FOR IMMEDIATE RELEASE

Mar. 23, 2023

General Mills Reports Fiscal 2023 Third-quarter Results and Raises Full-year Outlook

- **Net sales increased 13 percent from the prior year to $5.1 billion; organic net sales[1] were up 16 percent**
- **Operating profit declined 10 percent to $730 million; adjusted operating profit was up 20 percent in constant currency**
- **Diluted earnings per share (EPS) of $0.92 was down 15 percent from the prior year; adjusted diluted EPS of $0.97 was up 17 percent in constant currency**
- **Company raises full-year fiscal 2023 outlook**

[1] Please see Note 8 to the Consolidated Financial Statements below for reconciliation of this and other non-GAAP measures used in this release.

MINNEAPOLIS (Mar. 23, 2023) – General Mills, Inc. (NYSE: GIS) today reported results for its fiscal 2023 third quarter.

"We built on our positive momentum and delivered strong results in the third quarter, including broad-based growth across each of our segments," said General Mills Chairman and Chief Executive Officer Jeff Harmening. "Our team continues to manage well through ongoing supply chain disruptions and volatility in the operating environment. Our brands are winning with consumers, and we plan to sustain this momentum by continuing to invest in brand building, innovation, and capabilities that will drive future growth. With strong year-to-date performance and good visibility to the fourth quarter, we are once again raising our fiscal 2023 outlook for our key financial measures."

General Mills is executing its Accelerate strategy to drive sustainable, profitable growth and top-tier shareholder returns over the long term. The strategy focuses on four pillars to create competitive advantages and win: boldly building brands, relentlessly innovating, unleashing scale, and standing for good. The company is prioritizing its core markets, global platforms, and local gem brands that have the best prospects for profitable growth and is committed to reshaping its portfolio with strategic acquisitions and divestitures to further enhance its growth profile.

Third Quarter Results Summary

- **Net sales** increased 13 percent to $5.1 billion, including a 2-point headwind from net divestiture and acquisition activity and 1 point of unfavorable foreign currency exchange. Organic net sales increased 16 percent, driven by positive organic net price realization and mix, with organic pound volume essentially matching year-ago levels.
- **Gross margin** was up 160 basis points to 32.5 percent of net sales, driven by favorable net price realization and mix, partially offset by higher input costs and unfavorable mark-to-market effects. Adjusted gross margin was up 240 basis points to 33.8 percent of net sales, driven by favorable net price realization and mix and Holistic Margin Management (HMM) cost savings, partially offset by input cost inflation and higher other cost of goods sold.
- **Operating profit** of $730 million was down 10 percent, reflecting higher selling, general, and administrative (SG&A) expenses and a lower net gain on divestitures, partially offset by higher gross profit dollars. **Operating profit margin** of 14.2 percent was down 380 basis points. Constant-currency adjusted operating profit increased 20 percent, driven by higher adjusted gross profit dollars, partially offset by higher adjusted SG&A expenses, including a double-digit increase in media investment. Adjusted operating profit margin increased 80 basis points to 15.7 percent.
- **Net earnings attributable to General Mills** declined 16 percent to $553 million and **diluted EPS** was down 15 percent to $0.92, driven by lower operating profit, lower after-tax earnings from joint ventures, higher net interest expense, and lower benefit plan non-service income, partially offset by lower net shares outstanding. Adjusted diluted EPS of $0.97 increased 17 percent in constant currency, driven by higher adjusted operating profit and lower net shares outstanding, partially offset by lower after-tax earnings from joint ventures, higher net interest expense, a higher adjusted effective tax rate, and lower benefit plan non-service income.

Nine Month Results Summary

- **Net sales** increased 7 percent to $15.1 billion, including a 4-point headwind from net divestiture and acquisition activity and 1 point of unfavorable foreign currency exchange. Organic net sales increased 12 percent, driven by positive organic net price realization and mix, partially offset by lower organic pound volume.
- **Gross margin** was down 80 basis points to 32.0 percent of net sales, driven by higher input costs, unfavorable mark-to-market effects, and the impact of market index pricing on bakery flour, partially offset by favorable net price realization and mix. Adjusted gross margin was up 110 basis points to 33.9 percent of net sales, driven by favorable net price realization and mix, partially offset by higher input costs and the impact of market index pricing on bakery flour.
- **Operating profit** of $2.6 billion was up 6 percent, driven by net gains on divestitures and higher gross profit dollars, partially offset by higher SG&A expenses and unfavorable net corporate investment activity. **Operating profit margin** of 17.4 percent essentially matched year-ago levels. Constant-currency adjusted operating profit increased 11 percent, driven by higher adjusted gross profit dollars, partially offset by higher adjusted SG&A expenses, including a double-digit increase in media investment. Adjusted operating profit margin increased 60 basis points to 17.0 percent.
- **Net earnings attributable to General Mills** increased 5 percent to $2.0 billion and **diluted EPS** was up 7 percent to $3.28, primarily reflecting higher operating profit and lower net shares outstanding, partially offset by lower after-tax earnings from joint ventures and lower benefit plan non-service income. Adjusted diluted EPS of $3.18 was up 14 percent in constant currency, driven primarily by higher adjusted operating profit, a lower adjusted effective tax rate, and lower net shares outstanding, partially offset by lower after-tax earnings from joint ventures and lower benefit plan non-service income.

