experience. We're also expanding availability of our new *Ghost* performance nutrition bars, which offer 20 grams of great tasting protein, and elevating awareness of our *Ghost* cereal line. And to meet the growing interest in Asian flavors in the frozen appetizer set, a space that is growing double digits, we're bringing our premium *Wanchai Ferry* frozen dumpling brand from China and launching in club stores this summer.

Importantly, these are all premium offerings, helping NAR drive positive price/mix as we move into new growth spaces.

Turning to North America Pet, our plans in fiscal '27 start by building on the strong momentum we have on our cat feeding business. On *Blue Tastefuls*, our shift to taste-first messaging, supported by ingredient superiority, is working, with retail sales up 4% last year. In fiscal '27, we'll increase support behind our "9 out of 10 Cats Love *Tastefuls*" campaign and build upon the success of our *Tastefuls Gravy* dry food innovation with a new gravy offering on our wet food line.

Tiki Cat has been a home run since we acquired the brand a year ago, delivering sustained double-digit retail sales growth by offering cat parents real, recognizable food that feels worthy of their pets. In fiscal '27, we'll build on that success by investing in our first national consumer campaign, launching channel-specific innovation, and expanding distribution.

On dog feeding, our plans in fiscal '27 are focused on accelerating *Blue Buffalo's* core *Life Protection Formula* line, or "LPF", and expanding our recent innovation into the fresh segment with *Love Made Fresh*.

On LPF, we'll continue to drive home the message of ingredient superiority with clearer benefit-led communication, a refreshed head-to-head campaign, stronger social-first messaging, updated packaging, and new pack sizes that deliver on the needs of pet parents shopping online. And fiscal '27 will be our biggest year of innovation yet on LPF – I'll share more on that news later this year.

We remain bullish on the long-term opportunity for *Blue Buffalo* in the fresh feeding segment, and we've been encouraged by the roughly 80% retail sales acceleration we've driven on *Love Made Fresh* in

Q4 behind the addition of our new stand-up resealable pouch and better in-store execution. Our focus in fiscal '27 is to accelerate trial and repeat by continuing to improve on-shelf availability, and by sharpening our “natural superior nutrition” messaging.

In addition to building on positive momentum on key brands, we're also moving with urgency in fiscal '27 to fix two businesses that caused outsized declines for us last year. In NAR, *Totino's* pizza and hot snacks made up nearly 50% of our retail pound declines in fiscal '26. And *Wilderness* dog feeding was more than 50% of our declines in North America Pet.

We're tackling all elements of remarkability in fiscal '27 to get these businesses back on track. For *Totino's*, that means addressing consumer value with the right merchandising plan, bringing protein news, launching bolder flavor news on hot snacks, and leaning into our new *Ultimate* pizza line, which is off to a great start.

For *Wilderness*, we're taking steps to improve our entire value proposition, renovating the packaging, optimizing our offerings for E-commerce, and leaning harder into protein-forward innovation and communication.

Shifting to International and Foodservice, our focus in fiscal '27 is to continue to strengthen our remarkability and accelerate our growth, building on key successes from fiscal '26.

As Jeff noted, International had a great year in fiscal '26. *Häagen-Dazs* was a key contributor, with retail sales up 6% last year, and we have excellent plans to continue that success in fiscal '27. We're renovating our core Belgian Chocolate line, we'll continue to expand our premium stick bar offerings, and we'll support the brand with a campaign that lives up to *Häagen-Dazs'* premium position as the ice cream of ice creams.

In North America Foodservice, we grew our K-12 breakfast and frozen baked goods pillars last year, and we're well positioned to build on that success in fiscal '27. We've renovated our full cereal portfolio to remove certified colors, we're launching regulation-ready offerings like Mini Pancake Puffs that taste great and work for our school operators, and we're expanding our frozen baked goods innovation including new sheeted desserts, which provide operators with high-quality, great-tasting solutions that deliver for consumers while also reducing back-of-house labor needs.

In total, our growth plans this year start from a stronger foundation, with base volume and household penetration moving in the right direction. And with base price adjustments completed, we're making a clear pivot in fiscal '27 toward benefit-led product innovation and renovation, packaging, and communications across each of our billion-dollar brands as well as on smaller brands that play in emerging growth spaces. And we will continue to partner with our retailers to drive omni-channel excellence. That is how we intend to deliver the next step change in remarkability and strengthen our topline growth.

As critical as it is to return our business to growth, it's equally important that we accelerate our efficiency and adapt to the evolving operating environment. As you heard earlier, we've set a target of

generating \$3 billion in cumulative cost savings between fiscal '27 and fiscal '30 to address input cost inflation, fund our investments, and restore earnings and cash flow growth. We expect roughly \$2 billion of these savings will come from our longstanding HMM productivity program, which translates to at least 4% annual savings in our cost of goods sold. The other \$1 billion is expected to come from our enterprise transformation initiative and other cost savings efforts.

Within our transformation initiative, the biggest opportunity – and the area where I'm focusing most of my time – is the opportunity to reimagine our supply chain network. I'm tremendously proud of our supply chain organization – I think we have the best in the business and it's a real competitive advantage for General Mills. It's also true that our current network was built for a different operating environment. Today, we need faster innovation cycles, more packaging flexibility, solutions for fast-growing channels like E-commerce, and capacity that is adapted to the volume requirements of the future. We're still in the design phase, and we'll come back later with more color on how we will build on our strengths and redesign a supply chain network that can better support the next stage of growth.

As part of this \$3 billion goal, we expect to deliver \$750 million in cost savings in fiscal '27. This includes another year of strong HMM savings, totaling between 4 and 5% of cost of goods sold, as well as savings from further streamlining our business processes, leveraging AI tools, and seeing early benefits from supply chain transformation, though those savings will primarily fall in fiscal '28 and beyond.

As I step back, I am confident in the strength of our plans to make another step change in remarkability while also accelerating our efficiency. I firmly believe we are taking the right actions to position General Mills for the next stage of growth, and I look forward to sharing our progress as we move through this year.

And with that, I will turn it over to Kofi to walk through our fourth-quarter results and our fiscal '27 outlook.

Kofi Bruce

Thanks, Dana. And hello everyone.

Our fourth-quarter financial results are summarized on slide 25. Reported net sales of \$4.6 billion were up 1% and organic net sales were flat in the quarter, including a previously expected 1-point benefit from favorable trade expense timing as we lapped headwinds from fiscal 2025.

On the bottom-line, adjusted operating profit of \$705 million was up 13% in constant currency, driven by favorable price/mix, including favorable trade expense timing, partially offset by higher input costs and lower volume. Adjusted diluted earnings per share totaled \$0.95 in the quarter and were up 27% in constant currency, driven primarily by higher adjusted operating profit, a lower adjusted effective tax rate, and lower net shares outstanding, partially offset by higher net interest expense.

Turning to the components of total company net sales growth, organic net sales were flat in the quarter, with favorable organic price/mix offset by lower organic pound volume.

Divestitures were a 7-point headwind to net sales, the 53rd week was a 7-point benefit, and foreign currency exchange was a 1-point benefit in the quarter.

Shifting to segment results, fourth-quarter reported net sales for North America Retail were down 4%, including a 10-point headwind from divestitures and a 7-point benefit from the 53rd week. Net sales for the Big G Cereal & Canada operating unit declined double digits, driven primarily by the U.S. yogurt divestiture. Net sales were up mid-single digits for both U.S. Meals & Baking Solutions and U.S. Snacks.

North America Retail organic net sales were flat to last year and outpaced Nielsen-measured U.S. retail sales by roughly four points, driven by a previously anticipated 2-point tailwind from trade expense timing as well as a benefit from changes in retailer inventory.

On the bottom-line, constant-currency segment operating profit was up 7% in the quarter, driven primarily by favorable price/mix and lower SG&A expenses, partially offset by lower volume, including the impact of the U.S. yogurt divestiture, and higher input costs.

For the full year, North America Retail's organic net sales were down 3%, driven by unfavorable price/mix and lower volume. Increased investment in consumer value, innovation, and product news drove strong pound competitiveness, with the segment holding or growing pound share in 65% of its top 10 U.S. categories. Full-year constant-currency segment operating profit was down 20%, driven primarily by lower volume, including the impact of yogurt divestitures, and higher input costs, partially offset by favorable price/mix and lower SG&A expenses.

Fourth-quarter reported net sales for our North America Pet segment were up 4% including the impact of the 53rd week, with net sales up double digits for cat feeding, up low-single digits for dog feeding, and down low-single digits for pet treating.