Notes on Comparability

Financial results in the first nine months of fiscal 2023 reflected the acquisition of Tyson Foods' pet treat business in the first quarter of fiscal 2022; the divestiture of the European yogurt business in the third quarter of fiscal 2022; the divestiture of certain international dough businesses in the third and fourth quarters of fiscal 2022; the acquisition of the TNT Crust foodservice business in the first quarter of fiscal 2023; and the divestiture of the Helper main meals and Suddenly Salad side dishes business in the first quarter of fiscal 2023.

Nine-month results in fiscal 2023 also included the impact of a voluntary recall on certain international *Häagen-Dazs* ice cream products, which was a headwind to net sales and operating profit results in the International segment. Unallocated corporate items in the first nine months included an additional $26 million of charges related to product disposals associated with the ice cream recall that were excluded from adjusted operating profit results. The company does not expect a further material impact from the ice cream recall going forward.

Operating Segment Results

Note: Tables may not foot due to rounding.

Components of Fiscal 2023 Reported Net Sales Growth

Third Quarter	Volume	Price/Mix	Foreign Exchange	Reported Net Sales
North America Retail	(1) pt	17 pts	(1) pt	15%
Pet	6 pts	8 pts	--	14%
North America Foodservice	6 pts	20 pts	--	25%
International	(10) pts	11 pts	(4) pts	(3)%
Total	--	14 pts	(1) pt	13%
Nine Months				
North America Retail	(5) pts	17 pts	--	12%
Pet	(2) pts	13 pts	--	10%
North America Foodservice	2 pts	21 pts	--	23%
International	(31) pts	15 pts	(5) pts	(21)%
Total	(8) pts	16 pts	(1) pt	7%

Components of Fiscal 2023 Organic Net Sales Growth

Third Quarter	Organic Volume	Organic Price/Mix	Organic Net Sales	Foreign Exchange	Acquisitions & Divestitures	Reported Net Sales
North America Retail	--	18 pts	18%	(1) pt	(3) pts	15%
Pet	6 pts	8 pts	14%	--	--	14%
North America Foodservice	1 pt	18 pts	19%	--	6 pts	25%
International	(4) pts	11 pts	8%	(4) pts	(6) pts	(3)%
Total	--	16 pts	16%	(1) pt	(2) pts	13%
Nine Months						
North America Retail	(4) pts	18 pts	14%	--	(2) pts	12%
Pet	(3) pts	12 pts	9%	--	1 pt	10%
North America Foodservice	(1) pt	19 pts	18%	--	5 pts	23%
International	(6) pts	9 pts	3%	(5) pts	(19) pts	(21)%
Total	(3) pts	16 pts	12%	(1) pt	(4) pts	7%

Fiscal 2023 Segment Operating Profit Growth

Third Quarter	% Change as Reported	% Change in Constant Currency
North America Retail	29%	29%
Pet	(7)%	(7)%
North America Foodservice	134%	134%
International	18%	27%
Total	28%	28%
Nine Months		
North America Retail	24%	24%
Pet	(13)%	(13)%
North America Foodservice	24%	24%
International	(39)%	(33)%
Total	15%	16%

North America Retail Segment

Third-quarter net sales for General Mills' North America Retail segment increased 15 percent to $3.2 billion, driven by favorable net price realization and mix, partially offset by a 3-point headwind from divestitures and a 1-point headwind from unfavorable foreign currency exchange. Organic net sales increased 18 percent. Net sales increased 22 percent in U.S. Meals & Baking Solutions, 19 percent in U.S. Snacks, and 7 percent in U.S. Morning Foods. Constant-currency net sales were up 8 percent in Canada. Segment operating profit of $787 million was up 29 percent as reported and in constant currency, driven primarily by favorable net price realization and mix, partially offset by higher input costs and higher SG&A expenses, including a double-digit increase in media investment.