Organic net sales were down 3%. This result lagged our estimated all-channel retail sales performance by roughly 2 points, driven primarily by changes in retailer inventory including unfavorable customer mix.

On the bottom-line, fourth-quarter North America Pet segment operating profit was up 14% in constant currency, driven by favorable price/mix and lower input costs, partially offset by higher SG&A expenses, including a double-digit increase in media investment.

For the full year, organic net sales were down 3% while our estimated all-channel retail sales increased 1%, with the 4-point gap due primarily to changes in retailer inventory. As we look ahead to fiscal '27, we expect organic net sales growth to continue to lag retail sales growth in North America Pet, including in Q1, due in part to customer inventory management as well as unfavorable customer mix, with our fastest-growing customers carrying the lowest levels of inventory.

The segment delivered an encouraging step up in competitiveness in fiscal '26, holding dollar share in both dog feeding and cat feeding, which represented 80% of U.S. retail sales.

Full-year North America Pet segment operating profit was flat in constant currency, driven by higher input costs and higher SG&A expenses, including a double-digit increase in media investment, offset by favorable price/mix and higher volume.

North America Foodservice organic net sales were flat in Q4, including a 2-point headwind from index pricing on bakery flour.

On the bottom-line, fourth-quarter segment operating profit was up 22%, driven primarily by HMM cost savings and favorable price/mix, partially offset by input cost inflation.

For the full year, North America Foodservice organic net sales were down 1%, including a 2-point headwind from index pricing. We delivered outstanding market share performance in away-from-home channels in fiscal '26, holding or growing dollar share in nearly 90% of our priority businesses, led by strong results in healthcare, lodging, recreation, and college and university channels.

Constant currency segment operating profit was down 6% for the full year, driven by the impact of North America yogurt divestitures.

Moving to our International segment, fourth-quarter organic net sales were up 3%, with broad-based growth across Brazil, Europe, India, and China.

Fourth-quarter constant currency segment operating profit increased 72% to \$61 million, driven primarily by favorable price/mix and higher volume, partially offset by higher input costs and higher SG&A expenses.

For the full year, International organic net sales were up 3%, with 45% of our priority businesses holding or growing dollar share.

Full-year segment operating profit nearly doubled to \$189 million, driven by favorable price/mix and higher volume, partially offset by higher input costs and higher SG&A expenses.

Slide 31 summarizes our joint venture results. In Q4, Cereal Partners Worldwide (CPW) net sales were down 3% in constant currency, driven by a 5-point divestiture headwind, partially offset by growth in Asia, Oceania and Africa. Häagen-Dazs Japan net sales were up 12% in constant currency, driven by favorable price/mix and strong new product performance.

For the full year, our share of after-tax losses from joint ventures totaled \$76 million, compared to earnings of \$58 million a year ago, driven primarily by our share of a non-cash goodwill impairment charge and losses related to the sale of certain assets at CPW.

Moving to other noteworthy Q4 income-statement items:

- Adjusted unallocated corporate expenses increased \$12 million in the quarter, driven primarily by the 53rd week.
- Fourth-quarter net interest expense was up \$12 million, also due in large part to the 53rd week.
- The fourth quarter adjusted effective tax rate was 12.7% compared to 19.2% a year ago, driven primarily by certain non-recurring discrete tax benefits in fiscal '26, partially offset by unfavorable earnings mix by jurisdiction in fiscal '26.
- Finally, average diluted shares outstanding in the quarter were down 2% to 537 million.

Our full-year fiscal '26 results are summarized on slide 33. Net sales of \$18.4 billion were down 5% as reported, including a 6-point headwind from the net impact of divestitures and acquisitions, a 2-point benefit from the 53rd week, and a 1-point benefit from foreign currency exchange. On an organic basis, net sales were down 2%. Adjusted operating profit of \$2.8 billion was down 16% in constant currency, driven primarily by higher input costs and lower volume, including the impact of North America yogurt divestitures, partially offset by favorable price/mix. Adjusted diluted earnings per share totaled \$3.55 and were down 16% in constant currency, driven primarily by lower adjusted operating profit.

Turning to margin results, our fiscal '26 adjusted gross margin of 33.5% of net sales was down 100 basis points versus last year, driven primarily by higher input costs, partially offset by favorable product mix including the impact of the North America yogurt divestitures.

Our fiscal '26 adjusted operating profit margin was down 190 basis points to 15.3%, driven by lower adjusted gross margin and higher SG&A expenses as a percentage of net sales.

Moving to the balance sheet and cash flow, fiscal '26 operating cash flow totaled \$2.2 billion compared to \$2.9 billion a year ago, driven primarily by lower adjusted net earnings and unfavorable timing of year-end core working capital balances. Capital investments for the year totaled \$540 million. And we returned \$1.8 billion in cash to shareholders in fiscal '26 through dividends and net share repurchases.

Turning to slide 36, I want to take a moment to discuss our capital allocation priorities and the ways we're working to strengthen our balance sheet. While our long-term capital priorities remain unchanged, we've recently made some near-term adjustments to focus on deleverage as we work our way back toward our long-term goal of 3x net debt to adjusted EBITDA.

Our first priority continues to be investing back into our business. We have a high bar for capital investment and prioritize strong-ROI projects that deliver growth or cost savings, with capital investment levels totaling roughly 3 to 4% of net sales.

Second, we remain fully committed to our dividend and we expect to maintain its quarterly rate per share in the near term. Today, our Board declared our August dividend at the prevailing rate, continuing our 127-year track record of uninterrupted dividend payments.

In the near term, our third priority for cash is paying down debt. We've deprioritized strategic acquisitions and we expect near-term share repurchase activity to be limited to offsetting dilution from equity compensation, keeping our net share count roughly flat.

We've taken steps this year to further support our strong investment-grade credit rating, including using most of the proceeds of our yogurt divestitures to pay down debt, as well as issuing junior debt that received favorable leverage treatment with the rating agencies. If we close on additional divestitures in the near term, whether our previously announced Brazil sale, our *Häagen-Dazs* shops divestiture in China, or other potential future transactions, we'd expect to use those net proceeds for additional debt reduction as well.

And as Jeff and Dana previously mentioned, we expect delivering our \$3 billion cost savings target will help drive accelerated earnings and cash flow growth beyond fiscal '27, providing additional fuel for deleverage.

Before I wrap up, let me summarize some key assumptions supporting our fiscal '27 guidance.

On the topline, we expect our category growth to be roughly consistent with our fiscal '26 and below long-term trends, reflecting our assumption that most consumers will remain under financial stress in the near-term. With our base price investments behind us, and with our remarkability plans shifting to focus on innovation and renovation across our portfolio, we expect to deliver stronger price/mix in fiscal '27, which will help drive an improvement in our organic net sales.

Moving down the P&L, we expect to generate \$750 million in cost savings between HMM savings of 4 to 5% of cost of goods sold, our global transformation initiative, and other efficiency efforts. We'll also see benefits from Strategic Revenue Management, including strong product mix benefits from premium innovation, increased price-pack architecture launches, and the contributions made from trade optimization. These tailwinds should largely offset input cost inflation of 4 to 5% and fund our sustained investments in remarkability.

In addition to those items, as we've discussed, we will also have roughly 9 points of profit headwinds in fiscal '27 from "mechanical" factors, including lapping the 53rd week, normalizing incentive compensation, and the impact of fiscal '26 divestitures.

Below operating profit, we expect fiscal '27 net interest expense to be approximately \$580 million, the adjusted effective tax rate to be approximately 20%, and our average share count to be roughly flat for the year.

In terms of phasing, we expect our Q1 results to be below our annual guidance ranges on the top and bottom lines, due to expected shipment timing headwinds in North America Retail and North America Pet, as well as the timing of cost savings realization that is expected to start low and ramp up over the course of the year. As a reminder, our first quarter will also include a comparison against one month of divested yogurt results in Q1 of fiscal '26.

These assumptions underpin the fiscal '27 guidance that Jeff shared earlier, which you can see on slide 38.

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.

As I shared at the outset, we are confident in our plans. Grounded in our Remarkable Experiences Framework and backed by rigorous cost and capital discipline, those plans position us to deliver a stronger fiscal '27 for General Mills. We are taking decisive action to drive another step change in remarkability for our brands. At the same time, we'll remain sharply focused on cost efficiency, cash generation, and sustainable capital returns. We know that restoring sustainable, profitable organic sales growth is the key to long-term value creation, and we are committed to advancing our plans, delivering on our priorities, and creating stronger returns for shareholders in fiscal '27.