Through nine months, North America Retail segment net sales increased 12 percent to $9.6 billion, including a 2-point headwind from divestitures. Organic net sales were up 14 percent. Segment operating profit of $2.4 billion was up 24 percent as reported and in constant currency, driven primarily by favorable net price realization and mix, partially offset by higher input costs, lower volume, and higher SG&A expenses, including a double-digit increase in media investment.

Pet Segment

Third-quarter net sales for the Pet segment increased 14 percent to $646 million, driven by favorable net price realization and mix and increased pound volume. Organic net sales were also up 14 percent. Net sales performance represented an acceleration from second quarter results, driven by improved customer service, increased brand-building and other commercial activities, and a rebuild of retailer inventory. Segment operating profit of $103 million was down 7 percent, driven primarily by input cost inflation, increased costs related to capacity expansion and service improvement, and higher SG&A expenses, including a double-digit increase in media investment, partially offset by favorable net price realization and mix, HMM cost savings, and higher volume.

Through nine months, Pet segment net sales increased 10 percent to $1.8 billion, including a 1-point benefit from the pet treats acquisition. Organic net sales were up 9 percent. Retailer inventory was stable in the first nine months, with estimated all-channel retail sales up high-single digits. Segment operating profit was down 13 percent to $312 million, driven primarily by higher input costs, higher SG&A expenses, and lower volume, partially offset by favorable net price realization and mix.

North America Foodservice Segment

Third-quarter net sales for the North America Foodservice segment increased 25 percent to $548 million, driven primarily by favorable net price realization and mix, including a 1-point benefit from market index pricing on bakery flour. Net sales results also included a 6-point benefit from the TNT Crust acquisition. Organic net sales were up 19 percent. Segment operating profit increased 134 percent to $82 million, driven primarily by favorable net price realization and mix, partially offset by higher input costs.

Through nine months, North America Foodservice net sales increased 23 percent to $1.6 billion, including a 5-point benefit from the TNT Crust acquisition. Organic net sales were up 18 percent. Segment operating profit increased 24 percent to $218 million, driven primarily by favorable net price realization and mix, partially offset by higher input costs and higher SG&A expenses.

International Segment

Third-quarter net sales for the International segment were down 3 percent to $701 million, driven by lower pound volume, including a 6-point headwind from divestitures, and a 4-point headwind from foreign currency exchange, partially offset by favorable net price realization and mix. Organic net sales were up 8 percent, with broad-based growth across Europe & Australia, distributor markets, Brazil, and China. Segment operating profit of $42 million was up 18 percent as reported and up 27 percent in constant currency, driven by favorable net price realization and mix and lower SG&A expenses, partially offset by higher input costs and lower volume, including the impact of divestitures.

Through nine months, International net sales were down 21 percent to $2.0 billion, driven by lower pound volume, largely reflecting the impact of the yogurt and dough divestitures and the ice cream recall, and a 5-point headwind from foreign currency exchange, partially offset by favorable net price realization and mix. Organic net sales were up 3 percent. Segment operating profit of $95 million was down 39 percent as reported and down 33 percent in constant currency, driven by lower volume, including the impacts of the yogurt and dough divestitures and the ice cream recall, and higher input costs, partially offset by favorable net price realization and mix and lower SG&A expenses.

Joint Venture Summary

Third-quarter constant-currency net sales increased 2 percent for Cereal Partners Worldwide (CPW) and were up 1 percent for Häagen-Dazs Japan (HDJ). Combined after-tax earnings from joint ventures totaled $13 million compared to $30 million a year ago, driven primarily by higher input costs and unfavorable nonrecurring discrete tax items at CPW, partially offset by favorable net price realization and mix at CPW. Through nine months, after-tax earnings from joint ventures totaled $58 million compared to $92 million a year ago.

Other Income Statement Items

Unallocated corporate items totaled $296 million net expense in the third quarter of fiscal 2023, compared to $141 million net expense a year ago. Excluding mark-to-market valuation effects and other items affecting comparability, unallocated corporate items totaled $206 million net expense this year compared to $117 million net expense last year, driven primarily by higher compensation and benefits expense, corporate charitable contributions, and capability investments.

Restructuring, impairment, and other exit costs totaled $1 million in the third quarter of fiscal 2023 compared to $7 million a year ago *(please see Note 4 below for more information on these charges)*. Benefit plan non-service income totaled $22 million in the third quarter compared to $27 million a year ago, driven primarily by an increase in interest cost, partially offset by lower amortization of losses.

Net interest expense of $98 million was up 14 percent, driven primarily by higher interest rates, partially offset by lower average long-term debt balances. The effective tax rate in the quarter was 16.6 percent compared to 16.3 percent last year *(please see Note 7 below for more information on our effective tax rate)*. The adjusted effective tax rate was 21.6 percent compared to 21.0 percent a year ago.

Cash Flow Generation and Cash Returns

Cash provided by operating activities totaled $2.0 billion through nine months of fiscal 2023 compared to $2.2 billion a year ago, driven primarily by an increase in inventory and higher cash tax payments. Capital investments of $351 million essentially matched year-ago levels. Dividends paid increased 4 percent to $967 million. General Mills repurchased approximately 15 million shares of common stock through nine months of fiscal 2023 for a total of $1.2 billion compared to $550 million in share repurchases a year ago. Average diluted shares outstanding through nine months decreased 2 percent to 602 million.

Fiscal 2023 Outlook

General Mills continues to expect the largest factors impacting its performance in fiscal 2023 will be the economic health of consumers, the inflationary cost environment, and the frequency and severity of disruptions in the supply chain. For the full year, the company continues to expect input cost inflation of 14 to 15 percent of total cost of goods sold, HMM cost savings of 3 to 4 percent of cost of goods sold, moderately lower supply chain disruptions compared to the prior year, and increased investment in brand building and other growth-driving activities.

With stronger and more broad-based business momentum, the company is raising its outlook for fiscal 2023. The updated full-year financial targets are summarized below[1]:

- **Organic net sales** are now expected to increase 10 to 11 percent, compared to the previous expectation of approximately 10 percent growth.
- **Adjusted operating profit** is now expected to increase 7 to 8 percent in constant currency, compared to the previous range of up 6 to 7 percent. Both the current and previous ranges include a 3-point net headwind from divestitures and acquisitions and an estimated 1-point headwind from the ice cream recall.
- **Adjusted diluted EPS** is now expected to increase 8 to 9 percent in constant currency, compared to the previous range of up 7 to 8 percent. Both the current and previous ranges include a 3-point net headwind from divestitures and acquisitions and an estimated 1-point headwind from the ice cream recall.
- **Free cash flow conversion** is still expected to be at least 90 percent of adjusted after-tax earnings.
- The net impact of divestitures, acquisitions, and foreign currency exchange is expected to reduce full-year reported net sales growth by approximately 4.5 percent, and foreign currency exchange is expected to reduce adjusted operating profit and adjusted diluted EPS growth by approximately 1 percent.

[1] Financial targets are provided on a non-GAAP basis because certain information necessary to calculate comparable GAAP measures is not available. Please see Note 8 to the Consolidated Financial Statements below for discussion of the unavailable information.

General Mills will issue pre-recorded management remarks today, March 23, 2022, at approximately 6:30 a.m. Central time (7:30 a.m. Eastern time) and will hold a live, webcasted question and answer session beginning at 8:00 a.m. Central time (9:00 a.m. Eastern time). The pre-recorded remarks and the webcast will be made available at www.generalmills.com/investors.

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that are based on our current expectations and assumptions. These forward-looking statements, including the statements under the caption "Fiscal 2023 Outlook," and statements made by Mr. Harmening, are subject to certain risks and uncertainties that could cause actual results to differ materially from the potential results discussed in the forward-looking statements. In particular, our predictions about future net sales and earnings could be affected by a variety of factors, including: the impact of the coronavirus (COVID-19) pandemic on our business, suppliers, consumers, customers, and employees; disruptions or inefficiencies in the supply chain, including any impact of the coronavirus (COVID-19) pandemic; competitive dynamics in the consumer foods industry and the markets for our products, including new product introductions, advertising activities, pricing actions, and promotional activities of our competitors; economic conditions, including changes in inflation rates, interest rates, tax rates, or the availability of capital; product development and innovation; consumer acceptance of new products and product improvements; consumer reaction to pricing actions and changes in promotion levels; acquisitions or dispositions of businesses or assets; changes in capital structure; changes in the legal and regulatory environment, including tax legislation, labeling and advertising regulations, and litigation; impairments in the carrying value of goodwill, other intangible assets, or other long-lived assets, or changes in the useful lives of other intangible assets; changes in accounting standards and the impact of critical 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, energy, and transportation; 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 statement to reflect any future events or circumstances.

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